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THE WHITE HOUSE  
WASHINGTON

February 26, 1976

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR:

JAMES T. LYNN

FROM:

JAMES E. CONNOR *JEB*

SUBJECT:

NORTHEAST RAIL OPERATING  
SUPPLEMENT

Confirming phone call to Paul O'Neill this morning the President reviewed your memorandum on the above subject and approved the following recommendation:

"DOT be authorized to notify the Congress that a supplemental appropriation of \$12 million for operating assistance will be submitted promptly."

Please follow-up with appropriate action.

cc: Dick Cheney

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Called Ted Leland 426-1111 on 2/26/76 at L  
11 A.M. and asked for report on what happened  
at meeting with Labor Leaders.

GBF 2/26/76



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

ACTION

MEMORANDUM FOR THE PRESIDENT

FROM: JAMES T. LYNN

SUBJECT: Northeast Rail Operating Supplemental

The Department of Transportation indicates that the projected cash position of the bankrupt Northeast railroads has deteriorated much more rapidly than expected. Secretary Coleman has concluded that an additional \$12 million will be required to sustain the railroads' operation until conveyance to ConRail on April 1. His view was reinforced at a Special Court Hearing on Wednesday, when the judge ruled that he would not release a related \$20 million in cash reserves held by the trustees until the government indicated its willingness to provide an additional \$12 million in authorized but unappropriated funds. Secretary Coleman and I both agree that the Court's action leaves us little choice but to seek additional funds if we are to avoid the risk of terminating rail service. The urgency of this matter has prevented us from preparing formal papers at this writing.

RECOMMENDATION

I recommend that DOT be authorized to notify the Congress that a supplemental appropriation of \$12 million for operating assistance will be submitted promptly.

Agree \_\_\_\_\_

Disagree \_\_\_\_\_

*what happened at mtg*  
*Chuck*  
*w/ John*



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RECOMMENDATION

I recommend that DOT be authorized to notify the Congress that a supplemental appropriation of \$12 million for operating assistance will be submitted promptly.

Agree

MLJ

Disagree



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