

The original documents are located in Box 20, folder “Pennsylvania Avenue Development Corporation - S. 1689” of the Loen and Leppert Files at the Gerald R. Ford Presidential Library.

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Passed S. 12/18/75

H. Int. & Insular Affairs 12/19/75



Cleve Linnif x6044

Evelyn

Clay Peters x6065

Advised 9/18/75



File Pa Ave Indpmnt Corp.

THE WHITE HOUSE
WASHINGTON

9-18-75

Notes:

OK
9/18/75

Call Menzies +
tell him that OMB
needs week to 10
days yet.

Also

Also call Cleve Pruitt
+ Clay Peters on House
Antitrust Comm + tell them.

Tracy

PENNSYLVANIA AVENUE DEVELOPMENT CORPORATION
425 THIRTEENTH STREET N.W. WASHINGTON D.C. 20004

September 16, 1975

Charles Leppert, Jr., Esquire
Special Assistant for Legislative Affairs
The White House
Washington, D.C. 20500

Dear Charlie:

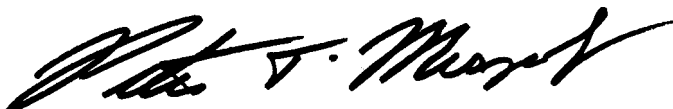
This is a brief follow-up on my telephone call this morning regarding the Corporation's pending legislation before Mr. Taylor's Subcommittee. The mark-up session on H.R. 7743 (to amend the PADC Act to authorize operating funds including this fiscal year's S&E appropriation) has been moved up from October 7th to this Friday, September 19th. As you know from contacts with Interior Committee staff, the Committee is considering amending the bill to include some authorization of funding for implementation of the plan. This would not conflict with what we have been advised is the President's program, but there now appears to be insufficient time to get an administration-approved capital authorization bill before the Committee. (For your information, I have enclosed a copy of the Corporation's draft proposed bill and our recent letter of transmittal to the Director of OMB).

Although Chairman Taylor and other Subcommittee members have also repeatedly expressed an interest in knowing the Administration's position regarding the Corporation and the plan, Mr. Skubitz, as sponsor of H.R. 7743, has the most pressing need to be advised before the mark-up session this Friday. Because we are operating under a continuing resolution, it is critical that the bill not be tied up because of disagreement over amending it to authorize a measure of implementation funding. The Committee, while aware of our S&E problem, is loath to postpone the broader issue of authorizing some capital funds because it is under pressure from owners of distressed property in the development area. Owners of property, such as the Willard Hotel, are urging action which will give them assurance of some concrete relief in the near future from the effects of the plan's moratorium provision. In addition, of course, the Committee wishes to consider general authorizing language because recent hearings have focused the issues, and an appropriate legislative vehicle is presently at hand.

Not wishing to belabor the point at the expense of your time, I would like to stress the urgency of advising Mr. Skubitz of Administration policy before Friday. As there seems limited time for written communication, I ask that you call Mr. Skubitz to discuss his concerns, if that is at all appropriate.

Thanks for your time and attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Peter T. Meszoly", written in a cursive style.

Peter T. Meszoly
General Counsel

Enclosure



PENNSYLVANIA AVENUE DEVELOPMENT CORPORATION

425 THIRTEENTH STREET N.W.

WASHINGTON D.C. 20004

September 10, 1975

Honorable James T. Lynn
Director
Office of Management and Budget
Washington, D.C. 20503

Dear Mr. Lynn:

I enclose four copies of a bill "To amend the Pennsylvania Avenue Development Corporation Act of 1972 to authorize appropriations and borrowings for implementation of the development plan for Pennsylvania Avenue between the Capitol and the White House, and for other purposes", together with four copies of my proposed letter of transmittal to the Speaker of the House of Representatives and to the President of the Senate.

I request that the review of this proposed legislation be accelerated as much as possible because of the particular circumstances outlined below.

This past week the Corporation was informally advised that the President favors implementation of the development plan and intends to include a full funding request for the plan in the fiscal year 1977 budget. And, accordingly, we have been further advised that it is now timely to submit the enclosed draft proposed legislation to authorize such funding. Expeditious review is necessary because the appropriate legislative committees of Congress are now actively considering legislation to amend the authorization provision of the Corporation's enabling act.

The administration-approved bills now pending (H.R. 7743 and its companion, S. 1689), would, if enacted, authorize appropriations only for the Corporation's operating expenses. However, the House Interior Subcommittee on Parks and Recreation, which heard H.R. 7743 on July 21st, is inclined to amend the bill to authorize some funding of plan implementation, in view of the fact that a legislative vehicle is before the members at this time. Such being the case, it would be advantageous to the administration and helpful for the Congress to have an administration-proposed bill before the Committee before action is taken on the pending measure.

Further, Congressional staff has advised that the Interior Committee feels obliged to act within the next few weeks, because the Corporation is now operating under a continuing resolution and may become unfunded if adequate provision for salaries and expenses are not made quickly. However, both minority and majority members have indicated that the obligation to act quickly will not preclude them from amending the pending legislation to include some authorization for implementation funding. Their intentions to proceed in this manner are grounded both in a desire to avoid having to re-hear and reconsider an additional authorization bill for the Corporation in the immediate future, and their concern for including now some provisions to assist the owners of distressed properties (such as the Willard Hotel) burdened by the plan's moratorium.

Therefore, it would be extremely valuable to have available an administration bill to authorize funding of the plan, particularly so, if submitted prior to the imminent Committee action. Although the administration does not wish to have appropriations made for plan implementation until FY 77, the adoption of mutually satisfactory authorizing language at this time would be most helpful. The submission of an administration bill prior to Committee action would also make known the President's views on the Pennsylvania Avenue Plan; a knowledge which both majority and minority members have expressed an open desire to obtain.

If additional information is required to assist in expediting review of the enclosed draft proposed legislation, please have your staff contact the Corporation's Counsel, Peter T. Meszoly. His telephone number is 343-4314.

Sincerely,

A handwritten signature in dark ink, appearing to read "E. R. Quesada". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

E.R. Quesada
Chairman

Enclosures

9/10/75-

A BILL

To amend the Pennsylvania Avenue Development Corporation Act of 1972 to authorize appropriations and borrowings for implementation of the development plan for Pennsylvania Avenue between the Capital and the White House, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Pennsylvania Avenue Development Corporation Act of 1972 (86 Stat. 1266, as amended, 40 U.S.C. 871), is amended further as follows:

(1) By inserting "(a)" immediately after "Sec. 17." and by adding at the end of section 17 the following:

"(b) To carry out public development activities and projects in accordance with the development plan approved under section 5 of this Act there are also authorized to be appropriated to the Corporation sums not to exceed \$130,000,000, to remain available without fiscal year limitation until September 30, 1990."

(2) By striking out paragraphs (9) and (10) of section 6 and redesignating paragraphs (11) through (22) of that section to be paragraphs (9) through (20); and by redesignating sections 6 through 17 to be sections 7 through 18, and inserting a new section 6, as follows:

"Sec. 6. (a) The Corporation may borrow money for any of the purposes of this Act in such amounts as may be authorized in appropriation Acts; may issue its negotiable bonds, notes and other evidences of indebtedness in respect thereto and may mortgage or pledge its properties, revenues and contracts as security therefor. The bonds and other obligations of the Corporation shall be direct and general obligations of the Corporation, and the full faith and credit

of the Corporation and that of the United States is pledged to their repayment with respect to principal, interest and any redemption premiums.

"(b) The purposes of this Act include, without limitation, all costs of any project or activity under the approved development plan, as may be altered, revised or amended in accordance with section 5 of this Act, such as: interest and incidental expenses (legal, engineering, fiscal, financial, consultant and other expenses) connected with issuing and disposing of the bonds and other obligations; all amounts required for the creation of an operating fund, construction fund, reserve fund, sinking fund, or other special funds; all other expenses connected with administration, planning, design, acquisition, demolition, construction, completion, improvement, restoration, or reconstruction of any facility or part thereof; and reimbursement of advances for such purposes, and for working capital.

"(c) Whenever the Corporation deems it expedient, it may refund any of its bonds and other obligations whether or not such bonds and obligations have matured. It may provide for the issuance, sale, or exchange of refunding bonds for the purpose of redeeming or retiring any bonds issued by the Corporation (including the payment of any premium, duplicate interest or cash adjustment required in connection therewith). Bonds may be issued partly to refund bonds and other obligations then outstanding, and partly for any other purpose of this Act.

"(d) Bonds and other obligations of the Corporation shall be authorized by resolution of the Corporation. The validity of the authorization and issuance of bonds and other obligations shall not be dependent upon or affected in any way by: (i) the disposition of the proceeds by the Corporation, or by contract; or (ii) the failure to carry out any project, activity or part thereof for which indebtedness is authorized. Bonds and other obligations authorized by the Corporation shall have the prior approval of the Secretary of the Treasury as to form, denominations, maturities, rates of interest, terms and conditions, prices, and manner and times of issue.

"(e) In addition to or in lieu of borrowing money by issuing marketable obligations pursuant to paragraphs (a) through (d) of this section, the Corporation may borrow money from the Treasury of the United States for any of the purposes of this Act in such amounts as may be authorized in appropriation Acts; and may issue its obligations to the Secretary of the Treasury in respect thereto. Such borrowings shall bear interest at rates determined by the Secretary of the Treasury, taking into consideration the average market yield on outstanding marketable obligations of the United States of comparable maturities during the month preceeding the issuance of the obligations of the Corporation. The interest payments may be deferred with the approval of the Secretary of the Treasury, but any interest payment deferred shall itself bear interest; and the Corporation may redeem its borrowings prior to maturity. The Secretary of the Treasury is

authorized and directed to purchase any obligations of the Corporation to be issued under this paragraph, and for such purposes the Secretary of the Treasury is authorized to use as a public debt transaction of the United States the proceeds from the sale of any securities issued under the Second Liberty Loan Bond Act, as amended, and the purposes for which securities may be issued under the Second Liberty Loan Bond Act, as amended, are extended to include any purchase of the Corporation's obligations under this paragraph.

"(f) The Corporation is authorized to make construction loans out of the proceeds of its borrowings under this section to business concerns undertaking projects in accordance with the development plan. For the purpose of this section, the term business concern means any individual, corporation, company, association, firm, partnership, or other entity engaged in, or organized for, real property development and construction. No loan shall be made for any project in excess of 50 per centum of the total estimated construction cost thereof; and prior to the Corporation being assured that the recipient has secured adequate financing for the balance of the costs of the project. Construction loans may be made by resolution of the Corporation after the applicant business concern has submitted to the Corporation such information as the Corporation shall require to determine whether or not the loan shall be made. The Corporation shall take into account good commercial practice in making construction loans under this paragraph. Construction loans shall be for periods not exceeding five

years, and shall bear interest at a rate equal to or greater than the cost of the money to the Corporation, taking into account the costs of making and administering the loan. The Corporation may extend the period of the loan for up to two years, for good and sufficient reasons. All loans made under this paragraph shall be fully and adequately secured, and shall include such terms and conditions as the Corporation may require. At no time shall the aggregate principal amount of construction loans outstanding exceed \$50,000,000.

"(g) The authority of the Corporation to borrow and to issue obligations under this section shall expire on September 30, 1990, except that obligations may be issued thereafter to provide funds necessary for the performance of any contract entered into by the Corporation prior to such date. The Corporation may not issue any obligations with maturity in excess of forty years, nor have the aggregate principal amount of its borrowings outstanding at any one time exceed \$200,000,000.".

PENNSYLVANIA AVENUE DEVELOPMENT CORPORATION

425 THIRTEENTH STREET N.W.

WASHINGTON D.C. 20004

Honorable Carl Albert
Speaker of the House of Representatives
Washington, D.C. 20515

Dear Mr. Speaker:

Transmitted herewith for referral to the appropriate committee is a draft bill prepared by the Pennsylvania Avenue Development Corporation "To amend the Pennsylvania Avenue Development Corporation Act of 1972 to authorize appropriations and borrowings for implementation of the development plan for Pennsylvania Avenue between the Capitol and the White House, and for other purposes". The proposed legislation is designed to authorize the capital funding needed to carry out the comprehensive plan for revitalizing the Avenue and its northern environs between Third Street, Northwest, and the Executive Precinct.

The Pennsylvania Avenue Development Corporation was established as a wholly owned instrumentality of the United States by Act of Congress on October 27, 1972. It is vested with powers both to prepare a development plan, and to carry it out by acquiring and managing property, regulating development, and undertaking projects, as appropriate. After completing preparation of the "Pennsylvania Avenue Plan - 1974," the Corporation submitted it with supporting documents to Congress for review. The plan was approved effective May 19, 1975.

The draft bill would amend the Pennsylvania Avenue Development Corporation Act of 1972 (86 Stat. 1266, as amended, 40 U.S.C. 871) in the following ways: (1) Section 17 of the Act would be amended to authorize the appropriation of sums not to exceed \$130 million for public development projects and activities in accordance with the development plan; (2) Section 6 of the Act would be revised to eliminate existing paragraphs authorizing borrowings from the United States Treasury, and the Section and remaining paragraphs would be redesignated; and, (3) a new Section 6 would be added to authorize borrowings of up to \$200 million through sale of marketable obligations, and/or through direct Treasury loans.

The authorizations proposed in the draft bill are necessary to allow for full capital funding of the plan, in accordance with cost estimates provided in the approved plan itself. Requests for appropriations and the use of borrowing capacity will be made by the Corporation as approved and included in the President's Budget.

The Office of Management and Budget has advised that, there is no objection to the submission of this draft legislation and that its enactment would be in accord with the program of the President.

Sincerely,

E.R. Quesada
Chairman

Enclosure

PENNSYLVANIA AVENUE DEVELOPMENT CORPORATION

425 THIRTEENTH STREET N.W.

WASHINGTON D.C. 20004

Honorable Nelson A. Rockefeller
President
United States Senate
Washington, D. C. 20510

Dear Mr. President:

Transmitted herewith for referral to the appropriate committee is a draft bill prepared by the Pennsylvania Avenue Development Corporation "To amend the Pennsylvania Avenue Development Corporation Act of 1972 to authorize appropriations and borrowings for implementation of the development plan for Pennsylvania Avenue between the Capitol and the White House, and for other purposes". The proposed legislation is designed to authorize the capital funding needed to carry out the comprehensive plan for revitalizing the Avenue and its northern environs between Third Street, Northwest, and the Executive Precinct.

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Sincerely,

E.R. Quesada
Chairman

Enclosure

THE WHITE HOUSE
WASHINGTON


Charlie --

Talked to Don Derman at OMb - he is handling
this matter. x 3312

Said the P. has made a decision and Penna. Ave. Develop. Corp. is aware of this, and has submitted draft authorization bill for approval. Draft bill is out for approval at the present time and a final O.K. will probably be made by next week. The P. will not approve until 77 budget and something will probably go up to Congress next week or week after.

Derman thinks you should use discretion in telling the Comte anything at this time as P. wants to issue a statement at proper time. Nothing is being said about the matter at present time.

Neta
9/16/75



THE WHITE HOUSE
WASHINGTON

Nota: 9-15-75

Paul O'Neill told
me that I made a decision
to support the PADC.

Ph. call O'Neill & ask
him if there's anything
I can tell the Com. for
its hearings 9/19.

Need is for funds for
salaries & expenses plus

some development money for
Chas. 6

R
Chas.

MEMORANDUM
OF CALL

TO:

Charlie

☒ YOU WERE CALLED BY—

☐ YOU WERE VISITED BY—

OF (Organization)

Pete Maszoly
Penn Ave Develop Corp

☒ PLEASE CALL →

PHONE NO. *343-4314*
CODE/EXT.

☐ WILL CALL AGAIN

☐ IS WAITING TO SEE YOU

☐ RETURNED YOUR CALL

☐ WISHES AN APPOINTMENT

MESSAGE

343-4314

*Call when you return
from vacation -*

RECEIVED BY

DATE

TIME

Cathie

8/27/75

STANDARD FORM 63

REVISED AUGUST 1967

GSA FPMR (41 CFR) 101-11.6

GPO : 1969-048-16-80341-1 332-339

63-108



COMMITTEE ON
INTERIOR AND INSULAR AFFAIRS
HOUSE OF REPRESENTATIVES

MEMORANDUM

7-31-75
PM

Charlie —

Per our discussion
yesterday —

Clay



THE WHITE HOUSE

WASHINGTON

July 17, 1975

MEMORANDUM FOR:

CHARLES LEPPERT

FROM:

BILL CASSELMAN 

Per the attached letter, is there anything that can be done to assist
PADC with the House Interior Subcommittee?

Thanks.

Enclosure



July 17, 1975

Dear Pete:

Many thanks for your letter of July 9 regarding the status of the Pennsylvania Avenue Plan vis-a-vis the Congress. I am attempting to get you some further guidance--and hopefully an indication of White House support--for the proposal now under consideration by the House Interior Subcommittee. I will be back in touch with you as soon as something develops.

With warm regards,

Sincerely,

W

William E. Casselman II
Counsel to the President

Peter T. Meszoly, Esq.
General Counsel
Pennsylvania Avenue Development
Corporation
425 Thirteenth Street, N. W.
Washington, D. C. 20004

bcc: Charles Leppert

WEC:bw



PENNSYLVANIA AVENUE DEVELOPMENT CORPORATION

425 THIRTEENTH STREET N.W.

WASHINGTON D.C. 20004

July 9, 1975

William E. Casselman II, Esquire
Counsel to the President
The White House
Washington, D.C. 20500

Dear Bill:

Following up our telephone conversation of earlier today, I have summarized the status of the Pennsylvania Avenue Plan and its present posture in Congress.

The plan itself was accepted by Congress upon expiration of the 60 legislative day review period on May 19, 1975. The next day we submitted a supplemental budget request to OMB, together with draft legislation to authorize funding for implementation of the plan. At the request of the House Interior Committee, Subcommittee on National Parks and Recreation, we discussed with them the legislative measures necessary to undertake implementation. We have also had opportunities to talk to several of the Members of the Subcommittees, answering their questions about the plan resulting from Chairman Taylor's oversight hearing this past March. General Quesada and I met with Reps. Skubitz, Sebelius, and Clausen, among others, to inform them about the plan. They have all indicated sympathy toward proceeding.

In the meantime, H.R. 7743 (Skubitz by request) and S. 1689 (Jackson, Fannin by request) were introduced as Administration bills to authorize appropriations solely for salaries and expenses, in accordance with the Corporation's request for FY 76 appropriations contained in the President's budget. Mr. Taylor has scheduled hearings on the House bill for July 21st. Subcommittee staff has indicated that in addition to discussing the salaries and expenses bill, the Subcommittee will explore the larger issues of legislation to authorize funding of implementation (i.e. the capital projects proposed under the plan). Mr. Skubitz's staff, and others, have stated that they would support legislation to execute the plan such as we submitted to OMB, if they could receive some indication from the White House that such support would not be looked on with disfavor. The Majority Members with whom we have been in contact also expressed concern about the position of the Administration on a bill to authorize implementation.



At this time we are not aware of the Administration's position, although OMB is familiar with the issues involved. Nat Owings and John Woodbridge talked with Deputy Director Paul O'Neill about our status only two weeks ago.

What we would like to happen, of course, is for the White House to indicate to the Republican Members of our Subcommittee that support for such legislation is not objectionable. Clay Peters, minority staff consultant on National Parks, is in the process of discussing this question with Charlie Leppert; but I don't know the outcome of his efforts. Anything that you could do to clarify our position with regard to the Administration's programs and policies would be greatly appreciated.

Sincerely,



Peter T. Meszoly
General Counsel



A BILL

To authorize appropriations and borrowings for implementation of the development plan for Pennsylvania Avenue between the Capitol and the White House, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Pennsylvania Avenue Development Corporation Act of 1972 (86 Stat. 1266, as amended, 40 U.S.C. 871), is amended further as follows:

1. By striking out section 17 and inserting in lieu thereof the following:

"Sec. 17. (a) There are hereby authorized to be appropriated for operating and administrative expenses of the Corporation sums not to exceed \$1,300,000 for the fiscal year ending June 30, 1976; \$325,000 for the period July 1 through September 30, 1976; \$1,500,000 for the fiscal year ending September 30, 1977; and, \$1,600,000, each, for the next three succeeding fiscal years.

"(b) To carry out public development activities and projects in accordance with the development plan approved under section 5 of Public Law 92-578, as amended, there are also authorized to be appropriated to the Corporation sums not to exceed \$12,400,000 for the fiscal year ending June 30, 1976; \$26,000,000 for the fiscal year ending September 30, 1977; \$21,050,000 for the fiscal year ending



September 30, 1978; \$9,250,000 for the fiscal year ending September 30, 1979; and, \$8,550,000 for the fiscal year ending September 30, 1980.

"(c) In addition to the sums authorized to be appropriated under paragraph (a) of this section, there are also authorized to be appropriated under that paragraph such additional sums or supplemental amounts as may be necessary for increases in salary, pay, retirement, or other employee benefits authorized by law, or other nondiscretionary costs. Any amount appropriated pursuant to paragraph (b) of this section may remain available without fiscal year limitation. No appropriations shall be made from the Land and Water Conservation Fund established by the Act of September 3, 1964 (78 Stat. 897, as amended, 16 U.S.C. 4601), to effectuate the purposes of this Act."

2. By adding at the end of section 11:

"In its report the Corporation shall include a statement of its financial condition, and shall identify: each acquisition, contract, or other purchase or obligation in excess of \$250,000; and, each construction loan to a business concern, describing the amount, terms and security therefor; made during the calendar period to which the report pertains."

3. By striking out paragraphs (9) and (10) of section 6 and redesignating paragraphs (11) through (22) of that section to be paragraphs (9) through (20); and by redesignating sections 6 through 17 to be sections 7 through 18, and inserting a new section 6, as follows:



"Sec. 6. (a) The Corporation may borrow money for any of the purposes of this Act in such amounts as may be authorized in appropriation Acts; may issue its negotiable bonds, notes and other evidences of indebtedness in respect thereto and may mortgage or pledge its properties, revenues and contracts as security therefor. The bonds and other obligations of the Corporation shall be direct and general obligations of the Corporation, and the full faith and credit of the Corporation and that of the United States is pledged to their repayment with respect to principal, interest and any redemption premiums.

"(b) The purposes of this Act include, without limitation, all costs of any project or activity under the approved development plan, as may be altered, revised or amended in accordance with section 5 of this Act, such as: interest and incidental expenses (legal, engineering, fiscal, financial, consultant and other expenses) connected with issuing and disposing of the bonds and other obligations; all amounts required for the creation of an operating fund, construction fund, reserve fund, sinking fund, or other special funds; all other expenses connected with administration, planning, design, acquisition, demolition, construction, completion, improvement, restoration, or reconstruction of any facility or part thereof; and reimbursement of advances for such purposes, and for working capital.

"(c) Whenever the Corporation deems it expedient, it may refund any of its bonds and other obligations whether or not such bonds and



obligations have matured. It may provide for the issuance, sale, or exchange of refunding bonds for the purpose of redeeming or retiring any bonds issued by the Corporation (including the payment of any premium, duplicate interest or cash adjustment required in connection therewith). Bonds may be issued partly to refund bonds and other obligations then outstanding, and partly for any other purpose of this Act.

"(d) Bonds and other obligations of the Corporation shall be authorized by resolution of the Corporation. The validity of the authorization and issuance of bonds and other obligations shall not be dependent upon or affected in any way by: (i) the disposition of the proceeds by the Corporation, or by contract; or (ii) the failure to carry out any project, activity or part thereof for which indebtedness is authorized. Bonds and other obligations authorized by the Corporation shall have the prior approval of the Secretary of the Treasury as to form, denominations, maturities, rates of interest, terms and conditions, prices, and manner and times of issue.

"(e) In addition to or in lieu of borrowing money by issuing marketable obligations pursuant to paragraphs (a) through (d) of this section, the Corporation may borrow money from the Treasury of the United States for any of the purposes of this Act in such amounts as may be authorized in appropriation Acts; and may issue its obligations to the Secretary of the Treasury in respect thereto. Such borrowings shall bear interest at rates determined by the Secretary of the Treasury, taking into consideration the average market yield on



outstanding marketable obligations of the United States of comparable maturities during the month preceeding the issuance of the obligations of the Corporation. The interest payments may be deferred with the approval of the Secretary of the Treasury, but any interest payment deferred shall itself bear interest; and the Corporation may redeem its borrowings prior to maturity. The Secretary of the Treasury is authorized and directed to purchase any obligations of the Corporation to be issued under this paragraph, and for such purposes the Secretary of the Treasury is authorized to use as a public debt transaction of the United States the proceeds from the sale of any securities issued under the Second Liberty Loan Bond Act, as amended, and the purposes for which securities may be issued under the Second Liberty Loan Bond Act, as amended, are extended to include any purchase of the Corporation's obligations under this paragraph.

"(f) The Corporation is authorized to make construction loans out of the proceeds of its borrowings under this section to business concerns undertaking projects in accordance with the development plan. For the purpose of this section, the term business concern means any individual, corporation, company, association, firm, partnership, or other entity engaged in, or organized for, real property development and construction. No loan shall be made for any project in excess of 50 per centum of the total estimated construction cost thereof; and prior to the Corporation being assured that the recipient has secured adequate financing for the balance of the costs of the project. Construction loans may be made by resolution of the Corporation after



~~the~~ applicant business concern has submitted to the Corporation such information as the Corporation shall require to determine whether or not the loan shall be made. The Corporation shall take into account good commercial practice in making construction loans under this paragraph. Construction loans shall be for periods not exceeding five years, and shall bear interest at a rate equal to or greater than the cost of the money to the Corporation, taking into account the costs of making and administering the loan. The Corporation may extend the period of the loan for up to two years, for good and sufficient reasons. All loans made under this paragraph shall be fully and adequately secured, and shall include such terms and conditions as the Corporation may require. At no time shall the aggregate principal amount of construction loans outstanding exceed \$50,000,000.

"(g) The authority of the Corporation to borrow and to issue obligations under this section shall expire on September 30, 1980, except that obligations may be issued thereafter to provide funds necessary for the performance of any contract entered into by the Corporation prior to such date. The Corporation may not issue any obligations with maturity in excess of forty years, nor have the aggregate principal amount of its borrowings outstanding at any one time exceed \$150,000,000."



(1) Not approve by OMB

Cate wants to authz some development
~~from~~ money funds.

Does the Admin Offord, ^{authz} development funds
or borrowing auth. for FY '76

Agent can be worked out in acct.

Needed to acquire distressed property
Willard Hotel
Kann's Store.