

## DOCUMENT RESUME

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Government Space Leased to Commercial Activities by Agencies Other Than the General Services Administration. LCD-78-337; B-114827. October 13, 1978. Released October 23, 1978. 3 pp. + 5 appendices (35 pp.).

Report to Rep. John L. Burton, Chairman, House Committee on Government Operations: Government Activities and Transportation Subcommittee; by Elmer B. Staats, Comptroller General.

Issue Area: Are Agencies Maintaining Government Facilities Cost-Effectively? (713).

Contact: Logistics and Communications Div.

Budget Function: General Government: General Property and Records Management (804).

Organization Concerned: General Services Administration; Federal Home Loan Bank Board; National Bureau of Standards.

Congressional Relevance: House Committee on Government Operations: Government Activities and Transportation Subcommittee. Rep. John L. Burton.

Authority: Public Buildings Cooperative Use Act of 1976 (P.L. 94-541). Federal Property and Administrative Services Act of 1949 (40 U.S.C. 490). Federal Home Loan Bank Act (P.L. 89-754; 12 U.S.C. 1438(c)). Government Corporation Control Act (31 U.S.C. 846). Randolph-Sheppard Act. National Environmental Policy Act of 1969. Architectural Barrier Act. Public Buildings Act of 1959. P.L. 91-375. P.L. 93-414. 88 Stat. 1106. 40 U.S.C. 14a. 15 U.S.C. 278a. 20 U.S.C. 707. 40 U.S.C. 129. 41 C.F.R. 101. 15 Fed. Reg. 3177. Reorganization Plan 1 of 1950. Reorganization Plan 18 of 1950. B-112840 (1974).

The Public Buildings Cooperative Use Act of 1976 requires the Administrator of the General Services Administration (GSA) to encourage the location of commercial, cultural, educational, and recreational facilities and activities within public buildings. This law applies only to the GSA and does not authorize other agencies to lease the space they control. Concern was expressed about the leasing activities at the new Federal Home Loan Bank Board building in Washington and about National Bureau of Standards facilities.

Findings/Conclusions: The National Bureau of Standards and the Bank Board cited legislation giving them authority to control and manage the space they occupy as authorization to lease space to commercial activities, but no legislation expressly authorizes these agencies to lease the space they control and manage. GSA managed design and construction of the new Bank Board building; although GSA incurred no direct costs relating to leasing to commercial activities, the Bank Board entered into contracts and purchase orders totaling over \$1.9 million relating to commercial areas of the building. GSA did incur costs of about \$1.3 million for design and construction of an

adjacent ice rink and pool complex. Contrary to established real property practices, GSA entered into an unwritten agreement permitting the Bank Board to use part of its land for the ice rink plaza. Because the agreement was not formalized, disputes have arisen concerning the terms of the agreement and the value of services provided. Recommendations: If the Congress considers it appropriate for agencies other than GSA to engage in commercial leasing of projects under their control, it should specifically authorize such activity and subject it to the same limitations as those applicable to GSA under the Public Buildings Cooperative Use Act. (RRS)

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# REPORT BY THE Comptroller General OF THE UNITED STATES

## Government Space Leased To Commercial Activities By Agencies Other Than The General Services Administration

Although there is no specific authority for agencies other than the General Services Administration to lease Federal space to commercial enterprises, the Federal Home Loan Bank Board and the National Bureau of Standards are doing so.

The issue also arises whether the Bank Board had authority to construct a building with space for use by other than the Federal Government and for support-related activities.

If the Congress considers it appropriate for agencies other than the General Services to lease space to commercial entities, it should specifically authorize such activities and include procedural safeguards.

This report was requested by the Subcommittee on Government Activities and Transportation, House Committee on Government Operations.





COMPTROLLER GENERAL OF THE UNITED STATES  
WASHINGTON, D.C. 20548

B-114827

The Honorable John L. Burton  
Chairman, Subcommittee on Government  
Activities and Transportation  
Committee on Government Operations  
House of Representatives

Dear Mr. Chairman:

By letter dated November 30, 1977, you advised us that you had a number of questions concerning the leasing of Federal space for commercial, cultural, and recreational purposes. You were concerned specifically about whether agencies not covered directly by the Public Buildings Cooperative Use Act of 1976, Public Law 94-541, might rely on the act to lease space to commercial enterprises.

We agreed to contact several agencies which have authority to control the space they occupy to determine whether they lease space to non-Federal profitmaking commercial enterprises, and if they do, their authority to do so. You asked us to (1) review the leasing activities at the new Federal Home Loan Bank Board building in Washington, D.C., (2) obtain information on the Bank Board's use of General Services Administration property as part of the plaza at this building, and (3) determine the status of a proposed Office of Management and Budget circular dealing with Federal agencies leasing space to non-Federal activities.

We have completed our review, and the details are contained in appendix I. We found:

- Of the agencies contacted, the National Bureau of Standards and the Bank Board cited the legislation giving them authority to control and manage the space they occupy as their authorization to lease space to commercial activities. Currently, no legislation expressly authorizes these agencies to lease the space they control and manage.
- General Services managed the design and construction of the structure and the exterior of the new Bank Board building. The Bank Board handled the interior design, construction (finishing), furnishing, and equipping. Provisions for commercial shops, a restaurant, and

a cafeteria were included in the building and an ice rink in the adjacent plaza area. The Board has no express statutory authorization to construct a building with space for non-Federal profitmaking commercial enterprises.

- While General Services incurred no direct costs, the Bank Board has entered into contracts and purchase orders totaling over \$1.9 million relating to the commercial areas in the building.
- General Services incurred costs of about \$1.3 million for the design and construction of the adjoining ice rink-pool complex and the Bank Board has entered into contracts and purchase orders amounting to about \$184,000. During the 1977-78 season, the ice rink grossed about \$2,000.
- Contrary to established real property practice, General Services entered into an unwritten agreement permitting the Bank Board to use its land for part of the plaza. Because the agreement was never formalized, disputes have arisen concerning the terms of the agreement and the value of services provided.
- The Office of Management and Budget has been considering procedures to standardize non-Federal space assignments and to require that non-Federal activities pay equivalent commercial rental rates for the use of Federal space. Based on responses to its proposed circular, the Office of Management and Budget is now studying alternatives to the charging of assessments.

Although the Bureau of Standards and the Bank Board lease out space they control, there is a basis for questioning whether these agencies are authorized to lease space based solely upon their statutory authority to control and manage real property in view of a lack of express authority to do so. In this regard, after our review was completed a lawsuit was filed by Globe Book Shops on August 30, 1978, in the United States District Court for the District of Columbia against the Board in which Globe Books contends, among other things, that the Board lacks the authority to lease space in its building to a commercial establishment.

There is also a related question whether the Bank Board's authority to construct a building for its own needs should be interpreted as authority to construct a building larger than its needs for the purpose of providing lease space for commercial use.

Because the answers to these questions are not clear cut and because our office as a matter of policy ordinarily declines to express its opinion on legal questions which are in litigation, we have not attempted to resolve them in this report.

Had the agreement between General Services and the Bank Board concerning the use of General Services' owned land been in writing, according to established real property principles, the dispute could have been avoided.

The proposed Office of Management and Budget circular on standardizing space assignment procedures and requiring non-Federal users to pay for Federal space used should provide a uniform policy for the use of unneeded space that is not practical for other disposal.

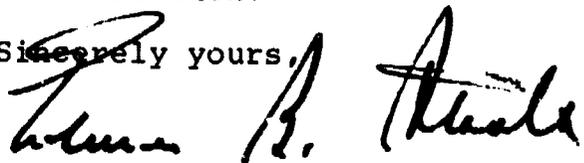
MATTERS FOR CONSIDERATION BY THE CONGRESS

If the Congress considers it appropriate for agencies other than General Services to engage in commercial leasing in building projects under their control, other than for the normal employee-support functions (such as credit unions, cafeterias, and employees associations), the Congress should specifically authorize such activity and subject it to limitations the same or similar to those applicable to General Services under the Public Buildings Cooperative Use Act of 1976. These limitations concern leasing space under reasonably competitive circumstances at prevailing commercial rates and entering into leasing arrangements that will not be disruptive to the operation of the building.

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As you requested, we did not submit a draft of this report for formal agency comments; however, we have discussed its contents with officials of the Federal Home Loan Bank Board. Also at your request, copies of this report are being sent to the Chairman of the Board and to the Administrator of General Services. We will make no further distribution of this report for 30 days unless you publicly announce its contents or authorize its release before then.

Sincerely yours,



Comptroller General  
of the United States

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### ABBREVIATIONS

FAA	Federal Aviation Administration
FHLBB	Federal Home Loan Bank Board
GAO	General Accounting Office
GSA	General Services Administration
NBS	National Bureau of Standards
OMB	Office of Management and Budget
RDR	Recreational Development and Research, Inc.

DETAILS OF OUR FINDINGSLEASING

A recent Federal law, the Public Buildings Cooperative Use Act of 1976 (Public Law 94-541), requires the Administrator of General Services to encourage the location of commercial, cultural, educational, and recreational facilities and activities within public buildings. Section 104 of the act amends the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 490) by authorizing the Administrator to lease certain space in public buildings to persons, firms, or organizations engaged in those activities. Significantly, the 1976 law applies only to the General Services Administration (GSA) and does not authorize other agencies to lease space they control.

We inquired into the leasing practices of selected executive branch agencies, other than GSA, and the authority they have to lease their space. We concentrated on the leasing of Federal space to non-Federal profitmaking commercial enterprises. We did not review those activities related strictly to employee benefits. The results of our review follow.

National Bureau of Standards

The National Bureau of Standards (NBS) leases some space at its headquarters facility in Gaithersburg, Maryland, to a commercial bank for a branch office. The branch office is operated for the benefit of the local community and NBS employees. The bank has rented this space since 1965 under a 2-year renewable lease agreement. The present annual rental rate is \$8.59 per square foot for 585 square feet. According to an NBS official, the money is deposited in the Miscellaneous Receipts account of the U.S. Treasury. Other than the banking facility, NBS does not lease any other space to profitmaking commercial enterprises.

According to an NBS official, NBS has had the responsibility to care for, maintain, and protect its buildings since 1926 (40 U.S.C. 14a). In 1972, that authority was repealed and this responsibility was transferred and incorporated into 15 U.S.C. 278e(b) which authorized NBS to repair and alter its buildings. Also, 40 U.S.C. 490(d)(5) authorized NBS to have operation, maintenance, and custody of its buildings.

An NBS official said that GSA's Office of General Counsel informed him, upon inquiry, that GSA never had specific authority to lease out space prior to the enactment of Public Law 94-541, and that before the act GSA relied on its authority to control space as the basis for its leasing space to commercial activities. NBS officials advised us that NBS relies on its statutory authority to control real property as its authorization to outlease.

As a general proposition, it is not clear whether agencies authorized to control the space they occupy are also inherently authorized to make portions of that space available for other than program or employee-support related activities. Thus, if the Congress considers it appropriate for agencies other than GSA to engage in commercial leasing, we think it should provide specific authorizations and procedural limitations for such activities.

#### Postal Service

The Postal Service leases space it controls to profit-making commercial enterprises at both its headquarters in Washington, D.C., and at numerous field locations. Examples given by a Postal Service official are space leased to attorneys and doctors. The space that is leased or made available for leasing is vacant and has been declared excess and found to be surplus. However, because of its location within buildings partly needed by the Postal Service, disposal of the unneeded space has been impractical. The Postal Service leases space that it does not need. It does not acquire unneeded space for purposes of leasing. The rates charged by the Postal Service for the leased space are based upon appraised rental values of space in that area and negotiations with the potential tenants based upon these values. The proceeds of the rentals are used to meet the postal district operating expenses.

The Postal Service cited Public Law 91-375, the reorganization act that established the Service, as its authority to lease space to others. The law states that the Postal Service is authorized to acquire real property and to lease or otherwise dispose of that property.

Other agencies

The Federal Aviation Administration (FAA) leases space to profitmaking commercial establishments at two locations-- Washington National Airport and Dulles Airport. FAA owns these airports and leases space to the airline companies and commercial establishments in these buildings. Our review established that FAA has the authority to enter into leasing agreements at the two airports.

The Federal Deposit Insurance Corporation and the Federal Reserve System do not lease any of their space to others.

FEDERAL HOME LOAN BANK BOARD BUILDING

Public Law 89-754, dated November 3, 1966 (12 U.S.C. 1438(c)), authorized the Federal Home Loan Bank Board (FHLBB), utilizing the services of GSA, to acquire real property in Washington, D.C., and to design, construct, furnish, and equip a headquarters building on the site.

GSA acquired a site at 17th and G Streets, Northwest. The firm of Max O. Urbahn Associates, Incorporated, was awarded the design contract, and the Turner Construction Company was awarded a contract for construction-manager services for the building.

FHLBB asked for and was granted permission by GSA's project manager to hire a space planning consulting firm for the interior of the building. FHLBB awarded a contract to Hunter/Miller Associates, Incorporated, in March 1975 to design the building's interior. That contract was subsequently terminated by FHLBB and another contract was awarded to Max O. Urbahn Associates, Incorporated. FHLBB contracted with Tate Architectural Products, Incorporated, to finish the interior, and with numerous other firms for furnishings, equipment, and other services for the building.

The project provided for facilities for commercial shops, a restaurant, and a cafeteria in the new building, and an ice rink in the adjacent plaza area.

FHLBB AUTHORITY TO LEASE

We inquired into FHLBB's authority to lease space to non-Federal profitmaking commercial establishments. We were told that FHLBB relies on the basic legislation authorizing the acquisition of land and construction of the building

(12 U.S.C. 1438(c)) and a provision in the fiscal year 1975 appropriation (Public Law 93-414, September 6, 1974).

The purposes of the basic legislation authorizing the building, as stated in paragraph (1) of 12 U.S.C. 1438(c) are:

"(A) to acquire, in the name of the United States, real property in the District of Columbia, for the purposes set forth in this subsection; (B) to construct, develop, furnish, and equip such buildings thereon and such facilities as in its judgment may be appropriate to provide, to such extent as the board may deem advisable, suitable and adequate quarters and facilities for the board and the agencies under its administration or supervision; (C) to enlarge, remodel, or reconstruct any of the same; and (D) to make or enter into contracts for any of the foregoing."

The provision of Public Law 93-414 relating to the new building is concerned primarily with the funding for the building and states that the purposes of 12 U.S.C. 1438(c) shall include related commercial facilities.

In March 1977, the FHLBB Acting General Counsel wrote to the Executive Assistant to the Chairman that:

"\* \* \* because we have not as yet received a final legal opinion from our counsel at Steptoe and Johnson regarding the authority of the Board to execute such [concession] agreements, you should not execute any concession or lease agreement whatsoever without first reviewing the matter with this Office, or until such time as the legal opinion has been rendered and accepted by the Board."

In April 1977, the law firm concluded that FHLBB was authorized to lease space based on its authorization to control and manage the new building.

Paragraph (4) of section 1438(c) states that

"Upon the making of arrangements mutually agreeable to the board and the Administrator [of General

Services] \* \* \* the custody, management, and control of such buildings and facilities and of such real property shall be vested in the Administrator in accordance therewith. Until the making of such arrangements such custody, management, and control, including the assignment and allotment and the reassignment and reallocation of building and other space, shall be vested in the board."

The basic legislation did not expressly authorize FHLBB to lease space and the appropriation act cited to us refers to related commercial facilities. FHLBB and GSA have not reached an agreement concerning the custody, management, and control of the new building. Also, FHLBB did not have an official written position on leasing when we inquired into its authority.

On March 7, 1978, we wrote FHLBB requesting, among other things, a statement on the basis and source of its authority to lease space to commercial enterprises.

On April 26, 1978, FHLBB responded that 12 U.S.C. 1438(c) authorized it to lease space and that its fiscal year 1975 appropriation act (Public Law 93-414) authorized it to include related commercial facilities in the construction of its new building. (See app. III.)

According to FHLBB, the provisions of 12 U.S.C. 1438(c) \* \* \* vest in the Bank Board such extensive authority over the building as to indicate an intent to grant to the Bank Board the authority to provide for the occupancy of the commercial space." FHLBB stated that section (c)(4) \* \* \* provides a clear basis for the Bank Board's leasing authority" based on its custody, management, and control of the building and that the

\* \* \* authority to manage and control a building with excess office space as well as commercial facilities reasonably includes the power to enter into lease, concession, or related agreements to fully occupy the building. Since the statute specifies a power and obligation to 'manage and control' the entire building, powers incidental and necessary to utilize the building such as leasing are included by implication."

The FHLBB response also refers to the powers of assignment and allotment as contained in section (c)(4) and states that "By referring to 'allotment' authority, Congress has

given the Bank Board the power to enter into rental arrangements with governmental entities that are functionally the same as leases." It recognized that assignments and allotments (1) are the standard method for a Government agency to permit another Government agency to use space and to charge rent for that space and (2) are not applicable to commercial space. It stated that the:

"\* \* \* express reference to allocation and assignment authority should not be interpreted as limiting the Bank Board's exercise of a leasing authority--an authority that is both reasonable and necessary to control and manage a building with commercial spaces."

FHLBB added that there "\* \* \* are understandable reasons explaining the absence of a specific reference to a lease or concession authority in the Bank Act." When the "\* \* \* Act was being considered, the question of commercial space was not sharply in focus. Primary attention was directed to the question of housing other government agencies." Also, the express scope of authority for the custody, management, and control is rather broad. Therefore "\* \* \* the need for specifying any particular legal device, such as leasing or concession agreements, would seem superfluous."

FHLBB concluded that "\* \* \* it is clear that the Act permits the Bank Board to enter into lease arrangements so that it may properly effectuate its 'custody, management and control' of the building, particularly in light of the commercial space in the building."

In summary, the FHLBB's case for leasing space is based on its authority to control and manage that space, but little support was given concerning whether space for commercial facilities should have been built into the new building in the first place. It is not clear to us that FHLBB was authorized to have space built into the new building for commercial activities or the lease arrangements which the Board has entered into or plans to enter.

The authorizing legislation for the new building provides that the agency can acquire real property and that it can construct, develop, furnish, and equip buildings and facilities on that property for "\* \* \* suitable and adequate quarters and facilities for the board and the agencies under its administration or supervision." Obviously, the purpose of this legislation was to provide FHLBB with a headquarters facility. We believe the language in Public Law

93-414 referring to related commercial facilities can reasonably be interpreted as meaning facilities related to FHLBB's occupation of the building, such as a cafeteria, or such other employee-support functions (as a credit union, employees association, etc.), as are standard for Federal agencies. We found no specific references in the statutes giving FHLBB the authority to establish space in the new building for the purposes it is engaged in.

We note that section (c)(6) requires FHLBB to prepare and submit annually a budget program to the Congress including its new building activities. The authorization for the building was passed in November 1966. We reviewed the submissions of fiscal years 1968 through 1976. None of those submissions, including a detailed report on the building program for fiscal year 1974, discussed the leasing intent of FHLBB.

Concerning the reliance on the authority to control and manage space as the basis for entering into leasing agreements, we believe that it is not clear that an agency authorized to control and manage its space is also authorized to make portions of that space available to non-Federal profitmaking commercial activities. Thus, we believe there is a question whether FHLBB is authorized to lease space without some other specific authorizing legislation. As noted, the issue of the Board's leasing authority is in litigation. For this reason we believe it to be inappropriate to express an opinion on the matter. In this connection, we think that where the authority to lease property for commercial use is to be provided to an agency, the Congress should do so specifically and include procedural limitations on the exercise of that authority similar to the Public Building Cooperative Use Act of 1976.

#### SIGNED LEASES

As of April 1978, FHLBB had entered into three lease agreements for about 58 percent of the available commercial space (approximately 27,000 square feet) in the building, including available space in the basement. (See p. 10 for floor plan.) The following firms have leases:

--Expressions, Inc., has been operating a card shop since February 1978.

--Frankie Welch of America, Incorporated, will operate a women's ready-to-wear fashion shop.

--1725 F Street, Incorporated, will operate a restaurant on the ground floor, a cafeteria on the basement level beneath the restaurant, a cocktail lounge adjacent to the cafeteria, and an outdoor cafe in the plaza area.

A comparison of various provisions of the signed leases follows.

Comparison of Signed Leases

	<u>Expressions, Inc.</u>	<u>Frankie Welch of America, Inc.</u>	<u>1725 F Street, Inc.</u>
Term of lease	15 years	8 years	20 years
Square feet leased	1,507	1,560	<u>a/12,300</u>
Minimum average annual square foot rate over term (note b)	\$15.00	\$11.16	\$6.82
Total minimum rental over term (note b)	\$339,073	\$139,230	\$1,675,875
Utilities	Tenant pays	Tenant pays	FHLBB pays, except telephone
FHLBB share of tenants' preparation work costs	-	-	Up to \$693,000

a/The space includes 6,300 sq. ft. on the first floor, 6,000 sq. ft. on the basement level, and an unspecified amount in the plaza area.

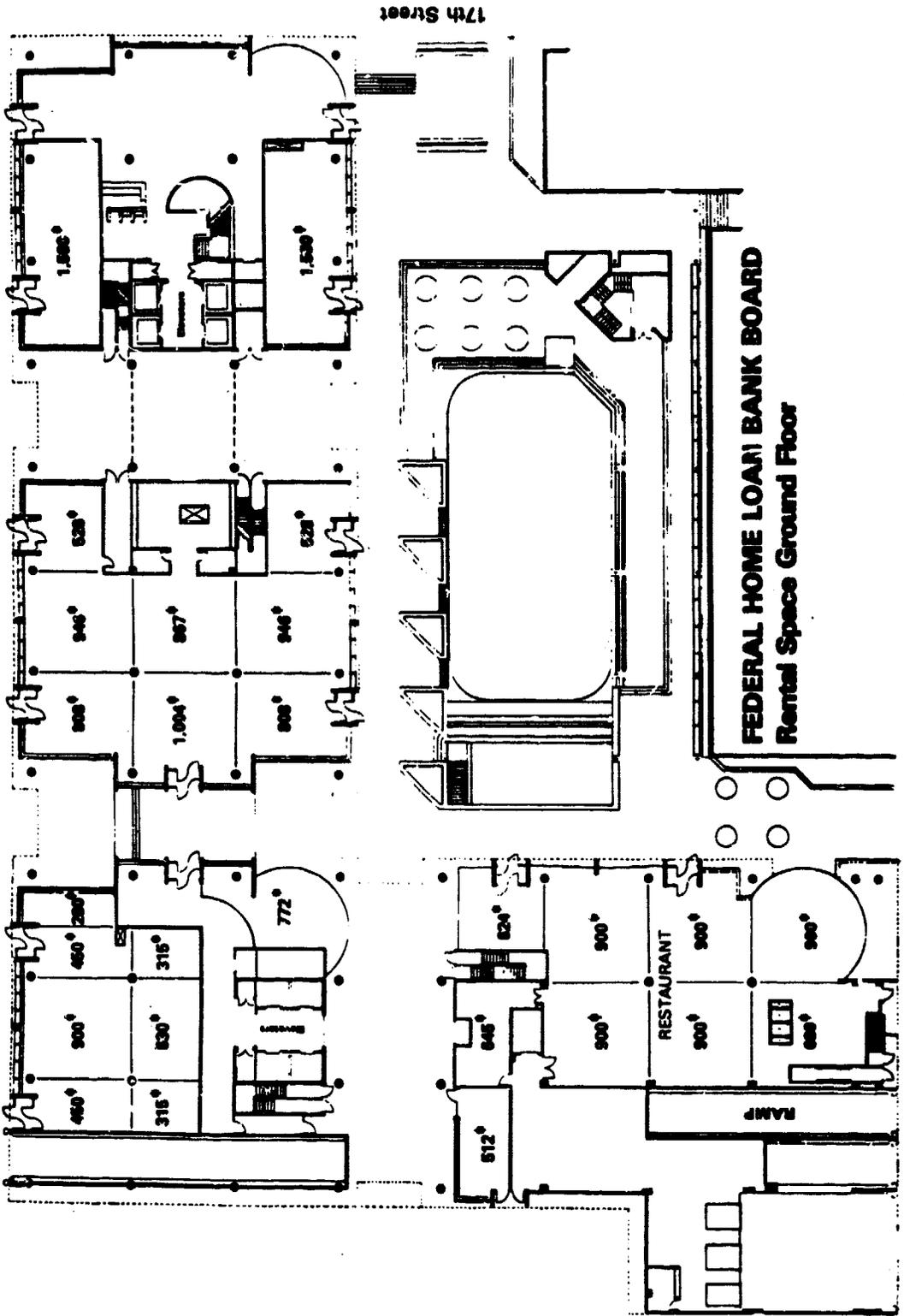
b/These rates and totals are based upon the minimum concession fee charged each tenant--only the minimum fee is appropriate for comparison purposes at this time since only one concession is in operation. Provisions for additional fees based on percentage of sales and other related fees are included in the agreements.

The schedule on the following page shows the rental rates being charged each tenant.

Rental Rates

	<u>Minimum concession fee</u>	<u>Percentage concession fee</u>
Expressions, Inc.	Years 1 - 2 \$15,070 each = \$ 30,140	10 percent gross receipts over the minimum annual fee.
	Years 3 - 5 \$19,591 each = \$ 58,773	
	Years 6 - 10 \$22,605 each = \$113,025	
	Years 11 - 15 \$27,427 each = \$137,135	
	<u>\$339,073</u>	
Frankie Welch of America, Inc.	Years 1 - 3 \$ 0 = \$ 0	3 percent of gross receipts during the first year and 6 percent during the remainder of the term. A credit of up to \$39,000 of this fee is allowed for the cost of fixtures on the premises each year for the first 3 years.
	Years 4 - 5 \$23,205 each = \$ 46,410	
	Years 6 - 8 \$30,940 each = \$ 92,820	
	<u>\$139,230</u>	
	(If the tenant's gross sales for either the 4th or 5th year is less than \$100,000, then this fee is \$20,111 for that year.)	
1725 F Street, Inc.	Years 1 - 5 \$ 24,000 each = \$120,000	6 percent of the first \$1-1/2 million gross receipts less that paid as minimum fee, 7 percent of gross receipts between \$1-1/2 to \$2-1/2 million less the balance of the minimum fee, 8 percent of gross receipts between \$2-1/2 to \$3 million, and 9 percent of gross receipts over \$3 million.
	Years 6 - 10 \$ 90,000 each = \$450,000	
	Years 11 - 15 \$103,500 each = \$517,500	
	Years 16 - 20 \$117,675 each = \$588,375	
	<u>\$1,675,875</u>	

G Street



Some favorable conditions have been extended to two of the three tenants. For example, Frankie Welch of America, Inc., has no rent obligation for the first 3 years, and its concession fee over a 3-year period will be reduced by \$117,000 of the cost for fixtures. Expressions, Inc., has no such feature. On the other hand, FHLBB has agreed to fund up to \$693,000 of the preparation costs for the restaurant-cafeteria facility and to pay all utilities, except telephone service. The other two tenants pay all utilities. Lastly, the average annual square-foot-cost charge is not consistent among the three leases.

FHLBB has also entered into an agreement with another firm for the management and marketing of the ice rink. Although FHLBB attempted to have the same firm that would operate the food concessions operate the ice rink, it failed because the concessionaire was unwilling to pay the cost of utilities for the rink. FHLBB then decided to have a separate firm manage the rink.

#### RETAIL AND ICE-RINK AREA COSTS

As of February 28, 1978, FHLBB had awarded several contracts and purchase orders for the retail and the ice-rink areas. (See apps. V and VI).

	<u>Retail area</u>	<u>Ice rink</u>	<u>Total</u>
Contracts	\$1,777,560	\$ 88,279	\$1,865,839
Purchase orders	<u>129,500</u>	<u>95,514</u>	<u>225,014</u>
Total	<u>\$1,907,060</u>	<u>\$183,793</u>	<u>\$2,090,853</u>

According to the GSA project manager, GSA incurred no direct costs for the retail area of the building because FHLBB handled the internal preparation and the leasing. On the other hand, GSA incurred costs of \$103,500 for the ice rink (\$6,000 for a feasibility study and \$97,500 for design). Also, the project manager estimated that the construction cost of the rink-pool complex was about \$1.2 million. The total cost to construct, prepare, and equip the ice-rink area, as of February 28, 1978, was about \$1.5 million. We did not ascertain FHLBB's internal (staff) costs for leasing and contracting activities.

The ice rink was open for operation and produced gross revenues of \$1,963 between February 24, 1978, through March 19, 1978--a period of 22 open days.

ICE-RINK MANAGEMENT

FHLBP contracted with Recreational Development and Research, Inc., of Columbia, Maryland (RDR), to provide management and marketing services for the ice rink at a cost of \$33,500. The costs were to be paid in 7 equal monthly installments of \$4,785.75 beginning September 1977 and ending March 1978. Also, RDR was to be paid additional compensation based upon a percentage of income in excess of FHLBB's direct operating cost to operate the rink. The contract was extended through March 31, 1978, with extensions or renewals included through September 30, 1980, provided funds were authorized.

FHLBB gave us a copy of the contract which was dated August 11, 1977. An FHLBB official later said that the date the contract was signed was August 1, 1977. FHLBB letters to RDR and an FHLBB information paper indicate that the contract was signed as late as September 2, 1977.

In October 1977, the payment schedule was modified to August 1977 through February 1978. According to an FHLBB official, RDR performed work in August 1977, and the first modification was made to allow payment for that work. Actual payments to RDR started in November 1977 with the initial payment covering the period of August 1 through October 31, 1977.

A later modification increased the contract cost by another \$1,000 for travel and miscellaneous expenses incurred in the startup of marketing the FHLBB ice rink. Also, RDR was reimbursed about \$779 for storage and delivery of equipment, rink paint, tools and supplies for maintenance of the rink, and shipping charges for skates. Through March 10, 1978, RDR had been paid about \$35,279 for its services in connection with the ice rink.

FHLBB USE OF GSA REAL PROPERTY

GSA acquired the site for the new FHLBB building in 1973 on property adjacent to the GSA-controlled Winder building which is being preserved and renovated because of its historical significance. The FHLBB building is an L-shaped building located predominately along G Street. The Winder building is located at F Street.

The original design for the new building included an extended brick and stone landscaped plaza by using part of the Winder building property. The agencies had agreed to use both properties and that FHLBB would incur the cost of preparing the plaza.

According to the GSA project manager, the Executive Assistant to the Chairman instructed him that FHLBB wanted to include an ice rink in the plaza plan. Since the plaza development cost was FHLBB's responsibility, GSA had the building designer revise the plans to include the ice rink.

In return for allowing FHLBB to use the Winder building property, GSA saw an opportunity to reduce some of that building's renovation cost by having FHLBB upgrade the new building's water chillers so as to provide chilled water to the Winder building. Thus, GSA would eliminate the need for a chilling system in the Winder building.

The project manager said that he entered into an unwritten agreement with the Executive Assistant to the Chairman whereby FHLBB would provide, at no charge, chilled water to the building and the piping system from the chillers to the exterior wall of the Winder building. Also, FHLBB would provide for the security and maintenance of the plaza area. In return, GSA would allow FHLBB free use of the Winder building property and would pay for the incremental cost of upgrading the chillers for the FHLBB building.

FHLBB's officials said that they agreed to provide the chilled water to the Winder building but that they also intended to charge GSA for it. An FHLBB official said that FHLBB never agreed to provide the chilled water free of charge. FHLBB officials maintain that GSA should reimburse FHLBB for the incremental cost of upgrading the system and pay for the annual cost of providing chilled water to the Winder building.

GSA and FHLBB officials disagreed over the incremental cost of upgrading the system and the annual cost of providing the chilled water. FHLBB engineering consultants estimated that GSA's share of upgrading the system was about \$141,000 and the annual operating cost of providing chilled water was about \$27,000. GSA estimated the incremental cost to be \$90,000 and the annual operating cost to be \$6,300.

The total cost of providing the chiller system for both buildings had been estimated at \$300,000. GSA acquired the chiller system for \$120,000, or considerably less than the estimated amount. Consequently, GSA has not reimbursed FHLBB for the incremental cost since it realized such a significant saving for FHLBB.

GSA's project manager said that he has informed FHLBB that if GSA has to pay for the chilled water, then GSA will charge FHLBB rent for the plaza area. He estimated the present standard-level-user charge for the 7,100 square feet of Winder building property to be \$8.60 per square foot, or \$61,060 per year.

Since both parties involved in this dispute are Federal agencies, we asked if GSA could transfer the Winder building plaza area to FHLBB. The project manager told us that GSA retained title to the property because of the official historical significance of the building which precludes declaring the property excess for transfer to another agency. Likewise, it cannot dispose of the property.

After we briefed your office on this matter, you wrote to the Administrator in April 1978 for further clarification and resolution of the matter. We did not inquire into GSA's response to you.

If the agreement between the two agencies had been in writing, this dispute could have been avoided. We find this matter to be of particular concern, because GSA is the Federal agency responsible for most governmental real property matters and it is a well established principle that agreements affecting real property be in writing.

#### PROPOSED OMB CIRCULAR

The Office of Management and Budget (OMB) is considering a circular to establish policy for the assignment of federally controlled real property to non-Federal activities. In our report, B-112840 dated March 18, 1974, we recommended that OMB establish

--a policy which will provide for equitable assignment and use of Federal space by employees associations and

--guidelines for determining fair and equitable charges, if any, for space and services

furnished by the Government to such associations."

Our report was specifically directed at Federal employee association-type activities. OMB, in its proposed circular, has expanded on our recommendations and is proposing guidance for the following users

- activities that provide services to Federal employees such as cafeterias, employee recreation associations, credit unions, blind stands, and child day care centers;
- general commercial organizations, e.g., banks, retail stores, and Government contractors; and
- service and nonprofit organizations, e.g., veterans service organizations, State and local governments, and national voluntary action programs.

The proposed circular is intended to standardize non-Federal space assignment procedures and to require that all non-Federal activities that are not exempt by specific statute pay equivalent commercial rents for the use of the Federal space.

OMB believes that all non-Federal users, except ones specifically exempted by statute, should be assessed for use of Federal space for non-Federal activities. An OMB official said that OMB believes that the Federal Government has a responsibility to provide services for its employees, such as space for cafeterias, but those services should not be at subsidized prices.

OMB believes that providing Federal space to non-Federal activities should be in accordance with the Federal excess and surplus real property procedures, 41 C.F.R. Part 101-47, unless there is specific authority to provide space that has not been through those procedures. OMB does not advocate the acquisition of additional space--space not needed for Federal program activities--so as to have space available for non-Federal purposes, unless such acquisition is authorized specifically.

The proposed circular has been submitted to Federal departments and agencies for review and comment and to non-Federal activities that have asked to review and comment on the policy in the circular. In response to opposition by various employee interest groups, particularly to

that part on charging for the use of Federal space for day care centers, OMB held a public hearing on the proposed circular in May 1978. According to an OMB official, as a result of the responses received and the testimony given at the hearing, OMB is studying possible alternatives to the charging of assessments as proposed in the circular.



1700 G Street, N.W.  
Washington, D.C. 20552

Federal Home Loan Bank System  
Federal Home Loan Mortgage Corporation  
Federal Savings and Loan Insurance Corporation

**Federal Home Loan Bank Board**

April 25, 1978

BY MESSENGER

Henry R. Wray, Esquire  
Assistant General Counsel  
United States General Accounting  
Office  
Washington, D.C. 20548

Dear Mr. Wray:

This is in response to your letter of March 7, 1978 to Anne P. Jones, General Counsel of the Federal Home Loan Bank Board, regarding seven questions which you have in connection with the scope and nature of the Bank Board's authority to operate and manage its new office building, as well as several other related issues. We have reviewed the information available to us and are happy to provide below answers to questions 2 through 7. The answer to question No. 1 is in preparation and will be forwarded to you by the close of business on Monday, April 24, 1978.

NO. 2: What are the limits to this authority [to outlease]? Can member banks be required to underwrite all commercial losses of the Board in connection with outleasing? Can the banks refuse to make such contributions?

Answer: As will be more fully explained in answer to question No. 1, the Bank Board's legal authority to construct and otherwise provide for the occupancy and use of the commercial areas of the building is equal to that of a private landlord. This is of course subject to the general limitations which result from the fact that the Bank Board is an agency of the Federal government. For example, the Bank Board is not free to contract for absolutely any occupancy or use of its building as is made evident by the criteria adopted to govern the selection of occupants of the building. (Attachment A, hereto.)

[See GAO note]

GAO note: Attachment A, not included here, is an FHLBB internal procedure document approved by the Executive Assistant to the Chairman.

With regard to "losses" associated with "outleasing" we are certain that you are aware that the Bank Board derives only a portion of its income from the twelve Federal Home Loan Banks. These Banks derive their income from numerous sources, including the provision of various services to their member savings and loan associations. The Banks are required pursuant to the Federal Home Loan Bank Act (12 U.S.C. §1438(b)), to pay assessments to the Bank Board to provide for the expenses of the Bank Board. In making the most recent semi-annual assessment upon the Banks, the Bank Board determined that approximately 40% of the operating costs of the building will be assessed against the Banks (the balance to be offset by other income of the Bank Board and the Federal Savings and Loan Association). However, virtually all income realized from "outleasing" commercial space will be credited to the Banks (with the small exception - approximately 12% - being credited to the FSLIC). To the extent that income from the commercial areas exceeds or falls short of expected levels, the surplus or deficiency will be apportioned according to this formula. A fuller explanation of the assessment and its apportionment is contained in Exhibit B, attached hereto.

[See GAO note]

NO. 3: Why has the Board not included in the annual budget plan required under 12 U.S.C. 1438(c) (6) detailed explanations of its outleasing activities?

Answer: The phraseology of the question would suggest that it is your position that the Bank Board has not in fact included such information in its budget submissions. This premise is incorrect. The Bank Board is required, under §1438 (c)(6), to submit its budget in conformance with Title I of the Government Corporations Control Act (31 U.S.C. §846, et seq.). All expenditures and receipts of the Bank Board in connection with the new office building are considered, pursuant to §1438 (c)(5), as non-administrative expenditures. The Bank Board has submitted the budget related to the building in the same format and with the same detail as it has submitted the other non-administrative expense budgets, for example, that of the Federal Savings and Loan Insurance Corporation.

GAO note: Exhibit B, not included here, is an example of an assessment notification to member banks.

These submissions related to the new building are shown in Exhibits C through E. Exhibit C consists of three pages from the Bank Board's latest budget submission to Congress; page A-3 shows the estimated income to be received from rental of space in the building as well as expenses related to the building; pages C-1 and C-2 provide a greater breakdown of building expenses. Exhibit D consists of the analogous pages from the Bank Board's previous (FY 1978) submission. Exhibit E consists of four pages taken from the Bank Board's latest proposed budget submission to OMB which show both income and expenses related to both the governmental and "outleased" portions of the building. [See GAO note]

No. 4: Have banks been notified about outleasing in the building? Have assessments or advances been required to cover outleasing to date? What reaction, if any, have banks given to the outleasing activities?

Answer: The Federal Home Loan Banks have been, for many years, aware of the plans to include commercial space in the Bank Board's new building. See, for example, Exhibit B, referred to above. To the extent that there has been any specific reaction to the Bank Board's plans, it has been generally favorable as it will probably provide revenue to reduce the net operating expenses of the Bank Board and, hence, the assessments made on the Banks.

With regard to assessments to "cover outleasing", the only assessments which might reasonably be said to have been made for such a purpose were those made to cover the initial cost of construction of the building which, of course, includes the commercial space.

No. 5: In outleasing for eating facilities was consideration given to the requirements of the Randolph Sheppard Act, 20 U.S.C. 707, et seq.?

GAO note: Exhibits are not included here because of volume. GAO does not consider the information provided to constitute detailed explanation of outleasing activities.

Answer: Yes, the Bank Board complied fully with the provisions of the Act which requires that the Bank Board contact the officially designated, local coordinating body and offer to it the opportunity to establish an enterprise to be operated by the visually handicapped. Pursuant to this requirement, the Bank Board first contacted the District Enterprises for the Blind in mid-1977 as to their interest in operating a facility in the Bank Board's new building. After a number of months without a response, the Bank Board wrote to District Enterprises (copy attached as Exhibit F) to [See GAO note]

No. 6: What consideration was given to the Architectural Barriers Act, 42 U.S.C. §4151, et seq., in the design of both the governmental and outleased areas of the building?

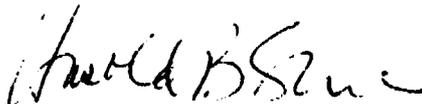
No. 7: Has an Environmental Impact Statement been developed pursuant to Section 102(2)(c) of the National Environmental Policy Act of 1969? Was a final Statement issued prior to outleasing?

Answer: Yes. Pursuant to the arrangement developed between the Bank Board and the General Services Administration (GSA), the Bank Board retained responsibility for major design decisions, whereas GSA assumed responsibility for structural design and actual construction of the entire building, including that of compliance with the above-noted statutes. The Bank Board has been assured by GSA that all applicable legal obligations in connection with the construction of the building have been complied with fully. However, since taking possession of the building the Bank Board has determined that some additional slight modifications are required to remove some architectural barriers and make the building fully accessible to handicapped individuals and has recently contracted for these changes. A final Environmental Impact Statement was filed by GSA on January 4, 1978, prior to the time any of those areas were occupied by concessionaires. Additional information and copies of both the preliminary and final EIS statements may be obtained directly from the GSA project manager.

GAO note: Exhibit not included here.

I trust that this information will be fully responsive to your inquiry. If you require any additional information please feel free to contact me directly.

Sincerely,

A handwritten signature in cursive script, appearing to read "Harold B. Shore".

Harold B. Shore  
Associate General Counsel

**Federal Home Loan Bank Board**

1700 G Street, N.W.  
Washington, D.C. 20552

Federal Home Loan Bank System  
Federal Home Loan Mortgage Corporation  
Federal Savings and Loan Insurance Corporation

BY MESSENGER

April 26, 1978

Henry R. Wray, Esquire  
Assistant General Counsel  
United States General Accounting Office  
Washington, D.C. 20548

Dear Mr. Wray:

In further response to your letter of March 7, 1978 to Anne P. Jones, General Counsel of the Federal Home Loan Bank Board (Bank Board), we provide herein our response to your question No. 1, as follows:

Question No. 1: Please explain the basis and source of the FHLBB's authority to outlease. Please include references to all relevant legislative history and statutory provisions.

Answer: The basis and source of the Bank Board's authority to "outlease" is Section 18(c) of the Federal Home Loan Bank Act of 1932, as amended (12 U.S.C. §1438(c)) (Bank Act). Moreover, pursuant to the Department of Housing and Urban Development, Space, Science, Veterans, and certain other Independent Agencies Appropriations Act for Fiscal Year 1975, the Bank Board was authorized to include in the construction of its new building "related commercial facilities." (P.L. 93-414, 88 Stat. 1106.) The provisions of Section 18(c) of the Bank Act vest in the Bank Board such extensive authority over the building as to indicate an intent to grant to the Bank Board the authority to provide for the occupancy of the commercial space. In addition, other provisions exclude the application of the Public Buildings Act which arguably might vest such "outleasing" authority in General Services Administration (GSA).

Custody, Management and Control. Section 18(c)(4) of the Bank Act provides a clear basis for the Bank Board's leasing authority. That provision, which deals with management and control of the building, provides as follows:

Upon the making of arrangements mutually agreeable to the board and administrator [of GSA], which arrangements may be modified from time to time by mutual agreement between them . . . , the custody, management, and control of such buildings and facilities and of such real property shall be vested in the Administrator in accordance therewith. Until the making of such arrangements such custody, management, and control including the assignment and allotment and the reassignment and reallocation of building and other space, shall be vested in the board. [Emphasis added.]

In the absence of a mutual arrangement with the Administrator of GSA, the powers and responsibilities vested in the Bank Board by the statute are defined to include "custody, management and control" of the building. The authority to manage and control a building with excess office space as well as commercial facilities reasonably includes the power to enter into lease, concession, or related agreements to fully occupy the building. Since the statute specifies a power and obligation to "manage and control" the entire building, powers incidental and necessary to utilize the building such as leasing are included by implication. This implication is well established at common law. In addition, in a related context, the statutory authority of management has subsumed the power to lease. For example, GSA's authority to lease space in federal buildings is collected in Title 40, Chapter 10, Subchapter II of the United States Code under the heading "Property Management", and in 1950 Reorganization Plan No. 18 under the heading "Building and Space Management Functions", 1950 Reorganization Plan No. 18, 15 Fed. Reg. 3177 (1950), reprinted following 40 U.S.C. 490 (1970), and in 64 Stat. 1270.

Assignment and Allotment. Section 18(c)(4) of the Bank Act states that the power of custody, management and control vested in the Bank Board includes the authority of "assignment and allotment and the reassignment and reallocation" of space in the building. Assignment and allotment agreements represent traditional means, similar to leasing arrangements, by which

one governmental agency in a building permits another agency to utilize space and to charge rent therefor. Section 129 of Title 40 of the United States Code illustrates the nature of an allocation as similar to a lease, as follows:

Lease of Building Space by Wholly Owned Government Corporations; Rental

Wholly owned government corporations requiring office space in office buildings at the seat of government shall occupy only such space as may be allotted in accordance with the provision of this section of this Title, and shall pay such rental thereon as may be determined by the administrator of General Services . . . [Emphasis added.] \*

By referring to "allotment" authority, Congress has given the Bank Board the power to enter into rental arrangements with governmental entities that are functionally the same as leases. Legislative history focuses directly on this fact. In 1974, Chairman Bomar of the Bank Board indicated to the Senate Appropriations Committee and to a Subcommittee of the Committee on Appropriations that the relationship between the Bank Board and the Federal Home Loan Mortgage Corporation would be one of "landlord" and "tenant". See Hearings on Department of Housing and Urban Development, Space, Science, Veterans and Certain Independent Agencies Appropriations for Fiscal Year 197<sup>F</sup> before the Senate Appropriations Committee, 93rd Cong., 2d Sess. 194 (1974).

As the following colloquy shows, the House Subcommittee found nothing unusual in Chairman Bomar's assertion:

Representative Boland: As I understand it, you [the Board] want to be the landlord now and you want the Federal Home Loan Mortgage Corporation to be a tenant.

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\* The Bank Act explicitly makes 40 U.S.C. §129 inapplicable to the building. 12 U.S.C. §1438(c)(6). This exemption provides further support for the conclusion that the Bank Board is authorized to lease space in the Building.

Mr. Bomar: The way we proposed it last year and secured approval for it was that the Board would own 46 percent and the Federal Home Loan Mortgage Corporation would own 54 percent. . . It is our feeling that operationally it would be much cleaner just to have the Board own the building and rent whatever space it needs to the Mortgage Corporation rather than having this dual ownership.

Mr. Boland: Mr. Shipley.

Representative Shipley: I have no questions, Mr. Chairman.

Hearings on Department of Housing and Urban Development--Independent Agencies Appropriations for 1975 before a Subcommittee of the Committee on Appropriations of the House of Representatives 93d Cong., 2d Sess. 102-103 (1974).

While standard among government entities, allotment and assignment arrangements are not viewed as applicable to commercial space. Thus the question arises as to whether the Bank Board, having authority to allocate space to government entities, also has the power to enter into lease or concession arrangements, particularly in light of the commercial space in the building. The express reference to allocation and assignment authority should not be interpreted as limiting the Bank Board's exercise of a leasing authority--an authority that is both reasonable and necessary to control and manage a building with commercial spaces. There are understandable reasons explaining the absence of a specific reference to a lease or concession authority in the Bank Act. In the first place, at the time the Bank Act was being considered, the question of commercial space was not sharply in focus. Primary attention was directed to the question of housing other governmental agencies. Moreover, as noted above, the express scope of authority in the statute granting the Bank Board "custody, management and control of the building" is rather broad. Accordingly, the need for specifying any particular legal device, such as leasing or concession agreements, would seem superfluous.

Finally, the fact that Congress vested in the Bank Board, rather than GSA, the specific authority to assign and allocate space in the Building is telling and suggestive of the Bank Board's leasing authority. Congress was aware at the time it passed the Bank Act that office space in the building would be occupied by constituent government agencies. Congress could have given the allotment power, indeed the general custody, control and management of the building, to GSA in light of that agency's experience in this area. Instead, Congress chose to give the powers of allotment, as well as the overall authority of "custody, management and control" of the Building to the Bank Board.

In sum, it is clear that the Act permits the Bank Board to enter into lease arrangements so that it may properly effectuate its "custody, management and control" of the building, particularly in light of the commercial space in the building.

Related Statutory Provisions. Section 18(c)(6) of the Bank Act provides that the functions of the Bank Board shall be "exercisable notwithstanding and without regard to" other federal statutes relating to construction, alteration, repair or furnishing of buildings. Thus, the scope of authority vested in the Bank Board with respect to construction of the building was unusually broad. The authority was vested directly in the Bank Board subject only to the Bank Board's decision to utilize the services of GSA for its particular expertise in these areas. In addition, Section 18(c)(6) specifically exempts the building from application of Section 129 of Title 40 of the United States Code, which gives GSA authority to execute lease-type arrangements with wholly-owned government corporations for space in federal office buildings. These exemptions demonstrate that Congress chose the Bank Board and not GSA to execute such arrangements, in spite of GSA's experience and expertise in this area.

The Bank Board's authority to lease space in its building is also reinforced by the language of Section 18(c)(5) of the Bank Act, which provides in relevant part:

Any proceeds (including advances) received by the Board in connection with [Section 18(c) of the Bank Act], and any proceeds from the sale or other disposition of real or other property acquired by the Board under [Section 18(c) of the Bank Act], shall be considered as receipts of the Board, and obligations and expenditures of the Board. . . .

Section 18(c)(5) thus suggests the Board's power to sell or otherwise dispose of part or all of the building. Therefore, since the Bank Board has the authority to sell the building, it surely has the power to convey lesser interests, such as leaseholds, in the building.

Limited Functions Vested in GSA. In contrast to the broad statement of authorities vested in the Bank Board, the Bank Act refers to GSA and gives that agency only contingent and limited functions. As noted above, under section 18(c)(4), GSA acquired authority over the building only upon the making of "arrangements mutually agreeable to the Bank Board and the Administrator (of GSA)." In absence of such arrangements, the Bank Board's authority of custody, management and control over the building remains exclusive.

Even upon the making of such arrangements, GSA does not necessarily acquire complete hegemony over the building. Rather, GSA acquires management authority only "in accordance" with the mutually agreeable arrangements between GSA and the Bank Board, and in accordance with the terms of such arrangements. The statute, by its terms, imposes no obligation upon the Bank Board to divest itself of building control. Moreover, Section 18(c)(4) appears to contemplate that the Bank Board will have continuing authority over the building, well after completion, since the Bank Board is given powers of "reallotment" and "reassignment." Furthermore, even if pursuant to Section 18(c)(4) Bank Board, at some future date, were to make "arrangements" with GSA, this does not appear to be inconsistent with the statute's implication of the Bank Board's leasing authority. Section 18(c)(4) gives GSA authority over the building only "in accordance" with the terms of the mutually agreeable arrangements with the Bank Board. Thus, even upon the making of such arrangements, the Bank Board could retain leasing authority.

Finally, the Public Building Act which specifically grants to GSA its general power to lease space to commercial enterprises also demonstrates that GSA's authority does not include the Bank Board building. That statute specifically states that GSA's leasing authority applies to building areas which GSA has authority by provision of law to "maintain, operate and protect." 40 U.S.C. §490(a). Under the Bank Act, the building is clearly within the Bank Board's "custody, management and control." Thus, GSA's own statutory authorization to lease commercial space would not apply to the Bank Board building. The text of this Act is consistent with the most reasonable interpretation of Section 18(c) the Bank Act, which grants to the Bank Board the authority to enter into lease and related arrangements for space in the building within its "custody, management and control." GSA is in full agreement with this interpretation of the Bank Act and the Public Building Act. In a letter from the General Counsel of GSA to Paul G. Dembling, General Counsel of The General Accounting Office dated August 24, 1976, GSA stated, as follows:

"As you know, the General Services Administration designs and constructs, alters and repairs public buildings which are authorized, and for which funds are appropriated, under the provisions of the Public Building Act of 1959 (40 U.S.C. 601-615). . . .

"The Federal Home Loan Bank Board building is not being built under the authority of the Public Building Act, however; . . . it is being designed and constructed by GSA for the Federal Home Loan Bank Board pursuant to the provision of 12 U.S.C. 1438(c) [section 18(c) of the Bank Act]."

In a subsequent letter between the same parties, dated September 1, 1976, GSA added that its involvement in the building arose solely out of Section 18(c) rather than any other of GSA's authorities and responsibilities.

Thus, since commercial facilities are expressly permitted in the building and since the governmental agency which would normally and otherwise have responsibility for outleasing acknowledges that it lacks authority to undertake such activities, it is clear that the Bank Board must have been intended to have authority to outlease.

In conclusion, the provisions of Section 18(c) provide, in our opinion, a firm legal basis for the Bank Board's program of leasing or otherwise providing for the occupancy of the commercial retail space in the building. This is true despite the fact that the statute does not contain the actual term "leasing".

Appended hereto is a complete list of relevant legislative history of statutes relating to the Bank Board's building, including the materials referred to above.

If you require additional information or explanation of our position on this matter please feel free to contact me.

Sincerely yours,



Harold B. Shore  
Associate General Counsel

I. Hearings on the Department of Housing and Urban Development and Other Agencies Appropriations before a Subcommittee of the Committee on Appropriations of the U.S. House of Representatives.

FY 1975: 93rd Cong., 2d Sess., Part 1,  
p. 97, 102.

FY 1976: 94th Cong., 1st Sess., Part 4,  
p. 116, 134.

FY 1977: 94th Cong., 2nd Sess., Part 1,  
p. 371, 397.

FY 1978: 95th Cong., 1st Sess., Part 1,  
p. 132, 150.

II. Hearings on the Department of Housing and Urban Development, and Certain Independent Agencies Appropriations Before the Committee on Appropriations of the U.S. Senate.

FY 1975: 93rd Cong., 2nd Sess., Part 1,  
p. 193, 215.

FY 1976: 94th Cong., 1st Sess., Part 1,  
p. 580.

FY 1977: 94th Cong., 2nd Sess., Part 4,  
p. 1535, 1545.

FY 1978: 95th Cong., 1st Sess., Part 1,  
p. 14, 94, 103.

FHLBB RETAIL AREACONTRACTS AND PURCHASE ORDERS

(as of 2/28/78)

<u>Firm</u>	<u>Date of agreement</u>	<u>Purpose</u>	<u>Amount</u>
Contracts: Raymond Brophy, Inc.	1/27/75	Planning, developing, and marketing com- mercial areas.	\$ 30,000
Hunter/Miller and Associates, Inc.	3/03/75	Drawings and specifi- cations for tenant finishings. Engineering services for tenant work. [Note--the contract was terminated by FHLBB.]	159,000  100,000
W.C. Burns and Assoc.	12/16/76	Negotiation of leases with tenants for re- tail space.	40,000
Beauchamp and Assoc.	6/23/77	Engineering services for design of plumb- ing, heating, venti- lating and air con- ditioning, sprinkler layout, electrical power, and lighting for retail space.	48,300
1725 F St., Inc.	8/31/77	FHLBB contracted to provide reimburse- ment for concession- aire's required work.	693,000
Tate Architec- tural Products, Inc.	9/19/77	Interior construction for retail areas. Interior construction for restaurant/cafe- teria areas.	392,000  275,000
Vlastimil Koubek	10/01/77	Architectural consul- tants for FHLBB and retail area.	<u>40,260</u>
Total contracts			<u>\$1,777,560</u>

<u>Firm</u>	<u>Date of agreement</u>	<u>Purpose</u>	<u>Amount</u>
Purchase orders: Cini-Grissom Assoc.	5/16/75	Determining the type of eating facilities needed in the new building.	\$ 9,300
	8/04/75	Professional services in connection with food service facilities.	6,350
	10/05/77	Consulting services to review and recommend restaurant operator's plans.	4,500
Harris, Kerr, Forster Co.	5/28/76	Review of restaurant/cafeteria operators.	5,000
Stephoe and Johnson	8/09/76	Consulting services on legal matters related to commercial tenants.	63,406
W.C. Burns and Assoc.	11/08/76	Development of retail and office leasing program.	8,250
Beauchamp and Assoc.	1/21/77	Mechanical/electrical consulting for retail areas.	8,250
Fraser, Rudder and Finn	3/11/77	Consulting on commercial and public areas.	8,400
Vlastimil Koubek	4/06/77	Office space standard on rental space.	9,900
Credit Bureau Inc.	10/11/77	Credit checks on applicants for retail space.	294
R.H. Jones and Assoc.	10/25/77	Appraisal of fair market rentals.	850
Max O. Urbahn Assoc.	12/08/77	Design proposal for restaurant.	<u>5,000</u>
Total purchase orders			<u>\$129,500</u>
Total contracts and purchase orders			<u><u>\$1,907,060</u></u>

FHLBB ICE RINKCONTRACTS AND PURCHASE ORDERS

<u>Firm</u>	<u>Date of agreement</u>	<u>Purpose</u>	<u>Amount</u>
<b>Contracts:</b>			
Recreational Development and Research, Inc.	Unknown	Rink Management. Reimbursements for equipment and services.	\$34,500 779
Edward Friel, Inc.	9/09/77	Construction of pool deck.	<u>53,000</u>
Total contracts			<u>\$88,279</u>
<b>Purchase orders:</b>			
GEC Ahrendt Engineering Co.	4/04/75	Costs associated with building and operating the rink.	\$ 5,000
Mrs. Ruth Robertson	4/17/75	Analysis of Washington area skating rinks to determine usage, costs, and revenues.	2,000
Ice Skating Institute of America	5/10/76	Membership.	100
	1/09/78	Membership for 1978.	100
Tippman Engineering	11/12/76	Fiberglass dasher system for ice rink.	22,116
	12/05/77	Plexiglass filler for dasher system.	1,769
American Locker Security Systems	12/07/76	Pay lockers for skate shop.	8,306
W.A. Hamilton Co.	12/07/76	Combination lockers for skate shop.	2,652
	8/15/77	Installation of lockers.	310
Cederquist Assoc.	1/19/77	Rubber protective matting and truflex tile for rink and skate shop.	12,799

<u>Firm</u>	<u>Date of agreement</u>	<u>Purpose</u>	<u>Amount</u>
	2/23/78	Two men traveling round trip from Illinois to the District of Columbia to install truflex floor in skate shop and rubber matting around rink.	328
F.L. Zamboni Co.	3/07/77	Ice resurfacer and accessories.	15,672
	11/25/77	Zamboni equipment items.	767
J. Vito Construction Co.	9/09/77	Skate shop millwork.	8,866
G.P. Thomas Rubber Co.	11/16/77	Ice-rink supplies.	135
Mark's Hardware	11/18/77	Key making machine.	249
Olivetti Corp.	11/23/77	Adding machine for the ice rink.	155
Frenches Petroleum Service	11/23/77	Automatic nozzle for ice rink.	47
American Safe and Lock	11/23/77	Safe for skate shop.	200
Hayman Cash Register	11/23/77	Cash register for skate shop.	1,598
National Capitol Building and Supply Co.	11/23/77	Gas cabinet and related items.	438
CCM Good Sports	11/23/77	Skate sharpener and stones.	502
Lubin's	11/23/77	Skate clamp and cutter blades.	142
	11/23/77	Skates.	6,176

## APPENDIX V

## APPENDIX V

<u>Firm</u>	<u>Date of agreement</u>	<u>Purpose</u>	<u>Amount</u>
Simplex Time Recorder Co.	11/23/77	Time clock and related items.	236
Forc Industries	11/23/77	Code-A-Phone.	368
F.B. Hall and Co.	1/26/78	Liability insurance for the ice rink.	4,450
Rudolph and West Co.	2/13/78	Ethylene glycol for rink.	<u>33</u>
Total purchase orders			<u>\$ 95,514</u>
Total contracts and purchase orders			<u>\$183,793</u>

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