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AMEND THE FINANCING OF THE DISTRICT OF COLUMBIA STADIUM ACT

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DOCUMENTS

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HEARING

BEFORE THE

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SUBCOMMITTEE ON REVENUE AND FINANCIAL AFFAIRS

OF THE

COMMITTEE ON

THE DISTRICT OF COLUMBIA HOUSE OF REPRESENTATIVES

NINETY-THIRD CONGRESS

SECOND SESSION

ON

H.R. 9447

TO AMEND THE DISTRICT OF COLUMBIA STADIUM ACT
OF 1957 TO PROVIDE FOR A SHARING OF THE FINANCIAL
OBLIGATIONS OF SUCH STADIUM, AND FOR OTHER
PURPOSES

JUNE 27, 1974

Serial No. 93-34

Printed for the use of the
Committee on the District of Columbia



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AMEND THE DISTRICT OF COLUMBIA STADIUM ACT

THURSDAY, JUNE 27, 1974

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON REVENUE AND FINANCIAL AFFAIRS,
COMMITTEE ON THE DISTRICT OF COLUMBIA,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10:10 a.m., in room 1310, Longworth House Office Building, Hon. Thomas M. Rees (chairman of the subcommittee) presiding.

Present: Representatives Rees [presiding] and Burgener.

Also present: Robert B. Washington, Jr., chief counsel; James T. Clark, legislative counsel; Steven Swain, subcommittee clerk; Margi Mosback, assistant subcommittee clerk; John Hogan, minority counsel; Leonard O. Hilder and Ralph Ulmer, professional staff.

Mr. REES. I will call this meeting to order.

I think we will have another member coming here in a couple of minutes. He is answering a quorum call. Since it is a quorum call, not a roll call, we can proceed.

This is the District Subcommittee on Revenue and Financial Affairs. The purpose of this meeting is to hold hearings and a possible markup on H.R. 9447. H.R. 9447 is legislation recommended by the District of Columbia and was introduced on behalf of the District of Columbia by Chairman Diggs.

We will place H.R. 9447 and the District of Columbia report into the record at this point.

[H.R. 9447 and report follows:]

[H.R. 9447, 93d Cong., 1st sess., by Mr. Diggs et al., on July 20, 1973]

A BILL to amend the District of Columbia Stadium Act of 1957 to provide for a sharing of the financial obligations of such stadium, 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 District of Columbia Stadium Act of 1957 (71 Stat. 619) is amended as follows:

(1) Section 6 of such Act (D.C. Code, sec. 2-1724(a)) is amended by striking out the seventh sentence of subsection (a) and inserting in lieu thereof "Such sinking fund shall be used for the following purposes and in the following order of priority: (1) to pay the interest on and principal of bonds and other securities issued under authority of section 4 of this Act, including redemption of bonds before maturity as provided in section 4 or repurchase of bonds before maturity: *Provided*, That such redemption or repurchase of bonds before maturity is authorized only when financially advantageous to the Board in meeting its obligations under section 4; and (2) to reimburse the District of Columbia for any moneys advanced from its revenues and any amounts borrowed by the Commissioner of the District of Columbia from the Secretary of the Treasury, including interest on such borrowed amounts, to pay interest on or principal of bonds issued by the Board: *Provided further*, That any borrowings by the District of

Columbia from the Secretary of the Treasury for the purpose of making the District's contribution to the sinking fund for the fiscal year 1974 shall not be reimbursed by the sinking fund under the provisions of this section."

(2) Section 7 of such Act (D.C. Code, sec. 2-1725) is amended by striking out "United States" in the last sentence, and inserting in lieu thereof "District of Columbia".

(3) Section 9 of such Act (D.C. Code, sec. 2-1727) is amended—

(A) by striking out the third sentence and inserting in lieu thereof "The Commissioner of the District of Columbia shall include in the budget estimates for the District of Columbia for each fiscal year such amounts out of the revenues of the District of Columbia and equal amounts out of the revenues of the United States, which amounts, together with any funds placed in the sinking fund by the Board pursuant to section 6 of this Act, will be sufficient to insure the payment of amounts necessary for the retirement of the bonds and amounts becoming due and payable on account of interest on the bonds. The District of Columbia is authorized to borrow from the Secretary of the Treasury, such amount as may be necessary for the District of Columbia to make its contribution to the sinking fund, for the fiscal year beginning July 1, 1973."; and

(B) by adding the following sentence to the end thereof: "Appropriations are authorized to carry out the purposes of this Act."

(4) Such Act is amended by striking out "Commissioners" and "Board of Commissioners" each place such terms appear and inserting in lieu thereof "Commissioner".

GOVERNMENT OF THE DISTRICT OF COLUMBIA,
EXECUTIVE OFFICE,
Washington, D.C., May 21, 1973.

The SPEAKER,
U.S. House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: The Government of the District of Columbia has the honor to submit to the Congress a draft bill "To amend the District of Columbia Stadium Act of 1957 to provide for a sharing of the financial obligations of such stadium, and for other purposes."

The proposed legislation is the result of joint efforts of the District government and the Office of Management and Budget to develop an arrangement whereby the District and Federal governments will share the financial responsibility for payment of both the principal and interest involved in the indebtedness for the construction of the stadium. The proposed arrangement is contained in the attached draft bill and is designed to not only reflect both Federal and local interests in the stadium, but also to provide orderly and adequate funding of the stadium indebtedness so that the outstanding debt may be retired in the relatively near future.

The bill amends the District of Columbia Stadium Act of 1957 to authorize the Commissioner of the District of Columbia to include in the District's budget estimates for each fiscal year an amount out of the revenues of the District of Columbia and an equal amount out of the revenues of the United States, which, together with any funds as may be available from the Armory Board's operating fund, will be sufficient to insure the payment of amounts needed for the retirement of the bonds and amounts becoming due and payable on account of interest on such bonds. The sums appropriated in such a manner each year would be placed in the sinking fund authorized by the 1957 Act in order to pay off the stadium indebtedness.

Under this arrangement, the stadium bonds, including payment of the interest thereon, would be redeemed on or before the maturity date of December 1, 1979. It is estimated that both the District and Federal governments would need to provide \$1.5 million for each fiscal year from 1974 through 1979 for this purpose. During the year of maturity for the bonds fiscal year 1980, it is estimated that the District and Federal governments' share will be \$2,150,000 each. To the extent that the Armory Board has net revenues from stadium operations available for bond retirement or interest payment purposes in any fiscal year, the shares required of the District and Federal governments for such year would be proportionately reduced.

The proposed sharing arrangement will provide an equitable financing mechanism to pay off the approximately \$20 million of outstanding debt incurred in constructing the stadium. None of the principal of that debt has been paid to date. The revenues derived from activities at the stadium have not been sufficient to pay accrued interest on the stadium bonds. Since these bonds were issued, the District government has paid approximately \$5 million of the \$8 million in accrued interest. It is quite unlikely that the stadium's revenues will increase in the future to the extent necessary to retire the bonded indebtedness of the stadium.

Section 1(1) of the proposed legislation amends section 6 of the 1957 Stadium Act to provide that the sinking fund created by that Act be used first to pay the interest and principal on the bonds issued pursuant to section 4 of the Act, including redemption or repurchase of the bonds before maturity, and second, to reimburse the District of Columbia for the amounts it has advanced to pay the interest on the stadium bonds.

Section 1(2) of the bill amends section 7 of the 1957 Stadium Act so as to maintain all right, title, and interest in and to the stadium in the District of Columbia. Under existing law, such right, title, and interest would be vested in the United States. However, the 1957 Act did not contemplate that the District government would finance a considerable part of the principal and interest costs of the stadium construction. Since such responsibility is imposed on the District by the proposed legislation, title would accordingly vest in the District. Maintaining title in the District of Columbia would also be an appropriate recognition of the local nature of the stadium's operation and use.

Section 1(3) establishes the financing arrangements for payment of the stadium bonds as discussed above. This amendment also authorizes appropriations to carry out the purposes of the 1957 Stadium Act.

Finally, section 1(4) of the draft bill substitutes the word "Commissioner" for "Board of Commissioners" in the 1957 Stadium Act. This provision conforms that Act to the existing form of government for the District of Columbia.

In the belief that the proposals contained in the attached bill represent a desirable and equitable solution to the problem of financing the indebtedness incurred in connection with the construction of the Robert F. Kennedy Stadium, we strongly recommend enactment of the attached legislation.

The Office of Management and Budget has advised that, from the standpoint of the Administration's program, there is no objection to the submission of this legislation to the Congress and that enactment of the attached legislation would be consistent with the Administration's objectives.

Sincerely yours,

WALTER E. WASHINGTON.

STAFF SYNOPSIS OF H.R. 9447

Section 1(1) amends section 6 of the 1957 Stadium Act to provide that the sinking fund created by the Act be used (1) to pay interest¹ and principal² on stadium bonds and (2) to reimburse the District for amounts it has advanced for payment of interest on the bonds plus interest³ on money borrowed from the Treasury to pay interest on the bonds. (See Table)

Section 1(2) transfers title to the stadium to the District of Columbia instead of the United States after the bonds are paid. It was not anticipated when the Act was written that the District would finance a considerable amount of the stadium.

Section 1(3) directs the Commissioner to include in his yearly budget equal amounts from D.C. revenues (together with funds placed in the sinking fund by the Armory Board) and from Federal revenues sufficient to insure payments of principal and interest. The Federal monies are in addition to the Federal payment. Appropriations of Federal funds are authorized.

Mr. REES. The basic purpose of the bill is to establish a bond sinking fund and set up a regular procedure by which the District of Columbia and the Federal Government can contribute to the fund so that when the bonds are due, the funds will be sufficient to pay off the principal of the bonds.

¹ Total interest is \$15,800,000.

² Stadium bonds are \$19,800,000.

³ District has paid \$140,500 in added interest.

Title to the District of Columbia stadium would revert to the District of Columbia.

We have as our first witness Comer S. Coppie, special assistant to the Mayor, Office of Budget and Financial Management of the District.

STATEMENT OF COMER S. COPPIE, DIRECTOR, D.C. OFFICE OF BUDGET AND FINANCIAL MANAGEMENT, ACCOMPANIED BY MICHAEL TERPAK, BUDGET ANALYST; ROBERT SIGHOLTZ, MANAGER, DISTRICT OF COLUMBIA ARMORY BOARD; KENNETH HOPKINS, STADIUM ASSISTANT MANAGER; AND MRS. H. T. KEITH, FINANCE OFFICER

Mr. COPPIE. Thank you very much, Mr. Chairman. It is a privilege to be back before you to talk about one of our favorite subjects, the District stadium.

I am accompanied by Mr. Michael Terpak, a senior analyst on my staff and my resident authority on the District of Columbia stadium, and also the representatives from the stadium itself, led by Mr. Robert Sigholtz, who is the managing director of the Armory Board, which has the authority over both the armory and the stadium.

Mr. Chairman, I have a prepared statement which I would like to provide for the record. I would like to briefly review the testimony for you.

STADIUM FINANCING

First, I think it is important to recognize that what we are talking about is a joint effort between the District of Columbia government and the Federal Government with regard to the financing of the District of Columbia stadium and its ultimate payment of the \$19.8 million in principal which was the cost of the construction of the District of Columbia stadium.

The District of Columbia investment, if this bill is approved and signed into public law, will be \$18 million, and the Federal investment would be \$10 million.

I would point out, Mr. Chairman, that the intent of the public law (P.L. 85-300, 71 Stat. 619) authorizing the District of Columbia stadium was to have the stadium revenue bonds financed with revenues from the stadium sufficient to meet all of the operating costs, including the annual debt service, and with the ultimate retirement of the bonds in 1979. (See Appendix I, pp. 33-36.)

However, that situation has not proved to be correct, and for each of every year, with the exception of I believe 3 years, the District of Columbia government has had to provide a payment of the annual interest requirement, which is \$833,000. So that the intent of the public law has not been met in terms of the revenue bond concept and it is now important, I think, to address the major issue that is confronting the community with regard to the District of Columbia stadium, and that is, how we retire the \$19.8 million which falls due in 1979. This, of course, is the intent of the proposed bill.

Mr. Chairman, I would also point out that one of the facts of life in regard to public stadia across the country is that they are not a winning proposition, and I think that the unfortunate thing about the

District of Columbia stadium is that it was authorized to be financed the way it was.

Nationwide, what we are saying today is that the concept of stadia, where they are being built such as in Pittsburgh, or Atlanta, or Cincinnati, or Houston, or Milwaukee, or Oakland, or Kansas City, is increasingly a regional concept. It will be located in the city, but the plan will be a regional plan that will involve the city and adjacent jurisdictions, and frequently there will be a participation on the part of the State.

Here we have a situation where the stadium was to be self-sustaining and, of course, that has not proved to be the case, and I think the unfortunate thing is that the plan of financing was not more carefully considered back in the late 1950's when in fact it was authorized and ultimately built.

I think it is also important to recognize that commencing with fiscal year 1975, we only have 5½ years in which to address this problem, so that the time is running out and I think we must face up to the responsibility to get this problem resolved so that we do not come to 1979 and face a \$20-million debt with no plan for financing it.

I think with those brief remarks on my part, Mr. Chairman, I would stand ready to answer any questions. I do want to say that this bill is sponsored by the District government, but it also has the complete support of the administration. When I say complete support of the administration, I want to point out that—

Mr. REES. It means you are in trouble.

Mr. COPPIE [continuing]. That the Federal commitment does provide for a separate Federal payment on an annual basis to meet this requirement, and that it is reflected in the President's budget for 1975 where he has proposed \$1½ million in a special Federal payment, commencing with the 1975 fiscal year, to help get this program started.

Mr. REES. Thank you very much.

[Mr. Coppie's prepared statement follows:]

STATEMENT OF COMER S. COPPIE, SPECIAL ASSISTANT TO THE MAYOR FOR BUDGET AND FINANCIAL MANAGEMENT BEFORE THE HOUSE DISTRICT COMMITTEE SUBCOMMITTEE ON REVENUE AND FINANCIAL AFFAIRS ON H.R. 9447

JUNE 27, 1974.

Mr. Chairman and Members of the Committee: It is my pleasure to testify in support of H.R. 9447, a bill proposed by the District of Columbia Government to provide for a sharing of the financial obligations of the Robert F. Kennedy Stadium.

H.R. 9447 is the result of joint efforts of the District and Federal Governments to develop a shared financial responsibility for payment of both the principal and interest involved in the indebtedness for the construction of R.F.K. Stadium. The proposed arrangement contained in the bill is designed to reflect both Federal and local interest and responsibility in the stadium and provide orderly and adequate funding of the outstanding stadium debt.

STADIUM FINANCING

Pursuant to the Stadium Act of 1957, the District of Columbia Armory Board issued \$19,800,000 in revenue bonds to finance the Stadium. No bonds have been redeemed to date and a sinking fund has not been established as contemplated by the Stadium Act. The Stadium Act requires that the District of Columbia meet any deficiencies in annual interest payments to bondholders. Annual bond interest payments are \$831,600. Since 1960, the District of Columbia has provided \$8.2 million for annual bond interest payment and stadium revenues have provided \$3.6 million.

Stadium revenues have been sufficient to provide for operating and maintenance of the facility. However, there is little likelihood that stadium revenues will be sufficient to provide for all or a major share of annual interest requirements through 1979. There is no question that stadium operations will be unable to generate sufficient revenues to provide for a sinking fund to redeem the outstanding bond issue.

The bill amends the Stadium Act to authorize the Commissioner to include in the District's annual budget estimates equal amounts out of D.C. and U.S. the revenues, which together with any funds available from the Armory Board's operating fund, will insure the payment of bond retirement and interest costs. The sums appropriated in such a manner each year would be placed in the sinking fund authorized by the 1957 Act in order to pay off the stadium indebtedness.

Under this proposed legislation, the stadium bonds would be redeemed on the maturity date of December 1, 1979. The plan provides that both the District and Federal governments would contribute \$1.5 million for each fiscal year from 1975 through 1979 to meet fully debt requirements. During the year of maturity for the bonds, fiscal year 1980, it is estimated that the District and Federal governments' share will be between \$2,600,000 and \$3,200,000 depending on the interest earned by the fund. To the extent that the Armory Board has net revenues from stadium operations available for interest payment purposes in any fiscal year, the shares required of the District and Federal governments for such year could be proportionately reduced or additional payments could be made to the sinking fund.

The bill also provides in Section 1(2) that all right, title, and interest in and to the stadium shall be vested in the District of Columbia. Under existing law, such right, title and interest would be vested in the United States. However, the 1957 Stadium Act did not contemplate that the District Government would finance a considerable part of the principal and interest costs of the stadium construction. Since such responsibility would be imposed on the District by enactment of H.R. 9447, title would accordingly vest in the District. Maintaining title in the District of Columbia would also be an appropriate recognition of the local nature of the stadium's operation and use.

I should like to point out Mr. Chairman, that most if not all, municipal stadiums constructed in the last decade recognize and provide for regional financing of debt issued for construction. A number of other new stadiums have been constructed utilizing an "authority" mechanism for financing and operating facilities. Such authorities usually contain elements of both city and county financing.

In addition to the regional pattern of financing large stadiums throughout the Nation, we should also like to point out that a number of new facilities have used Federal urban renewal funds for site acquisition and preparation. Federal urban renewal funds have been used for stadium projects in St. Louis, Atlanta, Pittsburgh and Cincinnati.

Finally, because of the lapse of time, it will be necessary to amend the bill technically with respect to the fiscal years to be involved. Specifically line 17 on page 2 of the bill should read "1975" instead of "1974" and line 14 on page 3 should read July 1, 1974 instead of 1973.

Mr. Chairman, we feel that H.R. 9447 provides for an orderly and equitable course of action for funding the outstanding Stadium debt.

Thank you for this opportunity to testify, I will be more than happy to answer questions and provide any additional information the Committee desires.

STADIUM SINKING FUND (8 PERCENT)

[Amounts in thousands]

Fiscal year	Federal amount	District of Columbia amount	Less bond interest	Net annual fund contribution	Interest on annual fund contribution	Interest on annual fund balance	Fund balance end year
1975-----	\$1,500	\$1,500	\$831.6	\$2,168.4	\$87.0	-----	\$2,255.4
1976-----	1,500	1,500	831.6	2,168.4	173.0	\$180.4	4,777.2
1977-----	1,500	1,500	831.6	2,168.4	173.0	382.2	7,500.8
1978-----	1,500	1,500	831.6	2,168.4	173.0	600.0	10,442.2
1979-----	1,500	1,500	831.6	2,168.4	173.0	835.4	13,619.0
1980-----	2,660	2,660	415.8	4,904.2	196.2	1,089.5	19,808.9
Total-----	10,160	10,160	4,573.8	15,746.2	975.2	3,087.5	19,808.9

STADIUM SINKING FUND (6 PERCENT)

[Amounts in thousands]

Fiscal year	Federal amount	District of Columbia amount	Less bond interest	Net annual fund contribution	Interest on annual fund contribution	Interest on annual fund balance	Fund balance end year
1975-----	\$1,500	\$1,500	\$831.6	\$2,168.4	\$65.0	-----	\$2,233.4
1976-----	1,500	1,500	831.6	2,168.4	130.0	\$134.0	4,665.8
1977-----	1,500	1,500	831.6	2,168.4	130.0	279.9	7,244.1
1978-----	1,500	1,500	831.6	2,168.4	130.0	434.6	9,977.1
1979-----	1,500	1,500	831.6	2,168.4	130.0	598.6	12,874.1
1980-----	3,195.	3,195	415.8	5,974.2	179.0	772.4	19,799.7
Total-----	10,695	10,695	4,573.8	16,816.2	764.0	2,219.5	19,799.7

[As to the original bond notice, see p. 8.]

Mr. REES. What would happen if the bill did not pass? Would the stadium title remain with the Department of the Interior and the District would still have the responsibility of paying off the principal and interest?

TITLE TO VEST IN INTERIOR DEPARTMENT

Mr. COPPIE. Well, that is essentially correct, Mr. Chairman. The law says that in 2007, which is 50 years after the authorizing act, 1957, the title will be vested in the Department of the Interior. The bonds fall due in 1979. Assuming that nothing is done by December of 1979, which is the terminal date, in terms of the bonds falling due, then there would have to be a refinancing of the \$19.8 million and, of course, that would mean a substantially higher debt and by 2057 the bonds must be retired. We must pay off the \$19.8 million.

Mr. REES. Who owns the bonds?

I mean, were they marketed with a few groups or many groups or what?

Mr. COPPIE. I am not sure I can answer that. They were marketed to a relatively small number of banks and they were then resold by the banks as part of their total resale responsibility.

I might point out that the interest rate was 4.2 percent, as I recall it, and we can all understand that that was a highly desirable interest rate for the city.

NEW ISSUE

In the opinion of Bond Counsel, while subject to Federal income and certain other Federal taxes, exempt both as to principal and interest from all taxation (except estate and inheritance taxes) imposed by the District of Columbia.

\$19,800,000

4.20% Stadium Bonds of 1970-79

Issued by the

District of Columbia Armory Board

Dated: June 1, 1960

Due: December 1, 1979

Price: 100.65%

(Approximate yield to maturity: 4.15%)

Coupon Bonds in \$1,000 denomination, not registrable. Principal and semi-annual interest (June 1 and December 1) payable at the Federal Reserve Bank of New York.

Subject to redemption at the Board's option, in whole or in part, on June 1, 1970 or any interest payment date thereafter at 103% of the principal amount thereof during 1970 and 1971 and at various lesser prices thereafter.

Principal and Interest Guaranteed by the United States of America

Legal investment, in the opinion of Special Counsel, subject to certain conditions, for savings banks, fiduciaries and certain other institutions in the District of Columbia, the states of New York, Connecticut, New Jersey, and Maryland and certain other states.

These Bonds, provided for by resolution of the District of Columbia Armory Board adopted July 7, 1960, are to be issued by the Board under authority of the Act of Congress approved September 7, 1957 known as the "District of Columbia Stadium Act of 1957" (Public Law No. 85-300, as amended by Nos. 85-561 and 86-378—herein referred to as the "Act"), for the purpose of financing the estimated costs of its District of Columbia Stadium project. Principal and interest of the Bonds are payable by the Board solely from the funds contemplated to be provided by the Act. As required by the Act, the Secretary of the Treasury of the United States has approved the rate of interest.

The Act expressly provides (in Section 9) that: "All bonds and other securities issued by the Board under authority of this Act are hereby guaranteed as to both principal and interest by the United States".

In an opinion dated January 29, 1959 relative to temporary bonds heretofore issued by the Board and to be retired by this financing, the General Counsel for the Treasury of the United States, after noting the similarity of the Act to many preceding statutory guarantees which created binding obligations of the United States, concluded:

"An obligation validly issued by the Board, pursuant to appropriate resolution, would therefore create a valid and binding obligation of the United States under its statutory guarantee enforceable in accordance with the terms of the bonds. The obligation of the Board need be in no particular form. Any obligation binding the Board to pay a fixed sum at a specified time would constitute a bond authorized by the statute. (See 11 C. J. S. Bonds § 1, 2.)"

In the opinion of Bond Counsel, the Bonds are exempt from registration under the Securities Act of 1933 as a "security issued or guaranteed by the United States".

These Bonds are offered subject to the approving legal opinion of Hawkins, Delafield & Wood, of New York, N. Y., as Bond Counsel.

The Chase Manhattan Bank Blyth & Co., Inc. C. J. Devine & Co.

Dated July 7, 1960.

Mr. REES. They are not only revenue bonds, but in essence I suspect they are general obligation bonds.

Mr. COPPIE. The ultimate security is the Government of the United States. That is written into the bond indenture.

Mr. REES. Well, what kind of a rate did you get? Did you get a revenue bond rate or did you get a GO bond rate?

Mr. COPPIE. We got a revenue bond rate, 4.2.

Mr. REES. What was the GO bond rate about that time?

Mr. COPPIE. I would not know.

Mr. REES. It might have been 3.6, 3.7?

Mr. COPPIE. It would be less than what we would get under the revenue bond situation.

Mr. REES. So whoever got the bonds got a pretty good bargain because they get revenue bond interest but in essence they were buying general obligation bonds?

Mr. COPPIE. I think that the strength of the bond for the bondholder was that the ultimate security was the Government of the United States. That was the obvious—

Mr. REES. I think you caused yourself a few million dollars worth of extra interest expense because essentially what this bill does is to assume that these are general obligation bonds and puts the full faith and credit of the District of Columbia behind the bonds.

Whose responsibility was it to market the bonds? Was it the Federal Government or the District of Columbia?

Mr. COPPIE. I believe it was the Armory Board that had the lead responsibility in terms of working with the financial adviser back in that period.

Mr. REES. In what year were they sold?

Mr. COPPIE. 1961, Mr. Chairman.

Mr. REES. I think your GO rate around 1961 was 3.8. I am just trying to think of some California GO bonds. You can see there is a definite spread between the GO bonds and the revenue bonds and the reason revenue bond pay more is that the bond owner takes the risk. Here there is actually no risk.

In the questions that we are going to ask, I think it might be a good idea for Mr. Sigholtz, and if he wishes his assistants, to sit up here, too, and we can more or less have a round-table type of thing. We will not have to be so formal.

I would hope for the committee record, if it is possible, to find out if there are any concentrations of ownership in these bonds, if that might be made available to the committee and, if you wish, we will make it confidential. We will not put it in the record.

I want to know if there are any large holdings of the bonds concentrated in a few hands.

Mr. SIGHOLTZ. Mr. Chairman, first of all, I would like to introduce my two compatriots here. This is Mrs. H. T. Keith, who is our fiscal officer of the Armory Board, and Mr. Ken Hopkins, who is the assistant manager for the stadium.

Regarding the individuals who own the bonds, we requested that information from the Treasury. The Treasury said since these are coupon bonds, they do not have the names of the individuals that own the bonds.

Mr. REES. Well, you can see my thinking.

Revenue bonds, of course, pay about a half-point more than a GO bond and over the history of a 20-year bond, you can save quite a bit by having a GO bond over a revenue bond. So basically, what we have been doing is really bailing out people who purchased revenue bonds and were taking more risk. So that actually what has been happening, the paying of interest by the District, and what is being proposed here again is bailing out people who took a higher risk in purchasing a revenue bond over a general obligation bond.

I am not saying that you should not pay off the bonds. I just want to make the observation on the point spread in municipal financing.

I think probably that your bond house assumed that they would be general obligation bonds in reality because on a revenue bond you need about a one-and-a-half times or two-times coverage and I doubt if, looking at any projection, when the stadium was built, how anyone could conceive you could get two-times coverage on your bond payments with a full-time baseball team, over a million attendance and with a popular football team, I just think it is rather strange.

I do not think any bond house would ever sell these bonds as revenue bonds even with your best projections, you know, 10 or 15 years ago.

I have before me a chart entitled Armory Board Income and Interest Payments on Stadium Bonds.

ARMORY BOARD INCOME AND INTEREST PAYMENTS ON STADIUM BONDS

[In thousands of dollars]

Fiscal year	Total income	Operating and maintenance expense	Net income	Payment of annual interest		
				Armory Board	District of Columbia	District of Columbia (interest) ¹
1961				831.6		
1962				415.8	415.8	(19.5)
1963	706.0	464.0	242.0	415.8	415.8	(7.6)
1964	637.3	433.4	204.0	175.8	655.8	(6.6)
1965	685.6	505.3	180.3		831.6	(10.8)
1966	716.9	568.1	148.8	75.0	756.6	(10.4)
1967	927.8	525.4	402.4	75.0	756.6	(14.5)
1968	1,022.7	550.0	472.7	425.8	405.8	(4.5)
1969	1,038.0	603.9	434.1	425.8	425.8	(4.6)
1970	1,237.2	687.7	549.5	475.8	355.8	(3.6)
1971	1,318.8	858.7	460.1	200.0	631.6	(9.8)
1972	\$992.2	792.1	200.1	100.0	731.6	(13.4)
1973	1,675.2	1,028.2	646.9		831.6	(15.3)
1974					831.6	(20.8)

¹The District government borrows from the U.S. Treasury to pay the interest on the bonds.

²The Senators left the end of the 1971 season.

Source: Annual reports of the District of Columbia Armory Board for Robert F. Kennedy Stadium, District of Columbia Office of Budget and Financial Management, June 27, 1974.

The first column is total income. The next column is operating and maintenance expenses. The third, net income. And the fourth, fifth, and sixth are payments of annual interest.

I note here that from around 1971 on, out of net income after operating and maintenance expenses, for example, in 1971, the Armory Board paid \$200,000 on interest but their net income was \$460,000.

In 1972, they paid \$100,000 but their income was \$200,000. Net income was \$200,000.

In 1973 the income was \$646,000 but they did not pay anything, and in 1974, we do not have any figures.

Where are the excess funds? Maintenance and operating expenses?

ADDITIONAL SEATS

Mr. SIGHOLTZ. Well, as you probably know, Mr. Chairman, in Mr. Gray's committee that he headed up last year passed a law in effect that authorized the Armory Board to purchase or borrow \$1.5 million and to construct up to 8,000 additional seats. Now, also as part of that, it was not in the bill but it was in the record, the committee desired a thousand seats to be constructed by the first Redskins game last season, 1973.

The Armory Board attempted to and continues to pursue the opportunity to make a loan. To date we have not made it. In the interests of making sure that we comply with what was requested, the Armory Board took it upon itself to use some of its own funds to put in 1,386 seats by last football season, at an expense of \$430,000. That is where \$430,000 went.

Additionally, we have yet to have a large-scale rehabilitation of the stadium that has been up since 1951, the superstructure, and so forth had not been painted. We do not have the organic staff that can do that. We have to go out and bid it and get it done.

We have some \$750,000 required for repairs to the stadium. This past year \$450,000 was used for that.

Now, in looking at these figures, 1973, you see that \$646,900, net income. I think anyone would say well, why so much? The Redskins played two additional games. We got 15 percent of the gross after taxes in those two playoff games as compared to 12 percent for the regular season. So this will give you an idea what happened to the money at that time.

Mr. REES. I have not reread Mr. Gray's bill on the expansion of seating. Was there not some type of a guarantee by the Washington Redskins to pick up that cost, amortize it some way?

The major benefit, of course, is to them.

Mr. SIGHOLTZ. Presently, Mr. Chairman, under our existing contract, the Redskins get 54 percent of the revenue, the visiting team gets 34 percent, and the Armory Board normally gets 12 percent. This is after taxes.

Under this bill of Mr. Gray, 50 percent of all the revenues would go toward paying off the loan. The Redskins have 44 percent and the Armory Board would get 6 percent.

In other words, we would get 50 percent of what we normally get and the Redskins would get 44 out of the normal 54 percent.

Mr. REES. Now, does this cover the \$430,000 that was spent for 1,386 seats?

Mr. SIGHOLTZ. It will when we get the loan. Right now—

Mr. REES. You have already paid the money out, have you not?

Mr. SIGHOLTZ. Yes, sir.

FINANCING THE ADDITIONAL SEATS

Mr. REES. Well, then, if you get the loan, are you going to pay yourself back \$430,000?

Mr. SIGHOLTZ. Yes. We get the 50 percent of those 1,368 seats that the Redskins have, the additional 1,386 seats. We get 50 percent of those moneys.

Mr. REES. So that you should amortize out in a couple of years?

Mr. SIGHOLTZ. Yes, sir. But, Mr. Chairman—

Mr. REES. So your revenue then will be going up?

Mr. SIGHOLTZ. Yes, that is right.

We feel, we figure—well, the 1.5, that figure was furnished by the architect of the Redskins and the Redskins. Right now, as you know things have gone up since then, we will receive the bids back about the 8th of August on the other roughly 7,000 seats or 6,500 seats, and then we will know if this figure remains firm, the 1.5.

We intend from this loan to get our moneys back.

Mr. REES. Where are you going to get the loan?

Mr. SIGHOLTZ. Well, the loan—we are trying to get it from the bank, from a bank.

Mr. REES. Has any bank volunteered?

Mr. SIGHOLTZ. No, sir. One reason they have not, the Redskins have not agreed to countersign any loan.

Mr. REES. Was there an agreement—was there implied agreement at the time the bill was passed that they would countersign the loan?

Mr. SIGHOLTZ. No, sir; not to my knowledge.

Mr. HOGAN. Mr. Chairman, I might just point out I attended an informal meeting with the Armory Board with the president of the Redskins present and he indicated at that time—this was before the bill passed the House—that he would not in fact sign because of the proposal at that time. I think the bill went to the floor with no agreement on the part of the Redskins that they were going to countersign the loan.

Mr. SIGHOLTZ. Well, some of the lending institutions are a little—they are running scared because so many of these teams have pulled out of long leases. Our lease with the Redskins goes through the year 1990. But they feel as if maybe the team would pick up and build a stadium, maybe out in Dulles, or pick up and move elsewhere. So this is one of the reasons why so far the lending institutions have not given us the money that we are trying to borrow.

Mr. REES. Well, if they pull out, I will be the first to introduce legislation dealing with the antitrust treatment on sports teams. I just about did it when Short pulled out of Washington. It is rather ridiculous that the taxpayers of the District of Columbia, most of whom cannot get tickets to the Redskins—I mean all the ticket holders are in Montgomery County where I live or out in Virginia—have to pick up the tab to subsidize entertainment for people who come from outside the District to watch the games.

This stadium was built on the assumption there would be a football and a baseball team there and Short very arbitrarily took the Senators out of there. I wish that Congress had dealt more strongly with the situation.

STADIUM MANAGEMENT

Why was the Redskins contract signed which restricted them as the only team that might play professional football in the stadium?

We have in Los Angeles the Los Angeles Coliseum, built with public moneys for the 1932 Olympics, and I remember when the American

Football League was being started, both the Rams and the then Los Angeles Chargers played in Los Angeles Coliseum, plus we had both USC and UCLA playing in Los Angeles Coliseum.

Does this not really restrict your ability to maximize the profits from the stadium?

Mr. SIGHOLTZ. Yes, sir, it does. However, at that time, so I understand, this was customary, that professional football teams and baseball teams received exclusive contracts at a stadium.

Mr. REES. Well, I guess we are just kind of strange out in Los Angeles. We kind of feel that the taxpayer's money being spent to build a stadium, that there should be broad access to that, and the Washington Redskins have never offered to have a change in the contract to allow other teams to play there.

Mr. SIGHOLTZ. No, sir.

Mr. REES. They also—well, they have put pressure on the armory board, have they, to keep other events from going on in the stadium during football season, such as rock concerts?

Mr. SIGHOLTZ. Yes, they have.

I guess it is pressure. They have expressed their dissatisfaction with having the field used for other such events.

Mr. REES. Gee, that is one way to get a change in the contract, just hold a bunch of rock concerts on Saturday nights, destruction derby, or a track meet with hammer throws and things, a few things like that.

Mr. SIGHOLTZ. Well, we have aggressively tried to bring other events into the stadium and we have succeeded, I think.

For instance, this year 22 football games alone from the August time frame on. We have a gospel concert in August. We have aggressively pursued big business that have many, many people. For instance, Amway, we are now negotiating with Amway to have a convention of all their salespeople there, 40,000 people. So we have been doing many, many things along this line, and we have told the Redskins that since they have the responsibility to make sure that the field is playable, we will insure that everything that the Redskins want is to their liking, but outside of those dates that they have rented the stadium, Armory Board feels we will conduct any type of event that will not ruin the field or stadium.

Mr. REES. Now, the armory board has jurisdiction over both the armory and the stadium?

Mr. SIGHOLTZ. Yes, sir; yes, sir.

Mr. REES. If this legislation passes, you will continue to have jurisdiction over both the armory and the stadium, will you not?

Mr. SIGHOLTZ. That is correct.

Mr. REES. The three-member board will still be constituted, one from the armory and two from the Mayor?

Mr. SIGHOLTZ. That is right.

Mr. REES. There is not any commingling of funds between armory events and Kennedy Stadium?

Mr. SIGHOLTZ. No, sir.

Mr. REES. They are two separate—

Mr. SIGHOLTZ. Two separate accounts.

ARMORY

Mr. REES. Now, the armory continues to be under Federal jurisdiction, does it not?

Mr. SIGHOLTZ. We have secondary use of the facilities. The first is for the National Guard and their activities and our secondary use is for recreational things.

Mr. REES. Do you more or less run the armory events on a pay-as-you-go basis? I mean, there is not any surplus in the fund?

Mr. REES. And any profit, the funds will revert to the city?

Mr. SIGHOLTZ. That is correct, sir.

One of the limiting factors we have, Mr. Chairman, over there is that the building is not air-conditioned. For instance, we could have had the Holiday on Ice that wanted to come in there in August. Of course, since the building is not air-conditioned, we figured maybe for the first time we would have ice-skating and a water follies, and it does greatly restrict our use—the 3 summer months of the year in Washington. The ABA wanted to bring a convention to our building. We could not handle it because it is not air-conditioned.

We are trying to do something about getting the building air-conditioned so, rather than being as a maximum 9 months of the year operation, it can operate for 12 months a year.

Mr. REES. Who gets the parking revenue at the stadium?

Mr. SIGHOLTZ. The stadium operating fund, sir.

Mr. REES. It is strictly your revenue?

Mr. SIGHOLTZ. It is our revenue—we have a concessionnaire that operates it, but after expenses it is our revenue.

Mr. REES. I see here from some notes that the McCloskey lawsuit is still pending on construction of the stadium?

Mr. SIGHOLTZ. Yes, sir.

Mr. REES. What would be the cost to the stadium if Mr. McCloskey prevailed?

Mr. SIGHOLTZ. About another \$1 million.

Mr. REES. It is a disagreement on construction costs?

Mr. SIGHOLTZ. There has been a surplus up until about 3 years ago and these moneys were put in the District of Columbia revenues.

Mr. REES. Are you developing surpluses in the armory now?

Mr. SIGHOLTZ. Not right now, but we look very optimistic in the future. We have signed a circus for 5 years. We have a rodeo coming in. And we have several activities. We have an assistant manager there also that is aggressively pursuing different activities for the community.

Mr. SIGHOLTZ. Yes, sir.

Mr. REES. I received a letter from Wheeler Industries—I was reading Mr. Wheeler's presentation and he was saying that a private organization could probably make the stadium a paying operation meaning it could pay off the interest and bonds?

Mr. SIGHOLTZ. As I said, we have aggressively pursued ways to use the stadium this year. We also have a soccer team in there. There are just so many things you can use a field for on a day-to-day basis.

Mr. REES. Well, Mr. Wheeler has offered to take over the operation and maintenance of RFK Stadium for a fee of \$1 and that after a 5-year period, he then would have a percentage of the profits to be

negotiated. Did he make that as a formal recommendation to you?

Mr. SIGHOLTZ. No.

In answer to your question—I am sorry—he never made that recommendation.

Mr. REES. I would like to include for the record a copy of H.R. 9447 and also Mr. Wheeler's statement, and also copies of the charts that we have been discussing, on operation of the stadium.

[The statement of Mr. Wheeler and charts follow:]

JUNE 27, 1974.

STATEMENT OF E. JOSEPH WHEELER, JR., PRESIDENT OF WHEELER INDUSTRIES

GENTLEMEN: It is a great honor for me to have been requested by a member of your staff to testify before you on H.R. 9447. However, previous commitments will require me to be in the Caribbean working on the Wheeler Industries Underwater Research Center on the Island of Aruba during your hearings. Therefore, I am more than pleased to submit to you in summary my thoughts relative to the legislation proposed affecting the financial affairs of Robert F. Kennedy Stadium in the District of Columbia.

Everyone is aware that RFK Stadium is a public facility totally financed by taxpayers' money and supported through our United States Treasury. When the Stadium Act was passed in the late 1950's, it was understood that this stadium would be available to all the people of the Nation's Capital for sports and other recreational events, as specified in the Act. I have taken this opportunity to accompany my statement with complete documentation taken from my files reflecting my voluminous correspondence with many organizations and persons involved with RFK Stadium during my efforts to obtain use of the stadium for my World Football League franchise—previously known as the Washington Ambassadors, and now known as the Florida Blazers.

In January of 1974, I came to the realization that the stadium had not been able to set aside sufficient funds during the last 13 years (since its inception) toward the payment of bonds which are due on December 1st, 1979. It is my belief and understanding that this amount of 19.8 million dollars* will have to come from the U.S. Treasury (taxpayers).

It has also been brought to my attention that during the course of the payment of interest on the bonds, there was only one year (the first) that the Armory Board ever paid the total amount of \$831,000.00 interest per annum.* The annual statements, as prepared by the Armory Board and available to this Committee, reflect that over \$7,000,000.00 was paid out of the U.S. Treasury (taxpayers) toward the interest payments on these bonds.

Furthermore, upon reviewing the annual statements of the Armory Board in regard to RFK Stadium, an additional 4.5 million dollars of interest will be due* and payable over the period from 30 December 1973 through 1 December 1979. Again, if the previous record stands, and the performance is as has been demonstrated in the past, these monies will have to be requested by the Armory Board for disbursement from the U.S. Treasury (taxpayers).

I have discussed with numerous people—namely, representatives of the Armory Board and of the Certified Public Accountants to the Armory Board as well as select Members of Congress and members of the business community—plans for RFK Stadium for the next five years. One of the plans considered was for cost-sharing on the principal of the bonds and interest payments between now and 1979. Of all the plans considered by those I conversed with, this plan has been the least acceptable because it would place an additional burden on the taxpayers of the United States.

The solution of RFK's financial problems is not to find ways and means to disburse money from the U.S. Treasury but to direct the Armory Board to perform the function for which it was originally created. If the Armory Board cannot, under the present organization, then a separate entity should be established at this time to operate and maintain Robert F. Kennedy Stadium.

*Refer to attached chart for exact figures.

One recommendation I have personally made to Mr. Sigholtz of the Armory Board is that a contract be given to a private organization to operate and maintain the stadium. The compensation to be received by this private organization would depend on—and only be paid after—the setting aside of adequate funds for the following:

1. A Sinking Fund for the principal on the bonds over an estimated period not beyond 20 years. (What this means is, add 15 years to the current payment schedule.)
2. Establishment of an Interest Account on a monthly deposit basis to equal one-twelfth of \$831,000.00.*
3. Establishment of a Maintenance Account on a monthly deposit basis to equal one-twelfth of the projected maintenance costs for each subsequent year.

After these three steps have been completed, the organization charged with the operation and maintenance of RFK Stadium shall be remunerated for its services.

Unless some plan of this nature is considered and acted on, the sharing of the payment of the bonds proposed by H.R. 9447 is misleading and tends to appear a farce. It should be our goal to find the method to accomplish the original intent of the Stadium Act and, in turn, the creation of Robert F. Kennedy Stadium in our Nation's Capital.

Another proposal, although not fully explored, was in lieu of looking to payment-sharing of the stadium bonds, that the U.S. Congress be requested to give consideration to the payment of the bonds as of June 30, 1974 (\$19.8 million).* On the surface, this recommendation has a significant impact. When reviewed, one very quickly recognizes that it automatically means a savings of over \$1 million during the next 4 years of interest moneys alone.

Along with this proposal, there could be let a contract with a profit-making organization—if it be the wish and desire of our Members of Congress—to assume the responsibility over the next 20 years to pay back to the U.S. Treasury the total moneys expended since 1961 . . . which could be identified as \$31.4 million* as follows:

	<i>Million</i>
Principal on the bonds-----	*\$19.8
Interest paid to date by the U.S. Treasury-----	*\$7.1
Interest to be paid-----	*\$4.5

The basic reason, gentlemen, why I as a taxpayer know so much about RFK Stadium is because it was through my efforts that Washington, D.C., was granted a World Football League franchise on January 14, 1974. After the franchise was granted to me, I made a formal presentation to the Armory Board for the rental of this stadium and was promptly turned down. The basic reason was that there is an exclusivity clause in the lease between the Board and Pro Football, Inc. (Washington Redskins). I spent numerous hours trying to find out why and searching for avenues to meet terms and conditions of all parties, namely, the U.S. Congress, the Armory Board, and Pro Football, Inc. It was somewhat disturbing to find, after exploring all avenues, that the answer—as directed by Congressman Diggs and the Armory Board—was for Joe Wheeler (Washington Ambassadors) to negotiate with Pro Football, Inc. (Edward Bennett Williams).

After being unsuccessful in my pursuit of RFK Stadium, I reviewed all other stadiums in the area and found none to be totally useful for a professional football team. Byrd Stadium at the University of Maryland—no lights; the U.S. Naval Academy at Annapolis—no lights, and only 28,000 seats; Foreman Field in Norfolk, Va.—marginal lights to be upgraded, and only 26,000 seats. Following careful deliberations, and a detailed review of the cost pro formas and projections, it was determined that it would not be economically feasible—and possibly a near catastrophe—for Wheeler Industries to attempt to operate the World Football League franchise known as the Washington Ambassadors in the assigned region of the States of Delaware, Maryland, and Virginia, and the District of Columbia.

On May 18, 1974, I reached an agreement with a group of businessmen of Orlando, Fla., to sell 100% of my corporation, Washington Capitals, Inc. which held the World Football League franchise for the Washington Ambassadors professional football team. The decision on my part was not voluntary; it was required because part of the franchise requirements was that each and every team of the World Football League have a stadium that is satisfactory for the

*Refer to attached chart for exact figures.

performance of professional football games at night as scheduled . . . which means lights and adequate seating. All teams in the WFL currently have stadiums that have seating in excess of 25,000, lights, and adequate transportation systems. RFK Stadium in Washington, D.C., the Nation's Capital, is the only stadium that meets the WFL requirements for this franchise.

In summary, I would appreciate your allowing me a few moments to state my views regarding the pending legislation—H.R. 9447:

1. It is not in the public interest to identify additional monies from the U.S. Treasury in support of Robert F. Kennedy Stadium.

2. Responsible agencies and organizations such as the House of Representatives and the House Committee on District of Columbia and related subcommittees should provide the direction to the Mayor of the District of Columbia and the Armory Board for the effective management and operation of this stadium facility located in the District of Columbia. If the Armory Board cannot provide adequate management, then, it is my personal opinion that it is the responsibility of those cognizant Members of Congress to identify someone who can provide adequate management and initiate and implement the legislation required.

3. Under no conditions should any of our Members of Congress be asked to appropriate or allocate one *More* single dollar than those amounts which have already been identified.

In support of my recommendations, and strong opinions regarding use of additional taxpayers' money, I have already offered that Wheeler Industries, Inc., a Washington, D.C. corporation, assume the total responsibility for the operation and maintenance of R.F.K. Stadium as of July 1, 1974, the fee of one dollar to be charged to operate and maintain this stadium for a period of five years from this date. The only stipulation being that after the stadium was making a profit and no longer a burden on the U.S. taxpayers. Wheeler Industries would receive remuneration in the form of a percentage to be negotiated and provided for under any subsequent legislation.

I have taken the opportunity to attach a brochure which identifies an International Trade and Convention Center; the facility is planned utilizing all private funds (no dollars will be required from the Federal, State, or Local level of government and in turn, the taxpayer). Gentlemen, I thank you for the opportunity to present our views and related factual data regarding R.F.K. Stadium and the reasons why we feel it is not in the public interest for the continuance of placing a demand on the taxpayers of all the United States in support of one public facility in Washington, D.C., that could be made to earn money and pay its own way.

ROBERT F. KENNEDY MEMORIAL STADIUM, NATION'S CAPITAL¹

[Stadium Act of 1957, \$19,800,000—4.2-percent stadium bonds (fiscal year June 1), Period June 1, 1960, to Dec: 1, 1979]

Fiscal year	Funds established to pay stadium bonds	Bond interest payments	Interest paid from use of stadium	Actual additional U.S. taxpayers dollars spent in bond interest payments
1961	0	\$831,600	\$831,600	0
1962	0	831,600	415,800	(\$415,800)
1963	0	831,600	415,800	(415,800)
1964	0	831,600	175,800	(655,800)
1965	0	831,600	0	(831,600)
1966	0	831,600	75,000	(756,600)
1967	0	831,600	75,000	(756,600)
1968	0	831,600	425,800	(405,800)
1969	0	831,600	425,800	(405,800)
1970	0	831,600	476,600	(355,000)
1971	0	831,600	200,000	(631,600)
1972	0	831,600	100,000	(731,600)
1973	0	831,600	0	(831,600)
1974		831,600		
1975		831,600		
1976		831,600		
1977		831,600		
1978		831,600		
1979		415,800		
Total	\$19,800,000	15,394,600		

¹ Data included herein was abstracted from public records as submitted by the Armory Board to the District of Columbia and the U.S. Congress.

DESCRIPTION OF COMPLEX

The  International Trade and Convention Center and supporting complex, to be located near the United States capital, will consist of, but not be limited to, the following major facilities:

- A multi-story circular office building (during the day)
- A 90,000-seat domed stadium (available 24 hours per day)
- International golf course — 18 holes
- International race track — 1 mile
- A luxury hotel — 1000 rooms
- An apartment/condominium complex — 1500 units
- Residential area — single and multi-unit homes
- High-speed monorail transportation system
- International shopping and display center
- All underground parking

The circular office building, which will use this proposed domed stadium (710 feet in diameter), will provide total support for all sports including: baseball, basketball, football, boxing, soccer, and lacrosse plus other activities such as national and international conventions, rodeos, auto rallies, one-quarter mile trotting track, and one-half mile race track — all under cover, thus permitting events 365 days per year. The acreage anticipated to support this total complex is approximately 400 acres — contiguous.

DESIGN CONSTRAINTS

- Approval of limited access to major highway
- State, county, and city approval with water and sewage provisions
- Zoning approval for total complex
- High-speed transportation system (monorail) — design approval
- Approval of paramutal betting program by the respective government agency(s)

SCHEDULE

Conceptual design(s)
(completed) 15 March 1974

Preliminary engineering July 1975

Engineering design specifications . . . November 1976

Construction engineering October 1977

Ground breaking . . . 7 November 1977

Grand opening 7 November 1981

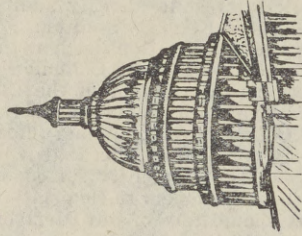
COST

The total cost of all facilities within this complex will be dependent upon preliminary engineering, which is scheduled for completion in July 1975.



INTERNATIONAL TRADE AND CONVENTION CENTER

(to be located near the nation's capital)



Proposed by

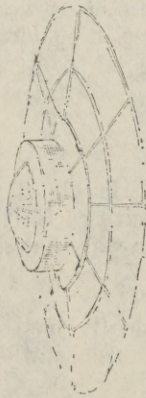
WHEELER INDUSTRIES, INC.

1129 20th Street N.W., Washington, D.C. 20036

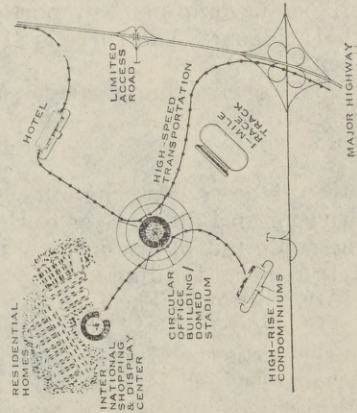
(202) 659-1867

30 June 1974

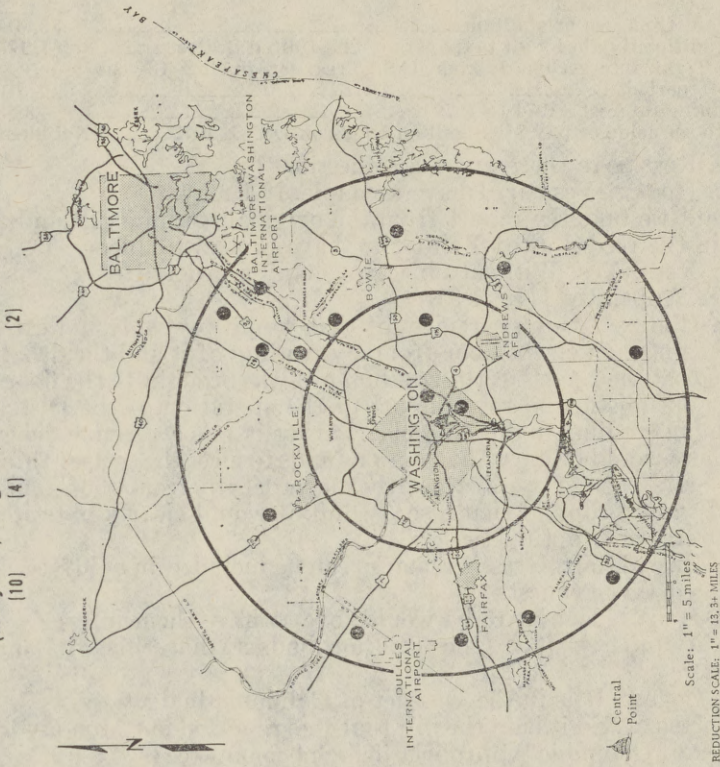
**MULTI-STORY OFFICE BUILDING
AND
DOMED STADIUM**



**SITE PLAN (400 acres)
(underground parking)**



**SIXTEEN AREAS OF POTENTIAL SITES AROUND NATION'S CAPITAL
(Maryland, Virginia, District of Columbia)**



Status as of January 1, 1974

Funds set aside during first 13 years to retire bonds on Dec. 1, 1979-----	(None)
Bond interest payments:	
Paid from use of stadium-----	\$3, 617, 200
Additional paid by all taxpayers of the United States-----	(7, 193, 600)
Total interest paid from U.S. Treasury during 13-year period-----	10, 810, 800
Remaining interest (1974 to 1979)-----	4, 583, 800
Plan to set aside or pay \$19.8 million bonds on Dec. 1, 1979-----	(Not identified)

Mr. REES. Are there any staff questions?

Mr. HOGAN. Yes, sir. I have a couple, if I may.

Could we take the report from the original stadium bill and insert that in the record also? I think we have that available.

Mr. REES. Yes. Without objection, it is so ordered.

(See Appendix III, p. 93.)

Mr. HOGAN. I think a review of that would probably indicate that the presentation on the floor from my reading of it and the debates on the floor at the time that the stadium bill was brought to the floor gave a very optimistic and rosy picture of the operation of the District of Columbia stadium, indicating clearly that it was a revenue debenture and there would be more than ample funds to meet the costs. I think the report and the—if we can get the floor debate from the House, we would want a copy of that also. I think it would clearly indicate that they were very optimistic.

Mr. REES. If Mr. Gross's remarks can be included in boldface, I will accede to that request.

Mr. HOGAN. I am sure he would love to have them in.

Mr. COPPIE. is it in the Interior budget that this \$1.5 million appears.

Mr. COPPIE. It is in the District of Columbia budget.

Mr. HOGAN. So it is in the bill that was reported out Monday by the District of Columbia Appropriations Subcommittee?

Mr. COPPIE. It was transmitted by the President, but the appropriation of that Federal payment would require the authorization for this bill, so it would not be reported out for lack of statutory authority.

Mr. HOGAN. And there is \$1.5 million increase in Federal payments then?

Mr. COPPIE. That is correct, Mr. Hogan.

FINANCING

Mr. HOGAN. Mr. Sigholtz, for example, in Maryland what is the situation in Baltimore as to the armory in the city of Baltimore? Did the State put up the armory in Baltimore? Or was that done mainly with Federal funding?

Mr. SIGHOLTZ. The armory?

Mr. HOGAN. Yes. The 29th Division historically has been housed in the—it is the Maryland division—has been housed in the Baltimore Armory, which is I guess near the center of the city. It is closely within the confines of downtown. But historically, do the States pay for the armories and are they then operated as the one that is operated here?

Mr. SIGHOLTZ. To my knowledge, it would be.

Mr. REES. Yes. States pay for armories.

Mr. COPPIE. I think we would have to research this. But I think the preliminary judgment is that the State funds are used for the construction of armories and Federal funds are used for construction of military camps.

Mr. HOGAN. Now, this District of Columbia Armory was paid for, it was my understanding, totally by Federal funds?

Mr. SIGHOLTZ. That is correct.

Mr. HOGAN. It is by reason of the fact that the District of Columbia Armory Board and the stadium and the unique situation which has heretofore applied to the District of Columbia, that the income from the armory here uniformly went to the city of Washington?

Mr. SIGHOLTZ. That is right, all excess.

Mr. HOGAN. What happens in Baltimore? Does the rental income from the Baltimore Armory go to the State or does that go to the city?

Mr. SIGHOLTZ. I do not know. I would not know.

Now I do not think that that armory there has the entertainment. Most of the entertainment in Baltimore in large facilities is at the civic center.

Mr. HOGAN. That is current. Heretofore, I assume there was a large number of events that took place in the armory.

PARKING

What is the situation surrounding the District of Columbia Armory? There is not much parking immediately adjacent to it. There is some west. Is the parking lot north of the armory for District of Columbia Stadium parking or is it armory parking?

Mr. SIGHOLTZ. We use it all for—it is just according to when we have an event. If the event is held in the stadium at RFK, we use all the parking, and likewise if it is an armory event, and we need the other parking, then we just have the other parking.

Mr. HOGAN. Well, under the provisions of this bill, the parking lots, I gather, together with the stadium, the land and the improvements in land on which the stadium is built, would be transferred to the District of Columbia. Now, what parking lots—would that be all the parking lots?

Mr. SIGHOLTZ. The only lots that belong with the armory are the ones on either side of it. The rest of the lots are part of the stadium complex and they were built at the time the stadium was built.

Mr. HOGAN. So that those immediately north and south, is that it, or would it—

Mr. SIGHOLTZ. North, south, and there are some directly across, directly north of the armory. There are three lots there.

Mr. HOGAN. Three lots there?

Mr. SIGHOLTZ. Yes, sir.

Mr. HOGAN. They virtually go all the way up to Benning Road?

Mr. SIGHOLTZ. Yes, sir.

Mr. HOGAN. Would this bill transfer that property also?

Mr. SIGHOLTZ. I would—we have addressed that.

TITLE TRANSFERRED

Mr. COPPIE. We think it would not. The title to that land would remain with the United States—the Stadium—

Mr. HOGAN. Title to what land?

Mr. COPPIE. To the park land that you are referring to, the parking land.

Mr. HOGAN. Well, then, what would transfer?

Mr. COPPIE. The Stadium and circumference around it, about 100 yards.

Mr. HOGAN. Well, now, would it include the one directly across from the stadium? Or from the armory? North of the armory?

Mr. SIGHOLTZ. One hundred yards would include most of it, yes, sir.

Mr. HOGAN. Now, is there adequate parking there for the functions that are performed, you know, the National Guard functions? Do they park in the lot north of the stadium?

Mr. SIGHOLTZ. They also park on both sides and across on occasion.

Mr. HOGAN. Well, now, assuming that the transfer is made here, would you have to get permission from the District government to have the National Guard, members of the National Guard use that parking lot then or would there be some reimbursement, or what would the situation be?

Mr. SIGHOLTZ. Normally the lots are not manned except during an event, and normally the only time that the Guard parks there is when they have a drill. Normally this is one of the reasons why one of the members of the Armory Board is the commanding general of the National Guard. He tries to coordinate his program to make sure that it also does not conflict with any major event, that there would be a competition for the parking lots.

Mr. REES. John, why do we not transfer title to the District of Columbia because the National Guard is a State agency?

Mr. HOGAN. No. The National Guard in the District of Columbia is a Federal agency which is different than it is in most other States.

Mr. REES. In every other State it is a State agency. The National Guard buildings are constructed and maintained by the National Guard. The Federal Government puts a lot of money into the National Guard, but it strictly is a State unit and it can be called out for emergencies and such by the governor.

Mr. HOGAN. That is right, but the home rule bill and—historically the situation in the District of Columbia has been that the President is in charge of the District of Columbia National Guard. The home rule bill continues that unique relationship here in the District of Columbia and that is why the commanding general of the District of Columbia National Guard is on the Armory Board under the provision of the home rule bill.

Mr. REES. Well, we might as well not change the home rule bill yet.

Mr. HOGAN. Just one further question, Mr. Coppie.

How much has now been capitalized in the debt of the District of Columbia that can be directly related to the interest that has been paid on the bonds for the District of Columbia stadium, do you know?

Mr. COPPIE. A little more than \$8 million.

Mr. HOGAN. That is currently the balance that has been capitalized.

Mr. COPPIE. That is how much has been paid.

Mr. HOGAN. But how much is currently—there is no way of tying this in on a continuing basis to know what the cumulative indebtedness is in the capital debt that is directly related to the interest pay-

ments made in the past for the District of Columbia stadium bonds, are is there?

Mr. COPPIE. Well, the total interest that has been paid since 1960 is \$11.6 million and the District has paid \$8 million of that and the armory board has paid \$3.6 million.

Mr. HOGAN. None of that has been paid off. That is part of the District of Columbia debt, right? Capital debt?

Mr. COPPIE. That is the interest on the \$20 million that was borrowed to pay for the construction of the stadium. Nothing has been made available toward the \$20 million.

Mr. HOGAN. But the \$8 million is part of the District of Columbia government's indebtedness currently, right?

Mr. COPPIE. No; that is not correct.

Mr. HOGAN. Then you tell me what is the situation.

Mr. COPPIE. We pay for it out of our operating budget.

Mr. HOGAN. Well, I thought you were capitalizing the \$800,000 each year by your—as part of your indebtedness.

Mr. COPPIE. What we do, Mr. Hogan—I think I understand the intent of your question—we do not provide payments forward. We borrow in the short term to meet the requirement and then repay the following year through the operating budget. So that we do pay interest on a borrowing for the December 1 payment that falls due, December 1 through June 30; then for the payment that falls due on June 1, we pay interest for the record every June 1 through—

Mr. HOGAN. So at any one time you have only capitalized—

Mr. COPPIE. December 31.

Mr. HOGAN [continuing]. Capitalized the indebtedness or interest for 1 year; is that right?

Mr. COPPIE. That is right.

The cumulative interest payment on that concept is approximately \$141,000 going back over the period of 1960 through 1974.

Mr. HOGAN. Thank you, Mr. Chairman.

Mr. REES. I have for the record an exhibit entitled "Contract Provisions" which outlines the contract provisions for the Redskins, the Senators, and the proposed Padres.

[The exhibit follows:]

COMPARATIVE CONTRACT PROVISIONS

	Redskins	Senators	Proposed Padres
Rent.....	12 percent of gross receipts.....	\$65,000 per year plus difference between that total and 7 percent of gross receipts.	10 cents per ticket above 75 cents up to 1,000,000 attendance; 30 cents per ticket above that.
Concessions.....	Board manages concessions not granted Redskins (programs and novelties).	13 percent gross at baseball games, 18 percent gross at other events.	Food and beverage concessions managed by owners. All income in season to owners. 33 percent to Board out of season.
Parking.....	100 spaces provided free day of game to game and TV personnel.	Stadium receives revenue but provides 50 spaces on year-round basis and 150 spaces during season.	First \$112,000 net proceeds to owners plus proceeds over \$262,000 (maximum allowed Board is \$150,000).
Advertising.....	Board receives all revenue from scoreboard and display advertising.	Board receives all revenue from scoreboard and display advertising.	Owner manages advertising and receives the net revenue on 12-mo. basis divided by the fraction of total paid baseball admissions over 75 cents per total paid admissions all year.
Length.....	30 years.....	10 years.....	12 years (renegotiate rent after 6 years computed on cost of living increase).

Mr. REES. What was the 12 percent of gross receipts for the last year for the Redskins?

Mr. SIGHOLTZ. In the neighborhood of \$450,000. We do not normally separate them, Mr. Chairman.

Mr. REES. Would that include the concessions?

Mr. SIGHOLTZ. Wait a minute. That was \$602,000 from the Redskins.

Mr. REES. Now, would that include concessions and the parking?

Mr. SIGHOLTZ. No. That was additional.

On our food commissions, we have reached \$212,000, and on parking, 318.3.

Mr. REES. I looked at the proposed Padres and the rent would be 10 cents a ticket up to 1 million in attendance, which would be \$100,000, and they would have had all the food and beverage concessions and the first \$112,000 net proceeds for parking. That was a pretty good contract, was it not—

Mr. SIGHOLTZ. Yes, sir.

Mr. REES [continuing]. That they were proposing.

Mr. COPPIE. Although I would point out that our research indicates that our contracts are more beneficial to the city than contracts that other cities have signed with professional teams.

Mr. REES. You pay for the maintenance, do you not?

I think if the Padres had come here that you probably would have made a net loss because if you had to pay for maintenance, it would be more than \$100,000 a year. Would I be correct in that assumption?

Baseball plays a lot more than football here.

Mr. COPPIE. I think that is right.

Mr. REES. So actually, it would probably be a net subsidy to the proposed baseball team to play in the stadium. There would not be any income.

Mr. SIGHOLTZ. No direct income.

Also, the city itself would benefit by the taxes naturally. There could be all kinds of tours proposed within 200 miles to the west of here where they do not have baseball teams with part of the deal to include hotels as well as to see the ballgames, and all in all we felt as if the city would show a revenue.

Mr. REES. I have been through the spinoff routine. I figure the Redskins probably netted you about \$1.1 million but if we had gotten a baseball team, you would have made about \$100,000 a year on it.

You know, Walter O'Malley ought to come to Washington, D.C.

Mr. SIGHOLTZ. We would be delighted to have him, Mr. Chairman.

Mr. REES. The L.A. Dodgers built their own stadium.

Mr. COPPIE. And his current team.

Mr. REES. Very, very current. I wish they sold stock. I think this morning, 672 was their percentage.

Has there been any thought at all, I mean has anyone in any way hinted to you that the Redskins might contemplate leaving the stadium?

You said you could not get a co-signature because the banks were afraid of the team maybe leaving.

Mr. SIGHOLTZ. I said the lending institutions. I did not express my opinion. I do not feel as if they will leave.

Mr. REES. So it was just a typical banker's fear that they seem to have so many of.

Mr. SIGHOLTZ. I think one thing was that the general manager-coach of the Redskins at a large dinner about the same time that we were trying to make a loan made the statement, "What we need here is a stadium of about 80,000 and we could fill it every game." A very mild statement like that. Some of the lending institutions with whom we were dealing became very alarmed that we were.

Mr. REES. It scared them into financing industrial wine schemes? [Laughter.]

Mr. REES. For the life of me—you know, I used to be a wine importer and I still do not know what industrial wine is.

There is a letter which I wrote on June 24 asking for information and estimates on names and numbers of tickets purchased by national and local corporations and numbers of tickets purchased by Virginia, Maryland, and District residents on games. Do you have any general information on that?

Mr. SIGHOLTZ. The ticket manager of the Redskins, Mr. Christopher, reports that the tickets are sold approximately equally, Maryland, District of Columbia, and Virginia.

Mr. REES. One-third, one-third, one-third?

Mr. SIGHOLTZ. Approximately. Very, very slightly different.

Mr. REES. Now, about how much of the District tickets would be sold to corporations and businesses domiciled in the District?

Mr. SIGHOLTZ. We do not have that information. Mr. Chairman.

Mr. REES. What is the tax on a ticket, Comer? Five percent?

Mr. COPPIE. Five percent.

Mr. SIGHOLTZ. Five percent.

Mr. REES. The Redskins tickets are about the most expensive in the league, are they not?

Mr. SIGHOLTZ. Yes, sir.

Mr. REES. I think my end zone tickets which I waited for for years were \$7.

Mr. ULMER. \$10.

Mr. REES. What do you think would happen if they increased the sales tax on tickets to, say, 10 percent? It seems most of the ticket-holders come from the affluent suburbs and from businesses in the District.

Mr. COPPIE. If you do it just for the Redskins, I do not think it would serve as any deterrent to the purchase of tickets, if you would limit it to that. If you do it across the board, I think it would serve as a serious deterrent for other events.

Mr. REES. There could be the 14th amendment involved, too—equal protection.

Well, this seems another case where a grateful Congress presents to the District of Columbia a monument and then the taxpayers of the District are more or less forced to pay it off. I would suspect as the Redskin tickets are sold one-third in Virginia and one-third in Maryland and one-third in the District, that probably about 60 percent of them sold in the District go to businesses that are domiciled in the District, but whose tickets are used by people who live outside the District.

So I would say the stadium has about an 80-percent use by people in the suburbs that do not pay taxes in the District, but the entire load has to be picked up by the taxpayer in the District who does not benefit

that much. I do not see any other way—would this be germane, for a commuter tax?

Mr. HOGAN. We can put a quick call in to Ways and Means. [Laughter.]

Mr. REES. I do not really see any other way of handling the problem than by approving this bill. I would hope if we approve this bill and come up with a sinking fund where the Federal Government picks up half and the District picks up half that the Armory Board will continue to seek out various types of entertainment.

Mr. SIGMOLTZ. We are aggressively pursuing that, as I said previously, Mr. Chairman, and since we lost the Senators, we have increased the number of events in the stadium, excluding, you know, baseball; other types of events, I should say.

Mr. REES. One reason I do favor this bill is that at least the tax spread is more equally distributed. I do not know what the interest the people of the 26th District have other than having one of the owners live there, but at least it takes some of the onus completely off the back of the taxpayers of the District of Columbia.

AMENDMENTS PROPOSED

There are amendments that are offered by Mr. Coppie that are in the nature of technical amendments. They are merely date changes where we are advancing—line 17 on page 2, we strike “1974” and insert “1975.”

On line 14 on page 3 we strike “1973” and add “July 1, 1974.”

If there is no opposition, the amendments are deemed approved.

Are there any other questions?

Mr. Swaim has a question.

INTEREST PAYMENTS

Mr. SWAIM. I have a question as to the relationship between the Armory Board and the Executive Office of the Mayor, the Budget Office.

Does the Armory Board have the sole determination as to which of its moneys shall be made for interest payments and which shall be put into Government securities or put into some other fund for some other purpose? Is that decision reviewed by the Mayor's office so that—this bill would say essentially that the taxpayers pick up the tab unless interest payments are provided by the Armory Board, but is there any mechanism for assuring that that decision is in fact in the public interest?

Mr. COPPIE. There is.

First, let me say that the Armory Board does have the responsibility. However, the Armory Board operations are subject to the review of the Internal Audit Office of the District of Columbia government. Our reports from the Internal Audit Office indicate that the funds have been well managed. They have not identified any major problem.

I would also point out that the Mayor's representative does serve on the Armory Board and the Corporation Counsel of the District of Columbia does serve as counsel to the Armory Board.

Mr. REES. Let me ask one last question.

When the legislation was passed last year by Congress authorizing 8,000 seats, of those 8,000 you have now constructed 1,368. Who gets the tickets? Are they the people on the waiting list who are picked up in terms of when they originally got on that list?

Mr. SIGHOLTZ. Mr. Chairman, we have nothing to do with the tickets. Each promoter, regardless—and we classify them as promoters—decides where his tickets go. However, in parts of the discussion on the bill, it was indicated that approximately a thousand tickets would be sold per game.

Mr. REES. So they would not be season tickets?

Mr. SIGHOLTZ. They would not be season tickets.

In other words, if 1,000 wanted to buy just one ticket they could do the same. But we have no control over where the tickets go.

Mr. REES. I would think in report language it might be good to stress that in events that are traditionally sold out, that when you have the new seats and new facilities are constructed in the stadium, tickets, whether sold on a seasonal basis or a per-game basis, should be sold to those who have been on the waiting list the longest because of the public financing of this stadium.

If the stadium were completely privately financed, they could sell them to whomever they want, but the taxpayers are paying most of the load and therefore it is the intention of the committee that any promoter who has an event at the stadium that is sold out sell to those people who have been on the list the longest and on individual games that they perhaps be put on a first-come, first-served basis, again because of the nature of the public input of funds to the stadium.

Any other questions?

Mr. HOGAN. I would like, if we could, Mr. Chairman, to get definite metes and bounds or general description of the exact area that we are talking about transferring, and if we can get it from the District or from the Armory Board, I think that would all be helpful to have.

Mr. REES. Good.

Mr. SIGHOLTZ. May I—

Mr. REES. I was going to say we will be having a markup session—we will be recommending this bill to the full committee. Probably it will be about 3 or 4 weeks before the full committee will hear the bill and if at that time you can have a map plus a specific property description of what is being transferred—

Mr. SIGHOLTZ. All right.

[The materials requested were subsequently submitted as follows:]

EXCERPTS FROM PUBLIC LAW 85-300, 85TH CONGRESS, H.R. 1937, SEPTEMBER 7, 1957

(As amended by Public Law 85-561 on July 28, 1958 and by Public Law 86-378 on September 23, 1959)

To authorize the construction, maintenance and operation by the Armory Board of the District of Columbia of a stadium in the District of Columbia and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "District of Columbia Stadium Act of 1957".

SEC. 2. In order to provide the people of the District of Columbia with a stadium suitable for holding athletic events and other activities and events of a nature requiring such a facility, the Armory Board (hereinafter referred to as the "Board"), created by Section 2 of the Act entitled, "An Act to establish a District of Columbia Armory Board, and for other purposes", is hereby authorized

to construct, maintain and operate a stadium with a seating capacity of not to exceed fifty thousand, on a site in the District of Columbia determined in accordance with provisions of Section 3 of this Act. In the event the Board exercises the authority vested in it by this section, such stadium shall be constructed substantially in accordance with the plans for such stadium contained in the Praeger-Kavanagh-Waterbury survey entitled, "Engineering and Economic Study, District of Columbia Stadium" dated March 31, 1958. The Board is authorized to provide for the construction of such stadium by such means as it determines will most effectively carry out this Act (including but not limited to, a negotiated contract).

SEC. 3. The Secretary of the Interior is authorized and directed to acquire by gift, purchase, condemnation, or otherwise, all real property within the boundaries of the East Capitol Street site, as established in the first paragraph under the heading "(2) East Capitol Street Site" contained in the National Capital Planning Commission report entitled "Preliminary Report on Sites for National Memorial Stadium" dated November 8, 1956, and thereafter acting under authority of the Act entitled "An Act to establish a National Park Service, and for other purposes", approved August 25, 1916, as amended (16 U.S.C. 1 and the following), the Secretary of the Interior shall enter into a contract with the Board for the construction, maintenance, and operation of the stadium (including the operation and maintenance of motor-vehicle parking areas) on such East Capitol Street site, except that such contract may be for a term of not more than thirty years. The Secretary of the Interior is authorized and directed to construct and prepare in areas A, C, D, and E only, on such site, as such areas are indicated on National Capital Parks Map numbered 1.7-146, motor vehicle parking areas, including driveways, walks, lighting, and landscaping, at a total cost not to exceed \$2,660,000.

* * * * *

[For the complete legislation, see appendix I hereof.]

EXCERPTS FROM THE LEASE AGREEMENT BETWEEN THE ARMORY BOARD AND THE
WASHINGTON REDSKINS (PRO-FOOTBALL, INC.)

Whereas the Lessor contemplates constructing and operating a stadium in the District of Columbia, designed for holding various activities including athletic events, as authorized by the Act of Congress approved September 7, 1957 (Public Law 85-300, 85th Congress, "District of Columbia Stadium Act of 1957"), as amended (Public Law 85-561, 85th Congress), said Stadium to be constructed on a site (containing approximately 180 acres in area and) located approximately two miles from the Capitol in the east section of Washington, D.C., bounded by Kingman Lake, Benning Road, Oklahoma Avenue, Nineteenth Street and the District of Columbia Hospital; and

* * * * *

PARKING

Mr. Hogan, those lands that we have from Interior for parking, we rent them at \$100 a year and this is a special use permit from Interior, and specifically what portions will go to the Government, and so forth, we will get to Interior and so forth, and give you the plans at that time.

Mr. HOGAN. Well, I think if we could—maybe Congressman Nelsen could solicit the views of the Department of Interior about the description once we receive it, and also, I just wonder about whether—Mr. Coppie, you indicated the \$11½ million is in this budget, current budget.

You know, you are paying 8 percent for a sinking fund to pay off basically a 4-percent interest indebtedness. You know, I wonder how that—it does not sound very cost effective to me to take this out other than the fact that you are insuring that there will be some money available on or about the time the bonds become due. But—

Mr. COPPIE. Point of clarification, Mr. Hogan.

We are earning 8 percent. We are paying off bonds that were sold at 4 percent. So there is a net gain to the city of 4 percent.

The sinking fund is going to be invested at 8 percent. That is what the premise is.

Mr. HOGAN. But what does it cost to come up with that money?

Mr. COPPIE. The \$1.5 million will be out of current revenues.

Mr. HOGAN. I understand that, but you know, the Federal Government, with this position of deficit financing, is obviously going to have to be paying back for whatever they paid for their indebtedness, right?

In order to prevent the District government from being in a deficit position because you are forced to have a balanced budget, obviously the Federal contribution, Federal payment is going to in effect have to be there to assure your payment is there. So whatever the market is for money, it seems to me that is what it is going to cost to even establish a sinking fund.

Then if you are going to be able to go out in the market and invest this money, then the difference is going to be whatever it costs to set the sinking fund up. But if you did not set it up at all, what would you have in 1979 is a balance due of \$19.8 million; all it would be costing you as you go along is 4.2 percent.

I know looking at it from the District of Columbia point of view, it might be quite cost-effective, but I do not know from the Federal Government's point of view and the Congress will probably look at it and the House Members, membership as a whole, if they will look at it from that point of view.

Mr. REES. It might be difficult, of course, to come up with \$20 million in 1980. If we came to Congress and said we more or less agreed we were going to split this, and we want \$10 million from you, Congress, and we will put up \$10 million for the District, it could cause some problems.

Mr. HOGAN. What would happen if the interest payments were not made? Is there anything in the bonds—do the bonds become due or do you just accumulate the interest?

Mr. COPPIE. If the annual interest was not—

Mr. HOGAN. Yes.

Mr. COPPIE. Well, the ultimate security for the bonds is the Government of the United States.

Mr. HOGAN. I understand that.

Mr. REES. They are revenue bonds.

Mr. COPPIE. The ultimate security—

Mr. HOGAN. But the ultimate security is not until the bonds become due, right?

Mr. COPPIE. The interest falls due on a semiannual basis.

Mr. HOGAN. Yes, but does it accumulate and is there anything the bondholder can do to go against the Federal Government just for the interest, or does it accumulate until such time as the bond itself becomes due?

Mr. COPPIE. It is guaranteed principal and interest and the interest falls due on a semiannual basis. That is written into the bond indenture.

Mr. HOGAN. So that if the interest were not paid at a particular time, then the bondholder could go against first the District government, I assume, then next the Federal Government.

Mr. COPPIE. That is correct.

Mr. HOGAN. It would not have anything to do with the principal?

Mr. COPPIE. That is correct.

Mr. HOGAN. In other words, the principal would not become due?

Mr. COPPIE. Until December 1, 1979.

Mr. REES. I do not think on a revenue bond—

Mr. HOGAN. Read the bond indenture, but if you do not pay interest on a revenue bond, that is just too bad. The revenues in the project are pledged to the bonds and that is it.

Mr. ULMER. These are guaranteed by the Federal Government for principal and interest; different type of revenue bonds.

Mr. HOGAN. I am not so sure that it is not an informal arrangement where the interest is paid notwithstanding the fact that there may not be a binding obligation.

Mr. REES. We are going to look into the bond indenture and the original legislation and check it out.

I will make the motion that the subcommittee recommend to the full committee H.R. 9447 as amended, with a favorable recommendation.

All in favor of the motion signify by saying aye.

(Aye.)

Opposed, no.

(No response.)

The bill is ordered reported out.

Thank you very much.

[Whereupon, at 11:20 a.m., the subcommittee adjourned.]

APPENDIX I

DISTRICT OF COLUMBIA CODE, TITLE 2, SECTIONS 1720-1729

SUBCHAPTER II.—DISTRICT OF COLUMBIA STADIUM

§ 2-1720. Purpose—Authorization of Armory Board to construct Stadium—Plans.

In order to provide the people of the District of Columbia with a stadium suitable for holding athletic events and other activities and events of a nature requiring such a facility, the Armory Board (hereinafter referred to as the "Board"), created by section 2-1702, is hereby authorized to construct, maintain, and operate a stadium with a seating capacity of not to exceed fifty thousand, on a site in the District of Columbia determined in accordance with provisions of section 2-1721. In the event the Board exercises the authority vested in it by this section, such stadium shall be constructed substantially in accordance with the plans for such stadium contained in the Praeger-Kavanagh-Waterbury survey entitled "Engineering and Economic Study, District of Columbia Stadium" dated March 31, 1958. The Board is authorized to provide for the construction of such stadium by such means as it determines will most effectively carry out this subchapter (including, but not limited to, a negotiated contract) (Sept. 7, 1957, 71 Stat. 619, Pub. L. 85-300, § 2; July 28, 1958, 72 Stat. 421, Pub. L. 85-561, § 1 (1, 2); Sept. 23, 1959, 73 Stat. 702, Pub. L. 86-378, § 1 (1).)

§ 2-1721. Acquisition of site by Secretary of the Interior—Construction, maintenance and operation by Board.

The Secretary of the Interior is authorized and directed to acquire by gift, purchase, condemnation, or otherwise, all real property within the boundaries of the East Capitol Street site, as established in the first paragraph under the heading "(2) East Capitol Street Site" contained in the National Capital Planning Commission report entitled "Preliminary Report on Sites for National Memorial Stadium" dated November 8, 1956, and thereafter, acting under authority of the Act entitled "An Act to establish a National Park Service, and for other purposes", approved August 25, 1916, as amended (16 U.S.C. § 1 and the following), the Secretary of the Interior shall enter into a contract with the Board for the construction, maintenance, and operation of the stadium (including the operation and maintenance of motor-vehicle parking areas) on such East Capitol Street site, except that such contract may be for a term of not more than thirty years. The Secretary of the Interior is authorized and directed to construct and prepare in areas A, C, D, and E only, on such site, as such areas are indicated on National Capital Parks Map numbered 1.7-146, motor vehicle parking areas, including driveways, walks, lighting, and landscaping, at a total cost not to exceed \$2,660,000. (Sept. 7, 1957, 71 Stat. 619., Pub. L. 85-300, § 3; July 28, 1958, 72 Stat. 421, Pub. L. 85-561, § 1 (3); Sept. 23, 1959, 73 Stat. 702, Pub. L. 86-378, § 1 (2, 3).)

§ 2-1722. Bonds—Issuance of by Board to pay cost of stadium—Registration of bonds—Redemption—Sales of bonds—Exemption of bonds from taxation

(a) The Board is hereby authorized to provide for the payment of the cost of preliminary engineering and economic surveys relating to the stadium, and for the payment of the cost of planning, designing and constructing such stadium, and to provide funds for the operation and maintenance of such stadium, and for the payment of interest on the bonds authorized herein during the period of construction and during the 12-month period following completion of construction of the stadium, by an issue or issues of negotiable bonds of the Board, bearing interest, payable annually or semiannually, as the Board shall determine, at a rate not exceeding such rate as shall be approved by the Secretary of the Treasury. All such bonds may be registered as to principal alone or both principal and interest, shall be payable as to principal within not to exceed thirty years from the date thereof, shall be in such denominations, shall be executed in such manner, and shall be payable in such medium and at such place or

places as the Board may determine, and the face amount thereof shall be so calculated as to produce, at the price of their sale, the cost of the stadium constructed pursuant to this subchapter. The Board may reserve the right to redeem any or all of the bonds before maturity in such manner and at such price or prices not exceeding 105 per centum of the face value and accrued interest as may be fixed by the Board prior to the issuance of the bonds. The Board when it deems advisable may issue refunding bonds to refinance any outstanding bonds, and interest thereon, at maturity or before maturity when called for redemption, except that such refunding bonds shall mature within not to exceed thirty years from the date thereof, or not to exceed fifty years from September 7, 1957, whichever shall first occur.

(b) The bonds may be sold at not less than par. If the proceeds of the bonds shall exceed the cost, the excess shall be placed in the fund created by section 2-1724 for the payment of the principal and interest of such bonds. Prior to the preparation of definitive bonds the Board may, under like restrictions, issue temporary bonds, or may, under like restrictions, issue temporary bonds or interim certificates without coupons, of any denomination whatsoever, exchangeable for definitive bonds when such bonds that have been executed are available for delivery.

(c) All bonds, or other securities, issued by the Board under authority of this subchapter, shall be exempt both as to principal and interest, from all taxation (except estate and inheritance taxes) now or hereafter imposed by the District of Columbia. (Sept. 7, 1957, 71 Stat. 619, Pub. L. 85-300, § 4; July 28, 1958, 72 Stat. 421, Pub. L. 85-561, § 1 (4-8).)

§ 2-1723. Authority of Board outlined

In order to carry out the purposes of this subchapter. The Board is hereby authorized without regard to any other provision of law, but subject to any contract entered into with the Secretary of the Interior under section 2-1721—

(1) to determine all questions concerning the use of the stadium for the purposes of this subchapter;

(2) to enter into contracts and agreements with the District of Columbia and the Federal departments, bureaus, establishments, and offices, and the Act of March 4, 1915, as amended (31 U.S.C. § 686), is hereby made applicable to such contracts;

(3) to acquire by purchase or lease, equipment, appliances, facilities, and property of any kind necessary or desirable to carry out the purposes of this subchapter, and to sell or dispose of any such property so acquired when in its judgment it shall be advantageous to do so, except that no contract for more than \$3,000 shall be entered into for the purpose of this paragraph without competitive bidding;

(4) to make such structural and other changes in the stadium as it may deem necessary or desirable for carrying out the purposes of this subchapter;

(5) to light, operate and maintain motor vehicle parking lots;

(6) to operate or contract for the operation of such concessions, including the checking of clothing and the sale of beverages and food as the Board may deem appropriate to the purposes for which the stadium may be rented or leased;

(7) to furnish such services to renters, lessees, and other occupants of the stadium as in its judgment are necessary or suitable for carrying out the purposes of this subchapter;

(8) to rent or lease from time to time for any of the purposes of this subchapter, all or any part or parts of the stadium including any or all structures, equipment, or facilities of the stadium, at such rental values and for such periods of time as the Board shall determine;

(9) to carry public-liability insurance protecting the Board, and the members, officers, and employees thereof engaged in operating and maintaining the stadium, and in operating and maintaining the motor-vehicle parking areas in connection therewith; and to require tenants or lessees of the stadium to carry public-liability insurance protecting the interests of such tenants or lessees;

(10) to accept the gratuitous services of such persons as may volunteer to aid in the conduct of its activities.

(11) to enter into contracts, contingent or otherwise, for expert, professional, and other personal services, and for printing, engraving, supplies, or any items or services necessary and incident to the preparation and sale of bonds, to be paid out of the proceeds of the sale of such bonds.

(Sept. 7, 1957, 71 Stat. 620, Pub. L. 85-300, § 5; July 28, 1958, 72 Stat. 421, 422, Pub. L. 85-561, § 1(9-11); Sept. 23, 1959, 73 Stat. 702, Pub. L. 86-378, § 1(4, 5).)

§2-1724. Deposit of receipts into operating fund—Use of funds—Record of cost and maintenance to be kept—Board may advance moneys for operation and maintenance—Reimbursement—Surplus moneys to be placed in sinking fund—Statement to be filed with Congress

(a) The Board shall place into an operating fund all receipts derived from the exercise by the Board of the powers granted by this subchapter. All records and accounts relating to the operations, revenues, expenses, and costs of the stadium and the lighting, operation, and maintenance of motor-vehicle parking areas in connection with such stadium shall be kept separate and distinct from the records and accounts relating to the operations, revenues, expenses, and costs of the District of Columbia National Guard Armory. The Board is authorized, from time to time, to make advances for the operation and maintenance of the stadium and the lighting, operation, and maintenance of motor-vehicle parking areas in connection with such stadium from the armory board working capital fund established in section 2-1708, but not to exceed a total of \$25,000 at any one time. Such advances shall be reimbursed from the operating fund created by this subsection. The operating fund shall be used for constructing, operating, maintaining, and repairing the stadium and the lighting, operation, and maintenance of motor-vehicle parking areas in connection with such stadium. After payment or provision for payment from the operating fund of all costs for construction, maintenance, repair, and operation of the stadium and the lighting, operation, and maintenance, of motor-vehicle parking areas in connection with such stadium and the reservation of an amount of money estimated to be sufficient for the maintenance, repair, and operation during the ensuing period of not more than twelve months, the remainder of the receipts derived from the exercise by the Board of the powers granted by this subchapter shall be placed in a sinking fund. Such sinking fund shall be used for the following purposes and in the following order of priority: (1) to pay the interest on and principal of bonds and other securities issued under authority of section 2-1722; (2) to reimburse the District of Columbia for any moneys advanced from its revenues and any amounts borrowed by the Commissioners of the District of Columbia from the Secretary of the Treasury, including interest on such borrowed amounts, to pay interest on or principal of bonds issued by the Board; and (3) to redeem bonds before maturity as provided in section 2-1722, or to repurchase bonds before maturity. All revenues from the operation of the stadium and the lighting, operation, and maintenance of motor-vehicle parking areas in connection with such stadium are hereby pledged to the uses and to the application thereof as heretofore in this section required. An accurate record of the cost of the stadium and the lighting, operation, and maintenance of motor-vehicle parking areas in connection with such stadium, the expenditures for maintenance and operation, and of rentals and lease receipts shall be kept and shall be available for the information of all interested persons.

(b) Within a reasonable time after the construction of the stadium, the Board shall file with Congress and the Board of Commissioners of the District of Columbia a sworn itemized statement showing the cost of constructing the stadium, and the amount of bonds, debentures, or other evidences of indebtedness issued in connection with the construction of such stadium. (Sept. 7, 1957, 71 Stat. 621, Pub. L. 85-300, § 6; July 28, 1958, 72 Stat. 422, Pub. L. 85-561, § 1(12); Sept. 23, 1959, 73 Stat. 702, Pub. L. 86-378, § 1(6, 7).)

§2-1725. Title to stadium to vest in United States—Date.

After payment of the bonds and interest or after a sinking fund sufficient for such purpose shall have been provided and shall be held solely for that purpose, but in any event not later than fifty years from September 7, 1957, all rights, title, and interest in and to the stadium constructed under this subchapter shall vest in the United States. (Sept. 7, 1957, 71 Stat. 621, Pub. L. 85-300, § 7; July 28, 1958, 72 Stat. 422, Pub. L. 85-561, § 1(13).)

§2-1726. Employment of personnel and fixing of compensation—Delegation of authority.

(a) The Board is authorized to employ and fix compensation of such personnel as may be necessary to carry out the purposes of this subchapter, without regard to the provisions of the civil-service laws and chapter 51 and subchapter III of

chapter 53 of title 5, U.S. Code [relating to the classification of government employees and related matters].

(b) Under the direction of the Board and with the written authorization signed by the members thereof, an employee of the Board may exercise such of the powers vested in the Board by section 2-1723 as the Board shall determine. (Sept. 7, 1957, 71 Stat. 621, Pub. L. 85-300, § 8.)

§ 2-1727. Limitation on indebtedness—Limitation on liability of Board members—Deficits to be included in budget estimates—Authority to borrow from Secretary of Treasury—Repayment—Bonds guaranteed by the United States.

Nothing contained in this subchapter shall be construed to authorize or permit the Board or any member thereof to create any obligation or incur any liability other than such obligations and liabilities as are dischargeable solely from funds contemplated to be provided by this subchapter. No obligation created or liability incurred pursuant to this subchapter shall be a personal obligation or liability of any member or members of the Board but shall be chargeable solely to the funds contemplated to be provided by this subchapter. Whenever the Board certifies to the Commissioners of the District of Columbia that there will not be a sufficient amount in the sinking fund created by section 2-1724(a) to pay amounts becoming due and payable during any fiscal year on account of interest on or retirement of the bonds, the Commissioners of the District of Columbia shall include in the budget estimates for the District of Columbia for such fiscal year such amounts out of the revenues of the District of Columbia as may be necessary to insure the payment of such interest or the retirement of such bonds. In the event an appropriation has not been made by the time the amount becomes due and payable on account of interest on or retirement of the bonds, the Commissioners of the District of Columbia are authorized to borrow from the Secretary of the Treasury the amounts required, to bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on current marketable obligations of the United States of comparable maturities as of the last day of the month preceding the month in which the amount is borrowed. The Secretary of the Treasury is authorized and directed to lend to said Commissioners the amounts required hereunder and for such purposes the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under the Second Liberty Bond Act, as amended, are extended to include any loans to said Commissioners hereunder. Amounts borrowed by said Commissioners from the Secretary of the Treasury pursuant to this section and the interest thereon shall be repaid promptly from the funds appropriated pursuant to authority in this section and from any other appropriation available for such purpose. Amounts appropriated for payment of interest on or retirement of bonds and amounts borrowed by the Commissioners for such purpose shall be advanced by the Commissioners to the Board and shall be placed by the Board in such sinking fund. All bonds and other securities issued by the Board under authority of this subchapter are hereby guaranteed as to both principal and interest by the United States. (Sept. 7, 1957, 71 Stat. 621, Pub. L. 85-300, § 9; July 28, 1958, 72 Stat. 422, Pub. L. 85-561, § 1 (14).)

§ 2-1728. Filing of annual reports with Congress

The Board shall file with the Congress in January of each year a financial statement certified as to accuracy by the Commissioners of the District of Columbia, or their designated agent, a report of the activities and business at the stadium, and of the operation and maintenance of the motor-vehicle parking areas in connection therewith, during the preceding fiscal year and recommendations to Congress as to future control and use of the stadium. (Sept. 7, 1957, 71 Stat. 622, Pub. L. 85-300, § 10; July 28, 1958, 72 Stat. 423, Pub. L. 85-561, § 1(15); Sept. 23, 1959, 73 Stat. 702, Pub. L. 86-378, § 1(8).)

§ 2-1729. "Stadium", defined.

As used in this subchapter the term "stadium" includes all equipment, appliances, facilities, and property of any kind, necessary to carry out the purposes of this subchapter. (Sept. 7, 1957, Pub. L. 85-300, § 11, as added July 28, 1958, 72 Stat. 423, Pub. L. 85-561, § 1(16), and amended Sept. 23, 1959, 73 Stat. 702, Pub. L. 86-378, § 1(9).)

APPENDIX II

[Excerpts from Hearings of Judiciary Subcommittee of the Committee on the District of Columbia on March 23 and 29, 1971, 92d Cong., 1st sess.]

TRANSFER D.C. STADIUM TO DEPARTMENT OF INTERIOR

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON THE JUDICIARY OF THE
COMMITTEE ON THE DISTRICT OF COLUMBIA,
Washington, D.C., March 23, 1971.

The subcommittee met, pursuant to notice, at 10:05 a.m., in room 1310, Longworth House Office Building, Hon. Thomas Abernethy presiding.

Present: Representatives Abernethy (presiding), Hungate, Jacobs, Stuckey, Mikva, Link, Nelsen, Harsha, Thomson, and Smith. Also Representative Springer.

Also present: James T. Clark, clerk; Hayden S. Garber, counsel; John Hogan, minority clerk, and Leonard O. Hilder, investigator.

Mr. ABERNETHY. The subcommittee will come to order. We convene this morning for the purpose of opening hearings on H.R. 2293 authored by Mr. Don Fuqua, a former member of this committee, and others.

The bill, H.R. 2293, follows:

[H.R. 2293, 92nd Cong., 1st Sess., by Messrs. Fuqua, Blatnik, Nelsen, McMillan, Broyhill (Va), and Conte, on Jan. 26, 1971]

A BILL To transfer the title of the Robert F. Kennedy Stadium to the United States, to authorize the Secretary of the Interior to operate and maintain such stadium, to increase certain District of Columbia taxes to pay for such stadium, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. (a) All right, title, and interest of the Armory Board in and to the stadium constructed under the District of Columbia Stadium Act of 1957 is transferred to and vested in the United States.

(b) The function, powers, and duties of the Armory Board under the District of Columbia Stadium Act of 1957 (D.C. Code, secs. 2-1720—2-1729) are transferred to and vested in the Secretary of the Interior.

SEC. 2. (a) So much of the positions, personnel, assets, liabilities, contracts, property, records, and unexpended balances of funds, which the Director of the Office of Management and Budget determines (1) were employed, held, used, or available or to be made available, in connection with the functions, powers, and duties transferred by section 1, or (2) arose from such functions, powers, and duties, shall be transferred to the Secretary of the Interior.

(b) All orders, determinations, rules, regulations, permits, contracts, certificates, licenses, and privileges—

(1) which have been issued, made, granted, or allowed to become effective by the Armory Board in the exercise of duties, powers, or functions which are transferred under section 1 or by any court of competent jurisdiction, and

(2) which are in effect on the effective date of this Act.

shall continue in effect according to their terms until modified, terminated, superseded, set aside, or repealed by the Secretary of the Interior (in the exercise of any function, power, or duty transferred to him by section 1), by any court of competent jurisdiction, or by operation of law.

SEC. 3. The Secretary of the Interior shall, within one year from the effective date of this Act, redeem all bonds issued by the Armory Board under section 4 of the District of Columbia Stadium Act of 1957. The redemption of such bonds shall be made in the manner and at the prices fixed by the Armory Board under such section 4. The Secretary of the Interior shall, within such one-year period, also pay any other indebtedness of the Armory Board incurred under such section 4.

SEC. 4. (a) For the purpose of reimbursing the United States for expenses incurred under section 3 of this Act, effective during the period beginning on the ninetieth day following the effective date of this Act, and ending on the date the Secretary makes his certification under subsection (c), the rate of the taxes imposed under the District of Columbia Sales Tax Act (D.C. Code, title 47, ch. 26) and the District of Columbia Use Tax Act (D.C. Code, title 47, ch. 27) on admissions shall, with respect to admissions (taxable under such Acts) to public events at the stadium constructed under the District of Columbia Stadium Act of 1957, be 10 per centum of the gross receipts from sales of or charges for such admissions in the case of the sales tax and 10 per centum of the sales price of such sales or charges in the case of the use tax.

(b) Notwithstanding any other provision of law, amounts collected under the District of Columbia Sales Tax Act and the District of Columbia Use Tax Act by the District of Columbia during the period referred to in subsection (a) on admissions to public events at such stadium shall be deposited in the Treasury of the United States as miscellaneous receipts.

(c) Effective on the day after the date the Secretary of the Interior certifies to the Congress that the United States has been reimbursed for expenditures made under section 3 the rate of the sales and use taxes imposed on admissions on and after such day to public events at such stadium under the District of Columbia Sales Tax Act and the District of Columbia Use Tax Act shall be the rate of tax (if any) imposed under such Acts on and after such day on other admissions to public events and any amount of such taxes collected under such Acts on and after such day on admissions to public events at such stadium shall be deposited in the Treasury of the United States to the credit of the General Fund of the District of Columbia.

SEC. 5. For purposes of this Act:

(1) The term "Armory Board" means the Armory Board created by section 2 of the Act entitled "An Act to establish a District of Columbia Armory Board, and for other purposes", approved June 4, 1948 (D.C. Code, sec. 2-1702).

(2) The term "stadium" includes such equipment, appliances, facilities, and other property as the Director of the Office of Management and Budget determines were included, immediately before the effective date of this Act, in the definition of such term by section 11 of the District of Columbia Stadium Act of 1957.

SEC. 6. The District of Columbia Stadium Act of 1957 is repealed.

SEC. 7. This Act and the repeal made by this Act shall take effect ninety days after the date of its enactment.

Mr. ABERNETHY. I think it would be appropriate that we open the hearings with Mr. Fuqua. We are very pleased to have our former committee member and able colleague with us this morning.

STATEMENT OF HON. DON FUQUA, REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

Mr. FUQUA. I want to thank the Chairman and the members of the subcommittee.

As you may know, I and several of my colleagues introduced H.R. 2293 on January 26, 1971, as a response to and hopefully as a solution for what has become the increasingly serious financial problem facing R. F. Kennedy Stadium.

This bill is an outgrowth of certain problems of which I became aware during the course of several informal subcommittee hearings held while I was a member of the District Committee.

These problems are perhaps best summarized in the printed transcript of hearings before Subcommittee No. 4 of the House District Committee, held on October 13, 1970.

I might point out that a similar bill was passed unanimously by that subcommittee in the last Congress. Due to the lateness of the session, no action was taken by the Committee.

At that time, testimony was received from the Interior Department of the District Government, and, to my knowledge, there was no opposition pressed at that particular time.

FINANCING

At that time, Mr. Graham W. Watt, Assistant to Commissioner of the District Government, testified that the 4.20% interest cost on the outstanding Stadium bonds is approximately \$850,000 annually.

At the same time, the average contribution of the Armory Board for payment of accrued interest and amortization of these bonds is only \$350,000 annually, leaving an annual deficit on the payment of interest alone of nearly \$500,000.

The Armory Board contribution is the net amount remaining after Board expenses and operating and maintenance costs of the Stadium are subtracted from the gross Stadium revenues.

This deficit has been paid annually by the District Government as a regular budget expense. As you are well aware, however, this is just another way of saying that the Federal Government, through its contributions to District revenues, is paying the bill.

The result has been that, after almost ten years of operation, the entire principal amount of the bonds—approximately \$20 million—still remains unpaid.

H.R. 2293

The bill which you are presently considering seeks to reverse this steady outflow of tax dollars for interest payments—which to date has exceeded \$5 million—from the District Government alone and more than \$8 million in total.

The method by which the bill proposes to accomplish this would be to transfer title to the Stadium from the Armory Board to the Department of Interior, with the Department of Interior buying up all the outstanding Stadium bonds out of funds appropriated for this purpose.

To reimburse the Federal Government, a 10 percent tax would be imposed on all tickets sold for stadium events, with the funds thus generated being paid to the Federal Treasury until such time as the \$20 million is paid back. This 10 percent tax would replace both the District of Columbia sales and use taxes, and would constitute the only tax levied against ticket sales. At the point in time when the \$20 million is paid back, further tax receipts would revert to the General Fund of the District of Columbia in such amounts as are then imposed by the District of Columbia Sales and Use Tax Acts.

Not only will this plan be an improvement from the standpoint of stopping the continued drain on Federal resources for interest payments, but it would also place the burden of paying for the stadium facility where it properly belongs—on the spectators.

I might further point out that the "District of Columbia Stadium Act of 1957" [D.C. Code, Title 2, Section 1720 *et seq.*, Public Law 85-300], as amended, provides that the title to the stadium will revert to the Department of Interior at such time as the bonded indebtedness is paid, or by September 7, 2007 (50 years from time of enactment), whichever comes first.

Ownership by the Department of Interior is therefore not a novel idea, but rather has been contemplated all along. In closing I want to make it clear that this bill is not intended to affect the existing Armory Board leases with the professional sports teams which play in R. F. Kennedy Stadium.

The terms of any new lease between these teams and the proposed new owners would have to be strictly the result of arms length bargaining between the parties.

The intent of this legislation is to put an end to the continued hamstringing of the Stadium by what has proven to be an unrealistic method of financing its capitol debt.

Mr. ABERNETHY. As I understand it, your bill merely deals with the revenue raising funds for the purpose of interest and principal only. Is that correct?

Mr. FUQUA. Yes, sir.

Mr. ABERNETHY. Nothing else?

Mr. FUQUA. It does not involve any other item. It provides a taxing method to retire the principal of the bonds, as it were, from a bottomless pit and we are paying a tremendous amount of interest—approximately a half million dollars a year that the District Government is picking up out of its obligating expenses.

Congress contributes over \$120 million a year in Federal payments to the District. The Congress is paying toward the interest payment, and we are not getting anywhere toward retiring the debt. Any business so operating would have been declared bankrupt long ago.

Mr. ABERNETHY. What other evidence do you have?

Mr. FUQUA. It depends on the people attending the stadium and the price of the tickets. I would estimate that four percent would bring in around \$300,000 a year. This bill would bring in considerably more than that.

Mr. NELSEN. I want to thank my colleague for his testimony. Incidentally, I coauthored this bill, and I am sure that Mr. Fuqua would agree that in the event there are some provisions in this bill that are unacceptable for some reason or another—we will agree that where we want to go—we are willing to examine any objection.

Mr. FUQUA. I am certainly not wedded to any particular language. In working on this Committee with the problems of the District of Columbia, it came to my attention that this was what was happening at RFK Stadium.

Any bill that this Committee chooses to bring to the floor in this matter would have my whole-hearted support.

Mr. NELSEN. I have been trying to dig into the history of the legislation whereby the stadium was first built. It seems that the estimates were way off as to the revenues that would come in, and how it would be paid back.

It seemed that the propelling influence to build was not exactly the District of Columbia Government, but other influences. It seems unfair to me that the city government now has to dig up money to amortize a project that we in the Congress affirmed many years ago, and the city government today must carry that burden.

If the money isn't there, we have to appropriate the money for the city government. I want to compliment you on your observations. I would like to submit for the record a statement which Senator Inouye put into the Congressional Record the day he introduced his bill, S. 1308. This reinforces the need of some consideration.

Mr. ABERNETHY. Without objection, the statement of Senator Inouye will be included in the record.

[There was no objection.]

[Excerpt from Cong. Rec., 92d Cong., 1st sess., Mar. 19, 1971, pp. S3396-97]

STATEMENT OF HON. DANIEL K. INOUE, FROM HAWAII

By Mr. INOUE (for himself and Mr. MONDALE):

S. 1308. A bill to transfer the title of the Robert F. Kennedy Stadium to the United States, to authorize the Secretary of the Interior to operate and maintain such stadium, to increase certain District of Columbia taxes to pay for such stadium, and for other purposes. Referred to the Committee on the District of Columbia.

Mr. INOUE. Mr. President, I wish to introduce for appropriate reference legislation to transfer the title of the Robert F. Kennedy Memorial Stadium to the United States and authorize the Secretary of the Interior to operate and maintain such stadium and increase certain District of Columbia taxes to pay for the stadium.

Mr. President, there is pressing need for such legislation. As chairman of the District of Columbia Subcommittee, I have become aware of a number of expenditures which must be born by the District of Columbia but which serve either a regional or a national constituency and, therefore, place an unfair burden on the District of Columbia government.

The Robert F. Kennedy Memorial Stadium has been such a major burden on the District of Columbia. Given the responsibility for the stadium by Public Law 85-300 as amended by 85-561 and 86-378 the cost to the District government through June 30, 1971, will be in amount of \$5,630,000 out of total interest payments of some \$9,147,600 which have been made on the stadium bonds to date.

In other words, the Army Board income from the operation of the stadium has been able to raise only slightly over \$½ million these past 10 years. A large majority of the annual interest payment of \$831,600 is, and has been, an expense of the government of the District of Columbia.

Mr. President, few if any stadiums are moneymaking propositions. This is particularly true to those located in the central city areas. It is apparent, however, that there is no hope for the current stadium to be financially self-supporting, and I believe that it is only proper that the Federal Government which built this stadium assume direct responsibility for the burden.

Mr. President, there is a further reason for the transfer of the stadium to the Department of the Interior at this time. I share with most Members of this body, a desire to keep major league sports available as an attraction in the Washington area—in our Nation's Capital.

It is my understanding that the present lease arrangement with the Washington Senators makes such continuation most doubtful. This lease was not negotiated by the present owner. Two days of hearings were held in the House on this matter last fall where similar, but not identical legislation, has been introduced. Given the deficit which District of Columbia Stadium presently encounters it is most difficult to justify more favorable terms on the part of the Armory Board when such terms create a further deficit for the District of Columbia government. This measure will permit future arrangements to be negotiated directly with the party responsible for the stadium—the Federal Government through the Department of the Interior.

I believe, therefore, that the early transfer of the District of Columbia Stadium to the Department of the Interior will provide for a more orderly discharge of our rightful obligations, while at the same time assuring that our Nation's Capital will continue to be the home of a major league baseball team, as it surely ought to be.

Mr. NELSON. I will have a prepared statement that I want to insert in the record because I am sure we can't wrap this up in one day.

Also I want to put in the record a statement by Congressman Blatnik, who is a co-sponsor of the bill. Congressman Blatnik sent me a letter this morning that was going to include it.

BONDS

Mr. STUCKEY. I have a couple of questions concerning the bonds. Have all the bonds been sold public at this time?

Mr. FUQUA. Yes.

Mr. STUCKEY. And has all the interest been paid?

Mr. FUQUA. Yes, to date, in excess of \$8 million, but no principal has been paid.

Mr. STUCKEY. What will happen to the bonds when the Interior Department takes over?

Mr. FUQUA. The Interior Department under this bill will buy up the bonds at face value. There is no penalty clause involved.

Mr. ABERNETHY. Do I understand that the Interior Department will purchase these bonds?

Mr. FUQUA. Yes, sir, out of appropriated funds.

Mr. ABERNETHY. Who holds the bonds now?

Mr. FUQUA. I don't know now.

Mr. ABERNETHY. Are they callable bonds?

Mr. FUQUA. Yes.

Mr. ABERNETHY. They are callable bonds. Suppose the Armory Board doesn't see fit to call them?

Mr. FUQUA. I think the language in the bill would instruct the appropriate agencies to call the bonds.

Mr. MIKVA. The bonds are now in the hands of the public and since there has been no amortization, I presume they are selling at list and issue price.

Mr. FUQUA. I don't recall the sale price of the bonds on the market today.

Mr. MIKVA. If this bill weren't pending, wouldn't it be a good guess that they are selling below issue price?

Mr. FUQUA. I would think so.

Mr. MIKVA. This is going to bail some bondholders out who may have paid issue price, and it is selling for less than issue price when the Armory Board buys them.

As I understand by the terms of the bill, the Armory Board would call them at issue price even though there is no penalty and they will call them at full value. Are these revenue bonds?

Mr. FUQUA. We are now having to make up the deficit interest payment each year.

Mr. MIKVA. A great deal would turn on that. The value and requirement paying interest would turn on our making good the full payment to the United States, but if these are revenue bonds which means improvements I have seen built by the city's bondholders, they are subject to the risk and gains. All bonds issued by the District of Columbia have the full faith and credit of the United States. That is an entity of the District of Columbia government created by the Congress.

I keep trying to analogize these to the bond issue. Usually they are not full faith and credit bonds. They are revenue bonds.

Mr. FUQUA. It is my understanding, from my experience on the Committee, that all the bonds that were issued did carry full faith and credit behind them.

I might quote from PL-85-561 in Section 14, the last Senate: "All bonds and other securities issued are hereby guaranteed as to both principal and interest by the United States."

Mr. MIKVA. What are you reading from?

Mr. FUQUA. Public Law 85-561, enacted July 28, 1958, which amended the Stadium Act of 1957 (Public Law 85-300). If I might elaborate some more, I might say that this further points out and confirms the point I made that the United States government is stuck with these bonds regardless of who pays them off.

We are in a situation where we are only partly paying the interest, not generating enough revenue to pay the entire interest. We are running a deficit of half a million dollars a year.

Mr. MIKVA. I am looking at D.C. Code, Title 2, Section 1722 of what was the original 1957 Act. It says they will be called at 105 percent which would be a penalty and would be a premium as far as the cost to the Armory Board is concerned.

Mr. FUQUA. Before what date?

Mr. ABERNETHY. I wonder if there is anyone in the room acting as counsel for the Armory Board or associated with the Corporation Counsel's office who can state for the record under what conditions and terms these bonds were issued, who is responsible for their retirement and respond to other questions raised by Mr. Mikva. Is there anyone here who can do that? Apparently we will have to get that information from some other source.

[Subsequently, copy of the bond offering in 1960, and the official statement of the Chase Manhattan Bank was furnished the Committee by Mr. Nelsen.

[The original bond notice reads as follows:]

New Issue: In the opinion of Bond Counsel, while subject to Federal income and certain other Federal taxes, exempt both as to principal and interest from all taxation (except estate and inheritance taxes) imposed by the District of Columbia

\$19,800,000, 4.20% STADIUM BONDS OF 1970-79, ISSUED BY THE DISTRICT OF COLUMBIA ARMORY BOARD, DATED, JUNE 1, 1960; DUE, DECEMBER 1, 1979; PRICE, 100.65%

[Approximate yield to maturity: 4.15%]

COUPON BONDS IN \$1,000 DENOMINATION, NOT REGISTERABLE, PRINCIPAL AND SEMI-ANNUAL INTEREST (JUNE 1 AND DECEMBER 1) PAYABLE AT THE FEDERAL RESERVE BANK OF NEW YORK

SUBJECT TO REDEMPTION AT THE BOARD'S OPTION, IN WHOLE OR IN PART, ON JUNE 1, 1970 OR ANY INTEREST PAYMENT DATE THEREAFTER AT 103 PERCENT OF THE PRINCIPAL AMOUNT THEREOF DURING 1970 AND 1971 AND AT VARIOUS LESSER PRICES THEREAFTER

Principal and Interest Guaranteed by the United States of America

Legal investment in the opinion of Special Counsel, subject to certain conditions, for savings banks, fiduciaries and certain other institutions in the District of Columbia, the states of New York, Connecticut, New Jersey, and Maryland and certain other states

These bonds, provided for by resolution of the District of Columbia Armory Board adopted July 7, 1960, are to be issued by the Board under authority of the Act of Congress approved September 7, 1957, known as the "District of Columbia Stadium Act of 1957" (Public Law No. 85-300, as amended by Nos. 85-561 and 86-378—herein referred to as the "Act"), for the purpose of financing the estimated costs of its District of Columbia Stadium project. Principal and interest of the Bonds are payable by the Board solely from the funds contemplated to be provided by the Act. As required by the Act, the Secretary of the Treasury of the United States has approved the rate of interest.

The Act expressly provides (in Section 9) that: "All bonds and other securities issued by the Board under authority of this Act are hereby guaranteed as to both principal and interest by the United States".

In an opinion dated January 29, 1959, relative to temporary bonds heretofore issued by the Board and to be retired by this financing, the General Counsel for the Treasury of the United States, after noting the similarity of the Act to many preceding statutory guarantees which created binding obligations of the United States, concluded:

"An obligation validly issued by the Board, pursuant to appropriate resolution, would therefore create a valid and binding obligation of the United States under its statutory guarantee enforceable in accordance with the terms of the bonds. The obligation of the Board need be in no particular form. Any obligation binding the Board to pay a fixed sum at a specified time would constitute a bond authorized by the statute. (See 11 C.J.S. Bonds § 1, 2.)"

In the opinion of Bond Counsel, the Bonds are exempt from registration under the Securities Act of 1933 as a "security issued or guaranteed by the United States".

These bonds are offered subject to the approving legal opinion of Hawkins, Delafield, & Wood, of New York, N.Y., as Bond Counsel

THE CHASE MANHATTAN BANK,
BLYTH & Co., INC.,
C. J. DEVINE & Co.

MR. MIKVA. May I say to my colleague that if the object is to transfer the burden to the Department of Interior in terms of what our legitimate concerns are, I sympathize with that prospect, but on the other hand, I think we ought to be satisfied as to what the extra cost would be and whether there are any windfalls.

MR. FUQUA. During the discussions we had, both the informal and formal, it was my understanding that there was no penalty clause. I could be in error. It was my understanding that there would not be a penalty clause. That question was in my mind also.

MR. ABERNETHY. Mr. Dugas?

MR. DUGAS. I was trying to see if Mr. Linowes could give the panel that information.

MR. LINOWES. I understand that there is a premium that is involved in the penalty clause of these bonds and I do also understand that in the past couple of years there have been overtures made to the Armory Board in which people have been offering to sell these bonds at less than face value. It would seem to me that once the Department of Interior decides to purchase them, it will be at face value or a penalty involved. It is quite evident that we are operating in a dark room as to what the background of what this situation is.

I do have it here.

MR. ABERNETHY. With Mr. Hungate's approval, who is absent, I would like to instruct the staff to prepare a brief and put it before the members of this Committee outlining and giving an answer on questions that have been raised by Mr. Mikva and Mr. Stuckey. That is who issued the bonds?

Was the full faith and credit of the United States Government behind them? What were the conditions under which they were issued, and the retirement dates?

I think it would be well if the staff of the committee conferred with Mr. Stuckey in preparing that information and have it before the committee, if possible, at the next meeting.

MR. NELSEN. May I inquire of the author of the bill, is it not possible that in the event of some juggling as to the value of the bonds someone just might make a killing? Isn't it possible.

MR. FUQUA. I think it is consistent with the present law.

MR. NELSEN. Certainly feel that the Chairman's inquiry is well founded, and if there is any area we need an amendment for the protection of the Government of the United States, I would want to see that it is done.

MR. SPRINGER. May I ask my distinguished colleague, when was the first proposal made for the stadium transfer?

Mr. FUQUA. It was discussed in the late summer or early fall when we were discussing revenues and looking at some of the problems relating to the financial situation of the District of Columbia.

Mr. SPRINGER. There never was any proposal of this kind before that you know of?

Mr. FUQUA. I am aware of it, Mr. Springer.

Mr. SPRINGER. Who proposed it to this Committee?

Mr. FUQUA. This final proposal was one that originated in my own mind. I discussed it with Mr. Harsha, Mr. Nelsen, and Mr. Broyhill. Mr. Harsha has been very interested in something of this kind.

Mr. SPRINGER. Did any part of this originate with the owner of the Senators?

Mr. FUQUA. That was discussed with the President of the Senators, Mr. Short.

Mr. SPRINGER. Didn't Mr. Short propose this originally?

LEASE ARRANGEMENT

Mr. FUQUA. He was concerned about a lease arrangement at the stadium and this concerned me, but in going into this, we looked at some other possibilities. One of the things, I think that has been straining the stadium's finances is its inability to generate enough revenue to operate in this matter. This is a cloud hanging over the Armory Board's head. It is \$850 million a year, in interest alone.

Mr. SPRINGER. Isn't the proposal to remove this and give Mr. Short—

Mr. FUQUA. Any arrangement between the Interior and the owners of any professional teams would be an arms' length agreement. This bill does not nullify any lease arrangements. It didn't mark off any back debts and does not in any way affect a lease arrangement. That must be carried on by the owners of the clubs who plan to play sports there, and the owners of the stadium.

Mr. SPRINGER. The Redskins' contract is 1961 through 1990, and it wouldn't affect them at all?

Mr. FUQUA. This transfer would not nullify any lease arrangements. They have a long lease arrangement and I assume and it is not my understanding that it would affect them.

Mr. SPRINGER. At the present time, isn't the Washington Senators Baseball Club trying to make an agreement with someone to get a reduction in their payments?

Mr. FUQUA. I have understood that they would like to do that or rearrange the lease arrangements, particularly as relates to concessions and parking and several other matters which I think are justified. But that matter is not before this committee.

Mr. SPRINGER. I am trying to find the origination of the idea of what is intended ultimately to be done. The club is now trying to renegotiate a contract with the Armory Board, and it is trying to get a reduction of these payments. Isn't that true?

Mr. FUQUA. I understand so.

Mr. SPRINGER. There was no proposal by the old management of the Senators?

Mr. FUQUA. I am not aware of any.

Mr. SPRINGER. It is my understanding that the owner of the Washington Senators has said he couldn't make money. In going back and looking at the original price which the original owners paid, which was about \$2 million to start with; during the intervening 10 years, roughly, there has never been any request by the Senators' management or ownership for any change.

Mr. FUQUA. It is my understanding that the present lease arrangement on the stadium was negotiated about 2 or 3 years ago by the previous owners. I assume some change might have been made. They have not had the long term lease that the Washington Redskins have had.

Mr. SPRINGER. I think I am accurate in stating that there was a most substantial objection by the old ownership. The new ownership paid \$10 million I understand.

This is a part of what the new ownership is trying to do, as I understand it. They have made a bad arrangement, a bad business deal, and are now trying to get relief from this bad business arrangement which they made in purchasing the Senators by renegotiating the contract as a result of paying off these bonds.

This raises a question of the public interest, it seems to me. If I have misunderstood, I will be happy to be corrected. The ownership of the Senators also purchased the Lakers at a reasonable sum.

The owner of the Senators at the present time, made a bad arrangement and paid too much for the franchise, or else he wants to shift it to another city, which I don't think he can do because I don't think the other club owners will allow them to make a transfer.

It seems to me that what we are attempting to do with this arrangement is to bail them out of a bad business deal.

I think the ultimate intent is to bail Mr. Short out of a bad business arrangement that he made. I don't know anything about the intricacies of finance, but I certainly can see what is going to happen as soon as the authority is given to pick up these bonds.

Then the Armory Board will be free to make a new arrangement with the new ownership which could substantially benefit the ownership of the Senators.

There is no problem with the Redskins because a contract exists until 1990 and, as I understand it, nobody is dissatisfied with it.

Mr. FUQUA. If I had the contract the Redskins have, I would not complain either.

Mr. SPRINGER. I am rather inclined to agree. I think, as I read it, the Redskins got a favorable deal.

Mr. FUQUA. This is a contract between two parties.

Mr. SPRINGER. I think what we are doing is transferring the money of this ownership in order to bail out a bad business arrangement, and I think probably the owner is willing to concede a bad business deal was made. But should that be our purpose.

I think there is a serious question of public interest involved, but I still want to know what the gentleman has said. I followed this because I have lived with this thing since 1958. I know the parking problems, and I know the bill. I am familiar with what happened. At that time some serious underestimates were being made.

Mr. FUQUA. Let me read the last part of my statement: "In closing, I want to make it clear that this bill is not intended to affect the existing Armory Board leases with the professional sports teams which play in R. F. Kennedy Stadium.

"The terms of any new lease between these teams and the proposed new owners would have to be strictly the result of arms length bargaining between the parties.

"Rather, its intent is to put an end to the continued hamstringing of the Stadium by what has proven to be an unrealistic method of financing its capital debt." In no way am I interested in involving any existing lease that exists. This is an arrangement between two parties, the owners of the stadium and the owners of the ball clubs.

I don't see that this bill is going to affect such an arrangement. It will be negotiated when the time comes between the owners of the professional teams and the owners of the stadium, whoever that might be.

Mr. SPRINGER. I accept the gentleman's statement in good faith. I merely say it is not a secret as to exactly what is intended to be done ultimately in this because of the complaint that they are not able to make a profit investment.

I will admit this is the first franchise anybody has not been able to make a profit on. Now the question is I am sure he is paying interest on a sizable amount of money. It isn't a question of purchasing players and keeping a ball club.

It is paying interest on an investment which he made. This is my impression overall of the whole thing, but I still will try to keep my mind open and I will thank you gentlemen for giving me the information as to what he thinks will be done, and I will accept the statement for what it is worth.

TITLE TRANSFER TO INTERIOR

Mr. ABERNETHY. I would like to ask Mr. Fuqua another question. As I understand it, this bill has two principal provisions. One is the transfer and management and operation of the stadium to the Department of Interior.

Mr. FUQUA. Transfer the title of it.

Mr. ABERNETHY. Who will manage it?

Mr. FUQUA. That is up to the Department of Interior.

Mr. ABERNETHY. And provide a source of revenue. What is your reasoning in transferring from the Armory Board to the Department of Interior? How is that going to benefit this unfortunate situation we find ourselves in?

Mr. FUQUA. This was decided when the original bill was enacted that the year the bonds were retired, or by the year 2007, it would go to the Interior Department.

In discussions before this Committee, Mr. George Hartzog, Director of the

National Park Service, indicated a lot of recreational use could be made of the stadium for summer recreation programs that could be utilized in continuing the purposes of the Park Service.

Mr. ABERNETHY. Then it is to be assumed that we will have testimony that the title would be transferred to the Department of Interior, and the Department of Interior has some ideas as to how they can produce the revenue.

Mr. FUQUA. That was testified as such before this committee last fall.

Mr. ABERNETHY. Is that the reason the gentleman included the transfer in the bill?

Mr. FUQUA. Yes, and it was provided for in the original 1967 Act.

Mr. ABERNETHY. It became no problem necessarily. It was just a matter of management and moving back to the Department of Interior. I conducted the hearing on the original stadium bill when it was considered. I don't recall the details.

Mr. FUQUA. The reason at that time for providing that the stadium in time be transferred to the Interior Department was that Interior furnished the land on which the stadium was built.

Mr. ABERNETHY. I guess that was the reason, but I don't remember all the details.

Mr. NELSEN. The former owners of the Washington team moved to Minneapolis and obviously they found the pickings greener out there, as far as contracts were concerned.

I would like to point out that the conditions under which the Twins operate is an attractive contract and one that, under the provisions of the Stadium Act, the Armory Board in the District of Columbia would not permit.

You have parking, concessions, and a multitude of things that are denied to the Washington team, and as far as the question that my colleague asked relative to the Redskins, there is no intention of anybody interfering with the Redskins.

However, the objective here is to have a winning ball team that will produce the income to the District of Columbia in this area that will liquidate the obligations.

I think this is one where we have to sit down and figure out where we are going and what we are going to do.

Mr. MIKVA. I am perfectly happy to see a winning ball team, but I hope we can find some other way of getting a winning ball team other than by subsidy.

Mr. FUQUA. I might point out, in response to Mr. Nelsen's question, that we had Bowie Kuhn and Joe Cronin here and they testified in the hearing last October that most of the clubs and ball parks had a somewhat more attractive lease than was given here in the District of Columbia.

However, as I pointed out in response to the inquiries of Mr. Springer, this is a matter to be discussed between the owners of the stadium and the owners of the ball clubs, and not for this committee or this Congress to decide.

I think it would be appropriate for this Congress to get involved in lease arrangements because we may have other clubs coming in for a subsidy. In my state we might decide to get into major league baseball rather than spring training.

Mr. ABERNETHY. We thank you for your testimony. You have rendered a great service to the District, and we are happy to have you here this morning.

We have with us this morning a very valuable former member of the Committee, the Honorable Sam Steiger of Arizona.

STATEMENT OF HON. SAM STEIGER OF THE STATE OF ARIZONA

Mr. STEIGER. I want to apologize for not having a prepared statement. My concern here, gentlemen, is really ancillary to the thrust of the bill, but I think it is germane as regards the problems that have been vis-a-vis the Washington Senators Baseball Club, and I am going to recite what I consider is a major problem which is the concern of this Congress.

EMPRESS CONCESSION

The primary concessionaire at RFK Stadium is an organization known variously as Empress, a sport service, or the Jacobs family, whose headquarters are in Buffalo.

They operate nationwide in Canada, Italy and England. They are nominally concessionaires at sporting events, professional baseball, professional football and parimutuel wagering on both horses and dogs and harness tracks.

They own a great number of dog tracks, horse tracks. These people have been involved in a great many of their ventures with known members of organized crime.

My first involvement came about as a result of their involvement in Arizona in which they own six dog tracks and two of the horse meetings in Arizona.

In December of 1969, the New York State Police forwarded a report to the Arizona State Racing Commission in which the report stated Empress Sport Service and the Jacobs family have known associates with alleged members of the Mafia and other hoodlums.

I testified in February of 1970 before the New Mexico State Racing Commission as to the history of Empress which I had developed in the months ensuing between December and February and in June of 1970 the New Mexico State Racing Commission found that the Empress was unfit to operate a race track in the state of New Mexico because of their undesirable reputation and reputation for lack of fair dealing and honesty.

Shortly following that in 1970, one property they owned 46 percent of the stock of in Arkansas. The president of that organization resigned and said that Jerry Jacobs the present president of Empress asked him to transfer funds in what he considered an illegal manner from the public corporation and some of the holdings.

At this point in time, there is legislation pending in the Arkansas state legislature which would have the effect of eliminating Empress in the state of Arkansas.

The Security and Exchange Committee found as a final finding of fact that the Jacobs family and Empress, which are synonymous, lied about their ownership of an organization known as the Tucson Turf Club in Tucson, Arizona, suspending trading in the stock.

In October of 1970, a loan recipient and a partner of Empress, a Mr. T-o-c-c-o, an officer of Hazel Park Race Track, was indicted in Detroit for stealing furniture.

In July of 1969, another officer at Hazel Park Race Track in Detroit, a Mr. P-o-r-a-d-i, was indicted in the state of New York and incarcerated for carrying a concealed weapon.

Empress also made loans to Mr. Tocco and the president of Hazel Park Race Track. They were personal loans. The president of Hazel Park Race Track is Anthony J. Zarelli.

They were all identified by the McClellan Senate Investigating Committee in June of 1969 as members of organized crime and the family of Joseph Zarelli in Detroit who is the father of Anthony Zarelli.

During the course of the year of 1970, three racing commissioners resigned because of charges they had received of improper association with Empress and Empresses' front man in the State of Arizona.

In February 1971, the Los Angeles Grand Jury indicted Mr. Zarelli, Mr. Tacco, and Mr. Balanga, all officers of the Hazel Park Race Track, and the same people were identified as members of the organized crime and Empress, along with some other people.

Empress was named as coconspirators as were Lou Jacobs, the former president of Empress, and Max Jacobs, his son and vice president.

In February of 1970, the Los Angeles Grand Jury named these people for misrepresentation of their ownership in a hotel in Las Vegas and for some interstate violations involved in this particular charge.

In the State of Michigan, the racing commissioner ordered that Mr. Zarelli, Mr. Tacco and Mr. Balango resign as officers of Hazel Race Track or lose their licenses, and there is to be a court case in which the racing commissioner, Mr. Shirley, is attempting to force the removal of the franchise for racing held by Empress and Zarelli and Company. I cite all this because one of the things that Empress invariably does—I have testified in New Mexico, Arkansas and on two other occasions the state of Florida and have recited in each in detail what I have cited here. "We must be all right because we are licensed by the Federal Government to do business in RFK Stadium," states Empress.

This is no fault of the Armory Board since the only requirements under the law are that you have the experience the fiscal soundness to conduct the concessions.

What actually happens is that Empress is a great deal more concession than shares. They end up with lending money to the professional teams involved.

At this time, it is reported that they have at least 10 loans out in excess of \$500,000. I think it is in excess of \$2 million in Minnesota.

At any rate, this relationship, plus their Mafia associations as far as I am concerned this makes them highly undesirable as franchisers, but for the Federal Government to franchise them and give them the appearance of cleanliness seems to me a most unfortunate situation.

It is my hope that regardless of the outcome of this bill that the Armory Board, should they retain the management of RFK Stadium, that they will permit myself and the Justice Department to lay these facts before them in much more depth, or that the Department of the Interior, if it is transferred to the Department of Interior, that they establish criteria for the sanctity of people who are engaged in a franchised situation whether it is the Armory Board of the Department of Interior or not and make no mistake, gentlemen, this is a powerful organization and capable of the most interesting kinds of corruption.

One of the people named in the Los Angeles indictment was a former judge in Michigan who had no visible association with these people during his tenure as judge, but developed a relationship because he was one of the ones named in the indictment along with the people I recited.

Their corruption doesn't stop, for example, with the immediate governing body or whatever the agency is, I don't know whether they have a loan with Mr. Short or not, but if they had I would suspect they would apply their considerable wealth and expertise as seduction to the Congress and that is a real concern of mine.

As far as I am concerned, the contract as I read it between Empress and the Armory Board expires in September 1971, and I would hope that if not before at least at that time their qualifications as to character be considered very seriously by whatever entity is able to approve the contract.

Mr. Chairman, I thank you for your indulgence both as to my lack of a prepared text.

Mr. ABERNETHY. This is an ancillary matter, and actually it does not associate itself with the pending legislation, but it is a matter that should be heard, and I am sure that the Armory Board and the Secretary of the Interior will consider it.

Mr. SPRINGER. As I understand you, there are now some eight or ten professional athletic clubs nationally known in this Empress group.

Mr. STEIGER. In the District they are known as District Sports Service, Inc.

Mr. SPRINGER. Did I understand you correctly, did I understand you to say there were eight or ten known professional athletic clubs who are indebted to Empress or its associates or corporate associates?

Mr. STEIGER. The figure I gave is ten and it is major league baseball teams. They are involved in hockey. Max Jacobs was named as a co-conspirator. I can't name for you all of the ten major league baseball teams that have loans, but it is my information that there are ten, or at least ten.

Mr. SPRINGER. May I ask the distinguished gentleman if this information is reliable enough that he believes it to be true himself?

Mr. STEIGER. I would go further than that. I have recited it outside the halls of Congress on the record, under oath, in which case I am not an attractive target, but not judgment proof.

Mr. SPRINGER. Would you care to recite the names of the ten clubs?

Mr. STEIGER. I don't have the figures with me, but it would be Montreal, Minnesota and Milwaukee, to name some. Milwaukee by virtue of the fact that the loan was to Seattle and transferred to Milwaukee.

Mr. SPRINGER. Could the gentleman supply the names of the other eight for the record later on?

Mr. ABERNETHY. Are there further questions?

(There were none.)

Mr. ABERNETHY. Thank you, Mr. Steiger. I would like to insert a statement from Congressman Joel T. Broyhill, who couldn't be here this morning.

STATEMENT OF HON. JOEL T. BROYHILL, MEMBER OF CONGRESS FROM THE STATE OF VIRGINIA

Mr. BROYHILL. Mr. Chairman, I wish to express my appreciation to you for holding this hearing on H.R. 2293, of which I am pleased to be a co-sponsor. The purpose of this proposed legislation is to transfer the title, operation, and

maintenance of the Robert F. Kennedy Stadium to the U.S. Department of the Interior. The principal benefit to be achieved by this transfer is the alleviation of the present undesirable financial problem which besets the D.C. Armory Board in its task of operating and maintaining the stadium, and also this transfer may provide the means of assuring the continuance of major league professional sports in the Nation's capital.

The D.C. Stadium Act of 1957 authorized the D.C. Armory Board to construct, maintain, and operate the stadium. The Secretary of the Interior, however, was authorized and directed to acquire the real property for this purpose, and to enter into a contract of not more than 30 years' duration with the Armory Board for the construction, operation, and maintenance of the stadium, including the parking areas. At the same time, the Secretary of the Interior was authorized and directed also to construct and prepare the parking areas, driveways, walks, lighting, and landscaping for the stadium, at a cost not to exceed \$2.66 million.

The Armory Board was authorized to issue bonds, for a term not to exceed 30 years, to finance the construction of the stadium. These bonds are exempt from all taxation, except of course for estate and inheritance taxes, and they are guaranteed as to both principal and interest by the United States government. This bond issue amounts to some \$19.2 million, and the annual interest thereon is \$831,600.

The Stadium Act requires the Armory Board to place all receipts from the use of the stadium into an Operating Fund, and after all expenses incident to the operation and maintenance of the stadium have been paid from this fund, any balance therein is placed in a Sinking Fund, to be used for the following purposes:

- a. to pay interest and principal on the bonds;
- b. to reimburse the District of Columbia for any money advanced from its revenues or borrowed from the U.S. Treasury for use by the Board; and
- c. to redeem the bonds prior to their maturity.

The Stadium Act provides further that after the bonds and interest thereon have been paid, or after the Sinking Fund sufficient for that purpose has been accumulated . . . but in any event, not later than September 7, 2007 . . . all right, title, and interest in the stadium shall vest in the United States, or specifically in the Department of the Interior.

Finally, the D.C. Stadium Act provides that whenever the Armory Board certifies to the D.C. Commissioner that for any fiscal year the Sinking Fund is not sufficient to meet the payments of interest and principal on the bonds, the District of Columbia shall include in its budget for that year sufficient funds to meet that obligation.

When the Stadium Act of 1957 was approved, I recall that optimism was expressed that the revenues accruing from the use of the stadium would be sufficient to meet all expenses, including debt service on the bonds, and very possibly some excess in the Sinking Fund which could help augment the D.C. General Fund. Unfortunately, however, this has not proved to be the case at all, and in fact the use of the stadium has never produced sufficient revenues even to pay the interest on the bonds. This situation is amply illustrated by the following figures, furnished by the Armory Board, showing the financial picture for the year ending June 30, 1970:

Total Income.....	\$1, 237, 155. 10
Total Operating Expenses.....	687, 675. 10
Total Interest Charges and Depreciation Expense.....	1, 285, 656. 89
Net Loss after Interest and Depreciation Costs.....	736, 176. 89

Thus the tax-payers, not only in the District of Columbia but throughout the entire United States, are presently being called upon each year to pay some three-quarters of a million dollars to support this stadium in the Nation's capital.

While I supported the D.C. Stadium Act of 1957, and still acknowledge the vital importance of a modern sports stadium in the District of Columbia, I and many of my colleagues in the Congress do not feel that this present financial set-up is either healthy or equitable. For this reason, I am pleased to lend my support as a co-sponsor of the bill H.R. 2293, which I am convinced will create a far sounder fiscal basis for the operation and maintenance of this stadium.

SUPPORTS H.R. 2293

Briefly, this proposed legislation will transfer to the United States all right, title, and interest of the D.C. Armory Board in the Robert F. Kennedy Stadium, and the functions, powers, and duties of the Armory Board under the D.C. Stadium Act of 1957 are transferred to the Secretary of the Interior.

The bill provides also that within one year after the effective date, the Secretary of the Interior shall redeem all the stadium bonds, as well as any other indebtedness of the Armory Board incurred under the Stadium Act. In this connection, I wish to point out that under the terms of the issue, this \$19.2 million in bonds may be redeemed now.

To reimburse the Federal Government for this outlay, the bill provides that the present 4 percent sales and use taxes levied on the admission charges and equipment purchases in connection with the stadium, which accrues to the D.C. General Fund, shall be replaced by a 10 percent tax on these items, the revenues from which shall be deposited in the United States Treasury as miscellaneous receipts. Then, when the United States has been reimbursed for this expense in retiring the bonds, through this 10 percent tax, the present D.C. taxes at the stadium will be restored at the same rate which shall apply to other admissions in the city at that time, with the receipts again going into the D.C. General Fund.

Thus, these provisions in this proposed legislation will eliminate the annual item of \$831,600 interest on these bonds, which has proved to be a heavy burden on the operation of the stadium, and most of which the nation's tax-payers have been obliged to pay each year. And the Federal outlay of \$19.2 million will be reimbursed over a period of years by the patrons of the stadium. This plan appeals strongly to me, as I feel that it places the financial burden where it properly belongs, and in a manner which will cause no hardship to anyone.

In addition to this financial benefit which would result from the enactment of this legislation, I wish to point out also that this may be the instrument through which it may be possible to retain major league sports teams in the Nation's capital.

We received testimony last year from the owner of the Washington Senators Baseball Club and from officials of the American League, to the effect that the Senators are in deep financial distress, and that if it is not possible for them to obtain a more favorable lease at the stadium, the club may be forced either to cease operations or to move to another city. At present, we are told that the Senators pay a rental at the stadium of 7 percent of the gross gate receipts, with a minimum of \$65,000 annually. In addition, they must pay also to police the inside of the stadium when the games are being played, as well as for the electric bill involved and for cleaning of the stadium and work on the playing field itself. For the year 1969, according to the Washington Baseball Club, these items of expense were as follows:

	<i>Amount</i>
Stadium rental-----	\$151, 898
Utilities-----	33, 536
Police protection-----	80, 078
Field work and cleaning-----	162, 188
Total-----	427, 700

We are told further that in 1970, despite a drop in attendance, the Washington Baseball Club's cost of using the stadium increased to \$548,817. As a result, the club has sustained a net financial loss of 1.6 million dollars in the two years it has operated under its present ownership.

In the face of rapidly increasing payroll expenses, and with a relatively low income from television and radio rights, the Senators obviously are going to have to find some area of financial relief if they are to remain in business in this city. The only apparent source of such relief would be in a more favorable lease at the stadium, which would put the Senators more in the position of many other teams in the American and National Leagues, some of whom own their own stadiums and others benefit from lower lease costs than do the Senators. However, the D.C. Armory Board has expressed opposition to renegotiating a new and more favorable lease with the Baseball Club, and in view of their own financial obligations under the D.C. Stadium Act, I must say that I agree that they are justified in taking this position. However, if H.R. 2293 is enacted into law, and the annual burden of interest on the bonds is removed, it appears that the Secretary of the Interior might then be in a position to negotiate easier leases

with the Senators Baseball Club and perhaps with the Redskins and other users of the stadium as well.

I wish to make it clear that my concern in this area is not with the financial problems of the present owner of the Senators baseball club, a gentleman who is well known as an excellent business man and promoter . . . well able, I am sure, to take care of himself. Rather, I am concerned with the public, the citizens of the Washington metropolitan area, who in my opinion will be the real losers if it becomes impossible for a major league baseball team to operate in Robert F. Kennedy Stadium.

As I have pointed out, the Department of the Interior has had a considerable interest in the construction, operation, and maintenance of this stadium since its inception. Further, under the provisions of the original D.C. Stadium Act, they are to assume complete ownership and stewardship of the stadium at some future date. Under these circumstances, it makes a great deal of sense to me to transfer this ownership and responsibility now, under the terms of H.R. 2293, which will afford relief to the tax-payers and at the same time may assure renewed life for major professional sports here in the Nation's capital.

Mr. Chairman, I urge the support of my colleagues on this Committee for this proposed legislation.

Mr. ABERNETHY. Also a statement from Congressman Conte, another cosponsor of the bill.

STATEMENT OF HON. SILVIO O. CONTE, MEMBER OF CONGRESS FROM THE STATE OF MASSACHUSETTS

Mr. CONTE. Mr. Chairman, I welcome the opportunity to present this statement before the Subcommittee concerning the need for rapid enactment of H.R. 2293, which would transfer title of the Robert F. Kennedy Stadium from the District of Columbia Armory Board to the United States and vest operation and management of the Stadium in the Department of the Interior.

As has been made clear by other testimony, the financial status of the Stadium is most precarious. Presently the annual interest cost on the outstanding bonds is an astounding \$850,000. The Armory Board has managed to scrape up about \$350,000 a year, which still leaves a deficit of \$500,000 in interest payments alone.

The District Government has been saddled with this deficit as a regular budget expense. All this means, as I am sure you are aware, is that the Federal Government ultimately foots the bill through its contributions to the District's budget.

The outcome of this financial horror story is that, after nearly 10 years of operations, no dent has been made in the original \$20 million principal that is outstanding on the bonds.

The legislation which my colleagues and I are co-sponsoring is designed to remedy this calamitous situation. Once title to the Stadium was transferred to the U.S., the Department of Interior would purchase all the outstanding bonds from funds appropriated for this purpose. A 10 per cent tax would then be levied on all tickets sold for stadium events. The proceeds of this tax would go into the Federal Treasury until the \$20 million principal is paid back.

During such time as the 10 per cent tax is in effect, the District of Columbia would be prohibited from levying sales and use taxes of its own. Once the bonds were fully paid off, however, the District would be free to re-institute these taxes.

Mr. Chairman, I believe the financial situation the Stadium finds itself in amply demonstrates the need for this legislation. The benefits that would flow from its enactment are twofold: (1) It would put a stop to the continuing drain on federal resources for interest payments; and (2) It would place the burden of paying for the Stadium facility where it belongs—on the spectators.

I sincerely hope that the Committee will take prompt, effective action in approving this vital legislation.

Mr. HUNGATE (now presiding). Mr. Melich, Solicitor of the Department of Interior. If you wish, you may bring Mr. Ken Brown, Mr. George Hartzog, Mr. Russell Dickinson and Mr. Floyd Huff with you.

STATEMENT OF MITCHELL MELICH, SOLICITOR, DEPARTMENT OF THE INTERIOR;
ACCOMPANIED BY RUSSELL DICKINSON, GENERAL SUPERINTENDENT, NATIONAL
CAPITAL PARKS

Mr. MELICH. Mr. Chairman, members of the Committee, I am pleased to have this opportunity to appear before you to present the views of this Department with regard to the proposed legislation before you today. Mr. Hartzog is out of town and could not be here.

While this Department believes that the financial responsibility for both the interest and principal amounts which remain due on the D.C. Stadium should be shared by the District of Columbia and Federal governments, we also believe that there does not exist sufficient national interest in the D.C. Stadium to justify the Department of the Interior's assumption of management over the stadium.

OPPOSES TRANSFER TO INTERIOR

Over the years, Congress has articulated a national policy involving this Department in the preservation of outstanding examples of this country's natural and historical resources. We do not feel that the custodial care of the D.C. Stadium is within this realm of responsibility.

At present the responsibility for managing the stadium is vested in the D.C. Armory Board. The continuance of their responsibility would be consistent with the policy of this Administration; that is, the promotion of local control of municipal functions.

The Administration fully realizes the importance of a fair Federal assumption of financial responsibility for the stadium, which was from the beginning intended to be self-supporting and not to constitute a financial burden upon the District Government.

The Administration is cognizant of the fact that in other parts of this country area-wide facilities are often supported by jurisdictions with a larger tax-base than the District of Columbia.

Because of these reasons, the Administration is now working to develop a sharing plan for financial obligations between the Federal and District governments. I understand that this proposal will be presented to the Congress in the near future.

Thank you.

Mr. SPRINGER. Mr. Melich, just to clarify for the record, I was on the Committee in 1958 when the real crunch came and there was no money left. It was decided to issue these bonds and put them under the Department of Interior and that is where they are. Didn't Interior actually build up the area?

Mr. MELICH. The parking has been constructed by the Department.

Mr. SPRINGER. Did we pay for that or are there bond issues?

Mr. BROWN. Appropriated funds paid for the parking areas.

Mr. SPRINGER. The Congress did appropriate money to pay for the parking and that is free from any obligation.

Mr. BROWN. That is true.

Mr. SPRINGER. The only real obligation is that of the stadium itself. Is that true, and that is the bonds you are talking about in this instance?

Mr. MELICH. The Congressman you spoke of earlier, that is the only outstanding obligation. Any commitments or expenditures have been paid as a result of appropriations by Congress to the Department.

Mr. SPRINGER. The Department of Interior does not own the parking area?

Mr. DICKINSON. We own the parking lot.

Mr. ABERNETHY. All that land belonged to the Department of Interior at the time the stadium was constructed and the title to the area on which the stadium is located was passed to the Armory Board to be returned to Interior when and if the bonds were retired.

The Department maintains title to that area which consists of parking. Is that not the situation?

Mr. MELICH. That is correct.

Mr. SPRINGER. And the land on which the stadium is located is owned by the Department?

Mr. MELICH. It was transferred to the Armory Board.

Mr. SPRINGER. All you did was retain parking?

Mr. MELICH. That is correct.

CONCESSION CONTRACTS

Mr. SPRINGER. What is the money that has been collected on which the parking is located being used for?

Mr. DICKINSON. We have a concession contract with the Armory Board under which a fee of \$100 per year is paid to the Federal Government. Revenue from parking goes entirely to the Armory Board.

Mr. SPRINGER. They get the benefit of it although it is already paid for. Could you give me some idea of how much money is collected by the Armory Board from parking?

Mr. ABERNETHY. I think the Armory Board has filed a report revealing all sources of revenue and the quantity thereof.

Mr. MELICH. I have received a copy of your hearings held October 13, 1970, and I notice in the appendix, on page 55, there is mention in the statement of operations earned income and expenditures under the item, "Parking Revenue," showing \$421,791.62 and that was for the fiscal year ending June 30, 1970, and that is a statement that is made a part of your hearings.

Mr. SPRINGER. Then, in addition, I take it that the concessions are owned by the Senators completely. Is that correct?

Mr. ABERNETHY. No.

Mr. SPRINGER. Who owns the concessions?

Mr. MELICH. The Armory Board.

Mr. SPRINGER. Does the Armory Board administer the concessions?

Mr. MELICH. Under the amendment to the original Act, Public Law 85-300 section 5 provides: "In order to carry out the provisions of this Act, the Board is hereby authorized without regard to any other provisions of law to operate or contract for the operation of such concessions including the checking of clothing and sale of beverages and food as the Board may deem appropriate for the purposes which the stadium may be rendered or leased." That responsibility was given to the Armory Board and it still has it.

Mr. SPRINGER. Then, in addition to that, 13 percent of the gross receipts at the baseball games and 18 percent of the total gross receipts at all other events is the payment the Senators get. Am I correct?

Mr. MELICH. I am not familiar with all of those involved problems.

Mr. ABERNETHY. The Armory Board is here and will testify to that.

Mr. NELSEN. I am surprised now at the position of the Department of Interior. We beign country boys and believed the representatives of Interior last fall and what their view would be of a proposed bill such as this, and they endorsed it.

They have now changed their view and obviously Interior must have been wrong at one time. Talking about the Armory Board and the parking revenue, the parking is there for what purpose?

Mr. MELICH. The parking is to accommodate spectators and others who participate and enjoy watching baseball, football and other events that occur in the stadium.

Mr. NELSEN. But if you didn't have any baseball or football going on, you wouldn't have any parking revenue.

Mr. MELICH. Yes.

Mr. NELSEN. The Armory Board is in charge, but does it get any fee from those who have leased concessions?

Mr. MELICH. I don't know the nature of the contract that the Board has. I think they will furnish that.

Mr. NELSEN. In the event that there were no baseball team, how would you amortize the investment? What would you do? Your income would be down; would it not?

Mr. MELICH. Whichever Federal agency had the responsibility for the management and upkeep of the stadium would come to Congress for an appropriation.

Mr. NELSEN. Do you see any point in trying to work out an arrangement between the Redskins, the Senator baseball team, and the stadium, that looks like the total package, which would accelerate the athletic activities of the area to produce the income that would amortize the obligation? And take the load off the back of the city government. Do you see anything wrong with such an objective?

Mr. MELICH. I see no objection if Congress, in its wisdom, wants to appropriate required funds to whatever agency operates the stadium to pick up whatever deficit is there. I think that is the responsibility you gentlemen have to assume. That is the crux of the issue we are facing today.

Mr. NELSEN. Under law, the stadium finally goes back to Interior regardless of all the financial difficulties we may have, and in the meantime the revenue goes to the District of Columbia as the present owner of the land. Isn't that right?

Mr. MELICH. I only want to make the observation that I do find that we do depend on agencies to come up with an answer, and when they switch signals it embarrasses me and makes me wonder why the switch.

If we are going to have a problem in working this out, I am going to wash my hands. We are trying to work it out in the best interest of the city and of the United States Government.

To my knowledge, the Department did not submit a report on the previous legislation one way or another.

I inquired and I have not been able to ascertain that the Department made a commitment for or against this bill at the previous hearing. If that information is available, I was not able to find it in the record that I reviewed last night.

INTERIOR'S POSITION

Mr. NELSON. We assumed Mr. Hartzog was speaking here for the Department and was given the green light to speak, and if Mr. Hartzog finds there is something wrong with the bill and has recommendations to change it, no one of us wants to make any move other than one that is above board and in the public interest.

Mr. THOMSON. I would like to ask the witness if there was any other representative here from the Interior Department except the statement made by Russell Dickinson, General Superintendent of the National Capital Park Service.

Mr. THOMSON. The only thing I find in the hearing record is a statement by Mr. Dickinson, "Director Hartzog is out of town and unable to be here. He expresses his regrets. I am not empowered to give you a position. We are taking it under advisement."

Mr. HUNGATE (presiding). I agree with the gentleman from Wisconsin. I was not at the subsequent executive session. I agree, the record states that Mr. Hartzog was out of town at the time of the October 1970 hearing.

Mr. JACOBS. What is your point of reference?

Mr. NELSON. Yes, but Mr. Hartzog was at the executive session; he was sitting down front in November and saying what I related.

Mr. JACOBS. Could we find out if Mr. Hartzog said that and if so, why?

Mr. SMITH. I think probably it was in an executive session, and it seems to me that he answered to the effect that if it was the will of Congress that the Interior Department take over the management of the D.C. Stadium, he thought the Interior Department could manage the D.C. Stadium.

My memory is not particularly that he was in favor of it or against it, but merely a statement of management capability.

Mr. JACOBS. It is my independent recollection that there was no opposition expressed. I don't recall that there was affirmative support, but my best recollection was that there was no opposition from Interior at the time.

Mr. DICKINSON. I was present with Director Hartzog at the Executive Session. He did respond to questions and tried to indicate the capability that the Department of Interior National Park Service would have in operating this stadium, and I share the statement here that it is my recollection that he did not give affirmative support but indicated the capability.

Mr. JACOBS. That is right. You certainly could express or discuss the capability of the Department without discussing the desires. On the other hand, I just wondered—and I noted that the Interior now opposes this bill—and I wondered at that time why there was silence on that question.

The opportunity presented itself for Mr. Hartzog to express himself on the question of whether the Department desired the bill or opposed it at the time. Do you have any idea as to why he did not?

Mr. DICKINSON. I believe the statement made this morning indicates the opposition to the basic proposal. There is an alternative proposal now being presented by the administration.

Mr. ABERNETHY. All of us seem to be confused. When these hearings were conducted, no bill had been introduced. The hearings were October 13, 1970. There was no legislation pending before the Committee or Subcommittee. None had been introduced.

It was merely the subject matter which the subcommittee had under consideration. No bill had been submitted to the Department of Interior, for an opinion as to how the Department stood on the issues.

I am certain that from what is before me here as the published hearing that the Department was not called upon to submit its position on this bill until the bill was introduced this year.

Mr. NELSEN. I am not willing to let Interior go scot-free.

The committee record shows the representatives of Interior were here, and they indicated no opposition. I assume they went along with the idea that a change had to be effected one way or another to bring us out of the dilemma we are in.

I don't care whether the Armory Board negotiates, or the Interior Board negotiates. I only want to make it clear that somebody needs to if we are going to keep that athletic operation going in the Nation's best interest, and I can't imagine anything more important to the District of Columbia than a baseball team where the kids of this town can enjoy our national sport and become involved in a manner that occupies their time instead of loafing on the street. I just wanted to indicate my interest and work it out.

Mr. ABERNETHY. I would like to say my statement was not made for the purpose of attempting to relieve anything the Administrator might say.

I was trying to make the record clear that the Department of Interior had not been called upon. Actually, last year the bill was not introduced and it was many days after that before the Subcommittee ever took a vote.

Everything was inconclusive at that time. We realized at the time that there was not sufficient time for the consideration of the matter during the last Congress.

EXPERIENCE IN OTHER STADIUMS

Mr. HUNGATE. I would like to ask one question, referring to page 2 of your testimony you state that the Administration is cognizant of the fact that in other parts of the country area-wide facilities are often incompletely supported by jurisdictions with a larger tax base than that of the District. Could you give us an example?

Mr. MELICH. Milwaukee has a county stadium?

Mr. HUNGATE. Milwaukee has a larger tax base than the District of Columbia?

Mr. MELICH. I should think it would have. Because the county undertook that project in Milwaukee, I think Milwaukee is cited as an example of the support given baseball.

Mr. HUNGATE. Do you know the assessed tax valuation in Milwaukee?

Mr. MELICH. I don't know that.

Mr. HUNGATE. What is the assessed value for taxes in the District of Columbia?

Mr. MELICH. I don't have that information.

Mr. ABERNETHY. Any other areas where they support facilities with a tax base?

Mr. MELICH. I am not familiar with the various stadiums. I think we could obtain that information for the Committee in areas where stadiums are built by municipalities.

Mr. MELICH. Shea stadium in New York is supported. I noticed in the paper that Mayor Lindsay proposed that Yankee Stadium be purchased by the State of New York.

Mr. HUNGATE. Mr. Bergman, would you proceed?

STATEMENT OF ARTHUR J. BERGMAN, MANAGER, DISTRICT OF COLUMBIA ARMORY BOARD

Mr. BERGMAN. I have the following statement:

Aside from the financial problem imposed by the ultimate redemption of the \$19,800,000 Stadium Bonds between 1970 and 1979, plus the annual burden of \$831,600 interest payments, the Armory Board has enjoyed and has been appreciative of the opportunity, afforded through its operation of the Robert F. Kennedy Memorial Stadium, to participate in bringing to the people of Metropolitan Washington and the outlying areas, the many major league professional games, inter-scholastic games, concerts and religious gatherings which have been held at the Stadium over the past ten years.

As is common knowledge in Congress, and in the involved agencies of the Federal and District Governments which have been the recipients of the Armory Board's year-by-year financial reports, under the Board's management, cash operating profits which began at 34% in 1962 and steadily increased through the years to reach 50% in 1970—averaging a net operating profit of \$300,000 annually—have amounted to \$3 million.

The \$831,600 annual bond interest, however, reversed the active operating cash profits into annual deficits, averaging \$500,000—for which the Armory Board is now indebted to the District of Columbia Government by a little over \$5 million—

making it impossible to set aside any funds toward the eventual redemption of the stadium bonds.

The Armory Board, therefore, welcomes whatever solution may be found which will prove to be economically feasible and advantageous to those who attend stadium events, to the citizens of the District of Columbia, of the Metropolitan area and of the country.

AMENDMENT PROPOSED

The Armory Board would like to recommend that, in view of the Board's ten-year experience in efficient operation of the stadium, consideration be given to continuing the Armory Board's management of the facility. Other comments of the Board follow:

The following report is made in the light of the Armory Board's experience in having operated the Robert F. Kennedy Memorial Stadium since October, 1961.

SECTION 3

In view of the Board's experience in the past two years of having been approached on three different occasions (when investment rates were 6% and better) to buy back the \$1000 bonds (@ 4.20%) for \$800 and \$900, the Board would recommend that the original wording be restored: to *Provide* within a year for redemption of the bonds, rather than to *Redeem* within a year; so that the bonds might be redeemed at the most advantageous period of the fluctuating bond market.

From the Armory Board's records of account, we submit the following information:

	<i>Amount</i>
Amount of Bond Issue-----	\$19,800,000
Premium to be paid if Bonds Redeemed between 6/1/72 and 12/1/73 -----	495,000
Indebtedness to District of Columbia Government as of 6/30/70--	5,080,923
 Total -----	 25,375,923

There is also a contingent liability of \$955,000 representing a claim by the Stadium construction contractor, pending before the District of Columbia Contract Appeals Board.

SECTION 4

Also from the Armory Board's records of account, we submit the following figures:

In their 1969 and 1970 seasons, 10% of the average gate receipts was:

	<i>Amount</i>
Baseball -----	\$281,716
Football -----	298,520
 Total per year-----	 580,236
Years multiplied by-----	43
 Total -----	 24,950,148

In their 1967 and 1968 seasons, 10% of the average gate receipts was:

	<i>Amount</i>
Baseball -----	\$135,855
Football -----	255,730
 Total per year-----	 391,585
Years multiplied by-----	63
 Total -----	 24,669,855

So it would take 63 years to make up the \$24,669,855. I think this is a good time to clarify some facts since there are statements made by some persons and the press concerning the confusion in the Armory Board of the operation of the stadium.

First, the Armory Board established its policy and changed the personnel to include the General of the National Guard, and a person not employed by the Federal District Government and appointed by the Chairman of the District Committee to the House of Representatives and the Senate.

Under the direction and authority of the Stadium Act, the Armory Board issued stadium bonds purchased by the Chase Manhattan Bank, who sold them to various people around the country.

Mr. HUNGATE. Are these payments current?

Mr. BERGMAN. Yes, sir. The stadium authorized the Armory Board to construct and maintain the stadium and have full financial responsibility and the Federal Government guarantees payment of the interest on the bond and through this guarantee provided the District Government has made up the Armory Board's deficit on the payments. The Armory Board was established by the Congress in 1948 and is independent of the District and Federal Government.

Mr. HUNGATE. Does that conclude your statement?

Mr. ABERNETHY. As I understand the bill before the Committee, there are only two main points. One is to transfer the title and actually the management of the stadium to the Department of the Interior. No. 2 is to impose a ten percent administration tax. That is my understanding of the legislation. I don't know if anything else is involved.

What is your position on the transfer of the D.C. Stadium to the Department of Interior? It seems the Department would rather not have it, and you would rather not give it up.

I don't know that the Washington baseball club or the District of Columbia or the citizens of the area would benefit more either way. I can't see they would.

FINANCES

Now, according to your figures a ten percent admission tax would raise only a nominal amount of money in comparison to what you need to retire the indebtedness and meet the interest.

Mr. BERGMAN. That is correct.

Mr. ABERNETHY. Do you know of anyone who differs with your statement in that respect?

Mr. BERGMAN. No, sir.

Mr. ABERNETHY. I have a high regard for my colleague Mr. Fuqua. Have you discussed this with him?

Mr. BERGMAN. No, sir.

Mr. ABERNETHY. I wonder if there has been outlined to him the amount of revenue this would raise and the contribution it would make toward the retirement of the interest, meeting the interest and the debt. Of course, that would fluctuate if there is an increase in attendance.

The ten percent tax or the amount of money would depend on the attendance. In what year did you have your best attendance?

Mr. BERGMAN. 1969.

Mr. ABERNETHY. That was the best and you have given us figures. When you have a college game such as between Navy and the Air Force, do they pay a rental for the stadium?

Mr. BERGMAN. Yes, they pay ten percent.

Mr. ABERNETHY. Of course, any kind of rental would be better than none at all. I think it is a fine thing that we can bring some college teams in here.

Is an effort being made by the Board or others to persuade the colleges of the area, as the Naval Academy, to play more games in the stadium?

Mr. BERGMAN. Yes, sir, we have had games of both the Army and Navy, and have discussed the possibility of the University of Maryland playing in the stadium.

Mr. ABERNETHY. I can understand that they would not be overly enthusiastic about it. They have their own stadium and a move to RFK Stadium would be an additional burden to the finances of their own athletic association.

Mr. BERGMAN. Georgetown University, American, Catholic University, have all discontinued football. They have no colleges here participating in activity football.

Mr. THOMSON. Mr. Bergman, what you are really saying in this Section 4 of your statement is that 10 percent proceeds tax would do no more than pay the interest on the bonds. Is that correct?

Mr. BERGMAN. That is correct.

Mr. THOMSON. And a ten percent tax makes no provision for paying off the principal of the bond?

Mr. BERGMAN. That is correct, sir.

LEASES

Mr. THOMSON. Have you been approached by the Washington Senators Baseball Club to reduce the amount of rental they pay there?

Mr. BERGMAN. I have had general conversations with Mr. Short in which he stated he had to have relief. In other words, he would like to change the contract. We have told Mr. Short that under the circumstances we are interested in paying off the interest, and there was no way we could offer him any assistance at this time.

Mr. THOMSON. The Washington Senators paid \$151,000, is that correct?

Mrs. KEITH. Yes.

Mr. THOMSON. That is for about 64 ball games?

Mrs. KEITH. It is close to 80. It could be 77 or 78.

Mr. THOMSON. A little less than \$2,000 a game, is that it?

Mrs. KEITH. Right.

Mr. THOMSON. If the Interior had this same fiscal problem, how could they reduce the amount that was charged for the use of the stadium?

Mrs. KEITH. I have no idea.

Mr. ABERNETHY. Section 3 of the bill provides that the bond shall be redeemed, I presume, from the Federal Treasury within a period of one year from the effective date of this Act. I can now anticipate the hot debate on the floor over this bill.

Mr. THOMSON. Well, it doesn't change the obligation the taxpayers of the country are going to pay, unless the attendance is better at the stadium, and if the bill passes, the blow to the taxpayers is coming sooner than if it is under your administration. Is that it?

Mr. BERGMAN. Yes.

Mr. STUCKEY. Mr. Bergman, at the present time, all you can foresee is that you will just be able to pay off the interest on the bonds, is that correct?

Mr. BERGMAN. We have never had sufficient income, as far as football and baseball are concerned, to do more.

Mr. STUCKEY. So all the interest on the bonds has been paid.

Mr. BERGMAN. What it amounts to over a period of ten years is that we have paid over \$10 million in interest of which the Armory Board has paid \$5 million and the District of Columbia has paid \$5 million.

Mr. STUCKEY. Do you see any prospect of paying off the principal any time in the future?

Mr. BERGMAN. No, sir.

Mr. STUCKEY. What are the bonds selling for now?

Mr. BERGMAN. They have been offered at 80 percent of face.

Mr. STUCKEY. And face is 100.65. So they are selling it 20 percent discount. If the RFK Stadium is transferred to the Interior Department, they will in fact under this bill, pay off the principal and redeem these bonds, is that correct?

Mr. BERGMAN. At a premium.

Mr. ABERNETHY. As I understand the theory of this legislation, it is for the Federal Government to immediately retire the bonds, that is, within a year.

The Secretary of Interior would pay off the bonds, the tax would be imposed, a 10 percent admission tax, and that would go back into the Federal Treasury as a means and method of repaying the Federal Government for that which it had paid out in redeeming the bonds. Is that the theory in this legislation?

Mr. BERGMAN. Yes.

Mr. DUGAS. I understand that to be the theory of the legislation.

Mr. STUCKEY. It will certainly be a long time paying off the Treasury if that is indeed the plan of what is intended by this bill with this method of doing it.

Mr. SMITH. Mr. Chairman, I assume that Mr. Bergman's figures in Section 4 of his statement pertain to that, and it would look as though from the figures you set forth in Section 4 of your statement Mr. Bergman, that you have estimated it would take about 43 to 63 years to pay it off with this ten percent tax on an average admission.

Mr. Bergman, it has been suggested that a better tax from the point of view of the Federal Government might be a definite amount per seat like 25 cents per ticket.

Do you have any figures based on recent attendance that would come from that kind of a tax?

Mr. BERGMAN. That would be \$250,000. That is baseball. It would be another \$700,000 or probably a million and a half attendance.

AMENDMENT PROPOSED

Mr. SMITH. A million and a half attendance.

Mr. HUNGATE. I want to see if I understand this. You would propose an amendment to Section 3 of the proposed legislation introduced by Mr. Fuqua. You would propose that rather than as the bill now provides that Secretary of Interior shall within one year from the effective date redeem all bonds which I presume would imply, at face value, and you would propose it be amended so the Secretary of Interior shall provide within one year for the redemption of bonds which would permit you to buy them at so-called 20 percent discount?

You propose that as an amendment to Section 3 if the bill should be adopted, but as I understand the Board's position, they do not favor transferring this to the Department of Interior.

Mr. BERGMAN. I think the basic position of the Board is in picking up these bonds, the operation of the stadium could be put on a much better basis.

Mr. ALBERNETHY. I think he is saying if the Federal Government wants to pick up the bonds he is not going to object to it.

Mr. HUNGATE. I think that is all the questions we have. We will recess and come back at 2 o'clock.

TICKET TAX

Mr. SMITH. If I might pursue the question I proposed and that is, a tax of a specific amount on each ticket. As I understand, there is a proposed attendance of a million and a half people which at 25 cents a ticket would produce \$375,000.

That proposed attendance would be a proposed baseball attendance of 1,000,000 and football attendance of 500,000.

Mr. BERGMAN. The baseball tickets now are the highest in the country, so it would give us another ten percent to put on that.

Mr. SMITH. You mean the present price of baseball tickets at this stadium are the highest average price?

Mr. BERGMAN. If there is another ten percent put on that you might lose some of the attendance.

Mr. SMITH. There is already a sales tax.

Mr. HUNGATE. I raised the question of public interest in this area and its being one of the substantial reasons for the Government to justify in spending millions of dollars on the stadium.

Do you think that the fact that there might be a number of children in the area who could not afford the price of a ticket—

Mr. BERGMAN. They control their own occupancy.

Mr. HUNGATE. There is no control in the Stadium Board of the District of Columbia or elsewhere to insure that there would be a section where several thousand young people under a certain age get into the ball game at a reasonable price.

Mrs. KEITH. That is controlled by the Senators or Redskins. The Redskins do make provisions for a certain number of children at every one of their games. I don't talk with them. I don't know what arrangements the Senators make, but the Redskins do make provisions.

Mr. JACOBS. Do you have any idea how large that number is in the case of the Redskins?

Mr. BERGMAN. We have set up bleachers there right before the scoreboard and I think that holds about 1,500. I am not familiar with how many they invite, but the stands hold about 1,500 persons.

Mr. JACOBS. How many children would you think live in the District of Columbia at the present time?

Mr. BERGMAN. I haven't the slightest idea.

Mr. ALBERNETHY. This is a matter, as I understand it, within the expression of Washington baseball club. I think it is a well known fact that the Washington Baseball Club on certain days have what they call, "Bat Day," and "Cap Day." They admit the children at a reduced rate and sometimes free when accompanied by their father, but they do have special days for the children. This is a common thing throughout the entire baseball setup in both the National and American leagues. Mr. Short is in the room.

STATEMENT OF ROBERT E. SHORT, OWNER, WASHINGTON SENATORS

Mr. SHORT. We are the only team in baseball to admit a child to our stadium for \$1. In addition, we have Family Day where the father pays full fare and the mother and the child half.

We give away a bat that costs us a dollar and the child comes in the building for a dollar and by the time I finish paying Mr. Bergman's rent and the team shares, I have lost 50 cents on every child's admission.

Mr. ABERNETHY. But you do have those special days?

Mr. SHORT. Plus the fact we let them in free in terms of the school patrol and in cooperation with the Police Department Boys' Club. In my first year I organized the Senators Boosters; we tried to find a man in the District of Columbia to sponsor a crippled child, and my truckline paid for half of those requests because we couldn't get the merchants to come up with the money for these free tickets.

Mr. HUNGATE. In passing, I share Mr. Nelsen's interest in young people, and admitting them to ball games is commendable. Also, \$25 million, which I think we are talking about, would buy a lot of tickets. Are there any further questions?

Mr. NELSEN. Mr. Chairman, I notice in its statement that the Armory Board recommends that, in view of the Board's 10-year experience in efficient operation of the stadium, consideration be given to continuing the Armory Board's management of the facility.

As far as I am concerned, I have no feeling as to whether it should be there or elsewhere. Our original discussion indicated that as long under law, as it is going back to the Department of Interior finally, that we had better move in the direction of finality of the whole operation. Mr. Bergman, I do want to commend you on that part of your statement as to your efficient operation, and I hope it actually improves beyond its present efficiency.

I suppose that the Armory Board would join all of us in the hope that somehow we can work this thing out. I think one of the problems we face is a lack of communications between one group and another—the Redskins, Senators, Armory Board, and Interior.

We need to look at the total package of operations to see what is wrong and what needs to be done and how we would salvage this thing. I am certain we would agree that it would be a sorry situation if we only had the Redskins in the stadium and no baseball team to entertain this area. Mr. Griffith went to Minnesota and has a winning ball team, and we want our stadium to have an income that will produce a winning ball team.

Mr. BERGMAN. The members of the Board and I would definitely agree to that.

Mr. HUNGATE. Mr. Dugas, do you have a statement to make?

Mr. DUGAS. I would ask that my prepared statement be made a part of the record.

Mr. HUNGATE. Mr. Dugas requests that his statement be made part of the record. Are there any objections?

(There were none.)

STATEMENT OF JULIAN R. DUGAS, DIRECTOR, D.C. DEPARTMENT OF ECONOMIC DEVELOPMENT

Mr. DUGAS. Mr. Chairman and Members of the Committee: Thank you for the opportunity to appear before you today to discuss H.R. 2293, a bill which would transfer the ownership and operation of the Robert F. Kennedy Memorial Stadium and related facilities from the District of Columbia Armory Board to the United States. Specifically, the Secretary of the Interior, under H.R. 2293, would operate the stadium. The Secretary would also be directed, within one year of the date of enactment, to provide for the payment in full and retirement of any and all indebtedness, both principal and interest, which may remain outstanding by reason of construction of the stadium.

The District Government recognizes the substantial effort made by the District Committee during the 91st Congress to examine the intricate leasing and financial arrangements surrounding the operation of the Robert F. Kennedy Memorial Stadium. I believe the Committee's work has clarified a number of issues concerning the construction of the stadium and its current operation. In addition, the Committee's hearings of last Fall pointed up the various interests involved in the operation of a stadium in the Nation's Capital—interest ranging from local to regional to national in scope.

In order to accommodate all of these interests, the District Government has been working with the Office of Management and Budget and other appropriate Federal agencies to develop a sharing arrangement, whereby the District and Federal Governments will share the financial responsibility for both the principal and interest involved in the indebtedness for the stadium. This sharing arrangement is being designed to not only reflect both Federal and local interests, but also to provide orderly and adequate funding of the stadium indebtedness so that the outstanding debt may be retired in the relatively near future, a matter I realize is of particular concern to this Committee.

The proposal about which I speak will soon be ready and will be presented to the Congress in the near future. We will, of course, make it available to this Committee as soon as possible.

DISTRICT OPPOSES H.R. 2293

In light of the foregoing, we are opposed to the enactment of H.R. 2293.

Thank you again for this opportunity to testify.

I would like to comment on a portion of my statement which goes to what I believe to be Mr. Nelsen's suggestion that we begin to have more dialogue one with the other on this problem, and I believe under the leadership of the Office of Management and Budget of the Executive Office of the President, we are now engaged in that very process.

Mr. Nelsen, I do believe that in the very near future the matter of refinancing the stadium will be worked out satisfactorily to all the parties concerned and also in the national interest and consistent with what the Administration conceives to be its role in this area.

We hope we will be able to bring the report to this Committee in the very near future. I hope that we are talking in terms of two to three weeks and in addition to the financing mechanism there is a legislative proposal. That may delay it somewhat.

Interior is also opposed to the enactment of H.R. 2293 in its present form, and in light of the fact, they and the District are now working on a proposal that they think will be equitable to all parties, and we hope will have new legislation that will accomplish what we believe to be the desires of this Committee.

Mr. HUNGATE. As I understand the statement of the D.C. Government, they are opposed to this bill and they have, I would gather, some sort of alternate proposal that we would like to submit to the Committee within what period of time?

Mr. DUGAS. Two to three weeks.

Mr. HUNGATE. What about three weeks?

Mr. DUGAS. It is difficult because we are not the only party involved. The Office of Management and Budget is involved and have brought in their own suggestions and until we can come to a final agreement with the Office of Management and Budget we would not be at liberty to transmit the proposal.

Mr. HUNGATE. You are suggesting two to three weeks. I am trying to take the longest period. Now, this Congress will be gone after April 7th for Easter recess, so if we gave you until let us say April 19th, would that not be adequate? Would that be an adequate length of time?

Mr. DUGAS. We would do everything we can to see that that bill is to you by that time.

Mr. HUNGATE. Can you give me a definite time?

Mr. DUGAS. I would like an opportunity to consult with the Office of Management and Budget.

Mr. HUNGATE. We have a limited number of days in which to accomplish this legislation. It has to go to this Committee, the Full Committee and to the floor. We need to move on this and I wonder if you would convey some sense of urgency to the other groups with whom you are dealing, and could we fix a date? Let us say the 23rd. That is merely a month from now.

Having given you a reasonable time to act, you understand that if we have nothing further from you we may have to act anyway.

Mr. ABERNETHY. I think the emergency that exists requires that they not wait until that day, but get this up here as soon as possible because this is a rather critical situation. I think Mr. Short wants to know something before then and I am sure the Congress wants to know. In the interest of baseball in the District, I think it incumbent on the District of Columbia to get whatever they have in their minds in the hands of this Committee next week.

I believe with a little pushing you would not have to wait until that time to get this matter up here.

Mr. DUGAS. We will get it in on or before the date set by the Chairman.

Mr. HUNGATE. I am setting that other date so that there would be no complaint.

Mr. NELSEN. I don't know what sort of a plan is in the making, but I have been doing a little checking around and I have been hearing some reports about a Federal payment. I just want to make the observation that I think the District of Columbia Committee is being pushed pretty hard on Federal payments, and I doubt that you can push the Committee any farther.

Our concern is here that a tax on admissions of some kind that would not put further burden on the taxpayers, but let the persons who go to the ball games have the responsibility to amortize this loan and get the things straightened out.

I hope you expedite your report to us. It has taken seven weeks already to get a preliminary report on this bill, and I hope you will speed up the operation so that we have a look at what the plan may be. I have been hearing rumors that I hope are not true.

Mr. HUNGATE. It may involve other parties, but would you please convey to them the sense of urgency that the Committee can't wait forever.

Mr. DUGAS. I will do that immediately.

Mr. HUNGATE. Mr. Short, I believe it might suit the Committee to come in again at 2:00 o'clock for your testimony, or in the morning.

Mr. SHORT. I came from Florida to this meeting to present whatever testimony you want from me today.

Mr. HUNGATE. We will convene again at 2:00 o'clock. I thank the members for their diligent attendance this morning.

(Whereupon, at 12:30 p.m., the hearing was recessed to reconvene at 2 o'clock that same day.)

AFTERNOON SESSION, TUESDAY, MARCH 23, 1971

The subcommittee met, pursuant to recess, at 2:10 p.m., in Room 1310, Longworth House Office Building, Honorable William L. Hungate, presiding.

Present: Representatives Hungate (presiding), Nelsen, Harsha, and Broyhill.

Also present: James T. Clark, clerk; Hayden T. Garber, counsel; John Hogan, minority clerk; and Leonard O. Hilder, investigator.

Mr. HUNGATE. The subcommittee will come to order. The hearing will resume. Mr. Short, will you come up please? Chairman McMillan will be here if he can. The 18-year-old vote is on the floor. Mr. McMillan, Mr. Jacobs and Mr. Smith are handling that bill. We will be pleased to hear you.

STATEMENT OF ROBERT E. SHORT, OWNER, THE WASHINGTON SENATORS; ACCOMPANIED BY JAMES H. LEMON, PART OWNER

Mr. SHORT. I am grateful that you permit us the opportunity to come here and restate what we did state. I would like to introduce my partner, Mr. Jim Lemon who is a bond expert in terms of securities here in the District of Columbia and is a 10-percent holder of stock in the present Washington Senators' operation.

He was also one of the 10 people who 10 years ago brought back to the District of Columbia the expansion franchise that is currently the Washington Senators and the present building.

He and his deceased partner, Mr. Johnson, were the survivors of 10 people who brought the club, operated it here for a long time and when Mr. Johnson died the estate of Mr. Johnson and Mr. Lemon sold the club to me for the first year of operation in 1969.

By way of reference, I would hope to incorporate without going over all of my remarks that are contained in your prior committee hearing.

Mr. HUNGATE. We do have copies of the hearings that were held on October 13 last year. At the time those hearings were held, there was no legislation pending. I think we should incorporate those hearings by reference to make them a part of the hearings here today.

TITLE TRANSFER TO INTERIOR

Mr. SHORT. I might say to those of you who are on the Committee today that I was shocked when I learned last evening for the first time that there were some misgivings on the part of the Office of Budget and Management (which

was the old Budget Bureau) and the District Armory Board, and the Department of the Interior to do what was contemplated by the legislation proposed by Mr. Fuqua as a result of the hearing we had in the last Congress.

So that there will be no misunderstanding, the idea of moving jurisdiction over this building from the present Armory Board to the Department of the Interior was not Bob Short's idea.

Long before I was ever interested in Washington baseball, it was contemplated and suggested by the Armory Board, by the mayor of the city of Washington, by the Bureau of the Budget, and by the Department of the Interior, that this should be the ultimate objective of managing the building that you now call Kennedy Stadium.

So that there can be no misunderstanding in terms of communication, my appearance here in the last session of Congress was not the first time that I pointed out to anyone who would listen, from the President of the United States, the Federal Bureau of the Budget, the Bureau of the Budget of the District of Columbia, the Mayor of the City of Washington, each of the present members of the Armory Board, the Secretary of Interior, the Chief of the National Park System—anyone who has had anything to do with my tenancy or the tenancy of the Washington Senators in that building, has listened to me on innumerable occasions on the plight we found ourselves in as a tenant in that building.

Mr. HARSHA. You say the Secretary of the Interior. Do you mean the present secretary?

Mr. SHORT. Mr. Hickel. In fact, I first learned from Mr. Hickel that there was with original legislation proposed, a recommendation that after the building was built, to move this building from the Armory to the Department of Interior.

The Armory Board was having difficulty, as I evidenced in terms of the record here, managing the building under the original act of Congress that envisioned that they would pay the interest and the principal and eventually deed over the title to the building to the Department of Interior.

What do you think of a 10-year record of a \$20 million building that isn't yet complete nor properly maintained, and the people operating it come before this session of Congress and say to you that they have only been able to pay one-third of the interest charges during that 10-year period and two-thirds of the interest charges that are to be paid by the taxpayers of the District of Columbia? It would seem to me that without the testimony of the President of the Washington Senators that it should be apparent to anyone that something different has to be done.

Why did I come here to start with? I could care less who owns the building—whether it is the Armory Board, the Department of Interior, or the Department of Defense—and there might be justification to giving it to the Department of Defense because it is part of the Armory Board that runs the National Guard Armory.

When I was asked to come and explain what my plight was, I came before the Congress, but before I went to the Congress I went to the Bureau of the Budget.

I went before Mr. Weinberger with the whole Armory Board, with the Mayor's office the whole local Bureau of the Budget—all of them in this one big conference room—and testified for two hours with Arthur Anderson, and our accountants, and all my financial records and said, "Gentlemen, it is impossible for us to go forward any longer."

FINANCING

We have in fact lost in terms of our tenancy of this building \$1,600,000 of cash trying to become a tenant of some respect in the building and that we couldn't do it any further and they said they would look into the matter.

This was before I came to the Congress. At that session it was suggested that maybe the Department of Interior ought to have the building.

The Armory Board was represented there and now they come down four or five months after being apprised of our plight and say "We are opposed to this concept—we don't want to give it up."

What do they suggest? Everyone knows who has listened or read the newspaper that in three years of my administration—and I am going into my third year—we can't continue.

The banks won't let us. If I wanted to continue any farther in the District of Columbia as the owner of the Senators under the present lease arrangements in the stadium, the bankers would not permit it.

In order to get an extension on the loans currently outstanding against the Senators, I had to ask one of the members of this committee last year to please call the banker and tell him it looked like there was some likelihood that maybe we could get some relief in terms of the scene we are about to play.

Mr. HUNGATE. You are not implying I had anything to do with it.

Mr. SHORT. No, I am not. If there wasn't some possibility of relief, I wouldn't be with the Senators. They had the power to foreclose my loan in December because I missed a payment, not only of principal but the payment of interest because of \$1,600,000 worth of losses.

I acquainted Mr. Bergman and the Armory Board members with that fact three weeks after I was here as a tenant that I could not operate in Washington, D.C. under those conditions, and if you think we don't have problems, you don't live in this area—all the problems baseball has here that you don't have in Minneapolis. We can not pay what amounts to the highest lease payments in all of the 24 clubs. It is impossible unless you want to continue mediocrity.

I signed and traded for McLean, and paid \$12,000 a year trying to build a Kennedy Stadium that would mean something to the District of Columbia, that would be last place in the League or that sometime would bring to that building a playoff contender, a world series.

If I had Baltimore's team in Washington, D.C., I wouldn't have to talk to you about rental relief and if they had my team they would be in bankruptcy.

If all the money that comes in or should come in must first go to the Armory Board or the Department of Interior or whoever is the landlord in terms of Kennedy Stadium, then Washington, D.C. never will ever have a contender in terms of baseball.

I haven't taken any money out of baseball here in Washington and some people would have you believe taken it in a big black bag to Minneapolis.

All I have done in the last two years is put money in—not depreciation dollars—\$1,600,000 out of pocket and just about the amount of money that the Armory Board took either in terms of payments or in terms of income that should be ours under a different kind of lease.

What did I say? I say it again. Envision this: they say you can't move out of Washington? Who says I can't move out of Washington?

I am not trying to move out of Washington, but there isn't anybody who can say I can't. I could have had three-fourths of the votes to move to Dallas last year.

We demonstrated that we did everything we knew to make it successful here, and we came up with this idea that if we had a competitive lease that maybe we could still make it and I think that baseball, the American League, Bob Short, Mr. Lemon, Ted Williams would rather break even in the District of Columbia than make a million dollars any place else in the United States, but there isn't anyone prepared to go into bankruptcy in the District of Columbia when at some distant point there is an opportunity to recoup losses.

Baseball can be successful in the District of Columbia if there are some forces in the District of Columbia who will recognize what has to be done to make it successful. We had 800,000 fans, last year, who paid not the highest average price in baseball as the lady indicated, but they pay the highest average price in the American League. Maybe not all of baseball, but the American League.

That is true of Arlington, Alexandria, Washington, Maryland.

Mr. HUNGATE. Would you say you are below the Dodgers and the Mets?

Mr. SHORT. I would think so. I don't know their ticket average. Ours are the highest average because we draw very few people and the people we draw sit in the choice seats. My prices are no higher than Calvin Griffith's but he draws \$25,000 on the average. Ours are concentrated in terms of choices. That is not material.

The point I am making is we had 825,000 people who supported a team that was lackluster and that in September crumbled and collapsed.

If we could have a winning team it would be five million depending on the year. Our first year we made 10 games over .500 and we drew 1,500,000, but unless you draw one million people in baseball at my prices or any prices in baseball you may be a major league city in terms of having a team but not in attendance.

One million people is a break-even point in these inflationary times to baseball. I discussed all this with Mr. Bergman, and the Bureau of the Budget, and your committee and even the President. If you did not have baseball here the Senators would move.

Now you have this building. You have somebody charged with the responsibility of running the building. If you were to go out and try to get a baseball enterprise to come in here there is no way you would ever convince anyone to come unless you did substantially what I am asking, if you please, that they do for me to try to give me an opportunity to make it work here.

I was one of the principal ones that handled the bankruptcy of the American League team in Seattle, moved to Milwaukee. Milwaukee had baseball and lost it. They had an empty building that cost money to paint, maintain, no rental income, parking income, and they found it was costing so much money they could make money by giving to the Seattle franchise an agreement that provided they would pay no rent at all on the first million tenants and after that when they got to one million, then 2, 3, 4, and 5 that is when the building would pay them as a landlord in terms of quid pro quo for opportunity.

They wanted to eliminate the maintenance of an empty building and, more importantly, they had the building and built it to give to the people who lived in that area an opportunity to see major league baseball, to attract visitors from beyond the scope of the Milwaukee area, and it was from that kind of business activity baseball generates that they wanted a team even when it was housed in that building at free rent from those people.

That was the agreement that was signed by Milwaukee. I was in the group in Minneapolis that brought Mr. Griffith there from Washington. We had the same situation as Milwaukee. We had a building and no baseball tenant. We would have made him the mayor of Minneapolis to get him to move that franchise from here to there. We gave him a workable rental agreement. I say to you for whatever it is worth you have a building in a community with peculiar problems and there is no way that I can, as owner of the Senators, sign a new lease that has any of the conditions in it that the present lease has.

There is no way either that I can probably go from opening game this year to the fourth of July in a solvent condition unless I get a new rental agreement.

The bank will move in on me and if you don't believe me bring Mr. Willet of the American Security Bank or Mr. Baker and ask them what they will do. What have they done?

PRESENT LEASE

Mr. HARSHA. Would you refresh my memory? When does your present lease expire?

Mr. SHORT. My present lease expires at the end of this season.

Mr. HUNGATE. That would be November 1?

Mr. SHORT. September 30. It is implied in all of the negotiations last year that we didn't have enough money to pay last year's lease payments. I still owe them \$120,000 for policemen, lighting charges that were there because of the football as distinguished from baseball, for cleaning the place up, or putting in an infield. I don't have it. I cannot borrow it.

Mr. HARSHA. What is to stand in the way of the Armory Board renegotiating your lease for the rest of this year?

Mr. SHORT. If you remember the Executive Session, I pointed this out to Mr. McMillan who was presiding at that time. I said, "You should know that the Armory Board has told me, that there is no way they can grant to me the relief I seek."

Mr. Bergman said "Under the law we cannot grant the relief he seeks." They are here before the Committee and in their own private sessions, in their offices, they have told me that there is no way they can do it under the law.

I don't know that they could do it or not, but unless they are prepared—and there is no use in being anything but honest about—unless I can get some recognition that I can pay what I owe them and they have to give me an opportunity that I have to get well, there is no way you can keep baseball in Washington in Kennedy Stadium.

PREMIUM TALENT

Mr. HARSHA. I am sympathetic to your problem and I am interested in seeing that baseball is kept in the Nation's Capital. I think it is of some national significance and interest not only to the national interest but baseball itself to have some representative of baseball here, but I am concerned as whatever we do. I would like to get your response as to how you can paint a picture of being so economically depressed with a \$100,000 pitcher and outfielder, and so forth.

Mr. SHORT. The only time that that building can be justified in terms of a baseball tenant is when you have a baseball tenant that wins more than 50 percent of its games. The previous administration, with all deference to my partner, and Mr. Calvin Griffith and Mr. Clark Griffith, and I are in a long list of poverty-ridden owners of the Washington Senators; and the difference between my operation and those previously is that I believe in spending money to sign young talent, making trades that aren't particularly popular if they look like it will help us toward getting rid of the mediocrity that has become the *modus operandi* of Kennedy Stadium, and, if you please, to pay whatever you have to pay to a player to play or to a manager to manage to get a team that can win over 500 percent of its games.

Williams is the most expensive manager in all baseball and Howard is the highest paid player in the American League. McLean is the highest priced pitcher in the American League. I would rather pay those salaries and win than minimum salaries to a bunch of roly polies who can't do anything.

Mr. Griffith, when he was so poverty ridden, sold his son-in-law, who was then his manager: sold him to Boston for \$250,000. The previous management sold Gil Hodges to the Mets for \$100,000 plus.

I haven't sold anybody. Listening to Mr. Bergman and the Bureau of the Budget, I am going to see what I can get for Howard. I can give you baseball out there and make money if I put the Denver team in Kennedy, but I can't give you anything but mediocrity and pay that rental; and what we have been paying to the Armory Board has been the difference between a group making it and myself not making it.

METS' LEASE

The Mets pay less rental in Shea Stadium than we pay in Kennedy. They have 5,000 parking places in the rental agreement that belong to them that they sell to their customers for \$2.10. That is \$10,000 a game.

If the Mets need that to survive, how much more appropriate for me to come before the Committee and say, Let me run the business of the Washington Senators in that building and take in a million people and have what business attaches to the first million and put it into the team and if we put it into the team we will draw more than a million and if we do we will get money in terms of rent that will liquidate rental and principal.

What the minimum rental is is insignificant or should be. What the maximum rental is, is what you should be looking to.

STADIUM TRANSFER TO INTERIOR

Mr. HUNGATE. You say perhaps before you were associated with the team before you came to the Congress it had been suggested by various people in the Government or other people in Departments of the government that there should be a transfer made of the stadium.

Do you have any correspondence or anything in writing that evidences that fact?

Mr. SHORT. There is a file in the new Secretary's office indicating that it was even before the Congress.

Mr. HUNGATE. I am trying to recall the list. You named several agencies or organizations or officials who, you said, prior to you suggested that transfer should be made.

Mr. SHORT. This Committee tried to move it to the Department of Interior some three or four years ago and I haven't seen the correspondence, but I am certain that Mr. George Hartzog will give me the file. He showed me the file in his office.

Mr. HUNGATE. Do you think you can file or provide any correspondence of that kind?

Mr. SHORT. I am positive Mr. Hartzog would give you the correspondence that went back and forth between the Department of Interior and this Committee and the Interior Committee of the House—

Mr. HUNGATE. I am suggesting in support of that statement that you obtain and file with the Committee such information as you can obtain—written letters or correspondence, memoranda.

Mr. SHORT. I will ask the head of the Bureau of Parks or National Park System, I will ask Mr. Hartzog if he will give it to me.

Mr. HUNGATE. And we all recognize the urgency of this matter and what is a reasonable time?

Mr. SHORT. The only reasonable time I understand is that I have to know something prior to hoping today in terms of, am I going to get any rental relief or not? If I am going to obligate myself for the kind of debt I did last year it means I am going to lose another million dollars. I don't have to appear before this Committee.

Mr. HUNGATE. I would suggest that you file such materials with the Committee on or before April 3, 1971. If you can obtain the material that is fine, or else a written statement that it cannot be obtained. I don't know their rules.

STADIUM DEFICIENCIES

Mr. Short, you said that the building is not yet completed. Can you tell us what you mean?

Mr. SHORT. There isn't any gas in the building to cook hotdogs and you cannot serve under any conditions a hotdog.

Mr. HUNGATE. You mean a gas line run through?

Mr. SHORT. Yes.

Mr. HUNGATE. There are none in the stadium?

Mr. SHORT. There are none in the street.

Mr. HUNGATE. What about electricity?

Mr. SHORT. It is not adequate. I run hotels and you might as well forget it. We have the worst hotdog in the United States in Kennedy Stadium. It has nothing to do with the concessionaire there. It has to do with the building.

Mr. HUNGATE. You mentioned the hotel business and that brings up the predicament of Congress and the press has carried the story that you recently purchased a couple of hotels.

Mr. SHORT. It is obvious that no one has to take up a collection for Bob Short or I couldn't be involved at all. I run a hotel corporation separate from the Senators and a truck line separate from the hotel operation and an airline separate from all three.

The strange thing is that if the hotels aren't doing well, I can't take money out of the Senators and put it into the hotels.

They are all doing poorly and if I could buy another major league franchise maybe I could make this one go.

Mr. HUNGATE. It is not like a family where one of the children is sick and the healthy ones can help.

Mr. SHORT. I had a small truckline and it was in severe difficulty. One of my big competitors operated in the same general area and he was in worse trouble. I decided to buy him out and two bad ones made one good one.

Mr. HUNGATE. Basically, some of that is none of our business except when someone wants \$25 million it is a matter of concern.

Mr. SHORT. I don't operate completely out of public spirit, and I am aware of the fact that whenever someone says something about a congressman that it is not necessarily true and if you read the sports pages at all you know everything there is not gospel truth either. All I can say is that no matter what happens if we stop the clock right now, I have lost \$1,600,000 worth of my money or the money in my corporate enterprise trying to establish the fact that baseball should continue to be played in Kennedy Stadium.

Mr. HUNGATE. As I understood you later, you were \$1,600,000 out of pocket?

Mr. SHORT. Yes, cash. Not anything but C A S H. Not depreciation.

Mr. HUNGATE. These are public financial records?

Mr. SHORT. My operation and I might say you are questioning me in terms of things I do in St. Paul. I almost lost my hotel because I was so poor in Washington.

STADIUM TRANSFER TO INTERIOR

Mr. HUNGATE. How would the transfer here, how do you conceive that would help the financial predicament of the baseball club if this were transferred from the Armory Board to the Department of the Interior? How would that help?

Mr. SHORT. I asked Mr. Bergman in this Committee and previous to that time at several Armory Board meetings could you please, Mr. Bergman, or Armory Board, recognize the plight I am in and would you in exchange for a new long-term lease recognize that there is no one who can continue under the terms of the lease.

"We cannot help you even if you agree to sign a new long term lease. Now, Mr. Hartzog, he sat right there and he was asked that same question by Mr. McMillan, "assuming you owned this building and I listened to Mr. Short's testimony for the last two or three hours. Are you satisfied you could negotiate a new lease from him that would be equitable from your point of view and grant him concessions in order to continue baseball in the Nation's Capital," and he said, "Yes."

It is my understanding that if the Department of Interior had this building that they would call when my lease was over at that point they would ask for a bid on Kennedy Stadium and if they asked me to bid on Kennedy Stadium I know what I would bid.

SENATORS' MOVE FROM WASHINGTON

Mr. HUNGATE. You raised a point earlier, "Who says we can't move out of Washington?" I am sure you realize there are maybe legal problems involved, such as the Department of Justice.

Mr. SHORT. I used to work for Attorney General Mitchell and, as far as I am concerned, everything I do is legal and there is no legal prohibition that would keep me from moving that team out of Washington. All the lawyers and financiers who advise me tell me I am crazy if I don't.

Mr. HUNGATE. As a lawyer, you have no question of any antitrust difficulties?

Mr. SHORT. We are exempt from the antitrust laws and I realize that Congress at its will could place us under the antitrust laws. I think it is in the public interest to have baseball exempt from the antitrust laws but if for some reason Congress wanted to put them under the antitrust laws, we would operate under the antitrust laws. I think it would be wonderful if baseball could stay in the Capital.

Mr. HUNGATE. I would like at this point to place in the record an Article by Robert L. Burnes of the St. Louis Globe-Democrat dated March 20-21, 1971, from the Bench Warmer.

(The following attachment to the foregoing statement follows.)

[Excerpt from the St. Louis Globe-Democrat, Mar. 20-21, 1971]

THE BENCH WARMER

(By Robert L. Burnes)

THE SEARCH FOR A FORMULA

This past week a story appeared, indicating that the major leagues, some time in the future, perhaps as early as next year, would reshape their divisions again. There would be three divisions of four teams each.

(Before pursuing the subject, two thoughts are placed here parenthetically. If you want a personal opinion, it is this—I could feel a lot better about the proposed realignment if it were being made from a position of strength. Instead, baseball hopes it will be a palliative for dying ball clubs which it won't.

(The story was written by Shirley Povich of the Washington Post and appeared here as part of Washington Post-Globe-Democrat news service. Some people in and out of baseball questioned its authenticity, whether it was a story Povich had conceived on his own or whether it had some substance. Shirley Povich is one of the most distinguished of the baseball writers; in addition, Commissioner Bowie Kuhn has used him and his column as a sounding board in the past. The conclusion—the story has substance and is possibly closer to reality than many people in baseball know or believe.)

With that as a background, it is well to consider some history.

Last Thursday, March 18, was an anniversary in baseball. Whether it was a happy event it celebrated or the beginning of disaster is a point in all this.

Everybody got the urge to move

It was on March 18, 1953, at the Vinoy Park Hotel in St. Petersburg, Lou Perini was given unanimous approval by the National League to move the Braves from Boston to Milwaukee.

Two days earlier, March 16, 1953, Bill Veeck was denied permission to move the Browns from St. Louis to Baltimore. It gave the city one last shot to save the Browns and it failed. They were given approval the following October.

There hadn't been a change in baseball's map in a half century. The majors had survived two wars and a terrible depression. Now, suddenly, everybody had the urge to move.

A couple of years later, the Athletics pulled out of Philadelphia and went to Kansas City.

Late in the fifties the most startling move of all. The Dodgers left Brooklyn, fled to Los Angeles, persuading the Giants to go with them. The Giants set up shop in San Francisco.

The map was remade. Chicago was the only city owning two ball clubs fighting for the baseball dollar.

This wasn't enough. Next was expansion.

The Griffiths wanted out of Washington. They went to Minnesota. The American League did not want to leave the capital without baseball so the league expanded, taking in a new club in Washington, another in Los Angeles.

A year later the National League followed suit, adding a new team in Houston—and filling the void left by the departure of the Giants and Dodgers from the New York area. The Mets were born.

And that was only the beginning

That was roughly ten years ago. Did that end the remaking of the baseball map?

Not at all. It was only beginning.

Boston-Milwaukee, which had started it all, now was in trouble. When the Braves first came to Milwaukee, it was chicken every day, a party every night and fun for all. Attendance was stratospheric. But, one way and another, the bloom began to disappear from the rose.

The Braves petitioned to move again. They did. They went to Atlanta.

Charley Finley, who had acquired ownership of the A's, didn't like anything about Kansas City. Perhaps against its better wishes, the American League let Charley-O move to Oakland.

For some reason baseball decided to expand again.

The American League put new teams in Seattle and Kansas City (replacing the one Charley-O had swiped away) and the National League countered with franchises in San Diego and Montreal.

It mattered not that no one determined that these cities particularly wanted the new teams. Nor did anybody bother to find out if there was enough talent to go around (there wasn't) but they just plunged ahead.

One of these was a disaster. The Seattle franchise lasted one year. It is now in Milwaukee.

Not too big in San Diego, Montreal

There is no evidence that baseball ever is going to be big in San Diego or Montreal. It has a chance in Kansas City because the Royals have a dynamic, imaginative leader in Ewing Kaufmann.

Now there is a new gimmick. Instead of two divisions, make it three in each league.

Baseball learned something from football (which it will never admit). Pro football went to the three-division caper last year and it was a big success. Less than a month before the season ended, 20 of the 26 teams still had a shot at a playoff spot.

The wild card aspect was fascinating. (The second place team finishing with the best record would qualify for the playoffs.) Presumably major league baseball will follow suit.

Eighteen years ago, when the Braves made the first move, there were 16 major league teams. Now there are 24.

But no one has found more sources of supply for talent. In fact today, in the minor leagues, there are far less than there were 18 years ago. In football and basketball, there is still a surplus coming out of college every year.

So the search for a financially successful formula continues in baseball. But trying to hide a team losing money in a four-club division will be just as difficult as in a six-club league. It is just as difficult as hiding a .180 hitter. Try as you will, he always comes to bat at the wrong time.

Baseball is the national game. It is still the talking point. Its prices are still by far the most reasonable. But its source of supply are drying up and that should be the first order of business.

FEDERAL RESPONSIBILITY

Mr. NELSEN. This morning, listening to the testimony here, there seemed to be an implication that we were about to write off an obligation of the Government that left me a little concerned.

In the event that your team were to leave or in the event that you continued under contract that was unfavorable, in the event that the attendance is not there, in the event that the revenue to the District is not forthcoming, the Congress of the United States or the District of Columbia is going to have to pick it up somewhere.

STADIUM BONDS

Those bonds were sold by the Armory Board, and I don't know whether the full faith and credit is behind the bonds, but the bonds were sold by the Armory Board and if the income doesn't retire the bonds, either the District of Columbia or the Congress is going to have to pick it up.

Mr. SHORT. The bonds were sold by the Treasury of the United States with the full faith and credit of the United States Government behind them. It is true they may trade for less than par because when interest rates are 9 and 10 percent and these interest rates were $4\frac{1}{2}$ percent, the par might sell for 80, 60, or 40 but the full faith of the Government is behind those bonds and unless you hire somebody to buy them for what the market places yield eventually you will have to pay the full face of the bonds plus the interest to maturity.

The big reason why the Armory Board was unable to negotiate a new rental agreement with me was because they were required by statute to pay the interest on the bonds and then the principal until such time as all principal was paid and turn the building over to the Department of the Interior and could not do that even charging the rent they were getting from me, football, and other events.

If you recognize that here is a building that is built why would you continue to pay as you have in the past 10 years you have paid almost \$10,000 more in interest on that building during a time when you didn't liquidate any principal and during a time when its operation didn't even pay the interest in any other business, that businessman would be placed in receivership and thrown out and the building would be sold for less than its base.

TAXES PROPOSED

If the building were paid for once you don't have the bonds to worry about. If the building were brought up to proper standards, if you did seek an attendance and charge a seat occupancy tax, that seat occupancy tax can be anything and it would maintain the building and that is what you should be looking at.

Mr. ABERNATHY. When you say seat occupancy tax, is that comparable to the type tax included in this bill?

Mr. SHORT. No, it is a percentage of the sale. A seat use tax envisions that if someone sits in a \$6 seat he can make the same mess that he does in a dollar seat, but you charge those who go in the same use regardless of how much they spend to go in.

A seat in the bleachers costs just as much to paint as the Presidential box.

Mr. ABERNETHY. What would the difference be, if any, in the quantity of income in your judgment?

Mr. SHORT. If you know what the Redskins' income is and the Senators' income is and apply for percentage, you can come to the same use tax at so much a ticket.

I don't like to advocate any kind of tax, but neither do I come here and not suggest that there are ways to do it. It would be my view that if you put a 25-cent ticket tax as distinguished from a percentage on everyone who went to Kennedy that would generate in a year enough money to maintain Kennedy; assuming that the building was brought up standards and assuming they didn't have the interest to pay the bonds, in terms of my own operation, if you had a 25-cent tax on my percentage you would get \$250,000.

You wouldn't get as much on 25 cents on the football tickets as a percentage of the football tickets because the prices are higher and there aren't as many people, but I can't sit here and say what you should do to Mr. Williams in football. He has problems. I do not know how other communities do it.

The Cincinnati Building is maintained and built and operated on a 25 cent ticket tax and at the World Series in Cincinnati you paid a World Series fee and a quarter to get into the World Series game. That is the way it should be.

It is not done in Milwaukee or Minneapolis, but it is probably done or will be done in Minneapolis. For example, in Kennedy all the seats in Kennedy should be replaced. It is a waste of money to continue to repaint them. They need plastic seats.

The ticket tax would permit that. You can do that if you have that income coming in without the bonds. There should be in Kennedy Stadium—you never did have a fancy club for the President when he comes. It is a disgrace to know that you have to take the President into an open seat where, if you go to Racine or the Astrodome or Pittsburgh or Minneapolis or elsewhere you bring him to a fancy club with a windowwall and drapes.

KANSAS CITY STADIUM

They are building a new building in Kansas City and I was talking about it the other day and I would like to make this one point: I have suggested that the baseball tenant be entitled to the advertising revenue in the building. Did you ever go to Kennedy and see the score board? You can't see the ball if you are seated in a good seat because it is below the ground. It is a makeshift building, and a makeshift score board.

It is outmoded. It is the worst in the League and it has been paid for for a number of years by the Washington Post, Peoples' Drugstore and I don't know who the other one is.

It cost \$450,000 to build. It is paid for. When you looked at the World Series in the new building you saw the animated score board in Baltimore and the best one I have seen is in Oakland and they cost \$1 million and they are run by IBM and it is a part of the jazz of the game.

In Kansas City they are going to build a score board in this new building seven stories high at a cost of \$2.3 million completely automated by IBM equipment that will post anything you can think about in that game but the significant thing is that when a crowd screams, applauds and yells, there is a fountain that comes on and if they yell a little bit goes up three stories and if they yell like the devil it goes up seven stories high.

STADIUM PROGRAMS

Another thing that is significant is that the advertisers are advertising the whole cost of the score board in a 10-year period.

We could do that in Kennedy if they would give me a lease that would permit me to have the advertising guarantee it would not cost the Government a dime.

We would have an automated score board that would be major league. What did I get when I talked to Dutch Bergman? He said, "We need the money." There comes a time if you have \$22 million in it why not straighten it out? It is the Nation's Capital. It is built in the wrong location. You have to have a fence and light the parking lots. You should implement them with sand boxes and swing sets and basketball standards and picnic areas and let the people use it when there is no baseball and football in there.

You can police it with a fraction of the policemen in this area. These things were expressed to Mr. Hickel and plans drawn, but you have to have some managing in connection with what is today with us a white elephant.

We have to go. We can't stay here. I said at the Rotary Club downtown, I said, "I would like to let everybody in free. I believe in baseball. I would like to fill the house and let in all the kids. Ted Williams won't let me. Howard won't let me either. They want to get paid and the American Security Bank wants to get paid.

I am saying that whatever it is worth I am not trying to make any money in baseball. I made some money in basketball by accident, but I think baseball belongs here. They have to have somebody richer than I am if they have to write the underlying checks.

PURCHASE OF SENATORS

Mr. NELSON. This morning the testimony indicated that you had paid too much for the team and it was a bad deal and this was the cause of your problem. I am wondering at what level you would have had to buy the team in order to come out.

Could you have made it go with a \$5 million purchase price? A \$3 million or \$7 million purchase price?

Mr. SHORT. Too much is relative. Mr. Lemon is going to speak to this question because he sealed it. My mother didn't have nine foolish children, and when I looked into the possibility that baseball was on sale in Washington, D.C., I met with Mr. Lemon and they said they wanted \$10,000,000 for it and they said, "How much is it worth," and I said it is worth more than Kansas City." I said, "It is worth more than Seattle," and they paid \$8 million and less than a National League expansion clubs in Montreal and San Diego where they paid \$8 million.

So I told them I thought it was worth \$9 million. I wound up paying \$9.4 million. Mr. Lemon could tell you this. He could have sold it in Dallas, Texas for \$11 million; in Milwaukee for \$13 million; and Toronto for \$14 million.

He had the difficulty in moving out of town and a lease that had not expired but I think the price I paid, while it was high, was a competitive price, a going price and a market price and I would do it again.

I did make some miscalculations. I didn't know how difficult it would be—and I couldn't know—to police the building. Last year I spent \$100,000 to police the inside of the building. Do you know how much Calvin Griffith spends? He spends \$500 a season.

The first year I couldn't get the lights off the fences around the parking lots.

Mr. ABERNETHY. But you know they say this is the model city of the nation.

Mr. SHORT. In no place in America in baseball do they have the problem we have here playing night games. It is true that you could abandon that facility to the forces that threaten orderly assembly in the community.

Or you can do what I am trying to do. You can take it away, stake out your claim and say, "We built this building. We are going to light it and fence it and have it for the citizens of the area because it is a good wholesome thing to do and if you can't do that in the Nation's Capital, God help this community."

I don't understand why there aren't more civic people and Mr. Lemon is the only civic support in the District of Columbia and he supported me with his money, his industry and help.

By the way, did I pay too much? I paid \$9,400,000 and six weeks after I had four percent and six weeks after that Ted Williams sold him 10 percent more.

Mr. NELSEN. If the management of the stadium said, "Under the Armory Board, do you have any preference where it goes?, do you care who manages there?"

Mr. SHORT. Dutch Bergman and I have been friends for many years. I couldn't have a more friendly person and landlord, but when he tells me he can't help me and the Department of the Interior says, "We are here and we can help you," I will take the Department.

Mr. ABERNETHY. I don't understand that interpretation.

Mr. SHORT. When George Hartzog sat here representing the Department of the Interior and Chairman McMillan was sitting here last fall, before Christmas, and I said to Chairman McMillan—and I think it should be pointed that the Armory Board advised me that the relief I seek was not available—and I said, "Is that true, Mr. Bergman?" and then he said to George, "If you had this building and you heard of Mr. Short's plight, do you think you could negotiate relief that would give him the help he needs?" and he said "I could." If you, or the Department of Interior owned this building like Yellowstone National Park or Ford Theater, you or they would have to find a tenant.

STADIUM BONDS

Mr. ABERNETHY. Does that depend upon the Government retiring the bonds? It doesn't does it?

Mr. SHORT. I think that if they were required to retire the interest in the bonds as well.

Mr. ABERNETHY. They have to be retired before we go and do the things you are talking about. You offer the argument that it would be smart to retire the bonds and stop the interest.

Mr. SHORT. I do think if you take the history of public buildings starting with the old Madison Square Gardens or the big hotels and that kind of thing, the first owner never comes out. They always go through the wringer two or three times, and the fourth or fifth fellow who comes in and buys it for a third of the mortgage, brings the building back up.

This building is in its first ownership and there is nobody—you could get baseball players to play nude in Kennedy Stadium and fill it as full as they do for the Redskins and there is no way with a tenant football team, or baseball team, or rock concert to retire the interest and the principal in that building. It is economically impossible.

Mr. ABERNETHY. If that is true, then it is time somebody recognized it.

SENATORS' FINANCES

Mr. HARSHA. Mr. Short, I am not satisfied with the answer to my question about how you can be so bad off economically and still afford the high-priced players.

I understand your philosophy about getting a winner, but that is not going to satisfy some of the Members of the Congress if the Committee decides to take this bill on the floor. Where are you getting the money to pay this caliber ball player?

Mr. SHORT. You have my financial records. We lost \$1,600,000. It is involved in the \$400,000 I started with—bills I haven't paid like to the Armory Board, interest I have had to get rolled over to Mr. Lemon, the Johnson estate and American Security Bank, interest loans my company has made to the Washington Senators and government bills.

The only reason we were able to go to spring training from the plight we found ourselves in in November is that we drew up a radio-television contract which is the poorest in the major league business and took the payment for this year on radio and television in advance and we got it spent and when I left Florida we had next week's payroll in the bank and if we weren't looking forward to an opening game that would generate \$100,000 cash flow we wouldn't be able to generate through April.

Mr. HARSHA. Then, the money you negotiated through a radio-television contract is spent now?

Mr. SHORT. It is gone.

Mr. HARSHA. And that was used also to purchase these contracts to McLean and Flood?

Mr. SHORT. Flood is receiving money and Howard is receiving money. The payroll starts with the month of April.

STADIUM BONDS

Mr. HARSHA. I understand you gave as a reason by the Armory Board, when it felt they could not renegotiate the lease, that there was some law requiring them to retire these bonds. Isn't that what you are talking about?

Mr. SHORT. Yes.

Mr. HARSHA. Isn't that part of the bond indenture or an Act of Congress?

Mr. SHORT. It is an Act of Congress which requires the Armory Board manning the building with the responsibility of retiring bond interest and principal from tenancies and operation. Mr. Bergman feels he is not making the full interest payments and hence is unable to cut my rent.

Mr. HARSHA. But it might be simpler—if this Committee was of the opinion and cause you less disruptions from the view of the particular opposition in the District of Columbia and now the Department of the Interior and Mr. Dugas is—to amend this particular section of the law which in itself would leave things pretty much as they are except give the Government Armory Board the opportunity to renegotiate a loan.

Mr. SHORT. If the Armory Board were empowered to negotiate with me as a tenant the kind of a lease I could handle, I would have no quarrel with staying over tomorrow and negotiating.

I could show them what I am talking about. They are reluctant to do that, and the longer we delay these hearings I am in trouble because as soon as we get into opening today I am getting into another year.

PROPOSED NEW LEASE

Mr. HUNGATE. Does the Committee have a copy in its files of this lease you propose?

Mr. SHORT. I don't know that you have a copy. Basically, the Milwaukee lease is a lease that from where we paid last year to Kennedy Stadium by not receiving income for paying income to Kennedy the difference between Milwaukee's operation was \$600,000.

SENATORS' FINANCING

Mr. BROYHILL. This \$1,600,000 loss; over what period of time did that occur?

Mr. SHORT. A year.

Mr. BROXHILL. And the figures you have just given to Mr. Harsha? You mentioned interest charges. I am not quarreling about that being charged to your cost of operation, but what was your actual operating expense or less?

Mr. SHORT. I would say that interest has been \$600,000 a year or \$1 million, \$2.5 million. You have to understand that I paid \$2 million down. I financed \$3 million from the American Security Bank at prime plus three-fourths.

Mr. BROXHILL. I am not disagreeing with that being a proper expense. What was the cost before debt service?

Mr. SHORT. About \$600,000. It would be \$400,000 to \$600,000.

Mr. BROXHILL. And you have been operating at a loss of \$300,000 a year prior to debt service or return on investment. Actually, looking at the statement of the Armory Board, the total income before interest on the bonds was only \$500,000 plus. You couldn't make it with everything free, could you?

Mr. SHORT. If you just think about this. Let me review the figures. We paid them a minimum of \$65 million against 7 percent of the revenue and that over \$150 and suspended \$200,000 a year on my attendance and my money.

Then we pay to the District of Columbia Police Department or Mayor's office, or whoever it is, some \$87,000 for policemen.

Mr. BROXHILL. But you can make it if the lease is granted by the Armory Board, Department of the Interior or the County.

Mr. SHORT. I have a chance.

Mr. BROXHILL. You said that Mr. Lemon could have sold this team to other cities for \$10,000,000 or \$11,000,000.

Mr. LEMON. I have a brief statement.

STATEMENT OF JAMES LEMON, WASHINGTON SENATORS

Mr. LEMON. My wife and I have been interested in baseball for as long as I can remember. I have always lived in Washington. My partner and I were one of the 10 original buyers of this and neglected to sell out and we bought them on the way up.

As much as I love baseball I would not be a party to participating to another group coming in at this time under the financial arrangements and in my judgment there is no major league team that would come into Kennedy Stadium under the present conditions.

So on the basis of keeping baseball in Washington—and I am appearing not for my own personal investment. I bought a preferred stock and it is convertible into 10 percent of the common stock. I don't visualize any set of circumstances that would put that into substantial jeopardy.

I am appearing here with the hope that I can be of some help in keeping major league baseball in Washington.

Mr. SMITH. I just wondered. According to the testimony last year, Mr. Short paid \$150,897 for rental and \$87,000 for police protection.

Would you envision the type of lease that would relieve you from paying the \$238,000, or what part of it could you pay and have available openings in?

Mr. SHORT. What I pointed out at that hearing is that that \$238,000 or any amount of money you take from a baseball tenant after he puts the millionth person through the turnstiles is taking money away from the team to develop into the kind of tenancy that you envisioned when you built the building.

The Milwaukee team pays a percentage of the action after the millionth person comes in.

Now they have a Milwaukee team. The Mets drew 2,750,000 people. Milwaukee has always drawn in excess of 2 million. If I had a Milwaukee-type lease in Kennedy and put the money to player acquisition and building a team and hiring a Ted Williams, we would draw 1,600,000 people in Kennedy Stadium.

Mr. SMITH. How much did Milwaukee pay?

Mr. SHORT. Zero. In addition, I paid \$100,000 to maintain the infield last year. I paid roughly \$100,000 for policemen. The Armory Board got \$200,000 from our concession last year. I got over \$20,000 parking incident to our customers. What we think we should have is a combination of the Milwaukee-Shea lease to permit to team to break even on the first million people and they can have all the money after that.

Mr. LEMON. Mr. Brophy asked me a question.

Mr. HUNGATE. Some of the members are going to have to leave.

Mr. LEMON. I think your inquiry was why did Bob Short pay \$9 million for the team. He paid a competitive figure. The \$9,400,000 he is talking about is working capital for his new operation.

There were other bidders who wanted to keep—another bidder who wanted to keep the team in the Kennedy Stadium, but there were several from other towns and cities that did not have a major league franchise and they got in touch with me and I never followed it through because—

Mr. BROYHILL. They offered you more for it?

Mr. LEMON. They indicated a higher price. I live in Washington and I was not going to have any part in moving the ball club out of Washington. That is why I am here to testify.

Mr. HARSHA. I wonder if we could have Mr. Bergman provide the Committee with a legal opinion as to why he can't renegotiate a loan? It is my understanding that you feel you cannot, under existing law renegotiate the contract with the Senators?

Mr. BERGMAN. That is correct.

Mr. HARSHA. Do you have a legal opinion to that effect?

Mr. BERGMAN. I do not. It is based on the fact that the Armory Board has discussed the decision based in particular as a result and the fact we cannot pay the interest on the bonds we are trying to operate on a business-like basis.

Mr. HARSHA. I can't find anything in this law that says you have to do that and you are not paying the interest now and I can't see legally why you can't renegotiate this loan but you apparently have some legal hangup as to why you can't do it. Is that correct?

Mr. BERGMAN. I do not have any legal hangup to my knowledge.

Mr. HUNGATE. If the officers of an organization renegotiated to a less desirable economic situation, a situation that was failing economically, they might be personally liable.

Mr. HARSHA. That is why I was trying to get at a legal opinion so we could devise some simple amendment to the existing law that would enable you to go ahead without getting into all the ramifications of the transaction of the Armory Board to the Department of the Interior and I can't see why the Department of the Interior feels that it is free to negotiate when you aren't.

Mr. BERGMAN. I believe that is based on the fact of what Mr. Short has asked is impossible for us to give him—it is impossible for us to give him what he wants. He was asking for food and beverage concessions and parking concessions, police and, in other words, what he was asking we would have no income. That amounts to \$500,000. We would be bankrupt under those conditions.

Mr. HUNGATE. I think we had better adjourn the hearing and announce that we are having further hearings on this question next Monday at 10 a.m. because the football people wish to be heard. We would be pleased to have you here then Mr. Short, if there is further evidence we should take on this question.

Mr. SHORT. I will make myself available.

[Whereupon, at 3:30 p.m., the hearing was recessed.]

TRANSFER D.C. STADIUM TO DEPARTMENT OF INTERIOR

HOUSE OF REPRESENTATIVES, SUBCOMMITTEE ON THE JUDICIARY OF THE COMMITTEE ON THE DISTRICT OF COLUMBIA, *Washington, D.C., Monday, March 29, 1971.*

The subcommittee met, pursuant to notice, at 10:30 a.m., in room 1310, Longworth House Office Building, Honorable William L. Hungate, (Chairman) presiding.

Present: Representatives Hungate (Chairman), Mikva, Nelsen, Thompson and Smith.

Also Present: James T. Clark, Clerk; Hyden S. Garber, Counsel; John Hogan, Minority Clerk, and Leonard O. Hilder, Investigator.

Mr. HUNGATE. We will again take up H.R. 2293, to transfer the D.C. Stadium to Interior.

Mr. HUNGATE. Mr. Edward Bennett Williams will be our first witness.

Mr. Williams, you do not have a prepared statement?

STATEMENT OF EDWARD BENNETT WILLIAMS, ESQ., WASHINGTON REDSKINS,
1835 K STREET, N.W., WASHINGTON, D.C. 20006

Mr. WILLIAMS. I do not, Mr. Chairman.

Mr. Chairman and members of the committee :

OPPOSES H.R. 2293

I am here to oppose H.R. 2293. I am here to oppose it because I believe that it indicates a serious inequity of which this committee may not be yet aware.

As a preface to what I have to say, I would like to state that I am uncomfortable in opposing my old friend Robert Short. I have known Mr. Short for many years. I have a very strong affection for him. I wish the Washington Redskins nothing but good will. I hope that they can find their way out of their present difficulties.

I have met with Mr. Short to that end, and I am prepared to meet with him and members of this committee and members of the Stadium authority in the future to that end. And nothing that I say here should be construed as in any way in derogation of their position.

However, I think that the arithmetic, the basic arithmetic created by H.R. 2293 needs to be reviewed. We signed a lease with the Armory Board—when I say “we,” I mean Pro Football, Inc., which is the corporate name of Washington Redskins—we signed a lease in 1959 of thirty years’ duration, to begin operation in 1961 and to run to 1991.

The provisions of that lease in part calls for us to pay 12 percent of our gross receipts to the Armory Board for rental.

Last year, in the year 1970, we used the RFK Stadium exactly ten times. We used it three times in the pre-season schedule, and we used it on seven Sundays during the regular season.

For those ten dates we paid to the Armory Board rental in the amount of \$395,728.86.

Now, we received, members of the committee, no income whatsoever from any of the concessions. We get no income from any concessions sold during our games. We received no income from parking. We have at the Stadium no office space. We have one small office that is used on Sunday. But actually we are not able to house our administrative staff at the RFK Stadium, because we have under our lease no office space available to us.

In lieu of that we must rent space in the downtown area, about 8,000 square feet of space.

On the other hand, the baseball team, I would hazard a guess, used the Stadium about seventy-five times, give or take a few. They played eighty-one games at home. I am sure they play some double-headers. And some were rained out. And if the numbers furnished to me are accurate—and they were furnished by the Armory Board—for their rental and their lighting they paid a total of \$186,328 for about seventy-five uses of the Stadium.

The present lease gives them income from their concessions. And they got, as I understand it, \$192,042.26 back from baseball concessions, and \$55,675 back from football concessions, because under the present leasing agreement baseball participates in the concessions that are sold during the football games.

They have out there about, I would say, 10,000 feet of very fine office space, part of which we covet, which we have no present expectation of getting, unless we can arrive at some mutually convenient arrangement with the Stadium authority, baseball and ourselves.

Now, if this bill, which is being considered by the committee were enacted into law, it would mean that instead of paying 12 percent of our gross income in rental, we would be paying 22 percent of our gross income in rental.

I have undertaken to secure information from around the National Football League as to rentals paid in other cities, including rentals paid for the brand-new stadiums which have been erected in various cities across the country. And there is only one team in all football, in all of professional football, that pays a rental in excess of ours. Everyone else is considerably below ours at the present time. If this bill were enacted into law it would mean that we would exceed every professional team in baseball or football or basketball in the amount of rent being paid. And I say that this would present a serious inequity to the football fans who go to our games.

I am not sure that that has been made clear to this committee. And I felt it was necessary to call it to the attention of the committee.

I have here the rentals that are paid by all of the other teams in the National Football League. They were furnished to me by the league, Mr. Chairman and members of the committee, but they are blind in the sense that they do not identify the team with the rent. I suspect that the one team that pays higher rental than we for the use of the facility is the team that uses the Astrodome in Houston. I am not certain of that, but I suspect that the one team that does pay a 15 percent gross rental is the team that uses the Houston Astrodome. The rest range from 5 percent to 10 percent—and there are many 12—of net receipts, but not of gross receipts.

Mr. HUNGATE. Would the gentleman offer that for the record at this point?

Mr. WILLIAMS. Yes, sir. It is my only copy, and I would appreciate it if you would Xerox it.

Mr. HUNGATE. As I understand it, that is blind. We have got all the information, but we do not have the names with the stories.

Mr. WILLIAMS. The League would not furnish me, Mr. Chairman, with the names of the teams. They identified them as teams A through Z, all twenty-six teams in the National Football League.

Mr. HUNGATE. And this is certification by the League as to what these rentals are?

Mr. WILLIAMS. Yes, sir.

Mr. HUNGATE. If there is no objection we will have that made part of the record at this point. Thank you.

[The document referred to follows:]

THE REDSKINS,
Washington, D.C., March 26, 1971.

RENTAL PAID BY OTHER CLUBS

E. B. W.: The League Office made a survey of the actual rentals paid by the clubs in the League in March, 1970. The survey does not identify the clubs but lists the rentals paid individually, which are as follows:

- Club A—10% of Net Receipts
 - Club B—12% of Net Receipts
 - Club C—15% of Net Receipts
 - Club D—10% of Gross Receipts
 - Club E—10% of Gross Receipts plus 25¢ per head
 - Club F—15% of Gross Receipts, with minimum of \$12,500.00 per game
 - Club G—10% of Net Receipts, with minimum of \$70,000.00 per season
 - Club H—8% of Net Receipts
 - Club I—4% of Net Receipts
 - Club J—\$110,000.00 per season
 - Club K—5% of Net Receipts
 - Club L—12% of Net Receipts
 - Club M—8% of Gross Receipts
 - Club N—7½% of first \$1,500,000 of gross receipts, plus 10% of additional receipts
 - Club O—7½% of Net Receipts,
 - Club P—Flat \$58,800.00 per year
 - Club Q—8% of Gross Receipts, with minimum guarantee of \$125,000 per year
 - Club R—10% of Net Receipts
 - Club S—15% of the Home Team Take
 - Club T—10% of the Home Team Take
 - Club U—Fixed Fee of \$170,000 for 9 games, each additional game approx \$18,000
 - Club V—\$5,000 per game, plus 10% of net of over \$700,000
 - Club W—10% of Gross Receipts, plus 30¢ per head
 - Club X—8% of Gross Receipts, plus cost of printing tickets
 - Club Y—6% of Net Receipts
 - Club Z—10% of first \$750,000 of receipts, plus 5% of additional receipts
- The League Office is sending me a copy of the survey in the mail which I will get to you when it arrives.

C. L. M.

JOINT CONFERENCE SUGGESTED

Mr. WILLIAMS. I suggest, Mr. Chairman, as I did at the beginning of these brief remarks, that we want to cooperate with this committee, with the Armory Board, or whoever is in authority over the Stadium, with the Washington Senators, our co-tenant, and with the House Committee's counterpart on the Senate side, to the end of bringing about an equitable situation and a viable situation for both the Senators and ourselves, and for the Armory Board and for the people of the District of Columbia. And I would suggest, members of the committee, that a meeting be held at which representatives of the Senators and the Redskins and somebody designated by this committee. The Senate committee, and the Armory Board meet to the end of seeing whether we can arrive at something that is good for everybody, I believe it can be done.

I really sincerely believe it can be done. There are many things that can be done at the Stadium that will upgrade the Stadium and by my lights increase the Stadium income.

For example, we are one of the few new stadiums that does not have synthetic turf. This is very important. It is very important to us, because we cannot practice at the D.C. Stadium, or the RFK Stadium, because if we do tear the field so badly that it is really unsightly on Sunday for the game.

I think that we should look toward the possibility of getting as many as 5,000 more seats. We have done a survey, and I think we can show the appropriate authorities how 5,000 more seats of a temporary nature can be put in during the football season which will generate more income for the Stadium authority.

I think that it is probably a little bizarre for me to be talking to this committee about the expenditure of additional funds for a stadium that cannot meet its current expenditures, but I sincerely believe that if certain things were done at the Stadium which would make it habitable with administrative offices for both the Redskins and the Senators, to make it playable on Sunday in all weather, and which permit us to practice there, and to have adequate locker facilities there, and offices there, that a method could be devised which would increase the income of the Stadium, let it meet its bond interest, and go some way toward solving the problem in which we have a common interest.

Mr. HUNGATE. Thank you very much, Mr. Williams, for your statement, and for holding closely to the ten minutes.

Mr. NELSEN, do you have any questions?

Mr. NELSEN. Just to point out that a year ago when the problem came to the committee suggestions were made as to how to work our way out of the problem we are in, because I think the taxpayers out in Minnesota and Iowa and all over the country are getting a little bit tired of pouring money in here to try to straighten this thing out. So we are searching for a plan whereby we could hopefully look to a team that would have the drawing power to reduce the gate and reduce the income without going to the taxpayers to do it.

REDSKINS' CONTRACT

Now, in your contract do you hire the policemen that service the stadium? Who pays for the policemen in your case?

Mr. WILLIAMS. We pay for the policemen, Mr. Nelsen.

Mr. NELSEN. On the concessions, I thought the concessions were leased to a firm that handled the major portion of them?

Mr. WILLIAMS. They are, Mr. Nelsen. They are leased out to a concessionaire. He returns one-third of his gross income, as I understand the contract, to which we are not a party, to the Armory Board. In baseball, I believe—but Mr. Short can speak with better authority and expertise on this—I believe baseball gets 20 of that 33, and the Armory Board gets 13. In our case the concessionaire returns one-third of the gross income to the Armory Board. The Armory Board retains 18 percent, I believe, and gives baseball 15 percent.

Mr. NELSEN. Now, in the hearing the other day I mentioned the fact that we are not necessarily married to the terms of this bill. Another plan that will move in the direction that we seek to move would be something we would all want to look at. And I made the further suggestion that I thought there was a lack of communications between Redskins, Senators, Armory Board, and the City Government to sit down together. Because to me it would be a tragic thing if the economics of baseball refused to support a team that could turn into a better team.

Mr. WILLIAMS. I should footnote that by saying, Mr. Nelsen, there is no lack of communication between Mr. Short and me.

Mr. NELSEN. That is fine. We have got that settled.

Mr. WILLIAMS. Absolutely not.

Mr. NELSEN. Now, looking out ahead, I like the suggestion that you make that these parties involved sit down together. And I am sure you would agree that the income from the Redskins alone would not amortize our obligation out there, would not retire the debts, would not pay the interest. And so necessarily we look to souping up the income, shall we say, of the total facility.

Mr. WILLIAMS. Yes, sir.

Mr. NELSEN. And I also would agree that the Stadium needs some renovating to make it an attractive stadium that could produce that income.

So I am glad to get your statement. And also glad to learn that you wish to sit down and talk it over. Because this is not going the right way, the way it is certainly heading.

Mr. WILLIAMS. Yes, sir.

TAX ON ADMISSIONS

Mr. HUNGATE. Mr. Mikva. As I gather, you are making no comment on whether or not it is the Armory Board, or some other entity, is going to run the stadium, your concern is with that 10 percent admission tax?

Mr. WILLIAMS. Yes, sir.

Mr. MIKVA. What is that current admissions tax, 4 per cent?

Mr. WILLIAMS. There is a current admissions tax of exactly 4 per cent. On that last year we paid \$139,989. So in effect with the addition of that 4 per cent our rental becomes \$526,717.49.

Mr. MIKVA. I understand from your point of view that that is part of the rental. But those of us who pay taxes always look on taxes as taxes.

Mr. WILLIAMS. May I say just one thing on that, Mr. Mikva. I think it is a little different. We have a lease which says—and it was entered into in good faith by the Armory Board and the Washington Redskins in 1959—that we may pay 12 per cent of our gross receipts to the Armory Authority. Now, this particular tax that is proposed in H.R. 239, section 4, which is proposed in the present bill, is directed not as a broad scale amusement tax or not as a tax on supporting events in the District, but it is directed specifically at this stadium. I suggest to you, sir, that that is really a modification and an amendment of our lease. And it is one that we really cannot live with. We cannot live with that kind of a rental. And I think that it would constitute a change in the lease which both sides entered into in good faith, because it is directed specifically at the stadium.

Mr. MIKVA. The present admissions tax or use tax is a separate charge that is passed on to the customer, right?

Mr. WILLIAMS. Yes, sir.

Mr. MIKVA. And presumably, if it were increased I assume that that would also be passed on. I recognize that you still have a concern, because obviously there is a limit as to how high the price of the ticket can go. But would it not be a separate charge? Your mathematics are probably a little bit off in terms of what the percentage of your gross would be that would be paid as rent.

Mr. WILLIAMS. It is only offered to this extent, Mr. Mikva, that it is really more than—it will then become more than 22, I took the conservative side of it, because the 10 per cent loss to be taxed on the rent that we are now paying to the Armory Board. So that really I am not a good enough economist or mathematician to figure out how high that makes our rent. But we are then, under this bill, taxing the rent which we are paying to the Armory Board.

Mr. MIKVA. Again, so that the records are clear, as far as the specifics of the bill, which is the main event as far as we are concerned, as to who runs the stadium and how the long-range finance is conducted, you are voicing no opinion?

Mr. WILLIAMS. No. We can live with any landlord where the rent is right.

Mr. MIKVA. I suspect that that is true of most tenants.

I have no further questions.

Mr. HUNGATE. Mr. Thomson?

Mr. THOMSON. No questions.

Mr. HUNGATE. Mr. Smith?

Mr. SMITH. Mr. Williams, I would like to explore a little bit your statement that this tax would be a tax on the rent. How would that work out? I did not quite understand what you said.

Mr. WILLIAMS. Actually, assuming a million dollars of gross income, Mr. Smith, we are now paying \$120,000 of that in rent. So that within the million dollars there is a rent item. Now, if you add a 10-per cent on it you are taxing the gross income, which includes the rent. So that you are not just taxing the money that is not rent money, which would be \$880,000, you are taxing the whole million.

Mr. SMITH. In other words, if it was not the intent to tax the rental, but to add an extra tax on it which would be used for the District Government to help meet its obligations, then it would have to be specifically and carefully drawn?

Mr. WILLIAMS. I think that however it is drawn, Mr. Smith, that it would be really an exaltation of formal substance that would be making our rental payments 22 per cent, or probably twice as much as the average team in America pays, either in baseball or football, and we could not live with it, it would just be so inordinate. And I believe, Mr. Chairman, that it would be a modification, it would be a unilateral amendment of our lease.

Mr. SMITH. You might be right on that.

Thank you.

Mr. HUNGATE. Mr. Abernethy, a member of the committee, called. He could not be here because he is acting chairman in Agriculture, and they are holding a hearing there. He wanted us to explain why he is not here, and that he would be here later if he could.

I am trying to understand this section 4. In other words, I suppose it would be your position, Mr. Williams, that you have a thirty-year use. And while there might be, I guess, a successor in interest to the Armory Board, the terms of that lease legally would be fixed?

Mr. WILLIAMS. Yes, sir.

Mr. HUNGATE. I am not sure I follow—in line with what Mr. Smith said, I am wondering, you are now subject, as I understand it, to 12 per cent of your gross paid to the Armory Board?

Mr. WILLIAMS. That is right.

Mr. HUNGATE. And this bill is not intended to reduce it to 10 per cent, that is for sure.

Mr. SMITH. Mr. Chairman—

Mr. HUNGATE. Mr. Smith.

Mr. SMITH. Would you yield?

Mr. HUNGATE. I yield.

Mr. SMITH. Mr. Williams, I suppose what you are really saying is this, that if we decided that you would go on paying your 12 per cent of the gross, and then we decided that we would charge a tax of \$25 per ticket on top of that, then you cannot live with it, and the question is, really—and that would be a modification of your lease—the question is that you would come down in the scale from \$25 a ticket to 10 per cent as opposed to the present 4 per cent. And you will have this problem. But its impact is unknown at that point.

Mr. MIKVA. Would the Chairman yield further?

Mr. HUNGATE. Yes.

Mr. MIKVA. If I may say, Mr. Williams, without getting into a long legal discussion of how this might come out, I think that as a tenant you have the problems that a tenant always has when his landlord is a governmental agency with a taxing power. Obviously if it really were a clear-cut device to unilaterally re-negotiate your lease you would have a leg to stand on. If on the other hand it is a tax of any kind of general impact, even though it does have the effect of making you pay more, I think that legally it is no different than if we raise the income taxes and you pay more. If there is an excise tax put on the sale of football tickets generally, it is a tax. And while it is true that the taxpayer and your landlord happen to be the same pocket, that is unfortunate.

Mr. WILLIAMS. You are a very good lawyer.

Mr. MIKVA. So are you.

Mr. WILLIAMS. And I do not want to get into a legal argument with you. So if the tax were not specifically directed against the stadium, I might share your view.

Mr. MIKVA. In think that point is well taken, and you are giving us food for thought in terms of what the language of that section ought to be if we go ahead with that. But if it were aimed at the Washington Redskins Football Team by name, I think we would have a problem, even though it were a tax. And if it is aimed at all stadium tenants I am not so sure we have a problem, because that would apply presumably to the baseball team, you or anyone else who comes in.

Clearly if it were applied to all amusement and entertainment at any time in the District of Columbia whether it took place in the stadium or otherwise, I do not think we would be in court.

Mr. WILLIAMS. I think that is what happened, Mr. Mikva, on the 4 per cent tax. That was not a head tax on stadium occupants, it was a head tax across the board on amusements in the District of Columbia.

Mr. MIKVA. And I think it may be well that if we go ahead with this kind of formula we might have to consider increasing that overall tax rather than applying just a tax to stadium events. And I think that point should be considered.

Mr. HUNGATE. One suggestion has been a flat rate per seat tax, like a 25 per cent tax. Do you have any views or thoughts on that?

Mr. WILLIAMS. I think that is simply giving the problem a different form. But as I said, Mr. Chairman, at the outset of my remarks, that is the very kind of thing as to which I would like to sit down with a member of the stadium authority, with Mr. Short, with a member of this committee, or somebody delegated to represent this committee, and somebody delegated to represent the Senate committee, and see if we cannot work out a modus of operations so that we can all live together and there won't be an onerous burden on the taxpayers for the sustaining of the stadium. And I think it can be done, I am optimistic enough to think it can be done. And I think Mr. Short shares that view with me, if we can just get everybody together. And I believe they are all men of good will, and I think it can be done.

Mr. HUNGATE. If I may digress, if you do put the artificial sod in here, please check for the drains for football as well as baseball. In St. Louis it is rather disastrous for football. It holds the water in.

Mr. NELSEN. One question on that point. In the repair of this field after the game is over, who takes care of the cost of that, the Redskins or the stadium?

Mr. WILLIAMS. Under our lease, Mr. Nelsen, the stadium maintains the field.

Mr. NELSEN. I was out there at one football game when it was raining—

Mr. WILLIAMS. It was terrible, the Chicago Bears game. We would not have had that problem if there had been synthetic turf. It was just a mish-mash.

Mr. NELSEN. I had a better, a good seat. I was a guest of—

Mr. WILLIAMS. We are talking about a different game.

Mr. HUNGATE. Are there any further questions for Mr. Williams?

(No response.)

Mr. HUNGATE. Thank you very much, sir.

[Whereupon the committee proceeded to other business.]

Mr. HUNGATE (later). We will return to the hearings on H.R. 2293, transfer of the D.C. Stadium to Interior.

Mr. Short, would you care to make a further statement at this time?

And I will indicate that we also have Mr. Robert Doulens. He has asked to testify this morning. We will see that he gets five minutes.

All right, Mr. Short is next.

You may proceed, sir.

Mr. SHORT. Thank you, Mr. Chairman.

STATEMENT OF ROBERT E. SHORT, ESQ., WASHINGTON SENATORS

Mr. SHORT. Mr. Chairman and gentlemen of the committee, I would be remiss if I did not recognize as did my good friend and colleague, Mr. Williams, of the Redskins, our long friendship, we began when we were in law school together. And while I suggested from time to time that he as teaching and I was in law school to establish our relative ages, he denies that proposition. And I might say that we have good communication since we were in law school. I have known him practically all my adult life. I respect him as a lawyer, I respect him as a sportsman, and I respect him as a businessman.

And I understand his testimony this morning is being recorded against the bill that you are considering, and against it for the reason that he is not in favor of an additional 10 per cent tax on his tickets.

TAX ON ADMISSIONS

Now, I would not want my support of the bill to indicate that I am in favor of the additional 10 per cent tax on his tickets or mine. I have never testified

that way. And last fall, when I knew the difficulty that I was in, I came to the committee. And in the discussions that we had informally informed them—they asked how other stadiums handled this kind of thing, and I think I suggested to Mr. Fuqua and to the others that in Cincinnati's case, a new stadium, that they handled the maintenance of the building, and for all practical purposes the debt on a 25 per cent per ticket tax.

Now, why they had 29 cents instead of 4 per cent or 5 per cent or 10 per cent or 15 per cent or any per cent I do not know.

You will find if you keep in mind that a fixed amount per seat, whether it is a dollar ticket or a ten dollar ticket or a twelve dollar ticket, or fifteen dollar ticket, has in mind the idea that the patron for the event, whatever he pays, and then to whoever runs the building, an additional amount for the maintenance or for the continued operation of the stadium, you can see that a percentage of the ticket is not in order, but that it should be a flat cost, because it costs you just as much to maintain a seat in a dollar section as it does in a ten dollar section, probably more. There is just as much expense to clean up, for example, after a dollar admission as of a 10 dollar admission. And I would not want my silence on the question to indicate support of a ten per cent tax that came out of the bill after it went through the subcommittee.

I do understand what you were trying to do. And in terms of a percentage of the ticket also—if you have ever stood in a box office—and I think some of you would like to come and stand sometimes—you will see it is impossible to collect odd pennies from a customer at an event like a baseball game or a football game, and consequently a quarter, or 50 per cent—I would not want to support a 50 per cent admission charge—I do not even want to support a quarter admission charge—but I do know that if you are going to think in terms of admission you should think in terms of one coin per seat, a coin that can be easily collected by the ticket seller at the window, in an event where you might be selling 10 or 15 or 20,000 tickets in 15 or 20 minutes.

FINANCES

I recognize that he pointed out that he has a 30-year lease. If I had had a 30-year lease like his, I do not know that I would have been before this committee with the problem that I have. It is true that if I were paying 10 per cent of my gross, and that is all, that we would still be in difficulties in baseball in Washington for an assortment of reasons. But if we were paying 12 per cent of my gross, and that is all, I could be before this committee or Mr. Bergman at any time that you permit me and ask him for a refund on what I paid over the past several years that I have been operating under this baseball lease.

We spend almost as much money cleaning up the building, putting in the infield and maintaining it, and paying for the lights, as the Redskins spend for their total rent.

And I did not talk about policemen. I did not talk about the 65,000 minimum or the 7 per cent, I am talking about three items that come to something over \$300,000, that is keeping the infield in repair, cleaning up the building, and paying for the use of electricity, the charge that would be there whether or not I played a baseball game.

And I would also hope to stress this morning, if I could, the fact that I did not come here to ask the Congress for a relief bill for Bob Short or for Washington baseball. I came here after I could not find any possibility of negotiating a new lease with the present Armory Board. And in these discussions, which took place over a period of two years, it was suggested any number of times by Mr. Bergman and by other members of that committee that if they did not have the responsibility as imposed by the Congress, they could obviously grant some relief. And it was from Mr. Bergman I think I first learned that this building probably should be in the hands of the Department of the Interior.

I discussed this with Mayor Washington, with his deputy, with the local Budget Bureau for the District of Columbia, with the Deputy Bureau of the Budget Director, with everyone who would listen. And the idea of moving the building to Interior was not my idea. The idea was expressed to me—I learned it after I came in—that perhaps the building should be in the Department of the Interior. And when I found out from Secretary Hickel and from Mr. Hartzog something that if it was their building that we might be able to negotiate some relief to the lease that I had, quite naturally as an interested person I would be in favor of that by and large as distinguished from the present local Armory Board.

I do not care who owns the building, or who the landlord is. But I am not only a lawyer, but a businessman, and a businessman interested in sports I can tell you with some authority that there is not anyone that can have a successful baseball operation in the present stadium under the present lease. And I cite by way of an example the fact that no one yet has. You have got the biggest, most financially able civic people attached to this ownership in the past ten years in the District of Columbia. The Washington Post, they owned a big part of this franchise for several years. Mr. Johnson, from whose estate I purchased this, owned a substantial portion for years. And if you look at the civic lease, if they could not make it under that lease, if you look at the lease and you look at the record you will find why they did not make it. There is no way that Bob Short or anyone who owns this franchise in the District of Columbia can make it under the present lease.

So why did I come? I came because I am still trying to make it successful here. I came because I was in trouble, in trouble that no one would listen to me about it. No matter who I talked to, there was not anyone able to give me some kind of a reply that made any sense except that they all said, the buildings should not be the responsibility of the District of Columbia, the Federal government building, the Federal government ought to run it, and who should run it, the Department of Interior, because they are going to run it anyway.

BONDS

I notice that there were some questions that were asked about the bonds the last time we were here. And my partner, a 10 percent partner, Mr. Lemon, is a stock and bond man. And he checked out your bonds. And I asked him to submit to Mr. Hungate a recital of it. But he found that these bonds must be paid in the year 1979, and that if they are paid now at full face or even something less, that you would simply be returning to the people who bought them in the first instance the amount of money that they advanced for the stadium. There is not any movement of these bonds between the Chase Manhattan Bank and Bob Short or Jim Lemon, or anybody who might be buying them.

Who would be buying them? Original investors bought them to hold to maturity at a fixed interest rate. And it is true that the Treasury could recall them if he wanted to or negotiate some other amount.

But in 1979, according to the prospectus, these bonds will be paid full face. The interest will be paid between now and then, and at that time, under your law that you passed, the Department of Interior will own this building.

Now, I was delighted to listen to Mr. Williams say that there were some things that were wrong with it. I have been saying that since I have been there.

Mr. HUNGATE. On that point, Mr. Short, is there a list of the registered owners of the bonds?

Mr. SHORT. There would be. I do not have it, but I do know that there is such a list, and that the Secretary of the Treasury would have it.

Mr. HUNGATE. The Secretary of the Treasury would have it?

Mr. SHORT. Yes. These are full face and credit United States bonds. And I think most of them are held by the Chase Manhattan Bank and other people who deal in government securities. There are no private people who bought these bonds. In Minneapolis every businessman bought a bond. I bought a bond in the stadium there. And we sold them off at 50 cents and 30 cents and 20 cents on the dollar, and they had the full faith and credit of the city, and eventually they will be paid. But there is not that kind of credit in these bonds.

My partner, Mr. Lemon, is an expert on it. And there are expert people in the government and the Treasury Department who could tell you about it. But if they are going to be paid in 1979 and it is going to cost you \$800,000 a year between now and 1970, there is no ability between myself and Mr. Williams and all the rock concerts in the town to pay it, it would seem to me that with the declining interest rate in the last six or eight weeks, that this may be an appropriate time to call him and get rid of it and forget about it, and look at that building and say we have got X number of dollars in there, who has got it?

OTHER RECOMMENDATIONS

Mr. Bergman does not have it, the District of Columbia does not have it. The Federal Government has got this money, 20-some odd millions in that building. And if it is ever going to be a first-class institution, you are going to have to do some of the things Mr. Williams talked about.

I have no objection to astro turf. But I think before we get astro turf we ought to be able to cook hot dogs in the kitchen, and get some gas in the street.

I have no objection to him having office space, and I told him that, he could have any amount he wants, so long as he does not push us out. The only reason they have not been there before is because Mr. Lombardi and the previous administration did not want them there. They are the first tenant. They can come in if they want, so long as they do not push us out.

As a matter of fact, I am even willing to give him some of the space I cannot use because we have reduced our staff substantially in order to try to make it there.

The score board is a national disgrace. It looks like some carpenter built it. And it cost some \$800,000. And it is paid for—or \$500,000. Why don't you let some intelligent businessman propose a new score board for that building that would be automated, and cost a million dollars, and it would not cost the Federal Government a dime, because the advertisers would pay for it?

New seats, I am all for new seats. The building was designed as a football stadium, it is not a baseball stadium. But there are some things that could be done there that would make it better for football and better for baseball.

A club—can you imagine \$22 million with a building, and there is not a decent restaurant or club facility in the whole building? Someone—the architect ought to be brought down here and made to explain why isn't there something like that in the building.

Now, the registration. We might sell in a big game, like opening day, 8 or 10 truckloads of beer. Unless we brought the trucks in and kept the refrigeration on the trucks you could not sell cold beer, there is limited refrigeration in the building.

Now, these are things that a businessman could tell you about that building if you would listen. And they could be accomplished, most of them, from some intelligent business administration of the building. And I am not suggesting that there has not been an intelligent business administration, but when the administration of the building is charged with the responsibility of paying \$800,000 a year in bond interest and comes before you and has made only \$300,000, may I submit at this point, right here, without any questions asked, that if you want to give me a lease on the whole building, I will pay you \$400,000 a year in each of the next ten years for the building. That is a hundred more than the Armory Board got. And Mr. Williams would take half of that. And we would make it run.

Now, that will give you some idea of what I am talking about. No one quarrels with the fact that that building should be made to stand on its own. It cannot pay the \$800,000. But it certainly ought to be able to make more than \$300,000. and it could pay more than \$300,000 if some of the things that have to be done were done in terms of that building.

I am in no position at this point, as you know, financially to do anything except to please point out to you that I am under a notice from the Armory Board, and if I do not tell them when I am going to pay them what I owe them from last year, that they might take action on the clause of the lease that could evict me. And in addition to that, when I was here last year, I said, I cannot afford another year under this lease, would you please help us in time for next season. Next season starts a week from today.

Mr. HUNGATE. Mr. Short, I do not want to foreclose anything. But you know our problem here, sir.

Mr. SHORT. I do, sir.

Mr. HUNGATE. We have got about ten minutes more of statements from each of the two most interested parties.

I would like to give Mr. Thomson a chance to question. I cut him off the other day.

And I am anxious to let Mr. Douless have five minutes. And we need to move.

I think we would be happy to receive any written statement on the problem that you would care to submit to us. Once again, we are all moving—I do not have to tell you this time problem here—I would say anything further you would want to submit to us, we would prefer to have it by next Monday, April 5th, if you could, any addition you would like to make to your statement. So you understand, I am not cutting you down, but I have got to handle this time carefully.

Mr. SHORT. Mr. Hungate, I do not care to speak any further, except to make certain that what I did say last year is part of the record, and I understand it is. And would you please tell someone in the District of Columbia, whoever would

listen, that there just is no possible way that I can pay the money that I owe from last year, or that I can pay the money I am bound to pay under the terms of the lease for this season, and that unless there is some renegotiation that would recognize that plight, there is not any way that I can make baseball successful in the District of Columbia. There may be someone that will succeed me that will, but I cannot do it. The bank simply will not give me the money to pay that last year's bill or the money to pay for what will be confronted under the terms of the lease this year and that of the District of Columbia.

Mr. HUNGATE. We certainly thank you for being with us, Mr. Short.

One thing that keeps coming up, according to Mr. Fuqua's testimony at page 14 of the hearing the other day, this does not nullify any lease arrangement, and so on. And he asks about the Redskins. This does not nullify any lease arrangements. And then once again, according to Mr. Fuqua, I understand they would like to do this or that and make arrangements particularly relating to the concession of parking, and several other matters. But that is not before the committee.

Mr. Thomson?

SENATORS' CONTRACT

Mr. THOMSON. I would like to have Mr. Short just tell us what he is asking for. There have been terms like the Milwaukee lease, and so forth. But I understand you want the parking privilege, you want the concession privilege, you want lower rent privileges. And what else? What does it amount to in dollars and cents?

Mr. Williams said the concession money last year was \$192,000 to baseball and 55 from football, or \$247,000.

Mr. SHORT. That is not quite right. Mathematically it is true that we get a percentage of what the concessionaire pays for the privilege of concessions on both football and baseball. And so does the Armory Board. And that is true in every park in America except in very, very few that I know about—in almost all that I know about does the landlord participate. The reason that the baseball tenant runs the concessions is because he is there for 80 days against football 7 or 8 or 9. And there is a tremendous cost of machinery, and so forth, in terms of that.

Now, in some instances the football people do participate. Let it be pointed out here that I have no desire to have any of the football income from concessions. We give it because we service them.

Mr. THOMSON. Just tell us what the total amount is that you are really asking for. What would the parking produce?

Mr. SHORT. The parking produces to the District of Columbia something like \$200,000 from baseball events. It is my view that I could make it produce substantially more than that for my events.

Mr. THOMSON. And you want that?

Mr. SHORT. Yes, sir. The Mets have that.

Mr. THOMSON. What about concessions?

Mr. SHORT. And the concession income, whatever it is from baseball, not from football, I would like to have the right to keep the profit from the concessions on baseball, and not have the Armory Board take it.

Mr. THOMSON. And what would that amount to in dollars, Mr. Short?

Mr. SHORT. It is a third of the total gross under the present arrangement. And it might be even more than that if I ran it myself. In Calvin Griffith's case where he runs it himself he gets about 60 per cent of the total gross. But the concession contract is up this year now as well. I know that we could not cancel them out, because they have got a year to run. And that was gone into in the last year. But certainly you would not renew them, for an assortment of reasons.

Mr. THOMSON. But you want the whole concession?

Mr. SHORT. Yes, sir.

Mr. THOMSON. Is that \$200,000? You got it \$292,000 last year?

Mr. SHORT. Whatever it is it is a third of the gross. If you think of a million people, which is what we are trying to draw—and we did about a dollar average—it is \$350,000 under the present contract. So if we did not quite draw a million we dropped down a little to about \$200,000, we probably grossed about \$900,000 and they got 12 percent and we got 20. But there is not in any park in America this arrangement.

Mr. THOMSON. I am just trying to find out what this package is that you are asking for.

And then you want a reduction in rent. And did you pay \$151,000?

Mr. SHORT. I think I paid more than that. But whatever it is the rental that we paid, until I got here it was always the minimum \$65,000. I think that we paid pretty close to 200 each of the two years that we are here, whichever it is, it is 7 percent of our gross.

Mr. THOMSON. Are there any other items that you are asking for?

Mr. SHORT. What I have asked for I have asked for what I think you would do if you suddenly found Kennedy without a baseball tenant, in terms of attracting a new baseball tenant to Kennedy, to please do it for the present baseball team that is here. And what I have said is that Milwaukee did S. the Mets did X, the Twins did X, in order to get Calvin Griffiths out of here. And what I have asked for is that—I may have asked for more than Milwaukee got, because of the peculiarity of operating in the District of Columbia, which you gentlemen are as aware of as I am, this is not Milwaukee, and it is not Minneapolis.

Mr. THOMSON. Are you asking to be relieved of the lighting costs also?

Mr. SHORT. Yes, sir. And the strange thing is, I paid \$37,000 for lights last year, only seven of which was attached to the candle power, the rest they would have had to pay in order to have football in there.

Mr. THOMSON. And are you asking to be relieved of the police protection out there?

Mr. SHORT. Yes, sir. I do not mind a minimum amount of police protection, but certainly to the extent that you would have to have almost a policeman for every spectator there is no way I can do it.

Mr. THOMSON. What is the total cost, \$700,000?

Mr. SHORT. It can be as high as 8.

Mr. THOMSON. You are asking that this committee find some way to relieve you of paying \$800,000, to increase your income by \$800,000?

Mr. SHORT. Let me put it a different way, that last year, if you took Milwaukee alongside of our tenancy, we paid, either lack or receipts, or in charges, about \$700,000 more than Milwaukee did. And we have to compete with Milwaukee in the American League.

If you took it one step further in terms of radio-television, they got almost a million dollars' worth of income where we cannot, because of Baltimore. We got about \$400,000 of such income. So when people say to me, we should have baseball in the Nation's Capital, and I agree, there has got to be some rules or changes made in order to keep it here. And there is nobody that can. Every manager wants to get out, and no investor wants to come in. And I am not in a position to be able to continue now.

Now, am I asking a subsidy for me? I do not want any money from this baseball team. I have never taken it out. But I do think it should be able to stand on its own feet if it is to be played here. And if it cannot stand on its own in Kennedy, then it should leave here.

Mr. THOMSON. Thank you, Mr. Chairman.

Mr. HUNGATE. Mr. Mikva?

Mr. MIKVA. Don't we have a special concern, though, in terms of—you say it is not a subsidy for you, and I understand what you are saying—but don't we have a special concern about the correctness, the rightness of the Federal Government, all the taxpayers of this country subsidizing the existence of a team? Frankly, if it were in this bill you would have lost me sometime ago, because I just do not think that it is this committee's business, or the Federal Government's business, to negotiate with you on how to keep baseball in Washington if the bottom line of that is that there is going to have to be a subsidy be put into the baseball team.

Mr. SHORT. I do not mean that there should be a subsidy from the Congress to baseball, except that the Congress did decide to put the building where it is. And you are from Illinois and I am not. And I certainly can talk to you this way. Unless the Congress makes the Nation's Capital a place that visitors can visit in a way that they do not have to worry about life or limb or property, the very corner mark of our government is in jeopardy.

Now, what does baseball do? You could keep that building going up there, with what I am talking about, for a lot less than what you can in terms of hiring policemen and all these other things that you are doing in terms of crime bills. If we could handle the kids out there that are there and give them the Howards and the Ted Williamases and the rest of them to hero-worship, this goes a long way toward staking out that part of the community in terms of the good that is in America. I do not want to sound like an Evangelist, because I am not. But without that if you have to abandon that building—and it would seem to me

that this is the way we are going—it would be catastrophic in terms of just the national press in relationship to it. And you know that we reclaimed it, the lights and the parking.

On the parking lot, the fences on the parking lots, the policemen in the building with no incidents, we reclaimed it. There were only 500,000 people the year before I got there that went into that place.

Mr. MIKVA. You are making a very persuasive argument for keeping it in the hands of the District of Columbia, and I am not sure that is not your intention. I understand why Washington has a stake in keeping baseball in this town just as every other big city does. But I get into trouble when you talk about the Department of Interior having a stake in keeping baseball in this town, or the Congress have a stake in it. Because then it is the Federal Government saying, now, folks, it is the whole country's concern that there be baseball in Washington. And I am not sure that it is. Again, none of this is really involved in this bill, except that you have indicated in your testimony that the underlying reason for your interest is not that Interior is going to be a more efficient landlord than is the Armory Board, but you think you can negotiate, renegotiate your arrangement with the Interior Department, and you cannot with the Armory Board. Isn't that basically what you are testifying to?

Mr. SHORT. I have not been able to with the Armory Board, because whenever you talk to them they say, we are charged with the obligation of paying from receipts \$800,000 worth of interest. Now, what I am saying is, there is no way—if we put the Los Angeles Dodgers and the Senators in there and pay them the present rent, there is no way that they could pay the bonds off anyway. And since the building was built by the Federal Government at that location, on Federal Government land—and they get it back—

Mr. MIKVA. Maybe that was the mistake.

Mr. SHORT. Exactly.

FEDERAL INTEREST

Mr. MIKVA. And it is we who compounded that mistake by getting the Federal Government in the baseball business. And that is what troubles me a good deal.

Mr. SHORT. Just one last observation.

There is no municipality, Chicago, or Minneapolis, or St. Paul, that would have built that kind of monumentation. The only place you could do that was in the District of Columbia. Because the Congress, or whoever represented them, insisted that it be a monumentation type building. The lights have to be so low and the place has to be landscaped, and all that kind of thing. And it is on Federal Government land. Ten million dollars of cost went in there that did not have to go in there if it had not been for the fact that the Federal Government dictated the standards of the building. It is like the Washington Monument or the Jefferson Memorial, or all these other shrines that the National Park Service keeps in this town.

Mr. MIKVA. Maybe that is the answer, maybe that ought to be a shrine.

But then the problem of how the Washington Baseball Club negotiates its lease with the keeper of that shrine ought to be something really that is of concern to Washington, not to Congress or the Nation.

Mr. SHORT. I have been to the Mayor of the City of Washington, and he said, "Bob, we want to keep the team, we will do everything we can, but we cannot afford to spend a dime to keep it here." And we are now spending \$300,000 a year.

Mr. MIKVA. He speaks like most big city mayors. And I do not know of any big city mayors that are subsidizing their ball teams in any of the towns, outside of attending.

Mr. SHORT. I tell you what, we subsidize in Minnesota and, without any question about it. And I am on the other side of that question.

You see, you have two privately owned buildings in Chicago. And I would not want to suggest this to Mayor Daley. But I am satisfied that they are subsidized in this way. They are not taxed at full value in terms of real estate taxes. So they are to some extent subsidized. And you have got what was originally and what still is in terms of the times, a big man that owns it, a family.

Mr. MIKVA. Mr. Short, are you saying that baseball cannot stand on its own financial feet in any big city in this country?

Mr. SHORT. I am saying that the city in which it does is a unique situation, and if you took the—don't take me at my word, but I said that once, and I say it again, that of the 24 times, if you take an underlying profit and loss statement, even with fantastic operations, such as at Chavez Ravine, and to some extent the

Cubs in Chicago under Mr. Wrigley, and others—the Mets, for example, which was bought to be a tax shelter for Mrs. Payson, and that has never done anything except make money that is an accident, but as we play it together today, unless you have got some of these things going for it there is no way that you can make it. And to be very honest with you, if I had known when I first talked about buying it what I know now, you could not have got me here if you had agreed to subsidize me.

Mr. MIKVA. Mr. Short, I appreciate your candor. I happen to be a baseball fan. But I doubt very much if any of us—were given a mandate by anybody to spend the taxpayer's money subsidizing baseball. I just do not think that we have ever agreed upon that premise in this country. And I think if it is as bad as you suggest it is that maybe we ought to go back and look at our premises again. I do not think that the people in this country recognize that that is what they are doing, or have agreed that that is what they want to do.

Mr. SHORT. Then would you please permit me to move where I do not have to go into bankruptcy? That is the question. People say, whether it is Bowie Kuhn or Joe Cronin or the president and the predecessors, baseball belongs to the Nation's Capital. And I agree. But who is going to financially underwrite it to keep it here? I cannot any longer. I thought I was going to be able to do it, and I could not.

So I say, it is bankruptcy or move, I have got no choice.

Mr. MIKVA. Thank you.

Mr. HUNGATE. Mr. Nelsen?

Mr. NELSEN. Mr. Chairman, some of us who serve on this committee find that the burden of serving on this committee is quite extensive, and really of no political gain to any of us. But we are concerned about our Nation's Capital. So when this problem came before the committee we searched for an alternative approach that might permit an economic situation that will finally develop a winning ball team that takes care of all problems, and hopefully after the Redskins and the Senators sit down together to work out a plan. And it is not my concern nor my desire to bail anybody out of any kind of a problem. But we do have a problem. But I would like to point out that the Department of the Interior comes into this picture, but they become the final owners of this stadium. And this stadium was built by the Congress of the United States. And I think we have got a lot of monuments around this town where maybe a little more supervision might have been in order and has not been prevailing.

But the lights, you mentioned the lights. There is a service charge to put in a lighting system in a stadium, whether you use it or whether you do not use it. So that is there.

As far as concessions are concerned, there is no income to the Government of the United States if there is no ball team.

You might point out that as far as policemen, you need no policemen if you have no game going.

And as far as parking is concerned, that is there to supply a place for the cars that come up to see the game.

So all of these things hinge on whether or not we have a team, and hopefully a winning team.

So I just want to point out those things, because these are just plain, shall we say, views that we have taken on the committee, and we are trying to find an answer.

And I am sure that you were pleased with what Mr. Williams said, that he would be glad to sit down with you.

And I am pleased as to what you said, because I think we need a little promotion as well as perhaps a review of the contract.

And I just want to call the attention of the committee to the fact that I have known Bob Short for many years in Michigan, and he and I have been up and down the byways and highways of our state many times on opposite political parties, however, but also good friends. And I hope there is some way, Mr. Short, we can work something out.

Mr. SHORT. I am grateful for your remarks.

Mr. HUNGATE. Mr. Smith?

Mr. SMITH. I just want to say, Mr. Short, you are an articulate spokesman for baseball generally and the Washington Senators particularly. And we do appreciate your views in this matter.

Mr. SHORT. I appreciate that.

Mr. HUNGATE. I too would like to thank you for being here. And we all look forward to winning teams. I suppose all the time half the teams are going to lose. So we have got to have a situation where we support teams and they can operate, but half of them must lose. Like the old Browns.

Mr. SHORT. May I make just this last observation, because it does put me in even a more severe bind than before. When I was before this committee in executive session and public session last year, at the heat of my plight, if you please, when I had to convince bankers to go along with what looked like it would be some relief to the situation, there was no question in my mind or the mind of any one who heard any of that testimony that there would not be something done so as to relieve us prior to the start of this year. I signed notes knowing that for \$110,000. I made the McLain trade knowing that for either \$100,000. Because in my view, right or wrong, that would help us to win and help us to get over the million attendance.

Now, everyone that we talked to, the Bureau of the Budget, the Department of Interior, the District of Columbia, this District Committee, there was not the dissent that you now hear. And for six months there has been no dissent until we got here just the other day, in advance of our game by one week.

I would say, for whatever it is worth, that if you were to look at those hearings and look at the testimony and talk to your colleagues who were on that committee at that time, that there was not any question in the mind of almost anyone who listened that there would be some recognition of the plight that the Senators found themselves in for this year, and it does not appear that we are going to get that recognition or that anyone is really concerned—I do not say that you are not concerned about it, but if I was bad off last year without any help, God help me this year!

Mr. HUNGATE. Mr. Short, as to those hearings, I have looked at them, and all members of the committee have copies of those previous hearings—which, incidentally, were held before a bill was introduced. We are not doing that this year. And I am sure many of them have examined them, and the hearings have been held previously this year, and today's hearings will all be considered. And I cannot prejudge what the committee will do. And I would not mislead anybody. But the subcommittee has to hold hearings, and whatever recommendation it makes goes to the full committee. And the full committee has to take whatever action it sees fit to take. And after that it goes to the floor.

Now, I am certain that the opening pitch would have been before that time.

Mr. SHORT. I understand that.

Mr. HUNGATE. I greatly appreciate your candor. And I am concerned—I am not certain we do not have some kind of mandate for sport in this country, but I am concerned at the same time that if we get into propositions that involve \$20 million in subsidy for one, we may be subsidizing others.

We appreciate your being here, the time and effort. And we assure you we will give this our very careful study.

Mr. SHORT. I am grateful for the courtesy that the committee has extended to me.

Mr. HUNGATE. Mr. Douzens.

Go ahead, sir.

STATEMENT OF ROBERT B. DOULENS, A BASEBALL FAN, ALEXANDRIA, VA.

Mr. DOULENS. Mr. Chairman, you have a very busy schedule today. And in the interest of brevity I will submit my statement and just tell you and the other members of the committee that I am opposed, as a fan, to H.R. 2293 if it is used as a vehicle for bailing out the Washington Baseball Club, because mistakes have been made by the management over the last couple of years.

Mr. HUNGATE. Mr. Douzens, your statement is short. If you would care to read it I would be glad to hear it. My experience is that the summaries are usually longer than the statement.

Mr. DOULENS. First of all, Mr. Chairman, and members of the committee, I bow to no one in my respect and high regard as gentlemen to both Mr. Short and Mr. Williams.

My name is Roger B. Douzens, and I am a baseball fan.

I saw my first major league baseball game back in 1925, when I was a little boy, and I would estimate that I have seen approximately 1,000 major league games since that time.

Since 1953, I have been a season subscriber to Senators' home games and, despite the poor showing of the team more often than not, I still retain my interest in what I firmly believe to be the finest spectator sport practiced in the world.

I have followed in the newspapers with more than unusual interest the proceedings of this subcommittee in the matter now before it. When you, Mr. Chairman, and Mr. Clark made time available to me I readily accepted it, even though my appearance will be necessarily brief.

Mr. Robert Short, I believe, is the victim of his own mistakes.

In the first place, if the figure in excess of nine millions is correct, he paid too much for the franchise. I had the authority of Mr. Samuel F. Pryor to bid up to seven millions for the ball club—and we thought that even that figure was too high.

Secondly, with no previous exposure to baseball, he decided to become his own general manager. Now, a Horace Stoneham or a Calvin Griffith, who has spent his whole life in baseball, is qualified to do the wheeling and dealing necessary to keep his club in contention. But Mr. Short's credentials, suspect two years ago when he acquired the franchise, were indicted last fall when he made that incredible transaction with Detroit.

In the third instance, Mr. Short operates with the philosophy that the people of Washington area owe him a debt of gratitude, that it is their obligation to buy his product, and keep on buying, no matter how unpalatable the product might be.

I have no argument, personally, with Mr. Short. I have tried to be of help since his arrival on the Washington scene. A year ago I had lunch with one of his aides, Mr. Molomot—I paid the tab, incidentally—and gave him a lengthy list of names of personalities and business firms which I thought could be sold season tickets. Whatever became of that project I do not know.

On the other hand, I believe Mr. Short should be encouraged short of subsidizing his operation. I will reject a 10 per cent or 20 per cent surcharge on my ticket to pay for the interest or principal on RFK Stadium or to assist Mr. Short in paying his rent. I would encourage the rejection of any proposition which gives the Washington baseball club free rent until an arbitrary and capricious attendance is reached. I strongly oppose any unreasonable accommodations to Mr. Short, such as control of concessions and parking revenues, if they will add to the hopeless debt RFK Stadium already finds itself in.

If there is too much first person singular in this brief presentation, Mr. Chairman, please believe me when I feel I am speaking for the average baseball fan. As a past president of the most prestigious baseball organization in this area—the Alexandria Club of Grandstand Managers—I like to think that my sentiments are also those of my colleagues who purchase the tickets to keep Mr. Short and Company in business.

I hope for the sake of Mr. Short, his franchise and the future of baseball in the Washington area that there is incentive for more people to purchase more tickets than ever before. No one wants the Washington Senators to draw more than a million fans at home any more than myself. But we see no reason why the ball club should not start paying rent with the sale of the first ticket, not with the millionth.

Mr. Short has surrounded himself with some excellent baseball men, like Joe Burke and Burt Hawkins. He also has a most knowledgeable manager in Ted Williams, even though I believe that Williams' ultimate destiny is as general manager of the Senators with another proven baseball personality moving in to take on the field.

Mr. Short should give more authority to these people in purely baseball decisions and concentrate on being the executive for which he is so excellently qualified.

We want a winner in Washington—at least we want an interesting baseball club. But we do not want it at any additional expense to the local ticket buyer, who is already paying the highest price in the major leagues.

Mr. Chairman, I thank you for this opportunity to express myself.

I want to amend that. I think in the American League the Dodgers get more money than the National League.

Mr. Chairman, I want to thank you for this opportunity to appear before you.

Mr. HUNGATE. We thank you for being with us, Mr. Doulens. We appreciate everyone's interest in baseball and in Washington.

Mr. Nelsen?

No questions.

Mr. HUNGATE. Mr. Smith?

Mr. SMITH. No questions.

Mr. HUNGATE. I will only say that it is good to have a fan's viewpoint. You are not an average fan, you had authority to bid up to \$7 million. I think that moves you above the average fan.

Mr. DOULENS. Thank you very much.

Mr. HUNGATE. If there are no further witnesses on H.R. 2293, the committee will now proceed to consider H.R. 5638, Assaults on Firemen, Criminal Penalties For.

[Whereupon, at 12:04 p.m., the committee proceeded to other business.]

[Subsequently, the following letter was received for the record.]

McCORMACK & BREGMAN,
Washington, D.C., March 30, 1971.

Hon. WILLIAM L. HUNGATE,
Cannon House Office Building,
Suite 439,
Washington, D.C.

DEAR MR. CHAIRMAN: I am writing to you as General Counsel for the Washington Senators, Inc. After listening to the hearings held by your Committee, I believe that there is a great deal of confusion concerning the concept presented by Mr. Short and certain illusions have been created that are not based on fact.

Mr. Short is *not* asking for a subsidy for himself, for the Washington Senators, or for baseball. He is interested in creating a situation which would lessen the financial burden of the District of Columbia concerning Robert F. Kennedy Stadium which in turn would enable baseball to continue in the nation's capital.

The cost to the District of Columbia through June 30, 1971, will be an amount over \$5,630,000 out of total interest payments of some \$9,147,600 which have been made on the stadium bonds to date. Because of the deficit that the District of Columbia endures, the Armory Board has taken the position that they cannot give more favorable lease terms to the Washington Senators. This position of the Armory Board does not take into consideration that it is highly unlikely that major league baseball whether operated by Robert Short or anyone else will be able to continue in the District of Columbia under the present conditions and without lease arrangements comparable to what other teams receive. Without major league baseball in the District of Columbia the burden to finance the stadium will be even much heavier. It is my understanding that the principal of \$19 million will become due in 1979 and is an obligation of the United States government.

When Congress enacted the law to build the stadium it was the view of Congress at the time that baseball was desirable for the District of Columbia. The present financial situation of the stadium today is not good. Without baseball it would be disastrous. The present long-term Redskin lease cannot be altered and there would be no way to get enough added attractions into the stadium to create any substantial amount of revenues. The District of Columbia or the federal government would then have to appropriate more money.

Mr. Short has done more than any other owner in building up attendance and creating interest in the Washington Senators. In the year before Mr. Short took over operation of the Club the attendance was only 542,652. During his two years as owner of the Senators the average attendance per year was approximately 900,000. Only on three other occasions 1924, and 1946 and 1947 did the Washington baseball team attract more than 800,000 people. Although last season was a poor season as far as winning and losing is concerned, in 1969 the record of the team was better than any Washington team in over 25 years. Mr. Short has demonstrated his sincere desire to give to the citizens of the Metropolitan Washington Area a major league attraction. He has done this with both his money and his time. He does not desire to make a profit with the baseball team. Neither Mr. Short nor anyone else could continue operating baseball in the District of Columbia under the present economic conditions. He is only asking that a situation be created where he can receive a type of lease which is comparable to what other major league baseball teams receive. This is not a subsidy nor is it a handout.

In summary I say that under the present financial conditions of R. F. K. Stadium it will be impossible to operate baseball in the District of Columbia, and if the sad event of no baseball in the nation's capital should occur then we

will have a greater financial problem with the stadium in the District of Columbia and one which will create an increased financial burden on both the District of Columbia and in turn the federal government. If the bill before your committee becomes law the government would receive revenues from the tax. Without the legislation, there will be very little revenue for the government to meet its obligation on the bonds, much less than is presently being received.

I appreciate your consideration of this matter and I hope that a fair, equitable, and economically just solution can be achieved.

I am sending copies of this letter to the other members of your subcommittee.

Yours very truly,

STANLEY I. BREGMAN.

APPENDIX III

STADIUM ACT OF 1957, H.R. 1937, APPROVED SEPTEMBER 7, 1957 (PUBLIC LAW 85-300, 71 STAT. 619)

AUTHORIZING THE CONSTRUCTION, MAINTENANCE, AND OPERATION BY THE ARMORY BOARD OF THE DISTRICT OF COLUMBIA, OF A STADIUM IN THE DISTRICT OF COLUMBIA

The Committee on the District of Columbia, to whom was referred the bill (H.R. 1937) to authorize the construction, maintenance, and operation by the Armory Board of the District of Columbia of a stadium in the District of Columbia, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill H.R. 1937 do pass.

The purpose of this legislation is to authorize the District of Columbia Armory Board to construct, maintain, and operate a 50,000 seat stadium, including parking facilities, in the District of Columbia suitable for holding athletic and other events. The overall cost including interest, engineering, legal, architectural and other incidental expenses shall not exceed \$6 million. The bill directs the Secretary of the Department of Interior to acquire and transfer to the Board all the real property within the boundary of the East Capitol Street site contained in the National Capital Planning Commission report entitled "Preliminary Report on National Memorial Stadium" dated November 8, 1956.

The National Capital Planning Commission was requested to comment on 4 available sites within the District of Columbia and of the 4 the site recommended in the bill, H.R. 1937, is one of the 2 which received favorable consideration in this report.

The bill authorizes the Board to issue 6 percent 30-year bonds secured by a mortgage on the stadium on conditions determined by the Board calculated to produce the cost of the stadium, i.e., \$6 million. Such bonds may be redeemed before maturity at not to exceed 105 percent of face value and accrued interest or may be refinanced by the issue of refunding bonds limited to 30 years but in no case more than 50 years from date of enactment of this act. The bill authorizes the Board to enter into a trust agreement with any bank or trust company covering the financial arrangements for constructing, maintaining, and operating the stadium with the usual types of provisions protecting the rights and remedies of bondholders:

The bill also provides that bonds are to be sold at not less than par. If the proceeds realized exceed the cost, the excess shall be placed in a fund created by section 6 hereof for payment of the principal and interest on such bonds. The bill authorizes the issuance of temporary bonds and interim certificates exchangeable for definitive bonds when such bonds are executed and available.

The bill provides that all such bonds and other obligations shall be exempt from all taxation now or hereafter imposed by the United States or the District of Columbia.

The bill authorizes the Board, without regard to any other provision of law:

- (1) To determine all questions concerning use of the stadium;
- (2) To enter into contract with the District of Columbia and the Federal departments, bureaus, etc., under United States Code 31: 686 which regulates the purchase or manufacture of stores or material or the performance of services by one Federal bureau or department for another bureau or department;
- (3) To purchase or lease the necessary equipment and facilities and to sell the same but negotiated contracts regarding the same shall be limited to (3,000 or less;
- (4) To make structural and other changes when deemed necessary for the purposes of this act;
- (5) To prepare, maintain, and operate parking lots on the land provided by the Secretary;
- (6) To operate or contract for the operation of concessions deemed appropriate;

(7) To furnish suitable services to renters, lessees, and other occupants of the stadium;

(8) to rent or lease from time to time all or part of the stadium for such rentals and for such periods as shall be determined by the Board;

(9) to carry public-liability insurance on the stadium and to require tenants and lessees to do the same;

(10) to accept gratuitous services from volunteers to aid in the conduct of its activities.

This legislation requires the Board to place all receipts from its activities under this act in a fund to be used for operating, maintaining and repairing the stadium, and the payment of the principal and interest on the bonds issued under section 4 hereof. The costs of maintenance, repair, and operation and the establishment of a 6-month reserve shall be paid out of the fund first. The remainder of the fund shall be used to pay the principal and interest on the bonds.

The bill requires that within a reasonable time after construction the Board shall file with the Congress and the District of Columbia Commissioners a sworn statement of the cost of construction and the amount of bonds issued.

The bill requires that after payment of the bonds or establishment of a sinking fund for that sole purpose, but in any event not later than 50 years from date of enactment of this act the Board shall convey the stadium to the District of Columbia Commissioners and the stadium shall thereafter, maintained, and repaired by the District of Columbia.

The Board is authorized by this legislation to employ the necessary personnel without regard to the civil-service laws and the Classification Act of 1949 as amended.

The bill provides that under the direction of the Board and with a written authorization signed by its members, an employee of the Board may exercise the powers vested in the Board by section 5 of this act.

The bill provides that the liabilities created by the Board and its members shall be restricted to those chargeable solely to the funds contemplated by this act. No indebtedness created pursuant to this act shall be an indebtedness of the District of Columbia or of the United States.

The bill further provides that in January of each year the Board shall file with the Congress, a financial statement certified by the District of Columbia Auditor, a report of activities and business at the stadium for the preceding fiscal year, and recommendations respecting future control and use of the stadium.

Prior to the introduction of the bill, H.R. 1937, numerous conferences were held among the Commissioners of the District of Columbia, the president of the Washington Board of Trade, members of the Armory Board, the clerk of the House District Committee, and many other interested public officials in the District of Columbia.

In one of these meetings it was determined that it would be wise before proceeding too far with the plans for this legislation that a representative of a bonding company should be consulted as it would be necessary to underwrite the bond issue of \$6 million, as proposed in the bill. Upon meeting with such officials of a bonding house, it was determined that before any one would undertake to underwrite such a bond issue that it would be necessary to secure a preliminary economic and engineering survey to determine whether or not such a stadium would be practicable and provide sufficient revenue to maintain itself.

Such a survey should include the economics of the entire stadium proposal, the uses to which the stadium might be put, possible sources of income, special revenue from parking, special revenue from concessions and other related items, and a recommendation for an economic maintenance plan.

In accordance with the recommendations agreed upon by the interested parties the District of Columbia Armory Board made application for an advance of \$35,000 to the Housing and Home Finance Agency under date of March 19, such funds to cover the cost of the preliminary planning of the proposed stadium.

The Housing and Home Finance Agency, under date of April 12, advised that—As a result of our very careful legal study of the matter we are of the opinion that we are not in a position to contract for advances to the Armory Board until it is vested with authority to proceed with the preparation of plans either in preliminary or final form. However, it may be possible to approve the application and make an offer to the Armory Board contingent upon the enactment into law of H.R. 1937. We are hopeful that such assurances of the availability of Federal planning funds may enable the Armory Board to prevail upon its consulting engineers to proceed at once with the preparation of preliminary plans, the payment of their fee to be contingent upon the enact-

ment of the proposed law. Since a disbursement of the planning funds is not ordinarily made until the completion and inspection of the plans by this Agency, little or no delay should be involved—
and it is necessary that the Congress enact the bill, H.R. 1937, so that the District of Columbia Armory Board may secure such funds for the proposed studies and proceed with the plans for building a stadium.

At a meeting of the House District Committee on April 15, members of the House District Committee agreed unanimously to report this legislation as an urgent measure to assist the Armory Board in securing funds which have been applied for. The committee did go into a prolonged discussion of the legislation and decided unanimously that after the passage of the bill and upon receipt of the funds of \$35,000 by the District of Columbia Armory Board that if it were determined from the studies made that it would be feasible to construct a stadium that it was the will of the House District Committee that before taking any further steps in proceeding with the construction of the said stadium that the Armory Board, the Commissioners of the District of Columbia, and all interested parties who should be consulted or considered in this legislation, would be brought together in a meeting before the committee to determine whether or not public hearings should be held or whether or not any necessary amendments of changes in existing law should be made before proceeding.

There is no cost either to the Federal or the District government involved in this legislation and no voice has been raised in opposition to the proposals as advanced from time to time and as set forth in the bill, H.R. 1937.

STADIUM ACT OF 1957, AS AMENDED BY H.R. 12162, APPROVED JULY 28, 1958
(PUBLIC LAW 85-561, 72 STAT. 421)

AMENDING THE DISTRICT OF COLUMBIA STADIUM ACT OF 1957

The Committee on the District of Columbia, to whom was referred the bill (H.R. 12162) to amend the District of Columbia Stadium Act of 1957 to require the stadium to be constructed substantially in accordance with certain plans, to provide for a contract with the United States with respect to the site of such stadium, and for other purposes, having considered the same, report favorably thereon with amendments and recommend that the bill H.R. 12162 as amended do pass.

The amendment is as follows:

Strike all after the enacting clause and insert in lieu thereof the following:

That the District of Columbia Stadium Act of 1957 is amended as follows:

(1) The first sentence of section 2 of such Act is amended by striking out "(including necessary motor-vehicle parking areas)".

(2) The last sentence of section 2 of such Act is amended to read as follows: "In the event the Board exercises the authority vested in it by this section, such stadium shall be constructed substantially in accordance with the plans for such stadium contained in the Praeger-Kavanagh-Waterbury survey entitled 'Engineering and Economic Study, District of Columbia Stadium' dated March 31, 1958."

(3) Section 3 of such Act is amended by striking out all that follows in that section after "and thereafter," and inserting in lieu thereof the following: "acting under authority of the Act entitled 'An Act to establish a National Park Service, and for other purposes', approved August 25, 1916, as amended (16 U.S.C. 1 and the following), the Secretary of the Interior shall enter into a contract with the Board for the construction, maintenance, and operation of the stadium on such East Capitol Street site, except that such contract may be for a term of not more than thirty years."

(4) The first sentence of subsection (a) of section 4 of such Act is amended to read as follows: "The Board is hereby authorized to provide for the payment of the cost of preliminary engineering and economic surveys relating to the stadium, and for the payment of the cost of planning, designing and constructing such stadium, and to provide funds for the operation and maintenance of such stadium, and for the payment of interest on the bonds authorized herein during the period of construction and during the 12-month period following completion of construction of the stadium, by an issue or issues of negotiable bonds of the Board, bearing interest, payable annually or semiannually, as the Board shall determine, at a rate not exceeding such rate as shall be approved by the Secretary of the Treasury."

(5) The second sentence of subsection (a) of section 4 of such Act is amended by striking out "Act, but such cost shall not exceed \$6,000,000." and inserting in lieu thereof "Act."

(6) The fourth sentence of subsection (a) of section 4 of such Act is amended (a) by inserting immediately after "outstanding bonds" a comma and the following: "and interest thereon," and (B) by striking out "occur, and shall not exceed in principal amount the principal amount of outstanding bonds replaced by such refunding bonds." and inserting in lieu thereof "occur."

(7) Subsection (a) of section 4 of such Act is further amended by striking out the last two sentences of that subsection.

(8) Subsection (c) of section 4 of such Act is amended (A) by striking out "obligations" and inserting in lieu thereof "securities" and (B) by striking out "by the United States, or".

(9) Section 5 of such Act is amended by striking out "without regard to any other provision of law—" and inserting in lieu thereof "without regard to any other provision of law, but subject to any contract entered into with the Secretary of the Interior under section 3 of this Act—".

(10) Paragraph (5) of section 5 of such Act is further amended by striking out "on such land as is provided for that purpose by the Secretary of the Interior under section 3 of this Act".

(11) Section 5 of such Act is further amended by adding at the end thereof the following new paragraph:

"(11) to enter into contracts, contingent or otherwise, for expert, professional, and other personal services, and for printing, engraving, supplies, or any items or services necessary and incident to the preparation and sale of bonds, to be paid out of the proceeds of the sale of such bonds."

(12) Subsection (a) of section 6 of such Act is amended to read as follows:

"(a) The Board shall place into an operating fund all receipts derived from the exercise by the Board of the powers granted by this Act. All records and accounting relating to the operations, revenues, expenses, and costs of the stadium shall be kept separate and distinct from the records and accounts relating to the operations, revenues, expenses, and costs of the District of Columbia National Guard Armory. The Board is authorized, from time to time, to make advances for the operation and maintenance of the stadium from the armory board working capital fund established in section 8 of the Act approved June 4, 1948 (D.C. Code, sec. 2-1708), but not to exceed a total of \$25,000 at any one time. Such advances shall be reimbursed from the operating fund created by this subsection. The operating fund shall be used for constructing, operating, maintaining, and repairing the stadium. After payment or provision for payment from the operating fund of all costs for construction, maintenance, repair, and operation of the stadium and the reservation of an amount of money estimated to be sufficient for the maintenance, repair, and operation during the ensuing period of not more than twelve months, the remainder of the receipts derived from the exercise by the Board of the powers granted by this Act shall be placed in a sinking fund. Such sinking fund shall be used for the following purposes and in the following order of priority: (1) to pay the interest on and principal of bonds and other securities issued under authority of section 4 of this Act; (2) to reimburse the District of Columbia for any moneys advanced from its revenues and any amount borrowed by the Commissioners of the District of Columbia from the Secretary of the Treasury, including interest on such borrowed amounts to pay interest of or principal of bonds issued by the Board; and (3) to redeem bonds before maturity as provided in section 4 of this Act, or to repurchase bonds before maturity. All revenues from the operation of the stadium are hereby pledged to the use and to the application thereof as heretofore in this section required. An accurate record of the cost of the stadium, the expenditures for maintaining and operating it, and of rentals and lease receipts shall be kept and shall be available for the information of all interested persons."

(13) Section 7 of such Act is amended by striking out all that follows in that section after "date of enactment of this Act," and inserting in lieu thereof: "A right, title, and interest in and to the stadium constructed under this Act shall vest in the United States."

(14) The last sentence of section 9 of such Act is amended to read as follows: "Whenever the Board certifies to the Commissioners of the District of Columbia that there will not be a sufficient amount in the sinking fund created by section 6(a) of this Act to pay amounts becoming due and payable during any fiscal year on account of interest on or retirement of the bonds, the Commissioners of the

District of Columbia shall include in the budget estimates for the District of Columbia for such fiscal year such amounts out of the revenues of the District of Columbia as may be necessary to insure the payment of such interest or the retirement of such bonds. In the event an appropriation has not been made by the time the amount becomes due and payable on account of interest on or retirement of the bonds, the Commissioners of the District of Columbia are authorized to borrow from the Secretary of the Treasury the amounts required, to bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on current marketable obligations of the United States of comparable maturities as of the last day of the month preceding the month in which the amount is borrowed. The Secretary of the Treasury is authorized and directed to lend to said Commissioners the amounts required hereunder and for such purposes the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under the Second Liberty Bond Act, as amended, are extended to include any loans to said Commissioners hereunder. Amounts borrowed by said Commissioners from the Secretary of the Treasury pursuant to this section and the interest thereon shall be repaid promptly from the funds appropriated pursuant to authority in this section and from any other appropriation available for such purpose. Amounts appropriated for payment of interest on or retirement of bonds and amounts borrowed by the Commissioners for such purpose shall be advanced by the Commissioners to the Board and shall be placed by the Board in such sinking fund. All bonds and other securities issued by the Board under authority of this Act are hereby guaranteed as to both principal and interest by the United States."

(15) Section 10 of such Act is amended by striking out "the accuracy by the auditor of the District of Columbia," and inserting in lieu thereof "accuracy by the Commissioners of the District of Columbia, or their designated agent,".

(16) Such Act is further amended by adding at the end thereof the following new section:

"SEC. 11. As used in this Act the term—

"(1) 'stadium' includes necessary motor-vehicle parking areas, and all equipment, appliances, facilities, and property of any kind, necessary to carry out the purposes of this Act."

SEC. 2. (a) Section 8 of the Act entitled "An Act to establish a District of Columbia Armory Board, and for other purposes", approved June 4, 1948 (D. C. Code, sec. 2-1708), as amended, is amended (1) by striking out "\$50,000" each place where it appears and inserting in lieu thereof at each such place "\$100,000"; (2) by striking out "not to exceed \$11,000 at any one time to be used for office and sundry expenses of the Armory Board, including use for change-making purposes", and inserting in lieu thereof "not to exceed \$15,000 at any one time to be used by the Armory Board for its office and sundry expenses and for change-making purposes in connection with the secondary purposes of this Act, and in connection with the operation of the stadium pursuant to the District of Columbia Stadium Act of 1957" and (3) by striking out "Provided further, That an amount not to exceed \$3,000 in any fiscal year shall be available for promotional expenses in the furtherance of the secondary purposes of this Act," and inserting in lieu thereof: "Provided further, That an amount not to exceed \$10,000 in any fiscal year shall be available for promotional expenses in the furtherance of the secondary purposes of this Act, and of the purposes of the District of Columbia Stadium Act of 1957,".

(b) Subsection (a) of this section shall take effect on the first day of the first month which begins after the date of enactment of this Act.

HISTORY OF PROPOSED LEGISLATION

The District of Columbia Stadium Act of 1957 was approved September 7, 1957. That act authorizes the District of Columbia Armory Board to construct and operate a stadium having a seating capacity of not more than 50,000 at a cost not to exceed \$6 million. This \$6 million figure included the cost of constructing the stadium, necessary motor vehicle parking areas, interest during the construction of the stadium and for 12 months thereafter (because the stadium might be completed before substantial revenues would come in), all engineering, legal, financial, architectural and other expenses incident to the construction of the stadium and the cost of purchasing the land.

The act authorized the construction of the stadium on the East Capitol Street site near the National Guard Armory which site had been approved by the National Capital Planning Commission.

After the stadium had been paid for the act required the Armory Board to deliver deeds or other suitable instruments of conveyance to the Board of Commissioners of the District of Columbia.

Because of the lack of a detailed study which would provide some measure of definite knowledge concerning the ownership of the land, the type and design of a suitable stadium, estimated costs of construction methods of financing, the positions which might be taken by the Secretary of the Treasury, the Director of the Budget, the Secretary of Interior and the Board of Commissioners of the District of Columbia, it was the general understanding, as indicated in the report of the District House Committee dated April 17, 1957, that the Armory Board would secure further information, which it would present to Congress, before taking definite steps to construct the stadium.

In compliance with this understanding the Armory Board applied for and received from the Housing and Home Finance Agency an advance to make possible a preliminary engineering-economic survey, upon a basis that such advance would be repaid provided the stadium should be constructed.

As a result the Armory Board employed the firm of Praeger-Kavanaugh-Waterbury to make a preliminary survey of the engineering economic problems involved. This firm recommended that a stadium of modern style, suitable for baseball, football, outdoor conventions of religious, fraternal, and other groups could be built upon a basis that such stadium would produce revenues to operate and maintain it and also pay off principal and interest on bonds to be issued to raise funds in connection with the cost of construction and items incident thereto.

The Armory Board also secured from the Secretary of the Treasury, the Director of the Budget, the Secretary of Interior, the National Park Service, the Board of Commissioners of the District of Columbia, the Director of Highways of the District of Columbia and various representatives of banking interests whose knowledge concerning the possible issuance of bonds would be useful, a declaration of their respective positions concerning the construction of a stadium, including parking facilities, utilities in connection therewith and landscaping on the grounds near the District of Columbia National Guard Armory. The Armory Board also consulted with officials of the Pro Football Inc. (Washington Redskins), and the Washington American League Baseball Club, Inc. (Washington Senators). Each of these concerns respectively declared that subject to working out details on a mutually agreeable basis with the Armory Board that it would be interested in becoming a lessee of the stadium.

It was the feeling of the Armory Board, and this feeling is concurred in by the Board of Commissioners of the District of Columbia that the Armory Board before entering into contracts with underwriters, architectural-engineering firms, or contractors first have entered into contracts satisfactory to the Armory Board for the lease of such stadium.

Joint subcommittees of the Senate and House Committees on the District of Columbia held a hearing on the bill on June 24, 1958. Among the witnesses who testified in favor of the identical bills S. 3736 and H.R. 12162 were:

Congressman Oren Harris, the author of the House bill.

Lawrence B. Robbins, Assistant Secretary of the Treasury.

Conrad L. Wirth, Director, National Park Service.

Robert E. McLaughlin, President, Board of Commissioners, District of Columbia, and a member of the District of Columbia Armory Board.

J. N. Robertson, Director of Highways, District of Columbia.

James M. Johnson, of Johnson, Lemon & Co., underwriters and distributors of securities and general investment business.

Bruce Baird, president, National Savings & Trust Co.

John A. Reilly, president, Second National Bank.

Arthur J. Bergman, managing director, National Guard Armory.

George F. Shea, chairman, District of Columbia Armory Board.

In sum, the substance of the testimony and the written documents introduced was:

(1) The stadium, after it has been paid for will go to the United States Government and not to the District of Columbia, as was provided for in the Stadium Act of 1957.

(2) The Department of the Treasury agreed that (a) all bonds and securities issued by the Armory Board under the authority of the Stadium Act of 1957, are guaranteed as to both principal and interest by the United States, upon a basis

whereby all payments due on interest or on retirement of the bonds will be paid on their respective due dates; (b) the interest rate on such bonds must be determined by the Secretary of the Treasury; (c) such bonds or other securities will not be tax exempt to the United States—but they will be tax exempt both as to principal and interest (except estate and inheritance taxes) now or hereafter imposed by the District of Columbia—(NOTE.—The Board of the Commissioners of the District of Columbia agrees to this provision)—(d) the revenues flowing from the operation of the stadium and related parking lots will be first applied to the costs of operation, maintenance, repairing, promotion, and such advances as may be made by the Armory Board out of Armory operations for stadium operations before it becomes available to pay interest on or to retire bonds and (e) before bonds may be redeemed before maturity any moneys that may be borrowed by the Armory Board from the District of Columbia, which in turn borrows a like sum from the United States, for the purpose of paying interest and principal on bonds or other securities on their respective due dates, must be repaid by the Armory Board, both as to the principal on such loan and interest thereon to the District of Columbia.

(3) The Department of the Interior's position was that—

(a) The site for the stadium, the general area of which had been approved by the National Capital Planning Commission, with the exception of approximately 3 acres which under its long-range plans, it intended to acquire in any event, is land owned by the United States and is a part of the national park system;

(b) while the Government's intention is to retain title to the land, it will, as authorized by the act of August 25, 1916, as amended, enter into a "concession contract" with the Armory Board whereby it will give a "proprietary interest" in the land for 30 years, with a right of renewal, such proprietary interest being similar in effect to a long-term ground lease;

(c) this concession contract will permit the Armory Board to construct, maintain and operate the stadium and operate the related parking areas. The Department of the Interior gave full consideration to requirements to construct, operate, maintain, and repair the stadium, and pay off interest on and the principal of Government guaranteed bonds issued in connection therewith, when it agreed to enter into the concession contract.

(4) The Board of Commissioners of the District of Columbia agreed:

(a) That the title to the stadium after the bonds had been retired would go to the United States Government;

(b) that it had worked out in conjunction with and was in complete accord with the Department of the Treasury as to the mechanics whereby the interest on and the principal of the bonds would be paid on their respective maturity dates;

(c) that it agreed that all bonds and other securities issued by the Armory Board under the authority of the Stadium Act of 1957 as amended would be exempt from taxation (except estate and inheritance taxes) from all taxation now or hereafter imposed by the District of Columbia; and

(d) that the location of the stadium as described in the Praeger-Kavanaugh-Waterbury survey, was acceptable and in its judgment would be adequately serviced by present roadways and those already planned.

(5) The Director of the District of Columbia, after demonstrating with a map the existing highways, the new highways that will be built and their connections with belt lines, and the schedule of construction of such highways, stated unequivocally that access and egress from the stadium would be completely adequate.

(6) Three representatives of three outstanding underwriting or banking interests testified. Each had reviewed the Praeger-Kavanaugh-Waterbury preliminary survey. Each had listened to the testimony of representatives of the Treasury, Interior, and District of Columbia, and each stated that it was his opinion that, with the Government guaranty of the bonds or other securities, they could be issued at approximately $3\frac{1}{4}$ to $3\frac{1}{2}$ percent.

ANALYSIS OF THE AMENDMENTS TO THE STADIUM ACT OF 1957 AND THE ARMORY BOARD ACT OF 1948, AS AMENDED, AS PROPOSED IN H.R. 12162

It is proposed to amend the Stadium Act of 1957 (hereinafter called the act) in the following respects:

(1) From the first sentence of section 2 of the act the words "including necessary motor vehicle parking areas" has been stricken. The reason: This is more specifically stated in a later amendment which defines "stadium" to include such parking areas.

(2) The last sentence of section 2 of the act is amended. The reason: The act provides for a limitation not to exceed \$6 million for the construction of the stadium, including certain other costs. The Praeger survey, and the now stated positions of the Government departments, and the Board of Commissioners of the District of Columbia makes this sentence unrealistic. The amendment provides that the stadium will be constructed substantially in accordance with the Praeger-Kavanaugh-Waterbury survey. In this survey there are recommended on an alternative basis three sites within the designated area. The survey places emphasis upon the preference of the designated alternative sites. Since the stadium is to be constructed substantially in accordance with the plans recommended in this survey, it is the sense and recommendation of the subcommittee that the site of the stadium be the primary site recommended in the survey. Otherwise a substantial portion of the parking area will be lost and access and egress from the stadium may be jeopardized.

(3) Section 3 of the act is amended to comply with the stated position of the Secretary of the Interior. The reason: The act provides that upon the request of the Armory Board the Secretary of the Interior shall transfer title to the land to the Board. The land is owned by the Government as a part of its national parks. The Government desires to retain title to the land but it has expressed a willingness to enter into a concession contract for a term of 30 years. This, in part, is based upon the fact that after the bonds are paid off, title to the stadium itself will be transferred to the Government. The amendment provides for the entering into such concession contract between the Secretary of Interior and the Armory Board.

(4) The first sentence of section 4 of the act provided for an issuance of bonds secured by a mortgage of the ground. In view of the position of the Interior Department which will not part with the title to the ground an amendment was needed. Result: Against its concession contract with Interior, the Armory Board is authorized to issue negotiable bonds bearing interest at a rate not exceeding such rate as shall be approved by the Secretary of the Treasury. Such bonds will provide for the payment of the cost of preliminary engineering and economic surveys, i.e., the Praeger survey, the cost of planning, designing and constructing the stadium i.e. final engineering and architectural costs for the operation and maintenance of the stadium, and for the payment of interest on the bonds during the period of construction and during a 12-month period following construction i. e. Should the stadium be completed near the end of a calendar year there might be a period of time where debts have to be met but full revenues have not yet been received.

(5) The second sentence of subsection (a) of section 4 of the act is amended. Reason: To comply in terms of language with the previous amendments.

(6) The fourth sentence of subsection (a) of section 4 of the act is amended to make possible the issuance of refunding bonds to refinance not only principal as the act provides but also interest and to make more workable the refinancing of the bonds if that should ever be needed.

(7) The last two sentences of section 4, subsection (a) are stricken: Reason: These would only have meaning if there were to be a mortgage. Since the financing will be secured by an issuance of bonds to private investors no mortgage is necessary.

(8) Section 4, subsection (c) is amended by striking out the words "obligations" and the words "by the United States or". Reason: This section deals with tax exemption. The term "obligations" is too broad. The substituted word "securities" is more limited. More important however, no bonds or securities will be tax exempt by the United States Government.

(9) Section 5, sentence 1, is amended to limit the actions of the Armory Board in order that they may be subject to any contract that may be entered into between the Armory Board and the Secretary of the Interior.

(10) Section 5, subsection 5 is amended to make the obligations of the Armory Board conform with the concession contract with the Department of Interior.

(11) Section 5 of the act is amended by adding a new subsection (11). Reason: This section specifically states what the Armory Board may do. It was realized that during the intervening period between the time moneys from the issuance of bonds would come in and the initial efforts to secure such money, that there would be certain expenses incurred, either on an actual or contingent basis such as expenses for bond counsel or other legal advice, printing, engraving and like items. This amendment, provides that such costs will be paid out of the proceeds of the bonds issued to private investors.

(12) Section 6, subsection (a) of the act is amended, Reason: The existing language is unworkable as applied to the commitments of the Treasury and Interior which were given subsequent to the approval of the act. In substance the amendment provides:

(a) The Armory Board must place into an operating fund all of its revenues derived from the powers granted by this act;

(b) The Armory Board must keep all of its records of income and costs of the operation of the stadium separate from the income and costs of the armory operation.

(c) Sensing that the stadium operation may need temporary financing the Armory Board is authorized to make advances from its armory operations to its stadium operation, but such sums must never exceed any at one time \$25,000.

(d) The foregoing sums must be reimbursed from the stadium operating fund.

(e) The stadium's operating fund shall be used for constructing, operating, and repairing the stadium. This fund will include receipts from the issuance of the bonds as well as revenues derived from the operation of the stadium.

(f) After payment of provision for payment from the operating fund of all costs for construction, maintenance, repair, and operation of the stadium (which by a later definition includes the related parking lots to the stadium) and the reservation of an amount of money estimated to be sufficient for such purposes during an ensuing period of not more than 12 months, the remainder of the funds shall be placed in a sinking fund.

(g) Such sinking fund shall be used in the following order of priority:

(1) To pay interest and principal of bonds and other securities issued by authority of the act.

(2) To reimburse the District of Columbia for any moneys advanced from its revenues including any money borrowed by the Commissioners of the District of Columbia from the Secretary of the Treasury including interest on such borrowed amounts.

(3) After the foregoing requirements are met the balance of the sinking funds may be used to redeem or repurchase any bonds before maturity.

(4) All revenues of the stadium are pledged for the uses and application thereof as required in this section.

(5) An accurate record of the cost of the stadium, the expenditures for operating and maintaining it and of lease receipts and rentals must be kept available for the information of all interested persons.

(13) Section 7 of the act is amended so that after all bonds have been paid off the title to the stadium will vest in the United States rather than in the District of Columbia.

(14) Section 9 of the act is amended to reflect the positions of the Treasury and the Director of the Budget. In substance it provides:

(a) All bonds and other securities issued by the Armory Board under the authority of the act are guaranteed as to both principal and interest by the United States;

(b) The remaining provisions set up the machinery whereby every bondholder will be paid off when each respective payment for interest or principal is due.

(15) Section 10 of the act is amended so that the accuracy of the Armory Board's financial statement each year is certified by the Commissioners of the District or their designated agent. This language conforms to the District of Columbia's reorganization acts requirements. The Comptroller General of the United States also audits the financial statement of the Armory Board.

(16) A new section is added as section 11 at the end of the act. This new section:

(a) Defines stadium as including necessary motor-vehicle parking areas, and all equipment, appliances, facilities, and property of any kind, necessary to carry out the purposes of the act.

(b) Raises the working capital of the Armory Board or armory operations from \$50,000 to \$100,000. The reason for this is the seasonal operation of the armory together with the Board's right to make advances for stadium operations not to exceed at any one time \$25,000.

(c) The figure of \$11,000 which heretofore was permitted for office and sundry expenses, including change-making purposes for only armory operations, has been raised to \$15,000 for like uses for both armory and stadium operations.

(d) The figure of \$3,000 which heretofore has been available for promotional expenses in furtherance of only armory operations, has now been raised not to exceed \$10,000 in any fiscal year to promote, the affairs of both armory and stadium operations.

At a meeting of the full House District Committee on July 10, 1958, the bill was ordered reported by a unanimous vote of the members present.

CHANGES IN EXISTING LAW

In compliance with paragraph 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as introduced, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in *italic*, existing law in which no change is proposed is shown in roman):

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "District of Columbia Stadium Act of 1957".

SEC. 2. In order to provide the people of the District of Columbia with a stadium suitable for holding athletic events and other activities and events of a nature requiring such a facility, the Armory Board (hereinafter referred to as the "Board"), created by section 2 of the Act entitled "An Act to establish a District of Columbia Armory Board, and for other purposes", approved June 4, 1948 (D.C. Code, sec. 2-1702), is hereby authorized to construct, maintain, and operate a stadium (including necessary motor-vehicle parking areas) with a seating capacity of not to exceed fifty thousand, on a site in the District of Columbia determined in accordance with provisions of section 3 of this Act. [The cost of constructing such stadium shall not exceed \$6,000,000, and such amount shall be deemed to include interest during the construction of the stadium and for 12 months thereafter and all engineering, legal, financial, architectural, and other expenses incident to the construction of the stadium.] *The Board shall construct such stadium substantially in accordance with the plans for such stadium contained in the Praeger-Kavanagh-Waterbury report entitled "Engineering and Economic Study, District of Columbia Stadium" dated March 31, 1958.*

SEC. 3. The Secretary of the Interior is authorized and directed to acquire by gift, purchase, condemnation, or otherwise, all real property within the boundaries of the East Capitol Street site, as established in the first paragraph under the heading "(2) East Capitol Street Site" contained in the National Capital Planning Commission report entitled "Preliminary Report on Sites for National Memorial Stadium" dated November 8, 1956, and thereafter, [upon the request of the Board, the Secretary of the Interior shall transfer to the Board, all right, title, and interest of the United States in and to all real property within the boundaries of such East Capitol Street site.] *acting under authority of the Act entitled "An Act to establish a National Park Service, and for other purposes", approved August 25, 1916, as amended (16 U.S.C. 1 and the following), the Secretary of the Interior shall enter into a contract with the Board for the construction, maintenance, and operation of the stadium on such East Capitol Street site, except that such contract may be for a term of not more than thirty years.*

SEC. 4(a) The Board is hereby authorized to provide for the payment of the cost of such stadium [including the land upon which said stadium is located,] by an issue or issues of negotiable bonds of the Board, bearing interest, payable semiannually, at the rate of not more than to be approved by the Secretary of the Treasury, the principal and interest of such bonds shall be payable solely from the funds provided in accordance with this Act, [and such payments may be further secured by mortgage of the stadium.] *and such bonds and the payments incident thereto may be further secured by mortgage of the stadium.* All such bonds may be registered as to principal alone or both principal and interest, shall be payable as to principal within not to exceed thirty years from the date thereof, shall be in such denominations, shall be executed in such manner, and shall be payable in such medium and at such place or places as the Board may determine, and the face amount thereof shall be so calculated as to produce, at the price of their sale, the cost of the stadium constructed pursuant to this [Act, but such cost shall not exceed \$6,000,000.] *Act.* The Board may reserve the right to redeem any or all of the bonds before maturity in such manner and at such price or prices not exceeding 105 per centum of the face value and accrued interest as may be fixed by the Board prior to the issuance of the bonds. The Board when it deems advisable may issue refunding bonds to refinance any outstanding bonds at maturity or before maturity when called for redemption, except that such refunding bonds shall mature within not to exceed thirty years from the date thereof, or not to exceed fifty years from the date of enactment of this Act, whichever shall first occur, and shall not exceed in principal amount the principal amount of outstanding bonds replaced by such refunding bonds. The Board may enter

into an agreement with any bank or trust company in the United States as trustee having the power to make such agreement, setting forth the duties of the Board with respect to acquisition, construction, maintenance, operation, repair, and insurance of the stadium, the conservation and application of all funds, the security for the payment of the bonds, safeguarding of money on hand or on deposit, and the rights and remedies of such trustee and the holders of the bonds, restricting the individual right of action on the bondholders as is customary in trust agreements respecting bonds of corporations. Such trust agreement may contain such provisions for protecting and enforcing the rights and remedies of the trustee and the bondholders as may be reasonable and proper.

(b) The bonds may be sold at not less than par. If the proceeds of the bonds shall exceed the cost, the excess shall be placed in the fund created by section 6 for the payment of the principal and interest of such bonds. Prior to the preparation of definitive bonds the Board may, under like restrictions, issue temporary bonds, or may, under like restrictions, issue temporary bonds or interim certificates without coupons, of any denomination whatsoever, exchangeable for definitive bonds when such bonds that have been executed are available for delivery.

(c) All bonds, or other obligations, issued by the Board under authority of this Act, shall be exempt both as to principal and interest, from all taxation (except estate and inheritance taxes) now or hereafter imposed by the United States, or by the District of Columbia.

SEC. 5. In order to carry out the purposes of this Act, the Board is hereby authorized, [without regard to any other provision of law.—] *without regard to any other provision of law, but subject to any contract entered into with the Secretary of the Interior under section 3 of this Act—.*

(1) to determine all questions concerning the use of the stadium for the purposes of this Act;

(2) to enter into contracts and agreements with the District of Columbia and the Federal departments, bureaus, establishments, and offices, and the Act of March 4, 1915, as amended (31 U.S.C. 686), is hereby made applicable to such contracts;

(3) to acquire by purchase or lease, equipment, appliances, facilities, and property of any kind necessary or desirable to carry out the purposes of this Act, and to sell or dispose of any such property so acquired when in its judgment it shall be advantageous to do so, except that no contract for more than \$3,000 shall be entered into for the purpose of this paragraph without competitive bidding;

(4) to make such structural and other changes in the stadium as it may deem necessary or desirable for carrying out the purposes of this Act;

(5) to prepare, maintain, light, and operate motor-vehicle parking lots [on such land as is provided for that purpose by the Secretary of the Interior under section 3 of this Act];

(6) to operate or contract for the operation of such concessions, including the checking of clothing and the sale of beverages and food as the Board may deem appropriate to the purposes for which the stadium may be rented or leased;

(7) to furnish such services to renters, lessees, and other occupants of the stadium as in its judgment are necessary or suitable for carrying out the purposes of this Act;

(8) to rent or lease from time to time for any of the purposes of this Act, all or any part or parts of the stadium including any or all structures, equipment, or facilities of the stadium, at such rental values and for such periods of time as the Board shall determine;

(9) to carry public-liability insurance protecting the Board, and the members, officers, and employees thereof engaged in operating and maintaining the stadium; and to require tenants or lessees of the stadium to carry public-liability insurance protecting the interests of such tenants or lessees;

(10) to accept the gratuitous services of such persons as may volunteer to aid in the conduct of its activities.

SEC. 6 (a) The Board shall place into a fund all receipts derived from the exercise by the Board of the powers granted by this Act. This fund shall be used for operating, maintaining, and repairing the stadium and to pay the principal and interest of bonds issued under authority of section 4 of this Act as they fall due and the redemption or repurchase price of all or any thereof redeemed or repurchased before maturity as provided in section 4 of this Act. All revenues and receipts from the rental or lease of the stadium are hereby pledged to such uses and to the application thereof as hereinafter in this section required. After payment

or provision for payment therefrom of all cost of maintenance, repair, and operation and the reservation of an amount of money estimated to be sufficient for the same purpose during the ensuing period of not more than six months, the remainder of receipts received from rental or lease of the stadium shall be placed in a fund to be used to pay the principal and interest of the bonds. An accurate record of the cost of the stadium, the expenditure for maintaining and operating it, and of rentals and lease receipts shall be kept and shall be available for the information of all interested persons.

(b) Within a reasonable time after the construction of the stadium, the Board shall file with Congress [and the Board of Commissioners of the District of Columbia] a sworn itemized statement showing the cost of constructing the stadium, and the amount of bonds, debentures, or other evidences of indebtedness issued in connection with the construction of such stadium.

SEC. 7. After payment of the bonds and interest or after a sinking fund sufficient for such purpose shall have been provided and shall be held solely for that purpose, but in any event not later than fifty years from the date of enactment of this Act, [the Board shall deliver deeds or other suitable instruments of conveyance of the interest of the Board in and to the stadium to the Board of Commissioners of the District of Columbia, for the District of Columbia and the stadium shall thereafter be properly operated, maintained, and repaired by the District of Columbia.] *all right, title, and interest in and to the stadium constructed under this Act shall vest in the United States.*

SEC. 8. (a) The Board is authorized to employ and fix compensation of such personnel as may be necessary to carry out the purposes of this Act, without regard to the provisions of the civil-service laws and the Classification Act of 1949, as amended.

(b) Under the direction of the Board and with the written authorization signed by the members thereof, an employee of the Board may exercise such of the powers vested in the Board by section 5 of this Act as the Board shall determine.

SEC. 9. Nothing contained in this Act shall be construed to authorize or permit the Board or any member thereof to create any obligation or incur any liability other than such obligations and liabilities as are dischargeable solely from funds contemplated to be provided by this Act. No obligation created or liability incurred pursuant to this Act shall be a personal obligation or liability of any member or members of the Board but shall be chargeable solely to the funds contemplated to be provided by this Act. [No indebtedness created pursuant to this Act shall be an indebtedness of the District of Columbia or the United States.] *Whenever the Board certifies to the Commissioners of the District of Columbia that there is not a sufficient amount in the fund created by section 6 (a) of this Act to pay the interest on or retire the bonds becoming due and payable during any fiscal year, the Commissioners of the District of Columbia shall include in the annual budget estimates for the District of Columbia for such fiscal year such amounts as may be necessary to insure the payment of such interest or the retirement of such bonds. All bonds and other obligations issued by the Board under authority of this Act are hereby guaranteed as to both principal and interest by the United States.*

[SEC. 10. The Board shall file with the Congress in January of each year a financial statement certified as to the accuracy by the auditor of the District of Columbia, a report of the activities and business at the stadium during the preceding fiscal year and recommendations to Congress as to future control and use of the stadium.]

Sec. 10. The Board shall file with Congress in January of each year with respect to the District of Columbia National Guard Armory and with respect to the stadium authorized by this Act (1) a financial statement certified as to accuracy by the Comptroller General of the United States, (2) a report of the activities and business of such armory and such stadium during the preceding fiscal year, and (3) recommendations to Congress as to the future control and use of such armory and such stadium.

[D.C. Code 2-1710 62 Stat. ch. 418

[The Armory Board shall file with the Congress in January of each year a financial statement certified as to accuracy by the Auditor of the District of Columbia, a report of the activities and business at the armory during the preceding fiscal year, and recommendations to the Congress as to the future control and use of the armory.]

D.C. Code 2-1708 62 Stat. 341, 69 STAT. 498

SEC. 8. There is hereby created an Armory Board working capital fund in the amount of \$50,000, and there shall be deposited in the Treasury of the United

States to the credit of the said Armory Board working capital fund all receipts derived from the exercise by the Armory Board of the powers granted by this Act. Said Armory Board working capital fund, including all receipts credited thereto, shall be used as a permanent revolving fund for all expenses incurred by the Armory Board in the exercise of the powers granted by this Act, including personal services. There shall also be transferred to said Armory Board working capital fund all revenues derived from rentals of the District of Columbia National Guard Armory under contracts made between July 1, 1974, and the date of enactment of this Act, except revenues resulting from the operation of concessions, and the Secretary of the Treasury is authorized to transfer to the credit of the Armory Board working capital fund authorized by this Act funds resulting from rental of the District of Columbia National Guard Armory received by him and held in escrow pending enactment of legislation. As soon as practicable after the close of each fiscal year, after provision has been made for payment of all lawful obligations then incurred, all sums in excess of \$50,000 in said Armory Board working capital fund shall be transferred to the general revenues of the District of Columbia. Expenditures from such fund may be made only upon vouchers which have been certified by said Armory Board and which have been approved before payment by the Auditor of the District of Columbia, and shall be disbursed in the same manner as other District of Columbia funds are disbursed:

Provided, That the Disbursing Officer of the District of Columbia is authorized to advance to the Armory Board, upon requisitions previously approved by the Accounting Officer of the District of Columbia, sums of money not to exceed \$11,000 at any one time to be used for office and sundry expenses of the Armory Board, including use for change-making purposes: *Provided further*, That, an amount not to exceed \$3,000 in any fiscal year shall be available for promotional expenses in the furtherance of the secondary purposes of this Act. *Provided further*, That an amount not to exceed \$10,000 in any fiscal year shall be available for promotional expenses in the furtherance of the secondary purposes of this Act, and of the purposes of the District of Columbia Stadium Act of 1957, and the certificate of the Armory Board shall be sufficient voucher for such expenditure.

STADIUM ACT OF 1957, AS AMENDED BY H.R. 8392, APPROVED SEPTEMBER 23, 1959
(PUBLIC LAW 86-378, 73 STAT. 702)

AMENDING THE DISTRICT OF COLUMBIA STADIUM ACT OF 1957 WITH RESPECT TO
MOTOR-VEHICLE PARKING AREAS

The Committee on the District of Columbia, to whom was referred the bill (H.R. 8392) to amend the District of Columbia Stadium Act of 1957 with respect to motor-vehicle parking areas, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill H.R. 8392 do pass.

The 85th Congress by the enactment of Public Law 85-300, the District of Columbia Stadium Act of 1957, authorized the construction, maintenance, and operation by the Armory Board of the District of Columbia of a stadium in the District of Columbia.

This act was amended substantially by Public Law 85-561 in order to require the stadium to be constructed substantially in accordance with certain plans, to provide for a contract with the United States with respect to the site of such stadium and for other purposes.

The necessity for the enactment of this bill arises from two opinions of the Comptroller General with respect to the interpretation of the District of Columbia Stadium Act of 1957. One of these opinions dealt with the authority of the Armory Board to negotiate contracts, and the other with the authority of the Secretary of the Interior to provide for certain facilities in the vicinity of the stadium structure itself.

The amendment to section 2 of the District of Columbia Stadium Act of 1957 which this bill would make arises out of the opinion of the Comptroller General expressed in a letter to the chairman of this committee dated July 1, 1959, which limits the authority of the Board in view of the absence of expressed authority in the act of 1957 to negotiate a contract for the construction of the stadium. The authority to negotiate contracts is one which Congress has given to the heads of various departments and agencies many times in the past. Such authority has been granted with respect to property procurement generally in title III of the Federal Property and Administrative Services Act of 1949. This amendment thus grants to the Armory Board the necessary latitude to provide for the construc-

tion of the stadium by such means as it determines will most effectively provide for that construction.

All of the remaining amendments to the District of Columbia Stadium Act of 1957 which are proposed by this bill are designed to insure that the Secretary of the Interior will have the necessary authority to construct motor-vehicle parking areas and certain other facilities which it was believed the Secretary had at the time the act was first enacted. The total cost of this construction by the Secretary of the Interior is limited to \$2,660,000.

In a letter dated June 4, 1959, to the chairman of this committee, the Comptroller General stated:

If it is deemed desirable that such authority be granted to the Secretary of the Interior, the enactment of specific legislation to do so will be necessary in view of our decision of March 25, 1959, B-138834, that such authority is not contained in existing legislation relative to the stadium. We believe that the language of H.R. 6893 would accomplish the stated purpose.

(H.R. 6893, referred to in the preceding paragraph, has been superseded by H.R. 8392 which has been redrafted to conform to new estimates for construction and would accomplish the same results as the language proposed in H.R. 6893.)

CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as introduced, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

DISTRICT OF COLUMBIA STADIUM ACT OF 1957, AS AMENDED

AN ACT To authorize the construction, maintenance, and operation by the Armory Board of the District of Columbia of a stadium in the District of Columbia, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "District of Columbia Stadium Act of 1957".

SEC. 2. In order to provide the people of the District of Columbia with a stadium suitable for holding athletic events and other activities and events of a nature requiring such a facility, the Armory Board (hereinafter referred to as the "Board"), created by section 2 of the Act entitled "An Act to establish a District of Columbia Armory Board, and for other purposes", approved June 4, 1948 (D.C. Code, sec. 2-1702), is hereby authorized to construct, maintain, and operate a stadium with a seating capacity of not to exceed fifty thousand, on a site in the District of Columbia determined in accordance with provisions of section 3 of this Act. In the event the Board exercises the authority vested in it by this section, such stadium shall be constructed substantially in accordance with the plans for such stadium contained in the Praeger-Kavanagh-Waterbury survey entitled "Engineering and Economic Study, District of Columbia Stadium" dated March 31, 1958. *The Board is authorized to provide for the construction of such stadium by such means as it determines will most effectively carry out this Act (including but not limited to, a negotiated contract).*

SEC. 3. The Secretary of the Interior is authorized and directed to acquire by gift, purchase, condemnation, or otherwise, all real property within the boundaries of the East Capitol Street site, as established in the first paragraph under the heading "(2) East Capitol Street Site" contained in the National Capital Planning Commission report entitled "Preliminary Report on Sites for National Memorial Stadium" dated November 8, 1956, and thereafter, acting under authority of the Act entitled "An Act to establish a National Park Service, and for other purposes", approved August 25, 1916, as amended (16 U.S.C. 1 and the following), the Secretary of the Interior shall enter into a contract with the Board for the construction, maintenance, and operation of the stadium *(including the operation and maintenance of motor-vehicle parking areas)* on such East Capitol Street site, except that such contract may be for a term of not more than thirty years. *The Secretary of the Interior is authorized and directed to construct and prepare in areas A, C, D, and E only, on such site, as such areas are indicated on National Capital Parks Map numbered 1.7-146, motor vehicle parking areas, including driveways, walks, lighting, and landscaping, at a total cost not to exceed \$2,660,000.*

SEC. 4. (a) The Board is hereby authorized to provide for the payment of the cost of preliminary engineering and economic surveys relating to the stadium, and for the payment of the cost of planning, designing and constructing such stadium, and to provide funds for the operation and maintenance of such stadium, and for the payment of interest on the bonds authorized herein during the period of construction and during the 12-month period following completion of construction of the stadium, by an issue or issues of negotiable bonds of the Board, bearing interest, payable annually or semiannually, as the Board shall determine, at a rate not exceeding such rate as shall be approved by the Secretary of the Treasury.

All such bonds may be registered as to principal alone or both principal and interest, shall be payable as to principal within not to exceed thirty years from the date thereof, shall be in such denominations, shall be executed in such manner, and shall be payable in such medium and at such place or places as the Board may determine, and the face amount thereof shall be so calculated as to produce, at the price of their sale, the cost of the stadium constructed pursuant to this Act. The Board may reserve the right to redeem any or all of the bonds before maturity in such manner and at such price or prices not exceeding 105 per centum of the face value and accrued interest as may be fixed by the Board prior to the issuance of the bonds. The Board when it deems advisable may issue refunding bonds to refinance any outstanding bonds, and interest thereon, at maturity or before maturity when called for redemption, except that such refunding bonds shall mature within not to exceed thirty years from the date thereof, or not to exceed fifty years from the date of enactment of this Act, whichever shall first occur.

(b) The bonds may be sold at not less than par. If the proceeds of the bonds shall exceed the cost, the excess shall be placed in the fund created by section 6 for the payment of the principal and interest of such bonds. Prior to the preparation of definitive bonds the Board may, under like restrictions, issue temporary bonds, or may, under like restrictions, issue temporary bonds or interim certificates without coupons, of any denomination whatsoever, exchangeable for definitive bonds when such bonds that have been executed are available for delivery.

(c) All bonds, or other securities, issued by the Board under authority of this Act, shall be exempt both as to principal and interest, from all taxation (except estate and inheritance taxes) now or hereafter imposed by the District of Columbia.

SEC. 5. In order to carry out the purposes of this Act, the Board is hereby authorized, without regard to any other provision of law, but subject to any contract entered into with the Secretary of the Interior under section 3 of this Act—

(1) to determine all questions concerning the use of the stadium for the purposes of this Act;

(2) to enter into contracts and agreements with the District of Columbia and the Federal departments, bureaus, establishments, and offices, and the Act of March 4, 1915, as amended (31 U.S.C. 686), is hereby made applicable to such contracts;

(3) to acquire by purchase or lease, equipment, appliances, facilities, and property of any kind necessary or desirable to carry out the purposes of this Act, and to sell or dispose of any such property so acquired when in its judgment it shall be advantageous to do so, except that no contract for more than \$3,000 shall be entered into for the purpose of this paragraph without competitive bidding;

(4) to make such structural and other changes in the stadium as it may deem necessary or desirable for carrying out the purposes of this Act;

[(5) to prepare, maintain, light, and operate motor-vehicle parking lots;]

(5) to light, operate, and maintain motor-vehicle parking lots;

(6) to operate or contract for the operation of such concessions, including the checking of clothing and the sale of beverages and food as the Board may deem appropriate to the purposes for which the stadium may be rented or leased;

(7) to furnish such services to renters, lessees, and other occupants of the stadium as in its judgment are necessary or suitable for carrying out the purposes of this Act;

(8) to rent or lease from time to time for any of the purposes of this Act, all or any part or parts of the stadium including any or all structures, equipment, or facilities of the stadium, at such rental values and for such periods of time as the Board shall determine;

(9) to carry public-liability insurance protecting the Board, and the members, officers, and employees thereof engaged in operating and maintaining the stadium, *and in operating and maintaining the motor-vehicle parking areas in connection therewith*; and to require tenants or lessees of the stadium to carry public-liability insurance protecting the interests of such tenants or lessees;

(10) to accept the gratuitous services of such persons as may volunteer to aid in the conduct of its activities.

(11) to enter into contracts, contingent or otherwise, for expert, professional, and other personal services, and for printing, engraving, supplies, or any items or services necessary and incident to the preparation and sale of bonds, to be paid out of the proceeds of the sale of such bonds.

SEC. 6. (a) The Board shall place into an operating fund all receipts derived from the exercise by the Board of the powers granted by this Act. All records and accounts relating to the operations, revenues, expenses, and costs of the stadium *and the lighting, operation, and maintenance of motor-vehicle parking areas in connection with such stadium* shall be kept separate and distinct from the records and accounts relating to the operations, revenues, expenses, and costs of the District of Columbia National Guard Armory. The Board is authorized, from time to time, to make advances for the operation and maintenance of the stadium *and the lighting, operation, and maintenance of motor-vehicle parking areas in connection with such stadium* from the armory board working capital fund established in section 8 of the Act approved June 4, 1948 (D.C. Code, sec. 2-1708), but not to exceed a total of \$25,000 at any one time. Such advances shall be reimbursed from the operating fund created by this subsection. The operating fund shall be used for constructing, operating, maintaining, and repairing the stadium *and the lighting, operation, and maintenance of motor-vehicle parking areas in connection with such stadium*. After payment or provision for payment from the operating fund of all costs for construction, maintenance, repair, and operation of the stadium *and the lighting, operation, and maintenance of motor-vehicle parking areas in connection with such stadium* and the reservation of an amount of money estimated to be sufficient for the maintenance, repair, and operation during the ensuing period of not more than twelve months, the remainder of the receipts derived from the exercise by the Board of the powers granted by this Act shall be placed in a sinking fund. Such sinking fund shall be used for the following purposes and in the following order of priority: (1) to pay the interest on and principal of bonds and other securities issued under authority of section 4 of this Act; (2) to reimburse the District of Columbia for any moneys advanced from its revenues and any amounts borrowed by the Commissioners of the District of Columbia from the Secretary of the Treasury, including interest on such borrowed amounts, to pay interest on or principal of bonds issued by the Board; and (3) to redeem bonds before maturity as provided in section 4 of this Act, or to repurchase bonds before maturity. All revenues from the operation of the stadium *and the lighting, operation, and maintenance of motor-vehicle parking areas in connection with such stadium* are hereby pledged to the uses and to the application thereof as heretofore in this section required. An accurate record of the cost of the stadium *and the lighting, operation, and maintenance of motor-vehicle parking areas in connection with such stadium*, the expenditures for *[maintaining and operating it]* *maintenance and operation*, and of rentals and lease receipts shall be kept and shall be available for the information of all interested persons.

(b) Within a reasonable time after the construction of the stadium, the Board shall file with Congress and the Board of Commissioners of the District of Columbia a sworn itemized statement showing the cost of constructing the stadium, and the amount of bonds, debentures, or other evidences of indebtedness issued in connection with the construction of such stadium.

SEC. 7. After payment of the bonds and interest or after a sinking fund sufficient for such purpose shall have been provided and shall be held solely for that purpose, but in any event not later than fifty years from the date of enactment of this Act, all right, title, and interest in and to the stadium constructed under this Act shall vest in the United States.

SEC. 8. (a) The Board is authorized to employ and fix compensation of such personnel as may be necessary to carry out the purposes of this Act, without regard to the provisions of the civil-service laws and the Classification Act of 1949, as amended.

(b) Under the direction of the Board and with the written authorization signed by the members thereof, an employee of the Board may exercise such of the powers vested in the Board by section 5 of this Act as the Board shall determine.

SEC. 9. Nothing contained in this Act shall be construed to authorize or permit the Board or any member thereof to create any obligation or incur any liability other than such obligations and liabilities as are dischargeable solely from funds contemplated to be provided by this Act. No obligation created or liability incurred pursuant to this Act shall be a personal obligation or liability of any member or members of the Board but shall be chargeable solely to the funds contemplated to be provided by this Act. Whenever the Board certifies to the Commissioners of the District of Columbia that there will not be a sufficient amount in the sinking fund created by section 6(a) of this Act to pay amounts becoming due and payable during any fiscal year on account of interest on or retirement of the bonds, the Commissioners of the District of Columbia shall include in the budget estimates for the District of Columbia for such fiscal year such amounts out of the revenues of the District of Columbia as may be necessary to insure the payment of such interest or the retirement of such bonds. In the event an appropriation has not been made by the time the amount becomes due and payable on account of interest on or retirement of the bonds, the Commissioners of the District of Columbia are authorized to borrow from the Secretary of the Treasury the amounts required, to bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on current marketable obligations of the United States of comparable maturities as of the last day of the month preceding the month in which the amount is borrowed. The Secretary of the Treasury is authorized and directed to lend to said Commissioners the amounts required hereunder and for such purposes the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under the Second Liberty Bond Act, as amended, are extended to include any loans to said Commissioners hereunder. Amounts borrowed by said Commissioners from the Secretary of the Treasury pursuant to this section and the interest thereon shall be repaid promptly from the funds appropriated pursuant to authority in this section and from any other appropriation available for such purpose. Amounts appropriated for payment of interest on or retirement of bonds and amounts borrowed by the Commissioners for such purpose shall be advanced by the Commissioners to the Board and shall be placed by the Board in such sinking fund. All bonds and other securities issued by the Board under authority of this Act are hereby guaranteed as to both principal and interest by the United States.

SEC. 10. The Board shall file with the Congress in January of each year a financial statement certified as to accuracy by the Commissioners of the District of Columbia, or their designated agent, a report of the activities and business at the stadium, *and of the operation and maintenance of the motor-vehicle parking areas in connection therewith*, during the preceding fiscal year and recommendations to Congress as to future control and use of the stadium.

SEC. 11. As used in this Act the term—

(1) "stadium" includes [necessary motor-vehicle parking areas, and] all equipment, appliances, facilities, and property of any kind, necessary to carry out the purposes of this Act.

SECTION 8 OF THE ACT OF JUNE 4, 1948, AS AMENDED

SEC. 8. There is hereby created an Armory Board working capital fund in the amount of \$100,000, and there shall be deposited in the Treasury of the United States to the credit of the said Armory Board working capital fund all receipts derived from the exercise by the Armory Board of the powers granted by this Act. Said Armory Board working capital fund, including all receipts credited thereto, shall be used as a permanent revolving fund for all expenses incurred by the Armory Board in the exercise of the powers granted by this Act, including personal services. There shall also be transferred to said Armory Board working capital fund all revenues derived from rentals of the District of Columbia National Guard Armory under contracts made between July 1, 1947, and the date of enactment of this Act, except revenues resulting from the operation of concessions, and the Secretary of the Treasury is authorized to transfer to the credit of the Armory Board working capital fund authorized by this Act funds resulting from rental of the District of Columbia National Guard Armory received by him and held in escrow pending enactment of legislation. As soon as practicable after the close of each fiscal year, after provision has been made for payment of all lawful obligations then incurred, all sums in excess of \$100,000 in said Armory Board working

capital fund shall be transferred to the general revenues of the District of Columbia. Expenditures from such fund may be made only upon vouchers which have been certified by said Armory Board and which have been approved before payment by the Auditor of the District of Columbia, and shall be disbursed in the same manner as other District of Columbia funds are disbursed: *Provided*, That the Disbursing Officer of the District of Columbia is authorized to advance to the Armory Board, upon requisitions previously approved by the Accounting Officer of the District of Columbia, sums of money not to exceed \$15,000 at any one time to be used by the Armory Board for its office and sundry expenses and for change-making purposes in connection with the secondary purposes of this Act, and in connection with the operation of the stadium *and related motor-vehicle parking areas* pursuant to the District of Columbia Stadium Act of 1957: *Provided further*, That an amount not to exceed \$10,000 in any fiscal year shall be available for promotional expenses in the furtherance of the secondary purposes of this Act, and of the purposes of the District of Columbia Stadium Act of 1957, and the certificate of the Armory Board shall be sufficient voucher for such expenditure. There is hereby authorized to be appropriated annually such sum as may be required to supply any deficiency in the Armory Board working capital fund. Revenues resulting from the operation of concessions within the District of Columbia National Guard Armory under contracts made between July 1, 1947, and the date of enactment of this Act which have been held by the District of Columbia National Guard pending enactment of legislation are hereby transferred to the canteen fund of the District of Columbia National Guard.



