

# FEDERAL RESERVE BANK OF DALLAS

DALLAS, TEXAS 75222

Circular No. 69-138  
June 3, 1969

## USDA OFFERS \$700 MILLION IN SHORT-TERM SPECIAL SERIES CERTIFICATES OF INTEREST

To Banking Institutions and Others Concerned  
in the Eleventh Federal Reserve District:

There is quoted below a press statement issued on June 2, 1969, by the United States Department of Agriculture in regard to an offering of Special Series Certificates of Interest:

The U. S. Department of Agriculture today announced that the Commodity Credit Corporation will offer to banking institutions, dealers in investment securities, and other interested persons the opportunity to participate in financing approximately \$700 million of price support loans on agricultural commodities, by purchasing a Special Series of Certificates of Interest in a pool of such loans.

Special Series Certificates of Interest, which are non-interest bearing, will be offered for sale at discount on an auction basis -- both for competitive and noncompetitive bids as is done for Treasury bills. The Certificates, in bearer form, will be issued June 23, and will mature on August 1, 1969 (39 days).

Bids in writing for Special Series Certificates of Interest must be received at the head office of any Federal Reserve Bank (not branch) before 1:30 p.m., (EDT), on Tuesday, June 17, 1969. The Invitation for Bids covering Special Series Certificates of Interest will be available through Federal Reserve Banks about June 4. Those submitting successful bids will be advised by the Federal Reserve Banks. Bids will be accepted in multiples of \$5,000.

Commodity Credit Corporation, a wholly owned agency and instrumentality of the United States with the Department of Agriculture, has statutory authority (15 U.S.C. 714b(i) and 713a-4) to borrow up to \$14.5 billion, has reserved an amount

of its uncommitted borrowing authority sufficient to redeem outstanding Special Series Certificates of Interest, and has arranged to borrow from the Secretary of the Treasury of the United States any portion of such uncommitted amount of its borrowing authority whenever needed to redeem such Certificates. Certificates of Interest contain a contractual obligation by Commodity Credit Corporation to redeem such Certificates and this obligation is also a contractual obligation of the United States.

Certificates are eligible as security for advances at Federal Reserve Banks and as collateral for Treasury Tax and Loan accounts.

Proceeds from the sale of these Certificates will be paid into the United States Treasury to be applied as payments on Commodity Credit Corporation notes held by the Treasury.

On or after maturity on August 1, 1969, the Certificates will be redeemed at any Federal Reserve Bank or branch.

The official invitation for bids and tender form for the new securities is enclosed. As indicated in the announcement, tenders are to be submitted only to the head office of this bank and will be received up to twelve-thirty P.M., Central Daylight Saving Time, Tuesday, June 17, 1969.

Federal Reserve Bank of Dallas  
Fiscal Agent for Commodity Credit Corporation

Enclosure

# FEDERAL RESERVE BANK OF DALLAS

FISCAL AGENT OF THE COMMODITY CREDIT CORPORATION  
DALLAS, TEXAS 75222

June 3, 1969

## INVITATION FOR BIDS ON COMMODITY CREDIT CORPORATION CERTIFICATES OF INTEREST SPECIAL SERIES

To All Banking Institutions and Others Concerned

in the Eleventh Federal Reserve District:

Your attention is invited to the following statement giving details of an issue of Certificates of Interest:

Commodity Credit Corporation (hereinafter referred to as "CCC"), an agency and instrumentality of the United States within the Department of Agriculture, hereby invites bids for the purchase of a special series of non-interest bearing negotiable Certificates of Interest in an approximate amount of \$700,000,000. These Certificates evidence participation in the financing, and an interest in a pool, of outstanding CCC price support loans on agricultural commodities. The Certificates will be sold on a discount basis and will be issued in denominations of \$5,000, \$10,000, \$100,000, and \$1,000,000. Denominational exchanges may be made only at the Federal Reserve Bank of New York. The Certificates have a maturity date of August 1, 1969, and will be redeemed by CCC on or after the maturity date on presentation at any Federal Reserve Bank or branch thereof. The Certificates are eligible as security for advances at Federal Reserve Banks and as collateral for Treasury Tax and Loan accounts.

Bids will be received at the head office of any Federal Reserve Bank up to 1:30 P.M., E.D.T., Tuesday, June 17, 1969. Bids must be in writing in multiples of \$5,000 and the price offered must be expressed on the basis of 100, with not more than three decimals, e.g., 99.925. Fractions may not be used. It is urged that bids be made on the printed forms, and forwarded in the special envelopes, to be furnished by Federal Reserve Banks on application therefor.

Banking institutions generally may submit bids for accounts of customers provided the names of the customers are set forth in such bids. Others may only submit bids for their own account. Bids will be received without deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Bids from others must be accompanied by a deposit of 2 percent of the face amount of the Certificates bid for, unless such bids are accompanied by an express guaranty of payment by an incorporated bank or trust company.

Immediately after the closing hour, CCC will open and evaluate the bids, and will then publicly announce the amount and price range of accepted bids. CCC expressly reserves the right to accept or reject any or all bids, in whole or in part, and any such action shall be final. Subject to this reservation, noncompetitive bids from any one bidder for \$200,000 or less without stated price will be accepted in full at the average price (in three decimals) of accepted competitive bids. Those submitting successful bids will be so advised by the Federal Reserve Bank to which the bid was submitted, and settlement therefor must be made at such Bank on June 23, 1969, in U. S. dollars, either in cash or other immediately available funds. Payment cannot be made by credit through the Treasury Tax and Loan account.

CCC has statutory authority to borrow up to \$14.5 billion and reserves an amount of its uncommitted borrowing authority sufficient to redeem outstanding special series Certificates of Interest. CCC has an arrangement to borrow from the Secretary of the Treasury of the United States any portion of the uncommitted amount of its borrowing authority whenever needed to redeem such Certificates, which arrangement is confirmed in the following quoted letter:

### "THE SECRETARY OF THE TREASURY WASHINGTON

Dear Mr. Palmby:

May 29, 1969

Reference is made to the request that an arrangement be made between Commodity Credit Corporation and the Secretary of the Treasury to borrow any portion of the uncommitted amount of Commodity Credit Corporation's borrowing authority whenever it is needed to redeem outstanding Special Series Certificates of Interest.

The Commodity Credit Corporation has statutory authority (15 U.S.C. 714b(i) and 713a-4) to borrow up to \$14.5 billion, provided the approval of the Secretary of the Treasury is obtained. I am advised that the unused balance of Commodity Credit Corporation's authorized borrowing authority presently exceeds \$9 billion. I understand that the Commodity Credit Corporation has reserved \$700 million of this unused balance to be used only for the redemption of Special Series Certificates at maturity on August 1, 1969. Accordingly, on the records of the Treasury Department, we are reserving \$700 million of your total unused borrowing authority for the purpose of redeeming outstanding Special Series Certificates of Interest.

I understand that in the opinion of the General Counsel of the Department of Agriculture these Certificates contain a contractual obligation by the Commodity Credit Corporation to redeem such Certificates and that this obligation is also a contractual obligation of the United States

Sincerely yours,

The Honorable  
Clarence D. Palmby  
President  
Commodity Credit Corporation  
Department of Agriculture  
Washington, D. C. 20250"

/s/ David M. Kennedy

In accordance with the above announcement, tenders will be received at this bank up to twelve-thirty p.m., Central Daylight Saving Time, Tuesday, June 17, 1969. Tenders may not be entered by telephone.

Yours very truly,

P. E. Coldwell

President

(See reverse for tender form)

**TENDER FOR COMMODITY CREDIT CORPORATION CERTIFICATES OF INTEREST  
SPECIAL SERIES  
39 DAYS TO MATURITY**

Dated June 23, 1969

Maturing August 1, 1969

To: Federal Reserve Bank, Station K, Dallas, Texas 75222

(Date)

Pursuant to the provisions of the invitation for bids printed on the reverse hereof, the undersigned offers to purchase Certificates of Interest in the amount shown below, and agrees to pay for the amount allotted, on or before the issue date, by the method and at the rate indicated.

**NONCOMPETITIVE TENDER \$ \_\_\_\_\_ NOT TO EXCEED \$200,000**

Noncompetitive tenders for \$200,000 or less from any one bidder, without stated price, will be accepted in full at the average price (in three decimals) of accepted competitive bids.

**COMPETITIVE TENDERS** }  
 \$ \_\_\_\_\_ @ \$ \_\_\_\_\_  
 \$ \_\_\_\_\_ @ \$ \_\_\_\_\_  
 \$ \_\_\_\_\_ @ \$ \_\_\_\_\_

Prices should be expressed on the basis of 100, with not more than three decimal places e. g., 99.925. Fractions must not be used.

**TENDERS MAY NOT BE ENTERED BY TELEPHONE. TENDERS BY WIRE, IF RECEIVED BEFORE THE CLOSING HOUR, ARE ACCEPTABLE.**

Number of Pieces	Denominations Desired	Maturity Value
_____ @	\$ 5,000	\$ _____
_____ @	\$ 10,000	\$ _____
_____ @	\$ 100,000	\$ _____
_____ @	\$ 1,000,000	\$ _____

Payment for this issue of Certificates cannot be made by credit to Treasury Tax and Loan Account.

**METHOD OF PAYMENT**

- Payment to be made by \_\_\_\_\_
- Charge our reserve account on payment date
- Draft enclosed (Effectual delivery of enclosed draft shall be on latest day which will permit presentment in order to obtain irrevocably collected funds on payment date)

**Delivery Instructions:**

- Hold in Custody Account—Member banks for own account only
- Pledge to secure Treasury Tax and Loan Account
- Ship to \_\_\_\_\_

\_\_\_\_\_  
(Subscriber's full name or corporate title)

\_\_\_\_\_  
(Address)

By \_\_\_\_\_  
(Authorized official signature and title)

\_\_\_\_\_  
(For the account of, if tender is for another subscriber)

\_\_\_\_\_  
(Address)

**IMPORTANT**

1. No tender for less than \$5,000 will be considered and each tender must be for an amount in multiples of \$5,000 (maturity value).
2. Tenders should be forwarded in an envelope clearly addressed to this bank as Fiscal Agent of the Commodity Credit Corporation, with notation on the envelope reading "TENDER FOR CERTIFICATES OF INTEREST". Since envelopes received with this legend will not be opened until after the closing time specified in the public announcement, communications relating to other matters should not be enclosed.
3. Any qualified or conditional tender will be rejected.
4. If a corporation makes the tender, the form should be signed by an officer of the corporation authorized to make the tender and the signing of the form by an officer of the corporation will be construed as a representation by him that he has been so authorized. If the tender is made by a partnership it should be signed by a member of the firm, who should sign in the form "\_\_\_\_\_, a copartnership, by \_\_\_\_\_, a member of the firm".
5. Tenders from those other than incorporated banks and trust companies or responsible and recognized dealers in investment securities will be disregarded, unless accompanied by a deposit of 2 percent of the total amount (maturity value) of the Certificates applied for, or unless the tenders are accompanied by an express guaranty of full payment by an incorporated bank or trust company.

(See reverse for announcement)