

A meeting of the Executive Committee of the Federal Reserve Board was held in the office of the Federal Reserve Board on Friday, July 24, 1925 at 11:15 a.m.

PRESENT: Governor Crissinger
 Mr. James
 Mr. Eddy, Secretary
 PRESENT ALSO: Mr. Hamlin
 Mr. Wyatt, Counsel
 Mr. Wills, Chairman, Federal Reserve
 Bank of Cleveland
 Mr. S. B. Newell, Counsel, Federal
 Bank of Cleveland

Mr. Wills stated that he and Mr. Newell had come to Washington to discuss with the members of the Board the proposition, outlined in a letter addressed to the Board by Governor Fancher under date of July 11th, made to the Federal Reserve Bank of Cleveland by the Chamber of Commerce of Cincinnati that a contract be entered into between the Federal Reserve Bank of Cleveland and the Chamber of Commerce of Cincinnati whereby the Federal Reserve Bank would lease to the Chamber of Commerce its property at 4th and Race Streets for 99 years, renewable forever, for \$30,000 a year, being five per cent on the valuation of \$600,000, all taxes to be paid by the Chamber. Immediately on the vacation of the premises (all tenants in the building being on the 90-day notice basis) the Chamber would proceed to erect a building thereon, leasing to the bank the entire ground floor, entire basement, and forty per cent of the sub-basement, the ceiling of the ground floor being of sufficient height to provide a mezzanine floor over a portion of it. For this space, aggregating about 34,000 feet, the bank would pay the Chamber an annual rental of \$50,000 per year. The lease would

7/24/25

-2-

run for 25 years, with a provision for its cancelation in 1934, in the event that the bank's charter was not renewed. In addition to this space, the bank would rent the second floor having an area of some 9,000 feet at \$2.00 per square foot per year until 1934, it being the plan that if this space was not required to sublease it at a figure which would return to the bank not less than the amount which it would pay. In the event of the bank's charter not being renewed, the Chamber of Commerce would have the right to purchase the property at \$600,000 within two years after 1934. In the event of renewal of the bank's charter the Chamber of Commerce could only purchase the property at the end of the twenty-five year period at the rental price, namely \$600,000. The building of a vault and the furnishing of the banking quarters would be at the bank's expense.

Mr. Wills stated that the property in question was originally acquired by the Federal Reserve Bank of Cleveland in October, 1920 at a cost of \$380,000, with the idea of constructing thereon a building suitable to house the Cincinnati Branch of the bank. He stated that before plans were completed, Congress passed the amendment to Section 10 of the Federal Reserve Act prohibiting the expenditure of more than \$250,000 for a branch building, exclusive of land, vaults, furniture and fixtures and that after the bank in 1924 had prepared and presented to the Board preliminary sketches of a building to be erected with the consent of Congress, and to cost approximately \$1,113,000 (\$875,000 for building proper), it had been decided, in view of the experience of other Federal reserve banks that it would be impossible to get the necessary legislation through Congress and the idea had been abandoned. He stated that the proposition now presented

7/24/25

-3-

to the Board originated with the Chamber of Commerce of Cincinnati and was believed by the bank to be a most advantageous one, providing as it would a profitable sale of the real estate owned by the bank, which is now carried on the books of the bank at \$267,000, and giving assurance of adequate quarters for the conduct of the business of the Cincinnati branch, which is now unsatisfactorily housed and the leases on whose quarters expire in 1927.

During the above discussion, Mr. McIntosh entered the meeting.

Mr. Newell then presented and discussed with the Committee the view of the Federal Reserve Bank of Cleveland that the proposition under consideration in no way contravenes either the spirit or the letter of the amendment of June 3, 1922 to Section 10 of the Federal Reserve Act providing that "no Federal reserve bank shall have authority hereafter to enter into any contract or contracts for the erection of any branch bank building of any kind or character, or to authorize the erection of any such building, if the cost of the building proper, exclusive of the cost of vaults, permanent equipment, furnishings and fixtures, is in excess of \$250,000". He expressed the opinion, rather, that the proposal was in line with the motive of Congress in passing the amendment in question, obviating as it would, the necessity of the Federal Reserve Bank tying up a considerable portion of its capital assets in a building constructed especially to house its Cincinnati branch.

During the above discussion, Mr. McIntosh left the meeting and at its conclusion the Committee went into Executive session, Messrs. Wills and Newell also withdrawing.

7/24/25

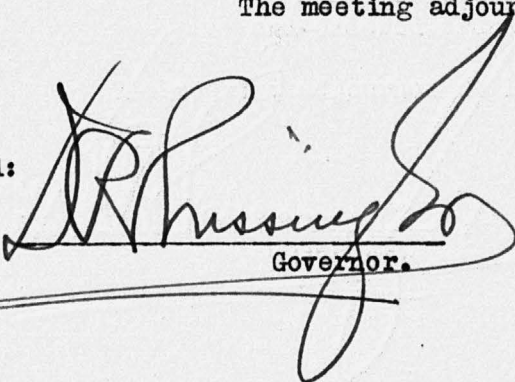
At the conclusion of the Executive session, Mr. R. L. Austin, Federal Reserve Agent at Philadelphia then entered the room and discussed briefly the present status of the statistical and reporting work of the bank and asked for the views of the Board with respect to future procedure in this matter and in the matter of the publication and distribution of the bank's monthly letter on business conditions.

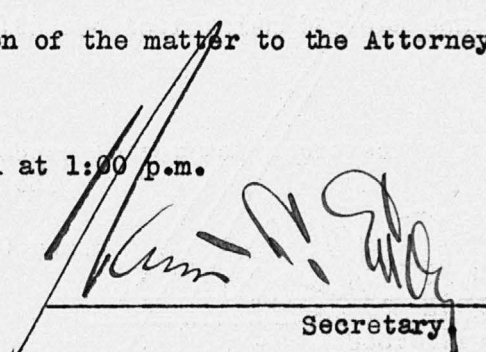
Mr. Austin was requested to continue to proceed along the lines already laid down by the Board and within the budget approved by the Board for the last six months of the current year and was advised to later discuss the subject in detail with the Board's Committee on Research and Statistics, the members of which are not in Washington at present.

Mr. Austin then withdrew from the meeting and Messrs. Wills and Newell returned. They were advised of the opinion of the Executive Committee that in view of the doubtful legality of the proposed contract between the Federal Reserve Bank of Cleveland and the Cincinnati Chamber of Commerce, it should be submitted to the Attorney General for an opinion as to whether it violated the spirit or letter of the amendment of June 3, 1922 to Section 10 of the Federal Reserve Act. Messrs. Wills and Newell both expressed willingness to adopt the suggestion of the Committee and it was understood that Mr. Newell and the Board's Counsel would collaborate in the presentation of the matter to the Attorney General.

The meeting adjourned at 1:00 p.m.

Approved:


Governor.


Secretary