

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Monday, April 21, 1952.

PRESENT: Mr. Martin, Chairman
Mr. Szymczak
Mr. Evans
Mr. Vardaman
Mr. Powell
Mr. Mills
Mr. Robertson

Mr. Carpenter, Secretary
Mr. Sherman, Assistant Secretary
Mr. Kenyon, Assistant Secretary

Minutes of actions taken by the Board of Governors of the Federal Reserve System on April 16, 1952, were approved unanimously.

Minutes of actions taken by the Board of Governors of the Federal Reserve System on April 17 and 18, 1952, were approved and the actions recorded therein were ratified unanimously.

Memorandum dated April 15, 1952, from Mr. Leonard, Director, Division of Bank Operations, recommending that the resignation of Ora E. Ferris, Clerk-Typist in that Division, be accepted to be effective, in accordance with her request at the close of business April 30, 1952.

Approved unanimously.

Letter to Mr. Denmark, Vice President, Federal Reserve Bank of Atlanta, reading as follows:

"In accordance with the request contained in your letter of April 14, 1952, the Board approves the designation

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"of R. Paul Wilson, an examiner who was transferred to the Discount Department as manager, effective December 13, 1951, as a special examiner for the Federal Reserve Bank of Atlanta."

Approved unanimously.

Letter to Mr. Slade, Vice President, Federal Reserve Bank of San Francisco, reading as follows:

"In accordance with the request contained in your letter of April 14, 1952, the Board approves the appointment of Robert C. Johnsen as an assistant examiner for the Federal Reserve Bank of San Francisco."

Approved unanimously.

Letter to the Presidents of all Federal Reserve Banks, reading as follows:

"A State legislature has granted to a city of the State certain powers with respect to the establishment of public off-street parking facilities to be exercised through the city Board of Real Estate Commissioners.

"These powers include the right to acquire property by eminent domain and to lease such property, or any property now or hereafter in the custody of the Board, which may be used by the lessee for parking purposes only. The lease may have a term not exceeding forty years. The lessee would build additional parking facilities on the land at his own expense, the new facilities to accommodate at least twice as many parked vehicles as before their construction. The law requires that each such lease shall contain a Schedule of Maximum Rates as well as such regulations with respect to the use, operation, and occupancy of such property as the Board may prescribe. Plans and specifications for any structures and facilities are to be prepared under the supervision of the Board of Real Estate Commissioners.

"Pursuant to the authority contained in the statute, the city, through its Board of Real Estate Commissioners, has prepared specifications and a form of lease and now proposes

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"to lease certain property presently held by the city and used as a public parking facility, and to have the lessee build suitable parking facilities on the premises. The more important provisions of the form of lease are as follows:

1. A term of forty years.
2. Lessee is to construct, without cost to the city, structures and facilities for public parking in accordance with plans and specifications prepared under the supervision of the Board of Real Estate Commissioners, the construction to be under supervision of the architect-engineer who prepared the plans and specifications.
3. A Schedule of Maximum Rates which are tied to the 'Cost of Living -- Consumers Price Index for Moderate Income Families in Large Cities -- All Items', which Schedule is to be re-examined after the expiration of three years at which time increases may be affected in proportion to any increase in the price index.
4. Lessee is required to keep the facility open for business during certain specified hours.
5. A sign is required to be maintained stating the name of the lessor as well as that of the lessee and also bearing the words 'public parking facility'.
6. The leased premises may not be used for any business incidental to the parking of motor vehicles or affecting parked motor vehicles.
7. The facility is required to be available to all persons without discrimination.

"The fundamental reason for the above-described action of the State legislature and that proposed to be taken by the city is to alleviate to the extent possible a traffic situation which is recognized as a major municipal problem and one which has a serious adverse effect on virtually every phase of municipal life. The problem is one which has not been solved by ordinary means.

"The Board of Governors has been asked whether or not Regulation X would apply to the financing of the parking facility to be built pursuant to the plan.

"Section 2(r)(4)(i) of Regulation X excludes from the definition of 'Nonresidential structure', and thus from the provisions of the regulation applicable to such properties, any structure exclusively designed for use by a 'public utility'. In that respect section 2(s) of Regulation X provides as follows:

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"(s) "Public utility" means any transportation company, electric light or power company, gas company, water company, pipe line company, telephone company, telegraph company, or other similar business which is operated for the convenience, service or accommodation of the public if (1) the operations of such company are supervised by a Federal or State agency, or (2) the members of the public as such are entitled as of right to demand and use its facilities or services.'

"The Board does not consider an ordinary parking lot or garage, sponsored and operated by a private individual, to be a 'public utility' within the meaning of that term as used in section 2(s) of the regulation. However, in view of the circumstances described above, including the special public need and sponsorship for this particular facility, the control exercised with respect to maximum rates and other features of operations, and the requirement that the parking facility shall be available to all without discrimination, the Board is of the opinion that the proposed parking facility should be considered to be embraced within section 2(s) and that, accordingly, the structure should be considered to be excluded from the definition of 'Nonresidential structure' under the provisions of section 2(r)(4)(i) of Regulation X."

Approved unanimously.

Letter for the signature of the Chairman to the Honorable Wright Patman, Chairman, Subcommittee on General Credit Control and Debt Management of the Joint Committee on the Economic Report, House Office Building, Washington, D. C., reading as follows:

"In accordance with your request, the staffs of the Treasury Department and of the Board of Governors of the Federal Reserve System have prepared an annotated collection, arranged in chronological order, of the correspondence between the Treasury and the Federal Reserve System, and between the Federal Reserve System and the President,

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"bearing upon the principal problems of debt management and monetary policy during the period between the outbreak of hostilities in Korea in June 1950, and the Treasury-Federal Reserve accord on March 4, 1951. In some cases other documents, such as press releases, have been added in order to assist the reader in interpreting the correspondence.

"I am advised that the President will have no objection to the submission to your Subcommittee for inclusion in the record of its proceedings of copies of letters addressed to him as follows: Under date of December 1, 1950, by the Chairman of the Board of Governors of the Federal Reserve System; and under date of December 9, 1950, and February 7, 1951, respectively, by the Chairman of the Federal Open Market Committee.

"The materials herewith transmitted include all of those shown to the members of the Subcommittee by me at your meeting on Tuesday, March 25, 1952.

"As I have previously indicated, while the Board and the Federal Open Market Committee favor the fullest possible disclosure of all matters affecting the public interest, we have questioned whether the public interest would be served by publication of these letters and related material dealing with complex and controversial matters which were satisfactorily resolved more than a year ago."

Approved unanimously.


Secretary.