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enter into with the developer.

MS. STREET: When you spoke of the Marriott Corporation putting up the Flagship Hotel, that would be an instance of a private corporation using borrowed funds to do the ground work, the start-up work?

MR. REGAN: In that particular project we utilized borrowed funds from the U. S. Treasury in order to acquire that site, and also in order to demolish the site and do other site preparation, utility work, that type of thing. We then offered that site under a competitive process to any developer in the country that cared to put on the site the types of uses that we had envisioned. Quadrangle Marriott was the successful developer selected by our board. We then entered into a lease agreement with Quadrangle Marriott whereby they were given the authority to build their project, and that lease agreement provides for a revenue flow back to the Corporation to repay the monies that we borrowed from the Treasury. The development itself would be done by Quadrangle Marriott on monies which they acquire on private--on the private loan market.

MS. STREET: Thank you.

MS. NAHIKIAN: Delegate Maguire?

MS. MAGUIRE: Fifteen people on this governing

board voted and decided that the federal government could in some way subsidize Marriott?

MR. REGAN: That's not correct. There is no subsidy whatsoever in that project. In fact, our board requires that any agreements that we enter into pay all of our costs for that project plus whatever holding costs the Corporation may have incurred as a result of time delays in getting the project started.

On that particular project we entered into a business deal with Quadrangle Marriott whereby we participate over the 99-year life of the lease that they have with us--we participate in the general revenue stream that they receive as a result of that project. So as the project becomes more and more profitable over the years, and we hope that that happens on Pennsylvania Avenue, the Corporation receives additional revenues over and above our initial investment in the site. Our best estimate is that we will receive several times over our cost as a result of our putting that deal together.

MS. MAGUIRE: I guess my confusion is that I don't understand what the federal interest is in the actual [inaudible]. Maybe it would help me more if I knew who these-- this governing board is appointed by the President, correct?

MR. REGAN: That's correct.