

DOCUMENT WITHDRAWAL RECORD [NIXON PROJECT]

DOCUMENT NUMBER	DOCUMENT TYPE	SUBJECT/TITLE OR CORRESPONDENTS	DATE	RESTRICTION
1	Notes	handwritten shorthand 2pg.	N/D	D
2	Notes	handwritten shorthand 2pg.	N/D	D
3	Notes	handwritten shorthand 1pg.	N/D	D

FILE GROUP TITLE

WHICF : SMOF : Patterson Subject Files

BOX NUMBER

64

FOLDER TITLE

Soul City [1 of 3]

RESTRICTION CODES

- A. Release would violate a Federal statute or Agency Policy.
B. National security classified information.
C. Pending or approved claim that release would violate an individual's rights.
D. Release would constitute a clearly unwarranted invasion of privacy or a libel of a living person.

- E. Release would disclose trade secrets or confidential commercial or financial information.
F. Release would disclose investigatory information compiled for law enforcement purposes.
G. Withdrawn and return private and personal material.
H. Withdrawn and returned non-historical material.

ASSOCIATE DIRECTOR
OFFICE OF MANAGEMENT AND BUDGET

Brad Pittman

I have made a few minor
changes in the draft
memo.

On McK's new letter - I
do not think we should
establish a "Soul City office"
of the Fed Gov't.

Ri

Request

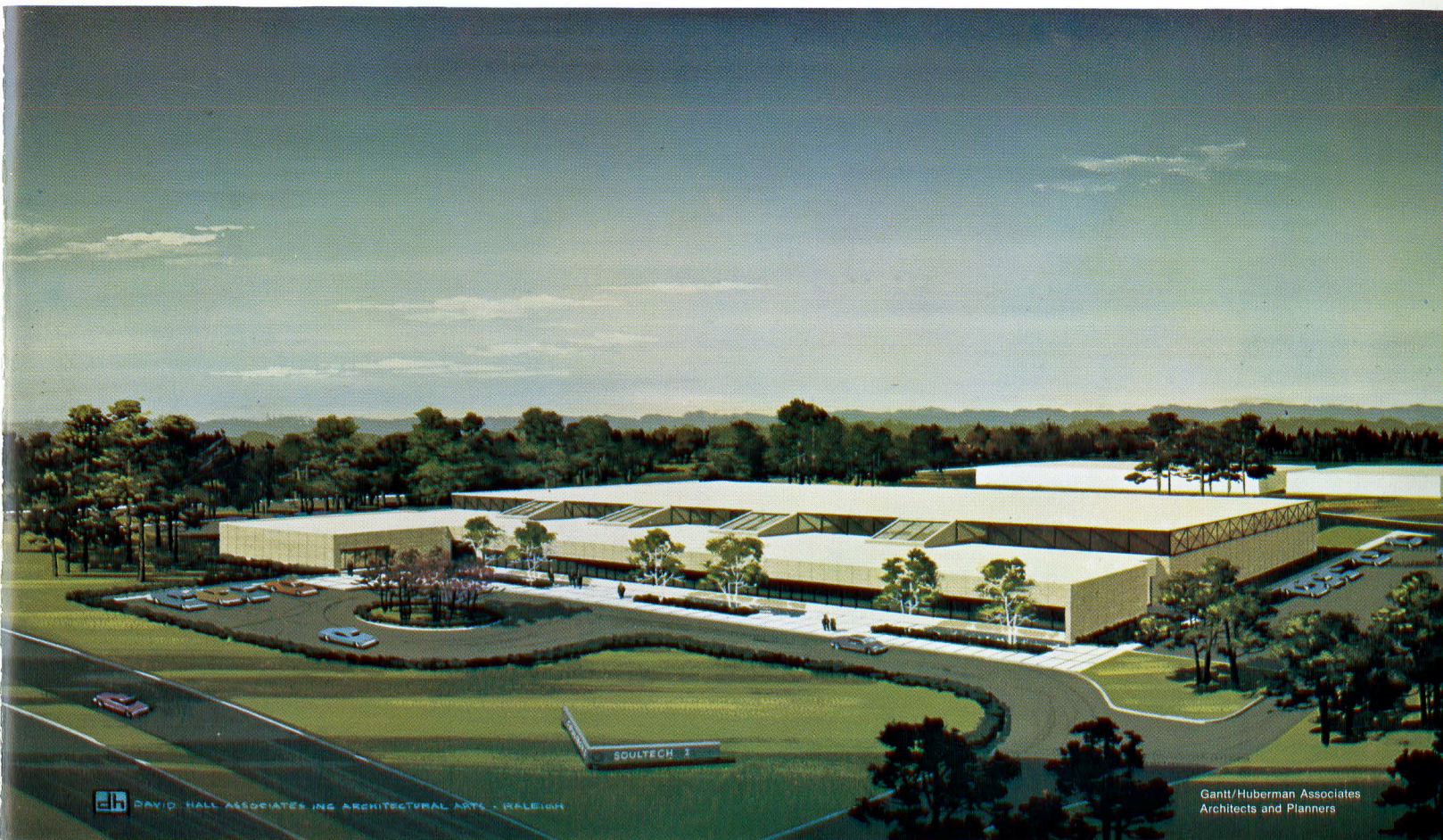
May be some
are (PC) type of
Heavy - ~~but~~
Wayner to
Ed Sipter

Shirley & by 602.

SOUL CITY UTILITY FINANCING

<u>Source</u>	<u>Regional Water System (\$ in millions)</u>	<u>3-4 yrs. Project Internal Water & Sewer System</u>
HUD basic grant	\$ 2.64	\$.45
HUD Supple. grant	.36	.18 (derived fig)
HUD Public Fac. Loan	--	.50
EDA	1.50	.45
Henderson	2.00	
Oxford	.80	--
N. Carolina	1.70	-- (1.0 committed .7 pledged
Soul City Co.	--	.57 (derived fig.
	<u>9.00</u>	<u>1.70</u>

*\$6.08 of \$10.7 million total project
cost is federally funded
5.58 in grants*



DAVID HALL ASSOCIATES INC. ARCHITECTURAL ARTS - RALEIGH

Gantt/Huberman Associates
Architects and Planners

Soultech I

An Industrial Incubator Facility
Reproduced at the Richard Nixon Presidential Library and Museum

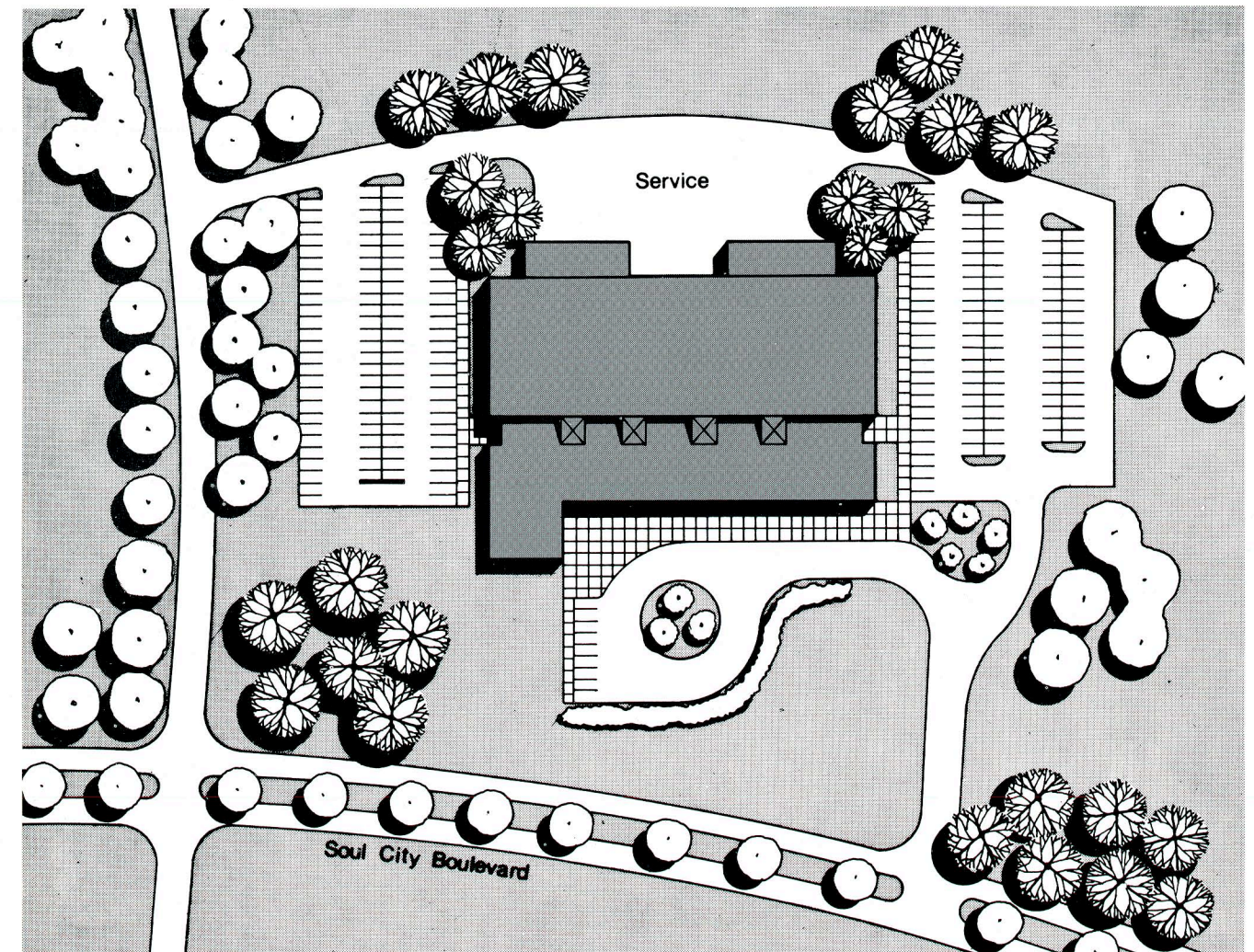
Soul City, North Carolina

Soultech I

Conceived as an incubator structure which focuses on attracting fledgling industrial firms seeking to open markets in the growing Southeast region

Founded on the Soul City philosophy of maximum economic development through new methods and techniques in training, physical facilities, and labor/management relations

Designed to house a complete range of industrial and managerial facilities within a prototypical structure that expands the industrial work environment



Soultech I

Features a contemporary, climate controlled structure of steel, pre-cast concrete, and solar gray glass

Includes 40,000 square feet of manufacturing and processing space, plus 12,000 square feet of office space

Provides a cafeteria and private dining facilities in addition to meeting rooms and personnel training facilities

Offers special management, public relations, and clerical services

Sited on a beautifully developed parcel with adequate parking for employees, servicing for tenants, and unique outdoor recreational areas for all personnel

Soultech I/Soul City, North Carolina

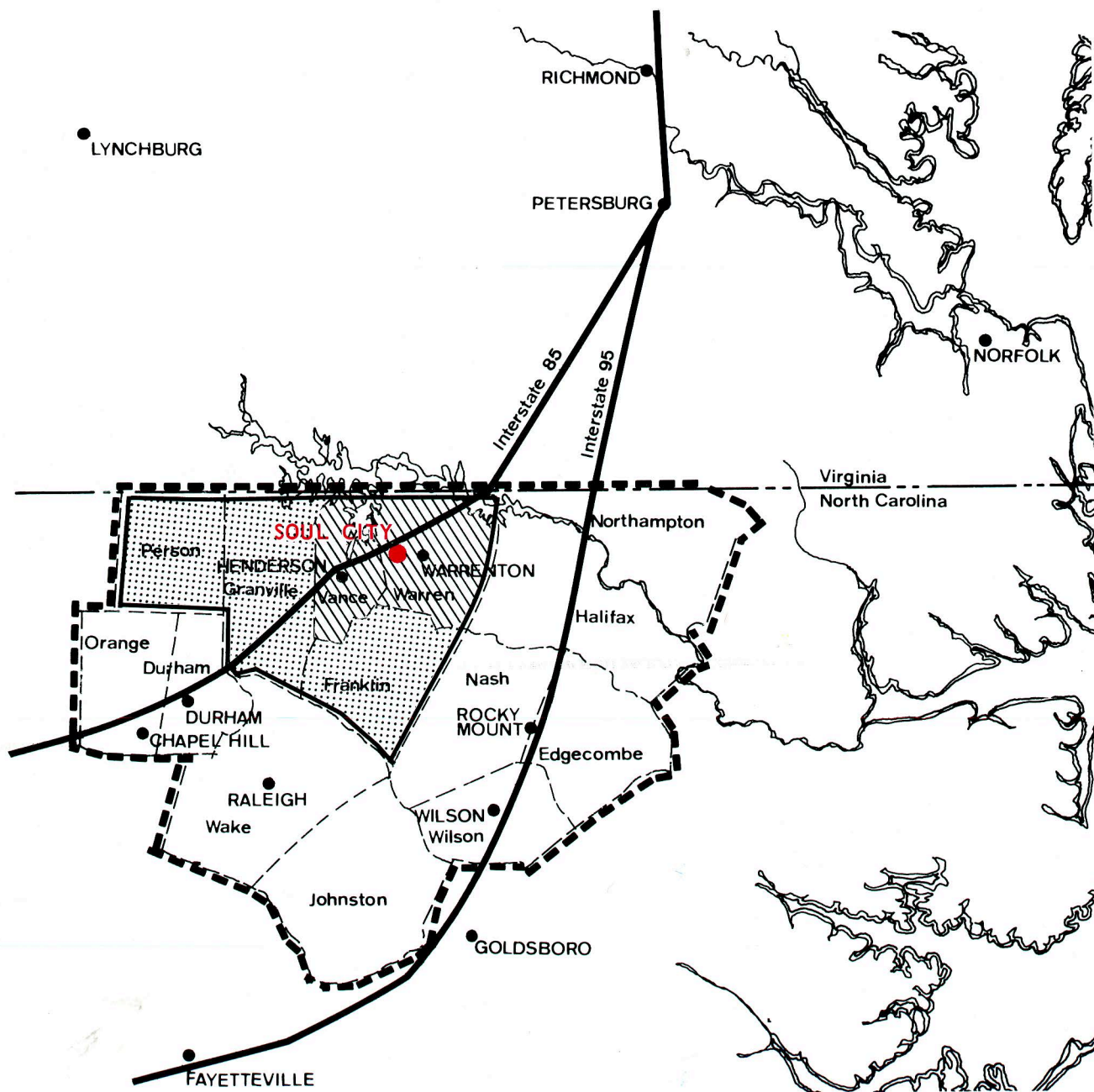
Soul City is the first HUD designated free-standing new community in America

Soul City is conceived as a new experiment in urban living that seeks to attract a heterogeneous racial and economic population of 50,000 people in 20 years

Soul City is located adjacent to Interstate-85 approximately 40 minutes away from the Raleigh-Durham-Chapel Hill metropolitan area

Soul City is conveniently accessible by rail and highways to the major markets of both the Industrial Piedmont and the Eastern Seaboard megalopolis

Soul City at its maturity will comprise a land area of 5,000 acres and include the full range of residential, commercial, industrial, and recreational land uses



Soultech I is a development of Floyd B. McKissick Enterprises and Subsidiaries

Expected occupancy: January 1974

For leasing and other information contact

Warren Regional Planning Corporation
Industrial Development Division
P. O. Box 158
Soul City, North Carolina 27553
919-456-3431

This publication is supported in part by the U. S. Department of Commerce, Office of Minority Business Enterprise

Draft

FEDERAL FUNDING SOURCES
FOR SOUL CITY

I. Soul City Foundation

A. Current Sources

1. Social Advocacy Planning Grant
OEO
February 14, 1973
\$90,000
Michael Thompson
2. Cultural Arts Advocates
National Endowment for the Arts
\$12,500
January 1, 1973
Vantile Whitfield

B. Proposals Submitted

1. Economic Development
OEO
\$502,875
April 9, 1973
Willie Williams
2. Career Learning Lab
U.S. Office of Education
\$98,220
May 1, 1973
Dr. John Lovegrove
3. Legal Services for the Poor
OEO
\$90,000
May 23, 1973
Mr. Hurwitz

C. Required Funding

1. Recreation and Historic Preservation ?
Department of Interior
2. Law Enforcement, Research and Development ?
Department of Justice

- ③ 3. Child and Day Care
U.S. Office of Education
- ① 4. Comprehensive Educational Planning - *Warren County School System enhancement.*
U.S. Office of Education
5. Library Construction (Regional)
U.S. Office of Education
- ② 6. Job Training
Department of Labor Manpower Administration

II. Warren Regional Planning Corporation

A. Current Sources

1. Model Region and New Community Program
HUD 701/N.C. State
\$128,000
April 9, 1972
Malachi Knowles
2. Industrial Promotion
Department of Commerce, OMBE
\$257,500
March 1, 1972
Harold McClendon

B. Submitted

1. Technical Assistance *to support the application for the \$14 M.*
Department of Commerce - *OMBE (approved)*
\$274,000
2. Transportation Planning - *Mass transit planning*
Department of Transportation
\$137,000

C. Required

1. Industrial Promotion and Technical Assistance
Department of Commerce, OMBE
\$773,000

(Submitted & being re-submitted)

III. Sanitary District - *Internal Sanitary City*

A. Required Funding - *submitted*

\$500,000 PFL, HUD - *loan*
\$500,000 Water and Sewer Grant, HUD
\$4,000,000 Sewer Grant - EPA - *submitted - via State of N.C.*

IV. HealthCo

A. Current Sources

1. Comprehensive Health Services
\$1,140,117 7/1/72- 12/31/73
OEO

B. Required

1. Continuation of above by OEO or HEW

\$ 1.0 requested

V- P.O.

Nelson P.O. - name changed to
SC/Nelson NC

1.200
14.000

1.302

4.500

760

500

250

3.000

2.500

90

98

400

250

500

683

137

Bd of H of NCC
" acceptable
Jury - each 6 H

~~3~~ 0.370

14

16.3

then
Manager must
wait 28 to
HOD

15 NKs

Industries ~~to~~ 300-400 job
Risks may not be
all to see the land for res/cann purposes -- and
must be schedule.

Soul City Low + Moderate Income Housing

year	30 year conservative price			20 year price	
	total units	low m units		total units	low m units
1	50	0		0	0
2	85	5	275	300	100
3	106	48	6.4k	351	74
4	280	48	"	550	213
5	252	76	"	600	112
	<u>773</u>	<u>177</u>		<u>1801</u>	<u>507</u>

ultimately 3700 of 13,000 will be assisted

Equity investment - Shares of limited partnerships
interest

\$ 900,000

McKisick Enterprises

\$ 500,000

N Coop for H P

100,000

Madison - Madison, Ind

(Hick archd firm)

Loans:

450,000

Clear Manhattan

secured by land

390,000

"

unsecured

270,000

Irving Fair's estate
unsecured

225,000

N. Carolina National Bank
unsecured

50,000

NCHP - loan -
unsecured

60,000

Richmond Farmers Bank
of the Charlotte N C
secured by land

100,000

12 Misc lenders

1645 000

. I append a

memorandum from Paul O'Neill's office on this point (Attachment B). ~~However,~~
~~unless~~ However, unless a decision is made to reinstate these programs, it is

Before making a recommendation, here is an analysis of what might quite possible

be called the assets and risks:

and Benefits

that the Federal
~~Government will not be able~~
no support will be available from the
Federal Government to produce the great
bulk (perhaps 75%) of this housing,
remaining 5.195 unit

DRAFT

PRESERVATION COPY

MEMORANDUM FOR MEL LAIRD

SUBJECT: Soul City, ~~North Carolina~~

Soul City is a prospective New Community ^(in North Carolina) the first (and only) free-standing new community ^(now assisting) of the fifteen which HUD is ~~helping~~ pursuant to the New Community Development Act. It is 5, ²700 acres, will represent a land acquisition and development investment alone of \$76,000,000 and ^(13,000 residences and ~~valued~~) will eventually have ^(just south of) a population of 45,000. It is located ~~near~~ the Virginia border, within an hour's commuting time of Raleigh, Durham, Wake Forest and Rocky Mount.

The developer of Soul City is Floyd McKissick, one of the nation's best known black leaders.

Some time ago, Mr. McKissick came to see me, asking me the question: were we going to go ahead with our support of Soul City? This is a question for ~~THE EXECUTIVE OFFICE~~ us to resolve, since it is the Executive Office which is reviewing HUD's and EDA's prospective water and ~~sewer~~ ^{sewer} grants.

Brad Patterson and I have been in touch with ^(OMB.) EDA, ~~and~~ ^(McKissick) HUD and ^{and} especially ~~requested~~ requested that McKissick list on one chart all his present and proposed federal subsidies. This chart appears as Attachment A.

Right now, Soul City is empty land, with a few old houses and barns. But extensive plans (and commitments) have been made. Four agencies of the Federal Government have already invested \$1.628 million in Soul City planning (Attachment A, items 2, 6, 10, 11 and 22) and have now committed \$.7 million more (items 7 and 13) so our federal investment is \$2.3 million at present.

The developers of Soul City have requests either pending or envisaged for at least \$15.8 million in additional federal grants, \$.5 in additional loans and \$14.0 in guarantees or a total of at least \$16.370 millions in added, required federal subsidization with the further risk of \$14 ^{millions in} guarantee

(This is not unusual for the "new communities"; typically they have comprehensive shopping lists for federal assistance.) Of Soul City's ^{total} requirements, however

exposure. ^(close to) ~~Of this total,~~ \$5.892 is FY 1973 money, requiring decision before the end of this month.

The policy question is: should the U.S. Government go ahead, this month and in the months to come, committing more than \$16^{million} on top of the \$2.3^{million} we have already invested to help new community Soul City get built ^(and committing the guarantee?)

One difficulty in answering this question specifically about Soul City (See item #4 in Attachment A) is that not only Soul City but every other

712 of one of the ~~other~~ 15 ~~prospective~~ New Communities is in effect instructed by ^{Section} the New Community Development Act to include ^{(in it) "an appropriate portion"} ~~a substantial proportion~~ ^(making new commitments) of low and moderate income housing. The Administration has suspended ^{under} its "235", ~~and~~ "236" and other programs subsidizing this category of

housing pending a comprehensive study now in progress within HUD. ~~PS~~

However, on March 20, 1973 in Congressional testimony, Secretary Lynn stated that "instructions will be issued shortly to honor the bona fide commitments as promised by Secretary Romney. The areas in which these commitments fall include:...New Communities..."

It is my view, and OMB's, that ~~XXX~~ pursuant to the above statement, Secretary Lynn has the authority to ~~XXXXXX~~ meet (for subsidized low and moderate income housing) the needs ~~XXXXXX~~ of Soul City and the other new communities, depending on how ~~ES~~ the Secretary sets his internal priorities.

. I append a memorandum from Paul O'Neill's office on this point (Attachment B).

2. A ~~C~~ommitted and capable developer, (and a political friend -- see attachment C) who wants to make this project one of the best of the President's concrete accomplishments.

3. The State (and the Governor) of North Carolina, which has committed \$1.3 million already for the required 3-county regional water system, and which will commit another \$.4 next year. Governor ^{also} (and I have reconfirmed this just now) Holzhauser is a strong proponent of Soul City.

4. The neighboring cities of Henderson and Oxford, NC. which just ^{June 2} ~~last Saturday~~ approved referenda committing themselves to put up \$2.8 million of bonds for that regional water system.

5. The four Federal Agencies (HUD, OEO, Commerce and the National Endowment on the Arts) which have put up the \$2.3 up to now. Secretaries Lynn's and Dent's memorandum³ are attached (Attachment D).

6. HUD's conviction, as expressed by Ted Lamont, ~~EX~~ Director of its Office of New Communities Development, that Soul City will become an important growth center in the northern ~~North~~ North Carolina area and will significantly help to stem the outmigration from this area which up to now has been one of the highest in the State.

7. Private lenders and investors who have made the following commitments to Soul City:

INDENT → a) \$1.5 million in equity from McKissick Enterprises, the National Corporation for Housing Partnerships and the black architectural firm Madison-Madison Inter~~N~~ational.

b) \$1.5 million in a combination of secured and unsecured loans from Chase Manhattan, North Carolina National Bank, the National Corporation for Housing Partnerships, the Mechanics and Farmers Bank ^{of} ~~for~~ Charlotte and a dozen miscellaneous lenders.

c) \$1.15 million in mortgage promises from various sources.

PRESERVATION COPY

(informally)
(One HUD officer has characterized the Soul City enterprise as "a poverty case... marginal at best" ~~and~~ Paul O'Neill in OMB considers this description as ~~quite~~ accurate. ^{led} Mr. Lamont, Director of HUD's Office of New Communities Development disputes it.)

Conclusion

In reviewing all of the points here, balancing the assets and risks, I am impressed above all with firm and specific commitments which have so far been made by so many different individuals and institutions: the State of North Carolina, the towns of Henderson and Oxford, the many government professionals who have evaluated the promise of this enterprise, the private banks, organizations and individuals who have put not only their faith but their money on the line, convinced of Soul City's eventual success. In my four years here, I have seen few projects in the minority development field which have put together as much as this one has.

Recommendations

1. We should give Soul City the green light and inform the interested agencies that we have done so. For FY 1973 this means specifically a green light for HUD's and EDA's water and sewer grants. [NO #]

In the field of housing policy, this means that Secretary Lynn will have our support in regarding Soul City's requests for subsidized low and moderate income housing as among the "bona fide commitments" which he can and will handle under his existing authority and funds.

2. We should ask OMB to designate an implementation monitorship officer to ^(work with) ~~XXXXX~~ HUD ~~XXXXXXXXXXXXXXXXXXXX~~ to ^(ensure) ~~XXXXXX~~ coordinated handling of ~~the~~ the applications to the various federal agencies from Soul City (and from the other New Communities).

Attachments
~~XXXXXXXXXXXX~~

Leonard Garment

8. Soul's City's economic geography, which has I-85 and the Seaboard Railway abutting it.

-4-

9. The Board of Directors of the New Community Development Corporation which ^(consideration) ~~last year~~ ^(on June 28, 1972) after the most careful analysis and ^(officially confirmed) ~~made the finding~~ ^{eight} ~~mitment to Soul City (the \$14,000,000 guarantee), having~~ ^{determinations,} ~~(pursuant to statute) that Soul City is an acceptable financial risk for the~~ ^{Government.} set forth in Attachment E.

10. McKissick's promise (which HUD insists upon as a condition of the guarantee) to install a ~~very~~ competent General Manager for the whole Soul City enterprise.

Soul City's Risks

1. Soul City is located in a low-income area which may not be as attractive to prospective homeowners/businesses as alternative opportunities. (This is why assistance for the "incubation" of industries, ^{for} ~~and~~ manpower training grants, and for low-income housing are necessary).
2. A principal "unknown" is whether, once he has his land watered and sewerred and otherwise developed, McKissick will really be able to sell parcels of it to residential and commerical customers.
3. HUD officials and the New Community Development Corporation Board recognize that a new, free-standing community is a more chancy enterprise than the other 14 new communities being assisted by HUD, in that the other 14 are located in or very near suburbs or other ^(existing) growth areas.

Before making a recommendation, here is an analysis of what might be called the assets and risks:

Soul City's Assets ~~and Risks~~

1. A Presidential policy favoring (a) minority enterprise development and (b) concrete results instead of rhetoric about it.

~~DRAFT~~

MEMORANDUM FOR MEL LAIRD

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Soul City is a prospective New Community, the first (and only) free-standing new community of the fifteen which HUD is ~~helping~~ ^(now assisting) pursuant to the New Community Development Act. It is 5, ²400 acres, will represent a land acquisition and development investment alone of \$76,000,000 and ^{(13,000 residences and} will eventually have ^a population of ^{45,000}. It is located near the Virginia border, within an hour's commuting time of Raleigh, Durham, Wake Forest and Rocky Mount.

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(This is not unusual for the "new communities"; typically they have comprehensive shopping lists for federal assistance.) Of Soul City's ^{total} requirements, however, ^(close to)

exposure, ~~of this total~~, \$5.892 is FY 1973 money, requiring decision before the end of this month.

The policy question is: should the U.S. Government go ahead, this month and in the months to come, committing more than \$16^{million} on top of the \$2.3^{million} we have already invested to help new community Soul City get built?

One difficulty in answering this question specifically about Soul City (See item #4 in Attachment A) is that not only Soul City but every other one of the ~~other~~ 15 ~~prospective~~ New Communities is in effect instructed by ^{Section} 712 of the New Community Development Act to include ^{(in it) "an appropriate portion"} ~~a substantial proportion~~ of low and moderate income housing. ^(including new commitments) The Administration has suspended ^{under} its "235" ~~and~~ "236" and other programs subsidizing this category of housing pending a comprehensive study now in progress within HUD. ~~To~~

However, on March 20, 1973 in Congressional testimony, Secretary Lynn stated that "instructions will be issued shortly to honor the bona fide commitments as promised by Secretary Romney. The areas in which these commitments fall include:...New Communities..."

It is my view, and OMB's, that ~~MM~~ pursuant to the above statement, Secretary Lynn has the authority to ~~XXXXXX~~ meet ^(for subsidized low and moderate income housing) the needs ~~XXXXXX~~ of Soul City and the other new communities, depending on how ~~ES~~ the Secretary sets his internal priorities.

. I append a memorandum from Paul O'Neill's office on this point (Attachment B).

Before making a recommendation, here is an analysis of what might be called the assets and risks:

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2. A ~~C~~ommitted and capable developer, (and a political friend -- see attachment C) who wants to make this project one of the best of the President's concrete accomplishments.

3. The State (and the Governor) of North Carolina, which has committed \$1.3 million already for the required 3-county regional water system, and which will commit another \$.4 next year. Governor (and I have reconfirmed this just now) Holzhauser is a strong proponent of Soul City.

4. The neighboring cities of Henderson and Oxford, NC. which just *June 2* ~~last Saturday~~ approved referenda committing themselves to put up \$2.8 million of bonds for that regional water system.

5. The four Federal Agencies (HUD, OEO, Commerce and the National Endowment on the Arts) which have put up the \$2.3 up to now. Secretaries Lynn's and Dent's memoranda are attached (Attachment D).

6. HUD's conviction, as expressed by Ted Lamont, ~~XX~~ Director of its Office of New Communities Development, that Soul City will become an important growth center in the northern ~~XX~~ North Carolina area and will significantly help to stem the outmigration from this area which up to now has been one of the highest in the State.

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b) \$1.5 million in a combination of secured and unsecured loans from Chase Manhattan, North Carolina National Bank, the National Corporation for Housing Partnerships, the Mechanics and Farmers Bank ~~for~~ *of* Charlotte and a dozen miscellaneous lenders.

c) \$1.15 million in mortgage promises from various sources.

8. Soul's City's economic geography, which has I-85 and the Seaboard Railway abutting it.

-4-

9. The Board of Directors of the New Community Development Corporation which ^(on June 28, 1972 after the most careful analysis and) ~~last year~~ approved making a conditional offer of commitment to Soul City (the \$14,000,000 guarantee), having ^(officially confirmed) ~~made the finding,~~ ^{eight} ~~determinations,~~ (pursuant to statute) ~~that Soul City is an acceptable financial risk for the~~ ~~Government.~~ set forth in Attachment E.

10. McKissick's promise (which HUD insists upon as a condition of the guarantee) to install a ~~very~~ competent General Manager for the whole Soul City enterprise.

Soul City's Risks

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2. A principal "unknown" is whether, once he has his land watered and sewerred and otherwise developed, McKissick will really be able to sell parcels of it to residential and commercial customers.

3. HUD officials and the New Community Development Corporation Board recognize that a new, free-standing community is a more ~~chancey~~ enterprise than the other 14 new communities being assisted by HUD, in that the other 14 are located in or very near suburbs or other ^(existing) growth areas.

(informally)
(One HUD officer has characterized the Soul City enterprise as "a poverty case... marginal at best" ^{Paul O'Neill} in OMB considers this description as ~~quite~~ ^{fair} accurate; Mr. ^{Paul} Lamont, Director of HUD's Office of New Communities Development disputes it.)

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In reviewing all of the points here, balancing the assets and risks, I am impressed above all with firm and specific commitments which have so far been made by so many different individuals and institutions: the State of North Carolina, the towns of Henderson and Oxford, the many government professionals who have evaluated the promise of this enterprise, the private banks, organizations and individuals who have put not only their faith but their money on the line, convinced of Soul City's eventual success. In my four years here, I have seen few projects in the minority development field which have put together as much as this one has.

Recommendations

1. We should give Soul City the green light and inform the interested agencies that we have done so. For FY 1973 this means specifically a green light for HUD's and EDA's water and sewer grants. [NO #]

In the field of housing policy, this means that Secretary Lynn will have our support in regarding Soul City's requests for subsidized low and moderate income housing as among the "bona fide commitments" which he can and will handle under his existing authority and funds.

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although we have not been able to pin down
Soul City's long term need for such housing, given
the fact that 40% of the new community's population
is suppose to be low- and- moderate income, the total
~~could reach 5,200 units~~ is expected to reach at least 3,000 units

(This is not unusual for the "new communities"; typically they have comprehensive shopping lists for federal assistance.) Of Soul City's total

exposure, ~~of this total~~ ^(close to) \$5.892 is FY 1973 money, requiring decision before the end of this month.

The policy question is: should the U.S. Government go ahead, this month and in the months to come, committing more than \$16^{million} on top of the \$2.3^{million} we have already invested to help new community Soul City get built? ^(and committing the guarantee?)

One difficulty in answering this question specifically about Soul City

(See item #4 in Attachment A) is that not only Soul City but every other one of the ~~other~~ 15 prospective New Communities is in effect ^{required} ~~instructed~~ by Section

712 of the New Community Development Act to include ^(in it) ~~a~~ ^{an appropriate portion} of low and moderate income housing. ^(including new commitments) The Administration has ~~suspended~~ ^{& stopped}

~~under~~ its "235", ~~and~~ "236" and other programs subsidizing this category of housing pending a comprehensive study now in progress within HUD, ^(and not due for presentation to the President until September)

~~no~~ ^{However} On March 20, 1973 in Congressional testimony, Secretary Lynn stated that "instructions will be issued shortly to honor the bona fide commitments as promised by Secretary Romney. The areas in which these commitments fall include:...New Communities..."

~~It is my view, and OMB's, that HHH pursuant to the above~~
~~statement, Secretary Lynn has the authority to EXXXXXXXX meet~~
~~the needs EXXXXXXX of Soul City and the other new communities~~
~~depending on how HZ the Secretary sets his internal priorities.~~ ^(In Soul City)
~~need amounts to only five units in FY1974.~~

The Secretary obviously cannot make any longer-range commitment for assistance to low and moderate income housing ^(--in Soul City or anywhere else --) until he ^(and) the President ~~EXXXXXXX~~ have reviewed the September study, have decided on what direction to take and until the Congress has approved it. If it ^(should) eventually ^{be} decided that there will be no further such subsidy program, Soul City and the other New Communities will be very different places from what was originally conceived -- they will not have the balance in types of housing which the New Community ^(Development) Act intended. In Soul City's case ^(Attachment B is an OMB memorandum on this subject.) such a lack may be very harmful.

But at least the next increment of our commitment to Soul City (the ~~EXXXXXXX~~ \$5.892 million) must be decided on before ^(this) June 30; we cannot wait until next September to make this decision.

2. A Committed and capable developer, (and a political friend -- see attachment C) who wants to make this project one of the best of the President's concrete accomplishments.

3. The State (and the Governor) of North Carolina, which has ^{already} committed \$125,000 in a planning grant, \$75,000 in road work, and \$1.3 million ~~already~~ for the required 3-county regional water system, and which will commit another \$.4 next year. Governor (and I have reconfirmed this just now) Holzhauser is a strong proponent of Soul City.

4. The neighboring cities of Henderson and Oxford, NC. which just June 2 ~~last Saturday~~ approved referenda committing themselves to put up \$2.8 million of bonds for that regional water system.

5. The four Federal Agencies (HUD, OEO, Commerce and the National Endowment on the Arts) which have put up the \$2.3 up to now. (and the very recent one of Arthur Andersen/Secretary Blunt) Secretaries Lynn's and Dent's memoranda are attached (Attachment D).

6. HUD's conviction, as expressed by Ted Lamont, ~~XX~~ Director of its Office of New Communities Development, that Soul City will become an important growth center in the northern ~~XX~~ North Carolina area and will significantly help to stem the outmigration from this area which up to now has been one of the highest in the State.

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- INDENT →
- a) \$1.5 million in equity from McKissick Enterprises, the National Corporation for Housing Partnerships and the black architectural firm Madison-Madison International.
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 - c) \$1.15 million in mortgage promises from various sources.

8. Soul's City's economic geography, which has I-85 and the Seaboard Railway abutting it.

-4-

9. The Board of Directors of the New Community Development Corporation which on June 28, 1972 after the most careful analysis and officially confirmed commitment to Soul City (the \$14,000,000 guarantee), having made the finding, eight

determinations,

1. that Soul City is an acceptable financial risk for the Government, set forth in Attachment E, and made the finding that the Soul City enterprise is "an acceptable financial risk to the United States."

10. McKissick's promise (which HUD insists upon as a condition of the

guarantee) to install a ~~very~~ competent General Manager for the whole

Soul City enterprise.

Soul City's Risks

1. Soul City is located in a low-income area which may not be as attractive to prospective homeowners/businesses as alternative opportunities.

(This is why assistance for the "incubation" of industries, for manpower training grants, and for low-income housing are necessary).

2. A principal "unknown" is whether, once he has his land watered and sewerred and otherwise developed, McKissick will really be able to sell parcels of it to residential and commercial customers.

3. HUD officials and the New Community Development Corporation Board recognize that a new, free-standing community is a more chancy enterprise than the other 14 new communities being assisted by HUD, in that the other 14 are located in or very near suburbs or other existing growth areas.

4. The project appears to be dependent upon support from Federal water and sewer grant ^{and loans} programs which have already been terminated. Should ~~these~~ these programs be opened up for Soul City, the Administration will be subject to ^{intense} pressure to make further exceptions in special cases.

If we should make such exceptions, this could

(informally) ~~this, in turn, could greatly jeopardize our budgetary strategy.~~
(One HUD officer has characterized the Soul City enterprise as "a

poverty case... marginal at best" ^{Ted} Paul O'Neill in OMB considers this description as ~~quite~~ accurate; Mr. Lamont, Director of HUD's Office of New Communities Development disputes it.)

Conclusion

5. There is a real possibility that the if ~~unavailability~~ of Federal housing production subsidies will undermine the entire Soul City project.
as inevitable for the long term, this lack
In reviewing all of the points here, balancing the assets and risks,

I am impressed above all with firm and specific commitments which have so far been made by so many different individuals and institutions: the State of North Carolina, the towns of Henderson and Oxford, the many government professionals who have evaluated the promise of this enterprise, the private banks, organizations and individuals who have put not only their faith but their money on the line, convinced of Soul City's eventual success. In my four years here, I have seen few projects in the minority development field which have put together as much as this one has.

Recommendations

1. We should give Soul City the green light and inform the interested agencies that we have done so. For FY 1973 this means specifically a green light for HUD's and EDA's water and sewer grants. [NO 9]

In the field of housing policy, this means that Secretary Lynn will have our support in regarding Soul City's ^{immediate} requests for subsidized low and moderate income housing as among the "bona fide commitments" which he can and will handle under his existing authority and funds. *(In the long term, this means acceptance of a residual housing production program to fund Soul City's)*

2. We should ask ^{HVP} to designate an implementation monitorship officer to ^(work with) ~~XXXXX HUD XXXXXXXXXX to XXXXX~~ ^(ensure) the coordinated ~~XX~~ handling of ~~the~~ the applications to the various federal agencies from Soul City (and from the other New Communities).

Attachments

~~XXXXXXXXXXXXXX~~

continue to

Leonard Garment

low and moderate income housing needs

~~XXXXXX~~ that McKissick and all the other New Community developers will have to take their chances as to whether the federal government will ~~continue to~~ have a subsidy program for low and moderate income housing.

ongoing

3312

6092
755 - ~~6178~~

John Clinton

Cliff Graves
755-6690

Hamm
223 2513

1. Every developer
will participate in a
housing subsidy program
& there is one.

~~Will build~~
2. Every developer will put
and 85% of fed cash
grants or RS ~~of~~ value
to ~~be used~~ to pay for times
agreedly identified as to be
paid for by him in the
work place -- to ^{agency} socially
desirable things -- ¹ sup lower
road more housing

3. Every developer has
planned to plough back
10% of net profits with
low ^{moderate} income housing

1,302
4,500
90

5,892

G L G
14.0 .500

$$\begin{array}{r} 20.370 \\ 14.0 \\ \hline 6.370 \\ 500 \\ \hline 5.870 \end{array}$$

with
country roads
now:

500 people —

mostly poor.

490 "appropriated"

State Council
1 from each
Meet 3 times a year
Chm & VC on Board
Fed Reps in Statute

Bd of Dir:
2 st group
Influence Ls officials
Chm & VC of Fed Reps
12

Final auth: transfers
as well as grants

Environ 6 - disquiet
alliances

11 = Pres Nixon
Strike - except
for printing.

Oxford 7-1

Henderson almost 2-1
1300-700

73!
3, 5, 6, 7 (31,600 73)
241,000 74

3 interim internal system

5 Pats water into a tower
to H & O SS
60% 20% 20%

Stall 1.7 - NC 1.3 committee
2.8 bonds 1.4 letter
next to
in NY

9. Internal sewer

12 - to be transferred
to HEW

13 - FY 73
Sp Impact

14 FY 73

15 FY ~~73~~ 74
probably

24 FY 74

hard acq &
development -
(no construction)

Total cost

\$ 76,000,000 +

only 1/4 of the
guaranteed by HUD.
Rel of it from unions
& bankers.

11 ready to go to
construction as soon
water & sewer is assured
\$ 250,000 for the building
which cost \$ 500,000. Private.
N. Central Tex. Co.

Classy or #1
dyndid or
WOS 2 #7

5400 acres
evacuated population
45,000

over about $\frac{1}{2}$ now

14 M

10 initial sale
4 2-3 years later

proceeds: to trustee held as security
for fed ~~and~~ + holds title to land.

Bo

14 M dtd 6⁴ yrs

2nd year: revenues

begin

Chase has loaned
\$900,000 - rent
money.

45 minutes commuting
time from Duke.

Holzhausen -
- J. S. S. F. M.

✓

1

NCHD — 500,000
in equity

9 1,000,000 now
in private capital

Bad election all

Alteration of ^{3.5}~~2.0~~ (instead
of 9.0) for a water system — small
scale — 2.2 Fed 1.3 private

22 12,500 ✓ NEH

2 128,000 ✓ HUD

6 257,500 ✓ OMBE

~~274,000~~

10 90,000 ✓ OF

11 1,140,117 ✓

1,628,117

274,000

503

777,

2.3

7

15

#4.

Suspended programs
left suspension for
this project

precedent
HVD study

Rev to the Congress by Sept 7
Summer hearings

45,000 total

500 acres

Industrial growth
Henderson ^(15,000) has doubled
ind. employment in last
11 years

OMB
Adele Jackson 4610

HOD
Ted Lamont 755-6050
Tom Dunne 755-~~6058~~
6174

EDA
W. W. Blount 187-5081

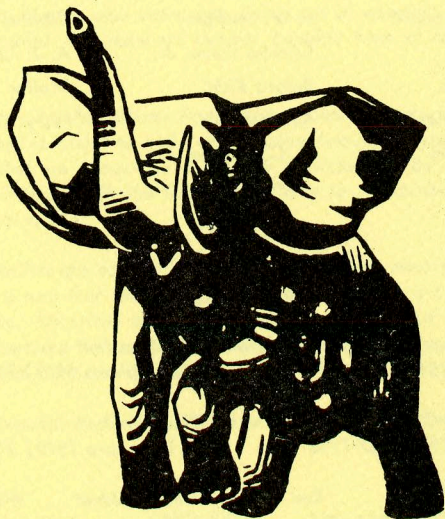
OMBE
Alec Armendaris 189-5061

~~OEO Jeffrey Bender 254-5270~~

Randall Teague 254-6004

966-8727

North Carolina Chapter of the National Committee for a Two-Party System



Motto: HEALTHIER NORTH CAROLINA THROUGH A
VIABLE TWO-PARTY SYSTEM

BOARD OF DIRECTORS

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NORTH CAROLINA CHAPTER OF THE NATIONAL COMMITTEE FOR A TWO-PARTY SYSTEM

Philosophy

The North Carolina Chapter of the National Committee for a Two-Party System grew out of the belief that a viable two-party system creates a healthier political climate in North Carolina to the benefit of all the people, including minorities.

The North Carolina Chapter of the National Committee for a Two-Party System also came into being out of necessity, recognizing minorities had received meager benefits from a one-party system.

Whereas the Republican Party is the minority party in North Carolina and in order to build an effective two-party system it is necessary that we encourage a broader participation by minority groups to affiliate with the Republican Party to effectuate a two-party system in fact.

If minorities are to exercise their franchise in the most effective manner in a way that really counts — they must have a true two-party choice. Minorities must be important to, and needed by, both parties. Therefore it is necessary to encourage minority registration and participation in the Republican Party.

The Republican Party needs us and we need the Republican Party.

Eligibility

All American voters of all groups who feel that the political party of their choice is not being responsive to the needs and objectives of the masses in securing and recognizing their inherent right in a meaningful participation in a government of, by and for the people.

Purposes and Objectives

1. *The education of Blacks and minorities as to the benefits derived from viable political activities in a Two-Party system.*
2. *To develop a political educational action program on a continuing basis thus building minority leadership in local communities throughout the State for a more effective impact on political parties.*
3. *To coordinate a state program and a working relationship with other organizations and minorities seeking the same goals applicable to a Two-Party System.*
4. *To create and develop leadership in fraternal, civic, educational and social organizations and local communities in support of the aims and objectives through interaction.*
5. *To promote Black and other minority candidates who seek office on the Republican ticket throughout the state and to offer assistance through education and other valid means.*
6. *To plan and implement a massive registration campaign throughout the state to recruit minorities into the Republican Party.*

Larry Toal

552

~~5395~~

5395

NIXON PRESIDENTIAL MATERIALS PROJECT
DOCUMENT CONTROL RECORD

ITEM REMOVED FROM THIS FILE FOLDER

A RESTRICTED DOCUMENT OR CASE FILE HAS BEEN REMOVED FROM THIS FILE FOLDER. FOR A DESCRIPTION OF THE ITEM REMOVED AND THE REASON FOR ITS REMOVAL, CONSULT DOCUMENT ENTRY NUMBER / ON EITHER THE DOCUMENT WITHDRAWAL RECORD (GSA FORM 7279 OR NA FORM 1421) OR NARA WITHDRAWAL SHEET (GSA FORM 7122) LOCATED IN THE FRONT OF THIS FILE FOLDER.

John Price

help get
~~see~~ Industries
in there.

NIXON PRESIDENTIAL MATERIALS PROJECT
DOCUMENT CONTROL RECORD

ITEM REMOVED FROM THIS FILE FOLDER

A RESTRICTED DOCUMENT OR CASE FILE HAS BEEN REMOVED FROM THIS FILE FOLDER. FOR A DESCRIPTION OF THE ITEM REMOVED AND THE REASON FOR ITS REMOVAL, CONSULT DOCUMENT ENTRY NUMBER 2 ON EITHER THE DOCUMENT WITHDRAWAL RECORD (GSA FORM 7279 OR NA FORM 1421) OR NARA WITHDRAWAL SHEET (GSA FORM 7122) LOCATED IN THE FRONT OF THIS FILE FOLDER.

~~DRAFT~~

MEMORANDUM FOR MEL LAIRD

SUBJECT: Soul City, North Carolina

Soul City is a prospective New Community, the first (and only) free-standing new community of the fifteen which HUD is ~~helping~~ ^(now assisting) pursuant to the New Community Development Act. It is 5, ²400 acres, will represent a land acquisition and development investment alone of \$76,000,000 and ^(13,000 residences and ~~and~~) will eventually have a population of 45,000. It is located near the Virginia border, within an hour's commuting time of Raleigh, Durham, Wake Forest and Rocky Mount.

The developer of Soul City is Floyd McKissick, one of the nation's best known black leaders.

Some time ago, ~~Mr.~~ McKissick came to see me, asking me the question: were we going to go ahead with our support of Soul City? This is a question for ~~THE EXECUTIVE OFFICE~~ us to resolve, since it is the Executive Office which is reviewing HUD's and EDA's prospective water and ^{sewer} ~~water~~ grants.

Brad Patterson and I have been in touch with ^(OMB) EDA and HUD and especially have requested that McKissick list on one chart all his present and proposed federal subsidies. This chart appears as Attachment A.

Right now, Soul City is empty land, with a few old houses and barns. But extensive plans (and commitments) have been made. Four agencies of the Federal Government have already invested \$1.628 million in Soul City planning (Attachment A, items 2, 6, 10, 11 and 22) and have now committed \$.7 million more (items 7 and 13) so our federal investment is \$2.3 million at present.

The developers of Soul City have requests either pending or envisaged for at least \$15.8 million in additional federal grants, \$.5 in additional loans and \$14.0 in guarantees or a total of at least \$16.370 millions in added, required federal subsidization with the further risk of \$14M ^{millions in} guarantee

(This is not unusual for the "new communities"; typically they have comprehensive shopping lists for federal assistance.) Of Soul City's ^{total} requirements, however,

^(close to)
exposure, ~~of this total~~, \$5.892 is FY 1973 money, requiring decision before
the end of this month.

The policy question is: should the U.S. Government go ahead, this month and in the months to come, committing more than \$16^{million} on top of the \$2.3^{million} we have already invested to help new community Soul City get built?

One difficulty in answering this question specifically about Soul City (See item #4 in Attachment A) is that not only Soul City but every other

712 of one of the ~~other~~ 15 ~~prospective~~ New Communities is in effect instructed by Section (in it) "an appropriate portion" of the New Community Development Act to include ~~a substantial proportion~~ ^(making new commitments) of low and moderate income housing. The Administration has suspended ^{under} its "235" ~~and~~ "236" and other programs subsidizing this category of

housing pending a comprehensive study now in progress within HUD. ~~to~~

However, on March 20, 1973 in Congressional testimony, Secretary Lynn stated that "instructions will be issued shortly to honor the bona fide commitments as promised by Secretary Romney. The areas in which these commitments fall include:...New Communities..."

It is my view, and OMB's, that ~~WMM~~ pursuant to the above Statement, Secretary Lynn has the authority to ~~XXXXXXXXXXXX~~ meet for subsidized low and moderate income housing the needs ~~XXXXXXXXXX~~ of Soul City and the other new communities, depending on how ~~HE~~ the Secretary sets his internal priorities.

. I append a memorandum from Paul O'Neill's office on this point (Attachment B).

Before making a recommendation, here is an analysis of what might be called the assets and risks:

Soul City's Assets and Benefits

1. A Presidential policy favoring (a) minority enterprise development and (b) concrete results instead of rhetoric about it.

2. A ~~C~~ommitted and capable developer, (and a political friend -- see attachment C) who wants to make this project one of the best of the President's concrete accomplishments.

3. The State (and the Governor) of North Carolina, which has committed \$1.3 million already for the required 3-county regional water system, and which will commit another \$.4 next year. Governor (and I have reconfirmed this just now) Holzhauser is a strong proponent of Soul City.

4. The neighboring cities of Henderson and Oxford, NC. which ~~just~~ ^{on June 2} ~~last Saturday~~ approved referenda committing themselves to put up \$2.8 million of bonds for that regional water system.

5. The four Federal Agencies (HUD, OEO, Commerce and the National Endowment on the Arts) which have put up the \$2.3 up to now. Secretaries Lynn's and Dent's memorandum⁴ are attached (Attachment D).

6. HUD's conviction, as expressed by Ted Lamont, ~~XX~~ Director of its Office of New Communities Developmant, that Soul City will become an important growth center in the northern ~~XX~~ North Carolina area and will significantly help to stem the outmigration from this area which up to now has been one of the highest in the State.

7. Private lenders and investors who have made the following commitments to Soul City:

a) \$1.5 million in equity from McKissick Enterprises, the National Corporation for Housing Partnerships and the black architectural firm Madison-Madison Inter~~N~~ational.

b) \$1.5 million in a combination of secured and unsecured loans from Chase Manhattan, North Carolina National Bank, the National Corporation for Housing Partnerships, the Mechanics and Farmers Bank ~~for~~ ^{of} Charlotte and a dozen miscellaneous lenders.

c) \$1.15 million in mortgage promises from various sources.

8. Soul's City's economic geography, which has I-85 and the Seaboard Railway abutting it.

-4-

9. The Board of Directors of the New Community Development Corporation which ^(on June 28, 1972 after the most careful analysis and) ~~last year~~ approved making a conditional offer of commitment to Soul City (the \$14,000,000 guarantee), having ^(officially confirmed) ~~made the finding,~~ ^{eight} ~~determinations,~~ ¹ (pursuant to statute) that Soul City is ~~an acceptable financial risk for the~~ Government. set forth in Attachment E.

10. McKissick's promise (which HUD insists upon as a condition of the guarantee) to install a ~~very~~ competent General Manager for the whole Soul City enterprise.

Soul City's Risks

1. Soul City is located in a low-income area which may not be as attractive to prospective homeowners/businesses as alternative opportunities. (This is why assistance for the "incubation" of industries, ^{for} ~~and~~ manpower training grants, and for low-income housing are necessary).

2. A principal "unknown" is whether, once he has his land watered and sewerred and otherwise developed, McKissick will really be able to sell parcels of it to residential and commercial customers.

3. HUD officials and the New Community Development Corporation Board recognize that a new, free-standing community is a more ^{chancey} enterprise than the other 14 new communities being assisted by HUD, in that the other 14 are located in or very near suburbs or other ^(existing) growth areas.

(informally)
(One HUD officer has characterized the Soul City enterprise as "a poverty case... marginal at best" ~~Paul~~ Paul O'Neill in OMB considers this description as ~~quite~~ accurate. ^{Ted} Mr. Lamont, Director of HUD's Office of New Communities Development disputes it.)

Conclusion

In reviewing all of the points here, balancing the assets and risks, I am impressed above all with firm and specific commitments which have so far been made by so many different individuals and institutions: the State of North Carolina, the towns of Henderson and Oxford, the many government professionals who have evaluated the promise of this enterprise, the private banks, organizations and individuals who have put not only their faith but their money on the line, convinced of Soul City's eventual success. In my four years here, I have seen few projects in the minority development field which have put together as much as this one has.

Recommendations

1. We should give Soul City the green light and inform the interested agencies that we have done so. For FY 1973 this means specifically a green light for HUD's and EDA's water and sewer grants. [NO \$]

In the field of housing policy, this means that Secretary Lynn will have our support in regarding Soul City's requests for subsidized low and moderate income housing as among the "bona fide commitments" which he can and will handle under his existing authority and funds.

2. We should ask OMB to designate an implementation monitorship officer to ^(work with) ~~XXXXX~~ HUD ~~XXXXXXXXXXXXXXXXXXXX~~ to ^(ensure) ~~XXXXXX~~ the coordinated handling of ~~the~~ the applications to the various federal agencies from Soul City (and from the other New Communities).

Attachments
~~XXXXXXXXXXXXXXXXXXXX~~

Leonard Garment

~~DRAFT~~

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The developer of Soul City is Floyd McKissick, one of the nation's best known black leaders.

Some time ago, Mr. McKissick came to see me, asking me the question: were we going to go ahead with our support of Soul City? This is a question for ~~ENBEXEXXAKZWX2RTXEEZXEXEE~~ us to resolve, since it is the Executive Office which is reviewing HUD's and EDA's prospective water and ^{sewer} ~~space~~ grants.

Brad Patterson and I have been in touch with ^(OMB.) EDA and HUD and especially have requested that McKissick list on one chart all his present and proposed federal subsidies. This chart appears as Attachment A.

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^(close to) exposure, ~~of this total~~, \$5.892 is FY 1973 money, requiring decision before the end of this month.

The policy question is: should the U.S. Government go ahead, this month and in the months to come, committing more than \$16^{million} on top of the \$2.3^{million} we have already invested to help new community Soul City get built?

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(See item #4 in Attachment A) is that not only Soul City but every other

one of the ~~other~~ 15 ~~prospective~~ New Communities is in effect instructed by ^{Section}

712 of the New Community Development Act to include ^{(in it) "an appropriate portion"} ~~a substantial proportion~~

of low and moderate income housing. The Administration has suspended ^(making new commitments)

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INDENT →

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-4-

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Attachments
~~XXXXXXXXXXXXXXXXXXXX~~

Leonard Garment

DRAFT

MEMORANDUM FOR MEL LAIRD

SUBJECT: Soul City

Soul City is a prospective New Community in North Carolina, the first (and only) free-standing new community among the fifteen which HUD is now assisting pursuant to the Urban Growth and New Community Development Act of 1970. It is 5,200 acres, will represent a land acquisition and development investment alone of \$76,000,000 and will eventually have 13,000 residences and a population of almost 45,000. It would be located just south of the Virginia border, within an hour's commuting time of Raleigh, Durham, Wake Forest and Rocky Mount.

The developer of Soul City is Floyd McKissick, one of the nation's best known black leaders.

Last June, the Board of Directors of the New Community Development Corporation approved a conditional offer of commitment to Soul City of \$14,000,000 in guarantees. McKissick then sent in applications for water and sewer grants to both HUD and EDA and the processing of these applications began.

During 1972, Bob Brown of the White House gave McKissick general assurances that we supported his enterprise.

Last January, we announced that HUD would approve no more applications for water and sewer grants (no matter how far along they were) and we also announced that HUD was suspending its subsidy program for low and

The policy question is: should the U.S. Government go ahead, this month and in the months to come, ^{finally} committing more than \$16 million on top of the \$2.3 million we have already invested to help new community Soul City get built, and committing the guarantee?

One difficulty in answering this question as it applies to Soul City (See item #4 in Attachment A) is that not only Soul City but every other one of the 15 New Communities is in effect required by Section 712 of the New Community Development Act to include "an appropriate portion" of low and moderate income housing. In Soul City, the total is expected to reach at least 3,700 units over 25 years -- 200 in the next 3 years.

The Administration's suspension of new commitments under its erstwhile subsidy programs for low and moderate income housing will stay in effect pending a comprehensive study now in progress with HUD but not due for presentation to the President until September. On March 20, 1973 in Congressional testimony, Secretary Lynn stated that "instructions will be issued shortly to honor the bona fide commitments as promised by Secretary Romney. The areas in which these commitments fall include:.. New Communities..."

Secretary Lynn thus has authority to meet ^{FY 1974} ~~immediate~~ needs for subsidized low and moderate income housing in Soul City (depending on how he sets his internal priorities) but in Soul City ^{'s} ~~for~~ ^{subsidized} FY 1974 ~~this need~~ housing requirement is ~~amounts to~~ only five units.

The Secretary obviously cannot make any longer-range commitment for assistance to low and moderate income housing -- in Soul City or anywhere else -- until he and the President have reviewed the September study, have decided on what direction to take and until the Congress has approved it. If it should eventually be decided that there will be no further such subsidy program, Soul City and the other New Communities will be very different places from what was originally conceived -- they will not have the balance in types of housing which the New Community Development Act intended. In Soul City's case such a lack may be very harmful. (Attachment B is an OMB memorandum on this subject).

But at least the next increment of our commitment to Soul City (the \$5.892 million) must be decided on before this June 30; we cannot wait until next September to make this decision.

Before making a recommendation, here is an analysis of what might be called the assets and risks:

Soul City's Assets

1. A Presidential policy favoring (a) minority enterprise development and (b) concrete results instead of rhetoric about it.
2. ^{very} A committed and capable developer, (and a political friend -- see attachment C) who wants to make this project one of the best of the President's concrete accomplishments. Floyd Hyde believes McKissick is going to stay with this project for a long time.

3. The State (and the Governor) of North Carolina, which has already committed \$125,000 in a planning grant, \$75,000 in road work, and \$1.3 million for the required 3-county regional water system, and which will commit another \$.4 next year. Governor Holzhauser (and I have reconfirmed this just now) is a strong proponent of Soul City.

4. The neighboring cities of Henderson and Oxford, N. C. which just June 2 approved referenda committing themselves to put up \$2.8 million of bonds for that regional water system.

5. The four Federal Agencies (HUD, OEO, Commerce and the National Endowment on the Arts) which have put up the \$2.3 up to now. Secretaries Lynn's and Dent's memoranda and the very recent one of Acting Assistant Secretary Blunt are attached (Attachment D).

6. HUD's conviction, as expressed by Ted Lamont, Director of its Office of New Communities Development, that Soul City will become an important growth center in the northern North Carolina area and will significantly help to stem the out-migration from this area which up to now has been one of the highest in the State.

7. Private lenders and investors who have made the following commitments to Soul City:

a) \$1.5 million in equity from McKissick Enterprises, the National Corporation for Housing Partnerships and the black architectural firm Madison-Madison International.

b) \$1.5 million in a combination of secured and unsecured loans from Chase Manhattan, North Carolina National Bank, the National Corporation for Housing Partnerships, the Mechanics and Farmers Bank of Charlotte and a dozen miscellaneous lenders.

c) \$1.15 million in mortgage promises from various sources.

8. Soul City's economic geography, which has I-85 and the Seaboard Railway abutting it.

9. The Board of Directors of the New Community Development Corporation which on June 28, 1972 after the most careful analysis and consideration approved making a conditional offer of commitment to Soul City (the \$14,000,000 guarantee), having officially confirmed the eight determinations, (pursuant to statute) set forth in Attachment E, and made the finding that the Soul City enterprise is "an acceptable financial risk to the United States".

10. McKissick's promise (which HUD insists upon as a condition of the guarantee) to install a competent General Manager for the whole Soul City enterprise.

Soul City's Risks

1. Soul City is located in a low-income area which may not be as attractive to prospective homeowners/businesses as alternative opportunities.

(This is why assistance for the "incubation" of industries, for manpower training grants, and for low-income housing are necessary).

2. A principal "unknown" is whether, once he has his land watered and sewerred and otherwise developed, McKissick will really be able to sell parcels of it to residential and commerical customers.

3. Under Secretary Hyde and other members of the Board of the New Community Development Corporation, even while making their positive findings, did it with their fingers crossed, recognizing that a new, free-standing community is a much more chancey enterprise than the other 14 new communities being assisted by HUD, in that the other 14 are located in or very near suburbs or other existing growth areas. Floyd Hyde still characterizes the Soul City enterprise as "marginal" and as requiring significant amounts of grant assistance in order to succeed. Paul O'Neill of OMB concurs with this description.

4. The project is right now dependent on Federal support for its water and sewer system. One of the programs from which the developers are seeking funds -- HUD's water and sewer program -- has already been terminated. Should this program be opened up for Soul City, the Administration will be subject to pressure to make further exceptions in special cases. If we should make such further exceptions, this could jeopardize our budgetary strategy. (Alternatively it would be possible

to have EDA pick up the full cost of the project in FY 1974; this would probably require our direct intervention, since EDA has only \$150 million nationwide, and Soul City needs nearly \$6 million.)

5. There is a real possibility that if Federal housing production subsidies are unavailable for the long term, this lack will undermine the entire Soul City project.

Conclusion

In reviewing all of the points here, balancing the assets and risks, I am impressed with the firm and specific commitments which have so far been made by so many different individuals and institutions: the State of North Carolina, the towns of Henderson and Oxford, the many government professional who have evaluated the promise of this enterprise, the private banks, organizations and individuals who have put not only their faith but their money on the line, convinced that Soul City is an enterprise with promise. In my four years here, I have seen few projects in the minority development field which have put together as much as this one has.

Under Secretary Hyde and I share an additional conviction: the whole New Communities program is and was expected to be an experimental venture, with inherent risks. We should not now argue that because one of these new communities is "marginal", it should be scrubbed. Unless

we go ahead with this, how are we ever going to find out whether a new town, beginning from scratch in an entirely rural area, can be made to succeed?

If we now say "no" to McKissick, we will stand accused not only of reneging on specific commitments to him, but of reneging on the President's commitment to the whole minority enterprise concept. However unfair or inaccurate those accusations may be in a narrow sense, in the broader context they will be persuasive to the public and damaging to all of us on the domestic side of the Administration.

Recommendations

1. We should give Soul City the green light and inform the interested agencies that we have done so. For FY 1973 this means specifically a green light for the water and sewer grants. In the field of housing policy in the short term, this means that Secretary Lynn will have our support in regarding Soul City's immediate requests for subsidized low and moderate income housing as among the "bona fide commitments" which he can and will handle under his existing authority and funds. In the long term, this means that McKissick and all the other New Community developers will have to continue to take their chances as to whether federal government will have an on-going subsidy program for low and moderate income housing.

2. We should ask HUD to designate an implementation monitorship officer to work with the various federal agencies to ensure the coordinated handling of the applications from Soul City (and from the other New Communities); we should notify the other agencies of our support of this designation.

Leonard Garment

attachment

Louis R. COHEN
Wilmer Cutler + Pickering
900 - 17th St. NW
296 - 8800

Goeds, Carey
OTH 683-6299

~~10/17~~

THE WHITE HOUSE

WASHINGTON

Northhall fleet -
130 only for military
purposes of all types

But - pure junk
Can be for a transportation
purpose - reefs & breakwaters
or scrap.

THE WHITE HOUSE

WASHINGTON

Bob Blackwell

Ttl \$ -

no funds

~~cannot~~
only for long-range
commercial navigation

purposes

mortgage guarantee

Not for an exhibit barge
ship

THE WHITE HOUSE
WASHINGTON

Carey
683 6299

NIXON PRESIDENTIAL MATERIALS PROJECT
DOCUMENT CONTROL RECORD

ITEM REMOVED FROM THIS FILE FOLDER

A RESTRICTED DOCUMENT OR CASE FILE HAS BEEN REMOVED FROM THIS FILE FOLDER. FOR A DESCRIPTION OF THE ITEM REMOVED AND THE REASON FOR ITS REMOVAL, CONSULT DOCUMENT ENTRY NUMBER 3 ON EITHER THE DOCUMENT WITHDRAWAL RECORD (GSA FORM 7279 OR NA FORM 1421) OR NARA WITHDRAWAL SHEET (GSA FORM 7122) LOCATED IN THE FRONT OF THIS FILE FOLDER.

Board
cannot:

THE WHITE HOUSE
WASHINGTON

Ratify new Pactus
MM 1

Ratify final commitment

Delegate to Trevino
authority to close or
Request every document to
come back to "1/ Meeting
with or without conditional
marketing.

Trevino will call

THE WHITE HOUSE
WASHINGTON

Mareze ?

Shedler -

Tranfer & Mess

Lilly 6202

Guthrie -
Saul City -
M.C.

THE WHITE HOUSE
WASHINGTON

755
6047
R
K
T
R

HOTELS AND MOTELS AVAILABLE IN THE SOUL CITY AREA

Durham

Confederate Inn, US 70 & I-85, 919 383-2561
Durham's Hotel & Motel, Corcoran St., 919 682-1101
Downtowner Motor Inn, 309 W. Chapel Hill St., 919 688-8221
El Rancho Motel, Near Duke Univ. & Hospital, 919 286-4421
Holiday Inn Downtown, 605 W. Chapel Hill St., 919 682-5411
Holiday Inn West, US 15, 501 & 70
Homestead Motel, US 15, 501 & 70, 919 489-9181
Howard Johnson's Motor Lodge, P. O. Box 2992, 919 477-7381
Ramada Inn, I-85 & Guess Road, 919 477-7371
Happy Inns, I-85 & Guess Road, 919 383-2549

Raleigh

Alama Plaza Hotel, US 1, Box 944, 919 834-3438
Belvidere Motel, US 401 & 70 S., 919 828-2327
Golden Eagle Motor Inn, Capital—309 Hillsborough, 919 833-5771
Golden Eagle Motor Inn, 525 Fayetteville Street, 919 828-0881
Gresham's Lake Motel, US 1, 6 Miles North, 919 876-0727
Hilton Inn, 1707 Hillsborough St., 919 828-0811
Holiday Inn Downtown, 320 Hillsborough St., 919 832-0501
Howard Johnson's Motor Lodge, US 1, Box 11174, 919 834-0707
Mayflower Motel, US 1 & 401 N., 919 833-9514
Milner Inn, US 1, N. 1817 Louisburg Rd., 919 834-0717
Oakdale Motor Court, Cary Exit, W. Off Bypass, 919 851-3240
Plantation Inn, US 1, N., P. O. Box 11333, 919 876-1411
Raleigh Cabana Motel, 514 S. Salisbury St., 919 828-0311
Journey's End Motel, 300 N. Dawson St., 919 828-9081
Ranch Motel, US 70 East, 919 787-3131
Shadow Lawn Motor Lodge, US 1, 401 N. 4011 N. Blvd., 919 833-3655
South Hills Inn, Hwy. 1 & 64 Bypass, So., 919 467-6171

Henderson

Henderson Motel, Inc., 158 East # 1 Bus. N., 919 492-1172
Holiday Inn, Box 314, 919 492-1126
Lake Drive Motel, US 1, and 158 N., 919 438-6172
Day's Inn Motel, I-85 Ruin Creek Rd., 919 492-4041

Oxford

John Penn Motel, US 1, P. O. Box 1, 919 693-8176

Warrenton

Warren Plaza Inn, Macon Road, 919 257-3016

Franklinton

Crescent Motel, Hwy. 1, North, 919 494-2574
RimRock Motel, US 1 Bypass, 919 494-2210

THE WHITE HOUSE

WASHINGTON

Early Dec. meeting

Henderson & Oxford
will pair bond issues
& join option I - RWA.
Concerning budget and resolutions.

"Hold" position re projects --

Freeze on '73 money.

No new commitments. - OMB

Many are much further ahead.

State hedging -- new Gov.
Halzanger. Ron Dingle joining H's
staff. Even if not -- St

THE WHITE HOUSE

WASHINGTON

Sever - ~~same thing~~

Soul City alone.
Much less definite
In the future anyway

Action And Secy

Wm Blount

189-5081

Dup'd of FY '73

Processing time there FY '73

E. Imp. ST.

It could be accelerated

THE WHITE HOUSE

WASHINGTON

Preliminary

Engineering To check costs

C Inc St

State clearinghouse for N.C.

EPA

NC2

EDA

all made on
en v

EEO clearance - ^{from} EDA/DC

Comments to the papers

Relocation of people

Survey of the property

EDA will use

Wark Heller 7153

22

THE WHITE HOUSE

WASHINGTON

Saul City

8/19 EDA

21.5 25

Waters Sewer, L. Los
22.

Atlanta office - 6. 11.

Delay = EDA.

Warren County --
do - designated?

Total package 35-

THE WHITE HOUSE

WASHINGTON

Pat ~~Stein~~ Chase
at R.D.

7/2/72

Leo Stein - Atlanta

THE WHITE HOUSE

WASHINGTON

McKissick

300
2.500
85
[93] OK

(yes) to
keep his
crew together
Sec. 616
ec div or
L.S.
chip rat

no R & D money
last year
(Dew) to
232

Sony Walker
Regan IV

F
Small
city

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regional location
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federal support*

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sources and applications
sensitivity analysis
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* not on board, only in booklet

SOUL CITY BOARD ACTION REQUESTED

1. RATIFY ACCEPTANCE OF 6/28/72 CDC BOARD OFFER OF COMMITMENT

OR

2. RATIFY ACCEPTANCE OF 6/28/72 CDC BOARD OFFER OF COMMITMENT

PLUS AUTHORIZE GENERAL MANAGER TO CLOSE, i.e., TO AGREE TO DEBENTURE TERMS AND CONDITIONS INCLUDING INTEREST RATE AND TO EXECUTE DOCUMENTS (UPON STAFF AND OGC RECOMMENDATION THAT TRANSACTION CONFORMS TO DESCRIPTION HERE)

OR

3. RATIFY ACCEPTANCE OF 6/28/72 CDC BOARD OFFER OF COMMITMENT

PLUS AUTHORIZE GENERAL MANAGER TO AGREE CONDITIONALLY TO DEBENTURE TERMS AND CONDITIONS INCLUDING INTEREST RATE BUT REVIEW DOCUMENTS BEFORE CLOSING

INTEREST RATE:

PRICED COMPARISON WITH RECENT AA UTILITY AND AAA CORPORATE ISSUES WITH CONSENT OF TREASURY DEPARTMENT

SOUL CITY FACTUAL SUMMARY

PROJECT NAME: SOUL CITY

DEVELOPER: THE SOUL CITY COMPANY, A LIMITED PARTNERSHIP

LOCATION: WITHIN WARREN COUNTY, NORTH CAROLINA, 15 MILES NORTHEAST OF HENDERSON AND
45 MILES NORTHEAST OF RALEIGH-DURHAM AREA

LAND: APPROXIMATELY 5200 ACRES OF GENTLY ROLLING TERRAIN, PARTIALLY WOODED WITH SEVERAL NATURAL STREAMS

ACCESS: ROAD ACCESS VIA INTERSTATE 85 AND U.S. 1, RAIL ACCESS VIA SCL MAIN LINE

PROPOSED HUD GUARANTEE: TOTAL COMMITMENT, \$14,000,000; DEBENTURES IN 3 SERIES, \$5,000,000
IN YEAR 1, \$5,000,000 AT END OF YEAR 2 AND \$4,000,000 IN YEAR 5

PRESENT ZONING: NONE, ALL LOCAL APPROVALS SECURED

DEVELOPMENT: PERIOD--30 YEARS; PROJECTED POPULATION -- 44,000

DWELLING UNITS: PROJECTED TOTAL -- 13,326; 25% LOW AND MODERATE HOUSING

LAND USE:

33% RESIDENTIAL

5% COMMERCIAL AND OFFICE

17.5% INDUSTRIAL

28% OPEN SPACE

5.5% ROADWAYS

11% SCHOOLS AND INSTITUTIONS

SPECIAL FEATURES:

FREE-STANDING NEW TOWN

GROWTH POTENTIAL OF REGION AND SITE

RACIAL COOPERATION

STATE AND LOCAL RELATIONSHIPS

EXISTING FEDERAL COMMITMENTS

DEMONSTRATION VALUES

SOUL CITY PROJECT HISTORY

LAND ACQUISITION: MARCH 1969 (1400 ACRES)

PRE-APPLICATION: APRIL 1969

APPLICATION: FEBRUARY 1971

CDC BOARD ON JUNE 28, 1972 MADE STATUTORY FINDINGS

EXTENDED OFFER OF COMMITMENT WITH CONDITIONS:

DEBT RESTRUCTURE

INDUSTRIAL MARKETING PROGRAM

30 YEAR CASH FLOW

LOCAL APPROVALS

UTILITIES FINANCING

NEGOTIATION ISSUES

OFFER OF COMMITMENT

ORGANIZATION AND STAFF

PARTNERSHIP AGREEMENT

STAFF STRUCTURE

INDUSTRIAL PROMOTION

DOCUMENTS

PROJECT AGREEMENT - DRAFTING OF AGREED CHANGES

INDENTURE - NO MAJOR ISSUES

**DEVELOPMENT PLAN - SPECIFIC INFORMATION ABOUT INDUSTRY, UTILITIES AND
HEALTH IN ADDITION TO USUAL PERFORMANCE STANDARDS**

TARGET TO MEASURE BALANCE NOT RESOLVED

PARTNERSHIP AGREEMENT - DRAFTING ON DECISION-MAKING PROCESS

AGREEMENT AND CERTIFICATION - DRAFTING OF AGREED CHANGES

NO DRAFT PLACEMENT MEMORANDUM OR PURCHASE AGREEMENT YET PREPARED

ALL MAJOR POLICY ISSUES RESOLVED

REMAINING PROBLEMS ARE DRAFTING AND LEGAL

CONFIDENCE INDEX

	<u>High</u>	<u>Medium</u>	<u>Low</u>	<u>Speculative</u>
<u>Developer</u>				
Reputation		x		
Strength				x
Knowledge*				x
Experience*				x
<u>Market</u>				
Growth				x
Capture Rates				x
Access	x			
<u>Government Approvals</u>				
Zoning and Master Plan	x			
Schools	x			
Others	x			
<u>Finance</u>				
Equity		x		
Cash Flow				x
Security		x		
Land Control		x		
<u>Program Goals</u>				
Housing Mix	x			
Innovation	x			
Environment and Plan	x			
Social Concerns	x			
Fiscal Impact	x			

*Would go to medium depending on general manager

NEXT STEPS

by (at latest)

1. Complete negotiation and legal review
of documents

ALTERNATIVE 1 BOARD REVIEW

NOV. 7

2. Price debentures

NOV. 7-13

ALTERNATIVE 3 BOARD REVIEW

NOV. 13

3. Contract to sell debentures

NOV. 14

4. Financial closing

NOV. 28

ALTERNATIVE 2 REQUIRES NO FURTHER BOARD REVIEW



DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D. C. 20410

ASSISTANT SECRETARY FOR
COMMUNITY PLANNING AND MANAGEMENT

RECEIVED
JUL 3 1972

F.B. McKissick Enterprises, Inc.
JUN 28 1972

Soul City Development Company
P. O. Box 38
Soul City, Manson, North Carolina 27553

Gentlemen:

You have applied under the Urban Growth and New Community Development Act of 1970 (The "Act") for a commitment to guarantee up to \$14,000,000 principal amount of obligations to be issued by you in order to finance land acquisition and land development in connection with creation of a new community in Warren County, North Carolina.

Based upon the information contained in your application and otherwise submitted by you to us, we have made the determinations required under the Act for purposes of the commitment hereby offered and are prepared, subject to the conditions specified below, to enter into an agreement providing for the guarantee under the Act of up to \$14,000,000 principal amount of obligations to be issued by you for the purposes above mentioned. Our commitment to enter into such an agreement will be conditioned upon our approval of:

- (1) the initial investors (in the case of a private sale of such obligations) or the terms and conditions of the underwriting (in the case of public sale of such obligations);
- (2) the rate of interest to be borne by such obligations or the formula by which such rate will be determined;
- (3) the repayment and maturity provisions of such obligations;
- (4) the provisions with respect to protection of the security interests of the United States, liens and releases of liens, and payment of taxes; and
- (5) all other terms and conditions of the financing arrangements which might affect the interests of the United States.

Such commitment is subject to the further conditions that:

- (1) your application, at the time the above-mentioned agreement is entered into, shall be determined by us to comply in all respects with the relevant provisions of the Act and all regulations and instructions then in effect thereunder;
- (2) you shall have completed a statement of approved plans in a form acceptable to us as providing a satisfactory basis for supervision, monitoring and evaluation, together with all supporting formal documents or exhibits, and an understanding between us shall have been reached, consistent with the regulations and instructions then in effect, on the specific provisions to be included in the agreement regarding such plans, their implementations, and the related rights and remedies of the Secretary; including (but not limited to) provisions relating to value assigned to land before development, equal opportunity and the broad participation of builders including small builders, marketing strategy, phasing of commercial facilities, and the availability of funds, other than proceeds from the sale of obligations guaranteed by us, to provide for changes in plans or projections which may be required by the conditions herein contained;
- (3) the organization and staff of Soul City Development Company are acceptable to us; and
- (4) satisfactory evidence is submitted and accepted by us that industrial and other primary employers sufficient to provide the initial three-year job base, as indicated in the UIG/SCDC study, intend to locate at or near Soul City.

The Offer of Commitment contained herein shall not be accepted prior to our determination that the following material has been submitted in form and substance satisfactory to us:

- (1) Evidence that the debt of Floyd B. McKissick Enterprises Inc. has been structured to provide for repayment in a manner appropriate to the anticipated income of that corporation.
- (2) A detailed development and marketing strategy for achieving your primary job base.
- (3) Revised cost/revenue projections reflecting the extension of the development period to 30 years. If your revised analysis of industrial development and marketing strategy reveals changes in development pace, initial development costs, revised land sales, revenues or phasing changes, these factors should also be incorporated into the revised cost/revenue projections.

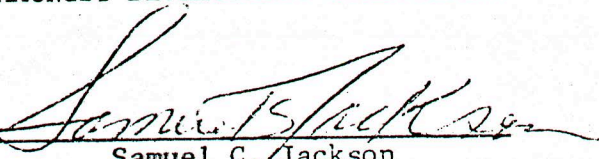
- (4) Adoption by the Warren County Board of Commissioners of a resolution which has as its primary purpose the approval in principle of your new community program. Additional expressions of approval should be obtained from Warren County School Board, Warren County Board of Health, and the North Carolina State Highway Commission.
- (5) Evidence of adequate financing for Kerr Lake Utilities Company or for any successor or assignee satisfactory to us. If financing depends on Federal grants or loans, evidence of each such grant or loan should be provided.

Subject to the foregoing paragraph, your acceptance of the offer of commitment contained herein shall be effected by payment of a commitment charge of \$70,000. If such charge has not been paid within 120 days after the date hereof, such offer of commitment shall expire and shall thereafter be of no force or effect, subject, however, to the reopening and acceptance thereof upon payment by you of such commitment charge and a reopening charge of \$7,000 within 90 days after such expiration. Following acceptance, the commitment shall remain effective for six months, at which time it shall expire unless you have taken all steps determined by us to be required as a pre-requisite to execution of the above-mentioned agreement or unless such six-month period is extended at our discretion.

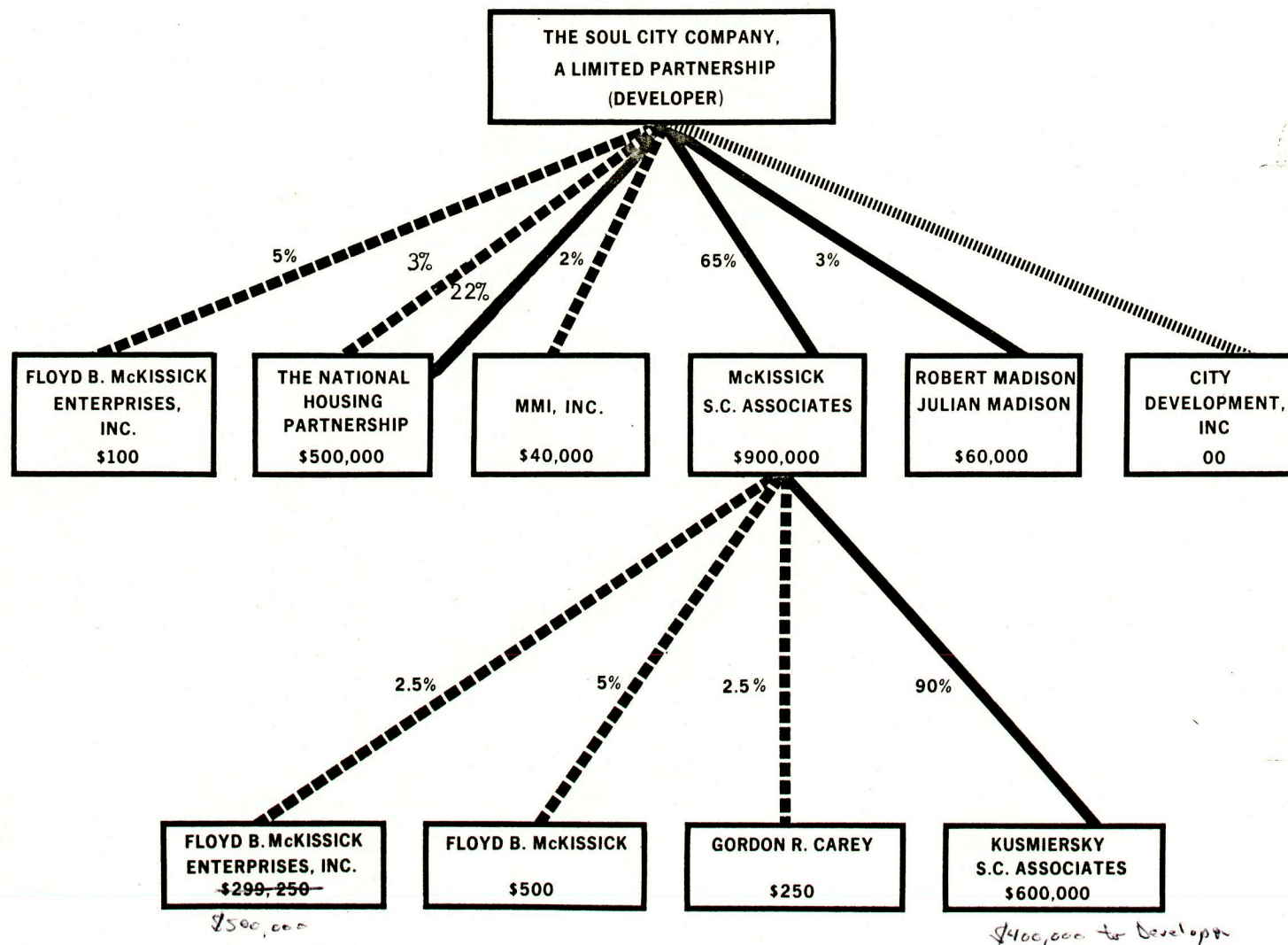
Sincerely,

COMMUNITY DEVELOPMENT CORPORATION

By

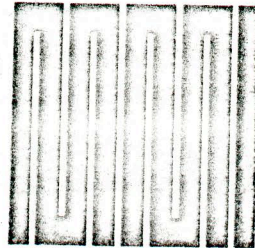

Samuel C. Jackson
General Manager

SOUL CITY PARTNERSHIP STRUCTURE



GENERAL PARTNERSHIP INTEREST ■■■■■■

MADISON ■ MADISON ■ INTERNATIONAL
ARCHITECTS ■ ENGINEERS ■ PLANNERS



Founded in 1954,
reorganized in 1963,
incorporated in 1971 as
Madison-Madison-International, Inc.
Architects, Engineers, Planners
1900 Euclid Avenue,
Cleveland, Ohio 44115
216/861-8195

Branch Office
Suite 314
The Madison Bldg.
Washington, D. C.

202 785 1945
CARROLL HARVEY
785-1945

Madison-Madison-International provides the following services:

- | | |
|--|------------------------------------|
| 1. Architecture | 6. Model Cities |
| 2. Engineering | 7. Feasibility studies |
| 3. Urban Design | 8. Community Renewal Applications |
| 4. Master Planning | 9. Program development |
| 5. Neighborhood Development Program Applications | 10. Management Development Systems |

Joint Ventures & Affiliates

Little-Dalton; Madison-Madison-International
LEE-SEVILLE HOUSING DEVELOPMENT, Cleveland, Ohio
Thomas T. K. Zung; Madison-Madison-International
PUBLIC UTILITIES BUILDING, Cleveland, Ohio
Madison-Madison-International; Flynn, Dalton, van Dijk
A JUSTICE CENTER, Cleveland, Ohio
Flynn, Dalton, van Dijk; Hoag, Wismar, Henderson; Madison-Madison-
International (Group 4)
HOPKINS INTERNATIONAL AIRPORT, Cleveland, Ohio
Richard Bowen & Associates; Lipaj, Woyar & Associates;
Madison-Madison-International; Caudill, Rowlett, Scott
CUYAHOGA COMMUNITY COLLEGE, Parma, Ohio

Consultants**Structural Engineering**

Barber & Hoffman, Inc., Cleveland, Ohio
Richard Gensert & Associates, Cleveland, Ohio
Finley-Madison, New York, N. Y.

Mechanical Engineering

George Evans & Associates, Cleveland, Ohio
George Worsley & Associates, Washington, D. C.

Sanitary, Civil and Ecology

Polytech, Inc., Cleveland, Ohio

Electrical Engineering

Charles Lewis & Associates, Cleveland, Ohio
George Worsley & Associates, Washington, D. C.

Landscape Architecture

William A. Behnke & Associates, Cleveland, Ohio
Elon Mickels and Associates, Detroit, Michigan

Robert P. Madison, A.I.A.

is president of Madison-Madison-International, a director of Developers International, Inc., and a director of The Northern Ohio Bank.

He is registered by the National Council of Architectural Registration Boards and maintains registration in Ohio, Michigan, Pennsylvania, Massachusetts, Alabama, the District of Columbia, Maryland, Illinois and Mississippi.

Mr. Madison was educated at Howard University, Western Reserve University (B. Arch. 1948) and Harvard University (M. Arch. 1952).

He earned a Fulbright Fellowship and studied pre-stressed concrete and urban design at the Ecole Des Beaux Arts in Paris during the school year 1952-1953. For a short period he worked for the Paris-based firm of McKim, Mead & White on NATO airport construction.

From 1953 to 1954, Mr. Madison was Assistant Professor of Architecture at Howard University in Washington, D. C. He continues to serve as visiting lecturer and critic at several universities, colleges and secondary schools.

In 1954, he began the private practice of architecture and engineering. As chief executive of Madison-Madison-International, Mr. Robert P. Madison is responsible for the corporation's performance, competence and growth. His supervision assures clients that they will receive the highest quality of professional service in terms of excellent design, prompt and efficient scheduling, and accurate budgetary controls.

Mr. Madison's professional organizations include the Architects Society of Ohio and the American Institute of Architects (presently president-elect of the Cleveland Chapter, 1973). He serves on the National A.I.A. Committee for Environmental Design. He has traveled in Europe, Africa and the West Indies and speaks French fluently.

Mr. Madison serves on the following Boards of Trustees:

- Case Western Reserve University
- University Circle Incorporated
- Cleveland Development Foundation
- Community Housing Corporation, vice president
- Educational Television Association
- Health Planning Committee, Cleveland, Ohio

and is a member of the following committees:

- Fine Arts Advisory Committee, City of Cleveland
- Mayors Advisory Committee for Community Development
- Engineering Committee for Jetport in the Lake
- National Architectural Accrediting Boards

Mr. Madison has published several articles in national architectural publications and has testified at the U. S. Senate Hearings on Housing and Urban Development.

Julian C. Madison, N.S.P.E

is vice-president of Madison-Madison-International and president of Huron Square Development Corporation.

He is registered as a professional engineer in Ohio, Pennsylvania, New York, Michigan, Connecticut, Arkansas, New Jersey and the District of Columbia.

He was educated at Howard University (B.S., Civil Engineering, 1948), Case Institute of Technology (advanced study in structural engineering) and Fenn College, Cleveland, Ohio (mechanical engineering). He is certified as a nuclear fallout shelter analyst by the U. S. Department of Defense.

In 1960, Mr. Madison received a Doctor of Humanities (Honorary) Degree from Monrovia College in Liberia.

Mr. Madison served as an officer in the U. S. Army Corps of Engineers from 1948 to 1953. He supervised the construction and reinforcement of bridges and roads in Korea.

From 1953 to 1954, Mr. Madison was employed by the National Aeronautical Space Administration (NASA) as a structural engineer. He then joined his brother, Robert P. Madison, in the private practice of architecture and engineering. They formed Madison and Madison, Associates.

He conducts seminars and lectures at colleges and secondary schools on the problems confronting civilization in relation to ecology, pollution and population growth.

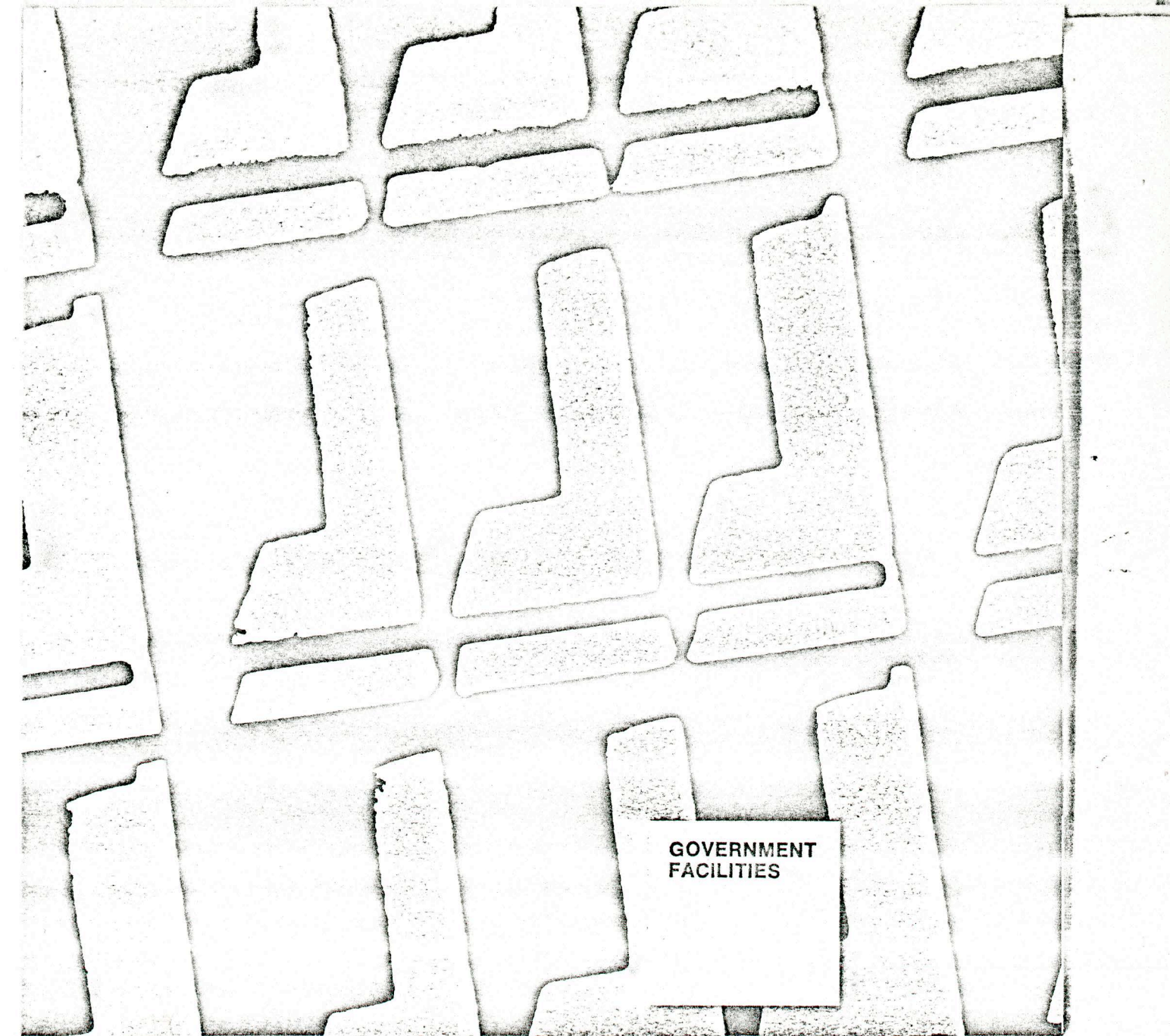
As vice-president in charge of research and development for Madison-Madison-International, Mr. Madison's primary responsibility is to assist potential clients in identifying feasible projects, programs, financial resources and methods and procedures for accomplishing these objectives. In addition, Mr. Madison directs the activities of the construction administrators and follows all projects through to completion. Mr. Madison is also in charge of all engineering.

Mr. Madison is a member of the Ohio Society of Professional Engineers, Cleveland Engineering Society, National Society of Professional Engineers, Cleveland World Trade Association, and National Tau Beta Pi Honorary Engineering Fraternity.

Mr. Madison serves on the following Boards of Trustees:

- Urban League, president, 1970 & 1971
- Greater Cleveland Growth Association
- Cleveland Automobile Club
- Contractors Assistance Corporation
- Black Economic Union
- Glenville Development Corporation
- NAACP, Cleveland Chapter

and has traveled in Europe, Africa, Asia and the West Indies.



**GOVERNMENT
FACILITIES**

Federal

United States Embassy
Dakar, Senegal, Africa
Staff Apartment Building
Dakar, Senegal, Africa
Residence for Deputy Chief of Mission
Dakar, Senegal, Africa

Municipal

Justice Center
Cleveland, Ohio
Public Utilities Building
Cleveland, Ohio
City Hall Renovation
Cleveland, Ohio



Colleges & Universities

Engineering Building & Nuclear Facility

Tuskegee Institute, Tuskegee, Alabama

Cuyahoga Community College

Parma, Ohio

Administration Building

Central State University, Wilberforce, Ohio

Master Plan

Wilberforce University, Wilberforce, Ohio

Secondary Schools

Captain Arthur Roth Elementary School

Cleveland, Ohio

Wade Park Elementary School

Cleveland, Ohio

Martin Luther King High School

Cleveland, Ohio

Glenville Recreation Center

Cleveland, Ohio

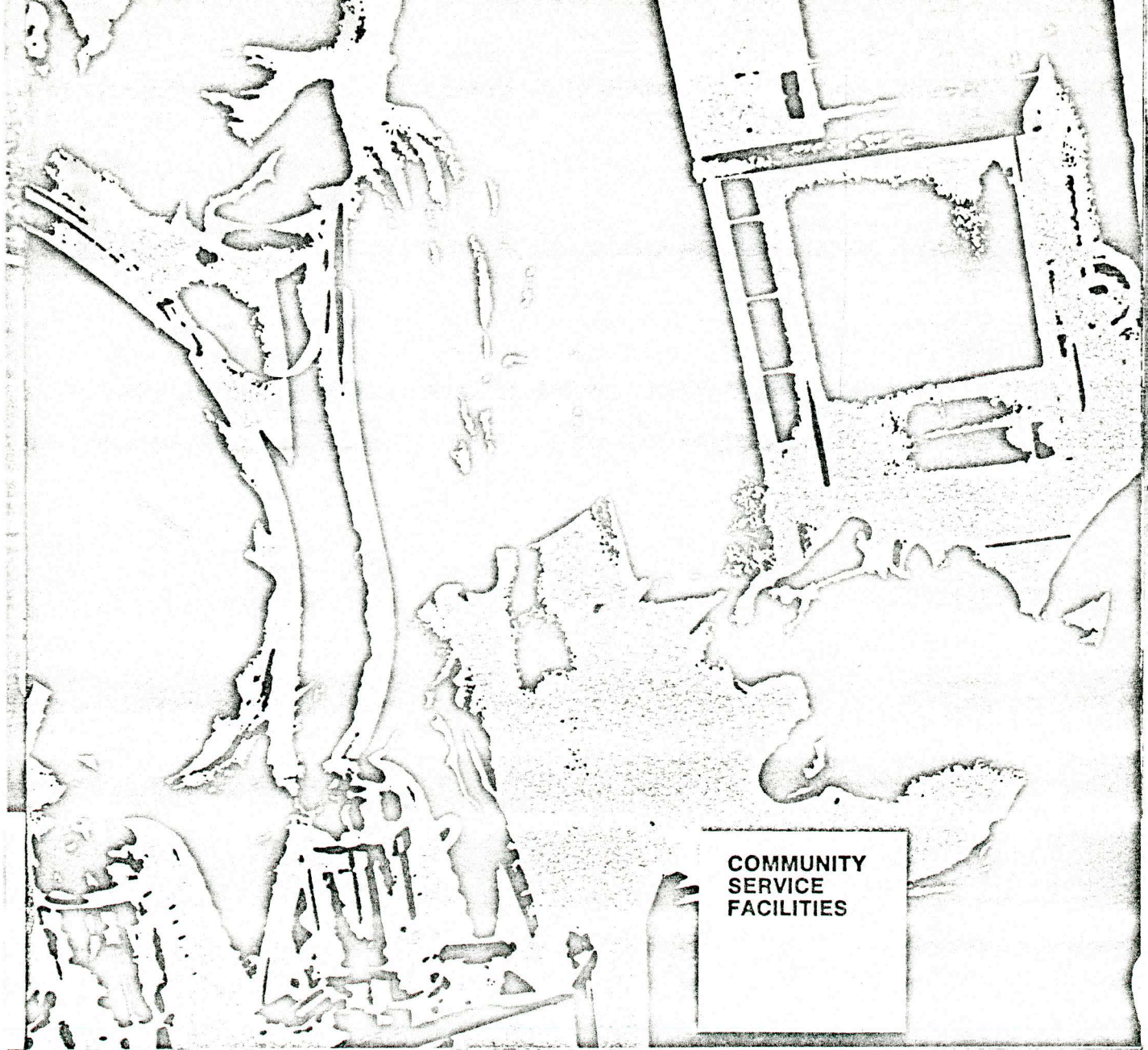
Special

School for Mentally Retarded

Detroit, Michigan



Eng
Tus



General

1st. District Police Headquarters
Cleveland, Ohio

4th District Police Headquarters
Cleveland, Ohio

Hough Multi Service Center
Cleveland, Ohio

Allen Day Care Center
Jamaica, New York

Glenville Neighborhood Center
Cleveland, Ohio

Garden Valley Community Center
Cleveland, Ohio

Lake Erie Girl Scout Cabin
Painesville, Ohio

Health Care

Mt. Pleasant Medical Center
Cleveland, Ohio

Medical Associates Building
Cleveland, Ohio

Medical Dental Arts Building
Cleveland, Ohio

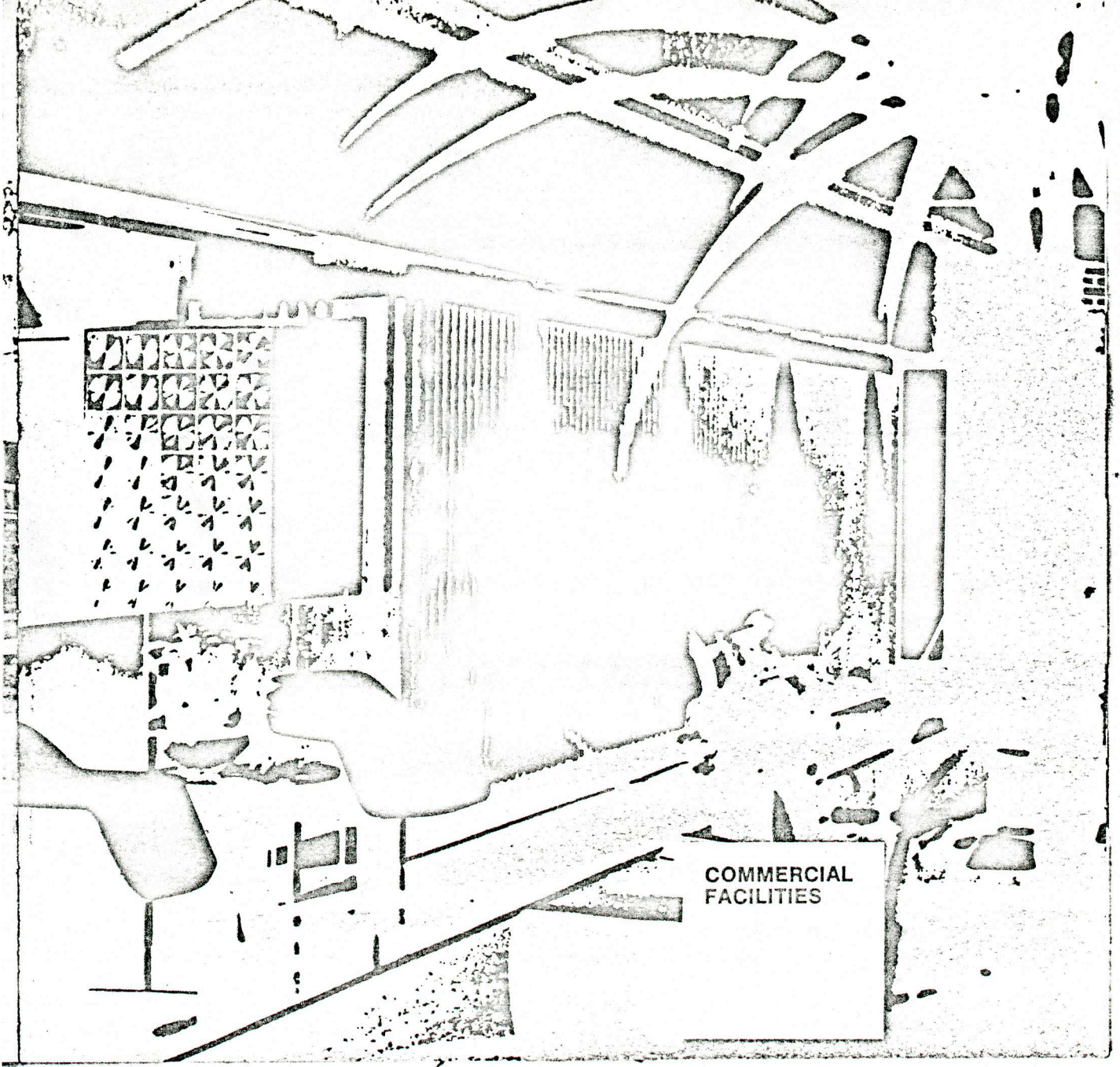
Glencliff Geriatric Hospital
Euclid, Ohio

Hough Norwood Health Center
Cleveland, Ohio

Mortuary

E. F. Boyd Funeral Home
Cleveland, Ohio

Strowder Funeral Home, E. 105th St.
Cleveland, Ohio



COMMERCIAL
FACILITIES

Banks

Cleveland Trust Co. (E. 60th Branch)
Cleveland, Ohio
Cleveland Trust Co. (E. 114th St. Branch)
Cleveland, Ohio
Industrial Bank of Washington (Petworth Branch)
Washington, D. C.
Industrial Bank of Washington (Jesse H. Mitchell Branch)
Washington, D. C.
Quincy Savings & Loan Co.
Cleveland, Ohio

Shopping

Martin Luther King Jr. Residential Shopping Plaza
Cleveland, Ohio
Golden Rule Residential Shopping Center
Washington, D. C.
Medical Center Courts Shopping Plaza
Detroit, Michigan
Ypsilanti Shopping Center
Ypsilanti, Michigan
Hy-Wick Plaza
Lorain, Ohio

Motels

Master Host Inn
Motel — 150 Rooms
Little Rock, Arkansas
Motel — 100 Rooms
Jackson, Mississippi
Motel — 150 Rooms
Ypsilanti, Michigan

Office Buildings

Supreme Liberty Life Insurance Building
Cleveland, Ohio



Clev
Clev



HOUSING
DEVELOPMENTS

F.H.A. 221-D.3

Medical Center Courts
230 Dwelling Units
Detroit, Michigan

Allegheny Union Baptist Association,
Housing for Elderly
100 Dwelling Units
Pittsburgh, Pennsylvania

Allegheny Community Corporation
90 Dwelling Units
Rankin, Pennsylvania

Grant Washington
208 Dwelling Units
Akron, Ohio

Allegheny Union Plaza Inc.
61 Dwelling Units
Pittsburgh, Pennsylvania

Community Housing (C.H.I.P.) Rainbow Acres
150 Dwelling Units
Canton, Ohio

Mansfield Alliance for Progress
100 Dwelling Units
Mansfield, Ohio

Golden Rule Apartments
184 Dwelling Units
Washington, D. C.

Martin Luther King Homes
128 Dwelling Units
Chester, Pennsylvania

Oakland Terrace Apartments
60 Dwelling Units
Jacksonville, Florida

Parkview Apartments
144 Dwelling Units
Ypsilanti, Michigan

Newman Courts
172 Dwelling Units
Pontiac, Michigan

Modern American Living
108 Dwelling Units
Detroit, Michigan

Plymouth Housing
300 Dwelling Units
Detroit, Michigan

The Park Place
122 Dwelling Units
Cleveland, Ohio

Condominium
Paradise View
20 Dwelling Units
Montego Bay, Jamaica

H.U.D. Turnkey
Bellaire Gardens
342 Dwelling Units
Cleveland, Ohio

Apthorp Towers
167 Dwelling Units
East Cleveland, Ohio

Miles Apartments
140 Dwelling Units
Cleveland, Ohio

Mt. Auburn Apartments
140 Dwelling Units
Cleveland, Ohio

Coöperative 221-d-3
Ralph Bunche Homes
281 Dwelling Units
Detroit, Michigan

Private Residence

Robert P. Madison — Cleveland

Charles A. deLeon — Cleveland

Winston Richie — Cleveland

An architectural drawing, likely a site plan or floor plan, showing a complex arrangement of buildings and structures. The drawing is oriented vertically on the page. It features several long, rectangular buildings with internal divisions, suggesting multiple rooms or sections. There are also smaller, more isolated structures and what appear to be parking areas or open spaces. The drawing is rendered in a high-contrast, black-and-white style, typical of architectural blueprints or plans. The overall layout suggests a large, organized institutional complex.

**INSTITUTIONAL
FACILITIES**

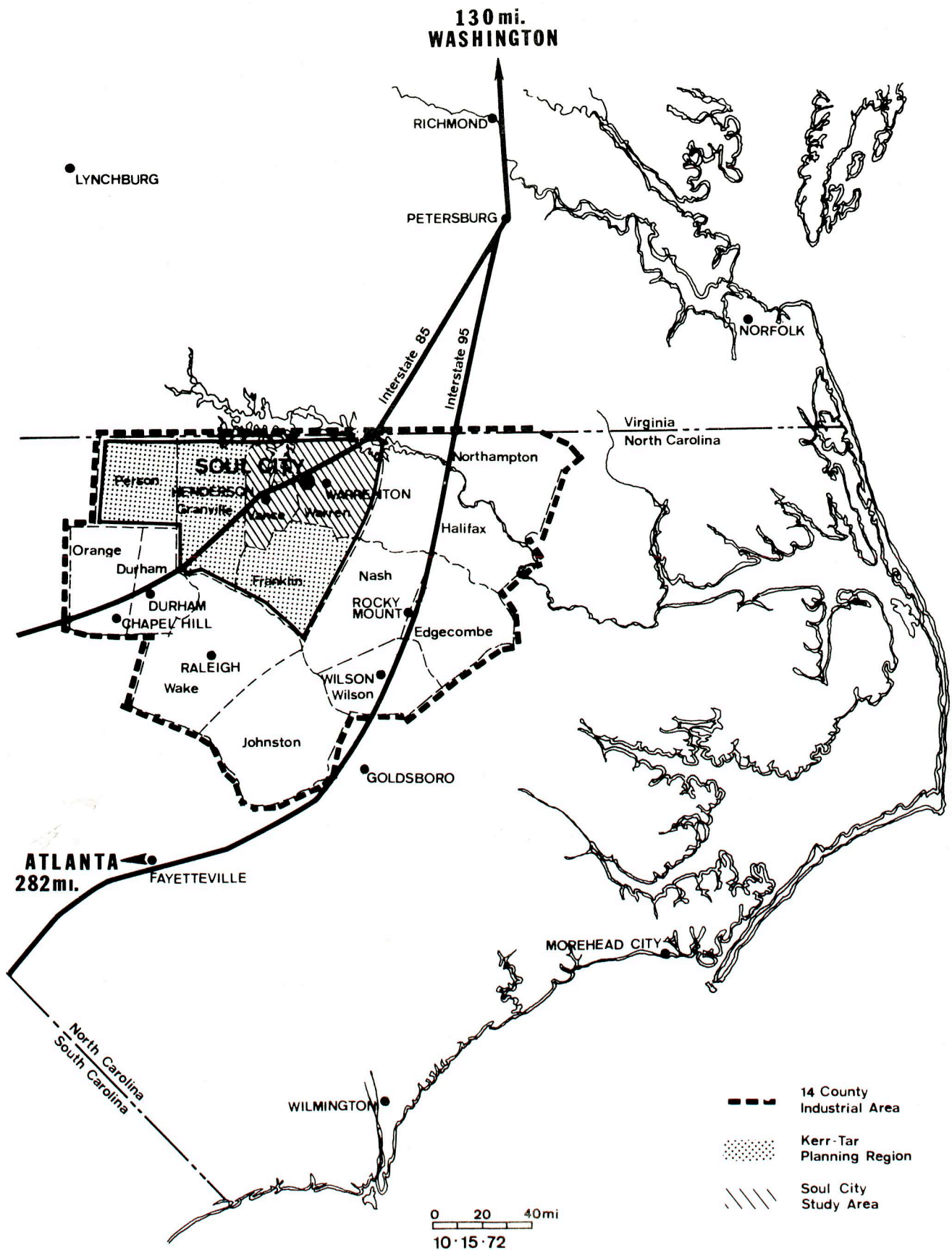
Churches

Bethel A.M.E. Church
Pittsburgh, Pennsylvania
Bethel A.M.E. Church
Little Rock, Arkansas
Bethel A.M.E. Church
Stamford, Connecticut
St. Johns A.M.E. Church
Niagara Falls, New York
Allen A.M.E. Church
Jamaica, New York
Washington Chapel A.M.E. Church
Tuskegee, Alabama
Lee Chapel A.M.E. Church
Cincinnati, Ohio
St. Paul A.M.E. Church
McKeesport, Pennsylvania
Metropolitan A.M.E. Church
Philadelphia, Pennsylvania
Murphy A.M.E. Church
Chester, Pennsylvania
Quinn Chapel A.M.E. Church
Cleveland, Ohio
Bethel A.M.E. Church
Amityville, New Jersey
Israel Memorial A.M.E. Church
Newark, New Jersey
Mt. Teman Baptist Church
Elizabeth, New Jersey
Mt. Olive Baptist Church
Rankin, Pennsylvania
Antioch Baptist Church
Cleveland, Ohio

Mt. Hermon Baptist Church
Cleveland, Ohio
Emmanuel Baptist Church
Cleveland, Ohio
Gay Street Baptist Church
Columbus, Ohio
Mt. Zion Baptist Church
Washington, D. C.
Mt. Moriah Baptist Church
Cleveland, Ohio
Tabernacle Baptist Church
Cleveland, Ohio
Mt. Calvary Baptist Church
New Kensington, Pennsylvania
Church of God Baptist Church
Cleveland, Ohio
Shiloh Baptist Church
Cleveland, Ohio
Morning Star Baptist Church
Clairton, Pennsylvania
The Church of the Redeemer
Washington, D. C.
St. Johns Presbyterian Church
Detroit, Michigan
Plymouth Congregational Church
Detroit, Michigan
Church of God
Cleveland, Ohio
1st. Universalist Church
North Olmstead, Ohio

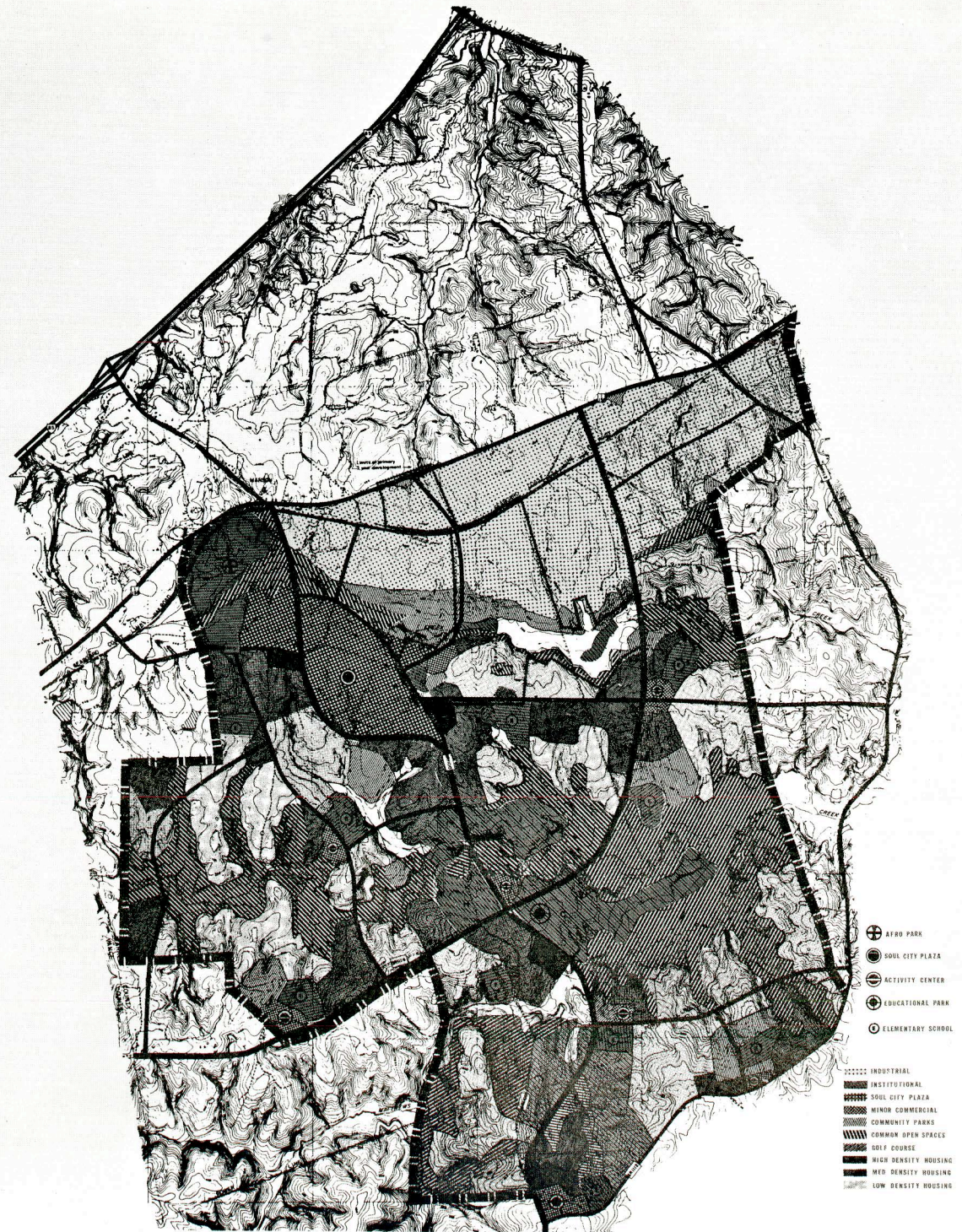
Beth
Pitts

Soul City: Regional Location Map



SOUL CITY

30 YEAR LAND USE PLAN



DRAFT
6/5/73
AMENDED
10/15/73

FEDERAL ASSISTANCE TO SOUL CITY, NORTH CAROLINA, AND ITS REGION

The following table summarizes the various forms of Federal assistance now being provided, and formally requested, and expected to be required by Soul City and its Region.

Soul City will be the first free-standing new town to be developed under Title VII of the Housing and Urban Development Act of 1970. It will require a unique combination of private, Federal, State and local action over the thirty year span of the Development Plan. In that time, problems that now seem large will disappear, and problems now invisible will present themselves. The table below is therefore only an outline on the basis of information now available.

There is one other essential preliminary point. The Federal support listed below is quite varied not only in form and budgetary impact but also in its recipients and beneficiaries. Some of the Federal actions will benefit The Soul City Company, the Developer of Soul City, in accordance with statutory policies of assisting both new town development and minority business enterprise. Other Federal actions will be directed toward the entire Region, including its existing communities as well as Soul City. Still other actions will be aimed directly at the new residents of Soul City, persons who are not now identified.

Finally, to place the Federal support described below in context, it is important to note that it is only a fraction of the overall cost of developing Soul City. Private, State and local sources have already made substantial commitments, and in later years their contributions can be expected to predominate. Approximately \$1,500,000 has been provided to date by banks and other lenders, and an additional approximately \$1,500,000 will be contributed by the partners in The Soul City Company as equity capital when the debentures are issued. The State of North Carolina has already spent or committed nearly \$2,000,000, and neighboring local governments have committed \$2,800,000. The essential Federal role is to provide the seed money, leverage and long-term security essential to enable others to undertake a project of this magnitude.

FEDERAL SUPPORT FOR SOUL CITY
AND
STATE PLANNING REGION K

<u>NUMBER</u>	<u>AGENCY PROGRAM CONTACT PERSON</u>	<u>STATUS</u>	<u>FORM OF SUPPORT</u>	<u>RECIPIENT</u>	<u>AMOUNT</u>	<u>PURPOSE/REMARKS</u>
* 1.	HUD New Communities Laura Kuitunen	Offer of commitment made June 28, 1972	Debenture guarantees	SCC	\$14,000,000	This is the basic HUD guarantee under Title VII of the HUD Act of 1970 to support a new community.
2.	HUD 701 Planning Malachi Knowles	Funded; expires 6/30/73	Grant	State of North Carolina; subcontracted to WRPC	\$ 128,000	Physical planning for region and new community.
* 3.	HUD Water and Sewer Donald Patch	Funded	a. Basic water and sewer grant b. ONCD supple- mental grant c. Public facil- ities loan	Soul City Sanitary District	a. \$ 480,000 b. \$ 198,000 c. \$ 500,000	Interim water and sewer systems for Soul City. SCC is contributing an additional \$596,000
* 4.	HUD Low and Moderate Income Housing Programs (unknown)	To be applied for	Housing subsidies; rent supplements; public housing	Various housing developers	Dollar amount unknown; see remarks	SCC will be re- quired by HUD to provide 116-174 units of subsidi- zed housing between 1974 and 1978.

*Indicates Federal activities of primary importance.

<u>NUMBER</u>	<u>AGENCY PROGRAM CONTACT PERSON</u>	<u>STATUS</u>	<u>FORM OF SUPPORT</u>	<u>RECIPIENT</u>	<u>AMOUNT</u>	<u>PURPOSE/REMARKS</u>
* 5.	Commerce/HUD EDA George Karras	Funded	a.EDA grant b.HUD basic water grant. c.ONCD supple- mental grant.	City of Henderson, North Carolina	a.\$1,500,000 b.\$2,500,000 c.\$ 500,000	This is part of \$9,000,000 program for new regional water system serv- ing three counties. Remain- ing funds (\$4,500,000) being contributed by state and local sources.
6.	Commerce OMBE Harold McClendon	Funded; expires 10/31/73	Federal contract	WRPC	\$ 257,500	Industrial Promotion
* 7.	do	Funded; Expires 10/31/73	Federal contract	WRPC	\$ 274,000	Technical assis- tance to SCC.This is an amendment to item 6 to pro- vide additional funding through October 31, 1973.
*8.	do	Under negotiation	Federal contract	WRPC	\$ 386,000	Minority business development (re- quest is for \$386,000 for fiscal 1974; additional re- quests for \$500,00 in fiscal 1975 and \$250,000 in fiscal 1976 are antici- pated.)

<u>NUMBER</u>	<u>AGENCY PROGRAM CONTACT PERSON</u>	<u>STATUS</u>	<u>FORM OF SUPPORT</u>	<u>RECIPIENT</u>	<u>AMOUNT</u>	<u>PURPOSE/REMARKS</u>
* 9.	EPA Waste Water Treatment (State of North Carolina)	Application tentatively submitted; formal appli- cation in process	Grant	Soul City Sanitary District	\$ 3,000,000	Permanent Sewage Treatment Facil- ities. An addi- tional \$1,000,000 to be supplied by State and Local sources.
10.	OEO Special Programs Michael Thompson	Funded	Grant	Soul City Foundation	\$ 90,000	Planning to in- sure participation of the poor in Sou City.
11.	OEO Office of Health Affairs William White	Funded; expires 12/31/73	Grant	HealthCo.	\$ 1,140,117	Comprehensive Health Services for Warren and Vance Counties (including medical personnel and health facilities).
*12.	do	To be applied for	Grant	HealthCo.	\$1,500,000 ('74) \$1,000,000 ('75)	Extension of No.11 to calendar 1974 and 1975.
*13.	OEO Community Action Program Michael Thompson	Funded	Grant	Soul City Foundation	\$ 502,875	Planning, con- struction and development of industrial incubator plant.

<u>NUMBER</u>	<u>AGENCY PROGRAM CONTACT PERSON</u>	<u>STATUS</u>	<u>FORM OF SUPPORT</u>	<u>RECIPIENT</u>	<u>AMOUNT</u>	<u>PURPOSE/REMARKS</u>
14.	OEO Legal Services Mr. Hurwitz	Pending before OEO	Grant	Soul City Foundation	\$ 90,000	Legal Services for the poor of Warren and Vance Counties
15.	HEW Office of Education John Lovegrove	Funded	Grant	Soul City Foundation	\$ 98,220	Provide Remedial Education to Warren County High School Students.
* 16.	HEW National Institute of Education (unknown)	To be applied for	Grant	Soul City Foundation	\$ 200,000 for fiscal 1974;\$200,000 for fiscal 1975.	Planning expansion and improvement of Warren County public schools.
17.	HEW (unknown) (unknown)	To be applied for	Grant	Soul City Foundation	\$ 250,000	Planning and demonstration of child care and day care program and facilities.
18.	HEW Office of Education (unknown)	To be applied for	Grant	Soul City Foundation or Region K	\$ 500,000	Construction and development of regional public library to serve five counties.
* 19.	Department of Labor Manpower Training (unknown)	To be applied for	Grant	Soul City Foundation	\$ 683,000	Planning and demonstration pro- ject to develop regional con- struction trades training program.

FLOYD B. MCKISSICK ENTERPRISES, INC.

Numerical Summary of Debt Restructure Program

Project Obligations at October 31,
1973 \$2,047,000

Restructure Provisions

A. Sources of Cash To Be Applied
To Immediate Payment of Debt

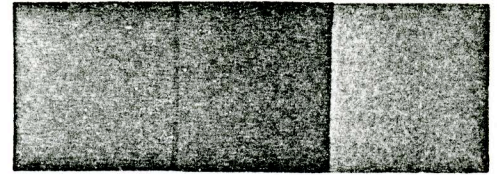
1. Sale of Land at Cost \$ 580,000
2. Pre-Development Costs^{*/} 822,000
3. Sale of Personal Property
to McKissick S.C. Asso-
ciates for Contribution
to Developer 20,000
4. Syndication of Interests in
McKissick S.C. Associates. . . . 180,000
5. Total Cash Sources \$1,602,000

B. Other Restructure Steps

1. Conversion of Fain Estate
Debt to Preferred Stock. \$ 200,000
2. Chase Manhattan Debt
Deferred to Years 5-6 and
Paid Out of Balance of
Syndication Proceeds 223,000
3. Chase Manhattan Debt
Deferred to Year 8 67,000
4. Total Restructure Items. \$ 490,000

Total Cash Sources and Restructure \$2,092,000

^{*/} This figure is based on estimated pre-development costs of \$1,322,000 minus an equity contribution of \$500,000. If total pre-development costs are \$1,250,000, this number will become \$770,000. (The equity contribution from this source would be reduced to \$480,000, and the balance would be contributed in personal property.)



FLOYD B.
McKISSICK ENTERPRISES, INC.

P. O. BOX 188
SOUL CITY, NORTH CAROLINA 27553
(919) 456-5811

October 11, 1973

Mr. Alberto F. Trevino, Jr.
General Manager
Community Development Corporation
U. S. Department of Housing and Urban
Development
Washington, D. C. 20410

Dear Mr. Trevino:

This letter is in response to a request by Ms. Laura Kuitunen for a letter indicating our industrial development status.

In the Offer of Commitment of June 28, 1972 to Soul City from HUD Community Development Corporation there were two references to industrial development. As a condition to acceptance of the Offer a detailed development and marketing strategy for achieving a primary job base was required. In satisfaction of this requirement we did on December 5, 1972 submit this study to your staff. We have been informed by your staff that that report, backed up by the Hammer, Greene, Siler INDUSTRIAL FEASIBILITY STUDY and the ECONOMIC BASE STUDY, satisfactorily met this requirement of the Offer.

The second reference to industrial development was that:

satisfactory evidence is submitted and accepted by us that industrial and other primary employers sufficient to provide the initial three-year job base, as indicated in the UIG/SCDC study, intend to locate at or near Soul City.



October 11, 1973

This letter is submitted in satisfaction of this second requirement. Under the subheadings below you will find the substance of our report.

1. REGIONAL PERFORMANCE

In 1969 Hammer, Greene, Siler made their initial study and projections of industrial growth for North Carolina and for our Region in particular. The fact is that industrial growth in and around Warren County has exceeded the Hammer, Greene, Siler projections by a substantial margin and that our Region is outstripping even the most optimistic projections of five years ago. Since we first moved our offices to the Soul City site Warren County has seen the location of two new manufacturing plants, which when coupled with plant expansion, have more than doubled the manufacturing employment of the County.

Virtually every major company in Henderson, only ten miles away, has either expanded within the past three years or is under construction for expansion at the present time. Henderson now houses the home offices of the FRAM National Products Division. Laurens Glass has built new plant facilities and increased its employment. Several new factories have located in Henderson. In fact, industry is building all along US I and I-85 between Soul City and the Research Triangle.

Gulf Atomic Corporation is locating a new plant within our region halfway between Raleigh and Soul City which will employ in excess of 3,000 persons. It is fair to conclude that on the basis of Statewide, Regional and County trends that the rate of industrial development is accelerating rapidly and according to our consultants will continue.

2. LOCAL AND REGIONAL INFRASTRUCTURE

Hammer, Greene, Siler predicated their projections upon the installation of a substantial regional infrastructure, particularly water. The growth experienced to date has taken place without such additions to infrastructure. Now, however, we have been successful in financing:

- (1) a regional water system which will supply ten million gallons daily. In this conjunction the*

October 11, 1973

Soul City Sanitary District (a unit of local government) will have sole control over water distribution and sale along a five mile stretch of US I, the mainline of the Seaboard Coastline Railroad, and I-85.

(2) a Soul City sewerage system.

(3) an interim Soul City water supply.

The State is building the major internal arteries in our 3-year plan. In addition, I-85 has now been completed in its entirety all the way out to Atlanta, making it the major industrial highway of the Southeastern United States. These additions to infrastructure in conjunction with Kerr Lake and Lake Gaston, which currently attract three million visitors and tourists annually, provide the necessary physical assets for a successful industrial development program.

3. INDUSTRIAL DEVELOPMENT SUPPORT

Continued support for our industrial development program will come from a variety of sources:

- a. The Soul City Company itself will have a modest budget for industrial development during its first year. Funds available from The Soul City Company in 1974 should approximate \$65,000, not including the effort to be expended by the President of The Soul City Company.
- b. The Soul City Foundation, Inc. has grant funds from the Office of Economic Opportunity to assist with industrial development. Total funds available exceed \$50,000 in 1974.
- c. The Warren Regional Planning Corporation, under a new contract with the Office of Minority Business Enterprise, U. S. Department of Commerce will have staff and other facilities to assist in the development of minority-owned manufacturing companies. Funds from this source will be approximately \$100,000 in 1974.

October 11, 1973

- d. The State of North Carolina, Division of Commerce and Industry, is working with us closely. Mr. Waymond L. Burton, Industrial Developer, has been assigned to Soul City.
- e. There are several highly qualified consultants working with us. Principal among these are Bennett Kline, former Executive Director of the National Association of Manufacturers (NAM) and former Senior Vice President for Corporate Growth and Development of CPC, International. Mr. Kline is also a member of the Board of Directors of McKissick Enterprises, Inc. Through Mr. Kline we have made arrangements with the NAM whereby a group of representatives of major manufacturing companies serves as consultants without compensation. This group has met previously with HUD in the offices of former Assistant Secretary Samuel C. Jackson.

4. SOUTTECH I

This industrial incubator facility is a major ingredient in our initial job development strategy. SoulTech will provide nearly 50,000 square feet of modern manufacturing space to be leased to up to five or six tenants. In addition, the building provides approximately 10,000 square feet of office space, a cafeteria and other facilities. The total cost of this facility will be approximately one million dollars. SoulTech is a project of the Soul City Foundation, Inc. Funds for SoulTech have been made available through a grant from the Office of Economic Opportunity.

Since distribution of our initial brochure on SoulTech we have been contacted by numerous small companies. In fact, the response to SoulTech has been so great that the Soul City Foundation has recently instructed the architect to expand the manufacturing space by approximately 20%.

5. MAJOR INDUSTRIAL CONTACTS

Floyd B. McKissick Enterprises, Inc. has been in touch with manufacturers, large and small, since early in 1969. During the past eighteen months the WRPC has completed the design of our initial industrial park, planned the utilities for this park and assisted in the funding and promotion of SoulTech I. Over the course of the last four years I and my staff have talked with numerous industries. The response has been encouraging.

Mr. Alberto F. Trevino

October 11, 1973

We have not been able to pursue industrial sales aggressively, however, as we have not been in a position to know when land would be available nor how utilities were to be provided.

In spite of the obvious disadvantages in proceeding to make industrial contacts, we are in communication with a number of firms at the present time. I am of the opinion that we will be able to substantially surpass the 300 basic job requirement for the first three years and that once this has been accomplished our industrial development should move considerably ahead of our projections in the Economic Model.

We have provided your office with information from time to time about our major industrial prospects. As you are aware most companies are exceedingly wary about having information available in the community in respect to possible plans for expansion or new locations. In light of this we would request that your office use considerable discretion in the use of the names which follow and that these contacts be treated confidentially.

Our major industrial prospects at the present time are:

Morse Electro Products Corporation
Kale Fiberglass
Inland Container

A paper conversion plant to be co-ventured
with several major firms

Avon Products, Inc.
Borden Company
Burlington Industries
Contract Services, Inc. (a cut & sew operation)
Hampton Business Forms
Western Electric Company
Sears, Roebuck & Company
Firestone Tire & Rubber Company

In addition we have been in contact with the following companies, each of which has given indication that they are considering or will, seriously consider, a site in Soul City.

Alcoa Construction Systems, Inc.
Amoco Plastics
Certain-Teed

Mr. Alberto Trevino

October 11, 1973

Champion International
Conner Homes Corporation
Continental Can
G. M. Diesel Company
General Foods Corporation
General Motors Corporation
Grunman Aerospace
Johnson & Johnson
Otis Elevator
Parks Sausage Company

Many, many additional companies have been contacted, both in person and by correspondence and are being followed up on.

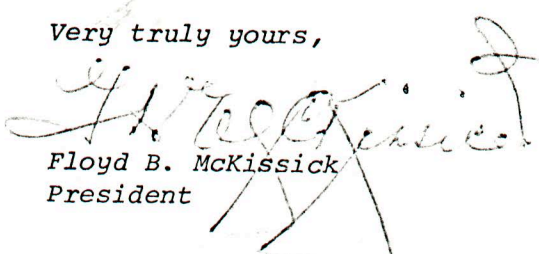
6. SECONDARY EMPLOYMENT BASE

Our Economic Model projects "dependent jobs" in addition to basic jobs.

Now, prior to closing, there are more than 50 full-time employees at Soul City on a regular basis. Well before the end of our first year our secondary employment will exceed 100 persons. HealthCo alone will employ nearly that many.

We look forward to final approval of our various documents so that we may proceed with the sale of our Debentures. I am informed by A. G. Becker that to close on November 30 will require sale of the bonds by November 14. It is my belief that everything requested of you or your staff has now been delivered or is enroute. Thanks so much for your cooperation.

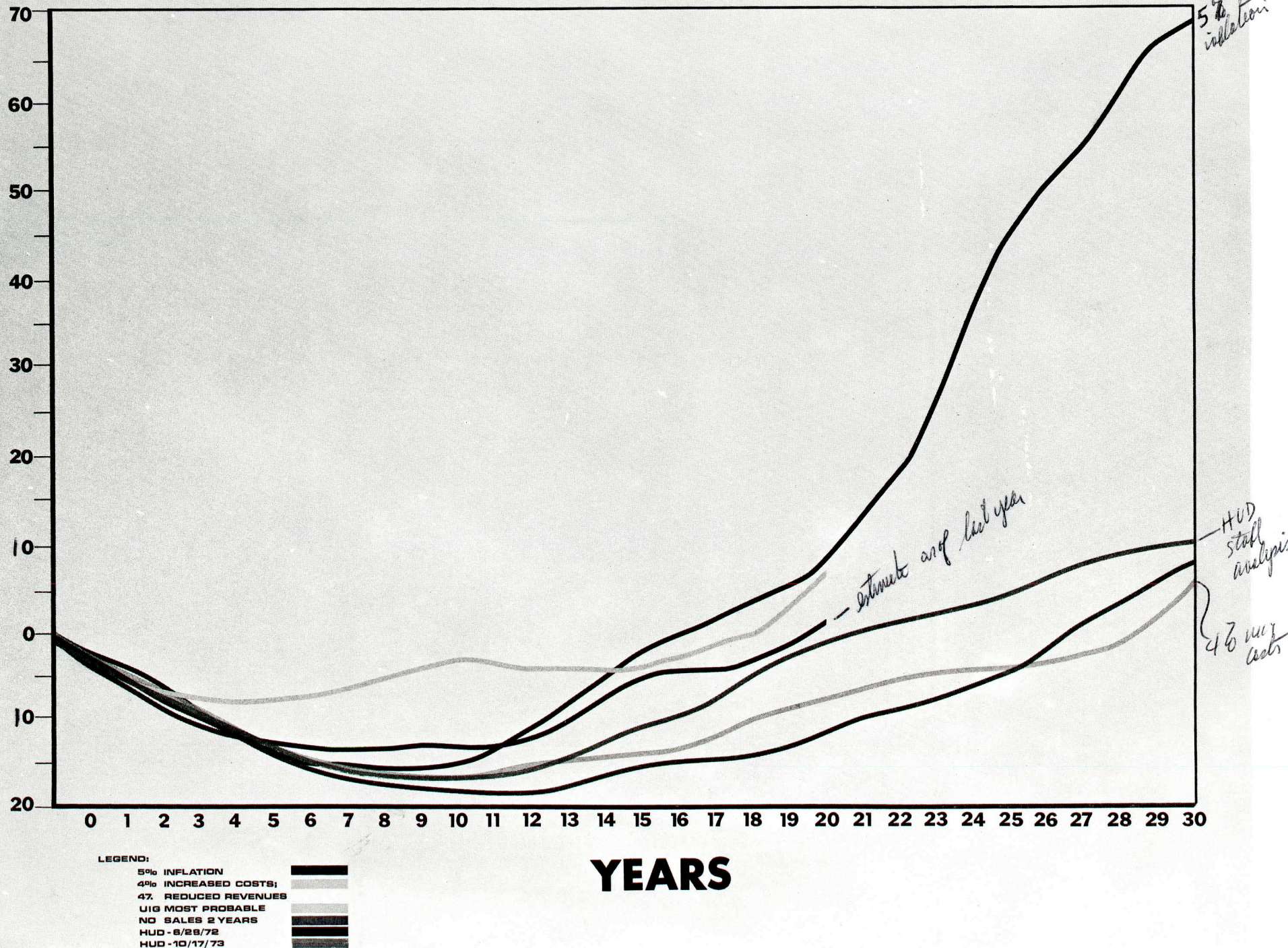
Very truly yours,


Floyd B. McKissick
President

cc: National Housing Partnerships
Madison-Madison International

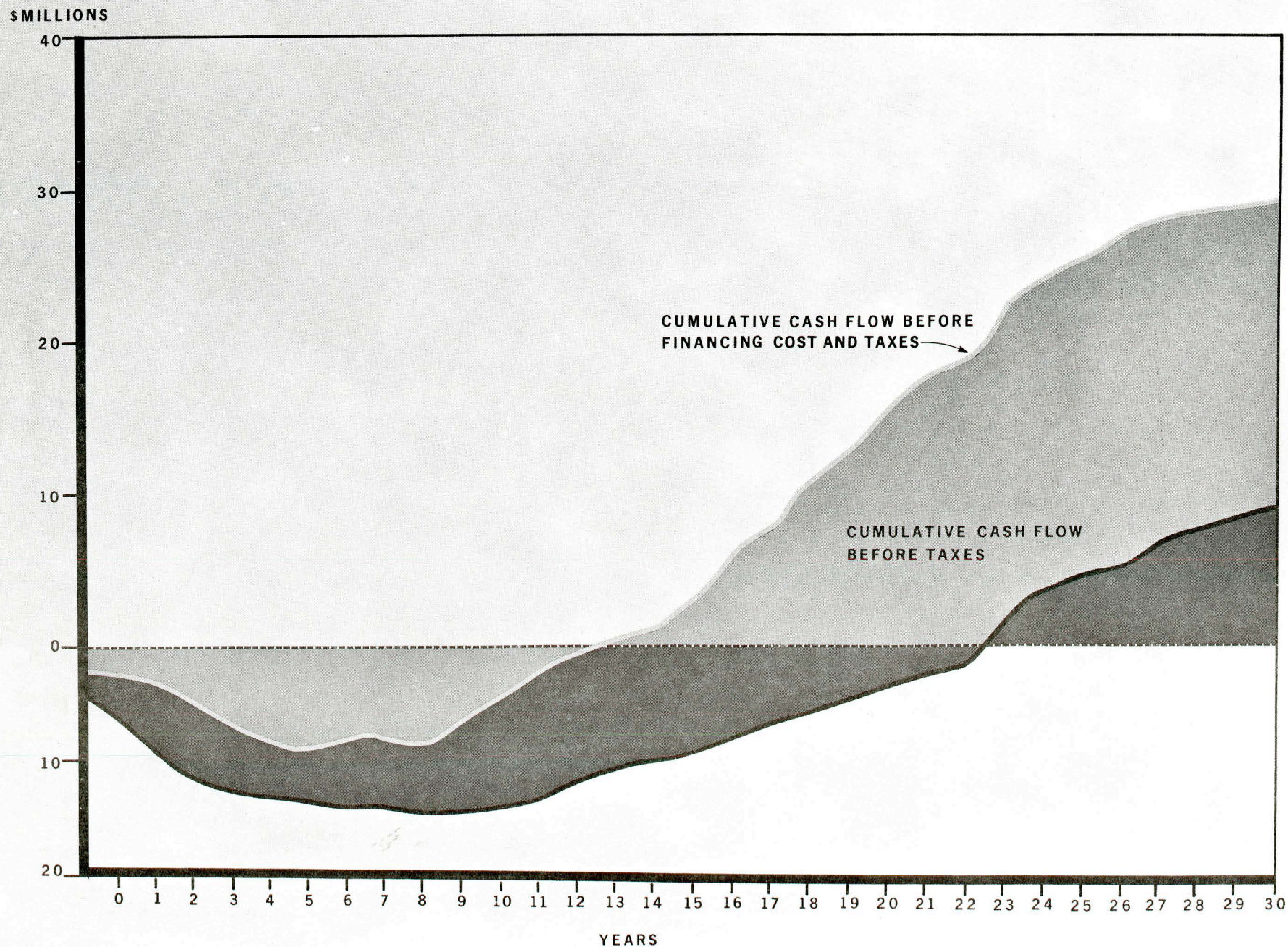
MILLIONS

SOUL CITY CASH FLOW SENSITIVITY ANALYSIS



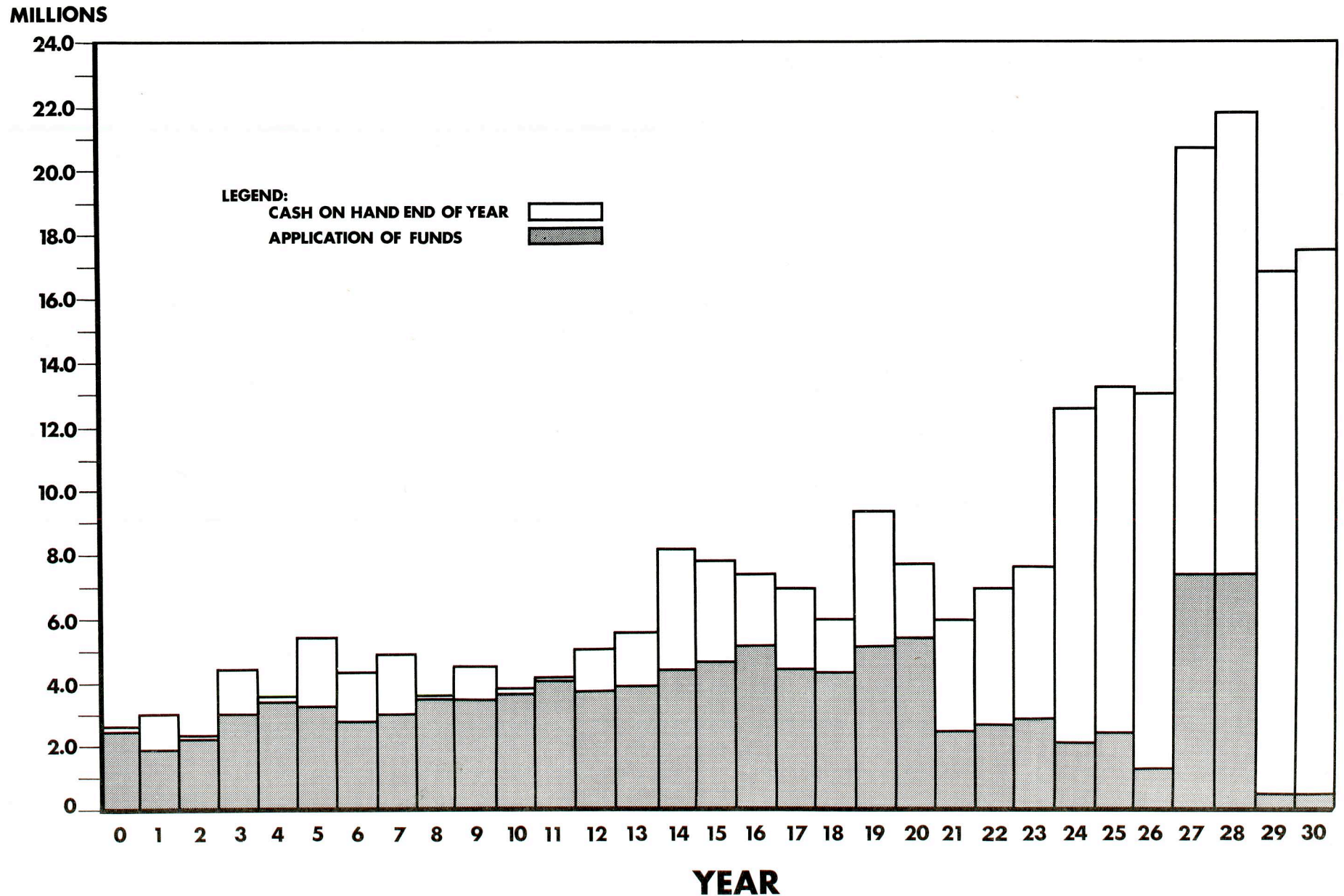
YEARS

SOUL CITY CUMULATIVE CASH FLOW BEFORE AND AFTER FINANCING



SOUL CITY

SOURCES, APPLICATIONS AND CASH ON HAND END OF YEAR



SOUL CITY UTILITY FINANCING

DOLLARS IN THOUSANDS

SOURCE	REGIONAL WATER SYSTEM	3-4 YR. PROJECT INTERNAL WATER & SEWER SYSTEM
HUD BASIC GRANT	2,500	480
HUD SUPPLEMENTARY GRANT	500	198
HUD PUBLIC FACILITIES LOAN	---	500
EDA	1,500	---
HENDERSON, N.C.	2,000	---
OXFORD, N.C.	800	---
NORTH CAROLINA	1,700	---
SOUL CITY COMPANY	---	596
	9,000	1,774

October 15, 1973

Soul City--Acceptance of the Conditional
Offer of Commitment

On June 28, 1972, Soul City was extended an offer of commitment for \$14 million. The offer of commitment is subject to five conditions which must be satisfied before it may be accepted and to four conditions which must be satisfied prior to execution of the project agreement and related documents (only two of the latter set of conditions are particular issues specifically related to the Soul City project; two are "boilerplate").

It is our judgment that the conditions precedent to acceptance of the offer of commitment have been satisfied. The major problems encountered have been regarding securing of adequate capital, debt restructure (condition 1), and the revised cash flow (condition 3), as well as management (number 3 of the conditions precedent to execution of the project agreement).

The status of the conditions precedent to acceptance of the offer of commitment is as follows:

Securing of Capital. While not an explicit condition, the availability of funds is central to resolving commitment conditions 1 and 3. The equity determined necessary by the previous Board to support a commitment of \$14 million is \$1.5 million cash. Equity (actually \$1,500,000) for the Developer will be provided as follows:

\$500,000 in predevelopment costs will be contributed by MKE (MKE will be repaid by the Developer only for the balance of land acquisition and development costs above \$500,000)

\$100 in cash by MKE;

\$500,000 in cash by NHP;

\$100,000 in cash by MMI;

\$400,000 in cash by Associates.

The partners in Associates are MKE, Floyd McKissick and Gordon Carey -- with interests totalling 10% -- and

Partnership K, in which tax losses are being syndicated -- 90%. The partners in Partnership K will contribute to its capital \$175,000 in cash each year 1974-1979, a total of \$1,050,000.

To enable the Developer to receive its entire equity now, AMC will lend Partnership K \$680,000. \$80,000 will go as a fee to AMC. \$827,000 of the \$1,050,000 referred to the paragraph immediately above will go to repay AMC the \$680,000 principal plus 10% interest (leaving \$223,000 remaining in years 1978 and 1979).

Partnership K will contribute the \$600,000 remainder of the \$680,000 loan proceeds to Associates, which will convey \$200,000 to MKE or to MKE's project-related creditors (see condition 1 immediately below) and \$400,000 to the Developer (see condition 3 below). See exhibits 90 and 91 to the application.

The status of the four conditions precedent to acceptance of the offer of commitment is as follows:

(1) Debt Restructure. "Evidence that the debt of Floyd B. McKissick Enterprises, Inc. has been structured to provide for repayment in a manner appropriate to the anticipated income of that corporation."

The debts of MKE will all be settled at or before the Title VII financial closing by repayment or execution of agreements for future repayment satisfactory to HUD. The projected obligations of MKE at October 31, 1973, total approximately \$2,047,000. This figure can be divided into two categories. First, these are obligations totalling approximately \$1,377,000 which will be paid in cash at the Title VII financial closing. MKE will receive approximately \$1,422,000 cash from the Developers for the sale of project land at cost (\$580,000); reimbursement of predevelopment costs above its \$500,000 equity contribution (\$822,000); sale of project-related personal property (\$20,000). Second, there are obligations to lenders totalling approximately \$670,000 which will not be completely repaid in cash at the closing. \$200,000 of the syndication proceeds are referred to above as going to MKE's project-related creditors. A \$400,000 unsecured debt to the Chase Manhattan Bank will be repaid: \$110,000 cash at closing; \$223,000 additional cash proceeds of the syndication in 1978 and 1979; \$67,000 from any other (unspecified) revenues of MKE no sooner than 1981. A \$270,000 debt to the Fain Estate will be repaid: \$70,000 cash at closing; \$200,000 converted into preferred stock in MKE.

This information is contained in exhibits 50,51,54,74,83, 85,87,91 and 94 of the application.

Staff Conclusions: Sufficient capital to repay the project-related debts of MKE on satisfactory terms will be available if there is a financial closing by December 1.

(2) Industrial Marketing Strategy. "A detailed development and marketing strategy for achieving your primary job base."

The program for development of the primary job base has been submitted and found acceptable by the staff. It is contained in exhibits 51, 52 and 85 of the application. The program requires a greater expenditure on promotion than can be absorbed in the Developer's cash flow; grant assistance from the Office of Minority Business Enterprise is expected but no amounts have been decided upon. The Soultech brochure ought to be revised to be more explicitly informative and contain better graphics. The Developer has submitted on a confidential basis a summary of the status of negotiations with firms interested in locating in Soul City. That summary is attached as an exhibit to the executive summary. The staff recommends that the condition be deemed satisfied.

Staff Conclusions: The condition has been satisfied, but a new Soultech brochure ought to be developed and HUD cooperation with the Office of Minority Business Enterprise regarding funding for industrial promotion out to be continued.

(3) Revised 30 Year Cash Flow. "Revised cost/revenue projections reflecting the extension of the development period for 30 years. If your revised analysis of industrial development and marketing strategy reveals changes in development pace, initial development costs, revised land sales, revenues or phasing changes, these factors should also be incorporated into the revised cost/revenue projections."

A revised 30 year cash flow has been developed that meets all the HUD standards. It will be submitted by the Developer as part of the application. The major difficulty encountered was that, despite the CDC Board's agreement that a lesser debt/equity ratio should be the requirement for freestanding new communities (\$1,500,000 cash equity for Soul City), this originally did not adequately capitalize the project both to

permit adequate provision for repayment of the debt of MKE and to enable the projected peak cash needs of the Developer to be met without reliance on outside borrowings. Staff and the Developer were able to reduce the Developer's utility costs by almost \$300,000 and make limited other changes and thus reduce peak cash requirements.

A sensitivity analysis of the cash flow is attached as an exhibit to the executive summary. This project, as a free-standing new community, is inherently more risky than, and it is more difficult to quantify the risks for it than for, a satellite new town. The thirty year projections in the cash flow before financing are believed by the staff to be very conservative. The projections in the after financing portion of the cash flow are based on more conservative assumptions than those being used for the other current projects. See exhibits 48, 51, 53, 64, 73, 75, 81, 84, 85 to the application.

Staff Conclusions: This condition has been satisfied.

(4) Local Approvals. "Adoption by the Warren County Board of Commissioners of a resolution which has as its primary purpose the approval in principle of your new community program. Additional expressions of approval should be obtained from Warren County School Board, Warren County Board of Health, and the North Carolina State Highway Commission."

Approvals have been received from all of the authorities listed. They are exhibits 51, 85, 88, 95 of the application. They are acceptable.

Staff Conclusions: This condition has been satisfied.

(5) Utilities Financing. "Evidence of adequate financing for Kerr Lake Utilities Company or for any successor or assignee satisfactory to us. If financing depends on Federal grants or loans, evidence of each such grant or loan should be provided."

Copies of the commitments for all of the Federal portions of the funding for the regional water system have been submitted as exhibit 88 to the application. Evidence of the approval of the state and local portions of the funding has been submitted as exhibit 88a-3 to the application. The Developer is not expected to contribute to the regional water system. All the funding approvals are adequate in amount.

Staff Conclusions: This condition has been satisfied.

The status of the two non-"boilerplate" conditions precedent to the execution of the project agreement is as follows:

(6) Management. "The organization and staff of the Soul City Company are acceptable to us."

A consultant report outlining the proposed structure of the management of the Developer has been submitted as exhibit 80 of the application; it is modified as to the function of the general manager by a letter from Floyd McKissick, exhibit 89 & 93 of the application. A revised draft partnership agreement that outlines the rights and responsibilities of each of the general partners in the Developer has been submitted for review. These are in all major respects responsive to the recommendations made to the Developer by the staff and are acceptable.

A general manager must be secured before execution of the project agreement.

Staff Conclusions: This condition has been partially satisfied.

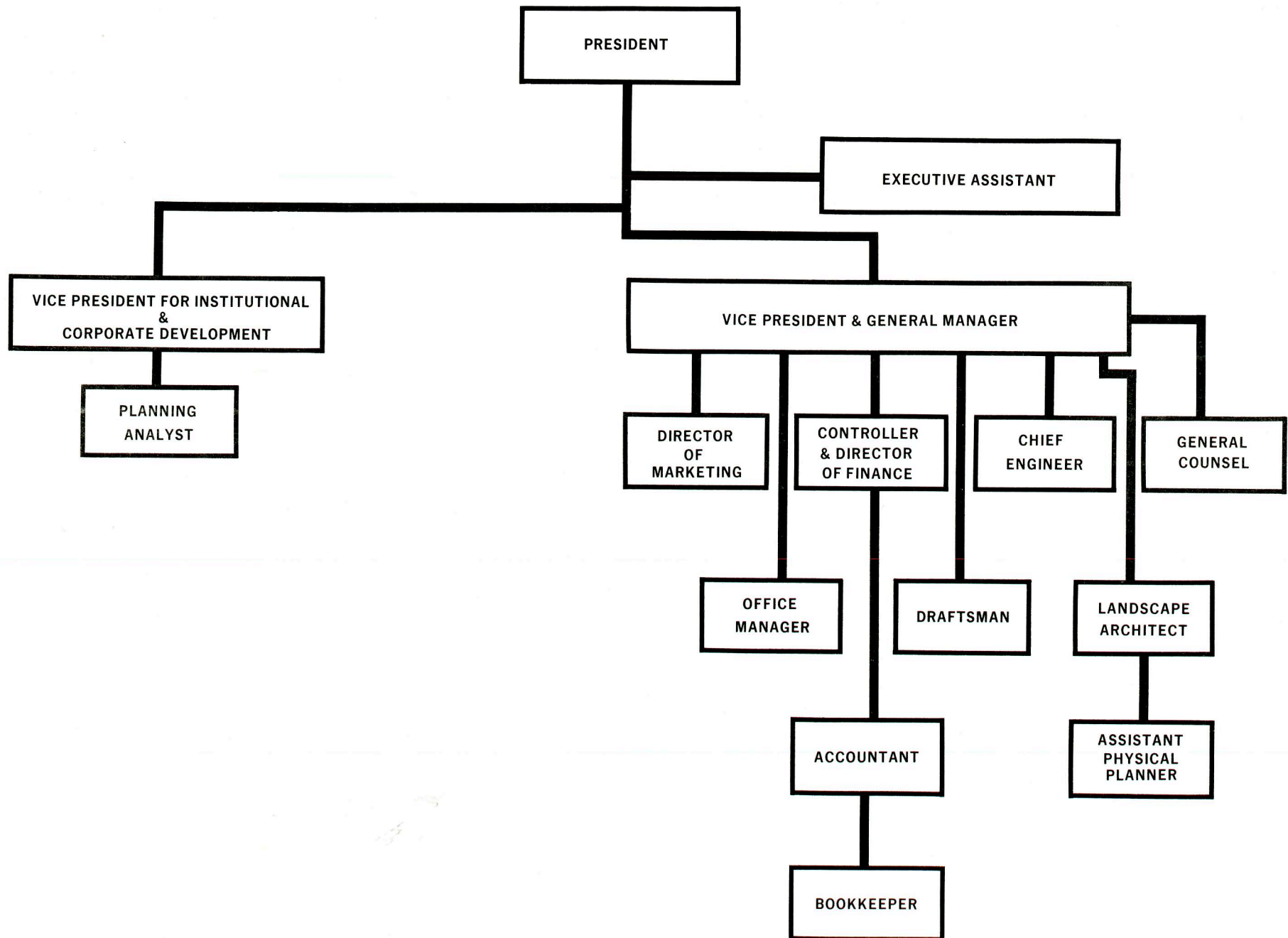
(7) Job Base. "Satisfactory evidence is submitted and accepted by us that industrial and other primary employers sufficient to provide that initial three-year job base, as indicated in the UIG/SCDC study, intend to locate at or near Soul City."

The Developer has submitted a letter from Phillip Morse, president of Morse Electronics, stating the company's intent to locate a facility in Soul City that will employ approximately 350 persons. The projected job base at the end of three years is 300 persons.

In addition, the Developer has submitted on a confidential basis the names and status of negotiations with other businesses who might locate in Soul City.

Staff Conclusions: This condition has been partially satisfied.

SOUL CITY PROFESSIONAL PERSONNEL



October 12, 1973

Soul City -- Status of Negotiations
on Project Documents

I have reviewed the following draft documents prepared by the Developer:

Project agreement, including development plan and
affirmative action program

trust indenture

agreement and certification

partnership agreement for the Title VII Developer

There is little discussion necessary on the main portion of the project agreement and on the indenture. I commented on the affirmative action program, and all comments were accepted by the Developer. Both the Office of General Counsel and I have indicated the areas about which we are concerned in the development plan, the agreement and certification, and the partnership agreement; the Developer agrees with the comments, and incorporation of those comments into the three documents is a matter of drafting. The comments are as follows:

Project Agreement and Trust Indenture: I believe all open areas are drafting questions about which the Developer understands that HUD must be satisfied before execution of the project agreement.

Development Plan: This document and the agreement and certification ought to reflect the actual activity contemplated to be carried out by the Soul City Foundation with respect to industrial promotion and the City of Henderson with respect to construction and operation of the regional water system (and, less critically, by Healthco in provision of health services). The current draft documents contain the traditional performance standards in these areas, and the modifications to be drafted would provide additional specificity. The Developer has agreed to incorporate all the specific improvements I made in drafting the Beckett documents.

The major outstanding issue is that the Developer proposes to match the household income profile of Warren and Vance Counties as its commitment to creating a balanced community. I do not believe this formulation of the commitment serves to achieve the goal, nor does the Office of General Counsel. This is the major outstanding Development Plan issue.

Agreement and Certification: The appropriate entities ought to covenant to maintain the existence of the corporation in which HUD takes its share of special stock. This is a new improvement suggested by the Office of General Counsel and has been agreed to by the Developer. The language must be drafted. The Developer ought, in this document or in the project agreement, to maintain the agricultural uses and timber values for which we will be giving security value. HUD should be given a right to enforce the March 15, 1973, agreement. The Developer has agreed. We have done this before, and the language must simply be drafted.

Partnership Agreement: There are a number of areas where the drafting contains ambiguities, and the Developer has agreed with us that they ought to be clarified. I have volunteered to do a draft which will be discussed as soon as possible. I believe that these are all drafting questions and, while important, are not issues of substance but of the kind of lawyering about which we must be satisfied before execution of the project agreement.

No draft placement memorandum or purchase agreement has yet been submitted. These will be patterned after existing documents. Counsel for the Developer and New York bond counsel are familiar with new communities program requirements.