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Atomic Energy Commission 1965-1969	
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OFFICE OF THE  
VICE-PRESIDENT—ADMINISTRATION  
January 10, 1966

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VICE PRESIDENT CHARLES J. HITCH:  
TREASURER O. B. HAMMOND:

As I informed you in my memorandum of January 5, 1966, I have, pursuant to action of The Regents on December 17, 1965, executed an agreement dated October 6, 1965, with the Atomic Energy Commission which permits the Government to repay any time up to and including June 30, 1966, the present unamortized amount of the money advanced by The Regents to construct the laboratory building for the Institute of Nuclear Medicine and Radiation Biology on the West Medical Campus, Los Angeles. A previous draft of this agreement was examined by you, and the present agreement follows it with the exception of one minor clarification which limited the obligations of The Regents in case of damage or other loss to the building during the final occupancy period, the twenty-five years after July 11, 1966.

The basic obligations of the University are set forth in recommendation Pr-5, which was presented to the Finance Committee at the December 17 meeting by me and by Mr. Underhill, who negotiated all and executed most of the previous agreements covering the program conducted in this building. He assisted me in the negotiation of the present agreement permitting the early repayment, and we were also assisted by Chief Accountant Gross and by Associate Counsel Owens.

As you will recall from the recommendation presented to the Finance Committee on December 17 and subsequently adopted by the Board, The Regents are to invest the unamortized amount in a separate reserve, which reserve decreases every three months, and to insure the building, an arrangement which is already in effect.

I executed the agreement in the local A.E.C. office on January 3 at a meeting attended by Mr. E. C. Shute, the local manager; his assistant, Mr. Paul Goodbread; Mr. Underhill and myself. At that time we were informed that the payment of the unamortized balance, now \$2,632,818.65, will be paid on January 11, 1966, a normal date in the past for paying the semi-annual occupancy charge and interest on the balance. It is probable that this sum, to be tendered by the Government directly to our Treasurer will be reduced by \$37,088.50, which is the principle amortization payment normally due on that date. The reserve to be created and invested is the difference between the full amount mentioned above, \$2,632,818.65, and the semi-annual payment, \$37,088.50. The reason that the payments are to be made by separate checks is that there will be due on that date \$62,924.37 semi-annual interest and that this money will probably be combined with the \$37,088.50 and forwarded as a direct charge of the contract through the University's Los Angeles Finance Office.

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Vice President Hitch  
Treasurer Hammond

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January 10, 1966

The object of the Government in making this payment is, as you know, to avoid further interest payments at the present rate of 4.78 per cent. The present budget for the project under Contract No. AT (04-1)-Gen-12, informally known as GEN-12, provides money for the next normally due semi-annual payment of interest and principal which would have been paid on July 11, 1966; and since no such payment would now be required or made, it seems proper to impound that provision in the present budget subject to determination by the Government if, in view of the early amortization, it should be returned to the Government or applied to support in part a succeeding year's operation of normal activities. I shall be glad to discuss with you how this matter could best be brought to the attention of the Government; but, in the meantime, it would not appear proper without the Government's consent that the funds normally provided for interest and principal on July 11 next be used for any other purpose.

Both Mr. Underhill and I stand ready to assist you or the Chancellor and Director at Los Angeles in arranging any further details for the completion of this matter.

Earl C. Bolton

cc: Vice President--Treasurer Emeritus Underhill  
Chancellor Murphy  
Acting Director Lant

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CHANCELLOR'S OFFICE  
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