



# DEPARTMENT OF TRANSPORTATION

## URBAN MASS TRANSPORTATION ADMINISTRATION

WASHINGTON, D.C. 20590

# NEWS

FOR RELEASE SUNDAY A.M.  
December 24, 1972

UMTA 72-100  
Phone: (202) 426-4043

Secretary of Transportation John A. Volpe today gave conditional approval to a Massachusetts Bay Transportation Authority (MBTA) request for a \$19.5 million Federal loan to purchase Penn-Central rights-of-way in the metropolitan Boston area.

The action was announced simultaneously in Washington by Secretary Volpe and in Boston by Governor Francis Sargent and MBTA Chairman Henry S. Lodge. The money would be advanced by the Transportation Department's Urban Mass Transportation Administration (UMTA) as a 10-year loan. Secretary Volpe said the decision to go ahead with the loan was made following receipt of a letter from Chairman Lodge explaining how the price had been negotiated with the Penn-Central and emphasizing the MBTA's need for the properties and the high priority MBTA placed on the loan application.

The Penn-Central property to be purchased through the loan agreement consists of approximately 145 miles of rights-of-way which MBTA wants to preserve for future public transportation needs. The negotiated sale of the \$19.5 million figure has been approved by Judge John P. Fullam, the U.S. District Court judge who has been presiding over Penn-Central's reorganization proceedings.

"By approving this loan, the Department of Transportation will make it possible for Massachusetts Bay Transit Authority to begin immediate planning for expansion of its public transit facilities," said Secretary Volpe. "It is anticipated that portions of these rights-of-way will be incorporated into the metropolitan system in the very near future."

As security for the loan, MBTA will give the government a first mortgage on the real estate being acquired from the Trustees. In addition, MBTA will make an unconditional promise to repay 25% of the loan in cash. The balance of the loan over and above the 25% would be repayable only out of the proceeds of sale of the rights-of-way. However, it is anticipated that most, if not all, of the loan will be absorbed through Federal urban mass transportation capital grants for future projects involving new or improved transit facilities on the rights-of-way, as is provided for in the Federal Urban Mass Transportation Act of 1964.

The final approval of the loan remains contingent on MBTA furnishing the government with additional details concerning the proposed use of the rights-of-way for urban mass transportation purposes, in its program for an officially coordinated urban mass transportation system as part of the comprehensively planned development of the Boston metropolitan area.

Governor Sargent said "the loan to the MBTA for acquisition of vital rights-of-way for transit purposes is further evidence of the progress the Commonwealth is making in providing balanced transportation for its citizens, and is another example of the Federal government's willingness to provide meaningful financial support in this regard. "

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For further information, contact the UMTA Office of Public Affairs at (202) 426-4043 or the Massachusetts Bay Transportation Authority (MBTA), (617) 722-6104.(UMTA Loan No. MA-03-9001)

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