

105TH CONGRESS
1ST SESSION

H. R. 713

To facilitate efficient investments and financing of infrastructure projects and new job creation through the establishment of a National Infrastructure Development Corporation, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 12, 1997

Ms. DELAURO introduced the following bill; which was referred to the Committee on Transportation and Infrastructure, and in addition to the Committees on Banking and Financial Services, and Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To facilitate efficient investments and financing of infrastructure projects and new job creation through the establishment of a National Infrastructure Development Corporation, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “National Infrastruc-
5 ture Development Corporation Act”.

1 **SEC. 2. FINDINGS.**

2 The Congress hereby finds the following:

3 (1) As expressed in Executive Order No. 12893
4 of January 26, 1994, which sets out guiding prin-
5 ciples for Federal infrastructure investments, a well
6 functioning infrastructure is vital to sustained eco-
7 nomic growth, to the quality of life of our commu-
8 nities, and to the protection of our environment and
9 natural resources.

10 (2) Although grant programs of the Federal
11 Government must continue to play a central role in
12 financing the infrastructure needs of the Nation,
13 current and foreseeable demands on existing Fed-
14 eral, State, and local funding for infrastructure ex-
15 pansion and replacement exceed the resources to
16 support these programs by margins wide enough to
17 prompt serious concerns about the Nation's ability
18 to sustain long-term economic development, produc-
19 tivity, and international competitiveness.

20 (3) Increased investments by public and private
21 capital in infrastructure facilities the financing for
22 which can be based on the revenue generated by
23 such facilities and by other dedicated revenue
24 sources would assist the Nation in marshalling the
25 resources necessary to meet existing and projected
26 infrastructure funding demands.

1 (4) The private capital markets, including the
2 more than \$4,500,000,000,000 dollars in capital
3 held by institutional investors such as pension funds,
4 have a growing interest in public-private infrastruc-
5 ture investment opportunities that can produce com-
6 petitive risk-adjusted rates of return.

7 (5) Federal leadership is necessary to expedi-
8 tiously develop these new infrastructure investment
9 mechanisms.

10 (6) Such leadership can best be accomplished
11 by the establishment of a self-supporting national
12 entity designed to lead the way in promoting appro-
13 priate public-private infrastructure partnerships.

14 (7) Such a national entity will provide for sig-
15 nificant and sustained job growth in critical sectors
16 of the Nation's economy as it helps address unmet
17 infrastructure needs by leveraging limited Federal
18 resources with private capital.

19 **SEC. 3. PURPOSES.**

20 The purposes of this Act are as follows:

21 (1) To establish the National Infrastructure
22 Development Corporation for the purpose of making
23 new sources of financing available for the develop-
24 ment of infrastructure facilities.

1 (2) To establish a subsidiary of the Corpora-
2 tion, the National Infrastructure Insurance Corpora-
3 tion, to issue insurance, reinsurance and related un-
4 dertakings in respect of the issuance of obligations
5 related to the development of infrastructure facili-
6 ties.

7 **SEC. 4. DEFINITIONS.**

8 The following definitions shall apply for purposes of
9 this Act unless the context requires otherwise:

10 (1) CORPORATION.—The term “Corporation”
11 means the National Infrastructure Development
12 Corporation established under section 5(a).

13 (2) DEVELOPMENT.—The terms “development”
14 and “develop” mean, with respect to an infrastruc-
15 ture facility, any—

16 (A) preconstruction planning, feasibility re-
17 view, permitting and design work and other
18 preconstruction activities;

19 (B) construction, reconstruction, rehabili-
20 tation, replacement, or expansion; and

21 (C) operation and maintenance.

22 (3) ENTITY.—The term “entity” means an in-
23 dividual, corporation, partnership, joint venture,
24 trust or governmental entity or instrumentality.

1 (4) INFRASTRUCTURE FACILITY.—The term
2 “infrastructure facility” means a road, highway,
3 bridge, tunnel, airport, mass transportation vehicle
4 or system, passenger rail vehicle or system, inter-
5 modal transportation facility, waterway, commercial
6 port, drinking or waste water treatment facility,
7 solid waste disposal facility, pollution control system,
8 hazardous waste facility, federally designated na-
9 tional information highway facility, school, and any
10 ancillary facility which forms a part of any such fa-
11 cility or is reasonably related to such facility, wheth-
12 er owned, leased or operated by a public entity or a
13 private entity or by a combination of such entities,
14 and the financing or refinancing of the development
15 of which is, or will be, supported in whole or in part
16 by user fees or other dedicated revenue sources.

17 (5) INSURANCE CORPORATION.—The term “In-
18 surance Corporation” means the National Infra-
19 structure Insurance Corporation established pursu-
20 ant to section 5(b).

21 (6) NIC.—The term “NIC” means the Cor-
22 poration and all subsidiaries of the Corporation.

23 (7) PENSION PLAN.—The term “pension plan”
24 means a pension plan as defined in section 3(2) of

1 the Employee Retirement Income Security Act of
2 1974, including any public pension plan.

3 (8) PUBLIC-PRIVATE PARTNERSHIP.—The term
4 “public-private partnership” means any entity—

5 (A) which is undertaking the development
6 of all or part of any infrastructure facility—

7 (i) pursuant to requirements estab-
8 lished in 1 or more contracts between such
9 entity and a State or an instrumentality of
10 a State; or

11 (ii) the activities of which with respect
12 to such facility are subject to regulation by
13 a State or any instrumentality of a State;
14 and

15 (B) which owns, leases, or operates, or will
16 own, lease, or operate, such infrastructure facil-
17 ity in whole or in part, and at least 1 of the
18 participants in such entity is a nongovern-
19 mental entity.

20 (9) REVOLVING FUND.—The term “revolving
21 fund” means a fund or program established by a
22 State or a political subdivision or instrumentality of
23 a State, the principal activity of which is to make

1 loans, commitments, or other financial accommoda-
2 tion available for the development of 1 or more cat-
3 gories of infrastructure facilities.

4 (10) SECRETARY.—The term “Secretary”
5 means the Secretary of the Treasury or the designee
6 of the Secretary.

7 (11) STATE.—The term “State” includes the
8 District of Columbia, Puerto Rico, Guam, American
9 Samoa, the Trust Territories of the Pacific Islands,
10 the Virgin Islands, the Northern Mariana Islands,
11 and any territory of the United States.

12 (12) TRANSITION DATE.—The term “transition
13 date” means the date on which the voting common
14 stock of the Corporation owned by the Secretary is
15 fully repurchased or converted in accordance with
16 section 13 and the transition of the Corporation to
17 a government-sponsored enterprise in accordance
18 with such section is completed.

19 **SEC. 5. ESTABLISHMENT OF NIC.**

20 (a) ESTABLISHMENT OF NATIONAL INFRASTRUC-
21 TURE DEVELOPMENT CORPORATION.—The National In-
22 frastructure Development Corporation is hereby estab-
23 lished as a wholly owned Government corporation subject

1 to chapter 91 of title 31 (commonly referred to as the Gov-
2 ernment Corporation Control Act), except as otherwise
3 provided in this Act.

4 (b) ESTABLISHMENT OF NATIONAL INFRASTRUC-
5 TURE INSURANCE CORPORATION.—The National Infra-
6 structure Insurance Corporation is hereby established as
7 a subsidiary of the Corporation and as a wholly owned
8 Government corporation subject to chapter 91 of title 31,
9 except as otherwise provided in this Act.

10 (c) SELF-SUPPORTING ENTITIES.—The Corporation
11 and the Insurance Corporation shall each conduct their
12 respective businesses as self-supporting entities.

13 **SEC. 6. CORPORATION'S POWERS AND LIMITATIONS.**

14 (a) GENERAL POWERS.—In order to carry out the
15 purposes of the Corporation as set forth in this Act, the
16 Corporation shall have the following powers:

17 (1) To make senior and subordinated loans and
18 purchase senior and subordinated debt securities
19 (both taxable and tax exempt) and equity securities,
20 and enter into a binding commitment to make any
21 such loan or purchase any such security, on such
22 terms as the Corporation may determine, in the Cor-
23 poration's discretion, to be appropriate, the proceeds
24 of which are to be used to finance or refinance the
25 development of 1 or more infrastructure facilities,

1 and subject to the provisions of paragraph (8) of
2 subsection (b), provide preconstruction phase assist-
3 ance in accordance with section 8(f).

4 (2) To issue and sell debt securities and voting
5 and nonvoting equity securities of the Corporation
6 on such terms as the board of directors of the Cor-
7 poration may determine, subject to the provisions of
8 paragraphs (2), (3), and (4) of subsection (b), to be
9 appropriate and to pay such dividends on any out-
10 standing stock as the board of directors shall deter-
11 mine from time to time.

12 (3) To make agreements and contracts with any
13 entity in furtherance of the business of the Corpora-
14 tion.

15 (4) To make use of the services, facilities, and
16 property of any Federal agency or instrumentality,
17 with the approval of such agency or instrumentality
18 and on a reimbursable basis, in carrying out the
19 purposes of this Act.

20 (5) To acquire, lease, pledge, exchange, and dis-
21 pose of real and personal property and otherwise ex-
22 ercise all the usual incidents of ownership of prop-
23 erty to the extent the exercise of such powers are ap-
24 propriate to and consistent with the purposes of the
25 Corporation.

1 (6) To sue and be sued in the Corporation's
2 corporate capacity in any court of competent juris-
3 diction, except that no attachment, injunction, or
4 similar process, mesne or final, may be issued
5 against the property of the Corporation or against
6 the Corporation with respect to such property.

7 (7) To indemnify the directors and officers of
8 the Corporation for liabilities arising out of the ac-
9 tions of the directors and officers in such capacity,
10 in accordance with, and subject to the limitations
11 contained in, the bylaws of the Corporation.

12 (8) To exercise all other lawful powers which
13 are necessary or appropriate to carry out, and are
14 consistent with, the purposes of the Corporation, in-
15 cluding the powers conferred upon a corporation by
16 the District of Columbia Business Corporation Act.

17 (b) LIMITATIONS ON THE CORPORATION.—

18 (1) ACTIONS CONSISTENT WITH SELF-SUPPORT-
19 ING ENTITY STATUS.—The Corporation shall con-
20 duct its business in a manner consistent with the re-
21 quirement of section 5(c).

22 (2) CONDITION ON DEBT ISSUANCE.—The Cor-
23 poration shall not issue any debt security under sub-
24 section (a)(2) unless, at the time of the issuance

1 thereof, such security is rated by a nationally recog-
2 nized statistical rating organization at 1 of the 3
3 highest ratings of such organization.

4 (3) LIMITATION AND CONDITION ON ISSUANCE
5 OF DEBT AND NONVOTING EQUITY SECURITIES.—

6 (A) IN GENERAL.—Before the transition
7 date, the Corporation shall not issue any debt
8 security or nonvoting equity security under sub-
9 section (a)(2) without the prior consent of the
10 Secretary.

11 (B) APPROVAL OF SECRETARY FOR DEBT
12 SECURITY AFTER TRANSITION DATE.—On and
13 after the transition date, the Corporation shall
14 not issue any debt security under subsection
15 (a)(2) without the prior consent of the Sec-
16 retary.

17 (4) CONDITION ON VOTING EQUITY ISSU-
18 ANCE.—Before the transition date, the Corporation
19 shall not issue any voting security to any entity
20 other than the Secretary, and, on and after the tran-
21 sition date, the issuance of any such security shall
22 be subject to the provisions of section 13.

23 (5) SALE OF VOTING SECURITIES OF THE IN-
24 SURANCE CORPORATION.—Before the transition
25 date, voting securities of the Insurance Corporation

1 purchased by the Corporation may not be sold or
2 otherwise transferred by the Corporation.

3 (6) INVESTMENTS CONSISTENT WITH PURPOSES
4 OF CORPORATION.—In order to achieve the Corpora-
5 tion’s purpose of effectively leveraging limited Fed-
6 eral resources with other public and private sources
7 of capital, the Corporation shall seek to maintain a
8 significant proportion of the Corporation’s infra-
9 structure investments in—

10 (A) subordinated securities; and

11 (B) securities issued with respect to infra-
12 structure facilities developed by public-private
13 partnerships.

14 (7) COORDINATION WITH STATE AND LOCAL
15 REGULATORY AUTHORITY.—The provision of finan-
16 cial assistance by the Corporation pursuant to this
17 Act shall not be construed as—

18 (A) limiting the right of any State or local
19 authority to approve or regulate rates of return
20 on private equity invested in a project; or

21 (B) otherwise superseding any State law or
22 regulation applicable to a project.

23 (8) LIMITATION ON PRECONSTRUCTION ASSIST-
24 ANCE.—The Corporation shall provide assistance in

1 connection with the development of any infrastruc-
2 ture facility during the facility's preconstruction
3 phase only in accordance with section 8(f).

4 **SEC. 7. INSURANCE CORPORATION'S POWERS AND LIMITA-**
5 **TIONS.**

6 (a) GENERAL POWERS.—In order to carry out the
7 purposes of the Insurance Corporation as set forth in this
8 Act, the Insurance Corporation shall have the following
9 powers:

10 (1) To insure and reinsure bonds, debentures,
11 notes, debt instruments, loans, and any interest in
12 any such obligation or loan, the proceeds of which
13 are to be used to finance or refinance the develop-
14 ment of 1 or more infrastructure facilities.

15 (2) To insure leases of personal, real, or mixed
16 property with respect to infrastructure facilities.

17 (3) To issue letters of credit and undertake
18 such obligations and commitments as the Insurance
19 Corporation deems necessary to carry out the pur-
20 poses described in paragraphs (1) and (2).

21 (4) To issue and sell voting and nonvoting eq-
22 uity securities on such terms as the board of direc-
23 tors of the Insurance Corporation may determine,
24 subject to the provisions of paragraphs (5) and (6)

1 of subsection (b), to be appropriate and to pay divi-
2 dends on any outstanding stock as the board of di-
3 rectors of the Insurance Corporation shall determine
4 from time to time.

5 (5) To make agreements and contracts with any
6 entity in furtherance of the business of the Insur-
7 ance Corporation.

8 (6) To make use of the services, facilities, and
9 property of any Federal agency or instrumentality,
10 with the approval of such agency or instrumentality
11 and on a reimbursable basis, in carrying out the
12 purposes of this Act.

13 (7) To acquire, lease, pledge, exchange, and dis-
14 pose of real and personal property and otherwise ex-
15 ercise all the usual incidents of ownership of prop-
16 erty to the extent the exercise of such powers are ap-
17 propriate to and consistent with the purposes of the
18 Insurance Corporation.

19 (8) To sue and be sued in the Insurance Cor-
20 poration's corporate capacity in any court of com-
21 petent jurisdiction, except that no attachment, in-
22 junction, or similar process, mesne or final, may be
23 issued against the property of the Insurance Cor-
24 poration or against the Insurance Corporation with
25 respect to such property.

1 (9) To indemnify the directors and officers of
2 the Insurance Corporation for liabilities arising out
3 of the actions of the directors and officers in such
4 capacity, in accordance with, and subject to the limi-
5 tations contained in, the bylaws of the Insurance
6 Corporation.

7 (10) To exercise all other lawful powers which
8 are necessary or appropriate to carry out, and are
9 consistent with, the purposes of the Insurance Cor-
10 poration, including the powers conferred upon a cor-
11 poration by the District of Columbia Business Cor-
12 poration Act.

13 (b) LIMITATIONS ON THE INSURANCE CORPORA-
14 TION.—

15 (1) ACTIONS CONSISTENT WITH SELF-SUPPORT-
16 ING ENTITY STATUS.—The Insurance Corporation
17 shall conduct its business in a manner consistent
18 with the requirement of section 5(c).

19 (2) INSURANCE CORPORATION RATING RE-
20 QUIREMENT.—The Insurance Corporation shall not
21 issue any primary insurance or letter of credit with
22 respect to 1 or more infrastructure facilities unless,

1 at the time of such issuance, the Insurance Corpora-
2 tion's claims-paying ability is then rated by a nation-
3 ally recognized statistical rating organization at the
4 highest rating of such organization.

5 (3) LIMITATION ON REINSURANCE.—The Insur-
6 ance Corporation may write reinsurance in respect
7 of all or a portion of a primary insurance policy with
8 respect to 1 or more infrastructure facilities issued
9 by a bond insurer if the claims-paying ability of such
10 insurer is rated, at the time of issuance of such rein-
11 surance, by a nationally recognized statistical rating
12 organization at the highest rating of such organiza-
13 tion.

14 (4) LIMITATION ON INSURANCE AND OTHER AC-
15 TIVITIES.—The Insurance Corporation may issue
16 primary insurance or a letter of credit with respect
17 to 1 or more infrastructure facilities, except that not
18 less than 75 percent of the principal amount of all
19 obligations so insured or subject of a letter of credit
20 shall be obligations which are, or based on a pub-
21 lished or indicative rating would be, without such in-
22 surance or letter of credit, rated by a nationally rec-
23 ognized statistical rating organization in the fourth
24 or fifth rating categories of such organization (BBB
25 and BB; Baa and Ba, or their equivalents).

1 (5) PRIOR CONSENT OF SECRETARY.—Before
2 the transition date, the Insurance Corporation shall
3 not issue any nonvoting equity security under sub-
4 section (a)(4) without the prior consent of the Sec-
5 retary.

6 (6) CONDITION ON VOTING EQUITY ISSU-
7 ANCE.—Before the transition date, the Insurance
8 Corporation shall not issue any voting security to
9 any entity other than the Corporation.

10 (7) COORDINATION WITH STATE AND LOCAL
11 REGULATORY AUTHORITY.—The provision of finan-
12 cial assistance by the Insurance Corporation pursu-
13 ant to this Act shall not be construed as—

14 (A) limiting the right of any State or local
15 authority to approve or regulate rates of return
16 on private equity invested in a project; or

17 (B) otherwise superseding any State law or
18 regulation applicable to a project.

19 **SEC. 8. ELIGIBILITY CRITERIA FOR ASSISTANCE FROM THE**
20 **CORPORATION AND THE INSURANCE COR-**
21 **PORATION.**

22 (a) GENERAL.—No financial assistance shall be avail-
23 able under this Act from the Corporation or the Insurance
24 Corporation unless the applicant for such assistance has
25 demonstrated to the satisfaction of the Corporation or the

1 Insurance Corporation, as the case may be, that the
2 project for which such assistance is being sought meets—

3 (1) the requirements of this Act; and

4 (2) any criteria established in accordance with
5 this Act by the board of directors of the Corporation
6 or the Insurance Corporation, as the case may be.

7 (b) ESTABLISHMENT OF PROJECT CRITERIA.—

8 (1) IN GENERAL.—Consistent with the require-
9 ments of subsections (c) and (d), the boards of di-
10 rectors of the Corporation and the Insurance Cor-
11 poration shall each establish—

12 (A) criteria for determining eligibility for
13 financial assistance under this Act;

14 (B) disclosure and application procedures
15 to be followed by States, revolving funds, and
16 other entities to nominate projects for assist-
17 ance under this Act; and

18 (C) such other criteria as the board of di-
19 rectors of the Corporation or the Insurance
20 Corporation may consider to be appropriate for
21 purposes of carrying out this Act.

22 (2) FACTORS TO BE TAKEN INTO ACCOUNT.—

23 The criteria established pursuant to paragraph

1 (1)(A) shall provide for the consideration of the fol-
2 lowing factors in considering eligibility for financial
3 assistance under this Act:

4 (A) The extent to which provision of assist-
5 ance by the Corporation or the Insurance Cor-
6 poration will further the objectives for infra-
7 structure investments established in Executive
8 Order No. 12893 of January 26, 1994, includ-
9 ing the stated objective of providing opportuni-
10 ties for “innovative public-private initiatives”.

11 (B) The means by which development of
12 the infrastructure facility under consideration is
13 being financed, including—

14 (i) the terms and conditions and fi-
15 nancial structure of the proposed financ-
16 ing;

17 (ii) the financial assumptions and pro-
18 jections on which the project is based; and

19 (iii) based on consideration of clauses
20 (i) and (ii), whether the infrastructure fa-
21 cility will have the capacity to be self-sup-
22 porting.

23 (C) The likelihood that the provision of as-
24 sistance by the Corporation or the Insurance

1 Corporation will cause such development to pro-
2 ceed more promptly and with lower costs for fi-
3 nancing to the public and private entities en-
4 gaged in developing such infrastructure facility
5 than would be the case without such assistance.

6 (D) The extent to which the provision of
7 assistance by the Corporation or the Insurance
8 Corporation maximizes the level of private in-
9 vestment in such infrastructure facility.

10 (3) LIMITATION ON CONDITIONS.—The Cor-
11 poration and the Insurance Corporation shall not
12 condition the approval of financial assistance for the
13 development of any infrastructure facility on a re-
14 quirement that a pension plan of a State or political
15 subdivision of a State make an investment in such
16 facility.

17 (c) SUBMISSION OF PROJECT PROPOSALS.—

18 (1) ACCEPTANCE OF PROPOSALS.—The Cor-
19 poration and the Insurance Corporation shall accept,
20 for consideration, project proposals relating to the
21 development of infrastructure facilities submitted by
22 a State, a revolving fund, or another entity, subject
23 to subsection (d), which meet the requirements of
24 subsection (b).

1 (2) LIST OF PROJECTS UNDER CONSIDERATION
2 FOR ASSISTANCE.—Project proposals accepted pur-
3 suant to paragraph (1) and approved in principle
4 shall be placed on a list of projects being considered
5 for financial assistance under this Act.

6 (3) ELIGIBILITY FOR PRECONSTRUCTION AS-
7 SISTANCE.—Projects on the list established pursuant
8 to paragraph (2) shall be eligible to apply for
9 preconstruction assistance in accordance with sub-
10 section (f).

11 (4) SUBSEQUENT APPROVALS.—Notwithstand-
12 ing the receipt of any preconstruction assistance for
13 any project, no additional financial assistance under
14 this Act for such project may be provided without
15 the specific approval by the Corporation or the In-
16 surance Corporation, as the case may be, for such
17 additional assistance.

18 (5) FEES.—A fee may be charged for the re-
19 view of any project proposal in such amount as may
20 be deemed appropriate by the Corporation or the In-
21 surance Corporation to cover the cost of such review.

22 (d) STATE ELIGIBILITY.—

23 (1) IN GENERAL.—After the end of the 3-year
24 period beginning on the date of the enactment of
25 this Act, no financial assistance may be provided by

1 the Corporation or the Insurance Corporation for
2 the development of any infrastructure facility pro-
3 posed for assistance by a State, or a revolving fund
4 in a State, unless such State has in place—

5 (A) an evaluation process which is certified
6 by the Secretary, in accordance with regulations
7 which the Secretary shall prescribe before the
8 end of the 6-month period beginning on such
9 date of enactment, as being designed to ascer-
10 tain the extent to which major work with re-
11 spect to infrastructure facilities within the
12 State can be financed by relying on any revenue
13 reasonably obtainable from such facilities and
14 other dedicated revenue sources; and

15 (B) a program which is certified by the
16 Secretary, in accordance with regulations which
17 the Secretary shall prescribe before the end of
18 such 6-month period, as being reasonably de-
19 signed to promote the objective set forth in Ex-
20 ecutive Order No. 12893 of January 26, 1994,
21 of affording the opportunity for innovative pub-
22 lic-private initiatives with respect to major
23 work, consistent with the public interest.

24 (2) ACTIVITIES WITH NONSTATE ENTITIES.—

25 After the end of the 3-year period beginning on the

1 date of the enactment of this Act, the Corporation
2 and the Insurance Corporation each may continue to
3 undertake activities with respect to projects within a
4 State relating to the development of infrastructure
5 facilities which have been submitted by entities other
6 than such State or a revolving fund in such State,
7 including municipalities, regional authorities, and
8 private-public partnerships, if the infrastructure fa-
9 cilities meet the criteria for assistance established
10 pursuant to subsection (b), and the State or States
11 in which such facility or facilities are to be located
12 have not met the conditions of subsection (d)(1).

13 (3) MAJOR WORK DEFINED.—For purposes of
14 paragraph (1), the term “major work” means the
15 construction of a new infrastructure facility, or the
16 reconstruction, rehabilitation, replacement, or expan-
17 sion of an existing infrastructure facility, involving
18 the expenditure of more than \$10,000,000.

19 (e) INITIAL TARGETING OF READY-TO-GO
20 PROJECTS.—During the 3-year period beginning on the
21 date of the enactment of this Act, the Corporation and
22 the Insurance Corporation shall each seek to provide as-
23 sistance to projects involving the development of infra-
24 structure facilities which—

1 (1) the Corporation or the Insurance Corpora-
2 tion, as the case may be, determines are ready to
3 move forward promptly; and

4 (2) meet all other requirements of this Act.

5 (f) DEVELOPMENT RISK INSURANCE.—

6 (1) IN GENERAL.—Any project on the list es-
7 tablished pursuant to subsection (c)(2) shall be eligi-
8 ble to apply to the Corporation for development risk
9 insurance in accordance with this subsection to in-
10 sure against the risk of loss that would result if a
11 project does not proceed within a specified time
12 frame as the result of the failure to secure relevant
13 permits or specified Federal, State, or local approv-
14 als.

15 (2) TERMS AND SCOPE OF COVERAGE.—Devel-
16 opment risk insurance provided under this sub-
17 section shall—

18 (A) contain such limitations, deductibles,
19 exclusions, and exceptions as the Corporation
20 shall establish; and

21 (B) apply only to developmental costs in-
22 curred after the date of the approval of the ap-
23 plication for such insurance.

24 (3) MAXIMUM ON INSURANCE OF
25 PRECONSTRUCTION RISK.—The Corporation shall

1 not insure more than 50 percent of the
2 preconstruction phase development risk of any
3 project, as determined by the Corporation.

4 (4) ADDITIONAL CONDITIONS.—The Corpora-
5 tion may impose such other conditions and require-
6 ments in connection with any insurance provided
7 under this subsection as the Corporation may deter-
8 mine to be appropriate, including requirements for
9 audits of costs and other matters.

10 (5) FEES FOR INSURANCE.—The Corporation
11 may charge such fees and obtain such other com-
12 pensation for providing insurance coverage under
13 this subsection as the Corporation, in the Corpora-
14 tion’s discretion, shall determine to be appropriate.

15 (6) MAXIMUM EXPOSURE OF CORPORATION.—
16 The total outstanding exposure of the Corporation
17 with respect to insurance provided under this sub-
18 section may not exceed the amount which is equal to
19 5 percent of the sum of the capital, surplus, and re-
20 tained earnings of the Corporation, as measured at
21 the time any such insurance is provided.

22 (g) DISCRETION OF CORPORATION AND INSURANCE
23 CORPORATION.—Consistent with other provisions of this
24 Act, any determination of the Corporation or the Insur-
25 ance Corporation to provide assistance to any project, and

1 the manner in which such assistance is provided, including
2 the terms, conditions, fees and charges in respect thereof,
3 shall be at the sole discretion of the Corporation or the
4 Insurance Corporation, as the case may be.

5 (h) INDEPENDENT INVESTMENT COMMITTEE.—Any
6 final decision to provide or not provide assistance under
7 this Act by the Corporation or the Insurance Corporation
8 with respect to any specific proposal shall be made by an
9 investment committee, of the respective corporation, which
10 shall be comprised of senior officers of the Corporation
11 and the Insurance Corporation, as the case may be, ap-
12 pointed to such committee by the respective board of direc-
13 tors, which committees shall not have any nonofficer direc-
14 tor members.

15 (i) STATE AND LOCAL PERMITS REQUIRED.—The
16 provision of assistance by the Corporation or the Insur-
17 ance Corporation in accordance with this section shall not
18 be deemed to relieve any recipient of assistance or the re-
19 lated project of any obligation to obtain required State and
20 local permits and approvals.

21 (j) ANNUAL REPORT.—A State, revolving fund, or
22 other entity receiving assistance from the Corporation or
23 the Insurance Corporation shall make annual reports to
24 the Corporation or the Insurance Corporation, as the case
25 may be, on the use of any such assistance, compliance with

1 the criteria set forth in this section, and a disclosure of
2 all entities with a development, ownership, or operational
3 interest in a project assisted or proposed to be assisted
4 pursuant to this Act.

5 **SEC. 9. CAPITALIZATION AND ORGANIZATION OF THE COR-**
6 **PORATION AND THE INSURANCE CORPORA-**
7 **TION.**

8 (a) CAPITALIZATION.—

9 (1) CAPITALIZATION OF THE CORPORATION.—

10 (A) VOTING COMMON STOCK.—Effective
11 for any fiscal year only to such extent and in
12 such amounts as are provided in advance in ap-
13 propriation Acts, the Secretary shall subscribe
14 for and purchase, in each of the 3 years follow-
15 ing the date of enactment of this Act, voting
16 common stock of the Corporation having an ag-
17 gregate purchase price in each year of
18 \$1,000,000,000, except that no such purchase
19 shall occur after the transition date.

20 (B) LIMITATION ON SALE OF SECURITIES
21 BY SECRETARY.—Securities purchased by the
22 Secretary may not be sold or otherwise trans-
23 ferred by the Secretary unless such sale or
24 transfer is effected pursuant to section 13 or is
25 explicitly authorized by an Act of Congress.

1 (2) CAPITALIZATION OF THE INSURANCE COR-
2 PORATION.—

3 (A) IN GENERAL.—The Corporation may
4 subscribe for and purchase voting common
5 stock of the Insurance Corporation in such
6 amounts and at such times as the board of di-
7 rectors of the Corporation shall from time to
8 time consider appropriate.

9 (B) LIMITATION ON INVESTMENT BY COR-
10 PORATION.—Not more than 25 percent of the
11 capital, surplus, and retained earnings of the
12 Corporation may be invested by the Corporation
13 in the Insurance Corporation without the con-
14 sent of the Secretary, measured at the time of
15 any such investment.

16 (3) REPURCHASE OF OUTSTANDING OBLIGA-
17 TIONS.—The Corporation and the Insurance Cor-
18 poration may purchase in the open market any of
19 their respective outstanding obligations at any time
20 and at any price.

21 (b) PLACE OF BUSINESS AND GOVERNING LAW.—

22 (1) CORPORATION.—

23 (A) PRINCIPAL OFFICE.—The Corporation
24 shall maintain its principal office in the District
25 of Columbia, and shall be deemed, for purposes

1 of venue in civil actions, to be a resident of the
2 District of Columbia.

3 (B) APPLICABILITY OF DISTRICT OF CO-
4 LUMBIA BUSINESS CORPORATION ACT.—To the
5 extent not inconsistent with this Act, the Cor-
6 poration shall be subject to the District of Co-
7 lumbia Business Corporation Act.

8 (2) INSURANCE CORPORATION.—

9 (A) PLACE OF BUSINESS.—The Insurance
10 Corporation shall maintain its principal office
11 in the District of Columbia, and shall be
12 deemed, for purposes of venue in civil actions,
13 to be a resident thereof.

14 (B) APPLICABILITY OF DISTRICT OF CO-
15 LUMBIA BUSINESS CORPORATION ACT.—To the
16 extent not inconsistent with this Act, the Insur-
17 ance Corporation shall be subject to the District
18 of Columbia Business Corporation Act.

19 (3) APPLICABILITY OF STATE INSURANCE
20 LAWS.—Before the transition date, the Corporation
21 and the Insurance Corporation shall not be subject
22 to the provisions of the law of any State or political
23 subdivision of any State regulating the ownership or
24 conduct of an insurance or surety business in any
25 jurisdiction.

1 (4) EXEMPTION FROM TAXATION.—

2 (A) ON AND BEFORE TRANSITION DATE.—

3 On and before the transition date, the Corpora-
4 tion, the Insurance Corporation, and any other
5 subsidiary of the Corporation, including the
6 franchise, capital, reserves, surplus, securities
7 holdings, and income of the Corporation, the
8 Insurance Corporation, or any such subsidiary
9 shall be exempt from taxation now or hereafter
10 imposed by the United States, any State, or
11 any county, municipality, or local taxing au-
12 thority.

13 (B) AFTER TRANSITION DATE.—After the
14 transition date, the Corporation, the Insurance
15 Corporation, and any other subsidiary of the
16 Corporation, including the franchise, capital, re-
17 serves, surplus, securities holdings, and income
18 of the Corporation, the Insurance Corporation,
19 or any such subsidiary shall be exempt from all
20 taxation now or hereafter imposed by the
21 United States, any State, or any county, mu-
22 nicipality, or local taxing authority in any
23 State, provided that the Corporation, the Insur-
24 ance Corporation and any other subsidiary of

1 the Corporation shall be subject to Federal in-
2 come taxation.

3 **SEC. 10. MANAGEMENT OF THE CORPORATION.**

4 (a) BOARD OF DIRECTORS.—

5 (1) NUMBER AND APPOINTMENT.—Subject to
6 the provisions of section 13, the Corporation shall
7 have a board of directors consisting of 12 members,
8 9 of whom shall be appointed by the President.

9 (2) REQUIRED EXPERTISE.—The President
10 shall appoint individuals to the board of directors of
11 the Corporation with a demonstrated experience and
12 expertise in the general field of infrastructure
13 project development, finance, or related disciplines.

14 (3) ADDITIONAL SELECTION CRITERIA.—The
15 President shall ensure that, of the nonofficer direc-
16 tors appointed to the board of directors, a minimum
17 of 6 shall be selected from among representatives of
18 the private sector, of which—

19 (A) 2 shall be representatives of organized
20 labor; and

21 (B) 2 shall be individuals involved in the
22 field of public-private infrastructure finance and
23 related disciplines.

24 (4) CONSULTATION WITH THE NATIONAL GOV-
25 ERNORS' CONFERENCE.—The President shall select

1 2 of the nonofficer directors to be appointed to the
2 board of directors after consulting with and consid-
3 ering the recommendations of the National Gov-
4 ernors' Conference.

5 (5) APPOINTMENT OF OFFICERS TO THE
6 BOARD.—A majority of the nonofficer members of
7 the board shall appoint the president of the Corpora-
8 tion who shall serve on the board of directors. The
9 president of the Corporation shall select 2 executive
10 officers to be appointed to the board, subject to con-
11 firmation by a majority of the board.

12 (6) TERMS.—

13 (A) PRESIDENTIAL APPOINTEES.—Each
14 director appointed by the President shall be ap-
15 pointed for a term of 4 years, except as pro-
16 vided in subparagraph (B).

17 (B) INITIAL PRESIDENTIAL AP-
18 POINTEES.—As designated by the President, of
19 the directors first appointed by the President—

20 (i) $\frac{1}{3}$ shall be appointed for a term of
21 2 years;

22 (ii) $\frac{1}{3}$ shall be appointed for a term
23 of 3 years; and

24 (iii) $\frac{1}{3}$ shall be appointed for a term
25 of 4 years.

1 (C) OFFICER DIRECTORS.—Officer direc-
2 tors of the Corporation shall serve for a period
3 of 1 year or until they cease to be an officer of
4 the Corporation.

5 (D) INTERIM APPOINTMENTS.—Any direc-
6 tor appointed to fill a vacancy occurring before
7 the expiration of the term for which the direc-
8 tor's predecessor was appointed shall be ap-
9 pointed only for the remainder of that term.

10 (E) CONTINUATION OF SERVICE.—A direc-
11 tor may serve after the expiration of that direc-
12 tor's term until a successor has taken office.

13 (7) VACANCIES.—A vacancy in the board of di-
14 rectors shall be filled in the manner in which the
15 original appointment was made.

16 (8) REAPPOINTMENT.—

17 (A) PRESIDENTIAL APPOINTEES.—Mem-
18 bers of the board of directors appointed by the
19 President may be reappointed by the President,
20 consistent with the requirements of this section.

21 (B) OFFICER DIRECTORS.—The president
22 of the Corporation shall be reappointed to the
23 board by the nonofficer directors for so long as
24 such individual continues to serve as president
25 of the Corporation. Officer directors of the

1 board selected by the president of the Corpora-
2 tion may be reappointed by the president of the
3 Corporation, consistent with the requirements
4 of this section.

5 (9) REMOVAL.—

6 (A) PRESIDENTIAL APPOINTEES.—A direc-
7 tor appointed by the President shall be subject
8 to removal only for cause.

9 (B) OFFICER DIRECTORS.—Officer direc-
10 tors of the Corporation shall be subject to re-
11 moval from the board in the discretion of a ma-
12 jority of the board, except that the president of
13 the Corporation shall continue to serve on the
14 board for so long as he or she serves as presi-
15 dent of the Corporation.

16 (10) QUORUM.—7 directors shall constitute a
17 quorum.

18 (11) CHAIRPERSON.—The chairperson of the
19 board of directors shall be selected by a majority of
20 the board from among the nonofficer directors of the
21 board, and shall serve for a period of 1 year, or until
22 a new chairperson is selected.

23 (12) STATUS AND COMPENSATION OF BOARD
24 MEMBERS.—

1 (A) NONOFFICER DIRECTORS.—Members
2 of the board of directors who are not officers of
3 the Corporation shall serve on a part-time basis
4 and shall receive a per diem, when engaged in
5 the actual performance of Corporation business,
6 plus reasonable reimbursement for travel, sub-
7 sistence and other necessary expenses incurred
8 in the performance of their duties.

9 (B) OFFICER DIRECTORS.—Members of
10 the board of directors who are officers of the
11 Corporation shall not be entitled to receive any
12 salary or other compensation for services as a
13 director of the Corporation, but may receive
14 reasonable reimbursement for travel, subsist-
15 ence and other necessary expenses incurred in
16 the performance of their duties as directors of
17 the Corporation.

18 (13) CONFLICTS OF INTEREST.—

19 (A) IN GENERAL.—Nonofficer directors
20 shall have no responsibility for, and shall not
21 seek to influence, any decision of the independ-
22 ent investment committee established pursuant
23 to section 8(h).

24 (B) CONSULTATION.—Notwithstanding
25 subparagraph (A), the investment committee

1 may, in the committee’s discretion and on the
2 committee’s own initiative, consult with the
3 board of directors as the committee sees fit.

4 (C) LIMITATION ON CONSULTATION.—No
5 nonofficer director of the Corporation who has,
6 or is affiliated with a person who has, an inter-
7 est in any project under consideration for as-
8 sistance under this Act shall participate in any
9 consultation under subparagraph (B) with re-
10 spect to such project.

11 (14) MEETINGS.—The board of directors shall
12 meet at any time pursuant to the call of the chair-
13 person or a majority of the directors and as provided
14 by the bylaws of the Corporation, but not less than
15 once each calendar quarter.

16 (15) DUTIES.—In addition to any duties estab-
17 lished under this Act and the bylaws of the Corpora-
18 tion, the board of directors shall determine the gen-
19 eral policies which shall govern the operations of the
20 Corporation in accordance with this Act.

21 (16) DELEGATION OF AUTHORITY.—The board
22 of directors may delegate duties and powers of the
23 board to such committees of the board as the board
24 may determine to be appropriate.

25 (b) OFFICERS OF THE CORPORATION.—

1 (1) PRESIDENT OF THE CORPORATION.—The
2 president of the Corporation shall be the chief execu-
3 tive officer of the Corporation, with such executive
4 functions, powers, and duties as may be prescribed
5 by this Act, the bylaws, or the board of directors.

6 (2) APPOINTMENT OF OFFICERS.—The presi-
7 dent of the Corporation shall, with the approval of
8 a majority of the board, appoint qualified individuals
9 to such executive officer positions as may be pro-
10 vided for in the bylaws of the Corporation, and shall
11 define their duties. The president may appoint, re-
12 move, fix the compensation of, and define the duties
13 of other officers as provided in the bylaws.

14 (3) COMPENSATION.—The compensation of the
15 president and the executive officers of the Corpora-
16 tion shall be determined by the board of directors of
17 the Corporation, in the discretion of the board of di-
18 rectors.

19 (4) CONFLICTS OF INTEREST.—Officers of the
20 Corporation shall not participate in any review or
21 decision affecting a project under consideration for
22 assistance under this Act if such officer has, or is
23 affiliated with a person who has, an interest in such
24 project.

1 (5) REMOVAL.—Any executive officer of the
2 Corporation may be removed in the discretion of a
3 majority of the board of directors.

4 **SEC. 11. MANAGEMENT OF THE INSURANCE CORPORATION.**

5 (a) BOARD OF DIRECTORS.—

6 (1) NUMBER AND ELECTION.—Subject to the
7 provisions of section 13, the Insurance Corporation
8 shall have a board of directors consisting of 12
9 members elected by the stockholders of the Insur-
10 ance Corporation.

11 (2) INITIAL APPOINTMENT OF DIRECTORS.—
12 The initial directors of the Insurance Corporation
13 shall be appointed by the board of directors of the
14 Corporation.

15 (3) REQUIRED EXPERTISE.—The board shall be
16 comprised of individuals who have a demonstrated
17 expertise and experience in the field of credit en-
18 hancement or insurance and related disciplines, a
19 minimum of 9 of whom shall be selected from among
20 representatives of the private sector.

21 (4) TERMS.—

22 (A) IN GENERAL.—Each director shall be
23 elected or appointed for a term of 2 years, ex-
24 cept as provided in subparagraph (B).

1 (B) INTERIM APPOINTMENTS.—Any direc-
2 tor elected or appointed to fill a vacancy occur-
3 ring before the expiration of the term for which
4 the director’s predecessor was appointed shall
5 be elected or appointed only for the remainder
6 of that term.

7 (C) CONTINUATION OF SERVICE.—A direc-
8 tor may serve after the expiration of that direc-
9 tor’s term until a successor has taken office.

10 (5) VACANCIES.—A vacancy in the board of di-
11 rectors shall be filled in the manner in which the
12 original appointment was made, except that the by-
13 laws may provide for the appointment by the board
14 of directors of a director to fill a vacancy occurring
15 before the expiration of the term for which the direc-
16 tor’s predecessor was elected or appointed.

17 (6) QUORUM.—7 directors shall constitute a
18 quorum.

19 (7) CHAIRPERSON.—

20 (A) ELECTION.—The chairperson of the
21 board of directors shall be elected by the board
22 of directors from among the directors on the
23 board.

1 (B) TERM.—The term of office of the
2 chairperson shall be 1 year or until a new chair-
3 person is elected.

4 (8) STATUS AND COMPENSATION OF BOARD
5 MEMBERS.—Members of the board of directors shall
6 serve on a part-time basis and shall receive a per
7 diem, when engaged in the actual performance of In-
8 surance Corporation business, plus reasonable reim-
9 bursement for travel, subsistence and other nec-
10 essary expenses incurred in the performance of their
11 duties.

12 (9) CONFLICTS OF INTEREST.—

13 (A) IN GENERAL.—Nonofficer directors
14 shall have no responsibility for, and shall not
15 seek to influence, any decision of the independ-
16 ent investment committee established pursuant
17 to section 8(h).

18 (B) CONSULTATION.—Notwithstanding
19 subparagraph (A), the investment committee
20 may, in the committee's discretion and on the
21 committee's own initiative, consult with the
22 board of directors as the committee sees fit.

23 (C) LIMITATION ON CONSULTATION.—No
24 director who has, or is affiliated with any per-
25 son who has, an interest in any project under

1 consideration for assistance under this Act shall
2 participate in any such consultation with re-
3 spect to such project.

4 (10) MEETINGS.—The board of directors shall
5 meet at any time pursuant to the call of the chair-
6 person or a majority of the directors and as provided
7 by the bylaws of the Insurance Corporation, but not
8 less than once each calendar quarter.

9 (11) DUTIES.—In addition to any duties estab-
10 lished under this Act or the bylaws of the Insurance
11 Corporation, the board of directors shall determine
12 the general policies which shall govern the oper-
13 ations of the Insurance Corporation in accordance
14 with this Act.

15 (12) DELEGATION OF AUTHORITY.—The board
16 of directors may delegate duties and powers of the
17 board to such committees of the board as the board
18 may determine to be appropriate.

19 (b) OFFICERS OF THE INSURANCE CORPORATION.—

20 (1) PRESIDENT OF THE INSURANCE CORPORA-
21 TION.—There shall be a position of president of the
22 Insurance Corporation who shall be the chief execu-
23 tive officer of the Insurance Corporation, with such
24 executive functions, powers, and duties as may be

1 prescribed by the bylaws or by the board of direc-
2 tors.

3 (2) APPOINTMENT OF OFFICERS.—The chair-
4 person of the board of directors of the Insurance
5 Corporation shall, with the approval of a majority of
6 the board, appoint a qualified individual to the posi-
7 tion of president of the Insurance Corporation. The
8 president of the Insurance Corporation shall, with
9 the approval of a majority of the board, appoint
10 qualified individuals to such executive officer posi-
11 tions as may be provided for in the bylaws of the In-
12 surance Corporation, and shall define their duties.

13 The president may appoint, remove, fix the com-
14 pensation of, and define the duties of other officers
15 as provided in the bylaws.

16 (3) COMPENSATION.—The compensation of the
17 president and the executive officers of the Insurance
18 Corporation shall be determined by the board of di-
19 rectors of the Insurance Corporation, in the discre-
20 tion of the board of directors.

21 (4) CONFLICTS OF INTEREST.—Officers of the
22 Insurance Corporation shall not participate in any
23 review or decision affecting a project under consider-
24 ation for assistance under this Act if such officer

1 has, or is affiliated with a person who has, an inter-
2 est in such project.

3 (5) REMOVAL.—Any executive officer of the In-
4 surance Corporation may be removed in the discre-
5 tion of a majority of the board of directors.

6 **SEC. 12. BOARD OF DIRECTOR MEETINGS OPEN TO PUBLIC.**

7 (a) GENERAL.—All meetings of the full board of di-
8 rectors held to conduct the business of the Corporation
9 or the Insurance Corporation shall be open to the public,
10 and shall be preceded by reasonable notice.

11 (b) CLOSED MEETINGS.—Pursuant to such rules as
12 the Corporation and the Insurance Corporation may es-
13 tablish through their bylaws, the respective board of direc-
14 tors may close a meeting of the board if at the meeting
15 there is likely to be disclosed information which could ad-
16 versely affect or lead to speculation relating to an infra-
17 structure project under consideration for assistance under
18 this Act, or in financial or securities or commodities mar-
19 kets or institutions, utilities, or real estate. The deter-
20 mination to close any meeting of either board of directors
21 shall be made in a meeting of such board, open to the
22 public, and preceded by reasonable notice. The respective
23 board of directors shall prepare minutes of any meeting

1 which is closed to the public and make such minutes avail-
2 able as soon as the considerations necessitating closing
3 such meeting no longer apply.

4 **SEC. 13. TRANSITION TO GOVERNMENT-SPONSORED EN-**
5 **TERPRISE.**

6 (a) GENERAL.—Within 5 years after the date of this
7 Act, the Corporation shall prepare a strategic plan for the
8 transition of NIC to a government-sponsored enterprise
9 (as defined in section 3(8) of the Congressional Budget
10 and Impoundment Control Act of 1974) and for the sale
11 or transfer to investors other than the Federal Govern-
12 ment, as set forth in subsection (b), of the voting securi-
13 ties of the Corporation. The Corporation shall revise such
14 transition plan as needed.

15 (b) PLAN; PENSION PLAN PARTICIPATION.—

16 (1) IN GENERAL.—The strategic plan shall in-
17 clude consideration of alternative means for effecting
18 such transition through a broad distribution to long-
19 term investors, including by a public offering of
20 stock or convertible stock or debt.

21 (2) PENSION PLAN PARTICIPATION.—The stra-
22 tegic plan shall include provisions that specify that
23 the initial purchasers of voting securities of the Cor-
24 poration or of nonvoting securities which are con-
25 vertible to such voting securities on the transition

1 date (disregarding any underwriters of such securi-
2 ties) shall be pension plans.

3 (c) MEANS OF TRANSFER.—

4 (1) IN GENERAL.—The strategic plan may call
5 for a phased transfer of ownership or for complete
6 transfer at a single point in time.

7 (2) RULES APPLICABLE IN THE CASE OF A
8 PHASED TRANSITION.—If the plan calls for phased
9 transfer of ownership—

10 (A) such transition shall be deemed to
11 occur when 100 percent of the voting securities
12 of the Corporation have been transferred to or
13 are held by investors other than the Federal
14 Government, and the investment of the Federal
15 Government in the Corporation has been repaid
16 or converted as provided in subsection (h);

17 (B) before the transition date, all equity
18 securities of the Corporation held by investors
19 other than the Federal Government (or any eq-
20 uity security into which any other security is
21 convertible) shall be nonvoting securities; and

22 (C) on and after the transition date, non-
23 voting equity securities of the Corporation held
24 by investors other than the Federal Government
25 (or into which other securities are convertible)

1 may, in accordance with the terms of such secu-
2 rities, be converted or become convertible into
3 voting securities.

4 (d) REQUIREMENT OF PRESIDENTIAL APPROVAL.—

5 The Corporation may not implement the transition plan
6 without the approval of the President, and shall seek re-
7 approval if the plan is materially altered.

8 (e) NOTIFICATION OF CONGRESS.—

9 (1) IN GENERAL.—The Corporation shall notify
10 the Congress of—

11 (A) the Corporation’s intent to implement
12 the transition plan; and

13 (B) any material alteration of a transition
14 plan previously submitted to the Congress.

15 (2) REPORT.—Within 30 days of any notifica-
16 tion of the Congress under paragraph (1), the
17 Comptroller General of the United States shall sub-
18 mit a report to Congress evaluating the extent to
19 which—

20 (A) the transition plan (as then modified)
21 would result in ongoing obligations (other than
22 contemplated by subsection (h)) or undue cost
23 to the Federal Government; and

1 (B) the cash proceeds (or projected range
2 thereof) to be provided to the Federal Govern-
3 ment, or the securities proposed to be received
4 in exchange for the investment of the Federal
5 Government in the Corporation or portion
6 thereof, represents the full recoupment of such
7 investment (after taking into account any divi-
8 dends paid to the Federal Government).

9 (f) CONGRESSIONAL REVIEW.—The Corporation may
10 implement the plan not less than 60 days after notification
11 of the Congress, if the approval of the President referred
12 to in subsection (d) has been received.

13 (g) DEPOSIT OF PROCEEDS.—Any cash proceeds re-
14 ceivable by the Federal Government pursuant to this sec-
15 tion shall be deposited in the general fund of the Treasury.

16 (h) CONVERSION OF FEDERAL GOVERNMENT IN-
17 VESTMENT.—Upon the implementation of the transition
18 plan, the voting equity securities of the Corporation held
19 by the Federal Government or, in the case of a phased
20 transition, that portion of the voting equity securities
21 which are subject to such phase shall be repurchased by
22 the Corporation or converted to long-term subordinated
23 debt securities having a par amount not less than the
24 amounts appropriated pursuant to section 18 and subject

1 to such phase, or a combination thereof, as contemplated
2 by such plan.

3 (i) BOARD OF DIRECTORS.—

4 (1) CORPORATION.—

5 (A) INITIAL BOARD.—Before the end of
6 the 120-day period beginning on the transition
7 date, a special meeting of the stockholders of
8 the Corporation shall be held, at which all di-
9 rectors of the Corporation shall be elected to
10 serve a 1-year term or until any such director's
11 successor has been elected.

12 (B) NOMINATION; SELECTION CRITERIA.—
13 The candidates for election to the board of di-
14 rectors under paragraph (1) shall be nominated
15 by the existing board of directors and 4 of such
16 candidates shall be nominated in accordance
17 with the selection criteria set out in section
18 10(a)(3).

19 (C) SUBSEQUENT BOARDS.—After the 1st
20 election of a board of directors pursuant to sub-
21 paragraph (A), the directors shall be elected
22 and subject to removal by the stockholders of
23 the Corporation, as provided in the District of
24 Columbia Business Corporation Act, except that
25 the nomination of candidates for each election

1 of the board of directors shall continue to re-
2 flect the requirements of section 10(a)(3).

3 (2) INSURANCE CORPORATION.—

4 (A) INITIAL BOARD.—Promptly following
5 the special meeting of the stockholders of the
6 Corporation pursuant to paragraph (1), a spe-
7 cial meeting of the stockholders of the Insur-
8 ance Corporation shall be held, at which all di-
9 rectors or the Insurance Corporation shall be
10 elected to serve a 1-year term or until any such
11 director's successor has been elected.

12 (B) SUBSEQUENT BOARDS.—After the 1st
13 election of a board of directors pursuant to sub-
14 paragraph (A), the directors shall be elected
15 and subject to removal by the stockholders of
16 the Insurance Corporation, as provided in the
17 District of Columbia Business Corporation Act.

18 (j) TRANSMITTAL OF FINAL PLAN AFTER COMPLE-
19 TION.—The Corporation shall transmit copies of the final
20 strategic plan for transition to the President and the Con-
21 gress upon completion of such transition.

1 **SEC. 14. STATUS AND APPLICABILITY OF CERTAIN FED-**
2 **ERAL LAWS.**

3 (a) **BEFORE THE TRANSITION DATE.**—Before the
4 transition date, the Corporation, the Insurance Corpora-
5 tion, and any other subsidiary of the Corporation, shall—

6 (1) not be agencies of the United States; and

7 (2) comply with all Federal laws regulating the
8 budgetary and auditing practices of a government
9 corporation, except as otherwise provided in this Act.

10 (b) **SUBSEQUENT TO THE TRANSITION DATE.**—On
11 and after the transition date, the Corporation, the Insur-
12 ance Corporation, and any other subsidiary of the Cor-
13 poration shall not be considered to be an agency, instru-
14 mentality, or establishment of the United States Govern-
15 ment or a government corporation or a government-con-
16 trolled corporation, for purposes of any Federal law, ex-
17 cept as otherwise provided in this Act.

18 (c) **AUTHORIZED INVESTMENTS AND SECURITY.**—All
19 obligations issued by the Corporation shall be authorized
20 investments for any person created under the laws of the
21 United States or any State to the same extent that the
22 person may hold or invest in obligations issued by or guar-
23 anteed as to principal or interest by the United States or
24 any agency or instrumentality of the United States.

25 (d) **EFFECT OF AND EXEMPTIONS FROM OTHER**
26 **LAWS.**—

1 (1) EXEMPT SECURITIES.—All equity and debt
2 securities and other obligations issued by the Cor-
3 poration or the Insurance Corporation pursuant to
4 this Act shall be deemed to be exempt securities
5 within the meaning of laws administered by the Se-
6 curities and Exchange Commission to the same ex-
7 tent as securities which are direct obligations of, or
8 obligations fully guaranteed as to principal or inter-
9 est by, the United States.

10 (2) OPEN MARKET OPERATIONS AND STATE
11 TAX EXEMPT STATUS.—The obligations of the Cor-
12 poration shall be deemed to be obligations of the
13 United States for the purposes of the provision des-
14 ignated as (b)(2) of the 2nd undesignated paragraph
15 of section 14 of the Federal Reserve Act and section
16 3124 of title 31, United States Code.

17 (3) NO PRIORITY AS A FEDERAL CLAIM.—The
18 priority established in favor of the United States by
19 section 3713 of title 31, United States Code, shall
20 not apply with respect to any indebtedness of the
21 Corporation or the Insurance Corporation.

22 (e) FEDERAL RESERVE BANKS AS DEPOSITARIES,
23 CUSTODIANS, AND FISCAL AGENTS.—The Federal reserve
24 banks may act as depositaries for, or custodians or fiscal
25 agents of, the Corporation and the Insurance Corporation.

1 (f) ACCESS TO BOOK-ENTRY SYSTEM.—The Sec-
2 retary may authorize the Corporation and the Insurance
3 Corporation to use the book-entry system of the Federal
4 reserve system.

5 **SEC. 15. COMPLIANCE WITH DAVIS-BACON ACT.**

6 NIC shall take such action as may be necessary to
7 ensure that projects assisted in whole or in part under
8 the provisions of this Act shall incorporate a provision re-
9 quiring in any contract relating to any construction, recon-
10 struction, rehabilitation, replacement, or expansion of
11 such project, that not less than the wages prevailing in
12 the locality, as predetermined by the Secretary of Labor
13 pursuant to the Act of March 3, 1931 (40 U.S.C. 276a;
14 commonly referred to as the “Davis-Bacon Act”) shall be
15 paid to all laborers and mechanics employed to perform
16 such contracts.

17 **SEC. 16. OBLIGATIONS NOT FEDERALLY GUARANTEED;**
18 **STATE LAWS.**

19 (a) STATUS OF SECURITIES.—

20 (1) NO FULL FAITH AND CREDIT OF THE
21 U.S.—Obligations of the Corporation or the Insur-
22 ance Corporation, and obligations insured by any
23 such corporation shall not be obligations of, or guar-
24 anteed as to principal or interest by, the United

1 States or any agency of the United States and the
2 obligations shall so plainly state.

3 (2) FINANCING NOT TREATED AS U.S. GUARAN-
4 TEE.—The provision of assistance of any kind or na-
5 ture from NIC shall not be treated as a direct or in-
6 direct guarantee of any payment of principal or in-
7 terest on any security by the United States for pur-
8 poses of section 149(b) of the Internal Revenue
9 Code of 1986 or any other law.

10 (b) STATE LAWS.—The receipt by any entity of any
11 assistance under this Act, directly or indirectly, and any
12 financial assistance provided by any governmental entity
13 in connection with such assistance under this Act shall be
14 valid and lawful notwithstanding any State or local restric-
15 tions regarding extensions of credit or other benefits to
16 private persons or entities, or other similar restrictions.

17 **SEC. 17. AUDITS; REPORTS TO THE PRESIDENT AND THE**
18 **CONGRESS.**

19 (a) ACCOUNTING.—The books of account of NIC
20 shall be maintained in accordance with generally accepted
21 accounting principles and shall be subject to an annual
22 audit by independent public accountants of nationally rec-
23 ognized standing.

24 (b) REPORTS.—NIC shall submit to the President
25 and the Congress, within 90 days after the end of each

1 fiscal year, a complete and detailed report with respect
2 to the preceding fiscal year, setting forth—

3 (1) a summary of NIC's operations, for such
4 preceding fiscal year;

5 (2) NIC's financial statements and the opinion
6 with respect thereto prepared by the independent
7 public accountant reviewing such statements and a
8 copy of any report made on an audit conducted
9 under subsection (a) of this section;

10 (3) a schedule of NIC's obligations and capital
11 securities outstanding at the end of such fiscal year,
12 with a statement of the amounts issued and re-
13 deemed or paid during such fiscal year; and

14 (4) the status of projects receiving funding or
15 other assistance pursuant to this Act, including dis-
16 closure of all entities with a development, ownership,
17 or operational interest in such projects.

18 (c) BOOKS AND RECORDS.—

19 (1) IN GENERAL.—NIC shall maintain adequate
20 books and records to support the financial trans-
21 actions of the Corporation, the Insurance Corpora-
22 tion, and subsidiaries of such corporations.

23 (2) AUDITS BY THE SECRETARY AND GAO.—
24 The books and records of NIC shall be maintained

1 in accordance with recommended accounting prac-
2 tices and shall be open to inspection by the Sec-
3 retary and the Comptroller General of the United
4 States.

5 **SEC. 18. AUTHORIZATIONS.**

6 (a) APPROPRIATIONS AUTHORIZED FOR ESTABLISH-
7 MENT.—There are hereby authorized to be appropriated
8 to the Secretary \$30,000,000 for the purpose of facilitat-
9 ing the NIC’s initial operations.

10 (b) APPROPRIATIONS AUTHORIZED FOR CONDUCT OF
11 BUSINESS OF NIC.—There are authorized to be appro-
12 priated to the Secretary \$1,000,000,000 for each of the
13 fiscal years 1998 through 2000 to make the capital con-
14 tributions in accordance with section 9(a)(1)(A) for the
15 purpose of carrying out this Act.

16 (c) ESTABLISHMENT OF NIC ACCOUNT.—Before the
17 transition date, the funds appropriated under subsection
18 (b) shall be deposited in an account to be established in
19 the Treasury of the United States to be known as the
20 “National Infrastructure Development Corporation Ac-
21 count”, which shall be available to the Corporation, with-
22 out need for further appropriation and without fiscal year
23 limitation, for carrying out its purposes, functions and
24 powers, including the investment and reinvestment of
25 these funds as permitted in this Act, and which shall not

1 be subject to apportionment under subchapter II of chap-
2 ter 15 of title 31. The Secretary of the Treasury, in con-
3 sultation with the board of directors of the Corporation,
4 shall invest amounts in the account in public debt securi-
5 ties with maturities suitable to the needs of the account
6 and bearing interest at rates determined by the Secretary,
7 taking into consideration current market yields on out-
8 standing marketable obligations of the United States of
9 comparable maturities.

10 **SEC. 19. PROHIBITION ON ADDITIONAL FEDERAL ASSIST-**
11 **ANCE.**

12 Except as otherwise specifically provided by sections
13 13 and 18, NIC shall receive no appropriations, loans, or
14 other financial assistance from the Federal Government.

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