

THE WHITE HOUSE
WASHINGTON

December 20, 1976

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR: JIM CANNON
FROM: JIM CONNOR *JEC*
SUBJECT: Expo '81 -- a World's Fair proposed
to be held in Ontario, Canada

The President reviewed your memorandum of December 17 on the above subject and approved the following:

Option #1 - Grant Recognition.

To implement this decision, the President signed the following documents:

Letter to Secretary of Commerce granting recognition but asking him to monitor the progress of EXPO '81 developments,

Letter to Secretary of State asking him to inform BIE that recognition has been granted to EXPO '81.

In addition, a Presidential Statement was signed which grants recognition but specifies conditions which need to be met to retain recognition.

With a copy of this memorandum, the signed documents are being given to Robert Linder for appropriate handling.

Please follow-up with any other action that is necessary.

cc: Dick Cheney
Robert Linder

8/2/18/76

DECISION

THE WHITE HOUSE
WASHINGTON

December 17, 1976

MEMORANDUM FOR THE PRESIDENT

FROM:

JIM CANNON *JC*

SUBJECT:

Decision Memorandum on EXPO '81

I apologize for the length of the attached memorandum. However, the issue is more complicated than it appears and has generated diverse recommendations among your advisors.

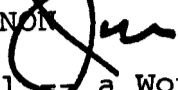
Therefore, I felt you should have a complete explanation of the issue in order to make your decision.

Attachment

THE WHITE HOUSE
WASHINGTON

December 17, 1976

MEMORANDUM TO THE PRESIDENT

FROM: JIM CANNON 

SUBJECT: Expo '81 -- a World's Fair proposed to be held in Ontario, California

The purpose of this memorandum is to seek your decision on whether or not to grant Federal recognition to Expo '81 -- a proposed international exposition to be held in Ontario, California, in 1981.

I. BACKGROUND

On November 16, a brief decision memorandum was sent to you regarding EXPO '81. There was some urgency at that time because of a November 17 meeting in Paris of the Bureau of International Expositions (BIE), the international organization which registers events of this time. Our understanding at the time was that Presidential "recognition" was required before the BIE could officially register Expo '81. Since the next scheduled BIE meeting was in April of 1977, Expo '81 appeared to face a six-month delay if Presidential recognition were not forthcoming by November 17.

Your recognition was not granted. The BIE, however, took the apparently unprecedented step of granting its approval anyway -- contingent upon subsequent Presidential recognition. That is where the matter now stands.

At your request we have, since then, been collecting additional information. Members of my staff have met with representatives of the group promoting Expo '81 (including its Board Chairman, General James Doolittle). In addition, discussions have been held with a variety of interested parties including persons in the Commerce Department responsible for studying the viability of the Fair.

The following is additional background which may prove helpful in your determination of whether or not to grant recognition to Expo '81.

II. LEGAL REQUIREMENTS

A. Federal recognition

P.L. 91-296 establishes uniform standards under which the President shall "recognize international expositions proposed to be held in the United States." Recognition of such expositions is not required, but is very important to their success because it permits international registration and can lead to direct Federal participation in the exposition. Under the law, the President can grant recognition after considering:

- (1) A report from the Secretary of Commerce which includes "a determination that guaranteed financial and other support has been secured by the exposition from affected State and local governments and from business and civic leadership of the region and others, in amounts sufficient in his judgment to assure the successful development and progress of the exposition";
- (2) A report by the Secretary of State that the proposed exposition qualifies for consideration for BIE registration; and
- (3) "Such other evidence as the President may consider appropriate."

B. Withdrawal of recognition.

The statute permits the President to "withdraw recognition or participation whenever he finds that continuing recognition or participation would be inconsistent with the national interest and with the purposes of this Act."

C. Federal participation in international expositions.

The Federal Government may participate only with Congressional authorization. It is expected that if authority is granted, an estimated \$20-25 million appropriation would be required to finance a U.S. pavilion.

III. EXPO '81

A. Background.

Expo '81 would be the first "Category 1" exposition to be held in the U.S. since 1939. Its theme would be "People to People -- Pathway to Understanding."

It would celebrate the bicentennial of Los Angeles, although it would be held in Ontario, California (San Bernardino County), about 40 miles east of Los Angeles. It would be built on the 697 acre site of the near bankrupt Ontario Motor Speedway, an Indianapolis size raceway constructed at a cost of \$25 million in 1969.

B. Site selection.

The Ontario site was selected principally because no suitable and affordable site could be found within Los Angeles County and because the Speedway already has an infrastructure (parking, utilities, sewers, administration buildings, etc.) sufficient to handle many of EXPO's needs.

C. Financing

The proposed financial plan for EXPO '81 includes the following elements to provide the projected \$39 million cash requirements through 1980:

1. A \$7 million loan to EXPO '81 to purchase the Raceway and provide operating capital. The loan would be secured by title to the Raceway. (A New York investment firm, Allen and Company, has committed these funds.)
2. A proposed \$35 million State of California revenue bond issue secured by sales taxes in Los Angeles County and adjacent counties. The proceeds of this issue would be loaned to EXPO '81 for operating capital. (No state action has yet been taken on this matter.)
3. Commitments from the cities of San Bernadino and Ontario of \$10,000 each conditional on Presidential recognition, as well as tentative commitments from business groups and other area governments.

4. Fairs of this type also receive significant funding from businesses purchasing certain concessions rights.

D. Local support.

The idea of EXPO '81 has been endorsed by the governors of the thirteen Western states; the California State Senate; Senators Cranston, Tunney, Hatfield, and Hansen; Mayors Tom Bradley and Pete Wilson; the California legislature; City Councils of Los Angeles, and Ontario; and the Board of Supervisors in the Counties of San Bernardino, Orange, San Diego, Ventura, and Kern. Roy Ash and Tex McCrary have also indicated strong support for the project.

E. EXPO '81 principals.

The Chairman of the Board of EXPO '81 is General James Doolittle. Its President is Richard Pittenger, a retired Corporate Vice President of the Farmers Insurance Group and public relations expert. The Executive Vice President is Bill Welsh, a Los Angeles businessman and television sportscaster for 25 years. The other thirteen directors are respected Southern California businessmen who appear to be dedicated to making EXPO '81 a success.

IV. POTENTIAL PROBLEMS

At this time, there appear to be at least two problems with the EXPO '81 proposal.

(1) Lack of adequate financing

The financing package is currently incomplete. The firmest financing component is the \$7 million loan, and even it generates several questions (see below). The \$35 million bond issue requires action by the State of California legislature, and there is no good indication that the legislature is willing to take such action. Other financial support is modest (\$10,000 each from two cities) or only verbally committed. The overall financial uncertainties raise the question of whether or not the proposal meets the financial qualifications required by P.L. 91-269.

(2) Ownership of the Speedway.

The \$7 million loan would permit EXPO '81 to make a purchase offer to the bondholders who own the Speedway. The proposed offer would give holders of Ontario Motor Speedway Corporation bonds a choice of exchanging them at face value for EXPO '81 debentures or receiving cash of 25% of face value. A registration statement for the EXPO '81 debentures has been filed with the SEC and action is pending. However, it is not known whether the bondholders will accept the offer, although it appears likely given the probable alternative of a foreclosure sale of the property.

Speedway ownership raises another difficulty, however. Most (90%) of the existing bonds are unregistered "bearer" bonds, so it is not possible to identify the current bondholders. This situation creates an opportunity for mischief and suggests caution by the Administration, even though there is no evidence of wrongdoing at this time.

V. DECISION OPTIONS

The basic question is whether or not to grant recognition to EXPO '81. In addition, there is the question of what qualifications should accompany your decision. Two options are presented for your consideration:

Option #1. Grant Federal Recognition.

Arguments in favor of this option:

- It is supported by the conclusions of the Commerce Department.
- Recognition can always be withdrawn if serious problems arise in the future.
- Recognition would help EXPO '81 avoid losing momentum and valuable planning time.
- The recognition could be accompanied with a statement describing the conditions which must be met to avoid subsequent withdrawal of the recognition.

Option #2. Withhold Federal Recognition at this time.

Arguments in favor of this option:

- There is inadequate financial backing to justify recognition at this time (the Commerce report states that "the major part of 'guaranteed' financial support . . . is not assured at this time."). A project of this kind should be built from the ground up, with strong local support, rather than from the top down.
- The uncertainties about ownership of the bankrupt Speedway make recognition unnecessarily risky at this time. (SEC approval of EXPO '81's registration statement prior to recognition would be helpful in this regard.)
- The denial can be accompanied with a strong statement which supports the efforts to date and indicates that recognition can be granted when certain conditions are met (e.g. conditional approval by the California State legislature of the \$35 million bond issue, etc.).

VI. STAFF AND AGENCY RECOMMENDATIONS

Secretary Richardson recommends that you grant recognition and indicate that the recognition can be withdrawn if certain conditions are not met. (His letters of November 15 and December 14 are attached at Tab A, and his formal report at Tab G.)

The Secretary of State has determined that the exposition qualifies for international recognition. (Acting Secretary Robinson's letter of October 27, 1976, appears at Tab B.)

Bill Seidman, Max Friedersdorf, and Bob Hartmann recommend that you grant recognition to EXPO '81. Hartmann's statement:

"Why not get credit (California and the West is Ford country) instead of letting Carter, Jerry Brown and Tom Bradley take it all. In addition, Tex McCrary (who's helping to promote EXPO '81) tells me the sub-theme will be our Third Century -- and the President is identified with start of that."

OMB (O'Neill) and Counsel's office (Schmults) recommend that you withhold recognition at this time. OMB notes: "recognition . . . should be withheld pending further review and clarification of the financial problems surrounding the proposal."

Jack Marsh recommends that the question "be deferred without prejudice to the incoming Administration."

VII. RECOMMENDATION

I recommend that you withhold recognition at this time because of the financial uncertainties. I believe this action can be taken with a generally supportive statement which should avoid serious damage to EXPO '81's ultimate prospects for success.

VIII. DECISION

Option #1. Grant Recognition (Supported by Secretary Richardson, Deputy Secretary Robinson, Seidman, and Friedersdorf and Hartmann).

Sign letter at Tab C to Secretary of Commerce which grants recognition but asks him to monitor for you the progress of EXPO '81 developments, and sign letter at Tab D to Secretary of State asking him to inform BIE that recognition has been granted to EXPO '81.

MR 7 Approve _____ Disapprove

In addition, you should sign the statement at Tab E which grants recognition but specifies conditions which need to be met to retain recognition.

MR 7 Approve _____ Disapprove

Option #2. Withhold Recognition at this time (Supported by O'Neill, Schmults, and Cannon).

Sign letter to the Secretary of Commerce at Tab F which is generally supportive but asks that additional conditions be met before recognition can be given.

_____ Approve _____ Disapprove

(All letters and the statement have been cleared by Doug Smith.)



THE SECRETARY OF COMMERCE
Washington, D.C. 20230

NOV 15 1976

The President
The White House
Washington, D. C. 20500

Dear Mr. President:

I am pleased to forward herewith a report on the application of the Expo '81 Corporation of Los Angeles, California, for Federal recognition of an International General Category (Universal) Exposition proposed to be held in the County of San Bernardino, California, on the site of the Ontario Motor Speedway. The report is forwarded pursuant to the provisions of Public Law 91-269 which require a report by the Secretary of Commerce before the President decides whether to grant Federal recognition to any international exposition to be held in the United States.

In addition to the Commerce report, the law requires a report from the Secretary of State as to whether the proposed exposition qualifies for registration by the Bureau of International Expositions (BIE). I understand that Secretary Kissinger is forwarding a favorable report, and will also advise that the BIE has reserved the 1981 date for Expo '81.

I am satisfied that the organizers of Expo '81 have fulfilled, to the extent possible at this time, applicable requirements of Public Law 91-269 and the implementing regulations (15 C.F.R. Part 1202). The theme of the exposition, "People to People--Pathways to Understanding," is appropriate for a Category I exposition. Expo '81 has generated interest in the State of California, the Cities of Los Angeles and Ontario, the Counties of Los Angeles and San Bernardino, and other surrounding communities. The proposal has also received endorsements from regional representatives in the United States Senate and House of Representatives and from Governors of the Western States.



The organizers are working on securing full financial commitments which are necessary to assure the success of Expo '81. At present, for example, there are financial arrangements which are dependent on approval of legislative measures in the State and local governments. There are, additionally, some other unresolved questions raised in the enclosed full report as to the exposition's viability, but the financial implications are the most compelling immediate concern. We believe that with your endorsement through Presidential recognition, and the subsequent registration by the Bureau of International Expositions in Paris, all facets have a reasonable possibility of being resolved.

Accordingly, I do recommend that you find Federal recognition of the proposed Los Angeles exposition in the national interest and that you sanction an official United States request for registration of the event by the BIE. However, the continuation of this Federal recognition should be contingent upon the following conditions:

- o A satisfactory analysis and review of environmental issues through the completion of the final environmental impact statement;
- o Authorization by the State of California of the planned \$35 million bond issue; and
- o Completion of other planned financial arrangements sufficient to develop and operate the exposition.

I further recommend that you authorize me, acting on your behalf, to monitor the fulfillment of these conditions. If they are not satisfied in a timely manner, I will recommend that Federal recognition be withdrawn.

If you concur in the foregoing approach, we will proceed, in cooperation with the Department of State, with an application for BIE registration at the organization's next meeting in Paris on November 17. As part of the application process, we will make clear to our fellow BIE member countries the basis upon which you have accorded Presidential recognition. With that done, should either Federal recognition or BIE registration later have to be rescinded, there will be no attendant embarrassment to either the exposition's sponsors or to the United States Government.

In addition to Federal recognition, the organizers have requested Federal participation in the exposition. Therefore, if you favor Federal recognition, I propose that we proceed with action authorized by Section 3 of the law in the manner recommended in the conclusion of the report. This section calls for preparation by this Department, in cooperation with other Federal departments and agencies at the appropriate time, of a plan for Federal participation in the exposition, for submission by you to the Congress for its consideration. Based upon previous expositions which the Federal Government has participated, I estimate that this would entail a Federal commitment of about \$25 million for construction of a pavilion.

Respectfully,



Elliot L. Richardson

Enclosure



THE SECRETARY OF COMMERCE
Washington, D.C. 20230

DEC 14 1976

The President
The White House
Washington, D. C. 20500

Dear Mr. President:

By letter dated November 15, 1976, I reported to you on the application of the Expo '81 Corporation of Los Angeles, California for Federal recognition of an International General Category I (Universal) Exposition to be held in San Bernardino County, California in 1981. My letter, which recommended that you find recognition of the exposition to be in the national interest, was delivered on an urgent basis because the Bureau of International Expositions (BIE) was at that time meeting in Paris to consider whether to register Expo '81 as an officially sanctioned international exposition.

At that meeting, the BIE decided that Expo '81 would be formally registered at such time as the BIE is notified that Federal recognition has been granted by the President of the United States. Accordingly, a finding by you as recommended in my report is now all that remains to secure formal international ratification.

As I indicated in my November 15 letter, the exposition has already obtained substantial guaranteed support -- financial and otherwise. In my judgment, this support is sufficient reasonably to assure that development and progress in preparation for the exposition will successfully continue. This determination by me satisfies the statutory prerequisite, set forth in section 2(a)(1)(B) of P.L. 91-269, to your finding that Federal recognition would be in the national interest.



As with any project of this magnitude, however, many important tasks necessarily remain to be accomplished. As I noted in my November 15 letter, review of the final environmental impact statement, authorization by California of a \$35 million bond issue, and completion of additional financial arrangements are anticipated events important to the ultimate success of the exposition. If complications should arise with these or other aspects of the preparations for the exposition, it could become appropriate for you or your successor to consider withdrawing Federal recognition. Section 5 of P.L. 91-269 expressly provides that the President may withdraw Federal recognition or participation should he determine that continued recognition or participation would be contrary to the public interest or the purposes of the Act.

Respectfully,



Elliot L. Richardson

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DEPARTMENT OF STATE
WASHINGTON

October 27, 1976

MEMORANDUM FOR: THE PRESIDENT

From: Charles W. Robinson, Acting Secretary *CR*

Subject: Registration of the 1981 Los Angeles
Universal Exposition with the Bureau
of International Expositions (BIE)

In 1975 the organizers of the Los Angeles, California General First Category (Universal) Exposition to be held in 1981 applied to the Departments of Commerce and State for Federal recognition under Public Law 91-269 of May 27, 1970. Federal recognition is necessary in order to obtain official international recognition and to qualify for Federal financial support.

I understand that a comprehensive and favorable study of the Los Angeles project is now in process of being forwarded to you by the Secretary of Commerce.

PL 91-269 requires a finding by the Secretary of State that the proposed exposition "qualifies for consideration of registration" by the BIE. This is the case, as the 1981 date has now officially been reserved by the BIE for a universal exposition to be held near Los Angeles. This action by the BIE now qualifies the exposition for official BIE registration at the next plenary session on November 17, 1976, provided that official U.S. Federal recognition has been obtained before that date.

The Department of State considers the Los Angeles exposition, with the theme of "People to People - Pathways to Understanding," worthy of support.

If it is found that the Los Angeles 1981 Exposition qualifies for Federal recognition, I would appreciate instructions so that the Department of State might proceed promptly with diplomatic action designed to win official BIE registration of Los Angeles at the next BIE meeting on November 17.

THE WHITE HOUSE

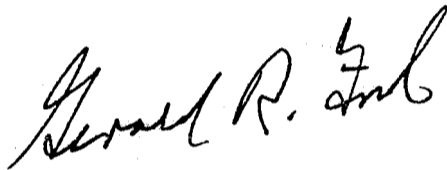
WASHINGTON

Dear Mr. Secretary:

Pursuant to the requirements of P.L. 91-269, I have reviewed your report and recommendations concerning EXPO '81, an International General Category I (Universal) Exposition proposed to be held in the County of San Bernardino, California, on the site of the Ontario Motor Speedway. I have also reviewed your letter of December 14 indicating that the Bureau of International Expositions has decided that EXPO '81 will be formally registered once Federal recognition is granted.

Having reviewed your report and recommendations, I have determined that Federal recognition of EXPO '81 is in the national interest. As your December 14 letter points out, important tasks remain to be accomplished, and I will rely upon you to monitor their completion to assure that EXPO '81 can be successfully developed and executed. I am satisfied, however, that the preparation made and the commitments obtained to date justify my granting Federal recognition. Accordingly, I have asked the Secretary of State to notify the Bureau of International Expositions of the action I have taken today, and I would appreciate your taking the appropriate steps to notify the Congress, in accordance with Section 2(c) of P.L. 91-269.

Sincerely,



The Honorable Elliot L. Richardson
Secretary of Commerce
Washington, D.C. 20230

THE WHITE HOUSE

WASHINGTON

Dear Mr. Secretary:

In accordance with the provisions of P.L. 91-269, I have received a report from the Secretary of Commerce recommending that Federal recognition be granted to EXPO '81, a General Category I (Universal) International Exposition proposed to be held at Ontario, California, in 1981. I have also been advised that at its November 17 meeting in Paris, the Bureau of International Expositions decided that EXPO '81 will be formally registered once Federal recognition is granted.

Having reviewed the report and recommendations of the Secretary of Commerce, I have determined that Federal recognition of EXPO '81 is in the national interest and have today taken action to grant Federal recognition. Accordingly, I would appreciate your instructing the United States delegate to the Bureau of International Expositions to notify the Bureau of my action.

Sincerely,

A handwritten signature in cursive script, reading "Gerald R. Ford". The signature is written in dark ink and is positioned centrally below the "Sincerely," salutation.

The Honorable Henry A. Kissinger
Secretary of State
Washington, D.C. 20520

will be held on the site of the Ontario Motor Speedway on the outskirts of Los Angeles, will celebrate the 200th anniversary of the founding of the City of Los Angeles.

With the support of the American people and the residents of Southern California, Expo '81 will be a great success and a cornerstone marking the beginning of America's "Third Century." I look forward to having the opportunity to visit Expo '81.

Ronald A. Ford

STATEMENT BY THE PRESIDENT

It gives me great pleasure to announce that I have today granted Federal recognition to "Expo '81," a world's fair to be held in San Bernardino County, California. Accordingly, I have directed the Secretary of State to notify the Bureau of International Expositions, which decided at its November 17 meeting in Paris that Expo '81 would be formally registered once it received federal recognition.

Pursuant to P.L. 91-269, the Department of Commerce has evaluated the plans for the exposition, and I have received Secretary Richardson's report recommending that federal recognition to Expo '81 be granted. This report recognizes that other tasks remain to be accomplished -- for example, environmental factors will be further considered upon receipt of public comments on the draft Environmental Impact Statement now being circulated, and additional financial arrangements must still be made, including the planned authorization of a \$35 million bond issue by the State of California. I am satisfied, however, that the preparations made and the commitments obtained to date fully justify my decision to grant federal recognition.

Those who were fortunate enough to visit other recent world's fairs -- in Spokane, in San Antonio, in Seattle, or in Montreal, know the great economic, social and cultural benefits which such an undertaking brings to a region as well as to the Nation. The staging of an exposition requires substantial construction activity and produces a wide variety of other employment opportunities. Expo '81 will attract tourists from across the Nation and around the world who will also visit many of the other attractions throughout that beautiful part of the country. This "world's fair," which

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR

THE SECRETARY OF COMMERCE

SUBJECT: EXPO '81

I am impressed with the quality of work done to date by the EXPO '81 organizers. Their vision and commitment have produced the ground work for an international exposition which could bring economic, social, and cultural benefits to both the region and the Nation.

However, I do not believe that the EXPO '81 planning process has yet reached the point where it merits Federal recognition. I refer specifically to the concerns you expressed regarding the financing of EXPO '81.

I understand that final commitments on elements of the financing package may be contingent on Federal recognition being granted. I do believe, however, that the financial arrangements should progress further (particularly the \$35 million State of California bond issue) before recognition is granted.

Therefore, in your communications to the EXPO '81 organizers, I would appreciate your informing them of my overall support for EXPO '81. Be as specific as possible in instructing them about additional steps they should take in order to secure recognition.