

MINUTE ITEM

1. LONG BEACH FAIR - L.B.W.O. 10,182.

Commissioner Cranston read the following statement into the record:

"This statement is in regard to the Long Beach Fair. This fair could be a great economic and cultural asset to the State of California under proper circumstances. There is a large degree of confusion about the fair and the relationship of the Lands Commission and tidelands oil fund in financing this fair, and therefore at this time it would seem appropriate to clear the air a bit on this matter and so I have a written statement on the subject.

"I believe it should be noted for the record that no matter concerning the Long Beach International Exposition is or has been before the Lands Commission for official consideration or action.

"Despite the repeatedly expressed concern of the Commission that premature reliance was being placed upon a financing plan open to major legal objections and subject to possible disapproval by the Commission on other grounds, the Exposition's management has apparently continued to act on the assumption of eventual approval without ever making a formal request to the Commission for approval.

"The fact is that we have been advised only that at some future, unspecified date a plan will be submitted to us which, in effect, would underwrite the financing of the fair by pledging tidelands oil trust funds against any loss that might be sustained by entrepreneurs who are now putting risk money into this venture.

"We are aware, too, that a ballot proposition has been submitted to the people of Long Beach, and been approved by them, which would authorize the actual investment of tidelands oil revenues in the fair. This could not be done without Lands Commission approval.

"In order to avoid misunderstanding and to expedite clarification of these matters, whether they are brought to us officially or not, we have asked the Attorney General for his opinion on the legality of any proposal to use tidelands funds for these purposes.

"The legal question is not the only possible basis for disapproval by the Lands Commission, however. Unfavorable and unverified reports have been reaching our ears for some weeks concerning the operation and financial condition of the proposed World's Fair. We have heard stories that management representatives, or individuals allegedly speaking for management, have implied that Commission approval of whatever plan is ultimately submitted by the Fair is a certainty. That is far from the truth.

"Outside the area of unverified reports, there is the factual analysis by the City Auditor of Long Beach of the Fair management's bookkeeping methods and procedures. This report reveals certain highly unsatisfactory conditions and is of deep concern to us.

"I have made this statement in order to clarify the present situation and to serve as public notice that this Commission has not only not approved -- either formally or informally -- any financing plans of the Long Beach International Exposition, but that it feels there are critically important questions of legality, management and public policy yet to be answered."