

THE PLAN OF TEXAS
CENTENNIAL CENTRAL
EXPOSITION,

A CORPORATION, FOR REFINANCING ITS
INDEBTEDNESS AND FOR HOLDING AN
EXPOSITION IN 1937.



**NOTICE TO ITS CREDITORS CONCERNING
THE PLAN OF TEXAS CENTENNIAL CENTRAL EXPOSITION,
A CORPORATION, FOR REFINANCING ITS INDEBTEDNESS
AND FOR HOLDING AN EXPOSITION IN 1937**

Dallas, Texas,
November 14, 1936.

TO THE CREDITORS OF TEXAS CENTENNIAL CENTRAL EXPOSITION:

As the end of the 1936 Exposition approaches, prompt determination on a plan under which an exposition can be conducted in 1937 is necessary, if an exposition is to be held in 1937. If no 1937 Exposition is held, the right to the use and possession of the Exposition premises will revert to the State Fair of Texas. Under such circumstances, the creditors of Texas Centennial Central Exposition may expect to receive little additional payments, if any. Texas Centennial Central Exposition retains an option, however, for use of the Exposition premises in 1937, which, with the consent of the City of Dallas and its Park Board, may be exercised for the conduct of another exposition. It is with the hope that with most of the construction costs paid, a profit will be realized from 1937 operations which will be applied to its outstanding indebtedness, that this plan is submitted by the Exposition Corporation.

The indebtednesses of the Exposition Corporation include a claim by the State of Texas, in the sum of \$100,000, payment of which, for reasons explained in Paragraph A below, may never be required; the bonds of the Corporation which, when the bond subscriptions are fully paid, will total in principal amounts \$1,808,000; the unpaid balance of \$500,000 (estimated as of the time of the close of the 1936 exposition) on the notes secured by the trust agreement pledging a share of the cash gate receipts and of percentages received from concessionaires; other notes, vouchers and accounts payable (estimated as of the time of the closing of the 1936 Exposition) in the amount of approximately \$750,000; and finally, contingent liabilities involved in pending litigation wherein parties are claiming damages against the Exposition Corporation, which are not admitted by it, the amounts claimed exceeding \$300,000. It is believed by the management that judgments against the Corporation in these last mentioned suits, if any, will probably be in small amounts.

In addition to the franchise right to conduct a 1937 Exposition, the value of which will depend upon the working out of some plan for financing the same, the assets of the Exposition Corporation at the time of closing the 1936 Exposition will consist of some cash; a large part of this, if the plan is adopted, would be used in the payment of the principal amounts due in 1936 on the State Fair of Texas 6% Stadium Bonds, without the payment of which operations of 1937 probably could not be hoped for; the relatively small amount of additional cash, if any, under this plan would be available for the payment of expenses incurred by the Corporation after the closing of the 1936 Exposition and before receipt of additional money to be paid to it under the terms of this plan. Secondly, in addition to cash, the assets at the time of closing the 1936 Exposition will include receivables, the amount ultimately to be collected from which will necessarily be uncertain; and the salvage value, if any, that might be realized if the Exposition Corporation were then to liquidate, disposing of its supplies and the salvage from the demolition of temporary improvements it erected on the premises and is under obligation to demolish when it ceases operations. It is believed that the salvage value would amount to little more than the expense involved

in demolition and cleaning the premises as required by existing contracts. Analysis of these assets and liabilities demonstrates that the creditors' hope for payment must rest upon arrangements for a 1937 Exposition and, to such end, prompt agreement on a plan for refinancing or reorganization.

According to the terms of this plan, a creditable 1937 Exposition would be conducted and upon its conclusion all obligations incurred in connection therewith being paid, the remaining assets of the Exposition Corporation would be reduced to cash and distributed as follows:

(1) One-half, or so much thereof as may be required, would be applied first to the payment ratably of the current creditors of the Exposition Corporation.

(2) The remaining one-half, or so much thereof as may be required, would be applied first to the payment of the amount, if any, which it may be necessary to pay to the State of Texas on its \$100,000 claim and, subject to that, then to the payment ratably of the unpaid balance on the notes heretofore secured under the terms of the trust agreement and which are guaranteed largely by the same people who are expected to advance the new money for financing the 1937 Exposition; release of all security under the terms of the trust agreement insofar as relates to the 1937 gate receipts and percentages from concessionaires being obtained from all holders and guarantors of such notes.

(3) After the payment in full of the items referred to in (1) and (2) above, the remaining assets of the Exposition Corporation would then be applied to the repayment of the sums advanced for financing the 1937 Exposition, and after the payment of these sums in full, then to the payment of the bonds of the Corporation, release of the pledge of all share of the gate receipts for the security of these bonds being a part of the plan.

Representatives of each of the classes of parties at interest having substantial amounts due them, have, in negotiations among themselves and with the Exposition Corporation, indicated their approval of this plan; and in view of its fairness and the opportunity that it affords for a payment to the creditors far in excess of whatever they might receive if the Exposition Corporation were now to liquidate, it is hoped and expected that approval of this plan by the creditors may be promptly had and operations in 1937 under the plan then immediately determined upon.

The general features of the plan only are above outlined; in detail, it is presented to you as follows:

**THE PLAN OF TEXAS CENTENNIAL CENTRAL EXPOSITION,
A CORPORATION, FOR REFINANCING ITS INDEBTEDNESS
AND FOR HOLDING AN EXPOSITION IN 1937**

A. The claim of the State of Texas in the sum of \$100,000. In the Act of the Legislature creating the Texas Centennial Commission the sum of \$100,000 was appropriated for its expenses; in the later Act of the Legislature in which an appropriation for the benefit of the Exposition Corporation was made, a new State Commission was created and it was authorized to contract with the Corporation with reference to the funds to be expended at the Central Exposition. It was provided in such statute that before the other sums appropriated should be available, the Corporation should be required:

“* * * to repay to the State of Texas the \$100,000 appropriation in said Act creating said Commission; provided, however, that Texas Centennial Central Exposition, a corporation, shall legally assume and agree to repay to the State of Texas all of said sum of \$100,000 hereinbefore referred to out of ten per cent of the first gross receipts reported to, and received by, the said Texas Centennial Central Exposition. * * *”

According to the language of the statute, the Corporation agreed to repay said sum. The Corporation is informed, however, that less than \$50,000 of said \$100,000 was expended by the original Commission and that the balance was never withdrawn from the State Treasury but reverted to its general funds and, accordingly, that any obligation to repay the State is reduced to a sum less than \$50,000. Moreover, during the construction of the State of Texas Building the Exposition Corporation contributed \$50,000 towards the completion of such building. It is believed that under the circumstances a satisfactory adjustment of this claim will ultimately be made.

B. The current creditors of the Exposition Corporation. (In this classification are included the notes, vouchers, and accounts payable estimated as of the time of closing the 1936 Exposition, to be in the amount of approximately \$750,000, and any other creditors not specifically dealt with in other paragraphs of this plan.) According to this plan, all of these creditors are requested to agree to accept notes for the principal amounts due them, payable on or before January 31, 1938, without interest; all of these notes are to be secured ratably by a pledge of half of the assets of the Corporation remaining after the payment in full of all obligations incurred in connection with the 1937 Exposition, and are to be payable only out of such share of such remaining assets. All obligations to the payees of these notes for the amounts thereby evidenced shall be extinguished by the payment on their account of the pledged share of the said remaining assets, even if the amounts due on said notes are not thereby fully paid.

C. The existing note issue of the Exposition Corporation heretofore secured by the terms of the trust agreement. (After the payment on these notes of the proceeds of the pledged share of cash gate receipts and percentages received from concessionaires, as paid to the Trustee during the 1936 Exposition, it is estimated that the unpaid balance on these notes will approximate \$500,000.) According to this plan, all of the holders of these notes and all who have underwritten the payment of the same by executing guarantees or agreements to purchase such notes shall be requested to join in agreements extending the maturity of these notes so that they shall be payable on or before January 31, 1938, and agree that the pledged share of gate receipts and of percentages received from concessionaires, insofar as relating to 1937 operations, be released. The second

half of the assets of the Corporation remaining after the payment in full of all obligations incurred in connection with the 1937 Exposition shall be pledged to the payment:

(1) To the satisfaction in full of the indebtedness to the State of Texas finally determined to be due, if any, on account of the said \$100,000 claim referred to in Paragraph A above; and, after the payment of any such sum in full, then—

(2) To the payment ratably on the unpaid balances of the notes issued by the Corporation under the terms of its trust agreement, dated March 20, 1936, as thus extended.

The obligations of the Exposition Corporation, (but not the obligation of those who have executed guaranties or agreements to purchase these notes) on these notes shall be extinguished by the payment on their account of the pledged share of said remaining assets, even if the unpaid balance on said notes is not thereby fully paid. If the indebtednesses secured by half of the remaining assets under the provisions of Paragraph B above are fully paid and there remain any unpaid balances on the items due as referred to in this paragraph, all the remaining assets shall be applied to the payment ratably of the items due as referred to in this paragraph; or, if all of such extended notes are paid and there remain any unpaid balance on the indebtednesses secured under the provisions of Paragraph B, all the remaining assets shall be applied to the payment ratably of the items secured by the provisions of Paragraph B hereof.

D. The new money to be advanced for 1937 operations. It is proposed by this plan that those interested in the conduct of a 1937 Exposition subscribe to a fund, which it is believed can be raised, of approximately \$250,000 in cash. These subscriptions shall be payable to three trustees to be selected by the subscribers to this fund; these trustees shall be vested with the discretion whether to turn said funds over to the Corporation for its use in completing its plans for the 1937 Exposition, or to pay such bills incurred for such purposes as the trustees may, in their discretion, approve. It shall be provided in the subscription blank and agreed by all who approve this plan, that these trustees shall be under no personal liability of any sort, excepting only in the event of their bad faith, such trustees being under no duty but to exercise their own judgment in good faith. Those who subscribe to this fund shall receive notes of the Exposition Corporation due on or before January 31, 1938, expressly providing that such notes shall not be paid unless and until all obligations incurred in connection with the 1937 Exposition are paid, and also the notes given to current creditors as referred to in Paragraph B hereof, and any obligation to the State of Texas and the unpaid balances on the notes as referred to in Paragraph C herein; such notes also expressly providing that they shall be payable only out of remaining assets of the Corporation after the payment of such prior obligations, and that the obligations of the Exposition Corporation on them shall be extinguished if there are no assets remaining after the payments on such prior obligations, or whenever after the payment of all such prior obligations the remaining assets are applied ratably to the payment of such notes.

E. The holders of bonds of the Corporation. According to this plan, all of the holders of bonds issued by the Exposition Corporation are requested to waive all security under the terms of the trust indenture securing their bonds (a large majority have heretofore executed agreements of waiver), and to agree to the extension of the maturity of their bonds so that the same shall be due and payable on or before January 31, 1938, and to agree that the said bonds shall be paid only out of the remaining assets of the Corporation after all obligations incurred in connection with the 1937 Exposition are first paid and also all notes given to the current creditors referred to in Paragraph B hereof, any obligations to

the State of Texas and the notes referred to in Paragraph C hereof, and the notes referred to in Paragraph D hereof, to the payment of all of which the obligation to pay said bonds shall be subordinated. It shall be required that each of the existing bonds shall be appropriately endorsed to such effect, and shall provide that the obligations of the Exposition Corporation thereon shall be extinguished if there are no remaining assets after the payments on such prior obligations, or when, after the payment of all of the same, the remaining assets are applied ratably to the payment of such bonds.

F. The continuing charitable purpose of the Corporation. Of all sums remaining after the payment of the obligations referred to in Paragraphs B, C, D, and E hereof, seventy-five per cent shall be applied to the payment of the \$3,000,000 to the State of Texas as previously pledged, and twenty-five per cent shall be applied to the payment of the \$3,500,000 to the City of Dallas as previously pledged. The remaining funds, if any, after the satisfaction of these obligations to the State and City, shall be applied to the charitable purpose defined in the by-laws of the Exposition Corporation.

G. It is to be understood and agreed that the primary purpose of this plan is to arrange for the conduct of a creditable exposition in 1937, and that the Exposition Corporation (or any new corporation, as provided in Paragraph I hereof) shall be privileged to exercise its own discretion as to what actions shall be taken to such end; further, that it shall have the privilege of determining for what period, or periods, the 1937 Exposition shall be open to the public (tentatively determined to be from June 12, 1937, to October 31, 1937, inclusive); what obligations it shall incur in connection with the preparation for, and the operation of, such Exposition; what contracts to make with concessionaires, exhibitors, and others, and generally, what things shall be appropriate for the fulfillment of its primary purpose as herein stated.

H. This plan shall become effective (and all agreements by parties at interest to be bound by the terms hereof shall become effective) only if and when a resolution of the Board of Directors of the Exposition Corporation shall be adopted declaring the plan in effect, and reciting that the requisite consent of the City of Dallas and the Park Board to the conduct of the 1937 Exposition having been obtained, and the requisite subscriptions to new money necessary to a 1937 Exposition having been obtained, agreements to the plan have then been executed and delivered to the Corporation by a sufficient number of its creditors to justify, in the opinion of the Board of Directors, the conclusion that operations in 1937 will not be prevented by pending litigation, or the prospect of litigation, on the part of creditors who have not agreed to the extension of their indebtednesses as herein proposed.

I. The plan becoming effective, may be consummated by the execution of such further instruments and the taking of such further steps as the Board of Directors of the Exposition Corporation may, by resolution, define or delegate to some committee of the Board to define. In connection with the consummation of the plan, an appropriate amendment to the charter of the Corporation and to its by-laws may be adopted consistent with the provisions hereof, or a new corporation may be created, and if such new corporation is vested under agreements with the City and Park Board with use and possession of the Exposition premises, such new corporation shall then issue (and the various parties at interest, as provided herein, shall accept) its notes and other obligations as provided by the plan to supersede and serve in lieu of the notes and obligations on which otherwise the existing corporation would be obligated under the terms of this plan.