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REPORT OF THE GENERAL COUNSEL
THE COMMITTEE FOR THE 50TH AMERICAN PRESIDENTIAL INAUGURAL

THE COMMITTEE
FOR THE
50TH AMERICAN
PRESIDENTIAL
INAUGURAL

Washington, D.C.
20599

202/433-7140

September 3, 1985

Mr. Michael K. Deaver
General Chairman
The Committee for the 50th
American Presidential Inaugural
Washington, D.C. 20599

Dear ~~Mr.~~ Mike Deaver:

I submit the accompanying report summarizing the organization and activities of the General Counsel's Office of The Committee for the 50th American Presidential Inaugural (PIC). Following past custom, General Counsel's staff has prepared this report for two basic purposes:

(1) to make an historical summary of the essentials of what has been done and accomplished in the General Counsel's Office; and

(2) to leave a summary of information for those who might have similar responsibilities in subsequent inaugurations.

On behalf of all of the members of the General Counsel's staff, I express our appreciation for working with you in this most significant event and extend our best wishes to you in the future.

Respectfully submitted,

Orig. signed by FFF

Fred F. Fielding
General Counsel

TABLE OF CONTENTS

Introduction

This report is intended to record in a summary way the organization and activities of the office of the General Counsel for The Committee for the 50th American Presidential Inaugural (PIC). This will be not only an historical record but, hopefully, a guide or outline for those who are fortunate enough to have similar responsibilities in future Presidential inaugurations.

The Committee has maintained extensive files, containing legal memoranda, statutes and regulations which are applicable to the work of the inauguration and has included, in bound volumes, copies of significant contracts and forms. No effort will be made in this report to reproduce the details of all such documents, which will be preserved in the materials furnished the archivist of the Committee for permanent storage and reference.

Under the direction of the General Counsel and Deputy General Counsel, the sections of this report were drafted by members of the General Counsel's staff and the Law Committee generally responsible for and directly involved in the particular areas concerned.

Appreciation is expressed to each member of the General Counsel's staff and of the Law Committee for their respective contributions to a very successful activity.

Section 1
Organization and Planning

When, after the election the President designated his Deputy Chief of Staff Michael K. Deaver to be General Chairman, Ronald H. Walker as Chairman and John F. W. Rogers as Director and General Manager, he also appointed Fred F. Fielding, Counsel to the President as General Counsel. This permitted close liaison between PIC and the White House and helped assure consistency of PIC with Administration policy and government good practices.

Almost immediately, Mr. Fielding selected Robert W. Barker, Senior Partner in the Washington, D.C. law firm of Wilkinson, Barker, Knauer & Quinn, as Deputy General Counsel and Chairman of the Law Committee. Mr. Barker had served as General Counsel in the 1969 and 1973 inaugurations and as Chairman of the Law Committee in 1981. He had access to many legal files and documents produced in those prior events, and his wealth of knowledge of the legal needs of a PIC were of immense value both initially and throughout the period of the existence of PIC.

After reviewing a substantial number of applications from various reliable sources, including Reagan-Bush Committee and the Republican National Committee and prominent individuals, Mr. Fielding and Mr. Barker chose a staff with diversified experience and abilities. Mr. Barker and his firm agreed to serve in a volunteer capacity and it was decided to have as much work done by volunteers as possible.

Pierre J. LaForce, a law partner of Mr. Barker's who had worked on the 1973 inauguration, agreed to serve as Assistant

General Counsel and back-up for Mr. Barker. Both continued to devote time to their active law practice as well as to supervise the day by day activities of the General Counsel's Office in regular and close liaison with and under direction of Mr. Fielding.

Two experienced full-time staff attorneys were promptly selected:

> Charles G. Sabo -- on leave from his position as U.S. Counsel to Mars Inc. He served as a volunteer.
>
> Kemp R. Harshman -- took leave from his position as Deputy General Counsel, Council on Environmental Quality. Mr. Harshman had served as a staff attorney in the 1981 inauguration and helped organize the legal files and close down the 1981 legal activities. He was, therefore, able to help provide prompt access to past files, precedents and forms.

Four other persons were promptly selected to provide regular staff assistance:

> Dianna Holland -- Executive Assistant to the General Counsel. As Mr. Fielding's White House Executive Assistant she was a valuable aid in coordinating PIC General Counsel work with Mr. Fielding.
>
> Luisa (Liza) Wilcox -- Administrative Assistant. Under Mr. Barker she coordinated work at the PIC offices of the General Counsel.
>
> Nicole McGehee -- Secretary.
>
> Jaqueline Newman -- Secretary.

Immediately the Law Committee was organized. It consisted of several outside specialists working on a volunteer basis. It was designed to provide a broad cross section of experienced resource lawyers and support by people in the law firms. Persons from the PIC volunteer office furnished supplemental staff support from time to time.

Gant Redmon, an Alexandria, Virginia lawyer, who had worked with Mr. Barker in the 1973 inauguration and was in charge of legal work for Inaugural Balls in 1981 agreed to serve as a volunteer. He was given responsibility under Mr. Barker to coordinate all work on arrangements for the balls. He also assisted with other special assignments.

As activities increased, the able younger lawyers with diverse background were added as staff attorneys:

Charles G. Bakaly III -- from White House Advance Office.

Bruce Soll -- a lawyer who had worked in California and Washington and in the Reagan-Bush Campaign.

Pamela Fennell - a recent law school graduate and recently admitted member of the Bar.

All of these individuals adapted themselves promptly and effectively to work with our more experienced lawyers.

F. Thomas Moran, a tax specialist with Mr. Barker's firm, in cooperation with former Commissioner of Internal Revenue Donald G. Alexander and his partner, B. John Williams, and his associate Anne E. O'Connell, in the firm of Morgan, Lewis & Bockius, assisted in establishing an Inaugural Trust, obtaining an Internal Revenue Service exempt organization ruling and assisting Mr. Barker in other tax matters.

T. Timothy Ryan, a partner in the law firm of Pierson, Ball & Dowd, assisted by his associates John R. Erickson and Deane Burkey, agreed to make available their labor law expertise and to work under Mr. Sabo in giving continuing support at the convention center and gala arrangements.

With the development of the galas -- the salute to the Vice President and the Presidential Gala -- a myriad of details of entertainment law were anticipated. Mr. Fielding contacted Milton A. Rudin of the Beverly Hills, California firm of Rudin, Richman & Appel (counsel to Mr. Frank Sinatra, who had agreed to serve as entertainment director of the inauguration), and he consented to assist the PIC legal staff as needed. Mr. Rudin's firm was counsel to the Gala producers Smith-Hemion. With the retention by the Committee of Michael Seligman to be local producer of the Gala, it was agreed that Howell E. Begle, Jr., a Washington attorney who had in the past worked with Mr. Seligman on similar events, would be retained to work with Mr. Seligman and Smith-Hemion, in coordination with Mr. Sabo and Mr. Rudin's office.

The staff organization and members of the Law Committee are shown on the letterhead of the transmittal letter of this report.

The General Counsel's staff met each Tuesday and Thursday morning, after the PIC Division Head staff meeting, to coordinate work using an agenda prepared in advance. This afforded excellent opportunity for interexchange of assistance and timely input by the legal staff.

For details of support staff see Section 18.

Section 2
Formal Organization and Incorporation

The first legal document prepared was the appointment in accordance with the Presidential Inaugural Ceremonies Act (36 U.S.C. §§ 721-730) of the General Chairman and Chairman. An official appointment by the President-elect was prepared, and was signed by President Reagan. This commenced the legal existence of PIC. The designated officials chose the official committee name "The Committee for the 50th American Presidential Inaugural."

The Committee for the 50th American Presidential Inaugural was incorporated as a District of Columbia nonprofit corporation on November 16, 1984. The basic corporate documents (charter and bylaws) were patterned after those of the 1977 and 1981 Inaugural Committees. Upon prior arrangement with the Superintendent of Corporations, a Certificate of Incorporation was issued immediately to the Committee upon the filing of its Articles of Incorporation.

Following incorporation, an organization meeting of the Board of Directors of the Committee was held, at which officers were elected, bylaws adopted and other basic corporate organizational action taken. Thereafter, corporate action was taken pursuant to unanimous consent authority, without the necessity of a meeting.

Prompt incorporation of the Inaugural Committee is important to establish the corporate identify of the Inaugural Committee at an early date. As a practical matter, several basic organizational steps, such as the opening of corporate bank accounts, designating appropriate financial and administrative officers, etc., cannot be accomplished until incorporation is achieved. Accordingly, incorporation and basic corporate organization are early priority items.

Section 3
Guaranty Fund

One of the first requirements of PIC is to raise operating capital. In accordance with custom, this is done through an appeal to donors to make advances, which will be refunded in the event PIC revenues exceed expenses. Solicitation letters and acknowledgments of advances require careful legal review for accuracy and appropriateness.

There is usually general confusion whether PIC is a political committee with accompanying legal proscriptions and limitations on contributions. An opinion letter of legal counsel was prepared to clarify that PIC is a statutory semi-governmental body engaged in a patriotic ceremonial function; not subject to such political financial restrictions. The opinion letter also clarified certain tax matters which are usually of concern to contributors, specifically that while PIC is tax exempt, it is not a charitable or other organization qualified for tax deductions of contributions under § 501(c)(3) I.R.C.

Close coordination at the threshold with the Finance Chairman helped facilitate matters for him and legal counsel. It also assists in anticipating questions of organizations and persons solicited and thereby expedites responses and advances.

Section 4
Records and Files

For the first time, the General Counsel's office used IBM word processors for its contracts, memoranda, and correspondence. This not only increased office efficiency, but it also provided for the preservation of records and legal forms for use by succeeding Inaugural Committees. The diskettes should be kept in the National Archives.

Each attorney in the General's Counsel office was provided with three reference manuals: Statutory Authorities, Form Contracts, and Legal Memoranda. These three manuals were a compendium of materials developed by previous Inaugural Committees and have been updated and revised to include this year's materials. They will be turned over to the Archivist.

A filing system was established and maintained by the secretarial staff. Copies of all contracts (along with the authorization forms and contract review forms) were filed for reference in the case of a dispute or question. Memos were also filed. A single chronological file of all memos and correspondence would have been useful as a supplement to the system.

Section 5
Contract Procedures, Purchase Orders and Contract Administration

One of the first orders of business was the drafting of a set of standard terms and conditions for all contracts. The Committee's standard form contract terms and conditions were based on the prior Committee's general provisions with important modifications and additions relating to trademark, publicity, vendor advertising as a supplier, confidentiality of information, transfer of title to goods, and their risk of loss before delivery and acceptance. It is important to note that these terms and conditions were reviewed and adopted in time to be printed on the reverse side of the Committee's purchase order which became the contract for about 90% of the volume of the Committee's purchases of goods or services. Although numerous major agreements were drafted using the word processor, the terms and conditions were generally attached and incorporated by reference to those special agreements. We believe the standard form terms and conditions were adequate and should be adopted again. (See Attachment A.)

Since the Committee's purchase order was to become the basis for a substantial number of transactions (note the terms of acceptance in the provisions as well as terms of acceptance by signed acknowledgement or commencement of performance on the face of the purchase order), early attention was given to how it would be used by PIC. Purchase order requests were drafted by the various departments and these descriptions formed the basis for the descriptions in the purchase orders. The requests were also used to compile the approvals of directors, Administration, Treasury, Legal, and the General Manager. (See Attachment B.)

The General Counsel's office issued guidelines to the various directors for use by their staff to stress the importance of using the purchase order requests properly. The guidelines (relating to adequacy of the description of goods or services, price, time of performance, insurance requirements) also included a section on vendor selection and when to call for legal assistance on special concerns. (See Attachment C.)

We also drafted and adopted a standard form consulting agreement that was used extensively. The terms and conditions were adequate and we suggest adoption of the form by future Committees for use again on word processors to accommodate minor modifications. (See Attachment D.)

The legal staff adopted a contract review sheet which served three purposes: (1) to collect our review comments, suggestions, and recommendations and communicate these issues in an abbreviated form to those requesting approval of a purchase order request (copies of these forms accompanied all major contracts for the approval of the General Manager); (2) to advise management (including the General Manager) of concerns, questions, related issues, and approval; (3) to establish a record of our review and concerns. (See Attachment E.)

We recommend that future endeavors seriously consider adoption of such attached forms again.

Please also note that the standard form terms and conditions contained vendor indemnifications of the Committee and certain minimum insurance.

The policy limits set forth should be reviewed and possibly revised upward, pursuant to discussions with the insurance brokers. See also Section 10 on insurance.

TERMS AND CONDITIONS

The committee for the 50th American Presidential Inaugural, a nonprofit corporation incorporated under the laws of the District of Columbia and appointed by the President-elect pursuant to the Presidential Inaugural Ceremonies Act, 36 U.S.C. 721 et seq. (1978), as the official inaugural committee (hereinafter referred to as the "Committee"), represented by the Contracting Officer executing this contract, and the individual, partnership, joint venture, or corporation named above, hereinafter called the "Contractor"), mutually agree to perform this contract in strict accordance with the General Provisions and the Schedule of specifications, drawings, and conditions identified below. If there are any inconsistencies between the General Provisions and any specification, drawing, or other condition, the Schedule shall control. The Contractor represents (a) that he has not been employed or retained any company or person (other than a full-time bona fide employee working solely for the Contractor) to solicit or secure this contract; and (b) that he has not paid or agreed to pay any company or person (other than a full-time, bona fide employee working solely for the Contractor) any fee, commission, percentage or brokerage fee contingent upon or resulting from the award of this contract and agrees to furnish information relating to (a) and (b) above as requested by the Contract Officer.

ARTICLE I Ethical Practices

The Contractor covenants and agrees that he has conformed to the ethical procurement practices stated in this article, and agrees that any breach of any provision of this article may be, at the election of the Committee, grounds for termination of this contract under the article entitled "Termination for Default."

A. The Contractor warrants that he has not employed any person to solicit or secure this contract upon any agreement for a commission, percentage, brokerage or contingent fee. This warranty shall not apply to any commissions payable to contractors upon contracts or sales secured or made through bona fide established commercial or selling agencies maintained by the Contractor for the purpose of securing business.

B. No member of the Committee or any official of the Committee or any official of the United States or District Government shall be admitted to any share or part of this contract or to any benefit that may arise therefrom, however, this provision shall not be construed to extend to this contract if made with a public corporation for its general benefit.

C. The Contractor shall not offer gratuities to any officer or employee of the Committee with a view towards securing a contract or securing favorable treatment with respect to the awarding or amending, or the making of any determination with respect to the performing of such contract.

ARTICLE II Contract Not Assignable

AWARD - Until a formal notice of award is issued, no communication by the Committee, whether written or oral, shall be interpreted as a promise that an award will be made.

Neither this contract nor any interest therein may be transferred by the Contractor without the express written consent of the Committee.

ARTICLE III Inspection and Final Acceptance

When goods are shipped under this agreement, a packing list or other suitable shipping document shall accompany each shipment and shall show:

1. Name and address of consignor
2. Name and address of consignee
3. Committee purchase order number
4. Bill of lading number covering the shipment, if any
5. Description of the material shipped, including item number, quantity, number of containers and package number, if any

Inspection and acceptance of materials or supplies will be made after delivery at the destination herein specified unless otherwise stated. If inspection is made after delivery at destination herein specified, the Committee will bear the expense of inspection except for the value of samples used in case of rejection. Final inspection shall be conclusive except as regards latent defects, fraud, or such gross mistakes as amount to fraud, except as provided in the article entitled "Warranty". Final inspection and acceptance or rejection of materials or supplies will be made as promptly as practical, but failure to inspect and accept or reject materials or supplies shall not impose liability on the Committee for such materials or supplies as are not in accordance with the specifications.

ARTICLE IV Responsibility for Supplies

Legal and equitable title as well as risk of loss or damage in the goods shall remain in the Contractor until they are delivered pursuant to the terms of this contract and accepted by the Committee. Acceptance of the goods may be in writing or verbal but shall not constitute a waiver of any of the Committee's rights under the contract. Legal and equitable title as well as risk of loss or damage in any rejected goods or supplies shall remain in the Contractor and must be removed by and at the expense of the Contractor promptly after notification of rejection. Upon failure to do so within ten (10) days after the date of notification, the Committee may return the rejected goods or supplies to the Contractor at his risk and expense.

ARTICLE V Changes

The Committee may, at any time, by written order, and without notice to the surety, if any, make changes in the contract within the general scope thereof. If such changes cause any increase or decrease in cost of performance of the contract, or in the time required for performance, an equitable adjustment will be made. No change involving an estimated increase or decrease of more than ten percent (10%) or $1,800 whichever is less, shall be ordered unless approved in writing by the Committee. Any claim for adjustment under this article must be asserted within ten (10) days of the date the change is ordered, provided that the Committee, if it determines that the facts justify such action, may receive, consider and adjust any such claim asserted anytime prior to the final date of settlement of the contract. Failure to agree to any adjustment shall be a dispute concerning a question of fact within the meaning of the clause of this contract entitled "Arbitration". However, nothing in the clause shall excuse the contractor from proceeding with the contract as changed.

ARTICLE VI Arbitration and Applicable Law

A. Any dispute or controversy arising under this contract shall be subject to arbitration in Washington, D.C., under the rules of the American Arbitration Association and the determination of the arbitrator may be entered in a court of competent jurisdiction.

B. This contract shall be interpreted under the laws of the District of Columbia.

ARTICLE VII Buy American Act

The Contractor shall adhere to the requirements of the Buy American Act, 41 U.S.C. Section 10 a-d, as if that Act by its terms applied to this contract.

ARTICLE VIII Authority to Bind Committee

This Committee will be bound under this contract or any other arrangement with Contractor only by the acts of persons who have written authority from the Chairman of the Committee to bind the Committee. The Contractor assumes the risk of ascertaining who has authority to bind the Committee.

No interpretation of any provision of this contract, including applicable specifications, shall be binding on the Committee unless furnished or agreed to in writing by an authorized representative of the Committee.

ARTICLE IX Labor Provisions

In addition to the laws of general application, the provisions of the following Acts of Congress and of the representations and stipulations required by any such Act, together with the provisions of any applicable regulations, are hereby incorporated by reference into this contract, to the extent applicable hereto, and the contractor undertakes to conform his labor practices to the standards specified in those acts which are applicable or would be applicable if this were a contract entered into by the United States of America which includes but are not limited to the Contract Work Hours and Safety Standards Act as set forth in (40 U.S.C. 327-333) and the Walsh-Healy Public Contracts Act as set forth in (41 U.S.C. 35-43).

Further Contractor agrees not to discriminate against any employee or applicant for employment because of race, religion, sex, color or national origin, or to maintain facilities which are segregated on the basis of race, color, religion, or national origin in the performance of this agreement including but not limited to, the following: employment, up-grading, demotion or transfer, recruitment or recruitment advertising, layoff or terminating, rates of pay or other forms of compensation, and selection of training, including apprenticeship.

Any act of the Contractor in violation of this Section will be deemed a breach of this contract allowing the Committee to terminate this contract for default by the Contractor under provisions of Article XVIII.

ARTICLE X Appointment of Attorney

The Contractor does hereby irrevocably designate and appoint the Clerk of the District of Columbia Court of General Sessions and his successors in office as true and lawful attorney of the Contractor for the purpose of receiving service of all pleadings and papers, in relation to any action or legal proceeding arising out of or pertaining to this contract or the work required to perform hereunder. The Contractor expressly agrees that the validity of any service upon said Clerk as herein authorized shall not be affected either by the fact that the Contractor was personally within the District of Columbia and otherwise subject to personal service or by the fact that the Contractor failed to receive a copy of such process, notice, pleading or other paper served by the Clerk.

ARTICLE XI Access to Work in Progress and Data

All work in progress under this contract is subject to continuous examination, evaluation, and inspection by the Committee at any reasonable hour during the period of this contract.

ARTICLE XII Price and Payment

For the full, satisfactory completion of all the work described in this contract, and final acceptance of each of the items specified herein, the Contractor shall be entitled to payment by the Committee, with respect to each such item, of the amount set forth herein, subject to adjustment under the other provisions of this contract.

The Prices set forth herein include all transportation and related charges for delivery to destination, and all applicable federal, state, and local taxes and duties.

The applicable amount due the Contractor shall be paid by the Committee within thirty (30) days after receipt of an invoice from the Contractor. All invoices submitted by the Contractor shall generally describe the work and identify the contract by the purchase order number of the agreement and be sent to:

Committee for the 50th American Presidential Inaugural
The Presidential Inaugural Committee - 1985
1900 Anacostia Drive
Washington, D.C. 20566

The Contractor shall certify on each invoice that the work that is the subject of the invoice has been fully or partially completed, as the case may be, in accordance with the requirements of this contract, and that all conditions established by the Contract as prerequisite to payment of this invoice have been fulfilled.

Provided, however, that the amount of any District of Columbia taxes will be separately stated (although included in the price); and provided further that if it is determined that the Committee is not subject to taxation, an appropriate sum will be refunded upon the receipt of a refund from the District of Columbia if the tax has already been paid.

ARTICLE XIII Reports

All materials and reports furnished pursuant to this Article shall be the exclusive property of the Committee except that, subject to the provisions of this contract, the Contractor may retain copies for his own internal business purposes. Such retained copies may not be distributed outside of the Contractor's organization except with the express written permission of the Committee.

ARTICLE XIV Liens

A. If required by the Committee, the Contractor shall delivery to the Committee before submitting an invoice for the purpose price, or at any other time required by the Committee, either or both of the following:

1. A satisfactory release of all liens arising from the goods, materials and equipment supplied and the services rendered in connection with work performed by the Contractor under this contract.
2. Receipts in full for all goods, materials and equipment supplied and the services rendered by any subcontractors under this contract.

B. The Committee may withhold from any payment otherwise due the Contractor any sum that the Committee has reason to believe may be needed to satisfy any lien arising out of the work under this contract.

C. The Contractor agrees to indemnify the Committee against any loss, cost, damage, or liability incurred by reason of the assertion of any lien arising out of the performance of this contract.

ARTICLE XV Publicity and Release of Information

The Contractor must obtain the prior written approval of the Committee concerning the content and timing of any news releases, articles, brochures, advertisements, prepared speeches and other information releases, concerning the work performed or to be performed hereunder, by the Contractor and subcontractor or any employee or consultant of either. Further, Contractor agrees not to use the terms or designations "Official", "Authorized", or "Designated" vendor or supplier or such words or terms with similar meaning in any form of publicity including but not limited to advertisements, brochures or other information releases.

ARTICLE XVI Trademark Licensing "Official" or "Authorized" Inaugural Goods

The terms "Official" or "Authorized" or similar words describing inaugural goods selected by the Committee may only be used in the advertising and sale of any such goods pursuant to the prior written approval of the Committee. Further, where such approved goods carry the trademarks adopted by the Committee, Contractor agrees to execute and abide by the Committee's Trademark Licensing Agreement which sets forth the rights and obligations associated with the use of Committee's Trademarks.

ARTICLE XVII Termination for the Convenience of the Committee

A. The Committee, by written notice to the Contractor, may terminate this contract for its convenience at any time prior to the completion. In the event of such termination by the Committee, it is agreed that the termination charges shall be negotiated, but shall not exceed 100% of the total cost both direct and indirect incurred by the Contractor in performance of this contract to the date of Notice of Termination, and those reasonable costs incurred with respect to termination and settlement with vendors and sub-contractors as a result of the Committee's termination. The Contractor shall be entitled to collect a reasonable profit with respect to these costs, but shall not recover profit on work not performed.

B. The Contractor agrees to advise the Committee of all proposed settlements with vendors and subcontractors in event of termination, and the Contractor further agrees not to enter any binding settlement until the Committee has approved the proposed settlement or thirty (30) days have elapsed from the date when such advice was furnished to the Committee.

C. Direct and indirect costs shall be determined in accordance with the Contractor's standard accounting practice and verified by the Contractor's independent Certified Public Accountants. The Committee shall pay the Contractor the aforesaid termination charges within sixty (60) days following submission of such total costs verified to the Committee by the Contractor's independent Certified Public Accountants. Final payment shall be in the amount of the total termination charges, less the following:

1. Amounts previously paid by the Committee to the Contractor pursuant to this contract.
2. Amounts representing total Contractor's costs of aggregate items of inventory not desired by the Committee which the Contractor elects to retain for his use.

D. In the event of such a termination, all inventory generated under this Contract except that specified in Paragraph C-2 of this Article shall become the property of the Committee.

E. In no event shall the termination charges upon termination pursuant to this Article exceed the total price of this contract.

ARTICLE XVIII Warranty

A. Contractor warrants that the goods or services furnished hereunder shall be free from any defects in material or workmanship and in accordance with the applicable specifications.

B. The Committee shall have the right at any time during the period of this warranty and irrespective of prior inspections or acceptance to reject any goods or services not conforming to the above warranty and required that the Contractor at his expense, correct or replace such goods with conforming goods or perform such conforming services. If the Contractor fails to correct or replace such defective goods or perform conforming services promptly after notification and authorization from the Committee, the Committee may, by contract or otherwise, correct or replace such defective goods or substitute services and equitably adjust the price. If the Committee does not require correction or replacement of any such defective goods or services, the Contractor, if required by the Committee, shall repay such portion of the price as is equitable in the circumstances.

C. This warranty shall run for a period of ninety (90) days from the date of final acceptance by the Committee and it and the remedies provided shall be in addition to any other rights and remedies available to the Committee.

D. In addition to the foregoing, the Contractor agrees that items delivered under this contract shall be covered by such warranties as the Contractor customarily offers in connection with the sale of similar items, including those to the Contractor's most favored customer.

ARTICLE XIX Termination for Default

A. If the Contractor refuses or fails to prosecute the work, or any separable part thereof, with such diligence as will insured its completion within the time specified in this contract, or any extension thereof, or fails to complete said work within such time, the Committee may, by written notice to the Contractor, terminate his right to proceed with the work or such part of the work as to which there has been delay. In such event the Committee may take over the work and prosecute the same to completion, by contract or otherwise, and may take possession of and utilize in completing the work such materials, appliances, and plant as may be on the site.

B. If, after notice of termination of the Contractor's rights to proceed under the provisions of this clause, it is determined for any reason that the Contractor was not in default under provisions of this clause, the right and obligations of the parties shall be the same as if the notice of termination had been issued pursuant to the Article herein entitled "Termination for the Convenience of the Committee."

C. The rights and remedies of the Committee provided in this clause are in addition to any other rights and remedies provided by law or under this contract.

ARTICLE XX Variation in Quantity

No variation in the quantity of any items called for by this contract will be accepted unless such variation in quantity was approved by the Committee.

ARTICLE XXI Indemnification and Insurance

The Contractor agrees to indemnify and hold harmless the Committee, the Federal Government and the Government of the District of Columbia, and all Officers, Agents, and Employees of each, as their interests may appear, against any and all claims, loss, liability, expenses, attorneys' fees or damages arising from or in connection with any defect in the goods, negligence of the contractor's employees or agents, or the violation of any applicable law, rule or regulation relating to this contract. The contractor's obligation to indemnify any indemnified party will survive the expiration or termination of this contract. Contractor further agrees to maintain the types and amounts of insurance coverage set forth below during the period of this contract, and, for such period as may be applicable, thereafter. Such insurance shall specifically cover, protect, and identify as named insured, the contractor and/or subcontractors, the Committee, the Federal Government, and the Government of the District of Columbia, and all Officers, Agents, and Employees of each, as their interest may appear.

(1) Workmen's Compensation and Employer's Liability Insurance. The contractor shall take out and maintain during the entire period of his contractual obligations, the statutory Workmen's Compensation and Employer's Liability insurance for all of his employees to be engaged in the work under the contract. The Contractor shall require any subcontractor whom it may engage to perform work under this contract to provide like insurance coverages and to require like coverage to be provided by lower tier subcontractors.

(2) Bodily Injury and Property Damage Liability Insurance. The Contractor shall take out and maintain Bodily Injury and Property Damage Liability Insurance and Automobile Bodily Injury and Property Damage Liability Insurance. Such insurance shall protect the named insureds from any and all claims for damages for personal injury, including death, as well as from claims for property loss, which may arise from any operation, act, omission or default in connection with work performed under or in connection with this contract, whether such operation, act, omission or default is by the Contractor or by subcontractor or by anyone directly or indirectly employed by either of them, or by any of the named insureds, their officers, agents, or employees.

(a) Bodily Injury Liability Insurance shall be in an amount not less than Three Hundred Thousand Dollars ($300,000) for injuries, including death, to any one person and, subject to the same limit for each person, in an amount not less than Three Million Dollars ($3,000,000) on account of one occurrence.

(b) Property Damage Insurance shall be in an amount not less than Three Hundred Thousand Dollars ($300,000) for damages on account of each occurrence.

(c) The Contractor shall require any subcontractors whom it may engage to perform work under this contract to provide like insurance coverages, and to require like coverages to be provided by lower tier subcontractors.

(3) Social Security and Unemployment Insurance. The Contractor shall pay all appropriate costs incident to maintaining Social Security and Unemployment Insurance and shall furnish receipts therefor to the Committee.

(4) Prior to commencement of work hereunder, the Contractor shall furnish in triplicate evidences of insurance coverages satisfactory to the Committee in the form of Certificates of Insurance to the Committee, and shall furnish evidence of a commitment by the Insurance Company(ies) to notify the Committee in writing of any material change, expiration, or cancellation of any coverage required hereunder not less than thirty (30) days before any such change, expiration, or cancellation is effective. Approval of Insurance Coverages by the Committee shall not relieve or decrease the liability of the Contractor hereunder.

ARTICLE XXII Confidential Information

Contractor agrees that it will not, during or after the term of this contract, permit the duplication, use or disclosure of any confidential information to any person other than employees, its own agents or representatives who must have such information for the performance of its obligations hereunder, and contractor shall take all reasonable precautions to prevent such disclosure. Further, Contractor will return or destroy pursuant to the written instructions of the Committee, any and all confidential information in whatever form it exists and confirm the execution of such instruction to the Committee in writing. For purposes of this subsection, the term "Confidential Information" is not meant to include any information which, at the time of disclosure, is generally known by the public and information which is known to the other party prior to the disclosure.

ARTICLE XXIII Remedies

The rights and remedies herein reserved to the Committee shall be cumulative and additional to any other or further rights and remedies provided in law or equity. Waiver of a Contractor breach of any provision of this contract by the Committee shall not be deemed a waiver of future compliance therewith and such provision, as well as all other provisions, shall remain in full force and effect.

ARTICLE XXIV Compliance with Applicable Laws and Regulations

The Contractor warrants and certifies that in the performance of this contract, he will comply with all applicable statutes, rules, regulations, and orders of the United States and of any State or political subdivision thereof. The Contractor agrees to indemnify the Committee against any loss, cost, damage or liability incurred by reason of the Contractor's violation of this clause.

ARTICLE XXV Entire Agreement

The provisions of this contract are the result of negotiations between the parties and are intended by the parties as a complete and exclusive statement of the terms of their agreement. Such provisions, therefore, supersede any prior dealings between the Committee and the Contractor, negotiations, or other representations of either party, and the rights and remedies contained herein shall be interpreted without regard to any such course of prior dealings, negotiations, or representations. The Contractor has satisfied himself as to the nature of the work, the character, quality and quantity of materials and equipment that will be required, and all matters that can in any way affect performance hereunder.

NO. RQ- 1734

REQUEST FOR PURCHASE ORDER

THIS IS A REQUEST — NOT AN APPROVED PURCHASE ORDER

1985
PRESIDENTIAL
INAUGURAL COMMITTEE

DIVISION	REQUESTED BY	ROOM #	EXT.
COST CENTER	DATE REQUESTED	DATE REQUIRED	

LIST ITEMS REQUESTED, QUANTITY (Specify vendor, if preferred) AND LOCATION DELIVERY

FOR USE BY PROCUREMENT OFFICE

VENDOR		SHIP TO	

QUANTITY	DESCRIPTION	UNIT PRICE	EXTENDED PRICE

REMARKS/SPECIAL INSTRUCTIONS		
	SUBTOTAL	
	TAX (IF APPLICABLE)	
	NET TOTAL	

APPROVED BY DIVISION DIRECTOR	ACCOUNT NO	APPROVED BY DIRECTOR & GEN MGR	FINANCIAL APPROVAL

PROCUREMENT

ATTACHMENT C

PURCHASING GUIDELINES

1. Selection of Vendor

   A. Review references and know the bidder's reputation for supplying quality of goods.

   B. Review vendor's performance for the prior Inaugural Committee.

   C. Compare details of proposals or bids submitted.

   D. Evaluate price and value for money in relation to the quality of goods or services being acquired to fulfill the Committee's needs.

2. Purchase Order Requests - It is important to note that the descriptions set forth on the face of the Purchase Order Request and any attachments to the request are used in drafting purchase orders which contain the Committee's standard form terms and conditions. A contract is formed when the purchase order is accepted by the contractor or vendor.

   A. Describe in detail what you are acquiring on the face of the Purchase Order Request and incorporate by reference any attachments that more fully describe the goods or services to be acquired.

   B. Specify the time for delivery of goods or performance of services.

   C. Identify the place for delivery of goods or where the services are to be performed.

   D. Establish the price (and note terms for such variable costs as shipping).

   E. Identify the authorized officer or agent who will accept the order on behalf of the vendor.

   F. Note what insurance certificates the vendor must submit to the Committee.

3. Authorization and Acceptance

   The purchasing procedure sets forth how authorization is obtained for the purchase of goods or services in the name of the Committee. Vendor proposals, bids, or offers are not accepted until authorization is approved and our purchase order is issued and accepted by the vendor.

4. We urge you to seek legal assistance promptly if you have any questions with respect to the special concerns cited below. Early resolution of legal issues should also reduce questions that may arise in the legal review and approval stage of the Purchase Order Request approval system. This procedure requires legal review <u>before</u> the request is submitted to the General Manager for approval, as well as any changes in the request after the initial approval.

-. Review special contract concerns with the General Counsel's office early in your negotiations. Complex, unique and major agreements, as well as contract issues relating to such areas as confidentiality of information, entertainment rights, trademarks, licensing, consulting services, site agreements, and requirements contracts should be negotiated with the assistance of the General Counsel's staff.

BLANK

ATTACHMENT D

THE COMMITTEE FOR THE 50TH AMERICAN PRESIDENTIAL INAUGURAL
CONSULTING AGREEMENT WITH

AGREEMENT, entered into this ____ day of December, 1984 by ________________ whose address is ______________, ________________ (CONSULTANT), and THE COMMITTEE FOR THE 50th AMERICAN PRESIDENTIAL INAUGURAL (COMMITTEE), a District of Columbia non-profit corporation appointed by the President-elect pursuant to the Presidential Inaugural Ceremonies Act, 36 U.S.C. Section 721, et seq. as the official inaugural committee with offices at Anacostia Annex, Washington, D.C. 20599-0001.

WHEREAS, CONSULTANT has certain expertise in __________ ______________________; and

WHEREAS, the COMMITTEE desires to secure the services of CONSULTANT, on a limited basis, for the purpose of performing duties specified in Paragraph 2 hereof.

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained, the COMMITTEE and CONSULTANT agree as follows:

1. The COMMITTEE engages CONSULTANT immediately, in his professional capacity, to serve as Consultant for assisting in the ________________________________ ____________________________________.

2. CONSULTANT shall report to and receive authorizations from _____________ and be under direction of _______ of ____________________________________ _________, and perform such duties as prescribed by _______ and consistent with policy standards established by _______. He/She shall deal with Committee personnel through _______ as described and authorized by him/her.

3. The term of this Agreement shall commence upon execution of this Agreement as of __________, 1984 and terminate on __________, 1985 unless cancelled by either party. Either party shall have the right at all times to terminate this Agreement without cause by giving 10 days prior written notice, in which event CONSULTANT shall be entitled to be paid only for the value of services rendered to date of termination on a pro-rata basis, considering elapsed time from commencement of services to date of termination compared with the total original term of this Agreement.

4. In consideration for the services to be rendered CONSULTANT will be compensated in the total amount of ________________________________, payable as follows:

____

____

____

or as otherwise agreed between CONSULTANT and the Treasurer's office of the COMMITTEE.

The compensation provided herein shall cover the costs, including transportation, entertainment, out-of-pocket disbursements, it being intended that CONSULTANT, as an independent contractor, will pay all of his/her own expenses and will not be reimbursed by the COMMITTEE or be liable for them.

5. The CONSULTANT further agrees that he/she will not accept anything of any value whatsoever, nor any fee nor remuneration of any kind from any vendor or other person negotiating with or entering into any contract, or contracts, or relationships with the COMMITTEE.

6. CONSULTANT will perform said consulting services as an independent contractor and not as an employee or agent of the COMMITTEE.

Accordingly, CONSULTANT is not authorized to commit the COMMITTEE to any contractual arrangement with any third parties, or employ personnel on behalf of the COMMITTEE, nor will his acts of commission or omission be deemed the acts of the COMMITTEE or any purpose whatsoever. He agrees to follow the prescribed procedures of the COMMITTEE, especially with respect to procurement, legal and financial matters.

7. CONSULTANT hereby agrees to exert his best efforts on behalf of the COMMITTEE in accordance with the

provisions of the Agreement and to provide such consulting services to the COMMITTEE on a daily basis.

8. It is understood that the CONSULTANT will not be responsible for the payment of, or withholding of, federal, state, and/or local taxes, payroll taxes, social security taxes, FICA, health insurance, unemployment insurance, and any other similar personnel costs in connection with this Agreement.

9. If at any time during the performance of services under this Agreement, the CONSULTANT becomes involved in any accident resulting in damage to other persons or property he/she shall immediately notify the Administrative Office at the COMMITTEE and deliver to that Office copies of any official reports or other documents pertaining to the accident.

10. CONSULTANT will be entitled to use transportation of the COMMITTEE motor pool and agrees to comply with the established COMMITTEE rules for the motor pool use in all respects.

11. The COMMITTEE is a federally-chartered corporation. The officers, employees and agents of the COMMITTEE shall not be personally liable for any of its debts, liabilities, or obligations. All persons, corporations or other entities extending credit to, contracting with, or having any claim against the COMMITTEE, may look only to the funds and property of the COMMITTEE for payment of any such contract or claim or for the payment of any debt, damages, judgment or decree or any money that may otherwise become due or payable to them from the COMMITTEE.

12. CONSULTANT warrants that he/she has full and complete rights to enter into this Agreement and is under no obligation to present or former employees or other third party which would conflict with any part of this Agreement.

13. It is understood and agreed that CONSULTANT shall be solely responsible for his own conduct and activities which shall at all times be conducted in accordance with the highest ethical and professional standards and in strict compliance with all applicable laws and regulations.

14. CONSULTANT agrees to keep all of COMMITTEE'S information and data strictly confidential, and to use said information and data exclusively for the benefit of the COMMITTEE.

15. Any and all work product generated pursuant to this

Agreement by CONSULTANT during the prescribed period of consultation shall be the property of the COMMITTEE and may be transferred to its succesors.

16. The signatures of the parties affixed below will constitute the acceptance of the terms of this Agreement. The terms set forth above constitute the full and complete agreement between the parties and any modification thereto must be agreed to by the parties, set forth in writing and signed by the parties.

17. In the event any action at law or equity shall be brought to enforce the terms of this Agreement, in addition to any other relief to which the prevailing party shall be entitled to reasonable attorney's fees, which may be set by the court in the same action or in separate action brought for that purpose.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

Committee for the 50th American Presidential Inaugural, a District of Columbia Non-Profit Corporation

By: ______________________________

Ronald H. Walker
Chairman

CONSULTANT

By: ______________________________

____
Title

____
Social Security Number

____
Telephone

CONTRACT REVIEW ISSUES

ATTACHMENT E

Date:

To:

From:

Name of Contractor/Vendor:

Questions and Review Points:

Recommendations:

Suggested language:

Related legal concerns:

Section 6
Reviewing Stands, Grandstands, and Scaffolding

The District of Columbia helped finance the construction of the parade reviewing stands for the first time. This was made possible by an Act of Congress which appropriated funds for this and other purposes. A formal Memorandum of Understanding was entered into by the PIC and the District so that there would be no misunderstanding about allocation of the costs, or the responsibilities of the parties. The District government and PIC jointly entered into a construction contract for the Presidential Reviewing Stands, and both provided on-site representatives to oversee and inspect the work.

Of particular concern to PIC was the responsibility for any unforeseen costs or additional support expenses incurred by the District. The District agreed to assume liability in such instances.

The District has been given the ownership and custody of the architectural plans for the stands for the last several inaugurals. To save money, these were modified and used again this time. Most of the changes this time involved specifications of reusable materials. The contractor was required to salvage certain structural components and these are being stored by the District under the terms of the Memorandum of Understanding.

The contract for construction was entered into on a sole source basis. This posed no problem for the Committee since it is not subject to the federal procurement regulations. The District made an appropriate sole source justification. The primary rationale for noncompetitive award was the lack of time to complete the project if formal bidding procedures were followed. Actually, there are only a few local contractors with the experience and capability to perform. It would be to the Committee's advantage in the future to solicit proposals from major experienced local firms, including Associated Builders of Hyattsville, Maryland, and Skinker and Garret of Washington, D.C., but reserve the right to negotiate with a sole source.

The contract was designed to control cost by providing for reimbursement of actual expenses plus a $50,000 management fee. The work was accomplished for less than the original bid price. The mode of negotiation and contracting helped produce that result.

Contracts for the portable grandstands (parade) and for scaffolding (opening ceremonies) were modelled after the reviewing stand contract and are in our files.

Section 7
50th American Presidential Inaugural Trust

A decision was made to set up a separate organization for purposes of funding certain public events in connection with the 1985 Inauguration. The objective was to establish an organization which would qualify for tax exempt status under Section 501(c)(3) of the Internal Revenue Code. This would enable contributors to the organization to take a tax deduction for their contributions. By offering potential contributors a tax advantage, fundraising efforts for Inaugural activities would be enhanced and a public purpose served.

A trust was selected as the form of organization to be utilized and a Declaration of Trust for the 50th American Presidential Inaugural Trust was executed on December 12, 1984. The grantor of the Trust was The Committee for the 50th American Presidential Inaugural and the trustees were General Chairman Michael K. Deaver, Chairman Ronald H. Walker, Director and General Manager John F. W. Rogers, and Finance Chairman Joe M. Rodgers.

An application for exempt status under Section 501(c)(3) of the Internal Revenue Code was filed with IRS and handled by IRS on an expedited basis. On December 21, 1984, a determination letter was issued by IRS concluding that the Trust was exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

In accordance with IRS requirements, expenditures by the Trust were to be used solely for purposes of funding public events sponsored by the Inaugural Committee.

Before dissolution, the trust will submit to IRS its final report and seek approval of the activities and expenditures. After such IRS approval, it is expected that the Trust will be terminated as achieving its purpose. The intent in creating the Trust was to fund public events for the 1985 Inaugural only and not to establish a continuing organization available for use in future inaugurals.

Section 8
Other Tax Matters

In 1981 the State of Maryland imposed a substantial admissions tax on the Gala held at the Capital Centre. Also, there had been rendered in 1980 a court decision of the Superior Court of the District of Columbia that the 1977 Inaugural Committee, for sales tax purposes, was an instrumentality of the United States exempt from issuance from sales and use taxes for public functions but that that Committee should make a payment to the District in lieu of sales and use taxes on private functions and pay taxes on sales of license plates to the public. At the outset, therefore, it became necessary to define the various tax impacts on events at various locations, as part of the site selection. This factor played an important role in selection of the Convention Center for the Galas.

After negotiation, the District of Columbia and PIC agreed:

(1) That the District would issue a sales tax exemption certificate to PIC to be used for sales tax exemption in PIC purchases and acquisitions.

(2) The parties would examine revenue from private functions and, subject to audit, agree on a lump sum amount to be paid by PIC in lieu of sales taxes.

(3) That PIC would pay sales taxes on license plates.

(4) Vendors would be required to collect and pay sales tax directly to the District for sales made in the District.

An appropriate letter exchange establishing the arrangement was accomplished.

These were important matters to be settled early in the planning period.

Section 9
Marketing

Trademarks and Licensing

The Committee adopted three different inaugural seals as its official trademarks: a traditional seal which had been previously registered and two stylized versions around the 50th inaugural theme. Both stylized versions used the traditional seal as an integral component.

The traditional seal had been registered in 1972 by a previous Inaugural Committee. The law requires trademark renewal in five years by filing an affidavit of use. There was no such action, since the Committee and its successor were both defunct. Even so, the trademark was protected under the common law. However, there are certain incontestable presumptions and protections that are available only for registered trademarks.

This has always been a problem for the Committee since it is a temporary entity. There is no continuing organization to own the trademark. This obstacle could be overcome by an assignment from each Committee to its successor, but that in practice has never been done. The Special Counsel for trademarks has recommended the creation of a holding company to be a repository for this and other valuable property rights. This holding company would own, register, and license its rights and could be chaired by representatives of the major political parties.

In two of the past three inaugurals, there have been instances of unfair trade practices involving the trademark in the sale of inaugural medals. To prevent such an occurrence this year, the Committee sent letters to all major mints and also the coin journals and high circulation newspapers. This letter contained a list of prohibited practices against which the Committee would take legal action.

The Committee has a powerful remedy for any trademark infringement or unfair trade practice involving mail order sales. A complaint can be registered with the postal inspector, who has authority to stop all mail deliveries until the matter can be investigated and resolved.

In addition, a general press release was issued warning the public to beware of counterfeit mementos and misrepresentation. This time, there were at least three instances of trademark infringement. The Commission has both civil and criminal remedies against any such violation. The D.C. Code contains a section (22-1402) prohibiting unauthorized copying or counterfeiting of commercial products. The Committee resolved its complaints in the following manner: one by payment of damages ($2,500) with right to sell existing inventory, one by agreement to cease and desist (no sales), and the last by filing a complaint with the D.C. Police Department, Bad Check and Fraud Squad (fly-by-night company, never located). Any sales of counterfeit products by street vendors should also be reported to the D.C. Business Regulation Administration.

Two form trademark agreements were prepared -- one for an exclusive license and the other for a generic (non-exclusive) license. These contracts required the vendor to provide samples which were to be reserved for later use in the Presidential Library and Museum. Compensation to the Committee was in the form of a one-time license fee and/or royalty payment for each item sold. Trademark licenses were executed with 13 firms.

<u>License Plates</u>

The District of Columbia for the first time sent samples of the official Inaugural license plates to the Motor Vehicle Bureau of each state. The plates were provided with validation stickers and were kept on record by computer. An official registration certificate was also issued. Each state was then contacted by phone and all agreed to recognize the plates and permit their display during the Inaugural period.

Again the plates were manufactured at the Lorton Reformatory. Two other states submitted bids.

<u>Gift Catalog</u>

Two standard contracts were drafted for vendors which provided the Committee with products for sale in its gift catalog and brochure. Separate forms were used for drop-ship vendors and for regular vendors supplying the Committee fulfillment operation directly.

A new clause was added to both contracts which made the vendor responsible for any costs incurred as a result of untimely delivery. Thus, the Committee was protected against lost profits due to cancellations, postage expenses for revised mailing date notices, and Federal Trade Commission penalties. Delay was excused in the event orders exceeded the vendor's maximum production capacity, as set forth in the contract.

Another safeguard would be to publish, consistent with Federal Trade Commission regulations, a conspicuous disclaimer in the gift catalog stating that each item is subject to an "indefinite mailing date" and providing the customer with the "continuing right to cancel."

Restrictions were placed on any independent sales by the vendors against advertisements without approval, prices lower than that in the Committee catalog, unauthorized use of the seal, and sales of products not covered by the agreement. One vendor had placed an advertisement offering a different item than had been endorsed by the Committee. Agreement was reached to compensate the Committee by additional royalties and to sell the official product in place of the advertised item.

Some contracts permit the vendors to continue their independent sales operations until the end of the calendar year following the Inauguration even though there was a March sales report accounting and payment due. A final royalty payment is due at year end. An alternative for future Committees would be to provide by contract for a negotiated settlement of royalties when catalog sales end. This would permit the Committee to finalize its accounting record earlier.

The drop-ship contract contained a confidentiality provision to prevent the sale or reuse of the Committee's mailing lists.

Other Marketing Contracts

Agreements were also entered into with a fulfillment house, telephone order service, a bank for charge card services, and an advertising consultant. Each of these contracts contained a confidentiality provision to prevent the sale or reuse of the Committee's mailing lists.

The form contracts of the vendors were used for the telephone and credit card services. Modifications were made to the rate structures of each agreement. The telephone service company also agreed to assume fiduciary responsibilities with respect to its handling of credit card charges. These charges were not properly transmitted on the first three days of sales, leading to accounting problems for the Committee. In the future, the contractor should be required to perform and test in advance specified procedures and protocols for the transmittal of funds within specified time limits before sales begin.

The Committee's standard consulting agreement was restructured for the contract with the advertising consultant. The consultant designed ads for a sales campaign in the USA TODAY newspapers.

The contract for the fulfillment house covered all aspects of the operation, including production of promotional literature, warehousing of inventory, processing of orders, and sales of products. The Committee elected not to perform these services in-house.

Miscellaneous

At early stages some negotiations with individual vendors was performed by the staff of the Marketing Department, without any assistance from the General Counsel's office. This created later problems. As a result, the Director of Marketing has suggested that an attorney be assigned full-time to marketing. We believe it would be preferable at the outset for marketing to establish liaison with General Counsel for close involvement and identification of authority and procedures. As a further precaution, each vendor making contact with the Committee should be provided with a copy of the standards of conduct and contracting guidelines which identifies those with signatory authority.

Section 10
Insurance Coverage/Administration

One of the first action items addressed by the office of the General Counsel was the securing of adequate insurance coverage for the Committee and its inaugural activities. To that end, proposals were solicited and obtained from insurance brokers for comprehensive coverage of the risks and liabilities attendant to an Inaugural Committee's activities. This matter was coordinated with the Director of Administration of the Committee with counsel from the Chief Financial Officer and General Counsel.

The Office of the General Counsel, the Director of Administration, and the Chief Financial Officer negotiated insurance policies on behalf of the Committee. The Office of the

General Counsel provided legal services, the Finance Office provided budget guidelines and "self-insurance" criteria and the Office of Administration provided both procurement guidelines, personnel information and insured coverage of the medical benefits area. An important area on which to focus would be the responsibility for certificates of insurance. The Office of Administration should act as a liaison with the Insurance Company and provide for timely delivery of the certificate.

After review of the several proposals, it was determined to purchase the insurance package submitted by Johnson & Higgins. That package included the following types of coverage: 1/

a. Comprehensive general liability and automobile liability of $1,000,000. This coverage was supplemented by an umbrella policy providing $5,000,000 of excess liability coverage in excess of the primary liability coverage. This in turn was supplemented by excess catastrophe liability coverage of $45,000,000.

b. Workers' compensation and employer's liability coverage.

c. Property floater.

d. Contingent business interruption coverage of $9,500,000.

e. Comprehensive crime coverage (later expanded to add the co-producer of the Presidential Gala).

f. Directors' and officers' liability coverage of $5,000,000.

g. 24-hour accidental death and dismemberment coverage.

1/ A digest of the insurance program by Johnson & Higgins is in the General Counsel's files.

The Committee recognized that it was self-insured with respect to the following deductibles:

a. Comprehensive General Liability (personal injury, contractual liability, fire legal liability, liquor law liability - $10,000 each claim subject to $50,000 aggregate.)

b. Automobile liability ($500.00 deductible comprehensive and collision; aggregate $50,000).

c. Umbrella/Excess Liability (self-insured retention $10,000).

d. Property Floater (deductible $10,000 per loss).

e. Contingent Business Interruption (deductibles $25,000).

f. Directors' and Officers' Liability (deductibles $5,000).

Generally speaking, administration of the insurance program was relatively routine, and the Committee obtained good cooperation from its insurance broker and its insurers. In the last several days before the Inaugural, three insurance coverage problems arose; these were dealt with as follows:

A. <u>Fireworks Coverage</u>.

The basic policy providing liability coverage to the Committee contained a specific exclusion of liability for fireworks events. Since Inaugural plans called for a minimum of two separate fireworks displays, it was essential that some form of protection be obtained. The Committee obtained $5,000,000 of primary insurance coverage from each of its fireworks vendors, 2/ and the office of General Counsel, with the active assistance of Johnson & Higgins, persuaded the Committee's liability carriers to waive the aforesaid policy exclusion.

B. Coatcheck Concessionaires.

Under the Committee's basic insurance policy covering property loss, there was an exclusion for property losses associated with coatcheck activities. The office of General Counsel provided in each of the coatcheck contracts that the respective concessionaires would provide and furnish the Committee with proof of insurance against property theft and loss. Thereafter, after several rounds of negotiations and discussions with respresentatives of Johnson & Higgins, the Committee managed to obtain (for a premium of $2,500) property loss coverage for coatcheck activities providing coverage in excess of the basic insurance coverage furnished by the concessionaires. This item was resolved only a few hours before the staging of an Inaugural event in which a coatcheck facility would be used. Future Inaugural Committees would be well advised to dispose of the coatcheck coverage issue at an earlier time.

C. Business Interruption Policy.

The Committee policy covered Contingent Business Interruption losses (excluding revenue and costs) sustained due to property damage at any location of planned activity or events;

2/ See Section 13 re other details of insurance problems on fireworks.

property damage due to all physical loss were subject to exclusion.

Transmission insurance was also obtained which covered loss of revenue from the Galas for any failures associated with the transmission of the signal to New York City for ABC broadcast.

At one time, the office of General Counsel considered the filing of a claim under the business interruption policy for losses resulting from the cancellation of the Inaugural Parade due to inclement weather. The insurance company was notified (through Johnson & Higgins) that the Committee was considering filing such a claim. After careful study of all applicable factors, however, a decison was made not to assert such a claim.

Section 11
Guidelines on Military Support for the Inaugural

The General Counsel's office prepared and issued a set of guidelines governing military support in connection with the various inaugural activities (Attachment A). Such guidelines were considered necessary because of the failure of Congress to respond to a 1983 opinion of the Comptroller General concerning military assistance for inaugural activities. That opinion concluded with a recommendation that Congress review such assistance and amend existing law either to conform with past practice known to and acquiesced in by Congress or expressly to prohibit practices for which it was difficult to ascertain specific statutory authority. Congress did neither, creating uncertainty with respect to what assistance was permitted and what was not.

Against this background the General Counsel's office met with representatives of the General Accounting Office (GAO), the Department of Defense! and the Armed Forces Inaugural Committee (AFIC), to consider how to approach the question of military assistance. AFIC had already been in place for a considerable period before the election, operating independent of PIC (which of course had not been formed) and preparing to provide the support traditionally provided by the military in connection with the ceremonies and activities surrounding the swearing-in of the Commander-in-Chief.

It was decided that the General Counsel's office should make a good faith effort to fill the vacuum created by Congressional inaction in response to the 1983 GAO opinion by developing guidelines on permissible military support. The final guidelines that were issued were the result of extensive consultations involving the General Counsel's office, attorneys from the Department of Defense, representatives from AFIC, and representatives from GAO. The role for the military recognized in the guidelines is one of limited assistance and support fully consistent with past practice known to and acquiesced in by Congress, and the special significance the inaugural holds for the military as the swearing-in of the Commander-in-Chief. A conscious and concerted effort was made in developing the guidelines to significantly reduce the scope of military assistance, compared with the 1981 Inaugural.

It was the concern of the General Counsel's office that guidelines be promulgated to prevent abuse of military support.

The guidelines that were published may not be the best that could be developed, but it was considered important that, in the absence of action by Congress, some guidelines be in place to control the provision of military support.

It is our hope that those guidelines will serve as a starting point for development of similar guidelines for future inaugurals or, ideally as a starting point for Congressional consideration of this issue.

It should be noted that, while the guidelines were not finally approved until January 15, questions concerning military support were generally referred to the General Counsel's office, and were resolved in a manner consistent with the guidelines as finally issued.

After the inaugural, GAO commenced an inquiry into support provided by the Government to the inaugural, including military support. We provided GAO full access to PIC files to assist this investigation. As noted, we kept GAO fully apprised of our efforts to develop guidelines on military support, and GAO participated extensively in the development of the guidelines.

1985 PRESIDENTIAL INAUGURATION
SUPPORT BY THE DEPARTMENT OF DEFENSE

This memorandum provides guidance regarding inaugural support activities by Department of Defense civilian and military personnel. The inauguration of the President is a non-partisan event that symbolizes the enduring values of our democratic system of government. It is planned by the Presidential Inaugural Committee (PIC) and the Joint Congressional Committee on Inaugural Ceremonies (JCCIC), committees with no political function and no mission other than the planning and execution of the inaugural.

The inauguration of the President has a unique meaning to the Armed Forces since it represents a change or continuation of command for the Commander-in-Chief. Additionally, it is an event rich in protocol and ceremonies -- areas in which the military has significant expertise. The Department, therefore, has traditionally provided a wide range of support to the PIC and the JCCIC in connection with the various inaugural activities. The Armed Forces Inaugural Committee (AFIC) plans, coordinates, and provides appropriate military support requested by the PIC and JCCIC. The AFIC is formed prior to the election to begin initial inaugural planning in an apolitical fashion and to develop a staff well versed in the full scope of inaugural requirements.

While it is impossible to codify every aspect of the support that may appropriately be rendered by the Department, given the complexity surrounding the planning and operation of the activities comprising the inaugural, the following guidelines attempt to deal with the most prominent areas in which military support may be rendered. Questions concerning military support that are not readily covered by these guidelines should be referred to PIC counsel, and to Headquarters, Department of the Army and the Assistant Secretary of Defense (Public Affairs) for resolution.

These guidelines are necessary because of the failure of the Congress to respond to a 1983 opinion of the Comptroller General concerning military assistance for inaugural activities. That opinion concluded with a recommendation that Congress review such assistance and amend existing law either to conform with past practice known to and acquiesced in by Congress or expressly to prohibit practices for which it was difficult to ascertain specific statutory authority. Congress did neither, creating uncertainty with respect to what assistance was permitted and what was not. These guidelines represent a good faith effort to provide the necessary guidance.

It is intended that the guidelines will result in significantly reduced military assistance during the Inaugural celebration, compared with the 1981 Inaugural (which antedated, of course, the 1983 opinion).

The guidelines anticipate limited military assistance. For example, when the military is authorized to coordinate the movement of groups participating in the parade, it is not intended that military transportation be used to move the group. Further, although military personnel may facilitate the orderly formation and progress of the parade, it is not intended that the military take charge of planning the parade. The role for the military recognized in the guidelines is one of limited assistance and support fully consistent with past practice and the special significance the inaugural holds for the military as the swearing-in of the Commander-in-Chief.

TRANSPORTATION

PIC cars driven by military personnel may be used for official purposes only and only by PIC, JCCIC, and AFIC members, and "Designated Inaugural Participants." The term "official purposes" means Inaugural Committee business. For example, transportation provided to and from Inaugural balls will be provided only to those qualified passengers who are working at the balls.

Transportation on shall not be provided for purely personal purposes. Transportation from residence to work shall be provided only with the approval of the PIC Chairman. Approval shall be given only when inaugural responsibilities could not be met in the absence of such transportation.

"Designated Inaugural Participants" are those individuals who actually have a role in the official Inaugural events and have been designated by the PIC Chairman. Governors shall be considered Designated Inaugural Participants.

MILITARY AIDES

Military Aides will be provided to assist members of the First and Second Families and the Designated Inaugural Participants to meet their Inaugural schedules and responsibilities.

MILITARY COORDINATORS

Members of the military may be assigned to coordinate the arrival and movement within the metropolitan area of the various groups participating in the inaugural events.

CEREMONIAL UNITS

Members of the military will be assigned to coordinate the arrival, movement and departure of the President and/or the Vice President at the various inaugural events. These members of the military will also provide assistance to ensure the orderly conduct of events at which the President and/or Vice President are scheduled to appear. They will not be used for routine administrative duties such as ticket taking, parking cars, etc.

MEDICAL SUPPORT

Medical units with appropriate personnel and supplies may be provided at official Inaugural events and at the Inaugural balls. Additionally, an aid station will provide emergency minor treatment and supplies for job related injuries and illnesses of the PIC staff.

USHERS

Military personnel may be used as ushers only at the actual public swearing-in ceremony and at the Presidential Reviewing Stand.

INAUGURAL PARADE

Military units will monitor and coordinate the parade for safety purposes, and will be used along the parade route. Security issues are to be directed to the Secret Service and Federal Bureau of Investigation. Military marching units may be authorized to participate in the parade. Military drivers, vehicles and equipment may be approved for use in the parade.

PUBLIC RELATIONS

The military may provide public relations support consistent with the recording of its own role in the inaugural activities and with the recording of the ceremonies surrounding the swearing-in of the Commander-in-Chief.

EQUIPMENT

Military equipment, including communications equipment, may be used as needed by the AFIC in the discharge of its responsibilities. Technical support and equipment, such as 2-way radios, cellular phones and beepers, may be provided to the PIC thru GSA if requested.

ADMINISTRATIVE AND LIAISON

Military personnel may serve as members of the PIC staff to advise, assist, and inform on issues concerning military support of the inauguration. AFIC personnel may also perform financial review functions with respect to the activities of the PIC and AFIC. Military personnel may not be used by the PIC to perform routine administrative duties of the PIC, but assignment of military personnel to office functions such as copying and computer systems and systems analysis is authorized when such assignment provides a cost savings or more efficient operation to AFIC itself.

Section 12
GSA Support

The General Services Administration has independent statutory authority for providing support services to Presidential Inaugural Committees under 40 U.S.C. § 490(a)(15). In past Inaugurals, GSA has provided office space and related services (including security) to Inaugural Committees without charge. GSA has also historically made a substantial contribution in the furnishing and installation of telephone equipment.

In November 1984, the General Counsel and the Director of Administration met with representatives of the GSA to discuss the support services to be provided by GSA to the Committee and the terms under which those services would be provided. The end result of these discussions was a Memorandum of Understanding between the Committee and GSA, dated December 17, 1984, which Memorandum recites the kind and level of support services to be provided by GSA and identifies those services for which reimbursement will be required. (A copy of that Memorandum of Understanding is in the General Counsel's files.)

Shortly after Inauguration Day, the Committee received an inquiry from the Deputy Regional Administrator of GSA raising the question of whether the Committee was required to reimburse GSA for support services rendered after the actual Inaugural. This letter was referred to the office of General Counsel for response; a letter was prepared for the Chief Financial Officer of the Committee outlining the legal position of the Committee, namely, that under the independent statutory authority for GSA support services, GSA was empowered to provide such services for a reasonable period following the Inaugural.

GSA, under its general support authority, was a vehicle by which certain government employees, especially qualified to support the inaugural activities, were detailed to the GSA and in turn assigned to PIC.

Section 13
Fireworks

Part of the scheduled Inaugural events were two separate fireworks displays. The Committee's insurers were concerned about liability exposure and coverage for these events and alerted the Office of General Counsel of that fact. Accordingly, when proposals from fireworks vendors were received, a contract requirement was added providing that the fireworks vendors provide the Committee with certificates of insurance confirming liability coverage of $5,000,000. The Office of General Counsel had earlier cleared with the Committee's liability carrier that, if that amount of primary coverage was obtained by the vendors, the Committee's insurer would waive its exclusion of fireworks-related damages.

It subsequently developed that the fireworks vendors were either unwilling or unable to obtain coverage at the $5,000,000 level. They maintained that coverage of $1,000,000 was now the standard of the industry. The Committee's liability carrier refused to lower its demands. After repeated conferences with the vendors and with various insurance agents, the vendors finally managed to obtain the $5,000,000 coverage required by the

Committee's insurer. Regrettably, this matter was not resolved until just a few hours before the first fireworks display.

One lesson to be learned from this incident is that the question of primary insurance coverage to be furnished by the fireworks vendor is something that should be negotiated and completed at the very beginning of the contracting process. There is no reason to delay resolution of this question until the very last moment.

Section 14
Gala Site

This section deals with legal matters relating to the various contracts associated with leasing a site and its preparations. They include site agreement, coatcheck, decorations, and ushers. See the attached site checklist, and also compare against the Inaugural Ball site checklist to note differences and any duplications.

A. Site Agreement.

The site agreement with the Convention Center covered use of Hall A, Lobby Five, ticket booths and Administrative Annex. There were separate agreements for both Balls and Ticket Will Call area. All agreements were in the standard form of rental agreements. The rental agreements were amended to incorporate the following changes: (1) PIC to provide its own security service and armed guards from Metropolitan Police or Federal Protection Service; (2) PIC to reserve all rights to produce, record, etc., all entertainment events; in addition, the Center would have a right to any proceeds; (3) deposits were waived. PIC made a "good faith" payment which was justified because we had already committed to the site and modifications to the terms had been made. As of the date of this report, only one legal matter has come to our attention: the rates for electricity and total bill which appear to be excessive. The clause in the rental agreement should be negotiated with a ceiling built in for charges.

B. Decorating.

Freeman Companies provided decorations based on a final contract that was not executed until several days before the events. It is important to note that change orders were reflected in the final agreement. Earlier negotiations were not adequate to provide specific terms for a contract.

C. Coatcheck.

King Enterprises, Inc. was contracted for the job at both the Galas and Balls. Difficulties arose immediately regarding guaranteed numbers; we negotiated at 2/3 of attendees. In comparison to the Balls, the Gala coatcheck went extremely well. Recommendation: focus on staffing levels and color-marked locations for time savings.

D. Ushers.

CES Security was contracted with for the Galas. There was a last minute Insurance Certificate problem (the contractor did not know he had to provide us with one). We had them send a telegram regarding coverage.

ATTACHMENT A

SITE PREPARATION LIST - GALAS

Site Agreement:	Convention Center Hall A, Lobby 5 ticket booths, Administrative Annex
Decorations:	Freeman Company
Catering:	Convention Center controls for Galas
Coat Check:	King Enterprises, Inc.
Sound System:	Estrin Associates, Inc. - $30,701 - Question regarding portion for Galas
Ushers:	CES Security
Entertainment:	
Security:	Burns Agreement
Parking:	No site parking; private lots around
DC Sales Tax:	Committee secured exemption

Section 15
Gala Event/Broadcast

This section outlines the major legal matters associated with The Vice Presidential Gala performed on Friday, January 18, 1985, and The 50th American Presidential Inaugural Gala performed on January 19, 1985 between 8:00 p.m. and 10:00 p.m. at the Washington, D.C. Convention Center and broadcast on the ABC network the same night between 9:00 p.m. and 11:00 p.m.

The production of the performances and the broadcast represented several challenges to PIC including the terms of the broadcast, sale of advertising time, site development, and the collective efforts required for the actual production and direction of the programs.

The attached checklist (Appendix A Gala checklist) and checklist A in Section 13 enumerate all the agreements and legal rights associated with the Galas. Further, a Gala notebook in the files of the Committee contains copies of all materials described in the checklists and merits review. PIC Counsel was on site with the notebook for both performances. It is also valuable to review M. Rudin's memoranda on those issues.

We have the following special observations and caveats:

A. Production of the Performances.

Frank Sinatra and his attorney, Mickey Rudin, Joe Canzeri, and Ray Caldeiro contacted the Gala entertainers and negotiated commitments for their services.

Terry Baxter, as Vice-Chairman, was responsible for all the site arrangements described more fully in Section 13. It is interesting to note that the Convention Center did not have

ASCAP/BMI rights nor did they have any agreements with unions. These have to be arranged by PIC or its production company.

A substantial amount of goods and services were required for the actual production of the Galas. Forecasts of the volume of contracting clearly indicated the need for a production company to acquire a significant amount of goods and services in a brief time. Seligman Productions was responsible for over $1.6 million of goods and services which represented over 90% of the cost of the Galas net of the ABC facilities agreement.

We recommend that if an agreement is drafted again with a production company that similar clauses establishing legal, financial, and management controls be included. It is also suggested that the production company have independent counsel (especially for purposes of labor issues), and that it also be required to obtain any and all performing rights (ASCAP, BMI, AFTRA, etc.) and releases and consents in the name of the production company. There are rights that must be obtained with respect to the live performance, as well as numerous broadcast rights.

It is also suggested that the agreement include a comprehensive assignment clause and a specific independent contractor disclaimer.

Rudin's firm negotiated the Smith-Hemion (Producer-Director) agreement, and we suggest that a similar format or similar terms or conditions be included in any future agreements.

B. The Broadcast.

It is important to promptly select an advertising agency and reach an understanding on the compensation in the relationship because it affects the oncoming revenue and costs of the broadcast.

A written understanding should be exchanged to assure sale, delivery, clearance, and placement of advertising. The agency will bill the clients and collect the revenue by the 15th day of the month following the broadcast. We assisted the agency in drafting the language for their bills to the sponsors. All fourteen (14) minutes were sold at a net price of $300,000.

It is important to note that the understanding should include compensation such as a handling fee (2% of sales) and should also include a handling fee for signing as a party to the ABC facilities agreement.

Mickey Rudin conducted most of the negotiations of the ABC facilities agreement for the purchase of the broadcast time. It is important to note whether the price is commissionable (i.e., standard form ABC provision for 15% commission to agency which would be superceded by a Committee agreement with its advertising agency). The Committee paid $300,000 per half hour (political rate card cost) for two (2) hours -- a commissionable cost of $1.2 million.

The negotiations should also limit the amount of time allowed ABC for network promotions, station identification, newsbreaks and exclude spot advertising. ABC originally retained five (5) minutes in the two hours which was negotiated to three

(3) minutes fifty-eight (58) seconds. Further, special charges of $25,000 to $40,000 (for video engineers, etc.) should also be waived or limited by a maximum amount.

One of the most important provisions is the point at which ABC will accept and be responsible for the program. The preference is to negotiate ABC's acceptance of the signal from the truck on site rather than to New York City. This avoids having the Committee acquire a primary and back-up transmission line, as well as transmission line insurance. (The commercials were already in New York City for broadcast.)

C. <u>Reducing the Risks of Liability and Losses</u>.

One of the endorsements to the Committee's comprehensive general liability policy included liability for defamation, slander, unfair advertising, etc.

Further, the Committee was also co-named in the Producer's Errors and Omissions Policy with limits of $1,000,000 and $5,000,000 and evidence of that insurance in the form of a certificate was required by ABC in their agreement. See Clause 12 in Gala Notebook.

The Committee also elected to insure against a loss of revenue ($4.2 million of advertising) attributable to a transmission failure of the performance to New York City. (If ABC could not broadcast the Gala, it would have been unlikely that showing the commercials would be adequate!) The cost of the policy ($15,000) was modest because we had a primary and back-up ground lines, and satellite transmission was not involved in the transmission between Washington and New York City.

ATTACHMENT A

GALA LEGAL CHECKLIST

ATTACHMENT A

TOPIC	COMPLETE	STATUS
ABC Facilities		
Sale of Commercial Time		
Art Director, Roy Christopher		
Broadcast Rights a) domestic		
b) foreign		
Convention Site Agreement & Issues		See Site checklist
Errors & Omissions Producer's Insurance		
Media Licenses		
Music Director		
Music Rights a) BMI/ASCAP-performers and licenses		
b) Clearinghouse		

Music Rights (continued)

c) Synch, Rights

Musicians Unions

a) American Federation of Musicians-Release of individual performers

b) D.C. Federation of Musicians

c) exceptions

SESAC

Seligman Productions

Smith/Hemion

Talent

a) AFTRA Performers — See talent checklist

b) Non-AFTRA Performers Waivers and Releases — See other entertainment checklist

Payrolls

a) Pension Fund payment

b) LATSE (theatrical stage employees, studio mechanics)

Writer (Buz Kohan)

Section 16
Inaugural Balls

Background and General Information

Responsibility for legal matters relating to the Inaugural Balls was handled, under direction of the Deputy General Counsel and Assistant General Counsel, by Gant Redmon, volunteer legal coordinator and by three staff attorneys. The staff attorneys were assigned specific ball sites and were grouped into: (a) hotels, (b) public buildings, and (c) the Convention Center. The Convention Center was the site of several Inaugural activities and also housed the ticket will-call operation; therefore, the same staff attorney was involved with respect to all of the various activities staged at that site. A schedule of the various contracts executed with regard to each site is attached as Exhibit A; generally, they break down into contracts for facilities, decorating, catering, and coatcheck. Specific comments with regard to the Ball held at each site are attached as Exhibit B, those comments having been prepared by the attorney specifically assigned to that particular site.

As of the date of this report, only one serious legal matter has come to the attention of those of us involved: the coat check difficulties at the Hall B Convention Center site and at the Kennedy Center. Both sites were handled by the same contractor, King Enterprises, which is the regular coatcheck operator for the Convention Center. Personal and certified mail notice has been dispatched to King Enterprises on this date; a notice has also been sent to the Committee's secondary theft coverage carrier.

Due to the late date on which contracts were finalized, the goal of the Operations group and the General Counsel's Office to keep change orders to a minimum has, so far as we know, been achieved. In the past, the most expensive change orders have dealt with decorations. A preliminary Memorandum of Understanding was utilized in the case of Hargrove, Inc., the decorator for six ball sites, to permit initial construction of boxes and stages. The final contract, however, was not executed until several days before the events so that as many changes as possible could be taken into consideration in the initial contract. On the day of the balls, an amendment to the contract was executed which covered all six sites and included adjustment of the numbers of boxes to be constructed for each site as well as minor miscellaneous decorating changes. So far as we know, only minor change orders were required in the contract with the Freeman Companies, which were responsible for decorating at the Armory and both ball sites at the Convention Center.

While specific comments are made in Attachment B with respect to each site, the following general comments with regard to the various types of contracts are worth noting:

A. Facilities contracts for the hotel sites are fairly straightforward. Arrangements for the Pension Building, now known as the National Building Museum, were simplified considerably with the help of the General Services Administration. Arrangements for use of space at the Smithsonian Institution proceeded smoothly; they are well organized and are extremely cooperative and responsible. The Kennedy Center presents a myriad of other problems, however, particularly since the Committee must deal with the National Park Service, other occupying entities (Washington Opera Society and Washington Performing Arts Society), as well as the Kennedy Center itself. Contrary to other governmental buildings, the Kennedy Center demands, and receives a considerable rental as well as reimbursement of all costs for the use of its space. Negotiations of the agreement for the D.C. Armory went smoothly; its standard form of agreement was modified somewhat and they were cooperative in furnishing estimates of costs.

B. Catering Contracts in the public buildlings present significant challenges and are the subject of a good deal of give and take. Per capita charges by exclusive caterers must be dealt with and can be negotiated.

C. Decorating Contracts were simplified because only two decorators were involved in all of the sites. Separate contracts were negotiated with the sound contractor and the lighting contractor. Any requirements which any of the contractors might face with respect to use of union labor should be addressed in the contracts.

D. Coatcheck contracts invariably involved the greatest potential for dispute, as evidenced by the difficulties at the Convention Center and the Kennedy Center. Particular attention needs to be given to the staffing levels and the recognition of the contractor of the demand which will be placed upon his staff, especially at the conclusion of the Ball. Security requirements should be coordinated among the contractor, Committee volunteer personnel, Committee security personnel, and uniformed security forces.

Recommendations and Observations

Based upon the experiences of the individuals involved in providing legal services for the Inaugural Balls in 1985, the following recommendations are made:

1. Contract negotiations - Input by finance or treasury and legal at an early stage would provide for much more effective negotiations, in terms in both price and time expended.

2. Contract execution - Execution of contracts and clarification of all fine points could be expedited by requiring the contractor to come to the Committee offices for an execution conference attended by legal, finance and operations. At the same time, the proper number of executed copies could be secured, thereby avoiding the difficulty encountered this year of there seldom being an executed copy available for the contractor. In those cases in which the contract was executed at the Committee offices this year, the number of open items which needed to be resolved at that time was remarkable.

3. Insurance - This area is so important in a function of this type that specific responsibility for coordination of all insurance matters should be assigned to one individual in the General Counsel's office; that person should be experienced in policy drafting and negotiation to assure the Committee that as broad coverage as possible (and perceived by the Committee itself) is secured. Securing certificates of insurance from

contractors was a significant problem this year and, in the case of theft coverage, the coverages envisioned by the Committee simply were not available on any reasonable economic basis to the contractors; therefore, the Committee was forced at the last moment to negotiate secondary theft coverage for its own protection. The gathering of certificates of insurance and a clear understanding of the coverages required, both on the part of the Committee operating personnel and on the part of the contractors themselves, should be initiated prior to the end of December.

4. Standard terms and conditions (general provisions) - A clear understanding by all of the use of standard terms and conditions contained on the reverse side of purchase orders and incorporated by reference and attachment in contracts should be addressed by managers and lawyers at an early stage. The substantive terms and conditions should be reviewed for future use - provisions for insurance must be scrutinized closely to assure that they are realistic and provision needs to be made for the provision of services and leased equipment.

5. Standing Committee - Consideration should be given to the appointment of a standing committee which could formulate basic decisions and plans, the details of which could be carried out by an Inaugural Committee appointed after the election. Facilities, particularly, could be reserved by such a committee, which could be bi-partisan or professional in nature. Actual execution of a theme and final details by the post-election committee would preserve the spontaneity and tradition we have all known for so long.

Section 17
District of Columbia Regulations

The District of Columbia recently codified its special regulations for the Presidential Inauguration. 3/ It should be noted that the Committee has the right to approve street vendor applications (including the particular products sold) and any proposed reviewing stands. The regulations also contain material specifications for parade floats and provide criminal penalties ($100 and 30 days in jail) for sales of counterfeit programs, medals, guidebooks, and pictures. These regulations (D.C. Code 1-1802) should be added to the book of statutory authorities.

The District of Columbia and the Inaugural Committee have mutual responsibilities and relationships on a variety of matters, such as sales tax, occupancy (hotel) taxes, license plate manufacture and record keeping, snow removal, and reviewing stand construction. It would be advisable to consider covering all aspects in a single memorandum of understanding.

Section 18
Administrative Staff and Records

Administrative and Support Staff

At the PIC General Counsel's Office there were three full-time members of the support staff of the Office of the General Counsel: one administrative assistant to the General Counsel and two secretaries.

3/ Formerly it was necessary to draft, adopt and promulgate such regulations in a very short time after the Inaugural Committee was organized and could work with the District government on them.

The administrative assistant's responsibilities consisted of organizing and establishing the filing system, attending staff meetings and preparing minutes, routing assignments to attorneys and keeping track of status of such assignments, and distributing assignments to secretarial staff.

The two secretaries shared the remaining support responsibilities, which consisted of telephone answering, ordering of office supplies, and typing. Filing tasks, however, were assigned to only one secretary.

<u>General Staffing</u>

Assignments to secretarial staff were routed through a central administrative assistant. It is recommended that future Inaugural General Counsel offices also delegate authority over the secretarial staff to an administrative assistant or office manager. In this way, responsibility for smooth operation of the office rests with one person and there is no duplication of effort. In addition, there is one person to hold accountable for the successful operation of the office and one person to whom suggestions can be addressed.

The secretarial staff was sufficient to keep apace of the work load, sometimes with additional volunteer support, which was readily available. The willingness and ability of the administrative assistant to share in clerical duties, when necessary, were invaluable. Such willingness to take on clerical responsibilities should be of prime importance when considering future Inaugural administrative personnel.

Of immense benefit to the administrative staff were the guidelines for office procedures initially delineated in writing by the General Counsel. It is suggested that Inaugural attorneys in the future be equally conscientious in expressing how they wish the office to be run, since each member of the support staff may be accustomed to different procedures. It is suggested, however, that the person in charge of day-to-day administration not be one of the staff attorneys, simply because the attorneys often have to be absent from the premises and because attorneys involved in the Inaugural have to address other matters of greater immediate priority than office procedure.

Files

The assignment of one person to file all documents is an excellent system, since this allows for consistency and organization. The person in charge of filing should prepare a file index as soon as the filing system is set up and the index should be regularly updated and distributed to all staff members.

Section 19
Savings by Use of Volunteers

As indicated above, a planned policy of obtaining as much volunteer professional and support assistance as efficient was adopted. It is estimated that volunteered services by law firms, individual lawyers and others resulted in PIC benefitting from services valued at about $225,000 at regular professional rates charged by the offices and persons who contributed them. Particularly the services of the firm of Wilkinson, Barker, Knauer & Quinn, Messrs. Barker, LaForce and Moran; Charles G.

Sabo, Gant Redmon, the firm of Pierson, Ball & Dowd; Messrs. John R. Erickson, T. Timothy Regan and Ms. Diane Burkey, the firm of Morgan, Lewis & Bockius; Donald C. Alexander, B. John Williams and Anne E. O'Connell and others listed on the letterhead of the transmittal letter of this report, not only rendered extensive legal services without charge but frequently extensive support services.

Section 20
Cancellation of Events
Due to Inclement Weather

The unprecedented cold weather on Inauguration Day and the two preceding days caused the cancellation of the scheduled parade, the cancellation of the Youth Concert and moving the formal swearing in from outside the Capitol to the Rotunda. The General Counsel was consulted and part of the decision-making process leading to these actions. Legal implications were carefully considered before senior PIC officials and the President and First Lady made the difficult decision.

Cancellation of the free Youth Concert caused no significant problem. Refunds of purchase price of parade tickets was considered essential for those who exercised an option prior to February 5, 1985, to request refunds. Of concern was the media coverage of the swearing in and the parade because of TV sponsorship and arrangement. By round-theclock work, alternate coverage and newsworthy events were supplied.

The President, First Lady and Vice President and Mrs. Bush went to the Capital Centre where various parade participants were gathered. They addressed these people in a manner that cushioned disappointment and provided an excellent alternate media event.

Before making the cancellation decision, weather studies and opinions of experts, including medical advice, was obtained. Fear of serious multiple frostbite, particularly among the military involved and various marching units, made the decision necessary.

Conclusion

The excellent staff of the General Counsel's office provided timely and effective legal support to the Divisions of PIC and its managers. Improvements on past precedents and practices were made. This report summarizes our experiences and makes recommendations which we hope will be useful to managers and General Counsel personnel in future inaugurations.

Fred F. Fielding
General Counsel