

**MINUTES OF OCFEC BOARD OF DIRECTORS MEETING
HELD NOVEMBER 17, 2016**

1. CALL TO ORDER:

Chair Berardino called the meeting to order at 9:01 a.m.

2. MISSION STATEMENT

3. PLEDGE OF ALLEGIANCE:

The Pledge of Allegiance was recited by Director Tkaczyk. Roll call was taken by Summer Angus.

4. DIRECTORS PRESENT:

Chair Berardino, Vice Chair Bagneris, Director Mouet, Director Tkaczyk, Director La Belle, Director Cervantes, Director Ruiz and Director Pham

DIRECTORS ABSENT/EXCUSED: Director Aitken

OTHERS PRESENT:

Kathy Kramer, OCFEC CEO; Michele Richards, OCFEC Vice President, Business Development, Ken Karns, OCFEC Vice President, Operations; Adam Carleton, OCFEC Vice President, Finance & Administration; Summer Angus, OCFEC; Bianca Kulback, OCFEC Director of Human Resources; Jerry Eldridge, OCFEC Director of Facilities; Jason Jacobsen, OCFEC Director of Planning & Presentation; Joan Hamill, OCFEC Director of Exhibits & Education; Elaine Kumamoto, OCFEC Director of Finance; Bolton Colburn, OCFEC Heroes Hall Supervisor; Thane Hollman, OCFEC Guest Experience Supervisor; Nick Buffa, OCFEC Safety & Security Supervisor; Shannon Kubitz, OCFEC Exhibits & Education Supervisor; Sabrina Sakaguchi, OCFEC; Mariana Sanchez, OCFEC; Josh Caplan, Office of the Attorney General; Janet Taylor, Stenographer; Tamara Goddard, Tandem Partnerships; Adela Generally, Spectra; Kelly Shelton, City of Costa Mesa; Jeff Teller; Beth Refakes; Reggie Mundekis; Jay Humphrey; Bob Palazzolo; Theresa Sears

5. CEO'S OPERATIONAL UPDATE

Kathy Kramer, OCFEC CEO, gave a recap of the visit from Secretary of Agriculture, Karen Ross.

Kramer spoke about the success of the Heroes Hall dedication on Veterans Day and the many moving tributes to and from veterans.

Chair Berardino reflected on the Heroes Hall Veterans Day dedication ceremony of November 11, 2016.

Kramer reported that the OCFEC staff has been working on a three year campaign for the OC Fair theme. She further reported that the theme and marketing concepts were being tested in focus groups and thanked

Chair Berardino for his participation.

Director Cervantes arrived at 9:05 a.m.

Adam Carleton, OCFEC VP of Finance & Administration, presented the September 2016 financials.

Ken Karns, OCFEC VP of Business Operations, gave an update on the Master Site plan.

Michele Richards, OCFEC VP of Business Development, provided an overview of upcoming events.

Director Ruiz arrived at 9:10 a.m.

Kramer reported that since the October Board meeting, staff had spent 63 hours at a cost of \$2,993.88 fulfilling public records requests.

6. PUBLIC COMMENT

Kelly Shelton, City of Costa Mesa, on behalf of the Mayor and City Counsel of Costa Mesa, presented a Certificate of Recognition to Heroes Hall. She also congratulated the OCFEC Board and staff on an outstanding job on the Heroes Hall dedication ceremony.

Chair Berardino recognized the City of Costa Mesa as being the first city to donate \$25,000 to the Heroes Hall Veterans Foundation and has donated a total of \$50,000 to date.

Bob Palazzolo, praised the Heroes Hall dedication event. He spoke of his interaction with some of the Santa Ana Army Air Base veterans who attended and shared some of his experiences while at the event.

Beth Refakes stated that Heroes Hall dedication on Veterans Day was a wonderful event. She also inquired if any progress had been made on the recouping of funds, for invoice from the Orange County Sherriff's Department for their services during the Trump Rally event.

7. MINUTES:

A. Board Meeting held October 27, 2016

ACTION: Director Ruiz and Director La Belle seconded to review and approve the minutes from the Board meeting held October 27, 2016.
MOTION CARRIED. AYES: Chair Berardino, Vice Chair Bagneris, Director Mouet, Director Tkaczyk, Director La Belle, Director Cervantes, Director Ruiz and Director Pham. **NAYES:** none.

8. CONSENT CALENDAR

- A. Standard Agreements: None
- B. Amendments: SA-189-16FT (Amend. #1); SA-56-12PA (Amend. #4); SA-258-13WC (Amend. #2); SA-005-15ET (Amend. #2); SA-01-16PA (Amend. #2); SA-238-16WR (Amend.#1); SA-238-16WR (Amend. #2); SA-082-16FT (Amend. #1)
- C. Rental Agreements: R-146-16; R-155-16; R-165-16; R-171-16; R-172-16; R-173-16; R-174-16; R-176-16; R-177-16; R-002-17; R-042-17
- D. Active Joint Powers Authority Agreements: 16-055; 15-042 (Addendum #1)
- E. Correspondence:
Communications to the Board from the public in response to Board discussion or to comments made before the Board are to be listed on the meeting agenda and included in the Board materials as an item of public disclosure.
 - i. none.

ACTION: Director La Belle motioned and Director Cervantes seconded to approve the Consent Calendar. **MOTION CARRIED. AYES: Chair Berardino, Vice Chair Bagneris, Director Mouet, Director Tkaczyk, Director La Belle, Director Cervantes, Director Ruiz and Director Pham. NAYES: none.**

-End of Consent Calendar-

9. GOVERNANCE PROCESS:

A. Committee/Task Force/Liaison Reports

- i. Centennial Farm Foundation Board (Director Mouet)
- ii. Heroes Hall Veterans Foundation Board (Chair Berardino, Director La Belle)
- iii. Financial Monitoring Committee (Vice Chair Bagneris, Director Pham)
- iv. Workers Memorial Task Force (Chair Berardino, Director Aitken)
- v. 2016 OC Fair City Liaison Committee (Director La Belle, Director Cervantes)
- vi. Legislative Monitoring Task Force (Chair Berardino, Director Aitken)
- vii. Master Site Plan Task Force (Director La Belle, Director Ruiz)
- viii. Tenant Liaison Committee (Director Tkaczyk, Chair Berardino)
- ix. Consumer Initiatives Task Force (Director Tkaczyk, Vice Chair Bagneris)
- x. Agricultural Committee (Director Mouet, Director Cervantes)

Director Mouet, on behalf of the Centennial Farm Foundation Board, reported that the Board had not met but plan to meet in January.

Director La Belle, on behalf of the Heroes Hall Veterans Foundation Board, praised the Heroes Hall Dedication ceremony and thanked the OCFEC Board and staff for all their work. Chair Berardino reported the event raised \$3,300, received a grant approval from Southern California Edison for \$5,000 and that he executed an additional grant approval from the City of Irvine in the amount of \$28,000.

Director Bagneris, on behalf of the Financial Monitoring Committee, spoke on how productive the Budget Study Session of November 10, 2016 was. She also shared how pleased she is to have Adam Carleton on staff.

Chair Berardino, on behalf of the Legislative Monitoring Task Force, reminded the Board that if they have any kind of legislative issues they want to pursue to start the process before the end of January.

B. Western Fairs Association Information Report

Information Item

Reggie Mundekis spoke on information she collected about Western Fairs Association (WFA).

Kathy Kramer presented the staff report and gave background on the WFA organization.

Chair Berardino stated that, with the exception of one piece of legislation, he is content with the WFA organization and that continued membership should be part of the Board's five year plan.

Director La Belle spoke on future lobbying and suggested the Legislative Task Force to work closely with Gonsalves & Son and articulate the Board's position on legislative matters.

Chair Berardino asked that a running list to be created for five year plan ideas.

Director Mouet suggested that staff be in communication with WFA and lobbyists and flag any bills that may need to be brought to the Board's attention. He also suggested that staff make a request to WFA to organize a meeting at their convention, with the larger fairs, to discuss legislation.

Chair Berardino suggested the formation of a more regional organization be considered and added to the five year planning list of things to discuss.

C. Investigate Options For Legislative Changes To Senate Bill 549, To Allow 50-50 Raffles

Action Item

Josh Caplan, Office of the Attorney General, spoke about Senate Bill 549.

Director Tkaczyk stated he would like to move forward with OCFEC's lobbyist firm to pursue a change to Senate Bill 549.

Chair Berardino agreed with Director Tkaczyk.

Director Pham asked what the benefit of such raffles would be to OCFEC.

Director Tkaczyk gave examples of 50-50 style raffles and stated that said raffle proceeds would benefit charities like Heroes Hall Veterans Foundation and Centennial Farm Foundation.

Chair Berardino, Vice Chair Bagneris and Director Tkaczyk all shared their support in moving forward with Gonsalves & Son to lobby on behalf of OCFEC regarding changes to Senate Bill 549.

Director La Belle suggested that the first step should be to analyze the history and author of Senate Bill 549.

ACTION: Director La Belle motioned and Director Ruiz seconded to approve staff to pursue legislative action through Gonsalves & Son to change Senate Bill 549 allowing District Agricultural Associations to conduct 50-50 raffles. **MOTION CARRIED. AYES: Chair Berardino, Vice Chair Bagneris, Director Mouet, Director Tkaczyk, Director La Belle, Director Cervantes, Director Ruiz and Director Pham. NAYES: none.**

D. Centennial Farm Foundation Memorandum of Understanding

Action Item

Richards gave background on the Centennial Farm Foundation Memorandum of Understanding (MOU) and presented the staff report. She presented the changes that the Centennial Farm Foundation made to the original MOU and staff's recommendations.

Chair Berardino suggested that after the presentation the Board consider tabling the vote for the Board to have further time to review.

Director Mouet agreed with tabling the motion.

The Board discussed the changes made to the original MOU by Centennial Farm Foundation and agreed with staff's recommendations.

Director Mouet suggested that a draft a letter from CEO Kramer accompany staff's response to the MOU changes be presented at the December 15th Board meeting for further discussion and approval.

ACTION: Director Mouet motioned and Director Cervantes seconded to table Centennial Farm Foundation Memorandum of Understanding to December 15th meeting. **MOTION CARRIED. AYES: Chair Berardino, Vice Chair Bagneris, Director Mouet, Director Tkaczyk, Director La Belle, Director Cervantes, Director Ruiz and Director Pham. NAYES: none.**

Meeting suspended for a short break from 11:17 a.m. to 11:25 a.m.

E. Discuss Contract Extension for Moor + South/Pier Management Co., LP, dba Tandem
Action Item

Jay Humphrey, Costa Mesa resident, congratulated the Board on the Heroes Hall Veterans Day dedication event. Humphrey spoke in opposition of the Tandem contract stating his concern that the company is not a stakeholder in the southern California community.

Reggie Mundekis spoke in opposition of the Tandem contract.

Richards presented the staff report and staff recommendations.

Director Ruiz asked for the numbers of dates, filled by contracts Tandem procured, that would have otherwise gone unsold.

Director Tkaczyk asked Counsel if the Board has the authority to turn down any type of event.

Josh Caplan, Office of the Attorney General, stated the Board has discretion to allow or not allow any event to take place but if the Board elects to not allow an event to take place, there needs to be a legal reason for doing so.

Director Mouet and Director Tkaczyk spoke in agreement with having the sales function outsourced for these types of events.

Kramer spoke in support and confidence of continuing with the outsourcing of the sales function and with Tandem.

Chair Berardino asked that the next and final option year of the Tandem contract be put on the agenda for discussion and approval allowing enough time to consider going to RFP process if necessary.

ACTION: Director Tkaczyk motioned and Director Vice Chair Bagneris seconded to approve contract extension of Moor + South/Pier Management Co., LP, dba Tandem, contract number SA-260-13CS. **MOTION CARRIED. AYES: Chair Berardino, Vice Chair Bagneris, Director Mouet, Director Tkaczyk, Director La Belle, Director Cervantes, Director Ruiz and Director Pham. NAYES: none.**

F. Review and Approve 2017 OCFEC Operating Budget & Capital Information Item

Kramer gave a summary of the Financial Monitoring Committee Budget Study Session and thanked Vice Chair Bagneris and Director Pham for their work on the committee and Chair Berardino and Director Tkaczyk for attending the session. She also presented an overview of the 2017 Operating Budget, highlighting areas of growth from the previous year.

Chair Berardino pointed out that CEO Kramer has taken the lead to protect the public's interest with extra funding in the budget for additional health inspections and the auditing operating systems.

Director Tkaczyk asked staff to provide detailed information on OCFEC's insurance coverage and deductibles.

Director Ruiz asked if OCFEC had cyber liability insurance coverage.

Reggie Mundekis gave the Board a copy of the 2014 STOP report published by the California Department of Food and Agriculture and information regarding fairs in California. She expressed concern about the preparation of the 2017 Operating Budget and requested backup documentation.

Carleton presented the 2017 Budget roll-up.

Carleton explained GASB 68 in which all state agencies have to assume some of the deficit from the state pension funding. He reported that OCFEC's net pension liability expense was \$12 million for the fiscal year of 2015, and explained that while it has no cash impact, it must be carried as a liability. He further gave examples of GASB 68 and examples of unfunded pension liabilities and booking the liability as an expense.

Chair Berardino shared his pension liability knowledge for further clarification.

10. CLOSED SESSION

No closed session.

11. BOARD OF DIRECTORS MATTERS OF INFORMATION

Director La Belle wished everyone a nice Thanksgiving holiday.

Vice Chair Bagneris also wished everyone happy holidays. She expressed her gratitude for being elected as Vice Chair of the Board and her enjoyment of the Heroes Hall event.

Chair Berardino stated that this next year would be a planning year for the Board and an opportunity to set the vision and direction for the next five years.

Director Cervantes wished everyone a happy Thanksgiving. She expressed how rewarding it was to see CEO Kramer interact with the Secretary of Agriculture, sharing with her OC FEC's vision, direction and commitment to the community.

Director Pham and Director Ruiz praised the Heroes Hall event and wished everyone a happy Thanksgiving.

12. NEXT BOARD MEETING: DECEMBER 15, 2016

13. ADJOURNMENT

Director Cervantes motioned and Chair Berardino seconded to adjourn. All Board members said Aye.

Meeting adjourned at 1:11 p.m.



Nick Berardino, Chair



Kathy Kramer, Chief Executive Officer