



## **Board of Directors Agenda Report**

MEETING DATE: MAY 28, 2020 ITEM NUMBER: 10D

**SUBJECT:** Consideration of and Vote on Whether or Not to Approve Line of Credit Agreement with the 22<sup>nd</sup> District Agricultural Association (San Diego County Fairgrounds)

**DATE:** May 22, 2020

**FROM:** Michele Richards, CEO

**PRESENTATION BY:** Tim Fennell, CEO and Board Members of 22<sup>nd</sup> District Agricultural Association (San Diego County Fair)

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### **RECOMMENDATION**

At the Board of Directors' discretion.

### **BACKGROUND**

The 22<sup>nd</sup> District Agricultural Association (San Diego County Fair) has approached OC Fair & Event Center with a proposal for a line of credit agreement.

Tim Fennell, CEO of the 22<sup>nd</sup> District Agricultural Association and Board members will present the proposal for consideration by the Board of Directors.



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May 22, 2020

Board of Directors  
32<sup>nd</sup> District Agricultural Association  
Orange County Fair & Events Center  
88 Fair Drive  
Costa Mesa, CA 92626

22ND DISTRICT AGRICULTURAL ASSOCIATION  
State of California

Dear Board of Directors:

On behalf of the Board of Directors of the 22<sup>nd</sup> District Agricultural Association (22<sup>nd</sup> DAA), we are requesting critical funding support in the amount of \$5 million in the form of a loan or line of credit from the 32<sup>nd</sup> District Agricultural Association/Orange County Fair & Events Center.

We know that we are not alone in facing the most difficult situation of our lifetimes, including cancellation of our respective fairs and community celebrations. Our Fair, our largest revenue stream by far, was due to run June 5 through July 5, 2020. For us, the decision, although certainly the socially responsible one to make, caused a catastrophic effect upon our financial condition.

We have stepped up to overcoming this challenge and have already implemented a plan that includes aggressive cost reduction strategies combined with funding from multiple sources that ultimately gets us past this current crisis. Our strategy gets us nearly all the way there through secured funding from outside sources including the California Department of Food & Agriculture. However, the combination of secured funding to date still leaves us approximately \$5M short.

We care passionately about this industry, just as you do, and are working diligently to ensure the survival of not only ourselves, but of the entire eco system of the Network of California Fairgrounds. We believe that as a part of the State's recovery plan from COVID-19, the Network must remain intact for its ongoing economic contribution to the general fund, including \$2.4 billion in sales tax revenues, and that these vital resources, fairgrounds, be preserved and even advanced for future generations of Californians. Your support to help us continue to serve as a leader, just as you do, through these unprecedeted times is very much appreciated.

We respectfully request the board's consideration of our presentation during your board meeting on Thursday, May 28, 2020, and, should you be agreeable to our request, authorize your Executive or Finance Committee to negotiate with our Finance Committee on the final terms of the agreement, to be brought back to both of our boards for final approval at our June meetings. Terms that we are requesting include a \$5 million loan or line of credit, with deferred debt service, allowing the necessary time for us to move into our recovery phase.

Sincerely,

Richard Valdez  
President, Board of Directors

Lisa Barkett  
Vice President, Board of Directors

Timothy J. Fennell  
Chief Executive Officer