



Board of Directors Meeting

May 28, 2020

Please take notice that this public meeting of the 32nd District Agricultural Association, a California state institution, is being recorded using video recording equipment. Please also take notice that the 32nd District Agricultural Association will release video recordings of its public meetings where required under California law.

Please silence your cell phones

The Mission of OCFEC is...

**Celebration of Orange County's
Communities, Interests, Agriculture and
Heritage**

(with results justifying resources expended)





5. Closed Session

- A. Pending Litigation – The Board will meet in closed session to consult with legal counsel regarding the following pending litigation. [Gov. Code section 11126(e).]
 - i. To confer with and receive advice from legal counsel regarding potential litigation involving the 32nd District Agricultural Association. Based on existing facts and circumstances, the Board of Directors will decide whether to initiate litigation. (Govt. Code, § 11126, subd. (e).)
 - ii. To confer with and receive advice from legal counsel regarding potential litigation involving the 32nd District Agricultural Association. Based on existing facts and circumstances, there is significant exposure to litigation against the 32nd District Agricultural Association. (Govt. Code, § 11126, subd. (e).)
- B. Personnel: The Board will meet in closed session to consider the evaluation of performance of the General Manager / CEO. [Govt. Code, § 11126, subd. (a).]



6. CEO's Operational Announcements & Updates



For the Four Months Ended April 30, 2020

	Actual	Budget	Variance Favorable (Unfavorable)
YTD Revenue	\$2,305,710	\$4,154,981	\$(1,849,271)
YTD Expenses	<u>\$7,278,719</u>	<u>\$9,839,066</u>	<u>\$2,560,346</u>
YTD Net Proceeds (Deficit)	<u>\$(4,973,009)</u>	<u>\$(5,684,084)</u>	<u>\$711,075</u>



Cash and Cash Equivalents

	<u>April 30, 2020</u>	<u>April 30, 2019</u>
Cash on Hand	\$1,948,051	\$1,243,749
Investments	<u>\$51,517,498</u>	<u>\$51,555,536</u>
Total Cash and Cash Equivalents	<u>\$53,465,549</u>	<u>\$52,799,285</u>
Year over Year Increase	<u>\$666,263</u>	
Year over Year % Increase	<u>1.3%</u>	



7. Minutes

A. Board meeting held April 23, 2020

Action item

A. Board meeting held April 27, 2020

Action Item



8. Matters of Public Comment

Speakers are requested to sign in prior to the start of the meeting and are limited to three minutes. Public comment is allowed on issues NOT on the current Agenda. However, no debate by the Board shall be permitted on such public comments, and no action will be taken on such public comment items at this time, as law requires formal public notice prior to any action on a docket item.

Comments will be accepted on Agenda items during the meeting. Speakers wishing to address the Board on items on the agenda are requested to sign in prior to the start of the meeting and identify the agenda item[s] on which you desire to address the Board. Speakers are limited to three minutes.



9. Consent Calendar: (Policy Reference: 4.3.4)

All matters listed under Consent Calendar are operational matters about which the Board has governing policies, implementation of which is delegated to the CEO. They will be enacted in one motion by category in the order listed below. There will be no discussion of these items prior to the time the Board of Directors votes on the motion, unless members of the board, staff or public request specific items to be discussed separately and/or removed from this section.

Any member of the public who wishes to discuss Consent Calendar items should notify the Chair of the Board, at the time requested and be recognized by invitation of the Chair to address the Board.



10A. Committee/Ad Hoc Committee/Liaison Reports

INFORMATION ITEM:

To assure compliance with the Bagley-Keene Act, Committee reports are only for the purpose of the Committee chair, Ad Hoc Committee members or Liaison to provide a verbal update. Should the Board want to discuss any Committee work item not already on the agenda; those would need to be agendized for a future Board meeting.

- i. Community Engagement Committee (Vice Chair Rubalcava-Garcia, Committee Chair; Director Ruiz)
- ii. Heroes Hall Veterans Foundation Board (Director La Belle, Chair Cervantes)
- iii. Centennial Farm Foundation (Chair Cervantes)
- iv. Financial Monitoring Committee (Director Pham, Committee Chair; Director La Belle)
- v. Legislative Monitoring Committee (Director Aitken, Committee Chair; Director Ruiz)
- vi. Governance Committee (Vice Chair Rubalcava-Garcia, Committee Chair; Director Bagneris)
- vii. Safety & Security Committee (Chair Cervantes, Committee Chair; Director Ruiz)
- viii. Facilities Committee (Director Aitken, Committee Chair; Director Pham)
- ix. Audit and Compliance Committee (Vice Chair Rubalcava-Garcia, Committee Chair; Director La Belle)
- x. Branding Project Ad Hoc Committee (Director Aitken, Committee Chair)
- xi. Storage, Parking and Traffic Ad Hoc Committee (Director La Belle, Committee Chair; Director Bagneris)



10B. Presentation of 2020 Virtual OC Fair Activities and Consideration of and Vote on Whether or Not to Approve Related Expenses

With the cancelation of the 2020 OC Fair, Board Chair Cervantes and Vice Chair Rubalcava-Garcia launched an initiative with staff to offer the community a “virtual fair.” The virtual fair is a re-creation of some of the OC Fair’s most beloved annual activities, events and attractions on the ocfair.com web site and social media channels. It is an opportunity to bring the fair magic to guests and stay connected with fair fans that are safe at home.



10B. Presentation of 2020 Virtual OC Fair Activities and Consideration of and Vote on Whether or Not to Approve Related Expenses

Hosted on ocfair.com, Facebook, Twitter and Instagram, plans are underway to include:

- Opening Day Ceremonies
- Competitions for Ribbons and Prizes
- Contests for the Whole Family
- Flashback Action Sports Arena Events
- Flashback Tribute Band Concerts
- Grounds Entertainer Videos
- Demonstrations
- Market Livestock Program
- Fun on the Farm
- Virtual Heroes Hall History Lessons and Vet Talks
- Downloadable Fair Games and Activities for the Whole Family
- Online Fair Merchants Marketplace
- Fair Food Festival



10B. Presentation of 2020 Virtual OC Fair Activities and Consideration of and Vote on Whether or Not to Approve Related Expenses

FISCAL IMPACT:

In addition to current resources, the virtual fair may include up to \$11,000 in additional expenses related to competition/contest judging/awards/prizes, video editing and production, and operations costs.



OCFAIR GOES VIRUAL

STARTING
JULY 17

OCFAIR.COM



23 Days of Virtual OC Fair Fun

- Opening Day Ceremonies
- Competitions for Ribbons and Prizes
 - Culinary
 - Garden and Floral
 - Photography/Fine Arts
 - Collections
 - Woodworking
 - Table Settings
- Contests for the Whole Family
 - Social media photo and video contests
 - Virtual Fun Run challenge



23 Days of Virtual OC Fair Fun

- Flashback Action Sports Arena Events
- Flashback Tribute Band Concerts
- Grounds Entertainer Videos
- Demonstrations
 - Clown Make-Up Demos
 - Cooking
 - Frank Thurston Magic
 - Foodies Dance Party
 - Craft Beer Tastings at Home
 - Wine Society Demos
 - Photography Tips at Home
 - Craft Demos
 - Milking Demo from Centennial Farm
 - Gardening Tips



23 Days of Virtual OC Fair Fun

- Market Livestock Program
- Fun on the Farm
- Virtual Heroes Hall History Lessons and Vet Talks
- Downloadable Fair Games and Activities for the Whole Family
- Online Fair Merchants Marketplace
- Fair Food Extravaganza
- We Care Wednesday Donation Drives



Promotional Plan

- Daily line-up on web site
- www.ocfair.com (typical total page views: 200-350,000)
- Facebook (157,000), Instagram (49,100) and Twitter (35,500)
- Radio promos with fair fan DJs
- OC Cities
- OC Fair billboard and electronic marquees
- OC Fair database e-blasts
- Business and travel organizations
- Local media partners



Virtual Fair Budget - \$11,000

- \$1,500 - Billboard
- \$2,500 - Web development services
- \$5,000 - Video contractor
- \$1,000 - Ribbons/awards/livestock judges
- \$1,000 - Social media paid posts



Next Steps

- This week:
 - Teaser campaign launches on social media, web site and reader boards
- Next week:
 - Billboard
 - E-blast
- Ongoing:
 - Promotional campaign continues on social media and web site
 - Web site build-out
 - Content development
 - Develop daily schedule of activities
 - Coordinate Fair Food Festival with OC Health Care Agency
 - Line-up contest judges from the community
 - Execute Market Livestock Program
 - Seek cash and trade sponsors



10B. Presentation of 2020 Virtual OC Fair Activities and Consideration of and Vote on Whether or Not to Approve Related Expenses

RECOMMENDATION:

At the Board of Directors' discretion.



10C. Presentation of 2020 Budget Reforecast

INFORMATION ITEM:

Working with the Financial Monitoring Committee, staff has developed a reforecast of the 2020 budget including the following assumptions:

1. Four months of actual revenue and expenses from January-April, 2020
2. Elimination of all seasonal and temporary labor with the exception of essential security staff
3. Version 1 – includes revenue and expenses for a full post-fair event season through the end of the year
4. Version 2 – includes revenue and expenses without post-fair events through the end of the year



10D. Consideration of and Vote on Whether or Not to Approve Line of Credit Agreement with the 22nd District Agricultural Association (San Diego County Fairgrounds)

The 22nd 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 22nd District Agricultural Association will present the proposal for consideration by the Board of Directors.





22nd DAA's Critical Financial Support Request of the 32nd DAA

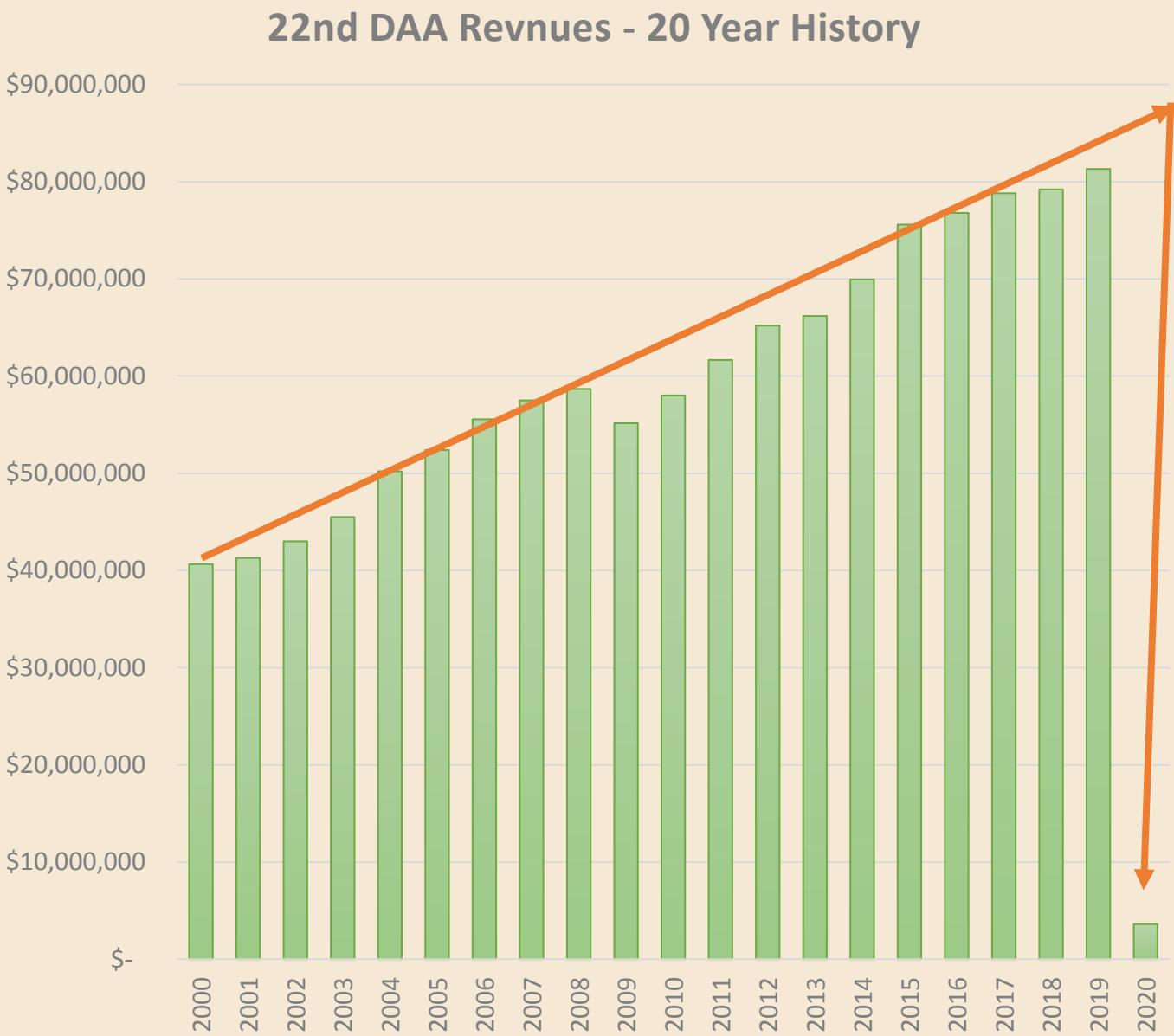
OC Fair & Events Center / 32nd District Agricultural Association

Board of Directors

May 28, 2020

The Effects of COVID-19

- Operating budget predicated on mass gathering type of events
- \$54 million loss in operating revenues since March 13th due to COVID-19
- \$3.2 million average monthly overhead expenses prior to any changes



Reinvested Revenue Over the Years

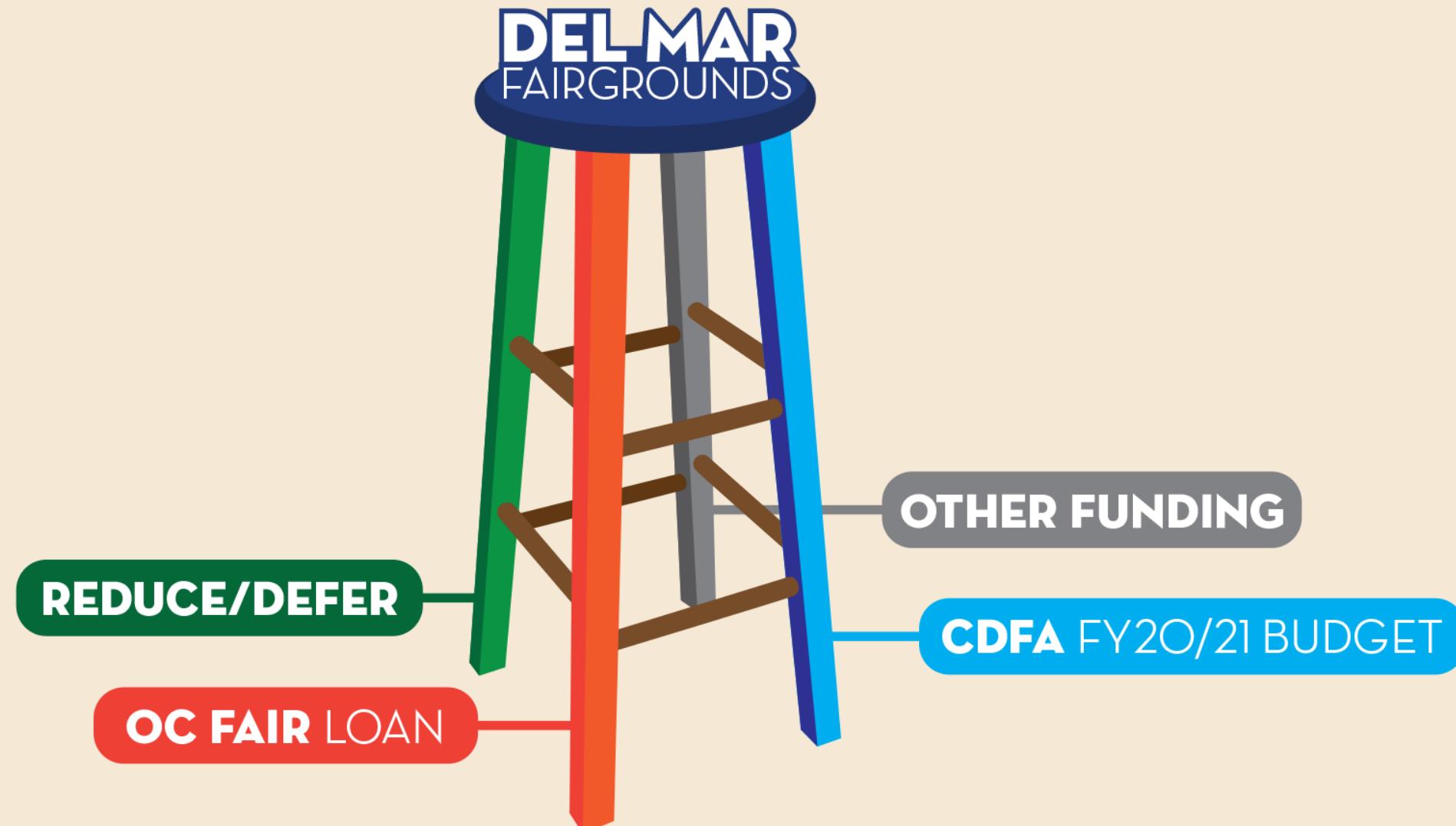
- Over \$280 million in capital improvements over the past 25 years
- Purchased additional 63 acre equestrian facility
- \$5 million habitat restoration



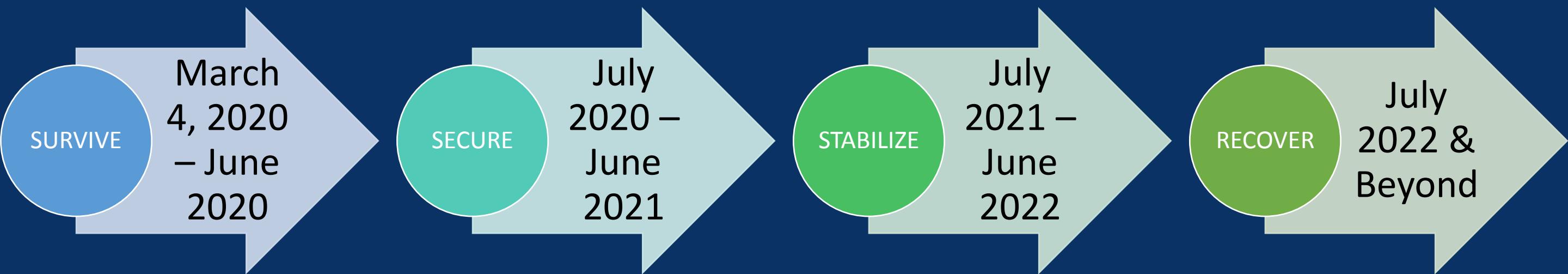
Quantifying the Issue

- Without our Fair and events, \$54 million revenue loss in a matter of months
- By the end of March, faced with a \$20 million gap through the end of the year
- Requested critical emergency funding support from the State of California
- Pursuing and securing available funding sources

Our Approach



Our Focus, Efforts, & Timeline



SURVIVED...March 4 through May 31

- ✓ Immediately reduced temporary and seasonal workforce
- ✓ Additional expense reductions and negotiated deferrals of payments
- ✓ Reduced general liability and workers comp insurance payments
- ✓ Identified all remaining and outstanding revenue sources
- ✓ Terminated service agreements and negotiated settlements
- ✓ Canceled capital improvement projects not yet underway and received a return of deposits
- ✓ Significantly reduced energy and utility needs
- ✓ *No new debt service*

SECURE...June 2020 through June 2021

- ✓ \$5 million additional reduction or deferral of expenses
 - +
- ✓ \$5 million secured from external funding sources
 - +
- \$5 million anticipated in CDFA FY20/21 Budget
 - +
- \$5 million loan from YOU!**

=
*\$20 million
critical funding
secured*

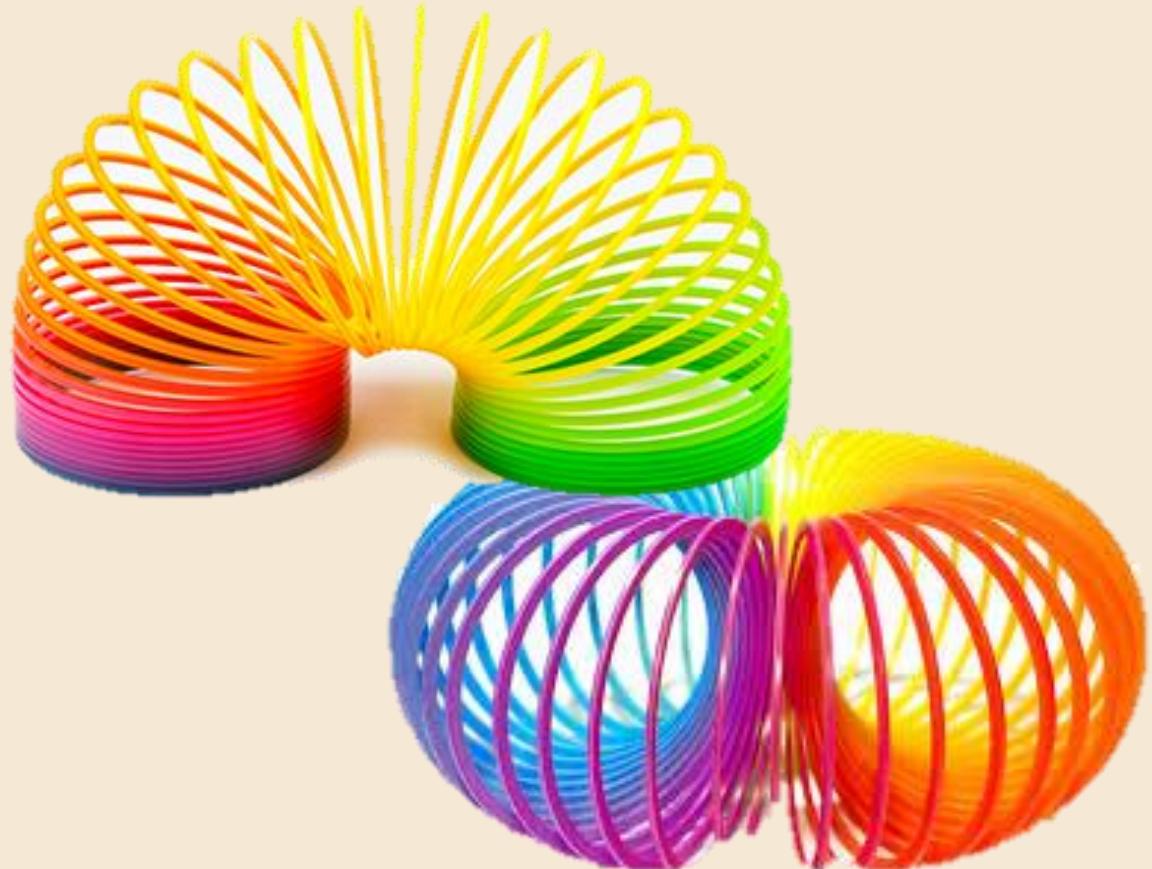
STABILIZE...July 2021 through June 2022

- *Commence interest only payment phase*
- Reintroduce events under new social distancing requirements
- Successful 2021 & 2022 San Diego County Fair
- Open “The Center”
- Breeders Cup



RECOVER...July 2022 & Beyond

- *Commence regular debt service payments of Principal + Interest*
- Rebuilt into a dynamic, flexible organization
- Vibrant in the Network with YOU!
- Ability to service all current debt

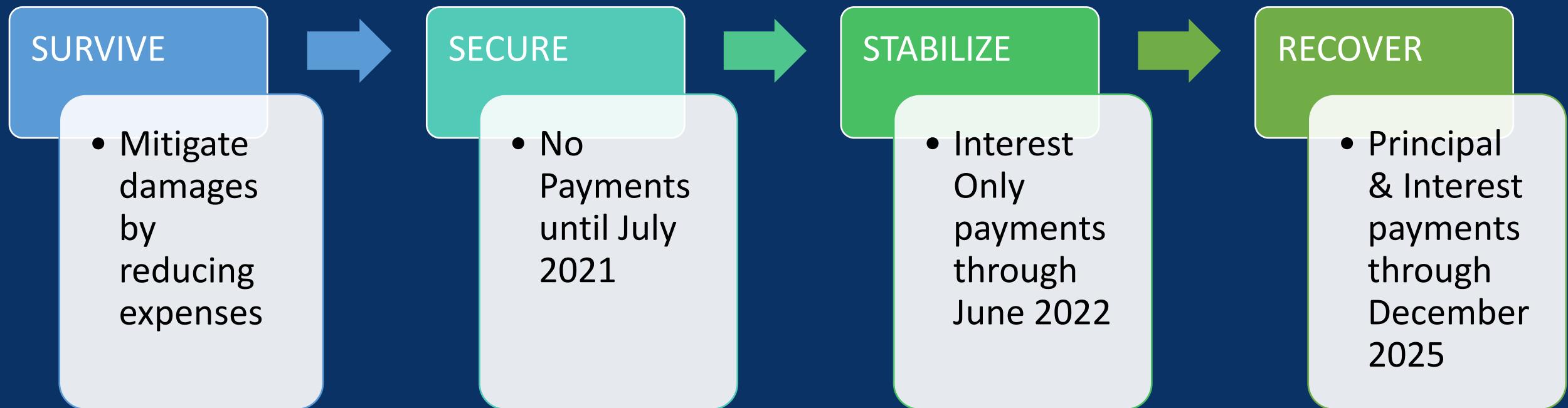




Financial Support Request

\$5 Million Loan with Structured Debt Service

Proposed Payment Plan



Securing the Network's Success

- We are both industry leaders
- Vendors, game operators, carnival rides, entertainers, etc. rely on the Network
- We are both strong fibers in the fabric of our communities
- Every fairground is essential infrastructure in State and local emergency response networks
- Statewide economic impact, including \$2.4 billion in sales tax revenues to the General Fund





We Welcome Your
Questions & Discussion

10D. Consideration of and Vote on Whether or Not to Approve Line of Credit Agreement with the 22nd District Agricultural Association (San Diego County Fairgrounds)

RECOMMENDATION:

At the Board of Directors' discretion.



10E. Consideration of and Vote on Whether or Not to Hold Board of Directors Meetings in July and August 2020 and Vote on Whether or Not to Hold the June 25, 2020 Board of Directors Meeting in the Evening

At the November, 2019 Board meeting, the Board of Directors voted approval of the 2020 Board meeting schedule. The schedule included meetings the fourth Thursday of each month with the exception of July and August while the fair was being held.

In addition, the Board voted to hold evening meetings in January, June and October to allow more members of the public to attend in person.

Due to the cancelation of the 2020 OC Fair, the Board will now consider whether or not to hold meetings in July and August. In addition, the Board will discuss whether or not an evening meeting is necessary in June with the current stay-at-home directive still in place.

RECOMMENDATION:

At the Board of Directors' discretion.



10F. Consideration of and Vote on Whether or Not to Approve Letter to Area Project Management Firms Specifying Process for Applying for State Approval

At the February, 2020 Board meeting, Directors La Belle and Rubalcava-Garcia recommended that staff draft a letter to area project management firms informing them of the process for applying to the California Department of General Services (DGS) to become approved to serve as an authorized project manager for capital projects at the OC Fair & Event Center. Currently only DGS and California Construction Authority (CCS) are authorized to provide that service.

The Board will review the draft letter provided by staff.

RECOMMENDATION:

At the Board of Directors' discretion.



10G. Consideration of and Vote on Whether or Not to Change the Current Board Committee Format

Recently, there has been an increased number of requests from members of the public to move each Board committee from two to three members. In addition, the District is now receiving weekly requests for public records under the California Public Records Act related to work being done by the Board committees.

The Board of Directors, supported by District staff, currently operates with two-member advisory committees. Each of these advisory committees is created at the will of the Board Chair. The committee format assists District staff by providing an opportunity for staff and Board members assigned to that committee to engage in meaningful discussions, between Board meetings, about ongoing District projects and activities. During monthly Board meetings, the committee-assigned Board members then provide a full update to the Board regarding the committee's work.

During these committee updates, District staff will also provide updates and respond to questions. Each recommendation from a committee is placed on a duly noticed Board meeting agenda as an action item, which is then posted 10 days in advance of the Board meeting pursuant to the Bagley-Keene Open Meeting Act. District staff also prepares and posts a staff report for the action item before the Board meeting.



10G. Consideration of and Vote on Whether or Not to Change the Current Board Committee Format

Beginning in February, 2020, staff began taking notes during each committee meeting and used the notes to create written committee reports for the benefit of the committee members, Board members and members of the public. These reports are also made available for review by the Board and members of the public during each Board meeting. This new procedure will be refined and expanded to provide as much information as possible during Board meetings.

Members of the public have suggested that the District move from a two-person to a three-person committee system. If the Board were to adopt the suggested approach, all committee meetings would need to comply with the requirements of the Bagley-Keene Open Meeting Act, including for example, the 10-day notice requirement.

Currently, the most active committees are the Governance Committee; Facilities Committee; and Storage, Parking and Traffic Ad Hoc Committee. Other committees such as the Heroes Hall Veterans Foundation Committee and Centennial Farm Foundation Committee primarily update the Board on foundation-related activities. Several committees are currently on hold during the COVID-19 pandemic, including the Community Engagement Committee and the Branding Project Ad Hoc Committee.



10G. Consideration of and Vote on Whether or Not to Change the Current Board Committee Format

Rather than moving from a two-person committee format to a three-person committee format, it would be more efficient to eliminate the committee system altogether and defer to the Board to facilitate discussion on any and all District-related business, including the business that would have been conducted through the committee structure. Each information item would be noticed as part of the agenda and would be discussed during the Board meeting.

RECOMMENDATION:

At the Board of Directors' discretion.



11. Board of Directors' Matters of Information

Next Board Meeting

June 25, 2020





OC Fair & Event Center – Costa Mesa, California