



Board of Directors Meeting

July 23, 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



6. CEO's Operational Announcements & Updates



6. CEO's Operational Announcements & Updates



— P R O C L A M A T I O N —

of the Board of Directors of the
32nd District Agricultural Association

WHEREAS: The mission of the 32nd District Agricultural Association (the 32nd DAA) is the "Celebration of Orange County's Communities, Interests and Heritage"; and

WHEREAS: The 32nd DAA is against discrimination on the basis of race, creed, national origin, ancestry, religion, age, disability, political affiliation, gender, sexual orientation, gender identity and/or expression, or marital, parental or military status; and

WHEREAS: The 32nd DAA condemns the deeply troubling actions that occurred in Minneapolis, Minnesota, which led to the inexcusable and senseless death of Mr. George Floyd; and the same troubling actions that have taken the lives of so many other Black men, women, boys and girls, even since Mr. Floyd; and

WHEREAS: The 32nd DAA stands in solidarity with those that peacefully protest against violence, inequality and excessive force; and

WHEREAS: The 32nd DAA recognizes the community is in turmoil, and looking to its leaders to affirm their commitment to inclusion, diversity, and equality; and

WHEREAS: The 32nd DAA stands with the members of our Black Community and all people of color that have been ignored, marginalized and disenfranchised;

**NOW,
THEREFORE:** The Board of the 32nd District Agricultural Association hereby does proclaim on June 25, 2020, that it stands in solidarity with the Black Community and reaffirms its commitment to denounce discrimination or violence in any form.

Sandra Cervantes, Board Chair
Natalie Rubalcava-Garcia, Vice Chair
Robert Ruiz, Member
Barbara Bagneris, Member
Ashleigh Aitken, Member
Doug La Belle, Member
Newton Pham, Member
Nick Kovacevich, Member



6. CEO's Operational Announcements & Updates



6. CEO's Operational Announcements & Updates



6. CEO's Operational Announcements & Updates



For the Six Months Ended June 30, 2020

	Actual	Budget	Variance Favorable (Unfavorable)
YTD Revenue	\$2,548,148	\$6,704,523	\$(4,156,374)
YTD Expenses	<u>\$10,320,063</u>	<u>\$15,396,671</u>	<u>\$5,076,608</u>
YTD Net Proceeds (Deficit)	<u>\$(7,771,915)</u>	<u>\$(8,692,148)</u>	<u>\$920,233</u>



Cash and Cash Equivalents

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Cash on Hand	\$1,270,007	\$ 608,941
Investments	<u>\$47,517,498</u>	<u>\$53,555,536</u>
Total Cash and Cash Equivalents	<u>\$48,787,505</u>	<u>\$54,164,477</u>
Year over Year Decrease	<u>(\$5,376,972)</u>	
Year over Year % Decrease	-9.93%	



6. CEO's Operational Announcements & Updates



7. Minutes

A. Board meeting held June 11, 2020

Action Item

B. Board meeting held June 25, 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)
- xi. Storage, Parking and Traffic Ad Hoc Committee (Director La Belle, Committee Chair; Director Bagneris)
- xii. San Diego County Fair Loan Proposal Ad Hoc Committee (Director La Belle, Committee Chair; Director Kovacevich)
- xiii. Diversity Committee (Director Ruiz, Committee Chair; Director Kovacevich)
- xiv. Entertainment Booking Services RFP Ad Hoc Committee (Director Aitken, Director La Belle)





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)
- xi. Storage, Parking and Traffic Ad Hoc Committee (Director La Belle, Committee Chair; Director Bagneris)
- xii. San Diego County Fair Loan Proposal Ad Hoc Committee (Director La Belle, Committee Chair; Director Kovacevich)
- xiii. Diversity Committee (Director Ruiz, Committee Chair; Director Kovacevich)
- xiv. Entertainment Booking Services RFP Ad Hoc Committee (Director Aitken, Director La Belle)



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

On May 22, 2020 the 22nd DAA (San Diego County Fair) sent a letter to the District requesting a \$5 million loan. At the May 28th Board meeting, members of the 22nd DAA executive team and Board of Directors made a presentation, laying out the reason for the loan request and the plan to repay the loan.

Throughout June and July, the ad hoc committee gathered and studied several financial documents related to the loan including Statement of Operations reports, audit reports, loan documents and a 5-year pro forma. Throughout this same period, additional documents were provided to the ad hoc committee by the Friends and Neighbors of the Orange County Fairgrounds. The committee met by teleconference on June 1, June 16, and July 9, 2020 to review documents together and prepare for a July 9th meeting with the 22nd DAA Board committee and executive staff.



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

July 9th meeting, the ad hoc committee asked questions of the 22nd DAA executive staff and Board members to consider the impact a loan might have on the 32nd DAA's operations and staff. The discussion centered around two aspects:

1. **Quantitative:** There was further clarification on the 22nd DAAs financial obligations on the expense side and projections for income on the revenue side. In summary, the 22nd DAA is heavily leveraged with \$74 million in outstanding loans and a bond, and current operating expenses of \$36.5 million for 2020. They have received PPP money and other funds from CDFA to meet their leave balance obligations to the 58% of employees identified for layoff. The 22nd DAA has identified some small revenue streams from on-site rentals and potential horse racing income. They have no reserves at this point and don't expect significant revenue to return until the San Diego County Fair can be held again and mass gatherings are allowed. However, they laid out a repayment plan which would begin in July, 2021 with full payback of the loan by the end of 2025. This repayment is based on the assumption that the annual San Diego County Fair and mass gathering events would resume in 2021.



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

2. **Qualitative:** – The ad hoc committee expressed their appreciation for the long-standing relationship the District has had with the 22nd DAA as members of the same network of fairs as well as the mutual respect for each other's staffs and Boards. The committee also indicated the need to help each other and that the District could be in a similar situation at some point and need to rely on others. There was also a brief discussion about other ways the District could help, including sharing of staff and other resources.

The Board must consider the impact a loan of \$5 million would have on the District's finances and ongoing operations. While it's true that the District currently has substantial reserves, there is no significant revenue and the District's future remains uncertain. The ad hoc committee feels a strong obligation to protect assets and plan for that uncertain future, particularly because the District is projecting an \$18 million shortfall against the 2020 budget and a further decline in reserves to \$37 million by the end of 2020.



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

In addition, our District employees have taken a pay cut as directed by the state effective July 1, 2020 and lasting for two years. The ad hoc committee is concerned about loaning an amount to another agency that could keep District staff employed for several months.

In summary, the risk of loaning \$5 million to the 22nd DAA at the expense of the District's own financial health, coupled with the impact to District employees has resulted in the ad hoc committee's recommendation to the full Board to respectfully decline the 22nd DAA's proposal. However, the District remains willing to explore any and all approved sharing of resources to help the 22nd DAA during this time.

RECOMMENDATION:

Based on the findings outlined, it is the recommendation of the Ad Hoc Committee that the Board not approve the \$5 million loan to the 22nd DAA.



10C. Update on the 2020 OC Virtual Fair

INFORMATION ITEM:

The 2020 OC Virtual Fair kicked off on Friday, July 17 on Facebook, Twitter and Instagram as well as ocfair.com. Staff will give an update on how the virtual fair is doing to-date.



**HAPPENING
NOW!**



2020 GOES VIRTUAL

WE'RE SORRY THE OC FAIR WAS CANCELED, BUT WE'RE BRINGING THE FUN VIRTUALLY!

Today is DAY 7

2020 OC

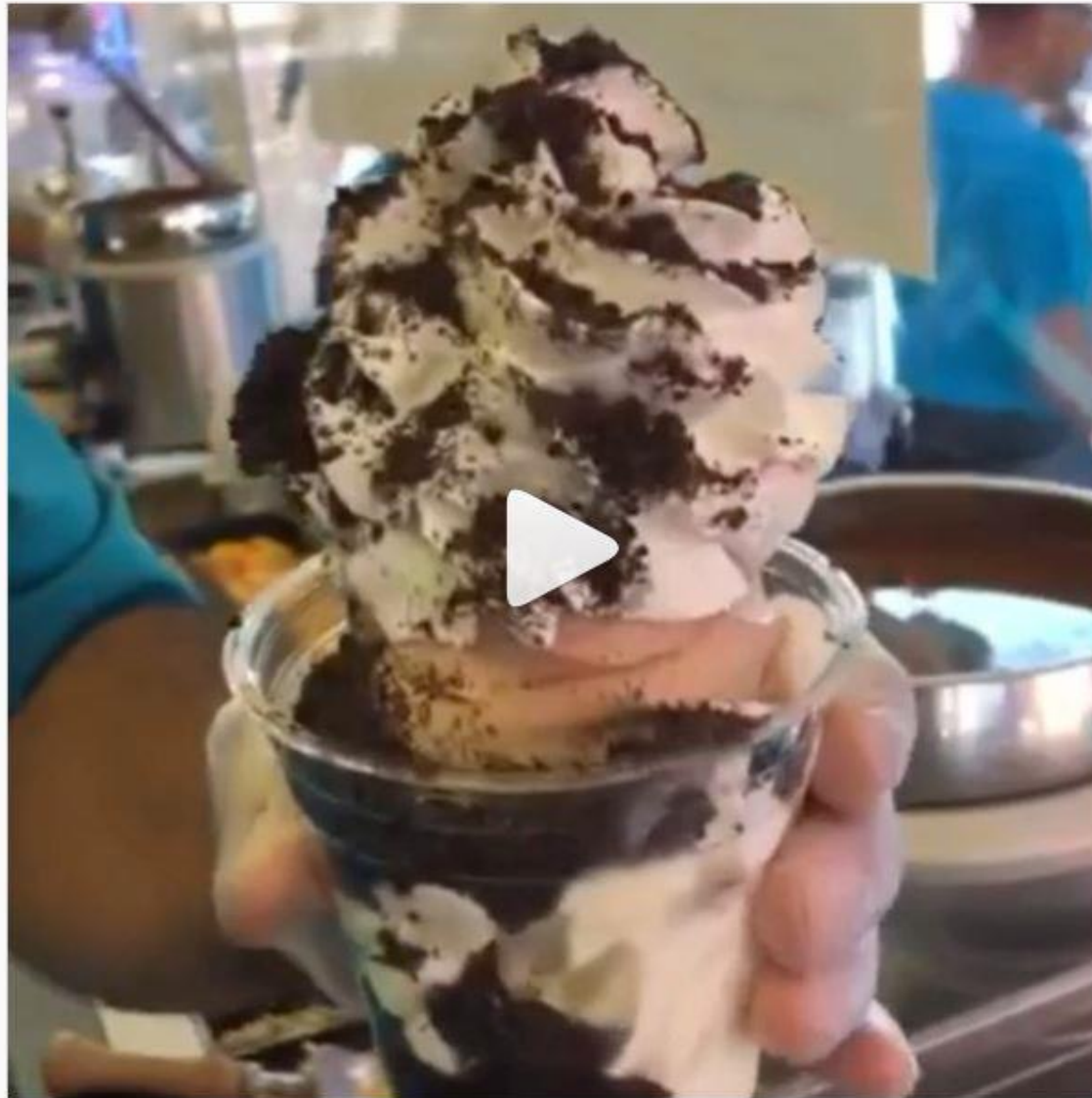
Virtual Fair



Videos



Demos



oc_fair • Follow



oc_fair It's #nationalicecreamday and we would normally be sending you to try out one (or a few) of the many ice cream booths at the OC Fair. But since we can't be there today, we pulled these video clips out of our archives. We think replicating them at home is totally doable!

Ice cream s'mores: Substitute the soft serve with your favorite store-bought (or homemade!!) vanilla ice cream. You'll also need: graham crackers, chocolate sauce, marshmallows.

Royal black & white sundae: Substitute the soft serve with vanilla and chocolate ice cream. You'll also need: chocolate sauce, marshmallows,



3,698 views

3 DAYS AGO

Log in to like or comment.



Touch of Mink



ALOECREAM.BIZ
Featuring Hawaiian Moon Aloe Vera Skin Cream

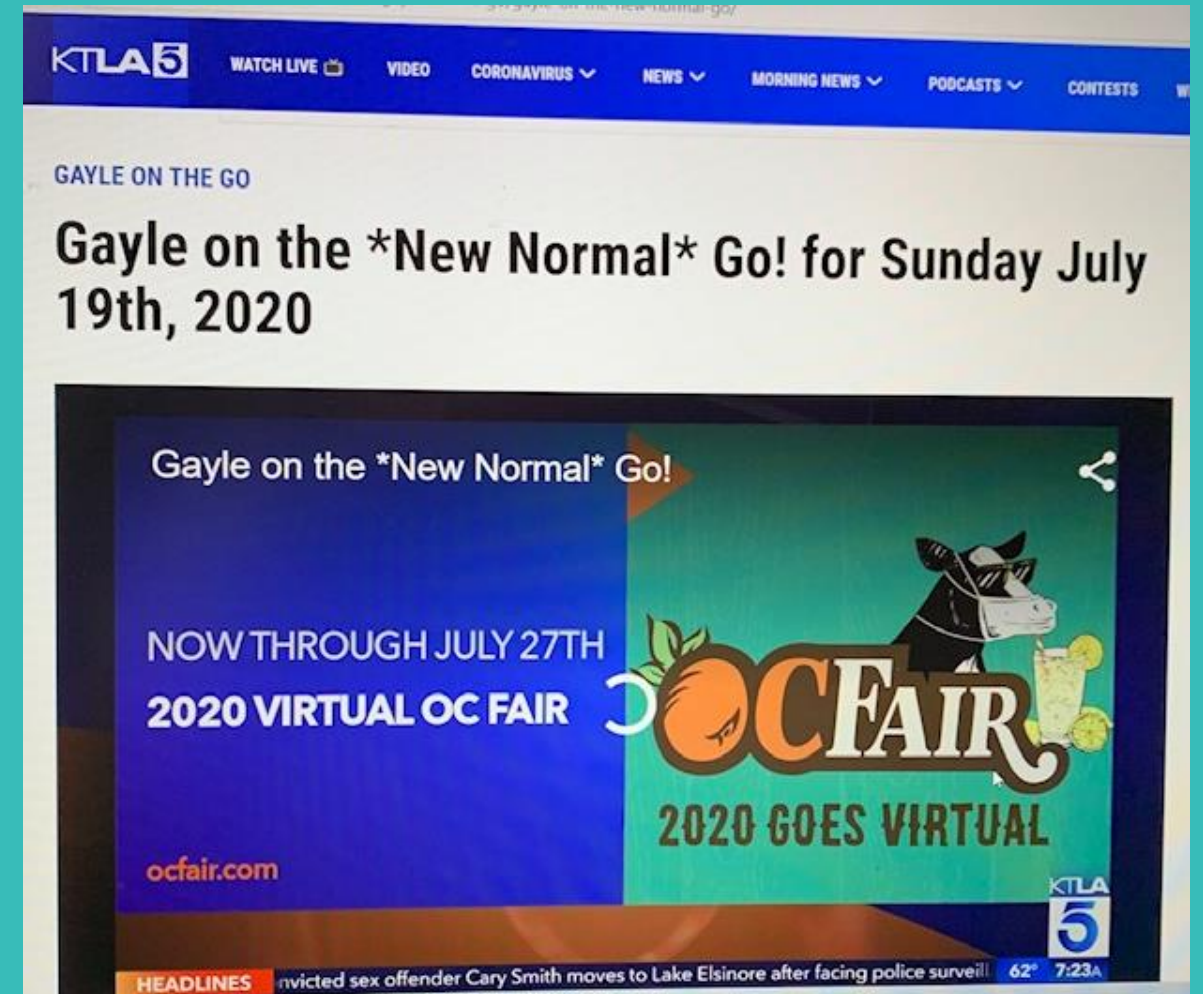
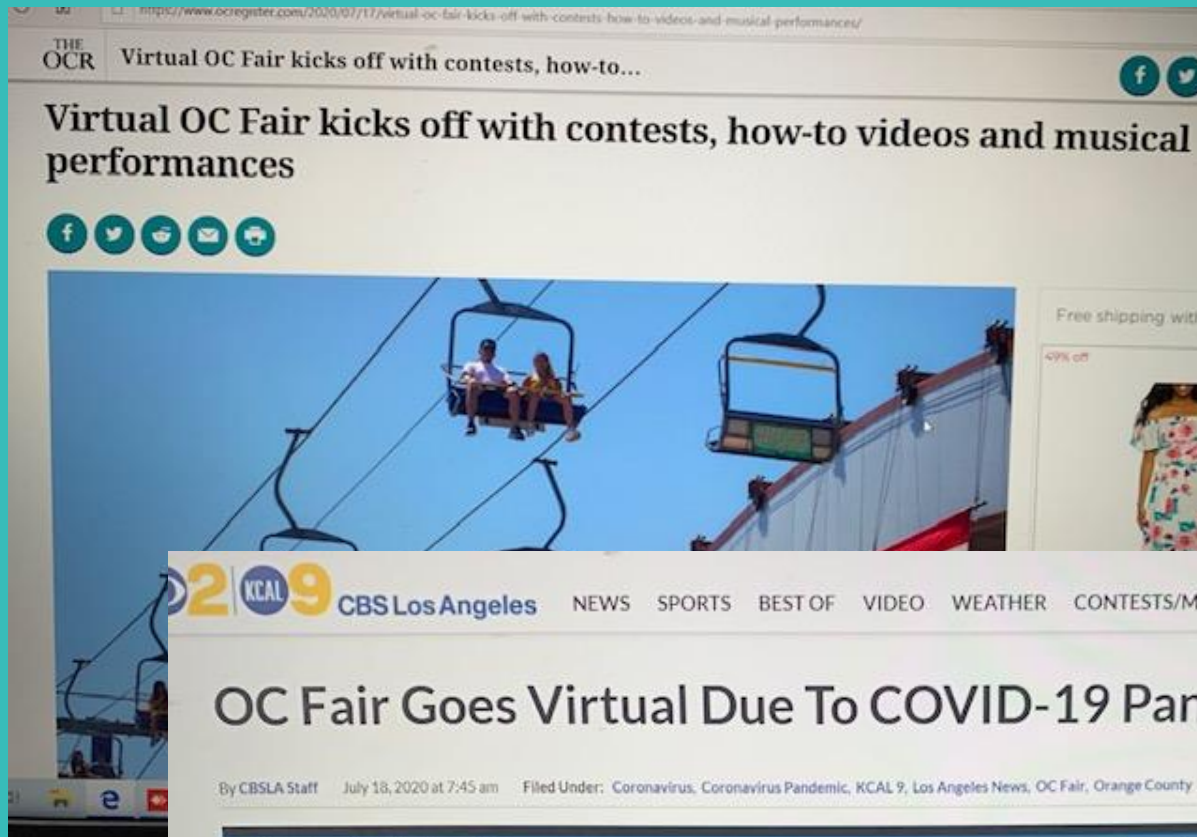


Online Shopping

Sponsors

Sleep Number -\$5,000 trade

Quiet Cool - \$5,000 cash



Media Coverage

STATS &
Thank you's

— JOIN IN THE — VIRTUAL FUN!

Visit ocfair.com and follow us on social media, @ocfair on Facebook and @oc_fair on Instagram



11. Board of Directors' Matters of Information

Next Board Meeting
August 27, 2020





OC Fair & Event Center – Costa Mesa, California