

MINUTES OF OCFEC BOARD OF DIRECTORS MEETING HELD OCTOBER 22, 2020

The following Minutes are a summary of Board action and proceedings. For a full transcript please click on the link below or visit the ocfair.com website.

https://s3.us-west-1.amazonaws.com/ocfair.com/wp-content/uploads/2020/10/04160851/20_10_October_Board_Transcript.pdf

1. CALL TO ORDER:

Chair Rubalcava-Garcia called the meeting to order at 9:00 a.m.

2. MISSION STATEMENT

3. PLEDGE OF ALLEGIANCE:

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

4. DIRECTORS PRESENT (via Zoom):

Chair Rubalcava-Garcia, Vice Chair La Belle, Director Cervantes, Director Ruiz, Director Bagneris, Director Aitken, Director Pham and Director Kovacevich.

Director Kovacevich joined the meeting during closed session.

Director Bagneris joined the meeting at 10:00 a.m.

DIRECTORS ABSENT/EXCUSED: None.

OTHERS PRESENT:

(Via Zoom): Michele Richards, OCFEC CEO; Ken Karns, OCFEC Chief Operating Officer; Joan Hamill, OCFEC Chief Business Development Officer; Jason Jacobsen, OCFEC Director of Planning & Presentation; Terry Moore, OCFEC Director of Communications; Summer Angus, OCFEC Executive Assistant; Evelyn Hernandez, OCFEC; Josh Caplan, Office of the Attorney General; Patricia Garrido, transcriptionist; Reggie Mundekis; Cindi Massaro; Gibran Stout; Lisa Sabo; Susie Gyor; Jeanine Robbins; Mike Robbins;

5. CLOSED SESSION:

The meeting adjourned to closed session at 9:03 a.m. and reconvened at 9:47 a.m.

Matters to report out of closed session: Discussion about pending litigation regarding the outdoor OC Market Place operated by Spectra. The District is making all efforts to reopen and to mitigate losses caused by Spectra's breach of contract with the 32nd DAA.

Chair Rubalcava-Garcia added the per California policy the fairgrounds does not have the authority to operate a swap meet.

6. CEO'S OPERATIONAL UPDATE

Michele Richards, OCFEC CEO, reported the following:

- Announced the OC Fair was awarded best fair or festival by the OC Register for the 2020 OC Virtual Fair
- Two miniature donkeys added to the Pacific Amphitheatre Berm to protect the goats and sheep from predators
- Industry Conventions (WFA and IAFE) canceled in-person conventions but will go virtual
- She shared the 8-point plan for fulfilling the OCFEC mission during the time of COVID-19 at the latest all employee meeting
 - Planning for the potential return of the OC Fair in 2021
- COVID testing on grounds has been extended
- The County of Orange will be doing free flu shots on OCFEC property on 10/30/2020 by appointment only
- Redeployment of OCFEC staff to meet the organization's needs
- Staff continues to work on the Budget in preparation for the Budget Study Session next month

Richards presented the September 2020 financial statements.

Joan Hamill, OCFEC Chief Business Development Officer, gave an update on current and upcoming events.

CEO Richards answered for Chair Rubalcava-Garcia that many of the OC Market Place (OCMP) vendors have connected with the promoter of Flying Miz Daisy, outdoor vintage market, and now part of the event. She added any vendor can contact the promoter and apply to be part of that event.

7. MINUTES:

A. Board meeting held September 24, 2020

Action Item

ACTION: Director Cervantes motioned and Director Aitken seconded to approve the minutes from the Board meeting held September 24, 2020. **MOTION CARRIED.** **AYES:** Chair Rubalcava-Garcia, Vice Chair La Belle, Director Cervantes, Director Ruiz, Director Bagneris, Director Aitken, Director Pham and Director Kovacevich. **NAYES:** None. **ABSTENTIONS:** None.

8. MATTERS OF PUBLIC COMMENT

Cindy Massaro thanked the Board for creating the Diversity Committee and for the committee's commitment to taking on the flag issue that has been raised over the last several months (the Pride flag being flown on the fairgrounds year-round, and not just during Pride month with no other special interest groups' flags flown on grounds). She suggested the Board make a resolution to fly other groups' flags for equal and fair inclusion or

remove any and all special interest flags, flying only the American and State flags, representing all.

Gibran Stout spoke regarding struggles people are having due to COVID-19 and how the Equestrian Center continues to connect people through programs. She looks forward to sharing the vision, ideas and plans of the EQC trainers/users with the Board to help create a brighter future for the community. She invited the Board to include the equestrians in conversations regarding the property and the EQC, sharing her desire to collaborate.

Lisa Sabo echoed the previous speaker's comments. She shared equestrians treasures the jewel that they have in the EQC stating they want to be part of the solution not the problem. She discussed her non-profit, Changing Strides, that was able to hold a COVID-safe summer camp for at risk youths and it continues to have donation based private lessons for at risk youths. She spoke about struggles in fundraising efforts.

Jeanine Robbins discussed research she did through the superior court with regard to the OCFEC litigation against the OC Market Place (OCMP) operator Spectra, asserting there has been conflicting information from what vendors were told by the OC Health Care Agency in the reopening of the OCMP. She criticized the request for a jury trial for the amount of time it will take to come to a resolution and the inability to negotiate with Spectra. She asked if OCFEC is looking for another swap meet operator.

Mike Robbins discussed past years when there was a time when the OCMP was a major revenue generator for OCFEC and how OCFEC survived on that revenue, needing it to pay its employees. He asserted renting the parking lot has a net return on revenue and to bring back the OCMP immediately. He asked the Board to help the 400 OCMP vendors and come to a resolution.

Chair Rubalcava-Garcia requested CEO Richards to add the EQC contract to next month's agenda to discuss a strategy moving forward.

9. CONSENT CALENDAR: (Policy 4.3.4)

A. Standard Agreements (New): SA-005-21MB

- i. Standard Agreement Amendments: SA-281-18YR (Amend. #1); SA-251-19YR (Amend. #1); SA-005-21MB (Amend. #1)**

B. Rental Agreements: R-113-20; R-115-20; R-116-20; **R-118-20**

- i. Rental Agreement Amendments: R-107-20 (Amend. #1); R-107-20 (Amend. #2); R-107-20 (Amend. #3); R-107-20 (Amend. #4); R-109-20 (Amend. #1); R-112-20 (Amend. #1)**

- C. Active Joint Powers Authority Agreements (New):** None.
- D. Concession Rental Agreements:** FFDT-013; FFDT-014; FFDT-015; FFDT-016; FFDT-017; FFDT-018; FFDT-019
- E. Correspondence:**
Communications to the Board from members of public related to OCFEC business are identified below and included with the Board materials (available on the OCFEC website). Note that this agenda item includes only those communication(s) that were sent to the entire Board and CEO before the publication of this month's agenda. *The deadline for correspondence to be included on the October agenda is October 9, 2020.*
 - i. 09/21/2020: Reggie Mundekis - 2020 OC Fair Board Meeting Agenda Item 10D Diversity Committee
 - ii. 09/25/2020: Reggie Mundekis Construction Oversight Letter
 - iii. 10/06/2020: Reggie Mundekis – Infrastructure Analysis Workshop Letter

- F. CDFA Correspondence:**
Communications to the Board from the California Department of Food & Agriculture Division of Fairs & Expositions regarding relevant topics at Fairs and Expositions.
 - i. 09/24/2020: F2020-13 - EMMP Proposed Regulations Comment Period Final ADA

-End of Consent Calendar-

ACTION: Director Cervantes motioned and Vice Chair La Belle seconded to review and approve the Consent Calendar. **MOTION CARRIED.** **AYES:** Chair Rubalcava-Garcia, Vice Chair La Belle, Director Cervantes, Director Ruiz, Director Bagneris, Director Aitken, Director Pham and Director Kovacevich. **NAYES:** None. **ABSTENTIONS:** None.

10. GOVERNANCE PROCESS:

A. 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)
- xii. Diversity Committee Diversity Committee (Director Ruiz, Committee Chair; Director Kovacevich)
- xiii. Entertainment Booking Services RFP Ad Hoc Committee (Director Aitken, Director La Belle)

Director Pham, on behalf of the Financial Monitoring Committee, reported:

- The committee met with staff to review the financial statements
 - Reports are posted on the website with the Board meeting materials
- Revenue created from events: Fair food Drive-thru, rental income from other small events
- Year-to-date operating expenses favorable
- Budget forecast improvement for 2020 is indicating a budget deficit of \$16.8 million
- \$38 million in cash at year end projected

Vice Chair La Belle announced the financial Monitoring Committee will hold the 2021 Budget study session on November 10th at 10:00 a.m.

B. Presentation of Final Branding Recommendations and Vote on Whether or Not to Approve

Action Item

Director Aiken reported the committee received an email from the equestrian community regarding concerns with the type of horse used in the EQC logo. Director Aiken requested a Board member make a motion to approve the final branding recommendations as presented with the caveat granting herself and CEO Richards the authority to make minor changes to the horse in the EQC logo.

ACTION: Director Cervantes motioned and Vice Chair La Belle seconded to approve the Final Branding recommendations as presented with the caveat granting Director Aitken and CEO Richards the authority to make minor changes to the horse in the EQC logo.

MOTION CARRIED. AYES: Chair Rubalcava-Garcia, Vice Chair La Belle, Director Cervantes, Director Ruiz, Director Bagneris, Director Aitken, Director Pham and Director Kovacevich. **NAYES:** None. **ABSTENTIONS:** None.

C. Report on and Acknowledgement of Infrastructure Audit Report and Direction on Next Steps

Action Item

Director Aiken reported the Facilities Committee conducted a public infrastructure audit workshop on October 7th wherein Board members and members of the public gave input to the initial drafts of the infrastructure audit reports. She asked the Board to give direction on next steps. She asserted the infrastructure audit is an opinion and meant to be used as a tool, that it is not requiring the Board to take any specific action. She elaborated the infrastructure audit will be a tool to use for years to come in the budget process, to help develop a plan with regard to capital expenditure projects and focusing on what needs to be done.

Reggie Mundekis thanked the Board and staff for a good workshop and for the hard work that went into the project. She discussed an opinion of additional issues in the report that need to be addressed such as additional power, emergency back-up power, lighting and paging throughout the grounds. She spoke in support of Vice Chair La Belle's comments during the workshop for putting a dollar and scope limits on some projecting within the maintenance budget.

Karns gave a description of the property's emergency power back-up systems.

Gibran Stout shared she observed areas that were omitted from the report and several inaccuracies that would impact expenses and budget planning. She added she will complete and submit a list of those items and asked that the committee to include the information for review before the finalization of the report.

Vice Chair La Belle thanked EMG, staff and the committee for their hard work on the project. He spoke highly of the report for its comprehensive approach. Director La Belle summarized his suggestions/comments as follows:

- Prioritize the three projects EMG identified in the executive summary for immediate consideration (water lines, sanitary sewer lines and electrical panels)

- Underground work should be completed before anything above ground
- Recommended to proceed immediately with the camera survey of the on-site sewer lines, also asking staff to look into if the city or the utilities have the equipment to do the survey
- Number one priority: address all health, safety and ADA items identified in each of the zone reports at the earliest date possible (either in maintenance or capital projects)
 - He asked staff to contact the City of Costa Mesa and the County of Orange, that have street maintenance patch crews, to see if they are able to do minor asphalt repair in the parking lots
 - Identify maintenance areas that can be done in-house
- The Board to make policy decisions for priority in the budget process

Chair Rubalcava-Garcia commended staff and the committee for their hard work.

ACTION: Director Cervantes motioned and Director Ruiz seconded to approve the Infrastructure Audit Report as presented. **MOTION CARRIED.** **AYES:** Chair Rubalcava-Garcia, Vice Chair La Belle, Director Cervantes, Director Ruiz, Director Bagneris, Director Aitken, Director Pham and Director Kovacevich. **NAYES:** None. **ABSTENTIONS:** None.

D. Consideration of and Vote on Whether or Not to Approve Two New Work Conditions Policies and Board Resolution in Order to Become Qualified to Receive AB1499 Funding

Action Item

Richards presented the staff report. She confirmed for Director Aiken that per the conditions regarding overtime, the tenant would be required to pay the additional employees overtime, not the District.

Chair Rubalcava-Garcia confirmed for Director Aiken that the Governance Committee was briefed on the issue and is in support of.

ACTION: Director Aiken motioned and Director Cervantes seconded to approve the two new work conditions policies and Board resolution in order to become qualified to receive ab1499 funding. **MOTION CARRIED.** **AYES:** Chair Rubalcava-Garcia, Vice Chair La Belle, Director Cervantes, Director Ruiz, Director Bagneris, Director Aitken, Director Pham and Director Kovacevich. **NAYES:** None. **ABSTENTIONS:** None.

E. Review of and Vote on Whether or Not to Approve the Group 4 Board Governance Policies

Action Item

Chair Rubalcava-Garcia announced the Governance Committee held a public workshop on September 30th regarding Group 4 Policies. She thanked the members of the public and Board who attended and gave feedback. Chair Rubalcava-Garcia went through each of the policies and invited feedback from the full Board, comments included:

- Regarding Policy 4.03 Board Planning:
 - Support spoken with regard to development of a strategic plan
 - To use the previous strategic plan as a good start of the work process
 - Questioned if development of a strategic plan should be incorporated in this year's budget – suggested a Board discussion agendized for next month's Board meeting
- Regarding 4.05 Financial Stewardship:
 - Recommendation by the committee for full Board discussion to change the talent guarantee threshold from \$300,000 to \$400,000 – Board member support of recommendation
- Regarding Policy 4.07 Records Management:
 - Policy mirrors the records management policy from CDFA and the State
- Regarding Policy 4.10 Sponsorships:
 - Policy drafted to ensure the 32nd DAA is perceived as a welcoming and inclusive organization
 - The 32nd DAA will not enter into sponsorship discussion with organizations that have a primary focus on party politics or religious organizations and/or activities
 - Typo correction on percentage of CEO authority to approve revenue-generating contracts
 - Per policy the Board must approve any sponsorship agreements that exceed a certain percentage of overall revenue - a proposed/recommended increase to five percent for Board discussion for sponsorship partnerships for OCFEC self-produced events
 - Family-friendly sponsorships (currently no tobacco, vaping, cannabis, CBD products or hard liquor or spirits)
 - Discussion regarding cannabis related revenue opportunities and future discussion regarding revisiting Board policy regarding cannabis events

Reggie Mundekis thanked the Board, staff and consultants for the policies. She reported that the City of Costa Mesa has a ballot initiative on the November ballot regarding cannabis sales within the city. She cautioned to wait and see how the vote turns out before the Board starts formulating OCFEC policy regarding cannabis.

ACTION: Director Cervantes motioned and Vice Chair La Belle seconded to approve Group 4 Board policies as presented. **MOTION CARRIED.** **AYES:** Chair Rubalcava-Garcia, Vice Chair La Belle, Director Cervantes, Director Ruiz, Director Bagneris, Director Aitken, Director Pham and Director Kovacevich. **NAYES:** None. **ABSTENTIONS:** None.

F. Update on 2021 OC Fair Planning

Information Item

Richards presented and update to the Board on the 2021 OC Fair planning. She highlighted the following:

- Staff focused on budget planning
- Staff will meet with Orange County Health Care Agency, Health Officer, Dr. Clayton Chau to involve him in the plan for the fair and to fully understand the emerging guidelines
- Continue to watch California fairs and theme parks reopening guidelines
- Continue to monitor California and Orange County COVID infection rates
- 11 California fairs are currently in layoff mode due to financial challenges
 - CDFA is actively working on the governor's orders with some fairs to transition them from the state system to a JPA model or non-profit fair association
- She reiterated, from last month's presentation, the assumptions taken with the planning the 2021 OC Fair and the modification related to size, capacity, spacing, ticketing, eliminated programs, etc.

Discussion ensued regarding the state transitioning some fairs from the state system. Chair Rubalcava-Garcia requested Director Aiken, as part of the Legislative Committee, be a part of the regular scheduled calls with CDFA and the CEOs from California fairs.

Reggie Mundekis raised the issue of fair patrons parking in the neighborhoods during fair to the list of things to be considered as plans for the 2021 OC Fair move forward. She asked how staff will make sure there will be no parking in the surrounding neighborhoods. She suggested the ability to buy parking passes when fair tickets are purchased. She added she appreciated CEO Richards fronting the issue of the state transitioning some fairs from the state system.

11. BOARD OF DIRECTORS MATTERS OF INFORMATION

Chair Rubalcava-Garcia recognized Director Cervantes for her honor and commitment as the past Chair and presented her with a plaque (via zoom camera). She thanked Director Cervantes for her leadership during the

difficult time, for leading the Board through having to cancel the fair, having to transition from the previous CEO, making sure the governance process moved forward, several audits were completed under her leadership and her dedication and work.

Directors La Belle and Ruiz echoed the Chair's sentiment.

Chair Rubalcava-Garcia announced Mario Cuevas Zamora from the Consulate of Mexico provided a certificate of recognition to Director Cervantes in honor for her dedication and commitment to the fairgrounds during her term as Chair.

Director Cervantes shared that even though it was a difficult, it was a pleasure being part of the transition period on the Board; from being able to move forward with an early cancellation of the fair and being able to move, manage and be proactive bring things to completion. She shared it was a pleasure to have worked with everyone in that capacity.

Director Aitken echoed congratulations to Director Cervantes as past Chair of the Board. She announced that of Chance Theatre is putting on a virtual variety hour telethon on Friday October 30th, adding it's a free event, to support the artists of Chance Theater who have supported Heroes Hall.

Director Ruiz also congratulated Director Cervantes and shared he looks forward to working with Chair Rubalcava-Garcia as the new Chair.

Director La Belle also congratulated Director Cervantes. He stated he is looking forward to working with the Board collectively and facing the challenges with COIVID-19.

Director Cervantes thanked everyone. She pointed out that Chair Rubalcava-Garcia was also recognized by the Mexican Consulate for her strong commitment to the community and thanked her for sharing the presentation of Hispanic Heritage Month.

Director Kovacevich echoed the congratulations to Director Cervantes and shared that he appreciates the commitment from all the directors. He continued to share his appreciation to staff for all the hard work in the developing a plan for next year's fair.

Director Pham echoed his fellow Board members sentiments.

Chair Rubalcava-Garcia highlighted that during this economic recovery period there are several economic forecasts being conducted. She highly encouraged everyone to review the economic forecast from the Cal State Fullerton and the Orange County Business Council.

12. NEXT BOARD MEETING: NOVEMBER 19, 2020

13. ADJOURNMENT MOTION TO ADJOURN

The meeting adjourned at 11:35 a.m.



Natalie Rubalcava-Garcia, Chair



Michele Richards, Chief Executive Officer