

MINUTES OF OCFEC BOARD OF DIRECTORS MEETING

HELD April 28, 2022

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/2022/04/16073553/22_04_April_Transcript.pdf

1. CALL TO ORDER:

Chair La Belle, called the meeting to order at 9:32 a.m.

2. MISSION STATEMENT

3. PLEDGE OF ALLEGIANCE:

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

4. DIRECTORS PRESENT (via Zoom):

Chair La Belle, Director Cervantes, Director Bagneris, Director Aitken, Director Kovacevich and Director Rafiei.

DIRECTORS ABSENT/EXCUSED: Vice Chair Pham, Director Rubalcava-Garcia and Director Ruiz.

Director Rafiei joined the meeting at approximately 9:50 a.m.

OTHERS PRESENT:

Michele Richards, OCFEC CEO; Ken Karns, OCFEC Chief Operating Officer; Joan Hamill, OCFEC Chief Business Development Officer Summer Angus, OCFEC Executive Assistant; Jerry Eldridge, OCFEC Facilities Director; Max Tang, OCFEC Finance Director; Josh Caplan, Office of the Attorney General (Via teleconference); Katherine Thomas, transcriptionist; Mike Robbins; DL (David); Roy Englebrecht; Jeanine Robbins; Gibran Stout; Reggie Mundekis

5. MINUTES:

A. Board meeting held March 24, 2022

Action Item

ACTION: Director Cervantes motioned and Director Aitken seconded to approve the minutes from Board meeting held March 24, 2022. **MOTION CARRIED.**

AYES: Chair La Belle, Director Cervantes, Director Bagneris, Director Aitken and Director Kovacevich. **NAYES:** None. **ABSTENTIONS:** none.

6. MATTERS OF PUBLIC COMMENT

Mike Robbins, Market Place/swap meet vendor, discussed his patrons and items he sells and has sold over the years at the swap meet (glass pipes). He discussed securing more regular dates for the swap meet to operate every weekend or one weekend day a week. He urged the Board to support small businesses, like swap meet vendors.

DL (David), swap meet owner/operator, announced the almost one year anniversary of the new swap meet. He discussed having consist dates and pricing for the event.

He stated he would like to discuss the parking charge for the vendors in the future. He stated he wants to keep using the property and still be able to be a small business incubator; sharing he donated vendor spaces to Cal State Fullerton's small business program.

Roy Englebrecht, Fight Club OC promoter, shared his history of Fight Club OC logo "Fight Capital of Southern California" and stated that with a 102 fight shows over the past ten years in the Hangar, Fight Club OC can now change the logo to boast "Fight Capital of the USA". He praised the OCFEC staff and leadership.

7. CONSENT CALENDAR:

A. Standard Agreements (New): SA-058-22GE; SA-059-22GE; SA-060-22GE; SA-061-22SP; SA-062-22HB; SA-063-22HB; SA-064-22PA; SA-065-22GE; SA-066-22GE; SA-067-22GE; SA-069-22HB; SA-070-22HB; SA-071-22HB; SA-072-22GE; SA-073-22HB; SA-074-22HB; SA-075-22GE; SA-076-22PA; SA-077-22GE; SA-079-22FTYR; SA-083-22SP; SA-084-22FT; SA-085-22FTYR; SA-086-22FT; SA-087-22FT; SA-088-22FT

i. Standard Agreement Amendments: SA-047-22SP (Amend. #1)

ii. Standard Agreement Amendments (exercise option year): SA-087-21YR (Amend. #1); SA-130-20FT (Amend. #1); SA-140-20FT (Amend. #1)

B. Rental Agreements: 22 IO-FE 31; R-017-22; R-026-22; R-031-22; R-033-22; R-059-22; R-078-22; R-079-22; R-080-22; R-086-22; R-087-22; R-088-22; R-089-22; R-090-22; R-091-22; R-092-22; R-094-22; R-095-22; R-096-22; R-097-22; R-098-22; R-099-22; R-103-22

i. Rental Agreement Amendments: R-042-22 (Amend. #1); R-059-22 (Amend. #1); R-073-22 (Amend. #1); R-075-22 (Amend. #1); R-075-22 (Amend. #2); R-089-22 (Amend. #1)

C. Active Joint Powers Authority Agreements: None.

D. Commercial Rental Agreements: 22001; 22002; 22004; 22005; 22007; 22008; 22010; 22011; 22012; 22013; 22014; 22015; 22017; 22018; 22022; 22023; 22024; 22026; 22027; 22029; 22032; 22033; 22034; 22038; 22039; 22042; 22043; 22049; 22052; 22053; 22054; 22058; 22059; 22060; 22061; 22062; 22063; 22064; 22066; 22070; 22071; 22073; 22075; 22076; 22077; 22078; 22079; 22080; 22081; 22083; 22084; 22085; 22086; 22089; 22090; 22091; 22092; 22093; 22094; 22095; 22096; 22097; 22160; 22102; 22100; 22103; 22108; 22115; 22119; 22107; 22128; 22157; 22158; 22159; 22120

E. Concession Rental Agreements: 22500; 22501; 22502; 22503; 22504; 22505; 22507; 22508; 22511; 22513; 22514; 22515; 22516; 22522; 22523; 22524; 22525; 22526; 22528; 22530; 22531; 22532; 22533; 22534; 22535; 22537; 22538; 22539; 22540; 22541; 22542; 22543; 22544; 22545; 22588; 22548; 22549; 22550; 22551; 22552; 22553; 22554; 22555; 22557; 22559; 22560; 22561; 22562; 22568; 22569; 22571; 22572; 22573; 22574; 22575; 22576; 22577; 22578; 22579; 22580; 22581; 22582; 22583; 22585; 22586; 22587;

F. Judging Agreements: LS-001-22; LS-002-22; LS-003-22; LS-014-22; LS-015-22; LS-018-22; LS-025-22; LS-031-22

G. Platinum Rental Agreements: 22701; 22705; 22705; 22710; 22715; 22717; 22718; 22719; 22720; 22723; 22727; 22709; 22728

H. 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 May agenda is May 13, 2022.

i. None.

I. 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. 04/06/2022: F2022-04 Poultry Heath Inspections 2022-2023 Fair Season

-End of Consent Calendar-

ACTION: Director Bagneris motioned and Director Cervantes seconded to approve the Consent Calendar. **MOTION CARRIED. AYES: Chair La Belle, Director Cervantes, Director Bagneris, Director Aitken and Director Kovacevich. NAYES: None. ABSTENTIONS: none.**

8. GOVERNANCE PROCESS

A. Presentation of A-4M Skyhawk Painting Donation to 32nd DAA from Heroes Hall Veterans Foundation

Information Item

CEO Richards summarized that an original painting, by Jeff La Belle (son of Chair La Belle) of the A-4M Skyhawk at Heroes Hall is being donated by the Heroes Hall Veterans Foundation to the 32nd DAA for display at Heroes Hall.

Chair La Belle introduced Nick Berardino, Heroes Hall Veterans Foundation President, and unveiled the painting with artist Jeff La Belle.

Berardino discussed the artist, the painting and the Skyhawk.

Chair La Belle discussed the foundation using prints of the painting for fundraising purposes.

Director Rafiei joined the meeting at 9:50 a.m.

Steve Muggs, retired Marine pilot, presented the complete aircraft log for the A-4M Skyhawk that is at Heroes Hall.

B. Review of Cannabis Policy 6.05 and Vote on Recommended Amendments and Further Direction to Staff

Action Item

CEO Richards summarized the progression the Board went through in the development of the Cannabis Policy 6.05.

CEO Richards noted legislative changes regarding cannabis in the City of Costa Mesa and federally. CEO Richards introduced Scott Drapkin, Assistant Director of Development for the City of Costa Mesa, to answer questions the Board may have.

CEO Richards presented recommended updates to the Cannabis Policy 6.05 by the Governance Committee and staff:

1. Approving the sale, promotion, sponsorship and display of independently tested/regulated CBD products on the fairgrounds that contain no more than 0.3% THC.
 - CEO Richards reported CBD are widely available and staff has received numerous requests from promoters and merchants who would like to feature CBD products for sale and sponsorship support.
2. For the Board to discuss and provide further direction on:
 - Cannabis-related sponsorships
 - Sale of glass pipes and smoking devices
 - Cannabis-related events
 - CEO Richard also reported the above have been requested by members of the public and event promoters

Board and staff discussion ensued; items discussed:

- The 0.3% trace amount of THC in CBD products
- Revenue generated by hosting cannabis events at other fairs
- The 600' or 1000' State limit of Fairgrounds' proximity to schools, youth recreation centers, parks, and other areas minors congregate

Mike Robbins gave each of the Board members a glass pipe.

Jeanine Robbins, Paradise Cigars swap meet vendor, discussed her history of selling glass pipes as part of their business at OC FEC which the current cannabis policy disallows. She argued the policy disallows "paraphernalia" (glass pipes) which the State of California has since passed Prop 64 excluding paraphernalia from the Health and Safety Code making glass pipes legal. She urged the Board to rewrite the cannabis policy's definition of paraphernalia, that excludes glass pipes.

Mike Robbins handed the Board examples of mainstream CBD and cannabis advertisements on the back of grocery receipts.

Gibran Stout cautioned that there are hundreds of children on site every day at the equestrian center. She discussed her conflicted feelings regarding cannabis. She encouraged the Board to liberally support local small business and personal freedoms.

Reggie Mundekis added there is a small pre-school not listed in the presentation. She argued cannabis events are not suitable for the OCFEC property for a number of reasons. She discussed coming to an agreement as far as what is family friendly and what is appropriate for the neighborhood which is surrounded by homes, churches, pre through high school schools and parks where youth are present.

Scott Drapkin, City of Costa Mesa, discussed the City's regulations for cannabis and the number of retail applications received. He explained the City's 1000 feet sensitive-use distance requirements from K-12 schools, child day care, playgrounds, homeless shelters, and 600 feet from youth centers.

Board and staff discussion continued; items discussed:

- Support for the ability to sell glass pipes on property
- Concern for cannabis events on property
- Concern with promotion and sponsorship language
- Possible repeal of the entire policy versus amending policy – what does that look like for OCFEC
- State and OCFEC non-smoking policies apply to cannabis
- Development of guidelines or set of criteria for cannabis events
- Not to think of cannabis events as not family-friendly
- Meeting the demands of vendors and the community
- OCFEC needing a more up to date policy that reflects current laws
- Paraphernalia for cannabis is legal under State Code
- Support for allowing the 0.3% CBD products to be sold by vendors on property (being that it is State and Federally legal)
- Comparing/contrasting cannabis and alcohol
- Community survey regarding cannabis events at OCFEC
- OCFEC's proximity to schools, parks, etc.
- Revenue generation
- Bring back policy with further criteria (table)
- Commitment to the community that OCFEC is a community-friendly environment for families and everyone to enjoy
- Sponsorship and advertisement of CBD

A motion to table the item was rescinded by Director Bagneris to which Director Cervantes, as the motion's second, also agreed to rescind the motion.

ACTION: Director Bagneris motioned and Director Kovacevich seconded to approve the sale, promotion, sponsorship and display of independently tested/regulated CBD products on the fairgrounds that contain no more than 0.3% THC and the sale of glass pipes and smoking devices. **MOTION CARRIED. AYES: Chair La Belle, Director Cervantes, Director Bagneris, Director Aitken, Director Kovacevich and Director Rafiei. NAYES: None. ABSTENTIONS: none.**

Board and staff discussion ensued regarding cannabis-related sponsorships. The Board directed staff to draft policy language regarding cannabis-related sponsorships and conduct a community survey regarding cannabis events and present the results at the June Board meeting.

The meeting broke for a recess at 11:03 a.m. and resumed at 11:16 a.m.

Director Cervantes left the meeting during the break.

C. Review of Reporting Wrongdoing Policy 2.05 and Vote on Recommended Amendments

Action Item

CEO Richards presented the staff report. The Governance Committee and staff recommend amending the Board Governance Policy - Reporting Wrongdoing Policy 2.05 to eliminate the separate Ethics Hotline.

ACTION: Director Bagneris motioned and Director Aitken seconded to approve the elimination of the ethics hotline from Reporting Wrongdoing Policy 2.05.

MOTION CARRIED. AYES: Chair La Belle, Director Bagneris, Director Aitken, Director Kovacevich and Director Rafiei. NAYES: None.

ABSTENTIONS: None.

D. Presentation on SB1383 (California's Short-Lived Climate Pollutant Reduction Law) and Requirements for the 32nd DAA

Information Item

CEO Richards presented the staff report.

Jerry Eldridge, OCFEC Facilities Director, made a presentation of information related to SB1383 and OCFEC's plan for compliance.

The Board discussed signage on waste receptacles and educating the public on the new requirements.

E. Report on Public Feedback of 3-Year Strategic Plan and Vote on Whether or Not to Give Final Approval

Action Item

CEO Richards presented the item with survey results from the public. She reminded the Board and public, "The Board of Directors will be discussing future direction for the OC Fair & Event Center property, making decisions about a 10-year Master Site Plan. Once approved, the projects identified in the plan for 2022-2024 will be added to this document."

Gibran Stout urged for more outreach to the agriculture community in garnering feedback and in the planning process. She questioned why the agriplex was not included in the document. She urged the Board and staff to consult with the many agricultural resources available (FFA, 4H, Farm Bureau etc.) in the planning process of the agriplex. She spoke in opposition of the word entertainment in the mission statement and asked for it to be removed.

Reggie Mundekis thanked the Board and staff for their efforts on the strategic plan.

ACTION: Director Rafiei motioned and Director Bagneris seconded to approve the 3-year Strategic Plan. **MOTION CARRIED. AYES: Chair La Belle, Director Bagneris, Director Aitken, Director Kovacevich and Director Rafiei. NAYES: None. ABSTENTIONS: None.**

F. Recap of 2022 Imaginology
Information Item

Joan Hamill, Chief Business Development officer, gave a recap of the Imaginology event.

A. Committee / Ad Hoc Committee / Liaison Report
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 agendaized for a future Board meeting.

- i. **Leadership Committee** (Chair La Belle, Committee Chair; Vice Chair Pham)
- ii. **Financial Monitoring and Audit Committee** (Director Kovacevich, Committee Chair; Director Bagneris)
- iii. **Facilities Committee** (Director Ruiz, Committee Chair; Director Aitken)
- iv. **Governance Committee** (Director Cervantes, Committee Chair; Director Rubalcava-Garcia)
- v. **Community Affairs Committee** (Director Bagneris, Committee Chair; Director Rafiei)
- vi. **Entertainment and Business Development Committee** (Director Rubalcava-Garcia, Committee Chair; Director Cervantes)
- vii. **Governmental Relations Committee** (Director Aitken, Committee Chair; Director Pham)
- viii. **Centennial Farm Foundation Liaison** (Director Kovacevich, Director Rafiei)
- ix. **Heroes Hall Veterans Foundation Liaison** (Director Cervantes, Chair La Belle)

Director Kovacevich, on behalf of the Financial Monitoring and Audit Committee, read the March financial report and added:

- Staff found an accounting error from 2021 which was caused by a number of general ledger entries being duplicated. This caused revenue to be over-stated by approximately \$690K for the year. Staff has implemented proper procedures to ensure compliance moving forward.

CEO Richards shared her commitment to shine light on errors, to raise them up and find resolutions to them. She introduced Max Tang, OC FEC's new Director of Finance.

Gibran Stout stated the Equestrian Center (EQC) boarding income should be very high; it is at capacity with a long waiting list. She spoke in support

of the budget line items for horse shows but cautioned to consult a horse show promoter for budget projections. She asserted that horse show patrons will not like paying for parking or admission.

Director Aitken, on behalf of the Facilities Committee, reported:

- Due to higher prices than budgeted, approximately \$40K has been used of the contingency budget.
- The committee discussed Building 15 which has been deemed unsafe for use
 - Further Board discussion will come regarding removal of the building

Ken Karns, OC FEC Chief Operating Officer added there will be another committee meeting next week.

Jerry Eldridge reported the fire marshal is close to approving the design of the door project.

Director Bagneris, on behalf of the, Community Affairs Committee, reported:

- The committee met on the March 25th and discussed:
 - The Plaza Pacifica DEI art project
 - The committee reviewed light tower plans and cost estimates
 - An engineering study (feasibility study) will need to take place
 - The committee will bring back designs for the full Board to review
- The committee discussed the non-profit ticket distribution program
 - The committee asked the Board members to recommend non-profits to give tickets to

Director Rafiei added the committee will be working with non-profit leaders to help offset cost of food and attractions for the ticket recipients to have a full fair experience.

Director Rafiei, on behalf of the, Centennial Farm Foundation, reported:

- The Foundation's big fundraising event is coming up at Raaghee's clay shooting course

CEO Richards, on behalf of the, Entertainment and Business Development Committee, reported:

- Tickets sales going well in the three OC FEC venues

Director Aitken, on behalf of the, Governmental Relations Committee, reported:

- Outreach to City and County partners to get the word out regarding fair
- The committee is looking to do the State of the District presentation for city partners during the fair

- The committee and staff had a teleconference with Mike Flores, State Deputy Agriculture Secretary and received an update on the CAFE JPA
 - There will be a pilot program where two fairs opted to try model
 - The committee will watch and see how it goes
 - Mike Flores to make a presentation to the OC FEC Fair Board

Reggie Mundekis discussed her questions and concerns regarding the JPA model, being two JPAs; one at the State-level and one at the local level for operations of the fairgrounds. She cautioned that the CAFE JPA may not work for OC FEC because a number of the services they will provide, OC FEC already provides for itself. She discussed the argument of the fairgrounds being able to manage its own construction projects and asserted to do so would need a licensed civil engineer, but maybe able to contract with the city.

9. CLOSED SESSION (Closed to the Public)

The Board adjourned to closed session at 12:28 p.m. and reconvened at 12:47 p.m.

Items to report out of closed session: None.

10. CEO'S OPERATIONAL ANNOUNCEMENTS AND UPDATES

Ken Karns, Chief Operating Officer, provided an operations update.

CEO Richards reported the following:

- OC FEC staff volunteers hosted an Earth Day Beach clean-up
- Centennial Farm is in full bloom
- Staff and Board members attended the OC Business Council Annual Dinner
- The OC Fair billboard is up
- OC Fair van will be out in the community
- OC FEC was awarded OCC Community Partner of the year
- OC Fair will be hosting a job fair on June 4th, joined by the City of Costa Mesa

CEO Richards presented the March financial statements.

Joan Hamill, Chief Business Development Officer, provided an overview of upcoming events at OC FEC.

11. BOARD OF DIRECTORS MATTERS OF INFORMATION

Director Bagneris requested to agendaize a discussion regarding the Centennial Farm and Heroes Hall Veterans Foundations' bylaws to find whether or not the Board supports having OC FEC Board members on the foundations' boards as well, for the May or June board meeting.

12. NEXT BOARD MEETING: May 26, 2022

13. ADJOURNMENT

The meeting adjourned at 1:02 p.m.

Doug La Belle, Chair

Michele Richards, Chief Executive Office