

**MINUTES OF OCFEC BOARD OF DIRECTORS MEETING
HELD NOVEMBER 16, 2023**

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.

[Web link pending](#)

1. CALL TO ORDER:

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

2. MISSION STATEMENT

3. PLEDGE OF ALLEGIANCE: The Pledge of Allegiance was recited Director Doug La Belle. Roll call was taken by Summer Angus.

4. DIRECTORS PRESENT:

Chair Kovacevich, Vice Chair Bagneris, Director Pham, Director La Belle, Director Bilezikjian and Director Jackson.

DIRECTORS ABSENT/EXCUSED: Directors Rubalcava-Garcia and Ruiz.

OTHERS PRESENT:

Michele Richards, OCFEC CEO; Ken Karns, OCFEC Chief Operating Officer; Joan Hamill, OCFEC Chief Business Development Officer; Melissa Au-Yeung, Chief Administrative Officer; Summer Angus, OCFEC Executive Assistant; Josh Caplan, Office of the Attorney General; Reginald Joseph, transcriptionist; Roy Englebrecht; Katherine Walters; Gibran Stout; Leigh-Ann Kazolas; Carolyn beaver; Lisa Sabo; Sherri Kasabe; Dixie; Aileen; Sue Lezyk; Reggie Mundekis

5. MINUTES:

A. Board meeting held October 26, 2023

Action Item

ACTION: Director La Belle motioned and Vice Chair Bagneris seconded to approve the minutes from Board meeting held October 26, 2023. **MOTION CARRIED. AYES: Chair Kovacevich, Vice Chair Bagneris, Director Pham, Director La Belle, Director Bilezikjian and Director Jackson. NAYES: None. ABSTENTIONS: None.**

6. MATTERS OF PUBLIC COMMENT

Roy Englebrecht, Fight Club OC promoter, shared that it is their thirteenth year doing the show and the October show is the 75th show on the property. He also shared that they currently are on a eighteen show sellout streak. He stated that success not in a vacuum and spoke highly of the OCFEC team.

Katherine Walters, Equestrian Center (EQC) user, shared she and her autistic daughter have been riding at the EQC for seven years with trainer Sara Kalifa. She shared how her daughter has improved and benefitted from working with horses.

Gibran Stout shared that she is frustrated. She stated the agricultural code for the purpose of the property is to hold fairs and to maintain and operate recreational and cultural facilities for the public. She stated that she has given public comment many times and asserted she/equestrian users want to help, that they have information to share. She criticized and alleged the following: unresponsiveness emails to Board members, promises of workshops that do not happen, staff not forwarding information to Board members and attendance not allowed to committee meetings. She asked how she/EQC users have two-way communication with the Board to find solutions.

7. CONSENT CALENDAR:

A. Standard Agreements: SA-225-23YR; SA-227-23YR; SA-008-24FTYR

- i. Standard Agreement Amendments (Exercise Option):** SA-129-20YR (Amend. #4); SA-130-20YR (Amend. #4); SA-134-20FT (Amend. #4)

B. Rental Agreements: R-129-23; R-131-23; R-142-23; R-025-24; R-026-24; R-032-24; R-050-24; RA-EQCRayGir-23; RA-EQCHeaHov-23; RA-EQCCharOtt-23; RA-EQCMelSch-23; RA-EQCYunZha-23

- i. Rental Agreement Amendments:** R-075-23 (Amend. #1); R-140-23 (Amend. #2)

C. Active Joint Powers Authority Agreements (New): None.

- i. Active Joint Powers Authority Agreement Amendments:** None.

D. 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 December 2023 agenda is December 1, 2023.

- i.** 10/31/23 – Circular Letter D2023-06 re: SB 544 (Laird) Bagley-Keen Open Meeting Act Teleconferencing
- ii.** 11/03/23 – Circular Letter F2023-06 Proposition 12 Update for the 2024 Fair Season

E. 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.** 10/31/2023 – Leigh-Ann Kazolas Letter about Equestrian Center history

- End of Consent Calendar -

ACTION: Director La Belle motioned and Vice Chair Bagneris seconded to approve the Consent Calendar. **MOTION CARRIED. AYES: Chair**

Kovacevich, Vice Chair Bagneris, Director Pham, Director La Belle, Director Bilezikjian and Director Jackson. NAYES: None. ABSTENTIONS: None.

8. GOVERNANCE PROCESS

A. Presentation of the 2024 Budget and Vote on Whether or Not to Approve Action Item

Chair Kovacevich announced the Financial Monitoring and Audit Committee held a public budget study session on November 7, 2023.

CEO Richards discussed the 2024 budget, items presented:

- Budget Development Process
- Economic Factors Affecting 2024 Budget
- Budget Assumptions for 2024
 - Committee recommendation to increase to a 50K attendance limit
- 2023 vs 2024 Changes in Labor Expenses
- 2023 vs 2024 Changes in Revenues – Highlights
 - Committee recommending parking rate increase from \$12 to \$15 for fairtime
- Year-Round Event Rental and Fair Merchant Rates
- 2023 vs 2024 Changes in Expenditures – Highlights
- 2024 Capital/Major/Equipment Expenditures
- 2024 Master Site Plan projects (Restrooms & Pacific Amphitheatre dressing rooms)
- 2024 Travel Budget
- Expenses Over \$50,000 exemptions
- 2024 Budget Roll-Up
 - Original budget presented at the study session
 - With Finance Committee Recommendations of attendance increase and parking rates
 - With Finance Committee recommendation for adding \$100K general contingency fund
- 2024 Budget Fair P&L
- 2024 Budget Roll-Up Attendance Comparison

Leigh-Ann Kazolas shared she is concerned with the lack of funding for the differed maintenance and current neglect of repairs at the EQC. She alleged the EQC facility is in worse condition since OC FEC took over management of the facility and things have remained unrepaired. She asked if there is an existing budget for repairs or if one can be added. She asked where the budget is for the annual footing overhaul. She stated she did not see a public programming budget in the EQC budget. She discussed a meeting with the Shay Center and Heroes Hall staff for equine therapy on site. She questioned CapX expenses for equipment that were previously in the EQC budget staff presented.

Carolyn Beaver voiced opposition for the current path and direction of the EQC, alleging it is not being set up for success and the lack of investment. She alleged the Board entered into an overpriced contract which she and others opposed. She shared her concerns with the EQC budget only showing six months of

operation. She argued the RFP is not being set up for success and urged the Board to find a way to make it a success.

Gibran Stout discussed capital expenses regarding the EQC and asserted there has been no capital spent on the EQC. She shared she received information from public records requests that she would like to share with the Board outside of public comment. She alleged the income and expenses for the EQC has been mistakenly reported that the only time the EQC has run at a loss is when OCFEC managed it. She shared she would love to have a conversation and share information.

The Finance Committee reiterated their recommendation to increasing parking rates to \$15 (at fairtime) and to increase the attendance limit to fifty-thousand a day (knowing the attendance will not reach capacity every day of the fair, attendance limit has been budgeted for about half the days).

Vice Chair Bagneris motioned to approve the budget with the increase in parking to \$15, increase attendance capacity to fifty-thousand and adding a \$100K general contingency fund.

Director La Belle praised staff on the budget and fairtime and year-round programing. He also praised the sales team for their efforts at fair and year-round events. He discussed how revenues go back into OCFEC programs like Imaginology and Centennial Farm. He discussed how businesses that operate at the OC Fair, like concessionaires, carnival provider, etc., pay a percentage to the fairgrounds and those revenues help offset OCFEC public programing.

ACTION: Vice Chair Bagneris motioned and Director La Belle seconded to approve the 2024 Budget with the Finance Committee recommendations to include fairtime parking rate increase to \$15, a daily attendance limit increase to fifty-thousand and a \$100,000 general contingency fund. **MOTION CARRIED.**
AYES: Chair Kovacevich, Vice Chair Bagneris, Director Pham, Director La Belle, Director Bilezikjian and Director Jackson. **NAYES:** None.
ABSTENTIONS: None.

B. Presentation of 60% Design Concepts for Administration Building Addition and Vote on Whether or Not to Approve

Action Item

CEO Richard presented the 60% design drawings of the administration building addition.

Board discussion ensued. CEO Richards confirmed the following for the Board:

- Maximizing solar
- Current target date to release bid documents is targeted for early January and construction to begin in March

Director La Belle suggested a “no bad ideas” Board workshop for the Board and stakeholders to give input and discuss what projects to pursue further and/or what projects not to pursue.

CEO Richards mentioned said workshop could possibly be combined with new strategic planning process in the spring.

ACTION: Director Bilezikjian motioned and Director La Belle seconded to approve the 60% design concepts for the administration building addition as presented. **MOTION CARRIED. AYES: Chair Kovacevich, Vice Chair Bagneris, Director Pham, Director La Belle, Director Bilezikjian and Director Jackson. NAYES: None. ABSTENTIONS: None.**

C. Review of Equestrian Center RFP Scope of Work Highlights and Discussion About Further Input
Information/Action Item

CEO Richard explained staff drafted an RFP and shared the full details of that RFP with the Leadership Committee that because the RFP is a competitive bid, it cannot be shared with the full Board or public before the RFP release date. As such, staff has provided the following summary of the RFP's scope of work for the Board's review. She reviewed the RFP Scope of Work to include:

- Mandatory job walk-through required for all potential bidders
- Agreement Terms – ~~Five (5)~~ **ten (10)** years with one (1) ~~five (5)~~ **ten (10)** year option to renew (Leadership Committee recommended the change in red)
- Minimum Qualifications
- Financial Information & References
- Proposed Plan for the EQC Operation
- Financial Proposal
- Technical Proposal
- Security Deposit Requirement
- Reimbursement of Utilities
- Capital, General and Deferred Maintenance at Bidders Expense
- Security and Janitorial at Bidders Expenses
- Minimum Rent Guarantee (fixed dollar amount per month or percentage guarantee, whichever is greater)
- No Camping or Overnight Stays for Staff, Clients or Service Provider Allowed; No Onsite Housing

CEO Richards stated staff has been and will continue to work with a consultant firm experience with equestrian centers.

Lisa Sabo shared she has been involved with the EQC since 2001. She reiterated she was active in the stop of the fair sale with the OC Fairgrounds Preservation Society. She reported the EQC had brought in over \$100,000 in revenue a year to the fairgrounds. She thanked and praised the former EQC operator. She shared she encounters people with physical or mental problems benefitting from equine interaction on a daily basis. She asked the Board to be open minded and to work hard on the RFP ensuring it is attractive to potential operators. She discussed capital expenses and potential operator responsibility for those expenses.

Leigh-Ann Kazolas stated the agricultural code for the purpose of the property is to hold fairs and to construct, maintain and operate recreational and cultural facilities in the interest to the public. She explained public agencies preserve

spaces for equestrian use and those spaces are disappearing with urban sprawl. She alleged that twice since 2009 staff as proposed paving over the EQC for parking. She criticized that no sincere proposal has been made to improve or promote the EQC in twenty years. She discussed the RFP's scope of work, criticizing the capital and maintenance and security requirements. She asserted closing the EQC should not be an option until a solution is found. She argued lease agreements and RFPs where expenses are shared are possible. She urged the Board to invest in the EQC, remedy the deferred maintenance, fund public programs, collaborate with onsite nonprofits and listen to the public's concerns and allocate public funds in a manner that aligns with the public's wishes.

Sue Lezyk gave the Board a document and asked the them to look at the following language changes/suggestions she is proposing for the RFP:

- "Mandatory job walk" should be optional
- CapX and deferred maintenance specifically spelled out in writing as an exhibit
- RFP issue date moved to January
- Bid issue dated be sixty days
- Option to renew be at the renter's discretion not sole discretion of the District

Sherri Kasabe shared she worked for the Hansons (previous EQC operator) for four years. She shared they know a lot about the horses and worked with the trainers to communicated with what they thought would better improve the facility. She asserted she would like to see the same kind of operation for the EQC.

Carolyn Beaver shared she hoped Board read the letter from Leigh-Ann Kazolas from October 31. She shared her concern that the full Board does not have full view of the RFP. She agreed with the other public speaker that the option to renew be at the operator's discretion. She criticized that the agreement term is too short when expecting capital improvements be made and wants the investment amount be defined. She criticized OCFEC management of the EQC relating to half of the stalls being empty and no public programing has occurred. She asserted EQC trainers continually provide public programing. She asserted it is the Board's responsibility to make sure there are multiple bids for the RFP and if not to start over and rewrite the RFP.

Dixie, on behalf of Orange County Supervisor Katrina Foley, read a letter from Supervisor Foley in support of preserving the EQC. In the letter she shares her concerns that the agenda item is the latest effort to strip away the critical public amenity the fairgrounds. The letter also asserts the facility provides space for equine users which is diminishing in Orange County. The letter urges the Board to invest and incorporate the EQC in its long-term strategies for the fairgrounds.

Aileen Anderson gave Board members a letter she wrote and highlighted/asserted the following from her letter:

- Rush to RFP is likely to propagate a problem that put the facility in deficit and result in its permanent closure
- The EQC has and can operate at a net profit

- The OC fairgrounds investment and maintenance of the EQC has been significantly deferred despite over a million dollars in aggregate net proceeds since 1999
- Operation of the EQC serves a public benefit and does not meet the definition of a gift of public funds of the California Constitution

Reggie Mundekis thanked the Board for handling this issue with dignity and skill; that it is a very difficult issue. She asserted the issue is dealing with a business segment that is stagnant and most likely in decline also being faced with everchanging requirements and the feeling that nothing can ever be done correctly. She spoke in support (in regard to the RFP) of the term option being at the discretion of the District. She expressed her dismay for what little regard the workers receive who clean up after the EQC animals.

Gibran Stout stated there is no rush for the RFP, to get it done right and make it long term. She asserted you can stop the bleeding today and that she is happy to sit down with the Board and give her suggestions that would take care of it. She spoke in support of the having a consultant with experience and wants to know who staff is working with. She shared her hopes that the consultant is local and has experience with urban equestrian centers. She said the business is in decline because of the possibility of closure. She urged to have the ability to participate in committee meetings and to have public workshops. She alleged it is a myth the former operator allowed deferred maintenance to accrue. She urged the need to include some sort of an incentive for an operator to come in and fix the deferred maintenance or add funds to the budget and get it fixed. She shared she has lots of suggestions for public programming.

Katherine Walters stressed that Centennial farm is just as wonderful as the EQC. She encouraged the Board to visit, to bring their kids, to see the horses and watch the riders; that it is a magical place.

CEO Richards clarified that the RFP is targeted to be released to the public in the beginning of December with at least a seventy-seven day due date for proposal.

Deputy Attorney General Caplan clarified generally for the Board the issue of a gift of public funds; he discussed the following:

- The Board is prohibited to giving out public dollars or use of the facility for free
- The District cannot waive or discount rent rates to nonprofits
- Ultimately it is up to the Board to determine what the value is of what is being received if they are giving out public money
- The Board has to assess the cost to operate the EQC facility, take into account dollars that are received through rent revenue through the boarders and determine if there is any other non-monetary value that the District receives through the operation of the EQC; and then balance all of those pieces to figure out if there is a wash or some net gain to the District
- The complicated analysis falls to the Board to discuss and make that determination because the Board is the policy maker for the property

Director La Belle stressed the Board wants this process to be successful, they want to resolve some significant concerns that are there and want it to work. He

spoke in support of the mandatory walk through, the recommendation of the ten-year term and the option at the discretion of the Board. He shared he is comfortable moving forward and the Board needs to protect the interests of OC FEC.

Director Bilezikjian asked if the release date can be pushed back to hold a public workshop.

CEO Richards stated staff held two listening sessions with EQC users and trainers this summer wherein staff shared financial reports and financial modeling.

Chair Kovacevich agreed with previous Board comments, that they have spent a lot of time on this and want it to be successful. He discussed the following:

- The previous operator arrangement was not ideal with the issue of deferred maintenance
- The Board pivoted and OC FEC took over management of the facility taking on a significant cost to do so
- Realization of unprofitability and the Board facing gift of public funds issue
- Board not giving up and consistently pivoting to find a solution
- Confidence in having significant interest in the RFP due to the numerous public comments stating they know ways to make the facility profitable
- RFP needs to make sense for OC FEC and the operator
- Board Leadership will work with staff to continue to finetune the RFP
- The goal is to have someone operate the facility so it can stay open
- Asserting the EQC is part of the master site plan as part of the Argriplex facility planned
- Board is addressing the near term and future term of the EQC

Caplan explained that the full Board cannot review the whole RFP because it is a competitive bid document.

Director Bilezikjian shared that her idea for workshop is to make sure the content reflects the ability to respond to the RFP.

No action taken.

D. Vote on Whether or Not to Endorse Advocacy by California Travel Association to Create a California Special Events Fund
Action Item

CEO Richards presented the staff report and staff's recommendation to allow OC FEC to endorse the advocacy effort for a California special event fund.

Reggie Mundekis spoke in support of the recommendation and stated she will send the staff report to the City Council of Orange and request they sign on the effort.

CEO Richards shared the goal of the advocacy group is to engage the state legislature to include a special event fund in the budget to attract events to California.

ACTION: Director La Belle motioned and Vice Chair Bagneris seconded to allow OCFCF to endorse the advocacy effort for a California special event fund.

MOTION CARRIED. AYES: Chair Kovacevich, Vice Chair Bagneris, Director Pham, Director La Belle, Director Bilezikjian and Director Jackson. **NAYES:** None. **ABSTENTIONS:** None.

E. Vote on Whether or Not to Approve Staff Request for Out-of-State Travel for One Additional Employee to Attend the 2023 IAFE Convention November 26-29 in Salt Lake City, UT

Action Item

CEO Richards presented the staff report and recommendation to approve out-of-state travel for Allen Messick to attend the IAFE convention in Salt Lake City November 26-29, 2023.

ACTION: Vice Chair Bagneris motioned and Director Jackson seconded to approve out-of-state travel for Allen Messick to attend the IAFE convention in Salt Lake City November 26-29, 2023. **MOTION CARRIED. AYES:** Chair Kovacevich, Vice Chair Bagneris, Director Pham, Director La Belle, Director Bilezikjian and Director Jackson. **NAYES:** None. **ABSTENTIONS:** None.

F. Announcement of Board Chair's Committee Assignments for 2024

Information Item

Chair Kovacevich announced the new committee assignments:

- Board Leadership: Chair Kovacevich & Vice Chair Bagneris
- Financial monitoring & Audit Committee: Directors Pham (Chair) & Bilezikjian
- Facilities Committee: Directors Ruiz (Chair) & Bilezikjian
- Governance Committee: Director La Belle (Chair) & Chair Kovacevich
- Community Affairs Committee: Directors Rubalcava-Garcia (Chair) & Jackson

G. Committee / Ad Hoc Committee / Liaison Report

Information Item

To assure compliance with the Bagley-Keene Open Meeting 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** (Nick Kovacevich, Committee Chair; Vice Chair Barbara Bagneris)
- ii. **Financial Monitoring and Audit Committee**
- iii. **Facilities Committee**
- iv. **Governance Committee**
- v. **Community Affairs Committee**

Chair Kovacevich, on behalf of the Leadership Committee, reported:

- The Committee met on November 1 and 13 and discussed:

- Development and review of the November agenda
- Review of the RFP for the management and operations of the equestrian center facility
- Next meeting will be November 29

Chair Kovacevich on behalf of the Financial Monitoring and Audit Committee, reported:

- The committee met on November 13, 2023 and discussed the following items:
 - Reviewed October financial reports (he presented report to the Board)
 - Reviewed Dept. 25 EQC October Financials (he presented report to the Board)
 - Staff provided a brief update regarding the budget development process, in preparation of the November 7th Budget Study Session
- Next meeting is tentatively scheduled for December 11

Gibran Stout stated staff had two listening sessions with EQC users, she alleged only a couple of trainers were invited. She referenced the letter from OC Supervisor Foley asserting the issue is not exclusive to the EQC or equestrians but to the community. She asserted she and others brought forward several solutions for financial improvement of the EQC. She alleged they were told specifically what they could and couldn't talk about and things from that session were not brought back to the Board.

CEO Richards, on behalf of the Community Affairs Committee, acknowledged Native American History Month and highlighted some history and agriculture contribution statistics.

9. CLOSED SESSION (Closed to the Public)

The Board adjourned to closed session at 11:45 a.m. and resumed at 12:09 p.m.

Items to report out of closed session: None.

Chair Kovacevich had to absent himself from the meeting and Director Pham left the meeting.

10. CEO'S OPERATIONAL ANNOUNCEMENTS AND UPDATES

CEO Richards reported the following:

- Veterans day event at OCFEC Heroes Hall
- SB 544 updates the Bagley-Keene Open Meeting Act goes into effect 1/1/24
- Centennial Farm receives \$8,000 grant from the Dairy Council of California

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

11. BOARD OF DIRECTORS MATTERS OF INFORMATION

Board members made concluding comments:

- Good meeting with a lot of progress
- Praise to staff for their work on the budget
- Looking forward to new committee assignments
- Looking forward to Winter Fest
- Enjoyed the Veteran's Day event

12. NEXT BOARD MEETING: DECEMBER 14, 2023

13. ADJOURNMENT

The meeting adjourned at 12:09 p.m.

Nick Kovacevich, Chair

Michele Richards, Chief Executive Officer