

CALIFORNIA EXPOSITION & STATE FAIR

Minutes of the Board of Directors Regular Meeting

Held Pursuant to Due Notice
March 23, 2018

California Exposition & State Fair
Administration Building Boardroom
1600 Exposition Boulevard
Sacramento, CA 95815

Directors Present

Director Rima Barkett, Chair
Director Rina DiMare, Vice Chair
Director Sonney Chong
Director Jess Durfee
Director Rex Hime
Director David Mallel
Director Tony Ortiz

Directors Absent

Director Corny Gallagher
Director K. Mark Nelson

Staff Present

Rick Pickering, Chief Executive Officer (CEO)
Tom Martinez, Chief Deputy General Manager (CDGM)
Samantha Brown, Deputy General Manager, Administration (DGM)
Margaret Mohr, Deputy General Manager, Business Development & Marketing (DGM)
Marcia Shell, Assistant General Manager, Expo Events (AGM)
Rachelle Weir, Programs Manager
Sue O'Brien, Executive Secretary
Jen Koga, Finance
Maricela Ramirez, Marketing
Sabrina Washington, Media

Others Present

Stacey Roberts, Legal Counsel, DOJ
Joe Debbs, Senator Richard Pan, M.D.
Amber Williams, un/common
Siobhann Mansour, un/common
David Hadley, un/common

*May not include all others present in the room or arriving late.

1. CALL TO ORDER

The meeting was called to order by Chair Barkett at 10:06 a.m. Chair Barkett read the Missions Statement, Policy Statement and the Public Comment Statement.

Director Hime made a motion that we have a moment of silence in honor of Nancy McFadden who passed this morning and that we adjourn in her honor. Director Durfee seconded the motion. **All in favor, motion carried unanimously.**

2. ROLL CALL

Roll call was taken and a quorum was present. Director Gallagher and Director Nelson were not present and had asked to be excused.

Motion:

It was moved by Director Hime and seconded by Director Chong to excuse the absence of Director Gallagher and Director Nelson. **All in favor, motion carried unanimously.**

3. PLEDGE OF ALLEGIANCE

Chair Barkett asked Director Ortiz to lead the Board and Staff in the Pledge of Allegiance.

4. INTRODUCTION OF GUESTS & STAFF

Introduction of Guests and Staff were made around the room.

5. PRESENTATION

- a. 2018 State Fair Marketing updates and presentation by Un/common.

Un/common presented this year's California State Fair's Ad campaign. They showed rough cuts of the ad videos and ad boards. Deputy General Manager Mohr reviewed her staff report with the Board. Programs Manager Weir summarized her staff report and talked about some new exhibits, Life's Big Ag-Venture which encourages interest in agricultural careers and National Geographic Photography exhibit titled: "The Future in Food". Program Manager Weir gave an update of the State Fair Agricultural Program, Competitions and the Counties Exhibits. CEO Pickering announced that the California State Fair will hold the first Youth Mariachi Competition and Chief Deputy Manager Martinez will be coordinating this competition.

6. MINUTES OF MEETING

- a. Accept Cultural Advisory Council Meeting Minutes of January 11, 2018, as presented.
- b. Approve Board Committee Meeting Minutes of February 2, 2018, as presented.
- c. Approve Board Meeting Minutes of February 23, 2108, as presented.

Motion:

It was moved by Director Durfee and seconded by Director Chong to approve Items 6a through 6c as presented. **All in favor, motion carried unanimously.**

7. BOARD WORKSHOP-Overview of Financial Matters (Possible Actions)

CEO Pickering reviewed the staff report. He started with Cal Expos successes over the past several years and then explained items in the overview of Recent Challenges in detail.

- a. Estimated increase of 1,438% in the State's Vehicle Fee Assessment to Cal Expo from the Office of Risk & Insurance Management (ORIMS). Estimated increase from \$14,685 annually to \$211,000/year for the next 5 years.

CEO Pickering explained how the State's Office of Risk and Insurance Management Services (ORIMS) annually assesses Cal Expo and all other District Agricultural Associations (DDA's) a Vehicle Assessment Fee. He explained how ORIMS determined the estimated increase of 1,438% for Cal Expo.

- b. Increase of 60% in the State's annual Pro Rata assessment to Cal Expo. CEO Pickering and Deputy General Manager Brown reviewed the Pro Rata Assessment to Cal Expo and the increase.
- c. Update on requested reimbursement from OES/FEMA for storm damages & emergency support services in 2017.
- d. Review of Infrastructure Assessment by Sierra West (\$136,525,000 in identified upgrades & repairs for Cal Expo's 50 year old aging infrastructure).

CEO Pickering gave an overview of the 50 year old infrastructure of Cal Expo and the repairs and the cost of repairs. CEO Pickering summarized the 3rd party review done by Sierra West and gave a brief summary.

- e. Update on Legislative Committee activities:

- i) Possible benefits of recently passed AB1499; AB 1499 sets aside $\frac{3}{4}$ of 1% of the State's portion of sales tax generated by the network of 70 plus fairs. The new Department of Tax and Fee Administration is to estimate what $\frac{3}{4}$ of 1% might produce annually. This $\frac{3}{4}$ of 1% would then be deposited with the Department of Food and Agriculture who would then distribute these new funds to the 70 plus network of Fairs.
- ii) Possible benefits of proposed Proposition 68, California Parks, Environment & Water Bonds – June 5th Ballot
Proposition 68 is a proposed Parks, Environment and Water Bond that would authorize \$4 billion in general obligation Bonds. Proposition identifies \$18 million for use at California's Fairs. Proposition 68 is on the ballot for June of 2018.

- iii) Other activities of the Committee
Staff will continue to look for and evaluate additional reductions in operating expenses.

Director Mallel made a suggestion that the Board create a Subcommittee to advise staff in financial matters. Chair Barkett appointed Director Hime and Director Mallel to this Subcommittee.

- f. Overview of State's process for Workforce Reductions
CEO Pickering summarized the process of workforce reduction. He explained that doing a workforce reduction would not result in enough savings to fund Cal Expo's infrastructure needs and would severely reduce Cal Expo's ability to protect the property and structures.
- g. Other Financial Matters

8. FINANCIAL REPORTS

- a. Contracts/Purchases Requiring Board Notification/Approval
Deputy General Manager Brown reviewed the Service Contracts that were for notification.

9. CORRESPONDENCE

None

10. UNFINISHED BUSINESS

None

11. NEW BUSINESS

- a. Review for Approval Staff's recommendation of the 2018 Golden Bear Award Recipient.
- b. Review of Approval Staff's recommendation of the 2018 Agricultural Progress Award Recipient.

Motion:

Director Hime moved to accept the recommendations and motion was seconded by Director Durfee. **All in favor, motion carried unanimously.**

CEO Pickering stated that Cal Expo received a request from Assembly Member McCarty's office requesting a letter of support for a piece of Legislation which is being supported by our partners Watch & Wager.

Motion:

Director Durfee moved to create a 2 member subcommittee that has the power to act on behalf of the Board in terms of making a decision as to whether or not to support this legislation. Motion was seconded by Director Hime.

Discussion:

Board Members expressed their personal feelings and CEO Pickering summarized the legislation that as drafted the intent is to allow more nighttime racing signals to be imported. **All in favor, motion carried unanimously.**

Chair Barkett appointed Directors Durfee and DiMare to the Subcommittee

12. MATTERS OF INFORMATION

- a.** Public Comment on Matters not on the Agenda
- b.** CEO Comments
Gala is scheduled for June 21, 2018. Thank you for your interest in purchasing tickets/tables and making donations for the auction to make this year's Gala a success.
- c.** Directors Comments/Agenda Items for Future Meetings
Director Chong thanked Chief Deputy Martinez for his work on the Mariachi Competition.
Director Durfee noted that once Governor Brown retires he will retire to a ranch that has been in the family since 1877 when his Great Grandfather immigrated from Germany. Since our Ag Heritage award honors and celebrates ranches, farms and AG related businesses that have been around for a long time, we should explore nominating the Brown family for our 2018 awards.
- d.** Next Board Meeting – **Friday, April 27, 2018.**
- e.** Other, if any

13. ADJOURNMENT

The Board of Directors adjourned into Closed Session at 1:09 p.m.

14. CLOSED SESSION

- a.** The Board will convene in closed session as authorized by Government Code Section 11126(e)(2)(B) to confer with legal counsel regarding a matter that presents a significant exposure to litigation against California Exposition & State Fair, based on the facts and circumstances.
- b.** Pursuant to Government Code Section 11126(e) (1), the Board will meet in closed session. The purpose of the closed session is to confer with and receive legal advice from counsel regarding pending litigation to which California Exposition and State Fair is a party. *Northwest Administrators, Inc v. Cal Expo*