

CALIFORNIA EXPOSITION & STATE FAIR

Finance Committee Meeting Minutes
Friday, October 30, 2015
1:00 p.m.

MINUTES

Committee Members Present:

Chair Corny Gallagher
Director Patrick O'Brien
Director Sonney Chong
Director Rina V. DiMare
Director Willie Pelote

Staff Present:

Chief Executive Officer (CEO)
External Affairs Director
Program Director
Financial Officer (FO)
Assistant General Manager, Operations (AGM)
Law Enforcement
Ag Program Manager
Accounting
Recording Secretary

Rick Pickering
Sonya Logman
Carrie Wright
Samantha Brown
Marcia Shell
Robert Craft
Jay Carlson
Zane Glaser
Lisa McKnight

Others Present in the Audience:

Glass Agency
Butler Amusement
Butler Amusement

Amber Williams
Rich Byrum
Mitch Brajevich

Chair Gallagher called the meeting to order at 1:04 p.m. and dispensed with reading the Mission Statement and Public Comments Statement.

NEW BUSINESS

Director Gallagher reviewed and reported on new business:

- Review notifications
- Profit and loss, reviewed positive 2015 forecasted budget on track to meet or exceed budget.
- Working capital continues to grow.
- Cash flow is positive.
- Aged invoice analysis – very great job on receivables.
- We are on the track for growing revenues and should have an incentive fund to compensate employees for performance.

- Per cap information for State Fair is positive.

We are on the track for growing revenues and should have an incentive to compensate employees for performance.

1. Profit and loss is on track to meet expenses.
2. FA3, Sam does a good job on variances.
3. Balance sheet OPD, working capital vs expenses, increase working capital going forward.
4. Cash flow statement-flow of funds-FA8
5. FA3 Outstanding invoices over 120 days, 164,000.00.
6. Line 28 attendees at the fair spend an average \$26.00 for food, drink, etc

Motion:

It was moved by Director O'Brien and seconded by Director Chong to approve the Financial Reports 5a 1 through 12. **All in favor, motion carried unanimously.**

MATTERS OF INFORMATION

Palace Entertainment Contract report-Marcia Shell

An update on the Palace Entertainment contract extension was provided. The 10 year contract is due to expire December 31, 2015. Palace has met all contractual requirements and the contract will be extended for 10 years: 2016-2025. As per the current contract, Cal Expo and Palace are working on the timeline for required capital expenditures over the next 10 years. Palace will have spent approximately 1 million dollars over and above the required capital investment by the end of 2015. Recent 2015 capital expenditures included rehab of 2 food service buildings, one of which is now their Carl's Jr Franchise location. Director Hime noted that water conservation should continue to be part of the discussion and planning moving forward.

Points for a potential proposal was submitted by Butler Family Fun Inc. to operate a skyride during the annual state fair. The following points were presented to the Finance Committee for review and approval:

20 year contract with Butler Family Fun, Inc. The Fair will receive 20% of the gross receipts from the ride operation

All Skyride sponsorship revenue will be solicited by Cal Expo and the NET revenue from those sponsorships will be split 50/50

Ride buyout option for Cal Expo of the ride for 100% of the depreciated book value of the ride on a 7 year straight line depreciation schedule. This is based on the purchase and installation price of \$1,100,000

The responsibility for all required maintenance and improvements to the ride will rest with Butler Family Fun

Butler Family Fun will provide certification of General Liability, Automobile and Workers' Compensation insurance within the required limits of coverage

Ride price \$5 for a single one way ride or \$6 round trip

For the first two years of Sky Ride operation we will would post with the Fair a \$40,000 deposit no later than 45 days prior to opening day of the fair. This deposit will be applied to the contract financial obligation at fairtime. If the entire sum of the deposit is not used during the fair it will be returned within 14 days following the conclusion of the fair.

The deal points were reviewed in detail by the Committee.

Glass Agency Contract

The one year extension of the Glass advertising contract was presented to the finance committee for review and approval. The extension would be from September 1, 2015 to August 31, 2016. The finance committee is recommending to the full Board approval of this extension.

ADJOURNMENT

Motion:

To adjourn the Committee Meeting (MSA: O'Brien/Ochoa). **All in favor, motion carried unanimously.**

The Finance Committee meeting adjourned at 3:10 p.m..