

CALIFORNIA EXPOSITION & STATE FAIR

Cal Expo Renewal Committee Meeting Minutes
Friday, February 28, 2014
11:00 a.m.

MINUTES

Committee Members Present:

Rex Hime, Chair
Director David Mallel
Director Mark Nelson
Director Patrick O'Brien

Other Board Members Present:

Chair Sonney Chong
Director Rima Barkett
Director Corny Gallagher
Director Hallie Muller

Staff Present:

Chief Executive Officer (CEO)
External Affairs Director
Programs Director
Assistant General Manager, Operations (AGM)
Financial Officer (FO)
Chief of Police
Accounting Officer
Recording Secretary

Rick Pickering
Sonya Logman
Carrie Wright
Marcia Shell
Samantha Brown
Robert Craft
Jennifer Koga
Linda Contreras

Others Present:

Ovations Fanfare, L.P.
Sacramento Republic Football Club

Nick Nicora
Warren Smith

Chair Hime called the meeting to order at 11:00 a.m. and dispensed with reading the Mission Statement. Roll call was taken by Chair Hime and a full quorum was present.

UNFINISHED BUSINESS

1. Review and Possible Approval of Community Multi-use Sports Field Agreement with Ovations Fanfare, L.P.

CEO Pickering reviewed the Community Multi-use Sports Field Agreement with Ovations Fanfare, L. P. reports included in the Board's packet.

Motion:

It was moved by Director Hime and seconded by Director O'Brien to recommend to the Board for approval of the Community Multi-use Sports Field Agreement with Ovations Fanfare, L. P.

PUBLIC COMMENTS**Jason Love, Tower Bridge Battalion**

Mr. Love supports the multi-use sports field project and the chance to see future Major League Soccer games and international matches at Cal Expo.

Drew Farmer, Tower Bridge Battalion

Mr. Farmer supports the multi-use sports field project and feels this is truly a regional movement and regional event. Members from Modesto, Elk Grove, Davis and Folsom also support the project.

Scott Brewer, Tower Bridge Battalion

Mr. Brewer supports the multi-use sports field project and hopes that the field will also be used for rugby and lacrosse matches. In addition, he hopes the field will be considered as a concert venue.

Dustin McMillian, Tower Bridge Battalion

Mr. McMillian supports the multi-use sports field project and asked the Committee to approve the agreement with Sacramento Republic Football Club and Ovations.

Mike Sophia, Sacramento Sports Commission

Mr. Sophia supports the multi-use sports field project. This facility would be a great asset to the economic development and the community and to develop a market to attract CIF championships, lacrosse, soccer and many other things. Mr. Sophia provided one example, conversations have been held with the USA Rugby association who heard about the facility and suggested they would consider holding their international match with USA vs Canada in June at this facility.

Ms. Marni Leger

Ms. Leger fully supports the Board decision to approve the multi-use sports field project. Ms. Leger represents three generations of soccer players and is a member of an adult soccer league. Ms. Leger is also a Sacramento Republic Football Club ticket holder.

Ty Hudson, Unite Here Local 49

Mr. Hudson is excited about soccer coming to Cal Expo. Mr. Hudson has concerns about the proposed contract with Ovations and referring to Section 35 pertaining to labor management relations, has the right intention clearly of avoiding labor disputes and conflict between workers and management.

Unfortunately, the way it is currently written is very weak and virtually impossible to enforce and doesn't require Ovations or the union to provide concrete and real commitments about avoiding labor disputes. Mr. Hudson urges the Committee to amend that section with stronger labor peace language and commented that their union is very experienced with this and would be happy to suggest language.

Jeremy Field, Sacramento Republic Football Club

Mr. Field supports the multi-use sports field project and spoke about the far outreach of a professional program playing in a professional facility will have in the greater Sacramento area. In the late 70's there was a professional soccer team called the Sacramento Spirit and a lot of those players stayed in the community and coached various area youth clubs. Mr. Field was fortunate to have one of those coaches as his first coach who helped him to develop as a player and had a career in soccer in Europe and returned and played with the Knights.

Mr. Field has coached for 15 years and for the youth; this would be an opportunity for them to see soccer at a high level, especially if we can attract a Major League Soccer franchise and would be a great experience. The organization of the Sacramento Republic Football Club has established is probably one of the best he has ever worked with. Warren Smith and Joe Wagner have done an excellent job and very excited about professional soccer coming to Sacramento.

Rusty Prevatt

Mr. Prevatt commented that he grew up playing soccer and has always been a fan but did not understand how much support the game has here in Sacramento until this project started. Mr. Prevatt has worked with the Sacramento Kings, the Pac Twelve, the NBA and the Forty Niners and has yet to see the level of passion and support that this sport has here in Sacramento and is unbelievable. The impact on small businesses and the community in the future will be good for Sacramento and supports the multi-use sports field project.

Kevin Goldtawate

Mr. Goldtawate played professional soccer for seven years in major league soccer and is excited about the multi-use sports field project and feels this would be perfect for Sacramento and is needed.

Chair Hime asked for comments from the Committee.

Director O'Brien thanked all the parties with their diligence in working through this process which was not easy and thanked everyone who worked hard and at getting this completed.

Director O'Brien stated because of the long term relationship that Ovations has with the fair industry in general and also with Cal Expo, this will be a great public-private partnership. Any of these types of agreements have a lot of things that are somewhat subjective, as far as revenue counting and expense counting, I'm highly

confident that between our Staff and Ovations they'll figure those things out and will work very effectively to get the right results for everybody in the partnership and I'm very excited about this opportunity.

Chair Hime asked for a roll call of the motion.

Motion:

It was moved by Director Hime and seconded by Director O'Brien to recommend to the Board for approval of the Community Multi-use Sports Field Agreement with Ovations Fanfare, L. P. **In favor: Director Mallel, Director Nelson, Director O'Brien and Director Hime. Motion carried.**

2. Review and Possible Approval of Community Multi-use Sports Field Project

Motion:

It was moved by Director O'Brien and seconded by Director Mallel to recommend to the Board for approval of the Community Multi-use Sports Field Project. **All in favor, motion carried.**

CEO Pickering reported Staff has been in communication with the Department of General Services and the Attorney General's Office and subject to finalizing of the formal vote from the entire Board, they are very hopeful that we will be able to reach an agreement on a couple of language modifications. The Department of General Services is comfortable on the deal points and is now a matter of finalizing a few minor items.

3. General Discussion of Cal Expo Renewal Plans and Processes

Chair Hime commented that Staff had been given general direction from the Committee last month to work on the Renewal efforts. Staff has been very much involved in resolving Items 1 and 2 on the agenda and so we don't expect too much progress on Renewal efforts at this time.

Chair Hime reported that Chair Chong had appointed Director O'Brien and Director Hime to a sub-committee in order to move forward with Staff on DGS issues.

ADJOURNMENT

Motion:

It was moved by Director O'Brien and seconded by Director Mallel to adjourn the Cal Expo Renewal Committee meeting. **All in favor, motion carried.**

The Cal Expo Renewal Committee meeting adjourned at 11:30 a.m.

CALIFORNIA EXPOSITION & STATE FAIR

Finance & Audit Committee Meeting Minutes
Friday, February 28, 2014
10:30 a.m.

MINUTES

Committee Members Present:

Corny Gallagher, Chair
Director David Mallel
Director Patrick O'Brien
Director Willie Pelote

Other Board Members Present:

Director Rima Barkett
Director Hallie Muller
Director Sonney Chong

Staff Present:

Chief Executive Officer (CEO)
External Affairs Director
Programs Director
Assistant General Manager, Operations (AGM)
Financial Officer (FO)
Accounting Officer/Supervisor
Recording Secretary

Rick Pickering
Sonya Logman
Carrie Wright
Marcia Shell
Samantha Brown
Jennifer Koga
Linda Contreras

Others Present:

Ovations Fanfare, L.P.
Sacramento Republic Football Club

Nick Nicora
Warren Smith
Aesha Olaso

Chair Gallagher called the meeting to order at 10:30 a.m. and read the Mission Statement and Public Comments Statement.

NEW BUSINESS

1. Profit & Loss Statement for December 2013
2. Balance Sheet for December 2013
3. Cash Flow Statement
4. 2014 Cash Flow Chart
5. Revenue by Business Unit
6. Loans in Progress
7. Accounts Receivables Report
8. Contracts/Purchases Requiring Board Approval

Chair Gallagher reviewed with the Committee the Balance Sheet (FA 2) and the Profit/Loss (FA 4) reports included in the Board's packet.

FO Brown reported on the Balance Sheet (FA 2), the OPEB Obligation, Line 31; is an estimate. Staff wasn't able to get the final report from the Controller's Office in time for preparation and based on a three year average in the amount of \$952,000 and will be adjusted once the final numbers are received from the Controller's Office.

FO Brown reported some other differences in the Balance Sheet were to Property, Plant and Equipment. A physical audit was completed which resulted that some equipment items had left the property and were no longer here and removed from our assets.

FO Brown reported on the Profit/Loss Statement (FA 4) the variedness in our expenses, the majority of our expenses have to do with harness. In our revenue categories, we were down from last year \$1.9 million in revenue but all attributable to harness. Overall we are flat in revenue in other categories.

FO Brown reviewed the Cash Flow for 2011-2013 report (FA 5). The amount of cash that we are actually able to put into the bank has decreased.

FO Brown reviewed the 2013 Cash Flow (FA 6), Year Round and State Fair Revenue (FA 7 and FA 8) reports. At the end of 2013, State Fair was almost 64% of our operating revenue. Expo Events has grown their revenue for Cal Expo and up by 24%.

FO Brown reviewed the Loans in Progress report (FA 9) and reported that two loans had been paid off.

FO Brown reviewed the Accounts Receivables reports included in the Board packet.

FO Brown reviewed the Contracts/Purchases Requiring Board approval.

Motion:

It was moved by Director Pelote and seconded by Director Mallel to recommend to the Board for approval the Contracts/Purchases Requiring Board Approval. **All in favor, motion carried.**

FO Brown reported that the Cal Expo audit will commence on March 31st and should take about three weeks and will present at the April or May Board meeting. The auditors will be scheduling meetings with Chair Chong, Vice Chair Mallel and Finance & Audit Committee Chair Gallagher.

Chair Gallagher asked what the status or progress is on the report of units or accounting that shows revenue and expense on key categories.

FO Brown responded no, we are always doing things to get towards that goal; it's not the actual operating expenses, its personnel. We do not currently have the capability to capture expenses in personnel by units or accounting. All of our managers in most areas, keep very detail records on their side, it's just getting it into

a uniformed format where she can utilized that information to provide accurate profits and losses for events.

CEO Pickering reported the Senate and Assembly Joint Fairs Committee hearing was held last week and wanted to highlight the contributions made by Cal Expo. For example, in these funds, this organization and this Board of Directors have paid 100% of all insurances on this piece property on behalf of the State of California. The general liability and fire insurance and all those policies are paid for by Cal Expo and none are paid for by the State General Fund.

Motion:

It was moved by Director Mallel and seconded by Director O'Brien to recommend to the Board for approval the financial statements for December 2013. **All in favor, motion carried.**

MATTERS OF INFORMATION

1. Contracts/Purchases Requiring Board Notification

The Committee had no questions.

ADJOURNMENT

The Finance & Audit Committee meeting adjourned at 10:52 a.m.

CALIFORNIA EXPOSITION & STATE FAIR

Horse Racing Committee Meeting Minutes
Friday, February 28, 2014
10:00 a.m.

MINUTES

Committee Members Present: David Mallel, Chair
Director Hallie Muller
Director Mark Nelson
Director Patrick O'Brien

Other Board Members Present: Director Sonney Chong

Staff Present:
Chief Executive Officer (CEO) Rick Pickering
External Affairs Director Sonya Logman
Programs Director Carrie Wright
Assistant General Manager, Operations (AGM) Marcia Shell
Financial Officer (FO) Samantha Brown
Recording Secretary Linda Contreras

Others Present:
Ovations Fanfare, L.P. Nick Nicora

Chair Mallel called the meeting to order at 10:02 a.m. and dispensed with reading the Mission Statement and Public Comments Statement, as there were no members of the public in the audience.

UNFINISHED BUSINESS

1. Committee's Recommendation to Add a 3rd Week of Thoroughbred Racing to the 2015 Annual State Fair

CEO Pickering distributed a memo sent to the California Horse Racing Board per their request to provide them with an analysis of horse racing at Cal Expo. A copy is on file for review.

CEO Pickering informed the Committee that a letter had been received from Senator Darrell Steinberg who plans to introduce a resolution to the Legislation to name the State Fair racetrack as a Kirk Breed memorial to be paid for by private funds to construct the memorial and will not affect future land use decisions by the Directors at Cal Expo.

CEO Pickering provided an update on the backstretch barns and informed the Committee that plans have been submitted to the State Fair Marshal Office.

Director Nelson asked if the architect plans would be to refurbish the existing tack rooms or build something new. CEO Pickering responded the goal is to take the existing structures and see what could be done. The biggest concern from the State Fire Marshal is having two points of access and exit in the case of an emergency.

Chair Mallel asked if Oaktree was exclusively negotiating with Alameda and is it a done deal. CEO Pickering reported that Oaktree is talking to Alameda, Golden Gate Fields, Santa Rosa, and Cal Expo. Oaktree would like to do a three or four week meet and will need the approval from the California Horse Racing Board.

The Committee will recommend to the Board to add a 3rd week of Thoroughbred Racing to the 2015 Annual State Fair.

Chair Mallel asked for an update on the harness racing program. CEO Pickering reported that there were a couple million dollar days.

CEO Pickering provided an update to the Committee on the Turf Club remodel.

ADJOURNMENT

The Horse Racing Committee meeting adjourned at 10:22 a.m.