

CALIFORNIA EXPOSITION & STATE FAIR

Minutes of the Board of Directors Regular Meeting

Held Pursuant to Due Notice
May 29, 2020

The meeting was conducted by teleconference originating at
California Exposition & State Fair
1600 Exposition Boulevard
Sacramento, CA 95815

Directors Present

Director Jess Durfee Chair
Director Rex Hime, Vice Chair
Director Rima Barkett
Director Erin Choi
Director Sonney Chong
Director Rina DiMare
Director David Mallel
Director Brian May

Staff Present

Rick Pickering, Chief Executive Officer (CEO)
Tom Martinez, Chief Deputy General Manager (CDGM)
Samantha Brown, Deputy General Manager, Administration
Margaret Mohr, Deputy General Manager, Business Development & Marketing
Marcia Shell, Assistant General Manger Expo Events
Jay Carlson, AG Programs Manager
Sue O'Brien, Recording Secretary

Others Present 11 as identified by Zoom

1. CALL TO ORDER

Chair Durfee called the meeting to order at 12:30 p.m. Chair Durfee dispensed with the reading of the Mission Statement, Policy Statement and the Public Comment Statement.

2. ROLL CALL

Roll call was taken and a quorum was present.

3. INTRODUCTION OF STAFF

Chair Durfee read a list of Staff on the Zoom Board Meeting call.

4. PUBLIC COMMENT ON MATTERS NOT ON THE AGENDA

In accordance with state law, the Board will not comment or otherwise consider Public Comment matters until and unless such item has been properly noticed for future meeting.

None

5. CONSENT AGENDA

All items on the consent agenda are to be approved in one motion unless a Board Member request a separate action on a specific item.

- a. Approval of Board Meeting Minutes for April 24, 2020.
- b. Approval of Board Committee Minutes for April 24, 2020
- c. Approval of Special Board Meeting Minutes for May 15, 2020.

Chair Durfee asked for a motion to approve the Consent Agenda.

MOTION:

It was moved by Vice Chair Hime and seconded by Director Chong to approve the Consent Agenda. All in favor, motion carries unanimously.

6. COMMITTEE AND STAFF REPORTS

a. Finance Committee & Financial Reports

Committee Chair Hime reported that Deputy General Manger Brown did a **thorough presentation of Cal Expo's fiscal situation. Vice Chair Hime gave a** summary of her presentation reviewing the Cash Flow Statement and explaining that in the best of situations Cal Expo could get through the month of July and into part August before Cal Expo is at a negative. Committee Chair Hime went on to state that this is sobering information given the fact there aren't any events or a State Fair to bring in any income. These impacts to Cal Expo strengthen our resolve and message to the legislature. CEO Pickering added at the request of several Board Members he would briefly mention some of the efforts Cal Expo has done to bring in revenue or reduce expenses. Cal Expo instituted a hiring freeze and released all of our part-time, temp help staff in March, 2020. Renegotiated several of our large service contracts and a number of our service providers have been willing to reduce what they are billing us for. Un/common, Event Partnership and Mercury have

been very understanding. Pickering continued to report that a number of our full time staff have been redirected to jobs that were being done by part time staff and Cal Expo has begun working with CalHR and has been assigned a Labor Relations officer to walk us through the layoff processes. Cal Expo did look into payroll projection programs from the Federal Government and were told we do not qualify as we are a state agency. We looked into a line of credit with our bank and were told that they would need a state asset or something pledged as collateral. CEO Pickering reported that there have been conversations with California Department of Food and Agricultural (CDFA) about Bridge loans. They understand the concept but remind us Cal Expo does not exist in the State Budget process and makes it difficult because we **don't exist in the** State Budget. We had been making great progress working with Legislators and then COVID-19 hit. COVID-19 not only hit the State but it hit the event industry, professional sports and food and beverage partners like Spectra. Pickering continued to report that the impact to Cal Expo from COVID-19 is, from March to June about \$6 million in event revenue did not come into Cal Expo and then cancelling State Fair is another \$12 million plus of lost revenue. The combine total of those numbers is \$20 plus million in revenue that has not come into Cal Expo. Vice Chair Hime commented that the Chair Durfee, Rick, Tom and he had a discussion with the Secretary and her staff; talking over a variety of issues related to our finances etc. It was discussed that for Cal Expo to be able to do any types of real alternative use of property there needed to be a discussion of the current restrictions of a 10-20 year lease time frame. Secretary Ross seemed to agree and asked us to provide her with some language so she can seek that type of legislative reform as part of the efforts to help make Cal Expo more solvent. CEO Pickering noted that in the Finance Committee meeting someone asked about Rock & Brews and Mr. Johal has indicated that depending on COVID-19 **he's** planning to open by September – October, 2020. Satellite wagering is planning on opening the middle of June and we are receiving reservations for the RV Park. This an opportunity for a small amount of revenue but not enough to keep the doors open past late July, early August. The biggest unknown is when will Cal Expo be able to have events, at what level and will people come back. Committee Chair Hime asked for any questions. Director Barkett commented that the budget is frightening and if there had been any consideration of having a State Fair on the weekends. Director Chong followed up with Director **Burkett's** comments and suggested maybe something like a Brew-Wine Fest. Committee Chair Hime asked about the income from the Fair Food Meals and staff will get back with that information. CEO Pickering commented that given the numbers as they are now, Cal Expo will be out of money late July, early August leaving no money to put on a Fair. Deputy General Manager Brown added that the Finance Department has not given a balance budget to the Board for the past four years. Going into

2021 based on the current situation cuts would still need to be made to facilitate a balance budget because Cal Expo will not have any reserves. Committee Chair Hime asked for a motion to approve the Finance Committee recommendation of approval of the First Quarter Financials.

Motion:

The motion was moved by Director Chong and seconded by Director Mallel. All in favor, motion carries unanimously.

- First Quarter Financials
- Profit/Loss Statement
- Balance Sheet
- Cash Flow Statement
- AR Report
- Approval of Contracts/Purchases of \$100,000 – un/common

Board Chair Durfee commented that in the Finance Committee they approved putting on hold for a future meeting the Approval of the Contract for un/common.

- Update and Review of Costs Savings Measures

b. Legislative Committee

Committee Chair DiMare reported that Chief Deputy General Manager Martinez gave an update on the May revise and the item pertaining to the \$40.3 million allotted to California Department of Food and Agricultural (CDFA) to assist with Fairs. Earlier in the year Cal Expo had been assigned \$2.3 million to support and assist us and that dollar amount has been absorbed into the \$40.3 million given to CDFA. Conversations will continue on how this will effect Cal Expo. The Committee also took action to direct staff to continue working on bill SCA 6 to include fairs in the bill and directed staff to seek clarification and verification of the 20 year lease restriction at Cal Expo.

Committee Chair DiMare asked for a motion from the Board to support the actions that the Legislative Committee took today.

MOTION:

It was moved by Vice Chair Hime and seconded by Director Chong that the Board is in support of the actions taken today by the Legislative Committee. Any discussion: None All in favor, motion carries unanimously.

7. CORRESPONDENCE

None

8. OLD BUSINESS

a. Updating 2020 Board Meeting Calendar

Chair Durfee commented that usually this Board does not meet again until September, 2020. The Gala in June, 17 days of State Fair is in July and everyone is on vacation in August. Because of the circumstances and the

rapidly changing environment with the State Legislative actions, **Governor's actions and CDFA's actions we are recommending adding 3 meeting dates** for the summer months, June 26, July 24 and August 28, 2020. If there is a need for a meeting the date is set. If there is no business to conduct there will not be a meeting. Chair Durfee asked for a motion to add a June, July and August meetings to the Board Calendar.

MOTION:

It was moved by Vice Chair Hime and seconded by Director Mallel. Any discussion: None All in favor, motion carries unanimously.

9. MATTERS OF INFORMATION:

- a. Update on COVID-19 Emergency Support Provided by Cal Expo
The Drive-through COVID-19 testing is moving forward. To date approximately 8000 cars have gone through. The Cal Expo testing site is the highest volume testing site in California. Many of the elected dignitaries have viewed the facility. Cal Expo is still supporting the 63 FEMA trailers on Lot 26. The City of Sacramento and Sacramento County Public Health are still assigning homeless persons who have tested positive for COVID-19 to the FEMA isolation trailer This week the California CHP and Sacramento **County Sheriff organized a "Swag Bag" pick up for about 1000 students in the area and they used Cal Expo's CALIFORNIA letters for pick up.**
- b. CEO Comments
CEO Pickering report that: the Friday Food Festival to-go has been expanded to include July 3. The team is working on a Food Drive at the CALIFORNIA Letter and putting together a Blood Drive.
The Cal Expo website update is complete and a big thank you to the Marketing Department.
There has been some interest in changing the By-Laws for the California State Fair Board Members. The current by-laws state that the Board Chair and Vice Chair may serve one term in each seat. The change would suggest that the Board Chair and Vice Chair may serve one term in each seat unless the State Fair has been cancelled and then they may serve an additional term. This will be an item on the agenda at the next Board Meeting.
Complements to our entire team – Maintenance has done and continues to do a great job, Marcia and her team getting us up and running again **and supporting the Sacramento County Fair's Virtual Livestock Auction** and Margaret and her team keeping our name out there in a positive way.
Thank you to our Board for all of the work that you do
- c. Directors Comments/Agenda Items for Future Meeting
Director DiMare – **Would like to echo Rick's comments. Know that this** time is disappointing for the Board and hard on the staff but will keep

making inroads with the Administration and Staff and will keep working on this.

Vice Chair Hime – Welcome to Erin and your first Cal Expo Board Meeting. Thank you to the staff and fellow Board members keep the faith. We will get through this.

Chair Durfee – Would like to echo many of the comments made here. None of us knew it would be a year like this. Working with Rina and Rex on the Legislative projects we felt that our message to getting out and being heard that we need state support but who knew that the bottom would drop out the way it has. But this yet another challenge maybe not the one you signed up for but it is what it is and we as a team can get through this and work together to see the 2021 Ca State Fair. Also want to add that I had nothing to do with the conversation about extending the **Chair's term.**

- d. Next Board Meeting – Friday, June 26, 2020 (Subject to change due to COVID-19 emergency)

10. ADJOURNMENT

Chair Durfee called for a motion to adjourn.

Motion:

Vice Chair Hime moved the motion to adjourn and Director Chong seconded the motion. All in favor, motion carried unanimously.

The Board of Directors meeting was adjourned at 1:15 p.m.