

CALIFORNIA EXPOSITION & STATE FAIR

Minutes of the Board of Directors Strategic Planning Meeting

Held Pursuant to Due Notice
October 30, 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
Tom Martinez, Chief Deputy General Manager
Samantha Brown, Deputy General Manager, Administration
Marcia Shell, Assistant General Manger Expo Events
Jay Carlson, AG Programs Manager
Sue O'Brien, Recording Secretary
Craig Walton, Acting Chief of Police

Others Present 7 as identified by Zoom

1. Welcome and Introduction

At 10:02 a.m. Chair Durfee call the Strategic Planning session to order. Introductions were made around the room. Roll call was taken and a quorum was present.

2. Discussion of Cash Flow and Financial Support

Chair Durfee turned this portion of the meeting to CEO Rick Pickering and Samantha Brown, Deputy General Manager - Administration. CEO Pickering explained that DGM Brown had done a wonderful job keeping the Department of Finance and CDFA informed of our financial status. As per the request of Department of Finance DGM Brown prepared an estimate of finances through 2021, showing no events and no State Fair in 2021. DGM Brown reported that the Department of Finance has requested a cash flow sheet to them by the 10th of each month. DGM Brown walked through the Working Draft Cash Flow dated 10-28-2020. She pointed out the first \$1.4 million disbursement. One change to the working draft is that Cal Expo has paid off the majority of its pasted due bills with the exception of the vehicle assessment fee which will be paid off in the next 30 days. Brown pointed out that after all payments have been made there isn't any extra operating cash. Significant cuts/layoffs have been made and another difficult part of this budget is that it does not allow for any extra expenses, any unexpected expenses, any improvements or any repair of equipment.

Chair Durfee reiterated the fact that Department of Finance made the interpretation that any revenue that we might be able to generate or start generating like a sponsorship that we could use to start building for future events, like a fair would result in a deduction from the monies that Department of Finance has allocated to us.

Deputy General Manager Brown reviewed that 3rd quarter P&L and balance sheet with the Directors.

3. Update on Layoff Plan and Staffing Changes

CEO Pickering reported that some of the layoff plan will be discussed in closed session due to confidentiality as we move forward. We have had a request from 2 unions to meet. Brought on a Raye Zenter, who is retired annuitant with over 40 years with CalHR. She is meeting with staff effected by the layoffs to help them find a new job.

4. Update on Cancelled or Postponed Events at Cal Expo

CEO Pickering reported that the RV Park has seen a resurgent of their occupancy rate of 70-80%. Sac Republic's season is finished. They were allowed to play games on the field with no fans in the stands. Vice Chair Hime asked what revenue do we receive from them and when does the contract end? CEO Pickering stated that we have a contract with Spectra for anything on the field. We have a profit share split with Spectra and we are at the 50% split. The contract between Cal Expo and Spectra expires 12/2022. Harness Racing has received their permit to

allow live racing to come back but with no fans allowed. All events through the end of 2020 have cancelled. Some events couldn't get approval from Sacramento County Health for their events. Now we are seeing events in the first quarter of 2021 cancel. This matches what the SAFE Downtown Convention Center is experiencing. 92% of their events in the first quarter of 2021 have cancelled and they are seeing more than 80% of their events in the second quarter cancel. Some of our smaller events have gone to other venues in different counties that allow some level of events. Last weekend we worked with Butler Amusements to do a wonderful first effort Drive-in Food Festival that will be expanded for next weekend. We have been allowed to conduct Satellite Wagering outdoors in the Grandstands. We are hoping that when the next level opens up that Sacramento County Health will allow our patrons to move into the Grandstands which has 3 walls and a roof. We continue to work on the Sac County Fair contract. We are having to add additional language for COVID and for Department of Food & Agriculture.

Assistant General Manager Shell reported out that last week we had a successful FedEx drive through job fair. She continued that there are several County Health approved contracts coming up. Salvation Army Toy & Food distribution and Adopt a Family 1 day events which services 2500 people, 200+ families and Foothill Farm Christmas tree lot. Harvest Festival which usually happens in late November has been the most recent cancellation due to not getting County Health approval/permit. They have downsized and are moving to the Placer County Fair Grounds that is allowing events to be produced. Promoters are calling for bookings in 2021 and we are not writing any new contracts for 2021. There are several multi-year contracts that are working with County Health to obtain approval/permits to move forward. Dan Best of the certified farmer market reached out to look at Cal Expo as the W/X freeway market will need to re-locate to a temporary location due to Cal Trans work. Director DiMare asked why the Farmers Market did not work in the past. CEO Pickering stated that it probably was the demographics. Traffic patterns, housing and employment around Cal Expo is different from the W/X freeway location. Governor Newsom held a press conference related to green energy and electric vehicles in front of the California Letters. Vice Chair Hime asked about the events that were at the Downtown Convention Center that were scheduled to move to Cal Expo are they still scheduled for Cal Expo? CEO Pickering answered that at this point in time the SAFE Downtown Convention Center is scheduled to open the first week of February, 2021. This is from a construction point of view. Cal Expo did host many of the larger events from the Downtown Convention Center and received very positive feedback from those events. We have heard these large events are planning on going to virtual events to avoid the risk of not getting permits from the County of Sacramento. Vice Chair Hime asked about the attendance from the Butler drive through fair food and DGM Brown stated it was about 1,000 cars over the first 3 days. Director Barkett asked how many vendors participated and DGM Brown said there were 7 food vendors and our souvenir vendor. Director Choi asked DGM

Brown to expand on the grass roots marketing being done as she know there are several local Sacramento Instagram accounts that have a large following when it comes to food. DGM Brown asked Marketing Assistant Josie Lee to answer this question. Ms. Lee said that she had tagged a lot of accounts on Instagram, however in the future maybe there could be a trade or photos posted on Cal Expos behalf. Director Barkett suggested to look into having a food truck event, where people stay in their cars and put in their orders and the food is brought out to them. Just as a way to keep people coming out to Cal Expo. Chair Durfee stated as a wrap up of item #4; that we can't do much planning until we have some vision of when things will loosen up. It's very frustrating as we look long range, it's impossible to look long range.

5. Discussion of Options Regarding the Possibilities for a 2021 State Fair Next July

CEO Pickering stated that opening this discussion is much like planning an event. We are at the mercy of Sacramento County Health as to when they will allow events, what level of events will they allow and under what type of circumstances will they allow events to take place. We have been tracking Disney, Knott's Berry Farm and other major event centers in California as to what they have been proposing for social distancing, hand washing, sanitation, cleaning washrooms etc. and keeping that information together even though in many cases they had not been successful in being allowed to reopen. We have also been networking with the International Association of Fairs and Expositions (IAFE) to learn what they have been seeing across the Country and what protocols have been successful in other States or Counties. We have seen a couple studies to see how people will respond when things open up and trying to figure out how this will effect Cal Expo and State Fair. So that's the first hurdle, when and what will Sacramento County allow. The next hurdle is our finances. We know if we generate any revenue it will be subtracted from what the State is using to support us with. In order to open a State Fair it requires us to enter into a number of contracts that commit us to spending money and we don't have cash reserves in the bank. The third hurdle is the shortage of staff. The input from Department of Finance and Department of Food and Ag was event/fair staff that are not necessary to keep us open as an emergency support facility should be considered in the layoff plan. Several of our business partners that have expressed an interest of coming in July to do a modified carnival (limited rides) with County Health approval. We have talked to people about different options and there is no clear path forward to plan a State Fair that we know and love. From a staff's point of view if we move forward with a July fair it would be significantly modified given that we don't know what Sacramento County Health would allow, we don't have finances to commit and we don't have the certain staff talent pool that we have had in the past. There is another concept that would we want to be the first large fair to announce no fair in 2021 or plan an abbreviated version of the State Fair maybe in October of 2021 hoping we have a better picture of events by then or not. There has been some

discussion of trying some multiple weekend events to keep our name out there with Business partners that would willing put our name on the production. Staff's recommendation at this time is looking for comments from the Board.

Director Mallel stated that he does not see away forward to do a fair in 2021 given there is no money and no staff. Maybe postpone until the next meeting to discuss something in the fall of 2021. He asked if there was something in the State's Constitution that stated we have to put on a fair and everyone agreed that there is not anything in the States Constitution about that. Chair Durfee countered with we need to keep Cal Expo/State Fair's visible so that when we do come out of this and bounce back people haven't make the assumption that we just went under. Durfee continued that he would encourage us to look at cost neutral events or events that are very low demand on staff that we do have if allowed. Until we know what will be allow all we can do is share ideas and concepts. Vice Chair Hime stated that he liked the concept of doing small events and doing a downsize fair later in the year. Hime stated that he thinks it's very important that we do something because that something is what we have to show to the Legislators to provide us funding and keep us moving forward. Chair Durfee asked the question is there anything we can do/get approved from County Health for FFA and 4H livestock. AG Program Manager Carlson stated that outside of having some sort of grading/evaluation and then having a virtual auction/sale there is nothing being allow or approved by the County. There is also a timing issue as exhibitors have to own certain animals a certain amount of time and animals would need to be purchased now for a show in the summer/fall. Chair Durfee asked what the status of horse racing is and potential horse racing here at Cal Expo? CEO Pickering reported that Cal Expo did not want to take the financial risk with having no 2020 State Fair and horse racing with no fans. So we work with the Alameda County Fair and they ran 2 of State Fair's 3 weeks of horsing racing and were able to make it work. Cal Expo has applied to the CA Horse Racing Board for our 3 weeks of racing in tandem with where the State Fair 3 weekend would fall. Director DiMare asked if we had given up our races dates in 2021 and Pickering stated that we have not.

6. Discussion of the next Legislative Session

Director DiMare and Chief Deputy General Manager Martinez gave a back ground of what has been discussed in prior strategic planning sessions. Martinez pointed out the 3 areas to focus on in the next session. They are Budget line item, Budget Appropriation and Leasing Authorities and Opportunity Purchasing. Martinez presented staff recommendations and Director DiMare asked for a motion. Vice Chair Hime asked to add to work with Department of Finance to understand revenues and Cal Expo.

MOTION:

Director DiMare made a motion to move forward with staff's recommendations and to include working with Department of Finance to seek remedies to understanding Cal Expo revenues. Motion was seconded by Vice Chair Hime. Any discussion – seeing none. **All in favor, motion carries unanimously.**

7. ADJOURNMENT

The Board of Directors Strategic Planning meeting was adjourned at 11:56 a.m.