

CALIFORNIA EXPOSITION & STATE FAIR

Minutes of the Board of Directors Regular Meeting

Held Pursuant to Due Notice
Friday, July 31, 2009

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

Directors Present

Amparo Pérez-Cook, Chair
Gil Albiani, Vice Chair
Director Marko Mlikotin
Director Kathy Nakase
Director Rex Hime
Director Corny Gallagher
Director Rick Stacey
Director Richard Cuneo

Directors Absent

Director Steve Beneto
Director Bert Johnson
Director Peter M. Lopez

Ex Officio Members Absent

Assembly Member Dave Jones
Senator Darrell Steinberg

Staff Present

Norbert J. Bartosik, General Manager/CEO (GM)
Brian A. May, Deputy General Manager (DGM)
David Elliott, Assistant General Manager, Racing (AGM)
Amy Casias, Assistant General Manager, Fiscal Services (AGM)
Erica Manuel, Assistant General Manager, Marketing & Public Relations (AGM)
Patricia Garamendi, Assistant General Manager, Programs (AGM)
Marcia Shell, Admissions, Parking & RV Park Manager
Greg Kinder, Exhibits Supervisor
Brian Honebein, Sponsorship Sales
Tina Novoa, Special Events Coordinator
Jan Risso, Contracts Manager
Corey Egel, Media Center
Randy Brink, Cal Expo Volunteer
Linda Contreras, Recording Secretary

Others Present*

Jerry Blair, Deputy Attorney General (DAG)

Sonney Chong, Representative for Assembly Member Dave Jones

Ron Schuler, Co Bank

Mark Nuttamacher, Co Bank

Jane Einhorn, Runyon Saltzman & Einhorn

Estelle Saltzman, Runyon Saltzman & Einhorn

Courtney Pasqual, Runyon Saltzman & Einhorn

Mona Foster, Cultural Advisory Council

Jonathon Mum, News10

Jim Crandell, Fox40

Kelly Johnson, Business Journal

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

1. CALL TO ORDER

The meeting was called to order by Chair Pérez-Cook at 12:39 p.m.

Chair Pérez-Cook read the Mission Statement and the Policy Statement.

2. PLEDGE OF ALLEGIANCE

Chair Pérez-Cook lead everyone in the Pledge of Allegiance.

3. ROLL CALL AND DIRECTORS ABSENT

Roll call was taken by GM Bartosik and a quorum was present. Directors Beneto, Johnson and Lopez had asked to be excused and were not present.

4. INTRODUCTION OF GUESTS & STAFF

Introduction of Guests and Staff were made around the room.

5. PRESENTATION

a. Contribution by CoBank for the “State Fair Farm”

Ron Schuler and Mark Nuttamacher presented on behalf of CoBank a check for the State Fair Farm.

b. Runyon Saltzman & Einhorn Presentation of the State Fair Marketing Campaign

Runyon Saltzman & Einhorn presented the State Fair Marketing Campaign for the 2009 State Fair.

6. MINUTES OF MEETING

a. Board Committees & Meeting Minutes of June 26, 2009

Motion:

It was moved by Director Albiani and seconded by Director Nakase to approve the minutes of June 26, 2009 meetings with a correction of the date on the State Fair, Agriculture & Marketing Committee minutes from May 29, 2009 to June 26, 2009.

Director Mlikotin asked why the NBA Proposal Timeline chart that he distributed at the last Board meeting was not included in the Board minutes. GM Bartosik directed Director Mlikotin to the minutes where this information is addressed. Director Mlikotin withdrew his comments. **All in favor, motion carried.**

7. COMMITTEE AND STAFF REPORTS

a. State Fair, Agriculture & Marketing Committee Reports – Vice Chair Albiani

AGM Manuel reviewed her reports included in the Board packet.

Sponsorship Sales, Brian Honebein, provided an update to the Board. A report was distributed to the Board and a copy for review is on file.

AGM Manuel reported to the Board that the Cultural Advisory Council will be meeting on August 6, 2009 and reminded the Board that the Thank you Reception has been scheduled on Friday, September 4th at the Clubhouse.

AGM Manuel distributed to the Board an Advance Ticket and Concert Sales report for their review.

AGM Garamendi reviewed her reports included in the Board packet and distributed an updated State Fair Calendar to the Board.

AGM Garamendi reviewed the Calendar with the Board and reminded them to attend the Awards Ceremony on Thursday, August 20, 2009 at 5:30 p.m. at Expo Center.

Vice Chair Albiani invited everyone to the State Fair Gala scheduled on Friday, August 14, 2009 and reminded everyone that the reception prior to the event will be held in the Boardroom at 4:30 p.m.

GM Bartosik reported that discussions are ongoing with the industry partners and the CARF racing fairs to move the State Fair dates to the month of July to get the Fair off the school dates. Preliminarily, the staff recommendation would be to move the Fair to start right after July 4. A more complete report and an action by the Board are planned for the September Board meeting.

AGM Manuel reported that Butler Amusements will be bringing 3 carnival rides that were purchased from Neverland Ranch formerly owned by Michael Jackson.

GM Bartosik reported to the Board that Butler Amusements is very excited to participate in this year's State Fair and have been here setting up.

Director Hime commented that its important that word gets out that we have a new Carnival and second, he wants to applaud staff on what they are doing to get new fair dates which will have a positive impact on the fair and the attendance.

b. Horse Racing Committee Reports – Director Beneto

AGM Elliott reviewed his reports included in the Board packet.

AGM Elliott reported on the California Harness Horsemen's Association letter which is included in the Board packet.

GM Bartosik reported that the California Horse Racing Board took no action on the request by California Harness Horsemen's Association for race dates.

According to Fresno Fair Manager, John Alkire, there is no agreement with California Harness Horsemen Association to race at Fresno.

c. Operations & Planning Staff Reports

The Board had no questions.

d. Executive Committee Report – Chair Pérez-Cook

GM Bartosik reported on the passage of the State Budget which included the change in Fair funding from parimutuel racing to the General Fund. Cal Expo is not affected by this change.

GM Bartosik explained the Fair funding process.

e. Real Estate Committee Report – Director Hime

There was no report.

f. Developer Selection Committee Report – Vice Chair Albiani

Vice Chair Albiani and Director Cuneo provided a summary of the technical review meetings.

The Board agreed at the February 27, 2009 Board Meeting, in response to divergent opinions by ERA and Gruen & Gruen Associates on the land values generated by the proposed land uses, to invite developers to participate in a technical review process of the draft Conceptual Plan presented by the NBA. Letters were sent to 15 developers who have successfully developed projects of this size and scope. Four developers participated in the review process; several others indicated an interest in participating but were unable to do so because of scheduling conflicts. Also participating in the meetings with the Committee and staff were representatives from the city and county of Sacramento, the Department of General Services and the NBA.

The comments provided by the developers can be summarized as follows:

-- We are currently in a terrible real estate, financing (capital) and overall economic climate; any project of this size, scale and complexity would be challenged under this situation

--There is an issue related to whether there is sufficient land value to both support the economic performance of private development (residential, retail, office, etc.) and help finance public facilities - the arena and expo

--There is an issue related to fronting the extensive cost of public infrastructure needed to accommodate the proposed initial development in advance of the proposed private development

--There is an issue related to advancement of capital to "bridge" the time between early development/cost of the arena, expo and related public infrastructure and subsequent private development

--The arena and expo collectively would certainly create a synergy that would be a substantial benefit to facilitating proposed private development

--The initial development plan proposal is a very sound, exciting vision and planning should continue in anticipation of the economy rebounding.

Staff and the other meeting participants believe that the plan needs more study including a financing plan, and a development plan which looks at beginning the process of entitlements and defining the infrastructure needs.

Vice Chair Albiani and Director Cuneo reported that they will be making recommendations for next steps at the September Board Meeting. Also scheduled to attend the meeting are representatives of the city and county, including Sacramento County Economic Development Director, Rob Leonard, who will talk about the process the County used to select a developer for the redevelopment of Mather Air Force Base.

Director Stacey asked if there were concerns expressed other than the economy. Director Cuneo said that concerns were expressed about the market being able to absorb this much retail and the difficulty in obtaining financing for residential on leased property. Director Stacey asked if Cal Expo would be doing the financing plan. Director Hime said it would be a joint effort with the NBA. Director Hime also said a lot more work is needed before the Board could consider approving a project.

Director Mlikotin said he is anxious to learn what the recommendation is for next steps and hoped that the process would be clearly outlined. He also said that he

hoped the next steps would be consistent with fulfilling the requirements of the Letter of Understanding.

Director Mlikotin asked if there was any discussion with developers regarding the opinions rendered by ERA and Gruen on the economic feasibility of the project. GM Bartosik said that one developer's opinion was that the ERA report was a 39,000 foot view of the project in a good economy, while Gruen's opinion was from 2,000 feet in the current economy.

Director Hime said that the Letter of Understanding has been a good guideline to this point in the process.

GM Bartosik reported on the meeting he and DGM May attended in Baltimore with John Moag and Rob Friedrich of the NBA. The NBA recognizes that the economy is a barrier at the present time.

Chair Pérez-Cook asked those attending for public comments, there were none.

8. FINANCIAL REPORTS

- a. 2009 Budget Summary Report
- b. Monthly Financial Reports
- c. 2008 Audited financial Statement & Reports to Management
- d. Profit/Loss Statement for Harness Racing Operations
- e. 2nd Quarter AR Write Off Request
- f. Purchases/Contracts Requiring Board Approval
- g. Accounts Receivable Reports
- h. Purchases/Contracts Requiring Board Notification
- i. GASB 45 Overview

Director Stacey reported that the Committee received a presentation from the Auditors. All recommendations have been accomplished, except for the recommendation that additional staff be hired to support AGM Casias which management is addressing.

Director Cuneo asked about the comments from the auditors pertaining to the inconsistent monitoring of sick leave and absences and about the password policy for computer access. AGM Casias commented that there are systems in place to monitor employee's sick leave and absences and the password policy for computer access.

Director Stacey noted that the Sacramento Harness Association receivable may include an additional write off of \$83,000. GM Bartosik said that with the additional earnings that Cal Expo has generated from running the meet in house, Cal Expo will recover from these earnings the outstanding debt in the next 12 – 24 months.

AGM Casias reviewed the Accounts Receivable report included in the Board packet.

Motion:

It was moved by Director Mlikotin and seconded by Director Hime to approve the monthly financial reports, 2008 Audited Financial Statement & Reports to Management, 2nd Quarter AR Write Off Request and the Purchases/Contracts Requiring Board Approval. **All in favor, motion carried.**

9. CONSENT CALENDAR

10. CORRESPONDENCE

11. UNFINISHED BUSINESS

- a. Update on 2010 State Fair Dates

This was discussed earlier during the State Fair, Agriculture & Marketing Committee staff report.

12. NEW BUSINESS

13. MATTERS OF INFORMATION

- a. Public Comments

Randy Brink provided his report.

- b. Director's Comments

Director Nakase commented on the annual Sale of Champions Livestock Auction and asked if they will be asked to contribute this year.

GM Bartosik reported that the requested amount for each Board member will be the same as last year of \$325.

Chair Pérez-Cook will not be able to attend the September Board meeting as scheduled; she will be out of the country. Chair Pérez-Cook asked the Board about moving the September meeting to October.

GM Bartosik suggested moving the Board Retreat to October 8 & 9 and he will be sending out an email to the Board confirming their availability for this date change.

c. Manager's Comments

d. Next Board Meeting – **BOARD RETREAT – Thursday, September 24, 2009**
Friday, September 25, 2009

e. Other, if any

14. ADJOURNMENT

The Board meeting was adjourned at 2:32 p.m.

CALIFORNIA EXPOSITION & STATE FAIR

Executive Committee Meeting Minutes
Friday, July 31, 2009
11:30 a.m.

MINUTES

Committee Members Present: Amparo Pérez-Cook, Chair
Director Rex Hime
Director Gil Albiani

Committee Member Absent: Director Steve Beneto

Staff Present:
General Manager/CEO (GM) Norb Bartosik
Deputy General Manager (DGM) Brian May
Assistant General Manager, Marketing
& Public Relations (AGM) Erica Manuel
Recording Secretary Linda Contreras

Chair Pérez-Cook called the meeting to order at 11:40 a.m. and dispensed with reading the Mission Statement and Public Comments Statement. Director Beneto was not present and had asked to be excused.

MATTERS OF INFORMATION

1. Staff Reports
 - a. Legislative Update

GM Bartosik reported that there is no report from Legislative Advocate Norm Towne.

- b. Property & Real Estate Update

Director Albiani reported on the meeting with developers on July 20 and 21. 15 invitations were sent; four responded and participated in the technical review. All four developers were complimentary of the concept, but not financeable in this economy. There is encouragement to move forward with the planning process until such time as the economy improves.

GM Bartosik reported to the Committee on the annual distribution of State Fair tickets to the Former Board Directors, Governor's Staff, Legislator's Day, and Local Government Day.

GM Bartosik is proposing to reduce the amount of tickets being issued. Former Board Directors receive 24 complimentary passes, 8 Lot C parking passes and 2 VIP Guest passes. Director Hime suggested reducing the amount to 4 and no parking. Discussion followed.

The Committee directed the General Manager to reduce the passes by approximately 50%.

ADJOURNMENT

The Executive Committee meeting adjourned at 12:00 p.m.

CALIFORNIA EXPOSITION & STATE FAIR

State Fair, Agriculture & Marketing Committee Meeting Minutes
Friday, July 31, 2009
10:30 a.m.

MINUTES

Committee Members Present:

Gil Albiani, Chair
Director Marko Mlikotin
Director Kathy Nakase
Director Amparo Pérez-Cook

Staff Present:

General Manager/CEO (GM)
Deputy General Manager (DGM)
Assistant General Manager, Programs (AGM)
Assistant General Manager, Marketing &
Public Relations (AGM)
Admissions, Parking & RV Manager
Programs Assistant
Exhibits Supervisor
Sponsorship Sales
Entertainment Coordinator
Livestock Program Coordinator
Gala Coordinator
Recording Secretary

Norb Bartosik
Brian May
Patricia Garamendi
Erica Manuel

Marcia Shell
Tomme Jo Dale
Greg Kinder
Brian Honebein
Paul Gillingham
Tomme Jo Dale
T J Plew
Linda Contreras

Others Present:

Friends of the Fair

Harry Moos

Chair Albiani called the meeting to order at 10:35 a.m. and dispensed with reading the Mission Statement and Public Comments Statement.

MATTERS OF INFORMATION

1. Staff Reports

Chair Albiani congratulated AGM Manuel on the State Fair Advertising for 2009. Chair Albiani attended an event at Raley Field and was impressed with all the State Fair information provided at Raley Field.

AGM Manuel reviewed her report included in the Board packet.

AGM Manuel reported that the Press Kit is going to print and will be available in a CD format. The Wine Magazine and the Official Program are going to print also.

Staff continues to update online websites such as Facebook and My Space and text messaging databases.

AGM Manuel distributed to the Committee an Advance Ticket and Concert Sales report for their review.

Director Mlikotin asked staff what is the projected budget for the concert series in regards to anticipated revenue. GM Bartosik reported that the budget for the concert series is \$216,000.

Sponsorship Sales, Brian Honebein, provided an update to the Committee. A report was distributed to the Committee and a copy for review is on file.

AGM Manuel reported on the Community Outreach program and the State Fair ads that are being placed at area Malls.

AGM Manuel reported that the Cultural Advisory Council will be meeting on August 6, 2009. Director Nakase reminded the Board that the Cultural Advisory Council is an advisory body and not a policy making group. At the last Cultural Advisory Council meeting, some Cultural Advisory Council members expressed a concern that not all Cultural communities were involved.

Director Mlikotin suggested that the leaders of those communities should be contacted and invited to participate more fully in the Fair.

Chair Albiani asked staff to approach the Cultural Advisory Council and ask for more help in reaching all communities.

AGM Garamendi reported on the California's Grape & Gourmet event which included 5450 attendees, participants and exhibitors. The event was a success.

AGM Garamendi reviewed her report included in the Board packet.

Friends of the Fair, Harry Moos, reported on the State Fair Gala. Ticket sales and auction items are down at the present time.

Director Nakase said she just received the Gala invitation yesterday. Tomme Jo Dale said invitations went out July 13.

Chair Albiani commented possibly the event may need to be changed. Director Mlikotin suggested a more casual event.

2. Update Committee on Information Related to 2010 State Fair Dates

GM Bartosik reported that discussions are ongoing with the industry partners and the CARF racing fairs to move the State Fair dates to the month of July to get the Fair off the school dates. Preliminarily, the staff recommendation would be to move the Fair to start right after July 4. A more complete report and an action by the Board are planned for the September Board meeting.

ADJOURNMENT

The State Fair, Agriculture and Marketing Committee meeting adjourned at 11:35 a.m.

CALIFORNIA EXPOSITION & STATE FAIR

Finance & Audit Committee Meeting Minutes
Friday, July 31, 2009
9:00 a.m.

MINUTES

Committee Members Present: Rick Stacey, Chair
Director Marko Mlikotin
Director Corny Gallagher

Committee Members Absent: Director Peter Lopez

Staff Present:

General Manager/CEO (GM)	Norb Bartosik
Deputy General Manager (DGM)	Brian May
Assistant General Manager, Fiscal Services (AGM)	Amy Casias
Assistant General Manager, Racing	Dave Elliott
Assistant General Manager, Marketing & Public Relations (AGM)	Erica Manuel
Assistant General Manager, Programs (AGM)	Patricia Garamendi
Exhibits Supervisor	Greg Kinder
Contracts Manager	Jan Risso
Sponsorship Sales	Brian Honebein
Recording Secretary	Linda Contreras

Others Present:

Macias Gini & O'Connell LLP Debbie Chan

Chair Stacey called the meeting to order at 9:09 a.m. and dispensed with reading the Mission Statement and Public Comments Statement. Director Lopez was not present and had asked to be excused.

NEW BUSINESS

1. 2008 Audited Financial Statements & Reports to Management

AGM Casias introduced Ms. Debbie Chan with Macias Gini & O'Connell LLP and thanked her staff for all their support in preparing the 2008 Audit.

Ms. Chan reviewed the 2008 Audited Financial Statements & Reports to Management which were distributed to the Committee. A copy for review is on file.

There were three observations and recommendations noted by Ms. Chan regarding the Report to the Board of Directors in reference to Harness Operations, Merit Salary Adjustments and Journal Entries.

Director Gallagher asked if there was an employee handbook issued that covers the information on the Merit Salary Adjustments. AGM Casias reported that there is a handbook but it does not address this information but can be included.

Chair Stacey expressed a concern that the auditor observations and recommendations could have been corrected sooner by staff.

AGM Casias stated that she accepts responsibility, but as of today, all comments by the auditor have been addressed.

Ms. Chan commented that most comments were not significant but she appreciates the staff's response.

Director Mlikotin asked that staff for an organizational chart to understand who is responsible for what in the accounting department.

There were no significant findings and the financial statements are in accordance with GASB.

Chair Stacey asked about the Sacramento Harness Association reserve receivables figure. AGM Casias reported the reserve number for harness receivables is \$500,000.

GM Bartosik reported that the attorney for Sacramento Harness Association will report to the Board in September.

Chair Stacey asked that staff bring back each month unfinished business from the preceding meeting. For instance, moving forward staff would update the Committee on the status of the comments and recommendations in the Audit Report.

2. 2009 Budget Summary Report

AGM Casias reviewed the 2009 Budget Summary Report included in the Board packet.

AGM Casias wanted to publicly thank all staff for their concentrated efforts in keeping costs down.

Chair Stacey asked if the numbers in the revised projections included the additional bad debts for Sacramento Harness Association. AGM Casias reported no, but this information will be included on future reports.

3. Monthly Financial Reports

AGM Casias reviewed the monthly financial reports included in the Board packet.

Director Gallagher asked if the furlough program affects the State Fair. GM Bartosik reported that some employees will accrue furlough hours to be used at a later date.

Director Mlikotin asked if past discussions about unused vacation time was related to furloughs. DGM May reported that there is a relationship, the furlough days must be taken before vacation days.

Chair Stacey asked for a comparative analysis of cash flow for the current year vs. the preceding year and that it be included on the Committee's task list.

4. Profit/Loss Statement for Harness Racing Operations

AGM Casias reviewed the Profit/Loss Statement for Harness Racing Operations report included in the Board packet.

5. Accounts Receivable Reports

AGM Casias reviewed the Accounts Receivable Reports included in the Board packet.

AGM Casias reported Cornell Group, Sports, Boat & RV Show, Markstein Beverage Co, Cattlemen's Day 2008, Los Alamitos Quarter Horse Racing Association, Del Monte Foods 2008 Sponsorship, and Marquez Brothers Entertainment has paid. Also, Ovations is up to date.

Chair Stacey asked if Golden Gate Fields has paid. AGM Casias reported they have not and have filed bankruptcy.

Director Mlikotin asked for clarification on Ovations listing. AGM Casias reported that each entry represents a different interim event.

6. 2nd Quarter AR Write Off Request

AGM Casias reviewed the 2nd Quarter AR Write Off Request included in the Board packet.

AGM Casias reported to the Committee an updated AR Policy will be brought back in September for approval.

Director Mlikotin asked if anyone listed on this report would be prohibited from doing business with Cal Expo until they pay.

AGM Casias reported that this is correct.

Chair Stacey asked staff to include Sacramento Harness Association and Golden Gate Fields on the next Relief of Accountability list.

7. Purchases/Contracts Requiring Board Approval

Motion:

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

8. Purchases/Contracts Requiring Board Notification

AGM Casias reviewed the Purchases/Contracts Requiring Board Notification.

Director Mlikotin asked about the Wine Competition Software Purchase.

GM Bartosik reviewed the issues with the current Wine Competition software.

Director Mlikotin asked about the revenue and expenses for the Grape & Gourmet and the Wine Competition. Staff explained the revenues and expenses associated with each event. Discussion ensued on how Cal Expo accounts for the cost and value of each program.

9. GASB 45 Overview

The Committee had no questions.

AGM Casias reported to the Committee that the State Fair Corporate sales are up and that advanced Admissions Sales are down, but cash is up due to the increase in price.

10. Sponsorship Sales Report

Sponsorship Sales, Brian Honebein, provided an update to the Committee. A report was distributed to the Committee and a copy for review is on file.

Motion:

It was moved by Director Gallagher and seconded by Director Mlikotin to accept and recommend to the Board for approval the 2008 Audited Financial Statements & Reports to Management. **All in favor, motion carried.**

Motion:

It was moved by Director Mlikotin and seconded by Director Gallagher to accept and recommend to the Board for approval the Monthly Financial Reports. **All in favor, motion carried.**

ADJOURNMENT

Motion:

It was moved by Director Gallagher and seconded by Director Mlikotin to adjourn the Finance & Audit Committee Meeting. **All in favor, motion carried.**

The Finance & Audit Committee meeting adjourned at 10:24 a.m.