

BOARD MEETING OF THE FINANCE AND CONTRACTS REVIEW COMMITTEES

April 10, 2008

The 30th District Agricultural Association Finance and Contracts Review Committees met at 6:00 p.m. in the Board Room on the Fairgrounds. It was the consensus of the Board at the March 18, 2008 Board meeting to have the Finance Committee meet to discuss the 30th DAA's current financial status and what direction the 30th DAA should take regarding cutting expenses, increasing income or a combination of both in order to make the 30th DAA more financially viable. The Contracts Review Committee met to discuss the Sound and Lights (4 Day Fair) IFB, the Carnival RFP, J&K Motorsports October 2008 contract, and Red Bluff Round-Up's North Grandstand Bleacher Project expenses submitted for building credits. The Committee meetings were combined because Directors Kerstiens and Ross sit on both Committees.

ROLL CALL: Finance Committee Chair Director Cindy Brown, Finance Committee Members Directors Tonya Redamonti, Bob Kerstiens, and President of the Board Rich Mehling sitting in for Director Ross. Contracts Review Committee Chair, Director Rich Mehling and Bob Kerstiens.

DIRECTORS ABSENCES: Director Bev Ross

INTRODUCTION OF STAFF/GUESTS: Manager Mark Eidman and Business Assistant Carol Hanson. There were no guests present.

PUBLIC COMMENT: There was none

Review 2007 Statement of Operations - Manager Eidman reviewed the 2007 Statement of Operations explaining this report is the actual dollars for revenues and expenses at year end. Business Assistant Carol Hanson informed the Finance Committee the ending Unrestricted Reserve Percentage for 2007 was 20.8% as compared to the ending Unrestricted Reserve Percentage for 2006 of 33.6%. This is a 12.8% decrease in the 30th DAA's operating reserves. The net loss for 2007 is \$102,112.00 as compared to a net profit of \$1,655.00 in 2006. The net loss for 2007 is partially due to the \$50,000.00 expenditure of reserves for the Front Entrance Beautification Project. Director Mehling pointed out the annual Fair made \$10,104.00 profit in 2006 so that is not an area the Board needs to concern themselves with as far as trying to make up expenses or income. It is the interim rentals which are costing the 30th DAA money. Director Mehling stated the Committee could certainly do something with the annual Fair to help with the \$102,112.00 deficit. Director Mehling believes the Committee needs to focus on the interim income where the 30th DAA is losing the most money since the interim events are not paying for themselves. A lengthy discussion ensued. Following the discussion, the Finance Committee reviewed the possibility of the 30th DAA uniting with the City of Red Bluff and Tehama County for a 4th of July celebration. It was decided Manager Eidman with Directors Mehling and Brown would meet with the City Fire Department to discuss moving the fireworks to the fairgrounds. Director Mehling stated he didn't have a problem with this type of event, but his point is the Finance Committee was to meet to find a way to fix the 30th DAA's current deficit problem and this July event will not fix it. It is just adding another event. The 4th of July event is a great idea which Director Mehling said the Committee should continue to pursue, but the Committee needs to go back to the Board and make a recommendation as to: 1) do we increase current contract rents?, 2) do we put in additional larger events to try to generate more revenue? What direction is this Committee going to recommend the Fair Board take to prevent being constantly in the red? Another discussion ensued. Following this discussion, the Finance Committee still had not reached a decision as to what direction the 30th DAA should take regarding cutting expenses. However, the Committee still remained focused on the 4th of July event.

**BOARD MEETING OF THE
FINANCE COMMITTEE**

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Review 2008 1st Quarter Financial Report - Committee Chair Cindy Brown reviewed the 2008 1st Quarter Financial Report stating revenues are down 13%. Total 1st quarter revenues are reported at \$101,795.51. This is \$13,242.76 under 2007 revenues of \$115,038.27 for the same period. Total 1st quarter expenses are reported at \$139,206.99. This is \$3,420.44 over 2007 expenses of \$135,206.99 for the same period. Net income for the 2008 1st quarter is \$112,588.52. It was noted the net income figure includes the annual State Allocation of \$150,000.00 and without the annual allocation the Fair would show a net loss of \$37,411.48. A discussion followed. Director Kerstiens suggested Manager Eidman look into the cost of setting up the fairgrounds well to use as an irrigation system to water the lawns which should help to offset the City water fees which are running around \$1,000.00 per month in the winter to \$3,000.00 per month during the summer. Director Mehling would like to see the 30th DAA do a better job of ticket accounting on the larger events. In the past, it has been done on the honor system and Director Mehling stated this is not a good business practice. Based on numbers sometimes observed at these large events, it has become apparent the ticket numbers reported to the 30th DAA are not the same; something is wrong. A lengthy discussion followed.

Discuss Percentage Increase on Large and Major Events - Following a brief discussion, general consensus of the Finance Committee was to bring in more interim rental events to offset the costs so the Board will not have to increase percentages paid by the large and major events.

Finance Committee of the Board Recommendations - The Finance Committee agreed to make the following recommendations to the Board at the April 15, 2008, Board of Directors meeting:

1. Bring in more events to the annual Fair which appeal to a younger crowd
2. Work with the City of Red Bluff and County of Tehama on the 4th of July celebration
3. Hold off on percentage increases for major events until the Board can analyze the outcome of the first two recommendations.

Matters of Information

- a. Directors' Comments - none
- b. Manager's Comments - none
- c. Schedule Next Finance Committee Meeting - none scheduled at this time

ADJOURN - The Board meeting of the Finance Committee was adjourned at 7:25 p.m.

Chief Executive Officer

Committee Chair

**BOARD MEETING OF THE
CONTRACTS REVIEW COMMITTEE**

April 10, 2008

The 30th District Agricultural Association Board Meeting of the Contracts Review Committee was called to order at 7:30 p.m. in the Board Room on the Fairgrounds. The Contracts Review Committee met to discuss the Sound and Lights (4 Day Fair) IFB, the Carnival RFP, J&K Motorsports October 2008 contract, and Red Bluff Round-Up's North Grandstand Bleacher Project expenses submitted for building credits.

Review Carnival RFP 2008-03 - Manager Eidman reviewed Carnival RFP2008-03 with the Contracts Review Committee, informing them 18 RFP request letters were mailed out on March 12, 2008. The 30th DAA received 3 requests for RFP packets which were mailed out on March 24, 2008. Only 1 bid was received on April 10, 2008 and the results were as follows:

PAUL MAURER SHOWS

- Score 89
- Score 90
- **Total Score 179 ÷ 2 = 89.5 points**
- **2008-2010 Offer** (if extended amounts will be the same for 2011-2012)

**BOARD MEETING OF THE
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April 10, 2008

Review Carnival RFP 2008-03 - continued:

- 35% of ride gross during Fair
- 35% of ride gross from pre-sales
- \$800.00 guarantee per each food concessions (maximum 2)
- \$375.00 flat rate per game booth (15 game guarantee)

VS

- \$45,000.00 Guarantee

Additional Promotions

- Pre-Sale POP Wristbands \$15.00 good on any 1 (one) day of Fair
- On Site POP Armbands \$25.00 good on any 1 (one) day of Fair
- On Site Ride Tickets:
 - Single Ride Tickets @ \$1.00 each
 - Sheet of 20 (Lovers Pack) Tickets @ \$17.00 each
 - Sheet of 44 (Family Pack) Tickets @ \$32.00 each
- Will also contribute \$2,000.00 toward publicity each year of the contract as per the RFP 2008-03

Following a brief discussion, the Contracts Review Committee awarded the 2008-2012 Carnival Bid to Paul Maurer Shows pending Board approval at the April 15, 2008 Board meeting and if no protest is filed by 5:00 p.m. on April 18, 2008, the award will become final.

Review IFB 2008-04 Sound/Lights (4 Days Fair) - Manager Eidman reviewed Sound/Lights IFB2008-04 with the Contracts Review Committee, informing them 8 IFB packets were mailed on March 19, 2008. Only 2 bids were received on April 10, 2008, and the results were as follows:

- 1. City of Light Recording & Sound - Total Bid \$5,900.00**
 - Bidder/Contractor Status Form completed and signed
 - Did not claim 5% Small Business Preference
 - Statement of Equipment Form completed and signed.
 - Provided a complete list of equipment to be used
 - Financial Proposal Bid Form completed and signed
 - Proof of \$1,000,000.00 general liability insurance submitted - CFSA Hazard 030
 - Proof of Workers' Compensation Insurance submitted - CFSA Hazard 030
- 2. Kemper Stage Lighting & Sound - Total Bid \$5,200.00**
 - Bidder/Contractor Status Form completed and signed
 - Did not claim 5% Small Business Preference
 - Statement of Equipment Form completed and signed
 - Financial Proposal Bid Form completed and signed
 - Proof of \$1,000,000.00 general liability insurance submitted (**Verified Invalid**)
 - Workers' Compensation Exempt Statement signed and submitted

Following a discussion, the Contracts Review Committee noted Kemper Stage Lighting and Sound, the low bidder, had falsified the issue date on his insurance certificate as well as falsifying the policy effective date and expiration date. This information was verified through Kemper's insurance carrier on April 10, 2008, when the IFB's were opened and reviewed. Therefore, the Contracts Review Committee rejected Kemper Stage Lighting and Sound's low bid and awarded the bid to City of Light Recording and Sound for \$5,900.00 pending Board approval at the April 15, 2008, Board meeting and if no protest is filed by 5:00 p.m. on April 17, 2008, the award will become final.

Review October 2008 J&K Motorsports Contract - The Contracts Review Committee discussed the proposed October 2008 Monster Truck Show with J&K Motorsports. Following a discussion, the Contracts Review Committee agreed the following conditions should be added to J&K Motorsports contract.

- A \$25,000.00 non-refundable deposit payable in Cashier's Check (no personal check or business check will be accepted) and signed contract are due by 5:00 p.m. on July 1, 2008.
- Contract will become null and void if not received as stated. There will be no grace period.
- Request for Proposals (RFP) will be mailed out on July 2, 2008, in search of a new promoter for the 2008 Monster Truck Show.

**BOARD MEETING OF THE
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Review Red Bluff Round-Up North Grandstand Bleacher Project Expense - Manager Eidman explained there has never been an amount set for what the 30th DAA will allow for the Red Bluff Round-Up in Building Credits for the North Grandstand Bleacher Project. The contract proposal is for two sets of bleachers; north and south, at a cost of \$250,000.00, but the Round-Up only constructed the north bleachers. A discussion ensued, and the Contracts Review Committee studied the Red Bluff Round-Up Bleacher Contract Proposal signed on February 28, 2007, as follows:

- A. A set of engineered plans must be submitted to the state and state approval must be received prior to beginning any phase of this project.
- B. Bleachers must meet all local, state, federal laws and requirements (ie: Fire Marshall, ADA, Health & Safety Codes)
- C. A complete & detailed site preparation plan & time line must be submitted to include the following:
 - i. Slab location
 - ii. Fencing description and relocation
 - iii. Walkways
 - iv. Lighting and/or electrical improvements
 - v. Relocation of fire hydrants
 - vi. Old bleacher removal
- D. Red Bluff Round-Up Association will be responsible for disassembly and removal of existing bleachers located at the south end of main grand stand. These materials then become the property of Red Bluff Round-Up Association. A market value of \$50,000 has been agreed upon by both parties. This figure was provided by Red Bluff Round-Up Association at the January 3, 2007 meeting.
- E. The market value (\$50,000) will be deducted from the project cost which has been established to be \$250,000, leaving a balance not to exceed \$200,000 for both north and south bleacher to be paid annually by Tehama District Fair utilizing Building Credits at the rate established in said policy and so referenced in the current 2006-2010 Lease Addendum. Any additional costs incurred to complete said project will be born by the Red Bluff Round-Up Association.
- F. When the lease addendum for the Red Bluff Round-Up Association is renewed in 2010 it is the consensus of the current Board of Directors of the Tehama District Fair and the Red Bluff Round-Up Association Board of Directors, that the building credits will carry forth into the new contract. It is also the intent of both Boards that additional moneys can be applied toward the credits or a buyout will be considered at anytime. It is the intent of both Boards as well, that there will be other projects which will be addressed by both parties in the future.
- G. Upon completion of bleacher construction and receipt of full passage of any State, Federal and County inspections, all improvements become the sole property of the Tehama District Fair.

The Committee also reviewed the expenses submitted by the Red Bluff Round-Up for the North Grandstand Bleacher Project Building Credits. Following review and discussion, Manager Eidman and Director Mehling noted some of the expenses submitted by the Round-Up are additional costs and referred the Committee to Item E. of the signed Bleacher Contract Proposal which states any additional costs incurred to complete said project will be born by the Red Bluff Round-Up Association. Director Mehling asked why is the 30th DAA being billed for the installation and all the additional costs incurred by the Round-Up Association? That is not what was agreed upon by the signed agreement. Following additional discussion, the Contracts Review Committee agreed their recommendation to the Board will be to only allow for the cost of one bleacher which is \$125,000.00 for annual building credits. This recommendation is based on comments made by Mr. Rod Moore, Red Bluff Round-Up Association representative, during the January 23, 2007, Board meeting and the signed agreement by the President and 1st Vice President of the Red Bluff Round-Up Association as well as the CEO and Board President of the 30th DAA.

Contracts Review Committee of the Board Recommendations - The Contracts Review Committee agreed to make the following recommendations to the Board at the April 15, 2008, Board of Directors meeting:

1. Award RFP 2008-03 - 5 Year Carnival Bid 2008-2012 to Paul Maurer Shows
2. Award IFB2008-04 Sound/Lights (4 Day Fair) to City of Light Recording and Sound

**BOARD MEETING OF THE
CONTRACTS REVIEW COMMITTEE**

April 10, 2008

Contracts Review Committee of the Board Recommendations - continued:

3. Add the following conditions to J&K Motorsports contract:
 - A \$25,000.00 non-refundable deposit payable in Cashier's Check (no personal check or business check will be accepted) and signed contract are due by 5:00 p.m. on July 1, 2008.
 - Contract will become null and void if note received as stated. There will be no grace period.
 - If total deposit and signed contract are not received by July 1, 2008, a Request for Proposals (RFP) will be mailed out on July 2, 2008, in search of a new promoter for the 2008 Monster Truck Show.
4. The Red Bluff Round-Up Association will only be allowed the cost of one bleacher which is \$125,000.00 for their annual building credits based on comments made by Mr. Rod Moore, Red Bluff Round-Up Association representative, during the January 23, 2007, Board meeting and the signed agreement by the President and 1st Vice President of the Red Bluff Round-Up Association as well as the CEO and Board President of the 30th DAA.

Matters of Information

- a. Directors' Comments - none
- b. Manager's Comments - none
- c. Schedule Next Contracts Review Committee Meeting - none scheduled at this time

ADJOURN - The Board meeting of the Contracts Review Committee was adjourned at 8:00 p.m.

Chief Executive Officer

Committee Chair