



30th DISTRICT AGRICULTURAL ASSOCIATION

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POLICY/FINANCE COMMITTEE MEETING

May 7, 2010

The 30th District Agricultural Association Policy/Finance Committee met at 2:00 p.m. in the Board Room on the Fairgrounds to review the 1st Quarter Financial Reports, 2010 Operating Budget, and 2009 Statement of Operations.

PRESENT - Committee Chair Director Cindy Brown, and Committee Member Director Ray Bianchi and Manager Mark Eidman.

ABSENCES - Director Pete Dagorret

INTRODUCTION OF STAFF/GUESTS - Carol Hanson, Business Assistant

PUBLIC COMMENT - None

Director Brown opened the meeting addressing a letter received from Rebecca Desmond, Assistant Director Division of Fairs and Expositions, regarding the review and acceptance of the 2009 State of Operations. While the 2009 STOP has been accepted, F&E has concerns with the financial condition of the Fair as reflected by the declining and low reserves. As a result, F&E will be contacting Manager Eidman to discuss F&E's priority reporting requirements for fiscally challenged fairs as they apply to our situation.

Review 1st Quarter 2010 Financial Reports - Director Brown reviewed the various 1st Quarter Financial Reports; Revenue/Expense 2 year Comparison, Revenue/Expenses vs Budget, Balance Sheet and Cash Flow. The 1st Quarter 2010 revenues are \$125,995.01, an increase of \$21,621.97 over 2009. The 1st Quarter 2010 expenditures are \$130,533.90, an increase of \$962.00 over 2009. The 1st Quarter 2010 shows a net loss of <\$4,538.89> which is \$20,659.97 less than 2009's loss. A lengthy discussion ensued entailing various financial strategies to increase revenues and reduce expenditures.

Review 2010 Operating Budget / 2009 Statement of Operations - Director Brown reviewed the 2010 Operating Budget and the 2009 Statement of Operations noting the Operating Budget shows a 2009 estimated ending reserve of 12.0% with unrestricted net resources available for operations of \$87,217.00. The 2010 Operating Budget proposed column shows an ending reserve of 9.2% with unrestricted net resources available for operations of \$74,719.00. In comparing the estimated and proposed figures of the 2010 Operating Budget with the 2009 Statement of Operations Director Brown noted the actual ending reserves for 2009 are at 1.9% with unrestricted net resources available for operations of \$14,942.00. A lengthy discussion followed.

The Committee reviewed the Operating Budget for additional expense cuts. It was noted expenses have already been cut as much as possible and still be able to maintain a realistic, reasonable, achievable budget consistent with the 30th DAA's Strategic Plan. While there are wide variations of acceptable planning philosophies, F&E recommends historical trend budgets. Current-year projections and the degree of growth contained within the annual budget should be realistic and reasonable based on past financial trends and performance. A state-wide contingency fund does not exist to finance unforeseen liabilities at fairs, so maintaining a reserve balance of 10% to 15% of the Fair's prior year actual expenditures is recommended by Fairs and Expositions.

The Committee stated in order to address F&E's concerns with the financial condition of the Fair as reflected by the declining and low reserves we can start being fiscally responsible by setting aside 1% of all gross revenues at the end of every month and deposit these funds into the 30th DAA's reserve account.

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Review 2010 Operating Budget / 2009 Statement of Operations - continued:

The Committee asked Manager Eidman to explain the Building Credit Policy with the Red Bluff Bull Sale and the Red Bluff Round-Up. Manager Eidman explained the Red Bluff Bull Sale pays a flat rate; 50% is paid in cash and 50% is applied toward their Building Credits. The Red Bluff Round-Up pays 10% of their gross ticket sales; 5% is paid in cash and 5% is applied toward their Building Credits. Manager Eidman noted in our current financial position we need to look real close at any future building credits until we are financially solvent again because we need the income. The Committee concurred building credits effect cash flow. Manager Eidman stated the Bull Sale's Building Credits will be down to zero in two more years. Director Bianchi suggested we not enter into any new building credit agreements for at least 5 years. Manager Eidman stated Director Sanders had eluded to this also at a past Board meeting. Director Bianchi asked the value of Red Bluff Round-Up's Building Credits. Manager Eidman replied approximately \$80,0000 which will be completed in about 8 years. Manager Eidman noted the Round-Up's 25 year lease expires in September 2010 and it is time to renegotiate a new 5 year contract. Director Bianchi stated when the time comes to renegotiate the new Round-Up contract should be increased at a rate of 1% to 2% over a 5 year period. The Committee agreed over the next 5 years the concept of Building Credits for improvements will not be considered because the 30th DAA needs to address its cash flow. At the end of 5 years the 30th DAA will be happy to talk about this again.

The Committee also discussed the past due balance owed by Joe Froome, J&K Motorsports from the October 2009 Monster Truck Show. The Committee concurred Manager Eidman should not enter into any new contracts with Mr. Froome until business from 2009 has been settled.

Director Bianchi asked if the 30th DAA had big screen capability and suggested looking into video auctions. If the 30th DAA had big screen capability we would be able to attract vendors wanting to do video cattle and automobile auctions, it would be just a matter of letting people know about it.

COMMITTEE RECOMMENDATIONS

The Committee agreed to make the following recommendations to the Board at the May 18, 2010, Board of Directors meeting:

- Contribute 1% of monthly gross revenue to reserve
- Contribute solar energy net savings to reserve
- Look at rental fee structure - Consider a raise across the board on rental fees per building
- Look at equity between large annual events - Consider a 1% to 2% increase per year over a 5 year period

MATTERS OF INFORMATION

a. Next Board Meeting - No further meetings scheduled at this time

ADJOURN - The meeting was adjourned at 3:30 p.m.

Chief Executive Officer

Committee Chair