

BOARD OF DIRECTORS MEETING

June 14, 2011

The 30th District Agricultural Association Board of Directors meeting was called to order at 1:00 p.m. in the Board Room on the Fairgrounds.

ROLL CALL - Present were Directors Ray Bianchi, Don Crain, Pete Dagorret, Bob Kerstiens, Tonya Redamonti, Bev Ross, and Farrell Shatswell.

APPROVE DIRECTORS ABSENCES: It was moved by Director Redamonti, seconded by Director Bianchi, and carried to approve the absences of Director Cindy Brown.

DIRECTOR LETTER OF RESIGNATION: Director Kerstiens read the letter of resignation submitted by Director Sanders. Director Kerstiens thanked Mr. Sanders for his three years of service to the Fair industry and the community by serving on the Tehama District Fair Board.

INTRODUCTION OF STAFF/GUESTS: Mark Eidman, CEO, Jacque Brown, Office Assistant, Julie Zeeb, Red Bluff Daily News, Dennis Garton, Tehama County Supervisor District 3, Bill Goodwin, Tehama County Administrator, Rebecca Desmond, Acting Director, Division of Fairs & Expositions, Gerald Sanders, John Read, Rod Moore, Red Bluff Round-Up Association Director, Jolene Kemen, Red Bluff Round-Up Association Director, Mike Dudley, Red Bluff Round-Up Association Director/Friends of Fair, Martin Nichols, Red Bluff City Manager, Bob Carrel, Red Bluff City Mayor, Joyce Bundy, Don Krois, Red Bluff Round-Up Association Director, Frank Moore, Red Bluff Round-Up Association Director, Angie Gurrola, Mesa Productions, Venita Philbrick, Corky Kramer, Red Bluff Round-Up Association Director, Jill Etzler, Matt Etzler, and Wayne Brown, Red Bluff City Council

PUBLIC COMMENT: None

CONSENT CALENDAR: It was moved by Director Ross, seconded by Director Bianchi, and carried to approve consent calendar items a. Approve May 17, 2011 Board of Director Minutes, b. Approve June 2, 2011 Board of Director Minutes, c. Approve Refunds, d. Approve Contracts and e. Approve May/June Paid Bills.

a. Approve May 17, 2011 Board Minutes: May 17, 2011 Board of Director minutes were approved as mailed.

b. Approve June 2, 2011 Board Minutes: June 2, 2011 Board of Director minutes were approved as mailed.

c. Approve Refunds:

1. IR11-18 Northern California Paint Horse Club - Renter paid \$1,000.00 rental deposit Mar 10, 2011, Rec #37856 plus \$1,169.00 balance due prior to event Apr 27, 2011, Rec #37932 = Total Payment \$2,169.00. Renter canceled event due to an outbreak of the highly contagious equine herpes virus in California. The Fair office was notified of this virus by CDFA Release #11-021 on May 17, 2011, nine days prior to NCPHC's event. It was agreed to refund NCPHC's total rental payment. Total Refund \$2,169.00 - Ck #25634 - May 18, 2011

2. IR11-39 Norcal Miniature Horse Club - Renter paid \$500.00 rental deposit plus \$250.00 refundable damage deposit on Apr 25, 2011, Rec #37925 = Total Payment \$750.00. Renter canceled event due to an outbreak of the highly contagious equine herpes virus in California. The Fair office was notified of this virus by CDFA Release #11-021 on May 17, 2011, one month prior to NMHC's event. It was agreed to refund NMHC's total rental payment. Total Refund \$750.00 - Ck #25635 - May 18, 2011

3. IR11-44 Maria Castillo - Renter paid \$450.00 refundable damage deposit on Apr 12, 2011, Rec #37911. There were no damages sustained during event. Renter is entitled to full refund. Total Refund \$450.00 - Ck #25652 - Jun 2, 2011

4. IR11-49 Diamond Productions - Renter paid \$500.00 stage rental fee on May 24, 2011, Rec #38015. On May 26, 2011, Renter canceled use of stage due to lack of ticket sales. Renter was refunded full rental fee. **Total Refund \$500.00 - Ck #25653 - Jun 2, 2011**

d. Approve Contracts:

1. Interim Rental #11-51 DAVE MATTHEWS to hold the Big Air Motocross August 5, 6, & 7, 2011. Rental rate is \$5,000.00 minimum or 7% of gross ticket sales, whichever is greater plus \$60.00 per keg of beer sold, plus 15% of liquor sales, plus 10% of gross food sales plus 25% of total parking fees. Renter will pay a \$5,000.00 non-refundable deposit by July 20, 2011. Kerstiens Entertainment Center is available to Renter at no charge. Tables and chairs are available to Renter at no charge. Renter will be billed for any buildings not listed on contract. Renter will pay a \$2,500.00 refundable damage deposit. Renter will also provide proof of \$2,000,000.00 general liability insurance.

d. Approve Contracts - continued:

- 2. Interim Rental #11-52 RUN2WIN Productions** to hold barrel racing in the Pauline Davis Pavilion on Saturday, and Sunday August 20 & 21, 2011. The Fair will receive \$1,100.00 rental. A \$150.00 refundable damage deposit is also required. Renter will provide proof of \$1,000,000.00 liability insurance.
- 3. Interim Rental #11-54 North State Barrel Racing Association** to hold barrel racing in the Pauline Davis Pavilion and Bull Sale Arena on Saturday, and Sunday August 27 & 28, 2011. The Fair will receive \$1,600.00 rental. A \$150.00 refundable damage deposit is also required. Renter will provide proof of \$1,000,000.00 liability insurance
- 4. Interim Rental #11-55 Northern California Miniature Donkey Breeders** to hold a Miniature Donkey Show in the Pauline Davis Pavilion and Bull Sale Arena September 2, 3 & 4, 2011. The Fair will receive \$2,700.00 rental fee plus stall rental, cleaning fees and rotterra usage. Renter will pay a \$150.00 refundable damage deposit. Renter will provide proof of \$1,000,000.00 liability insurance.
- 5. Interim Rental #11-56 Red Bluff Junior Round-Up Association** to hold a junior rodeo on September 10 and 11, 2010. A rental rate of \$1,650.00 will be charged plus stalls and cleaning fees. Proof of \$3,000,000.00 liability insurance is required.
- 6. Interim Rental #11-57RB MONSTERS, LLC** to hold the West Coast Monster Truck Nationals on September 30, October 1, & 2, 2011. Rental rate is \$5,000.00 minimum or 7% of gross ticket sales, whichever is greater plus \$60.00 per keg of beer sold, plus 15% of liquor sales, plus 10% of gross food sales plus 25% of total parking fees. Renter will pay a \$5,000.00 non-refundable deposit by July 20, 2011. Kerstiens Entertainment Center is available to Renter at no charge. Tables and chairs are available to Renter at no charge. Renter will be billed for any buildings not listed on contract. Renter will pay a \$2,500.00 refundable damage deposit. Renter will also provide proof of \$3,000,000.00 general liability insurance.
- 7. Interim Rental #11-60 Shasta Team Penning Association** to hold a Team Penning in the Bull Sale Arena or Pauline Davis Pavilion every Tuesday, Thursday, Friday or Sunday from October 14, 2011 through September 30, 2012. The Fair will receive \$175.00 rental fee per event on week days and \$350.00 rental fee per event on week-ends. Renter will provide proof of \$1,000,000.00 liability insurance.
- 8. Interim Rental #11-61 Nor California Miniature Horse Club** to hold a Horse Show in the Pauline Davis Pavilion and Bull Sale Arena on August 13 and 14, 2011. The Fair will receive \$550.00 per day rental fee for the Pauline Davis Pavilion, \$75.00 per day rental fee for the Wheeler Arena, and a \$150.00 one-time fee for the PA and calling system, plus stall rental, cleaning fees, electrical and rotterra usage. Food and drink concessions will be provided by the Renter. Renter will provide proof of 1,000,000.00 liability insurance.

e. Approve May/June Paid Bills: Manager Eidman reviewed paid bills for May/June.

PAYEE	DESCRIPTION	AMOUNT
AT&T	50800 Office Phones	166.30
American Express	50600 EE Travel/Training Expense	330.72
American Express	50700 Monthly Wireless Broadband Service	120.78
American Express	50700 Office Supplies	101.12
American Express	53000 Bldgs/Grds Expense	95.60
Ameripride Uniform Services	53000 Bldgs/Grds Expense	121.14
Avaya, Inc	50800 Monthly Telephone Service Agreement	42.09
Bay Alarm	53000 Bldgs/Grds Expense - Office Alarm	87.00
Bay Alarm	53000 Bldgs/Grds Expense - Shop Alarm	105.00
Bob Cat of Chico	52900 Equipment Expense	442.40
Brown, Darrell	52900 Reimburse Roterra Parts	383.12
C DFA	53000 Bldgs/Grds Expense - Weighmaster Renewal Application	270.00
California Construction Authority	21250 Task #15764 Photovoltaic Loan Payment May	1,652.31
California Construction Authority	51010 Task #15764 Photovoltaic Insurance Payment May	97.50
California Construction Authority	51160 Task #15764 Photovoltaic Interest Payment May	6.70
California Construction Authority	21200 Sellens Environmental	250.72
California Fair Services Authority	51000 General Liability Insurance 1 st of 8 installments	2,310.00
California Fair Services Authority	50330 Administration WC Insurance - 1 st of 8 installments	1,626.66
California Fair Services Authority	52230 Maintenance WC Insurance - 1 st of 8 installments	1,626.66
California Fair Services Authority	54130 Publicity WC Insurance	35.00
California Fair Services Authority	56130 Attendance WC Insurance	303.00
California Fair Services Authority	63130 Exhibit WC Insurance	660.00
California Fair Services Authority	64130 Horse Show WC Insurance	46.00
City of Red Bluff	52800 Water 03/16/10 to 04/15/10	394.31

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e. Approve May/June Paid Bills - continued:

Computer Logistics	50700 Computer Service Contract Renewal	1,000.00
Cornerstone Community Bank	11670 PG&E Cumulative Energy Charges 04/19/11 to 05/19/11	270.28
Grainger	53000 Bldgs/Grds Expense	549.52
Green Waste	53100 Trash Removal (Non-Fair)	99.63
Green Waste	24100 Trash Removal (Interim Rentals)	234.60
Home Depot	53000 Bldgs/Grds Expense	312.34
Impressive Print	63400 Exhibit Supplies Expense	309.05
Jack Waterman Web Design	50700 Monthly Web Design Service	32.49
Norm's Printing	50700 Office Expense	276.07
Pacific Gas & Electric	52800 Utilities	172.47
Parsley's Pest Control	53000 Bldgs/Grds Expense	120.00
Red Bluff Elk's Lodge	53000 Coffee Filters	57.60
Red Bluff Outdoor Power	52900 Equipment Expense	24.62
Red Bluff True Value Hardware	53000 Bldgs/Grds Expense	55.95
Specialized Fibers	53101 Recycle Disposal Fee/Surcharge	110.00
Sprint	50800 Maintenance Cell Phone	53.07
Tehama Motor Sports	52900 Equipment Expense	192.69
Tractor Supply Credit Plan	52900 Equipment Expense	216.49
Zelma's	50700 Office Supplies	32.48

GENERAL CORRESPONDENCE: Manager Eidman reviewed the following correspondence:

a. Governor's Revised 2011-2012 Budget - email from Steve Chambers, WFA Executive Director, saying the revised 2011-2012 budget contained a statement acknowledging what CFA has been telling the Governor for the past five months - simply removing General Fund support for the fair network without fully examining all of the implications will cause more harm than good. CFA's last plan put forward during the last round of budget negotiations addressed oversight, governance, board appointments and funding. CFA hopes for a constructive dialogue with Secretary Ross and the Governor.

b. Executive Order B-2-11 Vehicle Allocations - email forwarded from Rebecca Desmond, Acting Director, Division of Fairs & Expositions, from Brent Jamison, Chief, DGS Office of Fleet and Asset Management. Mr. Jamison thanked Ms. Desmond for meeting with him and fully understands the organizational challenges several DAAs had when they did not conduct the survey for 62 vehicles; resulting in their proposed elimination. To resolve this issue, Mr. Jamison has directed his staff to make some changes to the CDFA's EO B-2-11 interview process. This will give the impacted DAAs the ability to provide survey information for these vehicles.

c. CCA Current Status and Proposed Plan for Future - email forwarded from Rebecca Desmond, Acting Director, Division of Fairs & Expositions, sent from Becky Bailey-Findley, CCA Interim Executive Officer. CCA finds itself at ground zero, no reserves, no prospects for operational support and with a reduced funding mechanism for client fair capital projects. The CCA Board has engaged in survival planning resulting in a strategy to reinvent the organization and to continue to provide services to CA Fairs now and into the future. At the May CCA Board meeting, they voted to accept a 6 month plan for CCA to exist and to continue to provide services to CA fairs by entering into a management contract with CFSA. CCA will continue to function under its existing JPA agreement. It has been suggested CCA revert to using California Fairs Financing Authority (CFFA). CFFA will reorganize, become self-supporting, lean an efficient, poised for future growth. It is the goal of CFFA that management services are provided to CA Fairs, similarly to past endeavors of CCA, but under new CFSA management. There are still decisions to be made and finalize; as always Fairs were encouraged to contact Ms. Bailey-Findley or CFFA staff

d. CDFA Release #11-023 - email from Kathy Kolb, Executive Assistant Fairs & Expositions, announcing Secretary Ross to work with network of California Fairs to develop plan for future operations. According to Governor Brown's directive, the plan to be developed by Secretary Ross shall include real and personal property holdings and the feasibility of restructuring the governance of fairs. Governor Brown directed Secretary Ross to develop a plan that addresses the future operation, maintenance and oversight of the network of California fairs.

e. Budget Updates - email from Steve Chambers, WFA Executive Director, California's constitution requires the passage of a state budget by June 15 and as the deadline approaches, WFA/CFA expect negotiations to heat up. They continue to press for fair funding as a component of the ongoing negotiations. Senator LaMalfa's Senate Bill 899 will move to the Assembly; this bill will allow DAAs to have their annual audit conducted locally. CDFA Secretary Karen Ross has seated a group to examine ways to allow fairs greater operational freedom.

GENERAL CORRESPONDENCE- continued:

f. Photovoltaic Phase II Refinancing - email from Lisa Drury, Division of Fairs & Expositions, asking fairs to disregard materials sent out by F&E June 1. F&E is preparing revised information which will be sent to fairs June 6.

g. 30th DAA Funding for Photovoltaic Phase II Project Refinancing 6-6-11 -email from Lisa Drury, Division of Fairs & Expositions, including revised information on funding to assist fairs with the proposed refinancing of the loans for the Photovoltaic Phase II projects. A total of \$2 million has been budgeted by F&E for the purpose to negotiate a beneficial restructure of the overall PVII loan. The allotments are funding advances that are to be reimbursed by the fairs to F&E when the refinancing is accomplished; terms for repayment of the funding advance will be negotiated. The allotment amount for the 30th DAA is \$37,833.00. A new Funding Agreement was attached for Fair approval, due by June 23, 2011. Approval of agreement commits 30th DAA to use the funding advance exclusively for there financing of the Photovoltaic Phase II commercial loan and to establish the funds in a restricted use account until such time as they are needed for the refinancing.

h. Annual Fair Audits - from Rebecca Desmond, Acting Director, Division of Fairs & Expositions, announcing due to passage of Assembly Bill 95 F&E will no longer be able to fund fair annual audits; F&E audit office will cease all fair audits on June 30, 2011. F&E is working on an audit program to assist the fair in transitioning over to a private audit firm. All fairs that have yet to have an 2010 audit, will be financially responsible to have a financial and or compliance audit completed by December 31, 2011.

i. CCA/CFFA June 2 Conference Call Report of PVII Fairs - email from Becky Bailey-Findley, CCA/CFFA Interim Executive Officer. Sixteen fairs as well as Ms. Rebecca Desmond, F&E, Mr. Richard Hyde & Mr. Hal Reiland, CCA Counsel and Mr. Rick Wood, CCA/CFSA trustee participated in the conference call. Along with the minutes from the conference call, Ms. Bailey-Findley reported she had communicated with PNC Finance staff, encouraging settlement. CCA/CFFA will keep fairs posted as to any developments.

MAY 2011 INTERIM RENTAL REPORT:

a. Revenues Received - Manager Eidman reviewed May interim rental revenue which generated \$31,420.00 as compared to \$47,420.00 for May 2010, a decrease of \$15,475.00. Manager Eidman said there were several new events: 4 day Corning Ford Car Sale, 2 day Circus, 2 day Flower Show, plus a few smaller events. The Sun Country Quilt Guild had their bi-yearly quilt show. Manager Eidman explained the reason for the decrease in revenue were three events moved their event to different months and two event cancellations. The Home & Garden Show and the Paint Horse Show cancellations had the most impact. The Home & Garden Show promoter announced after last year's show that he was retiring. Manager Eidman reported he searched for an interested promoter or an equivalent event to no avail; the event's revenue was over \$6,000.00. Also because of the recent equine herpes virus threat, the Northern California Paint Horse Club canceled their show; the event's revenue was over \$8,000.00. Alpaca's reduced their show to a one day show and both, Red Bluff Arabian Horse Show and Northern Counties Quarterhorse Association, shows had a decline in participants.

b. Attendance Reports - Reported attendance for the month of May was 9,343; year to date 81,730. 2010 attendance year to date was 68,569.

c. Illumination Festival - this was a three day Christian event held June 10, 11 & 12. There was a tremendous amount of talent, a well organized event but only partly attended. The promoter came in and said he didn't know how they were going to pay but the Committee would honor their obligation to the Fair. Manager Eidman agreed to accept payments until the balance is paid.

BUILDINGS AND GROUNDS REPORT: Manager Eidman reported on the following:

a. Senior "Make A Difference" Day - this is a program the Red Bluff Union High School promotes for their Senior Class. There were two groups of seniors, seven high school students, that volunteered at the Fairgrounds this year. They did general clean up and painted the sheep barn. Manager Eidman said he appreciated the graduates hard work and for thinking of the Fair's needs.

MAY 2011 FINANCIAL REPORTS: Manager Eidman reviewed all the Check Register, Income/Expense and Balance Sheet reports included in the Board packet. Director Redamonti asked if the Fair had received the last allocation; Manager Eidman said no but Ms. Desmond indicated it would be coming in the next few weeks. Director Redamonti stated her concern the Fair did not have enough money to fund the employee leave liability. Director Kerstiens directed staff to put the Employee Leave Liability Funding on the July agenda.

FRIENDS OF THE FAIR REPORT: Mike Dudley said there was nothing to report at this time.

FUTURE OPERATIONS: Manager Eidman introduced Rebecca Desmond, Acting Director, Division of Fairs & Expositions. Ms Desmond said she was here to answer questions as to where do DAA's go from here since January 1, 2012 the State will eliminate fair funding. Some of the larger California fairs will not notice since they did not receive a base allocation from State; where the smaller Fairs it is a significant issue. Ms. Desmond gave a brief history of how she became acting director of F&E; she was CEO of 10th DAA, Siskiyou Golden Fair. F&E has also suffered budget cuts, as of July 1st they have cut their staff by 50%. F&E's source of income is now from Fairs paying back various loans; they are looking at three to five years for their own existence. Governor Brown asked the Secretary of Agriculture, Karin Ross, to come up with some policy recommendations. Secretary Ross has formed a consortium including Fair CEOs, Fair Directors, 4-H and FFA representation, DGS, and unions, to list a few. Secretary Ross understands the purchasing issue and the bureaucracy which needs to be addressed. The consortium is just getting started so nothing to report; they have met but only to voice each entity's concerns and issues. Ms. Desmond said they are finding every Fair is unique and has its own thumb print as well as each community is different and how they view their Fair and the facilities. Each Fair will have to find the solution that will best fit their and their communities needs. At the 30th DAA the County of Tehama owns the property and the State owns the buildings. The 30th DAA still has a viable Board and they still have this District. So the question is what happens now; what options are there available to 30th DAA? Some of the ideas are:

- ▶ remain a DAA; there are many unanswered questions if that course is followed
- ▶ form a Joint Power Authority with the City or County
- ▶ form public benefit corporation; similar to a water district or cemetery district
Being a public entity is different than a State entity when it comes to purchasing and procurement, etc.
- ▶ form a non profit

Fair facilities are still valuable to the State as a Emergency Response System station. There are on going discussions regarding land use contracts or agreements with the State to have access to the fairgrounds during a crisis. Ms. Desmond encouraged community involvement. Include the County as the property will become their responsibility once again. Ms. Desmond explained a DAA can only be dissolved through legislation. There are no answers to many of the questions asked if a DAA is dissolved:

- ▶ what happens to the money
- ▶ what happens to the personal assets: office and maintenance equipment, supplies, automobiles, etc.
- ▶ staff which are State employees

Director Dagarret asked since the property belongs to the County, will the State sign off on the buildings? Ms. Desmond thought the way the lease is structured, the buildings would revert to the County but as always Ms. Desmond said she can not speak for DGS. There is a program where items can be donated to non-profits or donated to a sister agency. Ms. Desmond clarified if the DAA was dissolved, it was no longer a State entity therefore would no longer be bound by all the State regulations and requirements. They would, if a non-profit assumed control, be under the authority of the County therefore would need to follow the County's regulations and requirements. Director Bianchi asked how one would start the process of transferring the buildings to the County? Ms. Desmond thought it would be the termination of the lease agreement and or if the DAA is dissolved. F&E does have the authority to take over a DAA and suspend the power of the Board if F&E deems gross mismanagement or insolvency. Director Redamonti asked if the Fair Board could decide to dissolve the DAA. Ms. Desmond said the Board would bring the proposal before CDFA but there would still need to be a legislative process followed. Ms. Desmond was not familiar with the process but thought it would take an estimated 24 months. Ms. Desmond said recently the Governor has began appointing Fair Directors, she thinks appointments will pick up in the next several weeks. Director Bianchi summarized saying the Board can decide they want to remain a DAA but the Governor can, through funding restrictions, dissolve the DAAs or the Fair Board can vote to dissolve and begin the CDFA, legislative process; both methods would trigger the County to terminate the lease agreement therefore taking control of the property. Ms. Desmond said as long as the 30th DAA remains a DAA all monies are the State's, F&E has oversight of those funds because 30th DAA is still a State entity. If a DAA is dissolved any remaining money would probably return to the State. When asked, Ms. Desmond answered if the DAA was dissolved it would no longer be under the employee union jurisdiction. Bill Goodwin, Tehama County Administrator, asked if the options to remain a DAAs will go away; Ms. Desmond said yes most likely because that is the overall Fair industry request. Without funding Fairs can not continue to operate as a State entity. Mr. Goodwin didn't want people to be under the illusion that just because Tehama Fair is not under the State they wouldn't be under public contracting laws, bidding processes, prevailing wage, etc. As long as it is County owned property, it would still be subjected to all the same rules and regulations, many of them the County piggy backed on the same regulations as State. This will still be a governmental agency in some aspects, because this is public land. Mr. Goodwin said he is disappointed the DAA will phase out because one of the key elements the County enjoys about having the State involved is the liability insurance and workmen compensation. There is a very large umbrella of services the State provides that is invaluable to this area. Ms. Desmond clarified the dissolving of DAAs is one of many recommendations to the Governor. If the community wants to remain a DAA; it will need to be explored just like any of the other options; new trails are being formed as each

FUTURE OPERATIONS - continued: Fair decides their particular direction for their future. There is a lot of creative interpretation and a lot of possibilities that can be put before legislation as long as it is not contrary to higher laws. Director Dagorret asked as a non-profit could the grounds be leased? Mr. Goodwin said yes at market value, a very large value. When asked if there were already fairs that have opted out of being a DAA, Ms. Desmond answered there is one that is currently working on a joint powers authority and one that transition out several years ago. They are working with that one to find out how they accomplished it. Mike Dudley, Red Bluff Round Up Association Director and Friends of the Fair Committee, asked if CFSA, Joint Powers Authority, self insurance pool, would still provide liability insurance and many services to the Fair? Ms. Desmond said yes, for DAAs and some County Fairs. As long as it is public land there are some services available to entities: general liability insurance, liquor liability insurance, workmen compensation, special events insurance, revenue protection, etc. A private entity would not have the option of using the services of CFSA. Mr. Dudley said the fair market value for the property has been established by the lease agreement they have now with the State. If it went to a bidding process, the price could be set to where it would be unaffordable by a non-profit organization and the grounds would be forced to close. Mr. Goodwin said he just wants it understood the long term lease they have had has been between two public agencies. The County would have to follow the bid processing regulations, prevailing wage and fair market value rules would also be followed. Mr. Dudley said if market value was too high, the group he represents, Friends of the Fair, would have to step away. Gerald Sanders said his figures showed the Fair would fall \$200,000.00 short. If the Fair did not have to abide by the State regulations, prevailing wages, etc., this fair would be solvent. Mr. Goodwin said there is going to be a \$200,000 hole that the State is leaving; he attended tonight's meeting because he thought ideas were going to be discussed on how to make up the \$200,000 therefore save the existing 30th DAA. Mr. Goodwin said whether that will be promoting more events, increasing rental fees, the County assists with some economical support, better advertizing, or sell naming rights in the building there needs to be some ideas on how to make up the short fall. The 30th DAA needs to remain a contributing entity of this community. The County can not take on the liability of the fair. Mr. Goodwin said he had hoped decisions had not already been made to dissolve the 30th DAA; he hoped there was still the option of keeping the 30th DAA going for another year or two until this sorts itself out. Martin Nichols, Red Bluff City Manager, asked if the loss of Fair funding is a permanent situation? Ms. Desmond said currently the budget is not signed. AB95 passed today which removed the \$32 million from general fund money; who knows what can happen in the future, anything is possible. Western Fairs Association is an advocacy group, which has formed the California Fairs Alliance that has been fighting furiously to have funding restored to some level, but probably not the whole \$32 million. No one knows if they will be successful; but F&E must plan for the worse so they can be most effective to those Fairs that will need it. Director Redamonti said this Fair can't take the chance of closing, this Board must be proactive. Director Ross thanked Ms. Desmond for speaking to not only the Fair Board but the concerned community members. She appreciated hearing directly from Ms. Desmond as to the facts and the possibilities of the future of the Fair industry. Director Ross said this Board still has time to plan, explore, and do research on all of the options available; decisions do not have to be made over night. Ms. Desmond agreed saying F&E is encouraging Fairs to really explore all options. DAA's do not have to come up with a plan by December 31 to have new management. Mr. Goodwin added government works very slowly and very deliberately; there is a purpose for that method, revising a decision once made is most difficult. Mr. Goodwin also encouraged the Fair Board to take the needed time to research this, find out what all of the perimeters are. Ms. Desmond said when she met with Mike Dudley and Director Redamonti in Sacramento, she encouraged them to proceed with forming the non-profit, saying every DAA needs a non-profit fund raising arm. They can do things a government entity can not, it is a great asset to the DAAs and a great volunteer resource. And even if the DAA stays in existence, it has a wonderful non-profit organized to help raise money in the community for the DAA. Director Kerstiens explained the Fair Board had looked at the budget from all angles and is making cuts in every area that can be cut. The 30th DAA has a great staff but the Board can not afford them; 53% of the budget goes to labor. The State gives 30th DAA \$200,000 which is 25% of the Fair's budget which means the Fair must generate 28% just to pay for the labor. Director Kerstiens suggested to Ms. Desmond if the State could cover the expense of the State employees, the 30th DAA could stay afloat. The 30th DAA generates almost \$600,000. Unfortunately the 30th DAA's biggest expense is the labor. Director Kerstiens said the Board is looking at all of our options. Director Kerstiens said this Board could become non profit and run the Fairgrounds but can not afford the staff. Rod Moore, Red Bluff Round Up Association, thought if the Fair went non profit there would not be prevailing wage regulations for the employees, employees wages would be negotiated. Mr. Goodwin said County rates would need to be followed. All in attendance: community members, Fair Board, County of Tehama representatives, City of Red Bluff representatives, Friends of the Fair representatives, agreed their main objective is to prevent the closure of the fairgrounds. Mr. Goodwin just wanted to reintegrate this is County property; the rules and regulations the County abides by are very similar to the State. That means government unionized wages, procurement processes is very regulated; the facility will not become a private business with all the rules and restraints lifted because it would still be public property. There will always need to be County over seeing, being public property; up until now what has been comforting to the County, as far as the risk factor, is the deep pockets of the State. The State has always been the safety net which protected the County because this was a DAA which is under the umbrella of the

FUTURE OPERATIONS - continued: State of California. If that went away the County would have to look very closely at the risks. Director Redamonti said at one of the Friends of the Fair meetings, John Murray addressed the non profit being sued issues. Mr. Murray said if there was a lawsuit brought against the non profit whatever the limitations were on the insurance the non profit would simply go away, they would dissolve themselves and start up a new non profit to get going. Mr. Goodwin said the County is always named in a lawsuit and if the non profit dissolved itself that would really leave the County vulnerable. Mr. Goodwin said he did not know what level of insurance a non profit would have to have to make the County feel comfortable. Ms. Desmond said unless the non profit is strictly being formed to operate the fairgrounds she would encourage those interested in forming a non profit to continue and be the extra support for the existing Fair saying it is a great supportive entity. Director Kerstiens thanked Ms. Desmond for coming to the Board meeting and addressing the issues, saying it was invaluable. Ms. Desmond invited continued communication with F&E, herself, or any of the staff. Ms. Desmond welcomes the Boards inquires and emphasized F&E is there to help the Fair in all areas of concern.

RED BLUFF ROUND-UP ASSOCIATION CONTRACT RENEWAL UPDATE: Mike Dudley, Red Bluff Round-Up Director reported he had met with the Red Bluff Round-Up Association's Board and they have a Committee willing to meet with representatives from the Fair Board at their earliest convenience. Director Kerstiens said he would meet with Manager Eidman to set an agreeable time to meet with the Association.

CITY OF RED BLUFF RESOLUTION SUPPORT OF THE TEHAMA DISTRICT FAIR: Director Bianchi reported there has been no activity on this item since the May Fair Board meeting.

PHOTOVOLTAIC PHASE II REFINANCING UPDATE: Manager Eidman reported he participated in a teleconference on June 2. Manager Eidman reported counsel for CCA, Hal Reiland was introduced. Mr. Reiland is leading the negotiations for the PVII loan restructure. His findings were as follows:

- ▶ The loan/lease documents were poorly written, to the favor of CCA and the Fairs. The ability of the bank, PNC, to enforce the terms of the agreement is compromised.
- ▶ The basis for negotiations with PNC is to find an amount that the bank will accept as a pay off in light of the fiscal challenges that are facing CCA and CA fairs.
- ▶ Approximately \$8.5 million is owed to PNC. It has been communicated to PNC that the ability of CCA and fairs to pay what is owed is severely hindered by the facts of no funding from the State and the fiscal challenges of CCA. Mr. Reiland has set the stage for an amicable resolution, with the goal of avoiding litigation.
- ▶ The PVII fairs have made their loan payments to CCA. CCA has held these funds in a trust account. CCA stopped making loan payments to PNC in March, placing the loan in default.
- ▶ The document between PNC and CCA is labeled a lease.
- ▶ Fairs need to continue to make their monthly payments for two reasons. If a payment is made pursuant to the Use Agreement, the Fair is not in breach of the Use Agreement and PNC has no right to take action for failure to pay under those agreements and the amounts will be needed as part of a final settlement with PNC.

Rebecca Desmond, Acting Director, F&E, explained F&E's participation in restructuring the PVII loan as follows:

- \$2 million has been dedicated to assisting the PVII Fairs' restructuring.
- It was stated that F&E was NOT asking Fairs to take on additional debt. The \$2 million is a cash advance to help pay PNC. When settlement is reached, all the monies owed to F&E will be reviewed and PVII Fairs will make their loan payments to F&E.
- Any of the \$2 million not used to pay off PNC was to be returned to F&E.
- When the fairs received the revised funding agreement, they needed to review with their board president, sign and return to F&E as quickly as possible. This is a time sensitive matter.
- Once the check is received locally, the fair is to send the money to Rick Wood, CFSA, who will hold the money in a separate trust to be utilized for the purpose of a settlement with PNC. A trust agreement will be entered into between the fair and CFSA detailing this transaction.

The meeting concluded with a restatement that fairs should not make contact with PNC and negotiate a separate deal. This would be counter productive and diminish the capability of a fairly negotiated settlement to occur.

The letter received from Ms. Desmond on June 6, 2011 stated F&E has budgeted \$2 million to assist the fairs that are participating in the PVII program. The allotments per fair has been based on each fair's percentage of the total commercial loan. The allotment amount for the 30th DAA is \$37,833. F&E is preparing a Funding Agreement for approval by the Fair Board. F&E has asked the agreement be signed and return via email no later than June 23, 2011 so they can authorize the State Controller's Office to make the disbursements prior to the close of fiscal year 2011/2012 on June 30. Approval commits the Fair to use the funding advance exclusively for the refinancing of the

PHOTOVOLTAIC PHASE II REFINANCING UPDATE - PVII commercial loan and to establish the funds in a restricted use account until such time as they are needed for the refinancing. The 2010/2011 Supplemental Allocation is to be reimbursed by the Fair to the Fairs and Expositions Fund when the refinancing is accomplished. Upon determination of the final terms and conditions of the refinancing, the terms for the repayment of this funding advance will be negotiated. Any portion of the funding advance not needed for the photovoltaic refinancing is to be returned the Fairs and Expositions Fund. After a discussion, it was continued: moved by Director Redamonti, seconded by Director Bianchi, and carried to approve authorizing Director Kerstiens, President of the 30th DAA and Manager Eidman, CEO to sign the 2010/2011 Supplemental Allocation Fairs and Expositions Funding Agreement and return via mail to F&E.

FINANCE COMMITTEE REPORT - In the absence of Director Brown, Chair of the Finance/Policy Committee, Director Ross reported the Committee had met at 1:10 p.m. today, June 14, 2011, in the Board Room. Director Ross said the Committee is making the following suggestions. These recommendations are only to be reviewed; no action will be taken at this time. The Committee suggests the Board move forward on these as soon as possible.

- ◆ Raise all building rentals 10%; there has not been an increase since 2008. This would be an increase of \$33,000.
- ◆ Raise a keg of beer to \$75.00 per keg tapped. The last time increased was 2003. This would be an increase of \$2,000.
- ◆ Offer an annual sponsorship to businesses/companies in the amount of \$2,000 for advertisement on the marquee, different facilities and the Fair's web site. This would be an increase of \$20,000.
- ◆ Work with the County on the Fair dropping Workers Comp on the County's work release program; ask the County to pick up this expense. This would be an increase of \$10,000.
- ◆ Reduce temporary employee hours. This would be an increase of \$5,000.
- ◆ Drop WFA and IAFE dues. This would be an increase of \$3,000.
- ◆ Pursue various grants for building, facility and grounds improvements.
- ◆ Pursue negotiations for a portion of the TOT Tax with the City of Red Bluff and County of Tehama.
- ◆ Permanent Employees are willing to reduce their wages by 10%. This will be an increase of \$25,000

With these recommended increases/cuts the 30th DAA will gain \$98,000 in revenue. Director Ross said there are other areas they would like to explore but would like to implement some of these suggestions as soon as possible. Manager Eidman said he will also be asking our Fair time professionals to take a reduction as well. Manager Eidman said he is also looking at cutting or reducing Fair premiums paid in 2012 although he thinks it will have an affect on the number of entries and quality of entries. It was also suggested the Board talk to the State about picking up the employee benefits. Director Kerstiens asked the Finance/Policy Committee to meet again before the July 19, 2011 Board meeting so the Committee's report and final recommendations can be on the July 19, 2011 Fair Board agenda. Manager Eidman asked Bill Goodwin, Tehama County Administrator, and Martin Nichols, Red Bluff City Manager, if the Fair could receive a portion of the County and City TOT Tax. Mr. Goodwin said it might be more pertinent to look at the WC on the worker release program. Because of the threat of AB109 the County might need to increase the people sent to the fairgrounds in the workers release program. There would be a better correlation for assistance with WC than TOT Tax from the County. Martin Nichols, Red Bluff City Manager, said we do not have the authority to leavy our own TOT tax. Director Kerstiens directed staff to put the Committee's recommendations on the July Board agenda as an action item. A long conversation ensued regarding sales tax and workmen compensation between Mr. Goodwin and the Board. Mr. Goodwin and Manager Eidman agreed to continue the workmen compensation conversation at a later date.

4TH OF JULY HERITAGE DAYS FINAL UPDATE: Director Redamonti reported there is a meeting tomorrow. Manager Eidman said the Fair Board just approved a contract with Dave Matthews to do a big air motorcycle extreme event in August. Mr. Matthews heard the 4th of July Committee is also having a big air attraction; Mr. Matthews said if the 4th of July has the same type event, he will pull his August show. Manager Eidman explained the 4th of July Committee had selected their attraction when Mr. Matthews' event was scheduled for May, his original date. Mr. Matthews had recently changed the date to August. Mr. Matthews said the attraction would have a huge impact on his show. Director Redamonti said it is a short demonstration not a full show; it should enhance his show. Manager Eidman said he told Mr. Matthews the 4th of July Committee would announce his August show during the 4th of July arena show.

2011 FAIR PROGRESS REPORT:

- a. Thursday Education Day - No Main Grandstand Entertainment:** Manager Eidman said Mesa Productions had been in contact with him regarding a possible routing opportunity featuring Kelly Pickler. Manager Eidman said the Fair did not have the finance to purchase and put on the show but the Fair could partner with Mesa productions. The Fair would furnish the stage, concessions, both food and beer. Mesa Productions would provide artist, lights and sound. Manager Eidman clarified it would be the stage the Fair normally uses each year; the one that is already brought in during Fairtime. It was moved by Director Redamonti, seconded by Director Dagorret, carried to approve moving forward to negotiate with Mesa Production for a concert on Thursday night of Fair.
- b. Friday - Rock Cross:** Manager Eidman said there was nothing to new to report.
- c. Saturday - Tractor Pulls:** Manager Eidman said there was nothing to new to report.
- d. Sunday - Destruction Derby:** Manager Eidman said there was nothing to new to report.
- e. Grounds Entertainment:** Manager Eidman said there was nothing to new to report.

MATTERS OF INFORMATION

- a. Next Board Meeting:** Tuesday, July 19, 2011 at 1:00 p.m. in the Tehama Room.

ADJOURNMENT - It was moved by Director Ross, seconded by Director Dagorret, and carried to adjourn the meeting at 8:09 p.m.

Chief Executive Officer

President of the Board