MINUTES OF OCFEC BOARD OF DIRECTORS MEETING
HELD December 13, 2018

The following Minutes are a summary of Board action and proceedings. For a full transcript please click on the link below or visit the ocfair.com website:

1. CALL TO ORDER:
Chair Ruiz called the meeting to order at 9:02 a.m.

2. MISSION STATEMENT

3. PLEDGE OF ALLEGIANCE:
The Pledge of Allegiance was recited by Vice Chair Cervantes. Roll call was taken by Summer Angus.

Chair Ruiz introduced the two new OCFEC board members, Director Rubalcava and Director Meyer

4. DIRECTORS PRESENT:
Chair Ruiz, Vice Chair Cervantes, Director Bagneris, Director Mouet, Director Aitken, Director La Belle, Director Rubalcava and Director Meyer

DIRECTORS ABSENT/EXCUSED: Director Pham.

Josh Caplan, Attorney General’s Office, introduced his colleague Dylan Johnson, of the Attorney General’s Office and stated he would be observing today’s meeting.

OTHERS PRESENT:
Kathy Kramer, OCFEC CEO; Michele Richards, OCFEC Vice President, Business Development; Ken Karns, OCFEC Vice President, Operations; Adam Carleton, OCFEC Vice President, Finance & Administration; Summer Angus, OCFEC Executive Assistant; Jerry Eldridge, OCFEC Director of Facilities; Joan Hamill, OCFEC Director of Exhibits & Education; Ruby Lau, OCFEC Director of Marketing; Nick Buffa, OCFEC Director Security & Traffic; Howard, Sandler, OCFEC Director of Events; Jeff Wilson, OCFEC Entertainment Supervisor; Kelly Vu, OCFEC Contracts and Purchasing Supervisor; Evelyn Hernandez, OCFEC; Josh Caplan, Office of the Attorney General; Dylan Johnson, Attorney General’s Office; Luis Hernandez, Stenographer; John Quiroz, CDFA, Fairs and Expositions Branch; Don Isbell, Santa Ana Unified Scholl District; Theresa Sears; Adam Carleton; Reggie Mundekis; Vince Pollmeier; Beth Refakes; Susan Leskovar; Lisa Sabo; Phillip Greer; Liz Wilkins, IMW; Peter Bretschger, IMW

5. CEO’S OPERATIONAL UPDATE

Kathy Kramer, OCFEC CEO, reported on the following:
- OCFEC maintenance staff traveled to Butte County Fair, evacuation center for the Camp Fire evacuation site, to assist their staff.
Viva El Mariachi, performing in the Pacific Amphitheatre during the 2019 OC Fair

The Pacific Amphitheatre placed fifth in Pollstar’s Top 100 Amphitheatre Venues for worldwide ticket sales for the third quarter 2018
  o The Hangar ranked 142nd in the Top 200 Theatre Venues category

On sale are four shows for the 2019 summer concert as well as Super Passes

Bravemind exhibit at Heroes Hall to close January 13th and new exhibit “Victory from Within: The American Prisoner of War Experience” exhibit scheduled to open February 1st

Kramer presented the 2018 November financials.

Ken Karns, OCFEC VP Operations, reported the following:

  • Wayfinding signage project along Arlington Drive is underway
  • OCFEC, City of Costa Mesa and OCTA won the 2018 Building Excellence Shaping Tomorrow Project Award for Storm Water Management at the American Public Works Association banquet for the Arlington Drive bioswale project

Michele Richards, OCFEC VP Business Development, provided an overview of upcoming events.

6. PUBLIC COMMENTS

Reggie Mundekis welcomed the new Board members. She commented on the International Association of Fairs & Expositions (IAFE) Management Conference planned for May 2019 at OCFEC. She criticized IAFE for planning their convention in Texas, a prohibited travel state for California employees due to Texas’ discriminatory laws. She suggested using the Management Conference as an opportunity to educate about what California values are and encouraging IAFE to find other venues besides Texas for their convention.

Vincent Pollmeier, Friends and Neighbors of the OC Fairgrounds, welcomed the new Board members and shared his hopes that they would support the move to evening meetings. He commented on the Storm Water Management Plan (SWMP), the cost of approximately $100,000 over three years to Fuscoe Engineering for a SWMP, a Notice of Violation the fairgrounds received on July 26th from the Regional Water Board and the condition of the desilting catch basin and the work being done to it. He cautioned about fines from the water board and criticized that Fuscoe Engineering expenditures had not been brought to the attention of the Board.

Susan Leskovar spoke regarding the need for open communication
amongst the Fair Board, administration, stakeholders and the public. She asked for the Board to reinstate the Equestrian Center Committee for collaborative and constructive conversations to continue on the refurbishment and restoration of the Equestrian Center (EQC). She asked that equestrians be part of a study group, to work together on grant writing and sponsorships for community outreach programs and work together to support the OCFEC mission.

Beth Refakes, Costa Mesa resident and Costa Mesa Historical society member, criticized that not enough community outreach was done during the Master Site Plan and shared her hopes for more community outreach when the plan resumes.

Don Isbell, Santa Ana Unified School District, thanked the Board for supporting internship opportunities for students at the fairgrounds. He shared that working closely with CEO Kramer and team, the internship program has increased from three to one-hundred fifty students in three years. Students Tanya Veganya and Angela Morales spoke about their positive experience working at the 2018 OC Fair. Don Isbell praised fair concessionaire, Chicken Charlie for providing bus passes for the students he hired. Isbell presented the Board and staff a plaque of recognition.

Lisa Sabo, equestrian and President of the Orange County Fairgrounds Preservation Society, welcomed new Board members and urged them to educate themselves on the history of the fair sale. She spoke about Changing Strides, an EQC community outreach program for at-risk-youth. She encouraged the new Board members to visit the EQC.

7. MINUTES:

A. Board Meeting held October 25, 2018
   Action Item

   ACTION: Director La Belle motioned and Vice Chair Cervantes seconded to review and approve the minutes from the Board meeting held October 25, 2018. MOTION CARRIED. AYES: Chair Ruiz, Vice Chair Cervantes, Director Bagneris, Director Mouet, Director Aitken, Director La Belle, Director Rubalcava and Director Meyer. NAYES: None.

8. CONSENT CALENDAR

A. Standard Agreements: SA-283-18CF; SA-001-19CF; SA-282-18CT

B. Amendments: SA-258-13WC #4; SA-004-15CI (Amend #3); SA-005-15ET (Amend #6); SA-055-15HS (Amend #3); SA-057-15HV (Amend #3); SA-117-15GL (Amend #3); SA-271-15PA (Amend #3); SA-271-15PA (Amend #4); SA-046-16YR (Amend #2); SA-087-16FT (Amend
#4); SA-224-16FTYR (Amend #3); SA-240-16SP (Amend #2); SA-238-18YR (Amend #2)

C. Rental Agreements: R-166-18; R-176-18; R-179-18; R-183-18; R-008-19; R-037-19; R-039-19; R-046-19; R-047-19

D. Active Joint Powers Authority Agreements: None.

E. Correspondence:
   Communications to the Board from the public in response to Board discussion or to comments made before the Board are to be listed on the meeting agenda and included in the Board materials as an item of public disclosure.
   i. None.

   -End of Consent Calendar-

Director La Belle pulled the agreement for Ticketmaster SA-282-18CT and amendment agreements for Lisa Sexton SA-271-15PA (Amend #3) and SA-271-15PA (Amend #4) for further discussion.

Kramer also pulled the agreement for Ticketmaster SA-282-18CT for discussion.

**ACTION:** Director Bagneris motioned and Vice Chair Cervantes seconded to review and approve the Consent Calendar with the agreement SA-282-18CT; SA-271-15PA (Amend #3); SA-271-15PA (Amend #4); pulled for discussion. **MOTION CARRIED. AYES:** Chair Ruiz, Vice Chair Cervantes, Director Bagneris, Director Mouet, Director Aitken, Director La Belle, Director Rubalcava and Director Meyer. **NAYES:** None.

Reggie Mundekis criticized that some of the rental agreements on the consent calendar are being presented for Board approval after the event has occurred. She asked that contracts be presented in a timely manner so they can be reviewed and discussed if needed.

Phillip Greer, Madison Entertainment Representation, concert management and event booking company, requested the Board delay the approval of the entertainment marketing and booking services for the Pacific Amphitheatre agreement, allowing Madison Entertainment to make a proposal presentation for the bid.

Kramer spoke about the Ticketmaster contract:
   - Summarized RFP process for ticketing services
   - Her decision to cancel and rebid the contract
     - Negotiations resulting in a $600,000 net gain over the course of the five-year contract
Kramer answered the following for Director La Belle:

- Ticketmaster has been providing service to OCFEC since approximately 2003
- There were six bidders, three of which met the qualifications
- Ticketmaster leads the market with more capacity, better technology, and a robust data base to name a few reasons why they were awarded the bid

Director La belle shared he has been pleased with the service Ticketmaster has provided for the past eight years he has been on the Board.

**ACTION:** Director La Belle motioned and Director Bagneris seconded to review and approve agreement SA-282-18CT (Ticketmaster) of the Consent Calendar. **MOTION CARRIED. AYES: Chair Ruiz, Vice Chair Cervantes, Director Bagneris, Director Mouet, Director Aitken, Director La Belle, Director Rubalcava and Director Meyer. NAYES: None.**

Karns answered for Director La Belle amendment #3 for the Lisa Sexton contract SA-271-15PA was for work already performed at the 2018 OC, a housekeeping item.

**ACTION:** Director La Belle motioned and Director Bagneris seconded to review and approve agreement SA-271-15PA (Amend #3) (Lisa Sexton) of the Consent Calendar. **MOTION CARRIED. AYES: Chair Ruiz, Vice Chair Cervantes, Director Bagneris, Director Mouet, Director Aitken, Director La Belle, Director Rubalcava and Director Meyer. NAYES: None.**

Karns discussed the following, for Director La Belle, regarding Lisa Sexton SA-271-15PA (Amend #4) agreement:

- The amendment is the third option extension for the contract
- Original contract was in 2016; a one-year contract with four one-year options
  - Original contract for 23 shows per year
- Amendment #4 incorporates the anticipated budget for ten additional shows, putting the total contract number at approximately at a million dollars
- Stopping now to go to RFP for this service would jeopardize the 2019 summer concert series
- Following the normal progression of the contract, accepting this year’s extension and then the final option extension through 2020, then the new RFP would be developed and put out for bids for this service
- Since contracting and collaborating with Lisa Sexton the shows have gone from a loss to a profit
• Sexton team supports the OCFEC team with the primary role of assisting with purchasing of entertainment for the summer concert series for the Pacific Amphitheatre as well as assisting with booking acts for the Hangar
  o The contract details all they do in relation to marketing, advertising and support of the OCFEC
• Contractually Lisa Sexton is on grounds every night there is a show and has one employee that is on grounds on a more regular basis

Director Bagneris motioned to approve the contract and stated since there is a process in place, anyone can bid on the contract when it goes to RFP.

Director La Belle requested to agendize a discussion on the RFP process for early next year.

**ACTION:** Director Bagneris motioned and Director La Belle seconded to review and approve agreement SA-271-15PA (Amend #4) (Lisa Sexton) of the Consent Calendar. **MOTION CARRIED.** **AYES:** Chair Ruiz, Vice Chair Cervantes, Director Bagneris, Director Mouet, Director Aitken, Director La Belle, Director Rubalcava and Director Meyer. **NAYES:** None.

9. **GOVERNANCE PROCESS:**

A. **Committee / Ad Hoc Committee / Liaison Reports**

Information Item

To assure compliance with the Bagley-Keene Act, Committee reports are only for the purpose of the Committee chair, Ad Hoc Committee members or Liaison to provide a verbal update. Should the Board want to discuss any Committee work item not already on the agenda; those would need to be agendized for a future Board meeting.

i. Heroes Hall Veterans Foundation Board (Director La Belle, Chair; Vice Chair Cervantes)
ii. Financial Monitoring Committee (Director Pham, Committee Chair; Director Mouet)
iii. Legislative Monitoring Committee (Director Aitken; Committee Chair; Chair Ruiz)
iv. Tenant Liaison Committee (Director Pham, Committee Chair; Vice Chair Cervantes)
v. Board of Directors Governing Policy Manual Review Ad Hoc Committee (Director Bagneris, Committee Chair; Chair Ruiz)
vi. Safety & Security Committee (Chair Ruiz, Committee Chair; Vice Chair Cervantes)

Director La Belle, on behalf of the Heroes Hall Veterans Foundation Board, reported the following:
• He and Vice Chair Cervantes attended the last Foundation meeting and will meet again January 29th
• The Foundation thanked the Board for the Veterans Day event
• Foundation will be interviewing to determine if a grant writer is appropriate to assist with seeking future funds
• Foundation thanked and welcomed Vice Chair Cervantes as a new member

Director Aitken, on behalf of the Legislative Monitoring Committee, reported the following:
• Efforts to engage Assemblywoman Quirk-Silva to sponsor 50/50 raffle legislation again this year
  o Outreach to fair industry to gain support for legislation
• Requested lobbyists monitor and update committee and CEO on all legislation that may impact the fairgrounds

Chair Ruiz shared he hopes for the 50/50 raffle legislation to gain support and move forward.

Director Bagneris, on behalf of the Board of Directors Governing Policy Manual Review Ad Hoc Committee, reported the following:
• There is a line item in the budget for hiring a consultant to help with policies
• Attorney Caplan also reviewing policies
• She is looking forward to full Board discussion regarding policies

Reggie Mundekis spoke regarding the need for a facilities and maintenance committee. She referenced a past buildings and grounds committee and gave examples supporting her argument.

Vince Pollmeier asserted the need for more visibility and public involvement within Board committee meetings. He argued committee meetings should be announced on the website, be in a public location, have an agenda published and have committee meeting summaries published with the monthly Board agenda. He also asserted the need for a facilities committee and gave examples supporting his argument. Pollmeier asserted the need for three or four public meetings for public input on the Governing Policy Manual review.

Theresa Sear, founding member of the Orange County Fairgrounds Preservation Society, summarized her participation to stop the sale of the fairgrounds. She spoke in support of reinstating the EQC Ad Hoc Committee. She shared her excitement for the new Governor and her hopes for OC Fair becoming the model for State fairgrounds.

B. Brand Assessment Workshop
Action Item
Richard discussed the brand assessment process to date. She introduced the IMW consultants, Liz Wilkins and Peter Bretschger.

_The consultants from IMW conducted a Board workshop. A series of questions were asked for the Board to discuss._

**What makes the OCFEC great?**:
- People feel safe, family oriented
- Family friendly, price is right, clean, customer service
- Joy it brings, people are happy
- The unique fair activities
- Brings unity to the community

Director Aitken expressed her concerns that the day’s workshop not be the only Board and public input on the branding exercise that the Board have time to digest and submit written product on the questions asked today and/or have in-person, in-depth one-on-one meetings with the consultants. The consultant stated they are open to whatever the organization wants to do with regard to meetings.

Richards explained the day’s workshop is intended to be a broad overview and opportunity for the Board to speak as a whole. She explained that a series of stakeholder and public meetings will be held early next year and she will provide the Board monthly updates on the project.

Discussion continued with Attorney Caplan confirming that each Board member can individually send their comments and feedback to the consultants.

Director Bagneris shared her thoughts that being new to the branding assessment process, this discussion gives the public a chance to see what the Board thinks and feels about the fair.

_How have you seen the OCFEC change in the last five years?_:
- Trying to retain the nature, as a publically own facility and trying to focus on things that not only serve the public at large, but expand it to being a year-round facility
- Building on our agricultural and farm heritage
- Additions of one of the largest public art installations and Heroes Hall
- Public perception changing from just a place of the OC Fair to a place for year-round family activities
- Community focused areas, Hatch Culinary Lab and other education projects for inner city youth in disadvantaged communities
- Success and increase attendance of Imaginology
What is your vision for the organization for the next five years?:

- Find solutions for parking, traffic flow and storage
- Integration of the Equestrian Center and the Action Sports Arena
  - Horse shows and rodeos year-round
- Building on the integration between the farm school tours, public art installation and Heroes Hall
- Enhanced public awareness of the educational opportunities year-round
- Creative programming reflecting the changing culture and economics of the county

What do you think are the biggest challenges in attracting new events here to the property?

- Traffic flow and parking

When you think about events that you go to outside of those that are here at the OC Fairgrounds, what are some of the interesting changes that you see happening at other events that you frequent or that you have attended?:

- Interactive technology-based enhancements

Knowing there are many layers to this property and everything that’s accomplished here, who would you say the competitors are?:

- Competing with everything Southern California has to offer: music venues, museums, art venues, theme parks, two other fairs, beach, etc.
- Disneyland

To what extent do you believe we’ve built goodwill and equity into some of the particular venues here on site; The Pacific Amphitheatre?:

- Venue largely surrounded by residential neighborhoods; to be conscience of neighbors related to parking and noise (being good neighbors)
- Strong brand equity
- Memories created (from all property assets)
- Unique programing

To what extent do you believe we’ve built goodwill and brand equity into some of the particular venues here on site; Centennial Farm?:

- 100,000 school children tour the farm each year
- Volunteer opportunities
- Lifetime memories

To what extent do you believe we’ve built goodwill and brand equity into some of the particular venues here on site; Heroes Hall?:

- Destination point for some people
- Permanent Santa Ana Army Airbase exhibit and changing exhibits
• Fun educational opportunism, expand and develop programing with all educational assets; integration of Agriculture Workers Memorial
• Continued Veterans Day events

To what extent do you believe we’ve built goodwill and brand equity into some of the particular venues here on site; Imaginology?

• Great learning experience
• Other counties taking advantage of opportunity
• Attendance increasing (45,000 over three days)
• Assessing programing that was needed and adding programing like El Dia del Nino

The consultants showed the Board various logos of venues that one could experience in Orange County and asked the Board their thoughts. Board discussion ensured as they shared their thoughts on how the logos resonated with them.

The consultants showed the Board logos of various fairgrounds and asked the Board for their thoughts. Board discussion ensued on their thoughts and feelings of the fair logos.

The consultants showed the Board logos of various concert venues and asked which logos they feel are interesting or effective. Board discussion ensued on their feelings of the various venue logos.

The consultants handed the Board a worksheet, an animated imagery test asking questions from the customer’s perspective and the individual Board member’s perspective. The Board decided to fill out the worksheet and return later to the consultants, after the meeting.

Director Meyer added that as the Board thinks about the brand and logo, to think about some ways to express inclusion and visibility of all communities in Orange County. He shared he is proud to bring the LGBT community voice to the Board and would like to see some visible symbols that speak to customers, that if they’re from the LGBT community, that is a safe place for them and they can come and enjoy the Fair and feel included.

Richards stated that the consultants will follow up with the individual Board members to get feedback on the exercise and also be open for any additional questions or input.

Director Aiken requested a word document to fill out and return with the day’s questions on it.

Reggie Mundekis thanked the consultants for a good presentation. She criticized that there was not a discussion brought to the Board or
the public on whether the branding exercise was needed or wanted. She stated that although the questions asked by the consultants were good start, more questions need to be asked. She gave examples of questions that need to be asked:

- The positioning of the venue for educational purposes
- How people view the facility for agriculture or for history
- How the community views the property for community use
- How to include diverse populations of Orange County
- How to create a brand that welcomes everyone equally
- How to express Equestrian Center opportunities

Vincent Pollmeier stated that branding is really important and useful exercise; that the best brands are those that reflect and communicate effectively what you are. He shared he thinks there needs to be a good conversation with the public, Board and staff about what the property is; in his view it is a real time capture of the community of Orange County. He shared his concerns with the term event center in the current brand, that it does not reflect the other assets on the property. He criticized staff’s use of the term community giveback stating it implies that the property is primarily about making money and not about the community.

Lisa Sabo spoke about the 2006 re-branding and proposed changing of the mission statement to exclude agriculture. She criticized the branding exercise for not mentioning the Equestrian Center as a venue. She shared she felt that the equestrian community voices were not heard during the Master Site Plan process. She said the Orange County Preservation Society will get people to participate in the public branding assessment meetings.

The meeting broke for a recess at 11:07 a.m. and resumed at 11:17 a.m.

C. Review and Approve 2019 OCFEC Operating Budget & Capital / Major Projects
Action Item

The 2019 OCFEC Operating Budget & Capital / Major Projects presentation was presented to the Board at the November meeting and carried over to the current meeting to allow the Board time to review and submit questions to staff.

Kramer reviewed and highlighted the following from the 2019 OCFEC Operating Budget presentation:

- Financial Management Structure
- Organizational Initiatives
  - Facilities, Community Engagement, Planning and People
  - Self-Produced Events
o Rental Revenue Year-Round Events  
  ▪ Proposed year-round parking increase to $9 (from $8)

- Operating Expenses  
  o Labor largest expense  
    ▪ Proposed full-time civil service and

- Professional Services
- Out-of-State travel
- Full Budget Summary  
  o Gate admission flat for the numbers presented

- Updated 2019 Planning Initiatives and Oversight  
  o Prioritized All Grounds Facility Infrastructure Project

Director La Belle requested to agendized for the January meeting, a Board training outlining Board responsibilities pursuant to the various Government Code Sections relative to District Agriculture Associations (DAAs).

Caplan made a recommendation to focus the training and spread it out time due to the numerous areas that touch on each Board member’s legal responsibility. He gave examples of focused topics as: requirements that are Bagley-Keene, ethical obligations and disclosure requirements, disclosure of public information under the public records act.

Director La Belle clarified his previous request for training to an overview of general duties and responsibilities under State law that the Governor expects the Board to follow.

Board, staff and Caplan discussion ensued regarding Board training.

Director La Belle suggested going through the RFP process to retain a consultant to assist with policy review.

Caplan explained that his office is reviewing the current Board policies to identify policies considered to be inconsistent with California Law and make recommendations that comply with California law.

Kramer suggested utilizing the California Department of Food & Agriculture (CDFA) for training in conjunction with a consultant. She shared she liked the suggestions made by Caplan.

Director La Belle suggested a special meeting devoted to Board training which Chair Ruiz asked the Board to look at their calendars.

Kramer continued with review of the updated Cash Flow Projections, without a gate admissions increase, and explained a revision in the cash flow projections positively impacting the future cash flow.
Director Bagneris shared her concerns that in 2021 a gate admission increase would be required. She posed the question to wait to increase or incrementally increase gate admission.

Kramer continued giving background on a dynamic pricing model that was created in 2017 where a gate increase to $14 was applied to weekends only to incentivized mid-week attendance with admission remaining flat at $12. She added that the last rate increase to $12 was in 2013.

Kramer explained for Director Meyer shrinking margins, particularly labor expenses are driving the future losses.

Director Aitken requested to agendize a robust policy discussion about what we are going to be doing with increased ticket prices, whether or not a gate increase is decided. She shared her concern with the impact of a $2 gate increase on working families attending the fair. She shared she does not think the answer to cover projected losses should always be passed on to the consumer and suggested a conversations with and possible percentage increases to business partners.

Kramer explained current OCFEC concessionaire commission percentages, gave comparisons percentages of other fairs and what is standard in the industry.

Director Aitken affirmed her wish for larger policy discussion regarding increases to gate admission, as a separate agendized item with back up information, documents and data.

Board and staff discussion ensued regarding the Budget and whether or not to increase gate admission, when to increase and at what increment, discussion included:

- Keeping the fair affordable
- Looking at revenues as well as expenses; being cost effective
- Possibly decreasing the gate increase to $1 instead of $2
- Agreement on need of policy discussion
- Concerns regarding the challenges managing the unfunded PERS liability
  - $12 million unfunded liability sitting on books that could be called in any time
- 25 % cash liquidity reserve requirement per Board policy (not required by CDFA)

Richards gave an overview of the now fully launched Community Connections Program (formerly Rental Relief Program) and shared some of the non-profit and community groups hosted. She reported
the value of $11,250 in rent relief of unused inventory, to those participants in the program. Richards highlighted the $20,000 in additional funding budgeted for the Feature Fair Exhibit. She explained what the Feature Fair Exhibit is and examples of past Feature Fair Exhibits.

Director La Belle suggested looking at the options of incorporating the A4 Skyhawk and Habitat for Humanity in a Feature Fair Exhibit.

Richards explained for Director Aitken the additional funds budgeted for the Feature Fair Exhibit are for staff to work with, to build something to attract guest to the exhibit.

Director Aitken asked Richards to email the following regarding the 2018 *My Fair Selfie* exhibit: cost of production and revenue from tickets sold.

Kramer discussed the following budgeted expenses:
- $20,000 Board Policy consultant
  - To work collaboratively with the Attorney General’s Office, OCFEC staff, the Board of Directors, and CDFA to improve and review the Board policies
- $20,000 ticketing/box office system consultant
  - To review current box office operations and procedures and provide recommendations for improvements

Karns explained the following Budget expenditures:
- Increased expense for the Costa Mesa Policy Department services
  - Board and staff discussion ensued regarding the above policy services increases and possible alternative options
- Increased expense for HVAC services
- Facility efforts

Karns explained some of the Capital/Major Project Budget:
- Sound wall at Action Sports Arena not in the Capital Budget for 2019; for future consideration
- Refurbishment of Century Barn
- Irrigation pumps for Pacific Amphitheatre berm
  - Board and staff discussion ensued regarding: timeline on installation of pumps and plant plan, what materials will be planted to cover the berm (drought resistant/tolerant), looking at opportunities of utilizing horticulture student groups such as OCC or Cal Poly Pomona to help, possible soil issues – to reach out to Santa Ana Country Club regarding to share institutional knowledge
- Baja Blues deck replacement not in the Capital Budget for 2019; for future consideration
• Wash racks in livestock not in the Capital Budget for 2019; for future consideration
• Costa Mesa building HVAC system: continued replacement of the series of roof top units
• Storm Water management - carried forward
• Access Improvements (ADA)
• Portable sound monitoring equipment – investing in technology for efficiency
• Wayfinding signage
• Landscaping at the box office
• Power monitoring equipment updated

Karns commented on plywood electrical vault covers. He stated that in review with safety consultants, it is industry standard and practice to cover electric vaults with plywood. He added that moving forward, OCFEC can invest in checkered-plate steel covers as a maintenance expenditure.

Karns explained the contributions and capital OCFEC has with Spectra and the OC Market Place. He explained that Spectra works with OCFEC staff on their smaller CAP EX projects with things like a piece of equipment or small upgrade to concession; major initiatives like building come before the full OCFEC Board.

Director Bagneris commented that she believes that wearing heels on the Baja Blues deck is a safety issue.

Director La Belle agreed and stated any safety issues need to be addressed.

Director La Belle stated before the Master Site Plan (MSP) can be resumed a comprehensive facilities infrastructure assessment needs to be made and needs to be the number one priority from a capital standpoint for two reasons: 1) to be able to move forward developing the MSP; 2) to address any and all safety issues related to facilities, safety supersedes everything else.

Kramer continued by explaining the Full Budget Summary Options.

Board and staff discussion ensued regarding the budget as follows:
• Staff confirmed the need the staff positions presented
  o Director La Belle requested an organizational chart
• Whether to approve a $1 or $2 dollar gate increase
• Whether or not differing a gate increase is possible
• Having a policy discussion regarding gate increases
• Creating a five-year financial plan
• Health and safety being a priority
Reggie Mundekis thanked staff for explanations on questions raised about the budget. She spoke in support of an in-depth look at revenues and expenses before gate increases and a five-year financial plan. She shared her concerns about using Bill Charney as a consultant and suggested Bill Kelly as an alternative. She also spoke about the Pacific Amphitheatre berm soil coming from a cut of the 55 freeway and having a higher salt content.

Vincent Pollmeier also spoke in support of a robust discussion before gate admission increases. He asked questions regarding capital expenditures of items being maintenance/repair versus infrastructure items. He spoke in favor of a two meeting Budget process, allowing the Board to review the budget proposal at one meeting allowing time to submit questions, then staff brings forward the budget at a separate special budget meeting to answer those questions. He spoke about the need to have more detail of the budget documents released to the public.

Beth Refakes spoke in support of the Costa Mesa Police Department fee increases. She criticized the IMW consultants for leaving before public comment, regarding the branding assessment exercise. She spoke in support of a five-year financial plan and having more detail available for the public.

Director La Belle spoke in support of the establishment of a buildings and facilities committee. The Chair agreed to consider the request.

Director Bagneris motioned to approve the 2019 Budget with the three new staff positions.

Director Aitken clarified that the motion is to approve the 2019 Budget without a gate increase but including the new staff positions.

**ACTION:** Director Bagneris motioned and Director La Belle seconded to review and approve the 2019 OCFEC Operating Budget & Capital / Major Projects without a gate admission increase and approving the new staff positions presented. **MOTION CARRIED.** **AYES:** Chair Ruiz, Vice Chair Cervantes, Director Bagneris, Director Mouet, Director Aitken, Director La Belle, Director Rubalcava and Director Meyer. **NAYES:** None.

Director La Belle motioned the Board schedule a discussion in January relative to the future revenue expenditure issues and have that robust discussion.

Director Aitken stated that with the holidays, she wants the Board to be sensitive to staff for preparation timing. She proposed an amendment to the motion for a March discussion.
Board and staff discussion ensued regarding when staff would be ready to have the motioned discussion.

- Director La Belle amended the motion to have the robust discussion prior to the 2019 OC Fair.

**ACTION:** Director La Belle motioned and Director Bagneris seconded to schedule a discussion prior to the 2019 OC Fair relative to the future revenue expenditure issues and have a robust discussion. **MOTION CARRIED. AYES:** Chair Ruiz, Vice Chair Cervantes, Director Bagneris, Director Mouet, Director Aitken, Director La Belle, Director Rubalcava and Director Meyer. **NAYES:** None.

**D. Review and Approve Amended 32nd District Agriculture Association’s Cannabis Events Policy Language**

**Action Item**

Attorney Caplan read the additional language, rearranging it slightly form the original staff report, as follows: Notwithstanding the foregoing, and consistent with California law, the OC Fair & Event Center permits the sale, promotion and display of products containing seeds derived from industrial hemp, industrial hemp seed oil or hemp seed oil derived from industrial hemp.”

**ACTION:** Director Bagneris motioned and Director La Belle seconded to review and approve the amended 32nd District Agriculture Association’s Cannabis Events Policy language to add to the following language to the existing policy as follows: Notwithstanding the foregoing, and consistent with California law, the OC Fair & Event Center permits the sale, promotion and display of products containing seeds derived from industrial hemp, industrial hemp seed oil or hemp seed oil derived from industrial hemp.” **MOTION CARRIED. AYES:** Chair Ruiz, Vice Chair Cervantes, Director Bagneris, Director Mouet, Director Aitken, Director La Belle, Director Rubalcava and Director Meyer. **NAYES:** None.

**E. Update on Relocation of the A4 Skyhawk Aircraft from County Facility in Santa Ana to the OC Fair & Event Center**

**Action Item**

Director La Belle reported the following:

- The County Board of Supervisors recently approved the relocation of the A-4 Skyhawk from the County Civic Center to the OC Fair & Event Center, Heroes Hall location, and directed their staff to work with OCFEC and the Heroes Hall Veterans Foundation on a memorandum of understanding MOU (the MOU to be between OCFEC and the County of Orange)
A meeting scheduled for December 17th to begin discussions on the MOU
MOU projected to come before the OCFEC Board at the February meeting
Relocation project estimated to be completed prior to the 2019 OC Fair

Karns reported the timeline for installation is flexible, that the County had a nine month target when discussions started a couple of months ago. He added that if there was a delay getting infrastructure for the installation, that the plane could still be moved onto the property until everything was ready to go.

Reggie Mundekis commended the efforts to relocate the A4 Skyhawk to OCFEC. She added it will provide educational opportunities as well as commemorate our history and heritage.

Vince Pollmeier, Friends and Neighbors of Orange County Fairgrounds, commended Ken, Doug and everybody else for all their hard work related to the relocation of the Skyhawk aircraft.

10. CLOSED SESSION

No closed session.

11. BOARD OF DIRECTORS MATTERS OF INFORMATION

Director La Belle congratulated the new Board members adding he is looking forward to working with them and wished everyone happy holidays.

Director Rubalcava thanked everyone for the warm welcome, thanked staff for providing an in-depth briefing to prepare for the meeting and looks forward to working for the community in her Board capacity.

Director Aitken also welcomed the new Board members. She spoke in support of Director La Belle’s comments about having a Buildings and Facilitates Committee established. She also suggested (in consideration of the new Board members) the following:

- Looking at all the committees
  - Possibly establishing an additional committee
  - Have the Board rank the top three committees which they would like to be on
- Having the Financial Monitoring committee be a three person committee and be public meetings

Director Mouet agreed with the previous speakers and added congratulations to the new Board members and happy holidays.
Vice Chair Cervantes congratulated the new Board members and wished everyone happy holidays.

Director Bagneris welcomed the new Board members. She thanked staff for the additional information provided during the budget presentation and wished everyone happy holidays.

Director Meyer thanked everyone for the warm welcome and shared he looks forward to serving on the Board.

Chair Ruiz welcomed the new Board members and wished everyone happy holidays.

12. NEXT BOARD MEETING: JANUARY 17, 2019

13. ADJOURNMENT MOTION TO ADJOURN

Director La Belle motioned and Director Bagneris seconded to adjourn the meeting. The meeting adjourned at 12:58 p.m.

Robert Ruiz, Chair

Kathy Kramer, Chief Executive Officer