

14th District Agricultural Association

SANTA CRUZ COUNTY FAIR
Established 1885



BOARD MEETING MINUTES

Board of Directors' Meeting
2601 East Lake Avenue, Watsonville, CA
Tuesday, February 28, 2012
The Board Room

Approved by: _____

Date: _____

CALL TO ORDER: 1:35 PM

DIRECTORS PRESENT: Jody Belgard-Akimoto, President; Patrice Edwards, Vice President; Bruce Oneto, Director; Loretta Estrada, Director; Christopher Smith, Director; Bob Thomas, Director; Rob Marani, Director.

DIRECTORS ABSENT: None.

DIRECTORS EXCUSED: Stuart Yamamoto.

TEAM LEADER: Dave Kegebein – Interim Manager (IM)

AGENDA APPROVAL: Director Edwards requested that the Rodeo issue be added for discussion. IM Kegebein noted that it was part of closed session. *Director Estrada moved and Director Edwards seconded approval of the agenda. The motion was carried.*

DIRECTOR COMMENTS: Director Oneto summarized a discussion he had with Chief Probation Officer Scott McDonald about successful team sports programs being sponsored elsewhere for first time offenders. Chief McDonald is interested in partnering with the fairgrounds to sponsor a similar program, possibly soccer oriented.

PUBLIC COMMENTS: Bob Costere, representing the Stars of Justice Rodeo, said that Sheriff McDonald was not available so he would read a statement regarding the fairgrounds refusing to host the Stars of Justice Rodeo in October. He read a statement demanding that the board fulfill its obligation to the SJ as outlined in their contract.

FINANCIALS: IM Kegebein presented updated financials. He noted a correction in how subsidies were recorded in his earlier reports – State subsidies are entered “below the bottom line” and not recorded as income. Available cash at this time is \$104,000 with \$43,000 in outstanding bills. The Statement of Operations (STOP) report was received from the state on Friday however will not be distributed until staff has had an opportunity to review. Further, he is proposing a workshop in the near future to review in detail the financials with the Board so that the directors have an opportunity to become familiar with the financial details.

IM Kegebein recommended that the Board consider moving the Finance Committee meeting one week earlier than the regular Board meeting to allow for the committee to request clarifications or additional

information before making recommendations to the board. Director Edwards emphasized how important it is that the Finance Committee meets and agreed that an earlier meeting would be helpful.

IM Kegebein presented a cash flow spreadsheet with monthly expenses and revenues shown. He noted that another horse show had cancelled which is one of the bigger revenue generators so that cash flow will be very tight in the near future. He suggested that customer service issues have hamstrung the facility and identified customer service as a priority in the future.

Director Smith asked what could be done to build up rentals – IM said it will be discussed later in the agenda. Director Marani asked what short term rental revenues were anticipated. IM said \$400,000 anticipated in short term rentals, \$85,000 in horseshows, \$100,000 from the flea market, \$60,000 (minus expenses) from the car races and \$90,000 for small events. Director Marani asked about parking revenues – IM said that rental prices were already fairly steep and that adding parking may be too aggressive. He indicated that \$12,000 was budgeted for sponsorships in response to an inquiry by Director Marani. Director Edwards emphasized that no marketing had been done in the past but that the grounds are magnificent and should be valued and appreciated.

MINUTES OF NOVEMBER 22, 2011, DECEMBER 13, 2011, JANUARY 3 AND JANUARY 24, 2012 BOARD MEETINGS: Introduced by Chair Edwards.

Discussion: Eric Zamost with Stop the Rodeo submitted corrections to the minutes. IM said they should have been submitted earlier and would be attached to minutes as approved. In response to question from Director Oneto, President Belgard-Akimoto clarified that there had been no closed session at the December meeting, and that "none" should be added to the closed session item in the minutes.

Director Smith moved and Director Estrada seconded approval of the minutes with corrections. The motion was carried

CONSENT AGENDA: Introduced by IM who indicated that a list of food concession contracts is included. He invited input from directors regarding preferences for concessionaires – there are new applications for additional vendors but there are no spaces available now. He is doing an economic analysis of the concessions.

Director Oneto stressed that our fair is a harvest season fair and we should consider a food alley showcasing healthful and organic produce from the region as an alternative to typical fair food.

Director Smith moved and Director Thomas seconded approval of the consent agenda. The motion was carried.

VOLUNTEER FAIR MANAGEMENT TEAM (VFMT) REPORT: IM noted that agenda packets are required to be posted 10 days in advance of meetings, according to the Bagley Keene Act. The agenda is available on the website on the Friday 10 days prior to the scheduled meetings and the goal is to have the packets posted and mailed by the prior Wednesday.

AUDIT: IM stated that Bill Barton is out of town this month but will present next month on the audit status. The State requires an annual Fair audit and a semi-annual procedural audit.

MAINTENANCE: There was a water line leak in the livestock area last month, in the middle of the street by the barn. VFMT gathered their forces and did the \$20,000 repair for about \$3,000. The electrical system upgrade that was started 12+ years ago had been divided into three phases with an estimated cost of \$300,000 per phase. Two phases have been completed with undergrounding of utilities and upgrades. The third phase was started and requires about another \$200,000 in expenses to complete. Nothing has been done with aging water and sewer system needs, which should be the next priority after the electrical work is completed.

ACTION ITEMS

1. **Approval of Resolution for Interim Manager Contract – Dave Kegebein.** Dave reported that his proposed contract had been reviewed by attorney Al Smith and the State.

Director Smith moved, and Director Oneto seconded that the Resolution for Interim Manager Contract be approved.

Discussion: Director Estrada pointed out a conflict between language in the Resolution and the California Food and Agricultural Code with respect to the appointment of the Manager, Secretary and Treasurer (requirements that they be board members vs. not board members). After discussion regarding the need to have the contract approved there was consensus that the language be reviewed and cleaned up as necessary. There was also concern that the by-laws may be in conflict with the state code. Director Edwards asked that it be made clear that the conflict be reviewed and addressed. Director Smith said that it was a good contract and recommended approval.

Public Comment: Eric Zamost noted that on Page 1, Section 1, Line 4, a sentence was truncated and maybe a portion missing.

Motion Carried

2. **Approval to Execute Agreement for Contract Sales Agent, Paul Zech – Dave Kegebein.** Dave introduced Paul Zech who spoke at length about his experience and interest in doing sales for the Fairgrounds.

Director Estrada moved, and Director Smith seconded approval to execute an agreement for Contract Sales Agent Paul Zech.

DISCUSSION: Director Edwards asked who had written the contract and whether it had been reviewed by legal counsel. Director Smith said he had not reviewed it and IM Kegebein said that the contract was not being proposed as final but rather for direction from board as to whether this approach would be acceptable.

Lengthy discussion ensued with the primary issues being the urgency of the matter versus the need to move cautiously, the amount of money at stake and possible need to go through a Request for Proposal (RFP) process and the need for tightening/clarification of the contract language.

PUBLIC COMMENT: Pat Davidson supported moving forward with caution on this item and was concerned that sponsors would not support 25% of their donations going towards sales commission. John Kegebein thinks that \$70,000 is the threshold for RFP process being required. Jean Kegebein said that 20 to 30 % commission is typical for sales and that staff is not available to do this work, however the contract does need legal review. Dawn White asked where final decision would lie for sponsorships – would management have final approval or would the sales agent make those decisions.

IM Kegebein responded that this approach would require some refinement but that the board needed to move forward quickly – a sales person is a critical need however the position is filled.

Roll call vote:

Ayes: Director Estrada, Director Smith, Director Thomas, President Belgard-Akimoto

Noes: Director Edwards, Director Oneto, Director Marani

INFORMATIONAL ITEMS

1. **Annual Car Show & Children's Hospice & Women's Shelter, Aug. 18th – John Prentice-** The car show is planned for August 18, 2012 and all proceeds benefit the Walnut Avenue Women's Center. Last year \$5,000 was netted. Felecita, Pamela and Allen from the Women's Center asked the board to consider donating the lawn area again this year. IM Kegebein said that he'd do more research on the matter.
2. **Fairs on the F&E Watch List – Dave Kegebein.** Manager Dave said we've been placed on the Fairs Watch List due to financial and management fluctuations.
3. **Market Place Update** – IM Kegebein said that the State had recommended the requests for letters of intent be solicited – three were received so an RFP was sent to the three parties. Responses are due March 1, 2012. Director Edwards asked for a copy of the RFP. IM Kegebein said that those interested were invited to be involved in the selection process.
4. **Alcohol Policy Update** – IM Kegebein said that the current policy was adopted in August 2005. He has legal assistance in updating the policy. Director Marani noted that San Bernardino Fair Manager would be a good resource for advice on our alcohol policy – they have a number of 501(c)3 non-profits that have differing purposes for the funds generated by their alcohol sales.
5. **First Public Meeting (March 7th) for Strategic Plan Input Update** – Dave Kegebein. IM Kegebein is planning the first public meeting and newspaper announcements are planned.
6. **Department Head Meeting** – IM Kegebein said that all Department Heads are back this year and enthusiastically working towards a successful fair in 2012.
7. **Ocean Speedway News Update** – none
8. **Heritage Foundation News Update** – Don Allen reported that the Crab Feed planning is underway and donations to the raffle are needed. He expressed appreciation to Pat Davidson who donated a 1955 Chevy Pick-up truck to the Heritage Foundation to be restored and sold!

9. **Jr. Fair Board** –Russell Sanderson reported that the Jr. Fair Board kids will be helping with the Crab Feed. Russell said the group is very active and has a membership of 18 now.

10. **AG HISTORY – John Kegebein.** Ag History is actively planning the National Agriculture Day luncheon on March 21, 2012. They are also planning Easter on the Farm complete with an Easter Egg Hunt and a Day on The Farm is being planned for June 2, 2012. That is also the day of the car show managed by President Belgard-Akimoto.

CORRESPONDENCE: None.

CLOSED SESSION: No action taken or reported.

ADJOURNMENT: The meeting was adjourned at 6:15 PM

Next Board Meeting: March 27, 2012 @ 1:30 PM in Board Room