



Minutes of the Oregon State Fair Council Regular Meeting

October 24st, 2019

Oregon State Fair & Exposition Center – Cascade Hall-McKenzie Room

Audio Recorded: Yes

- I. **Call to Order:** The meeting convened at 1:30 p.m. with Chair Jon Chandler presiding.
- II. **Roll Call:** The attendance, both in person and by phone, was recorded as shown below:

Present:

Jon Chandler, Chair
Vicki Berger, Council Member
Loyal Burns, Council Member
Gene Derfler, Council Member
Leah Perkins-Hagele, Council Member
George Jennings, Council Member
Dana Jung, Council Member
Rep. Mike Nearman, Advisory Council Member
Mike Paluszak, Director/CEO

Non-Present:

Kevin Cameron, Vice Chair
Austin McGuigan, Council Member
Craig Smith, Council Member
Sen. Arnie Roblan, Advisory Council Member
Steve Powers, Advisory Council Member

- III. **Pledge of Allegiance:** The Pledge of Allegiance was made by all parties present.
- IV. **Presentations:** None
- V. **Approval of Minutes:**

a. **Council Meeting of October 1, 2018:**

Mr. Paluszak began by following up on a question by the Council at the October 1st meeting regarding capitalization of the facility assessment, regarding which he was asked to consult with the Council's auditor. The response by the auditor, Doug Parham CPA of Bolt, Carlisle + Smith, is that based on accounting principles the assessment cannot be capitalized and depreciated. Mr. Parham added, however, that there may be a method by which it can be shown on the balance sheet as an intangible asset and amortized. Mr. Parham will research that possibility and provide an opinion regarding that method of accounting for the expenditure.

Mr. Paluszak then explained that ORS 565.495(1) states in part *"...if the council expends moneys for the construction, repair, remodeling or maintenance of, or other long-term benefit to, fairground properties and facilities that are real property, the council may capitalize those expenditures for purposes of determining net profit or loss from conducting the Oregon State Fair, carrying out fairground business operations and operating fairground properties and facilities."* Clearly, the expenditure by the Council for the purpose of conducting the facility assessment is of long-term benefit to fairground properties and facilities that are real property. Whether the expenditure can be shown on the balance sheet as Mr. Parham suggests or not, future audit reports can identify the expenditure as one that meets the criteria for capitalization for determining profit or loss as defined in ORS 565.495(1).

Chair Chandler then asked if there were any changes or corrections to the minutes presented for approval. Hearing none, it was moved by Council Member Berger and seconded by Council Member Burns to approve the minutes as presented. The motion carried unanimously.

- VI. **Public Comment on Agenda Items:** None
 - VII. **Council Chair's Report:** None
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VIII. CEO's Report: None

IX. Information Items:

a. State Fair Report: Kim Grewe-Powell presented the report.

- 2019 Fair Attendance was 306,006, slightly down by 3.84% which we attribute to two very hot days.
- Even though we were slightly down, admissions revenue was up by 9.6% over 2018.
- Our website got a new look and was viewed over 251,000 times, a 61% increase to home page visits. The majority of the visitors were women, ages 23-34 from Portland, based on analytics from our marketing agency, demonstrating that our goal of attracting the Portland demographic is working!
- Cash sponsorships were lower than last year and our 2019 goal, which encouraged our decision to make a transition to a new company for 2020 sponsorship sales. We continue to have great Non-cash partnerships with Green Acres, Western Interlock, Wilco, Ricoh, Comcast, and Oregon Paralyzed Veterans among others. We were pleased to have Freres Lumber join us this year to provide Livestock Shavings.
- Food and Beverage was \$4,401,392, up 2.52% and up 23.39% vs. the 4-year average.
- Carnival Ride revenue was up 2.32% over 2018. Rainer had a fabulous layout and added more ticket booths to accommodate long lines.
- Bag checks were added to each gate this year. The feedback we received from guest was overwhelmingly positive they appreciated our concern for their safety. We will refine and implement some additional changes for 2020, from what we learned this year.
- The Code Adam program continued and was very successful, which encourages parents to photograph their children for easy identification and wristband them with the parent's cell phone number. In the event that they become separated from their parents while at the Fair these help law enforcement locate and reunite parents and children more quickly.
- We changed the programming format to weekends only in the Pavilion. Motorsport events were at capacity. The Jaripeo and Belt Buckle Challenge rodeo were also both successful.
- Concert ticket sales were up by 44% which is attributed to an enhances budget to purchase a stronger line-up, and earlier marketing and ticket sales.
- Hip new programming themed "Wonderful World of Sawdust" including axe throwing, lumberjacks, wood carvers, BBQ, beer, etc. was featured in the garden to attract more guests to that area. This programming was a huge success that we will build upon for 2020.
- Artisans Village found a new home in the Picnic Grove area and attracted over 9,500 guests. This location also allowed for the Willamette Art Center to be incorporated.
- Familyville continued to be popular with the pony rides, pig races and petting zoo. We added the Sea Lion Encounter which was very well received and was standing room only for every show.
- STREAM programing was moved outside under a large tent. ORTOP Robotics, an Oregon Pop Up Museum and Film Festival received a lot of attention, and notably attracted and were enjoyed by many teenagers.
- Creative Living competitive exhibits increased by 31%. The team worked hard to create an open and visually pleasing layout that was recognized by guests. The military uniform display was welcomed back, which was very well received and appreciated by Fairgoers. Gerry Frank 60th Cake Contest had an outstanding 81 entries.
- Livestock had 5,373 entries. A highlight was celebrating the 100th Anniversary of the Historic Horse Stadium.

- We kicked off the “Be Part Of The WE” campaign to bring awareness to the restoration projects of the Poultry Building and Horse Stadium. This project is new and dear to many of us. This campaign is to raise the additional funds necessary for the restoration of the buildings, beyond the money that the Governor and Legislature budgeted in the 2019-21 biennium budget. This is a joint campaign with the State Fair Foundation so that any donations to the project via the Foundations are tax deductible by the donors.
- 2019 was a huge success and we look forward to the 2020 Fair!

X. Action Items

a. State Fair Council

i. Receive 2018 Financial Audit by Boldt Carlisle + Smith | Certified Public Accountants:

Doug Parham from Boldt Carlisle + Smith introduced Mercy Hansen CPA, who was the lead auditor. Mr. Parham presented the 2018 financial audit report. 2018 operations resulted in a change in net position of +\$314,244, plus a prior period adjustment of +\$975,357 representing capital investments retroactive to 2015 net of depreciation, all resulting in an ending net position of \$5,506,934.

Council Member Berger asked the auditors if the accounting of non-cash transactions, as we do, is easy to audit and whether they were very satisfied with what they found. Ms. Hansen responded that they were able to review the contracts for the non-cash services received, and benefits given in exchange compared to those of cash sponsors. Based on that and the description and value of services being provided to OSFEC, the auditors were able to advise that they were reasonable and auditable.

A motion was made by Council Member Berger and seconded by Council Member Jennings to receive the 2018 Financial Audit Report by Boldt Carlisle + Smith as presented. The motion carried unanimously.

ii. Financial Statement 1/1/2019-9/30/2019: These reports are preliminary through September and not final, as revenue and expenses through September are still being reconciled.

A motion was made by Council Member Jennings and seconded by Council Member Berger to receive the Preliminary Financial Statement for 1/1/19-9/30/19 as presented. The motion carried unanimously.

b. Committee Reports and Action Thereon

- i. Executive Committee:** Chair Chandler announced that Mr. Paluszak will be retiring at the end of February 2020, and that will create a vacancy. Legal Council Paul Dakopolos explained the legal steps the Council needs to take regarding conducting discussions and interviews in executive session, and the steps necessary to make the hiring decision in a public meeting. First, the Council needs to declare and advertise the vacancy; and adopt Hiring Procedures and Standards, Criteria and Policy Directives in a public meeting that allows for public comment.

A motion was made by Council Member Jennings and seconded by Council Member Burns to request that Mr. Dakopolos and Mr. Paluszak create draft Hiring Procedures; and Standards,

Criteria and Policy Directives to be discussed and adopted at a subsequent public Council Meeting. Meeting date and time to be determined.

- ii. **Governmental Affairs Committee:** None
- iii. **Nominating Committee:** Nominating Committee Chair Derfler reported that the Nominating Committee met by phone and nominates the following for 2020 Council Leadership - Past Chair: Jon Chandler, Chair: Kevin Cameron, Vice Chair: Vicki Berger, Executive Committee Members: Loyal Burns and Austin McGuigan. Nominations from the floor and elections will take place at the December 5, 2019 Council Meeting.

- XI. **Public Comments on Non-Agenda items:** None
- XII. **Council Members' Comments:** None.
- XIII. **Executive Session:** None
- XIV. **Adjourn:** There being no further business the meeting was adjourned at 2:45pm

Meeting Materials:

Agenda
Financial Statement 1/1/2019-9/30/2019
Audited Annual Financial Report for year ending December 31, 2018