



NOTICE OF MEETING

Solano County Fair Association

Finance Committee Meeting

to be held

Tuesday, July 20, 2021, at 9:30 am
The meeting will only be accessible via Zoom.

Committee Members

Valerie Williams, Chair Manuel Angel J.D. Miller Kelly Fletcher

Time: July 20, 2021, at 9:30 am - The meeting will only be accessible via Zoom.

In accordance with Governor Gavin Newsom's March 12, 2020, Executive Order N-25-20, Solano County Fair Association Board Directors may attend this meeting telephonically without public notice of or access to their teleconference location.

Log-in information including Meeting ID and Password will be available at the Solano County Fair Association website. <https://www.scfair.com/>

Our Mission

To ensure a positive experience for the public by providing a year-round multi-purpose venue that showcases and celebrates the wide variety of resources and activities to our diverse communities.

Matters of Information.

The Solano County Fair Association does not discriminate against persons with disabilities. If you wish to attend this meeting and you will require assistance to participate, please call the Fair Association's Administration Office at (707) 551-2000 at least 24 hours in advance of the meeting to make reasonable arrangements to ensure accessibility to this meeting.

Non-confidential materials related to an item on this Agenda submitted to the Board after distribution of the agenda packet are available for public inspection at the Solano County Fair Association's Administration Office, 900 Fairgrounds Drive, Vallejo, California or at the Solano County Government



Center, 675 Texas Street, Fairfield, California. These materials may also be viewed on the Solano County Fair Association's website at www.scfair.org.

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AGENDA

Finance Committee Meeting Tuesday, July 20, 2021, 9:30 am

1. CALL TO ORDER – (Presenter- Chair V. Williams)

All matters noticed on this agenda, in any category, may be considered for action as listed. Any items not so noticed may not be considered. Items listed on this agenda may be considered in any order, at the discretion of the Chair.

2. ROLL CALL

3. CHANGES TO OR DELETIONS FROM THE AGENDA

4. APPROVAL OF THE AGENDA

5. PUBLIC COMMENT

This is your opportunity to address the Board on a matter not listed on the Agenda, but it must be within the subject matter jurisdiction of the Board. Comments are limited to 3 minutes per speaker.

6. REVIEW OF MINUTES OF FINANCE COMMITTEE MEETING– (Presenter- Chair V. Williams) – 5 minutes

a. SCFA Finance Committee Meeting of Monday, June 14, 2021

ACTION: Discussion and possible approval of submitted minutes for the SCFA Finance Committee meeting of June 14, 2021.

7. NEW BUSINESS

1. Review of 2021 SCFA June 30, 2021, Financial Statements
2. Continued discussion of SCFA Reserve Policy
3. Continued discussion of SCFA's draft Long Range Outstanding Pension Liability Repayment Plan
4. Staff update on ongoing SCFA 2021 Audit.



ACTION: Review of and action regarding recommendation to the Board regarding the June 30, 2021, Financial Statements, the SCFA Reserve Policy, and the draft SCFA Long range Outstanding Pension Liability Repayment Plan.

8. COMMITTEE MEMBERS' COMMENTS ON NON-AGENDIZED ITEMS

9. ADJOURNMENT

Date of Notice: Friday, July 16, 2021



SOLANO COUNTY FAIR ASSOCIATION
MINUTES FOR MEETING OF SCFA FINANCE COMMITTEE MEETING
Monday,
June 14, 2021

Minutes of the Solano County Fair Association's Finance Committee Meeting held on March 16, 2021, at 9:30 am. In accordance with Governor Gavin Newsom's March 12, 2020, Executive Order N-25-20, Solano County Fair Association Board Directors and Committee members, attended this meeting telephonically with Chairperson Valerie Williams presiding.

1. **CALL TO ORDER** – Chairperson Williams called the meeting to order at 9:30 am.

2. **ROLL CALL – COMMITTEE MEMBERS PRESENT:**

Valerie Williams, Chair, Manuel Angel, Kelly Fletcher, J.D. Miller

DIRECTORS/COMMITTEE MEMBERS ABSENT: None

OTHERS PRESENT: Mike Ioakimedes, ED / CEO; Stephen Hales, Operations Manager; Jill Kant, Administrative Assistant, Tami Lukens, Solano County Senior Management Analyst

3. **CHANGES OR DELETIONS FROM THE AGENDA:** None

4. **APPROVAL OF THE AGENDA:**

Action: It was moved by J.D. Miller and seconded by Manny Angel to approve the agenda as presented. The motion was carried unanimously.

5. **PUBLIC COMMENT:** None

6. **REVIEW OF MINUTES OF COMMITTEE MEETINGS:**

a. SCFA Finance Committee Meeting of Tuesday, May 18, 2021.

Chair Williams noted that the May 18, 2021, minutes, included the following language from Agenda item 7-3:

Ioakimedes reported that staff felt that the annual shortfall between current SCFA cash contributions and the OPLRP, (\$16,901.32) could be met with cash currently obligated to other expenses that would soon be retired.

Chair Williams asked staff to name the referenced other expenses that would be retired. Williams also asked for the amount that would be freed up. Staff replied that the parking lot loan, payable to Six Flags annually in the amount of \$64,000, had been retired in January 2021. This amount, combined with the future retirement of the present pension bond obligations in July of 2025 will be enough to cover the anticipated annual payment of the Draft Long Range Outstanding Pension Liability Repayment Plan.

Chair Williams requested that the detail information about the retired obligations be included as part of the amended May 18, 2021, SCFA Finance Committee Meeting minutes.

Action: It was moved by J.D. Miller and seconded by Manny Angel to approve the minutes of the May 18, 2021, SCFA Finance Committee meeting with the addition of the clarifying information presented today. The motion was carried unanimously.

7. NEW BUSINESS

1. Review of 2021 SCFA May 31, 2021, Financial Statements

Chair Williams had reviewed the financial statements and asked ED Ioakimedes to give a brief overview of any important changes.

Ioakimedes reported that YTD Total Revenue was at \$1,697,795 an increase of 99% over same period last year. YTD Total Expenses were \$1,356,223 an increase of 59% over same period last year. The net profit for the month of May 2021 was \$26,909. The increase in both revenue and expenses were primarily due to the mass vaccination clinic operation.

Fair – YTD Fair revenue was made up of entry fees and sponsorship/donations. Entry fees are up over last year as well as compared to the 2021 budget. Sponsorship/Donations are slightly ahead of last year at this time. General feeling is that the full economic impact of the pandemic is now being felt and that additional donations and sponsorship money might be more difficult to raise.

Most current Fair expenses are from the overhead allocation. The majority of the non-overhead allocation expenses are judges' fees and premiums/awards purchases.

Ag Day – There was no significant activity in the Ag Day department.

Facility Rentals – Both Revenue and Expenses are down due to pandemic conditions and the presence of the mass vaccination clinic. Facility Rentals show a monthly profit of \$11,097 and a YTD profit of \$36,394.

Solano Race Place – Continues to show strong numbers despite reduced patron capacity. Revenue is up 44% over same time last year. Expenses are down 21% due to pandemic related reduction of number of YTD operation days. Specifically, labor costs down due to reduction in operating days. Race Place shows a monthly profit for May of \$45,197 and a YTD profit of \$202,345.

Leases/Enterprise – Revenue tracking closely with prior year. Expenses are up significantly due to changes in overhead allocation ratios. The annual Six Flags parking lease payment is not due until July and is posted the last six months of the year. Leases/Enterprise shows a monthly profit of -\$14,267 and a YTD profit of -\$104,441.

Electronic Sign – Revenue continued to rebound in May. Electronic Sign shows a monthly profit of \$2,025 and a YTD profit of \$3,837. Negative pandemic weight on overall economy impacting advertising sales. Staff is looking to supplement loss of long-term e-sign contracts with more short-term sign usage.

Admin – No significant activity to report.

Maintenance – SCFA received a California Relief Grant in the amount of \$25,000. These funds will be used to offset current utility bills. The majority of SCFA's utility charges are expensed to the Maintenance Department before being included in the overhead allocation. That is why the CA Relief Grant has been posted to the Maintenance department as revenue.

Guest Safety – No significant activity to report.

Other – All the activity in this department reflects expenses and reimbursements related to the mass vaccination clinic operation.

Totals – Total monthly net profit for SCFA operations on May 31, 2021, is \$26,909 with a YTD net profit figure of \$341,572.

Chair Williams asked about the California Relief Grant. Is this a grant or is it a loan that must be repaid? Staff replied that it was a grant and if the funds were used for an appropriate purpose there would not be a repayment required. J.D. Miller commented that those were standard rules for grants.

Chair Williams asked about the possibility of using some of the Director's Expense budget line-item funds to help support the JLA / Director's Fund. Staff reported that this question was listed on the June SCFA Board meeting agenda as an action item. The full Board may take action to move the funds.

Action: It was moved by Manny Angel and seconded by J.D. Miller to recommend to the full SCFA Board acceptance of the 2021 May 31, 2021, SCFA Financial Statements as presented. The motion was carried unanimously.

2. Continued discussion of SCFA Reserve Policy

Chair Williams asked ED Ioakimedes to present this item. Ioakimedes reported that since the last SCFA Finance Committee meeting, staff had provided committee members with:

- A five-year analysis of expenses related to the production of the annual Solano County Fair.
- The results of a survey seeking to identify an industry standard as it relates to cash reserves for Fairs.

loakimedes noted that the fair expense analysis included years 2015-2019. Years 2015-2017 represent August Fair dates, 5-day fairs, with large entertainment budgets each totaling over \$100,000, and zero overhead cost allocation expense or depreciation expense. 2018 and 2019 represent June Fair dates, 2018 being a 2-day fair and 2019 being a 4-day fair. Both 2018 and 2019 had limited entertainment budgets of \$1,500 (2018) and \$6,450 (2019). Both 2018 and 2019 fairs had overhead cost allocation expense and depreciation expenses included in their totals.

loakimedes continued, SCFA staff had reached out to CA Department of Food and Agriculture, Fairs and Expositions division, inquiring if there was an industry standard for cash reserves. The reply was there was not. The same reply came from International Association of Fairs and Expositions as well as from three neighboring fairs.

Kelly Fletcher suggested that the SCFA Reserve Policy no longer be tied as a percentage of annual expenses but rather be a fixed number. Given the expense of producing an annual fair, Fletcher suggested a number in the \$700,000 range. Fletcher thought that the existing SCFA reserve policy need only to be revised to include a fixed number rather than the percentage. The remaining language could remain.

J.D. Miller agreed with Fletcher. Tie the reserve figure to a specific purpose, in this case hosting an annual fair. This would satisfy the existing deed restrictions currently on the fairgrounds' property.

Miller continued, that the reserve policy language should be structured so that the reserve amount can be modified as the need arises. The SCFA Reserve should have sufficient funds to meet SCFA's responsibilities.

Chair Williams asked staff to make sure this item is on both next month's SCFA Finance Committee Meeting and SCFA regular Board meeting agenda.

Action: None.

3. Continued discussion of SCFA's draft long range Outstanding Pension Liability Repayment Plan

Chair Williams opened the item noting that this was a continued discussion began at the May Finance Committee meeting. ED loakimedes asked if he could provide some additional background information to the committee, specific to the question as to who "owns" the outstanding pension liability. Williams agreed.

loakimedes gave a brief historical perspective on the founding of the Solano County Fair Association and the Solano County Fair Enterprise Fund, a component Unit of Solano County. loakimedes pointed out that when the Enterprise Fund and SCFA were established they were basically one in the same as the only activity originally happening on the fairgrounds was the annual fair and live horse racing, which produced almost all the revenue at the fairgrounds site.

An example of the co-mingling of SCFA and the Enterprise Fund is SCFA's Balance Sheet which still lists depreciation on the fairgrounds' County owned buildings. The Auditor's office has directed SCFA to attempt to separate the financial reporting of SCFA activities from Enterprise Fund activity. SCFA staff

has done a good job separating SCFA activities from Enterprise Fund activities on the Income Statement, but the Balance Sheet has proved to be more difficult.

loakimedes continued, fast forward to today, and the Solano County Fairgrounds are a year-round event center with a very diversified revenue stream, including lease revenue from the developed portions of the fairgrounds. SCFA still has ultimate control of all the revenue derived from the original fairgrounds' property, the same property that makes up the Enterprise Fund.

Ownership of the outstanding unfunded pension liability might ultimately rest with the Solano County Fair Enterprise Fund. However, since Enterprise Funds are not eligible to use general fund dollars, Solano County has asked SCFA, the steward of the fairgrounds' / Enterprise Fund revenue stream, to develop a repayment plan for the associated unfunded outstanding pension liability. loakimedes concluded that it is important to remember that the fairgrounds' / Enterprise Fund revenue stream is the only revenue stream eligible to be applied to the unfunded outstanding pension liability.

J.D. Miller thanked loakimedes for providing clarity as to the "ownership" of the outstanding unfunded pension liability, but he still had concerns if SCFA were to take on this liability it might jeopardize SCFA's exemption status as a 501(c)3 nonprofit. Miller asked that staff obtain from the County the methodology used to determine the unfunded outstanding pension liability amount that SCFA currently carries on its Balance Sheet.

loakimedes noted that SCFA, with every payroll, makes payments against the existing pension obligation bonds. Miller responded that the pension obligation bonds were a separate issue from the pension liability.

Chair Williams sought to recap. Should SCFA seek legal council from an attorney who specializes in nonprofit law to answer these questions; Is the use of SCFA funds an appropriate expenditure to paydown the unfunded pension liability? Would this type of use of funds violate SCFA's nonprofit 501 (c) 3 charter? Miller said that would be his recommendation. Williams added that SCFA should also ask the County for clarity on how the pension liability was originally calculated.

Kelly Fletcher offered that any outstanding pension liability payment schedule be put on hold pending meeting the SCFA Reserve fund goals. Until the Reserve Fund goals have been met SCFA should continue to "pay as we go" as it relates to pension obligations.

Pending the outreach to the County and receiving a legal opinion, Chair Williams tabled the discussion until next Finance Committee meeting.

Action: None

4. Staff update on the ongoing SCFA 2021 Audit.

Chair Williams asked ED loakimedes to update the Committee on the SCFA 2021 audit. loakimedes reported that the timing of the audit had been moved up and was currently underway. Although the formal engagement letter had not yet been signed, SCFA staff was working with the County's Auditor's

office by supplying requested financial information. Nothing else to report at this time. Staff will update again at next month's meeting.

Action: None.

8. COMMITTEE MEMBERS' COMMENTS ON NON-AGENDIZED ITEMS

Manny Angel thanked staff for their efforts to secure sponsors for this year's virtual Solano County Fair. There were no other committee member comments.

9. ADJOURNMENT

- a. it was moved by Manny Angel and seconded by J.D. Miller that the meeting be adjourned until the next Finance Committee Meeting on Tuesday, July 20, 2021, at 9:30 am.

Respectfully submitted,



Mike Ioakimedes CEO / Executive Director

Footnotes for May 2021 Financial Statements

Balance Sheet Assets (page 2)

1. Cash and cash equivalents - includes full 2020 payment made by Six Flags in January (\$481,401), includes state funding AB1499 received in February (\$88,550), includes PPP loan received in March (\$258,786)
2. Accounts receivable general – includes \$149,364 for vaccination clinic.
3. Accounts receivable leases – Six Flags booked July-Dec, all other leases booked Jan-Dec, revenues received quarterly/annually from the county, currently Mattina and AT&T fall leases are outstanding.
4. Inventory – more items included in physical inventory.
5. Deposits and prepaid – YE adjustments made in 2020, 2021 only includes prepaid postage.

Balance Sheet Liabilities (page 3)

1. Accounts payable – includes \$108,865 for vaccination clinic.
2. Compensated absences – current portion is 2021 accrual; non-current is decreased due to more used than accrued in 2020.
3. PPP loan payable – round 1 fully forgiven in January, round 2 was funded in March.

Statement of Earnings (page 4)

1. Reimbursements – includes vaccination clinic, includes insured electrical repairs from 2020
2. Other operating revenue - includes round 1 PPP loan forgiveness in January, and CA relief Grant (\$25,000)
3. Miscellaneous revenue – includes salary reduction contributions

Statement of Earnings (page 5 & 6)

1. Payroll Accrued – carried forward monthly, negative amount due to more outstanding workdays in May
2. Net Operating Position: Other – May's vendor invoices received in June, booked in May, SCFA invoice to Hammond generated and booked in June
3. Totals –
 - Total Revenue adjusted for vaccination clinic \$1,053,720 (59% of budget)
 - Total Revenue adjusted for vaccination clinic and PPP loan forgiveness \$794,934 (44% of budget)
 - Total Expense adjusted for vaccination clinic \$693,899 (40% of budget)

*Financials do not include 2020 audit adjustments to pension liability & POB.

*SBA Loan deferment through 7/22/22