



2010-2011 SANTA CLARA COUNTY CIVIL GRAND JURY REPORT

SANTA CLARA COUNTY FAIRGROUNDS MANAGEMENT CORPORATION

Issue Statement

The citizens of Santa Clara County own 158 acres of property located in a central area of San Jose—the county Fairgrounds. The Grand Jury is aware that the Fairgrounds has historically been a financial drain to the taxpayers and decided to investigate why this seemingly valuable asset did not provide a positive revenue stream, or at a minimum, a cost recovery service to the community. To this end, the Grand Jury undertook to investigate the Santa Clara County Fairgrounds Management Corporation (FMC).

Background

The first Santa Clara County Fair was held in 1941, when the newly formed Santa Clara County Fair Authority bought a 158-acre ranch, erected tents, and developed a horseracing track. The Santa Clara County (SCC) Board of Supervisors (BOS) established the nonprofit FMC on March 28, 1995 and provided for its governance by filing for incorporation with the State of California (see Appendix A, Articles of Incorporation). FMC's stated purpose is *"To operate the Santa Clara County Fairgrounds in the best interests of the citizens of Santa Clara County by organizing and operating the annual Santa Clara County Fair and similar educational, cultural and community functions on such Fairgrounds."* FMC is responsible for managing the Fairgrounds, which now includes seven major buildings, food services, parking, and a satellite wagering facility.

FMC is guided by a Board of Directors (FMC Board), which is empowered with direct and indirect responsibilities to oversee the Fairgrounds. Like any such governing board, the FMC Board has the responsibility to provide policy direction to the organization, select and appoint an executive officer, govern the organization in an ethical manner, obtain sufficient capital resources, and provide accountability to many diverse stakeholders (see Appendix B for the FMC Bylaws).

Methodology

The Grand Jury requested and reviewed numerous Fairgrounds-related documents, including tax returns, FMC lease agreements, the concessions contract, and the contract between the BOS and FMC. The Grand Jury conducted interviews with the Office of the County Executive staff, the FMC Board, and FMC staff. The Grand Jury also interviewed FMC's satellite wagering staff and members of the Special Operations Unit in the Office of the Sheriff.

Discussion

FMC is a nonprofit public benefit corporation established by the Santa Clara County Board of Supervisors on March 28, 1995. Since April 2000, the County and FMC have entered into a contractual management agreement that relies on FMC to present an annual county fair and to manage activities, events and operations at the Fairgrounds.

Government-created nonprofit organizations—or the use of nonprofits to perform essential government functions—can be a controversial subject. To supporters of this trend toward greater reliance upon nonprofit organizations, the objective is to maximize performance and results, however defined. In their view, the private and governmental sectors are alike in their essentials, and thus subject to the same non-economically derived governmental norms. Critics of government-created nonprofit organizations view such entities as contributing to the weakened state of government as it relinquishes its duties and erodes direct political accountability.

According to an interviewee, the use of a nonprofit to run the Fairgrounds instead of County personnel is one tool the County used to reduce cost to the general fund, i.e., savings of salary, benefits and pension costs. However, any savings the County may have hoped for have not come to fruition, given poor management at the nonprofit FMC and lackluster County oversight of the FMC Board.

Role of the Santa Clara County Board of Supervisors

The BOS is responsible for recruiting, selecting, and appointing candidates for the FMC Board. The Board appointments are made on a rotating basis, with one Supervisor making one selection each year. As an inherent responsibility of recruiting and appointing board members, the BOS has a duty to ensure appointees receive proper orientation about their roles and responsibilities and about the board or commission to which they are assigned.

In particular, the BOS has failed to establish clear expectations of the FMC Board as to its responsibilities. It is also unclear how much, if any, orientation was provided to the sitting or newly appointed FMC Board members conveying their fiduciary responsibility to FMC. In light of FMC's history of financial loss or its unfulfilled potential to operate with financial solvency, the Grand Jury concluded that the BOS does not sufficiently monitor the performance of the FMC Board.

In addition to board appointments, the County also issues the contracts for renting the Fairgrounds-located communications tower. Revenue from these contracts are redirected to FMC to fund a portion of FMC's operating budget.

Role of the Office of the County Executive

The Office of the County Executive (Office) provides support to the BOS, to the County's various organizations, and to the residents and businesses of Santa Clara County. The Office ensures the implementation of legislative mandates and BOS policies. It provides analytical support, strategic planning, policy analysis, and budgetary oversight for the entire County governmental organization. The Grand Jury learned through its interviews that the Office provides a liaison with FMC, but it is unclear what support this office provides to the FMC Board.

Role of the Fairgrounds Management Corporation Board of Directors

According to its Articles of Incorporation (AOI), the FMC Board is responsible to provide policy direction, hire or fire the executive director of FMC and participate at the leadership level in all activities affecting the Fairgrounds. The FMC Board meets quarterly, and currently one seat is vacant on the FMC Board. When asked to provide examples of FMC Board policy direction, the interviewees could not articulate one such example initiated or endorsed by the FMC Board. Thus, it appears that the FMC Board operates ceremonially at best.

Although the FMC Board has a fiduciary responsibility to FMC, interviewees conceded to having no knowledge of FMC's contracts (even though it issues very few contracts), including the important concessionaire contract. Given the history of FMC losses, it would be reasonable for the FMC Board to take a closer look at all contracts that bind FMC to any legal obligations, including contractual obligations for long-term concessions, employment, labor negotiations, vendors, and construction contracts.

Further, the FMC Board does not direct the FMC Executive Director; it simply rubberstamps the Director's recommendations without query. For instance, on April 13, 2010, the FMC Board meeting agenda included items to accept the resignation of the then-current FMC Executive Director, to approve a contract to bring that person back in a consulting capacity, and to approve promoting an FMC employee to the position of Executive Director. All three items were approved by the FMC Board at the same meeting. In another example, the concessionaire's contract has been on the agenda for renewal time again, and has been approved without evaluation of the service and without competitive bidding. This is rubberstamping, when the Board simply approves what is served up to them without further consideration. For instance, it would have been appropriate in the case of the promoted employee, to install him as interim Executive Director while conducting a search for the best candidate.

An uninformed, hands-off rubberstamping FMC Board might be marginally acceptable if FMC were a successful operation; but with its history of fiscal difficulties, the Grand Jury would expect the FMC Board to have greater scrutiny into financial and contract performance—particularly those contracts of a significant dollar value—to uncover, analyze and remedy the causes of financial non-performance.

Role of the Fairgrounds Management Corporation Executive Director

The responsibility for managing the day-to-day operations and the long-term viability of FMC lies with its Executive Director, who serves at the pleasure of the FMC Board. The Executive Director has an on-site staff of about 40 employees and relies on vendors and contractors for some tasks.

The Business of the Fairgrounds Management Corporation

Through its interviews, the Grand Jury learned that the County's original intent in establishing the nonprofit FMC was to enable an operational management team to provide professional and expert oversight of the Fairgrounds at a substantial cost savings. At the time the County formed the nonprofit, it was looking to save approximately \$900,000, which was the difference between the nonprofit's estimated operational costs and the estimated cost to run the Fairgrounds through a County department.

FMC generates approximately three million dollars of revenue annually. It has three main revenue streams: Satellite wagering and long-term and short-term agreements for facilities use.

Satellite Wagering

FMC operates its satellite wagering business, also known as "off track betting," through six paid staff members. This staff oversees the attendance receipts, programs and concessionaires. By law, the satellite wagering cannot occur without the linkage to the Fairgrounds. In other words, to engage in satellite wagering, FMC must convene an annual fair. During the calendar year 2010 satellite wagering produced over \$1.8 million dollars in gross receipts whether by wagering on the property or through statewide satellite facilities. From the \$1.8 million, FMC netted a profit of \$600,000.

Long-Term Agreements

The County has a long-term contract with a telecommunications firm for rental use of the communications tower on the Fairgrounds property, which produces approximately \$27,000 in annual revenue for both towers. This revenue goes to FMC operations. The Grand Jury learned that the going rate for such rental in other areas is considerably higher at \$6,000 - \$7,000 per month. Even conservatively, the County could quadruple income from these towers by charging a very competitive \$5,000 per month per tower, grossing \$120,000 per year.

Short-Term Agreements

Short-term agreements are rentals of various areas of the Fairgrounds facilities for short-duration events, e.g., *Cinco de Mayo* or Vietnamese *Tet* festivals.

On the operations side, FMC issues one primary contract for concessionaire services. This contract fails to meet even minimal standards for best management practices for event contracts. For example, FMC has agreed to allow the concessionaire the exclusive right to provide food and beverage to all events held at the Fairgrounds. A renter (e.g., an event under a short-term agreement) who chooses to use another food provider must pay a “loss of services” fee to the concessionaire. Further FMC receives only a percent of profits—as opposed to a percent of gross sales. Because a vendor can more easily pad wages or expenses to minimize reported profit than it can alter gross sales, best practices would ensure such contracts are based on sales, which are both more auditable and more profitable. The Grand Jury was dismayed to learn that for this exclusive right FMC received only \$14,000 from the concessionaire in 2010. This contract was not competitively bid.

The Financials

Even though FMC’s operational tasks and its nonprofit structure are intended to ensure FMC operates largely independently from the County, this has not been FMC’s practice. While FMC appears to be an operation that could successfully operate profitably, they consistently request bailouts from the County.

Historically, FMC has lost money every year of its operation (except 2009-2010). In fact, since 1995, FMC, through its FMC Board, routinely asks the County to subsidize its management of the Fairgrounds. These subsidies from the County are nearly always approved, whether in the form of direct transfers of taxpayer money, payment for capital improvements to the Fairgrounds buildings, or by waiving fees charged by various departments within the County. For example, County officials waived the following fees over the last ten years for services provided by County agencies:

- Fire Marshall \$72,205.00
- Sheriff’s Office \$555,135.00
- Advance for Fair Advertising \$65,000.00
- Santa Clara County Legal Counsel \$22,189.00
- Unpaid Loan for Master Land Use Plan \$105,160.00.

Similarly, the Office of the County Executive authored a 2009 FMC request to the BOS (see Appendix C) to “*approve conversion of \$506,690.00 of unspent and unobligated capital improvement project funds to be used by SCCFMC as a hedge against emergency repairs and as an operating reserve for the period 2010-2012.*” In the same request, the Office of the County Executive staff conveyed FMC’s Executive Director’s request to be permitted to “cancel the ensuing year’s fair if prior year cash reserves for the nonprofit drop below a reasonable threshold.” It is revealing to the Grand Jury that in this request, FMC’s Executive Director desires to cancel the fair at the expense of its satellite wagering business. This alone demonstrates a fundamental lack of understanding of the purpose of FMC to begin with, or the legal dependence of satellite wagering on holding a fair.

It is interesting to note that in Fiscal Year 2009-2010 FMC reported a gross profit of \$300,000. That same year, the County paid an additional \$80,000 to FMC to organize and run the fair. Nonetheless, in light of making a profit, FMC requested and the FMC Board approved, paying bonuses to FMC employees for 2010. The reason for these bonuses has no apparent connection to any operational decisions that would ensure continued profitability. Rather, the bonuses looked like a distribution of an unexplained windfall. In the Grand Jury's opinion, no bonuses should be paid unless FMC demonstrates the ability to consistently return a profitable operation against specific FMC-Board established goals. A final note on FMC financials, FMC has prepared financial audits but has not been the subject of an independent performance audit. This type of audit would address, among other things, management systems and business plans in addition to finances. Given its overall poor performance during its past sixteen years of operation, such an audit is clearly warranted.

Conclusion

FMC is an example of how the County uses nonprofit organizations to perform functions of the unfunded or underfunded local government. Time will tell whether the continued use of a nonprofit organization is a symptom of decline in our elected officials willingness to work through the difficult economic challenges, or a creative management paradigm where the artificial barriers between the governmental and private sectors are blurred for the benefit of the taxpayers. Nonetheless, if the BOS specifically establishes a nonprofit such as FMC, it must be held responsible for ensuring it is working effectively.

The BOS created the nonprofit FMC as a way to avoid the financial burdens of a County-run department, e.g., higher labor costs and more rigorous purchasing procedures. However, FMC does not employ sound business practices, such as requiring competitive bids for contracted work and relying heavily on the good graces of other County agencies to forgo repayment of services provided. Such poor management decisions have resulted in poor FMC performance and have cost the County.

Throughout FMC's existence, the Fairgrounds have consistently reported being overspent relative to its revenue. Such operation results in regular requests for County subsidy. In fact, 2009-2010 was the only year in the past sixteen years where FMC has shown a profit. However, except for a recent rental (auto auction tenant) the reason for this "turnaround" was not explained by interviewees and is hard to understand since no apparent change in operational strategy or goals has been developed or implemented.

It is the Grand Jury's position that if the Fairgrounds were operated using best management practices, then FMC should be able to operate with a break-even or positive cash flow. Instead, poorly operated by FMC, the Fairgrounds is a County asset that is not generating a return that is commensurate with its value. The nonprofit model is not working in this case.

Findings and Recommendations

Finding 1

The County established FMC as a nonprofit to operate the Fairgrounds; however, FMC has not been successful. FMC has operated at a loss and has required County bailout in all but one of the past sixteen years.

Recommendation 1

The County should reconsider whether the nonprofit model is the best way to operate the Fairgrounds.

Finding 2

In the last sixteen years, the FMC Board has not commissioned—nor has the County requested the Board to commission—an independent performance audit of FMC, even though FMC’s poor performance warrants this type of audit.

Recommendation 2A

The County should request the FMC Board to commission an independent performance audit of FMC and the FMC Board.

Recommendation 2B

The FMC Board should require FMC to comply with its contractual requirement to produce an annual budget and business plan and financial audit.

Finding 3

The County does not hold the FMC Board accountable for its lack of oversight in ensuring FMC meets its contractual obligations, and the FMC Board does not demonstrate the business acumen necessary to effectively oversee FMC. There is a seat vacant (to be filled by the District 4 Supervisor) on the FMC Board.

Recommendation 3A

District 4 Supervisor Yeager should recruit to fill the vacancy with an individual with strong business acumen.

Recommendation 3B

The FMC Board should hold the FMC Executive Director accountable for ensuring appropriate actions are taken to operate FMC as a well-run, break-even or profitable operation.

Finding 4

The County, supported by the Office of the County Executive, appears to have only a “land management” concern when FMC is required by contract to pay all expenses of the fair.

Recommendation 4

The County should modify its contractual agreement with FMC stipulating that FMC be required to sustain a break-even or positive cash flow operation.

Finding 5

FMC has not optimized its supplier contracts and has demonstrated inability to fully perform its own contract to effectively manage the Fairgrounds, costing the taxpayers in the form of County bailouts.

Recommendation 5A

The FMC Board should require FMC to prepare plans and implement changes geared toward increasing revenue to cover costs.

Recommendation 5B

The FMC Board should require FMC to restructure the concessionaire contract to a best practices model, such as paying FMC a percentage on sales, not profits, and should seek competitive bids for this and all other contracts as a means to increase revenue and profits.

Recommendation 5C

The FMC Board should require FMC to seek to increase short- and long-term use agreements to improve the positive cash operation.

Recommendation 5D

The FMC Board should require FMC to be in compliance with the contractual management agreement.

Finding 6

FMC paid bonuses to employees in 2010. The reason for these bonuses has no apparent connection to any operational decisions that would ensure continued profitability. Rather, the bonuses looked like a distribution of an unexplained windfall.

Recommendation 6

The FMC Board should not permit bonuses to be paid unless FMC demonstrates the ability to consistently run a profitable operation, as measured against specific goals. To this end, the FMC Board should require FMC to develop and implement a business plan with measureable goals specifically tied to the operational success of the Fairgrounds.

Finding 7

The FMC Board does not adequately perform its oversight function of FMC.

Recommendation 7A

The FMC Board should require that FMC provide a training program with orientation for current and future incoming Board members, defining roles, duties and fiduciary responsibilities. This would familiarize board members on how this nonprofit business can be managed.

Recommendation 7B

The FMC Board should review and approve all requests for proposals and bid documents that would precede issuing a contract to ensure that the best interests of the Fairgrounds are reflected in such requests.

Finding 8

The County is undercharging communications tower renters, effectively diluting potential revenue to FMC.

Recommendation 8

The County should increase communications tower rental fees in line with local rates for similar service.

APPENDIX A



State
of
California
SECRETARY OF STATE

1897454

CORPORATION DIVISION

I, *BILL JONES*, Secretary of State of the State of California, hereby certify:

That the annexed transcript has been compared with the corporate record on file in this office, of which it purports to be a copy, and that same is full, true and correct.

IN WITNESS WHEREOF, I execute this certificate and affix the Great Seal of the State of California this

MARCH 28, 1995



Bill Jones

Secretary of State

ARTICLES OF INCORPORATION

ENDORSED
FILED
in the office of the Secretary of State
of the State of California

ONE

The name of this corporation is Santa Clara County
Fairgrounds Management Corporation.

MAR 27 1995

Bill Jones
BILL JONES, Secretary of State

TWO

This corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the Nonprofit Public Benefit Corporation Law for public and charitable purposes. The specific purposes for which this corporation is organized are:

To operate the Santa Clara County Fairgrounds in the best interests of the citizens of Santa Clara County by organizing and operating the annual Santa Clara County Fair and similar educational, cultural and community functions on such Fairgrounds.

THREE

The name and address in the State of California of this corporation's initial agent for service of process is Phyllis Perez, Clerk of the Board of the County of Santa Clara, 70 West Hedding Street, 10E, San Jose, CA 94110.

FOUR

A. This corporation is organized and operated exclusively for charitable and educational purposes within the

meaning of Section 501(c)(3) of the Internal Revenue Code of 1986 or the corresponding provision of any future United States internal revenue law.

Notwithstanding any other provision of these Articles, the corporation shall not, except to an insubstantial degree, engage in any other activities not permitted to be carried on (1) by a corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986 or the corresponding provision of any future United States internal revenue law or (2) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Internal Revenue Code of 1986 or the corresponding provision of any future United States internal revenue law.

C. No substantial part of the activities of this corporation shall consist of lobbying or carrying on propaganda, or otherwise attempting to influence legislation, except as provided in Section 501(h) of the Internal Revenue Code of 1986, and this corporation shall not participate or intervene in any political campaign (including the publishing or distribution of statements) on behalf of, or in opposition to, any candidate for public office.

FIVE

All property of this corporation is irrevocably dedicated to charitable, educational and public purposes, and no part of the net income or assets of the organization shall ever inure to the benefit of or be distributable to any of its

members, directors or officers or to the benefit of any private person.

On the dissolution or winding up of the corporation, its assets remaining after payment of, or provision for payment of, all debts and liabilities of this corporation, shall be distributed to an organization, nonprofit fund, foundation, or corporation which is organized and operated exclusively for charitable purposes and which has established its tax exempt status under Section 501(c)(3) of the Internal Revenue Code of 1954, or the corresponding provision of any future United States internal revenue law, or to the County of Santa Clara for public purposes.


Ann Miller Ravel
Incorporator

Date: March 21, 1995

APPENDIX B

ATTACHMENT 4

BYLAWS

of

SANTA CLARA COUNTY FAIRGROUNDS MANAGEMENT CORPORATION,

A California Nonprofit Public Benefit Corporation

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BYLAWS OF
SANTA CLARA COUNTY FAIRGROUNDS MANAGEMENT CORPORATION,
A California Nonprofit Public Benefit Corporation

ARTICLE I
NAME AND PURPOSES

1.01 NAME. The name of this corporation is Santa Clara County Fairgrounds Management Corporation (the "Corporation").

1.02 GENERAL PURPOSES. The Corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the Nonprofit Public Benefit Corporation Law of the State of California exclusively for charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code").

1.03 PRIMARY PURPOSES. The primary purposes of the Corporation are to provide cultural, educational and recreational events for those in the County of Santa Clara vicinity through the planning, fundraising, production and management of the Santa Clara County fairgrounds.

ARTICLE 11

OFFICES

2.01 PRINCIPAL OFFICE. The principal office of the Corporation for the transaction of its business is located at such address within Santa Clara County, California, as may be designated from time to time by resolution of the Board of Directors, as defined in Section 6.01 of these Bylaws.

2.02 CHANGE OF ADDRESS. The county of the Corporation's principal office can be changed only by amendment of these Bylaws and not otherwise.

2.03 OTHER OFFICES. The Corporation may also have offices at such other places, within or without the State of California, where it is qualified to do business, as its business may require and as the Board of Directors may, from time to time designate.

ARTICLE III

POWERS

3.01 GENERAL POWERS. The Corporation is to have and exercise all rights and powers conferred on nonprofit public benefit corporations under the laws of the State of California.

3.02 LIMITATION OF POWERS. The Corporation is organized exclusively for charitable purposes within the meaning of Section 501(c)(3) of the Code. The Corporation shall not carry on any activities not permitted to be carried on (1) by a corporation exempt from federal income tax under Section 501(c)(3) of the Code (or the corresponding provision of any future United States internal revenue law) or (2) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Code (or the corresponding provision of any future United States internal revenue law). No substantial part of the activities of the Corporation shall consist of carrying on propaganda or otherwise attempting to influence legislation, nor shall the Corporation participate or intervene in any political campaign (including the publishing or distribution of statements) on behalf of (or in opposition to) any candidate for public office.

3.03 INCOME DISTRIBUTION. Notwithstanding any other provisions of these Bylaws, the Corporation shall be subject to the following limitations and restrictions during any period or periods that the Corporation is deemed to be a "private foundation" as defined in Section 509 of the Code:

(a) The Corporation shall distribute its income for each taxable year at such time and in such manner as not to subject the Corporation to tax under Section 4942 of the Code;

(b) The Corporation shall not engage in any act of self-dealing as defined in Section 4941(d) of the Code;

(c) The Corporation shall not retain any excess business holdings as defined in Section 4943(c) of the Code;

(d) The Corporation shall not make any investments in such manner as to subject it to tax under Section 4944 of the Code; and

(e) The Corporation shall not make any taxable expenditures as defined in Section 4945(d) of the Code.

ARTICLE IV

DEDICATION OF ASSETS

4.01 IRREVOCABLE DEDICATION. The property, assets, profits and net income within the control of the Corporation are revocably dedicated to charitable purposes and shall not inure to the benefit of any director or officer of the Corporation or to the benefit of any private individual, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in Article 1.

4.02 TERMINATION. Upon dissolution, liquidation or winding up of the Corporation or the termination or abandonment of its activities and affairs, the assets within the control of the Corporation remaining after payment, or provision for payment, of all debts and liabilities of the Corporation shall be distributed to such organizations, nonprofit funds, foundations or corporations as may be selected by a majority of the last incumbent directors which are organized and operated for charitable purposes (preferably consistent with the intent manifested in Section 1.03 of these Bylaws) and which have established and maintained tax-exempt status under Section 501(c)(3) of the Code, or to the corresponding provision of any future United States internal revenue law, or to the County of Santa Clara for public purposes.

4.03 TRUST ASSETS. If, at the time of any such dissolution, liquidation or winding up of the Corporation, the Corporation, or any person acting on its behalf, holds any assets in trust, such assets shall be either (i) transferred to a successor trustee designated by the Corporation to be held in trust for substantially the same purpose as the original trust purpose, or (ii) disposed of in such manner as may be directed by decree of the Superior Court of the county in which the Corporation has its principal office upon petition therefor by the Attorney General of the State of California or by any person concerned in the dissolution, liquidation or winding up.

ARTICLE V

MEMBERS

5.01 The Corporation shall have no members. All rights which would vest in members under the Nonprofit Public Benefit Corporation Law of the State of California instead shall vest in the Board of Directors.

ARTICLE VI

BOARD OF DIRECTORS

6.01 GENERAL POWERS. Subject to the provisions of the California Nonprofit Public Benefit Corporation Law and any limitations contained in the Articles of Incorporation of the Corporation or these Bylaws, the activities and affairs of the Corporation shall be conducted and all corporate powers shall be exercised by or under the direction of a board of directors (the "Board of Directors" or the "Board"). The Board of Directors may not delegate authority over budget or personnel, to any other entity or group.

6.02 COMPOSITION OF THE BOARD. The Board of Directors shall initially consist of seven (7) persons. Five (5) of the directors shall be appointed by the Board of Supervisors of the County of Santa Clara (the "Board of Supervisors"), with each Supervisor appointing one (1) director. The other two (2) members of the Board of Directors shall be appointed by the

directors of the Santa Clara County Fair Association, Inc. (the "Fair Association"), until any of the following events occur: (i) the Fair Association liquidates, dissolves, winds up or no longer exists for any reason, or (ii) on or after January 1, 1998, the Fair Association is no longer under contract with the Corporation to operate an annual county fair (each such event shall be individually referred to as a "Board Reduction Event"). Upon the occurrence of a Board Reduction Event, the Board of Directors shall consist of the five (5) persons who are appointed by the Board of Supervisors, as provided in this Section 6.02.

6.03 TERM. The members of the Board of Directors appointed by the Board of Supervisors shall serve only during the supervisory terms of the appointing Supervisor. The members of the Board of Directors appointed by the directors of the Fair Association or appointed by the Board of Supervisors, as applicable, shall serve one (1) year terms. Directors shall serve their terms beginning the first day of the month following their designation and ending on the last day of the twelfth (12th) month following their designation and until a successor has been duly designated, except as otherwise provided by law. Notwithstanding the foregoing, the directors appointed during 1994 shall not be subject to involuntary removal or replacement until January 1, 1998.

6.04 ETHICS. The Board of Directors shall be bound by all applicable State and County laws regarding their conduct in office.

6.05 RESIGNATION OF DIRECTORS. Any or all directors may resign by written notice to the Corporation provided that no director may resign where the Corporation then would be left without a duly elected director or directors in charge of its affairs, except upon notice to the California Attorney General.

6.06 REMOVAL. Any director may be removed with or without cause by the person who designated that director; provided, that the reduction in the number of directors authorized by these Bylaws does not remove any director prior to the expiration of that director's term of office unless expressly so stated.

6.07 VACANCIES. The Supervisor from the District which appointed the director may fill any vacancies caused by the death, resignation or removal of a director. Any director appointed to fill such a vacancy shall serve on the Board of Directors during the remainder of the term of the vacated office and until a successor has been duly qualified and appointed.

The Board of Directors of the Fair Association may fill any vacancies of a director appointed thereby caused by the death, resignation or removal of such a director. Any director appointed to fill such a vacancy shall serve on the Board of

Directors during the remainder of the term of the vacated office and until a successor has been duly qualified and appointed.

6.08 QUALIFICATION - INTERESTED PERSONS. At no time shall any person be designated, appointed or elected to the Board if, as a result of such election, designation, or appointment, the number of persons serving on the Board who are "interested persons" as hereinafter defined would exceed forty-nine percent (49%) of the directors then serving. For the purpose of this Section, "interested person" means: (1) any person currently being compensated by the Corporation for services rendered to it within the previous twelve (12) months, whether as a full or part-time employee, independent contractor or otherwise, excluding any reasonable compensation paid to a director in that capacity, and (ii) any sibling, ancestor, descendant, spouse or in-law of any person described in (i) above. However, any violation of this Section shall not affect the validity or enforceability of any transaction entered into by the Corporation.

6.09 REAPPOINTMENT. Directors appointed pursuant to Section 6.02 of these Bylaws may serve an unlimited number of terms in the same office. Nothing in these Bylaws shall be construed to limit the number of terms of office to which a person may be appointed to an office.

6.10 REMUNERATION. Directors shall not receive remuneration for their services as directors. Expenses incurred by any director in connection with performance of official duties may be reimbursed. Nothing in this Section 6.09 shall be construed to preclude any director from serving the Corporation in any other capacity and receiving just and reasonable compensation therefor.

ARTICLE VII

MEETINGS OF THE BOARD OF DIRECTORS

7.01 REGULAR MEETING. The Board of Directors shall hold an annual meeting for the purpose of organization, election of officers, and the transaction of other business, at 2:00 p.m. on the second Wednesday in December of each year. Notice of all such annual meetings of the Board of Directors shall be in accordance with the Brown Act.

7.02 SPECIAL MEETINGS. Special meetings of the Board of Directors for any purpose or purposes may be called by the Chairperson of the Board, or if the Chairperson of the Board is absent or refuses to act, any Vice President or any two (2) directors, in compliance with the Brown Act.

7.03 PLACE OF MEETINGS. Regular meetings may be held at any place within or outside the State of California that has been designated from time to time by resolution of the Board of Directors. In the absence of such a designation, regular

meetings shall be held at the principal office of the Corporation. Special meetings shall be held at any place within or outside the County of Santa Clara that has been designated in the notice of the meeting or, if not stated in the notice, at the principal office of the Corporation.

7.05 QUORUM. A majority of the directors then in office shall constitute a quorum for the transaction of business, except to adjourn as provided in Section 7.06. Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board of Directors, subject to the provisions of Section 5233 of the Corporations Code of California (as to self-dealing transactions), Section 5234 of that Code (as to transactions between corporations having common directorships), Section 5235 of that Code (as to compensation of directors or officers), and Section 5238(e) of that Code (as to indemnification of corporate agents). A meeting at which a quorum initially is present may continue to transact business notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting.

7.06 ADJOURNMENT. A majority of the directors present, whether or not constituting a quorum, may adjourn any meeting to another time and place in compliance with the Brown Act.

7.07 NOTICE OF ADJOURNMENT. Notice of the time and place of holding an adjourned meeting must be given in accordance with the Brown Act.

ARTICLE VIII
COMMITTEES

8.01 EXECUTIVE COMMITTEE. The members of the Board of Directors who are also the officers of the Corporation shall constitute the Executive Committee of the Board. The executive committee shall have all the authority of the Board, except as to those matters enumerated in 8.02 (a) through (h) and as to those matters which require a formal vote of the Board of Directors.

8.02 CREATION OF COMMITTEES OF THE BOARD OF DIRECTORS. The Board of Directors, by resolution adopted by a majority of the directors then in office, provided that a quorum is present, may, in addition to the Executive Committee, create one or more committees, each consisting of two (2) or more directors, to serve at the pleasure of the Board. The Board may appoint one or more directors as alternate members of any committee, created pursuant to this provision, who may replace any absent member at any meeting of the committee. Appointments of members or

alternate members to such committees shall be by a majority vote of directors then in office. Any such Committee, to the extent provided in the resolution of the Board, shall have all the authority of the Board, except with respect to:

(a) the approval of any action which, under the Nonprofit Public Benefit Corporation Law of California, would require approval of the members if this Corporation had members;

(b) the filling of vacancies on any committee;

(c) The fixing of compensation of directors for serving on the Board or any committee;

(d) the amendment or repeal of bylaws or the adoption of new bylaws;

(e) the amendment or repeal of any resolution of the Board of Directors which by its express terms is not so amendable or repealable;

(f) the appointment of any other committee of the Board of Directors or the members thereof;

(g) the expenditure of corporate funds to support a nominee for director after there are more people nominated for director than can be elected; and

(h) the approval of any self-dealing transaction, except as provided in Section 5233(d) of the California Nonprofit Public Benefit Corporation Law.

8.03 MEETINGS AND ACTIONS OF COMMITTEES. Except as may be otherwise provided in these Bylaws or in a resolution regarding a particular committee, meetings and actions of committees shall be governed by, and held and taken in accordance with, the provisions of Article VII of these Bylaws regarding the time, place and notice of regular and special meetings, quorum, adjournment, and notice of adjournment with such changes in the context of those Bylaws as are necessary to substitute the committee and its members for the Board and its directors, except that a majority of the members serving on any committee shall constitute a quorum for the transaction of its business. The Board may adopt rules for the government of any committee not inconsistent with the provisions of these Bylaws.

ARTICLE IX

DUTIES AND LIABILITIES OF DIRECTORS

9.01 DUTIES. A director shall perform the duties of a director, including duties as a member of any committee of the Board upon which the director may serve, in good faith, in a manner such director believes to be in the best interests of the Corporation and with such care, including reasonable inquiry, as

an ordinarily prudent person in a like position would use under similar circumstances.

9.02 RELIANCE ON INFORMATION PROVIDED BY OTHERS. In performing the duties of a director, a director shall be entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by:

(a) One or more officers or employees of the Corporation whom the director believes to be reliable and competent in the matters presented;

(b) Counsel, independent accountants or other persons as to matters which the director believes to be within such person's professional or expert competence; or

(c) A committee of the Board upon which the director does not serve, as to matters within its designated authority, which committee the director believes to merit confidence,

so long as, in any such case, the director acts in good faith, after reasonable inquiry where the need therefor is indicated by the circumstances and without knowledge that would cause such reliance to be unwarranted.

9.03 SELF-DEALING TRANSACTIONS PROHIBITED. No director shall approve, and the Corporation shall not become a party to, any transaction in which one or more of the directors has a material financial interest except as may be permitted by Section 5233 of the California Nonprofit Public Benefit Corporation Law upon compliance with the procedures set forth therein or as may otherwise be exempted therefrom. A director who is present at a meeting of the Board, or any committee thereof, at which action prohibited hereby is taken and who abstains from voting shall be considered to have approved the action.

9.04 CORPORATE LOANS, GUARANTEES OR ADVANCES. The Board of Directors shall not approve the Corporation's making of any loan of money or property to, or a guarantee of the obligation of, any director or officer unless approved by the California Attorney General; provided, that the Board may allow the Corporation to advance money to a director or officer for expenses reasonably anticipated to be incurred in the performance of the duties of such director or officer if such director or officer would be entitled to reimbursement for such expenses absent the advance.

ARTICLE X

OFFICERS

10.01 POSITIONS. The Board of Directors shall elect as officers of the Corporation a Chairperson of the Board, Vice President, Secretary and Chief Financial Officer. Any number of offices may be held by the same person, except that neither the Secretary nor the Chief Financial Officer may serve concurrently as the Chairperson of the Board.

10.02 TERM. Officers shall serve for a term of one (1) year beginning the first day of January following their appointment and ending the last day of the following December or until the resignation, removal or appointment of such officer.

10.03 VACANCIES. A vacancy in any office because of death, resignation, removal, incapacitation or any other cause, shall be filled in the manner prescribed in these Bylaws for regular appointments to such office. Any officer designated to fill such a vacancy shall serve in that office during the remainder of the term of the vacated office and until a successor has been duly designated to an office.

10.04 REMOVAL AND RESIGNATIONS. Officers shall serve at the pleasure of the Board of Directors. Any officer may be removed with or without cause at any time. Any officer may resign at any time upon written notice to the Board without

prejudice to the rights, if any, of the Corporation under any contract to which such officer is a party. Any resignation shall take effect when the notice is received by the Board or at any later time specified in the notice, and unless otherwise specified in the notice, acceptance of the resignation shall not be necessary to make it effective.

10.05 RE-ELECTION. Officers elected pursuant to Section 10.01 of these Bylaws may serve an unlimited number of terms in the same office. Nothing in these Bylaws shall be construed to limit the number of terms of office to which a person may be elected to an office.

10.06 REMUNERATION. Officers shall not receive remuneration for their services as officers. Expenses incurred by any officer in connection with performance of official duties may be reimbursed. Directors who serve as officers of the Corporation are subject to the restrictions imposed under Sections 9.03 and 9.04 of these Bylaws.

10.07 CHAIRPERSON OF THE BOARD. The Chairperson of the Board shall be the chief executive officer of the Corporation and shall, subject to the direction of the Board of Directors, have authority to direct and control the business and affairs of the Corporation. The Chairperson of the Board shall have the general powers and duties usually vested in the chief executive officer of a nonprofit public benefit corporation with

respect to the activities and affairs of the Corporation, and shall have such other powers and duties as may be prescribed by the Board or these Bylaws, including but not limited to, the authority to enter into any contract or execute any instrument in the name of and on behalf of the Corporation. The Chairperson of the Board shall preside at all meetings of the Board of Directors.

10.08 VICE-PRESIDENT. In the absence or disability of the Chairperson of the Board, the Vice-President shall perform all the duties of the Chairperson of the Board and, when so acting, shall have all the powers of, and be subject to all restrictions upon, the Chairperson of the Board. The Vice-President shall have such other powers and perform such other duties as from time to time may be prescribed by the Board of Directors, the Chairperson of the Board or these Bylaws.

10.09 SECRETARY. The Secretary shall keep or cause to be kept the minutes of all meetings of the Board. The Secretary shall attend to the giving and serving of all notices for the Board and shall attest to the signatures of the proper officers to all contracts, securities and other obligations of the Corporation, and shall affix the seal of the Corporation, if any, thereto. The Secretary shall perform all duties incident to the office of Secretary, subject to the control of the Board, and such other duties as may from time to time be prescribed by the Board, the Chairperson of the Board or these Bylaws.

10.10 CHIEF FINANCIAL OFFICER. The Chief Financial Officer, shall be the chief financial officer of the Corporation and shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the Corporation, including accounts of its assets, liabilities, receipts, disbursements, gains and losses. The books of account shall at all times be open to inspection by any director. The Chief Financial Officer shall deposit all moneys and other valuables in the name and to the credit of the Corporation with such depositories as may be designated by the Board of Directors. The Chief Financial Officer shall disburse the funds of the Corporation as may be ordered by the Board of Directors, shall render to the Chairperson of the Board and directors, whenever they request it, an account of all transactions by the Chief Financial Officer and of the financial condition of the Corporation, and shall have such other duties as may be prescribed by the Board of Directors, the Chairperson of the Board or these Bylaws. The Chief Financial Officer may delegate duties to other employees of the Corporation, subject to approval by the Chairperson of the Board, but shall be responsible for the supervision of such employees. The Chief Financial Officer annually shall prepare, or cause to be prepared, the annual report specified by Section 13.02 of these Bylaws for presentation to the Board.

ARTICLE XI

INDEMNIFICATION OF DIRECTORS AND OFFICERS

11.01 GENERAL. Except as provided in Section 11.02 of these Bylaws, each director and officer (elected or appointed), whether or not then in office, shall be indemnified by the Corporation against expenses (including attorneys' fees), judgments, fines, settlements and other amounts actually and reasonably incurred in connection with any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative, to which such director or officer is, or is threatened to be made, a party by reason of the fact that such director or officer is or was an agent of the Corporation; provided, however, that such director or officer must have acted in good faith, in a manner such person reasonably believed to be in the best interests of the Corporation and, in the case of a criminal proceeding, with no reasonable cause to believe that the conduct of such person was unlawful.

11.02 LIMITATIONS. With respect to any threatened, pending or completed action brought to procure a judgment in favor of the Corporation (i) by or in the right of the Corporation, (ii) under Section 5233 of the California Corporations Code, or (iii) by the Attorney General of the State of California or a person granted relator status by said Attorney General for breach of duty relating to assets held in charitable trust, the Corporation shall indemnify each director and officer

(elected or appointed), whether or not then in office, who was or is threatened to be made a party to such action by reason of the fact that such director or officer was or is an agent of the Corporation, against expenses (including attorneys' fees) actually and reasonably incurred by such director or officer in connection with the defense or settlement of such action; provided, however, that such director or officer must have acted in good faith, in a manner such person believed to be in the best interests of the Corporation and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would have used under similar circumstances. No indemnification shall be made under this Section 11.02, (i) of amounts paid in settling or otherwise disposing of a threatened or pending action, with or without court approval, (ii) of expenses incurred in defending a threatened or pending action which is settled or otherwise disposed of without court approval unless it is settled with the approval of the Attorney General, or (iii) with respect to any claim, issue or matter as to which the director or officer shall have been adjudged liable to the Corporation in the performance of such person's duty to the Corporation, unless the court in which such proceeding was or is pending determines upon application that such person is entitled to indemnity for expenses specified by the court in light of all the circumstances of the case.

11.03 UNSUCCESSFUL DEFENSE. In the event that a director or officer (elected or appointed), whether or not then

in office, has not been successful on the merits in defense of any proceeding described in Sections 11.01 or 11.02 of this Article XI or in defense of any claim, issue or matter therein, such person shall be indemnified by the Corporation only if authorized in the specific case, upon a determination by a majority vote of a quorum of directors who are not parties to such proceeding that indemnification of the directors or officers is proper in the circumstances because such person has met the applicable standard of conduct set forth in said Section 11.01 or 11.02 of this Article XI.

11.04 EXPENSES. Expenses incurred by any director or officer (elected or appointed), whether or not then in office, in defending any proceeding may be advanced by the Corporation prior to the final disposition only upon receipt of an undertaking by or on behalf of such director or officer to repay such amount unless it is determined ultimately that such person is entitled to be indemnified as provided in this Article XI.

11.05 INSURANCE. The Board of Directors is authorized to purchase and maintain insurance on behalf of any agent of the Corporation against any liability, other than a violation of Section 5233 of the California Nonprofit Public Benefit Corporation Law, asserted against or incurred by the agent in such capacity or arising out of the agent's status as such, whether or not the Corporation would have the power to indemnify the agent against such liability.

11.06 FURTHER LIMITATIONS. This Article XI does not apply to any proceeding against any trustee, investment manager or other fiduciary of an employee benefit plan in such person's capacity as such, even though such person may also be an agent of the Corporation, provided that nothing contained in this section shall limit any right to indemnification to which such a trustee, investment manager or other fiduciary may be entitled by contract or otherwise, which shall be enforceable to the extent permitted by law.

ARTICLE XII
INVESTMENTS

12.01 The Corporation shall have the right to retain all or any part of any securities or property acquired by it in whatever manner, and to invest and reinvest funds held by it, according to the judgment of the Board of Directors, without being restricted to the class of investments which a director is or may hereafter be permitted by law to make or any similar restriction; provided, that the Board shall avoid speculation, looking instead to the permanent disposition of the funds, considering the probable income, as well as the probable safety of the Corporation's capital and shall comply with additional standards, if any, imposed by the express term of an instrument or agreement pursuant to which the assets were contributed to the Corporation; and provided further, that no action shall be taken

by or on behalf of the Corporation if such action is a prohibited transaction under Sections 4941 through 4945 of the Code, or corresponding provisions of any subsequent federal tax laws.

ARTICLE XIII

RECORDS, REPORTS AND INSPECTION RIGHTS

13.01 RECORDS. The Corporation shall keep at its principal office copies of the Articles of Incorporation and Bylaws of the Corporation, complete and correct books of account, and minutes of the proceedings of the Board of Directors and its committees.

13.02 ANNUAL REPORT. The Corporation shall deliver annually, not later than 120 days after the close of the fiscal year, to each director a report containing in appropriate detail the following information:

(a) the assets and liabilities, including any trust funds, of the Corporation as of the end of the fiscal year;

(b) the principal changes in assets and liabilities, including trust funds, during the fiscal year;

(c) the revenue or receipts of the Corporation, both unrestricted and restricted to particular purposes, for the fiscal year;

(d) the expenses or disbursements of the Corporation, for both general and restricted purposes, during the fiscal year; and

(e) any information required by Section 6322 of the California Nonprofit Public Benefit Corporation Law (regarding certain transactions and indemnifications).

13.03 INSPECTION RIGHTS. Every director shall have the absolute right at any reasonable time to inspect, copy and make extracts of all books, records and documents of every kind and to inspect the physical properties of the Corporation. Such inspection may be made in person or by an agent or attorney.

ARTICLE XIV
MISCELLANEOUS

14.01 FISCAL YEAR. The fiscal year of the Corporation shall end on the thirtieth of June of each year.

14.02 DEPOSITS, FUNDS AND SECURITIES. The Board of Directors shall designate the banks, trust companies or other depositories in which all funds and securities of the Corporation not otherwise employed shall be deposited from time to time.

14.03 CHECKS, DRAFTS AND ORDERS. All checks, drafts, other orders for payment of money, notes or other evidences of indebtedness, issued in the name of or payable to the Corporation, shall be signed or endorsed by such person or persons and in such manner as from time to time shall be determined by resolution of the Board of Directors.
bylaws.

14.04 BONDING. All officers and employees responsible for handling funds of the Corporation shall be properly bonded if the Board or Chairperson of the Board so require.

14.05 CORPORATE CONTRACTS AND INSTRUMENTS. The Board of Directors, except as otherwise provided in these Bylaws, may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the Corporation, and this authority may be general or confined to specific instances.

14.06 DONATIONS. The Chairperson of the Board or a designated officer is authorized to accept donations which support the purposes of the Corporation as set forth in the Articles of Incorporation of the Corporation, whether such donation is for a specific project or is for the general support of the Corporation's programs.

14.07 CONSTRUCTION AND DEFINITIONS. Unless the context requires otherwise, the general provisions, rules of constructions, and definitions within the California Nonprofit Corporation Law shall govern the construction and interpretation of these Bylaws.

14.08 ADOPTION, AMENDMENT, OR REPEAL OF BYLAWS. These Bylaws may be amended or repealed or new bylaws may be adopted by a majority vote of the Board of Directors present at a duly called regular or special meeting at which a quorum is present.

CERTIFICATE OF SECRETARY

I, DO HEREBY CERTIFY:

1. That I am the Secretary of the Santa Clara County Fairgrounds Management Corporation, a California nonprofit public benefit corporation.

2. That the foregoing Bylaws, comprising of twenty-nine (29) pages, including this page, constitute the original Bylaws of said Corporation as duly adopted by resolution of the Board of Directors dated APRIL 12, 1995.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 12 day of APRIL, 1995.



Phillip Boyce
Secretary

APPENDIX C

Committee Agenda Date: November 16, 2009

County of Santa Clara Office of the County Executive




FGOC-CE03 111609

Prepared by: Bruce Knopf
Asset and Economic Development
Director

Reviewed by: Gary A. Graves
Chief Operating Officer

DATE: November 16, 2009

TO: Supervisor Ken Yeager, Chairperson
Supervisor Dave Cortese, Vice Chair
Finance & Government Operations Committee

FROM: 
Jeffrey V. Smith
County Executive

SUBJECT: FMC 2009 Annual Financial Report, and Request for Extension of Management Agreement and Operating Subsidy for 2010

RECOMMENDED ACTION

Consider recommendations relating to FMC 2009 Annual Financial Report, and Request for Extension of Management Agreement and Operating Subsidy for 2010.

Possible action:

- A. Regarding FMC Recommendation #1, the Administration recommends the FGOC approve conversion of \$506,690 of unspent and unobligated capital improvement project funds to be used by FMC as a hedge against emergency repairs and as an operating reserve for

CONTRACT HISTORY

The County and FMC entered into a Management Agreement, dated April 18, 2000, as amended, whereby the County relies on FCMC to present an annual County Fair and to manage activities, events and operations at the Fairgrounds. The County has renewed the Agreement on an annual basis every year since expiration of the initial term of the Agreement, in 2005.

REASONS FOR RECOMMENDATION

A. Regarding **FMC Recommendation #1**: "Authorize FMC to utilize those unspent and unobligated funds that the County allocated to FMC in 2008 for capital improvements and repairs (\$506,691 remaining) as a hedge for emergency repairs and as a reserve operating subsidy."

There are three options to address the anticipated 2010 shortfall: (A) allow use of existing capital funds as an operating subsidy; (B) cut costs and/or raise revenues; and, (C) scale back year-round grounds rental. The first alternative, as noted below, appears to be the most cost effective and reliable option for this interim period.

Option (A): The FMC Executive Director will propose to the FMC Board at its meeting on December 2nd that it formally request an operating subsidy for 2010, along with four other recommendations to improve profitability, because without significant action or a substantial upturn in patronage and profits they foresee an inability to continue operations and the need sometime in the third Quarter of 2010 to declare insolvency (See Attachments: Letter to Jeff Smith, Status Report on the Fairgrounds 2009; Comparison of Statement of Activity 1996-2009, and Key Indicators). FMC anticipates that SATWAG revenues will continue to decline statewide and locally next year. Furthermore, FMC predicts that revenue in 2010 from grounds rental will decline. FMC is requesting an additional operating subsidy in order to continue to operate for 18 to 24 months, allowing an opportunity for event rentals to rebound if the economy improves. This would also allow the Ad Hoc Committee to prepare a strategy for the Fairgrounds.

Using existing unspent funds to provide an operating subsidy, and thereby allowing the Fairgrounds and the Annual Fair to continue operating through the end of calendar year 2011, is the most effective way to buy time and allow the Ad Hoc Fairgrounds Committee to do its work. On June 9, 2009, the Board created the Fairgrounds Ad Hoc Committee to chart a new path for formulating a plan for reuse and redevelopment of the Fairgrounds. The Committee needs time to address these tasks. The Fairgrounds could be closed in the meantime, but that

park facilities could accommodate many, but not all, of these community events if year round event rental were to be scaled back. Our parks currently accommodate hundreds of events in the small to medium size (up to 300 participants). Grant Park can accommodate up to 500 participants and Coyote Ranch can handle up to 1,000. However, these facilities are limited to outdoor events. If there were a desire to explore reducing the scope of rental and events at the Fairgrounds, additional work would be needed to evaluate the minimal level of grounds staffing and administration that would be required to support the presence of the SATWAG operation and the Annual Fair. The Annual Fair also enjoys access to on-site event crews and administrative staffing that would be lost if year round events were curtailed. These services would need to be replaced and most likely obtained through procurement of private event production services. This cost has not been estimated.

B. Regarding **FMC Recommendation #2A**: Modify the County-FMC Management Agreement to allow the FMC to cancel the ensuing year's fair if prior year cash reserves for the nonprofit drop below a reasonable threshold."

Continuation of the Annual Fair at the Fairgrounds has been a stated high priority of the Board. If there is a desire to cancel or relocate the Annual Fair, alternatives could be explored. However, the Administration does not believe that holding the Annual Fair in any given year should be subject to the uncertainty of profitability of FMC and its year-round operations.

C. Regarding **FMC Recommendation #2B**: "Join FMC in encouraging the 4-H and FFA leadership councils to organize efforts to raise sponsorship funds to offset the costs of their annual fair."

The nature of the Fair in Santa Clara County has over the years changed. One of its abiding purposes is to provide youth with the opportunity to show and compete locally and in the annual State Fair. The FMC believes that the viability of the Annual Fair could benefit from increased volunteer efforts of the Fair community. The Board could encourage increased volunteerism to strengthen viability of the County Fair.

D. Regarding **FMC Recommendation #3**: "When a source of new funding can be identified, the County to assume responsibility for capital improvement and repair program, including resurfacing all asphalt areas (excluding the Tully lot) and modernizing all restrooms.

Due to severity of FMC's financial condition, the FMC Executive Director has provided the Administration and FGOC a preview of this year's report prior to its being presented to the FMC Board of Directors for consideration and action (tentatively scheduled to occur on December 2, 2009). FMC expects to formally request an operating subsidy for 2010, along with a series of four other recommendations to improve profitability.

The FMC is a nonprofit corporation separate and apart from the County, and it is responsible for managing use and rental of Fairgrounds facilities and sponsoring the Annual Santa Clara County Fair. While FMC operates the Fairgrounds with the intention of at least breaking even or making a profit, FMC reports that general decline in the economy and associated declines in both Satellite Wagering (SATWAG) and event rental income is expected to produce a net annual loss in 2009 of \$395,000 and deplete operating reserves by the end of the year to a level of \$310,000. At its meeting on December 11, 2007, the Board approved a request for \$964,000 for phase two of capital improvements and repairs. In December 2008, FMC requested the standard, annual extension of the Management Agreement. FMC indicates in the Project Status Report for Fairgrounds Improvements & Repairs, dated November 2, 2009 (Attachment), that FMC is holding approximately \$506,691 in unspent monies previously allocated by the County to FMC for capital improvements and repairs.

The Fairgrounds functions as a community gathering place and host to a wide variety of community festivals and related events. For over sixty years, the Fairgrounds have hosted the Annual County Fair and a wide variety of festivals, non-profit gatherings, family celebrations and for-profit events such as trade and consumer shows. A sampling of the events routinely hosted at the Fairgrounds includes: northern California's largest gathering to celebrate the Vietnamese Tet Festival, one of the region's largest Cinco de Mayo and Fiesta Del Sol festivals, American Indian festivals, East Indian festivals, Islamic celebrations of Ramadan, the annual Puerto Rican festival, and the Annual County Fair. These events and gatherings routinely draw a minimum of 5,000 and up to 20,000 visitors on a given day. The Fairgrounds is also used for many other community and family events, such as receptions, parties, quinceaneras and weddings.

CONSEQUENCES OF NEGATIVE ACTION

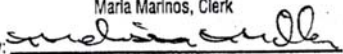
Not Applicable. Comments by FGOC will be addressed in the subsequent report presented to the Board of Supervisors in December.

October 8, 2009

Mr. Jeffrey Smith
County Executive
Santa Clara County
11th floor, East Wing
70 West Hedding Street
San Jose, CA 95110

Approved Accepted Adopted Denied Presented

BY THE BOARD OF SUPERVISORS OF THE
COUNTY OF SANTA CLARA
Maria Marinis, Clerk

By: 
Deputy Clerk
Date: DEC 01 2009

RE: STATUS REPORT ON THE FAIRGROUNDS
REQUEST TO LIFT RESTRICTIONS ON CAPITAL RESERVES

Dear Mr. Smith:

Ray Lueckeman and I met with Supervisor Shirakawa on a couple of occasions during the past month to discuss his vision for the fairgrounds. In that context, we also provided a brief report to his office on the growing financial problems that face the Santa Clara County Fairgrounds Management Corporation (FMC). I had intended to forward a more comprehensive report on those same problems to your office with a series of suggestions for mitigating them after the November meeting of the FMC Board of Directors. However, Supervisor Shirakawa felt that I should not wait for the November meeting but instead expedite sending a detailed report to you. This memo and the enclosed report comply with that direction. I will thereafter include the same report as an advisory item on the FMC Board's agenda when it meets next month.

To summarize the key points that are made in the enclosed report, the FMC requires assistance from the County if it is to avoid the probability of becoming insolvent sometime during the middle to latter half of 2010. The form of assistance that is requested does not involve a new General Fund subsidy from the County to support fairgrounds operations. What is instead requested is that the Board of Supervisors authorize the FMC to utilize what remains of the 2008 allocation of capital improvement and repair money for emergency operating purposes. The fund balance from the allocation now approximates \$500,000, and it is held in reserve by the FMC. Factors that have precluded the FMC from spending that same money for its intended purpose, along with the basis of our request to free it for emergency operating purposes, is explained in the attached report.

As you know, some who are relatively new to the Board of Supervisors and in the County Executive Office are to varying degrees unfamiliar with what has transpired at the fairgrounds over the past fifteen years. We have accordingly included some background information in our report to explain how a number of different problems have contributed to the FMC's current financial predicament and necessitated our request for assistance. Attachments also are included with pertinent financial data to elaborate further on our deteriorating condition. We apologize to those who are all too familiar with the problematic history of the fairgrounds, as they may find much of that same background information redundant to a decade's worth of prior reports.

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prolonged downturn in the economy. While the attached report discusses the nature and magnitude of the problem, it also includes options that can be acted upon with County support to obviate the prospect of having the FMC deplete the entirety of its unrestricted cash reserves by the middle of next year. In that context, the report concludes by noting what will happen if those same options are not acted upon, in which case the FMC will become insolvent and leave the County with the responsibility for safeguarding the assets of the fairgrounds. We would appreciate your support for the action that is requested in this report and will of course provide any additional information you may need to act on our request.

Please be advised that I resigned as the salaried Executive Director of the FMC at the end of April of 2009 to reduce the corporation's overhead expenses. With support from the FMC Board, I concurrently reorganized the nonprofit's management team and transitioned into a part-time contract role to oversee its operations. That same transition has involved travel for personal and professional reasons, which routinely causes me to be away from San Jose. However, I can arrange to meet with you at your convenience to discuss the enclosed report. Sometime in mid-October would work best for me in that regard, but I am flexible if you believe the matters at hand merit an earlier meeting.

I do sincerely wish that our pending introduction could have occurred under more pleasant circumstances. Our fairgrounds has a troubled history despite many well-intentioned efforts to create a brighter future for it, and I fully comprehend how limited the County's resources are at the moment to address yet another problem that has been added to an already long list. In any event, please rest assured that the FMC is prepared to cooperatively work with you and the Board of Supervisors to pursue whatever course the County may set for the fairgrounds as we move forward.

Sincerely,

Arthur Troyer
FMC Executive Director

Copy: FMC Board of Directors

MEMORANDUM

TO: Jeffrey Smith
Santa Clara County Executive

FROM: Arthur Troyer
SCCFMC

DATE: October 8, 2009

SUBJECT: STATUS REPORT ON THE FAIRGROUNDS
FMC REQUEST FOR COUNTY ASSISTANCE

The FMC Board of Directors meets on a quarterly basis, and its members will gather together next month to adopt the nonprofit's 2010 budget. The FMC Board has been advised that this report also will be on the agenda for that same meeting, and they have been made aware of the corporation's financial predicament via a series of monthly reports that have been issued since last May. The referenced predicament, coinciding with the prolonged downturn in the economy and a dramatic decline in Satellite Wagering revenue, will cause the FMC to close fiscal year 2009 (ending December 31) with a projected annual loss of \$395,000. Because of the loss, unrestricted cash reserves at the close of the year are projected to approximate \$310,000. This report hence requests County assistance to ward off the prospect of insolvency for the FMC in 2010. It does not request a new source of funds to subsidize fairgrounds operations. Rather, the FMC is requesting County approval to lift the restrictions on what remains of the repair and improvements funding that was allocated in 2008 and authorize the nonprofit to use that same funding for emergency operating purposes. Roughly \$500,000 remains in that fund.

There are four sections in this report: the first addresses the FMC's current financial predicament and ongoing problems related to the annual fair; the second addresses capital improvements and repairs that were completed at the fairgrounds over the past several years, in addition to explaining what was scheduled but not completed under the phase two allocation; the third discusses the business model that was created to manage the fairgrounds and why changes in the model are needed if the fairgrounds is to remain financially viable; and the concluding section briefly speaks to the prospect of having the FMC become insolvent.

The FMC's Financial Predicament

The FMC has historically relied on two primary sources of income to balance its budget: satellite wagering (SATWAG) net profits and grounds rental revenue. The latter involves a mix of income streams that are generated from facility rental charges, parking revenue and concession sales. Sizeable losses on the annual fair at various points throughout the life of the FMC also have caused the nonprofit to rely on County subsidies to sustain operations.

of its workforce to reduce costs, but it typically did so at a time when the total staff count was higher. The corporation now has a bare bones contingent to service the fairgrounds (a total of 26 FTE positions, or roughly half of what the FMC had when it was created) and would have great difficulty responding to routine maintenance schedules and booked events if further cuts were implemented. Moreover, reductions in compensation of that magnitude for employees who have not received a cost-of-living increase since 2000 would pose hardships that the FMC management team can't support. The nonprofit accordingly needs to buy time until the economy turns around and it can build back business and cash reserves.

To do so, the FMC is asking the County to approve the use of what remains in the way of capital improvement money from the second round of funding that was allocated in 2008 for emergency repairs and operating purposes. The amount held in that reserve now approximates \$507,000². It also is one-time money, which means that it isn't scheduled to be replenished once it's spent. As noted, the FMC's non-capital cash reserves at this point stand at roughly \$340,000, although this amount will dip below that level because of accounts payable for the latter quarter of 2009 and the relatively slow months of January and February of 2010. The receipt of quarterly SATWAG revenue in the final quarter of 2009 and the first quarter of 2010 will merely help to cover scheduled payroll periods during that timeframe and stabilize the FMC's declining operating reserve as its management team scrambles to ink new license agreements for the upcoming year. Barring a dramatic uptick in business and/or the kind of relief the FMC is requesting via the utilization of capital reserves for emergency operating purposes, all key indicators suggest that the nonprofit will become insolvent sometime during the middle to latter half of 2010.

To further mitigate losses, the FMC is additionally asking that the County support alternatives to requiring that the nonprofit fund the annual fair. Historical problems related to the fair are well documented: i.e., losses on the annual fair, which amounted to \$3.9 million between 1996 and 2009, were only partially mitigated by \$1.1 million worth of County operating subsidies over that same period.³ While the Board of Supervisors directed the FMC to significantly scale back the annual fair beginning in 2008 and halted any further subsidies for the event, it is important to recognize that organizing and hosting even a significantly downsized 4-H and FFA fair still causes the FMC to absorb losses that annually average slightly in excess of \$100,000. Losses of that magnitude again occurred in 2009 and at a time when the FMC could least afford it. That, in combination with other problems the FMC continues to face, will not be sustainable over the long-term unless action is taken to significantly improve the fairgrounds overall financial health – nor will this pattern be sustainable in the short-term if the FMC's cash reserves are entirely depleted over the next twelve months.

Under the FMC's management agreement with the County, the nonprofit is required to organize and host an annual fair. Given the non-profit's deteriorating finances, we believe that contract requirement should be modified around a trigger that would relieve

² See incorporated report on capital improvements & repairs, pages 5-9

³ See attached spreadsheet that includes fair related losses and County subsidies for the event.

that were overlooked at the time. For example, the decision to fund new HVAC systems for Expo and Pavilion halls lacked any upfront assessment of the electrical transformers and switchgear that would ultimately be called upon to support those same systems. When the electrical systems in both buildings proved to be inadequate, the project budgets for the HVAC improvements in Expo and Pavilion were significantly exceeded because of transformer, switchgear and wiring replacements. Moreover, insufficient money was allocated in the project budgets for permits and inspections, contingencies and change orders, or to cover the cost of preparing and overseeing the kind of formal bid documents that were ultimately required under the public contract code; funds to cover the administrative costs that were incurred by independent agents and the FMC to manage the contracts also were overlooked, as was the need to cover the nonprofit's loss of operating income while buildings were closed for improvements. As a result, delays and budget shortfalls were encountered that undermined the goals that had been set when the funds were initially allocated. Those problems persisted throughout the first and second phase of work on the desired repairs and improvements, particularly in relation to the HVAC projects. Other unscheduled but necessary repairs and the lack of in-house staff to undertake much of the work on a self-performing basis additionally impeded the FMC's ability to complete several projects within budget.

The FMC received a \$4.195 million allocation of County money to undertake projects that were initially approved by the Board of Supervisors in late 2006. That funding was hence utilized to replace the fairgrounds sanitary sewer and storm drain lines, install new HVAC systems in Expo and Pavilion halls (the fairgrounds two largest facilities), complete electrical upgrades for those same buildings and the new HVAC systems, refurbish and repair various kitchen and restroom facilities, construct an outdoor high-rise bleacher arena, and install new energy efficient lighting in Expo Hall. Because costs exceeded estimates for various aspects of the work, some of the projects that were included on the initial list of repairs and improvements were not completed with the funds that were allocated. The cost overruns hence triggered a second round of funding.

Roughly \$960,000 was subsequently allocated under a second round of repair and improvement funding in 2008. With that money, the FMC was directed to complete the relocation of CTRC's railroad equipment, refurbish fair family park, install new HVAC systems in Gateway and Fiesta halls, repair additional outdoor restroom and concession facilities, install new energy efficient lighting in Pavilion Hall, and complete gutter repairs on the fairgrounds' buildings. By the first quarter of 2009, the FMC had completed the relocation of CTRC's equipment. The FMC had additionally completed gutter repairs on all buildings that were scheduled for that work and refurbished the outlying concession buildings that service the new arena. However, the balance of the work that was scheduled for the second phase of repairs and improvements has not been completed.

With respect to the replacement of lighting in Pavilion Hall, the FMC continues to await feedback from PG&E on a grant application to offset the cost for this work through a "green" subsidy from the utility. Insofar as HVAC improvements to Gateway and Fiesta are concerned, the FMC has placed a hold on this work for various reasons (explained in

Gateway (both of which are rented for events on a relatively consistent basis) to complete HVAC improvements would further undermine the FMC's declining rental income by rendering at least one of the buildings unusable for lengthy periods.

With regard to the stored HVAC units, we should point out that they could be used to equip either Gateway or SATWAG with new HVAC systems. One of the two units also would be adequate to equip Fiesta. We emphasize, however, that unanticipated building modifications as well as funding requirements that were not anticipated when the original budgets were prepared would need to be addressed if a decision is at some point made by the County to proceed with HVAC improvements in one or more of the halls. At this point, the FMC cannot afford the loss of income to risk closing any facility for HVAC improvements. It also does not have staff available to management major public works projects on behalf of the County.

Please note that the SATWAG facility is identified as a potential future recipient of the stored HVAC units, as the FMC continues to be plagued by ongoing repair costs on the twenty year old units that service this building (a series of small rooftop units). Given the FMC's lack of operating funds to cover this work, it has been forced to redirect portions of the second round of capital improvement funding for unscheduled repairs to the HVAC systems in this building. Some of the second round funding also was spent to replace stolen copper pipes and electrical equipment on the grounds. In addition, the FMC has been forced to utilize part of the second round of funding that was set aside for repairs and improvements to resurface large portions of the asphalt areas on the grounds and comply with fire and life safety code requirements on the new outdoor arena. Virtually all of the asphalt paths and roadways at the fairgrounds are deteriorating rapidly – in fact collapsing in places – and all of the asphalt needs to be completely resurfaced. The FMC is gathering cost estimates for this purpose if the County wishes to proceed with the repairs.

At this point, the FMC has put a hold on all further work that was scheduled under the second phase of the improvement and repair process. As previously indicated, it has done so while retaining a \$507,000 reserve from the funding that was allocated by the County for second round improvements. Given the nonprofit's deteriorating operating budget, the FMC at this point is recommending that it forego closing any of its facilities for HVAC improvements and instead retain the balance of the reserve as a hedge against emergency repairs at the fairgrounds and to provide a potential source of relief in the event the non-profit's operating income continues to decline.

From the perspective of evaluating the current condition of the fairgrounds, we should point out that the improvements and repairs that were made over the past three years did positively affect the FMC's ability to rent Expo and Pavilion halls. Some of the prior repairs and improvements (e.g., roof, electrical, sanitary sewer and storm drain repairs) were absolutely essential if the fairgrounds was to remain open for business. The new outdoor arena also should prove to be a long-term asset, although its completion coincided with the economic downturn and a dramatic decline in the kind of booked entertainment that is suited to this facility. Despite the improvements that were made, it

relationship that recognizes the state's conveyance of the property for fairgrounds purposes and the partnering county's responsibility for managing the complex. Example: the Santa Clara County Fairgrounds is entirely owned by the County, whereas the San Mateo Event Center is a district agricultural fairgrounds that sits on property that was conveyed by the state and operated by the county. Both, however, are managed by nonprofit corporations.

In evaluating the future of our own fairgrounds and the FMC, it is important to bear in mind that few major fairgrounds in California have maintained some semblance of financial stability other than those with more modern exposition facilities and at least one if not more adjoining enterprises that generate net income to help subsidize the routine operation and maintenance of the complex. Annual fairs, once the mainstay of fairgrounds operations, are now predominantly losing attendance and not doing well financially. In fact, urban fairgrounds have increasingly become exposition and entertainment centers where private and community-based events are held and the annual fair is treated as an ancillary interim event during the summer or fall. Major county fairgrounds that are still thriving in California are commonly subsidized by horse or motorized racing facilities that are situated on the host fairgrounds. However, an isolated number of major fairgrounds also rely on enterprises other than racing establishments to support their fair and generate income that is needed to offset overhead costs, infrastructure maintenance and improvements, and less profitable community-based activities. The Orange County Fairgrounds, for example, lacks live racing and continues to endure a prolonged prohibition on the operation of an open-air amphitheater that was constructed to support its fair and fairgrounds. However, it has maintained profitability and sustained its annual eighteen day fair on the back of revenue it receives from a major swap meet that is operated by a private party under a long-term lease (a \$4 million plus source of annual income for the host fairgrounds). Fairplex in Los Angeles County also has multiple anchor enterprises that sustain the complex. Conversely, the San Mateo County Event Center now confronts a major financial challenge for its annual fair given its recent loss of subsidy money from the operation of Bay Meadows. It will be interesting to monitor how the loss of Bay Meadows income affects the San Mateo fair and its Expo Center over the next couple of years.

The point made in relation to the efficacy of managing a fairgrounds under a nonprofit corporate model is that an independent anchor enterprise is still needed to help finance the operation and maintenance of the complex to ensure its financial independence from the sponsoring county. As county finances have grown progressively worse, that same lack of independence has become increasingly problematic. The absence of an anchor enterprise to generate an independent source of revenue, and resistance over the past twelve years to downsizing the annual fair to reduce ongoing losses, has obviated the FMC's ability to maintain its intended independence. And while the current economic downturn has highlighted the fragile nature of the business model, the circumstances that have prevailed since the FMC was created to succeed the bankrupt Fair Association realistically rendered the nonprofit's struggle to ward off insolvency predictable rather than unexpected.

SANTA CLARA COUNTY FAIRGROUNDS MANAGEMENT CORP.

Comparison of Statement of Activity

1996-2009

2009 - Projected Through 12-31-09

	Statement of Activity - County Fair Only														Fourteen Year Total
	1996 (12 Days)	1997 (11 Days)	1998 (10 Days)	1999 (10 Days)	2000 (10 Days)	2001 (10 Days)	2002 (3 Days)	2003 (3 Days)	2004 (3 Days)	2005 (3 Days)	2006 (3 Days)	2007 (5 Days)	2008 (3 Days)	2009 (4 Days)	
Revenue	2,483,703	2,432,171	2,312,115	2,134,572	2,198,200	1,760,845	579,111	520,107	518,054	300,059	247,349	591,984	24,199	30,930	16,133,399
COGS	0	0	14,499	9,689	3,947	4,219	0	0	0	0	0	0	0	0	32,354
Direct Costs	1,422,022	1,295,926	1,143,149	1,001,848	1,015,262	1,004,865	464,350	272,432	340,307	234,431	239,417	455,093	77,481	92,006	9,058,590
Other Direct Costs	0	0	0	0	0	229,274	0	0	0	0	0	0	0	0	229,274
Marketing	1,032,413	881,395	1,073,436	750,771	898,615	884,497	267,585	275,655	256,053	90,261	114,400	456,811	2,073	5,361	6,989,325
Administration Costs	420,944	509,688	509,040	524,909	510,721	469,149	127,299	114,605	154,876	95,034	102,504	138,995	50,067	45,688	3,773,518
Profit/Loss Exclusive of County Subsidy	-391,676	-254,838	-428,009	-152,645	-230,345	-831,159	-280,123	-142,585	-233,181	-119,667	-208,971	-458,915	-105,422	-112,125	-3,949,662
County Subsidy	0	0	0	200,000	200,000	200,000	200,000	0	0	0	0	285,000	0	0	1,085,000
Profit/Loss	-391,676	-254,838	-428,009	47,355	-30,345	-631,159	-80,123	-142,585	-233,181	-119,667	-208,971	-173,915	-105,422	-112,125	-2,864,662

	Statement of Activity for Facility and Grounds Rental Only													Projected 2009	Fourteen Year Total
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008		
Revenue	1,429,407	1,449,456	2,632,812	3,013,258	2,887,833	2,537,096	2,329,418	2,095,032	2,081,762	2,045,103	1,747,707	1,456,579	1,560,806	1,314,117	28,580,388
COGS	0	0	315,933	367,672	370,561	299,913	231,642	235,442	235,066	216,911	10,045	0	0	-14,877	2,268,308
Direct Costs	781,110	809,030	1,414,699	1,543,847	1,700,441	1,526,381	1,278,676	1,136,889	1,186,115	1,204,770	992,343	1,007,187	1,037,072	1,092,126	16,710,685
Other Direct Costs	0	0	0	0	0	22,595	0	0	0	0	0	0	0	0	22,595
Marketing	28,976	8,127	2,240	21,521	11,512	10,716	5,664	1,734	2,946	2,638	8,675	9,012	44,595	20,077	178,433
Administration Costs	530,755	635,667	1,061,998	1,271,288	1,492,684	1,470,132	1,570,256	1,454,518	1,355,263	1,434,848	1,039,101	863,945	1,017,786	1,038,887	16,237,129
Profit/(Loss) Facility & Grnds Rental	88,566	-3,366	-162,058	-191,070	-687,365	-792,641	-756,820	-733,550	-697,629	-814,064	-302,458	-423,565	-538,647	-822,096	-6,836,762

	Statement of Activity for Satellite Wagering Only													Projected 2009	Fourteen Year Total	
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008			
Revenue:																
Admissions	469,471	423,889	423,734	412,463	378,998	320,822	297,066	508,060	476,063	430,453	424,185	410,745	409,788	369,600	5,755,337	
Commissions	847,418	862,683	930,086	1,137,676	1,198,789	1,219,025	1,130,987	1,073,846	1,043,536	1,046,046	1,011,385	1,018,531	869,770	962,460	14,352,238	
Other Revenue	830,482	979,361	779,307	893,614	767,045	1,013,257	871,776	724,502	758,862	836,237	742,059	818,986	714,486	403,291	11,133,265	
Total Revenue	2,147,371	2,265,933	2,133,127	2,443,753	2,344,832	2,553,104	2,299,829	2,306,408	2,278,461	2,312,736	2,177,629	2,248,262	1,994,044	1,735,351	31,240,640	
COGS	0	0	177,044	277,922	320,128	356,351	332,712	302,893	303,269	302,538	332,191	277,830	233,607	238,500	3,454,985	
Direct Costs																
Impact Fees	497,080	500,544	512,259	484,568	401,357	0	0	0	0	0	0	0	0	0	2,375,808	
County Fees	247,401	293,085	139,650	322,573	74,700	0	0	0	0	0	0	0	0	0	1,077,409	
Other Direct Costs	821,614	863,128	769,942	889,382	662,611	659,401	626,342	562,366	581,170	609,841	618,514	660,154	628,783	563,800	9,317,048	
Total Direct Costs	1,566,095	1,656,757	1,421,851	1,476,523	1,138,668	659,401	626,342	562,366	581,170	609,841	618,514	660,154	628,783	563,800	12,770,265	
Marketing	0	1,959	0	3,071	1,000	3,425	6,461	8,867	777	1,720	12,366	4,469	1,540	21,449	67,104	
Administrative Costs	333,875	314,132	394,582	363,665	354,128	427,042	443,114	414,607	455,674	477,594	487,371	523,441	454,003	372,702	5,815,930	
Profit/(loss)	247,401	293,085	139,650	322,572	530,908	1,106,885	891,200	1,017,675	937,571	921,043	727,187	782,368	676,111	538,900	9,132,556	

*Change in Catering Contract

** County fees and impact fees abolished

	Statement of Activity for Combined Divisions													Projected 2009	Fourteen Year Total
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008		
Combined	-55,709	34,881	-450,417	178,857	-186,802	-316,915	54,257	141,540	6,761	-12,688	215,758	184,888	32,042	-395,321	-568,868

Explaining Key Indicators

- Note that the top third section of the ensuing consolidated spreadsheet reflects net profits and losses for the combined Administration, Grounds Rental and SATWAG divisions of the FMC exclusive of the fair. The middle section of the same report reflects profits and losses for the fair only. The bottom section of the report tracks profits and losses for SATWAG only. The FMC has been profitable exclusive of losses on the fair.
- The FMC now has forty fewer positions on payroll than the Fair Association had in the early 1990s and roughly half of what the FMC had in the late 1990s. Eliminated positions have caused annual payroll expenses (salaries and wages) for the nonprofit to decline by roughly \$600,000 over the past decade. The nonprofit now has a minimal contingent to service the fairgrounds.
- The “marketing” line-item in the FMC’s general ledger includes expenses for a variety of purposes: e.g., for promoting SATWAG, which is funded by CARF revenue that is designated for that purpose; website redesign and updates; advertising and signage for specific events, and various miscellaneous expenses. Regarding advertising, the FMC occasionally buys discounted media access and signage for independently promoted events and bills for reimbursement through grounds rental license agreements with the same promoter.
- SATWAG attendance and income continues to decline on a state-wide basis. Problems in the industry have been heightened by the recession, but more lasting negative effects are attributable to a decline in the popularity of West Coast horseracing and the problems tracks have had in fielding full competitive races.
- Until 2001, the County kept roughly half of the fairgrounds share of quarterly net profits from SATWAG, which explains the sudden increase in revenue from this source. Impact fees, which had been historically charged by Bay Meadows and Golden Gate, also were waived shortly after the County granted the fairgrounds full access to SATWAG net profits.
- Problems and losses related to the Santa Clara County fair were assessed in an ERA study that was completed roughly eight years ago. The report concluded that a mix of inadequate facilities, intense competition for local entertainment dollars, and various demographics contributed to the fair’s poor performance.
- Subsidies from the County, including unpaid invoices from the Sheriff and Fire Marshal, are carried on the FMC’s books as an unfunded liability with a benevolent absence of demand for payment. Virtually all unpaid debt to the County is related to the fair.

SCCFMC
Budgeted Position Count - Oct. 2009

<u>Position</u>	<u>Division/Unit</u>	<u>FTE</u>	<u>Representation</u>
Executive Director	Admin	0.35	contract
General Manager	Admin	1.00	exempt
Exec. Sec./Exhibit Mgr.	Admin/Fair	1.00	exempt
Grnds Rental Mgr	Admin/Facilities	1.00	exempt
Grnds Rental Assistant	Admin/Facilities	1.00	exempt
CFO	Fiscal	1.00	exempt
Acct Clk	Fiscal	0.55	exempt
Internal Auditor	Fiscal	0.50	contract
Sr. Staff Accountant	Fiscal	1.00	exempt
Jr. Staff Accountant	Fiscal	1.00	exempt
Grnds Crew Supervisor	Grnds Rental	0.74	IBEW
Grnds Laborer	Grnds Rental	1.00	SEIU
Grnds Laborer	Grnds Rental	1.00	SEIU
Grnds Laborer	Grnds Rental	1.00	SEIU
Grnds Laborer	Grnds Rental	1.00	SEIU
Grnds Laborer	Grnds Rental	1.00	SEIU
Grnds Laborer	Grnds Rental	1.00	SEIU
Grnds Laborer	Grnds Rental	1.00	SEIU
Housekeeper	Grnds Rental	0.22	exempt
Housekeeper	Grnds Rental	0.21	exempt
Housekeeper	Grnds Rental	0.24	exempt
Housekeeper	Grnds Rental	0.20	exempt
PSP Liaison	Grnds Rental	0.25	exempt
Manager	SATWAG	1.00	exempt
Assist. Manager	SATWAG	1.00	exempt
Assist Manager	SATWAG	1.00	exempt
Admin. Sec.	SATWAG	1.00	exempt
Clerical Assist.	SATWAG	0.65	exempt
Admission Clerk	SATWAG	1.00	Teamsters
Admission Clerk	SATWAG	1.00	Teamsters
Janitor	SATWAG	1.00	SEIU
Janitor	SATWAG	1.00	SEIU
Janitor	SATWAG	1.00	SEIU
Janitor	SATWAG	1.00	SEIU
Total FTE Count		27.91	

NOTES:

(1) Enclosed is the list of positions that are funded out of the FMC budget. The FTE count is slightly higher than the 26 cited in the report, because it overlooked several contract part time positions, including temp-help housekeeping positions and that of the consulting Executive Director. The positions are generally tracked by division, which roughly coincides with profit (or loss) centers but not entirely. The Admin. Division (which includes fiscal) houses all top management positions with the exception of SATWAG; FMC doesn't attempt to charge admin time off to any specific task or function. Labor costs for the Fair are posted against the event budget, but the positions themselves are housed in the Grounds Rental Division; i.e., for budgeting and cost accounting purposes, the Fair is treated like any other interim event except that it (the Fair) never makes any money.

(2) FMC has half the staff today that it had ten years ago and no COLAs have been granted to any collective bargaining unit that is represented at the fairgrounds since 2000. The lower staffing level has given rise to the need to pay overtime to cover some weekend events. Having said that, FMC is awaiting more definitive info on what a reduced telecast schedule will do to the SATWAG operation (something that may happen throughout the State), in which case FMC would make further reductions in that division.

SCC FMC

Santa Clara County Fairgrounds Management Corp.



BOOKING AND RENTAL GUIDE

for your event planning needs

anniversaries
banquets
car shows
company picnics
concerts
festivals
fundraisers
meetings
quinceañeras
science fairs
seminars
special events
weddings

344 Tully Road • San Jose, California 95111 • phone: 408.494.3165 • www.thefair.org

Any promoters, organizations or individuals interested in promoting a social event, for profit gain, such as a dance, concert, car show, etc. that includes featured entertainment MUST first submit an Event Booking Application, with two references to be reviewed by the Special Events Department. Appointments are made upon acceptance of application.

Appointments

Appointments are scheduled from 8:30 a.m. to 3:00 p.m. on Tuesdays, Wednesdays and Thursdays only. Event final closing appointments with promoters are reserved for Fridays. Please call if you are running late or need to reschedule.

Before coming to your appointment, be prepared to discuss:

- Type of Event
- Catering Needs
- Date(s) of Event
- Expected Attendance
- Facility/Area of Interest

Appointments consist of:

- Confirming availability for the date and facility or area
- Listing requirements for your event, including catering
- Preparing a preliminary cost estimate on event
- Determining deposit amount and signing reservation form

Requirements

CATERING/CONCESSION

Ovations is the SCCFMC on-site caterer. All events requiring food/beverages of any sort must contract with the on-site caterer. Alcoholic beverages must be supplied by Ovations. Ovations can be contacted at 408.494.3155 or 408.494.3799.

RESERVATIONS/DEPOSITS

To secure a reservation you MUST fill-out and sign a reservation form and submit the required deposit amount given on your cost estimate at your appointment. ALL Deposits are NON-REFUNDABLE.

SECURITY

A background security check on all Promoters is required by the SCC Sheriff's Department prior to securing a reservation. The level of security for each event is determined by the Sheriff's Department and the SCCFMC Security Supervisor. All clients are responsible for securing licensed security guards and/or deputy sheriff's and all financial obligations relating to security with the security company. SCCFMC DOES NOT provide security.

INSURANCE

All events require a certificate of insurance coverage, including move-in, set-up and move-out days. Policy number and dates must be valid. Promoters can purchase insurance through California Fair Services Authority (CFSA) upon securing a reservation.

PERMIT(S)

An application must be submitted to the SCC Fire Marshal and a standard inspection fee is charged to each event. Large events that require additional inspection or application fees must be made directly to the office of the SCC Fire Marshal. All vendors must have valid selling and health permits required by the Board of Equalization and SCC Health Department.

SET-UP

A detailed layout of the event set-up or any additional requirements must be submitted and agreed upon by all parties no later than 10 days prior to your event. Additional fees may apply for changes to set-up and/or late submissions. All clients are required to check-in with the Coordinator on their set-up day no later than 2:00pm. All promoters must have signed a contract, submitted all required documents, and paid off total balance on event before obtaining any keys to the area of rental.

COURTESY HOLD

As a courtesy a representative may put a hold on one date and facility without a deposit and reservation form for seven (7) working days only. This is not a solid reservation and it is the responsibility of the client to return a signed reservation form with the full deposit required. Available dates will become subject to rebooking after seven (7) working days without further notice to the client.

Rental Rates

Halls

Rental fees are weekend rates only. Prices include basic cleaning and gateman charges only. Equipment, Kitchen, Security, and Parking are not included. NO cooking is allowed on premises. Concession and alcohol sales are strictly prohibited without consent of contracted services.

Location	Size & Features	Ceiling Height	Assembly	Dining	Cost per Day (First/Additional)	Restroom	Parking Passes
Exposition Hall	45,00 sq. ft. Patio: 470 sq.ft	29'6"5"	4850	3000	\$3200 / 2900	Inside	45
Pavilion Hall	33,042 sq. ft. Roll-Up Door: 12' x 14' 60' x 80' dance floor Patio: 1000 sq. ft.	18"	3000	2200	\$2300 / 2100	Inside	35
Gateway Hall	20,000 sq. ft. Roll-Up Door: 12' x 11' Box-Office Ticket Window	12'	2100	1258	\$1600 / \$1500	Inside	25
Fiesta Hall	10,000 sq. ft. Roll-up Door: 12' x 14'	18'	1000	424	\$1300 / \$1200	Inside	20
Cafeteria	2700 sq. ft. Patio: 470 sq. ft.	9'6"5"	150	100	\$600 / \$500	Inside	15
Town Hall	2700 sq. ft. Patio: 470 sq. ft.	11'	150	100	\$500 / \$400	Outside	15

Additional Areas

Prices for these areas reflect rate sfor one-day and for the area only. Additional charges may apply for labor, parking, gateman, equipment, and clean-up.

Areas	1 Day Rate
Main Grounds	\$1735
Garden Area	\$800
Promenade Lawn + Infield	\$1200
Promenade Infield	\$400
Promenade Lawn	\$800
McKinnon Esplanade	\$405
Expo Lawn (w/ Variety Square)	\$490
Pavilion Lawn (2 Front)	\$405
Admin. Patio and Lawn	\$300
Rodeo Arena	\$580
Amphitheatre	\$
Open Areas	
Lot A	\$2000
Lot A (1/2 Lot)	\$1000
Lot B 4	\$520
Lot B 7	\$430
Lot B 9	\$580
Lot D 1	\$540
Lot D 2	\$610
Lot F (East or West)	\$720 each side

Supplementary

SCCFMC Security

Overtime for Grounds Security will be charged to all events exceeding midnight to secure premises. Security overtime starts at midnight and patrols the Fairgrounds only. SCCFMC security cannot be hired for any event.

Grounds Security (overtime) \$45.00 per hour

Event Advertising

All advertising materials must be pre-approved and subject to be placed by our staff on Fairgrounds property. Events will be charged for broadcasting live or reproduced on Fairgrounds premises.

Live Broadcast \$250.00 per day
Readerboard \$45.00 per wk/line

Utility

Utility Surcharge 1% of base rental

Other

Grounds/Infield is rentable only for exclusive projects, i.e., video, filming or testing at \$550.00/day.

CATERING & CONCESSION

 **Ovations** 344 Tully Road • San Jose, CA 95111 • 408.494.3155 or 408.494.3799
Catering to the Highest Acclaim

The SCCFMC has contracted Ovations to be the exclusive catering service provider for all events held on the premises of the SCC Fairgrounds. It is required that all arrangements for food and beverage service must be made between Ovations and the Promoter. Please call for rates or pick up a brochure at the Ovations office.

CATERING/CONCESSION POLICIES

- No outside caterers are allowed to provide any food and/or beverage services at the Fairgrounds.
- No outside food or beverages including alcohol may be brought onto the Fairgrounds premises without express consent of SCCFMC.
- Ovations solely provides all alcohol sales, supplies and services.
- Dispensing of any alcohol beverage to anyone under the age of twenty-one (21) is prohibited and is a violation of the California State Law.
- If concession operation is requested and sales do not exceed a minimum of \$500.00 per meal period (4-hours) a minimum labor charge of \$275.00 per meal period will apply, plus applicable sales tax based on staffing requirements.
- For large festivals or events with more than 2500 in attendance, Ovations will occasionally subcontract with licensed concessionaires to provide additional food or beverage services. For the rights to operate food and beverage concessions at the Fairgrounds, Ovations will negotiate a flat fee or percentage of net sales and enter a subcontract agreement with the concessionaire. Subcontractor must have copies of necessary health permits for Ovations files. A copy of insurance must also be on file with Ovations 96 business hours before an event naming Ovations and the SCCFMC as additional insured.
- Ovations will have final approval on all menu items
- The SCCFMC and Ovations honor only Pepsi and Pepsi products to be sold.
- Any violation of these policies may result in immediate forfeiture of all funds paid and due to all related departments and may lead to criminal prosecution in regard to alcohol violation.

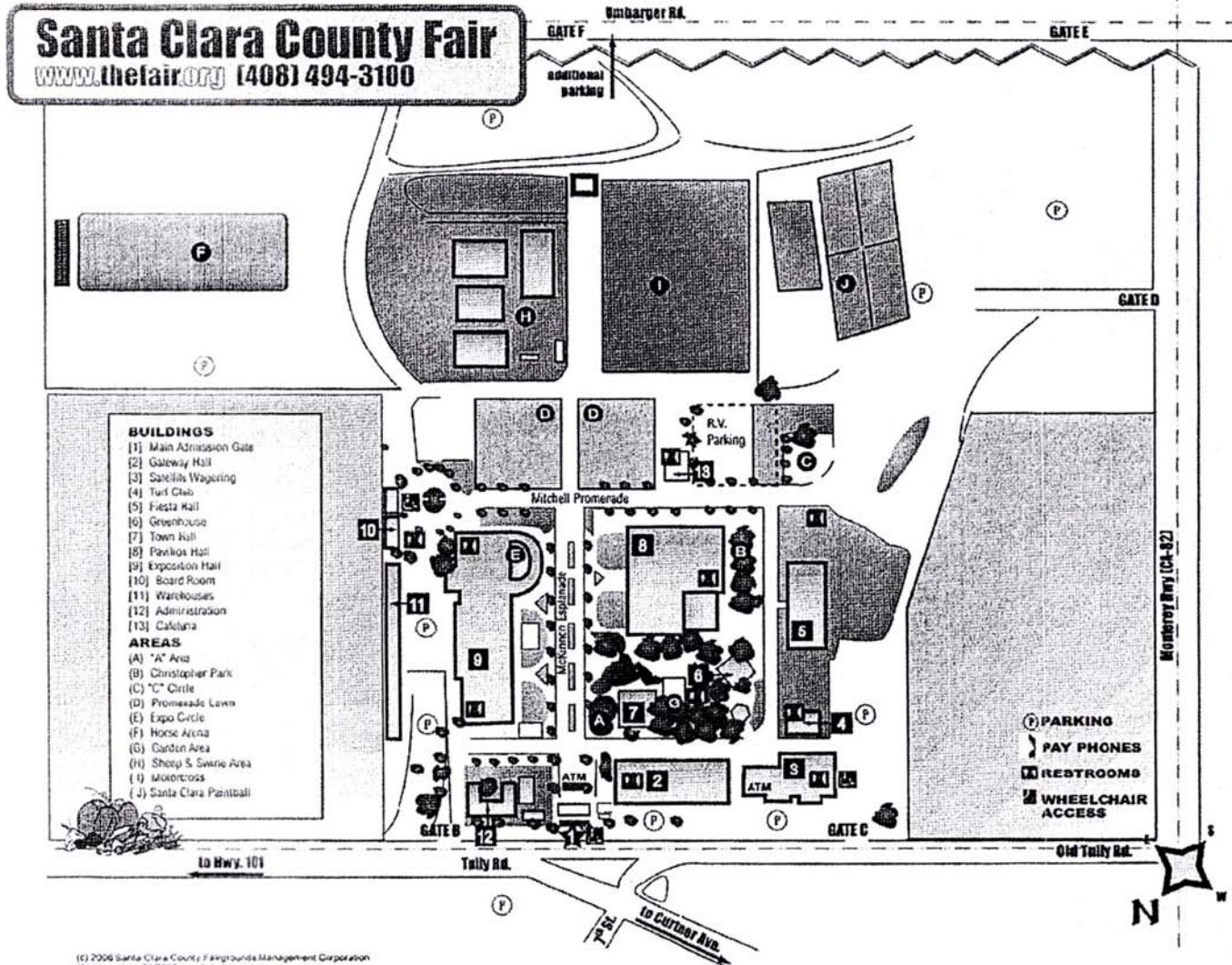
Concert Proposal

Promoters wishing to hold dances or concerts to gain profit must submit a proposal of intent. The proposal will be reviewed and you will be notified by mail or telephone call within 30 days. The proposal must be typed, in the form of a letter and include the following information.

1. Name of promoter, organization or person organizing the event
2. Name of event
3. Date and time of event. Please list two (2) or more proposed dates for your event. This proposal does not ensure you a reservation for any dates listed.
4. Purpose or type of event
5. Type of music that will be played
6. DJ or live performance? Please include background description for the DJ or performer.
7. Will admission be charged? If so, how much?
8. What age group are you targeting?
9. What is the expected attendance?
10. Do you plan to have vendors selling novelty items or merchandise?
11. How do you plan to advertise for your event?
12. List three (3) references, preferably other venues where you have held previous events.

Please include your name, organization name, contact numbers (phone and/or fax), and any additional information that is relevant to your event.

Submit your proposal to:
Interim Department ATTN: Robert Bobbit
Santa Clara County Fairgrounds Management Corporation
344 Tully Road • San Jose, CA 95111



(C) 2006 Santa Clara County Fairgrounds Management Corporation
 Map based on 08/2005 aerial photograph

SANTA CLARA COUNTY FAIRGROUNDS MANAGEMENT CORP
STATEMENT OF OPERATIONS FOR THE GROUND RENTAL DIVISION
SUMMARIZED BY JOB CODE
FOR JANUARY - AUGUST, 2009

Event	Date of Event	Location	Contract Number	Rental Revenue	Parking Revenue	Other Revenue	Total Revenue	Direct Cost	Marketing Cost	Administrative Cost	Profit (Loss)	Future Events 2009 / 2010
NEXTEL	monthly lease		638	12,220.78	0.00	0.00	12,220.78	0.00	0.00	0.00	12,220.78	
CELLULAR ONE	monthly lease		645	11,629.44	0.00	0.00	11,629.44	0.00	0.00	0.00	11,629.44	
DEPT. OF AGRICULTURE	monthly rental		712	20,000.00	0.00	5,242.48	25,242.48	1,156.68	0.00	587.25	23,498.55	
SC MOTORCROSS-2009	monthly rental	Infield	726	25,652.00	0.00	2,825.13	28,477.13	(1,901.96)	0.00	1,171.50	29,207.59	
TOWN & COUNTRY DOG TRAINING	monthly rental	Pavilion / Gateway	731	4,284.00	0.00	0.00	4,284.00	117.98	0.00	100.21	4,065.81	
TOWN & COUNTRY STG	monthly rental	Patio	732	432.00	0.00	0.00	432.00	0.00	0.00	100.21	331.79	
SC DOG TRAINING-2009	monthly rental	Pavilion / Gateway	729	2,750.00	0.00	0.00	2,750.00	141.48	0.00	28.29	2,580.23	
SC DOG STG-2009	monthly rental	Patio	730	288.00	0.00	0.00	288.00	0.00	0.00	28.29	259.71	
SC PAINTBALL -2009	monthly rental	Infield	727	47,000.00	0.00	1,138.50	48,138.50	4,170.05	0.00	602.80	43,365.65	
MACALL QUINCEANERA	July 18, 2009	Fiesta Hall	701	1,949.50	208.00	130.00	2,287.50	447.45	0.00	520.14	1,319.91	
BARRAZA QUINCEANERA	July 25, 2009	Fiesta Hall	705	2,085.25	1,466.00	130.00	3,681.25	974.10	0.00	482.13	2,225.02	
AGUILAR QUINCEANERA	Sept. 19, 2009	Fiesta Hall	709	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	*
RENOVACION CARISMATICA	Sept. 25-27, 2009	Pav / Caf6	710	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	*
GOMEZ QUINCEANERA	June 6, 2009	Fiesta Hall	713	0.00	0.00	650.00	650.00	0.00	0.00	0.00	650.00	
SC DOG TRAILS	Jan. 17-18, 2009	Pavilion	714	3,683.50	2,590.00	130.00	6,403.50	1,544.16	0.00	619.90	4,239.44	
MORALES QUINCEANERA	Mar. 21, 2009	Gateway Hall	717	2,354.50	632.00	130.50	3,117.00	999.29	0.00	400.31	1,717.40	
ARIA QUINCEANERA	Jan. 10, 2009	Fiesta Hall	720	0.00	0.00	420.00	420.00	0.00	0.00	95.18	324.82	
ORNELAS QUINCEANERA	Jan. 3, 2009	Fiesta Hall	722	2,048.00	1,273.00	130.00	3,451.00	535.65	0.00	157.27	2,758.08	
CANDELARIA QUINCEANERA	July 25, 2009	Gateway Hall	723	2,672.50	1,855.00	130.00	4,657.50	840.70	0.00	388.04	3,428.76	
TAILS AND NO TAILS CAT SHOW	Jan. 3-4, 2009	Gateway Hall	724	4,418.75	5,090.00	1,045.00	10,553.75	1,910.99	0.00	344.35	8,298.41	
GALLEGOS QUINCEANERA	June 20, 2009	Fiesta Hall	725	2,118.50	1,333.00	130.00	3,581.50	792.29	0.00	185.14	2,604.07	
SCV AND ASSOCIATES	2009	Expo Office	728	1,800.00	0.00	105.00	1,905.00	0.00	0.00	100.21	1,804.79	
ROMERO STORAGE	2009	Infield	733	300.00	0.00	0.00	300.00	0.00	0.00	126.68	173.32	
SYNOPSIS FOUND. SCIENCE FAIR	Feb. 28, 2009	Expo Hall	734	4,170.00	2,196.00	405.00	6,771.00	1,024.03	0.00	1,121.18	4,625.79	
HOME AND GARDEN SHOW	Feb. 6-8, 2009	Expo / Pav / Grnds	735	18,860.00	11,000.00	7,321.48	37,181.48	6,741.58	0.00	1,473.30	28,966.60	
HOME AND GARDEN SHOW	APRIL 3-5, 2009	Expo / Pav / Grnds	736	18,405.00	11,000.00	5,372.75	34,777.75	5,403.03	0.00	1,225.83	28,148.89	
HOME AND GARDEN SHOW	AUGUST 28 -30, 2009	Expo / Pav / Grnds	737	22,792.50	11,000.00	0.00	33,792.50	6,120.02	0.00	1,422.72	26,249.76	
CROSSROADS DOLL SHOW	Feb. 21, 2009	Gateway Hall	739	2,324.75	1,340.00	620.00	4,284.75	1,500.85	0.00	724.01	2,059.89	
SAN JOSE TOY SHOW	Mar. 14, 2009	Pavilion	741	3,764.25	3,542.00	760.00	8,066.25	2,075.55	0.00	309.52	5,681.18	
UNION HOLIDAY PARTY	Dec. 21, 2008	Pavilion	742	0.00	0.00	0.00	0.00	316.61	0.00	7.60	(324.21)	
MAGANA QUINCEANERA	Sept. 5, 2009	Fiesta Hall	743	0.00	0.00	0.00	0.00	0.00	0.00	74.33	(74.33)	*
SJ CONSERVATIVES CORPS	Dec. 19, 2008	Fiesta Hall	745	0.00	0.00	0.00	0.00	18.51	0.00	13.61	(32.12)	
SPA EXPO	Mar. 6-8, 2009	Gateway Hall	746	4,525.00	474.00	700.00	5,699.00	1,813.18	0.00	502.96	3,382.86	
SPA EXPO	JULY 17-19, 2009	Pavilion	747	0.00	0.00	70.00	70.00	0.00	0.00	0.00	70.00	
TORRES QUINCEANERA	Jun. 13, 2009	Fiesta Hall	748	2,261.50	1,056.00	130.00	3,447.50	802.75	0.00	334.19	2,310.56	
BUILDING STORAGE	Jan.1-Dec. 31, 2009	Lot B-3	751	4,000.00	0.00	0.00	4,000.00	127.00	0.00	100.21	3,772.79	
LUGO QUINCEANERA	May 30, 2009	Fiesta Hall	752	2,239.00	1,608.00	130.00	3,977.00	1,257.73	0.00	464.47	2,254.80	
SJ BIRD MART	Jan. 25, 2009	GATEWAY HALL	753	1,850.00	1,529.00	620.00	3,999.00	638.26	0.00	165.73	3,195.01	
QUINCEANERA EXPO	Apr. 26, 2009	PAVILION	754	3,599.00	2,636.00	705.00	6,940.00	1,958.55	0.00	1,583.32	3,398.13	
MORA QUINCEANERA	May 16, 2009	Fiesta Hall	755	2,196.25	838.00	130.00	3,164.25	1,021.00	0.00	389.29	1,753.96	
UNZUETA WEDDING RECEPTION	May 9, 2009	Fiesta Hall	757	2,174.00	1,042.00	176.00	3,392.00	1,101.02	0.00	334.05	1,956.93	
CASTILLO QUINCEANERA	Jun. 6, 2009	Pavilion	758	3,068.50	1,242.00	175.00	4,485.50	2,096.78	0.00	761.32	1,627.40	
TS TRADE SHOW	Jan. 10-11, 2009	Gateway Hall	759	4,871.25	3,932.00	1,000.00	9,803.25	2,029.76	0.00	643.18	7,130.31	
TS TRADE SHOW	Mar. 14-15, 2009	Gateway Hall	761	4,871.25	2,399.00	1,000.00	8,270.25	2,843.82	0.00	385.70	5,040.73	
TS TRADE SHOW	JUNE 20-21, 2009	PAVILION	762	6,732.50	4,759.00	1,260.00	12,751.50	2,504.70	0.00	563.07	9,683.73	
TS TRADE SHOW	JULY 25-26, 2009	PAVILION	763	6,341.50	5,033.00	1,260.00	12,634.50	2,480.67	0.00	487.07	9,666.76	

SANTA CLARA COUNTY FAIRGROUNDS MANAGEMENT CORP
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 SUMMARIZED BY JOB CODE
 FOR JANUARY - AUGUST , 2009

Event	Date of Event	Location	Contract Number	Rental Revenue	Parking Revenue	Other Revenue	Total Revenue	Direct Cost	Marketing Cost	Administrative Cost	Profit (Loss)	Future Events 2009 / 2010
HUERTA QUINCEANERA	Feb 3, 2010	Fiesta Hall	825	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	*
MARQUEZ BROTHERS	Aug 9, 2009	Expo Hall	826	9,098.00	3,296.00	4,036.00	16,430.00	2,911.32	0.00	2,166.14	11,332.54	*
CUEVAS WED RECEPT	July 17, 2010	Fiesta Hall	827	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	*
MARQUEZ BROTHERS	Sept 6, 2009	Arena	828	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	*
SOUTH BAY ISLAMIC	Sept 18 or 20, 2009	Expo Hall	829	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	*
ORTEGA QUINCEANERA	May 29, 2010	Fiesta Hall	832	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	*
ALCARAZ BIRTHDAY PARTY	Sept 26, 2009	Fiesta Hall	833	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	*
HOT SAN JOSE NIGHTS	July 8-11, 2010	Buildings / Grnds	835	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	*
SC MOTORCROSS-2008	2009	Infield	855	0.00	0.00	2,865.03	2,865.03	9.94	0.00	1,179.80	1,675.29	
SC PAINTBALL -2008	2009	Infield	896	0.00	0.00	2,475.00	2,475.00	29.65	0.00	0.00	2,445.35	
SPECIAL OLYMPICS	Jan. 10-11, 2009	Expo Hall	956	5,580.00	983.00	292.00	6,855.00	2,067.33	0.00	837.21	3,950.46	
PRO SHORT TRACK RACING	MARCH 26-28, 2009	Expo Hall	969	13,398.00	5,553.00	8,312.00	27,263.00	8,961.09	0.00	1,561.02	16,740.89	
SJ STAMP SHOW	Jan 30-31 Feb 1 2009	Gateway Hall	970	6,166.25	1,215.00	621.50	8,002.75	2,183.24	0.00	728.24	5,091.27	
SCV KENNEL CLUB	Feb. 13-16, 2009	All buildings / Grnds	971	24,657.50	17,865.00	555.00	43,077.50	7,199.38	0.00	1,537.40	34,340.74	
MONZO QUINCEANERA	May 23, 2009	Fiesta Hall	973	2,084.50	686.00	295.00	3,065.50	1,006.69	0.00	242.55	1,816.26	
VAISAKHI MELA	May 10, 2010	Expo Hall	974	9,311.50	2,000.00	2,465.00	13,776.50	3,016.76	0.00	1,281.76	9,477.98	
ORTIZ QUINCEANERA	Mar. 21, 2009	Fiesta Hall	977	2,152.00	632.00	130.00	2,914.00	1,140.29	0.00	425.18	1,348.53	
NORCAL VOLLEYBALL	Jan 15 - Feb 2, 2009	Expo Hall	980	19,410.00	13,344.00	175.00	32,929.00	4,907.99	0.00	1,322.80	26,698.21	
SCV GEM AND MINERAL SHOW	APRIL 17-18-19, 2009	Expo / Pav / Grnds	983	21,518.25	12,553.00	2,891.50	36,962.75	5,659.25	0.00	2,110.32	29,193.18	
BSA OWNERS CLUB	Mar. 28, 2009	Pavilion	991	2,835.00	1,800.00	825.00	5,460.00	844.10	0.00	486.98	4,128.92	
SJ COIN SHOW	Jan 23-25, 2009	Pavilion	992	9,511.25	5,132.00	500.00	15,143.25	3,404.43	0.00	645.24	11,093.58	
JR LEAGUE OF SAN JOSE	Mar. 13-14, 2009	Expo Hall	996	8,991.50	6,534.00	2,150.44	17,675.94	2,664.48	0.00	1,688.44	13,323.02	
											<u>576,675.40</u>	

SANTA CLARA COUNTY FAIRGROUNDS MANAGEMENT CORP
STATEMENT OF OPERATIONS FOR THE GROUND RENTAL DIVISION
SUMMARIZED BY JOB CODE
FOR JANUARY - DECEMBER, 2008

Event	Location	Date of Event	Contract Number	Rental Revenue	Parking Revenue	Other Revenue	Total Revenue	Direct Cost	Marketing Cost	Administrative Cost	Profit (Loss)	2009 Event
NEXTEL		monthly lease	638	17,715.50	0.00	0.00	17,715.50	0.00	0.00	0.00	17,715.50	
CELLULAR ONE		monthly lease	645	17,444.16	0.00	0.00	17,444.16	0.00	0.00	0.00	17,444.16	
DEPT. OF AGRICULTURE		monthly rental	712	30,000.00	0.00	0.00	30,000.00	(6,310.90)	0.00	2,062.95	34,247.95	
SC MOTORCROSS-2008	Infield	monthly rental	895	34,572.00	0.00	0.00	34,572.00	5,486.28	0.00	4,990.73	24,094.99	
TOWN & COUNTRY DOG TRAINING	Pavilion / Gateway	monthly rental	900	5,967.00	0.00	0.00	5,967.00	1,229.91	0.00	145.70	4,591.39	
TOWN & COUNTRY STG	Patio	monthly rental	901	576.00	0.00	0.00	576.00	0.00	0.00	146.41	429.59	
SC DOG TRAINING-2008	Pavilion / Gateway	monthly rental	898	4,730.00	0.00	0.00	4,730.00	969.29	0.00	39.71	3,721.00	
SC DOG STG-2008	Patio	monthly rental	899	576.00	0.00	0.00	576.00	0.00	0.00	39.71	536.29	
SC PAINTBALL -2008	Infield	monthly rental	896	70,000.00	2,250.00	35.00	72,285.00	13,055.49	0.00	4,968.98	54,220.53	
CAMACHO QUINCEANERA	Fiesta Hall	Nov. 22, 2008	702	2,069.50	600.00	130.00	2,799.50	1,023.59	0.00	364.23	1,411.68	
GEM BEAD JEWELRY	Expo Hall	Nov 7-9, 2008	703	0.00	0.00	2,000.00	2,000.00	0.00	0.00	82.39	1,917.61	
SC CATTLEMEN'S BANQUET	Pavilion	SEPT. 6, 2008	704	1.00	0.00	346.00	347.00	993.42	0.00	275.85	(922.27)	
MENDOZA WEDDING	Fiesta Hall	Nov. 29, 2008	706	2,122.00	1,082.00	175.00	3,379.00	700.17	0.00	124.54	2,554.29	
SPA EXPO	Gateway Hall	Aug. 9-10, 2008	707	1,600.00	2,500.00	665.00	4,765.00	1,256.93	0.00	588.32	2,919.75	
SALVATION ARMY	Gateway Hall	Dec. 1-28, 2008	708	6,643.20	0.00	1,297.20	7,940.40	1,045.62	0.00	451.69	6,443.09	
GREAT TRAIN EXPO	Expo Hall	Sep. 9-10, 2008	711	4,170.00	7,372.84	1,310.00	12,852.84	1,068.49	0.00	480.64	11,303.71	
GOMEZ QUINCEANERA	Fiesta Hall	Jun. 6, 2009	713	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	*
SC DOG TRAILS	Pavilion	Jan. 17-18, 2009	714	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	*
FRIENDS OTUSIDE	Fiesta Hall	Dec. 12-14, 2008	715	660.00	0.00	130.00	790.00	163.96	0.00	676.74	(50.70)	
SO. BAY ISLAMIC ASSO	Expo Hall	Oct. 1-3, 2008	716	5,059.00	1,500.00	2,062.25	8,621.25	1,647.33	0.00	787.48	6,186.44	
HEREDIA QUINCEANERA	Pavilion	Nov. 8, 2008	719	3,734.25	1,032.00	130.00	4,896.25	1,584.44	0.00	497.18	2,814.63	
ARIA QUINCEANERA	Fiesta Hall	Jan. 10, 2009	720	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	*
RACE CAR SWAP MEET	Lot A	Dec. 6, 2008	721	937.00	0.00	548.00	1,485.00	200.91	0.00	618.14	665.95	
ORNELAS QUINCEANERA	Fiesta Hall	Jan. 3, 2009	722	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	*
GALLEGOS QUINCEANERA	Gateway Hall	Jun. 20, 2009	725	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	*
SC PAINTBALL	Infield	2009	727	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	*
SCV AND ASSOCIATES	Expo Office	2009	728	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	*
ROMERO STORAGE	Infield	2009	733	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	*
HOME AND GARDEN SHOW	Expo / Pav / Grnds	Feb. 6-8, 2009	735	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	*
MARTELLA AUCTION	Lot F	Oct 13-Nov. 21, 2008	738	10,218.00	324.00	3,463.85	14,005.85	5,639.15	0.00	287.45	8,079.25	
SANCHEZ QUINCEANERA	Fiesta Hall	Dec. 13, 2008	740	3,444.00	590.00	130.00	4,164.00	1,081.75	0.00	628.31	2,453.94	
SAN JOSE TOY SHOW	Pavilion	Mar. 14, 2009	741	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	*
UNION HOLIDAY PARTY	Pavilion	Dec. 21, 2008	742	1.00	0.00	130.00	131.00	383.29	0.00	110.45	(362.74)	
MAGANA QUINCEANERA	Fiesta Hall	Sep. 9, 2009	743	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	*
MUJICA B-DAY APRTY	Town Hall	Nov. 15, 2008	744	605.00	324.00	130.00	1,059.00	283.69	0.00	253.52	521.79	
SJ CONSERVATIVES CORPS	Fiesta Hall	Dec. 19, 2008	745	1,695.00	0.00	130.00	1,825.00	395.82	0.00	262.57	1,166.61	
SPA EXPO	Gateway Hall	MARCH 6-8, 2009	746	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	*
SO. BAY ISLAMIC ASSO.	Expo Hall	Dec. 7-9, 2008	749	4,759.00	1,500.00	2,487.25	8,746.25	1,734.95	0.00	733.25	6,278.05	
BUILDING STORAGE	Lot B3	Jan.1-Dec. 31, 2009	751	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	*
QUINCEANERA EXPO	Pavilion	Apr. 26, 2009	754	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	*
MORA QUINCEANERA	Fiesta Hall	May 16, 2009	755	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	*
UNZUETA WEDDING RECEPTION	Fiesta Hall	May 9, 2009	757	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	*
TS TRADE SHOW	Gateway Hall	Jan. 10-11, 2009	759	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	*
TS TRADE SHOW	Gateway Hall	Mar. 14-15, 2009	761	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	*
TS TRADE SHOW	Pavilion	June 20-21, 2009	762	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	*
TS TRADE SHOW	Pavilion	July 25-26, 2009	763	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	*
TS TRADE SHOW	Pavilion	Sept. 19-20, 2009	764	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	*
TS TRADE SHOW	Pavilion	Nov. 28-29, 2009	765	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	*
SJ CONSERVATION CORPS	Fiesta Hall	Jan. 16, 2009	768	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	*
HERNANDEZ QUINCEANERA	Fiesta Hall	December 19, 2009	769	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	*
CROSSROADS DOLL SHOW	Pavilion	June 13, 2009	770	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	*

SANTA CLARA COUNTY FAIRGROUNDS MANAGEMENT CORP
STATEMENT OF OPERATIONS FOR THE GROUND RENTAL DIVISION
SUMMARIZED BY JOB CODE
FOR JANUARY - DECEMBER, 2008

Event	Location	Date of Event	Contract Number	Rental Revenue	Parking Revenue	Other Revenue	Total Revenue	Direct Cost	Marketing Cost	Administrative Cost	Profit (Loss)	2009 Event
GOMEZ WEDDING	Pavilion	August 16, 2008	922	3,449.00	1,486.00	130.00	5,065.00	1,803.63	0.00	388.04	2,873.33	
GUTIERREZ WEDDING	Fiesta Hall	September 20, 2008	924	2,326.00	1,099.00	130.00	3,555.00	1,348.45	0.00	362.14	1,844.41	
NAVARRO QUINCEANERA	Fiesta Hall	July 5, 2008	925	2,187.00	1,518.00	175.00	3,880.00	821.53	0.00	380.33	2,678.14	
SCV CAT FANCIER	Pavilion	Nov. 1-2, 2008	926	4,057.50	1,785.00	904.00	6,746.50	2,144.28	0.00	482.49	4,119.73	
NAVARRO WEDDING	Fiesta Hall	Sept. 27, 2008	927	2,155.50	921.99	130.00	3,207.49	934.85	0.00	207.37	2,065.27	
SJ BIRD MART	Gateway	Jan 27, 2008	928	2,155.25	1,757.00	600.00	4,512.25	1,185.51	0.00	211.31	3,115.43	
SJ SUPER TOY SHOW	Pavilion / Fiesta	Mar 8, 2008	929	3,495.00	4,000.00	720.00	8,216.00	1,141.12	0.00	386.52	6,688.36	
SJ SUPER TOY SHOW	Expo Hall	September 6, 2008	930	3,518.50	4,495.00	720.00	8,733.50	1,513.94	0.00	596.43	6,623.13	
SJ SUPER TOY SHOW	Expo Hall	Dec. 6, 2008	931	3,631.00	5,490.00	720.00	9,841.00	1,409.76	0.00	499.19	7,932.05	
TS TRADE SHOW	Gateway Hall	Jan 26-27, 2008	932	4,871.25	0.00	960.00	5,831.25	1,427.41	0.00	915.39	3,488.45	
JC'S RVS	Lot A	Feb 15-24, 2008	934	6,962.00	0.00	1,350.00	8,312.00	622.03	0.00	262.23	7,427.74	
POWER RAMA	Fiesta Hall	Feb 27-29, 2008	935	3,991.25	0.00	523.00	4,514.25	347.80	0.00	260.21	3,906.24	
ALVAREZ AND GARNER	Expo Hall	Feb. 9, 2008	936	6,743.50	5,946.00	3,195.00	15,884.50	4,364.03	0.00	691.94	10,828.53	
SPA EXPO	Gateway Hall	Feb 22-24, 2008	938	5,825.00	4,698.00	700.00	11,223.00	3,002.11	0.00	670.37	7,550.52	
SPA EXPO	Gateway Hall	Jul. 11-13, 2008	939	5,925.00	3,737.25	1,198.40	10,860.65	2,284.02	0.00	996.63	7,580.00	
REVELERS CAT CLUB	Pavilion	MARCH 15-16, 2008	940	5,252.50	4,400.00	1,102.00	10,754.50	1,841.88	0.00	575.41	8,337.21	
JC'S RVS	Lot A	Jul 18-27, 2008	941	6,962.00	0.00	1,350.00	8,312.00	197.70	0.00	137.19	7,977.11	
JC'S RVS	Lot A	Sep. 12-21, 2008	942	6,962.00	0.00	1,350.00	8,312.00	351.12	0.00	331.27	7,629.61	
TS TRADE SHOW	Gateway Hall	Apr 19-20, 2008	944	4,671.25	8,428.00	960.00	14,059.25	2,922.22	0.00	850.91	10,286.12	
NORCAL VOLLEYBALL	Expo Hall	Mar 15-16, 2008	945	7,505.00	4,898.00	375.00	12,778.00	2,623.87	0.00	476.90	9,677.23	
GIANT CREATIVE SVC. STORAGE	Lot B-3	Jan. 14 to Nov. 1, 2008	946	4,200.00	0.00	0.00	4,200.00	0.00	0.00	92.72	4,107.28	
SALDIVAR QUINCEANERA	Fiesta Hall	Jun. 21, 2008	947	2,045.50	704.00	130.00	2,879.50	973.40	0.00	174.05	1,732.05	
MENDOZA WEDDING	Gateway Hall	July 19, 2008	948	2,656.75	699.00	130.00	3,485.75	640.18	0.00	559.36	2,286.21	
TS TRADE SHOW	GATEWAY	Jun. 14-15, 2008	949	6,082.50	4,108.00	1,180.00	11,370.50	1,891.71	0.00	352.21	9,126.58	
TS TRADE SHOW	PAVILION	Jul. 26-27, 2008	950	5,895.00	3,500.00	1,180.00	10,575.00	1,610.75	0.00	603.08	8,361.17	
TS TRADE SHOW	PAVILION	Sep. 20-21, 2008	951	6,082.50	4,009.00	1,180.00	11,271.50	1,856.43	0.00	576.80	8,838.27	
TS TRADE SHOW	PAVILION	Nov. 6-9, 2008	952	5,901.25	4,604.00	1,180.00	11,685.25	1,191.72	0.00	604.09	9,889.44	
GONZALEZ QUINCEANERA	Fiesta Hall	Jun 7, 2008	953	1,431.25	424.00	130.00	1,985.25	871.62	0.00	513.82	599.81	
SJ REPTILE SHOW	Pavilion	Aug. 9-10, 2008	954	4,106.25	3,525.00	860.00	8,491.25	1,885.81	0.00	635.43	5,970.01	
SAN JOSE BIRD MART	Gateway	Apr 6, 2008	955	1,690.00	2,532.00	600.00	4,822.00	1,083.33	0.00	318.28	3,420.39	
SPECIAL OLYMPICS	Expo Hall	Jan 10-11, 2009	956	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
ROMO WEDDING	Fiesta Hall	September 6, 2008	957	2,457.50	560.00	130.00	3,147.50	917.96	0.00	287.45	1,942.09	
DOMIGUEZ QUINCEANERA	Fiesta Hall	Feb. 9, 2008	958	1.00	80.00	130.00	211.00	80.52	0.00	75.00	55.48	
GOMEZ BAPTISM	Town Hall	Mar 1, 2008	959	500.00	178.00	261.25	939.25	641.56	0.00	154.53	143.16	
CINCO DE MAYO	Center Grounds	May 4, 2008	960	6,945.43	19,960.00	8,707.00	35,612.43	8,592.52	0.00	1,584.79	25,435.12	
VETERANS WORKSHOP	Pavilion	Apr 19, 2008	961	1.00	0.00	130.00	131.00	809.86	0.00	337.41	(1,016.27)	
WINTERFEST/GIRLS SCOUTS	Expo Hall	Dec. 6, 2008	962	3,686.50	3,049.00	260.00	6,995.50	1,242.65	0.00	552.97	5,199.88	
VALDEZ WEDDING RECEPTION	Gateway Hall	Oct. 25, 2008	963	2,071.00	281.00	130.00	2,482.00	692.63	0.00	424.67	1,364.70	
OROZCO QUINCEANERA	Fiesta Hall	Nov. 8, 2008	964	2,149.00	688.00	130.00	2,967.00	513.54	0.00	463.82	1,989.64	
RAMOS WEDDING	Fiesta Hall	July 28, 2008	965	2,271.00	650.00	175.00	3,096.00	784.60	0.00	361.50	1,949.90	
ALEJANDRE WED RECEPTION	Fiesta Hall	Oct. 18, 2008	966	2,251.00	1,162.00	175.00	3,588.00	1,176.73	0.00	350.93	2,060.34	
ANIMAL PLANET EXPO	Promenade Lawn	JULY 26-27, 2008	967	4,103.09	15,048.95	3,192.00	22,344.04	2,745.79	0.00	297.64	19,300.61	
BLANCA ALVARADO FAREWELL	Expo Hall	Nov. 14, 2008	968	484.36	0.00	1,797.66	2,282.02	1,897.64	0.00	1,199.20	(814.82)	
SCV KENNEL CLUB	All buildings / Grnds	Feb. 13-16, 2009	971	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
OUTRAGEOUS OUTGROWNS	Pavilion	Sep. 12-14, 2008	972	7,295.00	1,200.00	500.00	8,995.00	839.37	0.00	494.99	7,660.64	
PERALTA QUINCEANERA	Fiesta Hall	NOV. 1, 2008	975	2,179.75	392.00	170.00	2,741.75	919.15	0.00	518.25	1,304.35	
ORTIZ QUINCEANERA	Fiesta Hall	Mar. 21, 2009	977	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
RELIGIOUS CONFERENCE	Expo Hall	APRIL 28-29-30, 2008	978	0.00	0.00	281.75	281.75	0.00	0.00	0.00	281.75	
SPIRIT HALLOWEEN STORE	Gateway	SEPT. - OCT 2008	979	35,350.00	0.00	1,039.00	36,389.00	1,380.84	0.00	208.18	34,799.98	
NORCAL VOLLEYBALL	Expo Hall	JAN 15 - FEB 2, 2009	980	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
SAN JOSE BIRD MART	Gateway Hall	Nov. 16, 2008	981	2,263.00	2,176.00	600.00	5,039.00	275.50	0.00	275.80	4,487.70	
METROPOLITAN EDUC. DIST	Hillsdale High School	Jun. 18, 2008	982	3,800.00	0.00	800.00	4,600.00	2,437.09	0.00	610.41	1,552.50	

FAIRGROUNDS CAPITAL REPAIRS
11/2/2009 STATUS REPORT

Project	Rnd 1 Budget	Rnd 2 Budget	Expended	Status
Sewer & Storm Drains	472,000		551,554	complete
Restroom & Tile Repairs	198,000		51,900	complete
Expo HVAC & Electrical	540,100		932,650	complete
Expo Lighting	100,000		108,500	complete
Pavilion HVAC & Electrical	617,900		901,600	complete
Expo Ceiling Tiles	48,000		72,500	complete
Hydro-Seeding	144,000		88,000	on hold
Gravel	410,000		87,300	on hold
Irrigation Equip	58,000		42,000	complete
Tractor-mower	38,000		38,200	complete
Main Kitchen Upgrades	20,800		71,000	complete
Expo Lounge Convert	82,000		76,100	complete
Community Kitchen repairs	43,100		850	on hold
Country Kitchen repairs	36,800		2,800	on hold
Pavilion Kitchen repairs	17,400		7,200	on hold
Arena Bleachers	282,000		589,000	complete
Bench Seating	92,000		-	cancelled
Concession Stands	65,000	65,000	34,500	complete
CTRC Move	142,000	142,000	152,500	complete
RV Park Improvements	122,000	122,000		cancelled
Franklin McKinley	25,000		9,900	complete
Livestock Tent	166,500		-	cancelled
Gutters & Painting	87,800	78,000	86,505	complete
Gateway HVAC	213,400	213,400	127,000	on hold
Fiesta HVAC	173,700	173,700	3,100	cancelled
Fair Park Restroom repairs	0	78,000	2,100	on hold
Pavilion lighting	0	92,000	-	on hold
A&E Services	0		178,800	complete
Geotech & Inspection Svcs	0		42,550	complete
Concrete Pads	0		68,800	complete
Fencing	0		54,500	complete
Code req arena modifications	0		74,500	complete
Hazmat disposal	0		17,200	complete
Various Bldg Repairs	0		56,500	ongoing
Paving Repair	0		78,600	ongoing
replace stolen material	0		46,600	complete
Allocations & Expenses	4,195,500	964,000	4,652,809	
Total Budget	5,159,500			
Total Expended	4,652,809			
Reserve	506,691			

**FIFTH AMENDMENT
TO MANAGEMENT AGREEMENT**

THIS FIFTH AMENDMENT (this "**Fifth Amendment**"), dated as of this ____ day of December __, 2009, (the "**Effective Date**"), is entered into by and between the **SANTA CLARA COUNTY FAIRGROUNDS MANAGEMENT CORPORATION**, a California non-profit corporation ("**Contractor**") and County of Santa Clara, a political subdivision of the State of California ("**County**"), with respect to that certain Management Agreement dated April 18, 2000, as amended ("**Management Agreement**"). Capitalized terms used in this Amendment without definition shall have the meanings ascribed to such terms in the Management Agreement.

WITNESSETH

NOW THEREFORE, for valuable consideration, receipt of which is hereby acknowledged, the parties agree as follows:

1. **TERM**. The first sentence of Article 2, Section 2.01 shall be amended to read as follows:

"The term of the Agreement shall commence on the day of its execution by the County and shall end on December 31, 2010, (the "**Term**").

2. **COUNTY NO-SMOKING POLICY**. The following is hereby added to the Management Agreement as Article 30, Section 30.01:

"ARTICLE 30. COUNTY NO-SMOKING POLICY.

Section 30.01 Contractor and its employees, agents and subcontractors, shall comply with the County's No Smoking Policy, as set forth in the Board of Supervisors Policy Manual section 3.47 (as amended from time to time), which prohibits smoking: (1) at the Santa Clara Valley Medical Center Campus and all County-owned and operated health facilities, (2) within 30 feet surrounding County-owned buildings and leased buildings where the County is the sole occupant, and (3) in all County vehicles."

3. **FULL FORCE AND EFFECT**. Except as amended hereby, all of the other terms, covenants and conditions of the Lease remain in full force and effect.

4. **COUNTERPARTS**. This Amendment may be executed in any number of counterparts, each of which shall be deemed an original, all of which together shall constitute one and the same document.

This report was **PASSED** and **ADOPTED** with a concurrence of at least 12 grand jurors on this 26th day of May, 2011.

Helene I. Popenhager
Foreperson

Gerard Roney
Foreperson pro tem

Kathryn Janoff
Secretary