OREGON STATE PARKS

OREGON STATE FAIR & EXPO CENTER

Expo Blue Ribbon Panel: strategic framework

Final September 17, 2009

Contents

Foreword

The Oregon Parks and Recreation Department and the Oregon State Parks and Recreation Commission are deeply indebted to the Oregon State Exposition Center Blue Ribbon Panel. The group convened in the second quarter of 2009 to discuss the operation's strategic direction, and volunteered their considerable business, management and enterprise development acumen to the discussion. This report contains their unanimous findings.

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1. Introduction and Executive Summary

The Oregon State Fair and Exposition Center—in the heart of Salem—has been home to the state fair and regional events since 1862. It is rich with Oregon history. It has seen Oregon innovation, drama, trauma, and Depression; been destroyed by fire, and risen from the ashes. For many years, it has lived far below its financial and institutional potential.

Now, in 2009, with Oregon facing what may be the greatest economic challenge of a generation, the Exposition Center stands where the road forks. Down one path, business as usual, with very little hope for substantial success. Down the other, a gambit: change the very rules of the game, and reach for the brass ring: stable, self-supporting finances and a rebirth of Oregon's Meeting Place as a nimble, thriving public business. The time to act—to choose to break free from the past—is now.

Run as a traditional government agency—living from each two-year budget to the next, constrained by the rules and pace of government decision-making designed to try and reduce risk to nearly zero—has not produced a consistently prosperous institution. Unlike nearly every other state government program—health and human services, education, corrections, natural resources—running an exposition center is almost purely market-driven. Decisions must be made prudently ***and*** quickly. The twin powers to negotiate and contain costs rule the roost. Profits must be applied to make timely investments that directly immediately improve the odds of future success. The Oregon Exposition Center needs these abilities to thrive.

On the other hand, a state-run exposition center is unlike privately-run venues, too. There is a public duty that transcends the profit motive. The 147-year old tradition—the memories of every Oregonian who have ever walked this soil—creates a social bond that **must** be protected, no matter the threat. The Oregon Exposition Center needs these values to serve Oregonians.

Oregon's main interest in owning and operating the fairgrounds is to provide a home for the annual state fair event. The year-round exposition center would likely not exist as a public enterprise were it not for the fair. The state's goals for the facility are, in order of priority:

1. Maintain a site and facilities necessary for a successful annual state fair event.
2. Operate other events year-round either with the least required public financial subsidy, or in a way that produces a profit.
3. Serve the community by dedicating space for public parks and recreation.

Annual revenues total \$6.7 million dollars, compared with an operating budget of \$7.8 million and debt payments of \$2.1 million. The operation spends approximately \$3.2 million more per year than it generates. This public subsidy is taken from Lottery Funds dedicated to state park purposes by a temporary constitutional amendment. The amendment could expire in 2014. Any section of the Department that relies on Lottery Funding to subsidize its operational budget is imperiled by the potential to lose that funding source, virtually overnight.

To protect the fairgrounds from unstable funding, the Oregon State Fairgrounds and Exposition Center shall strive to become as operationally self-funded as possible while safeguarding public services, and pursue the following strategy to that end:

1. Improve current business practices by executing a cost accounting system, facility health assessment program, and marketing reorganization.
2. Using cost accounting results, identify a set of business functions—such as daily venue management and sales—and issue a wide-ranging *Request for Information* to solicit responses from contract vendors detailing how they would run these services.
3. As guided by the *Request for Information* responses and negotiations, create a *Request for Proposals* to recruit an able private partner capable of meeting the Department's goals while managing a significant portion of the venue.
4. Also as guided by the *Request for Information*, and subsequent study, explore a more far-reaching power- and profit-sharing relationship with a private partner, or even pursue partial independence from state statutes for the Exposition Center.

Each part of the strategic framework builds on the one before, and each requires increasing levels of political support and time. The final two options—extensive contracting or partial independence from state laws that govern the operations of state agencies—are the most likely to create an Exposition Center with the necessary flexibility and agility by 2014.

This sequence of events starts now, in mid-2009, and carries through 2011 and beyond. The specter of losing Lottery funding in 2014 compels action starting now. Sticking to business as usual threatens the future of the Exposition Center and the annual fair, endangering a tradition Oregonians have protected since 1862.

2. Goals

The Expo and Fair traditions date back to 1862. For nearly as long as there have been Oregonians, the Exposition Center has been Oregon's memory bank—a place where agriculture, technological innovation, communities, and Oregon's best businesses and strongest industries blend. Of late, however, high costs and debt (and lack of similarly growing revenue), have prevented the site from realizing its full potential.

By re-thinking rules governing the operation, and shifting management style to include the kind of adaptability found among private sector venue managers, the fairgrounds and exposition center can tap into its potential. The Exposition Center will:

1. Operate the fairgrounds to provide a home for the annual Oregon State Fair.
2. Produce year-round revenue to support facility improvements and maintenance necessary to operate the annual state fair.
3. Make maximum use of profit-producing facilities by designing, improving and marketing venues at the fairgrounds.
4. Reduce operating costs and maximize revenue by adopting any necessary rules, policies and business practices.
5. Advance the public good through local and regional public parks and recreation services.
6. Pursue any new capital investments, partners or business practices that lead to profitable events or ongoing programs.

3. Core issues

Our ability to reach the strategic goals (see **2. Goals above**) is affected by practical financial realities, the inertia of past management and business practices, and our responsibility to take only those risks that do not unreasonably compromise the public trust and investment at the site.

More specifically, four core issues face the exposition center:

1. **Reach markets now.** The Oregon Parks and Recreation Department is subsidizing the fairgrounds and exposition budget with unstable Lottery funds. It needs to act immediately to improve cash flow by moving more strongly into markets it can already serve with existing facilities. Put simply: sell more.

2. **Figure out which markets are profitable.** The operation needs to meticulously track revenues and expenses by venue and by event to identify lucrative markets, and make minor capital investments to take marginally profitable projects and turn them into beneficial operations. Rethinking marketing and sales staff, and other business functions, will also boost event-level profitability. In the long-term, new large-scale partnerships—perhaps by contracting in new and bold ways, or through agreements with a wider range of public and private partners—can revitalize existing venues, and potentially add new ones to tap emerging markets.

3. **Continue to operate both for-profit and for-public services.** To avoid losing sight of the site's public park and recreation capabilities, both profit-making ventures and public services must be planned side by side. Profit making ventures should not sacrifice successful parks and recreation services, and parks and recreation services should not operate at a burdensome financial loss (either due to direct cost, or by unreasonably removing a profit-making venue

from the inventory).

4. **Break out if necessary.** Every state agency lives under specific budgeting, contracting, purchasing and personnel rules. These rules dictate how long it takes to make decisions, what pathways the decisions must follow, where revenue goes and how expenses are managed. These rules are necessary to help protect the public interest in 99 out of 100 state agencies. When the public interest requires prudent, practical deal-making, or an agile response to a carefully studied opportunity, the standard rules can hinder, not help. If successful, profitable fairgrounds and exposition center management requires a set of extraordinary rules—a new governance model—changes to laws and rules may be necessary to bring about the new order.

4. State of the industry

Other county, regional and state fairgrounds double as year-round exposition centers. Some are on the verge of collapse. Others are weathering the challenging economy, or are even prospering. A high-level review of the markets they serve, and the method by which they are governed, is instructive. Details are found in Appendix A (page 17). While their governance models differ, nearly all successful fair and expo operations depend on strong, broad-based nonprofit foundations in some way.

Oregon State Exposition Center

Annual net revenues: $6.7 million
Annual net expenses: $7.8 million (plus $2.1 million in debt service)
Regional population base: **673,000** in Benton, Linn, Marion, Polk and Yamhill counties; **1.6 million** more in Clackamas, Multnomah and Washington counties, for a total of **2.3 million.**

A. Los Angeles County Fair – run by a non-profit, mutual benefit organization. From their website:

Fairplex, governed by the Los Angeles County Fair Association, is the home of the historic L.A. County Fair and other quality year-round educational, multi-cultural and entertainment events. The L.A. County Fair Association is a 501(c)(5) non-profit mutual benefit organization. The Fair Association manages and produces the L. A. County Fair. The Association is self-supporting and does not fall under the auspices of any county or state governmental body. The Association consists of 50 members, including an 11-member board of directors. Directors are elected annually by and from the Association. Officers, management and staff are employed by the Fair Association. The Association has a long-term lease with the County of Los Angeles for use of the grounds. Surplus revenues generated by the Fair and other activities are re-invested into the maintenance and development of the facility.

Mission Statement
We enrich lives by entertaining and educating our diverse community while creating unique and memorable experiences

Core Values

Creativity	*Hospitality*	*Leadership*
Community Service	*Integrity*	*Diversity*

Net revenues: $71.6 million
Net expenses: $63 million
Regional population base: 14 million

B. Calgary Stampede – a Canadian corporation with government financial support. From their website:

The Calgary Stampede is governed by a board of directors that includes 20 members elected from the shareholders, eight members appointed and the immediate past president. Directors are volunteers and are not paid for their services to the organization. Reporting to the board is an executive management team lead by [a] chief executive officer. More than 1,200 year-round employees work with the team to conduct the day-to-day operations of the Calgary Stampede.

The Calgary Stampede has 45 volunteer committees working year-round to organize the various events and activities that occur during the 10-day Calgary Stampede and throughout the year. More than 2,000 community volunteers contribute their leadership skills, time and energy to making the Stampede one of the most respected volunteer organizations in the world.

Calgary Stampede shareholders are also volunteers. Unlike corporate shareholders, they do not receive any dividends, their shares do not appreciate, nor can they be sold. Shareholders elect the board of directors at the annual general meeting in March each year.

*The **City of Calgary** [provides] a 100-year lease and financial support for … credit facilities. The **Government of Alberta**, through the Alberta Lottery Fund, provides funding for the Stampede's facilities and programs … a $10 million operating grant as well as [capital construction grants]. **The Government of Canada**, through the Canadian Agriculture and Food International program, provided $32,600 for the International Agriculture program. Through the Department of Transport, Infrastructure and Communities the process was advanced for providing matching funds up to $25 million announced in 2007.*

Revenues: $114.3 million
Expenses: $105.6 million
Regional population base: 1.1 million

C. Minnesota State Fair – a quasi-state agency operated through the State Agriculture Society. From associated websites:

The Minnesota State Fair is a financially self-supporting quasi-state agency. The annual production of the State Fair, along with all improvements and maintenance of the 320-acre State Fairgrounds, are financed exclusively through revenue produced by the State Fair's year-round operations. The State Fair has received no public money of any kind since 1949.

The society is … autonomous and self-governing. The society is not involved in the state departmental process of budgeting, dedicated funding or appropriations. State Fair-generated funds are used for operations, maintenance and for capital improvements to the physical plant. Annual reports are submitted to the governor, the legislature and the media, and its books are examined annually by the legislative auditor.

Revenues: $36.2 million
Expenses: $35.3 million
Regional population base: 2.9 million

5. Cost accounting

The fairgrounds and exposition center cover 186 acres: more than 10 acres of buildings (approximately 15 facilities), 22 acres of paved space, 13 acres of gravel lots, 16 acres of roadways and entrances, seven acres of lawns, three acres of landscaped gardens and a heritage grove of oak trees on 15 acres. The costs to operate, maintain and improve these facilities are vastly different, and can even differ in a single building depending on the nature of the event.

While the current accounting system has the **capability** to track revenue and expenditures, the Department does not have a business process or specific mechanism in place to track detailed revenues and costs by facility/venue or event. The agency needs this information to understand which events and venues produce a profit so we can …

1. Guide marketing and sponsorship recruitment.
2. Make operation and marketing staffing decisions.
3. Identify market-savvy capital investments, eventually boosting return on investments.

In order to accurately track, record and report net gains/losses for the fairgrounds and exposition center, the Department will establish a financial cost accounting system in 2009. The system will track and report all revenue, expenditures (fixed and variable, including maintenance, labor and overhead), and capital investments by establishing cost centers for each venue.

Cost accounting is a tool for managers to record, track, analyze and interpret cost information. A cost accounting model will assist in setting appropriate fees for goods and services, managing and reducing costs, measuring performance outputs, and targeting future business needs. This tool will also equip staff to provide detailed financial information to all stakeholders or potential investors. Some assumptions will be necessary to assign staffing and other fixed costs to specific venues and events, but costs directly associated with a venue or events are more easily accounted for. Once a structure is established, the most significant change associated with this proposal is retraining staff to track and record the expenditures at the detailed level.

Certain accounting elements will be used to identify buildings, general types of events or activities and specific events. Both revenues and expenditures will use the same set of elements. Indirect costs will be allocated to buildings and events by the system based on a consistently-applied methodology.

All expenditures, including payroll costs will be charged to either a specific building and event or activity or the indirect codes. When costs are correctly and consistently coded using these elements, data becomes available for analysis. Management then has the ability to determine the maintenance cost of a building, the profitability of an event and the overhead cost of the operation.

An example of one possible cost accounting system is attached in Appendix B on page 56. Technical capability aside, the cost accounting planning process should detail—then overcome—all conceivable obstacles to a disciplined application of this tool.

6. Markets and investments

With 186 acres of prime land and buildings (see Appendix C on page 58 for details) in the heart of Salem and Marion County, the site's potential can be grouped into two broad categories: reachable markets and developing markets.

Reachable markets can be tapped with only minor capital investments, changes to staffing and business processes, and cooperation with private and nonprofit partners. Typically, these are markets already engaged at the site, but are held back from further engagement by less than ideal scheduling and rates, a lack of marketing, competitive alternatives, weak economic conditions, or facility improvements costing less than $10,000.

Examples:

1. Salem is a government town. Use that as a strength. Target public agencies to fill mid-week meeting space vacancies at Cascade Hall.
2. Improve parking and signage for Hart of the Garden.
3. Review all rates, schedules and contract language with input from current and potential clients.
4. Explore expanding outdoor concert use permits with City of Salem.

Developing markets generally require significant capital investments in existing facilities (generally in the high hundreds of thousands or even millions), or some new facility, and carry with them the risk associated with reaching new markets. The Expo needs, and can support, an anchor tenant to bring substantial audiences to the site year-round.

Examples:

1. Sports franchise for Pavilion.
2. Bring hotelier to grounds to complement use of existing venues.
3. Recruit outdoor lacrosse franchise.
4. Pursue green technology incubation park.

As part of this strategic framework, the Department should commit to collect the cost accounting information as detailed under **5. Cost Accounting**, and as the results are produced:

1. **Eliminate duplicative** venues or programs, and review rates and schedules for conflicts, overlap and self-competition.

2. **Evaluate each venue and adopt Reachable Markets** action plan to cover investments, management and marketing for each. Adopt a preliminary version of this plan now, and replace it with a more detailed, complete version as the cost accounting information arrives.

3. **Develop a short list of Developing Markets** to focus the efforts of Department executives on the most realistic, lucrative anchor tenants over a 3-5 year time frame. For each Developing Market, create a prospectus with research on potential markets served, partners, targeted fairgrounds venue, capital investment needed and funding source, revenue potential, legal authority or rules needed, rationale for state involvement and effect of development on existing fairtime and public recreation services.

4. **Develop a deferred maintenance program**, establishing current facility condition, estimated value, repair costs, and evaluate these findings in relation with the venue's purpose and revenue potential. Facilities with high costs and low potential—either as for-profit or for-public venues—should receive low priority for direct investment, though they could still be targets for partnerships.

One additional element is key to evaluating and acting on both Reachable and Developing Markets: close cooperation with the City of Salem. Businesses and event managers view the fairgrounds in the context of Salem and Marion County as a regional power. As Salem's leadership continues to invest in the region's drawing power, the fairgrounds must march in step and collaborate to select investments and partners that harmonize with the city's business and development plans. In the fairgrounds area alone, Salem has invested $26 million for infrastructure improvements, and plans to add another $23 million over the next five years to move more utilities underground and improve aesthetics and traffic flow. A recently-completed nearby Senior Center ($6 million) and the nonprofit Kroc Center ($40 million) represent substantial improvements and will direct even more traffic to the zone.

Salem and the fairgrounds are coupled, and no plan—including this one—in this area of the city should stand apart from the city's strategy.

Aside from the obvious logic of working with the City of Salem and independent organizations such as Travel Salem as strategic partners, a close relationship also communicates the potential benefits of a fully-developed fairgrounds and exposition center as a community resource and tourism magnet. This realization could lead to the City's choice to further invest urban renewal and tourism-related tax funds to support the project and surrounding zone.

See Appendix D on page 80 for selected portions of the Salem City Council's goals and information on the North Gateway Urban Renewal Area, and Appendix E on page 82 for a brief description of Reachable and Developing Markets, improvements and potential for major venues at the site.

7. Governance

Venue businesses like the fairgrounds and exposition center thrive when they are managed by leaders who know how to judge risk, craft agreements and deals, and (in the case of public facilities) boost the bottom line to provide the greatest public good with the least amount of public expense. Such managers are trusted with a higher-than-average level of decision-making power, though they are still subject to oversight by a governing body. The purpose of this flexibility is to wring a slim profit out of an otherwise unprofitable enterprise.

State agency rules are designed to minimize risk by forcing standard business functions and decision-making actions into rigidly prescribed processes. To make a decision—budgeting, hiring and firing, setting employee compensation, contracting and purchasing—can take months … or years. The purpose of these rules is to govern the great mass of public agencies safely and affordably by being exceptionally risk-averse.

The existing statutory authorities for the Oregon Parks and Recreation Department apply to the fairgrounds and exposition center, and do not provide the flexibility or agility necessary to conduct business efficiently or profitably. Specifically:

1. **Budget:** the Department has to seek legislative approval to expend any revenue, no matter when or why it was generated. Example: we secure a major entertainer to perform a concert in April, and the cost to secure the performer is $150,000. The concert is successful, and revenues from ticket sales, merchandise sales and food and beverages top $200,000. The $150,000 expenditure is charged against the current budget—reducing funds available for any other spending—but the revenue is deposited in a bank account and sits there until the legislature gives permission expend the funds, which can take months or even years. It is possible to seek exceptions to this process, but they also require time and create a business process ruled by exceptions, rather than governed by a set, but flexible, process. This lack of immediate fund access is a major reason expo season events are rare.

2. **Staff compensation:** Oregon State Fair and Exposition Center employees are state employees. Their work is very different from most, if not all, other state agencies. The generic state classifications—which group workers who do similar work into large categories with pre-set salary ranges—do not work well for recruiting and retaining talented people needed in the area of sales and marketing. Changing them by working with the state Department of Administrative Services is theoretically possible, but a long, hard road. Private sales staff are generally compensated through a variety of means including base salary, sales commissions and performance incentives, something not available to state workers.

3. **Investment opportunities:** there are no apparent mechanisms in place that allow the state fair to offer investment opportunities to venture capitalists. In particular, there is no authority for the Department to offer dividends or other investment gains as rewards for investments in the facilities or programs. The best we are able to offer are either profit-sharing agreements with contractors—such as the relationship we have with our carnival vendor—or sponsorship opportunities where partners receive marketing or presence at fair/expo events in exchange for their infusion of assets or other services. This restricts the pool of available investors, and the scope of their partnership with the Department.

4. **Timeliness – contracting, procurement and personnel:** Current procurement and contracting procedures, particularly for large, complex, varied or unusual transactions, require several months, even years, to complete. In the business cycle, the fairgrounds must be poised to take advantage of opportunities as they arise … as soon as the opportunity can be analyzed and tested for soundness and profitability. Failure to act quickly on opportunities could send potential partners to a competitor or other community. The same is true for staff recruiting. When talented staff become available, there is generally some competition for them. If the fair is not poised to hire quickly, the best staff will be recruited elsewhere. In the current state hiring processes, the speediest recruitment will require approximately eight weeks. Most recruitments tend to take even longer as scheduling, workload of hiring managers and human resources staff, and ample recruitment timelines often dictate longer periods.

To gain the needed flexibility and agility, the fairgrounds and exposition center's two main strategic options are:

1. **Public-private hybrid:**
    a. *Contract with professional management service:* Award one or more contracts to private businesses dealing with direct operations and venue management. Probably would not require changes to state law, and so is the fastest option. The pool of likely bidders for such work is rather limited. Through profit-sharing, the state would establish a fund to maintain and improve facilities.
    b. *Extensive power sharing with a corporate partner:* Absent a set of qualified contractors to manage daily operations, seek or create a single dedicated nonprofit or corporate entity, then transfer substantial powers and responsibilities to that entity. In addition to legislative changes, extensive work to craft a new independent, corporation could take several years.
2. **Partially break free from state rules governing state agencies:** Seek statutory exceptions to state personnel, budget, and contracting and procurement laws. Creates a flexible and agile business pocket inside state government. Changes to state law have to gain approval from the governor and the legislature, and the next legislative session begins in 2011.

Oregon examples of these approaches are rare, but not unheard of. The Oregon Lottery, Tourism Commission, Chemeketa Community College, State Accident Insurance Fund and Oregon Liquor Control Commission all have achieved some freedom from the usual state rules to the extent they could justify the exceptions as being in the best public interest.

More detail on these exceptions to Oregon law is found in Appendix F on page 85.

Any governance option includes a continued—indeed, an **expanded**—role for a nonprofit foundation.

8. Final recommendations and timeline

The state is entrusted to protect and promote the public's interest in the fairgrounds. Millions of dollars have been invested to create a home for the state fairgrounds and public park and recreation services. The state must tend to this investment. But it also cannot manage with the kind of agility and freedom necessary to create valuable, profitable deals, and it needs profitability to protect the fair event and the public space in light of unstable revenues from the Oregon Lottery and future, unknown—possibly undedicated— sources.

While the Department should proceed with the most beneficial operational and marketing improvements immediately, it has options when it comes to governance. While the Department does not have the luxury of time to fully consider every option to the nth degree, there are basic strengths and weaknesses associated with the obvious choices (see Table 1). Table 2 illustrates the Department's timeline for taking actions proposed by this strategy.

Table 1: Reviewing Governance Options

Governance option	+ Plusses	- Minuses	Next level of analysis
Stick to the status quo: implement better business practices and possibly reorganize staff, but continue under state control.	+ Low cost, fairly sure results. + Introducing marketing and business process improvements under existing authority means no delay.	- Benefits are small scale. - Potential capped by our own ability and known tools.	✔ How much will it cost to reorganize staff and business practices? ✔ What is the realistic revenue outlook based on in-the-box improvements?
Public-private hybrid: a. Recruit contractors who can assume operational and marketing duties and share profits, with state in control of major maintenance and public services.	+ Relatively fast. + Pushes existing state rules to their limit, but stays in bounds enough to only require administrative approvals. + Could produce substantial boost to revenue in 2-3 years.	- Limited pool of qualified, willing contractors. - Contracts have expiration dates. Might not be long-term solution. - Moderate capital investment.	✔ Which aspects of site operation should be included? ✔ What startup costs should be assumed by the state, and how should profits be divided? ✔ What are the long-term development and service goals, and what ongoing financial position is required to realize them? ✔ What are the consequences of failure if this option is pursued?
b. Form a private nonprofit or corporate entity to absorb duties and powers necessary to run site and manage events.	+ Complete freedom to set own rules. + Only limits on profitability are those set by market conditions and facility condition. + More attractive to private partners and sponsors.	- Can be very complicated. - Requires buy-in by larger group of political forces. - Captured by legislative schedule, and so could take 2-3 years. - Can make supplemental public funding subsidies much harder to secure.	
Partially break free of state control: obtain exceptions to state rules on budgeting, contracting and procurement, and personnel management.	+ Targets known weaknesses common to state management. + Opens door to wide array of partnerships, revenue models and sponsors. + Maintains state tradition, supports public good.	- Requires buy-in by larger group of political forces. - Captured by legislative schedule, and so could take 2-3 years to implement. - Can make supplemental public funding subsidies harder to secure.	✔ Which statutes limit Expo business practices? ✔ What level of private, public and state support will be needed to act? ✔ What are the consequences of failure if this option is pursued?

Table 2: Timeline

	2009						2010												2011					
Step	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Strategic framework																								
Present to Governor	■																							
Request Commission adoption			■																					
Present to stakeholders		■	■	■																				
Internal improvements																								
Research cost accounting			■	■																				
Adopt cost accounting					■	■																		
Research facil. investment program			■	■																				
Adopt facil. investment program					■	■																		
Improved in-house marketing	■	■	■	■	■	■	■	■																
Request for Information																								
Research Request for Information		■	■																					
Release Request for Information				■	■	■																		
Request for Proposals (depends on previous step)																								
Compose Request for Proposals						■	■																	
Release Request for Proposals							■	■	■															
Execute contract											■													
Legislative work (depends on previous step – may not be necessary)																								
Draft legislative concepts							■	■																
Submit legislative concepts									■	■														
Draft concepts for internal cleanup				■	■																			
Legislature convenes								■											■					

Each governance option, except for the status quo, also produces a significant benefit: **cost control.** Overhead—payroll, most notably—is a significant challenge to profitability. Under any new governance model, the operation will only need to hire those staff sufficient to oversee contracts and provide management oversight (plus any other duties retained as government responsibilities). Reducing these costs and simultaneously opening the door to larger, more enduring sponsorships, partnerships and anchor tenants are key precursors to reinventing the Exposition Center as a profitable enterprise.

While the risks associated with semi- or complete independence are potentially quite high, the benefits of flexible, agile management are worth exploring. The Department can act as the safety net for the Exposition Center as it develops information necessary to make the final choice: how independent does the facility need to be to be successful? Some strategic alternatives can be deployed in very short order, while other, more significant choices are prepared and put into motion. Our prescription and timeline (See Table 2, previous page):

1. Present plan to Oregon State Parks and Recreation Commission for approval.
   When: *July 2009.*

2. **Gather needed data:** implement cost accounting. Create facility maintenance program.
   When: *July-December 2009.*

3. **Sell more, sell now:** Evaluate venues and determine Reachable Markets, then reorganize staffing and operations spending to act immediately on them. Eliminate duplicative venues, and prioritize facilities based on their ability to contribute value at reasonable costs. Facilities with high costs and low value would be considered for removal or other fates.
   When: *July 2009-January 2010.*

4. **Sell smarter:** Pursue marketing, sponsorships, and partnerships covered by existing authority to sell more capacity, bring new uses into existing venues, and expand existing venues to new uses. Determine short list for Developing Markets and pursue them, with an eye on a 2-5 year timeframe.
   When: *July 2009-February 2010.*

5. **The path to independence.**
   a. **Lay groundwork:** Issue a Request for Information to solicit responses from venue management firms. Include daily venue and event management, marketing, and revenue sharing. The Department would offer to retain responsibility for substantial capital improvements and preventive maintenance.
   When: *August-November 2009*

   b. **Act to become more independent:** Learning from responses to the Request for Information, the Department can choose to …
      i. Move to a Request for Proposal and kick the semi-privatization option into gear, or seek changes to Oregon law to either create a stand-alone corporation, or …
      ii. Retain the fair and exposition center inside the agency, but break away from state rules on budgeting, contracting and other requirements.

iii. If the Request for Proposal fails to produce an acceptable bidder, the Department will …

iv. Fall back to seek freedom from state rules and allow the fairgrounds to become semi-independent from government.

v. The state's share of the profits, in any event, will be dedicated to operating and improving the facility, and maintaining public services (namely, the fair event and public parks and recreation services).
When: *Groundwork February-September 2010, possible action January 2011, possible implementation September 2011-January 2012.*

Footnote

The Oregon State Exposition Center Blue Ribbon panel realizes converting the facility to a semi-independent agency, or fully even independent, is not a lightweight task. It can only be considered if the flexibility and agility associated with independent governance solves some particular problem and improves the facility's ability to fulfill its function as a state gathering place. If a more aggressive effort to contract key services does not produce results, the panel unanimously believes semi- or complete independence is the best route to success for the Exposition Center.

The journey down that road will require significant public and political support, the kind that can be achieved through the relationships and networking abilities possessed by the panel members and others like them. The Blue Ribbon Panel, accomplished as they are, are also just people—***Oregonians***—dedicated to the idea our public places should serve the highest possible public good, at the lowest possible cost, while supporting native Oregon business and industry to the fullest extent possible.

We look forward the challenge ahead.

1. Excerpts from 2008 Los Angeles County Fair financial statements. Complete report available on request.

LOS ANGELES COUNTY FAIR ASSOCIATION

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31,

	2008	2007
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 2,234,577	$ 5,831,511
Investments - unrestricted	9,244,874	9,918,308
Investments - Board designated	5,244,532	5,083,148
Accounts receivable, net	4,634,513	3,429,656
Other current assets	1,608,697	1,419,438
Total Current Assets	22,967,193	25,682,061
PROPERTY AND EQUIPMENT, Net	89,564,506	87,225,242
OTHER ASSETS		
Bond issuance costs, net of accumulated amortization of $705,066 and $640,353 at December 31, 2008 and 2007, respectively	399,720	464,433
Other noncurrent assets	264,550	297,238
Cash value of life insurance	-	4,301,153
Total Other Assets	664,270	5,062,824
TOTAL ASSETS	$ 113,195,969	$ 117,970,127
LIABILITIES AND UNRESTRICTED NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 5,030,145	$ 5,554,427
Accrued expenses and other liabilities	5,400,822	4,230,146
Current portion of long-term debt	2,667,661	2,572,235
Deferred revenue	782,843	1,323,666
Total Current Liabilities	13,881,471	13,680,474
NONCURRENT LIABILITIES		
Long-term debt, less current maturities	26,967,414	29,890,890
Liability for interest rate swap	3,562,572	1,994,549
Other noncurrent liabilities	602,095	5,665,430
Total Noncurrent Liabilities	31,132,081	37,550,869
TOTAL LIABILITIES	45,013,552	51,231,343
UNRESTRICTED NET ASSETS	68,182,417	66,738,784
TOTAL LIABILITIES AND UNRESTRICTED NET ASSETS	$ 113,195,969	$ 117,970,127

See the accompanying notes to consolidated financial statements.

LOS ANGELES COUNTY FAIR ASSOCIATION

CONSOLIDATED STATEMENTS OF ACTIVITIES AND NET ASSETS
FOR THE YEARS ENDED DECEMBER 31,

	2008	2007
REVENUES		
Fair	$ 32,310,457	$ 32,876,564
Year-round events	12,861,768	13,761,891
Hotel	13,467,645	13,971,728
Barretts	3,116,752	4,224,132
Cornucopia	7,669,963	6,939,166
RV park and other	2,199,800	2,190,258
Total Revenues	71,626,385	73,963,739
EXPENSES		
Fair and Other		
Salaries and employee benefits	21,114,265	20,645,206
General and administrative	6,839,602	6,900,446
Utilities	2,812,572	2,996,467
Operating	6,566,086	6,574,215
Professional services	4,619,027	4,808,530
Premiums, entertainment, and other related expenses	2,359,269	1,596,656
Hotel operating expenses	10,899,986	10,907,919
Barretts operating expenses	2,626,240	2,941,519
Cornucopia operating expenses	4,205,783	3,786,431
RV park and other expenses	978,985	954,168
Total Expenses	63,021,816	62,111,557
NET OPERATING INCOME	8,604,569	11,852,182
OTHER INCOME (EXPENSES)		
Grants and contracts	938,555	869,826
Investment income	1,285,701	1,110,071
Interest expense	(2,471,357)	(2,733,703)
Depreciation and amortization	(5,039,536)	(4,398,744)
Loss on disposal of assets	(306,276)	(85,195)
Net loss on interest rate swap	(1,568,023)	(761,006)
Total Other Income (Expenses)	(7,160,936)	(5,998,751)
INCREASE IN UNRESTRICTED NET ASSETS	1,443,633	5,853,431
UNRESTRICTED NET ASSETS, BEGINNING OF YEAR	66,738,784	60,885,353
UNRESTRICTED NET ASSETS, END OF YEAR	$ 68,182,417	$ 66,738,784

See the accompanying notes to consolidated financial statements.

LOS ANGELES COUNTY FAIR ASSOCIATION

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

	2008	2007
Net Increase in Assets:		
Increase in unrestricted net assets	$ 1,443,633	$ 5,853,431
Adjustments to reconcile increase in unrestricted net assets to net cash flows from operating activities:		
Net loss on interest rate swap	1,568,023	761,006
Amortization of bond issuance costs	64,713	64,713
Depreciation and amortization	4,974,823	4,334,031
Loss on disposal of assets	306,276	85,195
Change in operating assets and liabilities:		
Accounts and notes receivable, net	(1,204,857)	855,423
Other assets	4,144,582	(577,264)
Accounts payable	(524,282)	827,154
Accrued expenses and other liabilities	(3,892,659)	1,739,723
Deferred revenue	(540,823)	331,685
Net Cash Flows from Operating Activities	6,339,429	14,275,097
Cash Flows from Investing Activities:		
Purchase of investments	(230,126,950)	(234,413,770)
Proceeds from sale and maturity of investments	230,800,384	231,810,320
Increase in Board designated funds	(161,384)	(263,089)
Purchase of property and equipment	(7,620,363)	(4,527,103)
Net Cash Flows from Investing Activities	(7,108,313)	(7,393,642)
Cash Flows from Financing Activities:		
Repayment of notes and bonds payable	(2,823,476)	(4,658,795)
Repayment of capital lease obligations	(4,574)	(45,484)
Net Cash Flows from Financing Activities	(2,828,050)	(4,704,279)
Net (Decrease) Increase in Cash and Cash Equivalents	(3,596,934)	2,177,176
Cash and Cash Equivalents at Beginning of Year	5,831,511	3,654,335
Cash and Cash Equivalents at End of Year	$ 2,234,577	$ 5,831,511
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash Paid for Interest	$ 2,471,357	$ 2,733,703

See the accompanying notes to consolidated financial statements.

LOS ANGELES COUNTY FAIR ASSOCIATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Los Angeles County Fair Association (the Association) is organized as a nonprofit organization and is tax exempt under the provisions of the Internal Revenue Code. The Association conducts the annual Los Angeles County Fair (the Fair) and numerous events during the year. Fairplex Racing, Inc. was organized in 1986 as a for-profit corporation for the purpose of conducting harness racing and is subject to income taxes under the Internal Revenue Code. During 1998, Fairplex Racing, Inc. was renamed Fairplex Enterprises, Inc (FEI). The Sheraton Suites Hotel (Sheraton) is owned by the Association and provides lodging, food, and banquet facilities for guests at the property. The Hotel operates under a franchise license support, service, and management agreement with Sheraton, expiring in 2014, which can be extended upon mutual agreement for two additional five-year periods. In July 2002, Fairplex Equines Sales, LLC (FES) was formed to purchase the general partner interest in Barretts Equine Limited (Barretts). FES is owned 99.99 percent by the Association and 0.01 percent by FEI. Barretts conducts equestrian auctions and other activities at facilities leased from the Association. In April 2004, Cornucopia Foods, LLC (Cornucopia) was formed as a for-profit corporation for the purpose of providing food and beverage as the master concessionaire for the Fair and other events during the year.

Consolidation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and include the accounts of the Association and its subsidiaries, Sheraton, FEI, FES, Barretts, and Cornucopia. All significant intercompany balances and transactions have been eliminated.

Cash and Cash Equivalents

The Association considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Board Designated Funds

Board designated funds consist of cash and short-term investments designated by the Association's Board of Directors for facilities development in the amount of $5,244,532 and $5,083,148 at December 31, 2008 and 2007, respectively. These funds are carried at fair market value. Board designated funds include the remaining proceeds from the issuance of bonds in fiscal 2000.

Investments

Investments consist of mutual funds, government obligations, and commercial paper with original maturities between 3 and 12 months. The investments are carried at fair market value. All gains and losses are included in the statements of activities. Investment income consists principally of interest and dividend income.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Advertising

Advertising costs are expensed as incurred. For the year ended December 31, 2008 and 2007, there were \$2,889,990 and \$2,567,025, respectively, in advertising costs.

Income Taxes

The Association is exempt from Federal income and California franchise taxes under Section 501(c)(5) of the Internal Revenue Code and corresponding California provisions. Accordingly, no provision for income taxes has been recorded in the financial statements. The Association annually files Forms 990, 199, and RRF-1 with the appropriate agencies, as well as Forms 990T and 199T when applicable. The Association has also been classified as an entity that is not a private foundation within the meaning of Section 509(a).

FEI is a for-profit entity. Income taxes are provided for under the liability method and, as such, deferred income taxes are recognized for the tax consequences of temporary differences by applying enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities. A valuation allowance reduces deferred income tax assets when it is more likely than not that some portion or all of the deferred income tax assets will not be realized.

Reclassifications

Certain reclassifications have been made to the 2007 financial statements to conform with the 2008 presentation, with no effect on previously reported increase in net assets or the unrestricted net asset balance.

Recently Issued Accounting Pronouncements

In September 2006, the Financial Accounting Standards Board (FASB) issued SFAS No. 157 entitled *Fair Value Measurement*, adopted by the Association as of January 1, 2008. SFAS No. 157 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. This Statement establishes a fair value hierarchy about the assumptions used to measure fair value and clarifies assumptions about risk and the effect of a restriction on the sale or use of an asset. The impact of adoption of SFAS No. 157 was not material. Applicable disclosures are presented in these consolidated financial statements.

In February 2008, the FASB issued Staff Position (FSP) 157-2 entitled *Effective Date of FASB Statement No. 157*. This FSP delayed the effective date of SFAS No. 157 for all non-financial assets and non-financial liabilities, except those that are recognized or disclosed at fair value on a recurring basis (at least annually) for fiscal years beginning after November 15, 2008.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

In February 2007, the FASB issued SFAS No. 159 entitled *The Fair Value Option for Financial Assets and Financial Liabilities*. SFAS No. 159 provides companies with an option to report selected financial assets and liabilities at fair value and establishes presentation and disclosure requirements designed to facilitate comparisons between companies that choose different measurement attributes for similar types of assets and liabilities. The new standard was effective for the Association on January 1, 2008; however, the Association did not elect the fair value option for any financial assets or financial liabilities.

SFAS No. 157 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. SFAS No. 157 also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs (other than Level 1 prices) such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect an entity's own assumptions about the factors that market participants would use in pricing an asset or liability.

All of the Association's investments as disclosed in Note B are considered to be Level 1 investments, while the Association's interest rate swap agreement associated with its Bonds as disclosed in Note D is considered to be a Level 2 transaction.

NOTE B - INVESTMENTS

Investment securities are carried at cost and consist of the following:

	December 31, 2008	December 31, 2007
Money market accounts	$ 9,244,874	$ 9,918,308
Commercial paper	5,197,525	4,795,264
Government securities	47,007	287,884
	$ 14,489,406	$ 15,001,456

Investment securities and cash investments in the amount of $5,244,532 and $5,083,148 at cost at December 31, 2008 and 2007, respectively, have been set aside by the Board of Directors as Board designated funds.

NOTE C - PROPERTY AND EQUIPMENT, NET

Property and equipment consist of the following:

	December 31, 2008	December 31, 2007
Non Depreciable Assets		
Land	$ 368,808	$ 368,808
Capital projects in process	11,022,030	10,148,375
Subtotal Non Depreciable Assets	11,390,838	10,517,183
Depreciable Assets		
Buildings and improvements owned by the Association on County land	119,472,252	114,060,528
Equipment, tools, and implements	24,686,671	24,084,889
	144,158,923	138,145,417
Accumulated Depreciation	(65,985,255)	(61,437,358)
Subtotal Depreciable Assets	78,173,668	76,708,059
Property and Equipment, Net	$ 89,564,506	$ 87,225,242

Certain buildings have had a lien in the amount of $1.75 million placed on them for 15 years as a condition of receiving $1.75 million in EDA grant monies. Depreciation expenses were $4,974,823 and $4,334,031 for the years ended December 31, 2008 and 2007, respectively.

NOTE D - LONG-TERM DEBT

Long-term debt consists of the following at December 31:

	2008	2007
Bonds payable, Taxable Variable Rate Demand Revenue Bonds Series 2000, due in varying installments through November 2016, 50% fixed rate of 7.52% and 50% fixed rate of 4.14% at December 31, 2008 and December 31, 2007.	$ 26,300,000	$ 28,600,000
Loan payable, Sheraton remodel and Co-generation Plant, is a $5,600,000 non-revolving line of credit. Interest is at prime rate available between June 15, 2008 and June 1, 2009.	1,560,283	1,992,093
Loan payable, Building 9 renovation, is a $3,000,000 non-revolving line of credit due over 5 years with a 20 year amortization. Interest is at variable rate of IBOR plus 2 points.	1,341,667	1,433,333
Note payable, purchase of racing license rights, payment suspended until resumption of harness racing.	433,125	433,125
Other capital lease obligations	-	4,574
	29,635,075	32,463,125
Less Current Portion	2,667,661	2,572,235
Long-Term Debt	$ 26,967,414	$ 29,890,890

NOTE D - LONG-TERM DEBT - Continued

During the year ended December 31, 2000, the Association issued $40,800,000 of Taxable Variable Rate Demand Revenue Bonds Series 2000 (the Bonds). Proceeds from the issuance of the Bonds were used to retire the 1997 Taxable Variable Refunding Bonds and the Prudential Insurance Companies of America note payable in the amount of $17,680,000 and $15,484,911, respectively. The Association's Board of Directors designated the remaining proceeds to be used for facilities development. The Bonds are secured by an irrevocable direct-pay letter of credit (the Letter of Credit) issued by banks, in favor of the trustee, in the amount of $41,349,962, of which $40,800,000 may be drawn upon to pay the unpaid principal amount of the Bonds outstanding and up to $549,962 may be drawn upon to pay accrued and unpaid interest on the Bonds. The Letter of Credit terminates at the earliest of events described in the Letter of Credit agreement or September 14, 2009. Concurrently with the issuance of the Letter of Credit, the Association has executed a Reimbursement Agreement with the banks, which, among other things, sets the terms and conditions whereby the Association is required to repay the banks any amounts drawn by the trustee under the Letter of Credit and grants the banks certain security interests in certain collateral of the Association. Under the Reimbursement Agreement, the Association agrees to comply with various covenants as defined in the Reimbursement Agreement. Bond issuance costs incurred in connection with the Bonds of $1,169,499 have been included in other assets in the accompanying consolidated statements of financial position (net of accumulated amortization). All covenants relating to these bonds were met at December 31, 2008. These Bonds are secured by the gross revenues of the Association.

In connection with the Bonds, the Association entered into an interest-rate swap transaction with a financial institution that effectively fixed the annual interest rate for $20,400,000 of the Bonds at 7.52 percent. The Association entered into a second swap agreement in June of 2003 to fix the interest rate on $18,950,000 of the Bonds at 4.14 percent. The difference between the interest paid under the interest-rate swap and the interest received is treated as an adjustment to interest expense.

The Association entered into a $3,000,000 non-revolving line of credit facility. Of this award, $2,000,000 was borrowed for the Building 9 renovation. Payments are amortized over 20 years and paid monthly through May 2011. Interest is at variable rate of IBOR plus 2 points.

The Association has $3,000,000 available under other lines of credit. No amounts were outstanding under these lines of credit at December 31, 2008 and 2007.

NOTE D - LONG-TERM DEBT - Continued

Future principal maturities of long-term debt is as follows:

	Taxable Variable Rate Demand Revenue Bonds Series 2000	Loans Payable	Other	Total
2009	$ 2,400,000	$ 267,661	$ -	$ 2,667,661
2010	2,400,000	2,634,289	-	5,034,289
2011	2,700,000	-	-	2,700,000
2012	2,900,000	-	-	2,900,000
2013	3,100,000	-	-	3,100,000
2014-2016	12,800,000	-	433,125	13,233,125
	$ 26,300,000	$ 2,901,950	$ 433,125	$ 29,635,075

NOTE E - EMPLOYEE BENEFIT PLANS

The Association has a defined contribution savings plan in effect under Section 401(k) of the Internal Revenue Code and a Profit Sharing Plan. Under the 401(k) plan, each participant is able to defer the maximum amount of compensation allowed by law. The Association contributed 3 percent to each eligible employee's account in 2008 and 2007. Each employee is eligible after 1,000 hours of employment.

Under the Profit Sharing Plan, each participant is granted a percentage of compensation before deduction. During 2008 and 2007, the grant was 7.27 percent and 9.6 percent, respectively, as determined by the Board of Directors of the Association every January of each year. Each employee who has completed 1,000 hours of service each year is eligible to participate.

The Association contributed to various pension plans under union and industry-wide agreements. Contributions are based on the hours worked by or gross wages paid to covered employees. The Association similarly makes payments to various union and industry-wide health and welfare plans.

The Association's total expense for the aforementioned plans was $1,623,066 and $1,965,361 for the years ended December 31, 2008 and 2007, respectively.

NOTE E - EMPLOYEE BENEFIT PLANS - Continued

In 2004, the Association implemented The Value Creation Sharing Plan, also referred to as the Executive Long-Term Incentive Program (the ELTI Plan). The ELTI Plan is designed to provide a long-term incentive opportunity to key executives who are in a position to effect the long-term, sustainable financial and operation growth of the Association. The effective date of the ELTI Plan is January 1, 2005, with the first payment being due subsequent to 2007. As of December 31, 2008, the Association had accrued $337,547 for the ELTI Plan.

On November 26, 2008, the Board of Directors voted to terminate the Los Angeles County Fair Association Supplemental Executive Deferred Compensation Plan (457F) effective December 15, 2008, and to make provision for payment of accrued benefits to plan participants. The value of the accounts in the plan upon termination was $2,857,873. Distributions to plan participants were made in 2008 equal to the amount of tax withholding liability; the balance of distributions to plan participants was made in January 2009.

NOTE F - LEASE AGREEMENT

The Association leases the majority of its property (including buildings and land) from the County of Los Angeles (the County). A lease with the County was executed in 1988 to enable the Association to complete the Hotel Project, Equestrian Center, and Pavilion Project. The term of the lease is for 56 years commencing January 1, 1988. The Association also has the option to renew for two five-year terms. During the term of the lease, the Association pays as rent to the County a percentage of the gross revenues derived from the use of the property and received by the Association. The percentage of gross revenues payable as rent is divided among Fair Revenues (1.5 percent of gross revenues), Interim Revenues (3.5 percent), and Parcel 1 Revenue (75 percent). Certain adjustments to these percentages will be made during the term of the lease.

Lease expense included in general and administrative expense in the accompanying consolidated statements of activities for the years ended December 31, 2008 and 2007, was approximately $1,219,898 and $1,005,000, respectively.

NOTE G - CONTINGENCIES

The Association is involved in various lawsuits arising in the ordinary course of business. In the opinion of management, based on the advice of legal counsel, the resolution of these lawsuits will not have a material effect on the financial statements of the Association.

The Association receives financial assistance from Federal agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Association. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Association at December 31, 2008.

2. Excerpts from the 2008 Calgary Stampede *Report to the Community*. Complete report available on request.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2008, with comparative figures for 2007 (in thousands of dollars)

	2008	2007 Restated (*Note 9*)
ASSETS		
Current assets		
Cash and short-term deposits *(Note 7)*	$ 24,469	$ 3,565
Accounts receivable	5,022	5,952
Inventory *(Note 4)*	1,385	1,590
Prepaid expenses	1,068	502
Current assets related to discontinued operation *(Note 5)*	3,487	2,274
Stampede Casino held for sale	–	33,877
	35,431	47,760
Restricted cash *(Note 10)*	11,548	42,071
Employee future benefits *(Note 6)*	4,647	3,564
Property and equipment *(Note 7)*	181,615	144,044
	$ 233,241	$ 237,439
LIABILITIES		
Current liabilities		
Bank indebtedness *(Note 8)*	$ –	$ 12,868
Accounts payable and accrued liabilities	10,490	15,904
Advances on future events	12,274	9,271
Deferred operating grant revenue	2,500	–
Current portion of long-term debt *(Note 9)*	1,656	1,553
Current liabilities related to discontinued operation *(Note 5)*	1,804	2,720
	28,724	42,316
Long-term debt *(Note 9)*	51,541	52,721
Interest rate swaps *(Note 9)*	13,523	3,900
Deferred contributions *(Note 10)*	66,415	66,239
	160,203	165,176
SHARE CAPITAL		
Authorized: 20,000 shares of no par value		
Issued and outstanding: 1,681 (2007 – 1,623)	8	8
COMMUNITY INVESTMENT *(Note 9)*	73,030	72,255
Capital commitments *(Note 7)*		
Contingency *(Note 17)*		
	$ 233,241	$ 237,439

See accompanying notes

On behalf of the board:

George Brookman, Director
January 30, 2009

Chris Legeyt, Director
January 30, 2009

CONSOLIDATED STATEMENT OF OPERATIONS AND COMMUNITY INVESTMENT

Year Ended December 31, 2008, with comparative figures for 2007 (in thousands of dollars)

	Gross Revenue		Direct Expenses			
	2008	2007	**2008**	2007	**2008**	2007 Restated *(Note 9)*
Operations						
Stampede	**$ 56,532**	$ 57,454	**$ 40,172**	$ 40,041	**$ 16,360**	$ 17,413
Food and beverage	**22,337**	22,849	**17,961**	18,511	**4,376**	4,338
Facilities	**18,204**	15,825	**12,375**	11,088	**5,829**	4,737
Agricultural activities	**1,134**	1,184	**2,731**	2,577	**(1,597)**	(1,393)
Other activities *(Note 12(b))*	**5,806**	9,433	**6,956**	11,498	**(1,150)**	(2,065)
	$ 104,013	$ 106,745	**$ 80,195**	$ 83,715	**23,818**	23,030
Indirect expenses						
Administration, marketing and park services					**20,674**	16,183
Interest on long-term debt					**3,135**	2,398
Employee future benefits					**1,758**	2,459
					25,567	21,040
(Loss) Income from continuing operations before amortization, Provincial Government grants and gain on sale of Stampede Casino					**(1,749)**	1,990
Amortization of property and equipment					**8,139**	8,674
Amortization of deferred contributions					**(1,215)**	(903)
					6,924	7,771
Loss from continuing operations before Provincial Government grants and gain on sale of Stampede Casino					**(8,673)**	(5,781)
Provincial Government grants *(Note 11)*					**10,348**	10,353
Gain on sale of Stampede Casino *(Note 12)*					**4,232**	–
Net operating income from continuing operations					**5,907**	4,572
Net income from discontinued operation *(Note 5)*					**4,491**	2,104
Net Income					**10,398**	6,676
Community investment, beginning of year, restated *(Note 9)*					**72,255**	66,959
Unrealized loss on interest rate swaps *(Note 9)*					**(9,623)**	(1,380)
Community investment, end of year, restated *(Note 9)*					**$ 73,030**	$ 72,255

See accompanying notes

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended December 31, 2008, with comparative figures for 2007 (in thousands of dollars)

	2008	2007
OPERATING ACTIVITIES		
Net operating income from continuing operations	**$ 5,907**	$ 4,572
Income from discontinued operation *(Note 5)*	**4,491**	2,104
Items not affecting cash		
Amortization of property and equipment and deferred contributions	**6,924**	7,771
Gain on sale of Stampede Casino	**(4,232)**	–
Employee future benefits expense	**1,758**	2,459
	14,848	16,906
Net change in non-cash working capital	**(2,749)**	(2,323)
Net change in non-cash working capital related to discontinued operation	**(2,129)**	1,048
Employee future benefits contributions	**(2,839)**	(2,623)
Cash provided from operating activities	**7,131**	13,008
FINANCING AND INVESTING ACTIVITIES		
Acquisition of property and equipment	**(43,564)**	(30,009)
Proceeds on sale of Stampede Casino	**39,368**	–
Construction of Stampede Casino held for sale	**–**	(23,717)
Change in restricted cash	**30,523**	(6,854)
	26,327	(60,580)
Change in bank indebtedness	**(12,868)**	2,442
Additional deferred contributions	**1,391**	17,642
Repayment of long-term debt	**(1,077)**	(1,184)
Proceeds from long-term bank loan	**–**	30,000
Cash provided from (used) in financing and investing activities	**13,773**	(11,680)
Change in cash and short-term deposits	**20,904**	1,328
Cash and short-term deposits, beginning of year	**3,565**	2,237
Cash and short-term deposits, end of year	**$ 24,469**	$ 3,565
Cash and short-term deposits is represented by:		
Cash from continuing operations	**$ 24,333**	$ 3,081
Cash from discontinued operation	**136**	484
	$ 24,469	$ 3,565

Supplementary cash flow information *(Note 18)*

See accompanying notes

PURPOSE OF THE ORGANIZATION:

The purpose of the Calgary Exhibition and Stampede Limited ("the Calgary Stampede") is to preserve and promote western heritage and values. The Calgary Stampede is incorporated under the Companies Act of Alberta as a not-for-profit organization and is exempt from income taxes under the Canadian Income Tax Act. The directors of the Calgary Stampede are elected or appointed volunteers who cannot be paid in any form for their services under its by-laws. The shareholders of the Calgary Stampede, who are also volunteers, cannot receive any dividends, nor can the shares appreciate in value. Shares can neither be sold nor held by persons outside of the Province of Alberta nor in the estates of deceased shareholders.

1. Change in Accounting Policies:

Capital Disclosures

In October 2007, the Canadian Institute of Chartered Accountants ("CICA") issued Handbook Section 1535, Capital Disclosures, which prescribes standards for disclosing information about an entity's capital and how it is managed. This Section is applicable to financial statements relating to fiscal years beginning on or after October 1, 2007. Accordingly, the Calgary Stampede adopted the new standard for its fiscal year beginning January 1, 2008 and additional disclosures required as a result of adopting this standard are included in Note 16.

Inventory

In June 2007, the CICA issued Handbook Section 3031, Inventories, to harmonize accounting for inventories under Canadian Generally Accepted Accounting Principles ("GAAP") with International Financial Reporting Standards. This standard establishes guidance on the determination of cost and its subsequent recognition as an expense, including any write-down to net realizable value and subsequent reversal of impairment to original cost. It also provides guidance on the cost formulas that are used to assign costs to inventories. The Calgary Stampede adopted this Section retrospectively effective January 1, 2008 and has determined that there is no material impact on its consolidated financial statements.

Going Concern

Effective January 1, 2008, the Calgary Stampede adopted the additional requirements of the CICA Handbook Section 1400–General Standards of Financial Statement Presentation. This section requires Management to make an assessment of the Calgary Stampede's ability to continue as a going concern, and to disclose any material uncertainties related to events or conditions that may cast significant doubt upon the organization's ability to continue as a going concern. The Calgary Stampede does not anticipate any impact to its consolidated financial statements arising from the adoption of the accounting pronouncement.

2. Significant Accounting Policies:

The consolidated financial statements of the Calgary Stampede have been prepared by Management in accordance with Canadian generally accepted accounting principles for not-for-profit organizations. A precise determination of many assets and liabilities is dependent upon future events and consequently, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. Areas subject to estimation include accounts receivable, useful lives of property and equipment, impairment of long-lived assets and potential contingencies. Those estimates also affect the disclosure of contingencies at the date of the financial statements and the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from those estimates. The consolidated financial statements have been prepared within the framework of the accounting policies summarized below.

(a) Basis of Presentation:

The consolidated financial statements include the accounts of the Calgary Stampede, its wholly owned subsidiary, Weadick Properties Limited ("Weadick"), and its 50% interest in Stampede Entertainment Inc. ("SEI").

The purpose of Weadick is to acquire lands for future Calgary Stampede expansion and development purposes. Weadick is incorporated under the Alberta Business Corporations Act as a not-for-profit organization and is exempt from income taxes under the Canadian Income Tax Act.

The purpose of SEI is to present various western and Calgary Stampede related entertainment during the annual Stampede festival and throughout the year via television, movies and live performance. SEI is incorporated under the Alberta Business Corporations Act as a for-profit entity and is subject to income taxes under the Canadian Income Tax Act. The Calgary Stampede has joint control of SEI, and therefore proportionately consolidates SEI's operations into the results of the Calgary Stampede.

The Calgary Stampede also controls the Calgary Stampede Foundation ("the Foundation") due to its ability to appoint the majority of the board of directors of the Foundation. The Calgary Stampede has elected to disclose all pertinent financial information of the Foundation in the notes to these consolidated financial statements and accordingly, the Foundation's financial accounts have not been consolidated with those of the Calgary Stampede. The Foundation has the primary objective of establishing programs for the benefit of young residents of Southern Alberta to advance their knowledge and understanding of the history, heritage, traditions and culture of Alberta. The Foundation is incorporated under the Companies Act of Alberta as a not-for-profit organization and is a registered charity under the Canadian Income Tax Act and accordingly, is not subject to income taxes.

(b) Cash and Short-term Deposits:

Cash and short-term deposits comprise cash on hand, demand deposits, deposits held in trust, bankers' acceptances and commercial paper having a maturity of three months or less from the date of purchase, and are recorded at cost, which approximates market value. Investment revenue is recognized when it is receivable.

(c) Inventory:

Inventory is recorded at the lower of cost and net realizable value. Cost is determined on a weighted average basis.

(d) Employee Future Benefits:

The Calgary Stampede has a number of defined benefit pension plans as well as a defined contribution pension plan that provide pension benefits to most of its employees. The defined benefit pension plans are based on years of service and final average salary. Pension benefit payments are not automatically increased for inflation.

The cost of pension benefits earned by employees is actuarially determined using the projected benefit method prorated on service and Management's best estimate of expected plan investment performance, salary escalation and retirement ages of employees. Plan obligations are discounted using current market interest rates and plan assets are presented at fair value.

December 31, 2008, with comparative figures for 2007 (in thousands of dollars except as noted)

5. Discontinued Operation – Horse Racing:

The Calgary Stampede fully exited its horse racing operation on December 31, 2008.

There has been no impairment loss of long-lived assets recognized in the Calgary Stampede's financial statements related to this discontinued operation. All assets specifically related to the horse racing operation have been fully amortized at December 31, 2008. Current assets and liabilities associated with the horse racing operation have been segregated from continuing operation balances and reported in the Consolidated Statement of Financial Position.

The following table sets forth the results of operation associated with horse racing, separately reported as a discontinued operation for the current and prior years.

	2008	2007
Operating revenue	**$ 8,749**	$ 8,766
Racing discretionary grant	**469**	482
Slot revenue supplement	**6,092**	4,072
	15,310	13,320
Operating expense	**10,819**	11,216
Net operating income	**$ 4,491**	$ 2,104

The Calgary Stampede received, through Horse Racing Alberta, a discretionary grant of 0.95% (2007 – 0.95%) of the gross handle from horse racing operations and a slot revenue supplement based on 25% (2007 – 18.33%) of computer gaming terminal proceeds generated by the Stampede Casino. Both the discretionary grant and the slot revenue supplement ceased at December 31, 2008.

6. Employee Future Benefits:

The Calgary Stampede has a number of defined benefit pension plans as well as a defined contribution pension plan. In 2008, the Calgary Stampede made cash payments to its pension plans for employee future benefits amounting to $3.0 million (2007 – $2.8 million).

(a) Defined Benefit Pension Plans:

Actuarial valuations of the Calgary Stampede's defined benefit pension plans were carried out as at September 30, 2008 and were then extrapolated to December 31, 2008. The next actuarial valuation of the Calgary Stampede's defined benefit plans is required to be completed by September 30, 2011.

December 31, 2008, with comparative figures for 2007 (in thousands of dollars except as noted)

Information pertaining to the Calgary Stampede's defined benefit pension plans, in aggregate, is as follows:

	2008	2007
Accrued benefit obligation		
Balance, beginning of year	$ 37,181	$ 35,092
Current service cost	2,331	2,291
Interest cost	1,943	1,768
Benefits paid	(1,316)	(1,841)
Curtailment and contractual termination costs	–	528
Actuarial gain	(2,128)	(657)
Balance, end of year	38,011	37,181
Plan assets		
Fair value, beginning of year	35,653	32,901
Actual return on plan assets	(4,247)	1,970
Employer contributions	2,839	2,623
Benefits paid	(1,316)	(1,841)
Fair value, end of year	32,929	35,653
Funded status - plan deficit	(5,082)	(1,528)
Unamortized past service cost	221	245
Unamortized net actuarial loss	11,137	6,765
Unamortized transitional asset	(1,629)	(1,918)
Accrued benefit asset	$ 4,647	$ 3,564

All individual defined benefit pension plans have accrued benefit assets.

The Calgary Stampede's defined benefit costs recognized in the year are as follows:

	2008	2007
Current service cost	$ 2,331	$ 2,291
Interest cost	1,943	1,768
Actual return on plan assets	4,247	(1,970)
Actuarial gain on accrued benefits	(2,128)	(657)
Curtailment gain and contractual termination costs	–	635
	6,393	2,067
Difference between expected return and actual return on plan assets for year	(6,736)	(317)
Difference between actuarial loss recognized for year and actual loss on accrued benefit obligation for year	2,366	968
Difference between amortization of past service costs for year and actual plan amendments for year	24	24
Amortization of transitional asset	(289)	(283)
Defined benefit costs	$ 1,758	$ 2,459

December 31, 2008, with comparative figures for 2007 (in thousands of dollars except as noted)

The asset mix of plan assets at September 30 each year consist of:

	2008	2007
Asset category:		
Balanced mutual fund	**17.00%**	15.00%
Equity securities	**46.00%**	48.00%
Debt securities	**30.00%**	31.00%
Other	**7.00%**	6.00%

The significant actuarial assumptions are as follows (weighted average assumptions):

	2008	2007
Accrued benefit obligations as at December 31:		
Discount rate	**5.80%**	5.00%
Defined benefit costs for the year ended December 31:		
Discount rate	**5.00%**	4.85%
Expected long-term rate of return on plan assets	**6.84%**	6.95%
Rate of compensation increase	**4.50%**	4.50%

(b) Defined Contribution Pension Plan:

The Calgary Stampede's defined contribution pension plan expense for 2008 was $186 (2007 – $226).

7. Property and Equipment and Capital Commitments:

		2008			2007		
	Amortization Rate (%)	**Cost**	**Accumulated Amortization**	**Net Book Value**	Cost	Accumulated Amortization	Net Book Value
Land		**$ 53,583**	**$ –**	**$ 53,583**	$ 53,407	$ –	$ 53,407
Buildings and leasehold improvements	2.5 to 20.0	**173,450**	**96,675**	**76,775**	163,580	90,623	72,957
Equipment	10.0 to 33.3	**26,167**	**18,839**	**7,328**	23,697	17,033	6,664
Park Development projects		**43,929**	**–**	**43,929**	11,016	–	11,016
		$ 297,129	**$ 115,514**	**$ 181,615**	$ 251,700	$ 107,656	$ 144,044

December 31, 2008, with comparative figures for 2007 (in thousands of dollars except as noted)

As at December 31, 2008, the Calgary Stampede, through The City of Calgary, had initiated the expropriation of the remaining 22 properties in Victoria Park that are required for the planned Calgary Stampede expansion. The final purchase price of these properties will be determined at the conclusion of the expropriation compensation hearings.

Included in "Cash and short-term deposits" in the Statement of Financial Position are deposits held in trust of $4,265 (2007 – $554) required by The City of Calgary for the full value of construction work being completed on city property. These deposits will be returned upon city verification that the work has been completed to their satisfaction.

The Calgary Stampede has initiated design and construction on a number of projects as part of its Park Development Plan. Information concerning these projects at December 31, 2008 is as follows:

	Approved Cost	Accumulated Cost	Outstanding Commitments
Roundup Centre Expansion (a)	$ 47,500	$ 36,556	$ 10,944
Back of House Projects (b)	19,000	5,970	12,455
Agriculture Arena and Supporting Infrastructure (c)	3,000	1,568	200
By the Banks of the Bow Sculpture (d)	2,000	318	1,682
	$ 71,500	$ 44,412	$ 25,281

(a) Construction of the Roundup Centre Expansion is estimated to cost $47.5 million and is expected to be open for operation in June 2009. The Roundup Centre Expansion is being funded from the Government of Alberta capital grant (see Note 10).

(b) Construction of the Back of House Projects (which include the construction of the Stay Bridge and Spiller Road Tunnel) are estimated to cost $19.0 million and are expected to be completed by June 2009.

(c) Preliminary design costs for the Agriculture Arena have been approved; however, total project costs and timing of completion are currently unknown.

(d) By the Banks of the Bow Sculpture is estimated to cost $2.0 million and is expected to be completed by spring 2010.

8. Bank Indebtedness:

The revolving demand operating loan facility, available to a maximum $20.0 million, bears interest at the bank's prime interest rate. As security, a Canadian chartered bank holds a fixed debenture in the amount of $50.0 million charging certain lands and leased fee interests owned by the Calgary Stampede. No amount is outstanding on the demand operating loan at December 31, 2008 (2007 – $12,868).

December 31, 2008, with comparative figures for 2007 (in thousands of dollars except as noted)

9. Long-term Debt:

	2008	2007
Committed non-revolving credit facility maturing in 2012	**$ 23,838**	$ 24,568
Committed non-revolving credit facility maturing in 2019	**29,359**	29,706
Principal due within one year	**(1,656)**	(1,553)
	$ 51,541	$ 52,721

These facilities, including the interest rate swap agreements described below, can be extended at the request of the Calgary Stampede and at the bank's discretion until 2024 for the facility maturing in 2012 and 2032 for the facility maturing in 2019.

The committed non-revolving credit facilities with a Canadian chartered bank bear interest at bankers' acceptance rates (1.50% at December 31, 2008) plus 0.30%, and are guaranteed by The City of Calgary for an additional cost of 0.02%. As security, The City of Calgary, as unconditional guarantor, holds a fixed debenture in the amount of $135.5 million charging certain lands owned by the Calgary Stampede.

The Calgary Stampede has entered into interest rate swap agreements with a Canadian chartered bank under which the Calgary Stampede has fixed interest payments on the portion of its committed non-revolving credit facility maturing in 2012 at 6.23% per annum and on the portion maturing in 2019 at 5.74%. The fair market value of the interest rate swaps at December 31, 2008, which have been estimated using year-end market rates would, for the portion maturing in 2012, result in a loss of $6,015 (2007 – loss of $2,090) and, for the portion maturing in 2019, a loss of $7,508 (2007 – $1,810). These losses approximate the amounts the Calgary Stampede would pay if the swap agreements were closed out at that date.

The prior year's Community Investment balance has been restated to reflect the fair value of the interest rate swaps in the Consolidated Statement of Financial Position. The 2007 opening Community Investment was previously reported as $69,479 and has been decreased by $2,520 of accumulated unrealized losses on the interest rate swaps and is now reported as $66,959. For the year ended December 31, 2007, the unrealized loss on interest rate swaps amounted to $1,380 and the accumulated interest rate swap liability reported in the Consolidated Statement of Financial Position at December 31, 2007 amounted to $3,900.

In addition to the foregoing credit facilities, and subject to the above noted security, the Calgary Stampede has an undrawn $80.0 million committed non-revolving credit facility with a Canadian chartered bank available for future Calgary Stampede expansion and development. Subsequent to year end, the Calgary Stampede has committed to drawing $17.6 million of this facility in June 2009 and will enter into a 25-year interest rate swap agreement with fixed interest payments of 3.82% per annum plus 0.80% bankers' acceptance margin, with the bankers' acceptance margin subject to future changes. The outstanding principal is guaranteed by The City of Calgary for an additional annual cost of 0.02%.

December 31, 2008, with comparative figures for 2007 (in thousands of dollars except as noted)

The amount of principal repayable in each of the next five years and thereafter is as follows:

2009	$	1,656
2010		1,750
2011		1,850
2012 [a]		21,395
2013		801
Thereafter		25,745
	$	53,197

(a) Assumes no extension of the facility maturing in 2012. However, it is Management's present intention to request such extension.

10. Deferred Contributions:

The Calgary Stampede receives capital contributions from the Government of Alberta and other sources to assist in the financing of capital asset acquisitions. Details of deferred contributions are as follows:

		2008		2007
Balance, beginning of year	**$**	**66,239**	$	49,500
Additional contributions and interest earned		**1,391**		17,642
Amortization		**(1,215)**		(903)
Balance, end of year	**$**	**66,415**	$	66,239
Consisting of:				
Unamortized contributions	**$**	**54,511**	$	23,886
Unspent contributions		**11,904**		42,353
	$	**66,415**	$	66,239

The Calgary Stampede received a $50.0 million capital grant from the Government of Alberta under the terms of an agreement entered into during 2006. The funds are restricted to expand the Roundup Centre facility and construct related infrastructure projects, and are required to be maintained in a segregated bank account, with all interest earned accruing to the capital grant. All unspent funds related to the capital grant are reported as "Restricted cash" in the Consolidated Statement of Financial Position. If, for any reason, the capital grant, including interest earned, is not fully expended by December 31, 2009, the Calgary Stampede will be required to return the remaining funds to the Government of Alberta. At December 31, 2008, the total amount not yet expended is $11,548.

December 31, 2008, with comparative figures for 2007 (in thousands of dollars except as noted)

11. Provincial Government Grants:

The Calgary Stampede receives funding from the Government of Alberta through the Alberta Lottery Fund as follows:

(a) Operating Grant:
The Calgary Stampede receives annual unencumbered funding of $10.0 million subject to the availability of lottery funds in the annual Alberta Lottery Fund Estimates.

(b) Stampede Grant:
The Calgary Stampede receives annual funding of $250 in support of the Stampede festival. The grant, which expires in 2014, is required to be maintained in a segregated bank account together with all interest earned.

(c) Agriculture Grant:
As a "Class A" fair, the Calgary Stampede receives an annual operating grant of $100 to support agriculture programs.

12. Gain on Sale of Stampede Casino:

(a) Gain on Sale:
The Calgary Stampede completed the sale of the new Stampede Casino building on March 3, 2008. The casino was sold for cash proceeds equal to its capitalized costs at the sale closing date plus $4.2 million.

(b) Lease Agreement:
The Calgary Stampede has agreed with the purchaser to enter into a long-term ground lease agreement expiring in 2058, with an additional 10-year renewal period, for the Stampede-owned property upon which the casino building is located.

The ground lease revenue recorded in "Other activities" in the Consolidated Statement of Operations and Community Investment in the year totaled $1,333 (2007 – $Nil). The minimum lease revenue per annum under the long-term ground lease agreement for each of the next five years and to conclusion of the lease is as follows:

2009	$	2,750
2010		3,100
2011		3,350
2012		3,625
2013		3,825
2014 and thereafter		3,900

December 31, 2008, with comparative figures for 2007 (in thousands of dollars except as noted)

13. Financial Instruments:

The Calgary Stampede's financial instruments include cash and short-term deposits, accounts receivable, restricted cash, bank indebtedness, accounts payable and accrued liabilities, deferred operating grant revenue, long-term debt and interest rate swaps.

(a) Fair Values of Financial Assets and Liabilities:

The fair values of financial instruments, excluding long-term debt and interest rate swaps, approximate their carrying amount due to the short-term maturity of these instruments. The fair value of long-term debt approximates carrying value given its underlying floating interest rate and the fair value of the associated swaps is disclosed in Note 9.

(b) Credit Risk:

The Calgary Stampede's accounts receivable are due from a diverse group of customers and are subject to normal credit risks.

(c) Interest Rate Risk:

The Calgary Stampede has entered into swap transactions, as disclosed in Note 9, to manage exposure to interest rate increases on floating rate debt.

14. Stampede Entertainment Inc.:

SEI's financial accounts have been proportionately consolidated in the Calgary Stampede's consolidated financial statements. Financial summaries of SEI as at December 31, 2008 and 2007 and for the years then ended are as follows (SEI does not present a Statement of Changes in Cash Flow in its financial statements, however, SEI's change in cash flows have been reflected in the Calgary Stampede's Consolidated Statement of Cash Flows):

Financial Position

	2008	2007
Total assets	$ 3,945	$ 1,054
Total liabilities	$ 4,474	$ 1,110
Total equity	(529)	(56)
	$ 3,945	$ 1,054

Results of Operations

	2008	2007
Total revenue	$ 2,761	$ 4,529
Total expenses	3,234	4,586
Deficiency of revenue over expenses	$ (473)	$ (57)

The 50% proportionate share of SEI revenue and expenses reflected in the line item "Stampede" in the Consolidated Statement of Operations and Community Investment are adjusted for the elimination of an intercompany transaction pertaining to a $280 (2007 – $280) management fee paid to the Calgary Stampede.

December 31, 2008, with comparative figures for 2007 (in thousands of dollars except as noted)

15. Calgary Stampede Foundation:

The Foundation's financial accounts have not been consolidated in the Calgary Stampede's consolidated financial statements. The Foundation uses restricted fund accounting and its funds include the General, Designated Youth, Designated Endowment and Undesignated Endowment funds. The Foundation's investments are managed by a third party investment firm and are segregated into two accounts: the capital account, which is exclusively invested in fixed income bonds, and the endowment account, which is invested in bonds, debentures and both pooled and non-pooled stocks. The investments are recorded at fair value and annual income includes dividends, interest and both realized and unrealized gains and losses.

Financial summaries of the Foundation as at December 31, 2008 and 2007 and for the years then ended are as follows (the Foundation does not present a Statement of Changes in Cash Flow as it would provide no additional meaningful information):

Financial Position

	2008	2007
Total assets	**$ 8,730**	$ 8,972
Total liabilities	**$ 528**	$ 224
Total net assets	**8,202**	8,748
	$ 8,730	$ 8,972

In accordance with donor imposed restrictions: $124 (2007 – $52) of the Foundation's net assets must be distributed to designated youth programs specified by the donor; $275 (2007 – $233) of the Foundation's net assets must be held in perpetuity or for a period of not less than ten years, the income from which is to be used for the benefit of specified activities; and $163 (2007 – $168) of the Foundation's net assets are subject to donor imposed restrictions that they be held in perpetuity or for a period of not less than ten years with no direction respecting the specific use of income earned or from the ultimate disposition of the invested capital.

Results of Operations

	2008	2007
Total revenue	**$ 1,516**	$ 2,414
Total expenses	**2,062**	1,437
Deficiency (excess) of revenue over expenses	**$ (546)**	$ 977

The Calgary Stampede contributed $175 (2007 – $Nil) in donations to the Foundation and sold assets to the Foundation for proceeds of $100 (2007 – $Nil). These transactions are not in the normal course of operations and have been measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

The Calgary Stampede conducted business transactions with the Foundation to assist the Foundation in delivering its programs and to host fund raising events. Revenue earned from these transaction totaled $225 (2007 – $162). These transactions are in the normal course of operations and have been measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

The Calgary Stampede has committed to a sponsorship agreement with the Foundation to provide funds for a five year period beginning in 2009. The total sponsorship commitment is $550.

16. Management of Capital:

The Calgary Stampede's objective when managing capital is to ensure it has adequate cash flow to maintain operations and fund capital projects that meet the Calgary Stampede's short and long-term objectives.

In the management of capital, the Calgary Stampede includes bank indebtedness, long-term debt and community investment in the definition of capital. At December 31, 2008, the Calgary Stampede has $126,235 in capital (2007 – $139,405).

The Calgary Stampede manages its capital structure and makes adjustments due to changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Calgary Stampede may issue new debt and/or issue new debt to replace existing debt with different characteristics.

The Calgary Stampede must maintain a debt service coverage ratio of 1.0:1. The Calgary Stampede is in compliance with all externally imposed capital requirements.

17. Contingency:

In a prior year, the Calgary Stampede was named as one of the defendants in a suit claiming $91.6 million. Subsequent to December 31, 2008, the Calgary Stampede executed a Settlement Agreement with the plaintiffs at no cost to the Stampede and, accordingly, has been discharged as a defendant.

In the normal course of operations, the Calgary Stampede is involved, from time to time, in various legal claims. Management believes the exposure to current claims would not have a material impact on the financial statements.

18. Supplementary Cash Flow Information:

In 2008, the Calgary Stampede has made cash payments of interest of $3,288 (2007 – $2,994) and received cash interest income of $571 (2007 – $43).

3. Excerpts from the Minnesota State Fair State Agriculture Society audit. Complete report available on request.

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OFFICE OF THE LEGISLATIVE AUDITOR
STATE OF MINNESOTA

FINANCIAL AUDIT DIVISION REPORT

State Agricultural Society

Financial Statement Audit

Two Years Ended October 31, 2008

June 4, 2009 **Report 09-21**

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OFFICE OF THE LEGISLATIVE AUDITOR
State of Minnesota • James Nobles, Legislative Auditor

June 4, 2009

Senator Ann H. Rest, Chair
Legislative Audit Commission

Members of the Legislative Audit Commission

Mr. Bob Lake, President
State Agricultural Society Board of Managers

Members of the State Agricultural Society

Mr. Jerry Hammer, Executive Vice President
State Agricultural Society

This report presents the results of our audit of the State Agricultural Society's (society) basic financial statements for the two years ended October 31, 2008. This report meets the audit standard requirements of the American Institute of Certified Public Accountants and the Government Accountability Office to communicate internal control matters identified in a financial statement audit. The audit was conducted by Jim Riebe, CPA, (Audit Manager) and Carl Otto, CPA, CISA (Auditor-in-Charge), assisted by auditors Lat Anantaphong and Paul Thompson.

We discussed the results of the audit with the society's staff on May 21, 2009. Management's response to our finding and recommendation is presented in the accompanying section of this report titled, Agency Response. We did not audit the response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the State Agricultural Society's management and the Legislative Audit Commission and is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit the distribution of this report, which was released as a public document on June 4, 2009.

/s/ James R. Nobles

James R. Nobles
Legislative Auditor

/s/ Cecile M. Ferkul

Cecile M. Ferkul, CPA, CISA
Deputy Legislative Auditor

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Report Summary

Conclusions

- The State Agricultural Society's (society) financial statements for the two years ended October 31, 2008, were presented fairly in accordance with generally accepted accounting principles in all material respects.
- Generally, the society's internal controls for selected financial operations were adequate, and the society complied with finance-related legal requirements. However, the fair had one control weakness that resulted in noncompliance with a bond covenant.
- The society implemented the prior audit recommendation by improving its monitoring of receipts from the Minnesota State Fair Foundation.

Finding

- The State Agricultural Society did not comply with a requirement in the bond covenant for its 2003 revenue bonds; it under-funded its debt service account by $107,161. (Finding 1, page 7)

Audit Objectives and Scope

Audit Objectives:

- To give an opinion on the society's financial statements.
- To review internal control and compliance with financial-related legal requirements over material financial operations.
- To determine the status of a prior audit recommendation.

Audit Period: The two years ended October 31, 2008.

Programs Audited:

- Cash and Cash Equivalents
- Revenue Bond and Note Liabilities
- Entertainer Payouts and Other Expenses
- Capital Assets
- Ticket Sales
- Payroll Expense

Background

The State Agricultural Society operates Minnesota's annual state fair and maintains the state fairgrounds. The society had a profit of about $900,000 for the year ended October 31, 2008 and had total assets of nearly $55 million at year-end.

State Agricultural Society

Agency Overview

The State Agricultural Society oversees the operation of the annual state fair and the maintenance of the fairgrounds. Under the authority of *Minnesota Statutes* 2008, Chapter 37, the society is a self-governing body and is exempt from the finance-related rules and regulations applicable to most state agencies. The ten-member board is comprised of one representative from each of the society's nine regional districts and a president.

The society publishes an annual report that includes its financial statements and our audit opinion on the financial statements. The society realized net income of about $900,000 in 2008. It had $36 million in operating revenues earned chiefly through ticket sales and rental of its facilities during non-fair time. Significant expenses included $17.9 million for activities and support, plant operations and maintenance of approximately $7.6 million, and depreciation of about $2.3 million. The society has not received state appropriations since approximately 1950.

The society had net assets of $38.1 million at October 31, 2008. Capital assets, net of depreciation, totaled $45.3 million; revenue bonds payable of about $9.2 million represented the society's largest liability.

Objectives, Scope, and Methodology

Our audit of the society's financial statements focused on the following objective, which included the consideration of internal controls and compliance with significant legal requirements over financial reporting:

- Were the society's basic financial statements for the two years ended October 31, 2008, fairly presented in accordance with generally accepted accounting principles in all material respects?

In addition to the financial statement objective, we considered these objectives:

- Were the society's internal controls over revenues, payroll and administrative expenses, cash and investments, debt service, and fixed assets adequate to ensure that it safeguarded receipts and other assets, accurately paid employees and vendors in accordance with management's authorization, and complied with significant finance-related legal requirements?

- For the items tested, did the society comply with significant finance-related legal requirements, including state and federal laws, regulations, contracts, and applicable policies and procedures?

- Did the society implement a prior audit recommendation that it strengthen controls over the Minnesota State Fair Foundation's receipts?[1]

To answer these questions, we reviewed the accounting principles applicable to the society's financial statements. We gained an understanding of the society's accounting policies and procedures and the business systems used to administer its financial activities and to prepare the financial statements. We obtained and analyzed electronic accounting data and other audit evidence and reconciled the supporting data to the society's accounting system. We interviewed key personnel to gain an understanding of the control process for each audited area, including cash, capital assets, revenue bond liabilities, ticket sales, payroll expense, entertainer payouts, and other expenses.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. We used the guidance contained in the Internal Control-Integrated Framework,[2] published by the Committee of Sponsoring Organizations of the Treadway Commission, as our criteria to evaluate agency controls. We also used the society's internal policies and procedures as evaluation criteria.

Conclusions

The society's financial statements for the two years ended October 31, 2008, were fairly presented in accordance with generally accepted accounting principles in all material respects.

Given the limited nature of our audit work on the financial statements, we do not express an overall opinion on the effectiveness of the society's internal controls or compliance over financial reporting. In addition, our work may not have identified all significant control deficiencies or instances of noncompliance with legal requirements. However, the State Agricultural Society did not comply with a requirement in the bond covenant for its 2003 revenue bonds; it under-funded its

[1] Office of the Legislative Auditor's Financial Audit Division Report 08-16, *State Agricultural Society*, issued June 12, 2008.
[2] The Treadway Commission and its Committee of Sponsoring Organizations were established in the 1980s by the major national associations of accountants. One of their primary tasks was to identify the components of internal control that organizations should have in place to prevent inappropriate financial activity.

debt service account by $107,161. We consider this weakness to be a significant deficiency.[3]

In relation to our additional control and compliance objectives, the society had adequate controls and complied with the finance-related legal requirements we tested and implemented a prior audit recommendation to strengthen controls over the Minnesota State Fair Foundation's receipts.

The following *Finding and Recommendation* section explains the weakness noted above.

[3] According to auditing standards, a material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Finding and Recommendation

Finding 1

The State Agricultural Society did not comply with a requirement in the bond covenant for its 2003 revenue bonds; it under-funded its debt service account by $107,161.

The society's bond covenants require that the society deposit a sufficient amount in the debt service account on September 16 each year to fund the debt service principal and interest amounts due in the following fiscal year.[4] However, as of October 31, 2008, the $731,335 balance in the debt service account was not sufficient to pay the $874,705 debt service principal and interest amount due in September 2009. The society transferred an additional $107,161 into the account in March 2009 in order to fund the account to the required level. Since the account earns interest, the society relied on the bank to determine the proper amount to deposit. However, the society is ultimately responsible for ensuring compliance with the bond covenant.

Recommendation

- *The society should compare the balance in the debt service account on September 16 each year to the debt service payment schedule to ensure compliance with the funding requirement specified in the bond covenants.*

[4] Section 505 (1) - Payments into Certain Funds.

MINNESOTA STATE FAIR

THE GREAT MINNESOTA GET-TOGETHER
TWELVE DAYS OF FUN ENDING LABOR DAY

Mr. James R. Nobles
Office of the Legislative Auditor
Room 140 Centennial Building
658 Cedar St.
St. Paul, MN 55155

May 28, 2009

Dear Mr. Nobles,

Our thanks to you, Jim Riebe and the audit team for your efforts on our behalf. We appreciate your help.

Regarding the finding, the Society replenishes its bond debt service account each September according to an amount specified by invoice from the bank that maintains the account. In September 2008, we paid an invoice provided by the bank that reflected a lower amount than required. In March of 2009, the discrepancy was discovered and we paid the balance due. In the future, the Society's controller will review and verify that the bank invoices reflect the proper amount to be deposited in the bond debt service account.

Again, our thanks to the audit team for their help.

Sincerely,

Jerry Hammer
Executive Vice President

1265 Snelling Avenue North ★ St. Paul, MN 55108-3099 ★ (651) 288-4400 ★ FAX (651) 642-2440 ★ TTY (651) 642-2372
fairinfo@mnstatefair.org ★ www.mnstatefair.org

Current Structure			
Locations:		PCA:	
3408	State Fair Administration	Admin/Overhead	
3413	State Fair Central Services	91320	Admin & Overhead
3414	State Fair Marketing/Events	91330	Premium Suspense Account
3415	State Fair Partnership Dev/Events	91340	Revolving Fund
3416	State Fair Operations/Events	91350	Fair & Expo Partners
3417	State Fair Support Services	91420	Lottery
3440	Jackman Long Building		
3441	Columbia Hall	Operations Overhead	
3442	Cascade Hall	92300	General Operations & Overhead
3443	Amphitheatre	92310	Building Maintenance
3444	Pavilion	92320	Ground Maintenance
3445	Hart of the Garden Bldg/Floral	92330	Electric Maintenance
3446	4-H Complex	92340	Equipment Maintenance
3447	FFA Pavilion	92350	Plumbing Maintenance
3448	Stadium	92390	Sink Fund
3449	Livestock Pavilion		
3450	Show Horse Barn	Expo (**Project number required**)	
3451	Show Horse Barn East	93700	Events Overhead
3452	Warm Up Arena Covered	93705	Events Overhead - Payroll Only
3453	Warm Up Arena Outside	93710	Trade Show/Consumer Shows
3454	Fairgrounds - general	93720	Horse Shows
3455	4H/FFA Barn	93730	RV Shows
3456	Beef Barn	93740	Concerts
		93750	Rodeos
		93760	Motor Sport Events
		93770	Competitions & Athletic Events
Recommend new for:		93775	Small Animal Shows
	Grounds	93780	Social Events (Banquets, Weddings)
	Parking lots	93790	Meetings & Seminars
	Oak Grove	93800	Sports Heath & Recreation
		93810	Science & Technology
	Eliminate:	93820	Energy
3417	State Fair Support Services	93830	Arts & Entertainment
		93990	Food Concession Facility Improvement
		Annual Fair	
		94200	Annual Fair Overhead
		94210	Paper Room
		94220	Customer Service/Volunteer
		94230	Admissions
		94240	Parking
		94250	Public Safety
		94260	Grounds Clean up
		94270	Restroom Clean up
		94280	Fair Advertising
		94290	Publicity
		94300	Pavilion Entertainment
		94310	Amphitheatre Entertainment
		94320	Center Stage
		94330	Specialty Acts
		94340	Familyville
		94350	Talent Contest
		94360	Sponsorship
		94370	Carnival
		94380	Concessions
		94390	Commercial Exhibits/Author's Table
		94400	Artisans Village

94410	Wine
94420	Beer
94430	Art
94440	Photography
94450	Home Arts & Hobbies
94460	Farm & Garden
94470	Horse Show
94480	Livestock
94490	Small Animals
94500	4-H
94510	FFA
94520	Sports Health & Recreation
94530	Science & Technology
94540	Energy
94550	Rodeo
94990	Carnival Facilities Improvement

Agency Object Groups:

Personal Services -

No payroll is being charged to buildings or events

Currently based on the position and automatically split:

1. SF Admin/Overhead, Expo Events Overhead - Payroll Only, Annual Fair Overhead
2. Expo Events Overhead - Payroll Only, Annual Fair Overhead
3. Expo Events Overhead - Payroll Only, General Operations/Overhead

Proposals need to include:

1. Default for leave time, general meetings, training
2. Definitions on how to determine the Location, PCA and need to use Project #

Service and Supplies / Capital Outlay -

Currently some expenditures are going to specific buildings and events

Most commonly:

- Professional Services
- Facility Rent
- Fuel/Utility
- Facility Maintenance and Repair
- Program Related S&S
- Other Service and Supplies
- Equipment $250-$5,000

Proposal should include:

Direct Charges	Indirect Charges
Office Expense	Instate Travel
Telecom	Out of State Travel
Data Processing	Employee Training
Publicity and Publication	Office Expense
Prof Services	Telecom
IT Prof Services	SGSC
AG	Data Processing
Facilties Rental/Taxes	Publicity and Publication
Fuels and Utilities**	Prof Services
Facilities Maintenance	IT Prof Services
Food/Kitchen Supplies	AG
Agy Prog Rel S&S	Fuels and Utilities**
Other S&S	Employee Recruitment
Expend Property	Dues and Subscriptions
	Expend Property
	--how these will be allocated

**must be building specific

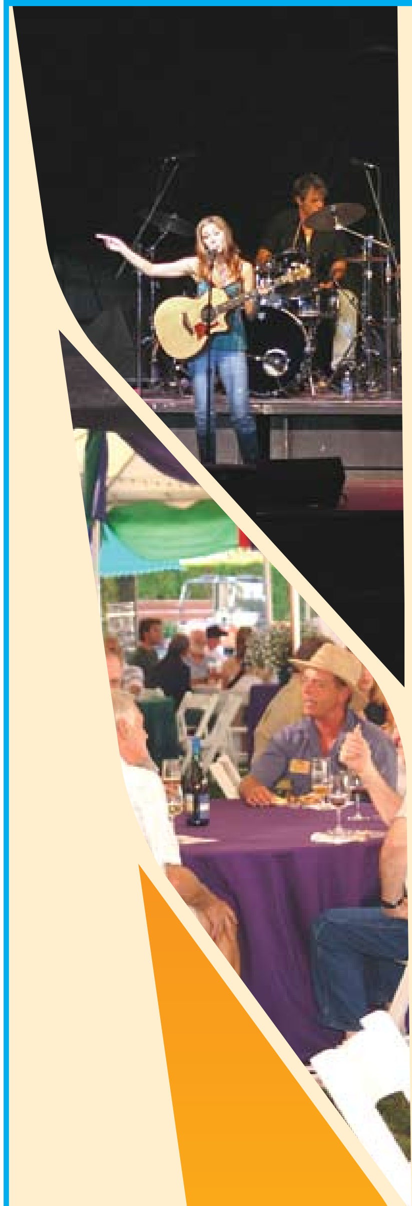
Other Considerations:

1. Determine what level for the budget and how to pull that information
2. How overhead will be broken out

Appendix C: Fairgrounds facility inventory

INTRODUCTION

OREGON State Fair & Expo CENTER



A gathering place to showcase Oregon products and people.

The Oregon State Fair & Exposition Center (OSFEC) is the perfect resource to help you and your organization showcase your pride amid an environment dedicated to the achievements and success of our great state.

Over the years, we have hosted nearly every type of meeting and event imaginable, from high-powered business conventions to monster truck shows and major concerts. We are proud to offer a wide variety of meeting spaces to suit your individual needs, from the spacious expanse of the Jackman-Long Building to the snug luxury of The Hart of the Garden Building. We offer specialty spaces that are hard to find elsewhere, such as The Pavilion concert hall and the historic Horse Show Stadium with its dirt surface. And, of course, all our facilities are conveniently located in central Salem, just minutes from Oregon's Interstate 5.

We look forward to welcoming you and your event to our facility. Our experience in hosting a variety of events is a valuable resource to you in planning your own event, no matter what the type or size.

Thank you for your consideration of the Oregon State Fair & Exposition Center.

CASCADE HALL

This building is the Exposition Center's most popular spot for business meetings.
It features a large lobby area for meeting registration or for an intimate networking event. The main hall features retractable walls to accommodate as many 3 separate rooms for simultaneous meetings. All meeting space is carpeted.

Dimensions
109'X50'

Square Feet
5,450

Ceiling Height
12'

Meeting Capacity
300

Dining Capacity
320

Theatre Style Capacity
400

Floor
Carpet, Tile

Heat & A/C
Yes

Electrical
120v

Lighting
Fluorescent and Incandescent;
dimmer switches

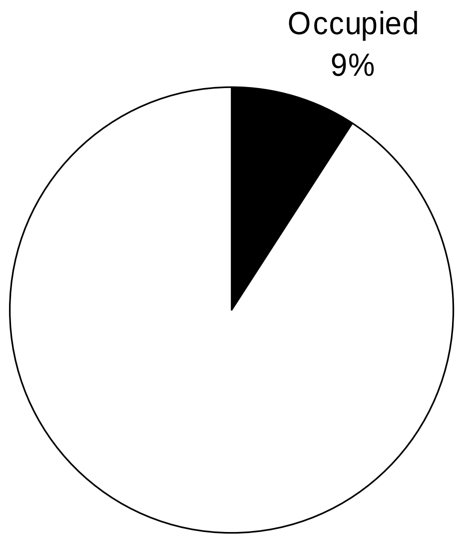
Features
Readerboard, walls to create separate rooms, zoned PA System, free internet availability (WiFi Capable)

CASCADE HALL

Number of 2008 events

31

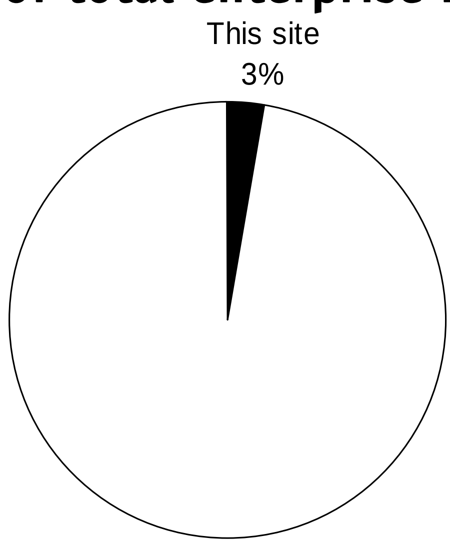
Occupancy rate



Estimated 2008 gross revenue

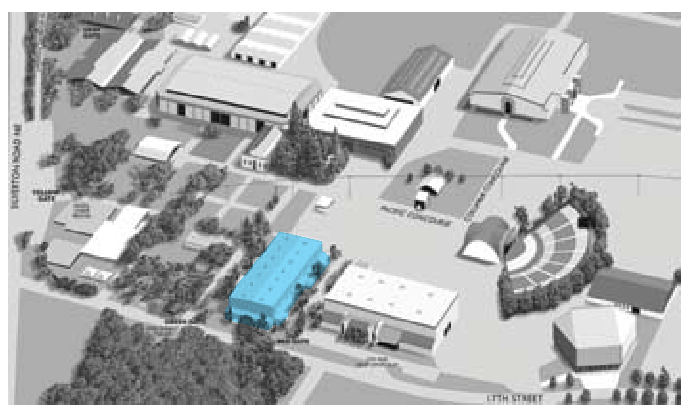
$35,071

Share of total enterprise revenue



COLUMBIA HALL

Another versatile building, Columbia Hall is located just north of the Jackman Long Building. This hall offers 36,000 square feet of clear span. Columbia Hall has hosted many smaller trade shows and consumer events, and it is ideal for banquets and company meetings.



Dimensions
120'x300' Total

Square Feet
36,000

Ceiling Height
14'10"

Meeting Capacity
4,000

Dining Capacity
2,000

Floor
Concrete

Heat & A/C
Yes

Electrical
120/208v

Lighting
Fluorescent & Metal Halide

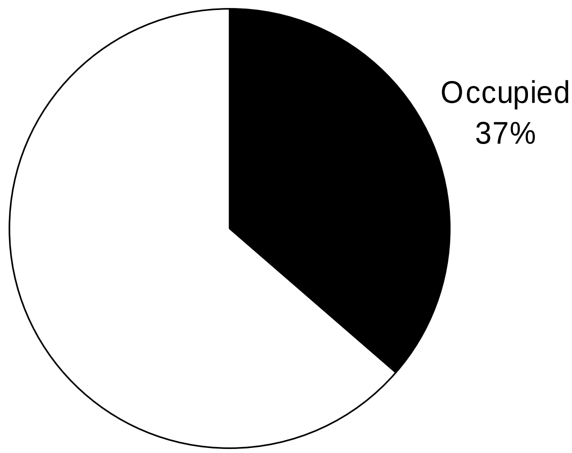
Features
Partition curtain, 20'x20' Load-In door, free internet availability (WiFi Capable)

COLUMBIA HALL

Number of 2008 events

30 (combined with Jackman Long)

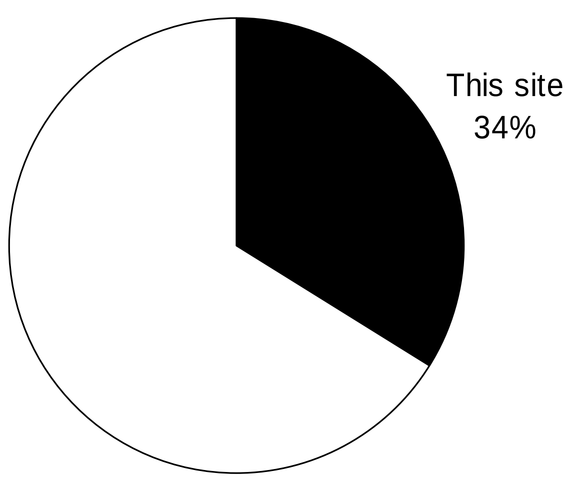
Occupancy rate



Estimated 2008 gross revenue

$457,165 (combined with Jackman Long)

Share of total enterprise revenue



JACKMAN-LONG BUILDING

OREGON State Fair & Expo CENTER

The Jackman-Long Building is the exposition center's most well known building. This structure provides 48,000 square feet of clear span, with additional meeting space. It is ideal for a wide range of gatherings and attractions, including trade shows, RV and manufactured home shows, consumer and holiday shows, concerts, dances and banquets.

Dimensions
150'x320' Total

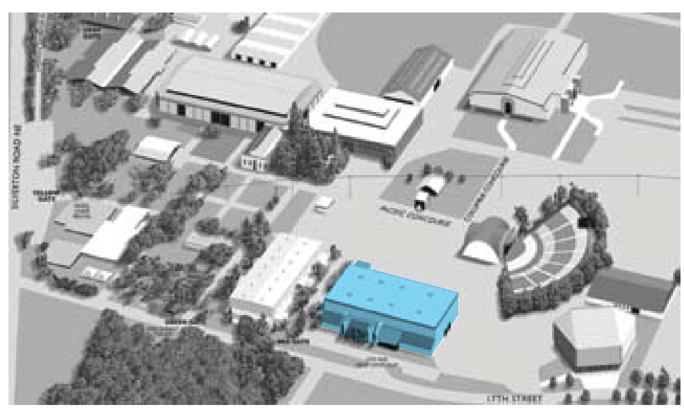
Square Feet
48,000

Ceiling Height
26'

Meeting Capacity
3,466

Dining Capacity
3,000

Floor
Concrete



Heat & A/C
Yes

Electrical
120/208v

Lighting
Metal Halide

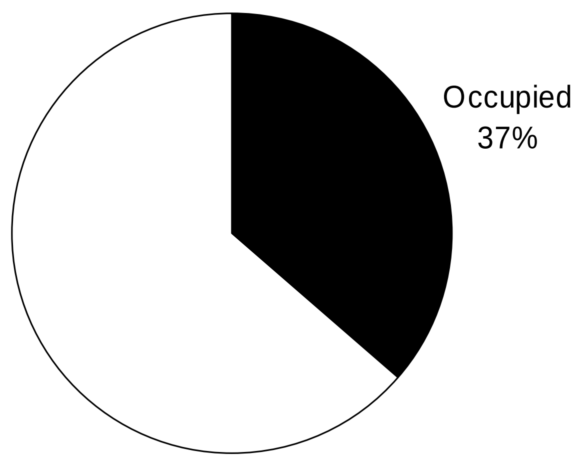
Features
Additional exhibit, meeting room or banquet space, ticket/show office, 20'x20' load-in door, free internet availability (WiFi Capable)

JACKMAN LONG

Number of 2008 events

30 (combined with Columbia)

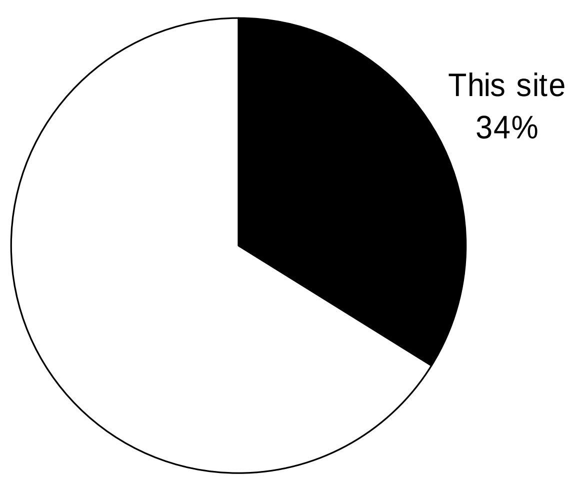
Occupancy rate



Estimated 2008 gross revenue

$457,165 (combined with Columbia)

Share of total enterprise revenue



HART OF THE GARDEN BUILDING

OREGON State Fair & Expo CENTER

The Hart of the Garden Building is the exposition center's premier space for meetings and receptions. Built in 2002, this new structure features a lovely courtyard garden. The building also offers a separate lobby and meeting hall, making it ideal for weddings, receptions, banquets, seminars and elite business meetings.

Square Feet
4,000

Dimensions
Dimensions 50' X 80' (without lobby)

Ceiling Height
13'6"

Meeting/Dining Capacity
220

Floor
Carpeted; 20'x20' cement dance floor

Heat & A/C
Yes

Electrical
120v

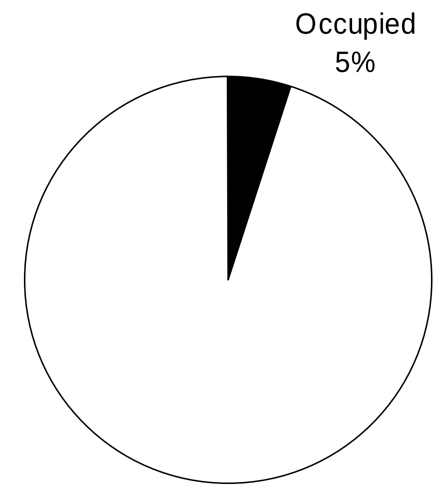
Lighting
Fluorescent and/or Incandescent, free internet availability (WiFi Capable) by Fall 2007

HART of the GARDEN

Number of 2008 events

17

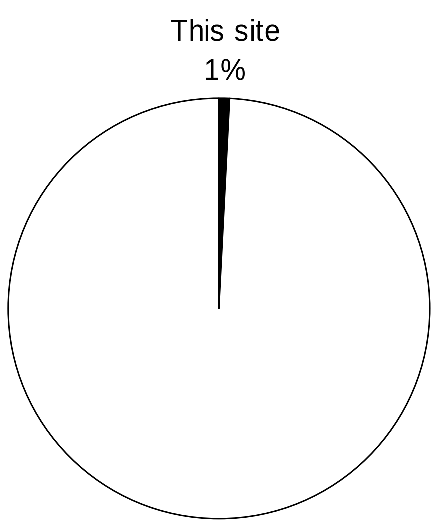
Occupancy rate



Estimated 2008 gross revenue

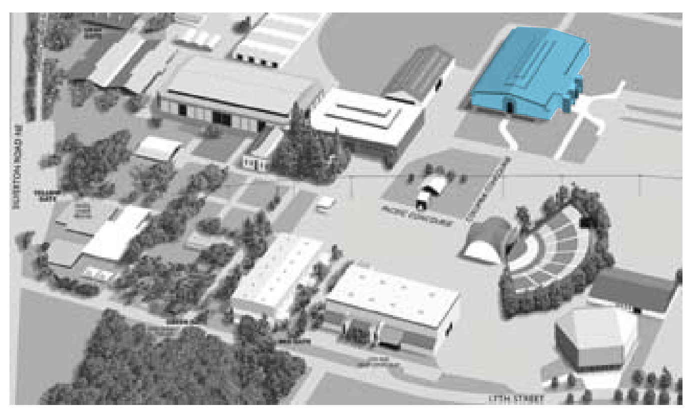
$11,589

Share of total enterprise revenue



THE PAVILION

This building is the newest feature of the Oregon State Fair and Exposition Center. It is a performance hall ideal for indoor concerts and other large events that require full service concession areas. The structure also features production offices and flexible seating, making it a good option for trade shows and consumer events as well.



Dimensions
123′ x 248′ floor

Square Feet
30,504 (Arena)

Ceiling Height
29'

Meeting Capacity
2,800 on floor

Dining Capacity
1,200

Floor
Concrete

Heat & A/C
Yes

Electrical
120/208v

Lighting
Metal Halide

Spectator Seating
5,000 fixed, 2,000 temporary

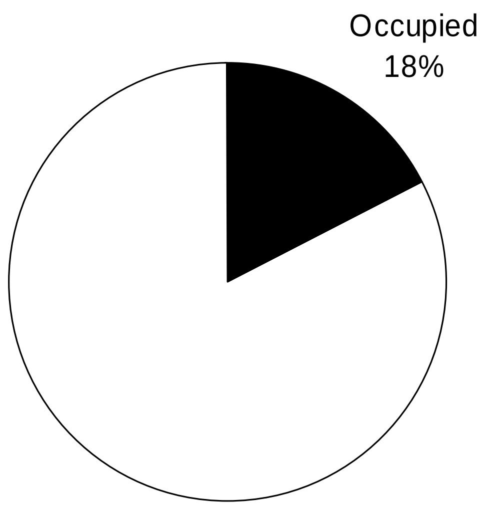
Features
Box office (with four sales windows), concessions, production offices, dressing rooms with showers, full lobby, ample adjacent parking, free internet availability (WiFi Capable)

THE PAVILION

Number of 2008 events

29

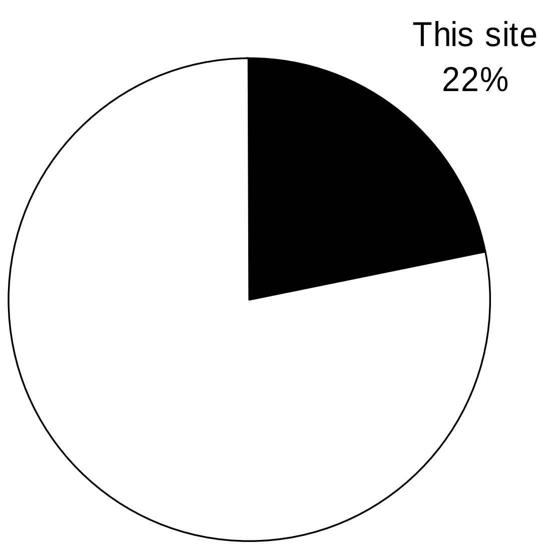
Occupancy rate



Estimated 2008 gross revenue

$306,060

Share of total enterprise revenue



HORSE SHOW STADIUM

This charming structure, built in 1919, is one of two buildings on the fairgrounds listed in the National Registry of Historic Buildings. The arena features a 100′ x 200′ dirt floor, ideal for horse shows, circuses, rodeos, and other events that need a dirt surface. The building seats 2,500 spectators and features concession areas.

Dimensions
100'x200' Arena

Square Feet
20,000

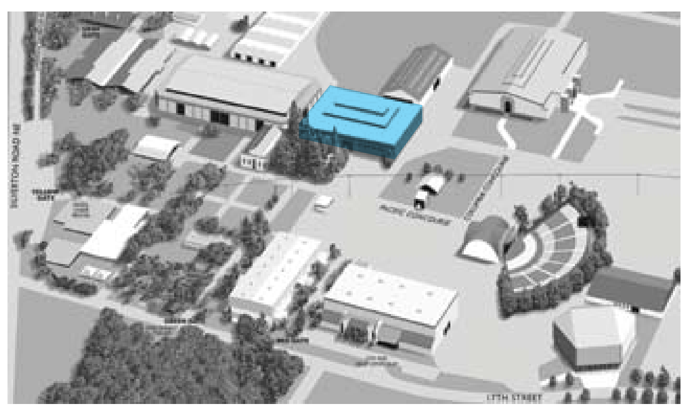
Ceiling Height
30'

Floor
Dirt Flooring

Electrical
120/208v

Lighting
Metal Halide

Features
Announcer booth, show office, covered warm-up area, paging from announcers booth to barn complex, one concession stand, trail and jump equipment

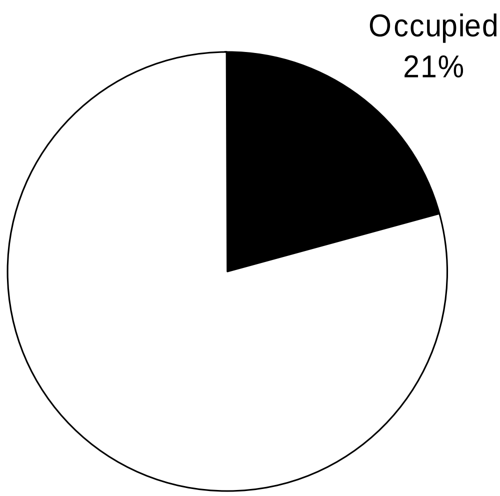


HORSE STADIUM

Number of 2008 events

17

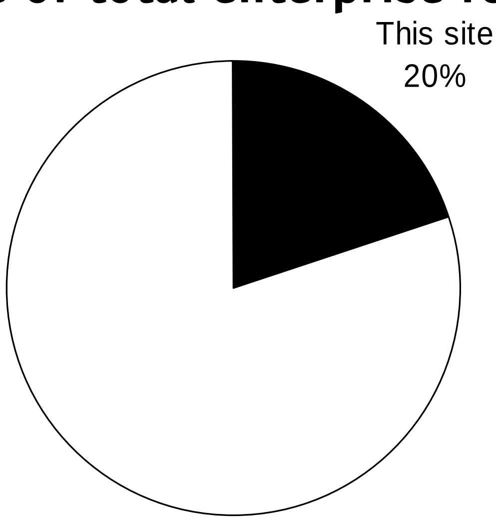
Occupancy rate



Estimated 2008 gross revenue

$279,624

Share of total enterprise revenue

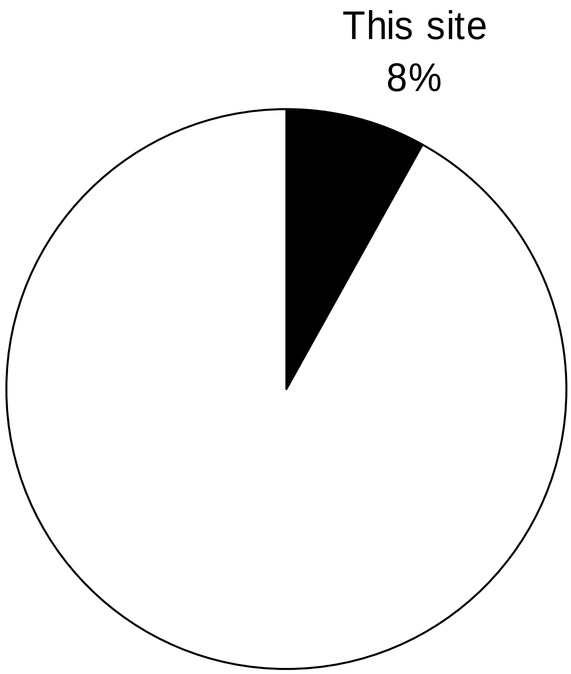


Ag Fest / Marion County Fair

Estimated 2008 gross revenue

$111,630

Share of total enterprise revenue



Livestock Barns

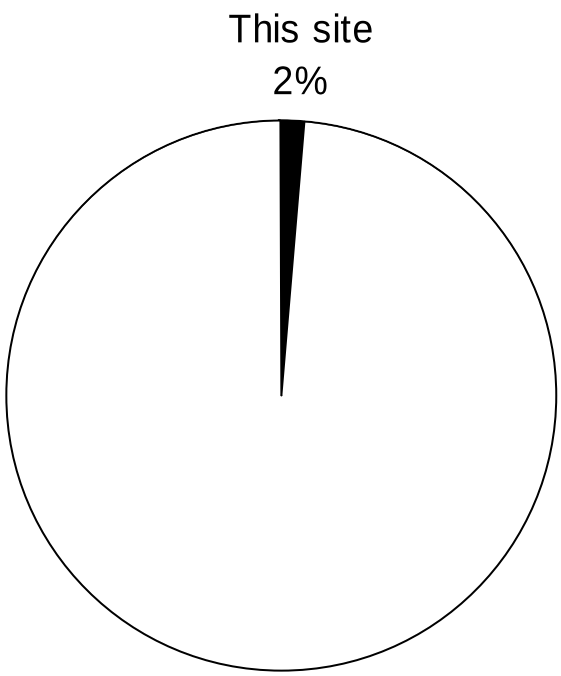
Number of 2008 events

11

Estimated 2008 gross revenue

$20,844

Share of total enterprise revenue



Parking

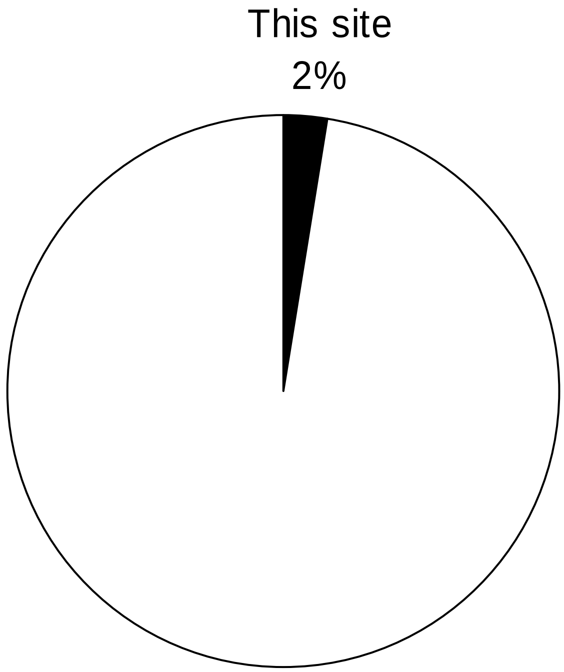
Number of 2008 events

12

Estimated 2008 gross revenue

$32,687

Share of total enterprise revenue



OREGON State Fair & Expo CENTER

SCHEDULE OF RATES AND FEES
Rental Rates Effective July 1, 2006 - June 30, 2007
BUILDINGS AND GROUNDS

MULTI-PURPOSE PAVILION

ENTIRE BUILDING – NON-SPECTATOR EVENT (Non spectator events include, but are not limited to, banquets, trade shows, RV shows, etc. Rental fee includes building rental only.) Accessories and electrical service will be billed per established rates.	$3,000.00 per 16 hr. day
ENTIRE BUILDING – TICKETED, SPECTATOR EVENT (Ticketed events include, but are not limited to, concerts, dances that require seating area, rodeos, circuses, speaking engagements, etc.) Rental price includes: stage, electrical service for stage and tour buses, dressing rooms, production office space, box office, tables and chairs for production. Additional accessories, including spectator chairs on the floor if needed, are at promoter's expense.	$5,000.00 per 16 hr. day
MOVE-IN/OUT DAY FOR ALL EVENTS	$1,000.00 per 16 hr. day
ENTRY AREA FOR EXHIBITION DISPLAYS	$800.00 per 16 hr. day
DIRT	By quote
MERCHANDISE FEE FOR SPECTATOR EVENTS	25% of gross sales

JACKMAN-LONG BUILDING

EVENT DAYS	
Entire Building: 48,000 sq. ft. (150'x320')	$2,950.00 per 16 hr. day*
Includes use of dining room facilities	
Half Building: 24,000 sq. ft. (150'x160')	$1,875.00 per 16 hr. day*
Jackman-Long Meeting Area: 5,148 sq. ft. (44'x117') (Meeting Area includes tables & chairs)	$500.00 per 8 hr. day*
MOVE-IN & MOVE-OUT DAYS	
Entire Building	$780.00 per 8 hr. day*
Half Building	$470.00 per 8 hr. day*
Restaurant/Meeting Area	$100.00 per 8 hr. day*

*$30.00 per hour beyond specified time

COLUMBIA HALL

EVENT DAYS	
Entire Building: 36,000 sq. ft. (120'x300')	$2,340.00 per 16 hr. day*
Sections (40'x120' each) 3 Section Minimum	$1,125.00 per 16 hr. day*
Each Additional Section (7 Total)	$370.00 per 16 hr day*
MOVE-IN & MOVE-OUT DAYS	
Entire Building	$585.00 per 8 hr. day*
Each Section	$95.00 per 8 hr. day*

*$30.00 per hour beyond specified time

CASCADE HALL*

EVENT DAYS - Monday - Thursday	
Entire Hall (5,200 plus sq. ft.-Can be divided into 3 rooms)	$780.00 per 8 hr. day
Meeting Rooms (3 available-various sizes)	$400.00 per 8 hr. day
EVENT DAYS - Friday - Sunday	
Entire Hall (5,200 plus sq. ft.-Can be divided into 3 rooms)	$885.00 per 8 hr. day
No Single Meeting Rooms available Friday-Sunday	
MOVE-IN & MOVE-OUT DAYS	$375.00 per 8 hr. day

RATES

OREGON State Fair & Expo CENTER

L.B. DAY CONFERENCE ROOM*

Close proximity to Cascade Hall	$115.00 per 8 hr. day

*Prices for Cascade Hall and L.B. Day Conference room include 5′ round or 6′ classroom-style tables, chairs, PA system, and room set-up. Any food/ beverage service or catering is at additional cost. Please contact your Event Representative.

HART OF THE GARDEN BUILDING*

EVENT DAYS – Monday-Thursday	$500.00 per 8 hr. day
Including Floral Gardens (Mon – Thurs)	$800.00 per 8 hr. day
EVENT DAYS - Friday – Sunday	$600.00 per 8 hr. day
Including Floral Gardens (Fri – Sun)	$900.00 per 8 hr. day
MOVE-IN & MOVE-OUT DAYS	$275.00 per 8 hr. day

*Prices for Hart of the Garden Building include 5′ round tables, chairs, PA system, and room set-up. Any food/beverage service or catering is at | additional cost. Please contact your event representative.

FFA PAVILION (COVERED AREA)	$200.00 per 8 hr. day

STADIUM

FOR LIVESTOCK & GENERAL USE	
Arena/Stadium (Arena 100′ x 200′-Stadium capacity 2,500)	$800.00 per 16 hr. day
Move-In/Move-Out Day	$275.00 per 8 hr. day
Warm-Up Arenas each/per event	$125.00 each per event
Warm Up Arena (125′ x 250′) when used as event arena without stadium	$600.00 per 16 hr. day
FOR CONCERTS	
Minimum Stadium rental $850.00 Additional $1.00 per person after 12% of ticket sales reaches $850.00	

BEEF BARN

FOR LIVESTOCK USE	
Entire Barn (100′ x 220′)	$540.00 per 16 hr. day
LIVESTOCK PAVILION	
Entire Pavilion* (115,200 sq. ft.)	$820.00 per day
Move/In Day	$375.00 per day

*Draft horse stalls are not removed

L.B. DAY AMPHITHEATRE

CONCERTS, LIVE PERFORMANCES*	
Entire Venue (8,791 Seating Capacity)	$1,500.00 per 16 hr. day against 12% of gross ticket sales, whichever is greater, not to exceed $7,000.00 per performance
MOVE-IN/MOVE-OUT DAY	$425.00 per 8 hr. day
MERCHANDISE FEE	25% we sell/20% artist sells
BUS SHORE POWER (50 AMP)	$60.00 per hookup

*Restricted availability

LAWN AREAS

VARIOUS SIZES	
Friendship Square (Includes Outdoor Stage)	$500.00 per 16 hr. day
Main Lawn	$500.00 per 16 hr. day
Picnic Grove (Includes Gazebo)	$500.00 per 16 hr. day
Show Green	$500.00 per 16 hr. day

RATES

OREGON State Fair & Expo CENTER

PARKING LOTS

VARIOUS SIZES

Carnival, Sunnyview South, Sunnyview North, North, 17th St. Gravel, East Columbia Hall, East Jackman-Long Building, South Jackman-Long Building, South Pavilion	$750.00 each per 16hr. day, or $5.00 per vehicle per day, whichever is greater

NOTE: above prices for lawn areas and parking lots may be negotiated when area is being used in conjunction with events in fairgrounds buildings. Please see your Event Representative. Does not include water or electrical service. Additional charges for these services apply.

ENTIRE GROUNDS	ASK FOR QUOTE

EVENT ACCESSORIES

Unless otherwise noted, prices listed are per event.

TABLES/CHAIRS

8 ft. (30″x96″) Mitylite Banquet	$10.00 each
8 ft. (30″x96″) Plywood or Laminate Banquet	$4.00 each
6 ft. (18″ x 72″) Classroom Tables	$5.00 each
Plastic Rounds	$3.50 each
5 ft. Diameter (60″) Round Laminate	$10.00 each
Picnic Table, 8 ft. Aluminum	$15.00 each
Linens (other than catering and meeting room set)	$7.00 each
Stacking Chairs, Molded Poly Shell (Bucket)	$1.50 each

BENCHES

Various sizes	$12.00 each

BLEACHERS

Double Set (240 Capacity)	$200.00 each
Single Set (120 Capacity)	$125.00 each

STAGE RISERS

4′ x 8′ x 16″ High	$12.00 each
4′ x 8′ x 24″ High	$12.00 each
4′ x 8′ x 40″ High (Heavy Duty)	$24.00 each
8′ x 8′ x 60″ High (Professional)	$40.00 each

LECTERNS/PODIUMS

Standing with Mic Neck	$20.00 each
Tabletop with Mic Neck	$20.00 each

SOUND REINFORCEMENT*

Public Address System, High Power Portable	$50.00 each per day
Wireless Mic (hand held) or Lavaliere Mic	$35.00 each per day

*Additional audio/visual equipment may be available-Please check with your Event Representative.

CUSTOMIZING ACCESSORIES

Pipe and Drape (8′ High)	$3.50 per ft.
Pipe and Drape (16′ High-Limited Quantity)	$5.00 per ft.
Picket Fence (4′ High)	$3.00 per ft.
Barricades (Limited Quantity)	$6.00 each
Enclosed Ticket Booth (Two-Seller Capacity)	$60.00 each

RATES

LIVESTOCK ACCESSORIES, MISCELLANEOUS (labor not included)

Cattle Tie Panels (blue)	$17.00 each
Green Livestock Panels	$10.00 each
Pens, Sheep/Goats/Pigs	$7.00 each
Poultry cages	$2.00 each
Poultry tables	$4.00 each
Horse Jumps or Obstacles	$55.00
Judges Stand	$25.00
Auction Block	$125.00
Stalls/Tack Rooms (no bedding provided)	$12.00 each per day
Show Ring (includes 4 sidewalls, auctioneer stand)	$250.00
Dumping Fee for Manure	Contract price plus 10% per yard
Bucking Chutes	$250.00
Cattle Loading Ramp	$40.00
Labor & equipment for set-up and removal of chutes	ASK FOR QUOTE

EVENT SERVICES

Unless otherwise noted, prices listed are per event.

LABOR

Event Support Labor	$35.00 per hr.
(Examples: set-up of equipment, special clean-ups, show attendant)	
Event Support Labor with Equipment	$45.00 per hr.
(Examples: forklift, other heavy equipment)	

ELECTRICAL SERVICE

INDOOR ELECTRICAL SERVICE*	
Wall outlet	$24.00 each
1,000 watt, 120V outlet	$55.00 each
2,000 watt, 120V (20 amps) outlet	$70.00 each
Each Additional 1,000 watts	$22.00 each
20 amp 208V service	$55.00 each
30 amp 208V service	$65.00 each
50 amp 208V service	$90.00 each
Over 50 amps	ASK FOR QUOTE
Cam lock connection	$75.00 each
OUTDOOR ELECTRICAL SERVICE*	
1,000 watt, 120V outlet	$50.00 each
2,000 watt, 120V outlet (20 amps)	$70.00 each
Each Additional 1,000 watts	$35.00 each
20 amp 208V service	$70.00 each
30 amp 208V outlet	$80.00 each
50 amp 208V outlet	$105.00 each
Over 50 amps	ASK FOR QUOTE

*208V & 220V outlet locations are limited. Client should notify Events Representative of cord connections needed suchas standard "U" ground, crows foot range receptacle, 4-wire twist lock, or direct tie-in. Electrical needs must be submitted to your Events Representative no later than 10 days prior to move-in of event.

WATER SERVICE

Filling Hot Tubs, Pools or above normal water usage	$65.00 per hose bib/day
General Washing	$25.00 per hose bib/day

NATURAL GAS SERVICE

Limited availability. Charges for labor/equipment to install will apply @ $45 per hour. Natural Gas needs must be submitted to your Events Representative no later than 10 days prior to move-in of event.

MISCELLANEOUS

Photocopying	30 cents per page
Garbage Container (30 yards)	$800.00 each

OTHER

STANDARD DEPOSIT FEES

All permittees will be required to pay a non-refundable deposit upon signing a Facility Use Permit. The following are standard fees. Payment history of returning permittees will be considered when determining deposit amounts.

Multi-Purpose Pavilion	$1,000.00
All other facilities	
New Permittees	50% of facility rental (Balance due 2 weeks prior to event)
Returning Permittees	$250.00 per event

PARKING

Events Other Than Concerts	$3.00 per vehicle
Concerts	$5.00 per vehicle

RV PARKING (in support of events only)

Dry Parking/Camping (no hookups)	$12.00 per day
Parking/Camping with electrical hookups only	$15.00 per day
Parking/Camping with full hookup	$22.00 per day
Tent Camping (in designated area only)	$12.00 per day

PENALTIES

Failure to provide floor plan 10 days prior to move-in or changes made after floor plan submitted (Includes electrical orders, set-up equipment orders special instructions)	$75.00 per occurrence
Placing animal waste in non-designated areas (Includes livestock manure, dog waste)	$100.00 per occurrence
Non-routine post-event cleanups (Examples: tape residue on floor, staples on walls, stains on floors, etc.)	$35.00 per man/hr.

FOOD CONCESSIONS

All food and beverage items provided for sale to the general public must be sold by OSFEC's food contractor. Food contractor does not charge Permittee for this service, nor does Permittee receive revenue from food/beverage sales.

CATERED EVENTS

All Permittees must use the primary food and/or alcohol caterer designated and licensed by OSFEC. All labor and equipment required specifically for a catered Event will be charged to Permittee at established rates.

SECURITY

Permittee may be required to hire a specified number of security personnel as outlined by your event representative and from OSFEC's approved security contractor(s) at the contractor's established rate.

Server/Dept Files/Expo Events/Rates and Fees Schedules/Rates & Fees 06-07 - 07/06/05

Amended 4/7/06: Arena/Stadium rate changed from $1100 per 16 hr day to $800 per 16 hr day

Amended 4/21/06: Pavilion pricing amended to exclude percentage payments for rental; deposits amended to specify Pavilion, remove references to number of shows per year for returning permittees.

Amended 6/8/06: Added price in electrical section for Cam Lock connection - $75 each.

Appendix D: Select City of Salem goals and North Gateway Urban Renewal Area

City Goals

http://www.cityofsalem.net/CityCouncil/CouncilGoals/Pages/default.aspx)

Safe Community
A sense of safety and security throughout the community with a focus on the public's safety, prevention, and an effective and timely response when an emergency or threat arises.

Livable Community
A well planned community that promotes strong and vibrant neighborhoods; provides opportunities for artistic, cultural, and recreational pursuits; offers an adequate supply of affordable housing; and preserves its historical assets.

Vibrant Economy
A City that facilitates economic opportunities for all citizens and businesses, measured in terms of job and income growth, through the fostering of strategic partnerships, and by retention and recruitment of employers providing family-wage jobs.

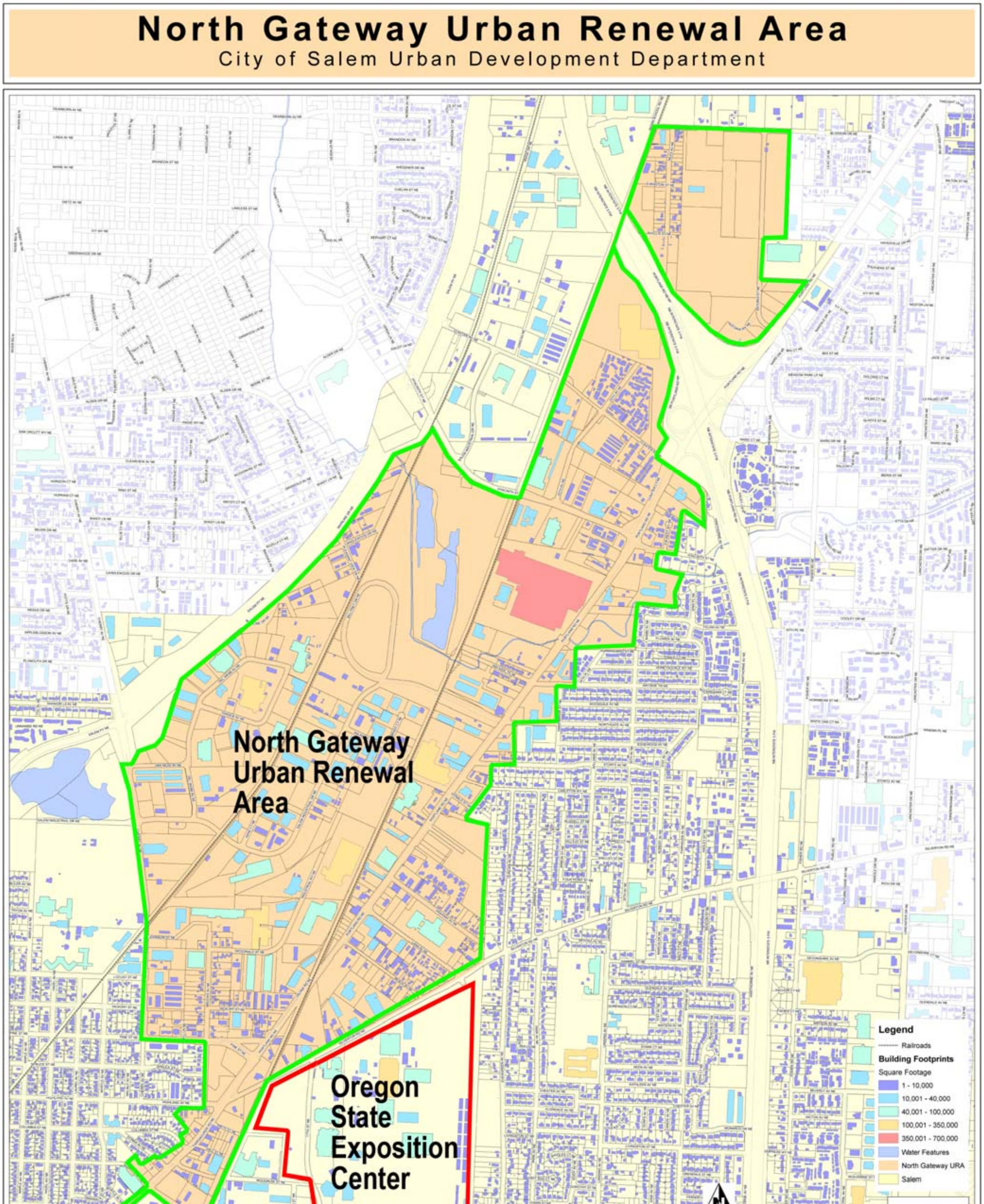
Healthy Environment
A City that promotes and maintains a high quality and sustainable environment through provision of an abundant and clean water supply, effective wastewater treatment with sufficient capacity to meet community needs, preservation of our community's natural environment, and use of renewable energy sources and resource conservation practices.

North Gateway Urban Renewal Area

http://www.cityofsalem.net/Departments/UrbanDevelopment/UrbanRenewalAreas/Pages/NorthGateway.aspx

Area: 928 acres (map on following page).
2008-09 budget: $6,289,030
Maximum authorized bonded indebtedness: $75 million
Completed projects:

- Hollywood Station Redev
- Salem Senior - Center 50+
- 2385_Fairgrounds Road
- Portland Rd Improvement Project
  - Pine Street Extension
  - Bill Frey Drive
- Overlay Zone


North Gateway Urban Renewal Area
City of Salem Urban Development Department
North Gateway Urban Renewal Area
Oregon State Exposition Center
Legend
Railroads
Building Footprints
Square Footage
1 - 10,000
10,001 - 40,000
40,001 - 100,000
100,001 - 350,000
350,001 - 700,000
Water Features
North Gateway URA
Salem

Sample Reachable Markets by venue

Cascade Hall

Current Best Use: Meetings for businesses, non-profits, overflow for big shows, and parties/receptions.

Areas for improvements: Need to market. Need to develop and publicize non-profit, government, mid-week, and half-day rates. Need aesthetic improvements such as landscaping, painting, better tables.

Potential: Seems to be meeting its best potential market. Just need to strengthen mid-week usage for governmental and non-profit meetings in this government town.

Columbia Hall

Current best use: Secondary show space for events in Jackman-Long Building. Also used for State Fair and OPRD storage. Was originally built to support ag activities during the Oregon State Fair.

Areas for Improvement: Add Wi-fi. Difficult to use the building because front door faces Jackman-Long and parking is behind the building. To improve, create a "front door." Inefficient heat system/often very cold – buildings was designed to be an August exhibit hall. Evaluate rates – currently, it is less expensive to rent half of the Jackman-Long building than it is to rent Columbia Hall.

Potential: Perhaps since the building was originally designed as an "ag" building, there may be potential to support ag-related activities, such as a year-round, covered farmer's market.

Jackman-Long Building

Current Best Use: This is the primary building in use during the Expo Season. It is used primarily for trade shows/ consumer shows. Some use for concerts, car shows, etc. Booked most weekends.

Features: Easy kitchen access, back-room restaurant capability. Box office. Large. Wi-fi and full, customizable electric. Load-in door. Reader Boards on 17th street and Silverton Road to market expo events to passers-by.

Improvements Needed: There are still a few opportunities to book events during major holidays. Scheduling must always be considered to provide ample time for set-up/tear-down between events. Rates should be evaluated to ensure costs are being covered and pursue any opportunities to increase profitability.

Potential Markets: Seems to be reaching current markets pretty well.

Hart of the Garden Building

Current Best Use: Smaller business meetings, parties/receptions, banquets, small proms/dances.

Features: On-site kitchenette. Small dance floor. Roll-up door. Lobby. Located in lovely garden setting.

Improvements Needed: Need better access to the building. Parking could be more apparent and building could be easier to locate, perhaps through changes to entry gates. Marketing needed. Need acoustic improvements in the larger meeting room. Need more "yeararound" aesthics in the garden area. Current timeframe for weddings, receptions and reunions is fall. Because of fair prep, difficult to schedule outdoor events during July and August. Need improved and lower cost food offerings.

Potential Markets: Mid-week business meetings, luncheons, etc. Could combine capacity of Hart of the Garden with Cascade Hall to offer larger venue for large-scale corporate educational events. Could expand company picnic (similar to those we offer during fair) offerings to expo season.

Pavilion

Current Best Use: Concerts, dances, celebrations, rodeo, graduations, large-scale religious ceremonies (Our Lady of Guadalupe, Jehovah's Witnesses.)

Features: Large, covered, heated – makes it usable in winter. Large roll-up loading areas. Small scale shower/back-room/VIP facilities. Box offices. Vending areas. Large lobby. Nicely landscaped exterior with grassy areas, parking islands. Easy, ample, close parking. High quality dirt options for rodeo/horse events. Low quality dirt options for truck/motorcycle events.

Improvements Needed: Air conditioning, better sound/PA system, locker rooms, marketing/relationships with promoters. Depending on market pursued, for sports options, would need to increase space to the roof or may need to add ice-making capabilities/zamboni/practice rinks. Rates need to be analyzed. Youth Village nearby would expand ability to offer entire fairgrounds for retreats and regional sports competitions.

Potential Markets: Could be a demonstration facility for cultivating new performers – akin to Austin City Limits. Could feature other kinds of performers that draw audiences the size the pavilion holds – Hispanic events, Christian Rock, Comedy, theatre/drama. Could pursue more Rodeo, livestock, horse events that draw audiences. Could pursue more holiday events/celebrations during New-Year's Eve, Cinco de Mayo, Halloween, Christmas, etc. Could partner with Salem during music festivals to ensure some programming at Pavilion.

Horse Show Stadium

Current Best Use: Consistently programmed horse shows during otherwise slow winter season. Charming historic facility is favored among horse show participants.

Features: Historic. Architecturally pleasing. Vending capacity. Lobby space for added commercial exhibitors.

Improvements Needed: Uncover windows (and return to original architectural state) to improve lighting and increase aesthetic appeal. Marketing would allow potentially more types of horse shows and other livestock to utilize the facility.

Potential Markets: Could have small concerts. Good acoustics. Naturally cool, but no heat. Could have more commercial vendor opportunities during horse shows. May be another area where a farmer's market could work well. Could have regular livestock sales/auctions in the facility.

Fairgrounds open spaces

Current Best Use: Currently, very little activity occurs on the open spaces at the fairgrounds. As the weather improves, some cycling and skateboarding activities are allowed on the grounds. Most other activity is passive, neighborhood activity such as walking the dogs or having a picnic in the oak grove. During large RV shows, RVs are staged on the pavement with electrical hookup and the promoter pays rent for that open space.

Features: There is a lot of open space at the fairgrounds. Some has easy access to services such as electricity, sewer, natural gas. Ample parking. Some security as the grounds are fenced and can be sectioned as needed.

Improvements Needed: Marketing.

Potential Markets: Sports fields, open air markets, music/drama festivals, other festivals.

Sample Developing Markets

1. Pursue a Boys and Girls Club recreation facility.

2. Lease space for hotelier near Pavilion complex. Outsource to see if private monies could be recruited to build a hotel. Consider adding in the year-round food and beverage contract. In conjunction with Oregon Department of Agriculture and food and beverage industry in Oregon, evaluate investment from private sector as a second phase. This evaluation should be a joint venture with a culinary, beverage or hospitality college affiliation.

3. Pursue private and or public investment in ice in the Pavilion or Columbia Hall to put the operation in position to offer hockey at any level, ice entertainment performances, ice training facility and public use. As part of a joint venture market assessment, include City of Salem, Comcast, SEDCOR, Chamber of Commerce and Western Hockey League.

4. Recruit the talent to evaluate an outdoor Lacrosse complex for all age and gender level use. Assess whether there is potential for Salem and this facility to become the west coast Mecca for training and tournaments.

5. Evaluate possible investment from public and private sources for an incubation park, starting with energy and green technology.

Appendix F: Examples of independent state agencies

Oregon Lottery

Statutes: ORS 461

- **The basics:**
  Created in 1984.
- Governor appoints commission and director.
- Semi-independent.

Key phrases in statute:

461.100: (4) The commission shall exercise all powers necessary to effectuate the purpose of this chapter.

461.120 Commission exempt from certain laws; rulemaking; applicability of Administrative Procedures Act.
Exempt from ORS 240 (State Personnel Relations)
Most of of 282 (Printing) and 283 (DAS services like motorpool, telephony, IT)
Bits of ORS 276 (DAS authority over buildings)
Bits of ORS 279 (Most of contracting)
Bits of ORS 293 (Administration of Public Funds)
Held to 279A.100 (Minorities contracting), 659 (Labor law) and 659A (more Labor law, like discrimination), 282.210 (definitions section of Printing)

461.130 Authority of commission; delegation; contracts for security services. (1) Whenever a power is granted to the commission, the power may be exercised by such officer or employee within the Oregon State Lottery as is designated in writing by the commission. Any such designation shall be filed in the office of the Secretary of State.

461.140 Biennial budget report to Legislative Assembly. (1) The Oregon State Lottery Commission shall prepare in each even-numbered year a budget report for the biennium beginning July 1 of the following year.
(2) The commission estimates and requests and appropriation measures shall be prepared in a manner approved by the Legislative Fiscal Officer.
(3) Not later than November 10 of each even-numbered year, the commission shall cause its budget estimates and requests to be made available to the Governor, the Legislative Fiscal Officer and to the Legislative Revenue Officer.
(4) The commission shall furnish the Legislative Assembly any further information required concerning its budget.
(5) In all other respects the budget of the Oregon State Lottery Commission shall be treated in the same manner as the budgets of all other state agencies. [1985 c.302 §15]

461.150 State lottery director; appointment; assistant directors; duties and powers. (4) The director shall, subject to the approval of the commission, perform all duties, exercise all powers and jurisdiction, assume and discharge all responsibilities and carry out and effect the purposes of this chapter.
(5) The director shall recommend to the commission the establishment of rules pertaining to the employment, termination and compensation of all commission staff.

(8) The director and each assistant director shall file a verified statement of economic interest with the Oregon Government Ethics Commission and shall be subject to the provisions of ORS chapter 244. [1985 c.2 §3(1) to (7); 1985 c.302 §3(1) to (8)]

461.160 Authority of director to contract for services. Under the rules of the commission, the Director of the Oregon State Lottery may contract with any state agency or political subdivision for the performance of such duties, functions and powers as the director considers appropriate.

461.180 Studies; accountability; audits; delegation.
(7) The director may delegate to any of the employees of the Oregon State Lottery the exercise or discharge in the director's name of any power, duty or function of whatever character, vested in or imposed by law upon the director. The official act of any such person so acting in the director's name and by the authority of the director shall be considered to be an official act of the director.

461.400 Procurements. Notwithstanding other provisions of law, the Director of the Oregon State Lottery may purchase or lease such goods or services as are necessary for effectuating the purposes of this chapter.

461.440 Commission's authority to contract; rules. Subject to rules adopted by the commission, the Director of the Oregon State Lottery may enter into all contracts necessary to accomplish the purposes of this chapter. The rules shall cover contracts for materials, supplies, equipment, services and professional services and to the extent that is reasonable shall follow the public policy of open competitive procurement. The commission shall also consider security, competence, experience, timely performance and maximization of net revenues in developing rules governing procurement actions. All contract awards for major procurements shall be approved by the commission.

461.530 Oregon State Lottery Fund. There is hereby created within the General Fund the Oregon State Lottery Fund which is continuously appropriated for the purpose of administering and operating the commission and the Oregon State Lottery.

Established as independent: 1984?
Contact: Dale Penn. Executive Director

Oregon Liquor Control Commission

Statutes: ORS 471-473
The basics: Created in 1934. Five commissioners appointed by Gov.
Key phrases in statute:

> **471.725 Buying, leasing, contracting and borrowing powers of commission.** The function, duties and powers of the Oregon Liquor Control Commission include the following:
> (1) To buy, have in its possession, bottle, blend, rectify, transport and sell, for present or future delivery, in its own name, alcoholic liquor in the manner set forth in this chapter.
> (2) To purchase, acquire, rent, lease or occupy any building, rooms, stores or land and acquire, own, lease and sell equipment and fixtures required for its operations.
> (3) To lease or sublet to others property which it acquires or owns and which is not immediately required for its operations. However, no real property shall be purchased without the consent and approval of the Governor.
> (4) To borrow money, guarantee the payment thereof and of the interest thereon, by the transfer or pledge of goods or in any other manner required or permitted by law.
> (5) To issue, sign, indorse and accept checks, promissory notes, bills of exchange and other negotiable instruments.
>
> **471.805 Disposition of moneys; revolving fund.**
> (1) Except as otherwise provided in ORS 471.810(2), all money collected by the Oregon Liquor Control Commission under this chapter and ORS chapter 473 and privilege taxes shall be remitted to the State Treasurer who shall credit it to a suspense account of the commission. Whenever the commission determines that moneys have been received by it in excess of the amount legally due and payable to the commission or that it has received money to which it has no legal interest, or that any license fee or deposit is properly refundable, the commission is authorized and directed to refund such money by check drawn upon the State Treasurer and charged to the suspense account of the commission. After withholding refundable license fees and such sum, not to exceed $250,000, as it considers necessary as a revolving fund for a working cash balance for the purpose of paying travel expenses, advances, other miscellaneous bills and extraordinary items which are payable in cash immediately upon presentation, the commission shall direct the State Treasurer to transfer the money remaining in the suspense account to the Oregon Liquor Control Commission Account in the General Fund. Moneys in the Oregon Liquor Control Commission Account are continuously appropriated to the commission to be distributed and used as required or allowed by law.
> (6) All expenditures from the account are exempt from any state expenditure limitation.

Established: 1934
Contact: Steve Pharo, Executive Director

Oregon Tourism Commission

Statutes: ORS 284

- **The basics:**
  Created as division of Highway Dept in 1935.
- Transferred to Economic Development in 1983.
- Became semi-independent in 2003.
- Nine member commission appointed by Gov.

Key phrases in statute:

284.118 Commission exempt from certain laws.
Exempt from ORS 240 (State Personnel Relations)
ORS 276 (DAS building authority)
ORS 279A-279C (Contracting)
ORS 282-283 (Printing and other DAS services)
ORS 291-293 (administration of public funds, salaries)
The commission is subject to all other statutes governing a state agency that do not conflict with ORS 284.101 to 284.146, including the tort liability provisions of ORS 30.260 to 30.300 and the provisions of ORS chapter 183. The employees of the commission are included within the Public Employees Retirement System.
Held to bits of ORS 279A.250 (surplus property)
ORS 292.495 (commission compensation)
Bits of ORS 293.235 (money handling, collecting on monies owed).

(3) In carrying out the duties, functions and powers of the commission, the commission may contract with any state agency. A state agency may not charge the commission an amount that exceeds the actual cost of those services.
(4) The commission shall adopt personnel policies and contracting and purchasing procedures. The Oregon Department of Administrative Services shall review those policies and procedures for compliance with applicable state and federal laws and collective bargaining contracts.

284.122 Authority of commission.
(1) Make contracts necessary for carrying out the duties of the commission;
(2) Acquire, own, hold, transfer, encumber or dispose of property of any kind
(3) Enter into agreements or other transactions
(4) Appoint officers, consultants, agents or advisors, and prescribe their duties;
(6) Procure insurance against any losses.
(7) Accept donations, grants, bequests or devises
(8) Organize, conduct, sponsor, cooperate with or assist the private sector or other state agencies in the conduct of conferences and tours related to Oregon tourism;
(9) Provide and pay for advisory services and technical assistance
(10) Exercise any other powers necessary or desirable for the operation and functioning of the commission that is consistent with the purposes of the commission;
(11) Charge for products or services provided and receive revenue from any source to be used for the purposes of the commission;
(12) Enter into agreements and cooperate with political subdivisions of this state, state agencies, other states, the federal government, governments of foreign countries or private individuals, corporations or other persons in the publication or distribution of information relating to tourism, recreational activities and tourism facilities, or other information or

materials of interest or service to the traveling public or relating to developing or promoting tourism in this state.

284.126 Budget of commission; financial records and statements. (1) The Oregon Tourism Commission shall adopt budgets on a biennial basis using classifications of expenditures and revenue required by ORS 291.206 (1). That portion of the budget that is funded by appropriations from the General Fund or by allocations of lottery funds is subject to review and approval by the Legislative Assembly and to future modification by the Emergency Board or the Legislative Assembly. The remainder of the budget is subject to review and recommendation by the Legislative Assembly.

284.131 Commission account; disposition of moneys; exemption from expenditure limitations. (1) All moneys collected, received by or appropriated to the Oregon Tourism Commission must be deposited into an account established by the commission in a depository bank insured by the Federal Deposit Insurance Corporation.

284.142 Executive director of commission. (1) The Oregon Tourism Commission shall appoint an executive director. The appointment shall be subject to the approval of the Governor. The executive director shall serve at the pleasure of the members of the commission.
(4) Except as provided in subsection (5) of this section, the commission may delegate to the executive director any duty, function or power conferred or imposed on the commission and the executive director may delegate to any subordinate officer or employee of the commission any duty, function or power conferred, imposed on or delegated to the executive director.
(5) The commission may not delegate to the executive director the power to:

(a) Approve the comprehensive marketing plan described in ORS 284.111;
(b) Approve the biennial budget required under ORS 284.126; or
(c) Appoint and set the compensation of the executive director under ORS 284.142.

Established as independent: 2003.
Contact: Todd Davidson, Executive Director

Chemeketa Community College // Innovative Solutions, Inc.

Statutes:
The basics:
Established:
Contact:

State Accident Insurance Fund

Statutes: ORS 656.751

- **The basics:**
  Independent public corporation.
- SAIF Corporation is Oregon's not-for-profit, state-chartered workers' compensation insurance company.
- A five-member board of directors appointed by the governor oversees the operation of SAIF and appoints the corporation's president.

Key phrases in statute:

656.753 State Accident Insurance Fund Corporation exempt from certain laws
Exempt from ORS 240 (State Personnel Relations)
ORS 276 (Public facilities)
ORS 279A-279C (Contracting)
ORS 282-283 (Printing and DAS servies)
ORS 291-293 (administration of public funds, salaries)
Held to ORS 293.260, 293.262 and 293.505 (collecting debt, money handling)
ORS 243.305 (Public employee rights and benefits)
ORS 279A.100 (minority contracting)
659A.012 (discrimination in hiring and employment)

656.754 Manager; appointment; functions. (1) The State Accident Insurance Fund Corporation is under the direct supervision of a manager
(2) The manager has such powers as are necessary to carry out the functions of the State Accident Insurance Fund Corporation, subject to policy direction by the board of directors.

Established: 1980
Contact: Brenda Rocklin, Executive Director.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