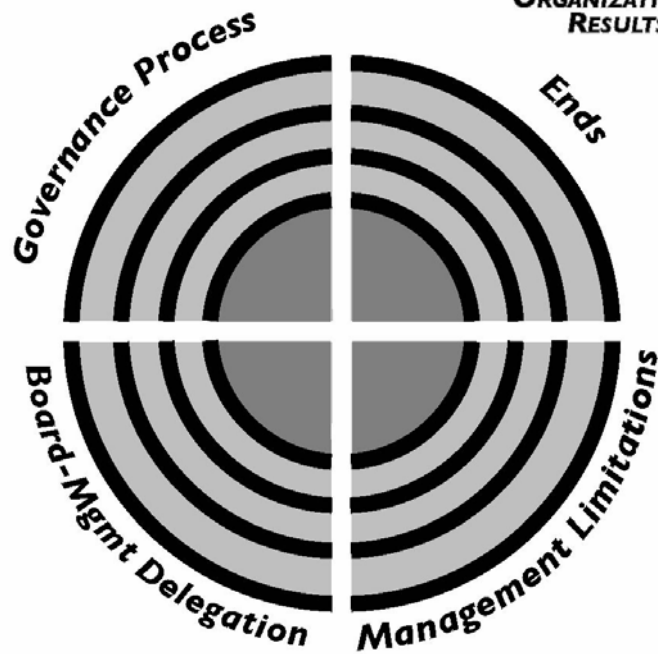




Board of Directors Governing Policy Manual

BOARD MEANS

**INTENDED
ORGANIZATIONAL
RESULTS**



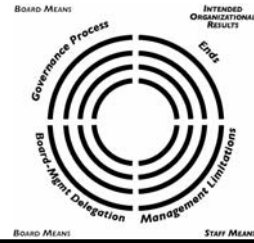
BOARD MEANS

STAFF MEANS



Board of Directors Governing Policy Manual

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Board of Directors Governing Policy



Ends

Policy 1.0 – ENDS POLICIES

Date Adopted/Last Revised: December 11, 2008

1.0 Global Ends/Mission Statement:

The mission of OCFEC is...

Celebration of Orange County's Communities, Interests and Heritage

(with results justifying resources expended)

Priority Results (in order of priority):

1.1 People Enjoy Affordable Family Entertainment

- 1.1.1 The Achievements of the Community are Celebrated.
- 1.1.2 People Enjoy a safe, clean family environment.
- 1.1.3 People Enjoy diverse educational experiences.
 - 1.1.3.1 Priority: People enjoy and learn about science.
 - 1.1.3.2 People participate in hands-on, interactive learning experiences.
- 1.1.4 People enjoy unique entertainment experiences not available elsewhere.

1.2 There is Celebration of the Heritage of Orange County

- 1.2.1 People understand the role and impact of Agriculture in Orange County.

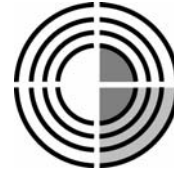
1.3 The Orange County Community has a "Gathering Place"

- 1.3.1 People from throughout Orange County and surrounding areas come together.
 - 1.3.1.1 Priority Audience: communities currently underrepresented in OCFEC participation
- 1.3.2 Safe and clean venues are available to and utilized at competitive rental rates.

1.4 There is a Catalyst for Community Collaborations, Achievement and Innovation.



Board of Directors Governing Policy



Policy 2.0 – GENERAL EXECUTIVE CONSTRAINT

Date Adopted/Last Revised: December 11, 2008

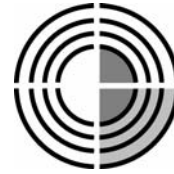
Management Limitations

(For the purposes of these Governing Policies, the term “CEO” will refer to the manager of the 32nd District Agricultural Association (“Association”), and will have the same meaning as set forth in Article IV Section 2 of the Bylaws of the Association adopted by the Board of Directors on December 11, 2008.)

The CEO will not cause or allow any practice, activity, decision or organizational circumstance that is unlawful, imprudent, or in violation of commonly accepted business and professional ethics and practices.



Board of Directors Governing Policy



Policy 2.1 – TREATMENT OF CUSTOMERS

Date Adopted/Last Revised: December 11, 2008

Management Limitations

With respect to interactions with consumers and other constituents, the CEO will not cause or allow conditions or procedures that are unsafe, unfair, untimely, unresponsive, undignified or unnecessarily intrusive.

The CEO will not:

1. Collect, review, transmit, store or destroy consumer information in a manner that fails to comply with all applicable laws, or to protect against improper access to that information.
2. Operate facilities without appropriate privacy.
3. Operate the business or facilities of the Association without communicating to consumers a clear understanding of what may be expected from the services offered.
4. Operate the business or facilities without informing customers, as appropriate, of this policy, and without providing a complaint/response process to productively address concerns raised by consumers.



Policy 2.2 – TREATMENT OF STAFF

Date Adopted/Last Revised: December 11, 2008

With respect to the treatment of volunteers and employees, the CEO will not cause or allow conditions that are unfair, unsafe or undignified.

Consistent with State of California regulations, the CEO will not operate without ensuring that:

1. The employment of all civil service employees complies with all applicable guidelines promulgated by the Department of Personnel Administration and the State Personnel Board.
2. The employment of all temporary and/or employees complies with all applicable guidelines promulgated by the Department of Personnel Administration and the State Personnel Board.
3. All applicable policies pertaining to civil service, temporary and/or seasonal employees are available in the Association's Personnel Office.
4. All official personnel files are confidential. Access to information contained in an employee's file may be granted to the employee by the employee's immediate supervisor and the CEO.
5. Management does not knowingly hire any person working illegally in this country.
6. Association staff are trained in the use of the State's Incident Command System. Copies of the Incident Command Procedures relative to the Association are available at the Association's Security Office.
7. All employees have a working environment free of any type of discrimination. Sexual harassment is a form of discrimination that is in violation of both State and Federal laws and guidelines established by the Equal Employment Opportunity Commission. The Association will maintain a workplace and working environment that is free of sexual harassment. Disciplinary action will be taken if any form of discrimination occurs.
8. A copy of the Association's Injury and Illness Prevention is on file in the Association's Personnel Office.
9. A copy of the Association's Incompatible Activities policy is on file in the Association's Administration Building and Personnel Office.



Policy 2.3 – FINANCIAL CONDITION & ACTIVITIES

Date Adopted/Last Revised: February 26, 2009

Management Limitations

With respect to financial condition and activities, the CEO will not cause or allow the development of fiscal jeopardy, or a material deviation of actual expenditures from the Board's Ends priorities.

The CEO will not:

1. Expend more funds than have been received in the fiscal year to date, unless the liquidity and long-term reserve requirements below are met:
 - A. The CEO will not borrow from reserves (defined as accumulated excess revenues) in an amount greater than can be replenished by certain, otherwise unencumbered revenues within 180 days.
 - B. The CEO will not borrow funds (with exception of credit cards used for normal business purposes, and paid in full each month).
 - C. The CEO will not allow unencumbered cash and cash equivalents to drop below 25% of annualized operating expenditures.
2. Use Board-designated long-term reserves.
3. Operate without settling payroll obligations and payables in a timely manner.
4. Allow tax payments or other government ordered payments or filings to be overdue or inaccurately filed.
5. The CEO may not execute a check or purchase commitment of greater than \$200,000, unless such purchase was explicitly itemized in budget monitoring data previously disclosed to the Board. An exception exists for talent guarantees which are no greater than \$300,000. Splitting orders to avoid this limit is not acceptable.
6. Acquire, encumber or dispose of real estate.
7. Accept revenues from sources not, in fact and appearance, consistent with the mission and values of the Association.
8. Operate without aggressively pursuing material receivables after a reasonable grace period.
9. Operate without adequate internal controls over receipts and disbursements to avoid unauthorized payments or material dissipation of assets.



Policy 2.4 – ASSET PROTECTION

Date Adopted/Last Revised: December 11, 2008

Management Limitations

The CEO will not cause or allow the Association's assets to be unprotected, inadequately maintained or unnecessarily risked.

The CEO will not:

1. Allow the Association to be uninsured:
 - A. Against theft and casualty losses to replacement value; and
 - B. Against liability losses to Board members, staff and the Association itself in an amount equal to or greater than the average for comparable organizations.
 - C. Against employee theft and dishonesty.
 - D. For Workers Compensation for the Board of Directors and all volunteers for Youth Expo, Summer Fair and all other Fair-sanctioned activities and events.
2. Subject facilities and equipment to improper wear and tear or insufficient maintenance.
3. Operate without employing risk management practices to minimize exposure of the Association, its Board or staff to claims of liability.
4. Allow any purchase wherein normally prudent protection has not been given against conflict of interest.
5. Procure any goods or services without complying with any and all applicable portions of the California Public Contracts Code, the State Contracting Manual, the Department of General Services' State Administrative Manual and guidelines for procurement.
6. Allow intellectual property, information and files to be exposed to loss, improper access or significant damage, or operate without maintaining records in accordance with a Records Retention Schedule approved by legal counsel.
7. Receive, process or disburse funds under controls insufficient to meet the Board-appointed auditor's standards (as set forth in Management Letter and/or other correspondence).

POLICY 2.4: ASSET PROTECTION (CONTINUED)

8. Compromise the independence of the Board's auditor or other external monitors or advisors. Accordingly, the CEO may not engage the services of person, firm, or entity already chosen by the Board to act in the capacity of consultants or advisers to the Board.
9. Invest or hold operating capital in insecure instruments or in non interest-bearing accounts except where necessary to facilitate ease in operational transactions.
10. Endanger the Association's public image, its credibility, or its ability to accomplish Ends.
11. Change the Association's name or substantially alter its identity, except for the annual promotional theme of the summer fair.



Directors Governing Policy



Policy 2.5 – FINANCIAL PLANNING & BUDGETING

Date Adopted/Last Revised: December 11, 2008

Management Limitations

Financial planning for any fiscal year or the remaining part of any fiscal year will not deviate materially from the Board's Ends priorities, risk financial jeopardy, or fail to be derived from a multi-year plan.

Accordingly, the CEO will not prepare, present or allow budgets that:

1. Risk incurring those situations or conditions described as unacceptable in the "Financial Conditions and Activities" Board policy.
2. Omit credible projection of revenues and expenses for each of the business units (Summer Fair, year-round events/rentals, PacAmp and Orange County Market Place), separation of capital and operational items, cash flow, and disclosure of planning assumptions.
3. Plan the expenditure in any fiscal year of more funds than are conservatively projected to be received.
4. Provide less for Board activities during the year than is set forth in the Cost of Governance policy (see policy in Governance Process).



Board of Directors Governing Policy



Policy 2.6 – COMPENSATION & BENEFITS

Date Adopted/Last Revised: December 11, 2008

Management Limitations

The CEO will not cause or allow jeopardy to the Association's fiscal integrity or public image when dealing with employment, compensation and benefits for employees, consultants, volunteers or contractors.

The CEO will not:

1. Change his/her own compensation or benefits.
2. Operate without ensuring that civil service employees are appropriately categorized for state-determined salary ranges.
3. Establish compensation for seasonal/temporary employees, consultants or contract workers that deviate materially from the geographic and/or professional market value for the skills employed.
4. Create obligations to consultants and contract workers for more than \$200,000 and/or for longer than one year in duration.
5. Provide courtesy tickets to employees or OCFEC volunteers, though they may purchase up to 20 Fair tickets for \$1 each.



Board of Directors Governing Policy



Policy 2.7 – EMERGENCY EXECUTIVE SUCCESSION

Date Adopted/Last Revised: December 11, 2008

Management Limitations

In order to protect the Board from sudden loss of CEO services, the CEO will have no fewer than two (2) other member(s) of the management team sufficiently familiar with Board and CEO issues and processes to enable either to take over with reasonable proficiency as an interim successor.



Policy 2.8 – BOARD AWARENESS & SUPPORT

Date Adopted/Last Revised: December 11, 2008

Management Limitations

The CEO will not cause or allow the Board to be uninformed or unsupported in its work.

The CEO will not:

1. Withhold, impede or confound information necessary for the Board's informed accomplishment of its job.
 - A. The CEO will not neglect to submit monitoring reports (including CEO interpretations of board policies being monitored, as well as relevant data) required by the Board (see "Monitoring CEO Performance" policy in Board-Management Delegation) in a timely, accurate and understandable fashion.
 - B. The CEO will not allow the Board to be unaware of any actual or anticipated noncompliance with any Ends or Management Limitations policy, regardless of the Board's monitoring schedule.
 - C. The CEO will not let the Board be without decision information it periodically requests, or unaware of relevant trends or incidental information, including but not limited to anticipated adverse media coverage, threatened or pending lawsuits, or material external and internal/organizational changes. Notification of planned internal changes is to be provided in advance, when feasible.
 - D. The CEO will not fail to inform the Board if, in the CEO's opinion, the Board is not in compliance with its own policies on Governance Process and Board-Management Delegation, particularly in the case of Board or Board member behavior that is detrimental to the work relationship between the Board and the CEO.
 - E. The CEO will not present information in unnecessarily complex or lengthy form, or in a form that fails to differentiate among information of three types:
 - i. monitoring
 - ii. decision preparation (or "action item"); and
 - iii. incidental/ "FYI."
2. Allow the Board to be without logistical and clerical assistance.

POLICY 2.8: BOARD AWARENESS & SUPPORT (CONTINUED)

- A. The CEO will not allow the Board to be without workable, user-friendly mechanisms for official Board, officer or committee communications and functions.
 - i. As the corporate secretary, the CEO may not fail to ensure the posting and distribution of Board meeting notices and agenda packets within the established deadlines; taking the Minutes of Board meetings; ensuring that board documents (minutes, bylaws, governing policies) are accurately maintained, and provision of administrative support for Board functions.
 - ii. As the corporate secretary, the CEO will not allow the Board to be uninformed of legal requirements pertaining to its functions (e.g. Open Meetings laws, etc.).
- B. The CEO will not let the Board be without pleasant and efficient arrangements for Board and committee meetings.
- 3. Impede the Board's holism, misrepresent its processes and role, or impede its lawful obligations.
 - A. The CEO will not deal with the Board in a way that favors or privileges certain board members over others except when:
 - i. fulfilling individual requests for information, or
 - ii. responding to officers or committees with respect to duties charged to them by the Board.
 - B. The CEO will not neglect to submit for the Board's Consent Agenda (or: "Required Approvals Agenda") items delegated to the CEO yet required by law, regulation or third-party to be Board-approved (e.g. out-of-state travel requests, bank-required signature authorizations, etc.), along with applicable monitoring information.



Board of Directors Governing Policy



Policy 2.9 – EVENT/TICKETING LOGISTICS

Date Adopted/Last Revised: December 11, 2008

Management Limitations

The CEO will not operate without logistical planning that protects the reputation of the Association, including its annual Fair, for excellence in organization and value provided to consumers.

1. Operate without active collaboration with governmental agencies and affected property owners and residents to minimize inconveniences or other negative impacts caused by events.
2. With regard to entrance fees, concessions and items sold directly by the Association, charge prices above those competitive with other fair and special event venues in Southern California.
3. Operate without an Incident Command Procedure / Emergency Preparedness Plan, approved by appropriate governmental agencies, and communicated to key vendors and production personnel.
4. Operate without maintaining and adhering to explicit policies, procedures, controls and record-keeping over the distribution of courtesy tickets.
 - A. Courtesy tickets may not be distributed except for the following purposes:
 - i. Promotion of the annual fair with public officials, businesses, potential sponsors, clients of the fair, educational institutions and other public agencies.
 - ii. Promoting and marketing the annual fair.
 - iii. Support of youth organizations, schools and scholarship programs.
 - iv. Support of organizations that serve active military and their families.
 - v. Recognition of volunteer service to the Association.
 - B. The CEO will not allow distribution of a total number of courtesy passes in an amount that exceeds four percent (4%) of the gross paid admissions to the OC Fair in the preceding calendar year.
5. Operate without maintaining and adhering to explicit policies, procedures, controls and record-keeping over reserving and selling or courtesy distribution of “house seats” in the Pacific Amphitheatre for strategic business development and community relations.

POLICY 2.9: *EVENT/TICKETING LOGISTICS* (CONTINUED)

- A. House seats may not be held except for the following purposes:
 - i. Contractual fulfillment of Agreements with Artists and Performers
 - ii. Promotions and marketing, including sponsorships
 - iii. Press and media relations
 - iv. Business development and community relations
- B. House seats may not be provided on a courtesy basis except for the following purposes:
 - i. Contractual fulfillment of Agreements with Artists and Performers
 - ii. Distribution to individuals or organizations providing promotional and marketing opportunities for the Pacific Amphitheatre and/or the event.
 - iii. Distribution to individuals or organizations that are in a contractual sponsorship relationship with the Pacific Amphitheatre
 - iv. Distribution to the media and press for the conduct of their duties.
 - v. Distribution to individuals or organizations for the purpose of professional courtesy, business development and community relations.
 - vi. Distribution to executive staff for the purpose of conducting their duties.
 - vii. Distribution to members of the Board of Directors, each of whom may request for themselves, their spouse and dependent children, up to six (6) tickets for any concert at any time until 72 hours before commencement of the event. Any such distribution subject the same protocols as applicable to all other courtesy ticket requests.
- C. The CEO will not allow the internal purchase (sales) of house seats except for the purposes listed in “A” above, and only as recommended by executive management staff, the Pacific Amphitheatre Entertainment Producer or the Board of Directors, and upon authorization by the CEO.



Board of Directors Governing Policy



Policy 2.10 – FAIRGROUNDS MANAGEMENT/LEASING

Date Adopted/Last Revised: December 11, 2008

Management Limitations

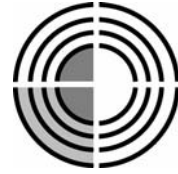
With respect to the interim and year-round operations, the CEO may not fail to maintain the appearance and reputation of the Fairgrounds as a vital community asset.

Accordingly, the CEO may not:

1. Operate without establishing and maintaining a competitive lease/rental rate structure for space/building rentals, with a separate rate structure for nonprofit organizations offering discounts for weekday/off-peak rentals, but with all interim use of the fairgrounds being profitable to the Association.
 - A. CEO may make facilities available at cost to area non-profits and governmental entities at his/her discretion when in the strategic interest of the Association.
2. Operate without standardized rental policies and requirements, which shall be incorporated into all rental agreements.
3. Lease facilities without both parties entering into a written rental agreement.
4. Without the written consent of the two affected parties, allow competing events within forty-five (45) days of the traditional dates of annual renters' events.
5. Rent the facilities for any activities that he/she determines may adversely impact the local neighborhood.



Board of Directors Governing Policy



Policy 3.0 – GOVERNANCE – MANAGEMENT CONNECTION

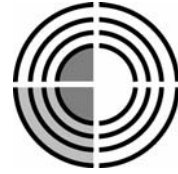
Date Adopted/Last Revised: December 11, 2008

Board – Management Delegation

The Board's sole official connection to the operational organization, its achievements and conduct will be through its General Manager and chief executive officer, referred to in these Governing Policies as "CEO."



Board of Directors Governing Policy



Policy 3.1 – UNITY OF CONTROL

Date Adopted/Last Revised: December 11, 2008

Board – Management Delegation

Only officially passed motions of the Board are binding on the CEO.

Accordingly:

1. Decisions or instructions of individual Board members, officers, or committees are not binding on the CEO unless the Board has explicitly delegated such exercise of authority.
2. If Board members or committees request information or assistance without Board authorization, the CEO should refuse such requests that, in his/her opinion, require an inappropriate amount of staff time or funds or are disruptive. The committee or Board member may then refer such requests to the full Board for consideration.



Board of Directors Governing Policy



Policy 3.2 – ACCOUNTABILITY OF THE CEO

Date Adopted/Last Revised: December 11, 2008

Board – Management Delegation

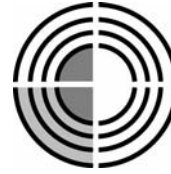
The CEO is the Board's only link to operational achievement and conduct, so that all authority and accountability of staff, as far as the board is concerned, is considered the authority and accountability of the CEO.

Accordingly:

1. The Board will not give instructions to persons who report directly or indirectly to the CEO.
2. The Board will not evaluate, either formally or informally, any staff other than the CEO.
3. The Board will view CEO performance as identical to organizational performance, so that organizational accomplishment of Board stated Ends and compliance with Management Limitations will be viewed as successful CEO performance.



Board of Directors Governing Policy



Policy 3.3 – DELEGATION TO THE CEO

Date Adopted/Last Revised: December 11, 2008

Board – Management Delegation

The Board will direct the CEO through written policies that prescribe the organizational Ends to be achieved, and describe organizational situations and actions to be avoided, allowing the CEO to use any reasonable interpretation of these policies.

Accordingly:

1. The Board will develop and maintain *Ends* policies instructing the CEO to achieve certain results, for certain recipients at a specified worth or priority. These policies will be developed systematically from the broadest, most general level to more defined levels. All issues that are not Ends issues as defined here are Means issues.
2. The Board will develop and maintain *Management Limitations* policies that limit the latitude the CEO may exercise in choosing the organizational means. These limiting policies will describe those practices, activities, decisions and circumstances that would be unacceptable to the Board, even if effective in producing the desired results. These policies will be developed systematically from the broadest, most general level to more defined levels. The Board will not prescribe organizational means delegated to the CEO.
3. An Ends or Management Limitations policy at a given level does not limit the scope of any preceding level.
4. As long as the CEO uses *any reasonable interpretation* of the Board's Ends and Management Limitations policies, the CEO is authorized to establish all further policies, make all decisions, take all actions, establish all practices and develop all activities. Such decisions of the CEO shall have full force and authority as if decided by the Board.
5. The Board may change its Ends and Management Limitations policies, thereby shifting the boundary between Board and CEO domains. By doing so, the Board changes the latitude of choice given to the CEO. However, as long as any particular delegation is in place, the Board will respect and support decisions made by the CEO that are compliant with Board policy, as reasonably interpreted.



Board of Directors Governing Policy



Policy 3.4 – MONITORING CEO PERFORMANCE

Date Adopted/Last Revised: December 11, 2008

Board – Management Delegation

The Board will systematically and rigorously monitor CEO job performance to determine the extent to which Ends are being achieved and whether operational activities fall within boundaries established in Management Limitations policies.

Accordingly:

1. Monitoring is simply to determine the degree to which Board policies are being met. Information that does not address policy compliance will not be considered in the evaluation of CEO performance.
2. The Board will acquire monitoring data by one or more of three methods:
 - A. by internal report, in which the CEO discloses, in writing, policy interpretations and compliance information to the Board. As appropriate in a given context, the CEO may present information to justify his/her interpretation.
 - B. by external report, in which an external, disinterested third party selected by the Board assesses compliance with Board policies, as reasonably interpreted by the CEO, or
 - C. by direct Board inspection, in which a designated member or members of the Board assess compliance with the appropriate policy criteria, as reasonably interpreted by the CEO.
3. In every case, the standard for compliance shall be *any reasonable CEO interpretation* of the Board policy being monitored. The Board is the final judge of reasonableness, and will always judge with a “reasonable person” test (whether what the CEO did was what a reasonably prudent executive would do in that context), even if those choices may not be the choices the Board or its members may have made.
4. In every case, the Board will judge whether (a) the CEO’s interpretation is reasonable, and (b) whether data demonstrate accomplishment of or compliance with the CEO’s interpretation.
5. Actions determined to be not compliant with a reasonable interpretation of Board policies will be subject to a remedial process agreed to by the Board.
6. All policies instructing the CEO will be monitored at a frequency and by a method chosen by the Board. The Board may monitor any policy at any time by any method, but will ordinarily depend on the following routine schedule.

POLICY 3.4: MONITORING CEO PERFORMANCE (CONTINUED)

THE FOLLOWING MONITORING SCHEDULE WILL BE IN PLACE FROM JANUARY – OCTOBER, 2009.

POLICY	METHOD	SCHEDULE FROM JANUARY- OCTOBER 2009
1.0 Global Ends/Mission Statement	Internal	TBD
1.1 Affordable Family Entertainment	Internal	TBD
1.2 Celebration of Heritage	Internal	TBD
1.3 Community Gathering Place	Internal	TBD
1.4 Catalyst to Collaboration	Internal	TBD
2.0 General Executive Constraint	Internal	Annually
2.1 Treatment of Consumers	Internal	February
2.2 Treatment of Staff	Internal	February
2.3 Financial Condition & Activities	Internal	January/April/July/October
	Direct Insp.	???
	External	October???
2.4 Asset Protection	Internal	January
2.5 Financial Planning/Budgeting	Internal	October
2.7 Emergency Executive Succession	Internal	March
2.6 Compensation and Benefits	Internal	March
2.8 Board Awareness & Support	Internal	April
2.9 Event Logistics/Ticketing	Internal	April
2.10 Fairgrounds Management/Leasing	Internal	April

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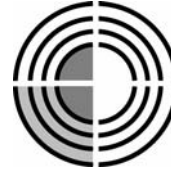
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AFTER OCTOBER, 2009, THE TABLE ABOVE IS TO BE DELETED, AND THE BOARD WILL START USING THE ON-GOING SCHEDULE BELOW

POLICY	METHOD	FREQUENCY	SCHEDULE***
1.0 Global Ends/Mission Statement	Internal	Annually	TBD
1.1 Affordable Family Entertainment	Internal	Annually	TBD
1.2 Celebration of Heritage	Internal	Annually	TBD
1.3 Community Gathering Place	Internal	Annually	TBD
1.4 Catalyst to Collaboration	Internal	Annually	TBD
2.0 General Executive Constraint	Internal	Annually	November
2.1 Treatment of Consumers	Internal	Annually	November
2.2 Treatment of Staff	Internal	Annually	November
2.3 Financial Condition & Activities	Internal	Quarterly	Jan/Apr/Jul/Oct
	Direct Insp.	Semi-annually	TBD
	External	Annually	Close of F. Y. (month)
2.4 Asset Protection	Internal	Annually	November
2.5 Financial Planning/Budgeting	Internal	Annually	October
2.7 Emergency Executive Succession	Internal	Annually	November
2.6 Compensation and Benefits	Internal	Annually	November
2.8 Board Awareness & Support	Internal	Annually	November
2.9 Event Logistics/Ticketing	Internal	Annually	November
2.10 Fairgrounds Management/Leasing	Internal	Annually	November



Board of Directors Governing Policy



Policy 3.5 – BOARD/LEGAL COUNSEL RELATIONSHIP

Date Adopted/Last Revised: December 11, 2008

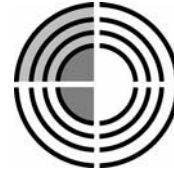
Board – Management Delegation

The Association's legal counsel is provided by the office of the California Attorney General, which assigns a deputy attorney general to ensure that actions of the Association take place with competent legal counsel and representation.

1. Use of Legal Counsel.
 - A. Requests for legal information, action, or advice from the assigned Deputy Attorney General may be made only by the CEO or the Chair of the Board; or, in the absence of the Chair, the Vice-Chair.
 - B. When requests for legal information, action, or advice are transmitted to the assigned Deputy Attorney General, that individual shall be requested to respond to the individual making the request.
2. Job Products of Legal Counsel are privileged communications. The privilege is held by the Board of Directors. No individual officer, Director, or employee of the Association may waive this privilege, and no confidential communications from Legal Counsel may be disclosed to any person, firm, or entity in the absence of approval of a majority of a quorum of the Board of Directors.
3. Evaluation of Legal Counsel's performance.
 - A. The Board may monitor Legal Counsel's performance with respect to these expectations at any time, but the Board intends to monitor Legal Counsel's performance annually in November of each year. In the event the Board is dissatisfied with Legal Counsel's performance at any time, the Board will instruct the CEO to request the Attorney General to assign another deputy attorney general to represent the Association and the Board.



Board of Directors Governing Policy



Governance Process

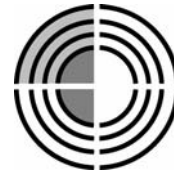
Policy 4.0 – GOVERNANCE COMMITMENT

Date Adopted/Last Revised: December 11, 2008

The purpose of the Board, on behalf of the people of Orange County, is to ensure that the Association (1) achieves appropriate results for appropriate recipients at an appropriate cost (as specified in Board Ends policies), *and* (2) avoids unacceptable actions and situations.



Board of Directors Governing Policy



Governance Process

Policy 4.1 – GOVERNING STYLE & VALUES

Date Adopted/Last Revised: December 11, 2008

The Board will govern lawfully, observing Policy Governance principles, with an emphasis on (a) integrity and truthfulness in all of its activities and practices, (b) outward vision rather than internal preoccupation, (c) encouragement of diversity in viewpoints, (d) strategic leadership more than administrative detail, (e) clear distinction of Board and chief executive roles, (f) collective rather than individual decisions, (g) future rather than past or present, and (h) governing proactively rather than reactively.

Accordingly:

1. The Board will cultivate a sense of group responsibility. The Board, not the staff, will be responsible for excellence in governing. The Board will be the primary initiator of governing policy.
2. The Board may use the expertise of individual members to enhance the Board's understanding of issues, but will not substitute such expertise for the collective judgment of the Board.
3. The Board will direct, control and inspire the Association through the careful establishment of broad written policies reflecting the Board's values and perspectives. The Board's major focus will be on the achievement of intended long-term impacts for the community, not on the administrative or programmatic means of attaining those effects.
4. The Board will enforce upon itself whatever discipline is needed to govern with excellence. Discipline will apply to matters such as attendance, preparation for meetings, policymaking principles, respect of roles, adherence to board standards of conduct, and ensuring the continual development of governance capability.
 - A. Continual Board development will include periodic discussion of process improvement, and orientation of new Board members, within 30 days of their appointment, in the Board's governance process and these policies.
5. Although the Board may change its governing policies at any time, it will conscientiously observe those currently in effect.
6. All policies of the Board are contained in this document, and they remain in effect, unless amended or deleted by Board action.
7. The Board will allow no officer, individual or Board Committee to prevent the Board from fulfilling its duties and commitments.

POLICY 4.1: GOVERNING STYLE & VALUES (CONTINUED)

8. The Board will monitor and assess its process and performance at the completion of each meeting. Self-monitoring will include comparison of Board activity and discipline to Governance Process and Board-Management Delegation policies.
9. The Board's activities will be conducted in strict compliance with the Bagley-Keene Open Meeting Act and the California Public Records Act, as amended from time to time.
10. The Association will not discriminate on the basis of race, creed, national origin, ancestry, religion, age, disability, political affiliation, sex, sexual orientation, or marital, parental or military status.



Policy 4.2 – BOARD JOB PRODUCTS

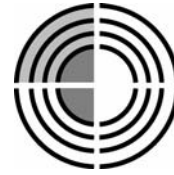
Date Adopted/Last Revised: December 11, 2008

On behalf of the people of Orange County, the Board of Directors assumes direct responsibility for defining and ensuring appropriate organizational performance:

1. The Board will be the conduit linking the interests of the people of Orange County and operational performance.
 - A. Needs Assessment: The Board will assess the needs of the people of Orange County as they relate to the Association's activities and scope of influence, and will develop Ends policies identifying and prioritizing intended organizational outcomes to address those needs.
 - B. Advocacy: The Board will inform the people of Orange County of the Association's present accomplishments on their behalf, and expected future results.
2. The Board will develop and maintain written governing policies that realistically address the broadest levels of all organizational decisions and situations:
 - A. ENDS: Organizational products, effects, benefits, outcomes, recipients, and their relative worth (what good for which recipients at what cost/priority).
 - B. MANAGEMENT LIMITATIONS: Constraints on executive authority that establish the prudence and ethics boundaries within which all executive activity and decisions must take place.
 - C. GOVERNANCE PROCESS: Specification of how the Board conceives, carries out and monitors its own task.
 - D. BOARD/MANAGEMENT DELEGATION: How authority is delegated and its proper use monitored: the CEO's role, authority and accountability.
3. The Board will assure successful CEO performance on Ends and Management Limitations.
4. The Board will identify and seek to affect legislative and/or public policy change as it deems necessary and/or appropriate on behalf of the people of Orange County.
5. The Board will fulfill all legislative mandates, including but not limited to approving the annual operating budget in November of each year for submission to the California Department of Food and Agriculture.

POLICY 4.2: BOARD JOB PRODUCTS (CONTINUED)

- A. The CEO shall present the budget, with appropriate monitoring documentation, to the Board, each year no later than November.
- B. If the Board deems that the budget plan presented is compliant with the Board's Financial Planning/Budgeting policy, the Budget will be approved, and submitted to the CDFA.
- 6. The Board will appoint two representatives to the Centennial Farm Foundation Board.
- 7. The CEO or the CEO's designee is the Association's representative to the following organizations: Western Fairs Association, California Fair Services Authority, and the California Construction Authority.



Policy 4.3 – AGENDA PLANNING

Date Adopted/Last Revised: December 11, 2008

To fulfill its role, the Board will prepare and follow an annual workplan that (1) completes a re-exploration of Ends policies each year and (2) continually improves Board performance through Board education, enriched input and deliberation.

Accordingly:

1. The Board's annual planning cycle will conclude each year on the last day of September so that administrative planning and budgeting can be based on accomplishing a one-year segment of the Board's most recent statement of long-term Ends.
2. The cycle will start in October with the Board's development of its workplan for the next year.
 - A. Consultations with selected groups in the people of Orange County, or other methods of gaining ownership input, will be determined and arranged in the first quarter, to be held during the balance of the year.
 - B. Board education related to Ends issues (e.g. presentations by advocacy groups, staff, futurists, etc.), and education about governance and operational issues, will be determined and arranged in the first quarter, to be held during the balance of the year.
 - C. The Chair will, at the commencement of the Board's annual planning cycle, prepare and present for the Board's consideration a tentative agenda plan for the following year's meetings.
3. The Chair will determine the agenda for any particular meeting, although Board members may request or recommend any appropriate matters for Board consideration.
 - A. A Board member may recommend or request a matter for Board discussion by submitting the item to the Chair at least twelve (12) days prior to the regularly scheduled Board meeting.

POLICY 4.3: AGENDA PLANNING (CONTINUED)

- B. Meeting agendas are to be published ten (10) days before Board meetings and three (3) days before Board Committee meetings. All agendas must be prepared, published, and transmitted in strict compliance with all applicable requirements of the Bagley-Keene Open Meeting Act, as it may be amended from time to time. Packets with supporting documentation and preparatory materials for regular Board meetings are to be received by Board members at least six (6) days prior to the scheduled meeting. Packets with supporting documentation and preparatory materials for committee meetings are to be received by committee members at least two (2) days prior to the scheduled meeting.
 - C. By an affirmative vote of a majority of those present at a meeting, additional matters may be added to the agenda for discussion at any regular Board meeting, however the Board cannot act on any matter not appearing in that meeting's notice.
- 4. The Board will attend to its consent agenda (those "items delegated to the CEO yet required by law or contract to be Board-approved) as expeditiously as possible.
 - A. Before approval of the Consent Agenda, any Board member or member of the public may request removal and separate consideration of any one or more items from the Consent Agenda.
 - 5. At any meeting prior to which monitoring reports have been received, the board will determine by vote whether a majority of members judge each report to have demonstrated fulfillment of a reasonable interpretation of the applicable policy.
 - 6. In November, based on a summary/review of the Board's judgments of monitoring reports received during the last year, the Board will either confirm or adjust that the CEO is at the appropriate step within the state salary range for his/her position, with any changes to be effective January 1st.
 - 7. All Board meetings must be conducted in strict compliance with all applicable requirements of the Bagley-Keene Open Meeting Act, as it may be amended from time to time



Policy 4.4 – CHAIR’S ROLE & AUTHORITY

Date Adopted/Last Revised: December 11, 2008

Serving as the Association’s chief governance officer (CGO), the Chair assures the integrity of the Board’s process, and secondarily, represents the Board to outside parties.

Accordingly:

1. The Chair’s job is to ensure that the Board behaves consistently with its policies and those legitimately imposed upon it from outside the Association.
 - A. Meeting discussion content will include only those issues that clearly (according to Board policy) belong to the Board to decide, consider, or to monitor.
 - B. Information that is not for monitoring performance, board education or board decisions will be avoided or minimized and always noted as such.
 - C. Deliberation will be fair, open, thorough, timely, orderly, and kept to the point.
2. The Chair is authorized to make decisions consistent with the Board’s Governance Process and Board/Management Delegation policies, with the exception of (a) employment/termination of the CEO, or (b) instances where the Board specifically delegates portions of this authority to others. The Chair is authorized to use any reasonable interpretation of these policies.
 - A. The Chair is empowered to preside at Board meetings with the commonly accepted power of that position, such as ruling and recognizing.
 - B. The Chair has no authority to make decisions within the Board’s Ends and Management Limitations policy areas. Therefore, the Chair has no authority to supervise or direct the CEO.
 - C. The Chair may represent the Board to outside parties in announcing Board-stated positions and in stating decisions and interpretations within the area delegated to her or him.
 - D. The Chair may delegate this authority but remains accountable for its use.
 - E. The Chair may appoint Board members to serve on Board Committees and as Chair of such committees, except where specified otherwise in Bylaws or Board policies.



Board of Directors Governing Policy



Governance Process

Policy 4.5 – BOARD MEMBERS’ CODE OF CONDUCT

Date Adopted/Last Revised: December 11, 2008

The Board commits itself and its members to ethical, professional, and lawful conduct, including proper use of authority and appropriate decorum when acting as Board members.

Accordingly:

1. Board members must demonstrate loyalty to the interests of the people of Orange County, unconflicted by loyalties to segments of the public, staff, other organizations, or any personal interests as a consumer of the Association’s services.
2. Board members are accountable for discharging their duties honestly and in good faith. Board members shall exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.
 - A. Preparation and Participation—Board members will review agenda materials in advance of Board and committee deliberations and will participate productively in discussions.
 - B. Attendance — As effective deliberations and decision-making require collaboration and participation, Board members are expected to attend Board meetings. Absence from more than four (4) of the Board’s ten (10) or eleven (11) regularly scheduled meetings in any (fiscal/Board planning) year will constitute that Board member being requested to resign from the Board.
 - i. In case of extenuating circumstances, a Board member may request a waiver to this provision. These waivers may be granted only by vote of the Board.
3. Board members must avoid conflict of interest with respect to their fiduciary responsibility.
 - A. There must be no self-dealing or any conduct of private business or personal services between any Board member and the Association.
 - B. When the Board is to decide upon an issue about which a member has a conflict of interest, that member shall disclose the conflict to the Board and absent herself or himself without comment from not only the vote but also from the deliberation.

POLICY 4.5: BOARD MEMBERS' CODE OF CONDUCT (CONTINUED)

- C. Board members must not use their Board positions to obtain staff employment for themselves, family members or close associates. Should a Board member apply for staff employment, he or she must first resign from the Board.
 - D. Board members will annually complete a form disclosing their involvements and interests that could give rise to a conflict of interest, including but not limited to roles as directors or officers of other organizations, substantial business/investment holdings, or other transactions or affiliations with businesses and other organizations or those of family members.
4. Board members must not attempt to exercise individual authority over the Association.
- A. Board members' interaction with the CEO or with staff must recognize the lack of authority vested in individuals except when explicitly Board authorized.
 - B. Board members' interaction with public, media or other entities must recognize this limitation and that Board members are not to speak for the CEO, or to speak for the Board except to repeat explicitly stated Board decisions.
 - C. The CEO is accountable only to the Board as a whole, and not to individual Board members. Therefore, the relationship between the CEO and individual members of the Board, including the Chair, is collegial, not hierarchical.
 - i. Voluntarism — As the CEO is responsible for operational activities and results, members of the Board choosing, as individuals, to volunteer in operational capacities (those for which the Board holds the CEO accountable) are subject to the direct supervision of the CEO or responsible staff person
 - D. Except for participation in Board deliberation about whether the CEO has achieved any reasonable interpretation of Board policies, Board members will not publicly express individual judgments of performance of employees or the CEO.
5. A Board member aware of credible information that suggests that a Board policy has been violated, by either the Board or the CEO, has an affirmative obligation to bring the concern to the Board's agenda for monitoring.
6. Board members must respect the confidentiality appropriate to issues of a sensitive nature.
7. Board members will support the legitimacy and authority of the final determination of the Board on any matter, irrespective of the member's personal position on the issue.

POLICY 4.5: BOARD MEMBERS' CODE OF CONDUCT (CONTINUED)

8. Participation in Organizational Activities — In addition to attendance at Board meetings, Board members are encouraged to attending the following events/functions:
 - A. Opening Day of the annual OC Fair
 - B. Awards presentations.
 - C. Fundraising events
 - D. Other special events as determined by the Board



Board of Directors Governing Policy



Goverance Process

Policy 4.6 – BOARD COMMITTEE PRINCIPLES

Date Adopted/Last Revised: December 11, 2008

Board committees, when used, have one essential role—to strengthen and support the work of the Board as a whole. Board committees are not to interfere with delegation from Board to the CEO, or from the CEO to other staff.

Accordingly:

1. Board committees may be established to help the Board do its job, not to help, advise or exercise authority over staff.
2. Board committees most commonly assist the Board by undertaking activities not delegated to the CEO, by preparing policy alternatives and implications for Board deliberation, or by performing specific monitoring functions.
3. Board committees may not speak or act for the Board except when formally given such authority for specific and/or time-limited purposes. The Board will carefully state its expectations and committee authority (in the “Board Committee Structure” policy) in order not to conflict with authority delegated to the CEO.
4. Because the CEO works for the full Board, he or she will not be expected to obtain approval of a Board committee before an executive action.
5. This policy applies to any group formed by Board action, whether or not it is called a committee and regardless of whether the group includes Board members. This policy does not apply to committees formed under the authority of the CEO.



Policy 4.7 – BOARD COMMITTEE STRUCTURE

Date Adopted/Last Revised: December 11, 2008

A committee is a Board committee only if its existence and charge come from the Board, regardless of whether Board members sit on the committee. The only Board committees are those which are set forth in this policy. Unless otherwise stated, a Board Committee will cease to exist when its task is complete. Unless otherwise specified, the CEO, or his/her staff designee, will serve as a non-voting member of each committee.

1. **Nominating Task Force**

- A. **Product:** Proposed slate of officers (Chair and Vice-Chair), recommended for Board consideration no later than August of each year. Emphasis should be placed on recommending an individual to serve as Vice-Chair in no later than the third year of his/her term.
- B. **Authority:** To incur costs of no more than \$0 in direct charges management time as needed.
- C. **Composition:** Two (2) board members including a Chairperson, not including the current Vice Chair, selected by the Board each year in the month of June.

2. **Capital Expenditures Task Force**

- A. **Product:** Vetting and recommendations to Board of non-budgeted capital expenditures above \$200,000.
- B. **Authority:** To incur costs of no more than \$0 in direct charges and management time as needed.
- C. **Composition:** Two (2) members including a Chairperson appointed by Chair.

3. **Liaison Task Force**

- A. **Product:** Linkage from and representation of the Fair Board to the City of Costa Mesa.
- B. **Authority:** To incur costs of no more than \$0 in direct charges and management time as needed.
- C. **Composition:** Two (2) members including a Chairperson appointed by Chair.

POLICY 4.7: BOARD COMMITTEE STRUCTURE (CONTINUED)

4. **Financial Monitoring Task Force**

- A. **Product #1:** Direct monitoring of management compliance with fiscal policies (Budget, Financial Condition, Asset Protection and Compensation & Benefits) on a schedule as may be determined by the Board.
- B. **Product #2:** Recommendations to the board for revision of fiscal policies as deemed appropriate.
- C. **Authority:** To incur costs of no more than \$0 in direct charges and management time as needed.
- D. **Composition:** Two (2) members including a Chairperson appointed by Chair.

5. **Pacific Amphitheatre Task Force**

- A. **Product:** Options and implications brought forth for Board consideration re: management structure of Pacific Amphitheatre, by ___/2009.
- B. **Authority:** To incur costs of no more than \$0 in direct charges and management time as needed.
- C. **Composition:** Two (2) members including a Chairperson appointed by Chair.



Policy 4.8 – GOVERNANCE INVESTMENT

Date Adopted/Last Revised: December 11, 2008

The Board will consciously invest in its ability to govern competently and wisely. Accordingly:

1. Board skills, methods, and supports will be sufficient to assure governing with excellence.
 - A. Training and retraining will be used appropriately to orient new members and to maintain and increase existing Board member skills and knowledge.
 - B. Outside monitoring assistance will be arranged as needed so that the Board can exercise confident control over organizational performance.
 - C. Outreach mechanisms will be used as needed to ensure the Board understands the viewpoints and values of the people of Orange County as they pertain to the Fair.
2. Costs will be prudently incurred, but sufficient to ensure the development and maintenance of superior governance.
3. Up to \$0 in fiscal year 2009 for Board training, including publications.
 - A. Up to \$0 in fiscal year 2009 for Board member travel/reimbursements (attendance at conferences, workshops, etc.)
 - B. Up to \$0 in fiscal year 2009 for third-party monitoring of organizational performance.
 - C. Up to \$0 in fiscal year 2009 for surveys, focus groups and opinion analyses.
 - D. Up to \$71,500 in fiscal year 2009 for Board-hosted ownership linkage/outreach events.
 - E. Up to \$11,000 in fiscal year 2009 for Board meeting and retreat costs.
 - F. Up to \$0 in fiscal year 2009 for Board committee functions.
 - i. Nominations Task Force
 - ii. Capital Expenditures Task Force
 - iii. Liaison Task Force
 - iv. Finance Monitoring Task Force
 - v. Pacific Amphitheatre Task Force
 - G. Up to \$0 in fiscal year 2009 for media training for Board officers.

POLICY 4.8: GOVERNANCE INVESTMENT (CONTINUED)

H. Up to \$2,000 for awards, plaques, recognitions, etc.

4. The Board will establish its governance budget for the next fiscal year each year during the month of September.
5. For community relations and sponsorship development purposes, Board members will be allocated passes/tickets as follows:
 - A. ID Badges: Each Board member, their spouse and dependent children will receive an OC Fair photo ID badge, good for their personal admission into the fair, as appropriate in the course of conducting their board duties.
 - B. Memorial Gardens Parking: Each Board member will receive 2 hang tags intended only to be used by the board member and his/her immediate family members for use in the course of conducting their board duties.
 - C. Single Day Admission Tickets: Each Board member may purchase single day admission tickets to the OC Fair at the employee sales price (currently \$1.00).
 - D. Single Day Parking Tickets: Each Board member may purchase single day parking tickets to the OC Fair for \$5.00 each.
 - E. Pacific Amphitheatre Concerts/Arena/Memorial Gardens Marketing Functions Tickets: Each Board member may request up to six (6) complimentary tickets to each concert, Arena event and/or nightly Memorial Gardens Marketing Functions for themselves, their spouse and dependent children for use in the course of conducting their Board member duties.
 - F. Arena Tickets: Each Board member may request tickets to each Arena event for themselves, their spouse and dependent children for use in the course of conducting their Board member duties.
 - G. Former Board members: Those who have completed their (four-year) service as a member of the OCFEC Board of Directors will receive a non-transferable lifetime credential, valid for complimentary admission to the OC Fair for the former director and one guest. Former members may also purchase up to a maximum of thirty (30) OC Fair admission tickets at the current employee admission rate, and up to twenty (20) OC Fair parking credentials at the current OC Fair parking rate.