

ANNUAL REPORT

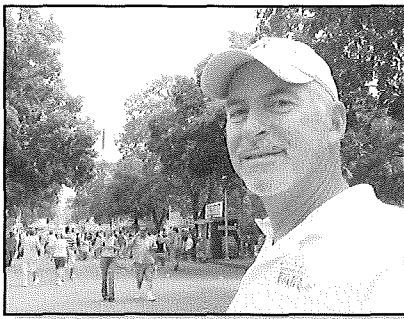
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THE GREAT MINNESOTA GET-TOGETHER 2008



MINNESOTA STATE FAIR

REPORT OF THE EXECUTIVE VICE PRESIDENT



In 1911, the State Fair's board of managers adopted a creed that says "The Minnesota State Fair is a mirror of Minnesota greatness, a school for her citizens, and a place where all are

welcome, entertained, and experience the results of the best thought and effort in all lines of endeavor." That's as true today as it was a century ago.

Our predecessors knew that first and foremost, the State Fair is all about education. As then, it's still where we learn about agriculture (and if you eat you're involved in agriculture), art, science, the environment, health, Minnesota industry, world culture, history, government and everything that makes Minnesota great – all presented in the world's largest social studies lab.

The fair is also a huge engine of economic activity. In the Twin Cities alone, the fair's economic impact was \$186 million in '08, plus additional unmeasured economic impact throughout the state. More than 5,600 Twin Cities jobs were created by the fair's economic activity, resulting in household earnings of nearly \$57 million, and the state earned almost \$6 million in tax revenue from fair operations.

Our nation's economic woes had already begun prior to the '08 State Fair. Although the real crash was yet to come, Minnesotans were struggling at fair time with their jobs, budget deficits, the credit crunch and \$4 gas. Despite the gloom, the mood at the '08 fair was one of the best ever. People were glad to leave their troubles at the gate and return home to their State Fairgrounds and the Great Minnesota Get-Together. In times of uncertainty and strife, Minnesotans can always count on the State Fair to remind us of what's truly important in our lives and to provide us all with optimism and hope.

And what a fair it was. In addition to all of the popular colossal features, fair visitors delighted in the brand new \$4.5 million International Bazaar and its cornucopia of world culture. The State Fair was also the center of Minnesota's Sesquicentennial celebration, featuring a variety of attractions and activities highlighting our state's 150th birthday. Although most fair visitors would never notice, the fair also took an important step in

preserving its facilities by putting new multi-million dollar roofs on both the Cattle Pavilion and Swine Barn. In the past 10 years, the State Fair has invested more than \$60 million in preserving and improving its historic facilities – ensuring that the State Fair will ably serve succeeding generations of Minnesotans. It's important to remember that the State Fair cares for its facilities and produces one of the premier events in the world with absolutely no government aid of any kind.

Since the end of the '08 State Fair, our economy has bottomed out. We continue to be bombarded with bad news that points to a very uncertain future. At the same time, I'm hearing from more and more people about how they're really looking forward to this year's State Fair. In times like these, the Great Minnesota Get-Together is exactly what people need in their lives. We'll do our very best to provide the people of Minnesota with the best fair ever, to reaffirm all that is good about our state and our nation and to point the way to a bright future. I'll see you at the fair.

Sincerely,

Jerry Hammer
Executive Vice President
Minnesota State Fair

OUR MISSION:

To educate and involve our guests by providing a world-class showcase that is innovative, entertaining and fun.

We strive to:

- Showcase Minnesota's finest agriculture, art and industry
- Present an unparalleled forum for knowledge and ideas
- Provide outstanding customer service
- Offer exceptional value
- Provide a safe, clean environment that is accessible to all
- Create unique experiences

2008 PRICING

Pre-Fair Admission Price

All ages \$8

Regular Admission Price

Adults (13-64) \$11; Seniors (65 & over) \$9;
Kids (5-12) \$8; Children (under 5) FREE

Thrifty Thursday

Adults (13 & over) \$8; Kids (5-12) \$5;
Children (under 5) FREE

Seniors Days

Seniors (65 & over) \$5

Kids Days

Kids (5-12) \$5; Children (under 5) FREE

\$8 at the Gate Day

Everyone (5 & over) \$8; Children (under 5) FREE

Hop On Transit Day

State Fair Express Bus Service: \$3 round-trip (regularly \$5). Express or regular route bus riders could request a coupon for \$2 off a regular-priced admission ticket purchased at the gate.

Blue Ribbon Bargain Book

Pre-fair \$4; Fair-time \$5

Mighty Midway & Kidway

Pre-fair: 20-ticket sheet \$10
Fair-time: 50-ticket sheet \$30; 30-ticket sheet \$20;
single ticket 75¢

Parking: \$9 or one additional \$8 pre-fair admission ticket

COLISEUM

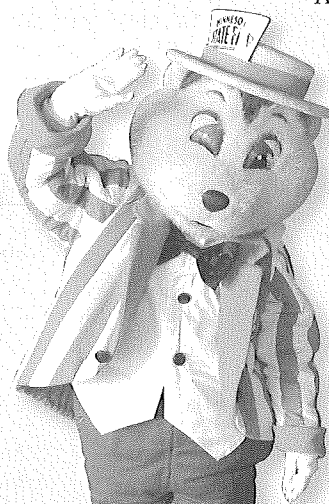
English Horse Shows with the Texas Trick Riders

Box Seats \$10; General Admission: Adults (13 & over) \$8; Kids (5-12) \$4; and Children (under 5) FREE

Western Horse Shows and the Minnesota State Fair Bullriding Show with the Texas Trick Riders

Box Seats \$10; General Admission:

Adults (13 & over) \$8;
Kids (5-12) \$4; and
Children (under 5) FREE



PRCA Championship Rodeos

Box Seats \$10;
General
Admission:
Adults
(13 & over) \$8;
Kids (5-12) \$4;
and Children
(under 5) FREE

TOTAL ATTENDANCE 1,693,263

THURSDAY, AUG. 21

Thrifty Thursday: 103,974
High: 84 Low: 65
Precipitation: None

FRIDAY, AUG. 22

**Governor's Fire
Prevention Day:** 96,993
High: 87 Low: 69
Precipitation: Trace

SATURDAY, AUG. 23

**Motorcycle Safety
Awareness & 4-H Day:** 171,663
High: 74 Low: 58
Precipitation: None

SUNDAY, AUG. 24

International Bazaar Day:
183,258
High: 78 Low: 54
Precipitation: None

MONDAY, AUG. 25

**Seniors, Kids &
Minnesota State Patrol Day:**
130,767
High: 78 Low: 56
Precipitation: None

TUESDAY, AUG. 26

\$8 at the Gate Day: 117,196
High: 80 Low: 57
Precipitation: None

WEDNESDAY, AUG. 27

Hop On Transit Day: 88,228
High: 76 Low: 60
Precipitation: 2.12 in.

THURSDAY, AUG. 28

Seniors Day: 116,143
High: 79 Low: 60
Precipitation: .04 in.

FRIDAY, AUG. 29

MPR Day: 165,194
High: 82 Low: 55
Precipitation: None

SATURDAY, AUG. 30

FFA Day: 209,399
High: 86 Low: 57
Precipitation: None

SUNDAY, AUG. 31

Foundation Day: 189,228
High: 85 Low: 64
Precipitation: None

MONDAY, SEPT. 1

Kids & Last Chance Day:
121,220
High: 88 Low: 68
Precipitation: None



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ANIMALS, AGRICULTURE & COMPETITION



CREATIVE ACTIVITIES CENTER DISPLAY

Members of the Midwest Miniature Guild exhibited furnished doll houses, roomboxes and other tiny displays that mirrored real-life and imagined settings. Pieces ranged from authentic scaled-down houses, furniture and accessories, to historic and fantasy rooms.

NEW COMPETITIONS AND CONTESTS

Free Horse Shows

Two "paid" shows became "free" shows and brought in record crowds on Monday, Aug. 25 and Labor Day, Sept. 1.

4-H Lama Show

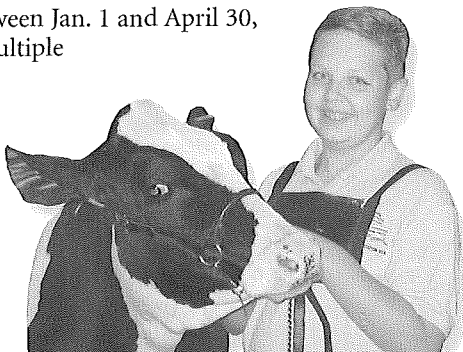
This new 4-H competition featured both lamas and alpacas on Thursday, Aug. 28 and Friday, Aug. 29.

FFA Market Goat Show

Market goats born between Jan. 1 and April 30, 2008 were judged in multiple areas.

Open Class Junior Barrow Show

Juniors (ages 5-21) competed in showmanship, judging contests, a skill-a-thon and market barrow contests.

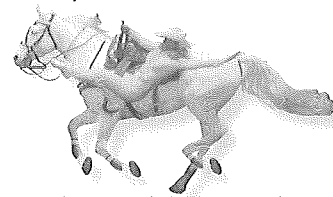


Robot Demonstrations – Education Building

Working for the fastest times and the quickest machines, high school teams competed with robots they constructed.

TEXAS TRICK RIDERS

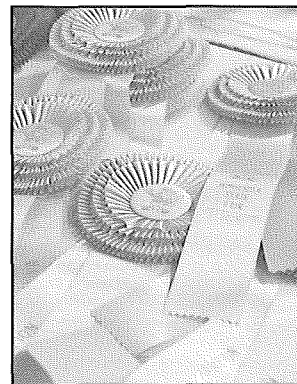
All paid English and Western Horse Shows and the two new free horse shows featured the Texas Trick Riders whose performances included Roman riding, trick riding, whip cracking, trick horses and trick roping.



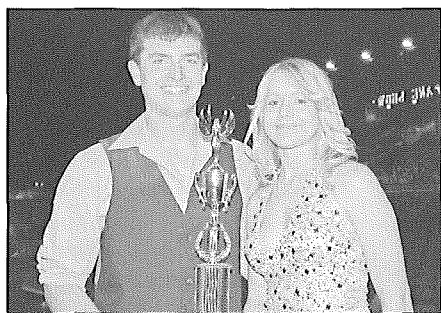
FINE ARTS

This year's People's Choice Award went to "My Grandmother, Maryanna," a pencil drawing by Nicholas Bly Pope of Minneapolis. Lynn Maderich of St. Paul won the Kids' Choice Award for her oil on linen entitled "One Summer Evening."

Each year the Minnesota State Fair Fine Arts Show features an invited artist, collection, genre or group. "The Fair Remembers: Minnesota Sesquicentennial Anniversary, 1858-2008" was the 2008 Fine Arts Show's special exposition. The exhibit highlighted the 95 Minnesota County Fairs. Representatives provided panels on which they represented their County Fairs in words and pictures with historic photos, advertisements, ribbons, buttons or programs from past events.



CONTESTS & ACTIVITIES



36TH ANNUAL STATE FAIR AMATEUR TALENT CONTEST WINNERS

Open Division:

First place: Callie Syverson & Brett Anderson of Windom (left)

Second place: Christa Krussow & Nellie of Cottage Grove
Third place: Connor Engstrom of Mountain Lake

Teen Division:

First place: Jeff Zhang of Maple Grove
Second place: Liz Redpath of Edina
Third place: Brandon Cormier of White Bear Township

Preteen Division:

First place: Derek Hartman of Blaine
Second place: Brandon & Connor Duffy of Lino Lakes
Third place: Paige Huschka of Monticello

MILK RUN

Kim Magee of Mounds View and Daniel Murray of Blue Earth were the overall female and male Milk Run winners with times of 18:06 and 16:33 respectively.

HIGH SCHOOL MARCHING BAND COMPETITION

High school marching bands from Minnesota and Wisconsin competed in the State Fair's daily mall parade. Irondale Senior High was awarded Class A honors, Waseca took first place in Class B, and Park Falls won in the Class C division.





NEW ENTERTAINMENT, EXHIBITS & ELEMENTS



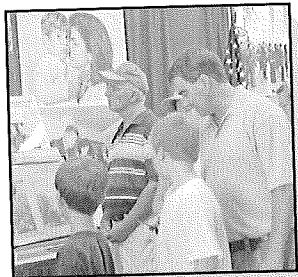
HAPPY 150TH BIRTHDAY, MINNESOTA!

The State Fair became the hub for the 2008 Sesquicentennial Celebration. Near Heritage Square, guests experienced the "Carnegie Hall of Tent Shows," State Fair Chautauqua's *Old Minnesota: Song of the North Star*. Through story,

song and large-screen vintage visuals, the lives, ambitions and accomplishments of Minnesota's Native inhabitants, European settlers and their descendents came to life.

The Sesquicentennial Commission selected artist Susan Warner to create a monumental travel postcard on the fairgrounds celebrating the regional landmarks, culture and spirit of Minnesota. Created in mosaic tiles, this public art piece is a collaboration of community members throughout Minnesota.

On Labor Day, the Sesquicentennial Commission hosted activities and entertainment in Carousel Park featuring Minnesota's five Honorary State Capitals for the 150th anniversary of statehood. Bemidji, Thief River Falls, Detroit Lakes, New Ulm and Winona provided music and presentations on their regional character and culture.



JOHN F. KENNEDY PRESIDENTIAL EXHIBIT

This new exhibit featured over 300 artifacts related to the late 35th President of the United States. The museum-like exhibit offered information and insight into both the public and private aspects of the president's life through video, photographs, music, hands-on

activities and items personally owned by John F. Kennedy. The exhibit also included an exact replica of the blue 1961 Lincoln limousine that was built specifically for JFK and used throughout his presidency.

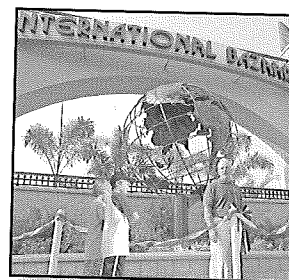
NOW THIS IS A GRAND OL' PARTY!

The 2008 Republican National Convention began on the State Fair's last day (Sept. 1) at the Xcel Energy Center in downtown St. Paul. Journalists looking to cover Minnesota's arts and entertainment were naturally drawn to our great State Fair. Dozens of national and international media visited or produced stories on the fair including: ABC News with Charles Gibson, Australian Broadcasting Co., BBC Radio and

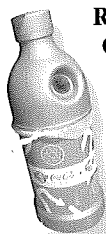
Television, CNN India, CBS News, Fox News, Fuji Television – Japan, Italian National TV, ITN News – UK, MSNBC, National Geographic Magazine, NBC News, PBS, Sky News – UK, The Tonight Show with Jay Leno, Univision, Washington Post and XM Radio.

NEW INTERNATIONAL BAZAAR

At 9 a.m. on Aug. 21, the long-awaited new International Bazaar opened its gates to fair guests. With over 14,000 additional square feet, it features a new free entertainment stage, a demonstration stage presented by the International Institute, a patio area with colorful cabana umbrellas and restrooms. New food concessions in the Bazaar included: West Indies Soul, Holy Land Deli, Panda Palace, Island Noodles and the Taste of Midtown Global Market. The Bazaar was busier than ever before—vendors and guests were elated to have a new spin on an old favorite.



REDUCING OUR FOOTPRINT – ONE BOTTLE AT A TIME



The State Fair partnered with Midwest Coca-Cola Bottling Company to add a total of 400 bottle-recycling bins to the fairgrounds for 2008. Nearly 300,000 bottles were collected during the fair's 12-day run. After the fair, the bottles were sorted, processed and made into new bottles.

HOLDING THE LINE

To continue its position as a "must attend" event that provides great value to its guests, the Minnesota State Fair held the line on the price of gate admission, show tickets, attraction admissions, Midway/Kidway tickets and exhibitor/concessionaire fees in 2008, and encouraged vendors to consider doing the same. Most vendors made an effort to maintain prices or offer special deals. With the emphasis on lower prices and good value, fair guests were willing customers.



FIFTH IN A SERIES – COMMEMORATIVE ART by Minnesota Artist Edie Abnet

Stillwater native Edie Abnet created the 2008 State Fair commemorative art using watercolor and pastels. Abnet's interpretation of the Great Minnesota Get-

Together combined fluid grace and color to capture the excitement of our State Fair. The artwork was named "best fair poster" by the International Association of Fairs & Expositions.

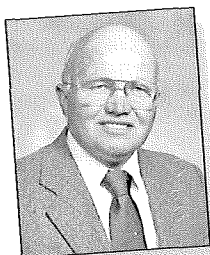


2008 SPONSORS



- AT&T
- August Schell Brewing Co.
- Betterliving Sunrooms of Minnesota
- Butter Kernel
- Cal Spas of Minnesota
- Cargill
- Chuck & Don's Pet Food Outlet
- Coca-Cola
- Coca-Cola Recycling
- Crystal Sugar
- Cub Foods
- Ford
- Green Mill Restaurant
- John Deere Company
- Leinenkugel's
- Minnesota Corn Growers Association
- Minnesota State Lottery
- Summit Brewing Co.
- TCF National Bank
- Thrivent Builds with Habitat for Humanity
- Toyota Motor Sales
- Treasure Island Resort & Casino
- Xcel Energy

★ AWARDS & ACCOLADES ★



HONORARY LIFE MEMBER

The Minnesota State Agricultural Society annually elects one individual for honorary life membership. Jim Grass of Owatonna was this year's honoree. For more than 60 years, Jim has been a State Fair swine exhibitor. He has chaired the State Fair 4-H Purple Ribbon Auction Committee and coordinated the 25-member group that manages the event for the last 15 years. Funds raised through the auction increase each year and topped \$317,000 in 2008. Jim currently serves as a director on the Minnesota Livestock Breeders Association Board and was inducted into its Hall of Fame in 1991.

BEN C. HALLBERG SCHOLARSHIPS

- Rachel Bachmeier, Apple Valley
- Lindsey Jo Beckendorf, Nicollet
- Kristin Boyum, Wanamingo
- Pamela Dahlman, Cokato
- Lisa Drewry, Farmington
- Jonathan Ertl, Rosemount
- Amy Esselman, Hamburg
- Matthew Fenske, Elgin
- Daniel Fox, Rosemount
- Erin Josephson, Minneota
- Andrew Kryzer, Lewiston
- Megan McGaver, Isanti
- Elinor Opitz, Cold Spring
- Thomas Pesch, Elgin
- Brenda Reiter, Elgin
- Catherine Rivard, Arlington
- Megan Sjostrom, Lafayette
- Brandon Thesing, Winona
- Abby Undermann, Sartell
- Jessica Weitgenant, Worthington

50 YEAR AWARD

- Joyce Moser, Circle Pines, Concession Employee
- Orland Nelson, Dassel, Competitive Exhibitor
- David Stalhiem, Amery, WI, Competitive Exhibitor
- Gustav Warnest, Vadnais Heights, Admissions Department

MSF ALL-STAR MVPs

Five Minnesota State Fair employees were awarded the MSF All-Star MVP Award for exceeding expectations and providing outstanding customer service. Winners for 2008 were Marvin Borchert, Admissions; Pat Burski, Officers Quarters; Arnold Court, Machinery Hill; Ryan Donnelly, Competition; and Jim King, Milking Parlor.

PRINCESS KAY

Kristy Mussman of Claremont was crowned the 55th Princess Kay of the Milky Way.

DOUGLAS K. BALDWIN AWARD

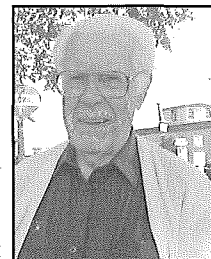
Jordana Thompson of Hayfield, Minn. was named the 45th recipient of the Douglas K. Baldwin award. A member of the Hayfield FFA chapter, Jordana has shown sheep and swine in the State Fair's FFA livestock show since 2001. In addition, she exhibited FFA mechanics projects in 2002 and 2003 and volunteered at the Miracle of Birth Center in 2005. Jordana also served as an assistant State FFA Officer and Southeast Minnesota Sheep Ambassador. Known for her commitment to animal agriculture, she takes part of the first week of college off to be at the State Fair's FFA livestock weekend. Jordana studies Biology Life Science Education at Winona State University and hopes to become a middle or high school science teacher. The Baldwin award is named in honor of Douglas K. Baldwin who served as the fair's general manager from 1951-1963.

OUTSTANDING SENIOR CITIZENS

Betty Wenner of St. Peter and Don Brand of New Ulm were named Minnesota's 2008 Outstanding Seniors at the Leinie Lodge Bandshell on Seniors Day, Aug. 28.

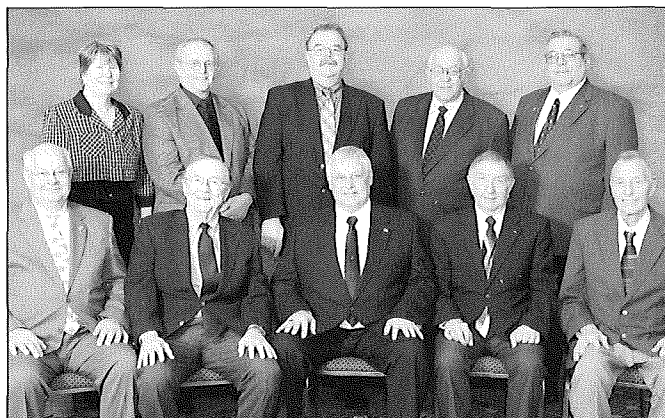
HALL OF FAME

Gale Frost lived his entire life in St. Anthony Park, adjacent to the fairgrounds, and had a lifelong affiliation with the State Fair. He began working at the fair as a boy, helping his father Harry Frost in Grandstand concessions. Gale later worked in the fair's administration office, sold implements at the fair and operated a museum concession before creating the State Fair History Museum in 1976. Gale filled the museum with artifacts and artwork from the fair's past—much of it his own personal property. As museum superintendent, he spent the next 30 years caring for the exhibit and serving as the official State Fair historian. The museum endures year after year as one of the fair's most popular exhibits. On November 14, the State Fair Board of Managers unanimously voted Gale Frost into the State Agricultural Society's Hall of Fame.

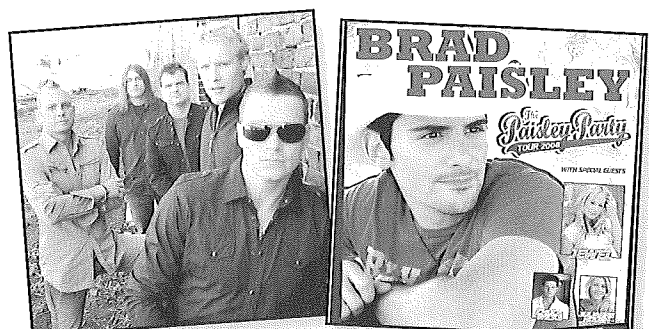


2008 STATE FAIR BOARD OF MANAGERS

Front row (L-R): Dennis Baker, Spicer, 7th District Manager; D.J. Leary, Minneapolis, 5th District Vice-President; Robert Lake, Aitkin, President; Joseph Fox, Maplewood, 4th District Vice-President; Chauncey Wargin, Hermantown, 8th District Manager;

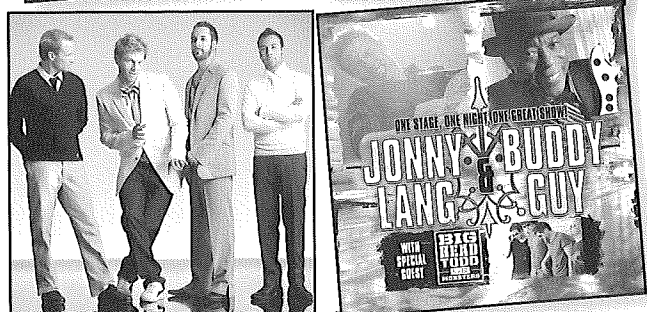


Back row (L-R): Sharon Wessel, Hamel, 3rd District Manager; Jim Foss, Kenyon, 1st District Manager; Allen Paulson, Shevlin, 9th District Manager; John Paulmann, Gaylord, 2nd District Manager; Gene Gerth, Princeton, 6th District Manager



GRANDSTAND ATTENDANCE

THURSDAY, AUG. 21 • 3 DOORS DOWN
with very special guests **Staind, Hinder** and **Jet Black Stare**
6:30 p.m. • \$57, \$47, \$32 • 12,086



FRIDAY, AUG. 22 • BRAD PAISLEY
with special guests **Jewel** and **Chuck Wicks**
7:30 p.m. • \$45 • 12,963

SATURDAY, AUG. 23 • THE BACKSTREET BOYS
with special guest **Girlicious**
7:30 p.m. • \$29 • 8,687

SUNDAY, AUG. 24 • JONNY LANG AND BUDDY GUY
with special guest **Big Head Todd & The Monsters**
7 p.m. • \$35 • 8,993



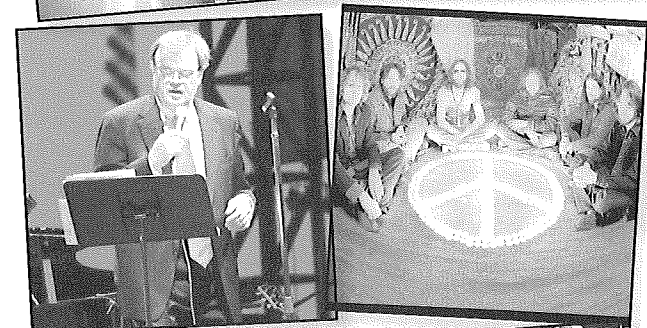
MONDAY, AUG. 25 • DIERKS BENTLEY AND MIRANDA LAMBERT
7:30 p.m. • \$30 • 8,258

TUESDAY, AUG. 26 • PARAMORE
with special guests **Jack's Mannequin, Phantom Planet** and **Paper Route**
6:30 p.m. • \$30 • 5,222



WEDNESDAY, AUG. 27 • GNARLS BARKLEY
with special guest **Cloud Cult**
7:30 p.m. • \$31 • 2,831

THURSDAY, AUG. 28 • MARK SCHULTZ
with special guests **Big Daddy Weave** and **Lincoln Brewster**
7:30 p.m. • \$28 • 3,594



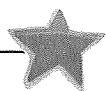
FRIDAY, AUG. 29 • A PRAIRIE HOME COMPANION
with **Garrison Keillor**
8 p.m. • \$27, \$22 • 7,378

SATURDAY, AUG. 30 • THE BLACK CROWES
with special guest **The Black Keys**
7:30 p.m. • \$37 • 4,625

SUNDAY, AUG. 31 • MINNESOTA STATE FAIR AMATEUR TALENT CONTEST FINALS
featuring 2007 winner **The Limns**
8 p.m. • Free Admission • 6,000



MONDAY, SEPT. 1 • TOBY KEITH
with special guests **Carter's Chord, Trailer Choir** and **Mica Roberts**
7:30 p.m. • \$50 • 10,132



FREE STAGES



THE LEINIE LODGE BANDSHELL TONIGHT!



AUG. 21 & 22:
Sharon Jones &
The Dap-Kings



AUG. 23 & 24:
Jason D. Williams



AUG. 25 & 26:
Brandi Carlile



AUG. 27 & 28:
War



AUG. 29 & AUG. 30:
Trampled By Turtles



AUG. 31 & SEPT. 1:
Williams & Ree,
The Indian and
The White Guy

■ LEINIE LODGE BANDSHELL

- **AUG. 21 & 22:** Marcoux Corner, Rissi Palmer, KingBilly
- **AUG. 23 & 24:** Candy Coburn, Michael Johnson, The American Composers Forum Presents "Minnesota Voices" (Aug. 23 Only)
- **AUG. 25 & 26:** The Wright Brothers, Wylie & The Wild West, The Grascals
- **AUG. 27 & 28:** Five By Design, Mel McDaniel, Polka Freak Out
- **AUG. 29 & 30:** Tonic Sol-fa, Corinne Chapman, Trombone Shorty & Orleans Avenue
- **AUG. 31 & SEPT. 1:** Jypsi, Willie West and The Music Company, Alana Grace, Tim Gabrielson

■ FAMILY FAIR AT BALDWIN PARK

- **AUG. 21 – 24:** T. Texas Terry
- **AUG. 25 – 28:** The Splatter Sisters
- **AUG. 29 – SEPT. 1:** Sheltered Reality
- **AUG. 21 – SEPT. 1:** Monster Shop Bump'n with the BC Characters, Sean Emery

■ RAMBERG SENIOR CENTER

- **AUG. 21 & 22:** Jim Shannon, Stomp N' Dixie
- **AUG. 23 & 24:** The Mouldy Figs, Betty Rydell & Randi Rae
- **AUG. 25 & 26:** The Gallivanter, Cliff Brunzell & The Golden Strings Trio
- **AUG. 27 & 28:** Jim Berner, Chuck Thiel & The Jolly Ramblers
- **AUG. 29 & 30:** Rod Cerar Orchestra, Gypsy Mania
- **AUG. 31 & SEPT. 1:** Bill Koncar, Drive Time Bluegrass Band

■ INTERNATIONAL BAZAAR

- **AUG. 21 & 22:** Ring of Kerry, Alpensterne
- **AUG. 23 & 24:** Ticket to Brasil, The Sweet Colleens
- **AUG. 25 & 26:** George Maurer Group, Café Accordion Orchestra
- **AUG. 27 & 28:** Native Pride Dancers, Big Surf
- **AUG. 29 & 30:** Salsabrosa, Innocent

- **AUG. 31 & SEPT. 1:** The Limns, Steve Clark and The Working Stiffs

■ BAZAAR AFTER DARK

- **NIGHTLY:** De'Anna – The Hypno-Chick!

■ HERITAGE SQUARE

- **AUG. 21 & 22:** Molly Maher & Erik Koskinen, Sourdough Slim
- **AUG. 23 & 24:** Pop Wagner & The TC Playboys, The Minnesota State Fiddle Contest
- **AUG. 25 & 26:** The Jolly Zuk Brothers, Janie Miller: A Tribute To Patsy Cline
- **AUG. 27 & 28:** The Ditch Lillies, Ruby Jane
- **AUG. 29 & 30:** The High 48s Bluegrass Band, The Minnesota Flatpicking Guitar and Duet Championships
- **AUG. 31 & SEPT. 1:** The Bitter Spills, Barbary Coast Dixieland Show Band

■ HERITAGE AT SUNDOWN

- **AUG. 21 & 22:** Becky Schlegel
- **AUG. 23 & 24:** Tim O'Reagan
- **AUG. 25 & 26:** Tea Leaf Green
- **AUG. 27 & 28:** Bill Kirchen – The Hammer of The Honky-Tonk Gods
- **AUG. 29 & 30:** White Iron Band
- **AUG. 31 & SEPT. 1:** The Twistin' Tarantulas

■ THE X-ZONE

- **AUG. 21 – SEPT. 1:** 3rd Lair SkatePark, Music Mayhem featuring local "Battle of the Bands" winners

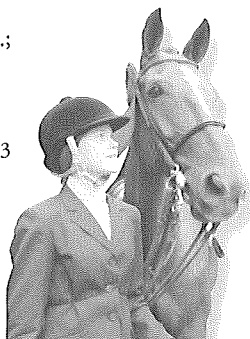
■ THE NORTHWOODS

- **AUG. 21 – SEPT. 1:** IRONJACK Timber Team, Ron Schara's Minnesota Bound

WARNER COLISEUM

■ ENGLISH HORSE SHOW INFORMATION AND ATTENDANCE

- **FREE SHOWS:** Aug. 21, 8 a.m. and 12:30 p.m.; Aug. 23, 8 a.m.; Aug. 24, 8 a.m.; Aug. 25, 8 a.m. and 12:30 p.m.
- **THURSDAY, AUG. 21:** 6:30 p.m. • 578
- **FRIDAY, AUG. 22:** 1 p.m. • 876; 6:30 p.m. • 643
- **SATURDAY, AUG. 23:** 6:30 p.m. • 1,375
- **SUNDAY, AUG. 24:** noon • 738; 6:30 p.m. • 818
- **MONDAY, AUG. 25:** 6:30 p.m. • 667
- **TUESDAY, AUG. 26:** 6:30 p.m. • 707



■ MINNESOTA STATE FAIR BULLRIDING SHOW

- **WEDNESDAY, AUG. 27:** 7 p.m. • 1,280

■ WESTERN HORSE SHOW INFORMATION AND ATTENDANCE

- **FREE SHOWS:** Aug. 29, 8 a.m.; Aug. 31, 8 a.m.; Sept. 1, 8:30 a.m. and 12:30 p.m.
- **FRIDAY, AUG. 29:** noon • 1,425
- **SATURDAY, AUG. 30:** 6:30 p.m. • 1,385
- **SUNDAY, AUG. 31:** 12:30 p.m. • 1,098; 6:30 p.m. • 913

■ PRCA CHAMPIONSHIP RODEO

- **THURSDAY, AUG. 28:** 12:30 p.m. • 1,489; 7 p.m. • 1,328
- **FRIDAY, AUG. 29:** 7 p.m. • 2,266



OFFICE OF THE LEGISLATIVE AUDITOR

State of Minnesota • James Nobles, Legislative Auditor

Independent Auditor's Report

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

We have audited the accompanying statements of net assets of the State Agricultural Society (society) as of October 31, 2008 and 2007, and the related statements of revenues, expenses, and changes in net assets, and statements of cash flows for the years then ended. These financial statements, which collectively comprise the society's basic financial statements, are the responsibility of the society's management. Our responsibility is to express an opinion on those financial statements based on our audit. We did not audit the financial statements of the Minnesota State Fair Foundation, a discretely presented component unit of the State Agricultural Society. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Minnesota State Fair Foundation, is based solely on the report of the other auditors.

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. The financial statements of the Minnesota State Fair Foundation were not audited in accordance with *Government Auditing Standards* because it is a nonprofit organization. The audit standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinion.

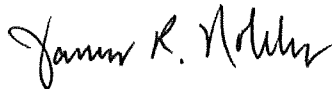
In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the State Agricultural Society and the Minnesota State Fair Foundation as of October 31, 2008 and 2007, and the respective changes in financial position and cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Senator Ann H. Rest, Chair
Members of the Legislative Audit Commission
Mr. Bob Lake, President
Members of the State Agricultural Society
Mr. Jerry Hammer, Executive Vice President
Page 2

In accordance with *Government Auditing Standards*, we have also issued our report dated April 17, 2009, on our consideration of the society's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the society's basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the society's basic financial statements. The accompanying supporting Schedule of Revenue and Expenses is presented for purposes of additional analysis and is not a required part of the society's basic financial statements. Such information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



James R. Nobles
Legislative Auditor



Cecile M. Ferkul, CPA
Deputy Legislative Auditor

April 17, 2009

MINNESOTA STATE FAIR

FINANCIAL INFORMATION

■ Management Discussion and Analysis

The Minnesota State Agricultural Society produces the annual Minnesota State Fair, and manages the State Fairgrounds. The Society is a quasi-state agency, and operates with no public subsidy of any kind, for any purpose. The costs to produce the annual State Fair and all capital and maintenance improvements to the historic State Fairgrounds are financed completely with revenue earned by the Society. Following is an analysis of the Society's financial activities and performance during the fiscal years ended October 31, 2008, 2007 and 2006, along with detailed financial statements and supplementary information.

The Minnesota State Fair Foundation was established in 2002 as a tax exempt 501(c)(3) nonprofit corporation with the exclusive mission of raising accessible funds to significantly assist the Society in improving and maintaining the State Fairgrounds. Therefore, comparative Foundation financial statements for fiscal years 2008 and 2007 are presented as a component unit of the Society.

■ Overview of the Financial Statements

The Society's financial statements are accounted for as an enterprise fund, which operates in a manner similar to private business enterprise. Income and expenses for the year are presented in the Statement of Revenue, Expenses and Changes in Net Assets; this statement serves to determine if the Society has earned an acceptable level of net income. Next, the Statement of Net Assets outlines all of the Society's assets and liabilities, and includes detailed discussion of fixed assets – namely, the State Fairgrounds and its facilities. Finally, the Statement of Cash Flows provides information on cash receipts and payments generated from operations, as well as finance and investment activities that occurred during the year.

■ Income and Expense

The State Fair realized a net operating gain of \$863,000 in 2008, based upon gross revenues of \$36.2 million and gross expenses of \$35.3 million. The previous year showed a net operating gain of \$2.2 million from income of \$36.0 million and expenses of \$33.8 million. The net operating gain in fiscal 2006 was \$2.3 million based on gross revenues of \$33.7 million and gross expenses of \$31.4 million. State Fair income is earned primarily from three sources: ticket sales, licensing of commercial exhibit space, and the rental of fair facilities for non-fair events.

In a typical year ticket sales represent two-thirds of the State Fair's gross annual income. In 2008, the ticket sales total of \$22.9 million was earned chiefly through sales of outside gate tickets (\$14.5 million), Mighty Midway and Kidway tickets (\$5.7 million), and Grandstand and Coliseum tickets (\$2.7 million).

As with most business enterprises, expenses are very diverse. The State Fair provides extensive services to fair visitors that include police protection (\$1.2 million), sanitation (\$1 million) and Park & Ride buses (\$1.6 million). Other expenses include Grandstand and free entertainment (\$4.2 million), fairgrounds plant operations (\$5 million) and maintenance and depreciation of State Fair facilities (\$5 million).

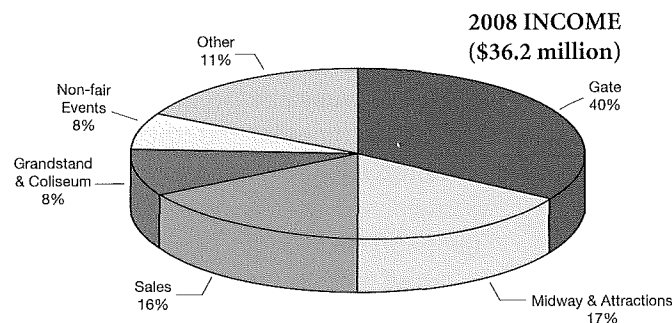
A detailed breakdown of the State Fair's income and expense are included in the Income and Expense Supporting Schedule on pages 21-24.

■ Net Assets

The Condensed Statement of Net Assets provides a quick look at the Society's overall financial position and indicates that the direction of the Society's financial situation is favorable, with net assets increasing \$900,000 to a total of \$38.1 million during fiscal 2008.

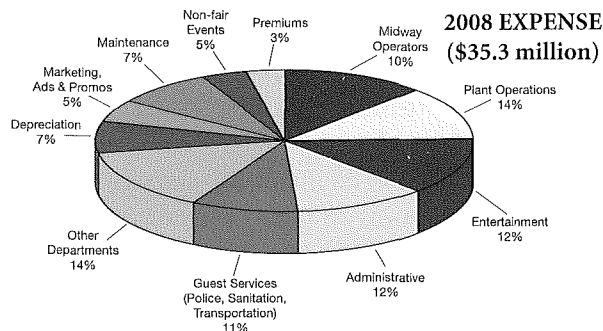
Revenues, Expenses and Changes in Net Assets

	2008	2007	2006
Ticket Sales	\$22,898,000	\$23,480,000	\$20,969,000
Activities	7,866,000	7,426,000	6,680,000
Other	4,990,000	4,559,000	4,504,000
Non-operating Revenue			
Grant Revenue	410,000	538,000	1,512,000
Total Revenue	36,164,000	36,003,000	33,665,000
Operating Expense			
Activities & Support	22,156,000	17,329,000	16,108,000
General Operations	13,145,000	16,428,000	15,270,000
Total Expense	35,301,000	33,757,000	31,378,000
Changes in Net Assets	863,000	2,246,000	2,287,000
Beginning Net Assets	37,269,000	35,023,000	32,736,000
Ending Net Assets	\$38,132,000	\$37,269,000	\$35,023,000



2008 Income (in millions)

- Gate – \$14.5
- Midway & Attractions – \$6.3
- Sales – \$5.9



2008 Expense (in millions)

- Midway Operators – \$3.7
- Plant Operations – \$5.0
- Entertainment – \$4.2
- Administrative – \$4.2
- Guest Services (Police, Sanitation, Transportation) – \$3.7
- Other Departments – \$5.1
- Depreciation – \$2.4
- Marketing, Ads & Promos – \$1.7
- Maintenance – \$2.6
- Non-fair Events – \$1.7
- Premiums – \$1.0

Over 84% of the Society's net assets - \$32.0 million -- represent the Society's continual investment in capital assets (buildings, equipment and infrastructure) that are absolutely necessary to the Society's ability to present the annual exposition and conduct a busy schedule of non-fair events year-around. Invested in capital assets, net of related debt, consists of the total value of the assets, less depreciation and outstanding debt attributed to those assets.

■ Fixed Assets (The State Fairgrounds)

The State Fair's capital assets consist of: 120 fair-owned structures, land and improvements to the land, personal property and infrastructure including an intricate network of electricity, communications, gas, water and sewer distribution systems.

Structures include everything from small permanent information and ticket booths to the Coliseum and the massive Grandstand. Most of the State Fair's significant structures and utilities date back to WPA days in the '30s and very early '40s. Some buildings are even older, such as the Grandstand (1909), Arts Center (1907) and Progress Center (1907).

In 2008, the State Fair invested \$7,965,000 in capital improvements. Projects included \$4,500,000 for the construction of a new Bazaar complex, \$1,350,000 for the re-roofing of the Swine Barn

and \$940,000 for the re-roofing of the Cattle Barn, and \$525,000 for electrical system improvements. In 2007, the State Fair invested \$1,865,000 in capital improvements. Projects included \$761,000 for electrical system improvements, \$281,000 for a roof upgrade on the Coliseum, \$217,000 for sewer system improvements and \$430,000 of initial expenditures for the construction of a new Bazaar complex. In 2006, the State Fair invested \$4,669,000 in capital improvements. The largest capital projects were the new construction of the \$2,200,000 CHS Miracle of Birth Center, \$934,000 for a new roof on the Sheep & Poultry Building, and \$583,000 for the renovation of the J.V. Bailey House.

Additional information on fixed assets can be found in note 3.

■ Long-Term Obligations

Long-term debt increased substantially in 2008. The Society completed a \$4.6 million revenue note to assist in financing the new Bazaar complex and the re-roofing of the Cattle Barn and the Swine Barn. This financing is in addition to the \$11.1 million revenue bond issued in 2003. After principal payments of \$890,000 during 2008, the long term principal balance as of October 31 2008 is \$13,315,000. Additional information on long-term debt can be found in note 4 of the accompanying financial statements.

CONDENSED STATEMENT OF NET ASSETS

	2008	2007	2006
Current & Other Assets	\$9,383,000	\$9,978,000	\$7,304,000
Capital Assets	<u>45,347,000</u>	<u>39,820,000</u>	<u>40,184,000</u>
Total Assets	54,730,000	49,798,000	47,488,000
Long Term Debt	12,410,000	9,175,000	9,605,000
Other Liabilities	<u>4,188,000</u>	<u>3,354,000</u>	<u>2,860,000</u>
Total Liabilities	16,598,000	12,529,000	12,465,000
Invested in Capital Assets, Net of Related Debt	32,032,000	30,215,000	30,159,000
Restricted	2,240,000	1,761,000	1,764,000
Unrestricted	<u>3,860,000</u>	<u>5,293,000</u>	<u>3,100,000</u>
Total Net Assets	<u>\$38,132,000</u>	<u>\$37,269,000</u>	<u>\$35,023,000</u>

■ Minnesota State Fair Statement of Net Assets

For the years ended October 31

2008

2007

ASSETS

Current assets:

Cash and cash equivalents - Unrestricted	\$ 5,505,283	\$ 6,287,713
Cash and cash equivalents - Restricted	1,366,126	888,066
Accounts receivable	1,148,559	1,462,451
Prepaid expenses	135,353	154,714
Note receivable	32,000	-
Accrued interest receivable	2,484	-
Total current assets	8,189,805	8,792,944

Non-current assets:

Cash and cash equivalents - Restricted Debt Service Reserve	873,405	873,405
Receivable due from Minnesota State Fair Foundation	319,787	312,014
Capital Assets, Net of related depreciation	45,346,925	39,819,990
Total assets	\$ 54,729,922	\$ 49,798,353

LIABILITIES

Current liabilities:

Accounts payable	\$ 2,532,591	\$ 2,110,152
Accrued salaries	107,508	260,559
Deferred income	229,605	207,647
Bond and Note interest payable	75,023	56,516
Bond payable - current	445,000	430,000
Note payable - current	460,000	-
Unclaimed property payable	9,621	-
Total current liabilities	3,859,348	3,064,874

Noncurrent liabilities:

Bond payable due in more than one year	8,730,000	9,175,000
Note payable due in more than one year	3,680,000	-
Unamortized bond discount	(186,567)	(199,005)
Unamortized note discount	(46,212)	-
Compensated absences	561,057	488,558
Total liabilities	\$ 16,597,626	\$ 12,529,427

NET ASSETS

Invested in capital assets, net of related debt	\$ 32,031,925	\$ 30,214,990
Restricted for:		
Debt Service	2,225,764	1,748,160
Capital Improvements	13,767	13,311
Unrestricted assets	3,860,840	5,292,465
Total net assets	38,132,296	37,268,926

Total liabilities and net assets	\$ 54,729,922	\$ 49,798,353
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The notes to the financial statements are an integral part of this statement.

■ Minnesota State Fair Foundation Statements of Financial Position

For the year ended October 31

2008

2007

ASSETS

Cash and Cash Equivalents	\$ 709,230	\$ 278,503
Certificate of Deposits	-	360,138
Receivable	10,000	3,837
Contributions Receivable	774,284	618,440
Prepaid Expenses and Other Assets	7,538	2,748
Promotional Materials	2,072	2,072
Merchandise Inventory	14,449	14,318
Property and Equipment, Net of Accumulated Depreciation of \$20,230 and \$12,766, Respectively	41,678	37,389
Total assets	<u>\$ 1,559,251</u>	<u>\$ 1,317,445</u>

LIABILITIES AND NET ASSETS (DEFICIT)

Liabilities

Accounts Payable	\$ 2,334	\$ 4,245
Accrued Expenses	9,690	18,496
Payable Due to the Minnesota State Agricultural Society	<u>319,787</u>	<u>312,014</u>
Total Liabilities	331,811	334,755

Net Assets (Deficit)

Unrestricted	9,472	(82,845)
Temporarily Restricted	<u>1,217,968</u>	<u>1,065,535</u>
Total Net Assets	1,227,440	982,690

Total Liabilities and Net Assets	<u>\$ 1,559,251</u>	<u>\$ 1,317,445</u>
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■ Minnesota State Fair Statement of Revenue, Expenses and Changes in Net Assets

For the years ended October 31

2008

2007

OPERATING REVENUES

Ticket sales	\$ 22,897,565	\$ 23,480,450
Activities	7,864,190	7,425,972
Other	4,796,757	4,366,885
Total operating revenues	\$ 35,558,512	\$ 35,273,307

OPERATING EXPENSES

Administrative	\$ 4,207,309	\$ 4,157,416
Activities and Support	17,948,575	17,328,644
Premiums	966,820	986,547
Plant Operations	5,014,882	4,298,554
Plant Maintenance	2,589,661	2,718,293
Other	1,701,409	1,481,040
Depreciation	2,349,588	2,205,182
Total operating expenses	34,778,244	33,175,676
Operating income	\$ 780,268	\$ 2,097,631

NON OPERATING REVENUES (EXPENSES)

Interest income	\$ 194,469	\$ 191,869
Grant revenue	411,599	537,806
Interest expense	(521,047)	(457,898)
Loss on disposal of fixed assets	(1,920)	(123,603)
Net income	863,369	2,245,805
Total net assets, beginning of year	37,268,926	35,023,121
Net assets, end of year	\$ 38,132,295	\$ 37,268,926

The accompanying notes are an integral part of the financial statements.

■ Minnesota State Fair Foundation

Statements of Activities and Changes in Net Assets

For the Year Ended October 31

	2008			2007		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES						
Contributions	\$184,236	\$589,472	\$773,708	\$164,877	\$152,421	\$317,298
Support from the Minnesota State Agricultural Society	153,578	-	153,578	146,694	-	146,694
In-Kind Contributions	95,115	-	93,115	199,599	-	199,599
Interest	24,027	16,236	40,263	30,244	21,803	52,047
Net assets Released from Restrictions	<u>453,275</u>	<u>(453,275)</u>	<u>-</u>	<u>439,649</u>	<u>(439,649)</u>	<u>-</u>
Total	910,231	152,433	1,060,664	981,063	(265,425)	715,638
Merchandise sales, net	113,950	-	113,950	146,521	-	146,521
Less: Cost of goods sold	(10,967)	-	(10,967)	(45,070)	-	(45,070)
Miscellaneous Income	<u>245</u>	<u>-</u>	<u>245</u>	<u>380</u>	<u>-</u>	<u>380</u>
Net Merchandise Sales	<u>103,228</u>	<u>-</u>	<u>103,228</u>	<u>101,831</u>	<u>-</u>	<u>101,831</u>
Total Revenues	1,013,459	152,433	1,165,892	1,082,894	(265,425)	817,469
EXPENSES						
Grants to the Minnesota State Agricultural Society	411,599	-	411,599	537,806	-	537,806
Payroll	283,848	-	283,848	272,894	-	272,894
Professional Services	45,691	-	45,691	48,583	-	48,583
Production Supplies	48,243	-	48,243	50,687	-	50,687
Postage and Mailing	5,242	-	5,242	9,551	-	9,551
Printing and Advertising	12,535	-	12,535	17,078	-	17,078
Rent	26,086	-	26,086	26,859	-	26,859
Incentives and Recognition	22,840	-	22,840	13,115	-	13,115
Office Supplies	12,454	-	12,454	4,626	-	4,626
Interest Expense	16,796	-	16,796	24,457	-	24,457
Loss on Inventory Obsolescence	12,966	-	12,966	-	-	-
Other	<u>22,842</u>	<u>-</u>	<u>22,842</u>	<u>21,274</u>	<u>-</u>	<u>21,274</u>
Total Expenses	<u>921,142</u>	<u>-</u>	<u>921,142</u>	<u>1,026,930</u>	<u>-</u>	<u>1,026,930</u>
CHANGE IN NET ASSETS (DEFICIT)	92,317	152,433	244,750	55,964	(265,425)	(209,461)
Net assets (Deficit) - Beginning	<u>(82,845)</u>	<u>1,065,535</u>	<u>982,690</u>	<u>(138,809)</u>	<u>1,330,960</u>	<u>1,192,151</u>
NET ASSETS (DEFICIT) - ENDING	<u>\$9,472</u>	<u>\$1,217,968</u>	<u>\$1,227,440</u>	<u>\$(82,845)</u>	<u>\$1,065,535</u>	<u>\$982,690</u>

■ Minnesota State Fair Statement of Cash Flows

For the years ended October 31

Cash flow from operating activities:

Cash received from operations

Ticket Sales

Activities

Other

Cash payment for operating expenses

Administration

Activities

Plant Operations

Other

Net cash provided by operating activities

2008

2007

\$ 22,928,674

7,794,831

4,810,900

(3,987,640)

(19,509,505)

(7,432,977)

(1,649,801)

2,954,482

\$ 23,454,485

7,325,620

4,194,912

(4,285,762)

(18,109,599)

(7,757,585)

(1,421,799)

3,400,272

Cash flow from capital and related financing activities

Payments for acquisition and construction of capital assets

Payments for storm damage

Proceeds from revenue note

Proceeds from sale of building

Proceeds from insurance

Disposal of fixed assets

Principal payments on revenue bonds

Interest payments on revenue bonds

Net cash provided by capital and related financing activities

(7,425,208)

(573,103)

4,600,000

64,000

928,285

1,920

(890,000)

(501,969)

(3,796,075)

(1,463,016)

-

-

14,000

-

123,603

(420,000)

(456,670)

(2,202,083)

Cash flow from non-capital financing activities

Proceeds from working capital loan

Principal payments on working capital loan

Proceeds from unclaimed property

Interest payments on working capital loan

Grant revenue

300,000

(300,000)

9,621

(571)

336,185

345,235

325,000

(325,000)

-

(1,228)

190,000

188,772

Cash flow from investing activities

Interest earnings

Net increase (decrease) in cash and cash equivalents

Cash and cash equivalents, beginning of year

Cash and cash equivalents, end of year

191,986

(304,372)

8,049,184

\$ 7,744,812

191,869

1,578,830

6,470,354

8,049,184

Reconciliation of operating income to net cash provided by operating activities

Operating income

Adjustments to reconcile operating income to net cash provided by operating activities

Depreciation

Other non-cash expenses

Changes in current operating assets and liabilities

Current assets: (increase) decrease

Accounts receivable

Prepaid expenses

Current & Non-current liabilities: increase (decrease)

Accounts payable

Salary payable

Compensated absences

Deferred revenues

Unamortized bond discount

Total adjustments

Net cash provided by operating activities

\$ 780,268

\$ 2,097,631

2,349,588

45,414

(46,065)

19,361

(101,716)

(153,052)

72,500

21,958

(33,774)

2,174,214

2,205,182

63,806

(1,135,788)

40,422

113,982

33,764

15,044

(46,209)

12,438

1,302,641

\$ 3,400,272

For fiscal year 2008, accounts payable included capitalized expenses of \$942,216.

The accompanying notes are an integral part of the financial statements.

■ Minnesota State Fair Foundation Statement of Cash Flows

For the year ended October 31

2008

2007

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 244,750	\$ (209,461)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	7,464	5,926
Contribution of Property	(27,500)	(7,500)
Contribution of Merchandise Inventory	(5,189)	(10,926)
Loss on Disposal of Fixed Assets	-	3,022
Grant of Property	40,000	-
Inventory Obsolescence Adjustment	12,966	-
(Increase) Decrease in Assets:		
Contributions Receivable	(162,007)	344,412
Inventory	(7,908)	6,686
Prepaid Expenses and Other Assets	(4,790)	(33)
Increase (Decrease) in Liabilities:		
Accounts Payable	(1,911)	(7,433)
Accrued Expenses	(8,806)	10,991
Payables Due to the Minnesota State Agricultural Society	<u>7,773</u>	<u>13,510</u>
Net Cash Provided by Operating Activities	94,842	149,194

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Equipment	(24,253)	(4,156)
Purchase of Certificate of Deposits	-	<u>82,862</u>
Maturities of Certificates of Deposits	<u>360,138</u>	<u>-</u>
Net Cash Provided by Investing Activities	<u>335,885</u>	78,706

INCREASE (DECREASE) IN CASH

	430,727	227,900
Cash - Beginning of year	<u>278,503</u>	<u>50,603</u>

CASH - END OF YEAR

	<u>\$ 709,230</u>	<u>\$ 278,503</u>
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SUPPLEMENTAL DISCLOSURES OF NON CASH ITEMS

Gift of Merchandise Inventory	<u>\$ 5,189</u>	<u>\$ 10,926</u>
Gift of Property	<u>\$ 27,500</u>	<u>\$ 7,500</u>
Transfer of Property to the Minnesota State Agricultural Society	<u>\$ 40,000</u>	<u>\$ -</u>

■ Footnotes

NOTE 1: SUMMARY OF ACCOUNTING POLICIES

The Minnesota State Agricultural Society is charged with the conduct of the annual State Fair and the management of the State Fairgrounds, as outlined by Chapter 37 of Minnesota Statutes. The financial activities of the Society are accounted for as an enterprise fund which operates in a manner similar to a private business enterprise. Accordingly, the accompanying financial statements are presented on an accrual basis. The Society's accounting practices conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB).

Private-sector standards of accounting and financial reporting, including Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989, generally are followed in the financial statements to the extent that those standards do not conflict with or contradict GASB guidance.

This report includes the Minnesota State Fair Foundation financial statements. Although a legally separate organization, the foundation is considered a component unit of the Society given its resources entirely, or almost entirely benefit the Society, the Society is entitled to these resources, and the resources are significant to the Society's operations.

Enterprise funds distinguish operating from non-operating items. Operating revenues and expenses result from providing services or producing and delivering goods in connection with the enterprise fund's principal operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and the depreciation of capital assets. All other revenues and expenses are reported as non-operating items.

Compensated absences consist of employee vacation and sick leave benefits. These benefits are determined based on a formula with a maximum number of hours accumulated and are payable upon death, termination, or retirement. Compensated absences are reported as non-current liabilities.

Costs of newly acquired assets are capitalized and written off as depreciation charges over their estimated useful lives. Purchases over \$2,000 are capitalized. Depreciation is computed by the straight-line method. The provision for depreciation is calculated based on the following lives:

Electrical system	30 years
Fence & Fixtures	20 years
Gas distribution system	30 years
Land improvements	20 to 30 years
Personal Property	5 or 10 years
Sewer system	20 years
Structures	20 to 50 years
Water distribution system	20 to 50 years

Equity is classified as net assets and is presented in three components:

1. Invested in capital assets, net of related debt - consists of capital assets, net of accumulated depreciation and any outstanding debt that is attributable to the purchase, construction or improvement of those assets.
2. Restricted net assets - consists of net assets with constraints or restrictions placed on their use by external groups or through enabling legislation.
3. Unrestricted net assets - consists of all other assets that do not meet the criteria of restricted or invested in capital, net of related debt.

NOTE 2: CASH AND CASH EQUIVALENTS

The Society cash balance is invested in deposit accounts and government obligation funds invested exclusively in short-term government securities that the Society considers to be cash equivalents. Minn.Stat. Sec 118A.03 requires that deposits by municipalities, including public corporations, be secured by depository insurance, or a combination of depository insurance and collateral security. The statute further requires that total collateral computed at its fair market value be at least 10 percent more than the amount on

deposit in excess of any uninsured portion at the close of the business day. On October 31, 2008, the Society had short-term investments of \$4,714,223. Of that total, \$4,079,881 was invested in repurchase agreements, \$621,023 was invested in certificates of deposit and \$13,319 was invested in U.S. Treasury and agency obligations.

Cash and Cash Equivalents of the Minnesota State Agricultural Society for the years ending October 31:

Cash Equivalents - Restricted	2008	2007
Building Account	\$ 448	\$ 446
Debt Service Account	1,352,359	874,755
Debt Service Reserve Account	873,405	873,405
Construction Account	13,319	12,865
Total Restricted Cash Equivalents	2,239,531	1,761,471
Cash Equivalents - Unrestricted	5,505,283	6,287,713
Total Cash Equivalents	\$ 7,744,814	\$ 8,049,184

Restricted cash equivalents represent funds restricted in application by enabling legislation or by revenue bond sale covenant requirements.

NOTE 3: PROPERTY, STRUCTURES, UTILITIES & EQUIPMENT

Capital assets are recorded at cost and depreciated using the straight-line method over the useful life of the related asset. Costs of improvements and renovations that add to the original value or materially extend the useful life of the related asset, are capitalized and written off as depreciable over their remaining estimated useful life.

	Beginning Balance 11/01/07	Increases	Decreases	Ending Balance 10/31/08
Capital assets, not being depreciated:				
Land	\$2,503,439			\$2,503,439
Capital assets, being depreciated:				
Land				
Improvements	61,474,821	7,307,002	(102,000)	68,679,823
Utility Systems	9,183,285	546,206		9,729,491
Personal Property	1,393,514	121,870	(238,741)	1,276,643
Total Capital Assets, being depreciated	72,051,620	7,975,078	(340,741)	79,685,957
Less accumulated depreciation for:				
Land				
Improvements	(29,073,605)	(1,853,019)	4,080	(30,922,544)
Utility Systems	(4,736,552)	(304,507)		(5,041,059)
Personal Property	(924,912)	(192,697)	238,741	(878,868)
Total accumulated depreciation	(34,735,069)	(2,350,223)	242,821	(36,842,471)
Total capital assets, being depreciated, net	37,316,551	5,624,855	(97,920)	42,843,486
Total capital assets, net	\$39,819,990	5,624,855	(97,920)	\$45,346,925

NOTE 4: LONG-TERM OBLIGATIONS

	2008		2007	
	Current	Long-term	Current	Long-Term
Bond Payable	\$445,000	\$8,730,000	\$430,000	\$9,175,000
Note Payable	460,000	3,680,000	460,000	4,140,000
	905,000	12,410,000	890,000	13,315,000
Net Increase (decrease)	\$ 15,000	\$(905,000)		

During 2003, the Minnesota State Agricultural Society issued State Fair Revenue Bonds, Series 2003 in the amount of \$11,110,000. Proceeds from this bond series were used to provide funds to make capital

improvements and major renovations to the Grandstand structure, to fund the Series 2003 debt service reserve requirement and to pay cost of issuance expenses relating to the bonds. The bonds are special, limited obligations of the Society and are not secured by the full faith and credit of the Society. The bonds are payable solely from the revenues of the Fair. A principal payment is made once each year on September 15, commencing September of 2004. Interest payments are made semi-annually on each March 15 and September 15, commencing March 15, 2004. The bond interest rates are 3.000% to 5.125%. The bonds mature September 15, 2023.

Annual debt service requirements to maturity for the State Fair Revenue Bonds are as follows:

	Principal	Interest
2009	445,000	429,705
2010	465,000	413,017
2011	480,000	394,418
2012	500,000	375,217
2013	520,000	344,168
2014-2018	2,975,000	1,290,279
2019-2023	<u>3,790,000</u>	<u>595,191</u>
	\$ <u>9,175,000</u>	\$ <u>3,841,995</u>

On the 16th day of September, the Society is required to transfer from the operating account to the debt service fund, an amount equal to the debt service requirement for the current bond year. In 2008, the society underfunded the required transfer in the amount of \$107,161.04. Subsequently, a transfer in this amount was executed on March 16, 2009, to fully fund the debt service fund.

During 2008, the Minnesota State Agricultural Society issued a State Fair Revenue Note, Series 2008 in the amount of \$4,600,000. Proceeds from this note series were used for the reconstruction of the Bazaar Complex and the replacement of the Cattle Barn and Swine Barn roofs. The note is a special, limited obligation of the Society and is not secured by the full faith and credit of the Society. The note is payable solely from the revenues of the Fair. A principal payment is made once each year on September 15, commencing September of 2008. Interest payments are made semi-annually on each March 15 and September 15, commencing September 15, 2008. The note interest rate is fixed at 3.86% and matures September 15, 2017.

Annual debt service requirements to maturity for the State Fair Revenue Note is as follows:

	Principal	Interest
2009	\$460,000	\$162,024
2010	460,000	144,021
2011	460,000	126,018
2012	460,000	108,312
2013	460,000	90,013
2014-2017	1,840,000	180,124
	<u>\$4,140,000</u>	<u>\$810,512</u>

NOTE 5: SHORT TERM OBLIGATIONS

During fiscal year 2008, the Society renewed a working capital line of credit in the amount of \$1.5 million for possible short-term financing of fair operations. A total of \$300,000 was used for short-term financing in April and repaid in May. As of 10/31/08, there was no outstanding balance due on the line of credit.

Beginning Balance	Loan Advances	Loan Payments	Ending Balance
11/1/07			10/31/08
\$0-	\$300,000	\$(300,000)	\$0-

NOTE 6: RETIREMENT PLAN

The following pension disclosures are made to comply with GASB Statement No. 27, "Accounting for Pensions by State and Local Government Employers".

Plan Description

All Society full-time employees must participate and are covered by defined benefit pension plans administered by the Minnesota State Retirement System (MSRS). MSRS administers the State Employees' Retirement Fund (SERF) which is a cost-sharing, multiple-employer

retirement plan. The payroll for employees covered by MSRS plans for the year ended October 31, was \$4,018,448 for 2007 and \$4,271,992 for 2008. Total Society payroll was \$7,763,982 for 2007 and \$8,370,327 for 2008. MSRS issues a publicly available financial report that includes financial statement and required supplementary information. That report may be obtained by writing to the MSRS plan administrator at the Minnesota State Retirement System, 60 Empire Drive, Suite 300, Saint Paul, Minnesota 55103-3000.

MSRS provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by state statute and vest after three years of credited service. The defined retirement benefits are based on a member's average salary from the five highest successive years of covered salary, age and length of service at termination of service. Two methods are used to compute benefits, the Step formula and the Level formula. Under the Step formula, the annual accrual is 1.2% of a five high year salary for the first ten years of service then 1.7% for each year thereafter. Under the Level Formula, the annual accrual amount is 1.7% for each year of service. For employees hired before July 1, 1989, a full annuity is available when age plus years of service equals 90 for annuities calculated under the Step Formula.

There are two types of annuities available to members upon retirement. The single-life annuity is a lifetime annuity that ceases on the death of a member. The optional annuity provides joint and survivor annuity options that reduce monthly annuity payments because the annuity is payable over joint lives. Members may also leave their contributions in the fund upon termination of public service in order to qualify for a deferred annuity at retirement age. Refunds of contributions are available to members who leave public service, but before retirement benefits begin.

Funding Policy

Minnesota Statutes, Chapter 352 sets the rate for employee and employer contributions. Contributions are made to the fund by employees and the Society based on a percentage of gross salaries. The total required contribution rate at the beginning of the fiscal year was 8.5%; the employee and the employer each having a required contribution rate of 4.25%. Effective 7/1/08, the total required contribution rates increased to 9.0%; 4.50% for both employee and employer. Employer contributions, which equaled the required contributions for the year were \$159,019 for 2007 and \$179,370 for 2008.

Deferred Compensation

All Society full-time employees are eligible to participate in the Minnesota Deferred Compensation Plan for public employees. Deferred compensation is a voluntary plan that allows employees to place a portion of their earnings into a tax deferred investment program for long-term savings to supplement retirement and other benefits. The deferred compensation plan is administered by the Minnesota State Retirement System.

NOTE 7: RESTRICTED NET ASSETS

These represent funds that are reported separately, due to restrictions in place required by bond obligations or enabling legislation, that mandate how these funds are applied by the Society. These assets are for debt service payments and capital improvements.

NOTE 8: DISAGGREGATION OF RECEIVABLE AND PAYABLE BALANCES

Receivables: Accounts receivable balances for the years ended October 31

	2008	2007
Tickets	\$ 8,254	\$ 39,364
Activities	303,718	234,359
Insurance Receivable	531,524	883,707
MSFF Receivable	319,787	150,000
Other	<u>305,063</u>	<u>467,035</u>
Receivables, net	<u>\$ 1,468,346</u>	<u>\$ 1,774,465</u>

Payables: Accounts payable balances for the years ended October 31

	2008	2007
Administration	\$ 226,732	\$ 49,344
Activities	461,836	998,003

Plant Operations	595,805	435,337
Capitalized	942,216	418,061
Other	<u>306,002</u>	<u>209,407</u>
Total Payable	<u>\$ 2,532,591</u>	<u>\$ 2,110,152</u>

NOTE 9: FOUNDATION

The Minnesota State Fair Foundation is a supporting organization of the Minnesota State Agricultural Society. The Foundation is a tax-exempt not-for-profit corporation, established in August 2002 following the passage of enabling legislation signed into law by the governor, and governed by a board of directors. The Foundation was established to secure and provide funding and gifts-in-kind all of a nature acceptable to the Fair to be used in the preservation, restoration and improvement of the Minnesota State Fairgrounds, and to support State Fair educational, agricultural, and scientific programs. The Foundation is supported primarily from public and private contributions, merchandise sales, in-kind contributions and volunteer time.

The following are significant notes to the Minnesota State Fair Foundation financial statements:

Financial Statement Presentation

Net assets, revenues, expenses, gain and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Unrestricted

Resources over which the Board of Directors has discretionary control. Designated amounts represent those revenues which the Board has set aside for a particular purpose.

Temporarily Restricted

Those resources subject to donor imposed restrictions which will be satisfied by actions of the Foundation or passage of time.

Permanently Restricted

Those resources subject to a donor imposed restriction that they be maintained permanently by the Foundation. The donors of these resources permitted the Foundation to use all or part of the income earned, including capital appreciation, or related investments for unrestricted or temporarily restricted purposes.

Contributions Receivable

Pledges to give that are expected to be collected within one year are recorded at their net realizable value. Pledges that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. The discounts on those amounts are computed using an imputed interest rate applicable to the year in which the pledge is received. Amortization of the discount is included in the contribution revenue. Conditional pledges are not included as support until such time as the conditions are substantially met. The Foundation currently does not have conditional pledges.

Revenue Recognition

Contributions, including unconditional promises to give, are recognized as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in the temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Unconditional contribution pledges are recognized as revenues or gains in the period received and as assets, decreases in liabilities, or expenses depending on the form of the benefits received. Conditional contributions are recognized when the conditions on which they depend are substantially met. Gifts and bequests are recognized when it has been determined that there is a legal right to the gift or bequest and the actual amount has been determined.

Foundation financial statements can be obtained by writing to: Minnesota State Fair Foundation, 1265 N. Snelling Avenue, Saint Paul, Minnesota 55108.

NOTE 10: RELATED PARTY TRANSACTIONS

In accordance with an agreement between the Foundation and the Fair, the Fair has provided the following:

Full use and occupancy of a fairgrounds building rent-free, including telephone and computer services.

Payroll and limited staff support services.

During the year ended October 31, 2008, the Foundation has outstanding payables due to the Fair of approximately \$319,787 related to payroll and other compensation-related expenses. During the year ended October 31, 2008, the Fair contributed payroll expenses of \$135,152.

The employees of the Fair have made significant contributions of their time to the Foundation's activities. These uncompensated services are included in the agreement between the Fair and the Foundation. Additionally, volunteers have donated time to the Foundation in various capacities. No amounts have been included in the statements for donated services, since the services do not meet established criteria for recognition. These criteria require the donated services create or enhance nonfinancial assets, require specialized skills which would be purchased if not donated, and have an objective basis for measurement.

Grants to the Minnesota State Agricultural Society

During the year ended October 31, 2008, the Foundation granted \$250,000 for expenses incurred for improvements to the Warner Coliseum, improvements to the CHS Miracle of Birth Center and J. V. Bailey House valued at \$64,764, benches and recognition bricks valued at \$30,992, structures valued at \$30,000 and other miscellaneous gifts valued at \$35,843, for a total of \$411,599 during fiscal 2008.

During the year ended October 31, 2007, the Foundation granted \$340,000 for expenses incurred for the construction of the CHS Miracle of Birth Center and remodeling of the Bailey House, structures valued at \$130,500, benches and bricks valued at \$38,459, and other miscellaneous gifts valued at \$28,846, for a total of \$537,805 during fiscal 2007.

NOTE 11: RISK MANAGEMENT AND ACCOUNTING FOR INSURANCE RECOVERIES

The Minnesota State Agricultural Society (Fair) is exposed to various risks of loss related to torts; to theft of, damage to, or destruction of assets; to errors and omissions; and to employer obligations. The Fair manages these risks through the State of Minnesota Risk Management Fund, a self-insurance fund, and other insurance and self-insurance mechanisms.

State Risk Management Fund

State agencies, including the Fair, may elect to and pay a premium to participate in the Risk Management Fund, which offers auto, liability, property and related coverage. The property coverage offers the Fair a range of deductibles from \$1,000 through \$250,000 per loss. The fund covers the balance of the claim up to \$1,500,000. The reinsurance program provides coverage up to \$1,000,000,000. Once annual aggregate losses paid by the Risk Management Fund reach \$4,000,000 in any one fiscal year, the reinsurer will provide coverage in excess of a \$25,000 maintenance deductible for each claim.

On August 11, 2007, two weeks before the start of the 2007 State Fair exposition, several areas of the fairgrounds sustained considerable amounts of storm damage. Total storm related accrued expenses of \$883,707 were incurred through October 31, 2007, and another \$573,103 of storm expenses were realized in fiscal 2008, for a total of \$1,456,810 of storm related expenses. Insurance recovery reimbursement proceeds are expected to offset storm damage expenses. Insurance proceeds totaling \$928,285 were received during fiscal 2008, leaving a receivable balance of \$531,525. In accordance with GASB 42, the storm damage expenses are to be netted against insurance recoveries.

■ Minnesota State Fair Supporting Schedule – Revenues and Expenses

For the years ended October 31

2008

2007

OPERATING INCOME

Ticket sales:

Carnival	\$5,661,107	\$5,683,931
Coliseum	103,562	170,340
Grandstand	2,618,227	2,985,372
Outside gate	13,433,622	13,557,622
Parking	1,081,047	1,083,185
Total ticket sales	22,897,565	23,480,450

Activities:

Box office	474,622	451,986
Campgrounds	105,164	112,640
Carnival	103,890	96,528
Competition	238,126	260,381
Entertainment	36,647	35,644
Forage	18,211	17,997
4-H Auction	328,295	281,000
Public safety	12,980	10,182
Sales	6,546,255	6,159,614
Total activities	7,864,190	7,425,972

Other:

Beef Expo	87,189	84,196
Licensee Utilities	235,641	240,570
Miscellaneous	71,830	96,090
Non-fair events	2,891,653	2,457,318
Sale of bulk milk	11,092	15,947
Sale of market animals	72,773	112,028
Sponsorships	835,150	711,238
Telephone	120,509	105,174
Utility Assessments	470,920	544,324
Total other	4,796,757	4,366,885

Total operating income

35,558,512

35,273,307

OPERATING EXPENSES

For the years ended October 31

2008

2007

Administrative:

Administrative Services	440,262	463,964
Annual meeting	16,051	17,783
Bad debt	2,072	-
Computer	262,101	326,730
Dues and subscriptions	15,245	16,903
Executive services	378,175	337,578
Insurance	220,429	219,644
Legal services	59,348	134,780
Legislative audit	59,820	50,260
Medical insurance	728,737	661,063
Paid leave	638,244	602,079
Postage and mailing service	96,274	95,110
Printing and supplies	77,471	85,728
Retirement fund	197,229	175,916
Social security	611,030	576,270
Telephone	201,395	197,171
Travel expense	78,708	76,316

Unemployment compensation	52,659	42,344
Workers compensation	72,059	77,777
Total administrative	4,207,309	4,157,416
Activities and Support:		
Admissions	171,178	183,466
Advertising	876,245	794,153
Bee culture	8,590	8,795
Beef Expo	62,184	52,169
Box office	236,259	244,200
Campground	59,107	52,200
Carnival	4,313,885	4,250,338
Cattle	106,070	112,621
Christmas trees	5,377	5,536
Competition	456,971	390,370
Creative activities	72,081	70,723
Dairy products	2,270	1,473
Dog trials	2,848	2,759
Education	27,679	27,335
Farm crops	23,911	22,430
Finance	270,765	224,359
Fine arts	34,196	25,218
Flower and agriculture shows	45,050	49,500
Flowers	9,488	9,777
Forage	57,794	58,911
4-H Club	237,428	222,730
Free entertainment	1,171,202	1,010,966
Fruit	12,233	11,967
FFA	96,800	85,949
Gate tickets	241,068	230,509
Goats	6,421	5,055
Grandstand - concerts	3,076,321	3,185,601
Heritage exhibits	9,586	12,302
Horse and rodeo	224,591	332,871
Llamas	2,531	2,459
Marketing	591,272	586,740
Park & Ride	1,593,017	1,211,549
Parking	166,143	188,708
Poultry	13,700	13,777
Public safety	1,187,292	1,231,178
Sales	1,140,983	1,045,412
Sanitation	963,051	1,033,321
Senior citizens	12,413	12,044
Sheep	7,780	7,638
Swine	13,596	14,106
Ticket audit	9,165	8,076
Ticket promotion	255,855	210,691
Trams	34,485	33,000
Transportation	29,712	36,476
Vegetables	9,982	9,186
Total activities and support	17,948,575	17,328,644
Premiums:		
Bee culture	3,186	3,763
Beef Expo	19,449	18,912
Cattle	99,590	121,898
Christmas trees	2,465	2,655
Creative activities	15,254	14,377
Dairy products	1,125	1,125
Dog trials	1,110	1,055
Education	11,145	11,891

Farm crops	16,336	15,562
Fine arts	10,250	9,550
Flowers	2,445	2,256
4-H Auction	328,295	286,235
4-H Club	69,184	70,698
Fruit	2,361	2,255
FFA	76,927	74,261
Goat	14,555	15,419
Horse	87,205	91,490
Llama	3,875	4,040
Poultry	9,896	11,126
Rural youth scholarships	20,000	20,000
Sale of bulk milk	11,076	11,948
Sale of market animals	72,772	112,027
Sheep	33,897	33,282
Swine	35,191	32,599
Talent contest	14,620	13,620
Vegetables	4,611	4,503
Total premiums	966,820	986,547
Other:		
Miscellaneous	21,694	60,869
Non-fair events	1,631,022	1,373,460
Veterinarian service	48,693	46,711
Total other	1,701,409	1,481,040
Plant operations:		
Architectural and engineering	87,458	91,325
Fire and police service	204,347	168,579
Fuel, oil and gasoline	137,366	98,464
Greenhouse	253,654	222,555
Operations	513,222	456,174
Property tax and assessments	7,446	6,593
Salaries and contract services	1,361,495	1,191,248
Set-up and take-down	1,483,788	1,220,290
Signs	67,189	93,508
Supplies	95,541	99,703
Utilities	560,483	534,509
Watchmen	-	41,855
Water and sewer	242,893	73,751
Total plant operations	5,014,882	4,298,554
Plant maintenance:		
Electric system	320,815	464,938
Fence and fixtures	178,206	41,885
Gas system	1,967	458
Land	88,037	189,705
Personal property	247,542	285,235
Sewer system	57,767	83,976
Streets and sidewalks	339,318	359,966
Structures	1,095,653	1,018,482
Vehicles	186,893	167,394
Water system	73,463	106,254
Total plant maintenance	2,589,661	2,718,293
Depreciation:		
Electric system	146,535	130,077
Fence and fixtures	44,170	45,573
Gas system	627	627
Land improvement	134,113	128,478
Personal property	192,696	216,071
Sewer system	139,049	138,025

Structures	1,674,732	1,528,649
Water system	17,666	17,682
Total depreciation	2,349,588	2,205,182
TOTAL OPERATING EXPENSE	34,778,244	33,175,676
Net operating income	780,268	2,097,631
NON-OPERATING INCOME (EXPENSES)		
Interest income	194,469	191,869
Grant revenue	411,599	537,806
Interest expense	(521,047)	(457,898)
Loss on disposal of fixed assets	(1,920)	(123,603)
NET INCOME	\$863,369	\$2,245,805



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.

James R. Nobles
Legislative Auditor

Cecile M. Ferkul, CPA
Deputy Legislative Auditor

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 | • Capital Assets |
| • Revenue Bond and Note Liabilities | • Ticket Sales |
| • Entertainer Payouts and Other Expenses | • 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.



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

Dear Mr. Nobles,

May 28, 2009

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



**MINNESOTA STATE AGRICULTURAL SOCIETY
ANNUAL MEETING**

January 18-19-20, 2008

Sheraton Bloomington Hotel, Bloomington

The 149th annual meeting of the Society, held in conjunction with the annual conventions of the Minnesota Federation of County Fairs and the Midwest Showmen's Association, opened Friday Jan. 18 at the Sheraton Bloomington Hotel in Bloomington, Minn.

MEETING OF THE BOARD OF MANAGERS

10:15 a.m. Friday Jan. 18, 2008

Members present: Lyle Steltz, president; Joe Fox, vice president; D.J. Leary, vice president; Denny Baker; Jim Foss; Bob Lake; John Paulmann; Al Paulson; Chauncey Wargin; Sharon Wessel; Jerry Hammer, secretary.

Also present: Karen Frost; Steve Pooch; Jim Sinclair; Brian Hudalla; Marshall Jacobson; Cheryl Huber; Renee Pearson; Mary Mannion; Sean Casey; Michelle Fickett; Danyl Vavreck; Mary Pittelko; Pam Simon; Wally LeVesseur; Pat Hunsinger; Carol Doyle; Chris Leach; Brienna Schuette; Nicole Hines; Kay Cady; and Malcolm McDonald.

President Steltz called the meeting to order at 10:15 a.m.

Mr. Hammer and Mr. Jacobson presented a detailed overview of the Society's revenue and expenses, month-by-month cash flow, the relationship of the improvements and maintenance budget to annual operating income and expense, and a detailed review of the proposed '08 operating budget. Mr. Hammer and Mr. Hudalla also reviewed '07 capital expenditures along with options for financing upcoming capital work.

Following board discussion, the financial reports were accepted on a motion by Mr. Baker, seconded by Mr. Fox and carried (Aye-9; Nay-0).

The meeting was adjourned at 11:10 a.m. on a motion by Mr. Lake, seconded by Mr. Paulmann and carried (Aye-9; Nay-0).

MEETING OF THE SALES COMMITTEE

2:15 p.m. Friday Jan. 18, 2008

Members present: Chairman Bob Lake; Joe Fox; D.J. Leary; Denny Baker; Jim Foss; John Paulmann; Al Paulson; Chauncey Wargin; Sharon Wessel; Lyle Steltz, ex officio; Jerry Hammer, ex officio; Jim Sinclair, ex officio; Dennis Larson, ex officio; Pam Simon, ex officio.

Also present: Karen Frost; Brian Hudalla; Marshall Jacobson; Renee Pearson; Mary Mannion; Cheryl Huber; Michelle Fickett; Danyl Vavreck; Wally LeVesseur; Brienna Schuette; Pat Hunsinger; Sean Casey; Chris Leach and Carol Doyle.

Chairman Lake called the meeting to order at 2:30 p.m.

Mr. Sinclair reviewed the '07 sales revenue report, originally presented at the Nov. 9, 2007 meeting of the board of managers. After discussion, the report was accepted as presented on a motion by Mr. Fox, seconded by Mr. Baker and carried (Aye-8; Nay-0).

Sinclair requested committee approval of the following list of concessionaires, attractions and proposed 2008 percentage-of-revenue license fees for each which, after discussion, was moved by Mr. Baker, seconded by Mr. Wargin and carried (Aye-8; Nay-0):

**2008 MINNESOTA STATE FAIR TICKETED ATTRACTION
PERCENTAGES**

CONCESSIONAIRE	ATTRACTION	2007 %	2008 %
Big Adventures, Inc.	<u>Turbo Bungy</u>	25%	25%
D.M.C., Inc.	Skyride	22.5%	25%
Fun Adventures, Inc.	<u>Rock Climbing Wall</u>	25%	25%
Giant Ride, Inc.	Giant Slide	30%	30%
Grandstand Artist Merchandise Sales	Artist Wearables and Recordings	10%	10%
Hot Shot Thrill Rides	<u>Sling Shot</u>	25%	25%
K & M Recreation, Inc.	Haunted House	30%	30%

Mighty Midway and Kidway	Rides and Shows Games of Skill	43% 22%	43% 22%
River Raft Ride, Inc.	Raft Ride & Pirate Tag	20%	22.5%
Skyfair, Inc.	SkyGlider	30%	30%
Skyscraper Two, Ltd.	Skyscraper	25%	25%
Spineless Wonders	Butterfly House	20%	20%
Tinsley Amusements, Inc.	Carousel	40%	40%
Ventnor Place, Inc.	Space Tower	25%	25%
Ye Old Mill Amusements, Inc.	Canal Boat Ride	25%	25%

Attractions underlined are located in Adventure Park

The percentage fees above represent the fee(s) payable to the Minnesota State Fair on receipts from ticket sales associated with operation of the preceding attractions. Percentages are applied as follows; state sales tax (6.5%) is deducted from gross receipts and reconciliation between the Minnesota State Fair and concessionaires is made on the net of tax balance.

2008 ticket prices for the attractions listed below were placed before the committee and approved on a motion by Mr. Baker, seconded by Ms. Wessel and carried; with the exception of a \$1.00 (\$2.50 to \$3.50) ticket price increase requested by Ye Old Mill Amusements, Inc., which was approved at \$.50 (\$2.50 to \$3.00) based on concerns related to the downward trend in this attraction's patronage levels (Aye-7; Nay-1 (Leary)):

2008 MINNESOTA STATE FAIR TICKETED ATTRACTION PRICES:

CONCESSIONAIRE	ATTRACTION	2008 TICKET PRICE(S)
Big Adventures, Inc.	<u>Turbo Bungy</u>	\$5.00
D.M.C., Inc.	Skyride	\$3.00 one-way \$5.00 round trip
Fun Adventures, Inc.	<u>Rock Climbing Wall</u>	\$5.00
Giant Ride, Inc.	Giant Slide	\$2.00
Hot Shot Thrill Rides, Inc.	<u>Sling Shot</u>	\$25.00
K & M Recreation, Inc.	Haunted House	\$3.50
Mighty Midway and Kidway	Rides, Shows and Games of Skill	\$.75 single \$20.00 for 30 tickets (\$.667 per ticket) \$30.00 for 50 tickets (\$.600 per ticket) (Advance Purchase) \$10.00 for 20 tickets (\$.500 per ticket)
River Raft Ride, Inc.	Raft Ride Pirate Tag	\$3.50 \$2.50
Skyfair, Inc.	SkyGlider	\$3.00 one way \$5.00 round trip
Skyscraper Two, Ltd.	Skyscraper	\$25.00
Spinless Wonders	Butterfly House	\$3.00
Tinsley Amusements, Inc.	Carousel	\$2.00
Ventnor Place, Inc.	Space Tower	\$3.00
Ye Old Mill Amusements, Inc.	Canal Boat Ride	\$3.50 (Requested increase = \$1.00)** APPROVED AT \$.50 (\$3.00)

** = Save \$.50 from opening until noon on Thurs., 8/21 (Thrifty Thursday), Mon., 8/25 (Seniors & Kids Day), Thurs., 8/28 (Seniors Day) and Mon., Labor Day, 9/1 (Kids and Last Chance Day).

Attractions underlined are located in Adventure Park and operate on a central ticket system.

On a motion by Mr. Foss, seconded by Mr. Paulmann and carried, the following roster of concessionaires to be issued licenses for beer and wine sales at the 2008 State Fair presented by Mr. Larson was approved (Aye-8; Nay-0):

**2008 MINNESOTA STATE FAIR -
BREWED MALT BEVERAGE AND WINE CONCESSIONS**

Andrus Concessions, Inc. (Robert and Joseph Andrus)	Block 42	Arade Building, Spaces 11-15 Brewed Malt Beverages
Ballpark Café, Inc. (Daniel and David Theisen)	Block 35	Crossroads, Space G, outside court Brewed Malt Beverages
Café Caribe (Joel and Mary Chesin)	Block 42	Arade Building, Spaces 1-10 Beer only
Tres-C, Inc. dba Café Caribe (Joel and Mary Chesin)	Block 42	Arade Building, Spaces 1-10 Brewed Malt Beverages
Chicago Dogs, Inc. (Bruce and Anne Chesin)	Block 35	Crossroads, Space L, east Brewed Malt Beverages
Crocker's Spaghetti Village (James W. Crocker)	Block 31	Lots 16-18 Brewed Malt Beverages
Coasters, Inc. (Paul and Diana Hohenwald)	Block 42	Arade Building, Spaces 23-32 Brewed Malt Beverages
Werners Frontier, Inc. (Richard C. Werner)	Block 42	Arade Building, Spaces 16-22 Brewed Malt Beverages
Baxter BBQ, Inc. dba Famous Dave's (Randy Jernberg)	Block 28	Building 289A Brewed Malt Beverages
Giggles' Campfire Grill, LLC (Timothy Weiss)	Block 19	Lots 1 and 2 Brewed Malt Beverages
H.M.H. of Saint Paul, Inc. dba International Grill (Henry and Ellen Hanten)	Block 47	Bazaar, Space A Brewed Malt Beverages
Hildebrand Concessions, Inc. (Janice Hildebrand)	Block 28	Grandstand Seating Area Brewed Malt Beverages
Kirschner's Beer Stube (Robert J. Kirschner)	Block 45 Block 34	Ag-Hort Building - Space H Bandshell Brewed Malt Beverages
Lancer Management Services, Inc. (Glenn Baron)	Block 50	Coliseum, Spaces 113/159, 200/250, 212/213, 268 Brewed Malt Beverages
Mintahoe, Inc. (Kelvin Lee)	Block 45	Agriculture/Horticulture Building, North Hall Minnesota Produced Wine Only
Midway Men's Club (Albert Petschl)	Block 30	Lot S Brewed Malt Beverages
MJ Financial Group, Inc. dba Ragin Cajun (Marjorie Ann Jacob)	Block 35	Crossroads, Space H, west Brewed Malt Beverages
Schumacher's New Prague Hotel (John Schumacher)	Block 36	Lot K Minnesota Produced Wine only
T. W. Concessions (Jerry Woldorsky)	Block 27	Heritage Square, Space Q Brewed Malt Beverages
Three Amigos, Inc. dba Tejas (Wayne Kostroski and Mark Haugen)	Block 35	Crossroads, Space K, north Brewed Malt Beverages

The following list of multiple site concessionaires and exhibitors recommended by staff for licensing at the 2008 State Fair was presented by Ms. Simon and approved on a motion by Mr. Baker, seconded by Mr. Wargin and carried (Aye-8; Nay-0):

CONCESSION-EXHIBIT NAME	DESCRIPTION	SITES
Ben Benson	Bratwurst	2
Cenaiko Enterprises, Inc.	Chamios, Shami Mops, E-Z Can Openers	2
Compmark I Corporation	Space Pix Computer Portrait Products	2
Delrick Enterprises	Popcorn, Caramel Corn, Caramel Apples & Beverages	2
Edward and Sally Nuebel	Fish & Chips-Nut Products	2
Gary Crutchfield Concessions	Cheese on a Stick	2
Gary Larson	Popcorn, Caramel Corn & Caramel Apples	2
George Funk - Moon Beam Coffee	Leather Crafts-Coffee	2
Giant Ride, Inc.	Giant Slide-Cheese on a Stick	2
Gregory B. Kusick	Cotton Candy	2
Holly's Hobby	Hand Crafts	2
Icee USA Corp.	Icee Frozen Beverages	2
James & Ethel Peters	Hot Dogs-Polish Sausage	2
Jerry Woldorsky	Buffalo Burgers and Beer	2
Kirschner's Beer Stube	Hamburgers, Hot Dogs, Chicken, Snacks, Beer	2
Larry Abdo-Gopher State Ice Co.	Pocket Pies-Ice (Ice = wholesale permit only)	2
MRK - Marquette Financial Group	Financial Services	2
Mark Andrew	French Fries - S'Mores	2
Midwest Dairy Association	Ice Cream, Milk and Dairy Foods	2
Minn. Honey Producers	Honey, Honey Ice Cream & Candy	2
Minne-Kabob Foods	Kabobs	2
National Service Company	Jewelry Cleaner	2
Netterfield's Lemonade & Popcorn	Popcorn, Caramel Corn, Sausage, Corn Dogs, Burgers	2
Orange Treet Sales	Orange Treat Drink- Smoothies & Dairy Bar	2
Standi Toys	Die-Cast Metal Toys	2
Groscurth Concessions	Corn Dogs and Soft Drinks	2
Tina Isaac	Sandwiches - Coffee	2
Wozniak Concessions, Inc.	French Fries	2
Fred C. O'Neil, Jr.	Hot Dogs on a Stick	3
Gregory J. Tetrault	Ice Cream, Sno Cones, Caramel Apples and Beverages	3
John Tysseling	Fried Mushrooms-Turkey Drumsticks-Apple Fritters	3
Kathy Yahr	Cotton Candy	3
Leah H. O'Neil	Hot Dogs on a Stick	3
Lynn Davis	Ice Cream, Sno Cones, Caramel Apples, Beverages	3
Maxine W. Davis	Ice Cream, Sno Cones, Caramel Apples, Baked Potatoes	3

Minnetonka Moccasin Company	Footwear	3
Robert Crocker	Root Beer	3
Wee Dazzle	Novelties, Souvenirs & Toys	3
Eugene R. LaVaque	Sno Cones	4
Hannasch, Inc.	Sno Cones	4
James Hartley	Cotton Candy	4
Schroder Concessions, Inc.	Popcorn, Caramel Corn, Caramel Apples, Bratwurst, Cheese Curds	4
Syndicate Sales Corp.	Vegetable Cutters, Knives, Salsa Maker and PVA Mops	4
Lancer Management Services, Inc.	Food, Beverages & Beer (Coliseum)	4
Hildebrand Concessions, Inc.	Food, Beverages & Beer (Grandstand)	5
Coca-Cola	Coca-Cola Soft Drinks and Merchandise	5
Dandy Souvenirs	Novelties, Souvenirs & Toys	8

The following comparative status reports on multiple-site exhibit and concessions were presented by Ms. Simon. Information only; no action required.

**MINNESOTA STATE FAIR
EXHIBIT AND LICENSE LICENSE COMPARISON
1985 - 1990 - 2005 - 2006 - 2007**

Number Of Individual Locations	Held By The Following Number Of Persons				
	1985	1990	2005	2006	2007
1	865	995	1030	1085	1075
2	55	51	29	30	28
3	24	20	11	11	10
4	10	15	6	6	6
5	4	4	2	2	2
6	4	1	2		
7	3	0			
8	0	0		1	1
9	1	0			
12	0	0			
13	0	0			
17	0	0			
21	0	1			
26	1				
33	1				
Total Number Of Locations Available	1220	1264	1167	1220	1203
Number Of Persons Holding Locations	968	1087	1080	1164	1153
Percentage Of Persons Holding Single Locations	71%	79%	88%	89%	89%
Percentage Of Persons Holding Three (3) Or Fewer Locations	98%	98%	99%	97%	97%
Number Of Locations Held By Minnesota Residents	890	894	844	895	907

Percentage Of Locations Held By Minnesota Residents	73%	71%	72%	73%	75%
Number Of States, Canadian Provinces and Foreign Countries Holding Locations			44	43	43

**MINNESOTA STATE FAIR
FOOD AND BEVERAGE LICENSE COMPARISON
1975 - 1985 - 2005 - 2006 - 2007**

Number Of Individual Locations	Held By The Following Number Of Persons				
	1975	1985	2005	2006	2007
1	95	147	213	208	209
2	20	29	17	20	20
3	4	14	10	9	8
4	5	6	5	5	5
5	3	2	2	2	2
6	0	2			
7	0	0			
9	1	1			
12	1	0			
13	2	0			
14	2				
26	1	1			
32	1				
Total Number Of Locations Available	315	328	307	305	303
Number Of Persons Holding Locations	135	202	247	243	245
Percentage Of Persons Holding Single Locations	30%	45%	69%	68%	69%
Percentage Of Persons Holding Three (3) Or Fewer Locations	88%	94%	97%	97%	97%
Number Of Locations Held By Minnesota Residents	158	292	243	245	243
Percentage Of Locations Held By Minnesota Residents	50%	89%	80%	81%	80%
Number of States and Canadian Provinces Holding Locations			20	17	19

On a motion by Mr. Baker, seconded by Mr. Fox and carried, approval was given for transfer of the personal property (structure and fitments) belonging to the Minnesota Propane Gas Association at 1362 Underwood Street to Wozniak Concessions L.L.C. for the independently appraised price of \$217,000 (Aye-7; Nay-0; Abstain-1 (Leary)).

The meeting was adjourned at 3:04 p.m. on a motion by Mr. Fox, seconded by Mr. Paulson and carried (Aye-8; Nay-0).

**MEETING OF THE BOARD OF MANAGERS
3 p.m. Friday Jan. 18, 2008**

Present: Lyle Steltz, president; Joe Fox, vice president; D.J. Leary, vice president; Denny Baker; Jim Foss; Bob Lake; John Paulmann; Al Paulson; Chauncey Wargin; Sharon Wessel; Jerry Hammer, secretary.

President Steltz called the meeting to order at 3:15 p.m. and declared the meeting in executive session. Following discussion of staff salary levels and staff development, Mr. Hammer was excused from the meeting and the board conducted a formal review of Mr. Hammer's performance. Meeting adjourned at 4:20 p.m.

MEETING OF THE PLANNING COMMITTEE

10:15 a.m. Saturday Jan. 19, 2008

Present: Chairman D.J. Leary; Vice Chairman Joe Fox; Denny Baker; Jim Foss; Bob Lake; John Paulmann; Al Paulson; Chauncey Wargin; Sharon Wessel; Lyle Steltz, ex officio; Jerry Hammer, ex officio; Brian Hudalla, ex officio.

Also present: Karen Frost; Jim Sinclair; Marshall Jacobson; Renee Pearson; Cheryl Huber; Swan Melstrom; Myron Clasemann; Steve Grans; Michelle Fickett; Robin Goldstein; Mary Pittelko; Pam Simon; Carol Doyle; Wally LeVesseur; Pat Hunsinger; Brienna Schuette; Kay Cady.

Vice Chairman Fox called the meeting to order at 10:20 a.m.

Mr. Hudalla reviewed the process used to determine budget estimates for improvements and maintenance projects, after which he provided a detailed report on a recommended improvement and maintenance budget for '08 totaling \$8.9 million in projects. Following is a summary of the complete project list, including projects previously approved at the Nov. 9, 2007 meeting of the board:

2008 MAINTENANCE & IMPROVEMENT BUDGET SUMMARY

A. Structure Improvements:	<u>\$5,295,000</u>
B. Land Improvements:	
BI. Fencing & Fixtures	0
BII. Land	0
BIII. Sewer System	<u>22,000</u>
BIV. Streets & Sidewalks	<u>40,000</u>
BV. Water Distribution System	0
BVI. Gas Distribution System	0
BVII. Land Purchases	0
TOTAL Land Improvements	<u>\$62,000</u>
C. Personal Property	<u>\$152,000</u>
D. Electric Plant:	<u>\$395,500</u>
TOTAL Improvements	<u>\$5,904,500</u>
E. Structure Maintenance:	<u>\$1,553,500</u>
F. Land Maintenance:	
FI. Fencing & Fixtures	<u>177,000</u>
FII. Land	<u>165,000</u>
FIIL. Sewer System	<u>81,400</u>
FIV. Streets & Sidewalks	<u>309,000</u>
FVI. Water Distribution System	<u>88,800</u>
FVII. Gas Distribution System	<u>2,500</u>
TOTAL Land Maintenance	<u>\$823,700</u>
G. Personal Property Maintenance:	<u>\$214,500</u>
H. Vehicle Maintenance:	<u>\$203,000</u>
I. Electric Plant Maintenance:	<u>\$280,000</u>
TOTAL Maintenance	<u>\$3,074,700</u>
TOTAL Maintenance & Improvements	<u>\$8,979,200</u>

During Mr. Hudalla's presentation, Chairman Leary returned from the Society's credentials committee meeting and resumed the chair.

Following discussion, it was moved by Mr. Lake, seconded by Ms. Wessel and carried (Aye-8; Nay-0) to recommend full board approval of the improvements and maintenance budgets as presented. Included in the motion was staff authority to adjust, shift, add or cancel specific line items as appropriate to accommodate changes that occur during the budget year.

Mr. Hudalla provided background on how staff time is allocated to fair set-up and take-down, and improvements and maintenance projects. Information only; no action required.

The meeting was adjourned at 11:15 a.m. on a motion by Mr. Lake, seconded by Mr. Paulmann and carried (Aye-8; Nay-0).

SOCIETY DISTRICT CAUCUSES

1:45 p.m. Saturday Jan. 19, 2008

Society delegates from the first, third and sixth districts met in caucus to certify

nominees for election to the Society's board of managers during the Society's general business session the following day. Selected were Jim Foss of Kenyon (first district), Byron Anderson of Hugo (third district) and Gene Gerth of Kenyon (sixth district).

MEETING OF THE BOARD OF MANAGERS

10:40 a.m. Sunday Jan. 20, 2008

Present: Bob Lake, president; Joe Fox, vice president; D.J. Leary, vice president; Denny Baker; Jim Foss; Gene Gerth; John Paulmann; Al Paulson; Chauncey Wargin; Sharon Wessel; Jerry Hammer, secretary.

Also present: Karen Frost; Brian Hudalla; Steve Pooch; Jim Sinclair; Marshall Jacobson; Renee Pearson; Mary Mannion; Cheryl Huber; Dennis Larson; Pam Simon; Danyl Vavreck; Mary Pittelko; Steve Grans; Gail Anderson; Sean Casey; Pam Mix; Pat Hunsinger; Theresa Weinfurter; Wally LeVesseur; Chris Leach; Brienna Schuette; Carol Doyle; Nicole Hines; Del Cerney; Kay Cady; Mary Chung; Ana Heath; Kent Harbison.

President Lake called the meeting to order at 10:40 a.m.

Oaths of office were administered to newly-elected members of the board as follows: Bob Lake of Aitkin, president (one-year term); D.J. Leary of Minneapolis, fifth district vice president (two-year term); Jim Foss of Kenyon, first district manager (three-year term); Sharon Wessel of Hamel, third district manager (three-year term); and Gene Gerth of Princeton, sixth district manager (three-year term).

On a motion by Mr. Fox, seconded by Mr. Baker and carried, Jerry Hammer of St. Paul was appointed to a one-year term as executive vice president of the Society at a salary specified by the board (Aye-9; Nay-0).

Minutes of the State Fair board and committee meetings conducted Nov. 9, 2007, were approved on a motion by Mr. Baker, seconded by Mr. Paulson and carried (Aye-9; Nay-0).

Interim minutes covering the period Nov. 9, 2007, through Jan. 17, 2008, were reviewed and approved on a motion by Mr. Fox, seconded by Ms. Wessel and carried (Aye-9; Nay-0).

The financial statement for December, 2007, was presented by Mr. Jacobson as follows:

MINNESOTA STATE FAIR CASH TRANSACTION SUMMARY Month Ending December 31, 2007

OPERATING ACCOUNT ACTIVITY:

Cash Balance-Nov. 30, 2007		\$5,983,800
Add: Cash Deposits	\$569,098	
Less: Payroll Ending Dec. 14	(173,280)	
Payroll Ending Dec. 28	(167,301)	
Cash Disbursements	(2,591,121)	(2,362,604)
Cash Balance-Dec. 31, 2007		\$3,621,196

BUILDING FUND ACTIVITY:

Balance-Nov. 30, 2007		\$447
Add: Interest Earned	\$	
Securities Purchased		
Less: Securities Redeemed		
Balance-Dec. 31, 2007		\$447

CONSTRUCTION FUND ACTIVITY:

Balance-Nov. 30, 2007		\$12,917
Add: Interest Earned		51
Balance-Dec. 31, 2007		\$12,968

CASH BALANCES FOR MONTH ENDING DECEMBER 31:

	2006	2007
General Fund	\$2,326,942	\$3,621,196
Petty Cash	5,600	5,600
Marketable Securities	-	-
Building Fund	445	447
Construction Fund	12,376	12,968
Total Cash Balances	\$2,345,363	\$3,640,211

After discussion, the financial statement was approved on a motion by Mr. Baker, seconded by Mr. Wargin and carried (Aye-9; Nay-0).

Bremer Bank was designated as the depository for the Society's operating account, payroll account and premium fund account with the following signatory authority: Operating account - Gerald Hammer, Marshall Jacobson, Karen Frost and Steve Pooch (any combination of two signatures) with "Hammer/Jacobson" signature imprint authorized for operating account; Regular and fair-period payroll account - Gerald Hammer, Karen Frost or Steve Pooch (one signature) with "Hammer" signature imprint authorized for payroll funds; Premium account - Gerald Hammer, Karen Frost or Jim Sinclair (one signature) with "Hammer" signature imprint authorized for premium account; Security fund transfer resolution - Gerald Hammer or Marshall Jacobson. After discussion, the preceding was approved on a motion by Mr. Foss, seconded by Mr. Fox and carried (Aye-9; Nay-0).

President Lake presented the following list of committee assignments for 2008:

Finance Committee - Paulmann, chairman; Baker; Fox; Leary; Paulson; Wessel; Lake, ex officio; Hammer, ex officio; Jacobson, ex officio.

Governmental Affairs Committee - Baker, chairman; Foss; Fox; Leary; Paulson; Wargin; Lake, ex officio; Hammer, ex officio; Frost, ex officio; Mannion, ex officio.

Honors Committee - Baker (one year); Blakey (two years); Fox (two years); Frost (two years); Hudalla (one year); Lake, ex officio; Hammer, ex officio; Pearson, ex officio.

Life Member Advisory Committee - Steltz, chairman; Schmidt, vice chairman; Hagen; Keenan; Korff; Maruska; Ojakangas; Prokosch; Reinhardt; Roehlke; Simons; Wenzel; Lake, ex officio; Hammer, ex officio; Huber, ex officio.

Operations Committee - Paulson, chairman; Foss; Gerth; Paulmann; Wargin; Wessel; Hammer, ex officio; Hudalla, ex officio.

Planning Committee - Wargin, chairman; Baker; Foss; Fox; Gerth; Leary; Paulmann; Paulson; Wessel; Lake, ex officio; Hammer, ex officio; Hudalla, ex officio; Pooch, ex officio; Sinclair, ex officio.

Public Affairs Committee - Leary, chairman; Baker; Foss; Paulmann; Wargin; Wessel; Lake, ex officio; Hammer, ex officio; Frost, ex officio; Pearson, ex officio.

Rules & Premium List Committee - Foss, chairman; Baker; Fox; Gerth; Leary; Paulmann; Lake, ex officio; Hammer, ex officio; Pooch, ex officio; Fickett, ex officio; LeFebvre, ex officio.

Sales Committee - Fox, chairman; Baker; Foss; Gerth; Leary; Paulmann; Paulson; Wargin; Wessel; Lake, ex officio; Hammer, ex officio; Sinclair, ex officio; Larson, ex officio; Simon, ex officio.

After discussion, the committee assignments were approved on a motion by Mr. Paulmann, seconded by Mr. Paulson and carried (Aye-9; Nay-0).

President Lake presented the following board liaison and department superintendent recommendations for 2008:

Administration - Wessel

Employment Office - Leary (Rita Witting, superintendent)
Seniors - Foss (Marge Krueger, superintendent)

Competition - Foss

Bee Culture - Leary (Winnie Johnson, superintendent)
Beef Cattle - Paulmann (Chuck Schwartau, superintendent)
Christmas Trees - Leary (Greg Ustruck, superintendent)
Creative Activities - Paulson (Curt Pederson, superintendent)
Dairy Cattle - Wargin (Larry Tande, superintendent)
Dairy Products - Wessel (Gene Watnaas, superintendent)
Dog Trials - Fox (JoAnna Yund, superintendent)
Education - Baker (Burt Kandel, superintendent)
English Horses - Paulmann (Gary Florke, superintendent)
Farm Crops - Leary (Ron Kelsey, superintendent)
Fine Arts - Foss (Bob Meyer, superintendent)
Flowers - Leary (Phyllis Andrews, superintendent)
4-H - Leary (Brad Rugg, superintendent)
Fruits - Leary (Louis Quast, superintendent)
FFA - Fox (Duane Hutton, superintendent)
Goats - Paulson (Kevin LeVoor, superintendent)
Llamas - Fox (Jen Rouillard, superintendent)
Milking Parlor - Gerth (Doris Mold, superintendent)
Poultry - Wessel (John Thomforde, superintendent)
Sheep - Gerth (Gordy Toenges, superintendent)

Swine - Baker (Jerry Hawton, superintendent)
Vegetables - Leary (Phil Klint, superintendent)
Western Horses - Paulmann (Gloria Enger, superintendent)

Entertainment - Wargin

Grandstand Production - Leary (Brutus Schwirtz, superintendent)
Heritage Exhibits - Gerth (Jan Bankey, superintendent)

Finance - Paulmann

Fair-time Payroll - Fox (Jenny Marshall, superintendent)
Ticket Audit - Baker (Dick Reinhardt, superintendent)
Ticket Sales - Wargin (Ken Wagner, superintendent)

Marketing - Paulson

Operations - Leary

Admissions - Paulmann (Dave Woodis, superintendent)
Park & Ride - Baker (Dick Anderson, superintendent)
Parking - Foss (Ron Vannelli, superintendent)
Public Safety - Paulson (Art Blakey, superintendent)
Sanitation - Baker (Brad Vier, superintendent)

Sales - Fox

Attraction Ticket Takers - Wargin (Marty Rossini, superintendent)

After discussion, the liaison and superintendent appointments were approved on a motion by Mr. Baker, seconded by Mr. Fox and carried (Aye-9; Nay-0).

The board meeting was recessed for committee meetings on a motion by Mr. Foss, seconded by Mr. Baker and carried (Aye-9; Nay-0).

OPERATIONS COMMITTEE MEETING

Present: Paulson, chairman; Foss; Gerth; Paulmann; Wargin; Wessel; Hammer, ex officio; Hudalla, ex officio.

Chairman Paulson called the meeting to order.

Mr. Hammer presented the following gate admission policy for the '08 State Fair for consideration:

"Entry into the Minnesota State Fair shall be contingent solely upon the presentation and surrender of a valid ticket of admission in accordance with the most current schedule of gate prices as established by the board of managers."

Mr. Hammer presented the following outside gate admission fee schedule for the 2008 State Fair:

After discussion, the following gate admission fee schedule was approved for the '07 State Fair on a motion by Mr. Baker, seconded by Mr. Lake (Aye-5; Nay-0):

Adults (13-64)	\$11
Seniors (65 and over)	\$9
Children (5-12)	\$8
Kids under 5	Free
Seniors & Kids Days promotions	\$5
Thrifty Thursday Adults & Seniors	\$8
Thrifty Thursday Children	\$5
Parking per day	\$9
All-ages pre-fair discount & parking	\$8

Mr. Hammer asked for authority to implement flexible pricing schedules and seating configurations for Grandstand and Coliseum events, taking into account the costs of production, potential revenue from other sources and weather insurance premiums.

After discussion, the gate admission policy, outside gate fee schedule and Grandstand and Coliseum pricing authority were approved on a motion by Mr. Wargin, seconded by Mr. Foss and carried (Aye-5; Nay-0).

The committee meeting was adjourned on a motion by Mr. Foss, seconded by Ms. Wessel and carried (Aye-5; Nay-0).

PUBLIC AFFAIRS COMMITTEE MEETING

Present: Leary, chairman; Baker; Foss; Paulmann; Wargin; Wessel; Lake, ex officio; Hammer, ex officio; Frost, ex officio; Pearson, ex officio.

Chairman Leary called the meeting to order.

Ms. Frost presented details of proposed advertising and marketing budgets for '08; after discussion, the budgets were approved on a motion by Mr. Baker, seconded by Mr. Foss and carried (Aye-5; Nay-0).

Mr. Hammer reported on the legislative outlook for the upcoming session regarding matters that may affect the State Fair. Information only; no action required.

Mr. Grans and Mr. Hammer reported on construction of the University of Minnesota's new football stadium on the Minneapolis campus, and fair-time parking issues related to the construction. Information only; no action required.

The committee meeting was adjourned on a motion by Mr. Baker, seconded by Ms. Wessel and carried (Aye-5; Nay-0).

RULES & PREMIUM LIST COMMITTEE MEETING

Present: Foss, chairman; Baker; Fox; Gerth; Leary; Paulmann; Lake, ex officio; Hammer, ex officio; Pooch, ex officio; Fickett, ex officio; LeFebvre, ex officio.

The rules & premium list committee was called to order by Chairman Foss.

Authority was granted to Mr. Hammer's delegate to make adjustments in rules, release dates and premium allocations for competitive departments in accordance with guidelines established by the Society's 2008 budget on a motion by Mr. Fox, seconded by Mr. Baker and carried (Aye-5; Nay-0).

Mr. Pooch reported on the current state of the livestock industry, and also updated the committee and board on anticipated changes in the State Fair's ag programming. Information only; no action required.

The committee meeting was adjourned on a motion by Mr. Fox, seconded by Mr. Paulmann and carried (Aye-5; Nay-0).

FINANCE COMMITTEE MEETING

Present: Paulmann, chairman; Baker; Fox; Leary; Paulson; Wessel; Lake, ex officio; Hammer, ex officio; Jacobson, ex officio.

Chairman Paulmann called the meeting to order.

Mr. Hammer presented the improvements, maintenance and operating budgets approved by the planning committee Jan. 19. After discussion, the budgets were approved on a motion by Mr. Baker, seconded by Mr. Paulson and carried (Aye-5; Nay-0).

Mr. Jacobson reviewed activity of the revenue bond account for the Grandstand renovation project. The report was approved on a motion by Mr. Fox, seconded by Mr. Baker and carried (Aye-5; Nay-0).

The committee meeting was adjourned on a motion by Mr. Baker, seconded by Mr. Fox and carried (Aye-5; Nay-0).

President Lake reconvened the full meeting of the board.

Committee action taken by the operations, public affairs, rules & premium list and finance committees was approved on a motion by Mr. Baker, seconded by Mr. Paulson and carried (Aye-9; Nay-0).

Mr. Hudalla reported on building trades companies currently under contract with the Society. Following discussion, a one-year contract for the services of architects and engineers (Toltz, King, Duvall, Anderson and Associates, Inc.) and a three-year contract for painting services (J. B. Nelson & Son, Inc.) were approved on a motion by Mr. Foss, seconded by Ms. Wessel and carried (Aye-9; Nay-0).

Mr. Hammer presented recommended adjustments in daily rental rates for non-fair event overnight parking in the livestock area as follows:

	Current	Recommended
Livestock parking lot	\$150 per day	\$300 per day
South Midway lot	\$100 per day	\$200 per day
North Midway lot	\$150 per day	\$300 per day

After discussion, the proposed rates were adopted on a motion by Mr. Baker, seconded by Mr. Paulson and carried (Aye-9; Nay-0).

Mr. Hammer was authorized to set staff salaries according to classifications and ranges as follows on a motion by Mr. Leary, seconded by Mr. Baker and carried (Aye-9; Nay-0):

Operating Classification (Title: Specialist)

Weekly salary range: \$480 to \$876 (\$24,960 to \$45,552 annually)

Intermediate & Professional Classification (Title: Supervisor)

Weekly salary range: \$650 to \$972 (\$30,160 to \$50,544 annually)

Middle Management Classification (Title: Manager)

Weekly salary range: \$780 to \$1,500 (\$40,560 to \$78,000 annually)

Executive Classification (Titles: Director, Controller, Deputy GM)
Weekly salary range: \$1,100 to \$2,080 weekly (\$57,200 to \$108,160)

Mr. Larson reported on the meeting of the Honorary Life Member Advisory Committee conducted earlier that morning. The report was accepted as non-binding on a motion by Mr. Leary, seconded by Mr. Wargin and carried (Aye-9; Nay-0).

Ms. Pearson offered a report on the status of Grandstand bookings and provided an update on potential acts and attractions for the fair's Sesquicentennial celebration. Information only; no action required.

Mr. Baker moved, Mr. Leary seconded and motion carried to continue utilizing the firms of Fredrickson & Byron P.A., and McGrann Shea Anderson Carnival Straughn & Lamb for legal and counseling services (Aye-9; Nay-0).

Mr. Hammer presented the following meal allowances for consideration, to be incorporated into Employee Bulletin 3 governing travel regulations for State Fair board members and staff: breakfast - \$10, lunch - \$15, dinner - \$27. After discussion, the meal allowances were approved effective Jan. 1 2008 on a motion by Mr. Fox, seconded by Mr. Baker and carried (Aye-9; Nay-0).

Dates for upcoming meetings of the board were tentatively set for Friday March 14 and Friday June 6.

The meeting was adjourned at 12:05 p.m. on a motion by Mr. Fox, seconded by Mr. Baker and carried (Aye-9; Nay-0).

MINNESOTA STATE AGRICULTURAL SOCIETY MINUTES OF INTERIM ACTIVITIES Jan. 21 to March 14, 2008

January

19-Feb. 3 - The St. Paul Winter Carnival snow sculpting contest was presented on the Kidway lot.

23 - Hammer met with Bill McGrann and Joe Bagnoli to discuss legislative issues during the upcoming session of the Minnesota Legislature.

28 - Anderson attended the annual conference of the International Ticketing Association in Chicago.

February

1 - Sinclair, Larson and Simon met with representatives of the St. Paul Area Evangelicals to discuss construction of a new Crossroads Chapel.

4-9 - Hammer and Sinclair attended and conducted presentations at meetings of the Mid-West Fairs Association, Outdoor Amusement Business Association, National Independent Concessionaires Association and International Independent Showmen's Association in Tampa, Fla.

11 - Anderson attended a meeting of the Ticketing Services Group.

12 - A staff meeting was held for all full-time staff. Frost and Vavreck met with representatives of the Gedney Company.

13 - A representative of the Minnesota State Retirement System presented information on a health care savings plan to senior staff. Mix attended a meeting of the St. Paul Human Resources Association.

14 - McGough met with representatives of Brite Media to discuss '08 advertising.

15 - Hammer met with State Fair Foundation Chairman Mike Miles to tour the fairgrounds and discuss State Fair facilities. Pooch, LeFebvre, dairy cattle superintendent Larry Tande and milking parlor superintendent Doris Mold met with representatives of the Minnesota Purebred Dairy Cattle Association to discuss the '08 fair dairy show.

19 - McGough met with representatives of City Pages newspaper to discuss advertising and promotions for the '08 fair.

20 - Mannion and Mix attended the 20th Annual Multicultural Forum on Workplace Diversity in St. Paul.

21 - The State Fair Foundation finance committee met at the J. V. Bailey House. Sinclair, Larson and Vavreck met with representatives of Miller Brewing Company to discuss sponsorships.

22 - Sinclair and Vavreck met with representatives of KSTP-TV to discuss plans to remodel their exhibit building.

26 - Hammer participated in an orientation session for new State Fair Foundation board members that included a meeting at the J. V. Bailey House and a tour of

the fairgrounds. Cerney and Marge Krueger met with representatives of the State Board on Aging regarding the '08 Outstanding Seniors Program.

27 - Sinclair and Hines met with Don McClure of DMC, Inc., to review Skyride maintenance and improvements plans for the '08 fair. Pooch, Fickett, LeFebvre and Goodrich participated in a conference call to discuss the youth show component of the '08 Beef Expo.

28 - McGough and Weinfurter conducted a meeting for participants in the Governor's Fire Prevention Day at the '08 fair.

March

5 - Pooch, Fickett, LeFebvre and Goodrich participated in a conference call with Beef Expo committee members to discuss changes to the show. Frost, Hudalla and Goodrich met with representatives of the St. Paul Winter Carnival to discuss future carnival activities.

6 - McGough met with representatives of Strong Suit Media to discuss advertising and promotions for the '08 fair. Frost and McGough met with presenters of Motorcycle Awareness Day for the '08 fair.

7 - Pooch, LeFebvre and Tande attended the annual meeting of the Minnesota Purebred Dairy Cattle Association and updated the group on changes for the '08 show.

10 - Hammer met with new Falcon Heights Mayor Peter Lindstrom and City Administrator Justin Miller to discuss mutual issues.

11 - Anderson addressed a meeting of the Ticketing Services Group in St. Paul. Mix attended a meeting of the Ramsey County Job Security Employers Committee.

13 - Anderson attended a kickoff meeting for the '08 Step Up Program for disadvantaged youth.

MINNESOTA STATE AGRICULTURAL SOCIETY MEETING OF THE GOVERNING BOARD

10 a.m. Friday March 14, 2008

Libby Conference Center, State Fairgrounds

Members present: Bob Lake, president; Joe Fox, vice president; D.J. Leary, vice president; Denny Baker; Jim Foss; Gene Gerth; Al Paulson; Chauncey Wargin; Sharon Wessel; Jerry Hammer, secretary.

Also present: Steve Pooch; Brian Hudalla; Jim Sinclair; Marshall Jacobson; Cheryl Huber; Renee Pearson; Mark Goodrich; Steve Grans; Dennis Larson; Pam Simon; Michelle Fickett; Danyl Vavreck; Sean Casey; Chris Leach; Tiffany Bauer; Maria McCullough; Brianna Schuette; Carol Doyle; Susan Lynskey; Nicole Hines; Kay Cady; Ana Heath; Kent Harbison.

President Lake called the meeting to order at 9:59 a.m.

Minutes of Society board meetings, committee meetings and general business session conducted Jan. 18 through 20, 2008, were approved on a motion by Mr. Baker, seconded by Ms. Wessel and carried (Aye-8; Nay-0).

Minutes of interim activities for the period Jan. 21 through March 13, 2008, were approved on a motion by Mr. Fox, seconded by Mr. Foss and carried (Aye-8; Nay-0).

Mr. Jacobson presented the financial statement for February, 2008, as follows:

MINNESOTA STATE FAIR CASH TRANSACTION SUMMARY Month Ending February, 2008

OPERATING ACCOUNT ACTIVITY:

Cash Balance-Jan. 31, 2008		\$2,915,565
Add: Cash Deposits	\$115,434	
Less: Payroll Ending Feb. 8	(163,471)	
Payroll Ending Feb. 22	(166,166)	
Cash Disbursements	(1,286,012)	(1,500,215)
Cash Balance-Feb. 29, 2008		\$1,415,350

BUILDING FUND ACTIVITY:

Balance-Jan. 31, 2008	\$447
Add: Interest Earned	
Securities Purchased	
Less: Securities Redeemed	
Balance-Feb. 29, 2008	\$447

CONSTRUCTION FUND ACTIVITY:

Balance-Jan. 31, 2008	\$13,021
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Add: Interest Earned	51
Balance-Feb. 29, 2008	\$13,072

CASH BALANCES FOR MONTH ENDING FEBRUARY 29:

	2007	2008
General Fund	\$1,072,611	\$1,415,350
Petty Cash	10,600	12,600
Marketable Securities	-	-
Building Fund	445	447
Construction Fund	12,480	13,072
Total Cash Balances	\$1,096,136	\$1,441,469

After discussion, the financial report was approved on a motion by Mr. Baker, seconded by Mr. Wargin and carried (Aye-8; Nay-0).

Mr. Jacobson presented the following resolution prepared by bond counsel to facilitate borrowing for capital projects (new International Bazaar and new roofs for the Cattle Barn and Swine Barn):

MINNESOTA STATE AGRICULTURAL SOCIETY

DECLARING THE OFFICIAL INTENT OF THE
MINNESOTA STATE AGRICULTURAL SOCIETY TO
REIMBURSE CERTAIN EXPENDITURES WITH PROCEEDS
OF OBLIGATIONS; AND DESIGNATING AN AUTHORIZED
REPRESENTATIVE TO MAKE DECLARATIONS OF OFFICIAL
INTENT ON BEHALF OF THE SOCIETY

WHEREAS, the Internal Revenue Service has issued Treasury Regulation Section 1.150-2 providing that proceeds of tax-exempt obligations used to reimburse prior expenditures will not be deemed spent unless certain requirements are met; and

WHEREAS, the Minnesota State Agricultural Society (the "Society"), a public corporation which conducts the Minnesota State Fair and in which is vested the custody, management and control of the property in Saint Paul, Minnesota commonly known and used as the "state fairgrounds," all pursuant to and in accordance with Minnesota Statutes, Chapter 37, expects to incur certain expenditures which may be financed temporarily from sources other than tax-exempt obligations, and reimbursed from the proceeds of a tax-exempt obligation;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF MANAGERS OF THE MINNESOTA STATE AGRICULTURAL SOCIETY AS FOLLOWS:

1. The Society reasonably intends to make authorized expenditures for renovations and improvements to buildings and areas located in the state fairgrounds, in particular but not limited to reconstruction of the Bazaar complex and the replacement of the Cattle Barn and Swine Barn roofs (collectively, the "Project"), and reasonably intends to reimburse itself for such expenditures from the proceeds of bonds or notes (hereinafter, "obligations") to be issued by the Society in the maximum principal amount of \$5,500,000.
2. This Resolution is an expression of the reasonable expectations of the Society based on the facts and circumstances known to the Society as of the date hereof. The anticipated reimbursements are consistent with the Society's budgetary and financial circumstances. No sources other than proceeds of obligations to be issued by the Society are or are reasonably expected to be reserved, allocated on a long-term basis, or otherwise set aside pursuant to the Society's budget or financial policies to pay original expenditures of the Project. The Society has not adopted any allocation, budget, or restriction of moneys or adoption of a requirement or policy to reimburse a fund, the primary purpose of which is to prevent moneys from being available to pay an original expenditure for which the Society intends to reimburse with proceeds of obligations.
3. This Resolution is intended to constitute a declaration of official intent, by the Society as issuer of the obligations to be issued for the Project, for purposes of Treasury Regulation Section 1.150-2 and any successor law, regulation, or ruling.
4. The allocation of proceeds of the obligations to be issued to pay any original expenditures of the Project will be made not later than the later of three (3) years after the expenditure was paid or three (3) years after the property was placed in service.

The allocation of proceeds of the obligations to be issued to any original expenditures will be made not later than 18 months after the later of (i) the date the expenditure is paid or (ii) the date the Project is placed in

service or abandoned, but in no event more than three years (five years for a construction project for which both the Society and a licensed architect or engineer certify that at least 5 years is necessary to complete construction of the project) after the expenditure is paid.

5. The original expenditures of the Project to be reimbursed from proceeds of the obligations shall be capital expenditures, costs of issuance of the obligations, or other expenditures eligible for reimbursement under Treasury Regulations Section 1.150-2(d)(3).
6. Other than (i) expenditures to be paid or reimbursed from sources other than the obligations, (ii) expenditures constituting preliminary expenditures within the meaning of Treasury Regulations Section 1.150-2(f)(2), or (iii) expenditures in a "de minimis" amount (as defined in Treasury Regulations Section 1.150-2(f)(1)), no original expenditures for the Project have been paid by the Society more than sixty (60) days prior to the date of this Resolution.
7. Proceeds of the obligations issued to reimburse the original expenditures of the Project will be deemed spent only when (i) an allocation entry is made on the books or records of the Society with respect to the obligations; (ii) the entry identifies an actual expenditure to be reimbursed, or where the Project is described as a fund or account, the fund or account from which the expenditure was paid; and (iii) the allocation is effective to relieve the obligation proceeds from restrictions on unspent proceeds under applicable documents and state laws.
8. None of the proceeds of the obligations issued to reimburse the Society for the Project's original expenditures will be used within one year of the allocation (i) to refund another governmental obligation, (ii) to create or increase the balance in a sinking fund or replace funds used for such purpose, or (iii) to create or increase the balance in a reserve or replacement fund or replace funds used for such purposes; or will be used at any time to reimburse any person or entity (other than the Society) for expenditures originally paid with the proceeds of a Society obligation (excluding a Society inter-fund borrowing); unless (i) such amounts are deposited in a bona fide debt service fund or are used to pay debt service in the next one-year period on any Society obligation other than the reimbursement obligation, or (ii) the original issue was not reasonably expected to be used to finance the expenditure.
9. No action or inaction by the Society with respect to the allocation of obligation proceeds to reimbursement of original expenditures of the Project will be an artifice or device to avoid, in whole or in part, arbitrage yield restrictions or arbitrage rebate requirements.
10. The Executive Vice President of the Society is hereby designated as the authorized representative of the Society to declare in writing, in such form as may be approved by the Board of Managers and bond counsel, the official intent of the Society from time to time to reimburse original expenditures for the Project from proceeds of debt to be issued by the Society, for purposes of and in accordance with Treasury Regulation Section 1.150-2.
11. The foregoing resolutions are hereby adopted by the Board of Managers of the Minnesota State Agricultural Society as of this 14th day of March, 2008 and shall be in full force and effect from and after passage of this Resolution.

After discussion, the resolution was adopted on motion by Mr. Fox, seconded by Mr. Wargin and carried (Aye-8; Nay-0).

Mr. Jacobson presented two options for financing the capital projects. After discussion, Mr. Fox moved that staff negotiate for fixed rate financing pending approval by the board's executive committee and finance committee chair; Mr. Paulson seconded and the motion was carried (Aye-8; Nay-0).

The board meeting was recessed for a meeting of the sales committee on a motion by Mr. Foss, seconded by Mr. Paulson and carried (Aye-8; Nay-0).

MEETING OF THE SALES COMMITTEE

Members present: Joe Fox, chairman; Denny Baker; Jim Foss; Gene Gerth; D.J. Leary; Al Paulson; Chauncey Wargin; Sharon Wessel; Bob Lake, ex officio; Jerry Hammer, ex officio; Jim Sinclair, ex officio; Dennis Larson, ex officio; Pam Simon, ex officio.

Chairman Fox called the meeting to order.

Mr. Sinclair requested that the authorization to sell beer in the Grandstand

granted to Hildebrand Concessions, Inc. at the committee's meeting Jan. 18, 2008, be extended to include the Sesquicentennial Pavilion in block 27 for the 2008 fair. The request was approved on a motion by Mr. Baker, seconded by Ms. Wessel and carried (Aye-7; Nay-0).

Mr. Sinclair presented a request by DMC, Inc. for a one-year reduction in the percentage fee paid to the fair for Skyride operation privileges, along with a brief summary of DMC's investment in repairs, maintenance and improvements to the attraction during the period 2003 through 2007. On a motion by Mr. Baker, seconded by Ms. Wessel and carried, a 2-1/2 percent reduction in the fee approved at the committee's Jan. 18, 2008, meeting (25 percent to 22-1/2 percent) was approved for the 2008 fair (Aye-7; Nay-0).

Mr. Sinclair provided background on the process by which concessionaires had been certified to sell beer and Minnesota-made wine at the fair, which included utilizing the services of Ramsey County to conduct background checks. Changes in state law made in 2007 vested the certification authority in the Society. Based on the law change and the Society's ability to conduct background checks, Mr. Sinclair requested that staff be granted the authority to undertake the certification process in-house and assess concessionaires authorized to sell beer and Minnesota-made wine at the fair a \$250 fee to offset the cost of the certification process. Following input by legal counsel Kent Harbison and discussion by the committee, it was moved by Mr. Baker, seconded by Mr. Gerth and carried that staff be granted the authority requested for the stated fee (Aye-7; Nay-0).

Following a request by Ms. Pearson, it was moved by Mr. Paulson, seconded by Ms. Wessel and carried that the 10 percent fee on sale of Grandstand artist merchandise approved by the committee at their January 18, 2008 meeting be amended to initiate a fee of 10 percent on CD and DVD sales and 20 percent on sales of all other merchandise by Grandstand artists (Aye-7; Nay-0).

The committee meeting was adjourned on a motion by Mr. Foss, seconded by Mr. Baker and carried (Aye-7; Nay-0).

President Lake reconvened the meeting of the board.

The action taken by the sales committee was approved on a motion by Mr. Foss, seconded by Mr. Baker and carried (Aye-8; Nay-0).

Mr. Goodrich presented a recommendation for Coliseum ice rental rates for the 2008-2009 skating season as follows:

STATE FAIR COLISEUM ICE RENTAL RATES

<u>Hockey Game Rates</u>		
	<u>Current</u>	<u>Proposed</u>
One (1) high school game	\$750	\$750
Two (2) high school games	\$1,000	\$1,000
Three (3) high school games	\$1,250	\$1,250
One (1) high school sectional game	\$1,650	\$1,750
Two (2) high school sectional games	\$1,900	\$2,000

	<u>Current</u>	<u>Proposed</u>
One (1) college or university game	\$650	\$600

<u>Hourly Ice Rates</u>		
	<u>Current</u>	<u>Proposed</u>
Hourly Rate	\$155/hour	\$165/hour
Non-Prime/Off-Time ice usage*	\$135/hour	\$135/hour

*This rate is available Monday through Friday only and for ice time purchased between the hours of 6:00 a.m. and 2:30 p.m.

<u>Miscellaneous Charges</u>		
	<u>Current</u>	<u>Proposed</u>
Announcer	\$18/hour	\$18/hour
Timer	\$18/hour	\$18/hour
Ticket Sellers	\$12/hour	\$13/hour
Ticket takers	\$10/hour	\$11/hour
Police	\$29/hour	\$29/hour

Telephone line for radio broadcast is \$50 per session.

	Current	Proposed
Office rental	\$250 season	\$250 season

Open Skating – Recreational Hockey – Long Blades

	Current	Proposed
Admission	\$3	\$3

Open Walking or Jogging

	Current	Proposed
Admission	\$3	\$3

After discussion, the rental rates were approved as presented on a motion by Ms. Wessel, seconded by Mr. Paulson and carried (Aye-8; Nay-0).

Ms. Bauer presented the following addendum to the agreement with Lancer Inc. for year-around concessionaire services at the Coliseum:

Effective March 14, 2008, through Oct. 31, 2008, Society shall receive percentage payments from Licensee according to the following scale:

- For combined food and non-malt beverage sales from all outlets for one day, if gross receipts total \$750 or less, Licensee shall pay Society 5 percent of gross sales.
- For combined food and non-malt beverage sales from all outlets for one day, if gross receipts total \$750.01 to \$1,500, Licensee shall pay Society 10 percent of gross sales.
- For combined food and non-mat beverage sales from all outlets for a period of one day, if gross receipts total \$1,500.01 or more, Licensee shall pay Society 20 percent of gross sales.

The addendum will be reviewed at the conclusion of the 2008 events season.

After discussion, the addendum was approved as presented on a motion by Mr. Baker, seconded by Mr. Fox and carried (Aye-8; Nay-0).

Mr. Hammer provided an update on the current session of the Minnesota legislature and issues that may affect the State Fair. Information only; no action required.

Mr. Pooch reported on competitive events for the upcoming fair, the outbreak of bovine tuberculosis in northern Minnesota and its likely impact on State Fair cattle shows. Information only; no action required.

Ms. Pearson provided information on the entertainment schedule for the '08 State Fair. Information only; no action required.

Mr. Hudalla updated the board on construction projects currently underway including the new Bazaar, improvements to the Warner Coliseum and installation of the Cattle Barn roof. Information only; no action required.

An update on State Fair Foundation activities was provided by Mr. Foss and Ms. Cady. Information only; no action required.

The resignation of Mr. John Paulmann as district 2 representative on the Society's board of managers was accepted on a motion by Mr. Leary, seconded by Mr. Baker and carried (Aye-8; Nay-0).

Mr. Hammer reported on staff findings regarding utilization of web cams as marketing tools. Information only; no action required.

Mr. Jim Ertl was approved as superintendent of the Miracle of Birth exhibit on a motion by Mr. Foss, seconded by Mr. Fox and carried (Aye-8; Nay-0).

After discussion, the board directed Mr. Hammer to respectfully decline participation in the state's Drive to Excellence program because it is inapplicable to the Society.

Mr. Baker moved and Mr. Leary seconded that the next State Fair board meeting be conducted in conjunction with a board retreat June 5 and 6 in central Minnesota; motion carried (Aye-8; Nay-0).

On a motion by Mr. Foss, seconded by Mr. Baker and carried, the meeting was declared in executive session for the purpose of discussing board personnel issues (Aye-8; Nay-0). Following the session, President Lake declared the meeting reopened to the public.

Mr. Baker moved, Mr. Fox seconded and motion carried that the District 2 seat on the board of managers vacated by Mr. Paulmann will remain open until the

next annual meeting of the Society, Jan. 16-18, 2009, when a new District 2 representative will be duly elected by the Society's membership (Aye-8; Nay-0).

Mr. Foss moved, Ms. Wessel seconded and motion carried directing Mr. Hammer to inform the Society's District 2 membership of board action regarding the resignation of Mr. Paulmann (Aye-8; Nay-0).

The meeting was adjourned at 12:54 p.m. on a motion by Mr. Gerth, seconded by Mr. Fox and carried (Aye-8; Nay-0).

**MINNESOTA STATE AGRICULTURAL SOCIETY
MINUTES OF INTERIM ACTIVITIES
March 14 to June 5, 2008**

March

15-16 -The Minnesota Weapons Collectors Association presented their annual winter show at the Warner Coliseum.

19 - Hammer, Jacobson, President Lake, Vice President Fox, Vice President Leary and Finance Committee Chairman Baker conducted a conference call to discuss financing options for Bazaar construction and roof replacements for the Cattle and Swine Barns; per board action taken March 14, 2008, the executive committee authorized staff to seek financing of up to \$5 million for capital projects.

26 - Pooch and Fickett met with Patty Humphries and Mary Murphy with the Minnesota Hunter & Jumper Association to discuss the '08 State Fair horse show.

28-30 - The Super Golf Sale, presented by Blue Star Productions, was held at the Warner Coliseum.

31-April 2 - Huber along with board members Baker, Foss, Gerth, Wargin and Wessel attended the IAFE Zone 4 conference in Lake Geneva, Wis.

April

3-6 - The St. Paul Osman Temple Shrine Circus was presented at the Warner Coliseum.

9 - Hammer met with Chet Mirocha of the Como Park neighborhood's District 10 community council.

12-13 - The Gopher State Timing Association's Rod & Custom Spectacular was held at the Warner Coliseum.

15 - Sinclair and Larson met with concessionaire Leah O'Neil to discuss her family's concession operations at the fair.

16 - Sinclair and Vavreck met with KSTP-AM Radio officials to discuss construction of a permanent broadcast facility.

18 - Hammer addressed a meeting of the Downtown Minneapolis Rotary Club.

19-20 - Prime Promotions Antique Spectacular & Flea Market was held at the Grandstand and Infield. The Minnesota Weapons Collectors spring show and sale was held at the Education Building. The Minneapolis - St. Paul Spring Military Relic Show was held at the Progress Center.

23-28 - Hammer, Sinclair, Pearson, Huber and Simon attended the IAFE Spring Management Conference in Salt Lake City, Utah; Simon was recognized as a Certified Fair Executive during the conference.

24 - The State Fair Foundation board met at the J. V. Bailey House.

25-27 - The Minnesota Horse Expo was held at the Warner Coliseum, Horse Barn, Miracle of Birth Center, DNR Building, Ramberg Senior Center, Dairy Building and outdoor areas.

26 - The St. Paul Craftstravaganza was held at the Arts Center.

27 - The First Fifty Auto Club's Parts Sale & Swap Meet was held on the north parking lots. The Midwest Comic Book Association's Spring Comic Book Convention was presented at the Progress Center.

28 - Hammer was inducted into the Minnesota FFA Hall of Fame during ceremonies at the University of Minnesota; Society Vice President Joe Fox accepted the award on behalf of Hammer and the State Fair.

29 - Pooch, LeFebvre and FFA Superintendent Hutton met with state FFA advisors with updates for the '08 State Fair.

30 - A meeting of full-time staff was conducted at the Libby Conference Center.

May

1 - Hammer attended a meeting of the State Fair Foundation's corporate governance committee at the J. V. Bailey House.

2-4 - The Sahara Sands Spring Classic Horse Show was presented at the Warner Coliseum and livestock complex.

3-4 - The Living Green Expo was held at the Grandstand and neighboring park areas.

4 - Gopher State Buick's Spring Extravaganza Car Show & Swap Meet was presented on Machinery Hill. The Northland Toy, Doll & Advertising Show was held at the Progress Center.

6 - Hudalla, Blakey and Leach met with St. Paul Assistant Police Chief Bostrom to discuss the upcoming Republican party convention and its potential impact on the '08 State Fair. Sinclair met with attorney Witt Fram, representing Bob Kohnen of K & M Recreation, to discuss matters regarding the Haunted House attraction.

8-11 - The F.A.S.H. Saddlebred Horse Show was held at the Warner Coliseum and livestock complex.

9-10 - ElderCare Expo, presented by Choosing ElderCare Inc., was held at the Education Building and Annex.

9-11 - The Friends School of Minnesota Plant Sale was conducted at the Grandstand.

13 - Mix attended a meeting of the Ramsey County Job Security Employers Committee.

14 - Hammer met with Bill McGrann, Joe Bagnoli and Sarah Psick of the McGrann Shea law firm to review legislative matters. Mix attended a meeting of the St. Paul Human Resources Association

14-16 - Hudalla offered a presentation on the State Fair's environmental programs at the Florida Federation of Fairs annual convention near Tampa.

14-17 - The YMCA of Greater St. Paul's Spring Garage Sale was held at the Merchandise Mart.

15 - Chauncey Wargin, eighth district representative on the Society's board of managers, died at his home in Hermantown of complications from cancer.

15-17 - The North Star Water Color Society presented their Watercolor Art Show at the Arts Center.

16 - A special meeting of the Society board of managers regarding capital project financing was conducted at the J. V. Bailey House.

17 - The Spring Model Railroad and Hobby Sale was held at the Education Building.

17-18 - The Rubber Stamp and Scrapbook Expo was held at the Progress Center.

18-19 - Many members of the State Fair's family of board, staff and honorary life members attended funeral services for Chauncey Wargin in Hermantown.

21 - Pooch met with Dorothy Freeman of the State 4-H Department to discuss the 4-H superintendent position.

22 - Sinclair and Vavreck met with representatives of Summit Brewing to discuss their sponsorship of the new International Bazaar stage.

22-26 - The Minnesota Amateur Quarter Horse Association Corporate Challenge was conducted at the Warner Coliseum and livestock complex.

23 - June 8 - The Major Appliance Liquidation Event was held at the Education Building.

28 - Hammer and Jacobson met with staff of the Office of the Legislative Auditor for an audit exit conference.

29 - Kent Hojem, general manager of the Western Washington Fair in Puyallup, Wash., met with Hammer and toured the fairgrounds. Sinclair met with attorneys Witt Fram and Josh Hasko, representing owners of K & M Recreation, to discuss ownership and operation of the Haunted House attraction.

30 - June 8 - Rapid Marine Boat Show & Sale was held at the Campgrounds.

June

3 - Pooch conducted an exploratory meeting regarding a possible 4-H dairy cattle auction in 2009.

MINNESOTA STATE AGRICULTURAL SOCIETY MEETING OF THE SALES COMMITTEE & GOVERNING BOARD

9 a.m. Friday June 6, 2008

Ruttger's Bay Lake Lodge, Deerwood, Minn.

MEETING OF THE SALES COMMITTEE

Members present: Joe Fox, chairman; D.J. Leary; Jim Foss; Sharon Wessel; Gene Gerth; Denny Baker; Al Paulson; Bob Lake, ex officio; Jerry Hammer, ex officio.

Also present: Cheryl Huber.

Chairman Fox called the meeting to order at 9:05 a.m.

Mr. Hammer presented the following proposed attraction percentage fees and ticket prices:

CONCESSIONAIRE	ATTRACTION	2007%	2008%
Super Stock Racers, Inc.	Go-Carts	25%	25% *
WDM Acquisitions	<u>2 Xtreme</u>		25%

Attractions underlined are located in Adventure Park. The percentage fees above represent the fee(s) payable to the Minnesota State Fair on receipts from ticket sales. Percentages are applied as follows; state sales tax (6.75%) is deducted from gross receipts and reconciliation between the Minnesota State Fair and concessionaires is made on the net of tax balance.

CONCESSIONAIRE	ATTRACTION	2007 TICKET PRICE(S)
Super Stock Racers, Inc.	Go-Carts	\$6.00 for driver \$4.00 for passenger
WDM Acquisitions	<u>2 Xtreme</u>	\$20.00

Attractions underlined are located in Adventure Park and operate on a central ticket system.

After discussion, the percentages and prices were approved as presented on a motion by Mr. Baker, seconded by Ms. Wessel and carried (Aye-6; Nay-0).

Summary reports of Mighty Midway and Kidway attractions and games of skill were presented by Mr. Hammer. After discussion, the reports were approved on a motion by Mr. Foss, seconded by Mr. Paulson and carried (Aye-6; Nay-0), along with staff authority to make changes and book additional attractions as needed.

Mr. Hammer reviewed new commercial exhibits licensed for the '08 State Fair. His report was approved on a motion by Mr. Foss, seconded by Ms. Wessel and carried (Aye-6; Nay-0), and included staff authority to make changes and book additional commercial exhibits as staff deems appropriate.

After discussion of sales-related items in minutes of staff interim activities, the meeting was adjourned at 9:45 a.m. on a motion by Mr. Baker, seconded by Mr. Paulson and carried (Aye-6; Nay-0).

MEETING OF THE GOVERNING BOARD

Members present: Bob Lake, president; Joe Fox, vice president; D.J. Leary, vice president; Jim Foss; Sharon Wessel; Gene Gerth; Denny Baker; Al Paulson; Jerry Hammer, secretary.

Also present: Cheryl Huber.

President Lake called the meeting to order at 9:46 a.m.

Minutes of the governing board and committee meetings conducted March 14 and May 16, 2008, were reviewed and approved on a motion by Mr. Baker, seconded by Mr. Paulson and carried (Aye-7; Nay-0).

Interim minutes covering the period March 14 through June 6 were approved after discussion on a motion by Mr. Fox, seconded by Ms. Wessel and carried (Aye-7; Nay-0).

Action taken earlier by the sales committee was approved on a motion by Mr. Fox, seconded by Mr. Baker and carried pending review of sales committee meeting minutes (Aye-7; Nay-0).

Mr. Hammer presented the financial statement for May 31, 2008, as follows:

**MINNESOTA STATE FAIR
CASH TRANSACTION SUMMARY
Month Ending May 31, 2008**

GENERAL FUND ACTIVITY:

Cash Balance-Apr. 30, 2008		\$818,364
Add: Cash Deposits	\$1,954,834	
Less: Payroll Ending May 2	(201,569)	
Payroll Ending May 16	(234,966)	
Payroll Ending May 30	(204,806)	
Cash Disbursements	(1,759,519)	(446,026)
Cash Balance-May 31, 2008		\$372,338

BUILDING FUND ACTIVITY:

Balance-Apr. 30, 2008		\$448
Add: Interest Earned		
Securities Purchased		
Less: Securities Redeemed		
Balance-May 31, 2008		\$448

CONSTRUCTION FUND ACTIVITY:

Balance-Apr. 30, 2008		\$13,110
Add: Interest Earned		37
Balance-May 31, 2008		\$13,147

CASH BALANCES FOR MONTH ENDING MAY 31:

	2007	2008
General Fund	\$1,072,611	\$372,338
Petty Cash	10,600	5,600
Marketable Securities	-	-
Building Fund	445	448
Construction Fund	12,480	13,110
Total Cash Balances	\$1,096,136	\$391,496

After discussion, the statement was approved on a motion by Mr. Fox, seconded by Mr. Gerth and carried (Aye-7; Nay-0).

Mr. Hammer presented payroll projections for the '08 State Fair totaling \$2.1 million for 74 fair-time departments. After discussion, the payroll projections were approved on a motion by

Mr. Baker, seconded by Ms. Wessel and carried (Aye-7; Nay-0).

Mr. Hammer reviewed the status of the audit currently being conducted by the Office of the Legislative Auditor. Information only; no action possible until after the OLA's report is completed.

Mr. Hammer provided a detailed report of various construction projects underway throughout the fairgrounds. Information only; no action required.

Mr. Hammer reported on the '08 State Fair's free and Grandstand entertainment schedules. Following the report, Mr. Hammer presented the following entertainment contracts for consideration:

CONTRACTOR	DATES	TERMS	VENUE
A.S.I.A., Inc. (Concert Security)	8/21-9/1	\$17.65/hour	Grandstand
Brutus, Inc.	6/1-9/4	\$19,413.00	Grandstand
Clair Brothers Audio Enterprises, Inc. (Sound)	8/21-9/1	\$60,000.00	Grandstand
Eat Your Heart Out Catering	8/20-9/4	\$15,000.00 advance plus balance of approved invoices	Grandstand
Freestyle Productions, Inc. (Video)	8/21-9/1	\$54,946.00	Grandstand
P.E.S.O., Inc. (Concert Ushers)	8/21-9/1	\$15.25/hour	Grandstand
Premier Global Productions (Stage & Roof)	08/21-9/1	\$72,667.00	Grandstand

Theatrical Media Services (Lights)	8/21-9/1	\$29,000.00	Grandstand
Plaid Paisley Enterprises, Inc. f/s/o Brad Paisley	8/22	90% over \$115,00.00	Grandstand
Turkey Dinner Tours, Inc. f/s/o Jewel	8/22	\$25,000.00 flat plus \$2,500 bonus after 12,500 paid attendance	Grandstand
CWT, Inc. f/s/o Chuck Wicks	8/22	\$7,500.00 flat	Grandstand
JHT1, Inc. f/s/o Julianne Hough	8/22	\$7,500.00 flat	Grandstand
JGL II Touring, Inc. f/s/o Jonny Lang	8/24	\$75,000.00 plus 50% over \$260,000.00	Grandstand
GBG Enterprises, Inc. f/s/o Buddy Guy	8/24	\$45,000.00 plus 30% over \$260,000.00	Grandstand
Big Head Todd & The Monsters, Inc. f/s/o Big Head Todd & The Monsters	8/24	\$45,000.00 flat	Grandstand
Team Lonesome, Inc. f/s/o Dierks Bentley	8/25	\$87,500.00 plus 85% over \$250,000.00 plus \$12,500.00 production fee	Grandstand
Pink Dog Productions f/s/o Miranda Lambert	8/25	\$50,000.00 flat	Grandstand
Mannequin Touring, Inc. f/s/o Jack's Mannequin	8/26	\$10,000.00 flat	Grandstand
Mark Schultz Cheek House Productions f/s/o Mark Schultz	8/28	\$15,000.00 plus 80% over \$137,000.00	Grandstand
Big Daddy Weave	8/28	\$15,000.00 flat	Grandstand
Lincoln Brewster	8/28	\$10,000.00	Grandstand
A Prairie Home Companion	8/29	60% net box office receipts plus \$500.00 production fee	Grandstand
Illegal People Touring f/s/o The Black Crowes	8/30	\$150,000.00 plus 80% over \$250,000.00 plus \$1500.00 production fee	Grandstand
Tokeco, Inc. f/s/o Toby Keith	9/1	\$408,000.00 plus 90% over \$500,000.00	Grandstand
Sharon Jones & The Dap Kings	8/21-8/22	\$32,000.00	Bandshell Tonight
Jason D. Williams	8/23-8/24	\$15,000.00	Bandshell Tonight
Brandi Carlile Band f/s/o Brandi Carlile	8/25-8/26	\$52,000.00	Bandshell Tonight
Far Out Productions, Inc. f/s/o War	8/27-8/28	\$40,000.00	Bandshell Tonight
Trampled By Turtles	8/29 - 8/30	\$15,000.00	Bandshell Tonight
Williams and Ree	8/31-9/1	\$27,500.00	Bandshell Tonight
KingBilly	8/21-8/22	\$7,500.00	Bandshell

Curly Girly Productions, LLC f/s/o Rissi Palmer	8/21-8/22	\$8,000.00	Bandshell
Marcoux Corner	8/21-8/22	\$6,000.00	Bandshell
Candy Coburn	8/23-8/24	\$5,500.00	Bandshell
The Grascals, LLC f/s/o The Grascals	8/25-8/26	\$10,000.00	Bandshell
Wylie & The Wild West	8/25-8/26	\$8,000.00	Bandshell
Five By Design	8/27-8/28	\$8,000.00	Bandshell
Troy Andrews f/s/o Tombone Shorty & Orleans Avenue	8/29-8/30	\$12,000.00	Bandshell
Tonic Sol-fa	8/29-8/30	\$7,000.00	Bandshell
Chebar, Inc. f/s/o Jypsi	8/31-9/1	\$8,000.00	Bandshell
Essig Productions, Inc. f/s/o Alana Grace	8/31-9/1	\$8,000.00	Bandshell
Tim Gabrielson	8/31-9/1	\$4,500.00	Bandshell
Bike n' Betty Productions f/s/o De'Anna - The Hypno -Chick!	8/21-9/1	\$18,000.00	Bazaar After Dark
Ring of Kerry	8/21-8/22	\$2,500.00	Bazaar
George Maurer	8/25-8/26	\$2,700.00	Bazaar
Sean Emery	8/21-9/1	\$10,800.00	Family Fair at Baldwin Park
John Allgaier f/s/o BC Characters	8/21-9/1	\$30,360.00	Family Fair at Baldwin Park
Terry Davolt f/s/o T. Texas Terry	8/21-8/24	\$3,400.00	Family Fair at Baldwin Park
Merry Bobb Music, Inc. f/s/o The Splatter Sisters	8/25-9/8	\$4,600.00	Family Fair at Baldwin Park
Sheltered Reality	8/29-9/1	\$3,600.00	Family Fair at Baldwin Park
Premier Global Production (Stage Rental)	8/21-9/1	\$6,500.00	Heritage Square
Becky Schlegel Band	8/21-8/22	\$4,000.00	Heritage Square
Tea Leaf Green	8/25-8/26	\$8,000.00	Heritage Square
Ruby Jane	8/27-8/28	\$5,000.00	Heritage Square
Past Presentations, LLC (Log Cabin)	8/21-9/1	\$5,900.00	Heritage Square
Roger Abrahamson (Woodturner-Blacksmith Shop)	8/21-9/1	\$3,100.00	Heritage Square
Pete Stanaitis (Blacksmith-Blacksmith Shop)	8/21-8/24	\$1,000.00	Heritage Square
Joel Miller (Blacksmith-Blacksmith Shop)	8/29-9/1	\$1,500.00	Heritage Square
Lumberjack Sports International	8/21-9/3	\$34,000.00	Northwoods
C. John Deschene	8/21-9/1	\$1,200.00	Old Iron Show
James Birk	8/21-9/1	\$840.00	Old Iron Show
Bob & Judy Wilson	8/21-9/1	\$1,080.00	Old Iron Show

Dave Lewerer	8/21-8/28	\$960.00	Old Iron Show
Dee Scott	8/29-9/1	\$240.00	Old Iron Show
Ken Scott	8/29-9/1	\$240.00	Old Iron Show
Tri-State Judging Association	8/21-8/31	\$2,080.00	Parade
Jeff Goldsmith	8/21-8/31	\$1,575.00	Parade
Richard Dufault	8/24-9-3	\$2,250.00	Parade
St. Anthony Park Community Band	8/22	\$100.00	Parade
Twin Cities Unicycle Club	8/22	\$400.00	Parade
St. Paul Police Band	8/23	\$200.00	Parade
Aria Stiles	8/31	\$50.00	Talent Contest
Ashlee Fuss	8/31	\$50.00	Talent Contest
The Limns	8/31	\$450.00	Talent Contest
Dan Sparkman	8/24	\$50.00	Milk Run
Rick Recker	8/24	\$350.00	Milk Run
Jack Moran	8/24	\$145.00 plus \$.25/entrant plus \$.25/finisher	Milk Run
Harding High School Cross Country Team	8/24	\$150.00	Milk Run
Rock It The Robot	8/21-9/1	\$11,400.00	Grandstand Plaza

After discussion, the contracts were approved on a motion by Mr. Baker, seconded by Mr. Fox and carried (Aye-7; Nay-0), along with staff authority to book additional acts and attractions as needed.

Invitations for the following fair-period functions were approved on a motion by Mr. Baker, seconded by Ms. Gerth and carried (Aye-7; Nay-0): Minnesota Federation of County Fairs board lunch, Friday Aug. 22; Hall of Fame and Life Members lunch, Sunday Aug. 24; Minnesota Livestock Breeders Association breakfast, Thursday Aug. 28; and Outstanding Senior Citizens lunch, Thursday Aug. 28.

Mr. Hammer and Ms. Huber presented recommended changes to State Fair staff handbook bulletin 2AE as follows:

**EMPLOYEE BULLETIN #2AE . . . MINNESOTA STATE FAIR
Re: Leave, Severance and Deferred Compensation Regulations**

The following bulletin, issued at the direction of the board of managers of the Minnesota State Agricultural Society, outlines regulations relative to paid holidays, vacation, sick and miscellaneous leave, and severance pay for full-time employees. (Said Bulletin #2AE supersedes and replaces MSAS Employee Bulletin #2AD, issued 1-1-07). These rules go into effect 1-1-08.

4. FAMILY MEDICAL LEAVE ACT - The State Fair will provide up to 12 weeks of unpaid, job-protected leave to eligible employees in a calendar year.

Employees who are eligible:

- (a) 12 months of employment.
- (b) 1,250 hours worked during 12 months before leave begins.
- (c) Work at a site with 50 employees or where the employer has 50 employees within a 75-mile radius.

Leave allowed for:

- (a) Because of the birth of your child or the placement of a child with you for adoption or foster care;
- (b) In order to care for your spouse, child, or parent who has a serious health condition;
- (c) Because of a serious health condition that makes you unable to perform the functions of your position; or
- (d) For "any qualifying exigency" (as the Secretary of Labor shall, by regulation, determine) arising out of the fact that the spouse, or a son, daughter, or parent of the employee is

on active duty (or has been notified of an impending call or order to active duty) in the Armed Forces in support of a contingency operation. Additional information will be provided regarding this leave when available from the Department of Labor.

Also, if you are eligible for FMLA leave, then you may take a leave of absence to care for a covered servicemember (referred to as "Injured Servicemember FMLA Leave"). The "next of kin" of a covered servicemember, even though not a parent, spouse or child of the covered servicemember, is also eligible for this FMLA leave. "Next of kin" of a covered servicemember means "the nearest blood relative of that individual." A "covered servicemember" means a member of the Armed Forces, including a member of the National Guard or Reserves, who is undergoing medical treatment, recuperation, or therapy, is otherwise in outpatient status, or is otherwise on the temporary disability retired list for a "serious injury or illness." The term "serious injury or illness" for the purposes of Injured Servicemember FMLA Leave means "an injury or illness incurred by the member in the line of duty on active duty in the Armed Forces that may render the member medically unfit to perform the duties of the member's office, grade, rank, or rating."

If you qualify for any of the above allowances please contact the executive administrator, Cheryl Huber 651-288-4352 immediately. Medical certification for leave under items (b), (c) and (d) will be required. A fitness-for-duty will be required prior to returning to work from an employee's own serious health condition.

Job benefits and protection:

- (a) During leave, employee is provided continuance of personal and dependent health and dental insurance on the same basis as during regular employment.
- (b) Employee entitled to be restored to same position held when the FMLA-qualifying leave began, or to an equivalent position with equivalent benefits, pay and other terms and conditions of employment.
- (c) Benefits resumed upon the employee's return to work at the same level as were provided when leave began. New or additional coverage or changes in health benefits must be made available to an employee while on FMLA qualifying leave.

Sick leave must be used concurrently with FMLA leave. An employee may choose to use vacation leave while on FMLA leave.

After discussion, the updated employee bulletin was approved on a motion by Mr. Foss, seconded by Mr. Paulson and carried (Aye-7; Nay-0).

Mr. Foss presented an update on activities of the State Fair Foundation; no action required. Following the update, President Lake appointed Ms. Wessel to serve as one of the Society's representatives on the Foundation's nominating committee.

Mr. Fox moved, Ms. Wessel seconded and motion carried that the District 8 seat on the Society's board of managers vacated by the passing of Chauncey Wargin will remain open until the next annual meeting of the Society, Jan. 16-18, 2009, when a new District 8 representative will be elected by the Society's membership (Aye-7; Nay-0). Further, Mr. Hammer was directed to inform the Society's District 8 membership of board action regarding the vacancy.

After discussion, Mr. Leary moved, Mr. Fox seconded and motion carried to adopt the following clarification (Aye-7; Nay-0): The duties, obligations and prerogatives of service on the Society's board of managers were created and granted to the managers as special privilege to aid in the performance of their official obligations. As a matter of practice, policy and procedure these special grants are co-terminus with the Board of Managers' individual terms of office to which they have been elected by the Society. At the conclusion of an individual's service as a member of the Society's board, these special perquisites are also terminated.

Mr. Hammer reported on an environmental sustainability study of the fairgrounds currently being conducted by TKDA - the Society's architecture and engineering firm. Information only; no action required.

The meeting adjourned at 12:10 p.m. on a motion by Mr. Fox, seconded by Mr. Leary and carried (Aye-7; Nay-0).

MINNESOTA STATE AGRICULTURAL SOCIETY MINUTES OF INTERIM ACTIVITIES June 7 to Aug. 21, 2008

June

6-8 - The Great American Gem Show presented the Gem, Mineral, Fossil and Jewelry Show & Sale at the Progress Center.

7-8 - The Minnesota Antique Dealer's Show was held at the Fine Arts Center.

8 - The General Motors Car Clubs Association auto show and swap meet was held on Machinery Hill.

9 - The State Fair employment center opened.

11-15 - The Region 10 Arabian Horse Show was held at the Warner Coliseum and livestock complex.

12 - The original artwork for the 2008 State Fair poster, created by Minnesota artist Edie Abnet, was officially unveiled at the J. V. Bailey House.

13-15 - The Antique Motorcycle Club of America's National Meet was held at the Progress Center and Campgrounds.

20-22 - The Back To The Fifties Car Show, presented by the Minnesota Street Rod Association, utilized the entire fairgrounds and many exhibit buildings.

21-26 - Huber attended the Society for Human Resource Management Conference in Chicago, IL.

25-28 - The Tanbark Cavalcade of Roses Horse Show was held at the Warner Coliseum and livestock complex.

27-28 - The Minnesota Antiquarian Booksellers Association presented the Used Book Fair at the Progress Center. Cat's Pajamas Productions held the Vintage Clothing, Jewelry and Textile Show & Sale at the Fine Arts Center.

27-29 - The Star of the North Antique Show, presented by Townsend Promotions, was held at the Education Building.

28-29 - RS Motorsports Sizzlin' Summer Sale was held at the Dairy Building.

July

3-6 - The North Star Morgan Americana Horse Show was held at the Warner Coliseum and livestock complex.

9 - State Fair staff members attended funeral services for long-time State Fair police department employee Ed Rice.

10 - The State Fair Foundation's corporate governance committee met at the J. V. Bailey House; following the meeting, Hammer and Cady met with Foundation board members Mike Miles and Dave Sorenson to discuss strategic planning.

12 - Hammer attended the Ramsey County Fair in Maplewood.

14-17 - The Family Motorcoach Association's 80th International Convention utilized the entire fairgrounds and most exhibit buildings.

16 - Mix presented a program on employment at the Wilder Foundation Job Center in St. Paul.

21 - Frost, Sinclair, Hudalla, Pooch, Grans, Leach, Goodrich and Bauer met with officials of the University of Minnesota to discuss potential use of State Fair parking facilities for stadium events at the University's Minneapolis campus.

22 - Grandma's Minnesota Mile, presented by The Sporting Life magazine, was held on various roadways around the fairgrounds. Emergency services contractors met with State Fair staff to discuss the upcoming fair. Sinclair and Hines met with David Garrett of Haas Wilkerson Insurance to discuss attraction insurance and ride inspections.

23 - Hammer attended the Scott County Fair in Jordan and spoke at a pre-fair event for county fair officers and local government officials.

23-27 - The American Quarter Horse Association Horse Show was held at the Warner Coliseum and livestock complex.

24 - Pooch met with George Schwinghamer of TetraPack regarding equipment for an on-grounds milk processing plant.

25-27 - The Car Craft Summer Nationals Car Show was held throughout the fairgrounds.

31-Aug. 3 - The North Central Reining Association Horse Show was held at the Warner Coliseum and livestock complex.

August

2 - Cops 'n' Rodders presented the Law Enforcement Car Show at Machinery Hill.

6 - Full-time staff met for their annual pre-fair meeting and awards ceremony. Sinclair and Pearson met with representatives of Cummins NPower and Tempair to discuss utilities needs for the State Fair Chautauqua presentation.

12 - Hammer attended the Steele County Free Fair in Owatonna and was the speaker at this year's Steele County Livestock Hall of Fame induction ceremony. Miller and Cerney participated in the judging process for the Minnesota Outstanding Senior Citizens program.

14 - The State Fair Foundation conducted a pre-fair fund-raiser at the Grandstand Plaza, attended by more than 500 friends of the fair.

16 - The staff's Around The Fair Committee hosted a meeting and pancake breakfast for all seasonal and full-time staff at the 4-H Building. A training session and fairgrounds tour were conducted for guest services and information booth staff.

19 - The 95th annual State Fair Fine Arts Exhibition Artists Preview was held at the Fine Arts Center.

20 - The Princess Kay of the Milky Way coronation, presented by the Midwest Dairy Association, was held at the Bandshell.

21 - The 2008 Minnesota State Fair opened at 6 a.m., followed by official opening ceremonies at the Bandshell, the grand opening of the new International Bazaar and unveiling of the Sesquicentennial Mosaic.

MINNESOTA STATE AGRICULTURAL SOCIETY

MEETING OF THE GOVERNING BOARD

10 a.m. Friday Aug. 22, 2008

Officer Quarters, State Fairgrounds

Members present: Bob Lake, president; Joe Fox, vice president; D.J. Leary, vice president; Denny Baker; Jim Foss; Gene Gerth; Al Paulson; Sharon Wessel; Jerry Hammer, secretary.

Also present: Kent Harbison; Bill McGrann; Sarah Pacek; Joe Bagnoli.

President Lake called the meeting to order at 10 a.m.

Mr. Leary on behalf of the entire board noted with sadness the absence of former board members Chauncey Wargin and John Paulmann.

Minutes of the board meeting conducted June 6, 2008, were approved on a motion by Mr. Baker, seconded by Ms. Wessel and carried (Aye-7; Nay-0).

Minutes of interim activities covering the period June 6 through Aug. 21, 2008, were approved on a motion by Mr. Foss, seconded by Mr. Fox and carried (Aye-7; Nay-0).

Mr. Hammer presented the July financial statement as follows:

MINNESOTA STATE FAIR CASH TRANSACTION SUMMARY Month Ending July 31, 2008

GENERAL FUND ACTIVITY:

Cash Balance-June 30, 2008		\$489,881
Add: Cash Deposits	\$3,197,732	
Less: Payroll Ending July 11	(319,481)	
Payroll Ending July 25	(293,150)	
Cash Disbursements	(1,858,008)	727,093
Cash Balance-July 31, 2008		\$1,216,974

BUILDING FUND ACTIVITY:

Balance-June 30, 2008		\$448
Add: Interest Earned		
Securities Purchased		
Less: Securities Redeemed		
Balance-July 31, 2008		\$448

CONSTRUCTION FUND ACTIVITY:

Balance-June 30, 2008		\$13,208
Add: Interest Earned		28
Balance-July 31, 2008		\$13,236

CASH BALANCES FOR MONTH ENDING JULY 31:

	2007	2008
General Fund	\$883,598	\$1,216,974
Petty Cash	17,115	18,425
Marketable Securities	-	-
Building Fund	446	448
Construction Fund	12,753	13,236
Total Cash Balances	\$913,912	\$1,249,083

After discussion, the statement was approved on a motion by Mr. Fox, seconded by Mr. Gerth and carried (Aye-7; Nay-0).

Mr. McGrann, Ms. Pacek and Mr. Bagnoli reported on the 2008 session of the Minnesota legislature and the upcoming '09 session. Information only; no action required.

The report of the Office of the Legislative Auditor on the Society's financial activities for fiscal 2007 was reviewed and approved on a motion by Mr. Fox, seconded by Mr. Baker and carried (Aye-7; Nay-0).

The following entertainment contracts were presented by Mr. Hammer for review:

CONTRACTOR	DATES	TERMS	VENUE
Long Road Touring Co. f/s/o 3 Doors Down	8/21	\$224,000.00 plus 85% over \$425,000.00 plus \$18,000.00 production plus \$150 admat plus \$400.00 bus stock	Grandstand
Road Dawgs, Inc. f/s/o Staind	8/21	\$55,000.00 plus \$500.00 bus stock & aftershow food	Grandstand
Hinder Touring, Inc.	8/21	\$27,500.00 plus \$100.00 bus stock	Grandstand
Jet Black Stare Touring Inc.	8/21	\$500.00	Grandstand
Plaid Paisley Enterprises, Inc. f/s/o Brad Paisley - REVISED	8/22	90% over \$107,500.00	Grandstand
JHT1, Inc. f/s/o Julianne Hough	8/22	Cancelled	Grandstand
KBNHA Enterprises f/s/o Backstreet Boys	8/23	\$140,000.00 plus 80% over \$250,000.00 plus \$10,000.00 production	Grandstand
Varoom Whoa, Inc. f/s/o Paramore	8/26	\$83,500.00 plus 85% over \$200,650.00 plus \$6,500.00 production	Grandstand
Phantom Planet	8/26	\$500.00	Grandstand
Paper Route	8/26	\$150.00	Grandstand
Gnarls Barkley	8/27	\$100,000 plus 80% over \$200,000.00	Grandstand
Cloud Cult	8/27	\$5,000.00	Grandstand
Black Keys	8/30	\$40,000.00	Grandstand
Michael Johnson	8/23-8/24	\$7,000.00	Bandshell
The Wright Brothers	8/25-8/26	\$8,000.00	Bandshell
Mel McDaniel	8/27-8/28	\$11,000.00	Bandshell

Alex Meixner f/s/o Polka Freak Out	8/27-8/28	\$8,000.00	Bandshell
Corrine Chapman	8/29-8/30	\$4,750.00	Bandshell
Millard West f/s/o/ Willie West and The Music Company	8/31-9/1	\$3,000.00	Bandshell
Bruce Bradley f/s/o Alpensterne	8/21-8/22	\$2,500.00	Bazaar
Pavel Jany f/s/o Ticket To Brasil	8/23-8/24	\$2,500.00	Bazaar
Jeffrey D Gram f/s/o The Sweet Colleens	8/23-8/24	\$2,500.00	Bazaar
Dan Newton f/s/o Café Accordion Orchestra	8/25-8/26	\$3,000.00	Bazaar
Larry Yazzie f/s/o Native Pride Dancers	8/27-8/28	\$3,000.00	Bazaar
Chris Goodnight f/s/o Big Surf	8/27-8/28	\$1,500.00	Bazaar
Tim Owen f/s/o Salsabrosa	8/29-8/30	\$4,000.00	Bazaar
Jeff Taube f/s/o Innocent	8/29-8/30	\$2,500.00	Bazaar
Zeke Fricke f/s/o The Limns	8/31-9/1	\$1,200.00	Bazaar
Steve Clarke f/s/o Steve Clarke & The Workings Stiffs	8/31-9/1	\$3,000.00	Bazaar
Molly Maher f/s/o Molly Maher & Erik Koskinen	8/21-8/22	\$2,000.00	Heritage Square
Rick Crowder f/s/o Sourdough Slim	8/21-8/22	\$2,500.00	Heritage Square
Pop Wagner f/s/o Pop Wagner & The TC Playboys	8/23-8/24	\$2,000.00	Heritage Square
Dee Scott f/s/o Minnesota State Fiddle Contest	8/23-8/24	\$3,175.00	Heritage Square
Tim O'Reagan	8/23-8/24	\$5,000.00	Heritage Square
The Jolly Zuk Brothers	8/25-8/26	\$2,000.00	Heritage Square
Janie Wiklander f/s/o Janie Miller: A Tribute To Patsy Cline	8/25-8/26	\$3,000.00	Heritage Square
Lisa Schultz f/s/o The Ditch Lilies	8/27-8/28	\$2,000.00	Heritage Square
Bill Kirchen f/s/o Bill Kirchen-The Hammer of the Honky-Tonk Gods	8/27-8/28	\$7,000.00	Heritage Square
David Tousley f/s/o Minnesota Flatpicking Guitar And Duet Championships	8/29-8/30	\$3,175.00	Heritage Square
Eric Christopher f/s/o The High 48s Bluegrass Band	8/29-8/30	\$2,000.00	Heritage Square
Mark Grundhoefer f/s/o White Iron Band	8/29-8/30	\$2,000.00	Heritage Square
Rich Mattson f/s/o The Bitter Spills	8/31-9/1	\$1,000.00	Heritage Square

Dick Peterson f/s/o Barbary Coast Dixieland Band	8/31-9/1	\$3,300.00	Heritage Square
Pete Mitgard f/s/o The Twistin' Tarantulas	8/31-9/1	\$3,000.00	Heritage Square
Pete Stainaitis (Blacksmith)		Cancelled	Heritage Square
David Mariette (Blacksmith) Revised	8/21-8/26	\$2,100.00	Heritage Square
Joel Miller (Blacksmith) Revised	8/27-9/1	\$2,200.00	Heritage Square
Jim Shannon	8/21-8/22	\$400.00	Ramberg
Lynn Deichert f/s/o Stomp N' Dixie	8/21-8/22	\$1,000.00	Ramberg
Jim Field f/s/o The Mouldy Figs	8/23-8/24	\$1,200.00	Ramberg
Betty Rydell f/s/o Betty Rydell & Randi Rae	8/23-8/24	\$1,000.00	Ramberg
Patrick Gallivan f/s/o The Gallivanter	8/25-8/26	\$600.00	Ramberg
Cliff Brunzell f/s/o Cliff Brunzell & The Golden Strings Trio	8/25-8/26	\$1,100.00	Ramberg
Jim Berner	8/27-8/28	\$750.00	Ramberg
Chuck Thiel f/s/o Chuck Thiel & The Jolly Ramblers	8/27-8/28	\$1,200.00	Ramberg
Rod Cerar f/s/o Rod Cerar Orchestra	8/29-8/30	\$1,000.00	Ramberg
Glen Helgeson f/s/o Gypsy Mania	8/29-8/30	\$1,100.00	Ramberg
Bill Koncar	8/31-9/1	\$1,000.00	Ramberg
Mark Regnier f/s/o Drive Time Bluegrass Band	8/31-9/1	\$1,400.00	Ramberg
Bob & Judy Wilson	8/21-9/1	\$360.00	Old Iron Show
Glen Westphal	8/21-9/1	\$720.00	Old Iron Show
Dean Arneson	8/21-9/1	\$360.00	Old Iron Show
Steve Bauer	8/21-9/1	\$2,700.00	Old Iron Show
Derold McDonough	8/21-9/1	\$6,300.00	Old Iron Show
Lee J Sackett	8/21-9/1	\$4,200.00	Old Iron Show
Chris Chadwick	8/21-8/30	\$599.00	Old Iron Show
James Quirk	8/21-8/28	\$599.00	Old Iron Show
Gordon Lefebvre	8/21-8/24	\$360.00	Old Iron Show
Duane Rolstad	8/21-8/24	\$960.00	Old Iron Show
Duane Stanley	8/25-8/28	\$280.00	Old Iron Show
Wacky Wheeler	8/21-9/1	\$6,200.00	Parade
Chicks On Sticks	8/21-9/1	\$3,600.00	Parade
U of M Marching Band	8/24	\$1,500.00	Parade
Pedalpub	8/24	\$300.00	Parade
Gopher State Railway System	8/25-8/29	\$2,500.00	Parade
Jack Brass Band	8/26, 8/29, 8/31, 9/1	\$3,800.00	Parade
Barebones	8/27 & 8/30	\$1,600.00	Parade
Women's Drum Center	8/29 -8/30	\$400.00	Parade

Pig's Eye Jass Band	9/1	\$560.00	Parade
Tom Lewis	8/21-9/1	\$2,000.00	Talent Contest
Dick Bortolussi	8/21-9/1	\$2,000.00	Talent Contest
Ray Komischke	8/31	Union musician rates	Talent Contest
John Lynn	8/21-8/31	\$55.00/hour	Talent Contest
Dale Mendenhall	8/21-9/1	\$2,000.00	Talent Contest
Mark Muller & Steve Gareri f/s/o 3rd Lair Skate Park	8/21-9/1	\$42,500.00	X-Zone
Ironjack Timber Team	8/21-9/1	\$34,000.00	North Woods

Mr. Hammer was authorized to make miscellaneous ticket refunds and payment of minor claims as he deems appropriate on a motion by Mr. Foss, seconded by Mr. Wessel and carried (Aye-7; Nay-0).

Recipients of the Ben C. Hallberg Rural Youth Scholarships for 2008 were presented by Mr. Hammer: Rachel Bachmeier of Apple Valley; Lindsey Jo Beckendorf of Nicollet; Kristin Boyum of Wanamingo; Pamela Dahlman of Cokato; Lisa Drewry of Farmington; Jonathan Ertl of Rosemount; Amy Esselman of Hamburg; Matthew Fenske of Elgin; Daniel Fox of Rosemount; Erin Josephson of Minnetonka; Andrew Kryzer of Lewiston; Megan McGaver of Isanti; Elinor Opitz of Cold Spring; Thomas Pesch of Elgin; Brenda Reiter of Elgin; Catherine Rivard of Arlington; Megan Sjostrom of Lafayette; Brandon Thesing of Winona; Abby Udermann of Sartell and Jessica Weitgenant of Worthington.

After review, the list was approved as presented on a motion by Mr. Foss, seconded by Ms. Wessel and carried (Aye-7; Nay-0).

Mr. Foss moved, Mr. Baker seconded and motion carried that the board review the naming of the rural youth scholarship program and, if appropriate, consider a change in title (Aye-7; Nay-0).

Mr. Hammer presented a report on sponsorship activities for 2008 including cash sponsorships of \$824,500 and special touring exhibit revenue of \$151,500.

After review and discussion, the report was approved on a motion by Mr. Baker, seconded by Mr. Fox and carried (Aye-7; Nay-0).

Mr. Hammer offered a brief update on the opening of the 2008 Great Minnesota Get-Together. Information only; no action required.

The meeting was adjourned on a motion by Mr. Foss, seconded by Mr. Gerth and carried (Aye-7; Nay-0).

MINNESOTA STATE AGRICULTURAL SOCIETY MEETING OF THE GOVERNING BOARD 10 a.m. Sunday Aug. 31, 2008 Officer Quarters, State Fairgrounds

Members present: Bob Lake, president; Joe Fox, vice president; D.J. Leary, vice president; Denny Baker; Jim Foss; Gene Gerth; Al Paulson; Sharon Wessel; Jerry Hammer, secretary.

Also present: Brian Hudalla; Marshall Jacobson; Art Blakey; Brad Vier.

President Lake called the meeting to order at 10 a.m.

After review, minutes of the Society board meeting conducted Aug. 22 were approved on a motion by Mr. Baker, seconded by Mr. Foss and carried (Aye-7; Nay-0).

Minutes of the Honorary Life Member committee meeting conducted Aug. 24 were reviewed; after discussion, Mr. Leary moved, Mr. Foss seconded and motion carried that action on the minutes be tabled until the November meeting of the board (Aye-7; Nay-0).

Updates on the '08 State Fair were provided by Mr. Hammer, Mr. Blakey, Mr. Hudalla and Mr. Vier. Information only; no action required.

The board authorized an annual contribution of \$2,000 to the State Fair employees club to provide partial funding for employee club functions and beverages used by employees and visitors on a motion by Mr. Baker, seconded by Mr. Paulson and carried (Aye-9; Nay-0).

It was moved by Mr. Foss, seconded by Ms. Wessel and carried that members of the board and certain staff members designated by the secretary be authorized

to attend the International Association of Fairs & Expositions 2008 international convention in Las Vegas, Nev. (Aye-7; Nay-0).

The dates for the 2009 Minnesota State Fair were set for Thursday Aug. 27 through Labor Day, Monday Sept. 7 on a motion by Mr. Fox, seconded by Ms. Wessel and carried (Aye-7; Nay-0).

The next meeting of the board of managers was set for Friday Nov. 14, 2008, on a motion by Mr. Fox, seconded by Mr. Baker and carried (Aye-7; Nay-0).

Mr. Hudalla reported on a fairgrounds sustainability study being conducted by TKDA – the Society's architect and engineering firm. Information only; no action required.

Meeting was adjourned at 11:14 a.m. on a motion by Mr. Paulson, seconded by Mr. Foss and carried (Aye-7; Nay-0).

MINNESOTA STATE AGRICULTURAL SOCIETY MINUTES OF INTERIM ACTIVITIES Aug. 21 through Nov. 14, 2008

August

26 - Sinclair, Larson and Simon participated in a meeting of the fair's Commercial Exhibitor's Communications Committee, held at the Libby Conference Center.

28 - Betty Werner from St. Peter in Nicollet County and Don Brand from New Ulm in Brown County were named Minnesota's Outstanding Senior Citizens during ceremonies conducted at the Bandshell. A plaque recognizing Minnesota's Civil War veterans was dedicated at the State Fair Veterans Garden. Participants in the dedication ceremony included Battery I, 1st Regiment U.S. Artillery; Minnesota Department of Veterans Affairs Deputy Commissioner Mike Pugliese; American Vietnam Veterans Director At-Large Michael Marks; and U.S. Marine Corps veteran Jeff Lopez.

September

1 - The 2008 edition of the Great Minnesota Get-Together closed at 9 p.m. Among the 1,693,263 in attendance were Bob Williams from the Wisconsin Department of Agriculture, Rollie McCubbin and James Romer with the Iowa State Fair in Des Moines, Kent Hojem and the board of directors of the Western Washington Fair in Puyallup, Dennis Voeller of the North Dakota State Fair in Minot, Nancy Leonard and Diana Kuhn of the Indiana State Fair in Indianapolis, Ralph Shoptaw of the Arkansas State Fair in Little Rock, Dave Schlabach of the National Independent Concessionaires Association in Tampa, Fla., Wes de Boer from the Calgary Stampede in Alberta, Canada, and Rock-it the 10-foot-tall Robot who shook his stuff at the Bandshell during War's performance of "Low Rider."

9 - Pooch and Cady presented a proposal to the Minnesota Horse Council for construction of new horse facilities. Mix attended a meeting of the Ramsey County Job Security Employers Committee.

12-15 - The Minnesota State 4-H Horse Show was held at the Warner Coliseum and livestock complex.

13 - The Minnesota MS Society Challenge Walk was conducted on various roadways around the fairgrounds.

14 - The Antique Motorcycle Club held a swap meet on the north parking lots.

16-17 - The Great Lakes Garden Show, presented by Goodroad Sales, Inc., was held at the Merchandise Mart.

17 - Pooch met with the board of the Upper Midwest Dairy Industry Association in St. Cloud to discuss the fair's Moo Booth and milk pasteurizing project.

18-22 - The Western Saddle Club Horse Show was held at the Warner Coliseum and livestock complex.

19 - The opening ceremony for the Breast Cancer 3-Day fundraiser was held at the south Como parking lot. Hammer attended a meeting of the State Fair Foundation finance committee, conducted at the J.V. Bailey House.

20 - St. Paul's Districts 10 and 12 Neighborhood Cleanup was conducted on the north parking lots. TC Model Railroad Club's fall model railroad and hobby sale was held at the Education Building.

20-21 - The Antique Mission Furniture Show was held at the Progress Center and Fine Arts Center. The State 4-H Dog Show was held at the 4-H Building, campgrounds and nearby outside areas.

22-25 - Metro Transit's Bus Rodeo was held on the south Como parking lot.

24 - The St. Paul Area Chamber of Commerce presented their Business After Hours Expo at the Progress Center. The Metro Area Children's Water Festival, presented by a variety of local businesses and government agencies, was held at the 4-H Building, Baldwin Park, Home Improvement Building and surrounding outdoor areas.

25 - The State Fair Foundation's strategic planning committee met at the J.V. Bailey House.

25-28 - The Minnesota Arabian Horse Breeders Fall Arabian Horse Show was held at the Warner Coliseum and livestock complex.

26 - Schuette addressed students at Tartan High School in Oakdale about the fair's entertainment marketing program.

27 - State Fair Hall of Famer John Libby - 27-year employee of the State Fair and secretary-general manager from 1962 to 1976 - died at a care facility near his home in Florida after a series of illnesses. The St. Paul Junior League's Next-To-New Sale was held at the Dairy Building. Bus parking for the Griak Cross Country Invitational used the south Como parking lot.

27-28 - The Fall Military Relic Show, presented by the Minneapolis St. Paul Military Relic & Collectors, was held at the Progress Center. The Antique Spectacular Show & Flea Market, presented by Prime Promotions, was conducted at the Grandstand and infield. The Minnesota Weapons Collectors Fall Show & Sale was held at the Education Building. Capitol City Chapter A.A.C.A. held their Midwest Fall Swap Meet & Antique Auto Show on the north parking lots.

30 - Anderson met with Ticketmaster to recap their '08 Grandstand ticket sales services.

30-Oct. 5 - Midstates Horse Shows' Harvest Horse Show was held at the Warner Coliseum and livestock complex.

October

1 - Pearson and McGough met with representatives of KTIS Radio to discuss possible Grandstand acts for '09.

2 - Sinclair, Hudalla, Simon and Leach met with Mesa Kincaid and representatives of several other local agencies to discuss potential Twin Cities sites for alternative energy facilities.

2-3 - Anderson attended a board meeting of Intix in New York City.

3 - Frost and Pearson met with Jane Leonard of the state sesquicentennial commission to review their events at the '08 fair.

4-5 - The Rubber Stamp & Scrapbook Expo was held at the Dairy Building. The Minnesota Comic Book Association's Fallcon Comic Book Convention was held at the Grandstand.

7 - Frost met with Erica Giorgi of the University of Minnesota to discuss the fair's statewide marketing efforts. Grans, Anderson, Babcock and McGough met with Metro Transit, the Metro Valley Transit Authority and Southwest Transit to review transit operations during the '08 fair. Sinclair, Simon, Larson, Vavreck and Hines participated in a meeting of the fair's Commercial Exhibitors Communications Committee.

8-11 - The YMCA's Fall Garage Sale was held at the Merchandise Mart.

9 - Miller and Huber attended a seminar on employee benefits presented by the state Department of Employee Relations.

10 - Hammer attended the memorial service in Wayzata for former Fine Arts Superintendent Pat Kennedy Crump.

10-11 - The Minnesota Antique Motorcycle Auction, presented by MidAmerica Auctions, was held at the Progress Center.

10-12 - The Woodworking Show, presented by Straight Line Productions, was held at the Education Building and Creative Activities Annex.

11-12 - RS Motorsports Sale was held at the Dairy Building; Minnesota EquiFest, presented by Duggan Companies, was held at the Warner Coliseum and livestock complex.

12 - The Twin Cities Roadsters Swap Meet was held at the north parking lots.

12-14 - Pearson and Dungan attended the annual International Entertainment Buyers Association convention in Nashville, Tenn.; Pearson was elected to

IEBA's board of directors during the meeting.

16 - Foss and Hammer participated in a retreat for the State Fair Foundation board, hosted by board member Pat Bailey at Bailey Nurseries in Newport. The south Como parking lot was used as a park-and-ride site for the Education Minnesota Conference. Cardboard Box City, presented by Families Moving Forward, was held at Baldwin Park.

16-19 - The Minnesota Beef Expo, presented by the State Fair, was held at the Warner Coliseum and livestock complex.

17-19 - The Star of the North Antique Show, presented by Townsend Productions, Inc., was held at the Education Building.

18-26 - The south Como parking lot was used as a park-and-ride site for Como Zoo's Halloween Zoo Boo event.

20 - Sinclair, Hudalla, Larson and Simon met with representatives of the Cunningham Group to discuss their interest in the fair's architectural and design work.

21 - Senior staff met for the first of several sessions to review the '08 fair and begin planning for '09.

22 - Huber presented the first of two IAFE cyberseminars on human resources to more than 50 fairs around North America. Hammer met with State Fair Foundation Chairman Mike Miles to discuss upcoming facilities projects.

23 - Schuette offered a presentation to Park High School students in Cottage Grove about the fair's entertainment marketing program.

28-31 - Schuette participated in IAFE communications contest awards judging in Springfield, Mo.

31 - Pooch and Fickett met with representatives of the English horse show to discuss possible changes for the '09 horse show.

November

4 - Staff met with the State Fair youth Advisory Team to recap the '08 fair.

5 - Miller and Mix met with Senior Citizens Superintendent Marge Krueger to review departmental operations. Schuette addressed students at Roseville High School regarding the fair's entertainment marketing program. Sinclair and Larson met with representatives of the Minnesota Farm Winery Association and Mintahoe Catering to discuss their Ag Hort Building exhibit.

6 - Pooch and Fickett met with Miracle of Birth participants to review the '08 fair and begin planning for '09.

7 - Huber, Lynskey and Vavreck met with representatives of the Minnesota Farm Bureau to review the bureau's involvement with the fair's Century Farm program. Sinclair and Larson met with Dan Wozniak to review proposed plans for a potato chip manufacturing concession at the fair.

9 - Mix attended a meeting of the St. Paul Human Resources Association.

12 - Anderson met with WizTix to discuss their ticketing services.

MINNESOTA STATE AGRICULTURAL SOCIETY MEETINGS OF THE GOVERNING BOARD AND SALES AND PLANNING COMMITTEES

9 a.m. Friday Nov. 14, 2008

Libby Conference Center, State Fairgrounds

MEETING OF THE SALES COMMITTEE

Members present: Joe Fox, chairman; Denny Baker; Jim Foss; Gene Gerth; D.J. Leary; Al Paulson; Sharon Wessel; Bob Lake, ex officio; Jerry Hammer, ex officio; Jim Sinclair ex officio; Dennis Larson, ex officio; Pam Simon, ex officio.

Also present: Karen Frost; Brian Hudalla; Marshall Jacobson; Renee Pearson; Mary Miller; Cheryl Huber; Sean Casey; Wally LeVesseur; Steve Grans; Danyl Vavreck; Swan Melstrom; Brienna Schuette; Chris Leach; Carol Doyle; Nicole Hines; Susan Lynskey; Kay Cady; Kent Harbison.

Chairman Fox called the meeting to order at 9 a.m.

Mr. Larson presented a comprehensive written report of sales division revenue from multiple sources during the '08 State Fair totaling \$8.2 million. The committee will review the report and consider its acceptance at its next meeting.

Ms. Simon reported on changes made to several commercial exhibit areas for the

'08 fair and the positive results achieved. Information only; no action required.

Ms. Vavreck provided reports on sponsorships and touring promotional exhibits for the '08 State Fair, resulting in combined revenue of \$981,000. Information only; no action required.

Sinclair presented a report on Midway and Kidway ride and game revenue from 1983 through 2008, followed by a report on the state of the carnival industry in North America. After the reports, the following adjustments in ride and game percentage fees were approved for the '09 State Fair on a motion by Mr. Baker, seconded by Ms. Wessel and carried (Aye-6; Nay-0): Midway rides – 41 percent (2 percent reduction); Midway games – 23 percent (1 percent increase); and Kidway rides – 43 percent (no change).

The meeting was adjourned at 9:53 a.m. on a motion by Mr. Paulson, seconded by Mr. Baker and carried (Aye-6; Nay-0).

MEETING OF THE PLANNING COMMITTEE

Members present: Sharon Wessel, chairman; Dennis Baker; Jim Foss; Joe Fox; Gene Gerth; D.J. Leary; Al Paulson; Bob Lake, ex officio; Jerry Hammer, ex officio; Steve Pooch, ex officio; Brian Hudalla, ex officio; Jim Sinclair, ex officio.

Also present: Karen Frost; Marshall Jacobson; Renee Pearson; Mark Goodrich; Mary Miller; Cheryl Huber; Sean Casey; Wally LeVesseur; Steve Grans; Danyl Vavreck; Michelle Fickett; Swan Melstrom; Brienna Schuette; Chris Leach; Carol Doyle; Nicole Hines; Tiffany Bauer; Maria McCullough; Susan Lynskey; Kay Cady; Kent Harbison.

Chairman Wessel called the meeting to order at 9:53 a.m.

Mr. Hudalla reviewed the capital improvements made to the fairgrounds during the past 10 years, and outlined future projects. Information only; no action required.

Mr. Hammer presented a list of standard miscellaneous annual maintenance projects for fiscal 2009 totaling \$1.45 million, plus \$1 million in capital funding for completion of the Swine Barn roof replacement project. After discussion, the projects were approved on a motion by Mr. Baker, seconded by Mr. Fox and carried (Aye-6; Nay-0). The projects will be incorporated into the complete list of improvements and maintenance budgets for 2009 to be reviewed by the planning committee in January.

The meeting was adjourned at 10:20 a.m. on a motion by Mr. Fox, seconded by Mr. Leary and carried (Aye-6; Nay-0).

MEETING OF THE GOVERNING BOARD

Members present: Bob Lake, president; Joe Fox, vice president; D.J. Leary, vice president; Denny Baker; Jim Foss; Gene Gerth; Al Paulson; Sharon Wessel; Jerry Hammer, secretary.

Also present: Karen Frost; Steve Pooch; Jim Sinclair; Brian Hudalla; Marshall Jacobson; Renee Pearson; Mark Goodrich; Mary Miller; Cheryl Huber; Sean Casey; Wally LeVesseur; Steve Grans; Danyl Vavreck; Michelle Fickett; Swan Melstrom; Brienna Schuette; Chris Leach; Carol Doyle; Nicole Hines; Tiffany Bauer; Maria McCullough; Susan Lynskey; Kay Cady; Kent Harbison.

President Lake called the meeting to order at 10:28 a.m.

Minutes of the State Agricultural Society board meeting conducted Aug. 31, 2008, were approved on a motion by Mr. Leary, seconded by Mr. Paulson and carried (Aye-7; Nay-0).

Minutes of interim activities covering the period Aug. 21 through Nov. 13, 2008, were approved on a motion by Mr. Gerth, seconded by Mr. Fox and carried (Aye-7; Nay-0).

Action taken by the sales committee earlier in the morning was approved on a motion by Mr. Fox, seconded by Mr. Baker and carried (Aye-7; Nay-0).

Planning committee action taken earlier in the morning was approved on a motion by Ms. Wessel, seconded by Mr. Paulson and carried (Aye-7; Nay-0).

Mr. Jacobson presented the financial statement for October as follows:

MINNESOTA STATE FAIR CASH TRANSACTION SUMMARY Month Ending October 31, 2008

GENERAL FUND ACTIVITY:

Cash Balance-Sept. 30, 2008

\$3,477,213

Add: Cash Deposits	\$5,766,871	
Less: Payroll Ending Oct. 3	(217,837)	
Payroll Ending Oct. 17	(207,632)	
Payroll Ending Oct. 31	(200,504)	
Cash Disbursements	(5,990,363)	(849,465)
Cash Balance-Oct. 31, 2008		\$2,627,748

BUILDING FUND ACTIVITY:

Balance-Sept. 30, 2008		\$448
Add: Interest Earned		
Securities Purchased		
Less: Securities Redeemed		
Balance-Oct. 31, 2008		\$448

CONSTRUCTION FUND ACTIVITY:

Balance-Sept. 30, 2008		\$13,292
Add: Interest Earned		27
Balance-Oct. 31, 2008		\$13,319

CASH BALANCES FOR MONTH ENDING OCTOBER 31:

	2007	2008
General Fund	\$6,151,057	\$2,627,748
Petty Cash	5,600	5,600
Money Market Account	-	2,862,314
Building Fund	446	448
Construction Fund	12,919	13,319
Total Cash Balances	\$6,170,022	\$5,509,429

After discussion, the statement was approved on a motion by Mr. Fox, seconded by Mr. Baker and carried (Aye-7; Nay-0).

Mr. Jacobson gave a detailed report on fair-period payolls for 79 departments totaling \$2.1 million. After discussion, the report was accepted on a motion by Mr. Baker, seconded by Ms. Wessel and carried (Aye-7; Nay-0).

Mr. Pooch provided a comprehensive review of competitive events conducted during the '08 State Fair involving more than 14,000 exhibitors in agriculture, horticulture, creative activities, fine arts, education, horses, open class livestock, FFA and 4-H. Following discussion, the report was accepted on a motion by Mr. Baker, seconded by Mr. Paulson and carried (Aye-7; Nay-0).

Ms. Pearson reviewed the '08 State Fair Grandstand entertainment program, including details of gross revenue totaling \$4.1 million and a net gain of \$1 million resulting from concerts. Ms. Pearson then reported on the entertainment outlook for the '09 fair. After discussion, Ms. Pearson's report was accepted on a motion by Mr. Fox, seconded by Mr. Paulson and carried (Aye-7; Nay-0).

Ms. Bauer reported on the fair's schedule of nearly 100 non-fair events in '08 attended by 1 million people, plus a review of current rental rates for fair facilities. After discussion, Ms. Bauer's report was accepted on a motion by Mr. Baker, seconded by Ms. Wessel and carried (Aye-7; Nay-0).

Mr. Hammer presented the following non-fair rental rates for consideration: Grandstand seating area - \$2,200 per day; International Bazaar exhibit area - \$1,200 per day; International Bazaar stage - \$900 per day; livestock parking lot B - \$200 per day; and livestock trailer lot - \$300 per day. After discussion, the rates were approved on a motion by Mr. Foss, seconded by Mr. Gerth and carried (Aye-7; Nay-0).

Mr. Hammer provided details of discussions currently underway with the St. Paul Winter Carnival and International Series Of Champions to possibly present a snowmobile snowcross event at the Grandstand Jan. 30 through Feb. 1, 2009. Mr. Hammer recommended that, for this particular event, the board implement a fee of 20 percent of admission ticket sales after deduction of state sales tax, plus the fair's standard chargebacks for production expenses, instead of the \$2,200 daily rental fee. After discussion, the 20 percent of ticket sales rental fee was approved on a motion by Mr. Baker, seconded by Mr. Leary and carried (Aye-7; Nay-0).

Ms. Bauer presented a proposal to allow Lancer Catering, the Warner Coliseum concessionaire, to sell wine by the glass during non-fair events as part of their alcohol sales license. After discussion, the proposal was approved on a motion by Mr. Paulson, seconded by Ms. Wessel and carried (Aye-7; Nay-0).

Mr. Foss, Mr. Hammer and Ms. Cady provided an update on State Fair Foundation activities including grants to the State Fair totaling \$3.9 million since '05. After discussion, Mr. Hammer presented the following resolution for board consideration:

STATE FAIR FOUNDATION RESOLUTION

Nov. 14, 2008

WHEREAS, the Minnesota State Fair Foundation was established by the Society as a non-profit public charity to assist the State Fair with capital projects and support its educational and scientific programs consistent with the public good, and

WHEREAS, the Society is committed to support the long-term growth and development of the Foundation for the betterment of the State Fair and, ultimately, to the great benefit of all Minnesotans, therefore be it

RESOLVED, that funds due the Society from the Foundation on October 31, 2008, will be called due no earlier than November 1, 2009.

The resolution was adopted as presented on a motion by Mr. Paulson, seconded by Mr. Fox and carried (Aye-7; Nay-0).

Ms. Huber updated the board on arrangements for the Society's '09 annual meeting. Information only; no action required.

Minutes of the Society's honorary life member committee's Aug. 24 meeting – tabled at the Aug. 31 meeting of the board – were taken off the table on a motion by Mr. Leary, seconded by Mr. Foss and carried (Aye-7; Nay-0). The minutes follow:

MINNESOTA STATE AGRICULTURAL SOCIETY MEETING OF THE LIFE MEMBER ADVISORY COMMITTEE 11:15 a.m. Sunday Aug. 24, 2008

Members present: Lyle Steltz, chairman; Rich Keenan; Bill Korff; Vern Prokosch; Howard Recknor; Dick Reinhardt; Clarice Schmidt; Don Simons.

Also present: Jerry Hammer.

Chairman Steltz called the meeting to order at 11:15 a.m.

Mr. Hammer reviewed the processes for election to honorary life membership in the Society and induction into the State Fair Hall of Fame.

After discussion, Mr. Prokosch moved, Ms. Schmidt seconded and motion carried directing staff to communicate with the committee regarding potential nominees for honorary life membership in the Society (Aye-7; Nay-0).

Mr. Simons moved, Mr. Prokosch seconded and motion carried to forward several names to the honors committee for consideration for induction to the State Fair Hall of Fame (Aye-7; Nay-0).

Mr. Hammer reviewed the Society's bonding authority and the capital projects that have been undertaken through the Society's issuance of revenue bonds. Information only; no action required.

The meeting was adjourned at 11:50 a.m. on a motion by Mr. Korff, seconded by Mr. Reinhardt and carried (Aye-7; Nay-0).

After discussion, the minutes were approved on a motion by Mr. Paulson, seconded by Ms. Wessel and carried (Aye-7; Nay-0).

On a motion by Mr. Foss, seconded by Mr. Baker and carried, long-time livestock exhibitor Jim Grass of Owatonna, as recommended by the Society's honorary life membership committee, was approved as the committee's nominee for election to honorary life membership in the Society during the Society's annual meeting in January '09 (Aye-7; Nay-0).

Mr. Fox reported on the Oct. 23 meeting of the Society's honors committee, and the committee's recommendation that Gale Frost, lifetime participant in the fair and the creator and curator of the State Fair History Museum, be named to the State Fair Hall of Fame. On a motion by Mr. Baker, seconded by Mr. Leary and carried, the recommendation was approved (Aye-7; Nay-0). Mr. Frost will be inducted during the annual meeting in January '09.

Mr. Hammer reported on the upcoming session of the Minnesota legislature. Information only; no action required.

Ms. Fickett and Ms. Weinfurter reviewed activities of the Youth Advisory Team during '08, and looked ahead to potential programs during the upcoming year. Information only; no action required.

Ms. Frost reported on '08 sales figures for the Blue Ribbon Bargain Book. Information only; no action required.

On a motion by Mr. Leary, seconded by Mr. Baker and carried, the meeting was declared in executive session to discuss personnel matters (Aye-7; Nay-0). Following the session, President Lake declared the meeting re-opened to the public.

Mr. Baker moved, Mr. Gerth seconded and motion carried to declare Friday Dec. 26, 2008, as a paid holiday for State Fair full-time staff (Aye-7; Nay-0).

The meeting adjourned at 12:55 p.m. on a motion by Mr. Fox, seconded by Mr. Foss and carried (Aye-7; Nay-0).

MINNESOTA STATE AGRICULTURAL SOCIETY MINUTES OF INTERIM ACTIVITIES Nov. 14 2008 through Jan. 15 2009

November

18 - Mix attended a meeting of the Ramsey County Job Security Employers Committee.

19 - Huber presented the second part of two IAFE cyberseminars on human resources.

December

2 - Senior staff conducted the first of two meetings to discuss facilities issues for improvements and maintenance budget consideration.

4 - Hammer and Hudalla participated in a meeting of the State Fair Foundation's development committee conducted at the J.V. Bailey House.

6 - Mark Goodrich received the Minnesota Cattlemen's Outstanding Service Award at the cattlemen's annual convention in Brainerd.

9 - Miller, Mix and Marge Krueger met with representatives of the Minnesota Federation of County Fairs and the Minnesota Board on Aging to discuss the 2009 Outstanding Senior program.

10 - Mix attended a meeting of the St. Paul Human Resources Association.

11 - Hammer, Pooch, Sinclair, Hudalla, Jacobson and Goodrich met with representatives of Markin & Associates to discuss a study of the fair's economic impact in the Twin Cities area.

13-18 - Hammer, Sinclair, Jacobson, Pearson, Huber, Goodrich, Larson, Simon, Weinfurter and Schuette, along with board members Lake, Fox, Baker, Foss, Gerth and Wessel, attended the International Association of Fairs & Expositions annual convention in Las Vegas, Nev.; during the convention, Sinclair was elected second vice chairman of the association.

16 - Miller and Mix attended a session on the Americans With Disabilities Act's new regulations, presented by the Fredrikson Byron law firm.

27 - A memorial gathering to honor former State Fair Secretary-General Manager John Libby was held at the Libby Conference Center; Mr. Libby died Sept. 27 at a care facility near his home in Florida.

January

5 - Hammer participated in a meeting of the State Fair Foundation's audit committee at the J. V. Bailey House.

6 - Frost and Pearson attended a State Sesquicentennial wrap-up celebration at the State Capitol.

8 - Sinclair and Simon met with representatives of the Cunningham Group to discuss programming for the Modern Living Building during the '09 State Fair.

11 - Long-time State Fair parking superintendent Ron Vannelli St. Paul died after a brief illness.

11-13 - Pearson attended a meeting of the International Entertainment Buyers Association board in Nashville, Tenn.

13 - Mix attended a meeting of the Ramsey County Job Security Employers Committee.

14 - Sinclair, Hudalla, Grans, Goodrich and Leach met with representatives of the University of Minnesota to discuss use of State Fair parking facilities for U of M football games. Mix attended a meeting of the St. Paul Human Resources Association.

GENERAL BUSINESS SESSION OF THE SOCIETY 8 a.m. Sunday Jan. 18, 2009

Minnesota State Agricultural Society delegates, staff and friends of the Society met for breakfast and convened in general session at 8:30 a.m. when President Lake opened the meeting and asked Secretary Jerry Hammer for his report. Mr. Hammer's report was accepted by the membership.

Gale C. Frost, founder and curator of the State Fair History Museum for 30 years, was inducted posthumously into the State Fair Hall of Fame.

President Lake called for a report of the resolutions committee. Committee Chairman Bill Minnehan of Dakota County presented the following resolutions for consideration by the Society:

1. Resolved, that the Minnesota State Agricultural Society expresses its gratitude to the 1,693,533 visitors who, even in uncertain times, attended the 2008 Minnesota State Fair, making it the fourth best attended fair in history.

Furthermore, we acknowledge that the fair's existence is dependent on retaining those visitors and their loyalty. Therefore, we pledge to present the finest exposition in North America by showcasing Minnesota's finest agriculture; presenting an unparalleled forum for knowledge and ideas; offering exceptional value; creating unique experiences; providing outstanding customer service; and making our event accessible to all.

2. Resolved, that the Society honors the traditions deeply rooted in attending and contributing to this educational and culturally rich event, and in doing so confirms its mission to educate and involve guests by providing a world-class showcase that is innovative, entertaining and fun.

3. Resolved, that we recognize with great appreciation all who contributed to the success of the 2008 Great Minnesota Get-Together, including staff, volunteers, the board of managers, exhibitors, vendors, entertainers, sponsors, media, contractors, advertisers, youth and school groups, and members of FFA and 4-H.

4. Resolved, that the Society's affiliations and strong relationships with the International Association of Fairs and Expositions, Minnesota Federation of County Fairs, Outdoor Amusement Business Association and Midwest Showmen's Association are valuable in furthering the fair industry statewide and nationally.

5. Resolved, we recognize with great regret the loss and offer our sincere condolences to the friends and families of Society members and State Fair friends including: Gary Cranston, long-time concessionaire; Robert Crump, Fine Arts Department employee and former superintendent; Patricia Kennedy Crump, Fine Arts Department employee and former superintendent; Maynard Harms, former Scott County Fair secretary-manager; Arthur W. Jacobson, concessionaire; Lee R. Johnson, concessionaire; Greg B. Kusick, concessionaire; John E. Libby, former State Fair general manager (1962-1976) and State Fair Hall of Fame member; Dr. Robert D. "Doc" Lindell, former fair-time employee; Dr. Walter Mackey, long-time official veterinarian; Harveydale Maruska, former State Fair board member; Harriett Maruska, wife of Harveydale Maruska; Fred C. O'Neil, long-time concessionaire; Eleanor Paulmann, wife of former State Fair board member John Paulmann; Daniel Roland, son of State Fair employee Steve Roland; Everist Speltz, long-time English Horse Show announcer; Melvyn "Muggs" Townsend, long-time concessionaire; Ronald Vannelli, parking superintendent and 50-Year Award recipient; and Chauncey Wargin, State Fair board member 8th district.

6. Resolved, that the Society on behalf of generations of Minnesotans, acknowledge with deep gratitude the vision of the Society's founders including those in state government, who wisely structured this organization as autonomous, and therefore not subject to the type of financial ills which currently plague state government.

7. Whereas, the Minnesota State Fair is an essential part of our state's social fabric, uniting country and city for more than 150 years at one of the most beloved events in the world, and

Whereas, the State Fair brilliantly fulfills its mission by providing unparalleled educational opportunity and a world-famous forum for knowledge and ideas for all citizens, worthy of its title as the Great Minnesota Get-Together, and

Whereas, the State Fair has an annual economic impact of nearly \$200 million in the Twin Cities alone, plus additional unmeasured economic impact throughout the state, and

Whereas, legislation that has been introduced to allow schools to open prior to Labor Day would deprive tens of thousands of Minnesotans of the opportunity to attend the Great Minnesota Get-Together on school days, and

Whereas, this legislation, if enacted, would deprive many young people of important and much-needed work experience at the State Fair which is even more vital during difficult economic times, and

Whereas, early school openings would deprive thousands of 4-H and FFA members from experiencing this unique annual opportunity to gain valuable education and life experiences at the State Fair, while advancing the fair's historical foundation of agriculture, and

Whereas, Minnesota and this great nation continue to be buried by the worst economic catastrophe in more than 75 years, and

Whereas, early school openings would create a major loss of attendance and a corresponding decline in the fundamental economics needed to present a State Fair that is loyal to its traditions and correspondingly loved by the people of this state, and

Whereas, the loss of State Fair attendance would further damage Minnesota's already shaky economy, affecting large numbers of Twin Cities businesses that suffer economic set-backs when State Fair attendance is driven down, and

Whereas, keeping the present law preventing school from starting before Labor Day costs taxpayers nothing, while a change in law allowing schools to open

early would have a significant negative impact on Minnesota's tourism, hospitality and resort industries by eliminating Labor Day weekend as the state's final family outing of summer and resulting in a major loss of the revenue the industries provide to the state in its uphill struggle to produce a balanced budget.

Now therefore be it resolved, that the membership of the Minnesota State Agricultural Society strongly urges all state lawmakers—rural and urban—to support current State Law that requires Minnesota's schools to open no earlier than the traditional end of summer on Labor Day, ensuring that children and families from throughout the state can fully participate in the historic, educational and culturally rich Minnesota State Fair.

8. Resolved, that the Society extend its thanks and appreciation to all who contributed to the success of its 150th annual meeting.

The resolutions were adopted as read.

President Lake called for a report of the credentials committee by Committee Chairman Jerry Quaal of Wright County. The committee report was presented as follows and adopted as read:

Credential blanks submitted to the State Agricultural Society seeking the accreditation of County Agricultural Societies and Statewide Associations have been inspected by the full committee.

All credentials have been found to be in order with the following exceptions:

Minnesota Farmers Union did not file with the Secretary of State by 12/20/08.

Minnesota Horse Breeders did not file with the Secretary of State by 12/20/08.

Minnesota Turkey Growers Association did not file with the Secretary of State by 12/20/08.

Minnesota Guernsey Breeders Association was not received to the Secretary of State by 12/20/08.

Members of the Credentials Committee by their signature herewith offered do attest to the action noted above on the 18th day of January, 2009.

Following the committee reports, President Lake turned the chair over to Vice President Fox to conduct an election for Society President for the term of one year. President Lake was re-elected and resumed chairing the meeting.

President Lake then proceeded to conduct elections as follows: Joe Fox of Maplewood was re-elected to a two-year term as fourth district vice president; Paul Merkins of Stewart was elected to serve the one-year balance of an unexpired three-year term as second district manager; Denny Baker of Spicer was re-elected to a three-year term as seventh district manager; Ron Oleheiser of Grand Rapids was elected to serve the one-year balance of an unexpired three-year term as eighth district manager; Al Paulson of Shevlin was re-elected to a three-year term as ninth district manager; and Jim Grass of Owatonna was elected to honorary life membership in the Society.

There being no further business to be brought before the Society, President Lake declared the 150th annual meeting of the State Agricultural Society adjourned.



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