

An open letter to Board of Directors of the State Fair of Texas

To: Richard Knight, Chairman

**Cc: All Board Members
Mayor, City Council, City Attorney & City Manager
Park Department Director & Board**

Dear Richard:

The Foundation for Community Empowerment has been working in low-income neighborhoods in Southern Dallas for over 20 years, initiating and supporting projects ranging from fit and affordable housing to public school performance, job creation, healthcare, and economic development.

We formed a research institute, now the Institute for Urban Policy Research at the University of Texas at Dallas, to seek facts, conduct studies, and advocate best practices to improve Southern Dallas neighborhoods and increase opportunities for their residents.

Our work has included a study of the blighted conditions of Fair Park/South Dallas, once over 70,000 mixed income residents, now 23,000 mostly low-income residents. Despite being less than one mile from Dallas' burgeoning urban core, this community has experienced decades of disinvestment, school closures, withheld mortgages and nearly 50% unemployment. Research and interviews with community residents, as well as current and former tenants at Fair Park, clearly indicate that a principal reason for this decline and the depressed conditions in Fair Park/South Dallas is the dominant and overbearing seasonal presence of the State Fair in Fair Park, whose burdensome operations and footprint stymie the year-round revitalization of Fair Park and its neighborhoods.

Despite repeated meetings over the years with State Fair officials, no changes in operations have been implemented, or even given serious consideration, to help restore the park to year-round use or to assist in economic development and full-time employment for residents in surrounding neighborhoods.



“John F. Kennedy who died in Dallas once said that life is unfair. One gets the feeling that for Mr. and Mrs. Isaacs (Fair Park evictees), life at this moment must seem indeed unfair ... then ... that's progress.”

**Mike Wallace, CBS News
60 Minutes – Cotton Bowl Evictees
January 2, 1972**

Absent major changes, Fair Park and its neighborhoods stand little chance of achieving the revitalization desperately needed not only for Fair Park and its neighbors, but also for the fiscal well-being of Dallas and its taxpayers.

The City of Dallas, with its:

- recent bond rating downgrades,
- stagnant population and job growth compared to the DFW region,
- increasing inequality and poverty rates (now the highest child poverty rate among major U.S. Cities), and
- declining household incomes (see [attached](#) data)

can no longer afford to sustain the financial losses and maintenance costs, loss of tax revenues and lost opportunity costs resulting from a misused and dilapidated City asset like Fair Park.

Let me ask you: from your experience, what would be the highest and best use of Fair Park? It's surely not the status quo. From our research and experience, we recommend the Board order a renegotiation of its lease with the City so that the State Fair will co-exist with (1) a great signature park, (2) current and prospective year-round tenants in the park's buildings, and (3) neighborhood revitalization. This would transform the City's current financial losses for Fair Park of about \$20 million per year (including bond amortization, but without taking into account unrealized revenue from empty buildings, unused assets, negative economic impact, and over \$1 billion in lost opportunity costs and tax revenues), into an investment for the City that will make Fair Park financially self-sufficient and add revenue and year-round good jobs to the City of Dallas.

A reconfiguration of Fair Park uses should begin with the development of an 80+ acre signature park. The current City plan, the 2003 Fair Park Comprehensive Development Plan (the *Hargreaves Plan*), which was never implemented, calls for a "signature public park". The plan indicated:

"On any given weekday, the park remains largely vacant...The absence of any significant green recreation space belies its very title as a park."

State Fair operations have largely thwarted the realization of the plan, at great loss to Dallas. (A summary report of the plan and its failed execution is [attached](#).) The Mayor's 2014 Fair Park Task Force concluded, "Put simply, the true genius of Fair Park has yet to be realized..." and recommended as one of its central themes – "putting the 'park' back in Fair Park." A signature park would draw year-round visitors and local foot traffic, creating demand for the year-round use of the vacant Art Deco and museum buildings, from park-compatible users who can afford to renovate and maintain these treasured historic buildings, thus relieving the City – and taxpayers – of the ongoing financial burden. Such a revitalization of the park will radiate out value, economic development and job creation for the currently blighted surrounding neighborhoods. A September 15, 2016 presentation, "*Smart Growth for Dallas*," by the Trust for Public Land demonstrates that Fair Park and neighborhoods around Fair Park are a "heat island" (Fair Park has nearly 200 acres of parking and asphalt thoroughfares and about 10 acres of dedicated park space), challenging health, recreation, economic development and job creation.

The State Fair's current operations continue to block revitalization. In order to achieve the best economic, ecological and social conditions for Fair Park, the neighborhood and the City, these operations must change.

Change is widely supported in Dallas. A declaration published by Southern Dallas pastors recently in the *Dallas Morning News* proclaimed: "The State Fair must be the servant of Fair Park and its neighborhoods, and not the other way around." On September 10, 2016 at the African American Leadership Institute Summit at Paul Quinn College, the Mayor declared publicly, "The State Fair is the big dog there. They shouldn't be the big dog, Fair Park should be the big dog."

The independent Allyn Media poll on Fair Park confirmed that public opinion favors changes at Fair Park:

"It will take more than a successful State Fair to make Fair Park a real asset for the city year-round."

86% support

"Availability of the buildings for year-round use is critical to the revitalization of Fair Park."

84% support

"The value of Fair Park is in the amount of park land that could be better used for events and programs that serve our families."

70% support

Here is a review of facts about the negative impact of State Fair operations on Fair Park and suggested remedies:

Current Operations.

Four-Month Takeover of Fair Park

While other state fairs and amusement parks have been shortening the length of time required for set-up and take-down, the State Fair lease was renegotiated in 2003 to double the State Fair's set-up period from 30 to 60 days, and its take-down period from 14 to 30 days. Since the State Fair takes over the empty buildings at no rent (and, except

for City revenues from off-site parking permits, only the State Fair benefits from parking revenues during the fair), the State Fair actually occupies most of Fair Park for nearly four months. This four-month occupancy and the business disruption that comes with it have been cited by tenants that have moved (Art Museum, Science Museum, Symphony, Opera, and Locomotive Museum) and tenants that have closed (Women's Museum and Automobile Museum) as a critical factor impeding financial and operating survival. The May 13, 2016 City audit report on Fair Park concluded that three more tenants (Dallas Historical Society, Dallas Summer Musicals, and African American Art Museum) face financial and operational risks.

The State Fair's extended takeover period is unnecessary for solid and profitable State Fair operations (which could and should be reorganized around best practice models). It harms the operations of other current and prospective tenants, which are essential for a great mixed-use park that attracts people and activities year-round. Nearby business owners and even the Fire Fighters Museum report declines in business during the Fair's takeover. The set-up and take-down periods should be returned to 30 and 14 days respectively, and other restrictions applied that avoid interference with the operations of other tenants.

The negative effect of the State Fair on Fair Park is also felt in the neighborhoods surrounding Fair Park. For every great urban park, there is a "park premium"; proximity to a park adds value to real estate, whether residential or commercial. As cited in the April 2016 Baylor University study *Reassessing the Economic Impact of Fair Park and the State Fair* ([attached](#)), based on information provided by the Dallas County Appraisal District, the opposite is true for Fair Park. Real property values suffer from being too near to Fair Park and residences for sale near Fair Park remain on the market for longer periods than residences at a distance from the park. Perversely, the State Fair has expanded its dominion over Fair Park and its neighborhoods, using funds contractually designated for improvement of Fair Park to acquire lots and homes in the immediate vicinity as property values fell. The State Fair itself owns 70 acres around Fair Park, and has taken down homes on this acreage to build high-fenced parking lots used essentially only the day of the Texas-OU game (see Land Purchases). With the cooperation of the State Fair, the City of Dallas collects revenue from the sale of \$25 parking permits on residential home lots near Fair Park, further driving down property values.

Can you imagine public parking permitted in the front yards of the homes or neighbors of any of the State Fair Board members in North Dallas or the Park Cities? The concerted actions by the City and the State Fair that diminish property values in and near Fair Park must be reversed.

Area for State Fair Operations

The State Fair could reduce its acreage and operating footprint at Fair Park and still have a vital fair. Although the State Fair's 2015 IRS 990 filing describes its purpose as being "[T]o conduct annual educational and agricultural state fair," it in fact conducts only limited educational and agricultural programming and a majority of its uses are aimed at increasing revenues and profits with no educational or agricultural purpose (as Fair Park and its neighborhoods deteriorate, the State Fair's public disclosures reflect strong revenue growth, nearly doubling from \$27 million in 2003 (the year the Hargreaves plan was adopted) to \$53 million in 2015. The latest financials reveal \$50 million in cash reserves or liquid investments). Of the approximately 1.2 million square feet of space in Fair Park buildings, less than 400,000 square feet are used (other than sporadically) for agricultural/educational purposes during the Fair. In contrast, over 800,000 square feet of the buildings (not including 400,000 square feet of open space) are used continuously to conduct car and truck shows, flea markets and other retail activities, and food and beverage concessions. Such overreach generates revenues and profits for the State Fair at the expense of better, year-round uses for Fair Park and the non-profit mission of the State Fair. These activities, if continued, should be restricted to areas other than the historical and museum buildings, and/or located in tensile tents or temporary buildings, and should not interfere with contemporaneous or other year-round uses of Fair Park. Most of the parking lots (full only on Texas-OU game day) should be converted to green space, with replacement parking to be located in underground parking structures financed by the State Fair.

In defense of its overlarge footprint at Fair Park the State Fair publishes misleading information about the acreage of other state fairs. It claims the Houston Livestock Show operates on 350 acres when, in fact, that area includes five venues: Caruth Plaza, NRG Stadium, NRG Center, NRG Agenda and the Astrodome. It cites the Minnesota State Fair (perennially ranked nationally as the best State Fair in America), which operates on 320 acres, but most of this area also serves the University of Minnesota on a year-round basis. Neither the Houston Livestock Show nor the Minnesota State Fair operates within one mile of a burgeoning urban core, as does the Texas State Fair. (Other states, such as California and Michigan, are relocating their historic fairgrounds from growing urban sites to more open locations on the fringes of its major metropolitan areas.)

Despite many inaccurate claims that we call for moving the State Fair, we strongly believe that any relocation of the State Fair is unnecessary and would be undesirable. A redesign of the Fair's operations, however, is essential for the successful revitalization of Fair Park and its neighborhoods, and will also prove more efficient and add to the profitability of a successful Fair.

The current misuse of historic buildings and unnecessary surface parking at Fair Park must be supplanted with year-round activities and green spaces. We urge the State Fair to come forward with a new and modernized operating plan and footprint compatible with a great park and year-round repurposing of the vacant Art Deco buildings and museums. The [UTA](#) and [Ash & Lime](#) studies (attached) illustrate possible ways this could be accomplished.

Lease Defaults.

Attendance and Economic Impact

The State Fair has over the years reported 3 to 3.5 million visitors annually, all the while acknowledging that it does not take attendance or count State Fair entrants. The Baylor University economic impact study estimates 1.7 million annual attendance based on revenue numbers compared to other State Fairs.

The State Fair has most recently estimated \$608 million of annual economic impact based on a deeply flawed study by William L. Haralson & Associates, who, when questioned by the media, responded, "They [State Fair] told me what they wanted in terms of coming up with an analysis, and I did that," for a fee of \$25,000. The independent Baylor study rebuts these figures, estimating only \$49 million of annual economic impact and stating in summary "whether the net impact is positive or negative is not yet known." John Crompton at Texas A&M (interviewed by the *Dallas Morning News* and the *Dallas Observer* regarding the Baylor Study) called the Baylor study "way too generous." The Baylor study also cited the UNT Gross & Weinstein study showing that 85% of State Fair attendees are from the Dallas-Fort Worth area, substantiating the fact that, other than during Texas-OU weekend, the State Fair has no effect on Dallas hotel and restaurant business.

Why does this matter? Because attendance and economic impact estimates have been used by the State Fair in presentations to the Park and Recreation Department and the City Council to induce the City to spend nearly \$100 million in bond revenue since 2007 for Cotton Bowl repairs and upgrades, essentially for the Texas-OU game (the highest single day attendance during the Fair). The results of the State Fair's gross exaggerations have proven harmful to Fair Park and its neighbors and costly to Dallas taxpayers. The State Fair Board should insist on accurate information for private and public use.

Year-Round Operations

The State Fair's lease with the City requires the State Fair to "program and operate the Midway throughout the year as weather conditions permit." The Midway is closed most years other than during the Fair. In 2013, the State Fair launched its "Summer Adventures in Fair Park" program which closed before finishing one summer. State Fair claims it invested and lost \$30 million in this endeavor. A review of the financial statements does not support this magnitude of investment or loss. The largest single investment, the tower ride, at a cost of \$13 million, is still being used as an attraction during the State Fair. The State Fair has made no further efforts to keep the Midway open "throughout the year" as required by the lease, a default in its lease with the City.

Student Scholarships

The State Fair touts minority student scholarships as a key mission and recently announced that it has granted a total of \$8.7 million in such scholarships over a 24-year history. By comparison, the Houston Rodeo has granted over \$400 million in scholarships over its history, about 20% of Houston Rodeo's revenues, compared to 0.6% of State Fair revenues awarded for scholarships. Excessive compensation and misuse of a public asset and public funds has come at the expense of minority student scholarships. (Even in the annual steer auction in which young people compete to raise scholarship funds, the winning youngster gets less than 25% of the auction price; the State Fair retains more than 75%; in comparison, winning participants in the Fort Worth Stock Show receive the full bid amount.) The State Fair insists that Fair revenues from food sales and other concessions go to support scholarships. In fact, its financial statements reflect that scholarships are funded almost entirely from private donations and are not supported by general Fair revenues.

To solve State Fair funding issues, a supporting foundation should be formed (consistent with best practices of other state fairs and the Houston Rodeo) to raise funds for the State Fair's educational and operational purposes without relying on revenues from a City-owned asset, public bond funding, and other taxpayer subsidies. Friends of Fair Park ostensibly serves to fulfill this function but its track record suggests it is not up to the task of either effective marketing or fundraising.

Governance.

Excessive Compensation

Internal Revenue Service Forms 990 reveal that former CEO Errol McKoy received compensation of \$827,904 in 2012, \$880,805 in 2013 and \$1,424,693 million in 2014. Comparisons to other State Fairs show this CEO compensation to be about 300% of the median, adjusted for revenues. Excessive compensation not only reduces "excess revenues" (the term used in the provision of the Fair Park Contract that requires the State Fair's use of net operating profits for "major maintenance and capital expenditures" for the "development and enhancement of Fair Park and the Fair") required to be used only for State Fair operations and Fair Park improvements, but also may subject the State Fair and individual Board members to excise taxes, unless the excessive amounts are repaid. Internal Revenue Service Forms 990 report that an "independent compensation consultant" and a "compensation survey or study" were used to establish compensation, which was "approved by the board or compensation committee." The State Fair's Form 990 for 2014 reports that in November 2014 the State Fair "engaged a national accounting firm and consulting firm to update the previous review which was last performed in 2010." These studies, consultant's reports and minutes of the Board's Executive Committee, approving compensation, should be made available to the public.

Excessive compensation violates IRS federal tax laws and fiduciary duties of public stewardship, and also suggests lax governance and oversight by the Board. In order to conform to best practices, the Board should promptly make demand for repayment of the excessive compensation, and reform its process for reviewing and approving executive compensation.

Undue Influence Over the Use of Taxpayer Money

The principal reason the Hargreaves Plan has never been implemented is the continuous and successful effort by the State Fair to dominate Fair Park and shift public funding to the Cotton Bowl and other facilities for its financial benefit. Since 2003, the State Fair has lobbied for and obtained about \$100 million of public bond funding for the enlargement and renovation of the Cotton Bowl. The State Fair is currently lobbying for an additional \$43 million of 2017 City bond funding for further improvements to the Cotton Bowl. Since the State Fair manages the two football games during the Fair (a third game was added this year, although, like the Heart of Texas Bowl, it is not well attended), and receives the net profits from both events, all taxpayer-funded renovations and improvements to the Cotton Bowl primarily benefit the State Fair and the out-of-town universities' athletic programs.

In 2007, the State Fair successfully lobbied the Park and Recreation Department to reallocate for the State Fair's benefit a total of \$14.25 million of public bond funds designated for other purposes at Fair Park: \$11.5 million to Cotton Bowl renovations and \$2.75 million for a livestock and arena development. As a result of the State Fair's lobbying efforts, \$4.5 million of bond funds designated for the Pan American complex restoration were transferred to the Phase 2 Cotton Bowl renovations (increased seating, locker room expansion, and post-game media center, specifically for the Texas-OU game). In exchange, the State Fair agreed to assume responsibility for restoration of the Pan American complex. In 2010 the State Fair reneged on this commitment by convincing the Park Department to relieve them of the \$4.5 million obligation. The State Fair's rationale was to claim credit for a \$1 million grant from the State of Texas Agriculture Department

for livestock facilities (benefiting only the State Fair) and to request a redirection of the remaining \$3.5 million for its planned (but ultimately failed) Summer Adventures program.

As a result, City of Dallas taxpayers were inveigled out of \$4.5 million, the Pan American complex has still not been restored (the Humann Plan documents \$3.7 million in current outstanding needs), and the State Fair reaps the primary benefits both of improving the Cotton Bowl for the Texas-OU game and of using a new livestock facility (which apparently will house their lavish new offices, complete with kitchen and bar areas), constructed and maintained in part with public funds. The State Fair then had the audacity to request that "the cost to fully restore the Pan American Arena be included in any future City of Dallas bond programs."

That the City's Park Director signed off on this deal is no defense. The then Park Director (now on the State Fair Board) failed to act in the City's best interests. Was this deal approved by the State Fair Board? We have been unable to find evidence of approval by either the Park and Recreation Board or the City Council.

The State Fair and the City should investigate all these transactions and the chummy relationships that fostered them, given the annulment of the 2003 Hargreaves Plan by disproportionate public funding to the Cotton Bowl for Fair activities. This foiling of the public plan adopted by the City Council in the best interests of Dallas should be probed for the exercise of undue influence (see Conflicts of Interest).

Land Purchases

The State Fair reduced its "excess revenues" by purchasing about 70 acres of land outside of but near Fair Park (see [attached](#) map). It has torn down houses and replaced residential areas with high-fenced, paved parking lots, devastating surrounding residential neighborhoods.

The State Fair's contract with the City requires that funds from excess revenues be re-invested for Fair Park and the Fair, not for the purchase of additional land. The State Fair is using what should have been public funds to effect what would otherwise have been illegal eminent domain actions. Had these funds been re-invested in Fair Park as required by the lease, Dallas taxpayers might not be on the hook for ongoing repairs of buildings and areas used exclusively by the State Fair, like the pig, sheep and cattle barns. The State Fair pays no taxes on its land acquisitions (most non-profits must pay property taxes, unless exempted as churches, schools, etc.). The State Fair's public documents erroneously claim a tax exemption:

Received 8/3/2015

Application for Charitable Organization Property Tax Exemption Form 50-115

Promotes or operates an art gallery, museum or collection in a permanent location or on tour that is open to the public. Tax Code Section 11.18 (d)(14)

Provides for the organized solicitation of gifts and grants to non-profit human services organizations. Tax Code Section 11.18 (d)(15)*

- checking the box for the statement "promotes or operates an art gallery museum or collection in a permanent location or on tour that is open to the public," which is untrue.
- answering "yes" to the question: "Is the organization operated in such a manner that does not result in the realization of private gain resulting from payment of compensation in excess of a reasonable allowance for salary..." which is incorrect.
- answering "no" to the question: "Does any part of this property produce income?" when in fact, the State Fair charges and receives revenue from parking on the acquired property.

The land should be deeded back to the City, and back property taxes should be paid to all taxing authorities. The City could then sponsor a mixed-use, mixed income workforce housing development with retail services and jobs benefiting the community.

Corruption

I'm sure you share my concerns about recent news reports, along with widespread anecdotal information, about self-dealing, and payoffs/kickbacks to officials of the State Fair over many years. These reports raise questions of whether or not the State Fair exists in a culture of exploitation and corruption for personal gain that is incompatible with a non-profit's duty of good stewardship of a public asset. A thorough investigation of these reports is warranted.

Cash and Internal Controls

With a large volume of cash flowing through State Fair operations, the State Fair has what appear to be very weak internal controls, internal audit functions, and operating procedures (e.g., no ticketing system to confirm actual attendance, etc.) to account for and allocate cash revenues. The State Fair should adopt and implement internal financial controls comporting with recognized best practices.

Conflicts of Interest

Audited financial statements reveal, without any details, the existence of conflicts of interest. For example, Robert B. Smith was for many years the Board "Secretary, Counsel and Vice Chairman" of the Executive Committee that oversaw executive compensation. He was paid \$300,000 per annum for "routine legal business," (though reporting "0" dollars in compensation on the IRS Forms 990), while subcontracting for hundreds of thousands of dollars in outside legal fees per year (including fees for the lawsuit described below in "Public Disclosures"). Other conflicts are referenced in the State Fair's financial statements and 990's but not explained.

Perhaps more troublesome to Dallas taxpayers are the interlocking relationships among an inner circle of State Fair and City officials that have influenced the administration of the City's contract with the State Fair and public bond funding in ways that have benefited only the State Fair. As examples:

In 2003 an amendment to the State Fair lease was concluded, doubling set-up and take-down times for the Fair. The network of interlocking relationships at that time suggest undue influence by the State Fair:

- **Dianne Curry was President of the Park and Recreation Board, following which she was appointed to the State Fair Board of Directors, until recently resigning in order to serve on the Board of Walt Humann's proposed Fair Park Texas Foundation.**
- **Then First Assistant City Manager Mary Suhm was appointed to the State Fair Board after resigning from City employment.**
- **Then City Council member Alan Walne was appointed to the State Fair Board and served as its chairman after leaving office.**
- **Then Park and Recreation Department Director Paul Dyer was appointed to the State Fair Board after resigning from City employment.**
- **Then City Council member Lois Finkleman was appointed to the State Fair Board after leaving office.**

In 2006 an amendment to the State Fair lease was entered into to relieve the State Fair from rent obligations in exchange for its investment in the Cotton Bowl. At that time the network of interlocking relationships included the following:

- **Then City Manager Mary Suhm was appointed to the State Fair Board after retiring from employment with the City.**
- **Then Park & Recreation Department Director Paul Dyer was appointed to the State Fair Board after retiring from employment with the City.**
- **Joan Walne was then a Park & Recreation Board member while her husband and former City Council member, Alan Walne, was then (and still is) a State Fair Board member.**
- **Then City Council member Gary Griffith was appointed to the State Fair Board after leaving office.**

Earlier this year, former City Council member and State Fair Board Chair, Alan Walne, stated publicly that since 2003, the State Fair “has put in about \$88 million in improvements in either the Fair or Fair Park...About 60% of that... has to do with Fair capital and about 40% has gone into items in Fair Park itself.” One journalist’s analysis of the actual spending concludes that over 90% has gone into State Fair capital project funding.

In 2007, the Park & Recreation Department updated the City Council on the implementation progress of the 2003 Hargreaves Plan. The briefing outlined in detail the development plan goals and the specific project goals for Fair Park. [Attached](#) is a copy of that briefing as well as a [report card](#) on the results achieved to date.

None of the plan goals and few of the project goals, other than those that benefit the State Fair, have been achieved. Why would the City Council allow the Park Department and State Fair to countermand the City’s plan, to the detriment of Fair Park, its surrounding neighborhood, and Dallas taxpayers?

“... every once in a while, the city condemns some adjacent land to expand the Fair grounds. Nobody important objects to the arrangement because the people who run the Fair are the people who run Dallas.”

**Mike Wallace, CBS News
60 Minutes – Cotton Bowl Evictees
January 2, 1972**

The State Fair should generally avoid conflicts of interest and be a good steward of a public asset and public subsidies, and provide factual and transparent reporting. In all cases the State Fair should reveal details of any real or potential conflicts.

Board Responsibility

I trust this list gives you as directors some feel of the activities of your management and the lax oversight by your Executive Committee and the Board. One brief annual meeting of a 55-person Board is not sufficient for governance of a non-profit subsisting on public land and taxpayer subsidies. Did the Board vote to ratify the actions of the staff and Executive Committee (a customary board resolution)? If so, after reading the above, would your vote still be the same?

The Texas law fiduciary “duty of care” standard requires the Board to take appropriate actions to correct these practices, restore assets rightly belonging to the taxpayers of Dallas, and restore integrity to the Board’s governance and oversight of the State Fair. Failure to do so is a breach of fiduciary duty and exposes the State Fair and its Board to fines or litigation.

Board Makeup

The board makeup is not representative of Dallas, with 12 members from the Park Cities, 14 members from North Dallas District 13, none from District 7 (where Fair Park is located) and none from Districts 4, 5 and 8 (all located in Southern Dallas). Board makeup of a non-profit operating rent-free on City-owned assets and with public subsidies should be rebalanced to include members with diverse backgrounds, including ethnicity, race and gender perspectives, in order to reflect and include the entire City of Dallas.

Public Disclosure

The State Fair denies it is subject to the Texas Public Information Act, which requires response to Open Records Requests from any entity receiving "public subsidies." A State Fair executive said publicly, "we only make public what is required by law and no more." An Austin attorney was sued personally for the simple act of making an Open Records Request to the Fair. Current State Fair CEO Mitchell Gleiber stated in a sworn affidavit filed with the court, "Neither the State Fair of Texas, nor any part, section or portion of the State Fair of Texas, spends public funds or is supported in whole or in part by public funds." This absurd statement defies the facts.

"The nonprofit State Fair of Texas sued an attorney who requested its records...It raises the question of what if an everyday citizen - without the money to hire an attorney - ended up sued in court simply for asking for information..."

**Published Statewide, August 1, 2016
Freedom of Information Foundation of Texas
By Kelley Shannon**

In addition to other public subsidies, the State Fair is currently paying no rent at Fair Park after its actions to improve the Cotton Bowl to its financial advantage. In 2006, the State Fair renegotiated its lease by agreeing to invest \$19 million in a Cotton Bowl renovation that it proposed, in exchange for \$13.9 million of rent abatements. (It is unclear from its financial statements whether or not the State Fair actually spent the full \$19 million.). The State Fair has short-changed the City by \$13.9 million and this \$13.9 million should be paid over to the City for investment in Fair Park.

The State Fair's rent abatements and public bond funding and its sponsorship of only a few events for the Cotton Bowl have ill-served the City. The Cotton Bowl game moved to Arlington; professional soccer moved to Frisco; other activities failed to materialize. The City faces major fiscal issues. Its bond rating has just been lowered again. City assets where possible must increasingly be viewed as investment opportunities to increase jobs, housing, retail services and tax revenues. As to Fair Park, even the Texas-OU game is "diminished" according to the *Dallas Morning News*, and no longer a prime-time event (11:00 a.m. on Channel FS1 this year). The politics of nostalgia for a bygone era are failing the new 21st Century Dallas and threaten its future.

There is no compelling reason for the State Fair to be estranged from facts and transparency. While respecting the State Fair's iconic history, this letter seeks pro-truth rebuttals to false and misleading information and tactics harmful to Dallas. The State Fair's actions are an evasion and violation of its lease, and reflect the risks of conflicts of interest inherent in interactions between the City and State Fair officials (see Conflicts of Interest).

On the day an appellate court ruled the State Fair's case could proceed in Dallas, the State Fair dropped its suit against the Austin attorney to avoid having its officers (current and former) and board members (in particular Mitchell Gleiber, Errol McKoy, Alan Walne and others) testify under oath regarding the operations of the Fair.

In accordance with the Principles for Good Governance and Ethical Practice that state, “a charitable organization should make information about its operations, including its governance, finances, programs, and activities, widely available to the public,” the State Fair should agree to be subject to the Texas Public Information Act.

Lease Term/Default

In the current debate about the future of Fair Park, the State Fair has asserted that it has a lease through 2028 and that it holds the power to continue to operate as it has been operating; hence, further amendments should not be made (since the restatement of the Fair Park Contract in May 2003 the Fair Park Contract has been amended four times [2006, 2008, 2011 and 2013] at the request of the State Fair). Its positions are not based on what is best for Fair Park, the neighborhoods, Dallas taxpayers, or anyone other than the State Fair, and are tenuous at best given that the State Fair’s lease is in default. The State Fair, as it now operates, does not fulfill its civic and stewardship responsibility as a non-profit to act in the public interest instead of its private interests.

Actions.

Building Use and Maintenance

Because the City can no longer afford to maintain the buildings at Fair Park, the State Fair should assume responsibility for the maintenance and renovation of all buildings it exclusively or primarily uses. Where there are other users such costs should be prorated according to days used.

During the Fair, most of the mainly empty historic Art Deco buildings and museums are used to house tawdry retail flea markets (selling mattresses, hot tubs, motorized scooters, dog treats, toe rings and other jewelry, food service, canned food structures, etc.), or low-end car and truck shows. These should be housed in outdoor tensile tents or temporary structures such as those erected for this year’s Fair, to allow for restoration and year-round use of these treasured buildings. Temporary structures could be erected on some of the new “signature park” land on the northeast of Fair Park, with the State Fair restoring any damage to the grass.

Forensic Audit and Governance Practices

If you question the facts and conclusions we have presented, we recommend the Board or the City order an independent forensic audit or external legal investigation of the State Fair’s operations and finances. In any case, the board should examine and improve the effectiveness of its governance and oversight practices to assure accountability, transparency, and prudent ethical practices for the best outcomes for Dallas (as a best practice, please review and consider the transparency of the Minnesota State Fair). This letter documents a decades-long pattern of conduct by the State Fair that adds up to mismanagement and exploitation of an important public asset for personal gain, arrogance and vanity – the antithesis of good stewardship. If self-correcting governance cannot be relied upon, the State Fair should be put into receivership or its lease terminated.

A copy of this letter is being sent to the City Attorney, the City Council, and the Park and Recreation Department with a request that the State Fair’s compliance with its Fair Park Contract with the City be independently investigated or

“We must judge our fellow man not by their intentions but by their effect on secular order and welfare. The judgment of their intentions and of their inmost hearts is not ours, but God’s.”

**From Las Casas before Charles V,
By Reinhold Schneider**

audited and that the State Fair be declared in default. An appropriate renegotiation should be completed prior to the proposed turnover of Fair Park to any new governance entity.

In your capacity as civic leaders, I know you want what is best not only for the State Fair, but also for Fair Park, the surrounding neighborhoods and the taxpayers of Dallas. Our City deserves the very best, year-round uses of Fair Park and vital, thriving neighborhoods. Such a revitalization will be the most powerful near-term economic and social justice generator for the Mayor's Grow South Initiative. To accomplish this will require active and thoughtful leadership and direction from the State Fair's board, in the public interest; and all of Dallas should work together to achieve the best outcome. We can all agree on one thing – while the status quo at Fair Park works to the benefit of the State Fair, it is not working for the greater good of all of Dallas. We should all commit to Dallas' civic and economic good and a new social contract for the most vigorous year-round re-use of Fair Park that adds value to the Park, the neighborhood and all of Dallas. Fair Park should be that great, transformative public gathering place for Dallas, where people go year-round and our City comes alive.

Like you, I have served on numerous Dallas civic boards over the decades and know and respect you through personal or business dealings. If our roles were reversed, I would want you to bring these matters to my attention.

In summary, we recommend the State Fair take the following actions for its own benefit and for Fair Park, its neighborhoods and the City of Dallas:

Finances and Accounting

- **implement procedures and processes to accurately account for attendance and economic impact,**
- **recover prior excessive compensation, make public the study of compensation it used to set compensation for executives and employees and set compensation going forward based on amounts paid by similar state fairs,**
- **establish and implement internal controls, including audit functions and operating procedures, for cash revenues and expenditures,**
- **create a supporting foundation to raise funds for educational and operational functions, and**
- **enter into an amendment of its contract with the City of Dallas to address the issues in this summary and to clearly define and provide for the calculation of "excess revenues" of the State Fair and for the dedication of these revenues to the improvement of Fair Park and State Fair operations.**

Fair Operations

- **limit the set up period for the Fair to 30 days and the take down period for the Fair to 14 days,**
- **adopt a new and modernized operating plan and footprint compatible with a great community park, the year-round repurposing of vacant buildings within Fair Park, and revitalizing the neighborhoods,**
- **convey to the City of Dallas the approximately 70 acres of land outside of Fair Park for redevelopment of the community and pay back taxes to local taxing authorities on such land, and**
- **assume responsibility for maintenance, renovation and repair of all buildings within Fair Park that are used exclusively or primarily by the State Fair.**

Governance

- **agree to be subject to the Texas Public Information Act and the Texas Open Meetings Act and make publicly available information about its operations, governance, finances, programs and activities,**
- **increase transparency by publishing an annual report (containing accurate attendance and financial data) following best practices models such as the Minnesota State Fair,**
- **reconfigure its board of directors to include seats for residents of Southern Dallas neighborhoods, and rebalance its membership to include members of diverse backgrounds reflecting the entire City of Dallas,**
- **order an independent forensic audit or external legal investigation with a view to investigating corruption, conflicts of interest, and other questionable transactions, examining and improving the transactions described above and the effectiveness of its governance and oversight practices, and**
- **adopt and enforce an ethics policy to avoid conflicts of interest and disclose details of such conflicts.**

Sincerely yours,

A handwritten signature in blue ink, appearing to read "J. McDonald Williams". The signature is fluid and cursive, with a large initial "J" and "M".

J. McDonald Williams, Chairman
Foundation for Community Empowerment