

MINUTES

REGULAR MEETING OF CALIFORNIA FAIR SERVICES AUTHORITY BOARD OF DIRECTORS

December 7, 2011

1776 Tribute Road, Suite 200, Sacramento, CA 95815

John Root, Board Member
Public Member

Brian Bullis, Board Member
Mariposa County Fair (35–A DAA)

Rick Pickering, Board Member
Alameda County Fair

Regina Goody, Board Member
Yuba–Sutter Fair, (13th DAA)

Patricia Conklin, Board Member
Sonoma–Marin Fair (4th DAA)

Kelley Ferreira, Board Member
San Benito County Fair (33rd DAA)

Donna Horner, Secretary/Treasurer
California Fair Services Authority

Rick Wood, Controller
California Fair Services Authority

Donna Bardaro,
California Fair Services Authority

Charlie Mitchell,
California Fair Services Authority

Tom Amberson,
California Fair Services Authority

Melissa Thurber,
California Fair Services Authority

Kevin Wright,
California Fair Services Authority

Becky Bailey–Findley, Special Consultant
California Fair Services Authority

Christy Layton, Legal Counsel to CFSA
Miller & Owen

John Vasquez, Board President
California Fairs Financing Authority

I. CALL TO ORDER

A regular meeting of the California Fair Services Authority (“CFSA”) Board of Directors was convened, pursuant to the meeting notice at 10:00 a.m. in the conference room at 1776 Tribute Road, Suite 200, Sacramento, California on Wednesday, December 7, 2011.

II. CLOSED SESSION

The Board adjourned from regular session at 10:01 a.m. and went into closed session to discuss Liability Claims involving the Estate of Elizabeth Contreras & Joseph Contreras, Angela Malos, Maliyah Martin & Cody Eloina Balcazar; Harold Carter; and, Conference with legal counsel regarding significant exposure for one potential claim.

III. REGULAR SESSION

The Board adjourned from closed session at 10:33 a.m. and regular session was reconvened. The Board took no reportable action on the liability or workers' compensation claims.

VI. APPROVAL OF MINUTES

Moved by Director Pickering and seconded by Director Ferreira to adopt **Resolution Number 11-30** approving the minutes of the regular meeting of October 5, 2011, and the special teleconference meeting of October 27, 2011. Motion passed unanimously.

V. REVISION TO CFSA'S CONTRACT AND PURCHASING PROCEDURES

Beginning in 1999, CFSA elected to use the Uniform Public Construction Cost Accounting Act ("UPCCAA") because it provides a simplified and streamlined process for bidding on construction contracts of a lower value. Recently the UPCCAA was modified to increase the dollar range for the "informal bidding" process for construction contracts and formal advertised bidding is not required unless a construction contract is expected to exceed \$175,000 (this is up from the prior \$100,000). Staff recommends the Board approve CFSA's revised contract and purchasing procedures to reflect the recently modified UPCCAA bidding process.

Moved by Director Ferreira and seconded by Director Bullis to adopt **Resolution Number 11-31** approving CFSA's revised contract and purchasing procedures.

WHEREAS, the Uniform Public Construction Cost Accounting Act ("UPCCAA") was modified recently to increase the dollar range for the informal bidding process for construction contracts; and

WHEREAS, beginning in 1999, CFSA elected to use the UPCCAA because it provides a simplified and streamlined process for bidding on construction contracts of a lower value; and

WHEREAS, CFSA should revise its Contract and Purchasing Procedures to take advantage of the modified UPCCAA;

NOW THEREFORE BE IT RESOLVED BY THE CALIFORNIA FAIR SERVICES AUTHORITY:

That CFSA's Contract and Purchasing Procedures dated December 7, 2011, are hereby approved. Motion passed unanimously.

VI. AGREEMENT WITH CALIFORNIA FAIRS FINANCING AUTHORITY TO PROVIDE ADMINISTRATIVE SERVICES

Donna Bardaro, Executive Director, presented the proposed Administrative Services Agreement between the California Fairs Financing Authority ("CFFA") and CFSA for the 2012 calendar year. Donna reminded the Board that subsequent to July 1, 2011, three lawsuits that were filed in federal court against CFFA by PNC Equipment Finance, LLC (PVII Litigation). The primary purpose of modifications to the Administrative Services Agreement is to make clear that the CFFA Board of Directors and not CFSA is responsible for the control and direction of the PVII Litigation and any other litigation. This includes the control, direction, and supervision of the attorneys and any other consultants engaged for the litigation. In addition, the scope of work has been modified in several places to be more precise regarding the administrative services being provided by CFSA.

Moved by Director Pickering and seconded by Director Bullis to adopt **Resolution Number 11-32** authorizing the Executive Director to enter into an Agreement with the California Fairs Financing Authority ("CFFA") to provide administrative services.

WHEREAS, CFFA has asked CFSA to continue to provide administrative services for the support of an ongoing program of construction, inspection, and related activities for the network of California fairs; and

WHEREAS, for a fee for services, CFSA would continue to provide a wide range of operational support activities including project design, construction, project management, inspection, facility maintenance and capital improvements for the calendar year 2012; and

WHEREAS, CFFA will delegate to CFSA's Executive Director all contracting and purchasing powers of CFFA's Executive Officer as set forth in CFFA's Contract and Purchasing Procedures to efficiently provide ongoing construction services to California fairs; and

WHEREAS, the CFFA Board Chair will continue to approve all CFFA payments;

NOW THEREFORE BE IT RESOLVED BY THE CALIFORNIA FAIR SERVICES AUTHORITY:

That the Board of Directors hereby authorizes the Executive Director to enter into a contract with the California Fairs Financing Authority ("CFFA") to provide administrative services effective January 1, 2012 through December 31, 2012, subject to thirty (30) days notice of termination by either party. Motion passed unanimously.

VII. CFSA'S 2012 OPERATING BUDGET

CFSA's Budget Committee met on November 20, 2011, and unanimously approved CFSA's 2012 Operating Budget and recommended approval to the CFSA Board of Directors. Rick Wood, Assistant Director Finance, presented the 2012 budget to the Board pointing out that the expected 2011 revenue will be less than the budgeted 2011 revenues primarily due to historically low interest rates and their impact on the investment income.

Adverse loss development from prior years in the Workers' Compensation Program has driven claims costs higher. At the end of each year, the actuaries provide an estimate of what they believe claims costs will ultimately cost the Pool Programs and each year thereafter they must reassess their prior estimates. Those "reassessments" must be booked in the current calendar year.

With the higher than usual claims severity in prior years and the ever rising medical costs, it has become necessary to propose an increase in rates to the Workers' Compensation Program to protect the Pool. The 2012 budget includes an 8.62% increase to the Workers' Compensation base fee, increasing from 5.8% to 6.3% of payroll. Individual fairs' fees may increase or decrease based on their loss histories and payroll costs. Rick emphasizes that even with the proposed base fee increase, the Pool will be receiving less revenue due to the withdrawal of the Sonoma County Fair, the elimination of CFFA payroll, and the overall reduction in member fairs' payrolls.

The proposed 2012 budget includes an increase in the Workers' Compensation base rate, reduces CFSA's overall payroll costs by fifteen percent (15%) as compared to the expected 2011 budget, and does not increase the General Liability fees for 2012.

Moved by Director Bullis and seconded by Director Ferreira to adopt **Resolution Number 11-33** approving the 2012 Operating Budget for California Fair Services Authority as submitted and approved by the Board of Directors. Motion passed unanimously.

VIII. INFORMATIONAL ITEMS

1. Staff Reports

Administrative Services— Part of the old CCA office space upstairs has been leased to Honebein and Associates, dba Event Partnerships. They have three full-time employees right now, with a fourth coming January 1st and have plans to add a fifth person soon. Brian Honebein was with Cal Expo for 11 years. The company has been increasing in size and scope, now doing events for seven different fairs, as well as for the Sacramento Mountain Lions.

Play it Safe Hand Washing Campaign The educational Play it Safe Kit in-a-box was formally introduced at the California Fairs Alliance Conference in November. The video, written and produced by CFSA, was shown to a group of about 150 fair managers and agency representatives, and was very well received. The comprehensive Play it Safe Kit (which includes the video) was distributed to all California fairs and will also be shown at the WFA Convention in January.

CFSA is on Facebook CFSA's Facebook page has recently featured photos of hand washing signage and hand washing stations at the Big Fresno Fair. The page also included brief announcements about CFSA's incoming executive director, the new safety department trainee, Thanksgiving hours for all the fair agencies, tips on accessing CFSA's facebook page on cell phones, and more. Our page's total reach (unique views) posted a 38.78% increase as of November 28th.

2012 WFA Convention and Trade Show CFSA's Trade Show Booth theme will tie in with the overall Convention theme. ("Imagine"); Imagine What CFSA Can Do For You! Our booth is in the Trade Show lobby (along with our sister fair agencies) and will feature two flat screen TVs where we plan to show an updated version of our "Staff Introduction" PowerPoint presentation on one TV and use the second to highlight CFSA's services and programs.

FYI Newsletter and Press Releases A special edition of the fyi newsletter was published to announce the hiring of Becky Bailey-Findley. Another special edition is slated to share a retrospective about Brian Davie, CFSA's first executive director. Announcements about Becky Bailey-Findley's appointment are confirmed for *The Sacramento Bee's "People on the Move"* section, *The Sacramento*

Business Journal's "On the Move" section (online and print) and the next issue of the IAFE magazine.

Finance — CFSA's financial statements and quarterly investment portfolio required by Government Code Section 53646 were submitted to the Board and are in compliance with CFSA's investment policy. The financials exhibit the pools' ability to meet the expenditure requirements for the next six (6) months and include a schedule of the monthly investment transactions, in accordance with Government Code Section 53607.

PST Program CFSA acts as the pass through for the Part Time, Seasonal and Temporary Employee (PST) Program administered by the Department of Personnel Administration (DPA). Through October 2011 the PST Program has saved the fairs \$880,597.67. Had the PST Program not been in place, the fairs would have paid Social Security taxes of \$971,991.77 compared to the administration fees of \$91,394.10 paid to DPA and CFSA. Of this administration fee, DPA collected \$50,318.10 and CFSA retained \$41,076 for administration of the program.

Unemployment Insurance CFSA administered the Unemployment Insurance ("UI") Reimbursement Program on behalf of the Division of Fairs and Expositions for over 20 years. As of November 28, 2011, CFSA had paid out the balance of this fund. The November 18th issue of FYI notified Fairs that this fund has been exhausted.

FlexNet CFSA provides various fiscal and accounting services including IT services to members. Currently staff assists 37 fairs with accounting services, twelve (12) fairs with IT or Direct Deposit services and three (3) JPA's with similar services.

Risk Management — Staff is currently working with our broker on renewal of coverages that expire on or about January 1, 2012 which includes excess/reinsurance coverages for the General Liability, Special Events, and Revenue Protection programs. Also the draft MOC for the General Liability Program that extends protection to include autos is being reviewed and will be submitted to underwriters for their review.

Pooled Property Protection Program Since 2002, the Pooled Property Protection Program has had a total of seventy-nine (79) reported claims of which only one (1) claim from 2008 remains open. There have been five (5) reported claims in 2011. It is currently

estimated that the Pool could pay at least \$4,000 or more on the one open claim.

Contract Review Our Risk Analyst continues to process contracts received from DAAs as well as from other CFSA member fairs. As of November 28, 2011, staff had reviewed 2,880 contracts, 193 more than the previous year, and represents a seven percent (7%) increase from 2010.

Special Events Claims activity in the Special Events Program included 21 open claims with total reserves of \$258,988 as of August 30, 2011 as compared with 21 open claims and \$247,858 in reserves as of June 30, 2011. Revenues for the Special Events Program through the end of October 2011 totaled \$646,391 which is 81% of the budgeted 2011 revenue of \$795,000. For the same period in 2010 the total revenue was \$705,787, which represents an eight percent (8%) decrease in 2011 revenues.

Claims activity in the Special Events Program included 18 open claims with total reserves of \$220,220 as of October 31, 2011 as compared with 21 open claims and \$258,988 in reserves as of August 31, 2011. So far in 2011, we have received 18 new/reopened claims, and 14 claims were closed. There are currently seven litigated claims. So far in 2011, CFSA has received 19 new loss reports, of which one was an information only report.

General Liability Claims activity includes fifty-one (51) open claims with reserves of \$838,871 as of October 31, 2011. Nineteen of these open claims are litigated. For comparison, as of August 31, 2011, CFSA had fifty-one (51) open claims with reserves of \$1,079,661. To date, CFSA has received 44 new/reopened claims while we have closed 43 claims. Through the end of October 2011, CFSA has received 222 new loss reports, of which 172 were information only reports. As of the end of October, one tendered claims is being tracked.

Safety — Tom Amberson was recognized as the new Safety Department Manager following the retirement of Tom Allen. Tom expressed his excitement and willingness to participate in fulfilling his role in the mission of CFSA, and in moving the industry forward. Tom introduced the new Safety Specialist Trainee, Lesly Wade who will be capable and competent to conduct independent loss control work in 2012.

The department will be using the “off season” to prepare for next year in a variety of ways, including in-house training for safety department staff, and an in-depth familiarization with the “Play it Safe” materials — so that staff can be of better use to the industry regarding that program.

Workers’ Compensation — As of October 31, 2011, total open claims reserves were \$8,938,032 (including pre-94 Cal Expo outstanding reserves of \$483,572.) There were 218 open claims, of which 154 were indemnity claims and 63 were medical only (includes 1 Information Only claim open for administrative purposes). As a comparison, in September 2010 the reserves were \$8,997,525 (including pre-94 Cal Expo outstanding reserves of \$505,472) and there were 249 open claims, of which 186 were indemnity claims and 62 were medical only.

2. **Executive Director’s Report**

Final Report — Donna Bardaro expressed her thanks for all of the support that she has received over the years, and wished each of the Board members and CFSA staff the very best in the future.

CFFA Transition Six months into the management agreement with CFFA, Donna feels like staff is finally getting on top of the processes and have operations up and running. A second project at the Orange County Fair will provide work and sufficient funding to cover operating needs for a couple of years. One big concern is having to respond to fair managers who are having problems with prior work. Staff can offer assistance, but we are not always able to collect a fee for our time and effort. Donna stressed that this may be an ongoing issue until things get settled down and it may need to be addressed as one of the goals of bringing in sufficient revenue to run the program. All costs associated with the management of CFFA are being reimbursed to CFSA.

3. **The Board Chair’s Report**

John Root acknowledged the passing of former Executive Director Brian Davie and expressed appreciation for the vision and direction that he had provided for CFSA and the industry.

Congratulations were offered to Becky Bailey-Findley for her new position as Executive Director of CFSA, including a reference to the announcement in the Business Journal of Sacramento.

Appreciation and well wishes were offered to Donna Bardaro recognizing her years of excellent service to CFSA and the Fair industry.

4. Next Board Meeting

The next Board meeting is scheduled for Wednesday, February 1, 2012.

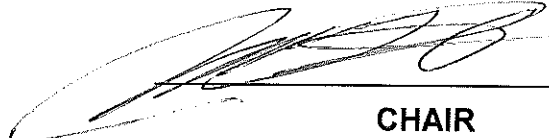
IX. ADJOURNMENT

Director Pickering ask that the meeting be adjourned in memory of Brian Davie, who passed away on November 18, 2011. The motion was seconded by Director Ferreira. Motion passed unanimously. The meeting was adjourned at 12:12 p.m.

ATTEST:



SECRETARY



CHAIR

RESOLUTION NO. 11– 30

Adopted by the California Fair Services Authority

December 7, 2011

RESOLUTION APPROVING THE MINUTES OF THE OCTOBER 5, 2011 AND OCTOBER 27, 2011 MEETINGS

BE IT RESOLVED BY THE CALIFORNIA FAIR SERVICES AUTHORITY:

That the minutes of the regular meeting of October 5, 2011, and the special teleconference meeting of October 27, 2011, as presented to the Board of Directors at this meeting are hereby approved.



CHAIR

ATTEST:



SECRETARY

RESOLUTION NO. 11 –31

Adopted by the California Fair Services Authority

December 7, 2011

RESOLUTION APPROVING CFSA'S REVISED CONTRACT AND PURCHASING PROCEDURES

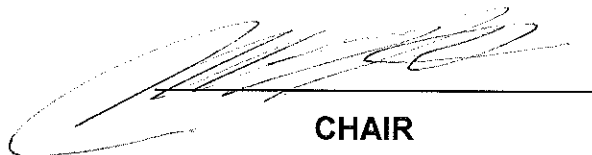
WHEREAS, the Uniform Public Construction Cost Accounting Act ("UPCCAA") was modified recently to increase the dollar range for the informal bidding process for construction contracts; and

WHEREAS, beginning in 1999, CFSA elected to use the UPCCAA because it provides a simplified and streamlined process for bidding on construction contracts of a lower value; and

WHEREAS, CFSA should revise its Contract and Purchasing Procedures to take advantage of the modified UPCCAA;

NOW THEREFORE BE IT RESOLVED BY THE CALIFORNIA FAIR SERVICES AUTHORITY:

That CFSA's Contract and Purchasing Procedures dated December 7, 2011, are hereby approved.



CHAIR

ATTEST:



SECRETARY

RESOLUTION NO. 11 –32

Adopted by the California Fair Services Authority

December 7, 2011

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO AN AGREEMENT WITH THE CALIFORNIA FAIRS FINANCING AUTHORITY TO PROVIDE ADMINISTRATIVE SERVICES

WHEREAS, CFFA has asked CFSA to continue to provide administrative services for the support of an ongoing program of construction, inspection, and related activities for the network of California fairs; and

WHEREAS, for a fee for services, CFSA would continue to provide a wide range of operational support activities including project design, construction, project management, inspection, facility maintenance and capital improvements for the calendar year 2012; and

WHEREAS, CFFA will delegate to CFSA's Executive Director all contracting and purchasing powers of CFFA's Executive Officer as set forth in CFFA's Contract and Purchasing Procedures to efficiently provide ongoing construction services to California fairs; and

WHEREAS, the CFFA Board Chair will continue to approve all CFFA payments;

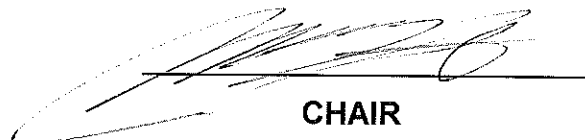
BE IT RESOLVED BY THE CALIFORNIA FAIR SERVICES AUTHORITY:

That the Board of Directors hereby authorizes the Executive Director to enter into a contract with the California Fairs Financing Authority ("CFFA") to provide administrative services effective January 1, 2012 through December 31, 2012, subject to thirty (30) days notice of termination by either party.

ATTEST:



SECRETARY



CHAIR

RESOLUTION NO. 11 –33

Adopted by the California Fair Services Authority

December 7, 2011

RESOLUTION APPROVING CFSA'S 2012 OPERATING BUDGET

BE IT RESOLVED BY THE CALIFORNIA FAIR SERVICES AUTHORITY:

That the 2012 operating budget for California Fair Services Authority is hereby approved as submitted and reviewed by the Board of Directors.



CHAIR

ATTEST:



SECRETARY