

MINUTES

REGULAR MEETING OF CALIFORNIA FAIR SERVICES AUTHORITY BOARD OF DIRECTORS

October 5, 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)

Rebecca Desmond, Board Member
Division of Fairs & Expositions

Rick Wood, Controller
California Fair Services Authority

Donna Horner, Secretary/Treasurer
California Fair Services Authority

Charlie Mitchell,
California Fair Services Authority

Tom Allen,
California Fair Services Authority

Tom Amberson,
California Fair Services Authority

Melissa Thurber,
California Fair Services Authority

Christy Layton, Legal Counsel to CFSA
Miller & Owen

Angie Roddan,
Yolo County Fair, 40th DAA

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, October 5, 2011. The Board welcomed Kelley Ferreira back to the Board. Kelley is completing Rich Person’s term, who resigned from the Board in August.

II. APPROVAL OF MINUTES

Moved by Director Bullis and seconded by Director Desmond to adopt **Resolution Number 11–26** approving the minutes of the regular meeting of August 3, 2011. Motion passed unanimously.

III. AMENDMENTS TO MEMORANDUM OF COVERAGE FOR THE REVENUE PROTECTION PROGRAM AND THE 2012 FEE STRUCTURE

Rick Wood, Assistant Director Finance, reported that the Revenue Protection Claims Committee met September 14, 2011, to review three claims. The California Mid–Winter Fair & Fiesta, 45th DAA, experienced high winds during their Fair, actually closing down the carnival one evening. The Claims Committee reviewed and unanimously approved paying the 45th DAA's claim in the amount of \$19,298.51. The second claim was for the Silver Dollar Fair, 3rd DAA, who experienced rain during their fair. The Claims Committee reviewed and unanimously approved paying the 3rd DAA's claim in the amount of \$19,556.96. The third claim was for the Contra Costa County Fair, 23rd DAA, who experienced heavy rain devastating entire run of their fair. The fair's total revenue loss exceeded \$170,000, but they only purchased coverage of \$125,000. The Claims Committee reviewed and unanimously approved paying the 23rd DAA's claim in the amount of \$125,000.

The Claims Committee has scheduled a meeting for October 4, 2011, to review and consider a claim by the Sacramento County Fair. The 52nd DAA experienced rain throughout their 2011 annual event, and they are seeking a reimbursement in the amount of \$12,001.51.

During the September 14, 2011, meeting of the Revenue Protection Claims Committee, Committee member Rebecca Desmond recommended a change to the Memorandum Describing the Revenue Protection Program Administered by CFSA ("MOC") regarding fund advances. With the approval of the Claims Committee, fairs making a Revenue Protection claim have the option to request up to a fifty percent (50%) advance of the estimated amount of their claim. Rebecca recommended changing the MOC to allow the Committee Chair and CFSA's Committee Representative the authority to advance funds, rather than the full Claims Committee.

Staff recommended approval of the proposed amendment to the MOC and is in full support of the recommended amendment, and the MOC has been amended to reflect the necessary change. In addition, staff recommends that the 2012 fee structure remain the same as the fee structure for 2011 and that the Program be re–evaluated at this time next year.

Moved by Director Ferreira and seconded by Director Pickering to adopt **Resolution Number 11–27** approving the revisions to the Revenue Protection Program's MOC and the Program's 2012 fee structure.

WHEREAS, the Revenue Protection Program administered by California Fair Services Authority continues to be an asset to those fairs who participate in the Program; and

WHEREAS, in the process of reviewing claims presented to the Revenue Protection Program Claims Committee in 2011 a recommendation was made with regard to advancing payments on claim losses; and

WHEREAS, the Revenue Protection Claims Committee recommends that the Memorandum Describing the Revenue Protection Program Administered by the California Fair Services Authority (“MOC”), Section 2 Protection, be amended to extend to the Program Claims Committee Chair and the California Fair Services Authority Representative sole discretion to advance payment up to fifty percent (50%) of estimated Loss rather than the entire Claims Committee;

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

1. That the Memorandum Describing the Revenue Protection Program Administered by the California Fair Services Authority, be Amended and Restated effective October 5, 2011, and

2. That the Revenue Protection Program’s 2012 Fee Structure remain the same as in 2011 be approved. Motion passed unanimously.

IV. INFORMATIONAL ITEMS

1. Update on Fair Property Protection Program

Rick Wood, Assistant Director Finance, provided an update on the Fair Property Protection Program. Despite the elimination of State funding, it was determined that the Fair Property Protection Program could be offered to Fairs for fiscal year 2011–2012 with limited changes from previous years. The 2012 Property Pool Program (effective July 1, 2011, through June 30, 2012) purchased an excess commercial policy totaling \$839,743 and has a self–insured retention of \$500,000. Participating fairs were billed total fees of \$647,865 based on individual fair property values.

In the past, the coverage period for this Program matched the State’s fiscal year, July through June, with individual fair billings sent out in January of the coverage period to recognize and accommodate the majority of fairs that operate on a standard calendar year. This also helps fairs with their cash flow and allows fairs to budget appropriately. However, this year it was necessary to invoice fairs in July rather than wait until January due to a lack of funding from the Division of Fairs and Expositions and the necessity to purchase the excess policy for 2011–2012 fiscal year. Fairs have

understood the need to pay early and CFSA is beginning to receive payments.

The Fair Property Protection Pool currently has a balance of \$768,735 and an outstanding receivables of \$17,964 associated with the 2010–2011 coverage period, and \$608,624 for the 2011–2012 coverage period. There is one (1) known claim, that is not expected to cost the Pool more than \$50,000. The Fair Property Program covered in excess of \$800 million in property values for the 2011–2012 fiscal year.

2. **Review of CFSA's Personnel Policies**

Donna Horner, Assistant Director Operations, provided an overview of CFSA's personnel policies as summarized in CFSA's Employee Handbook. The Handbook is provided to all CFSA employees and is also located in the Board of Director's Handbook. CFSA's revised policies and procedures were released in 1992, and superseded all previously issued manuals, letters, memoranda and understandings.

The personnel policies were created as "living" documents intended to be revised from time to time. All policies have been written in compliance with the applicable state and federal labor laws. The format for CFSA's written policies includes a personnel policy number, subject, an established date, and the number of pages for each subject. Department managers have been issued manuals (which includes each policy in detail) to be used as a guide to all CFSA employees in adhering to proper personnel policies and procedures.

3. **Staff Reports**

Administrative Services— CFSA's Construction Department is now permanently settled in office space upstairs. Administration staff assisted with this transition and will continue to offer whatever help Bryan Eubanks and his team need to get the department up and running at full capacity.

Supplemental Life Insurance In response to requests from CFSA employees, staff coordinated and implemented a Life Insurance program through UNUM. This program is voluntary and the policies are paid for by the individual policy holders.

The largest benefit of this group program is that it is available to employees of CFSA, CARF, and County Fair employees unable to

qualify for individual policies on their own. In addition, each policy is portable, meaning that it can be continued if an employee chooses to retire or leave CFSA, and it is convertible, an employee can switch to an individual whole life policy if that need or desire ever arises. Sixteen CFSA employees applied for and received their desired coverage.

CFSA is on Facebook CFSA's new Facebook page provides staff with an outstanding opportunity for communicating CFSA news alerts to our members as well as promoting CFSA's activities and programs. The Facebook page also allows CFSA to participate in a popular venue for two-way conversations between CFSA and member fairs that may have questions or stories to share.

25-Year History of CFSA 2011 is CFSA's 25th anniversary! In anticipation of featuring this anniversary in CFSA's 2011 annual report, research is currently underway to compile a list of CFSA's major accomplishments over the past two and a half decades.

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 August 2011 the PST Program has saved the fairs \$733,606.79. Had the PST Program not been in place, the fairs would have paid Social Security taxes of \$808,402.39 compared to the administration fees of \$74,795.60 paid to DPA and CFSA. Of this administration fee, DPA collected \$41,179.60 and CFSA retained \$33,616 for administration of the Program.

Unemployment Insurance CFSA administers the Unemployment Insurance ("UI") Reimbursement Program on behalf of the Division of Fairs and Expositions. As of September 27, 2011 CFSA was holding \$158,064.12 for future UI reimbursements. Fairs have been notified that while there is no longer an annual appropriation to this fund, there is still some money available through F&E's Unemployment Insurance

Reimbursement Program at CFSA and they have been encouraged to submit their UI reimbursement requests.

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 services.

Risk Management — Staff is currently working on renewals expiring July 1, 2012 which includes excess/reinsurance coverages for the General Liability, Special Events, and Revenue Protection programs.

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.

Contract Review Our Risk Analyst continues to process contracts received from DAAs as well as from other CFSA member fairs. As of September 23, 2011, staff had reviewed 2,609 contracts, 185 more than the previous year, and represents an eight percent (8%) increase from 2010.

Special Events Revenues for the Special Events Program through the end of June 2011 totaled \$341,320 which is 43% of the budgeted 2011 revenue of \$795,000. For the same period in 2010 the total revenue was \$357,538, which represents a five percent (5%) decrease in 2011 revenues.

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.

General Liability Claims activity includes fifty-one (51) open claims with reserves of \$1,079,661 as of August 30, 2011. For comparison, as of June 30, 2011 CFSA had fifty (50) open claims with reserves of \$1,253,883.

Claim Settlements A claim settlement for \$125,000 was reached with claimant Rick Dorey, who filed a lawsuit as the result of injuries sustained in a fall while at the Redwood Acres Fair's RV Park on

February 27, 2009. The Executive Director and Board Member Regina Goody granted settlement authority to CFSA staff of up to \$125,000 on April 1, 2011.

A settlement of \$60,000 was reached with claimants Gary Peasley and Robert Spadoni, who filed a lawsuit alleging age discrimination as a result of their termination from a shared position of night manager at the satellite wagering facility of the Monterey County Fair on February 26, 2010. The Board approved the settlement authority at the June 1, 2011, Board meeting.

A settlement of \$60,000 was reached with the claimant Eloina Balcazar, who filed a lawsuit alleging discrimination and retaliation as a result of her termination as a 119 day employee at the Southern California Fair on September 11, 2009. The Board granted settlement authority at the August 3, 2011 Board meeting.

Safety — September 2011 through October 2011 has resulted in staff involvement in various projects, including member training and fair inspections conducted at fair facilities for member fairs. These projects, training programs, and inspections are part of the value added safety services provided to all CFSA member fairs. The majority of services provided at member fairs over this three (3) month period have been or will be Pre-Fair or program services such as training, development or program enhancements. CFSA Pre-Fair and Fairtime visits often include training of temporary staff, as well as the bulk of Fire and Life Safety inspections being done in cooperation with the California State Fire Marshal's Office.

Staff has worked with members on compliance with the Compendium's recommendations regarding Animal Contact and E.Coli for the past six seasons with varied degrees of success. A substantial program of education and plan development has been slated by the CFSA Safety Department for 2012.

Workers' Compensation — As of June 30, 2011, total open claims reserves were \$9,696,287 (including pre-94 Cal Expo outstanding reserves of \$492,571.) There were 224 open claims, of which 179 were indemnity claims and forty-four (44) were medical only (includes 1 Information Only claim open for administrative purposes). As a comparison, in July 2010 the reserves were \$8,250,824 (including pre-94 Cal Expo outstanding reserves of \$514,637) and there were 223 open claims, of which 168 were indemnity claims and 55 were medical only.

2. Executive Director's Report

In the absence of Donna Bardaro, Donna Horner, Assistant Director Operations, briefly reviewed with the Board the Executive Director's report on current CFSA issues which included:

CDFA Fairs Consortium — The CDFA Fairs Consortium continues to meet to address the new path of oversight and assistance to fairs in the new light of complete fair self-sufficiency.

In line with the Consortium's discussions on seeking alternative forms of governance, funding, and operations, CFSA was asked whether our Joint Powers Agreement would need to be amended to allow DAA's to continue as CFSA members under a new form of governance. CFSA's legal counsel has advised that the current Agreement would not need to be amended. The CFSA Agreement has been amended over the years to be as flexible as possible under the Joint Exercise of Powers Act in order to permit various types of entities conducting California fairs to participate in CFSA's programs. The key would be that each new DAA entity would need to either become a Member Entity pursuant to Section 19 of the Agreement or, as an option for a non-profit corporation, enter into a contract with CFSA to become a Participating Entity.

The second request for information came from Stephen Chambers asking if CFSA could provide the language needed for legislation to allow DAA's to pool auto/vehicle liability coverage outside of DGS. After discussion with Christy Layton, staff provided Stephen with several code sections assuring that statutory language already exists that allows CFSA to establish an automobile liability risk pooling agreement for participating fairs, without obtaining the approval of DGS. We further stated that Stephen's first challenge with legislation would be to remove DAA's from the State's program. The second challenge would be to get some kind of relief from the large outstanding claim that is causing grief to the fairs. Fairs cannot afford to pay for outside coverage while they are still responsible for paying their share of the outstanding obligation.

CFFA Transition — We are half way through our first six months of managing CFFA. Fairs are continuing to use CFFA and the fees associated with each project are being submitted prior to work beginning. Fees collected for the work being performed, along with CFFA's small operating budget, are projected to pay all costs

associated with CFFA projects, CFFA operating costs and costs associated with CFSA's management.

We continue to spend a great deal of time in revising documents and procedures. And, because we're not ready to invest time and money toward the development of a new web site for CFFA, we have an entire page devoted to CFFA on our CFSA web site.

3. Next Board Meeting

The next Board meeting is scheduled for Wednesday, December 7, 2011.

XI. CLOSED SESSION

The Board adjourned from regular session at 11:58 a.m. and went into closed session to discuss Liability Claims involving Mark Ennis and Deniz Bolbol; Estate of Elizabeth Contreras & Joseph Contreras Angela Malos, Maliyah Martin & Cody Eloina Balcazar; Harold Carter; and, the Workers' Compensation Claim for Susan Molles.

XII. REGULAR SESSION

The Board adjourned from closed session at 1:25 p.m. and regular session was reconvened. The Board took no reportable action on the liability or workers' compensation claims.

XIII. ADJOURNMENT

Moved by Director Ferreira and seconded by Director Pickering to adjourn. Motion passed unanimously. The meeting was adjourned at 1:26 p.m.

CHAIR

ATTEST:

SECRETARY