

MINUTES

REGULAR MEETING OF CALIFORNIA FAIR SERVICES AUTHORITY BOARD OF DIRECTORS

June 1, 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)

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

Richard Persons, Board Member
Lake County Fair (49th DAA)

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

John Alkire, Board Alternate
Big Fresno Fair (21st DAA)

Rebecca Desmond, Board Member
Division of Fairs & Expositions

Donna Horner, Secretary/Treasurer
California Fair Services Authority

Rick Wood, Controller
California Fair Services Authority

Christy Layton, Legal Counsel to CFSA
Miller & Owen

Donna Bardaro, Executive Director
California Fair Services Authority

Charlie Mitchell,
California Fair Services Authority

Tom Allen,
California Fair Services Authority

Sue Leavitt,
California Fair Services Authority

Tom Amberson,
California Fair Services Authority

Melissa Thurber,
California Fair Services Authority

Kevin Wright,
California Fair Services Authority

Barbara Quaid, CEO
Ventura County Fair (31st DAA)

John Vasquez, Board Chairman
California Fairs Financing Authority

Becky Bailey–Findley,
CFFA Interim Executive Director

Lisa Drury,
Division of Fairs & Expositions

Chris Korby, Executive Director
California Authority of Racing Fairs

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 10:01 a.m. in the conference room at 1776 Tribute Road, Suite 200, Sacramento, California on Wednesday, June 1, 2011.

II. APPROVAL OF MINUTES

Moved by Director Goody and seconded by Director Bullis to adopt **Resolution Number 11–16** approving the minutes of the regular meeting of April 6, 2011, with a correction to page 13, item XIII. Adjournment to add the phrase “motion passed unanimously.” The Board approved the April minutes with correction. Motion passed unanimously.

III. AUTHORIZATION TO ENTER INTO AGREEMENT WITH CALIFORNIA FAIRS FINANCING AUTHORITY

The California Fairs Financing Authority will lose its major funding source and all employee positions with the Agency will be eliminated as of June 30, 2011. Donna Bardaro, CFSA Executive Director, reviewed a proposed agreement with the California Fairs Financing Authority (“CFFA”) to provide support services for administering an ongoing program of construction, inspection, and related activities on a fee for services basis for the network of California fairs beginning July 1, 2011. CFFA, created July 1, 1988, has been delegated authority to provide inspections and building services to the fair industry. Director Desmond emphasized the importance of being able to continue to provide these services to the California fair industry.

Becky Bailey–Findley, CFFA Interim Executive Director, shared a power point presentation outlining the Proposal for Services to the fair industry, a Proposed Budget, a Proposed Contract with CFSA to provide the services, and a Communication Plan to share information with the fair industry as the plan proceeds.

CFSA staff assigned to perform services supported under this Agreement will work under the overall direction of CFSA’s Executive Director and will be supervised by the manager of the Construction Department for all related fair project planning and construction activities. CFSA will coordinate operations and administrative functions with CFFA legal counsel and other special consultants on an as needed basis.

CFFA’s Board of Directors will delegate to CFSA’s Executive Director all 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.

John Vasquez, Chairman of California Fairs Financing Authority Board of Directors, expressed his gratitude to the CFSA Board for their past assistance and their willingness to work with CFFA in the future.

The Board expressed concern with regard to CFSA being protected and ensuring that all expenses related to CFFA were reimbursed. They felt it imperative that fees for services be collected prior to any work being completed and that there be good segregation of funds and that separate bank accounts be maintained. The Board does not want CFSA to have any liability with regard to CFFA projects.

Staff recommends that the Board authorize the Executive Director to enter into an Agreement with the California Fairs Financing Authority to provide administrative services effective July 1, 2011.

Moved by Director Alkire and seconded by Director Desmond to adopt **Resolution Number 11-17** authorizing the Executive Director to enter into an Agreement with the California Fairs Financing Authority to provide administrative services.

WHEREAS, the California Fairs Financing Authority (“CFFA”) is losing its major source of funding, and all employee positions will be eliminated as of June 30, 2011; and

WHEREAS, CFFA has asked CFSA 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 provide a wide range of operational support activities including project design, construction, project management, inspection, facility maintenance and capital improvements; and

WHEREAS, CFFA will delegate to CFSA’s Executive Director all powers of CFFA’s Executive Officer as set forth in CFFA’s Contract and Purchasing Procedures dated August 21, 2006, to efficiently provide ongoing construction services to California fairs; and

WHEREAS, a new department would be created within CFSA that would assume the role and responsibilities for managing California fair construction projects;

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 July 1, 2011. Motion passed unanimously.

IV. CALIFORNIA FAIRS FINANCING AUTHORITY'S REQUEST TO WITHDRAW FROM GENERAL LIABILITY RISK SHARING POOL PROGRAM

The California Fairs Financing Authority has notified CFSA that they would like to withdraw from their participation in CFSA's General Liability Risk Sharing Program effective July 1, 2011.

With the reorganization of CFFA's operations, CFSA staff has been providing assistance to CFFA in determining their future insurance coverage needs and alternatives. It is staff's recommendation that CFFA withdraw from participation in CFSA's General Liability Risk Sharing Program and instead purchase replacement commercial insurance coverage through Alliant's Special Liability Program (SLIP). The replacement coverages under SLIP would be General Liability, including Bodily Injury and Property Damage, Public Officials Errors and Omissions, and Automobile Liability for non-owned and hired autos only.

CFSA staff recommends approval of the early withdrawal of CFFA from CFSA's General Liability Risk Sharing Program effective July 1, 2011.

Moved by Director Persons and seconded by Director Bullis to adopt **Resolution Number 11-18** approving the California Fairs Financing Authority's request for early withdrawal from the General Liability Risk Sharing Pool Program effective July 1, 2011. Motion passed unanimously.

V. APPROVAL OF GOALS ESTABLISHED DURING STRATEGIC PLANNING AS APPROVED BY STRATEGIC PLANNING AD HOC COMMITTEE

In March, CFSA's Board of Directors, alternates and senior staff met for a two day strategic planning session to consider the Agency's strengths, weaknesses, expectations, opportunities, threats, goals and succession planning. After a review of the notes by the Strategic Planning and Succession Planning Ad Hoc Committee, staff was directed to develop a plan that would carry CFSA five years into the future.

The new executive director will create a timetable for completion of goals established during the planning session and present it to the Board for approval at a future meeting. Staff believes that it is important to review the Agency's Strategic Plan annually, updating goals to be consistent with the ongoing operations of CFSA.

The Strategic Planning Ad Hoc Committee comprised of John Root, Regina Goody and Brian Bullis, recommends that the Board of Directors approve the 5-Year Strategic Plan for CFSA as submitted.

Moved by Director Desmond and seconded by Director Persons to adopt **Resolution Number 11–19** approving the goals established during strategic planning as reviewed and approved by the Strategic Planning Ad Hoc Committee.

WHEREAS, the California Fair Services Authority (“CFSA”) Board of Directors and alternates met on February 23, and 24, 2011 to begin strategic planning; and

WHEREAS, the two–day session covered strengths, weaknesses, expectations, opportunities, threats, goals and succession planning; and

WHEREAS, after the Ad Hoc Committee reviewed the meeting notes, staff was directed to develop a five year plan including a timetable for completion of each goal to be reviewed and approved on an annual basis by the Board;

BE IT RESOLVED BY THE CALIFORNIA FAIR SERVICES AUTHORITY:

That the Board of Directors hereby approves the Five Year Strategic Plan for CFSA developed as a result of strategic planning as reviewed by the Strategic Planning and Succession Planning Ad Hoc Committee. Motion passed unanimously.

VI. INFORMATIONAL ITEMS

1. Update on Fairs Property Protection Program and fee structure

After discussion with Rebecca Desmond, Division of Fairs and Expositions, (“F&E”) it has been determined that the Fair Property Protection Program will remain operational for another two to three years with limited impact to the fairs. In the past, this program has been subsidized by F&E however, funding is no longer available. Renewal for the existing Program has been secured effective July 1, 2011, through June 30, 2012. Staff is proposing, and F&E is in agreement, to use a portion of the Program’s available reserves to offset the fairs’ cost of the 2011 and 2012 premiums.

To minimize the risk to the Property Program, the minimum deductible has been increased from \$25,000 to \$50,000 for all fairs. Another change will be moving up the billing cycle from January to July. Fairs will also have the ability to make monthly payments beginning in July, 2011 rather than pay the full fee next January. We expect the base rate for the excess insurance policy to increase by approximately ten percent (10%). With the planned subsidy from the Property Program and the deductible change, most fairs will see very little change from last year’s premium.

2. Policy for Non-payment of Fees

In response to questions at the last Board meeting regarding CFSA's policy for non-payment of fees and/or services, Donna Bardaro reviewed the Agency's current policy for non-payment of fees.

In summary, the current policy is that fairs that are more than 60 days past due receive a first letter of demand. Finance charges are assessed at a rate of 1%. After 90 days past due, fairs receive a second letter of demand along with a phone call in an attempt to negotiate payment. The second letter informs fairs that unless payment is made or arrangements are put in place within 30 days, all CFSA services will be terminated. CFSA's Board of Directors will be notified if any fair does not respond to a second demand letter before services are terminated.

Charlie Mitchell has researched other JPA's policies for non-payment of fees. Of the three JPAs he contacted, CSAC Excess Insurance Authority and Golden State Risk Management Authority, have written policies, the third, had no written policy but had sued members in the past for non-payment of fees. The two with written policies were similar to CFSA's with the exception of the number of days delinquent before written notice of possible termination.

Rick Wood reports there is currently only one fair who is delinquent beyond our current policy. Staff has been working with the member fair weekly to get a payment plan in place that will accommodate their shortage of funding. Their June fair will hopefully bring their accounts current.

3. Report on Consumer Protection Program

CFSA is assisting Western Fairs Association with the development of a Consumer Protection Toolkit focusing on the importance of hand washing in the prevention of animal-borne illnesses, such as e-coli, at California's fairs. Because many e-coli cases involve 4-H and FFA members, our campaign will target these groups in addition to Grange exhibitors, individual animal exhibitors, the parents of exhibitors and livestock volunteers. Our goal is to educate these groups so that they, in turn, may share their knowledge and set a good example for their peers and fair patrons.

Funding for the campaign is provided by the Division of Fairs and Expositions. The campaign slogan for the video and signs, "Play it Safe," was developed by CFSA. WFA will distribute the Toolkit, which will include: 1) a five to ten minute instructional video; 2) A follow-up brochure and

selection of signs for use by the exhibitors and fairs; 3) A flash drive containing pdf versions of the brochure and signs for the printing of additional copies; and, 4) A letter to each fair CEO and board director with an explanation of the campaign, resources for ordering or building ADA compliant hand washing stations, a copy of the “Compendium of Measures to Prevent Disease Associated with Animals in Public Settings, 2009,” and instructions on how to best use the Toolkit. The Toolkit will be completed by June 30, 2011.

4. **Staff Reports**

Administrative Services— Staff has been working very closely with CCA staff to assist and advise in personnel issues including retirement, accruals, resumes, etc. Assistance will also be provided in conducting an inventory of assets, and meeting the impending office closure and reorganization goals and deadlines.

Debit Card Program Staff has been collaborating with CFSA’s Finance Department on researching and implementing a debit pay card program through Skylight Financial, Inc. that would save the agency and the fairs a significant amount of time and money. Employees without bank accounts would be given a Visa debit card they could use to purchase, withdraw cash, use for on–line bill–paying, etc. This card would replace check writing, saving fairs the printing and mailing fees, and save all of the time spent on replacing checks that are lost or not cashed.

CFSA’s Annual Report Copy for the 2010 annual report is written and with department heads for review and approval. The report’s theme, CFSA: Now ~ More Than Ever focused on the fact that even in challenging economic times, fairs still need what CFSA offers: Accidents still happen, payroll still needs to be paid, claims still need fair settlements. To reduce production costs, photos from previous year photo shoots will be used and the quantity of printed reports will be reduced, among other cost savers.

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 April 2011 the PST Program has saved the fairs \$128,318.76. Had the PST Program not been in place, the fairs would have paid Social Security taxes of \$144,930.61 compared to the administration fees of \$16,611.85 paid to DPA and CFSA. Of this administration fee, DPA collected \$9,145.85 and CFSA retained \$7,466 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 May 20, 2011 CFSA was holding \$608,317 for future UI reimbursements. As requested by the Board at the April 6th Board meeting, an article was included in the April 15th FYI reminding fairs that the funds were still available through F&E's Unemployment Insurance Reimbursement funds at CFSA and fairs were encouraged to submit their UI reimbursement requests.

FlexNet CFSA provides various fiscal and accounting, services including IT services to members. Currently staff assists 36 fairs with accounting services, twelve (12) fairs with IT or Direct Deposit services and three (3) JPA's with services.

Risk Management — Staff recently renewed the insurance coverages for the hazardous Special Events Program for rodeos/horse shows and motorized racing events in 2011. Staff continues to work with the broker on renewal of coverages that expire on July 1, 2011. These include excess coverages for the Workers' Compensation and Pooled Property Protection Programs.

Pooled Property Protection Program Since 2002, the Pooled Property Protection Program has had a total of seventy-seven (77) reported claims of which three (3) are open. The open claims consist of one (1) loss in 2008, and two (2) losses in 2011. It is currently estimated that the Pool could pay at least \$1,000 or more on the three open claims. Staff continues to work with the individual fairs and CFFA to resolve these open claims. The Division of Fairs and Expositions has committed funding for this program through the 2010–11 fiscal year.

Contract Review Our Risk Analyst continues to process contracts received from DAAs as well as from other CFSA member fairs. For DAAs, all non-hazardous contracts over \$15,000 and up to \$75,000 for which liability insurance is required and all hazardous contracts up to \$75,000 are sent directly to CFSA for insurance certificate review and approval. For all other member fairs, all fair contracts involving hazardous activities or all contracts over \$15,000 involving non-hazardous activities are submitted to CFSA for an insurance certificate review.

As of May 16, 2011, staff had reviewed 1,077 contracts, 95 more than the previous year, which represents an increase of ten percent (10%) from 2010. Staff continues to focus its outreach efforts on getting all member fairs in the Liability Program to submit their contracts for insurance certificate review and approval through contacts with fairs.

Master Insurance Certificate List CFSA regularly updates and distributes, to all fairs, the Approved Master Insurance Certificate List of 653 plus vendors and contractors doing business with the network of California fairs. The list is distributed monthly via mail and e-mail from February through October.

Special Events CFSA staff participated in a Roundtable at the 2011 FAST Training Seminar on animal insurance coverage. Staff will be sending out a survey to obtain animal exhibitor counts by fair to begin further development of a group purchase plan for animal exhibitors.

Revenues for the Special Events Program through the end of March 2011 totaled \$125,021 which is sixteen (16%) of the budgeted 2011 revenue of \$795,000. For the same period in 2010 the total revenue was \$140,093, which represents a eleven percent (11%) decrease in 2011 revenues.

Claims activity in the Special Events Program included fourteen (19) open claims with total reserves of \$278,972 as of April 30, 2011 as compared with fourteen (14) open claims and \$149,505 in reserves as of February 28, 2011. There are no claims with reserves in excess of \$250,000. So far in 2011, we have received eight (8) new/reopened claims, and three (3) claims were closed. There are currently seven (7) litigated claims. So far in 2011, CFSA has received nine (9) new loss reports, of which one (1) was a information only report.

General Liability Claims activity includes fifty (50) open claims with reserves of \$1,338,749 as of April 30, 2011. There are no claims with over \$500,000 in reserves. Twenty (20) of these open claims are being litigated. For comparison, as of February 28, 2011 CFSA had thirty-nine (39) open claims with reserves of \$1,016,201. So far In 2011, CFSA received thirteen (13) new/reopened claims while another five (5) have been closed. Through the end of April 2011, CFSA received thirty-two (32) new loss reports, of which fifteen (15) were information only reports. Staff is currently tracking one (1) claim that has been tendered to another insurance company.

Safety — May 2011 through June 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.

Consumer Protection Video Safety staff will be participating in the production of a video on Consumer Protection. This video is a joint venture between F&E, WFA, and CFSA.

Workers' Compensation — As of April 30, 2011, total open claims reserves were \$10,011,873 (including pre-94 Cal Expo outstanding reserves of \$515,684.) There were 206 open claims, of which 183 were indemnity claims and twenty-two (22) medical only (this includes one Information Only claim open for administrative purposes). As a comparison, in April 2010, the reserves were \$8,000,839 and there were 164 open claims, of which 149 were indemnity claims and fifteen (15) were medical only.

5. **Next Board Meeting**

The next Board meeting is scheduled for Wednesday, August 3, 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 Gary Peasley & Robert Spadoni; Estate of

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Elizabeth Contreras and Joseph Contreras; and, Cira Arteaga; and the Workers' Compensation Claims for Huria Pitts; Dan White; Susan Cox; and, Gary Quilhot.

XII. REGULAR SESSION

The Board adjourned from closed session at 12:22 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 Bullis and seconded by Director Goody to adjourn. Motion passed unanimously. The meeting was adjourned at 12:23 p.m.

CHAIR

ATTEST:

SECRETARY