

MINUTES

SPECIAL MEETING OF CALIFORNIA FAIR SERVICES AUTHORITY BOARD OF DIRECTORS

September 1, 2010

1776 Tribute Road, Suite 200, Sacramento, CA 95815

Kelley Ferreira, Board Member
San Benito County Fair (33rd DAA)
Rick Pickering, Board Member
Alameda County Fair
Regina Goody, Board Member
Yuba–Sutter Fair (13th DAA)
Troy Bowers, Alternate Board Member
Amador County Fair (26th DAA)
John Root, Board Member
Public Member
Michael Treacy, 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 & Trost

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

I. CALL TO ORDER

A special meeting of the California Fair Services Authority (“CFSA”) Board of Directors was convened, pursuant to the meeting notice at 10:03 a.m. in the conference room at 1776 Tribute Road, Suite 200, Sacramento, California on Wednesday, September 1, 2010. Alternate Board Member Bowers did not arrive until 10:25 a.m. and therefore did not vote on any of the Board’s action items.

II. APPROVAL OF MINUTES

Moved by Director Treacy and seconded by Director Goody to adopt **Resolution Number 10–13** approving the minutes of the special meeting of April 14, 2010, as presented to the Board of Directors. Motion passed unanimously.

III. RECOGNITION OF RICK PICKERING'S DISTINGUISHED EAGLE SCOUT AWARD

On June 2, 2010, the Boy Scouts of America honored Rick Pickering for his outstanding accomplishments in the fair industry. and for his integrity, leadership and continued support to his community. In recognition, the Board presented him with a framed resolution recognizing his achievements. Moved by Director Root and seconded by Director Treacy to adopt **Resolution Number 10-14** recognizing Rick Pickering's achievement of the Distinguished Eagle Scout Award.

WHEREAS, Rick K. Pickering has distinguished himself through his career in the fair industry along with his work in government and community volunteerism; and

WHEREAS, Rick is also a top leader in California's billion dollar Fair horse racing industry; and

WHEREAS, he has positively impacted the lives of millions in his service as President of the Western Fairs Association, President of the California Fair Services Authority, President of the California Authority of Racing Fairs, Board Member of the California Construction Authority, and Chairman of the California Fair Alliance ; and

WHEREAS, he has been named by Amusement business Magazine as "One of the Most Creative CEO's in America" and is a sought after speaker and mentor; and

WHEREAS, the national award is granted to a very limited number of Eagle Scouts who have distinguished themselves in their life work and have shared their talents in their community as an active volunteer; and

WHEREAS, his success and positive impact is tied to the key principles of the Scout Oath and Law – duty to God and country, and duty to others;

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

That the Board of Directors hereby recognizes and congratulates Rick K. Pickering for receiving the Distinguished Eagle Scout Award for his outstanding accomplishments in a very complex industry and for his integrity, leadership and continued support to his community. Motion passed unanimously.

IV. DELEGATION OF AUTHORITY TO THE EXECUTIVE DIRECTOR TO ACT ON BEHALF OF CFSA WITH CSAC EXCESS INSURANCE AUTHORITY

In July 2003 CFSA joined the CSAC Excess Insurance Authority ("CSAC EIA") in order to participate in their Excess Workers' Compensation Program. To ensure that individuals are authorized to fully act on behalf of their respective entity, CSAC EIA is requiring the governing boards of all of its member entities to officially designate a representative, either an individual or a position, which has authority to officially act on behalf of their respective entity.

As the designated representative, CFSA's Executive Director will be responsible for executing memorandums of understanding and executing official agreements regarding matters related to CSAC EIA. Staff recommends that the Board delegate authority to the Executive Director.

Moved by Director Pickering and seconded by Director Root to adopt **Resolution Number 10-15** delegating authority to the Executive Director to act on behalf of CFSA.

WHEREAS, the CSAC Excess Insurance Authority ("CSAC Authority") has determined that it is necessary for each member of the CSAC Authority to delegate to a person(s) or position(s) authority to act on the member's behalf in matters relating to the member and the CSAC Authority; and

WHEREAS, except as to those actions that must be approved by California Fair Services Authority, such delegation of authority is necessary in order to carry out the purposes and functions of the CSAC Authority with its members; and

WHEREAS, in order to ensure a person(s) or position(s) is delegated with authority to act on the member's behalf in matters relating to the member and the CSAC Authority, action by the member's governing body is necessary; and

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

Except as to actions that must be approved by the California Fair Services Authority, the Executive Director is hereby appointed to act in all matters relating to the member and the CSAC Authority. Motion passed unanimously.

V. EXTENSION OF BROKERAGE SERVICES AGREEMENT WITH ALLIANT INSURANCE SERVICES

CFSA entered into an agreement with Driver Alliant in October, 2005 to provide brokerage services after a competitive RFQ process. Driver Alliant was selected for their

ability to market CFSA to the excess and reinsurance market both as an individual pool and as part of a larger group of multiple pools.

An Amendment to the Brokerage Agreement was executed in October, 2007 which made Alliant Insurance Services the successor corporation to Driver Alliant and added additional provisions to the contract regarding Alliant's established conflict of interest code in order for CFSA to comply with CAJPA accreditation requirements. Over the past five years, Alliant has successfully placed excess and reinsurance coverages for the various self-insurance programs administered by CFSA. With the First Amendment to Brokerage Agreement, expiring on December 31, 2010, staff is recommending approval of the Second Amendment to Brokerage Agreement.

The Second Amendment will do the following: 1) extend the term of the contract to December 31, 2012, with a one year option to extend; 2) will set the annual fixed fee for the compensation for Pooled Program services to \$135,000 for the additional two years as compared with the 2010 fee of \$137,812.50; and, 3) if CFSA exercises the option to extend beyond 2012, will provide for a five (5) percent increase in the fee.

Moved by Director Treacy and seconded by Director Goody to adopt **Resolution Number 10-16** extending the Brokerage Services Agreement with Alliant Insurance Services.

WHEREAS, California Fair Services Authority ("CFSA") and Driver Alliant Insurance Services, Inc. ("Driver") entered into a Brokerage Agreement ("Agreement") effective December 31, 2005, with an Initial Term of January 1, 2006, through December 31, 2008; and

WHEREAS, CFSA and Alliant entered into a First Amendment to Brokerage Agreement effective October 16, 2007 when Alliant became successor corporation to Driver; and

WHEREAS, CFSA exercised the First Option to extend the Agreement term through December 31, 2009; and

WHEREAS, CFSA exercised the Second Option to extend the Agreement term through December 31, 2010;

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

CFSA is authorized to amend the Agreement in order to extend and renew the Agreement term and to implement an additional option to extend. Motion passed unanimously.

VI. APPOINTMENT OF 2011 BUDGET COMMITTEE

The Budget Committee works with CFSA staff on internal budget issues and future program direction, including review and comment on a draft budget package prior to presentation to the full Board for approval. The Committee consists of three (3) Board members and one (1) alternate member.

Moved by Director Root and seconded by Director Pickering to adopt **Resolution Number 10–17** appointing Directors Quaid, Goody, and Root to serve on CFSA's 2011 Budget Committee and Director Pickering to serve as the alternate member. Motion passed unanimously.

VII. INFORMATIONAL ITEMS

1. Revenue Protection Program Claims Committee

The California Mid–Winter Fair, 45th DAA, has been the only fair in 2010 to present a claim to the Revenue Protection Program Claims Committee. The fair experienced heavy rain on several days of the fair and they have submitted a claim for lost revenue in the amount of \$117,852.

Rick Wood, Assistant Director Finance, reported that after two years of record setting claim payments and historically low investment returns, the Revenue Protection Program reserves are at their lowest level since the Program's inception in 1994. At the recommendation of the Committee, CFSA's Board adopted a new fee schedule beginning in 2010 that has increased fees and reduced exposure for events that pose a higher risk to the Program fund.

2. Review of CFSA's Election Process

The terms of two (2) elected CFSA directors will expire at the end of 2010: Kelley Ferreira, representing Fair Classes 1–2; and Barbara Quaid, (she filled the mid–term vacancy created by Ed Scofield's retirement) representing Fair Classes 3–7.

In addition, the terms of the fair manager representative and alternates serving on the Revenue Protection Program Claims Committee will also expire December 31, 2010. Currently, Bill Blair is the fair representative; Joe Anderson is the first alternate; and, Pat Conklin is the second alternate.

As chair of CFSA, Kelley Ferreira will need to form a Nominating Committee for the purpose of this election. Interested electors will need to contact Kelley

no later than October 18, 2010. Nominations will be forwarded to CFSA and ballots will be mailed to all fair electors on October 27, 2010. Electors will have fourteen (14) days to vote. Ballots, due November 10th, will be tallied and election results will be communicated to the Nominating Committee and successful candidates, and announced to all participating members in November.

The same time table will be followed for the election of the fair manager representative and alternates to serve on the Revenue Protection Program Claims Committee for two-year terms' beginning January 1, 2011. Any fair manager whose fair participates in CFSA's Revenue Protection Program is eligible to serve on the Revenue Protection Program Claims Committee.

With John Root's impending chair appointment beginning January 1, 2011, staff reminded the Board that Director Root's appointment as the public member will expire on April 30, 2011. The Board requested that staff include Director Root's re-appointment to the Board on the agenda for the November Board meeting.

3. Staff Reports

Administrative Services—Computer services staff has been working on a major upgrade of the iVOS claims software. They have also added service for our accounting client fairs with a faster, more efficient server. With the addition of the new Activity server, staff has received many comments on speed and availability. The new server also allows all the newest improvements to Activity that nQativ has been installing which allows for better reporting features.

2009 Annual Report The 2009 Annual Report began the printing process on August 16th and by the time of the August Board meeting should be ready for mailing to the fairs. The report will also be posted on CFSA's website.

CCA Web Site In late spring, the California Construction Authority ("CCA") approached us about redesigning and rewriting their website resulting in a contract for services. The goal of the redesigned site is to provide fairs and contractors with information about the agency, its staff and services, as well as current information about projects up for bid and in progress.

Because the timing of the request conflicted with the production of CFSA's annual report, staff decided that the first step would be the design and posting of a temporary page announcing the redesign. The

temporary page was posted at the end of June and can be viewed at www.calconstruction.com. Design mock-ups and copy for the permanent site will be shown to CCA's website committee in early September. The new site is expected to go live by the end of the year.

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.

Unemployment Insurance On behalf of the Division of Fairs and Expositions (F&E), CFSA administers the Unemployment Insurance Reimbursement Fund for California fairs. F&E funds the Program in the amount of \$950,000 per fiscal year and fairs are reimbursed a percentage of their unemployment insurance costs based on the fair's classification. For the fiscal year July 1, 2009 to June 30, 2010, F&E added an additional \$200,000 to the Program and fairs in classes I and II received 100% reimbursement, classes III and IV a 65% reimbursement, and classes V through VII a 30% reimbursement of their unemployment insurance costs.

For the fiscal year July 1, 2010 to June 30, 2011, F&E has proposed to fund the Program at the \$950,000 level and use the same reimbursement percentages as in the previous fiscal year.

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). For the calendar year 2010 the PST Program has saved the fairs \$549,772.90. Had the PST Program not been in place, the fairs would have paid Social Security taxes of \$609,945.40 compared to the administration fees of \$60,172.90 paid to DPA and CFSA. Of this administration fee, DPA collected \$33,128.90 and CFSA retained \$27,044 for administration of the program.

Risk Management — Staff has completed the renewal of coverages that expired on July 1, 2010, which included excess coverage for the Workers' Compensation and Pooled Property Protection Programs. Staff will begin the process of renewing excess coverages that expire on January 1, 2011.

Staff has completed the renewal of insurance coverages for participating fairs through the Hazardous Special Events Program for rodeos, horse shows and

motorized racing events in 2010. Eighteen (18) fairs have elected to cover a total of 46 rodeo and/or horse show events and twenty (20) fairs have covered 34 motorized racing events.

Pooled Property Protection Program Since 2002, the Pooled Property Protection Program has had a total of seventy-two (72) reported claims of which six (6) are open. The open claims consist of one (1) loss in 2008, one (1) loss in 2009, and four (4) losses in 2010. It is currently estimated that the Pool could pay at least \$76,000 or more on two of the six open claims. Staff continues to work with the individual fairs and CCA to resolve these open claims. The Division of Fairs and Expositions has committed funding for this program through the 2010-2011 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 August 16, 2010, staff had reviewed 2,155 contracts which is an increase of 520 contracts or a 32% increase from 2009. Staff continues to focus its efforts to get all member fairs in the Liability Program to realize the importance of submitting contracts for insurance certificate review and approval.

Special Events Revenues for the Special Events Program through the end of June 2010 totaled \$357,538 which is 45% of the budgeted 2010 revenue of \$795,000.

Claims activity in the Special Events Program included eight (8) open claims with total reserves of \$288,904, as of July 31, 2010 as compared with six (6) open claims and \$65,457 in reserves as of February 28, 2010. There are no claims with reserves in excess of \$250,000. So far in 2010, there have been two new or reopened claims and one (1) claim has been closed. There is currently one (1) litigated claim. To date in 2010 there have been eight (8) new loss reports of which six (6) were information only.

General Liability Claims activity includes 45 open claims with reserves of \$1,974,723 as of July 31, 2010. There are no claims with reserves over \$500,000. Sixteen of these open claims are being litigated. For comparison, as of February 28, 2010, CFSA had 25 open claims with reserves of \$1,171,489. So far in 2010, CFSA received 31 new/reopened claims while another fourteen (14) have been closed. Through the end of July 2010, CFSA received 79 new loss reports, of which 55 were information only reports. As of the end of July, staff is tracking three (3) tendered claims.

Safety — May 2010 through August 2010, 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 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.

Cooperative Inspection Program with OSFM Over the past year, staff has seen a number of instances where members have not complied with the State Fire Marshal's ("OSFM") requirement for plan checking on construction projects. Tom Allen, Safety Manager, reminded the Board that this was a major issue that OSFM voiced during meetings held in 2007 and 2008 between the Division of Fairs and Expositions and CFSA staff.

Tom reported that there are five (5) instances where a OSFM deputy has found projects underway or completed with no approval plans during an annual or event inspection. In most cases an agreement was reached with OSFM on a reasonable solution to remedy the issue. However, in one specific case OSFM physically red tagged a major remodel project until the plans and inspections were completed.

A lengthy *fyi* article was sent out reminding fairs of their commitment to adhere to OSFM regulations for construction and event safety issues. Staff is also planning training sessions at the CFA conference and the WFA convention.

Workers' Compensation — As of July 31, 2010, total open claims reserves were \$8,250,824 (including pre-94 Cal Expo outstanding reserves of \$514,637.) There were 223 open claims, of which 168 were indemnity claims

and 55 medical only (this includes one Information Only claim open for administrative purposes).

3. **Executive Director's Report**

Donna Bardaro, CFSA's Executive Director, reported briefly on current CFSA issues which included:

Financial Services — There are 46 fairs currently using accounting software housed on CFSA's server. CFSA provides full accounting services to 19 of the 46 fairs and three JPAs (CFSA, CARF, and CASS). Additionally, staff provides payroll services to 33 of the 46 fairs and the JPAs. Staff is currently working with the Cow Palace to begin payroll services and communications have begun with Placer County Fair regarding a full scope of services.

CFSA Building Leases — All tenant leases are up for renewal in August. Due to the economy and some budget cuts experienced by our tenants, staff has reduced rent costs from \$1.50 per square foot to \$1.35 per square foot with a five year guarantee. WFA has signed their lease and we are working with CARF to finalize the lease. CCA will experience a significant reduction in space going from 5,308 square feet to 3,597 square feet.

We are currently working with them to remodel their new space to accommodate their needs. To maximize the space given up by CCA, we will be able to accommodate CARF's need for additional space and a portion of the CCA's old space will be used to make a small conference room to be used by all building tenants.

Vehicle Insurance — Staff met with F&E to continue discussions relative to CFSA providing vehicle insurance coverage for DAAs. F&E continues to negotiate with the Office of Risk and Insurance Management to spread payments associated with the settlement of a major accident involving a DAA vehicle which increased fair premiums 1444%. F&E currently has a three year agreement to pay off the existing debt. It was agreed by all that it would require legislation to move the vehicle insurance program to CFSA. We will offer whatever support needed when F&E determines the time is right to pursue such legislation.

Fund Administration — To date, CFSA has fiscal responsibility for \$10,789,757 from the F&E fund for investing and administering as designated for infrastructure loan programs, replenishment funds, environmental investment funds, emergency response programs, regional marketing support programs, the fair industry reserve funds and the wagering facility improvement funds. These funds appear as accrued liabilities on CFSA's monthly balance sheet.

4. Next Board Meeting

The next Board meeting is scheduled for November, 2010.

VIII. EXECUTIVE SESSION

The Board adjourned from regular session at 11:20 a.m. and went into executive session to discuss liability claim involving Angela Malos, Maliyah Martin & Cody Robinson; Michael Smith & Christa Smith; Harold Carter; Rochelle Richards; and the workers' compensation claims of Daniel White and Hank MacDougall.

IX. REGULAR SESSION

The Board adjourned from executive session at 11:47 a.m. and regular session was reconvened. The Board took no reportable action on the liability or workers' compensation claims.

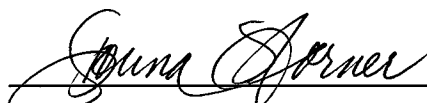
X. ADJOURNMENT

Moved by Director Root and seconded by Director Bullis to adjourn. The meeting was adjourned at 11:48 a.m.



CHAIR

ATTEST:



SECRETARY

RESOLUTION NO. 10 – 13

Adopted by the California Fair Services Authority

September 1, 2010

RESOLUTION APPROVING THE MINUTES OF APRIL 14, 2010

BE IT RESOLVED BY THE CALIFORNIA FAIR SERVICES AUTHORITY:

That the minutes of the special meeting of April 14, 2010, as presented to the Board of Directors at this meeting are hereby approved.



CHAIR

ATTEST:



SECRETARY

RESOLUTION NO. 10 – 14

Adopted by the California Fair Services Authority

September 1, 2010

RESOLUTION RECOGNIZING RICK PICKERING'S ACHIEVEMENT OF THE DISTINGUISHED EAGLE SCOUT AWARD

WHEREAS, Rick K. Pickering has distinguished himself through his career in the fair industry along with his work in government and community volunteerism; and

WHEREAS, Rick is also a top leader in California's billion dollar Fair horse racing industry; and

WHEREAS, he has positively impacted the lives of millions in his service as President of the Western Fairs Association, President of the California Fair Services Authority, President of the California Authority of Racing Fairs, Board Member of the California Construction Authority, and Chairman of the California Fair Alliance ; and

WHEREAS, he has been named by Amusement business Magazine as "One of the Most Creative CEO's in America" and is a sought after speaker and mentor; and

WHEREAS, the national award is granted to a very limited number of Eagle Scouts who have distinguished themselves in their life work and have shared their talents in their community as an active volunteer; and

WHEREAS, his success and positive impact is tied to the key principles of the Scout Oath and Law – duty to God and country, and duty to others;

NOW THEREFORE BE IT RESOLVED BY THE CALIFORNIA FAIR SERVICES AUTHORITY

That the Board of Directors hereby recognizes and congratulates Rick K. Pickering for receiving the Distinguished Eagle Scout Award for his outstanding accomplishments in a very complex industry and for his integrity, leadership and continued support to his community.


CHAIR

ATTEST:


SECRETARY

RESOLUTION NO. 10 – 15

Adopted by the California Fair Services Authority

September 1, 2010

RESOLUTION DELEGATING AUTHORITY TO THE EXECUTIVE DIRECTOR TO ACT ON BEHALF OF CALIFORNIA FAIR SERVICES AUTHORITY

WHEREAS, the CSAC Excess Insurance Authority (“CSAC Authority”) has determined that it is necessary for each member of the CSAC Authority to delegate to a person(s) or position(s) authority to act on the member’s behalf in matters relating to the member and the CSAC Authority; and

WHEREAS, except as to those actions that must be approved by California Fair Services Authority, such delegation of authority is necessary in order to carry out the purposes and functions of the CSAC Authority with its members; and

WHEREAS, in order to ensure a person(s) or position(s) is delegated with authority to act on the member’s behalf in matters relating to the member and the CSAC Authority, action by the member’s governing body is necessary; and

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

Except as to actions that must be approved by the California Fair Services Authority, the Executive Director is hereby appointed to act in all matters relating to the member and the CSAC Authority.

PASSED AND ADOPTED by the California Fair Services Authority this 1st day of September, 2010, by the following vote:

AYES: 6
ABSENT: 1
NOES: 0



KELLEY FERREIRA, CHAIR

ATTEST:



DONNA HORNER, SECRETARY

RESOLUTION NO. 10 – 16

Adopted by the California Fair Services Authority

September 1, 2010

RESOLUTION EXTENDING THE BROKERAGE SERVICES AGREEMENT WITH ALLIANT INSURANCE SERVICES

WHEREAS, California Fair Services Authority (“CFSA”) and Driver Alliant Insurance Services, Inc. (“Driver”) entered into a Brokerage Agreement (“Agreement”) effective December 31, 2005, with an Initial Term of January 1, 2006, through December 31, 2008; and

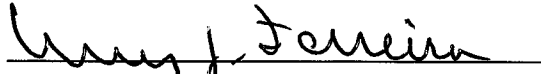
WHEREAS, CFSA and Alliant entered into a First Amendment to Brokerage Agreement effective October 16, 2007 when Alliant became successor corporation to Driver; and

WHEREAS, CFSA exercised the First Option to extend the Agreement term through December 31, 2009; and

WHEREAS, CFSA exercised the Second Option to extend the Agreement term through December 31, 2010;

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

CFSA is authorized to amend the Agreement in order to extend and renew the Agreement term and to implement an additional option to extend.



CHAIR

ATTEST:



SECRETARY

RESOLUTION NO. 10 –17

Adopted by the California Fair Services Authority

September 1, 2010

RESOLUTION APPOINTING THE 2011 BUDGET COMMITTEE

BE IT RESOLVED BY THE CALIFORNIA FAIR SERVICES AUTHORITY:

That the Board of Directors hereby appoints Directors Goody, Quaid, and Root to serve to on CFSA's 2011 Budget Committee and Director Pickering to serve as the alternate member of the Budget Committee.



CHAIR

ATTEST:



SECRETARY