

MINUTES

REGULAR TELECONFERENCE MEETING OF CALIFORNIA FAIR SERVICES AUTHORITY BOARD OF DIRECTORS

October 11, 2017

1776 Tribute Road, Suite 100, Sacramento, CA 95815

Dan Jacobs, Board Chair
Antelope Valley Fair(50th DAA)

Jim Wolcott, Director (via phone)
Lassen County Fair

Stephen Kenny, Director
Butte County Fair

Michael Olcott, Director
Kern County Fair (15th DAA)

Christy Layton, Legal Counsel to CFSA
Renne Sloan Holtzman Sakai LLP

Derek Burkhalter, Bickmore

Kevin Bibler, Alliant

Mike Kielty, Consultant
California Fair Services Authority

Becky Bailey-Findley, Executive Director
California Fair Services Authority

Rebecca Desmond
Deputy Executive Director
California Fair Services Authority

Raechelle Gibbons, Controller
California Fair Services Authority

Charlie Mitchell, Consultant
California Fair Services Authority

Tom Amberson, Risk Department
Manager
California Fair Services Authority

Melissa Thurber, Communication Director
California Fair Services Authority

Kevin Wright, Mgr of Bus Svcs
California Fair Services Authority

I. CALL TO ORDER

Pursuant to the meeting notice, a regular teleconference meeting of the California Fair Services Authority (CFSA) Board of Directors was convened at 11:07 a.m., October 11, 2017, by Board Chair Dan Jacobs, in the conference room at 1776 Tribute Road, Suite 200, Sacramento, California, and at the Lassen County Fair.

II. APPROVAL OF MINUTES

Moved by Director Olcott and seconded by Director Kenny to adopt **Resolution No. 17-31** approving the minutes of the regular meeting of August 2, 2017, the special teleconference meeting of August 31, 2017, and the special teleconference meeting of September 28, 2017 as presented to the Board of Directors.

Ayes: Chair Jacobs, Directors Olcott, Wolcott, Kenny
Noes: None
Abstain: None
Absent: Directors Conklin, Quiroz, and Blyskal

III. ADOPTION OF RESOLUTION ACCEPTING 2017 ACTUARIAL REPORT FOR GENERAL LIABILITY RISK POOLING PROGRAM

CFSA contracts annually for actuary studies on the General Liability, Workers' Compensation and Special Events Liability programs. Typically the studies are conducted at year end in order to have accurate claims data (not projected data) for the policy year. Traditionally the October board meeting focuses on making an "estimate" of General Liability and Workers' Compensation program fees in an effort to provide members with 2018 "estimates" for budgeting purposes. This year the General Liability actuary information is being presented early in hopes of setting the 2018 General Liability fees at this meeting.

Moved by Director Kenny and seconded by Director Olcott to adopt **Resolution No. 17-32** accepting the 2017 actuarial report for the General Liability Risk Pooling Program.

Ayes: Chair Jacobs, Directors Olcott, Kenny, Wolcott
Noes: None
Abstain: None
Absent: Directors Conklin, Quiroz and Blyskal

IV. ADOPTION OF RESOLUTION APPROVING THE 2018 GENERAL LIABILITY PROGRAM FEES

October 11, 2017

CFSA has experienced a steady decline in reserves over the past three years. A look at the historical base rates charged shows that CFSA attempted to keep fees stable, especially in the time period that our members were experiencing significantly reduced state funding. Confidence margins were held at conservative, acceptable levels. The significant factor is that reserves have reduced as a result of the goal of keeping fees stable, while the General Liability pool has experienced an increased trend in severity of claims. The annual cost of claims is going up, especially in proportion to the number of claims per year. Staff is currently waiting on additional data from Bickmore and our broker related to excess coverage quotes Self-Insured retention (SIR) levels so that we can fully analyze the General Liability pool program and bring the Board a well-researched recommendation on the 2018 General Liability base fee.

Board Chair Jacobs instructed staff to publish a fee increase for the General Liability pool program of 25%, with the hope of not having to increase quite that much. No action taken.

V. Break

A break was taken at 12:56, open session reconvened at 1:13.

VI. ADOPTION OF RESOLUTION APPROVING THE 40TH DISTRICT AGRICULTURAL ASSOCIATION/YOLO COUNTY FAIR'S RE-ENTRY INTO CFSA GENERAL LIABILITY RISK SHARING PROGRAM

The 40th District Agricultural Association, Yolo County Fair) left the General Liability Risk Pool Program in January 2015 of their own discretion and will. In March, 2017, correspondence from CEO Rita Moore of the 40th DAA was received indicating the interest of the 40th DAA re-entering the General Liability Risk Pool Program.

Staff has verified that requirements of the CFSA Underwriting Policy have been met.

Moved by Director Kenny and seconded by Director Olcott to adopt **Resolution 17-34** approving the 40th DAA/Yolo County Fair's re-entry into the CFSA General Liability Risk Sharing Program with three conditions:

1. That the 40th DAA must remain a participant in the CFSA General Liability Risk Sharing Program for a minimum of five years.
2. That the General Liability fee would be calculated at 100% modification factor for the fair's appropriate CFSA fair class size for the years 2018 through 2022.
3. The fair provide written notification to rejoin the General Liability pool to be received at CFSA by November 15, 2017.

Ayes: Chair Jacobs, Directors Olcott, Kenny, Wolcott

Noes: None

Abstain: None

Absent: Directors Conklin, Quiroz and Blyskal

VII. ADOPTION OF RESOLUTION APPROVING THE 35TH DISTRICT AGRICULTURAL ASSOCIATION/MERCED COUNTY FAIR'S RE-ENTRY INTO CFSA GENERAL LIABILITY RISK SHARING PROGRAM

The 35th District Agricultural Association, Merced County Fair left the General Liability Risk Pool Program in January 2013 of their own discretion and will. On February 16, 2017, correspondence from CEO Teresa Burrola of the 35th DAA was received indicating the interest of the 35th DAA re-entering the General Liability Risk Pool Program.

Staff has verified that requirements of the CFSA Underwriting Policy have been met.

Moved by Director Kenny and seconded by Director Olcott to adopt **Resolution 17-35** approving the 35th DAA/Merced County Fair's re-entry into the CFSA General Liability Risk Sharing Program with three conditions:

4. That the 35th DAA must remain a participant in the CFSA General Liability Risk Sharing Program for a minimum of five years.
5. That the General Liability fee would be calculated at 100% modification factor for the fair's appropriate CFSA fair class size for the years 2018 through 2022.
6. The fair provide written notification to rejoin the General Liability pool to be received at CFSA by November 15, 2017.

Ayes: Chair Jacobs, Directors Olcott, Kenny, Wolcott

Noes: None

Abstain: None

Absent: Directors Conklin, Quiroz and Blyskal

VIII. ADOPTION OF RESOLUTION APPROVING THE 24TH DISTRICT AGRICULTURAL ASSOCIATION/TULARE COUNTY FAIR'S RE-ENTRY INTO CFSA GENERAL LIABILITY RISK SHARING PROGRAM

The 24th District Agricultural Association, Tulare County Fair left the General Liability Risk Pool Program in January 2015 of their own discretion and will. In March 2017, correspondence from CEO Pam Fyock of the 24th DAA was received indication the interest of the 24th DAA re-entering the General Liability Risk Pool Program.

Staff has determined that since the CEO has yet to schedule a site inspection by CFSA Risk Control staff, that the 24th DAA has not met the requirements set forth by CFSA Underwriting Policy, and may not re-enter the Risk Sharing Pool until that requirement has been met.

No motion or vote was taken on this Resolution, but Chair Jacobs directed that staff contact the 24th DAA CEO and advise her that the fair will not be able to re-enter the Risk Sharing Pool unless a site visit and inspection have been conducted by November 15.

IX. INFORMATION ITEMS

1. Estimating the 2018 Workers' Compensation Program Fees

- a. Staff's evaluation for the Workers' Compensation pool program is that claims have developed as expected, or less. Up to 2017, fees have been adequately covering claim expenses and have been contributing to the reserve funds. In 2016 and 2017 there was a concerted effort to close and settle old claims and update the reserves on all Workers' Compensation claims. A more comprehensive, thorough approach to reserving and keeping claims updated has resulted in higher than expected reserves. We believe this trend will stabilize.
- b. It is the recommendation of staff that the Workers' Compensation pool program base fee remain the same: 5.8% for members of both the Workers' Compensation and General Liability pools, and remain at 6% for members of the Workers' Compensation pool only.

2. Rebecca Desmond provided a plan for the CFSA 2018 budget process timeline:

- a. October 2-6: Controller will distribute budget packages to CFSA department managers.
- b. October 11: CFSA Board Chair Dan Jacobs appoints board budget committee at CFSA board meeting.
- c. October 13: Manager's draft budgets are due to Raechelle.
- d. October 19: Raechelle will have an overall agency draft budget to Becky and Rebecca for review.
- e. November (TBD): Budget committee will meet to review Preliminary budget. Proposed date – November 9 at 1:30pm.
- f. December 6: 2018 Preliminary Budget presented to CFSA Board for approval.

3. 2017 Third Quarter CFSA Investment reports were not available from the investment entities by the board meeting date.

4. Staff reports were presented as written:

- a. Administrative Services
- b. Construction Department
- c. Finance Department
- d. Risk Department

5. Executive Director Report was presented by Becky Bailey-Findley.

6. Director's Reports

7. Next Board Meeting is scheduled for December 6, 2017 at 11 a.m.

VI. Closed Session

The Board adjourned from regular session at 2:11 p.m. and after a break, went into closed session to discuss the following:

Liability/Special Events Claims – Government Code Sec. 54956.95

CLAIMANTS: Clifford J. Gordon, II, Dana L. Bell, and Lyle L. Bell
AGENCY CLAIMED AGAINST: 28th District Agricultural Association, et al.

CLAIMANTS: Larry Reynolds.
AGENCY CLAIMED AGAINST: 31st DAA Ventura County Fair

CLAIMANTS: Donald Shields, Sr., et al.
AGENCY CLAIMED AGAINST: Cloverdale Citrus Fair, et al.

Conference with Legal Counsel – Anticipated Litigation

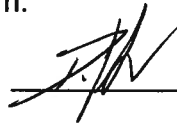
Significant exposure to litigation pursuant to paragraph (2) or (3) of subdivision (d) of Gov. Code Section 54956.9 (One potential case)

VII. Open Session

The Board adjourned from Closed Session at 3:17 p.m. and resumed regular session. Director Kenny departed the meeting.
There was no reportable action taken during closed session.

VIII. Adjournment

The meeting was adjourned at 3:17 p.m.



CHAIR

ATTEST:



SECRETARY