

MINUTES

REGULAR TELECONFERENCE MEETING OF CALIFORNIA FAIR SERVICES AUTHORITY BOARD OF DIRECTORS

February 1, 2017

1776 Tribute Road, Suite 100, Sacramento, CA 95815

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

Jim Wolcott, Vice Chair
Lassen County Fair
(By Telephone)

John Quiroz, Director
Division of Fairs & Expositions

Patricia Conklin, Director
Dixon May Fair (36th DAA)

Stephen Kenny, Director
Butte County Fair

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

Larry Moss, Director
Public Member

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

Kevin Wright, Mgr of Business Services
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

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

Geoff Hinds, CEO
San Bernardino County Fair (28th DAA)

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

10:01 a.m., February 1, 2017, by Board Vice Chair Dan Jacobs, in the conference room at 1776 Tribute Road, Suite 200, Sacramento, California.

II. ADOPTION OF RESOLUTION APPOINTING THE CHAIRPERSON AND VICE CHAIR

Moved by Director Conklin and seconded by Director Kenny to adopt **Resolution No. 17-01** electing Dan Jacobs as the board chair and Jim Wolcott as the vice chair or the CFSA Board of Directors.

Ayes: Directors Conklin, Wolcott, Quiroz, Kenny, Olcott, Moss
Noes: None
Abstain: Director Jacobs
Absent: None

III. ADOPTION OF RESOLUTION APPROVING THE MINUTES OF THE SPECIAL TELECONFERENCE MEETING OF DECEMBER 8, 2016

Moved by Director Moss and seconded by Director Kenny to adopt **Resolution No. 17-02** approving the minutes of the Special Teleconference Meeting of December 8, 2016 as presented to the board.

Ayes: Chair Jacobs, Vice Chair Wolcott, Directors Conklin, Moss, Olcott, Quiroz, Kenny
Noes: None
Abstain: None
Absent: None

IV. ADOPTION OF RESOLUTION DELEGATING TO CFSA'S TREASURER THE AUTHORITY TO INVEST FUNDS OR TO SELL OR EXCHANGE SECURITIES

This is an annual delegation from the board to the treasurer for authority to invest funds or to sell or exchange securities for CFSA according to CFSA investment policies.

Moved by Director Moss and seconded by Director Kenny to adopt **Resolution No. 17-03** delegating authority to CFSA's Treasurer the authority to invest funds or to sell or exchange securities.

Ayes: Chair Jacobs, Vice Chair Wolcott, Directors Conklin, Olcott, Moss, Quiroz, Kenny
Noes: None
Abstain: None
Absent: None

V. ADOPTION OF RESOLUTION APPROVING CFSA'S INVESTMENT GOALS, OBJECTIVES, AND POLICIES

Government Code Section 53646 requires Board action on an annual basis to review and approve the agency's investment policies. Chair Jacobs directed staff to prepare and present an annual statement of investments for the April board meeting.

Moved by Director Moss and seconded by Director Kenny to adopt **Resolution No. 17-04** approving CFSA's investment goals, objectives, and policies as presented.

Ayes: Chair Jacobs, Vice Chair Wolcott, Directors Conklin, Olcott, Moss, Quiroz, Kenny

Noes: None

Abstain: None

Absent: None

VI. ADOPTION OF RESOLUTION APPROVING REVISIONS TO CFSA POLICY AD010 EMPLOYEE TRAVEL

There are three revisions needed to the CFSA Employee Travel policy. The first proposed revision is to delete the reference to a specific mileage reimbursement rate and simply reference the current IRS business mileage rate. This will avoid the need to modify the policy annually. The current IRS mileage reimbursement rate for 2017 is 53.5 cents per mile.

The second proposed revision is to confirm that employee meals during travel are reimbursed at the State per diem rate and to provide that receipts are therefore not required. Employee meals are to be listed on the travel claim form at the per diem rate and are not to be charged on a CFSA credit card.

The third proposed revision is to place a 90-day time limit on submission of employee travel claims for reimbursement for travel expenses, including per diem. Having this limit in place will avoid a circumstance of employees submitting reimbursement requests for aged travel claims, where documentation and verification can be a problem.

Moved by Director Moss and seconded by Director Conklin to adopt **Resolution No. 17-05** approving revisions to CFSA Policy AD010 Employee Travel.

Ayes: Chair Jacobs, Vice Chair Wolcott, Directors Conklin, Olcott, Moss, Quiroz, Kenny

Noes: None

Abstain: None

Absent: None

VII. ADOPTION OF RESOLUTION APPROVING REVISIONS TO CFSA POLICY 350 GROUP BENEFITS

This policy revision is simply to realign the numbering of sections in the policy, to prevent any confusion. The definition of "Eligible Employee" currently Item D under Section III Retirement, only applies to Item C "Other Employee Benefits into Retirement." The numbering has been changed so it is easier to understand

what section the Definition of "Eligible Employee" pertains to.

Moved by Director Kenny and seconded by Director Olcott to adopt **Resolution No. 17-06** approving revisions to CFSA Policy 350 Employee Benefits.

Ayes: Chair Jacobs, Vice Chair Wolcott, Directors Conklin, Olcott, Moss, Quiroz, Kenny

Noes: None

Abstain: None

Absent: None

VIII. ADOPTION OF RESOLUTION APPROVING CFSA'S UNDERWRITING POLICY

As a Joint Powers Authority (JPA), CFSA has been continuously accredited by the California Association of Joint Powers Authorities (CAJPA) since 1998. Every three years CFSA applies for re-accreditation by CAJPA. There is a new accreditation requirement that a JPA must have a written and approved Underwriting Policy to be accredited.

The proposed policy is based on CFSA's current policies and procedures as have been implemented over the years. This proposed Underwriting Policy would be a summary and would highlight much of the criteria utilized to complete the underwriting process.

Moved by Director Moss and seconded by Director Kenny to adopt **Resolution No. 17-07** approving CFSA's underwriting policy as presented.

Ayes: Chair Jacobs, Vice Chair Wolcott, Directors Conklin, Olcott, Moss, Quiroz, Kenny

Noes: None

Abstain: None

Absent: None

IX. ADOPTION OF RESOLUTION APPROVING GENERAL LIABILITY PROGRAM OPERATING MEMORANDUM #01-2017, REVISING THE HAZARDOUS ACTIVITIES LIST AND THE MINIMUM GENERAL LIABILITY INSURANCE LIMITS FOR FAIR CONTRACTS

Periodically updates are needed to the Hazardous and Non-Hazardous activities list and minimum general liability insurance limits for fair contracts and to reflect current trends and activities. This is done under the Memorandum of Coverage and through operating memoranda approved by the CFSA Board of Directors. Risk Management Staff has identified two trends that should be covered in the Hazardous Activities List:

Cannabis Festivals/Trade Shows: Because of an expected increase in cannabis related events, staff would like to add these events to the Hazardous Activities List with an insurance limit of \$2,000,000. The higher than normal limit is due to the unknown risk exposures related to this new revenue source for CFSA members.

Drones: The manufacture, technological advances and use of drones has risen sharply in recent history. With the known risks of any remote controlled mechanical device, staff would like to add Drones/Controlled Flying Objects to the Hazardous Activities List, with an insurance limit of \$1,000,000.

Moved by Director Wolcott and seconded by Director Moss to adopt **Resolution No. 17-08** approving General Liability Program Operating Memorandum #01-2017, Revising the Hazardous Activities List and the Minimum General Liability insurance limits for fair contracts.

Ayes: Chair Jacobs, Vice Chair Wolcott, Directors Conklin, Olcott, Moss, Kenny

Noes: None

Abstain: Director Quiroz

Absent: None

X. ADOPTION OF RESOLUTION APPROVING CONTRACT WITH BICKMORE ASSOCIATES REGARDING 2016 ACTUARY STUDIES

Many of the current policies and practices of CFSA's risk pooling programs were developed as the result of a study conducted in 1998. These policies and practices include how program fees are calculated and how members interact fiscally with the pools. In the time since the last study, the operating circumstance of CFSA and its members have changed, the business environment is markedly different, fiscal support for our members from the State is minimal, there is competition from the private sector and we have 17 additional years of performance history. All of these factors suggest that review of the risk pooling programs is warranted.

In consultation with a CFSA board committee, a scope of work for a special study on the general liability and workers' compensation risk pools was developed. Discussions were held with Bickmore, current analysts who provide annual actuarial services to CFSA, about adding other special studies:

- a. Member Cost Allocation Review: analyzing the methods for allocating program costs to individual members; and
- b. Analysis of Target Surplus for the Risk Pools: reviewing a number of metrics and ratios on both historical and projected bases for the program and creating a range of suitable surplus levels.

It is recommended that CFSA accept the proposed Special Studies as outlined in the Bickmore proposal for an amount not to exceed \$25,000, authorizing staff and the board committee latitude to construct the final analysis structure to optimize study results.

Moved by Director Kenny and seconded by Director Moss to adopt **Resolution No. 17-09** approving contract with Bickmore Associates regarding 2016 actuary

studies.

Ayes: Chair Jacobs, Vice Chair Wolcott, Directors Conklin, Olcott, Moss,

Quiroz, Kenny
Noes: None
Abstain: None
Absent: None

XI. DISCUSSION AND POSSIBLE ACTION REGARDING EXTENDING GENERAL LIABILITY PROTECTION TO A MEMBER FAIR FOR OFF-SITE ACTIVITIES

The 28th DAA entered into a Venue Lease and Management Agreement with the City of Adelanto to manage Adelanto Stadium.

There was much discussion regarding the pros and cons of CFSA extending General Liability coverage for the 28th DAA at an off-site facility. The Board directed staff and legal counsel to do further research and bring a recommendation to the Board at the June 7, 2017 meeting.

Moved by Director Olcott and seconded by Director Kenny to adopt **Resolution No. 17-10** directing the following:

Instruct the Executive Director to issue and Emergency Order providing certain conditions to coverage under the General Liability Memorandum of Coverage:

1. Time limit of coverage through April 30, 2017
2. That outside liability insurance must be provided naming the fair and the City of Adelanto as additionally insured
3. There is not coverage for any fair-sponsored events with outside coverage
4. Not providing ADA coverage with respect to the facility

Ayes: Chair Jacobs, Vice Chair Wolcott, Directors Conklin, Olcott, Moss, Kenny

Noes: None

Abstain: Director Quiroz

Absent: None

XII. DISCUSSION AND POSSIBLE ACTION REGARDING EXTENSION OF MATURITY DATE FOR REDWOOD ACRES FAIR ON LINE OF CREDIT

The Redwood Acres Fair applied for and was approved for a \$100,000 line of credit (LOC) with CFSA in January 2016. The amount of LOC is within the CFSA Executive Director's authority to approve without CFSA board approval according to the Board-adopted CFSA Loan Program Guidelines.

On April 6, 2016, the fair made a \$50,000 draw on the line of credit. Interest payments were made monthly. Principal payments by the fair began in September 2016 and the line of credit was paid down to a balance of \$10,000 on January 9, 2017.

Also on January 9, 2017, fair CEO Cindy Bedingfield requested an extension of the maturity date of the line of credit to April 2017 due to financial hardship. The fair is expecting an allocation payment from CDFA in April of 2017 at which time

the fair would be able to pay the full balance of the line of credit and any

additional interest due.

In exploring this issue, staff has learned that in the banking world, most lines of credit payment terms begin with the first draw on the line of credit and not the date the LOC documents are signed. We hope to bring back proposed revisions to the CFSA Loan Program guidelines at a future board meeting to reflect the same in CFSA LOC documents.

Moved by Director Conklin and seconded by Director Moss to adopt **Resolution No. 17-11** approving an extension of the maturity date for Redwood Acres Fair Line of Credit.

Ayes: Chair Jacobs, Vice Chair Wolcott, Directors Conklin, Olcott, Moss, Quiroz, Kenny

Noes: None

Abstain: None

Absent: None

XIII. INFORMATION ITEMS

1. Staff reports were presented as written:
 - a. Administrative Services (Kevin Wright)
 - b. Construction Department (Becky Bailey-Findley)
 - c. Finance Department (Raechelle Gibbons)
 - d. Risk Department (Tom Amberson)
2. Executive Director Report was presented by Becky Bailey-Findley.
3. Director's Reports:
Chair Jacobs extended thanks and appreciation to CFSA staff
4. Next Board Meeting is scheduled for:
April 12, 2017, 10 a.m.

VI. CLOSED SESSION

The Board adjourned from Regular Session at 12:25 p.m. and took a break for lunch. Closed session was convened at 12:41 p.m. to discuss:

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

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

CLAIMANT: Juan Herrera
AGENCY CLAIMED AGAINST: Alameda County Fair

CLAIMANT: Christine Castanon
AGENCY CLAIMED AGAINST: Los Angeles County Fair

CLAIMANT: Jorge Lopez
AGENCY CLAIMED AGAINST: Sonoma County Fair

Conference with Legal Counsel – Existing Litigation (Paragraph (1) of subdivision (d) of Government Code Section 54956.9)
Tim Crews dba Sacramento Valley Mirror v CFSA (Sacramento Superior Court Case No. 34-2015-80002227)

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. REGULAR SESSION

The Board adjourned from Closed Session at 1:38 p.m. and resumed Regular Session. There was no reportable action from Closed Session.

VIII. ADJOURNMENT

The meeting was adjourned at 1:39 p.m.



CHAIR

ATTEST:



SECRETARY