

MINUTES

REGULAR TELECONFERENCE MEETING OF CALIFORNIA FAIR SERVICES AUTHORITY BOARD OF DIRECTORS

April 12, 2017

1776 Tribute Road, Suite 100, Sacramento, CA 95815

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

Jim Wolcott, Vice Chair
Lassen County Fair

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

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

Stephen Kenny, Director
Butte County Fair

Nancy Sites, Alternate Director
Tulelake Butte Valley Fair (10A DAA)
(Via Telephone)

Sarah Pelle, Alternate Director
Division of Fairs & Expositions

Lori Marshall, Alternate Director
Grand National Rodeo (1-A DAA)

Larry Moss, Director
Public Member

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

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

Bryan Eubanks, Construction Manager
California Fair Services Authority

Kristine Bono, Legal Counsel
California Dept of Food and Agriculture

Mike Harrington, Bickmore Risk Services

Jamie Matthews, Gilbert & Associates

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 10:07 a.m., April 12, 2017, by Board Chair Dan Jacobs, in the conference room at 1776 Tribute Road, Suite 200, Sacramento, California.

II. APPROVAL OF MINUTES

Moved by Director Moss and seconded by Director Kenny to adopt **Resolution No. 17-10** approving the minutes of the regular meeting of February 1, 2017, as presented to the Board of Directors.

Ayes: Chair Jacobs, Directors Wolcott, Olcott, Conklin, Moss, Kenny,
Alternate Director Pelle

Noes: None

Abstain: None

Absent: None

III. ADOPTION OF RESOLUTION ACCEPTING 2015 ACTUARIAL REPORTS FOR GENERAL LIABILITY, WORKERS' COMPENSATION, AND SPECIAL EVENTS PROGRAMS

CFSA contracts with Bickmore annually for actuary studies on the General Liability, Workers' Compensation and Special Events Liability programs. The studies are conducted at year end in order to have accurate claims data for the policy year.

In the General Liability program, despite favorable experience from the two most recent years, losses have developed more than expected. Liabilities are down, with assets between 70% and 75% confidence level.

In the Workers' Compensation program, development is more than expected due to strengthening of case reserves. Liabilities are up, with assets between 80% and 85% confidence level.

In the Special Events Liability program, loss development has been less than expected. Liabilities are down, with assets above 90% confidence level.

Moved by Director Conklin and seconded by Director Kenny to adopt **Resolution No. 17-11** accepting the 2016 actuarial reports.

Ayes: Chair Jacobs, Directors Wolcott, Olcott, Conklin, Moss, Kenny,
Alternate Director Pelle

Noes: None

Abstain: None

Absent: None

IV. ADOPTION OF RESOLUTION ACCEPTING THE 2016 AUDIT REPORT

Gilbert Associates has performed the audit for CFSA 2016 financial statements.

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Moved by Director Conklin and seconded by Director Kenny to adopt **Resolution No. 17-12** accepting the 2016 Audit Report.

Ayes: Chair Jacobs, Directors Wolcott, Olcott, Conklin, Moss, Kenny,
Alternate Director Pelle

Noes: None

Abstain: None

Absent: None

V. ADOPTION OF RESOLUTION APPROVING 2017 GENERAL LIABILITY RATE

For the last several years, the General Liability Pool Program has been supplemented with money from the reserve funds. General Liability Pool claims have developed greater than expected. Fees were kept stable to assist members with challenging economic conditions and the lack of State funding. As costs continue to increase, it is prudent to begin contributing to the reserve funds that support the general liability pool program by aggressively working with fairs to reduce risk and to raise fees conservatively.

Moved by Director Moss and seconded by Director Kenny to adopt **Resolution No. 17-13** approving a General Liability Program base fee increase of 10% in 2017.

Ayes: Chair Jacobs, Directors Wolcott, Olcott, Conklin, Moss, Kenny,
Alternate Director Pelle

Noes: None

Abstain: None

Absent: None

VI. ADOPTION OF RESOLUTION APPROVING THE 2017 WORKERS' COMPENSATION RATE

The trend for the Workers' Compensation Pool program is that claims have developed as expected, or less. Fees are adequately covering claim expenses and have been contributing to the reserve funds.

Moved by Director Conklin and seconded by Director Wolcott to approve **Resolution No. 17-14** approving the 2017 Workers' Compensation Fees as follows:

1. The base fee remains at 5.8% for fairs that are members of both the Workers' Compensation and General Liability Programs; and
2. The base fee remains at 6% for fairs that are members of the Workers' Compensation Program only.

Ayes: Chair Jacobs, Directors Wolcott, Olcott, Conklin, Moss, Kenny,
Alternate Director Pelle

Noes: None

Abstain: None

Absent: None

VII. ADOPTION OF RESOLUTION APPROVING THE FINAL 2017 CFSA

OPERATING BUDGET

The 2017 preliminary budget has been revised to reflect changes based on the 2016 actuary reports. Management met with the CFSA Board Budget Committee and reviewed a variety of options, taking into consideration the data provided by the 2016 actuary report and recommendations from staff. Proposed changes include:

1. 10% increase in General Liability base rate and updated actual losses through December 2016.
2. Workers' Compensation remains at 5.8% base rate for members of both General Liability and Workers' Compensation program pools, and 6% base rate for members of the Workers' Compensation pool only. The changes also reflect revised actual 2015 W-3 wages and volunteer hours and updated actual losses through December 2015.
3. Unrealized losses for Liability program changed to \$878,000 from 2016 budget of \$937,000.
4. Unrealized losses for Workers' Compensation program changed to \$2,320,000 from 2016 budget of \$2,016,000.
5. Unrealized losses for special events program changed to \$135,000 from 2016 budget of \$175,000.
6. Merged Purchasing Department into Administration Department – a formatting change.
7. Recommend a 3% COLA for nonexempt employees to mitigate the impact of the increase in minimum wage.

Moved by Director Wolcott and seconded by Director Moss to approve **Resolution No. 17-15** approving the final 2016 CFSA operating budget. Director Conklin had stepped away from this discussion and vote.

Ayes: Chair Jacobs, Directors Wolcott, Olcott, Conklin, Moss, Kenny,
Alternate Director Pelle

Noes: None

Abstain: None

Absent: None

VIII. ADOPTION OF RESOLUTION APPROVING 2017 CFSA SALARY SCHEDULE

Due to the 3% Cost of Living Adjustment for non-exempt employees in the 2017 Final Budget, the pay scale for non-exempt positions has been adjusted accordingly.

Moved by Director Kenny and seconded by Director Olcott to approve **Resolution No. 17-16** approving the 2017 CFSA Salary Schedule.

Ayes: Chair Jacobs, Directors Wolcott, Conklin, Olcott, Moss, Kenny,
Alternate Director Pelle

Noes: None

Abstain: None

Absent: None

IX. ADOPTON OF RESOLUTION AMENDING CFSA BYLAWS

At the last CFSA Board Meeting, there was a request that we update our bylaws to reflect the current practice of electing board officers to two-year terms. Legal Counsel reviewed all of our bylaws and presented are the updates and revisions.

Moved by Director Olcott and seconded by Director Kenny to approve **Resolution No. 17-17** amending CFSA bylaws as presented.

Ayes: Chair Jacobs, Dorectors Wolcott, Conklin, Olcott, Moss, Kenny,
Alternate Director Pelle

Noes: None

Abstain: None

Absent: None

X. ADOPTION OF RESOLUTION APPROVING REQUIREMENTS, PROCESS, AND FEE CONCEPTS REGARDING GENERAL LIABILITY COVERAGE OF OFFSITE FACILITIES LEASED BY A GENERAL LIABILITY RISK POOL MEMBER

In February 2017, the CFSA board considered a request by a member fair that was expanding its operations to include the operation of an off-site stadium. The 28th DAA had entered into a lease agreement with the City of Adelanto to operate the Adelanto Stadium on behalf of the city. The Fair requested that CFSA extend General Liability protection to the Fair for those operations. The fair also inquired whether or not CFSA Special Events coverage can be sold for events held at the Adelanto Stadium. At its February 1, 2017 meeting, the CFSA board directed staff to issue an Emergency Order providing General Liability protection to the Fair through April 30, 2017, subject to a number of conditions. Staff recommends the Board take the following actions:

1. Approval of the requirements and concepts to include in a CFSA Operating Policy that sets the conditions for General Liability coverage of a member fair's off-site operations on leased premises;
2. Approval of the process for adding member fair off-site leased premises for coverage under the CFSA General Liability Program;
3. Approval of the fee concepts for the charges to add member fair off-site leased premises for coverage under the CFSA General Liability Program; and
4. Direct staff to bring back a proposed CFSA Operating Policy and any necessary changes to the CFSA General Liability Memorandum of Coverage, to include the stated requirements and process.

Moved by Director Kenny and seconded by Director Olcott to approve **Resolution No. 17-18** approving requirements, process, and fee concepts regarding General Liability coverage of offsite facilities leased by a General Liability Risk Pool Member.

Ayes: Chair Jacobs, Directors Wolcott, Olcott, Conklin, Moss, Kenny,
Alternate Director Pelle

Noes: None

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Abstain: None

Absent: None

XI. ADOPTION OF RESOLUTION APPROVING EXTENSION OF GENERAL LIABILITY EMERGENCY ORDER TO SAN BERNARDINO COUNTY FAIR, 28TH DAA REGARDING ADELANTO STADIUM

At its February 1, 2017 meeting, the CFSA board directed staff to issue an Emergency Order providing General Liability protection to the Fair through April 30, 2017, subject to a number of conditions.

Staff recommends extending the Emergency Order dated February 2, 2017 issued to the San Bernardino County Fair (28th DAA) providing protection, defense and indemnification obligations to eh 28th DAA, conditioned to include the Adelanto Stadium to July 30, 2017 or until such time that the CFSA board approves including the Adelanto Stadium activity into the General Liability self-insurance program.

Moved by Director Moss and seconded by Director Kenny to approve **Resolution No. 17-19** approving an extension of February 2, 2017 Emergency Order to San Bernardino County Fair, 28th DAA regarding Adelanto Stadium.

Ayes: Chair Jacobs, Directors Wolcott, Olcott, Conklin, Moss, Kenny,
Alternate Director Pelle

Noes: None

Abstain: None

Absent: None

XII. ADOPTION OF RESOLUTION APPROVING A REVISION TO THE REVENUE PROTECTION POOL PROGRAM MEMORANDUM OF COVERAGE ADDING A TIME LIMIT FOR THE SUBMISSION OF CLAIMS

During the March 12, 2017 meeting of the CFSA Revenue Protection Committee, the group proposed language revisions to the Revenue Protection MOC to include a "timely filing of a claim" clause. The recommendation born from this discussion is for claimants to submit a Sworn Statement of Proof of Loss and all supporting documentation within 12 months following date of occurrence.

Moved by Director Olcott and seconded by Director Kenny to approve **Resolution No. 17-20** approving a revision to the Revenue Protection Pool Program MOC adding a time limit for the submission of claims.

Ayes: Chair Jacobs, Directors Wolcott, Olcott, Conklin, Moss, Kenny,
Alternate Director Pelle

Noes: None

Abstain: None

Absent: None

XIII. INFORMATION ITEMS

1. CFSA Investment Report
2. Staff reports were presented as written:
 - a. Administrative Services
 - b. Construction Department
 - c. Finance Department
 - d. Risk Department
3. Executive Director Report was presented by Becky Bailey-Findley.
4. Director's Reports: Thanks to staff from Chair Jacobs
5. Next Board Meeting is scheduled for June 7, 2017.

XIV. Closed Session

The Board adjourned from regular session at 1:41 p.m. and after a break, went into closed session to discuss the liability claims (Government Code Section 54956.95) involving:
Clifford J. Gordon, II, Dana Bell, and Lyle L. Bell and the 28th DAA
Donald E. Shields, Sr. and Donald E. Shields, Jr. and the Cloverdale Citrus Fair.

Conference with Legal Counsel –Anticipated Litigation (Paragraph (2) or (3) of subdivision (d) of Government Code Section 54956.9)

XV. ADJOURNMENT

The Board adjourned from Closed Session at 2:52 p.m. and resumed regular session. There was no reportable action taken during closed session. The meeting was adjourned at 2:53 p.m.



CHAIR

ATTEST:



SECRETARY