

MINUTES

REGULAR TELECONFERENCE MEETING OF CALIFORNIA FAIR SERVICES AUTHORITY BOARD OF DIRECTORS

April 4, 2018

1776 Tribute Road, Suite 100, Sacramento, CA 95815

Jim Wolcott, Vice Chair
Lassen County Fair

Becky Bailey–Findley, Executive Director
California Fair Services Authority

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

Rebecca Desmond
Deputy Executive Director
California Fair Services Authority

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

Raechelle Gibbons, Controller
California Fair Services Authority

Stephen Kenny, Director
Butte County Fair

Kevin Wright, Mgr of Business Services
California Fair Services Authority

Jack Blyskal, Director
Public Member

Charlie Mitchell, Consultant
California Fair Services Authority

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

Tom Amberson, Risk Department
Manager
California Fair Services Authority

Christy Layton, Legal Counsel to CFSA
Sloan Sakai Yeung & Wong LLP

Melissa Thurber, Communication Director
California Fair Services Authority

Mike Harrington, Bickmore Risk Services

Kevin Wong, Gilbert & Associates

Lydia Renard, 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

10:02 a.m., April 4, 2018, by Board Vice-Chair Jim Wolcott, in the conference room at 1776 Tribute Road, Suite 200, Sacramento, California.

II. APPROVAL OF MINUTES

Moved by Director Blyskal and seconded by Director Conklin to adopt **Resolution No. 18-04** approving the minutes of the regular teleconference meeting of February 14, 2018, as presented to the Board of Directors.

Ayes: Vice-Chair Wolcott, Directors Olcott, Conklin, Blyskal, Kenny

Noes: None

Abstain: None

Absent: Chair Jacobs, Director Quiroz

III. ADOPTION OF RESOLUTION ACCEPTING 2017 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, losses have developed more than expected. Liabilities are up, and the program is currently funded between the undiscounted 85% and 90% confidence levels.

In the Workers' Compensation program, development is more than expected due to adverse development in the most recent years, as well as the emergence of several large claims. Liabilities are up, and the program is currently funded between the undiscounted expected and 70% confidence levels.

In the Special Events Liability program, loss development has been less than expected. The program is currently funded above the undiscounted 90% confidence level.

Moved by Director Conklin and seconded by Director Kenny to adopt **Resolution No. 18-05** accepting the 2017 actuarial reports.

Ayes: Vice-Chair Wolcott, Directors Olcott, Conklin, Blyskal, Kenny

Noes: None

Abstain: None

Absent: Chair Jacobs, Director Quiroz

IV. ADOPTION OF RESOLUTION ACCEPTING THE 2017 AUDIT REPORT

Kevin Wong from Gilbert Associates presented the audit report for CFSA 2017 financial statements.

Moved by Director Conklin and seconded by Director Blyskal to adopt **Resolution No. 18-06** accepting the 2017 Audit Report.

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

V. ADOPTION OF RESOLUTION APPROVING 2018 WORKERS' COMPENSATION RATE

In 2016 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 continues. The results of the 2017 actuarial report indicate that the effort to close and settle old claims and update reserves is still impacting our reserve needs.

Moved by Director Blyskal and seconded by Director Conklin to adopt **Resolution No. 18-07** approving the Workers' Compensation Program base fee to remain at 5.8% for fairs that are members of both the Workers' Compensation and General Liability Programs, and the base fee to remain at 6% for fairs that are members of the Workers' Compensation Program only, and that staff will bring back to the August board meeting a plan to build up the Adverse Development Fund in 2019, which can be a multi-year plan.

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

VI. ADOPTION OF RESOLUTION APPROVING THE FINAL 2018 CFSA OPERATING BUDGET

The 2018 preliminary budget has been revised to reflect changes based on the 2017 actuary reports. The following changes have been included in the 2018 Revised Final Budget:

1. Updated General Liability pool loss reports through December 2017 (original estimated fee used losses through July 2017). Total revised General Liability fees for 2018 at \$3,522,998.
2. Workers' Compensation remains at 5.8/6% base rate with revised actual 2017 W-3 wages and volunteer hours and updated actual losses through December 2017 (original estimated fees used September 2016 to August 2017 wages and losses through July 2017). Total revised Workers' Compensation fees for 2018 at \$4,425,415.
3. Unrealized losses for the General Liability program changed to \$1,771,470 from original \$1,168,092 based on the 2017 actuary report. Revised budget for general liability reduced to \$522,000 based on actuary estimate for 2018 losses with new self-insured retention of \$100,000.
4. Unrealized losses for Workers' Compensation program changed to \$3,416,719 from original \$2,329,000 based on the 2017 actuary report.
5. Unrealized losses for Special Events Program changed to \$29,887 from

\$135,000 based on the 2017 actuary report.

6. Added GASB 68 pension expense of \$413,910 based on 2017 audit adjustment.

Moved by Director Conklin and seconded by Director Kenny to approve **Resolution No. 18-08** approving the final 2018 CFSA operating budget.

Ayes: Vice-Chair Wolcott, Directors Olcott, Conklin, Blyskal, Kenny

Noes: None

Abstain: None

Absent: Chair Jacobs, Director Quiroz

VII. ADOPTION OF RESOLUTION APPROVING A LINE OF CREDIT FOR THE CALIFORNIA FAIRS FINANCING AUTHORITY

CFFA experiences cash flow issues due to the unpredictable nature of fairs' implementing construction projects, delays due to contract disputes, the timing of grant funding and the natural timing challenges of the fair season.

CFFA applied for and CFSA board agreed to a line of credit of up to \$400,000 in 2016. The year ended with CFFA NOT drawing upon the line of credit. CFFA did NOT apply for nor draw upon a line of credit in 2017.

It is determined that a line of credit would be prudent and beneficial towards CFFA's operations in 2018. Not only does a line of credit offer security for cash flow challenges that CFFA might experience, it also sets precedence for CFFA operations into the future. At their March 20, 2018 meeting, the CFFA Board of Directors approved the application for a line of credit through CFSA's loan program, agreeing to the terms as set forth by the CFSA loan program policies and guidelines.

Moved by Director Blyskal and seconded by Director Kenny to approve **Resolution No. 18-09** approving a \$400,000 Line of Credit to the California Fairs Financing Authority for a term of 12 months and authorizing the CFSA Board Chair to execute a Line of Credit Agreement with CFFA.

Ayes: Vice-Chair Wolcott, Directors Conklin, Olcott, Blyskal, Kenny

Noes: None

Abstain: None

Absent: Chair Jacobs, Director Quiroz

VIII. ADOPTION OF RESOLUTION APPROVING NEW CFSA MEMORANDUM OF COVERAGE AND CERTIFICATE OF COVERAGE FOR THE GENERAL LIABILITY RISK SHARING PROGRAM

As of January 1, 2018, CFSA has entered into the CSAC-EIA General Liability 1 Program. The CSAC program has a self-insured retention of \$100,000 per occurrence and provides general liability coverage of up to \$25 million per occurrence per fairground with no aggregate limit. The 2017 Memorandum of Coverage for the General Liability Program is to be terminated effective January 1, 2018 and replaced by the proposed new CFSA Memorandum of Coverage (MOC), attached, conforming to the requirements of the CSAC-EIA General

Liability 1 Program. The coverages under the new proposed CFSA MOC are the same as the coverages in the prior CFSA MOC.

The new proposed CFSA MOC is based on the CSAC-EIA Memorandum #EIA-PE 17 EL-116 and includes all limitations, exclusions, endorsements and coverages in the CSAC-EIA Memorandum, except as revised in the new proposed CFSA Certificate of Coverage (COC), attached. The coverage under the COC is identical to, and follows the form of the CSAC-EIA Memorandum, except as to the provisions that conflict with the COC, in which the provisions of the COC prevail. The new proposed COC, as drafted by CFSA staff, incorporates special provisions that modify the CSAC-EIA Memorandum so that the coverage is applicable to our member fairs.

Moved by Director Blyskal and seconded by Director Conklin to approve **Resolution No. 18-10** approving new CFSA Memorandum of Coverage and Certificate of Coverage for the General Liability Risk Sharing Program, incorporating changes made at the meeting.

Ayes: Vice-Chair Wolcott, Directors Conklin, Olcott, Blyskal, Kenny

Noes: None

Abstain: None

Absent: Chair Jacobs, Director Quiroz

IX. ADOPTION OF RESOLUTION APPROVING REVISIONS TO THE HAZARDOUS ACTIVITIES LIST AND APPROVING CFSA GENERAL LIABILITY OPERATING MEMORANDUM #18-03 REGARDING HAZARDOUS ACTIVITIES LIST REVISIONS

Periodically an update is needed to the Hazardous and Non-Hazardous activities list and minimum general liability insurance limits for fair contracts 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.

Moved by Director Kenny and seconded by Director Conklin to approve **Resolution No. 18-11** adopting General Operating Memo #18-03 including a revised Hazardous Activities list and Minimum General Liability Insurance Limits for fair contracts to become effective May 4, 2018, and incorporating changes made at the meeting.

Ayes: Vice-Chair Wolcott, Directors Conklin, Olcott, Blyskal, Kenny

Noes: None

Abstain: None

Absent: Chair Jacobs, Director Quiroz

X. CONSIDERATION AND DIRECTION TO STAFF REGARDING RECOMMENDED MODIFICATIONS TO BENEFITS FOR ACTIVE AND RETIRED EMPLOYEES AND TO THE HEALTH VESTING SCHEDULE

The CFSA Benefits Staff Committee has spent a considerable amount of time

researching, analyzing, and discussing the sustainability of CFSA's group benefits package that is available to all current employees and retirees. Our goal is that any changes we make will have the least impact on current active employees and retirees, while at the same time providing us with the options for sustaining group benefits to the level that honor the dedication of our current and past staff members and is fiscally responsible. We are seeking direction and authorization to begin the necessary steps to implement the following changes:

1. Change the vesting eligibility for all new hires as of 1-1-19. This calls for CFSA to adopt a new PEMCHA resolution eliminating the current health plan vesting formula and revising Policy 350 Group Benefits to increase the number of years of service in order to qualify for retiree health benefits from five years to a minimum of 10 years, making new employees subject to Government Code 22893, commonly referred to as the Cal PERS "vesting schedule".
2. Eliminate Long Term Care premium subsidy to all current and future employees and retirees.
3. Eliminate Medicare Part B subsidy to all current and future retirees.
4. Eliminate Employee Benefit Reserve.
5. Transition all CFSA Construction department employees to CFFA by June 30, 2020.
6. Eliminate CFSA dental benefit pool. CFSA will pursue its own Delta Dental plan available through its participation in CSAC EIA, which would be more affordable for CFSA as it relates to eligible retirees' impact on OPEB liabilities.

Following discussion, Board Vice-Chair Wolcott directed CFSA staff to pursue the changes to benefits as presented.

XI. 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
5. Next Board Meeting is scheduled for June 6, 2018.

XII. Closed Session

The Board adjourned from regular session at 1:47 p.m. and went into closed session to discuss the liability claims (Government Code Section 54956.95) involving:

Liability/Special Events Claims – Government Code Sec. 54956.95

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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, et al.

CLAIMANTS: Donald Shields, Sr., et al.

AGENCY CLAIMED AGAINST: Cloverdale Citrus Fair, et al.

CLAIMANTS: Lance Grenamyer

AGENCY CLAIMED AGAINST: Alameda County Fair

CLAIMANTS: Sid Safi

AGENCY CLAIMED AGAINST: National Orange Show, 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)

XIII. OPEN SESSION

The Board adjourned from Closed Session at 2:50 p.m. and resumed regular session. There was no reportable action taken during closed session.

XIV. ADJOURNMENT

The meeting was adjourned at 2:54 p.m.

ATTEST:



SECRETARY



CHAIR