

# MINUTES

## REGULAR TELECONFERENCE MEETING OF CALIFORNIA FAIR SERVICES AUTHORITY BOARD OF DIRECTORS

April 7, 2021

1776 Tribute Road, Suite 100, Sacramento, CA 95815

In attendance:

### Board Members

**Lori Marshall**, Director, Board Chair  
Cow Palace Arena

**Jack Blyskal**, Director  
Public Member

**Nancy Sites**, Director  
Tulelake-Butte Valley Fair

**Laurie Giannini**, Director  
Calaveras County Fair

**Kim Floyd**, Director  
Del Norte County Fair

**Mike Francesconi**, Director  
CDFA Branch of Fairs & Expositions

### CFSA Staff

**Rebecca Desmond**, Executive Director  
CFSA

**John Quiroz**, Deputy Executive Director  
CFSA

**Raechelle Gibbons**, Chief Financial  
Officer, CFSA

**Kevin Wright**, Chief Administration  
Officer, CFSA

**Osman Mufti**, Legal Counsel to CFSA  
Sloan Sakai Yeung & Wong LLP

**Michael Kielty**, Consultant  
CFSA

### Guests

**Kevin Bibler**, Alliant Insurance Services

**Mike Harrington**, Bickmore Actuarial

**Katie Mueller**, 22<sup>nd</sup> DAA/San Diego  
County Fair

All Board members, CFSA staff and other participants attended remotely via Zoom or phone, pursuant to the requirements of California Government Code Section 54950, *et seq.* and Executive Order N-29-20.

## I. CALL TO ORDER



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Pursuant to the meeting notice, a regular teleconference meeting of the California Fair Services Authority (CFSA) Board of Directors was convened at 10:03 a.m., April 7, 2021, by Board Chair Lori Marshall and roll call was taken. Director Stephen Kenny was absent.

**II. ADOPTION OF RESOLUTION APPROVING THE MINUTES OF THE REGULAR TELECONFERENCE MEETING OF FEBRUARY 3, 2021**

Moved by Director Blyskal and seconded by Director Francesconi to adopt **Resolution No. 21-12** approving the minutes as presented.

Ayes: Chair Marshall, Directors Blyskal, Sites, Floyd, Francesconi  
Noes: None  
Abstain: Director Giannini  
Absent: Director Kenny

There was no public comment.

Motion passed.

**III. ADOPTION OF RESOLUTION APPROVING CFSA'S INVESTMENT GOALS, OBJECTIVES, AND POLICIES (Item tabled from February 3<sup>rd</sup>, 2021 meeting)**

When we met in February, our financial advisor Jeff Mathias from Madison presented some new options for CFSA investments. At the time the board tabled approval of the CFSA Investment Goals, Objectives & Policies until the April 2021 board meeting to give staff time to work with Jeff on his proposal.

Staff has been in communication with Jeff and plan to have a proposal for your consideration at the June 2021 board meeting.

In the meantime we continue to operate under our existing investment goals, objectives and policies.

Moved by Director Giannini and seconded by Director Marshall to table this item to the June 2, 2021 meeting of the board of directors.

Ayes: Chair Marshall, Directors Blyskal, Sites, Floyd, Francesconi, Giannini  
Noes: None  
Abstain: None  
Absent: Director Kenny

There was no public comment.

Motion passed.



**IV. ADOPTION OF RESOLUTION ACCEPTING 2020 ACTUARIAL REPORTS FOR GENERAL LIABILITY, WORKERS' COMPENSATION AND SPECIAL EVENTS RISK POOLS**

CFSA contracts with Bickmore annually for actuary studies on the General Liability, Workers' Compensation and Special Events risk pool programs. The studies are conducted after year-end so we have accurate claims data for the policy year.

Michael Harrington of Bickmore presented an overview of his studies. We have used the data from these reports to make our recommendations on 2021 final risk pool fees as well as in our revised budget and business plan.

In summary, the risk pools ended the 2020 year as follows:

- General Liability is funded between the 70% and 75% confidence level. This is within our Annual Funding Goal (70%-80%).
- Workers' Compensation is funded between the 85% and 90% confidence level. This is good news, but a lot of that is due to the decreasing payrolls.
- Special events ended 2020 at the expected funding confidence level. That is below our Annual Funding Goal. This pool performance can be attributed to recent, unusual claims activity, along with collection of only 20% of our usual annual fees due to the state ban on gatherings.

Moved by Director Blyskal and seconded by Director Giannini to adopt **Resolution No. 21-13** accepting the 2020 actuarial reports for General Liability, Workers' Compensation and Special Events Risk Pools, as presented.

Ayes: Chair Marshall, Directors Blyskal, Sites, Floyd, Francesconi, Giannini  
Noes: None  
Abstain: None  
Absent: Director Kenny

There was no public comment.

Motion passed.

**V. ADOPTION OF RESOLUTION APPROVING CFSA'S 2021 RISK POOL FEE**

**a. ADOPTION OF RESOLUTION APPROVING FINAL 2021 GENERAL LIABILITY FEES**

**b. ADOPTION OF RESOLUTION APPROVING FINAL 2021 WORKERS' COMPENSATION FEES**

After reviewing preliminary data last October, the Board directed staff to communicate with the members that CFSA was estimating the General Liability



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and the Workers' Compensation base rates would remain at the 2019 levels which we also used for 2020. At the time, we were hopeful our fairs would return to normal activity in 2021 so we estimated payroll at the 2020 levels plus 25%.

As it has been all through the COVID pandemic, things change weekly. In February of this year we were not optimistic that most of our fairground members would return to 2019 activity so we chose to make our Workers' Compensation fee recommendations based upon the members own data supplied to us estimating their 2021 payroll. We will use that figure when we renew our excess coverage with PRISM in July.

In recent years we have used our Agency Equity Reserve to cover financial deficits in years when we did not collect enough in fees to cover claims costs for that program year. We needed to rebuild our Agency Equity Reserve so that we could continue to stabilize rates along with addressing our unfunded pension and OPEB liabilities. And by keeping equity in the risk sharing pools, the pools can help provide for changes in the claims experience.

We were fortunate to add a significant boost to our reserves from our operational and actuarial performance in 2019. In 2020, claims were down in Workers' Compensation, however, in General Liability, we were only down three claims from 2019. Employment practice claims are on the rise unfortunately. And of course, Special Events suffered due to the out of character increase in claims and extreme decrease in fees.

Our excess coverage through PRISM is a major component of the fee setting process. Workers' Compensation is seeing a slight decrease in excess base fees which is helpful. General Liability remains costly as the commercial market that funds higher levels of the excess coverage keeps hardening, which several companies are leaving the California market all together.

PRISM is seeing coverage modifications either in the form of sub-limits, aggregated coverage layers, certain coverages being provided on a claims-made basis, and/or exclusions or significant limitations on coverage. At the same time and for the same reasons, self-insured and pooled programs across the state are seeing a depletion in funding. This trend is affecting all public entities: counties, cities, schools, and special districts.

The PRISM GL1 excess program that CFSA participates in has experienced an increase in frequency of \$1 million-plus claims in the last three years, one of those being a CFSA claim. PRISM is helping us keep stable with our \$100,000 SIR. However, GL1 program rates will increase by 25% in July due to lack of availability of excess for PRISM and our modification rate is 137% due to our loss history in the short three years we have been in this program.





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PRISM is a very hands-on excess carrier as they provided numerous risk control and training opportunities for CFSA and all of our participants at no additional cost. These member services are invaluable.

The final component to our process is CFSA overhead. We cut overhead down to the bone in 2020. We continue to seek efficiencies in operational expenses efficiencies as well as in staffing. As the fair season begins to open up and we bring our office back into onsite operation, we will need to increase some of our staffing but we are being very cautious and prudent looking at the use of part-time employees until the fair industry is back in full swing.

### **General Liability**

As presented earlier in the board meeting, the 2020 actuarial report for general liability shows that at the end of 2020, the program was funded between the undiscounted 70% and 75% confidence levels. Staff recommends funding at the 85% confidence margin.

### **Workers Compensation**

As presented earlier in the board meeting, the 2020 actuarial report for Workers' Compensation shows that at the end of 2019, the program was funded between the undiscounted 85% - 90% confidence levels. Staff recommends funding at the 70% confidence margin. Despite the negative net, we are not recommending a base fee increase at this time because of the positive funding level at the end of 2020 and the current financial challenges of our members.

A look at the historical base rates charged shows that CFSA attempted to keep fees stable, especially in the time that our members were experiencing significantly reduced state funding. Confidence margins were held at conservative, acceptable levels.

Staff's recommendation to hold base fees in 2021 is what currently serves the risk pools and the participants best for this current year.

Moved by Director Blyskal and seconded by Director Sites to adopt **Resolution No. 21-14** approving the General Liability Risk Pool Program base fees charged to member fairs remain at the 2019 level for the 2021 coverage year.

Ayes: Chair Marshall, Directors Blyskal, Sites, Floyd, Francesconi,  
Giannini  
Noes: None  
Abstain: None  
Absent: Director Kenny

There was no public comment.

Motion passed.

Moved by Director Giannini and seconded by Director Francesconi to adopt



**Resolution No. 21-15** approving:

1. That the Workers' Compensation Program base fee remain at 6.1% of payroll for fairs that are participants in both the CFSA Workers' Compensation and General Liability Risk Pool Programs; and
2. That the 2021 Workers' Compensation Program base fee remain at 6.3% of payroll for fairs that are members of the Workers' Compensation Risk Pool Program only.

Ayes: Chair Marshall, Directors Blyskal, Sites, Floyd, Francesconi, Giannini

Noes: None

Abstain: None

Absent: Director Kenny

There was no public comment.

Motion passed.

**VI. ADOPTION OF RESOLUTION APPROVING CFSA REVISED 2021 OPERATING BUDGET**

The revised budget that we present every April is a more realistic budget than what we estimate in December of the previous year because we have our annual actuary report, we have exact year-end figures, and in the case of COVID, we have up-to-date information on activities in California.

For the second year in a row, we have ended the year with a net positive. This has been critical to our ability to rebuild our agency equity and confidence margin reserves which have been used heavily over the last eight years as we experienced the frequency of severity in our general liability program along with addressing our pension and OPEB liabilities.

We are budgeting for a net positive again in 2021, however, that is dependent upon claims activity and just how much business our fairgrounds will be able to conduct.

Our estimated fees are more than \$2 million less for a second year than we collected in 2019 reflecting the impact of lower payrolls and an 80% reduction in Special Events activity. We are fortunate that our 2020 Special Events excess coverage premium was an auditable premium and we will be seeing an estimated minimum of a 50% return on the \$161,000 premium. Going forward in 2021, we have entered into a premium deposit program with our excess carrier to pay a \$49,000 deposit premium and then quarterly we will be pay per event coverage sold.

Salaries and benefits/taxes budgeted in 2021 is about equal to 2020 year-end. The variance from 2019 reflects the \$1.1 million in a one-time OPEB reduction



due to construction department employees returning to CCA. At the beginning of 2020, we had 21 fulltime and three parttime employees. At the end of 2020, we had 15 fulltime employees and no parttime employees. For 2021, we are budgeting for 18 fulltime and one parttime employee. We currently have one fulltime and one parttime position vacant.

This proposed budget does not include the possibility of five DAAs rejoining our General Liability Risk Pool and one possibly rejoining our Workers' Compensation Risk Pool. This will increase our risk pool fees and but also increase our excess coverage fees. We will keep the board up to date on any developments in this area.

So much uncertainty remains in 2021. We may see a completely different picture in our budget at the end of the year. For now, this Revised 2021 Budget is our best estimate with the information we know currently.

The board budget committee met with management staff on March 22 and approved the 2021 Revised Budget as presented.

Moved by Alternate Director Blyskal and seconded by Director Floyd to adopt **Resolution No. 21-16** approving the CFSA Revised 2021 Operating Budget as presented.

Ayes: Chair Marshall, Directors Blyskal, Floyd, Francesconi, Giannini  
Noes: None  
Abstain: None  
Absent: Director Kenny, Director Sites had stepped away for this item

There was no public comment.

Motion passed.

## VII. **ADOPTION OF RESOLUTION APPROVING REVISIONS TO CFSA POLICY AD 041 CLAIMS CHECKS SIGNING AUTHORITY**

At the February 2021 board meeting the Chief Administrative Officer position had been left off as a signatory on our claims account.

Moved by Director Marshall and seconded by Director Giannini to adopt **Resolution No. 21-17** approving the revision to Policy AD 041 Claims Checks Signing Authority as presented.

Ayes: Chair Marshall, Directors Blyskal, Sites, Floyd, Francesconi, Giannini  
Noes: None  
Abstain: None  
Absent: Director Kenny



There was no public comment.

Motion passed.

**VIII. ADOPTION OF RESOLUTION APPROVING REVISIONS TO CFSA POLICY AD 120 ADMINISTRATION OF INTERNAL CLAIMS**

The revisions to this policy are just updating position titles as we have merged the Deputy Executive Director and Risk Manager positions.

Moved by Director Giannini and seconded by Director Blyskal to adopt **Resolution No. 21-18** approving revisions to CFSA Policy AD 120 Administration of Internal Claims as presented.

Ayes: Chair Marshall, Directors Blyskal, Sites, Floyd, Francesconi, Giannini  
Noes: None  
Abstain: None  
Absent: Director Kenny

There was no public comment.

Motion Passed.

**IX. ADOPTION OF RESOLUTION APPROVING RE-ENTRY OF THE 22<sup>ND</sup> DISTRICT AGRICULTURAL ASSOCIATION/SAN DIEGO COUNTY FAIR INTO CFSA GENERAL LIABILITY AND WORKERS' COMPENSATION RISK POOLS**

CFSA staff recommends the board approve allowing the 22<sup>nd</sup> DAA San Diego County Fair re-entry to the CFSA General Liability and Workers' Compensation risk pool programs for a minimum of five years at a minimum of the 100% modification factor for the first five years.

Moved by Director Floyd and seconded by Director Blyskal to adopt **Resolution No. 21-19** approving re-entry of the 22<sup>nd</sup> District Agricultural Association/San Diego County Fair into CFSA's General Liability and Workers' Compensation risk pools for a minimum of five years at the 100% modification factor (minimum) beginning May 1, 2021 and based on approval by the Executive Director and the Board Chair.

Ayes: Chair Marshall, Directors Blyskal, Sites, Floyd, Francesconi, Giannini  
Noes: None  
Abstain: None  
Absent: Director Kenny





There was no public comment.

Motion Passed.

Chair Marshall left the meeting at 11:26 and Vice-Chair Blyskal led the meeting and discussion.

## **X. INFORMATIONAL ITEMS**

1. CFSA Investment Report was presented as submitted. There was no public comment.
2. The Administrative Services, Finance, and Risk Department Reports were presented as submitted. There was no public comment.
3. Executive Director's Report was presented as submitted. There was no public comment.
4. Directors' Reports: Director Giannini reported that They were having a "homecoming" event on their usual May fair dates. Director Blyskal advised that his family will be at his residence in Reno for the summer. There was no public comment.
5. The next Regular Board Meeting is June 2, 2021.

## **XI. ADOPTION OF RESOLUTION APPROVING CFSA BOARD POLICY REGARDING ADMINISTRATION OF CLAIMS INVOLVING A CFSA COVERED PARTY AND THE STATE OF CALIFORNIA OR THE CALIFORNIA DEPARTMENT OF FOOD AND AGRICULTURE**

The Non-covered Entities board committee consisting of Steve Kenny and Jack Blyskal has worked with executive staff and legal counsel on developing a policy to address the administration of general liability claims involving a CFSA covered party and the State of California and the California Department of Food and Agriculture (CDFA).

Moved by Director Floyd and seconded by Director Sites to adopt **Resolution No. 21-20** approving CFSA's Policy Regarding Administration of Claims involving a CFSA Covered Party and the State of California or the California Department of Food and Agriculture as Defendants, as presented.

Ayes: Directors Blyskal, Sites, Floyd, Francesconi, Giannini  
Noes: None  
Abstain: None  
Absent: Director Kenny, Chair Marshall

There was no public comment.



Motion Passed.

**XII. CLOSED SESSION**

The Board adjourned from regular session at 11:48 a.m. and went into closed session to discuss the following:

**Liability/Special Events Claims – Government Code Sec. 54956.95**

**Claimant:** Wendy Bozigian and Maby Hernandez Audelo

**Agency Claimed Against:** 50<sup>th</sup> District Agricultural Association/Antelope Valley Fair Association, et al.

**Public Employee Performance Evaluation – Government Code Sec. 54957(b) (1)**

Title: Executive Director

**XII. OPEN SESSION**

The Board adjourned from closed session at 12:32 p.m. and resumed regular session.

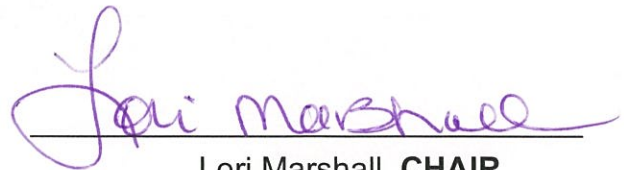
There was no reportable action taken during closed session.

**XII. PUBLIC COMMENT**

There was no public comment.

**XIV. ADJOURNMENT**

The meeting was adjourned at 12:33 p.m.



Lori Marshall, **CHAIR**

**ATTEST:**

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Kevin Wright, **SECRETARY**

