

MINUTES

REGULAR TELECONFERENCE MEETING OF CALIFORNIA FAIR SERVICES AUTHORITY BOARD OF DIRECTORS

April 6, 2022

1776 Tribute Road, Suite 100, Sacramento, CA 95815

In attendance:

Board Members

Lori Marshall, Director, Board Chair
Cow Palace Arena

Jack Blyskal, Director, Vice-Chair
Public Member (Via Zoom)

Nancy Sites, Director
Tulelake-Butte Valley Fair (Via Zoom)

Laurie Giannini, Director
Calaveras County Fair (Via Zoom)

Kim Floyd, Director
Del Norte County Fair (Via Zoom)

Mike Francesconi, Director
CDFA Branch of Fairs & Expositions

Steve Kenny, Director
Butte County Fair

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

Guests

Kevin Bibler, Alliant
Evan Washburn, Alliant
Derek Burkhalter, Bickmore Actuarial (Via
Zoom)

All Board members, CFSA staff and other participants attended in person or remotely via Zoom or phone (as noted), pursuant to the requirements of California Government Code Section 54950, *et seq.*

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 10:03 a.m., April 6, 2022, by Board Chair Lori Marshall and roll call was taken.

II. ADOPTION OF RESOLUTION APPROVING THE MINUTES OF THE REGULAR TELECONFERENCE MEETING OF FEBRUARY 2, 2022

Moved by Director Floyd and seconded by Director Kenny to adopt **Resolution No. 22-07** approving the minutes as presented.

Ayes: Chair Marshall, Vice-Chair Blyskal, Directors Floyd, Giannini, Kenny, Francesconi

Noes: None

Abstain: None

Absent: Director Sites

There was no public comment.

Motion passed.

III. ADOPTION OF RESOLUTION ACCEPTING 2021 ACTUARIAL REPORTS FOR GENERAL LIABILITY, WORKERS' COMPENSATION, AND SPECIAL EVENTS RISK POOLS

CFSA contracts with Bickmore Actuarial 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.

Derek Burkhalter of Bickmore Actuarial presented an overview of his studies. We have used the data from these reports to make our recommendations on 2022 final risk pool fees as well as in our revised budget and business plan.

In summary, the risk pools ended the 2021 year as follows:

- General Liability is funded below the 70% confidence level. That is below our Annual Funding Goal (70%-80%).
- Workers' Compensation is funded above the 80% confidence level.
- Special Events ended 2021 above the 75% confidence level.

Moved by Director Blyskal and seconded by Director Kenny to adopt **Resolution No. 22-08** accepting the 2021 actuarial reports for General Liability, Workers' Compensation and Special Events Risk Pools, as presented.

Ayes: Chair Marshall, Vice-Chair Blyskal, Directors Sites, Floyd, Francesconi, Kenny, Giannini

Noes: None

Abstain: None

Absent: None

There was no public comment.

Motion passed.

IV. **ADOPTION OF RESOLUTION REVISING CFSA'S UNDERWRITING POLICY**

The CFSA board and staff have discussed changes to the loss capping section of the CFSA Underwriting Policy for many years now. In 2017 we commissioned a special study by our actuary Bickmore to study our capping practices and make recommendations to bring the practices current.

We are recommending a small step for 2022 by adjusting the Workers' Compensation capping formula found in Section H (6) on page 7 of the CFSA Underwriting Policy. Moving the "exceeding" claim number up alongside the capping number and in chronological order does not properly reflect the loss history for each fair. We are proposing to keep the exceeding number at \$25,000 to more accurately cap claims in the proper order.

Moved by Director Kenny and seconded by Director Francesconi to adopt **Resolution No. 22-09** revising CFSA's Underwriting Policy as presented.

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

There was no public comment.

Motion passed.

V. **ADOPTION OF RESOLUTION APPROVING 2022 RISK POOL FEES**

This is the time of year when staff makes recommendations to the Board about final annual risk pool fees based upon our latest annual actuary reports, our previous year-end budget, our Annual Funding Goal, and our Equity Allocation Policy. For 2022, the process was the same, however, trying to estimate our exposure based on what activities will be allowed at member fairgrounds in 2022 and what payroll will be was a more difficult task, though much more optimistic for fair operations than 2021.

Staff is recommending that we do not implement any base fee increase for Workers' Compensation in 2022 and we increase the 2022 General Liability base fee by 15% due to adverse claims activity.

1. Adoption of Resolution approving final 2022 General Liability fees.
 - a. Moved by Director Blyskal and seconded by Director Francesconi to adopt **Resolution No. 22-10** approving the 2022 General Liability Risk

Pool fees at 15% higher than 2021 fees.

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

2. Adoption of Resolution approving final 2022 Workers' Compensation fees.
 - a. Moved by Director Kenny and seconded by Director Blyskal to adopt **Resolution No. 22-11** approving the 2022 Workers' Compensation Risk Pool fees at the same rate as the 2021 fees.

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

There was no public comment.

Motion passed.

VI. **ADOPTION OF RESOLUTION APPROVING CFSA'S REVISED 2022 OPERATING BUDGET**

As we all emerge from the challenges of the past two years and with several unknowns remaining, the CFSA executive team worked hard on developing the revised 2022 CFSA Budget. We are pleased to report that we ended 2021 with a positive net. Though it is not as significant as in the previous two years, it has allowed us to contribute to our reserves which help us stabilize rates for our risk pool members.

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

We have also taken into consideration the goals and objectives established in our recent strategic planning which include a focus on staff retention and recruitment through professional development opportunities and conducting a salary study of all CFSA positions.

Our estimated fees are \$3 million more than we collected in 2021 reflecting the impact of increased payrolls, a 15% increase in General Liability fees, and increased Financial Services fees. In addition, Special Events activity at our member fairgrounds has increased as they are able to increase event activity.

The new premium deposit excess insurance program that we started in 2021 for Special Events has also allowed us to pay for actual coverage needed.

We are very pleased that operational and policy strategies put into place over the last three years are now resulting in our business plan reflecting reserve levels that address our unfunded pension and OPEB liabilities. This of course is dependent upon claims developing at the expected level. Should claims develop negatively, due to our continuous replenishment of reserves, we will be able to sustain the impact without drastic fee adjustment for our members.

Moved by Director Francesconi and seconded by Director Kenny to adopt **Resolution No. 22-12** approving CFSA's Revised 2022 Operating Budget as presented.

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

There was no public comment.

Motion passed.

VII. ADOPTION OF RESOLUTION APPROVING GENERAL LIABILITY OPERATING MEMO #22-1 REVISIONS TO CFSA NON-COMPLIANCE POLICY; REVISION TO CFSA SPECIAL EVENTS RATE CARD; REVISIONS TO CFSA HAZARDOUS/NONHAZARDOUS ACTIVITIES LIST

This action item includes approval of CFSA General Operating Memo 22-01 which includes changes to the CFSA Noncompliance Policy and Hazardous/Nonhazardous Activities List. Staff is also seeking approval to revisions to the CFSA Special Events Rate Card.

Revisions to CFSA Hazardous/Nonhazardous Activities List and Special Events Rate Card

We have found that clarification of terms related to coverage for horse boarding compared to use of equestrian facilities (including riding, training, competition preparation, etc.) at member fairgrounds is necessary due to the inability of certain activities to be covered under the CFSA Special Events Insurance Program. The Special Events excess insurance coverage does not extend to equestrian facility use. As such, revisions to the CFSA Hazardous/Nonhazardous Activities List and Special Events Rate Card are necessary.

CFSA Noncompliance Policy

Despite the detailed training and outreach efforts of CFSA staff over the last eight years and the renewal of the California Department of Food & Agriculture Branch of Fairs & Expositions' (F&E) requirement that all District Agricultural Associations (DAA) submit contracts (all hazardous, and non-hazardous over \$15,000) to CFSA for review, we are still seeing examples of noncompliance with the contract insurance review process. Large claims/lawsuits have been filed for incidents related to contract insurance that could have been avoided had the member fairs submitted their contracts and insurance certificates/language for review by CFSA. Part of the need to increase general liability pool fees in 2018 and 2019 was due to a need to replenish the pool reserves for the expenses related to these large loss claims.

Accordingly, it is time to revisit the noncompliance policy related to members adhering to all CFSA requirements and to begin the conversation of including risk control inspection reports related to premise conditions that have led to general liability claims. We have not been able to implement the current policy as written due to the "within five years" condition.

In January of this year, CFSA staff met with a CFSA Risk Advisory Committee made up of a diverse selection of current CFSA General Liability Risk Pool participants to review the current policy and solicit recommendations for revisions. The policy included in General Operating Memo 22-01 reflects the input from the Risk Advisory Committee and CFSA staff.

Moved by Director Blyskal and seconded by Director Francesconi to adopt **Resolution No. 22-13** approving General Liability Operating Memo #22-1 as presented.

Ayes: Chair Marshall, Vice-Chair Blyskal, Directors Sites, Floyd, Kenny, Francesconi
Noes: None
Abstain: None
Absent: Director Giannini left the meeting at 12:00 and was unavailable for the roll call vote

There was no public comment.

Motion passed.

VIII. ADOPTION OF RESOLUTION APPROVING REVISION TO CFSA POLICY 313 SICK LEAVE PERTAINING TO EMERGENCY COVID SICK LEAVE

This policy has been updated to reflect SB 114: COVID 19 Supplemental Paid Sick Leave Details that was signed by Governor Newsom in February of 2022. SB 114 allows for employees to use up to 80 hours of COVID sick leave retroactive to January 1, 2022, and continues through September 30, 2022. CFSA is not required to adopt this policy, however, we believe it is a prudent employee retention tool.

Moved by Director Blyskal and seconded by Director Floyd to adopt **Resolution No. 22-14** approving revisions to CFSA Policy 313 Sick Leave as presented.

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

There was no public comment.

Motion passed.

IX. ADOPTION OF RESOLUTION HONORING BOARD CHAIR LORI MARSHALL UPON HER RETIREMENT

Director Lori Marshall has served CFSA as a board member beginning January 2019 through April 2022. In 2021 and 2022 Director Marshall lead CFSA as board chair. She is departing the CFSA board due to her pending retirement as the CEO of the Cow Palace & Event Center on May 17, 2022.

On behalf of the entire CFSA team, we congratulate Director Marshall on her upcoming retirement. Her dedication to the California fair industry has been long and strong!

Director Marshall joined the CFSA Board of Directors during the year of executive transition, and then took the leadership reins from former chair Director Steve Kenny in the midst of the COVID pandemic with still so many unknowns for CFSA and our members.

In gratitude for Director Marshall's generous commitment of time and talent to CFSA and for her tremendous leadership, we honor and thank her for her service to CFSA.

Moved by Director Blyskal and seconded by Director Francesconi to adopt **Resolution No. 22-15** honoring CFSA Board Chair Lori Marshall upon her retirement.

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

There was no public comment.

Motion passed.

X. ADOPTION OF RESOLUTION APPOINTING TOM MITCHELL TO FILL OUT THE TERM VACATED BY LORI MARSHALL AS OF MAY 17, 2022

Our esteemed chair Lori Marshall is retiring from the Cow Palace & Event Center on May 17, 2022, and thus her term on the CFSA Board of Directors, which expires on December 31, 2022, will become vacant. Per the CFSA JPA agreement Section 9, with less than a year remaining on Director Marshall's term, the CFSA Board of Directors may appoint a replacement to fulfill the remainder of her term.

As Tom Mitchell, CEO of the Madera District Fair, currently serves as Director Marshall's alternate on the board and he has agreed to be considered to fill out her term, it appears appropriate to appoint him to fill this vacancy for the remainder of the term. Such an appointment would be in lieu of holding a midterm vacancy election.

Moved by Director Kenny and seconded by Director Floyd to adopt **Resolution No. 22-16** appointing Tom Mitchell to fill out the term vacated by Lori Marshall as of May 17, 2022.

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

There was no public comment.

Motion passed.

The Board took a break at 12:31 p.m., and reconvened at 12:55 p.m.

XI. INFORMATIONAL ITEMS

1. Final Worker's Compensation Audit.
 - a. Deputy Executive Director John Quiroz reported that the recent audit of the work of the Workers' Compensation Claims department led by Cindy Hehner was near perfect and received the best score that the auditor had ever given. A copy of the audit was provided to the board.
2. Staff Reports:
 - a. Administrative Services report stood as presented.
 - b. Finance Report was briefly presented by Chief Financial Officer Raechelle Gibbons.
 - c. Risk Management report stood as presented.
3. Executive Director's Report was briefly presented by Rebecca Desmond.

4. Directors' Reports:

- a. Director Kenny advised that he would be retiring from the Butte County Fair next year. The fair is currently recruiting for a new CEO so that Steve can assist in training and transition.
- b. Director Blyskal offered congratulations to Workers' Compensation Claims Administrator Cindy Hehner and the CFSA Workers' Compensation team, saying that he had never seen a score so high on a Workers' Compensation claims audit.
- c. Director Sites said that she hoped to change her current fair board meeting schedule so that it did not fall on the same day as CFSA's board meetings.
- d. Chair Lori Marshall assigned herself, Steve Kenny, and Tom Mitchell to serve on a committee to review the salary study and assist with developing an implementation plan.

5. Next Meeting: June 1, 2022

XII. CLOSED SESSION

The Board adjourned from regular session at 1:24 p.m. and went into closed session to discuss the following:

General Liability Claims – Government Code Sec. 54956.95

Claimant: David Cruz Abundio

Agency Claimed Against: Dixon May Fair/36th District Agricultural Association, et al.

Claimant: Joseph Cooke

Agency Claimed Against: Humboldt County Fair

Claimant: East Bay Dragons

Agency Claimed Against: Solano County Fair

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

Title: Executive Director

Conference with Labor Negotiators – Government Code Sec. 54957.6

Agency Designated Representative: Board Chair

Unrepresented Employee: Executive Director

XIII. RECONVENE FROM CLOSED SESSION

April 6, 2022

The Board adjourned from closed session at 1:56 p.m. and resumed regular session.

XIV. DIRECTION FROM CLOSED SESSION

A motion was made and seconded regarding increasing the salary of the Executive Director of CFSA. Pursuant to Government code 54953 (c) a summary of compensation must be orally reported prior to taking final action. Pursuant to the motion the Executive Director's annual salary would increase by 3%. All other benefits and terms of the employment agreement will remain the same.

There was no public comment.

Motion passed.

There was no other reportable action from Closed Session.

XV. PUBLIC COMMENT

There was no public comment.

XVI. ADJOURNMENT

The meeting was adjourned at 1:57 p.m.



Steve Kenny, **ACTING CHAIR**

ATTEST:



Kevin Wright, **SECRETARY**