

MINUTES

REGULAR MEETING OF CALIFORNIA FAIR SERVICES AUTHORITY BOARD OF DIRECTORS

April 5, 2023

1776 Tribute Road, Suite 100, Sacramento, CA 95815

In attendance:

Board Members

Nancy Sites, Director
Tulelake-Butte Valley Fair

Laurie Giannini, Director
Calaveras County Fair

Mike Francesconi, Director
CDFA Branch of Fairs & Expositions

Chip Holloway, Director
Desert Empire Fair

Tom Mitchell, Director
Madera District Fair

Mike Kielty, Board Chair
Public Member

CFSA Staff

Rebecca Desmond, Executive Director
CFSA (Zoom)

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

Mike Harrington, Bickmore Actuarial

Kevin Bibler, Alliant Insurance Services

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 meeting of the California Fair Services Authority (CFSA) Board of Directors was convened at 10:00 a.m., April 5, 2023, by Board Chair Laurie Giannini and roll call was taken.

II. ADOPTION OF RESOLUTION APPROVING THE MINUTES OF THE REGULAR MEETING OF FEBRUARY 1, 2023

Moved by Director Holloway and seconded by Director Mitchell to adopt **Resolution No. 23-07** approving the minutes of the Regular meeting of February 1, 2023, as presented.

Ayes: Chair Giannini, Directors Francesconi, Sites, Mitchell, Kielty, and Holloway
Noes: None
Abstain: None
Absent: Vice Chair Floyd

There was no public comment.

Motion passed.

III. ADOPTION OF RESOLUTION ACCEPTING 2022 ACTUARIAL REPORTS FOR GENERAL LIABILITY, WORKERS' COMPENSATION, AND SPECIAL EVENTS RISK POOLS

Mike Harrington from Bickmore Actuarial presented the 2022 Actuarial Reports for the CFSA General Liability, Workers' Compensation, and Special Events risk pools.

In summary, the risk pools ended the 2022 year as follows:

- General Liability is funded at the 80% confidence level.
- Workers' Compensation is funded at the 80% confidence level.
- Special Events is funded at the 80% confidence level.

Moved by Director Kielty and seconded by Director Holloway to adopt **Resolution No. 23-08** accepting the 2022 Actuarial Reports for the CFSA General Liability, Workers' Compensation, and Special Events risk pools, as presented.

Ayes: Chair Giannini, Directors Francesconi, Sites, Mitchell, Kielty, and Holloway
Noes: None
Abstain: None
Absent: Vice Chair Floyd

There was no public comment.

Motion passed.

IV. ADOPTION OF RESOLUTION APPROVING REVISIONS TO THE CFSA UNDERWRITING POLICY

The CFSA Underwriting Policy includes how we calculate fees for the General Liability and Workers' Compensation risk pool programs. Due to the drastic changes in member payroll in 2020 and 2021 related to the COVID-19 pandemic, we had to move away from using prior year W3 figures for estimated payroll for current-year Workers' Compensation fees.

Moved by Director Holloway and seconded by Director Francesconi to adopt **Resolution No. 23-09** approving revisions to the CFSA Underwriting Policy.

Ayes: Chair Giannini, Directors Francesconi, Sites, Mitchell, Kielty, and Holloway
Noes: None
Abstain: None
Absent: Vice Chair Floyd

There was no public comment.

Motion passed.

V. **ADOPTION OF RESOLUTION APPROVING 2023 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 2023, executive staff first met with board member Mike Kielty to review draft actuary reports, estimated excess premium figures, and the financial status of the pools. We then finalized figures once we received GASB 68 and 75 figures from the auditor which impacted our 2022 year-end net position which impacts our case reserves and Agency Equity Reserve. We then took all of the updated information to the Budget Committee for review.

The Budget Committee and staff are recommending that we do not implement any base fee increase for Workers' Compensation in 2023 and we increase the 2023 General Liability base fee by 15% due to adverse claims activity and increased excess coverage premiums.

1. Adoption of Resolution approving final 2023 General Liability fees.

Moved by Director Mitchell and seconded by Director Kielty to adopt **Resolution No. 23-10** approving the 2023 General Liability Risk Pool fees at 15% higher than 2022 fees.

Ayes: Chair Giannini, Directors Francesconi, Sites, Mitchell, Kielty, and Holloway
Noes: None
Abstain: None

Absent: Vice Chair Floyd

There was no public comment.

Motion passed.

2. Adoption of Resolution approving final 2023 Workers' Compensation fees.

Moved by Director Mitchell and seconded by Director Holloway to adopt **Resolution No. 23-11** approving the 2023 Workers' Compensation Risk Pool fees at the same rate as the 2022 fees.

Ayes: Chair Giannini, Directors Francesconi, Sites, Mitchell, Kielty, and Holloway

Noes: None

Abstain: None

Absent: Vice Chair Floyd

There was no public comment.

Motion passed.

VI. ADOPTION OF RESOLUTION APPROVING CFSA FINAL 2023 OPERATING BUDGET

The impact of risk pool performance on the entire CFSA budget is very apparent in the final 2023 budget. We ended 2022 with a \$1.9 million positive net and we are proposing a deficit budget for 2023. Four major factors have contributed to this: 1) we received \$817,752 in credits from GASB 68 (pension) and GASB 75 (OPEB) in 2022 that we don't expect to receive in 2023 and which causes a total \$1.3 million swing from 2022 to 2023; 2) general liability excess insurance premiums increased by \$871,901 for 2023; 3) salaries and benefits are increasing by \$484,097 for 2023 due to filling vacant positions and the 12.5% salary increase based as Phase I of the salary study implementation; 4) we are using reserves to offset a 25% increase in general liability risk pool fees.

On a program-by-program basis, the 2023 budget reflects losses in the general liability and special events programs. For general liability this is directly tied to the increase in excess coverage premiums due to the hard liability market and our pool performance (frequency of severity) which also increases our unrealized loss figure calculated by the actuary.

Increasing member payrolls have contributed to the positive net in the Workers' Compensation program. As discussed earlier in the meeting, increasing our self-insured retention in this program has kept us from paying higher excess fees, but our claims costs have increased by \$1 million per the actuary. We believe that the difference in costs for excess insurance will be a savings over time and

claims will not develop as predicted. Keeping the difference in excess costs in house enables us to contribute more to our reserves overtime to keep fees stable.

Due to the now constant “frequency of severity” in the general liability market and our own claims, it is not prudent at this time to change our self-insured retention despite the large increase in excess premiums, as we will discuss earlier in the meeting when reviewing final 2023 fees.

Moved by Director Holloway and seconded by Director Sites to adopt **Resolution No. 23-12** approving CFSA Final 2023 Operating Budget.

Ayes: Chair Giannini, Directors Francesconi, Sites, Mitchell, Kielty, and Holloway
Noes: None
Abstain: None
Absent: Vice Chair Floyd

There was no public comment.

Motion passed.

VII. ADOPTION OF RESOLUTION APPROVING AMENDMENT TO THE ALLIANT BROKER CONTRACT

CFSA Deputy Executive Director John Quiroz and Chief Financial Officer Raechelle Gibbons worked diligently at the end of 2022 to line up all of our coverage renewals on a fiscal year. This created a need to amend our brokerage contract with Alliant Insurance Services.

The Seventh Amendment to our Brokerage Agreement includes an alignment of renewals and extends the contract through June 30, 2025.

Moved by Director Holloway and seconded by Director Kielty to adopt **Resolution No. 23-13** approving amendment to the Alliant broker contract.

Ayes: Chair Giannini, Directors Francesconi, Sites, Mitchell, Kielty, and Holloway
Noes: None
Abstain: None
Absent: Vice Chair Floyd

The Board instructed staff to no longer amend the current Alliant contract after the current one expires, but instead start a new contract.

There was no public comment.

Motion passed.

VIII. ADOPTION OF RESOLUTION APPROVING REVISED 2023 PAY SCALE

With the pending retirement of our Chief Administration Officer, we are restructuring our Administration Department. This restructure includes the creation of a new position of Office/Communications Coordinator.

We are not planning on filling the Chief Administration Officer at this time but want to keep the position on the Pay Scale for possible use in the future.

In addition, we discovered that some of the formulas calculating yearly salary rates based on hourly wages were in error on the original 2023 Pay Scale so those have been corrected here also.

Moved by Director Mitchell and seconded by Director Sites to adopt **Resolution No. 23-14** approving revised 2023 Pay Scale.

Ayes: Chair Giannini, Directors Francesconi, Sites, Mitchell, Kielty, and Holloway
Noes: None
Abstain: None
Absent: Vice Chair Floyd

There was no public comment.

Motion passed.

IX. ADOPTION OF RESOLUTION APPROVING RE-ENTRY OF THE 22ND DISTRICT AGRICULTURAL ASSOCIATION/SAN DIEGO COUNTY FAIR INTO THE CFSA WORKERS' COMPENSATION RISK POOL

In 2021, the 22nd District Agricultural Association, San Diego County Fair requested quotes and possible re-entry into the General Liability and Workers' Compensation risk pool programs which they had withdrawn from in the 1990s.

The board approved re-entry to both risk pools at the April 2021 board meeting, however, the fair chose to only enter the General Liability pool program at that time. This week the fair has requested a quote and possible re-entry into the Workers' Compensation Risk Pool effective May 1, 2023.

CFSA will not be taking on any current or past Workers' Compensation claims related to the 22nd DAA for the years the fair was not participating in the pool.

Moved by Director Holloway and seconded by Director Sites to adopt **Resolution No. 23-15** approving re-entry of the 22nd District Agricultural Association/San Diego County Fair into the CFSA Workers' Compensation Risk Pool.

Ayes: Chair Giannini, Directors Francesconi, Sites, Mitchell, and Holloway

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Noes: None
Abstain: Kielty
Absent: Vice Chair Floyd

There was no public comment.

Motion passed.

X. INFORMATIONAL ITEMS

1. Staff Reports:
 - a. Administrative Services stood as presented.
 - b. Finance Report was briefly presented by Chief Financial Officer Raechelle Gibbons.
 - c. Risk Management was briefly presented by John Quiroz.
2. Executive Director's Report stood as presented. Executive Director Rebecca Desmond recognized retiring Chief Administration Officer Kevin Wright for his dedicated service to CFSA.
3. Directors' Reports
 - a. No reports were given.
4. Next Meeting: June 7, 2023

XI. PUBLIC COMMENT

There was no public comment.

XII. CLOSED SESSION

The Board adjourned from regular session at 1:26 p.m. and went into closed session to discuss the following:

Workers' Compensation Claims – Government Code Sec. 54956.95

Claimant: Richard Souza

Agency Claimed Against: Gold Country Fair/20th District Agricultural Association

Claimant: Angela Yruegas

Agency Claimed Against: Santa Barbara County Fair/37th District Agricultural Association

General Liability Claims – Government Code Sec. 54956.95

Claimant: Robert Watson

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Agency Claimed Against: Contra Costa County Fair/23rd District Agricultural Association

Claimant: California Fight League

Agency Claimed Against: San Bernardino County Fair/28th District Agricultural Association

Claimant: Kletra Newton

Agency Claimed Against: San Mateo County Event Center

Claimant: Beverly Jorgensen

Agency Claimed Against: Big Fresno Fair/21st District Agricultural Association

XIII. RECONVENE FROM CLOSED SESSION

The Board adjourned from closed session at 2:02 p.m. and resumed regular session.

There was no reportable action from Closed Session.

ADJOURNMENT

The meeting was adjourned at 2:02 p.m.



Laurie Giannini, **CHAIR**

ATTEST:



Rebecca Desmond, EXECUTIVE DIRECTOR