

MINUTES

SPECIAL MEETING OF CALIFORNIA FAIR SERVICES AUTHORITY BOARD OF DIRECTORS

February 17, 2010

1776 Tribute Road, Suite 200, Sacramento, CA 95815

Kelley Ferreira, Board Member
San Benito County Fair (33rd DAA)
Brian Bullis, Board Member
Mariposa County Fair (35–A DAA)
Regina Goody, Board Member
Yuba–Sutter Fair (13th DAA)
John Root, Board Member
Public Member
Michael Treacy, Board Member
Division of Fairs & Expositions
Donna Horner, Secretary/Treasurer
California Fair Services Authority
Rick Wood, Controller
California Fair Services Authority

Donna Bardaro, Executive Director
California Fair Services Authority
Charlie Mitchell,
California Fair Services Authority
Tom Allen,
California Fair Services Authority
Tom Amberson,
California Fair Services Authority
Melissa Thurber,
California Fair Services Authority
Christy Layton, Legal Counsel to CFSA
Miller, Owen & Trost

I. CALL TO ORDER

A special meeting of the California Fair Services Authority (“CFSA”) Board of Directors was convened, pursuant to the meeting notice at 10:16 a.m. in the conference room at 1776 Tribute Road, Suite 200, Sacramento, California on Monday, February 17, 2010. The Board officially welcomed Michael Treacy as the Department of Food and Agriculture’s appointment to CFSA’s Board of Directors. Michael replaced Bruce Lim who left the Division of Fairs and Expositions in late November.

II. APPROVAL OF MINUTES

Moved by Director Goody and seconded by Director Bullis to adopt **Resolution Number 10–1** approving the minutes of the special meeting of November 3, 2009, as presented to the Board of Directors. Motion passed unanimously.

III. RECOGNITION OF SERVICE OF OUTGOING BOARD MEMBER

The Board and staff presented a plaque in recognition of the outstanding service of outgoing Board Member Bruce Lim for his contributions to the California Fair Services Authority from June 15, 2001, through November 25, 2009. Moved by Director Root and seconded by Director Treacy to adopt **Resolution Number 10-2** recognizing Bruce's service to CFSA. Motion passed unanimously.

IV. APPOINTMENT OF BOARD'S REPRESENTATIVE TO REVENUE PROTECTION PROGRAM CLAIMS COMMITTEE

Donna Bardaro, CFSA's Executive Director, gave a brief update on the Board's appointment to the Revenue Protection Program Claims Committee. Tony Leo has been the Board's representative to the Claims Committee since September 2003. Tony retired from State service in December 2009, making him ineligible to continue serving as the Board's Representative and it is now necessary for the Board to appoint a new representative to serve on the Revenue Protection Program Claims Committee.

Staff is recommending that the Board consider appointing Lori Marshall, CEO at the Contra Costa County Fair, as the new representative to the Committee. Lori has served on the Claims Committee in the past as the fairs' elected representative staff has found her to be extremely helpful and decisive in reviewing potential claims and she has expressed a willingness to serve. Donna reminded the Board that their appointment was not restricted to the fair industry if there are other candidates the Board might wish to consider.

The existing Claims Committee consists of the following: 1) Mike Treacy, Division of Fairs and Expositions, as the CDFA's representative; 2) Bill Blair, CEO Kern County Fair, as the Fairs' elected representative; 3) the Board's representative (currently vacant); and Donna Bardaro, Executive Director, CFSA's representative. CFSA's Rick Wood, Charlie Mitchell, and Lianne Lewellen serve as staff to the Claims Committee.

Moved by Director Goody and seconded by Director Bullis to adopt **Resolution Number 10-3** appointing Lori Marshall as California Fair Services Authority's Board representative to the Revenue Protection Program Claims Committee effective February 17, 2010. Motion passed unanimously.

V. DELEGATION TO CFSA'S TREASURER TO INVEST FUNDS OR TO SELL OR EXCHANGE SECURITIES

Government Code Section 536007 requires the Board to annually delegate to the Agency's treasurer the authority to invest funds or to sell or exchange securities. Staff is recommending approval of a resolution delegating this authority to CFSA's treasurer.

Moved by Director Root and seconded by Director Goody to adopt **Resolution Number 10-4** delegating to CFSA's Treasurer Authority to invest funds or to sell or exchange securities.

WHEREAS, the Executive Director, Treasurer and Controller of CFSA were previously authorized by the Board, as a committee, to manage investments for CFSA in accordance with investment policies; and

WHEREAS, in accordance with Government Code Section 53607, the authority of the Board to invest, reinvest, sell or exchange securities so purchased, may be delegated for a one year period to the Treasurer of the Agency; and

WHEREAS, in accordance with Government Code Section 53607 the Treasurer shall make a monthly report of those transactions to the Board; and

WHEREAS, in accordance with Government Code Section 53607, the Board may, subject to review, renew the delegation of the authority pursuant to this section each year,

NOW THEREFORE BE IT RESOLVED BY THE CALIFORNIA FAIR SERVICES AUTHORITY:

1. That the Board hereby delegates to the Treasurer of CFSA the authority to invest, reinvest, sell or exchange securities as purchased for a one year period.
2. That the Treasurer shall make monthly reports of investment transactions to the Board.
3. That the Executive Director, Treasurer and Controller will continue to review all investment policies, procedures, and actual transactions on a monthly basis for proper internal control.
4. That the Board shall be regularly advised of investments made pursuant to the investment policies. Motion passed unanimously.

VI. APPROVAL OF CFSA'S INVESTMENT GOALS, OBJECTIVES, AND POLICIES

Government Code Section 53646 requires the Board to annually approve the Agency's investment policies. To be consistent with the Government Code Section 53607 requiring monthly reporting of transactions, staff will revise CFSA's Investment Goals, Objectives, and Policies dated January 29, 2010, to reflect the change from quarterly reporting to monthly reporting.

Moved by Director Treacy and seconded by Director Bullis to adopt **Resolution Number 10–5** approving CFSA’s Investment Goals, Objectives and Polices.

WHEREAS, the CFSA Board of Directors adopted investment policies on July 30, 1992; and

WHEREAS, the Board simultaneously directed that the investment policies be reviewed by a full seating of the Board after the completion of the Board’s restructuring; and

WHEREAS, the newly seated Board adopted the Investment Goals, Objectives and Policies for CFSA dated July 30, 1992; and

WHEREAS, to be in compliance with Government Code Section 53646, the Treasurer or Chief Fiscal Officer shall annually render to the Board a statement of investment policy, which the Board shall consider at a public meeting,

NOW THEREFORE BE IT RESOLVED BY THE CALIFORNIA FAIR SERVICES AUTHORITY:

1. That the Investment Goals, Objectives and Policies for CFSA dated January 29, 2010, as modified, are hereby adopted.
2. That all reporting required to be in compliance with Government Code Section 53646 shall be done in the Financial Reporting section of each Board meeting book. Motion passed unanimously.

VII. MEMORANDUM STATING THE TERMS AND CONDITIONS OF THE 2010 PRIMARY GENERAL LIABILITY RISK SHARING PROGRAM

Charlie Mitchell, CFSA Risk Manager, reviewed with the Board necessary revisions to the current Memorandum of Liability Coverage (“MOC”) and noted that there will not be significant changes in the way losses are covered that exceed the self-insured retention (“SIR”) levels for 2010. In December, staff renewed the current Following Form Excess Liability coverage with Allied World Assurance Company (“AWAC”) with the same terms and conditions. However, the AWAC’s premium was reduced by \$5,000 for a total cost of \$387,232, including the broker fee. With this renewal, staff was able to maintain an SIR of \$750,000 and the Excess Liability policy coverage conforms to the coverages provided by the General Liability MOC with no significant differences.

Charlie reviewed the Liability MOC that has been in effect since January 1, 2009, and has determined that revisions are needed for two existing Limitations. The first revision would be to Limitation (H) in Section 8 of the MOC related to inverse condemnation claims. Currently the MOC provides no protection for any damages resulting in the loss of use of tangible property. The Limitation would be changed to include protection for the loss of use. The second revision results from the current extensive litigation in the "Fair Labor Standards Act" area of coverage. The current MOC makes no direct reference to any Limitation in this area; however, the MOC attempts to limit protection in this area. Staff is proposing to update the MOC to include a specific reference to "Fair Labor Standards Act" claims in Limitation (T) that would result in no protection for such claims under the MOC. In a review of prior liability claims history, there have been no such claims made.

Staff recommends that the Board adopt the Primary MOC effective January 1, 2010, as proposed. The approved Primary MOC and an Excess Liability Insurance Certificate will be distributed to member fairs as an update to the Red Book.

Moved by Director Bullis and seconded by Director Goody to adopt **Resolution Number 10-6** approving the Memorandum of Coverage Stating the Terms and Conditions of the 2010 Primary General Liability Risk Sharing Program.

WHEREAS, the Memorandum Stating the Terms and Conditions of the General Liability Risk Sharing Program Administered by CFSA ("MOC") was revised to clarify protection limits for member fairs and changing the protection period to January 1, 2009; and

WHEREAS, in December, staff was successful in renewing the current Following Form Excess Liability coverage with Allied World Assurance Company and maintaining the SIR of \$750,000 while conforming to the coverages provided by the MOC with no significant differences; and

WHEREAS, we have now noted two revisions to the MOC are needed to include 1) Limitation (H) in Section 8 of the MOC related to inverse condemnation claims, and 2) to add a new Subsection 9 in Limitation (T) related to Employment Practices Liability and wages paid under the Fair Labor Standards Act;

NOW THEREFORE BE IT RESOLVED BY THE CALIFORNIA FAIR SERVICES AUTHORITY:

That the revised "Memorandum Stating The Terms and Conditions of the General Liability Risk Sharing Program Administered by the California Fair Services Authority," effective January 1, 2010, is hereby approved. Motion passed unanimously.

VIII. INFORMATIONAL ITEMS

1. Staff Reports

Administrative Services—During September, October and November, staff from CFSA’s human resources, communications, finance, risk management, and safety departments made a series of four informative presentations geared to help CFSA pool members save money in the course of their doing business with CFSA. The team explained the importance of new and ongoing procedures and processes and answered questions fairs had about CFSA’s programs and services. The teams visited three fairgrounds (Shasta District Fair, Madera District Fair, and Ventura County Fair) plus CFSA’s Sacramento headquarters. Nearly one hundred fair employees attended, which included fair managers, senior management, office and maintenance staff.

Attendees were asked to complete a “How’d We Do” survey at the end of each session and the fairs’ responses were consistently positive and provided good ideas for further enhancing the value of future presentations. In addition, attendees took part in a random drawing for \$100 Sierra Grand Hotel gift certificates donated by WFA. Winners included Jerry Fulton, Trinity County Fair; T J Plew, Sacramento County Fair; Ron Murphy, Ventura County Fair; and, Kris Regan, San Benito County Fair.

2010 WFA Convention An All–Agency Brochure created in 1999 was updated and produced for distribution at the New CEO Breakfast sponsored by CFSA. Flash drives, provided by CFSA and loaded with the contact phone numbers and e–mail addresses of all staff at CFSA, CARF, CCA, F&E, and WFA were given out to all attendees.

Finance — CFSA’s financial statements and quarterly investment portfolio required by Government Code Section 53646 were submitted to the Board and are in compliance with CFSA’s investment policy. The financials exhibit the pools’ ability to meet the expenditure requirements for the next six (6) months and include a schedule of the monthly investment transactions, in accordance with Government Code Section 53607.

Unemployment Insurance On behalf of the Division of Fairs and Expositions (F&E), CFSA administers the Unemployment Insurance Reimbursement Fund for California fairs. F&E funds the Program in the amount of \$950,000 per fiscal year and fairs are reimbursed a percentage of their unemployment insurance costs based on the fair’s classification. For the fiscal year July 1, 2008 to June 30, 2009, fairs

in classes I and II are projected to receive 100% reimbursement, classes III and IV a 60% reimbursement, and classes V through VII a 25% reimbursement of their unemployment insurance costs.

For the fiscal year July 1, 2009 to June 30, 2010, F&E added an additional \$200,000 to the Program and fairs in classes I and II are projected to receive a 100% reimbursement, classes III and IV a 65% reimbursement, and classes VII a 30% reimbursement of their unemployment insurance costs.

PST Program CFSA acts as the pass through for the Part Time, Seasonal and Temporary Employee (PST) Program administered by the Department of Personnel Administration (DPA). For the calendar year 2009 the PST Program has saved the fairs \$983,282.09. Had the PST Program not been in place, the fairs would have paid Social Security taxes of \$1,089,481.34 compared to the administration fees of \$106,199.25 paid to DPA and CFSA. Of this administration fee, DPA collected \$58,469.25 and CFSA retained \$47,730 for administration of the program.

Accounting Services CFSA currently has 43 fairs and three JPA's using one form or another of the accounting software, with San Benito being the most recent fair to take advantage of CFSA's services.

Risk Management — Staff recently renewed excess the Revenue Protection excess, Special Events excess, and the General Liability excess policies. Staff is continuing efforts to implement the requirements of the new federal statute that requires self-insurers to guarantee Medicare is not the primary insurer for third-party liability claimants and injured workers. Staff has completed the process to register CFSA with the Social Security Administration and the iVOS Claims System, used by CFSA, is being upgraded to meet the new requirements. In addition, a review of CFSA's procedures in handling liability claims and settlements is being conducted and changes will be implemented as necessary.

Pooled Property Protection Program Since 2002, the Pooled Property Protection Program has had a total of sixty-five (65) reported claims of which four (4) are open. The open claims consist of one (1) loss in 2008, two (2) losses in 2009, and one (1) loss in 2010. It is currently estimated that the Pool could pay at least \$385,000 or more on one of the four open claims. Staff continues to work with the individual fairs and CCA to resolve these open claims. The Division of Fairs and Expositions has committed funding for this program through the 2009-2010 fiscal year.

Contract Review Our Risk Analyst continues to process contracts received from DAAs as well as from other CFSA member fairs. For DAAs, all non-hazardous contracts over \$15,000 and up to \$75,000 for which liability insurance is required and all hazardous contracts up to \$75,000 are sent directly to CFSA for insurance certificate review and approval. For all other member fairs, all fair contracts involving hazardous activities or all contracts over \$15,000 involving non-hazardous activities are submitted to CFSA for an insurance certificate review.

As of December 31, 2009, staff had a slight decrease (15 fewer contracts) or a 0.6% decrease from 2008. During the CFSA Fair Training Seminars held in late 2009, staff emphasized the importance of submitting contracts for insurance certificate review and approval. To date, there has been a noticeable increase in the number of contracts submitted for approval.

Special Events Revenues for the Special Events Program through the end of November 2009 totaled \$734,967 which is 92% of the budgeted 2009 revenue of \$795,000. For the first eleven (11) months in 2008, the revenue was \$716,821 representing a 2.5% increase in revenues. For 2008 the total revenue was \$771,528 which was 97% of the budgeted 2008 revenue of \$795,000.

Claims activity in the Special Events Program included six (6) open claims with total reserves of \$75,805 as of January 31, 2010 as compared with nine (9) open claims and \$67,100 in reserves as of September 30, 2009. There are no claims with reserves in excess of \$250,000. In 2009, CFSA received 19 new/reopened claims and eighteen (18) claims were closed. There is currently one (1) litigated claim. Through the end of December 2009 there were 22 new loss reports of which five (5) were information only.

General Liability Claims activity includes 28 open claims with reserves of \$1,103,413 as of January 31, 2010. There is one (1) claim with over \$500,000 in reserves. Eleven of these open claims are being litigated. For comparison, as of September 30, 2009, CFSA had 61 open claims with reserves of \$1,133,672. In 2009, CFSA received 84 new/reopened claims while another 84 have been closed. Through the end of December 2009, CFSA received 317 new loss reports, of which 239 were information only reports. Staff is currently tracing two (2) claims that have been tendered to other insurance companies.

Safety — December 2009 through February 2010, has resulted in staff involvement in various projects, including member training and fair inspections conducted at fair facilities for member fairs. These projects, training programs, and inspections are part of the value added safety services provided to all CFSA member fairs. The majority of services provided at member fairs over this three month period have been or will be Pre-Fair or program services such as training, development or program enhancements. CFSA Pre-Fair and Fairtime visits often include training of temporary staff, as well as the bulk of Fire and Life Safety inspections being done in cooperation with the California State Fire Marshal's Office.

Staff Certification Tom Amberson passed his CSMS exam becoming one of only ten safety professionals in the State to receive the Certified Safety Management Specialist ("CSMS") designation.

Maintenance Mania Staff will once again provide the bulk of instruction for maintenance mania's optional Monday programs at both training locations. Classes conducted by CFSA staff include:

- ▶ Forklift Certification (first time students)
- ▶ Forklift Re-Certification
- ▶ Class 7 Forklift Certification (Rough Terrain)
- ▶ Aerial Lift — Boom Lift Certification
- ▶ Front-end Loader Certification
- ▶ First Aid — Fire Extinguisher Certification

Workers' Compensation — As of January 31, 2010, total open claims reserves were \$7,857,019 (including pre-94 Cal Expo outstanding reserves of \$533,872.) There were 162 open claims, of which 116 were indemnity claims and 46 medical only (this includes one Information Only claim open for administrative purposes).

3. Next Board Meeting

The next Board meeting is scheduled for April 6, 2010.

IX. EXECUTIVE SESSION

The Board adjourned from regular session at 11:03 a.m. and went into executive session to discuss liability claims involving Angela Malos, Maliyah Martin & Cody Robinson;

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Pat Williams; and, Harold Carter; and the workers' compensation claims of David Fowler–Wright; Sal Garcia; Jorge Lopez; and, Hand MacDougall.

X. REGULAR SESSION

The Board adjourned from executive session at 11:47 a.m. and regular session was reconvened. Staff reported the settlement of Pat Williams, as authorized by the Executive Director and Board Member Kelley Ferreira in the amount of \$75,000.00. The Board took no reportable action on the remaining liability claims or workers' compensation claims.

XI. ADJOURNMENT

Moved by Director Root and seconded by Director Bullis to adjourn. The meeting was adjourned at 11:50 a.m.

CHAIR

ATTEST:

SECRETARY