

FRESNO'S CHAFFEE ZOO CORPORATION
Minutes for the Finance Committee of the Board of Directors
Fresno Chaffee Zoo Education Building
Wednesday, March 29th, 2017 at 4:00 pm

Board Members

John Valentino	Present
Colin Dougherty	Present
Shari Rainwater	Present
Craig Saladino	Present
Dr. KC Chen	Absent

Staff

Scott Barton, CEO
 Brian Goldman, CFO
 Jessica Revis, Executive Assistant

Public

None

Presentations

Jason Chue, Baird

Call to Order: 4:03 pm.

Roll Call: Directors Valentino, Dougherty, and Saladino present. Director Rainwater entered at 4:07pm. Director Chen absent.

Discuss and consider minutes: Director Saladino made a motion to accept the Finance committee minutes from January 18, 2017. Director Dougherty so moved to approve the minutes. Director Valentino seconded. All in favor. None opposed. Motion carried.

Chair Report: Director Saladino deferred his chair report for the investment presentation.

Presentation from Baird Investment: Jason Chue from Baird introduced himself to the Finance committee. Mr. Chue is a representative from Baird Financial. Baird is located San Francisco, CA and has an annual revenue of 1.3 billion. Mr. Chue stated that he received his MBA from USC and previously worked on Wall Street. Mr. Chue discussed Baird's theory of what the future of the equity market will be based on political and historical analysis. Mr. Chue stated that the zoo is currently at a 70/30 asset allocation. He recommended the zoo consider a 50/50 allocation, for a better high return and low risk investment. Mr. Chue also stated that he could offer the zoo lower administrative fees. Director Saladino asked Mr. Chue if he could provide information on similar non-profit portfolios. Mr. Chue stated that he did not have that information off hand, but could send to the committee at a later time. Director Saladino asked CFO Goldman to send the committee a copy of the zoos current investment policy. CFO Goldman stated he would send out. The Finance committee thanked Mr. Chue for his time and stated they would invite him out at a later time for further discussion.

Review financial report: CFO Goldman stated the attendance for March was down 36% compared to last year. CFO Goldman stated this was probably due to the extensive rain that month, as well as last year's spring break fell in March. He predicts a stronger April, weather depending. CFO Goldman stated the zoo's executive team put together a 5% budget cut if attendance continued to decline. CFO Goldman stated that revenue for giraffe feeding and retail were ahead of budget, as well as sponsorships. He stated that although attendance is behind, the zoo has also cut back on expenses as well. Director Saladino asked if the zoo had any promotions planned for the year. CFO Goldman stated that the Chief Marketing and Development Officer, Alisha Anderson, was looking to develop that. CEO Barton mentioned the zoo was highlighted in the Alaska Airlines magazine, as well as a new display at the Fresno Yosemite airport. Director Rainwater asked if the zoo had any new babies to promote. CEO Barton stated the elephant keepers did see the African elephants breeding recently, and that the gestation period for the elephants are about twenty two months. CEO Barton also mentioned that weekday attendance is increasing comparatively, with the help of the zoo's newest lion and rhino births. Director Dougherty so moved to approve the financial report. Director Rainwater seconded. All in favor. None opposed. Motion carried.

Review, Discuss, and Consider Green Initiatives Update: CEO Barton shared a presentation with the Finance committee discussing the zoos current green initiatives. CEO Barton stated that the zoo is working to develop a solar master plan for the Fresno Chaffee Zoo. He stated that the zoo would partner with the CSUF Engineering Department to have the master plan completed by November 2017. CEO Barton stated the components would include: Photovoltaic Solar, Analysis and design for PV solar for the African Elephant Night House, Giraffe Night House, Veterinary Department, and new Commissary Buildings. He said they would also identify other potential areas for PV solar, including parking areas. Lastly with regard to solar they would prioritize PV projects based on projected ROI. CEO Barton stated that they are also looking to incorporate a solar hot water systems into the design of African River. CEO Barton stated another green initiative is developing a water use master plan by July 2017, focusing on the best use of water resources. He stated that beginning in 2017, reclaimed water will be used for irrigation and wash down. This water is free for at least the first year, and for long term is predicted to be 50% of the cost of

potable water. Initial savings is estimated to be \$ 2000 - 3000 each month for eight months of the year. African River design will include a closed filtration similar to Sea Lion Cove, saving hundreds of thousands of gallons of water annually. The existing African Adventure water filtration systems will also be added to this recycled, closed system. He stated that all future projects will utilize the best water conservation technology available. CEO Barton stated the zoo would also continue to install water efficient irrigation systems, use low water use for plantings when landscaping, and promptly repair any leaking systems. CEO Barton stated the third green initiative is to design new structures to be as close to zero energy as possible. In each construction project the zoo will assess the ROI and ROM of zero energy construction. The first building designed with this goal will be the new commissary, offices and staff areas, currently in conceptual design. CEO Barton stated that this design criteria considers green components including: high insulation construction, efficient HVAC systems, solar photovoltaic, solar hot water, LED lighting and the use of natural daylighting. Director Saladino stated that these were great long-term goals, but would like to see a development of short-term goals as well. CEO Barton stated that a lot the ideas mentioned were being implemented at this time, including the solar project with CSUF, and the current reclaimed water system.

Review, Discuss, and Consider Pepsi Proposal: CFO Goldman asked the Finance committee to approve for recommendation to the Board the Pepsi proposal. CFO Goldman stated that Coca-Cola did not submit a bid response. He stated that they did reach out to him after the deadline. CFO Goldman stated that Pepsi's proposal is much better than the current contract, and they have offered a significant amount in sponsorships. CFO Goldman stated eh would present the contract at the next Finance committee meeting. Director Rainwater moved to approve for recommendation to the Board. Director Dougherty seconded. Director Saladino abstained from the conversation and recused himself from the vote. All in favor. None opposed. Motion carried.

Review, Discuss, and Consider Animal Nutrition Center Contract: CFO Goldman asked for the Finance committee to approve to recommend to the FCZC Board of Directors funds totaling \$888,955.56 for the design of the Animal Nutrition Center. CFO Goldman stated this is a Measure Z Project. Director Rainwater stated that the total amount seemed expensive for a building. CEO Barton stated that this building would have three levels, and not only be accommodate the Commissary, but the staff break area, and more office space. He also stated the design included a basement for storage and potentially other uses in the future. Director Saladino asked what the return investment is on the basement addition with regard to storage space. CEO Barton stated he would look up the cost of the basement and get an estimate of what the project would cost without it. CFO Goldman proposed if the committee would approve \$100,000 now for the design firm, and revisit the discussion at the next Finance committee meeting. CEO Barton would bring the total amount for the building without the basement to compare cost and analyze the return investment. Director Dougherty so moved to approve the recommendation to the Board for the proposed \$100,000. Director Rainwater seconded. All in favor. None opposed.

Review, Discuss, and Consider the Water Play Area Contract: CFO Goldman asked the Finance committee to approve to recommend to the FCZC Board for the request of Measure Z Capital funds totaling \$3,063,804.58 for construction of Water Play Area. CFO Goldman stated that they only received two bids for this project and this was the lowest bid. Director Rainwater asked when this project would be completed. CEO Barton stated it would be ready by spring of 2018. Director Valentino moved to approve for recommendation to the Board. Director Dougherty seconded. All in favor. None opposed. Motion carried.

Review, Discuss, and Consider African River Contract: CFO Goldman asked the Finance committee to approve for recommendation to FCZC Board of Directors for funds totaling \$3,568,675 for design of African River. CFO Goldman stated this would also be a Measure Z Project. He stated that they are finished with conceptual design and this contract would be for the construction design. In total, the project is estimated to cost about 35 million, and be about 2 acres. CEO Barton stated that this project could potentially be the best hippo exhibit in the world. Director Rainwater asked when the project would start construction. CEO Barton stated it would be about 2020, unless the Board would like to start sooner. If so, the zoo could potentially get a loan to start faster. Director Valentino moved to approve the contract of \$3,568,675 for recommendation to the Board. Director Dougherty seconded. All in favor. None opposed. Motion carried.

Review, Discuss, and Consider Program Animal Facility Contract: CFO Goldman asked the Finance committee to approve for recommendation to the FCZC Board to request Measure Z Capital funds totaling \$158,980.32 for design of the Program Animal Facility. CFO Goldman stated this project would clear up space in the education building for more programs, as well as give the program animals it's much needed space. Director Rainwater asked how many animals this would accommodate. CEO Barton stated he would find out and let her know. Director Saladino stated that his copy of the request asked for \$182,000 instead of \$158,980. CFO Goldman stated that was a typo and the amount needing to be approved for the contract is \$158,980.32. Director Dougherty moved to approve the \$158,980.32 for recommendation to the Board. Director Rainwater seconded. All in favor. None opposed. Motion carried.

Review, Discuss, and Consider Orangutan Project Contract: CFO Goldman stated the Orangutan exhibit is in need of an upgrade to prevent guests from feeding the animals. The zoo proposed this contract to install a glass barrier, so the guests are closer to the animals without jeopardizing either ones safety. CFO Goldman asked the Finance committee to approve for recommendation to the FCZC Board for the request of funds totaling \$110,066.00 for design of Orangutan exhibit enhancements.

This is a Measure Z Project. Director Dougherty so moved to approve for recommendation to the Board. Director Rainwater seconded. All in favor. None Opposed. Motion carried.

Finance Committee Members questions and comments: None.

Public comments: None.

Meeting Adjourned: at 5:25 pm

Respectfully submitted by: Jessica Revis, Executive Assistant to CEO/Zoo Director
Fresno's Chaffee Zoo Corporation