

**FRESNO'S CHAFFEE ZOO CORPORATION**  
**Minutes for the Finance Committee of the Board of Directors**  
**Fresno Chaffee Zoo Education Building**  
**Wednesday, July 19, 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  
 Jessica Revis, Executive Assistant  
 Laura Martina, CHRO

**Public**

Chris Comstock, Regency  
 Stephen Quinn, Regency

**Call to Order:** 4:02 pm.

**Roll Call:** Directors Rainwater, Dougherty, Saladino, Valentino present. Committee member Dr. Chen absent.

**Discuss and consider minutes:** Director Saladino called for a motion to accept the Finance committee minutes from June 21, 2017. Director Dougherty so moved to approve the minutes. Director Rainwater seconded. All in favor. None opposed. Motion carried.

**Regency Investment 3<sup>rd</sup> Quarter Results:** Mr. Comstock reported the 3<sup>rd</sup> quarter investment report to the FCZC Finance committee. He stated that the Zoo general fund has a one year gross return of 9.29% with a weighted average of 5.93%. He stated the three year return is 3.97% and the five year return is 7.02%. Mr. Comstock stated that since inception the fund has grown 73.63%. Mr. Comstock stated that during the April 2017 Finance committee meeting, Regency presented a recommendation to change the asset allocation for the Zoo general fund to a 40/60 distribution. This would average the weighted investment accounts to 54/46 allocation, with 54% in stocks and 46% in bonds. Director Saladino stated that the Finance committee has tasked a study within the committee to review the Zoos current investment options and would follow up with further direction once the study was complete. Director Saladino asked if this recommendation followed the Zoos current investment policy. Mr. Quinn stated that they had provided Brian Goldman (former Zoo CFO) a new proposed investment policy in the beginning of the year. Director Saladino stated that he and Mr. Goldman had recently revised the investment policy, and wasn't sure as to why Regency did not have a copy of it. Executive Assistant, Jessica Revis, stated she would forward a copy to Regency. She mentioned that the investment policy was being updated to include the verbiage approved at the previous Board meeting stating that the Finance committee could make asset allocation changes. Director Valentino stated that the Board already approved an asset allocation change to 60/40 for the Zoo's general fund. Director Rainwater stated the endowment fund is the best performing so far at a 70/30 allocation. She asked why Regency would want to change the general fund to a 40/60 allocation. Mr. Comstock stated that although the endowment fund has a higher return it also has a higher risk. Director Saladino stated that he would like to see all fees included in the reports going forward, that includes netted fees. Mr. Comstock said they would be sure to include them. Mr. Comstock stated that Regency has a new investment policy for the Zoos 401k. He stated that they would like to increase the latitude of the investments. Director Saladino stated that this would need to be presented and approved through the 401k committee. Mr. Comstock stated he would follow up with the Zoo to present at the next 401k committee meeting.

**Review, Discuss, and Consider June 2017 Financial Report:** CEO Barton stated the zoo is currently 13% behind on attendance for the year. He stated that although the revenue is down the surplus has not decreased. CEO Barton mentioned that 53% of the surplus is eaten away towards the end of the year due to most of the revenue coming in at the beginning of the year. He stated that salary and operations expenses were down by 11%, and the Zoo is working hard to stay within the budget. CEO Barton stated that he anticipates the 2017 attendance ending the year at about 810,000 – 853,000 guests. He stated that they are estimating 2018 to have about 840,000 to 900,000 in attendance. He mentioned there were new exhibits opening such as the water play area, and warthogs. He stated they were currently working to choose the projected attendance in 2018. Director Rainwater stated that his estimate seemed fairly high considering the numbers for this year. CEO Barton stated that he believes the attendance was directly affected by this year's harsh weather. Director Saladino asked if the Zoo looked at previous non-drought year's attendance. CEO Barton stated that they should absolutely look into that. Director Rainwater stated the budget should be conservative. CEO Barton stated that they have been watching the budget quarterly and making adjustments with expenses as needed. CEO Barton asked how the Finance committee would like the Zoo to request the use of extra funds from the budget. Director Saladino stated that a percentage to revenue budget would be easier to manage rather than only looking at the attendance to revenue. He also mentioned that the capital budget was approved for the year beforehand, and was only based on the previous year's results. Director Saladino stated he would rather have the projects locked in and instead have a list of variables already set that could be cut back if the numbers don't meet in 2018. CEO Barton stated that sounds good. Director

Saladino stated if the Zoo considered food trucks, for example the events at Gazebo Gardens. CEO Barton stated he is working with the Events department to develop new ideas for 2018. Director Dougherty asked if the Zoo has spoken to City of Fresno about the park entrance fee. CEO Barton stated that they have a working relationship with the City and would bring it up in a future meeting. He mentioned that the City was not receptive to this topic in the past. Director Rainwater asked if the zoo considered discounting tickets during harsh weather days. CEO Barton stated they have run promotions this year to counteract the drop in attendance. Director Rainwater stated that she did not hear much about the new babies being born this year. CEO Barton disagreed and stated he saw quite a bit of media behind the births. Director Saladino stated that he would like to challenge the Zoo to come up with ideas to increase attendance by 25,000 in 2018. He also stated he would like to know if the extended hours are actually profitable, what the expenses to revenue earned are. CEO Barton stated he would like to present the idea of bringing dinosaurs to the Zoo. He stated he would put together a summary of the dinosaurs and the list of ideas to increase revenue at the next Finance committee meeting. CEO Barton stated that special events and giraffe feedings are doing really well in revenue. He mentioned that the unrealized gain is not 1.3% but 10% below. Director Saladino asked if the Zoo always presented the unrealized gain in that way. CEO Barton stated he would need to check with Nora, but he believes so. Director Rainwater asked why the adopt-an-animal is behind budget. CEO Barton stated that it compensates itself in the membership growth. CEO Barton stated that the zoo posted for the CFO position and had six phone interviews. He stated that they are scheduling two in-person interviews. He mentioned that both candidates are local. Director Saladino asked if the salary was included in the posting. CEO Barton stated that it was not. Director Dougherty stated that he would like to participate in the interviews. CEO Barton stated that they would be sure to send him the information for the interviews. Director Saladino called for a motion to approve for recommendation to the Board the June 2017 financial statement. Director Dougherty so moved to approve. Director Rainwater seconded. All in favor. None opposed. Motion carried.

**Chair Report:** Director Saladino stated that the Finance committee agendas will include old business items to make sure the committee is following up on discussions from previous meetings. He stated that it is his goal that the future board can pull any agenda and meeting minutes to understand the decisions made during those meetings. It is a more accurate and effective way of logging information for future use.

**Review and Discuss Playland/Storyland Financials:** Director Valentino stated that he would present items to the committee at the next Finance committee meeting. He stated the discussion would be pertaining to the Zoo potentially acquiring Playland/Storyland in the future.

**Review and Discuss 401k Trustees Update:** CEO Barton stated that the 401k committee would be organized at the next Nominating committee meeting. He mentioned that the 401k committee would most likely consist of Zoo personnel with Board oversight. He stated that they are currently starting the 401k audit and would have a presentation of the audit at the 401k committee meeting once it was complete. Director Saladino stated the 401k trustees will now follow up with the 401k investment allocations, policies, and 401k audit. He also mentioned the FCZC Board would receive the 401k audit once it was ready to present.

**Review and Discuss FCZC Line of Credit Limitations:** CEO Barton stated that the Zoo is allowed to borrow up to 25% of the Zoo's investment total. He stated it's a little over two million dollars. He stated it is currently at zero. Director Saladino asked what was the highest amount borrowed. CEO Barton stated it was the African elephant purchase, which was about one million.

**Review and Discuss Measure Z Monthly Financial Reporting Accuracy:** CEO Barton stated the Measure Z reporting has about a two month lag. He stated that the only exception is in March, June, and September. CEO Barton stated that on those months the numbers are trued up, and actual amounts are reported.

**Finance Committee Members questions and comments:** Director Rainwater asked what projects would be ready in 2018. CEO Barton stated that it would be the water play area and warthogs. He stated that the program animal and new commissary buildings would not be ready until 2019. Director Saladino asked what the zoo's commercial reputation is. He stated that there has been a negative perception from outside sources. CEO Barton stated that this is probably due to the need for contractors to work around guests. Director Saladino stated it's concerning that the Zoo only has one or two companies submitting bids on the projects. CEO Barton stated that they have had those conversations with contractors and subcontractors. CEO Barton stated that the Zoo absolutely needs more companies bidding.

**Public comments:** None.

**Meeting Adjourned:** at 5:15 pm

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