

Fresno Chaffee Zoo
894 W. Belmont Avenue
Fresno, CA 93728

Fresno Chaffee Zoo Corporation
Board of Directors Meeting
Minutes

March 26, 2020 5:30 PM
Zoom Conference Call
Dial in: 1-669-900-6833
Meeting ID: 969 966 121

By web: www.zoom.com Join Meeting, Enter Meeting ID

This meeting was conducted onsite at the Zoo with consideration of social distancing guidelines and allowing participation via Zoom. Certain public notice requirements under the Brown Act have been suspended during the COVID-19 pandemic including postings in areas for those Board members participating via teleconference.

Directors Present

- Mr. Oliver Baines
- Ms. Chelsea Cates
- Mr. Ed Gonzalez, Vice Chair
- Mr. Kyle Kirkland, Chair
- Mr. Babatunde Ilori
- Mr. Rion Morgenstern, Treasurer
- Mr. Ross Parnagian
- Dr. Emy Phillips, Secretary
- Ms. Julie Vance

Advisors Present

- Mr. Doug Larsen, Legal Counsel
- Mr. Scott Barton, CEO

Guest Speakers Present

- Mr. Peter Smits, Phoenix Philanthropy Group

Zoo Team Present

- Ms. Alisha Anderson
- Mr. Steven Gonzales-Warkentin
- Mr. Rene Martin
- Ms. Laura Martina
- Mr. Amos Morris
- Ms. Lyn Myers
- Dr. Shannon Nodolf
- Dr. Lily Wachter
- Mr. Dean Watanabe

Item 01: Roll Call

Mr. Gonzales-Warkentin took the roll. With a quorum present, the Board proceeded with business.

Item 02: Public Comment

Mr. Kirkland asked if any members of the public wished to comment. No comments were offered from the public.

Item 03: Chair Report

Mr. Kirkland thanked the Zoo management team for their time and effort in responding to the closure of the Zoo, presenting shutdown plans and maintain the health and safety of the animals and staff members remaining onsite and the security of the facility.

Item 04: CEO Report

Mr. Barton stated that all animals at the Zoo continued to receive uninterrupted care and attention and updated the Board on a health issue with an orangutan that required more extensive care. He mentioned that he had been in contact with other zoos around the country to get some sense of actions others had taken to date and best practices in response to the COVID-19 pandemic.

Item 05: Consider & Approve FCZ's Closure Plan

Mr. Kirkland stated that since the Board's meeting earlier in the week, the United States Senate had passed a financial relief plan (the CARES Act) that was expected to be passed the House and signed by the President. He stated that the apparent public policy intention of the legislation was to prompt small businesses like the Zoo to maintain employment and/or rehire laid off workers as soon as possible.

Mr. Barton then presented the Zoo's plan to address the closure but noted that the proposed plan was established prior to the passage of the CARES Act and did not account for possible financial relief offered in the Act. As presented, the plan incorporated the newly mandated emergency sick leave, as well as cost reductions requested by the Board earlier in the week. The plan anticipated that the Zoo would operate with an essential team of employees through May 9th, which would result in a 53% cost reduction compared to the cost of normal operations of the Zoo at this time of year. He stated with the new information regarding CARES Act, the Zoo may be able to employ a larger number of staff members through the end of June.

The Board and management team then discussed its current understanding of the CARES Act. Mr. Kirkland stated that it appeared that loan proceeds would be available to non-profits like the Zoo, could be used to cover payroll expenses, rent, utilities, insurance and other items and a portion of the loan would be forgivable. Mr. Barton and Dr. Wachter confirmed that in the absence of paying guests, the Zoo would still produce negative cashflow over the period of closure but the funding of the CARES Act would greatly reduce the Zoo's cost of retaining workers during the closure.

Dr. Wachter then presented cashflow projections for the Zoo through May 2020 and reminded the Board that the Zoo could use its availability under its margin loan and could request additional Measure Z funds to cover any expenses not covered by CARES funding.

Mr. Ilori reiterated his comment from the Monday board meeting that local school districts may be able to fund some of the Zoo's digital content efforts. Mr. Watanabe said that his team was busy developing videos and other educational materials.

Mr. Kirkland asked Dr. Wachter about the Zoo's cash position and borrowings under its margin loan. Dr. Wachter stated that the Zoo had sufficient cash for operations provided that in process Measure Z claims

were received as expected. As a precaution, she requested Board action to authorize the Zoo to move money from the Endowment Fund to the General Fund to support additional availability under the Zoo's existing margin loan. Mr. Morgenstern stated he believed this to be a low risk action.

Mr. Barton asked that the Board approve funding of Zoo staff members through April 5th while the management team researched the CARES application process and alternative funding methods.

Mr. Kirkland then asked for motions related to funding the Zoo staff payroll as projected, combining Zoo investment accounts to support the existing margin loan and requesting additional funding from the Zoo Authority to fund items not covered by the CARES Act funding.

Mr. Gonzalez made a motion to continue to pay Zoo employees through April 5th; Ms. Vance seconded. The motion passed unanimously.

Mr. Morgenstern then made a motion to authorize the Zoo's Chief Financial Officer to move funds from the Endowment Fund to the General Fund for purposes of increased margin loan availability effective immediately through May 31, 2020. Mr. Gonzalez seconded the motion. The motion passed unanimously.

Dr. Phillips then made a motion to grant the Zoo team permission to request from the Zoo Authority that Measure Z Funds be used to support items not covered by the CARES Act from now until July 1, 2020. Mr. Morgenstern seconded. The motion passed unanimously.

Finally, Mr. Morgenstern made a motion to authorize the Zoo's Chief Financial Officer to seek federal disaster relief funds as passed in the congress related to the CARES Act. Mr. Baines seconded the motion. The motion passed unanimously.

Item 06: Receive Technology Report

Dr. Wachter then presented an update on the Zoo's existing IT capabilities and goals. Dr. Wachter called the Board's attention to a report on the Zoo's IT strategy in its Board package and stated that recent efforts have been centered on immediate needs related to COVID-19 shelter-in-place directives. She then provided her team's research on organization structures in IT departments at other zoos and highlighted current funded IT projects and those which would require additional resources.

Mr. Ilori stated he would like to see how the technology efforts tie in with the Zoo's marketing efforts.

The Board agreed that it should have a more in depth discussion of the Zoo's IT strategy at a future meeting.

Item 07: Receive Development Report

Mr. Kirkland reported that he and Mr. Barton met recently with Mr. Smits from the Phoenix Philanthropy Group and discussed moving forward with the Development program approved at the November 2019 Board meeting.

Mr. Smits stated his team was working with the Zoo management to determine its ability to support a major gift-funding campaign and had presented a suggested action plan to Mr. Barton and Mr. Kirkland. Mr. Morgenstern suggested the Board examine possibly adding Directors with development experience that could help lead these efforts.

Mr. Kirkland proposed re-appointing the Ad Hoc Development Committee (Mr. Ilori, Mr. Parnagian, Mr. Kirkland, Mr. Morris and Ms. Anderson) to monitor the progress and update the Board and suggested the re-creation of the committee be an agenda item for the next Board meeting.

Item 08: Consider & Approve Succession Planning Committee's Search Firm Request

Mr. Kirkland informed the Board that the Succession Planning Committee had been in contact with three executive search firms all of whom had expressed interest in assisting the Zoo in a search for Mr. Barton's successor. He stated that given the disruption related to the COVID-19 pandemic, he had postponed conference calls with the Search Committee until later in the month.

Item 09: Consider & Approve BOD Meeting Minutes from 01/23/2020

Mr. Kirkland then called the Board's attention to the minutes from the January 23rd Board meeting and asked if there were any comments or suggested revisions. Hearing none, he asked for a motion to approve the minutes as presented. Dr. Phillips made the motion; Mr. Morgenstern seconded. The motion passed unanimously.

Item 10: Consider & Approve BOD Meeting Minutes from 03/03/2020

Mr. Kirkland then called the Board's attention to the minutes from the March 3rd Board meeting and asked if there were any comments or suggested revisions. Hearing none, he asked for a motion to approve the minutes as presented. Mr. Morgenstern made the motion; Mr. Parnagian seconded. The motion passed unanimously.

Item 11: Consider & Approve Year-to-Date Financial Report

Dr. Wachter then presented the Zoo's financial performance year-to-date. She noted that Zoo attendance exceeded budget in both January and February with February being particularly strong. She added that self-generated revenue was up by thirty percent, expenses were generally below budget and the response to the Zoorassic Park exhibit had resulted in increased membership add-on sales. With the COVID-19 pandemic-related shutdown, Dr. Wachter noted that the Zoo's financial position and performance for the remainder of the year would be understandably different than budgeted and was focusing her attention on the closure plan and a reduction of non-essential spending.

After a discussion of the Zoo's cash position and borrowings, Mr. Morgenstern proposed that the Board receive a balance sheet review at every board meeting. The Board agreed with this suggestion, expressed its confidence in Dr. Wachter's management of the Zoo's finances and praised the clarity of her presentation.

Mr. Gonzalez made a motion to accept the Year-to-Date Financial Report as presented; Dr. Phillips seconded the motion. The motion passed unanimously.

Item 12: Receive AZA Accreditation Process Update

Mr. Kirkland then asked Mr. Morris to provide an update on the AZA re-accreditation process current underway at the Zoo. Mr. Morris called the Board's attention to a presentation on the Association of Zoo's and Aquarium's accreditation process which occurs every five years for accredited zoos. Mr. Morris noted that the Zoo's current accreditation had been set to expire in 2021 but the AZA had extended all accreditations by a year due to COVID-19 related issues.

Mr. Morris discussed the application, interview and inspection process and noted various areas for review, such as animal care, veterinary care, management, etc. He noted that the inspectors typically provide a list of deficiencies and that the Zoo will be given an opportunity to cure or otherwise correct those deficiencies prior to a final review by an AZA commission. Mr. Barton stated that the Zoo's Measure Z funding is

predicated on AZA accreditation and both he and Mr. Morris expressed their confidence that the Zoo would be reaccredited in 2022.

Item 13: Consider & Approve FCZ's Request for Capital Funding to Meet AZA Standards

Mr. Morris then presented a list of items that the Zoo should address prior to accreditation, including estimated costs. Mr. Baines and Mr. Parnagian asked for additional detail on proposed spending items, including some sense of priority, bids received, local vs. out of area suppliers, timing, etc. The Board agreed to review the detail of the items and consider them at a future Board meeting.

Item 14: Consider & Approve Nominating Committee's Timeline

Mr. Kirkland then reminded the Board that the Nominating Committee had presented nominating protocols for identifying new Board members at a prior meeting. Mr. Gonzalez, Chair of the Nominating Committee, called the Board's attention to a handout in the package outlining the timing and protocols. Mr. Gonzalez referenced an earlier conversation about increasing the size of the Board to support Development efforts. Mr. Kirkland added that Mr. Smits had suggested an increase in their initial meetings and suggested that the Ad Hoc Development Committee (if approved) consider the option as part of its mandate.

Mr. Baines made a motion to accept the Nominating Committee's director approval process as presented. Mr. Morgenstern seconded the motion. The motion passed unanimously.

Item 15: Old Business

Mr. Kirkland then asked if there was any old business to discuss. None was presented.

Item 16: New Business

Mr. Kirkland asked if there was any new business to discuss. Hearing none, he thanked everyone for their time and adjourned the meeting at 7:50 PM.