

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

Fresno's Chaffee Zoo Corporation  
**Board of Directors Meeting**  
*Minutes*

May 20, 2020 5:30 PM  
Zoom: <https://zoom.us/j/93122818977>

*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**

- Ms. Chelsea Cates
- Dr. Ed Gonzalez
- Mr. Babatunde Ilori
- Mr. Kyle Kirkland
- Mr. Rion Morgenstern
- Mr. Ross Parnagian
- Ms. Julie Vance

**Directors Absent**

- Mr. Oliver Baines
- Dr. Emy Phillips

**Board Advisors Present**

- Mr. Scott Barton, CEO
- Mr. Doug Larsen, Legal Counsel
- Ms. Patty Mclane, Docent President

**Zoo Staff Present**

- Ms. Alisha Anderson
- Mr. Luke Giffen
- Mr. Steven Gonzales-Warkentin
- Ms. Laura Martina
- Mr. Amos Morris
- Ms. Lyn Myers
- Mr. Jesse Santiago
- Dr. Lily Wachter
- Mr. Dean Watanabe

**Guest Speakers Present**

- Mr. Mark Kelleher, Phoenix Philanthropy Group
- Mr. Peter Smits, Phoenix Philanthropy Group

**Item 01: Roll Call**

Mr. Gonzales-Warkentin took roll and established that there was a quorum.

**Item 02: Public Comment**

Mr. Kirkland asked if there were any comments from the public. No members of the public in attendance offered comments.

**Item 03; Chair Report**

Mr. Kirkland thanked the Zoo's staff for their hard work keeping the Zoo's collection of species healthy during this difficult time of closure and thanked the executive team for its efforts to secure ongoing funding, maintain the facility, continue ongoing projects and pursue reopening options with both the City management and County health officials.

**Item 04: CEO Report**

Mr. Barton shared that all California zoos and aquariums are currently positioned under Phase Three of the State's reopening plan. He informed the Board that the California Association of Zoo and Aquariums and member zoos (including the Fresno Chaffee Zoo) throughout California have submitted a request to the Governor's office that zoos be moved to Phase Two with outdoor museums but had not yet received a response. He also stated that management had submitted the Zoo's reopening plan to the City of Fresno and the County's Public Health Director, both of whom seemed receptive to the plan as submitted. Mr. Barton also congratulated Dr. Gonzalez on his recent achievement of his Educational Doctorate.

**Item 05: Approve Board of Directors meeting minutes from 04/24/2020**

Mr. Kirkland called the Board's attention to the draft minutes from the April 24, 2020 board meeting and asked if there were any suggested revisions. Hearing none, he asked for a motion to approve the minutes as presented. Dr. Gonzalez made the motion to accept the minutes, and Mr. Parnagian seconded. The motion passed unanimously.

**Item 06: Approve formation of Development Ad Hoc Committee**

Mr. Kirkland stated that at the March 26<sup>th</sup> board meeting, the Board discussed reconstituting the Ad Hoc Development Committee to oversee the development effort which the Board had approved at the November 20, 2019 board meeting.

Ms. Vance made a motion to create an Ad Hoc Development Committee through year-end 2020 consisting of Mr. Ilori, Mr. Parnagian, Mr. Kirkland, Ms. Anderson, Mr. Barton, Mr. Morris, and Mr. Morgenstern. Mr. Morgenstern seconded and the motion passed unanimously.

**Item 07: Approve Year-to-Date Financial report**

Mr. Kirkland then asked Dr. Wachter, Chief Financial Officer, to present her report on the Zoo's financial results since the prior Committee meeting. Dr. Wachter reported that attendance for the first quarter of 2020 had decreased 21% year over year due to the COVID-19 related closure to the public on March 15, 2020. With the closure, self-generated revenue was 20% below budget and although expenses were also down with the closure, operating income was 65% below budget. As expected, with no attendance allowed at the Zoo during the closure, self-generated revenue was 97% below budget for April. Dr. Wachter also noted that prior to the COVID-19 closure, attendance at the Zoo had been above budget with strong attendance in February (almost double budgeted amounts) and better than expected results from the Zoorassic Park exhibit.

Dr. Wachter then discussed the Company's current cash position, increased borrowings on its margin loan to fund ongoing operations and recent receipt of Measure Z funds. She also discussed the Zoo's approval for and receipt of a \$1.7 million Paycheck Protection Program (PPP) loan pursuant to the CARES Act, which she noted would be reflected on the liability side of the Zoo's balance sheet beginning in May. She stated that based on her analysis of the Zoo's ability to meet existing loan forgiveness parameters as

presented by the SBA, she believed a majority of the loan would be forgiven, but that the Zoo was responsible for the indebtedness until all or a portion of the loan was forgiven.

Mr. Kirkland stated the Finance Committee had discussed the report at length at its meeting immediately prior to the Board meeting and recommended that the Board approve the report as presented.

Mr. Morgenstern made a motion to approve the Year-to-Date Financial report as presented, and Dr. Gonzalez seconded. The motion passed unanimously.

**Item 08: Approve Fresno Chaffee Zoo's request for funding for the Animal Ambassador building**

Mr. Barton stated that the Zoo had requested bids for the Animal Ambassador project and had received bids from three companies equally qualified to complete the requested work, all of whom have solid reputations in the Fresno community. Mr. Barton noted that Zoo management had reviewed and analyzed the bids from all three companies and felt comfortable proceeding with the lowest bid of \$2,695,000, submitted by Durham Construction Company. Mr. Barton confirmed that the project costs would also include a 10% construction contingency and other costs related to stocking and staffing the project, resulting in a total request of approximately \$3,354,257.82.

Mr. Kirkland noted that the Finance Committee had recommended approval by the Board at its earlier meeting. Mr. Barton reiterated that the Zoo's Project Manager, Mr. Jesse Santiago, had reviewed the schedule of values and was confident that the bid covered all the items outlined in the Zoo's bid request. Mr. Santiago confirmed the same.

After Mr. Santiago clarified and confirmed the amounts requested for approval, Ms. Vance made a motion to accept the recommendation of Durham Construction as the contractor for the Ambassador Animal building with a project cost of \$3,354,257.82 and to recommend to the Zoo Tax Authority that this funding be approved. Mr. Ilori seconded the motion. The motion was passed unanimously.

**Item 09: Approve Fresno Chaffee Zoo's request for funding for the Zooplex building**

Mr. Barton stated that the Zoo had requested bids for the Zooplex project and received three bids from qualified vendors. Mr. Kirkland noted the significant difference between the highest bid (F&H Construction) and lowest bid (BMY Construction) and stated that it was his understanding the management had confirmed the accuracy of the bids submitted. Mr. Barton reiterated that Mr. Santiago had reviewed the proposal with BMY, confirmed that it covered all requested items and affirmed BMY's confidence in its bid. Mr. Santiago confirmed the same.

Mr. Barton stated that after review and careful consideration of all three bids, Zoo management recommended moving forward with BMY Construction, the lowest bidder. The project costs included the bid cost of \$9,985,000, a 10% construction contingency and other costs related to stocking and staffing the project, resulting in a total request of \$12,205,796.89

Mr. Kirkland stated the Finance Committee had discussed the bids in detail at its meeting prior to the Board meeting and recommended awarding the bid to BMY Construction.

Upon clarification by Mr. Santiago of the amounts requested for approval, Mr. Morgenstern made a motion to accept the recommendation of BMY Construction as the contractor for the Zooplex building with a project cost of \$12,205,796.89 and to recommend to the Zoo Tax Authority that this funding be approved. Mr. Parnagian seconded the motion. The motion was passed unanimously.

**Item 10: Receive update from Succession Planning Committee**

Mr. Kirkland reported that the Succession Planning Committee recently completed initial calls with three suggested executive search firms: Shelli Herman & Associates, Zoo Advisors, and Isaacson Miller. He called the group's attention to a memo provided in the board materials summarizing the Committee's impression of the three firms and noted the similarities in the search process, timing (approximately six months) and cost

After discussion, the Board determined that Shelli Herman & Associates and Zoo Advisors were the leading candidates but had further questions to resolve prior to making a decision about which firm with which to proceed. Mr. Morgenstern suggested that the Committee reach out to the top two firms to solidify the next steps in the process. Mr. Kirkland stated that the Committee would follow-up with each and report back with a recommendation.

Mr. Larsen advised that the Committee should report back to the Board with their decision of which firm to hire and seek approval and authority to sign a contract.

**Item 11: Receive Financial and Budget update resulting from closure**

Mr. Kirkland then asked Dr. Wachter to provide an update on the Zoo's financial position given the ongoing closure. Dr. Wachter stated that the Zoo could likely be funded through the end of 2020 with use of its margin loan and PPP loan, provided the Zoo could generate an additional \$3 million in self-generated revenue between now and year-end. Should this not be possible, the Zoo would need to access additional sources of financing and/or implement further expense reductions.

Dr. Wachter noted that with the closure to the public between March 15 and April 30, the Zoo lost the opportunity to generate approximately \$2.5 million in revenue. Dr. Wachter stated that she expected the revenue loss to increase to \$5 million if the Zoo were to remain closed through June 30, 2020. She discussed the Zoo's sources of cash for funding this shortfall in revenue, which include the existing PPP loan, the ability to further borrow against the Zoo's investment assets by increasing the size of the Zoo's margin loan, Measure Z funds for operations, and expense savings. She noted that the Zoo Authority approved the Zoo's request to reallocate approved Measure Z operations funds given the fact that the PPP loan will cover a portion of the approved 2020 Measure Z operations budget. She further noted that the Measure Z operations fund held at the Zoo Authority contains sufficient cash to cover the approved budget for 2020, even if tax receipts fall short of expectations in 2020.

Dr. Wachter then presented two reopening scenarios and the expected impact on the Zoo's budget. The first scenario assumed a June 1<sup>st</sup> reopening, with certain cash-generating experiences and education programs opening later in the year. In this scenario, the Zoo might generate approximately \$6.3 million in revenue in 2020 with an approximately \$7.9 million deficit from operations. By the end of 2020, the Zoo might have approximately \$1.6 million outstanding on its margin loan, which would have to be repaid with future revenue, cash, or the sale of investments.

She then presented a second more conservative scenario that assumed lower attendance, lower per capita spending, and limited cash-generating experiences in 2020. In this scenario, the Zoo might generate approximately \$4.7 million in revenue in 2020 with an approximately \$9.3 million deficit from operations. By the end of 2020, the Zoo might have approximately \$2.9 million outstanding on its margin loan, which would have to be repaid with future revenue, cash, or the sale of investments.

She stated that both scenarios were rough estimates and that the Zoo would remain flexible to changing opening conditions and public response.

Mr. Kirkland noted that the Finance Committee had reviewed this material in the previous meeting and stated his belief that the economy would be slow to recover but that Zoo management had taken diligent steps to maintain the facility during the downturn, plan for reopening and access all available resources to help maintain the Zoo's ongoing presence in the community.

**Item 12: Receive Technology report**

Dr. Wachter reported that the Zoo successfully migrated to Microsoft Office 365 and has seen a positive impact on the organization from this move. She also reported that the Zoo had recently installed a VOIP phone system to replace its antiquated predecessor and that the Zoo's IT Manager/Business Intelligence Analyst, Mr. Giffen, had tripled the number of employees with remote access, improving staff ability to work from home during the closure.

Dr. Wachter asked Mr. Giffen to provide an update on the Zoo's newly enhanced web store. Mr. Giffen walked the Board through the revised online ticketing system and guest check-out experience. He noted how the system would support reopening objectives, such as timed ticketing. He demonstrated significant improvements relative to the Zoo's pre-closure system and stated that the system would be operational for guests upon the reopening of the Zoo.

Mr. Giffen then discussed IT goals and the status of IT projects underway or anticipated. The Board thanked both Mr. Giffen and Dr. Wachter for the presentation and expressed its support of ongoing efforts to improve the Zoo's IT capabilities.

**Item 13: Receive Education Department report**

Mr. Kirkland then asked Mr. Watanabe, Chief Conservation Education Officer, to provide an overview of Education Department staff and activities including over 40 staff members, onsite attractions, classes, camps, conservation education and docent volunteer programs. Mr. Watanabe touched on current partnerships with the community such as George's Pass, a partnership with Valley Children's Hospital and Fresno State University.

Mr. Watanabe also discussed his team's efforts during the Zoo closure to develop educational content, including behind-the-scenes videos, distance learning and other online content under the #bringingthezootoyou tagline. He also highlighted the Zoo's extensive roster of conservation interpreters, volunteers and docents all of whom make valuable contributions to the guest experience as well as the Zoo's effort to involve local Asian cultural groups in the development of the upcoming Kingdoms of Asia exhibit. Looking to the future, he noted that the Zoo is exploring potential virtual learning opportunities with Fresno Unified School District and other local school districts.

**Item 14: Old Business**

Mr. Kirkland then introduced Peter Smits of Phoenix Philanthropy Group and asked him to provide an update to the Board on the groundwork his team has completed on the Development effort since January. Mr. Smits referred the group to a project management worksheet included in the board materials which listed actions taken to date and stated his opinion that the Zoo needed to add resources to complete a major development effort. He stated his strong belief that based on his experience and understanding of the Zoo's value in the Fresno Community, the Zoo could complete a development campaign of perhaps as much as \$50 million over the next few years. He stated his willingness to meet with the Ad Hoc Development Committee formed earlier in the meeting and reminded the Board of the upcoming retreat for the Board of Directors which will take place on Saturday, June 13, 2020.

**Item 15: New Business**

Mr. Kirkland asked if there was any new business to report. Hearing none, he adjourned at 8:02 PM.