



**MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS
May 4, 2019**

The Directors named in these minutes of the California State Soccer Association-South, constituting the Board of Directors of said California Corporation, held its regular meeting on May 4, 2019, at the Corporate Office in Fullerton, CA. President and Chairman of the Board, Cindy Quan, called the meeting to order at 9:20 am. A quorum was present.

- | | |
|---|--|
| <input checked="" type="checkbox"/> Cindy Quan, President | <input checked="" type="checkbox"/> Robert Pennoyer, District 1 Commissioner |
| <input checked="" type="checkbox"/> Roy Carlson, Exec. Vice President
Jerry Selby, VP-Youth | <input checked="" type="checkbox"/> Luca Pacelli, District 2, Commissioner |
| <input checked="" type="checkbox"/> Chris Haitz, Vice President-Adults [partial-conference] | <input checked="" type="checkbox"/> Grant Nadell, District 3 Commissioner [joined late] |
| <input type="checkbox"/> Mike Green, Treasurer | <input type="checkbox"/> [Vacant], District 4 Commissioner |
| <input type="checkbox"/> Monica Jara Guerra, Secretary | <input checked="" type="checkbox"/> Louie de la Cruz, District 5 Commissioner |
| <input checked="" type="checkbox"/> Johnnie Garza, Chief Executive Officer | <input checked="" type="checkbox"/> Jack Larkin, District 6 Commissioner |
| | <input checked="" type="checkbox"/> Christie Paulson, District 7, Commissioner |

Also present for various parts of the meeting:

Steve Hoffman, Cal South Director of Coaching Education and Player Development [partial-conference]
Jonathan Smith, Cal South Chief Financial Officer [partial-conference]

Guest:
Adam Wilson

- 1. CALL TO ORDER at 9:20am**
- 2. PUBLIC COMMENTS**
There were no public comments.
- 3. APPROVAL OF PREVIOUS MINUTES**

None

Motion #1 Motion to change agenda so CEO report may be presented before Johnnie Garza must leave. Motion by Luca Pacelli, Second by Robert Pennoyer - passed with no objections or abstentions.

Who is responsible for presenting agenda items? Would like to see responsible person listed on agenda.

Election is approaching for US Youth board. Biographies and resumes available on SharePoint for review.

4. CEO REPORT
Written report submitted.

a. Board and Dick's Agreement taskforce:

- Update on status of negotiations. Trying to arrange for an in person meeting to move the negotiations forward. Still some strong differences in the two positions.
- Cal South did receive a royalty payment from Dick's for the sale of State Cup apparel for retail sales through end of March. Sales still in progress. A breakdown report of sales can be provided
- Chris wants to know how our inventory between Dick's and Nike is being accounted for, how the accounting is done and how can we compare YTY. He has requested multiple times and has not received the info he wants. Concerned about budget deficit based on a market that Cal South created. Market should be growing not shrinking.
- Discussion of the Nike relationship, amount of product to be received and requirement to work with an approved vendor. This has created some difficulties.
- Staff and Board to consider options to best manage this apparel sales program.

- Steve: you must book your Nike product a year in advance. Chris: analysis of the sales should've been completed before we moved forward with the program.

Motion #2 Motion for an analysis of apparel sales with an explanation for 2016,17,18,19. Motion by Chris Haitz, Second by Luca Pacelli - passed with no objections or abstentions.

- Roy suggested more formal motions when Board requests information, reports, etc., in order for requests to be clearly documented and to hold responsible person accountable. That may be a solution to making informal requests, especially when it involves financial information.
- b. SafeSport requirements:
- Discussion of how to dedicate resources pertaining to recommendation to board for youth protection policy for the organization
 - Must be compliant to USSF Policy 212-3.
 - Federation has documents available for compliance.
 - Discussion of project to seek Praesidium accreditation which merged into SafeSport compliance requirements and how that complicated the project.
 - Associated documents to go with Code of conduct policies. Presently in draft for youth, coaches, etc. This is the way to officially hold people accountable.
 - Prevention policies, policy statements, Cal South has zero tolerance for sexual misconduct of youth.
 - Pulling Adrian Marquez from his role to focus on this along with Deboraha.
 - Intend to reach out to board members to schedule conference call next week later to review input from board members who are part of the process
 - Goal in next week is to get draft documents and socialize with board to review edits.

Process would be recommended to go through legal, added input regarding regulatory compliance. Then recommended to engage members about new policies and procedures.

Luca: wants to be sure there is a project plan/time line. He has issues with key dates that have to be met by members. This is a critical issue for the organization and requires a thorough plan with a more public timeline regarding implementation. Must be more expedient in drafting a policy.

Roy: on need for plan and that these are complicated issues. We need to have better control. Encouraged to see dedicated person to help resolve these issues. Supports Praesidium accreditation but need to comply with SafeSport first. May result in more risk management hearings.

Luca: several calls from leagues asking if they need to get additional insurance. We do not know what we are covering now.

Adam Wilson: from a league standpoint, this needs to get done. The concussion stuff started late. Louie held a district meeting, and they know that they get codes for training. Live scans, background checks, we aren't behind on the signed forms. Otherwise, the membership will be held up. We can't allow an administrator who doesn't have a license, a live scan or concussion form.

Johnnie: We cannot allow people to have access to the organization without being cleared.

Robert: not bad on this project, number one on list, members are aware of it, they're aware they have to do training, run into snags uploading certs into Affinity system, file size is too large. Manageable obstacles. Best interest to provide all requirements, true guidelines of repercussions. How to hold clubs and leagues accountable. (Luca: contact police stations; Robert: police doesn't know so it is admin's job to make sure that we know all the rules.)

Discussion is around jurisdiction, expands into new ones, blind spots/doughnut holes, leaves out national organizations. What does the Federation do to address these? Policy amendments to expand requirements.

Luca: document Johnnie sent out SafeSport code summary. Paragraph covered Section A. Sub sec A: defines what he is leaving out.

c. Presidents Cup Regionals

- US Youth: hosting agreement drafted (2 agreements) one to hold President Cup in June, MOU for referee resources to the event.
- We are not paying hotels for referee, got together, 84 refs/day for prelim rounds, saved a lot of money.
- Pay field subsidies component, we will revenue share hotel revenue and rentals of golf cards.
- Not signed yet, verifying jurisdiction to sign the contract. Luca wants estimate how much we will get, Johnnie will do so based on prior numbers.

Motion #3 Motion to enter Executive Session: passed.
Exit Executive Session

5. INSURANCE RENEWAL

We have Jennifer Adams on the line and Kimberly Sullivan – Willis Insurance
Insurance renewal spread sheet
Addressing executive summary

High level:

- This year the market is beginning to show signs of “Hardening,” carriers are tightening down on rates, get additional premium across many lines of business, also related to property market and natural disasters, leaking into other lines. Non-profit world, abuse in media, trickle down from NFL concussion, toughest challenges they’re facing and getting more difficult.
- Carrier who’s a risk on general liability, included in a liability package programs. They experienced a lot of claims, and are taking closer looks to determine whether they’re restricting limits of offers.
- Decrease in General Liability premium – limit for 3rd party for \$1M and \$3M – includes defect cost
- No change to liability and abuse. It’s primarily concussion protections.
- In order to address concussions on forms, they have to file forms with state, state of CA would only allow to be on an insurance forms on non-admitted paper. It’s not backed by the state guarantee fund, and write a side/companion concussion policy until state can approve concussion policies.
- We land in the same place having to have multiple policies.
- They want to exclude the 1/3 policy in the umbrella policy.

Luca question: when leagues and clubs get permits, are those limits compatible with what jurisdictions are asking for?

We have \$10M plus the \$1M

Concussion reduction – looked for other coverage

Extremely challenging for pricing, was 3 times what the umbrella was, and they didn’t want to write it at the end of the day.

- An exclusive insurance pool in London for 30/32 NFL league concussion policies. They decided to open their doors to amateur sports. All submissions are in for coverage from these providers. There’s a meeting on Monday with an underwriter to see if we can secure coverage with the desired limits while not compromising premium payments.
- There were no insurance claims last year.
- There are SAI claims,
- Jonathan summary from risk schematics: layering of coverage, what policies cover the board, affiliates, clubs, concussion coverage in the past was up to \$10M, with exclusion of excess is \$1M/\$3M, what can we do with new NFL carrier?

Luca: the board recently approved leasing a facility in Bakersfield being responsible liability and running facility. Does any of this insurance coverage provide for that? Do we need new insurance?

- In November we sent county requirements to our insurance broker, our current policies fulfill county requirements except for professional liability. Tried to have County remove that from contract and they refused. There’s a total professional liability exclusion. If they do charge us a premium, we don’t expect it to be beyond 4-figures.

Excludes workers comp

Robert: What “professional services” are within the required liability? The requirement cannot be ambiguous and must be defined in order to be a requirement. Noted he remains concerned about this issue.

Luca: insurance issue to comply with county requirements – from Cal South perspective, as insurance providers, can you provide guidance as to what additional insurance we should carry to run facility and be involved in all aspects of it?

Motion #4 Motion to review insurance contracts to make sure all coverages are sufficient and will meet upcoming business and facility needs. Motion by Robert Pennoyer, Second by Luca Pacelli - passed with no objections or abstentions.

Skipped section on crime and property values/damage, same with auto.

- Dropped to workers comp – despite MOD continued increase, we were able to get a rate decrease, helped resolve premium savings for \$10K – we have one open WC claim that may be substantial.
- We are in the penalty box for a small lapse of coverage without renewal, and so we are paying for the penalty fee.
- SAI – raised premium by 2%, aggregate has been dropped to \$260K and has dropped continuously in the last few years.
- Saved Cal South over \$1M by current insurance coverage structure.
- Based on existing coverage, we have seen a \$30K premium decrease, not including liability changes.

Luca: SafeSport issues – does this insurance cover the requirements for that? Do we need to increase coverage?

- She doesn’t think higher liability limits should result because of SafeSport. One thing to keep looking at is to get pricing for additional limits, particular around abuse component. Can be exhausted in different policy periods. Does not suggest changing coverage levels solely on SafeSport.

Executive risk: flat premiums across the board, waiting on two last carriers with final pricing, someone out of London. No changes in programs, this year they were more restricted. Great and robust program out of company in London for our needs.

Also cyber came in flat – adequate limit. Reassessed every year
Concussion component is the most unknown variable

Grant: Policy perspective that would make it easier or less expensive for concussion coverage?

- From policy and procedure changes should only be made when they can be upheld. Legal should be involved. Not anything extra to do training or outside existing training that can improve chances to reduce premium costs. Same thing with abuse policy. Goes out to carrier under NDA agreement re: protocols and procedures.
Jonathan: tightening up return to play protocol between league and Cal South, there are some enhancements they can make, but still won't make a difference in premiums.
- Active assailant protocol/terrorist attack: most existing policies cover against certain scenarios under this category. Current stand along T3 that we can buy, is very expensive. \$120K premium for \$1M of coverage w/ \$10K retention.
- Trouble they've had in the past when RFQs is that we have too many locations, dates, practices, there's no way to corral exposure that would be manageable for them to wrap their heads around. It's a good product for right industry, but has a hard time getting a recommendation behind it, because some policies do already cover these types of incidents.

Robert: where's our liability/responsibility?

Roy: liability or not, we would be named, cost of defense, minimum exposure, if we don't take adequate steps, or are negligent in securing premises (ex: phone threat and not notifying police) Participants sign waivers but spectators don't.

Luca: serious exposure, big tournaments hire security guards, but they're there and have a presence. Local clubs/leagues are asking Cal South what are they covered for and what exposure do they have. They need to know. What is coverage, and who's exposed. Clubs/leagues need to understand too. Jonathan asked Jennifer/insurance to create something that they've already provided, outlines of insurances available to members. Robert: club don't understand what their responsibility is.

Grant: 14 months from Jan – 330 reported concussions at Cal South, mostly girls, 70% have not been cleared to return. Great to have policy that make it clear what the requirements are to come back, but need to do better to prevent.

Luca: training issue, how to fall, how to go up with a header, what to look for, etc. Grant noted some refs do not fully participate based on teams he has been involved with. Issues have all been due to other types of physical contact and not heading. Wants to hold refs more accountable. Do girls get more concussions than boys? Player had a head injury, lots of criticism. There's such a lack of refs from the get-go, let alone refs that are trained. Increase socialization and awareness in referees.

Chris feels it's too early to make use of existing data. Head protection? Not insinuating they "prevent" concussions
Counter argument, the game would be more rough by having a helmet as a false sense of security.
Defensive player course? Goes back to training.

Motion #5 Motion to support the proposed insurance coverage with 1) Bakersfield coverage per prior discussion is addressed, and 2) we ask Willis to provide summary presentation to use for distribution to clubs and leagues that identifies coverage and what individual coverage is for field organizations. Motion by Robert Pennoyer, Second by Luca Pacelli – passed with no objections or abstentions.

-12:42 meeting adjourned for lunch-
- meeting resumes 1:23

6. NEW BUSINESS

Steve Hoffman – DPL

- Open application process for all teams to benefit.
- Non-negotiable, we have to have open application process, won't interfere with gaming leagues.
- Spring league – 8 clubs min. all age groups, play weekend in summer with CRL teams, follow academy schedule in Jan/Feb/Mar.
- Interesting in moving forward and have found 8 teams. Best deal we can get right now. Luca asked about a spring team but we are working with what we have right now.

Boys division:

- Development league.
- Not negotiable, must play in spring and must play in circuit.
- Advisory group between their staff and clubs as to how to get into the league.
- Teams don't have enough competitive academies to serve their needs.
- Objection was to increase league collaboration.

- Not just about talent but also financial based support.

US Development Academy 6 teams CA 1 team AZ

- We will expand existing programs.
- Schedule and pay referees based on divisions, use it go grow refs.
- Need more feedback from both coaches and refs. Better criteria section regarding behavior and other categories to hold both refs and coaches accountable.
- Objective to make CRL competitive.
- Whoever wins CRL gets to go to regionals.
- Both groups get National League spot following year.
- Formalize the wild card process.
- CA regional academy division of the pacific conference – part of national league (open application process, feedback in clubs from division plus three members).
- How do we benefit? Expanding footprint.

Motion #6 Motion to accept Staff's proposal to develop academy division of CRL for spring/summer as presented. Motion by Luca Pacelli, Second by Roy Carlson - Passed with no objections or abstentions.

7. FINANCIALS

Jonathan:

- Revenue wise we are \$60K under budget, \$2.5K on player registration, further behind on competitive side.
- State/national, \$240K over budget, more teams than we budgeted for, that number will go down to \$150K.
- Behind on Pro Plus and ODP revenue.
- Behind on camp registration revenue.
- Coaching revenue/certs, we are still registering. Less activity in fall and spring, everything happens in summer.
- Behind in CRL. Anthony scheduled more games in August. Difference will be made up.
- Marketing/promotion, going around with Dick's about that. \$165k payments still owed, separate from royalties.
- Up to \$8K game for the year, budgeted \$100K for year.
- Up \$45K. Currently black for the year in portfolio.

Expenses:

- Under in head count, reduces cost for wages and insurance.
- Adult registration is lacking and where we have the most significant payments.
- Need to make sure wage classifications are correct for refs (contractor?)
- Fields: \$137K over on field budget, we will be over by \$150K by end of August. Contributed by increase of teams, weather, effects of efficiency of rescheduling. (rescheduled entire tournament) (some places you can pay for what you use, others you pay for the whole weekend).
- Working on an analysis on where financially they'll be by the end of the fiscal year.
- Legal is going over budget and will continue to do so.
- Insurance may be over by \$50k by the end of the year.
- We are within \$100K what was expected by the end of the year.

Luca: Need to know who has access and authority to access reserves, and wants a cash flow report. Suggestion submitted to have presentation available for next meeting.

- Marketing budget – Nike.

Discussion of a more timely submission of financial documents. Perhaps a more in depth quarterly review.

Roy: we need info to see what's going on as soon as we can get our hands on it as it might explain how we got there so we can address how to solve the problems in the future.

Chris: wants to see a much improved relationship between finance and operations. It has gotten better, but still need improvement.

Motion #7 Motion to approve April 29, 2019 special board meeting call minutes. Motion by Cindy Quan, Second by Roy Carlson - Friendly amendment to add 30 days district extension - Passed with no objections and abstention by Chris Haitz.

March 23rd meeting minutes – annual board meeting minutes. Waiting to make friendly amendments for next meeting in June.

Motion #8 Motion to support State Cup Appeals Committee waiver of \$500 fines for withdrawing due to weather delays to tournament. Motion by Luca Pacelli, Second by Chris Haitz - Passed with no objections of abstentions.

Christie: has an application she wants to request a waiver for the sanctioning deadline due to uniform issues with other leagues. Group of teams affiliated with another group and there's a conflict. Requesting that if waiver cannot be overlooked that we find somewhere else for players to play. Luca disagrees because we are sending a message that others can break policy.

Motion #9 Motion to waive affiliate application deadline to allow Santa Ynez to complete application. Motion by Cindy Quan, Second by Grant Nadell. Motion failed. Note: Jack offered to find team a place in district 6 if Christie cannot find one in district 7.

Next board meeting dates confirmed:

- June 15th 2019
- July 20th 2019
- August 17th 2019
- September 21, 2019
- November 23, 2019
- December 14th, 2019 (tentative)

Motion #9 Motion to support Presidio Top Soccer event. Motion by Robert Pennoyer, Second by Chris Haitz - Passed with no objections or abstentions.

8. Adjournment

Motion #10 Motion to adjourn the meeting at 5:11pm. Motion by Cindy Quan, Second by Louie de la Cruz – passed.