

**Bay Area Air Quality Management District
939 Ellis Street
San Francisco, California 94109
(415) 749-5000**

APPROVED MINUTES

Summary of Board of Directors
Budget & Finance Committee Meeting
9:30 a.m., Wednesday, October 22, 2008

1. **Call to Order:** Chairperson Chris Daly called the meeting to order at 9:33 a.m.

Roll Call: Chairperson, Chris Daly, Harold Brown, Mark Ross, Michael Shimansky, Pamela Torliatt, Gayle B. Uilkema

Absent: Scott Haggerty, Yoriko Kishimoto and Tim Smith

Also Present: Board of Directors Chairperson Jerry Hill
2. **Public Comment Period:** There was no public comment.
3. **Approval of Minutes of September 24, 2008:** Director Brown moved approval of the minutes; seconded by Director Torliatt; carried unanimously without objection.
4. **Status of San Mateo County Investment Pool and Recent Actions:** *Staff provided the Committee with an update of the San Mateo County investment pool and recent actions undertaken by the Air District.*

Executive Officer/APCO, Jack Broadbent, provided background information on Air District funds held with the San Mateo Treasurer. The Treasurer invests funds in a pool composed of a diversified portfolio. On September 15, 2008, Lehman Brothers filed for bankruptcy, and at that time the County Treasurer had a position in Lehman Brothers investment of approximately \$150 million. The loss is recorded as negative interest for the quarter ended September 30, 2008.

Chairperson Hill reported on San Mateo and Monterey County's work with Congresswoman Anna Eshoo, stating that they were able to insert provisions for state and local government protection and assistance into the bailout language which Treasury Secretary Henry Paulson must approve.

Committee members discussed the statutory requirement that Air District funds be held by a County within its jurisdiction.

Mr. Broadbent further reported that San Mateo County has retained an attorney in conjunction with Monterey County to file suit against Lehman Brothers. Staff will update the Budget and Finance Committee when new information becomes available.

Mr. Broadbent reviewed actions being undertaken by the Air District including: implementing a hiring freeze on new hires; reviewing discretionary expenditures, capital asset expenditures, overtime expenditures and unexecuted contracts. Other actions include: notification to the Air Resources Board that the Carl Moyer Program and Mobile Source Incentive Program funds are sufficient to accommodate all current projects and fund the amount of the investment loss (negative interest). As a result, less funding will be issued in the future but to date, CARB has not indicated funding would need to be replaced with General Fund monies.

Mr. Broadbent also noted that TFCA funds are sufficient to fund all of the approved projects and staff is currently reviewing TFCA accounts to determine if funds are available for the contingency projects (Attachment 2) as presented to the Board. Mr. Broadbent said he is confident that TFCA Tier I and II projects would be funded and an update would be provided to the Mobile Source Committee.

Committee Action: None; informational report only.

5. **Status of Comments Contained in 2006-2007 Audit Management Letter:** *Staff provided the Committee a status of responses to the comments contained in the 2006-07 Report to the Board of Directors and District Management, presented by Caporicci & Larson, auditors.*

Finance Manager, Linda Serdahl, said auditors came before the Committee in February and presented a Management Letter. She noted that the District reported a liability of \$41,110 as of June 30, 2007 for the Lower Emissions School Bus Program (LESBP) administrative fees, the program has since been closed out, and any unused funds were returned to the Regional TFCA program in the last year.

Finally, Ms. Serdahl reviewed measures implemented by the Air District to address observations noted in the Audit Management Letter.

Committee members briefly discussed the process to change passwords, the auditor's issuance of a Management Letter which revealed observations and no findings, District protocols in place for checks and balances, and tightening of internal controls through review by third parties.

Committee Action: None; informational report only.

6. **Committee Member Comments/Other Business:** Committee member Shimansky suggested alternate meeting dates be polled due to the upcoming holiday schedule.
7. **Time and Place of Next Meeting:** 9:30 a.m., Wednesday, November 26, 2008 – 939 Ellis Street, San Francisco, CA 94109
8. **Adjournment:** The meeting adjourned at 10:12 a.m.

Lisa Harper
Clerk of the Boards