

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., Monday, June 1, 2009

- Call to Order:** Chairperson Chris Daly called the meeting to order at 9:39 a.m.
- Roll Call:** Chairperson Chris Daly; Committee Members Scott Haggerty, Eric Mar, Mark Ross, Michael Shimansky and Gayle B. Uilkema
- Absent:** Vice Chairperson Harold Brown; Committee Members Carole Groom and Brad Wagenknecht
- Public Comment Period:** There was no public comment.

Third Quarter Financial Report – *Presentation by Deputy APCO Jeffrey McKay*

Overview:

Mr. McKay presented the financial report for the third quarter for Fiscal Year 2008/2009 and a review of financial trends, and presented a comparison of budget to actual revenue:

- County receipts totaled \$11,976,378 (58%) of budgeted revenue;
- Permit Fee receipts were \$18,609,582 (82%) of budgeted revenue;
- Title V Permit Fees were \$2,279,701 (90%) of budgeted revenue;
- Asbestos Fees were \$1,245,810 (65%) of budgeted revenue;
- Toxic Inventory Fees were \$505,187 (92%) of budgeted revenue;
- Penalties and Settlements were \$1,476,257 (59%) of budgeted revenue;
- Miscellaneous Revenue receipts were \$37,288 (9%) of budgeted revenue;
- Interest Revenue was (\$1,190,479) which totaled (-83%) of budgeted revenue.

In comparing the budget to actual expenditures:

- Salaries and benefits were \$30,113,770 (69%) of budgeted expenditures;
- Operational Services and Supplies were \$4,871,241 (30%) of budgeted expenditures;
and
- Capital Outlay was \$799,849 (16%) of budgeted expenditures.

Mr. McKay reviewed Investment Balances. Cash and investments in the San Mateo County Treasury include:

- General Fund \$26,466,989
- TFCA \$56,379,242
- MSIF \$30,318,357
- Carl Moyer \$13,053,183
- Total \$126,217,771

Investments held as fixed income investments represent 35% of the total investment pool. Investments held as short term investments represent 65% of the total investment pool. There were no changes in Fund Balances, as presented previously.

Estimated Financial Challenges the Next Three Years:

- Property taxes will decrease by 10%
- CalPERS contributions will increase by 12%
- COLA will increase salaries and benefits by 11%

Financial Risks

- Subvention Withholding
- Property Tax Redirected
- Large Facility Closed

Committee Member Comments/Discussion:

- Director Uilkema: Clarified third quarter expenditure amounts; questioned Lehman Bros. loss and confirmed that the District may benefit through a larger recovery action through the counties which was being tracked; and confirmed that the statute requires that the District invest with one County Treasurer and not split investments with multiple counties.
- Director Shimansky: Questioned and confirmed that proposed gap was being addressed through fee increases, as well three years of holding flat on service and supply, capital and FTE and vacancies.

Committee Action: None; received and filed.

Approval of Minutes of May 6, 2009: Director Shimansky requested the following amendment to page 2, as follows:

“Motion: Director Shimansky made a motion to recommend Option C: Director Uilkema seconded the motion. *After brief discussion, Director Uilkema withdrew her second to the original motion. There was no second to the original motion, and the motion died for lack of a second.*”

Committee Action: Director Uilkema made a motion to approve the minutes of May 6, 2009, as amended; seconded by Director Shimansky; carried unanimously without objection.

Consideration of San Mateo County’s Pooled Fund Investment Policy - Presentation by Deputy APCO, Jeffrey McKay

Highlights of San Mateo County Investment Policy:

- **Maturity and Average Life:**
 - Maximum allowable maturity at time of investment is 5 years for Treasuries/Agencies

- At least 50% of the Pool will mature within 1 year
- At least 25% of the Pool will mature within 90 days
- **Credit Ratings:**
 - Credit ratings by one or more nationally recognized securities rating organization
- **Issuer Concentration:**
 - No more than 5% of the Pool's investment portfolio may be invested in securities of any one issuer
 - U.S. Government sponsored enterprises are exempt from this restriction

Authorized Investments:

- U.S. Treasury Securities / Agencies
- Commercial Paper
- Negotiable Certificates of Deposit
- Bankers Acceptances
- Collateralized Time Deposits
- Asset-Backed and Mortgage-Backed Securities
- Corporate Securities: A rated or better

Recommendation:

Consider recommending that the Board of Directors, by Board resolution, adopt the County of San Mateo's Pooled Fund Investment Policy (Investment Policy), including all subsequent policy revisions.

Committee Member Comments/Discussion:

Directors discussed the auditor's recommendation to take action on San Mateo County's Pooled Investment Policy in the current fiscal year, discussed the pro's and con's of developing an RFP, requested staff continue to obtain information from all 9 counties and return to a subsequent Budget and Finance Committee with a recommended strategy for potentially moving its treasury to the custody of another county within the Air District's jurisdiction.

Committee Action: Director Haggerty made a motion to recommend Board of Directors' adoption of San Mateo County's Pooled Fund Investment Policy; Director Shimansky seconded the motion; carried unanimously without objection.

Consideration of Recommendation to Transmit Funds to CalPERS for Other-Than-Pension-Post Employment Benefits (OPEB) - Presentation by Deputy APCO, Jeffrey McKay

Overview

Mr. McKay noted that the final hearing for the FYE 2010 Budget will be held on May 20, 2009, and it is recommended that upon Board of Directors' approval of the FYE 2010 budget, transmittal of the budgeted \$2,000,000 in OPEB funds to CalPERS occur.

Committee Action: Director Uilkema made a motion to recommend that upon Board of Directors' approval of the FYE 2010 budget, \$2,000,000 in OPEB funds be transmitted to CalPERS before the close of the current fiscal year; seconded by Director Shimansky; carried unanimously without objection.

Committee Member Comments: None

Time and Place of Next Meeting: At the Call of the Chair

Adjournment: The meeting adjourned at 10:10 a.m.

/S/ Lisa Harper
Lisa Harper
Clerk of the Boards