



BOARD OF DIRECTORS
BUDGET AND FINANCE COMMITTEE MEETING

COMMITTEE MEMBERS

BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

CAROLE GROOM – CHAIRPERSON
JOHN GIOIA
LIZ KNISS
MARK ROSS
SHIRLEE ZANE

ERIC MAR – VICE CHAIRPERSON
DAVE HUDSON
NATE MILEY
BRAD WAGENKNECHT

WEDNESDAY
FEBRUARY 27, 2013
9:30 A.M.

4th FLOOR CONFERENCE ROOM
939 ELLIS STREET
SAN FRANCISCO, CA 94109

AGENDA

1. **CALL TO ORDER - ROLL CALL**
2. **PUBLIC COMMENT PERIOD** (*Public Comment on Non-Agenda Items Pursuant to Government Code § 54954.3*) Members of the public are afforded the opportunity to speak on any agenda item. All agendas for regular meetings are posted at Air District headquarters, 939 Ellis Street, San Francisco, CA, and on the Air District's website www.baaqmd.gov at least 72 hours in advance of a regular meeting. At the beginning of the regular meeting agenda, an opportunity is also provided for the public to speak on any subject within the Board's authority. Speakers will be limited to three (3) minutes each.
3. **APPROVAL OF MINUTES OF OCTOBER 24, 2012 AND JANUARY 23, 2013**
4. **FINANCING FOR JOINT REGIONAL AGENCY CO-LOCATION AT 390 MAIN STREET**
J. McKay/4629
jmckay@baaqmd.gov

The Committee will consider recommending that the Board of Directors authorize the Executive Officer to complete necessary documents to finance the purchase of the Air District portion of 390 Main Street, San Francisco, CA.
5. **COMMITTEE MEMBER COMMENTS/ OTHER BUSINESS**
Any member of the Board, or its staff, on his or her own initiative or in response to questions posed by the public, may: ask a question for clarification, make a brief announcement or report on his or her own activities, provide a reference to staff regarding factual information, request staff to report back at a subsequent meeting concerning any matter or take action to direct staff to place a matter of business on a future agenda. (Gov't Code § 54954.2)
6. **TIME AND PLACE OF NEXT MEETING** – Wednesday, March 27, 2013, Bay Area Air Quality Management District Office, 939 Ellis Street, San Francisco, California 94109 at 9:30 a.m.
7. **ADJOURNMENT**

- To submit written comments on an agenda item in advance of the meeting.
- To request, in advance of the meeting, to be placed on the list to testify on an agenda item.
- To request special accommodations for those persons with disabilities notification to the Clerk's Office should be given at least 3 working days prior to the date of the meeting, so that arrangements can be made accordingly.
- Any writing relating to an open session item on this Agenda that is distributed to all, or a majority of all, members of the body to which this Agenda relates shall be made available at the District's offices at 939 Ellis Street, San Francisco, CA 94109, at the time such writing is made available to all, or a majority of all, members of that body. Such writing(s) may also be posted on the District's website (www.baaqmd.gov) at that time.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
939 ELLIS STREET, SAN FRANCISCO, CALIFORNIA 94109
FOR QUESTIONS PLEASE CALL (415) 749-4963

EXECUTIVE OFFICE:
MONTHLY CALENDAR OF DISTRICT MEETINGS

FEBRUARY 2013

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Regular Meeting <i>(Meets on the 1st & 3rd Wednesday of each Month)</i> - CANCELLED	Wednesday	20	9:45 a.m.	Board Room
Board of Directors Mobile Source Committee <i>(Meets on the 4th Thursday of each Month)</i> – RESCHEDULED FROM THURSDAY, FEBRUARY 28, 2013	Thursday	21	9:30 a.m.	Board Room
Board of Directors Executive Committee <i>(Meets on the 3rd Monday of each Month)</i> – RESCHEDULED FROM MONDAY, FEBRUARY 18, 2013	Monday	25	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Budget & Finance Committee <i>(Meets on the 4th Wednesday of each Month)</i>	Wednesday	27	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Mobile Source Committee <i>(Meets on the 4th Thursday of each Month)</i> – CANCELLED AND RESCHEDULED TO THURSDAY, FEBRUARY 21, 2013	Thursday	28	9:30 a.m.	Board Room

MARCH 2013

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Regular Meeting <i>(Meets on the 1st & 3rd Wednesday of each Month)</i>	Wednesday	6	9:45 a.m.	Board Room
Advisory Council Regular Meeting <i>(Meets on the 2nd Wednesday of each Month)</i>	Wednesday	13	9:00 a.m.	Board Room
Board of Directors Legislative Committee <i>(Meets at the Call of the Chair)</i>	Thursday	14	9:30 a.m.	4th Floor Conf. Room
Board of Directors Climate Protection Committee <i>(Meets at the Call of the Chair)</i>	Thursday	14	11:00 a.m.	4th Floor Conf. Room
Board of Directors Executive Committee <i>(Meets on the 3rd Monday of each Month)</i>	Monday	18	9:30 a.m.	4 th Floor Conf. Room

MARCH 2013

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Stationary Source Committee <i>(Meets on the 3rd Monday of each Month)</i>	Monday	18	10:30 a.m.	4 th Floor Conf. Room
Board of Directors Regular Meeting <i>(Meets on the 1st & 3rd Wednesday of each Month)</i>	Wednesday	20	9:45 a.m.	Board Room
Board of Directors Budget & Finance Committee <i>(Meets on the 4th Wednesday of each Month)</i>	Wednesday	27	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Mobile Source Committee <i>(Meets on the 4th Thursday of each Month)</i>	Thursday	28	9:30 a.m.	4 th Floor Conf. Room

APRIL 2013

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Regular Meeting <i>(Meets on the 1st & 3rd Wednesday of each Month)</i>	Wednesday	3	9:45 a.m.	Board Room
Advisory Council Regular Meeting <i>(Meets on the 2nd Wednesday of each Month)</i>	Wednesday	10	9:00 a.m.	Board Room
Board of Directors Executive Committee <i>(Meets on the 3rd Monday of each Month)</i>	Monday	15	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Stationary Source Committee <i>(Meets on the 3rd Monday of each Month)</i>	Monday	15	10:30 a.m.	4 th Floor Conf. Room
Board of Directors Regular Meeting <i>(Meets on the 1st & 3rd Wednesday of each Month)</i>	Wednesday	17	9:45 a.m.	Board Room
Board of Directors Budget & Finance Committee <i>(Meets on the 4th Wednesday of each Month)</i>	Wednesday	24	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Mobile Source Committee <i>(Meets on the 4th Thursday of each Month)</i>	Thursday	25	9:30 a.m.	4 th Floor Conf. Room

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Carole Groom and Members
of the Budget and Finance Committee

From: Jack P. Broadbent
Executive Officer/Air Pollution Control Officer

Date: February 13, 2013

Re: Approval of the Minutes of October 24, 2012 and January 23, 2013

RECOMMENDED ACTION

Approve the attached draft minutes of the Budget and Finance Committee meetings of October 24, 2012 and January 23, 2013.

DISCUSSION

Attached for your review and approval are the draft minutes of the Budget and Finance Committee meetings of October 24, 2012 and January 23, 2013.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Sean Gallagher
Reviewed by: Ana Sandoval

Attachment

Bay Area Air Quality Management District
939 Ellis Street
San Francisco, California 94109
(415) 771-4963

DRAFT MINUTES

Summary of Board of Directors
Budget and Finance Committee Meeting
Wednesday, October 24, 2012

1. Call to Order – Roll Call

Chairperson Carole Groom called the meeting to order at 9:30 a.m.

Present: Chairperson Carole Groom; Vice Chairperson Ash Kalra; and Directors David Hudson, Katie Rice, Mark Ross and Brad Wagenknecht.

Absent: Directors Scott Haggerty, Eric Mar and Shirlee Zane.

Also Present: None.

2. Public Comment Period: None.

3. Approval of Minutes of April 25, 2012

Committee Comments: None.

Public Comments: None.

Committee Action: Director Hudson made a motion to approve the Minutes of April 25, 2012; Director Wagenknecht seconded; and the motion was carried unanimously without objection.

4. First Quarter Financial Report – Fiscal Year (FY) 2012-13

Jeff McKay, Deputy Air Pollution Control Officer, introduced David Glasser, Finance Manager of Administrative Services, who gave the staff presentation regarding the First Quarter Financial Report – FY 2012-13. Mr. Glasser reviewed the General Fund revenues and expenses, Air District investments, fund balances and vendor payments in excess of \$70,000 without Board of Directors review for the first quarter of FY 2012-13.

Mr. Glasser added, regarding slide 2, 1st Quarter Results Fiscal Year End (FYE) 2013 General Fund Revenues, that no allocations have been received from San Mateo County as of September 30, 2012, but this is not cause for concern.

Committee Comments:

Director Hudson asked, regarding slide 3, 1st Quarter Results FYE 2013 General Fund Expenses, how Personnel – Fringe Benefits compares to the market average, which questions were answered by Mr. McKay.

Director Ross asked about the status of the Lehman Brothers issue, which question was answered by Messrs. Glasser and McKay

Director Kalra asked about the impact of the London Interbank Offered Rate scandal mentioned in the news, which question was answered by Mr. Glasser.

Chairperson Groom asked about the status of supplies cost reductions, which question was answered by Mr. McKay.

Public Comments: None.

Committee Action: None; informational only.

5. Air District Financial Overview

Mr. McKay gave the staff presentation Air District Financial Status, including a review of the ongoing challenge in financial trends, the calibrated response by the Air District, miscellaneous events in FYE 2012, and staff recommendations.

Mr. McKay noted, regarding slide 10, Trends in Cost Cutting, that the downward trend is greater than it appears in the slide.

Committee Comments:

Directors Hudson and Kalra discussed Air District payments against the unfunded liability related to Other Post-Employment Benefits (OPEB).

Director Wagenknecht asked about the OPEB unfunded liability payment plan, which questions were answered by Mr. McKay.

Director Rice suggested the filling of staff vacancies be prioritized, particularly in those areas that will see increased work volume as the economy improves, and asked staff to consider how increased payments to OPEB would look over time.

NOTED PRESENT: Director Mar was noted present at 10:03 a.m.

Public Comments: None.

Committee Action:

Director Hudson made a motion to recommend that the Board of Directors increase the FYE 2013 contribution to OPEB from \$1,000,000 to \$2,000,000; Director Kalra seconded; and the motion was carried unanimously without objection.

6. California Air Monitoring Network Assessment: Consider Acceptance of U.S. Environmental Protection Agency (EPA) Grant Money and Award of Contract

Eric Stevenson, Director of Technical Services, delivered the staff report California Air Monitoring Network Assessment: Consider Acceptance of EPA Grant Money and Award of Contract, including potential gaps and/or duplicative monitoring efforts under the Primary Quality Assurance Organizations approach, and staff recommendations.

Committee Comments: None.

Public Comments: None.

Committee Action:

Director Kalra made a motion to recommend that the Board of Directors amend the FYE 2013 budget to recognize a \$200,000 EPA Grant and award a \$200,000 contract to Providence Engineering and Environmental Group to perform an assessment of the air monitoring network throughout California; Director Wagenknecht seconded; and the motion was carried unanimously without objection.

7. Amend Air Monitoring Section’s Budget to Allow for Development of Two New Air Monitoring Stations Near Bay Area Roadways

Mr. Stevenson delivered the staff report Amend Air Monitoring Section’s Budget to Allow for Development of Two New Air Monitoring Stations Near Bay Area Roadways, including a review of recently revised EPA regulations and the number and location of air monitoring sites required, and staff recommendations.

Committee Comments:

Director Hudson asked about the siting of the monitoring stations, which questions were answered by Mr. Stevenson.

Directors Wagenknecht and Rice asked about the qualification of additional sites for further EPA funding, which questions were answered by Mr. Stevenson.

Chairperson Groom, Directors Wagenknecht and Hudson, and Mr. Stevenson discussed the long-term siting plan for air monitoring stations.

Public Comments: None.

Committee Action:

Director Wagenknecht made a motion to recommend that the Board of Directors amend the FYE 2013 budget to increase the Air Monitoring budget, under Program 802, by a total of \$367,744 in

response to an EPA grant of \$400,000 to develop air monitoring sites near Bay Area freeways; Director Hudson seconded; and the motion was carried unanimously without objection.

- 8. Committee Member Comments/Other Business:** None.
- 9. Time and Place of Next Meeting:** Chairperson Groom canceled the Committee meeting on November 28, 2012. The next meeting is at the call of the Chair.
- 10. Adjournment:** The meeting adjourned at 10:21 a.m.

Sean Gallagher
Clerk of the Boards

Bay Area Air Quality Management District
939 Ellis Street
San Francisco, California 94109
(415) 749-5073

DRAFT MINUTES

Summary of Board of Directors
Budget and Finance Committee Meeting
Wednesday, January 23, 2013

1. Call to Order – Roll Call

Board Chairperson Ash Kalra called the meeting to order at 9:41 a.m.

Present: Vice Chairperson Eric Mar; and Directors David Hudson and Mark Ross.

Absent: Chairperson Carole Groom; and Directors Susan Adams, John Gioia, Scott Haggerty, Brad Wagenknecht and Shirlee Zane.

Also Present: Board of Directors Chairperson Ash Kalra.

2. Public Comment Period: None.

3. Air District Financial Audit Report for Fiscal Year Ending (FYE) 2012

Jack Colbourn, Director of Administrative Services, introduced Peggy Vande Vooren, CPA, Shareholder, Gilbert Associates, Inc., who gave the presentation regarding the Air District Financial Audit Report for FYE 2012, including the Financial Audit Report of the Air District's Financial Statements for the FYE 2012, the Financial Audit Report of the OMB Circular A-133, and the Transportation Fund for Clean Air Compliance Reports for the Fiscal Year Ending 2012.

Committee Comments:

Director Hudson asked about Other Post-Employment Benefits which questions were answered by Ms. Vande Vooren, Jeff McKay, Deputy Air Pollution Control Officer (APCO), and Jack Broadbent, Executive Officer/APCO.

Director Hudson and Board Chairperson Kalra asked about the reporting of receivables and uncollectable items, which questions were answered by David Glasser, Finance Manager of Administrative Services, and Ms. Vande Vooren.

Public Comments: None.

Committee Action: None; informational only.

4. Second Quarter Financial Report –FYE 2013

Mr. Glasser gave the staff presentation Second Quarter Financial Report – FYE 2013. Mr. Glasser reviewed the General Fund revenues and expenses, Air District investments, fund balances and vendor payments in excess of \$70,000 without Board of Directors review.

Director Ross asked, regarding slide #2, General Fund – Revenues, if the information is consistent with seasonal norms, which question was answered by Mr. Glasser.

Mr. Glasser concluded the staff presentation.

Committee Comments: None.

Public Comments: None.

Committee Action: None; informational only.

5. Air District Financial Overview

Mr. McKay gave the staff presentation Air District Financial Overview, including summaries of FYE 2012 and 2013, an Air District overview, general fund revenue sources and expenditures summary for FYE 2013, response to FYE 2013 fiscal challenge of vacancy distribution, trends in cost cutting of expenses FYE 2010 through 2013, and reviews of reserves and fees and cost recovery.

Committee Comments:

Board Chairperson Kalra commended the state of reserves and suggested staff address the staff vacancy rate.

Director Mar asked about the reserve level target for the Sacramento Metropolitan Air Quality Management District, which questions were answered by Messrs. McKay and Broadbent.

Director Hudson and Board Chairperson Kalra asked about staff vacancies which questions were answered by Mr. Broadbent.

Public Comments: None.

Committee Action: None; informational only.

6. Update on the Joint Regional Agency Co-Location at 390 Main Street

Mr. McKay gave the staff presentation Update on the Joint Regional Agency Co-Location at 390 Main Street, including disposition plans for 939 Ellis Street and an update on the status of the acquisition focused on the status of costs and financing for the Air District's portion of the building.

Directors Ross and Hudson and Mr. Broadbent discussed, regarding slide #2, Financing Draft Term Sheet, the use of sale proceeds.

Director Ross asked, regarding slide #2, Financing Draft Term Sheet, about square footage measurements, which questions were answered by Mr. McKay.

Mr. McKay concluded the staff presentation.

Committee Comments:

Board Chairperson Kalra asked about the cost of common space at 390 Main Street, which questions were answered by Brian Bunger, District Counsel, and Messrs. McKay and Broadbent.

Director Mar asked about the effect on the Air District purchase price of increased purchase costs for the Metropolitan Transportation Commission, which questions were answered by Mr. Broadbent.

Director Hudson asked for clarification regarding the interest rate agreement, which was provided by Mr. McKay.

Public Comments: None.

Committee Action: None; informational only.

7. **Approval of Minutes of October 24, 2012:** Approval of the minutes of October 24, 2012, was postponed for lack of a quorum.
8. **Committee Member Comments/Other Business:** None.
9. **Time and Place of Next Meeting:** Wednesday, February 27, 2013, at Bay Area Air Quality Management District Office, 939 Ellis Street, San Francisco, CA 94109 at 9:30 a.m.
10. **Adjournment:** The meeting adjourned at 10:57 a.m.

Sean Gallagher
Clerk of the Boards

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Carole Groom and Members of
the Budget and Finance Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: February 18, 2013

Re: Financing for Joint Regional Agency Co-location at 390 Main Street

RECOMMENDED ACTION

With the concurrence of the Executive Committee, recommend that the Board of Directors authorize the Executive Officer to complete necessary documents to finance the purchase of the Air District portion of 390 Main Street, San Francisco, CA under the terms of the Principles of Financing presented to the committee. Completed documents will be presented to the Board for final approval at a subsequent meeting.

DISCUSSION

Building renovation is proceeding rapidly at the 390 Main Street property. Air District occupancy will occur as early as fourth quarter 2014. Completion of terms of financing is a prudent course for the Air District.

Staff will describe the terms of financing for the acquisition of the Air District's portion of 390 Main Street. The terms will include an approximate cost of \$29,000,000 for approximately 75,000 square feet.

The Principles of Financing to be presented to the committee include:

- Floating interest rate
- Graduated caps on the interest rate
- Maximum payment obligations of \$1.2 M for the first ten years
- Maximum payment obligations of \$1.37 M for the subsequent years
- Maximum term of obligation is 30 years
- Interest begins to accrue at occupancy
- Remarketing of the obligation leaves Air District terms unchanged

The financing terms anticipate the disposition of 939 Ellis Street with a minimum of \$8,000,000 of the proceeds used to pay down the 390 Main Street acquisition.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None at this time. Payment obligations will begin with building occupancy. Costs will be approximately offset by the sale of 939 Ellis Street, including both sale proceeds and termination of operating expenses.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Jeff McKay