

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

APPROVED MINUTES

Summary of Board of Directors
Budget and Finance Committee Meeting
Wednesday, January 27, 2016

1. CALL TO ORDER – ROLL CALL

Budget and Finance Committee (Committee) Chairperson David Hudson called the meeting to order at 9:32 a.m.

Present: Committee Chairperson David Hudson; Vice-Chairperson Katie Rice; and Directors Liz Kniss, Nate Miley, Mark Ross, and Brad Wagenknecht.

Absent: Directors John Gioia and Carole Groom.

Also Present: None.

2. PUBLIC COMMENT ON NON-AGENDA MATTERS: None.

3. AIR DISTRICT FINANCIAL AUDIT REPORT– FISCAL YEAR ENDING 2015 (OUT OF ORDER AGENDA ITEM 4)

Jeff McKay, Deputy Air Pollution Control Officer, introduced the topic and Stephanie Osaze, Finance Manager. Ms. Osaze introduced Peggy Vande Vooren, CPA, Gilbert Associates, Inc., who gave the initial presentation *Air District Financial Audit Report – FYE 2015*, which included the auditor's opinion on the Air District's financial statements; management's discussion and analysis; government-wide financial statements; fund-based statements; statement of revenues; fund balances; and footnotes to financial statements. Ms. Vande Vooren explained that a significant change from the prior year's reporting standards for pension requires the full pension liability appear on the Air District's balance sheet.

NOTED PRESENT: Director Wagenkencht was noted present at 9:35 a.m.

Ms. Vande Vooren introduced Meredith Beales, CPA, Senior Manager, Gilbert Associates, Inc., who discussed footnote number ten (#10), *Pension Plan*, as it pertains to *GASB [Governmental Accounting Standards Board] 68: Accounting & Financial Reporting for Pensions – An Amendment of GASB 27*.

Chair Hudson asked how the Projected Salary Increase (3.3% - 14.2%) on page thirty-six of the presentation was formulated, and Ms. Beales said that that range is based on CalPERS' Actuarial Reports and discount rate.

Director Kniss asked for clarification on the potential fluctuation and smoothing of CalPERS' discount rate, and Ms. Beales explained the sensitivity of the net pension liability to changes in the discount rate.

Ms. Beales continued the presentation, which included long-term expected rate of return; total pension liability; pension plan fiduciary net position; deferred outflows/inflows of resources related to pensions; schedule of changes; schedule of the District's contributions; required supplementary information; and schedule of expenditures by program.

Director Ross asked for clarification on the *Excess (Deficiency) of Revenues Over Expenditures* (page 46 of the presentation), for which the final budgeted amount was -\$10,596,507. Ms. Vande Vooren said that that number was a final *budget*, but the actual total was \$7,374,016, which was found in the column to the right on the same page.

Mr. McKay thanked Ms. Osaze and her staff for the development of this report.

Committee Comments:

Vice Chair Rice acknowledged the value of the *Schedule of Funding Progress (Other Postemployment Benefits)* on page 43 of the presentation.

Public Comments: No requests received.

Committee Action: None; receive and file.

NOTED PRESENT: Director Miley was noted present at 9:55 a.m.

4. APPROVAL OF THE MINUTES OF DECEMBER 7, 2015 (AGENDA ITEM 3)

Committee Comments: None.

Public Comments: No requests received.

Committee Action:

Director Wagenknecht made a motion, seconded by Vice Chair Rice, to approve the Minutes of December 7, 2015; and the motion carried by the following vote of the Committee:

AYES: Hudson, Kniss, Miley, Rice, Ross and Wagenknecht.
NOES: None.
ABSTAIN: None.
ABSENT: Gioia and Groom.

5. SECOND QUARTER FINANCIAL REPORT – FISCAL YEAR ENDING 2016

Jeff McKay, Deputy Air Pollution Control Officer, introduced Stephanie Osaze, Finance Manager, who gave the staff presentation *Second Quarter Financial Report – FYE 2016*,

including an overview of general fund revenues and expenses; investments; general fund balance; purchasing reporting requirements; revenue and expense year-over-year comparisons; and cumulative vendor payments in excess of \$70,000 without Board of Directors review.

Committee Comments:

The Committee and staff discussed contributing factors to fluctuations in the Expenditure Comparison of FYE 2015 and FYE 2016, such as the acquisition of the new parking structure and staff vacancies.

Public Comments: No requests received.

Committee Action: None; receive and file.

6. OVERVIEW OF CURRENT FISCAL YEAR ENDING 2016

Mr. McKay gave the staff presentation, *Overview of Current Fiscal Year Ending 2016*, including mid-year status; district reserve funds; actions taken during downturn; actions taken during FYE 2016 budget, general fund reserve sources and expenditures, actual expenditure trends; FYE 2017 preview of topics and trends; unfunded liabilities; cost recovery; obligations of the new office building; and next steps.

Committee Comments:

The Committee and staff discussed the comparison of CalPERS retirement payments between the prior and current fiscal years; 2017 prefund amount; investment choices; CalPERS return; and new office building expenses.

Public Comments: No requests received.

Committee Action: None; receive and file.

7. COMMITTEE MEMBER COMMENTS / OTHER BUSINESS

None.

8. TIME AND PLACE OF NEXT MEETING

Wednesday, March 23, 2016, at Bay Area Air Quality Management District Headquarters, 939 Ellis Street, San Francisco, CA 94109 at 9:30 a.m.

9. ADJOURNMENT: The meeting adjourned at 10:38 a.m.

MS/ Marcy Hiratzka

Marcy Hiratzka
Clerk of the Boards