

Bay Area Air Quality Management District
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San Francisco, California 94105
(415) 749-5073

APPROVED MINUTES

Budget & Finance Committee Meeting
Wednesday, February 23, 2022

**This meeting was conducted under procedures in accordance with Assembly Bill 361.
Members of the Committee participated by teleconference.**

1. CALL TO ORDER – ROLL CALL

NOTE: The Budget & Finance Committee (Committee) last met on November 23, 2020 and was deactivated for the calendar year of 2021. This was the first meeting of the Committee after being reinstated.

Committee Vice Chairperson Brad Wagenknecht called the meeting to order at 9:32 a.m.

Present: Committee Vice Chairperson Brad Wagenknecht; and Directors David Canepa, David Hudson, and Karen Mitchoff.

Absent: Committee Chairperson Carole Groom; and Director John Bauters.

2. PLEDGE OF ALLEGIANCE

3. PUBLIC MEETING PROCEDURE

4. SECOND QUARTER FINANCIAL REPORT - FISCAL YEAR ENDING (FYE) 2022

Dr. Jeff McKay, Chief Financial Officer, introduced Stephanie Osaze, Finance Director, who gave the staff presentation *Second Quarter Financial Report FYE 2022*, including: outcome; outline; requested action; 2nd Quarter results FYE 2022; revenue comparison (prior year versus current year); General Fund expenditures; expenditure comparison (prior year versus current year); investments; fund balance and outstanding liabilities; purchasing reporting requirements; FYE 2022 vendor payments; and feedback requested/prompt.

Public Comments

No requests received.

Committee Comments

The Committee and staff discussed the difference between personnel benefits in FYE 2021 and

FYE 2022; and whether the Air District is required to make up any percentage of Bay Area Metro Center building costs during the pandemic.

Committee Action

None; receive and file.

5. AIR DISTRICT FINANCIAL PLAN OVERVIEW

Dr. McKay introduced Ms. Osaze and Leonid Bak, Senior Advanced Projects Advisor, who gave the staff presentation *Air District Financial Plan Overview*, including: outcome; outline; requested action; Plan purpose; historical financial conditions and trends; actions taken during downturn; actual reserves and policy; historical revenues; historical expenditures; cost recovery overview; cost recovery fee increases; FYE 2022 approved Budget overview; current financial outlook; current reserves; economic outlook – indicators for the United States; 2021: historic labor market recovery; economic outlook – growth in California; Bay Area’s labor market trends; real estate and property taxes in Bay Area counties; financial forecast; forecast summary; five-year financial forecast key revenue and expenditure assumptions; unfunded liabilities – Other Postemployment Benefits (OPEB) and pension; next steps; and feedback requested/prompt.

Public Comments

No requests received.

Committee Comments

The Committee and staff discussed the request to resend the Plan to the Committee members prior to the March 23 meeting, as the Plan will guide the Committee’s future recommendations.

Committee Action

None; receive and file.

6. PARTICIPATION AND SELECTION OF A SECTION 115 PENSION TRUST ADMINISTRATOR FOR PREFUNDING AIR DISTRICT’S PENSION OBLIGATIONS

Dr. McKay introduced Mr. Bak, who gave the staff presentation *Additional Information on Investment Advisor for Section 115 Trust*, including: outcome; outline; requested action; Section 1 – comparison of returns to benchmarks and on “moderate” investment strategy; Section 2 – comparison of investment managers; Section 3 – comparison of costs (how investment advisors compare on costs to invest); Section 4 – organizational structure of California Employers' Pension Prefunding Trust (**CEPPT**) within California Public Employees' Retirement System CalPERS; CEPPT fiduciaries and investment managers; CEPPT investment management; CEPPT investment risk; what happens if the Air District closes the 115 Trust; and feedback requested/prompt.

Public Comments

No requests received.

Committee Comments

The Committee and staff discussed whether the Air District has concerns about any of the four sections; which of the four sections the Air District prefers; the anticipated annual contribution amount of the Air District's 115 Trust; and when a recommendation will be considered by the Board of Directors.

Committee Action

None; receive and file.

7. PUBLIC COMMENT ON NON-AGENDA MATTERS

No requests received.

8. COMMITTEE MEMBER COMMENTS

Director Hudson announced that he would like to invite Board members Jue and Rice to be members of this committee.

Board Chair Mitchoff apologized for not procuring a larger group of members for this committee.

9. TIME AND PLACE OF NEXT MEETING

Wednesday, March 23, 2022, at 9:30 a.m., via webcast, pursuant to procedures authorized by Assembly Bill 361.

10. ADJOURNMENT

The meeting adjourned at 10:35 a.m.

/s/ Marcy Hiratzka
Marcy Hiratzka
Clerk of the Boards