

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

APPROVED MINUTES

Budget & Finance Committee Meeting
Wednesday, October 26, 2022

This meeting was conducted under procedures in accordance with Assembly Bill 361 (Rivas 2021). Members of the Committee participated by teleconference.

- 1. PLEDGE OF ALLEGIANCE (OUT OF ORDER, ITEM 2)**
- 2. PUBLIC MEETING PROCEDURE (ITEM 3)**
- 3. CALL TO ORDER – ROLL CALL (ITEM 1)**

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

Present: Committee Chairperson Carole Groom; Committee Vice Chairperson Brad Wagenknecht; and Directors David Hudson, Davina Hurt, Myrna Melgar, Karen Mitchoff, and Katie Rice.

Absent: Director John J. Bauters and David Canepa.

4. APPROVAL OF THE MINUTES OF APRIL 27, 2022

Public Comments

No requests received.

Committee Comments

None.

Committee Action

Director Hudson made a motion, seconded by Director Rice, to **approve** the Minutes of the Meeting of April 27, 2022; and the motion carried by the following vote of the Committee:

AYES:	Groom, Hudson, Hurt, Melgar, Mitchoff, Rice, Wagenknecht.
NOES:	None.
ABSTAIN:	None.
ABSENT:	Bauters, Canepa.

5. FUNDING POLICY FOR THE OTHER POST-EMPLOYMENT BENEFITS (OPEB) AND PENSION PLANS

Stephanie Osaze, Director of Finance, gave the staff presentation *Other Post-Employment Benefits (OPEB)*, including: outcome; outline; requested action; Plan overview – OPEB, California Public Employees' Retirement System (CalPERS) Pension Plan, funding of retirement liabilities; Policy overview - OPEB Medical Plan; CalPERS Pension Plan; and recommendation.

Public Comments

No requests received.

Committee Comments

The Committee and staff discussed whether the Air District anticipates fluctuations in OPEB and Pension Plan actuarial valuations, based on investment return assumptions; when the next CalPERS actuarial statement will be released; and whether the recommended action takes into account the redirection of annual discretionary contributions.

Committee Action

Vice Chair Wagenknecht made a motion, seconded by Director Hudson, to **approve** the Air District's proposed funding policy for OPEB and pension plans; and the motion carried by the following vote of the Committee:

AYES:	Groom, Hudson, Hurt, Melgar, Mitchoff, Rice, Wagenknecht.
NOES:	None.
ABSTAIN:	None.
ABSENT:	Bauters, Canepa.

6. CALIFORNIA EMPLOYERS' PENSION PREFUNDING TRUST (CEPPT) INVESTMENT POLICY

Leonid Bak, Economist, gave the staff presentation *California Employers' Pension Prefunding Trust Investment Policy*, including: outcome; outline; requested action; CEPPT investment Strategies 1 and 2; CalPERS Pension Retirement Plan; recommended funds allocation; and recommendation.

Public Comments

No requests received.

Committee Comments

The Committee and staff discussed whether, at the end of FYE 2023, market conditions might indicate that Investment Strategy #2 would not be wise; and whether the funding target level of 90% could be achieved faster with a three-tranche approach.

Committee Action

Vice Chair Wagenknecht made a motion, seconded by Director Hurt, to **adopt** the following funding allocation and choose investment policy: Direct investments in the Air District's CEPPT 115 Trust account to use investment strategy 2; and allocate Air District's funds to the CEPPT 115 Trust account in 2 tranches: First, following adoption of the recommendation (1st tranche), second, at the end of Fiscal Year (FY) 2023 (2nd tranche); and the motion carried by the following vote of the Committee:

AYES:	Groom, Hudson, Hurt, Melgar, Mitchoff, Rice, Wagenknecht.
NOES:	None.
ABSTAIN:	None.
ABSENT:	Bauters, Canepa.

7. PATHWAY TO 100 PERCENT COST RECOVERY

Mr. Bak gave the staff presentation *Pathways to 100 Percent Cost Recovery*, including: outcome; outline; requested action; brief history – fees and cost recovery overview; summary of Matrix Study options; summary of assumptions; for context: Fiscal Year Ending (FYE) 2023 Budget overview; options to reach 100% cost recovery model output; and summary and conclusions.

Public Comments

Public comments were given by Christine Wolfe, California Council for Environmental and Economic Balance; Jed Holtzman, San Francisco resident; and Jan Warren, Interfaith Climate Action Network of Contra Costa County.

Committee Comments

The Committee and staff discussed whether the Board and staff have new budgetary goals, besides 100% cost recovery, since the Committee met in the summer; the reliability of the Matrix Study proposal and model assumptions; the desire for a cost recovery policy that results in predictable fees; concerns about subsidizing industry fees; whether the model assumptions include cost of living increases or bargaining agreements; and when is the next labor negotiation with the Air District's Employees' Association will occur.

Committee Action

None; receive and file.

8. PUBLIC COMMENT ON NON-AGENDA MATTERS

No requests received.

9. COMMITTEE MEMBER COMMENTS

None.

10. TIME AND PLACE OF NEXT MEETING

Wednesday, November 23, 2022, at 9:30 a.m., via webcast, pursuant to procedures authorized by Assembly Bill 361 (Rivas 2021).

11. ADJOURNMENT

The meeting adjourned at 10:38 a.m.

/S/ Marcy Hiratzka

Marcy Hiratzka
Clerk of the Boards