

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 28, 2015

1. CALL TO ORDER – ROLL CALL

Budget and Finance Committee (Committee) Chairperson Carole Groom called the meeting to order at 9:42 a.m.

Present: Committee Chairperson Carole Groom; Vice-Chairperson Eric Mar; and Directors David Hudson, Liz Kniss, Nate Miley, Mark Ross and Brad Wagenknecht.

Absent: Directors John Gioia and Shirlee Zane.

Also Present: None.

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

3. SECOND QUARTER FINANCIAL REPORT – FISCAL YEAR ENDING (FYE) 2015 (OUT OF ORDER AGENDA ITEM 5)

Jeff McKay, Deputy Air Pollution Control Officer, introduced Stephanie Osaze, Finance Manager, who gave the staff presentation *Second Quarter Financial Report – FYE 2015*, including an overview of general fund revenues and expenses; revenue and expense year-over-year comparisons; investments; general fund balance; purchasing reporting requirements; and cumulative vendor payments in excess of \$70,000 without Board of Directors review.

NOTED PRESENT: Director Ross was noted present at 9:45 a.m. and Director Mar was noted present at 9:50 a.m.

Committee Comments:

The Committee and staff discussed the low rate of interest earned on funds deposited with the County Treasury as the new norm; the nature and purpose of “Economic Uncertainties” listed on slide 8, *General Fund – Fund Balance*, and a potential re-designation of the category in the future; and current reserve levels.

NOTED PRESENT: Director Miley was noted present at 9:53 a.m.

Public Comments: No requests received.

Committee Action: None; receive and file.

4. APPROVAL OF THE MINUTES OF NOVEMBER 26, 2014 (AGENDA ITEM 3)

Committee Comments: None.

Public Comments: No requests received.

Committee Action:

Director Hudson made a motion, seconded by Director Wagenknecht, to approve the Minutes of November 26, 2014; and the motion carried by the following vote of the Committee:

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

5. AIR DISTRICT FINANCIAL AUDIT REPORT – FYE 2014 (AGENDA ITEM 4)

Mr. McKay introduced Ms. Osaze who introduced Peggy Vande Vooren, CPA, Shareholder, Gilbert Associates, Inc., who gave the initial presentation *Air District Financial Audit Report – FYE 2014* through slide 8, *Communication With Those Charged With Governance [page 3]*, including audit deliverables and communications with those charged with governance.

Ms. Vande Vooren introduced Meredith Beales, CPA, Senior Manager, Gilbert Associates, Inc., who gave the remainder of the presentation *Air District Financial Audit Report – FYE 2014* from slide 9, *GASB [Governmental Accounting Standards Board] 68: Accounting & Financial Reporting for Pensions – An Amendment of GASB 27*, including an overview of GASB 68: Accounting and Financial Reporting for Pensions.

NOTED PRESENT: Director Kniss was noted present at 10:07 a.m.

Committee Comments:

The Committee and staff discussed the difficulties related to complying with GASB 68; the limited Air District responsibility in light of the role of California Public Employees' Retirement System; and possible media reactions to future accountings.

Public Comments: No requests received.

Committee Action:

Director Wagenknecht made a motion, seconded by Director Hudson, to receive and file the financial audit report – FYE 2014; and the motion carried by the following vote of the Committee:

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

6. SELECTION OF A CONTRACTOR FOR UPGRADE OF THE AIR DISTRICT FINANCIAL SYSTEM

Mr. McKay introduced the topic and Ms. Osaze, who gave the staff presentation *Selection of a Contractor for Upgrade of the Air District Financial System*, including background; request for proposals process, evaluation criteria and scoring results; and recommendations.

Committee Comments:

The Committee and staff discussed whether the prospective upgrade is expected to be transferrable to the Air District’s new headquarters at 375 Beale Street and if there has been any discussion with the future co-tenants regarding technology sharing; cost comparison of bids; integration capability of the Production System with both the current and prospective upgraded systems; the unanimously low “Local business/Green Business” scores and whether the category was unnecessarily included in the screening; staff familiarity of the financial systems for the Metropolitan Transportation Commission and Association of Bay Area Governments and whether or how the upgrade will have any usefulness to them; concerns relative to financial sharing or merging with the co-tenants of 375 Beale Street; the importance of remaining focused on cost savings and synergy of efforts while preparing for the move; a brief summary of different agreements and shared services discussions between the agencies to inhabit Beale Street; the perceived value of keeping shared services agreements and arrangements very clean and maintaining a clear separation of certain services.

Public Comments: No requests received.

Committee Action:

Director Wagenknecht made a motion, seconded by Director Kniss, to recommend the Board:

1. Approve the selection of Denovo to upgrade the Air District’s Financial System; and
2. Authorize the Executive Officer/Air Pollution Control Officer to enter into all necessary agreements with Denovo to upgrade the financial system in amount not to exceed \$1,358,036, and amend the Program 701 budget by the corresponding amount transferring \$1,000,000 from the *Reserve for JD Edwards Software Upgrade* and \$358,036 from the *Undesignated Fund Balance* for this purpose.

The motion carried by the following vote of the Committee:

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

7. COMMITTEE MEMBER COMMENTS / OTHER BUSINESS

The Committee and staff discussed the level of budget analysis by the Committee last year.

8. TIME AND PLACE OF NEXT MEETING

Wednesday, February 25, 2015, at Bay Area Air Quality Management District Headquarters, 939 Ellis Street, San Francisco, CA 94109 at 9:30 a.m.

Chairperson Groom thanked the staff for their good work for the Committee as she steps down from the position of Committee Chairperson.

9. ADJOURNMENT: The meeting adjourned at 10:40 a.m.

151 Sean Gallagher
Sean Gallagher
Clerk of the Boards