

AGENDA
REGULAR MEETING
BOARD OF DIRECTORS

EAST BAY REGIONAL PARK DISTRICT

Tuesday, October 20, 2009

D. BUSINESS BEFORE THE BOARD

8. BOARD COMMITTEE REPORTS

- a. Finance Committee Minutes and Recommended Actions from
the September 23, 2009 Meeting (Lane)

Attendees

Board: Director Lane (Chair), Ayn Wieskamp,
Absent: Doug Siden, Whitney Dotson, Alternate

Staff: Pat O'Brien, Dave Collins, Cinde Rubaloff, David Sumner, Pam
Burnor, Davio Santos, Ted Radosevich, Deborah Spaulding, Carol
Victor

Public: Dan Walters, PAC

I. June 30, 2009 Unaudited Financial Statements

Audit Manager Dave Sumner presented the June 30, 2009 Financial Statements and informed the Committee that the statements have been re-formatted to make them more relevant, more condensed, and easier to read.

He then presented the analysis of the differences in year-to-date 2009 compared to 2008 for the General Fund revenues and expenditures. The presentation also included analysis by division and contingency activity.

Director Lane wanted to know if departments are reducing overtime. GM Pat O'Brien responded that he directed a memo to all departments to control all overtime expenditures and to reduce overall expenditures by 5% for 2009. The memo was issued subsequent to June 30th, the date of the reports being discussed, so the results of memo will be evident in September 30th Unaudited Financial Statements.

Directors Lane and Wieskamp commented that they liked the new format.

Director Lane asked why capital outlay had zero expenditures. AGM Dave Collins responded that the information in question related to General Fund, not the Capital Project funds.

Director Lane then inquired as to the difference between Planning/Stewardship Division expenditures for Design and Construction of \$544,723 and \$471,480, respectively. CFO Cinde Rubaloff responded that 2008 salaries & wages were charged to the General Fund, whereas in 2009 they are being charged to the Capital Projects fund. It is a change of past practice.

Audit Manager Sumner continued and presented his reports covering the contingency activity for the Board of Directors, General Manager, Maintenance and Operations. Director Lane wanted to know if there were any items that were unusual that happened this year. GM O'Brien responded that there is nothing unusual to report. Director Wieskamp had a question regarding the purchase of a landing platform for the helicopter - is it a new location or is it a replacement? There was general discussion and staff will review with Public Safety.

Director Lane questioned some of the fund-raising events that the District supports and how are they budgeted – she wanted to know why they do not appear on the contingency report. GM O'Brien responded that if it is a regular recurring expense, it is budgeted during the normal budget process and included in the annual budget. There was general discussion covering criteria used for determining what fund-raising events the District supports. GM O'Brien noted that generally, the criterion is based on the relationship between the requesting organization and the District, and whether the requesting organization promotes land acquisition and preservation.

Director Lane wanted to know if there was a maximum dollar limit for contingency requests. CFO Rubaloff responded that all budget requests above \$25,000 go to the Board for approval.

By motion of Director Lane and seconded by Director Wieskamp, the Finance Committee voted to accept the June 30, 2009 Unaudited Financial Statements and Statements of Contingency Activity.

2. Prop IA Securitization Program

AGM Dave Collins gave an overview of the Prop IA Securitization Program and how it affects the District. Governor Schwarzenegger declared a fiscal state of emergency and suspended the provisions of Proposition IA. This enables the State to borrow 8% of property tax from cities, counties and special districts (ERAF). The State has 3 years to repay the borrowed amounts back to the local agencies.

It was also reported that the 8% limit is by county and there is a provision for agency hardship. A hardship appeal, if accepted, would impact other agencies within the same county, who would then be required to make up the deficit resulting from the non-payment by the hardship agency. This would create instances where certain agencies are required to give more than 8%. GM O'Brien used the City of Vallejo as an example of an agency that has filed for bankruptcy, would qualify for an agency hardship, and whose non-payment would be redistributed among all other agencies.

AGM Collins reported that The League of Cities and The California State Association of Counties have formed a joint venture (California Communities JPA) to securitize the ERAF debt owed by the State to local agencies. The joint venture will issue tax exempt bonds, proceeds of which will go to local agencies, and liability of which belongs to the State. The securitization of Prop IA borrowing by the State eliminates the negative impact on local agencies of the State's seizure of 8% of the 2009-2010 property taxes. The securitization, or sale of the local agencies' receivable from the State, provides 100% funding to local agencies for their receivable and imposes no liability on the local agencies for the debt repayment.

Director Wieskamp inquired as to what happens if the State cannot sell all of the bonds. CFO Rubaloff replied that if the State cannot sell all of the bonds they would not sell any of the bonds. Assistant District Counsel Carol Victor noted that the State is very optimistic that they will be able to sell all of the bonds.

Director Lane questioned whether or not the California Special District's Association (CSDA) would have to join the California Communities JPA. AGM Collins responded that they are a co-sponsor.

Asst. Counsel Victor clarified that the District is selling our repayment obligation from the State to the JPA. At this point the State owes the District. Instead of the District keeping the receivable from the State, and waiting three years for repayment, we are selling that State obligation to the JPA for immediate cash. The JPA will then sell bonds to raise the immediate cash.

Director Wieskamp asked about the security of the program. Asst. Counsel Victor responded that it is considered fairly secure financing because under Prop IA, School Bonds must be paid first, followed by General Obligation Bonds, and thirdly, Prop IA bonds. It is also much more secure when you have a single organization that is funding the whole obligation on behalf of several agencies.

AGM Collins informed the Committee that Board Authorization must be submitted to the California Communities no later than November 6th, which means that the item needs to be recommended to the Board to seek authorization at their October meeting.

AGM Collins also stated that there is some follow-up legislation to clean up and structure the borrowing, which is still pending. He then gave a slide presentation outlining the bond program. There was general discussion and consensus that the bond program and process will benefit the District.

PAC Member Dan Walters questioned what would happen if the State does not pass the legislation to establish the bond program. He asked if the IA securitization process could move forward regardless. Asst. Counsel Victor responded that the process will move forward.

By motion of Director Lane and seconded by Director Wieskamp, the Finance Committee voted to participate in the Prop IA Securitization Program.

Non Agenda Items

1. *Change Finance Committee Meeting Date:* AGM Dave Collins suggested that the scheduled November 25th meeting date be moved to Thursday, November 19th. The change will allow for the budget process to be completed and budget review by the Finance Committee to meet the deadlines for November Board agenda items.
There was discussion and agreement by Directors Lane and Wieskamp to change the meeting date.
2. *Selection of New Auditor:* CFO Cinde Rubaloff informed the Committee that the RFP process for selecting a new audit firm has been completed and that she, Dave Sumner and Deborah Spaulding reviewed and rated all the proposals and selected the audit firm of Vavrinek, Trine, Day & Co.
There was general discussion and agreement by Directors Lane and Wieskamp to accept the staff recommendation.
3. *WW Bonds:* AGM Dave Collins reported that we are moving forward on the issuance of bonds and the sale is scheduled for the week of September 28th. There was general discussion and it is anticipated that the sale should be completed by October 1st.
4. *Budget 2010:* AGM Collins reported that staff continues to review the budgeted revenues and expenditures, along with the staffing reductions, and it looks like we will be within \$1,000,000 of a balanced budget. GM Pat O'Brien reported that staff has been informed of the need to reduce their budgets by 7% in the coming year, as well as the need for restriction on expenditures.

Director Lane wanted to know where we are in the budget process. CFO Rubaloff responded that all departments have submitted their estimates of General Fund revenue and expenditures, and staff will be meeting with GM O'Brien followed by a meeting with all of the AGM's. There was discussion and consensus that the budget process is on track.

Public Comments: None to report.

Adjournment: 2:15PM