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**BOARD FINANCE COMMITTEE**  
**February 25, 2015 - 12:30 p.m., Board Room**  
**Peralta Oaks – Board Room**

The following agenda items are listed for Committee consideration. In accordance with the Board Operating Guidelines, no official action of the Board will be taken at this meeting; rather, the Committee's purpose shall be to review the listed items and to consider developing recommendations to the Board of Directors.

**AGENDA**

<b><u>Status</u></b>	<b><u>Time</u></b>	<b><u>Item</u></b>	<b><u>Page #</u></b>	<b><u>Staff</u></b>
(R)	12:30 p.m.	1. Earthquake Coverage for District Buildings	1-3	Moss
(R)	12:50 p.m.	2. Renewal of Athens Administrators Contract for Third Party Workers' Compensation Claims Administration Services	4-5	Moss
(R)	1:10 p.m.	3. 2015 Internal Audit Plan, Final 2014 Internal Audit Results, and 2014 Quality Assurance and Improvement Program Report	6-19	Sumner
(R)	1:40 p.m.	4. Recommendation for Community Facilities District (CFD) Formation and Assessment District Administration Services	20-21	Spaulding
(R)	2:00 p.m.	5. December 31, 2014 Investment Report	22-25	Auker
(D)	2:15 p.m.	6. Confirm the November meeting on November 23		Auker
(D)	2:20 p.m.	7. Board Comments		
	2:30 p.m.	8. Public Comment		

**Status**

- (R) Recommendation
- (I) Information
- (D) Discussion

**Board Finance Committee Members**

Beverly Lane (Chair), Ayn Wieskamp,  
Dennis Waespi, Diane Burgis (Alternate)

**Future Meetings**

- Wednesday, March 25, 2015
- Wednesday, April 29, 2015
- Wednesday, May 6, 2015
- Wednesday, June 24, 2015

**Distribution/Agenda Only**

Board of Directors  
Tim Anderson  
Yolande Barial-Knight  
Afton Crooks  
Norman LaForce

**Distribution/Full Packet**

Finance Committee  
Robert E. Doyle  
Dave Collins  
Jim O'Connor  
Carol Victor  
Sukari Beshears  
Debra Auker  
Mimi Waluch  
Kristina Kelchner  
Sharon McAleavey (AFSCME 57)

Meadow D'Arcy  
Kim Balingit  
Cliff Rocha  
Allen Pulido  
Deborah Spaulding  
Pam Burnor  
David Sumner  
Sharon Corkin  
Linda Best – PAC

Board of Directors

Whitney Dotson President Ward 1	Doug Siden Vice-President Ward 4	Beverly Lane Treasurer Ward 6	Dennis Waespi Secretary Ward 3	John Sutter Ward 2	Ayn Wieskamp Ward 5	Diane Burgis Ward 7	Robert E. Doyle General Manager
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AGENDA  
REGULAR MEETING  
BOARD OF DIRECTORS

EAST BAY REGIONAL PARK DISTRICT

Tuesday, April 7, 2015

C. BUSINESS BEFORE THE BOARD

6. CONSENT CALENDAR

- b. Finance Committee Minutes and Recommended Actions from the February 25, 2015 (Lane)

Attendees

Board: Directors Beverly Lane, Ayn Wieskamp, Dennis Waespi

Staff: Dave Collins, Debra Auker, Deborah Spaulding, Pam Burnor, Kim Balingit, David Sumner, Larry Moss, Anna Fong, Meadow D'Arcy, Carol Victor, Sharon Corkin

Public: None

Committee chair Beverly Lane began the meeting at 12:30 PM with the introduction of committee members.

**Agenda Item No. 1**  
**Earthquake Coverage for District Buildings**

Risk and Safety Manager Larry Moss reported the District's coverage for earthquake damage is limited to a small subset of the District structures including \$170 million in fire insured property and recommends expanding that coverage. The District's earthquake insurance coverage currently includes Peralta Oaks, Temescal Boat House, the Trudeau Center, the Brazil Room and the Environmental Education Center (EEC) (valued at \$27.7 million). The earthquake coverage in place is \$10 million and applies to any of those five buildings.

Risk Manager Moss researched the Hayward Fault and reported the District's most costly buildings are located on the fault line. He requested an engineering report that was provided to committee members, summarizing earthquake risks and potential loss for the District. The engineering report stated "statistically" the District should be fine with coverage for the above buildings. However Risk Manager Moss did an inventory list and the District has approximately \$40 million worth of buildings (these include buildings worth over \$100,000) that should be considered for additional earthquake coverage.

Risk Management solicited quotes for increased coverage on the buildings listed above (Peralta Oaks, Temescal Boat House (including Bath House), the Trudeau Center, the Brazil Room and the EEC).

- a) An additional \$19,000 will double the District's coverage (on those same buildings) to \$20 million.
- b) An additional \$43,500 will fully cover the five buildings should all five be damaged beyond repair.

Risk Manager Moss recommends the District pursue option (a) to increase the earthquake coverage for the already covered buildings from \$10 million to \$20 million in potential damage.

Committee chair Beverly Lane asked if coverage includes the new equipment shop.

Risk Manager Moss advised no, the equipment shop is not covered and would need to be added for additional coverage.

Committee member Dennis Waespi asked why the Temescal Bath House is included under the earthquake coverage. Risk Manager Moss advised because it is a historical building.

AGM Dave Collins clarified the Risk Manager is seeking two recommendations 1) is to double the coverage on buildings with existing coverage and 2) to seek approval on what the cost of insuring additional structures would be and bring findings to Finance Committee at a later date.

Committee chair Lane asked if Peralta Oaks, the Trudeau Center, the Brazil Room, the EEC and both Temescal Boat and Bath Houses would be the only buildings covered for earthquake.

Risk Manager Moss answered yes, at this time. The second issue is to research earthquake coverage cost on other buildings.

Committee chair Lane reiterated to committee members there are two separate recommendations.

**Recommendation: Motioned by Ayn Wieskamp and seconded by Dennis Waespi that the Finance Committee recommends to the full Board of Directors for approval that earthquake coverage for already covered buildings be increased up to \$20,000,000 in potential damage. Motion approved.**

**Second Recommendation: Motioned by Ayn Wieskamp and seconded by Dennis Waespi that the Finance Committee recommends that staff pursue a quote on additional earthquake coverage for additional buildings valued at more than \$300,000 and include the Merry-Go-Round to be forwarded to the full Board of Directors for consideration. Motion approved.**

## **Agenda Item No. 2**

### **Renewal of Athens Administrators Contract for Third Party Workers' Compensation Claims Administration Services**

Risk Administrative Analyst Anna Fong reported that Athens Administrators has been the District's third party administrator for workers' compensation claims administration services since July 1, 2012. Their three year service contract ends on June 30, 2015 and staff is requesting approval to contract for a second term with Athens Administrators as third party administrator for worker's compensation claims. Athens has provided exceptional services over the last three years (with District's caseloads decreasing by 25% under their administration). A Request for Proposal was conducted and Athen's bid was competitive.

Committee chair Lane mentioned the caseloads decreasing by 25% is impressive and asked how it happened. Admin Analyst Fong advised the District closed a number of cases.

Committee member Waespi asked how many claims the District has per year.

Admin. Analyst Fong replied approximately 100, and pointed out that 15-20 years ago the District had double the amount of claims. Admin. Analyst Fong contributed the 50% decrease in claims to safety programs put into place along with Athens Administrators performance.

**Recommendation: Motioned by Dennis Waespi and seconded by Ayn Wieskamp that the Finance Committee recommends to the full Board of Directors for approval to recommend renewal of Athens Administrators contract for a three year term July 1, 2015 – June 30, 2018. Motion approved.**

## **Agenda Item No. 3**

### **2015 Internal Audit Plan, Final 2014 Audit Internal Audit Results, and 2014 Quality Assurance and Improvement Program Report**

Audit Manager David Sumner provided a report of the 2014 Internal Audit Plan projects:

- Review of Ardenwood Cash Handling Procedures
- Review of MLK Tidewater Capital Improvement Project
- Review of Land Acquisition Black Diamond – Vogt et a. (Barron) Property
- Review of Dumbarton Quarry Project Tipping Fee Payments
- Review of Willow Park Golf Course
- Review of McLaughlin Eastshore State Park Concession – Seabreeze Café & Market
- Review of Little Hills Facility at Las Trampas Concession
- Review of Kennedy Grove Regional Recreation Area Cash Handling Procedures
- Review of Measure WW Grants
- Review of Former Employee's Activities within Finance Department
- Rose Property Acquisition Audit
- Urban Area Security Initiative Grant Audit

Committee member Wieskamp asked why there is no reply/response on the Ardenwood audit issued on March 4, 2014. CFO Debra Auker responded Operations staff reviews the recommendations but has not reported back to internal auditor. Finance staff will meet with Operations staff regularly to close that loop.

Committee chair Lane expressed that the internal auditor is an important function of the District.

Committee chair Lane requested information on Measure WW Grants.

Audit Manager Sumner reported 25 audits were performed for Measure WW Grants. Audit staff found that grantees were generally compliant and approved their final payment requests in accordance with the established procedure.

### **2015 Internal Audit Plan**

Audit Manager Sumner advised the 2015 internal audit project were selected based on the level of financial risk. A list of selected projects were handed out.

Committee member Wieskamp asked how often unexpected audit requests occur. Audit Manager Sumner responded twice a year on average.

### **2014 Quality Assurance and Improvement Program Report**

Audit Manager Sumner reported to committee, for the first time, the Quality Assurance and Improvement Program (QAIP) report based on the ongoing monitoring, and discloses to Board and management, material nonconformance with the Definition of Internal Auditing, the Code of Ethics, or the Standard, that impacts the overall scope or operation of the internal audit activities. The followings are opportunities for improvement:

- 1) Often response to the audit report comments are not delivered timely. Audit Manager proposed that he would send a copy of audit reports to General Manager 45 days after response is due.
- 2) Electronic data processing is permeating every aspect of the District's activities, and is a mission critical component of the District operational, financial, and communication systems. Audit Manager proposed that since Audit Unit staffing and technical capability is inadequate for undertaking a comprehensive review of the information technology related risks that a qualified third party be retained to conduct audit on information technology.

Audit Manager Sumner and AGM Collins explained how current procedures are being handled electronically.

AFM Collins advised committee that Finance is upgrading the current system to One Solution and would be an ideal time to audit system.

**Recommendation: Motioned by Ayn Wieskamp and seconded by Dennis Waespi that the Finance Committee recommends to the full Board of Directors for approval of 2015 Internal Audit Plan. Motion approved.**

**Agenda Item No. 4**

**Recommendation for Community Facilities District (CFD) Formation and Assessment District Administration Services**

Assistant CFO Deborah Spaulding reported on January 5, 2015 Finance staff issued a Request for Proposals (RFP) for Community Facilities District (CFD) and Assessment District Administration Services. Four firms responded to the RFP. The proposals were reviewed by staff from Finance & Management Services and Acquisition, Stewardship & Design. Staff recommends selection of NBS to serve as the consultant managing the District's existing assessment districts and special taxes, and to form the new CFD. This recommendation is based on District's past experience with NBS, as well as references from other jurisdiction that used NBS's services for CFD formation.

Committee chair Lane asked if the Concord Naval Weapon station would be covered with the other two properties mentioned in Danville and San Ramon. CFO Auker advised the fees are per formation.

Committee chair Lane requested clarification on the cost of \$10,500 CFD formation fee. Assistant CFO Spaulding clarified cost is for one CFD formation.

Committee member Ayn suggested more explanation, examples and definition of a CFD before going to the Board; basically what it is and why beneficial to the District. Assistant CFO Spaulding advised she will bring to Board clarification of CFD's, examples and how it will benefit the District.

Committee member Waespi asked if \$44,000 administration fee is for the three years or annually. Assistant CFO Spaulding responded fee is annual.

Committee member Waespi asked if cost of living expense was built into this contract. Assistant CFO Spaulding replied yes.

**Recommendation: Motioned by Dennis Waespi and seconded by Ayn Wieskamp that the Finance Committee recommends to the full Board of Directors for approval on a three-year contract with NBS for community Facilities District Formation Services and Benefits Assessment Engineering and Professional Administration Services, with the authority to amend the term by two (2) additional one-year extensions, at the District's discretion. Motion approved.**

**Agenda Item No. 5**  
**December 31, 2014 Investment Report**

CFO Auker presented a report of the District's investment activity. The report is in accordance with the State Law and the District's Investment Policy. Total cash and investment as of December 31, 2014 was \$307,458,659. Pooled cash managed by CFO/Controller increased approximately \$44 million from September 30, 2014; this is expected as fourth quarter revenue exceeded expenditures. Funds managed by fiscal agents decreased, the majority of the difference was attributed to the spending of WWV project funds.

CFO Auker reported that the 2014 investment earnings budget is \$1.7 million. Investment returns are at benchmarks.

Graphs accompanying the investment reports were handed out.

Committee chair Lane asked if any other governmental agencies are receiving higher returns than the District. CFO Auker advised at March 25<sup>th</sup>, 2015 Finance Committee meeting staff will talk about strategies and will bring comparisons on what is going on with similar governmental investors.

**Recommendation: Motioned by Ayn Wieskamp and seconded by Dennis Waespi that the Finance Committee recommends to the full Board of Directors for approval of the December 31, 2014 Investment Report. Motion approved.**

**Agenda Item No. 6**  
**Confirm the November meeting on November 23, 2015**

CFO Auker confirmed November Finance Committee meeting changed to Monday, November 23, 2015.

**Agenda Item No. 7**  
**Board Comments**

No comments

**Agenda Item No. 8**  
**Public Comment**

No Public

Meeting adjourned 2:10 p.m.

