

AGENDA
REGULAR MEETING
BOARD OF DIRECTORS

EAST BAY REGIONAL PARK DISTRICT

Wednesday, June 16, 2010

C. BUSINESS BEFORE THE BOARD

8. BOARD COMMITTEE REPORTS

- c. Finance Committee Minutes and Recommended Actions from
the May 26, 2010 Meeting _____ (Severin)

Attendees

Board Committee: Director Carol Severin, Ayn Wieskamp, Whitney Dotson, Acting Member

Staff: Pat O'Brien, Dave Collins, Cinde Rubaloff,
Pam Burnor, Carol Victor, Deborah Spaulding, John Escobar,
Carol Victor, Larry Moss, Paul Ferrario

Public: Dan Walters, PAC Member

Vavrinek, Trine, Day: A.J. Major, CPA, Partner
T. Ki Lam, CPA

Agenda Item No. 1 Annual Risk Management Report

Risk Manager, Larry Moss presented a report covering the Risk Management Annual Report and recommendations to:

1. Renew Insurance Policies for 2010-2011.
2. Renew Workers' Compensation Third Party Administrator Contract for 2010-2011.

Risk Manager, Larry Moss reported that 2009 was a year of increased cost in several areas, but the cost of risk remains approximately the same.

Workers' compensation claims costs continue to increase due to claims that require costly medical care. However, the number of claims filed has decreased 24% during the last year and a remarkable 55% over eleven years. Staff has negotiated a \$183,000 renewal with the workers' compensation claims administrator which has managed the District's workers' compensation claims for fifteen years.

The frequency of liability claims continues to remain low due to diligent practices that prevent injuries to the public and property damage. However, cost of claims increased due to the settlement of a number of outstanding older claims. The number of claims filed in 2009 is consistent with prior years.

Unemployment benefits are paid directly from the District's General Fund; \$355,000 was paid during 2009. The District is invoiced directly by the State for benefits paid. When employees are not entitled to benefits, the District vigorously asserts its position and keeps those monies in the General Fund. The District is facing potential increased costs. The use of temporary employees under the 900 hour limit exposes the District to more unemployment claims. Additionally there is the future exposure due to the recession and Federal/State extended benefits. The District could face a potential payout of \$35,100 per applicant for unemployment under new Federal and State unemployment extensions.

General Manager, Pat O'Brien commended Larry Moss and his staff for their comprehensive series of safety programs that have had a positive effect on the District Workers' Compensation rates. The safety programs include:

- Safety Academy
- Defensive Driving Training
- Work Place Tailgate Safety Meetings
- Drug/Alcohol Program

Director, Ayn Wieskamp questioned whether the District Public Safety has a strong training program covering high speed pursuits. Risk Manager, Larry Moss responded that all police officers go through academy training that includes hands on training for high speed pursuits. The District has a high speed pursuit policy. The pursuit policy can be useful should the District become involved in a high speed litigation.

Recommendation Moved by Director Ayn Wieskamp and Seconded by Director Whitney Dotson to Receive the Risk Management Annual Report and Recommendations to 1) Renew Insurance Policies for 2010-2011 and 2) Renew Workers' Compensation Third Party Administrator Contract for 2010-2011. Motion Passed.

Agenda Item No. 2 Recommendation on Banking RFP

C.F.O. Cinde Rubaloff reported that the District has worked with Bank of America for many years. Our current agreement with Bank of America Expires in 2010 and we have completed the formal Request for Proposal (RFP) process to evaluate the services and costs of qualified banking institutions.

Banking proposals were received from the following banks:

- Bank of America
- Wells Fargo Bank
- US Bank

- Comerica Bank
- City National Bank
- Mechanics Bank

The proposals were evaluated by District staff, and given objective rating in the following areas:

- Strength and stability of bank
- Availability of required services
- Customer service approach
- Public sector experience
- Experience of assigned relationship team
- Cost of services
- Completeness of responses to RFP
- Community involvement
- Other factors

Of the six banks which responded to the RFP, three (Wells Fargo, Bank of America and US Bank) were invited to interview with District staff on May 7th. The banks chosen had the most experience with governmental clients.

Based upon all the evaluation done, District staff is recommending that we implement a new banking relationship with Wells Fargo Bank. Besides being the most highly rated in stability, Wells Fargo Bank has a dedicated Government and Institutional Banking group which services over 5,000 clients like the District.

District staff met with the proposed client relationship team during the interview, and they seem ready and willing to provide the excellent customer service the District is requesting. Additionally Wells Fargo will evaluate our current banking services, product and needs and present solutions to enhance the efficiency of our banking tasks. They will proactively provide information on new banking services and tools.

Finally Wells Fargo bank has committed to very favorable pricing, which will reduce annual bank service charges, will reduce credit card processing fees, minimize float, and maximize earnings credits and sweep interest returns.

Recommendation Moved by Director Ayn Wieskamp and Seconded by Director Whitney Dotson to Recommend that the Board of Directors authorize staff to enter a three year contract, with the option of biennial renewals thereafter, with Wells Fargo Bank for the District's general banking services. **Motion Passed.**

Agenda Item No. 3 2009 Draft Comprehensive Annual Financial Report (CAFR)

C.F.O. Cinde Rubaloff presented the District's draft CAFR. State law and Board policy calls for the District to undergo an independent audit of its financial statements on an annual basis. Vavrinek, Trine, Day and Company (VTD), Certified Public Accountants, have completed their audit for the period ended December 31, 2009. According to

VTD, the District's financial statements in all material respect, fairly present the financial position of the District and are in conformance with generally accepted accounting principles. The District has a "clean" audit opinion with no exceptions or qualifications expressed. The reports are intentionally marked "Draft" as is customary until the Board of Directors has officially accepted the reports, which is anticipated to occur on July 6, 2010.

C.F.O. Cinde Rubaloff reported that the Management Discussion and Analysis, which is included at the beginning of the CAFR, includes financial highlights for the year, an overview of the financial statements, and an analysis of the government-wide and fund financial statements. General Fund budget highlights are included, as are capital asset summary and debt administration.

Economic factors impacting the 2010 budget were briefly discussed as follows:

- Net assets in the government-wide statements, which are presented on a full accrual basis, have increased \$47 million during 2009.
- General Fund fund balance, included in the fund financial statements, which are presented on a modified accrual basis, has increased \$9 million, which has been designated for "revenue smoothing".
- Total governmental funds have increased fund balance of \$92 million, the largest increase being in capital project funds due to the \$80 Measure WW debt proceeds.
- Fiduciary fund statements include the EBRPD Retirement Plans and the OPEB trust, which are not assets of the Districts, but over which the District has a fiduciary responsibility.

C.F.O. Cinde Rubaloff presented three reports from VTD, the District's current outside auditors. (The reports are attached and made a part of the minutes) The audit letters cover the following subjects:

1. Independent Accountants' Report on Agreed-Upon procedures Applied to Appropriations Limit Calculation (Gann Limit).
2. SAS 114 letter outlining the scope and timing of their audit. That they have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District for the year ended December 31, 2009.
3. Report to Board of Directors and Management covering the District's internal control over financial reporting (internal control) as a basis for designing auditing procedures for the purpose of expressing auditor's opinions on the financial statements, but not for the purpose of expressing an opinion of the effectiveness of the District's internal control.

C.F.O. Cinde Rubaloff introduced A.J. Major, C.P.A. and T. Ki Lam, C.P.A, partners. with VTD. Ki gave a presentation on the new Governmental Accounting Standards Board (GASB 54) that covers the reporting of Fund Balance effective for fiscal year ending December 31, 2011.

New Classifications:

1. Nonspendable – Amounts not in spendable form such as inventory or the principal of an endowment.
2. Restricted – Amounts subject to externally enforceable legal restrictions imposed by grantors, creditors, constitutional provisions, or enabling legislation.
3. Committed – Amounts constrained as to use by limitations imposed by government on itself at its highest level of decision-making authority, before end of period, e.g. imposed by legislation, by resolution, by ordinance.
4. Assigned – Amounts constrained by government's intent to use for specific purposes, e.g. intent established by governing body or by official or body to which authority is delegated (i.e. finance committee)
5. Unassigned – residual net resources.

Recommendation Director Whitney Dotson and seconded by Director Ayn Wieskamp to recommend that staff submit the CAFR and Recommendations to Management reports to the Board of Directors for favorable consideration. **Motion Passed.**

The auditors' expressed their appreciation to C.F.O. Cinde Rubaloff and her team, who were very helpful during the audit process.

Public Comments – Dan Walters on behalf of PAC commended staff for the CAFR.

Meeting was adjourned at 2:10PM