

AGENDA
REGULAR MEETING
BOARD OF DIRECTORS

EAST BAY REGIONAL PARK DISTRICT

Tuesday, March 7, 2017

C. BUSINESS BEFORE THE BOARD

6. CONSENT CALENDAR

- a. Finance Committee Minutes and Recommended Actions from the Meeting of January 25, 2017 (Wieskamp)

Attendees

Board: Directors Ayn Wieskamp, Whitney Dotson and alternate Dee Rosario

Staff: Debra Auker, Ana M. Alvarez, Jeff Rasmussen, Bob Nisbet, Rob Lim, Ren Bates, Deborah Spaulding, Katie Hornbeck, Pam Burnor, Mimi Waluch, Kim Balingit, David Sumner, Michelle Strawson O'Hara

Public: Rick Rickard

Committee Chair Ayn Wieskamp began the meeting at 12:45 PM with the introduction of committee members.

Agenda Item No. 1

2017 Finance Committee Work Plan & 2016 Finance Committee Accomplishments

Assistant Finance Officer Deborah Spaulding presented the 2016 Finance Committee accomplishments. The Committee held ten meetings during the year, at which the Committee received reports and reviewed the normal recurring Committee items. Additionally, during 2016 the Finance Committee considered and recommended for Board approval the following special items:

- Contract with Wildan Financial Services for Debt Disclosure and Arbitrage Reporting
- RFP for Investment Advisory Services
- Trial Implementation of Payroll Debt Cards
- Update on Proposal to Establish a Pension Trust to Pre-fund CalPERS Pension Obligations

AFO Spaulding presented the 2017 Finance Committee Work Plan, which included similar recurring items as 2016, as well as an RFP for banking services, financial advisory services and three new financial policies.

AFO Spaulding also presented the Committee with responsibilities of Finance Staff and Board Finance Committee members as outlined in the Board Operating Guidelines.

Recommendation: This item is for information only.

Agenda Item No. 2

Job Order Contracting Program – Status Update

Chief of Design and Construction Rob Lim reported on the status of the Job Order Contracting Program (JOC) approved by the Board in November 2015. In June 2016 the Board of Directors awarded six separate \$1 million job order contracts with three different contractors. Currently, twelve job orders are in various states of progress. The Finance Committee received handouts describing all projects and the contractors associated with each.

Mr. Lim reviewed the job order list, explaining each job contract and advising that five of the projects have been completed. Mr. Lim concluded his presentation by stating that the JOC program is working well, is a beneficial tool to the District, and has generated significant time saving and reduced contracting costs. Mr. Lim recommended the current quarterly JOC report be changed to an annual report.

Committee member Dee Rosario requested information regarding the process for awarding contracts via the JOC program. Mr. Lim provided an overview of the types of maintenance or repair projects that are eligible for JOC.

Committee chair Ayn Wieskamp requested ASD staff to provide member Rosario with the reports that had been prepared for the Board during adoption of the JOC program in 2016.

Agenda Item No. 3

Adoption of New District Debt Policy

AFO Spaulding presented a draft of the District's Debt Policy. In 2016, the State Senate enacted SB 1029 which requires issuers of bonds after January 1, 2017 to have a debt policy. The Government Finance Officer's Association's (GFOA) also recommends the policy. SB 1029 requires debt issuers to certify compliance with this requirement to the California Debt and Investment Advisory Commission (CDIAC) at least 30 days before the pricing date for the bonds.

The Committee members were given a draft handout of the District's Debt Policy which includes:

- Items required by SB 1029
- Limits on the amount of debt that may be issued by the District
- A term for long-term debt obligations and minimum Net Present Value (NPV) for debt refunding.
- An option for a longer debt term or reduced NPV of a debt refunding in specific situations, if approved by a super-majority of the Board of Directors.

Committee member Rosario asked about scenarios that would cause staff to recommend a debt refunding that would achieve a lower NPV than described in the Debt Policy.

AFO Spaulding explained that this would be unusual, but a refunding in which existing debt was restructured in combination with a new debt issuance might be determined to achieve overall saving to the District, even if the debt refunding did not meet the NPV criteria outlined in the Debt Policy.

Recommendation: Motioned by Whitney Dotson and seconded by Dee Rosario that the Finance Committee recommends to the full Board of Directors for approval of the East Bay Regional Park District Debt Policy.

Agenda Item No. 4

2016 Financial Audit Engagement Letter

Assistant Finance Officer Michelle Strawson O'Hara advised the Committee that the District prepares annual financial statements that are audited by an independent auditor (Vavrinek, Trine, Day and Company, LLP) and the auditors have provided a standard engagement letter for the audit year ending December 31, 2016.

AFO Strawson O'Hara summarized the Audit Engagement / Planning memo as follows:

- Audit services will be provided in accordance with the proposal and contract issued in 2014.
- Auditors will perform the audit in accordance with Government Audit Standards and list all disclaimers of what they are not required to do as part of audit.
- Auditors will express an opinion as to whether the basic financial statements are fairly presented, in all material respects, in conformity with U.S. Generally Accepted Accounting Principles.
- Auditors will comment on internal controls that could have a material effect on the financial statements.
- Auditors will comment on internal controls that relate to major federal grant programs.

Committee member Dee Rosario requested an example of the audit process and what auditors are looking for. AFO Strawson O'Hara gave an example pertaining to the accounts payable process for payment of vendor invoices, in which the auditors request procedures and follow the entire process from the initial purchase request, including verification of appropriate approvals, to the final check payment.

Committee chair Ayn Wieskamp congratulated the Finance staff for receiving the GFOA Award for Excellence in Financial Reporting for the 2015 audit.

Recommendation: This item is informational only.

Agenda Item No. 5
2016 Disposal of Fixed Assets

AFO Strawson O'Hara reported that the District annually performs an inventory of assets, identifying items that have been disposed, surplus, etc., and records an accounting adjustment to "write-off" the remaining net book value of any equipment no longer in the District's possession. Per Board Operating Guidelines, items with a book value (cost less accumulated depreciation) of over \$25,000 are subject to Board review and action. For 2016, one asset disposal meets this requirement: demolition of a deteriorated modular trailer at South County Corporation Yard. A list was provided to the Committee, for information only, summarizing all assets disposed in 2016. In 2016, 57 assets were disposed through Board approved auction process and \$192,111 was received at auction for these items.

Recommendation: Motioned by Dee Rosario and seconded by Whitney Dotson that the Finance Committee recommends to the full Board of Directors for approval of accounting adjustments to reflect the disposal of four fixed assets with a book value over \$25,000 during the 2016 fiscal year.

Agenda Item No. 6
Open Forum for Public Comment

No Public comment

Agenda Item No. 7
Committee Comments

AGM Debra Auker suggested changing the Wednesday, November 22, 2017 Finance Committee meeting to Monday, November 20, 2017 in order to avoid the Thanksgiving holiday. This item was proposed to be discussed at the February meeting, once the new Board Member from Ward 7 had been selected.

Meeting adjourned at 1:20 p.m. The next Finance Committee meeting is scheduled for February 22, 2017.

Respectfully submitted
Connie Swisher
Finance Department