ASSOCIATION OF BAY AREA GOVERNMENTS

Meeting Transcript

ABAG FINANCE COMMITTEE

THURSDAY, NOVEMBER 19, 2020, 5:30 PM

KAREN MITCHOFF: THANK YOU. AND WITH THEY WILL CALL TO ORDER THE NOVEMBER 19TH, 2020 ABAG FINANCE COMMITTEE COULD WE HAVE A ROLL CALL MR. CASTRO.

CLERK OF THE BOARD: SUPERVISOR ARREGUIN?

JESSE ARREGUIN: HERE.

CLERK OF THE BOARD: SUPERVISOR.

CINDY CHAVEZ: CHAVEZ HERE.

CLERK OF THE BOARD: SUPERVISOR CORTESE?

DAVID CORTESE: HERE.

CLERK OF THE BOARD: SUPERVISOR HAGGERTY IS ABSENT. SUPERVISOR HANNIGAN?

SPEAKER: HERE.

CLERK OF THE BOARD: SUPERVISOR MITCHOFF.

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KAREN MITCHOFF, CHAIR: HERE.

CLERK OF THE BOARD: SUPERVISOR RAMOS IS ABSENT. QUORUM IS PRESENT.

KAREN MITCHOFF, CHAIR: THANK YOU. AND WE WILL NOW GO INTO PUBLIC COMMENT. IS THERE ANYONE LISTENING WHO WOULD LIKE TO ADDRESS US ON ANY ITEM NOT ON TONIGHT'S AGENDA? THERE WILL BE AN OPPORTUNITY TO ADDRESS US ON ITEMS ON THE AGENDA. DO WE HAVE ANYONE WISHING TO SPEAK MR. CASTRO?

CLERK OF THE BOARD: WE HAVE ONE PERSON AN ATTENDEE WITH THEIR HAND RAISED, IS A CALLER, AND WHAT'S TIME LIMIT PLEASE IN.

KAREN MITCHOFF, CHAIR: THREE MINUTES.

CLERK OF THE BOARD: SO, CALLER, CALL IN USER NUMBER ONE, UNMUTE YOURSELF, PLEASE, AND GO AHEAD FOR PUBLIC COMMENT.

SCOTT HAGGERTY: HI. THIS IS SCOTT HAGGERTY. YOU CAN MOVE ME OVER PLEASE? HELLO?

CLERK OF THE BOARD: YES, SIR.

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KAREN MITCHOFF, CHAIR: HI SCOTT HE SHOULD GO DOING THAT. THERE YOU GO.

SCOTT HAGGERTY: GOOD.

CLERK OF THE BOARD: I'LL ASK STAFF TO PROMOTE MR. HAGGERTY TO PANELISTS PLEASE.

SPEAKER: CALLER CAN'T BE PROMOTED.

KAREN MITCHOFF, CHAIR: SCOTT ARE ON IN THE CAR OR ON THE COMPUTER WHERE YOU CAN GET OVER.

SCOTT HAGGERTY: I HAVE NEVER HEARD OF THAT. WE MOVE PEOPLE OVER ALL THE TIME.

KAREN MITCHOFF, CHAIR: IT SOUND LIKE HE IS IN HIS CAR SO HE NEEDS TO STAY ON THE PHONE.

SCOTT HAGGERTY: KAREN IF I NEED TO SPEAK, I WILL RAISE MY HAND OR WHEN I VOTE I WILL RAISE MY HAND.

KAREN MITCHOFF, CHAIR: LIZ, I SEE YOU RAISE YOUR HAND BUT IT SAYS LEON GARCIA. UNMUTE YOURSELF.

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LIZ GIBBONS: FOR WHATEVER REASON, IT'S SHOWING THAT. IT IS ME.

KAREN MITCHOFF, CHAIR: WE DON'T HAVE ANY OTHER PUBLIC SPEAKERS. MOVE TO COMMITTEE ANNOUNCEMENT. I'LL MAKE AN ANNOUNCEMENT WE HAVE THREE PEOPLE ON THIS COMMITTEE WHO WON'T BE WITH US THE NEXT TIME -- WELL NO, WE'RE MEETING IN -- WELL, WE HAVE A SPECIAL EXECUTIVE BOARD MEETING, BUT I DON'T KNOW IF WE'RE GOING TO HAVE I SPECIAL FINANCE COMMITTEE MEETING. SO I WANT TO THANK SUPERVISOR, SOON-TO-BE SENATOR CORTESE, AND SUPERVISOR HAGGERTY, WHO WILL BE RETIRING, AND MAYOR PIERCE WHO WILL BE RETIRING. DID YOU WISH TO MAKE ANY COMMENTS OR ARE WE GOING TO TALK TO YOU AGAIN AT -- GO AHEAD JULIE.

JULIE PIERCE: YEAH. I WOULD JUST SAY IT'S BEEN AN HONOR TO BE ON THIS COMMITTEE AS WELL AS OTHERS MY LAST COMMITTEE MEETING IS DECEMBER 1ST. THIS IS DEFINITELY MY LAST FINANCE COMMITTEE AND EXECUTIVE BOARD MEETING. SO I WILL BE AVAILABLE, AND PLEASE START USING MY PERSONAL E-MAIL FOR COMMUNICATION.

KAREN MITCHOFF: SCOTT, DID YOU WISH TO SAY ANYTHING? OR ARE YOU GOING TO HOLD YOUR COMMENTS UNTIL LATER? HE'S ON MUTE.

SCOTT HAGGERTY: I'M STILL AROUND FOR A WHILE. I'LL SAVE MY PARTING COMMENTS UNTIL THE END.

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KAREN MITCHOFF, CHAIR: ALL RIGHTY. AND DAVE DID YOU WISH TO SAY ANYTHING? I THINK YOU'RE SWORN IN AT THE BEGINNING OF DECEMBER.

DAVID CORTESE: YES. THANK YOU VERY MUCH KAREN. I'M SWORN IN DECEMBER 7TH SO THIS IS IT FOR ME TONIGHT. I THINK CHAVEZ AND MY BOARD HAS TAKEN OPPORTUNITY TO REASSIGN ASSIGNMENTS LIKE THIS ONE FOR DECEMBER. SO I'M HAPPY TO BE HERE. IT FEELS LIKE I'VE BEEN ON FINANCE COMMITTEE FOREVER. [LAUGHTER] SO, I'M GOING TO MISS YOU. I'M GOING TO MISS THIS GROUP. THIS GROUP, AND THE OLD LEDGE COMMITTEE, I ALREADY MISS, IT WAS JUST THE ABAG LEG COMMITTEE WE USED TO MEET BACK TO BACK IN THE PRE COVID DAYS WE COULD BREAK FOR DINNER AND COME BACK FOR THE EXECUTIVE COMMITTEE. IT WAS REALLY VERY MUCH FOR ME, A TEXTBOOK CIVICS, YOU KNOW, GOVERNMENT. PEOPLE FROM ALL OVER THE REGION WORKING TOGETHER, TO KEEP THINGS TOGETHER, ON BEHALF OF THE PUBLIC. AND FOR THE MOST PART, ENJOYING OURSELVES DOING IT. SO I HAVE ENJOYED IT. AND THANK YOU VERY MUCH.

KAREN MITCHOFF, CHAIR: WE WILL MISS YOU. ALL THREE OF YOU, AND WE LOOK FORWARD TO WORKING WITH YOU, SOON-TO-BE SENATOR CORTESE. ARE YOU GOING TO BE ON THE BUDGET AND FINANCE COMMITTEE ON THE ASSEMBLY?

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DAVID CORTESE: IF I HAVE ANYTHING TO DO WITH IT, YES. AND I HAVE A LITTLE TO DO WITH IT I'M NOT SURE HOW MUCH. WE'LL SEE BUT I'M CERTAINLY NOT GOING AWAY AND WE'LL WORK TOGETHER IN THE FUTURE. THANK YOU.

KAREN MITCHOFF, CHAIR: YES THANK YOU. THAT WILL ALSO INCORPORATE CHAIR'S REPORT SO WE'LL MOVE TO CONSENT CALENDAR MAY I HAVE A MOTION TO APPROVE THE MINUTES OF OUR SEPTEMBER 17TH, 2020 MEETING?

JULIE PIERCE: PIERCE MOVES.

SPEAKER: SECOND. HANNIGAN.

KAREN MITCHOFF, CHAIR: ANY FURTHER DISCUSSION? ANY MEMBERS OF THE PUBLIC WISHING TO MAKE A COMMENT. I WILL MOVE TO ROLL CALL VOTE, MR. CASTRO.

CLERK OF THE BOARD: [ROLL CALL VOTE] MOTION PASSES. THANK YOU.

KAREN MITCHOFF, CHAIR: THANK YOU VERY MUCH. WE'LL MOVE TO ITEM 6A, OUR FINANCIAL STATEMENTS. A IS THE REPORT ON THE ABAG FINANCIAL STATEMENTS FOR OUR PERIOD ENDING AUGUST 31ST, 2020. MR. MAYHEW TAKE IT AWAY PLEASE.

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BRIAN MAYHEW: THANK YOU. AND A VERY GOOD EVENING TO WHEREVER YOU MAY BE. BRIEF RUN DOWN FOR THE FINANCIAL FIRST TWO MONTHS. HARD TO TELL A LOT ABOUT A YEAR IN THE FIRST TWO MONTHS. WE HAVEN'T HAD THE AUDIT DONE, AND YOU'RE IN GOOD SHAPE SHOWING SURPLUS HIGHER THAN WE HAVE SHOWN BEFORE ABOUT A MILLION 8 DOING WELL ON THE ADMINISTRATIVE SIDE WITH A SURPLUS THERE. WE HAVE BUILD-OUT 2.4 MILLION IN MEMBERSHIP DUES. WE HAVE GOTTEN BACK ABOUT 35 PERCENT OF THEM AS OF AUGUST. WHEN WE GET THE NEXT REPORT IT WILL PROBABLY BE A LOT BETTER THAT'S PRETTY GOOD RETURN FOR AUGUST BECAUSE A LOT OF PEOPLE ARE CLOSING OUT BOOKS AND DON'T PAY US THAT EARLY. BAYREN IS COMPLETELY BALANCED REVENUE EXPENSE NEUTRAL EXACTLY WHERE YOU WANT IT TO BE. ESTUARY PARTNERSHIP HAS A SLIGHT DEFICIT. IT IS A TIMING DEFICIT IN THE FUND. YOU WILL SEE WHEN YOU LOOK AT THE CASH IT'S JUST A TIMING DEFICIT IN THE FUN THE BALANCE WILL COVER IT UNTIL THE GRANTS COME OVER AND PICK IT UP. YOU DO HAVE ONE OF THE FEW GOVERNMENTAL FUNDS ANYWHERE IN THE COUNTRY RIGHT NOW THAT REALLY IS NOT IMPACTED BY THE CURRENT ECONOMIC SITUATION OR HEALTH CRISIS. SO WITH THAT, I WOULD BE HAPPY TO ANSWER ANY QUESTIONS.

KAREN MITCHOFF, CHAIR: ANY OF THE COMMITTEE MEMBERS HAVE ANY QUESTIONS FOR MR. MAYHEW? I DON'T SEE ANY HANDS. MR. CASTRO, IS THERE ANY PUBLIC COMMENT?

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CLERK OF THE BOARD: NO WRITTEN COMMENTS AND NO ATTENDEES WITH THEIR HAND RAISED.

KAREN MITCHOFF, CHAIR: THANK YOU. WOULD SOMEONE LIKE TO MOVE THE ACCEPTANCE?

SCOTT HAGGERTY: I'LL MOVE IT.

KAREN MITCHOFF, CHAIR: THANK YOU SCOTT. AND WHO WOULD LIKE TO SECOND?

DAVID CORTESE: SECOND. CORTESE.

KAREN MITCHOFF, CHAIR: THANK YOU. MAY WE HAVE ROLL CALL MR. CASTRO?

CLERK OF THE BOARD: [ROLL CALL VOTE] MOTION PASSES.

KAREN MITCHOFF, CHAIR: THANK YOU. MOVING TO ITEM SEVEN CONTRACTS AND PURCHASE REQUISITIONS. THIS IS A REPORT ON THE ABAG CONTRACTS AND PURCHASE REQUISITIONS BETWEEN 20,050,000 FROM JULY TO AUGUST 2020. MR. MAYHEW?

BRIAN MAYHEW: DONE. NO CONTRACTS. NO REQUISITIONS.

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KAREN MITCHOFF, CHAIR: OH SO SORRY. MS. WEIL DO WE NEED TO HAVE A VOTE IF THERE WERE NO ITEMS?

ADRIENNE WEIL, COUNSEL: IT WOULD BE BEST TO DO THAT.

KAREN MITCHOFF, CHAIR: WHO WOULD LIKE TO MOVE ACCEPTANCE OF THIS REPORT?

JULIE PIERCE: PIERCE MOVES.

ERIN HANNIGAN, VICE CHAIR: HANNIGAN SECONDS.

KAREN MITCHOFF, CHAIR: PUBLIC COMMENT FRED?

CLERK OF THE BOARD: NO COMMENT RECEIVED AND NO ATTENDEES WITH THEIR HANDS RAISED.

KAREN MITCHOFF, CHAIR: THANK YOU. ROLL CALL PLEASE. MOTION PASSES UNANIMOUS.

KAREN MITCHOFF, CHAIR: THANK YOU. NOW ON TO ITEM EIGHT REPORT ON ABAG INVESTMENTS FOR PERIOD ENDING AUGUST 2020. BRIAN?

BRIAN MAYHEW: OKAY. THIS ONE IS EASY. YOU ARE UP TO 85 MILLION IN ASSETS UNDER MANAGEMENT NOW. YOU CAN SEE ABAG ADMIN AT 8.5

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MILLION. 6 MILLION AS AN ADVANCE BUT STILL TWO AND A HALF MILLION INTO GOODS FOR THE YEAR THIS'S A GOOD POSITION. THERE ARE NO CASH OVERDRAFTS OR CASH DEFICITS FOR US TO COVER AND IF YOU LOOK GOING DOWN TO THE BOTTOM YOU WILL SEE AFTER ABAG FAN ALL OF THE ASSESSMENTS AND THE SPECIAL ASSESSMENT DISTRICT THAT ARE UNDER OUR MANAGEMENT ALL OF THOSE ARE LISTED THERE AND ALL OF THEIR FUNDS ARE LISTED AS WELL. AS I SAID, WHEN WE TALKED ABOUT THE ESTUARY PARTNERSHIP, I SAID IT IS A TIMING ISSUE THAT CREATED THE NEGATIVE. THEIR CASH BALANCES IS ABOUT $700,000 THE DEFICIT WAS OVER 100 SO AS YOU CAN SEE IT'S A TIMING DIFFERENCE. ASIDE FROM THAT, I WOULD BE HAPPY TO ANSWER ANY QUESTIONS.

KAREN MITCHOFF, CHAIR: THANK YOU. COMMITTEE MEMBERS WHO HAVE ANY QUESTIONS FOR MR. MAYHEW? ANYONE FROM THE PUBLIC WHO WISHES TO COMMENT.

CLERK OF THE BOARD: NO RAISED HANDS AND NO COMMENTS RECEIVED.

KAREN MITCHOFF, CHAIR: MOVE THE REPORT.

JESSE ARREGUIN: MOVE.

ERIN HANNIGAN, VICE CHAIR: SECOND.

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KAREN MITCHOFF, CHAIR: JESSE MOVED IT AND ERIN SECONDED IT. ROLL CALL VOTE PLEASE.

CLERK OF THE BOARD: [ROLL CALL VOTE] MOTION PASSES UNANIMOUS.

KAREN MITCHOFF, CHAIR: IS IT COLD IN YOUR HOUSE BELIA OR YOU JUST LIKE TO WEAR A PRETTY HAT?

BELIA RAMOS: IT IS COLD IN MY HOUSE I HAVE A REPAIR GOING ON AND THE DOORS ARE WIDE OPEN.

KAREN MITCHOFF, CHAIR: I SAW YOU ON FACEBOOK OUTSIDE BUT I WAS SURPRISED TO SEE YOU INSIDE. WE'LL GET YOU WARMED UP WITH ALL OF THE STUFF REAR TALKING ABOUT. OKAY. THANK YOU FOR THE MOTION AND THE PASSAGE LET'S MOVE TO ITEM NINE WHICH IS THE FINANCIAL AUDIT AND I UNDERSTAND KATHY LAI WHO IS THE LEAD ENGAGEMENT PARTNER AND CROWE LLP AND BRIAN WILL BE MAKING THIS PRESENTATION. HI KATHY DID I PRONOUNCE YOUR NAME CORRECTLY?

KATHLEEN LAI: IT'S ACTUALLY LAI.

BRIAN MAYHEW: THIS IS THE END OF A FINANCIAL YEAR HOW WE REPORT TO YOU HOW IT ALL ENDED AND CAME OUT. YOU HAVE ALREADY INTRODUCED KATHY LAI, SHE IS THE SMARTEST AUDITOR THEY HAVE EVERY WORKED WITH, OR AT LEAST AT GASB AND ALL OF HER FRIENDS

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WHO ARE RETIRING TOLD ME TO SAY SO. KATHY IS GOING TO TALK ABOUT A COUPLE OF THEM. I'LL TALK A COUPLE FINANCIALS WHEN WE GET TO THEM. THE MAIN OPINIONS ARE UNQUALIFIED AND KATHY WILL GO THROUGH. WITH THAT KATHY IT'S UP TO YOU.

KATHLEEN LAI: THANKS BRIAN AND I'LL WAIT FOR STAFF TO GO AHEAD AND PULL UP THE PRESENTATION. OKAY. TERRIFIC. AND YOU CAN GO AHEAD AND ADVANCE TO THE AGENDA HERE. I JUST HAVE A BRIEF PRESENTATION THAT WE PUT TOGETHER. FIRST WE'RE GOING TO COVER THE AUDIT OBJECTIVE JUST AS A REMINDER AS TO WHAT CROWE WAS ENGAGED TO DO IS THEN SECONDLY, THE AUDIT RESULTS AS BRIAN ALLUDED TO AND THIRD THERE ARE REQUIRED COMMUNICATIONS THAT ARE AUDITING STANDARDS THAT WE'LL HAVE TO GO THROUGH. AND OUR AUDIT AS OF TODAY IS SUBSTANTIALLY COMPLETED AS NOTED ON THE SLIDE. TYPICAL OF THIS STAGE THERE ARE JUST A COUPLE OF THINGS THAT WE NEED TO OBTAIN FROM MANAGEMENT, THE MANAGEMENT REPRESENTATION LETTER AND CERTAINLY WE DO SUBSEQUENT PROCEDURES FROM THE DAY OF THE FINANCIAL STATEMENTS ALL THE WAY THROUGHOUT DATED AUDIT OPINION. YOU CAN ADVANCE TO SLIDE FIVE WHERE IT SAYS AUDIT OBJECTIVE. JUST AS A REMINDER CROWE HAS BEEN ENGAGED BY ABAG TO EXPRESS AN OPINION ON WHETHER OR NOT YOUR FINANCIAL STATEMENTS ARE FAIRLY REPRESENTED OF ALL MATERIAL FACTS IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES REFERRED TO AS GAP, AND LIKEWISE MANAGEMENT HAS RESPONSIBILITIES AS WELL SO THEY'RE FULLY

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RESPONSIBLE FOR THE FINANCIAL STATEMENTS AND MAKING SURE THEY ARE MATERIALLY CORRECT IN ACCORDANCE WITH GAP AS WELL. I'LL MOVE TO THE AUDIT RESULTS IF YOU WANT TO FLIP TO SLIDE SEVEN THERE. SO FOR ABAG, I ANTICIPATE TO ISSUE AN UNMODIFIED OPINION. SO, I KNOW THIS'S A CURIOUS TERM BUT REALLY THAT'S THE HIGHEST LEVEL OF ASSURANCE ESSENTIALLY MY AUDIT OPINION WILL STATE THAT THE FINANCIAL STATEMENTS ARE STATEMENTS IN ALL MATERIAL RESPECTS AND ACCORDANCE WITH GAP. THAT IS UNMODIFIED AND IS GOOD NEWS. IN ADDITION TO THE FINANCIAL STATEMENT BECAUSE ABAG EXPENDS 2.8 MILLION IN FEDERAL FUNDING THIS YEAR THEY ARE SUBJECT TO THE UNIFORM GUIDANCE WHICH IS THE FEDERAL GRANTS AUDIT. SO OF ALL OF THE GRANTS ON THE FEDERAL EXPENDITURES AWARDS WE TESTED THE ESTUARY AWARD FROM THE EPA RELATED TO THE SAN FRANCISCO ESTUARY I AM PLEASED TO REPORT THAT WE ANTICIPATE ISSUING A CLEAN OPINION ON THE UNIFORM GUIDANCE. WE DID NOT IDENTIFY ANY FEDERAL FINDINGS OR EXCEPTIONS DURING OUR TEST WORK AND IN ADDITION TO THE COMPLIANCE REPORT WE ALSO CONSIDERED INTERNAL CONTROLS OVER ABAG'S FINANCIAL REPORTING, AS WELL AS COMPLIANCE WITH OTHER MATTERS AND AGAIN WE DID NOT NOTE ANY INSTANCES OF NON-COMPLIANCE OR OTHER MATTERS THAT WOULD WARRANT YOUR ATTENTION. SO EXCELLENT NEWS THERE. LAST BUT NOT LEAST WE DID NOT NOTE ANY MATERIAL WEAKNESSES OR SIGNIFICANT DEFICIENCIES IN INTERNAL CONTROLS. AGAIN, VERY GOOD NEWS. WE DID HOWEVER NOTE AN INTERNAL CONTROL DEFICIENCY THAT WE HAD ADDRESSED TO

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MANAGEMENT IN A MANAGEMENT LETTER. IT'S ALSO ONE OF THE ATTACHMENTS TO YOUR AGENDA TODAY, WHICH I WILL DISCUSS ON THE NEXT SLIDE. SO THE RECOMMENDATION WAS IN RELATION TO ACCOUNTING FOR GRANTS WITH ELIGIBLE COST REQUIREMENTS. SO DURING OUR AUDIT, WE NOTE THAT MANAGEMENT HAD REPORTED A RECEIVABLE IN THE AMOUNT OF 5.89 MILLION AND A CORRESPONDING UNEARNED REVENUE RELATED TO THE REGIONAL EARLY ACTION PLANNING GRANT OR THE REAP GRANT. AND BASED ON ACCOUNTING PRINCIPLES, MANAGEMENT IS REQUIRED, FOR ELIGIBLE COSTS, THAT MANAGEMENT -- OR ACCOUNTING PRINCIPLES REQUIRE THAT ELIGIBLE COSTS HAVE TO BE INCURRED AS OF FISCAL YEAR END BEFORE AN ASSET CAN BE RECORDED SO WE PROPOSED BASED ON GENERALLY ACCEPT THE ACCOUNTING PRINCIPLES THAT MANAGEMENT REVERSE THAT ADJUSTMENT TO REMOVE THE 5.8 MILLION RECEIVED AND THE CORRESPONDING REVENUE AND THEY AGREED WITH THE ADJUSTMENT AND WENT AHEAD AND MADE IT SHOULD NOTE THE ADJUSTMENT HAD NO IMPACT ON THE OVERALL NET POSITION AS THE RECEIVABLE INITIALLY RECORDED BY MANAGEMENT WAS ENTIRELY OFFSET BY YOU KNOW EARNED REVENUE OR LIABILITY. WE CLASSIFIED IT AS A DEFICIENCY AND INCLUDED IT IN THE MANAGEMENT LETTER. I'LL PIVOT TO THE REQUIRED COMMUNICATION IF YOU MOVE TO SLIDE 11 HERE. AGAIN OUR PROFESSIONAL STANDARDS REQUIRE US TO RELEASE COMMUNICATIONS THOSE CHARGED TO GOVERNANCE FIRST AND FOREMOST SIGNIFICANT ACCOUNTING POLICIES IN FINANCIAL STATEMENTS MANAGEMENT HAS DISCLOSED ALL POLICIES THAT ARE SOME OF THE TO FINANCIAL

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STATEMENT IN FOOTNOTE ONE OF THE REPORT. CROWE HAS REVIEWED THOSE AND THEY APPEAR TO BE CLEAR AND CONSISTENT WITH PRIOR PERIODS AND WE HAD NO COMMENTS RELATED TO THAT. EACH YEAR GASB ESTABLISHES ACCEPTED ACCOUNTING PRINCIPLES TYPICALLY COMES OUT WITH STANDARDS THAT GOVERNMENTS NEED TO IMPLEMENT. IN THIS YEAR THERE WAS GASB STATEMENT NUMBER 95 WHICH WAS AGAIN A WELCOME STATEMENT. IT WAS THE ONLY STATEMENT THAT WAS REQUIRED TO BE IMPLEMENTED AND ESSENTIALLY GASB JUST RECOGNIZED THE RELIEF THAT GOVERNMENTS NEEDED TO ATTEND TO MORE PERTINENT MATTERS RATHER THAN CERTAIN FINANCIAL ACCOUNTING REPORTING STANDARDS. THIS STATEMENT DELAYED AND POST POSTPONED THE EFFECTIVE DATES OF OTHER GASB STATEMENTS SO THEY GAVE REPRIEVE TO GOVERNMENTS WHICH WAS CERTAINLY A WELCOMED GESTURE. NEXT SLIDE HERE WE HAVE MANAGEMENT'S ACCOUNTING ESTIMATES AND JUDGMENTS. FINANCIAL STATEMENTS CERTAINLY INCLUDE ESTIMATES THAT ARE SUBJECT TO OUR AUDIT. GOOD EXAMPLES RELATIVE TO ABAG'S FINANCIAL STATEMENTS WOULD BE THE FAIR VALUE OF INVESTMENTS OR INVESTMENTS RELATED TO PENSION AND POST RETIREMENT OBLIGATIONS WE BELIEVE THEM TO BE APPROPRIATE IN ACCORDANCE WITH GAP. THIS IS A VERY IMPORTANT DISCLOSURE AGAIN CORRECTED AND UNCORRECTED MISSTATEMENTS PLEASED TO REPORT WE DID NOT NOTE ANY MATERIAL CORRECTED OR UNCORRECTED MISSTATEMENT THE INFORMATION I NOTED EARLIER RELATED TO THE GRANT WAS OFFSET RELATED TO ANOTHER AND DIDN'T HAVE ANY IMPACTS THAT'S WHY I WAS ABLE TO MAKE THAT STATEMENT THAT

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THERE WERE NO MATERIAL CORRECTED MISSTATEMENTS. ON THE LAST SLIDE HERE LAST BUT NOT LEAST WE DIDN'T NOTE ANY OF THE FOLLOWING MATTERS NOTED ON THIS SLIDE. IT'S BEEN A PLEASURE WORKING WITH MANAGEMENT, AND WE REALLY APPRECIATE ALL OF THEIR EFFORTS IN THIS REALLY PECULIAR TIME, YOU KNOW, IN THE MIDDLE OF THE CORONAVIRUS PANDEMIC AND SWITCHING AUDITORS AS WELL AND SO WE REALLY APPRECIATE ALL THEIR EFFORTS AND LIKEWISE AUDIT TEAM TO CROSS THE FINISH LINE TO DELIVER THIS AUDIT. WITH THAT I'M HAPPY TO ANSWER ANY QUESTIONS.

KAREN MITCHOFF, CHAIR: ARE THERE ANY QUESTIONS FOR KATHY ON HER REPORT? I'M NOT SEEING ANY HANDS RAISED -- OH, JESSE. THERE YOU GO.

JESSE ARREGUIN: SO I WAS ON THE SELECTION PANEL WITH MTC REPRESENTATIVE AMY WORTH, AND WE INTERVIEWED A NUMBER OF FIRMS, AND CROWE WAS DEFINITELY THE TOP FIRM THAT WE SELECTED, AND I HAVE JUST BEEN REALLY IMPRESSED WITH THE PROFESSIONALISM, AND WITH THE QUALITY OF WORK THAT THEY HAVE PUT INTO THIS AUDIT, AND I AM VERY ENCOURAGED TO HEAR ABOUT SOME OF THE CLEAN FINDINGS THAT WE HAVE RECEIVED, AND I THINK THIS'S REALLY A TESTAMENT TO THE EXCELLENT FISCAL STEWARDSHIP OF BRIAN MAYHEW, AND THE FINANCE TEAM. SO I JUST WANT TO THANK CROWE FOR THEIR WORK AND THANK OUR STAFF. BECAUSE THIS IS POSITIVE NEWS.

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KATHLEEN LAI: THANK YOU.

KAREN MITCHOFF, CHAIR: ANYONE ELSE? THERESE?

THERESE MCMILLAN: THANK YOU SO MUCH. I ALSO WANT TO GIVE A SHOUT OUT TO BOTH KATHY AND HER TEAM, AND BRIAN AND HIS TEAM, BECAUSE YOU CAN ONLY IMAGINE DOING AUDITS REMOTELY WAS HARDLY A WALK IN THE PARK. AND IT REQUIRED REALLY EXTRAORDINARY COMMITMENT OF STAFF ON BOTH SIDES TO MAKE THAT HAPPEN AND I JUST WANTED TO MAKE SURE THAT BOTH KATHY'S TEAM, AND TYPICALLY BRIAN'S TEAM WERE ACKNOWLEDGED FOR THAT EXTRAORDINARY EFFORT.

KAREN MITCHOFF, CHAIR: THANK YOU THERESE. I WOULD ECHO THAT AND IT LOOKS LIKE ERIN WAS DOING THE SAME WITH HER JAZZ HANDS. AND BRIAN.

BRIAN MAYHEW: LAST SLIDES AND WE'LL GET YOU OUT OF THIS. WE'LL GO OVER FINANCIALS NEXT AND THAT WILL DO IT.

KAREN MITCHOFF, CHAIR: OKAY.

BRIAN MAYHEW: WE CAN PULL THAT UP. THERE WE GO. I DID IT MYSELF. FIRST OF ALL THANK YOU FOR THE KIND WORDS WE PRESENTING AN AUDIT SO YOU DON'T REALLY KNOW HOW TO RESPOND TO

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THEM. SECONDLY THE CREDIT YOU GAVE ME WAS BADLY UNDESERVED. DEBBIE, AND LUCY, CRYSTAL, THERE IS A LOT OF FIRSTS INVOLVED HERE. THE FIRST YEAR WITH AN AUDITOR, THE FIRST TIME WE HAVE EVER DONE A REMOTE AUDIT. THE FIRST TIME WE HAVE EVER DONE AN AUDIT UNDER COVID CIRCUMSTANCES IN A PANDEMIC. DEBBIE HAD STAFFING SHORTAGES I DON'T THINK SHE GOT HER NUMBER TWO POSITION UNTIL JULY. IT IS AN AMAZING EFFORT ON EVERYBODY'S PART, AND WITH MY GROUP, AND YOU DON'T USUALLY COME OUT AND SAY I'M REALLY PROUD OF THE WORK WE DO ON AN AUDIT BECAUSE THEY'RE AUDITS, IF SOMETHING GOES WRONG YOU'RE GOING TO GET YOUR HEAD RIPPED OFF IN THIS CASE IT WAS A GREAT TEAM EFFORT BY MY STAFF I WANT TO SAY THANK YOU. TO SAY PRESENTING AN AUDIT IS A MISNOMER YOU'RE ALL LYING. BUT I WOULD LIKE TO SAY STARTING THIS OUT BEFORE WE GET INTO THE NUMBERS IT WAS ONLY THREE YEARS AGO THAT YOU GOT A QUALIFIED OPINION THAT BASICALLY SAID, WITHOUT MTC, YOU WOULD FAIL. YOU WOULD FINANCIALLY FAIL FOREVER. I KNOW WHEN I STARTED IN THIS ENGAGEMENT, I STARTED THIS WORK, AND WHEN STEVE AND I SPENT A LOT OF HOURS DISCUSSING HOW TO DO IT, I PROBABLY WASN'T THE BEST GUY FOR THIS JOB. AND I GOT TO THANK YOU FOR LETTING ME DO IT. THE -- IN THOSE THREE YEARS, WE HAVE MANAGED TO GET YOU TO A POINT WHERE YOU ARE NO LONGER DEPENDENT ON MTC. YOU -- YOU'RE SPECIAL REVENUE FUNDS, GRANT FUNDS ARE SELF FUNDING NOW IN FACT THEY'RE MAKING CONTRIBUTIONS TO THE ADMINISTRATIVE SIDE OF THINGS. AND THE OPEB LIABILITY NOW IS AN ASSET. IT'S

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WIPED OUT. WE HAVE STILL GOT A PENSION ISSUE. THAT PENSION ISSUE IS STILL RELATIVELY SERIOUS. AND I'LL SHOW YOU THAT IN A SECOND. BUT YOU ARE SO WELL ON YOUR WAY TO BEING COMPLETELY SELF CONTAINED IN JUST THREE SHORT YEARS AND I APPRECIATE ALL OF YOU LETTING ME TAKE A SHOT AT TRYING TO HELP AND GET IT DONE. OKAY. SO LET'S GO ON. YOU ALL KNOW WHO YOU ARE, AND WHY YOU WERE CREATED. SO WE'LL SKIP THAT PAGE AND GO TO THE NUMBERS. OKAY. QUICKLY HERE, THERE IS A COUPLE OF THINGS TO PHOTO. ONE, YOU LOOK AT THE VERY TOP, YOU WILL NOTICE CASH IS UP. THAT'S GOOD BECAUSE IT GIVES US PLENTY OF LIQUIDITY AND WE DON'T HAVE THOSE ISSUES WE HAD TWO YEARS AGO WHERE WE COULDN'T LET CONTRACTS AND WE COULDN'T MAKE PAYMENTS BECAUSE WE DIDN'T HAVE ENOUGH CASH. NOW WE HAVE ADVANCES. YOUR PROJECT MANAGERS HAVE BEEN VERY GOOD AT MEETING US HALFWAY GETTING US ADVANCES SO WE HAD BETTER CASH FLOW WE HAD BETTER CASH FLOW THROUGH ABAG. KNOW YOUR CASH IS UP, ASSETS UP. THAT'S GOOD. FROM AN END RESULT YOU HAVE WHAT IS CALLED A NEGATIVE NET POSITION, IF YOU LOOK AT THE BOTTOM YOU WILL SEE IT IT'S ABOUT 5, $6 MILLION. THAT'S BECAUSE OF THE PENSION. I MEAN, THERE IS NOTHING WE CAN DO. YOU HAVE $16 MILLION IN PENSION LIABILITY. IF WE TOOK THAT OUT, AND FOR ALL OF YOU, YOU PROBABLY -- NO ONE IS IN AN AGENCY THAT HAS A POSITIVE NET WORTH IF YOU DON'T TAKE PENSION AND OPEB LIABILITIES OUT OF THE EQUATION. IF WE TAKE IT OUT OF THE EQUATION YOU HAVE A STRONG POSITIVE NET WORTH OF ROUGHLY 5 MILLION WHICH IS ROUGHLY WHERE WE WOULD

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WANT TO SEE IT AT THIS REVENUE BASE GOING FORWARD BUT THE PENSION IS STILL THERE YOU HAVE THE NEGATIVE NET PENDING BALANCE BUT IT'S SOMETHING EVERYBODY HAS BUT IF YOU TOOK THE LONG-TERM LIABILITY OUT YOU HAVE NO DEBT BUT YOU WOULD BE IN A MUCH BETTER POSITION. NEXT SLIDE. HERE REVENUE EXPENSE AND IF YOU LOOK AT THE TOP YOU WILL SEE THE PROBLEM. WE GO INTO NEXT YEAR'S BUDGET AS WE PLAN THE FINANCIAL FUTURE. YOUR MEMBERSHIP AND DUES ARE ROUGHLY EQUAL TO THE PENSION PAYMENT TASK VERY SOON THEY WILL BE SLIGHTLY BEHIND THE PENSION PAYMENT. NOW THAT'S NOT AN ENORMOUS CONCERN IT'S JUST NOT THE BEST SITUATION TO BE IN. HOWEVER AS YOU GO TO THE BOTTOM AND YOU GO ACROSS, YOU WILL SEE THAT YOU HAVE, YOU KNOW, A PML, YOU HAVE THE OPERATING REVENUE LESS OPERATING EXPENSES CREATES ONE SIDE THEN THE GRANTS COME IN BECAUSE OF THIS TYPE OF ACCOUNTING THE OTHER REVENUES AND EXPENSES COME IN AT THE BOTTOM AND YOU SEE THAT LAST YEAR THERE WAS A SLIGHT LAG WHAT THAT SHOW IN 19 IS THE 123,000 NUMBER, THAT NEGATIVE CREDIT NUMBER OF 123,000, IN THAT YEAR THE GRANTS AND THE SPECIAL REVENUES SIDE OF THIS WASN'T REALLY COMPLETELY SELF BALANCED. IF YOU GO TO THIS YEAR, IT HAS A POSITIVE 588,000. THAT IS GOOD. THAT'S WHAT YOU WANT TO SEE. THE ADMINISTRATIVE COMPONENT OF YOUR GRANTS AND REVENUE SITUATIONS BEGINNING TO MAKE A POSITIVE CONTRIBUTION. WE STILL HAVE A NEGATIVE VALUE BECAUSE OF THE PENSION SIDE BUT WE CUT IT IN HALF IN A YEAR AND WITH THE PENSION AND OTHER THINGS UNDER CONTROL THAT CAN GO POSITIVE. IT IS A GOOD

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OPERATING YEAR. YOU CAME OUT VERY WELL. AND I REALLY THINK THAT THE FUTURE REALLY LOOKS GOOD. NEXT SLIDE. HERE I APOLOGIZE THAT THE TYPE IS A LITTLE SMALL. HERE IS ONE OF THE PROBLEMS YOU HAVE. IF YOU LOOK AT THE TWO RIGHT COLUMNS YOU WILL SEE WHERE OUR PROBLEMS BEGIN THOSE ARE THE PENSION PLANS AND THE UNFUNDED LIABILITY WENT FROM 15.6 MILLION TO 16 MILLION UP A HALF A MILLION DOLLARS IT'S PROBABLY GOING TO GO UP AGAIN NEXT YEAR PART OF IT IS CHANGING ASSUMPTION OF PERS, AND PART OF WHERE WE ARE. THERE ARE NO NEW ENTRANCE, AND PERS KNOWS THAT. AND THEY ALSO KNOW THAT WHILE WE'RE TECHNICALLY IN A RUN OUT BECAUSE ABAG IS STILL IN EXISTENCE BUT THEY KNOW UNDER THE CIRCUMSTANCES NOBODY IS JOINING SO THEY SHORTENED UP THE AMORTIZATION AND MADE THE LIABILITY A LITTLE BIGGER JUST LIKE PRE PAYING A MORTGAGE OR THROWING A COUPLE OF EXTRA BUCKS IN YOUR MONTHLY MORTGAGE PAYMENT THAT'S GOING HIT US AS WE GO THROUGH BUT THE GOOD PART IS THERE ARE NO NEW ENTRANCE, SO THERE SHOULDN'T BE ANY NEW SURPRISES OTHER THAN WHAT PERS DOES AND THE BAD SIDE YOU'RE IN A COST SHARING POOL. WE'RE NOT BIG ENOUGH TO GET OUT OF THAT COST SHARING POOL, AND WE HAVE DISCUSSED MANY OPTIONS WITH THEM. BUT THAT MAKES US SUBJECT TO THE WEAKEST LINK. WE'RE ONLY AS STRONG AS THE WEAKEST CONTRIBUTIONS TO THE POOL, AND THAT CAN BE PROBLEMATIC. IF WE MADE AN ATTEMPT TO PAY THIS OFF, THERE WOULDN'T BE A GUARANTEE THAT FROM THE POOL, SOMEBODY ELSE DIDN'T DRAG YOU FARTHER DOWN. MORE PEOPLE COULD BE PAYING OFF THEIR LIABILITIES THAT

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IS THE RISK AS WE LOOK INTO PENSIONS GOING INTO THE FUTURE WE LOOK AT COMBINATION OF FUNDING OF PERS AND COMBINATION OUTSIDE OF PERS AND SAY 115 TRUST WHERE THIS SIDE OF PERS IS GIVING YOU THE 6, 7 PERCENT INTEREST BUT ON THIS SIDE YOU'RE PROTECTING YOURSELF AGAINST PERS CHANGING ASSUMPTIONS AND COVERING WHATEVER THEY GIVE YOU TO CHANGE. THAT PENSION LIABLE IS THERE AND IS GOING TO HAVE TO BE DEALT WITH BECAUSE THE AMORTIZATION IS GOING TO GO UP BECAUSE OF THE NATURE WHERE WE ARE IN THE RUN OUT MODE. NEXT SLIDE. AND NOW THE MOMENT. IF YOU LOOK AT THE THREE COLUMNS THERE YOU LOOK WHERE WE ARE WITH THE OPEB LIABILITY, AND TO THE RIGHT YOU SEE THE NEGATIVE NUMBER TO THE END, IN OPEB ACCOUNTING THIS IS GOOD IT IS NO LONGER LIABILITY THAT CORRECTION IS AN ASSET SO WE HAVE THIS IN THREE SHORT YEARS HAS GONE -- IN FIVE YEARS GONE ALMOST UNFUNDED TO NEARLY FUNDED TO NOW OVER FUNDED BY A LITTLE BIT. IT ALL MEANS TWO DIFFERENT THINGS. ONE, IT MEANS YOU WON'T BE GETTING ANY SHOCKS IN WHAT YOUR UNFUNDED LIABILITY PAYMENTS ARE GOING TO BE, AND TWO, THAT THE PENSION, THE BENEFIT PENSIONS THEMSELVES NOW SHOULD THEORETICALLY BE SELF FUNDED. IN OTHER WORDS, THEY WILL TAKE CARE OF THEMSELVES FROM HERE ON OUT. AND THAT -- SO WHATEVER YOU PAY TO THE RETIREES YOU THEORETICALLY CAN NOW DRAW FROM THE BANK ONE MINUS ONE IS NEGATIVE -- NO NEGATIVE EFFECT ON OUR BALANCE SHEET ANYMORE. AND THAT ACTUALLY IS SOMETHING VERY FEW PEOPLE HAVE YET. THAT'S QUITE A JUMP IN THREE SHORT YEARS. A COUPLE OF THINGS

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ON YOUR BOOKS YOU PROBABLY DON'T REMEMBER. NEXT PAGE. THIS TINY LITTLE -- I DON'T KNOW WHERE WORKING IN THE DEBT WORLD WE WRITE IN SUCH SMALL TYPE BUT WE DO MAYBE BECAUSE WE THINK NOBODY WILL READ IT IN THE LAST COLUMN $68 MILLION THIS IS THE FINANCING GROUP HASN'T BEEN ADDED TO IN A FEW YEARS IT'S BEEN RUNNING OUT AT THE END OF LAST YEAR THERE WAS 68 MILLION LEFT IN UNMATURED BONDS BECAUSE OF THE BIG REFUNDING WE DID THIS YEAR THERE IS ONLY 8 MILLION LEFT OVER THE NEXT FIVE OR SIX YEARS MOST OF THAT WILL BE GONE AND IN ALL HONESTY YOU REALLY HAVE NO LIABLE HERE IN THE SENSE THAT AS LONG AS WE KEEP THEM ADMINISTRATIVELY SQUARED AND ANY REQUEST FOR REFUNDING TO GET THESE BONDS WE CAN MEET YOU DON'T HAVE ANY RISK. IF YOU HAVE TO MAKE PAYMENTS, IF SOMEBODY WERE TO DEFAULT THEY'RE NOT COMING AFTER US BUT IT WOULD BE NICE TO GET THEM OFF THE BOOKS IT'S A CONTENTION NOBODY NEEDS. NEXT PAGE REAL QUICKLY. I THOUGHT I WOULD PUT UP AND SHOW YOU WHERE THE FUNDS AND THE REVENUES ALL BREAK DOWN. YOU HAVE MORE THAN ABAG CONSISTS OF SOME VERY IMPORTANT SPECIAL REVENUE FUNDS ESTUARY PARTNERSHIP, BAYREN, YOU CAN SEE AS YOU GO ACROSS THE TOP, THE OWNERSHIP OF THE CASH IS, IF YOU GO TO THE RIGHT SIDE, YOU WILL SEE THE BREAK DOWN OF THE REVENUES AND EXPENSE SIDE, AND SEE BASICALLY, THE SPECIAL REVENUE FUNDS ARE NOW SELF SUPPORTING. AGAIN ANOTHER YEAR OR SO OF THIS AND THEY SHOULD BE MAKING CONTRIBUTIONS TO ABAG THAT WOULD MAKE UP ANY PROBLEMS WE COULD HAVE ON THE PENSION SIDE BUT WE STILL HAVE TO GET THERE. THERE

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IS STILL WORK TO DO AND STILL GRANTS THAT HAVE NO OVERHEAD ON THEM AND THINGS LIKE THAT. BUT I THOUGHT I WOULD SHOW YOU A QUICK BREAK DOWN OF WHAT IT LOOKS LIKE FOR THE INDIVIDUAL FUNDS THAT YOU'RE RESPONSIBLE FOR ALL YEAR. AND ALL THOSE CONTRACTS AND GRANTS YOU APPROVE AS THE YEAR GOES ON. AND THEN FINALLY, LAST BUT CERTAINLY NOT LEAST. THE ONE THING -- THE THING YOU WANT TO LOOK FOR IN EVERY AUDIT, GO TO THE LAST PAGE. YOU SEE THAT COLUMN ON THE RIGHT? THAT'S WHAT YOU WANT TO SEE. NO IT IS NOT NEGATIVE. IT IS VERY GOOD. THESE ARE ALL THE FINDINGS YOU HAVE IN AN AUDIT INTERNAL CONTROL, FAILURE OF CONTROL, DEFICIENCY, NON-COMPLIANCE, NO MATERIAL WEAKNESSES NO. THAT'S WHAT YOU WANT TO SEE THIS COMES OUT AS CLEAN AS A WHISTLE. KATHY SAID IT AND I PUT IT UP HERE SO YOU COULD SEE IT. YOU'RE PROBABLY NOT GOING TO CELEBRATE OR ANYTHING BUT THIS IS QUITE A WAY TO END A YEAR AND THE WAY A FISCAL YEAR SHOULD END. THAT'S ABOUT IT. I COULD GO THROUGH ALL OF THE GORY DETAILS OF THE GASB CHANGE BUT KATHY MADE ME PROMISE I WOULDN'T. I WOULD BE HAPPY TO ANSWER QUESTIONS.

KAREN MITCHOFF, CHAIR: THANK YOU VERY MUCH. DO WE HAVE ANY QUESTIONS? THERESE, YOUR HAND IS STILL RAISED WAS THAT FROM -- OKAY. THIS'S FINE. JULIE, GO AHEAD PLEASE.

JULIE PIERCE: YES. I JUST WANTED TO GIVE BRIAN A HUGE THANK YOU. HE SORT OF UNDERSTATED HIS RELUCTANCE, RESISTANCE

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REBELLION EVEN AT THE IDEA OF HAVING TO TAKE ON ABAG FINANCES. HE WAS CONVINCED THAT WE COULD NOT BE SAVED THAT WE WERE IF A DEATH SPIRAL. AND THOSE OF US AT ABAG AND BRAD WILL REMEMBER THIS VIVIDLY WE BASICALLY CHALLENGED BRIAN TO FIND THE WAY OUT AND DOGGONE IT, IF HE DIDN'T DO THAT. SO BRIAN, YOU ARE TO BE THANKED AND THANKED AGAIN. AND I KNOW YOU GET EMBARRASSED ABOUT IT. I DON'T CARE. YOU DESERVE IT. YOU DESERVE TO BE THANKED. YOU REALLY HAVE MADE A DIFFERENCE. AND I HAVE TO TELL YOU, I HEARD JUST THIS WEEK FROM A COUPLE OF OUR RETIREES, YOU KNOW WHO THEY ARE, BECAUSE THEY WERE REALLY, REALLY WORRIED WITH THE MERGER, THAT THEIR RETIREMENT WAS GOING AWAY. THAT IT WOULD GO UNFUNDED. AND THEY WERE NEAR PANIC. AND THEY ARE SO GRATEFUL AND SO RELIEVED, AND THEY FEEL SO SAFE NOW. THAT YOU ARE TO BE CREDITED WITH GIVING THAT TO THEM. SO I CANNOT THANK YOU ENOUGH. SO AS MY LAST MEETING ON THE FINANCE COMMITTEE, I AM EVER SO GRATEFUL THAT WE ACCOMPLISHED THAT HUGE GOAL.

BRIAN MAYHEW: SAVE THE PENSION LIABILITY FOR YOUR LAST MEETING.

KAREN MITCHOFF, CHAIR: THIS IS HER LAST ONE.

JULIE PIERCE: THIS IS MY LAST MEETING.

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KAREN MITCHOFF, CHAIR: ANY OTHER COMMENTS BY COMMITTEE MEMBERS? FRED, DO WE HAVE ANYONE IN THE PUBLIC WHO WISHES TO ADDRESS US?

CLERK OF THE BOARD: I SEE NO HANDS RAISED IN ATTENDEES AND NO WRITTEN COMMENTS WERE RECEIVED.

KAREN MITCHOFF, CHAIR: THANK YOU VERY MUCH. AS JULIE, AS YOUR LAST OFFICIAL ACT ON THE FINANCE COMMITTEE, WOULD YOU LIKE TO MAKE THE MOTION TO ACCEPT THIS REPORT?

JULIE PIERCE: I WOULD LOVE TO MAKE THE MOTION TO ACCEPT THIS REPORT, AND SAY AGAIN, THANK YOU BRIAN.

KAREN MITCHOFF, CHAIR: AND HOW ABOUT DAVE CORTESE, OUR TWO FORMER PRESIDENTS WHO BROUGHT US TO THIS POINT. DAVE, ARE YOU STILL THERE?

DAVID CORTESE: I'M HERE. I'LL SECOND IT.

KAREN MITCHOFF, CHAIR: OKAY. GREAT. THANK YOU VERY MUCH. MAY WE HAVE A ROLL CALL VOTE, PLEASE?

CLERK OF THE BOARD: MADAM CHAIR, TO CONFIRM THAT DOES THE MOTION ALL INCLUDE REAPPOINTMENT OF NEXT YEAR'S AUDIT.

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KAREN MITCHOFF, CHAIR: YES FRED. THANK YOU.

JULIE PIERCE: INCLUDE THAT IN THE MOTION.

CLERK OF THE BOARD: [ROLL CALL VOTE] MOTION PASSES UNANIMOUSLY.

KAREN MITCHOFF, CHAIR: THANK YOU. WITH THAT WE ARE ON TO ITEM 20 MALL BUSINESS ENTERPRISE. EDWARD PHILLIPS WILL BE GIVING THIS REPORT. I SEE HIS PICTURE THERE. HI EDDIE. YOU NEED TO UNMUTE.

EDWARD PHILLIPS: COULD WE BRING UP THE POWERPOINT? THANK YOU. GOOD EVENING DIRECTORS MY NAME IS EDDIE P CONTRACTED ADMINISTER HERE AT MTC ABAG I AM HERE TO PRESENT TO YOU ON THE SMALL BUSINESS ENTERPRISE SBE PROGRAM FOR FUTURE CONSIDERATION APPROVAL AND ADOPTION OF AN SBE PROGRAM. THIS PAST MARCH ALL MTC COMMITTEES AND THE COMMISSION UNANIMOUSLY APPROVED MTC, SBE PROGRAM PREVIOUSLY MTC HAD TWO PROGRAMS MTC PROGRAM FOR CIVIL CONSTRUCTION ADOPTED IN 2015 AND PILOT SBE PROGRAM FOR PROFESSIONAL SERVICES ADOPTED IN JANUARY 2017. THE CURRENT ADOPTED APPROVED PROGRAM COMBINED AND UPDATED PREVIOUS TWO SBE PROGRAMS INTO ONE COMPREHENSIVE PROGRAM THAT NOW CASTS A WIDER NET TO SBE FIRMS IN THE NINE COUNTY BAY AREA BY BROADENING THE

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ACCEPTABLE CERTIFICATION TO BROADER OPPORTUNITY OF CERTIFICATIONS EXPANDING EVALUATION OF ONE TIER TO TWO TIER AND INCREASE NUMBER OF CONTRACTS OF SBES BEING APPLIED. NEXT SLIDE PLEASE. THE OBJECTIVES OF MTC, SBE PROGRAM APPLY TO ALL NON-FEDERALLY FUNDED NON-ARCHITECTURALLY AND ENGINEERING CONTRACTS WITH A BUDGET IN EXCESS OF $25,000 AND IT INTENDS TO INCREASE THE NUMBER OF PARTICIPATING SBE FIRMS, INCREASE OVERALL COMPETITION IN PROCUREMENTS, CREATE A LEVEL PLAYING FIELD ON WHICH SBE FIRMS CAN COMPETE FAIRLY, REMOVE BARRIERS TO PARTICIPATING TO SBE FIRMS ONLY PROGRAMS ELIGIBLE REQUIREMENTS FOR EVALUATION PREFERENCE ALLOWED AND ALLOW BARRIERS FOR PARTICIPATION TO QUALIFIED SBE FIRMS. NEXT SLIDE. THE PROGRAM SETS FORTH THE POLICIES AND PROCEDURES TO BE IMPLEMENTED BY MTC TO ENSURE THAT SBES HAVE THE MAXIMUM OPPORTUNITY TO PARTICIPATE IN CONTRACTS BY, AS I STATED BROADENING THE ACCEPTABLE CERTIFICATIONS ALLOWED IN THE PROGRAM PROVIDING TWO TIERS BID EVALUATION PREFERENCE AND ALLOWING SBE PARTICIPATION LEVELS TO BE MET GOT ONLY BY THE PRIME CONSULTANT OR SUBCONSULTANT BUT BY A COMBINATION OF BOTH OF THOSE. NEXT SLIDE. THE THREE PRIMARY AREAS FOR PARTICIPATION MTC, SBE PROGRAM ARE AS FOLLOWS APPLYING TO ALL NON-FEDERALLY FUNDED NON-ARCHITECTURAL ENGINEERING MATERIALS EQUIPMENT FUNDING SPLICE AND SERVICES CONTRACTS WITH A BUDGET IN EXCESS OF $25,000. IT ACCEPTS THE STATE OF CALIFORNIA DEPARTMENT OF GENERAL SERVICES SBE PROGRAM, THE CALIFORNIA

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UNIFIED CERTIFICATION PROGRAM, DBE CERTIFICATION, THE CITY AND COUNTY OF SAN FRANCISCO LOCAL BUSINESS ENTERPRISE CERTIFICATION, THE ALAMEDA COUNTY SMALL AND LOCAL EMERGING BUSINESS PROGRAM CERTIFICATION AS WELL AS ANY DISADVANTAGED VETERAN BUSINESS ENTERPRISE LOCAL BUSINESS ENTERPRISE, LESBIAN, ANYWAY, TRANSGENDER MINORITY ENTERPRISE SMALL BUSINESS OR WOMEN OWNED BUSINESS ENTERPRISE CERTIFICATION FROM A FORMER CERTIFICATION AGENCY, PROVIDING THAT THE CERTIFICATION CAN BE MADE IN A SEARCHABLE DATABASE AND MEETS THE REQUIREMENTS OF THE STATE OF CALIFORNIA SMALL BUSINESS PROGRAM. PROVIDES A TWO TIER RACIAL PREFERENCE MET AT TOP FIVE PERCENT THIS BREAKS IT DOWN INTO TWO TIERS AND THE FIRST TIER IS FIVE PERCENT OR FIVE POINTS AND IT WILL BE APPLIED TO THE TOTAL EVALUATION WHEN THE PROPOSED SPECIFICATIONS COMMITS TO 25 PERCENT AND UP TO 40 PERCENT SB PARTICIPATING FOR THE WORK. IN EVALUATION PREFERENCE OF TEN PERCENT OR TEN POINTS, WILL BE APPLIED TO THE TOTAL EVALUATION WHEN THE PROPOSER MEETING SPECIFICATION COMMITS TO 40 PERCENT OR MORE SBE PARTICIPATION FOR THE WORK. NEXT SLIDE. SINCE APRIL, A STATED EARLIER, THE NEW -- THE REVISED PROGRAM, IF YOU WILL WAS ADOPTED AT THE MARCH MEETING AND SINCE APRIL WE PUT OUT 30 PROCUREMENTS 12 ISSUED WITH THE SBE PROGRAM, 18 WERE NOT BECAUSE THEY WERE EITHER FEDERALLY FUNDED, THEY WERE ARCHITECTURAL AND ENGINEERING ABAG PROCUREMENT OR OFF THE BENCH THAT DID NOT HAVE THE SBE APPLIED. 11 CONTRACTS HAVE BEEN ISSUED SINCE THIS

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DATE, AND SB PREFERENCE APPLIED AND MORE THAN $9 MILLION GOING TO SBE CONTRACTS. NEXT SLIDE. STAFF IS SEEKING DEVELOPED SMALL BUSINESS PROGRAM DOCUMENTATION AND RESOLUTION TO BE PRESENTED AT THE ABAG FINANCE COMMITTEE AND EXECUTIVE BOARD AT A POINT IN THE FUTURE FOR ADOPTION. THANK YOU FOR THIS OPPORTUNITY AND I WOULD BE HAPPY TO ANSWER ANY QUESTIONS YOU MAY HAVE.

KAREN MITCHOFF, CHAIR: THANK YOU EDDIE. DO WE HAVE ANY QUESTIONS? NOT SEEING ANY RAISED HANDS. OKAY. ANYONE FROM THE PUBLIC, FRED?

CLERK OF THE BOARD: YOU'RE ON MUTE FRED.

CLERK OF THE BOARD: SORRY. I SHOULD KNOW THAT. SCOTT HAGGERTY HIS HAND UP. AND NO HANDS RAISED FOR ATTENDEES AND NO WRITTEN COMMENTS RECEIVED.

KAREN MITCHOFF, CHAIR: SCOTT.

SCOTT HAGGERTY: ON THE LAST ONE. I WAS TRYING TO GET IN. I WAS DROPPED. I VOTE YES ON THE LAST ITEM.

KAREN MITCHOFF, CHAIR: THAT'S OKAY. NO OTHER PUBLIC OR WRITTEN COMMENTS. WITH THAT MAY I HAVE A MOTION TO APPROVE -- IT SAYS THE PRESENTATION BUT THAT WE MOVE FORWARD WITH THE

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METROPOLITAN TRANSPORTATION COMMISSION SMALL BUSINESS ENTERPRISE PROGRAM.

ERIN HANNIGAN, VICE CHAIR: HANNIGAN SECONDS.

KAREN MITCHOFF, CHAIR: AND WHO MOVED? OH JESSE. JESSE ARREQUIN MOVES, ERIN HANNIGAN SECONDS. ROLL CALL MR. CASTRO.

CLERK OF THE BOARD: [ROLL CALL VOTE] MOTION PASSES UNANIMOUS.

SPEAKER: IS THERE A PARTICULAR MONTH THAT YOU WOULD LIKE TO COME WITH A PARTICULAR PROGRAM?

KAREN MITCHOFF, CHAIR: WHAT IS THE TIME FRAME FOR YOU AND YOUR STAFF TO WORK ON THAT.

EDWARD PHILLIPS: EARLY PART OF NEXT YEAR.

KAREN MITCHOFF, CHAIR: RIGHT NOW WHY DON'T WE PLAN FOR THE MARCH MEETING.

EDWARD PHILLIPS: THANK YOU.

KAREN MITCHOFF, CHAIR: THANK YOU.

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SUP. NATHAN MILEY: KAREN, THIS IS NATE. I'M PRESENT.

KAREN MITCHOFF, CHAIR: THANK YOU. WE'RE GETTING READY TO ADJOURN THE MEETING I KNOW NATE HAS BEEN ON LONGER THAN NOW. WE'RE GOING TO GO IMMEDIATELY TO ACFA, I SEE PEOPLE IMMEDIATELY STARTING TO POPULATE THE SCREEN THAT ARE ON HERE FOR ABAG. I ASSUME WE HAVE GOT 20 MORE MINUTES WITH THAT. SO, ADJOURNING THE FINANCE COMMITTEE MEETING AND WE'LL MOVE INTO THE ACFA MEETING.

SCOTT HAGGERTY: MADAM CHAIR?

KAREN MITCHOFF, CHAIR: YES SCOTT?

SCOTT HAGGERTY: I WAS JUST WONDERING WOULD IT BE POSSIBLE TO SAY WE'LL START ABAG AT 7:00?

KAREN MITCHOFF, CHAIR: GREAT IDEA. WE'LL START ABAG AT 7:00.

SCOTT HAGGERTY: DOES THE PRESIDENT CONCUR WITH THAT?

JESSE ARREGUIN: JESS YES. I CONCUR.

DIR. SCOTT HAGGERTY: THAT'S A LOT EASIER.

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KAREN MITCHOFF, CHAIR: JESS ARE YOU READY FOR US TO MOVE TO THE NEXT MEETING.

SPEAKER: YES WE JUST NEED 30 SECONDS. [ADJOURNED

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