

AGENDA
REGULAR MEETING
BOARD OF DIRECTORS

EAST BAY REGIONAL PARK DISTRICT

Tuesday, October 6, 2009

C. BUSINESS BEFORE THE BOARD

8. BOARD COMMITTEE REPORTS

- d. Finance Committee Minutes and Recommended Actions from
the August 26, 2009 Meeting (Lane)

Attendees

Board: Beverly Lane (Chair), Doug Siden, Ayn Wieskamp

Staff: Pat O'Brien, Dave Collins, Cinde Rubaloff, David Sumner, Pam Burnor,
Davio Santos, Ted Radosevich, Susan Gonzales, Omurbek Ibraev

Public: Whitney Dotson, Bick Hooper - PAC, Melissa Dile and Annabell Holland -
City of Fremont, Doug Pryor - Bartel & Associates, Bruce Kern and
Stephanie Brown - East Bay EDA, Marian Breitbart and David Brodsley –
KNN, Stephen Melikian – Jones Hall.

I. EBRPD Retirement Plans Actuarial Study, Bartel & Associates

Doug Pryor from Bartel & Associates presented the Actuarial Report, dated April 1, 2009, covering the East Bay Regional Park District Sworn Safety and General Employee Retirement Plans. He also presented the firms' evaluation of the CalPERS plan contribution rates for miscellaneous employees. The presentation included various graphics and statistical information covering the current economic conditions and how they may affect future contribution rates.

Mr. Pryor reported that CalPERS has made some changes in how they will develop contribution rates. They have modified many factors used to determine contribution rates due to the extensive decline in asset value resulting from (or causing) the economic downturn. He reviewed some of the issues relative to policy decisions that the Finance Committee will see when setting future contribution rates.

Mr. Pryor continued that with CalPERS there is a two-year lag in reporting the Actuarial Investment Return - MVA (Miscellaneous): 2007 is the most recent year of reporting information. For the year 2007, the MVA is 18.8%. With current market conditions, CalPERS is projecting a negative of -5.1% for 2008 and a negative of -23.4% for 2009.

He also shared with the group that CalPERS has made a change in how they will report Actuarial Investment Returns - it will be based upon the new method of "smoothing" and includes a new category of Actual Value of Assets – Modified. This change reflects a positive of 5.5% for 2009,

compared to the Actual Value of Assets - Unmodified, which reflects a negative -9.9%. The “smoothing” policy reflects positively for the District because CalPERS will use the Modified Rate to determine future contribution rates; asset “smoothing” results in a level contribution rate.

Mr. Pryor then reported on unfunded liability and focused on the loss in asset value resulting from the current economic decline. His firm’s recommendation is that the District take advantage of the CalPERS process and implement a “fresh start.” This means that CalPERS will amortize the District’s asset losses over a defined period of time (10 to 12 years), which is shorter than CalPERS’s amortization period (30 years). This will produce increased annual contribution rates for the District, with the goal of ameliorating the extensive decline in assets experienced in 2008 and 2009 in a faster manner.

Director Wieskamp questioned whether there was a potential negative impact if the “fresh start” approach was utilized. Mr. Pryor responded that if the District had future budgetary constraints, we could go back to CalPERS and again request a “fresh start,” lengthening the amortization period to decrease contribution rates.

Davio Santos made the following comparison to what CalPERS is hoping to do by “smoothing:” A thirty year home mortgage can be made into a forty year mortgage in order to trim down monthly payments, but that still increases the total amount owed. He clarified his understanding that without extra money being paid, the debt is being pushed further into the future rather than being paid off. There was discussion and general agreement that the comparison was correct.

Recommendation: Moved by Director Lane and seconded by Director Siden, the Finance Committee unanimously accepted the East Bay Regional Park District Sworn Safety and General Employees Retirement Plans actuarial report dated April 1, 2009 for 2010 and 2011 Fiscal Years. The Motion also included a recommendation to implement the CalPERS “fresh start” approach to shorten the amortization period for the asset value loss in the CalPERS Miscellaneous Employee plan.

2. Measure WW Final Draft Bond Issue Documents and Refunding Measure AA Bonds

AGM Dave Collins introduced Marian Breitbart and David Brodsley from KNN Public Finance and Stephen Melikian from Jones Hall.

AGM Collins gave a brief update on the status of the 2009 Measure WW Bond Issue. Pending Finance Committee approval, the full Board will be asked to approve the final draft of the bond issue documents. AGM Collins reported that everything was proceeding efficiently for the sale of \$80 million Measure WW Bonds this fall. Final structure and pricing will be determined closer to the sale date, which is scheduled for the end of September.

The only policy matter for the Committee to consider was the refunding of currently outstanding Measure AA bonds. Due to the decrease in AV during 2009/2010 and anticipated decrease in 2010/2011, the goal of a \$10 levy maximum for payment of Measure AA debt service may be exceeded.

AGM Collins informed the Committee that the District can refund portions of the Measure AA debt, restructuring the repayment schedules to allow the District to more closely comply with the

\$10 levy amount in 2010/2011. He stated that to refund the current debt, it must be demonstrated that there was a gross dollar savings (currently calculated to be approximately \$80,000). The total cost of debt to the taxpayers may be a little higher due to the increase in interest expense resulting from a longer repayment schedule. Current estimated PV cost was approximately \$198,000.

AGM Collins also noted that the Board Packet will contain two Resolutions: one which includes the refunding of the Measure AA debt and one which does not include the refunding.

Recommendation: Moved by Director Lane and seconded by Director Siden, the Committee unanimously approved the acceptance of the final draft Measure WW Bond Issue documents and authorized staff to proceed with the refunding of Measure AA bonds. The motion included 2 stipulations: that the PV cost of refunding not exceed \$300,000, and that the intent of the refunding be to reduce the 2010/11 tax rate to near or below \$10.

3. Fremont Redevelopment Plan Amendment

AGM Collins introduced the City of Fremont Redevelopment Plan Amendment, which includes institution changes to their redevelopment area. He introduced Melissa Dile and Annabell Holland, who represented the City of Fremont.

AGM Collins informed the Committee that the City of Fremont will pass through their cost for the improvement of the Vargas Plateau and include roadway issues. Other areas of redevelopment that are of benefit to the District include Quarry Lakes, Niles Canyon and Alameda Creek. It is recommended that the amendment move forward.

Recommendation: There was discussion and motion by Director Wieskamp, seconded by Doug Siden. The Committee unanimously approved the acceptance of the Fremont Redevelopment Plan Amendment.

4. 2009/2010 Tax Levy for General Obligation Bonds Debt Service and Assessed Valuation Update.

CFO Cinde Rubaloff presented the 2009/2010 tax levy rate for Alameda and Contra Costa Counties. Previously, the Board had approved the levy with the stipulation that the final amount be reported to the Finance Committee in August, after all information had been received from counties related to current AV.

The 2009/2010 levy amount is \$10.80.

There was general discussion and the Committee accepted the information.

5. 2nd Quarter Investment Report

CFO Rubaloff presented the Investment Report and explained the format of the report. As of June 30th the District had \$204 million in total cash and investments, with \$31.5 million managed by fiscal agents and \$172.5 million managed by the CFO. The second quarter 2009 investment

earnings were .5%, compared to the second quarter 2008 investment earnings of .79%. The District outperformed the benchmarks during this quarter.

Recommendation: Moved by Director Wieskamp and seconded by Director Siden, the Committee approved the acceptance of the 2nd Quarter Investment Report.

6. 2nd Quarter Budget to Actual

CFO Rubaloff presented the Quarterly Budget to Actual. Highlights were that General Fund revenue at 6/30/09 was at 49.7% of budget, compared to 6/30/08 when revenue collections were at 50.6% of budget. General Fund expenditures had 55% of appropriations remaining at 6/30/09, with the same percentage remaining as of 6/30/08. There was general discussion and explanation of some of the variances.

The Committee accepted the report.

7. East Bay Economic Update

Bruce Kern, Executive Director of the East Bay Economic Development Alliance (EDA), presented a graphics and statistical report that covered the current and projected economic recovery for Alameda and Contra Costa Counties. Last November, EDA teamed up with the UCLA Anderson Forecast to perform an outlook for the two county regions. The presentation covered the following economic indicators:

Employment: The two counties are projected to mirror the rest of California. The unemployment rate for California is 12.1%, and the two counties are at 11.3% with an expectation to rise to 11.6%.

Real Personal Income: This will decline and is not expected to recover until late 2010/2011.

Sales Tax Revenues: Some cities are at double-digit sales tax declines and recovery is expected to begin at the end of 2009 and in early 2010.

Housing and Construction: This area is beginning to show some improvement. Home prices are stabilizing and there are fewer distressed home sales.

Information Sector: Continues to show decline.

Financial Services (Banks): These institutions have experienced the biggest losses.

Temporary Employment Services: The survey indicates that employers are still in an economic adjustment. More than half of those surveyed planned to keep the current level of employees, and 16% of employers are planning to reduce their payroll costs.

The Committee accepted the report.

8. Bi-Annual Update on Internal Audit Plan Status

Audit Manager Dave Sumner presented a report covering audits performed during the first half of 2009. Staff worked on three audit projects, and their evaluations are included in their report. There was discussion concerning the review of the Ardenwood Concession. The current agreement expires in December 2009 and the District is in negotiations with the Concessionaire to resolve issues of concern.

The Committee accepted the report.

9. Mid-Year Budget Adjustments

Budget Manager Pam Burnor presented a report covering mid-year adjustments. The report includes a line item listing of budget changes by fund, departments and locations. There was discussion concerning the budget for election costs. It was determined that there will be no election costs in the current budget year, so the budget should be reduced.

Recommendation: Moved by Director Siden seconded by Director Wieskamp, the Committee approved the 2009 Mid-Year Budget Adjustments.

10. Public Comment

Doug Siden reported that he will be attending a conference during the next Finance Committee meeting of September 23rd and Whitney Dotson will be his alternate.

Adjournment: 4:15PM