

**Summary Minutes
Administration & Finance Committee
Wednesday, December 7, 2022, 2:00 p.m.**

Due to COVID-19, this meeting was conducted as a teleconference pursuant to the provisions of Assembly Bill 361.

Directors: Sue Noack, Keith Haydon
Staff: Bill Churchill, Ruby Horta, Scott Mitchell, Amber Johnson, Lathina Hill, Julie Sherman, Pat Glenn
Public: None addressed the committee

Call to Order: Meeting called to order at 2:00 p.m. by Director Noack.

1. Approval of Agenda

The Committee approved the agenda.

2. Public Communication

None.

3. Approval of Minutes of November 2, 2022

The Committee approved the minutes.

4. Fiscal Year 2022 Financial Audit

Ms. Johnson gave an overview of the audit performed for the year ended June 30, 2022, informing the Committee that the audit resulted in an unmodified opinion, and that that prior year findings related to inventory and the schedule of federal awards were resolved. Ms. Johnson reviewed financial highlights of the year, then introduced Ryan Nielsen, the Brown Armstrong partner in charge of the FY 2022 audit.

Mr. Nielsen reported that the auditor's opinion on the Authority's financial statements is unmodified, which is the highest opinion that an entity can obtain under government auditing standards, and that the statements were fairly presented in all material aspects. Mr. Nielsen reported that there were no instances of noncompliance noted in the report on State Compliance. He further reported that the auditors are required to relay certain elements of communication to the Board of Directors, specifically any significant difficulties encountered during the audit, and/or any disagreements with management, of which there were none. He also reported the results of the additional agreed-upon procedures related to certain revenue allocations and certain expenditure types. The only reportable item related to this procedure was that the Authority's fuel costs exceeded prior year costs by more than \$500,000 or \$0.75/per gallon. Mr. Nielsen thanked County Connection's financial staff for their work on the audit.

Each member of the Committee recommended to the Board that the FY 2022 audit report be recommended to the full Board of Directors for approval.

5. Pension Funding Discussion

Ms. Johnson reported that she has conducted research to explore the idea of the establishment of a 115 trust for pensions. Ms. Johnson gave an overview of options for how a new pension funding policy might be drafted, addressing the proposed initial investment to a 115 and ongoing revenue sources. Director Noack agreed that a 115 for pensions is a good approach, as long as the fund takes a long view, and the Authority does not plan to tap into the fund in the near term. Mr. Churchill stated that Authority staff has discussed the effects on the Authority's TDA claim with MTC staff, and MTC staff is supportive of the idea. Mr. Churchill also affirmed that the plan for this fund would have a long view, with the goal of not touching the funds for several years so that there is opportunity for a robust plan that will protect the Authority for years to come. Director Noack also stated that there is inherent flexibility in a 115 trust to cover normal pension costs. The Committee directed staff to return at a future meeting with proposed details on how to seed the trust, ongoing contribution formulas, and a proposed new pension policy for consideration.

6. Reimbursement for Administrative Employees (Grade 9 and below)

Mr. Churchill reported that, given the positive feedback received about the COVID expense reimbursement to the members of the Teamsters and IAM, extending the same acknowledgement to Administrative employees (Grade 9 and below) not represented by any union is being proposed. Additionally, Grade 9 and below Administrative employees are not eligible for the Merit Pool that is requested by the General Manager at the end of each fiscal year. Administrative staff that benefit include positions that were critical during the COVID-19 pandemic such as custodians and customer service representatives. The Committee approved the recommendation to distribute \$2,500 to non-represented administrative employees (Grade 9 and below) and forward it to the Board for approval.

7. Review of Vendor Bills, November 2022

The Committee reviewed the vendor bills for November 2022.

8. Approval of Legal Services Statement, September 2022 Labor, October 2022 General

The Committee approved the legal services statements for September 2022 Labor, October 2022 General services.

9. Next Scheduled Meeting

The next meeting was scheduled for January 4th at 2:00 p.m. via teleconference.

10. Closed Session:

Conference with Labor Negotiator (pursuant to Government Code Section 54957.6)

Employee Organization:

Amalgamated Transit Union, Local 1605, AFL-CIO, Bus Operators

11. Open Session:

Report of Action(s) taken during the Closed Session – direction was given to staff.

12. Adjournment

The meeting was adjourned at 3:03 p.m.

Minutes prepared and submitted by: Amber Johnson, Chief Financial Officer