

FINANCE COMMITTEE MEETING MINUTES

The Board of Pilot Commissioners Finance Committee met September 10, 2008 at 9:15 a.m. at the Board of Pilot Commissioners office, Pier 9, Suite 102, San Francisco, CA. In the absence of Committee Chair Commissioner Osen, Committee member Mike Jacob, PMSA Vice President, was selected among those committee members present to preside over the meeting. Committee members Commissioner Wainwright and SFBP Business Director Ken Levin and Board Counsel Paetzold, Executive Director Moloney and Secretary Alice Evans were in attendance.

Agenda:

1. Review/approve **minutes** of the August 21, 2008 meeting. Approval of the minutes was deferred until the next meeting.

2. Review **Budget Change Proposal** (BCP) to seek expenditure authority as necessary to fund:
 - (1) the Board's anticipated legal defense costs;
 - (2) projected increases in training expenses due increased travel expenses, expansion of training in advanced electronic navigation technology, and changes in the exchange rate with the Euro; and
 - (3) other potential increases in the Board's expenses to be identified by the Committee or Board staff.

Executive Director Moloney distributed copies of the draft BCP. He advised that staff had determined that projected travel expenses and training expenses under current contracts remained within the Board's budget and did not warrant a BCP at this time. Accordingly, the BCP was limited to requesting additional funding authority for litigation defense costs in the COSCO BUSAN-related law suits.

The Committee members reviewed each portion of the BCP and narrative.

Mike Jacob commented that PMSA is supportive of a BCP for additional legal costs to permit the Board to mount a vigorous defense, however it would not be not supportive of paying for a judgment against the Board.

It was noted that additional information is needed to complete the BCP. Board staff will finalize the BCP with assistance from the budget analysts at Department of Consumer Affairs. No committee action taken.

3. Review current **Pilot Vessel Surcharge** rate (currently 7.03 mils effective July 1, 2008 (previous 6.05 mils effective January 1, 2008)), revenue, expenditures and reserve balance; develop possible recommendation to the Board for further Pilot Vessel Surcharge rate adjustment if warranted.

This item will be addressed at a separate meeting.

4. Review **BOPC Fund Condition**, revenue and expenditure projections; including (a) **Board Operations Surcharge** (currently 2.4%); (b) **Pilot Training Surcharge** (currently \$45/move), and (c) **Trainee Training Surcharge** (currently \$9/trainee/move) -- develop possible recommendations to Board to adjust rates if warranted.

This item will be addressed at a separate meeting.

5. Comments on matters not on the agenda. There were none.

The next Committee meeting is scheduled for 8:00 a.m., September 26, 2008.

Respectfully submitted,

Alice A. Evans
Secretary