

<p><b>Meeting Date:</b>  <b>September 26, 2017</b></p>	<p><b>Board of Pilot Commissioners for the Bays of San Francisco, San Pablo, and Suisun 660 Davis Street, San Francisco, CA 94111</b></p> <p><b>FINANCE COMMITTEE MEETING MINUTES</b></p>	<p><b>Page 1 of 5</b></p>
--	---	---------------------------

**Committee Members Present:**

Mike Jacob, Vice President-General Counsel, Pacific Merchant Shipping Association (PMSA),  
Acting Chairman

Captain Einar Nyborg, Commissioner and San Francisco Bar Pilot

Ray Paetzold, Business Director-General Counsel, San Francisco Bar Pilots (SFBP)

**Committee Members Absent:**

David Hoppes, Commissioner and PMSA Consultant

**Staff Present**

Allen Garfinkle, Executive Director

Roma Cristia-Plant, Assistant Director

Dennis Eagan, Board Counsel

Luis Cruz, Staff Services Analyst

**Public Present**

None.

**OPEN METING**

**1. Call to Order and Roll Call.**

Acting Chairman Jacob called the meeting to order at 9:32 a.m. Staff Services Analyst Cruz called the roll and confirmed a quorum.

**2. Action by the Committee to select a Committee Chairman.**

After a brief discussion, the Committee elected Commissioner David Hoppes as the Committee Chairman.

**3. Approval of the minutes from the Committee meeting held on June 13, 2017.  
(Chairman)**

Committee members were presented with the draft minutes from the Committee meeting held on June 13, 2017. Mr. Paetzold requested minor edits to the draft minutes.

**MOTION:** Mr. Paetzold moved to approve the minutes from the meeting held on June 13, 2017, as amended. Mr. Jacob seconded the motion.

**VOTE:** YES: Jacob, Nyborg, and Paetzold.

NO: None.

**ACTION:** The motion was approved.

<p><b>Meeting Date:</b> <b>September 26, 2017</b></p>	<p><b>Board of Pilot Commissioners for the Bays of San Francisco, San Pablo, and Suisun 660 Davis Street, San Francisco, CA 94111</b></p> <p><b>FINANCE COMMITTEE MEETING MINUTES</b></p>	<p><b>Page 2 of 5</b></p>
---	---	---------------------------

**4. Review Board fund condition, revenue and expenditure projections, and monthly data for all pilotage fees and vessel moves.**

Assistant Director Cristia-Plant provided a review of the following for the Committee:

- The Board’s statement of fund condition and forecast assumptions for the accounting fiscal year ending June 30, 2017, and for the two-month period ending August 31, 2017, including the current year budget, projected revenues and expenditures, and contract encumbrances for the Board Operations, Pilot Continuing Education and Pilot Trainee Training funds.
- The historical and projected data for the Board Operations Surcharge, the Continuing Education Surcharge, and Trainee Training Surcharge.

Assistant Director Cristia-Plant explained to Commissioner Nyborg that pro rata costs are the Board’s share of the State’s recoveries of statewide general administrative costs, and that pro rata costs are not budgeted, but the funds to pay the expenditure are swept from the Board’s fund in the State Treasury. As such, it is important to include pro rata expenditures when reviewing the Board’s projected Board Operations fund balance.

**a) Review Board Operations Surcharge rate (currently at 3.0%), and the revenues, expenditures, and reserve balance. Recommendation to the Board to adjust the Board Operations Surcharge rate, if warranted. (Executive Director Garfinkle/Assistant Director Cristia-Plant)**

The Committee reviewed and discussed the Board Operations Surcharge and determined that it should remain at the current rate.

**MOTION:** Commissioner Nyborg moved that the Committee recommend to the Board to maintain the Board Operations Surcharge rate at 3% of all pilotage fees. Mr. Paetzold seconded the motion.

**VOTE:** YES: Jacob, Nyborg, and Paetzold.  
NO: None.

**ACTION:** The motion was approved.

**b) Review Pilot Continuing Education Surcharge rate (currently at \$5/move), and the revenues, expenditures, and reserve balance. Recommendation to the Board to adjust the Pilot Continuing Education Surcharge rate, if warranted. (Executive Director Garfinkle/Assistant Director Cristia-Plant)**

The Committee reviewed and discussed the Pilot Continuing Education Surcharge and determined that it should remain at the same rate.

<p><b>Meeting Date:</b>  September 26, 2017</p>	<p><b>Board of Pilot Commissioners for the Bays of San Francisco, San Pablo, and Suisun 660 Davis Street, San Francisco, CA 94111</b></p> <p><b>FINANCE COMMITTEE MEETING MINUTES</b></p>	<p><b>Page 3 of 5</b></p>
---	---	---------------------------

**MOTION:** Mr. Paetzold moved that the Committee recommend to the Board to maintain the Pilot Continuing Education Surcharge rate at \$5/move. Commissioner Nyborg seconded the motion.

**VOTE:** YES: Jacob, Nyborg, and Paetzold.  
NO: None.

**ACTION:** The motion was approved.

**c) Review Trainee Training Surcharge rate (currently at \$20/trainee/move), and the revenues, expenditures, and reserve balance. Recommendation to the Board that it adjust the Trainee Training Surcharge rate, if warranted. (Executive Director Garfinkle/Assistant Director Cristia-Plant)**

The Committee reviewed and discussed the Trainee Training Surcharge rate and determined that it should remain at the same rate.

**MOTION:** Mr. Paetzold moved that the Committee recommend to the Board that it maintain the Trainee Training Surcharge rate at \$20/trainee/move. Commissioner Nyborg seconded the motion.

**VOTE:** YES: Jacob, Nyborg, and Paetzold.  
NO: None.

**ACTION:** The motion was approved.

**5. Review Pilot Vessel Surcharge rate (currently at 2.62 mills - \$.00262), and the revenues, expenditures, and reserve balance. Recommendation to the Board to adjust the Pilot Vessel Surcharge rate, if warranted. (Ray Paetzold, San Francisco Bar Pilots Business Manager-General Counsel)**

Mr. Paetzold reported to the Committee the following:

- On September 18, 2017, the loan for the P/V DRAKE was paid off. As such, the Pilot Vessel surcharge expired of its own accord on this date.
- The SFBP stopped collection of the Pilot Vessel Surcharge at Midnight, September 18, 2017.
- After application of all Pilot Vessel surcharged funds on hand, the final loan balance of \$1,756.41 was paid with the SFBP funds.
- All Pilot Vessel Surcharge monies have been accounted for, and there are no remaining Pilot Vessel Surcharge funds on hand.

Mr. Paetzold informed the Committee that it is likely the SFBP will seek Board approval of funding for a new pilot vessel in about two years, and that the new vessel will replace the aging P/V GOLDEN GATE.

<p><b>Meeting Date:</b> <b>September 26, 2017</b></p>	<p><b>Board of Pilot Commissioners for the Bays of San Francisco, San Pablo, and Suisun 660 Davis Street, San Francisco, CA 94111</b></p> <p><b>FINANCE COMMITTEE MEETING MINUTES</b></p>	<p><b>Page 4 of 5</b></p>
---	---	---------------------------

**6. Review of Navigation Technology Surcharge rate (currently at \$40/move), and the revenues, expenditures, and reserve balance. Recommendation to the Board to adjust the Navigation Technology Surcharge rate, if warranted. (Ray Paetzold, San Francisco Bar Pilots Business Manager-General Counsel)**

Mr. Paetzold reported to the Committee the following:

- The amount borrowed on the SFBP line of credit used to purchase the Board-approved navigation technology was \$826,218.
- The line of credit terms involve paying interest only until July 2018. Total accrued interest was \$13,250, and interest paid totaled \$11,201.
- After July 2018, the line of credit will be converted to a long-term loan with amortized payments.
- The SFBP projects an expenditure of approximately \$28,000 for 56 new Rosepoint software licenses, which includes annual technical support and available software upgrades.
- All navigation technology equipment has been deployed, is working well, and will be utilized at the pilot bridge resource management training at the California State University Maritime Academy in October 2017.
- The Committee recommend to the Board that it maintain the current Navigation Technology Surcharge rate at this time.

There was no further discussion by the Committee members.

- MOTION:** Mr. Paetzold moved that the Committee recommend to the Board that it maintain the Navigation Technology rate at \$40/move.  
Commissioner Nyborg seconded the motion.
- VOTE:** YES: Jacob, Nyborg, and Paetzold.  
NO: None.
- ACTION:** The motion was approved.

**7. Review of pilotage and surcharge audit report for 2016 calendar year prepared by the State Controller’s Office (SCO) under contract with the Board. Possible recommendation to Board to accept the report in satisfaction of contract scope of work. (Executive Director Garfinkle/Assistant Director Cristia-Plant)**

Committee members were presented the State Controllers’ Office pilotage and surcharge audit report for the 2016 calendar year. Assistant Director Cristia-Plant noted for the Committee that the SCO found no exceptions in the audit, and that the SFBP should be commended on their accounting procedures and records.

<p><b>Meeting Date:</b>  September 26, 2017</p>	<p><b>Board of Pilot Commissioners for the Bays of San Francisco, San Pablo, and Suisun 660 Davis Street, San Francisco, CA 94111</b></p> <p><b>FINANCE COMMITTEE MEETING MINUTES</b></p>	<p><b>Page 5 of 5</b></p>
---	---	---------------------------

**MOTION:** Mr. Paetzold moved that the Committee recommend to the Board that it accept the State Controller's Office pilotage and surcharge audit report for the 2016 calendar year. Mr. Jacob seconded the motion.

**VOTE:** YES: Jacob, Nyborg, and Paetzold.  
NO: None.

**ACTION:** The motion was approved.

**8. Public comment on matters not on the agenda.**

There were no public attendees at the meeting.

**9. Schedule the next Committee meeting, and proposals for the next Committee meeting agenda.**

The Committee scheduled the next meeting for December 5, 2017, at 9:30 a.m. No new agenda items were proposed.

**10. Adjournment.**

There was no further discussion by the Committee.

**MOTION:** Mr. Paetzold moved to adjourn the meeting. Mr. Jacob seconded the motion.

**VOTE:** YES: Jacob, Nyborg, and Paetzold.  
NO: None.

**ACTION:** The motion was approved and the meeting adjourned at 10:54 a.m.

Submitted by:

  
 Allen Garfinkle, Executive Director