

<p>Meeting Date: March 21, 2019</p>	<p>Board of Pilot Commissioners for the Bays of San Francisco, San Pablo, and Suisun 660 Davis Street, San Francisco, CA 94111</p> <p>FINANCE COMMITTEE MEETING MINUTES</p>	<p>Page 1 of 4</p>
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Committee Members Present:

David Hoppes, Committee Chair, Commissioner
 Captain Einar Nyborg, Commissioner
 Ray Paetzold, Business Director-General Counsel, San Francisco Bar Pilots (SFBP)

Committee Members Absent:

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

Staff Present

Allen Garfinkle, Executive Director
 Roma Cristia-Plant, Assistant Director
 Luis Cruz, Associate Governmental Program Analyst
 Alethea Wong, Administrative Assistant II

OPEN MEETING

1. Call to Order and Roll Call. (Chairman Hoppes)

Chairman Hoppes called the meeting to order at 9:35 a.m. Associate Governmental Program Analyst Cruz called the roll and confirmed a quorum.

2. Approval of the minutes from the Committee meeting held on December 6, 2018. (Chairman Hoppes)

Committee members were presented with the draft minutes from the Committee meeting held on December 6, 2018. There was no discussion of the draft minutes.

MOTION: Mr. Paetzold moved to approve the draft minutes from the meeting held on December 6, 2018. Commissioner Nyborg seconded the motion.

VOTE: YES: Hoppes, Nyborg, and Paetzold
 NO: None.
 ABSTAIN: None.

ACTION: The motion was approved.

3. Review Board fund condition, revenue and expenditure projections and monthly data for all pilotage fees and vessel moves and their effect on Board-approved surcharges.

a) Review Board Operations Surcharge rate (currently at 2.75%), 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)

b) Review Pilot Continuing Education Surcharge rate (currently at \$25/move), and the revenues, expenditures and reserve balance. Recommendation to the Board to

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adjust the Pilot Continuing Education Surcharge rate, if warranted. (Executive Director Garfinkle/Assistant Director Cristia-Plant)

- c) Review Trainee Training Surcharge rate (currently at \$15/trainee/move), and the revenues, expenditures and reserve balance. Recommendation to the Board to adjust the Trainee Training Surcharge rate, if warranted. (Executive Director Garfinkle/Assistant Director Cristia-Plant)**

The Committee reviewed and discussed the fiscal information provided by staff on the Board's budget, and the Board Operations, Pilot Continuing Education, and Trainee Training surcharges. Chairman Hoppes noted that the current Pilot Continuing Education Surcharge rate is generating approximately half of the annual expenses. He further commented that the Committee might want to consider waiting to the end of the fiscal year, to change this surcharge rate. He noted that the Pilot Continuing Education Surcharge was last increased in July 2018. Mr. Paetzold concurred with waiting until the end of the fiscal year to re-evaluate this surcharge rate. Chairman Hoppes indicated, from his review of the fiscal information provided, that it appeared the Board Operations and the Trainee Training surcharge rates are sufficient, and that he did not believe that the Committee needed further discussion.

MOTION: Mr. Paetzold moved that the Committee recommend to the Board to maintain the Board Operations Surcharge at 2.75% of all pilotage fees, to maintain the Pilot Continuing Education Surcharge rate at \$25/move, and to maintain the Trainee Training surcharge rate at \$15/trainee/move. Commissioner Nyborg seconded the motion.

VOTE: YES: Hoppes, Nyborg, and Paetzold.
NO: None

ACTION: The motion was approved.

- 4. 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 the following:

- The Navigation Technology surcharge rate became effective July 1, 2017 and was set by the Board at \$40/move.
- Loan interest payment made from December 1, 2018 to March 1, 2019, was \$9,773.57.
- Loan principal payments made from December 1, 2018 to March 1, 2019, was \$96,829.04.
- Total loan payments made from December 1, 2018 to March 1, 2019 was \$106, 602.61.
- As of March 1, 2019, the navigation technology loan balance was at \$482,559.58.

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- There was an increase in prime interest rate on the navigation technology loan from 5.25% to 5.5% effective December 20, 2018. He noted that the amortization schedule will vary with the prime rate and any further reduction of principal, and that it is too early to determine if the total interest owed on the loan will exceed the amount that was authorized by the Board.
- The projected navigation technology surcharge revenue at \$40/move based on 725 moves/month is approximately \$29,000 per month.
- Debt service is expected to be approximately \$26,000 per month until the third quarter of 2019.
- Projected additional expenses for the second quarter of 2019 the Rose Point software upgrade. The software is in beta testing. He estimated \$28,000 for Rose Point annual support and software upgrades for 56 licenses, and an additional \$3,000 for the six additional licenses covered by the final authorization request.
- He recommends maintaining the Navigation Technology Surcharge rate at \$40/move, to be reviewed again in the second quarter of 2019.

Assistant Director Cristia-Plant stated that she reviewed the financial information provided by Mr. Paetzold and the Board's documentation of the Navigation Technology Surcharge billings and agreed with Mr. Paetzold's recommendation to maintain the surcharge rate at \$40/move. There was no further discussion of the Navigation Technology Surcharge rate.

MOTION: Chairman Hoppes moved that the Committee recommend to the Board to maintain the Navigation Technology Surcharge rate at \$40/move.

Commissioner Nyborg seconded the motion.

VOTE: YES: Hoppes, Nyborg, and Paetzold.

NO: None

ACTION: The motion was approved.

5. Review of pilotage and surcharge audit report for 2017 calendar year, as amended, and prepared by the State Controller's Office under contract with the Board. Possible recommendation to Board to accept the State Controller's Office pilotage and surcharge audit report, as amended, for 2017 in satisfaction of the contract scope of work. (Executive Director Garfinkle/Assistant Director Cristia-Plant)

Assistant Director Cristia-Plant reported that the pilotage and surcharge audit report for 2017 calendar year conducted by the State Controller's Office (SCO) is still being conducted. She noted that a final draft is expected to be available for review by the next Finance Committee meeting.

6. Public comment on matters not on the agenda.

There were no comments from the public.

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7. Schedule the next Committee meeting, and proposals for the next Committee meeting agenda.

The Committee schedule to hold the next meeting on Thursday, June 20, 2019. Chairman Hoppes requested that the SFBP and SCO audits be on the next Committee meeting agenda.

8. Adjournment.

There was no further discussion by the Committee.

MOTION: Mr. Paetzold moved to adjourn the meeting. Commissioner Nyborg seconded the motion.

VOTE: YES: Hoppes, Nyborg, and Paetzold
NO: None.

ACTION: The motion was approved and the meeting adjourned at 9:48 a.m.

Submitted by:



Allen Garfinkle, Executive Director