

<p>Meeting Date: November 4, 2025</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 8</p>
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ATTENDANCE

Committee Members Present via Webex:

Mike Jacob, President, Pacific Merchant Shipping Association (PMSA)
 Captain Anne McIntyre, Business Director, San Francisco Bar Pilots (SFBP)
 Sam Rodriguez, Committee Chair

Committee Members Absent:

None.

Staff Present via Webex:

Allen Garfinkle, Executive Director
 Matthew Millspaugh, Assistant Director
 Alethea Wong, Licensing and Training Programs Manager
 Greg Shepherd, Records Management and Program Support Coordinator
 Mari McNeill, Board Administrative Coordinator
 Roma Cristia-Plant, Consultant to the Board

Public Via Webex:

Captain John Carlier, SFBP President and Port Agent
 Kevin Baldwin, SFBP General Counsel
 Jennifer Cohen, PMSA, Vice President of Governmental Affairs
 Jeff Ho, SFBP Controller

OPEN MEETING

1. Call to Order and Roll Call. (Chair Rodriguez)

Chair Rodriguez called the meeting to order at 10:03 a.m. Board Administrative Coordinator McNeill called the roll and confirmed a quorum.

2. Public comments on matters on the agenda or not on the agenda.

None.

3. Approval of the minutes from the Finance Committee meeting held on September 16, 2025.

Possible Committee action to approve minutes from the Finance Committee meeting held on September 16, 2025. (Chair Rodriguez)

Assistant Director Millspaugh explained that due to time constraints the minutes were delayed. He requested the Committee postpone their discussion of the minutes from the Finance Committee meeting held on September 16, 2025.

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- MOTION:** Committee Member McIntyre moved to defer the approval of the draft minutes from the September 16, 2025 meeting to the next Finance Committee meeting. Chair Rodriguez seconded the motion.
- VOTE:** YES: Jacob, McIntyre, and Rodriguez.
NO: None.
ABSTAIN: None.
- ACTION:** The motion was approved.

4. Update on status of shipping activity since September 2025, and discussion of shipping trends and possible impacts for the remainder of the calendar year. (Committee Member Jacob, Committee Member McIntyre, and Assistant Director Millspaugh)

Assistant Director Millspaugh stated that shipping activity at the Port of Oakland overall has been lower, most likely due to trade policy for the Port of Oakland, but it has not been dramatic. Committee Members McIntyre and Jacob agreed with Assistant Director Millspaugh's statement that uncertainty continues due to trade policy and tariffs.

Committee Member McIntyre stated that SFBP's October 2025 shipping was equivalent to the shipping numbers for October 2024, with 29 million Gross Registered Tons (GRT).

Committee Member Jacob stated that:

- The Office of the United States Trade Representative (USTR) is evaluating whether additional tariffs for non-containerized vessels, including Roll-on/Roll-off (RoRo) vessels, tankers, and ship-to-shore cranes should be imposed on Chinese vessels.
- Shipping volumes were steady in the Bay Area through October 2025.
- There was a decline in vessel volumes through September 2025 for the Ports of Los Angeles and Long Beach, which may impact the Port of Oakland in November 2025, but it is difficult to predict.
- Although increased shipping may not seem likely, it seems there is a lower likelihood of [dramatic] decreases in shipping volumes.
- China has not bought soybeans from the United States for the last couple months, which impacted the West Coast but not the Port of Oakland, because most soybean exports are out of Columbia River ports and Seattle-Tacoma.
- The Supreme Court is scheduled to hear arguments on the legality of federal tariffs, which depending on the court's decision could be a source of further disruption within the shipping industry.
- The possibility for the Port of Oakland to outperform broader trends, and see additional volume, does not seem likely because the recent harvest period cycle has been missed for perishable agriculture exports.
- There was a congressional hearing focused on reviving shipbuilding in the United States which included positive testimony on what needs to happen [to bolster ship building in the United States], but no concrete implementation steps were identified.

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Committee Member McIntyre stated that she had not heard of any union strikes or Port work pauses. All stakeholders seem to be pulling in the same direction.

5. Review and discussion of Board Counsel’s opinion concerning the interpretation of the Harbors and Navigation Code (HNC) §1166(a) and the proposal to change the methodology used calculate the monthly pension benefits from a billing basis to a cash basis.

Assistant Director Millspaugh stated that:

- Board Counsel Tuck’s initial opinion was that the pension should be based on cash.
- Board Staff had internal discussions regarding HNC 1166(b), which states that the fiduciary has the authority to choose the accounting method.
- If pension calculations remain based on billing, then billing and cash received should be reconciled and any deficit corrected for the difference, perhaps over the next year.

Assistant Director Millspaugh summarized the data in the corresponding slides, demonstrating the discrepancy between the billing and cash received amounts.

Committee Member McIntyre stated that switching to cash would not be cumbersome and would but would be a clearer method for accounting and support transparency. She opposed the idea of annual reconciliation because it would add an additional layer of complication that she felt was not necessary. She cited the supporting schedule slide as a better datapoint to compare billing and cash received.

Committee Member Jacob stated that he would defer to Board Counsel’s recommendation, and he did not feel a reconciliation would be necessary if the billing was accurate and audited. He further stated the transition period when shifting to calculations based off cash received could be a bit complex, but, overall, it would be a simpler method.

Attendees discussed the potential issues created by calculating pension payments based off billing (instead of cash received) including the SFBP carrying the gap between billed and cashed received, calculating the pension on cash received may create payments in a given month where there are larger swings in the amounts paid to pensioners (up or down) but that swing would most often be reconciled and normalize the following month.

Ms. Cristia-Plant recommended that, if the fiduciary decided to transition to pension calculations based off cash received:

- The transition should be in January, to create a clean break for the new year. (Chair Rodriguez highlighted that the state operates on a Fiscal Year schedule, so July would be more appropriate.)
- The fiduciary should obtain accounts received information from SFBP so the fiduciary could reassure pensioners that there would be no significant difference in the pension payments.

Executive Director Garfinkle stated his desire to ensure pensioners are considered and informed of any potential changes in advance and that, if a Committee discusses the issue, the public is properly noticed.

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Committee Member McIntyre agreed that there needs to be a discussion with retirees for transparency. Committee Member McIntyre also stated that she did discuss the issue with some of the pensioners.

Ms. Cristia-Plant suggested having the Pension Committee review the billing-cash comparison data.

Attendees discussed the amount the SFBP covered over the last 10 years due to the discrepancy between billing and cash received. Discussion points included:

- Records Management and Program Support Coordinator Shepherd stated that, when looking at the comparison, the significance of the difference can be skewed by whether it is looked at from the comparison over the last 10 years or the annual comparison.
- Assistant Director Millspaugh stated that, over the last 10 years, SFBP paid approximately \$500,000 to cover the difference between billing and cash received. This number is significant but is also less than 1% of the billing that occurred over the 10 year period.
- When asked if active pilots supported covering the gap between billing and cash received [including the past amount covered], Committee Member McIntyre reported the pilots did not.

Chair Rodriguez and Committee Member McIntyre discussed a motion to refer this agenda item to the Pension Committee, but a motion was decided as not appropriate. Committee Member Jacob encouraged Board staff to consult Board Counsel, prior to making the decision or change, to verify the interpretation of HNC 1166(a) and (b). He supported switching to a cash basis, stated that pensioners are not guaranteed a set amount when receiving pension payments, and that the SFBP and rate payers are not obligated under statute to cover pension funding gaps between billing and cash received.

Executive Director Garfinkle stated that he, as a fiduciary, has the authority to decide and change the pension calculation method on his own; but that he felt it would be helpful to inform pensioners and invite feedback.

Assistant Director Millspaugh stated that Board Staff will consult with Board Counsel and Board President Tynan regarding next steps, to ensure that there would be no underground regulation issue. If it is decided to transition to cash received based calculations, then Board staff will inform pensioners.

6. Update and discussion on Gartner’s cost estimates for and IT solution for the Information Technology Modernization Project (ITMP) and projected Board Operations funds available in support of the procurement of the IT solution. (Assistant Director Millspaugh)

Assistant Director Millspaugh stated that the ITMP solution cost projection [of approximately \$2.1 million] remains unchanged and there is enough revenue [in the Board Operations fund] to support the projected cost. A meeting with CHP is scheduled in the afternoon (on November 4, 2025) regarding the agreement with Gartner to clarify the shift to the current

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Fiscal Year (FY) for the encumbrance [of the contract], which would impact the overall expenditure authority. Assistant Director Millspaugh will update the Finance Committee when they meet again. Shipping fluctuations have not had a dramatic impact on the fund balance and the need for supplemental funds is not projected.

7. Review year-to-date (Fiscal Year [FY] 25/26) Board fund condition, revenue and expenditure projections and monthly data for all pilotage fees and vessel moves and their effect on Board-approved surcharges. (Assistant Director Millspaugh)

Assistant Director Millspaugh summarized the fund revenue projections provided in the corresponding meeting document. Chair Rodriguez complimented the clarity of the information presented (especially in relation to slide 7-04).

Attendees discussed projections and potential changes. Key points included:

- Committee Member Jacob stated that he would recommend reducing the Board Operations surcharge if it weren't for ITMP costs. Assistant Director Millspaugh stated that the Board Operations baseline costs would be increased by about \$120,000 ongoing, due to ITMP licensing fees.
- Assistant Director Millspaugh stated that the Finance Committee could look at reducing the fund balance in July 2026.
- Committee Member Jacob stated that he wanted to focus on when to start decreasing surcharges and that he would prefer to make gradual changes instead of making changes all at once. Committee Member McIntyre agreed with the idea of small, gradual changes.
- Assistant Director Millspaugh stated that he would have more information in January 2026.
- Chair Rodriguez requested that, during the next Finance Committee meeting (proposed for January 2026), the Finance Committee focus on taking a deeper dive and solely concentrate on the Board's funds; because there are some federal and state intangibles that will not be known until after the first of the year.
- Committee Member Jacob stated that he didn't think the Finance Committee needed to change surcharges yet.

Committee Member McIntyre requested that the next Finance Committee meeting include an update on the status of ITMP, what is being considered, and what work the funds will be used for. Committee Member Jacob agreed with Committee Member McIntyre's request. Chair Rodriguez requested that the status update for ITMP integrate the overall strategy in relation to supporting the Board's mission. Per Committee Member Jacob's request, Records Management and Program Support Coordinator Shepherd stated that he would attempt to develop some glide-path scenarios for the next Finance Committee meeting that would reflect the target of a year of budget authority in the fund balance.

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- a) **Review Board Operations Surcharge rate (currently at 6.5% of all pilotage fees, effective July 1, 2025. Recommendation to the Board to adjust the Board Operations Surcharge rate, if warranted. (Assistant Director Millspaugh)**

MOTION: Committee Member McIntyre moved to recommend to the Board to not change the Board Operations Surcharge rate, currently at 6.5% of all pilotage revenue. Committee Member Jacob seconded the motion.

VOTE: YES: Jacob, McIntyre, and Rodriguez.
NO: None.
ABSTAIN: None.

ACTION: The motion was approved.

- b) **Review Trainee Training Surcharge rate (currently at \$20/trainee/move, effective January 1, 2025), and the revenues, expenditures, and reserve balance. Recommendation to the Board to adjust the Trainee Training Surcharge rate, if warranted. (Assistant Director Millspaugh)**

MOTION: Committee Member McIntyre moved to recommend to the Board to not change the Trainee Training surcharge rate, currently at \$20 per trainee per move. Committee Member Jacob seconded the motion.

VOTE: YES: Jacob, McIntyre, and Rodriguez.
NO: None.
ABSTAIN: None.

ACTION: The motion was approved.

- c) **Review Pilot Continuing Education Surcharge rate (currently at \$45/move, effective January 1, 2025), and the revenues, expenditures, and reserve balance. Recommendation to the Board to adjust the Pilot Continuing Education Surcharge rate, if warranted. (Assistant Director Millspaugh)**

MOTION: Committee Member McIntyre moved to recommend to the Board to not change the Pilot Continuing Education Surcharge rate, currently at \$45 per move. Committee Member Jacob seconded the motion.

VOTE: YES: Jacob, McIntyre, and Rodriguez.
NO: None.
ABSTAIN: None.

ACTION: The motion was approved.

- d) **Review Pilot Boat Surcharge rate (currently at \$0.020 per gross registered ton effective April 1, 2025), and the revenues, expenditures, and reserve balance. Recommendation to the Board to adjust the Pilot Boat Surcharge rate, if warranted. (Assistant Director Millspaugh)**

MOTION: Committee Member McIntyre moved to recommend to the Board to not change the Pilot Boat Surcharge rate, currently at \$0.020 per gross registered ton. Committee Member Jacob seconded the motion.

VOTE: YES: Jacob, McIntyre, and Rodriguez.
NO: None.

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ABSTAIN: None.

ACTION: The motion was approved.

8. Comments from the public and Committee Members on matters not on the agenda. (Chair Rodriguez)

None.

9. Schedule the next Committee meeting, and proposals for the next Committee meeting agenda. (Chair Rodriguez)

MOTION: Committee Member McIntyre moved to reconvene in January 2026. Committee Member Jacob seconded the motion.

VOTE: YES: Jacob, McIntyre, and Rodriguez.
NO: None.
ABSTAIN: None.

ACTION: The motion was approved.

Chair Rodriguez proposed that the next Finance Committee meeting focus on the ITMP and funds (with a more detailed discussion) and discuss possible scenarios for future upward/downward trends.

Committee Member McIntyre stated that, during the next Finance Committee meeting, she could provide an update regarding the construction costs on pilot vessels and potential adjustment considerations.

Assistant Director Millspaugh stated that Board Administrative Coordinator McNeill would send out a poll to pick a date for the next Finance Committee meeting. The Committee unanimously agreed to the next Finance Committee meeting being held remotely.

10. Adjournment. (Chair Rodriguez)

MOTION: Committee Member Jacob moved to adjourn the meeting at 11:45 a.m. Committee Member McIntyre seconded the motion.

VOTE: YES: Jacob, McIntyre, and Rodriguez.
NO: None.
ABSTAIN: None.

ACTION: The motion was approved.

Submitted by:



Allen Garfinkle
Executive Director

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ACRONYM INDEX

Acronyms / Abbreviations	Definition
BOPC/Board	Board of Pilot Commissioners
CA	California
CHP	The California Highway Patrol
COVID	Coronavirus Infectious Disease (March 2020-May 2023 when there was a nationwide shutdown, and the populace was encouraged to self-quarantine)
FY	Fiscal Year (a Fiscal Year is July 1 – June 30, instead of a calendar year of January-December)
GRT	Gross Registered Tons
HNC	Harbors and Navigation Code
ITMP	Information Technology Modernization Project
PMSA	Pacific Merchant Shipping Association
RoRo	Roll-on/Roll-off (vessel)
SFBP	San Francisco Bar Pilots
USTR	United States Trade Representative

This and other documents for this meeting can be found on the Board's website <https://bopc.ca.gov/finance/>.

