

<p>Meeting Date: February 10, 2026</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 9</p>
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ATTENDANCE

Committee Members Present via Webex:

Mike Jacob, President, Pacific Merchant Shipping Association (PMSA)
Sam Rodriguez, Committee Chair

Committee Members Absent:

Captain Anne McIntyre, Business Director, San Francisco Bar Pilots (SFBP)

Staff Present via Webex:

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
Captain William Benedict, Commissioner

OPEN MEETING

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

Chair Rodriguez called the meeting to order at 1:32 p.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. Review and approval of Finance Committee meeting minutes. (Chair Rodriguez)

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

MOTION: Committee Member Jacob moved to approve the draft minutes from the September 16, 2025 meeting. Chair Rodriguez seconded the motion.

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

ACTION: The motion was approved.

B) Possible Committee action to approve the minutes from the Finance Committee meeting held on November 4, 2025.

MOTION: Committee Member Jacob moved to defer the approval of the draft minutes from the November 4, 2025 meeting. Chair Rodriguez seconded the motion.

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

ACTION: The motion was approved.

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4. Update on status of shipping activity since November 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 he spoke with Committee Member McIntyre, who stated that she didn't believe West-Coast shipping activity is greatly affected by tariff uncertainty currently.

Committee Member Jacob stated that the Port of Oakland ended their year with a flat shipping trend, which is good considering the uncertainty experienced throughout the year.

5. Presentation and discussion on review of fiscal activity "Years in Review".

A) "2025 Year in Review" (Calendar Year) of shipping activity and surcharge revenue.

Assistant Director Millspaugh summarized the year-end review included in the meeting documents provided; and attendees discussion included:

- Assistant Director Millspaugh requested feedback to revise the draft document, to be officially released in February 2026. (This document references information provided by SFBP, in their monthly report.)
- Assistant Director Millspaugh stated that prior to the COVID19 pandemic (moves were approximately seven to eight thousand per year. Moves have not increased since the drop during the pandemic; but ship sizes have increased, balancing out the tonnage. Commissioner Benedict and Committee Member Jacob agreed with the assessment.
- Committee Member Jacob stated that the largest new container ships are in the Asia-Europe trade, not the Trans-Pacific trade route. This is partially due to constraints of the Panama canal and the lack of demand for larger ships. It is anticipated that shipping will shift to larger ships, especially as old ships are phased out, to increase efficiency and reduce costs, by reducing the fuel costs per unit.
- In relation to meeting the California Air Resource Board (CARB) requirements:
 - Chair Rodriguez mentioned China is experimenting with hydrogen fueled ships. Committee Member Jacob stated that most would be dual fuel but that they may not be feasible for the Bay Area, but alternate fuel options are being considered.

B) "2024-25 Year in Review" (Board Fiscal Year) of Board expenditures and fund balances.

Assistant Director Millspaugh stated that this agenda item was intended to address surcharge revenue for Fiscal Years 2021-22 through 2025-26. He provided an overview of the corresponding meeting documents and stated that the expenditure and fund balance results were within expectations.

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Committee Member Jacob stated that the funds are performing as designed. He also noted the correction to the report annotation regarding the pilot boat fund being up; stating that it should have noted the pilot boat fund was down 70%.

In response to Chair Rodriguez's observation regarding the apparent stability of the funds, Assistant Director Millspaugh stated that the fund stability was in part achieved due to the Finance Committee meeting quarterly, which helps minimize fluctuations by allowing Board staff to communicate potential concerns (red flags).

6. Update and discussion on Gartner's cost estimates for and Information Technology (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)

A) Discussion of ITMP; including an overview of the project and role of contractor implementing the IT solution.

Assistant Director Millspaugh outlined the ITMP costs (for the planning, initial purchase, implementation, and ongoing costs to maintain the solution). Key points included:

- Board staff will seek the budget authority for Fiscal Year (FY) 26/27 (due to ITMP timeline extension).
- Gartner charges based off deliverables and less than half the funds have been spent in the last 18 months.
- Project Approval Lifecycle (PAL) stage 2 was recently approved.

B) Review and discuss ITMP funding options, including but not limited to, ITMP expenditure reimbursement updated to reimburse Board Operation by the Trainee Training, Pension, and Pilot Boat funds proportionate to each program's share of ITMP solution implementation and maintenance costs. Possible recommendation to the Board related to ITMP cost reimbursement.

Attendees discussed the funding options for ITMP and whether to approve Option A (pay 100% of ITMP costs with Board Operations Funds) or Option B (reimburse Board Operations fund for program-specific costs from other funds). Discussion included:

The merits of both Option A and Option B for allocating costs across funds: Option B would allow individual funds to reimburse the Board Operations fund, freeing Board Operations funds without affecting budget authority. A statutory limit exists for the Board Operations fund but not for other Board funds, making it preferable to avoid returning to the legislature for additional budget authority. Chair Rodriguez noted that an incoming new Governor and Director of Finance in 2027 could cause approval delays, favoring the simplest execution approach. Both options were acknowledged to cost ratepayers the same amount, making the primary question what is best for the overall system.

Ms. Cristia-Plant noted that Board Operations surcharges can be spent on any program by law, while program-specific surcharges are restricted to their designated programs. Committee Member Jacob expressed support for a motion to recommend the Board approve switching to Option B, citing the importance of not adding additional pressure to

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the Board Operations surcharge. Assistant Director Millspaugh recommended delaying the vote until after the discussion of agenda item 7 had taken place

Agenda items 7-10 were discussed prior to the vote on agenda item 6B.

7. Presentation, discussion and possible recommendation to the Board regarding expenditures and budget authority related to the following:

A) Extending current FY 2025-26 budget authority for the IT Modernization Project to FY 2026-27 for purchase of an IT solution and ongoing budget authority for implementation and IT solution maintenance.

Assistant Director Millspaugh stated that:

- Board staff received approval for PAL Stages 2 and 3 but due to approval timelines the solicitation for the ITMP's IT solution will not be completed until next FY.
- BOPC's prior BCP related to ITMP was approved to provide budget authority for the current FY for the purchase. The proposed BCP would extend the budget authority to next FY and beyond.
- Board staff met with the Department of Finance (DOF) and The California Department of Technology (CDT) just prior to the February 10, 2026, Finance Committee meeting. They will be adding CDT mandatory costs that may increase the project costs, but the specific details are still being determined.
- The BCP is being submitted for FY 26/27 for ITMP includes Agenda Items 7A-C. If not approved, the project would end.

B) Budget authority changes to accommodate office facility changes including a possible move or remaining in place each with tenant improvements.

Assistant Director Millspaugh stated that the lease (for 660 Davis) ends in August 2027. This BCP would address costs associated with tenant improvements for staying/moving. Board staff are working with The Department of General Services (DGS) to make the most efficient and economically possible decision. This BCP would use mostly one-time funds but also consider ongoing increased rent costs. Health and safety concerns exist with the current office layout allowing public to walk right into staff once they come in the door. Assistant Director Millspaugh listed some potential locations and concerns considered (including a building on Beale Street and some pier locations).

C) One-time, FY 2026-27 budget authority change to accommodate legal costs associated with a lawsuit filed against the Board.

Assistant Director Millspaugh stated that the Board Operations fund has very little room between the projected expenditures and the budget authority, but other funds have more spare budget authority. Board staff are seeking a one-time budget authorization, in case it is needed. Board staff reached out to the Department of Justice. Board staff are trying to ensure the Board has the authority and ability to do any projects needed at various levels, at the Board's discretion.

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8. Review year-to-date (Fiscal Year 2025/26) 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)

A) Discussion of glide path scenarios for future surcharge rate adjustments, including feasibility of revising the Board's surcharge-setting model.

None.

B) Review Board Operations Surcharge rate (currently at 6.5% of all pilotage fees, effective July 1, 2025. Possible recommendation to the Board to adjust the Board Operations Surcharge rate, if warranted.

MOTION: Committee Member Jacob moved to recommend to the Board Operations Surcharge rate remain unchanged, currently at 6.5% of all pilotage revenue. Chair Rodriguez seconded the motion.

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

ACTION: The motion was approved.

C) Review Trainee Training Surcharge rate (currently at \$20/trainee/move, effective January 1, 2025), and the revenues, expenditures, and reserve balance. Possible recommendation to the Board to adjust the Trainee Training Surcharge rate, if warranted.

MOTION: Committee Member Jacob moved to recommend to the Board to change the Trainee Training surcharge rate, from \$20 to \$25 per trainee per move, effective April 1, 2026. Chair Rodriguez seconded the motion.

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

ACTION: The motion was approved.

D) Review Pilot Continuing Education Surcharge rate (currently at \$45/move, effective January 1, 2025), and the revenues, expenditures, and reserve balance. Possible recommendation to the Board to adjust the Pilot Continuing Education Surcharge rate, if warranted.

MOTION: Committee Member Jacob moved to recommend to the Board to change the Pilot Continuing Education Surcharge rate, from \$45 to \$50 per move, effective April 1, 2026. Chair Rodriguez seconded the motion.

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

ACTION: The motion was approved.

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E) Review Pilot Boat Surcharge rate (currently at \$0.020 per gross registered ton effective April 1, 2025), and the revenues, expenditures, and reserve balance. Possible recommendation to the Board to adjust the Pilot Boat Surcharge rate, if warranted.

MOTION: Committee Member Jacob moved to recommend to the Board Pilot Boat Surcharge rate remain unchanged, currently at \$0.020 per gross registered ton. Chair Rodriguez seconded the motion.

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

ACTION: The motion was approved.

Chair Rodriguez stated that all motions should be effective April 1, 2026 and that he would present them at the next Board meeting.

9. Updates and discussion regarding the status, construction costs, and potential adjustment considerations for the Pilot Boat Program project related to future pilot boat design and construction, vessel build timelines, and related reimbursement for costs. (Committee Member McIntyre)

Assistant Director Millspaugh stated that, per the updates Committee Member McIntyre provided on February 9, 2026, the SFBP has completed the Request for Proposals (RFP) process for next pilot station boat build. Members of SFBP traveled to Seattle to review yards. SFBP is also determining if a Caterpillar-made engine is an option for the engine, which could affect design costs. Additional information will be released in March 2026. A Joint Pilot Boat and Finance Committee meeting is scheduled for March 10, 2026, for further discussion and possible recommendations to the Board regarding the station boat build.

10. Review, discussion and possible recommendations to staff regarding the Staff Report on the Pilot Pension Plan CPI-based adjustment which shall be presented to the Board at the March 2026 board meeting. (Assistant Director Millspaugh)

Assistant Director Millspaugh stated that the full report would be presented at the next for a Pilot Pension Committee meeting before the March 2026 Board meeting, however a draft is being presented to the Finance Committee to review and provide comments prior to the Pilot Pension Committee review.

Attendees continued the discussion and vote regarding agenda item 6B.

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)

B) Review and discuss ITMP funding options, including but not limited to, ITMP expenditure reimbursement updated to reimburse Board Operation by the Trainee Training, Pension, and Pilot Boat funds proportionate to each program's share of

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ITMP solution implementation and maintenance costs. Possible recommendation to the Board related to ITMP cost reimbursement.

Board staff provided an overview of ITMP and expected related expenditures for an IT solution. Board staff further provided information regarding BOPC Training, Pilot Boat and Pension Program expenditures related to an IT solution being reimbursed from the Training, Pilot Boat and Pension funds, reducing impact on the Board Operations Fund.

MOTION: Chair Rodriguez moved to recommend to the Board to have ITMP expenditures reimbursed to the Board Operation fund from the Trainee Training, Pension, and Pilot Boat funds; proportionate to each program's share of ITMP solution implementation and maintenance costs. Committee Member Jacob seconded the motion.

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

ACTION: The motion was approved.

Agenda item 10 discussion was continued prior to agenda item 11.

10. Review, discussion and possible recommendations to staff regarding the Staff Report On the Pilot Pension Plan CPI-based adjustment which shall be presented to the Board at the March 2026 board meeting. (Assistant Director Millspaugh)

Committee Member Jacob thanked Board staff for including the correspondence from the prior CPI review and stated that the Finance Committee would submit a similar letter next time. The Board is not required to raise the pension rates; they are only required to review and consider an appropriate decision.

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

Assistant Director Millspaugh stated that Board staff have been working with Caltrans partners on the IT side to move away from Webex and into Microsoft Teams. A switch is still anticipated in the future. Microsoft Teams has a better ability to capture notes for minutes.

When Chair Rodriguez asked how the current note taker, Board Administrative Coordinator McNeill, felt about the development, she responded that improved processes are always worth pursuing. Chair Rodriguez responded that the process had already improved and thanked her for her efforts.

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

Assistant Director Millspaugh stated that an attendance poll would be sent out in early May 2026.

Chair Rodriguez stated that an online meeting would be preferred.

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13. Adjournment. (Chair Rodriguez)

Chair Rodriguez adjourned the meeting at 3:24 p.m.

Submitted by:



Allen Garfinkle
Executive Director

DRAFT

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ACRONYM INDEX

Acronyms / Abbreviations	Definition
BCP	Budget Change Proposal
BOPC/Board	Board of Pilot Commissioners
CA	California
CARB	The California Air Resources Board
CDT	The California Department of Technology
COVID	Coronavirus Infectious Disease (March 2020-May 2023 when there was a nationwide shutdown, and the populace was encouraged to self-quarantine)
DGS	The Department of General Services
DOF	The Department of Finance
FY	Fiscal Year (a Fiscal Year is July 1 – June 30, instead of a calendar year of January-December)
IT	Information Technology
ITMP	Information Technology Modernization Project
PAL	Project Approval Lifecycle
PMSA	Pacific Merchant Shipping Association
RFP	Request for Proposals
SFBP	San Francisco Bar Pilots

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

