



Action Minutes

**Finance and Management Committee
Wednesday, July 8, 2009**

**Doubletree Hotel Ontario
Ontario, CA**

Agenda Items

Chair Jeanne Krieg called the meeting to order at about 10:05 am. Attached is the attendance record.

1. Introductions

Action Summary: No action required.

2. Minutes – March 3, 2009 (p. 1)

Action Summary: Minutes accepted, as submitted.

3. Investment Planning Update (Oral)

Discussion Summary: Deputy Executive Director Jim McElroy said that Association staff had investigated the State's short term investment pool, known as the Local Agency Investment Fund (LAIF), and determined that the California Transit Association is eligible to participate. Executive Director Josh Shaw introduced Alison Turner, a CPA now under contract with Shaw/Yoder/Antwih, Inc. to support clients including the California Transit Association. Turner said that she had investigated LAIF but had not yet taken action to transfer funds to the program. There are limited funds available for investment and there is a need for a high level of liquidity. Committee member Durand Rall said that the LAIF is very liquid with low entry requirements and good investment return. Other members noted that the fund is protected from State raids and is relatively risk free but not as risk-free as FDIC insured investments. Committee member Richard Hasenohrl said that his agency, Foothill Transit, had removed some funds from the LAIF based on risk concerns. McElroy noted that the current adopted investment policy calls for all investments to be covered by FDIC and use of LAIF should trigger modification to the policy.

Action Summary: Directed that staff take further steps to invest a portion of the California Transit Association's cash in the LAIF in order to maximize return; and further, directed staff to return with investment policy modifications to allow for said investment.

4. 2009 YTD Financial Overview (p. 5)

Discussion Summary: Alison Turner presented the May 31, 2009 financial statements. She said that Unrestricted Cash as of May 31, 2009 is \$661,633 and that we have budgeted additional expenses through the year of \$565,986 and estimated income of \$30,928. The net reduction of cash if we meet our expectations will be \$535,059. This reduction will provide unrestricted cash balance of \$126,574 at December 31, 2009. Committee Member Durand Rall noted a negative balance of approximately \$26,000 in the River City Bank Checking account. Turner said that this account automatically draws from another River City Bank account to offset any negative balance in the checking account; therefore, the negative balance would be quickly corrected by an automatic transfer to cover any outstanding checks.

Action Summary: Information item. No action.

5. Consider Budget Planning for 2010 (p. 15)

Discussion Summary: Executive Director Josh Shaw and Deputy Executive Director Jim McElroy provided an overview that tracked the staff report included in the agenda. In summary, the Association is facing a declining dues base, a low base of unrestricted cash for emergencies, and an ever present risk of not attaining budgetary goals particularly related to the Fall Conference sub-budget. Committee member Durand Rall said we should consider canceling the 2009 Fall Conference and persuade exhibitors and sponsors to instead help fund our litigation and initiative programs. McElroy said that we have financial obligations such as "room blocks" and Convention Center agreements for the 2009 Fall Conference that would not be offset by any existing source except expected Fall Conference revenues. McElroy noted that we have received expected revenue streams for the 2009 conference but that the majority of the income is received closer to the actual dates of the conference. Shaw said we should consider whether or not to hold a conference in 2010. We, as yet, do not have any financial obligations for the 2010 conference. There was then extensive discussion about the cost of the litigation, especially the expected appeal by the State to the State Supreme Court. Shaw said he expected the cost of an appeal to be an additional \$100,000; and, he further noted that the Association is involved in various authorized activities around a potential statewide initiative. After discussion, the Committee members generally expressed their preference for a one-time assessment rather than a dues increase to fund the litigation and initiative exploration costs. Finally, there was discussion about Transit California Magazine. The Committee generally supported the Executive Director's recommendation to eliminate the print edition of Transit California magazine and offset the loss through production of lower cost electronic media. Finally, Shaw discussed his decision to approve one time dues reductions for two agencies during 2009. He said that two agencies would have left the Association due to financial hardship. He calculated that in the current economic climate receiving reduced dues and retaining membership was the best outcome until he could discuss the issue with this Committee. After discussion, the members reached consensus that the Executive Director should, in the future, not make an independent decision to reduce dues to individual members, regardless of economic hardship.

Action Summary: Although there was no formal action, the Committee gave the following general guidance for 2010 budget planning and for other issues:

- a. **In general, the budget for 2010 should be a “rollover” budget and the member dues base increase is to be held to zero.**
- b. **In general, favored the dues assessment concept to help pay costs of the expected appeal to the Supreme Court and for costs supporting initiative research.**
- c. **Regards the 2010 Fall Conference and Expo, supported deferring any financial obligations until after the 2010 budget planning is completed in order to assess the outcome of the 2009 annual conference and to determine if resources for the conference could be transferred for other uses such as for a potential initiative.**
- d. **Supported elimination of the print edition of Transit California in favor of using less expensive electronic tools.**
- e. **Declined to take a position on modifying the unrestricted cash (reserve) target amount and policy.**
- f. **Advised that the Executive Director should not in the future independently approve special dues reductions regardless of basis for the request and further advised that, should a member agency seek a dues reduction, the Executive Director should seek review and approval of the request from the Executive Committee prior to acting upon such a request.**

6. Annual Budget Meeting, September 22, 2009 – Select Location

Action Summary: Determined that the Annual Budget Meeting shall be held at the same location as this meeting (Ontario Doubletree), as this location is the most convenient to the most committee members and is convenient to the Ontario airport for members and staff from northern California.

7. Other Business

Action Summary: No other business was presented.

8. Adjourn

Chair Krieg adjourned the meeting at approximately 2:00 pm.

Finance & Management Committee

Attendance

Conference Call

Wednesday, July 8, 2009

Present	Chair	Jeanne Krieg	Chief Executive Officer	Eastern Contra Costa Transit Authority
Resigned	Vice Chair	Katherine Strehl	Executive Manager, Office of External Affairs	San Francisco Bay Area Rapid Transit District
Present	Member	Alex Clifford	General Manager, Gateway Sector	LA County Metropolitan Transportation Authority
Present	Member	Richard Hannasch	Director of Fiscal & Support Services	North County Transit District
Present	Member	Richard Hasenohrl	Director of Finance	Foothill Transit
Absent	Member	Larry Jackson	President & C.E.O.	Long Beach Transit
Present	Member	Durand Rall	CEO/General Manager	Omnitrans

Others Present

Present	Staff	Josh Shaw	Executive Director	California Transit Association
Present	Staff	Jim McElroy	Deputy Executive Director	California Transit Association