ABAG FINANCE AND PERSONNEL COMMITTEE

Thursday, March 17, 2011, 5:00 p.m.
ABAG Conference Room
MetroCenter—8th and Oak Streets
Oakland, CA

Est. Time in Minutes			Recommendation **
2	1.	**Public Comments**	**Information**
3	*2.	**Minutes of the January 20, 2011 Meeting**	**Action**
5	*3.	**Financial Reports – ABAG** *The December2010 and January 2011 Financial reports are enclosed with the agenda packet.*	**Action**
5	*4.	**Update on Proposed Regional Facility** *Staff will present an oral report on progress toward issuing a request for proposals to provide a site at which ABAG, MTC and the Air District can co-locate. Also, the possible inclusion of BCDC as a partner.*	**Information**
10	*5.	**Payment of *Per Diems* to Invited Board Members** *Staff seeks direction as to the payment of per diem for Board Members invited to other ABAG-sponsored meeting of which they are not a member.*	**Action**
5	6.	**Delinquent Membership Dues** Staff will orally present for discussion the cities with membership dues not yet fully paid.	**Information**
	7.	**Adjournment**	**Action**

* Attachments enclosed with packet.

** The Committee may take action on any item on the agenda, which action may be the recommended action, any other action or no action.

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ABAG FINANCE AND PERSONNEL COMMITTEE

Summary Minutes

January 20, 2011

Members Present	Jurisdiction
Supervisor Scott Haggerty, Chair	County of Alameda
Supervisor Susan Adams	County of Marin
Supervisor David Cortese	County of Santa Clara
Supervisor Rose Jacobs Gibson	County of San Mateo
Supervisor John Gioia	County of Contra Costa
Mayor Mark Green	City of Union City
Supervisor Barbara Kondylis	County of Solano
Vice Mayor Peter McHugh	City of Milpitas
Councilmember A. Sepi Richardson	City of Brisbane

Officers and Staff Present
Ezra Rapport, Executive Director
Patricia Jones, Assistant Executive Director
Kenneth Moy, Legal Counsel
Susan Hsieh, Assistant Finance Director

Guests/Presenters
Charisse LeBron-Cannon

1) The meeting was called to order at 5:00 p.m.

2) There was no public comment.

3) The Committee elected San Mateo County Supervisor Rose Jacobs Gibson as Chair of the Finance and Personnel Committee and City of Brisbane Councilmember A. Sepi Richardson as Vice-Chair.
/M/Green/S/McHugh/C/approved.

4) Summary Minutes of the November 18, 2010 meeting were approved.
/M/Gibson/S/McHugh/C/approved.

5) Hsieh provided an overview of the October and November 2010 Financial Reports.
/M/Gibson/S/Kondylis/C/approved.

6) Jones updated the committee on review and ranking of potential broker/dealers and forwarding their proposal for MTC consideration. The real estate firm will help to facilitate

the evaluation, selection and acquisition of a site in which ABAG, MTC and the Air District can co-locate.

7) Rapport presented the proposed work program, budget and membership dues for fiscal year 2011-12.
/M/Richardson/S/Gioia/C/approved forwarding to the Executive Board with recommendation to pass.

8) The Committee approved a resolution to clarify and codify the meetings for which *per diem* reimbursement should be provided, subject to the current 48 per year cap. Proposal is for the President or designee (VP or Past Pres.) and delegates to the Committee the authority to designate for which meetings *per diem* applies.
/M/McHugh/S/Green/C/approved forwarding to the Executive Board with recommendation to pass.

9) The Committee discussed what steps should be taken regarding collection of past due membership dues, as well as what actions to take should non-payment or partial payment persist. The Committee directed ABAG President to contact mayors of cities with unpaid dues and urge them to pay the dues. The Committee authorized policy change to allow the Executive Director to work out payment plans with City Managers regarding unpaid dues. The payment plan should allow three installments. The first payment is due before the Spring General Assembly, and the second and third payments are due by September 2011.
/M/McHugh/S/Gibson/C/approved.

10) Meeting adjourned at 5:45 p.m.

TO: Finance and Personnel Committee

DT: January 28, 2011

FM: Herbert Pike, Finance Director

Re: Financial Reports
--December 2010

The following are highlights of the financial reports for December 2010.

Cash on Hand (Figure 1)
Cash on hand decreased to $0.92 million on December 31st from $1.81 million on November 30th. The decrease is attributed primarily to the payment of accrued OPEB obligations accrued during FY 2009-10 and the purchase of excess vacation accruals. The December balance includes approximately $0.50 million invested in the Local Agency Investment Fund (LAIF). Currently, ABAG does not hold any other investments. The December 31st cash balance is approximately $13 thousand less than the prior year.

Receivables (Figure 2)
Receivables from grant and service programs amounted to about $3.27 million on December 31st, an decrease of $116 thousand from the month prior. During December, staff continues to process grants on monthly billing cycles and receive/book the grants billed for the first quarter (July through September billed during late October and early November). There will be another rush in January to bill the quarterly reimbursable grants (for October through December). Because of this cycle, billed receivables increased by $205 thousand while unbilled receivables decreased by $321 thousand during December. December receivables are $3 thousand lower than the year prior.

Actual vs. Budgeted Expenses (Figure 9)
Total expenses through December 31st amounted to about $9.29 million, or 47.6 percent, of the projected annual expense of $19.5 million for FY 10-11.

Actual vs. Budgeted Revenues (Figure 10)
As of December 31st, total revenues amounted to about $9.09 million, or 46.6 percent, of the projected annual revenue of $19.5 million for FY 10-11.

As of December 31st, both revenues and expenses are below pro rated (50.0 percent) "projected" annual totals. While revenues and expenditures might be expected to be 50 percent after the first six months of the new fiscal year, they are less than projections, largely due to the timing of consultant and sub-contractor expenses that lag in getting the billings in for the work performed and, consequently, getting billed and reimbursed for completed work. Consultant and sub-contractor expenses may be expected to accelerate during the balance of the fiscal year.

F&PC AGENDA ITEM #3-A

Fund Equity (Figure 5)

As of December 31st, general fund equity was approximately $819 thousand, a decrease of $103 thousand from November 30th. The decrease is primarily attributed to the accelerated use of leave associated with the vacations and holidays in December. An increase can be expected in January as staff returns from the holidays and billable work resumes, a trend that should continue through the remainder of the year as holidays and vacations are fewer. The Agency's restricted fund equity, consisting of capital, self-insurance and building maintenance, remained unchanged at $510 thousand.

Indirect Cost (Figure 6)

The Agency's actual indirect cost (overhead) rate was 45.35 percent of direct labor cost as of December 31st, or about 2.40% above the budgeted rate of 42.95 percent for FY 10-11. The decrease from the prior month is encouraging because it happened in spite of accelerated leave usage due to the holiday season. For the same month in the prior year, the rate was 44.38 percent but ended at 42.95 percent for the year. Likewise, the current rate is expected to converge toward the budgeted rate as the year progresses. Some administrative staff is expected to be diverted to some new energy projects that should result in reduced overhead spending.

Overall (Figures 3, 4, 7 & 8)

At December 31st, the Agency's net financial position is slightly askew from the forecast with a deficit of roughly $202 thousand, or about 2.2 percent of year-to-date revenues, an increase of $103 thousand from the deficit noted at the end of November. As certain new grant projects come on line, they will generate both more grant revenue, reduce overhead expense and contribute overhead recoveries, thereby reducing the projected deficit by year-end. Also, as noted previously, a greater proportion of labor costs become reimbursable as leaves diminish in the second half of the fiscal year.

ABAG FINANCIAL REPORTS

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* Indirect Cost Rate (% of Direct Labor Cost) ..... Figure 6
* Composition of Expenses .....Figure 7
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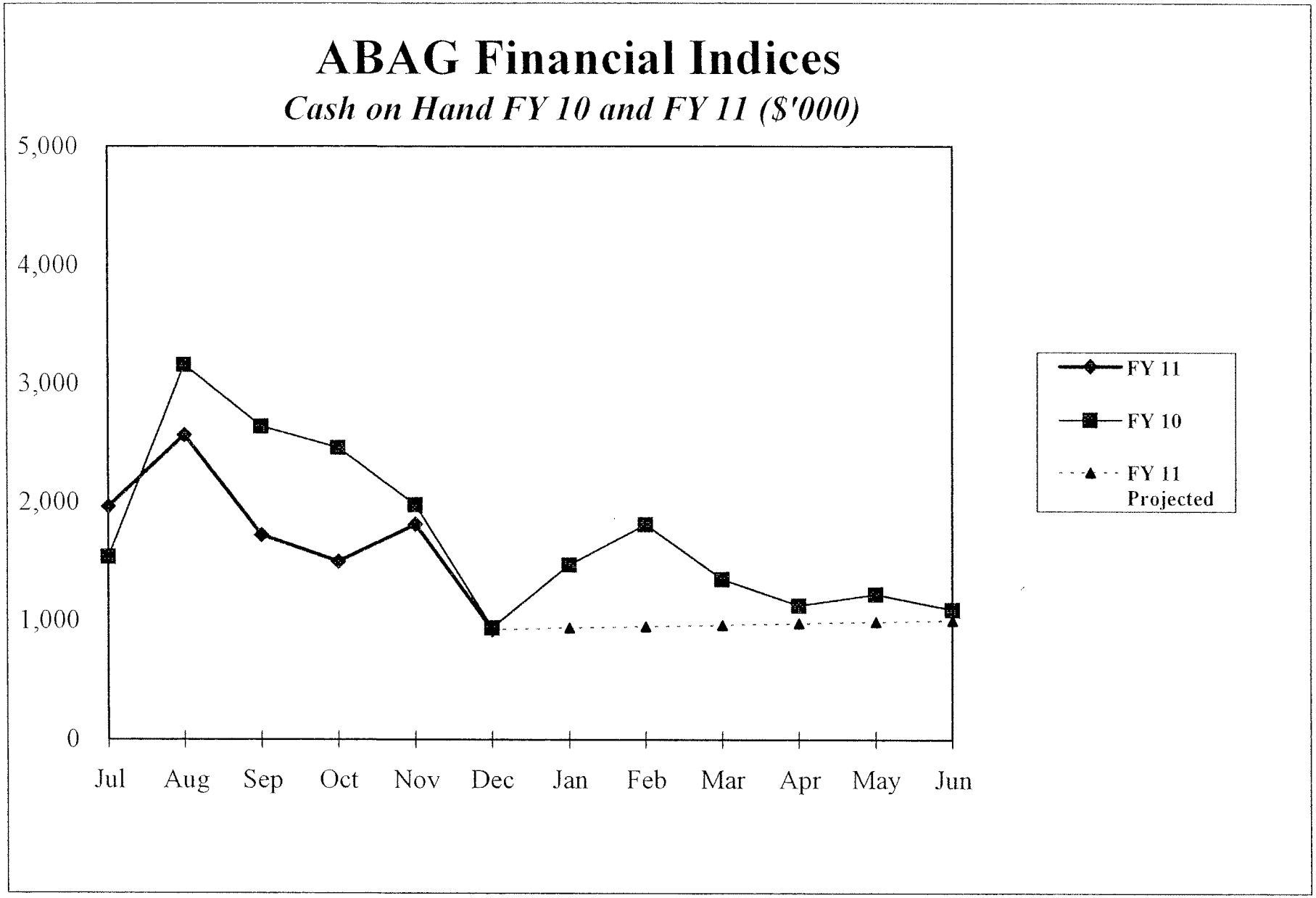
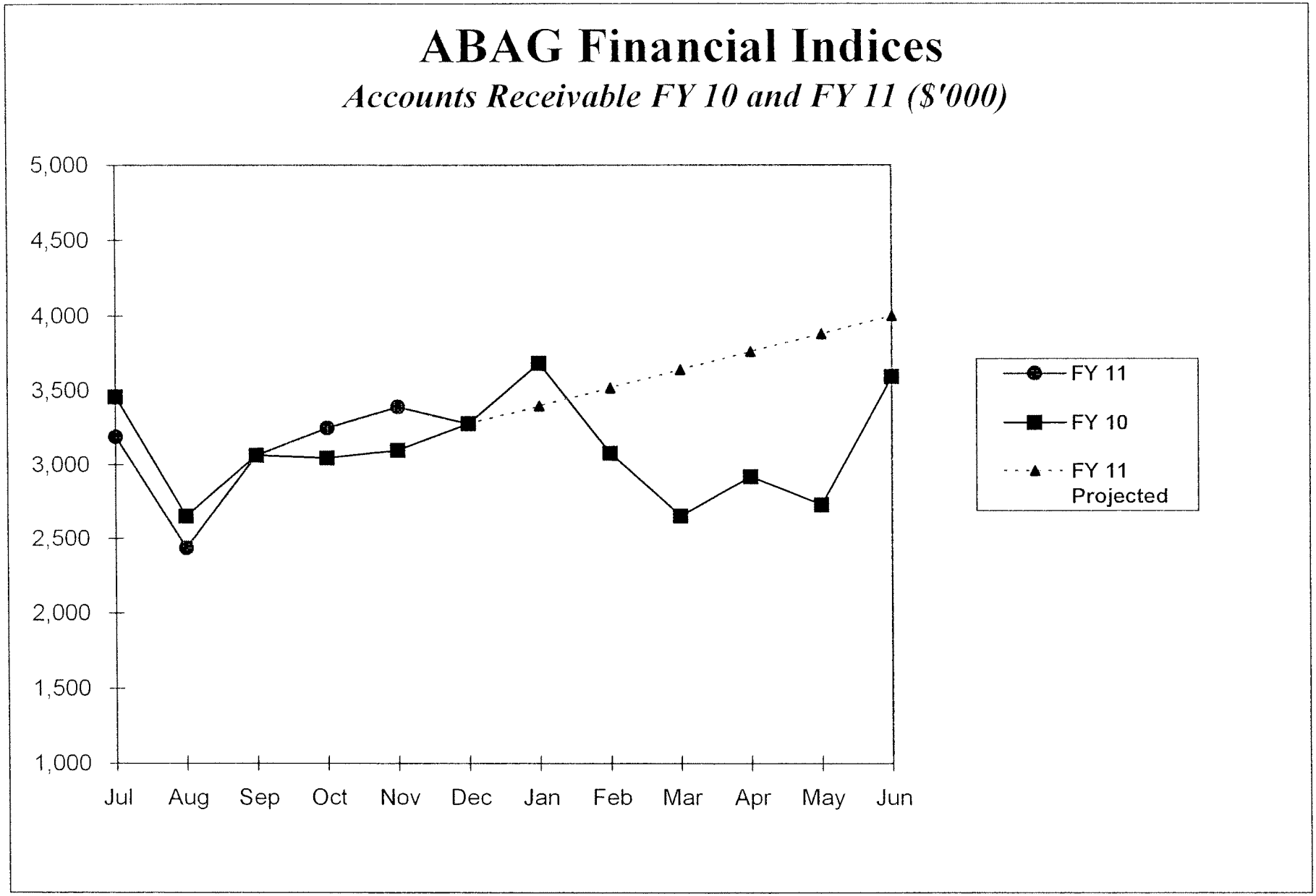
* Description of Charts



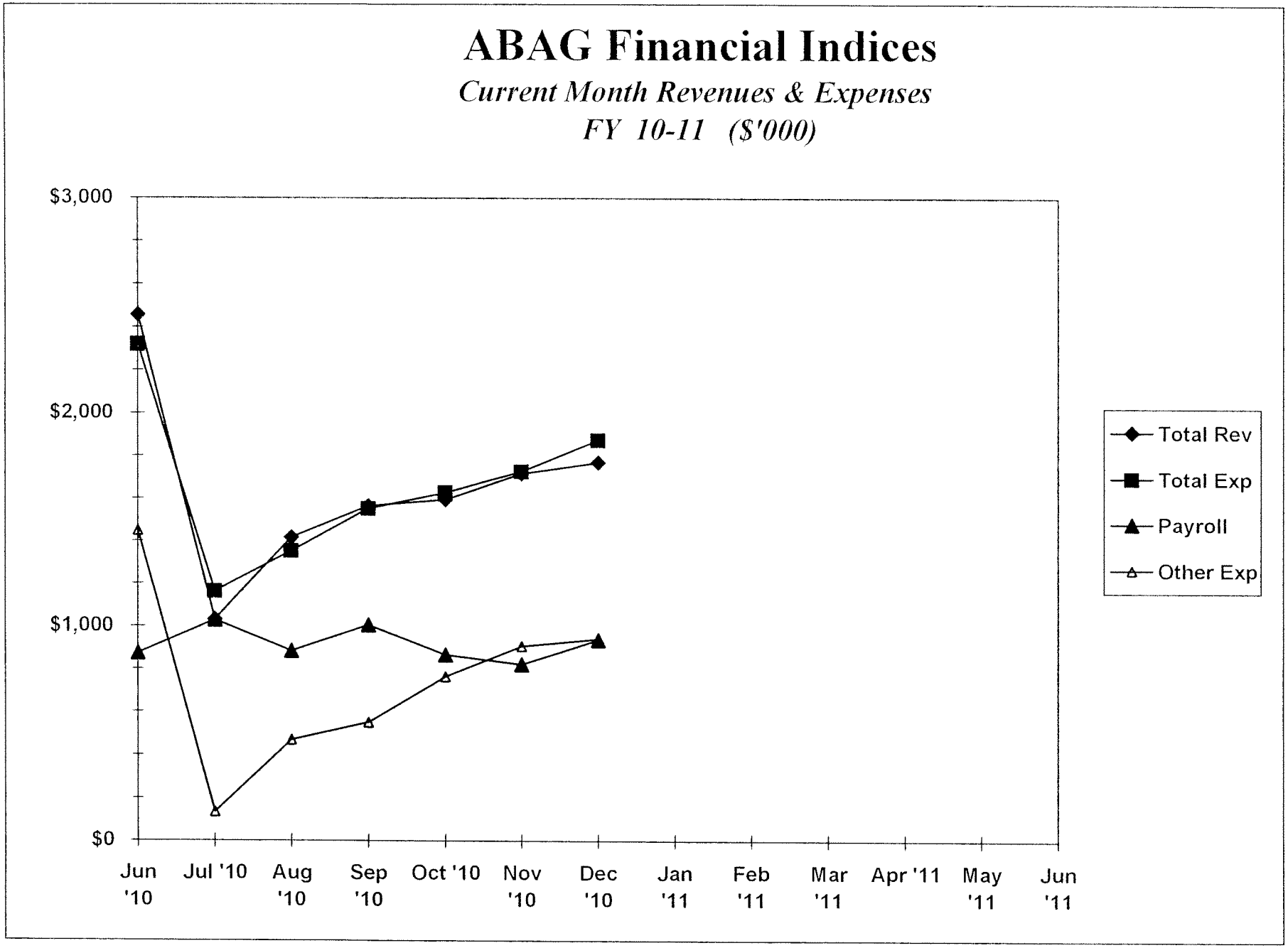
Source: ABAG -INDICES 2010-12.xls

FIGURE 1



Source: ABAG -INDICES 2010-12.xls

FIGURE 2



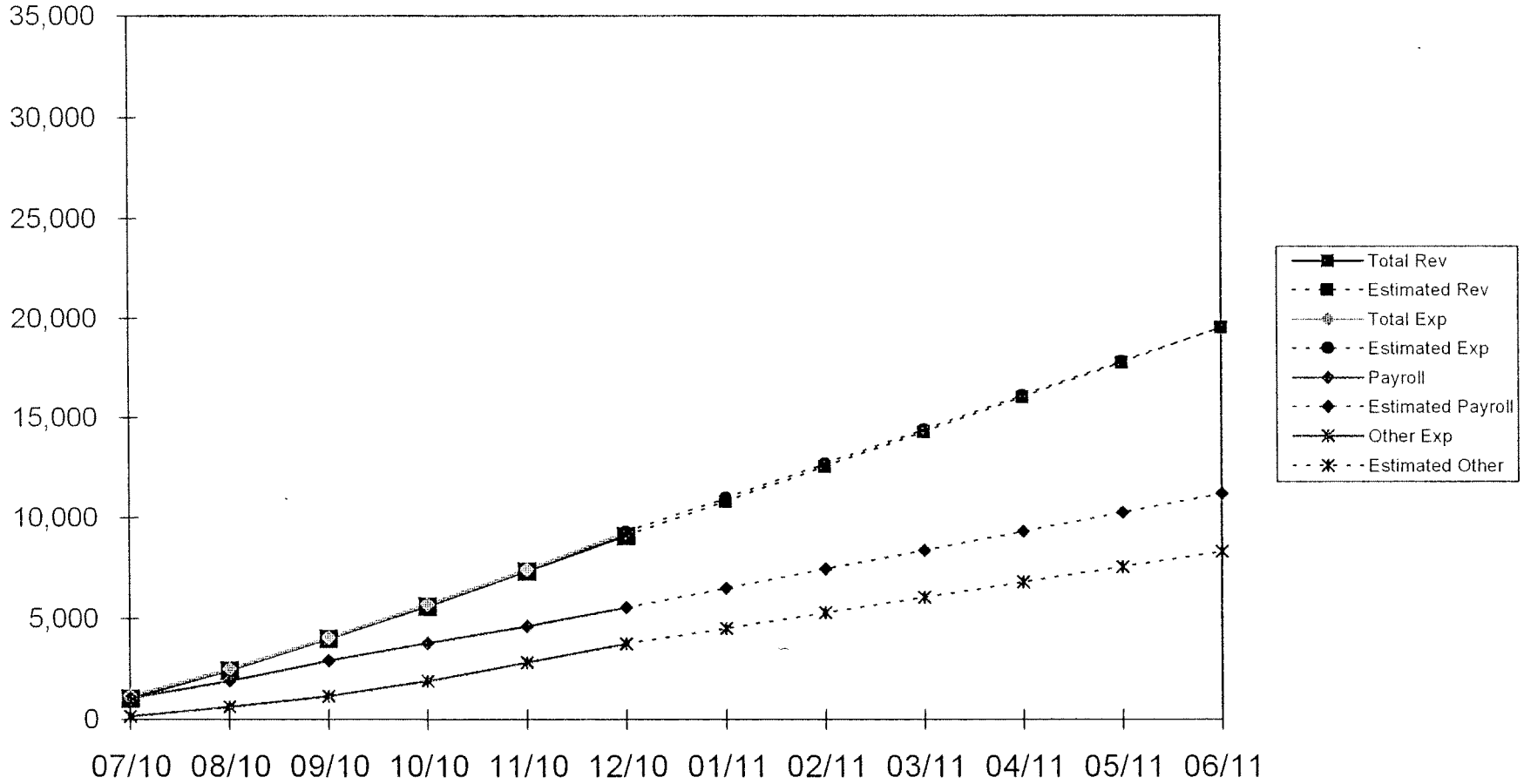
Source: ABAG- INDICES 2010-12.xls

FIGURE 3

ABAG Financial Indices

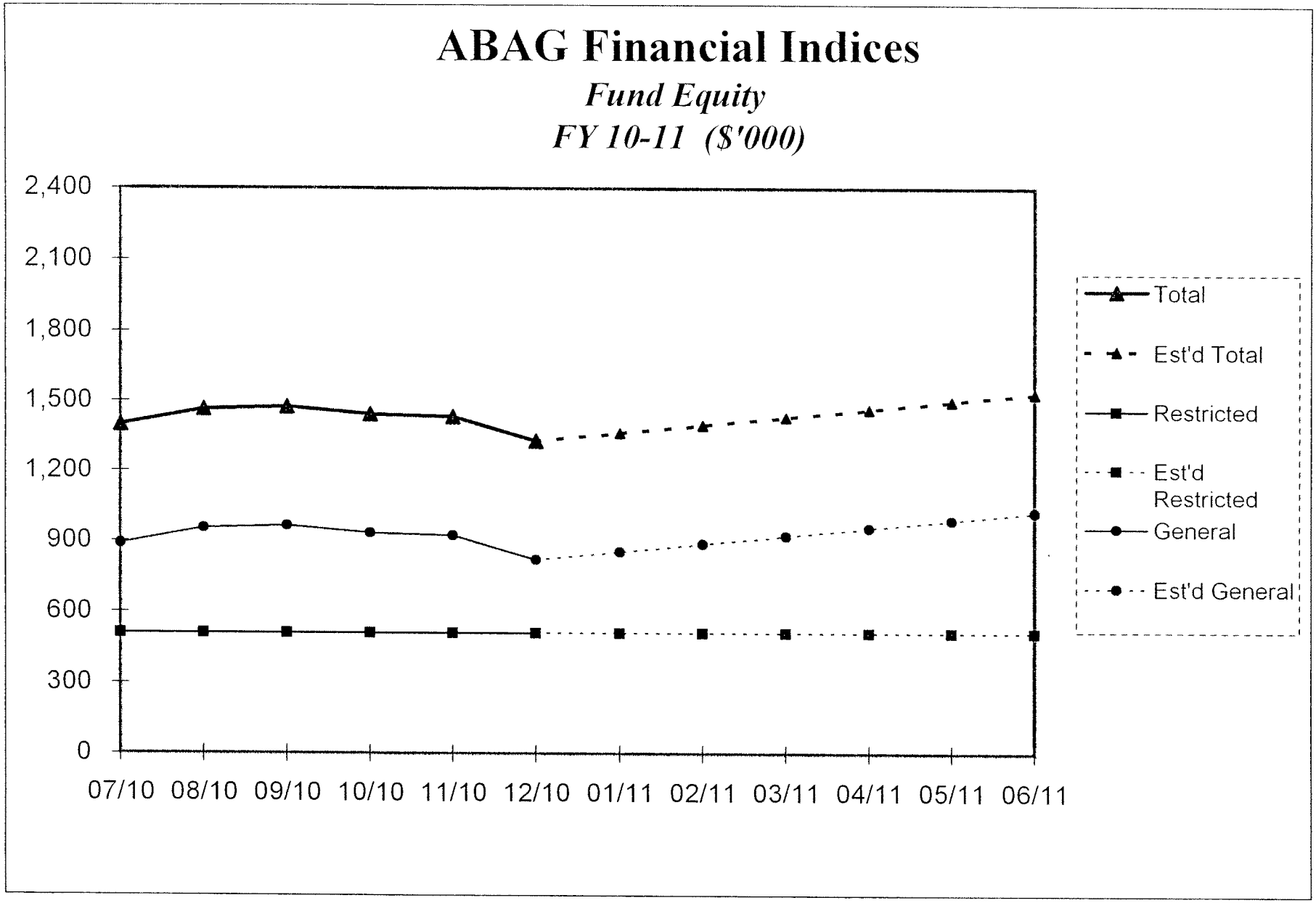
Year-to-date Revenues & Expenses

FY 10-11 ($'000)



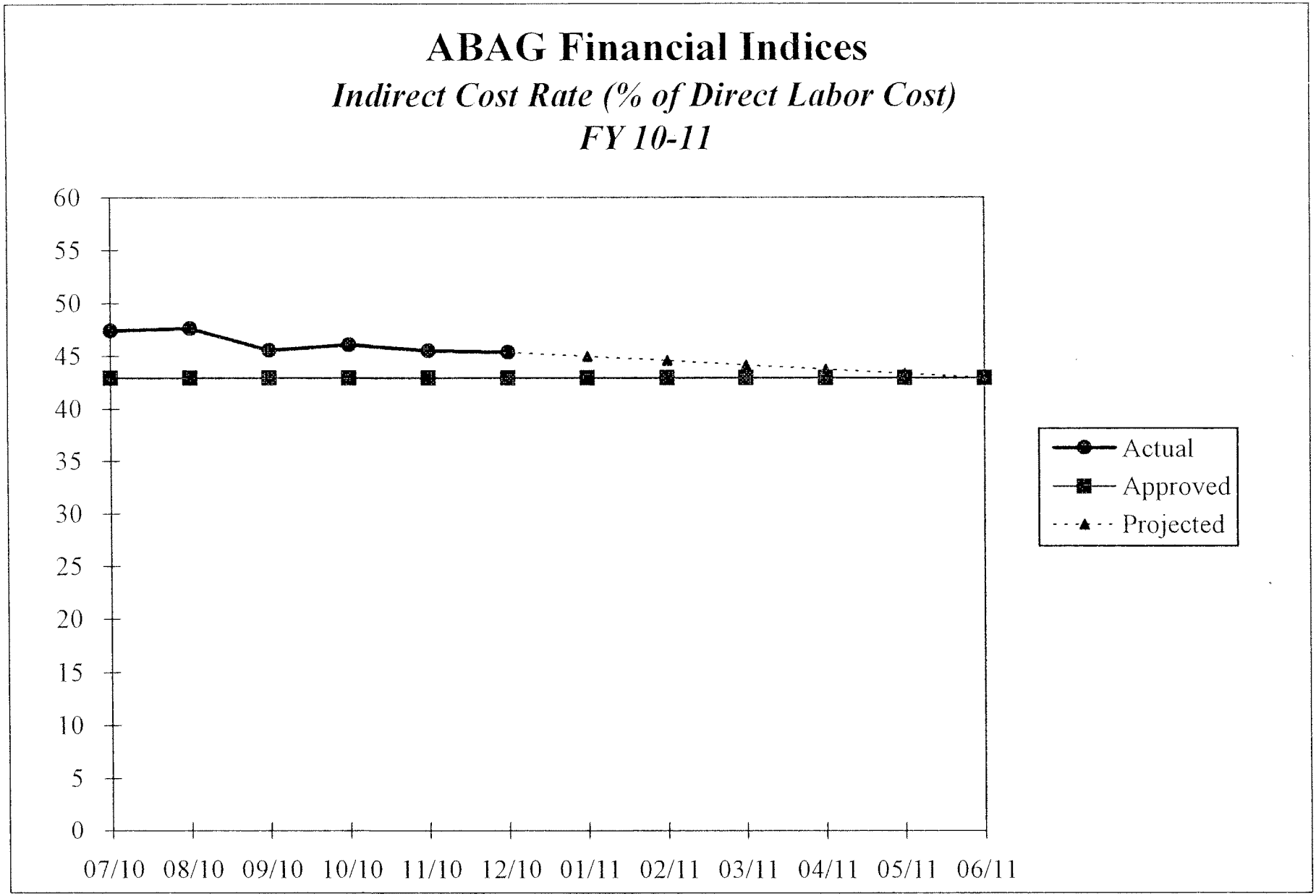
Source: ABAG - INDICES 2010-12.xls

FIGURE 4



Source: ABAG - INDICES 2010-12.xls

FIGURE 5



Source: ABAG- INDICES 2010-12.xls

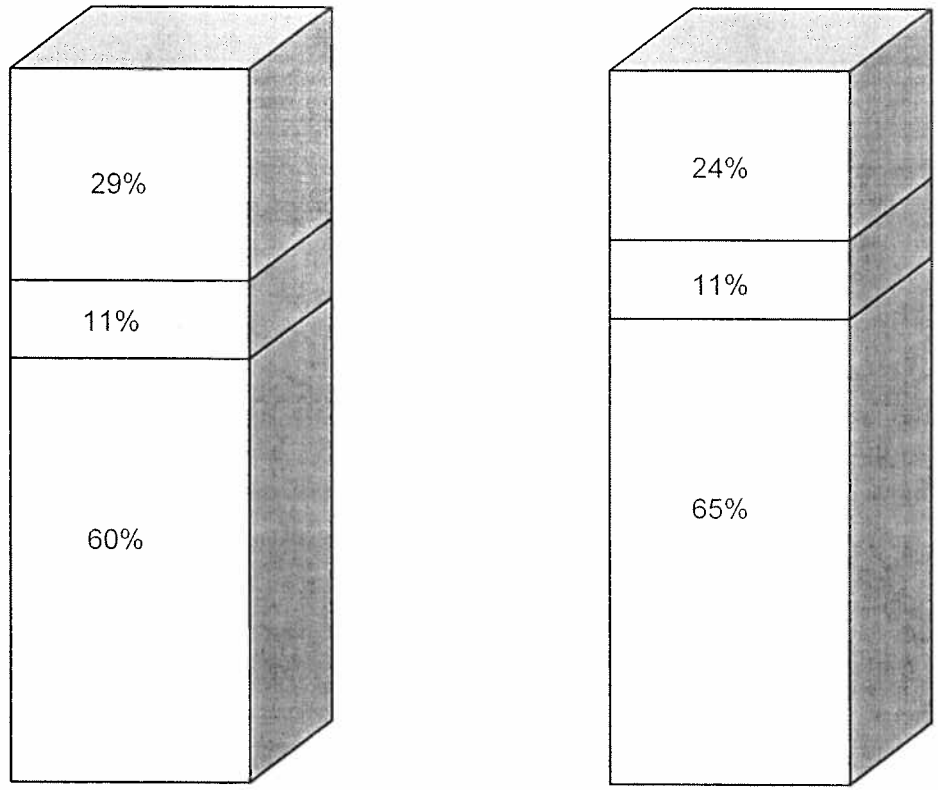
FIGURE 6

ABAG Financial Indices

Composition of Expenses FY 10--FY 11

Year to Date

($'000)



	FY10-11 Expenses (Total $9,293)	FY09-10 Expenses (Total $8,349)
☐ Consultants	$2,730	$1,961
☐ Others	$1,029	$924
☐ Payroll	$5,534	$5,464

Source: ABAG -INDICES 2010-12.xls

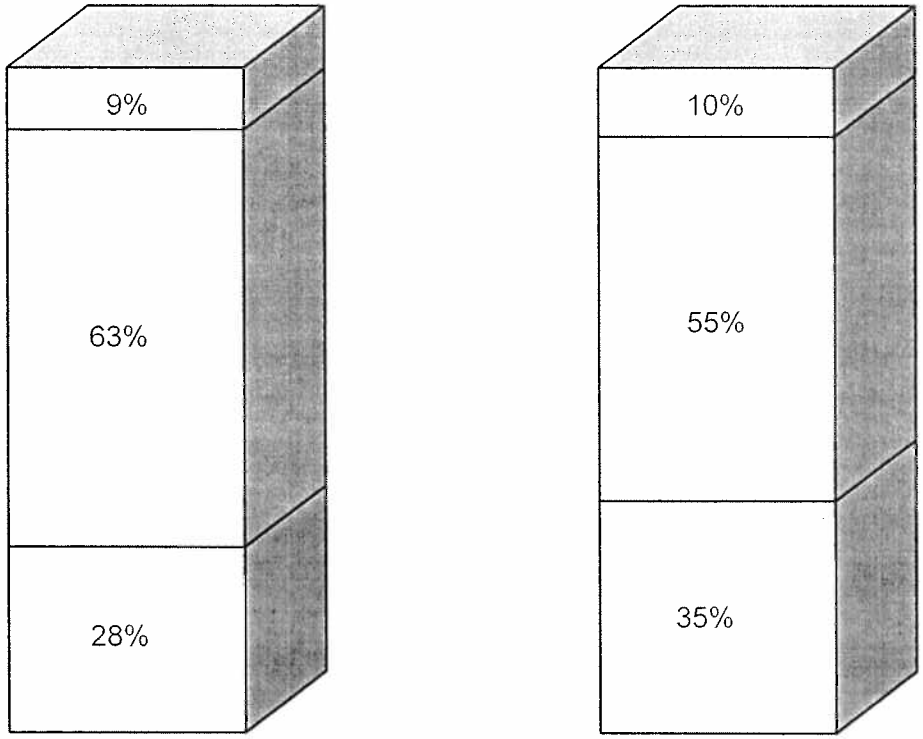
Figure 7

ABAG Financial Indices

Composition of Revenues FY 10--FY 11

Year to Date

($'000)



	FY 10-11 Revenue (Total $9,091)	FY 09-10 Revenue (Total $8,101)
☐ Membership	$845	$833
☐ Grants	$5,721	$4,453
☐ Services & Others	$2,525	$2,815

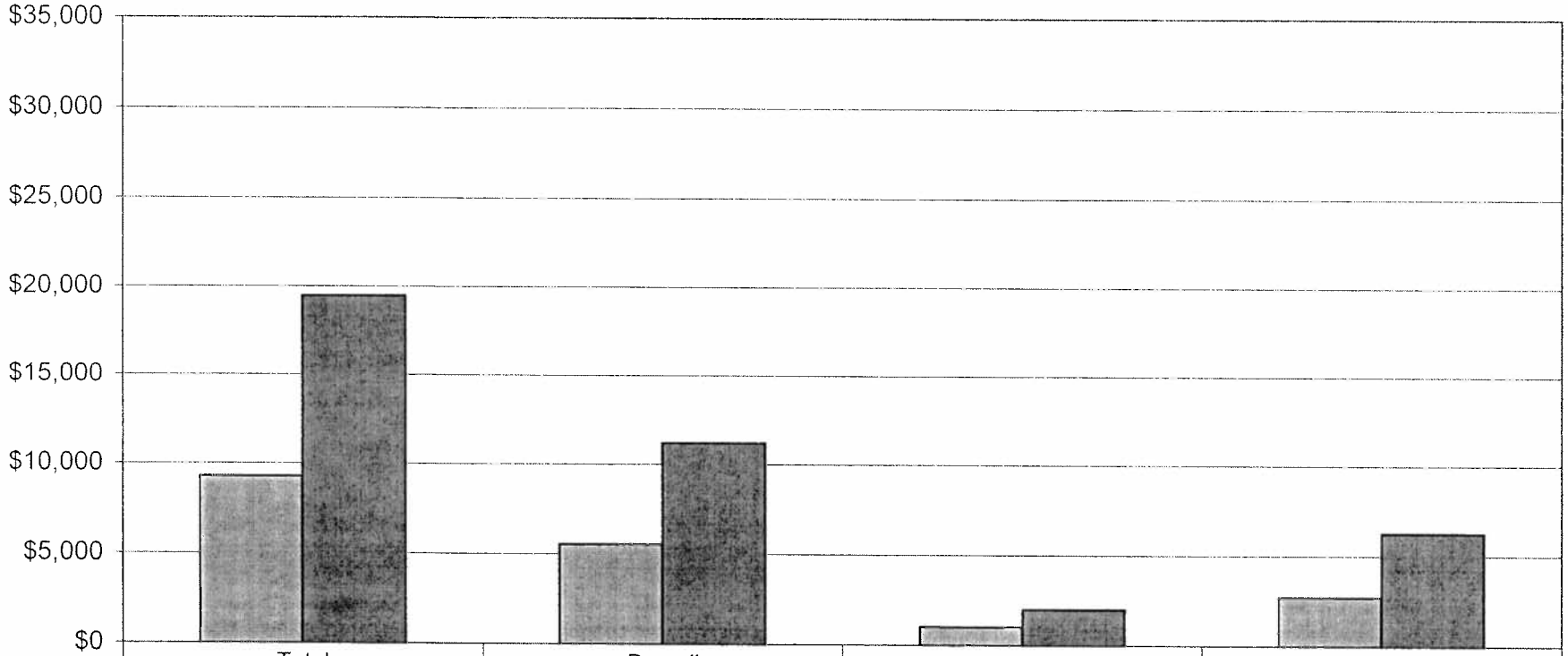
Source: ABAG --- INDICES 2010-12.xls

Figure 8

ABAG Financial Indices

Actual vs Projected Expenses--FY 10-11

Year to Date ($'000)



	Total	Payroll	Other	Consultants
Actual	$9,293	$5,534	$1,029	$2,730
Projected	$19,500	$11,207	$2,020	$6,273

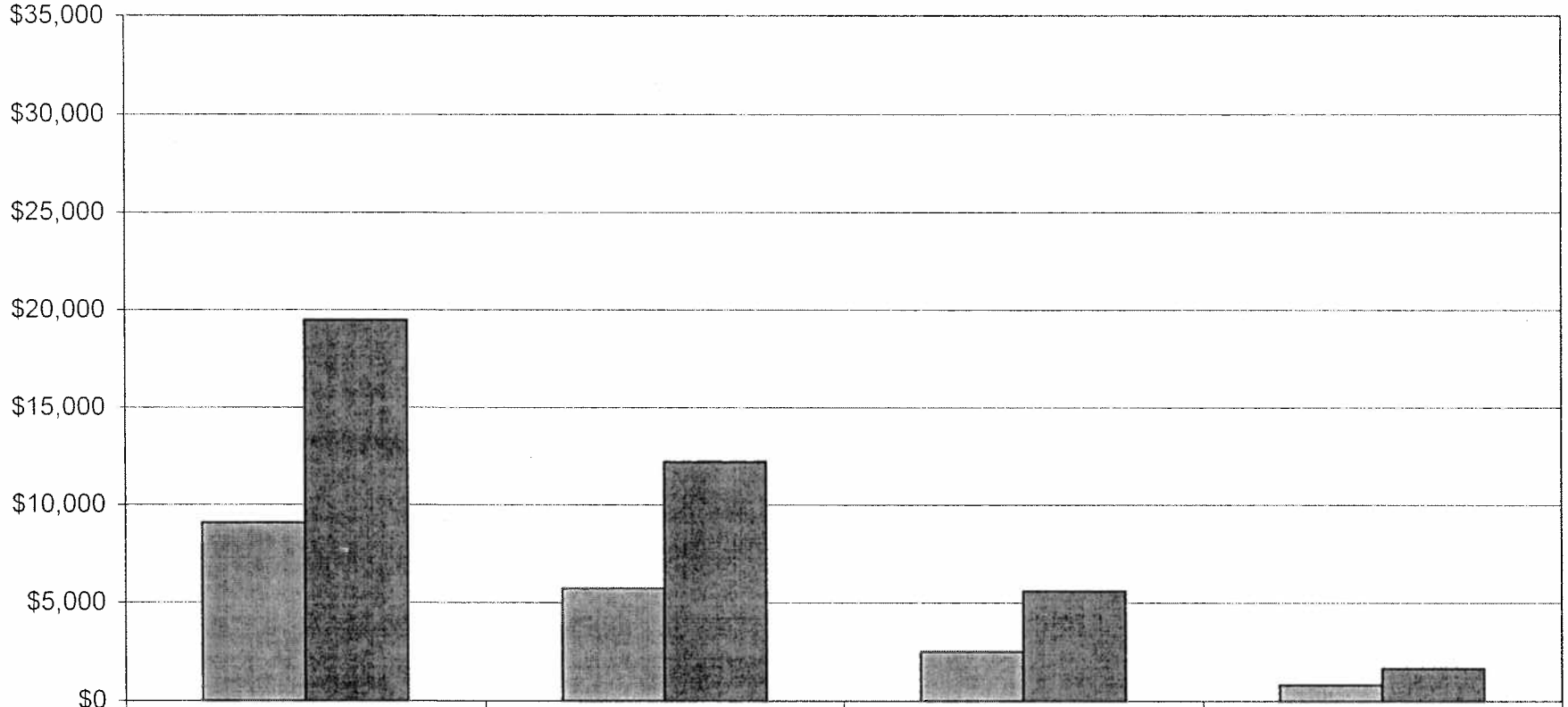
Source: ABAG -- INDICES 2010-12.xls

Figure 9

ABAG Financial Indices

Actual vs Projected Revenues--FY 10-11

Year to Date ($'000)



	Total	Grants	Services & Other	Membership
Actual	$9,091	$5,721	$2,525	$845
Projected	$19,500	$12,210	$5,600	$1,690

Source: ABAG --INDICES 2010-12.xls

Figure 10

Description of Charts

Figure 1 -- Cash on Hand

Cash on hand represents the sum total of cash deposited at our bank and the Local Agency Investment Fund (LAIF). This chart shows fluctuation patterns of cash on hand for the current and last fiscal years.

Figure 2 -- Accounts Receivable

Accounts receivable tracked by this chart include receivables generated by grants and service programs over two fiscal years. This chart reflects the reasonableness of our receivable levels. We usually have about six weeks' worth of our annual revenues in receivables.

Figure 3 -- Current Month Revenues and Expenses

Presents month by month total revenues, total expenses, payroll and other expenses for the current fiscal year. The difference between total revenues and total expenses lines represents the overall current month net surplus (or deficit) for the agency.

Figure 4 -- Year-to-date Revenues and Expenses

Presents year-to-date total revenues, total expenses, payroll and other expenses for the current fiscal year. The difference between total revenues and total expenses lines represents the overall year-to-date net surplus (or Deficit) for the agency.

Figure 5 --Fund Equity

Presents general, restricted and total fund equities for the current fiscal year. General fund equity represents unrestricted equity. Restricted equities include building bond interest, building maintenance, self-insurance and capital. These restricted equities represent the agency's equities set aside for specific purposes as approved by the Finance and Personnel Committee. Total equity is the sum total of general and restricted equities.

Figure 6 -- Indirect Cost Rate (% of Direct Labor Cost)

This chart shows a comparison between the actual indirect cost rate and the approved rate. The approved indirect cost rate is computed by dividing total estimated overhead expenses by total projected direct labor cost for a fiscal year. This rate is used as a standard overhead cost rate to allocate indirect costs to all projects. This process is performed in accordance with an indirect cost plan, which is prepared annually in accordance with OMB A-87.

Figure 7 – Composition of Expenses

This chart compares expenses for current and last fiscal years. It groups expenses into two broad categories -- payroll costs and other expenses.

Figure 8 -- Composition of Revenues

Presents a break down of total revenues into four main sources -- membership, grants, services and others. This chart compares revenue sources between current and last fiscal years.

Figure 9 -- Actual vs. Budgeted Expenses

Presents a comparison of actual and budgeted total expenses as well as component categories: payroll costs, consultants and other expenses.

Figure 10 -- Actual vs. Budgeted Revenues)

Presents a comparison of actual and budgeted total revenues as well as component categories: membership dues, grants, services and other.

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TO: Finance and Personnel Committee

DT: February 28, 2011

FM: Herbert Pike, Finance Director

Re: Financial Reports
--January 2011

The following are highlights of the financial reports for January 2011.

Cash on Hand (Figure 1)
Cash on hand increased to $1.07 million on January 31st from $0.92 million on December 31st. The increase is attributed primarily to the return to billable activities after the holidays and related vacations. The January balance includes approximately $0.35 million invested in the Local Agency Investment Fund (LAIF). Currently, ABAG does not hold any other investments. The January 31st cash balance is approximately $402 thousand less than the prior year. In the prior year, one-time grant advances improved the January 2010 cash, advances not present in January 2011.

Receivables (Figure 2)
Receivables from grant and service programs amounted to about $3.83 million on January 31st, an increase of $557 thousand from the month prior. During January, staff continues to process grants on monthly billing cycles and bill the grants for the second quarter (October through December billed during late January and early February). Because of this cycle, billed receivables increased by $671 thousand while unbilled receivables decreased by $114 thousand during January. January receivables are $148 thousand higher than the year prior.

Actual vs. Budgeted Expenses (Figure 9)
Total expenses through January 31st amounted to about $11.63 million, or 59.6 percent, of the projected annual expense of $19.5 million for FY 10-11.

Actual vs. Budgeted Revenues (Figure 10)
As of January 31st, total revenues amounted to about $11.49 million, or 58.9 percent, of the projected annual revenue of $19.5 million for FY 10-11.

As of January 31st, both revenues and expenses are above pro rated (58.3 percent) "projected" annual totals. While revenues and expenditures might be expected to be 58.3 percent after the first seven months of the new fiscal year, they are higher than projections, largely due to the realization of new grants that have not worked their way through the budget process and the related pass-throughs/contract services. A revision in total year-end expense may be needed.

F&PC AGENDA ITEM #3-B

Fund Equity (Figure 5)

As of January 31st, general fund equity was approximately $880 thousand, an increase of $61 thousand from December 31st. The increase is primarily attributed to the decelerated use of leave associated with the vacations and holidays in December, a trend that should continue through the remainder of the year as holidays and vacations are fewer. The Agency's restricted fund equity, consisting of capital, self-insurance and building maintenance, remained unchanged at $510 thousand.

Indirect Cost (Figure 6)

The Agency's actual indirect cost (overhead) rate was 44.39 percent of direct labor cost as of January 31st, or about 1.44% above the budgeted rate of 42.95 percent for FY 10-11. The decrease from the prior month is encouraging and reinforces the expectation that it will continue to decline to the budgeted amount by the end of the fiscal year. For the same month in the prior year, the rate was 43.79 percent but ended at 42.95 percent for the year. Some administrative staff is expected to be diverted to some new energy projects that should result in reduced overhead spending.

Overall (Figures 3, 4, 7 & 8)

At January 31st, the Agency's net financial position is slightly askew from the forecast with a deficit of roughly $141 thousand, or about 1.2 percent of year-to-date revenues, a decrease of $61 thousand from the deficit noted at the end of December. As certain new grant projects come on line, they will generate both more grant revenue, reduce overhead expense and contribute overhead recoveries, thereby reducing the projected deficit by year-end. Also, as noted previously, a greater proportion of labor costs become reimbursable as leaves diminish in the second half of the fiscal year.

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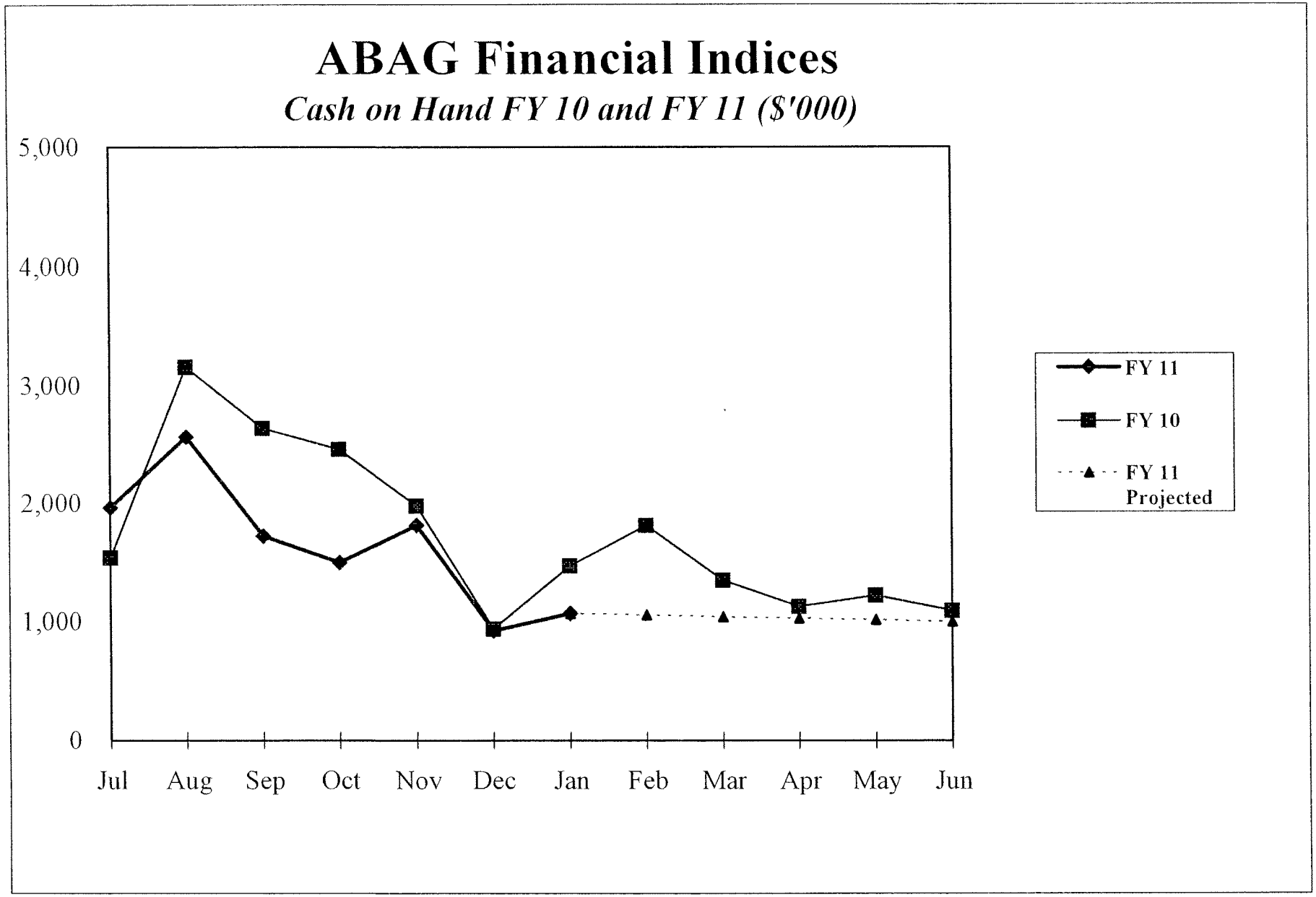

Source: ABAG -INDICES 2011-01.xls

FIGURE 1

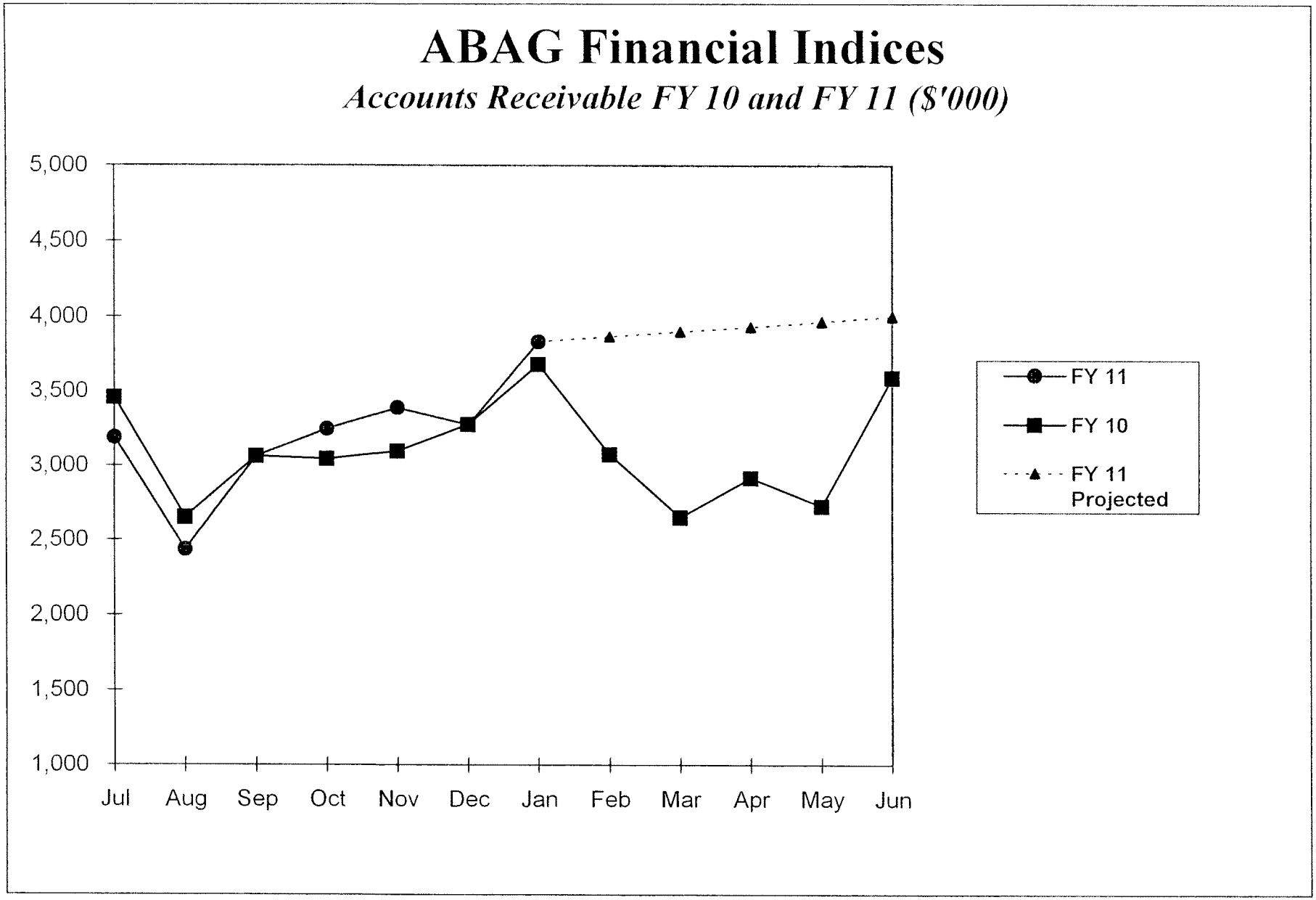

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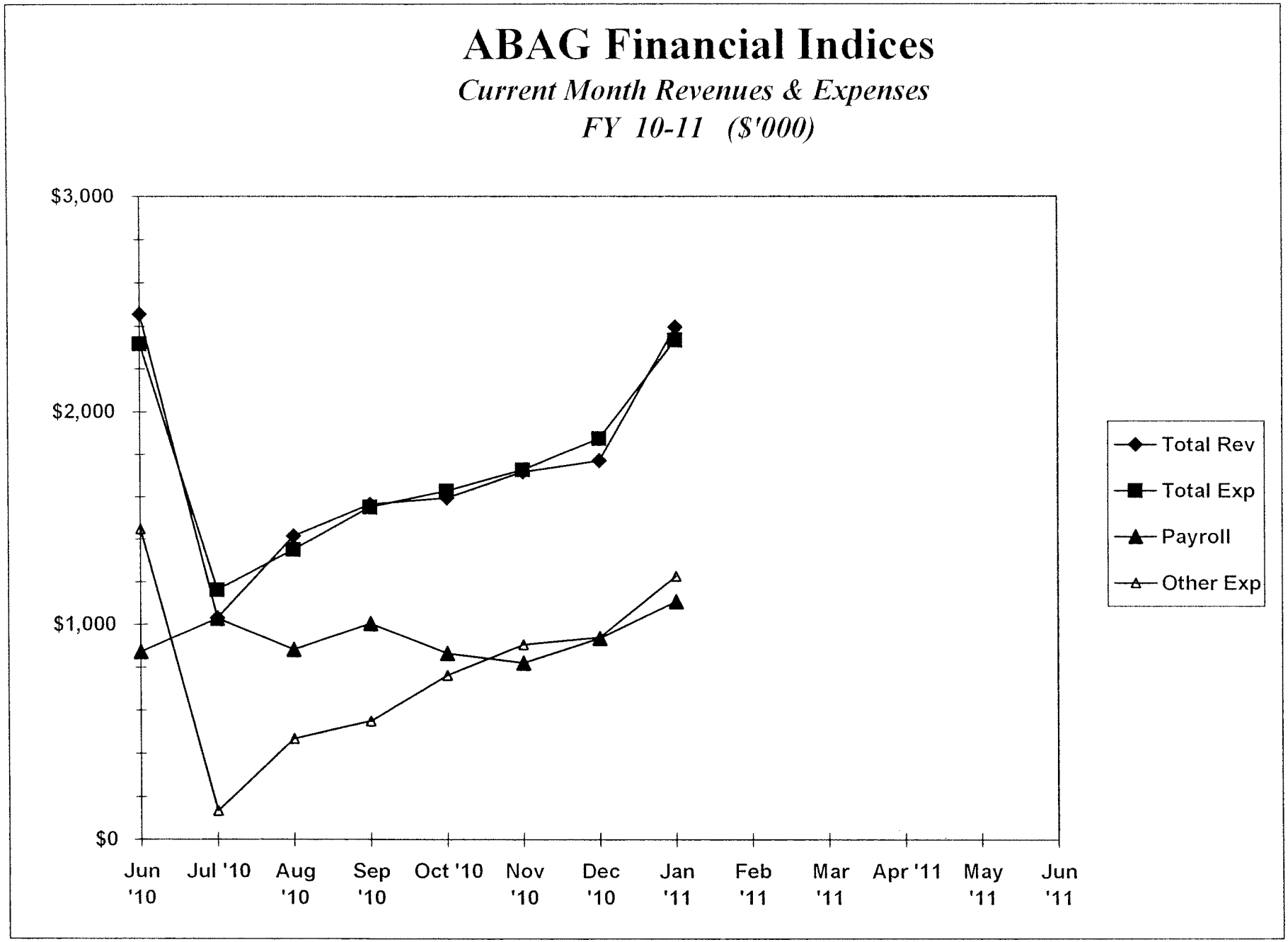
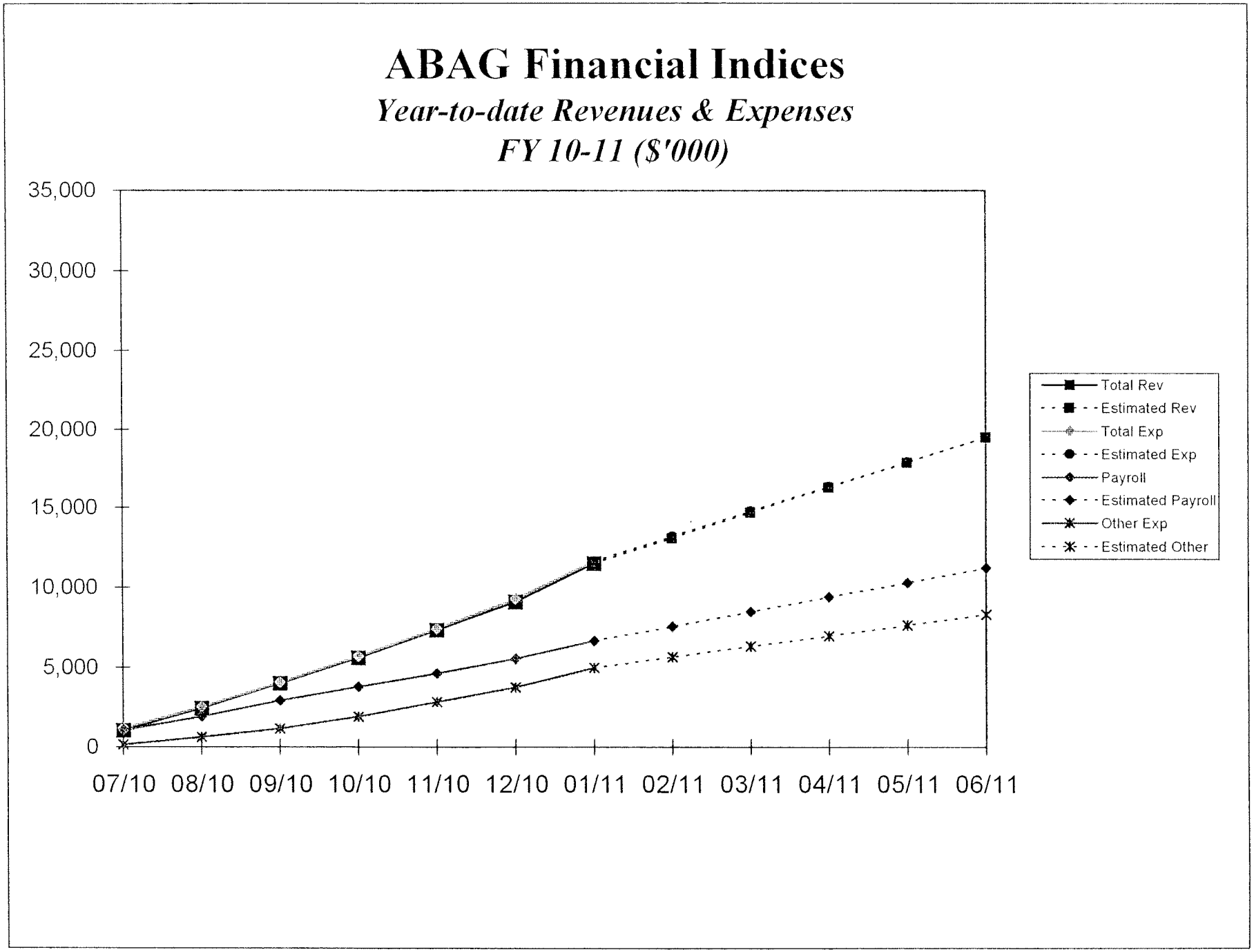
FIGURE 2



Source: ABAG- INDICES 2011-01.xls

FIGURE 3



Source: ABAG - INDICES 2011-01.xls

FIGURE 4

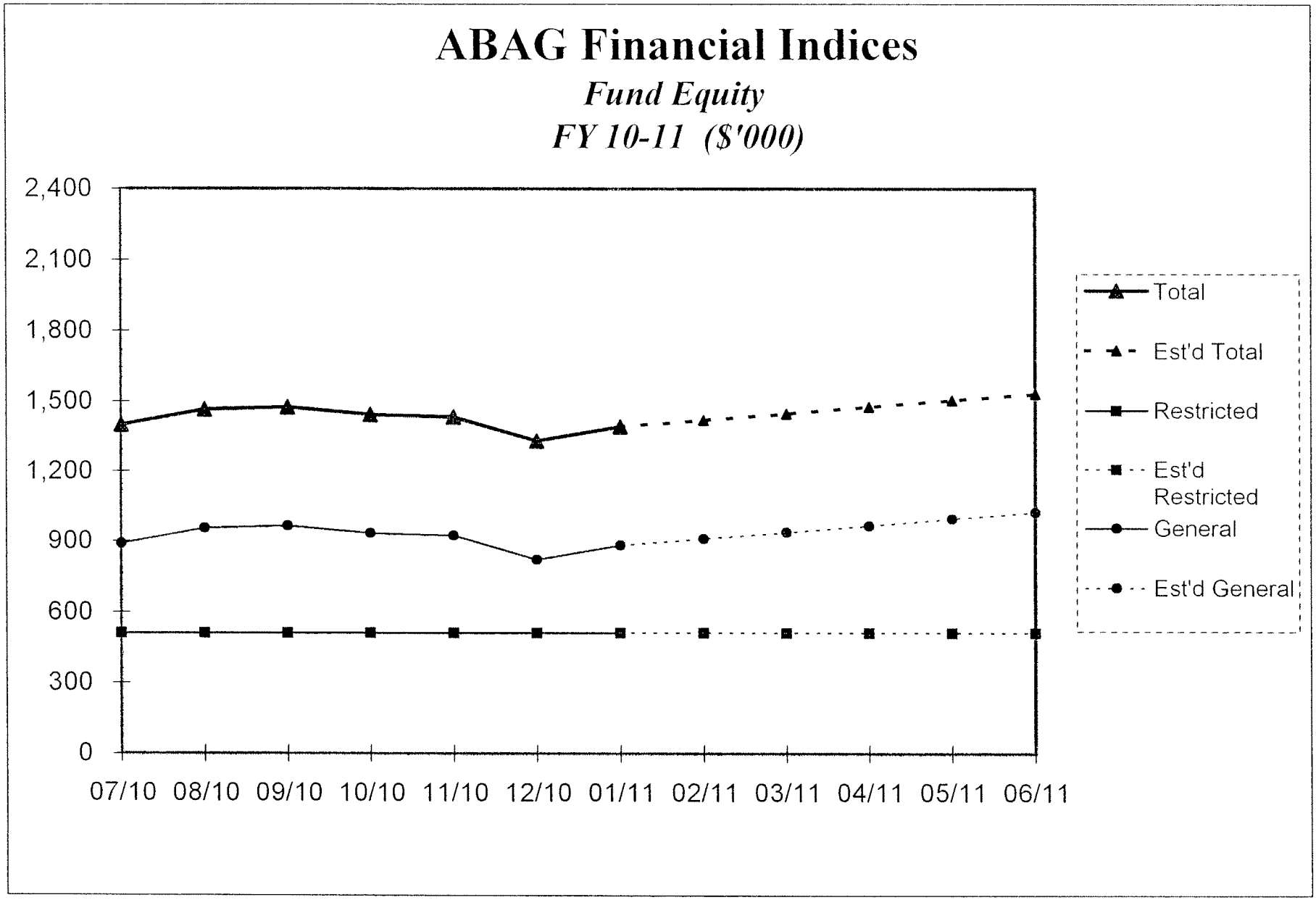


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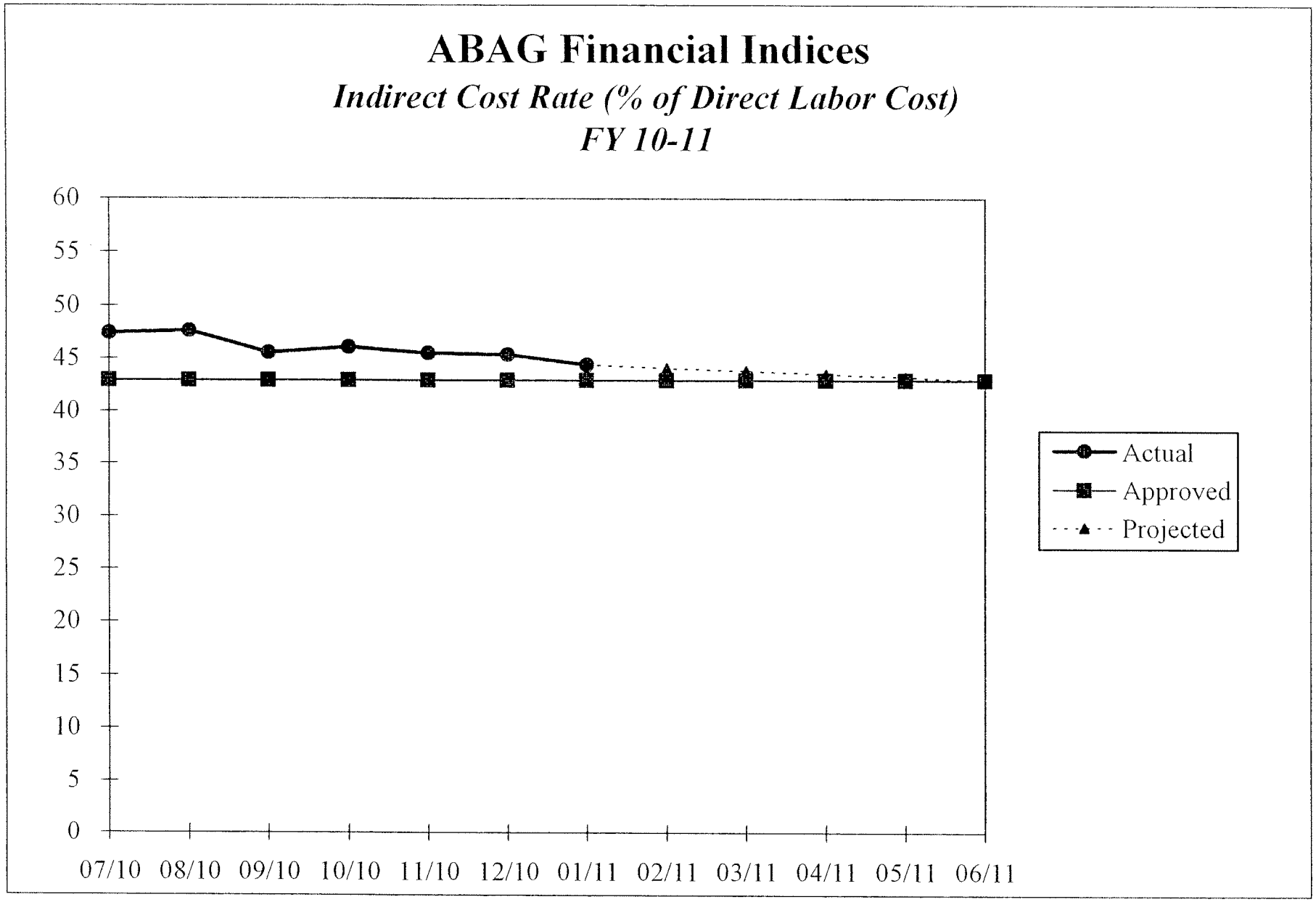
FIGURE 5



Source: ABAG- INDICES 2011-01.xls

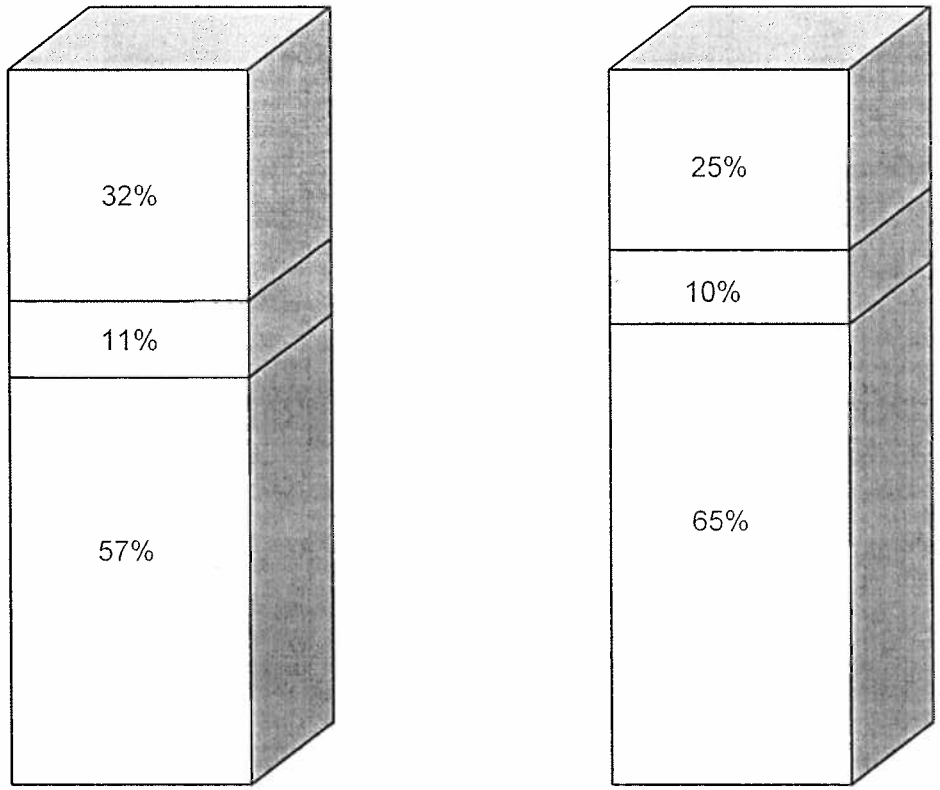
FIGURE 6

ABAG Financial Indices

Composition of Expenses FY 10--FY 11

Year to Date

($'000)



	FY10-11 Expenses (Total $11,630)	FY09-10 Expenses (Total $9,917)
☐ Consultants	$3,738	$2,487
☐ Others	$1,249	$1,027
☐ Payroll	$6,643	$6,403

Source: ABAG -INDICES 2011-01.xls

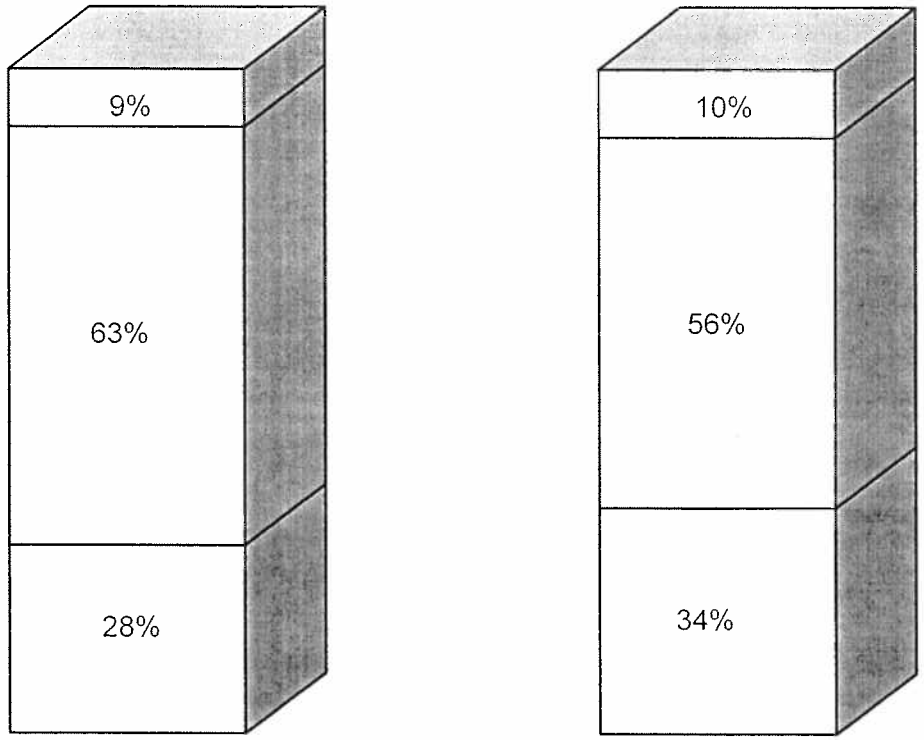
Figure 7

ABAG Financial Indices

Composition of Revenues FY 10--FY 11

Year to Date

($'000)



	FY 10-11 Revenue (Total $11,489)	FY 09-10 Revenue (Total $9,570)
☐ Membership	$986	$971
☐ Grants	$7,270	$5,362
☐ Services & Others	$3,233	$3,237

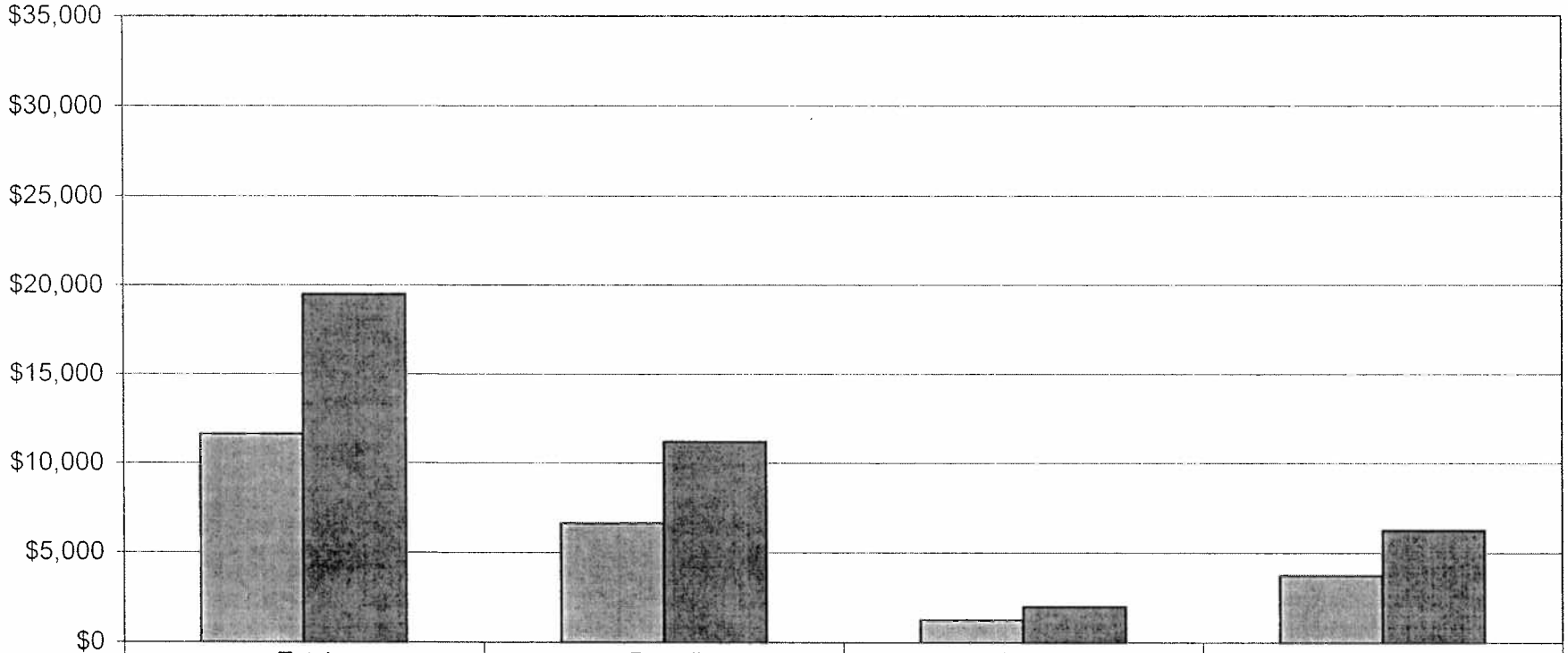
Source: ABAG --- INDICES 2011-01.xls

Figure 8

ABAG Financial Indices

Actual vs Projected Expenses--FY 10-11

Year to Date ($'000)



	Total	Payroll	Other	Consultants
Actual	$11,630	$6,643	$1,249	$3,738
Projected	$19,500	$11,207	$2,020	$6,273

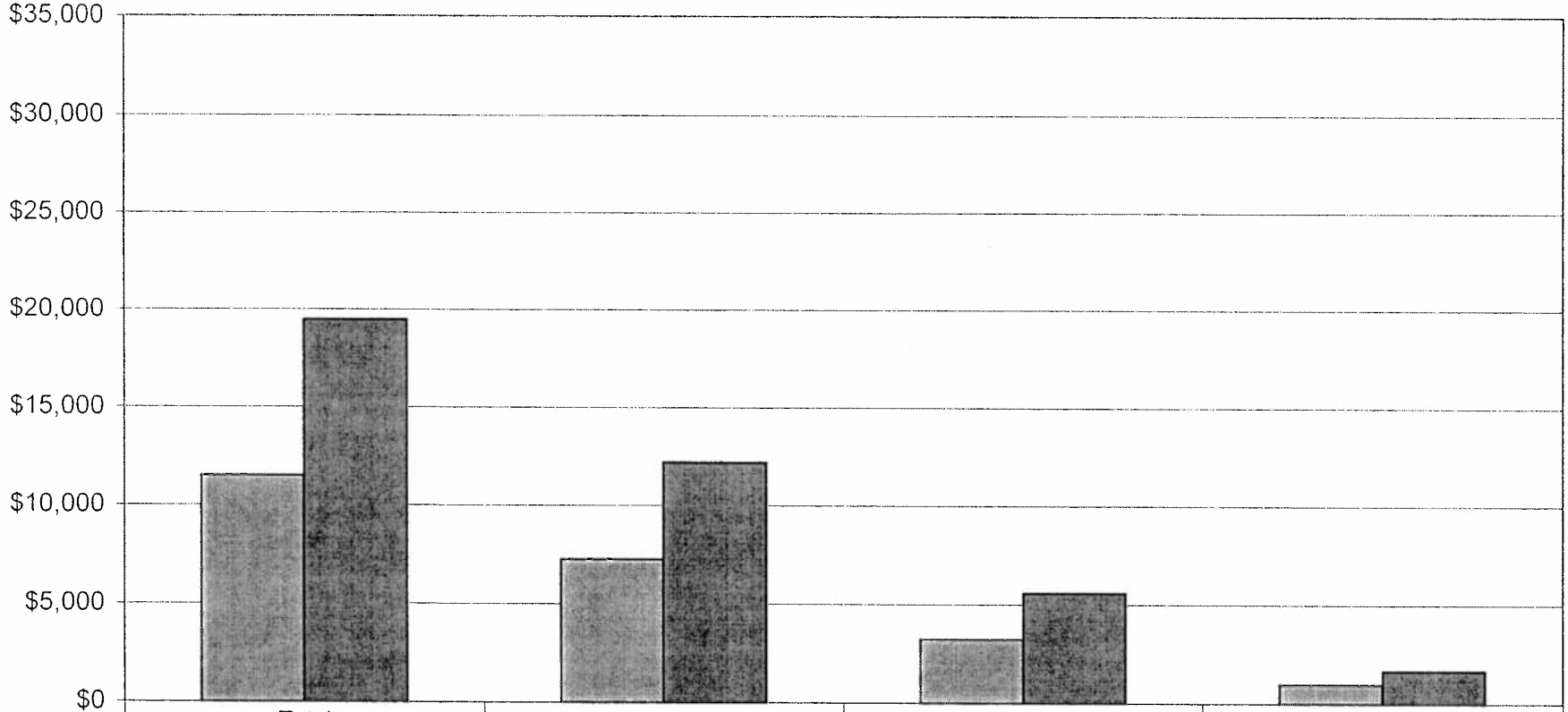
Source: ABAG -- INDICES 2011-01.xls

Figure 9

ABAG Financial Indices

Actual vs Projected Revenues--FY 10-11

Year to Date ($'000)



	Total	Grants	Services & Other	Membership
Actual	$11,489	$7,270	$3,233	$986
Projected	$19,500	$12,210	$5,600	$1,690

Source: ABAG --INDICES 2011-01.xls

Figure 10

Description of Charts

Figure 1 -- Cash on Hand

Cash on hand represents the sum total of cash deposited at our bank and the Local Agency Investment Fund (LAIF). This chart shows fluctuation patterns of cash on hand for the current and last fiscal years.

Figure 2 -- Accounts Receivable

Accounts receivable tracked by this chart include receivables generated by grants and service programs over two fiscal years. This chart reflects the reasonableness of our receivable levels. We usually have about six weeks' worth of our annual revenues in receivables.

Figure 3 -- Current Month Revenues and Expenses

Presents month by month total revenues, total expenses, payroll and other expenses for the current fiscal year. The difference between total revenues and total expenses lines represents the overall current month net surplus (or deficit) for the agency.

Figure 4 -- Year-to-date Revenues and Expenses

Presents year-to-date total revenues, total expenses, payroll and other expenses for the current fiscal year. The difference between total revenues and total expenses lines represents the overall year-to-date net surplus (or Deficit) for the agency.

Figure 5 --Fund Equity

Presents general, restricted and total fund equities for the current fiscal year. General fund equity represents unrestricted equity. Restricted equities include building bond interest, building maintenance, self-insurance and capital. These restricted equities represent the agency's equities set aside for specific purposes as approved by the Finance and Personnel Committee. Total equity is the sum total of general and restricted equities.

Figure 6 -- Indirect Cost Rate (% of Direct Labor Cost)

This chart shows a comparison between the actual indirect cost rate and the approved rate. The approved indirect cost rate is computed by dividing total estimated overhead expenses by total projected direct labor cost for a fiscal year. This rate is used as a standard overhead cost rate to allocate indirect costs to all projects. This process is performed in accordance with an indirect cost plan, which is prepared annually in accordance with OMB A-87.

Figure 7 – Composition of Expenses

This chart compares expenses for current and last fiscal years. It groups expenses into two broad categories -- payroll costs and other expenses.

Figure 8 -- Composition of Revenues

Presents a break down of total revenues into four main sources -- membership, grants, services and others. This chart compares revenue sources between current and last fiscal years.

Figure 9 -- Actual vs. Budgeted Expenses

Presents a comparison of actual and budgeted total expenses as well as component categories: payroll costs, consultants and other expenses.

Figure 10 -- Actual vs. Budgeted Revenues)

Presents a comparison of actual and budgeted total revenues as well as component categories: membership dues, grants, services and other.

ASSOCIATION OF BAY AREA GOVERNMENTS
FINANCE & PERSONNEL COMMITTEE

TABLE OF FINANCIAL REPORT DATA ELEMENTS
(thousands of dollars)

Index Description	Jan-11	Dec-10	Nov-10	Jan-10	Dec-09
Cash	1,067	922	1,808	1,469	935
Receivables	3,830	3,273	3,389	3,682	3,276
Payroll Cost-YTD	6,643	5,534	4,599	6,403	5,464
-Month	1,109	935	821	939	898
Total Other Expense-YTD	4,987	3,759	2,820	3,514	2,885
-Month	1,228	939	906	629	541
Total Expenses-YTD	11,630	9,293	7,419	9,917	8,349
-Month	2,337	1,874	1,727	1,568	1,439
Total Revenues-YTD	11,489	9,091	7,320	9,570	8,101
-Month	2,398	1,771	1,717	1,469	1,440
Fund Equity-General	880	819	922	706	805
Total Restricted	510	510	510	510	510
Total Fund Equity	1,390	1,329	1,432	1,216	1,315
Approved Overhead	42.95%	42.95%	42.95%	42.95%	42.95%
Overhead Rate %	44.39%	45.35%	45.51%	43.79%	44.38%

F&PC AGENDA ITEM #3-C

ABAG, BAAQMD and MTC Regional Co-location Facility

Communication Update

March 1, 2011

I. Project Objectives

The Metropolitan Transportation Commission (MTC)currently employs 200 employees and the Association of Bay Area Governments (ABAG) currently employs 77 employees. The two agencies are partial owners, through a condominium ownership structure, of a 77,121 gross sq. ft. building at 101 Eighth Street in Oakland. There is no outstanding real estate debt on the property. Within this building, MTC occupies approximately 50,000 sq. ft. of space and ABAG occupies approximately 17,000 sq. ft. of space. BART holds a ground lease on the property and has first right of refusal for owning or leasing space vacated by MTC or ABAG.

The Bay Area Air Quality Management District (Air District) currently employs approximately 343 full time employees, about 200 work in the Air District headquarters at 939 Ellis Street in San Francisco. The Air District owns the 82,212 gross sq. ft. building unencumbered by any outstanding debt. Other Air District employees, primarily air quality inspectors and staff who conduct air quality testing and monitoring, work out of small leased office spaces elsewhere within the nine-county Bay Area.

The objective of this project is to identify viable real estate option(s) in the City of Oakland and City of San Francisco within close proximity to major forms of public transportation for the co-location of the three agencies into a regional facility. The options will be presented to the governing boards of each agency for review and approval before proceeding with a final recommendation and negotiations.

II. Real Estate Services

CB Richard Ellis was selected to act as real estate advisor and broker for this project. The scope of work includes:

1. Site Search, Selection and Analysis
2. Proposal Evaluation and Shortlist Recommendations
3. Board Presentations and Approval to Proceed
4. Negotiations and Financial Analysis
5. Final Recommendation
6. Closing of Escrow and Documentation

As a next step, CBRE will be engaging the market and speaking to the Oakland and San Francisco economic development staff, owners, developers, landlords and joint ventures that desire to present viable real estate options for this project.

ABAG, BAAQMD and MTC Regional Co-location Facility

Communication Update

March 1, 2011

III. Contact Information

MTC will serve as the lead agency on this project.. However, any questions relative to real estate options should be directed to CBRE's San Francisco office to the attention of:

Darin R. Bosch,
Senior Vice President
CB Richard Ellis
101 California St, 44th Floor
San Francisco, CA 94111
415.772.0123
Lic:00117934
darin.bosch@cbre.com

DATE: March 17, 2011

TO: Finance & Personnel Committee

FROM: Herbert L. Pike, Finance Director

SUBJECT: Payment of *Per Diems* for Invited Board Members

At a recent joint meeting of the ABAG Administrative Committee and the MTC Planning Committee, members of the ABAG representatives to the JPC were invited to attend. Their names were handwritten onto the pre-printed *per diem* sign-in sheet and *per diem* reimbursement was requested. A staff person subsequently asked Mr. Kenneth Moy, Legal Counsel, to opine as to the authorization to honor such an addition. Mr. Moy wrote:

> "The ABAG Bylaws and Policy on Committee Formation govern the payment of per diems by ABAG. They clearly state that per diems are paid for attendance at a **meeting** of the body of which an individual is a member. The only exception is the recently adopted provisions for attendance by the President (or his designee) at events that advance ABAG's interests. An invitation to the JPC members to attend the joint meeting of the ABAG Administrative Committee and MTC Planning Committee does not meet either criteria. In my opinion, payment of a per diem to any of ABAG's appointees to the JPC under these circumstances is not authorized."

Staff requests direction from the Finance & Personnel Committee as to their desire to honor or reject the per diem request of the JPC members and, further, if a revision to ABAG Policy should be made to more explicitly address this issue. If a revision of Policy is sought, staff would return at the next Finance & Personnel Committee with the formal, proposed text of the revision for your review.