

**CITY/COUNTY ASSOCIATION OF GOVERNMENTS
FINANCE COMMITTEE
MEETING MINUTES
August 27, 2015**

Committee Members Attending:

Art Kiesel (City of Foster City)
Jay Benton (Town of Hillsborough)
Bob Grassilli (City of San Carlos)
Mary Ann Nihart (City of Pacifica)

Guests or Staff Attending:

Sandy Wong, Jean Higaki - C/CAG Staff
Tracy Kwok - San Carlos Financial Services Manager

1. Call to order

At 12:05 P.M. Finance Committee meeting was called to order.

2. Public comment on related items not on the agenda.

None

3. Approval of minutes of February 26, 2015 meeting. (Action)

Member Benton moved and member Grassilli seconded approval of the minutes. Motioned passed 3-0. Member Nihart abstained as she was not present at the February 26, 2015 meeting.

4. Receive copies of monthly investment statements for April, May, June 2015. (Information)

Staff has rearranged the monthly reports to more easily show when account transfers are made each month into the investment accounts. Member Kiesel asked for a clarification about a footnote on the June report. Member Benton asked about the Lehman Brothers settlement payment. This quarter reflects the last payment for that settlement.

5. Review the C/CAG Quarterly Investment Report as of June 30, 2015. (Information)

Member Benton asked about the drop in the balance from the state funds. Sandy Wong had informed the Board that the cash balance was expected to drop due to the payment of the \$4 vehicle fees to the cities as well as payments for the Smart Corridors. The ratio has dropped to the target 60% and 40% ratio.

6. Recommend modifications to the C/CAG investment portfolio as needed. (Action)

Member Grassilli moved and member Kiesel recommended no change to the investment portfolio. Motion passed unanimously.

7. Review and recommendation on using discount rates of 6% and 6.5% for the next OPEB actuarial valuation. (Action)

The last C/CAG valuation of liability was performed in 2012 that covered FY ending on June 30 2013, 2014, and 2015. C/CAG is due to perform another study which will cover FY ending on June 30, 2016 and June 30, 2017. In performing the study a question was asked about what discount rate should be used as the CalPERS trust rates range from 7.28%, 6.73%, to 6.12% for three strategies respectively. C/CAG previously selected the 6.73% discount rate strategy. Staff recommends, for this study, using two discount rates which must be equal to or lower than the CalPERS rate. It was suggested to consider pre-funding the liability during the development of the next budget.

Member Grassilli moved and member Kiesel recommended using 6% and 6.5% for the next OPEB actuarial valuation. Motion passed unanimously.

8. Adjournment

The meeting adjourned at approximately 12:36 P.M.