

**CITY/COUNTY ASSOCIATION OF GOVERNMENTS
FINANCE COMMITTEE
MEETING MINUTES
November 16, 2016**

Committee Members Attending:

Maryann Moise Derwin (Town of Portola Valley)

Jay Benton (Town of Hillsborough)

Bob Grassilli (City of San Carlos)

Ann Wengert (Town of Portola Valley)

Guests or Staff Attending:

Sandy Wong, Jean Higaki - C/CAG Staff

Carrie Tam - San Carlos Financial Services Manager

1. Call to order

At 12:14 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 August 24, 2016 meeting. (Action)

Minutes were accidentally omitted in the printed packet. Action was not taken. The August 24, 2016 minutes and the November 16, 2016 minutes will be presented at the February 22, 2017 meeting for approval.

4. Receive copies of monthly investment statements for July, August, and September 2016. (Information)

Finance committee members reviewed the investment statements and cash flow reports. The balance is very high at \$23.4 million. There were questions about what amount of funding is committed and what amount is available to spend. It was requested that staff be able to periodically (every six months) report on how much of the balance is committed and how much is available for expenditures. It was also a requested to include the C/CAG reserve amount in that report. Member Wengert asked about the LAIF "system charge." Carrie Tam explained that the system charge is negative and is a quarterly interest.

5. Review of the quarterly investment report and recommend modifications to the C/CAG investment as needed. (Action).

At the August 24, 2016 meeting, member Grassilli requested that staff collect information from PFM regarding fees and minimum investment portfolios. Sandy Wong reported her findings. PFM charges a minimum of \$25,000 fee plus a \$5,000 custodian fee regardless of the investment balance. At this time the annual fees would outweigh the benefits of using an independent investment portfolio manager.

Member Benton asked why the yield appeared flat given the increase in LAIF rate of returns. It was thought that this could be attributed to the weighted average yield and cash flow fluctuations. Member Wengert asked if there was a perceivable difference in the risk profile between LAIF and the County Pool. The anticipated level of the balance over the next few years, and the expected short, medium, and long term expenditure needs may influence if the target percentage in the County Pool should increase.

Member Grassilli clarified that increasing the County Pool target in pursuit of the higher rate of return would result in a relatively small net gain. Member Benton added that moving the Pool target too close to the 50% range would incur a higher risk of non-compliance with C/CAG Board adopted policy.

Member Benton moved and member Derwin seconded a recommendation of “no change” to the investment portfolio. Motion passed unanimously.

6. Develop the 2017 Finance Committee meeting Calendar. (Action)

Jean Higaki presented the 2017 Legislative Committee Calendar.

Member Derwin moved and member Wengert seconded approval of the 2017 C/CAG Finance Committee Calendar. Motion passed unanimously.

7. Adjournment

The meeting adjourned at approximately 12:40 P.M.