

**CITY/COUNTY ASSOCIATION OF GOVERNMENTS
FINANCE COMMITTEE
MEETING MINUTES
May 22, 2019**

Committee Members Attending:

Maryann Moise Derwin (Town of Portola Valley)
Ann Wengert (Town of Portola Valley) – Committee Chair
Marie Chuang (Town of Hillsborough) – Committee Vice Chair
Ricardo Ortiz (City of Burlingame) (after item 4)
Jay Benton (Town of Hillsborough)

Guests or Staff Attending:

Sandy Wong, Jean Higaki - C/CAG Staff
Carrie Tam - San Carlos Financial Services Manager

1. Call to order

At 1:02 P.M. Chair Wengert called Finance Committee meeting to order.

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

None

3. Approval of minutes of February 27, 2019 meeting. (Action)

A revised handout of the minutes was provided with corrections made prior to the meeting. Member Benton called out an additional correction to the minutes under item three, last paragraph where the word “vice” was mistakenly omitted from the paragraph.

Member Benton moved and Vice Chair Chuang seconded approval of the corrected February 27, 2019 meeting minutes. Member Derwin abstained. Motioned passed 3-0.

4. Receive copies of monthly investment statements for January, February, and March 2019. (Information)

Finance committee members reviewed the investment statements and cash flow reports. Chair Wengert requested confirmation that the “system” on the January statement is interest. Carrie Tam, City of San Carlos Financial Services Manager confirmed that it was. The interest is system generated and the other transactions note the name of the requestor.

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

The Finance Committee reviewed the investment portfolio and discussed current performance of LAIF and the County Pool. Chair Wengert asked if the committee was still comfortable with the Board approved ranges and received no indication that the ranges should change.

Member Ortiz stated that he would encourage C/CAG to re-look at setting up a private investment portfolio outside of LAIF and the County Pool as he believed returns would be higher and did not think that the current funds added more protections considering his experience with the Lehman's impact on the County Pool in the past. Chair Wengert recalled receiving information about the topic a few years ago. Staff had investigated the fees and minimum portfolio requirements in 2016. At that time, the Finance Committee determined that the additional net financial gain was not much and probably not worth the effort of setting up the portfolio.

Staff requested clarification about how much of the total portfolio did public agencies typically put into a private investment firm. The percentage hovered around 20% but the Finance Committee would need to make a recommendation along with other considerations if it was decided to invest in a private investment firm.

The Finance Committee recommended no change to the investment portfolio; however, it was requested that staff again investigate the fees and minimum investment portfolio requirements for using an independent investment portfolio manager with consideration of the new interest rates and fund balance.

Member Ortiz moved no change to the portfolio. Member Benton seconded. Motioned passed unanimously (5-0).

6. Review the draft final C/CAG Program Budget and Member Fees for Fiscal Year 2019-2020. (Action)

The Finance committee reviewed and had a robust discussion about the draft Budget, reserves, and member fees.

Sandy Wong, C/CAG Executive Director, presented the past approach and a revised approach for setting fund reserve amounts, as requested by the Finance Committee at the February meeting. The Finance Committee was comfortable with the new reserve amounts.

New information was presented regarding C/CAG's obligation with maintenance and replacement of the Smart Corridors equipment. Member Ortiz suggest setting up a Smart Corridor reserve line item specifically for those long-term obligations.

After discussing funds associated with supporting the San Mateo Express Lanes project, the Finance Committee also recommended opening a separate fund to segregate and track San Mateo Express Lane Joint Powers Authority expenditures that C/CAG will loan and be reimbursed for.

Member Benton moved to recommended that the Board approve the C/CAG Program Budget with two suggested revisions, which is creating a reserve for the Smart Corridors future expenses and segregating the Express Lane support expenditures. Member Benton also recommended that the Board adopt the Member Fees for Fiscal Year 2019-2020. Vice Chair Chuang seconded. Motioned passed unanimously (5-0).

7. Adjournment

The meeting adjourned at approximately 2:30 P.M.