

**CITY/COUNTY ASSOCIATION OF GOVERNMENTS
FINANCE COMMITTEE
MEETING MINUTES
May 25, 2016**

Committee Members Attending:

Maryann Moise Derwin (Town of Portola Valley)
Ann Wengert (Town of Portola Valley)
Bob Grassilli (City of San Carlos)

Guests or Staff Attending:

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

1. Call to order

At 12:17 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 November 20, 2015 meeting. (Action)

Member Grassilli moved and member Wengert seconded approval of the minutes. Motioned passed unanimously.

4. Receive copies of monthly investment statements for January, February, and March 2016. (Information)

Member Wengert asked why County Pool administrative fees appeared so high for a fixed income portfolio. There was a request to ask for some clarification about the high County Pool fees. It was asked if the fees are used to pay for independent oversight and for fund management by County staff. It was also requested to look at the administrative fees for LAIF. Follow up information was emailed to Committee Members on May 25, 2016.

5. Review the C/CAG Quarterly Investment Report as of March 31, 2016. (Information)

Clarification was given in regards to the ~\$20 million balance. The budget balance is slowly being reduced to around \$16 million. In the past, the balance usually hovered around \$10-11 million. The Smart Corridors project is also expected to reduce the balance when it is completed as large grant amounts had previously pushed the balance up.

Also the \$4 dollar and \$10 dollar vehicle license fees (VLF) comes from the Department of

Motor Vehicles (DMV) to C/CAG in installments. Much of that money is allocated to the Cities for streets and roads and storm water management. There is generally a lag from the time the funds are sent to C/CAG from DMV to the time Cities are reimbursed. Member Wengert asked for clarification about the reserve strategy. Approximately \$800K in operating expenses is kept for reserve among the programs.

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

Member Wengert asked why the portfolio range is higher than the County Pool. The percentage was changed a few years ago as a result of the Lehman Brothers bankruptcy and higher risk of the County Pool.

Member Derwin moved and member Wengert moved to recommend no change to the investment portfolio at this time. Motion passed unanimously. Carrie Tam will continue to monitor the portfolio.

7. Review the Draft Final C/CAG Program Budget and Member Fees for Fiscal Year 2016-2017. (Action)

Because of timing issues, the C/CAG Board has already reviewed the budget prior to the Finance Committee. The Board is scheduled to adopt the Budget in June. In the future, staff will try to schedule the Finance Committee meeting before the first Board review of the budget.

Member Wengert requested to show the restricted balances in addition to the balance so it is clear where money is not really available and to help explain any high overall balance. There was a question as to a replacement revenue source for the abandoned vehicle program. The responsibility for abandoned vehicles will fall back onto the individual jurisdictions.

Member Wengert requested clarification on professional services and distributions. Professional services fund most of C/CAG staff and ongoing services while distributions are the VLF. Member Grassilli asked about the high balance for Measure M and determined that this would be answered by adding restricted balance information. Member Wengert asked about the comparisons of projected actual vs. budgeted and suggested comparing budgeted vs. actual to get an idea of how well funds were budgeted in previous years. It was also suggested that adding percentage changes might be useful to get a quick idea of changes.

Member Wengert moved and member Derwin recommended approval of the C/CAG Program Budget and Member Fees for Fiscal Year 2016-2017. Motion passed unanimously.

8. Review and Recommend Approval of a Contribution to the CalPERS CERBT Trust to cover the Annual Required Contribution for Fiscal Year 2016-17. (Action)

A handout was distributed with information from an actuarial report on GASB 45 Retiree Benefit Valuation as of July 1, 2015. This report estimates the amount of Annual Required Contribution (ARC) for prefunding post-employment benefits (OPEB) through CalPers. It is estimated that an additional ~\$26K for fiscal year 2015-2016 is recommended to be paid into the California

Employers' Retiree Benefit Trust Program (CERBT) to prefund retiree benefits (unfunded liabilities). The estimate in the actuarial report covers two years.

Member Wengert moved and member Derwin recommended approval of a contribution to the CalPERS CERBT Trust to cover the Annual Required Contribution for Fiscal Year 2016-17. Motion passed unanimously.

9. Adjournment

The meeting adjourned at approximately 1:00 P.M.