

**Town of Portola Valley
Finance Committee
Tuesday, August 16, 2016
Town Hall Conference Room
765 Portola Road, Portola Valley, CA.**

Minutes—August 16, 2016 Meeting

Attendees:

Bill Urban, Chair
Michele Takei, Acting Secretary Jeremy Dennis, Town Manager
Gary Nielson Susan Cope, Admin Services
Ken Lavine Ann Wengert, Council Liaison
Craig Hughes, Town Council

Bill Urban called to meeting to order at 5:32 p.m.

Oral Communications – None

Minutes of May 31, 2016 were approved as corrected. Change “*question concerning large ratio of ~~projected~~ actual to ~~adopted~~ budgeted expenses*”. Add “*The committee noted the inability to spend what we planned to spend resulting in building cash.*”

New Business

1. Review proposal for Investment Account Implementation and components of Staff Report to Town Council

Jeremy explained that a Staff Report is being prepared with a target date of being ready for the October 12, 2016 Council Meeting. He also explained that since 2011 it has been Town policy that 60% of the approved budget be kept in reserves. While this policy does not impact how much and how reserves should be invested, it is an element of the Staff Report. The committee recommended that due diligence for broker/dealer/custodians be done on Charles Schwab, Fidelity Investments, and Vanguard.

The Staff Report should be distributed to the whole Finance Committee. Bill and Ken volunteered to do a detailed review of the Staff Report with a final sign off being completed by the last week of September.

2. Review proposed changes to Investment Policy Statement

The target return of the new investment account is ½ to 1% over inflation over 5 years. The rebalancing policy is not specifically stated, however rebalancing

would essentially be done when removing or adding cash. The committee recommended keeping the Local Agency Investment Fund (LAIF) for short term cash needs since the return on the LAIF is better than a money market “sweep” account. The committee also preferred using the LAIF over the San Mateo County investment portfolio.

3. Outreach/Publicity to Community about Finance operations and activities

Bill met with a consultant to discuss improving transparency of Town financial matters that can be better publicized such as the Town paying down its unfunded pension liability.

Old Business

Recommendation to pay off Unfunded Pension Liability as ongoing annual practice

Susan announced that she had received information that as of 6/30/16 the Town’s unfunded pension liability was less than \$20, so essentially zero. So no payment needs to be made prior to 6/30/17.

Bill Urban adjourned the meeting at 6:50 pm.

Michele Takei, Acting Secretary