

**Finance Committee Minutes
Monday, October 22, 2018
Town Hall Conference Room**

1. The meeting was called to order at 5:30 pm.

2. Attendees:

Bill Urban – Committee Chair
George Savage – Committee Member
Michele Takei – Committee Member
Ken Lavine – Committee Member
Lucy Neely – Committee Member
Howard Young – Public Works Director
Brandi de Garneau – Asst to Town Manager
Jeremy Dennis – Town Manager
Laura Russell – Town Planner
Doug Radtke – Town Finance Director
Cara Silver – Town Attorney
Ann Wengert – Council Liaison
Craig Hughes – Council Liaison

3. Oral Communications:

Doug Ratke, PV's new Finance Director, introduced himself and his work experience.

4. Approval of Minutes from May 15 and June 4 meetings.

Noted that Ken Lavine was not present at May 15 meeting, and then Craig Hughes is 'Council Member,' not 'Council Liaison. Minutes approved.

5. Old Business

1) Form 700: Public entities need to follow Political Reform Act, including, a) completing Form 700 disclosures about personal finances and, b) preclusion from participating in decisions impacting personal finances. This is relevant/required because of the transfer from LAIF to private investment fund. Lively discussion about whether Finance Committee is making decisions that are relevant to Form 700, and whether committee members would be willing to fill out Form 700, or rather leave committee. Discussion of possibility for Town Council to decide for Finance Committee to not need to fill out Form 700. Council, town staff, and Cara will investigate.

2) see 6.1

6. New Business

1) Treasurer's Report: LAIF yields are increasing. Bill Urban gave Investment fund performance update: .1% return for 3 months, as would have been predicted. Bill does not recommend increasing investment currently. Committee agrees.

2) Core Operating Banking Options: Doug leads discussion of whether to switch from Bank of America, which has high fees and low returns. Doug presented Pros and Cons of 4 banking options: Bank of America, US Bank, TechCU, and US Bank/TechCU combination. Change to TechCU would gain Town approximately \$28k/yr. Doug recommends switching to either TechCU or USBank/TechCU combo. Councilperson Hughes expressed concern around liquidity and security in choosing TechCU.

3) Treasury and Pooled Investments: discussion of Town's investment policies with presentation on Investment Options. Committee requests comparison of LAIF and CALTRUST.

4) OPEB/CERBT/Section 115 Trust Update: discussion of \$823,871 figure and how that was arrived at. Committee surprised by this number. Doug offered overview of OPEB trust. A way to invest that will give a market return on a liability Town holds. Actuarial report does not factor in whether town employees will actually retire with return. Liability figure does not affect Town's credit. Can set up a trust that governs the payment/investment.

5) Govinvest (CALPERS modeling tool): PV has highest funded pension obligation in San Mateo County at 91%. Govinvest is a possible tool to use to analyze CALPERS, instead of using actuary.

Committee questions whether this would actually be useful for PV. Can we input accurate assumptions into model? Is it appropriate with PV's small number of employees? Staff feels they need Govinvest, even with its limitations, to be able to provide Council with information, and Govinvest is not a big enough expense for Council to object to purchase.

6) Reserve Policy/Enterprise Risk Assessment: Reserve is currently 60% of General Fund. That level/decision is not based on very robust data, although it has become more systematic in the last 3 years. Doug proposes modeling risks to PV with a heat map to define reserve policy using a new level of analysis.

7. Meeting adjourned at 8:14 pm.