

AGENDA
REGULAR MEETING
BOARD OF DIRECTORS

EAST BAY REGIONAL PARK DISTRICT

Tuesday, June 21, 2016

D. BUSINESS BEFORE THE BOARD

6. CONSENT CALENDAR

- c. Finance Committee Minutes and Recommended Actions from the February 24, 2016 (Waespi)

Attendees

Board: Directors Dennis Waespi, Ayn Wieskamp, Diane Burgis

Staff: Debra Aufer, Bill Zenoni, Deborah Spaulding, Pam Burnor, David Sumner, Meadow D'Arcy, Jeff Rasmussen, Peter Fitch (Interim)

Speakers: PFM Asset Management, Monique Spyke and Allison Kaune

Public: None

Committee chair Dennis Waespi began the meeting at 12:40 PM with the introduction of committee members. Since one committee member was running late committee chair began meeting with public comment. Please note agenda items were addressed out of order.

**Agenda Item No. 5
Open Forum for Public Comment**

No Public comment.

**Agenda Item No. 3
2015 Disposal of Fixed Assets**

Assistant Finance Officer Deborah Spaulding reported that the District annually performs an inventory of assets, identified items that have been disposed, surplus, etc., and records an accounting adjustment to "write-off" the remaining net book value of any equipment no longer in the District's possession. Per Board Operating Guidelines, items with a book value (cost less accumulated depreciation) of over \$25,000 are subject to Board review and action. A list was provided to the Committee for information only summarizing assets disposed in 2015:

- 38 assets were disposed through Board approval action process. All but one of the items were fully depreciated so the net book value was \$0, however \$108,338 was received at auction for these items.
- 19 assets were determined not to be auction-able, and were disposed of. Net book value of these items combined as \$4,905 at time of disposal.
- 3 assets were demolished, including replacement of two restroom facilities at Miller-Knox Regional Shoreline and one vacant uninhabitable residence, at Hayward Regional Shorelines, with a net book value over \$25,000.

Committee chair Waespi asked if a vehicle is depreciated based on age or mileage.

Assistant CFO Spaulding replied depreciation is based on the vehicles age.

Recommendation: Motioned by Ayn Wieskamp and seconded by Dennis Waespi that the Finance Committee recommends to the full Board of Directors for approval of accounting adjustments to reflect the disposal of two fixed assets with a book value over \$25,000 during the 2015 fiscal year.

Agenda Item No. 4 Agreement for Actuarial Valuation Services

Interim CFO Bill Zenoni reported the District has utilized Bartel Associates to provide actuarial consulting services since 2004. Staff is requesting a two year contract with Bartel Associates during 2016 and 2017 to include an annual review of the CalPERS Miscellaneous and Safety Retirement Plans and updated actuarial valuation of the District's General Employee and Sworn Safety Employees Retirement Plan (formerly the Transamerica Plans) in 2017 and the Retiree Medical Benefit (OPEB) Program in 2016 and 2017 as required by the Governmental Accounting Standards Board (GASB). In addition Bartel will assist this year to implement recent GASB reporting requirements in the 2015 audited financial statements.

The contract with Bartel Associates will be for a two year period (2016 and 2017). The cost of the required actuarial services will not exceed \$53,300 for 2016 and \$78,200 for 2017:

<u>Funding Source</u>	<u>2016</u>	<u>2017</u>
District funds	\$ 8,800	\$ 9,100
OPEB Trust Fund	31,000	31,500
Transamerica Pension Plan	<u>13,500</u>	<u>37,600</u>
Total Not To Exceed Amount	\$53,300	\$78,200

Committee chair Waespi asked how many members are in the Transamerica Misc. and Safety plans. AGM Debra Aufer advised both plans are closed with no active employees in the Safety plan, and five active employees in the Misc. plan. The majority of District's employees are in the CalPERS plan.

Recommendation: Motioned by Ayn Wieskamp and seconded by Dennis Waespi that the Finance Committee recommends to the full Board of Directors for approval of a contract with Bartel Associates, LLC to provide actuarial consulting services for the 2016 and 2017 fiscal years. Motion Approved.

**Agenda Item No 1.
December 31, 2015 Investment Report**

Interim CFO Zenoni presented a report of the District's investment activity. The report is in accordance with the State Law and the District's Investment Policy. Total cash and investment as of December 31, 2015 was \$307,103,472. Pooled cash managed by CFO/Controller increased approximately \$39.3 million from September 30, 2014; this is expected as fourth quarter revenue exceeded expenditures. Funds managed by fiscal agents decreased, the majority of the difference was attributed to the spending of WWV project funds.

Interim CFO Zenoni advised the committee members the format for the December 31st Investment Report has been updated with additional information provided to present a comprehensive overview of the District's invested funds.

Committee member Ayn Wieskamp asked if money markets are going up for investments. Interim CFO Zenoni replied money markets remain low.

Committee chair Waespi asked if Supranaturals are included in the investment planning to take the short term investments to a longer term investment. AGM Auker advised staff will analysis options for these types of investments, adding the District depends on investment advisors to make recommendations for what is best in the market.

Committee member Diane Burgis requested information on the optimal distribution the District is targeting. Interim CFO Zenoni replied the goal is the 2-3 year range.

Recommendation: Motioned by Diane Burgis and seconded by Ayn Wieskamp that the Finance Committee recommends to the full Board of Directors for approval of the December 31, 2015 Investment Report. Motioned approved.

**Agenda Item No. 2
Investment Portfolio Performance and Current Market Review – PFM Asset Management**

Interim CFO Bill Zenoni reported that the District uses two investment managers, PFM and Insight Investments. Interim CFO Zenoni introduced Ms. Monique Spyke and Ms. Allison Kaune both with PFM Group, the District's investment management firm.

PFM Monique Spyke initially reported on the portfolio strategy. PFM expects the economy to continue to improve, interest rates will rise and PFM will manage the portfolio duration close to the benchmark and continue to look for safety in adding to the portfolios return.

PFM Allison Kaune presentation included a review of 2015 market conditions, a forecast for 2016, which included a discussion about projected interest rate movement and impact on the market value of the District's investment portfolio. Ms. Kaune discussed "2015 Review of Portfolio", a PFM report which was an overview of the 2015 market, the impacts on the District's portfolio, PFM's approach to the District's portfolio, and projection for 2016. As background she noted that the District's funding investing is governed by California Gov't Code, which restricts the District to short duration fixed income investments (bonds) and, the District's own investment policy.

Ms. Kaune summarized the 2015 District portfolio accomplishments (related to the portion managed by PFM); 1) maintained the duration shorter to limit the risk due to rising interest rates, 2) bought yield advantage investments to increase current income, and 3) identified opportunities that added additional yield.

Committee chair Dennis Waespi requested definition of: "personal consumption expenditure". Ms. Kaune replied the Personal Consumption Expenditure (PCE) it is similar to Consumer Price Index (CPI) as it tracks actual goods and services the consumer buys with the PCE being more comprehensive to include all of the services people pay for (i.e. medical premiums, real costs excluding food and energy that is not considered in the CPI).

Ms. Kaune continued to report on the portfolio returns. PFM strategy for the year proved to be effective. The portfolio return for the year exceeded the return of the benchmark; the total return was 1.11% compared to the market at 1.04%, and compared to the State pool.

Recommendation: None. This is an informational item only.

Agenda Item No. 6

Board Comments

November meeting has been moved to Monday, November 21, 2016 at 1:00 p.m.

Meeting adjourned at 1:45 p.m.

Respectfully submitted,

Connie Swisher
Confidential Secretary, Finance