

AGENDA  
REGULAR MEETING  
BOARD OF DIRECTORS

EAST BAY REGIONAL PARK DISTRICT

Tuesday, March 21, 2017

C. BUSINESS BEFORE THE BOARD

7. CONSENT CALENDAR

- a. Finance Committee Minutes and Recommended Actions from the Meeting of February 22, 2017 (Wieskamp)

Attendees

Board: Directors Ayn Wieskamp, Whitney Dotson and Colin Coffey

Staff: Debra Auker, Ana M. Alvarez, Deborah Spaulding, Pam Burnor, Kim Balingit, David Sumner, Michelle Strawson-O'Hara, Jim Tallerico, Precious Shelton

Public: Rick Rickard

Speakers: PFM Asset Management, Monique Spyke

Committee Chair Ayn Wieskamp began the meeting at 12:30 PM with the introduction of committee members.

**Agenda Item No. 1**

**District's 2017 Investment Policy Review and Update on Investment Strategy**

Assistant Finance Officer Deborah Spaulding advised that each year, the East Bay Regional Park District updates its Investment Policy. Finance staff reviews the policy with its investment advisor before it is presented to the Finance Committee. After Finance Committee review, the Policy is brought to the full Board of Directors for approval. This year, two amendments to the Investment Policy are recommended. The revisions are:

- Clarify that rating requirements at the time of purchase must be "A" or its equivalent, or higher, as per newly passed California legislation.
- An addendum with information and responsibilities regarding the District's current investment advisor and trustee. This amendment clarifies the District uses PFM Asset Management as its investment advisor and Union Bank and US Bank as its trustees.

AFO Spaulding noted that in the coming year, staff has asked our investment advisors to research whether the District should add “Asset Backed Securities” as another authorized type of investment. Depending on the outcome of this research, this asset class may be added to the portfolio in 2018. The intent would be to further diversify the District’s portfolio, while maintaining safety and liquidity, and possibly adding additional yield.

Committee chair Ayn Wieskamp asked whether Asset Backed Securities are a new investment tool. AFO Spaulding replied no, other government agencies invest in Asset Backed Securities.

Committee member Colin Coffey inquired why staff is waiting to add Asset Backed Securities for another year, rather than adding them in 2017.

Assistant General Manager/Chief Finance Officer Debra Auker explained it is a new investment tool for the District and staff wants to review the investment prior to adding it to the portfolio.

AFO Spaulding ended her report noting the District’s investment strategy is to invest idle funds in a prudent manner, providing the highest yield with the maximum security of principal invested, while also meeting the daily cash flow requirements of the District.

**Recommendation: Motioned by Colin Coffey and seconded by Whitney Dotson that the Finance Committee recommends to the full Board of Directors for approval of the 2017 Investment Policy for District funds. Motion approved.**

## **Agenda Item No. 2** **December 31, 2016 Investment Report**

AFO Spaulding presented a report of the District’s investment activity as of the end of the fourth quarter 2016. The report is in accordance with the State Law and the District’s Investment Policy. Total cash and investment as of December 31, 2016 was \$221.8 million. This reflects an increase of \$33.6 million from September 30, 2016. Funds managed by fiscal agents decreased, and the majority of the difference was attributed to the spending of WWV project funds.

Graphs accompanying the investment reports were provided in the Finance Committee packet.

AFO Spaulding advised the committee that PFM Asset Management is the sole manager of the District’s investment portfolio, previously managed by two investment advisors.

AFO Spaulding introduced Monique Spyke with PFM Asset Management, who gave an update on the District’s investment portfolio and the current investment environment.

Ms. 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 safe ways to add to the portfolios return.

Ms. Spyke presentation included a review of 2016 market conditions, and a forecast for 2017, which included a discussion about projected interest rate movement and impact on the market value of the District's investment portfolio.

AGM/CFO Auker concluded the report adding the Districts strategy will remain the same (one- to three-year duration) for the near future.

**Recommendation: Motioned by Whitney Dotson and seconded by Colin Coffey that the Finance Committee recommends to the full Board of Directors for approval of the December 31, 2016 Investment Report. Motion approved.**

### **Agenda Item No. 3**

#### **Renewal of Agreement with SunGard OneSolution Public Sector Service for District-wide ERP Financial System Software**

AFO Spaulding and Chief Information Officer Jim Tallerico reported on the renewal of a contract with SunGard Public Sector for its OneSolution Enterprise Resource Planning (ERP). This system provides applications that are used by all District departments, including timecards, budgeting, expenditure tracking and numerous applications used by staff in Finance and Human Resources.

The District is at the end of the current five-year agreement and is reviewing the renewal and pricing for services for the next five years. The contract under review with SunGard is a five-year agreement with an average annual cost of \$242,000 and a 3.5% increase each year. This agreement includes ASP hosting, off-site disaster recovery, software maintenance, support and upgrades for all applications, 24-hour access to help desk and training. Staff will present the agreement to Board of Directors during March 7, 2017 meeting.

**Recommendation: This item is informational only.**

### **Agenda Item No. 4**

#### **Review of Internal Audit Charter**

Audit Manager David Sumner reviewed the Internal Audit Charter along with the internal audit activities with the members of the Finance Committee. The Internal Audit Charter defines the purpose, authority and responsibility of the District's Internal Audit Unit to be consistent with the Definition of Internal Auditing, the Code of Ethics and the International Standards of Professional Practice of Internal Auditing.

Audit Manager Sumner also outlined responsibilities for the Finance Committee related to internal financial controls and the internal audit process along with examples of audits performed. Staff will bring revisions to the Internal Audit Charter back to the Board Finance Committee, after review with management and the General Manager.

**Recommendation: This item is informational only.**

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

No Public comment.

**Agenda Item No. 6**  
**Committee Comments**

No comment

Meeting adjourned 2:00 p.m.

Respectfully submitted,

Connie Swisher  
Finance