

AGENDA
REGULAR MEETING
BOARD OF DIRECTORS

EAST BAY REGIONAL PARK DISTRICT

Tuesday, April 2, 2019

C. BUSINESS BEFORE THE BOARD

6. COMMITTEE REPORTS

- b. Finance Committee Minutes and Recommended Actions from the Meeting of February 27, 2019 (Rosario)

Attendees

Board: Directors Dee Rosario, Ayn Wieskamp

Staff: Robert E. Doyle, Debra Auker, Deborah Spaulding, Michelle Strawson O'Hara, Kim Balingit, David Sumner, Pam Burnor, Ruby Tumber, Meadow D'Arcy, Debra Fuller, Connie Swisher

Speakers: Allison Kaune, Senior Managing Consultant with PFM

Public: Rick Rickard

Committee Chair Dee Rosario began the meeting at 12:30 PM with the introduction of Committee members.

Agenda Item No. 1
December 31, 2018 Investment Report and Portfolio Review

Assistant Finance Officer Deborah Spaulding presented a report of the District's investment activity as of the end of the fourth quarter 2018. The report is in accordance with State law and in conformity with the District's Investment Policy. The market value of the District's pooled cash and investments as of December 31, 2018 was \$249.7 million. This reflects an increase of \$38.4 million from September 30, 2018, which is mainly the result of the timing of property tax revenue reports. The District's pension trust, project bond funds and debt service funds held an additional \$117.2 million.

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

AFO Spaulding introduced Allison Kaune with PFM Asset Management, who gave an update on the District's investment portfolio, current investment environment and discussed the District's investment benchmarking.

Committee chair Dee Rosario inquired about the credit ratings of investments in the portfolio, and noted that one of the tables showed securities rated BBB+ or marked as "not rated." Ms. Kaune advised the District's Investment Policy and State of California code requires securities to have a rating of A- or better by one of the Nationally Recognized Standard Ratings Organizations (NRSROs). The table in the packet reflects only the rating by Standard and Poor's (S&P). However, these investments have an A- or better rating by Moody's or another NRSRO. The investments marked as "not rated" are asset backed securities, which are either rated AAA or AA by Moody's but were not rated by S&P.

Recommendation: Motioned by Ayn Wieskamp and seconded by Dee Rosario that the Finance Committee recommends to the full Board of Directors approval of the December 31, 2018 Investment Report. Motion Approved.

Agenda Item No. 2 **2018 Disposal of Fixed Assets**

Accounting Manager Kim Balingit reported that the District annually performs an inventory of fixed assets, identifying items that have been disposed in the prior year, and recording an accounting adjustment to "write-off" the remaining net book value of any asset 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. For 2018, no asset with a book value of over \$25,000 was disposed.

An informational list was provided to the Committee summarizing all fixed assets disposed in 2018, regardless of value. In 2018, 46 assets were disposed through the Board approved action process and \$165,252 was received at auction for these items.

Recommendation: None. This item is for information only.

Agenda Item No. 3 **2019 Internal Audit Work Plan and Final 2018 Internal Audit Results**

Audit Manager David Sumner started his report with a brief history and origin of auditing. Mr. Sumner also provided context for his workplan by reviewing for the Committee members the District's Fraud Prevention Policy and Auditing Policy.

Mr. Sumner provided a report of the 2018 Internal Audit projects:

- Review of Job Order Contracting (JOC) Program
- Review of Ardenwood Concession – Palmdale Estate Events, Inc.
- Review of Sunol Regional Wilderness Cash Handling Procedures

- Review of Capital Improvement Project No. 539700 Point Pinole – Atlas Road Bridge
- Review of Crown Beach Cash Handling Procedures
- Review of Measure WW Local Grants
- Review of Subscription Expenses
- Review of Purchase Card transactions

External Audits:

- Coyote Hills Day Camp Grant Audit
- A Pre-Construction and Mid-Project Review of Trail Construction from Pinole to Bay Front Park: along San Pablo Bay shoreline

Committee chair Rosario asked why the District does not audit new concessionaires after one year. Audit Manager Sumner replied concessionaire has not established a history with the Park District after one year, there is no comparative data. Assistant General Manager / Chief Finance Officer Debra Auker added when Business Services Unit receives payment from concessionaire there is detailed information accompanying payment that the unit reviews on a continuous basis.

Committee chair Rosario asked if Crown Beach is scheduled for a Point of Sale (POS) unit. Audit Manager Sumner advised committee the Visitor Center has a POS however the kiosk does not.

Committee chair Rosario voiced his concern about not having a drop box at the Crown Beach kiosk. Rosario believes it is an added security and an item to consider. General Manager Robert E. Doyle confirmed staff will report back at upcoming Committee meeting or Board Workshop on number of areas without drop boxes.

Committee chair Rosario also voiced concern that seven years, in some cases, between audits is too long.

Recommendation: Motioned by Ayn Wieskamp and seconded by Dee Rosario that the Finance Committee recommends to the full Board of Directors for approval of 2019 Internal Audit Plan. Motion approved.

Agenda Item No. 4

Update on Selection of District Assessment Engineer, CFD & Assessment District Administration Services

AFO Spaulding reported the District uses a consultant firm, who specializes in assessment district engineering and administration, for the District's: Landscape and Lighting Assessment Districts (LLDs), Community Facilities Districts (CFDs), Zones of Benefits (ZBs), and special excise tax (Measure CC). The District's current consultant NBS, had a five-year contract which expired in January 2019.

AFO Spaulding updated committee on recent Request of Proposal (RFP) selection process for the District Assessment Engineer and consultant firm.

Recommendation: Motioned by Ayn Wieskamp and seconded by Dee Rosario that the Finance Committee recommends to the full Board of Directors for approval to select for Assessment Engineer, CFD & Assessment District consulting firm. Motion approved.

Agenda Item No. 5
Extension of Contract with Milliman Advisors LLC

AFO Spaulding reported the District uses Milliman Advisors LLC to provide investment and consulting services for the East Bay Regional Park District's retirement plans (also known as The TransAmerica Plans). Milliman Advisors LLC current contract expired December 31, 2018 and staff recommends extending the contract for one additional year. The extension will allow staff enough time to present a detailed Request for Proposal (RFP) for the EBRPD Retirement Plans investment advisory and consulting services.

General Manager Doyle inquired how many employees are in the TransAmerica Plan. AFO Spaulding replied there are four active members.

Recommendation: Motioned by Ayn Wieskamp and seconded by Dee Rosario that the Finance Committee recommends to the full Board of Directors for approval to a one-year extension with Milliman Advisors LLD. Motion approved.

Agenda Item No. 6
Open Forum for Public Comment

No public comment

Agenda Item No. 7
Committee Comments

AGM/CFO Auken advised committee the March 27, 2019 meeting will be cancelled.

Meeting adjourned 1:55 p.m.
Next meeting scheduled for April 24, 2019

Respectfully submitted,

Connie Swisher
Finance