

**TOWN OF PORTOLA VALLEY
Finance Committee Minutes
Wednesday July 15, 2020
Video Conference**

Attendees

Lucy Neely – Chair	Jeremy Dennis – Town Manager
Michele Takei	Cindy Rodas – Interim Finance Director
Ken Lavine – Acting Secretary	Grace Zhang - Maze and Associates
Bill Urban	Jim Saco - consultant
Jason Pressman	Ann Wengert – Town Council Liaison
George Savage	

Call to Order

The Chair called the meeting to order at 4:00 pm.

Roll Call

The Chair confirmed attendance as detailed above.

Oral Communications

No members of the public were present.

Approval of Minutes

The minutes of the December 5, 2019 meeting were approved as presented.

New Business

Review of FY 2018-19 Audit

The Committee reviewed the draft annual audit report for the year ended June 30, 2019. Grace Zhang, of Maze and Associates reported that there were no significant issues identified during the audit. The Committee noted that the OPEB unfunded liability on June 30, 2019 was \$1,119,863. This is an increase of approximately \$300,000 from June 30, 2018. It was reported that the Town Council had adopted the Committee's earlier recommendation to participate in the CalPERS CERBT Trust Fund. Discussion ensued regarding the timing and amount to be invested in the Trust Fund. All members were comfortable with funding the full \$1,119,863 of the unfunded liability. With regard to timing of the investment, some members felt that because equity markets are currently quite volatile, the investment should be invested in four equal installments over the coming year. Others felt that the OPEB unfunded liability is a small percentage of our total cash position and that the full \$1,119,863 should be invested as soon as practicable. It was reported that the Town Council's current position is to be conservative with expenses and cash balances due to Covid uncertainty. All members of the Committee remained comfortable with the earlier recommendation to invest the funds in the CERBT Strategy 1 (high risk/high return) option.

It was moved and unanimously agreed to recommend that the Town Council consider putting 100% of the OPEB unfunded liability into the CalPERS CERBT Strategy 1 in four (4) equal installments over a year.

There being no further questions,

It was moved and unanimously agreed to forward the audit report for the year ending June 30, 2019 to the Town Council and recommend it be approved as drafted.

Update: FY 2020-21 Budget

Mr. Dennis indicated that staff has prepared the FY 2020-21 budget using new OpenGov.Com software which results in a new and improved presentation style. The new budget is a department level document, which necessitated a new chart of accounts.

Due to covid uncertainty, the Town adopted an interim budget for the first three months of FY 2020-21 by rolling over the FY 2019-20 budget. Staff anticipates that the pandemic will negatively impact some revenues such as sales taxes, rentals, instructors, field use and possibly land use permits and fees.

Michele Takei asked about the status of Excess ERAF (Educational Resource Augmentation Fund). Jim Saco provided an overview of the ERAF program and anticipated changes at the county level to how the funds are distributed. San Mateo County is now reserving some of the Excess ERAF funds rather than distributing them to towns and cities. The impact on Portola Valley could be the loss of up to \$230,000 in annual revenue.

Old Business

Update: New ERP

Despite the Covid shutdown, staff, led by Cindy Rodas has been busy selecting and implementing new ERP software. The new system, from OpenGov.Com went live on July 1, 2020. It necessitated a new chart of accounts, and staff is being trained to use the system remotely due to the pandemic.

Update: Finance Department Staffing

Mr. Dennis announced that Cindy Rodas, currently the interim finance director, has been offered and has accepted a position as Finance Director. The Committee applauded this announcement. Mr. Dennis hopes to hire additional personnel to compliment Ms. Rodas' skills in the finance department. Additionally, Jim Saco has agreed to stay with his position with the Town for another year.

Update: Schwab Investments

Mr. Urban reported results of the approximately \$4.5 million invested in the Portola Valley Investment Fund held at Schwab and managed by town staff. For the one year period 7/18/19 to 7/14/20, the funds returned 4.43%. The total return was split almost equally between dividends/interest and capital gains. This exceeded the performance of the approximately \$8 million of funds still invested at LAIF. Mr. Urban suggests that the Town Council consider transferring additional cash from LAIF to Schwab.

Adjournment

There being no further business, the Chair adjourned the meeting at 5:50 pm.

Ken Lavine – Acting Secretary