

**Finance and Investment Committee Special Meeting- FINAL MINUTES
Town of Los Altos Hills
Town Hall, Monday, January 23, 2019**

The meeting was called to order at 4:00 pm by Acting Chairman Sloss.

Members present: Kjell Karlsson, Susan Mason, Stan Mok, Chris Nam, and Roddy Sloss

Member absents: Allan Epstein, Betty Kayton, Bill Silver and Chris Welborn

Associate members: Frank Lloyd (absent); Jim Lai (present)

Council present: Roger Spreen, Mayor, and Michelle Wu, Vice Mayor

Staff present: Kelly Mayes, Administrator Services Director, Tran Nguyen, Finance Manager

Guests and public present: David Alvey, Partner, Maze & Associates

Approval of minutes:

The December 3, 2018 meeting minutes were approved by members who attended that meeting.

Annual Town Financial Statement Audit – David Alvey, Partner, Maze & Associates

Meeting attendees received a draft copy of the Town’s Annual Financial Statements (“CAFR”) along with comments from Kelly Mayes and Roddy Sloss that will be incorporated into the final CAFR. Mr. Alvey stated the audit was completed and the Town would receive a “clean opinion”, there were no internal control matters of note, and subject to review of CAFR comments to be received from Allan Epstein, the audit opinion date would be January 23, 2019. Mr. Alvey briefly explained his firms Memorandum on Internal Control and Required Communications, a draft copy of which was provided to attendees in the meeting. Mr. Alvey reviewed upcoming GASB statements noting they are expected to have little impact on the Town. Mr. Alvey explained that audit completion was approximately two months later than last year primarily due to the restatement of OPEB costs pursuant to a new accounting standard and indicated that next year his firm would plan to begin audit work earlier. Mr. Karlsson inquired about the designation “contract” after the General Counsel’s name on page vii of the draft and inquired as to whether such a designation should be noted after the Town Managers name who has an employment agreement with the Town. Mr. Sloss will consider the comment and report back to the Committee.

Proposed City Manager changes to the OPEB / Pension Town Policy approved by the Committee in its November 3, 2019 meeting. – Kelly Mayes and Roddy Sloss

The subject Policy states among other things that for both the PARS Plan and the OPEB Plan, changes to: 1) investment strategies, 2) agreements between the Town and the Plan, 3) payment timing and 4) this policy, the Town Manager or his designee *shall* review these matters with the Committee before Council approval is requested or changes are made. The Town Manager believes the word *shall* should be replaced with the word “*may*”. Mr. Sloss, who drafted the subject policy, acknowledged that it is unusual for the Committee to be in the critical path for such changes as a formal matter but that as a

Continued

practical matter the Committee is consistently consulted. Mr. Sloss explained that the word “shall” is appropriate here for two reasons; 1) in response to an exception to this practice several years ago, the then Town Mayor directed the Staff to consult with the Committee before making these changes and 2) Committee Responsibilities set forth in Nov 16, 2017 Council Resolution 70-17. After discussion, Mr. Sloss asked the Committee members (and others attending) to express their preference. There was unanimous agreement among attending Committee members that the word “shall” was appropriate. Voting details are in an appendix to these minutes. Ms. Mayes noted that the Staff would not bring this matter to the Council and that the Committee should take the initiative.

Council Activities of Interest – Roger Spreen

Mr. Spreen commented on the June 30, 2019 Green Waste contract renewal noting proposed pricing will increase by about 33% causing the Town to put the work out for bid. Regarding a proposed Pathway construction cost annual cap, Mr. Spreen and Ms. Corrigan are considering alternatives. Regarding the proposed Town Hall expansion, Mr. Spreen noted that the previous evening’s study session did not have expected neighbor objection to the plans and the Planning Staff will compile and present the meeting results to the Council. To proceed, next Council will consider approving the costs to obtain a site planning permit. Regarding the Employee Retention project, the Council is inclined to limit its actions to reviewing market compensation conditions to address future issues, if any. Ms. Wu stated that the FIC may be asked to perform a financial review of plans for the Town Hall expansion. Mr. Sloss noted that because no incremental revenues or significant cost savings were anticipated from the proposed changes, the Committee may not be able to make a significant contribution.

Finance Department Activities of Interest – Kelly Mayes

The Committee was previously informed that Ms. Mayes will be leaving the Town on January 31, 2019 to return to Alaska with her family and that Ms. Nguyen would become the Acting Administrative Services Director until that position is permanently filled. (Ms. Nguyen will be a candidate considered by the Town.) Ms. Mayes remaining priorities are to complete the CAFR, and preparation for the January 31, 2019 Council Meeting. Ms. Nguyen will take up the Matrix Cap study project. Committee members thanked Ms. Mayes for her service and wished her well.

Future meeting calendar – Roddy Sloss

The next FIC meeting will be a Special meeting on Monday, March 11, 2019 to discuss future Pension Plan prepayment opportunities. Interested Committee members are welcome to a voice recording and summary memo of a December 3, 2018 meeting on this subject with Doug Pryor, the Town’s actuary with Bartel & Associates. Other topics for future meetings were noted on the meeting Agenda.

Presentations from the floor:

None.

Adjournment:

At approximately 5:20 pm, there were no further matters to be discussed and the meeting adjourned.

Respectfully submitted: Roddy Sloss, Committee Secretary