

**Finance and Investment Committee Special Meeting
Town of Los Altos Hills - ZOOM call, August 9, 2021
Approved at the 11/8/2021 Special Finance and Investment Committee meeting
ZOOM Call recording address and password:**

<https://us02web.zoom.us/rec/share/cJcwuupAtrX2lo1GLy6YyzZeMJVcN78yYONtX156WDht0Yzthv4glOrmIwVwR7hX.gO7ZIBYwOd4HWLVn> // Password: LLEjY#&7

Members present: Nate Blair, Allan Epstein, Kjell Karlsson joined at 5:07 pm, Susan Mason, Medha Rishi, and Roddy Sloss

Member absent: Cheryl Evans, Chris Nam, Chris Welborn

Associate members: Jim Lai, present; Frank Lloyd, absent

Council present: none

Staff present: Sarina Revillar, Administrative Services Director; Deborah Padovan, City Clerk

Public present: Monique Spyke, Managing Director, PFM Investments

Ms. Mason called the meeting to order at 4 pm.

Approval of minutes – Susan Mason

The May 3, 2021, and July 12, 2021, minutes were unanimously approved by roll call vote by all attending members (except Mr. Karlsson who arrived at 5:07 pm.)

PFM June 30, 2021, quarter ending Investment Report – Monique Spyke

Ms. Spyke spoke from handouts provided to members before the meeting and slides presented during the meeting which tracked performance of the Town's portfolio during the quarter ended June 30, 2020, general economic and market conditions during the quarter, portfolio composition and transaction detail. Performance is before PFM fees and was about ½% for the quarter. PFM outlook for the next 12 months is a return of 1%. Ms. Spyke noted that the portfolio follows the Town's investment policy and that there are no suggested revisions to the policy at this time. Attending Committee members (except Mr. Karlsson who joined at 5:07pm) unanimously concurred that no changes to the Town's Investment policy are recommended at this time.

Other matters discussed included transferring funds from LAIF to PFM that will occur after Ms. Revillar and Mr. Blair discuss and agree on the amount of the transfer and results will be presented at the next FIC meeting. Mr. Sloss noted that PFM informal policy is that funds should not be transferred in if they are expected to be needed for other purposes in the following twelve months.

Other points made by Ms. Spyke and committee questions included: BBB rates investments; transactions generating negative interest income; covid impact on investment strategy; move away from Federal Agency investments; annual performance compared to standard; portfolio diversity; average holding period; FED interest rate increase forecast; and timing of funds movement from LAIF to PFM.

Finance Matters of Interest - Sarina Revillar

Ms. Revillar discussed and referred to handouts addressing quarterly liquid asset balances for the most recent seven quarters, financial controls. The annual audit is scheduled to be completed in November. A new Public Works Director will begin work on Monday, August 16, 2021. Mr. Epstein noted several Sewer System priorities to be addressed and Ms. Revillar noted that billings for sewer treatment plant usage permanently being decreased due to a 50% reduction in the water usage factor used for ADU's resulting in an estimated \$40,000 cost decrease for fiscal 2021.

Liability and Property Insurance Review – Roddy Sloss

Mr. Sloss noted the remaining items from the liability and property insurance presentation made by Jon Paulsen at the July 12, 2021, FIC meeting (review of Actuary and Auditor reports for PLAN JPA and CARMA JPA, and calculation of the member deductible cost). Mr. Sloss expects to report on those items in the next FIC meeting.

Report on Council Activities of Interest

Although no Council members were in attendance, Mr. Sloss inquired about the Council meeting held earlier in the day. Messrs. Epstein and Karlsson attended and briefly noted the discussion related to staff compensation matters.

Review of next meeting date – Susan Mason

The next meeting will be Monday, September 13, 2021. Nonrecurring topics will be a discussion of the Compensation Study consultant report, a report by Ms. Revillar and Mr. Blair on funds movement from LAIF to PFM and a report from Mr. Sloss on results of the town's Liability and Property Insurance review.

Presentations from the floor - None

Adjournment: As there were no further comments, the meeting adjourned at 5:20 pm.

Respectfully submitted: Roddy Sloss, Committee Secretary