



FINANCE COMMITTEE

February 20, 2019

3:00pm

District Office

1819 Trousdale Drive

AGENDA

- 1. Welcome new members to the Finance Committee- Chair Zell**
- 2. Minutes from January 18, 2019** **A. pg.1-2**
- 3. Member Recruitment and Orientation Binder:** **B. pg.3-443**
 - a. Key documents**
 - b. Review of FY 2019, Q2 performance**
 - c. Member questions**
- 4. Old Business**
 - a. PHC Development Corporation Status- CFO Yee**
- 5. New Business** **C. pg.444-449**
 - a. Strategic Financial Plan Update – Engagement of Keith Hearle**
- 6. Future agenda items:**
 - a. Employee benefit review**
 - b. FY 2020 Budget Assumptions and Drivers**
 - c. Other**



BOARD OF DIRECTORS
FINANCE COMMITTEE
2019-2020

Purpose:

To provide oversight of all Financial activities of the Board and report regularly to the Board on compliance with the Board’s Long Term Financial and Investment Policies, performance of investment managers’ and administration of the District’s governmental and entrepreneurial activities.

Functions of this committee include:

- Reviewing quarterly financials
- Monitoring performance against target financial ratios
- Monitoring the performance of investment managers
- Overseeing the development of the annual budget
- Selecting the auditor and guiding the annual audit process
- Determining the allocation of investment deposits
- Conducting periodic reviews of the District’s Financial Policies:
 - Strategic Financial Policy
 - Statement of Investment Policy
 - Board Designated Fund Policy
- Monitoring Sutter Health’s compliance with Master Agreement Terms
- Monitoring compliance with Western Alliance Bank construction loan covenants
- Monitoring performance of Eskaton Management Services agreements

Membership:

The Committee will be comprised of two representatives of the District Board of Directors, the District’s CEO and CBO, and three members from the community-at- large who will bring financial management expertise and experience to the work of the Committee and the responsibility of sound stewardship to the Board. Community members will be appointed for 3-year terms. Terms will be staggered to achieve continuity as well “fresh eyes” to the District. Members can be reappointed for a second 3-year term.

Members and Terms:

	Terms
➤ Director Dennis Zell, Chair	
➤ Director _____ (to be appointed)	
➤ Paul Seto, VP, Liberty Bank; former Millbrae Mayor	2019-2021
➤ Vacant	2019-2020
➤ Vacant	2019

Meetings will be held Quarterly each calendar year



FINANCE COMMITTEE MEETING

MINUTES

January 18, 2019

Present were: Treasurer Zell, CEO Fama, CBO Yee

- 1. PHCD Finance and PHC Development Corps exempt status and tax filings:** Ms. Yee noted that both the PHCD Finance and PHC Development Corps lost their exempt status with the IRS and/or FTB due to late filings of tax returns. To reinstate their status is simple and will require us to reapply for exempt status and file any late tax returns without penalties. The question is do we need both Corporations. ***The Committee decided to move forward with the PHCD Finance Corp reinstatement and defer PHC Development Corp to the next meeting.***
- 2. Sterling Investment Relationship follow-up:** The Committee reviewed Sterling Investment's proforma analysis and fee structure and concluded, due to the restrictive investment alternatives available to a public agency, Sterling's projected returns and additional fees would not outperform current managers. ***It was agreed not move forward with this relationship.***
- 3. CalPERS Pension Plan:** The Committee reviewed the current CalPERS pension plan funding, the stability of the plan and if the current plan is the best choice for PHCD employees. The most recent actuarial report for PHCD shows the plan is fully-funded. ***It was agreed to have the Committee hear from a benefits expert at a future meeting and staff explore other options to be brought back to the Committee.***
- 4. Flexible Spending Account (FSA for medical and dependent care) for employees through Paychex:**
It was proposed by CBO Yee to offer FSA's to employees. This benefit can be used throughout the year on qualified medical, dental, vision or qualified dependent care expenses. It allows an employee to contribute up to an annual max determined by the IRS without paying the federal, state, and social security taxes and use that money to pay for qualified expenses. This will enable employees to take home a larger paycheck by reducing taxable income. The cost to the District for this benefit will not exceed \$1,000/year. This amount covers setup fees, annual plan updates, required plan testing and administration of the account. ***It was agreed to bring the FSA benefit to the full Board for approval.***

Treasurer Zell would also like staff to explore High Deductible Health Plans with Health Savings Account to be discussed at a future meeting.



5. **New CFO position, promotion of CBO and appointment of CFO as Board Treasurer:** CEO **Fama** reviewed the proposed CFO job description and the Board bylaw section that states the Board Treasurer does not have to be an elected director. **Treasurer Zell** acknowledged the quality of CBO Yee's work and her competent role over the past year in supporting the Board Treasurer. He approved the job description, fully supported CBO Yee being promoted into the position, and will be recommending to the Board that she be appointed Board Treasurer. ***The job description, promotion and appointment to Treasurer will be action items at the 1/24/19 Board meeting.***

6. **Finance Committee Charge and Members:**
The Committee would like to change the Committee Charge to include two Board members and three members from the Public which would be brought to the full Board for approval.

Written by Vickie Yee, CBO

Approved: February 20, 2019