



**Town of Atherton**  
**FINANCE COMMITTEE**  
**DRAFT MINUTES**  
**September 13, 2016**  
**2:00 PM**  
**TOWN COUNCIL CHAMBERS**  
94 Ashfield Road  
Atherton, California

**PLEASE NOTE:** *Times listed on the Agenda are approximate; items may be taken up out of order.*

**1. ROLL CALL**

Bob Polito, Jim Massey, Jeffrey Lee, Kenneth Hausman, Yogesh Amle, Elizabeth Lewis, Michael Lempres,  
**Present: Massey, Lee, Hausman, Amle, Lewis, Lempres**  
**Excused: Polito**

**2. PUBLIC COMMENT**

Vice Chair Massey made public comment that he watched last Wednesday Study Session regarding discussion of possible fiscal evaluation of fire services. He wants to refute the comments made by fire board towards the City. We are solvent. Vice Mayor Lempres mentioned to track the Almanac.

**REGULAR AGENDA**

3. Review and Approve Draft Minutes of May 10, 2016 Finance Committee  
**Motion by Massey; Seconded by Lee; All in Favor**
4. Review and Approve Draft Minutes of March 1, 2016 Finance Committee  
**Motion by Massey; Seconded by Lee; All in Favor**
5. Discussion of the Fiscal Year 2015-2016 Audit – Preliminary Audit & Scope – Katherine Yuen, Auditor, Maze & Associates.  
Staff began by communicating that the Town began its interim audit phase of fiscal year 2015-16 as the Town independent auditor was on site during the week of April 25 – 29. Audit engagement partners Katherine Yuen and Grace Zhang are here to communicate the auditor's responsibilities under generally accepted auditing standards. Grace Zhang opened up the with communication standard auditor engages with the board. Mention that during the interim audit they review internal controls. The Town's accountant departed during the spring prior to interim. Went over the processes for secondary review since the

department was down one staff member. The auditor asked if the committee had any questions or wanted a condensed version of the required communication. The committee wanted the condensed version and asked the auditors to look at the purchasing policy and if it is functioning. Mr. Massey asked to review asset disposal system in place, review credit cards are there any new issued. Vice Mayor Lempres had a materiality question, is it based on professional judgement, quantitative and qualitative measure or combination of? What is the smallest amount of materiality, is it 3%? Katherine Yuen mentioned it depends on the unit of measurement. Can sometimes be based on asset and liability. Mr. Hausman asked what processes are we missing or can be revised. The auditor mentioned that the State Controller Office has some guidelines. It was mentioned that the auditors will be in November for Final Audit.

6. Review and Discuss presentation by GovInvest regarding Pension Sensitivity Analysis Forecast Model Tool  
Staff began the item by discussing the past couple of years the Finance Committee held discussions on a sensitivity analysis on our long term pension liabilities. We were concerned with the discount rate of CalPERS uses for funding of pension plans. Mentioned that the committee was prepared to do an RFP for the sensitivity analysis but held off as CalPERS began providing within the 2013 actuarial valuation reports, scenarios to analyze different rates of return. This is exactly the analysis local agencies were seeking as they evaluate best and worst case scenarios with the selected rate of return by CalPERS. Staff presented that GovInvest is a technology company that provides actuarial services for government agencies. They maintain a unique software that provides pension actuarial reports, valuations, and forecasting model capabilities. The Town of Atherton enlisted the help of GovInvest to create and onboard Atherton pension data into the GovInvest software forecast model. . It is a software calculation tool that allows the adjustment of assumptions to project liability costs and run a variety of sensitivity analysis on pensions. Staff introduced CEO Ted Price of GovInvest. He mentioned that about 60 cities were onboard with their platform. This tool will provide us with a better analysis and contribution of our CalPERS pension liabilities. The tool will take current Town data and put it into the calculation tool. Vice Mayor Lempres asked if there was any reason why CalPERS is behind. Mr. Price communicated that statute say they could be up to two years in actuarial data. The new tool could help do what if analysis on assumptions and help us see the result on pension liability. Staff believes this forecast model can provide tools that can help us have multiple discussions over time to help create a plan to set aside funds to pay down unfunded liabilities quicker, and help project increases in expenses with changes in the discount rate.

7. Review and Discuss Presentation by PARS on OPEB investment and PARS June 30 Statement  
**This was a receive and file presentation. HighMark Capital and PARS were present to discuss investment of the PARS Trust for OPEB. The OPEB Trust has earned \$526,686 since inception or 10.5 percent.**
8. Next Meeting Date, Future Agenda Items and Time- November 9 or 15, 2016  
**Due to Election day November 8, the Finance committee meeting was moved to Tuesday November 15.**
9. **Adjourn**  
**Motion Chair Polito, Vice Chair Massey seconded; adjourn 4:10**

 Please contact the City Clerk's office at (650) 752-0500 with any questions

Pursuant to the Americans with Disabilities Act, if you need special assistance in this meeting, please contact the Park Program Manager at (650) 752-0534. Notification of 48 hours prior to the meeting will enable the Town to make reasonable arrangements to ensure accessibility to this meeting. (29 CRF 35.104 ADA Title II)

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