



**TOWN OF LOS GATOS
COUNCIL FINANCE COMMITTEE
AGENDA REPORT**

MEETING DATE: 10/12/2020

ITEM NO: 1

**DRAFT
Minutes of the Council Finance Committee Meeting
August 10, 2020**

The Council Finance Committee of the Town of Los Gatos conducted a meeting on Monday, August 10, 2020, at 5:00 p.m.

MEETING CALLED TO ORDER AT 5:00 P.M.

ROLL CALL

Present: Council Members Rob Rennie and Marico Sayoc, and Committee Members Ron Dickel, Terry Duryea, and Rick Tinsley.

Absent: None

Staff Present: Town Manager Laurel Prevetti, Town Attorney Rob Schultz, Assistant Town Manager Arn Andrews, Finance Director Stephen Conway, and Finance and Budget Manager Gitta Ungvari.

CONSENT ITEMS (TO BE ACTED UPON BY A SINGLE MOTION)

1. Approve Council Finance Committee Meeting Draft Minutes of June 8, 2020.
2. Receive Final Account Summary Reports for the Town of Los Gatos PARS IRS Section 115 Pension Trust for the Periods Ending November 30, 2019 through June 30, 2020.
3. Receive Market Value Summary Quarterly Reports for the Period Ending December 31, 2019, the Period Ending March 31, 2020, and the June 30, 2020, Performance Report for the California Employers' Retiree Benefit Trust (CERBT).
4. Receive the Town of Los Gatos Retiree Healthcare Plan June 30, 2019 Actuarial and its Assumptions as Prepared by Bartel Associates, LLC., and Approved by the Pension/OPEB Oversight Committee.

Items #1 and #4 were pulled by members of the Committee.

MOTION: Motion by Council Member Rob Rennie to approve Items 2 and 3 on the Consent Calendar. **Seconded** by Council Member Marico Sayoc.

VOTE: Motion passed unanimously.

Pulled Consent Item #1

1. Approve Council Finance Committee Meeting Draft Minutes of June 8, 2020.

Committee Member Duryea suggested language for the summary of item 3.

MOTION: **Motion** by **Council Member Rob Rennie** to approve the June Minutes by replacing the language for item 3 per Committee Member Duryea as follows: *“After discussion by all, nonvoting members wondered why this item was put on the agenda since it did not appear feasible to reach a compromise with the ballot initiative authors. In addition, there was not sufficient time remaining in meeting to have a meaningful discussion of the topic since the meeting had a hard stop. Therefore, the discussion ended.”* **Seconded** by **Council Member Marico Sayoc**.

VOTE: Motion passed unanimously.

Pulled Consent Item #4

4. Receive the Town of Los Gatos Retiree Healthcare Plan June 30, 2019 Actuarial and its Assumptions as Prepared by Bartel Associates, LLC., and Approved by the Pension/OPEB Oversight Committee.

Committee members noted that the report was not available for the Committee and the public in a timely manner and that the discount rate used in the assumptions is optimistic. In addition, Committee members noted that there was a numerical error on page E-19 of the exhibit. Staff confirmed that it is in the purview of the Finance Committee to recommend a different asset allocation strategy for the OPEB Trust which in turn would require the lowering of the discount rate for actuarial reporting purposes. Committee members confirmed that they do not want to recommend changes to the current asset allocation strategy. In addition, Committee members commented that OPEB is not a legally required benefit.

MOTION: **Motion** by **Council Member Rob Rennie** to receive the Town of Los Gatos Retiree Healthcare Plan June 30, 2019 Actuarial and Assumptions as Prepared by Bartel Associates, LLC. **Seconded** by **Council Member Marico Sayoc**.

VOTE: Motion passed unanimously.

VERBAL COMMUNICATIONS

Matthew Hudes

- Commented on the talent of the Finance Committee and recommended that the Committee should be used more broadly in an advisory capacity for Town Council, and items should be discussed by the Finance Committee before they are discussed by the Pension/OPEB Oversight Committee.

OTHER BUSINESS

5. Input to the Annual Financial Audit (FY 19/20) Currently Being Performed by the Town's Independent Auditors, Badawi & Associates.

Mr. Badawi, the Town's independent auditor, presented slides describing the audit process. Committee members discussed the information with staff and Mr. Badawi. The Committee provided comments on preparation of the Draft CAFR, emphasizing the importance of the pension discount rate and the sensitivity analysis around changes in the discount rate. Committee members emphasized the importance of including additional information within the Pension Footnote and not using CalPERS language.

Opened Public Comment.

Phil Koen

- Commented that it is the management's responsibility to support the CalPERS assumption rate and disclose it in the Footnote.

Closed Public Comment.

ADJOURNMENT:

The meeting adjourned at 6:38 p.m.

This is to certify that the foregoing is a true and correct copy of the minutes of the August 12, 2020 meeting as approved by the Council Finance Committee.

Gitta Ungvari, Finance and Budget Manager