

LIVERMORE AREA RECREATION AND PARK DISTRICT

FINANCE COMMITTEE

DRAFT MINUTES

Monday, November 23, 2020
2:00 PM

NOTICE: Coronavirus COVID-19

In accordance with Governor Newsom's Executive Orders, members of the Livermore Area Recreation and Park District Finance Committee and staff participated in this meeting via Zoom teleconference. In the interest of maintaining appropriate social distancing, members of the public also participated in this meeting electronically.

Committee Members Present: Maryalice Faltings, Philip Pierpont

LARPD Staff Present: Mat Fuzie, Jeffrey Schneider, Allie Ikeda, Fred Haldeman, Jill Kirk, Jessie Masingale, Joseph Benjamin, Julie Dreher, Linda VanBuskirk, Lynn Loucks, Michelle Newbould, Nancy Blair, Natalie Kaaiawahia, Patrick Lucky, Robert Sanchez, Vicki Wiedenfeld

Others Present: David Becker, Jefferson Gamir, Stacey Swanson

- 1. Call to Order:** Committee Chair Faltings called the meeting to order at 2:00 p.m.
- 2. Public Comment:** There were no comments from the public.
- 3. Approval of the Minutes of the Finance Committee Meetings held on October 19, 2020:**
The meeting minutes of October 19, 2020 were approved unanimously, as submitted.

- 4. Audit Overview:**
Administrative Services Manager Jeffrey Schneider introduced and thanked David Becker and Jefferson Gamir with James Marta & Company LLP, District auditors.

Recommendation: Staff recommends the Finance Committee discuss and recommend that the Board of Directors accept the Fiscal Year 2019—2020 District Audit.

ASM Schneider presented the staff report and financial results. He stated the District received a clean audit. The testing of controls and processes that were done did not find any materials issues, and the financial statements that are presented in the audit report are an accurate reflection of the District's results for the fiscal year.

Committee questions/comments included:

- This is what Board members look for - a clean audit report with no recommendations.
- LARPD staff is very diligent, forthcoming, accommodating and above-board, toward both independent third parties (auditors) and whenever board members have questions. All these things working together are considered when auditing how an entity is managing its money.

Mr. David Becker, CPA added that an unmodified opinion with no control deficiencies is what Board members should look for. He congratulated the District on a good job on all parts of the audit process.

The Committee recommended that the FY 2019-2020 District Audit be presented to the full Board for acceptance.

5. ACERA – Pension Liability Update:

ASM Schneider reported on progress that has been made in identifying and assessing consultants who, with Board approval, can help the District analyze how to address the growing pension UAAL (unfunded accrued actuarial liability), which may result in the issuance of pension obligation bonds. Currently, the District's pension liability is approximately \$13M. Mr. Schneider stated that with interest rates as low as they are currently, there is real merit in pursuing this now. The District can borrow at a rate that is lower than the implied return rate associated with the pension fund itself. This may help the District better manage the financial implication of being a part of ACERA, and could be an opportunity to make a difference in the District's ongoing expense. Staff will be discussing this opportunity further with the Ad Hoc Budget Committee.

Committee questions/comments included:

- The cost of borrowing in the market has been low for years. Generally speaking, why hasn't this been something that has been happening throughout the last decade rather than just more recently by cities and other special districts? [*The group discussed the Pension Reform Act of 2009, different circumstances of various entities, and that liabilities from public pension plans around the country have grown in part due to changing assumptions for investment returns.*]
- Is there a downside to borrowing in the market to cover this? [*The downside of a decision might be that you don't make the most optimum one, but each one may benefit the situation.*]

This item was discussion only and no committee recommendations were made nor action taken.

6. Budget for Board Compensation, Benefits, Travel and Training/Conferences:

The Committee reviewed and discussed the Board compensation, benefits and the Travel/Conferences Budget as outlined in the staff report.

This item was discussion only and no committee recommendations were made nor action taken; however, the following items were highlighted or suggested:

- Board members are not paid – they receive a **stipend** of \$100 per meeting, up to a maximum of \$600 per month. This is by statute and Board policy. Committee members discussed the importance of delineation between these terms.
 - Director Pierpont to email District Council Rod Attebery to get clarification on this matter as it has affected the EDD's opinion regarding his status in the community as a sole proprietor/business owner and ability to qualify for CARES Act funding.
- Accepting the stipend and/or benefits is a personal decision. Not all board members take advantage of the benefits offered.
- The budget for Board travel and conferences/training-related expenses has been reduced due to the COVID-19 pandemic. Many of the customary park and recreation or special district conferences have converted to a virtual platform, so the amounts budgeted for the current fiscal year have been reduced accordingly.

7. Preliminary Actual results through October, 2020:

ASM Schneider presented a report on the October 2020 Preliminary Actual Results. In response to the Committee's suggestion in a prior meeting, formatting changes have been made to the summary-level schedules to reflect Above/Below Variances as well as the addition of a Sub-total for Expenses.

He reported that in October the District achieved better than budgeted results:

- Year-to-date Revenues are \$3k below Budget and \$278k above the Forecast, driven by better than expected property taxes and better than projected Revenues in Recreation, Parks and Open Space.
- Salary and Benefit expenses are \$350k below Budget and \$219k below Forecast.
- Services, Supplies, & Capital are \$44k above Budget and \$21k above Forecast.

8. Matters Initiated: None.

9. Adjournment: The meeting was adjourned at 3:04 p.m.