

**YOLO COUNTY FINANCIAL OVERSIGHT COMMITTEE**

**MINUTES OF MEETING NOVEMBER 5, 2019**

County Administration Building, County Admin Room  
625 Court Street  
Woodland, CA 95695

Members present: Duane Chamberlain (Chair – Supervisor), Gary Sandy (Supervisor), Crissy Huey (Education), Paul Navazio (Cities), and Richard Horan (Vice-Chair - Public Member).

Members excused: Kristin Sicke (Special District)

Others present: Patrick Blacklock (CAO), Chad Rinde (CFO), Tom Haynes (Assistant CFO), Mubeen Qader, (Chief Budget Officer), Edward Burnham (Treasury Manager), Marilyn Tiriboyi (Accounting Manager), Sarah Meacham (PFM), Brandon Young (LSL), and Kim Eldredge, Noemy Mora-Beltran, David Estrada (Internal Audit).

Recorded by Kim Eldredge

- 1) **Call to Order.** Duane Chamberlain called the meeting to order at 3:03 PM with Gary, Crissy, and Richard in attendance. Paul arrived at 3:21 PM. Quorum was formed with five voting members present.
- 2) **Approval of Agenda.** Agenda reviewed and approved; adopted (Sandy/Huey).
- 3) **Introductions.** Members above in attendance. Kristen Sicke noted as absent.
- 4) **Follow-up item from 8/20/2019 meeting.** Marilyn Tiriboyi reported that the restatement of June 30, 2018 HHSA revenue receivable was recorded as an adjustment in the financial statements. The Department of Financial Services Accounting Division has met with the HHSA Leadership Team to avoid similar matters in the future.
- 5) **Public Comment.** There were no public comments.
- 6) **Approval of the 8/20/19 meeting minutes.** Accepted and approved (Sandy/Huey).
- 7) **Receive verbal report on status of the Division of Internal Audit Activity.** Kim Eldredge provided an update on the internal audit activity and status of current engagements: Treasury Wire/ACH transactions Audit-finalizing report and will present findings/recommendations at the next Audit Sub-Committee meeting, County-wide Payroll Audit-currently in-progress and auditors have started fieldwork, Purchase Card Continuous Auditing-sample has been selected and auditors have begun testing of transactions.

- 8) **Receive verbal report on status of recruitment for the Internal Audit Manager.** Chad Rinde provided an update on the status of the recruitment of the Internal Audit Manager. The interviews have been completed and checking references.
- 9) **Receive verbal report and update from the Independent Auditor's – update on status of the CAFR.** Marilyn Tiriboyi reported that the Independent Auditor's (LSL) are on-site conducting fieldwork on the County's Comprehensive Annual Financial Report.
- 10) **Receive verbal report on Countywide Budget.** Tom Haynes provided a verbal update on the Countywide Budget by summarizing the most significant department year-end variances. The report on the "2018-19 year-end budget variances and adopt budget resolution approving year-end appropriation adjustments for overdrawn budget units" will be going to Board on 11/19/2019. Richard Horan requested to see the report on the variances and trends of the departments before the items go to the Board in the future. Chad Rinde agreed to review the process and timing for future years and staff would bring back a variance report to share.
- 11) **Receive completed Treasury audit reports and verbal update on the status of pending audits – For quarters ended 6/30/2019 and 9/30/2019.** Edward Burnham provided a verbal report on the status of the treasury for quarters ended 3/31/2019 and 6/30/2019 (pending). Brandon Young (LSL) stated they will provide the 3/31/2019, 6/30/2019 and 9/30/2019 reports at the next FOC Meeting in February 2020.
- 12) **Receive report on the Treasury Pool Investment Activity for the Third Quarter ended September 30, 2019.** Sarah Meacham (PFM) provided an economic update and overview of the investment portfolio performance for the Third Quarter 9/30/2019. Sarah stated that the portfolio is on top of the benchmark and has done well the last quarter with the county benefiting from long-term investing. Per request from Chad Rinde and Edward Burnham, PFM added an additional chart "*Projected vs Actual Fiscal Year Accrual Basis Earnings*" included in this report.
- 13) **Receive educational presentation regarding Socially Responsible Investing and provide input.** Sarah Meacham (PFM) provided an education presentation on socially responsible investing, as requested by the Committee. Sarah described PFM's Fixed Income Environmental Social Governance (ESG) Investment Solution; *What is ESG investing?, benefits, advantages, using Sustainalytics, measuring risks and investment strategies.* PFM uses Sustainalytics to support ESG and corporate governance insights into their investment processes. Richard Horan asked *How Sustainalytics comes up with their ratings?; Is there an additional cost to obtain this analysis?; How do they apply the risk assessment/risk factor?* Sarah stated that lower the risk rating the better. PFM recommends a medium rating and this only applies to the corporate piece of the portfolio (corporate notes, negotiable CDs and commercial paper). Member Horan asked for an update on what the fee might be for Environmental Social Governance (ESG). Paul Navazio asked if any other counties are looking in ESG and staff mentioned that Alameda County is in exploration of ESG.
- 14) **Receive and discuss the 2020 Investment policy.** Edward Burnham informed the Committee that the 2020 Investment Policy is going to the Board on 12/17/2019 with no

major changes to the policy. FOC members were given a copy of the policy in their agenda packet for review.

- 15) **Accept resignation letter from Eric Will, Public Member and direct staff to begin recruiting for vacancy.** Chad Rinde reported that Eric Will, FOC Public Member, has joined the County Team. Chad will work with the Clerk of the Board to post vacancy for the Financial Oversight Committee.
- 16) **Select FOC Chair and Vice Chair to serve for the following calendar year 2020.** The Committee voted Supervisor Gary Sandy as the new Chair and Supervisor Duane Chamberlain as the Vice-Chair for the Financial Oversight Committee for calendar year 2020. (Ayes: Chamberlain, Sandy, Horan, Huey, Navazio, Noes: 0)
- 17) **Approval of meeting calendar for year 2020.** The Committee discussed the meeting calendar for 2020 – February 5, 2020 was approved for the next meeting. Other proposed dates/times will be discussed at the next meeting.
- 18) **Confirm next meeting date.** February 5, 2019
- 19) **Committee Member and Staff Announcements.** There were no committee member and staff announcements.
- 20) **Adjournment.** Meeting Adjourned at 4:29 PM.