

**LGS EXECUTIVE COMMITTEE AND
RGS EXECUTIVE COMMITTEE
JOINT STUDY SESSION**

The LGS Executive Committee and RGS Executive Committee Joint Powers Authorities held a Study Session on **January 12th, 2012** at Yountville Community Center, 6516 Washington Street, Yountville, CA 94599. The meeting was called to order at **1:25 p.m.**

1. CALL TO ORDER

Members Present: Mike Garvey, Chair
Dan Schwarz, Vice-Chair
Nancy Mackle, Member
Ken Nordhoff, Member

Joni Pattillo, Member
Herb Pike, Member
Steve Rogers, Member

Members Absent: None

Other Attendees: Richard Averett, Executive Director/CFO
Jennifer Bower, Human Resources Director
Jefferson Kise, Project Consultant
David Rendeiro, Vice President, Keenan & Associates
Steve Bour, Sr. Account Mgr., Keenan & Associates

2. CHANGES TO THE ORDER OF AGENDA – None

3. EMPLOYMENT LAW CONSIDERATIONS – The Director of Human Resources and Executive Director presented an overview of employment law considerations for RGS and LGS, including a review of the “20 factor test” used by IRS and PERS to establish employer/contractor.

4. STRATEGIC PLANNING – The Executive Director reviewed JPA challenges and opportunities, starting with a review of financial performance since beginning of operations January 2002. The Executive Director also reviewed the flexible administrative staffing structure used by the JPAs, and the types of services provided to our client agencies (e.g. consulting services, interim assignments, project staffing, grant-funded staffing, shared services, training, financing of client staffing and providing employer-of-record services for new and (potentially to) existing small agencies).

Financing - The Executive Director reviewed the opportunities to provide financing services to clients as presented in the staff report, including the advantages of revenue diversification, helping other local governments, and enhanced yield over traditional investment vehicles. The Committee Members discussed considerations of investing agency funds in non-traditional investments. Comments received were:

- How much of agency funds should be invested long-term and/or ‘alternatively’ versus funds available for normal operation and more traditional investments.
- How much staff time and energy could this consume and would it be worth it to take away from our core mission of supporting municipal services.
- Authority finances are strong and these activities are outside of our core competency.
- Might this type of investment elevate the JPA profile more than desired?
- The Board needs to define its risk tolerance.
- There is more comfort with investing in fixed asset financing (equipment, real estate) than tax and revenue anticipation and other loans.
- There is concern that borrowing agencies facing hardship may put pressure on the JPAs to change repayment terms.
- The investment policy may need to be revised to define size, type and other parameters of financing considered. Consider putting the Investment Policy administration under the guidance of a Audit Committee.
- The inevitable outcome will include circumstances at the extremes which will create more risk than anticipated and beyond the established risk tolerance.
- Positive role for financing our services to client agencies, which ties in well with our core mission.
- The JPAs need this type of creative and entrepreneurial thinking, but prefer a more phased and cautious approach based on core services and hard assets (e.g. land, buildings and/or equipment).

Creating a Defined Benefit (DB) Plan in RGS - The Executive Director briefly discussed the concept of forming a DB plan within RGS that emphasized stable employer costs (e.g. 10% ER, 5% EE), that would be more sustainably affordable (because it would use a low assumed rate of investment return and employee benefits would not be enhanced). An actuarial study is underway to determine if the idea is feasible. If the DB plan were feasible, then the plan would be to phase out LGS PERS participation and eventually replace the PERS DB plan with our own DB plan. Several Members expressed support for the investment of time and money into getting more information in light of PERS risks.

4. **COMMITTEE MEETINGS SCHEDULE** - Discussion concerning revising the Executive Committee Meeting schedule from monthly telephonic to quarterly in-person meetings. There appeared to be a consensus opinion that in-person meetings were far more effective versus teleconferences which are subject to disruption and difficult to follow with so many participants. Establish a schedule of quarterly meetings that avoided June and the 2nd Thursday of the month which were conflicts for several Members. Staff will survey Members to find a quarterly meeting cycle that would begin in May, 2012 and continuing in months August, November and February. The May meeting will be in lieu of the annual budget meeting traditionally held in June.
5. **PUBLIC COMMENT** - None
6. **NEXT STUDY SESSION MEETING** - No Study Session is scheduled at this time.
7. **ADJOURNED** - Meeting adjourned at 3:05 p.m.