

City of Cupertino  
**Audit Committee**  
February 15, 2018

**CALL TO ORDER**

At 4:01p.m., Chairman Eno Schmidt called the meeting to order at Conference Room A, Cupertino City Hall, 10300 Torre Avenue, Cupertino CA 95014.

**ROLL CALL**

Committee Members Present: Chairman Eno Schmidt, Jim Luther, Mark Zavislak, Council member Chang and Mayor Paul

City Staff Present: Kristina Alfaro, Zach Korach, Beth Viajar, and David Brandt

Absent: None

Guests: Kathy Lai of Crowe Horwath, Richard Rosenthal and Carolyn Cox of US Bank, Mitch Barker of PARS and Graham Schmidt of Cheiron and Matthew Geerdes of Crowe Horwath attended via conference phone.

**APPROVAL OF MINUTES**

Committee member Luther motioned to approve the January 23, 2018 meeting minutes subject to updating the date to October 23, 2017 on item #1, Council member Chang seconded and the motion passed.

**ORAL COMMUNICATIONS**

**OLD BUSINESS**

**NEW BUSINESS**

**1. Performance Review of OPEB Trust**

Richard Rosenthal of US Bank provided an annual performance review of the OPEB Retiree Health Investment Trust as of December 31, 2017. Richard of US Bank concurred that the portfolio is doing what it is designed to do, meeting the targeted goals.

**2. OPEB Actuarial Report Review**

Graham from Cheiron presented his alternative discount rate presentation and sensitivity analysis to the committee. Finance Manager Korach will provide committee members with Cheiron's GASB 74/75 report which was used for trust/plan reporting in FY2016-17 CAFR. There was positive discussion between committee and guests with group consensus that the 7% looks like a reasonable rate to continue to use for both the discount rate in the OPEB actuarial assumptions and as a target long-term rate of return for the OPEB Trust.

**3. Review and Approve the FY2016-17 Final CAFR**

Kathy from Crowe confirmed the CAFR had been reviewed by their national office and discussed GASB 74, 75 and 84 (GASB 84 not effective until FY2019-20). In

addition to minor aesthetic and verbiage changes provided by Crowe's national office, it was determined that City Official page required revision. Mayor Paul motioned to approve the CAFR subject to making the changes discussed, Committee member Zavislak seconded and the motion passed unanimously.

#### **4. 2018 Audit Committee Workplan**

Chairman Schmidt reviewed the workplan and suggested removing the "January 1<sup>st</sup> OPEB Actuarial Report" that was scheduled for the April meeting date and adding "Section 115 Trust." Added "Prior year MOIC (FY2016-17): Management's Responses – current status" to July meeting date.

#### **5. ADJOURNMENT**

After discussion among the members, the next scheduled Committee meeting date was agreed to be moved to April 10<sup>th</sup> from 4 to 6pm. Chairman Schmidt adjourned the meeting at 5:42pm.

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Mary Redwine  
Recording Secretary