

City of Cupertino
Audit Committee
April 10, 2018

CALL TO ORDER

At 4:08p.m., Chairman Eno Schmidt called the meeting to order at Conference Room C, Cupertino City Hall, 10300 Torre Avenue, Cupertino CA 95014.

ROLL CALL

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

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

Absent: Mark Zavislak

Guests: Kathy Lai and Matthew Geerdes of Crowe Horwath, Richard Rosenthal and Carolyn Cox of US Bank, and Jennifer Meza of PARS attended via conference phone.

APPROVAL OF MINUTES

Committee member Luther motioned to approve the February 15, 2018 special meeting minutes, Council member Chang seconded and the motion passed.

ORAL COMMUNICATIONS

OLD BUSINESS

NEW BUSINESS

1. Audit Committee provides independent auditor input on interim audit and AUP steps

Kathy Lai and Matt Geerdes gave a presentation reviewing the planned audit deliverables, planned audit timeline and SAS 99 communications. Chairman Schmidt asked Crowe to add duration to the AUP.

2. OPEB Trust Performance review through 2/28/18

Richard Rosenthal of US Bank presented the OPEB Trust performance through 2/28/18. Given the increase in market volatility, they are increasing funds and managers to add diversity to help mitigate some of the market risk.

3. Annual Review of City Investment Policy and of OPEB Trust Investment Policy

Chairman Schmidt recommended to add Audit Committee oversight to Section 115 Trust to investment policy once Council approves Trust. Delegation of Duty: Zach has wording to add to policy and send mark-up to committee. Mayor Paul motioned to approve investment policy and committee member Luther seconded, and motion passed unanimously. Chairman Schmidt motioned to approve OPEB investment policy, committee member Luther seconded, and motion passed unanimously.

4. Review of Treasurer's Investment Report for QE March 2018

Finance Manager Korach presented the Treasurer's Investment report for the quarter ending March, 2018. The committee liked Korach's slides showing cash flow coverage. Mayor Paul motioned to approve the report, committee member Luther seconded, and motion passed unanimously.

5. ADJOURNMENT

After discussion among the members, the next scheduled Committee meeting date was agreed to be moved from July 10th to July 17th and October 9th to October 23rd from 4 to 6pm. The committee also decided to alter all the regular meetings going forward to the third week of each quarter at 4:00pm. Chairman Schmidt moved to adjourn the meeting with these meeting date updates, Mayor Paul seconded, adjourned the meeting at 6:07pm.

Mary Redwine
Recording Secretary