



Special Public Committee Meeting of July 23, 2018

Santa Cruz Port Commission
Business-Finance Committee Meeting
MINUTES

Committee Members Present:

Dennis Smith
Reed Geisreiter

Staff Present:

Marian Olin, Port Director
Holland Mac Laurie, Admin. Services Manager
Mark Eldridge, Accounting Technician
Emma Olin, Admin. Assistant I

Committee-Chair Smith called the special public session to order at 2:02 PM at the Harbor Public Meeting Room, 365A Lake Avenue, Santa Cruz, CA.

1. Oral Communication (*There was no discussion on this agenda item*)
2. Consider Development of Investment Policy

Discussion: The Business-Finance Committee discussed the development of an investment policy.

Port Director Olin stated that during development of the FY19 budget, the Port District's CPA Wendy Cumming suggested that the Port District consider adopting an investment policy to increase its investment income.

Port Director Olin stated that Ms. Cumming has worked with a variety of public entities, including non-profit agencies, and the entities have successfully increased earnings to 5-7%. Port Director Olin stated that as a government entity, there will be limitations on the types of investments the Port District can utilize, and therefore earnings are expected to be lower.

Port Director Olin stated that the Port District currently invests its cash reserves with the Local Agency Investment Fund (LAIF), which complies with all laws governing the investment of public funds.

Port Director Olin stated that LAIF is overseen by the State's Treasurer's Office and was designed as an investment alternative for California local governments and special districts. She stated that LAIF's performance yields are approximately 2%.

Port Director Olin requested that the Committee discuss and consider the following:

- Should the Port District adopt an investment policy?
- Should the Port District contract with an investment advisor?

Commissioner Geisreiter stated that he is supportive of adopting an investment policy and highlighted the following:

- Development of an investment policy will ensure that the Port District can effectively invest if an opportunity arises in the future;
- An investment policy will protect the Port District, provide guidance for staff and help grow the Port District's assets.

Committee-Chair Smith agreed.

In response to a question posed by Committee-Chair Smith, Port Director Olin stated that Ms. Cumming is familiar with public agency investment advisors, and Commissioner Geisreiter may know of other potential investment advisors as well.

Port Director Olin stated that the effort and cost of contracting with an investment advisor to pursue other options outside of LAIF may not be cost effective as any increased return may be diminished by administrative costs. She stated that a financial advisor may not be able to significantly increase investment yields due to heavy restrictions on the investment of public funds.

Commissioner Geisreiter suggested that instead of contracting with an investment advisor, staff begin research on CalTRUST, an organization tailored for local agencies and their investment needs. He stated that CalTRUST is similar to LAIF, but offers longer-term investment options. Committee-Chair Smith and Port Director Olin agreed that this option may be beneficial to the Port District.

There was consensus among the Committee to pursue the development and of an investment policy. The Committee directed Port Director Olin to draft an investment policy and present it to the Committee for review at a future meeting.

A discussion ensued regarding the establishment of Section 115 Trust and pension and postemployment benefits (OPEB) liabilities.

Committee-Chair Smith adjourned the special public committee meeting at 2:30 AM.


Marian Olin, Port Director