

City of Sacramento  
**Ann Land/Bertha Henschel Memorial Fund Commission**

**MINUTES**

Wednesday, August 15, 2007  
City Hall  
915 "I" Street, 5<sup>th</sup> Floor, Conf. Room 5122

**CALL TO ORDER:** Chairperson Vuckovich called the meeting to order at 9:06am

**COMMISSIONERS PRESENT:** Alexander Vuckovich, Chair; Debra Lynn Finch, Vice Chair; Ron Byrd, Secretary; Jim Sobolewski; Bernadette Lynch; Alexandra Miller; Carol Purin; Laurie Richardson

**COMMISSIONERS ABSENT:** All present

**CITY STAFF PRESENT:** Tom Friery, City Treasurer; Lydia Abreau, Investment & Operations Manager; John Colville, Sr. Investment Officer; Ed Petrella, Debt Analysis; Joseph Cerullo, Senior Deputy City Attorney; Kathy Trapp, City Manager's Office

**OUTSIDE AGENCY REPRESENTATIVES PRESENT:** Amie Bergin, Finance Manager, St. John's Shelter Program

**POSTED AGENDA ITEMS: SUMMARY OF DISCUSSIONS & ACTIONS TAKEN**

**I. REVIEW & ACCEPT MINUTES OF MAY 16, 2007:**

A. Commissioner Lynch made a motion to accept the minutes as written. Commissioner Finch seconded. **MOTION PASSED.**

**II. CITY TREASURER'S REPORT OF FUND STATUS AND 2008 FUNDING RECOMMENDATION FOR NOVEMBER'S FUNDING MEETING:**

A. John Colville reviewed the status of the endowment portfolio.

i. For quarter 2 (ending June 30, 2007):

1. \$30,650 of income was generated by investments and transferred to the Indigent fund. This represents a withdrawal rate of 3.6% (annualized).
2. Indigent fund cash balance as of end of quarter was \$84,296 after expenses/withdrawals.
3. This is an increase of \$6,620 over previous quarter.
4. This trend of increased cash reserves is expected to continue, providing a comfortable margin, which gives the board latitude in considering raising the payout budget for 2008, and/or funding an emergency fund, and/or continue to build the reserve for future use.

ii. Growth of the investment portfolio exceeded the PTMF Bend benchmark for all periods (Inception, Year, Quarter and Month to Date) except for Month to Date, which showed a loss of 0.6% greater than the benchmark.

iii. John gave an analysis of how the endowment was doing in this turbulent market. He is confident the fund is properly positioned to continue to provide the needed income stream.

iv. See the City Treasurer's quarterly report for details.

- B. Tom Friery, City Treasurer, announced he is retiring at the end of October and offered the following comments:
- i. When Tom became City Treasurer 29 years ago (1978) the current single endowment fund was two funds – the Bertha Henschel fund and the Ann Land fund. In 1978 the Henschel fund was valued at about \$500,000 and the Land fund at \$130,000, Tom combined the two funds and developed the current investment strategy (as described in the Quarterly City Treasurer's report).
  - ii. Bertha Henschel was an active board member of the Land Endowment and was so committed to its mission that she left this large bequest upon her death in 1952.
  - iii. With the current state of the endowment, Tom felt the annual distribution budget could be safely raised to \$110,000. He estimated, if current trends prevail, that at that level there would be about a \$40,000 reserve.
    1. Commissioner Purin pointed out that around the year 2001 the annual distribution budget had to be cut back to \$70,000 due to poor investment performance and asked how the investment strategy was different now verse then. After Tom left, board members realized that that this question was not clearly answered.
- C. Members of the board extended their good wishes to Tom on his retirement and thanked him for his leadership in putting the endowment fund on a firm foundation and for his personal interest in the fund's mission.

### III. REVIEW AND DISCUSS CHARTS PROVIDED BY CITY TREASURER SHOWING ANNUAL AND QUARTERLY ALLOCATION OF FUNDS

- A. In response to the board's request in the last meeting, Ed Petrella gave an analysis of the impact of distributing funds to agencies annually verse the current quarterly payments.
- i. He found that making a single annual payment at the beginning of the year instead of the current quarterly payment would result in about a 2% reduction of fund growth due to lost interest (\$87,806 vs \$89,634 in his example).
  - ii. The informal consensus of the board was this small decrease was not an impediment to changing to an annual or semiannual payment schedule, if and when the board chose to consider this issue.
- B. To aid in deciding if a payment schedule change is beneficial, the following motion was put forth by Commissioner Byrd and seconded by Commissioner Finch:
- i. **MOTION:** Direct staff to poll all currently funded agencies and report back to the board as to each agency's preference (if any) and concerns on receiving grant payments on an annual, semi-annual or quarterly payment cycle.
  - ii. **MOTION PASSED**

### IV. REPORT BACK FROM CITY ATTORNEY'S OFFICE. DISCUSSION / DETERMINATION ON EMERGENCY FUNDING PROCESS AND WHAT CONSTITUTES AN EMERGENCY FOR A SPECIAL ONE TIME FUNDING TO FUNDED AGENCIES

- A. Joseph Cerullo of the City Attorney's office presented the City Attorney's analysis and legal opinion on this topic (a copy of the written report is included in the pre-meeting package.)
- B. The essence of the report (please see the report for full and official opinion) is the board is free, in its reasonable discretion, to define the circumstances that constitute an emergency for which disbursements are warranted.
- C. For the commission to proceed with an emergency funding process, the report said:

- i. The commission should formally find that emergency funding is a "proper and beneficial expenditure" per the commission's charter.
  - ii. The commission should establish guidelines for disbursements of emergency funding.
- D. The above is a summary as understood by the board Secretary (Commissioner Byrd). The submitted report from the City Attorney's Office provides the full and formal legal opinion.

#### V. FUNDED AGENCIES QUARTERLY REPORTS

- A. Commissioners found the reports to be in line with expectations.
- B. However, it was noted that several agency reports had errors in their expenditure table. Usually, Commission staff expends effort to resolve these errors but due to staff commitments was unable to do so for this quarter. Kathy Trapp pointed out that resolving these errors is an example of the time consuming 'behind-the-scenes' effort needed to process these reports and all the information asked for. It illustrates what is motivating the need to simplify and, possibly, change the frequency of these reports.
- C. **ACTION REQUEST:** Staff was asked to investigate if there were any restrictions on what can be removed or changed on the quarterly reports.

#### VI. REVIEW AGENCY SITE VISITS COMPLETED BY COMMISSION MEMBERS

- A. Commissioners found the visits and reports to be in line with expectations.

#### VII. DISCUSSION ON INFORMATION GATHERED FROM SITE VISITS PERTAINING TO POTENTIAL FUNDING AND QUARTERLY REPORTING CHANGES

- A. In the Catholic Charities agency site visit report the idea of allowing agencies to file their annual funding application electronically was suggested.
  - i. **ACTION REQUEST:** Staff was requested to explore what it would take to allow electronic filing of agency funding applications.
- B. Discussion on making the annual funding meeting less of a burden on agencies generated the following motion by Commissioner Byrd as amendment by Commissioner Sobolewski. Motion, as amended, was seconded by Commissioner Lynch:
  - i. **MOTION:** Change the agency application procedure to allow an agency to be exempt from the requirement to have a representative present at the annual funding meeting of the board if that agency meets the following two requirements:
    - 1. The agency has been granted funding by this board for the previous consecutive 5 years.
    - AND
    - 2. The agency has not been notified otherwise.An agency meeting this exemption still may present, if they choose.
  - ii. **MOTION PASSED**

#### VIII. CONTINUATION OF DISCUSSION ON INFORMATION GATHERED THROUGH SUBCOMMITTEE REPORT OUT AND PRESENTATION BY CITY HUMAN SERVICES, COUNTYWIDE SERVICES AND SHRA TO DETERMINE POSSIBLE PROCESSES AND FUNDING CRITERIA CHANGES

- A. With no allotted time left and having to vacate the meeting room for another scheduled meeting, this agenda item was postponed.

#### IX. CITIZENS ADDRESSING COMMISSION ON MATTERS NOT ON AGENDA

A. No citizens came forth.

**ADJOURN:** The meeting was adjourned at 10:30 AM.

Respectfully submitted,

Ronald E. Byrd, Commissioner