

FRESNO'S CHAFFEE ZOO CORPORATION
Minutes for the Finance Committee of the Board of Directors
Fresno Chaffee Zoo Education Building
Wednesday, January 18th, 2017 at 4:00 pm

Present

John Valentino
Colin Dougherty
Shari Rainwater
Craig Saladino
Dr. K.C. Chen

Staff

Scott Barton, CEO
Brian Goldman, CFO
Jessica Revis, Executive Assistant

Public

None

Presentations

Chris Comstock, Regency
Judson Myers, Regency
Daniel Ray, Regency
Michael Martinez, Premier Valley
Kyle O'Brien, Heartland

Call to Order: 4:04 pm.

Roll Call: Directors Valentino, Dougherty, Saladino, and Dr. Chen present. Director Rainwater entered at 4:17pm.

Discuss and consider minutes: Director Saladino made a motion to accept the Finance committee minutes from December 21, 2016. Director Rainwater so moved to approve the minutes. Director Valentino seconded. All in favor. None opposed. Motion carried.

Chair Report: Director Saladino deferred his chair report for the investment updates.

Presentation from Regency Investment: Regency's Chris Comstock introduced his colleague, Judson Myers. Mr. Comstock stated that Mr. Myers would provide a better understanding of the investment selection process. Mr. Comstock started the presentation with a brief overview of the gross investment returns for 2016. He stated that the Zoo General fund had a 6.64% return for the past year. That investment is a 40/60 index. The Zoo has an accumulation total of 4.56 million for all accounts. Director Valentino asked if Regency compares best return versus best investment. Mr. Comstock stated that they do. Mr. Myers stated they changed the allocation, which is the equity amount versus the bonds. They stated that the different allocation will improve the risk factor of the investments. They have added mid-caps to the structure as an improvement, and eliminated a large portion of foreign exposure. They eliminated short term bonds. They added long term treasuries. Decreased high yield bonds, which create a lot of credit exposure. Reduced foreign bond allocation as well. This was a 15 month project. Mr. Comstock stated that they are trying to maximize return and mitigate the risk. They stated they added to the emerging market as they feel this area will be improving in the upcoming year. Director Valentino stated that he would prefer the accounts to be conservative rather than aggressive. Mr. Comstock stated that they can change the funds to be less aggressive with a 40/60 index. Director Chen asked Regency how often they change the strategies on the portfolios. Mr. Comstock stated that they do modify the 70/30 return to ensure a safety net. Director Chen stated that when risk is increased the bonds will decrease. Mr. Comstock recommended the general fund be at 40/60 and the endowment go to a 70/30. The Finance committee thanked the Regency staff for their time. Regency exited the meeting at 4:18 pm. Director Valentino asked if the zoo is getting a good return. Director Chen stated that the diversity of the portfolio is sufficient but the allocations should be better managed. CFO Goldman stated that previously the Finance committee wanted to change the 70/30 portfolio to a 40/60 index. Director Saladino stated that it should be changed if requested by the committee. Director Valentino asked if the equity should be decreased to avoid high risk. Director Chen stated that high bond indexes will help alleviate the risk factor that is associated with stock. CFO Goldman stated Regency charges a fee not a percentage for their services.

Presentation from Heartland Financial: Director Saladino welcomed Michael Martinez with Premier Valley Bank. Mr. Martinez was accompanied by Kyle O'Brien from Heartland Financial. Mr. O'Brien stated that Heartland is a financial services company providing banking, mortgage, investment, insurance, wealth management and consumer finance services to individuals and businesses in 108 banking locations serving 85 communities in the United States. Mr. O'Brien stated that he specializes in the full retirement services. He stated that Heartland offers three levels of investment. Mr. O'Brien also mentioned that all services are done in-house, but they do work with advisors. Director Saladino asked if employees were able to take out loans from our current 401k program. CFO Goldman stated that the employees could and that they pay the administrative fees. Director Saladino asked if Premier could present this at a future Finance committee meeting. Mr. O'Brien and Mr. Martinez stated they would coordinate on a future date, as Mr. O'Brien is located out of state.

Review financial report: Chair Saladino stated that in the essence of time, the financial report would be reviewed and approved at the following Board meeting that evening.

Review, Discuss, and Consider Green Initiatives Update: Director Saladino stated this agenda item would be deferred to the next Finance committee meeting.

Review, Discuss, and Consider Storm Drain Pipeline Extension Budget & Contracts: CFO Goldman asked the Finance committee to approve for recommendation to the Board a request for \$670,031.45 of which \$488,510.05 is for the storm water project and \$181,521.40 is for infrastructure work of the Water Play Area. CFO Goldman stated the storm water project includes the extension of the main storm drain pipeline from a location South East of the main Zoo administration office to Sea Lion Cove and basin located in the old City Corporation yard that is now being utilized by the Fresno Chaffee Zoo. The Water Play project includes the construction of a custom 16,800 SF water play area located within the Chaffee Zoo between the Jungle Bungalow and Dino Dig Exhibits and Zoo's Main Concessionaire Stand and Restrooms. This first phase allows the zoo to begin underground infrastructure during a slow time to limit the impact to zoo guests and to utilize open trenches to start infrastructure work on Water Play Area. There is a request to the Zoo Authority at the January 25, 2017 meeting for Measure Z Capital Funds. Director Valentino so moved for approval to recommend to the Board. Director Chen seconded. All in favor. None opposed. Motion carried.

Review, Discuss, and Consider Yamabe & Horn Engineering, Inc. Contract: CFO Goldman asked for the Finance committee to approve for recommendation to the Board for \$91,000 for civil engineering and land surveying services to research, model and design a storm water system to handle the changes resulting from the new parking improvements. This is a shared cost with Fresno City. The City has proved funds previously with the \$1.5 million check. The Zoo and City of Fresno are looking to expand and improve the parking facilities in Roeding Park (north of the zoo). The changes will impact the storm drainage system currently in place. Services in the proposal include topographic and utility surveys, storm drain master plan, and construction documents. Director Saladino stated that the Finance committee can vote to approve this on the caveat that once the zoo has the entire contract it will go to the Zoo Tax Authority for approval.

Finance Committee Members questions and comments: None.

Public comments: None.

Meeting Adjourned: at 5:01 pm

Respectfully submitted by: Jessica Revis, Executive Assistant to CEO/Zoo Director
Fresno's Chaffee Zoo Corporation