

MINUTES

FORTY-NINER SHOPS, INC.

AUDIT COMMITTEE

September 13, 2019

Members Present: Mr. Jeremy Harris, Chair Dr. Praveen Soni
Ms. Lizabeth Velasquez

Members Absent: Mr. Joe Nino

Staff Present: Mr. Robert de Wit, Interim General Manager/Controller
Mr. Tom Collier, Accounting Manager
Ms. Marianne Russo, Executive Secretary

Guests: Mr. Mark Gray, Guzman & Gray
Mr. Juan Carlos Portillo, Guzman & Gray

A. Call to Order:

The meeting was called to order at 10:02 a.m. by Chair, Mr. Jeremy Harris

B. Approval of the Agenda: September 13, 2019

Motion to approve the Agenda for September 13, 2019

M/S Dr. Soni / Mr. Harris

By acclamation the Agenda for the meeting of September 13, 2019 was hereby approved.

C. Approval of Minutes: July 12, 2019

Motion to accept the Minutes as presented.

M/S Dr. Soni / Mr. Harris

By acclamation the minutes of July 12, 2019 were hereby approved as presented.

D. NEW BUSINESS

< **Exit Conference 2018-2019 Fiscal Year End Audit**

- < Note 4: Investments
This section includes the breakdown of designated investments that were approved earlier this year by the Board.
- < Note 6: Investments Designated for Sick Pay
This note will need to be removed as it is now included in the detailed investment designation breakdown as seen in Note 4.
- < Note 12 Pension Plan (CalPERS):
Details the Board approved \$2 million payment to reduce the unfunded pension liability.
- < Note 14: Post-retirement Medical Benefits
Mr. de Wit discussed with the Committee that we will not be doing a VEBA actuarial assessment for the next few years. Based on this last assessment, there is enough money within the account to start looking at withdrawing funds to help support the post-retirement benefits moving forward.
- < Note 20: Liquidity
This is a new Note section that details and discloses the financial assets that would be available for one year from the balanced sheet date for general operating purposes. This would include cash equivalents, receivables and trade receivables that are available but not Board designated.
- < Note 21: Contingencies
This is also a new Note section which denotes that the 49er Shops has been named in an employment related lawsuit. These claims are being currently investigated and management does not believe there will be a material adverse effect on the organization's financial position.
- < Communication with Those Charged with Governance:
There were no material weaknesses or significant deficiencies in operations. There were no disagreements with Management in the course of this audit. No difficulties in performing the audit.
- < Other Comments and Recommendations:
Consider Lowering Idle Cash Bank Balances – During the audit, it was noted that the 49er Shops had an account with \$4,279,056 at the year end. The auditors recommended that the Shops consider lowering idle cash to maximize returns and to minimize balances in excess of the FDIC insured limit of \$250,000.

