

**Finance and Investment Committee Special Meeting
Town of Los Altos Hills
Town Hall, Wednesday, July 6, 2016**

The meeting was called to order at 4:30 pm by Chairman Epstein.

Members present: Allan Epstein, Kjell Karlsson, Betty Kayton, Stan Mok, Chris Nam, Roddy Sloss and Chris Welborn.

Member absent: Susan Mason and Bill Silver

Associate members: Jim Lai (present); Frank Lloyd (absent)

Council present: John Harpootlian; Gary Waldeck

Staff present: Richard Chiu, City Engineer and Public Works Director, Pak Lin, Admin. Services Director; Karen Huang, Finance Manager

Public present: Bridget Morgan, Garo Kiremidjian and Peter Evans

Guests present: Leah Rowell, Community Development Manager, Hero Program; Tom Pavletic, Municipal Financial Services (sewer rate consultant to the Town)

Approval of minutes

May 2, 2016 minutes were approved as presented by members who attended the prior meeting.

Presentation by Leah Rowell on The Home Energy Renovation Opportunity (“HERO”)

Ms. Rowell made a slide presentation handed out at the meeting along with a handout responsive to questions asked by Committee members based on previously circulated material and took questions. HERO is a government endorsed financing program for qualifying residents who wish to make certain energy and water saving home improvements. Ms. Lowell is soliciting Council approval which is a prerequisite to offering HERO financing to Town residents. The Committee was unable to reach a resolution on its recommendation to Council. The Chairman solicited comments from Committee members which included concerns about 1.) the comparative cost of the financing in both interest and origination fees; 2.) the implied endorsement of Hero; and 3.) the use of the Town’s name and logo in the sales process. Other members believed some residents might find this opportunity beneficial as 1.) the program is State approved and widely used throughout California and because the program can facilitate water and energy savings, and 2.) Town residents are informed and knowledgeable consumers and therefore should not be denied the opportunity to make their own decision on the suitability of the Hero program for their needs.

Review of Consultant Report on Evaluation of Non Residential Wastewater Discharge and Proposed Sewer Fees by Tom Pavletic

Mr. Chiu introduced Mr. Paveletic who made a slide presentation on the subject matter distributed to the Committee before the meeting. Mr. Epstein reviewed a draft of the subject report before the meeting and issued a memorandum to the Committee noting a number of objections to Mr. Pavletic’s proposal. After Mr. Pavletic’s presentation, Mr. Epstein presented his work and conclusions. Extended discussion followed however the Committee was unable to reach a resolution to present to Council. Mr. Sloss will organize a working group comprising Mr. Chiu, Mr. Epstein, Mr. Harpootlian and Mr. Waldeck for the purpose of developing alternative proposals which will be reviewed by Town Legal Counsel and then brought back to the Committee for a further review.

Continued

Report on Council Activities of interest by Mayor Harpootlian

Mr. Harpootlian and Mr. Waldeck commented on a proposed Transit Occupancy Tax being considered by Town Council and whether restrictions should be placed on the use of 30 day or less rental properties. Mr. Waldeck expressed that additional funds were necessary to support private road and Internet service build out.

Report on Finance Department activities of interest – Pak Lin

Ms. Lin noted that Maze and Associates have been appointed the Town's new auditors and fiscal year end June 2016 audit work has been scheduled for August (interim) and October (final). The Maze partner will review findings at the November FIC meeting. The Committee congratulated Ms's Lin and Huang for receiving the GFOA Award for the FY' 15-16 CAFR. Work is progressing on the Annual Budget book scheduled to issue in September. The Wells Fargo Bank balance is approximately \$4 million at present noted to correct an error in handout material. Ms. Huang confirmed her previously issued memo stating CalPERS at present will not allow a 401K type alternative to employee pensions. In the interest of time, the ABAG insurance update will be deferred to the next meeting.

Election of Officers

Mr. Sloss was elected Chairman and Secretary and Mr. Epstein was elected Vice Chairman. The Committee thanked Mr. Epstein for his service as Chairman.

Presentations from the Floor

None.

Proposed topics and dates for future meetings

The next FIC meeting will be in August or September and will include further consideration of the non residential wastewater rates as described above, Reserve Policies, and a report on ABAG Insurance. Other topics for future meetings include review of the Town's investments, long term capital plans and related policies, cash management policies, a report on review of Wells Fargo required documents, prepayment of OPEB and Pension liabilities; financial policy and procedures review; review of FIC Monthly Project Summary Report and review Finance Department quarterly report on financial controls.

Adjournment: The meeting adjourned at 7:30 pm

Respectfully submitted by Roddy Sloss, Committee Secretary