

**Finance and Investment Committee Regular Meeting
Town of Los Altos Hills – May 8, 2023**

Members present Allan Epstein, Cheryl Evans, Kjell Karlsson, Susan Mason, and Roddy Sloss

Member(s) absent: Nate Blair and Chris Nam

Associate members: Frank Lloyd, present, Jim Lai and Medha Rishi, absent

Council present: Linda Swan, Mayor, present; Stan Mok, Vice Mayor

Staff present: Peter Pirnejad, City Manager, Sarina Revillar, Administrative Services Director

Others present: Wale Kajopaiye, PFM, Senior Managing Consultant

Meeting handouts/recording: Handouts (Town website) , Recording:
<https://losaltoshillsca.portal.civicclerk.com/event/3128/media>

Mr. Sloss, Chairman, called the meeting to order at 5:15 pm and took roll.

Public comments - None

Approval of Minutes – Roddy Sloss

Minutes of the February 4, 2023 meeting were unanimously approved by members present.

PFM March 31, 2023 quarterly review – Wale Kajopaiye

Mr. Kajopaiye referred to the March 31, 2023 quarterly PFM report (attached to the agenda) covering a Market Update, Account Summary and Portfolio Review and discussed matters described in the report including the Year in Review, Current Market Themes, Interest Rate Sensitivity to Inflation, Fed activity, Yield Curve, and the Fixed Income Market. The March 31, 2023 portfolio yield at market is 4% and \$22 million at amortized cost. The portfolio is 28% Federal securities, 22% Corporate securities, 7% Municipal Securities and 5% other. The portfolio is compliant with the Town’s Investment policy. The portfolio return was 2% (annualized) for the March ending quarter as compared to negative 5% for the Dec 31, 2022 year.

Mr. Kajopaiye responded to questions including anticipated effects of a federal credit default resulting from timely absence of Congressional action on updating borrowing authorization. The event, although considered unlikely, should not affect liquidity but could affect the country’s overall credit rating.

Election of Medha Rishi as Associate Member of the Committee – Roddy Sloss

Due to other commitments, Ms. Rishi is unable to regularly attend FIC meetings and offered the Council her resignation as a Committee Member and requested the Committee elect her as an Associate Member. Attending Committee members unanimously elected Ms. Rishi as an Associate Member of the FIC.

PARS proposal to change management of the Town’s securities invested in its OPEB Plan – Roddy Sloss

In a handout, Mr. Sloss summarized reports by CERBT and PARS on their respective qualifications to manage the investment portfolio associated with the Town’s Retiree Medical Plan (“OPEB”) presented in previous recent FIC meetings. After discussion, the Committee unanimously decided to retain both firms in their respective positions. Mr. Pirnejad suggested the FIC formalize these reviews to occur on a four or five annual cycle.

Continued.

2024 Budget Update – Sarina Revillar

Ms. Revillar reviewed a handout distributed to the Committee before the meeting and responded to the Committee’s questions. She presented a financial summary reflecting updates beyond the handout distributed before the meeting. She noted the budget is not yet finalized and discussed the introduction of using Reserves to reflect non-recurring spending appropriated in prior years, that remained unspent as of the budget being presented. She responded to questions regarding non-recurring planned spending for costs related to the atmospheric river, housing element, new sewer projects, Westwind Barn refurbishments, and other planned construction, Excess building permit fee reimbursements from the third-party plan review firm accounting treatment and plans for possible applicant refunds were also discussed. The budget, at present, includes spending well beyond expected revenue, and although expected has not yet quantified or included recoveries from Federal agencies for atmospheric river costs incurred and planned to be incurred.

A traditional budget book version of the Budget will be available by Friday, May 19, 2023, and circulated to attendees for the May 25, 2023 joint Council FIC budget review meeting.

Woojae Kim, the Town’s recently hired Public Works Director, attended a portion of the meeting and responded to questions.

Ms. Evans excused herself from the meeting.

Draft Financial Policy – Sarina Revillar

Ms. Revillar discussed the proposed financial policy distributed before the meeting. She noted that where existing policy is available, it is included in the draft. She requested members to review the policy and submit comments to Ms. Revillar by Friday, May 12, 2023.

Update Reports:

Mr. Epstein reported on the status of updates to Volunteer Committee responsibilities policy, noted that the Form 700 requirement has been withdrawn and other changes of the Code of Conduct in draft form are being reviewed by the ad hoc Council committee members. Ms. Swan and Mr. Mok had no comments. Mr. Pirnejad reported on progress being made on integrating the Town Budget, with Town Management Goals and other priorities. Ms. Revillar briefly reviewed the quarterly financial status report and financial account balances.

The next meeting:

The next meeting is May 25, 2023 at Town Hall beginning at 4 pm and is a joint meeting with Council to review the Town’s fiscal 2024 budget.

The regular June 5, 2023 and July 3, 2023 meetings are cancelled.

Adjournment:

The meeting adjourned at approximately 7:20 pm

Respectfully submitted: Roddy Sloss, Committee Secretary.
