

**DRAFT Finance and Investment Committee (“FIC”) Meeting Minutes
Town of Los Altos Hills – October 7, 2024**

- Members present:** Allan Epstein, Kjell Karlsson, and Sean McGraw
- Member(s) absent:** Michelle Raffin and Jeanne Seeley
- Associate members:** Attending: Attending by Zoom Roddy Sloss (lost signal at 5:20p)
Not attending: Jim Lai and Frank Lloyd
- Council present:** Mayor, Stan Mok (joined later in the meeting),
- Staff present:** Peter Pirnejad, City Manager (joined later in the meeting), Thomas Leung, Finance Director, and WooJay Kim, Public Works Director
- Guests present:** Catherine MacLeod with MacLeod Watts (actuaries for the Town OPEB Plan)
- Public present:** Rajiv Bhateja (Town Council member elect)
- Meeting recording:** Not available
- Agenda attachments:** Agenda with handouts were posted to the Town website before the meeting.
- Meeting Called to Order:** At 4:10 pm, Chairman Epstein called the meeting to order and called the roll.
- Public comments:** None
- Presentations from the floor:** None

Presentation by Catherine MacLeod, actuary for the Town OPEB Plan, regarding a \$143,000 retiree survival benefit liability reported in the June 30, 2024, actuarial report.

Reference is made to the September 9, 2024, FIC special meeting minutes presentation made by Ms. MacLeod regarding a \$143,000 liability added in the most recent actuarial report related to retiree survivor related medical benefit. After extended discussion as to why this benefit was included and whether it was authorized staff will review the matter, and if necessary, the matter will be referred to Town Council for future discussion and disposition.

Approval of Minutes – Allan Epstein

An enabling motion approved by members present was made, accepted and followed by a second unanimous motion of attending members to accept the September 9, 2024, Special Meeting minutes.

Finance Director’s Report – Thomas Leung

Mr. Leung reviewed changes in the Wells Fargo Bank arrangements that include use of a money market ‘sweep’ account that is only populated with U.S. government securities thereby meeting the California government code requirements. Mr. Leung reported there is no longer a compensating balance requirement imposed by Wells Fargo Bank. Mr. Leung also noted that overdraft protection is included in the new arrangement which relieves the Town of the need to keep minimum balances. In response to questions, Mr. Leung described the present check signing procedures that continue to include dual signatures, which are currently routinely provided by Mr. Leung and Mr. Einfalt, assistant to the City Manager. Also, changes made to the Town’s purchasing and disbursement procedures offered by Tyler, the Town’s financial software provider, have been adopted, which are expected to provide efficiency and less reliance on unique Town disbursement procedures and controls.

Continued.

FIC Orientation – Thomas Leung

Mr. Leung presented the slides attached to the agenda and discussed the FIC planned activities and responsibilities. Members noted statutory training requirements for Committee members. Mr. Leung noted that applications for the Finance Manager/Senior Accountant position are now closed, several applications have been received and interviews are being scheduled for applicants. Mr. Leung also described recurring periodic public disclosures of financial matters such as monthly disbursement and Treasurer’s reports, which will now be included in the weekly reports as they are available. He also updated the committee on the status of the annual audit.

Pathways Impact Fee Study Results – WooJay Kim

Mr. Kim introduced Ms. Kushboo Ingle, representing the Matrix Consulting Group, who performed a study of the topic described in a slide presentation made in the meeting (visible on the meeting recording), and responded to questions from meeting participants. The approach, based on a charge per square foot of habitable space, has not changed but the amount of the fee was recalculated based on an updated calculation of the average footage of recently built residences in Los Altos Hills. The Town is obliged to review this matter every eight years and update the fee accordingly. A cost-of-living adjustment can be made in the interim years. In general, the homeowner pays this fee when a residence is built, or substantial square footage is added to an existing home that has not paid a pathway fee. The fee will be paid one time on each lot and credit will be given for existing footage when a house is demolished and a new one built. Mr. Epstein expressed concern that the study and methodology used did not provide for a different rate per square foot for multifamily homes even though their occupancy rate per square foot and therefore impact on pathways would be greater. Alternatives were discussed and the Committee did not object to the recommendation made by Ms. Ingle on behalf of Matrix Consulting Group, which will be presented to the Town Council for approval.

Comments by the Mayor, City Manager and Public Works Director – Messrs. Mok, Prinejad, and Kim, respectively

A second public workshop on the Town’s Housing Element and Multifamily Zoning has been announced. NBS will be engaged to perform a CAP and fee study, as well as an evaluation of the disposition of previous assessed excessive Building Permit fees. Discussion is underway with Palo Alto regarding the amount of markup charged on PARWQCP capital expenditures. The Town has been paying a 50% markup but based on the reading of the 1986 PA-LAH contract, it is believed the correct markup is 25%. A GFOA annual award on the Town’s most recent two-year budget disclosures was received.

Next FIC meeting – Allan Epstein

The next FIC meeting is scheduled for Wednesday, November 13, 2024, beginning at 4pm. A PFM presentation on the town’s quarterly investment performance is scheduled. FIC 2024-25 Goals’ status will be reviewed, and an update on the Palo Alto Sewer capital expenditure markup matter will be presented. Annual audit results are planned to be presented in the December 9, 2024, Special FIC meeting.

Adjournment

The meeting adjourned at 7:20 pm.

Respectfully submitted: Roddy Sloss, Committee Secretary