

**MINUTES OF THE MEETING OF THE FINANCIAL COMMISSION OF THE CITY
OF LOS ALTOS, HELD ON MONDAY, APRIL 20, 2020 AT 6:00 P.M.
TELECONFERENCE**

ROLL CALL

PRESENT: Chair Kalkat, Vice Chair McClatchie (Arrived at 6:32 p.m.), Commissioners Frey, Kalbach, Martin, Richmond, and Roat

ABSENT: None

PUBLIC COMMENTS

The following individuals made public comments:
Roberta Phillips

ITEMS FOR CONSIDERATION/ACTION

1. Approval of Special Meeting February 27, 2020 Commission Minutes

Action: Upon a motion by Commissioner Roat, seconded by Commissioner Kalbach, the Commission approved the minutes of the Special Meeting of February 27, 2020, by the following vote: AYES: Frey, Martin, Richmond, and Roat; NOES: None; ABSTAIN: None; ABSENT: McClatchie.

2. Presentation of Quarterly Investment Report Ending in December 31, 2019.

Thuyet Dang, Financial Services Manager presented to the Commission the Quarterly Investment Reports ending in December 31, 2019. Ms. Dang highlighted the current LAIF (Local Agency Investment Fund) yield for March 2020 is 1.8% and the total return of the portfolio inception is 1.20%. All current investments are compliant with the City's investment policy. Sharif Etman, Administrative Director, will contact the City's PFM contact, Monique Spikes to request a presentation on the City's investment portfolio.

Action: Upon a motion by Commissioner Kalbach, seconded by Commissioner Frey, the Commission accepted the Quarterly Investment Report for December 31, 2019 by the following vote: AYES: Kalkat, Martin, McClatchie, Richmond, and Roat; NOES: None; ABSTAIN: None; ABSENT: None (Vice Chair McClatchie arrived at 6:32 P.M.).

3. FY2019-2020 Mid-Year Update

Sharif Etman, Administrative Services Director presented the FY 2019-2020 Mid-Year Update Report. Mr. Etman had previously sent a copy of the FY2019-2020 Mid-Year Update Report to Council before the COVID-19 emergency. In the report he highlighted several mid-year budget adjustments.

Action: Upon a motion by Commissioner Kalbach, seconded by Commissioner Frey, the Commission accepted the recommendations made in the FY2019-2020 Mid-Year Update

Report by the following vote: AYES: Kalkat, Martin, McClatchie, Richmond, and Roat;
NOES: None; ABSTAIN: None; ABSENT: None

INFORMATIONAL ITEMS

4. COVID 19 Preliminary Fiscal Impact

Sharif Etman, Administrative Services Director highlighted the fiscal impact of COVID-19 including revenues lost, changes to programs and projects, and new grant initiatives brought forward by the Council. There is a projected revenue loss of 3M or 7% this fiscal quarter from our usual 45M dollar annual budget. Mr. Etman noted that the City has annual fund obligations including CIP (2.5M), PERs payments (1M), and debt liability of (700k). Mr. Etman predicts that the city will be stable for the next two fiscal years but believes that COVID-19 can have long term impacts on the City's finances if the Council does not correct their current fiscal policies and protocols. A new code was created by Finance to track COVID-19 expenses. Mr. Etman discussed additional funding sources available including FEMA grants, CAL OES, and State Emergency Sick Leave programs to help with the City's emerging costs.

Mr. Etman would like assistance from the Commissioners to draft assumptions and possible risks to add to his recommendations to Council for his 2-year and 10-year budgets. Chair Kalkat would like the Commission to draft another letter to Council regarding recommendations on improving their fiscal protocols and policies to help increase Council's transparency and responsibility to the City's budget. Most urgently, Chair Kalkat would like the Council to adhere to financial schedules and review fiscal reports in a timely manner.

5. Planning for Joint Commission and Council Meeting, May 26th

The item was moved to a future meeting.

6. 10 Year Loan Model-Recommended Assumptions and Scenarios

The item was moved to a future meeting.

7. Loan Update

Sharif will have rate sheets soon for the Commission to compare and provide recommendations to the Council. Once the Council passes the resolution for the bank loan, it will take 4-6 weeks for the bank to release the funds. Commission Frey stated that we should consider current reserves before borrowing from the bank and adding to our debt liability.

8. Financial System Upgrade Go Live

Thuyet Dang, Financial Services Manager, has been spearheading the upgrade efforts with the City's new financial system. The system will launch at the end of the April. The Financial Commission will get a presentation on the system in the future.

COMMISSION AND STAFF REPORTS AND DIRECTIONS ON FUTURE AGENDA ITEMS

Special Meeting, Monday, April 27 at 6:00 p.m.

ADJOURNMENT

Chair Kalkat adjourned the meeting at 8:44 p.m.

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