

**MINUTES OF THE MEETING OF FINANCIAL COMMISSION OF THE CITY OF
LOS ALTOS, HELD ON, MONDAY, NOVEMBER 16, 2020 AT 6:00 P.M.
VIDEO/ TELECONFERENCE**

ROLL CALL

PRESENT: Chair Kalkat, Commissioners Frey, Martin, Richmond, and Roat

ABSENT: Vice Chair McClatchie, Commissioner Kalbach

PUBLIC COMMENTS

ITEMS FOR CONSIDERATION/ACTION

1. Approval of Minutes of the Special Meeting, October 8, 2020

Action: Upon a motion by Commissioner Frey seconded by Commissioner Richmond, the Commission approved the minutes of the meeting of October 8, 2020 by the following vote: AYES: Frey, Richmond, Kalkat, Roat, Martin NOES: None; ABSTAIN: None; ABSENT: McClatchie, Kalbach

2. Presentation and Approval of Quarterly Investment Report Ending September 30, 2020

Ms. Thuyet Dang, Financial Services Manager, presented on the Quarterly investment report. In summary, the portfolio excluding operating cash was \$54,554,062. Currently LAIF is 1.7% which is a decrease from January 2020 when LAIF was 1.9%. In total, return since inception of our portfolio is 1.43%. The annual and quarterly investment returns from this portfolio is 3.8% and 0.24% respectively. For an overview of the status of the portfolio, please reference the “Fixed-Income Sector Outlook for Oct 2020” on page 10, the “Portfolio Recap” on page 12, and the “Investment Strategy Outlook” on page 18.

Action: Upon a motion by Commissioner Richmond seconded by Commissioner Martin, the Commission approved the Quarterly Investment Report Ending September 30, 2020 by the following vote: AYES: Frey, Richmond, Kalkat, Roat, Martin NOES: None; ABSTAIN: None; ABSENT: McClatchie, Kalbach

3. Approval of Draft Debt Management Policy

Mr. Sharif Etman, Financial Services Director, explained that the City of Los Altos did not have a comprehensive debt management policy because the City was nearly debt free. A comprehensive debt policy is now being recommended and is a prerequisite for funding of the loan for the community center.

The City has a bond counsel for the community center financing project, which consists of NHA and Jones Hall. The draft debt management policy, prepared by our bond counsel, is standard for municipal governments and is required for the City to enter a loan for the Community Center. Senate Bill 1029, which was passed in 2017 requires that cities that hold debt have a debt management policy. The debt management policy needs to be approved by Council resolution during the November 24th meeting proceeded by the Community Center loan approving during the December Council meeting. This debt management policy complies with both SB 1029 and the best practices and standards of GFOA.

Action: Action: Upon a motion by Commissioner Frey seconded by Commissioner Richmond, the Commission approved the draft Debt Management Policy with no edits by the following vote: AYES: Frey, Richmond, Kalkat, Roat, Martin NOES: None; ABSTAIN: None; ABSENT: McClatchie, Kalbach

INFORMATIONAL ITEMS

4. Demonstration of Financial Enterprise Software

Mr. Sharif Etman, Financial Services Director, provided a brief overview of the new city-wide financial system, Financial Enterprise.

Auditors during our last several audits have cited that our previous financial system did not provide enough transparency or secure approval levels. With this new software upgrade the City has now resolved this longstanding finding. Financial Enterprise not only provides our City with multiple levels of approvals, transparency, and added security but also allows the City to improve the efficiency and speed of internal financial processes. The City is now able to track financial transactions easily within the system, automate approvals, create paperless financial transaction processes, and has the ability to allow departments to track and monitor their department's budgets by creating personalized dashboards with specific report writers available.

In the future, a dashboard will be created and available on the City's website to allow for the City Council and residents in real time to track and monitor the City's financial health.

Ms. Thuyet Dang, Financial Services Manager, demonstrated the backend of Financial Enterprise by showing the Commissioners the different tasks that directors and managers are able to perform on the system, including; approvals of invoices, purchase orders, change orders, and vendor requests. The system allows for notes to be included in the system and tracks workflows.

Ms. Dang explained that ultimately, each department will have personalized dashboards to track and monitor their budgets, expenses, and revenues.

The finance staff has created training manuals and have begun conversations with department heads regarding the full new implementation of the new system, processes, and procedures.

5. Update on Tax Exempt Loan for Community Center

Mr. Sharif Etman, Financial Services Director, and Ms. Thuyet Dang, Financial Services Manager, provided an update for the Community Center loan. The initial draft loan agreement was presented to Council in October 2020. Updates have been made and the loan agreement was presented to the City's bond counsel. The \$10M, 20-year loan will now have an annual one-time payment of \$629,000.00, with the first payment in June of 2021. Each year there will also be an option for the City to pay an additional \$500,000 towards the loan. This loan is secured by the library as a leaseback agreement. The updated agreement will be presented to Council during the December 15th Council meeting. The loan needs to be funded and closed as close to December 21, 2020 as possible.

6. Other Staff Updates

Mr. Sharif Etman, Financial Services Director, thanked Chair Kalkat and Commissioner Roat for their public service with the Financial Commission. Chair Kalkat will continue serving on the Financial Commission. Commissioner Roat's last meeting will be tonight, as he and his family will be moving out of the area for the next several months.

Previously, Councilmembers Bruins and Enander discussed that they will work with Mr. Sharif Etman, Financial Services Director, and Finance staff to develop a dashboard on the City's website. This dashboard will house reports that provide residents with greater accessibility and analysis of City finances.

COMMISSION AND STAFF REPORTS AND DIRECTIONS ON FUTURE AGENDA ITEMS

7. Discussion of FY 20/21 Financial Commission Work Plan
 - a. Dec 2020 Agenda
8. Discussion of CalPERS Liability Reserve
 - a. January 2021 Agenda

ADJOURNMENT

Chair Kalkat adjourned the meeting at 7:01 p.m.

SPECIAL NOTICES TO PUBLIC

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