



Staff Liaison
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MINUTES

REGULAR MEETING OF THE FINANCIAL ADVISORY BOARD (FAB)

Tuesday, May 23, 2023 at 7:30 PM
 City Hall, Council Chambers
 10890 San Pablo Avenue
 El Cerrito, CA 94530

1. **ROLL CALL** – Chair Farahmand called the meeting to order at 7:30 PM.
Present: Chair Farhad Farahmand; Vice-Chair William Ktsanes; Member Dick Patterson; Member Kimberly White **Absent:** Member Ruth Cazden

2. **ORAL COMMUNICATIONS FROM THE PUBLIC** (5 min.)
Remarks are typically limited to three minutes per person, and may be on anything within the subject matter jurisdiction of the body. Remarks on non-agenda items will be heard first, as well as introduction by individuals interested in serving on the advisory body. Remarks on agenda items will be heard at the time the item is discussed.
Public Comments: None.

3. **COUNCIL/STAFF LIAISONS ANNOUNCEMENTS AND REPORTS** (15 min.)
 Staff and/or Councilmembers may report Council policies, priorities and significant actions taken by the City Council, and/or on matters of general interest to the FAB.
 - A. Council Liaison Announcements and Reports: Carolyn Wysinger, Councilmember
 Councilmember Wysinger shared her interest in the City Council compensation review as an existing part of the FAB's workplan.

 - B. Staff Liaison Report: Karen Pinkos
 - 1) FY23-24 Proposed Budget Schedule and Overview
 City Manager Karen Pinkos provided an update on the City's newly appointed Finance Director; an overview of the forthcoming FY 2023-2024 Proposed Budget and upcoming budget hearings.

4. **ELECTION OF OFFICERS**
 Election of Chair and Vice Chair
Motion/Second: Members Patterson/Ktsanes **Action:** Passed motion to appoint Farhad Farahmand as Chair (nominated by Member White) **Ayes:** Chair Farhad Farahmand; Vice-Chair William Ktsanes; Member Dick Patterson; Member Kimberly White. **Absent:** Member Ruth Cazden

 Chair Farahmand nominated Member William Ktsanes as Vice-Chair. Member Ktsanes declined.

Motion/Second: Members White/Ktsanes **Action:** Passed motion to appoint Ruth Cazden as Vice-Chair (nominated by Member White) **Ayes:** Chair Farhad Farahmand; Vice-Chair William Ktsanes; Member Dick Patterson; Member Kimberly White. **Absent:** Member Ruth Cazden

Public Comments: None.

5. WORK GROUP UPDATES (60 min.)

- A.** FAB Workplan Subcommittee and Work Plan Calendar (Vice-Chair Ktsanes and Member Cazden) – Chair Farahmand to report on presentation and discussion of Work Plan at the May 16, 2023 City Council Meeting

Chair Farahmand provided an overview of his presentation at the City Council meeting.

- B.** Receive update from FAB Comprehensive Financial Policies/State Audit Subcommittee (Member Patterson and Member White)
Attachment 1 – Potential Modifications to Comprehensive Financial Policies (draft April 23, 2023)
Member Patterson presented Attachment 1. Members discussed need to address with new Finance Director. Staff Liaison Pinkos committed to providing the FAB the most recent Corrective Action Plan submitted by the City.

- C.** Receive update from FAB General Fund Reserve Work Group (Chair Farahmand, Member Patterson)

Attachment 2: Allocation of Fiscal Year-End General Fund Surplus (draft May 2023)

Chair Farahmand presented Attachment 2. Members questioned and discussed the City's unfunded liability. Members suggested the following amendments to Attachment 2 and continued item to the next meeting:

Under 2.11,

- First bullet – insert “___% of” after the word “its”
- Second bullet – insert “___% remaining” after the word “Second”
- Second bullet – insert “___% of ” after the word “reaches”
- Third bullet, item A – delete “or” and add “with minimum of 30% of General Fund surplus.” Delete item B entirely.

Staff Liaison Pinkos committed to providing the FAB with the Government Finance Officers' Association's (GFOA) recently released White Paper on Reserve Policies as well as asking NHA to provide information on relationship of Cal-PERS pre-payments, reserve levels and the establishment of a Section 115 to the City's bond rating.

- D.** Receive update from FAB on City Council Compensation Review Subcommittee (Member Patterson and Member White)

Member Patterson provided status of review. Staff Liaison Pinkos committed to providing any compensation comparison information the City currently holds and the Statue on Council Compensation for General Law Cities.

- E. Receive update from FAB/Council Communications Plan Work Group (Vice Chair Ktsanes, Member Cazden)
No update.

6. FUTURE AGENDA ITEMS (10 min.)

- FAB Work Group/Subcommittee Updates
 - o Comprehensive Financial Polices Work Group
 - o FAB/Council Communications Plan Work Group
 - o General Fund Reserve Work Group
 - o FAB Work Plan (*tentative* January 2023 presentation to City Council)
 - o City Council Compensation Review Subcommittee

Members stated that the next agenda would be focused on the FY 2023-24 Proposed Budget and two FAB Work Group/Subcommittee Updates: 1) General Fund Reserve Work Group and 2) City Council Compensation Review Subcommittee. Members were interested in holding a Special FAB Meeting on June 15, 2023 at 6:00PM.

7. ADJOURNMENT

The meeting adjourned at 9:40PM

Farhad Farahmand, Chair

This is to certify that the foregoing is a true and correct copy of the minutes of the regular Financial Advisory Board meeting of May 23, 2023 as approved by the Financial Advisory Board.

Karen Pinkos, Staff Liaison

ALLOCATION OF FISCAL YEAR-END GENERAL FUND SURPLUS

To ensure adequate fund reserves and inform the City's budgeting priorities and, the FAB recommends City Council adopt the addition of a new paragraph 2.11 to the City's Comprehensive Financial Policy:

2.11. The City shall allocate a General Fund surplus (the excess of actual annual General Fund revenue less actual General Fund expenditures) using the following priorities, until any such annual General Fund surplus is fully allocated:

2.11.1 First, to the General Fund Reserve until the General Fund has reached its targeted reserve ratio as specified in the General Fund Reserve Policy (Section 3 of this policy).

2.11.2 Second, to the Emergency Disaster Relief Fund (EDRF) until the balance in that fund reaches the target balance as specified in Emergency and Disaster Recovery Fund (Section 4 of this policy).

2.11.3 Third, a minimum of 30% of the remaining surplus to the City's CALPERS unfunded accrued liability (UAL).