



CITY OF NOVATO
CALIFORNIA

Finance Advisory Commission

APPROVED Minutes

Thursday, September 5, 2024 – 7:30 AM

A. CALL TO ORDER AND ROLL CALL

The meeting was called to order by Chair Thomas at 7:30 A.M.

Commissioners Present: Regina Bianucci Rus, Cris MacKenzie, Rafelina Maglio, Michele Manos, Tina McMillan, Larisa Thomas, Andy Zmyslowski

Staff Present: City Manager Amy Cunningham, Finance Director Carla Carvalho-DeGraff, Deputy Finance Director Jose Morales, Accountant II Natalie Moline, Management Analyst I Stacey Hoggan

B. APPROVAL OF FINAL AGENDA

Commission Action: Upon a motion by Commissioner MacKenzie, and seconded by Commissioner Manos, the Commission voted 7-0-0-0 to approve the final agenda.

Ayes: Bianucci Rus, MacKenzie, Maglio, Manos, McMillan, Thomas, Zmyslowski

Noes: None

Abstain: None

Absent: None

Motion carried.

C. PUBLIC COMMENT

None

D. CONSENT ITEMS

D.1. Approve Special Meeting Minutes of July 18, 2024

D.2. Update on Finance Department Activities

Commissioners were introduced to the Deputy Finance Director, Jose Morales.

Commission Action: Upon motion by Commissioner Bianucci Rus, and seconded by Commissioner Maglio, the Commission voted 6-0-1-0 to approve items on consent with Commissioner Zmyslowski abstaining from item D.1.

Ayes: Bianucci Rus, MacKenzie, Maglio, Manos, McMillan, Thomas
Noes: None
Abstain: Zmyslowski
Absent: None

Motion carried.

E. UNFINISHED AND OTHER BUSINESS

F. GENERAL BUSINESS

F.1. Review Investment Strategy

PFM Asset Management (PFMAM) serves as the City's investment advisor, managing City funds according to the investment policy approved by City Council. This policy is reviewed annually and updated for any changes to the California Code. During the May 14, 2024, City Council meeting councilmembers directed staff to look further into allowable investments to determine if the investment strategies should be updated.

PFMAM Senior Analyst, Allison Kaune is the primary PFMAM liaison with the City and presented the Commission with an overview of investments, investment strategies, and discussed different options for potential changes in the strategy. Commissioners asked questions and provided feedback to staff. Commissioners also noted that they would like to review the procurement policy at a future meeting as the contract with PFMAM is an evergreen.

Upon motion by Chair Thomas, and seconded by Commissioner Bianucci Rus, the Commission voted 7-0-0-0 recommending that City Council approve the Investment strategy updates and recommended that the Hamilton Trust funds should be invested for longer durations, and that the City should prioritize development of a cash management policy prior to making any further changes to the investment policy and/or strategy related to operating funds under managed assets.

Ayes: Bianucci Rus, MacKenzie, Maglio, Manos, McMillan, Thomas, Zmyslowski
Noes: None
Abstain: None

Absent: None

Motion carried.

F.2. Fiscal Sustainability Model Update

In July 2021, the Finance Advisory Commission, then known as the Citizens Finance Advisory/Oversight Committee, established an ad hoc committee focused on fiscal sustainability. One of the committee's key initiatives was to update an interactive fiscal sustainability model that the community could use to understand the effects of budget surpluses and deficits. Commissioner Zmyslowski contributed to updating this model, and consultant Andy Heath reshaped it using current budget data and a five-year forecast for presentation to the Commissioners.

The Fiscal Sustainability Model allows users to explore the potential annual impacts of revenue growth and expenditures, including the effects of the proposed sales tax Measure M. It also illustrates the budget implications of staffing reductions, highlighting that fewer staff would result in diminished services to a city already operating at a suppressed level. The model will be condensed into a one-page document that will be posted on the website as soon as possible. During the meeting, Commissioners asked questions and offered feedback and suggestions.

Public comment was taken at 922 Machin Ave

1. Pam Drew

F.3. Discuss City Funded Loan Policy

At the July 23, 2024, City Council directed staff to develop a city funded loan policy. The need for a policy followed concerns about recent issuances of loans and the lack of criteria, procedures, and framework for eligibility. Staff brought a draft policy to the Commission for review and feedback. The draft policy is set to be presented to City Council at the September 24th meeting.

The Commission declined to provide feedback on the policy as they do not support the city funding any loans and believe that the City should have a no loan position therefore a policy is not needed. Commissioners also noted that they did not support that the City Council should require a super majority.

Public comment was taken at 922 Machin Ave

1. Pat Eklund

Upon motion by Chair Thomas and seconded by Commissioner Zmyslowski the Commission voted 7-0-0-0 for the Commission to recommend to the City Council that it does not support the City engaging in lending activities. The Commission cited concerns about inappropriate use of public funds and staff resources. The proposed policy creates the misleading impression of available funds while the City operates at a deficit. If the loan policy proceeds,

the Commission suggests hiring a consultant to revise the draft policy, which they found insufficient.

Ayes: Bianucci Rus, MacKenzie, Maglio, Manos, McMillan, Thomas, Zmyslowski
Noes: None
Abstain: None
Absent: None

Motion carried.

G. COMMITTEE AND LIAISON REPORTS

G.1. Staff Updates

None

G.2. Commission Member Reports

None

H. ADJOURNMENT

The meeting was adjourned at 10:02 AM.

I HEREBY CERTIFY that the foregoing minutes were duly adopted at the Finance Advisory Commission Meeting of October 3, 2024.

/ Stacey Hoggan /
Stacey Hoggan, Management Analyst I