



MINUTES FINANCE COMMISSION

Wednesday, November 20, 2024 - 5:00 p.m.
City of Huntington Beach
Council Chambers
Huntington Beach, CA 92648

For the audio recording of the November 20, 2024, Finance Commission Meeting, please visit the City's website at: <https://huntingtonbeach.legistar.com/Calendar.aspx>

Chair Billy Hamilton called the meeting to order at 5:00 p.m. and Commissioner Jamie Craver led the Pledge of Allegiance.

MEMBERS	Billy Hamilton, Chair
PRESENT:	Kelly Gates, Vice-Chair
	David Cicerone, Commissioner
	Jamie Craver, Commissioner
	Frank Lo Grasso, Commissioner
	Janet Michels, Commissioner
	Robert Sternberg, Commissioner

MEMBERS	None
ABSENT:	
STAFF PRESENT	Travis Hopkins, Assistant City Manager
	David Cain, Interim Chief Financial Officer
	Thuy Vi, Management Aide, Finance
	Shari Saraye, Buyer
	Jessica Castro, Accounting Technician

PUBLIC COMMENTS

None

CONSENT ITEMS

Approval of Meeting Minutes

Motion: Moved by Chair Hamilton and seconded by Commissioner Jamie Craver to approve the Finance Commission Meeting Minutes dated October 23, 2024, as presented

The motion carried by the following votes: 7-0

Ayes: Cicerone; Craver; Gates; Hamilton; Lo Grasso; Michels; Sternberg

Noes: None

DISCUSSION ITEMS AND POTENTIAL RECOMMENDATIONS

D1. FY 2023/24 Year-End Update

Interim Chief Financial Officer David Cain stated that the City is in the midst of its annual audit. The financial statements and the Management Discussion and Analysis (MDA) will be completed in December and reviewed in January 2025. He proposed moving the January meeting to January 15, 2025, to ensure timely review of the audit before presenting it to the City Council for approval at its second meeting in January.

D2. CalPERS Update

Cain stated that the City faces significant increases in unfunded liabilities due to negative investment returns from CalPERS. For June 30, 2024, CalPERS is anticipating a 9.3% return rate. He stated that our estimated unfunded liability payments are \$5.2M in 2024-2025, \$12.7M in 2025-2026, and \$12.5M in 2026-2027.

The savings from the sale of pension obligation bonds is being contributed to the Section 115 Trust every year based on the City's reserve policies. The City maintains \$18M in a Section 115 Trust, with additional reserves allocated for future obligations. The Commission discussed whether these funds should be used to make discretionary payments directly to CalPERS or managed locally for flexibility.

Potential tax measures, such as increasing sales tax, were raised as options to address the City's structural deficit. Challenges of defined benefit plans were discussed, with some expressing concerns about the long-term sustainability of CalPERS.

D3. Meadowlark Golf Course Task Force

Acting City Manager Travis Hopkins requested that the Finance Commission appoint one member to the five-member Meadowlark Golf Course Task Force.

Motion: Moved by Commissioner Frank Lo Grasso and seconded by Chair Hamilton to nominate Commissioner David Cicerone as the Finance Commission representative on the Meadowlark Golf Course Task Force

The motion carried by the following votes: 5-0-2

Ayes: Cicerone; Gates; Hamilton; Lo Grasso; Sternberg

Noes: None

Abstain: Craver; Michels

D4. Friends of the Library

Hopkins stated that the City will be meeting with the Friends of the Library to work on a memorandum of understanding to formalize its relationship. Commissioners suggested forming a subcommittee to evaluate the organization's financials and operations.

Motion: Moved by Commissioner Cicerone and seconded by Chair Hamilton to form a Friends of the Library Subcommittee consisting of Commissioner Frank Lo Grasso and Vice-Chair Kelly Gates

The motion carried by the following votes: 5-0-2

Ayes: Cicerone; Gates; Hamilton; Lo Grasso; Sternberg

Noes: None

Abstain: Craver; Michels

D5. Holiday Luncheon

The December 18, 2024 meeting was canceled in favor of a holiday luncheon on December 16, 2024 at Mona Lisa Restaurant.

Motion: Moved by Commissioner Robert Sternberg and seconded by Commissioner Janet Michels to hold a holiday lunch on December 16, 2024, in lieu of the December 18, 2024 meeting

The motion carried by the following votes: 6-0-1

Ayes: Cicerone; Gates; Hamilton; Lo Grasso; Michels Sternberg

Noes: None

Abstain: Craver

COMMISSIONER COMMENTS

Craver thanked staff, Hopkins and Cain.

Michels reflected on her service and thanked staff and fellow Commissioners.

Sternberg stated that he enjoyed his time serving as a Commissioner and thanked Hopkins and Cain.

Gates thanked the three outgoing Commissioners and wished everyone a Happy Thanksgiving.

Cicerone thanked the outgoing Commissioners and welcomed Cain. He emphasized the need to address critical financial challenges and expressed frustration with the slow pace of government processes.

Hamilton thanked the Commission and expressed optimism for addressing financial issues in the coming year.

ADJOURNMENT

Motion: Moved by Commissioner Craver and seconded by Chair Hamilton to adjourn the meeting at 6:08 p.m.

The motion carried by the following votes: 7-0

Ayes: Cicerone; Craver; Gates; Hamilton; Lo Grasso; Michels; Sternberg

Noes: None

Submitted by:

David Cain, Interim Chief Financial Officer

By: Thuy Vi, Finance Management Aide