



MINUTES FINANCE COMMISSION MEETING

Wednesday, March 26, 2025 - 5:00 p.m.
City of Huntington Beach
Civic Center Lower Level
Meeting Room B-7

For the audio recording of the March 26, 2025, Finance Commission Meeting, please visit the City's website at: <https://huntingtonbeach.legistar.com/Calendar.aspx>

Chair Kelly Gates called the meeting to order at 5:00 p.m. and led the Pledge of Allegiance.

MEMBERS
PRESENT: Kelly Gates, Chair
Frank Lo Grasso, Vice-Chair
David Cicerone, Commissioner
Scott Dowds, Commissioner
Paul Geery, Commissioner
Billy Hamilton, Commissioner

MEMBERS
ABSENT: None

STAFF PRESENT Travis Hopkins, Acting City Manager
David Cain, Interim Chief Financial Officer
Serena Bubenheim, Assistant Chief Financial Officer
Thuy Vi, Management Aide, Finance
Shari Saraye, Buyer
Jessica Castro, Accounting Technician

PUBLIC COMMENTS

Dave Chennault spoke about his concerns regarding late rent payments from Meadowlark Golf Course.

CONSENT ITEMS

Approval of Meeting Minutes

Motion: Moved by Commissioner Billy Hamilton and seconded by Vice-Chair Frank Lo Grasso to approve the Finance Commission Meeting Minutes dated February 26, 2025, as presented

The motion carried by the following votes: 4-0-2

Ayes: Cicerone; Gates; Hamilton; Lo Grasso

Noes: None

Abstain: Dowds; Geery

DISCUSSION ITEMS AND POTENTIAL RECOMMENDATIONS

D1. Elan and Breakwater Apartments – Hamilton

Commissioner Hamilton provided an overview of the Elan and Breakwater Apartments' audited financial statements, highlighting the partnership between the City and California Municipal Finance Authority (CMFA). Concerns were expressed over substantial financial leverage and the lack of property tax revenue to the City. Commissioners discussed potential financial risks, questioned the long-term viability of the project, and expressed frustration over the City's lack of benefit. The Commission requested further analysis and clearer financial explanations.

Chair Gates discussed Items D2 through D6 out of order.

D6. Audit of Arcis/Meadowlark – Hamilton

City Manager Travis Hopkins suggested that a subcommittee be formed that could meet with the auditors to discuss the details of audit areas for Arcis/Meadowlark.

Motion: Moved by Commissioner David Cicerone and seconded by Commissioner Paul Geery to form an ad hoc committee consisting of Chair Kelly Gates and Commissioners, Paul Geery and Scott Dowds to review audit areas for an audit of Arcis/Meadowlark Golf Course

The motion carried by the following votes: 6-0

Ayes: Cicerone; Dowds; Gates; Geery; Hamilton; Lo Grasso

Noes: None

D2. Ad Hoc Committee to Review City Financial Reporting and Timing Schedule – Cicerone

Commissioner Cicerone emphasized the need for timely, transparent, and accessible financial reporting, advocating for a regularly updated financial dashboard on the City's website.

Motion: Moved by Commissioner Paul Geery and seconded by Commissioner Scott Dowds to form an ad hoc committee consisting of Vice-Chair Frank Lo Grasso and Commissioners Billy Hamilton and David Cicerone to review the City's Financial Reporting and Timing Schedule

The motion carried by the following votes: 6-0

Ayes: Cicerone; Dowds; Gates; Geery; Hamilton; Lo Grasso

Noes: None

D5. Arcis Outstanding Balance and Collection Efforts – Cicerone

Commissioner Cicerone asked for status of collection from Arcis of the outstanding rent balance. Hopkins stated that Arcis made a partial payment but disputes the adjusted remaining balance. The City Attorney's Office will evaluate the matter.

D3. Mid-year Budget Review – Cain

Assistant Chief Financial Officer Serena Bubenheim presented the FY 2024-25 Mid-Year Budget Update. She stated that the City ended FY 23/24 with a surplus of \$2.7 million and projects a current-year surplus of \$2.3 million. Property tax revenues remain strong, while sales tax revenues have declined due to inflation and lower auto sales. General Fund expenditures total approximately \$275M, including pension obligations. Structural deficits remain a concern moving forward.

D4. Reserve Policy Review – Cain

Cain reviewed the City's reserve policies, emphasizing the importance of managing the City's financial reserves appropriately to address future needs. There was a detailed discussion on current reserve policies, fund categorization, and related fiscal responsibilities. Cain highlighted the importance of maintaining healthy reserves to sustain AAA credit rating.

COMMISSIONER COMMENTS

Cicerone stated that he provided the Commission with a map of the Equestrian Center and noted that the area used for the Therapeutic Riding Center and the Riding Arena are outside of the leased property and on City-owned land. He would like to discuss why the owner is utilizing the land without paying for it.

The Commissioners thanked outgoing staff members Cain and Bubenheim for their service.

Gates reported that the former City Attorney stated that his office was not involved in the Elan and Breakwater contracts.

ADJOURNMENT

Motion: Moved by Chair Kelly Gates and seconded by Vice-Chair Frank Lo Grasso to adjourn the meeting at 7:44 p.m.

The motion carried by the following votes: 6-0

Ayes: Cicerone; Dowds; Gates; Geery; Hamilton; Lo Grasso

Noes: None

Submitted by:

Robert Torrez, Interim Chief Financial Officer

By: Thuy Vi, Management Aide