

**MINUTES OF THE CITY OF COSTA MESA
FINANCE AND PENSION ADVISORY COMMITTEE
September 12, 2018
4:00 PM**

1. CALL TO ORDER

The meeting was called to order by Chair Ralph Taboada at 4:00 p.m. in Conference Room 1A at Costa Mesa City Hall, 77 Fair Drive, Costa Mesa, California.

2. ROLL CALL

Members Present: Chair Ralph Taboada, Members Bob Juneman, Al Melone, Tom Pollitt, Richard Riva, Wendy Leece

Members Absent: Vice-Chair John Hinson, Don Harper, Teresa Drain, Marwan Khalifa, Anna Vrska, Mayor Sandra Genis

Staff Present: Finance Director Kelly Telford, Assistant Finance Director Jennifer King, Executive Assistant Cassandra Burkart

Staff Absent: Assistant City Manager Tammy Letourneau, City Manager Tom Hatch

Jayson Schmidt from Chandler Asset Management is also present.

3. PUBLIC COMMENTS

Beth Refakes voices concern over the target date and budget of Fire Station #1. Notes that the Project was said to be on budget and on target, but is now long overdue. Asks for an improvement in communication, as well as accountability when it comes to meeting deadlines.

4. APPROVAL OF MINUTES OF THE August 8, 2018 FIPAC MEETING

MOTION/SECOND: Bob Juneman/ Wendy Leece

Ayes: Ralph Taboada, Al Melone, Tom Pollitt, Richard Riva

Nays: None

Abstain: None

Absent: John Hinson, Don Harper, Teresa Drain, Marwan Khalifa, Anna Vrska

Motion Carried: 6-0-0-5

5. OLD BUSINESS

None.

6. NEW BUSINESS

a. Self-Insurance Fund Update

i. Finance Director Kelly Telford presents a brief update on the Self-Insurance Fund. Advises the numbers are unaudited thus subject to change.

ii. Kelly Recommends modifying the way the Self-Insurance fund is accounted for.

- iii. Based on analysis of the Self-Insurance fund, the liability at June 30, 2018 was at \$14 million including both worker's compensation and general liability claims. Worker's compensation is at \$11.5 million and general liability is at \$2.5 million.
 - iv. Tom Pollitt expresses the need to look into both the worker's compensation and general liability claims. Ralph Taboada agrees that there seems to be little to no improvement in the number of worker's compensation claims.
 - v. Kelly reassures committee that she will follow up with HR in regards to numbers for both worker's compensation and general liability.
- b. Investment Policy
 - i. Jennifer King, Assistant Finance Director, presents recommended changes to the investment policy for the Committee's consideration. Recommends the city consider the option in investing into supranational securities. Also, to modify our current policy so it is more clearly defined.
 - c. Investment Report and Economic Update
 - i. Jayson Schmitt (Chandler Asset Management) provides a brief economic update and year in review for the fiscal year ended June 30, 2018.

7. MEMBERS REPORTS, COMMENTS, AND SUGGESTIONS

- a. Ralph Taboada voices concern over the council not spending enough time reviewing capital spending and focusing too much on operating cost. Provides a Capital Spending Preliminary Review to present to the City Council. This draft highlights the project budget and spending information that is lacking on most Capital Improvement Project (CIP) forms. Explains how written procedures are lacking for various functions and how the current processes do not provide council sufficient opportunity to oversee capital spending.
- b. In addition, Ralph shares with committee the Capital Improvement Project for rehabilitation on Pomona avenue. Notes the large increase in cost from FY 17-18 to FY 18-19. Ralph recommends to the committee that all capital improvement projects show prior, current, and future appropriations so as to avoid lack of accountability and to increase transparency.
- c. Ralph voices his concern of cost control for these projects and questions the approval process before capital projects are forwarded to council.
- d. Richard Riva advises that there needs to be more reviews and descriptions of expenditures before projects are filtered to Council.
- e. Kelly suggests we revise the Capital Improvement Project summary in the budget book. Modifying the B12's to incorporate two pieces of information, consisting of the amounts previously budgeted for and also the amount spent to date.
- f. Preliminary Capital Spending draft is approved by committee members.

MOTION/SECOND: Wendy Leece/ Richard Riva

Ayes: Ralph Taboada, Bob Juneman, Al Melone, Tom Pollitt

Nays: None

Abstain: None

Absent: John Hinson, Don Harper, Teresa Drain, Marwan Khalifa, Anna Vrska

Motion Carried: 6-0-0-5

8. CITY STAFF REPORTS

a. Vacancy Report Update

- i. Updates will be presented to the Committee at the October 10th FiPAC meeting.

b. Pension Liability Update

- i. Update will be presented at the November 14th FiPAC meeting.

9. DISCUSSION REGARDING FUTURE AGENDA ITEMS

- a. Senator Moorlach will be presenting at the next FiPAC Committee meeting on October 10, 2018.

10. ADJOURNMENT

The meeting was adjourned at 6:00 p.m. to the next regular Meeting of the Finance and Pension Advisory Committee on Wednesday, October 10, 2018 at 4:00 p.m.



Ralph Taboada, Chair



Kelly A. Telford, Finance Director