



## MINUTES

### CITY OF DANA POINT FINANCIAL REVIEW COMMITTEE MONDAY, FEBRUARY 27, 2017 1:30 PM

**LOCATION:** City Hall, Second Floor, City Council Chamber, Suite 210  
33282 Golden Lantern, Dana Point, CA 92629

#### **CALL TO ORDER:**

The meeting of the Financial Review Committee of the City of Dana Point, California, was called to order by Patrick Munoz at 1:29 p.m. in the City Council Chambers, 33282 Golden Lantern, Dana Point.

#### **ROLL CALL OF COMMITTEE MEMBERS:**

Present: Brian Porter, Committee Member  
Buck Hill, Committee Member  
Greg Wall, Committee Member  
Larry Rolapp, Committee Member  
Toni Nelson, Committee Member

Absent: None

#### **STAFF:**

Mike Killebrew, Acting City Manager  
Patrick Munoz, City Attorney  
Kathy Ward, City Clerk  
DyAnne Weamire, Sr. Administrative Assistant

#### **NEW BUSINESS:**

Patrick Munoz introduced Mike Killebrew, Acting City Manager and DyAnne Weamire, Assistant to Mike Killebrew.

Patrick Munoz introduced Kathy Ward, City Clerk. Madam Clerk commenced the Oath of Office to the newly appointed Financial Review Committee Members and collected their signed Oath of Office forms.

## **1. AB1234 Ethics Training**

City Attorney Munoz provided a PowerPoint presentation - Ethics and Public Services: Laws and Principals to satisfy AB1234 Ethics Training as required by the State for Public Officials.

City Attorney Munoz completed the required Ethics training presentation, followed by a questions and answer session by the Committee Members. City Attorney Munoz recessed the meeting at 3:25 p.m.

### **Reconvene Financial Review Committee**

City Attorney Munoz reconvened the meeting at 3:32 p.m. All Committee Members were present.

Staff Present: Patrick Munoz, City Attorney; Mike Killebrew, Acting City Manager; Beverly Brion, Accounting Supervisor; DyAnne Weamire, Sr. Administrative Assistant.

Members Rolapp, Nelson, Porter, Hill, and Wall provided an introduction of their personal backgrounds and financial expertise.

## **2. Financial Review Committee Organization**

City Attorney Munoz directed any of the sitting members to begin the process of nominating a member for the position of Chair.

Member Rolapp nominated Member Porter.

Member Nelson nominated Member Hill.

Member Rolapp asked what the length of term is for the Chairmanship position.

City Attorney Munoz replied there are no rules regarding this, but that typically the term of the Chair is one year with the positions rotating throughout the Committee Members, but ultimately the decision of term lengths is left up to the Committee.

City Attorney Munoz asked the Committee for a vote of the Chair:

Committee Member Porter was elected Chair of the Financial Review Committee by the following vote:

AYES: Committee Member Rolapp, Committee Member Wall, Committee Member Porter  
NOES: Committee Member Nelson, Committee Member Hill  
ABSENT: None

Chair Porter asked for nominations of Vice Chair.

Committee Member Rolapp nominated Committee Member Hill

Committee Member Nelson seconded the nomination of Committee Member Hill

Committee Member Hill was elected Vice Chair of the Financial Review Committee by the following vote:

AYES: Chair Porter, Committee Member Rolapp, Committee Member Nelson,  
Committee Member Hill, and Committee Member Wall  
NOES: None  
ABSENT: None

### **3. Financial Review Committee Mission and Procedures**

Chair Porter opened the discussion.

A brief discussion on length of Chair and Vice Chair positions was discussed.

It was moved by Vice Chair Hill and Seconded by Chair Porter that the Financial Review Committee Chair position be held for a term of one year.

It was moved by Committee Member Rolapp, Seconded by Committee Member Nelson that both the Chair and Vice Chair positions will be reorganized once a year.

The motion carried by the following vote:

AYES: Chair Porter, Vice Chair Hill, Committee Member Rolapp, Committee Member Nelson, and Committee Member Wall  
NOES: None  
ABSENT: None

Committee Member Nelson stated that she and Mayor Lewis had a discussion in terms of what the Mayor was thinking of and looking for from the Committee and gave Committee Member Nelson some general ideas. Committee Member Nelson then created a draft of a “Charter” to use as a starting point for discussion with the other Committee Members. Committee Member Nelson passed out copies of the draft Charter she had prepared.

The Committee Members briefly reviewed the draft Charter.

Committee Member Rolapp stated that he believed the drafted Charter to be excellent but would like to also suggest that the Committee meet with the City’s external auditors both before and after the City’s annual audit review.

Committee Member Nelson added that the Committee should also be able to go over any exceptions the auditors find. Committee Member Nelson suggests adding this suggestion to the Scope of Work section of the draft Charter.

Staff Member Killebrew suggested to the Committee that the Committee strike the word “before” in line item #2 under Scope of Work section of the draft Charter. He also suggested that a meeting between Committee Members and the City’s external auditors should take place without Management present so there can be an open dialogue. He explained to the Committee

that he encourages this interaction with the auditors and explains his breadth of experience includes a role as a financial auditor and appreciates an auditor's access to decision making and advisory bodies.

City Attorney Munoz suggested that if the FRC committee wanted to conduct meetings with the auditors before and after an audit, members of the committee could conduct interviews individually or in groups of no more than two.

Committee Member Nelson suggested adding line item #8 under Scope of Work that members of the committee meet with external auditors before and after the City's annual audit.

Mike Killebrew explained that the interim audit review will be in May 2017 and the follow up audit review will be in September 2017.

Committee Member Rolapp also suggested the committee review documents to confirm that the City has complied with any State and Federal filing and disclosure requirements relating to financial matters. He also suggested the line should read "Confirm the City has complied with all the State and Federal Financial filing and disclosure requirements."

Committee Member Nelson suggests adding Member Rolapp's suggestion as #9 under Scope of Work.

Mike Killebrew stated that the City Council directed the City to change auditors every five years and suggested that the Financial Review Committee participate in the interview process.

Committee Member Rolapp stated the City has many financial policies to include debt policies, investment and safekeeping policies, budgetary policies, etc. He suggested that the FRC broaden the scope to read "all financial policies" on the draft Charter.

Committee Member Nelson suggested adding the word "policy" to each line item numbers 3, 4, 5, and 6.

Mike Killebrew suggested combining line items 3, 4, 5, 6 into one line item called "Finance Policies." Additionally, he suggested combining items, 4, 5, and 6 into this line item specifically and suggested amending line item 2 to include line item 3.

Committee Member Rolapp suggested including the City's 5-year financial plan as another item to include in the draft Charter

Committee Member Nelson agreed.

Committee Member Nelson brought the committee's attention to line item #2 under "Access & Limitations" of the draft Charter to make clear that the committee has no real legal power and is solely an advisory committee.

Committee Member Nelson also suggested that under "Organization" they may want to add line item #7 that the Chair and Vice-Chair be selected annually.

City Attorney Munoz suggested that that line item #1 under "Organization" read that the appointee to the Financial Review Committee must be a registered voter of the City of Dana Point and a Dana Point resident.

City Attorney Munoz suggested rewording line item #2 under “Organization” so that each Council member shall appoint one member to the FRC and the Council shall ratify each appointee if the appointee meets the minimum qualifications. Line item #2 suggests that the Council can appoint a member at their discretion, but also exercise appropriate diligence to ensure the appointee possesses financial expertise. City Attorney Munoz stated that the FRC can require each appointee to fill out an application to provide for transparency with regards to an appointees’ qualifications but ultimately the Council member appoints the appointees at their discretion. City Attorney Munoz posed the question what is the committee looking for with regards to an appointee.

Committee Member Nelson stated that the expectation that was set came from Mayor Lewis.

Staff Member Killebrew stated maybe this level of decision making may be more at the City Council level to decide than at the FRC committee level.

Committee Member Nelson stated that she believes the Mayor put this in the document because the Mayor wanted one document that took care of what the group is and how it is organized.

Staff Member Killebrew stated that the City Council directed the Committee to discuss the mission and procedures of the Committee and that part of the document should be brought back to Council.

Vice Chair Hill opened the subject of formalizing the committee’s meeting schedule. Referring to line item 4 and 5 under “Organization” that the committee meet monthly unless a super majority vote states not to.

City Attorney Munoz questioned whether a super majority vote was necessary.

Committee Member Nelson stated that she thought the resolution already stated that a super majority vote was approved for the FRC committee.

Staff Member Killebrew explained that the resolution was presented but not yet approved.

Vice Chair Hill stated his concern if there was not a super majority vote due to the possibility of some members not being present and that a meeting cannot be held and that the whole process could potentially become watered down.

Committee Member Rolapp suggested to the committee that if the Financial Review Committee is not functioning as the Council expects and the reports from meetings not provided due to the lack of quorum, then the Council could replace members accordingly.

City Attorney Munoz suggested making a rule that states that if you have three unexcused absences in a year that you are off the committee.

City Attorney Munoz stated that line item #6 of the “Organization” states that the committee shall submit reports to Council after each meeting but asked if providing minutes of the Financial Review Committee meetings would be sufficient.

Vice Chair Hill responded that he would like to see an occasional presentation of the results of the meetings provided to the Council.

Committee Member Nelson stated that she just received a message from the Mayor. The message from the Mayor to Member Nelson stated that she hoped the meeting was going well and that she wanted this to be a Members and Residents Committee of financial oversight. The Mayor stated that she would like Committee Member Nelson or someone approved by the committee to come to the Council meeting on March 7<sup>th</sup> and give the City Council a presentation and talk about the members and their backgrounds, the mission and answer any questions from Council. Member Nelson continued by stating that the Mayor would also like to know if she can put her request on the agenda for March 7, 2017. Member Nelson additionally stated that this is what the Mayor would like to see happen, that after each meeting there would be a report provided to the Council if there was anything to report.

(Amendment: During the March 27, 2017 Financial Review Committee meeting, Member Nelson explained that she wanted to correct the second line of the above paragraph to read: “the meeting went well” instead of “the meeting was going well” which is what she meant to say.)

Chair Porter stated that this is what the minutes of the meeting provide. The Financial Review Committee would submit their minutes to Council and if there were any questions by the Council then the Council would request the Committee to come to the Council meeting to answer questions. He believes that a quarterly presentation/report could be given to the Council if requested.

Committee Member Nelson stated that she believes the Mayor’s point is that because this is a Resident’s Committee and financial oversight, the Mayor was looking for the Committee to give the Council some comfort in terms of what do these financial statements really mean.

It was moved by Vice Chair Hill, seconded by Member Wall that Staff will reformat the input of the draft Charter document provided by Member Nelson and all suggestions discussed by the Committee and will format into a resolution. This document will then be forwarded to all members of the committee for review and accuracy. If there are concerns related to the draft resolution by the members the Financial Review Committee could hold a special meeting to discuss. If there are no concerns with the document it will then be forwarded to the City Council as an agenda report for the next City Council meeting on March 7, 2017.

The motion carried by the following vote:

AYES: Chair Porter, Vice-Chair Hill, Committee Member Rolapp, Committee Member Nelson, Committee Member Wall

NOES: None

ABSENT: None

Chair Porter suggested that the Financial Review Committee set a regularly scheduled meeting time and day of the Financial Review Committee.

City Attorney Munoz stated that it would be convenient to set a regularly scheduled monthly meeting date and time that works for the Committees' schedule. The Council Chamber would be an ideal venue as it would be the most accommodating for the public, but there are other locations available as well to include the Public Works Conference Room.

Committee Member Rolapp suggested that we have a broader description of the meeting location and suggested that the description is "City Hall."

City Attorney Munoz suggested that for purposes of the Brown Act regularly scheduled meeting times and dates can be discussed as a group outside of an FRC meeting and that Staff Member Killebrew could send out meeting times and dates that might work for the committee on a regular basis at a later time. The Committee briefly discussed what days of the week and times of the day work best for their schedules. In addition the committee discussed the next meeting date of the Financial Review Committee. The next FRC meeting was set for Monday, March 27, 2017 at 4:00 p.m.

There was brief discussion among the Committee Members of items that should be included on the agenda for the next Financial Review Committee meeting and when the best dates of the month would be for the committee as a whole for a regularly scheduled meeting.

Committee Member Rolapp asked Staff Member Killebrew what the timeline was for the budget.

Staff Member Killebrew responded that it is his goal to have a staff proposed budget approximately May 1, 2017, followed by several workshops and hearings with the City Council.

Committee Member Nelson wanted to confirm that Member Killebrew was referring to the two-year budget

Staff Member Killebrew confirmed it was the 2-year budget he was referring to.

Vice Chair Hill asked Staff Member Killebrew if he had any finer-grained budgets available such as quarterly or monthly budgets available.

Staff member Killebrew responded that the City does not and that the budget is annual. He continued that the City has reports that break down line items but not monthly budgets.

Vice Chair Hill stated that he thought this was a weakness that our income gets lumped up very significantly and that because of this it becomes difficult to determine if the budget is ahead of plan or behind the plan. He continued that in his industrial experience it's not that difficult to have quarterly or even monthly budgets because the City has 20 years of history.

Staff Member Killebrew explained that there are some revenues that are predictable but with regards to building and counter and property transfer taxes there are no predictors.

Committee Member Nelson stated that she noticed the City does not do Budget versus Actual and then show a variance like what's done in industry.

Staff Member Killebrew stated that the City has Budget versus Actual Year to Date against the Annual Budget. He continued that if the Committee can come up with ideas of how to do things better than he is open to discuss them.

**OLD BUSINESS:**

No items

**PUBLIC COMMENTS:**

No Public Comments

**COMMITTEE MEMBER COMMENTS:**

Chair Porter asked the Financial Review Committee if there were any closing statements

Vice-Chair Hill stated that he would like to sit down with Mike Killebrew for a meeting to learn how the City keeps its books. Additionally he asked if anyone else on the Committee would like to know what he learned from the meeting.

Committee Member Nelson suggested that Staff Member Killebrew provide a 30-minute overview to all Committee Members on how the City keeps its books.

Staff Member Killebrew agreed. He also suggested that the Government Finance Officers Association of the United States and Canada has some elected officials guides that might be useful to the Committee and would order updated guides.

Vice Chair Hill asked which kinds of costs are accrued and which kinds are cash and how often the accruals are done.

Member Killebrew stated that hotel taxes are accrued monthly and is the only one that we accrue until year end.

**ADJOURNMENT:**

Chair Porter adjourned the meeting at 4:47 p.m.

Next scheduled meeting will be Monday, March 27, 2017 at 4:00 p.m. in the City Council Chamber located at 33282 Golden Lantern, LSuite 210, Dana Point, California

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DYANNE C. WEAMIRE, SR. ADMIN. ASSISTANT