



## DRAFT MINUTES

### REGULAR MEETING OF THE FINANCIAL ADVISORY BOARD (FAB)

Tuesday, February 22, 2022 at 7:30 PM

JOIN VIA ZOOM:

**Staff Liaison**

Karen Pinkos | 510-215-4305

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1. **ROLL CALL** – Chair Patterson called the meeting to order at 7:32 PM.  
**Present:** Chair Dick Patterson; Vice-Chair Farhad Farahmand; Member Ruth Cazden, William Ktsanes (arrived at 7:34 PM), Kimberly White **Absent:** None
  
2. **ORAL COMMUNICATIONS FROM THE PUBLIC** (5 min.)  
*Remarks are typically limited to three minutes per person, and may be on anything within the subject matter jurisdiction of the body. Remarks on non-agenda items will be heard first, as well as introduction by individuals interested in serving on the advisory body. Remarks on agenda items will be heard at the time the item is discussed.*  
Cordell Hinder – welcomed the new member, invited members to performance of Anton in Show Business, and requested meetings return to in person.
  
3. **COUNCIL/STAFF LIAISONS ANNOUNCEMENTS AND REPORTS** (5 min.)  
Staff and/or Councilmembers may report Council policies, priorities and significant actions taken by the City Council, and/or on matters of general interest to the FAB.  
Councilmember Rudnick – announced the mid-year budget discussion and start of the new finance director scheduled for March 1, 2022.  
  
City Manager Pinkos – detailed background and experience of new Finance Director Sandra Dalida briefly overviewed upcoming adjustments to both revenue and expenditures at the mid-year budget discussion.
  
4. **APPROVAL OF MINUTES** (5 min.)  
Consider a motion adopting the minutes of the FAB meeting on January 25, 2022.  
**Motion/Second:** Vice-Chair Farahmand/Member Cazden **Action:** Approved minutes. **Ayes:** Chair Dick Patterson; Vice-Chair Farhad Farahmand; Member Ruth Cazden **Abstain:** Members William Ktsanas, Kimberly White **Noes:** None
  
5. **DRAFT FY2020-2021 ANNUAL COMPREHENSIVE FINANCIAL REPORT** (30 min.)  
Review the draft FY2021 Annual Comprehensive Financial Report (ACFR) and recommend that the City Council receive and file it.  
**Discussion:** Members discussed process and clarification on need of recommendation for council to accept.  
  
**Public comments:**  
Cordell Hindler – thanked City Manager for detailed report, commented on need for an Assistant to the City Manager position.

Robin Mitchell – inquired on status of employee furloughs and support of discontinuing if not already ended.

**6. FAB WORKPLAN AND COUNCIL COMMUNICATION PLAN (30 min.)**

Discuss FAB workplan for FY 2021-2022 and options for increasing communication with the City Council. Discussion will continue into March with the New Finance Director.

**Discussion:** Members discussed communication with City Council on a more regular basis and establishing what that process looks like as part of the workplan, discussed the formation of an Ad-Hoc committee to complete an initial draft to bring back to the board for further discussion at a future meeting with the Finance Director.

**Public Comments:**

Cordell Hindler – commented on similar reports provided to Council by other advisory bodies, and waiting to present until after budget process.

**Action:** Formation of an Ad-Hoc committee comprised of members Cazden and Ktsanes, to draft a workplan.

**Ayes:** Chair Dick Patterson; Vice-Chair Farhad Farahmand; Member Ruth Cazden, William Ktsanas, Kimberly White **Noes:** None

**7. INVESTMENT POLICY (5 min.)**

Discuss next steps and process for recommendations related to modifications of the Investment Policy.

**Discussion:** Member Ktsanes requested consideration of the revised version to be include in an Investment Policy revision recommendation. Members discussed process and moving recommendation forward, process to determine if any listed activities were being conducted when investing, potential of excluding the exception for LAIF, duties of a fund manager, discussion with new Finance Director, and need for legal review.

**Public Comments:**

Cordell Hindler - thanked member Ktsanes for his thoughtful research and commented on options for voting.

Howdy Goudey - requested a climate related financial risk added to the policy, and review of language provided in the state CalPers policy.

Item to be discussed further at the next meeting with the new Finance Director. No action taken.

**8. FUTURE AGENDA ITEMS (5 min.)**

- 5 Year Forecast (when available)
- Reporting Section for Comprehensive Financial Policy
- Any other policy revisions (general suggestions by members)
- Continuation of Investment Policy Review & Discussion

- Council Compensation Discussion

**9. ADJOURNMENT\**

The meeting adjourned at 9:34 pm.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Staff Liaison, 510-215-4305. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting. (28 CFR 35.102-35.104 ADA Title I).

Any writings or documents provided to a majority of the members regarding any item on this agenda will be made available for public inspection online at <http://www.el-cerrito.org/Archive.aspx?AMID=93>.

To: City Finance Manager/Treasurer Sandra Dalida  
City Attorney Sky Woodruff  
Mayor Gabe Quinto  
Mayor Pro Tem Lisa Motoyama  
Councilmember Janet Abelson  
Councilmember Paul Fadelli  
Councilmember Tessa Rudnick

From: City of El Cerrito Financial Advisory Board  
(Drafted and Proposed by Member William Ktsanes)

Date: March 22, 2022 (Revised)  
September 28, 2021 (Original FAB Recommendation)

### **Revised Investment Policy Addition – Fossil Fuels**

The City of El Cerrito’s Financial Advisory Board (“FAB”) recommends that the El Cerrito City Council adopt an amended [Investment Policy](#) with language (1) encouraging socially responsible investing and (2) prohibiting investments in entities that engage in the direct exploration, drilling, production, refining, or marketing of fossil fuels.

El Cerrito – like nearly 2,400 municipalities, counties, special districts, nonprofits and quasi-governmental agencies throughout California – makes short-term, pooled deposits in the State of California’s Local Agency Investment Fund (“LAIF”). While under the direction of current California State Treasurer Fiona Ma the LAIF does not directly invest in the fossil fuel industry, FAB recognizes that political climates change and that the LAIF is an appropriate, highly-liquid, low-risk, low-cost investment vehicle for cities such as El Cerrito. As such, investments in the State of California’s Local Agency Investment Fund (“LAIF”) are exempt from the restrictions of section 3.6.

An earlier, broader recommendation that included prohibiting investments in both the fossil fuel and tobacco industry was approved by FAB in September 2021 but never forwarded to the City Council for consideration. To encourage action and focus more directly on environmental justice and the importance of mitigating climate-related financial risk posed by global warming, the prior FAB recommendation is revised and resubmitted.

To this end, the Financial Advisory Board recommends that the following language be included in the City of El Cerrito Investment Policy:

**3.6 Responsible Investing:** The City of El Cerrito recognizes that it has a shared responsibility to protect the lives and livelihoods of its inhabitants from the catastrophic threat and societal costs of climate change. The City believes that its financial investments should support a future where all its residents can live healthy lives without the negative environmental, economic and/or health impacts of global warming.

- Investments are encouraged in entities that are involved in the production of renewable, sustainable energy and have demonstrated a commitment to transparent, accountable corporate governance.
- No direct investments are to be made in publicly-traded companies or private entities that engage in the direct exploration, drilling, production, refining, or marketing of fossil fuels.
- All investments in the State of California’s Local Agency Investment Fund (“LAIF”) are exempt from section 3.6.

The Financial Advisory Board asks that City Finance Manager and Treasurer Sandra Dalida and City Attorney Sky Woodruff review and opine upon FAB’s proposed “3.6 Responsible Investing” amendment. We also strongly encourage the City’s elected Councilmembers to provide their review, bring forth any questions or concerns they may have, and add the City’s Investment Policy to the Council agenda for public discussion and a vote. (El Cerrito’s Investment Policy was last reviewed and approved by the City Council in December 2019; per [policy](#), it is to be reviewed and approved annually.)

Acknowledgements: Considerable time and effort went into researching the socially responsible investment (SRI) policies of various California municipalities and counties. The goal was to identify core principals; be explicitly clear in purpose and intent; avoid unsubstantiated claims and inflammatory accusations; and adopt concise language that has already been vetted by the legal counsel of various other similarly-sized California cities. William Ktsanes thanks the growing multitude of government entities that have adopted a wide range of SRI policies and the following individuals for their contributions: Carlos Zapata, Professor of Sustainability Management at the University of San Francisco and environmental, social and governance (ESG) focused portfolio manager; Howdy Goudey, El Cerrito resident and Environmental Quality Committee member; Dr. Severin Borenstein, Professor of Business Management and Public Policy at the University of California, Berkeley and energy policy expert; Ed Harrington, Professor of Public Finance at the University of San Francisco and former (retired) Controller for the City and County of San Francisco; and Allan Moskowitz, El Cerrito business owner and Certified Financial Planner (CFP) specializing in socially responsible investing.