



FINANCE/AUDIT COMMITTEE

Meeting Minutes

Wednesday, December 7, 2011

4:00 p.m.

Administrative Conference Room, Second Floor
701 Laurel Street, Menlo Park, CA 94025

CALL TO ORDER – 4:09 p.m.

ROLL CALL – Present: Peter Ohtaki, Honor Huntington, Jeff Child, Stu Soffer
Absent: Richard Cline

CITY STAFF – Glen Rojas, Starla Jerome-Robinson, Carol Augustine, Stephen Green

A. PUBLIC COMMENT - None

B. BUSINESS ITEMS

B1. Review of the General Fund 10-year forecast for the purpose of creating a three-year forecast of various funds

The committee received the General Fund 10-year forecast. Member Soffer requested the October 2011 Budget-to-Actual report for the purpose of comparison with the General Fund 10-year forecast. The committee discussed the software model used in creating the General Fund forecast and agreed to use it for creating three-year forecasts for various funds. The committee became familiar with the General Fund assumptions for the next few years as indicated in the forecast footnote, including anticipated budget adjustments at mid-year. The committee discussed how vacant positions affect the budget and how labor contracts affect the forecast. The committee requested a summary of the labor contracts for the purpose of analyzing various labor scenarios. Council member Ohtaki recommended the committee develop three different scenarios, starting with a baseline scenario, while considering various scenarios for other funds. [10-Year Forecast](#); [October 2011 Budget-to-Actual Report](#)

B2. Discussion of upcoming expiring terms

S. Jerome-Robinson informed the committee that two members will term-out as of December 2011 and the recruitment notice for new members will be sent out. G. Rojas pointed out that the expiring members stay on until new members are selected.

B3. Introduction of Mark Curran, Managing Director of California Public Finance with Piper Jaffray: consideration of refinancing the 2002 General Obligation (GO) Bond

Mark Curran from Piper Jaffray introduced himself to the committee and explained various scenarios of refinancing the GO bond. The committee gained a better understanding of the refinancing structure, financing costs, direct placement opportunity and city risks. Mark explained interest rate volatility and how it affects the City's refinancing opportunity. The committee discussed Measure T passing in 2001 with a maximum capacity of \$38 million, but that was prior to having received generous contributions for the renovation of the Recreation

Center and construction of new Gym and Gymnastics buildings. C. Augustine discussed the park and recreation projects that the community would like to have completed at the time of the ballot amounted to approximately \$50 million, and were the driving force of placing Measure T on the ballot. In addition, the Measure T bond proceeds have been largely depleted, and several unfunded projects are eligible for Measure T funding. Discussion followed regarding the value of utilizing the maximum capacity of the bond and the financial effects on each property owner.

Note: Stu Soffer left the meeting at 5:33 p.m., before the committee reached the following conclusion.

The committee agreed that a scenario which assumed maximum savings, which would mean the earliest retirement of outstanding bonds and no further issuances, should be presented to the Council for comparison with the two refinancing scenarios in the presentation. Mark Curran agreed to supply the additional cash flow scenario for the next Council meeting, Tuesday, December 13, 2011.

[Piper Jaffray Attachment](#); [Piper Jaffray Presentation](#)

C. ADJOURNMENT – 6:05 p.m.

Meeting minutes prepared by: Stephen Green, Financial Analyst