



**Professional Fiduciaries Bureau (Bureau)
Advisory Committee Meeting
Wednesday, March 15, 2023**

Meeting Minutes

Committee Members Present

Bertha Sanchez Hayden, Chair
Denise Nelesen, Vice Chair
Elizabeth Ichikawa
Chi Elder
James Moore

Committee Members Absent

Wendy Hatch

Department of Consumer Affairs (DCA) Staff Present

Rebecca May, Bureau Chief
Angela Cuadra, Bureau Program Analyst
Helen Geoffroy, DCA Legal Counsel

1) Call to Order – Bertha Sanchez Hayden, Chair

Ms. Sanchez Hayden called the meeting to order at 10 a.m. and stated the meeting was being held via WebEx and webcast with no physical public locations pursuant to Government Code section 11133.

2) Roll Call & Establishment of Quorum – Bertha Sanchez Hayden, Chair

Ms. Cuadra called roll. Committee members: Ms. Sanchez Hayden, Ms. Nelesen, Ms. Elder, Ms. Ichikawa, and Mr. Moore were present via WebEx. Ms. Hatch was absent. A quorum was established with five members present.

3) Advisory Committee, Bureau Chief, Staff and Legal Counsel Introductions –

Committee members, Bureau staff, and legal counsel introduced themselves.

4) Public Comment on Items Not on the Agenda –

Public Comment: None.

- 5) Reading of the Professional Fiduciaries Bureau Mission Statement – Rebecca May, Bureau Chief

Ms. May read the Bureau's mission statement.

Public Comment: None.

- 6) Discussion and Approval of the Amended Advisory Committee Meeting Minutes from September 14, 2022 – Angela Cuadra, Program Analyst

Ms. Sanchez Hayden stated Bureau staff had noted two incorrectly written dates on the approved September 14, 2022, committee meeting minutes. Ms. Elder motioned to approve the amended September 14, 2022, meeting minutes. Ms. Nelesen seconded the motion. There was no discussion from the committee members. A vote by roll call was made: Ms. Sanchez Hayden, Ms. Nelesen, Ms. Elder, Mr. Moore, and Ms. Ichikawa were in favor and the motion carried with five votes. Ms. Cuadra stated the amended minutes would be posted to the website.

Public Comment: None.

- 7) Discussion and Approval of the Advisory Committee Meeting Minutes from December 7, 2022 – Bertha Sanchez Hayden, Chair

Ms. Sanchez Hayden asked committee members if they had any edits to the December 7, 2022, meeting minutes. Ms. Nelesen motioned to approve the minutes and allow Bureau staff to make non-substantive edits as needed. Mr. Moore seconded the motion. There was no discussion from the committee members. A vote by roll call was made: Ms. Sanchez Hayden, Ms. Elder, Mr. Moore and Ms. Ichikawa were in favor and the motion carried with five votes. Ms. Cuadra stated the minutes would be posted to the website as written.

Public Comment: None.

- 8) Update from the Director's Office – DCA Executive Staff

Melissa Gear, Deputy Director for Board and Bureau Relations, provided an update on the Department's Diversity, Equity, and Inclusion (DEI) Steering Committee and said the committee has focus its efforts on providing training opportunities. She stated that all DCA staff would receive DEI training within the next few months, DCA executive officers and bureau chiefs would receive a training on March 21 on how DEI applies to DCA leaders and regulators, and that ongoing training opportunities would be available to all DCA staff. She also noted that DCA would assist the Bureau in updating its strategic plan to include DEI goals and objectives. Ms. Gear reminded Committee members to complete

their required trainings, including Board Member Orientation Training and Sexual Harassment and Prevention Training which is specifically required this year. She also provided an update on the current Bagley-Keene Open Meeting Act exemptions which will end on June 30, at which time board and bureau meetings will return to in-person. Ms. Gear congratulated Ms. Elder on her reappointment to the Advisory Committee and wished Ms. May good luck with the sunset review hearing the following day.

Public Comment: None.

9) Budget Report – DCA Budget Analyst

Harmony DeFilippo, DCA Budget Analyst, presented the budget report which includes current and projected revenues and expenditures and the Bureau's fund condition. Based on FY 22/23 fiscal month (FM) 7 projections, she noted that expenditures have increased in personnel services and attorney general (AG) costs. For FY 22/23, the Bureau is expected to expend \$714k of which \$440k is spent on personnel services and \$274k on operating expenses and equipment.

Ms. DeFilippo noted the fund condition is based on the 22/23 Governor's Budget, has been updated with FM 7 projections, reflects FY 21/22 actual revenue and expenditures and includes a view of five outyears. The Bureau began FY 21/22 with a fund balance of \$345k and collected \$614k in revenue. The Bureau's expected revenue for FY 22/23 is \$621k. She noted that revenue is projected "static" in the current budget year and outyears. The Bureau's current FY 22/23 expenditures are expected to be \$714k. The fund condition shows the Bureau fully expending its appropriation ongoing. If the Bureau does not expend its full appropriation, any savings would remain in the bureau's fund, helping the fund balance. She noted future legislative mandates may require the Bureau to request additional resources through the annual budget process which would increase cost pressures on the Bureau's fund.

Ms. DeFilippo stated the fund balance reserve reflects funds remaining in reserve at the end of a given FY. She noted the Bureau has a statutory fund balance limit of 24 months; however, three to six months is considered sufficient. She stated that the Bureau's fund balance is declining due to a structural imbalance due to increased expenditures outweighing revenue and that this imbalance is expected to increase and accelerate in FY 23/24, causing insolvency in FY 24/25. She noted the Bureau's costs are expected to increase as a result of new legislative mandates pursuant to AB 1194, which drastically exacerbated the Bureau's structural deficit. She stated the Bureau will need to take action to address the structural imbalance and can do so by raising fees in regulation. Ms. DeFilippo noted Bureau staff has been working with DCA to identify ways to reduce or eliminate the structural imbalance to ensure the Bureau remains solvent and able to meet its licensing and enforcement mandates.

Public Comment: None.

10) Legislative Update and Discussion – DCA Legislative Analyst

Daryl Holloway, DCA Legislative Analyst, reviewed the legislative calendar and provided information regarding bills on the agenda. Ms. Nelesen asked about the likelihood of these bills moving through the process, to which Mr. Holloway said it is very early in the legislative session and therefore too early to tell. He further added that bills are subject to being amended or being held. Ms. May agreed and said we would know more about the disposition of these specific bills in the fall and added that AB 1262 would likely be amended to make changes to the Professional Fiduciaries Act in response to the sunset review process.

Public Comment: None.

11) Bureau Updates – Rebecca May, Bureau Chief

- Application Licensing and Enforcement Statistics – Ms. May presented licensing and enforcement statistics from July 1, 2022, through January 31, 2023.
- Outreach Events – Ms. May noted she recently attended a senior fraud event hosted by Shasta County District Attorney in Redding and has plans to meet with a local group of licensees in San Luis Obispo County next month. She encouraged meeting attendees to email the Bureau regarding outreach events.
- E-Newsletter – Ms. May stated the most recent newsletter was posted to the Bureau's website and disseminated via the interested parties email list in January. She said that staff is currently putting together the next newsletter and encouraged meeting attendees to email suggested items for the newsletter to the Bureau. She stated that the newsletter always includes legislative and regulatory updates, along with information on licensure requirements.
- Strategic Plan – Ms. May stated that the Bureau's 2023 to 2026 Strategic Plan was finalized in January, posted to the Bureau's website, and disseminated to the Bureau's interested parties email list. She said that she plans to bring objectives from the Strategic Plan to upcoming Advisory Committee meetings for discussion.
- Sunset Review – Ms. May provided an update regarding the sunset review process. She stated she would be representing the Bureau before the Senate and Assembly Business and Profession Committees the following day and fielding questions regarding the Bureau's functions. She also stated that the Director of DCA would also be there representing the Department. She stated that she anticipates that the

Bureau's financial situation and pending fee increase would be discussed. She expressed appreciation that legislative staff had been receptive to working through the issues identified by the Bureau in the sunset report. She also stated that she did not anticipate any decisions would be made at the hearing but that the hearing would serve as a good way to convey the importance of the Bureau and the vulnerable population it serves. She promised to continue providing updates to the Advisory Committee as the sunset process continues.

- Website updates – Ms. May stated that information and application forms regarding the new inactive and retired license statuses have been added to the Bureau's website. She also stated that a more prominent "Join Our Email List" button was added to the Bureau's website.
- Bill Implementation – AB 465 and AB 1194 – Ms. May stated that Bureau staff spends a lot of effort in ensuring recent legislation is implemented. The Bureau promulgated regulations to codify the new requirements of AB 465 into existing regulations. The Bureau also updated its forms and the Bureau's website, sent a notice about the new requirements to the Bureau's interested parties list, updated social media, added information about the bill to the newsletter, and has fielded questions from licensees about the new requirements. As it relates to AB 1194, the Bureau has been mailing non-compliance letters to licensees who have not posted fee schedules to their websites and noted the high success rate of compliance. Ms May stated that the Bureau also mailed letters regarding AB 1194 requirements to all 58 county courts and disseminated information regarding AB 1194 to the interested parties email list, in the newsletter, and via social media.

Ms. Nelesen noted she was happy to see the timeline for closing complaints had decreased since the last meeting. Ms. May stated the Bureau aims to close complaints within 365 days, with some complaints closing quickly and others taking longer depending on the complexity. Ms. May noted however that given two complaints from FY 18/19 are pending, the average days to close complaints will increase significantly when those two complaints finally close.

Ms. Elder thanked Ms. May for ensuring the Legislature, through the sunset review process, knows the fiscal impact of AB 1194 to the Bureau, the potential impact to the vulnerable population served by the Bureau and the potential barrier to entry into the profession. She also expressed appreciation for how the Bureau provides enforcement data by year as it helps to better understand how a few outliers shape the overall enforcement timelines.

Public Comment: None.

12) Approved Rulemakings Update – Rebecca May, Bureau Chief

Ms. May reported that the Office of Administrative Law approved the Bureau's cultural competency regulation on December 28, 2022, which became effective January 1, 2023, the same day the statute became effective. She noted the regulation codified statutory requirements into existing regulation. Ms. May stated that she will continue to provide regulatory updates at future meetings and that notices of any rulemakings are disseminated via the interested parties email list.

Public Comment: None.

13) Presentation on Bagley-Keene Open Meeting Act – Helen Geoffroy, DCA Legal

Ms. Geoffroy provided an overview of Bagley-Keene Open Meeting Act requirements for the Advisory Committee. Ms. Elder asked if a meeting can still be held if the meeting loses its quorum after it has started. Ms. Geoffroy responded that a quorum is necessary if business is being discussed and if lost, the remaining members can listen but cannot discuss or vote.

Public Comment: None.

14) Future Agenda Items –

Ms. Cuadra noted that the bureau chief had asked to include strategic planning items on future agendas.

Public Comment: None.

15) Future Meeting Dates

- Wednesday, June 21, 2023
- Wednesday, September 20, 2023
- Wednesday, December 13, 2023

Committee members did not mention any scheduling conflicts for the future dates and were asked to contact Ms. Cuadra if any conflicts arise. Ms. May noted that the June 21 meeting would be held via Webex; however, anticipates the September 20 and December 13 meetings will be held in person in Sacramento.

Public Comment: None.

16) Adjournment – The meeting was adjourned at 11:12 a.m.