Special Meeting Minutes
FINANCE/AUDIT COMMITTEE
Monday, April 26, 2021 ▪ 3:00 p.m.
Videoconference/Teleconference Council Chambers Room S249, Pasadena City Hall

A. CALL TO ORDER: The special meeting of the Finance Committee was called to order at 3:09 p.m. with Mayor Gordo, and Councilmembers, Kennedy and Williams, comprising the quorum.

Attendees (Absent as indicated):

Councilmembers	Staff	Guests
Mayor Gordo, Chair	Steve Mermell	Bob Callanan, CliftonLarsonAllen LLP
Andy Wilson	Julie Gutierrez	Joe Ludin, CliftonLarsonAllen LLP
John Kennedy	Theresa Fuentes	Michael Ross, PCOC
Felicia Williams	Matthew Hawkesworth	
	Vic Erganian	
	Ara Maloyan	
	Robert Ridley	
	Laura Rubio-Cornejo	
	Alex Hernandez	
	Phyllis Hallowell	
	Valerie Gibson	
	Kris Markarian	
	Brent Maue	

Recording Secretary: Gloria Acevedo

B. PUBLIC COMMENT- None

C. APPROVAL OF MINUTES

- April 12, 2021 Special Meeting

The minutes were approved as submitted

D. NEW BUSINESS

1. **PROPOSITION A LOCAL RETURN FUND EXCHANGE WITH THE CITY OF CUDAHY**

Laura Rubio-Cornejo, Director of Transportation, introduced the item and Alex Hernandez, Management Analyst, presented a PowerPoint recommending the City Manager to execute a one-year agreement with the City of Cudahy to exchange $110,775 of the General Funds' dollars dedicated for transit service for $147, 000 of Cudahy's Proposition A Local Return dollars to be used for Proposition A eligible transit operations, programs, and project in Pasadena.

Councilmember Williams asked if the reason for the build-up of funds was that the department was not spending the money on what it should be spent on and if staff was over budgeting for the Transportation Department. Ms. Rubio-Cornejo responded there

are no items the department is not spending money on that would lead to the General Fund Transportation money to build up and that there is a need to demonstrate a local funding commitment for Metro.

Vice Mayor Wilson requested clarification on whether the discount rate of 25% was the industry standard and if it was scaled. Ms. Cornejo-Rubio indicated the discount rate is at industry standard and the rate is a flat rate.

The Finance Committee approved forwarding this report to the full City Council.

2. FINANCIAL UPDATE MARCH 2021

Matthew Hawkesworth, Director of Finance, gave a financial update on the impacts of the health pandemic as it relates to the General Fund Revenue, taxes, General Fund expenditures, and how it all affects the General Funds' five-year forecast.

Vice Mayor Wilson requested staff provide a methodology on how the American Recovery Act dollars will be spent. Steve Mermell, City Manager, indicated that as the City learned how the money can be spent, it will prepare recommendations for the City Council through the Finance Committee. Mr. Hawkesworth provided general parameters that are available so far; reimburse the City for public services provided during the pandemic that are not eligible for other type of reimbursement, respond to workers performing essential work during the health emergency, ability to rebuild reserves based on revenue loss, and in investments in water, sewer, and broadband infrastructure.

Mayor Gordo asked for clarification on how Measures I and J were structured and if there is a cap. Mr. Mermell provided an overview, Measure I was structured to receive 3/4 of sales tax or $21 million in the first year and Measure J is an advisory measure, which advices to the City Council to share 1/3 of Measure I funds received with the Pasadena Unified School District (PUSD). Measure J was fixed for the first year to provide a guaranteed floor of $5 million to PUSD. Mayor Gordo requested the discussion be brought to the City Council during the budget discussions on how to address revenues above and beyond the $5 million floor, considering preserving essential City services as promised to the citizens, and to consider providing transparency on how the dollars collected have been spent, before going out to the citizens for additional funding requests.

The Finance Committee acknowledged receiving the report.

3. REFINANCING OPTIONS - PCOC BONDS

Matthew Hawkesworth, Director of Finance, introduced the agenda item and Vic Erganian, Deputy Director of Finance/Treasurer, presented the item that provided three options to refinance the Pasadena Center Operating Company's (PCOC) outstanding 2008A Variable Rate Demand Certificate of Participation Bonds . Options include, terminating the swap and refinance on a fixed rate basis, terminate the swap and refinance on a variable rate basis, and partially terminate the swap and refinance the same portion on a fixed rate basis.

Councilmember Williams requested a graph that shows how the termination payment amount changes over time using interest rate to project the amount of time remaining in the notional amount. Mr. Erganian agreed to provide the graph. Councilmember Williams suggested staff should start thinking of the PCOC, the visitor's bureau, and events in Pasadena in a broader term, to allow for the capitalization of revenue generating opportunities such as assets that sustain themselves, thus allowing the opportunity to potentially refinance bonds.

Vice Mayor Wilson thanked staff for the report and suggested picking up the topic brought by Councilmember Williams at an Economic Development and Technology meeting.

Mayor Gordo asked if adding debt to the bonds impacted the bonding capacity for other capital improvement projects for the City. Mr. Hawkesworth stated it did not; however, it does affect the City's debt to capital ratio and rating agencies could wonder why the City is refunding something that is not generating a savings.

The Finance Committee approved forwarding this report to the full City Council.

4. FISCAL YEAR JUNE 30, 2020 SINGLE AUDIT REPORT

Matthew Hawkesworth, Director of Finance introduced the item and Robert Ridley, Controller, provided a high overview of the City's Single Audit Report on Federal Awards. The single audit report includes two auditor's reports and three schedules.

Vice Mayor Wilson asked if the material weakness was a liability claims exposure. Mr. Ridley stated it was the failure to accrue two claims totaling six million and the second was that were duplicated/overstated resulting in a large amount of money, material weaknesses are the worse type of weakness, and the two claims reconciled each other. Vice Mayor Wilson asked that staff work closely with the City Attorney's office who manages the exposure, as a remedy. Mr. Ridley agreed and shared the Finance Department is adding a step to the review process to correct that item.

The Finance Committee approved forwarding this report to the full City Council.

E. INFORMATION ONLY

5. CAPITAL IMPROVEMENT PROGRAM - FY 2021 THIRD QUARTER MONITORING REPORT

Councilmember Kennedy inquired on the status of the pool and pool house at Robinson Park and reminded staff not to forget about Villa Parke if funding is received through the Los Angeles County Supervisor's Office. Ara Maloyan, Director of Public Works, responded that Villa Parke is fully funded and that a contract award is expected to be issued by the end of May. He also stated that the pool and the pool house at Jackie Robison Park are currently in the design phase and that the Department had received funding from the Community Development Block Grant. Mr. Kennedy, requested a side bar to discuss funding. Mayor Gordo requested a Memo with current updates.

Vice Mayor Wilson requested an update on the Playhouse Park. Mr. Maloyan indicated the project is moving along and staff is prepared to go to the City Council on May 24, 2021 for authorization to award a contract. Staff is also conducting public outreach for the renaming of the park. Councilmember Kennedy thanked Staff and the Playhouse Leadership, recommended the naming to be as robust as possible, and shared he had given his preliminary views on the name.

The Finance Committee acknowledged receiving the report.

F. ADJOURN

With no further business to come before the committee, the meeting adjourned at 4:27 p.m.

Victor M. Gordo 5/28/21

Victor M. Gordo Date
Chair, Finance Committee

Gloria Acevedo 5/28/21

ATTEST: Gloria Acevedo, Date
Recording Secretary