Special Meeting Minutes
FINANCE COMMITTEE
Monday, September 13, 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 3:01 p.m. with Mayor Gordo, Vice Mayor Wilson, and Councilmember Williams

Attendees (Absent as indicated):

Councilmembers	Staff	Guests
Mayor Gordo, Chair	Julie Gutierrez	Danny Kim, Nixon Peabody, LLP
Andy Wilson	Theresa Fuentes	Ed Soon, Public Resources
John Kennedy (Absent)	Vic Erganian	Advisory Group
Felicia Williams	Gurcharan Bawa	
	Shari Thomas	
	Monica Cuellar	
	Matthew Hawkesworth	

Recording Secretary: Gloria Acevedo

B. PUBLIC COMMENT- None

C. APPROVAL OF MINUTES

- August 9 , 2021 Special Meeting
- August 23, 2021 Cancellation Notice

The minutes were approved as submitted.

D. NEW BUSINESS

1. **RECOGNITION AND APPROPRIATION OF STATE DEPARTMENT OF ALCOHOLIC BEVERAGE CONTROL (ABC) GRANT FUNDS**

Monica Cuellar, Lieutenant, Pasadena Police provided a PowerPoint presentation asking the City council to authorize the City Manager to accept the ABC grant and amend the Police Department's Fiscal year 2022 Operating Budget by recognizing revenue and appropriating expenditures of $57,464.

Vice Mayor Wilson requested confirmation on how often the department applies for the grant. Lieutenant Cuellar responded that the department applies annually; however, receipt of the grant is not always guaranteed. Vice Mayor

Wilson also inquired on the activities that will be funded by this allocation. Lieutenant Cuellar responded that the department sends decoys to establishments/licensees to see if they are selling alcohol to underage patrons or those who are already intoxicated; the goal is to educate licensees not to sell to alcohol to these patrons. The Neighborhood Action Team conducts these programs and the team must go through a three-day conference on how to educate the licensees before receiving the grant.

Mayor Gordo asked if staff reaches out to liquor stores and establishments with high number of calls to the Police Department. Lieutenant Cuellar stated that they do and most are open to the training. Mayor Gordo asked staff to consider creating a policy to mandate training for operators who do not participate voluntarily at high incident locations and to report to the Public Safety Committee on the success.

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

2. **ADOPTION OF A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASADENA, CALIFORNIA, AUTHORIZING THE INVITATION OF BIDS FOR THE PURCHASE OF WATER REVENUE/REFUNDING BONDS, 2021A SERIES, OF SAID CITY; APPROVING A NOTICE OF INTENTION TO SELL BONDS, A PRELIMINARY OFFICIAL STATEMENT, A NOTICE INVITING BIDS; AUTHORIZING THE PUBLICATION OF A NOTICE OF INTENTION TO SELL BONDS AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH; FIRST READING OF AN ORDINANCE OF THE CITY OF PASADENA AUTHORIZING THE ISSUANCE BY THE CITY OF NOT TO EXCEED $27,645,000 AGGREGATE PRINCIPAL AMOUNT OF CITY OF PASADENA WATER REVENUE/REFUNDING BONDS, 2021A SERIES, PAYABLE OUT OF THE WATER FUND, AND APPROVING THE EXECUTION AND DELIVERY OF A SEVENTH SUPPLEMENT TO WATER REVENUE BOND INDENTURE AND A CONTINUING DISCLOSURE AGREEMENT IN CONNECTION THEREWITH**

Steve Mermell, City Manager, introduced the item and Vic Erganian, Deputy Director of Finance, Treasurer provided a PowerPoint asking the City Council to authorize the refinancing of the 2011A Series bonds and borrow an additional up to $15 million of new bond proceed to fund several Water projects.

Councilmember Williams asked about the rate structure and if there is an anticipated rate increase to fund the new debt service. Shari Thomas, Assistant General Manager, responded that funds would come from the current rate structure and that less than 1% of the rate impact comes from the issuance of bonds. Councilmember Williams also inquired about the competitive sale requirement in the City charter, what type of bonds are included. Mr. Erganian responded that the application is for utility bonds, the remaining Certificate of Participation bonds are done on a negotiated basis.

Vice Mayor Wilson asked staff to provide two or three of the largest new capital expenditures, including the approximate amount for each. Ms. Thomas, named

the following expenditures; the replacing of large distribution mains, significant well improvements, and large commercial meter replacements. Vice Mayor Wilson asked if the Sunset Reservoir replacement project was included in the Capital Improvement Projects and if it is included in the funding. Ms. Thomas said the Sunset reservoir is anticipated to be included in these bond funds and the funding would go to the design and the environmental work. The total cost of the Sunset replacement project is estimated at $40 million.

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

3. QUARTERLY INVESTMENT REPORT QUARTER ENDING JUNE 30, 2021

Matthew Hawkesworth, Director of Finance, introduced the agenda item and Vic Erganian, Deputy Director of Finance/Treasurer, provided a PowerPoint detailing the City's investment portfolio, for the quarter ending June 30, 2021. All investments are in compliance with State Government Code and the City's investment Policy. They have ample liquidity to meet budgeted expenditures and the returns are adequate versus the portfolio risk.

Councilmember Williams requested to add to a future agenda the review of the City's investment policy in particular the social responsibility portion of the portfolio. Mr. Hawkesworth responded that an agenda report on the topic will be provided at a Finance Committee in October.

Mayor Gordo commented on the Consumer Price Index quoted and how the regional number is lower than the national. Mr. Erganian mentioned it depends on the period, as it is a 12-month trailing number.

Vice Mayor Wilson commented on the huge discrepancies between the regional and national unemployment rate. Mr. Erganian stated that the trend is normal; Los Angeles County is always higher, adding that the region focuses on service and hospitality and those industries were highly impacted by the pandemic. Vice Mayor Wilson requested the unemployment rate for the City. Vic Erganian will provide the data.

Mayor Gordo commented on the 12-month regional Consumer Price Index numbers and asked the City to review large contracts indexed to the Consumer Price Index and to consider adding provisions or caps. Mr. Mermell responded current contracts have provisions tied to the Producer Price Index and/or the Consumer Price Index; however, staff should assess future contract extensions for cost-savings.

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

E. INFORMATION ONLY

4. SWAP ANALYSIS AND REVIEW OF DEBT MANAGEMENT POLICY

Matthew Hawkesworth, Director of Finance, provided a PowerPoint detailing the terms of the 2006 Swap agreement for the Pasadena Operating Company's Variable Rate Demand Bonds.

Councilmember Williams expressed concern about swaps and the City's current debt policy, asked staff to review the current policy, and make recommendations on how to amend, specifically when it comes to non-callable bonds. Mr. Hawkesworth explained how swaps work both ways and how the City has used swaps to its advantage. He also stated that decisions on when to enter into such agreements depend on the economic status at the time and that staff can add parameters to the debt policy before issuing them in the future.

Mayor Gordo clarified that the City is the owner of all debt bonds, as the Rose Bowl and the Pasadena Convention Operating Company do not have bonding capacity; the General Fund is the backstop. The revenues are dedicated through the operating agreements. He suggested being thoughtful when engaging in future debt.

Vice Mayor Wilson agreed that setting a set of findings before engaging in riskier strategies is important in ultimately making long-term decisions that would hinder the best interest of the City. Vice Mayor Wilson is interested in recommendations from the committee on all the financing tools available when making future debt decisions including setting guardrails.

The Finance Committee acknowledged receiving the report.

F. ADJOURN

With no further business to come before the committee, the meeting adjourned at 4:08 p.m.

Victor M. Gordo 9/28/21

Victor M. Gordo — Date
Chair, Finance Committee

9/28/21

ATTEST: Gloria Acevedo, — Date
Recording Secretary