Special Meeting Minutes
FINANCE COMMITTEE
Monday, September 27, 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 3:03 p.m. with Mayor Gordo, Vice Mayor Wilson, and Councilmembers Kennedy and Williams .

Attendees (Absent as indicated):

Councilmembers	Staff	
Mayor Gordo, Chair	Julie Gutierrez	Phyllis Hallowell
Andy Wilson	Steve Mermell	David Reyes
John Kennedy	Matthew Hawkesworth	Marvin Moon
Felicia Williams	Michele Bagneris	
	Shari Thomas	
	Flora Karmiryan	
	Byanca Banaga	
	Timothy Park	

Recording Secretary: Gloria Acevedo

B. PUBLIC COMMENT- None

C. APPROVAL OF MINUTES

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The minutes were approved as submitted.

D. NEW BUSINESS

1. AMENDMENTS TO FISCAL YEAR 2022 CAPITAL IMPROVEMENT PROGRAM BUDGET

Steve Mermell, City Manager introduced the item and Phyllis Hallowell, Management Analyst, presented a PowerPoint outlining 15 Citywide projects requiring budgetary changes.

Vice Mayor Wilson asked for confirmation that the Playhouse District Park and Parking Lot project was just a change in funding source (Measure W Funds) rather than a change in the scope of the project. Ms. Hallowell confirmed it was only a change in the funding source. Vice Mayor Wilson, requested confirmation

that item 15 relates to the CAA Strategy Advisory Firm planning for potential new options. Mayor Gordo responded that the action is to accept the contribution from the Legacy Foundation.

Councilmember Kennedy requested clarification on items 11 and 12. Marvin Moon, Assistant General Manager, responded that for item 11, it was the modernization of the Hastings Ranch substation, oil filter upgrades at the Del Mar Station unit 1 and 3, and to the eastern substation unit 1. For item 12, the funding is for substructure work and to cover the increased cost in materials; cables increased by nearly $1 million, conduit quadrupled from last year. Councilmember Kennedy asked if there were any other suppliers available to support the project. Mr. Moon indicated that there none that can produce the materials in a timely manner.

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

2. AMENDMENTS TO FISCAL YEAR 2022 ADOPTED OPERATING BUDGET

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

3. AMENDMENTS TO THE FISCAL YEAR 2022 GENERAL FEE SCHEDULE

Matthew Hawkesworth, Director of Finance, announced that the Planning Department is removing the request to amend the name change for the commercial cannabis application fee; the fee structure will remain the same. David Reyes, Director of Planning and Community Development presented the item.

Vice Mayor Wilson requested an explanation on what action would trigger the compatibility permit and whether it was a flat rate. Mr. Reyes responded that permits are required for new single-family homes, a second story addition of at least 500 square feet, and when neighborhood thresholds exceed the maximum allowed under the zoning code. Mr. Reyes indicated single-family homes may avoid paying the fee ($3,297), by placing the addition in the rear of the house. Historic homes are exempt from obtaining a compatibility permit. There is an administrative policy in existence that reduces application fees for single-family homes by 50% regardless of the project size; City Council can amend the policy.

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

E. INFORMATION ONLY

4. REVIEW OF CalPERS ASSET LIABILITY MANAGEMENT PRESENTATION

Matthew Hawkesworth, Director of Finance, gave an overview of the September 13, 2021 CalPERS presentation made to the Investment Committee of the CalPERS Board of Administration, on their asset liability management study.

Mayor Gordo expressed concern over CalPERS' increasing its investments in private equity and conducting meetings in closed sessions as ultimately engaging in riskier investments affects the cost to the City. Mayor Gordo requested the topic to be brought to the Legislative Policy Committee for recommendations on how to voice the City's disapproval and thanked Mr. Hawkesworth for bringing the topic to the attention of the Committee.

Councilmember Kennedy suggested drafting a joint letter of support with the San Gabriel Valley Coalition of Local Governments addressing the City's concerns and asked for confirmation that the CalPERS' investment portfolio excluded crypto currency. Mr. Hawkesworth confirmed that the CalPERS portfolio excludes crypto currency. Councilmember Kennedy asked Mr. Hawkesworth for his opinion on where investment dollars should be placed within private and public equity. Mr. Hawkesworth responded that private equity is a viable investment tool, just risky and can be incredibly volatile, a 5% investment in private equity done appropriately and in the public eye giving members the opportunity to comment, is acceptable.

Vice Mayor Wilson mentioned that private equity is a legitimate asset class that has provided attractive returns and has allowed for the creation of new jobs; however, the appropriate allocation and the lack of transparency are the concerns. He reminded the Committee that ratepayers ultimately pay for the downside of this asset class and stated transparency is highly important. He also thanked Mr. Hawkesworth for his presentation.

Councilmember Williams commented that there are ways for CalPERS' to invest in private equity through the State Treasure's Office, with businesses that comply with state policy, such as those with a renewable energy portfolio and believes investing in individual real estate projects is a conflict of interest. Councilmember Williams asked for the name of the representative on the CalPERS' board that represents the City. Mr. Hawkesworth answered, that Councilmember Lisa Middleton from the city of Palm Springs is the Governor's appointee and a board member for the League of California Cities; which is concerning when the California League of Cites votes to support CalPERS recommendations. Historically, she has voted in support of CalPERS' staff recommendations

The Finance Committee acknowledged receiving the report.

F. ADJOURN

With no further business to come before the committee, the meeting adjourned at 3:55 p.m.

Victor M. Gordo 11/1/21

Victor M. Gordo Date
Chair, Finance Committee

Gloria Acevedo 11/4/21

ATTEST: Gloria Acevedo, Date
Recording Secretary