CITY OF PASADENA
FINANCE/AUDIT COMMITTEE MINUTES
PASADENA CITY HALL
100 NORTH GARFIELD AVENUE
CITY HALL COUNCIL CHAMBER S249
OCTOBER 28, 2024
SPECIAL MEETING

OPENING

Chair Gordo called the special meeting of the Finance/Audit Committee to order at 3:27 p.m.

ROLL CALL:

Mayor Victor M. Gordo (Chair)
Councilmember Tyron Hampton
Councilmember Felicia Williams (left the meeting at 4:49 p.m.)

Staff:

Miguel Márquez, City Manager
Matthew Hawkesworth, Director of Finance/Acting Assistant City Manager
Arnold Lee, Acting Chief Assistant City Attorney
Kris Markarian, Acting Director of Public Works
Vic Erganian, Deputy Finance Director/City Treasurer
Armine Trashian, Controller
Ruthe Holden, Internal Audit Manager
Steven Anderson, Senior Internal Auditor
Brad Boman, Engineering Manager
Phyllis Hallowell, Management Analyst IV
Joaquin Siques, Director of Transportation
Scott Johnson, Senior Planner
Dan Augustyn, Management Analyst V
Gloria Acevedo, Recording Secretary

Guests:

Mo Salama, Chief Financial Officer, Rose Bowl Operating Company
Thomas Jacob, Managing Director, STIFEL, Nicolas & Company
David Liefer, Senior Municipal Advisor, KNN Public Finance, LLC
Marc Bauer, Bond Counsel, Orrick Herrington & Sutcliffe

NEW BUSINESS:

JOINT ACTION OF THE CITY COUNCIL AND THE BOARD OF DIRECTORS OF THE PASADENA PUBLIC FINANCING AUTHORITY: ADOPT RESOLUTIONS APPROVING THE 2024A REFUNDING BUILD AMERICA BONDS

Chair Gordo introduced the item and Matthew Hawkesworth, Director of Finance, Acting Assistant City Manager, introduced Vic Erganian, Deputy Finance Director/City Treasurer, who provided a PowerPoint presentation and responded to questions.

Councilmember Williams requested for staff to provide an analysis on how the projected reduction in subsidy is incorporated into the savings calculations and to hire a co-manager in order to diversify the team. By creating diversity, the City will benefit from additional analysis of the proposed project. Adding a co-manager to the underwriting process will increase the cost of the project by $60,000 to $80,000.

Councilmember Hampton expressed discontent that a formal Request For Proposal (RFP) was not part of this process, he will support the item since staff will reach out to local underwriters to find a co-underwriter.

Chair Gordo prefers that staff conduct an RFP for future projects. Given the complexity, risk sensitivity of the bond market, and the fact that staff and the City's Municipal Financial Advisor analyzed the process, he will support the item. His decision was based on the debt policy not requiring an RFP to select financial advisors and that the process is very much like the RFP process. Chair Gordo expects for staff to return to the Committee at a future date with a comparison of the current debt policy to that of a formal RFP.

After a lengthy discussion it was moved by Councilmember Williams (with the stipulation that the underwriting team is diversified with the addition of a co-manager, the not to exceed amount to cap at $3.00 per bond, and to use the dept policy to select the co-manager), seconded by Councilmember Hampton, to approve staff's recommendation and forward the item to the City Council for consideration. (Motion Unanimously carried) (Absent: None)

AUTHORIZE THE CITY MANAGER TO ENTER INTO A CONTRACT AGREEMENT WITH THE FEDERAL HIGHWAY ADMINISTRATION TO ACCEPT SAFE STREETS AND ROADS FOR ALL (SS4A) PLANNING AND DEMONSTRATION GRANT IN THE AMOUNT NOT TO EXCEED $1,556,520

Chair Gordo introduced the item Joaquin Siques, Director of Transportation, who provided a brief outline and introduced, Scott Johnson, Senior Planner, who provided a PowerPoint presentation and responded to questions.

Councilmember Hampton asked for clarification on the scope of the project and suggested that staff consider extending the project to Woodbury Road as residents have reported heavy traffic from 7:30 a.m. to 8:15 a.m., and from 3 to 6 p.m. on El Molino Avenue between Atchison Street and Woodbury Road.

It was moved by Councilmember Hampton, seconded by Councilmember Williams (with the request for heavy community outreach), to approve staff's recommendation and forward the item to the City Council for consideration. (Motion Unanimously carried) (Absent: None)

APPROVE THE COMMITMENT OF GENERAL FUND BALANCE FOR THE GENERAL FUND EMERGENCY CONTINGENCY COMMITMENT FOR $48,552,000 AND GENERAL FUND OPERATING RESERVE FOR $16,184,000 FOR FISCAL YEAR 2024

Chair Gordo introduced the item and Matthew Hawkesworth, Director of Finance/Acting Assistant City Manager, introduced Armine Trashian, Controller, who provided a PowerPoint presentation.

It was moved by Councilmember Hampton, seconded by Chair Gordo, to approve staff's recommendation and forward the item to the City Council for consideration. (Motion Unanimously carried) (Absent: Councilmember Williams)

AUTHORIZE THE CITY MANAGER TO ENTER INTO AN AGREEMENT WITH HOMEAWAY.COM, INC FOR THE COLLECTION OF TRANSIENT OCCUPANCY TAX AND TOURISM BUSINESS IMPROVEMENT DISTRICT ASSESSMENT

Chair Gordo introduced the item and Matthew Hawkesworth, Director of Finance/Acting Assistant City Manager, provided a PowerPoint Presentation and responded to questions.

Councilmember Hampton thanked staff for streamlining the process to allow residents to pay their Transient Occupancy Tax (TOT) and the Tourism Business Improvement District (TBID) Assessment and asked if there was a remedy for operators who would not willingly collect the tax and remit to the City. Mr. Hawkesworth stated that similar to what other City's are implementing, staff would propose an ordinance to add language to the municipal code that would mandate that short term rental operators collect and remit the TOT Tax and the TBID assessment to the City.

Chair Gordo asked how the TOT and TBID would be collected if the agreement was not signed by January 1,2025. Mr. Hawkesworth explained that the hosts will continue to remit their tax and assessment to the City individually.

It was moved by Councilmember Hampton, seconded by Chair Gordo, to approve staff's recommendation and forward the item to the City Council for consideration. (Motion Unanimously carried) (Absent: Councilmember Williams)

INFORMATION: **INTERNAL AUDIT STATUS UPDATE**

The item was received and filed.

APPROVAL OF INTERNAL AUDIT PLAN FOR FY2025/2026

Chair Gordo introduced the item and Ruthe Holden, Internal Audit Manager introduced, Steven Anderson, Senior Internal Auditor, who provided a PowerPoint presentation.

Chair Gordo asked for clarification on the periodic updates. Mr. Anderson confirmed that the Internal Audit Manager is required to bring three updates a year to the Finance/Audit Committee.

Following a brief discussion, on the order of the Chair and consensus of the Finance/Audit Committee, the item was received and filed.

FINANCIAL UPDATE OCTOBER 2024

The item was held for the November 25, 2024, Finance Committee

FY 2025 CAPITAL IMPROVEMENT PROGRAM - FIRST QUARTER MONITORING REPORT

The item was held for the November 25, 2024, Finance Committee

ADJOURNMENT: On the order of the Chair, the special meeting of the Finance/Audit Committee was adjourned at 5:03 p.m.

ATTEST:

Mayor Victor Gordo, Chair
Finance/Audit Committee

Gloria Acevedo
Recording Secretary