

**City of South Pasadena Finance Committee
Minutes for Meeting of:
January 12, 2016, 6:30 p.m.**

Location: Burke Triolo Studio
538 Mission Street
South Pasadena, CA 91030

- I. Roll Call** Committee Chair Adrian – Present
Member Burke – Present
Member Catania – Present
Member Peters – Present
Member Robinson – Present
City Council Liaison Khubesrian – Excused
City Treasurer Pia – Excused
Finance Director Batt – Present
Asst. Finance Director Lieu – Present

II. Public Comment

None

III. Approval of Minutes of the September 23, 2015 Meeting

Approved 5-0

IV. New Business

- a. FY 15 Comprehensive Annual Financial Report

Finance Director Batt said the City received a clean opinion on its Comprehensive Annual Financial Report (CAFR), and gave a brief overview of one of the major changes from the prior year. For the first time, per Government Accounting Standards Board mandate, the CAFR shows the City's \$22 million unfunded pension liability on its balance sheet.

Closed.

- b. 1/1/15 Retiree Healthcare Actuarial

Finance Director Batt said the City's unfunded liability for healthcare went up from \$13 million in the Jan. 1, 2013 valuation to \$16.7 million. This was due to the Actuarial Standards Board requiring that valuations take into account the implied subsidy that results when retirees and active employees are paying the same premium amount even though retiree healthcare costs are generally much higher than actives. The liability, however, is still below where it was in 2011, before the City put a cap on the premiums.

Closed.

c. Banking Service Changes

Finance Director Batt said that Bank of America had given the City 90 days notice that our accounts would be closed. Bank of America is actually closing the accounts of a huge number of its municipal clients, which they now consider "non-profitable". The City has contracted with Bank of the West to provide banking services, and the transition should be completed in 30-60 days.

Closed.

V. Continuing Business

a. Finance Commission Structure

The City Council has requested input from the Finance Committee on issues relating to the proposed Finance Commission, including terms, and purview. After discussion, the consensus of the Committee was to suggest to the Council that the new Commission keep the purview as described in the existing Bylaws, keep the membership at five, and that the Council establish terms as follows (with individual appointments to each term made internally by the Committee if the Council so wished): two members would serve a three-year term, and be eligible for an additional three-year term, two members would serve a two-year term, and be eligible for two additional three-year terms, and one member would serve a one-year term, and be eligible for two additional three-year terms.

Closed.

b. Update on Water Projects

Finance Director Batt said the Garfield Reservoir project was on track to be finished next year, and that it would use up the remainder of the bond proceeds. Regarding the Graves Reservoir, this is a \$10 million project, and the City has put together a package to the State for a low-interest loan.

VI. Committee Member Comments

There was a brief discussion about the ongoing 710 freeway issue, and the Utility User's Tax challenge that is going on the 2017 ballot.

VII. Adjournment

The meeting was adjourned at 7:30 p.m.

Accepted:

Cornie Adner
Committee Chair Adrian

June 7, 2016
Date