

## **OPENING SESSION**

Via teleconference, a Special Meeting of the Redondo Beach Budget and Finance Commission was called to order by Chair Conroy at 6:30 p.m., in the City Hall Council Chambers, 415 Diamond Street, Redondo Beach, California.

## **ROLL CALL**

Commissioners Present: Johnson, Marin, Nguyen, Samples, Solomon, Woodham, Chair Conroy  
Commissioners Absent: None  
Officials Present: Marni Ruhland, Finance Director  
Doug Kaku, Grants Financial Administrator

## **SALUTE TO THE FLAG**

Chair Conroy led the Commissioners in a Salute to the Flag.

## **APPROVAL OF ORDER OF AGENDA**

Motion by Commissioner Johnson, seconded by Commissioner Nguyen, to approve the Order of Agenda as presented. Motion carried unanimously, with the following roll call vote:

AYES: Johnson, Marin, Nguyen, Samples, Solomon, Woodham, Chair Conroy  
NOES: None  
ABSENT: None

## **BLUE FOLDER ITEMS**

Motion by Commissioner Woodham, seconded by Commissioner Johnson, to receive and file the PowerPoint presentation. Motion carried unanimously, with the following roll call vote:

AYES: Johnson, Marin, Nguyen, Samples, Solomon, Woodham, Chair Conroy  
NOES: None  
ABSENT: None

## **CONSENT CALENDAR**

**F.1. APPROVAL OF AFFIDAVIT OF POSTING** for the Special Budget and Finance Commission Meeting of April 22, 2021.

There were no zoom comments.

Grants Financial Administrator Kaku read an e-Comment from Imelda Schoenoff saying that South Redondo Beach needs to take responsibility for their fair share in housing. They need to zone more of the housing. It has to be equal and fair between the north and south.

Motion by Commissioner Johnson, seconded by Commissioner Solomon, to approve item F.1. Motion carried unanimously, with the following roll call vote:

AYES: Johnson, Marin, Nguyen, Samples, Solomon, Woodham, Chair Conroy  
NOES: None  
ABSENT: None

**EXCLUDED CONSENT CALENDAR – NONE**

**PUBLIC PARTICIPATION ON NON-AGENDA ITEMS – NONE**

Motion by Commissioner Johnson, seconded by Commissioner Solomon, to receive and file Public Participation on Non-Agenda Items. Motion carried unanimously, with the following roll call vote:

AYES: Johnson, Marin, Nguyen, Samples, Solomon, Woodham, Chair Conroy  
NOES: None  
ABSENT: None

**ITEMS CONTINUED FROM PREVIOUS AGENDAS (OLD BUSINESS) - NONE**

**ITEMS FOR DISCUSSION PRIOR TO ACTION (NEW BUSINESS)**

**J.1. DISCUSSION AND POSSIBLE ACTION REGARDING UNDERWRITER RECOMMENDATION FOR BOND ISSUE TO REFINANCE CITY’S CALPERS UNFUNDED ACCRUED LIABILITY**

Finance Director Ruhland gave a brief summary and introduced Larry Kosmont and Dan Massiello from Kosmont Transactions.

Mr. Kosmont provided background information and described the process thus far.

Mr. Massiello gave a PowerPoint presentation and discussed the following:

- Executive Summary
- Broad Distribution of Requests for Qualifications
  - RFQs Distributed (16)
  - SOQs Received (9) – Stifel & Ramirez & Co. emerged; recommendation is that they both participate in the underwriting, as joint senior managers, with Stifel as the book runner
- Detailed Screening Process
- Six Firms Selected for Interviews
- Conclusions from SOQ Review and Interviews
- Next Steps

In response to Chair Conroy regarding the parties included in the recommendation process after the interviews, Mr. Massiello and Finance Director Ruhland said the group included Mr. Kosmont, Mr. Massiello, Finance Director Ruhland, and Commissioner Woodham.

Commissioner Johnson asked if there was a scoring checklist as the group conducted the interviews. Mr. Kosmont replied that they looked at, for example, the quality of the team and the experience the team yielded, the response in the proposal and how it was articulated in the interview, particularly in the analytics, and the market approach dynamics.

In response to Commissioner Marin regarding the alignment of Stifel and Ramirez, Mr. Kosmont said both teams had experience with pension obligation bonds (POB) and lease revenue bonds (LRB). He said they were aligned with the fact that the next step of the valuation needed to be efficient and comprehensive, and noted that they saw the market and the City's circumstance in the market, similarly.

In response to Chair Conroy regarding the representatives from Stifel and Ramirez, Mr. Kosmont said they were the actual bankers. He said he and Mr. Massiello have worked with both of the bankers in the past.

Commissioner Johnson commented that the range on the fees are not material and understands the point of other factors being important. He said he is not familiar with appointing two firms and then negotiating, and asked if it will affect the leverage. Mr. Massiello said leverage will not be lost.

Regarding the next steps, Mr. Kosmont said if the Commission agrees, they will take the presentation of the UAL refinancing options to City Council to give them an update on the process of getting a team together. He said their consideration would be to direct the continued evaluation of LRBs and POBs.

Mr. Massiello noted that the viability of a LRB has yet to be determined, and while they believe it can be accomplished, they have to see if the City has the ability to find \$200 million dollars of assets to encumber.

Per Commissioner Woodham's request, Mr. Massiello outlined the next eight to nine weeks if a LRB is chosen.

In response to Commissioner Samples regarding the percentage of the UAL obligation that is being recommended for consideration, Commissioner Woodham replied that 100 percent would give maximum savings early on. He explained that the risk is if CalPERS exceeds their current 7 percent actuarial assumption, then the City is funded at 100 percent and if the returns are higher than the assumption then the City will be overfunded. He said the proposal to go with 90 percent is to hedge the possibility that CalPERS makes more than 7 percent.

Mr. Massiello added that during the 2020 fiscal year, CalPERS did not hit their 7 percent mark. He said that following the UAL payment that they are attempting to pay before July 1, there would be another UAL due.

Commissioner Woodham commented that they need to be aware that at the end of the year CalPERS will be making a new allocation study coming up with a new actuarial assumption (probably with a lower rate).

Commissioner Woodham said he agreed with the two that were selected. He said Stifel is the only firm that suggested a five-minute video of the City and using it as a marketing tool. He noted that they provided some samples in their materials. Additionally, he said the combination of Stifel and Ramirez is good. He said while Stifel could do the entire thing, putting another in will create competition and a little increased marketing effort which benefits the City with lower rates.

Finance Director Ruhland stated that she agrees with the two firms chosen. She said the two compliment each other well, with a little different size and their different areas of expertise (Ramirez with their data analysis and Stifel with their marketing).

There were no public or e-Comments.

Motion by Commissioner Solomon, seconded by Commissioner Woodham to recommend the joint underwriting team of Ramirez and Stifel. Motion carried unanimously, with the following roll call vote:

AYES: Johnson, Marin, Nguyen, Samples, Solomon, Woodham, Chair Conroy  
NOES: None  
ABSENT: None

**J.2. DISCUSSION AND POSSIBLE ACTION REGARDING THE GENERAL FUND FIVE-YEAR FINANCIAL PLAN ASSUMPTIONS FOR FY 2021/22 – FY 2025/26**

Finance Director Ruhland gave a background on the assumptions for the forecast. She said the forecast will be presented to the rating agency and noted that this item is related to Item J.1.

She explained that the forecast is separated into a revenue section and an expenditure section. The fiscal issues section has been left off from the assumptions as they will be determined by assigning the numbers to the assumptions and seeing if an excess or a deficit is remaining.

In the revenue section, the top 10 revenue sources are identified with the remainder grouped together. She said on the expenditure side, assumptions are made regarding the three main categories of expenditures which are personnel, maintenance & operations, and internal service fund charges.

Finance Director Ruhland explained there is a probable case, which is their best guess at what the next five years will look like; best guess is what they hope for, and worst case is what they hope will not happen, but potentially could. She said the draft will be reviewed internally by staff, and asked for the Commission's input and perspective in coming up with the assumptions.

In response to Commissioner Marin regarding the assumptions and outdoor dining, Finance Director Ruhland said in the parking meter assumption area, it includes getting back the meters in Riviera Village where outdoor dining is currently located. Finance Director Ruhland said the meters that take credit cards seem to increase the revenue more the amount lost from the spots in Riviera Village.

Motion by Commissioner Solomon, seconded by Commissioner Nguyen to receive and file Item J.2. Motion carried unanimously, with the following roll call vote:

AYES: Johnson, Marin, Nguyen, Samples, Solomon, Woodham, Chair Conroy  
NOES: None  
ABSENT: None

**K. MEMBER ITEMS AND REFERRALS TO STAFF**

Commissioner Solomon said there was a previous discussion of adjusting the CIP cap. He said it has not been indexed for inflation, and requested it be brought back for discussion in the near future.

**ADJOURNMENT OF BUDGET & FINANCE COMMISSION – 8:41 P.M.**

There being no further business to come before the Commission, Commissioner Woodham moved, seconded by Commissioner Solomon, to adjourn the meeting at 8:41 p.m., to a Special Joint Meeting with the Public Works Commission to be held at 7:00 p.m., on April 26, 2021, in the Redondo Beach Council Chambers at 415 Diamond Street, Redondo Beach, California. Motion carried unanimously, with the following roll call vote:

AYES: Johnson, Marin, Nguyen, Samples, Solomon, Woodham, Chair Conroy  
NOES: None  
ABSENT: None

Respectfully submitted,

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Marni Ruhland  
Finance Director