

### **OPENING SESSION**

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

City Clerk Manzano administered the Oath of Office to reappointed Commissioner Solomon, and newly appointed Commissioner Marin.

### **ROLL CALL**

Commissioners Present: Conroy, Johnson, Marin, Nguyen, Samples, Woodham, Chair Solomon  
Commissioners Absent: None  
Officials Present: Marni Ruhland, Finance Director  
Eleanor Manzano, City Clerk

### **SALUTE TO THE FLAG**

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

### **APPROVAL OF ORDER OF AGENDA**

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

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

### **BLUE FOLDER ITEMS - NONE**

### **CONSENT CALENDAR**

- F.1. APPROVAL OF AFFIDAVIT OF POSTING for the Regular Budget and Finance Commission Meeting of October 8, 2020.**
- F.2. APPROVAL OF THE MINUTES FROM THE REGULAR BUDGET AND FINANCE COMMISSION MEETING OF SEPTEMBER 10, 2020.**
- F.3. RECEIVE AND FILE THE BUDGET AND FINANCE COMMISSION'S TENTATIVE CALENDAR FOR 2020/2021.**

Motion by Commissioner Woodham, seconded by Commissioner Johnson, to approve items F.1. – F.3. Motion carried unanimously, with the following roll call vote:

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

### **EXCLUDED CONSENT CALENDAR – NONE**

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

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

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

**J.1. INTRODUCTION OF NEW COMMISSIONER**

Finance Director Ruhland introduced and welcomed new Commissioner Damien Marin.

Commissioner Marin gave a brief description of his experience and qualifications.

**J.2. ELECTION OF NEW OFFICERS (CHAIR AND VICE-CHAIR)**

Chair Solomon nominated Commissioner Conroy as Chairman and Commissioner Woodham as Vice-Chairman. Commissioner Nguyen confirmed that was his recommendation, as well.

Motion by Commissioner Johnson, seconded by Commissioner Samples, to approve Commissioner Conroy as Chairman and Commissioner Woodham as Vice-Chairman. Motion carried unanimously, with the following roll call vote:

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

**J.3. DISCUSSION AND POSSIBLE ACTION REGARDING AN OVERVIEW OF THE SELF-INSURANCE PROGRAM FUND**

Finance Director Ruhland said the item was referred to the Commission by City Council asking that the Commission look at the Self-Insurance Fund. She said she understands that the main focus should be on the estimated beginning fund balance of negative \$11 million and noted the discussion will transpire over three meetings.

Finance Director Ruhland gave an overview of the Self-Insurance Program Fund:

- Revenues – Charges to Operating Departments
  - Liability and Property Insurance Premiums
  - Liability and Property Claims
  - Workers' Compensation Premiums
  - Workers' Compensation Claims
  - Unemployment Insurance Costs
- Expenditures
  - Risk Management Staff
  - Contracts and Professional Services
  - Liability and Property Insurance Premiums
  - Workers' Compensation Premiums
  - Liability and Property Insurance Claims Paid
  - Liability Outstanding Loss Estimates
  - Workers' Compensation Claims Paid
  - Workers' Compensation Outstanding Loss Estimates
  - Unemployment Claims
  - Internal Service Fund/Overhead Expenses

In response to Commissioner Johnson, Finance Director Ruhland said the November meeting will include a presentation by the Actuary who has prepared a report as of June 30, 2020. She said he will walk them through the liability, outstanding loss estimates, and Workers' Compensation outstanding loss estimates.

Finance Director Ruhland said a historical look of the fund will be presented at the December meeting.

Commissioner Johnson said he thought it would be crucial for the Commission to have the historical data in advance of the Actuary's presentation in order to have a good conversation. Finance Director Ruhland said he is available in November.

In response to Commissioner Samples regarding the \$11 million negative fund balance, Finance Director Ruhland said it was built over time, expenditures exceeding revenues.

Chair Solomon asked if there would be a report from 2009-2010, because the fund went from \$15 million to negative \$933,000 in one year. Finance Director Ruhland said a report is done every year, and this Actuary has been doing it for approximately three years. She said prior to that, the City was part of the ICRMA risk pool, and an Actuary was hired for all of the participants.

Chair Solomon asked if it would be possible to receive a report broken down by category, closed claims, and types of claims, in general categorical terms to help them dissect it. Finance Director Ruhland said she will check into it.

Finance Director Ruhland pointed out that looking at the short-term picture, the negative fund balance is decreasing.

In response to Commissioner Johnson regarding the \$11 million, Finance Director Ruhland said it was an estimate used in the budget, and the CAFR will firm up that number. She noted that Part 3 of the presentation will be the same night that the auditors will be present to discuss the CAFR.

Motion by Commissioner Woodham, seconded by Commissioner Conroy, to receive and file the Discussion and Possible Action Regarding an Overview of the Self-Insurance Program Fund. Motion carried unanimously, with the following roll call vote:

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

#### **J.4. DISCUSSION AND POSSIBLE ACTION REGARDING CALPERS AND WORKERS' COMPENSATION SUBCOMMITTEE REPORT**

Chair Solomon explained that a subcommittee was created, comprised of himself, Commissioner Conroy and Commissioner Woodham, for the purpose of discussing CalPERS obligations, Workers' Compensation exposures and the management of them, and other possible alternatives.

Commissioner Woodham said the City has a present value of unfunded liabilities; since the actuarial assumption for CalPERS is 7 percent does that unfunded balance also grow at 7 percent per year? If it does, could the City save money with pension obligation bonds at 3-3.5 percent and save money by doing that? Would it be worth doing?

Finance Director Ruhland said the CalPERS representative will be able to address the growth, what makes up the growth in the unfunded liability, and the risks on making a prepayment.

Finance Director Ruhland said she spoke with staff from the City of Manhattan Beach and the City of Torrance. She said Manhattan Beach is going with pension obligation bonds, while Torrance will be using lease revenue bonds

instead. She said they will save money year-to-year, but they are taking a risk because they are giving the bond proceeds to CalPERS, and if CalPERS has a bad investment year, there will be two liabilities – the unfunded liability for losses plus the bond payment.

#### **IX. MEMBER ITEMS AND REFERRALS TO STAFF**

Commissioner Conroy noted that at the City Council meeting of September 22, 2020, the Commission's recommendation for the possible reduction to the City Attorney's salary was discussed, received and filed with no change to the salary.

#### **ADJOURNMENT OF BUDGET & FINANCE COMMISSION – 8:02 P.M.**

There being no further business to come before the Commission, Commissioner Woodham moved, seconded by Commissioner Johnson, to adjourn the meeting at 8:02 p.m., to a Regular Meeting to be held at 6:30 p.m., on November 12, 2020, in the Redondo Beach Council Chambers at 415 Diamond Street, Redondo Beach, California.

Motion carried unanimously, with the following roll call vote:

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

Respectfully submitted,



**Marni Ruhland**  
Finance Director