



**1.B. Announcements**

None

**2. DISCUSSION ITEMS**

**2.A. 17-583 Benchmark Study Presented by Chandler Asset Management**

Director Baum introduced Carlos Oblites of Chandler Asset Management. Mr. Oblites presented the investment strategy used for the City of San Leandro's investments of \$45 million. Mr. Oblites stated that investment portfolio is governed by California Government Code, which is very restrictive, as well as by the City's Investment Policy. The average final maturity in the portfolio is 1.6 years and average yield is 1.45% as of 6/30/17. Mr. Oblites' presentation provided a look at four different benchmarks. The longer the index, the more return the City will receive however, the risk is also higher. Mr. Oblites stated that if the City chose to invest in a longer index, 5 years and more, the City would have to think about selling before the maturity date and be comfortable with a higher volatility to ensure a higher return rate.

Councilmember Hernandez asked three questions of Mr. Oblites. The first question was in regards to how the City of San Leandro compares to neighboring cities. Mr. Oblites stated that although there are some cities that have investments with a shorter maturity date there are some that have longer duration investments but for the most part, neighboring cities follow the same format. The second question of how the City of San Leandro is doing globally. Mr. Oblites stated that interest rates are on the rise and there is a strength in the economy however there are signs of inflation. There is also a pressure on interest rates that could devalue the investments. The third question on what Chandler would recommend, Mr. Oblites stated that the 1-3 year approach is a solid approach and has worked well for the City of San Leandro. However, if the City is feeling a little braver, we could go longer but will definitely need to sell before maturity.

**2.B 17-557 Discussion of Loan Agreement for BAL Theatre**

Assistant City Manager Kay introduced the discussion for the loan agreement for BAL Theatre. There is a \$400,000 loan on the property that Mr. Dillman and his wife has taken out with a balloon payment due. The City has provided loans to non-profit organizations and although the property is owned by the Dillmans, the theatre is run by the non-profit organization, Curtain Call Performing Arts. The City is looking to provide a loan for the balloon payment, and the theatre will be used as collateral. There is a total of \$54,000 of liens on the property. The appraisal of the theatre is just over \$1 million. The loan to the BAL Theatre is a 30-year loan with 3% interest. There is also a \$100,000 forgivable loan, which is consistent with the City's façade loan program. There is flexibility of the loan so that the funds may be used for inside improvements as well as outside. If the improvements are maintained, the loan will be forgiven. If approved by Council, 30% of the loan could be prepaid and the balance will act like a reimbursement once receipts are provided as proof of payment.

There is a joint use requirement within the loan agreement. Four times during the year, the City may use the BAL Theatre, at cost. In addition, there are to be no new encumbrances against the property without the approval of the City.

Mr. Dillman stated that the BAL Theatre is running as a cash positive theatre. Mr. Dillman wanted to state that although the loan is for the balloon payment owned by the Dillman family, the funds are not for personal enhancements. The theatre is for the community.

Councilmember Lee would like to know how much earthquake insurance would be prior to any Council action.

City Attorney Pio Roda stated the insurance requirements are non-negotiable. The requirements are for the best interest of the City.

## **2.C 17-584 Fiscal Reports Calendar Discussion**

Mr. Baum provided a list of all reports that filed by the Finance Department throughout the year. Mr. Baum stated that the reports listed are mandated and necessary. Due to the lean staff and at times work long hours.

Councilmember Lee questioned if it would be beneficial to hire a consultant to assist with the reporting and/or process improvements. Councilmember Hernandez also agreed that this is important for not only making certain that work is completed in a timely manner but also that staff morale is taken into consideration.

Assistant City Manager Kay stated that there are departments that have hired consultants to assist with the process improvements and it is the intent to do this with all departments, including Finance, when it makes sense given the nature of work.

## **3. PUBLIC COMMENTS**

Darlene Evans commented on the five retirements mentioned in the San Leandro Times.

## **4. COMMITTEE MEMBER COMMENTS**

Councilmember Lee stated to move forward with the recommended loans to the BAL Theatre to Council. This includes the \$400,000 with semi-annual payments as well as the \$100,000 forgivable loan. Staff is also to provide information on earthquake insurance.

## **5. ADJOURN**

The meeting was adjourned at 7:02 p.m.