



City of San Leandro

Meeting Date: December 17, 2018

Minutes

File Number: 18-655 **Agenda Section:** CONSENT CALENDAR

Agenda Number: 8.B.

TO: City Council

FROM: Jeff Kay
City Manager

BY: David Baum
Finance Director

FINANCE REVIEW: Not Applicable

TITLE: Minutes of the Finance Committee Meeting of November 13, 2018



City of San Leandro

Civic Center
835 East 14th Street
San Leandro, California

Draft Minutes

Finance Committee

Mayor Pauline Russo Cutter
Councilmember Ed Hernandez
Councilmember Benny Lee

Tuesday, November 13, 2018

5:30 PM

City Hall, Sister Cities Gallery

1. CALL TO ORDER

5:30pm

1.A. Attendance

Committee Members: Mayor Cutter, Councilmember Hernandez

Absent: Councilmember Lee

City Staff: City Manager Kay, Finance Director Baum, Budget & Compliance Manager Perini, Police Business Manager Koll

Public: Bill Dennehy

1.B. Announcements

2. DISCUSSION ITEMS

2.A. [18-587](#)

Continued Discussion on Divestiture from Wells Fargo Bank Due to its Funding of the Dakota Access Pipeline (DAPL) Project

City Manager Kay introduced the continued discussion of the divestiture from Wells Fargo as previously discussed at a past Finance Committee meeting as well as Council. Staff has prepared a Request for Proposals (RFP) and is ready to send out. There will be a discussion of the criteria but it is a judgement call. Staff will bring the results to public forum for further discussion and City Council for determination

Finance Director Baum stated that Wells Fargo has done a great job for a good price however agreed that it is a good time to go out and do a RFP. Mr. Baum stated that responses will be due after January 1st, due to the Holidays. Will come back to committee on recommendations as well as review criteria

Mayor Cutter stated that social issues not part of criteria of the RFP. Council will discuss and determine the requirements on social issues but agrees that we do not want to put too many restrictions as we want all qualified banks to respond.

Mr. Baum stated that the RFP criteria does include some social issues such as environmental sustainability and community involvement and reinvestment.

Mayor Cutter asked if staff has compared notes with other cities on their RFPs and responses

Mr. Baum stated that he has spoken to the Cities of Hayward, Davis, and South San Francisco to compare the submitted proposals

Councilmember Hernandez asked if the City was willing to do a cafeteria of banks or are we looking for one bank? Hayward chose JP Morgan Chase but they are also involved with DAPL. Would COSL consider using different banks for various services?

Mr. Baum stated that it is best to wait for proposals and review submissions before answering that question however staff is not opposed to the option JP Morgan Chase provides all services and is a leading lender. He is not aware what Hayward's criteria was for their banking services. Banks want to be the depository for the cities.

Mayor Cutter stated that after RFP responses are received and reviewed by staff, Council will have the opportunity to also review and determine what bank best suits the City's needs financially as well as with social issues. Council must consider the cost.

City Manager Kay stated there is an opportunity for all banks to respond and the City will have to decide if there is an operational issue by splitting services amongst different banks

Mayor Cutter stated that the RFP timeline is a priority as well as community participation.

Councilmember Hernandez suggested that January 15, 2019 be the deadline for the RFP responses, staff have at least 21 days to review and go to Council in mid-March or April. Do we include DAPL banks or not? We have a responsibility to the stakeholders in the room and outside of the room as well as the planet.

Mayor Cutter stated that all information is necessary to be able to provide a thoughtful response.

City Manager Kay believes that the timeline Councilmember Hernandez stated sounds reasonable. Staff is prepared to move with the sense of purpose.

2.B. [18-588](#)

Chandler Asset Investment Report

Finance Director Baum introduced Bill Dennehy of Chandler Asset Investment to provide a review of the City's investment portfolio. Mr. Baum stated that the portfolio has grown to \$65 million as a result of Chandler's investments. In the past, the City's investments have outperformed the investments of the Local Agency Investment Fund (LAIF) however as of recent, interest rates have changed and it is better to be in shorter term investments with maturity of less than a year.

Bill Dennehy, presented information on the investments of the City. City should begin to consider their strategy as growth proves to be slowing down over the

next few years. Mr. Dennehy also provided a review of the portfolio of the City and explained why it is not doing as well as the investment portfolio in LAIF.

The investments are in compliance as set forth in the City of San Leandro Investment Policy.

2.C. [18-589](#)

Biennial Budget Calendar for FY 2020 & FY 2021

Finance Director Baum presented the Budget Calendar for the upcoming biennial budget for fiscal years 2020 & 2021. Mr. Baum explained that the calendar highlights important department deadlines as well as meetings for Council input.

Mayor Cutter asked when will the 10 year forecast model be presented to Council and Mr. Baum stated that staff is currently working with the Consultant on the model and will be able to provide the assumptions by the Saturday, February 2, 2019 Work Session.

Councilmember Hernandez suggested that the Council Retreat start on the evening before so that Council will be able to process information received and discuss in length the following day.

Mayor Cutter stated that it is Council's intention to have a community involved budget process for the future. Further discussion is needed on how this will develop and will be done after this budget process.

3. PUBLIC COMMENTS

Amy Chaubnik, representing San Leandro Climate Advocate Group (SLCAG) reminded the Committee that City Council Resolution from November 2017 stated that the City will look to work with a bank that is not working with the DAPL. They identified 3 banks that do not invest in fossil fuel and meet the needs of the City. SLCAG would like to make sure that the City fulfills the commitment from last year and make it the priority to replace Wells Fargo. SLCAG wants an update of where the Wells Fargo note of \$700,000 is invested today, a clear timeline for the RFP, an institution of a formal entity for the community's participation as done in other cities, and a citizen advisory group that can provide support for the divestment process as well as support the city's ongoing work to meet climate action goals, boost participation in the East Bay Community Energy and the Go Green Initiative. SLACG would also like to recommend defunding and divesting in banks that invest in fossil fuel industry be formally integrated in the City's Climate Action Plan.

Mayor Cutter stated that the \$700,000 previously invested in Wells Fargo was sold back in 2017. Funds have been reinvested however will have to look into where. Mayor Cutter asked for an email to be sent to her.

Carol Bartof complimented the City on the Climate Action Plan as well as the Sustainability Manager [Sally Barros]. Urges speed on the RFP process and would like a time table that the City will be committed to.

Jaclyn Props, to consider a bank that invests in DAPL is a non-starter and does not make sense to divest from Wells Fargo if the City is going to do business with another bank that invests in DAPL.

Shelly Sack, impressed with complexity and boldness that the City is contemplating; supports the divesture.

Maureen Bridgerow, stated laws and regulations related to sustainability as well as the climate issues. Also expressed the need to act with urgency, quickly and without delay.

Laurence Abbot, says the biggest frustration is we all hear the time clock ticking but the Council is not working quick enough.

4. COMMITTEE MEMBER COMMENTS

5. ADJOURN

6:50pm