



City of San Leandro

Meeting Date: January 19, 2021

Minutes

File Number: 20-370

Agenda Section: CONSENT CALENDAR

Agenda Number: 8.F.

TO: City Council

FROM: Fran Robustelli
Interim City Manager

BY: Eric Engelbart
Deputy City Manager

FINANCE REVIEW: Susan Hsieh
Finance Director

TITLE: Minutes of the Finance Committee Meeting of June 2, 2020



City of San Leandro

Civic Center
835 East 14th Street
San Leandro, California

Minutes

Finance Committee

Mayor Pauline Russo Cutter
Councilmember Ed Hernandez
Councilmember Benny Lee

Tuesday, June 2, 2020

4:00 PM

Access the meeting remotely by using this URL
<https://us02web.zoom.us/j/81913603321>

San Leandro Finance Committee conducted this meeting in accordance with the State Emergency Services Act, the Governor's Emergency Declaration related to COVID-19, and the Governor's Executive Order N-29-20 issued on March 17, 2020.

1. CALL TO ORDER

The meeting was called to order at 4:00 p.m.

1.A. Attendance

COMMITTEE MEMBERS PRESENT:

Mayor Cutter
Councilmember Hernandez
Councilmember Lee

STAFF MEMBERS PRESENT:

Jeff Kay, City Manager
Pete Ballew, Vice Mayor/Councilmember
Liz Warmerdam, Assistant City Manager/Interim Finance Director
Leticia Miguel, City Clerk
Theresa Mallon, Library Director
Mary Ann Perini, Budget & Compliance Manager
Susan Nunes, Interim Senior Accountant
Jim O'Leary, Consulting Staff
Rachel Reside, Administrative Assistant III

OTHER STAFF MEMBERS PRESENT:

Bill Dennehy, Portfolio Manager Chandler Asset Management - Consultant & Guest Presenter

1.B. Announcements

Assistant City Manager Warmerdam proposed a recurring 4:00pm meeting time for Finance Committee during shelter-in-place (SIP). Mayor Cutter & Councilmembers agreed that the meeting time will work for future meetings while under SIP.

2 DISCUSSION ITEMS

2.A. [20-225](#) Staff Report for a City of San Leandro City Council Resolution Approving

the City of San Leandro's Investment Policy Statement for 2020-2021

Assistant City Manager/Interim Finance Director Warmerdam provided background and highlights. The committee was asked to review the City's current investment policy with plans to seek approval from Council in June.

City staff has worked with Mr. Dennehy from Chandler Asset Management (Chandler) to review the current investment policy and to recommend any changes if needed. No changes are recommended at this time. Last year the City made changes to incorporate socially responsible investing such that no investments included gun manufacturing, fossil fuel production, private prisons, and tobacco producers.

The investment policy is a high-level policy statement primarily governed by the California (CA) Government Code to follow certain guidelines. The three investment objectives in order of priority are safety, liquidity, and yield/return. Per the code, the City is not allowed to invest in any stocks (equity), and because of this the City's portfolio was not impacted by recent market fluctuations.

Assistant City Manager Warmerdam introduced guest presenter Bill Dennehy of Chandler.

Mr. Dennehy presented highlights of the quarterly report and portfolio.

Mr. Dennehy stated that the policy is reviewed on an annual basis in consideration of any changes in the CA Government Code. The policy incorporates all of Chandler's best practices, including allowing to invest out five years, consider longer-term investments in certain asset classes in the future when interest rates improve. Last year the major change to the code was Assembly Bill 1770 which liberalized the policy and essentially broadened the options of eligible securities investments. This was adopted by the City.

Topics in the presentation included: Employment, Inflation, Housing, Federal Reserve, Unprecedented Fed Intervention, Coronavirus Aid, Relief, and Economic Security (CARES) Act, Portfolio Characteristics, Sector Distribution, Investment Performance, and the Transaction Ledger from January 31, 2020 through April 30, 2020.

Mr. Dennehy stated that American Honda holdings is the only account for concern due to the credibility rating.

3. PUBLIC COMMENTS

None were provided.

4. COMMITTEE MEMBER COMMENTS

In response to Committee member questions, Mr. Dennehy clarified the following:

- Hard data was provided for inflation.

- The changes made by the City divesting from certain holdings to reflect more social responsibility are de minimis, with the portfolio not resulting in much deviation.

- To align with this policy, one Wells Fargo note was sold before maturity. There is still a ChevronTexaco account that is awaiting maturity before sale.

Recommendations from Committee members are as follows:

- Possibility of incorporating local investments, local investment policy*
- Request of Chandler to provide recommendations that will minimize liabilities*

At the request of City staff, Mr. Dennehy stated that he would be available to present the investment policy to Council in mid-June.

5. ADJOURN

The meeting was adjourned at 5:04p.m.