1. Call to Order
Mayor Gutierrez called the meeting to order at 3:45 p.m. The following were in attendance at the meeting:

Subcommittee Members:
Dr. Yxstian Gutierrez, Mayor
Ulises Cabrera, Council Member

Staff Members:
Marshall Eyerman, Chief Financial Officer
Allen Brock, Assistant City Manager
Brian Mohan, Financial Resources Division Manager
Dena Heald, Financial Operations Division Manager
Brooke McKinney, Treasury Operations Division Manager
Jeannette Olko, Electric Utility Division Manager
Michael Wolfe, Public Works Director
Stephanie Cuff, Management Analyst
Debbie Pratt, Sr. Administrative Assistant
Rae Beimer, Storm Water Program Consultant
Launa Jimenez, Senior Management Analyst
Henry Ngo, Capital Projects Division Manager
Mayra Gonzalez, Executive Assistant

Visitors:
None

2. Public Comments
None

3. Approval of Minutes:
Action: Minutes of 02/26/19 approved.

Marshall Eyerman provided an overview of the proposed maximum and applied National Pollutant Discharge System regulatory rates for FY 2019/20. The proposed rates have been adjusted for inflation and reflecting the applicable Consumer Price Index as previously approve by the property owners. The rates are a continuation of rates currently levied on the property tax bills. There are no increases proposed other than the annual inflationary adjustment.

Action: Recommended to Council for approval at the 05/21/19 Council meeting.

5. Review of the Fiscal Year 2019/20 – 2020/21 Proposed Budget
Marshall Eyerman provided an overview of the proposed budget. The key budgeted items include $1.4 million in the purchase of the new Fire Truck. Maintaining the Citywide camera system, adding four community services officers. Cannabis revenues will be used to increase public safety and the funding of three new officers. With regards to the Library, increasing the operational hours for the Library located at the mall. ADA improvements for the main Library and looking at identifying a new satellite Library location on the south/east end of town. $750,000 is budgeted for the new satellite Library location for improvements and materials funded through the development impact fees and $300,000 a year for operational cost. The budget focuses on the CIP operation components, once the CIP is approved the two items will merge onto one comprehensive book. $5.2 million on an annual basis is budgeted for street maintenance following the City Councils concern with the recent storms. $20 million is being allocated for youth programs. The budget remains structurally balanced. Key items is to reinvest as many dollars as possible. As revenues go up or down, city staff is responsive to come back to Council on a quarterly basis to make adjustments when new revenues are recognized.

Mayor wanted clarification on where the MoVaLearn funding is located in the budget. Marshall advised that the funds will be under the Council’s budget and $250,000 is earmarked for the program. The breakdown is as follows: $100,000 for MoVaLearn, $50,000 for Hire a Grad, $50,000 for the Hire a Vet, $50,000 for Promise Initiative.

**Action:** Recommended to Council for approval at the 05/07/19 Council meeting.

6. **Capital Improvement Plan (Presentation/verbal Update)**
Michal Wolfe provided a fiscal review of the CIP. Staff is recommending to fund 41 new projects in the next two fiscal years. The total of the two fiscal years is about $51 million spread out within the two fiscal years. $40.6 million for the 1st year and $10.2 million for the 2nd year. The largest funding source are coming from grant funds with a total of $25 million. The other funding sources are from TUMF $7.2 million will be used to complete the Moreno Beach interchange project. $7.2 million will be funded by gas tax for various projects. MVU is proposing $4 million in projects. Staff is proposing no new general fund funding for the two fiscal years. The existing projects that were previously funded continue to move forward along with the funds that were previously allocated and approved through Council action. The full CIP will be going to City Council in June 2019.

**Action:** Recommended to Council for approval at the next Council Meeting after planning commission.

7. **Annual Investment Policy**
Marshall Eyerman provided a brief summary of the Annual Investment Policy. Staff is recommending two minor adjustments. The first revision identifies the exclusion funds deposited in the Voluntary Employees Beneficiary Association (VEBA) account from the investment policy. The other item is the exemption of 5% issuer limit for certain types of investments which focuses on mutual funds. This policy is also reviewed by the City’s investment advisors, the California Debt and Investment Advisory Commission at the State, the Association of Public Treasurers in the US and Canada, and the California Municipal Treasurers Association.
Action: Recommended to Council for approval at the 05/07/19 Council meeting.

Advisory Items:

8. Development Impact Fees Five Year Review (verbal report)
Marshall Eyerman provided an overview of the development impact fees process. The City is required under the mitigation fee act to complete a study on a five-year schedule. Staff is looking to reviewing the development impact fee study and completing the report, but the intent is not to increase the fees. This is for validation of the city fees. The mitigation fee act requires agencies to identify the purpose of the fees, demonstrate the reasonable relationship between the fees, the sources, amounts anticipated, and approximate dates as to when the funding will be received.

Marshall wanted to remind Subcommittee members that the 2nd and final public hearing for CDBG/HOME/ESG will take place on May 7, 2019 and remains as previously presented to the subcommittee.

Marshall advised that the five-year agreement with the current auditor will end this fiscal year. The city issued a request for proposal and received eight bids. Staff is currently reviewing the proposals and the top three will go through the interview process. The selected recommended auditor will be brought back to Finance Subcommittee and available for questions by the subcommittee members if needed.

11. Authorization to Award the Contract for Investment Management Services (verbal report)
The five-year agreement with the current investment management consultant’s agreements will terminate at the end of this fiscal year. The city utilizes three investment avenues LAIF, Chandler Investments and Insight. Staff is recommending consolidate to have one investment consultant managing the City’s funds. The city issued a request for proposal and conducted interviews. Staff is recommending to continue working with Chandler Investments and Insight Investments would no longer be the City’s secondary partner. In working with Chandler Investments, the City has seen good performance and responsiveness.

12. Chief Financial Officer Comments
The Library Development Impact Fee Fund balance is approximately 4 million. Just an overview of the previously discussed items, the full budget will be coming forward on May 7th, the CIP will follow in June, and the final budget book will consolidate both the full budget and the CIP onto one comprehensive book.

13. Council Member Comments
None

14. Adjournment
Meeting adjourned at 4:26 p.m.
Prior Meeting Attendance

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<tr>
<th>BOARD MEMBER</th>
<th>DATE OF MEETING</th>
<th>1/22/19</th>
<th>2/26/19</th>
<th>3/26/19</th>
<th>4/23/19</th>
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X – Present
E – Excused
A – Absent
NQ – No Quorum
SM – Special Meeting
NM – No Meeting