



# CITY OF MORRO BAY

## Citizens Oversight Committee

### Acting as Citizens Finance Advisory Committee

## AGENDA

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#### *Mission Statement*

*The City of Morro Bay provides essential public services and infrastructure to maintain a safe, clean and healthy place for residents and visitors to live, work and play.*

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### **Regular Meeting**

### **Tuesday, October 20, 2020 - 3:00 PM**

### **Held Via Teleconference**

ESTABLISH QUORUM AND CALL TO ORDER

COMMITTEE MEMBERS ANNOUNCEMENTS & PRESENTATIONS

#### **PUBLIC COMMENT PERIOD**

*Pursuant to Section 3 of Executive Order N-29-20, issued by Governor Newsom on March 17, 2020, this Meeting will be conducted telephonically through Zoom and broadcast live on Cable Channel 20 and streamed on the City website (click [here](#) to view). Please be advised that pursuant to the Executive Order, and to ensure the health and safety of the public by limiting human contact that could spread the COVID-19 virus, the Vet's Hall will not be open for the meeting.*

#### **Public Participation:**

*In order to prevent and mitigate the effects of the COVID-19 pandemic, and limit potential spread within the City of Morro Bay, in accordance with Executive Order N-29-20, the City will not make available a physical location from which members of the public may observe the meeting and offer public comment. Remote public participation is allowed in the following ways:*

- *Community members are strongly encouraged to submit agenda correspondence in advance of the meeting and watch the meeting live on either cable Channel 20 or as streamed on the City's [website](#). Agenda correspondence may be mailed the CFAC Committee care of the City Clerk at 595 Harbor Street, Morro Bay, CA 93442, or emailed to the City Clerk's office at [cityclerk@morrobayca.gov](mailto:cityclerk@morrobayca.gov) prior to the meeting will be published on the City website with a final update one hour prior to the meeting start time. Agenda correspondence received less than an hour before the meeting start time may not be posted until after the meeting.*
- *Members of the public may watch the meeting either on cable Channel 20 or as streamed on the City [website](#).*
- *Alternatively, members of the public may watch the meeting and speak during general Public Comment or on a specific agenda item by logging in to the Zoom webinar using the information provided below. Please use the "raise hand" feature to indicate your desire to provide public comment. Each speaker will be allowed three minutes to provide input.*

*Please click the link below to join the webinar:*

- <https://us02web.zoom.us/j/82722747698?pwd=aWZpTzcwTHlRTk9xaTlmVVNWRWFUQT09>  
Password: 135692
- Or Telephone Attendee: 1(408) 638-0968 or 1 (669) 900 6833 or 1 (346) 248 7799;  
Webinar ID: 827 2274 7698; Password: 135692; Press “\* 9” (star-9) to **raise your hand** for Public Comment

A. CONSENT CALENDAR

1. APPROVAL OF MINUTES FOR THE JULY 21, 2020 REGULAR CITIZENS OVERSIGHT/FINANCE ADVISORY COMMITTEE MEETING

**RECOMMENDATION: Approve as submitted.**

B. BUSINESS ITEMS

1. BRIEF FINANCE DIRECTOR UPDATE (FINANCE DIRECTOR)

**RECOMMENDATION: Receive and file.**

2. REVIEW OF THE FY 2019/20 FOURTH QUARTER INVESTMENT REPORT (PERIOD ENDING JUNE 30, 2020) FOR FISCAL YEAR 2019/20

**RECOMMENDATION: Staff recommends that the Committee receive the Fourth Quarter Investment Report (Period Ending June 30, 2020) for Fiscal Year 2019/20 and provide comments and suggestions as appropriate.**

C. FUTURE AGENDA ITEMS

D. SCHEDULE NEXT MEETING

The Regular Meeting for **Tuesday, November 17, 2020** has been canceled per adopted Resolution No. 07-20.

The next Regular Meeting will be held on **Tuesday, December 15, 2020** at 3:00 p.m. via teleconference.

E. ADJOURNMENT

THIS AGENDA IS SUBJECT TO AMENDMENT UP TO 74 HOURS PRIOR TO THE DATE AND TIME SET FOR THE MEETING. PLEASE REFER TO THE AGENDA POSTED AT CITY HALL FOR ANY REVISIONS, OR CALL CITY HALL AT 805-772-6201 FOR FURTHER INFORMATION.

MATERIALS RELATED TO AN ITEM ON THIS AGENDA SUBMITTED TO THE COMMITTEE AFTER DISTRIBUTION OF THE AGENDA PACKET ARE AVAILABLE FOR PUBLIC INSPECTION UPON REQUEST BY CALLING THE CITY HALL AT 805-772-6201.

IN COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT, IF YOU NEED SPECIAL ASSISTANCE TO PARTICIPATE IN A CITY MEETING, PLEASE CONTACT THE CITY CLERK'S OFFICE AT LEAST 72 HOURS PRIOR TO THE MEETING TO INSURE REASONABLE ARRANGEMENTS CAN BE MADE TO PROVIDE ACCESSIBILITY TO THE MEETING.

**MINUTES – CITIZENS OVERSIGHT/ FINANCE  
ADVISORY COMMITTEE  
REGULAR MEETING – July 21, 2020  
TELECONFERENCE – 3:00 P.M.**

MEMBERS PRESENT:	John Martin	Chair
	Barbara Spagnola	Vice-Chair
	Bart Beckman	Member
	Lois Johnson	Member
	Tina Wener	Member
	Homer Alexander	Member
	William Bowes	Member
STAFF PRESENT:	Jennifer Callaway	Finance Director
	Scott Collins	City Manager
	Eric Casares	WRF Program Manager
	Rob Livick	City Engineer
	Joe Mueller	Utility Division Manager
	Tracy McConnell	Account Clerk III

ESTABLISH A QUORUM AND CALL TO ORDER

Chair Martin called the meeting to order at 3:00 p.m., with 7 members present.

**COMMITTEE MEMBERS ANNOUNCEMENTS & PRESENTATIONS**

Committee Member Beckman spoke on people wearing masks on the embarcadero.

**STAFF ANNOUNCEMENTS**

None

**PUBLIC COMMENT PERIOD**

None

**A. CONSENT CALENDAR**

1. APPROVAL OF MINUTES FOR THE MAY 19, 2020 CITIZENS OVERSIGHT/FINANCE ADVISORY COMMITTEE MEETING.  
<https://youtu.be/YT0KUNQFvOM?t=43>

MOTION: Member Bowes moved to approve A-1. Member Alexander seconded.  
Motion carried 7-0.

**B. BUSINESS ITEMS**

1. BRIEF FINANCE DIRECTOR UPDATE (FINANCE DIRECTOR)  
<https://youtu.be/YT0KUNQFvOM?t=197>

Finance Director Callaway gave a presentation on the current budget situation.

Public Comment  
None

Chair Martin closed public comment.

The presentation was received and filed.

2. REVIEW WRF QUARTERLY UPDATE REPORT AND DISCUSS CFAC ROLE IN WRF REVIEW WITH ADDITIONAL RESPONSIBILITIES AS DIRECTED BY COUNCIL ON JANUARY 28, 2020; (FINANCE DIRECTOR)  
<https://youtu.be/YT0KUNQFvOM?t=603>

Finance Director Callaway introduced the item and handed it over to WRF Program Manager Casares who gave a brief WRF quarterly update and answered Committee Member questions. Committee Member discussion ensued regarding the creation of a subcommittee and questions were answered.

Public Comment:  
None

Chair Martin Closed public comment.

The WRF Quarterly Update Report was received and filed.

MOTION: Member Bowes moved to have the committee accept the creation of a WRF subcommittee under the guidelines that were outlined in the proposal presented by Member Bowes. Member Beckmann seconded with discussion.

Member Beckmann requested that the motion be modified to allow one meeting to take place to vet out how this might work.

Following discussion, Member Bowes amended his motion.

MOTION AMENDED: Member Bowes moved to accept the creation of a WRF subcommittee under the guidelines that were outlined in the proposal presented by Member Bowes with the following modifications to the last paragraph to read: "...the subcommittee will operate up until the next CFAC meeting when we discuss the quarterly report and make a determination whether it continues to be on it. The amended motion was seconded by Member Beckman. The motion failed 3-4 with Chair Martin, and Members Alexander, Johnson and Spagnola voting no.

Member Bowes announced his resignation effective immediately and left the meeting.

3. REVIEW OF THE FY 2019/20 THIRD QUARTER INVESTMENT REPORT (PERIOD ENDING MARCH 31, 2020) FOR FISCAL YEAR 2019/20  
<https://youtu.be/YT0KUNQFvOM?t=7109>

Finance Director Callaway presented the report, answered committee member questions and took suggestions.

Public Comment:  
None

Chair Martin Closed public comment.

The presentation was received and filed.

C. FUTURE AGENDA ITEMS

The following items were addressed as future agenda items:

1. Quarterly Investment Reports
2. Quarterly WRF Report
3. Audit Update
4. Budget Brief

D. SCHEDULE NEXT MEETING

The Regular Meetings for **Tuesday, September 15, 2020** have been canceled per adopted Resolution No. 07-20.

The next Regular Meeting will be held on **Tuesday, October 20, 2020** at 3:00 p.m. via teleconference.

E. ADJOURNMENT

The meeting adjourned at 5:12 pm

Recorded by:  
Charlee Lowe

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AGENDA NO: B-2

MEETING DATE: October 20, 2020

# Staff Report

**TO:** Honorable Mayor and City Council

**DATE:** October 16, 2020

**FROM:** Jennifer Callaway, Finance Director

**SUBJECT:** Review of Fourth Quarter Investment Report (period ending June 30, 2020) for Fiscal Year 2019/20

## **RECOMMENDATION**

Receive the Fourth Quarter Investment Report (period ending June 30, 2020) for Fiscal Year 2019/20 and provide comments and suggestions as appropriate.

## **FISCAL IMPACT**

There is no fiscal impact associated with this recommendation.

## **DISCUSSION**

Attached for your consideration is the Fourth Quarter Investment Report for FY 2019/20.

As of June 30, 2020, the City's weighted portfolio yield of 1.194% was below the Local Agency Investment Fund (LAIF) yield of 1.47%.

Staff has consciously decided to keep significant cash in the City's LAIF account in order to ensure cash flow for the pending construction of the Water Reclamation Facility (WRF) project. Once final funding of the project is determined, staff will further analyze cash needs and then determine if longer-term CD purchases should be made. At this point, staff has submitted all reimbursement requests to the State for State Revolving Fund (SRF) planning loan reimbursements. Reimbursements for these requests have not yet been received. Staff has also submitted five reimbursement requests for the WIFIA loan, and all five requests have been reimbursed thus far

During the quarter, yields have generally been declining, potentially symbolizing a slowing of the economy. The City closed the year with interest earnings of \$510,948.08. This was distributed to the various interest earning funds based on cash balances at year end.

## **CONCLUSION**

Staff recommends that the Committee receive the Fourth Quarter Investment Report (period ending June 30, 2020) for Fiscal Year 2019/20.

## **ATTACHMENT**

1. Fourth Quarter Investment Report for FY 2019/20 (period ending June 30, 2020)

Prepared By:   JC  

Dept Review:         

City Manager Review:         

City Attorney Review:

**CITY OF MORRO BAY  
 QUARTERLY PORTFOLIO PERFORMANCE  
 6/30/2020**

INVESTMENT OR CUSIP NUMBER	INSTITUTION	PURCHASE PRICE	COUPON INTEREST RATE	PURCHASE DATE	MATURITY DATE	DAYS TO MATURITY
LAIF	LOCAL AGENCY INVESTMENT FUND	\$ 15,568,190	\$ 1.47%	DAILY	DAILY	1
<b>MONEY MARKET ACCOUNT:</b>						
MM	MECHANICS BANK - MONEY MARKET	1,517,736	0.08%	DAILY	DAILY	1
SWEEP	MECHANICS BANK - SWEEP	5,522,244	0.10%	DAILY	DAILY	1
MM	OPUS BANK	5,295,360	1.26%	DAILY	DAILY	1
<b>CERTIFICATES OF DEPOSIT:</b>						
1404202A7	ZION BANK - CAPITAL ONE BANK	250,005	2.400%	4/12/2017	4/12/2022	651
949763XU5	Wells Fargo	249,000	2.800%	2/27/2019	2/28/2022	608
38148PGK7	ZION BANK - GOLDMAN SACHS BANK	250,003	1.550%	8/3/2016	8/3/2021	399
3090683803	STATE FARM BANK	250,435	3.050%	10/21/2013	10/24/2023	1,211
1731202F5	Citibank	246,000	3.200%	1/25/2019	1/25/2024	1,304
61690UDL1	Morgan Stanley N/A	246,000	3.100%	1/24/2019	1/24/2024	1,303
61760AUU1	Morgan Stanley Private Bank	246,000	3.000%	1/24/2019	1/24/2023	938
02007GHD8	Ally Bank UT	246,000	2.900%	1/24/2019	1/24/2022	573
		<u>\$ 29,886,972</u>				
			<b>RECORDED INTEREST AS OF 6/30/2020</b>	<b>% OF LIQUID PORTFOLIO HOLDINGS</b>	<b>WEIGHTED AVERAGE RATE OF EARNINGS</b>	<b>WEIGHTED AVERAGE MATURITY</b>
			<u>\$ 319,230.74</u>	<u>93.364%</u>	<u>1.194%</u>	<u>59</u>

Portfolio holdings as of the third quarter ended June 30, 2020, are in compliance with the current Investment Policy. With 93.364% of the portfolio held in liquid instruments, the City's portfolio is well above the 65% to 70% target liquidity rate approved by the City Council in March 2018.