

**MINUTES OF THE CITY OF COSTA MESA
FINANCE AND PENSION ADVISORY COMMITTEE
December 11, 2019
4:00 PM**

1. CALL TO ORDER

The meeting was called to order by Chair Ralph Taboada at 4:05 PM in Conference Room 1A at Costa Mesa City Hall, 77 Fair Drive, Costa Mesa, California.

2. ROLL CALL

Members Present: Chair Ralph Taboada, Vice Chair Wendy Leece, Members, Al Melone, Robert Juneman, Tom Pollitt, Tom Arnold, John Hinson, Matthew Parlow, Mayor Pro-Tem John Stephens

Members Absent: Anna Vrska

Staff Present: Finance Director Kelly Telford, Assistant Finance Director Jennifer King, Management Analyst Amber Haston, and Executive Secretary Angie Madsen

Staff Absent: None

3. PUBLIC COMMENTS

None.

4. APPROVAL OF MINUTES OF THE November 13, 2019 FIPAC MEETING

MOTION/SECOND: Wendy Leece / Tom Arnold

MOTION: Approve the minutes as presented.

Ayes: Tom Pollitt, Ralph Taboada, Matthew Parlow, John Hinson, Al Melone, Wendy Leece

Nays: None

Abstain: None

Absent: Anna Vrska

Motion Carried: 8-0-0-1

5. COMMITTEE MEMBERS COMMENTS

Member Bob Juneman noted that the word 'balanced' had been removed in the Adopted Budget version in describing the budget.

Member Al Melone spoke to reducing the Marijuana Tax from 6% to 2% in an effort to retain the industry locally rather than chase them out of the local area.

Member Wendy Leece spoke to needing additional information to justify the Marijuana Tax reduction, inquired on status of the 115 Trust, and noted that Newport Beach has been consistent in paying down pensions.

Member John Hinson spoke to two articles he sent, to be forwarded to the committee, regarding the cannabis industry, referencing legalization in California in 2016 where \$12 billion in sales was documented and in 2019, \$3 billion was legitimate as the taxes are driving people to the illegal market. Also spoke to the City of Huntington Beach considering purchasing Pension Obligation Bonds (POB's) and suggested someone coming in to educate the committee on the topic.

6. COMMITTEE CHAIR COMMENTS

Updated the Committee that K. Worgan is looking in to the possibility of merging Fire and Police pension plans for Costa Mesa.

Suggested that staff provide more information to the City Council with regards to Capital projects, similar to what is provided in the budget. i.e. budget, ITD expenditures, estimated costs of completion, comments, etc.

Spoke to John Hinson's comments on POB's and the topic being on the Huntington Beach Finance Commission's agenda as well as the new City Manager in Huntington Beach presenting the idea of POB's to their City Council. HB City Council wanted to know risks, savings, etc. involved. The Finance Staff is scheduled to have a draft procedure regarding POB's, at the Commission's January meeting.

Marcia Frost commented at a recent ACC/OC meeting on CalPERS weening off of ESG investment restrictions.

Presented financial charts with historical and trend data.

7. NEW BUSINESS

a. Future Projects and Preliminary FiPAC meeting agenda items through May 2020

Summary: Finance Director, Kelly Telford, reviewed the agenda matrix with the committee, pointing out topics for upcoming meetings.

b. Appoint Subcommittee:

- i. Tax Rates (TOT, Business License, Sales Tax, Short-Term Rentals)
- ii. Marijuana Gross Receipts Tax
- iii. Pensions
- iv. Budget (Capital and Operating)
- v. Sales Tax at OC Fair Property

Summary: The committee agreed to eliminate the Marijuana Gross Receipts Tax Committee and further, appointed Member, Wendy Leece, to be recommended by Mayor Pro Tem, John Stephens, to sit on an ad hoc committee to be formed by City Council. The committee tentatively formed subcommittees with updated members, to be voted on at the January 8, 2020 meeting.

8. CITY STAFF/LIAISON COMMENTS

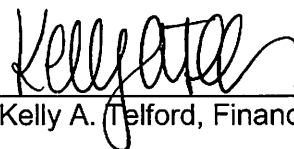
None

9. ADJOURNMENT

The meeting was adjourned at 6:00 p.m. The next regularly scheduled meeting will be held on Wednesday, January 8, 2020 at 4:00 p.m.



Ralph Taboada, Chair



Kelly A. Telford, Finance Director