

December 19, 2006

**MINUTES OF A REGULAR JOINT MEETING
OF THE EXECUTIVE COMMITTEE
AND THE USER COMMITTEE**

1. **CALL TO ORDER**

The Executive Committee and the User Committee convened in a regular joint session at 2:10 p.m. on Tuesday, December 19, 2006, in the second floor conference room of the South Bay Regional Public Communications Authority, 4440 W. Broadway, Hawthorne, CA.

ROLL CALL

Present: City Manager Steve Burrell, City of Hermosa Beach
City Manager Geoff Dolan, City of Manhattan Beach
City Manager Mitch Lansdell, City of Gardena
City Manager Jag Pathirana, City of Hawthorne
Chief Dennis Groat, Manhattan Beach Fire Department
Chief Mike Heffner, Hawthorne Police Department
Chief Rod Uyeda, Manhattan Beach Police Department

Absent: Chief Rodney Lyons, Gardena Police Department
Chief Gregory Savelli, Hermosa Beach Police Department
Chief Russell Tingley, Hermosa Beach Fire Department

Also Present: Executive Director Ralph Mailloux
Operations Manager Janey Hall
Personnel/Training Manager Bonnie Agee
Finance Manager Agnes Walker
Technical Services Manager Jose Rivera
Mr. Kunle Aderonmu, Legal Counsel for the Authority

2. **PUBLIC DISCUSSION**

None.

3. **ACTION ITEMS**

3a. **APPROVAL OF MINUTES – NOVEMBER 21, 2006***

The minutes of the regular joint meeting of the Executive and User Committees on November 21, 2006 were unanimously approved as written.

3b. **BUDGET PERFORMANCE REPORT – NOVEMBER 2006**

Finance Director Walker explained that, as of the end of November 2006, all departments are on track with the 2006-2007 Budget forecasts. She proposed that the 2006-2007 Budget be adjusted to reflect the facility bond service payments since they go directly to the bond trustee, but are recorded on the Authority's books because it is officially the Authority's debt.

City Manager Lansdell commented that the Authority could make the bond service payments directly to the trustee, but that would add another step to the process.

Finance Manager Walker noted that letter of credit and remarketing fees are paid directly by the Authority and reimbursed by the member cities.

MOTION: City Manager Dolan moved to receive and file the Budget Performance Report as of November 2006 and to approve an adjustment to the 2006-2007 Budget to reflect the facility bond service payments as proposed by Finance Director Walker. The motion was seconded by City Manager Pathirana and passed by unanimous voice vote.

3c. **PROPOSED CHANGES/FY 07-08 BUDGET FORMAT**

The proposed changes to the Fiscal Year 2007-2008 Budget format were summarized by Finance Manager Walker. She explained that the changes are proposed to avoid redundant information presented to the Executive Committee and the Board of Directors; to provide a more consistent flow and historical data from prior years; to separate the capital improvement projects from the operating accounts; and to save staff time and hard costs.

City Manager Dolan said that he likes the direction of the proposed Budget format, which appears to be more user friendly.

City Manager Burrell stated his agreement with City Manager Dolan's opinion.

MOTION: City Manager Dolan moved to approve the changes to the Fiscal Year 2007-2008 Budget format as proposed by Finance Manager Walker. The motion was seconded by City Manager Pathirana and passed by unanimous voice vote.

3d **FRAUD AUDIT REPORT**

Executive Director Mailloux advised that the Fraud Audit Report affirmed that there was no illegal activity on former Finance Manager John Gilbert's behalf other than that which was thought to have occurred and that the auditors could not make a determination regarding illegal activity related to the Authority's credit card that took place around the same time (but the Hawthorne Police Department arrested those thought to be responsible). He noted that the Authority received \$10.00 from Mr. Gilbert

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in payment of the \$4,000 judgment awarded to the Authority as a result of Mr. Gilbert's actions.

The Fraud Audit Report was received and filed as written.

3e **REPORT RE EXTENSION OF AUDIT FIRM CONTRACT**

Executive Director Mailloux explained that this item is before the Executive Committee as a result of discussion at the last meeting. He advised that the contract with Vavrinek, Trine & Day (VTD) was entered into in 2003 for three years with two single-year extensions and that the second of the single-year extensions, which is to include a price quote, will be confirmed when an engagement letter from VTD is received.

City Manager Dolan related his feeling that it makes sense to extend the contract with VTD as long as any increase in the price is, at the most, moderate. He offered the following motion:

MOTION: City Manager Dolan moved to give the Executive Director authority to engage in an agreement with Vavrinek, Trine & Day as long as it is within 5% of the price of last year's contract. The motion was seconded by City Manager Pathirana and passed by unanimous voice vote.

3f **RESOLUTION NO. 253 RE SERIES A BONDS (GARDENA) and
RESOLUTION NO. 254 RE SERIES B BONDS (HAWTHORNE)**

Mr. Kunle Aderonmu, legal counsel for the Authority, explained that Resolution Nos. 253 and 254 are for the refinancing of Hawthorne and Gardena's bonds issued in 2001 for the Authority's facility; that Manhattan Beach had a low interest rate on the bonds issued in 2001 and they are not re-financing at this time; that the bond re-financing obligation lies with the member cities, not the Authority; and that, as a result of the re-financing, Gardena and Hawthorne will have fixed interest rates of less than 5%.

City Manager Lansdell observed that the City of Hawthorne was originally Series B and Gardena was Series A, but Resolution No. 253 shows Hawthorne as Series B and Resolution No. 254 shows Gardena as Series A.

City Manager Pathirana verified that the City of Hawthorne took action on the Preliminary Official Statement; that Hawthorne's and Manhattan Beach's bonds issued in 2001 had a variable interest rate, and Gardena's was fixed.

MOTION: City Manager Dolan moved to approve the re-financing of the bonds for the City of Hawthorne and adopt Resolution No. 253. The motion was seconded by City Manager Pathirana and passed by unanimous voice vote.

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RESOLUTION NO. 253

RESOLUTION APPROVING THE ISSUANCE AND SALE OF REFUNDING REVENUE BONDS BY THE SOUTH BAY REGIONAL PUBLIC COMMUNICATIONS AUTHORITY TO PROVIDE MONEYS TO REFUND ITS OUTSTANDING SOUTH BAY REGIONAL PUBLIC COMMUNICATIONS AUTHORITY VARIABLE RATE DEMAND REVENUE BONDS, 2001 SERIES B (CITY OF HAWTHORNE PROJECT), AUTHORIZING AND DIRECTION EXECUTION OF RELATED DOCUMENTS, AND AUTHORIZING OFFICIAL ACTIONS

Discussion continued with City Manager Lansdell amending Resolution No. 254 to include that "Approval of this Resolution by the Executive Committee is subject to approval by the City of Gardena of a Resolution authorizing the issuance and sale of 2007 refunding bonds."

MOTION: City Manager Lansdell moved to approve the re-financing of the bonds for the City of Gardena and adopt Resolution No. 254 as amended during the meeting. The motion was seconded by City Manager Pathirana and passed by unanimous voice vote.

RESOLUTION NO. 254

RESOLUTION APPROVING THE ISSUANCE AND SALE OF REFUNDING REVENUE BONDS BY THE SOUTH BAY REGIONAL PUBLIC COMMUNICATIONS AUTHORITY TO PROVIDE MONEYS TO REFUND A PORTION OF ITS OUTSTANDING SOUTH BAY REGIONAL PUBLIC COMMUNICATIONS AUTHORITY REVENUE BONDS, 2001 SERIES A (CITY OF GARDENA PROJECT), AUTHORIZING AND DIRECTING EXECUTION OF RELATED DOCUMENTS AND AUTHORIZING OFFICIAL ACTIONS

4. **NEW BUSINESS**

None.

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Chief Groat arrived at 2:30 p.m.

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5. **EXECUTIVE DIRECTOR'S REPORT**

5a. Executive Director Mailloux advised that the Gardena Infrastructure Upgrade Project is scheduled to begin in January 2007; that the Grandview Infrastructure Upgrade Project is scheduled to begin early in 2007; and that both Projects should be completed by mid-2007.

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6. **CLOSED SESSION**

Pursuant to Government Code Section 54957.6, at 2:33 p.m., the Executive Committee entered into a closed session to discuss labor issues relevant to the Executive Director and the Management Confidential Group. No action was taken in closed session and the meeting returned to open session at 2:50 p.m.

7. **ADJOURNMENT**

The meeting was adjourned at 2:51 p.m.