



**FINANCIAL COMMISSION
MEETING MINUTES**

**5:30 P.M., May 16, 2011
Neutra House
181 Hillview Avenue Los Altos, California**

Call to Order

The meeting was called to order at 5:37 P.M.

Roll Call

Commission members present: Chair Kevin Thompson, Vice Chair David Byrne, Donald Korn, Paul Van Buren, John Dixon Frank Emery

Commission members absent: Al Hubbard, with prior notice

Staff Present: Russell Morreale, Staff Liaison

Pledge of Allegiance

Chair Thompson called for the Pledge to the Flag

Public Comment

None

Consent Items:

The minutes of both April 18, 2011 were reviewed with a correction noted by member Korn that the minutes should read that he was absent from the April 18, 2011 meeting with prior notice. Member Korn motioned to approve the minutes with the correction with a second from member Van Buren. The motion passed unanimously.

Discussion

1. City Budget & CIP High Level Review

Liaison Morreale presented a high-level review of the proposed budget scheduled for City Council discussion on June 7th. Liaison Morreale highlighted the fact that the plan was balanced – included important pension reform elements – reflected continued cost containment – provided an updated Capital Plan (CIP) - and, for the first time, will include a five year forecast. As the members reviewed the CIP they expressed a desire to have the plan exclude or defer the Climate Action Plan as a matter of priority.

2. Investment portfolio Update

Liaison Morreale provided the Commission with a portfolio update as of May 2011 displaying positions held to date and the most current transactions placed. Morreale advised that the City is proceeding in a paced manner given the current adverse market conditions. Commission members expressed comfort with this patient approach still expressing the desire to continue to diversify beyond LAIF as the opportunities arise.

3. Debt Capacity Project

Liaison Morreale & Financial Advisor Craig Hill presented the group with a detailed review of a project model designed to assist in the determination of debt capacity level for the City. Member Korn expressed a desire to define a specific project scope statement. In this effort, all members discussed their interpretation of the project scope coming to the conclusion that the task at hand was to define the extent to which the City can internally finance debt. As it relates to the Community Master Plan, the group re-affirmed that the project scope was to address the internally financed portion of any that or any similar, project with a focus on determining a prudent internal debt service capacity level.

Commission Reports:

None

Adjournment

The meeting was adjourned with a motion from member Van Buren with general agreement at approximately 6:45 P.M. per general concurrence.

Respectfully Submitted,

Russell J. Morreale
Staff Liaison to the Financial Commission