



MONDAY, JUNE 2, 2008

5:30 P.M. –CITIZEN’S FINANCIAL ADVISORY COMMITTEE (CFAC) AGENDA
Hillview Room 18
97 Hillview Avenue, Los Altos, California

ROLL CALL Members, Paul Van Buren,, David Byrne, John Dixon, Chair Frank Emery, Allan Hubbard, Donald Korn, Vice-Chair Kevin Thompson and Council Finance Subcommittee members Ron Packard and Megan Satterlee.

PLEDGE OF ALLEGIANCE

PUBLIC COMMENTS

Members of the audience may bring to the Committee’s attention any item that is not on the agenda. Please complete a "Request to Speak" form and submit it to the staff. Speakers are generally given two or three minutes, at the discretion of the Chair. State law prohibits the Committee from acting on items that do not appear on the agenda.

DISCUSSION ITEMS

1. **Minutes**

Approval of minutes for the April 1, 2008 meeting

2. **Presentation by PFM Regarding Investment Services**

At the April meeting, Kevin Thompson was appointed to contact PFM to provide a presentation on managing public funds. CFAC members indicated an interest in hearing from a public funds manager to consider alternatives to investing in LAIF.

Recommendation: If CFAC wishes to pursue modifying investment management, it would be appropriate to request approval of a special project City Council.

3. **Review of the Investment Policy**

This item is carried over from the last meeting. Each year CFAC reviews the Investment Policy with the purpose of reviewing the policy to recommend modifications for consideration by the City Council. The only statutory change during the past calendar year, was to Government Code section 53601 (d):

“Effective January 2, 2008, this new subdivision authorizes local agencies to invest in registered treasury notes and bonds issued by any of the other 49 states in addition to California.”

Staff is not recommending modifying the Investment Policy to incorporate this change to the statute.

We are recommending changing the policy to explicitly authorize staff to use other pools such as LAIF as staff thinks appropriate. The proposed changes are in a "marked up" version of the policy provided as Attachment 3.

Recommendation: Recommend approval of the updated Investment Policy to City Council.

4. **Review of 2008-2009 Fiscal Year Budget Material and Update of Financial Policies**

Included in the packet is the budget material distributed for the May 27, 2008 City Council meeting. This budget is presented as a status quo budget, incorporating a few modest changes. The State budget is not expected to be adopted until late summer. Without State intervention, the projected Revenues are sufficient to continue the current service levels.

This fiscal year the budget adoption will be a two step process since the State has the authority to redirect or "steal" revenues from municipalities to balance the State budget. Until the State adopts their budget, it is unknown how much the City could "lose." We anticipate the State will adopt their budget in the late summer or early Fall. Once the outcomes of the State budget are known, staff will update the budget material and return with additional options for Council consideration.

As part of the budget process, staff recommended changes to the Financial Policies. The proposed changes are provided as Attachment 4, including a marked up version and a final version. (These same policies are found in the budget material). The marked up version identifies the deletions and additions. The final version is provided since it is easier to read. The proposed changes incorporate forgiving the \$2 million loan to the Community Improvement Fund/Reserve (CIP/R), closing the Facility Fund and the CIP/R and creating a new fund called the "Community Facility Renewal Fund". Assets from the closed funds would be transferred to the Community Facility Renewal Fund. The CFRF would be used for facility improvements.

City Council requested CFAC review the proposed changes to the Financial policies.

Recommendation: Approve the proposed new policies.

5. **Preliminary Annual Work Plan**

Update the work plan as appropriate, provided as Attachment 4, including some discussion of the proposed task of CFAC developing a Multi Year Revenue/Expenditure Projection

Recommendation: Review work plan and revise as appropriate.

COMMITTEE REPORTS AND DIRECTIONS ON FUTURE AGENDA ITEMS

ADJOURNMENT

***Action on these items is required at this meeting.**

In compliance with the Americans with Disabilities Act, the City will make reasonable arrangements to ensure accessibility to this meeting. If you need special assistance to participate in this meeting, please contact the City Clerk 72 hours prior to the meeting at (650) 947-2720. A sound enhancement system is available. You may check out headsets, which boost the public address signal during the meeting. Please ask for assistance at the staff's desk PRIOR to the start of the meeting or during a break in the meeting.

Please take notice that the time within which to seek judicial review of any final administrative determination reached at this meeting is governed by Section 1094.6 of the California Code of Civil Procedure.

Any writings or documents provided to a majority of the CFAC regarding any item on this agenda will be made available for public inspection at the front counter of City Hall located at One North San Antonio Rd., Los Altos during normal business hours.

Attachments:

- Attachment 1: April 1, 2008 Minutes.
- Attachment 2: Updated Investment Policy
- Attachment 3: 2008-2009 Fiscal Year Budget Package and Marked Up and Final Financial Policies
- Attachment 4 Updated Annual Work Plan and Calendar for 2008