



CITIZENS' FINANCIAL ADVISORY COMMITTEE (CFAC)
ADOPTED MEETING MINUTES

5:30 P.M., June 2, 2008
Hillview Community Center, Room 18
97 Hillview Avenue, Los Altos, California 94022

Call to Order

The meeting was called to order at 5:38 P.M.

Roll Call

CFAC members Present: Frank Emery, Chair, Allan Hubbard, Donald Korn, and Vice Chair Kevin Thompson.

Staff Present: Starla Jerome-Robinson

Public Comment

No public comments were made.

Discussion

1. Minutes

Korn moved, with a second from Thompson to approve the April 1, 2008 minutes as amended. The motion passed unanimously.

The amendments to the minutes were to insert "on LAIF", in the last line of the first paragraph under "Annual Review of the Investment Policy, so the sentence will now read:

"CFAC reviewed the Investment Policy as well as a memorandum handed out by Member Donald Korn *on LAIF* at the meeting." (Italics added to identify the added text). And

In item 4 Election of Chair and Vice-Chair, the minutes now read:

“After discussion, Emery was elected Chair and Thompson was elected Vice-Chair, with the term to start after the current Chair and Vice Chair have served a full year.”

2. Presentation by PFM Regarding Investment Services

Vice-Chair Kevin Thompson introduced Carlos Oblites, Senior Managing Consultant of PFM Asset Management. Mr. Oblites reviewed the value of using an Investment Advisor to assist in managing the City’s pooled funds. CFAC discussed the use of an Investment Advisor, especially with regard to the cost/benefit of an Advisor. Thompson moved, with a second from Korn that CFAC request Council approval of a special project to evaluate the benefit of an Investment Advisor. The motion passed unanimously.

3. Review of the Investment Policy

This item was continued from the last meeting due to the interest in hearing a presentation by an Investment Advisor. Discussion centered on the value of diversification, comparative interest rates and earnings, and the difference between short term and long term strategies. There was some discussion regarding the City’s current policy of fully investing in LAIF. Korn indicated that he and staff were working on following up with LAIF regarding the points he made in his memo at the April 1, 2008 CFAC meeting.

Thompson moved, with a second from Emery, approval of the updated Investment Policy changing section A.1 under Specific Guidelines to state the following:

A1. Local Agency Investment Fund (LAIF) or other pools in California, in amounts up to legal limits. Note that such pools may invest in instruments prohibited by or not specified in the City’s Investment Policy. Such investments do not exclude the pools from the City’s list of allowable investments provided the fund’s report allows the reader to adequately judge the risk inherent in the portfolio. Any Pool used by the City must be compliant with the Government Code requirements and restrictions on investments.

Motion passed 4-0.

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

CFAC reviewed the budget material, including the minor budget amendments. Staff explained that it is the City Manager’s intent for City Council to reconsider the 2008-2009 budget following the approval of the State’s budget. The State could reduce anticipated revenues to the City or increases costs to the City, or adopt a budget without any impact on the City.

CFAC deferred discussion of the Financial Policies until the next meeting.

5. Preliminary Annual Work Plan

Deferred discussion until the next meeting...

Adjournment

The meeting was adjourned at 7:15 P.M.

Respectfully Submitted,

Starla Jerome-Robinson
Staff Liaison to CFAC