



**FINANCIAL COMMISSION
MEETING MINUTES**

5:30 P.M., January 26, 2009

The Nuetra House
181 Hillview Ave, Los Altos, California 94022

Call to Order

The meeting was called to order at 5:30 P.M.

Roll Call

Commission members Present: Chairperson Frank Emery, Vice-Chairperson Kevin Thompson Alan Hubbard, David Byrne, and Paul Van Buren

Commission members Absent: John Dixon, Donald Korn,

Staff Present: Russell Morreale & Tracy Kwok

Pledge of Allegiance

The pledge of the flag was not called for given the absence of the US colors

Public Comment

No members of the public attended.

Consent Items:

- Approval of the Minutes of December 18, 2008 were approved unanimously. Commissioner Hubbard pointed out an attendance correction needed for the October 14, 2008 minutes (corrected minutes included herein)

Discussion

1. Delivery of The Final Published Comprehensive Annual Financial Report (CAFR) For June 30, 2008

Following the presentation of the June 30, 2008 CAFR as part of the December 18th meeting, staff delivered the final published CAFR documents to all commission members present and indicated it would make additional copies available to those not present.

2. Report on Investment Services Review Status

Commissioner Thompson reported on the status of the investment services Request For Information (RFI) process advising that the subcommittee was scheduled for a conference call within the next few days to discuss work done to date. Mr. Thompson reported that the subcommittee staged a series of several presentations from prospective service providers who responded to the City's RFI. He commented that the process was very valuable and quite a learning experience for all involved. Next steps would include a debriefing and review of the presentation materials as a basis for determining a direction and recommendation for the greater commission to approve.

3. Status Update on Audit Services RFP

Staff member Tracy Kwok reported that the audit services RFP had closed with only two responses received. One response included our current audit service firm. Next steps include distributing the RFP responses to all subcommittee members, reviewing RFPs and obtaining clarifications where necessary, and holding final interviews. Timeline for selection is one to two weeks.

4. Overview of the 2009 Budget Process – Commission Input

Finance director Russell Morreale provided the commission members with an update of the City's budget status at mid-year. The presentation materials essentially indicated that, although the City is financially stable, it is clear that economic challenges exist to be dealt with. At mid year revenues are pacing down by 6% led by declines in sales tax, building activity, interest income, and real-estate transfer tax. Hotel tax is holding steady with indications that a downward trend can be expected for this revenue stream. On the other side of the equation, property tax is expected to develop as estimated given the stable property valuations within the city of Los Altos. As a mitigating factor, operational expenditures are pacing nicely, coming in under limits by 8% at mid-year. If these patterns hold the City expects to come in balanced at year-end with the understanding that the margins of surpluses experienced in the past can be expected be smaller.

5. CAL PERS Pre-Payment Time Line

Finance Director Russell Morreale indicated a desire to bring back the matter of making a CALPERS pre-payment of the City's side-fund liability at a sooner date on the 2009 agenda. Russell indicated that staff would compile an analysis and bring that forward within the next two months for discussion

Adjournment

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Commissioner David Byrne moved adjournment of the meeting, with a second from Commissioner Hubbard. The motion passed unanimously. The meeting was adjourned at 6:30 P.M.

Respectfully Submitted,

Russell J. Morreale
Staff Liaison to the Financial Commission