



FINANCIAL COMMISSION MEETING MINUTES

5:30 P.M., September 21, 2009

The Neutra 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, David Byrne, John Dixon, Donald Korn, Paul Van Buren

Commission members absent: Alan Hubbard (Excused)

Staff Present: Russell Morreale, Staff Liaison

Pledge of Allegiance

The pledge was called for by Chairperson Emery

Public Comment

None

Consent Items:

- Minutes of August 17, 2009 were approved unanimously without exception as moved by Commissioner Byrne and seconded by Commissioner Van Buren.

- **Discussion**

Agenda Item #3 was moved to heard as item #2 – all concurred

Review, Discussion & Prioritization Work Plan Items: (Continued From Aug 17, 2009)

Chairperson Emery led the discussion on the development of the 2009 work plan. Emery presented the results of the survey results, received by him independently from each commission member. The results of the survey revealed the following priorities:

- I. Develop process and monitor the Portfolio – investment advisory service
- II. Taking an objective look at CalPers pension costs and long term risk
- III. Evaluation of City debt capacity in conjunction with major capital projects
- IV. Involvement in the Community Master Plan Financing
- V. Involvement in the CIP and Budget Process
- VI. Review of downtown economics and parking plan

The commission reviewed a draft 2009 Plan which included the top three survey result priorities listed above. Relative to item V above, Liaison Morreale also clarified that he will provide the commission budgetary information early in the process as a basis for keeping them updated on the process and issues as they arise. All commission members concurred unanimously and agreed to the draft work plan for 2009 with the understanding that dates would be assigned to the top three projects at a future meeting.

Update on Investment Advisor RFP

Staff Liaison, Morreale discussed the Investment Advisor RFP process to date and provided an update. Morreale advised that the subcommittee was not prepared to make a recommendation although they have completed all interviews as scheduled. Two matters have arisen to the surface requiring the guidance of the committee before proceeding on with the final decision and referencing process. These matters involved two particular matters of clarification about minimum requirements set forth in the RFP. A summary of this discussion follows:

- The RFP established a minimum requirement of the respondent having twenty five portfolios with California Agencies. Our review of the RFPs has revealed that one of the respondents, although well qualified, in fact did not meet this minimum threshold. Morreale confirmed with the committee that such requirement was in fact interpreted to mean accounts with twenty five distinct agencies. This condition was upheld by the committee members after discussion.
- The RFP also established a minimum requirement to provide independently audited financial statements as part of the RFP documentation. Our review of the RFPs has revealed that one of the respondents, although well qualified, in fact did not meet this minimum audit requirement. After some discussion, the committee agreed to uphold the independent audit requirement as stated in the RFP.

Liaison Morreale further updated the committee members that the conditions above have narrowed the potential selection to one remaining vendor, a respondent that performed well in the RFP and interview process. Subcommittee members shared their observations on the remaining vendor to be evaluated and indicated that there was no reason not to proceed forward with reference checks as the next logical step in the evaluation process. The committee agreed unanimously to proceed ahead with the referencing process and report back to the full committee at the next scheduled meeting.

Adjournment

The meeting was adjourned at 7:30 P.M.

Respectfully Submitted,

Russell J. Morreale
Staff Liaison to the Financial Commission