



**FINANCIAL COMMISSION
MEETING MINUTES**

**5:30 P.M., March 19, 2012
Neutra House
181 Hillview Avenue, Los Altos, California**

Call to Order

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

Roll Call

Commissioners present: Chair Kevin Thompson, Vice Chair David Byrne, Robin Dickson, Donald Korn, Les Poltrack and Roger Sievers

Commissioners absent: Harold Guthart with notice

Staff Present: Russell Morreale, Staff Liaison

Pledge of Allegiance

Chair Thompson called for the Pledge to the Flag

Special Presentation

The Commission accepted a presentation from Los Altos Mayor Valorie Cook Carpenter on the topic of the Community Master Plan. Mayor Carpenter presented educational information that was presented in a number of community venues intended to share and receive information regarding the possibility of renovating the City's Civic center and community facilities. The presentation was received, in both oral and PowerPoint format, with questions and answers being taken.

Public Comment

Members of the public commented the impact of fees that could or should be evaluated as the City considers improvements to civic center facilities, in particular the creation of an entirely new recreation center. The question was raised of 'just how much would fees increase should the depreciation a new multi-million dollar building be factored into a cost allocation plan'

Consent Items

1. Minutes

Although no minutes were presented, the group acknowledged the need to bring back the special interim meeting minutes of March 15, 2012.

Discussion

2. Commission Business

Introductions: Incoming new members were introduced and provided a brief summary of their backgrounds.

Elections: Elections were facilitated by Chair Thompson for the positions of Chair and Vice Chair. After brief discussions, Commissioner Korn motioned that Vice Chair Byrne be nominated as Chair with a second from Commissioner Poltrack. All agreed and unanimously voted in approval of David Byrne as the new Financial Commission Chair. Following this action, Chair Byrne motioned the nomination of Commissioner Korn as the Vice Chair with a second from Commissioner Sievers. All agreed and unanimously voted in approval of Donald Korn as the new Financial Commission Vice Chair.

Work Plan: Liaison Morreale facilitated the discussion of the 2012 Work Plan providing a copy of the 2011 work plan as a starting point. The Commission discussed the item and came to a common consensus to add the following in creating a draft work plan for the upcoming joint-council meeting.

- Evaluation of a establishing an OPEB Trust
- Issuance of a new Auditor RFP and selection recommendation
- Inquiring into how the Commission can assist in assessing Community Master Plan Financing

In these discussions the Commission concurred that existing special projects, including the Debt Capacity Study and CALPers options analysis, will remain as part of the 2012 plan.

3. Investment Portfolio Update and Report

Investment advisor Carlos Oblites of PFM provided a high level overview of the portfolio performance as of December 31, 2011. The report focused in on the current posture of the investment strategy and economic conditions. Questions and answers were taken with the Commission affirming its direction that we remain true to the investment policy rating levels especially when looking at corporate notes, maintain a posture of diversification outside of LAIF, keep duration in the recommended 1.5 to 1.75 year range.

4. Special Projects

Debt Capacity Study - Commissioner Thompson advised that the draft of the report was near completion and discussed an action plan to hold a report workshop on April 3, 2012 at 5PM just before the joint meeting with Council. At that time the draft will be reviewed in detail. All concurred with the special meeting date and direction.

CALPers Options Study – Vice Chair Korn provided all with a background on the subcommittee activities to date and a summary of initial findings. This important item is in its initial stages and will evolve into 2012. Chair Korn asked that the Liaison Morreale search for and provide all Commissioners with the latest CALPers annual actuarial and financial reports as a basis for future reference and general reading.

As part of this discussion of projects, Chair Byrne inquired into interest in developing new subcommittee assignments given the recent change in Commission membership. Input was received and Chair Byrne motioned the creation of the following subcommittees with overall general agreement:

Debt Capacity	Byrne	Thompson	Dickson
Pension	Korn	Sievers	Thompson
Auditor Selection	Byrne	Poltrack	Guthart

5. New Auditor Selection

Liaison Morreale advised the group of the need to issue an RFP, a draft version of which was presented, for the selection of new auditors given the expiration of the existing audit contract. All agreed and approved moving ahead and issuing the RFP.

Commission Reports:

None

Adjournment

The meeting was adjourned with consent from all attendees at approximately 6:12PM.

Respectfully Submitted,
Russell J. Morreale
Staff Liaison to the Financial Commission