

**MEETING MINUTES OF THE CITY OF LA CAÑADA FLINTRIDGE  
INVESTMENT AND FINANCING ADVISORY COMMITTEE  
HELD ON FRIDAY, OCTOBER 20, 2017**

**1. ROLL CALL**

City Treasurer Jeffrey Wang called the meeting to order at 7:43 AM.

Committee Members: City Treasurer Wang, Member McConnell, Member Schwartz, Member Stein, Member Tom and Member Thuss present.

City Staff: Carl Alameda, Director of Administrative Services.

**2. REVIEW OF MINUTES OF JULY 21, 2017.**

M/S Stein/Tom to approve minutes of July 21, 2017 Regular Meeting. Approved 4-0-2 (McConnell and Thuss abstaining).

**3. INVESTMENT POLICY REVIEW**

City Treasurer Wang requests the continuation of this discussion, as he would like to review the updated City Investment Guidelines with the City's new Director of Finance once the new incumbent has been placed.

**4. CITY HALL UPDATE**

Alameda provided an update on the City Hall project, which is still in its early concept phase for the potential layout of the building. The City Council recently awarded the contract to the Irvine based Design Firm, Griffin Structures. The City's Project Manager is working to minimize building costs and maximize leasable space in the new building. The City Council had been shown three concept plans for a potential lay-out. The plan selected, uses as many of the existing structural walls internal to the building as possible, to reduce build out costs. The concept also allows for 56 percent of the floor space (or 7,626 square feet) on the first floor to be leasable space (likely professional office use).

At this point, in the process, the design firm need some direction and the establishment of "guiding principles", such as, the City Council Chambers on the first floor, the presence of a community room, and the willingness to work around structural walls to minimize costs.

The costs of the tenant improvements are still not finalized, as a better understanding of the precise layout of the building will be necessary to project these expenses.

Alameda stated the City is still enjoying the 30-month grace period during which time, no payments are due on the remaining balance of \$5,580,000 from the building's purchase price of \$11,230,000. At the end of the 30-month term, the City will determine the appropriate financing option for the remaining balance.

Member Thuss stated that he views the public's participation in the layout and functionality of the building as being an important part of the future design process. Alameda stated the public would be engaged in the layout of the public spaces of the building, such as, the City Council Chambers, Community Room, and the reception area(s). Additionally, there will be a remembrance in some form at the new City Hall of long-time City Council Member David A. Spence. Numerous residents have made contributions in support of this project toward a tribute to Spence, the City will also be reaching out to them on the project as well.

## **5. INVESTMENT PORTFOLIO AND NEAR-TERM PORTFOLIO MANAGEMENT.**

City Treasurer Wang informed the Committee the City is entering into one of its seasonal low points in cash on hand, just prior to the disbursement of property tax payments.

Member Schwartz inquired where the City is on its reserve level as a percentage of budget expenditures. Chair Wang stated currently the City is at a level of 92.5 percent, after the down payment on the new City Hall building.

The Committee would like to discuss the City's reserve levels at a future Committee meeting.

## **6. OUTLOOK FOR INTEREST RATE AND ECONOMY.**

Member Tom discussed the emerging "cryptocurrency" market with the introduction of technologies including blockchain. The technology relies on a decentralized database/banking system. The technology may have far reaching impacts on the future of traditional monetary exchange systems.

Member McConnell stated the equity market has been very strong and continues to gain strength. Much of the strength in the market surrounds the prospect of tax reform.

Member Stein stated market is currently trading about 21 times future earnings, which could potentially drop to 15 times future earnings should some unforeseen event occur impacting liquidity. The current Federal Reserve is committed to raising rates, which it will certainly do at their December meeting and they are likely to raise rates three times in 2018. The Federal Reserve has made the decision to reduce their balance sheet, which began in October 2017 simply by

choosing not to reinvest maturing securities. This process will likely have a negative impact on future liquidity and will provide a future headwind, challenging the equity market.

Member Thuss sees continued strength in the market with the vast number of houses that will need to be re-built in California and Florida due to the natural disasters. This will tighten the labor market for the foreseeable future, as the labor market will move with these jobs.

## **7. OTHER MATTERS.**

Alameda informed the Committee, the City is currently finalizing the process of placing the new Director of Finance. Chair Wang had participated in the interview process for the position.

## **ADJOURNMENT.**

There being no further business, City Treasurer Wang adjourned the meeting at 9:04 AM.

A handwritten signature in black ink that reads "Carl Alameda". The signature is fluid and cursive, with the first name "Carl" being larger and more prominent than the last name "Alameda".

Carl Alameda  
Director of Administrative Services