

CITY OF LA CAÑADA FLINTRIDGE

INVESTMENT AND FINANCING ADVISORY COMMITTEE

Meeting of Friday, April 15th, 2016

FINAL Minutes

Call to Order

The meeting was convened at 7:31 AM at City Hall

Roll Call

IFAC Members Present: Michael McConnell, Brad Schwartz, Gene Stein, Charles Thuss, Kevin Tom

Also Present: Jeff Wang, City Treasurer; Dan Jordan, Director of Finance; Fred Engler, resident; Dave Hemstreet, resident

Review of Minutes of January 15, 2016 Meeting

The January 15, 2016 meeting minutes were moved for approval by Brad Schwartz and seconded by Charles Thuss.

City Hall Update

City Treasurer Jeff Wang led a discussion about recent stories in the local newspapers concerning the potential sale of the Sports Chalet headquarters building to the City for use as a new City Hall. Mr. Wang indicated that he had no details about the matter beyond what he had read in the newspapers. This was followed by a brief discussion among IFAC members about issues related to the current City Hall building, as well as issues (financial and otherwise) related to any potential move to a new City Hall.

Investment Portfolio Review and Near Term Portfolio Management

City Treasurer Jeff Wang moved the discussion to the City's investment portfolio. He noted that several bonds had been called over the last quarter, and that the yield on the City's "cash" holdings (i.e., amounts invested in LAIF and CAMP) was finally beginning to increase from the historically low levels of the last several years.

Outlook for Interest Rates and Economy

IFAC member Gene Stein began the group's discussion about the current condition and future prospects for both the economy and interest rates. Mr. Stein stated that while the US economy was growing reasonably overall, there was a sharp dichotomy between sectors, with some (such as energy and natural resources) even in recession. Mr. Stein also noted that he believed the Federal Reserve was not fulfilling its role

as “punch bowl custodian” in the fear that an increase in interest rates would cause a recession.

IFAC member Charles Thuss and resident Fred Engler concurred that various signals (i.e., the increase in broad labor force participation) suggested the US economy remained relatively healthy, and this assessment was shared by IFAC member Kevin Tom, who noted that the mid-size companies with which he is most familiar were experiencing a period of strong profitability. Mr. Thuss, however, believed that China’s economy appeared to be stalled and was a potential headwind. Resident Dave Hemstreet agreed with respect to China’s economy, and stated that there remained some reasonable chance of a major financial disruption within China that could have ramifications for the world economy.

IFAC member Michael McConnell then shifted the discussion to the uncertain impact of negative interest rates on broad patterns of business investment and consumer spending. Mr. McConnell also highlighted the significant level of political risk and uncertainty within the United States, and whether this could affect the level of capital investment. Finally, IFAC member Brad Schwartz stated that despite predictions of a major, imminent correction within the technology start-up sector, such a correction had not yet occurred.

Other Matters

No other matters were discussed

Adjournment

There being no further business, the meeting was adjourned at 8:40 AM