

CITY OF LA CAÑADA FLINTRIDGE

INVESTMENT AND FINANCING ADVISORY COMMITTEE

Meeting of Friday, July 15th, 2016

*****FINAL*** Minutes**

Call to Order

The meeting was convened at 7:38 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

Review of Minutes of April 15, 2016 Meeting

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

City Budget – Fiscal Year 2016-2017

City Finance Director Dan Jordan provided the IFAC with an overview of the City's FY 2016-17 Annual Budget, on which the City Council completed its deliberations on June 28, 2016. Mr. Jordan noted that the adopted budget was largely "status quo", although it included a significant number of new capital projects. This led to a discussion among IFAC members about various aspects of the budget, including the proper balance between the City's longstanding practice of fiscal restraint and the need to ensure adequate ongoing investment in infrastructure and productivity enhancements.

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 reinvestment of proceeds had been at lower interest rates. Mr. Wang noted that rates continued to be very low and that the credit quality of the City's portfolio remained strong. There was also discussion of the portfolio's cash balance and the appropriate level at which to target cash balances.

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 despite the many significant "events" occurring in the US and internationally, the US

economy continued the steady trend of roughly 2% annual GDP growth, and the ongoing recovery, while slow, was long by historical standards and that most indicators remained generally positive. A key unknown continued to be when the Federal Reserve would restore interest rates to a more “normal” level (i.e., a Federal Funds rate of 2.5% to 3.0%).

IFAC member Kevin Tom concurred that the overall condition of the US economy was positive, and that levels of business deal-making (i.e., mergers, sales) was strong in the sectors he was observing. IFAC member Charles Thuss then noted that investment in local infrastructure, such as rail transportation, was quite strong, and that certain ballot initiatives (e.g., Measure M) could fund significant infrastructure investment in the Los Angeles region over the next several decades. This was followed by IFAC member Michael McConnell, who agreed that economic growth remained solid, but that both political risk and the current high market valuations in several asset classes could affect the economy in the coming months.

Other Matters

No other matters were discussed

Adjournment

There being no further business, the meeting was adjourned at 8:41 AM