

CITY OF LA CAÑADA FLINTRIDGE

INVESTMENT AND FINANCING ADVISORY COMMITTEE

Meeting of Thursday, October 20th, 2016

FINAL Minutes

Call to Order

The meeting was convened at 7:34 AM at City Hall

Roll Call

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

IFAC Members Absent: Charles Thuss

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

Review of Minutes of July 15, 2016 Meeting

The July 15, 2016 meeting minutes were moved for approval by Brad Schwartz and seconded by Michael McConnell.

City Hall Status Update

City Treasurer Jeff Wang provided the IFAC with a status update on the potential purchase of the former Sports Chalet headquarters building for use as a future City Hall. Mr. Wang explained the proposed terms of the potential purchase, and that the City had begun a 90-day “due diligence” period during which it was assessing the structural condition of the building, its potential suitability as a City Hall, and the various financing mechanisms available to purchase the facility. Mr. Wang also noted that the City had and was continuing to study alternatives to purchasing the Sports Chalet headquarters building, and that remaining in the current City Hall facility was not a “no-cost” option, given the cost of the structural upgrades necessary to bring the building into compliance with current building codes and guidelines. IFAC members asked numerous questions about the potential purchase, and emphasized the need clearly communicate the details of the potential purchase to the public.

Investment Portfolio Review and Near Term Portfolio Management

City Treasurer Jeff Wang moved the discussion to the City’s investment portfolio. He noted that the City was maintaining a healthy cash position, as October is the month during which the City’s cash is drawn down to its lowest level during the

fiscal year. Mr. Wang also noted that the range of bonds available in the market is tightening, as there are increasingly fewer Freddie Mac bonds being traded.

Outlook for Interest Rates and Economy

IFAC member Kevin Tom began the group's discussion about the current condition and future prospects for both the economy and interest rates. Mr. Tom stated that within the business sectors with which he was involved, only health care and medical companies were seeing reasonable revenue growth, whereas revenue in the other business sectors he followed was largely flat. IFAC Brad Schwartz added that revenue within local high technology start-up companies was also largely flat, although he noted that within Los Angeles, the potential IPO of Snapchat could be a "signature event" in the region's internet start-up sector.

IFAC member Gene Stein then shifted the conversation to potential moves by the Federal Reserve to raise interest rates, and that such a raise was likely in December. Mr. Stein also speculated on whether the US economy is heading toward a "transition point" to a period of slower growth and perhaps even a recession, which would likely lead the Fed to refrain from raising rates. IFAC member Michael McConnell and meeting attendee Dave Hemstreet both concurred that a rate increase in December was likely, with Mr. Hemstreet noting that high levels of debt in China and a potential "debt crisis" remained a potential risk to the world economy.

Other Matters

No other matters were discussed

Adjournment

There being no further business, the meeting was adjourned at 8:37 AM