



City of Villa Park
17855 Santiago Boulevard
Villa Park, California 92861
(714) 998-1500

INVESTMENT ADVISORY COMMITTEE

January 23, 2008 Minutes

ORDER OF BUSINESS

1. CALL TO ORDER

Chair Carlberg called the meeting to order at 8:30 AM

2. ROLL CALL

The following members were present

Dan Carlberg, Chair, Investment Advisory Committee

William Nelson, Vice-Chair, Resident Member

Mary Jo Chorbajian, Resident Member (Alternate)

Jim Rheins, Mayor Pro Tem, Chair City Council Finance Committee

Rich Ulmer, Council Member, City Council Finance Committee

Joe Hagler, Resident Member (absent)

City staff present

Dennis Kuli, City Treasurer

Ken Domer, City Manager

Michelle Danaher, Finance Manager

City Manager Domer recognized the fact that Chair Carlberg and Vice-Chair Nelson were reappointed to the IAC by the Council. In addition, Councilmember Ulmer rejoins the IAC as a member of the City Council Finance and Budget Committee.

3. PUBLIC COMMENT

Ray Hansen, from Financial Growth Management, Inc., a business within the Towne Centre, presented to the Committee regarding high yield bonds. After the presentation and questions from the Committee, including statements that high yield bonds are not allowed as investment vehicles per government code, Mr. Hansen was thanked for his presentation.

4. ELECTION OF OFFICERS

Chair Carlberg called for nomination of the Chair. Member Chorbajian nominated Dan Carlberg, seconded by Member Nelson. No further nominations, Member Carlberg was unanimously elected Chair.

Chair Carlberg called for nomination of the Vice-Chair. Chair Carlberg nominated Member Nelson, seconded by Member Chorbajian. No further nominations, Member Nelson was unanimously elected Vice-Chair.

5. CONSENT CALENDAR

With modifications made and recorded by City Manager Domer, the minutes were moved by Vice-Chair Nelson, seconded by Member Chorbajian, and unanimously approved.

6. DISCUSSION ITEMS

a) Review of Orange County Investment Pool holdings

a. Treasurer's Office representatives

Paul Gorman, Chief Assistant Tax Collector introduced Paul Cocking, Chief Portfolio Manager. A brief discussion on voluntary participants in the OCIP regarding a recent LA Times article. There have been no recent withdrawals beyond normal since August/September timeframe when Supervisor Moorlach called for the resignation of the Treasurer. Overall, the voluntary pool is \$5 million of the entire OCIP so it is a very, very small percentage but Gorman and Cocking stated they treat and respond to all investors, big and small. PFM is reviewing the investment portfolio and transactions as requested by the Board of Supervisors. They have been talking to staff on how they do business. Gorman stated they welcome the review and consider it a peer review and therefore more helpful than their normal quarterly audits. At this time, they comments they have seen are normal with nothing out of line. Mayor Pro Tem Rheins questioned the structured investment vehicles recently called into question. Paul Cocking discussed the implications of a credit watch negative and that it could go either way. He provided information on the County's investments in SIVs and why they purchased when they did and how they believe they will be fine when matured. Currently they are at about 97 or 98 cents on the dollar. \$152 million is to mature in Feb/March 2008 and overall there was 14% of the pool, or \$837 million invested.

General discussion on other investment items occurred.

b) Review of CD rates and Treasury Bill Options

Finance Manager Danaher presented a brief overview of the current activities regarding CD rates and Treasury Bill options, including the City's investment of \$150,000 into a CD at F&M Bank with a rate of 4.0% and yield of 4.08% for 14 days. A brief discussion was held regarding the activities and consensus that the investments within OCIP and LAIF were good given our overall size. Based on market conditions, staff and committee members will continue to watch other vehicles.

c) Review and Discuss the City's current investment activities

Continued as discussion from (b). In addition, there was a brief discussion of the General Fund Reserve and whether to invest separately. Discussion regarding the amount, liquidity of LAIF, and need resulted in the policy remaining the same – that the City would not separate the investment from its normal activity.

At the next meeting staff will bring back suggestions for the Statement of Investment Policy for review.

7. PUBLIC AND MEMBER COMMENT

There was no public comment.

8. ADJOURNMENT

The meeting was adjourned at 9:42 AM to the next meeting date of Wednesday April 23, 2008 at 8:30 AM.