



City of Villa Park
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INVESTMENT ADVISORY COMMITTEE

April 26, 2007 Minutes

ORDER OF BUSINESS

1. CALL TO ORDER

Chair Carlberg called the meeting to order at 8:35 AM

2. ROLL CALL

The following members were present

Dan Carlberg, Chair, Investment Advisory Committee

William Nelson, Vice-Chair, Resident Member

Joe Hagler, Resident Member

Mary Jo Chorbagan, Resident Member (Alternate)

Jim Rheins, Council Member, Chair City Council Finance Committee

Brad Reese, Council Member, City Council Finance Committee (8:45 AM)

City staff present

Dennis Kuli, City Treasurer

Ken Domer, City Manager

Chair Carlberg welcomed and introduced new Alternate Resident Member, Mary Jo Chorbagan. Member Chorbagan expressed thanks and looked forward to participating.

3. PUBLIC COMMENT

There were no members of the public present. No public comment.

4. CONSENT AGENDA

A review of the minutes showed that there were a few misspellings and a change needed in the nomination of the vice chair position. The changes were noted. Vice-Chair Nelson moved and Member Hagler seconded the approval of the minutes. The minutes, with changes noted, were approved unanimously.

5. ACTION ITEMS

There were no items of action.

6. DISCUSSION ITEMS

a) Budget Overview/Financial Forms Review

1. 2005-06 Financial Statements

Chair Carlberg introduced the item and City Manager Domer gave an overview of the issue to include that forms produced by the City's financial software were passed out at last meeting for review and comment by the members. Chair Carlberg stated that he would like to see comparisons in data, including year to date and with prior years. There was general consensus that such comparisons were beneficial. Vice-Chair Nelson stated that it was not necessary to compare too many years. Council Member Rheins agreed on the presentation of material and comparisons.

City Manager Domer discussed the external audit Financial Statements and distributed copies to each member. A general review of the management letter was held to overview those internal controls that were suggested could be strengthened. Overall, the external audit found no material weakness or items of concern.

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

A general discussion of the current investment activities to include City Manger Domer reporting that within the last week the City transferred \$315,000 to the Local Agency Investment Fund and \$400,000 to the Orange County Investment Pool. A discussion on the money market rates at F&M Bank ensued and whether the City should review other institutions for better rates and other services. It was agreed that Committee Members could look for information on other institutions to assist in the review of banking needs.

c) Review and Discuss General Fund Reserve Policy

General discussion held after City Manager Domer presented a revised draft version of the General Fund Reserve Policy. The revised version, in light with what the City Council discussed at a past Council Meeting, is simpler in that it sets an amount and then increases it by 5% each year. The goal is to keep a comfortable level of reserves, have restrictions on the use of funds, and ensure that money is available for the reserve given the cyclical nature of the City's actual cash reserves. Member Hagler discussed the concept of a catch up provision if the City was not able to increase the reserve by 5% in one year, the additional could be caught up the following year.

City Treasurer Kuli discussed the long term nature of a policy in light of the needs of the City to have a reserve in proportion to its financial size. Chair Carlberg stated that he would like to eliminate the \$1,000,000 limit because he felt it was too much given our size. There was consensus on the matter. Treasurer Kuli questioned whether we should have an increase in the % or just go with the flat amount of \$675,000 and have it reviewed annually for adequacy. Member Hagler stated that the budget

committee or process could increase the amount, but not decrease, so that once a new amount is set, that is the floor of the reserve. The group discussed that concept and generally agreed.

d) F&M Money Market Account (Sweep Concept) Overview

A brief overview of the issue and a report back from City Manager Domer that after reviewing and discussing the concept with Bob Schoefler of F&M Bank, the City's investment policy prohibits the repurchase portion of the overnight sweep account. In addition, the rate of return would not be over that currently gained by the City in its current investment scheme.

e) FEMA Reimbursement Status

City Manager Domer gave a brief update on the funds and stated that the City would be receiving approximately 75 to 80% back but he did not expect it this fiscal year.

7. PUBLIC COMMENT

There was no public comment.

8. ADJOURNMENT

The meeting was adjourned at 9:35 AM to the next meeting date of Wednesday July 25, 2007 at 8:30 AM.