



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

INVESTMENT ADVISORY COMMITTEE

Minutes - Regular Meeting

May 28, 2008

ORDER OF BUSINESS

1. CALL TO ORDER

The meeting was called to order at 8:00 AM by Chair Carlberg.

2. ROLL CALL

The following members and attendees were present:

Dan Carlberg, Chair, Investment Advisory Committee

William Nelson, Vice-Chair, Resident Member

Joe Hagler, 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

Dennis Kuli, City Treasurer

Michelle Danaher, Finance Manager

3. PUBLIC COMMENT

No public comment.

4. DISCUSSION ITEMS

a) Addition of the Pledge of Allegiance to all IAC agendas.

Mayor Pro Tem Rheins requested that all IAC meetings begin with the Pledge of Allegiance and all IAC members concurred.

b) Review of Minutes from 5/28/08 IAC meeting.

All members approved minutes from the 5/28/08 IAC meeting as written.

c) Review of Orange County Investment Pool holdings

A general discussion on the OCIP ensued. Mayor Pro Tem Rheins noted that Whistlejacket investments had improved since the last meeting. The consensus of the Committee was that the OCIP report was exactly what OCIP had predicted and the holdings overall looked positive.

d) Review of Statement of Investment Policy

Treasurer Kuli requested that a clarification in the sentence structure be made in Section 2.14 regarding the "exception" wording. It was also suggested that the word "and" be deleted from the adoption dates. With an overall consensus of the group, Section 2.14 was verbally changed and the Finance Manager will change the wording for adoption at the June 24, 2008 Council

Meeting. Member Nelson moved that the Investment Policy be approved as verbally revised and Mayor Pro Tem Rheins seconded the motion, followed by unanimous agreement of the Committee.

e) Discussion of Minimal Reserve Balance

A general discussion was held to determine if the City could support a 4% increase in the general fund reserve balance each year. Considering a 4% rate of increase in the reserve balance versus the expected revenues less the set overhead of expenditures plus the variable steep increase annually in for the City's contractual services, the Committee recognizes that something is going to have to change.

Member Hagler brought up retrieving similar city investment policies and reviewing them to see what are their long term investment vehicles that are making these like cities' a good return. The Finance Manager will retrieve available investment policies for similar cities' for the IAC to review.

Discussion was held regarding investing the reserve balance in a longer term investment vehicle to receive a greater return on the City's investment. In light of an emergency where the City would need to pull out its monies early, the IAC discussed that the early withdrawal penalty would need to be factored in to their decision so that the fee would be out weighed by the potential in excess investment earnings. The Finance Manager will submit a copy of the Government Code to both Member Hagler and Member Chorbajian to review and bring back potential suggestions of investing at the next IAC meeting.

The Minimal Reserve Balance report was recommended by the IAC to be forwarded to the Finance Committee to be used in the process of preparing the Annual City Budget. The Finance Manger will forward a copy of the Minimal Reserve Balance report to all members of the Finance Committee.

5. PUBLIC AND MEMBER COMMENT

None.

6. ADJOURNMENT

The meeting as adjourned at 9:00 AM to the next meeting date of July 23, 2008 at 8:30 AM.