Agenda

REGULAR MEETING
OF THE
FINANCIAL ADVISORY BOARD
Tuesday May 13, 2014, 7:00 p.m.
El Cerrito City Hall
Hillside Conference Room
10890 San Pablo Avenue
El Cerrito, CA 94530

Roll Call
Convene Meeting

1. Council Liaison Report
   Report on matters of general interest, Council policies, priorities and significant actions taken by the City Council.

2. Staff Report

3. Minutes for Approval
   Approval of the April 8, 2014 FAB meeting minutes.

4. Comments from the Public
   All persons wishing to speak to items on the agenda. Remarks are typically limited to 3 minutes per person.

5. Discussion Items
   A. Review FAB FY 2014-15 Draft Budget Documents (available for review at City Hall)

6. Discuss Agenda Items for the Next Meeting

COMMUNICATION ACCESS INFORMATION
To request a meeting agenda in large print, Braille, or on cassette, or to request a sign language interpreter for the meeting, call Lisa Malek-Zadeh, Staff Liaison at 215-4312 (voice) at least FIVE (5) WORKING DAYS NOTICE PRIOR TO THE MEETING to ensure availability.
AGENDA BILL

Agenda Item No. 5(F)

Date: April 22, 2014
To: El Cerrito City Council
From: Geoff Thomas, Finance Manager
Lisa Malek-Zadeh, Finance Director/City Treasurer

Subject: Quarterly Investment Report for Period Ending March 31, 2014

ACTION REQUESTED
Receive and file the City’s Quarterly Investment Report for the period ending March 31, 2014.

QUARTERLY INVESTMENT REPORT REVIEW
The Quarterly Investment Report for January 2014 through March 2014 shows that the City’s investments had a par value of $1,721,273 as of March 31, 2014. The decrease of $59,738 from last quarter is due to the use of Solar Project proceeds of $64,768 for payments to the contractor offset by interest earned on the debt service reserves.

The City continues to have minimal investments that are not required for debt service reserves and to have limited, if any, interest earnings on restricted funds. Of the total amount invested, $2,701 is invested in the pooled funds with the State Treasurer’s Local Agency Investment Funds (LAIF); $378,572 is held in money market funds; and $1,340,000 is invested in agency debt investments.

FINANCIAL CONSIDERATIONS
The purpose of the City’s Investment Policy is to provide guidelines for prudent investment of the City’s idle funds and maximum efficiency of the City’s cash management system. The ultimate goal is to enhance the City’s economic condition while protecting the funds at all times. The City’s investments comply with the “Authorized Investments” section of the Investment Policy.

Reviewed by:

Scott Hanin
City Manager

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**TOTALS as of March 31, 2014**

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- **Street Improvement Fund**
- **Fed Home Equ Assn**
- **Money Market**
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- **Federal Home Equ Assn**
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Lisa Maril-Zanetti, Treasurer

California Government Code 53645.

I certify that this report is in compliance with the City of Chula Vista Investment Policy and that there are adequate funds available to meet the next six months of estimated expenditures as required by the City of Chula Vista.
Roll Call
Present: Boardmembers Vranich, Crump, Patterson, Bartke, Kronenberg and Mayor Abelson.
Absent: None

Chairperson Vranich convened Financial Advisory Board meeting at 7:00 p.m.

1. Council Liaison Report
   Council Liaison was not present at meeting.

2. Staff Report
   A. March 18th budget report
      Staff Liaison provided a summary of the items discussed in the March 18th Council report. Items discussed included amendments and assumptions used to update year end projections for the current fiscal year 2013-14. Staff also provided an overview of steps and issues related to development of next year’s budget for FY 2014-15 including sales tax sharing agreement with the City of Richmond, status of Utilities Users Tax and possible implementation of a 2 year budget to allow for more focus on long term planning.

   B. Review budget development calendar
      Dates included in the March 18th report.

   C. FAB recommended changes to the City’s Investment Policy and Comprehensive Financial Policies moved to April 22.
      Discussed City Manager’s concerns regarding FAB proposed language to include in financial policy stating the City should have as a goal to maintain 15 days of cash on hand without reliance on borrowed funds. While staff agrees with recommendation, hesitant to adopt a policy that we know can’t be implemented anytime soon. Staff discussed City’s cash flow issues and need to continue short term borrowing through Tax Anticipation Notes to ensure availability of funds to meet obligations until larger revenues are received in December. In order to implement recommendation, would need to reduce expenses and cut services by an additional $1 million over and above balancing measure required to balance the FY 2014-15 budget.

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Since the recommendation is stated as a goal and while FAB recognizes the difficulty in implementing, FAB still felt that the language should be included in the recommended policy changes so Council could hear the FAB's concerns.

D. 2nd Quarter Investment report postponed. Will be presented at May FAB meeting.

3. Minutes for Approval
   Approval of the March 11, 2014 FAB meeting minutes.
   Action: Moved, seconded (Bartke/Patterson)

4. Comments from the Public
   All persons wishing to speak to items on the agenda. Remarks are typically limited to 3 minutes per person.
   No members of the public present.

5. Discussion Items
   A. Review FAB resolution http://www.el-cerrito.org/DocumentCenter/View/2350
   B. Discuss new requirement for commission workplan, reviews format and possible action to adopt format (attachment).
      Item A & B discussed as one item. Intent to align workplan with authorizing FAB resolution.
      Action: Move to adopt workplan as advanced by Chair Vranich and as amended by Boardmemeber Kronberg.
      Moved, seconded (Patterson/Vranich)
      Information presented to FAB. Discussed intent of CAFR that focuses on look back, results of FY 2012-13 and staff’s process for completion of CAFR. Some issues identified included a change in the City’s bond rating.
      Discussed in item 2 under Staff report.
   E. Review Quarterly Investment Report (Postponed to May meeting)
   F. Review Cash Flow (Postponed to May meeting)
   G. Schedule additional meetings for budget discussions
      Discussed timeline for Council adoption of budget. Staff will provide draft budget (numbers only) for discussion at May 13th meeting.
City of El Cerrito Financial Advisory Board
Meeting Minutes

6. Discuss Agenda Items for the Next Meeting
   A. Provide copy of the bond rating letter (Review only)
   B. Provide 2nd Quarterly Investment

Meeting adjourned at 9:20 p.m.
November 27, 2013

City of El Cerrito
10890 San Pablo Avenue
El Cerrito, CA 94530
Attention: Ms. Lisa Malek-Zadeh, Finance Director/City Treasurer

Re: El Cerrito Public Financing Authority, (City of El Cerrito), California, Lease Revenue Bonds (City Hall Project), Series 2006

Dear Ms. Malek-Zadeh:

Standard & Poor's Ratings Services ("Ratings Services") has reviewed the rating on the above-listed obligations. Based on our review, we have lowered the underlying rating (SPUR) from "AA-" to "A+") and changed the outlook to stable from negative. A copy of the rationale supporting the rating and outlook is enclosed.

This letter constitutes Ratings Services’ permission for you to disseminate the above rating to interested parties in accordance with applicable laws and regulations. However, permission for such dissemination (other than to professional advisors bound by appropriate confidentiality arrangements) will become effective only after we have released the rating on standardandpoors.com. Any dissemination on any Website by you or your agents shall include the full analysis for the rating, including any updates, where applicable.

To maintain the rating, Standard & Poor’s must receive all relevant financial and other information, including notice of material changes to financial and other information provided to us and in relevant documents, as soon as such information is available. You understand that Ratings Services relies on you and your agents and advisors for the accuracy, timeliness and completeness of the information submitted in connection with the rating and the continued flow of material information as part of the surveillance process. Please send all information via electronic delivery to pubfin_statelocalgovt@standardandpoors.com. If SEC rule 17g-5 is applicable, you may post such information on the appropriate website. For any information not available in electronic format or posted on the applicable website,

Please send hard copies to:
   Standard & Poor’s Ratings Services
   Public Finance Department
   55 Water Street
   New York, NY 10041-0003

The rating is subject to the Terms and Conditions, if any, attached to the Engagement Letter applicable to the rating. In the absence of such Engagement Letter and Terms and Conditions, the
rating is subject to the attached Terms and Conditions. The applicable Terms and Conditions are incorporated herein by reference.

Ratings Services is pleased to have the opportunity to provide its rating opinion. For more information please visit our website at www.standardandpoors.com. If you have any questions, please contact us. Thank you for choosing Ratings Services.

Sincerely yours,

[Signature]

Standard & Poor's Ratings Services

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enclosure
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