



MINUTES

CITY OF DANA POINT

INVESTMENT REVIEW COMMITTEE

TUESDAY, OCTOBER 25, 2005

3:00 P.M.

APPROVED: These Minutes approved on December 6, 2005.

CALL TO ORDER:

Mayor Rayfield called the meeting to order at 3:00 p.m. in the Administrative Conference Room, 33282 Golden Lantern, Suite 203, Dana Point, CA 92629.

ROLL CALL: All members were present:

Committee Members

Wayne Rayfield, Mayor
Diane Harkey, Councilmember
Larry Rolapp, Public Member
James Kettler, Public Member
Doug Chotkevys, City Manager
Sharie Apodaca, Director of Administrative Services

Staff Liaison

Andy Glass, Accounting Manager

- 1. PUBLIC COMMENTS:** None
- 2. APPROVAL OF MINUTES:**
 - a.** Approve minutes of September 22, 2005.

Moved by Member Rolapp, seconded by Member Harkey and carried unanimously to approve the minutes as presented.

3. UNFINISHED BUSINESS:

- a. Receive and file City Council Agenda Report dated October 12, 2005 and related City Council Resolution No. 05-10-12-01 expanding the Investment Review Committee's scope of responsibility to include policy recommendations relative to the implementation of fiscal policies, and adopting a mission statement for the Investment Review Committee.

The report was received and filed.

- b. Review and consider financial and reserve policies from other cities and agencies; provide further direction to staff.

The Committee discussed reserve policies and a structure that would benefit the City of Dana Point. The Committee concurred with establishing a reserve fund for Capital Improvement Projects based on a five-year plan of approved projects, whereby the percentage of reserve would be incrementally reduced over the five year period based on needed funding to complete the projects. The idea of establishing a sinking fund for future capital projects was also discussed. Staff recommended maintaining the City's current designated reserve fund categories and integrating them into a new policy. Staff was directed to return with a proposed reserve structure, including a 5-year Capital Improvement Project Reserve Fund for the Committee's consideration.

4. NEW BUSINESS:

- a. Annual review of Statement of Safekeeping and Investment of Public Funds and consider proposed revisions.

Staff reported that the City's auditors had reviewed the current investment policy and recommended that language be added to Section V of the policy with respect to providing copies of quarterly investment reports to the state within sixty days after the close of each quarter. It was noted that the City is in compliance with this requirement; however felt it prudent to memorialize it in the policy.

Staff also recommended an additional revision to Section VII.G that would allow the City to invest more than 50% of the total portfolio in the Local Agency Investment Fund, under extraordinary circumstances. This recommendation stemmed from the recent receipt of \$3.6 million in proceeds as a result of the relinquishment of Pacific Coast Highway. Because the investment policy would not allow the City to exceed its authority to invest more than 50% of the total portfolio in LAIF, a portion of the proceeds had to be invested in a Treasury Note which temporarily restricts access to the funds based on maturity dates.

Moved by Member Harkey, seconded by Member Rolapp and carried unanimously to approve the recommended revisions to the investment policy as noted below, and to direct staff to schedule the policy revisions for City Council approval.

Add the following paragraph to Section V- Reporting:

"The Chief Financial Officer pursuant to Government Code Section 53646(g) shall submit copies of its second and fourth quarter Treasurer's reports to the California Debt and Investment Advisory Commission within 60 days after the close of the second and fourth quarters of each calendar year."

Add this language to Section VII.G - Local Agency Investment Fund:

"At the discretion of the City Treasurer, the 50% maximum investment ceiling in LAIF may be exceeded under extraordinary circumstances, but not for more than one-hundred twenty (120) days."

5. ADJOURNMENT:

Staff was asked to schedule on a forthcoming agenda the City's current Certificate of Participation debt issue re: Park District merger with the City.

The meeting was adjourned at 4:00 p.m.

Prepared by,

Sharie Apodaca
Director of Administrative Services