



INVESTMENT ADVISORY BOARD MINUTES March 12, 2014

CALL TO ORDER

A regular meeting of the La Quinta Investment Advisory Board was called to order at 4:00 p.m. by Chairperson Mortenson.

PRESENT: Board Members Godbey, Donais, Mortenson, Spiritos and Park

ABSENT: None

STAFF PRESENT: Interim Finance Director, Patrick Griffin, Public Works Director, Tim Jonasson, Senior Partner, Brian Gruber with Lance Soll and Lunghard (LSL) and Senior Secretary, Vianka Orrantia

PUBLIC COMMENT – None

Mr. Griffin requested that upon approval of the confirmation of the agenda that the Director's Item be the first item of discussion followed by Business Session – Item No. 1.

CONFIRMATION OF AGENDA – Confirmed

APPROVAL OF MINUTES

Approval of the Minutes of January 8, 2013

Motion – A motion was made by Board Members Spiritos/Park to approve the Minutes of January 8, 2014. Motion passed unanimously.

CONSENT CALENDAR ITEMS

1. Transmittal of Treasury Report for December 31, 2013

Mr. Griffin presented and reviewed the staff report for December 31, 2013.

Motion – A motion was made by Board Members Spiritos/Donais to review and file the Treasurer's Report for December 31, 2013 as submitted, which includes the corrected handout for page 4. Motion passed unanimously.

BUSINESS SESSION

1. Consideration of Fiscal Year 2014/2015 Investment Policy and Work Plan Items

Mr. Griffin presented the draft 2014/2015 Investment Policy and the approved 2013/2014 work plan item staff report from the previous year for the Board's review and consideration for the upcoming fiscal year. Mr. Griffin suggested that the Board bring to the next scheduled meeting any recommended changes/additions/deletions.

Board Member Mortenson recommended the following changes/additions/deletions to the policy:

Page 9: Listed under Permissible Investments and Limitations, items two and three, restriction columns, "3 - 10 years" - delete - redundancy to the maximum maturity column.

Page 9: Listed under Permissible Investments and Limitations item five, U.S. Government Agency Securities - requires restriction.

Page 18: Listed under Permissible Deposits and Investments, item six - requires restriction.

Page 19: Footnote - requires restriction.

Motion - It was moved by Board Members Donais/Spritos to continue the review of the 2014/2015 Investment Policy and Work Plan Items. Motion carried unanimously.

CORRESPONDENCE AND WRITTEN MATERIAL

1. Consideration of Fiscal Year 2012/2013 Audited Financial Statements

Senior Partner, Brian Gruber of LSL presented the Comprehensive Annual Financial Report (CAFR) for year ended June 30, 2013. Mr. Gruber informed the Board of the audit and the audit processes.

Mr. Gruber advised that the most significant impact to this year's CAFR was the decline in the cash and investments (by approximately \$45 million) as a result of the dissolution of the Redevelopment Agency (RDA). In addition, as a result of the dissolution of the RDA, several debt loans were being paid by the Successor Agency. These transactions were reviewed and denied by the Department of Finance resulting in the loans being returned to the City; therefore resulting in the reporting of these transactions within the CAFR as "extraordinary transactions."

Mr. Gruber advised that the City implemented a couple of governmental standard policies that were newly affected relating to terminology. The term "net assets" was changed to "net position," which presents information on all City of La Quinta's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the two reported as *net position*. In addition, the terms "deferred in-flows" and "deferred out-flows" were added,

separating certain line items and placing them into their own category. Mr. Gruber further advised of the change to debt issuance costs, previously when the City issued debt, the fees associated with it were amortized over the life of the debt. The new guidelines state that these fees have to be expensed in the period of the issuance of the debt.

General discussion ensued amongst the Board and staff further clarifying the reporting of the debt fees, in addition to discussion of the City's decline of the net assessed values within the last three years.

The Board and staff thanked Mr. Gruber for his attendance.

Noted and Filed

2. Month End Cash Report for January 2014 and the Pooled Money Investment Board Reports for December 2013 and January 2014

Mr. Griffin advised the Board that the handout is a revision to page 2, correcting the LAIF investment amount.

Noted and Filed

BOARD MEMBER ITEMS – None

DIRECTOR'S ITEMS:

1. Presentation on Proposed Landscape Enhancements and Assessments for North La Quinta.

Public Works Director Tim Jonasson presented the proposed Landscape Enhancements and Assessments for north La Quinta and clarified the fiscal challenges encountered in the City's efforts to maintain the quality landscaping that currently exists and the proposed solutions to these challenges.

ADJOURNMENT

There being no further business, it was moved by Board Members Park/Spritos to adjourn this meeting at 5:19 p.m. Motion passed unanimously.

Respectfully submitted,

Vianka Orrantia

Vianka Orrantia, Senior Secretary
City of La Quinta, California

