



AGENDA
Town of Atherton
CITY COUNCIL/ATHERTON CHANNEL
DRAINAGE DISTRICT
NOVEMBER 1, 2008
10:30 A.M.
Meeting Room
Town Administrative Offices
91 Ashfield Road
Atherton, California
Special Meeting

10:30 A.M. ROLL CALL Dobbie, J. Carlson, Marsala, Janz, McKeithen

10:32 A.M. PUBLIC COMMENTS

10:35 A.M. CLOSED SESSION

A. CONFERENCE WITH LABOR NEGOTIATOR – Labor negotiations pursuant to Government Code Section 54957.6

Agency Negotiators: Jerry Gruber, City Manager; Glenn Berkheimer, I.E.D.A.

Employee Organization: Miscellaneous - Teamsters Local Union 856

Agency Negotiators: Jerry Gruber, City Manager; Glenn Berkheimer, I.E.D.A.

Employee Organization: Atherton Police Officers Association (APOA)

Agency Negotiators: Jerry Gruber, City Manager; Glenn Berkheimer, I.E.D.A.

Employee Organization: Management Employees

B. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Significant exposure to litigation pursuant to subsection (b) of Government Code Section 54956.9:

One (1) potential case

RECONVENE TO OPEN SESSION

Report of action taken.

ADJOURN

Agendas and staff reports may be accessed on the Town website at: www.ci.atherton.ca.us
☛ *Please contact the City Clerk's Office at 650.752.0500 with any questions.* Pursuant to the Americans with Disabilities Act, if you need special assistance in this meeting, please contact the City Clerk at (650) 752-0500. Notification of 48 hours prior to the meeting will enable the Town to make reasonable arrangements to ensure accessibility to this meeting. (29 CRF 35.104 ADA Title II)



AGENDA
Town of Atherton
CITY COUNCIL
NOVEMBER 1, 2008

9:30 A.M.

TOWN COUNCIL CHAMBERS

94 Ashfield Road
Atherton, California

Special Meeting

9:30 A.M. 1. ROLL CALL Dobbie, J. Carlson, Marsala, Janz, McKeithen

9:32 A.M. 2. PUBLIC COMMENT

REGULAR AGENDA

9:35 A.M. 3. INVESTMENT POLICY

10:00 A.M. 4. ADOPTION OF A RESOLUTION FOR SIGNATURE AUTHORITY FOR COMERICA BANK

Recommendation: Adopt the attached resolution to update the signature cards for the Town of Atherton at Comerica Bank

10:10 A.M. 5. ADOPTION OF A RESOLUTION AUTHORIZING CERTAIN INDIVIDUALS TO CONDUCT TRANSACTIONS ON BEHALF OF THE TOWN OF ATHERTON WITH THE STATE OF CALIFORNIA LOCAL AGENCY INVESTMENT FUND (LAIF)

Recommendation: Adopt the attached resolution authorizing certain individuals to conduct transactions with the State of California Local Agency Investment Fund.

10:15 A.M. 6. ADOPTION OF A RESOLUTION FOR SIGNATURE AUTHORITY FOR THE SAN MATEO COUNTY POOL

Recommendation: Adopt the attached resolution to update the signature authority for the Town of Atherton at the San Mateo County Pool.

10:20 A.M. 7. ADJOURNMENT

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☛ *Please contact the City Clerk's Office at 650.752.0500 with any questions.* Pursuant to the Americans with Disabilities Act, if you need special assistance in this meeting, please contact the City Clerk at (650) 752-0500. Notification of 48 hours prior to the meeting will enable the Town to make reasonable arrangements to ensure accessibility to this meeting. (29 CRF 35.104 ADA Title II)



Town of Atherton

CITY COUNCIL STAFF REPORT

**TO: HONORABLE MAYOR AND CITY COUNCIL
JEROME GRUBER, CITY MANAGER**

FROM: LOUISE HO, FINANCE OFFICER

DATE: FOR THE MEETING OF NOVEMBER 1, 2008

SUBJECT: ADOPTION OF THE REVISED INVESTMENT POLICY FOR FY 2009

RECOMMENDATION

Adopt the attached revised investment policy for FY 2009.

DISCUSSION

On July 16, 2008, the City Council approved the Town's FY 2009 Investment Policy. The policy provided very limited investment options for the Town's available unexpended funds. The only allowable investments are the State of California Local Agency Investment Fund (LAIF) and the San Mateo County Pool for which the Town recently suffered an investment loss of \$552,009. The Finance Committee is recommending that the City Council approve the revised investment policy to add Certificate of Time Deposits and U.S. Treasury securities as allowable investments even though the U.S. Treasury securities yield may not be as attractive.

As to the San Mateo County Pool, the Finance Committee is recommending that the City Council approve the phase-out of this investment. The investment mix in the San Mateo County Pool is similar to LAIF but LAIF is a much bigger pool. The size of the pool provides added security. Due to the restriction placed by the San Mateo County Pool, the Town will only be able to withdraw twenty percent (20%) of the account balance per month. Currently, the Town has over \$8 million dollars invested in the Pool. To completely withdraw the fund, it will take at least five months.

The Finance Committee is further recommending that the Town invest the fund from the San Mateo County Pool in short-term U.S. Treasury bills and for the Town to explore new banking services including investment management.

FISCAL IMPACT

None

Prepared by:

Approved by:

Louise Ho
Finance Director

Jerome Gruber
City Manager

Attachment: Revised Investment Policy for FY 2009



TOWN OF ATHERTON

INVESTMENT POLICY

I. PURPOSE

This statement of investment policy is intended to provide guidelines for the prudent investment of the Town of Atherton's temporary idle cash and to outline the policies for maximizing the efficiency of the Town's cash management system. The ultimate goal is to enhance the economic status of the Town while protecting its pooled cash. The management and oversight responsibility for the Town's investments is delegated to the Finance Director and in his/her absence, the City Manager, who shall monitor and review all investments for consistency with this investment policy.

The investment policies and practices of the Town of Atherton are based on state law and prudent money management. All funds will be invested in accordance with the Town's Investment Policy and the authority governing investments set forth in the California Government Code, Sections 53601 through 53659. The investment policy for bond proceeds is contained in the relevant bond documents approved by the City Council at the time of the issuance of the debt.

II. OBJECTIVE

The Town's cash management system is designed to monitor forecasted expenditures and revenues, thus enabling the Town to invest excess funds to the fullest extent possible. The Town attempts to obtain the highest yield obtainable as long as investments meet the criteria established for safety and liquidity.

III. POLICY

Town funds not required for immediate expenditure will be invested in compliance with State law (Government Code Section 53600 et. Seq.) and this policy. The Town will maintain

adequate cash availability and maximum yield on invested idle funds while insuring that principal invested is protected.

This investment policy applies to all transactions of the financial assets of all funds of the Town of Atherton.

IV. REPORTING REQUIREMENTS

Consistent with Sections 16481.2 and 53646 of the Government Code, the Finance Director shall submit an annual Statement of Policies to the City Council for consideration at a public meeting. A copy of the approved Annual Investment Policy shall be filed with the California Debt and Investment Advisory Commission (CDIAC) as required.

In addition to the submittal of an annual Statement of Investment Policies, the Finance Director shall render to the City Council a quarterly and annual Treasurer's Report, which shall include at a minimum the following information:

- a. Type of investment instruments
- b. Issuer name
- c. Purchase date
- d. Par value
- e. Market value
- f. Book value
- g. Interest rate
- h. Portfolio yield
- i. Weighted average days to maturity
- j. Maturity date
- k. Statement of compliance with the investment policy or other appropriate document (i.e., bond documents)
- l. Statement denoting the ability of the Town to meet the expenditure requirements for the next six months, or provide an explanation as to why sufficient money shall not – or may not – be available.
- m. Performance result comparison using applicable benchmark indices

The Quarterly Treasurer's Report shall include all investments as of the end of the quarter from all funds held in the Town's portfolio, including funds held and invested by trustees, and shall be issued within 30 days after the end of the quarterly reporting period. The annual report shall be issued within 90 days of the end of the fiscal year.

The Town shall submit copies of its second and fourth quarter Treasurer's Reports to the California Debt and Investment Advisory Commission (CDIAC) within 60 days after the close of the second and fourth quarters of each fiscal year.

V. CRITERIA FOR SELECTING INVESTMENTS AND THE ORDER OF PRIORITY

1. **Safety:** Safety of principal is the foremost objective of the Town of Atherton. Each investment transaction shall seek to ensure that capital losses are avoided, whether from securities default, broker-dealer default, or erosion of market value. The Town shall seek to preserve principal by mitigating the two types of risk: credit risk and market risk.
 - **Credit risk:** Credit risk, defined as the risk of loss due to failure of the issuer of a security, shall be mitigated by investing only with issuers whose financial strength and reputation can be verified to be the highest as rated by nationally known rating agencies and by diversifying the investment portfolio so that the failure of any one issuer would not unduly harm the Town's cash flow.
 - **Market Risk:** Market risk, the risk of the market value fluctuations due to overall changes in the general level of interest rates, shall be mitigated by:
 - (a) structuring the portfolio so that securities mature earlier than or concurrent with the timing of major cash outflows, thus eliminating the need to sell securities prior to their maturity; (b) prohibiting the use of leverage and margin accounts; and prohibiting the taking of short positions that is, selling securities which the Town does not own. It is explicitly recognized herein, however, that in a diversified portfolio, occasional measured losses are inevitable, and must be considered within the context of the overall investment return.
2. **Liquidity:** An adequate percentage of the portfolio will be maintained in liquid short-term securities which can be converted to cash if necessary to meet disbursement requirements. Since all cash requirements cannot be anticipated, investments in securities with active secondary or resale markets is highly recommended. Emphasis will be on marketable securities with low sensitivity to market risk.
3. **Yield:** Yield is the potential dollar earnings an investment can provide, and is sometimes described as the rate of return. Yield will become a consideration only after the basic requirements of safety and liquidity have been met.

VI. INVESTMENT TYPES AND GUIDELINES

The Town is able to purchase and invest in the following instruments as stipulated under Section 53601 of the Government Code as well as guidelines set by the Town:

1. US Treasury Bills, Notes and Bonds
 - No limit.
 - Maturity not to exceed 5 years.
2. Certificate of Time Deposits
 - Limited to 10% of Town's total portfolio.

- Maturity not to exceed 360 days.
 - Investment must be FDIC (Federal Deposit Insurance Corporation) insured.
3. Local Agency Investment Fund
- Limit to 50% of the Town's total portfolio.
 - Limit to be reviewed monthly with Finance Committee.
 - The Local Agency Investment Fund (LAIF) was established by the State of California to enable treasurers to place funds in a pool for investments. There currently is a limitation of \$40 million per agency subject to a maximum of 10 total transactions per month. The Town of Atherton uses this fund for short-term investments and liquidity.
4. San Mateo County Pool
- The Town will no longer participate in the San Mateo County Pool once the invested fund is withdrawn.

VII. INVESTMENT PLACEMENT

Investment placement shall be determined by, but not be limited to, continual evaluation projection of market conditions, interest rate trends, cash flow needs, economic data, yield curves, and interest rate forecast. Additionally, the Finance Director will obtain at least two quotations from dealers, brokers, bank and saving the loan associations before finalizing the investment placement. The combination of these factors shall determine where, in what denominations, and for what maturity investments are made.

VIII. SELLING SECURITIES PRIOR TO MATURITY

Losses are only acceptable if the proposed swap/trade can clearly enhance yield over the life the new security on all total return basis.

Sufficient written documentation will be maintained to facilitate audit of the transaction. Losses of any, will be recognized and recorded based on the transaction date.

Louise Ho
Finance Director
Town of Atherton



Town of Atherton

CITY COUNCIL STAFF REPORT

**TO: HONORABLE MAYOR AND CITY COUNCIL
JERRY GRUBER, CITY MANAGER**

FROM: LOUISE HO, FINANCE OFFICER

DATE: FOR THE MEETING OF NOVEMBER 1, 2008

**SUBJECT: ADOPTION OF A RESOLUTION FOR SIGNATURE AUTHORITY FOR
COMERICA BANK**

RECOMMENDATION:

Adopt the attached resolution to update the signature cards for the Town of Atherton at Comerica Bank.

INTRODUCTION:

The Resolution provides signature authority for the Town's bank accounts with Comerica Bank.

DISCUSSION

Comerica Bank requires a resolution from the City Council authorizing signatories on the Town's bank accounts. Currently, the Mayor and the City Manager are the only individuals authorized to sign or conduct transactions from those accounts. For coverage when the City Manager is unavailable, staff is recommending that the Assistant City Manager and the Finance Director be added. All bank accounts require two signatures.

FISCAL IMPACT

None

Prepared by:

Approved by

Louise Ho
Finance Director

Jerome Gruber
City Manager

Attachments: Resolution

RESOLUTION

**A RESOLUTION OF THE CITY COUNCIL OF THE TOWN OF ATHERTON
APPROVING SIGNATURE AUTHORITY FOR CERTAIN INDIVIDUALS IN
REGARD TO COMERICA BANK**

WHEREAS, the City Council of the Town of Atherton has previously authorized the establishment of certain bank accounts at the Comerica Bank, Menlo Park branch; and

WHEREAS, the City Council has previously adopted a policy of requiring at least two authorized signatures on all checks issued, transfer and wire made by the Town Treasury; and

WHEREAS, the City Council wishes to designate those persons authorized to sign checks, make transfer, or wire fund on behalf of the Town; and

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the Town of Atherton approves using one stamped signature and one live signature, and authorizes the following individuals to act on the Treasury of the Town of Atherton:

Mayor of the Town of Atherton
City Manager
Assistant City Manager
Finance Director

BE IT FURTHER RESOLVED, that all previous authorizations to sign checks on behalf of the Town of Atherton are hereby rescinded.

* * * * *

I hereby certify that the foregoing Resolution was duly and regularly passed and adopted by the City Council of the Town of Atherton at a regular meeting thereof held on the day of _____, 2008, by the following vote:

AYES: **COUNCIL MEMBERS:**
NOES: **COUNCIL MEMBERS:**
ABSENT: **COUNCIL MEMBERS:**
ABSTAIN: **COUNCIL MEMBERS:**

James R. Janz, MAYOR
Town of Atherton

ATTEST:

Kathi Hamilton, Acting City Clerk

APPROVED AS TO FORM:

Marc G. Hynes, City Attorney



Town of Atherton

CITY COUNCIL STAFF REPORT

**TO: HONORABLE MAYOR AND CITY COUNCIL
JEROME GRUBER, CITY MANAGER**

FROM: LOUISE HO, FINANCE OFFICER

DATE: FOR THE MEETING OF NOVEMBER 1, 2008

**SUBJECT: ADOPTION OF A RESOLUTION AUTHORIZING CERTAIN
INDIVIDUALS TO CONDUCT TRANSACTIONS ON BEHALF OF THE
TOWN OF ATHERTON WITH THE STATE OF CALIFORNIA LOCAL
AGENCY INVESTMENT FUND (LAIF)**

RECOMMENDATION

Adopt the attached resolution authorizing certain individuals to conduct transactions with the State of California Local Agency Investment Fund.

DISCUSSION

The State of California Local Agency Investment Fund requires a resolution to authorize Town's officers to conduct transactions on behalf of the Town. Staff is recommending that the Mayor, the City Manager, the Assistant City Manager, and the Finance Director be authorized.

FISCAL IMPACT

None

Prepared by:

Approved by:

Louise Ho
Finance Director

Jerome Gruber
City Manager

Attachment: Resolution

RESOLUTION

**A RESOLUTION OF THE CITY COUNCIL OF THE TOWN OF ATHERTON
AUTHORIZING CERTAIN INDIVIDUALS TO CONDUCT TRANSACTIONS ON
BEHALF OF THE TOWN OF ATHERTON WITH THE STATE OF CALIFORNIA
LOCAL AGENCY INVESTMENT FUND (LAIF)**

WHEREAS, the Town of Atherton deposits and withdraws money in the Local Agency Investment Fund in the State Treasury; and

WHEREAS, the Town of Atherton wishes to delegate authorization to order the deposit or withdrawal of money in the Local Agency Investment Fund; and

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the Town of Atherton authorizes the following individuals to act on the Treasury of the Town of Atherton:

- Mayor of the Town of Atherton
- City Manager
- Assistant City Manager
- Finance Director

BE IT FURTHER RESOLVED, that all previous authorizations to act on behalf of the Town of Atherton are hereby rescinded.

* * * * *

I hereby certify that the foregoing Resolution was duly and regularly passed and adopted by the City Council of the Town of Atherton at a regular meeting thereof held on this the day of , 2008, by the following vote:

<i>AYES:</i>	<i>Council Members:</i>
<i>NOES:</i>	<i>Council Members:</i>
<i>ABSENT:</i>	<i>Council Members:</i>
<i>ABSTAIN:</i>	<i>Council Members:</i>

James R. Janz, MAYOR
TOWN OF ATHERTON

ATTEST:

Kathi Hamilton, Acting City Clerk

APPROVED AS TO FORM:

Marc G. Hynes, City Attorney



Town of Atherton

CITY COUNCIL STAFF REPORT

**TO: HONORABLE MAYOR AND CITY COUNCIL
JERRY GRUBER, CITY MANAGER**

FROM: LOUISE HO, FINANCE OFFICER

DATE: FOR THE MEETING OF NOVEMBER 1, 2008

**SUBJECT: ADOPTION OF A RESOLUTION FOR SIGNATURE AUTHORITY FOR
THE SAN MATEO COUNTY POOL**

RECOMMENDATION:

Adopt the attached resolution to update the signature authority for the Town of Atherton at the San Mateo County Pool.

INTRODUCTION:

The Resolution provides signature authority for the Town's account with the San Mateo County Pool.

DISCUSSION

San Mateo County Pool requires a resolution from the City Council authorizing signatories on the Town's pool account. Staff is recommending that the Mayor, the City Manager, the Assistant City Manager, and the Finance Director be approved to act on behalf of the Town in regard to the San Mateo County Pool.

FISCAL IMPACT

None

Prepared by:

Approved by

Louise Ho
Finance Director

Jerome Gruber
City Manager

Attachments: Resolution

RESOLUTION

**A RESOLUTION OF THE CITY COUNCIL OF THE TOWN OF ATHERTON
AUTHORIZING CERTAIN INDIVIDUALS TO CONDUCT TRANSACTIONS ON
BEHALF OF THE TOWN OF ATHERTON WITH THE
SAN MATEO COUNTY POOL**

WHEREAS, the Town of Atherton deposits and withdraws money in the San Mateo County Pool; and

WHEREAS, the Town of Atherton wishes to delegate authorization to order the deposit or withdrawal of money in the San Mateo County Pool; and

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the Town of Atherton authorizes the following individuals to act on the Treasury of the Town of Atherton:

- Mayor of the Town of Atherton
- City Manager
- Assistant City Manager
- Finance Director

BE IT FURTHER RESOLVED, the City Council adopts a policy of requiring at least two authorized signatures on all withdraws of money; and

BE IT FURTHER RESOLVED, that all previous authorizations to act on behalf of the Town of Atherton are hereby rescinded.

* * * * *

I hereby certify that the foregoing Resolution was duly and regularly passed and adopted by the City Council of the Town of Atherton at a regular meeting thereof held on this the day of , 2008, by the following vote:

<i>AYES:</i>	<i>Council Members:</i>
<i>NOES:</i>	<i>Council Members:</i>
<i>ABSENT:</i>	<i>Council Members:</i>
<i>ABSTAIN:</i>	<i>Council Members:</i>

James R. Janz, MAYOR
TOWN OF ATHERTON

ATTEST:

Kathi Hamilton, Acting City Clerk

APPROVED AS TO FORM:

Marc G. Hynes, City Attorney