



Town of Atherton
FINANCE COMMITTEE
DRAFT MINUTES
November 14, 2017
2:00 PM
TOWN COUNCIL CHAMBERS
94 Ashfield Road
Atherton, California

PLEASE NOTE: *Times listed on the Agenda are approximate; items may be taken up out of order.*

1. ROLL CALL

Bob Polito, Jeffrey Lee, Yogesh Amle, Ann Yvonne Walker, Devika Patil,
Michael Lempres, Cary Weist

Present: Polito, Lee, Amle, Patil, Lempres, Wiest

Excused: Walker

2. PUBLIC COMMENT

No Public Comment

REGULAR AGENDA

3. Review and Approve Draft Minutes of September 12, 2017 Finance Committee
Motion by chair Polito, seconded by Mr. Lee; All in Favor
4. Review and Approve Draft Minutes of September 18, 2017 Special Finance Committee
Motion by chair Polito, seconded by Mr. Lee; All in Favor
5. Review presentation of Atherton Property Taxes for Fiscal Year 2017/18 by Paula Cone of HDL Companies.
This was a review of the Atherton Property Tax analysis for FY 2017/18 performed by HDL companies. Paul Cone presented the analysis and communicated the total growth in values from FY 2016/17 to 2017/18 was \$707.5 Million. The net taxable value for the Town increase 7.4% as residential values increased \$686 Million. This was the 7th year of significant growth and has grown by total approximate 60 percent. Future growth will continue to be tied to new construction values and sales transfers. Mrs. Cone indicated that prop 8 restorations have been almost fully restored with only 35 homes left below their prop 13 values. This was the first year out of the past 6 years the town did not outpace the

percentage in San Mateo County. Atherton homes that are selling are seeing prices well over the average in the County. Residential increases were mainly due to the resale of residential properties or a purchase, demo and rebuild for sale of sites. Sales were higher than assessor's values or from the addition of new improvements. The total value of all properties in Atherton is \$10.2 Billion. It was indicated that the increase in sales transactions in 2017 YTD is \$221 million which is equivalent of 2.16%. Couple with CPI of 2% without factoring any additional construction the Town can expect to see a minimum increase of 4.16% for FY 2018-19. This was a receive and file discussion presentation

6. Presentation by Cutwater (Insight) Investment Program review of Town. Review statement of investment policy and if appropriate make any recommendations of changes to Statement of Investment Policy for City Council approval.

This was a review of the Town investment program by Insight Asset Management group and yearly review of the Town statement of investment policy. As of September 30, 2017, the total investment portfolio for the Town is \$18,976,169, with a total investments including LAIF and cash of \$34,263,864. Dave Witthohm, Senior Portfolio manager was in attendance to discuss the investment program, outlook of the economy and liquidity suggestions. Indications are that the Federal Reserve would have one more interest rate increase within the next year. This would result in the overnight rate will be over 2 percent next year if the fed increases the interest rates. It was discussed that this was the third longest recovery in the last 100 years. Other economic indicators discussed is that economic activity could slow down in the next 18 months. Inflation has been relatively stable that's why we haven't interest rates go up. They have been holding for almost 10 years and indications that it may change. Annualized return on investments approximately 1.2%. Staff discussed the investment policy for review as is required at least annually, to ensure its consistency with the overall objectives of preservation of principal, liquidity, yield and diversification and its relevance to current law and economic trends. It is also done for possible recommendations of changes to the policy. This does not constitute that changes need to take place within the policy. Staff believes the policy is well positioned. However recommended discussion on one minor change of the policy in the area of medium-term corporate investments. Discussion focused to update the minimum investment requirement on investing in AA for Medium-Term Notes to "A" ratings (page 3 of policy). This rating covers the entire range of A rated securities from A1, A2, A3. This is important as this gives the town the maximum flexibility with the corporate notes. No other recommendations were made to other investment instruments in the policy other than discussion to change medium term notes to "A" ratings. Staff discussed as major capital improvement projects such as the Town Civic center move forward, any maturing investments may not be reinvested as quickly and or transferred

to LAIF. Usually when investments mature, it is policy to reinvest funds within our current investment instruments of our Investment Policy. After discussion staff asked if there was a recommendation to make the presented changes to the investment policy. The committee was not in favor of making changes. All in Favor of not to make changes to the Investment Policy.

7. Next Meeting Date, Future Agenda Items and Time- February 6 or February 13

8. Adjourn Motion by chair Polito, seconded by Mr. Lee; All in Favor 3:30pm

☞ Please contact the City Clerk's office at (650) 752-0500 with any questions

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