

Redevelopment Agency Board:
Chair Steven Veres
Vice-Chair Mario F. Hernández
Member Ernesto Rubio Hernández
Member Maribel De La Torre
Member Brenda Esqueda

Executive Director:
Mary Strenn



SAN FERNANDO REDEVELOPMENT AGENCY

AGENDA

FEBRUARY 1, 2010 - 6:00 P.M.

**CITY COUNCIL CHAMBER
117 MACNEIL STREET
SAN FERNANDO, CA 91340**

CALL TO ORDER/ROLL CALL

APPROVAL OF AGENDA

PUBLIC STATEMENTS

There will be a three (3) minute limitation per each member of the audience who wishes to make comments in order to provide a full opportunity to every person who desires to address the Agency Board.

CONSENT CALENDAR

Items on the Consent Calendar are considered routine and may be disposed of by a single motion to adopt staff recommendation. If a member of the Agency Board wishes to discuss any item, it should first be removed from the Consent Calendar.

- 1) **APPROVAL OF MINUTES OF JANUARY 19, 2010 – REGULAR MEETING**
- 2) **APPROVAL OF RESOLUTION NO. 1060 TO REIMBURSE THE CITY FOR REDEVELOPMENT EXPENSES**

Recommend approval of Resolution.

- 3) **INVESTMENT POLICY**

Recommend that the Agency approve the annual Investment Policy.

SAN FERNANDO REDEVELOPMENT AGENCY**AGENDA – February 1, 2010****Page 2****AGENCY DISCUSSION****STAFF COMMUNICATION****CLOSED SESSION**

CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION (G.C. 54956.9(a))

The City Council finds, based on advice from legal counsel, that discussion in open session will prejudice the position of the local agency in the litigation.

Name of Case: Wilshire Ventures Corporation, a California Corporation and Calmex Development LLC, a California limited liability company v. City of San Fernando, California

Case No.: BC 401671

ADJOURNMENT

I hereby certify under penalty of perjury under the laws of the State of California, that the foregoing agenda was posted on the City Hall bulletin board not less than 72 hours prior to the meeting.

Elena G. Chávez, Secretary

Signed and Posted: January 28, 2010 (5:00 p.m.)

Agendas and complete Agenda Packets (including staff reports and exhibits related to each item) are posted on the City's Internet Web site (www.sfcity.org). These are also available for public reviewing prior to a meeting in the City Clerk's Office.

Any public writings distributed by the Redevelopment Agency to at least a majority of the Agency Members regarding any item on this regular meeting agenda will also be made available at the City Clerk's Office at City Hall located at 117 Macneil Street, San Fernando, CA, 91340 during normal business hours. In addition, the City may also post such documents on the City's Web Site at www.sfcity.org.

In accordance with the Americans with Disabilities Act of 1990, if you require a disability-related modification/accommodation to attend or participate in this meeting, including auxiliary aids or services please call the City Clerk's Office at (818) 898-1204 at least 48 hours prior to the meeting.

**SAN FERNANDO REDEVELOPMENT AGENCY
MINUTES**

**JANUARY 19, 2010 - 6:00 PM
REGULAR MEETING**

City Hall Council Chamber
117 Macneil Street
San Fernando, CA 91340

CALL TO ORDER/ROLL CALL

Chair Steven Veres called the meeting to order at 7:16 p.m.

Present:

Agency: Chair Steven Veres, Vice-Chair Mario F. Hernández and Members Ernesto Rubio Hernández, Brenda Esqueda, Maribel De La Torre

Staff: Executive Director Mary Strenn, Agency Counsel Michael Estrada, and Secretary Elena G. Chávez

APPROVAL OF AGENDA

Motion by Member E. Hernández, seconded by Chair Veres, to approve the agenda. By consensus, the motion carried.

PUBLIC STATEMENTS – WRITTEN/ORAL

None.

CONSENT CALENDAR

Motion by Member De La Torre, seconded by Chair Veres, to approve the following Consent Calendar items. By consensus, the motion carried.

- 1) APPROVAL OF MINUTES OF:
 - a) NOVEMBER 16, 2009 – REGULAR MEETING
 - b) DECEMBER 7, 2009 – REGULAR MEETING

SAN FERNANDO REDEVELOPMENT AGENCY**MINUTES – January 19, 2010****Page 2**

- 2) APPROVAL OF RESOLUTION NO. 1057 TO REIMBURSE THE CITY FOR REDEVELOPMENT EXPENSES
- 3) REDEVELOPMENT AGENCY (RDA) ANNUAL FINANCIAL REPORTS

NEW BUSINESS

- 4) FISCAL YEAR (FY) 2009-2010 MID-YEAR BUDGET REVIEW AND APPROVAL OF RELATED ACTIONS

Ms. Strenn presented the staff report.

Motion by Member De La Torre, seconded by Member Esqueda to:

- a) Receive and file the FY 2009-10 Mid-Year Budget Review Report;
- b) Authorize adjustments to FY 2009-10 budget revenues and expenditures, and adopt a Resolution amending the FY 2009-10 Adopted Budget;
- c) Approve an inter project area investment through the Public Financing Authority from Project Areas 2 (\$259,951) and 4 (\$238,541) into Project Area 1 subject to final approval of documents by the Agency and Public Financing Authority;
- d) Approve an investment of \$463,100 from the City's Sewer Enterprise Fund into Project Areas 2 and 4 subject to final approval of documents by the City, Agency and Public Financing Authority; and
- e) Adopt a Resolution approving a loan of \$2,063,811 from the Housing Fund to make the payment to the Supplemental Educational Revenue Augmentation Fund (SERAF) required by ABx4 26.

By consensus, the motion carried.

AGENCY DISCUSSION None

STAFF COMMUNICATION None

ADJOURNMENT (7:31 P.M.)

By consensus, the meeting was adjourned.

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I do hereby certify that the foregoing is a true and correct copy of the minutes of January 19, 2010 meeting as approved by the San Fernando Redevelopment Agency.

Elena G. Chávez
Secretary

RESOLUTION #1060

A RESOLUTION TO REIMBURSE THE CITY OF SAN FERNANDO FOR
EXPENSES MADE ON BEHALF OF THE REDEVELOPMENT AGENCY
IN ACCORDANCE WITH APPROVED REIMBURSEMENT AGREEMENTS.

PAYEE	PURPOSE	FUND	AMOUNT	TOTAL
SPECIAL CHECKS:				
		<i>SUB-TOTAL</i>		<i>\$0.00</i>
WARRANT REGISTER:				
LOS ANGELES COMMUNITY COLLEGE	TAX SHARING FEES FOR PROJECT 4	93-190-0000-4283	\$265.46	
L.A. UNIFIED SCHOOL DISTRICT	TAX SHARING FEES FOR PROJECT 4	93-190-0000-4283	\$1,829.55	
LA COUNTY OFFICE OF EDUCATION	TAX SHARING FEES FOR PROJECT 4	93-190-0000-4283	\$14.70	
LOCAL EDUCATIONAL AGENCY	TAX SHARING FEES FOR PROJECT 4	93-190-0000-4283	\$2,751.81	
RICHARDS, WATSON & GERSHON	LEGAL SERVICES	91-190-0000-4270	\$3,359.00	
STRENN CORPORATION	MANAGEMENT OF RDA AGENCY & RDA FUNCTIONS 01/12/10 THRU 01/21/10	80-105-0000-4270	\$808.60	
		82-105-0000-4270	\$808.60	
		92-105-0000-4270	\$1,617.18	
		94-105-0000-4270	\$1,617.18	
		95-105-0000-4270	\$1,617.19	
		<i>SUB-TOTAL</i>		<i>\$14,689.27</i>

RESOLUTION #1060

A RESOLUTION TO REIMBURSE THE CITY OF SAN FERNANDO FOR
EXPENSES MADE ON BEHALF OF THE REDEVELOPMENT AGENCY
IN ACCORDANCE WITH APPROVED REIMBURSEMENT AGREEMENTS.

PAYEE	PURPOSE	FUND	AMOUNT	TOTAL
FUND SUMMARY:				
	80 CAPITAL PROJECTS		\$808.60	
	81 PROJECT 1 - TAX ALLOCATION		\$0.00	
	82 PROJECT 1 - PROJECT FUND		\$808.60	
	83 PROJECT 1A - DEBT SERVICE		\$0.00	
	85 PROJECT 2 - TAX ALLOCATION		\$0.00	
	86 PROJECT 2 - TAX ALLOCATION		\$0.00	
	88 PROJECT 3 - TAX ALLOCATION		\$0.00	
	89 PROJECT 3 - PROJECT		\$0.00	
	91 PROJECT 3A - TAX ALLOCATION		\$3,359.00	
	92 PROJECT 3A - PROJECT FUND		\$1,617.18	
	93 SFRA AREA 4-DEBT SERVICE		\$4,861.52	
	94 LOW INCOME HOUSING FUND		\$1,617.18	
	95 SFRA AREA 4-PROJECT FUND		\$1,617.19	
	TOTAL		\$14,689.27	

Approved by the Agency Board on: February 1, 2010

AYES:
NOES:
ABSENT:

REDEVELOPMENT AGENCY CHAIR
CITY OF SAN FERNANDO

ATTEST:

ELENA G. CHAVEZ, SECRETARY
CITY OF SAN FERNANDO

CITY TREASURER'S OFFICE**MEMORANDUM**

TO: Mayor Steven Veres and Councilmembers
Chair Steven Veres and Agencymembers

FROM: Robert R.Ordelheide, City Administrator
Mary Strenn, Executive Director
By: Margarita Solis, City Treasurer

DATE: February 1, 2010

SUBJECT: Investment Policy

RECOMMENDATION:

It is recommended that the City Council/Redevelopment Agency approve the annual Investment Policy (Attachment“ A”).

BACKGROUND:

1. On January 1, 1996, SB 564 went into effect which requires that the City Treasurer render annually to the legislative body for consideration at a public meeting, a statement of investment policy.
2. Since 1996, the Investment Policy has been reviewed annually by the City Administrator, Finance Director and City Treasurer and has been presented to the City Council for approval.
3. Since 1996 the Investment Policy has been adopted annually by the City Council only, however, the policy's investment strategy applies to both City and Redevelopment funds.
4. In January 2010, the policy was reviewed and accepted by the City Administrator Robert R. Ordelheide, Executive Director Mary Strenn, Senior Accountant Andrea Mevik and City Treasurer Margarita Solis.

ANALYSIS:

There were no changes made to the Investment Policy from the previous year. Due to the current economic crisis, the Federal Deposit Insurance Corporation (FDIC) has increased the insurance from \$100,000 to \$250,000 and extended it through December 31, 2013.

Investment Policy
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CONCLUSION:

Approval of the annual Investment Policy will ensure compliance with SB 564 requirements.

BUDGET IMPACT:

None:

ATTACHMENT:

A. Investment Policy

ATTACHMENT "A"**CITY OF SAN FERNANDO
STATEMENT OF INVESTMENT POLICY****PURPOSE**

This statement is intended to provide guidelines for the prudent investment of the City's temporary idle cash, and outline the policies for maximizing the efficiency of the City's cash management system. The ultimate goal is to enhance the economic status of the City while protecting its pooled cash.

OBJECTIVE

The City's cash management system is designed to accurately monitor and forecast expenditures and revenues, thus enabling the City to invest funds to the fullest extent possible. The City attempts to earn the highest yield obtainable while keeping within the investment criteria established for the safety and liquidity of public funds.

POLICY

San Fernando operates its temporary pooled idle cash investment under the prudent investor standard (i.e., such a trustee must act with the "care, skill, prudence and diligence..that a prudent investor...would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency"). This affords the City a broad spectrum of investment opportunities as long as the investment is deemed prudent and allowable under current legislation of the State of California (Government Code Section 53600 et seq.)

The Government Code permits, subject to limitations, investments in the following instruments:

- Securities of the U.S. Government, or its agencies
- Small Business Administration Loans
- Certificates of Deposit (or Time Deposits) placed with commercial banks and/or Savings and Loan companies.
- Negotiable Certificates of Deposit
- Bankers Acceptances
- Commercial Paper
- Local Agency Investment Fund (State Pool) Demand Deposits

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- Repurchase Agreements (Repos)
- Passbook Savings Account Demand Deposits
- Revenue Repurchase Agreements

Criteria for selecting investments and the order of priority are:

1. **SAFETY** – The safety and risk associated with an investment refers to the potential for loss of principal, interest or both. Protection of the public funds entrusted to the Treasurer is the paramount criteria used to evaluate the investment instruments available.
2. **LIQUIDITY** – This refers to the ability to convert an investment to cash at any moment in time with minimal risk of forfeiting a portion of principal or interest. Liquidity is an essential investment requirement especially in light of the City's need to be able to meet emergency financing demands of the community at any time.
3. **YIELD** – Yield is the potential dollar earnings an investment can provide, and sometimes is described as the rate of return. As a general rule, yields tend to mirror the inherent risk and liquidity characteristics of the particular investment and thus can only be evaluated after those investment criteria are satisfied.

Types of Investments

The City purchases Government and agency paper which are the highest quality investments available in terms of safety and liquidity. Also, Certificates of Deposit that are federally insured or collateralized with Government Securities are purchased. Only Bankers Acceptance eligible for purchase by the Federal Reserve System and direct issue commercial papers with Moody's A-1 rating and Standard & Poor's P-1 rating are purchased.

Considerations for Investments

The City attempts to obtain the highest yield possible when selecting investments, providing that criteria for safety and liquidity are met. Ordinarily, because investments normally carry a positive yield curve, (i.e., longer term investments have higher rates than shorter maturities), the City attempts to stagger its maturities to meet anticipated cash needs in such a way that new investment money can be placed in maturities that carry a higher rate that is available in the short market of 30 days or under. Furthermore, maturities are selected to anticipate cash needs of the City, thereby obviating the need for forced liquidation.

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City Constraints

The Treasurer manages the City's investment portfolio with many State and self-imposed constraints. He/she does not speculate, deal in futures or options, or buy stocks. Longer term investments (i.e., over one year) are limited to maturities of five years or less.

The City strives to maintain the level of investment of all funds as near 100% as possible, through daily and projected cash flow determinations. Idle cash management and investment transactions are the responsibility of the City Treasurer after consultation with the Finance Director.

Other requirements and limitations for specific types of investments are shown in Appendix "A".

The basic premise underlying the City's investment philosophy is, and will continue to be, to insure that money is always safe and available when needed.

The City Treasurer or the Deputy Treasurer and/or Finance Director in the absence of the City Treasurer shall continually review the financial condition of proposed depositories of City funds. The City should demand a copy of the latest financial statements and audit reports prior to investment and any reports issued during the period of the investment.

Appendix "A"**Investment Policy
February 1, 2010****CITY OF SAN FERNANDO
INVESTMENT STRATEGY**

1. When making an investment decision, the purchase of an investment is made with the intent of holding that investment to maturity.
2. Cash flow projections are fully utilized to balance the liquidity needs at all times.
3. At least bi-weekly, economic forecasts are obtained from financial experts in the field through bankers and brokers.
4. Close rapport is maintained with the City Administrator, Finance Director, Public Works and other departments having a significant impact on cash flow.
5. The City will invest all City and Redevelopment funds and the estimated checking accounts float, except for those amounts required by the City's banks to pay for bank services furnished to the City.
6. Depending on market conditions, time deposits are maintained in commercial banks and savings and loan institutions. Particular attention is paid to investment opportunities available from financial institutions within the City of San Fernando so as to contribute to the economic vitality of the community.
7. Safekeeping: Securities purchased from brokers/dealers shall be held in third party safekeeping by the Trust department of Union Bank of California who is the City's third party custodian. Said securities shall be held in the name of the City of San Fernando with the trustee executing investment transactions as directed by the Treasurer.
8. Guidelines for approved types of investments are:

CERTIFICATES OF DEPOSIT: Cash will be invested only in FDIC Insured, Certificates of Deposit or fully collateralized Certificates of Deposit. Collateral for a given investment must be 110% of principal for government securities collateral and 150% of principal for first mortgage collateral. No more than 1% of the portfolio, not to exceed \$1million, shall be invested in any one institution. An institution must meet the following criteria to be considered by the City:

For investments greater than \$100,000 the institution must maintain \$100 million in assets. For investments greater than \$300,000 the institution must maintain at least \$300 million in assets.

The city will not invest in any institution less than five years old.

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The institution must maintain a net worth to asset ratio of at least 3% for Savings and Loan, 6% for Banks, and a positive earnings record.

Investments in Certificates of Deposit shall not exceed a term of five years.

Thrift savings institutions shall follow the same requirements as applied to savings and loan investments.

BANKERS ACCEPTANCES: The City will only invest through the 15 largest banks in the United States or the 100 largest banks in the world (in terms of assets). Such investments shall not exceed 180 days maturity or 40% of the City's portfolio. The maximum investment with any one institution will not exceed the lesser of \$1 million or 30% of the City's portfolio.

TREASURY BILLS & NOTES: The City will require safekeeping documentation of the treasury instrument in Union Bank of California Trust Account in the City's name. Union Bank of California is the third party custodian for the City of San Fernando.

GOVERNMENT AGENCY SECURITIES: The City will require physical delivery of these securities to Union Bank of California Trust Account in the City's name. Such securities including Government National Mortgage Assn., Federal National Mortgage Assn., Federal Land Bank and Federal Farm Credit Banks, are permitted with the approval of the City Treasurer and Administrative Services Director. Total investments in these types of documents shall be limited to forty-five (45) percent of the total investment portfolio of the City.

COMMERCIAL PAPER: The City will require physical delivery of these securities to Union Bank of California Trust Account in the City's name. Commercial paper will be used solely as a short-term investment not to exceed 15 days. A rating of Standard and Poors A-1 or Moody's P-1 is required. The City will only invest in the largest 15 banks (in terms of total assets) in the United States which meet the requirements of Government Code section 53601(g). The investment in any one institution will not exceed \$500,000 and purchases of eligible commercial paper may not exceed 15% of the City's portfolio.

STATE LOCAL AGENCY INVESTMENT FUND: The investment with the Local Agency Investment Fund may not, by State regulation, exceed \$15 million.

PASSBOOK SAVINGS ACCOUNTS: Savings accounts shall be maintained for accounts under \$100,000 that are received too late in the day to invest in other instruments.

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9. Prohibited and Restricted Investments: The City will not invest in derivative-type Investments which are now prohibited by law, viz., inverse floaters, range notes, interest-only strips derived from a mortgage pool, equity linked securities, swaps, margin/leveraging, and any security that could result in zero interest accrual if held to maturity. The City will not invest in reverse repurchase agreements. The City will not engage in speculative buying.

10. The investment plan and strategy are reviewed and updated as needed, and no less often than annually.