

MINUTES

SPECIAL MEETING—FRIDAY, DECEMBER 6, 2024
ATRIUM CONFERENCE AT CITY HALL, 500 CASTRO STREET
9:00 A.M.

1. CALL TO ORDER

Chair Matichak called the meeting to order at 9:00 a.m.

2. ROLL CALL

Present: Committee members Steven Permut, Doug Radtke, Lucas Ramirez, Emily Ramos, and Chair Lisa Matichak.

Absent: None.

3. MINUTES APPROVAL

Motion—M/S Ramirez/Matichak—Carried 5-0—To approve the minutes for the Special Meeting of October 30, 2023.

4. ORAL COMMUNICATIONS FROM THE PUBLIC— Mr. Bruce England provided public comment and suggested that the City consider limiting its investments through Environmental, Social, and Governance (ESG) policies, specifically to avoid investments related to military equipment.

5. DISCUSSION/ACTION ITEMS

5.1 PRESENTATION OF STATUS OF THE CITY'S PORTFOLIO AND INVESTMENT POLICY (VERBAL PRESENTATION, NO STAFF REPORT)

Bill Dennehy, Co-Chief Investment Officer of Chandler Asset Management, provided a presentation on the City's investment practices and investment policy. He also delivered an economic update covering the current job market, job growth trends, wage inflation, interest rate outlook, housing market conditions, key market indices, and the inflation forecast. In addition, he provided financial updates on the performance and status of the City's portfolio through September 30, 2024.

5.2 REPORT FROM INVESTMENT REVIEW COMMITTEE AND PROPOSED CHANGES TO THE INVESTMENT POLICY

Finance and Administrative Services Director Derek Rampone presented the draft Investment Review Committee report and proposed updates to the City's Investment Policy to allow for Medium-Term (Corporate) Notes rated as "A" or higher, as well as various clean-up revisions of language in the Investment Policy.

Acting Revenue Manager Elliot Young reviewed the highlights of the Annual Investment Report as of June 30, 2024, for Fiscal Year 2023-24.

Assistant Finance and Administrative Services Director Grace Zheng discussed the proposed changes to the Investment Policy and addressed the staff recommendations on the following items:

1. Medium-Term Notes – staff recommended lowering the City's rating requirement for medium-term corporate notes from "AA" to "A" to align with the broader investment options allowed under state law, while maintaining the existing 15% limit. This limit can be reassessed once the City has successfully expanded its investments in corporate notes under the revised criteria.
2. Mortgage-Backed and Asset-Backed Security – staff recommended keeping the existing policy, which limits investments to those issued by the U.S. Government, due to the higher risk associated with private sector securities.

Committee Member Doug Radtke suggested removing 10.1.9 *Passbook Accounts*, from the Investment Policy, since such accounts are no longer in use. He also recommended spelling out "three" instead of using the numeral "3" in Section 14.1.9 for consistency.

Mr. Radtke further commented on the proposed changes in Section 14, emphasizing the importance of ensuring the Committee's compliance with California state requirements. Mr. Bill Dennehy confirmed that Chandler Asset Management provides a monthly compliance report to City staff, which fulfills the State's reporting requirement.

Chair Matichak reiterated the changes and suggested leaving in at least two of the three rating agencies and not changing that to National Recognized Statistical Rating Organization (NRSRO).

Motion—M/S Ramirez/Matichak—Carried 5-0—Move to approve the proposed changes to the draft with the recommended updates.

6. **COMMITTEE/STAFF COMMENTS, QUESTIONS, COMMITTEE REPORTS-** None

7. **ADJOURNMENT**

The meeting was adjourned at 10:06 a.m.

These Minutes are hereby submitted for approval by Victoria Labrador, Recording Secretary.

Approved on 10/22/2025.

~~VL/6/FIN~~

~~540-05-20-24mn~~