

REGULAR MEETING MINUTES



Date: 7/17/2025
Time: 5:30 p.m.
Location: Teleconference and
City Hall Downtown Conference Room, 1st Floor
701 Laurel St., Menlo Park, CA 94025

A. Call To Order

Commissioner Melahn called the meeting to order at 5:34 p.m.

B. Roll Call

Present: Altman, Dey, Emery, Melahn, Velagapudi
Absent: Albright, Garton
Staff: Administrative Services Director Brittany Mello, Finance and Budget Manager Jared Hansen, Senior Accountant Ying Chen, Management Analyst II Adrian Patino

C. Public Comment

None.

D. Consent Calendar

D1. Approve the April 17 Finance and Audit Commission regular meeting minutes (Attachment)

ACTION: Motion and second (Dey/ Emery), to approve the consent calendar, passed 4-0-3 (Albright and Garton absent, Altman abstaining).

E. Regular Business

E1. Select a Chair and Vice Chair

Management Analyst II Adrian Patino made the presentation (Attachment).

ACTION: By acclamation, the Commission selected Jayanta Dey to serve as chair and Laura Melahn to serve as vice chair (Albright and Garton absent).

E2. Review of the City's investment policy (Staff Report #25-005-FAC)

Insight Investment Senior Portfolio Manager Mary Donovan introduced the item.

The Commission received clarification on the goals of the investment policy, the City's investment policy compared to peer agencies, the transfer of funds in and out of the investment portfolio, the relationship of the investment portfolio with the City's annual budget, reinvestment of mature securities, environmental, social, and governance (ESG) ratings, confirmation of no changes from the previous year's policy and the Commission's role in review of the policy.

ACTION: Motion and second (Velagapudi/ Emery), to recommend the investment policy to the City Council, passed 5-0-2 (Albright and Garton absent).

- E3. Review the investment portfolio reports for June 30 and recommend receipt by City Council (Staff Report #25-006-FAC)

Insight Investment Associate Portfolio Manager Mike Morin made the presentation (Attachment).

The Commission received clarification on the correlation between ESG ratings and portfolio performance.

ACTION: Motion and second (Emery/ Velagapudi), to recommend the investment policy to the City Council, passed 5-0-2 (Albright and Garton absent).

- E4. Review and prepare Finance and Audit Commission annual report out to City Council (Staff Report #25-007-FAC)

Management Analyst II Adrian Patino introduced the item.

The Commission received clarification on the work plan.

The Commission discussed the draft presentation and designated Chair Dey to provide the report out to the City Council.

F. Committee/Subcommittee Reports

None.

G. Informational Items

- G1. Quarterly update on City grant funding (Attachment)

The Commission discussed the addition of the funding period of grant awards and the uncertainty of grant funding.

- G2. Next regular meeting: Oct. 16, 2025

The Commission received clarification on the regular meeting schedule and the process for scheduling special meetings.

H. Adjournment

Vice Chair Melahn adjourned the meeting at 6:55 p.m.

Management Analyst II Adrian Patino

Minutes approved at the October 16, 2025 Finance and Audit Commission meeting

Selection of Chair and Vice Chair

Chair and Vice Chair Selection

- Per City Council Policy CC-24-004: Selection of chair and vice chair
 - The chair and vice chair shall be selected in May of each year by a majority of the members and shall serve for one year or until their successors are selected.
 - Each commission/committee shall annually rotate its chair and vice chair.
- The chair of each commission/committee shall preside at all meetings and the vice chair shall assume the duties of the chair when the chair is absent.



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City of Menlo Park Investment Management Program Review

July 2025



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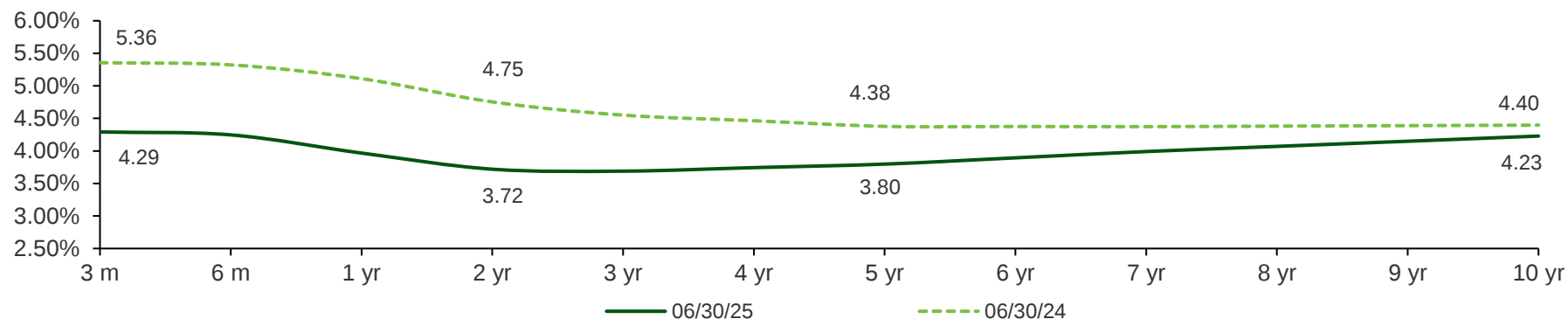
Market environment and strategies

Market environment and strategies

US economic indicators



Comparative historical yield curves



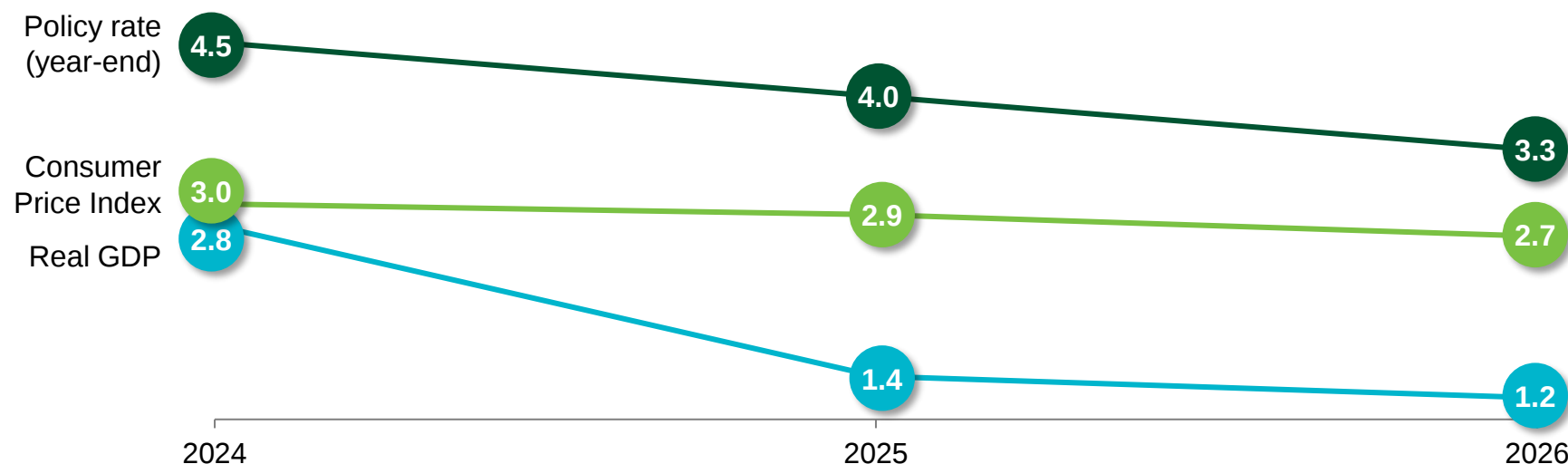
Two-year and ten-year Treasury yields: June 2020-YTD 2025



Source: Bloomberg LP, June 30, 2025.

Key takeaways

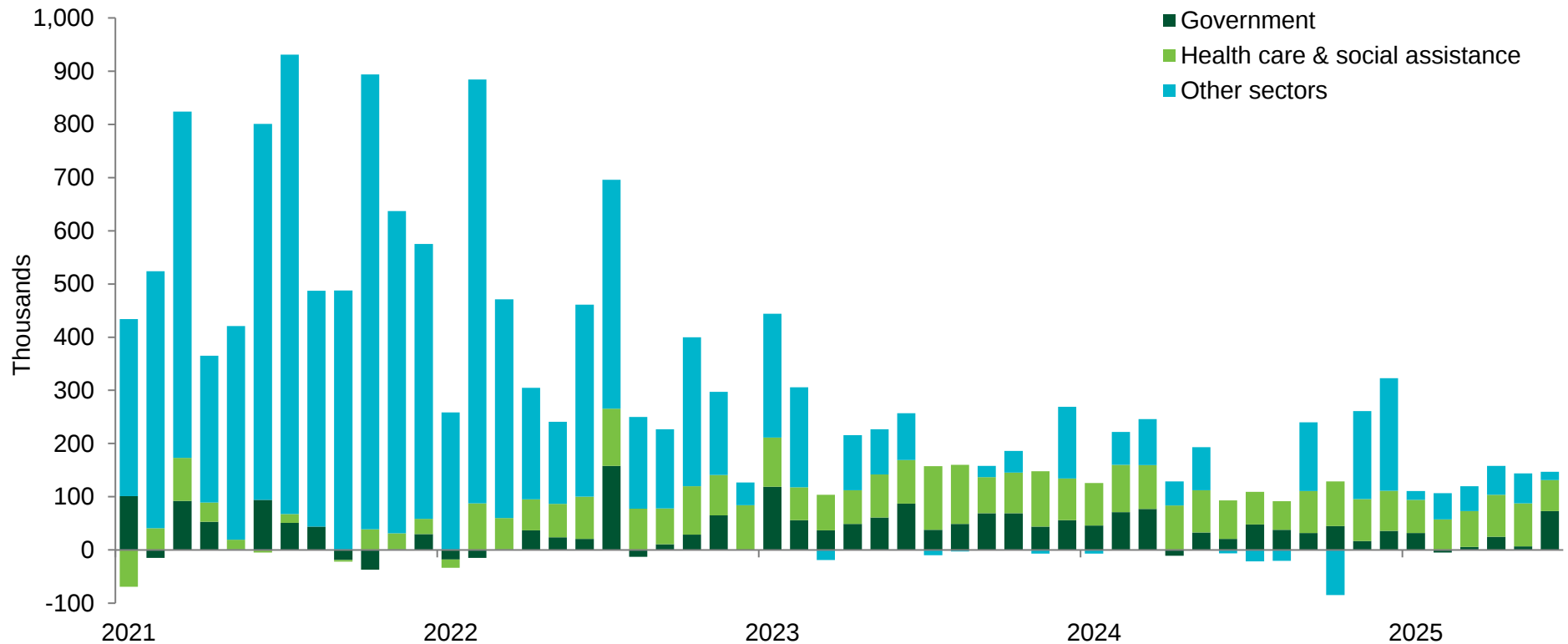
- The US economy has weathered the initial Trump 2.0 shock, defying recession fears so far, but the policy uncertainty will continue to cloud the outlook
- Inflation remains moderate for now, but the tariff-induced flare up in prices is likely as businesses grapple with higher costs, which may ultimately pass through to consumers
- We expect 125bps of rate cuts over the next twelve months as moderating growth prompts the Federal Reserve to calibrate policy



Source: Insight, as of June 30, 2025. Any projections or forecasts contained herein are based upon certain assumptions considered reasonable. Projections are speculative in nature and some or all of the assumptions underlying the projections may not materialize or vary significantly from the actual results. Accordingly, the projections are only an estimate. Opinions expressed herein are as of the date stated and are subject to change without notice. Insight assumes no responsibility to update such information or to notify a client of any changes.

The labor market is likely weaker than the headline number would suggest

Job gains by sector

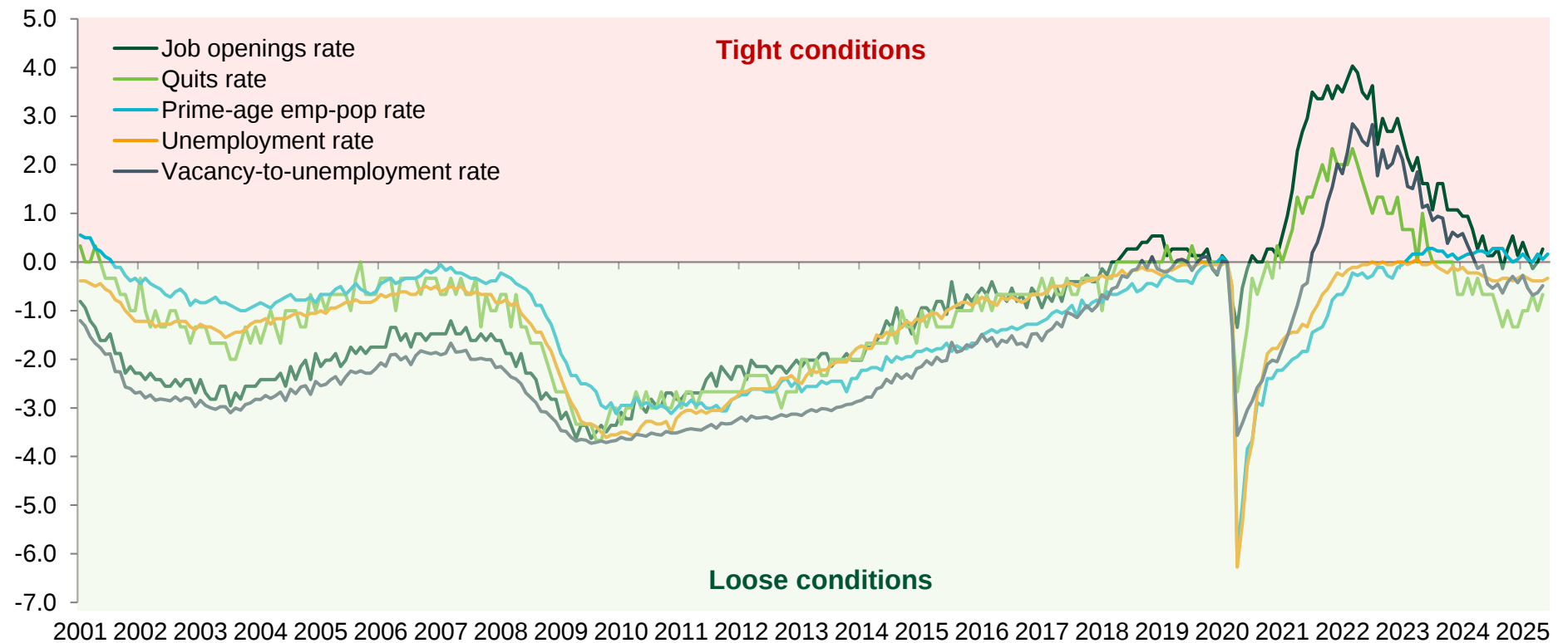


Job gains are concentrated in a handful of industries

Source: Bureau of Labor Statistics, July 3, 2025.

Labor market conditions have been steadily loosening

Indicators of labor market slack, z-score

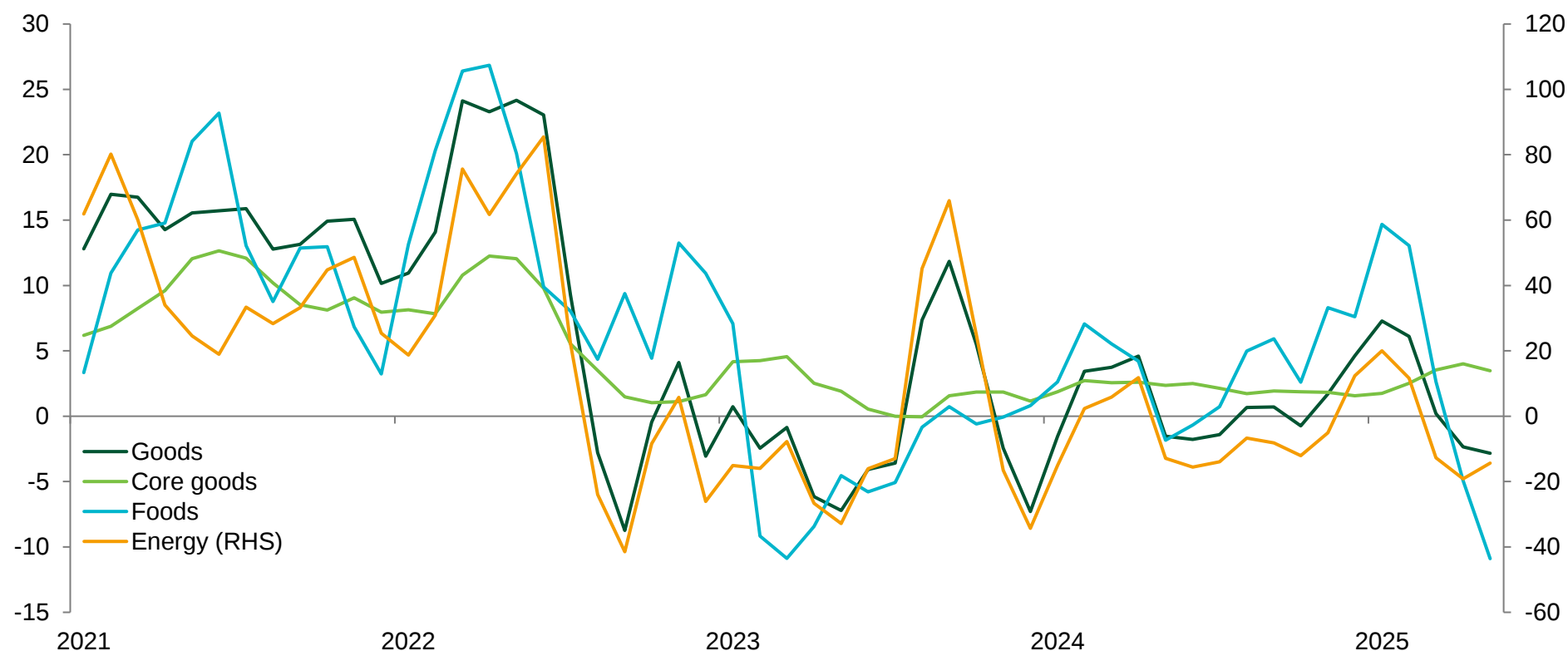


The picture of the labor market so far this year appears to be one of a healthy but slowing economy

Source: Macrobond, Insight Investment, as of July 3, 2025.

The effect from tariffs on inflation has been muted so far

PPI goods, 3-month annualized growth rate (%)

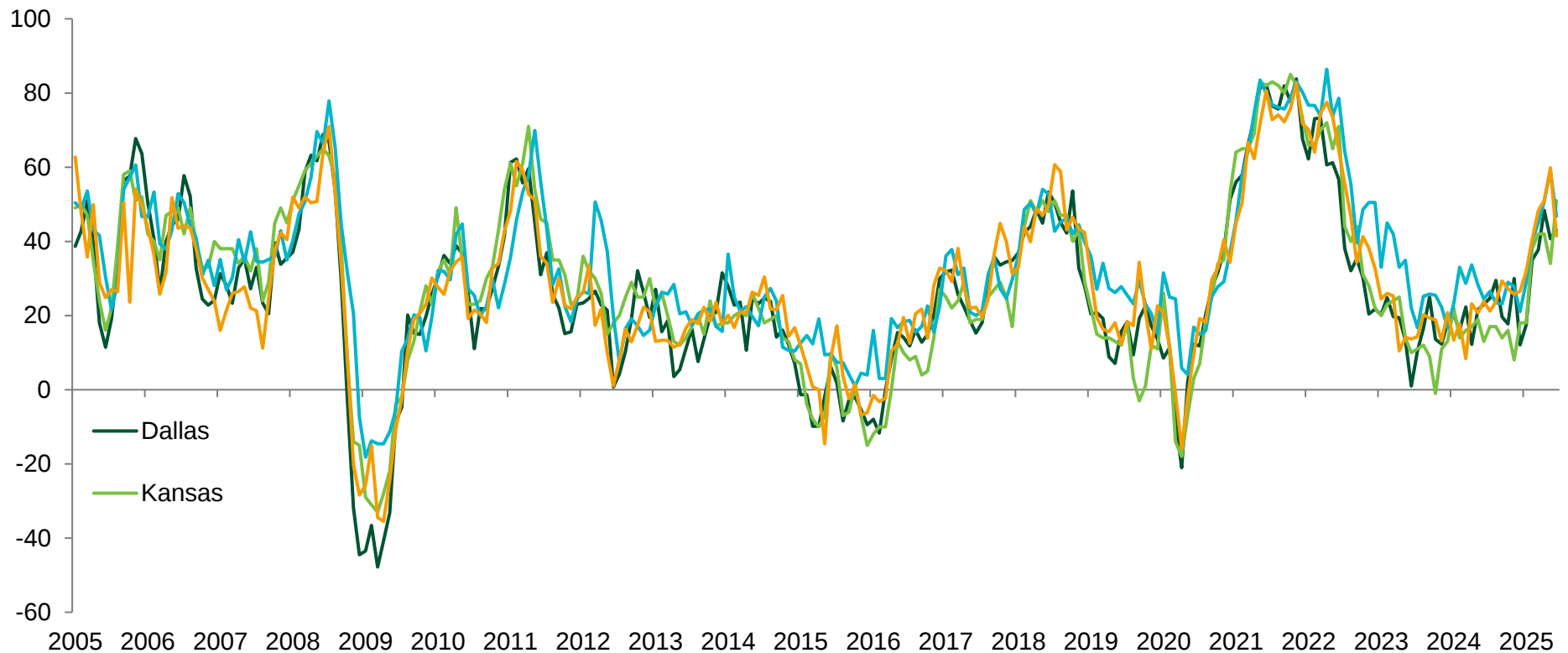


Falling energy and food prices mask increases in core goods prices

Source: Bureau of Labor Statistics, Insight Investment, as of June 12, 2025

But surveys and anecdotal data point to mounting price pressures

Regional Fed prices-paid indexes

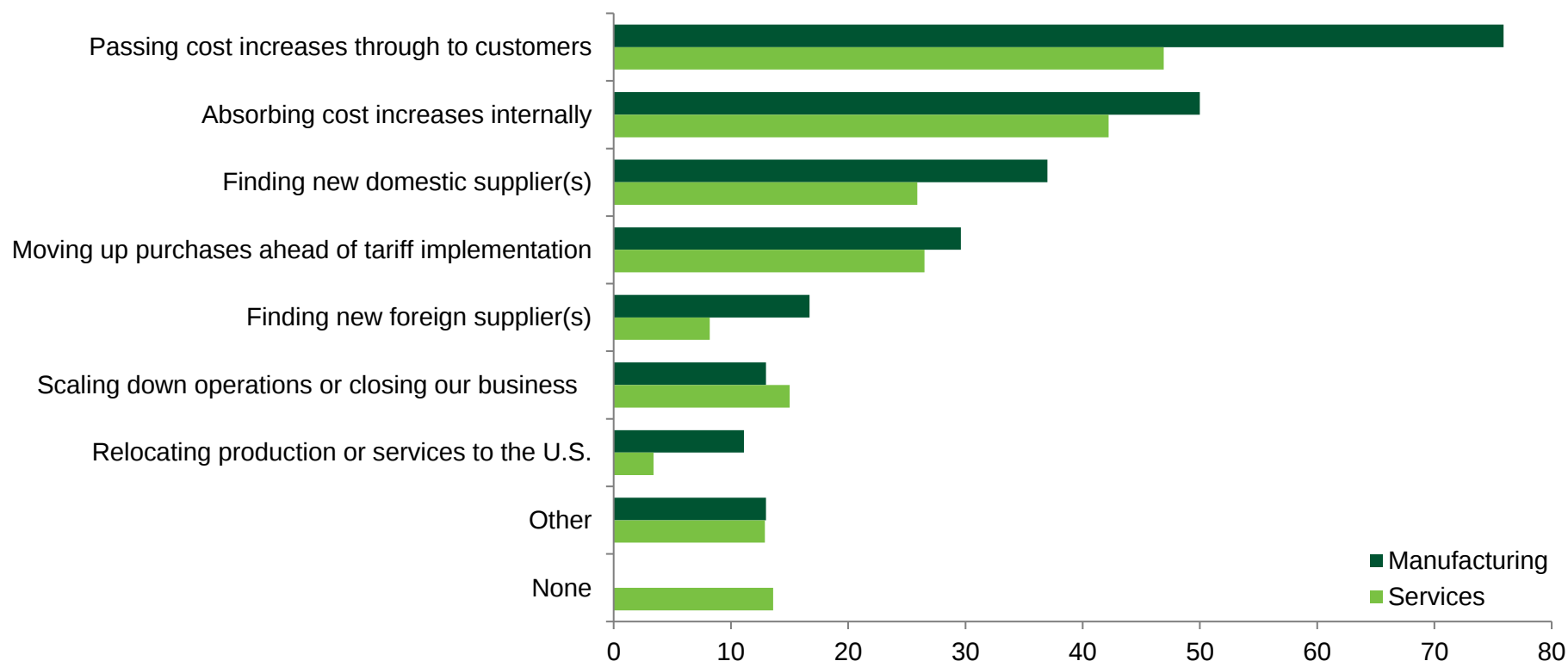


The manufacturing sector braces for more tariff-related pain

Source: Federal Reserve Bank of Dallas, Federal Reserve Bank of Kansas City, Federal Reserve Bank of New York, Federal Reserve Bank of Philadelphia, Insight Investment, as of June 30, 2025.

American consumers will inevitably bear the impact of tariffs

What actions, if any, are you taking (or planning to take) in response to higher tariffs (%)

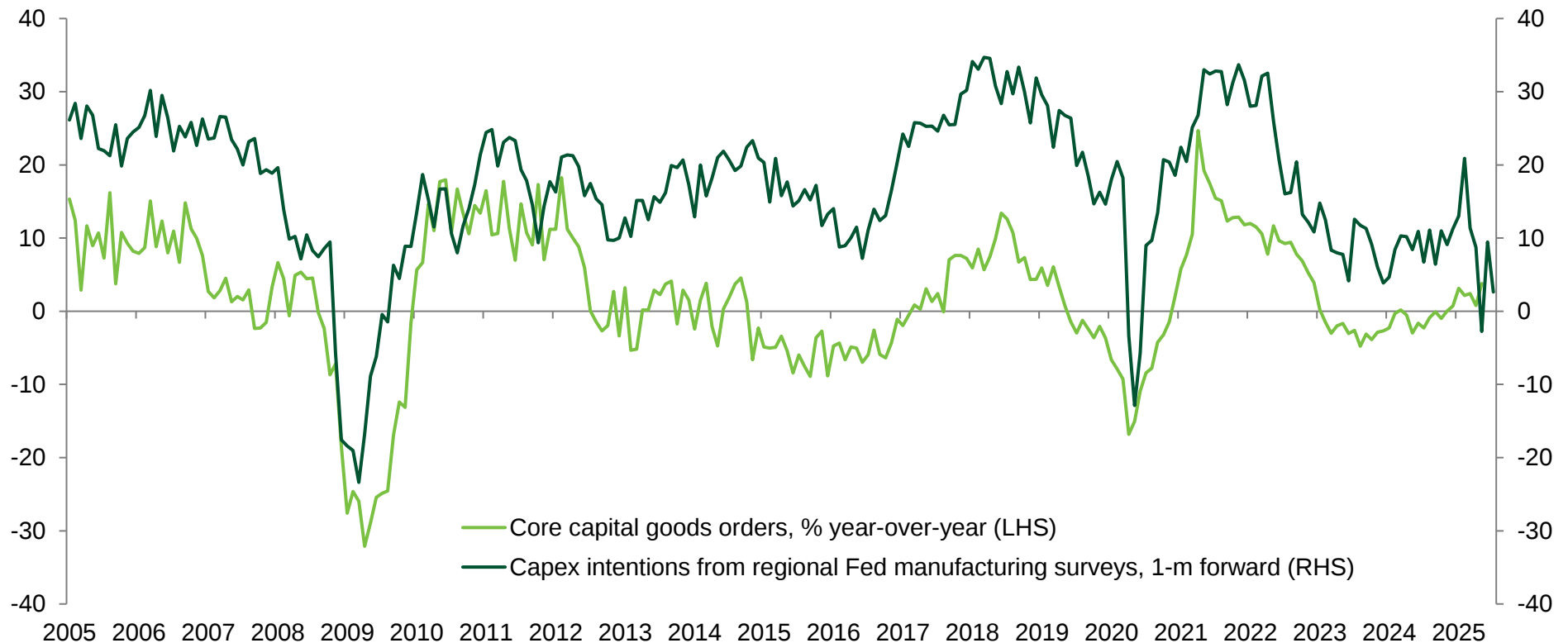


Most firms expect to pass along at least some of the costs associated with tariffs to consumers

Source: Federal Reserve Bank of Dallas, Insight Investment, as of April 28, 2025

Capex intentions remain muted

Core capital goods orders and capex intentions

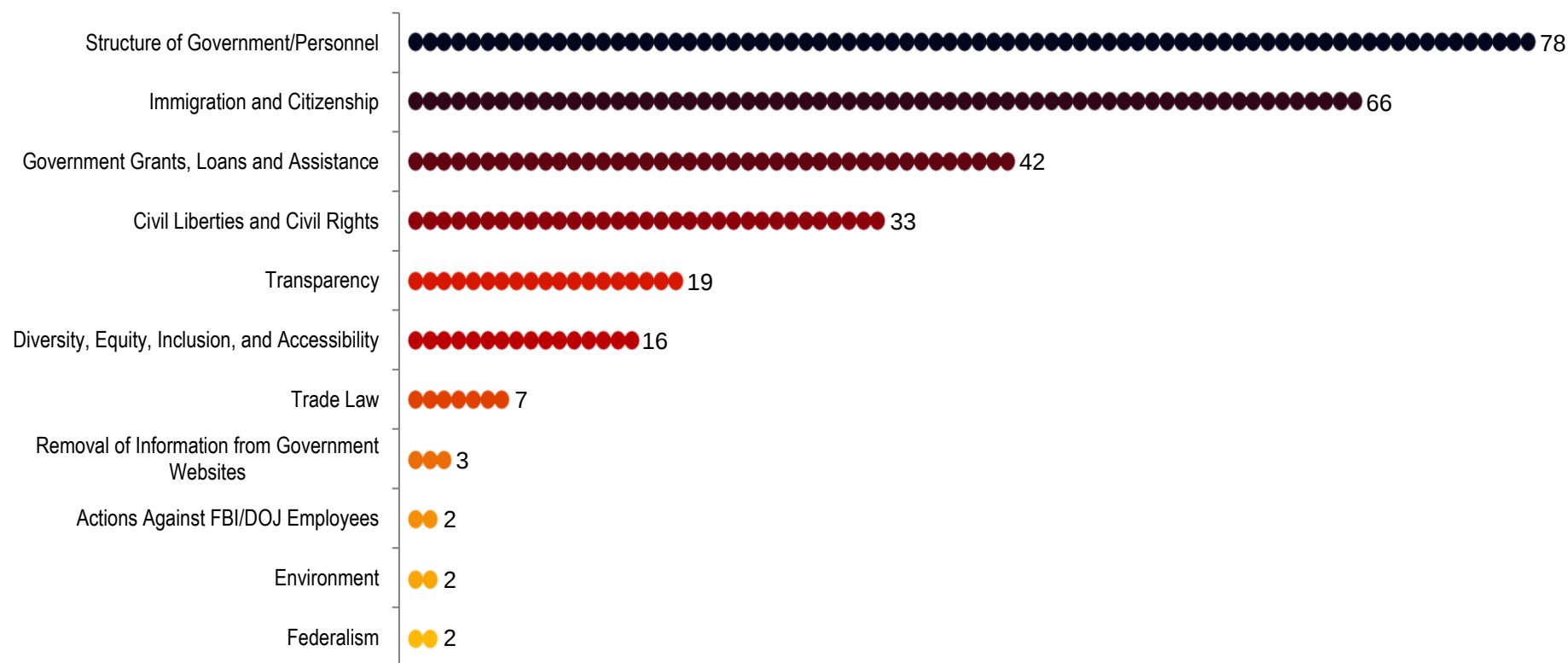


Manufacturing capital spending plans in limbo amid policy uncertainty

Source: Macrobond, Insight Investment, as of July 3, 2025.

Legal challenges to President Trump's policy agenda

Court cases against the Trump administration

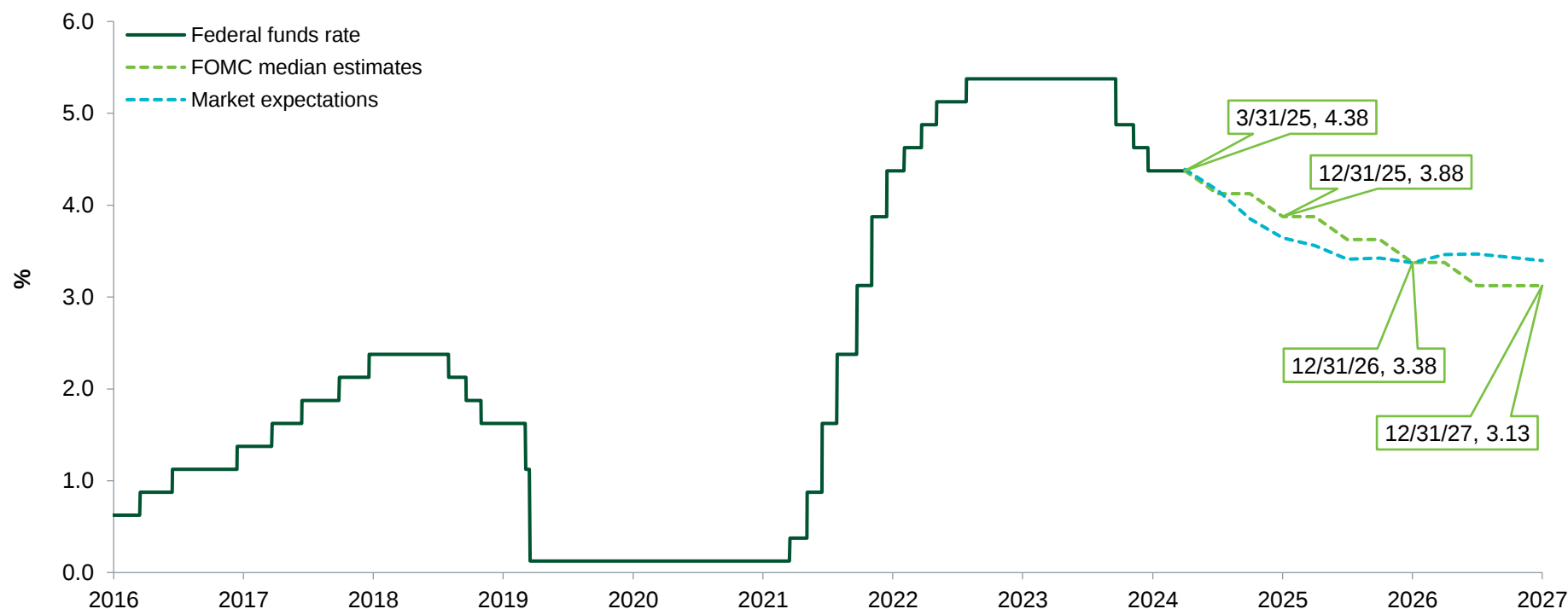


The legal challenges against President Trump's executive actions will be an additional source of policy uncertainty

Source: Just Security, Insight Investment, as of June 11, 2025.

Fed delays cutting cycle amidst policy uncertainties

- Fed to observe impacts from tariffs before responding with the appropriate policy
- The Fed is predicting a 'terminal rate' near 3%, while the market currently expects something higher
- The balance sheet reduction of Treasuries was tapered from \$25bn to \$5bn per month, MBS reduction remains at \$35bn per month



Source: Bloomberg, as of March 31, 2025. Opinions expressed herein are as of the date stated and are subject to change without notice. Insight assumes no responsibility to update such information or to notify a client of any changes. Any projections or forecasts contained herein are based upon certain assumptions considered reasonable. Projections are speculative in nature and some or all of the assumptions underlying the projections may not materialize or vary significantly from the actual results. Accordingly, the projections are only an estimate.

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Index	Description
BofA Merrill Lynch 1-3 US Year Treasury Index	The BofA Merrill Lynch 1-3 US Year Treasury Index is an unmanaged index that tracks the performance of the direct sovereign debt of the U.S. Government having a maturity of at least one year and less than three years.

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Any currency conversions performed for this presentation, use FX rates as per WM Reuters 4pm spot rates, unless noted otherwise.

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The ICE BofA 3 Month US T-Bill index is an unmanaged market index of U.S. Treasury securities maturing in 90 days that assumes reinvestment of all income.

The ICE BofA 6 Month US T-Bill index measures the performance of Treasury bills with time to maturity of less than 6 months.

The ICE BofA 1-Year US Treasury Index is a one-security index comprised of the most recently issued 1-year US Treasury note. The index is rebalanced monthly. In order to qualify for inclusion, a 1-year note must be auctioned on or before the third business day before the last business day of the month.

The ICE BofA 3-Year US Treasury Index is a one-security index comprised of the most recently issued 3-year US Treasury note. The index is rebalanced monthly. In order to qualify for inclusion, a 3-year note must be auctioned on or before the third business day before the last business day of the month.

The ICE BofA 5-Year US Treasury Index is a one-security index comprised of the most recently issued 5-year US Treasury note. The index is rebalanced monthly. In order to qualify for inclusion, a 5-year note must be auctioned on or before the third business day before the last business day of the month.

The ICE BofA 1-3 US Year Treasury Index is an unmanaged index that tracks the performance of the direct sovereign debt of the U.S. Government having a maturity of at least one year and less than three years.

The ICE BofA 1-5 US Year Treasury Index is an unmanaged index that tracks the performance of the direct sovereign debt of the U.S. Government having a maturity of at least one year and less than five years.

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