

TREASURY OVERSIGHT COMMITTEE MEETING

May 19, 2015

MINUTES

Members Present: Alfred Granzella, Bill Clark, Edgar Grubb, Jerome Hatfield, Dan Heinrich, and Chris Learned.

Also Present: Russell V. Watts, Treasurer-Tax Collector, Brice E. Bins, Chief Deputy Treasurer-Tax Collector, Belinda Zhu, Assistant County Treasurer and Esther Garibay, Treasurer's Investment Operations Analyst.

Members Absent: Don Bouchet

Chair Alfred Granzella called the Treasury Oversight Committee meeting to order at 3:00 p.m.

PUBLIC COMMENT

None.

ACTION ITEMS

1. ELECT OFFICERS FOR FISCAL YEAR 2015-2016

a. Committee Chair

It was moved by Mr. Hatfield and seconded by Mr. Clark to nominate Mr. Granzella as the Chair of the Committee. There were no further nominations. The nominations were closed. Mr. Granzella was unanimously elected as Chair of the Treasury Oversight Committee for the FY 2015-2016 with ayes from Mr. Granzella, Mr. Clark, Mr. Grubb, Mr. Hatfield, Mr. Heinrich and Mr. Learned.

b. Committee Vice Chair

It was moved by Mr. Hatfield and seconded by Mr. Learned to nominate Mr. Bouchet as the Vice Chair of the Committee. There were no further nominations. The nominations were closed. Mr. Bouchet was unanimously elected as Vice Chair of the Treasury Oversight Committee with ayes from Mr. Granzella, Mr. Clark, Mr. Grubb, Mr. Hatfield, Mr. Heinrich and Mr. Learned.

2. APPROVAL OF CALENDAR YEAR 2014 TREASURY AUDIT

Ms. Henriette Browne presented the Executive Summary for the Audit performed by the Auditor/Controller's Office for the period January 1, 2014 through December 31, 2014. Ms. Browne indicated that they had examined the accounts, records, and

procedures of the County Treasurer as well as the records and procedures of the Treasury Oversight Committee for the said period. Based on the results of their audit tests and procedures, they concluded that all Government codes and requirements were being met by the Treasury, that the Treasurer was in compliance with the County Investment Policy, and that existing internal controls ensured the safeguarding of the County's financial assets. There were no audit recommendations. Ms. Browne thanked the Treasury staff for their cooperation and assistance during the audit.

Mr. Granzella called a motion to accept the audit report. Mr. Heinrich moved, seconded by Mr. Learned to accept the calendar year 2014 treasury audit report. The motion passed unanimously with ayes from Mr. Granzella, Mr. Clark, Mr. Grubb, Mr. Hatfield, Mr. Heinrich, and Mr. Learned.

3. APPROVAL OF FEBRUARY 17, 2015 MINUTES

Mr. Learned pointed out a typo in the minutes.

Mr. Granzella called a motion for approval of the minutes. Mr. Grubb moved, seconded by Mr. Heinrich to approve the February 17, 2015 Treasury Oversight Committee meeting minutes. The motion passed unanimously with ayes from Mr. Granzella, Mr. Clark, Mr. Grubb, Mr. Hatfield, Mr. Heinrich, and Mr. Learned.

4. APPROVAL OF MARCH 31, 2015 QUARTERLY INVESTMENT REPORT

Ms. Zhu presented the March 31, 2015 Quarterly Investment Report (the Report) to the Committee. The Treasurer's investment portfolio is in compliance with Government Code 53600 et. seq. The Treasurer's investment portfolio is in compliance with the Treasurer's current investment policy. The Treasurer's investment portfolio has no securities lending, reverse repurchase agreements, or derivatives.

As of March 31, 2015, the total par value of the investment pool was \$2,656,414,057.68. The total cost was \$2,658,938,851.95. The market value was \$2,659,759,610.33 which was 100.03% of the cost. More than \$1.4 billion representing about 54% of the portfolio will mature in less than 90 days. The weighted yield to maturity was 0.42% with the weighted average days to maturity of 226 days. The weighted duration was 0.62 year.

Historical activities combined with future cash flow projections indicate that the County is able to meet its cash flow needs for the next six months.

Ms. Zhu presented Page 2, the Contra Costa County Investment Pool report as of March 31, 2015. The market value of the investment pool was up by \$54 million from the previous quarter end, and up by \$196 million from the same quarter end of the previous year. Approximately 87% of the portfolio was managed by the Treasurer's

Office and the remaining was managed by the external managers. The market value of \$2.66 billion is deemed a historical high for the treasury pool.

Ms. Zhu indicated the only change to the format of the Investment Pool report is that Asset Backed Securities / Mortgage Backed Securities was added to the type of securities as a new asset category.

Mr. Heinrich inquired what YCD stood for. Ms. Zhu clarified that it is the abbreviation for Yankee Certificate of Deposit. No other concerns or questions were raised.

Mr. Granzella called a motion for approval of the investment report. Mr. Heinrich moved, seconded by Mr. Grubb to approve the March 31, 2015 Quarterly Investment Report. The motion passed unanimously with ayes from Mr. Granzella, Mr. Clark, Mr. Grubb, Mr. Hatfield, Mr. Heinrich, and Mr. Learned.

5. APPROVAL OF CONTRA COSTA COUNTY TREASURER'S ANNUAL INVESTMENT POLICY FOR FISCAL YEAR 2015-2016

Mr. Watts presented the amended Annual Investment Policy for Fiscal Year 2015-2016 to the Committee. Mr. Hatfield had a few minor corrections. Mr. Heinrich inquired on page 20, Section 16.0 Compensation and requested a report on allocation for costs annually. Ms. Zhu agreed to provide an annual report which shows the county pool apportioned rate and the computations made in deriving that rate. Mr. Heinrich additionally inquired regarding the Business Continuity Plan (BCP) in response to disasters. Mr. Bins responded the Office does have a BCP in place and should be tested more often in the future.

Mr. Granzella called a motion for approval of the Investment Policy. Mr. Heinrich moved, seconded by Mr. Learned to approve Contra Costa County Treasurer's Annual Investment Policy for Fiscal Year 2015-2016. The motion passed unanimously with ayes from Mr. Granzella, Mr. Clark, Mr. Grubb, Mr. Hatfield, Mr. Heinrich, and Mr. Learned.

6. APPROVAL OF CHANGES TO COMMITTEE BYLAWS

Mr. Watts presented the Committee Bylaws for the Committee's review and amendments. Mr. Hatfield made a few minor corrections.

Mr. Granzella called a motion for approval of the amendments to Committee Bylaws. Mr. Hatfield moved, seconded by Mr. Heinrich to approve the amended Contra Costa County Treasury Oversight Committee Bylaws. The motion passed unanimously with ayes from Mr. Granzella, Mr. Clark, Mr. Grubb, Mr. Hatfield, Mr. Heinrich, and Mr. Learned.

INFORMATION ITEMS

1. Standard & Poor's Rating

Ms. Zhu stated that the Standard & Poors rated Contra Costa County investment portfolio (as of 3/31/15) AA Af/S1+ signifying the highest credit quality and the lowest volatility.

2. Conflict of Interest Code

Mr. Watts presented Conflict of Interest Code for the Treasurer-Tax Collector's Office to the Committee. Mr. Watts stated that many County Treasurer-Tax Collector's Offices throughout the State have a written Conflict of Interest Code in place and felt that we should do the same. Mr. Watts further clarified that our Office has been conducting business in accordance with the code in practice. The Committee agreed and suggested that it be incorporated into the Investment Policy. Mr. Watts agreed.

MISCELLANEOUS

1. Staff Report

There was no report from Staff.

2. Committee Member Comments

Mr. Learned thanked the Committee for allowing him to be part of it for over 5 years. As he is retiring in July, this was his last meeting. Mr. Watts presented a gift of appreciation for his tenure.

ESTABLISHMENT OF NEXT MEETING DATE:

Tuesday, August 18, 2015.

Mr. Granzella adjourned the meeting at 4:00 p.m.

Respectfully submitted,

Esther Garibay
Treasurer's Investment Operations Analyst

051915 TOC Minutes_eg