

TREASURY OVERSIGHT COMMITTEE MEETING

August 18, 2015

MINUTES

Members Present: Alfred Granzella, Scott Anderson, Don Bouchet, Edgar Grubb, Jerome Hatfield, and Dan Heinrich.

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: Bill Clark

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

PUBLIC COMMENT

None.

ACTION ITEMS

1. APPROVE MAY 19, 2015 MINUTES

No changes or concerns were raised.

Mr. Granzella called a motion for approval of the minutes. Mr. Anderson moved, seconded by Mr. Bouchet to approve the May 19, 2015 Treasury Oversight Committee meeting minutes. The motion passed with ayes from Mr. Granzella, Mr. Bouchet, Mr. Grubb, Mr. Hatfield and Mr. Heinrich. Mr. Anderson abstained from voting.

2. APPROVAL JUNE 30, 2015 QUARTERLY INVESTMENT REPORT

Ms. Zhu presented the June 30, 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 June 30, 2015, the total par value of the investment pool was \$2,897,607,281.21. The total cost was \$2,899,040,519.53. The market value was \$2,900,071,234.56 which was 100.04% of the cost. More than \$2.26 billion representing about 78% of the portfolio will mature in less than a year. The

weighted yield to maturity was 0.46% with the weighted average days to maturity of 215 days. The weighted duration was 0.59 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 June 30, 2015. The market value of the investment pool was up by \$240 million compared to the previous quarter end, and up by \$516 million compared to the same quarter end of the previous year. Approximately 86% of the portfolio was managed by the Treasurer's Office and the remaining was managed by the external managers.

Ms. Zhu noted that in April and May of this year, the market value of the portfolio exceeded the three billion dollar mark. In addition, approximately \$97K social security deposit administered by the Contra Costa Federal Credit Union was removed from the portfolio back to the Employee and Human Service department as a result of the audit recommendation.

Ms. Zhu also presented Page 4, Major Market and Economic Data: during the second quarter of the year, the Fed did not raise the target rate, which remained at 25 bps. The inflation remained in check with the core CPI at 1.8%. The GDP was 2.3% for the quarter compared to the previous quarter of 0.6%. The unemployment rate dropped to 5.5%.

I. EXHIBITS

Ms. Zhu presented the revised Exhibit VIII Portfolio Stress Test as of June 30, 2015. Ms. Zhu noticed a typo in the original Exhibit VIII and replaced it with the revised page. The Market Price of 110.095 was entered in error and the correct figure should be 100.095.

Mr. Granzella called a motion for approval of the investment report. Mr. Hatfield moved, seconded by Mr. Heinrich to approve the June 30, 2015 Quarterly Investment Report. The motion passed unanimously with ayes from Mr. Granzella, Mr. Anderson, Mr. Bouchet, Mr. Grubb, Mr. Hatfield and Mr. Heinrich.

Mr. Watts confirmed that Mr. Scott Anderson had been approved by the Board of Supervisors to serve on the Treasury Oversight Committee. Mr. Anderson introduced himself and thanked all members for the opportunity to serve on the Committee.

INFORMATION ITEMS

1. Contra Costa County Treasurer's Annual Investment Policy for Fiscal Year 2015-2016

A clean copy of the Investment Policy was distributed to the Committee. No questions or concerns were raised.

2. Contra Costa County Treasury Oversight Committee Bylaws

A clean copy of the Bylaws was distributed to the Committee. No questions or concerns were raised.

MISCELLANEOUS

1. Staff Report

Ms. Zhu distributed a copy of the County Pool Apportioned Rate report to the Committee. This report provides the detailed information on the annual administrative costs and other costs associated with investments, such as investment management fees, custodian fees, etc. The report is submitted to the State pursuant to Section 5151 of the Revenue and Taxation Code on an annual basis approximately in the beginning of each August.

Ms. Zhu also informed the Committee that we had successfully negotiated with Wells Cap Management to extend the existing investment management fee of a flat 12 bps for one more year.

2. Committee Member Comments

No Comments.

ESTABLISHMENT OF NEXT MEETING DATE:

Tuesday, November 17, 2015.

Mr. Granzella adjourned the meeting at 3:29 p.m.

Respectfully submitted,

Esther Garibay
Treasurer's Investment Operations Analyst

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