

TREASURY OVERSIGHT COMMITTEE MEETING

November 21, 2017

MINUTES

Members Present: Donald Bouchet, Stanley Caldwell, Julie Bautista, Edgar Grubb, Jerome Hatfield and Dan Heinrich.

Also Present: Belinda Zhu, Assistant County Treasurer and Ronda Boler, Executive Secretary.

Members Absent: Bill Clark.

Donald Bouchet called the Treasury Oversight Committee meeting to order at 3:00 p.m.

PUBLIC COMMENT

None.

ACTION ITEMS

1. APPROVE AUGUST 15, 2017 TREASURY OVERSIGHT COMMITTEE

MEETING MINUTES

Mr. Bouchet called a motion for approval of the minutes. Mr. Caldwell moved, seconded by Mr. Grubb to approve the August 15, 2017 Treasury Oversight Committee meeting minutes. The motion passed unanimously with ayes from Mr. Bouchet, Ms. Bautista, Mr. Caldwell, Mr. Grubb, Mr. Hatfield, and Mr. Heinrich.

2. APPROVE SEPTEMBER 30, 2017 QUARTERLY INVESTMENT REPORT

Ms. Zhu presented September 30, 2017 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 September 30, 2017, the total par value of the investment pool was \$2,997,862,126.88. The total cost was \$2,991,832,551.16. The market value was \$2,992,929,050.07 which was 100.04% of the cost. More than \$2.33 billion representing about 77% of the portfolio will mature in less than a year. The weighted yield to maturity was 1.30% with the weighted average days to maturity of 204 days. The weighted duration was 0.54 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 Contra Costa County Investment Pool summary report as of September 30, 2017. The market value of the investment pool was down by \$692.5 million compared to the previous quarter end, and was up by \$322.8 million compared to the same quarter end of the previous year. Approximately 86.9% of the portfolio was managed by the Treasurer's Office while the remaining portion was managed by the external managers.

Ms. Zhu stated that no exceptions have been noted in the supporting statements and exhibits to the Report.

Mr. Hatfield pointed out that three structured securities on Page 21 of the Report were not included in Exhibit VI, Treasurer's Investment Portfolio Structured Securities. Ms. Zhu responded that she will check and report back in the next meeting.

Mr. Bouchet called a motion for approval of the investment report. Mr. Grubb moved, seconded by Mr. Heinrich to approve September 30, 2017 Quarterly Investment Report. The motion passed unanimously with ayes from Mr. Bouchet, Ms. Bautista, Mr. Caldwell, Mr. Grubb, Mr. Hatfield, and Mr. Heinrich.

INFORMATION ITEMS

1. Standard & Poor's Rating

Ms. Zhu informed the Committee that Standard & Poors rated Contra Costa County investment portfolio (as of September 29, 2017) AA Af/S1+ signifying the highest credit quality with the lowest volatility. Ms. Zhu stated that the County Treasury Pool investment portfolio is still under criteria observation (UCO) by S&P Global. Following the onsite due diligence meeting conducted by S&P Global, we are in constant communications providing all information S&P requested promptly. As we have informed the Committee, the Treasury Pool's rating might be negatively impacted by the criteria revisions made by S&P. The final confirmation of our rating status will be released before the end of 2017.

Mr. Heinrich suggested that Mr. Watts inform the County Board of Supervisors and the Pool participants of the rating criteria changes made by S&P Global and its potential impact on the Treasury Pool ratings prior to the release of the final ratings. Mr. Grubb agreed and suggested a proactive approach to educate the Pool participants and the constituents. Ms. Zhu agreed to relay the Committee's message to Mr. Watts.

2. Committee Meeting Dates for Calendar Year 2018

Contra Costa County Treasury Oversight Committee will hold its quarterly meetings on the following dates during the calendar year of 2018:

February 20, 2018
May 15, 2018
August 21, 2018
November 20, 2018

MISCELLANEOUS

1. Staff Report

None.

2. Committee Member Comments

Mr. Hatfield informed the Committee that his last TOC meeting will be February 20, 2018 due to health reasons. Ms. Boler will find out when Mr. Hatfield's term is up. Ms. Boler will also to find out if Mr. Hatfield still needs to take the required trainings prior to his last Committee meeting.

Mr. Grubb expressed his willingness to continue to serve on the Committee if his term expires next year.

ESTABLISHMENT OF NEXT MEETING DATE:

Tuesday, February 20, 2018.

Donald Bouchet adjourned the meeting at 4:00 p.m.

Respectfully submitted,

Ronda Boler
Executive Secretary

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