

TREASURY OVERSIGHT COMMITTEE MEETING

November 20, 2018

MINUTES

Members Present: Donald Bouchet, Stanley Caldwell, Julie Bautista, Edgar Grubb (phone in), Dan Heinrich, and Dennis Reigle

Also Present: Russell Watts, County Treasurer-Tax Collector, Brice Bins, Chief Deputy Treasurer-Tax Collector, Belinda Zhu, Assistant County Treasurer, and Ronda Boler, Executive Secretary. Parm Sandhu, Guest and recommended Alternate TOC Member, was also in attendance.

Members Absent: Bill Clark, Robert Leete (Alternate) and Christine Rea (Alternate)

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

PUBLIC COMMENT

None.

ACTION ITEMS

1. APPROVE AUGUST 21, 2018 TREASURY OVERSIGHT COMMITTEE MEETING MINUTES

Mr. Bouchet called a motion for approval of the minutes per the discussion. Mr. Caldwell moved, seconded by Ms. Bautista to approve the August 21, 2018 Treasury Oversight Committee minutes. The motion passed unanimously with ayes from Mr. Bouchet, Ms. Bautista, Mr. Caldwell, Mr. Grubb, Mr. Heinrich, and Mr. Reigle.

2. APPROVE SEPTEMBER 30, 2018 QUARTERLY INVESTMENT REPORT

Ms. Zhu presented the September 30, 2018 Quarterly Investment Report (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, 2018, the total par value of the investment pool was \$2,908,846,225.41. The total cost was \$2,899,208,814.56. The market value was \$2,893,479,631.04 which was 99.80% of the cost. More than \$2.29 billion, representing about 78% of the portfolio, will mature in less than a year. The weighted yield to maturity was 2.07% with the weighted average days to maturity of 212 days. The weighted duration was 0.57 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 the Contra Costa County Investment Pool summary report as of September 30, 2018. The market value of the investment pool was down by \$841.5 million compared to the previous quarter end, and was down by \$99.4 million compared to the same quarterly end of the previous year. Approximately 82.1% of the portfolio was managed by the Treasurer's Office while the remaining portion was managed by the external managers. Ms. Zhu informed the Committee that to be consistent with the Investment Pool summary report (Page 2 of the Report), she separated PFM's statement from the statement of investment portfolio managed by the Treasurer's Office.

Ms. Zhu noted one addition to the Exhibits. After conducting due diligence, the Treasurer's Office started to invest in CalTrust Liquidity Fund which provides additional daily liquidity to the County. Therefore, CalTrust Liquidity Fund Structured Securities as of September 30, 2018 was added as Exhibit VI(c).

Mr. Bouchet called a motion for approval of the investment report. Ms. Bautista moved, seconded by Mr. Heinrich to approve the September 30, 2018 Quarterly Investment Report. The motion passed unanimously with ayes from Mr. Bouchet, Ms. Bautista, Mr. Caldwell, Mr. Grubb, Mr. Heinrich, and Mr. Dennis Reigle.

INFORMATION ITEMS

1. Standard & Poor's Rating

Since 2007, S&P has rated the Contra Costa County investment pool AAf/S1+ rating, which is the highest credit rating with the lowest volatility. In October 2018, S&P conducted an onsite due diligence meeting. Subsequently, the rating agency confirmed the pool's rating of AAf/S1+.

2. Contra Costa Community College District Investment Policy

Per the Committee's request, the Contra Costa Community College District Investment Policy was distributed to Committee. The Investment Policy is employed by PFM for managing the District's funds.

3. Contra Costa County School Insurance Group Investment Policy

Per the Committee's request, the Contra Costa County School Insurance Group Investment Policy was distributed to Committee. The Investment Policy is employed by PFM for managing the School Insurance Group's funds.

4. Committee Meeting Dates for Calendar Year 2019

The TOC meeting dates for 2019 was distributed to the Committee.

MISCELLANEOUS

1. Staff Report

None.

2. Committee Member Comments

The Committee thanked the Treasurer's Office for separating PFM's portfolio out from the portfolio managed by the Treasurer's Office.

The Committee members thanked the Treasurer's Office for providing good information in the quarterly investment report.

ESTABLISHMENT OF NEXT MEETING DATE:

Tuesday, February 19, 2019.

Donald Bouchet adjourned the meeting at 3:48 p.m.

Respectfully submitted,

Ronda Boler
Executive Secretary

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