

TREASURY OVERSIGHT COMMITTEE MEETING

August 20, 2019

MINUTES

Members Present: Julie Bautista, Bill Clark, Edgar Grubb, and John Phillips.

Also Present: Russell Watts, County Treasurer-Tax Collector, Brice Bins, Chief Deputy Treasurer-Tax Collector, Belinda Zhu, Assistant County Treasurer, Lulis Lopez, Assistant Tax Collector, and Ronda Boler, Executive Secretary.

Members Absent: Donald Bouchet, Stanley Caldwell, Dennis Reigle, Robert Leete (Alternate), and Christine Rea (Alternate)

Edgar Grubb called the Treasury Oversight Committee meeting to order at 3:00 p.m.

PUBLIC COMMENT

None.

ACTION ITEMS

1. Election Officers for Fiscal Year 2019-2020

a. Committee Chair

It was moved by Mr. Clark and seconded by Ms. Bautista to nominate Mr. Grubb as the Chair of the Committee. There were no further nominations. The nominations were closed. Mr. Grubb was unanimously elected as Chair of the Treasury Oversight Committee for the FY 2019-2020 with ayes from Ms. Bautista, Mr. Clark, Mr. Grubb, and Mr. Phillips.

b. Committee Vice Chair

It was moved by Mr. Clark and seconded by Mr. Phillips to nominate Ms. Bautista as the Vice Chair of the Committee. There were no further nominations. The nominations were closed. Ms. Bautista was unanimously elected as Vice Chair of the Treasury Oversight Committee for the FY 2019-2020 with ayes from Mr. Grubb, Ms. Bautista, Mr. Clark, and Mr. Phillips.

2. Approve May 21, 2019 Treasury Oversight Committee Meeting Minutes

Mr. Grubb called a motion for the approval of the minutes. Mr. Phillips moved, seconded by Ms. Bautista to approve the May 21, 2019 Treasury Oversight Committee meeting minutes. The motion passed unanimously with ayes from Mr. Grubb, Ms. Bautista, Mr. Clark, and Mr. Phillips.

3. APPROVE JUNE 30, 2019 QUARTERLY INVESTMENT REPORT

Ms. Zhu presented the June 30, 2019 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, 2019, the total par value of the investment pool was \$3,767,187,803.15. The total cost was \$3,750,955,179.05. The market value was \$3,767,036,507.72 which was 1.0043% of the cost. More than \$3.12 billion, representing about 82.9% of the portfolio, will mature in less than a year. The weighted yield to maturity was 2.41% with the weighted average days to maturity of 174 days. The weighted duration was 0.46 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 June 30, 2019. The market value of the investment pool was up by \$32 million compared to the previous quarter end, but was up by \$52 million compared to the same quarter end of the previous year. Approximately 86.5% 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 the Treasury Pool generated approximately \$51.5 million and \$78.6 in interest earnings for the fiscal year 2017-2018 and 2018-2019, respectively. Ms. Zhu noted that the interest earnings for the coming fiscal year would very unlikely surpass last year's due to the impact of the interest rate cut by the Federal Reserve.

Ms. Zhu presented the major market and economic data and indicated that the yield curve has been inverted (three-month Treasury Bills yield more than 10-year Treasury Notes) since late May 2019. She further explained the implications of an inverted yield curve. Mr. Clark invited Ms. Zhu to present at the upcoming County Office of Education's Chief Business Officer meeting. Ms. Zhu agreed.

Ms. Zhu then explained each Exhibit in detail for the benefit of new committee members.

Mr. Grubb called a motion for approval of the investment report. Mr. Phillips moved, seconded by Ms. Bautista to approve the June 30, 2019 Quarterly Investment Report. The motion passed unanimously with ayes from Mr. Grubb, Ms. Bautista, Mr. Clark, and Mr. Phillips.

INFORMATION ITEMS

None

MISCELLANEOUS

1. Staff Report

None

2. Committee Member Comments

The Committee Chair complimented the treasury staff for making the name plates for all TOC members. The name plates are very helpful since a few new members have joined the TOC.

ESTABLISHMENT OF NEXT MEETING DATE:

Tuesday, November 19, 2019.

Mr. Grubb adjourned the meeting at 4:30 p.m.

Respectfully submitted,

Ronda Boler
Executive Secretary

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