

# TREASURY OVERSIGHT COMMITTEE MEETING

February 19, 2019

## MINUTES

Members Present: Bill Clark, Stanley Caldwell, Julie Bautista, Edgar Grubb (phone in), Dennis Reigle, and Robert Leete

Also Present: Russell Watts, County Treasurer-Tax Collector, Belinda Zhu, Assistant County Treasurer, Ronda Boler, Executive Secretary, and representatives from Wells Fargo: Lyle Defenbaugh and Karen Smith

Members Absent: Donald Bouchet, Dan Heinrich, Christine Rea (Alternate), Parm Sandhu (Alternate)

Bill Clark called the Treasury Oversight Committee meeting to order at 3:00 p.m.

## **PUBLIC COMMENT**

None.

## **ACTION ITEMS**

1. APPROVE NOVEMBER 20, 2019 TREASURY OVERSIGHT COMMITTEE MEETING MINUTES

Mr. Clark called a motion for approval of the minutes per the discussion. Mr. Caldwell moved, seconded by Ms. Bautista to approve the November 20, 2018 Treasury Oversight Committee minutes. The motion passed unanimously with ayes from Mr. Clark, Ms. Bautista, Mr. Caldwell, Mr. Grubb, Mr. Reigle, and Mr. Leete.

2. APPROVE DECEMBER 31, 2018 QUARTERLY INVESTMENT REPORT

Ms. Zhu presented the December 31, 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 December 31, 2018, the total par value of the investment pool was \$3,818,124,976.16. The total cost was \$3,801,309,776.69. The market value was \$3,802,582,237.96 which was 1.0003% of the cost. More than \$3.18 billion, representing about 83% of the portfolio, will mature in less than a year. The weighted yield to maturity was 2.45% with the weighted average days to maturity of 190 days. The weighted duration was 0.50 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 December 31, 2018. The market value of the investment pool was up by \$909.1 million compared to the previous quarter end, and was up by \$38.6 million compared to the same quarter end of the previous year. Approximately 85% of the portfolio was managed by the Treasurer's Office while the remaining portion was managed by the external managers.

Ms. Zhu noted that the last municipal bond in the Acalanes Union High School District (UHSD) fund matured in December 2018. Subsequently, the money market account associated with the Acalanes UHSD custodian account was also closed. The remaining cash balance in the money market account was credited back to the Acalanes UHSD fund accordingly.

Ms. Zhu informed the Committee that the Treasury Pool generated approximately \$51 million interest earnings for the fiscal year 2017-2018. For the first half of the fiscal year 2018-2019, the Treasury Pool generated about \$33.3 million.

Mr. Clark called a motion for approval of the investment report. Ms. Bautista moved, seconded by Mr. Leete to approve the December 31, 2018 Quarterly Investment Report. The motion passed unanimously with ayes from Mr. Clark, Ms. Bautista, Mr. Caldwell, Mr. Grubb, Mr. Reigle, and Mr. Leete.

### 3. APPROVE ANNUAL AUDIT FOR CALENDAR YEAR 2018

Mr. Clark called a motion for approval of the annual audit for calendar year 2018. Mr. Reigle moved, seconded by Mr. Caldwell to approve the Annual Audit of Treasury for Calendar Year 2018. The motion passed unanimously with ayes from Mr. Clark, Ms. Bautista, Mr. Caldwell, Mr. Grubb, Mr. Reigle, and Mr. Leete.

## INFORMATION ITEMS

### 1. Overview of General Economy and Capital Market Conditions

Representatives from Wells Fargo Asset Management presented an overview of current general economy and capital market conditions as well as an outlook of future economy.

### 2. Delegation of Investment Authority

Ms. Zhu informed the Committee that the Board of Supervisors approved the one-year delegation of investment authority to the County Treasurer in its December meeting. Such delegation allows the County Treasurer to invest and re-invest County funds and the funds of other depositors in the County treasury, or to sell or exchange securities so purchased, pursuant to Section 53607 of the State Government Code.

### 3. Form 700

Ms. Boler reminded the Committee that 2018 Form 700 filings are due April 2, 2019. Reminder notices have been e-mailed to filers who have not already filed. Online filing is encouraged using NetFile Website: <http://netfile.com/filer>. The Committee members may also file by mailing in the signed original Form 700 to Ms. Ronda Boler, NetFile Liaison, 625 Court Street, Room 100, Martinez, CA 94553.

## **MISCELLANEOUS**

### 1. Staff Report

- Letter from Wells Fargo Asset Management regarding its leadership change

Ms. Zhu reported that we have received a letter from Wells Fargo Asset Management (WFAM) notifying us an important transition in the leadership of the firm. Following the resignation of Kristi Mitchem, the then-CEO, the firm has given Kirk Hartman and Nico Marais the interim responsibility of serving as co-CEOs for the firm on a global basis. Ms. Zhu informed the Committee that our client relations had confirmed that such leadership change has no impact on the portfolio the WFAM manages on our behalf.

### 2. Committee Member Comments

None.

## **ESTABLISHMENT OF NEXT MEETING DATE:**

Tuesday, May 21, 2019.

Bill Clark adjourned the meeting at 4:27 p.m.

Respectfully submitted,

Ronda Boler  
Executive Secretary

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