

# TREASURY OVERSIGHT COMMITTEE MEETING

November 19, 2019

## MINUTES

Members Present: Edgar Grubb, Julie Bautista, Bill Clark, Stanley Caldwell, John Phillips, and Dennis Reigle.

Also Present: Russell Watts, County Treasurer-Tax Collector, Brice Bins, Chief Deputy Treasurer-Tax Collector, Belinda Zhu, Assistant County Treasurer, Ronda Boler, Executive Secretary, Donald Bouchet, a former Treasury Oversight Committee member.

Member Absent: Christine Rea (Alternate)

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

## **PUBLIC COMMENT**

Donald L. Bouchet, a founding member, was recognized for 23 years of public service on the Treasury Oversight Committee, and for more than 55 years of elected and volunteer service with Contra Costa County.

## **ACTION ITEMS**

### 1. Approve August 20, 2019 Treasury Oversight Committee Meeting Minutes

Mr. Grubb called a motion for the approval of the minutes. Mr. Caldwell moved, seconded by Mr. Phillips to approve the August 20, 2019 Treasury Oversight Committee meeting minutes. The motion passed unanimously with ayes from Mr. Grubb, Ms. Bautista, Mr. Clark, Mr. Caldwell, Mr. Phillips, and Mr. Reigle.

### 2. Approve September 30, 2019 Quarterly Investment Report

Ms. Zhu presented the September 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 September 30, 2019, the total par value of the investment pool was \$2,987,049,501.07. The total cost was \$2,974,164,435.68. The market value was \$2,989,942,424.20 which was 1.0053% of the cost. More than \$2.43 billion, representing about 81% of the portfolio, will mature in less than a year. The weighted yield to maturity was 2.25% with the weighted average days to maturity of 183 days.

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, 2019. The market value of the investment pool was down by \$777.1 million compared to the previous quarter end, but was up by \$96.5 million compared to the same quarter end of the previous year. Approximately 83.9% of the portfolio was managed by the Treasurer's Office while the remaining portion was managed by the external managers.

Ms. Zhu reiterated that historically the assets level of the Investment Pool at the end of the first quarter of each fiscal year is always the lowest compared to other quarters due to payments of large expenditures, such as retirement prepayments, debt service payments, pension obligation bonds payments, etc.

Ms. Zhu presented the major market and economic data and provided an update on the yield curve. She indicated that the yields of 10-year treasury notes and 3-month treasury bill are no longer inverted and the concern on the U.S. recession in the near future has also declined. However, the recent three consecutive rate cuts by the Federal Reserve presented a challenge for the County with respect to its future investment income.

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

## **INFORMATION ITEMS**

### 1. Standard & Poor's Rating

Ms. Zhu stated that the Standard & Poor's rated Contra Costa County investment portfolio (as of 9/30/19) AAf/ S1+ signifying the highest credit quality and the lowest risk. The County investment portfolio has received the same credit rating from S&P since November 2007.

### 2. Committee Meeting Dates for Calendar Year 2020

The Treasury Oversight Committee meeting dates for 2020 were distributed to the Committee members.

## **MISCELLANEOUS**

### 1. Staff Report

Mr. Watts thanked Kirk Schumacher and Stephen Smith, a member of Special Districts Board, for attending the meeting. Mr. Schumacher and Mr. Smith have

expressed their interest in serving on the Treasury Oversight Committee to fill the vacancies due to recent resignations on the committee.

## 2. Committee Member Comments

The Committee Chair, Mr. Grubb made special thanks to the treasury staff for their excellent work. Mr. Grubb also recognized the treasury staff for maintaining the AAA/S1+ rating of the treasury portfolio and excellence in the quarterly investment reports.

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

Tuesday, February 18, 2020.

Mr. Grubb adjourned the meeting at 4:14 p.m.

Respectfully submitted,

Ronda Boler  
Executive Secretary

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