

# TREASURY OVERSIGHT COMMITTEE MEETING

February 18, 2020

## MINUTES

Members Present: Edgar Grubb, Julie Bautista, John Phillips, Dennis Reigle, Kirk Schumacher, and Paula Troy

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, Ronda Boler, Executive Secretary, Stanley Caldwell, a former Treasury Oversight Committee member, and Karen Smith, Client Relations Director, Wells Fargo Asset Management

Members Absent: Bill Clark 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. APPROVE NOVEMBER 19, 2019 TREASURY OVERSIGHT COMMITTEE MEETING MINUTES

Mr. Grubb called a motion for the approval of the minutes. Mr. Phillips inquired about the adequacy of the word "is" in the sentence, "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," and suggested to use the word "should" instead. Ms. Zhu stated that, to be in compliance with the California Government Code, the quarterly reports shall include statement stating the ability of the local agency to meet the expenditures for the next six months. Ms. Zhu agreed to research the language of the specific code requirement and to change the sentence if necessary. Mr. Reigle moved, seconded by Mr. Schumacher, to approve the November 19, 2019 Treasury Oversight Committee meeting minutes. The motion passed unanimously with ayes from Mr. Grubb, Ms. Bautista, Mr. Phillips, Mr. Reigle, and Mr. Schumacher. No nays were recorded.

### 2. APPROVE DECEMBER 31, 2019 QUARTERLY INVESTMENT REPORT

Ms. Zhu presented the December 31, 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 also 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, 2019, the total par value of the investment pool was \$3,793,643,291.38. The total cost was \$3,781,249,025.66. The market value was \$3,794,745,338.01, which was 1.0036% of the cost. More than \$3.10 billion, representing about 81% of the portfolio, will mature in less than a year. The weighted yield to maturity was 1.94% with the weighted average days to maturity of 221 days. Historical activities combined with future cash flow projections indicate that the County should be 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, 2019. The market value of the investment pool was up by \$806.6 million compared to the previous quarter end, but was down by \$24.5 million compared to the same quarter end of the previous year. More than 86% of the portfolio was managed by the Treasurer's Office while the remaining portion was managed by the external managers.

Ms. Zhu noted that US Bank was retained as an administrator to manage West Contra Costa Healthcare District's operating funds after extensive due diligence. The \$5.4 million was transferred to US Bank in December 2019 and was subsequently invested in the Federated Tax-Free Cash Trust fund. The fund is an investment vehicle, recommended by the district's bond and financial counsels, which helps the district to maintain the tax-exempt status of their outstanding bonds.

Mr. Phillips inquired about a Time Deposit for \$3,397.22. Ms. Zhu responded that the money belongs to the Community College District and is invested in a CD in accordance with the trust agreement. It is a scholarship fund donated by Berta Kamm for the best deserving student enrolled in a German language class.

Ms. Zhu informed the Committee that as of December 31, 2019, the net earnings of the Investment Pool for the current fiscal year is \$34.8 million. It is our projection that the net income earnings will be less than the previous fiscal year due to the decline in short-term interest rates.

Mr. Grubb called a motion for the approval of the investment report. Mr. Phillips moved, seconded by Ms. Bautista to approve the December 31, 2019 Quarterly Investment Report. The motion passed unanimously with ayes from Mr. Grubb, Ms. Bautista, Mr. Phillips, Mr. Reigle, and Mr. Schumacher. No nays were recorded.

### 3. APPROVE ANNUAL AUDIT FOR CALENDAR 2019

Mr. Grubb called a motion for approval of the annual audit of the Treasury for calendar year 2019. Mr. Phillips moved, seconded by Ms. Bautista. The motion passed unanimously with ayes from Mr. Grubb, Ms. Bautista, Mr. Phillips, Mr. Reigle, and Mr. Schumacher. No nays were recorded.

## **INFORMATION ITEMS**

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

A representative from Wells Fargo Asset Management presented an overview of the current general economy and capital market conditions as well as an outlook of the future economy. Wells Fargo Asset Management manages approximately \$44 million of the Pool's assets.

### 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 November 2019. 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 Sections 53607 of the State Government Code.

### 3. Form 700

Ms. Boler reminded the Committee that the 2019 Form 700 filings are due April 1, 2020. Reminder notices have been e-mailed to filers who have not yet filed. Contra Costa County uses a paperless filing system to file the Form 700. Please file the Form 700 using NetFile Website: <http://netfile.com/filer>. There is no need to print, sign or mail the form when filing online.

## **MISCELLANEOUS**

### 1. Staff Report

Staff reported to the Committee of two new members: Kirk Schumacher, Board of Supervisors Representative (2019 to 2024), succeeding Donald Bouchet. Paula Troy, Board of Supervisors Alternate Representative (2019 to 2024) succeeding Parm Sandhu. Additionally, Mr. Watts thanked Stanley Clark, former Treasury Oversight Committee Member representing Special Districts Board, for his service on the Treasury Oversight Committee. Mr. Caldwell advised the Special Districts Board of his intention to resign from the TOC effective immediately on January 27, 2020. The Special Districts Board appointed 1) Mr. Phillip Leiber to succeed Stanley Caldwell and serve in the Special Districts' seat, and 2) Mr. Stephen Smith to succeed Robert Leete and serve in the Special Districts' Alternate seat upon confirmation by the Board of Supervisors.

### 2. Committee Member Comments

None.

**ESTABLISHMENT OF NEXT MEETING DATE:**

Tuesday, May 19, 2020.

Mr. Grubb adjourned the meeting at 4:05 p.m.

Respectfully submitted,

Ronda Boler  
Executive Secretary

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