

TREASURY OVERSIGHT COMMITTEE MEETING

May 18, 2021

MINUTES

Members Present: Julie Bautista, John Phillips, Bill Clark, Edgar Grubb, Philip Leiber, Dennis Reigle, Paula Troy, and Larry Fernandes.

Also Present: Russell Watts, County Treasurer-Tax Collector, Belinda Zhu, Assistant County Treasurer, Lulis Lopez, Assistant Tax Collector, Ronda Boler, Executive Secretary, Bob Campbell, Auditor-Controller, and a representative from the Auditor Controller's Office, Henriette Browne.

Members Absent: Glenn Pena (Alternate) and Stephen Smith (Alternate)

Ms. Bautista called the Treasury Oversight Committee meeting to order at 3:02 p.m.

PUBLIC COMMENT

None.

ACTION ITEMS

1. APPROVE FEBRUARY 16, 2021 TREASURY OVERSIGHT COMMITTEE MEETING MINUTES

Ms. Bautista called a motion for approval of the minutes. Mr. Grubb moved, seconded by Mr. Leiber to approve the February 16, 2021 Treasury Oversight Committee minutes. The motion passed unanimously with ayes from Ms. Bautista, Mr. Phillips, Mr. Clark, Mr. Grubb, Mr. Leiber, Mr. Reigle, and Ms. Troy.

2. APPROVE CALENDAR YEAR 2020 TREASURY AUDIT REPORT

Ms. Henriette Browne presented the Executive Summary for the Audit performed by the Auditor-Controller's Office for the period January 1, 2020 through December 31, 2020. Ms. Browne stated that the auditors had examined the accounts, records, and procedures of the County Treasurer as well as the records and procedures of the Treasury Oversight Committee for the calendar year 2020. Based on the results of the audit tests and procedures, it was concluded that in all material respects, the compliances were met. Ms. Browne thanked the cooperation and assistance of the treasury staff during the course of the examination. Ms. Bautista called a motion for approval of the annual audit. Mr. Reigle moved, seconded by Mr. Grubb to approve the Calendar Year 2020 Treasury Audit Report. The motion passed unanimously with ayes from Ms. Bautista, Mr. Phillips, Mr. Clark, Mr. Grubb, Mr. Leiber, Mr. Reigle, and Ms. Troy.

3. APPROVE MARCH 31, 2021 QUARTERLY INVESTMENT REPORT

Ms. Zhu presented the March 31, 2021 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 March 31, 2021, the total par value of the investment pool was \$4,383,212,009.33. The total cost was \$4,380,337,002.68. The market value was \$4,387,633,246.82, which was 100.17% of the cost. More than \$3.66 billion in securities, representing about 84% of the portfolio, will mature in less than a year. The weighted yield to maturity was 0.37% with the weighted average days to maturity of 247 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 March 31, 2021. The market value of the investment pool was down by approximately \$146.9 million compared to the previous quarter end, and was up by approximately \$761 million compared to the same quarter end of the previous year. More than 82.4% of the portfolio was managed by the Treasurer's Office and the remaining portion was managed by the external managers.

Ms. Zhu informed the Committee that as of March 31, 2021 the net earnings of the Investment Pool for the quarter and the fiscal year to date were \$4.7 million and \$17.8 million, respectively. The net earnings for the fiscal year 2020-2021 is expected to be significantly less than the previous fiscal year largely due to the sharp decrease in interest rates. However, the various stimulus funds received by the County should make up for the reduced revenues from the investments.

Ms. Bautista called a motion for the approval of the investment report. Ms. Bautista moved, seconded by Mr. Grubb to approve the March 31, 2021 Quarterly Investment Report. The motion passed unanimously with ayes from Ms. Bautista, Mr. Phillips, Mr. Clark, Mr. Grubb, Mr. Leiber, Mr. Reigle, and Ms. Troy.

4. APPROVE CONTRA COSTA COUNTY TREASURER'S ANNUAL INVESTMENT POLICY FOR FISCAL YEAR 2021-2022

Ms. Zhu stated that each year we conduct a comprehensive review of the Annual Investment Policy (the "Policy") in accordance with California Government Code. The changes made to the Policy largely reflect the changes in the applicable governing laws and regulations, as well as the current practices.

Ms. Bautista called a motion to approve the Policy. Mr. Leiber moved, seconded by Mr. Reigle to approve the County's Treasurer's Annual Investment Policy for fiscal year 2021-2022. The motion passed unanimously with ayes from Ms. Bautista, Mr. Phillips, Mr. Clark, Mr. Grubb, Mr. Leiber, Mr. Reigle, and Ms. Troy.

5. APPROVE AMMENDED CONTRA COSTA COUNTY TREASURY OVERSIGHT COMMITTEE BYLAWS

Ms. Zhu stated that we review the Contra Costa County Treasury Oversight Committee Bylaws (the “Bylaws”) annually and may make amendments to the Bylaws if necessary. Ms. Bautista called a motion to approve the amended Bylaws. Mr. Phillips moved, seconded by Mr. Leiber to approve the Treasury Oversight Committee Bylaws. The motion passed unanimously with ayes from Ms. Bautista, Mr. Phillips, Mr. Clark, Mr. Grubb, Mr. Leiber, Mr. Reigle, and Ms. Troy.

INFORMATION ITEMS

1. Standard & Poor’s Rating

Ms. Zhu stated that the Standard & Poor again rated Contra Costa County investment portfolio (as of 3/31/21) is AA Af/ S1+ signifying the highest credit quality and the lowest volatility. The County investment portfolio has received the same credit rating from S&P since November 19, 2007.

2. Letter from Wells Fargo Asset Management regarding its acquisition

On February 23, 2021, Wells Fargo Asset Management (“WFAM”) announced that GTCR LLC and Reverence Capital Partners, L.P. signed a definitive agreement to acquire WFAM. The transaction is expected to close in the second half of 2021. As a part of the transaction, Wells Fargo Bank will own a 9.9% equity interest of WFAM. The portfolio management team that manages \$44 million of the County’s Treasury Pool assets is expected to remain intact.

MISCELLANEOUS

1. Staff Report

William “Bill” Clark, who is retiring at the end of June 2021, was presented with an award for his twelve years of public service on the Treasury Oversight Committee.

The Treasury Oversight Committee paused in a minute of silence in honor of Donald Bouchet who passed away in March 2021. Mr. Bouchet was an original Treasury Oversight Committee member representing the Board of Supervisors. Mr. Bouchet served on the Committee for more than 23 years.

2. Committee Member Comments

Ms. Bautista thanked the staff for reporting to the Committee in a diligent and cohesive way.

ESTABLISHMENT OF NEXT MEETING DATE:

Tuesday, August 17, 2021.

Ms. Bautista adjourned the meeting at 4:07 p.m.

Respectfully submitted,

Ronda Boler
Executive Secretary
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