



TREASURER-TAX COLLECTOR SAN DIEGO COUNTY

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Dan McAllister
Treasurer-Tax Collector



TREASURY OVERSIGHT COMMITTEE

MEETING MINUTES

October 23, 2019

ATTENDANCE

8 Voting Members Present:

- Seat 1 Dan McAllister, Treasurer-Tax Collector
- Seat 2 Tracy Sandoval, Chief Financial Officer, Auditor and Controller
- Seat 3 Don Steuer, Assistant Chief Administrative Officer, Board of Supervisors Rep.
- Seat 4 *Absent*: Michael Simonson, County Superintendent of Schools Representative
- Seat 5 Gregory Ottinger, Community Colleges/Schools Representative
- Seat 6 Andre Douzdjian, SANDAG (Non-voting)
- Seat 7 Herb Johnson, CHAIR, Public Member
- Seat 8 Colleen Harvey, Public Member
- Seat 9 Charlie Ng, Public Member
- Seat 10 *Absent*: Maria Kachadoorian, Public Member

County Staff:

Kevin Foley, Investment Officer, Treasurer-Tax Collector
Hank Kim, Chief Investment Officer, Treasurer-Tax Collector
Richard Kinzly, Investment Officer, Treasurer-Tax Collector
Cameron Urquhart, Investment Officer, Treasurer-Tax Collector
Lauren Warrem, Chief Deputy Treasurer, Treasurer-Tax Collector
Rachel Witt, Senior Deputy County Counsel
Myrna Zambrano, Assistant Treasurer-Tax Collector

Guests:

Alaina Sanchez, Brown Armstrong Certified Public Accountants
Eric Xin, Partner, Brown Armstrong Certified Public Accountants
Ian Lyngen, Head of U.S. Rates Strategy, Bank of Montreal Capital Markets
Rick Phillips, President and Chief Financial Officer, FTN Financial Main Street Advisors

Public:

No public attendees

1. Call Meeting to Order

Dan McAllister, Treasurer-Tax Collector, called the meeting to order at 1:35 PM in Conference Room 162-West of the County Administration Center.

2. Request by Public to Address the Treasury Oversight Committee on any Matter within the Committee's Jurisdiction

No members of the public were present.

3. Approval of April 24, 2019 Meeting Minutes

The April 24, 2019 meeting minutes were reviewed and approved by the Committee.

ACTION: Dan McAllister made a motion to approve and Tracy Sandoval seconded the motion. The minutes were approved by an 8-0 vote.

4. 2017-2018 Fiscal Year-End CAFR Presentation

Eric Xin and Alaina Sanchez of Brown Armstrong presented an update for the final reporting stage of the year-end audit. There were no significant findings during the audit. The report is expected in mid-November. Mr. Xin and Ms. Sanchez thanked the County Treasurer-Tax Collector's staff for their assistance during the audit process.

5. Economic Update

Ian Lyngen, Head of U.S. Rates Strategy, Bank of Montreal Capital Markets, gave his take on trends in the treasury markets over the coming year. In addition, he discussed some of the risks to US market as well as the global outlook.

6. 2020 Investment Policy Statement Review

Hank Kim, Chief Investment Officer, explained the proposed changes to the 2020 Investment Policy. The Committee voted to adopt the changes and the new policy will be placed before the Board of Supervisors for final approval on December 10, 2019.

ACTION: Collen Harvey made a motion to approve and Dan McAllister seconded the motion. The changes were approved by an 8-0 vote.

7. Portfolio Statistics

Hank Kim, Chief Investment Officer, provided an update on the portfolio. As of September 30, 2019, the book value was \$8.48B, which was a \$220M increase year-over-year. The yield to maturity was 2.25% which was up 23bps increase year-over-year. The weighted average maturity was 690 days. The range for 2019 was 348 days to 690 days. Mr. Kim reviewed the asset allocation, which showed an increase in Asset Backed Securities and Medium-Term Notes, and a decrease in Commercial Paper and Negotiable CD's. The credit quality of the portfolio was strong, with the majority of the assets in the AAA/F-1 category.

8. Proposed Changes to the Treasury Oversight

Lauren Warrem, Chief Deputy Treasurer, presented the proposed changes to the Committee. In accordance with the California Government Code, and to streamline the appointment process, proposed is reducing the number Committee members from 11 to 9, and all members will be voting members. One member's term expired in 2019, and one member retired. Herb Johnson made a motion to approve, Tracy Sandoval seconded the motion.

ACTION: The changes were approved by an 8-0 vote.

9. 2020 Meeting Schedule

The upcoming 2020 schedule has been set for April 15, 2020, and October 21, 2020.

10. Treasurer's Updates

- a) We celebrated the completion of our banking transition to JP Morgan Chase in June. All County departments are now live with JP Morgan.
- b) Due to Herb Johnson's resignation as Committee Chair, Mr. McAllister appointed Colleen Harvey to serve as Committee Chair.
- c) The Municipal Debt Symposium will take place on November 1, 2019. There are close to 200 registered. Mr. McAllister encouraged the Committee to attend.

11. Questions/Comments

The meeting adjourned at 2:23 p.m.

2020 Anticipated Meeting dates:

April 22, 2020 - Canceled
October 21, 2020

Minutes taken by Donna Gehlken, Administrative Secretary