



SACRAMENTO COUNTY
TREASURY OVERSIGHT COMMITTEE
Regular Meeting — Friday, August 18, 2017 / 9:00 a.m.
700 H Street, Hearing Room One, Room 1487
Sacramento, California 95814

MINUTES

PRESENT: Gerardo Castillo, Jeremy Edwards, Angelica Hernandez, Ben Lamera, Chris Parker, Ronald Seaman, Michael Smith, David Villanueva.

ABSENT: Brandon Rose.

STAFF: Peggy Marti, Alan Matré, Dave Matuskey, Bernard Santo Domingo.

GUESTS: Jerry Legg.

1. CALL TO ORDER AND INTRODUCTIONS.

Vice Chair Gerardo Castillo called the meeting to order at 9:00 a.m.

2. COMMENTS FROM THE PUBLIC.

Jerry Legg of Five Star Bank asked the committee to consider revising the bank credit rating requirements in the investment policy for the Community Reinvestment Act Program deposits.

3. APPROVAL OF MAY 19, 2017, MEETING MINUTES.

The minutes of the May 19, 2017, meeting were approved as amended on a motion made by Ronald Seaman, seconded by Chris Parker, and carried (7-0) with one abstention.

4. DISCUSSION AND ACTION ON THE INTERNAL AUDIT OF NON-POOLED INVESTMENT FUNDS FOR THE QUARTER ENDED JUNE 30, 2017.

Alan Matré reported for the quarter ended June 30, 2017, that fifteen issues, three of which were new and one of which was external, were reviewed and no instances of non-compliance were found.

The Internal Audit Of Non-Pooled Investment Funds For The Quarter ended June 30, 2017, was accepted on a motion made by Chris Parker, seconded by Jeremy Edwards, and unanimously carried (8-0).

5. STATUS REPORT ON MEMBER POSITIONS.

Dave Matuskey stated that the District 1 public member position is still vacant and that the District 3 and 4 public member representatives were reappointed for three-year terms expiring June 30, 2020. Mr. Matuskey also noted that Gerardo Castillo was reelected as the Schools and Community College District Representative for a three-year term also expiring June 30, 2020.

6. DISCUSSION AND ACTION ON THE QUARTERLY REPORT OF THE NON-POOLED FUNDS PORTFOLIO REPORT FOR THE QUARTER ENDED JUNE 30, 2017.

Bernard Santo Domingo presented the Quarterly Report of the Non-Pooled Funds Portfolio for the Quarter Ended June 30, 2017.

The Non-Pooled Funds Portfolio Reports For The Quarter Ended June 30, 2017, was accepted on a motion made by David Villanueva, seconded by Angelica Hernandez, and unanimously carried (8-0).

7. DISCUSSION AND ACTION ON THE QUARTERLY REPORT OF THE POOLED INVESTMENT FUND FOR THE QUARTER ENDED JUNE 30, 2017, AND COMPLIANCE WITH INVESTMENT POLICY.

Bernard Santo Domingo presented the Quarterly Report Of The Non-Pooled Funds Portfolio For The Quarter ended June 30, 2017, and Compliance with Investment Policy. He stated that the Pooled Investment Fund was in compliance with the investment policy and California Government Code.

Bernard Santo Domingo provided his economic commentary. He noted that the FOMC has raised the Fed Funds rate three times since December 2016, but the Fed Fund Futures show only a 33% chance of a rate hike by December 2017. He stated that the key factor in future interest rates is inflation, which isn't showing up in major indicators at a level the FOMC wants to see. He also stated that, due to the current market rates and the yields on maturing investments, he expects the pooled fund yield to continue to rise over the next three quarters.

Mr. Santo Domingo stated that counsel reviewed whether or not Wells Fargo could be used as a broker/dealer or its securities purchased by the pool due to its CRA rating falling below satisfactory, and it was determined that Government Code Section 53635.2 applies to depository and not investment transactions. Peggy Marti stated that an RFP for banking services will be released soon and will require respondents to have a CRA rating of satisfactory or better. Ben Lamera stated the Department of Finance would reach out to the committee members to be involved in the bank selection.

The Quarterly Reports of the Pooled Investment Fund For The Quarter Ended June 30, 2017, were accepted on a motion made by Angelica Hernandez, seconded by Jeremy Edwards, and unanimously carried (8-0).

8. OVERVIEW OF POOLED INVESTMENT FUND STATISTICS FROM VARIOUS JURISDICTION FOR JUNE 2017.

Bernard Santo Domingo presented the *Investment Fund Statistics Questionnaire Results – June 2017, Comparison of Various County Pooled Investment Funds and LAIF – 12-Month Yield Performance as of June 2017, and Overview of Pooled Investment Fund Statistics from Various Jurisdictions – Comparison of Yields and Average Weighted Maturities from September 30, 2016 – June 30, 2017.*

9. DISCUSSION AND ACTION ON REPORT OF COMPLIANCE WITH GOVERNMENT CODE SECTION 27133(c) AND INVESTMENT POLICY REGARDING POLITICAL CONTRIBUTIONS

Bernard Santo Domingo presented the Report of Compliance with Government Code Section 27133(c) and Investment Policy Regarding Political Contributions and stated that all broker/dealers and direct issuers were in compliance.

The Report of Compliance with Government Code Section 27133(c) and Investment Policy Regarding Political Contributions was accepted on a motion made by Chris Parker, seconded by David Villanueva, and unanimously carried (8-0).

10. DISCUSSION ON COMMERCIAL PAPER DEFAULT RISK.

Dave Matuskey presented research on the historical default rates of commercial paper meeting the pool's minimum credit rating requirements.

11. NEXT MEETING REMINDER.

Vice Chair Gerardo Castillo reminded the committee that the next regular meeting of the Treasury Oversight Committee is scheduled for Friday, November 17, 2017, in the County Administration Center's Hearing Room One, Room 1487.

12. ADJOURNMENT.

The meeting was adjourned at 9:44 a.m.

Respectfully submitted:

Approved:

Dave Matuskey
Investment Officer

Brandon Rose, Chair
Treasury Oversight Committee

cc: Treasury Oversight Committee Members
Department of Finance Staff