

SAN MATEO COUNTY
TREASURY OVERSIGHT COMMITTEE

MINUTES

April 17, 2017

1. CALL TO ORDER

The meeting was called to order at 12:06 p.m. by Sandie Arnott.

2. ROLL CALL:

Members and guests were asked to introduce themselves during roll call.

MEMBERS IN ATTENDANCE

John Marty (Treasurer, City of San Bruno) **Chairman**
Sandie Arnott (Treasurer-Tax Collector)
Jim Saco (Budget Director, County Manager's Office)
Stephanie Osaze (Finance Manager, Bay Area Air Quality Management District)
Helen Fisicaro (Town of Colma)
Daneca Halvorson (Treasurer, City of Daly City)
Margie Gustafson (Administrator, County Office of Education)
Denise Porterfield (Deputy Superintendent Fiscal & Operational Services Division)

MEMBERS ABSENT

None

STAFF IN ATTENDANCE

Charles Tovstein (Chief Investment Officer)
Joe Demeo (Financial Services Manager II)
Gina M. Luiz (Executive Assistant)

MEMBERS OF THE PUBLIC IN ATTENDANCE

Beverly Correa (J.P. Morgan)
Richard Babbe (PFM)
Izac Chyou (PFM)

3. APPROVAL OF MINUTES – January 23, 2017

Jim Saco made a motion to approve minutes from the January 23, 2017 meeting, seconded by Helen Fisicaro. Meeting minutes were approved unanimously.

4. ECONOMIC REPORT – Richard Babbe & Izac Chyou (PFM)

Richard Babbe and Izac Chyou presented an overview of the economy and market. Mr. Babbe also presented additional slides on the economy and other topics their portfolio strategists are following. Mr. Babbe said since the financial crisis of 2007-2008 the Federal Reserve and the central markets throughout the world are driving interest rates. He said there continues to be moderate growth and unemployment is at a low of 4.5%. He added that personal consumption expenditure has increased recently.

Mr. Babbe said there were a lot of expectations from the 2016 Presidential Election. Immediately after the election there was a lot of market activity. At this time, the rates have stabilized. However, the market is on a “wait and see” basis regarding interest rates.

5. CIO REPORT – Charles Tovstein

5.1 Investment Report

Mr. Tovstein said he continues to buy repurchase agreements with Wells Fargo and Deutsche Bank. He said the pool is at an all-time high of \$5.5 billion and it will remain at that amount through the end of the fiscal year. Mr. Tovstein said a contributing factor to the size of the pool is the voluntary participants at \$1.15 billion. He said the average maturity is .98%

6. Treasurer’s Report – Sandie Arnott

6.1 2017 Investment Policy and Delegation of Authority

Attendees were provided a hard copy of the 2017 Investment Policy. Sandie stated the 2017 Investment Policy and the Delegation of Authority were approved by the San Mateo County Board of Supervisors on February 28th, 2017.

7. ORAL COMMUNICATIONS AND PUBLIC COMMENT

None

8. OTHER BUSINESS

Denise Porterfield discussed a recent bank fraud issue in Kern County. She said there was a large transfer of funds to an incorrect account. She said the funds were from the Kern County Community College District and Kern County Superintendent of Schools clearing bank accounts. The Superintendent of Schools had not viewed the account in approximately ten years. Also, she said there was not a reconciliation conducted between the Kern County Controller’s Office and the Superintendent of Schools. Ms. Porterfield said the Kern County Treasurer’s Office has managed to recoup some of the funds. She asked about the San Mateo County reconciliation process. Ms. Arnott said there are blocks on accounts and departments do not allow vendors to make direct withdrawals. She said all payments to vendors are processed by the San Mateo County Controller’s Office. Ms. Arnott said the Treasurer’s Office works closely with the Controller’s Office to prevent fraudulent activity.

9. NEXT MEETING DATE

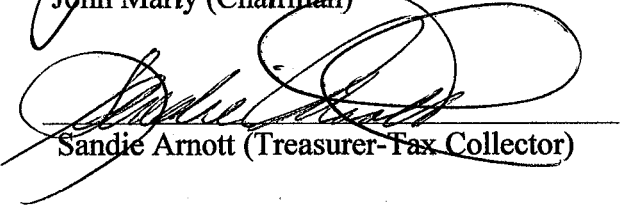
Monday, October 16th, 2017

10. ADJOURNMENT

The meeting was adjourned at 12:37 p.m.



John Marty (Chairman)



Sandie Arnott (Treasurer-Fax Collector)