



SACRAMENTO COUNTY
TREASURY OVERSIGHT COMMITTEE
Regular Meeting — Friday, November 17, 2017 / 9:00 a.m.
700 H Street, Hearing Room One, Room 1487
Sacramento, California 95814

MINUTES

PRESENT: Jeremy Edwards, Angelica Hernandez, Chris Parker, Brandon Rose, Michael Smith, David Villanueva.

ABSENT: Gerardo Castillo, Ben Lamera, Ronald Seaman.

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

GUESTS: Jerry Legg, Joshua Wood.

1. CALL TO ORDER AND INTRODUCTIONS.

Chair Brandon Rose called the meeting to order at 9:03 a.m.

2. COMMENTS FROM THE PUBLIC.

Jerry Legg discussed the proposed change to the Community Reinvestment Act Program.

3. APPROVAL OF AUGUST 18, 2017, MEETING MINUTES.

The minutes of the August 18, 2017, meeting were approved as amended on a motion made by David Villanueva, seconded by Chris Parker, and carried (6-0) with one abstention.

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

Alan Matré reported for the quarter ended September 30, 2017, that ten issues, one of which was new and none 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 September 30, 2017, was accepted on a motion made by Chris Parker, seconded by Angelica Hernandez, and unanimously carried (6-0).

5. STATUS REPORT ON MEMBER POSITIONS.

Dave Matuskey stated that an application was received for the District 1 public member position and that the Supervisor's office will be conducting an interview with the applicant.

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

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

The Non-Pooled Funds Portfolio Reports For The Quarter Ended September 30, 2017, was accepted on a motion made by Jeremy Edwards, seconded by Angelica Hernandez, and unanimously carried (6-0).

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

Bernard Santo Domingo presented the Quarterly Report Of The Non-Pooled Funds Portfolio For The Quarter ended September 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 fed funds futures are predicting an almost certain rate hike by the FOMC at its December meeting and two more rate hikes in 2018. Mr. Santo Domingo noted that the president nominated Jerome Powell for Chairman of the Federal Reserve. He stated the market expects Mr. Powell have a stance similar to Bernanke and Yellen with a slightly higher tolerance for inflation.

The Quarterly Reports of the Pooled Investment Fund For The Quarter Ended September 30, 2017, were accepted on a motion made by Chris Parker, seconded by David Villanueva, and unanimously carried (6-0).

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

Bernard Santo Domingo presented the *Investment Fund Statistics Questionnaire Results – September 2017, Comparison of Various County Pooled Investment Funds and LAIF – 12-Month Yield Performance as of September 2017, and Overview of Pooled Investment Fund Statistics from Various Jurisdictions – Comparison of Yields and Average Weighted Maturities from December 31, 2016 – September 30, 2017.*

9. DISCUSSION ON THE RECOMMENDED CHANGE TO THE COMMUNITY REINVESTMENT ACT PROGRAM AND THE INVESTMENT POLICY

Bernard Santo Domingo presented a history of the creation of the Community Reinvestment Act Program and the changes subsequently made to the program. He stated that the 2018 investment policy will be presented to the Board of Supervisors on December 5, 2017, and it will include a change to allow banks not rated by Moody's, S&P, or Fitch to qualify for deposits over \$250,000 by explicitly permitting the purchase of certificates of deposit through a placement service that ensures the entire deposit is covered by FDIC insurance. Mr. Santo Domingo stated that staff determined not to recommend allowing collateralized deposits with unrated banks due to liquidity concerns, the recent history of bank failures, and the difficulty in evaluating the credit worthiness of the banks.

Joshua Wood presented the Region Finance proposal to have the \$65 million in the pool currently invested in the Local Agency Investment Fund (LAIF) reallocated to deposits with community banks headquartered in the Sacramento, Yolo, Placer, and El Dorado Counties. He stated the deposits would meet or exceed LAIF's monthly return. In return, the banks would lend at least 50% of the deposited funds to business and real estate ventures within the County.

Chris Parker requested a report back to the committee on the passage of the annual investment policy and the implementation of the change to the Community Reinvestment Act Program.

10. DISCUSSION ON SELECTION OF BANKING AND CUSTODIAN SERVICES.

Peggy Marti announced that Bank of the West was awarded the contract for banking and custodial service for the County.

11. NEXT MEETING REMINDER.

Chair Brandon Rose reminded the committee that the next regular meeting of the Treasury Oversight Committee is scheduled for Friday, February 16, 2018, in the County Administration Center's Hearing Room One, Room 1487.

12. ADJOURNMENT.

The meeting was adjourned at 10:41 a.m.

Respectfully submitted:

Approved:

Dave Matuskey
Investment Officer

Brandon Rose, Chair
Treasury Oversight Committee

cc: Treasury Oversight Committee Members
Department of Finance Staff