



TREASURER-TAX COLLECTOR SAN DIEGO COUNTY

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Dan McAllister
Treasurer-Tax Collector



TREASURY OVERSIGHT COMMITTEE

MEETING MINUTES

April 24, 2019

ATTENDANCE

7 Voting Members Present:

- Seat 1 Dan McAllister, Treasurer-Tax Collector
- Seat 2 Tracy Sandoval, Deputy Chief Administrative Officer, Auditor and Controller
- Seat 3 *Absent*: Don Steuer, Assistant Chief Administrative Officer, Board of Supervisors Rep.
- Seat 4 Michael Simonson, County Superintendent of Schools Representative
- Seat 5 *Absent*: Gregory Ottinger, Community Colleges/Schools Representative
- Seat 6 *Absent*: 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 Maria Kachadoorian, Public Member
- Seat 11 *Absent*: Mark Fisher, 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:

Gennadiy Goldberg, Rates Strategist, TD Securities (via telephone)
Rick Phillips, President and Chief Financial Officer, FTN Financial Main Street Advisors
Alaina Sanchez, Brown Armstrong Certified Public Accountants
Eric Xin, Partner, Brown Armstrong Certified Public Accountants

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 October 18, 2018 Meeting Minutes

The October 18, 2018 meeting minutes were reviewed and approved by the Committee.

ACTION: Collen Harvey made a motion to approve and Dan McAllister seconded the motion. The minutes were approved by a 7-0 vote.

4. 2017-2018 Fiscal Year-End CAFR Presentation

Eric Xin and Alaina Sanchez of Brown Armstrong presented their results to the Committee. Alaina Sanchez briefly explained the audit process. Eric Xin reviewed the audit reports and stated that there were no findings during the audit.

5. Economic Update

Gennadiy Goldberg, a Rates Strategist, with TD Securities presented his takeaways from the 2019 Global Fixed Income Conference. Additional Fed hikes are not expected in this cycle and due to eased financial conditions the US economy will experience growth.

6. Review of Daily Cash Flow Analysis

Hank Kim, Chief Investment Officer, provided an overview of the investment process, with a focus on cashflow analysis. He provided a detailed look at the cash flow model and explained how cash flows drive investment activity. He highlighted key recurring inflows and outflows and showed how these look on the 5-year model. He then discussed non-recurring cashflows and how the team models these. He then explained how individual security selection is determined.

7. Portfolio Statistics & Strategy Update

Hank Kim, Chief Investment Officer, began his update by stating that the pool size was \$9.69 billion as of March 31, 2019, which was a \$400 million decrease in book value year-over-year. The decrease was attributed to lower bond issuance from the school districts. The asset allocation on March 31, 2019 showed an increase in asset backed securities and medium-term notes and a decrease in commercial paper. Treasuries, agencies and negotiable CD's remained unchanged vs one year ago levels.

8. Treasurer Updates

- a) Mr. McAllister announced two upcoming symposiums, the Fraud Prevention and Ethics Symposium on July 31, 2019, and the Municipal Debt Symposium on November 1, 2019. Both symposiums are well-attended, and he encourages all to attend these informative events.

- b) Banking transition update
The transition from Wells Fargo Bank to JP Morgan Chase is going well. Mr. McAllister thanked staff involved in the transition for their efforts.

- c) Client coverage update
Client coverage initiative efforts are ongoing. The County investment team continues to meet with potential clients.

9. Questions/Comments

The meeting adjourned at 2:31 p.m.

2019 Anticipated Meeting dates:

October 23

November 20 (tentative)

Minutes taken by Donna Gehlken, Administrative Secretary