TREASURER-TAX COLLECTOR
SAN DIEGO COUNTY
www.sdttc.com

Dan McAllister
Treasurer-Tax Collector

TREASURY OVERSIGHT COMMITTEE

April 9, 2025

Voting Members Present:

Seat 1 Dan McAllister, County Treasurer, Ex-officio
Seat 2 Tracy Drager, County Auditor-Controller, Ex-officio
Seat 3 Joan Bracci, /Chief Financial Officer, Board of Supervisors Representative
Seat 4 Michael Simonson, San Diego County Office of Education, County Superintendent of Schools Representative, Ex-officio
Seat 7 Gabriel Wisdom, American Money Management, LLC, Public Member (Public Finance expertise)
Seat 8 Colleen Harvey, Karl Strauss, CHAIR, Public Member (Public Finance expertise)
Seat 9 Maria Kachadoorian, City of Chula Vista, Public Member (City Representative)

Voting Members Absent:

Seat 5 Dr. Tina M. King, San Diego College of Continuing Education, Community Colleges/Schools Representative
Seat 6 Kimberly Trammel, SANDAG, Special District Representative

County Staff:

Myrna Zambrano, Assistant Treasurer-Tax Collector
Chris Herrera, Chief Deputy Treasurer, Treasury & Investment Division
RC Kinzly, Chief Investment Officer, Treasury & Investment Division
Kevin Foley, Investment Officer, Treasury & Investment Division
Kevin McManus, Investment Officer, Treasury & Investment Division
Amparo Chavez, Accounting Manager, Treasury & Investment Division
Sander Franken, Principal Accountant, Treasury & Investment Division
Robert Goshey-Garcia, Admin Analyst I, Treasury & Investment Division
Kristine Gachalian, Investment Analyst, Treasury & Investment Division
Ramy Hajjar, Investment Analyst, Treasury & Investment Division
Laura Dolan, Sr. Deputy County Counsel

Guests:

Lindsey Zimmerman, Brown Armstrong Accountancy Corporation
Jayson Schmitt, Chandler Asset Management

Public:

No public attendees

1. **Call Meeting to Order**
   Colleen Harvey, Committee Chair, called the meeting to order at 1:30 PM in Room 402A in the County Administration Center (CAC).

2. **Requests by Public to Address the Treasury Oversight Committee (TOC) on any Matter within the Committee's Jurisdiction**
   No members of the public were present.

3. **Approval of October 9, 2024, Meeting Minutes**
   The October 9, 2024 meeting minutes were reviewed and approved by the Committee.

   ACTION: Mike Simonson made a motion to approve and Dan McAllister seconded the motion. The minutes were approved unanimously.

4. **Fiscal Year 2023-24 Audit and Annual Comprehensive Financial Report and Other Required Communication**
   Lindsey Zimmerman, Partner with Brown Armstrong Accountancy Corporation, presented the update on the annual audit for the fiscal year ended June 30, 2024. Ms. Zimmerman reported there were no changes and no significant accounting policies that were adopted this year. They analyzed in detail the fair value of investments as an estimate to make sure all methods were utilized properly. The disclosures were looked at in detail to ensure they were represented properly. There were no difficulties encountered in performing the audit, no corrected and uncorrected misstatements, and no disagreements with management.

   The fiscal year 2025 annual audit is expected to begin in June and issue the report early November.

5. **Economic Update**
   Chris Herrera, Chief Deputy Treasurer, provided an update on the economy and the market. The tariff announcement created more uncertainty regarding the outlook for growth and inflation. Tariffs imposed on 50 plus countries and 50% of rates imposed on the US. The overall weighted average tariff is 29%. In March, the Federal Open Market Committee left the Federal Funds rate unchanged of 4.25-4.50%. The market expects the Fed to cut rates by 100bps at the end of 2025. The March unemployment rate increased to 4.2%. The Consumer Price Index (CPI) increased 2.8% year-over-year in February compared to 3.0% in January. The trend is moderating, but inflation remains above the Fed's 2% target. Gross Domestic Product is growing at an annualized rate of 2.4% and the consensus expects a slowing growth in 2025 and 2026 at 1.9%. Institute for Supply Management (ISM) Manufacturing index decreased to 49.0 in March from 50.3 in February. According to the Case-Shiller 20-City Home Price Index, housing prices rose 4.7% year-over-year in January and San Diego housing price growth is now

below the 20-City Index, with prices up 3.4%. Equity markets pulled back significantly in 2025. US Treasuries rallied in 2025, with the 10-year yield currently at 4.00% compared to 4.57% in December. The yield curve is positively sloped at 34bps but is still below the long-term average of 100bps. The persistent lack of steepness in the yield curve leads to attractive rates in shorter duration investments.

6. **Portfolio Review**
Richard Kinzly, Chief Investment Officer, presented the key portfolio metrics as of February 2025. The book value was $16.3 billion which was a $0.8 billion dollar increase in book value year-over-year. Growth driven by tax roll increase and school bond proceeds. The yield to maturity was 3.77% which was a 15 bps decrease in yield year-over-year. The projected pool yield in FY25/26 is 3.65%. The Weighted Average Maturity increased to 460 days in February 2025 versus 431 days in February 2024. Stable investor base made up of 95% mandatory participants and 5% voluntary participants. Asset allocation increases in US Treasury's and Agency's and decrease in Commercial Paper. Yield to Maturity increased significantly since low in December 2021.

7. **Broker-Dealer Request for Information (RFI) Process Update**
Kevin Foley, Investment Officer, presented Broker-Dealer Request for Information (RFI) process that will begin in second quarter 2025. Every 3 years, TTC conducts an RFI to determine which broker-dealers are approved to transact with the County. Our last RFI was completed in 2022 and resulted in 16 approved broker-dealers. RFI will be posted on BuyNet to be fully transparent and allow every broker equal opportunity to apply. The goal of the RFI is to identify the broker-dealers that will provide the greatest value to the County. TTC will score all the broker-dealers based off their responses and decide on the final approved list. The RFI Evaluation Criteria are frequent underwriters for bond deals, inventory in a wide range of products, market leader in trading a product, conduct business with other California Counties, and provide additional resources such as market research.

8. **Treasurer's Updates**
Presented by Dan McAllister, Treasurer
- He thanked everyone for being present and thanked Colleen for all the work she does
- We expect to have a symposium in the fall and please let us know your suggestions
- The next Treasury Oversight Committee meeting is on October 8th

9. **Adjournment**
The meeting adjourned at 2:30 p.m.

Minutes taken by Kristine Gachalian, Investment Analyst