



# TREASURER-TAX COLLECTOR SAN DIEGO COUNTY

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**Dan McAllister**  
Treasurer-Tax Collector



## TREASURY OVERSIGHT COMMITTEE

### MINUTES OF MEETING

April 12, 2017

#### ATTENDANCE

7 Voting Members Present:

- Seat 1 Dan McAllister, Treasurer-Tax Collector
- Seat 2 Ebony Shelton, Financial Policy & Planning Director, Auditor and Controller (Alternate)
- Seat 3 Don Steuer, Assistant Chief Administrative Officer, Board of Supervisors Rep.
- Seat 4 *Absent*: Lora Duzyk, County Superintendent of Schools Representative
- Seat 5 Vacant
- Seat 6 Andre Douzdjian, SANDAG (Non-voting)
- Seat 7 Benjamin Dillingham III, CHAIR, Public Member
- Seat 8 Colleen Harvey, Public Member
- Seat 9 Charlie Ng, Public Member
- Seat 10 *Absent*: Laura Deese, Public Member
- Seat 11 Mark Fisher, Public Member

#### County Staff:

Israel Garza, Accounting Manager, Treasurer-Tax Collector  
Hank Kim, Interim Chief Investment Officer, Treasurer-Tax Collector  
Richard Kinzly, Investment Officer, Treasurer-Tax Collector  
Thomas Paolicelli, Chief Deputy Treasurer, Treasurer-Tax Collector  
Cameron Urquhart, Investment Officer, Treasurer-Tax Collector  
Rachel Witt, Senior Deputy, County Counsel

#### Guests:

Kay Chandler, President, Chandler Asset Management  
William Dennehy, Senior Portfolio Manager, Chandler Asset Management  
Kevin Starkey, Macias Gini & O'Connell LLP

#### Public:

No public attendees

**1. Call Meeting to Order**

Ben Dillingham, Committee Chair, called the meeting to order at 1:30 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 19, 2016 Meeting Minutes**

The October 19, 2016 meeting minutes were reviewed and approved.

**ACTION:** Dan McAllister made a motion to approve the minutes. Benjamin Dillingham seconded the motion. The meeting minutes were approved by a 7-0 vote.

**4. Staffing Updates**

Dan McAllister introduced Thomas Paolicelli, the Chief Deputy Treasurer, Hank Kim, who is assuming the role of Interim Chief Investment Officer, and Colleen Harvey, replacement for Tom LaHay in Seat 8.

**5. Market Update**

William Dennehy of Chandler Asset Management presented his economic outlook for 2017. Inflation expectations moving higher will be based on wage growth. Inflation metrics will move modestly higher over the course of the year. Oil is unlikely to contribute to inflation expectations. The Euro has been strong in 2017 and we could possibly see it at parity with the dollar at some point this year. Equity market performance has been strong based on expectations of tax policy changes in 2017 and increased fiscal spending in 2018. The future makeup of the Federal Reserve is unknown and will add to market uncertainty, primarily later in the year when Chair Yellen's term is set to expire.

**6. Fitch Ratings Review**

Mr. Kim presented the rationale for transitioning to Fitch Ratings. He discussed the proposed changes to S&P's ratings methodology and the impact to the County Pool. He explained why Fitch was selected and the benefits of a Fitch rating.

**7. Fiscal Year 15/16 Year-End Audit**

Kevin Starkey, of Macias Gini & O'Connell, reported that no major issues were found during the year-end audit. Mr. Starkey thanked the Treasury and Investments teams for their assistance throughout the audit process.

## **8. Portfolio Statistics & Strategy Update**

Mr. Kim reviewed February 2017 portfolio statistics and gave an update on the current investment strategy for the pooled money fund. He discussed some key strategic initiatives for the investments group. Kay Chandler, of Chandler Asset Management, briefly discussed the portfolio summary with regard to the long-term pool. She stated that the long term return on Pool B is close to the benchmark and throughout the past few years, Pool B has continually increased the overall return on the portfolio while maintaining a significant amount of liquidity in Pool A.

## **9. Treasurer Updates**

### **a) 2016 Client Coverage Model Update**

The program which began in 2016 provides coverage distributed among the investment team for 210 participating agencies. The team conducts offsite reviews with clients and regularly distributes written materials such as monthly investment reports and our quarterly Market Watch report, also available on our website. We are already seeing positive results among our clients, with an increase in voluntary investing.

### **b) 2017 Educational Symposiums**

Mr. McAllister informed the Committee of the upcoming Fraud Prevention Symposium on August 4 and the Debt Symposium on November 3, 2017 and encouraged all to attend.

### **c) Yield Book**

Yield Book is a software application that provides analysis on various portfolios to assist the team in the decision-making process. It was a good program; however, it had some limitations. The Investment team created an in-house solution by utilizing Sympro and Bloomberg, two tools already used by the team, to perform the same functions as Yield Book. The Investment team decided not to renew Yield Book's contract, thus saving the County \$85,000 annually.

## **10. Adjournment at 2:38 PM**

Mr. Dillingham thanked the presenters, staff members, and Committee members for attending and asked all to note the 2017 meeting dates.

### **2017 Meeting dates:**

July 19, 2017

October 18, 2017

November 15, 2017 (Tentative)

Minutes taken by Donna Gehlken, Administrative Secretary