



TREASURER-TAX COLLECTOR SAN DIEGO COUNTY

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Dan McAllister
Treasurer-Tax Collector



TREASURY OVERSIGHT COMMITTEE

MEETING MINUTES

April 21, 2021

Voting Members Present:

- Seat 1 Dan McAllister, County Treasurer, Ex-officio
- Seat 2 Tracy Drager, County Auditor-Controller, Ex-officio
- Seat 3 Ebony Shelton, Deputy Chief Administrative Officer/Chief Financial Officer, Board of Supervisors Representative
- Seat 4 *Absent:* Michael Simonson, County Superintendent of Schools Representative, Ex-officio
- Seat 5 *Absent:* Gregory Ottinger, Community Colleges/Schools Representative
- Seat 6 *Absent:* Andre Douzdjian, SANDAG, Special District Representative
- 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)

County Staff:

Cameron Urquhart, Investment Officer, Treasury and Investment Division
Hank Kim, Chief Investment Officer, Treasury and Investment Division
Kevin Foley, Investment Officer, Treasury and Investment Division
Kristine Gachalian, Investment Analyst, Treasury and Investment Division
Lauren Warrem, Chief Deputy Treasurer, Treasury and Investment Division
Lisa Kondrat-Dauphin, Treasury Manager, Treasury and Investment Division
Myrna Zambrano, Assistant Treasurer-Tax Collector
Rachel Witt, Chief Deputy County Counsel
Richard Kinzly, Investment Officer, Treasury and Investment Division

Guests:

Alaina Sanchez, Brown Armstrong Certified Public Accountants
Chris Ahrens – Chief Strategist, Stifel Fixed Income Capital Markets
Jason Schmitt, Chandler Asset Management
Mia Corral, Chandler Asset Management

Public:

No public attendees

1. Call Meeting to Order

Colleen Harvey, Committee Chair, called the virtual meeting to order at 1:32 PM on Microsoft Teams.

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 21, 2020, Meeting Minutes

The October 21, 2020 meeting minutes were reviewed and approved by the Committee.

ACTION: Dan McAllister made a motion to approve, and Ebony Shelton seconded the motion. The motion passed by a 5-0 vote.

4. Audit Update 2019-20 Fiscal Year-End

Alaina Vandermade, Audit Manager with Brown Armstrong Accountancy Corporation, presented the final results for the 2019-20 fiscal year-end. There were no new GASB statements that were implemented, and no material corrections to the financials. As of June 30, 2020, the County Investment Pool's financial statements received an unmodified, or clean opinion. There were also no issues with compliance or internal controls for the testing that was performed.

It was brought to the Committee's attention that GFOA awarded a certificate of Achievement for Excellence in Financial Reporting to the County of San Diego Investment Pool for the fiscal year-end 2018-19 Comprehensive Annual Financial Report.

The Treasury and Investment team were thanked for their assistance during the audit. Brown Armstrong is currently working on the March 31 quarterly review.

5. Economic Update

Chris Ahrens, Senior Strategist at Stifel Fixed Income Capital Markets, presented his take on the economy and the markets.

Coming into the pandemic, the U.S. economy experienced a period of very stable growth, improving over time with constraints around the demographics and debt level and very low inflation due to technology and global trade. We see some volatility heading out of the pandemic. The Federal Reserve's projection for median GDP is 6.5% for the quarter. The construction industry experienced a large jump to due better weather. We will see improvements in manufacturing, leisure and hospitality, education, health services and professional and business services. Payrolls are still lower than they were at the end of February 2020.

6. Proposed Changes to the Paying Agent Model

Kristine Gachalian, Investment Analyst, presented an overview of the County's role as Paying Agent for K-12 schools and community college districts, and discussed the benefits of changing the current paying agent model. The new model will be more efficient and save the County and school districts money. A board letter will be placed on the docket of the June 2021 Board of Supervisors meeting for approval. An RFP will go out in the third quarter 2021, and implementation is anticipated to take place in the fourth quarter, 2021.

7. Portfolio Review

Book value was \$11.5 billion on March 31, 2021. Primary drivers were bond proceeds, and balance increases from some of our pool participants. The pool peaked at \$13.2 billion in April 2021, vs \$12.3 billion in 2020.

8. Treasurer's Updates

The County has completed two major implementations. The County's custodian bank has transitioned from Citibank to Northern Trust, and Chandler Asset Management is now our financial advisor. We will be shifting to a new paying agent model this year. An update will be provided at the next Treasury Oversight Committee meeting.

Our symposiums continue to attract record numbers. The Fraud Prevention and Ethics Symposium will take place on July 22, 2021. Watch for our Investment Symposium on November 4, 2021.

Lauren Warrem, Chief Deputy Treasurer, provided an operations update on the Treasury and Investment Division. The Accounting and Investment teams continue to telework 100%. Our Administrative Secretary is currently on a hybrid schedule, working in the office three days a week. Treasury division is not customer-facing, all our systems are available remotely, and digital signatures are being used for forms sign-off. Teleworking has been effective, and the team has been more productive under this model. Training of new staff is done in-office by the best trained staff, with strict distancing and masking protocols.

9. 2021 Meeting Schedule

Upcoming 2021 schedule has been set for April 21, 2021, and October 20, 2021. Meeting dates in 2022 are April 20, and October 19. Please advise Donna Gehlken of any conflicts you may have with the meeting dates.

10. Questions/Comments

Committee Chair Colleen Harvey thanked the Treasury Staff for their hard work and the Committee members for giving their time.

The meeting adjourned at 2:48 p.m.

Minutes taken by Donna Gehlken, Administrative Secretary