



TREASURER-TAX COLLECTOR SAN DIEGO COUNTY

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Dan McAllister
Treasurer-Tax Collector



TREASURY OVERSIGHT COMMITTEE

October 11, 2023

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 Michael Simonson, San Diego County Office of Education, County Superintendent of Schools Representative, Ex-officio
- Seat 5 *Absent*: Dr. Kelly Hall, San Diego Community College District, Community Colleges/Schools Representative
- Seat 6 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:

Myrna Zambrano, Assistant Treasurer-Tax Collector
Chris Herrera, Chief Investment Officer, Treasury & Investment Division
RC Kinzly, Investment Officer, Treasury & Investment Division
Sander Franken, Principal Accountant, Treasury & Investment Division
Kristine Gachalian, Investment Analyst, Treasury & Investment Division
Ramy Hajjar, Investment Analyst, Treasury & Investment Division
Laura Dolan, Sr. Deputy County Counsel
Leilani Rodriguez, Administrative Secretary II

Guests:

Lindsey Zimmerman, Brown Armstrong Accountancy Corporation
Jayson Schmitt, Chandler Asset Management
Mia Corral, 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 June 7, 2023, Meeting Minutes

The June 7, 2023, meeting was reviewed and approved by the Committee.

ACTION: DAN made a motion to approve, and Ebony seconded the motion. The minutes were approved by a 7-0 vote.

4. Fiscal Year 2022-23 Audit and Annual Comprehensive Financial Report Update

Lindsey Zimmerman, Partner with Brown Armstrong Accountancy Corporation, presented an update of the annual audit of the San Diego County Investment Pool for the fiscal year end June 30, 2023. Ms. Zimmerman reported an unmodified clean opinion will be issued. There were no material weaknesses, significant deficiencies, or any control deficiencies. They issued an internal controls report with no findings. They tested compliance requirements and found no compliance issues.

5. Economic Update

Jason Schmitt, CFA, Co-Chief Investment Officer at Chandler Asset Management provided an economic and market update. We continue to have moderate growth in the United States. The Federal Reserve unanimously left the federal funds rate unchanged at a target range of 5 ¼ to 5 ½%. Employment created 360,000 jobs in the month of September and unemployment is down 3.8%. Average hourly earnings declined. For CPI, a little bit of an uptick year over year because of energy prices going up. Inflation remains above the Fed's 2% target. Retail sales continue to increase. Thirty-year fixed mortgage rates are above 7%, which is impacting housing affordability. San Diego County unemployment rate is 4.3% and labor force is 1,594,100. San Diego has high inflation because housing prices gone up dramatically and vacancy rate is low at 3.8%.

6. Portfolio Review

Chris Herrera, Chief Investment Officer, presented the key portfolio metrics as of August 31, 2023. Book value was \$13.7 billion, a \$2.2 billion dollar increase in book value year-over-year. Primary drivers of this increase were school bond proceeds and tax roll increase. As of August 2023, yield to maturity is 3.47%, up to 181 basis point year-over-year. Fed increased rates by 300 basis point. Pool yield has been increasing compared to last year. The Weighted Average Maturity (WAM) of the portfolio was 482 days as of August 31, 2023.

7. 2024 Investment Policy Update

Chris Herrera, Chief Investment Officer presented the updates to the Investment Policy. There are no significant changes, a few formatting issues to the 2024 Investment Policy. The Investment Policy is anticipated to be presented for annual approval to the Board of

Supervisors in November 2023.

8. Proposed 2024 Meeting Schedule

For 2024, the proposed meetings are April 10, 2024 at 1:30p and October 9, 2024 at 1:30p.
Please advise us of any conflicts with the meeting dates.

9. Treasurer's Updates

Presented by Dan McAllister, Treasurer

- Mr. McAllister introduced new staff. Chris Herrera, the new Chief Investment Officer and Ramy Hajjar, the new Investment Analyst.
- The Fall Education Symposium will be on November 2nd. There will be outstanding speakers talking about AI.
- In the spring, San Diego County TTC will host a meeting for all the TTC's in Southern California.

10. Adjournment

The meeting adjourned at 2:29 p.m.

Minutes taken by Kristine Gachalian, Investment Analyst