



# TREASURER-TAX COLLECTOR SAN DIEGO COUNTY

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**Dan McAllister**  
Treasurer-Tax Collector



## TREASURY OVERSIGHT COMMITTEE

OCTOBER 19, 2022

### 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 Dr. Bonnie A. Dowd, 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:

Cameron Urquhart, Investment Officer, Treasury Division  
Hank Kim, Chief Investment Officer, Treasury Division  
Kevin Foley, Investment Officer, Treasury Division  
RC Kinzly, Investment Officer, Treasury Division  
Lauren Warrem, Chief Deputy Treasurer, Treasury Division  
Myrna Zambrano, Assistant Treasurer-Tax Collector  
Walter De Lorrell, Sr. Deputy County Counsel  
Lisa Kondrat-Dauphin, Treasury Manager, Treasury Division  
Kristine Gachalian, Investment Analyst, Treasury Division

### Guests:

Eric Xin, Brown Armstrong Accountancy Corporation  
Alaina Vandermade, Brown Armstrong Accountancy Corporation  
Chris Ahrens, Chief Strategist, Stifel Fixed Income Capital Markets  
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 virtual meeting to order at 1:30 PM on Microsoft Teams.

**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 April 20,2022, Meeting Minutes**

The April 20, 2022, meeting was reviewed and approved by the Committee.

ACTION: Dan McAllister made a motion to approve, and Andre Douzdjian seconded the motion. The motion passed by a vote of 8-0.

**4. Audit Update**

Alaina Vandermande, Audit Manager with Brown Armstrong Accountancy Corporation, provided an update on the investment pool 2022 fiscal year audit. Ms. Vandermande reported they do not have any potential audit findings and that they intend to issue a clean or unmodified opinion on the financial statements. Audit is on schedule to be issued early November.

**5. Economic Update**

Chris Ahrens, Chief Strategist at Stifel Fixed Income Capital Markets provided an update on the U.S Economy and outlook for interest rates. More job openings than workers and small businesses finding it difficult to fill jobs. Market based inflation expectations are declining and gasoline prices are declining. The market is pricing in the Fed raising rates to a peak of about 5% in April. Market has now moved to a high enough rate to make positive return on long-term investments, so managers are pushing some money out longer finally.

**6. 2023 Investment Policy Amendment Update**

Cameron Urquhart, Investment Officer provided an update on the 2023 Investment Policy amendment. No significant changes are being proposed. Most of the changes are related to grammar, formatting, and clean up edits. In accordance with Treasurer Oversight Committee's duties, the TOC is asked to review and monitor San Diego County Treasurer's Pooled Money Fund Investment Policy. The next step will be going to the Board of Supervisors for approval of the required annual delegation of Investment authority on November 15th. Cameron went through the edits of the Investment Policy. These are the changes:

1. Minor edits clarifying titles and updating pronouns to make those inclusive for future potential staff changes.
2. Aligning titles throughout the document with the official name of the oversight committee, as well as referencing that monthly reporting is public, and these committee meetings, which we're currently completing, are public as well.

3. Added a new category that any investments in the state's Local Agency Investment Fund (LAIF) will not be held at our custodian.
4. Clarified all the staff members in the investment group.

## **7. Portfolio Review**

Richard Kinzly, Investment Officer, gave a status update on the County's investment pool. Book value was \$11.6 billion on August 31, 2022, a \$1 billion dollar increase in book value year-over-year. Primary drivers of this increase were school bond proceeds, federal funding for COVID-19 and increase in tax rolls. The pool reached a new peak of \$15.2 billion right after the April tax collections versus the previous high of \$14.5 billion in December 2021.

## **8. Ratification and Continuance of Teleconferencing Meeting Option Pursuant to Government Code Section 54953(e):**

Walter De Lorrell, County Counsel, gave an overview of the Assembly Bill (AB) 361, which amended the Brown Act to allow legislative bodies of local agencies to meet remotely with simplified noticing procedures during state-declared emergencies under certain conditions. The governor's office announced that they anticipate ending the state of emergency, effective February 28th of next year. Committee is asked to make a motion to meet virtually, and the chair will evaluate every 30 days. Should the state of emergency be discontinued, it would revert to the preexisting Brown Act rules, and the committee would no longer be able to meet virtually.

A motion made by Dan McAllister, second by Dr. Bonnie Dowd, the Committee found the state of emergency still exists and that local officials continue to recommend measures to promote social distancing and directed the Chair to review the determination at least every 30 days until the Committee meets next. The motion was approved unanimously with all members present voting Yes.

## **9. 2023 Meeting Schedule**

For 2023, meetings will take place on April 12, 2023, and October 11, 2023. Please advise us of any conflicts with the meeting dates.

## **10. Treasurer's Updates**

Presented by Dan McAllister, Treasurer

- Fitch Ratings reaffirmed its AAA rating for the County pool. The pool has maintained this rating for 23 years.
- We surpassed our previous property tax collection amount total and our collection rate of 99.1% is up slightly from the 2020 year.
- November 3<sup>rd</sup> is the Debt symposium. Topics are ESG, debt issuance and new bond measures. All TOC members are encouraged to attend.
- Dr. Bonnie Dowd is retiring in January. Mr. McAllister will be nominating a replacement for the schools and Community College districts represented by her.

Presented by Lauren Warrem, Chief Deputy Treasurer

- The new paying agent model implementation for school debt service payments continues after a competitive selection process led by the Department of Purchasing and Contracting was used to award the contract to U.S. Bank. We're in the process of transferring the remaining bond data to U.S. Bank and they have already started making the monthly bond payments with no issues. County staff will still be very involved in the review process.
- The county investment pool issues an Annual Comprehensive Financial Report, which is audited by an independent CPA firm. The current auditor, Brown Armstrong, five-year audit contract was ending with the June 30, 2022, fiscal year. The team issued a competitive request for qualifications. Brown Armstrong was again selected for a new five-year term, which begins on November 1, 2022.
- The current five-year contract with JP Morgan Bank expires in March of 2023. We have reviewed the process requirements internally and in the process of reviewing the requirements with other county departments. We expect to issue the request for proposal early next year.

#### **11. Adjournment**

The meeting adjourned at 2:34 p.m.

Minutes taken by Kristine Gachalian, Investment Analyst