

SAN MATEO COUNTY  
TREASURY OVERSIGHT COMMITTEE

MINUTES

January 12, 2015

**1. CALL TO ORDER**

The meeting was called to order at 12:16 p.m. by Sandie Arnott

**2. ROLL CALL:**

Members and guests were asked to introduce themselves during roll call.

**MEMBERS IN ATTENDANCE**

Stephanie Osaze (Finance Manager, Bay Area Air Quality Management District)  
Margie Gustafson (Administrator, County Office of Education)  
Denise Porterfield (Deputy Superintendent Fiscal & Operational Services Division)  
Daneca Halvorson (Treasurer, City of Daly City)  
Helen Fisicaro (Town of Colma)  
Sandie Arnott (Treasurer-Tax Collector)

**MEMBERS ABSENT**

John Marty (Treasurer, City of San Bruno) **Chairman**  
Jim Saco (Budget Director, County Manager's Office)  
Stephen Rogers (Schools & Community College District Representative)

**STAFF IN ATTENDANCE**

Charles Tovstein (Assistant Treasurer)  
Joe Demee (Financial Services Manager)  
Gina M. Luiz (Executive Assistant)

**MEMBERS OF THE PUBLIC IN ATTENDANCE**

None

**3. APPROVAL OF MINUTES – October 21, 2014**

Denise Porterfield made a motion to approve minutes from the October 21, 2014 meeting, seconded by Helen Fisicaro. Meeting minutes were approved unanimously.

**4. ASSISTANT TREASURER'S REPORT – Charles M. Tovstein**

**4.1 Investment Report**

Charles Tovstein addressed Union Bank's negative credit watch indicating some participants expressed urgency when the credit review was announced. He said Union Bank was reaffirmed and they are no longer on credit review and reiterated the difference between a credit review and an actual credit downgrade. He continued by stating Union Bank was under review for conservative lending and as a result their profitability was down. Mr. Tovstein said he continues to work with Union Bank and purchase their commercial paper.

Mr. Tovstein said it is difficult to find liquidity in the market. The commercial paper that the Treasurer's Office buys is AAA which is SEC registered. He advised the securities the Treasurer's Office does not buy are 144A, 42A paper, World Bank, taxable municipal bonds, etc. Mr. Tovstein said he was considering opening a Treasury money market account (MMA) because Deutsche Bank limits \$100 million on a daily basis for repurchase agreements. He was able to establish a repurchase agreement line with Wells Fargo for upwards of \$300 million dollars. During peak tax season there was a lot of liquidity and he split the repurchase agreements between Deutsche Bank and Wells Fargo. He noted that the relationship with Wells Fargo is helpful and opens up investment opportunities. At this point he said opening a Treasury MMA is unnecessary, however, still something to consider.

Mr. Tovstein reported the gross earnings were .83% for the month and .81% for the quarter. The average maturity of the portfolio is 1.67 years with an average duration of 1.62 years. The current size of the pool is \$4.15 billion. He said the year will close with the highest average daily balance ever and it corresponds to the highest level of commissions and fees earned. The largest position owned is Toyota Motor Credit at 3.16%. Mr. Tovstein discussed the pool participant break down in the Monthly Investment Report stating voluntaries make up 22% of the pool and the pool continues to grow.

Mr. Tovstein said the Treasurer's Office continues to work with PFM to ensure compliance and confirmed we remain in compliance with our internal Investment Policy and continue to have no exceptions.

## **5. Treasurer's Report – Sandie Arnott**

### **5.1 Suggested Changes to Investment Policy**

Sandie Arnott discussed the changes to the 2015 Investment Policy. At the previous Treasury Oversight Committee meeting the group discussed the liquidity required for Mr. Tovstein to maintain the pool. After further discussion, Ms. Arnott and Mr. Tovstein decided to reduce the current 20% withdrawal rate to 12.5%. The determination to make an exception to the 12.5% withdrawal rule will be determined by Ms. Arnott and Mr. Tovstein. There is also a requirement to submit requests 24 hours in advance to ensure the funds are available and not invested.

The 2015 Investment Policy will be presented at the Board of Supervisors meeting on January 27, 2015 and Ms. Arnott said the proposed change of 12.5% is included. A memo was submitted with the 2015 Investment Policy to explain the changes.

## **6. Other Business**

None

## **7. ORAL COMMUNICATIONS AND PUBLIC COMMENT**

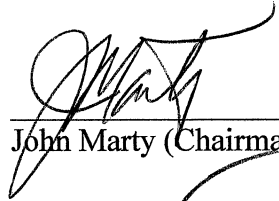
None

## **8. NEXT MEETING DATE**

8.1 Next meeting – Monday, April 13, 2015 – noon

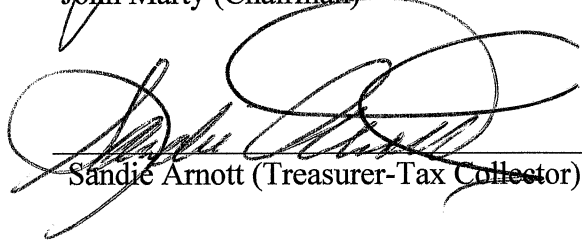
**10. ADJOURNMENT**

1. The meeting was adjourned at 12:42 p.m.



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John Marty (Chairman)



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Sandie Arnott (Treasurer-Tax Collector)