

SAN MATEO COUNTY
TREASURY OVERSIGHT COMMITTEE

MINUTES

January 13, 2014

1. CALL TO ORDER

The meeting was called to order at 12:07 p.m. by Chairman John Marty.

2. ROLL CALL

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

MEMBERS IN ATTENDANCE

John Marty (Treasurer, City of San Bruno) **Chairman**
Lori Snow (Treasury Finance Manager, SMC Transit District)
Jim Saco (Budget Director, County Manager's Office)
Margie Gustafson (Administrator, County Office of Education)
Denise Porterfield (Deputy Superintendent Fiscal & Operational Services Division)
Stephen Rogers (Schools & Community College District Representative)
Stephanie Osaze (Finance Manager, Bay Area Air Quality Management District)
Reyna Farrales (Deputy County Manager)
Sandie Arnott (Treasurer-Tax Collector)

MEMBERS ABSENT

Rosalie O'Mahony (Public Member)
Anthony J. Zidich (Treasurer, City of Daly City)

STAFF IN ATTENDANCE

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

MEMBERS OF THE PUBLIC IN ATTENDANCE

Carlos Oblites (Senior Managing Consultant, PFM)

3. APPROVAL OF MINUTES – January 28, 2013 & October 21, 2013

Jim Saco made a motion to approve minutes from the January 28, 2013 meeting, seconded by Lori Snow. Stephen Rogers made a motion to approve minutes from the October 21, 2013 meeting, seconded by Ms. Snow. Meeting minutes were approved unanimously.

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

4.1 Investment Report

Charles Tovstein reported that the gross earnings for the month ending December 31, 2013 were .67%, and .72% for the quarter. Mr. Tovstein said the target for the remainder of the year is between .65% and .75%, and said the average daily balance remains high. Mr. Tovstein reviewed the diversification report and said the County's largest position is Deutsche, Toyota, Union Bank, and Wells Fargo all of which are above 2%.

Mr. Tovstein said the only non-rated portion is the \$48 million in LAIF. The index is close to where we are and we're consistently outperforming LAIF.

4.2 Lehman Distribution Update

Mr. Tovstein said a Lehman payment for approximately \$6 million from the lawsuit is expected. Once the funds arrive they will be distributed to participants.

5. Treasurer's Report – Sandie Arnott

5.1 2014 Investment Policy to BOS 2/11/14

Sandie Arnott reviewed the changes to the 2014 Investment Policy. Currently, the banking fees are taken out of gross earnings. The proposed change would discontinue that method and use one pool. The pool participants would be charged their actual fees making it a more transparent and accurate practice.

Ms. Arnott met with Jim Saco to discuss the change because the County has a two year budget in place. The change to the 2014 Investment Policy would impact year two of the budget. The change was presented to the Executive Board and there was no opposition. Ms. Arnott will provide a breakout of the banking services at the next Executive Council meeting. Ms. Arnott submitted the information to County Counsel and they approved. The 2014 Investment Policy was submitted and will go before the Board of Supervisors at their meeting on February 11, 2014.

Ms. Arnott introduced Carlos Oblites from PFM who was present for questions from the committee. Mr. Oblites said PFM is responsible for preparing the compliance report that is part of the monthly investment package. The compliance report verifies the County holdings as reported by the County Treasury. They use month end data and market value information. He reported that everything is compliant with the CA Government Code as well as the County's Investment Policy. Mr. Tovstein noted that the PFM report is available on the Treasurer's website: <http://www.sanmateocountytreasurer.org/PFMReports.html>

6. ORAL COMMUNICATIONS AND PUBLIC COMMENT

None

7. SETTING OF NEXT MEETING DATES

7.1 Next meetings – Monday, April 21st & Monday, October 20th – noon

8. OTHER BUSINESS

8.1 Presentation by County Counsel – Brian Wong

Brian Wong was introduced by Ms. Arnott to discuss the role of the Treasury Oversight Committee and the Ralph M. Brown Act.

a.) Role of Treasury Oversight Committee

Mr. Wong said the public should be made aware of the Treasury Oversight Committee and be able to attend meetings and ask questions. The meetings need to be within the geographic boundaries of the jurisdiction.

b.) Ralph M. Brown Act

Mr. Wong said when the majority of the members are meeting the Brown Act applies. If committee members meet in an informal setting (i.e.; lunch, social gatherings, retreats, etc.) and start discussing topics that would come up at a normal meeting then it becomes a Brown Act issue.

Mr. Wong said chain and hub communication are common pitfalls. He explained that even if you are not speaking to the group but speaking to one member who speaks to another then it becomes a conversation and it can violate the Brown Act. Mr. Wong said hub communication also includes asking the group for their opinion outside of a formal meeting which is a violation of the Brown Act. Mr. Wong noted that teleconferences should be treated as an in-person meeting.

Mr. Wong said the consequences of violating the Brown Act include criminal penalties and/or a member of the public can bring action. He said as long as members substantially comply then the legal action will not result in the committee action being revoked and voided. It has to be intentional.

Mr. Wong said social media is also covered under the Brown Act. For example, if there was a Facebook page for the Treasury Oversight Committee then comments or posts between members could create a forum or meeting.

If there are any additional questions please send them to Ms. Arnott and she will forward them to Mr. Wong.

9. ADJOURNMENT

The meeting was adjourned at 12:56 p.m.

John Marty (Chairman)

Sandie Arnott (Treasurer-Tax Collector)