

SAN MATEO COUNTY  
TREASURY OVERSIGHT COMMITTEE

MINUTES

February 13, 2018

**1. CALL TO ORDER**

The meeting was called to order at 12:00 p.m. by Sandie Arnott.

**2. ROLL CALL**

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

**MEMBERS IN ATTENDANCE**

Sandie Arnott (Treasurer-Tax Collector)  
Jim Saco (Budget Director, County Manager's Office)  
Stephanie Osaze (Finance Manager, Bay Area Air Quality Management District)  
Daneca Halvorson (Treasurer, City of Daly City)  
Margie Gustafson (Administrator, County Office of Education)  
Denise Porterfield (Deputy Superintendent Fiscal & Operational Services Division)

**MEMBERS ABSENT**

Helen Fisicaro (Town of Colma)

**STAFF IN ATTENDANCE**

Charles Tovstein (Chief Investment Officer)  
Joe Demee (Financial Services Manager II)  
Gina M. Luiz (Executive Assistant)  
Robert Manchia (Budget Director, County Manager's Office)

**MEMBERS OF THE PUBLIC IN ATTENDANCE**

Richard Babbe (PFM)  
Christopher Presley (PFM)

**3. APPROVAL OF MINUTES – October 16, 2017**

Jim Saco made a motion to approve minutes from the October 16, 2017 meeting, seconded by Daneca Halvorson. Meeting minutes were approved unanimously.

**4. ECONOMIC REPORT – Richard Babbe & Christopher Presley (PFM)**

Richard Babbe and Christopher Presley presented an overview of the economy and market. Mr. Babbe said he expects interest rates to increase throughout the year. He said there is an acceleration of growth due to tax reform legislation, and additional spending from the federal government. Mr. Babbe reported that the average GDP is 2.5%, and it was 2.6% in the 4<sup>th</sup> quarter. He also noted that consumer spending was strong in the 4<sup>th</sup> quarter.

Mr. Babbe said there is strong growth in the labor market. He said existing home sales were the strongest they have been in the past eight years. However, as interest rates increase he said it will be interesting to see how people react. Mr. Babbe believes the stock market will

remain up this year based on current conditions, but he anticipates additional market volatility throughout the year.

### **5. SELECTION OF COMMITTEE CHAIRPERSON**

Daneca Halvorson was nominated as the next Treasury Oversight Committee chairperson. Jim Saco made a motion to approve the nomination, seconded by Denise Porterfield. Ms. Halvorson's nomination was approved unanimously and she will serve as the Treasury Oversight Committee chairperson moving forward.

### **6. CIO REPORT – Charles Tovstien**

#### **6.1 Investment Report**

Charles Tovstein said the average life of the pool is under a year, and the gross earnings for the month ending January 31 were 1.4%. He said he is working on increasing the cash flow as summer is approaching and that is a typically lean time of the year. Mr. Tovstein said he adjusted the cash flow for April as the number of people who paid their property tax bill before the end of the 2017 doubled. Mr. Tovstein also noted we continue to be in compliance with PFM.

### **7. TREASURERS REPORT – Sandie Arnott**

#### **7.1 2018 Investment Policy**

The 2018 Investment Policy includes several changes including lowering the admin fee effective July 1, 2018 to 9.5 basis points, and implementing a true up of fees in the 4<sup>th</sup> quarter. The 2018 Investment Policy will go to the Board of Supervisors for approval on March 27.

### **8. ORAL COMMUNICATION AND PUBLIC COMMENT**

Jim Saco announced today will be his last Treasury Oversight Committee meeting as a committee member because he is retiring on March 30, 2018. He announced that Robert Manchia will be taking his place. Reyna Farrales, Mr. Saco's alternate, is also retiring, and she will be replaced by Iliana Rodriguez.

### **9. OTHER BUSINESS**

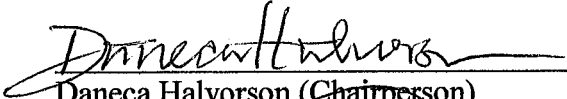
None

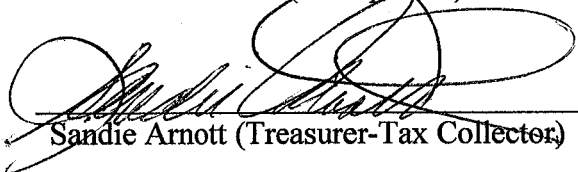
### **10. NEXT MEETING DATE**

Monday, April 16, 2018

### **11. ADJOURNMENT**

The meeting was adjourned at 12:32 p.m.

  
Daneca Halvorson (Chairperson)

  
Sandie Arnott (Treasurer-Tax Collector)