

SAN MATEO COUNTY
TREASURY OVERSIGHT COMMITTEE

MINUTES

February 1, 2021

1. CALL TO ORDER

The meeting, via Zoom, was called to order at 12:04 p.m. by Daneca Halvorson, Chair.

2. ROLL CALL

Members and guests were asked to state “present” as their name was announced during roll call.

MEMBERS IN ATTENDANCE

Daneca Halvorson (Treasurer, City of Daly City) **Chair**
Sandie Arnott (Treasurer-Tax Collector)
Stephanie Osaze (Finance Manager, Bay Area Air Quality Management District)
Margie Gustafson (Administrator, County Office of Education)
Helen Fisicaro (Town of Colma)
Connie Mobley-Ritter (Director, Treasury - San Mateo County Transit District)
Robert Manchia (Budget Director, County Manager’s Office)

MEMBERS ABSENT

Denise Porterfield (Deputy Superintendent Fiscal & Operational Services Division)

STAFF IN ATTENDANCE

Tiffany Htwe (Investment & Finance Officer)
Gina M. Luiz (Executive Assistant)
Brian Wong (County Counsel)

MEMBERS OF THE PUBLIC IN ATTENDANCE

Ken Schiebel (PFM)
Richard Babbe (PFM)
Virginia Chang Kiraly (San Mateo County Harbor District and Menlo Park Fire Protection District Board)

3. APPROVAL OF MINUTES – October 26, 2020

Connie Mobley-Ritter made a motion to approve minutes from the October 26, 2020 meeting, seconded by Margie Gustafson. Meeting minutes were approved unanimously.

4. TREASURER'S REPORT – Sandie Arnott, Treasurer-Tax Collector

The Investment Policy and Delegation of Authority were approved by the San Mateo County Board of Supervisors on January 5, 2021. The Investment Policy was sent to all pool participants. Pool participants are required to sign off and acknowledge that they received the Investment Policy for auditing records.

Ms. Arnott recognized Tiffany Htwe, Investment & Finance Officer, and the Investment Department for their excellent work during the pandemic. During the pandemic, the Treasurer-Tax Collector office remained open to ensure taxes were being collected and County deposits were accepted. We continued to invest money appropriately and in line with our Investment Policy. Ms. Arnott also thanked PFM for being an excellent partner.

5. INVESTMENT REPORT – Tiffany Htwe, Investment & Finance Officer and Ken Schiebel, PFM

Ms. Htwe is managing the short-term portfolio, and she is working with Ken Schiebel and Meredith LaBuda Sullivan from PFM to manage the long-term portfolio. The gross earnings for the month ending December 31, 2020 were 1.093%, and the gross earnings for the quarter ending December 31, 2020 were 1.256%. The current par value of the pool is \$6,304 billion. Ms. Htwe reported that cash flow is steady, however, the incoming and outgoing funds are unlike previous years because spending patterns are changing due to the pandemic. The focus will remain on liquidity and cash flow and the outlook remains stable.

During his presentation, Mr. Schiebel discussed how COVID-19 has impacted the current economic environment. Since March of last year when the Federal Reserve cut rates to near zero, rates have remained in a low yield environment. San Mateo County's investments are focused on the five-year and under range. Near the end of January, a five-year treasury was at 0.4%, and short-term investments were lower. Mr. Schiebel noted that it is challenging to find good short-term investments.

Mr. Schiebel addressed the economic recovery. As the pandemic emerged there was a monetary stimulus. Congress passed the CARES Act which contributed \$2.2 trillion into the economy. This boosted income overall, however, spending dropped off because the economy shut down. The result was a spike in the savings rate, and that money is now ready to be spent. There is a demand for travel, purchasing new vehicles, and trading up in housing. Households are in good shape because net worth reached an all time high in the third quarter of 2020. Congress passed another pandemic relief package in December 2020 for \$900 billion. The largest component is \$325 billion to replenish the Paycheck Protection Program (PPP) and loans for small businesses. In addition, there is \$166 billion for direct checks, and \$600 checks for individuals who qualify.

Mr. Schiebel reported on the long-term core portfolio that PFM is managing. Overall, there are \$6.5 billion in assets, with an overall duration of 1.7 years and AA credit quality. The core portfolio of \$4.6 billion has a longer average duration of 2.1 years and a yield of

1.55%, which is well above current market level. In 2020 there was a focus on creating a diversified portfolio and building it out as PFM saw opportunities to do so. The portfolio is more in line with the 1–5-year San Mateo County strategy. The portfolio is in good shape from a diversification and duration standpoint after being lengthened in 2019. The highlights of the fourth quarter include: maintaining duration, sector allocation, and value. PFM continues to determine what is the best investment right now while looking at the range of opportunities.

6. ORAL COMMUNICATION AND PUBLIC COMMENT

None

7. OTHER BUSINESS

Brian Wong, County Counsel, reviewed the restrictions in the California Government Code regarding participation in the political process as a member of the Treasury Oversight Committee. The three code provisions are § 27132.1, § 27132.2, § 27132.3 which read as follows:

§ 27132.1 A member may not be employed by an entity that has (a) contributed to the campaign of a candidate for the office of local treasurer, or (b) contributed to the campaign of a candidate to be a member of a legislative body of any local agency that has deposited funds in the county treasury, in the previous three years or during the period that the employee is a member of the committee.

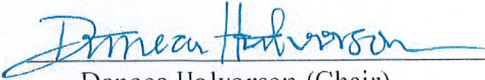
§ 27132.2 A member may not directly or indirectly raise money for a candidate for local treasurer or a member of the governing board of any local agency that has deposited funds in the county treasury while a member of the committee.

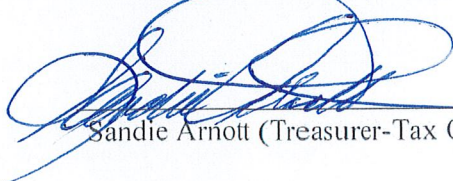
§ 27132.3 A member may not secure employment with bond underwriters, bond counsel, security brokerages or dealers, or with financial services firms, with whom the Treasurer is doing business during the period that the person is a member of the committee or for one year after leaving the committee.

The Statement of Economic Interest - Form 700 is due on April 1st, 2021.

8. ADJOURNMENT

The meeting was adjourned at 12:55 p.m.


Daneca Halvorson (Chair)


Sandie Arnott (Treasurer-Tax Collector)