

**SAN MATEO COUNTY
TREASURY OVERSIGHT COMMITTEE**

MINUTES

Monday, October 25th, 2021

1. CALL TO ORDER

The meeting, via Zoom, was called to order at 12:03 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. Kevin Bultema, Deputy Superintendent, Business Services for the San Mateo County of Education will be taking the place of Denise Porterfield who previously served on the Treasury Oversight Committee. His nomination to the Treasury Oversight Committee was approved by the Board of Supervisors on October 19th, 2021. Mr. Bultema will be sworn in during the month of November.

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)
Helen Fisicaro (Town of Colma)
Robert Manchia (San Mateo County Manager’s Office)
Virginia Chang Kiraly (San Mateo County Harbor District and Menlo Park Fire Protection District Board)
Connie Mobley-Ritter (Director, Treasury - San Mateo County Transit District)

MEMBERS ABSENT

None

STAFF IN ATTENDANCE

Tiffany Htwe (Investment & Finance Officer)
Gina M. Luiz (Executive Assistant)

MEMBERS OF THE PUBLIC IN ATTENDANCE

Ken Schiebel (PFM)
Richard Babbe (PFM)
Nancy Jones (PFM)

3. RESOLUTION TO CONTINUE MEETING REMOTELY

Members of the Treasury Oversight Committee voted in favor to continue meeting remotely as a result of the ongoing COVID-19 pandemic state of emergency.

4. APPROVAL OF MINUTES – May 24th, 2021

Virginia Chang Kiraly made a motion to approve minutes from the May 24th, 2021, meeting, seconded by Helen Fiscaro. Connie Mobley-Ritter and Robert Manchia abstained. Meeting minutes were approved.

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

The 2022 Investment Policy and Delegation of Authority will be included on the January 4, 2022, Board of Supervisors meeting agenda for their approval. There are no changes to the 2022 Investment Policy.

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

Ken Schiebel from PFM provided an update on the market and economic conditions. Throughout the pandemic the US economy continues to see forward momentum. The GDP growth for the US economy is 6.5%, but Mr. Schiebel expects a 4th quarter dip and a possible COVID-19 surge. The unemployment rate has improved, and there is positive job growth. However, consumer prices of food, energy, and vehicles are increasing. This boost will eventually level out and we will see a shift in the next six to twelve months. The supply chain was disrupted and that is causing increased costs. While vehicle sales recovered in early 2021 there is a 1/3 decline as companies cannot produce cars due to a computer chip shortage and there is an impact on inventory. As a result, used car prices rose by 35% in the past year.

PFM manages the long-term, core part of the portfolio for San Mateo County. The Treasurer's investment team manages the short-term portfolio and cash flow. The portfolio is broadly diversified, and the overall duration is 1.82 years. Five-year treasury rates increased, and PFM is responding to the drive of the economy. It was asked if PFM is incorporating ESG into their investment strategy and Mr. Schiebel and Ms. Arnott responded they are not at this time. Virginia Chang Kiraly and Connie Mobley-Ritter discussed ESG, however, they are not in favor of limiting investment options. The summary for the 3rd quarter is that interest rates were unchanged which masked how low rates fell. There were strong earnings that promoted equity options. The activity during the 3rd quarter includes \$300 million in excess cash for the liquidity part of the portfolio. PFM continues to gradually lengthen the portfolio.

Tiffany Htwe discussed the short-term portfolio. The combined average earnings are \$6 million for the short-term and long-term portfolio. The average pool balance is used to apportion interest. As for the cash management portfolio, Ms. Htwe is investing in highly rated paper which is generating moderate yield. Admin fees and basis points are discounted by charging the pool what was spent versus actual basis points. In 2021, it was 6 basis points compared to 9.5 basis points in previous years. Vacant position savings are also benefitting the pool. Ms. Htwe and the investment team continue to monitor what is best for the County.

7. ORAL COMMUNICATION AND PUBLIC COMMENT

None

8. OTHER BUSINESS

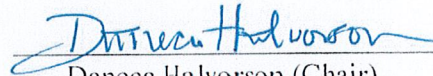
None

10. 2022 MEETING DATES

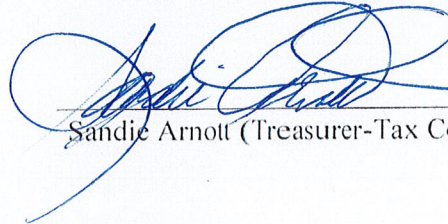
January 31st, May 23rd, and October 24th

9. ADJOURNMENT

The meeting was adjourned at 12:51 p.m.



Daneca Halvorson (Chair)



Sandie Arnott (Treasurer-Tax Collector)