

SAN MATEO COUNTY
TREASURY OVERSIGHT COMMITTEE

MINUTES

January 23, 2017

1. CALL TO ORDER

The meeting was called to order at 12:00 p.m. by 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**
Sandie Arnott (Treasurer-Tax Collector)
Jim Saco (Budget Director, County Manager's Office)
Stephanie Osaze (Finance Manager, Bay Area Air Quality Management District)
Helen Fisicaro (Town of Colma)
Daneca Halvorson (Treasurer, City of Daly City)
Margie Gustafson (Administrator, County Office of Education)

MEMBERS ABSENT

Denise Porterfield (Deputy Superintendent Fiscal & Operational Services Division)

STAFF IN ATTENDANCE

Charles Tovstein (Chief Investment Officer)
Joe Demee (Financial Services Manager II)
Gina M. Luiz (Executive Assistant)

MEMBERS OF THE PUBLIC IN ATTENDANCE

None

3. APPROVAL OF MINUTES – October 3, 2016

John Marty made a motion to approve minutes from the October 3, 2016 meeting, seconded by Stephanie Osaze. Meeting minutes were approved unanimously.

4. CIO REPORT – Charles M. Tovstein

4.1 Investment Report

Charles Tovstein reported he was trading the evening of the election on Tuesday, November 8th, 2016 and said he made \$1 million. Mr. Tovstein said he is concerned about the direction of the United States based on the election results. He said he is being conservative by purchasing money market notes and floaters. Mr. Tovstein said it is difficult to carry high amounts of liquidity and compete with LAIF. He said the problem is the limitation and reliability of what he can purchase. He also said a lot of corporations do not issue commercial paper.

Mr. Tovstein said he continues to buy repurchase agreements with Wells Fargo that allows him to invest daily and increase liquidity. He said Wells Fargo may halt repurchase agreements, however, he is continuing to discuss options with them. He is also working with Deutsche Bank and buying repurchase agreements, but he anticipates they may also stop selling them.

Ms. Osaze asked Mr. Tovstein if not being able to buy repurchase agreements would impact the earnings. Mr. Tovstein said he was not sure how it would impact the earnings. He said the Federal Reserve raised rates and the repurchase agreement rates increased from 0.25% to 0.51%. Mr. Tovstein said if we have liquidity it is easier for him to make purchases. However, if there is not enough liquidity and a voluntary pool participant wants to make a withdrawal he does not want us to be in a position where we are forced to sell securities to raise cash. He said he doesn't want to be beholden to the market. He said our cash flow is never going to be exact with all the unknown variables.

5. TREASURER'S REPORT – Sandie Arnott

5.1 2017 Investment Policy and Delegation of Authority

Sandie Arnott said The 2017 Investment Policy and Delegation of Authority will go before the Board of Supervisors for approval on February 28th. The only change to the 2017 Investment Policy is updating the glossary of terms.

6. ORAL COMMUNICATIONS AND PUBLIC COMMENT

None

7. OTHER BUSINESS

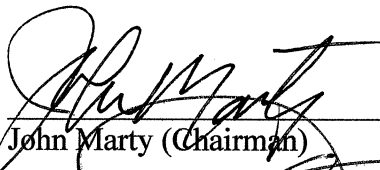
None

8. NEXT MEETING DATE

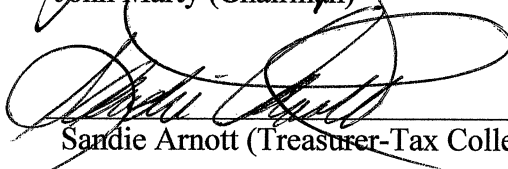
Monday, April 17, 2017

9. ADJOURNMENT

The meeting was adjourned at 12:25 p.m.



John Marty (Chairman)



Sandie Arnott (Treasurer-Tax Collector)