



MEETING MINUTES

TREASURY OVERSIGHT COMMITTEE, COUNTY OF MONO

STATE OF CALIFORNIA

MEETING LOCATION: Mammoth Lakes CAO Conference Room, 3rd Floor, Sierra Center Mall, Suite 306, 452 Old Mammoth Road, Mammoth Lakes, CA 93546

TELECONFERENCE LOCATION: Bridgeport CAO Conference Room, 1st Floor, Annex 1, Room 110, 74 North School Street, Bridgeport, CA 93517

Quarterly Meeting
Thursday, May 24, 2018
11:00 AM

Committee Members Present: Janet Dutcher, Gerald Frank, John Peters, Shields Richardson, George Savage, Mollie Nugent and Brooke Bien.

Also Present: Janelle Mills, Secretary

Committee Members Absent: Daniel Holler (alternate), Bob Gardner (alternate), Rob Patterson (alternate) and Caty Ecklund.

Seven out of eight Committee Members present, a quorum was met.

1. CALL MEETING TO ORDER:

The meeting was called to order at 11:08 AM by Janet Dutcher.

2. PUBLIC COMMENTS:

No public comments.

3. MINUTES:

A. Review and Approve the Minutes of the February 26, 2018 Treasury Oversight Committee Meeting.

MOTION: Shields Richardson made the motion to approve the minutes of the February 26, 2018 Treasury Oversight Committee Meeting. Gerald Frank seconded the motion.

VOTE: 7 Yeas; 0 Nays

4. TREASURY AUDIT: - Janet Dutcher.

Government Code requires an audit of the Treasury Oversight Committee. On page 4 of the Audit the Investment Policy was found compliant. On page 5, Compliance Report, reviews the County's actual practices to determine compliance to the investment policy. No limits were exceeded and were found in compliance. Reporting to the Board of Supervisors was found compliant as well. There were no findings on the Audit Report.

MOTION: George Savage made the motion to accept the Treasury Oversight Committee Compliance Report for the fiscal year ending June 30, 2017. Shields Richardson seconded the motion. **VOTE: 7 Yeas; 0 Nays**

5. QUARTERLY INVESTMENT REPORT:

A. Review the Quarterly Investment Report for the Quarter Ended March 31, 2018. – Gerald Frank.

The Treasury was in compliance with the Mono County Investment Policy on March 31, 2018. The Weighted Average Maturity (WAM) was 659 days.

It is anticipated that the County Treasury will be able to meet the liquidity requirements of its pooled participants for the next six months.

On the last day of the quarter, on a cost basis, the portfolio totaled \$96,489,882 and the market value was \$95,086,908 or 98.546% of cost. The earned interest rate for the quarter ending March 31, 2018 was 1.6048%.

The following charts were gone over; Portfolio Holdings by Security Sector, Distribution by Asset Category-Market Value, Treasury Cash Balances, Maturity Distribution, Quarterly Yield Comparison and the Investment Pool Participants.

6. DISCUSS YIELD CURVE: - Gerald Frank.

A. Effects Of A Flattening Yield Curve On The Investment Portfolio. – Gerald Frank.

The Treasury Yield Curve chart shows a spread between March 31, 2010 to March 31, 2018. This curve shows a healthy yield curve gaining more than double from 2-year to 5-year investments.

The 2's – 5's Treasury Quarterly Yield Comparison chart shows in 2013 a spread between the 2-year and 5-year treasury of 113 basis points. The Feds increased rates and the yield curve started to tighten. As of March 31, 2018, the spread between 2-year and 5-year treasury was 37 basis points.

The County-LAIF Comparison Annual Basis chart (hand out) compares the County to LAIF. Looking at the June 2014 Spread, the County was 66 basis points over LAIF. Compared to the 2's and 5's Treasury Quarterly Yield Comparison Chart, the yield curve is tightening up; LAIF is starting to catch up. As of March 31, 2018, the Spread was 23 basis points. It is anticipated that LAIF will out perform the County in the next quarter. When there is a flattening yield curve, LAIF can turn over the lower yielding investments quicker than the County. Once the yield curve stabilizes, the County will out perform LAIF again.

The second hand out shows other California counties reporting their Treasury Pool earned interest. Mono County is on the upper side of the chart. Mono County's first principal is to securitize safety and principal.

7. QUESTIONS AND RECOMMENDATIONS:

A question was asked about the 2.4 to 2.5 million dollars being held for appeals. The money is in a trust account in the treasury pool earning interest. One of the tax payers appeal has settled and will be receiving refunds. Those funds will be coming out of the trust account. There is 7 million dollars at risk. When the other appeals are settled, the concern is that a significant portion of the current tax apportionment will be wiped out paying out the other refunds. The Assessor has been asked for better information to know what the settlement might be. There is another million to move into the trust account however, that is not enough to cover what is at risk.

There are no Districts in the trust account. The money in this account belongs to every property tax recipient in the County. Should the money not need to be used, the money would be distributed based on each of the years AB8 Factor. The Fiscal Department is short on staff resources however, they will try and calculate an estimate for a worse case scenario, using the most recent AB8. This figure would be a guesstimate only.

8. NEXT MEETING DATE:

August 20, 2018 – Monday – 11:00

9. ADJOURN MEETING:

Meeting ended at 11:40 AM

Respectfully Submitted:

Janelle Mills, Treasury Oversight Committee Secretary