



**SONOMA COUNTY
TREASURY OVERSIGHT COMMITTEE
MINUTES**

August 18, 2021 – 2:00 pm
Via Zoom

- Members Present: Erick Roeser, Peter Bruland (alternate for Sheryl Bratton), Sarah Lampenfeld (alternate for Mary Downey), Grant Davis (arrived late); and Lynne Rosselli (alternate for Grant Davis)
- Members Absent: Vacant School & Community College Representative and Vacant Public Member
- Also Present: Jonathan Kadlec, David Maurice, Dana Shern, Gerald Richardson, and Amanda Ruch

1. CALL TO ORDER

Erick Roeser called the meeting to order at 2:02 pm.

2. APPROVAL OF January 27, 2021 MEETING MINUTES

Erick requested that the date in the title be corrected to the present year, and that a change be made to the second sentence of Section 9 of the January 27, 2021 minutes to read: *Treasury staff will be sending out appointments to all members.*

A motion to approve the January 27, 2021 meeting minutes with the requested corrections was made by Sarah Lampenfeld and seconded by Peter Bruland.

Ayes: 4 Noes: 0 Abstain: 0 Absent: 2

3. CHOOSE A NEW TREASURY OVERSIGHT COMMITTEE CHAIR & VICE CHAIR

Peter nominated Erick Roeser for Chair and Mary Downey for Vice Chair. There was no discussion.

A motion to approve the nominations was made by Peter Bruland and seconded by Lynne Rosselli.

Ayes: 4 Noes: 0 Abstain: 0 Absent: 2

4. CALL FOR THE ANNUAL AUDIT FOR THE 2020-21 FISCAL YEAR

Jonathan Kadlec presented that prior year audits have been performed by Pisenti & Brinker, and have been useful and of good quality. Jonathan recommended engaging them for the 2020-21 fiscal year audit.

A motion to engage Pisenti & Brinker for the 2020-21 annual audit was made by Lynne Rosselli and seconded by Sarah Lampenfeld.

Ayes: 4 Noes: 0 Abstain: 0 Absent: 2

5. VACANT POSITIONS

Jonathan Kadlec reported that Tom Ford has stepped down as the Public Member of the Committee and that SCOE has recommended that Rick Edson, Deputy Superintendent for Santa Rosa City Schools be appointed to fill the vacancy created by Joe Pandolfo's retirement. Staff has been delaying going to the Board of Supervisors to appoint Mr. Edson to be able to also appoint a new Public Member with the same Board item. There are four individuals that have submitted applications for the Public Member position and staff is reviewing the applications. Peter Bruland asked about the selection criteria that Treasury staff will use to vet the applicants. Jonathan responded that Treasury will consider applicants that have a relevant background in Accounting, Finance, Audit, Investment Management or Banking that will be useful during their service on the Committee. Chair Roeser was in agreement and said that at the same time Treasury will be asking to increase membership on the committee by one, with the new position being filled by the Assistant Auditor/Controller/Treasurer/Tax Collector. The committee members present were in agreement with Grant Davis' observation that this change would help with achieving quorum at Committee meetings. If approved, the committee will have 7 voting members..

6. FISCAL POLICY UPDATE

Chair Roeser lead a discussion on the update to the Fiscal Policies, as it pertains to the operations of the Treasury, particularly with respect to wire transfers. There has been an increase in fraud attempts, and Treasury staff has been working to tighten policies that will reduce the chances of the County or other participants being victimized. Staff will work with SCOE to create a separate procedure from other agencies.

Chair Roeser also noted that there was a recent incident related to the City of Sebastopol that was caused by City personnel e-mail being hacked, which resulted in a fraudulent wire. The situation is currently under investigation by both internal parties at the City and County, and with local and Federal law enforcement. As such he was limited in how much detail could be shared.

7. PRESENTATION & REVIEW OF QUARTERLY REPORT DATED 6/30/2021

The Quarterly Report dated June 30, 2021 was presented by David Maurice. He noted that the balance in the pool increased during the quarter by \$165 million, ending at \$3.125 billion. The last quarter of the fiscal year includes the second installment of property tax receipts and thus usually represents the annual high point for the fund size. The pool earned a return of 0.61% (annualized) for the quarter, but this rate has been falling, and will continue to fall as interest rates continue to be suppressed by the Federal Reserve as they deal with the economic fall-out of the global pandemic. He forecast that the interest rate earned going forward will continue to fall, as current interest rates available are lower.

8. REPORT FROM GERALD RICHARDSON, CONSULTANT

Jerry Richardson presented his quarterly report and indicated that the Pool is in compliance with California Government Code. The portfolio has over 81% of its funds invested in AAA and AA rated securities and there is sufficient liquidity for the cash flow needs of the pool participants. He also stated that the Federal Reserve indicated that rates will stay down through 2021 and possibly out to 2023. The County's portfolio has equaled or outperformed its benchmarks and is well positioned to take advantage of any further rate adjustments from the Federal Reserve Board.

9. REVIEW OF INVESTMENT POLICY

David Maurice presented an overview of changes that are needed in the County's Investment Policy. The California Legislature recently adopted a change to Government Code that allows the County to invest in negatively yielding investments for a limited period, and under specific circumstances. County policy does not reflect this change, and Treasury staff will bring the change to the Board of Supervisors to incorporate in the County's Investment Policy at the next annual review.

10. FUTURE MEETING DATES

The next meetings are scheduled to be held for January 26, 2022, and August 2022. Treasury staff will be sending out appointments to all members.

11. PUBLIC COMMENT

There were no public comments. Chair Roeser thanked everyone for their participation.

12. ADJOURNMENT

The meeting was adjourned at 2:26 pm

Respectfully submitted,



Jonathan Kadlec, Assistant Auditor Controller Treasurer Tax Collector

