



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
Wednesday, December 7, 2016
11:00 AM

Committee Members Present: Janet Dutcher, Gerald Frank, Brooke Bien, George Savage and Larry Johnston.

Also Present: Janelle Mills, Secretary

Committee Members Absent: Shields Richardson, and Caty Ecklund.

Five out of seven Committee Members present, a quorum was met.

1. CALL MEETING TO ORDER:

The meeting was called to order at 11:05 AM by Janet Dutcher.

2. PUBLIC COMMENTS:

None

3. MINUTES:

A. Review and Approve the Minutes of the November 9, 2015 Treasury Oversight Committee Meeting.

No changes were to be made.

MOTION: Gerald Frank made a motion to approve the Treasury Oversight Committee Meeting Minutes from November 9, 2015. Member Larry Johnston seconded the motion.

VOTE: 4 Yeas: 0 Nays: 1 Abstain – (Dutcher- not present at the meeting)

B. Review and approve the minutes of the August 29, 2016 Treasury Oversight Committee Meeting.

No Changes were to be made.

MOTION: Brooke Bien made a motion to approve the Treasury Oversight Committee Meeting Minutes from August 29, 2016. Member Gerald Frank seconded the motion.

VOTE: 4 Yeas: 0 Nays: 1 Abstain – (Johnston- not present at the meeting)

4. DISCUSS SUPERIOR COURT TREASURY BALANCE AND AUTHORIZE LIMIT FOR ONGOING DEFICIT:

Janet Dutcher explained how Mono County processes the payroll for the Courts. The Courts collect fines that are put into the Agency Accounts where a portion goes to the State and into the County accounts. The money is not part of the Courts budget. The Courts have an account that is used as a clearing account that is used to process the Courts payroll. The Courts have \$110,000.00 on deposit with the County. The payroll is growing and deficit for a short period of time. By the 20th of every month, the Courts reimburse the County exactly what payroll was bringing the dollar amount back up to the \$110,000.00. The County allocates negative interest when deficit or if positive it is allocated interest to their accounts. Payroll is going to bi-weekly which accelerates the cash flow issue. As a result, the potential for this account in the Pool, which the TOC oversees, could go negative for as much as \$60,000 to \$70,000 for about a week. Janet Dutcher wanted the TOC to be aware of the issue and invited Hector Gonzalez to explain the situation. Hector Gonzalez explained the following:

- Hector assures that the Courts are going to do everything to avoid the negative deficit so that the Pool is not exposed to unnecessary risk or liability. (See attached Plan to Cover Court Payroll with New Bi-Weekly Process.) The Trial Court Trust Fund (TCTF) allocation is distributed monthly but the amounts are not distributed evenly throughout the year resulting in cash flow issues.
- The Court receives full funding to cover all personnel costs approximately \$120,000 per month, but due to varied amounts of the TCTF monthly allocations, particularly in the months November 16, February 17 and March 17, having sufficient funds to cover the Court's payroll may be an issue.
- The Court has learned of a cash advance program provided by the Judicial Council that the Court will use to address any possible cash flow issues.
- The Court recently learned there are reporting requirements (Government Code Section 77009.1) to have a loan with the County that would result in a lengthy process and would need to be approved by Judicial Council and Department of Finance.
- The Court has had short term loans with the County in the past, but there is no plan to take any more loans going forward.
- The Court is confident that the Judicial Council cash advance program will be sufficient to cover all court payroll cash flow shortfalls in the future.
- Reports from the Finance Department are given to the Courts to help monitor the amount of bi-weekly payroll which will enable the Courts to make a transfer into the County accounts to bring out of the deficit.

5. STATUS REPORT ON TREASURY OVERSIGHT COMMITTEE MEMBERS AND DISCUSS FILLING OF VACANT MEMBER POST:

1. Mollie Nugent.

Mollie Nugent from Eastern Sierra Unified School District has returned the County's Board and Commission Committees form. The recommendation of Mollie Nugent will be taken to the Board of Supervisors in January, 2017.

6. QUARTERLY INVESTMENT REPORT:

A. Review the Quarterly Investment Report for the Quarter Ended September 30, 2016: Gerald Frank.

The Treasury was in compliance with the Mono County Investment Policy on September 30, 2016. The Weighted Average Maturity (WAM) was 668 days.

On a cost basis, the portfolio totaled \$71,303,032.60 and the market value was \$71,638,989.85 or 100.471% of cost. The Market was on a down turn making the investments that we had worth more at this time then when we purchased them. The Market is now on an upswing. As of September 30th our Earned Interest Rate 1.0473%. The following charts were gone over; (see attached) Portfolio Holdings by Security Sector, Distribution by Asset Category-Market Value. The Maturity Distribution is filling in. The Treasury Cash Balances as of the Last Day of the Most Recent 14 Months shows the treasury cash increasing. The Quarterly Yield Comparison. The last page is the Investment Pool Participants page.

7. INVESTMENT POLICY; REVIEW AND APPROVE TO AGENDIZE FOR BOARD OF SUPERVISOR MEETING IN JANUARY:

Janet Dutcher and Gerald Frank proposed the following changes to be made:

1. On last page of the Investment Policy - Temporary Constraints and Restrictions on Investments - add **2. "County of Mono restricts the purchase of any retail products issued by Wells Fargo Bank from December 1, 2016 until June 30, 2019."**

This change is due to the recent issues with Wells Fargo Bank defrauding the retail customers.

2. On page 8, # vi – "The Weighted Average Maturity of the portfolio should not exceed 24 months/**720 days** or such shorter dollar-weighted average maturity as may be required by State law. *Securities need not be liquidated to realign the portfolio; however, consideration should be given to this matter when future purchases are made to ensure that the appropriate Weighted Average Maturity is maintained.*"

MOTION: A motion was made by Gerald Frank to approve the Investment Policy, as amended, and take it to the Board of Supervisors in January. Member Brooke Bien seconded the motion.

VOTE: 4 Yeas: 0 Nays: 1 Abstain (Johnston)

8. QUESTION AND RECOMMENDATIONS:

A. "Doodle" Invitation update: Gerald Frank.

This form of communication is working and Gerald Frank will continue to use this for setting up the TOC meetings.

B. Appeals with the Assessor. (added by Janet Dutcher)

Janet Dutcher went to the Assessor and got information regarding the outstanding appeals that were discussed at the last TOC meeting. With the numbers added up that the Assessor provided, from the 2013 appeals and earlier, worst case estimate totals \$1.4 million with \$1 million in the impound account. The impound account is for issuing refunds if necessary so that the refunds do not negatively impact the current allocation of taxes. There is \$1.2 million in the redemption roll, these are delinquent taxes, and County Counsel has approved \$600,000 being moved into the impound account and distributing the other half to participants. There will be calls made to make sure that the participants will not be negatively impacted. This would be a distribution that was not counted on and will go to the Board of Supervisors on December 20, 2016.

9. NEXT MEETING DATE:

Next meeting will be in March.

10. ADJOURN MEETING:

Meeting adjourned at 12:21 PM.

Respectfully Submitted:

Janelle Mills, Treasury Oversight Committee Secretary