

COUNTY OF MARIN
TREASURY OVERSIGHT COMMITTEE
Regular Meeting
May 4, 2023
3501 Civic Center Dr. San Rafael, CA
MINUTES

1. Call to Order

The meeting was called to order at 2:04 p.m.

2. Roll Call

Present: Jean Bonander, Public Member; Dan Eilerman, Alternative Representative, County Administrator & Chair; John Carroll, Superintendent of Schools; Alyssa Schiffmann, Special Districts Representative and Vice-Chair [arrived late at 2:13]

Absent: None

Others in Attendance: Mina Martinovich, Director of Finance; Victoria Seils, Accounting Unit Manager; Imani Jones, Office Assistant III; Wendy Sorensen, Administrative Assistant III

3. Approve Minutes - Meeting of November 29, 2022 (Action Item)

Motion by Jean Bonander to approve the minutes of November 29, 2022

Second by: John Carroll

Ayes: Eilerman, Carroll, Bonander

Absent: Alyssa Schiffman

4. Open Time for Public Comment

No public comment

5. Committee Business

- Appoint Chair and Vice-Chair

Motion by Jean Bonander to appoint Dan Eilerman as Chair and Alyssa Schiffmann as Vice Chair

Seconded by: John Carroll

Ayes: Eilerman, Carroll, Bonander

Absent: Alyssa Schiffman

- Review Government Code (GC) Sections 27130-27137

Mina Martinovich provided the Committee with the Government Code sections applicable to the impetus, purpose, and function of the Treasury Oversight Committee. Director Martinovich provided a historical overview of the Committee's formation through Board Resolution 96-91 to fulfill a mandate imposed when the California State Legislature adopted California Government Code sections (GC) 27130 et seq. in 1996, providing for local agency oversight of investment strategies for pooled deposits in county treasuries. In 2005, amendments to GC 27131(a) removed the legislative mandate but continued the legislative authorization for the county treasury oversight function. Thereafter, the Committee operated as a voluntary county advisory committee governed by the remaining statutory authorization. While the formation of Marin County's Treasury Oversight Committee is no longer required, the Committee chose to continue the task of 1) reviewing and monitoring the County's investment policy and 2) calling for an annual investment audit.

- Other Committee Member Matters

Mina Martinovich reminded the committee that there is a vacancy for a fifth committee member representing the school districts and community college district. Previously, Mary Jane Burke, the former Superintendent of Schools, provided this Committee with a nomination, but that

nominee has since retired. Committee staff will work with John Carroll directly to facilitate an administrative process to make a nomination.

6. Director of Finance Report

- Review and approve DRAFT FY 2023/2024 Annual Statement of Investment Policy (Action)

Mina Martinovich presented to the Committee the draft FY 2023/2024 Annual Statement of Investment Policy, with minor proposed changes to the policy. The changes primarily involved formatting, minor edits, and clarifications. The Committee reviewed the specific pages of the Policy and highlighted the modifications made. These included updates to align with the nuclear freeze zone ordinance, incorporating the Marin County Municipal Code, and ensuring clear distinctions in wording regarding the type of engagement and examination conducted by independent external auditors. The goal was to comply with Article Six of the government code and ensure that the audit focused on compliance rather than reviewing the investment portfolio itself. Minor edits were also made in reference to exhibits related to the nuclear freeze zone and the disaster business continuity plan. Dan Eilerman asked about whether crypto currencies should be specifically included in the prohibited investments section of the policy. Mina Martinovich answered that crypto currencies and digital assets are not currently listed as allowed investments. The prohibited list primarily aligns with government codes, resolutions, and formal rules. Mina expressed willingness to explore the topic further and consider what makes the most sense for the Committee and the Treasurer's Office. She mentioned conducting research on how peer counties address cryptocurrencies in their investment policies and gaining comfort through the allowed investment provision. The Committee agreed to consider the topic for future discussions and potentially add provisions to address crypto currencies, considering the nature of the business and the need for safety, liquidity, and yield. There was also discussion about other jurisdictions that might be investing in cryptocurrencies, but not within their investment pools. Other government agencies, particularly those handling pension assets and retirement plans, have more flexible investment policies. They follow different standards and regulations, with a focus on maximizing returns within the guidance of their investment advisors.

No Public Comment

Motion by John Carroll to accept the Draft 2023/2024 Annual Statement of Investment Policy
Second by Alyssa Schiffman
Ayes: All

- Review and approve DRAFT FY 2023/2024 Long-Term Investment Pool Statement of Investment Policy (Action)

Mina Martinovich presented to the Committee the Long-Term Investment Pool Statement of Investment Policy draft. The policy specifically pertains to the general fund and establishes a long-term investment strategy with a duration of over five years but not exceeding ten years. The policy is presented annually to the Treasury Oversight Committee for review and approval since its inception in 2017. It mirrored the regular statement of Investment Policy but serves as a funding mechanism for surplus funds within the general fund. Changes to the policy were highlighted, starting with modification on page four regarding the rate of indebtedness that the long-term investment pool would assume. The previous specific rate of "prime plus one" was no longer suitable due to changes in the prime rate, which has increased significantly. The objective was to ensure the policy would stand the test of time and attain a market rate of return during budgetary and economic cycles. The rate used would reflect the most current rate of a comparable market investment. Further changes were mentioned on page 5, aligning with verbiage regarding audits with external audit examination engagements.

No Public Comment

Motion by Jean Bonander to accept Draft 2023/2024 Long-Term Investment Pool Statement of Investment Policy Draft

Second by John Carroll
Ayes: All

- Review and monitoring of Marin County Monthly Investment Reports

Mina Martinovich discussed with the Committee the importance of reviewing and monitoring the monthly investment reports for the County. She emphasized that one of the Committee's objectives is to ensure compliance by receiving and reviewing these reports. While the government code requires quarterly reports, the Committee goes above and beyond by performing monthly reviews. Confirmation was sought regarding the receipt and review of these monthly investment reports. The Board of Supervisors also receives and approves the monthly investment reports. She reminded the Committee that the investment reports, annual audit report and Fitch rating reports are available to the public on the County's website.

- Call for 2022-23 Annual Investment Audit (Action)

Mina Martinovich discussed the second primary function of the Committee, which is to call for the annual investment audit for the fiscal year 2022-23. The purpose of this annual audit is to ensure compliance with the relevant sections of the Government Code Article Six of the California Constitution. The audit, which is essentially a compliance examination, ensures that both the County and the Committee adhere to stated regulations. The Committee is expected to initiate this audit over the summer, with results to be presented at the subsequent fall meeting in November.

Motion by Alyssa Schiffman to Call for FY 2022-23 Annual Investment Audit
Second by Jean Bonander
Ayes: All

7. Agenda Items for Next Meeting:

- Review and approve results of FY 2022-23 Annual Investment Audit
- Review Fitch Rating Final Report as of 6/30/2023
- Review and monitor FY 2023-24 Annual Statement of Investment Policy
- Review and monitor Marin County Monthly Investment Reports

8. Schedule Fall 2023 Meeting

The Fall 2023 meeting was scheduled for **Thursday, November 30 @ 2:00 p.m.**

9. Adjournment

The meeting was adjourned at 2:33 p.m.