
INVESTMENT OVERSIGHT COMMITTEE

County of Riverside, Executive Office
4080 Lemon Street, 4th Floor, Conference Room C
Riverside, California 92501

Meeting Minutes October 31, 2019

Members Present:

Don Kent	Executive Office
Theresia Trevino	Riverside County Transportation Commission
Matt Jennings	Treasurer-Tax Collector

Members Absent:

Elliot Duchon	Jurupa Unified School District
Edwin Gomez	Riverside County Office of Education

Staff and Guests Present:

Michael Thomas	County Counsel
Rose Salgado	Economic Development Agency
Esmeralda Oviedo	Economic Development Agency
Giovane Pizano	Treasurer-Tax Collector
Isela Licea	Treasurer-Tax Collector
Jake Nieto	Treasurer-Tax Collector
Steve Faeth	Treasurer-Tax Collector
Stephanie Persi	Executive Office
Susana Garcia	Executive Office
Jarvyk Punzalan	Executive Office
Valerie Arce	Executive Office

1. CALL TO ORDER

Don Kent noted the established quorum and called the meeting to order at 10:00 a.m.

2. APPROVAL OF MINUTES

Several minor corrections were identified. Theresia Trevino motioned to approve the meeting minutes of July 29, 2019 with the corrections. Don Kent seconded, and the motion passed.

3. MONTHLY DISCLOSURE REPORT ON INVESTMENT PORTFOLIO

Giovane Pizano reported that, from the last reporting period of June to the end of September, the balance of the portfolio dropped by \$500 million from a level of \$6.8 billion to \$6.3 billion. The average yield of the portfolio dropped from 2.32% to 2.13%. The average maturity of the portfolio increased from 1.06 to 1.10. In this same time frame, Fitch Ratings re-affirmed the County's Treasurer Pooled Investments Fund AAA rating. In the same time, the Federal Open

Market Committee (FOMC) met and cut rates three times, bringing the rates down to the new target range of 1.50% to 1.75%, from the previous target range of 2.25% to 2.50%. As expected, markets reacted with substantially lower rates, especially at the front end of the market where they moved by approximately 50 basis points. To put this into perspective, the 3-month treasury bill was yielding 2.10% and, as of this morning, was at 1.55%.

Theresia Trevino inquired if National Security Clearing Corporation is related to DTC and why they would be issuing commercial paper. Mr. Pizano confirmed that they own DTC and are doing so to facilitate the transactions and operating infrastructure needs. They are comfortable with the corporation because it clears trillion of dollars of trades. The only other comparable entity is the European Clearing House in Europe. Financial transactions in the U.S. are most often cleared through National Security Clearing Corporation. They invested a lot in technology and was the company who digitized papers to make the transfer of ownership seamless between buyers and seller.

Don Kent shared that many may have seen them before as DTCC, Depository Trust and Clearing Corporation.

4. INVESTMENT REPORTS OF FUNDS OUTSIDE THE COUNTY TREASURY

- a) **CORAL:** Isela Licea reported there are no major changes. However, she saw an entry into a Wells Fargo government money market and is currently working with the Executive Office to see if there is a better opportunity with a higher yield.
- b) **LAND SECURED DISTRICTS:** Stephanie Persi reported that there were no significant changes.
- c) **SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY:** Jarvyk Punzalan reported an increase due to debt service that was due this month.

Mr. Kent mentioned that revisions were identified at the last meeting and confirmed that Ms. Punzalan made the necessary corrections to page 11 and 27 of that report.

- d) **HOUSING AUTHORITY SUCCESSOR AGENCY:** Michael Walsh was not able to attend and there were no other updates to provide.
- e) **RIVERSIDE COUNTY DISTRICT COURT FINANCING CORPORATION:** Ms. Punzalan reported there were no significant changes.
- f) **PENSION OBLIGATION BONDS:** Ms. Punzalan reported an increase in the FSA Capital Management due to debt service due in February.

Mr. Kent informed that he and Mr. Pizano are currently working on this, as the guaranteed investment contract (GIC) provider wishes to exit the market. They will see what occurs over the course of the next quarter and what can be achieved with them. Options are being reviewed. County Counsel has been contacted and a response is pending. Ms. Trevino

inquired if there are termination provisions and he confirmed that they are currently addressing these.

g) RIVERSIDE PUBLIC FINANCING AUTHORITY: Ms. Punzalan reported that there were no significant changes.

h) INFRASTRUCTURE FINANCING AUTHORITY: Ms. Punzalan reported an increase in the pooled investment funds. Mr. Kent added this is currently the highest yielding option.

5. INVESTMENT POLICY UPDATE

Mr. Pizano reported a total of nine changes were made consisting of 2 updates, 5 clarifications, and 2 minor policy adjustments. The date and policy number were updated on page 1 of the report. The date was updated on the signature line of page 6. On page 2, the clarification added “and/or Assistant Treasurer Tax Collector” regarding the controls. The clarification on page 3 pertains to the measurement of mature limitations. A specific date was needed, as there are many types of dates. The settlement date will be used to measure maturity limit compliance for new purchases. The clarification on page 4 was made to reflect the fiscal calendar. The clarification to page 9 reflects that the actions are performed monthly and all transactions have a confirmation, regardless if it is a buy or sell. The clarification on page 11 identifies the specific type of fund as a money market fund. Regarding the minor policy changes, Bank of New York was added to page 8. On page 13, the carve out for the State of California for debt was eliminated mainly to streamline the application of the diversification of risks, especially since the ratings in the municipal space have caught up with the relevance of paper.

Ms. Trevino inquired if the word Muni should be removed from category 4 on page 13. After some discussion, it was agreed that this should be revised.

Mr. Kent reported that this item will go to the Board of Supervisors on December 10, 2019.

6. PUBLIC COMMENT

Rose Salgado introduced Esmeralda Oviedo as the new Fiscal Manager for the Economic Development Agency who will be taking Michelle Jordan’s place.

Ms. Trevino shared that the CFO at the Riverside Transit Agency contacted her and forwarded a voicemail message that he has received from JP Morgan Chase Bank calling on behalf of the county and wanting to talk to them about some changes to their payment information. This was questioned as a possible cyber security scan. However, Mr. Pizano later confirmed with her that the call was legitimate.

All discussed the importance of cyber security. Mr. Pizano informed that Matt Jennings will be hosting a cyber security conference for the county. There has been an increase in attempts to defraud the county and it is important to be on guard. He emphasized that awareness is key to protect the system. Meetings with the Auditor Controller are held more regularly regarding cash management and cash safety. These meetings are designed to ensure all are best protecting the county’s assets.

Ms. Trevino shared that suspicious emails were received on two dates from a sister agency regarding outstanding payables and banking information. She emphasized the importance to be aware of cyber security with her staff. While the emails contained the correct logos that were familiar to them, they noticed a small difference in the email. Before responding, the staff member called the agency to inquire if they sent the email. It was determined that these emails were not from a legitimate agency.

Mr. Jennings shared that this is one of the key reasons that the cyber security conference will be held. Often fraudulent correspondence will look legitimate but there will be may a minor error which informs that it is not. It is important to get the word out about the importance of cyber security and stress that all must pay close attention to detail.

7. OTHER BUSINESS

None.

8. ADJOURNMENT

The next IOC meeting is scheduled for Thursday, January 23, 2020 at 10:00 a.m. Don Kent adjourned the meeting at 10:30 a.m.