



BUTTE COUNTY INVESTMENT POOL OVERSIGHT COMMITTEE

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Debra Lucero, 2nd District Supervisor, Butte County Board of Supervisors Representative, Chair
Lisa Anderson, BCOE Senior Director of Fiscal Services, Superintendent of Schools Rep., Vice Chair
Graciela Gutierrez, Butte County Auditor-Controller
Heather Childs, Chico Area Recreation & Park District – Special Districts Representative
Susan Watts, OUHSD Assistant Superintendent of Business, School Districts Representative

MINUTES – October 13, 2020

Attending Members: Debra Lucero, Chair
Lisa Anderson, Vice Chair
Graciela Gutierrez
Susan Watts
Heather Childs

Advisory Members: Troy Kidd, Treasurer-Tax Collector
Kiley Patterson, Assistant Treasurer-Tax Collector, Acting Secretary

Consent Agenda

- 3.01 The Committee reviewed and approved minutes from the April 23, 2020 IPOC meeting
Action: Approve Consent Agenda
M – Gutierrez S – Lucero Motion carried
- 3.02 Receipt and review of Investment Reports for April 2020 – August 2020 acknowledged.
Action: Accept for Information
M – Gutierrez S – Lucero Motion carried (as part of same motion to accept Consent Agenda)

Regular Agenda

- 4.01 Treasurer's Update – Troy Kidd and Kiley Patterson
- Economic overview provided by Troy Kidd
 - Troy spoke of attending small in-person CACTTC conference where economist Christopher Thornbird stated COVID was not going to result in a deep recession tragedy as first thought but a blip in the economy. Although the GDP is down 32% (versus a 6% decline in 2008), healthcare is down 13% and there is high unemployment, recovery will look like a V. He projects a sharp decline followed by a sharp recovery.
 - \$4 Trillion of Federal stimulus has now gone into the economy which causes concern for inflation
 - On a positive note, small business license permits/applications are way up. This is likely due to a job loss and then pursuing ones dreams of entrepreneurship.
 - California is specifically very strong and although people are moving out of California, they are middle to low earners who are unable to purchase real estate.
 - Rates are at historical lows
 - Investment Strategy provided by Kiley Patterson
 - Despite COVID and historical low rates, the investment strategy remains unchanged. Allowable investments per Gov. Code are purchased for maturities to remain laddered with a focus on months with cash flow shortfalls. Investment earnings will decline as we reinvest. Given the duration of the portfolio, overall earnings will decline slowly. The hope is that rates increase before the portfolio turns over.
 - LAIF's April 2020 monthly rate was 1.648% with September 2020 monthly rate being .685%, with rates continuing to drop. Liquidity remains high due to the PG&E settlement
 - The 5-year Treasury rate is a guide to compare investment purchases. Since the last IPOC meeting, rates have declined from .41% to .30%.

- Receipt of PG&E settlement
 - Kiley reported that the PG&E settlement of \$204,565,693.66 was received on July 8th and was deposited into a special LAIF account. July's average effective rate was .92% with September being .685% but is declining. LAIF has a short duration so their rates will decline at a greater pace than our longer duration portfolio. Until direction is received from the BOS on the timing for use of these funds, this money will remain in the special LAIF account. Once timing is determined, if a large amount is invested there may be a quarter when apportionment is lower due to investment vehicles paying on a semi-annual basis as apportionment is paid and the pool rate determined based on interest income received within each quarter.
- Removal of Fiscal Agents Contents within the Investment Report
 - To provide additional clarification Kiley brought up the request to remove fiscal agents again, as the Investment Report should mirror the Investment Policy and the responsibility of the IPOC committee is to provide the Treasurer oversight to the Investment Policy. Because Fiscal Agents are not within the Treasurer's custody, they cannot comply with the Investment Policy and therefore should not be included within the Investment Report. Fiscal agents are reported within the CAFR and are not required to be contained within the Investment Report. Graciela spoke to this as well.
 - Action: Remove Fiscal Agents from the Investment Report. Within the Investment Distribution email include a link (to the CAFR) that information pertaining to Fiscal Agents is located within the CAFR.
- M – Gutierrez S – Lucero Motion carried
- State Delay of School Apportionment
 - Kiley wanted the Committee to be aware the schools will be facing a funding deferral starting in Feb 2021 and will continue until July when the State will start repaying deferments until Nov 2021. The Treasurer and Auditor are working together to develop a plan to assist the schools with temporary borrowing. This may include pool participant money. Section D of the Investment Policy allows for the purchase of a local agency note. A cost or rate has not been determined. For all pool participants, consideration will be given so the temporary borrowing will not have an adverse effect to the pool rate. The projected amount is around \$14MM. Lisa Anderson provided additional details to the state budget and how apportionments are received. The State made these deferments due to cash flow issues and as a method to balance the State budget. About 20% reduction to income for the schools.
- Ethics Training Policy
 - Kiley informed the Committee that 2 hours of Ethics training is required to be completed before Dec 31, 2020 and every 2 years thereafter. An attachment of the Ethics Training Policy and link to the training was provided in the meeting calendar invite. Other Ethics trainings taken could satisfy this requirement. Supervisor Lucero and Graciela have completed theirs. Other committee members were asked to submit the certification once complete.

5.00 The next scheduled meeting is April 13, 2021 in the Auditor-Treasurer Conference room or via Skype.

5.01 New Business –none

5.02 There being no Public Comment, the meeting adjourned at 9:00 AM.