

TREASURY OVERSIGHT COMMITTEE
MINUTES
Regular Meeting
Thursday, October 21, 2005
10:00 a.m. - City Hall, Room 316

1. Call to Order and Roll Call

Mr. Harrington, Chair, called the meeting to order at 10:10 a.m. All members present.

2. Election of Chair

MOTION

Mr. Day moved for nomination of Mr. Harrington as the Chair of the Treasury Oversight Committee. Motion passed unanimously.

3. Approval of the Minutes

The minutes of the April 7, 2005 meeting were unanimously approved.

4. Review of the Treasurer's Recent Investment Performance

Mr. Dan Daly, Chief Investment Officer, Office of the Treasurer & Tax Collector, gave a brief overview of the history of the Treasury Oversight Committee and of the responsibilities of the members. He then presented a nine-year fiscal year comparison with California peer groups, which includes the State of California, Los Angeles, Sacramento and San Diego Counties. He indicated that the yield for 2004-2005 was one of the best at 2.28%. For the year January 2005 to September 2005, San Francisco ranked first at 3.5%. It was asked that for the next meeting the Treasurer's office conduct research on what other comparable major U.S. cities are doing with their portfolios and report back to the Committee.

Mr. Daly noted that of the pooled funds, approximately \$130 million is dedicated for Park and Recreation, Steinhart Aquarium, Laguna Honda Hospital, and MUNI. He noted that the pool is well-balanced and indicated that all commercial paper is currently with banks. The unrealized gain is over \$3.2 million.

No Public Comment.

5. Discussion of Investment Policy

Mr. David Augustine, Policy and Legislative Manager, Office of the Treasurer & Tax Collector, briefly discussed changes and modifications to the City and County of San Francisco's Investment Policy. The format of the Policy has changed to a numbered system, making it easier to read and understand. There are additions in the Policy related to socially responsible investment language as well as the addition of provisions from the Association of

Public Treasurers Model Investment Policy, including a *Policy* (mission of the investment policy), *Scope*, and *Prudence* (State law – Prudent Investor Rule) (Sections 1-3).

- Sections 4, 5, 6, 7, 8, 10, 11 and 12 (with a change in the reporting requirement) are the same as the previous version.
- Section 9 “*Safekeeping and Custody*” is from the model policy and has been added.
- Section 13 “*Social Responsibility*” has been added as a new section. Mr. Augustine indicated that we are in compliance with our State law obligations of Safety, Liquidity and Yield. A fourth criteria, that of Socially Responsible Investments, has been incorporated as well.

There was discussion regarding language in section 13.3 “*City Ordinances*”, which will be revised to read:

“All depository institutions are to be advised of applicable City contracting ordinances, and shall certify their compliance therewith, if required.”

No public comment.

MOTION

Mr. Day moved that the Investment Policy be approved as amended. Motion passed unanimously.

6. Discussion of Annual Audit

Ms. Pauline Marx, Chief Assistant Treasurer, Office of the Treasurer & Tax Collector, stated that a responsibility of the Treasury Oversight Committee, per Investment Policy Section 14.0, is to “Cause an annual audit to be conducted to determine the Treasurer’s compliance with California Government Code Article 6 including Sections 27130 through 27137 and City Administrative Code Sections 10.80-1...”

There was discussion as to whether the Committee wanted the Controller’s office or an outside entity to conduct the audit. It was concluded that the Controller’s office would conduct the audit with review by outside auditors.

There was no public comment.

MOTION

Mr. Grazioli moved that the Controller’s office conduct the appropriate audit of the Treasury Oversight Committee as per the City and County of San Francisco Investment Policy, Section 14.0, with review by outside auditors. Motion passed unanimously.

7. Adjournment

The meeting was adjourned at 10:20 a.m.