



**SONOMA COUNTY
TREASURY OVERSIGHT COMMITTEE
MINUTES**

August 18, 2025 – 10:00 am

Members Present: Erick Roeser, Chair (ACTTC), Lisa August, Vice Chair (Schools), Peter Bruland (CAO - alternate for Christina Rivera, CAO), Grant Davis (SCWA), Greg Medici (SCOE - alternate for Amie Carter, SCOE)

Members Absent: Christina Rivera (CAO), Donna Dunk (Public Member), and Amie Carter (SCOE)

Also Present: Sarah Lampenfeld (SCOE), David Maurice (ACTTC), Kathleen Parnell (ACTTC), Lynne Rosselli (SCWA) and Paul Cocking (Consultant)

1. CALL TO ORDER AND INTRODUCTIONS

Chair Erick Roeser called the meeting to order at 10:04 am and all those present introduced themselves.

2. APPROVAL OF FEBRUARY 19, 2025, MEETING MINUTES

A motion to approve the prior Minutes as presented was made by Lisa August, seconded by Grant Davis.

Ayes: 5 Noes: 0 Abstain: 0 Absent: 1

3. APPOINTMENT OF NEW CHAIR AND VICE-CHAIR

A motion to re-appoint Erick Roeser as Chair, and appoint Lisa August as Vice-Chair was made by Grant Davis, seconded by Greg Medici

Ayes: 5 Noes: 0 Abstain: 0 Absent: 1

4. CALL FOR ANNUAL EXAMINATION

A motion to call for the annual examination was made by Greg Medici, seconded by Peter Bruland.

Ayes: 5 Noes: 0 Abstain: 0 Absent: 1

5. PRESENTATION & REVIEW OF QUARTERLY REPORT DATED JUNE 30, 2025

David Maurice discussed the performance of the Investment Pool and reviewed the June 30, 2025 Quarterly Report. The markets continue to be volatile this year, with significant policy shifts either discussed or implemented by the Federal Administration. The Administration has repeatedly raised, lowered and reimposed a wide range of tariffs on various goods and countries. This has impacted investor sentiment, and lead to large swing in bond yields. The adopted budget contemplated a large increase in some areas of spending, as well as reduction in many income taxes. As a result, Fitch became the last of the 3 large credit ratings agencies to lower the US rating from AAA to AA+, and now nearly half of the investments in the Pool reflect this lower rating.

The Administration has been a vigorous advocate for the Federal Reserve to resume interest rate cuts. Progress on employment has stalled, with the number of net jobs added in recent months running significantly below prior years. The unemployment rate, correspondingly, has increased slightly. Progress on inflation has also stalled, with realized inflation no longer decrease towards the Fed’s 2% target. As of June 30, 2025, the impact from higher import prices, due to tariffs, has not yet hit domestic prices. As such the Fed has pursued a wait-and-see strategy.

Investments in the Pool increased by approximately \$290 million during the quarter, as measured by book value, primarily due to property tax receipts and bond issues. The return on the Investment Pool for the quarter was 4.025% (gross) and the amount of interest apportioned to Pool Participants was \$35.55 million, which reflected a net return of 3.925%. The net return was an increase of 10 bps from the prior quarter and interest earnings apportioned were approximately \$3 million higher.

The market value of the Pool was 99.85%, which is slightly lower than the market value of 99.88% as of March 31, 2025. The weighted average maturity of investments decreased by 8 days to 732 days.

The projected net liquidity position of the Pool over the next six months is expected to increase from about \$200 million to above \$800 million. The yield on the Pool is 4.13% as of June 30, 2025 (before costs).

Sonoma County Water Agency assets are \$34.1 million with a weighted average maturity of 2,428 days, which reflects a different investment mix, primarily comprised of investments in Sonoma County Energy Independence Program (SCEIP) bonds.

6. PRESENTATION BY INVESTMENT CONSULTANT

Paul Cocking, Investment Consultant, presented a review of Sonoma County’s Investment Policy Statement (IPS), as compared to California Government Code and a selection of other large California counties. His findings were:

- i. Safety: California Code restricts investments to very high quality (“safe”) investment, as our IPS follows code, we are in compliance.
- ii. Liquidity: California Code requires that the investment pool prioritize liquidity (ability to meet obligations). He conveyed that the County models expected inflows and outflows over a multi-year period, aligns investment maturities to expected cash needs, and also retains a pool of cash and short-term investments, which meets the required liquidity standard.
- iii. Return: As this is the least specified component of Government Code, the County’s investments are appropriate and in-line with other counties.

IPS differences that exist between Sonoma and some other California counties include:

- i. Sonoma County’s Pool includes the SCEIP program, which is the only county operated Property Assessed Clean Energy (PACE) program in California.
- ii. Some counties track or place restrictions on either the average maturity or maximum maturity. The criteria vary considerably.
- iii. Some counties focus on duration in addition to, or in place of maturity. Again, the

- criteria used vary.
- iv. Several counties allow for the purchase of securities with maturities longer than 5 years. This can improve the performance of the fund via:
 - a. Higher Yields
 - b. Enhance Diversification
 - c. Longer Strategic Asset-Liability Matching
 - d. Capital Appreciation Opportunities
 - e. Reduced Exposure to Reinvestment Risk
 - f. Access to Premium Sectors

7. REVIEW OF COUNTY INVESTMENT POLICY STATEMENT

David Maurice briefly stated that treasury staff is not considering significant changes to the IPS this year. There are a few changes that improve clarity of the document, but don't change the underlying nature of it. He noted that our IPS has an established limit of 20% on JPA investments vs Government Code, which imposes no-limit. The Committee discussed the impact of this, in various scenarios, and reasons for adjusting the current limit to match Code.

The Committee did not engage in further discussion regarding the Consultant's information on extending allowable maturities, which he raised during his presentation.

8. FUTURE MEETING DATES

Future meetings are currently scheduled for February 9, 2026 and August 10, 2026.

9. PUBLIC COMMENT

There were no members of the public present.

10. ADJOURNMENT

The meeting was adjourned at 11:36 am.

Respectfully submitted,

David Maurice, Investment & Debt Officer