



OFFICE OF THE TREASURER-TAX COLLECTOR  
SHARI L. FREIDENRICH, CPA, CCMT, CPFA, ACPFIM



**TREASURY OVERSIGHT COMMITTEE MINUTES**

Wednesday, October 28, 2015 at 3:00 p.m.  
12 Civic Center Plaza, Conference Room 300, Santa Ana

**LAURA PARISI**  
Chair

**WILLIAM "ANDY" DUNN**  
Vice Chair

**FRANK KIM**  
Member

**DR. AL MIJARES**  
Member

**GARY CAPATA**  
Member

**RICHARD ROHM**  
Member

**ERIC WOOLERY**  
Member

- **Call to Order**
  - Chair Parisi called the meeting to order at 3:00 p.m.
- **Welcome**
  - **Members Present:** Laura Parisi, Andy Dunn, Eric Woolery, Richard Rohm, Dr. Al Mijares and Gary Capata (arrived at 3:15)
  - **Alternates Present:** Michelle Aguirre
  - **Members Absent:** Frank Kim
  - **Liaison Present:** Treasurer-Tax Collector Shari Freidenrich
- **Public Comments**
  - There were no public comments made.
- **Minutes**
  - Member Dunn moved to approve the minutes of the July 29, 2015 Treasury Oversight Committee (TOC) meeting. Alternate Aguirre seconded the motion. **Approved 7-0.**
  - Member Mijares moved to approve the minutes of the September 28, 2015 Treasury Oversight Committee (TOC) meeting. Member Dunn seconded the motion. **Approved 7-0.**
- **Old Business**
  - **Receive and file the final PFM report.** Treasurer Freidenrich presented highlights of the report. Member Woolery moved to receive and file the report. Member Dunn seconded the motion. **Approved 7-0.**
- **New Business**
  - **Receive and file Treasurer's Monthly Investment Report for July, August and September:** Treasurer Freidenrich presented the highlights of these reports, there were no compliance exceptions for July and we removed the County POB's from the Approved Issuer List because they expired. There were no compliance exceptions or material modifications in August. There was one issuer and its subsidiary placed on CreditWatch-Negative. In September, there were no compliance exceptions, no deficiencies and no changes to the approved issuer list. Dr. Mijares moved to receive and file these reports. Member Woolery seconded the motion. **Approved 7-0.**
  - **Receive and File the Report on Review of the Schedule of Assets Held by the County Treasury as of December 31, 2014:** Mr. Gorman explained this is an annual audit mandated by Government Code. There were no material modifications identified. Member Capata moved to receive and file this report. Member Dunn seconded the motion. **Approved 7-0.**

*Mission: Ensure safe and timely receipt, deposit, collection and investment of public funds.*

- **Receive and File the Report on Review of the Schedule of Assets Held by the County Treasury as of March 31, 2015:** Mr. Gorman explained this is an annual audit mandated by Government Code. There were no material modifications identified. Member Rohm moved to receive and file this report. Member Mijares seconded the motion. Approved 7-0.
- **Receive and File the Required Annual Examination of the Treasurer's Investment Compliance with Government Code and County Investment Policies for the Year Ended December 31, 2014:** Mr. Gorman explained this audit is required by Government Code. The Treasurer complied in all material respects in Government Code and the IPS and there were no findings identified. Member Capata moved to receive and file this report. Member Dunn seconded the motion. Approved 7-0.
- **Receive and File Continuous Compliance Auditing of the Treasury Investment Portfolio for the Quarter ended March 31, 2015:** Mr. Gorman explained the purpose of the summary and the type of information that can be found in it. There were no compliance deficiencies identified. Member Mijares moved to receive and file this report. Alternate Aguirre seconded the motion. Approved 7-0.
- **Receive and File Continuous Compliance Auditing of the Treasury Investment Portfolio for the Quarter ended June 30, 2015:** Mr. Gorman explained the purpose of the summary and the type of information that can be found in it. One compliance incident in the JWA pool was identified, with the portfolio back in compliance within one business day. The Treasurer is currently reviewing all IPS requirements to prevent this from occurring again. Member Dunn moved to receive and file this report. Member Capata seconded the motion. Approved 7-0.
- **Receive and File June 2015 TOC Compliance Summary:** Treasurer Freidenrich explained the purpose of the summary and the type of information that can be found in it. There were no compliance incidents. Member Woolery moved to receive and file this report. Alternate Aguirre seconded the motion. Approved 7-0.
- **Review Bylaws and Rules of Procedures:** Treasurer Freidenrich that explained as part of the TOC Bylaws, the committee is required to review annually. Treasurer Freidenrich stated that to be consistent with County policy, one addition is being recommended; *all Public Committee members shall be residents of Orange County and shall maintain their primary residency within the County throughout their term on the Committee. Change in primary residency outside Orange County shall result in automatic forfeiture of their Committee appointment.*
- **Review Comparison of Investment Policy Statement to Peer Counties:** This comparison was requested at the April 2015 TOC meeting and has been a very useful review for staff. The comparison was between five counties similar in size with five criteria categories. In general, we are as restrictive as, or more restrictive than peer counties. We have identified that 47 out of the 58 counties allow investment LAIF (Local Area Investment Fund) and we have added it to the IPS as an alternative liquidity option.
- **Review and File Investment Policy Statement:** Treasurer Freidenrich reviewed the IPS approval process. It is the responsibility of the TOC to review the proposed changes to the IPS. Other than formatting and some minor changes, the substantive changes that were recommended were updating the GSE investment percentage limit, clarification of Money Market Mutual Funds, addition of the State Pool LAIF, clarification of "Credit Watch-Negative" to parent and its subsidiaries, update to diversification limits, pool duration, prohibited investment transactions and Internal Audit name change.
- **Review and File Irregularity Policy:** Mr. Gorman stated there are no changes to the policy. If you notice any irregularities either notify the Treasurer or call the Internal Audit Fraud Hotline that is now located at County Counsel.

- **Receive and File Treasurer Broker-Dealer/Financial Institution List:** Treasurer Freidenrich noted that this is a list of all Broker-Dealers we contract with. Member Dunn moved to receive and file the Irregularity Policy. Alternate Aguirre seconded the motion. **Approved 7-0.**
  
- **Chair's Report:**
  - Thank you to the Treasurer and staff for moving the October TOC meeting so the committee could attend the California Public Finance Conference
  - LAIF webinar scheduled for November 4, 2015
  
- **Treasurer's Report:**
  - Treasurer Freidenrich reported on the following topics:
    - a. Update on City of Lake Forest, Laguna Niguel and Villa Park investment presentations
    - b. Update on secured property tax bills and tax collection statistics
    - c. Update on apportionment to cities
    - d. Update on assessment appeal period, extended to November 30
    - e. Update on Training for TOC Members
    - f. Certificates of Compliance
    - g. Draft 2016 TOC meeting calendar
  
- **Action Items:**
  1. Ensure TOC completely understands what happened with bankruptcy to ensure it does not happen again and how to explain to employer groups.
  2. Check with county counsel on the residency requirements of county employees for Bylaw change
  3. Meet with staff to get recommendation of % increase for GSE and respond to TOC
  4. Send 2016 meeting calendar to TOC electronically
  
- **Public Comments:**
  - There were no public comments made.
  
- **Committee Member Comments:**
  - Member Dunn recommended posting the TOC Agenda and attachments to the County website and bring a laptop to the meeting to display documents on the TV
  
- **Adjournment:**
  - Chair Parisi adjourned the meeting at 4:37 p.m. to Wednesday, January 27, 2016, Auditor/Controller's Conference Room #300.