

MINUTES OF THE TREASURY OVERSIGHT COMMITTEE
ORANGE COUNTY, CALIFORNIA

REGULAR MEETING

October 26, 2005

Approved

January 25, 2006

The Regular Meeting of the Treasury Oversight Committee (TOC) was held on October 26, 2005 and called to order by Charles Schroeder, Chair, at 3:15 p.m.

Committee Members:

Present:

Charles Schroeder, Member of the Public, Chair (3-13-06)
Robert Fauteux, Member of Outside Participant, Vice-Chair
David Sundstrom, Auditor-Controller
Wendy Benkert, for Bill Habermehl, O.C. Board of Education
Thomas G. Mauk, CEO

Absent:

None

Also present were:

John Moorlach, Treasurer-Tax Collector; **Brett R. Barbre**, **Gary Cowan**, **Melody Taylor**, **Paul Cocking**, and **John Byerly** (arrived at 3:25), Treasurer's Office; **Ed Corser**, office of the CEO; **John Abbott**, County Counsel; **Chriss Street** (arrived at 3:30), member of the TAC.

1. Meeting Called to Order

Chairman Schroeder called the meeting to order and everyone wished Mr. Sundstrom a Happy Birthday.

2. Welcome and self-introductions

Introductions were made.

3. Public Comments

There were none.

4. Approval of Minutes

Recommended Action: Mr. Schroeder called for a motion to approve the Minutes as presented. Mr. Fauteux moved to approve the Minutes, 2nd by Dr. Benkert. Passed 5-0.

5. Chairman's Report

The Chairman had no comments.

6. Treasurer's Report

- a. For the 2006 State Legislative Proposal, there are four proposals – two treasurer and two tax collector related measures.
- b. Judy Jacobson suffered an injury at home and has been out of the office for over one month. There has been a seamless transition in the office without her presence and

- we have not noticed any deficiencies as a result of her absence.
- c. Government Code Section 27131(b) was amended this year which would allow the termination of each County's Treasury Oversight Committee (TOC). At this time, there is no plan to eliminate our TOC and only Monterey County has approved the elimination of their TOC.
 - d. There will be two retirements in the Treasurer-Tax Collector department in March 2006 - Gary Cowan, Assistant Treasurer-Tax Collector, and Vickie Pazanti, HR Director.
 - e. John Byerly was hired as the Financial Analyst.
 - f. Melody Taylor has returned from her maternity leave. Pictures are available for the asking.
 - g. Moreland and Associates has consistently billed lower than their original contract.

7. Miscellaneous Year End Items

Several items were reviewed and discussed. Those items discussed were the Annual Report to the Board of Supervisors, the Annual Certificates of Compliance (a few are still outstanding), and the Annual review of the terms of the Members of the TOC (Mr. Schroeder's term will be expiring March 13, 2006). There was discussion pertaining to the proposed amendments to the TOC Bylaws, pertaining to the prohibition of employment with financial firms for one year following participation as a member or designee of the Treasury Oversight Committee. The amendment was changed to clarify it pertains only to firms with whom the Treasurer is doing business (see attachment 1).

Recommended Action: Mr. Schroeder called for a motion to receive and file the Annual Report, Certificates of Compliance, and Review of Member's Terms as presented; and to approve, as amended, the TOC By-Laws. Mr. Sundstrom moved, 2nd by Mr. Mauk. Passed 5-0.

Dr. Benkert asked Mr. Abbott to determine whether her personal contributions to local school board candidates violate the TOC By-laws. Mr. Abbott will research and advise.

8. Internal Audit's Management Letter

The Treasurer distributed his cover letter in response to Internal Audit's compliance with a Board of Supervisors' directive, along with the "Follow-up Tracking Document." The Chairman received and filed the documents.

9. Proposed Changes to the Investment Policy Statement

The four TAC approved changes were presented.

- a. **Credit Watch Negative** - Mr. Schroeder called for a motion to approve. Mr. Fauteux moved, 2nd by Mr. Sundstrom. Passed 4-1 (Mauk).
- b. **Issuer Limits** - Mr. Schroeder called for a motion to approve. Mr. Mauk moved, 2nd by Mr. Sundstrom. Passed 5-0.

- c. **Merrill Lynch Technical Clean-up** - Mr. Schroeder called for a motion to approve. Mr. Fauteux moved, 2nd by Mr. Sundstrom. Passed 4-1 (Mauk).
- d. **Annual Technical Clean-up** - Mr. Schroeder called for a motion to approve. Mr. Mauk moved, 2nd by Dr. Benkert. Passed 5-0.

10. Public Comments

There were none. It was requested by Mr. Fauteux that a section be added in the future to allow for comments by members of the committee.

11. Schedule Next Meeting Date

The next regular meeting was scheduled for January 25, 2006 in the Treasurer's Office, Conference Room A, 3:00 p.m.

12. Adjournment

Mr. Schroeder adjourned the meeting at 4:20 p.m.