



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

TREASURY OVERSIGHT COMMITTEE MINUTES

Wednesday, October 30, 2013 at 3:00 p.m.
12 Civic Center Plaza, Conference Room 300, Santa Ana

WILLIAM "ANDY" DUNN
Chair

LAURA PARISI
Vice Chair

MIKE GIANCOLA
Member

DR. AL MIJARES
Member

JAN GRIMES
Member

1. Call to Order

- Vice Chair Parisi called the meeting to order at 3:05 p.m.

2. Welcome

- Members Present: Laura Parisi, Jan Grimes, Alternate Wendy Benkert
- Members Absent: Chair Andy Dunn, Dr. Al Mijares, Mike Giancola
- Liaison Present: Treasurer-Tax Collector Shari Freidenrich

3. Public Comments

- There were no public comments made.

4. Minutes

- Alternate Benkert moved to approve the Minutes of the July 24, 2013 Treasury Oversight Committee (TOC) meeting. Member Grimes seconded the motion. **Approved 3-0**

5. Old Business

- **TOC Compliance Summary Separate Report:** Paul Gorman, Chief Assistant Treasurer-Tax Collector – Treasury, gave an overview of the new report.

6. New Business

- **Receive and file Treasurer's Monthly Investment Report for July, August, & September:** Treasurer Freidenrich presented the highlights of these reports. Member Grimes moved to receive and file these reports. Alternate Benkert seconded the motion. **Approved 3-0.**
- **Receive and file Final Report on Annual Audit of Treasurer's Investment Compliance for the Year Ended December 31, 2011:** Mr. Gorman reported there were no deficiencies or significant material weaknesses, however there were three findings in internal controls that could be improved. The Office of the Treasurer complied in all material respects with the requirements of the 2011 audit. The first finding refers to a TOC member not signing a Statement of Economic Interest, and one TOC member not signing a Certificate of Compliance upon accepting appointment as a member of the committee. The Office of the Treasurer has created and put in place a procedure internally, but has also added this to the monthly TOC Compliance Report which is reviewed at each TOC meeting. The second finding refers to the TTC not reviewing the State's form of Economic Interest. The third finding refers to the Investment Policy Statement (IPS) being less restrictive than Government Code

Section 53635. This was taken care of when the IPS went to the Board of Supervisors (BOS) on January 8, 2013. Alternate Benkert moved to receive and file the report. Member Grimes seconded the motion. **Approved 3-0.**

- **Receive and file Report on Audit of the Statement of Assets Held by the County Treasury as of December 31, 2012:** Mr. Gorman explained the Government Code Requirement for this audit. Treasurer Freidenrich reported there were no findings or deficiencies that they consider to be of material weakness. She added that our office is working with the Auditor-Controller to move the audit date from December 31st, to the County's year-end of June 30th to streamline the necessary reporting, as full financial statements noted on cash and investments are required for the audit and the County's year-end audit. Member Grimes moved to receive and file the report. Alternate Benkert seconded the motion. **Approved 3-0.**
- **Receive and file Response to 2012-2013 Orange County Grand Jury Report – An Investment and Compliance Review of the Orange County Treasurer:** Treasurer Freidenrich explained the reason for this review by the Grand Jury. She reported there were three findings in the report issued on June 24th. The first two findings related to licensing of staff members, which cannot occur since we are not a broker-dealer or a FINRA firm. The third item related to the Legacy information systems; this is currently being worked on. Alternate Benkert made the motion to receive and file the response. Member Grimes seconded the motion. **Approved 3-0.**
- **Receive and file September 2013 TOC Compliance Summary:** Mr. Gorman explained the purpose of this report and what type of information goes into the summary. Alternate Benkert asked for clarification on the weighted average maturity (WAM) of the County Money Market Fund and the John Wayne Money Market Fund being shorter than the Education Money Market Fund. Mr. Gorman explained the way the WAM is defined on the summary is by picking the one security in the pool with the longest final maturity. Alternate Benkert made the motion to receive and file the summary. Member Grimes seconded the motion. **Approved 3-0.**
- **Review and approve Bylaws and Rules of Procedure:** Treasurer Freidenrich explained the proposed changes to the Bylaws. The first proposed change is to Rule 6, to add two more public members to the TOC. With this change, a second change to Rule 8 would need to be made to expand the committee to 11 members. The third proposed change was to capitalize the "o" in the word "Office" in Rule 25. The final proposed change would be to change Rule 31 to refer to Clause 4C, instead of Board Resolutions. Member Grimes made the motion to review and approve the Bylaws. Alternate Benkert seconded the motion. **Approved 3-0.**
- **Receive and file County Counsel Presentation on Bylaws and Campaign Rules:** Angie Daftary, County Counsel, distributed the County's Gift Ban Ordinance and a presentation on "Limitations on Committee Members." She gave a general overview of the restrictions on TOC members based on statutes that enabled the creation of the TOC. Ms. Daftary then explained the Gift Ban Ordinance and clarified that if a person does not have to fill out a Form 700, then the Gift Ban Ordinance does not apply to them. Member Grimes made the motion to receive and file the presentation. Alternate Benkert seconded the motion. **Approved 3-0.**
- **Receive and file Investment Policy Statement:** Treasurer Freidenrich reviewed the IPS approval process. Paul Cocking, Assistant Treasurer-Tax Collector –

Investments, explained the proposed changes to the IPS. Other than formatting and cosmetic changes, the substantive changes that were recommended were for clarification to specific sections including, adding LAIF as an authorized investment, and rewording the Treasurer's responsibility with TOC members' Form 700s. Mr. Cocking said that some changes to the Broker/Dealer section still need to be made and TOC members will be sent the revised IPS. Treasurer Freidenrich stated they are looking at a new product being offered by banks and is similar to a certificate of deposit, if it is implemented, the IPS will be brought back to the TOC. She also reported that APT US&C recently certified the 2013 IPS and the newly approved IPS will be sent for certification as well. Member Grimes made the motion to receive and file the IPS. Alternate Benkert seconded the motion. **Approved 3-0.**

- **Receive and file Irregularity Policy:** Mr. Gorman explained the reason for having an Irregularity Policy. Treasurer Freidenrich stated there are no changes to the policy. Alternate Benkert made the motion to receive and file the policy. Member Grimes seconded the motion. **Approved 3-0.**
- **Review and complete Certificate of Compliance:** Treasurer Freidenrich explained the requirements, per the TOC Bylaws. She then handed out the certificated and requested that they be reviewed and signed by each member and alternate member.
- **Review Ethics Requirements:** Treasurer Freidenrich explained that an Ethics course is required, per the TOC Bylaws.
- Treasurer Freidenrich noted that after the new alternate to the Auditor-Controller submits her Certificate of Completion, all members and alternate members will be in compliance.

7. Chairman's Report:

- There was no Chairman's Report made.

8. Treasurer's Report:

- Treasurer Freidenrich reported on the following topics:
 - a. The Proposed 2014 TOC meeting dates
 - b. The details of the Law Awareness Workshop by County Counsel on the Gift Ban Ordinance
 - c. Three new broker-dealers on the Approved Broker-Dealer/Financial Institutions List
 - d. The County's interest in purchasing Pension Obligation Bonds
 - e. The mailing of secured tax bills
 - f. New property tax information on Google maps
 - g. The Assistant Treasurer-Tax Collector – Investments vacant position

9. Public Comments:

- There were no public comments made.

10. Committee Member Comments:

- There were no committee member comments made.

11. Adjournment:

- Vice Chair Parisi adjourned the meeting at 4:35 p.m. to Wednesday, January 22, 2014, Auditor/Controller's Conference Room #300.