



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



TREASURY OVERSIGHT COMMITTEE MINUTES

Wednesday, October 22, 2014 at 3:00 p.m.
12 Civic Center Plaza, Conference Room 300, Santa Ana

LAURA PARISI
Chair

WILLIAM "ANDY" DUNN
Vice Chair

MIKE GIANCOLA
Member

DR. AL MIJARES
Member

JAN GRIMES
Member

1. Call to Order

- Chair Parisi called the meeting to order at 3:00 p.m.

2. Welcome

- **Members Present:** Laura Parisi, Andy Dunn, Jan Grimes, alternates Wendy Benkert, Frank Kim and Denise Steckler, Gary Capata arrived at 3:10
- **Members Absent:** Mike Giancola and Al Mijares
- **Liaison Present:** Treasurer-Tax Collector Shari Freidenrich
- **Guests Present:** Sarah Meecham, Director, PFM

3. Public Comments

- There were no public comments made.

4. Minutes

- Member Dunn moved to approve the minutes of the July 23, 2014 Treasury Oversight Committee (TOC) meeting. Member Grimes seconded the motion. **Approved 6-1**

5. Old Business

- **Annual Compliance Audit Update:** Treasurer Freidenrich reported that the Department is finalizing the ASR and plans to take it to the Board of Supervisors in December.

6. New Business

- **Receive and file Treasurer's Monthly Investment Report for July, August and September:** Treasurer Freidenrich presented the highlights of these reports. Alternate Benkert moved to receive and file these reports. Member Capata seconded the motion. **Approved 7-0.**
- **Receive and File the Second Follow-Up and Close-Out on Management Letter on Audit of the Statement of Assets Held by the County Treasury as of December 31, 2010:** Mr. Gorman reported there was one finding, which has been fully implemented. Member Dunn moved to receive and file the report. Member Capata seconded the motion. **Approved 7-0.**
- **Receive and File the Initial Follow-up and Close-out of Management Letter on Audit of the Statement of Assets Held by the County Treasury as of December 15, 2013:** Mr. Gorman reported there were three findings, which have been fully implemented. Member Dunn moved to receive and file the report. Member Capata seconded the motion. **Approved 7-0.**
- **Receive and File the Review of the Schedule of Assets Held By the County Treasury as of March 31, 2014:** Mr. Gorman reported there were no findings. Member Dunn moved to receive and file the report. Member Capata seconded the motion. **Approved 7-0.**

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

- **Receive and File Continuous Compliance Auditing of the Treasury Investment Portfolio for the Quarter Ended March 2014:** Mr. Gorman reported there were no findings reported. Member Dunn moved to receive and file the report. Member Capata seconded the motion. **Approved 7-0.**
- **Receive and File Final Close-Out First Follow Up: Annual Audit of Treasurer's Investment Compliance for Year Ended December 31, 2011:** Paul Gorman reported there were three findings that have been fully implemented. Alternate Benkert moved to receive and file the report. Member Dunn seconded the motion. **Approved 7-0.**
- **Receive and File Final Close-Out First Follow Up: Required Annual Examination of the Treasurer's Investment Compliance with Government Code and County Investment Policies for the Year Ended December 31, 2012:** Paul Gorman reported one finding regarding compliance in internal controls, which has been implemented. Alternate Benkert moved to receive and file the report. Member Dunn 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 Policy for the Year Ended December 31, 2013:** Paul Gorman reported one finding in internal controls relating to a re-purchase agreement from a non-authorized issuer without a Master Re-purchase Agreement in place. The policy has been changed and reported in the Treasurer's Monthly Investment Report. Alternate Benkert moved to receive and file the report. Member Dunn seconded the motion. **Approved 7-0.**
- **Receive and File September 2014 TOC Compliance Summary:** Mr. Gorman explained the purpose of this report and what information goes into the summary. The report shows the compliance category, the regulatory/policy guidelines, who performs the audit, and the current status. Member Capata moved to receive and file the TOC Compliance Summary. Member Dunn seconded the motion. **Approved 7-0.**
- **Review Bylaws and Rules of Procedures:** Treasurer Freidenrich explained as part of the TOC Bylaws, the committee is required to review annually and requested the current Bylaws be received and filed as part of that review. Treasurer Freidenrich stated that no changes are being recommended. Alternate Benkert moved to receive and file the current Bylaws and Rules of Procedures without changes. Member Capata seconded the motion. **Approved 7-0.**
- **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 for referencing code sections for consistency, consistency in talking about what is considered collateral, consistency of ratings clarification of Money Market Mutual Funds versus Mutual Funds, adding Supranational Securities, adding that an issuer on "Credit Watch-Negative will be put on hold versus removed from authorized issuer list, clarifying verbiage under Diversification & Maturity Restrictions, updating Section XI language to match the code, and changing the review of Broker-Dealers to every two years instead of annually, removing that the TOC is not required to approve third party custodians, and adding that the Treasurer's Monthly Investment Report and Compliance Audit Reports be sent to the presiding judge of the Superior Court. Member Grimes moved to review and file the IPS as presented. Member Dunn seconded the motion. **Approved 7-0.**
- **Review and File Irregularity Policy:** Treasurer Freidenrich explained the policy was developed by staff and County Counsel. Treasurer Freidenrich stated there are no changes to the policy. Alternate Benkert moved to receive and file the Irregularity Policy. Member Capata seconded the motion. **Approved 7-0.**
- **Receive and File Treasurer Broker-Dealer/Financial Institution List:** Alternate Kim moved to receive and file the Irregularity Policy. Member Grimes seconded the motion. **Approved 7-0.**

- **Review AB 1234 Mandatory Ethics Training Requirements:** Treasurer Freidenrich explained the Ethics course is required, per the TOC Bylaws.

7. Chair's Report:

- There was no Chair's report made.

8. Treasurer's Report:

- Treasurer Freidenrich reported on the following topics:
 - a. Update on vacant Investments staff position
 - b. Update on liquidity
 - c. Update on vacant TOC position
 - d. Update on bankruptcy debt
 - e. Update on Secured Tax Bill mailing
 - f. Update on Mello Roos online data
 - g. Proposed 2015 TOC meeting schedule
 - h. Certificate of Compliance Forms

Chair Parisi and Treasurer Freidenrich thanked Jan Grimes for her years of service on the TOC.

9. Public Comments:

- There were no public comments made.

10. Committee Member Comments:

- There were no committee member comments

11. Adjournment:

- Chair Parisi adjourned the meeting at 4:20 p.m. to Wednesday, January 21, 2015, Auditor/Controller's Conference Room #300.