



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



TREASURY OVERSIGHT COMMITTEE MINUTES

Wednesday, July 18, 2018 at 3:00 p.m.
12 Civic Center Plaza, Conference Room 300, Santa Ana

RICHARD ROHM
Chair

LAURA PARISI
Vice Chair

GARY CAPATA
Member

VACANT
Member

DR. AL MIJARES
Member

FRANK KIM
Member

ERIC WOOLERY
Member

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- **Call to Order**
 - Chair Rohm called the meeting to order at 3:00 p.m.
 - **Welcome and Introductions**
 - **Members Present:** Gary Capata, Richard Rohm, Laura Parisi,
 - **Designees Present:** Mark Malbon and Dean West
 - **Members Absent:** Frank Kim, Dr. Al Mijares and Eric Woolery
 - **Designee Absent:** Michelle Aguirre
 - **Liaison Present:** Treasurer-Tax Collector Shari Freidenrich
 - **Public Comments**
 - Scott Suzuki, Acting Director of the Internal Audit Department. Mr. Suzuki stated to the Treasury Oversight Committee (TOC) that the change made to the reporting structure of Internal Audit does not affect the TOC Internal Compliance Audit they are contracted to do.
 - **Minutes**
 - Member Parsi moved to approve the minutes of the April 18, 2018 TOC meeting. Member Capata seconded the motion. **Approved 5-0.**
 - **Old Business**
 - **Update on Annual Treasury Compliance Audit for the Eighteen-Month Period Ended June 30, 2017** – MGO has completed fieldwork for the audit and is drafting the agreed upon procedures report. MGO will schedule an exit interview to review any findings.
 - **New Business**
 - **Receive and File Treasurer's Monthly Investment Report for April, May and June:** Treasurer Freidenrich presented the highlights of these reports. During April, there were no changes to the Treasurer's Approved Issuer List and there was one compliance exception that was self-identified. In May, there was one change to the Treasurer's Approved Issuer List; S&P placed the L/T issuer credit rating of Walmart Inc. on negative Outlook. FY 2014/15 investment administrative reconciliation fee generated a refund of approximately \$80,000. There were no compliance exceptions in May. In June, there was one change to the Treasurer's Approved Issuer List; S&P changed the Royal Bank of Canada Outlook from Negative to Stable and there were no compliance exceptions. FY 2015/16 investment administrative reconciliation fee generated a refund of approximately \$226,000. Designee West moved to receive and file these reports. Member Parisi seconded the motion. **Approved 5-0.**

- **Receive and File June 2018 TOC Compliance Summary:** Treasurer Freidenrich explained the purpose of the summary and the type of information that can be found in it. The Annual Compliance Audit is in progress. The Quarterly Asset Review, Annual Schedule of Assets and Quarterly Continuous Compliance Auditing are in progress. Member Capata moved to receive and file this report. Designee Malbon seconded the motion. **Approved 5-0.**
- **Receive and File Report on Review of the Schedule of Assets Held by the County Treasury as of December 31, 2017:** Treasurer Freidenrich explained this is an annual audit mandated by Government Code. There were no material modifications. Member Parisi moved to receive and file this report. Member Capata seconded the motion. **Approved 5-0.**
- **Receive and File Report on Compliance Monitoring of the Treasurer's Investment Portfolio for the Quarter Ended March 31, 2018:** Treasurer Freidenrich explained the purpose and type of information that can be found in it. There were no instances of non-compliance identified. Designee West moved to receive and file this report. Designee Malbon seconded the motion. **Approved 5-0.**
- **Discuss Permitted Investments Provided in the County's Investment Policy Statement for Possible Investment Purchases:** Treasurer Freidenrich explained that in 2009, an audit report identified investments that were not approved as permitted investments by the TOC and the County, subsequently lost principal on their investments. The audit report faulted the TOC and the Treasurer because the TOC minutes did not specify the approval of these investments in the Investment Policy Statement (IPS) and which investment type they qualified as. In 2015 new investment types were brought to the TOC to add to the IPS. The plan was to add Supranationals and Commercial Paper. The Treasurer requires an update to the Credit Investment Committee meeting on credit issuer due diligence before adding any new structured investment vehicles and we have been delinquent in those updates. We should be caught up in a short period of time. Once caught up, we will again be looking to add Supranationals and Commercial Paper to the approved Issuer List.
- **Chair's Report:**
 - No Report
- **Treasurer's Report:**
 - Treasurer Freidenrich reported on the following topics:
 - a. Received CMTA IPS certification
 - b. Updating IPS Benchmarking for October TOC meeting
 - c. Updated TOC on vacant public member position
 - d. The Quantum system upgrade is still in process and has not been completed.
 - e. Interest accrual was incorrect due to Quantum report calculation error. Credit will go out to school districts and Treasurer is absorbing charge to County.
 - f. Training will be local next year in LA and San Diego for CACTTC and CMTA
 - g. Renewing temporary transfer agreement with school districts
 - h. Update on Wells Fargo due diligence
 - i. Update on Confidentiality Statement for employees
 - j. Update on Internal Audit changes
- **Committee Member Comments:**
 - No comments
- **Adjournment:**
 - Chair Rohm adjourned the meeting at 3:55 p.m. to Wednesday, October 24, 2018, Auditor-Controller's Conference Room #300.