



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



TREASURY OVERSIGHT COMMITTEE MINUTES

Wednesday, October 19, 2016 at 3:00 p.m.
12 Civic Center Plaza, Conference Room 300, Santa Ana

GARY CAPATA
Chair

LAURA PARISI
Vice Chair

DR. WILLIAM "ANDY" DUNN
Member

FRANK KIM
Member

DR. AL MIJARES
Member

RICHARD ROHM
Member

ERIC WOOLERY
Member

• **Call to Order**

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

• **Welcome**

- **Members Present:** Gary Capata, Laura Parisi, Dr. Andy Dunn, Richard Rohm and Dr. Al Mijares
- **Alternates Present:** Michelle Aguirre, Wendy Benkert
- **Members Absent:** Frank Kim and Eric Woolery
- **Liaison Present:** Treasurer-Tax Collector Shari Freidenrich

Mr. Gorman introduced Jennifer Han, Accounting/Compliance Manager in the Treasury Unit. Treasurer Freidenrich introduced Executive Assistant Cecilia Hong who will be working on our public communication area and Ronnie Magsaysay from County Counsel who is representing Angie Daftary.

• **Public Comments**

- There were no public comments made.

• **Minutes**

- Member Mijares moved to approve the minutes of the July 27, 2016 Treasury Oversight Committee (TOC) meeting. Member Parisi seconded the motion. **Approved 6-0.**

• **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 in July, August or September. During July there were three minor changes made to the Treasurer's Approved Issuer List: 1) placed one negotiable CD issuer on hold, 2) removed POB's that matured 6/30/16 and 3) moved Microsoft Corporation from Negative Watch to Negative Outlook, (still on hold). During August there were no changes made to the Treasurer's Approved Issuer. In September there was one change to the Treasurer's Approved Issuer List. Chevron Corporation was removed as the Investment Pools no longer hold any investments of this issuer. Member Dunn moved to receive and file these reports. Member Rohm seconded the motion. **Approved 7-0.**
- **Receive and File Report of the Schedule of Assets Held by the County Treasury as of December 31, 2015:** Mr. Gorman explained this is an annual audit mandated by Government Code. There were no material modifications and no instances of non-compliance. Member Mijares moved to receive and file this report. Member Parisi seconded the motion. **Approved 7-0.**

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

- **Receive and File Report on Review of the Schedule of Assets Held by the County Treasury as of March 31, 2016:** Mr. Gorman explained this is an annual audit mandated by Government Code. This report is designed to determine the amount of money available to invest daily. There were no deficiencies identified under internal controls in management review and approval. Alternate Aguirre 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 June 30, 2016:** 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 Parisi moved to receive and file this report. Member Rohm seconded the motion. **Approved 7-0.**
- **Receive and File September 2016 TOC Compliance Summary:** Treasurer Freidenrich suggested moving this report before the Schedule of Assets and Continuous Compliance Auditing reports at future meetings, and will make the change to the January Agenda. Mr. Gorman explained the purpose of the summary and the type of information that can be found in it. There were no compliance incidents. Member Dunn 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 reviewed the two changes being submitted for approval; 1) *the addition of being a current registered voter which is not a Board requirement for Bylaws* and 2) *having public comments at the beginning of the meeting only*. After discussion, the Treasurer plans to check the registration on applicants, but the Board does not require it in the Bylaws. Member Mijares moved to approve the Bylaws and Rules of Procedures with only the change; to approve public comments at the beginning of the meeting. Member Dunn 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 are: under Authorized Investments, 1) increase GSE investment percentage limit from 33% to 50% and 2) remove quotes from A rating. Under Negotiable Certificates of Deposit and Medium Term Notes: 1) update to restrict maximum maturity not to exceed three years and 2) updated Unit name under Internal Controls. Member Parisi noted that rating categories were also covered in the Omnibus Bill.

ACTION ITEM: review Omnibus Bill rating categories

- **Review Irregularity Procedures:** Treasurer Freidenrich stated there are no changes to the policy and we did not receive any input this year. If you notice any irregularities either notify the Treasurer or call the Internal Audit Fraud Hotline that is located at County Counsel.
- **Receive and File Office of the Treasurer Broker-Dealer / Financial Institution List as of 9/30/16:** Treasurer Freidenrich noted that this is a list of all Broker-Dealers, banks and mutual funds we contract with. Member Dunn moved to receive and file this report. Member Parisi seconded the motion. **Approved 7-0.**
- **Review AB 1234 Mandatory Ethics training requirements:** Treasurer Freidenrich explained the Ethics course is required every two years, per the TOC Bylaws. The Clerk of the Board will send a reminder email with a link to complete.
- **Chair's Report:**
 - There was no Chair's report made.

- **Treasurer's Report:**

- Treasurer Freidenrich reported on the following topics:
 - a. Update on recruitment and staffing changes
 - b. Update on annual audit
 - c. Hand out Certificates of Compliance for signatures
 - d. Update on TOC Member terms
 - e. Update on annual TOC meeting schedule
 - f. Update on Training in 2017
 - g. Update on Voluntary Pool Participants
 - h. Update on Pool Structure
 - i. Update on vendor Wells Fargo
 - j. Update on Financial Literacy Day
 - k. Update on Internet Timeshare Tax Auction
 - l. Update on tax collection statistics
 - m. Update on unsecured taxes collections

ACTION ITEM: Find out when Wells Fargo contract expires

- **Public Comments:**

- Wendy Benkert announced that she will be retiring from the Department of Education at the end of December.

- **Committee Member Comments:**

There were no public comments made.

- **Adjournment:**

- Chair Capata adjourned the meeting at 4:17 p.m. to Wednesday, January 25, 2016, Auditor-Controller's Conference Room #300.