#### OFFICE OF THE TREASURER-TAX COLLECTOR



HALL OF FINANCE & RECORDS
11 CIVIC CENTER PLAZA, SUITE G76
POST OFFICE BOX 4515
SANTA ANA, CA 92701
www.ttc.ocgov.com

CHRISS W. STREET TREASURER-TAX COLLECTOR

PAUL C. GORMAN, C.P.A., CTP CHIEF ASSISTANT TREASURER-TAX COLLECTOR

JENNIFER BURKHART, CFA
ASSISTANT TREASURER-TAX COLLECTOR

ROBIN RUSSELL
ASSISTANT TREASURER-TAX COLLECTOR
ADMINISTRATION

### **AGENDA**

# REGULAR MEETING OF THE TREASURY OVERSIGHT COMMITTEE

Wednesday, April 28, 2010, 3:00 PM
Auditor/Controller's Office
12 Civic Center Plaza, 3<sup>rd</sup> Floor, Santa Ana
Conference Room# 300

- 1. CALL TO ORDER
- 2. WELCOME AND SELF INTRODUCTIONS
- 3. PUBLIC COMMENTS

At this time members of the public may address the Committee regarding any item within the subject matter jurisdiction of the Committee provided that **NO** action may be taken on off-agenda items unless authorized by law.

4. APPROVAL OF JANUARY 27 & 29, 2010 MEETING MINUTES

#### **Recommended Action:**

Approve Minutes

- 5. CHAIRMAN'S REPORT
- 6. CFO'S REPORT
- 7. RECEIVE & FILE TREASURER'S MONTHLY MANAGEMENT REPORTS FOR JANUARY THROUGH MARCH 2010
- 8. STATUS REPORT ON SERPENTINE FUNDING HOLDINGS
- STATUS REPORT ON TRANSFER OF INVESTMENT RESPONSIBILITIES

#### 10. PUBLIC COMMENTS

#### 11. SCHEDULE NEXT MEETING DATE

#### **Recommended Action:**

Schedule Meeting date for Wednesday, July 28, 2010 at 3:00 p.m., Auditor/Controller's Conference Room 300, 12 Civic Center Plaza, Santa Ana, California.

#### 12. ADJOURNMENT

# MINUTES OF THE TREASURY OVERSIGHT COMMITTEE ORANGE COUNTY, CALIFORNIA

#### REGULAR MEETING

**January 27, 2010** 

DRAFT January 27, 2010

The Regular Meeting of the Treasury Oversight Committee (TOC) held on January 27, 2010 at the Orange County Auditor/Controller's Office, 12 Civic Center Plaza, Conference Room #300, Santa Ana, CA 92701, and called to order by David Sundstrom, Chair, at 3:06PM.

#### **Committee Members:**

#### Present:

David Sundstrom, Auditor-Controller (Chair)
Bob Franz for Tom Mauk, CEO, Public Finance
Wendy Benkert for Bill Habermehl, Department of Education
George Jeffries, City of Tustin
Raghu Mathur, SOCCD

#### Also present were:

Chriss Street, Paul Gorman, Paul Cocking, Fahad Haider, and Yvette Clark from the Treasurer's office; Angie Daftary from County Counsel; Nancy Ishida, Kristine Young, & Dat Thomas from Auditor-Controller's office.

#### 1) Meeting Called to Order

Mr. Sundstrom called the meeting to order.

#### 2) Welcome and Self-introductions

Introductions were made.

#### 3) Public Comments

None.

#### 4) Approval of December 12, 2009 Meeting Minutes

Dr. Mathur <u>moved</u> to approve the minutes. Mr. Jeffries <u>seconded</u>. All approved.

#### 5) Chairman's Report

None

#### 6) Treasurer's Report

Mr. Street gave a status on the County Investment Pools.

## 7) Receive & File Treasurer's Monthly Management Reports for October through December 2009

Received & Filed

#### 8) Status Report on the Treasury Compliance Audit RFP

- Mr. Gorman stated that this was on the BOS agenda for this past week. We got emails from the 2<sup>nd</sup> district office, so on Monday we answered. We ended up continuing the item to next week.
- Mr. Gorman explained the concerns that Mr. Moorlach's office has. One of the things that came up was the bid by VTD \$24.945/year, bid by Internal Audit was \$25,000 and the bid by Macias was \$40,000. The hourly rate by VTD was significantly higher. The 2<sup>nd</sup> issue was that we received questions about our ratings & the methods used to develop these ratings. One of the concerns was the first four areas were used with a 5 point scale, but pricing was based on calculation that took the lowest cost & divided it by the proposed cost & multiplied it by a weight of 20, which didn't convert it to a 5point scale. I provided their office with what would happen if pricing was converted to a 5-point scale & it turns out to be the same order. The 3<sup>rd</sup> concern was related to whether or not the number of hours and the dollar amount would result in a quality audit. The other concern was the number of financial restatements that VTD had. We checked on the CPA watch website and we found VTD had 96 total, 93 were government. Macias had 57 total, 53 government. Mr. Moorlach also asked for the date stamps on the RFPs. Our process is that when they come in we stamp the sealed envelope. All of the RFPs are then placed in an office cubicle, unsecured, until the closing of the RFP. We have three date stamps here. Two of them seem to be normal. The first one is kind of the odd one out. VTD's date stamp does not have a time on it & was done by a deposit stamp & not signed by the staff member.
- Mr. Franz asked whether the envelopes were sealed. Mr. Gorman said yes they normally remain sealed until the end of the process.
- Mr. Gorman stated that this is scheduled to be on the agenda next week.
   Because we did not see this as a possibility the group cannot take action today. I'll provide this information as well as information regarding our policy to Mr. Moorlach's office.
- Mr. Mathur asked whether we have heard from Mr. Moorlach's office since providing him with the information. Mr. Gorman stated that he has not seen the summary page, the full schedule of reinstatements & some other information. No other Supervisors raised questions or concerns.
- Mr. Sundstrom asked if there a walkthrough on the RFP. Mr. Gorman stated that there wasn't. Anything provided at the level of involvement of Internal Audit. We told them that Internal Audit had been engaged & that a sample was based upon their judgment. We didn't say that Internal Audit selects 10

- days a month. We may have provided them a copy of the Internal Audit engagement letter. Mr. Gorman stated in the RFP itself we didn't say how many days Internal Audit was doing work.
- Ms. Ishida stated that the Internal Audit department would know that too, so those two groups would know more about the level of compliance monitoring that was going on & who's doing it & basing more reliance on it.
- Mr. Sundstrom asked whether it would it be appropriate to tell VTD and ask
  why they have a higher rate of restatements so they could explain.
- Mr. Sundstrom stated that his guess is that they have a significant higher number of government clients.
- Ms. Benkert stated that VTD is the auditor for the Department of Education and a lot of their school districts. She explained that some of these restatements may be because the State Controller issues information or advice after the close of the year, which happened this year. They may have had to do a lot of them this year. School districts would account for a lot of it.
- Mr. Sundstrom said we need to know the numerator & the denominator. We don't know how many clients they had.
- Mr. Franz stated that these questions will be asked in an open public session
  if we don't do something between now & Tuesday's meeting to address these
  issues. If you look at the numbers, it does raise that suspicion when you
  have the time stamp and an open document. That's the one that we can't
  answer accurately no matter what people testify & say. Mr. Franz continued,
  So what do we do about that? I don't know what the answer is.
- Mr. Gorman stated that we are not bounded to take the lowest bid.
- Mr. Gorman stated just the mailroom & remittance processing personnel, my assumption is that each of them were opened when done the date stamp.
- Mr. Sundstrom stated that VTD should be there on Tuesday and elect to respond to any questions.
- Is it legal to start bid process over? Ms. Daftary answered that it can be done because contract has not been awarded. Mr. Jeffries stated that we could then call for new bids as awkward it may be. Mr. Gorman stated that it could be done, but would defer the audit process. He doesn't see that as a significant problem. Dr. Mathur stated that if there is any lingering doubt he rather have the process done over & do it right. Mr. Franz stated he doesn't think we could take action today. Ms. Daftary stated that we could set up a special meeting telephonically.
- A special meeting will be scheduled to determine whether or not to proceed with the decision of VTD and take it to the board or whether to start the RFP process over.

#### 9) Review TOC Bylaws Section II, Rule 6 (d) & (e) for possible modification

- Allow for 2 public members on the committee all of course subject to review.
- Ms. Daftary from COCO explained that the committee can comprise anywhere from 3 - 11 members and the board makes the final decision as to the composition. The statute lays out 7 different categories which you can pick from to create your committee. So looking at the categories you are proposing and the statute this is fine.

- I don't see any additional recommendation. Mr. Jeffries stated since the law has been changed to make the TOC optional & many of the counties have done this, he was wondering if there is any lack of interest. Mr. Sundstrom would be very opposed to that. It's a public perception point of view. We actually have exercised some oversight. We have done a lot. We have done all that work with Serpentine, PFM, etc. We have served a purpose & continue to serve a purpose for a few more years. Ms. Benkert stated that even having the relationship with the Treasurer is important in moving forward. If the BOS wanted to add members they will do so with consultation from the Treasurer. Mr. Street stated that he enjoyed having the committee and having a structured forum. This is serious work. Mr. Franz stated that he doesn't see any reason to disband it. It has been helpful for checks & balances. Ms. Benkert added that it is also helpful when we talk to the municipal rating agencies & important to the schools.
- We currently have two members of the public but bylaws rule 6 (e) states one member of the public.
- The members reviewed a section of the Grand Jury Report in relation to TOC but it was not adopted.
- <u>Recommended Action:</u> Amend TOC Bylaws by removing Section II, Rule 6
  (d) and modifying Section II, Rule 6 (e) to allow for 2 public members, and direct the Treasurer's staff to submit the amended TOC Bylaws to the Board of Supervisor's for approval
  - Mr. Franz <u>moved</u> to approve. All approved; 5-0.

#### 10) Public Comments

None

#### 11) Schedule Next Meeting

 Next meeting is a special meeting via teleconference scheduled for January 29, 2010, 10:30 AM.

#### 12) Adjournment

Mr. Sundstrom adjourned the meeting at 4:16 PM

# MINUTES OF THE TREASURY OVERSIGHT COMMITTEE ORANGE COUNTY, CALIFORNIA

SPECIAL MEETING

**January 29, 2010** 

DRAFT January 29, 2010

The Special Meeting of the Treasury Oversight Committee (TOC) held on January 29, 2010 at the Orange County Treasurer's Office, 11 Civic Center Plaza, Conference Room A, Santa Ana, CA 92701, and called to order by David Sundstrom, Chair, at 10:31 AM.

#### **Committee Members:**

#### Present:

David Sundstrom, Auditor-Controller (Chair) Bob Franz for Tom Mauk, CEO, Public Finance

#### By Teleconference:

Ms. Wendy Benkert for Bill Habermehl Superintendant, O.C. Dept of Education

• Location: Orange County Dept. of Education

200 Kalmus Drive Costa Mesa, CA 92626

Dr. Raghu Mathur, Chancellor, S.O.C.C.C.D.

• Location: Residence

25061 Luna Bonita Drive Laguna Hills, CA 92653

Mr. George Jeffries, Treasurer, City of Tustin

• Location: Residence

14261 Galy Street Tustin, CA 92780

#### Also present were:

Paul Gorman, Ginika Echebiri, and Yvette Clark from the Treasurer's office; Angie Daftary from County Counsel; Nancy Ishida from Auditor-Controller's office.

#### 1) Meeting Called to Order

Mr. Sundstrom called the meeting to order.

#### 2) Welcome and Self-introductions

Introductions were made.

#### 3) Public Comments

None.

# 4) Review Additional Information Concerning The Treasury Compliance Audit RFP Process And Discuss The Option Of Rejection All Bids And Issuing A New RFP

- Mr. Gorman explained the procedure used in the RFP process. He stated
  that he spoke with the Treasurer's Purchasing Manager and she confirmed
  that all of the bids for this RFP (No. 074-512779-TED) remained sealed until
  the closing of the bid. The sealed envelopes were left in an unsecured office,
  but remained sealed until they were all opened at once at the time of the Bid
  Closing.
- Mr. Sundstrom asked Mr. Gorman to clarify the difference in stamps on the three bids and why the Vavrinek, Trine & Day (VTD) stamp appeared to be on a cover page rather than the envelope.
- Mr. Gorman explained that the stamp was not on the cover page of VTD's RFP submission, but rather on the paperwork attached outside of the submission. He stated that the envelope remained sealed. He further explained that the stamp normally available to staff in the mailroom was not available so staff used a different stamp that was.
- Mr. Jeffries asked why there was a noticeable difference in the amount of hours VTD proposed compared to the hours Internal Audit and Macias, Gini & O'Connell proposed.
- Mr. Gorman stated that he is not sure, but it may be that VTD used their experience with the audits of San Bernardino County to estimate how many hours it would take to complete Orange County's audit. He also stated that VTD has also worked on other audits for the County and could have sampled data as to how many hours Internal Audit takes.
- After re-examination by the TOC committee of the underlying issues with the RFP process, Dr. Mathur <u>moved</u> to accept the results of the RFP process for the Treasury Compliance Audit (RFP No. 074-512779-TE) and submit to the Board of Supervisors for approval to award contract to winning bidder. Mr. Jeffries **seconded**. **Approved 4-0** with abstention from Mr. Franz.

#### 5) Public Comments

None

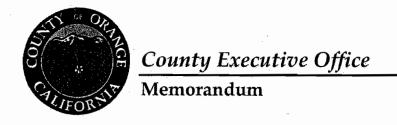
#### 6) Schedule Next Meeting

 The next meeting was scheduled for April 28, 2010 at 3:00 pm at the Auditor-Controller's Conference Room 300, 12 Civic Center Plaza, Santa Ana, CA Treasury Oversight Committee Page 3 of 3

92701.

### 7) Adjournment

• Mr. Sundstrom adjourned the meeting at 10:46 am.



March 25, 2010

To:

Chair Janet Nguyen, Supervisor, First District

Members, Board of Supervisors

From:

Robert J. Franz, Chief Financial Officer

Subject:

Status Report - Transfer of Investment Authority

Attached is the Implementation Plan for transfer of Investment Authority that is submitted for Board review at your March 30, 2010 regular meeting (item 58). No further Board action is required, at this time, to implement the transfer.

As expected, there has been a high level of cooperation by everyone involved in implementing the transfer. The Treasurer-Tax Collector has facilitated a smooth transition. The staff of Treasurer-Tax Collector involved in Investments, Cash Management, and Accounting/compliance now report to the Chief Financial Officer. I am meeting daily with the staff and reviewing daily summaries of the portfolio. There are no significant issues or problems that have been identified in any of the areas of responsibilities. Generally my approach has been to keep the existing systems, procedures and policies in place without interruption. At the same time I am taking an active role in monitoring, supervising and becoming knowledgeable about the operations.

I will provide a monthly narrative report on the investment authority that has been assigned to the Chief Financial Officer. Please let me know if there are any questions.

#### Attachment

cc: Thomas G. Mauk, County Executive Officer Chriss Street, Treasurer-Tax Collector David Sundstrom, Auditor-Controller Peter Hughes, Internal Audit Nick Chrisos, County Counsel

Paul Gorman, Treasurer-Tax Collector

Carl Crown, Human Resources

# County of Orange Transfer of Investment Authority to CFO Implementation Plan March 24, 2010

	Action Transfer of Responsibilities	Status /Comment
•	Ordinance rescinding delegation of Investment Authority to Treasurer-Tax Collector	ADOPTED 3-16-10
•	Board direction for CFO to exercise Board's Investment authority	APPROVED 3-16-10
•	Notify Rating Agency of change (verbal)	Completed 3-16-10
•	Notify Superintendent of Schools and TOC of change (verbal)	Completed 3-16-10
•	Notify Broker-Dealers of change (written)	Completed 3-18-10
•	Notify Custodian Bank (Bank of New York) of change (written)	Completed 3-18-10
•	Complete County transfer of assets documentation	Complete during week of 3-22-10
•	Complete transfer of employees to CFO	Complete during week of 3-22-10
•	CFO orientation to new responsibilities	Numerous meetings with Investment staff, Auditor-Controller, Internal Audit and TTC. Desk and system access in trading room set up. System training/orientation week of 3/29. Bloomberg access (non trading) scheduled.
ortfo	olio Monitoring	
•	Daily summaries of Portfolio to CFO	Existing daily reports provided to CFO as of 3-16-10
•	Auditor-Controller compliance monitoring	(Existing system continues with no changes)
•	Weekly strategy meetings	CFO attends meetings in place of TTC

# County of Orange Transfer of Investment Authority to CFO Implementation Plan March 24, 2010

Review of portfolio by consultant	Proposal requested from Public Financial Management (PFM)			
Review of Serpentine Investment	Proposal requested from Cairn Capital			
Reporting				
Board of Supervisors/CEO	Implementation plan by 3-30-10			
Monthly Treasurer's Report	(Existing report) CFO/TTC will issue "Shared" report for March by 4-15-10			
Treasury Oversight Committee	Regular meeting on 4-28-10			
<ul> <li>Report to CEO on transfer/Investment responsibilities</li> </ul>	Weekly and as needed			
Report to Board of Supervisors on transfer	March 30 <sup>th</sup> (Monthly thereafter)			
Investment Policy Statement annual report	By 12-21-10			
<u>Other</u>				
TTC access to Bloomberg system	No access as of 3-16-10			
Wells Fargo (County Bank accounts) notification	Meeting 3-25-10			
Regular contact-Rating agencies	As needed			
Meet with outside auditors	By 4-2-10			
Internal Audit Review	Entrance letter 3-22-10			

Ongoing

Prepare for transition to new TTC in January 2011

#### ORANGE COUNTY BOARD OF SUPERVISORS

#### MINUTE ORDER

March 16, 2010

Submitting Agency/Department: Chair Nguyen and Vice Chairman Campbell

Consider adoption of "An Urgency Ordinance of the County of Orange, California repealing section 1-2-320 of the Codified Ordinances of the County of Orange Delegating Investment Authority to the Treasurer-Tax Collector;" and authorize Chief Financial Officer to assume that authority and approve other directions necessary to implement this action and return to the Board with implementation plan no later than March 30, 2010 (4/5 vote of members present)

The following is action taken by the Board of Supervisors:
APPROVED AS RECOMMENDED OTHER  OTHER
APPROVED AS AMENDED TO MODIFY RECOMMENDED ACTION #9 TO DELETE THE FIRST SENTENCY AND REPLACE WITH "UPON ADOPTION OF THE ORDINANCE, THE TREASURER-TAX COLLECTOR SHALL NO LONGER STAFF THE TREASURY OVERSIGHT COMMITTEE, AND THE COUNTY CHIEF FINANCIAL OFFICER SHALL DIRECT THE STAFFING OF THE TREASURY OVERSIGHT COMMITTEE." AND TO DELETE THE WORD "STATUTORY" IN THE SECOND SENTENCE; DIRECTED CEO TO ELIMINATE THE CAPABILITY OF THE  Continued on attached page
Unanimous (1) NGUYEN: Y (2) MOORLACH: Y (3) CAMPBELL: Y (4) VACANT: (5) BATES: Y
Vote Key: Y=Yes; N=No; A=Abstain; X=Excused; B.O.=Board Order
Documents accompanying this matter:
☐ Resolution(s)  ☑ Ordinances(s) 10-007  ☐ Contract(s)
Item No. S33C
Special Notes:
Copies sent to:  CEO  Board Offices  CEO/CFO Bob Franz  Treasurer-Tax Chriss Street  CoCo
· · · · · · · · · · · · · · · · · · ·



I certify that the foregoing is a true and correct copy of the Minute Order adopted by the Board of Supervisors, Orange County, State of California. DARLENE J. BLOOM, Clerk of the Board

#### ORANGE COUNTY BOARD OF SUPERVISORS

#### MINUTE ORDER

March 16, 2010

The following	is action taken by	y the Board of Superviso	rs:

APPROVED AS RECOMMENDED ☐ OTHER ☑

Unanimous [1] (1) NGUYEN: Y (2) MOORLACH: Y (3) CAMPBELL: Y (4) VACANT: (5) BATES: Y

Vote Key: Y=Yes; N=No; A=Abstain; X=Excused; B.O.=Board Order

TREASURER-TAX COLLECTOR FROM TRANSACTING BUSINESS USING THE DEPARTMENT'S BLOOMBERG SYSTEM; AND DIRECTED THE INTERNAL AUDITOR TO AUDIT THE TREASURER-TAX COLLECTOR'S TAX COLLECTION AND CASH RECEIPTS POLICIES AND PROVIDE THE BOARD WITH AN AUDIT TIMEFRAME

Item No. S33C



I certify that the foregoing is a true and correct copy of the Minute Order adopted by the Board of Supervisors, Orange County, State of California. DARLENE J. BLOOM, Clerk of the Board

Da

Deputy

#### **MEMORANDUM**

ORANGE COUNTY BOARD OF SUPERVISORS
10 Civic Center Plaza, 5<sup>th</sup> Floor, Santa Ana, California 92701

Date:

March 12, 2010

To:

Darlene Bloom, Clerk of the Board

From:

Chair Janet Nguyen

Vice Chair Bill Campbell

Re:

March 16, 2010 Board of Supervisors Agenda: Supplemental Request

Ms. Bloom:

Please add the attached item to the March 16, 2010 Board of Supervisors agenda.

Please list the title of the item as follows:

Urgency Ordinance repealing Section 1-2-320 of the Codified Ordinances of the County of Orange.

Sincerely,

Chair Nguyen

Vice Chair Campbell



ORANGE COUNTY BOARD OF SUPERVISORS

10 Civic Center Plaza, 5<sup>th</sup> Floor, Santa Ana, California 92701

Date:

March 12, 2010

To:

Supervisor John Moorlach Supervisor Patricia Bates

From:

Chair Janet Nguyen

Vice Chair Bill Campbell

Re:

Urgency Ordinance repealing Section 1-2-320 of the Codified Ordinances of the

County of Orange

#### Colleagues.

On March 5, 2010, United States Bankruptcy Judge Richard Neiter determined that Orange County Treasurer-Tax Collector Chriss Street breached his fiduciary duty when he served as trustee for "The End of the Road Trust" ("Trust"). As a result, the judge ordered Mr. Street to pay more than \$7 million in damages in the case. Mr. Street was the court-appointed trustee from 1998 through July 2005, before his election as the County Treasurer-Tax Collector. The Court found that Mr. Street, during his tenure as trustee for the Trust, breached his fiduciary duties to the Trust and violated certain terms of the Trust agreement.

In order to forestall any threat of immediate loss to the County's investment pools, and any loss of confidence by other investors in the pools, we believe it necessary to take responsive action.

We propose for your consideration an urgency Ordinance deleting Section 1-2-320 of the Codified Ordinances of the County of Orange, thereby revoking all investment authority delegated to the Treasurer-Tax Collector in said Section 1-2-320.

Upon revocation, we respectfully request that the Board direct the Chief Financial Officer to exercise the Board's investment authority. The County's current Chief Financial Officer meets the statutory qualifications for the Treasurer Tax-Collector as set forth in California Government Code Section 27000.7.

As the proposed Ordinance deleting Section 1-2-320 of the Codified Ordinances of the County of Orange is presented as an urgency ordinance, a 4/5 vote of the Board of Supervisors is required.

We request that the Board of Supervisors approve the following recommended actions:

#### RECOMMENDED ACTIONS:

- 1. Read title of ordinance.
- 2. Order further reading of the ordinance be waived.
- 3. Consider the matter.
- 4. Adopt the ordinance by a not less than four-fifths vote.
- 5. Direct the Chief Financial Officer to exercise the Board's investment authority.
- 6. Investments made by the Chief Financial Officer shall be in accordance with the Investment Policy Statement. Any references in the Investment Policy Statement to the "Treasurer" will be interpreted to refer to the "Chief Financial Officer."
- 7. The Chief Financial Officer is directed to annually present the Investment Policy Statement, consistent with the provisions of Government Code Sections 27133 and 53646(a)(1), to the Board of Supervisors for approval.
- 8. Authorize the Chief Executive Officer/Human Resources to temporarily transfer any Treasurer Tax-Collector employees necessary to implement this action to report to the Chief Financial Officer and direct the Chief Financial Officer, Human Resources and County Counsel to take any other steps necessary to implement this action, and return to the Board of Supervisors with its implementation plan no later than March 30, 2010.
- 9. Upon adoption of the ordinance, the Treasurer-Tax Collector shall be replaced on the Treasury Oversight Committee, and the Board of Supervisors will appoint the County Director of Public Finance to the Treasury Oversight Committee. The Statutory membership of the Treasury Oversight Committee shall not change and will continue to function in accordance with the Bylaws and Rules of Procedure of the County of Orange Treasury Oversight Committee.

#### **EXHIBIT:**

Exhibit A - Codified Ordinances of the County of Orange, Section 1-2-320

#### ATTACHMENT:

Attachment A – Urgency Ordinance Repealing Section 1-2-320 of the Codified Ordinances of the County of Orange

#### Exhibit A

#### Codified Ordinances of the County of Orange Section 1-2-320 – Investment Authority

- (a) In accordance with California Government Code Section 27000.1, as amended; and effective on January 1, 1997, and subject to delegation pursuant to California Government Code Section 53607, this Board of Supervisors does hereby delegate its authority to invest and reinvest the funds of the County of Orange and all other depositors in the County treasury (pursuant to Chapter 4 of Part 1 of Division 2 of Title 5 of the California Government Code) to the Orange County Treasurer-Tax Collector who shall thereafter assume full responsibility for such transactions.
- (b) In accordance with California Government Code Section 53607, as amended, and effective January 1, 1997, this Board of Supervisors does hereby delegate its authority to invest and reinvest funds of the County of Orange, and funds under the control of the Board of Supervisors, and to sell and exchange securities so purchased, to the Orange County Treasurer-Tax Collector who shall thereafter assume full responsibility for such transactions. The Treasurer-Tax Collector shall make a morithly report to this Board of Supervisors of all transactions subject to this delegation.
- (c) In accordance with California Government Code Section 53608, and any amendments or successors thereto, this Board of Supervisors does hereby delegate its authority to deposit for safekeeping, in those institutions permitted by Section 53608, the bonds, notes, bills, debentures, obligations, certificates of indebtedness, warrants, or other evidences of indebtedness, in which the money of the county is invested pursuant to Article 1 of Chapter 4 of Division 2 of Title 5 of the California Government Code or pursuant to other legislative authority to the Orange County Treasurer-Tax Collector who shall thereafter assume full responsibility for such transactions.
- (d) Upon the effective date of this ordinance, the Treasurer-Tax Collector shall assume full responsibility for all investment transactions covered by this article and California Government Code Section 27000.1 and 53607.
- (e) The adoption of this article shall not effect or otherwise limit the Treasurer-Tax Collector's authority pursuant to California Government Code Section 53636 and 53684.
- (f) All delegations made herein are subject to the Treasurer's submission, as required by California law, to this Board of Supervisors of any and all investment policies, including, but not limited to, the Orange County Treasurer Investment Policy Statement Money Market Investment Pool, for review and approval annually and as such policy or policies may be amended from time to time.

(g) The Board of Supervisors may withdraw any and all investment authority delegated by this ordinance by adopting a subsequent ordinance revoking such delegations. Notwithstanding any provisions to the contrary herein, the authority delegated under subdivisions (a) and (b) above shall expire, unless renewed by resolution annually for each calendar year in accordance with the provision of California Government Code sections 27000.1 and 53607.

(Ord. No. 3977, § 1, 1-7-97; Ord. No. 3994, § 1, 12-9-97)

#### ORDINANCE NO. 10-007

AN URGENCY ORDINANCE OF THE COUNTY OF ORANGE, CALIFORNIA REPEALING SECTION 1-2-320 OF THE CODIFIED ORDINANCES OF THE COUNTY OF ORANGE DELEGATING INVESTMENT AUTHORITY TO THE TREASURER-TAX COLLECTOR

The Board of Supervisors of the County of Orange ordains as follows:

SECTION 1: Section 1-2-320 of Article 24 of Division 2 of Title 1 of the Codified Ordinances of the County of Orange is hereby repealed and all delegations of investment authority made pursuant to such section are hereby revoked.

SECTION 2: The Board of Supervisors declares that it is necessary for the immediate preservation of the public peace, health and safety for this ordinance to go into effect immediately. The facts supporting the urgency of this ordinance are as follows:

The current Treasurer-Tax Collector has been found by a federal court to have breached his fiduciary duty while serving as a bankruptcy trustee prior to his becoming the Orange County Treasurer-Tax Collector. He has been ordered to pay a judgment of in excess of \$7,000,000, which judgment is not dischargeable in bankruptcy. In order to maintain the integrity of the investment process and to avoid any loss of confidence by other investors in the investment pools as well as by the investment community and rating agencies, it is necessary to immediately revoke the investment authority previously delegated to the Treasurer-Tax Collector.

SECTION 3: This ordinance shall take effect immediately under Government Code Section 25123(d). Before the expiration of fifteen (15) days after passage of this ordinance, it shall be published once with the names of the members of the Board of Supervisors voting for and against the ordinance in a newspaper of general circulation published in the County of Orange.

THE FOREGOING was PASSED and ADOPTED by the following vote of the Orange County Board of Supervisors on March 16, 2010, to wit:

AYES: Supervisors:

BILL CAMPBELL, JANET NGUYEN, JOHN M. W. MOORLACH

PATRICIA BATES,

NOES:

**EXCUSED:** ABSTAINED:

**CHAIRMAN** 

STATE OF CALIFORNIA

) ss:

COUNTY OF ORANGE

I, DARLENE J. BLOOM, Clerk of the Board of Orange County, California, hereby certify that a copy of this document has been delivered to the Chairman of the Board and that the above and foregoing Ordinance was duly and regularly adopted by the Orange County Board of Supervisors.

IN WITNESS WHEREOF, I have hereto set my hand and seal.

Clerk of the Board.

County of Orange, State of California

Ordinance No.: 10-007 Agenda Date: 03/16/2010

Item No.:

S33C

I certify that the foregoing is a true and correct copy of the Ordinance adopted by the Board of Supervisors, Orange County, State of California

DARLENE J. BLOOM, Clerk of the Board of Supervisors