



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



TREASURY OVERSIGHT COMMITTEE MINUTES

Wednesday, October 18, 2017 at 3:00 p.m.
12 Civic Center Plaza, Conference Room 300, Santa Ana

GARY CAPATA
Chair

RICHARD ROHM
Vice Chair

DR. WILLIAM "ANDY" DUNN
Member

FRANK KIM
Member

DR. AL MIJARES
Member

LAURA PARISI
Member

ERIC WOOLERY
Member

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- **Call to Order**
 - Chair Capata called the meeting to order at 3:00 p.m.
 - **Welcome and Introductions**
 - **Members Present:** Gary Capata, Richard Rohm, Dr. Al Mijares and Eric Woolery
 - **Alternates Present:** Michelle Aguirre, Claire Moynihan and Dean West
 - **Members Absent:** Frank Kim, Laura Parisi, and Dr. Andy Dunn
 - **Liaison Present:** Treasurer-Tax Collector Shari Freidenrich
 - **Public Comments**
 - There were no public comments made.
 - **Minutes**
 - Alternate Aguirre moved to approve the minutes of the July 19, 2017 Treasury Oversight Committee (TOC) meeting. Member Woolery seconded the motion. **Approved 6-0.**
 - **Old Business**
 - **Update on Annual Treasury Compliance Audit for the Eighteen-Month Period Ended June 30, 2017** - The ASR to approve engaging MGO for the compliance audit will go to the Board of Supervisors in January 2018.
 - **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 changes to the Treasurer's Approved Issuer List. Berkshire Hathaway Inc. (BHI) and Berkshire Hathaway Finance (BHF) were placed on hold as required by the Investment Policy Statement when S&P placed their long-term issuer credit rating on Negative Watch and in August were placed back on Stable Outlook. In addition, the S/T rating of BHF was changed from P-1 to NR as only BHI has a short-term rating. Member Mijares moved to receive and file these reports. Alternate Aguirre seconded the motion. **Approved 7-0.**
 - **Receive and File September 2017 TOC Compliance Summary:** Treasurer Freidenrich explained the purpose of the summary and the type of information that can be found in it. Currently Reviewing Treasury Admin Fee. Member Rohm moved to receive and file this report. Alternate Aguirre seconded the motion. **Approved 7-0.**
 - **Receive and File Management Letter on Audit of the Schedule of Assets Held by the County Treasury as of June 30, 2016:** Treasurer Freidenrich explained this is an annual audit mandated by Government Code. There were three controlled deficiencies identified. Member Mijares moved to receive and file this report. Member Rohm seconded the motion. **Approved 7-0.**

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

- **Receive and File Report on Compliance Monitoring of the Treasurer's Investment Portfolio for the Quarter Ended June 30, 2017:** Mr. Malbon explained the purpose and type of information that can be found in it. There were no instances of non-compliance. Alternate Aguirre moved to receive and file this report. Member Rohm seconded the motion. **Approved 7-0.**
- **Receive and File Report on Review of the Schedule of Assets Held by the County Treasury as of March 31, 2017:** Mr. Malbon explained this is an annual audit mandated by Government Code. There were no material modifications. Member Mijares moved to receive and file this report. Member Rohm seconded the motion. **Approved 7-0.**
- **Review and Approve Bylaws and Rules of Procedures:** Treasurer Freidenrich explained that as part of the TOC Bylaws, the committee is required to review these annually. Treasurer Freidenrich proposed to add that a public member must be a registered voter and maintain registered voter status consistent with Board policy throughout their term on the Committee and that change in primary residency or registered voter status outside Orange County shall result in automatic forfeiture of their Committee appointment. Member Woolery moved to approve the Bylaws and Rules of Procedures. Member Rohm seconded the motion. **Approved 7-0.**
- **Review Investment Policy Statement:** Treasurer Freidenrich reviewed and recommended the following main proposed changes: 1) clarified ratings required for investment purchases and moved all ratings to one section, 2) clarified that investments over five years by other governing boards do not need to be approved separately by the Board of Supervisors, 3) updated language in several places to match Government Code Section 56301 et seq. (Gov't Code) and, 4) an increase to the State Pool limit based on the State Treasurer's policy increase from \$50 million to \$65 million.
- **Review Irregularity Procedures:** Treasurer Freidenrich stated there are no changes to the policy and we did not receive any notice of irregularities 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 9/30/17:** Treasurer Freidenrich noted that this is a list of all Broker-Dealers, banks and mutual funds that the Treasurer-Tax Collector contracts with. Member Rohm moved to receive and file this report. Member Mijares seconded the motion. **Approved 7-0.**
- **Chair's Report:**
 - No Chair's Report.
- **Treasurer's Report:**
 - Treasurer Freidenrich reported on the following topics:
 - a. Update on Investment Policy Statement Board approval
 - b. Update on TOC Member reappointment
 - c. Update on new Voluntary Pool Participants
 - d. Update on recruitments and retiring staff acknowledgement
 - e. Update on Quantum upgrade
 - f. Update on Meeting Schedule for 2018 (email to committee)
 - g. Update on property tax mailing and disaster property tax postponement
 - h. Update on Civic Center construction of building 16
 - i. Update on upcoming TOC Public Member vacancy
- **Committee Member Comments:**
 - There were no comments made.
- **Adjournment:**
 - Chair Capata adjourned the meeting at 4:10 p.m. to Wednesday, January 24, 2018, Auditor-Controller's Conference Room #300.