



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

TREASURY OVERSIGHT COMMITTEE MINUTES

Wednesday, July 25, 2012 at 3:00 p.m.
12 Civic Center Plaza, Conference Room 300, Santa Ana

1. Call to Order

- Member Dunn called the meeting to order at 3:05 p.m.

2. Welcome

- Members Present: Andy Dunn, Alternate Bob Franz, Alternate Wendy Benkert, Jan Grimes
- Members Absent: Thomas Mauk
- Liaison Present: Treasurer-Tax Collector Shari Freidenrich

3. Public Comments

- There were no public comments made.

4. Minutes

- Alternate Benkert moved to approve the minutes of the April 25, 2012 Treasury Oversight Committee (TOC) meeting minutes. Alternate Franz seconded the motion. **Approved 4-0**

5. New Business

- **Treasurer's Monthly Investment Report for April, May & June:** Treasurer Freidenrich presented the highlights of these reports. Alternate Franz moved to receive and file these reports. Alternate Benkert seconded the motion. **Approved 4-0.**
- **Compliance Auditing of the Treasury Investment Portfolio January through March 2012:** Treasurer Freidenrich stated there were no identified exceptions; the Treasurer-Tax Collector (TTC) was in compliance with the Investment Policy Statement (IPS). Member Grimes moved to receive and file the report. Alternate Franz seconded the motion. **Approved 4-0.**
- **Annual Audit of Treasurer's Investment Compliance for December 31, 2010:** Treasurer Freidenrich reported the Auditor Controller did not identify any additional compliance deficiencies for that period and that there were four non-compliance incidents that were properly documented in the Monthly Investment Reports. The TTC has complied in all material respects. Treasurer Freidenrich went over the four non-compliance items as follows:
 - The Bylaws must be reviewed by the TOC annually, and this had not been done. Changes to the Bylaws were made and approved by the Board of Supervisors (BOS) on April 19, 2011.
 - The TTC Broker Dealer annual review had not been completed annually. TTC has implemented procedures to avoid this in the future, and the review has been completed.
 - The issuer of commercial paper must be owned and operated in the United States. TTC has updated the IPS with this information.

- Internal control over whether an issuer meets credit standards. TTC implemented an Investment Credit Committee meeting, a new credit analysis form, and now performs an ongoing review of issuers. Alternate Benkert moved to receive and file the report. Member Grimes seconded the motion. **Approved 4-0.**

- **June 2012 TOC Compliance Summary:** Treasurer Freidenrich recapped the items to this summary that have been updated and added to the monthly report in the past year. The items assist the TTC in tracking compliance with all the IPS's, guidelines, and audits. Several compliance items have also been added to this summary of an administrative nature. These changes enable the TOC to easily view quarterly, in one document, the Treasurer's compliance with operational and administrative requirements. Member Grimes made the motion to receive and file. Alternate Benkert seconded the motion. **Approved 4-0.**

6. **Chairman's Report:** None

7. **Treasurer's Report:** Treasurer Freidenrich reported that she had several items to brief the committee on in the Treasurer's Report as follows:

- Reappointment of Chair – Treasurer Freidenrich explained the BOS reappointed Chair Dunn to the TOC. She explained his term had expired, however, he was able to continue in the position until he had been reappointed. The TTC, along with County Counsel, is putting together procedures for member appointments and reappointments, as the Bylaws do not have guidance for how this is handled.
- PFM – Treasurer Freidenrich reported that PFM was finalizing their report which was a follow-up review to one originally requested by the CEO's office several years ago. The report will be available to the TOC once completed, and a response will be sent to the TOC and to the CEO's office. Many items have been implemented for enhancement, while thoughts have been incorporated to protect our public funds and to maintain our compliance with Government requirements.
- Charter School Loans – Treasurer Freidenrich reported there is a bill being proposed that would allow charter schools to borrow money from counties. Alternate Benkert explained the Government code section that allows for these loans from County offices only if the County goes out for TRAN or goes out for Revenue Bonds. There are 13 Charter Schools in the County of Orange. Treasurer Freidenrich stated her office opposed this bill and explained the reasoning behind the opposition. Alternate Benkert further described the details of Charter Schools and the Government code.
- Pool Liquidity – Treasurer Freidenrich reported the liquidity of the Pools is being reviewed. The TTC is working closely with the School Districts, and Community College Districts to identify liquidity needs. Adequate liquidity must be maintained, but significant excess liquidity reduces interest earnings. Alternate Benkert discussed a program by the State Department of Education for School Districts that determines whether or not they need a temporary transfer. Chair Dunn explained Community Colleges have a similar program and Coast Community College may be taking advantage of temporary transfer opportunities.

- Temporary Transfers to School Districts – Treasurer Freidenrich reported that July 1st was the first day that temporary transfers could be done for this Fiscal Year. The Temporary Transfer Agreement will allow features to be unique to each School District. Alternate Benkert thanked the Treasurer and her office for their flexibility in catering to each School District's individual needs. Treasurer Freidenrich stated that if changes need to be made to the agreement, they need to be brought to the BOS prior to June 30, 2013 when the current agreement expires.
- Dissolution of RDA's – Treasurer Freidenrich reported the TTC distributed all successor RDA approved funds after the Auditor Controller worked with the Department of Finance. The legislation allows for loans to successor agencies, but there have been no formal requests, there are other options for them to borrow money. This has reduced the amount of dollars the TTC is holding, however there are dollars having to be paid out for debt so this may increase the total balances.
- OCIP Presentations – Treasurer Freidenrich stated, that she and key staff, made a presentation to the Association of California Cities of Orange County. They presented the benefits of investing in the Orange County Pool to various member cities and agencies. The TTC will also be holding its first User Conference in September for Voluntary Pool Participants.
- Education for TOC – Treasurer Freidenrich reported five licenses were purchased through the Fixed Income Academy Bond School. Three members of the TOC are using the licenses for education programs; two staff members are using the others.
- CMTA Annual Conference – Treasurer Freidenrich reported that she would like at least one member of the TOC to attend the conference in April of 2013. The association helps to educate public treasurers. She will bring more information to the October 31st TOC meeting.

8. Public Comments:

- There were no public comments made.

9. Committee Member Comments:

- Alternate Franz asked if the BOS had delegated to the Treasurer the Investment Authority for the current year. Treasurer Freidenrich responded that this delegation occurred in January. The new Investment Policy Statement will be brought to the TOC in October, to be received by the TOC and then brought to the BOS for approval and delegation of Investment Authority.

10. Adjournment:

- Chair Dunn adjourned the meeting at 4:07 p.m. to Wednesday, October 31, 2012, Auditor/Controller's Conference Room #300.