



COUNTY OF ORANGE

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To: Board of Supervisors
From: John M. W. Moorlach, C.P.A., CFP
Re: Annual Review of Investment Policy Statement and Authority to Invest

Pursuant to California Government Code Section 53646 "...the treasurer shall annually render to the board of supervisors and any oversight committee a statement of investment policy, which the board shall review and approve at a public meeting. Any change in the policy shall also be reviewed and approved by the board at a public meeting." The current Investment Policy Statement (IPS) was approved by the Board of Supervisors on June 20, 2000.

The IPS has a minor revision to comply with changes to State law which should also improve portfolio performance. This proposed IPS for 2001 was approved by the Treasury Oversight Committee on November 29, 2000. The annual report of the Treasury Oversight Committee is also attached.

Following is a summary of the proposed changes to the IPS:

<u>PAGE</u>	<u>PROPOSED CHANGES</u>
2	Scope: The IPS will be updated to reflect applicable county resolutions and effective dates.
3	Commercial Paper: As a result of AB2220, the maximum maturity has been changed to 270 days.

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California Government Code Sections 27000.3 and 56000.3 vest the Board of Supervisors with fiduciary responsibility for all county funds deposited in the county treasury. In accordance with Government Code Sections 27000.1 53607, the Board's duties and responsibilities with respect to the investment of county funds may be delegated to the County Treasurer for a one-year period. The Board of Supervisors has previously delegated such authority under County Ordinance No. 1-2-320 adopted in December 1997. At the end of each period of delegation, the Board, following a review, may provide for a further one-year delegation of such authority. The Ordinance further provides that the Board may make such delegation by resolution.

While the Code is silent with respect to what constitutes a "review" prior to delegation, the Treasurer submits monthly a comprehensive Treasurer's Management Report to the Board of Supervisors. There is an ongoing program of compliance auditing to ensure that investments are strictly in accordance with all governing regulations and procedures. The Treasurer's Advisory and Treasury Oversight Committees meet on a regular basis to review and discuss treasury management issues. I believe that these activities, coupled with the public meeting aspects of this item on the agenda, sufficiently meet the "review" contemplated in the statutes.

Should you have any questions please feel free to contact me, Richard Hilde, Assistant Treasurer, or Judy Jacobson, Chief Investment Officer.