



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

TREASURY OVERSIGHT COMMITTEE MINUTES

Tuesday, April 23, 2013 at 3:00 p.m.
12 Civic Center Plaza, Conference Room 300, Santa Ana

WILLIAM "ANDY" DUNN
Chair

BOB FRANZ
Vice Chair

JAN GRIMES
Member

DR. AL MIJARES
Member

LAURA PARISI
Member

1. Call to Order

- Chair Dunn called the meeting to order at 3:06 p.m.

2. Welcome

- Members Present: Andy Dunn, Laura Parisi, Alternate Wendy Benkert
- Members Absent: Bob Franz, Dr. Al Mijares, Jan Grimes
- Liaison Present: Treasurer-Tax Collector Shari Freidenrich

3. Public Comments

- There were no public comments made.

4. Minutes

- Member Parisi moved to approve the minutes of the January 23, 2013 Treasury Oversight Committee (TOC) meeting. Alternate Benkert seconded the motion. **Approved 3-0**

5. Old Business

- **2012 TOC Annual Report:** Chair Dunn explained he presented a verbal report to the County Board of Supervisors (BOS), but that initially the BOS did not want a verbal report and Treasurer Freidenrich stated to the BOS that the TOC Bylaws require a verbal and written report. Alternate Benkert moved to receive and file the 2012 TOC Annual Report. Member Parisi seconded the motion. **Approved 3-0.**

6. New Business

- **Receive and file Treasurer's Monthly Investment Report for January, February, & March:** Treasurer Freidenrich presented the highlights of these reports. Alternate Benkert moved to receive and file these reports. Member Parisi seconded the motion. **Approved 3-0.**
- **Receive and file Initial Follow-up Audit of Management Letter on Audit of the Statement of Assets Held By the County Treasury at December 31, 2010:** Chief Assistant Treasurer-Tax Collector, Paul Gorman, stated the significance of this type of audit and its review of controls within the TTC. Within the audit, there was one minor follow up finding from a previous audit report regarding the timeliness of reconciliation of items that clear the bank. The TTC has prepared a revision to its reconciliation procedure in response to this finding.

Member Parisi moved to receive and file the report. Alternate Benkert seconded the motion. **Approved 3-0.**

- **Receive and file Report on Compliance Continuous Auditing of the Treasury Investment Portfolio for the Quarter of July through September 2012:** Mr. Gorman explained how this report is compiled. This report did not reflect any deficiencies, however, it did indicate that there was a mistake in the coding of one of the securities in their review that was purchased, it was recorded as a Federal Discount Note instead of a Fannie Mae Discount Note. In response to this finding, the TTC reviewed the procedure and set additional controls to prevent this from happening again in the future. Alternate Benkert moved to receive and file the report. Member Parisi seconded the motion. **Approved 3-0.**
- **Receive and file Report on Review of the Statement of Assets Held by the County Treasury as of September 30, 2012:** Mr. Gorman stated the review did not contain any material modifications. Member Parisi made the motion to receive and file the report. Alternate Benkert seconded the motion. **Approved 3-0.**
- **Receive and file Report on Compliance Continuous Auditing of the Treasury Investment Portfolio for the Quarter of October through December 2012:** Mr. Gorman stated there were no exceptions found in this report. Alternate Benkert made the motion to receive and file the letter. Member Parisi seconded the motion. **Approved 3-0.**
- **Receive and file March 2013 TOC Compliance Summary:** Treasurer Freidenrich highlighted the various sections of the Compliance Summary. The Treasurer stated at the next meeting the compliance categories will be broken out into a separate report. Alternate Benkert asked if the Treasurer Administrative Fees would go down further. Treasurer Freidenrich explained she expects them to remain around the same and the yield on investments to also slightly drop. Member Parisi made the motion to receive and file the summary. Alternate Benkert seconded the motion. **Approved 3-0.**
- **Receive and file Response to PFM Best Practices Review:** Treasurer Freidenrich described the purpose of the review and identified the areas of best practices covered by PFM. These areas were the strategy for investment development, assessing credit, measuring portfolio compliance, and review of the Bylaws. The Treasurer explained the TTC's responses to the various sections in the review and will bring any incomplete items back to the TOC at a future meeting. Alternate Benkert made the motion to receive and file the review. Member Parisi seconded the motion. **Approved 3-0.**
- **Orange County Gift Ban Ordinance:** Treasurer Freidenrich explained that the TOC is required to follow the County's Gift Ban Ordinance. The Assistant Treasurer-Tax Collector, Paul Cocking, gave an overview of the Ordinance. In addition, in order to know the prohibited parties, the TTC would provide a list at least annually of our Broker-Dealer/Financial Institutions List.

- **Receive and file Approved Broker-Dealer/Financial Institution List:** Mr. Cocking reviewed the list of Approved Broker-Dealer/Financial Institutions along with the discussion of the Gift Ban Ordinance. Chair Dunn made the motion to receive and file the list. Member Parisi seconded the motion. **Approved 3-0.**

7. Chairman's Report:

- Chair Dunn acknowledged his attendance at the CMTA Conference and the Treasurer's speech during the conference.

8. Treasurer's Report:

- Treasurer Freidenrich reported on the following topics:
 - a. The training opportunities that have been made available to the TOC members
 - b. The new agreement for Temporary Transfers, approved by the BOS
 - c. The VLF lawsuit deadline extension
 - d. The status of liquidity within the County based on the Strategic Plan
 - e. The structure of the Pool Participants' funds and the plan to discuss this with investors
 - f. The upcoming maturity of the OCTA Bonds
 - g. The Treasurer made presentations to different agencies investing in the County
 - h. The Treasurer's interest in adding more public members to the TOC as allowed by the Bylaws
 - i. A potential lawsuit against S&P
 - j. The possible expansion of the Credit Committee to add risk management issues
 - k. An article about the early detection and prevention of Autism featuring Dr. Al Mijares
 - l. The collection rates of property taxes are at the highest levels in many years
 - m. The Orange County 2013 Community Indicator Report will be given to the TOC members by the next meeting.

9. Public Comments:

- There were no public comments made.

10. Committee Member Comments:

- There were no committee member comments made.

11. Adjournment:

- Chair Dunn adjourned the meeting at 4:10 p.m. to Wednesday, July 24, 2013, Auditor/Controller's Conference Room #300.