

MINUTES OF THE TREASURY OVERSIGHT COMMITTEE
ORANGE COUNTY, CALIFORNIA

REGULAR MEETING

April 25, 2001

APPROVED

July 19, 2001

A Regular Meeting of the Treasury Oversight Committee (TOC) was held on April 25, 2001 and called to order by Charles Schroeder, Chair, at 3:06 p.m.

Committee Members:

Present:

Charles Schroeder, Chair
David Sundstrom, Auditor-Controller
Robert Fauteux, Public
Michael Schumacher, CEO
Dr. Wendy Margarita, Dept. Of Education

Absent:

None

Also present were:

John Moorlach, Treasurer-Tax Collector; Dick Hilde, Assistant Treasurer; Judy Jacobson, Investment Officer; Paul Cocking, Assistant Investment Officer; Brett R. Barbre, Public Information Officer; Camille Gackstetter, Pam Parisien, Eli Littner and Alan Marcum, Internal Audit.

1. Meeting Called to Order

Charles Schroeder called the meeting to order.

2. Welcome and self-introductions

Introductions were made.

3. Public Comments

None

4. Approval of Minutes

The Minutes of the March 14, 2001 were reviewed. Minor grammatical corrections were made.

Recommended Action: Mr. Schroeder called for a motion to approve the Minutes. Mr. Fauteux moved to approve the minutes, 2nd by Dr. Schumacher. Passed 5-0.

5. Chairman's Report

The Chairman had no comments.

6. Treasurer's Report

The Treasurer had no report.

7. Amend Investment Policy Statement

Extensive discussion held. The results are reflected in attachment 1. The results were to be shared with the Board of Supervisors.

8. UPDATE - Edison International

Mr. Moorlach reported that he was confident the Medium Term Note would mature, as scheduled, on July 18, 2001.

8a. Consideration of Internal Audit Contract for Compliance Audit.

Because this item was not agendaized, the TOC, on a 5-0 vote, added it to the agenda, finding that due to time constraints, it needed immediate consideration.

Mr. Schroeder called for a motion to approve the Contract. Mr. Sundstrom moved to approve the contract, 2nd by Dr. Schumacher. Passed 5-0.

9. Public Comments

There were no Public Comments.

10. Schedule Next Meeting Date

The next regular meeting is scheduled to be held on July 18, 2001 in the Treasurer's Office, Conference Room A, 3:00 p.m.

11. Adjournment

Mr. Schroeder called for a motion to adjourn. Mr. Fauteux moved to adjourn, 2nd by Dr. Margarita. Passed 5-0. The meeting was adjourned at 4:15 p.m.

Enhancement/Recommendation	TAC Recommendation	TOC Recommendation
Prohibit Commercial Paper on "Credit Watch-Negative"	IPS revised 3-27-01	IPS revised 3-27-01
Prohibit split rated Commercial Paper	IPS revised 3-27-01	IPS revised 3-27-01
Senior management review of daily investment purchases	IPS revised 3-27-01	IPS revised 3-27-01
Annually submit to Board of Supervisors names and qualifications of individuals authorized to invest	IPS revised 3-27-01	IPS revised 3-27-01
Limit corporate debt investments to a 25% industry maximum	Still reviewing procedure to implement	Concur with TAC 5-0
Reduce the 5% per issuer maximum	Not practical	Concur with TAC 4-0-1 (Schumacher requested further discussion)
Reduce the maximum percentage allowed for Commercial Paper and Medium Term Notes	"Proposal lacks logic and understanding"	Concur with TAC 4-0-1 (Schumacher requested further discussion)
Perform monthly a "stress/shock test" on the portfolio	Waste of time and money	Concur with TAC 5-0
Revise the Investment Policy Statement's references to yield.	Satisfied with current language	Concur with TAC 5-0
Require MTNs to have a minimum rating of AA and a top tier short-term rating	Not practical	Concur with TAC 5-0
Add language to IPS specifying AAA requirement for MTNs with a maturity longer than 13 months	Already being done; will memorialize by including in next IPS revision - 12-01	Concur with TAC 5-0