

MINUTES OF THE TREASURY OVERSIGHT COMMITTEE
ORANGE COUNTY, CALIFORNIA

REGULAR MEETING

April 26, 2006

Approved
July 26, 2006

The Regular Meeting of the Treasury Oversight Committee (TOC) was held on April 26, 2006, and called to order by Robert Fauteux, Chair, at 3:07 p.m.

Committee Members:

Present:

Robert Fauteux, Representative of Outside Participants, Chair
Shaun Skelly, for David Sundstrom, Auditor-Controller
Bill Habermehl, O.C. Board of Education
Thomas Beckett, for Thomas G. Mauk, CEO

Absent:

None

Also present were:

John Moorlach, Treasurer-Tax Collector; **Chriss W. Street**, **Brett R. Barbre**, **Melody Taylor**, and **Paul Cocking** Treasurer's Office; **Wendy Benkert**, O.C. Board of Education; **Angelica Daftary**, County Counsel.

1. Meeting Called to Order

Mr. Fauteux called the meeting to order.

2. Welcome and self-introductions

Introductions were made.

3. Public Comments

None.

4. Approval of January 25, 2006 Meeting Minutes

The Minutes of the January 25, 2006 were reviewed.

Recommended Action: Mr. Fauteux called for a motion to approve the Minutes. Mr. Skelly moved to approve the Minutes, 2nd by Mr. Fauteux. Passed 4-0.

5. Proposed New Member

The Treasurer provided the committee members a memo disclosing the membership changes to the Treasurer's Advisory Committee (TAC) and Treasury Oversight Committee. The following items were addressed:

Mr. Schroeder's term expired as public member on the Treasury Oversight Committee. The Treasurer has invited him to fill the vacant seat (vacated by Chriss Street) on the Treasurer's Advisory Committee.

The Treasurer nominated Jeff Thomas to fill the vacant public member position

(vacated by Charles Schroeder) on the Treasury Oversight Committee. The committee discussed briefly his qualifications.

Recommended Action: Mr. Fauteux called for a motion to approve the nomination. Mr. Beckett moved to approve, 2nd by Mr. Habermehl. Passed 4-0.

6. Chairman's Report

None.

7. Treasurer's Report

- a) The Treasurer announced that his youngest brother and sister-in-law are at the hospital today scheduled to have their second child. They will name their daughter Faith Moriah.
- b) Paul Gorman will not be able to speak to the committee regarding the basis point charge report because he is out sick. The Treasurer very briefly went over the department's basis point charge rebates issue that came up this budget year. This topic will be up for further discussion and scheduled on the next meeting's agenda.
- c) The month of March has been a mass exodus of six employees in our department. Gary Cowan, the Assistant Treasurer-Tax Collector, was one of them.
- d) The month of March has also been eventful in losing five more employees to other departments and municipalities.
- e) Judy Jacobson will not be returning from medical leave. Paul Cocking is now assuming Judy's work as Chief Portfolio Manager.
- f) The Treasurer disclosed to the committee members the challenges that he has been faced with in regards to hiring Chriss Street as the Assistant Treasurer-Tax Collector. The Treasurer had prior CEO approval to have a dual appointment for the position in order to have a smooth transition when Gary Cowan retired. The initial posting on the website received 317 hits, 2 applicants, and resulted in only one interviewee (Chriss Street). As a result of missing language in the initial recruitment, the Treasurer-Tax Collector will need to hold another recruitment to fill the Assistant Treasurer-Tax Collector position. The Treasurer is requesting to reclassify the Assistant Treasurer-Tax Collector position to be an "at will" position before he posts the recruitment.
- g) The Treasurer assisted the County with a Pension Obligation Note that may save \$4 million in net present value costs by prepaying next fiscal year's unfunded actuarially accrued liability portion of the County's annual pension plan contribution.

8. Update-Long Term Investment Portfolios

The Treasurer's department started their first long-term investment portfolio (not so long-term considering the economy) for the Children and Families Commission. The department has had the pleasure of having Children and Families attend their weekly Treasury Investment Committee meetings. Paul Cocking explained the process in which the Treasurer's department will effectively ladder the portfolio custom to the agency's needs. The Treasurer's department plans to set up additional long-term portfolios for Integrated Waste Management Department and John Wayne Airport.

9. Update-2006 Legislative Proposals

The Treasurer and the Chief Portfolio Manager (Paul Cocking) will be flying up to Sacramento on Monday, May 1st. They will meet with the legislative counsel to clarify the 10% language on proposed bill AB1794 that would: eliminate the sunset clause; incorporate language suggested by the legislation counsel the previous year; and not limit us to only carry a maximum of 10% of an issuer's debt.

10. SB 866 Audit Status

Our external auditors, Moreland and Associates, have completed the audit and found only one Certificate of Compliance not filed by Shaun Skelly, TOC Alternate for the Auditor-Controller. The Treasurer's department was in compliance in all other areas. The Treasurer will make the audit available to the committee members.

11. Public and Committee Member Comments

The Chairman asked if the Treasurer will add more outside participants to the investment pool. The Treasurer responded that it would be a decision his successor may want to pursue.

12. Schedule Next Meeting Date

The next regular meeting was scheduled for July 26, 2006 in the Treasurer's Office, Conference Room A, 3:00 p.m.

13. Adjournment

Mr. Fauteux adjourned the meeting at 4:14 p.m.