MINUTES OF THE TREASURY OVERSIGHT COMMITTEE
ORANGE COUNTY, CALIFORNIA

APPROVED
April 25, 2001

SPECIAL MEETING

March 14, 2001

A Special Meeting of the Treasury Oversight Committee (TOC) was held on March 14, 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
John Dean, Superintendent, 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; Bill Habermehl and Wendy Margarita, Orange County Department of Education; Peter Hughes, Camille Gackstetter, Pam Parisien and Alan Marcum, Internal Audit; Gary Burton, CFO; John Abbott, Office of County Counsel; George Jeffries, Treasurer's Advisory Committee.

1. Meeting Called to Order

Charles Schroeder called the meeting to order.

2. Welcome and self-introductions

Introductions were made. Dr. Dean was recognized for his service to the committee on the occasion of his retirement. In addition, Dr. Bill Habermehl was introduced as the replacement for Dr. Dean.

3. Public Comments

None

4. Approval of Minutes

The Minutes of the January 24, 2000 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. Dean. Passed 5-0.

5. Chairman's Report

The Chairman had no comments.

6. Election of New Vice Chairman

Recommended Action: Mr. Schroeder opened nominations for Vice Chairman. Dr. Dean nominated Mr. Fauteux. Mr. Schroeder closed nominations. Dr. Dean moved to elect Mr. Fauteux Vice Chairman, 2nd by Dr. Schumacher. Passed 5-0.

7. Treasurer's Report

(Wendy Margarita arrived during this item)

Mr. Moorlach presented information pertaining to current activities in the Treasurer's Office.

a. Board of Supervisors workshop is scheduled for March 27, 2001, at 9:00 a.m.
b. Legislative Agenda – 3 stand-alone bills proposed by this office were dropped and they will be reintroduced in the next legislative session. The Treasurer will continue to work on the "designee" issue and will forward other county counsel opinions from around the state regarding this issue to Mr. Abbott for review.
c. Mr. Hughes of Internal Audit and Barbara Davidson will be presenting their "outside-audit" report on the policies and procedures of the Treasurer's Investment Policies.
d. The Treasury Workstation RFP has been released. Bound copies or CD-ROM versions can be obtained by contacting the Treasurer's office.
e. Increasing the number of broker-dealers Orange County can purchase securities through needs to be pursued at the Board level. Relationships with Merrill Lynch, Morgan Stanley Dean Witter and others must be explored.
f. The banking relationship between the Treasurer's office and Bank of America may change. Mr. Moorlach and Ms. Margarita have been working closely in order to facilitate a seamless transition.
g. The Treasurer's Business Plan for the coming year is now available.
h. The Treasurer's Conference was a success. Mr. Moorlach thanked Dr. Schumacher for attending and for all of his support to date.

8. Amend Investment Policy Statement

The following additions were made:

Page 2 – Section III. - Scope
1st paragraph, insert before the last sentence the following:

The Treasurer may further delegate investment authority to such persons within the Treasurer's Department as deemed appropriate. The Board of Supervisors will be provided annually with the qualifications of those to whom authority has been delegated. When changes are made to those who are authorized to make

investments the Board of Supervisors will be informed and provided with their qualifications.

Page 7 – Section V. – Investment Restrictions and Prohibited Transactions
Add #10 and #11.

10. Securities which are currently under "Credit Watch-Negative" by any of the three nationally recognized rating agencies are not eligible securities under this policy.

11. *No security purchased may have a rating by any of the three nationally recognized rating agencies less than the minimum rating required for that class of security.*

Page 10 – Section XIII. – Internal Controls
Insert the following sentence at the end of paragraph three.

Investments will be approved by the Treasurer, Assistant Treasurer, or the Compliance Manager by the close of business the following working day.

Mr. Schroeder called for a motion to approve the proposed changes. Mr. Fauteux moved to approve, 2nd by Dr. Schumacher. Passed 5-0.

9. Status Report – Broker Dealer List

A broker dealer list was distributed. This item was informational only.

10. Public Comments

Mr. Moorlach thanked Dr. Dean for his service to the county and to the Treasurer's Office.

11. Schedule Next Meeting Date

The next regular meeting is scheduled to be held on April 25, 2001 in the Treasurer's Office, Conference Room A, 3:00 p.m.

12. Adjournment

Mr. Schroeder called for a motion to adjourn. Mr. Fauteux moved to adjourn, 2nd by Dr. Schumacher. Passed 5-0. The meeting was adjourned at 4:22 p.m.