

MINUTES OF THE TREASURY OVERSIGHT COMMITTEE
ORANGE COUNTY, CALIFORNIA

REGULAR MEETING

November 6, 2002

APPROVED
JANUARY 22, 2003

The Regular Meeting of the Treasury Oversight Committee (TOC) was held on November 6, 2002 and called to order by Charles Schroeder, Chair, at 3:05 p.m.

Committee Members:

Present:

Charles Schroeder, Chair
Robert Fauteux, Member of the Public
Michael Schumacher, CEO
David Sundstrom, Auditor-Controller
Bill Habermehl, Department of Education

Absent:

None

Also present were:

John Moorlach, Treasurer-Tax Collector; **Dick Hilde**, Assistant Treasurer; **Paul Cocking**, Assistant Investment Officer; **John Byerly**, Financial Analyst; **Brett R. Barbre**, Public Information Officer; **Peter Hughes**, **Pam Parisien**, **Eli Littner** and **Alan Marcum**, Internal Audit; **John Abbott**, County Counsel; **Gary Burton**, office of the CEO.

1. Meeting Called to Order

Charles Schroeder called the meeting to order.

2. Welcome and self-introductions

Introductions were made.

3. Public Comments

There were none.

4. Approval of Minutes

The Minutes of the July 24, 2002 were reviewed. Several typos were corrected.

Recommended Action: Mr. Schroeder called for a motion to approve the Minutes as presented. Mr. Habermehl moved to approve the minutes, 2nd by Mr. Sundstrom. Passed 5-0.

5. Chairman's Report

The Chairman had no comments.

6. Treasurer's Report

- a. The Pool Case is still moving its way through the court system.
- b. The Fifth Annual Orange County Treasurer's Conference will be held February 6, 2003 at the St. Regis Monarch Beach Spa & Resort.
- c. The "Nifty 50" conference of the 50 largest counties in the United States will be held concurrently with the Orange County Treasurer's Conference.
- d. The CACTTC conference was a success.
- e. The Treasurer has been working with the Transportation Corridor Agencies (TCA) to assist in strengthening the financial outlook for the Toll Road Bonds.
- f. The Board of Supervisors unilaterally imposed a policy to disallow any discussion or business dealings with Merrill Lynch unless the Board approved of the policy.
- g. The school districts are being asked to approve participation in the X-Fund.
- h. There are 4 school bonds on the November ballot. Three received A's; 1 received a B grade.
- i. Julia Xue, Financial Analyst, is on maternity leave and is being replaced by John Byerly in her absence.

7. Approve Acquisition of Annual and Quarterly Audit Proposals

Fitch is no longer providing a quarterly audit. This proposal had been discussed at previous meetings of the Treasury Oversight Committee (TOC). Mr. Sundstrom and Dr. Schumacher agreed to review audit proposals and to participate in the RFP process. However, it was expressed by Mr. Sundstrom that the Board was not happy going outside for the Audit function, and offered to pay for the audits whether or not the Treasurer engaged them to perform the audits.

After lengthy discussion, Mr. Schroeder called for a motion to approve Internal Audit performing both the quarterly and annual audits at no charge to the Treasurer. Dr. Schumacher moved, 2nd by Mr. Sundstrom. Passed 5-0.

8. Adopt proposed changes to the Investment Policy Statement (IPS)

The proposed changes to the IPS will be presented to the Board for their annual review in December. The changes have been reviewed and approved by the Treasurer's Advisory Committee (TAC). After a discussion, Mr. Schroeder called for a motion to

approve the recommended language as presented. Mr. Habermehl moved, 2nd by Dr. Schumacher. Passed 5-0. The approved IPS is attached (**ATTACHMENT A**).

9. Commercial Paper Issuers

The “Schroeder” Report (**ATTACHMENT B**) was distributed to the committee. There were no comments or questions pertaining to the report. The committee agreed for the “Schroeder “ Report to be discontinued.

10. Public Comments

There were no Public Comments.

11. Schedule Next Meeting Date

The next regular meeting was scheduled for January 22, 2003 in the Treasurer’s Office, Conference Room A, 3:00 p.m.

12. Adjournment

Mr. Schroeder adjourned the meeting at 4:40 p.m.