MINUTES OF THE TREASURY OVERSIGHT COMMITTEE
ORANGE COUNTY, CALIFORNIA

REGULAR MEETING

January 25, 2006

APPROVED
April 26, 2006

The Regular Meeting of the Treasury Oversight Committee (TOC) was held on January 25, 2006, and called to order by Robert Fauteux, Vice-Chair, at 3:15 p.m.

Committee Members:

Present:

Robert Fauteux, Representative of Outside Participants, Vice-Chair
David Sundstrom, Auditor-Controller
Wendy Benkert, for Bill Habermehl, O.C. Board of Education

Absent:

Charles Schroeder, Member of the Public, Chair (3-13-06)
Thomas G. Mauk, CEO

Also present were:
John Moorlach, Treasurer-Tax Collector; **Gary Cowan, Melody Taylor, Paul Gorman, Paul Cocking,** and **John Byerly**, Treasurer's Office; **John Abbott and 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 Minutes
The Minutes of the October 26, 2005 were reviewed.

Recommended Action: Mr. Fauteux called for a motion to approve the Minutes. Dr. Benkert moved to approve the Minutes, 2nd by Mr. Sundstrom. Passed 3-0.

5. Election of New Officers
Mr. Fauteux opened nominations for new officers. The Treasurer entertained the idea of electing Mr. Fauteux as Chair and Mr. Sundstrom as Vice-Chair. The committee moved, 2nd, and Passed unanimously 3-0.

6. Chairman's Report
Mr. Fauteux reported that he had the pleasure sitting in at the Treasurer's Advisory Committee meeting a week ago. He reported that they do a great job and hopes that the Treasurer's successor continues the Advisory Committee.

7. Treasurer's Report

a) Chairman Chuck Schroeder is in the hospital recovering from pneumonia and waiting for heart bypass surgery. The Treasurer wrote him a note wishing him well. His term expires March 16, 2006. The Treasurer is entertaining the idea of asking Jeff Thomas or someone on his TAC to serve on the TOC.

b) The Board approved our 2006 Investment Policy Statement (IPS) in December 2005 on a 3-2 vote.

c) The Treasurer announced (for informational purposes only) that this is his final year and is running for the Board of Supervisors.

d) Chriss Street is the only candidate to date that has filed paperwork to run for Treasurer. Mr. Street has been a big help to the department throughout the years.

e) The Treasurer sees this year as a transitional year.

- Gary Cowan, Assistant Treasurer-Tax Collector, and Vickie Pazanti, Human Resources/Administrative Services Manager, will be retiring March 16th after 33 years of service each with the County. The Treasurer would like to hire Mr. Street on as the dual appointed Assistant Treasurer-Tax Collector to help in the transition.
- Emily Lin, Accounting Compliance Manager, has left the County to work for the City of Anaheim.
- Gloria Martinez, Tax Information Supervisor, will be retiring in March.

f) Judy Jacobson, Chief Investment Officer, is still out on medical leave.

g) Orange County is hosting an Area V Conference next week at the Orange County Double Tree Hotel.

h) The Treasurer is involved on the pension obligation note committee. Standard & Poor's and Moody's are standing by to give us their top short-term ratings.

i) Our investment legislation, AB 1794, has been picked up by Assemblyman Chuck DeVore.

8. Pension Pre-Payment Issues

There was a brief discussion on the emergency changes needed for the Investment Policy Statement (IPS). Committee members reviewed handout given.

Recommended Action: Mr. Fauteux called for a motion to approve the changes. Mr. Sundstrom moved to approve, 2nd by Dr. Benkert. Passed 3-0.

9. Proposed Changes to the Investment Policy Statement (IPS)

The Treasurer is requesting for two changes relating to legislation: 1) Sunset clause to be removed from State Government Code; 2) Remove wording from State Government Code that we cannot purchase more than 10% of outstanding paper from a corporation. These changes will be brought to the next meeting.

10. SB866 Audit Status

The auditors are currently in the office working on the December quarterly audit. Mr. Fauteux has agreed to sign the engagement letter on behalf of the committee. The Treasurer reported that the office has been very pleased with the relationship with the external auditors.

11. Public Comments

There were none.

12. Committee Member Comments

Mr. Sundstrom, Auditor-Controller, requests to reassume the responsibility to perform the Quarterly Cash Counts being effective July 1st, 2006.

13. Schedule Next Meeting Date

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

14. Adjournment

Mr. Fauteux adjourned the meeting at 4:09 p.m.