



OFFICE OF THE TREASURER-TAX COLLECTOR
SHARI L. FREIDENRICH, CPA, CCMT, CPFA, ACPFIM



**TREASURY OVERSIGHT COMMITTEE
MEETING MINUTES**

Wednesday, April 29, 2020 at 3:00 p.m.
601 N. Ross Street, Second Floor Conference Room 200, Santa Ana

ALISA BACKSTROM, Chair

RICHARD ROHM, Vice Chair

GARY CAPATA, Member

LAURA PARISI, Member

DR. AL MIJARES, Member

FRANK KIM, Member

FRANK DAVIES, Member

• **Call to Order**

- Chair Backstrom called the meeting to order at 3:05 p.m.

• **Welcome and Introductions**

- **Members Present:** Alisa Backstrom, Richard Rohm, Gary Capata, Laura Parisi and Frank Davies
- **Designees Present:** Michelle Aguirre and Dean West
- **Members Absent:** Dr. Al Mijares and Frank Kim
- **Liaison Present:** Treasurer-Tax Collector Shari Freidenrich

• **Public Comments**

- None

• **Minutes**

- Vice Chair Rohm moved to approve the minutes of the January 29, 2020 TOC meeting. Chair Backstrom seconded the motion. **Approved 5-0-2.** Member Davies and Designee Aguirre abstained.

• **New Business**

- **Receive and File Treasurer's Monthly Investment Reports for January, February and March:** Treasurer Freidenrich presented the highlights of these reports and noted that there were no compliance exceptions in any of the months. In January, the County of Orange approved the addition of Taxable Pension Obligation Bonds to the Approved Issuers List. In March there was one change to the Approved Issuer's List, the Toronto Dominion Bank was removed as all positions had matured. The Board of Supervisors approved the TOC Annual Report on April 28, 2020. The TOC received and filed the Treasurer's Monthly Investment Reports for January, February and March.
- **Receive and File March 2020 TOC Compliance Summary:** Treasurer Freidenrich explained the purpose of the summaries and the type of information that can be found in them. The Annual Compliance Audit for June 30, 2018 is in progress and is expected to be completed next month. The Quarterly Compliance Monitoring is in progress for the quarter ending March 31, 2020. The Annual Statement of Assets Audits for June 30, 2018 and June 30, 2019 are in progress. The Quarterly Statement of Assets Review for December 31, 2019 and March 31, 2020 are in progress. The Annual Broker Dealer IPS Certifications for 2019 have been completed and the 2020 certifications are in progress. There were zero IPS Compliance Deficiencies in FY 2019-20 identified. There were no changes to the TOC Bylaws this year. The Annual IPS was completed and approved by the Board of Supervisors on November 19, 2019. The TOC 2019 Annual Report was presented to the Board of Supervisors on April 28, 2020. The TOC received and filed the March 2020 TOC Compliance Summary.
- **Receive and File Review of the Schedule of Assets Held by the County Treasury as of September 30, 2019:** Treasurer Freidenrich explained this is an annual audit mandated by Government Code. The auditors have stated that they are not aware of any material modifications that should be made to the

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financial schedule in order for it to be in accordance with the modified cash-basis of accounting, except that, consistent with prior reports, management has elected to omit all disclosures. The TOC received and filed the Review of the Schedule of Assets Held by the County Treasury as of September 30, 2019.

- **Receive and File Management Letter on Review of the Schedule of Assets Held by the County Treasury as of September 30, 2019:** Treasurer Freidenrich explained that this is the Management Letter associated with the Schedule of Assets September 30, 2019. There was one finding due to a few accounts that were reported on the Schedule of Assets at September 30, 2019, but were not recorded in the Treasurer-Tax Collector's financial records of cash and investment accounts in the Treasury investment accounting software. Treasurer Freidenrich explained that some changes need to be made to the software to include these accounts. The Quantum upgrade has been approved, and the plan is to include all of these accounts in the investment accounting records. The TOC received and filed the Management Letter on Review of the Schedule of Assets Held by the County Treasury as of September 30, 2019.
- **Receive and File Compliance Monitoring of the Treasurer's Investment Portfolio for the Quarter Ended September 30, 2019:** Treasurer Freidenrich explained the purpose and type of information that can be found in these reports. There were no instances of noncompliance identified. The TOC received and filed the Compliance Monitoring of the Treasurer's Investment Portfolio for the Quarter Ended September 30, 2019.
- **Receive and File Compliance Monitoring of the Treasurer's Investment Portfolio for the Quarter Ended December 31, 2019:** Treasurer Freidenrich explained the purpose and type of information that can be found in these reports. There were no incidences of noncompliance identified. The TOC received and filed the Compliance Monitoring of the Treasurer's Investment Portfolio for the Quarter Ended December 31, 2019.
- **Review and Approve Engagement Letter with Auditor-Controller Internal Audit Division to Provide Compliance Monitoring Services for the Treasurer-Tax Collector for FY 2020-21 for an estimated cost of \$30,000 – Roll Call Vote:** Treasurer Freidenrich asked the Internal Auditor and Auditor Controller to provide an overview of this engagement. Michael Steinhouse, Auditor-Controller-Internal Audit Division, explained the purpose and type of information that can be found in this service. The purpose is to determine whether the Treasurer's Investment Portfolios complies with the Investment Policy Statement. He provided an overview of the testing process. Chair Backstrom made a motion to approve the Engagement Letter with Auditor-Controller Internal Audit Division to Provide Compliance Monitoring Services for the Treasurer-Tax Collector for FY 2020-21 for an estimated cost of \$30,000. Member Parisi seconded the motion. **Approved 5-0-1. Member Davies abstained.**
- **Chair's Report:**

Thank TTC for the frequent updates on the collection of property taxes, it has been very helpful. This information has been very valuable in the analysis current and future revenue streams.
- **Treasurer's Report:**
 - Treasurer Freidenrich reported on the following topics:
 1. TOC vacancies
 2. Investment accounting software update
 3. COVID-19 impact
 4. CARES Act Funding

Treasurer Freidenrich asked Designee Aguirre to provide a brief overview of the CARES Act. Designee Aguirre reported on the funding, the timeline and spending guidelines and noted that the County of Orange received \$554,000,000 in CARES Act funding. Federal and State government agencies will be releasing more information on additional funds that may be available.

- **Committee Member Comments:**

- **Member Capata** wanted to thank everyone at the County for everything they are doing to help us through this current situation.
- **Member Parisi** wanted to thank everyone at the County for all of their help and thanked Treasurer Freidenrich for the frequent updates, they are greatly appreciated.
- **Member West** wanted to express his appreciation for the frequent updates from Treasurer Freidenrich and for all of the work that the County is doing to assist them with distance learning, providing meals to students and more.
- **Member Davies** wanted to thank Treasurer Freidenrich and the CFO Michelle Aguirre for working with his department and for all of the support the County has provided to all of the agencies in Orange County though this pandemic.
- **Chair Backstrom** wanted to thank everyone for all of their help.

- **Adjournment:**

- Chair Backstrom adjourned the meeting at 4:10 p.m. to Wednesday, July 29, 2020, 601 N. Ross St., First Floor Multipurpose Room.