MINUTES OF THE TREASURY OVERSIGHT COMMITTEE
ORANGE COUNTY, CALIFORNIA

REGULAR MEETING

October 27, 2004

APPROVED
January 26, 2005

The Regular Meeting of the Treasury Oversight Committee (TOC) was held on October 27, 2004 and called to order by Charles Schroeder, Chair, at 3:32 p.m.

Committee Members:

Present:

Charles Schroeder, Member of the Public, Chair (3-13-06)
Robert Fauteux, Representative of Outside Participants, Vice-Chair
John Nakane, for David Sundstrom, Auditor-Controller
Wendy Benkert, for Bill Habermehl, O.C. Board of Education
Thomas G. Mauk, CEO

Absent:

Also present were:
John Moorlach, Treasurer-Tax Collector; **Gary Cowan, Brett R. Barbre, Melody Taylor, Paul Gorman, Judy Jacobson, Paul Cocking and John Byerly,** Treasurer's Office; **Ed Corser**, County Executive Office; and **Tom Agin**, County Counsel.
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1. Meeting Called to Order
Mr. Schroeder called the meeting to order.

2. Welcome and self-introductions
Introductions were made.

3. Public Comments
There were none.

4. Approval of Minutes
Recommended Action: Mr. Schroeder called for a motion to approve the Minutes as presented. Mr. Fauteux moved to approve the Minutes, 2nd by Dr. Benkert. Passed 4-0-1(Mauk).

5. Chairman's Report
The Chairman had no comments.

6. Treasurer's Report

a) The Treasurer's office received an e-mail from Allan Beek, former public member of TOC, to be removed from the committee distribution list. Allan's family owns and operates the Balboa Ferry in Newport Harbor.
b) The Treasurer welcomed the new CEO, Thomas G. Mauk.
c) The Treasurer reported that one piece of legislation was signed by the Governor in 2004 that affects our Investment Policy Statement (IPS). This legislation,

effective 1-1-05, states that you can buy commercial paper issued by LLCs. This was already approved in our IPS as incorporated in the Rule 2a7 provisions.

d) The Treasurer gave a custodial services update to the committee. OCERS has decided to continue its relationship with State Street. The Treasurer will continue to utilize the services of the Bank of New York.

e) The Treasurer was program chair of the CACTTC October Conference.

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

The proposed changes to the IPS were discussed. A particularly lengthy discussion ensued regarding Credit Watch Negative and the proposed Long-Term Bond Fund.

Recommended Action: Mr. Schroeder called for a motion to approve the all changes, with the exception of section IV-13 (Extended Fund) and Credit Watch Negative. TOC members would like these changes reviewed by the TAC members. TOC will revisit these proposed changes in the next meeting. Dr. Benkert moved to approve, 2nd by Mr. Fauteux. Passed 5-0.

8. Status of Internal Audit RFP

The Treasurer distributed some questions that had been submitted to the Treasurer's office by the respondents of our RFP. The responses are due back November 8th. The Treasurer's office would like a member from the Auditor-Controller and County Executive Office to sit in on the Treasurer's RFP Committee.

9. Discussion of Annual Cost Analysis

The Treasury Administrative Fees (TAF) schedule was distributed. Paul Gorman, Accounting Manager, recommended the adoption of the revised TAF to reflect a reduction in the fee from 12.5 basis points to 11.25 for the 2004-05 time period.

Recommended Action: Mr. Schroeder called for a motion to approve to the change Mr. Schroeder moved to approve, 2nd by Mr. Fauteux. Passed 5-0.

10. Discussion of Annual Report to the Board of Supervisors

The Chairman's report will be filed with the Board of Supervisors by December 31, 2004.

11. Public Comments

There were none.

12. Schedule Next Meeting Date

The next regular meeting was scheduled for January 26, 2005 in the Treasurer's Office, Conference Room A, 3:00 p.m.

13. Adjournment

Mr. Schroeder adjourned the meeting at 5:18 p.m.