

MARIN COUNTY TREASURY OVERSIGHT COMMITTEE

Marin County Civic Center
3501 Civic Center Drive
San Rafael, CA

**Thursday, May 24, 2012
2:00 P.M.**

**County Counsel Conference Room
Room 275
Regular Meeting**

MINUTES

1. Call to Order
The meeting was called to order at 2:07 p.m.
2. Roll Call
Present: Matthew Hymel, County Administrator and Chair; Dan Hom, Special Districts Representative; Thomas Lohwasser, School Districts Superintendent Representative

Absent: Mary Jane Burke, Superintendent of Schools; Jean Bonander, Public Member

Others in Attendance: Roy Given, Director of Finance; Karen Shaw, Cash Management-Investment Officer, Department of Finance; Terena Mares, Assistant Superintendent of Schools
3. Approve Minutes--Meeting of November 17, 2011 (Action)
MOTION by Thomas Lohwasser to approve minutes of November 17, 2011
Second by Dan Hom
AYES:ALL
4. Open Time for Public Comment
No discussion
5. Committee Business
 - Introduction of New Member
Jean Bonander, the new Public Member, was unable to attend. She will be introduced at the next meeting.
 - Appoint Interim Vice-Chair
Both Chair and Vice-Chair will be appointed at the next meeting.
 - Review Government Code (GC) Sections 27130-27137
Roy Given told the committee that there has been no change in the code. Even though the code longer requires a treasury oversight committee, the committee previously decided to continue.
6. Director of Finance Report
 - Request Gallina LLP perform 2012-2013 Investment Audit (Action)
Roy Given said that 2011-2012 is the first year the audit has been moved from the county's internal audit division to outside auditors Gallina LLP. They will perform the audit again for 2012-2013. The committee discussed whether to retain Gallina or go outside with an RFI after 2012-2013. Thomas Lohwasser asked about the requirements for changing auditors. Roy Given said it is a requirement (though not a

legal one) and is done every six years. He said audit firms regularly alternate partners and staff. The chair said it was best practice to change auditors. Dan Hom asked if it was acceptable to have the same auditor perform the investment audit and the audit of the county as a whole. Roy Given said it was, but he indicated he would agree to a separate RFI for investments if the committee requested it. Thomas Lohwasser said he was in favor of engaging a new auditor.

MOTION by Thomas Lohwasser to request Gallina LLP perform the 2012-2013 investment audit and that an RFI/RFP be put out for a new auditor for 2013-2014.
Second by Dan Hom
AYES:ALL

- Financial System Update
Roy Given reviewed the current status of the ATOM project. While working with consultant Plante Moran, the county documented current practices and will next look at opportunities to improve them and create better ways of doing things. He emphasized that input and assistance will be elicited from schools and special districts and acknowledged that that was not done sufficiently last time. Meetings with Plante Moran will take place June 18-20 to address processes and concerns. Thomas Lohwasser requested that schools receive advance notification so they have time to respond. Roy Given will send out an advance notice before the meetings.

7. County Treasurer's Report

- Interest and Rates
Karen Shaw distributed information on Discount Note Rates and Projected Interest. Although interest is declining, Roy Given said the county did not want to take on additional risk (CDs or commercial paper) for more basis points.

The chair asked if discount note yield curve was based on duration. Roy Given said staff would provide yield curve data for the next meeting.

Dan Hom asked how much lower interest rates can go before there is negative interest. Roy Given said he didn't believe that costs can exceed interest. He reiterated that he thought it did not make sense to put more risk in the portfolio for higher interest.

8. Discussion Items for Next Meeting

- Annual Statement of Investment Policy (Action:Review & Monitor)
- Fitch Rating
- 2011-2012 Gallina LLP Investment Audit (Action)

9. Schedule of Future Meetings

- Staff will send committee members an email with prospective dates for the fall meeting.

10. Adjournment

The meeting was adjourned at 3:47 p.m.