

MARIN COUNTY TREASURY OVERSIGHT COMMITTEE

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

Wednesday, November 14, 2012
10:00 A.M.
County Counsel Conference Room
Room 275
Regular Meeting

MINUTES

1. Call to Order

The meeting was called to order at 10:10 a.m.

2. Roll Call

Present: Mary Jane Burke, Superintendent of Schools; Thomas Lohwasser, School Districts Superintendent Representative; Dan Hom, Special Districts Representative; Jean Bonander, Public Member; Matthew Hymel, County Administrator and Chair

Absent: None

Others in Attendance: Roy Given, Director of Finance; Mina Teymourash, Department of Finance Division Chief/Accounting; Karen Shaw, Department of Finance Division Chief/Finance

3. Approve Minutes--Meeting of May 24, 2012 (Action)

MOTION BY Thomas Lohwasser to approve minutes of May 24, 2012

Second by Mary Jane burke

AYES:ALL

4. Open Time for Public Comment

No comment

5. Committee Business

- Introduction of New Public Member

Roy Given introduced and welcomed Jean Bonander, the new Public Member, to the committee. Her fiscal background includes serving as San Anselmo Town Administrator and Larkspur City Manager.

- Other Committee Member Matters

Roy Given distributed a portfolio performance chart that benchmarks the County pool to six-month and one-year Treasuries. He said it was difficult to benchmark against other counties because Marin's portfolio does not operate similarly to its peers. He said safety, liquidity, and then yield were the main considerations. The County invests based on cash flow needs and currently only makes investments in Treasuries and Agencies. The County does not invest in lower quality investments in order to avoid unnecessary risks in these uncertain financial times.

Roy Given said the next chair and vice-chair will be appointed at the spring meeting.

- Review Government Code (GC) Sections 27130-27137

Roy Given said although the code no longer requires the formation of a Treasury

Oversight Committee, it is a good idea for the County to have one.

[The Chair arrived at 10:22 a.m. Dan Hom was conducting the meeting prior to his arrival]

6. Director of Finance Report

- 2011-2012 Investment Audit Report (Action)
Mina Teymourtash reviewed the FY 2011-2012 investment audit report which was conducted by Gallina LLP. The external auditor performed seven procedures and concluded that the County was in compliance with the Government Code Sections 27130-27137. Thomas Lohwasser asked what was considered a significant fluctuation from current year to prior year. Mina Teymourtash said generally 5% to 10%, but it ultimately depends upon the external auditor's methodology. Dan Hom asked if there was a difference between book value and fair market value. Mina Teymourtash said there was little difference, given the instrument types.

MOTION by Mary Jane Burke to accept the FY2011-2012 Investment Audit Report
Second by Jean Bonander
AYES:ALL

- Review RFI for possible external Auditor selection for FY 2013-2014 investment audit (Action)
Mina Teymourtash distributed the RFI results. There were five responses. Gallina's quote was the lowest because they are already performing other County audits, which generates cost effectiveness. Roy Given said that "examination" was a more appropriate term for the investment report than "audit". The three things reviewed are compliance with the investment policy, accounting practices, and the Fitch Ratings report. In the result's conclusion, the Department of Finance recommended that the County continue with Gallina LLP for the FY 2013-2014 investment audit. Roy Given said retaining Gallina LLP was acceptable, as it is standard practice for public accounting firms to rotate partners and bring in a "new crop." Mina Teymourtash said rotation usually takes place every seven years.

MOTION by Mary Jane Burke to accept the recommendation to engage Gallina LLP for the FY 2013-2014 investment audit; additionally, there will be a committee discussion on external auditors annually in November.
Second by Jean Bonander
AYES:ALL

- Cause Annual Audit for 2013-2014 (Action)
Roy Given said this action will take place at the spring 2013 meeting as a new external auditor was not selected at the current meeting.
- Annual Statement of Investment Policy (Action: Review and Monitor)
Karen Shaw reviewed changes to the policy. On page 1, participants were divided into the subcategories of "statutory" and "voluntary." Voluntary refers to entities not mandated to be in the County pool. On page 2, the words "and local agency" were added to the first paragraph in Section 5. It allows local agencies (i.e., Town of San Anselmo, Tam CSD) to borrow from the County at 3½% backed by property taxes as secured collateral. In response to a question from Mary Jane Burke, Roy Given said school districts are not affected. In response to a question from Dan Hom, he said that these tax and revenue anticipation notes are currently less than 1% of the portfolio. On page 8, the second paragraph under Section 17 was removed as it is no longer relevant following the consolidation of the Treasurer with the Department of Finance.

MOTION by Thomas Lohwasser to review and monitor the Annual Statement of Investment Policy.

Second by Matthew Hymel

AYES:ALL

- Fitch Rating
The County has retained its AAA/VI rating, which is the highest rating. Karen Shaw said Fitch has been looking at the County investment pool in more detail than in the past. Roy Given expressed satisfaction with their services.
- Consolidation Update--Department of Finance and County Treasurer
Roy Given noted that he has now been Director of Finance for one year. He described recent changes to the department structure, which have been approved by the Board of Supervisors. In addition to the appointment of Cristine Alilovich as Assistant Director of Finance and the elimination of the second Assistant Director position, three DOF Division Chief positions have been created and the department divisions have been regrouped under them as follows:
 - Accounts Payable/Treasurer/Public Administrator
 - Property Tax/Tax Collector/Central Collections
 - Audit/Accounting/Payroll.

He also told the committee that the County's first ever CAFR (Comprehensive Annual Financial Report) received a certificate of achievement from GFOA (Government Finance Officers Association).

7. Schedule of Future Meetings

The spring meeting was scheduled for **Wednesday, April 17 at 10:00 a.m. in Room 275**. The committee decided to wait until the April meeting to schedule the fall meeting.

8. Adjournment

The meeting was adjourned at 11:15 a.m.