

S U M M A R Y M I N U T E S



REGULAR MEETING OF THE INVESTMENT OVERSIGHT COMMITTEE

ORANGE COUNTY, CA

Thursday, May 15, 2025, 10:00 A.M.

County Administration South
601 N. Ross St., County Conference Center 104/106
Santa Ana, CA 92701

YVONNE ROWDEN
IOC CHAIR

TIM JOHNSON, CPA
IOC VICE CHAIR

SUPERVISOR DOUG CHAFFEE
IOC MEMBER

SUPERVISOR KATRINA FOLEY
IOC MEMBER

MICHELLE AGUIRRE
IOC MEMBER

DREW ATWATER
IOC MEMBER

MARK WILLE, CPA
IOC MEMBER

LARRY HIMMEL
IOC MEMBER

DR. STEFAN BEAN
IOC MEMBER

Non-Voting Members

Auditor-Controller:

Treasurer-Tax Collector:

Internal Audit Director:

Andrew Hamilton, CPA

Shari Freidenrich, CPA

Aggie Alonso, CPA

Staff

Deputy County Counsel:

AOC Clerk:

Ronnie Magsaysay

Gabriela Cabrera

ATTENDANCE:

Yvonne Rowden, IOC Chair
Tim Johnson, IOC Vice Chair
Jesus Gaona Perez, Proxy for Supervisor Doug Chaffee, IOC Member
Supervisor Katrina Foley, IOC Member
Michelle Aguirre, IOC Member
Drew Atwater, IOC Member
Mark Wille, IOC Member
Larry Himmel, IOC Member
Dr. Stefan Bean, IOC Member

S U M M A R Y M I N U T E S

PRESENT: Andrew Hamilton, Auditor-Controller
 Shari Freidenrich, Treasurer-Tax Collector
 Aggie Alonso, Internal Audit Director
 Ronnie Magsaysay, Deputy County Counsel
 Gabriela Cabrera, AOC Clerk

S U M M A R Y M I N U T E S

1. Roll call

Mr. Tim Johnson, Investment Oversight Committee (IOC) Vice Chair, called the meeting to order at 10:04 A.M. Attendance of IOC Members noted above.

2. Welcome and Introductions

Mr. Johnson asked for everyone to introduce themselves.

3. Receive Overview of IOC, Members Responsibilities, and Draft Bylaws

Ms. Michelle Aguirre, County Executive Officer, shared that the committee was established to ensure proper oversight of investments and that draft bylaws are in the process of being finalized for future committee approval. Next, Ms. Kim Engelby, Chief Financial Officer, discussed her role in overseeing investments and provided an overview of the County's Investment Fund. She described the types of investment included in the treasury pool and noted that none are secured more than four years. She requested feedback on how to improve the information provided for future meetings, and Mr. Mark Wille, IOC Member, asked for a chart highlighting the most important areas for member review. Mr. Johnson requested the inclusion of information showing the County's liquidity needs. Ms. Katrina Foley, Vice Chair of the Board of Supervisors, asked Ms. Engelby to summarize the position of the County's investment pool, to which Ms. Engelby responded that the pool is currently very safe. Mr. Drew Atwater, IOC Member, suggested including a combined chart showing both the investment mix and compliance information.

Ronnie Magsaysay, Senior Deputy County Counsel, shared that since the IOC was established around the same time an AOC subcommittee was reviewing its bylaws, and because there was overlap in both committee's bylaws, it made sense to create a combined version. This version, which includes provisions for IOC responsibilities, will be presented for approval at a future meeting. Mr. Wille asked for clarification on whether the superintendent could ever hold the IOC Chair or Vice Chair position, and Mr. Magsaysay confirmed that, based on the Board of Supervisor's (Board) intent for investment oversight, the superintendent would not assume either role, but would instead provide input on IOC topics.

Mr. Wille also asked whether the bylaws should include a requirement for committee member training and whether it might be appropriate to recommend changing the County Executive Officer (CEO) to a non-voting member, given that their department is audited. Mr. Magsaysay confirmed that any change to the CEO's voting status would require Board approval via resolution, just as the bylaws themselves require approval through a resolution. Ms. Foley supported adding the training requirement but expressed that she and likely the Board would not support changing the CEO to a non-voting member. Further discussion followed regarding the content and timing of the proposed training. Ms. Yvonne Rowden, IOC Chair, stated that while the combined bylaws are clearly written, she agrees there should be specific reference to onboarding training for members. She also requested to be added as a member of the bylaws subcommittee.

4. Approve IOC Regular Meeting Dates for 2025

Mr. Johnson asked for a motion to approve the IOC regular meeting schedule for 2025. Ms. Foley asked whether the meetings can be moved to 10:30 A.M. going forward, and Mr. Wille recommended to allow three hours for both meetings, which the committee agreed to both requests.

S U M M A R Y M I N U T E S

Motion to Approve Investment Oversight Committee Regular Meeting Schedule for 2025, by Mr. Drew Atwater, seconded by Mr. Larry Himmel.

All in favor.

Approved as recommended.

5. Receive Update on the Annual Compliance Audit of the Treasurer's Compliance with Government Code Section 27130 et seq., for the Period Ending June 30, 2024

Ms. Aguirre noted that the period of this audit occurred during the Treasurer-Tax Collector's (TTC) oversight of the investment function. Ms. Engelby shared that the audit engagement letter was issued by external auditor Brown Armstrong, along with two other engagement letters for a quarterly compliance audit and an investment policy audit. She noted that this is the same update that would have been provided for agenda item #7. Ms. Shari Freidenrich, Treasurer-Tax Collector, added that the contracts for these audits, including the engagements with Brown Armstrong, were established in accordance with County contract policy. She also noted that she is working with County Counsel to ensure investment oversight is properly assigned.

6. Receive and File Monthly Reports on the County Treasury and Investments for January, February, and March 2025, Including Compliance Summaries

Ms. Engelby presented the CEO's quarterly report and noted that, while this quarter includes reports prepared by both the CEO and TTC, going forward only the CEO's report will be presented to the committee. She added that the CEO will collaborate with TTC staff who prepare the data and provide input on the reports. Based on member feedback, Ms. Engelby noted that the CEO will add a highlights page at the beginning of the report and will revisit the term Statement of Accountability to consider whether a change in terminology is needed.

Mr. Michael Steinhaus, IT Audit Manager at Internal Audit, noted that the report includes investments at market value and asked whether they should instead be listed at fair value to comply with GASB 72 requirements, to which Ms. Engelby confirmed the CEO will conduct further research.

7. Receive Update on Compliance Monitoring of the Treasurer's Investment Portfolio for the Quarter Ended September 30, 2024

Ms. Aguirre shared that these quarterly compliance audits were caused by the former oversight committee, and since the intention is to continue these, she asked if the IOC also needs to cause these audits. Mr. Magsaysay cited the applicable government codes that established the requirement for the former oversight committee to cause these audits and stated that, for consistency, the IOC should do the same. Based on this, a motion to direct the quarterly compliance audits was made by Mr. Wille, seconded by Ms. Foley, and approved by the entire committee.

8. Receive Update on the Annual Audit of the Treasurer's Schedule of Assets as of June 30, 2023

Mr. David Showalter, Partner at Eide Bailly, shared that Annual Audit of the Treasurer's Schedule of Assets report for the period as of June 30, 2023, was issued February 5, 2025, and that they are in process of the audit for the period as of June 30, 2024. He noted there was a change in the fair

S U M M A R Y M I N U T E S

value measurements, which resulted from changing the accounting methodology from modified cash basis to accrual basis. Mr. Showalter shared that the audit report identifies the change in the delegated authority for the investment pool as a significant item, and that while the change occurred after the audit period, they felt it was appropriate to disclose it now. He clarified this audit should not be confused with the County's regular financial statements audit. Ms. Foley asked why the accounting basis changed, and Mr. Andrew Hamilton, Auditor-Controller, advised that the change was made to comply with generally accepted accounting principles (GAAP), as required by government code.

9. Receive Update on Quarterly Review of Treasurer's Schedule of Assets

Mr. Rodrigo Martinez, Internal Audit Manager at Auditor-Controller, provided a status on the Review of Treasurer's Schedule of Assets for five quarterly periods. He noted there were delays in completing some quarters due to the change in accounting basis previously discussed by Mr. Showalter. Mr. Wille asked about the usual completion time for these quarterly reviews, and Mr. Sal Lopez, Chief Deputy Auditor-Controller, advised they will target completion by the subsequent quarter.

PUBLIC COMMENTS:

IOC COMMENTS: Mr. Aguirre thanked everyone for their participation and feedback.

ADJOURNMENT: Meeting adjourned at 11:40 A.M.

NEXT MEETING:

Regular Meeting, Thursday, August 21, 2025, at 10:30 A.M.