



OFFICE OF THE TREASURER-TAX COLLECTOR  
SHARI L. FREIDENRICH, C.P.A.



POST OFFICE BOX 4515  
SANTA ANA, CA 92702-4515  
ttc.ocgov.com


---

MEMO

---

**Date:** August 4, 2015

**To:** Supervisor Todd Spitzer, Chair  
Supervisor Lisa Bartlett, Vice-Chair  
Supervisor Andrew Do  
Supervisor Shawn Nelson  
Supervisor Michelle Steel

**From:** Shari L. Freidenrich, CPA, CCMT, CPFA, ACPFIM 

**Subject:** December 16, 2014 Board Directive (Agenda Item 27)

---

This memo is in response to a directive from the Board of Supervisors (BOS) to describe the process in place for due diligence of the County's Investment Policy Statement (IPS) each year prior to the approval of the IPS on a BOS agenda for review and approval. The directive originated from a request by Honorable Spitzer at the December 16, 2014 BOS meeting.

As required by the Section XX in the IPS, the Treasurer is required to provide the IPS to the Treasury Oversight Committee (TOC) for its review and then present the Treasurer's recommended IPS to the BOS for its review and approval. In addition, because the County IPS is more restrictive than the Government Code, the Treasurer also reviews these more restrictive items to ensure that they remain suitable in her role as a fiduciary of the public funds entrusted to the County. Annually, the Treasurer performs the below due diligence steps to ensure that the IPS complies with Government Code/County Resolutions and that the other sections of the IPS are suitable for the County pooled and non-pooled funds prior to bringing the draft IPS to the TOC and the BOS.

- Review the California Government Code for any changes that would affect the IPS.
- Review legislative summaries prepared by the California Association of County Treasurers and Tax Collectors, the California Municipal Treasurers Association, and the County legislative unit to determine if any changes to the IPS should be made.
- Review the Association of Public Treasurers of the US and Canada (APT) Model Policy to see if any changes to the IPS should be made.
  1. Periodically, especially after major changes, apply for investment policy recertification.
- Review the California Municipal Treasurers Association (CMTA) Model Policy to see if any changes to the IPS should be made.
  1. Periodically, especially after major changes, apply for investment policy recertification.
- Review several peer agencies (other County and large cities) investment policies to see if any information should be added to the IPS, or if they have changes that should also be incorporated into the IPS.

1. The TOC has requested a summary to be compiled comparing the County IPS to other peer County agencies' investment policies, and this summary comparison will be provided to them as part of TOC IPS review at its October 2015 meeting.
- Attend various conferences, educational workshops, and other meetings for Treasurers and staff and talk with peers in the industry during the year to get information related to investment policies and then consider the information and whether the County IPS should be updated.

In addition, as further due diligence, in 2008, 2011 and in 2014, the Treasurer hired an external investment consultant, and one of the specific tasks in the scope for each of these separate contracts was to review the IPS for changes both from Government Code and suitability.

Then, based on the information above, the Treasurer will thoroughly review the current IPS, review the information obtained above and identify specific changes, if any, that should be made. Once the Treasurer completes the final IPS draft, the Treasurer will send it to County Counsel for a final review for compliance with State law and any other potential legal issues, and will work with County Counsel to identify any final changes to the IPS. Then, based on the urgency of the change, the Treasurer will make a determination whether the IPS needs to be immediately updated and brought to the TOC and BOS, or if the recommended IPS updates can be done in the normal annual cycle between October and December of each year.

Finally, APT certified the County's IPS in July 2014, and the County IPS is being submitted for certification to CMTA (new certification program).

CC: Treasury Oversight Committee  
Frank Kim, CEO  
Leon Page, County Counsel  
Dr. Peter Hughes, Internal Audit  
Robin Stieler, Clerk of the Board