Pauly's Perspective

By Deborah Pauly, Esq., Parliamentarian and Immediate Past President

OC's Board of Supervisors Quietly Strips High Performing County Treasurer of Investment Authority Over $17-Billion Pool

Our Money is in Jeopardy!

Shari Freidenrich has been the directly elected Orange County Treasurer since 2010. She is exceptionally well-qualified, is highly credentialed, and has done an outstanding job managing and investing the county's $17-billion investment pool. When rated on nearly any metric against California's other 57 counties, Ms. Freidenrich has consistently achieved results at the very top or in the top five for performance.

Shari Freidenrich is one of the most honorable elected officials I know.

She employs common sense leadership and operates under the principle that government works for the people. She has streamlined operations using technology to eliminate manual processes and implemented the best business practices to reduce operational risk. Over the past 14 years, her efforts to make the government more efficient, cost-effective, and responsive to the needs of the taxpayers have saved Orange County taxpayers almost $1 billion. She was a "mini DOGE" before there even was such a thing. She is a very serious, diligent, and hard-working public servant. Rare, indeed.

And yet, the Orange County Board of Supervisors (the Board) has stripped her of authority to manage the county investment pool, jeopardizing the superior safety, liquidity and high yields Ms. Freidenrich has realized.

More accurately, the Board declined to delegate its investment authority to the office of the elected Treasurer as it does nearly every year, with very rare exceptions. The annual continuing resolution was on the December 17, 2024 Board agenda, but was deleted without notice or explanation the day of that meeting, well inside the Brown Act's 72-hour agenda notice provisions. No one bothered to provide notice to the Treasurer who was on-hand to answer any questions concerning what is generally considered a very routine continuing resolution.

It is important to note that a special election had just taken place to fill the District 1 seat on the Board because Andrew Do was forced to step down under the specter of federal bribery charges for misdirecting $10 million in COVID relief funds to his family, with kick-backs to himself.

We'll get back to that.

Previously, pulling the investment authority from the elected Treasurer has happened only twice in county history. Both times were for good reason: significant mismanagement of funds. One of those incidents was the 1994 bankruptcy triggered by the risky investment strategies of then-Treasurer Bob Citron.

BOARD OF SUPERVISORS

The Board has pulled an incredibly important fiduciary duty under its own control by handing it to interim County Executive Officer Michelle Aguirre, who will oversee an unelected "County Investment Manager." None of the Supervisors is even modestly qualified to make high level investment decisions for the county. The county was without an investment policy for 41 days, during this rushed and secretive action by the Board. Eventually, the Board essentially adopted the policy Ms. Freidenrich had presented along with the routine request for continuing the investment authority resolution.

This is a good place to point out that interim CEO Michelle Aguirre, who is overseeing all of these irrational actions, was the Chief Financial Officer during the same period that disgraced Supervisor Do was misdirecting $10 million of federal relief funds. She was the CFO.

That is discomforting.

County debt already is and always has been under the CEO's purview. So, now we have the county's debt and the county's $17-billion investment pool ferreted away under the CEO.

But wait, there's more.

On March 11, 2024, the Board voted to dissolve the independent Treasurer's Oversight Committee (TOC) and establish an internal Investment Oversight Committee (IOC). Again, there was a complete lack of transparency. None of the members of the TOC were notified that such an item was going to be before the Board.

The newly created IOC is comprised of the same people as those on the internal Audit Oversight Committee and they are not investment experts. There are eight voting members of IOC. Each member of the Board appoints a member to the IOC. The chairman and vice chairman of the Board are on the IOC. Rounding out the IOC is the superintendent of the Orange County Board of Education, since more than half of the investment pool is comprised of education dollars, including community college district funds.

So, the Audit Oversight Committee is auditing itself. The Board is auditing itself. Protections built into the TOC are not built into the IOC. For instance, there is no requirement that an annual verbal and written report be presented at a Board meeting for the public's benefit. There is no requirement that IOC members file a Form 700, which lists financial interests that might present potential conflicts of interest. In fact, there is no prohibition against IOC members participating in votes where there is a conflict of interest. There are many other examples.

So, the Board is bringing total control of the treasury under their authority and stripping our elected treasurer of her authority. All of the major financial operations - debt, investments, audit oversight — are under the Board, with no checks and balances in place.

There has been no legitimate justification for taking these actions. Zero. There has been innuendo and inappropriate comments made to the press by some Supervisors, who have ulterior motives because Ms. Freidenrich is up for reelection in 2026.

I'm going to leave you with one last thought. Simultaneous to all of this, on March 11, 2025, the

Board terminated the “Voluntary Pool Participation” program. The county must invest through the investment pool. Education districts within Orange County must invest through the investment pool. Voluntary investors are small municipalities, special districts, and the like — governmental entities that choose to invest with the county investment pool.

The Board unceremoniously terminated that program and sent investment dollars back to the governmental entity. For instance, the City of Villa Park received a check from the county for $1.9 million with very little advanced notice. Villa Park has chosen to place their funds in the California Investment Trust. It is not local. It is not locally controlled.

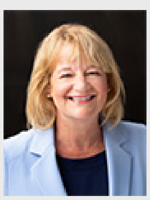
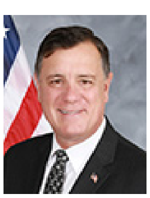
In fact, if the Board of Supervisors chooses to do so, it could decide to move all of the county’s investments to the California Investment Trust.

This is big stuff and hardly anyone is talking about it.

There has been a complete lack of forthright transparency, a lack of proper oversight, and a lack of professional qualifications for those who are now controlling our $17-billion investment pool.

Our money is in jeopardy.

Who They Are

	**Doug Chaffee, Chair** Fourth District (714) 834-3440	Brea, Buena Park, Fullerton, La Habra, Placentia, Stanton, portions of Anaheim, and unincorporated communities
	**Katrina Foley, Vice Chair** Fifth District (714) 834-3550	The Cities of Aliso Viejo, Costa Mesa, Dana Point, Irvine (portions of), Laguna Beach, Laguna Hills, Laguna Niguel, Laguna Woods, Newport Beach, San Clemente, San Juan Capistrano, as well as the unincorporated areas of Coto de Caza, Ladera Ranch, Las Flores, and Rancho Mission Viejo
	**Janet Nguyen** First District (714) 834-3110	Cypress, Fountain Valley, Garden Grove (portions of), Huntington Beach, Los Alamitos, La Palma, Seal Beach, Westminster, and the Unincorporated Communities of Midway City and Rossmoor
	**Vicente Sarmiento** Second District (714) 834-3220	Anaheim (portions of), Garden Grove (portions of), Orange (portions of), Santa Ana, Tustin (portions of), and the Unincorporated Communities of North Tustin
	**Donald P. Wagner** Third District (714) 834-3330	Anaheim (portions of), Irvine (portions of), Lake Forest, Mission Viejo, Orange (portions of), Rancho Santa Margarita, Tustin (portions of), Villa Park, Yorba Linda, and the Unincorporated Communities of Modjeska, North Tustin, Silverado, Trabuco Canyon and Williams Canyon