

RESOLUTION NO. 11387

**A RESOLUTION OF THE CITY COUNCIL OF
THE CITY OF ORANGE ELIMINATING THE
AUDIT COMMITTEE AND THE INVESTMENT
ADVISORY COMMITTEE, ESTABLISHING A
NEW INVESTMENT AND AUDIT COMMITTEE,
REPEALING RESOLUTION NOS. 10166 AND
11356, AND STATING QUALIFICATIONS FOR
APPOINTMENT TO ALL CITY COUNCIL
CREATED COMMITTEES.**

WHEREAS, the City Council of the City of Orange creates boards, commissions, and committees to assist in the carrying out of the City's business and to further the public interest; and

WHEREAS, on September 14, 2021 by Resolution No. 11356, the City Council established criteria for such boards, commissions, and committees; and

WHEREAS, the City Council established the Audit Committee and the Investment Advisory Committee in July 1997 to provide advice and recommendations and to assist the City Council in discharging its responsibility for the overall stewardship of the City's financial affairs including review of City investments; and

WHEREAS, despite efforts by the City to find qualified candidates, the Audit Committee and the Investment Advisory Committee currently have vacancies that remain unfilled and, in some cases, are unable to establish a quorum; and

WHEREAS, the purposes of the existing Audit Committee and Investment Advisory Committee are vital to the proper oversight of the City's financial affairs; and

WHEREAS, the City Council has determined that combining the functions of these two Committees into one, named the Investment and Audit Committee, will ensure that the purposes of each Committee are carried out in an effective manner by a full Committee of qualified members; and

WHEREAS, the City Council desires to revise and update the membership criteria for citizen appointment to such boards, commissions, and committees to reflect the elimination of the Audit Committee and the Investment Advisory Committee and creation of the Investment and Audit Committee.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Orange as follows:

1. That Resolution Nos. 10166 and 11356 are hereby repealed in their entirety.

EXHIBIT A

QUALIFICATIONS FOR CITY COUNCIL CREATED COMMITTEES

1. Community Development Block Grant Program Committee

- Number: The Committee shall consist of five members
- Qualifications: Members shall have their primary residence in the City. Members should show an interest in and knowledge of housing and community development issues, especially as they relate to affordable housing and public service for residents of low and moderate income.
- Purpose: To provide a public engagement process in the allocation of CDBG funds as required by 24 C.F.R. Part 91.105
- Duties: Duties are set forth in the CDBG Program Policies and Procedures Manual maintained by the City.
- Compensation: None.

2. Design Review Committee

- Number: The Committee shall consist of five members.
- Qualifications: Members shall have their primary residence or primary place of employment in the City. Members shall be qualified to analyze and interpret architectural and site planning information, including, but not limited to, licensed landscape architects, architects, urban planners, engineers and licensed general contractors. At least two members shall have professional experience in urban planning, architectural history or historic preservation and possess a general knowledge of architecture in the Old Towne Historic District.
- Purpose: As set forth in Section 17.08.020.D of the Orange Municipal Code.
- Duties: Duties are set forth in Section 17.08.020.D of the Orange Municipal Code.
- Compensation: As determined by Resolution of the City Council.

3. Investment and Audit Committee

- Number: The Committee shall consist of five members: the City Treasurer and four citizen representatives.
- Term: Two years with staggered terms. For the initial Committee, two of the four citizen representatives shall be appointed to a one-year term, then henceforth those two seats shall be appointed every two years.
- Qualifications: The qualifications of the applicants for the citizen representatives will be reviewed by the City Manager, the Finance Director, and an outside expert in finance, investments, or auditing. Those candidates passing the qualification review process will be presented to the Mayor. These citizen Committee members shall then be appointed by the City Council in accordance with procedures established for appointing members of the City's commissions, boards, and committees. The citizen representatives must reside or be permanently employed in the City of

Orange. In addition, they must meet at least one of the following criteria: (a) have the designation of Certified Public Accountant (CPA) or other business-related experience; and/or (b) have substantial education and demonstrated managerial experience [of no less than five years] in one or more of the following areas: investment banking, investment brokerage and sales, investment management, financial management and planning, or commercial banking. The City Council shall endeavor to ensure that there is at least one citizen representative that meets the qualifications of criteria (a) above, and one citizen representative that meets the qualifications of criteria (b) above. No member of the Committee shall be financially interested in any contract, or otherwise conduct any business with any member of the City Council, the City Manager, the Finance Director, the City Treasurer, or the City or any of its agencies, either on an individual basis or as a partner, major shareholder, member, or employee of any firm.

- Purpose: The primary purpose of the Committee is to assist the City Council in discharging its responsibility for the overall stewardship of the City's financial affairs, including determining that the City's investments are consistent with the City's investment policy's principal objectives of safety first, liquidity second, and total rate of return third.
- Duties: The Investment and Audit Committee reports to and acts as an advisory body to the City Council, and is to augment management's accountability to the City Council. The Committee shall act solely as an advisory body and shall not exercise decision-making authority, nor shall it be involved in day-to-day financial and accounting operations of the City. The Committee shall not make, or direct City staff to make, any particular investment, purchase any particular investment products, or do business with any particular investment companies, brokers, or advisors.
- Its duties shall consist of the following:
 - Select the independent financial auditor for the financial statement audit;
 - Monitor the progress and evaluate the results of the financial statement audit;
 - Ensure the prompt and effective remedy of any control weaknesses and legal compliance violations identified in the course of the financial statement audit;
 - Serve as a direct communications link between the City Council and the independent auditor;
 - Monitor the adequacy of the City's internal control structure on an ongoing basis, such as cash disbursements, cash receipting, treasury transactions, etc., as examined by the internal audit function and the independent financial auditor;
 - Review results of contract compliance audits and financial statement reviews conducted by the City's internal audit function, such as trash contracts, internal controls, and revenue audits;
 - Review results of compliance audits and reviews conducted by outside agencies, such as Department of Transportation grants, M2

- Review the City's Investment Policy annually and recommend revisions as necessary;
 - Review the Treasurer's Report as defined by the State of California Government Code Section 53646 to ensure conformance with the City's Statement of Investment Policy and review related factors such as risk, diversification, and maturity;
 - Provide advice regarding potential investment, potential investment strategies, and suitability of pools such as the Local Agency Investment Fund (LAIF);
 - Provide written recommendations to the City Council;
 - Maintain minutes of the Committee proceedings and report to the City Council quarterly.
- Compensation: None.
- Meetings: The Committee will meet at least once each quarter and shall hold other meetings on an as needed basis. Meetings will be conducted in compliance with the Brown Act. Meeting days and times shall be established by separate Resolution of the City Council.

4. Park Planning and Community Events Commission

- Number: The Commission shall consist of seven members.
- Qualifications: Members shall have their primary residence in the City. Committee members shall have knowledge of sports complexes and/or park development, and knowledge of City-sponsored events.
- Duties: Duties are set forth in Chapter 2.60 of the Orange Municipal Code.
- Compensation: None.

5. Planning Commission

- Number: The Commission shall consist of five members.
- Qualifications: Members shall have their primary residence in the City. Members shall have general knowledge of land use and development.
- Purpose: As set forth in Section 17.08.020.B
- Duties: Duties are set forth in Section 17.08.020 of the Orange Municipal Code.
- Compensation: As determined by Resolution of the City Council.

6. Traffic Commission

- Number: The Commission shall consist of five members.
- Qualifications: The Commission members shall have their primary residence in the City. One member shall be submitted to the Mayor for appointment by the Orange Unified School District. The Chief of Police or designee and the City Traffic Engineer or designee, shall be non-voting members of the Commission.
- Duties: Duties are set forth in Chapter 10.06 of the Orange Municipal Code.
- Compensation: None.