



DRAFT MINUTES
AUDIT COMMITTEE
Monday, January 26, 2026

At 4:00 p.m. Chair Eno Schmidt called the regular Audit Committee Meeting to order at the Quinlan Conference Room, 10185 North Stelling Road and via teleconference.

ROLL CALL

Present: Chair Eno Schmidt, Vice Chair Hanyan Wu, and Vice Mayor Kitty Moore. Absent: Council Member R "Ray" Wang, and Committee Member William Wong.

POSTPONEMENTS AND ORDERS OF THE DAY – None

ORAL COMMUNICATIONS – None

CONSENT CALENDAR

Committee members asked questions which Jonathan Orozco, Acting Director of Administrative Services responded to.

Chair Schmidt opened the public comment period and, seeing no one, closed the public comment period.

MOTION: Moore moved and Wu seconded to approve all the consent calendar items. The motion carried with the following vote: Ayes: Schmidt, Moore, Wu. Noes: None. Abstain: None. Absent: Wang, Wong.

1. Subject: Approval of December 1, 2025 Audit Committee meeting minutes
Recommended Action: Approval of December 1, 2025 Audit Committee meeting minutes.
2. Subject: Receive OPEB & Pension Section 115 Trust Performance Report for Quarter Ending December 30, 2025 and forward to City Council
Recommended Action: Receive OPEB & Pension Section 115 Trust Performance Report for Quarter Ending December 30, 2025 and forward to City Council
Presenter: PARS and US Bank
3. Subject: Receive the Treasurer's Investment Report for the Quarter Ending December

31, 2025

Recommended Action: Receive the Treasurer's Investment Report for the Quarter Ending December 31, 2025 and forward to City Council

Presenter: Jonathan Orozco, Acting Director of Administrative Services and City Treasurer, and Chandler Asset Management

OLD BUSINESS – None

NEW BUSINESS

4. Subject: ACTION ITEM Appointment of Chair and Vice Chair
Recommended Action: Appoint Chair and Vice Chair
Presenter: Jonathan Orozco, Acting Director of Administrative Services and City Treasurer 4:10(10)

Chair Schmidt opened the public comment period and, seeing no one, closed the public comment period.

MOTION: Wu moved and Moore seconded to nominate Chair Schmidt for Chair. The motion carried with the following vote: Ayes: Schmidt, Moore, Wu. Noes: None. Abstain: None. Absent: Wang, Wong.

MOTION: Schmidt moved and Moore seconded to nominate Vice Chair Wu for Vice Chair. The motion carried with the following vote: Ayes: Schmidt, Moore, Wu. Noes: None. Abstain: None. Absent: Wang, Wong.

5. Subject: ACTION ITEM Receive OPEB & Pension Section 115 Trust Investment Policy
Recommended Action: Receive OPEB & Pension Section 115 Trust Investment Policy and forward to City Council
Presenter: PARS and US Bank 4:20(40)

Jonathan Orozco, Acting Director of Administrative Services introduced US Bank Portfolio Manager Dennis Mullins, who gave a presentation.

Committee members asked questions which staff and the presenter responded to.

Chair Schmidt opened the public comment period and, seeing no one, closed the public comment period.

MOTION: Moore moved and Schmidt seconded to present one policy option to the City Council that:

- Uses soft ESG (Environmental, Social, and Governance) language acknowledging consideration of ESG factors while emphasizing fiduciary duty to the pension and OPEB investments.
- Clarifies fiduciary responsibility within the policy.
- Updates the investment ranges by keeping global infrastructure as an asset class but setting its allocation range to 0%, with the Council retaining the ability to adjust that range.
- Is brought forward for Council discussion rather than on the consent calendar.

The motion carried with the following vote: Ayes: Schmidt, Moore, Wu. Noes: None. Abstain: None. Absent: Wang, Wong.

6. Subject: INFORMATIONAL ITEM Receive the Internal Audit and Fraud, Waste, and Abuse programs update
Recommended Action: Receive the Internal Audit and Fraud, Waste, and Abuse programs update
Presenter: Baker Tilly
5:00(15)

Baker Tilly Director Chelsea Ritchie gave a presentation.

Committee members asked questions which staff and the presenter responded to.

Chair Schmidt opened the public comment period and, seeing no one, closed the public comment period.

7. Subject: INFORMATIONAL ITEM Receive the proposed Audit Committee 2026 Schedule and Workplan
Recommended Action: Receive the proposed Audit Committee 2026 Schedule and Workplan
Presenter: Jonathan Orozco, Acting Director of Administrative Services and City Treasurer
5:15(5)

The Committee made the following recommendations:

- Add the Treasurer's report to the consent calendar
- Possibly adding an internal audit consisting of a spot check on budget units by interested audit committee members, members of the public, or a subcommittee, potentially contracting with Baker Tilly.

STAFF AND COMMITTEE REPORTS – None.

COMMITTEEMEMBER ATTENDANCE AT UPCOMING MEETINGS AND EVENTS – None.

FUTURE AGENDA SETTING – None.

ADJOURNMENT

At 5:56 p.m. Chair Schmidt adjourned the regular Audit Committee Meeting.

Minutes prepared by:

Lindsay Nelson, Administrative Assistant