

**SANTA BARBARA COUNTY
BOARD AGENDA LETTER**



Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Agenda Number:

Prepared on: 10/20/03
Department Name: Treasurer-Tax Collector
Department No.: 065
Agenda Date: 11/4//03
Placement: Administrative
Estimate Time:
Continued Item: NO
If Yes, date from:

TO: Board of Supervisors

FROM: Bernice James
Treasurer-Tax Collector

STAFF CONTACT: Tom Parsai, Ph.D., Investment Manager
568-2496

SUBJECT: Treasurer's Investment Pool, 2003-2004 First Quarter (July-September)

Recommendation(s):

That the Board of Supervisors:

- A. Accept for filing the 2003-2004 First Quarter (July-September) report on the Treasurer's Investment Pool.
- B. Confirm the appointments to the Treasury Oversight Committee

Alignment with Board Strategic Plan:

The recommendation(s) are primarily aligned with actions required by law or by routine business practice.

Executive Summary and Discussion:

As presented on Page 10, the value of the Treasurer's Pool at cost on September 30, 2003, was \$718.7 million and \$2.49 million in Directed Investments. Market value of the pool was \$721.5 million. The weighted average days to maturity for the pool was 786 days.

It is the policy of the Santa Barbara County Treasurer to invest public funds in a manner which provides the maximum security of principal invested with secondary emphasis on achieving the highest yield while meeting the daily cash flow needs of the investment pool participants and conforming to all applicable State statutes and County resolutions governing the investment of public funds.

Based on the most recent estimates of GDP, in the first quarter of the 2003-2004 fiscal year the economy grew at an annual rate of 5 percent. However, consumer confidence showed no sign of picking up, and

unemployment rate remained high. This means that there is a very little chance of a rate hike in the foreseeable future. In fact Fed Chairman, Alan Greenspan, has signaled that the Fed is not likely to tighten monetary policy for a long time to come.

The Auditor-Controller will conduct the required quarterly compliance testing and the results will be submitted to your Board under a separate cover.

As outlined in the Government Code (see attachment), the Board of Supervisors, in consultation with the County Treasurer, shall establish the Treasury Oversight Committee with membership consisting of between three and eleven members from specified categories.

The County Treasurer recommends the following two public members for inclusion on the committee:

Ms. Suzanne Schomer, Vice President Wealth Management, Santa Barbara Bank & Trust - Public Member with academic background in finance

Mr. Don Sweeney, Attorney – At – Law - Public Member with academic background in finance

In addition, the following members will continue to serve:

Mr. Mitch Bernstein, District Manager, Santa Barbara Coastal Vector Control District - Special Districts Member

Mr. Michael F. Brown, County Administrator, County of Santa Barbara – County of Santa Barbara member

Dr. Elizabeth Miller, Vice President Business Services, Allan Hancock College - Community College District Member

Mandates and Service Levels:

This quarterly report is being submitted to you as required by Government code 53646(b). The Treasury Oversight Committee promotes the public interest and is governed by the Government Code sections 27130, 27131, 27132, and 27133.

Fiscal and Facilities Impacts:

For the quarter ending September 30, 2003, interest earnings achieved by the pool were \$4.9 million, with the County receiving 38%, Schools 49%, and Special Districts the balance of 13%, as shown on Chart 5.

The yield for the quarter was 2.50%. This is higher than the State of California Local Agency Investment Fund (LAIF) by 87 basis points. This translates into \$1.6 million of additional income for this quarter alone. Recurring Performance Measure #12 for the Treasurer-Tax Collector-Public Administrator, of earning a rate of return at least 10 basis point higher than LAIF, has been achieved.

Special Instructions:

Send Minute Order to Bernice James, Treasurer-Tax Collector

cc: Auditor-Controller