



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

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

Department Name: Treasurer - Tax
Collector
Department No.: 065
For Agenda Of: 9/1/15
Placement: Administrative
Estimated Tme:
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Harry E. Hagen, CPA, CPFO, ACPFIM, CFIP, Treasurer - Tax
Director(s) Collector
568-2490
Contact Info: Jennifer C. Christensen, JD MBA CPFO CFIP, Investment and
Debt Officer
568-2925

SUBJECT: Treasurer's Investment Pool, FY 2014-2015 Fourth Quarter (April - June 2015)

County Counsel Concurrence

As to form: N/A

Auditor-Controller Concurrence

As to form: N/A

Other Concurrence:

As to form: N/A

Recommended Actions:

That the Board of Supervisors:

- A) Accept for filing the Fiscal Year 2014-2015 Fourth Quarter (April - June 2015) report on the Treasurer's Investment Pool, pursuant to Government Code section 53646(b).

Summary Text:

The value of the Treasurer's Investment Pool at principal cost on June 30, 2015, was \$1,136,228,888. Market value of the investment pool was \$1,136,894,176. The weighted average days-to-maturity (WAM) for the investment pool was 448 days.

The Treasurer's Investment Pool earned \$1,248,791 for the quarter ending June 30, 2015, an annualized return of 0.414%. The net yield earned over the past year is 0.377%. Per Government Code Section 53600.5, the Santa Barbara County Treasurer has a mandated responsibility to manage and invest public funds with the primary objective of safeguarding principal, the secondary objective of meeting the liquidity needs of pool participants, and thirdly, the objective of attaining a market average rate of return, consistent with the primary objectives of safety and liquidity.

For the quarter ending June 30, 2015, the Treasurer's Investment Pool anticipated and met all liquidity requirements, precluding any need to sell holdings unexpectedly at a potential loss in order to meet cash flow demands.

All investments purchased, met or exceeded state and local policy requirements for credit quality. Credit quality of assets held in the Treasurer's Investment Pool is monitored on an ongoing basis.

The Santa Barbara County Treasurer conforms to all applicable State statutes and County resolutions that govern the investment of public funds.

Background:

In its discussion of monetary policy for the period ahead, the Committee agreed that the weakness in the first quarter was at least in part the result of transitory factors, and members anticipated that economic growth would resume in the second quarter. Although they expressed some uncertainty about the extent of the likely near-term pickup, members expected moderate economic growth over the medium term. Labor market conditions had improved somewhat further, and members anticipated further progress in coming months. Ongoing gains in employment and wages along with a high level of consumer confidence were expected to provide support to household spending. Signs of stronger housing activity were encouraging.

However, the outlook for business investment remained soft, and net exports were likely to continue to be restrained by the earlier appreciation of the dollar. Inflation had been well below the Committee's longer-run objective, but, with oil prices and the foreign exchange value of the dollar stabilizing, members expected that inflation would gradually rise toward 2 percent over the medium term. Members thus saw economic conditions as continuing to approach those consistent with warranting a start to the normalization of the stance of monetary policy. In these circumstances, members agreed to continue making decisions about the appropriate target range for the federal funds rate on a meeting-by-meeting basis, with their decisions depending on the implications of economic and financial developments for the prospects for labor markets and inflation.

The Committee issued this statement at its June meeting: "To support continued progress toward maximum employment and price stability, the Committee today reaffirmed its view that the current 0 to ¼ percent target range for the federal funds rate remains appropriate. In determining how long to maintain this target range, the Committee will assess progress – both realized and expected – toward its objectives of maximum employment and 2 percent inflation. This assessment will take into account a wide range of information, including measures of labor market conditions, indicators of inflation pressures and inflation expectations, and readings on financial and international developments. The Committee anticipates that it will be appropriate to raise the target range for the federal funds rate when it has seen further improvement in the labor market and is reasonably confident that inflation will move back to its 2 percent objective over the medium term."

The target range of 0 to ¼ percent was set by the FOMC in December 2008, where it has remained since. The Committee will meet next quarter July 28-29 and September 16-17.

This quarterly report is being submitted to you pursuant to California Government Code section 53646 (b). In addition, California Government Code section 53646 (b) (3) requires the Treasurer-Tax Collector to include a statement in the Treasurer's Report affirming the ability of the Santa Barbara County Investment Pool to meet expenditure requirements for the next six months.

This report was reviewed and discussed by the Treasury Oversight Committee at its quarterly meeting. The Treasury Oversight committee promotes the public interest and is governed by California Government Code sections 27130 through 27133.

Performance Measure:

To ensure the financial stability of the County, monitor and project liquidity requirements as evidenced by zero securities sold at a loss to meet cash flow needs of pool participants: Accomplished.

To ensure the financial stability of the County and secure public agency funds, all investments stay within compliance 100% of the time with the Government Code and the Treasurer's Investment Policy: Accomplished.

Fiscal and Facilities Impacts:

Budgeted: Yes

Fiscal Analysis:

For the quarter ending June 30, 2015, net investment earnings achieved by the Treasurer's Investment Pool were \$1,248,791, with the County receiving 41%, Schools 50%, and Special Districts the balance of 9%. The net yield earned for the quarter on an annualized basis is 0.414% and over the past year is 0.377%.

Attachments:

1. Treasurer's Fourth Quarter Investment Pool Report (April – June 2015)

Authored by:

Jennifer C. Christensen, JD MBA CPFO CFIP, Investment and Debt Officer