



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: November 5, 2024
Placement: Administrative
Estimated Tme:
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Harry E. Hagen, CPA, CCMT, CPFA, CPFO, ACPFIM, CFIP,
Director(s) CGIP, Treasurer - Tax Collector
805-568-2490
Contact Info: Daniel A. Chandler, CPA, CCMT, CFIP, CGIP, Chief Investment
Officer
805-568-2925
SUBJECT: Treasurer's Investment Pool Report for the quarter ended September 30, 2024

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 Treasurer's Investment Pool Report for the quarter ended September 30, 2024 pursuant to California Government Code section 53646(b).
- b) Review and approve the updated Investment Pool Policy Statement pursuant to California Government Code Section 53646.

Summary Text:

The value of the Treasurer's Investment Pool at principal cost on September 30, 2024, was \$2,383,873,782. The market value of the investment pool was \$2,392,067,404. The weighted average days-to-maturity (WAM) for the investment pool was 638 days.

The Treasurer's Investment Pool earned \$18,306,328 for the quarter ending September 30, 2024, an annualized return of 2.97%. The net yield earned over the past year is 2.69%. Per California 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 September 30, 2024, the Treasurer's Investment Pool anticipated and met all liquidity requirements, precluding any need to sell holdings unexpectedly at a potential loss to meet cash flow demands.

All investments purchased, met, or exceeded state requirements for credit quality. The 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 that govern the investment of public funds.

Background:

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 approved by the Treasury Oversight Committee at its quarterly meeting on October 28, 2024. The Treasury Oversight committee promotes public interest and is governed by California Government Code sections 27130 through 27133.

The Treasurer's Investment Pool (Pool) is managed by the County Treasurer's office for the County, local community colleges, local school districts, and other districts and agencies, with the current Investment Policy Statement (Policy) last approved by the Board of Supervisors on May 14, 2024. The attached Policy has been amended to correct an error with the issuer limitation on Government Sponsored Enterprise (GSE) bonds which was erroneously reduced from 100% to 25%. Increasing the issuer allowance on GSE bonds back to 100% provides needed flexibility and realigns the Policy with California Government Code section 53601(f). Additionally, Item (b), Section 15.1 of the Policy was deleted to improve readability as Figure 1 of Section 13.1 contains all compliance figures. These amendments were reviewed and approved by the Treasury Oversight Committee on October 28, 2024. The Policy continues to meet or exceed the legal and regulatory requirements governing the Pool.

Due to the inadvertent reduction of the issuer allowance described above, five bonds from Federal Home Loan Bank were identified as being purchased after the adoption of the current policy and are out of compliance. However, given the Policy is expected to be amended, and the bonds comply with California Government Code 53601(f), and the bonds mature within one year, it is deemed prudent and appropriate to hold them to maturity. The Treasurer's Office has communicated this issue to both the County's external auditors, Brown Armstrong Accountancy Corporation, and the Auditor-Controller's Internal Audit Division. The County has received concurrence from its external auditors regarding the treatment of these bonds, affirming the County's compliance with California Government Code, and thereby upholding the accuracy and transparency in reporting.

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: Met

To ensure the County's financial stability and secure public agency funds, all investments must comply 100% with the Treasurer's Investment Policy Statement: Not Met

Fiscal and Facilities Impacts:

Budgeted: Yes

Fiscal Analysis:

For the quarter ending September 30, 2024, net investment earnings achieved by the Treasurer's Investment Pool were \$18,306,328 with the County receiving 35.8%, Schools 56.2%, and Special Districts the balance of 8.0%. The net yield earned for the quarter on an annualized basis is 2.97% and over the past year is 2.69%

Attachments:

1. Treasurer's Investment Pool Report for the quarter ended September 30, 2024
2. Santa Barbara County Investment Policy Statement

Authored by:

Daniel A. Chandler, CPA, CCMT, CGIP, CFIP, Chief Investment Officer