



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:** 12/2/14  
**Placement:** Administrative  
**Estimated Tme:**  
**Continued Item:** No  
**If Yes, date from:**  
**Vote Required:** Majority

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

**SUBJECT:** Treasurer's Investment Pool, FY 2014-2015 First Quarter (Jul - Sep 2014)

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**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 First Quarter (July - September 2014) 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 September 30, 2014, was \$915,042,405. Market value of the investment pool was \$913,605,812. The weighted average days-to-maturity (WAM) for the investment pool was 566 days.

The Treasurer's Investment Pool earned \$929,342 for the quarter ending September 30, 2014, an annualized return of 0.383%. The net yield earned over the past year is 0.379%. 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 September 30, 2014 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 their discussion of monetary policy in the period ahead, members judged that information received since the Federal Open Market Committee ("Committee") met in July indicated that economic activity was expanding at a moderate pace. Household spending appeared to be rising moderately, and business fixed investment was advancing, while the recovery in the housing sector remained slow. Fiscal policy was restraining economic growth, although the extent of restraint was diminishing and would soon be quite small. Inflation was running below the Committee's longer-run objective, but longer-term inflation expectations were stable. The Committee expected that, with appropriate policy accommodation, economic activity would expand at a moderate pace, with labor market indicators and inflation moving toward levels that the Committee judges consistent with its dual mandate.

The Committee issued this statement at its September meeting "To support continued progress toward maximum employment and price stability, the Committee today reaffirmed its view that a highly accommodative stance of monetary policy remains appropriate. In determining how long to maintain the current 0 to ¼ percent target range for the federal funds rate, 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 developments. The Committee continues to anticipate, based on its assessment of these factors, that it likely will be appropriate to maintain the current target range for the federal funds rate for a considerable time after the asset purchase program ends, especially if projected inflation continues to run below the Committee's 2 percent longer-run goal, and provided that longer-term inflation expectations remain well anchored. The Committee will closely monitor incoming information on economic and financial developments in coming months and will continue its purchases of Treasury and agency mortgage-backed securities, and employ its other policy tools as appropriate until the outlook for the labor market has improved substantially in a context of price stability." 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 October 28-29 and December 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.

**Fiscal and Facilities Impacts:**

Budgeted: Yes

**Fiscal Analysis:**

For the quarter ending September 30, 2014, net investment earnings achieved by the Treasurer's Investment Pool were \$929,342, with the County receiving 39%, Schools 51%, and Special Districts the balance of 10%. The net yield earned for the quarter on an annualized basis is 0.383% and over the past year is 0.379%.

**Attachments:**

1. Treasurer's First Quarter Investment Pool Report (July – September 2014)

**Authored by:**

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