



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:** 5/12/15  
**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, CFIP, Treasurer - Tax  
Director(s) Collector  
568-2490  
Contact Info: Jennifer C. Christensen, JD MBA CPFO, Investment and Debt  
Officer  
568-2925  
**SUBJECT:** Treasurer's Investment Pool, FY 2014-2015 Third Quarter (Jan - Mar 2015)

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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 Third Quarter (January - March 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 March 31, 2015, was \$1,126,112,095. Market value of the investment pool was \$1,126,995,236. The weighted average days-to-maturity (WAM) for the investment pool was 528 days.

The Treasurer's Investment Pool earned \$1,005,759 for the quarter ending March 31, 2015, an annualized return of 0.371%. The net yield earned over the past year is 0.376%. 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 March 31, 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 their discussion of monetary policy in the period ahead, members judged that information received since the Federal Open Market Committee ("Committee") met in January indicated economic growth had moderated somewhat. Labor market conditions had improved further, with strong job gains and a lower unemployment rate; a variety of labor market indicators suggested that the underutilization of labor resources continued to diminish. Household spending was rising moderately, with a decline in energy prices boosting household purchasing power. Business fixed investment was advancing, although the recovery in the housing sector remained slow and export growth had weakened. Inflation had declined further below the Committee's longer-run objective, largely reflecting the declines in energy prices. In light of the uncertainties attending the outlook for inflation, the Committee agreed that it should continue to monitor inflation developments closely.

The Committee issued this statement at its March 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 April 28-29 and June 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 March 31, 2015, net investment earnings achieved by the Treasurer's Investment Pool were \$1,005,759, with the County receiving 40%, Schools 50%, and Special Districts the balance of 10%. The net yield earned for the quarter on an annualized basis is 0.371% and over the past year is 0.376%.

**Attachments:**

1. Treasurer's Third Quarter Investment Pool Report (January – March 2015)

**Authored by:**

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