

**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: 4/23/03
Department Name: Treasurer-Tax Collector
Department No.: 065
Agenda Date: 5/6/03
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, 2002-2003 Third Quarter (January-March)

Recommendation(s):

That the Board of Supervisors:

Accept for filing the 2002-2003 Third Quarter (January-March) report on the Treasurer's Investment Pool.

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 1, the value of the Treasurer's Pool at cost on March 31, 2003, was \$739 million and \$2.4 million in Directed Investments. Market value of the pool was \$743 million. The weighted average days to maturity for the pool was 711 days.

For the quarter ending March 31, 2003, the Treasurers Pool had a yield of 3.46%. This is higher than the state of California Local Agency Investment Fund (LAIF) by 148 basis points (1.48%). This translates into \$2.7 million of additional income for this quarter alone.

During this quarter interest earnings achieved by the pool were \$6.1 million, with the County receiving 42%, Schools 47%, and Special Districts the balance of 11%, as shown on Chart 5.

It is the policy of the Santa Barbara County Treasure 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.

During the third quarter of the 2002-2003 fiscal year the economy remained weak. Consumer spending showed no sign of picking up, and unemployment rate remained high. The budget deficit worsened and consumer confidence fell to an even lower level than last quarter. 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.

Mandates and Service Levels:

No change in program or service levels.

Fiscal and Facilities Impacts:

None

Special Instructions:

Send Minute Order to Bernice James, Treasurer-Tax Collector

cc: Auditor-Controller