



# TREASURER-TAX COLLECTOR VENTURA COUNTY

**SUE HORGAN**  
TREASURER-TAX COLLECTOR

**Marilou Tan**  
Assistant Treasurer-Tax Collector

May 21, 2024

Ventura County Board of Supervisors  
800 South Victoria Avenue  
Ventura, CA 93009

**SUBJECT:** Review and Adoption of the Statement of Investment Policy to Become Effective on May 21, 2024.

**RECOMMENDATION:** It is recommended that your Board review and adopt the recommended changes to the Statement of Investment Policy to be effective May 21, 2024.

**FISCAL/MANDATES IMPACT:** None

**STRATEGIC PLAN PRIORITY:** The item presented in this Board letter supports making responsible and efficient use of public funds and promotes economic stability and growth during a changing economy.

**DISCUSSION:**

Pursuant to California Government Code Section 53646(a)(1), the Treasurer is required to submit the statement of investment policy to the Board of Supervisors (Board) for review and approval. The attached Statement of Investment Policy ("Policy") was reviewed and recommended for approval by the County of Ventura's Treasury Oversight Committee at its April 17, 2024 meeting. For clarity, Exhibit 1 is the red-lined version, and Exhibit 2 is the clean version of the Policy.

The Treasurer-Tax Collector has completed a comprehensive review of the County's Policy, that governs the investment activity of the County's Local Government Investment Pool. Our review focused on compliance with California Government Code (Code) statutes that govern the investment of public funds, current best practices, and preparation of the County's Policy for review by the Association of Public Treasurers of the United States and Canada (APT US&C, or APT.)

The County's current policy, by every measure, continues to be effective and robust as written. We are, however, recommending some changes that we believe will:

- Incorporate the recent changes to the Code.
- Enhance the clarity and readability of the Policy.
- Aid the County in preparing for the APT US&C Investment Policy Certification Program.

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The changes are summarized as follows:

- Senate Bill (SB) 1489, which defines an investment's remaining term or remaining maturity as measured from date of settlement to final maturity. SB1489 prohibits securities with forward settlement dates that exceed 45 days. This new law will be included in the prohibited transactions section.
- To provide clarity, concentration limits and minimum credit quality requirements apply at time of purchase. This language is added in the authorized investments section.
- Increase the concentration limits for these investments to build a well-diversified portfolio and manage market risk, as the investment pool size has grown to more than \$4 billion in size.

Security Instruments	Concentration Limits	
	Current	Proposed
U.S. Agencies	25%	35%
Medium-Term Notes	20%	30%
Local Government Investment Pools	\$25 million	10% of investment pool

- Update the credit requirements for commercial paper to align with Code 53601(h). The change allows for a minimum rating in the highest short-term letter and numerical rating by at least one National Recognized Statistical Rating Organization (NRSRO) and a minimum rating category of "A" or its equivalent by one NRSRO. The current Policy contains outdated language inferring minimum rating categories are required from all three NRSROs.
- Similar to commercial paper and to align with the Code, medium-term notes, municipal notes, negotiable certificates of deposits, supranationals, and bankers' acceptances will require a minimum rating of at least one NRSRO.
- Clarification on pool operations and reporting:
  1. When the rating of any security has been downgraded below the minimum acceptable rating, and the decision is made to retain the security, the Treasurer-Tax Collector will report the credit situation to the Board.
  2. Removal of separate reporting of the longest maturity of a security in the investment pool to the Board, as the monthly investment report to the Board already includes the listing of all investments with their maturities.
  3. Removal of the Qualified Institutional Buyer definition as it is not addressed in the Code.

It is recommended that your Board review and adopt the recommended modifications to the Statement of Investment Policy.

This letter has been reviewed and approved as to form by the County Executive Office, the Auditor-Controller's Office, and County Counsel.

Please contact me at 805-654-3771 or Marilou Tan, Assistant Treasurer-Tax Collector, at 805-654-3729 if we may provide further information for your consideration.

Sincerely,



Sue Horgan  
Treasurer-Tax Collector

Exhibit 1 – Statement of Investment Policy - Red-Lined version  
Exhibit 2 – Statement of Investment Policy - Clean version