



The State Bar of California

OPEN SESSION

AGENDA ITEM

4.2 SEPTEMBER 2024

FINANCE COMMITTEE

DATE: September 19, 2024

TO: Members, Finance Committee
Members, Board of Trustees

FROM: Aracely Montoya-Chico, Chief Financial Officer

SUBJECT: Approval of 2024 Quarter Two Investment Report

EXECUTIVE SUMMARY

This staff report presents the Investment Report for the three months ended June 30, 2024, for approval by the Finance Committee.

RECOMMENDED ACTION

That the Finance Committee approve the 2024 Quarter Two Investment Report for the three months ended June 30, 2024.

DISCUSSION

The charter of the Finance Committee directs the committee to thoroughly examine the State Bar's finances on a quarterly basis to ensure a functional and detailed understanding of the State Bar's revenue streams, expenditures, and overall fiscal conditions and issues. This item provides the Finance Committee with a report it needs to fulfill these responsibilities.

The report for review and approval by the committee is the 2024 Quarter Two Investment Report for the three months ended June 30, 2024, which provides the committee with an overview of the State Bar's investments held, purchased and interest rates/yields earned on those investments.

The report is presented in a format that conforms to the investment policy adopted by the Board of Trustees. The State Bar's investment portfolio consists of fixed income securities and deposits with Principal Custody Solutions, Wells Fargo Bank, and the State Treasurer's Local

Agency Investment Fund (LAIF). As of June 30, 2024, the market value of the investment portfolio was \$353.8 million, compared to \$221.1 million as of June 30, 2023.

The quarterly rate of return of the investment portfolio for this quarter is 5.04 percent. Interest rates are higher in comparison to the prior year at 3.86 percent. The quarterly interest rate on deposits in the LAIF increased from 3.01 percent for the quarter ended June 30, 2023, to 4.36 percent for the quarter ended June 30, 2024. As of June 30, 2024, the daily rate at LAIF is 4.49 percent. Year-to-date investment earnings resulted in a \$8.5 million gain in 2024, an increase from the \$1.9 million gain earned in the same period in 2023.

The State Bar's investment strategy is to purchase bonds and hold them until maturity to realize the full value of the investment. Unrealized gains or losses in the portfolio would only be recognized if a security was sold before maturity. Temporary price changes or market value fluctuations in the portfolio of held-to-maturity securities are recorded in the State Bar's quarterly financials.

PREVIOUS ACTION

None

FISCAL/PERSONNEL IMPACT

None

AMENDMENTS TO RULES

None

AMENDMENTS TO BOARD OF TRUSTEES POLICY MANUAL

None

STRATEGIC PLAN GOALS & IMPLEMENTATION STEPS

None – compliance

RESOLUTIONS

Should the Finance Committee concur, it is:

RESOLVED, that the Finance Committee recommends that the Board of Trustees approve the 2024 Quarter Two Investment Report for the three months ended June 30, 2024, in the form presented this day.

Should the Board of Trustees, concur, it is:

RESOLVED, that the Board of Trustees, upon recommendation of the Finance Committee, approve the 2024 Quarter Two Investment Report for the three months ended June 30, 2024, in the form presented this day before the Board.

ATTACHMENT LIST

- A. 2024 Quarter Two Investment Report