



# County of Monterey

**Item No.**

## Board Report

Board of Supervisors  
Chambers  
168 W. Alisal St., 1st Floor  
Salinas, CA 93901

**Legistar File Number: 24-526**

**August 13, 2024**

**Introduced:** 7/23/2024

**Current Status:** Agenda Ready

**Version:** 1

**Matter Type:** General Agenda Item

- a. Receive and accept the Treasurer's Report of Investments for the quarter ending June 30, 2024.
- b. Receive and Approve the Treasurer's Investment Policy for FY 2024-2025: and
- c. Renew the Delegation of Investment Authority to the Treasurer-Tax Collector pursuant to California Government Code 53607.

### RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Receive and accept the Treasurer's Report of Investments for the quarter ending June 30, 2024.
- b. Receive and Approve the Treasurer's Investment Policy for FY 2024-2025: and
- c. Renew the Delegation of Investment Authority to the Treasurer-Tax Collector pursuant to California Government Code 53607.

### SUMMARY:

Government Code Section 53646 (b) (1) states the Treasurer may submit a quarterly report of investments. The attached exhibits provide a narrative portfolio review of economic and market conditions that support the investment activity during the April - June period, the investment portfolio position by investment type, and the investment portfolio by maturity range.

The Treasurer also reviews the County of Monterey Investment Policy and has recommended updates for Board approval. These updates are to Appendix A due to changes in California Government Code Section 53601 resulting from the passage of Senate Bill 882, effective January 1, 2024. Other updates include adding language to Section 2.0 Scope: to state that the County's 115 Pension Trust is governed by a separate policy and updating reference to the County's Annual Comprehensive Financial Report. Section 11.0 and 12.0 includes changes to provide additional clarification for those unique situations. Furthermore, the annual Board delegation of investment authority to the Treasurer-Tax Collector is prescribed by Government Code Sections 53607 and 53646.

### DISCUSSION:

The U.S. economy was characterized by several key trends. Economic growth moderated after two quarters of exceptional strength. Recent inflation data shows a return towards the Federal Reserve's 2% target. The labor market remains robust despite a modest increase in unemployment. Consumer spending is resilient supported by wage growth that is outpacing inflation.

The Federal Reserve has delayed interest rate decreases, revising expectation from three rate cuts in 2024 to just one by year end due to insufficient progress in combating inflation. Despite this, the market still anticipates one or two rate cuts in 2024. Federal Reserve officials feel the risk of their

“dual mandate” of maintaining stable inflation and achieving maximum employment are becoming more balanced.

On June 30, 2024, the County of Monterey investment portfolio contained an amortized book value of \$3,357,906,886 spread among 310 separate securities and funds. The par value of those funds was \$3,397,732,035 with a market value of \$3,336,530,534 or 99% of amortized book value. The portfolio’s net-earned income yield for the period was 4.13%. The portfolio produced an estimated quarterly income of \$34,986,456 that will be distributed proportionally to all agencies participating in the investment pool. The investment portfolio had a weighted average maturity of 408 days. The County Treasury continues to utilize shorter term debt to provide portfolio liquidity and enhanced investment opportunities in the current market environment.

The investment portfolio follows all applicable provisions of state law and the adopted Investment Policy and contains sufficient liquidity to meet all projected outflows over the next six months. Market value pricings were obtained through resources such as Bloomberg LLP, US Bank, and live-bid pricing of corporate securities.

#### OTHER AGENCY INVOLVEMENT:

A copy of this report will be distributed to all agencies participating in the investment pool. The Treasury Quarterly Reports are also posted on the County Treasurer’s website. A monthly report of investment transactions is provided to the Board of Supervisors as required by Government Code 53607.

#### FINANCING:

The investment portfolio contains sufficient liquidity to meet all projected expenditures over the next six months. Investment earnings in the General Fund have exceeded the FY 2023-24 budgeted total.

#### BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

This recommendation supports the Administration initiative by providing transparency and accountability in the management of County funds in the Treasurer’s investment portfolio.

- ☐ Economic Development
- ☒ Administration
- ☐ Health & Human Services
- ☐ Infrastructure
- ☐ Public Safety

DocuSigned by:

*Lupe Reyes*

Prepared by: Lupe Reyes, Chief Deputy Treasurer-Tax Collector, x5415

DocuSigned by:

*Jake Stroud*

Reviewed by: Jake Stroud, Assistant Treasurer-Tax Collector, x5828

DocuSigned by:

*Mary A. Zeeb*

Approved by: Mary A. Zeeb, Treasurer-Tax Collector, x5015

*Legistar File Number: 24-526*

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Attachments:

Exhibit A - Investment Portfolio Review 06.30.24

Exhibit B - Portfolio Management Report 06.30.24

Exhibit C - Aging Summary 07.01.24

Exhibit D - Investment Policy 2023-2024 Red Line

Exhibit E - Investment Policy 2024-2025 Proposed

cc:

Auditor-Controller - Internal Audit Section

All depositors

County Administrative Office

County Counsel