



Monterey County

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Board Report

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Receive and Accept the Treasurer's Report of Investments for the quarter ending December 31, 2014

RECOMMENDATION:

It is recommended that the Board of Supervisors:

Receive and Accept the Treasurer's Report of Investments for the quarter ending December 31, 2014.

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 October - December period, the investment portfolio positions by investment type, a listing of historical Monterey County Treasury Pool yields versus benchmarks, and the investment portfolio by maturity range.

DISCUSSION:

During the October to December quarter, short term Treasury yields continued to move in a narrow range with yields rising slightly in the 2 to 5 year range. At the December Federal Open Market Committee (FOMC) meeting, language was revised indicating the Federal Reserve may consider rate increases by mid 2015; however, this decision remains largely dependent on positive U.S. economic data in the months to come.

On December 31, 2014, the Monterey County investment portfolio contained an amortized book value of \$1,077,198,451 spread among 80 separate securities and funds. The par value of those funds was \$1,076,334,770 with a market value of \$1,075,788,040 or 99.87% of amortized book value. The portfolio's net earned income yield for the period was 0.45%. The portfolio produced an estimated income of \$1,129,532 for the quarter which will be distributed proportionally to all agencies participating in the Investment Pool. The investment portfolio had an average maturity of 392 days.

The investment portfolio was in compliance with all applicable provisions of state law and the adopted Investment Policy, and contained sufficient liquidity to meet all projected outflows over the next six months. Market value pricings were obtained through Bloomberg LLP, Union Bank of California and included live-bid pricing of corporate securities.

OTHER AGENCY INVOLVEMENT:

A copy of this report will be distributed to all agencies participating in the County investment pool and the Treasury Oversight Committee. In addition, the report will be published on the County Treasurer's web site. A monthly report of investment transactions is provided to the Board of Supervisors as required by GC 53607.

FINANCING:

The investment portfolio contains sufficient liquidity to meet all projected expenditures over the next six months. We estimate that the investment earnings in the General Fund will be consistent with budgeted revenue, but at historically low levels, as the Federal Reserve is expected to continue keeping short term interest rates at the current rate of 0.00 - 0.25%.

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Approved by: Mary A. Zeeb, Treasurer-Tax Collector, X5015

cc:

County Administrative Office

County Counsel

Auditor-Controller - Internal Audit Section

All depositors

Treasury Oversight Committee

Attachments:

Exhibit A - Investment Portfolio Review - 12.31.14

Exhibit B - Portfolio Management Report - 12.31.14

Exhibit C - Monterey County Historical Yields vs. Benchmarks

Exhibit D - Aging Report - 1.01.15