



Monterey County

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

Board Report

Legistar File Number: 20-037

January 28, 2020

Introduced: 1/14/2020

Current Status: Agenda Ready

Version: 1

Matter Type: General Agenda Item

Receive and Accept the Treasurer's Report of Investments for the Quarter Ending December 31, 2019.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

Receive and Accept the Treasurer's Report of Investments for the Quarter Ending December 31, 2019.

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 position by investment type and the investment portfolio by maturity range.

DISCUSSION:

During the October - December quarter, U.S. equities finished the year with a strong December, marking the best year since 2013. Major central banks held the global economy together, providing ample liquidity, lowering interest rates, and restoring confidence. After three consecutive rate cuts this year, the Federal Reserve kept rates steady at its December meeting, maintaining the target range at 1.5% to 1.75%. In its calculus, the economy is solid; and the current policy stance will remain appropriate as long as "incoming data remains broadly consistent with the outlook."

On December 31, 2019, the Monterey County investment portfolio contained an amortized book value of \$1,849,198,378 spread among 179 separate securities and funds. The par value of those funds was \$1,853,827,449 with a market value of \$1,848,747,199 or 100.0% of amortized book value. The portfolio's net earned income yield for the period was 2.32%. The portfolio produced an estimated quarterly income of \$9,758,162.96 that will be distributed proportionally to all agencies participating in the investment pool. The investment portfolio had a weighted average maturity of 331 days. The County Treasury continues to use shorter term debt to provide portfolio liquidity and enhanced investment opportunities.

The investment portfolio is in compliance with 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, Union Bank of California 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 and the Treasury Oversight Committee. In addition, the report will be published 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 are expected to meet or exceed the budgeted revenue for Fiscal Year 2019-20.

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

Prepared by: Susanne King, Treasury Manager, x5490

Approved by: Mary A. Zeeb, Treasurer-Tax Collector, x5833

All attachments are on file with The Clerk of the Board:

Board Report

Exhibit A - Investment Portfolio Review 12.31.19

Exhibit B - Portfolio Management Report 12.31.19

Exhibit C - Aging Report 01.01.20