



# Monterey County

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## Board Report

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**Introduced:** 10/19/2015

**Version:** 1

**Current Status:** Agenda Ready

**Matter Type:** General Agenda Item

Receive and Accept the Treasurer's Report of Investments for the quarter ending September 30, 2015.

### RECOMMENDATION:

It is recommended that the Board of Supervisors:

Receive and Accept the Treasurer's Report of Investments for the quarter ending September 30, 2015.

### 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 July - September period, the investment portfolio position by investment type, a listing of historical Monterey County Treasury Pool yields versus benchmarks, and the investment portfolio by maturity range.

### DISCUSSION:

During the July - September quarter, yields on corporate securities rose while yields on comparable U.S. Treasury notes remained relatively flat. Treasuries experienced strong demand after the Federal Open Market Committee (FOMC) did not raise rates at their mid-September meeting and acknowledged that global developments are putting downward pressure on the U.S. economy and inflation.

The U.S. Gross Domestic Product (GDP) grew at an estimated 3.9% during the quarter ended September 30th, revised higher from the initial estimate of 2.3%. Growth was broad-based, driven by inventories, fixed investment, exports, consumer spending and construction.

On September 30, 2015, the Monterey County investment portfolio contained an amortized book value of \$983,156,386 spread among 73 separate securities and funds. The par value of those funds was \$980,586,770, with a market value of \$983,495,594 or 100.34% of amortized book value. The portfolio's net earned income yield for the period was 0.69%. The portfolio produced an estimated income of \$1,755,644 for the quarter which will be distributed proportionally to all agencies participating in the investment pool. The investment portfolio had a weighted average maturity of 407 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 Government Code 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 it is unknown if the Federal Reserve will raise rates by the end of 2015.

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

Attachments:

- Exhibit A - Investment Portfolio Review 09-30-15
- Exhibit B - Portfolio Management Report 09-30-15
- Exhibit C - Monterey County Historical Yields vs. Benchmarks
- Exhibit D - Aging Report 10-01-15

cc:

County Administrative Office  
County Counsel  
Auditor-Controller - Internal Audit Section  
All depositors  
Treasury Oversight Committee