



# Monterey County

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## Board Report

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April 19, 2016

**Introduced:** 4/11/2016

**Version:** 1

**Current Status:** Agenda Ready

**Matter Type:** General Agenda Item

Receive and Accept the Treasurer's Report of Investments for the Quarter Ending March 31, 2016.

### RECOMMENDATION:

It is recommended that the Board of Supervisors:

Receive and Accept the Treasurer's Report of Investments for the Quarter Ending March 31, 2016.

### 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 January - March 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 January - March quarter, yields on Treasuries fell at the beginning of the quarter due to a rise in the purchase of Treasuries after the announcement by the Fed about concerns over global economic growth. The rates recovered modestly at the end of February, but ended the quarter significantly lower than December 2015. The Federal Reserve committee indicated it would continue to contemplate raising rates this year but at a slower pace than originally expected.

On March 31, 2016, the Monterey County investment portfolio contained an amortized book value of \$1,279,023,414.54 spread among 91 separate securities and funds. The par value of those funds was \$1,277,333,666.26, with a market value of \$1,278,591,988.68 or 99.97% of amortized book value. The portfolio's net earned income yield for the period was 1.08%. The portfolio produced an estimated income of \$3,432,128.12 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 477 days. The County Treasury outperformed all of the portfolio benchmarks due to a consistent investment strategy that uses short term debt to provide liquidity, while also investing in the 1-3 year range to take advantage of higher rates.

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 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 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.

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

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

Exhibit A - Investment Portfolio Review 03.31.16

Exhibit B - Portfolio Management Report 03.31.16

Exhibit C - Monterey County Historical Yields vs. Benchmarks

Exhibit D - Aging Report 04.01.16

cc:

County Administrative Office

County Counsel

Auditor-Controller - Internal Audit Section

All depositors

Treasury Oversight Committee