

The U.S. economy during this period was characterized by the following factors: high inflation, a strong labor market, depressed consumer confidence, and growing potential for an economic recession.

The Federal Reserve continues to tighten monetary policy through aggressive interest rate increases to battle persistent inflation. Short-term federal funds rates are projected to reach 3.25% to 3.75% by year end. The Federal Reserve also began its balance sheet reduction this quarter and plans to double the pace of this beginning in September.

On June 30, 2022, the Monterey County investment portfolio contained an amortized book value of \$2,705,970,313 spread among 259 separate securities and funds. The par value of those funds was \$2,713,566,160 with a market value of \$2,638,757,893 or 98% of amortized book value. The portfolio's net earned income yield for the period was 0.71%. The portfolio produced an estimated quarterly income of \$4,603,440 that will be distributed proportionally to all agencies participating in the investment pool. The investment portfolio had a weighted average maturity of 482 days. The County Treasury continues to utilize shorter term debt to provide portfolio liquidity and enhanced investment opportunities.

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 per Government Code section 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 fall below the CAO's FY 2021-22 budget due to significantly lower yields on investments purchased during the COVID-19 Pandemic.

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

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Attachments:

Board Report

Exhibit A - Investment Portfolio Review 06.30.22

Exhibit B - Portfolio Management Report 06.30.22

Exhibit C - Aging Summary 07.01.22

Exhibit D - Investment Policy 2021-2022 Red Line

Exhibit E - Investment Policy 2022-2023 Proposed

cc:

Auditor-Controller - Internal Audit Section

All depositors

County Administrative Office

County Counsel