



Legislation Details (With Board Report)

File #: 23-613 **Name:** TTC Q4 Treasury Investment Report
Type: General Agenda Item **Status:** Passed
File created: 7/12/2023 **In control:** Board of Supervisors
On agenda: 7/25/2023 **Final action:** 7/25/2023
Title: a. Receive and accept the Treasurer’s Report of Investments for the Quarter Ending June 30, 2023;
b. Receive and approve the Treasurer’s Investment Policy for FY 2023-2024; and
c. Renew the Delegation of Investment Authority to the Treasurer-Tax Collector pursuant to California Government Code 53607.

Sponsors:

Indexes:

Code sections:

Attachments: 1. Board Report, 2. Exhibit A – Investment Portfolio Review 06.30.2023, 3. Exhibit B – Portfolio Management Report 06.30.2023, 4. Exhibit C – Aging Summary 07.01.2023, 5. Exhibit D – Investment Policy 2022-2023 Red Line, 6. Exhibit E – Investment Policy 2023-2024 Proposed, 7. Completed Board Order Item No. 51

| Date | Ver. | Action By | Action | Result |
|-----------|------|----------------------|--------|--------|
| 7/25/2023 | 1 | Board of Supervisors | | |

a. Receive and accept the Treasurer’s Report of Investments for the Quarter Ending June 30, 2023;
b. Receive and approve the Treasurer’s Investment Policy for FY 2023-2024; and
c. Renew the Delegation of Investment Authority to the Treasurer-Tax Collector pursuant to California Government Code 53607.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

a. Receive and accept the Treasurer’s Report of Investments for the Quarter Ending June 30, 2023;
b. Receive and approve the Treasurer’s Investment Policy for FY 2023-2024; and
c. Renew the Delegation of Investment Authority to the Treasurer-Tax Collector pursuant to California Government Code 53607.

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 April - June period, the investment portfolio position by investment type, and the investment portfolio by maturity range.

The Treasurer also reviews the County of Monterey Investment Policy annually and has recommended updates for Board approval. Primary updates are due to changes to California Government Code Section 53601 and Section 53646 from the passage of Senate Bill 1489 effective January 1, 2023. Additional changes were made for consistency with the County’s recent branding updates, including the use of County of Monterey, the new County Emblem, and other minor edits for conciseness. In addition, annual Board delegation of investment authority to the Treasurer-Tax Collector is requested as prescribed by Government code sections 53607 and 53646.

DISCUSSION:

The U. S. economy is characterized by headline inflation numbers trending lower, but the Federal Reserve’s focus, “supercore inflation,” is showing little sign of slowing. The labor market has proven to be exceptionally strong and there is a more optimistic sentiment around economic growth due to resilient consumer spending.

The Federal Reserve temporarily paused interest rate hikes in June, following the most aggressive series of interest rate hikes in recent history. The Federal Reserve’s most recent dot plot shows the potential for two additional rate hikes by the end of the year. Rates have moved up due to the Federal Reserve’s rate trajectory shifting higher, the economy remaining stronger than expected, persistent inflation, and the market’s “higher-for-longer” mindset.

On June 30, 2023, the County of Monterey investment portfolio contained an amortized book value of \$3,102,030,498 spread among 300 separate securities and funds. The par value of those funds was \$3,130,880,011 with a market value of \$3,037,423,839 or 98% of amortized book value. The portfolio’s net earned income yield for the period was 2.78%. The portfolio produced an estimated quarterly income of \$21,205,543 that will be distributed proportionally to all agencies participating in the investment pool. The investment portfolio had a weighted average maturity of 337 days. The County Treasury continues to utilize shorter term debt to provide portfolio liquidity and enhanced investment opportunities in the current market environment.

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 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 have exceeded the FY 2022-23 budgeted total.

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

Attachments:

Board Report

Exhibit A - Investment Portfolio Review 06.30.2023

Exhibit B - Portfolio Management Report 06.30.2023

Exhibit C - Aging Summary 07.01.2023

Exhibit D - Investment Policy 2022-2023 Red Line

Exhibit E - Investment Policy 2023-2024 Proposed

cc:

Auditor-Controller - Internal Audit Section

All depositors

County Administrative Office

County Counsel