



Legislation Details (With Board Report)

File #: 23-316 **Name:** Treasury QIR Ending March 31, 2023
Type: General Agenda Item **Status:** Passed
File created: 4/12/2023 **In control:** Board of Supervisors
On agenda: 4/25/2023 **Final action:** 4/25/2023
Title: Receive and Accept the Treasurer’s Report of Investments for the Quarter Ending March 31, 2023.
Sponsors:
Indexes:
Code sections:
Attachments: 1. Board Report, 2. Exhibit A – Investment Portfolio Review 03.31.23, 3. Exhibit B – Portfolio Management Report 03.31.23, 4. Exhibit C – Aging Summary 04.01.23, 5. Completed Board Order Item No. 30

Date	Ver.	Action By	Action	Result
4/25/2023	1	Board of Supervisors		

Receive and Accept the Treasurer’s Report of Investments for the Quarter Ending March 31, 2023.

RECOMMENDATION:

It is recommended that the Board of Supervisors:
Receive and Accept the Treasurer’s Report of Investments for the Quarter Ending March 31, 2023.

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, and the investment portfolio by maturity range.

DISCUSSION:

Inflation has shown itself to be more entrenched than previously expected as the Federal Reserve’s preferred price tracker inches lower but remains far elevated above their long-term average inflation target. Meanwhile, the broader outlook has become more uncertain following the announcement of two large bank failures and the takeover of a third. The Federal Reserve acknowledged the negative shock from the issues in the banking sector but remains committed to fighting inflation as they near the end of this rate hike cycle.

The Federal Reserve Summary of Economic Projections for March changed slightly from December, still projecting the federal funds rate to end 2023 just above 5%. While the current rate of 4.75% to 5.00% is still a 25 basis point (0.25%) hike away from that target, market expectations point to no additional rate hikes and a target rate lowered to 4.25% by the end of the year. Although the Federal Reserve has maintained that they will keep rates elevated for some time, the market is pricing in the slight chance of an economic downturn or worsening financial conditions.

On March 31, 2023, the Monterey County investment portfolio contained an amortized book value of \$2,823,035,433 spread among 300 separate securities and funds. The par value of those funds was \$2,846,291,249 with a market value of \$2,764,310,402 or 98% of amortized book value. The portfolio’s net earned income yield for the period was 2.33%. The portfolio produced an estimated quarterly income of

\$16,181,866 that will be distributed proportionally to all agencies participating in the investment pool. The investment portfolio had a weighted average maturity of 406 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

Prepared by: Lupe Reyes, Chief Deputy Treasurer-Tax Collector, x5415

Reviewed by: Jake Stroud, Assistant Treasurer-Tax Collector, x5828

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

Attachments:

Board Report

Exhibit A - Investment Portfolio Review 03.31.23

Exhibit B - Portfolio Management Report 03.31.23

Exhibit C - Aging Summary 04.01.23

cc:

Auditor-Controller - Internal Audit Section

All depositors

County Administrative Office

County Counsel