



County of Monterey

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Board Report

File #: 16-1209, **Version:** 1

Receive and Accept the Treasurer's Report of Investments for the Quarter Ending September 30, 2016.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

Receive and Accept the Treasurer's Report of Investments for the Quarter Ending September 30, 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 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, U.S. Treasury rates rose on the shorter end of the yield curve as market expectations for a rate hike this year inched up based on speeches by Fed officials and the Federal Open Market Committee (FOMC). Longer-maturity U.S. Treasury yields have fallen substantially this year over concerns about global growth and global demand given the negative yields abroad.

On September 30, 2016, the Monterey County investment portfolio contained an amortized book value of \$1,118,029,849.61 spread among 82 separate securities and funds. The par value of those funds was \$1,116,939,220.11, with a market value of \$1,120,520,653.12 or 100.22% of amortized book value. The portfolio's net earned income yield for the period was 1.54%. The portfolio produced an estimated quarterly income of \$4,530,360.12 which will be distributed proportionally to all agencies participating in the investment pool. The investment portfolio had a weighted average maturity of 491 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 taking advantage of higher rates in the 1 to 3 year investment range.

The investment portfolio was in compliance with all applicable provisions of state law, 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 09.30.16

Exhibit B - Portfolio Management Report 09.30.16

Exhibit C - Monterey County Historical Yields vs. Benchmarks

Exhibit D - Aging Report 10.01.16

cc:

County Administrative Office

County Counsel

Auditor-Controller - Internal Audit Section

All depositors

Treasury Oversight Committee