



County of Monterey

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

Board Report

File #: 12-148, **Version:** 1

Receive and Accept the Treasurer's Report of Investments for the quarter ending March 31, 2012.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

Receive and Accept the Treasurer's Report of Investments for the quarter ending March 31, 2012.

SUMMARY:

Government Code Section 53646 (b) requires the Treasurer submit a quarterly report of investments. The attached Exhibit A provides a narrative portfolio review of economic and market conditions that support the investment activity during the January - March period.

Exhibit B describes the investment portfolio position by investment type as of March 31, 2012. Exhibit C is a listing of historical Monterey County Treasury Pool yields versus benchmarks. Exhibit D describes the investment portfolio by maturity range, and Exhibit E is an overview of the short term funds that the Treasurer invests in overnight, liquid assets.

DISCUSSION:

During the January to March quarter Treasury bond yields were up slightly in the 0 - 5 year term. The increase was due to Greece completing the largest ever sovereign debt restructuring, as well as positive economic data in the U.S. The net effect was a move to investment in equity markets, causing bond yields to increase despite the Fed's assurances that they will continue to keep the Fed Funds Rate at or below 0.25 percent.

On March 31, 2012 the Monterey County investment portfolio contained an amortized cost basis of \$1,017,030,070 spread among 78 separate securities and funds. The par value of those funds was \$1,015,118,603, with a market value of \$1,017,633,053 or 100.06% of amortized book value. The portfolio's net earned income yield for the period was 0.43%. The portfolio produced estimated income of \$1,120,246 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 307 days.

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 Bloomberg LLP, Union Bank of California and included 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 GC 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, but at historically low levels, as the Federal Reserve is expected to continue keeping short term interest rates at the current rate of 0.00 - 0.25%.

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Approved by: Mary A. Zeeb, Treasurer-Tax Collector, x5474

Attachments:

Exhibit A - Investment Portfolio Review - 3.31.12

Exhibit B - Portfolio Management Report - 3.31.12

Exhibit C - Monterey County Historical Yields vs. Benchmarks

Exhibit D - Aging Report - 4.01.12

Exhibit E - Overnight (Liquid) Asset Distribution

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