



County of Monterey

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

Board Report

File #: 20-614, **Version:** 1

- a. Receive and Accept the Treasurer's Report of Investments for the Quarter Ending June 30, 2020, and
- b. Receive and Approve the Treasurer's Investment Policy for FY 2020-2021, 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, 2020, and
- b. Receive and Approve the Treasurer's Investment Policy for FY 2020-2021, 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 Monterey County Investment Policy annually and has recommended updates for Board approval. These updates will provide additional clarification, revise outdated language, and more clearly define investment guidelines and categories as stated in Government Code §53601(q). In addition, annual Board delegation of investment authority to the Treasurer-Tax Collector is prescribed by Government Code sections 53607 and 53646.

DISCUSSION:

In this final quarter of the fiscal year, the U.S. economy suffered a deep economic recession due to the COVID-19 pandemic. We saw over 40 million Americans applying for unemployment and country-wide protests against racial injustice. Towards the end of the quarter an easing in lockdown measures started to prompt signs of an initial recovery. As the U.S. begins to enter the second half of 2020, markets continue to remain volatile as concerns about a second wave of COVID-19 leaves investors questioning how long it will take for market conditions to recover in the long term.

On June 30, 2020, the Monterey County investment portfolio contained an amortized book value of \$1,803,954,559.57 spread among 192 separate securities and funds. The par value of those funds was \$1,805,293,911.87 with a market value of \$1,803,857,359.57 or 100.0% of amortized book value. The portfolio's net earned income yield for the period was 1.89%. The portfolio produced an estimated quarterly income of \$9,031,433.43 that will be distributed proportionally to all agencies participating in the investment pool. The investment portfolio had a weighted average maturity of 307 days. The County Treasury continues to use shorter term debt to provide portfolio liquidity.

The investment portfolio remains compliant with 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, 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 investment pool and the Treasury Oversight Committee. In addition, the report will be published 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 budgeted revenue for fiscal year 2019-2020.

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.

Mark a check to the related Board of Supervisors Strategic Initiatives

Economic Development

Administration

Health & Human Services

Infrastructure

Public Safety

Prepared by Susanne King, Treasury Manager, x5490

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

Attachments:

Board Report

Exhibit A - Investment Portfolio Review

Exhibit B - Portfolio Management Report 06.30.20

Exhibit C - Aging Report 07.01.20

Exhibit D - Monterey County Investment Policy 2019-2020 - Red Line

Exhibit E - Monterey County Investment Policy 2020-2021 - Proposed

cc:

Auditor-Controller - Internal Audit Section

All depositors

County Administrative Office

County Counsel

Treasury Oversight Committee