



County of Monterey

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

Board Report

File #: 21-050, **Version:** 1

a. Receive and Accept the Treasurer's Report of Investments for the Quarter Ending December 31, 2020.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

a. Receive and Accept the Treasurer's Report of Investments for the Quarter Ending December 31, 2020.

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 October - December period, the investment portfolio position by investment type and the investment portfolio by maturity range.

DISCUSSION:

Economic conditions in the quarter ending December 31, 2020 were characterized by a few major events: a resurgence of coronavirus cases and the initial vaccine rollout, a presidential election with Joe Biden set to take office in January, and an additional fiscal stimulus designed to offset the lingering economic impact of the pandemic. The Federal Reserve committed to near-zero rates and an accommodative monetary policy. Equity markets with major U.S. stock indexes reached new all-time highs. However, even though the economy is recovering, it is decelerating.

As 2020 ends, the uncertainties of 2021 come into focus. Significant intervention from the Federal Reserve is expected to continue, while additional fiscal stimulus will help offset any economic deceleration in the U.S. The speed of vaccine rollouts will ultimately drive the pace of the anticipated "return to normalcy."

On December 31, 2020, the Monterey County investment portfolio contained an amortized book value of \$2,236,498,742 spread among 233 separate securities and funds. The par value of those funds was \$2,227,736,413 with a market value of \$2,236,498,742 or 100% of amortized book value. The portfolio's net earned income yield for the period was 1.21%. The portfolio produced an estimated quarterly income of \$6,205,140 that will be distributed proportionately to all agencies participating in the investment pool. The investment portfolio had a weighted average maturity of 490 days. The County Treasury continues to use shorter term debt to provide portfolio liquidity and enhance investment opportunities.

The investment portfolio complies 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. The County obtained Market value pricings 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 the Treasury Oversight Committee and to all agencies participating in the investment pool. The County also publishes the report 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's liquidity is sufficient to meet all projected expenditures over the next six months. Investment earnings in the General Fund are expected to meet the budgeted revenue for fiscal year 2020-2021.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

This recommendation supports the Administration's 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

X Administration

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Attachments:

Exhibit A - Investment Portfolio Review 12.31.20

Exhibit B - Portfolio Management Report 12.31.20

Exhibit C - Aging Report 01.01.21

cc:

Auditor-Controller - Internal Audit Section

All depositors

County Administrative Office

County Counsel

Treasury Oversight Co