



County of Monterey

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

Board Report

File #: 21-323, **Version:** 1

Receive and Accept the Treasurer's Report of Investments for the Quarter Ending March 31, 2021.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

Receive and Accept the Treasurer's Report of Investments for the Quarter Ending March 31, 2021.

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:

Economic conditions during the quarter ending March 31, 2021 were characterized by the following factors: improving economic data supported by an additional \$1.9 trillion in relief funds from the American Rescue Plan Act, a dramatic decrease in COVID-19 caseload as vaccinations ramped up, expectations for increased inflation fueled by a combination of a stronger recovery and additional stimulus, and an increase in long-term Treasury yields to pre-pandemic levels.

Significant intervention from the Federal Reserve since the beginning of 2021 is expected to continue. The vaccine rollout, accommodative monetary policy, and the new \$1.9 trillion of fiscal stimulus all point to continued improvement in U.S. economic fundamentals. The 2021 Gross Domestic Product (GDP) projections have been revised up several times and current forecasts point to growth of 6% or more this year. This optimism, however, has also translated into increased inflation expectations, particularly in the near term, which is likely to continue to put upward pressure on longer-term rates.

On March 31, 2021, the Monterey County investment portfolio contained an amortized book value of \$2,119,066,936 spread among 220 separate securities and funds. The par value of those funds was \$2,109,458,019 with a market value of \$2,119,066,936 or 100% of amortized book value. The portfolio's net earned income yield for the period was 0.99%. The portfolio produced an estimated quarterly income of \$5,205,544 that will be distributed proportionally to all agencies participating in the investment pool. The investment portfolio had a weighted average maturity of 539 days. The County Treasury continues to use shorter term debt to provide portfolio liquidity and enhanced investment opportunities.

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, 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. The Treasury Quarterly Reports are also posted 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. Investment earnings in the General Fund appear to be trending at a rate that will meet the FY 2020-21 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.

Mark a check to the related Board of Supervisors Strategic Initiatives
X Administration

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

Attachments:

Exhibit A - Investment Portfolio Review 03.31.21

Exhibit B - Portfolio Management Report 03.31.21

Exhibit C - Aging Report 04.01.21

cc:

Auditor-Controller - Internal Audit Section

All depositors

County Administrative Office

County Counsel

Treasury Oversight Committee