



County of Monterey

Item No.

Board Report

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

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Receive and accept the Treasurer's Report of Investments for the quarter ending September 30, 2024.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

Receive and accept the Treasurer's Report of Investments for the quarter ending September 30, 2024.

SUMMARY:

Government Code Section 53646 (b) (1) states the Treasurer may submit a quarterly report of investments. The following discussion of economic and market conditions along with attached exhibits support investment activity during the July - September period.

DISCUSSION:

The U.S. economy showed signs of improvement with a more balanced labor market bolstering consumer activity. Inflation made strides toward the Federal Reserve's 2% target, despite ongoing challenges from shelter costs. Overall, resilient economic growth and consumer spending supported an optimistic "soft landing" scenario.

The Federal Reserve initiated its easing cycle by cutting the federal funds target rate by 50 basis points to a range of 4.75% - 5.00% during the September Federal Open Market Committee (FOMC) meeting. Federal Reserve officials expressed increased confidence that risks to their dual mandate are mostly balanced. The September "dot plot" indicated expectations for an additional 50 basis points of cuts in 2024 and 100 basis points of cuts through 2025.

On September 30, 2024, the County of Monterey investment portfolio contained an amortized book value of \$2,963,463,462 spread among 287 separate securities and funds. The par value of those funds was \$2,997,176,805 with a market value of \$2,975,094,271 or 100% of amortized book value. The portfolio's effective rate of return for the period was 4.25%. The portfolio produced an estimated quarterly earnings of \$32,405,237 that will be distributed proportionally to all agencies participating in the investment pool. The investment portfolio had a weighted average maturity of 407 days. The County Treasury continues to achieve safety, liquidity, and yield goals by balancing shorter-term debt and longer-term debt given investment opportunities in the current market environment.

The investment portfolio follows all applicable provisions of state law and the adopted Investment

Policy. Market value pricings were obtained through resources such as Bloomberg LLP, US Bank, 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. The Treasury Quarterly Reports are also posted 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 appear to be trending at a rate that will meet the FY 2024-25 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.

- Economic Development
- Administration
- Health & Human Services
- Infrastructure
- Public Safety

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Attachments:

- Exhibit A - Quarterly Investment Portfolio Review 09.30.2024
- Exhibit B - Portfolio Management Report 09.30.2024

cc:

- Auditor-Controller - Internal Audit Section
- All depositors
- County Administrative Office
- County Counsel