

**SUBMITTAL TO THE BOARD OF SUPERVISORS  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

140A



**FROM:** Don Kent, Treasurer-Tax Collector

**SUBMITTAL DATE:**  
September 6, 2012

**SUBJECT:** Treasurer's Monthly Disclosure Report on Investments

**RECOMMENDED MOTION:** That the Board of Supervisors receives and files the Treasurer's "Monthly Disclosure Report on Investments" dated August 2012.


**BACKGROUND:** The County Treasurer and Tax Collector is submitting the above noted report to the County Board of Supervisors in keeping with Section 53607 of the California Government Code, which requires a quarterly report on the status of investments. The practice has been to provide the Board with a monthly report. The report gives the various statistics on the portfolio as to overall composition, liquidity structure, credit quality on the various securities, and provides several trends on earning performance, average weighted maturity, and the portfolio's "paper loss or gain".

  
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Don Kent, Treasurer-Tax Collector

<b>FINANCIAL DATA</b>	Current F.Y. Total Cost:	\$	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	No
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2012-2013

<b>SOURCE OF FUNDS:</b>	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

**C.E.O. RECOMMENDATION:** APPROVE

BY:   
Karen L. Johnson

**County Executive Office Signature**

- Consent
- Policy
- Consent
- Policy

Dep't Recomm.:  
Per Exec. Ofc.:



# County of Riverside

## Treasurer's Pooled Investment Fund

2012  
August

### "Hold'em or Fold'em"

Economic data has been very mixed as of late; this helps to explain why FED watchers are showing signs of confusion as to whether QE3 is on the table, or not. At its regularly scheduled August 1<sup>st</sup> meeting the FED stated, "Economic activity decelerated somewhat over the first half of this year." Despite some further signs of improvement, the housing sector remains depressed." The biggest surprise was the statement "The Committee will closely monitor incoming information on economic and financial developments and will provide additional accommodation as needed".

This was in stark contrast to the comments made at their June meeting in which they stated, "The economy has been expanding moderately this year." It's been very difficult in this economic climate to read Bernanke's poker face. One may take from the preceding FED statements that they seem to be posturing for a move in the near future, based upon upcoming economic data; mainly the unemployment numbers that have been well above 8% for more than 40 months now.

On a brighter note, home prices in 20 U.S. cities climbed in June for the first time since 2010. The S&P/Case-Shiller index of property values climbed 0.5 percent from a year earlier indicating the housing industry is

showing signs of life after being in a long coma. Low mortgage rates as well as a decline in foreclosures and short sales could help the market contribute to the "further signs of improvement" that the FED is referencing in their August statement.

A sustained housing rebound may require more accommodative lending conditions. This could also boost consumer confidence after the August 28<sup>th</sup> report showed that it fell to its lowest level in a year. The sustained high unemployment rate along with high prices at the pump and ongoing uncertainty in the Eurozone with a lack of any real measures from the ECB to solve them, are contributing to the financial malaise.

Moreover, our own debt issues will come home to roost with our own national debt hitting a record \$16 trillion, and counting. It's no wonder consumers are not letting go of their hard-earned cash. Like the Kenny Rogers song, The Gambler, this leaves a real issue for the FED as these mixed economic signals and a pending presidential election give the FED many issues to consider as they decide whether to hold'em or fold'em.

**Don Kent**  
Treasurer-Tax Collector

### Capital Markets Team

**Treasurer-Tax Collector**  
Don Kent

**Asst. Treasurer-Tax Collector**  
Jon Christensen

**Investment Manager**  
Giovane Pizano

**Asst. Investment Manager**  
Angela Tressler

### Investment Objectives

*The primary objective of the treasurer shall be to safeguard the principal of the funds under the treasurer's control, meet the liquidity needs of the depositor, and achieve a return on the funds under his or her control.*

**RIVERSIDE COUNTY TREASURER'S POOLED INVESTMENT FUND IS CURRENTLY RATED:  
Aaa-bf BY MOODY'S INVESTOR'S SERVICE AND AAA/V1 BY FITCH RATINGS**

	Month End Market Value (\$)*	Month End Book Value (\$)	Paper Gain or Loss (\$)	Paper Gain or Loss (%)	Book Yield (%)	Yrs to Maturity	Modified Duration
August	5,187,622,985.61	5,179,796,928.68	7,826,056.93	0.15	0.42	1.13	1.12
July	5,159,646,617.47	5,152,181,840.02	7,464,777.45	0.14	0.42%	1.09	1.07
June	4,648,181,202.16	4,642,625,742.15	5,555,460.01	0.12	0.45	1.18	1.16
May	5,245,880,345.96	5,239,604,956.51	6,275,389.45	0.12	0.46	1.16	1.15
April	5,926,568,258.87	5,920,236,964.13	6,331,294.74	0.11	0.44	1.10	1.08
March	5,001,811,731.51	4,997,448,808.53	4,362,922.98	0.09	0.49	1.24	1.22

*The Treasurer's Pooled Investment Fund is comprised of the County, Schools, Special Districts, and other Discretionary Depositors.*



# Current Market Date

## Economic Indicators

Released on:	Indicator	Definition	Consensus	Actual
9/7/2012	<b>Nonfarm Payrolls - M/M change</b>	Counts the number of paid employees working part-time or full-time in the nation's business and government establishments.	125,000	96,000
9/7/2012	<b>Unemployment Rate</b>	Measures the number of unemployed as a percentage of the labor force.	8.3%	8.1%
8/24/2012	<b>Durable Goods Orders - M/M change</b>	Reflects the new orders placed with domestic manufacturers for immediate and future delivery of factory hard goods.	1.9%	4.2%
8/29/2012	<b>Real Gross Domestic Product - Q/Q change</b>	The broadest measure of aggregate economic activity and encompasses every sector of the economy. GDP is the country's most comprehensive economic scorecard.	1.7%	1.7%
8/28/2012	<b>Consumer Confidence</b>	Measures consumer attitudes on present economic conditions and expectations of future conditions.	65.8	60.6
8/31/2012	<b>Factory Orders - M/M change</b>	Represents the dollar level of new orders for both durable and nondurable goods.	2.0%	2.8%
8/15/2012	<b>Consumer Price Index - M/M change</b>	The Consumer Price Index is a measure of the average price level of a fixed basket of goods and services purchased by consumers.	0.2%	0.0%

## Stock Indices

	Value	Change
Dow Jones (DJIA)	13,090.84	82.16
S&P 500 Index	1,406.58	27.26
NASDAQ	2,772.24	136.49

## Fed Funds Target Rate

Current Fed Funds Rate: 0-0.25%		
	Probability for FOMC Date	Probability for FOMC Date
Fed Move	09/13/2012	10/24/2012
Decrease to 0.00%	43.0%	45.3%
Increase to 0.25%	57.0%	54.7%
Increase to 0.50%	0.0%	0.0%
Increase to 0.75%	0.0%	0.0%
Increase to 1%	0.0%	0.0%

## Commodities

	Value	Change
Nymex Crude	\$ 96.47	\$ 8.41
Gold (USD/OZ)	\$ 1,692.01	\$ 77.71

## U.S. Treasuries

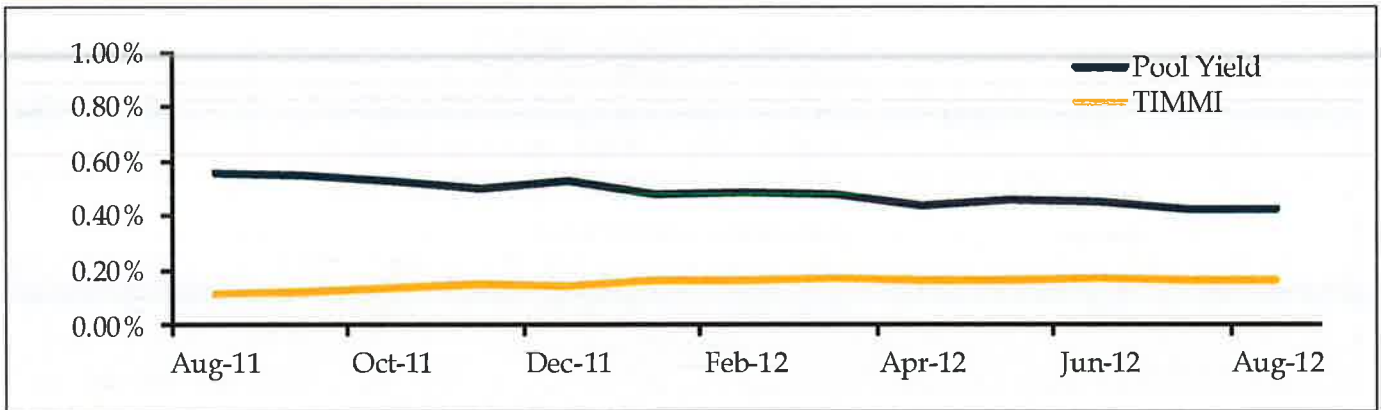


	Yield (%)	Change (%)
3-Month	0.07	(0.03)
6-Month	0.13	(0.01)
12-Month	0.16	-
2-Year	0.22	0.01
3-Year	0.29	0.01
5-Year	0.59	0.01
7-Year	1.00	0.03
10-Year	1.55	0.08
30-Year	2.67	0.13

# TIMMI

AAA Rated Prime Institutional Money-Market Funds		
Fund	Symbol	7 Day Yield
Fidelity Prime Institutional MMF	FIPXX	0.16%
Federated Prime Obligations Fund	POIXX	0.15%
Wells Fargo Advantage Heritage	WFJXX	0.15%
Morgan Stanley Institutional Prime Liquidity Fund	MPFXX	0.15%
BlackRock Prime Cash Fund	BPIXX	0.20%

The Treasurer's Institutional Money Market Index (TIMMI) is compiled and reported by the Riverside County Treasurer's Capital Markets division. It is a composite index derived from five AAA rated prime institutional money market funds. Similar to the Treasurer's Office, prime money market funds invest in a diversified portfolio of U.S. dollar denominated money market instruments including U.S. Treasuries, government agencies, commercial paper, certificates of deposits, repurchase agreements, etc. TIMMI is currently comprised of the five multi billion dollar funds listed to the left.



## Cash Flows

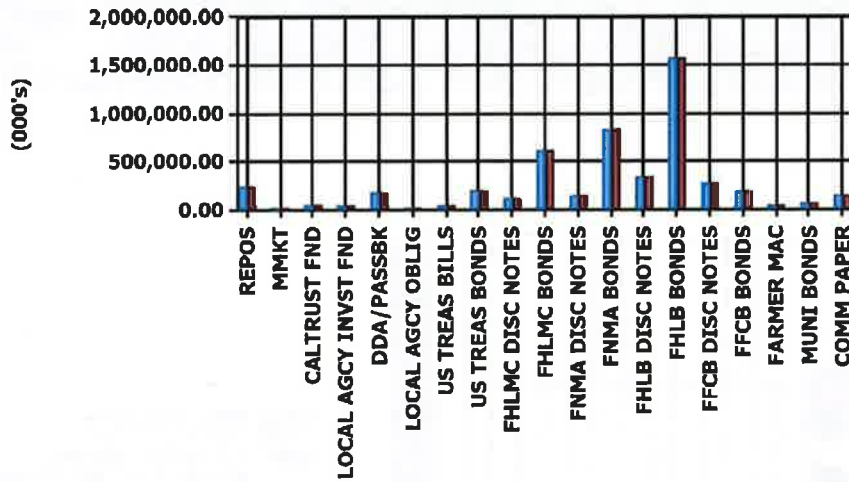
Month	Monthly Receipts	Monthly Disbursements	Difference	Required Matures Investments	Balance	Actual Investments Maturing	Available to Invest > 1 Year
09/2012					212.90		
09/2012	587.00	718.69	(131.69)		81.21	764.52	
10/2012	697.00	812.58	(115.58)	34.37	0.00	269.80	
11/2012	775.00	706.19	68.81		68.81	164.12	
12/2012	1,459.00	809.82	649.18		717.99	55.00	
01/2013	695.00	1,259.52	(564.52)		153.47	448.11	
02/2013	638.00	900.45	(262.45)	108.98	0.00	274.40	
03/2013	841.00	851.75	(10.75)	10.75	0.00	125.00	
04/2013	1,379.60	821.92	557.68		557.68	108.30	
05/2013	663.29	1,199.59	(536.30)		21.38	477.99	
06/2013	589.54	1,114.19	(524.65)	503.27	0.00	364.63	
07/2013	868.06	913.40	(45.34)	45.34	0.00	180.09	
08/2013	668.62	717.29	(48.67)	48.67	0.00	107.50	
<b>TOTALS</b>	<b>9,861.11</b>	<b>10,825.39</b>	<b>(964.28)</b>	<b>751.38</b>		<b>3,339.46</b>	<b>4,428.42</b>
				<b>14.51%</b>		<b>64.47%</b>	<b>85.49%</b>

\* All values reported in millions (\$).

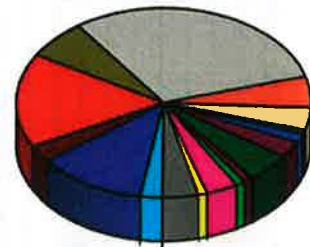
The Pooled Investment Fund cash flow requirements are based upon a 12 month historical cash flow model. Based upon projected cash receipts and maturing investments, there are sufficient funds to meet future cash flow disbursements over the next 12 months.

# Asset Allocation

Assets (000's)	Scheduled		Scheduled	Mkt/ Sch Book	Yield	WAL (Yr)	Mat (Yr)
	Scheduled Par	Book	Market				
REPOS	250,000.00	250,000.00	250,000.00	100.00%	0.13%	.012	.012
MMKT	10,000.00	10,000.00	10,000.00	100.00%	0.03%	.003	.003
CALTRUST FND	54,000.00	54,000.00	54,000.00	100.00%	0.37%	.003	.003
LOCAL AGCY INVST	50,000.00	50,000.00	50,000.00	100.00%	0.36%	.003	.003
DDA/PASSBK	180,000.00	180,000.00	180,000.00	100.00%	0.10%	.003	.003
LOCAL AGCY	535.00	535.00	535.00	100.00%	0.92%	7.795	7.795
US TREAS BILLS	50,000.00	49,915.47	49,973.00	100.12%	0.19%	.438	.438
US TREAS BONDS	205,000.00	205,375.39	205,244.30	99.94%	0.22%	.790	.790
FHLMC DISC NOTES	125,000.00	124,819.35	124,894.25	100.06%	0.18%	.556	.556
FHLMC BONDS	618,621.00	618,485.50	621,144.88	100.43%	0.70%	1.573	2.212
FNMA DISC NOTES	150,000.00	149,787.15	149,899.75	100.08%	0.15%	.456	.456
FNMA BONDS	833,420.00	833,795.81	836,082.30	100.27%	0.81%	.816	2.630
FHLB DISC NOTES	344,475.00	343,996.43	344,248.36	100.07%	0.17%	.426	.426
FHLB BONDS	1,575,140.00	1,575,431.55	1,577,027.31	100.10%	0.35%	.682	.865
FFCB DISC NOTES	275,000.00	274,553.50	274,833.75	100.10%	0.19%	.465	.465
FFCB BONDS	193,000.00	193,104.14	193,519.20	100.21%	0.51%	1.051	1.181
FARMER MAC	47,500.00	47,491.38	47,592.13	100.21%	0.61%	1.129	1.129
MUNI BONDS	68,555.00	68,675.78	68,675.78	100.00%	0.53%	.595	.595
COMM PAPER	150,000.00	149,830.49	149,952.97	100.08%	0.26%	.115	.115
<b>Totals (000's):</b>	<b>5,180,246.00</b>	<b>5,179,796.93</b>	<b>5,187,622.99</b>	<b>100.15%</b>	<b>0.42%</b>	<b>.704</b>	<b>1.133</b>



SCHEDULED PAR %

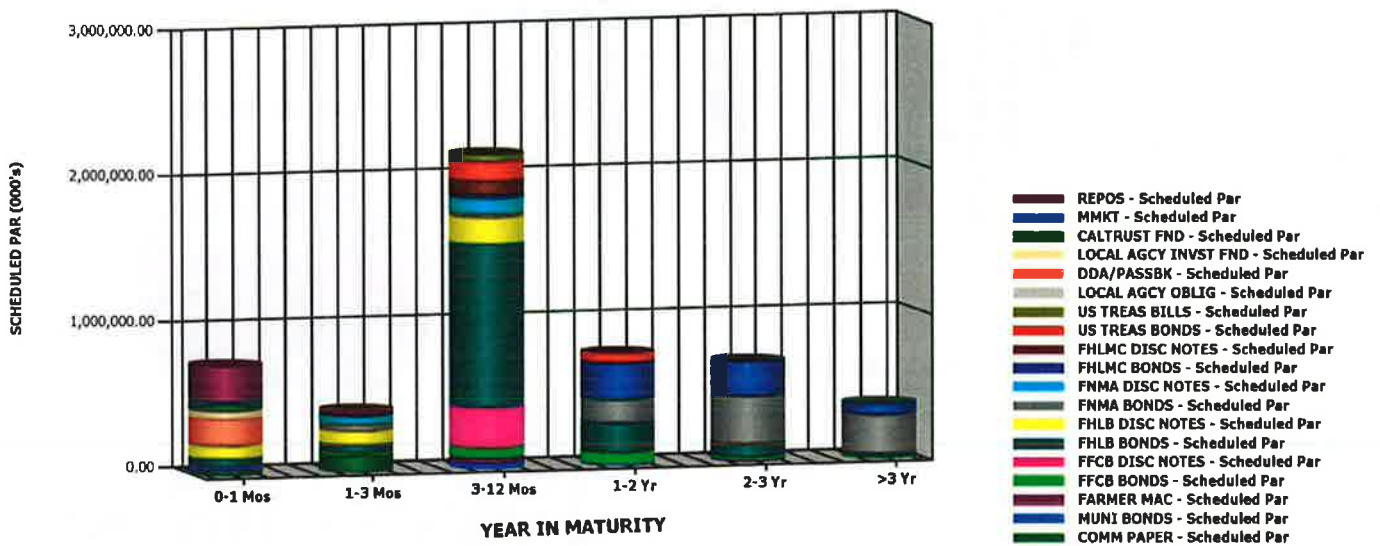


Scheduled Book Market

- REPOS - 5%
- MMKT - 0%
- CALTRUST FND - 1%
- LOCAL AGCY INVST FND - 1%
- DDA/PASSBK - 3%
- LOCAL AGCY OBLIG - 0%
- US TREAS BILLS - 1%
- US TREAS BONDS - 4%
- FHLMC DISC NOTES - 2%
- FHLMC BONDS - 12%
- FNMA DISC NOTES - 3%
- FNMA BONDS - 16%
- FHLB DISC NOTES - 7%
- FHLB BONDS - 30%
- FFCB DISC NOTES - 5%
- FFCB BONDS - 4%
- FARMER MAC - 1%
- MUNI BONDS - 1%
- COMM PAPER - 3%

# Maturity Distribution

Scheduled Par (000's)	0-1 Mos	1-3 Mos	3-12 Mos	1-2 Yr	2-3 Yr	>3 Yr	Totals (000's)
REPOS	250,000.00	-	-	-	-	-	250,000.00
MMKT	10,000.00	-	-	-	-	-	10,000.00
CALTRUST FND	54,000.00	-	-	-	-	-	54,000.00
LOCAL AGCY INVST FND	50,000.00	-	-	-	-	-	50,000.00
DDA/PASSBK	180,000.00	-	-	-	-	-	180,000.00
LOCAL AGCY OBLIG	-	-	-	-	-	535.00	535.00
US TREAS BILLS	-	-	50,000.00	-	-	-	50,000.00
US TREAS BONDS	-	10,000.00	130,000.00	65,000.00	-	-	205,000.00
FHLMC DISC NOTES	-	25,000.00	100,000.00	-	-	-	125,000.00
FHLMC BONDS	-	10,000.00	29,121.00	258,000.00	241,500.00	80,000.00	618,621.00
FNMA DISC NOTES	-	50,000.00	100,000.00	-	-	-	150,000.00
FNMA BONDS	10,000.00	50,000.00	30,000.00	155,000.00	324,740.00	263,680.00	833,420.00
FHLB DISC NOTES	82,475.00	87,000.00	175,000.00	-	-	-	344,475.00
FHLB BONDS	60,000.00	62,800.00	1,127,590.00	207,000.00	92,750.00	25,000.00	1,575,140.00
FFCB DISC NOTES	-	-	275,000.00	-	-	-	275,000.00
FFCB BONDS	-	15,000.00	70,000.00	78,000.00	20,000.00	10,000.00	193,000.00
FARMER MAC	-	-	37,500.00	-	10,000.00	-	47,500.00
MUNI BONDS	23,040.00	-	35,920.00	7,595.00	2,000.00	-	68,555.00
COMM PAPER	35,000.00	115,000.00	-	-	-	-	150,000.00
<b>Totals (000's):</b>	<b>754,515.00</b>	<b>424,800.00</b>	<b>2,160,131.00</b>	<b>770,595.00</b>	<b>690,990.00</b>	<b>379,215.00</b>	<b>5,180,246.00</b>
<b>%</b>	<b>14.57%</b>	<b>8.20%</b>	<b>41.70%</b>	<b>14.88%</b>	<b>13.34%</b>	<b>7.32%</b>	
<b>Cumulative %</b>	<b>14.57%</b>	<b>22.77%</b>	<b>64.47%</b>	<b>79.34%</b>	<b>92.68%</b>	<b>100.00%</b>	

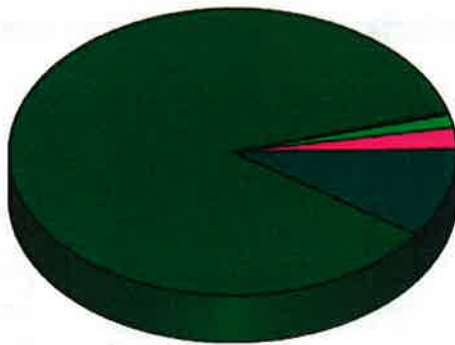


# Credit Quality

Moody (000's)	Par	Book	Market	MKT/Book	Yield
Aaa	4,443,816.00	4,443,413.94	4,451,039.36	100.17%	0.45%
Aa	10,000.00	9,999.35	10,007.35	100.08%	0.47%
Aa1	7,140.00	7,140.00	7,140.00	100.00%	0.87%
Aa2	73,955.00	74,019.81	74,077.59	100.08%	0.45%
Aa3	127,300.00	127,186.46	127,251.16	100.05%	0.25%
NR	518,035.00	518,037.38	518,107.53	100.01%	0.18%
<b>Totals (000's):</b>	<b>5,180,246.00</b>	<b>5,179,796.94</b>	<b>5,187,622.99</b>	<b>100.15%</b>	<b>0.42%</b>

**MOODY'S**

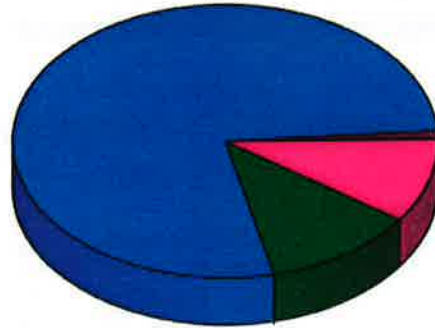
**BOOK %**



Aaa - 80%
  Aa1 - 0%
  Aa3 - 2%
  Aa - 0%
  Aa2 - 1%
  NR - 10%

**S & P**

**BOOK %**



AAA - 12%
  AA - 0%
  AA+ - 77%
  NR - 10%
  AA - 1%

S&P (000's)	Par	Book	Market	MKT/Book	Yield
AAA	601,621.00	602,581.84	605,190.85	100.43%	0.79%
AA+	4,009,335.00	4,007,801.93	4,012,948.83	100.13%	0.39%
AA	46,970.00	47,090.78	47,090.78	100.00%	0.51%
AA-	4,285.00	4,285.00	4,285.00	100.00%	0.45%
NR	518,035.00	518,037.38	518,107.53	100.01%	0.18%
<b>Totals (000's):</b>	<b>5,180,246.00</b>	<b>5,179,796.93</b>	<b>5,187,622.99</b>	<b>100.15%</b>	<b>0.42%</b>

















## Full Compliance

The Treasurer's Pooled Investment Fund was in **FULL COMPLIANCE** with the Treasurer's Statement of Investment Policy. The County's Investment Policy is more restrictive than the California Government Code. This policy is reviewed annually by the County's Investment Oversight Committee and approved by the County Board of Supervisors.



Investment Category	GOVERNMENT CODE			COUNTY INVESTMENT POLICY			Actual Riverside Portfolio %
	Maximum Maturity	Authorized % Limit	Quality S&P/ Moody's	Maximum Maturity	Authorized % Limit	Quality S&P/ Moody's	
MUNICIPAL BONDS (MUNI)	5 YEARS	NO LIMIT	NA	3 YEARS	15%	AA- / Aa3/AA-	1.33%
U.S. TREASURIES	5 YEARS	NO LIMIT	NA	5 YEARS	100%	NA	4.93%
LOCAL AGENCY OBLIGATIONS (LAO)	5 YEARS	NO LIMIT	NA	3 YEARS	2.5%	INVESTMENT GRADE	0.01%
FEDERAL AGENCIES	5 YEARS	NO LIMIT	AAA	5 YEARS	100%	NA	80.34%
COMMERCIAL PAPER (CP)	270 DAYS	40%	A1/P1	270 DAYS	40%	A1/P1/F1	2.89%
CERTIFICATE & TIME DEPOSITS (NCD & TCD)	5 YEARS	30%	NA	1 YEAR	25% Combined	A1/P1/F1	0.00%
REPURCHASE AGREEMENTS (REPO)	1 YEARS	NO LIMIT	NA	45 DAYS	40% max, 25% in term repo over 7	A1/P1/F1	4.83%
REVERSE REPOS	92 DAYS	20%	NA	60 DAYS	10%	NA	0.00%
MEDIUM TERM NOTES (MTNO)	5 YEARS	30%	A	3 YEARS	20%	AA/Aa2/AA	0.00%
CALTRUST SHORT TERM FUND	NA	NA	NA	DAILY LIQUIDITY	1.0%	NA	1.04%
MONEY MARKET MUTUAL FUNDS (MMF)	60 DAYS <sup>(1)</sup>	20%	AAA/Aaa <sup>(2)</sup>	DAILY LIQUIDITY	20%	AAA by 2 Of 3 RATINGS	0.19%
LOCAL AGENCY INVESTMENT FUND (LAIF)	NA	NA	NA	DAILY LIQUIDITY	Max \$50 million	NA	0.97%
CASH/DEPOSIT ACCOUNT	NA	NA	NA	NA	NA	NA	3.48%

<sup>1</sup> Mutual Funds maturity may be interpreted as weighted average maturity not exceeding 60 days.

<sup>2</sup> Or must have an investment advisor with not less than 5 years experience and with assets under management of \$500,000,000.

**THIS COMPLETES THE REPORT REQUIREMENTS OF CALIFORNIA GOVERNMENT CODE 53646**





County of Riverside  
Treasurer-Tax Collector  
Capital Markets  
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