

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

503A



FROM: Don Kent, Treasurer-Tax Collector

SUBMITTAL DATE:
November 8, 2013

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 October 2013.

BACKGROUND:

Summary

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".

Departmental Concurrence

Don Kent
Treasurer-Tax Collector

| FINANCIAL DATA | Current Fiscal Year: | Next Fiscal Year: | Total Cost: | Ongoing Cost: | POLICY/CONSENT (per Exec. Office) |
|-----------------|----------------------|-------------------|-------------|---------------|---|
| COST | \$ 0 | \$ 0 | \$ 0 | \$ 0 | Consent <input checked="" type="checkbox"/> Policy <input type="checkbox"/> |
| NET COUNTY COST | \$ 0 | \$ 0 | \$ 0 | \$ 0 | |

SOURCE OF FUNDS:

Budget Adjustment: No
For Fiscal Year: 2013/2014

C.E.O. RECOMMENDATION:

APPROVE

BY:
Karen L. Johnson

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

5013 WCA SP 11/10/13
COUNTY OF RIVERSIDE
CLERK OF SUPERVISORS

- Positions Added
- Change Order
- A-30
- 4/5 Vote

Prev. Agn. Ref.: | District: ALL | Agenda Number:

2-12



County of Riverside

Treasurer's Pooled Investment Fund

October 2013



Capital Markets Team

Don Kent

Treasurer-Tax Collector

Jon Christensen

Asst. Treasurer-Tax Collector

Giovane Pizano

Investment Manager

Erika Clark

Asst. Investment Manager

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 |
|------------------|---------------------------------|------------------------------|----------------------------|---------------------------|-------------------|--------------------|----------------------|
| October | 4,703,816,806.01 | 4,708,007,227.09 | (4,190,421.08) | (0.09) | 0.39 | 1.39 | 1.37 |
| September | 4,667,700,837.97 | 4,676,504,716.51 | (8,803,878.54) | (0.19) | 0.38 | 1.37 | 1.34 |
| August | 5,126,815,145.73 | 5,143,739,370.71 | (16,924,224.98) | (0.33) | 0.38 | 1.31 | 1.28 |
| July | 5,056,902,977.23 | 5,068,151,243.56 | (11,248,266.33) | (0.22) | 0.37 | 1.32 | 1.30 |
| June | 4,955,274,812.46 | 4,969,751,125.22 | (14,476,312.76) | (0.29) | 0.39 | 1.41 | 1.39 |
| May | 4,972,954,339.95 | 4,974,590,624.04 | (1,636,284.09) | (0.03) | 0.38 | 1.31 | 1.29 |

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



Current Market Data

Economic Indicators

| Release Date | Indicator | Consensus | Actual |
|--------------|---|-----------|---------|
| 11/8/2013 | Non-Farm Payrolls M/M change: Counts the number of paid employees working part-time or full-time in the nation's business and government establishments. | 120,000 | 204,000 |
| 11/8/2013 | Employment Situation: Measures the number of unemployed as a percentage of the labor force. | 7.3% | 7.3% |
| 10/25/2013 | Durable Goods Orders - M/M change: Reflects the new orders placed with domestic manufacturers for immediate and future delivery of factory hard goods. | 2.5% | 3.7% |
| 11/7/2013 | Real Gross Domestic Product - Q/Q change: The broadest measure of aggregate economic activity and encompasses every sector of the economy. GDP is the country's most comprehensive economic scorecard. | 2.0% | 2.8% |
| 10/29/2013 | Consumer Confidence: Measures consumer attitudes on present economic conditions and expectations of future conditions. | 75.0 | 71.2% |
| 11/4/2013 | Factory Orders M/M change: Represents the dollar level of new orders for both durable and nondurable goods. | 0.3% | -0.1 |
| 10/30/2013 | Consumer Price Index - M/M change: 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% | 0.2% |

Stock Indices

| | Value | Change |
|------------------|-----------|--------|
| Dow Jones (DJIA) | 15,545.75 | 416.08 |
| S&P 500 Index | 1,756.54 | 74.99 |
| NASDAQ (NDX) | 3,919.71 | 148.23 |

Commodities

| | Value | Change |
|---------------|-------------|-----------|
| Nymex Crude | \$ 96.38 | \$ (5.95) |
| Gold (USD/OZ) | \$ 1,323.10 | \$ (5.84) |

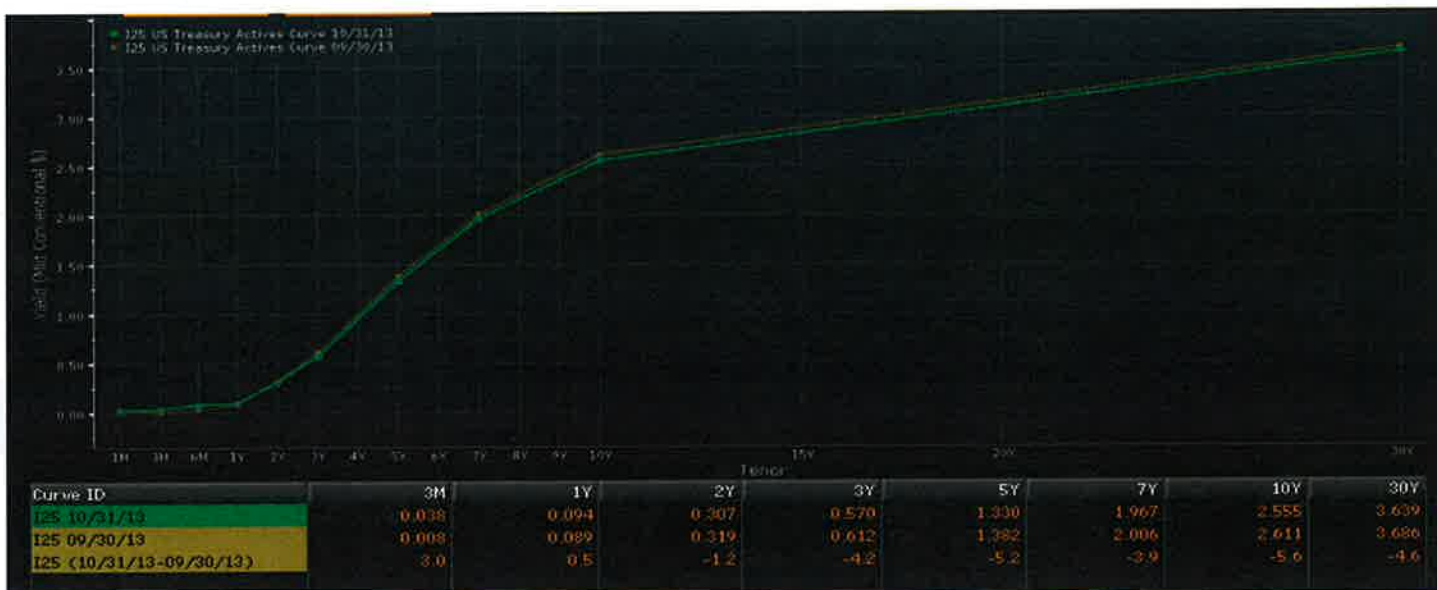
Fed Funds Target Rate

| Current Fed Funds Rate: 0-0.25% | | |
|---------------------------------|-----------------------------|-----------|
| Fed Move | Probability for FOMC Dates: | |
| | 12/18/2013 | 1/29/2014 |
| Decrease to 0.00% | 66.0% | 63.4% |
| Increase to 0.25% | 34.0% | 35.3% |
| Increase to 0.50% | 0.0% | 1.3% |
| Increase to 0.75% | 0.0% | 0.0% |
| Increase to 1% | 0.0% | 0.0% |

FOMC Meeting Schedule

| Release | % | Risk Assessment |
|-----------------|--------|-----------------|
| September 17-18 | 0-.25% | Risk to Growth |
| October 29-30 | 0-.25% | Risk to Growth |

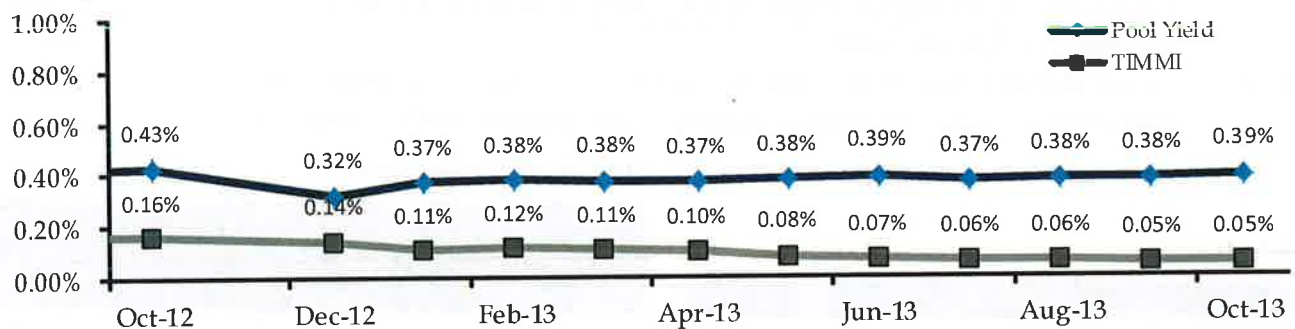
US Treasury Curve (M/M)



TIMMI

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 four 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 four multi billion dollar funds listed below.

| AAA Rated Prime Institutional Money-Market Funds | | |
|---|--------|-------------|
| Fund | Symbol | 7 Day Yield |
| Fidelity Prime Institutional MMF | FIPXX | 0.05% |
| Federated Prime Obligations Fund | POIXX | 0.03% |
| Wells Fargo Advantage Heritage | WFJXX | 0.07% |
| Morgan Stanley Institutional Prime Liquidity Fund | MPFXX | 0.06% |



Cash Flows

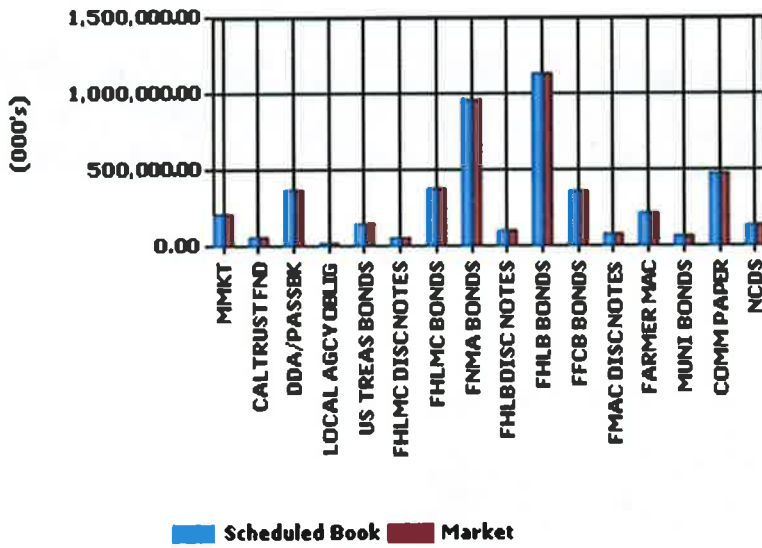
| Month | Monthly Receipts | Monthly Disbursements | Difference | Required Matured Investments | Balance | Actual Investments Maturing | Available to Invest > 1 Year |
|---------------|------------------|-----------------------|-----------------|------------------------------|-----------------|-----------------------------|------------------------------|
| 11/2013 | | | | | 195.47 | | |
| 11/2013 | 862.54 | 710.00 | 152.54 | | 348.01 | 776.60 | |
| 12/2013 | 1,539.11 | 813.41 | 725.70 | | 1,073.71 | 230.10 | |
| 01/2014 | 676.58 | 1,293.98 | (617.40) | | 456.31 | 402.00 | |
| 02/2014 | 560.00 | 820.00 | (260.00) | | 196.31 | 215.00 | |
| 03/2014 | 839.70 | 820.45 | 19.25 | | 215.56 | 65.00 | |
| 04/2014 | 1,320.00 | 738.06 | 581.94 | | 797.50 | 82.11 | |
| 05/2014 | 550.00 | 1,190.04 | (640.04) | | 157.46 | 412.35 | |
| 06/2014 | 542.82 | 1,124.81 | (581.99) | 424.53 | - | 287.00 | |
| 07/2014 | 1,000.00 | 950.00 | 50.00 | | 50.00 | 121.70 | |
| 08/2014 | 600.00 | 725.41 | (125.41) | 75.41 | - | 175.00 | |
| 09/2014 | 700.00 | 830.00 | (130.00) | 130.00 | - | 68.80 | |
| 10/2014 | 757.29 | 890.00 | (132.71) | 132.71 | - | 151.64 | |
| TOTALS | 9,948.04 | 10,906.16 | (695.41) | 424.53 | 3,490.33 | 2,987.30 | 4,283.47 |
| | | | | 9.02% | | 63.45% | 90.98% |

* 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 Par | Scheduled Book | Scheduled Market | Mkt/ Sch Book | Yield | WAL (Yr) | Mat (Yr) |
|------------------------|---------------------|---------------------|---------------------|---------------|--------------|-------------|--------------|
| MMKT | 208,000.00 | 208,000.00 | 208,000.00 | 100.00% | 0.06% | .003 | .003 |
| CALTRUST FND | 54,000.00 | 54,000.00 | 54,000.00 | 100.00% | 0.41% | .003 | .003 |
| DDA/PASSBK | 365,000.00 | 365,000.00 | 365,000.00 | 100.00% | 0.14% | .003 | .003 |
| LOCAL AGCY OBLIG | 485.00 | 485.00 | 485.00 | 100.00% | 0.88% | 6.627 | 6.627 |
| US TREAS BONDS | 145,000.00 | 145,033.59 | 145,128.50 | 100.07% | 0.21% | .794 | .794 |
| FHLMC DISC NOTES | 50,000.00 | 49,922.08 | 49,980.50 | 100.12% | 0.17% | .551 | .551 |
| FHLMC BONDS | 374,725.00 | 374,654.81 | 375,144.36 | 100.13% | 0.70% | .854 | 1.922 |
| FNMA BONDS | 961,779.00 | 962,163.46 | 958,208.38 | 99.59% | 0.70% | 1.663 | 3.206 |
| FHLB DISC NOTES | 97,000.00 | 96,875.12 | 96,965.24 | 100.09% | 0.17% | .592 | .592 |
| FHLB BONDS | 1,134,325.71 | 1,134,360.36 | 1,133,009.03 | 99.88% | 0.44% | .971 | 1.616 |
| FFCB BONDS | 360,145.00 | 360,050.49 | 360,300.73 | 100.07% | 0.29% | .783 | .810 |
| FMAC DISC NOTES | 75,000.00 | 74,918.98 | 74,971.60 | 100.07% | 0.14% | .526 | .526 |
| FARMER MAC | 212,568.00 | 212,546.99 | 212,633.83 | 100.04% | 0.27% | .978 | .978 |
| MUNI BONDS | 60,150.00 | 60,150.00 | 60,150.00 | 100.00% | 0.46% | 1.210 | 1.210 |
| COMM PAPER | 475,000.00 | 474,846.34 | 474,839.63 | 100.00% | 0.12% | .192 | .192 |
| NCDS | 135,000.00 | 135,000.00 | 135,000.00 | 100.00% | 0.13% | .131 | .131 |
| Totals (000's): | 4,708,177.71 | 4,708,007.23 | 4,703,816.81 | 99.91% | 0.39% | .836 | 1.394 |



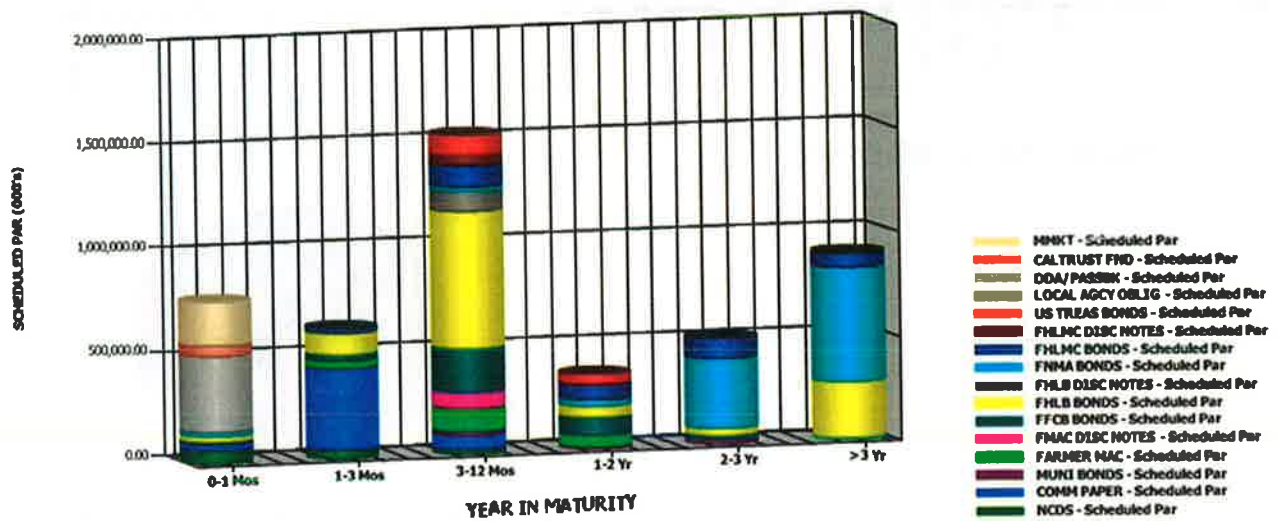
SCHEDULED PAR %



- MMKT - 4%
- CALTRUST FND - 1%
- DDA/PASSBK - 8%
- LOCAL AGCY OBLIG - 0%
- US TREAS BONDS - 3%
- FHLMC DISC NOTES - 1%
- FHLMC BONDS - 8%
- FNMA BONDS - 20%
- FHLB DISC NOTES - 2%
- FHLB BONDS - 24%
- FFCB BONDS - 8%
- FMAC DISC NOTES - 2%
- FARMER MAC - 5%
- MUNI BONDS - 1%
- COMM PAPER - 10%
- NCDS - 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) |
|------------------------|-------------------|-------------------|---------------------|-------------------|-------------------|-------------------|---------------------|
| MMKT | 208,000.00 | - | - | - | - | - | 208,000.00 |
| CALTRUST FND | 54,000.00 | - | - | - | - | - | 54,000.00 |
| DDA/PASSBK | 365,000.00 | - | - | - | - | - | 365,000.00 |
| LOCAL AGCY OBLIG | - | - | - | - | - | 485.00 | 485.00 |
| US TREAS BONDS | - | - | 95,000.00 | 50,000.00 | - | - | 145,000.00 |
| FHLMC DISC NOTES | - | - | 50,000.00 | - | - | - | 50,000.00 |
| FHLMC BONDS | - | 20,100.00 | 107,000.00 | 75,000.00 | 101,000.00 | 71,625.00 | 374,725.00 |
| FNMA BONDS | 20,000.00 | 5,000.00 | 20,000.00 | 31,850.00 | 335,525.00 | 549,404.00 | 961,779.00 |
| FHLB DISC NOTES | - | - | 97,000.00 | - | - | - | 97,000.00 |
| FHLB BONDS | 26,000.00 | 101,000.00 | 656,700.00 | 50,000.00 | 33,685.71 | 266,940.00 | 1,134,325.71 |
| FFCB BONDS | 10,000.00 | 31,000.00 | 214,145.00 | 90,000.00 | 15,000.00 | - | 360,145.00 |
| FMAC DISC NOTES | - | - | 75,000.00 | - | - | - | 75,000.00 |
| FARMER MAC | - | 35,000.00 | 110,000.00 | 52,568.00 | 5,000.00 | 10,000.00 | 212,568.00 |
| MUNI BONDS | 3,595.00 | - | 23,740.00 | 11,355.00 | 21,460.00 | - | 60,150.00 |
| COMM PAPER | 25,000.00 | 390,000.00 | 60,000.00 | - | - | - | 475,000.00 |
| NCDS | 65,000.00 | 45,000.00 | 25,000.00 | - | - | - | 135,000.00 |
| Totals (000's): | 776,595.00 | 627,100.00 | 1,533,585.00 | 360,773.00 | 511,670.71 | 898,454.00 | 4,708,177.71 |
| % | 16.49% | 13.32% | 32.57% | 7.66% | 10.87% | 19.08% | |
| Cumulative % | 16.49% | 29.81% | 62.39% | 70.05% | 80.92% | 100.00% | |



Credit Quality

| Moody (000's) | Par | Book | Market | MKT/Book | Yield |
|------------------------|---------------------|---------------------|---------------------|---------------|--------------|
| Aaa | 3,781,674.71 | 3,781,663.61 | 3,777,345.33 | 99.89% | 0.44% |
| Aa | 50,000.00 | 49,998.50 | 49,981.10 | 99.97% | 0.22% |
| Aa1 | 70,745.00 | 70,745.00 | 70,745.00 | 100.00% | 0.24% |
| Aa2 | 12,070.00 | 12,070.00 | 12,070.00 | 100.00% | 0.54% |
| Aa3 | 140,635.00 | 140,579.14 | 140,584.94 | 100.00% | 0.17% |
| NR | 653,053.00 | 652,950.97 | 653,090.43 | 100.02% | 0.19% |
| Totals (000's): | 4,708,177.71 | 4,708,007.23 | 4,703,816.81 | 99.91% | 0.39% |

MOODY'S

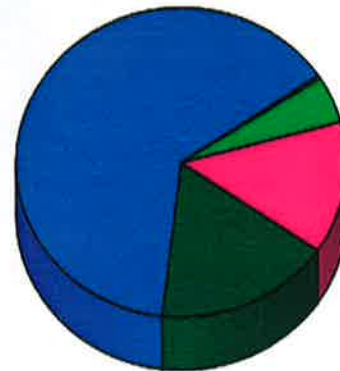
BOOK %



■ Aaa - 80%
 ■ Aa1 - 2%
 ■ Aa3 - 3%
■ Aa - 1%
 ■ Aa2 - 0%
 ■ NR - 14%

S & P

BOOK %



■ AAA - 17%
 ■ AA- - 5%
■ AA+ - 64%
 ■ NR - 14%
■ AA - 0%

| S&P (000's) | Par | Book | Market | MKT/Book | Yield |
|------------------------|---------------------|---------------------|---------------------|---------------|--------------|
| AAA | 812,000.00 | 812,452.26 | 812,363.33 | 99.99% | 0.28% |
| AA+ | 2,995,419.71 | 2,994,954.85 | 2,990,708.10 | 99.86% | 0.49% |
| AA | 17,705.00 | 17,705.00 | 17,705.00 | 100.00% | 0.53% |
| AA- | 230,000.00 | 229,944.14 | 229,949.94 | 100.00% | 0.14% |
| NR | 653,053.00 | 652,950.97 | 653,090.43 | 100.02% | 0.19% |
| Totals (000's): | 4,708,177.71 | 4,708,007.23 | 4,703,816.81 | 99.91% | 0.39% |





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 % |
|---|------------------------|--------------------|------------------------|--------------------------|---------------------------------------|----------------------------|----------|
| | Maximum Maturity | Authorized % Limit | S&P/ Moody's | Maximum Maturity | Authorized % Limit | S&P/ Moody's | |
| MUNICIPAL BONDS (MUNI) | 5 YEARS | NO LIMIT | NA | 3 YEARS | 15% | AA-/Aa3/AA- | 1.28% |
| U.S. TREASURIES | 5 YEARS | NO LIMIT | NA | 5 YEARS | 100% | NA | 3.08% |
| 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 | 69.36% |
| COMMERCIAL PAPER (CP) | 270 DAYS | 40% | A1/P1 | 270 DAYS | 40% | A1/P1/F1 | 10.08% |
| CERTIFICATE & TIME DEPOSITS (NCD & TCD) | 5 YEARS | 30% | NA | 1 YEAR | 25% Combined | A1/P1/F1 | 2.87% |
| REPURCHASE AGREEMENTS (REPO) | 1 YEARS | NO LIMIT | NA | 45 DAYS | 40% max, 25% in term repo over 7 days | A1/P1/F1 | 0.00% |
| 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 | 1.15% |
| MONEY MARKET MUTUAL FUNDS (MMF) | 60 DAYS ⁽¹⁾ | 20% | AAA/Aaa ⁽²⁾ | DAILY LIQUIDITY | 20% | AAA by 2 Of 3 RATINGS AGC. | 4.42% |
| LOCAL AGENCY INVESTMENT FUND (LAIF) | NA | NA | NA | DAILY LIQUIDITY | Max \$50 million | NA | 0.00% |
| CASH/DEPOSIT ACCOUNT | NA | NA | NA | NA | NA | NA | 7.75% |

¹ Mutual Funds maturity may be interpreted as weighted average maturity not exceeding 60 days.

² 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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