

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

753A



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

**SUBMITTAL DATE:**  
April 16, 2015

**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 March 2015.

**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".

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	

<b>SOURCE OF FUNDS:</b>	<b>Budget Adjustment:</b> No
	<b>For Fiscal Year:</b> 2014/2015

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

APPROVE

BY:   
Samuel Wong

County Executive Office Signature

**MINUTES OF THE BOARD OF SUPERVISORS**

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

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

**2-15**

Departmental Concurrence



# County of Riverside

# March 2015

## Treasurer's Pooled Investment Fund

### " Stuck in the Slow Lane "

Remember that Friday after work, on the way up the Cajon Pass for the out of town family vacation? That's where you found yourself doing 45 mph behind the pickup truck pulling an oversized trailer, stuck in the slow lane. Try as you may, you just can't seem to get around for enough clear road to pick up speed and pass. Our national economy seems to also be experiencing this as well. It's no surprise though that we have had a slower start to economic growth so far this year; GDP growth has been diminished somewhat due in part to the massive sell off in oil, severe winter weather on the East Coast and the Rust Belt, the West Coast port slowdown, and, widening trade deficits against a very strong dollar. We are also seeing continued weakness overseas as trade sanctions remain against Russia over its involvement with Ukraine and last years' takeover of Crimea. The Greek tragedy continues to play out as it decides whether or not it will make debt payments to the IMF or its government workers. Sounds like a broken record but it remains to be seen if Greece continues to be a part of the Euro, or, if going back to the drachma is a possibility. Either way, hundreds of billions of Euro are at stake. The European Central Bank's recent announcement for its version of quantitative easing and the Bank of England's pass on raising rates are obviously not signs of unfettered growth and good times in the Eurozone, although their year-to-date stock market indices would suggest otherwise. Growth in China has softened up a bit with the Chinese government announcing it is now targeting GDP growth at 7% vs. 7.5% (still a big number). Furthermore war drums continue beating in the Middle East with Syria, Iraq and Iran in chaos due to ISIS and now a full blown civil war in Yemen. The geopolitical

risk there is the massive oil trade that flows through the narrow passage of the Gulf of Aden into the Red Sea; further uncertainty is assured. Back at home, U.S. jobless claims increased in March and were revised downward for January and February. The unemployment rate held in at 5.5% but as we have discussed before, this number does not include the labor participation rate, or U-6 total unemployment, currently at 10.9% for the month. We believe that there could be continued pain in the oil sector as lower prices force some wells to be idled and exploration and development to slow. Lower energy prices will provide stimulus for the economy as more dollars remain in the hands of the consumer, but it has not shown up in a big way as of yet. As was widely anticipated at the March 18<sup>th</sup> meeting, FOMC members acknowledged a slower economy with the FED dropping the language that it could be patient when beginning to normalize monetary policy. By removing the "patient" reference, it has placed itself in a better position to respond to positive economic data. This language opens the door to a potential rate hike as early as June, however, their economic projections also seem to indicate that meeting its goals of full employment and 2% inflation are further down the road. So, it seems as if even the FED is isn't quite ready to accelerate by raising rates anytime soon.

Don Kent

Treasurer-Tax Collector

### Capital Markets Team

Don Kent

Treasurer-Tax Collector

Jon Christensen

Asst. Treasurer-Tax Collector

Giovane Pizano

Investment Manager

Isela Licea

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.

### COUNTY OF RIVERSIDE 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
March	5,730,402,540.40	5,728,600,174.74	1,802,365.66	0.03	0.46	1.25	1.22
February	5,517,030,770.65	5,517,608,884.48	(578,113.83)	(0.01)	0.48	1.35	1.32
January	5,536,152,467.50	5,532,205,553.13	3,946,914.37	0.07	0.44	1.26	1.23
December	5,895,845,894.96	5,899,853,397.68	(4,007,502.72)	(0.07)	0.43	1.24	1.21
November	4,813,034,831.17	4,811,717,725.40	1,317,105.77	0.03	0.46	1.42	1.39
October	4,619,489,691.81	4,619,977,432.54	(487,740.73)	(0.01)	0.44	1.35	1.32

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
03/06/2015	<b>Non-Farm 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.	230,000	295,000
03/06/2015	<b>Employment Situation:</b> Measures the number of unemployed as a percentage of the labor force.	5.6%	5.5%
03/25/2015	<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.	0.7%	-1.4%
03/27/2015	<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.	2.4%	2.2%
03/31/2015	<b>Consumer Confidence:</b> Measures consumer attitudes on present economic conditions and expectations of future conditions.	95.5	101.3
03/05/2015	<b>Factory Orders M/M change:</b> Represents the dollar level of new orders for both durable and nondurable goods.	0.2%	-0.2%
03/24/2015	<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%	0.2%

## Stock Indices

	Value	Change
Dow Jones (DJIA)	\$ 17,776.12	\$ (356.58)
S&P 500 Index	\$ 2,067.89	\$ (36.61)
NASDAQ (NDX)	\$ 4,333.68	\$ (106.99)

## Commodities

	Value	Change
Nymex Crude	\$ 47.60	\$ (2.16)
Gold (USD/OZ)	\$ 1,183.68	\$ (29.54)

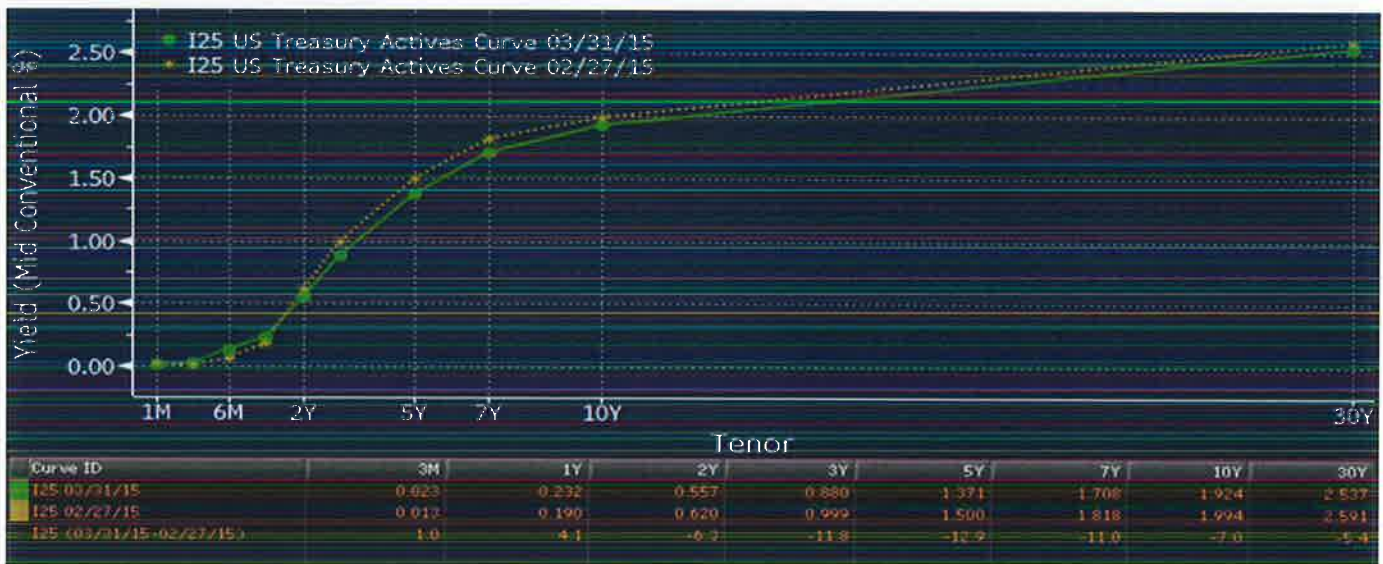
## Fed Funds Target Rate

Current Fed Funds Rate: 0-0.25%		
Probability for FOMC Dates:		
Fed Move	04/29/2015	06/17/2015
Decrease to 0.00%	50.0%	44.0%
Increase to 0.25%	50.0%	50.0%
Increase to 0.50%	0.0%	6.0%
Increase to 0.75%	0.0%	0.0%
Increase to 1%	0.0%	0.0%

## FOMC Meeting Schedule

Release	%	Risk Assessment
28-Jan	0-.25%	Growth
18-Mar	0-.25	Growth

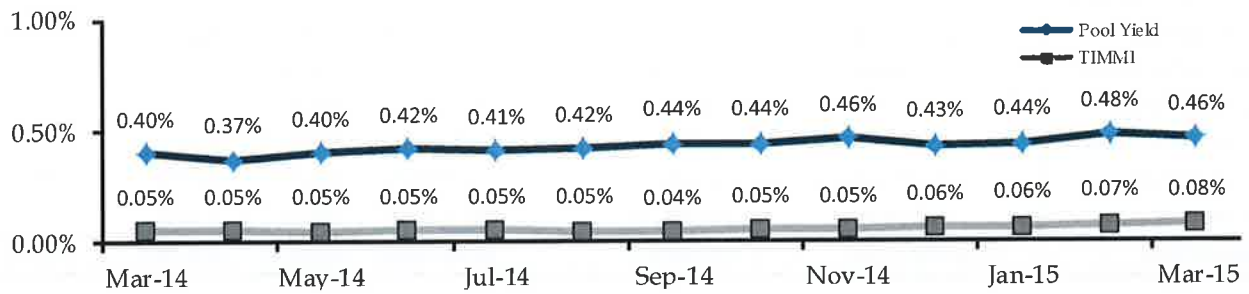
## US Treasury Curve (M/M)



# 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 five multi billion dollar funds listed below.

AAA Rated Prime Institutional Money-Market Funds		
Fund	Symbol	7 Day Yield
Fidelity Prime Institutional MMF	FIPXX	0.09%
Federated Prime Obligations Fund	POIXX	0.05%
Wells Fargo Advantage Heritage	WFJXX	0.10%
Morgan Stanley Institutional Prime Liquidity Fund	MPFXX	0.07%
JP Morgan	CJPXX	0.07%



## Cash Flows

Month	Monthly Receipts	Monthly Disbursements	Difference	Required Maturesd Investments	Balance	Actual Investments Maturing	Available to Invest > 1 Year
04/2015					279.54		
04/2015	1,375.00	950.00	425.00		704.54	927.45	
05/2015	520.00	1,185.89	(665.89)		38.65	546.63	
06/2015	750.00	1,220.61	(470.61)	431.96	-	493.37	
07/2015	1,100.00	1,050.00	50.00		50.00	222.06	
08/2015	725.00	850.00	(125.00)	75.00	-	178.34	
09/2015	800.00	1,000.00	(200.00)	200.00	-	295.00	
10/2015	975.00	1,150.00	(175.00)	175.00	-	181.16	
11/2015	1,150.00	900.00	250.00		250.00	50.00	
12/2015	1,900.00	975.00	925.00		1,175.00	100.00	
01/2016	901.94	1,593.66	(691.72)		483.28	430.07	
02/2016	875.00	1,000.00	(125.00)		358.28	191.75	
03/2016	1,100.00	970.00	130.00		488.28	80.00	
<b>TOTALS</b>	<b>12,171.94</b>	<b>12,845.16</b>	<b>(673.22)</b>	<b>881.96</b>	<b>3,827.57</b>	<b>3,695.83</b>	<b>4,846.64</b>
				<b>15.40%</b>		<b>64.52%</b>	<b>84.60%</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 Par	Scheduled Book	Scheduled Market	Mkt/ Sch Book	Yield	WAL (Yr)	Mat (Yr)
REPOS	100,000.00	100,000.00	100,000.00	100.00%	0.13%	.003	.003
MMKT	335,000.00	335,000.00	335,000.00	100.00%	0.09%	.003	.003
CALTRUST FND	54,000.00	54,000.00	54,000.00	100.00%	0.42%	.003	.003
DDA/PASSBK	260,000.00	260,000.00	260,000.00	100.00%	0.08%	.003	.003
LOCAL AGCY OBLIG	395.00	395.00	395.00	100.00%	0.97%	5.214	5.214
US TREAS BONDS	435,000.00	435,092.58	435,309.40	100.05%	0.36%	1.129	1.129
FHLMC DISC NOTES	253,571.00	253,355.98	253,471.27	100.05%	0.14%	.359	.359
FHLMC BONDS	588,823.00	588,821.44	589,442.60	100.11%	1.17%	1.771	3.175
FNMA DISC NOTES	241,000.00	240,856.66	240,893.40	100.02%	0.12%	.367	.367
FNMA BONDS	593,674.00	593,813.28	593,777.22	99.99%	0.75%	2.120	2.278
FHLB DISC NOTES	150,000.00	149,885.15	149,951.63	100.04%	0.14%	.400	.400
FHLB BONDS	752,070.71	752,006.24	752,252.35	100.03%	0.74%	1.538	2.124
FFCB DISC NOTES	150,061.00	149,962.67	150,031.44	100.05%	0.11%	.239	.239
FFCB BONDS	674,766.00	674,799.12	674,777.08	100.00%	0.28%	.971	.971
FMAC DISC NOTES	75,000.00	74,853.48	74,917.25	100.09%	0.22%	.543	.543
FARMER MAC	258,850.00	258,837.00	259,106.32	100.10%	1.12%	.439	3.026
MUNI ZERO CPNS	120,930.00	120,872.56	120,916.25	100.04%	0.15%	.076	.076
MUNI BONDS	44,855.00	44,845.77	44,845.77	100.00%	0.31%	.557	.557
COMM PAPER	641,500.00	641,203.25	641,315.57	100.02%	0.15%	.158	.158
<b>Totals (000's):</b>	<b>5,729,495.71</b>	<b>5,728,600.17</b>	<b>5,730,402.54</b>	<b>100.03%</b>	<b>0.46%</b>	<b>.903</b>	<b>1.258</b>



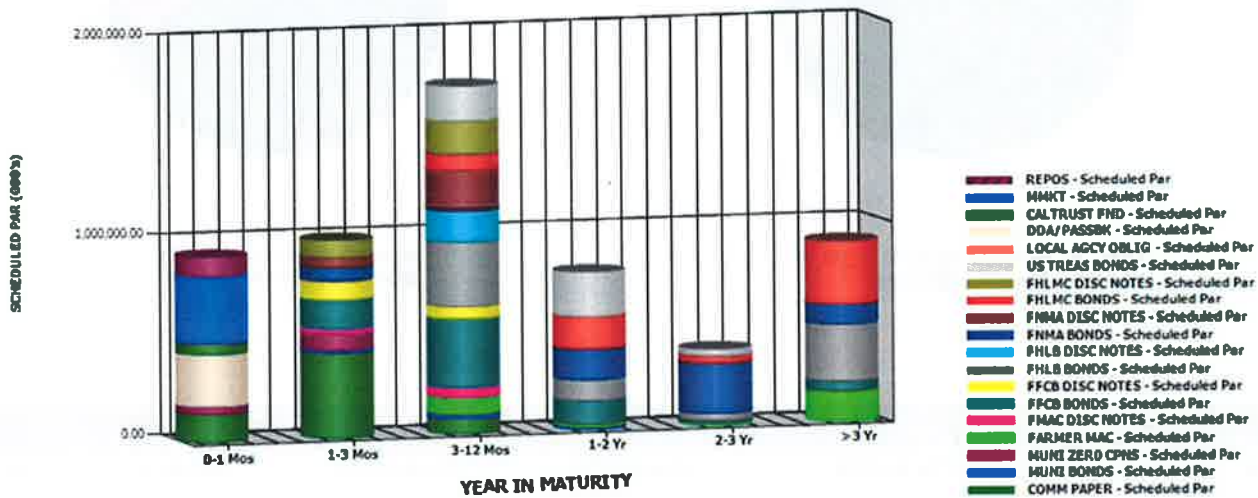
SCHEDULED PAR %



- REPOS - 2%
- FHLB DISC NOTES - 3%
- MMKT - 6%
- FHLB BONDS - 13%
- CALTRUST FND - 1%
- FFCB DISC NOTES - 3%
- DDA/PASSBK - 5%
- FFCB BONDS - 12%
- LOCAL AGCY OBLIG - 0%
- FMAC DISC NOTES - 1%
- US TREAS BONDS - 8%
- FARMER MAC - 5%
- FHLMC DISC NOTES - 4%
- MUNI ZERO CPNS - 2%
- FHLMC BONDS - 10%
- MUNI BONDS - 1%
- FNMA DISC NOTES - 4%
- COMM PAPER - 11%
- FNMA BONDS - 10%

# 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)
REPO	100,000.00	-	-	-	-	-	100,000.00
MMKT	335,000.00	-	-	-	-	-	335,000.00
CALTRUST FND	54,000.00	-	-	-	-	-	54,000.00
DDA/PASSBK	260,000.00	-	-	-	-	-	260,000.00
LOCAL AGCY OBLIG	-	-	-	-	-	395.00	395.00
US TREAS BONDS	-	-	175,000.00	225,000.00	35,000.00	-	435,000.00
FHLMC DISC NOTES	-	86,571.00	167,000.00	-	-	-	253,571.00
FHLMC BONDS	-	-	80,000.00	160,130.00	34,500.00	314,193.00	588,823.00
FNMA DISC NOTES	-	50,000.00	191,000.00	-	-	-	241,000.00
FNMA BONDS	-	65,000.00	15,000.00	156,887.00	254,452.00	102,335.00	593,674.00
FHLB DISC NOTES	-	-	150,000.00	-	-	-	150,000.00
FHLB BONDS	-	5,000.00	324,500.00	103,185.71	35,000.00	284,385.00	752,070.71
FFCB DISC NOTES	-	90,000.00	60,061.00	-	-	-	150,061.00
FFCB BONDS	-	148,150.00	344,320.00	117,296.00	15,000.00	50,000.00	674,766.00
FMAC DISC NOTES	-	25,000.00	50,000.00	-	-	-	75,000.00
FARMER MAC	-	-	85,000.00	15,000.00	8,850.00	150,000.00	258,850.00
MUNI ZERO CPNS	38,450.00	82,480.00	-	-	-	-	120,930.00
MUNI BONDS	-	11,295.00	21,490.00	12,070.00	-	-	44,855.00
COMM PAPER	140,000.00	426,500.00	75,000.00	-	-	-	641,500.00
<b>Totals (000's):</b>	<b>927,450.00</b>	<b>989,996.00</b>	<b>1,738,371.00</b>	<b>789,568.71</b>	<b>382,802.00</b>	<b>901,308.00</b>	<b>5,729,495.71</b>
<b>%</b>	<b>16.19%</b>	<b>17.28%</b>	<b>30.34%</b>	<b>13.78%</b>	<b>6.68%</b>	<b>15.73%</b>	
<b>Cumulative %</b>	<b>16.19%</b>	<b>33.47%</b>	<b>63.81%</b>	<b>77.59%</b>	<b>84.27%</b>	<b>100.00%</b>	

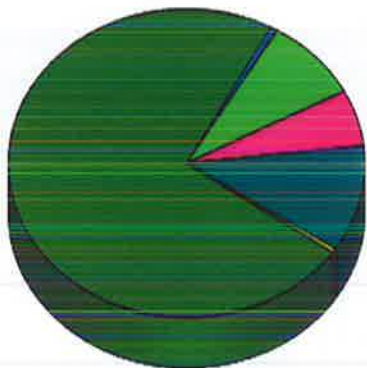


# Credit Quality

Moody (000's)	Par	Book	Market	MKT/Book	Yield
Aaa	4,190,430.71	4,190,115.81	4,191,402.40	100.03%	0.53%
Aa	30,000.00	29,975.17	29,984.80	100.03%	0.29%
Aa1	8,335.00	8,327.92	8,327.92	100.00%	0.23%
Aa2	499,295.00	499,068.42	499,160.97	100.02%	0.15%
Aa3	337,190.00	337,027.39	337,113.79	100.03%	0.15%
NR	639,245.00	639,126.10	639,440.42	100.05%	0.45%
NA	25,000.00	24,959.38	24,972.25	100.05%	0.20%
<b>Totals (000's):</b>	<b>5,729,495.71</b>	<b>5,728,600.17</b>	<b>5,730,402.54</b>	<b>100.03%</b>	<b>0.46%</b>

## MOODY'S

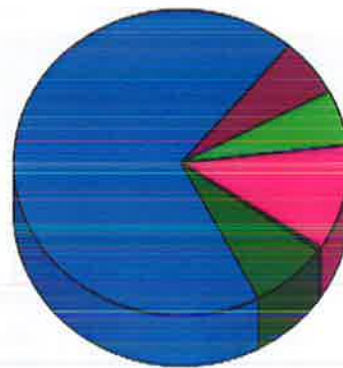
BOOK %



■ Aaa - 73% 
 ■ Aa1 - 0% 
 ■ Aa3 - 6% 
 ■ NA - 0%  
■ Aa - 1% 
 ■ Aa2 - 9% 
 ■ NR - 11%

## S & P

BOOK %



■ AAA - 0% 
 ■ AA - 6% 
 ■ NR - 11%  
■ AA+ - 69% 
 ■ AA- - 6% 
 ■ NA - 6%

S&P (000's)	Par	Book	Market	MKT/Book	Yield
AAA	436,465.00	436,446.06	436,496.65	100.01%	0.16%
AA+	3,938,595.71	3,938,200.15	3,939,468.13	100.03%	0.56%
AA	353,000.00	352,841.10	352,911.31	100.02%	0.15%
AA-	337,190.00	337,027.39	337,113.79	100.03%	0.15%
NR	639,245.00	639,126.10	639,440.42	100.05%	0.45%
NA	25,000.00	24,959.38	24,972.25	100.05%	0.20%
<b>Totals (000's):</b>	<b>5,729,495.71</b>	<b>5,728,600.17</b>	<b>5,730,402.54</b>	<b>100.03%</b>	<b>0.46%</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.



MUNICIPAL BONDS (MUNI)	5 YEARS	NO LIMIT	NA	3 YEARS	15%	AA-/Aa3/AA-	2.89%
U.S. TREASURIES	5 YEARS	NO LIMIT	NA	5 YEARS	100%	NA	7.59%
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	65.24%
COMMERCIAL PAPER (CP)	270 DAYS	40%	A1/P1	270 DAYS	40%	A1/P1/F1	11.19%
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 days	A1/P1/F1	1.75%
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	0.94%
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 AGC.	5.85%
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	4.54%

<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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4080 Lemon Street, 4th Floor  
Riverside, CA 92502-2205

[www.treasurer-tax.co.riverside.ca.us](http://www.treasurer-tax.co.riverside.ca.us)

(951) 955-3979