

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

517



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

**SUBMITTAL DATE:**  
April 20, 2016

**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 2016.

**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

Departmental Concurrence

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>	Budget Adjustment: No
	For Fiscal Year: 2015/2016

**C.E.O. RECOMMENDATION:** APPROVE  
BY:   
\_\_\_\_\_  
Samuel Wong  
County Executive Office Signature

**MINUTES OF THE BOARD OF SUPERVISORS**

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

Prev. Agn. Ref.: \_\_\_\_\_ District: \_\_\_\_\_ Agenda Number: \_\_\_\_\_

2-7



# County of Riverside

# March 2016

## Treasurer's Pooled Investment Fund

### "Thud"

A big thud marked the sound of the iceberg as it struck the hull of the Titanic, similar it seems to that resonating through our (global) economy, continuing with the first quarter of the year as indicators at this juncture point to a tough remainder for 2016.

For three years running now, economists have read the tea leaves and forecasted 2% + U.S. GDP growth, only to back track and increasingly revise estimates lower. Both 2014 and 2015 had very similar starts and very weak overall GDP numbers. This seems to be becoming the norm and is hard to make a compelling argument of the effects of weather and other esoteric excuses on overall GDP. Moreover, actual growth has fallen by 50% from the 1990's, so it seems as if we simply remain in a low growth trend for the foreseeable future.

It turns out that other areas of the U.S. economy are having a tough time as well; retail sales unexpectedly *declined* in March by -0.3% vs. a forecast of 0.1%. Total business sales have fallen again, and the inventory to sales ratio has hit the highest level since the Great Recession. Industrial Production figures have dropped year over year for seven months in a row, without being in a recession.

The decline in factory output has driven a 1.6% reduction in vehicle production which had been a bright spot in the economy, minus the subprime financing. Manufacturing output de-

creased 0.3% in March and durable goods orders were down 0.4%, the worst since 2008. Consumer confidence continued to abate, marking its fourth consecutive monthly decline with the April report and concerns have risen about the resilience of consumer spending in the months ahead.

Financial distress in Europe continues, being caused in part by deterioration of the balance sheets of its banks, several of which have losses in the billions of euros. Furthermore, recent issues with ongoing terrorism, the endless refugee crisis, and, the looming danger of the Grexit (Greece), Brexit (Britain) and Dexit (Denmark) largely due to the aforementioned problems has Europe in real tight spot. The rest of the global economy, along with China and Japan in particular, are slowing significantly and in a real economic conundrum.

The FED, holding the view that "global developments have increased risk," ended the March 16<sup>th</sup> FOMC meeting as expected without any change in monetary policy. This global economic weakness adds to market skepticism about the number of additional FED hikes this year, prolonging the pain to those such as institutional and retail fixed income investors alike seeking higher yields and interest income.

**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
<b>March</b>	6,319,190,571.12	6,312,840,233.99	6,350,337.13	0.10	0.65	1.07	1.04
<b>February</b>	6,294,402,626.91	6,289,381,725.26	5,020,901.65	0.08	0.66	1.15	1.12
<b>January</b>	6,691,824,574.61	6,687,643,005.32	4,181,569.29	0.06	0.62	1.10	1.08
<b>December</b>	7,023,488,956.44	7,028,915,490.64	(5,426,534.20)	(0.08)	0.55	1.03	1.00
<b>November</b>	5,931,356,029.51	5,933,521,428.90	(2,165,399.39)	(0.04)	0.50	1.03	1.01
<b>October</b>	5,880,386,136.39	5,878,933,080.22	1,453,056.17	0.02	0.46	0.98	0.95

*The Treasurer's Pooled Investment Fund is comprised of the*

# Current Market Data

## Economic Indicators

Release Date	Indicator	Consensus	Actual
03/04/2016	<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.	195,000	242,000
03/04/2016	<b>Employment Situation:</b> Measures the number of unemployed as a percentage of the labor	4.9%	4.9%
03/24/2016	<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.	-3.0%	-2.8%
03/25/2016	<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.	0.9%	0.9%
03/29/2016	<b>Consumer Confidence:</b> Measures consumer attitudes on present economic conditions and expectations of future conditions.	94.0	96.2
03/03/2016	<b>Factory Orders M/M change:</b> Represents the dollar level of new orders for both durable and nondurable goods.	2.1%	1.6%
03/16/2016	<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%
03/16/2016	<b>CPI Ex Food and Energy - M/M change:</b> CPI Ex Food and Energy excludes food and energy.	0.2%	0.3%

## Stock Indices

	Value	Change
Dow Jones (DJIA)	\$ 17,685.09	\$ 1,168.59
S&P 500 Index	\$ 2,059.74	\$ 127.51
NASDAQ (NDX)	\$ 4,869.84	\$ 311.89

## Commodities

	Value	Change
Nymex Crude	\$ 38.34	\$ 4.59
Gold (USD/OZ)	\$ 1,232.71	\$ (6.03)

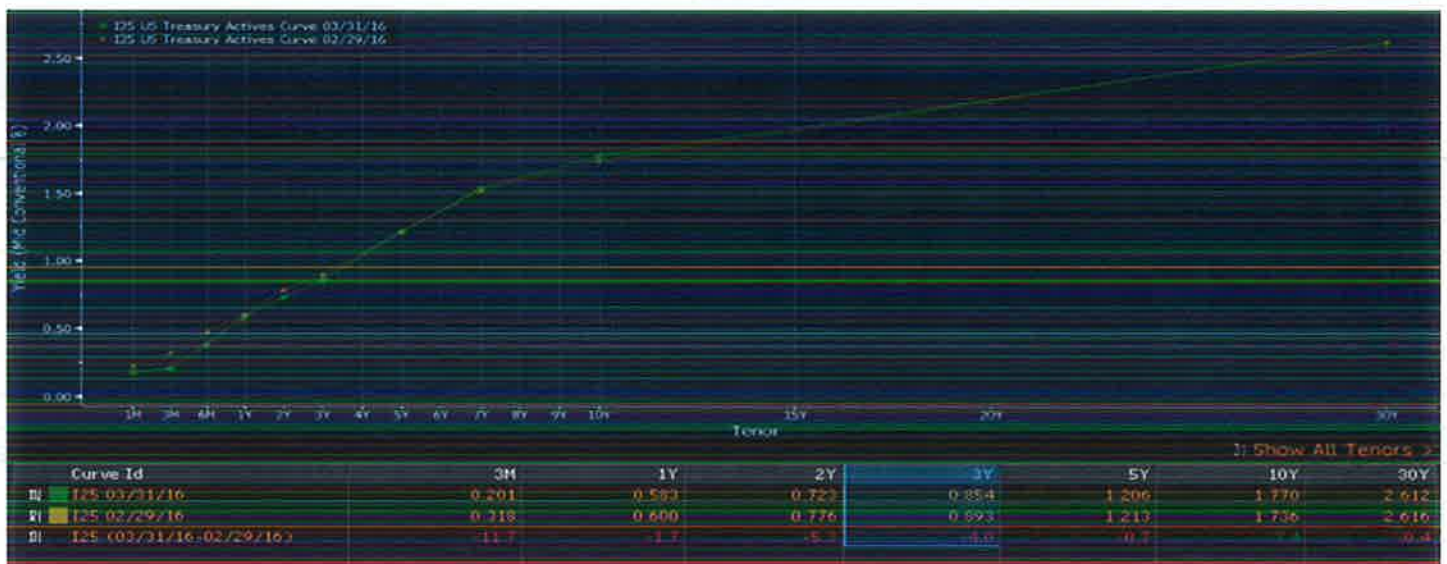
## Fed Funds Target Rate

Current Fed Funds Rate: 0-0.25%		
Probability for FOMC Dates:		
Fed Move	04/27/2016	06/15/2016
Increase to 0.25%	2.0%	1.7%
Increase to 0.50%	98.0%	82.6%
Increase to 0.75%	0.0%	15.7%
Increase to 1%	0.0%	0.0%

## FOMC Meeting Schedule

Release	Rate	Risk Assessment
27-Jan	.25 - 0.5 %	Growth
16-Mar	.25 - 0.5 %	Growth

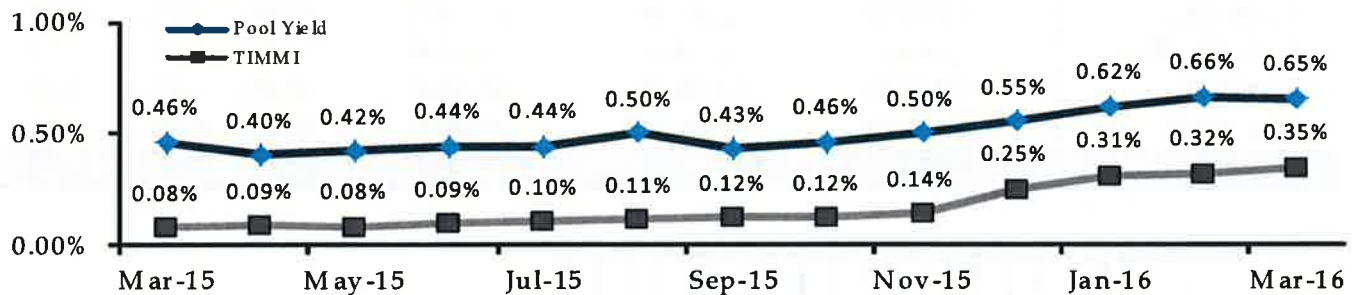
## US Treasury Curve (M/M)



# 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	0.43%
Federated Prime Obligations Fund	POIXX	0.39%
Wells Fargo Advantage Heritage	WFJXX	0.44%
JP Morgan	CJPXX	0.42%
Fidelity Gov Fund	FRGXX	0.27%
Wells Fargo Gov Fund	WFFXX	0.24%
Federated Gov Fund	GOFXX	0.23%



## Cash Flows

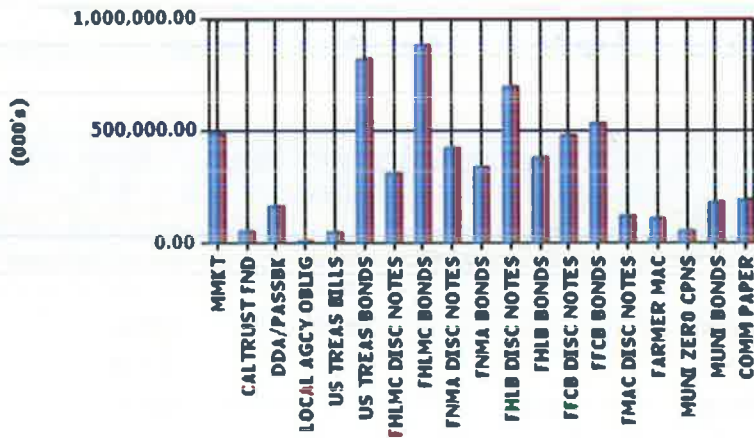
Month	Monthly Receipts	Monthly Disbursements	Difference	Required Matured Investments	Balance	Actual Investments Maturing	Available to Invest > 1 Year
04/2016					234.61		
04/2016	1,611.36	970.00	641.36		875.97	779.00	
05/2016	712.44	1,350.00	(637.56)		238.41	680.53	
06/2016	1,150.00	1,550.00	(400.00)	161.59	-	646.00	
07/2016	1,100.00	1,050.00	50.00		50.00	499.30	
08/2016	720.00	950.00	(230.00)	180.00	-	441.00	
09/2016	850.00	1,050.00	(200.00)	200.00	-	413.26	
10/2016	1,040.00	1,175.00	(135.00)	135.00	-	375.00	
11/2016	1,200.00	960.00	240.00		240.00	191.34	
12/2016	2,110.00	1,030.00	1,080.00		1,320.00	79.37	
01/2017	1,020.00	1,650.00	(630.00)		690.00	299.00	
02/2017	810.00	1,200.00	(390.00)		300.00	165.00	
03/2017			0.00		300.00	30.00	
<b>TOTALS</b>	12,323.80	12,935.00	(611.20)	676.59	4,248.99	4,598.80	5,636.25
				10.72%		72.85%	89.28%

\* 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

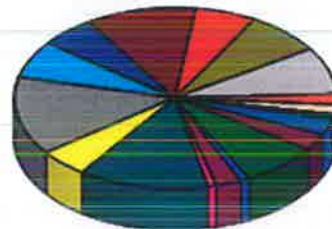
# Asset Allocation

Assets (000's)	Scheduled Par	Scheduled Book	Scheduled Market	Mkt/ Sch Book	Yield	WAL (Yr)	Mat (Yr)
MMKT	490,000.00	490,000.00	490,000.00	100.00%	0.42%	.003	.003
CALTRUST FND	54,000.00	54,000.00	54,000.00	100.00%	0.68%	.003	.003
DDA/PASSBK	165,000.00	165,000.00	165,000.00	100.00%	0.29%	.003	.003
LOCAL AGCY OBLIG	335.00	335.00	335.00	100.00%	1.16%	4.211	4.211
US TREAS BILLS	50,000.00	49,862.24	49,941.50	100.16%	0.37%	.384	.384
US TREAS BONDS	825,000.00	824,916.44	827,162.20	100.27%	0.68%	1.101	1.101
FHLMC DISC NOTES	315,000.00	313,875.32	314,344.95	100.15%	0.43%	.476	.476
FHLMC BONDS	886,751.00	886,833.22	887,265.30	100.05%	1.18%	.990	2.824
FNMA DISC NOTES	428,717.00	427,447.45	428,173.46	100.17%	0.40%	.326	.326
FNMA BONDS	341,279.00	341,315.31	341,311.43	100.00%	1.07%	.578	2.835
FHLB DISC NOTES	702,783.00	700,550.69	701,838.76	100.18%	0.46%	.343	.343
FHLB BONDS	382,539.72	382,558.09	382,753.96	100.05%	0.77%	.542	1.232
FFCB DISC NOTES	483,500.00	481,814.93	482,693.05	100.18%	0.41%	.403	.403
FFCB BONDS	536,506.00	536,608.47	536,053.31	99.90%	0.52%	1.124	1.162
FMAC DISC NOTES	120,000.00	119,483.36	119,735.20	100.21%	0.55%	.490	.490
FARMER MAC	108,850.00	108,850.00	108,948.47	100.09%	0.68%	1.137	1.551
MUNI ZERO CPNS	53,800.00	53,738.96	53,744.84	100.01%	0.49%	.198	.198
MUNI BONDS	180,165.00	181,336.32	181,336.32	100.00%	0.72%	1.045	1.045
COMM PAPER	195,000.00	194,314.44	194,552.83	100.12%	0.68%	.368	.368
<b>Totals (000's):</b>	<b>6,319,225.72</b>	<b>6,312,840.23</b>	<b>6,319,190.57</b>	<b>100.10%</b>	<b>0.65%</b>	<b>.632</b>	<b>1.064</b>



SCHEDULED PAR %

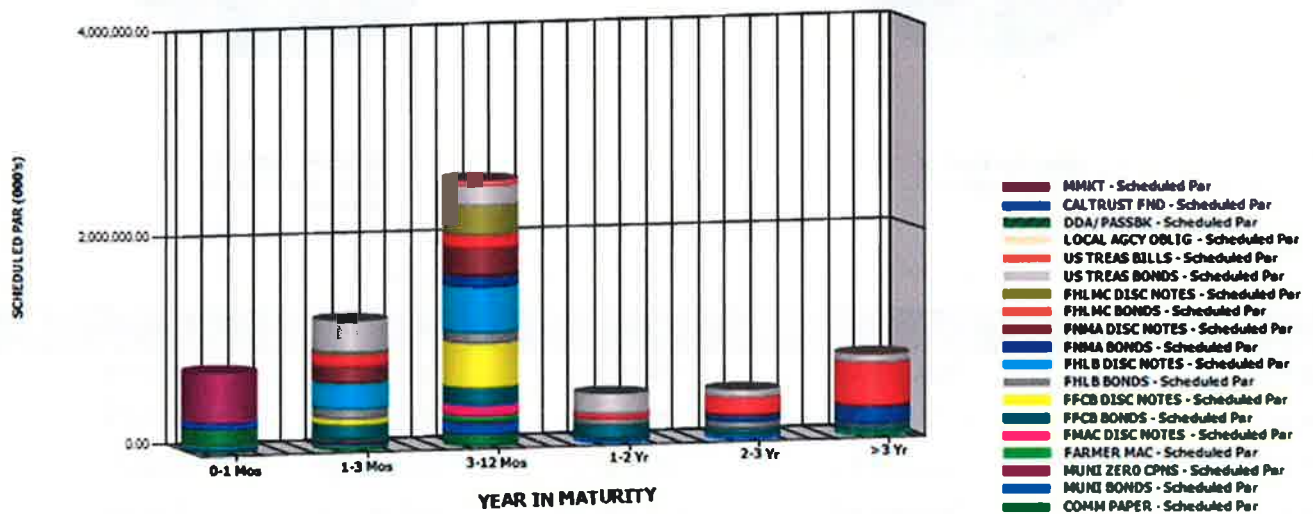
Scheduled Book Market



- MMKT - 8%
- FHLB DISC NOTES - 11%
- CALTRUST FND - 1%
- FHLB BONDS - 6%
- DDA/PASSBK - 3%
- FFCB DISC NOTES - 8%
- LOCAL AGCY OBLIG - 0%
- FFCB BONDS - 8%
- US TREAS BILLS - 1%
- FMAC DISC NOTES - 2%
- US TREAS BONDS - 13%
- FARMER MAC - 2%
- FHLMC DISC NOTES - 5%
- MUNI ZERO CPNS - 1%
- FHLMC BONDS - 14%
- MUNI BONDS - 3%
- FNMA DISC NOTES - 7%
- COMM PAPER - 3%
- FNMA BONDS - 5%

# 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	490,000.00	-	-	-	-	-	490,000.00
CALTRUST FND	54,000.00	-	-	-	-	-	54,000.00
DDA/PASSBK	165,000.00	-	-	-	-	-	165,000.00
LOCAL AGCY OBLIG	-	-	-	-	-	335.00	335.00
US TREAS BILLS	-	-	50,000.00	-	-	-	50,000.00
US TREAS BONDS	-	300,000.00	190,000.00	190,000.00	70,000.00	75,000.00	825,000.00
FHLMC DISC NOTES	-	25,000.00	290,000.00	-	-	-	315,000.00
FHLMC BONDS	-	115,366.00	124,625.00	50,000.00	174,400.00	422,360.00	886,751.00
FNMA DISC NOTES	-	163,000.00	265,717.00	-	-	-	428,717.00
FNMA BONDS	-	-	109,604.00	-	60,000.00	171,675.00	341,279.00
FHLB DISC NOTES	25,000.00	240,000.00	437,783.00	-	-	-	702,783.00
FHLB BONDS	-	105,000.00	110,070.00	65,000.00	72,469.72	30,000.00	382,539.72
FFCB DISC NOTES	-	57,000.00	426,500.00	-	-	-	483,500.00
FFCB BONDS	10,000.00	131,296.00	169,000.00	125,900.00	50,310.00	50,000.00	536,506.00
FMAC DISC NOTES	10,000.00	-	110,000.00	-	-	-	120,000.00
MUNI ZERO CPNS	-	15,000.00	50,000.00	8,850.00	10,000.00	25,000.00	108,850.00
FARMER MAC	-	30,800.00	23,000.00	-	-	-	53,800.00
MUNI BONDS	-	12,070.00	98,960.00	29,600.00	34,535.00	5,000.00	180,165.00
COMM PAPER	25,000.00	52,000.00	118,000.00	-	-	-	195,000.00
<b>Totals (000's):</b>	<b>779,000.00</b>	<b>1,246,532.00</b>	<b>2,573,259.00</b>	<b>469,350.00</b>	<b>471,714.72</b>	<b>779,370.00</b>	<b>6,319,225.72</b>
<b>%</b>	<b>12.33%</b>	<b>19.73%</b>	<b>40.72%</b>	<b>7.43%</b>	<b>7.46%</b>	<b>12.33%</b>	
<b>Cumulative %</b>	<b>12.33%</b>	<b>32.05%</b>	<b>72.77%</b>	<b>80.20%</b>	<b>87.67%</b>	<b>100.00%</b>	

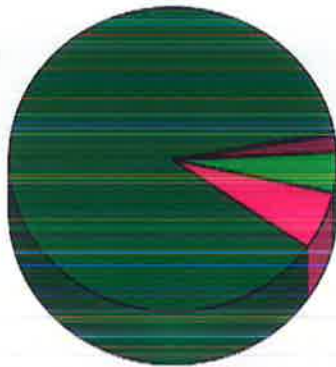


# Credit Quality

Moody (000's)	Par	Book	Market	MKT/Book	Yield
Aaa	5,521,460.72	5,515,167.16	5,520,922.91	100.10%	0.66%
Aa1	18,750.00	18,865.90	18,865.90	100.00%	0.84%
Aa2	115,870.00	115,725.40	115,762.60	100.03%	0.49%
Aa3	268,960.00	269,413.42	269,620.49	100.08%	0.72%
NR	394,185.00	393,668.36	394,018.67	100.09%	0.48%
<b>Totals (000's):</b>	<b>6,319,225.72</b>	<b>6,312,840.23</b>	<b>6,319,190.57</b>	<b>100.10%</b>	<b>0.65%</b>

## MOODY'S

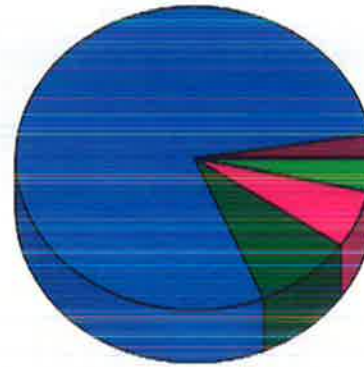
BOOK %



■ Aaa - 87%    ■ Aa3 - 4%  
■ Aa1 - 0%    ■ NR - 6%  
■ Aa2 - 2%

## S & P

BOOK %



■ AAA - 9%    ■ AA - 3%  
■ AA+ - 79%    ■ NR - 6%  
■ AA - 0%

S&P (000's)	Par	Book	Market	MKT/Book	Yield
AAA	566,500.00	566,495.00	566,500.50	100.00%	0.47%
AA+	4,973,710.72	4,967,538.06	4,973,288.32	100.12%	0.69%
AA	163,870.00	164,643.17	164,680.37	100.02%	0.65%
AA-	220,960.00	220,495.65	220,702.72	100.09%	0.65%
NR	394,185.00	393,668.36	394,018.67	100.09%	0.48%
<b>Totals (000's):</b>	<b>6,319,225.72</b>	<b>6,312,840.23</b>	<b>6,319,190.57</b>	<b>100.10%</b>	<b>0.65%</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 %
	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-	3.72%
U.S. TREASURIES	5 YEARS	NO LIMIT	NA	5 YEARS	100%	NA	13.86%
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	68.10%
COMMERCIAL PAPER (CP)	270 DAYS	40%	A1/P1	270 DAYS	40%	A1/P1/F1	3.08%
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	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	0.86%
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.	7.76%
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	2.61%

<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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Riverside, CA 92502-2205

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

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