

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



ITEM: 2.8
(ID # 11594)

MEETING DATE:

Tuesday, January 14, 2020

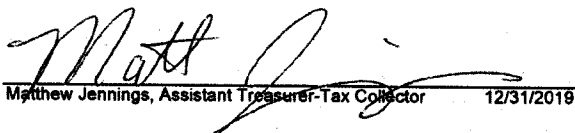
FROM : TREASURER-TAX COLLECTOR:

SUBJECT: TREASURER-TAX COLLECTOR: Receive and File the Treasurer's Monthly Disclosure Report on Investments dated November 2019.

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receives and files the "Monthly Disclosure Report on Investments" dated November 2019.

ACTION: Consent


Matthew Jennings, Assistant Treasurer-Tax Collector 12/31/2019

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Washington, seconded by Supervisor Jeffries and duly carried, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Jeffries, Washington, Perez and Hewitt
Nays: None
Absent: Spiegel
Date: January 14, 2020
xc: Treasurer

Kecia R. Harper
Clerk of the Board

By: 
Deputy

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

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$ 0	\$ 0	\$ 0	\$ 0
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0
SOURCE OF FUNDS: N/A			Budget Adjustment:	N/A
			For Fiscal Year:	2019-2020

C.E.O. RECOMMENDATION: Approve

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".



County of Riverside

Treasurer's Pooled Investment Fund

November

JAN 14 2020

2-9

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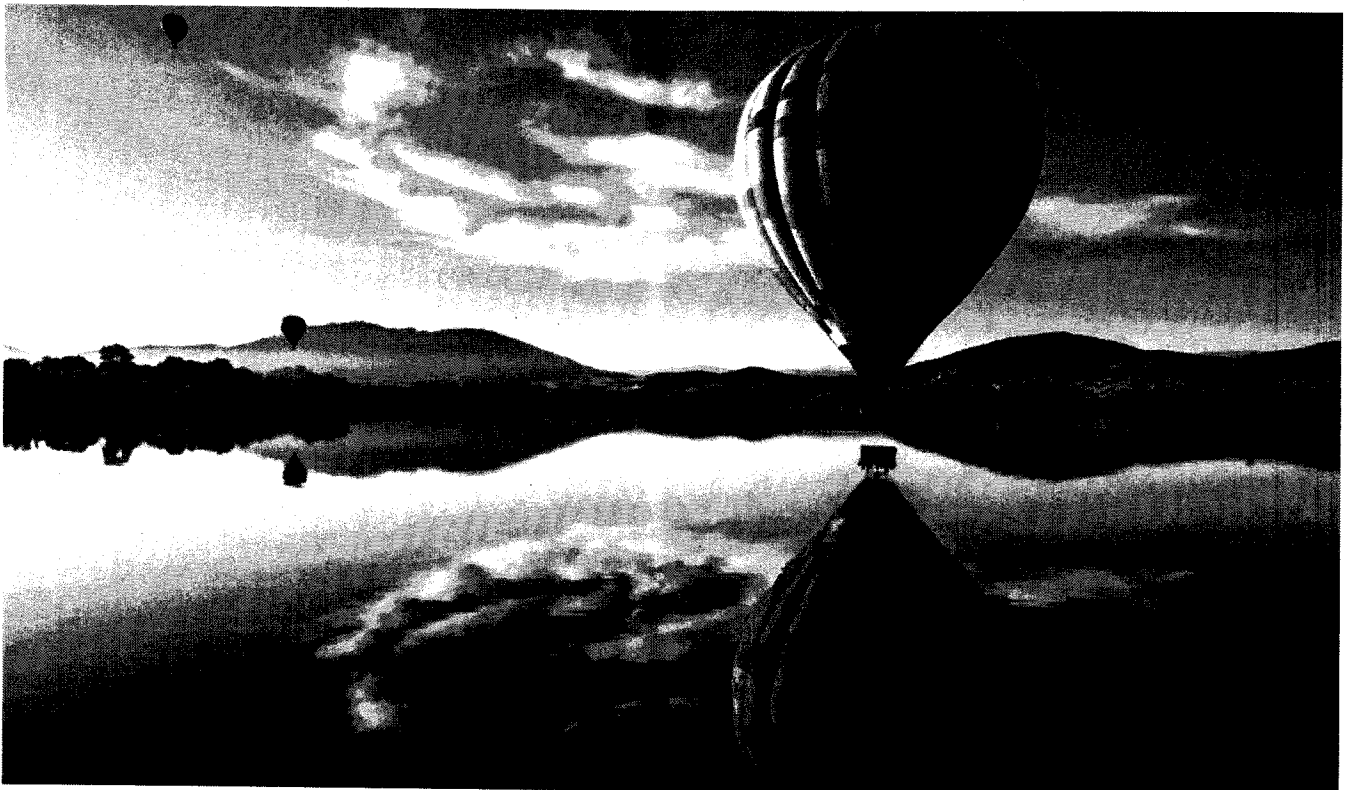
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Hot air balloons over Lake Skinner in Temecula, Southwest Riverside County, CA. Digital Image. NBC San Diego. <http://www.nbcsandiego.com/news/local/temecula-valley-2014-balloon-wine-festival-north-san-diego-261142951.html>

Treasurer's Pooled Investment Fund

Monthly Commentary

It's All Gravy: Markets Looking More Optimistic in November

In November, U.S. labor market and consumer data provided a confirmation of economic strength during a month that has been dominated by a cornucopia of U.S.-China trade dispute headlines. Following the third 25bps rate cut by the Federal Reserve (Fed) this year in October, markets became more optimistic in November and stopped pricing in additional rate cuts. As a result, short-term Treasury yields traded in a very narrow range. This offers the TPIF predictable investment options, but at lower rates. Every November, in the same way turkey producers see their revenues increase at a faster rate, the TPIF's balance increases from property tax collections. The confluence of increased funds for investing and lower interest rates means that the TPIF's yield will likely move downward towards the Fed Funds Target Rate range of 1.50-1.75%.

The first week of the month saw Treasury rates rise fairly aggressively due to strong job growth and positive developments in U.S.-China trade rhetoric. Mid month, Treasury rates drifted back down due to a mixed print in economic indicators and another negative shift in tone in U.S.-China trade talks. Ultimately, Treasury rates ended higher in November. The 2-year Treasury began the month at 1.56% and ended at 1.61%, while the 5-year

Treasury began at 1.55% and ended the month at 1.62%.

The U.S.-China phase-one trade deal never materialized, but that doesn't mean that investors weren't monitoring the situation closely. As the clock ticked closer to another 15% tariff hike on \$160bn worth of Chinese imports in mid-December, markets became bumpier with every shift in tone in trade rhetoric. Additionally, the impending Brexit-defining general election in the U.K. in December and civil unrest in Hong Kong, Chile, Bolivia, and Ecuador continued to cast a shadow over global market sentiment.

Overall, economic indicators continue to point to a robust U.S. economy, thanks in large part to consumer spending. Real GDP for 3Q19 was revised modestly upward to 2.1% SAAR from 1.9%. Although consumer sentiment, personal consumption, and retail sales figures fell below expectations in November at 96.8, 0.4% MoM and 0.2% MoM apiece, they are still indicative of a healthy consumer sector. The labor market, with 3.6% unemployment, 128K jobs added, and average hourly earnings increasing by 3.0% Y/Y, remains resilient. The Federal Open Market Committee's preferred measure of inflation continues to run below their 2.0% objective.

This diminishes the likelihood for a Fed rate hike in the near term.

Sales of existing homes grew by 4.6% Y/Y, the strongest since early 2018. New home sales were measured at an annualized rate of 738K in September and 733K in October; both are twelve-year highs. The U.S. housing market is being propped up by low mortgage rates, flattening home prices, a strong job market, and robust consumer confidence. The U.S. manufacturing sector is not performing as well as the broader economy. The industrial production index and durable goods orders have contracted on a Y/Y basis, respectively, for the past two and three months. Additionally, residential construction spending fell by 3.2% Y/Y as of September.

In Riverside County, the median home price in October 2019 was \$400K, an increase of 5.5% from October 2018. Over the same period, median home prices grew 0.7% in Orange County, 5.4% in Los Angeles County, and 8.0% in San Bernardino County. Nonfarm payrolls in the Inland Empire grew by 2.0% Y/Y in October, outpacing California (1.8% Y/Y) and the Nation (1.4% Y/Y).

Jon Christensen

Treasurer-Tax Collector

Treasurer's Statement

The Treasurer's Pooled Investment Fund is comprised of contributions from the county, schools, special districts, and other discretionary depositors throughout the County of Riverside. 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 to maximize a **return on the funds** within the given parameters.

The Treasurer-Tax Collector and the Capital Markets team are committed to maintaining the highest credit ratings. The Treasurer's Pooled Investment Fund is currently rated **Aaa-bf** by **Moody's Investor Service** and **AA+/S1** by **Fitch Ratings**, two of the nation's most trusted bond credit rating services.

Since its inception, the Treasurer's Pooled Investment Fund has been in **full compliance** with the Treasurer's Statement of Investment Policy, which is more restrictive than California Government Code 53646.

Capital Markets Team

Jon Christensen
Treasurer-Tax Collector

Giovane Pizano
Chief Investment Manager

Steve Faeth
Senior Investment Manager

Isela Licea
Assistant Investment Manager

Jake Nieto
Administrative Services Analyst

6-Month Pool Performance

	Month End Market Value (\$)*	Month End Book Value (\$)	Paper Gain or Loss (\$)	Paper Gain or Loss (%)	Book Yield (%)	WAM (Yrs)
Nov-19	6,701,954,259.60	6,686,612,679.23	15,341,580.37	0.23%	1.91	1.13
Oct-19	6,439,190,828.38	6,419,496,517.32	19,694,311.06	0.31%	2.03	1.13
Sep-19	6,351,986,977.01	6,333,085,946.48	18,901,030.53	0.30%	2.13	1.10
Aug-19	6,417,639,034.28	6,389,269,000.29	28,370,033.99	0.44%	2.23	1.13
Jul-19	6,570,927,735.30	6,550,099,863.71	20,827,871.59	0.32%	2.29	1.13
Jun-19	6,838,812,308.82	6,811,213,591.28	27,598,717.54	0.41%	2.32	1.06

*Market values do not include accrued interest.

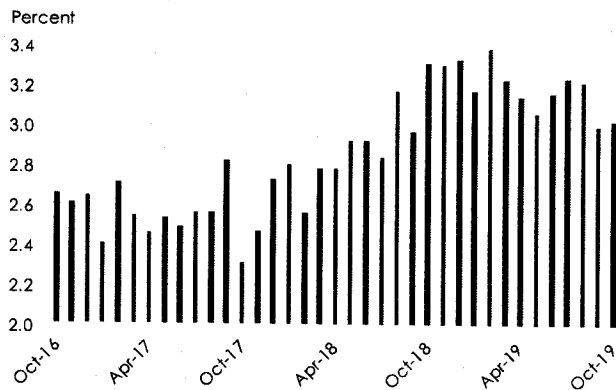
Economy

National Economy

U.S. economic activity expanded modestly from October to mid-November, with consumer spending growing "moderately" and manufacturing activity stagnating. [Federal Reserve; 12/05/2019]

- Job growth has averaged 167k per month in 2019, compared to 223k per month in 2018. Strike activity has adversely affected payrolls in automotive manufacturing. [BLS; 12/05/2019]
- Consumer confidence declined for the fourth straight month in November, but confidence levels remain high and should support holiday spending. [Conference Board; 12/05/2019]

Private Sector Average Hourly Earnings Y/Y

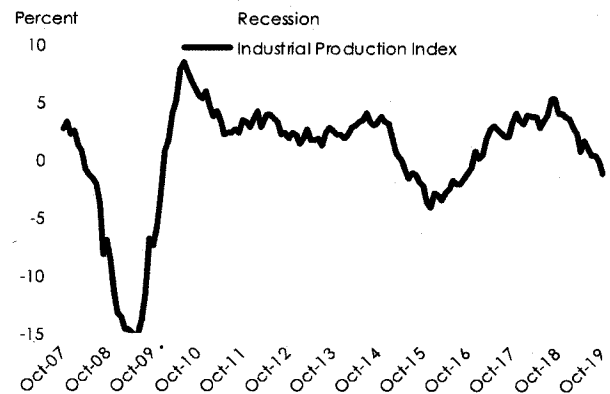


State Economy

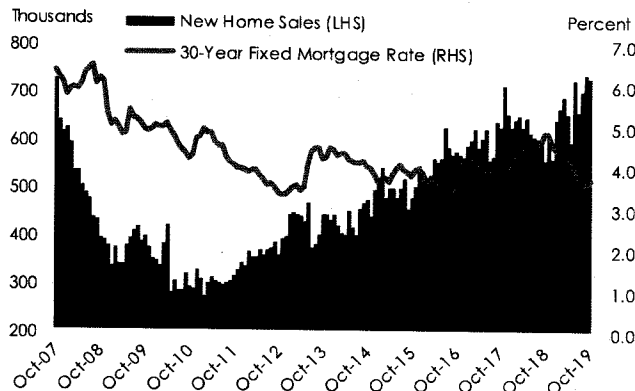
California's labor force grew substantially in September (21.2k) and October (40.8k), a sign that the strong economy is encouraging individuals to seek employment. [LA Times; 12/05/2019]

- Job growth was led by the construction sector over last twelve months (4.0% Y/Y), followed by education and health services (3.3% Y/Y). [BLS; 12/05/2019]
- In October, California ranked 42nd among states in home price growth with 2.0% Y/Y, compared to the national average of 3.5% Y/Y. In Riverside County, home prices grew 5.5% Y/Y over the same period. [CoreLogic; 12/05/2019]

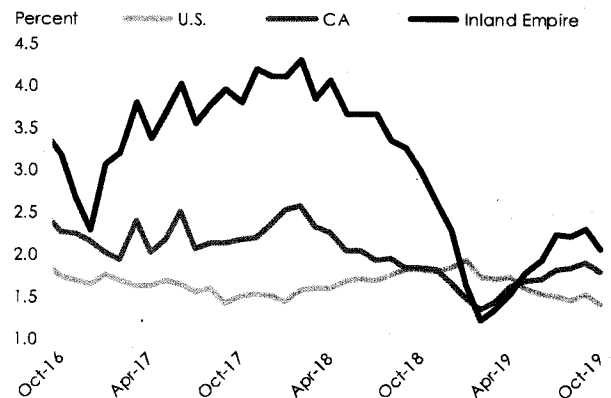
Industrial Production Index Y/Y



New Home Sales SAAR



Nonfarm Payrolls Added Y/Y



Key Economic Indicators

Release Date	Indicator	Actual	Consensus	Prior Year
11/27/2019	Real GDP - Q/Q Change - SAAR - 3Q19 (2nd estimate)	2.1%	1.9%	3.5%
11/01/2019	Unemployment Rate - Seasonally Adjusted	3.6%	3.6%	3.7%
11/01/2019	Non-Farm Payrolls - M/M Change - Thousands	128	85	250
11/13/2019	CPI - Y/Y Change	1.8%	1.7%	2.5%
11/13/2019	CPI Ex Food and Energy - Y/Y Change	2.3%	2.4%	2.1%
11/05/2019	ISM Non-Manufacturing Index (> 50 indicates growth)	54.7	53.5	60.3
11/26/2019	New Home Sales - SAAR - Thousands	733	705	544
11/04/2019	Factory Orders - M/M Change	-0.6%	-0.5%	0.7%
11/27/2019	Durable Goods Orders - New Orders - M/M Change	0.6%	-0.9%	-4.4%

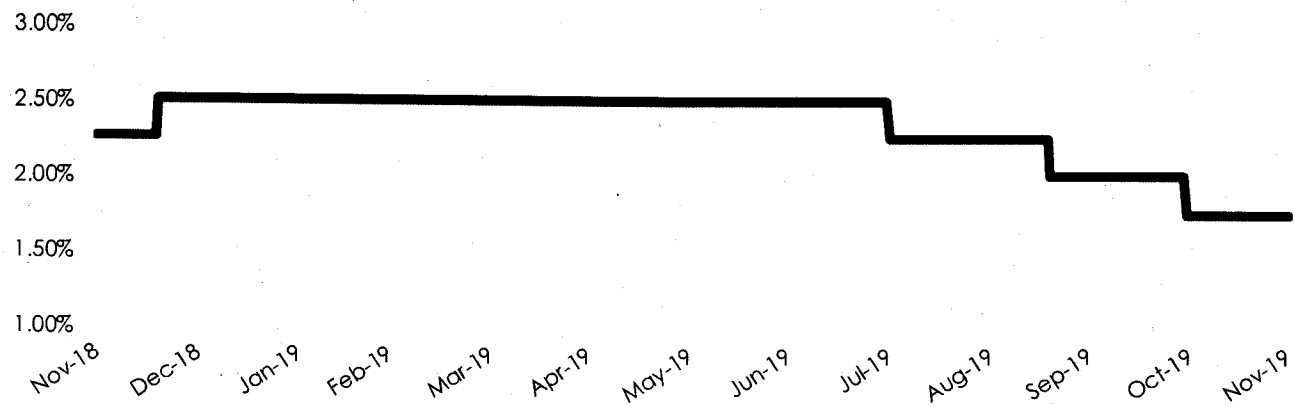
*Note: 'Prior Year' displays final estimates of indicator values from the equivalent period of the prior year.

Market Data

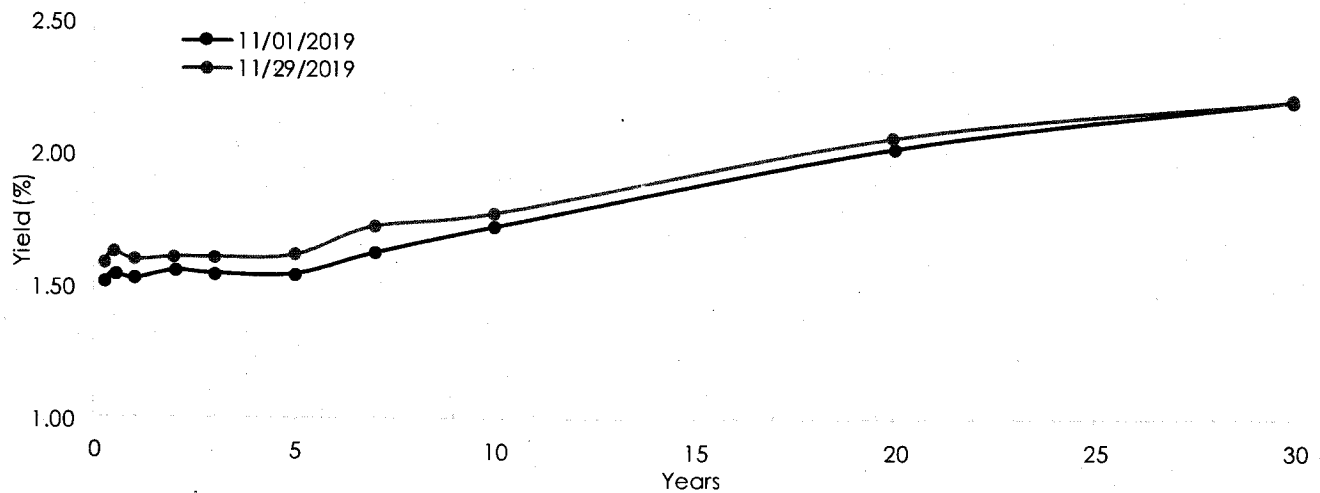
FOMC Meeting 10/30/2019

- The FOMC stated that data received since their last meeting in September “indicates that the labor market remains strong and that economic activity has been rising at a moderate rate.”
- The Federal Open Market Committee lowered the Fed Funds Target Rate to 1.50—1.75% from 1.75—2.00%.
- The FOMC stated in their October 30 press release that “sustained expansion of economic activity, strong labor market conditions, and inflation near the Committee’s symmetric 2 percent objective as the most likely outcomes, but uncertainties about this outlook remain.”

Fed Funds Target Rate (Upper Limit)



U.S. Treasury Curve

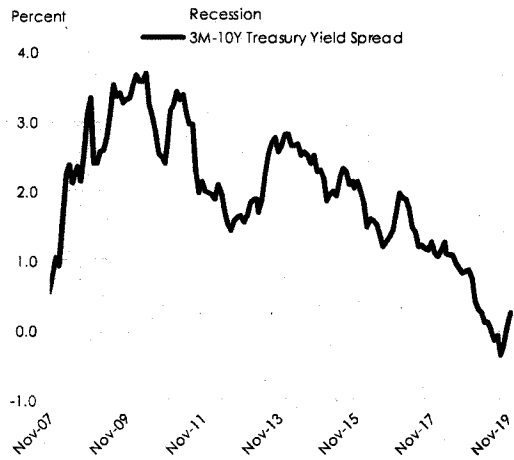
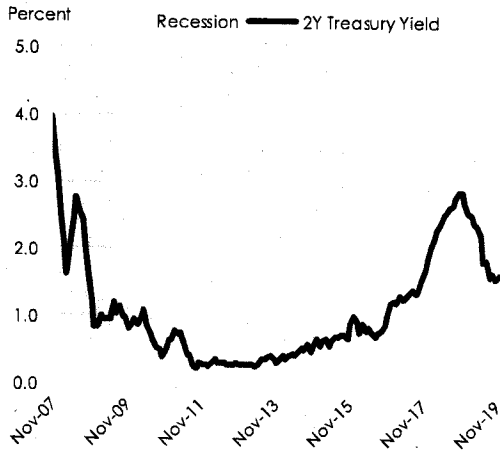


Treasury Curve Differentials	3 Mo	6 Mo	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr	30 Yr
11/29/2019 - 11/01/2019	0.07	0.08	0.07	0.05	0.06	0.07	0.05	0.00
11/29/2019	1.59	1.63	1.60	1.61	1.61	1.62	1.78	2.21
11/01/2019	1.52	1.55	1.53	1.56	1.55	1.55	1.73	2.21

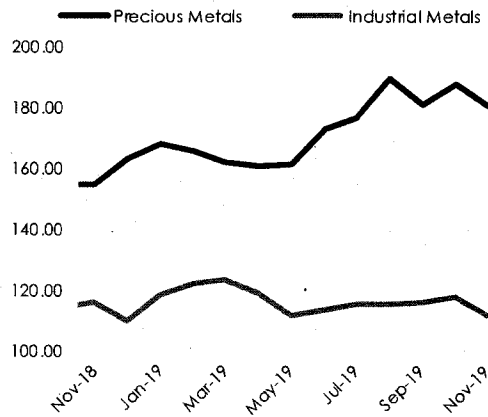
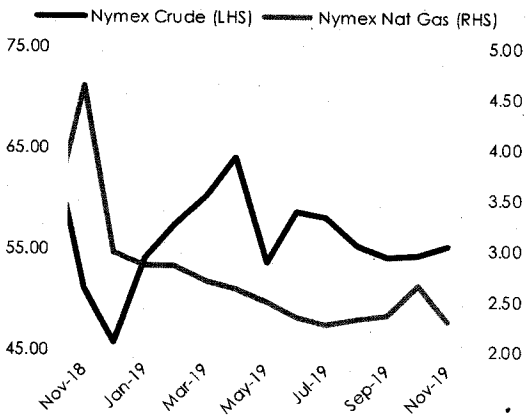
The US Treasury Curve and its values are subject to frequent change and will be updated monthly with each issued TPIF report.

Market Data cont'd

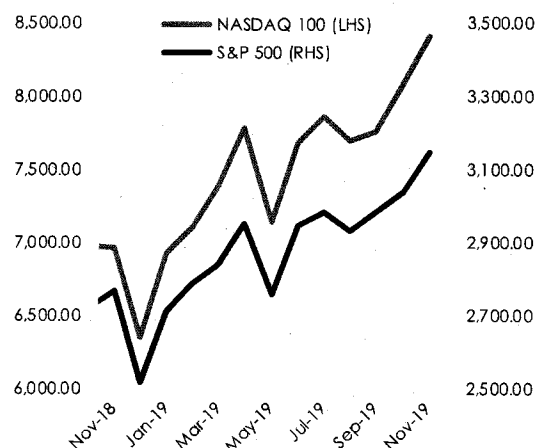
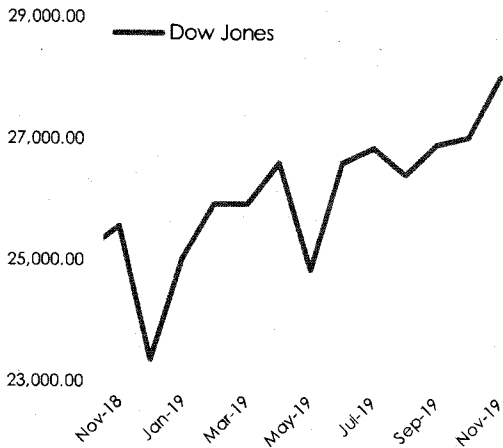
U.S. Treasuries



Commodities



Stocks



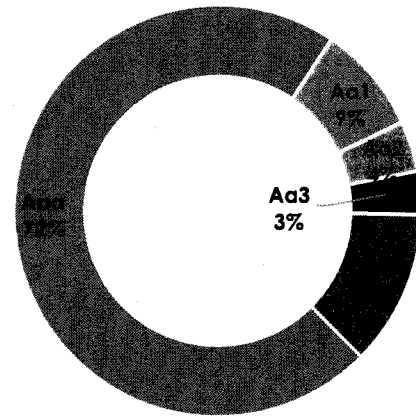
* Values listed for commodities and stocks are in US dollars and are as of the final business day of each month.

Portfolio Data

The County of Riverside's Treasurer's Pooled Investment Fund is currently rated **AAA-bf** by **Moody's Investor Service** and **AAAF/S1** by **Fitch Ratings**.

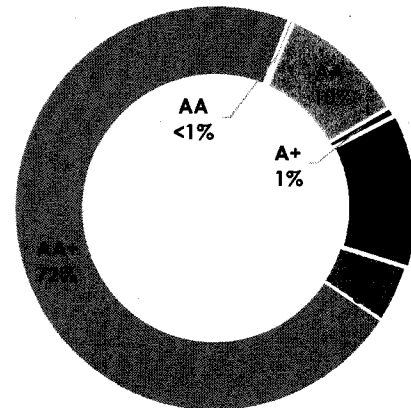
Moody's Asset Rating (000's)

	Book	MKT/Book	% Book	Yield
Aaa	4,804,065.86	100.27%	71.85%	1.91%
Aa1	570,665.35	100.20%	8.53%	1.87%
Aa2	266,410.86	100.13%	3.98%	1.83%
Aa3	225,385.91	100.03%	3.37%	2.26%
NR	820,084.70	100.08%	12.26%	1.90%
Totals:	6,686,612.68	100.23%	100.00%	1.91%



S&P Asset Rating (000's)

	Book	MKT/Book	% Book	Yield
AAA	303,641.31	100.78%	4.54%	2.08%
AA+	4,795,997.26	100.25%	71.73%	1.90%
AA	25,526.86	100.00%	0.38%	2.36%
AA-	691,362.54	100.05%	10.34%	1.93%
A+	50,000.00	100.00%	0.75%	1.84%
NR	820,084.70	100.08%	12.26%	1.90%
Totals:	6,686,612.68	100.23%	100.00%	1.91%



12-Month Projected Cash Flow

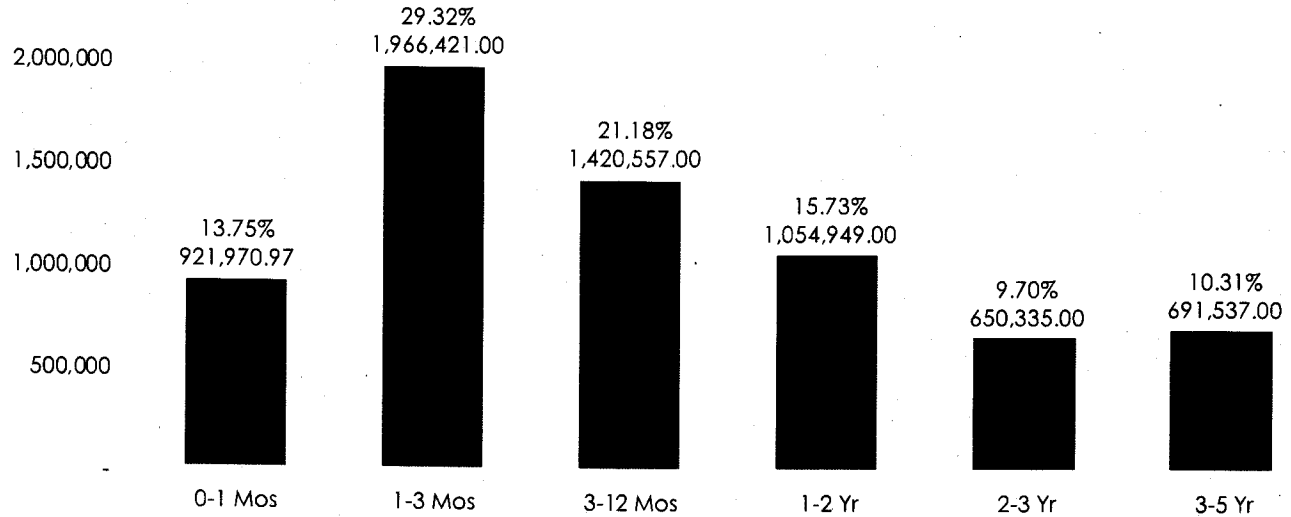
Month	Monthly Receipts	Monthly Disbursements	Difference	Required Matured Investments	Balance	Actual Investments Maturing	Available to Invest > 1 Year
12/2019					386.72		
12/2019	2,375.13	1,200.00	1,175.13		1,561.85	921.97	
01/2020	1,100.00	2,200.00	(1,100.00)		461.85	1,317.09	
02/2020	1,100.00	1,500.00	(400.00)		61.85	649.33	
03/2020	1,350.00	1,200.00	150.00		211.85	150.29	
04/2020	1,350.00	1,200.00	150.00		361.85	140.65	
05/2020	1,700.00	1,700.00	-		361.85	461.66	
06/2020	1,000.00	1,736.13	(736.13)	374.28	-	130.43	
07/2020	1,177.22	1,435.00	(257.78)	257.78	-	106.83	
08/2020	1,000.00	1,300.00	(300.00)	300.00	-	108.35	
09/2020	1,030.00	1,300.00	(270.00)	270.00	-	115.00	
10/2020	1,100.00	1,300.00	(200.00)	200.00	-	87.25	
11/2020	1,200.00	1,320.00	(120.00)	120.00	-	130.10	
TOTALS	15,482.35	17,391.13	(1,908.78)	1,522.06	3,407.82	4,318.95	5,164.55
				22.76%		64.59%	77.24%

* Values listed in Cash Flow Table are in millions of USD.

Based on historic and current financial conditions within the County, the Pool is expected to maintain sufficient liquidity of funds to cover County expenses for the next twelve months.

Portfolio Data cont'd

Asset Maturity Distribution (Par Value, 000's)

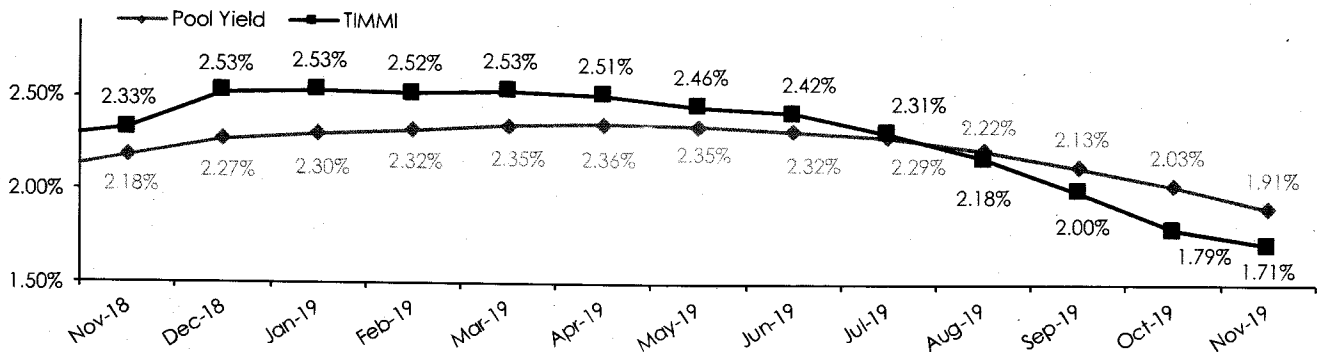


Asset Allocation (000's)

Assets	Scheduled Book	Scheduled Market	Mkt/Book	Yield	WAL (Yr.)	Mat (Yr.)
TREAS	387,509.14	388,552.65	100.27%	1.83%	1.48	1.48
AGENCIES	3,715,232.15	3,723,830.08	100.23%	1.92%	0.96	1.71
MMKT	208,000.00	208,000.00	100.00%	1.68%	0.00	0.00
CASH	665,000.00	665,000.00	100.00%	1.83%	0.00	0.00
CALTRUST FND	4,023.98	4,023.98	100.00%	1.96%	0.00	0.00
COMM PAPER	1,067,424.63	1,070,758.58	100.31%	1.85%	0.21	0.21
NCDS	340,000.00	340,000.00	100.00%	1.79%	0.31	0.31
MEDIUM TERM NOTES	138,386.54	140,752.74	101.71%	2.59%	0.60	0.64
MUNI	160,956.23	160,956.23	100.00%	2.63%	1.36	1.36
LOCAL AGCY OBLIG	80.00	80.00	100.00%	2.53%	0.54	0.54
Totals:	6,686,612.68	6,701,954.26	100.23%	1.91%	0.71	1.13

* For details on the Pool's composition see Month End Portfolio Holdings, pages 9 to 13.

TIMMI



The Treasurer's Institutional Money Market Index (TIMMI) is a composite index of four AAA rated prime institutional money market funds. Their average yield is compared to the yield of the Treasurer's Pooled Investment Fund in the above graph.

Compliance Report

Compliance Status: Full Compliance

The Treasurer's Pooled Investment Fund was in full compliance with the County of Riverside's Treasurer's Statement of Investment Policy. The County's Statement of Investment Policy is more restrictive than California Government Code 53646. The County's Investment Policy is reviewed annually by the County of Riverside's Oversight Committee and approved by the Board of Supervisors.

Investment Category	GOVERNMENT CODE			COUNTY INVESTMENT POLICY			
	Maximum Remaining Maturity	Authorized % Limit	S&P/ Moody's	Maximum Remaining Maturity	Authorized % Limit	S&P/Moody's/ Fitch	Actual %
MUNICIPAL BONDS (MUNI)	5 YEARS	NO LIMIT	NA	4 YEARS	15%	AA-/Aa3/AA-	2.41%
U.S. TREASURIES	5 YEARS	NO LIMIT	NA	5 YEARS	100%	NA	5.80%
LOCAL AGENCY OBLIGATIONS (LAO)	5 YEARS	NO LIMIT	NA	3 YEARS	2.50%	INVESTMENT GRADE	<0.01%
FEDERAL AGENCIES	5 YEARS	NO LIMIT	AAA	5 YEARS	100%	NA	55.56%
COMMERCIAL PAPER (CP)	270 DAYS	40%	A1/P1	270 DAYS	40%	A1/P1/F1	15.96%
CERTIFICATE & TIME DEPOSITS (NCD & TCD)	5 YEARS	30%	NA	1 YEAR	25% Combined	A1/P1/F1	5.08%
INT'L BANK FOR RECONSTRUCTION AND DEVELOPMENT AND INT'L FINANCE CORPORATION	NA	NA	NA	4 YEARS	20%	AA/Aa/AA	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	2.07%
CALTRUST SHORT TERM FUND	NA	NA	NA	DAILY LIQUIDITY	1.00%	NA	0.06%
MONEY MARKET MUTUAL FUNDS (MMF)	60 DAYS ⁽¹⁾	20%	AAA/Aaa ⁽²⁾	DAILY LIQUIDITY	20%	AAA by 2 Of 3 RATINGS AGC.	3.11%
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	9.95%

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

² Or must have an investment advisor with no fewer than 5 years experience and with assets under management of \$500,000,000 USD.

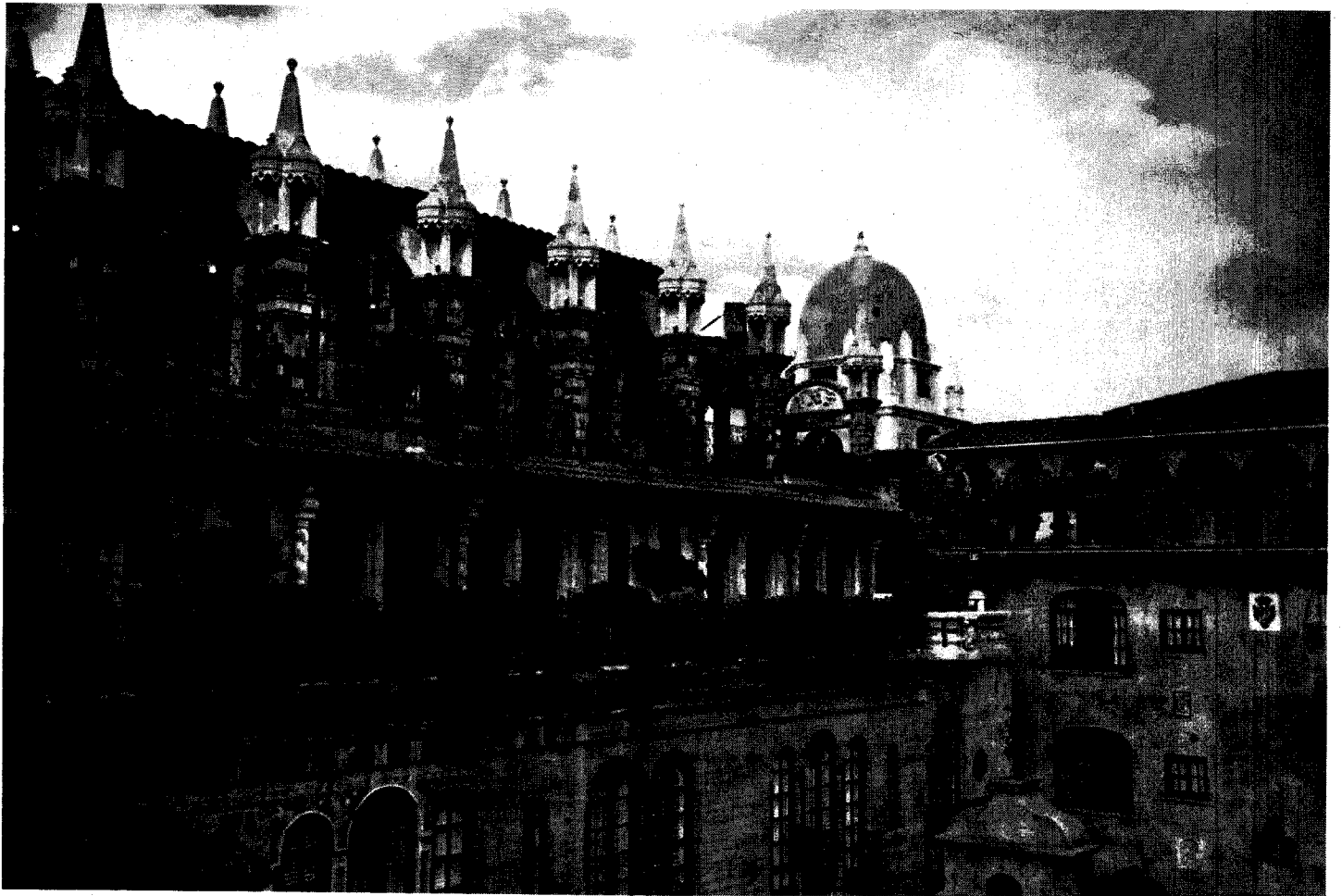
THIS COMPLETES THE REPORT REQUIREMENTS OF CALIFORNIA GOVERNMENT CODE 53646.

Month End Portfolio Holdings

Table with 13 columns: CUSIP, Description, Maturity Date, Coupon, Yield To Mat, Par Value, Book Value, Market Price, Market Value, Unrealized Gain/Loss, Modified Duration, Years To Maturity. Includes sub-sections like 1060: MMT ACCTS-A/365-6, 1065: CLTR-A/365-6, 1080: MGD RATE-A/365-6, 1170: MGD RATE-A/360, 1175: LAO-SINKING FND-A/360, 1300: U.S. TREASURY BILL, 1310: U.S. TREASURY BOND, 1400: FHLMC-DISC NOTE, 1420: FHLMC-Fxd-Q 30/360, 1425: FHLMC-Fxd-S 30/360, 1445: FHLMC-STEP%-S30/360.

Month End Portfolio Holdings

CUSIP	Description	Maturity Date	Coupon	Yield To Mat	Par Value	Book Value	Market Price	Market Value	Unrealized Gain/Loss	Modified Duration	Years To Maturity
4500: NCD-Mat A/360											
06052TH52	BANK OF AMERICA	05/20/2020	1.840	1.840	50,000,000.00	50,000,000.00	100.000000	50,000,000.00	0.00	.462	.471
90333VW30	US BANK	01/15/2020	1.640	1.640	40,000,000.00	40,000,000.00	100.000000	40,000,000.00	0.00	.124	.126
89114NBD6	TORONTO DOMINION	01/27/2020	1.820	1.820	50,000,000.00	50,000,000.00	100.000000	50,000,000.00	0.00	.156	.159
89114NBE4	TORONTO DOMINION	02/25/2020	1.830	1.830	50,000,000.00	50,000,000.00	100.000000	50,000,000.00	0.00	.234	.238
89114NBL8	TORONTO DOMINION	01/27/2020	1.820	1.820	50,000,000.00	50,000,000.00	100.000000	50,000,000.00	0.00	.156	.159
90333VW55	US BANK	05/22/2020	1.760	1.760	50,000,000.00	50,000,000.00	100.000000	50,000,000.00	0.00	.468	.477
89114NBH7	TORONTO DOMINION	05/22/2020	1.820	1.820	50,000,000.00	50,000,000.00	100.000000	50,000,000.00	0.00	.468	.477
			1.794	1.794	340,000,000.00	340,000,000.00	100.000000	340,000,000.00	0.00	.300	.306
	Total Fund		1.859	1.910	6,705,769,966.63	6,686,612,679.23	99.943098	6,701,954,259.60	15,341,580.37	1.088	1.130
Grand Total			1.859	1.910	6,705,769,966.63	6,686,612,679.23	99.943098	6,701,954,259.60	15,341,580.37	1.088	1.130



The Mission Inn, Downtown Riverside. Digital Image. *The Mission Inn*. <http://www.missioninn.com/about-en.html>.



COUNTY OF RIVERSIDE
TREASURER-TAX COLLECTOR
CAPITAL MARKETS

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