



Monterey County Board of Supervisors

Board Order

168 West Alisal Street,
1st Floor
Salinas, CA 93901
831.755.5066
www.co.monterey.ca.us

A motion was made by Supervisor Luis A. Alejo, seconded by Supervisor John M. Phillips to:

- a. Receive and Accept the Treasurer's Report of Investments for the Quarter Ending June 30, 2020, and
- b. Receive and Approve the Treasurer's Investment Policy for FY 2020-2021, and
- c. Renew the Delegation of Investment Authority to the Treasurer-Tax Collector pursuant to California Government Code 53607

PASSED AND ADOPTED on this 28th day of July 2020, by roll call vote:

AYES: Supervisors Alejo, Phillips, Lopez, Parker and Adams

NOES: None

ABSENT: None

(Government Code 54953)

I, Valerie Ralph, Clerk of the Board of Supervisors of the County of Monterey, State of California, hereby certify that the foregoing is a true copy of an original order of said Board of Supervisors duly made and entered in the minutes thereof of Minute Book 82 for the meeting July 28, 2020.

Dated: July 28, 2020
File ID: 20-614
Agenda Item No.: 56

Valerie Ralph, Clerk of the Board of Supervisors
County of Monterey, State of California

Joel Pablo

Joel G. Pablo, Deputy



Monterey County

Board Report

Legistar File Number: 20-614

MPCCD CBOC Meeting - 8/31/20

Agenda Item #6

Item No.

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

July 28, 2020

Introduced: 7/17/2020

Current Status: Agenda Ready

Version: 1

Matter Type: General Agenda Item

- a. Receive and Accept the Treasurer's Report of Investments for the Quarter Ending June 30, 2020, and
- b. Receive and Approve the Treasurer's Investment Policy for FY 2020-2021, and
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RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Receive and Accept the Treasurer's Report of Investments for the Quarter Ending June 30, 2020, and
- b. Receive and Approve the Treasurer's Investment Policy for FY 2020-2021, and
- c. Renew the Delegation of Investment Authority to the Treasurer-Tax Collector pursuant to California Government Code 53607

SUMMARY:

Government Code Section 53646 (b) (1) states the Treasurer may submit a quarterly report of investments. The attached exhibits provide a narrative portfolio review of economic and market conditions that support the investment activity during the April - June period, the investment portfolio position by investment type and the investment portfolio by maturity range.

The Treasurer also reviews the Monterey County Investment Policy annually and has recommended updates for Board approval. These updates will provide additional clarification, revise outdated language, and more clearly define investment guidelines and categories as stated in Government Code §53601(q). In addition, annual Board delegation of investment authority to the Treasurer-Tax Collector is prescribed by Government Code sections 53607 and 53646.

DISCUSSION:

In this final quarter of the fiscal year, the U.S. economy suffered a deep economic recession due to the COVID-19 pandemic. We saw over 40 million Americans applying for unemployment and country-wide protests against racial injustice. Towards the end of the quarter an easing in lockdown measures started to prompt signs of an initial recovery. As the U.S. begins to enter the second half of 2020, markets continue to remain volatile as concerns about a second wave of COVID-19 leaves investors questioning how long it will take for market conditions to recover in the long term.

On June 30, 2020, the Monterey County investment portfolio contained an amortized book value of \$1,803,954,559.57 spread among 192 separate securities and funds. The par value of those funds was \$1,805,293,911.87 with a market value of \$1,803,857,359.57 or 100.0% of amortized book

value. The portfolio's net earned income yield for the period was 1.89%. The portfolio produced an estimated quarterly income of \$9,031,433.43 that will be distributed proportionally to all agencies participating in the investment pool. The investment portfolio had a weighted average maturity of 307 days. The County Treasury continues to use shorter term debt to provide portfolio liquidity. The investment portfolio remains compliant with all applicable provisions of state law and the adopted Investment Policy and contains sufficient liquidity to meet all projected outflows over the next six months. Market value pricings were obtained through resources such as Bloomberg LLP, Union Bank of California and live-bid pricing of corporate securities.

OTHER AGENCY INVOLVEMENT:

A copy of this report will be distributed to all agencies participating in the investment pool and the Treasury Oversight Committee. In addition, the report will be published on the County Treasurer's website. A monthly report of investment transactions is provided to the Board of Supervisors as required by Government Code 53607.

FINANCING:

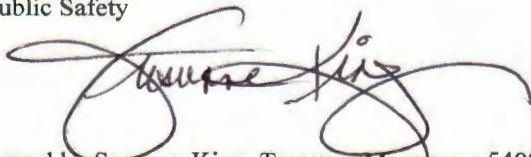
The investment portfolio contains sufficient liquidity to meet all projected expenditures over the next six months. Investment earnings in the General Fund have exceeded budgeted revenue for fiscal year 2019-2020.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

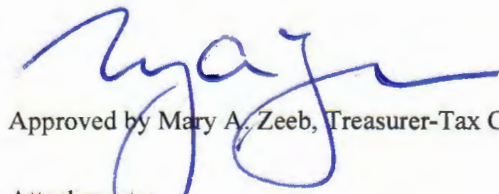
This recommendation supports the Administration initiative by providing transparency and accountability in the management of County funds in the Treasurer's investment portfolio.

Mark a check to the related Board of Supervisors Strategic Initiatives

- Economic Development
- Administration
- Health & Human Services
- Infrastructure
- Public Safety



Prepared by Susanne King, Treasury Manager, x5490



Approved by Mary A. Zeeb, Treasurer-Tax Collector, x5015

Attachments:

Board Report

Exhibit A - Investment Portfolio Review

Exhibit B - Portfolio Management Report 06.30.20

Legistar File Number: 20-614

Exhibit C - Aging Report 07.01.20

Exhibit D - Monterey County Investment Policy 2019-2020 - Red Line

Exhibit E - Monterey County Investment Policy 2020-2021 - Proposed

cc:

Auditor-Controller - Internal Audit Section

All depositors

County Administrative Office

County Counsel

Treasury Oversight Committee

Exhibit A Investment Portfolio Review Quarter Ending June 30, 2020

OVERVIEW

April 1, 2020 – June 30, 2020

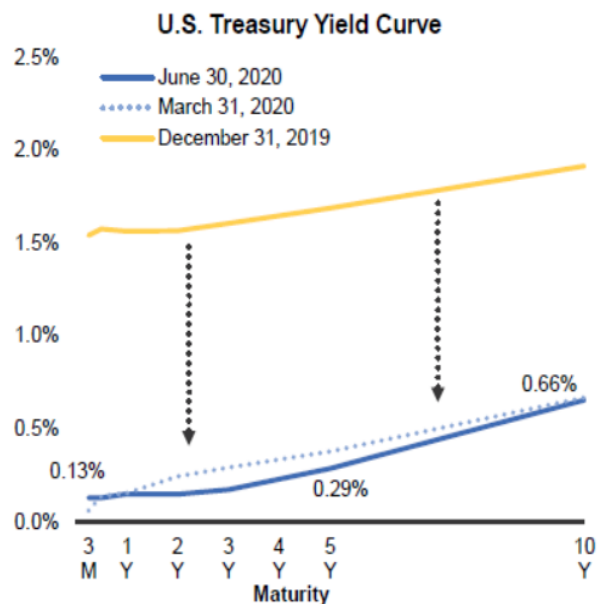
In this final quarter of the fiscal year, the U.S. economy suffered a deep economic recession due to the COVID-19 pandemic. We saw over 40 million Americans applying for unemployment and country-wide protests against racial injustice. Towards the end of the quarter an easing in lockdown measures started to prompt signs of an initial recovery. As the U.S. begins to enter the second half of 2020, markets continue to remain volatile as concerns about a second wave of COVID-19 leaves investors questioning how long it will take for market conditions to recover in the long term.

U.S. TREASURY YIELD CURVE

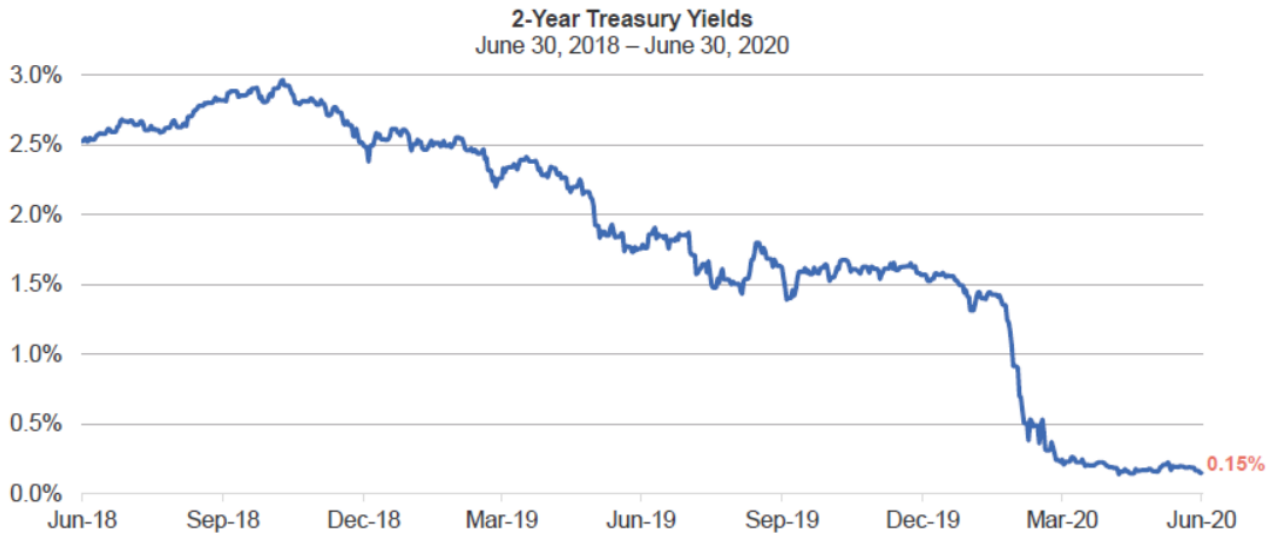
- Yields remained relatively stable throughout the quarter, settling at historical lows.
- The yield curve steepened slightly, driven by less pessimistic economic data and huge Treasury issuance.

	2Q2020 6/30/20	1Q2020 3/31/20	QoQ Change
3 month	0.13%	0.09%	+0.04%
1 year	0.15%	0.15%	0.0%
2 year	0.15%	0.25%	-0.10%
3 year	0.18%	0.29%	-0.11%
5 year	0.29%	0.38%	-0.09%
10 year	0.66%	0.67%	-0.01%
30 year	1.41%	1.32%	+0.09%

Source: Bloomberg, as of 6/30/20.



- The 2-year Treasury decreased by 10 basis points (0.10%) during the quarter to end the quarter at 0.15%.



Source: Bloomberg, as of 6/30/20.

The County Treasury investments continue to focus on capturing relative value while remaining cautious. The following indicators reflect key aspects of the investment portfolio in light of the above noted conditions:

1. Market Access – During the quarter, investment purchases for the portfolio included Federal Agencies, Municipal Bonds and Corporate Notes. The Treasurer continues to keep a higher level of liquid assets reflecting the need to maintain levels of available cash to ensure the ability to meet all cash flow needs.
2. Diversification - The Monterey County Treasurer’s portfolio consists of 192 separate fixed income investments, all of which are authorized by the State of California Government Code 53601 and the Investment Policy.

The portfolio asset spread is detailed in the table below:

Portfolio Asset Composition							
Corporate Notes	Negotiable CDs	Overnight Liquid Assets	US Treasuries	Federal Agencies	Commercial Paper	Supranationals	Municipal Bonds
14.3%	2.1%	20.5%	49.9%	9.0%	3.2%	0.9%	<0.1%

- Total may not equal 100% due to rounding

3. Credit Risk – Approximately 84.7% of the investment portfolio is comprised of U.S. Treasuries, Federal Agency securities, Negotiable CDs and other liquid funds. All assets have a better than investment grade rating. U.S. Treasuries are not specifically rated, but are considered the safest of all investments. All corporate debt (14.3%) is rated in the higher levels of investment grade and all Federal Agency and Municipal holdings are rated AA. The Supranational (0.9%) is rated AAA. The credit quality of the Treasurer’s portfolio continues to be high.

The portfolio credit composition is detailed in the table below:

Portfolio Credit Composition								
AAA	AAAm	AA	A	A-1 (Short Term)	Aaf/S1+ (CalTRUST)	BBB+ (split rated)	Not Rated LAIF	Not Rated by S&P
0.9%	11.8%	62.8%	10.2%	4.7%	4.6%	0.5%	4.1%	0.3%

• Total may not equal 100% due to rounding

4. Liquidity Risk – Liquidity risk, as measured by the ability of the County Treasury to meet withdrawal demands on invested assets, was actively managed during the April - June quarter. The portfolio’s average weighted maturity was 307 days, and the Treasurer maintained \$375M (21%) in overnight investments to provide immediate liquidity to be able to react quickly to unanticipated needs or opportunities in the current volatile environment. In addition, the Treasurer maintained \$851M (47%) in securities with maturities under a year to provide additional enhanced liquidity.

PORTFOLIO CHARACTERISTICS

	<u>March 31, 2020</u>	<u>June 30, 2020</u>
Total Assets	\$1,817,425,030.14	\$1,805,293,911.87
Market Value	\$1,814,484,769.93	\$1,803,857,359.57
Days to Maturity	278	307
Yield	2.25%	1.89%
Estimated Earnings	\$10,116,975.49	\$9,031,433.43

Given the volatile market environment due to the COVID-19 pandemic, the Treasury has a “hold and see” approach leaving maturing investments in short-term accounts for potential liquidity needs. As the situation continues to unfold, the portfolio will continue to be actively managed under the established tenets of safety and liquidity while seeking to maximize the rate of return.

Monterey County Daily Reports
Portfolio Management
Portfolio Details - Investments
June 30, 2020

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	S&P	YTM	Maturity Date
Certificates of Deposit - Bank												
83369XDL9	12356	SOCIETE GENERALE NY		02/19/2020	260,000.00	260,000.00	260,000.00	1.800	A1	A	1.800	02/14/2022
83369XDL9	12357	SOCIETE GENERALE NY		02/19/2020	10,000,000.00	10,000,000.00	10,000,000.00	1.800	A1	A	1.800	02/14/2022
Subtotal and Average			10,260,000.00		10,260,000.00	10,260,000.00	10,260,000.00				1.800	
Money Market Accts - GC 53601(k)(2)												
SYS11672	11672	BlackRock			0.00	0.00	0.00	0.337			0.337	
SYS12159	12159	DREYFUS AMT FREE TAX EXEMPT MM			7,228,792.71	7,228,792.71	7,228,792.71	0.010			0.010	
SYS11830	11830	Federated		07/01/2019	0.00	0.00	0.00	0.101	Aaa	AAA	0.101	
SYS11578	11578	Fidelity Investments			100,000.00	100,000.00	100,000.00	0.114	Aaa	AAA	0.114	
Subtotal and Average			7,325,901.04		7,328,792.71	7,328,792.71	7,328,792.71				0.011	
State Pool - GC 16429.1												
SYS11361	11361	LAIF			75,000,000.00	75,000,000.00	75,000,000.00	2.020			2.020	
Subtotal and Average			75,000,000.00		75,000,000.00	75,000,000.00	75,000,000.00				2.020	
CALTRUST/CAMP - GC 53601(p)												
SYS11801	11801	CalTrust			48,800,000.00	48,800,000.00	48,800,000.00	1.090	Aaa	AAA	1.090	
SYS11802	11802	CalTrust			1,000,000.00	1,000,000.00	1,000,000.00	0.100	Aaa	AAA	0.100	
SYS12296	11803	CalTrust			20,000,000.00	20,000,000.00	20,000,000.00	0.497			0.497	
SYS12211	12211	CalTrust			13,900,000.00	13,900,000.00	13,900,000.00	0.236			0.236	
SYS12219	12219	CalTrust			330,965.99	330,965.99	330,965.99	0.237			0.237	
SYS10379	10379	Calif. Asset Mgmt			208,550,000.00	208,550,000.00	208,550,000.00	0.515		AAA	0.515	
SYS11961	11961	Calif. Asset Mgmt		07/01/2019	0.00	0.00	0.00	0.658		AAA	0.658	
Subtotal and Average			434,853,443.38		292,580,965.99	292,580,965.99	292,580,965.99				0.595	
SWEEP ACCOUNT-MORG STNLY												
SYS12041	12041	Morgan Stanley			1.00	1.00	1.00	704.694			704.694	
Subtotal and Average			1.00		1.00	1.00	1.00				704.694	
SWEEP ACCOUNT - CUSTOM												
SYS12138	12138	Morgan Stanley			104,152.17	104,152.17	104,152.17	0.061			0.061	
Subtotal and Average			151,505.20		104,152.17	104,152.17	104,152.17				0.061	
Medium Term Notes - GC 53601(k)												
88579YAX9	12247	MMM COMPANY		01/11/2019	250,000.00	244,500.20	244,500.20	2.250			3.123	03/15/2023

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Medium Term Notes - GC 53601(k)												
88579YBF7	12334	MMM COMPANY		11/27/2019	3,440,000.00	3,491,701.43	3,491,701.43	2.750	A1	AA-	1.825	03/01/2022
88579YBF7	12348	MMM COMPANY		01/15/2020	5,000,000.00	5,077,663.19	5,077,663.19	2.750	A1	AA-	1.795	03/01/2022
88579YBH3	12359	MMM COMPANY		02/24/2020	130,000.00	131,001.24	131,001.24	2.000	A1	AA-	1.825	02/14/2025
023135AM8	12301	Amazon		05/31/2019	4,500,000.00	4,551,249.33	4,551,249.33	3.300	A3	AA-	2.472	12/05/2021
023135AW6	12317	Amazon		09/03/2019	200,000.00	203,165.94	203,165.94	2.400	A3	AA-	1.936	02/22/2023
023135BP0	12375	Amazon		06/03/2020	5,415,000.00	5,407,615.54	5,407,615.54	0.400			0.447	06/03/2023
025816BM0	12156	American Express Credit		08/21/2017	250,000.00	249,906.25	249,906.25	2.500	A3	BBB+	2.519	08/01/2022
0258MOEB1	12323	American Express Credit		10/28/2019	4,000,000.00	4,012,115.54	4,012,115.54	2.250	A2	A-	1.863	05/05/2021
037833CQ1	12151	Apple Inc Corp Notes		08/17/2017	250,000.00	250,539.66	250,539.66	2.300	Aa1	AA+	2.177	05/11/2022
037833AR1	12268	Apple Inc Corp Notes		02/22/2019	3,825,000.00	3,829,496.06	3,829,496.06	2.850	Aa1	AA+	2.705	05/06/2021
037833CC2	12284	Apple Inc Corp Notes		04/09/2019	5,000,000.00	4,946,839.10	4,946,839.10	1.550	Aa1	AA+	2.559	08/04/2021
037833DV9	12383	Apple Inc Corp Notes		06/30/2020	5,000,000.00	5,049,601.84	5,049,601.84	0.750	Aa1	AA+	0.401	05/11/2023
05531FAV5	12153	BB&T Corporation		08/21/2017	250,000.00	249,894.42	249,894.42	2.050	A2	A-	2.101	05/10/2021
05531FAZ6	12325	BB&T Corporation		11/19/2019	5,000,000.00	5,006,003.47	5,006,003.47	2.150	A2	A-	1.940	02/01/2021
06406FAD5	12371	Bank of New York Mellon Corp		05/21/2020	125,000.00	129,620.71	129,620.71	2.200	A1	A	0.932	08/16/2023
06051GGE3	12202	Bank of America Corp		06/07/2018	250,000.00	247,930.45	247,930.45	3.124	A3	A-	3.477	01/20/2023
06051GFW4	12234	Bank of America Corp		12/14/2018	5,000,000.00	4,966,070.53	4,966,070.53	2.625	Baa1	BBB+	3.515	04/19/2021
06051GGY9	12332	Bank of America Corp		11/27/2019	5,000,000.00	5,027,086.08	5,027,086.08	2.738	A2	A-	2.379	01/23/2022
084664BT7	12182	Berkshire Hathaway Finance		03/12/2018	250,000.00	250,228.70	250,228.70	3.000	Aa2	AA	2.947	05/15/2022
084664BT7	12291	Berkshire Hathaway Finance		04/26/2019	8,625,000.00	8,700,799.70	8,700,799.70	3.000	Aa2	AA	2.509	05/15/2022
14913Q2E8	12183	CATERPILLAR FINL SERVC		03/12/2018	250,000.00	246,775.05	246,775.05	2.550	A3	A	3.129	11/29/2022
14913Q2G3	12276	CATERPILLAR FINL SERVC		03/15/2019	6,125,000.00	6,132,692.32	6,132,692.32	2.900	A3	A	2.716	03/15/2021
14913Q2W8	12346	CATERPILLAR FINL SERVC		01/14/2020	5,000,000.00	5,037,390.06	5,037,390.06	2.650	A3	A	1.783	05/17/2021
166764AY6	12208	Chevron Corp. Global		06/25/2018	2,155,000.00	2,151,035.60	2,151,035.60	2.419	Aa2	AA-	2.926	11/17/2020
16764BV1	12368	Chevron Corp. Global		05/11/2020	75,000.00	75,000.00	75,000.00	1.141			1.141	05/11/2023
17275RBD3	12150	Cisco Systems Inc Corp		08/17/2017	250,000.00	250,401.84	250,401.84	2.200	A1	AA-	1.946	02/28/2021
17275RBD3	12302	Cisco Systems Inc Corp		05/31/2019	5,000,000.00	4,991,772.93	4,991,772.93	2.200	A1	AA-	2.456	02/28/2021
172967LC3	12307	Citibank		06/07/2019	3,840,000.00	3,859,037.54	3,859,037.54	2.900	A3	BBB+	2.530	12/08/2021
172967GL9	12308	Citibank		07/12/2019	250,000.00	255,390.37	255,390.37	3.375	A3	BBB+	2.523	03/01/2023
172967KK6	12326	Citibank		11/19/2019	5,000,000.00	5,024,763.34	5,024,763.34	2.700	A3	BBB+	2.024	03/30/2021
191216BG4	12250	Coca- Cola Co		01/14/2019	5,000,000.00	4,994,139.10	4,994,139.10	2.450	A1	A+	2.812	11/01/2020
191216AV2	12288	Coca- Cola Co		04/09/2019	4,980,000.00	5,019,866.58	5,019,866.58	3.300	Aa3	A+	2.587	09/01/2021
254687FK7	12319	The Walt Disney Copr		09/06/2019	240,000.00	239,213.47	239,213.47	1.750			1.851	08/30/2024
369550AR9	12237	General Dynamics Corp		12/14/2018	10,000,000.00	10,060,097.10	10,060,097.10	3.875	A2	A+	3.266	07/15/2021
38145GAG5	12205	Goldman Sachs		06/07/2018	250,000.00	246,456.61	246,456.61	2.350	A3	BBB+	3.454	11/15/2021
437076AW2	12235	Home Depot Inc		12/14/2018	2,750,000.00	2,772,526.39	2,772,526.39	4.400	A2	A	3.256	04/01/2021

**Monterey County Daily Reports
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June 30, 2020**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	S&P	YTM	Maturity Date
Medium Term Notes - GC 53601(k)												
438516BW5	12370	Honeywell Internatioanl		05/20/2020	100,000.00	105,153.62	105,153.62	2.300	A2	A	0.995	08/15/2024
02665WBF7	12286	American Honda Finance		04/09/2019	5,000,000.00	4,948,411.38	4,948,411.38	1.650	A1	A+	2.688	07/12/2021
02665WCZ2	12318	American Honda Finance		09/03/2019	200,000.00	202,865.37	202,865.37	2.400			2.021	06/27/2024
02665WDF5	12333	American Honda Finance		11/27/2019	5,000,000.00	4,999,809.91	4,999,809.91	1.950	A2	A	1.952	05/20/2022
4581X0DB1	12191	Inter-America Devel BK		04/19/2018	285,000.00	284,832.80	284,832.80	2.625	Aaa		2.687	04/19/2021
44932HAH6	12181	IBM Corp Notes		03/12/2018	250,000.00	248,697.41	248,697.41	3.000	A1	A+	3.218	02/06/2023
24422EUA5	12180	John Deere Capital Corp		03/12/2018	250,000.00	247,055.10	247,055.10	2.700	A2	A	3.209	01/06/2023
24422ETB5	12278	John Deere Capital Corp		03/22/2019	5,000,000.00	4,998,187.15	4,998,187.15	2.450	A2	A	2.641	09/11/2020
24422EVH9	12374	John Deere Capital Corp		06/04/2020	3,340,000.00	3,337,327.76	3,337,327.76	0.700	A2	A	0.726	07/05/2023
24422EVH9	12382	John Deere Capital Corp		06/30/2020	5,000,000.00	5,021,929.77	5,021,929.77	0.700	A2	A	0.553	07/05/2023
46625HHU7	12157	JP Morgan Chase		08/21/2017	250,000.00	251,473.56	251,473.56	4.250	A3	A-	2.129	10/15/2020
46623EKG3	12324	JP Morgan Chase		11/13/2019	5,000,000.00	5,006,424.37	5,006,424.37	2.295	A2	A-	2.177	08/15/2021
46625HJD3	12329	JP Morgan Chase		11/18/2019	5,000,000.00	5,187,738.30	5,187,738.30	4.500	A2	A-	2.032	01/24/2022
46625HJD3	12341	JP Morgan Chase		12/17/2019	5,000,000.00	5,188,720.28	5,188,720.28	4.500	A2	A-	2.022	01/24/2022
57636QAB0	12282	MASTERCARD INC		04/04/2019	250,000.00	255,891.69	255,891.69	3.375	A2	A+	2.699	04/01/2024
58933YAQ8	12316	MERCK & CO INC		09/03/2019	10,000,000.00	10,097,380.27	10,097,380.27	2.350	A1	AA	1.729	02/10/2022
594918BX1	12363	MICROSOFT CORP		03/11/2020	125,000.00	131,934.70	131,934.70	2.875	Aaa	AAA	1.289	02/06/2024
68389XBB0	12148	Oracle Corp		08/17/2017	250,000.00	251,161.15	251,161.15	2.500	A1	AA-	2.471	05/15/2022
742718EN5	12154	Procter & Gamble Co		08/21/2017	250,000.00	249,922.21	249,922.21	1.850	Aa3	AA-	1.905	02/02/2021
742718EN5	12253	Procter & Gamble Co		01/15/2019	3,475,000.00	3,457,599.59	3,457,599.59	1.850	Aa3	AA-	2.734	02/02/2021
713448DX3	12236	Pepsico Inc Corp Note		12/14/2018	3,800,000.00	3,766,225.27	3,766,225.27	2.000	A1	A+	3.177	04/15/2021
713448DX3	12249	Pepsico Inc Corp Note		01/14/2019	5,000,000.00	4,966,749.94	4,966,749.94	2.000	A1	A+	2.876	04/15/2021
713448EY0	12367	Pepsico Inc Corp Note		05/01/2020	60,000.00	59,887.80	59,887.80	0.750			0.817	05/01/2023
717081ES8	12280	PFIZER INC		04/04/2019	250,000.00	252,222.71	252,222.71	2.950	A1	AA	2.692	03/15/2024
717081DR1	12303	PFIZER INC		06/04/2019	5,000,000.00	5,016,811.92	5,016,811.92	5.200	A1	AA	2.190	08/12/2020
717081DZ3	12315	PFIZER INC		09/03/2019	5,000,000.00	5,028,271.78	5,028,271.78	2.200	A1	AA	1.801	12/15/2021
69353RFT0	12360	PNC Bank NA		02/25/2020	4,130,000.00	4,130,000.00	4,130,000.00	1.743		A	1.743	02/24/2023
808513AW5	12196	Charles Schwab Corp		05/22/2018	160,000.00	159,998.58	159,998.58	3.250	A2		3.251	05/21/2021
857477AS2	12158	State Street Corp		08/21/2017	250,000.00	250,213.62	250,213.62	2.550	A1	A	1.874	08/18/2020
857477AS2	12266	State Street Corp		02/19/2019	2,125,000.00	2,124,414.46	2,124,414.46	2.550	A1	A	2.767	08/18/2020
857477AV5	12267	State Street Corp		02/22/2019	8,723,000.00	8,650,575.75	8,650,575.75	1.950	A1	A	2.927	05/19/2021
857477AV5	12269	State Street Corp		02/22/2019	1,300,000.00	1,289,186.03	1,289,186.03	1.950	A1	A	2.929	05/19/2021
857477AV5	12304	State Street Corp		06/04/2019	5,000,000.00	4,985,182.55	4,985,182.55	1.950	A1	A	2.295	05/19/2021
89236TCQ6	12165	Toyota Motor Corporation		08/22/2017	250,000.00	252,724.74	252,724.74	2.800	Aa3	AA-	2.231	07/13/2022
89233P5T9	12231	Toyota Motor Corporation		12/07/2018	5,000,000.00	4,998,492.78	4,998,492.78	3.300	Aa3	AA-	3.320	01/12/2022
89236TEU5	12279	Toyota Motor Corporation		03/22/2019	5,000,000.00	5,013,015.38	5,013,015.38	2.950	Aa3	AA-	2.606	04/13/2021

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Medium Term Notes - GC 53601(k)												
89233P5F9	12311	Toyota Motor Corporation		07/18/2019	5,000,000.00	5,069,959.46	5,069,959.46	3.400	Aa3	AA-	2.204	09/15/2021
89236TGJ8	12347	Toyota Motor Corporation		01/15/2020	5,000,000.00	5,002,492.60	5,002,492.60	1.800	Aa3	AA-	1.759	10/07/2021
89236TGT6	12358	Toyota Motor Corporation		02/21/2020	130,000.00	129,743.19	129,743.19	1.800	Aa3	AA-	1.845	02/13/2025
882508AY0	12298	Texas Instruments INC		05/30/2019	4,400,000.00	4,410,183.88	4,410,183.88	2.750	A1	A+	2.392	03/12/2021
904764BG1	12369	Unilever Capital Corp		05/20/2020	60,000.00	64,832.96	64,832.96	3.250	A1	A+	0.968	03/07/2024
911312BP0	12170	UNITED PARCEL SERVICE		11/14/2017	200,000.00	199,929.89	199,929.89	2.050	A1		2.099	04/01/2021
91159HHA1	12152	US BANCORP		08/17/2017	250,000.00	255,213.16	255,213.16	4.125	A1	A+	2.215	08/24/2021
91159HHL7	12300	US BANCORP		05/31/2019	4,287,000.00	4,283,749.34	4,283,749.34	2.350	A1	A+	2.484	01/29/2021
91159HHX1	12313	US BANCORP		08/06/2019	200,000.00	200,997.35	200,997.35	2.400			2.270	07/30/2024
91159HHC7	12322	US BANCORP		10/28/2019	3,500,000.00	3,562,388.70	3,562,388.70	3.000	A1	A+	1.888	03/15/2022
92826CAC6	12203	Visa Inc		06/07/2018	250,000.00	247,856.27	247,856.27	2.800	A1	A+	3.178	12/14/2022
931142EJ8	12223	Walmart Inc		10/31/2018	10,000,000.00	10,003,068.91	10,003,068.91	3.125	Aa2	AA	3.091	06/23/2021
Subtotal and Average			240,540,673.09		251,275,000.00	252,226,493.09	252,226,493.09				2.310	
Negotiable CDs - GC 53601(i)												
22535CDU2	12281	Credit Agricole CIB NY		04/04/2019	250,000.00	250,000.00	250,000.00	2.830	A1	A+	2.869	04/02/2021
55379WZT6	12272	MUFG Bank LTD/NY		02/28/2019	10,000,000.00	10,000,000.00	10,000,000.00	2.970		A-1	3.020	02/26/2021
55379WZT6	12273	MUFG Bank LTD/NY		02/28/2019	250,000.00	250,000.00	250,000.00	2.970		A-1	2.970	02/26/2021
867914BM4	12340	SUNTRUST BANKS INC		12/16/2019	5,000,000.00	5,046,187.39	5,046,187.39	2.700	A3	A-	2.072	01/27/2022
87019U6D6	12172	Swedbank		11/17/2017	18,000,000.00	17,902,800.00	18,000,000.00	2.270			2.270	11/16/2020
Subtotal and Average			33,549,805.72		33,500,000.00	33,448,987.39	33,546,187.39				2.473	
Commercial Paper Disc.- GC 53601(h)												
09659BHB9	12327	BNP Paribas NY		11/18/2019	10,000,000.00	9,979,044.44	9,979,044.44	1.840	P-1	A-1	1.889	08/11/2020
09659BHR4	12361	BNP Paribas NY		02/28/2020	12,600,000.00	12,573,050.00	12,573,050.00	1.400	P-1	A-1	1.410	08/25/2020
22533TGF7	12328	Credit Agricole CIB NY		11/18/2019	25,000,000.00	24,982,208.33	24,982,208.33	1.830	P-1	A-1	1.875	07/15/2020
62479LH40	12351	MUFG Bank LTD/NY		02/04/2020	10,000,000.00	9,984,511.11	9,984,511.11	1.640	P-1	A-1	1.654	08/04/2020
Subtotal and Average			85,213,988.30		57,600,000.00	57,518,813.88	57,518,813.88				1.737	
Fed Agcy Coupon Sec - GC 53601(f)												
3130AF5B9	12222	Federal Home Loan Bank		10/12/2018	10,000,000.00	9,998,719.44	9,998,719.44	3.000			3.011	10/12/2021
3130AEWA4	12243	Federal Home Loan Bank		01/03/2019	10,000,000.00	10,001,490.45	10,001,490.45	2.625	Aaa	AA+	2.563	10/01/2020
3130AFW94	12264	Federal Home Loan Bank		02/15/2019	370,000.00	369,051.52	369,051.52	2.500			2.576	02/13/2024
3137EAE19	12242	Federal Home Loan Mtg Corp		01/03/2019	10,000,000.00	9,990,386.63	9,990,386.63	2.375	Aaa	AA+	2.533	02/16/2021
3134GVS74	12376	Federal Home Loan Mtg Corp		06/17/2020	25,000,000.00	25,000,000.00	25,000,000.00	0.520			0.520	06/16/2023
3134GVT24	12377	Federal Home Loan Mtg Corp		06/22/2020	25,000,000.00	25,000,000.00	25,000,000.00	0.360			0.360	12/22/2022

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Fed Agcy Coupon Sec - GC 53601(f)												
3137EAES4	12384	Federal Home Loan Mtg Corp		06/30/2020	25,000,000.00	24,962,285.08	24,962,285.08	0.250	Aaa	AA+	0.301	06/26/2023
3135G0V34	12263	Federal National Mtg Assn		02/08/2019	335,000.00	334,102.63	334,102.63	2.500			2.580	02/05/2024
3135G03U5	12366	Federal National Mtg Assn		04/24/2020	470,000.00	469,067.88	469,067.88	0.625	Aaa	AA+	0.667	04/22/2025
3135G04Q3	12372	Federal National Mtg Assn		05/22/2020	240,000.00	239,303.69	239,303.69	0.250	Aaa	AA+	0.351	05/22/2023
3135G03U5	12373	Federal National Mtg Assn		06/03/2020	450,000.00	452,736.73	452,736.73	0.625	Aaa	AA+	0.497	04/22/2025
3135G04R1	12378	Federal National Mtg Assn		06/18/2020	25,000,000.00	24,996,296.12	24,996,296.12	0.500		AA+	0.505	05/25/2023
3135G04Z3	12380	Federal National Mtg Assn		06/19/2020	545,000.00	543,879.38	543,879.38	0.500			0.542	06/17/2025
3135G04Q3	12381	Federal National Mtg Assn		06/30/2020	31,000,000.00	30,983,276.07	30,983,276.07	0.250	Aaa	AA+	0.269	05/22/2023
Subtotal and Average			41,863,480.21		163,410,000.00	163,340,595.62	163,340,595.62				0.822	
US Treasury Note-GC 53601(b)												
912828H86	12160	U.S. Treasury		08/18/2017	2,000,000.00	1,993,355.25	1,993,355.25	1.500	Aaa		1.719	01/31/2022
912828T67	12161	U.S. Treasury		08/18/2017	2,000,000.00	1,988,846.19	1,988,846.19	1.250	Aaa	AA+	1.685	10/31/2021
912828Q78	12162E	U.S. Treasury		08/18/2017	1,455,000.00	1,452,284.87	1,452,284.87	1.375	Aaa		1.607	04/30/2021
9128282P4	12179A	U.S. Treasury		03/12/2018	780,000.00	768,682.06	768,682.06	1.875	Aaa		2.617	07/31/2022
912828Z22	12217	U.S. Treasury		09/14/2018	5,375,000.00	5,357,913.81	5,357,913.81	1.625			2.760	10/15/2020
912828A83	12220	U.S. Treasury		10/01/2018	21,000,000.00	20,953,065.55	20,953,065.55	2.375	Aaa		2.838	12/31/2020
9128284B3	12224	U.S. Treasury		10/31/2018	10,100,000.00	10,066,982.38	10,066,982.38	2.375	Aaa		2.858	03/15/2021
912828B58	12225	U.S. Treasury		10/31/2018	20,000,000.00	19,917,117.25	19,917,117.25	2.125	Aaa		2.861	01/31/2021
9128284D9	12226	U.S. Treasury		11/07/2018	850,000.00	838,774.59	838,774.59	2.500	Aaa		3.017	03/31/2023
912828F21	12228	U.S. Treasury		11/30/2018	20,330,000.00	20,158,207.82	20,158,207.82	2.125	Aaa		2.834	09/30/2021
912828WN6	12229	U.S. Treasury		11/30/2018	15,160,000.00	15,050,381.10	15,050,381.10	2.000	Aaa	AA+	2.824	05/31/2021
9128284W7	12230	U.S. Treasury		11/30/2018	15,000,000.00	14,986,397.24	14,986,397.24	2.750	Aaa		2.834	08/15/2021
912828XM7	12233	U.S. Treasury		12/14/2018	20,000,000.00	19,981,486.34	19,981,486.34	1.625	Aaa		2.784	07/31/2020
912828B90	12239	U.S. Treasury		12/14/2018	20,000,000.00	19,901,368.88	19,901,368.88	2.000	Aaa		2.772	02/28/2021
912828Q37	12240	U.S. Treasury		12/14/2018	19,600,000.00	19,389,238.42	19,389,238.42	1.250	Aaa	AA+	2.744	03/31/2021
9128282Q2	12241	U.S. Treasury		12/18/2018	25,550,000.00	25,513,092.03	25,513,092.03	1.500	Aaa	AA+	2.705	08/15/2020
9128283G3	12244	U.S. Treasury		01/08/2019	11,240,000.00	11,207,391.99	11,207,391.99	1.750	Aaa		2.547	11/15/2020
912828T91	12245	U.S. Treasury		01/11/2019	500,000.00	485,472.67	485,472.67	1.625	Aaa		2.557	10/31/2023
912828VB3	12246	U.S. Treasury		01/11/2019	785,000.00	767,928.42	767,928.42	1.750	Aaa		2.555	05/15/2023
912828WC0	12248	U.S. Treasury		01/14/2019	20,200,000.00	20,146,584.32	20,146,584.32	1.750	Aaa		2.566	10/31/2020
9128285R7	12251	U.S. Treasury		01/15/2019	21,750,000.00	21,783,528.06	21,783,528.06	2.625	Aaa		2.514	12/15/2021
9128283Q1	12252A	U.S. Treasury		01/15/2019	10,000,000.00	9,971,115.12	9,971,115.12	2.000			2.550	01/15/2021
9128283L2	12254	U.S. Treasury		01/31/2019	25,250,000.00	25,171,976.25	25,171,976.25	1.875	Aaa		2.572	12/15/2020
9128282Z2	12257	U.S. Treasury		01/31/2019	25,300,000.00	25,234,084.97	25,234,084.97	1.625			2.549	10/15/2020
912828L65	12258	U.S. Treasury		01/31/2019	25,500,000.00	25,427,394.92	25,427,394.92	1.375	Aaa	AA+	2.551	09/30/2020

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US Treasury Note-GC 53601(b)												
9128284B3	12259	U.S. Treasury		01/31/2019	25,000,000.00	24,975,680.56	24,975,680.56	2.375	Aaa		2.517	03/15/2021
912828V23	12260C	U.S. Treasury		01/31/2019	500,000.00	494,938.29	494,938.29	2.250	Aaa		2.560	12/31/2023
912828U57	12261	U.S. Treasury		02/08/2019	500,000.00	494,035.96	494,035.96	2.125	Aaa		2.498	11/30/2023
912828P38	12262	U.S. Treasury		02/08/2019	700,000.00	687,298.05	687,298.05	1.750	Aaa		2.492	01/31/2023
9128284G2	12265	U.S. Treasury		02/19/2019	17,785,000.00	17,765,399.16	17,765,399.16	2.375	Aaa		2.519	04/15/2021
912828B90	12270	U.S. Treasury		02/26/2019	29,000,000.00	28,904,256.48	28,904,256.48	2.000	Aaa		2.514	02/28/2021
912828C57	12271	U.S. Treasury		02/27/2019	10,000,000.00	9,982,669.15	9,982,669.15	2.250	Aaa		2.489	03/31/2021
9128286G0	12274	U.S. Treasury		03/07/2019	400,000.00	397,507.34	397,507.34	2.375	Aaa		0.000	02/29/2024
912828WG1	12277	U.S. Treasury		03/18/2019	10,000,000.00	9,984,249.34	9,984,249.34	2.250	Aaa		2.445	04/30/2021
912828Q78	12283	U.S. Treasury		04/05/2019	10,000,000.00	9,922,972.47	9,922,972.47	1.375	Aaa		2.332	04/30/2021
912828QN3	12285	U.S. Treasury		04/09/2019	24,600,000.00	24,759,362.78	24,759,362.78	3.125	Aaa		2.357	05/15/2021
912828Q2	12289	U.S. Treasury		04/15/2019	17,675,000.00	17,655,008.67	17,655,008.67	1.500	Aaa	AA+	2.437	08/15/2020
912828VP2	12290	U.S. Treasury		04/23/2019	10,000,000.00	9,996,622.98	9,996,622.98	2.000	Aaa	AA+	2.419	07/31/2020
912828VP2	12293	U.S. Treasury		04/26/2019	25,000,000.00	24,992,580.66	24,992,580.66	2.000	Aaa	AA+	2.368	07/31/2020
912828L65	12295	U.S. Treasury		04/26/2019	25,300,000.00	25,239,127.17	25,239,127.17	1.375	Aaa	AA+	2.365	09/30/2020
912828WN6	12297	U.S. Treasury		05/17/2019	20,000,000.00	19,957,619.55	19,957,619.55	2.000	Aaa	AA+	2.238	05/31/2021
912828WJ5	12305	U.S. Treasury		06/06/2019	500,000.00	510,587.87	510,587.87	2.500	Aaa	AA+	1.924	05/15/2024
912828S35	12309	U.S. Treasury		07/12/2019	750,000.00	740,510.84	740,510.84	1.375	Aaa	AA+	1.815	06/30/2023
912828S27	12310	U.S. Treasury		07/17/2019	20,000,000.00	19,856,219.36	19,856,219.36	1.125	Aaa	AA+	1.863	06/30/2021
912828S76	12312	U.S. Treasury		07/19/2019	20,000,000.00	19,845,910.79	19,845,910.79	1.125	Aaa	AA+	1.855	07/31/2021
912828T34	12314	U.S. Treasury		09/03/2019	30,000,000.00	29,849,134.23	29,849,134.23	1.125	Aaa	AA+	1.536	09/30/2021
912828Q29	12320	U.S. Treasury		09/06/2019	950,000.00	954,030.81	954,030.81	1.500	Aaa	AA+	1.341	03/31/2023
912828T67	12330	U.S. Treasury		11/18/2019	40,350,000.00	40,152,987.36	40,152,987.36	1.250	Aaa	AA+	1.624	10/31/2021
912828YM6	12331	U.S. Treasury		11/19/2019	170,000.00	168,819.71	168,819.71	1.500	Aaa	AA+	1.668	10/31/2024
912828U81	12335	U.S. Treasury		11/27/2019	25,000,000.00	25,144,806.99	25,144,806.99	2.000	Aaa	AA+	1.605	12/31/2021
912828S27	12336	U.S. Treasury		11/27/2019	25,000,000.00	24,874,576.43	24,874,576.43	1.125	Aaa	AA+	1.636	06/30/2021
912828RR3	12337	U.S. Treasury		11/27/2019	25,800,000.00	25,939,322.02	25,939,322.02	2.000	Aaa	AA+	1.599	11/15/2021
912828F6	12339	U.S. Treasury		12/16/2019	9,575,000.00	9,516,781.82	9,516,781.82	1.125	Aaa	AA+	1.656	08/31/2021
9128287A2	12342	U.S. Treasury		12/19/2019	25,000,000.00	24,990,461.48	24,990,461.48	1.625	Aaa	AA+	1.663	06/30/2021
912828Q37	12343	U.S. Treasury		12/19/2019	25,000,000.00	24,927,083.33	24,927,083.33	1.250	Aaa	AA+	1.645	03/31/2021
912828M98	12344A	U.S. Treasury		12/19/2019	20,870,000.00	20,869,285.79	20,869,285.79	1.625	Aaa	AA+	1.633	11/30/2020
912828YT1	12345	U.S. Treasury		12/19/2019	24,900,000.00	24,854,798.81	24,854,798.81	1.500	Aaa	AA+	1.608	11/30/2021
912828YJ3	12349	U.S. Treasury		01/15/2020	11,800,000.00	11,784,505.41	11,784,505.41	1.500	Aaa	AA+	1.607	09/30/2021
912828Z52	12352	U.S. Treasury		02/05/2020	500,000.00	500,035.91	500,035.91	1.375	Aaa	AAA	1.373	01/31/2025
912828YM6	12353	U.S. Treasury		02/05/2020	500,000.00	502,537.78	502,537.78	1.500	Aaa	AA+	1.378	10/31/2024
912828YY0	12354A	U.S. Treasury		02/05/2020	370,000.00	376,036.42	376,036.42	1.750	Aaa	AA+	1.374	12/31/2024

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Portfolio Details - Investments
June 30, 2020**

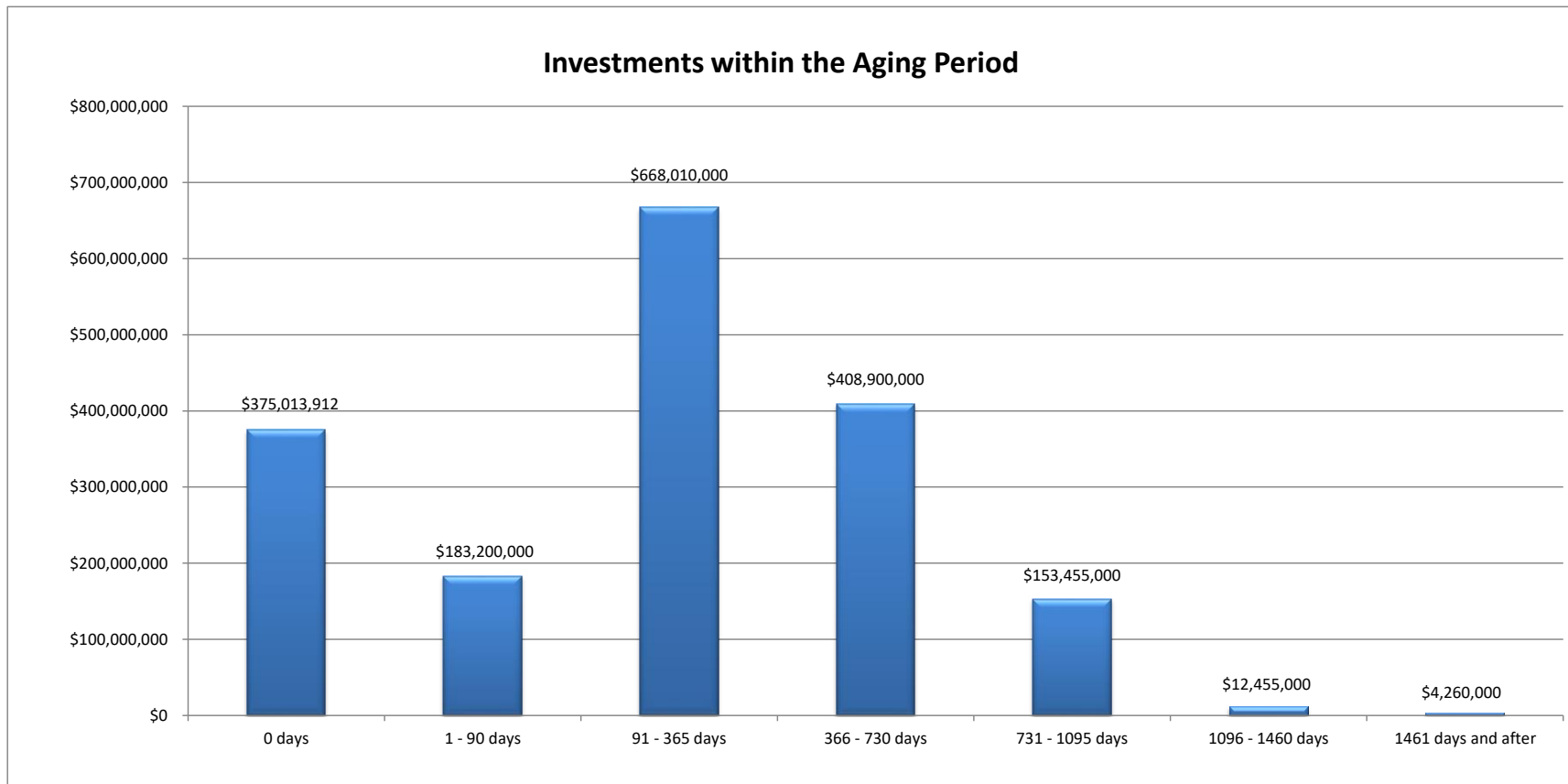
CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	S&P	YTM	Maturity Date
US Treasury Note-GC 53601(b)												
912828ZC7	12362	U.S. Treasury		03/04/2020	400,000.00	405,359.85	405,359.85	1.125	Aaa	AA+	0.831	02/28/2025
912828ZR4	12379	U.S. Treasury		06/18/2020	25,000,000.00	24,964,526.92	24,964,526.92	0.125	Aaa	AA+	0.199	05/31/2022
		Subtotal and Average	968,268,087.96		898,620,000.00	896,450,319.04	896,450,319.04				2.189	
Supranationals												
4581X0DM7	12365	INTER AMERICAN DEVEL BK		04/24/2020	270,000.00	269,913.74	269,913.74	0.500			0.511	05/24/2023
459058GA5	12195	INTL BK RECON & DEVELP		04/30/2018	15,000,000.00	14,973,463.86	14,973,463.86	1.626	Aaa	AAA	2.675	09/04/2020
		Subtotal and Average	20,999,472.66		15,270,000.00	15,243,377.60	15,243,377.60				2.637	
Municipal Bonds												
13063DGA0	12192	California TXBL		04/25/2018	290,000.00	290,002.97	290,002.97	2.800	Aa3	AA-	2.799	04/01/2021
13063DUY2	12364	California TXBL		04/22/2020	55,000.00	64,858.11	64,858.11	5.000	Aa2		1.051	03/01/2025
		Subtotal and Average	340,047.52		345,000.00	354,861.08	354,861.08				2.479	
		Total and Average	1,918,366,406.07		1,805,293,911.87	1,803,857,359.57	1,803,954,559.57				1.800	



Exhibit C Monterey County Aging Report By Maturity Date As of July 01, 2020

MPCCD CBOC Meeting - 8/31/20
Agenda Item #6

Aging Interval:	Maturity Dates	Maturities	Maturity Par Value	Percent of Portfolio	Current Book Value	Current Market Value
Aging Interval: 0 days	(07/01/2020 - 07/01/2020)	14 Maturities	375,013,911.87	20.79%	375,013,911.87	375,013,911.87
Aging Interval: 1 - 90 days	(07/02/2020 - 09/29/2020)	14 Maturities	183,200,000.00	10.15%	183,020,695.57	183,020,695.57
Aging Interval: 91 - 365 days	(09/30/2020 - 07/01/2021)	63 Maturities	668,010,000.00	36.94%	666,427,738.21	666,330,538.21
Aging Interval: 366 - 730 days	(07/02/2021 - 07/01/2022)	43 Maturities	408,900,000.00	22.69%	409,346,044.90	409,346,044.90
Aging Interval: 731 - 1095 days	(07/02/2022 - 07/01/2023)	29 Maturities	153,455,000.00	8.50%	153,374,406.43	153,374,406.43
Aging Interval: 1096 - 1460 days	(07/02/2023 - 06/30/2024)	15 Maturities	12,455,000.00	0.69%	12,482,321.95	12,482,321.95
Aging Interval: 1461 days and after	(07/01/2024 -)	14 Maturities	4,260,000.00	0.24%	4,289,440.64	4,289,440.64
Total for 192 Investments			1,805,293,911.87	100.00	1,803,954,559.57	1,803,857,359.57





MONTEREY COUNTY TREASURER'S INVESTMENT POLICY

FISCAL YEAR 2020-2021

APPROVED BY THE BOARD OF SUPERVISORS JULY 28, 2020

MONTEREY COUNTY INVESTMENT POLICY
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INVESTMENT POLICY

Treasurer-Tax Collector County of Monterey

1.0 Policy

It is the policy of the Treasurer-Tax Collector of Monterey County (“Treasurer”) to invest public funds in a manner which provides for the safety of the funds on deposit, the cash flow demands or liquidity needs of the Treasury Pool participants, and the highest possible yield after first considering the first two objectives of safety and liquidity. In addition, it is the Treasurer-Tax Collector's Policy to invest all funds in strict conformance with all state statutes governing the investment of public monies.

2.0 Scope

This Investment Policy applies to all financial assets in the Treasury Pool. The Policy does not apply to bond proceeds, which are governed by their respective bond documents. These funds are accounted for in the Comprehensive Annual Financial Reports of the County and each of the Treasury Pool's participating agencies.

2.1 Participating Agencies

Participants in the Treasurer's Investment Pool shall be limited to the County of Monterey, school districts within Monterey County and those special districts, which, by statute, maintain depository authority with the County Treasurer.

2.2 Outside Agency Participation

It is the Treasurer's policy to prohibit any voluntary agency participation in the Treasury Pool.

3.0 Prudence

The County Treasurer is a trustee and therefore a fiduciary subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling, and managing public funds, the County Treasurer shall act with care, skill, prudence and diligence under the circumstances then prevailing, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the county and the other depositors. Within the limitations of this section and considering individual investments as part of an overall investment strategy, a trustee is authorized to acquire investments as authorized by law.

Nothing in this Policy is intended to grant investment authority to any person or governing body except as provided in Sections 53601 and 53607 of the California Government Code.

4.0 Objectives

The primary objectives, in priority order, of the County of Monterey's investment activities shall be:

4.1 Safety of Principal

Investments of the County shall be undertaken in a manner that seeks to ensure preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses do not exceed the income generated from the remainder of the portfolio.

4.2 Liquidity

The investment portfolio shall remain sufficiently liquid to enable all depositors to meet all expenditure requirements that might be reasonably anticipated. A minimum of 30% of the invested assets, including cash held in commercial bank accounts, shall be kept in assets having a maturity of one (1) year or less. In the event that unforeseen cash-flow fluctuations temporarily cause the ratio of liquid assets to decline below 30% of the portfolio balance, no new investments with maturities beyond one year will be made until the minimum percentage is restored. (Custom portfolios are not required to maintain a 30% liquidity rate)

4.3 Return on Investment

The County's investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the County's investment risk constraints and the cash flow characteristics of the portfolio.

5.0 Delegation of Authority

Subject to amended delegation by the Board of Supervisors pursuant to Government Code Section 53607, the Treasurer-Tax Collector is authorized to manage the Monterey County investment program. The Treasurer-Tax Collector shall establish written procedures for the operation of the investment program consistent with this Investment Policy. Procedures should include reference to safekeeping, master repurchase agreements, funds transfer agreements, collateral/depository agreements and banking service contracts. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions, including a third-party Investment Advisor, if so engaged. No person may engage in an investment transaction except as provided under the terms of this Policy and the procedures established by the Treasurer-Tax Collector. The Treasurer-Tax Collector shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

6.0 Conflict of Interest

Pursuant to Article 2 (commencing with Section 87200) of Chapter 7 of Title 9 of the Government Code and the regulations of the Fair Political Practices Commission enacted pursuant thereto, the Treasurer-Tax Collector shall disclose investments, interests in real properties, and any income received during the period since the previous statement was filed. Such disclosure shall be in writing and shall be filed with the officer designated by law within the time periods specified by law.

6.1 Acceptance of Gifts

The Treasurer-Tax Collector, all deputized departmental staff, and members of the Treasury Oversight Committee are prohibited from accepting any monetary or in-kind gift from any broker, dealer, or firm doing business or seeking to do business with the Monterey County Treasurer.

7.0 Authorized Dealers and Institutions

The Treasurer-Tax Collector will maintain a list of broker/dealers and institutions authorized to provide investment services. Repurchase agreements and reverse repurchase agreements shall only be made with primary dealers designated by the Federal Reserve Bank of New York. The Treasurer-Tax Collector may impose additional qualifications of brokers and their firms in order to ensure professionalism and suitability. At a minimum, all broker/dealers and/or financial institutions authorized to provide investment services to Monterey County shall meet the following criteria:

- a. Commercial banks and savings institutions must be authorized as insured with the FDIC, SIPC, or NCUA (credit unions), as applicable.
- b. Must hold an active corporate registered status with the Secretary of State (California), or an out-of-state counterpart agency.
- c. Commercial banks and savings institutions used for deposits, must be a state or national bank, savings association or federal association, a state or federal credit union, or a federally insured industrial loan company, in this state
- d. Must be an active member of the Financial Industry Regulatory Authority (FINRA). Both the firm and any individuals serving the County must be registered to do business in California.

If a third-party Investment Advisor is authorized to conduct investment transactions on the County's behalf, the Investment Advisor may use its own list of approved broker/dealers and financial institutions for investment purposes. The Investment Advisor's approved list must be made available to the County upon request.

7.1 Limitations on Political Contributions

Pursuant to Government Code Section 27133 (c), the Treasurer-Tax Collector shall not select for business any broker, brokerage, dealer, or securities firm that has made a political contribution within the last four years in an amount exceeding the limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board, to the County Treasurer, any member of the Monterey County Board of Supervisors, or any candidate for those offices.

8.0 Authorized and Suitable Investments.

The authorized investments of the Treasurer-Tax Collector of Monterey County are governed by Section 53601 and 53635 of the Government Code of the State of California, and within the limits of any other Government Code Statute that permits public agency investment in various securities or participation in investment trading techniques or strategies. The Treasurer-Tax Collector of Monterey County seeks to restrict investments authorized by Code, as defined in Appendix A. Investments excluded from Appendix A

are not permitted. In the event an apparent discrepancy is found between this Policy and the Government Code, the more restrictive parameters shall take precedence.

Rating requirements and percentage limitations, where indicated, apply at the time of purchase.

8.1 Limitations

The Treasurer shall not invest in any security, which, by its structure, term or other characteristics, has the possibility of returning a zero or negative yield or could be subject to a loss of principal at the time such security has attained its maturity date. Investments shall not be made in inverse floaters, range notes, and mortgage-derived interest-only strips.

8.2 Reverse Repurchase Agreements

Any reverse repurchase agreement shall have a maximum maturity of 92 days, and the proceeds shall not be invested beyond the expiration of the reverse repurchase agreement. The maximum amount of Reverse Repurchase Agreements shall be limited to 20% of the portfolio's book value on the date of the transaction.

8.3 Maximum Credit Exposure

The Treasurer shall limit the investments in any single issuer, regardless of the combination of asset class, to no more than 5% of the portfolio's book value on the date of the transaction, unless otherwise noted in Appendix A. Obligations of the U. S. Treasury, federal agencies, supranational, and pooled investments such as LAIF, CAMP, CalTrust, and money market funds are exempted from this restriction.

8.4 Credit Downgrade

In the event a security held by the County is downgraded below the minimum ratings required by the Policy, the security will be reviewed. The course of action will be determined on a case-by-case basis, considering such factors as the reason for the ratings change, remaining maturity, prognosis for recovery or further ratings changes, and the market price of the security.

9.0 Safekeeping and Custody

All security transactions, including collateral for repurchase agreements, shall be conducted on a delivery-versus-payment basis. Securities shall be held by a third-party custodian designated by the Treasurer-Tax Collector and evidenced by safekeeping receipts and tri-party master repurchase agreements.

10.0 Investments Outside Treasury Pool

The Treasurer will accept funds for investment outside of the core pooled portfolio (custom invested funds) from depository agencies who also deposit their operating fund in the core portfolio under the following criteria:

- a. All such investments are subject to prior approval by the Monterey County Treasurer.
- b. The funds represent proceeds of bonds, other forms of indebtedness, or special purpose funds not required for normal operating expenses, and

- c. The funds represent new or additional assets of the agency that were not previously invested in the Monterey County Investment Pool, or under other conditions approved by the Treasurer, and
- d. The funds may be transferred to the core portfolio upon mutual agreement between the depository agency and the Monterey County Treasurer. Any such transfer will reflect the market value of any securities sold prior to their maturity, where the underlying funds cannot be transferred back to a custom investment outside the core portfolio unless approved by the Treasurer, and
- e. Funds may be transferred to the Monterey County Treasurer's operating (checking) account for further disbursement provided the funds originate from: maturing securities; overnight funds; sold securities subject to subsection 10 (c.) above, and associated earned income on those funds, and
- f. Within 7 business days prior to the maturity of any security the depository agency shall inform the Monterey County Treasurer of the desired disposition of such maturing assets to include, rollover to a new asset, transfer to the core portfolio, or transfer to the Monterey County Treasurer's operating account subject to the conditions in 10 (a.) through (g.) inclusive, and
- g. Any earned income on "custom invested funds" will be segregated from the core portfolio and deposited to an overnight fund designated specifically for such income. Any liquidation or transfer of the underlying asset will invoke a corresponding transfer of the associated earned income.

**11.0 Criteria for Withdrawal of Funds from the Treasury Investment Pool
Section 27133 (h) and Section 27136 - Government Code**

An agency with funds on deposit in the County Treasury where such funds may statutorily be invested outside of the County Treasury may apply for a withdrawal of those funds. Pursuant to Government Code Sections 27133 (h) and 27136, the County Treasurer shall evaluate each proposal for withdrawal of funds. The Treasurer's evaluation shall assess the effect of a proposed withdrawal on the stability and predictability of the investments in the County Treasury Pool. In addition and prior to any withdrawal, the Treasurer shall find that the proposed withdrawal will not adversely affect the interests of the other depositors in the Treasury Pool.

All applications for withdrawal must be submitted by a Resolution of the depository agency at least 30 days in advance of the anticipated date of withdrawal. Resolutions for withdrawal shall include:

- a. A statement of the purpose for withdrawal.
- b. The date(s) and amount(s) of funds to be withdrawn.
- c. A certification that funds withdrawn from the county pool shall be managed by the applicant agency and that withdrawn funds shall not be returned for future investment by the County Treasurer for a term of one year, and
- d. An acknowledgement that the value of any funds withdrawn from the County Treasury shall reflect their most recent quarterly asset valuation as reported by the Treasurer.

The Treasurer shall provide an applicant agency a written response within 15 days from receipt of the application. The Treasurer's determination shall be final.

12.0 Maximum Maturities

Any non-marketable investments, such as time deposits, should not exceed a two-year maturity. In addition, no specific investment shall have a term remaining to maturity in excess of five years, unless the Board of Supervisors has granted express authority to make that investment either specifically or as a part of an investment program approved by the legislative body no less than three months prior to the investment.

12.1 Weighted Average Maturity

The weighted average maturity of the pool portfolio (exclusive of custom investments) shall not exceed two years.

Other special purpose investments where the maturity term is not integral to short term cash flow needs may have a weighted average maturity of greater than two years.

13.0 Audits

The Monterey County investment portfolio shall be subject to a process of independent review by the Auditor-Controller's internal auditor. The County's external auditors shall review the investment portfolio in connection with the annual county audit and requirements of the Governmental Accounting Standards Board (GASB).

14.0 Performance Standards

The investment portfolio will be designed to obtain a market average rate of return during budgetary and economic cycles, taking into account the County's investment risk constraints and cash flow needs. The County may establish a market-based performance benchmark for comparison.

15.0 Investment Policy Review and Approval

The Treasurer-Tax Collector of Monterey County shall submit the Investment Policy to the Board of Supervisors for review and approval at least annually.

15.1 Legislative Changes

Any State of California legislative action that further restricts allowable maturities, investment types, minimum credit requirements, or percentage allocations will be incorporated immediately into the Investment Policy.

16.0 Reporting

Pursuant to Government Code Section 53646 (b) the Treasurer-Tax Collector may provide quarterly investment reports to the Board of Supervisors, Treasury Oversight Committee, and all pool participants. The report shall include a listing of all securities held in the portfolio. Such listing shall include investment description, maturity date, par, amortized book value, market values and their source, and a risk measurement standard such as duration, along with certifications concerning the portfolio's compliance with the

Policy and the portfolio's available liquidity to meet expenditure requirements for the next six months. The quarterly report shall be submitted to the Board of Supervisors within 30 days of the quarter end being reported.

17.0 Allocation of Investment Costs

The costs of investing, banking, and cash management as budgeted annually and applied quarterly shall be assessed to depositing agencies at the time of quarterly interest apportionment by the County Auditor-Controller, and in accordance with Government Code statutes. Depositing agencies will receive net revenue after pro rata application of costs that correspond to a basis point reduction to earned interest rates.

When actual annual costs of investing are determined, any differences from budgeted amounts shall be included in an adjusting interest allocation by the Auditor-Controller.

18.0 Treasury Oversight Committee

A Treasury Oversight Committee nominated by the County Treasurer and confirmed by the Board of Supervisors shall provide oversight through periodic review of the Investment Policy and compliance with such Policy. The Treasury Oversight Committee, pursuant to Government Code Section 27130 et seq; shall consist of 6 members including: the Treasurer-Tax Collector, the County Administrative Officer or his/her designee, the County Superintendent of Schools, or his/her designee, a representative of the governing bodies of County School Districts, a representative of the legislative bodies of County Special Districts that are authorized depositors in the County Treasury, and a member of the public. The committee shall meet at least annually, or as needed, and shall review the Investment Policy and report on compliance with such Policy.

18.1 Establishment of Treasury Oversight Committee

Pursuant to Section 27130 et seq; of the Government Code, the Monterey County Treasury Oversight Committee was established. The committee shall be subject to the provisions of the Political Reform Act of 1974, as amended (Government Code Sections 8100 et seq).

18.2 Brown Act

Pursuant to Government Code Section 27132.4, Committee meetings shall be open to the public and subject to the Ralph M. Brown Act (Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of Title 5).

18.3 Membership Prohibitions

Pursuant to Government Code Section 27132.2, no member of the committee shall directly or indirectly raise money for a candidate for local Treasurer or a member of the governing board of any local agency that has deposited funds in the County Treasury while a member of the committee.

Pursuant to Government Code Section 27132.3, a member of the Treasury Oversight Committee may not secure employment with, or be employed by, bond underwriters, bond counsel security brokerages or dealers or financial services firms, with whom the Treasurer is doing business during the period that the person is

a member of the Committee or for one year after leaving the Committee.

18.4 Compliance Audit

Pursuant to Government Code Section 27134, the County Treasury Oversight Committee shall cause an annual audit to be conducted to determine the County Treasurer's compliance with Article 6, Chapter 5 of Division 2 of Title 3 of the Government Code.

19.0 Disaster Recovery

The Treasurer-Tax Collector shall maintain a disaster recovery plan and shall include contact information for key personnel as well as active bankers, broker/dealers, and the County's investment advisor.

APPENDIX A
Authorized Investments County General Pool

Instrument	Maximum Maturity per code	Max %/ Dollar Limit	Government Code Sections
Collateralized bank deposits	5 years	N/A	53630 et seq and 53601(n)
California State Treasurer's Local Agency Investment Fund (LAIF)	N/A	Amount permitted by LAIF per account or as approved by the State Treasurer for bond/note proceeds (Currently \$75,000,000)	16429.1
California Asset Management Program (CAMP)	N/A	20%	53601(p)
CalTrust	N/A	20%	53601(p)
Bonds, including revenue bonds, issued by the County, its Agencies, or authorities	5 years	10% limit issuer	53601(a)
U.S. Treasury notes, bonds, bills, or certificates of indebtedness bearing a full faith and credit pledge	5 years	N/A	53601(b)
Registered warrants, notes, and bonds, including revenue bonds, of the State of California and all other 49 states ⁽¹⁾	5 years	10% limit issuer	53601(c) and 53601(d)
Bonds, notes, warrants, and other evidences of indebtedness issued by any local agency within California, including revenue bonds ⁽¹⁾	5 years	10% limit issuer	53601(e)
Obligations of federal agencies and United States government-sponsored enterprises	5 years	N/A	53601(f)
Bankers acceptances ⁽²⁾	180 days	40%	53601(g)
Prime commercial paper of domestic issuers with assets in excess of \$500 million ⁽²⁾	270 days	40%	53601(h) and 53635(a)(1),(2)
Negotiable certificates of deposit issued by domestic banks, associations, and state- chartered branches of foreign banks ⁽¹⁾	5 years	30%	53601(i)
Reverse repurchase agreements	92 days matched maturities	20%	53601(j)
Repurchase agreements	1 year	20%	53601(j)
Medium term notes issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States ⁽³⁾	5 years	30%	53601(k)
Money market mutual funds	N/A	20% Total all funds 10% any one fund	53601(l)
Mortgage-based and asset-backed securities ⁽⁴⁾	5 years	20%	53601(o)
U.S. dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, and eligible for purchase and sale within the U.S. ⁽⁴⁾	5 years	30%	53601(q)
Overall portfolio weighted average maturity	2 years	-----	-----

- (1) which are rated in a long-term rating category of "A" or in a short-term rating category of "A-1" or its equivalent, or better at time of purchase by a minimum of one nationally recognized statistical rating organization (NRSRO)
- (2) which are rated in a rating category of "A-1" or its equivalent, or better by a minimum of one NRSRO at time of purchase
- (3) which are rated in a rating category of "A" or its equivalent, or better by a minimum of one NRSRO at the time of purchase
- (4) which are rated in a rating category of "AA" or its equivalent, or better by a minimum of one NRSRO at time of purchase