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TREASURER-TAX COLLECTOR-COUNTY CLERK



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January 21, 2020

The Honorable Members of the Board of Supervisors
County of Solano County
675 Texas Street, Suite 6500
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Honorable Members of the Board:

It is my pleasure to present the quarterly report for the second quarter of FY2019/20.

State of the Treasury

The \$1.3 billion Treasurer's pool is managed in accordance with the tenets of California Government Code §53600.5 to provide for the safety of principal, adequate liquidity for all anticipated cash flow requirements, and a consistent rate of return commensurate with the established risk profile.

The \$609 million currently held in cash and investments with six months or less left to maturity should provide adequate funding for all anticipated cash needs, while also affording the Treasury an opportunity to invest excess liquidity at market rates.

The treasury pool is maintained with a duration designed to stabilize yields and prevent rapid increases or decreases in earnings. The treasury pool is also diversified from a credit risk perspective by maintaining a mix of investments that includes 9.7% in cash and cash equivalents, 36.8% in US Treasuries 24.5% in Government Sponsored Enterprises, 16.6% in US Corporations, and 4.8% in Municipals; with the balance of 7.6% held in a variety of assets including mutual funds, commercial paper, and other holdings allowable under §53600.5.

Current Market Conditions Impacting the Treasury Pool

Treasury managers monitor information provided by the Federal Reserve; its actions and information impact the interest rates at the short end of the curve where nearly most of the treasury investments are made. The federal funds rate was not changed at the last meeting and remain 1.75 -1.50%. The information statement released by the committee indicate a sustained expansion, strong labor markets and strong economic activity.

Expectations going forward

The committee reported no change in rates and continued strong economic activity, therefore, treasury managers expect no change in rates in the coming quarter. The investment pool earnings are expected to remain stable.

Respectfully Submitted,
CHARLES LOMELI
Treasurer – Tax Collector – County Clerk

Attachment A – Letter to the Board
Attachment B – Statement of Compliance
Attachment C – Investment Portfolio
Attachment D – Balance Sheet and Income Statement
Attachment E – Yield Curve