



## Investment Report September 30, 2021

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# Department of Finance

## Investment Report As of September 30, 2021

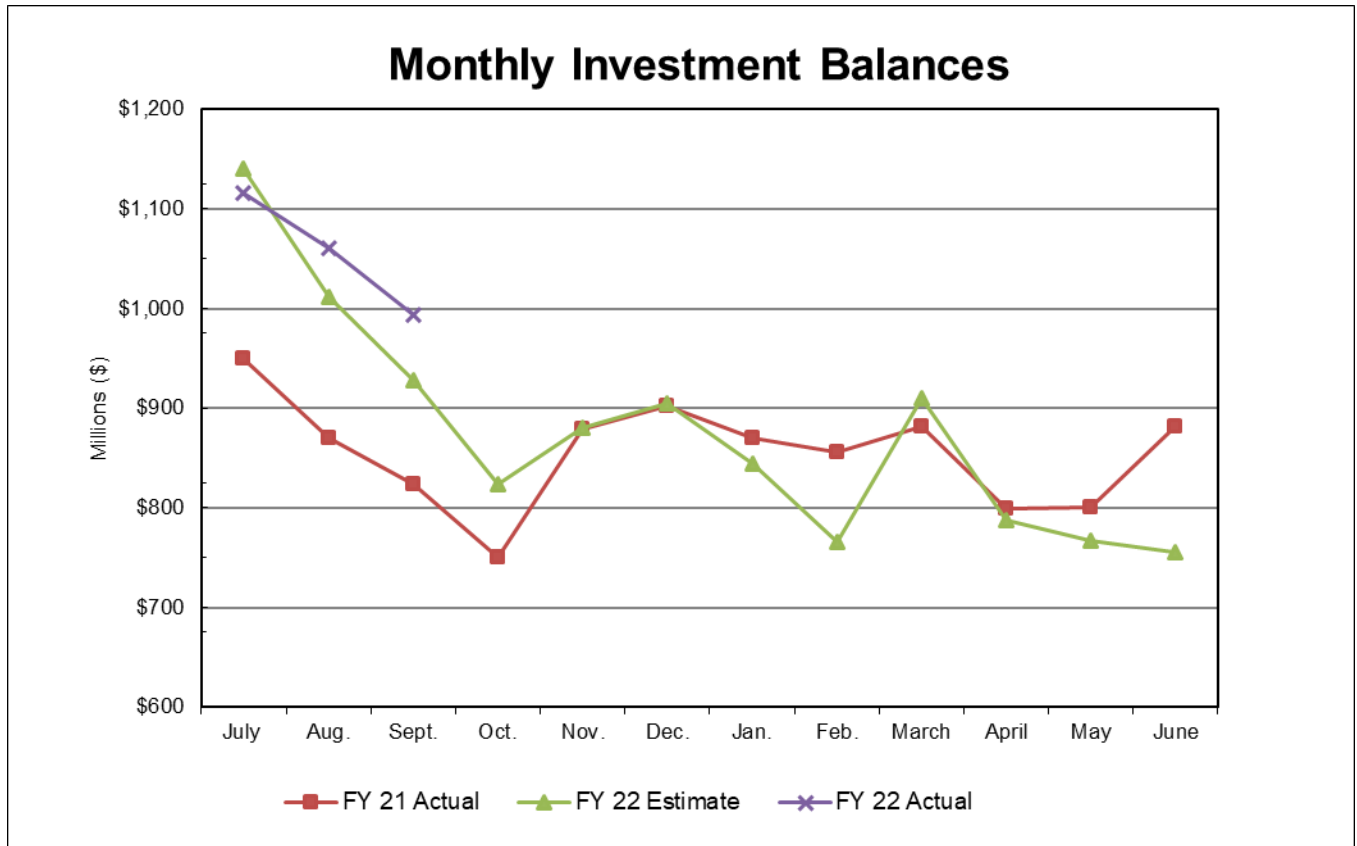
### Investment Policy:

Howard County, Maryland invests public funds in a manner that will conform to all State of Maryland and County statutes governing the investment of public funds while meeting its daily cash flow demands and providing a return that most closely matches the three-month Treasury bill yield.

### Summary of Portfolio Composition:

	<u>CURRENT MONTH</u>	<u>PRIOR MONTH</u>
General Fund	\$636,258,334	\$707,626,790
All Other Funds	<u>\$357,397,389</u>	<u>\$353,220,373</u>
Total Portfolio	\$993,655,723	\$1,060,847,162

The total portfolio balance decreased by \$67.2 million from the previous month. This decrease represents the normal trend as minimal property tax revenues are received. The County did not break any investments this month and never has. The investment allocations as shown on page 4 were consistent with the County Investment Policy.

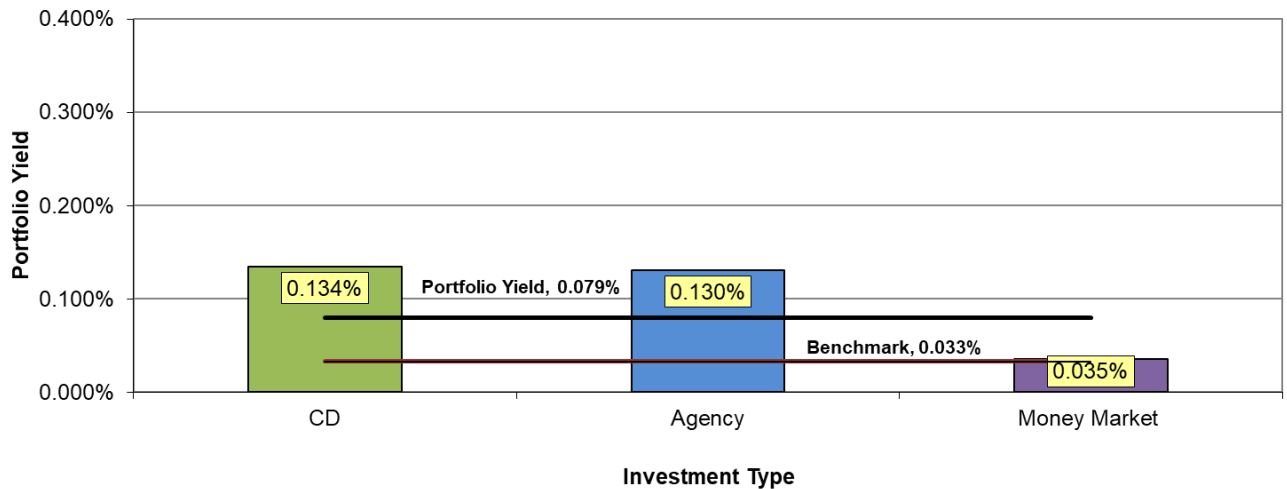


## Analysis:

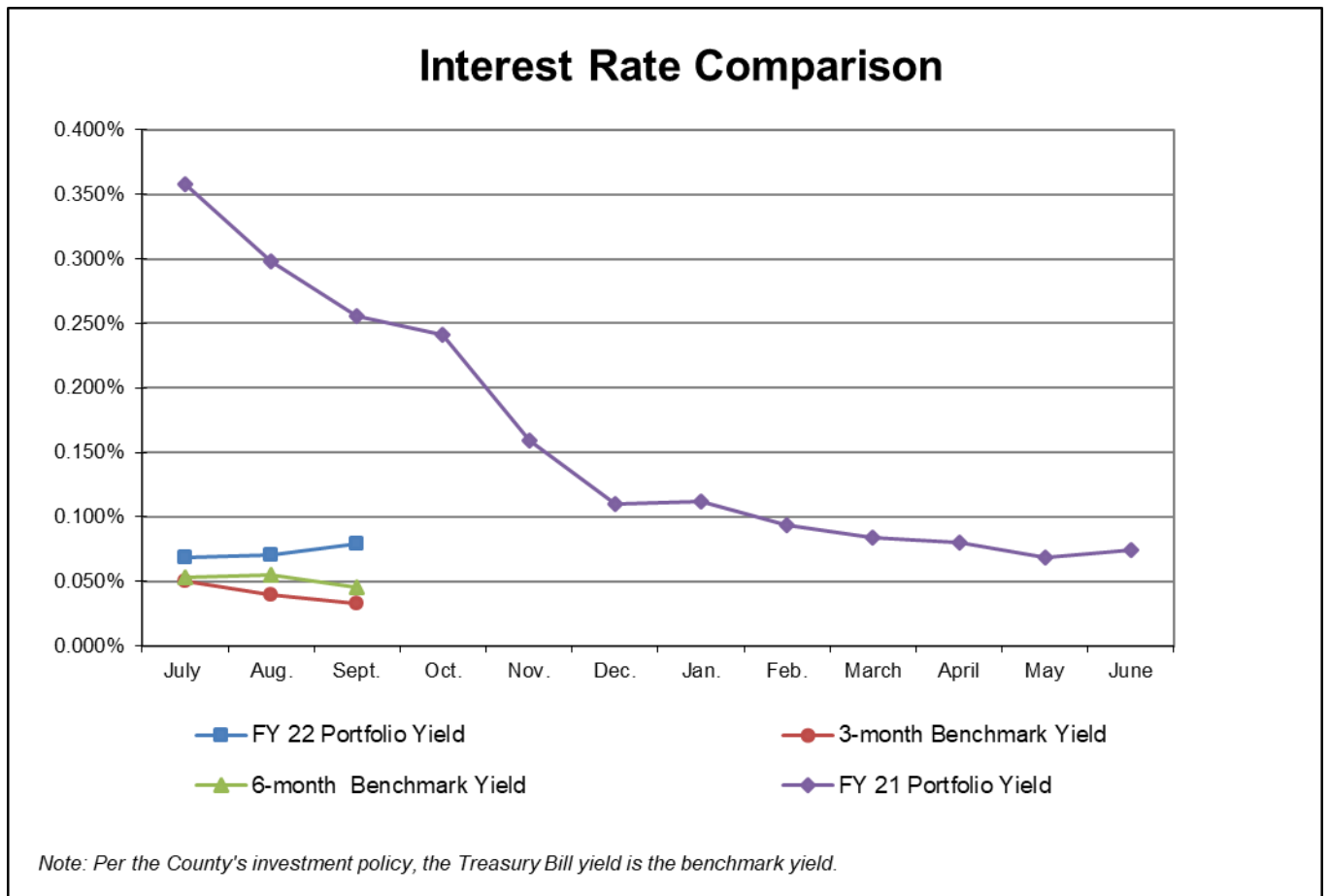
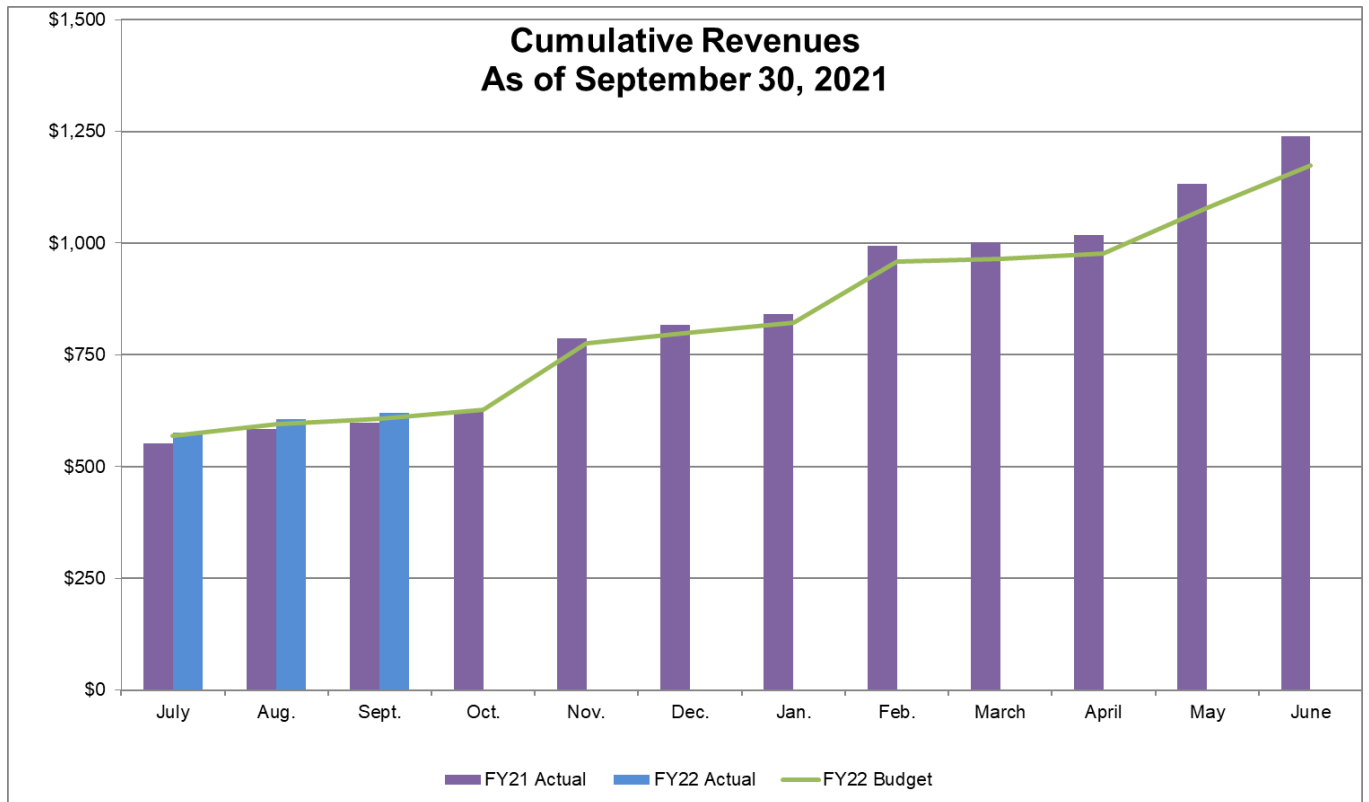
	<u>CURRENT MONTH</u>	<u>PRIOR MONTH</u>	<u>WEIGHTED AVERAGE FOR 3 MONTHS ENDING SEPTEMBER 30, 2021</u>
Portfolio yield	0.079%	0.070%	0.073%
Three Month Benchmark yield	0.033%	0.040%	0.041%

As of September 30, 2021, the average weighted maturity of the portfolio was 134 days.

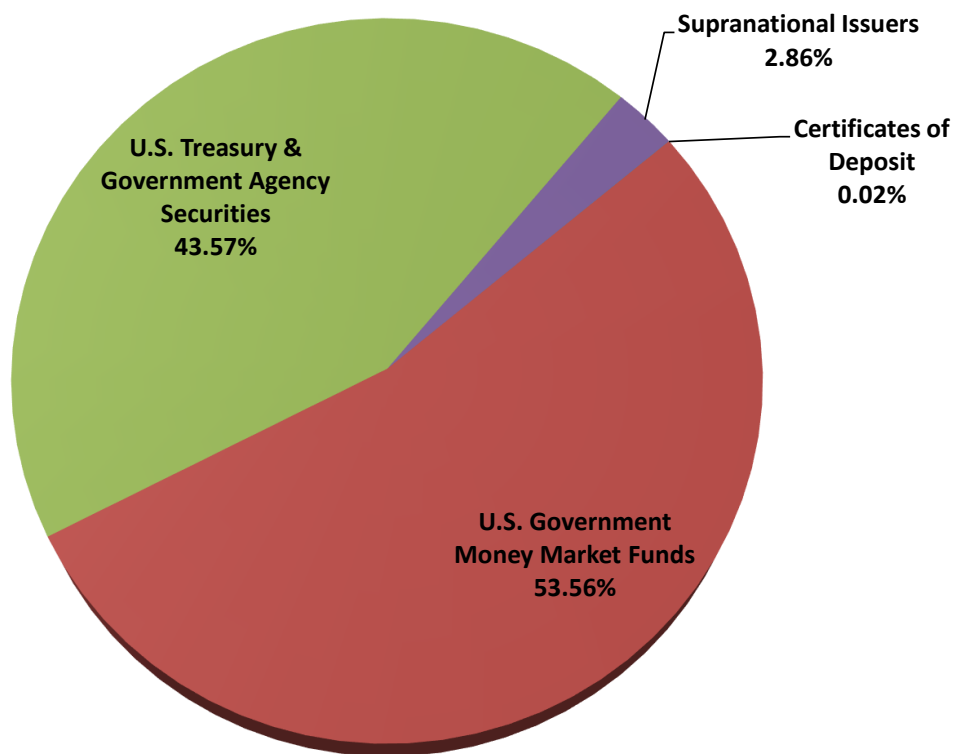
**Portfolio Yield at a Glance  
September 30, 2021**



## Current Market and Year-Over-Year Comparison:



### Investment by Type as of September 30, 2021



See diversification schedule below

### Diversification Levels for Authorized Investments

	Authorized Percentage	Actual Percentage <sup>(2)</sup>	Actual Amount
U.S. Treasury & Government Agency Securities	90%	43.57%	432,920,293
Repurchase Agreements	90%	0.00%	-
U.S. Government Money Market Funds	60%	53.56%	532,159,494
Municipal Securities & Municipal Mutual Funds	40%	0.00%	-
Supranational Issuers	40%	2.86%	28,426,460
Commercial Paper	10%	0.00%	-
Certificates of Deposit	5%	0.02%	149,476
		<u>100.00%</u>	<u>993,655,723</u>

### Diversification Levels for Authorized Brokers

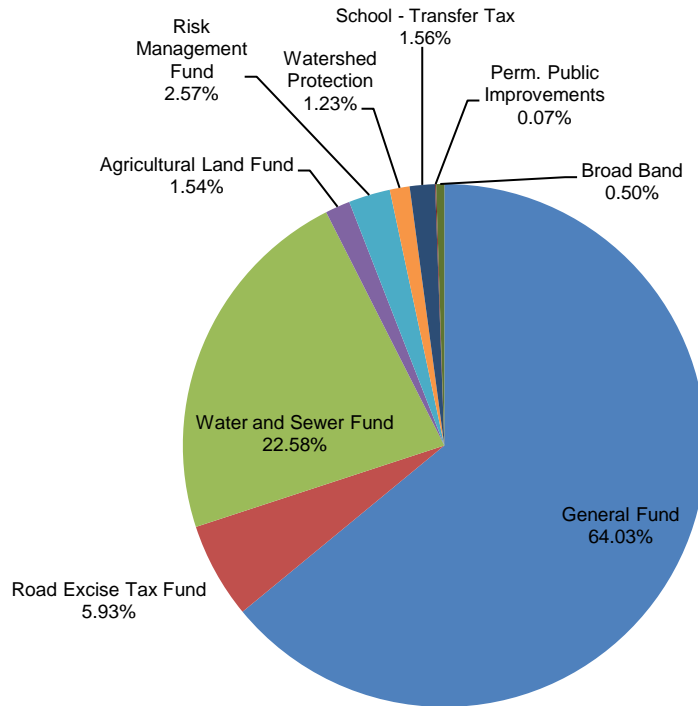
	Actual Percentage	(1) & (2)	Actual Amount
Cantor Fitzgerald	10.23%		101,686,812
Fulton Bank <sup>(3)</sup>	0.00%		47,476
FHN Financial	7.79%		77,421,812
Harbor Bank <sup>(3)</sup>	0.01%		102,000
Ramirez	7.33%		72,880,000
Raymond James Financial	5.37%		53,354,500
Piper Sandler & Co.	7.45%		74,034,808
Stifel, Nicolaus & Co.	4.02%		39,992,241
UBS Financial Services	4.22%		41,976,581
Goldman Sachs	13.64%		135,542,712
MD Local Government Investment Pool	39.91%		396,616,783
	<u>100.00%</u>		<u>993,655,723</u>

(1) Actual percentages cannot exceed 40% for any one broker or financial institution at the time of purchase.

(2) Due to rounding, percentages may not total 100%.

(3) Certificates of Deposit

**Investment by Fund  
As of September 30, 2021**



	Investment Allocation As of 9/30/2021	FY 21 Interest Income* Actual	FY 22 Interest Income Budget	FY 22 Interest Income* As of 9/30/2021
General Fund	\$ 636,258,334	\$ 2,545,777	\$ 400,000	\$ 463,867
Road Excise Tax Fund	58,880,966	90,984	31,261	10,570
Water and Sewer Fund	224,353,573	1,051,435	530,000	154,325
Agricultural Land Fund	15,280,821	58,297	6,772	11,834
Risk Management Fund	25,566,779	115,316	38,500	18,492
Watershed Protection	12,201,874	50,959	13,350	7,128
School - Transfer Tax	15,468,000	16,939	-	1,055
Perm. Public Improvements	684,150	1,102	842	124
Broad Band	4,961,226	24,310	-	3,569
	<u>\$ 993,655,723</u>	<u>\$ 3,955,118</u>	<u>\$ 1,020,725</u>	<u>\$ 670,963</u>

\* Reported on a budgetary basis.

**Investment Schedule**

<b>Type</b>	<b>Book Value</b>	<b>Yield</b>	<b>Purchase Date</b>	<b>Term in Days</b>	<b>Maturity Date</b>
<b>Certificates of Deposit:</b>					
Harbor Bank	102,000	0.150%	07/07/21	365	07/07/22
Fulton Bank	47,476	0.100%	12/05/20	365	12/05/21
<b>Total Certificates of Deposit</b>	<b>149,476</b>	<b>0.134%</b>			
<b>U.S. Government Money Market Funds:</b>					
Goldman Sachs	135,542,712	0.030%	Various	-	On Demand
MD Local Govt Investment Pool	396,616,783	0.037%	Various	-	On Demand
<b>Total Money Markets</b>	<b>532,159,494</b>	<b>0.035%</b>			

**Investment Schedule (Cont.)**

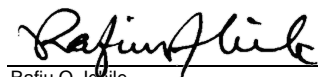
Security Type	Purchase Price	Yield	Purchase Date	Call Date	Interest Date	Maturity Date
<b>U.S. Treasury &amp; Government Agency Securities:</b>						
U.S. Treasury Note	14,997,868	0.044%	06/29/21	-	10/26/21	10/26/21
U.S. Treasury Note	25,432,617	0.114%	07/31/20	-	10/31/21	10/31/21
U.S. Treasury Note	24,997,375	0.043%	07/28/21	-	10/26/21	10/26/21
U.S. Treasury Note	24,996,731	0.045%	07/28/21	-	11/12/21	11/12/21
U.S. Treasury Note	25,884,766	0.141%	07/29/20	-	11/15/21	11/15/21
Federal Home Loan Bank	16,979,206	0.155%	07/29/20		11/19/21	11/19/21
Federal Home Loan Bank	25,849,500	0.131%	07/29/20		12/10/21	12/10/21
U.S. Treasury Note	10,141,016	0.096%	12/24/20	-	01/31/22	01/31/22
U.S. Treasury Note	15,185,156	0.048%	06/28/21		02/15/22	02/15/22
Federal Home Loan Bank	2,032,904	0.056%	06/11/21		03/11/22	03/11/22
U.S. Treasury Note	7,102,539	0.051%	06/11/21		03/31/22	03/31/22
Federal Farm Credit Bureau	10,000,000	0.100%	01/29/21	Anytime	01/27/22	04/27/22
U.S. Treasury Note	20,275,000	0.048%	07/30/21	-	10/30/21	04/30/22
U.S. Treasury Note	10,146,484	0.075%	06/30/21		11/15/21	05/15/22
U.S. Treasury Note	7,122,773	0.066%	06/11/21		05/31/22	05/31/22
U.S. Treasury Note	9,992,364	0.078%	06/24/21	-	12/16/21	06/16/22
Federal Farm Credit Bureau	15,260,930	0.122%	06/25/21		02/22/22	08/22/22
Federal Farm Credit Bureau	9,997,580	0.100%	06/29/21		03/15/22	09/15/22
U.S. Treasury Note	9,998,600	0.136%	06/30/21	-	10/31/21	10/31/22
U.S. Treasury Note	10,002,344	0.107%	07/21/21	-	10/31/21	10/31/22
U.S. Treasury Note	14,994,141	0.152%	06/29/21	-	11/30/21	11/30/22
U.S. Treasury Note	20,006,250	0.102%	07/30/21	-	11/30/21	11/30/22
U.S. Treasury Note	9,999,500	0.128%	07/22/21	-	12/31/21	12/31/22
Federal Farm Credit Bureau	5,000,000	0.100%	06/03/21		01/03/23	01/03/23
U.S. Treasury Note	6,995,625	0.165%	07/01/21	-	01/31/22	01/31/23
Federal Farm Credit Bureau	2,044,420	0.150%	07/23/21	-	02/21/22	02/21/23
U.S. Treasury Note	9,995,703	0.152%	07/22/21	-	02/28/22	02/28/23
Federal Farm Credit Bureau	25,000,000	0.220%	09/24/20	Anytime	03/15/22	03/15/23
U.S. Treasury Note	9,992,969	0.166%	08/05/21	-	10/30/21	04/30/23
U.S. Treasury Note	9,990,933	0.175%	08/05/21	-	11/30/21	05/31/23
Federal Home Loan Bank	5,000,000	0.375%	06/03/21	09/03/21	12/03/21	06/03/24
Federal Farm Credit Bureau	10,505,000	0.440%	06/28/21	12/28/21	12/28/21	06/28/24
Federal Home Loan Bank	7,000,000	0.570%	09/30/21	12/30/21	12/30/21	09/30/24
	<b>432,920,293</b>					
<b>Supranationals:</b>						
Asian Development Bank	5,072,700	0.102%	05/10/21		02/16/22	02/16/22
Asian Development Bank	10,182,200	0.143%	06/30/21		07/19/22	07/19/22
Inter-American Development Bank	5,173,000	0.155%	07/26/21	-	01/18/22	01/18/23
Asian Development Bank	7,998,560	0.260%	09/30/21		01/14/22	07/14/23
	<b>28,426,460</b>					
<b>Total U.S. Treasury, Govt Agency Securities &amp; Supranationals</b>	<b>461,346,753</b>	<b>0.130%</b>				
<b>Total Investment Balance (Page 6 &amp; 7)</b>	<b>993,655,723</b>	<b>0.079%</b>				

**Portfolio Yield** **0.079%**

**Benchmarks:**

Three-month Treasury Yield **0.033%**  
Six-month Treasury Yield **0.045%**  
Money Market Funds Yield **0.035%**

The above report has been approved by:



Rafiu O. Igile  
Director of Finance

10/28/2021  
Date



## Notes to Investment Schedule

### 1. Certificates of Deposit and Repurchase Agreements

The County can only purchase Certificates of Deposit (CD's) from banks located in the State of Maryland. The banks currently holding CD's for the County are: Fulton Bank, Harbor Bank, and Sandy Spring Bank. The County currently maintains repurchase agreements with Cantor Fitzgerald and UBS Financial Services, Inc.

All certificates of deposit and repurchase agreements are collateralized at 102% of their cost plus accrued interest or FDIC insured. The collateral is held at Wells Fargo Bank.

### 2. Social Investing

The County invests in instruments offered by community and minority financial institutions. These financial institutions may not meet all of the criteria listed in the County's Investment Policy as authorized dealers and institutions. These institutions are: Fulton Bank and Harbor Bank. The County maintains a Certificate of Deposit with Fulton Bank for the Verizon Pole Agreement Surety Bond Requirements for the Department of Technology & Communication Services.

### 3. Agricultural Land Preservation Program

The County finances the acquisition of development rights to a parcel of agricultural property by entering into an installment-purchase agreement with the property owner. US Treasury Strips, purchased as part of the County's Agricultural Land Preservation program, will be used to match balloon payments to the property owner. The table below shows the detail information regarding the investment in Stripped Coupon U.S. Treasury Securities.

Maturity Date	Par Value <sup>1</sup> Balloon Payment	Original <sup>2</sup> Cost	Book Value <sup>3</sup> 6/30/2021
8/15/2021	1,115,000	120,697	1,104,528
8/15/2021	2,580,000	253,144	2,555,002
8/15/2023	3,359,000	362,503	2,852,650
8/15/2023	6,928,000	854,220	5,924,027
2/15/2025	374,000	66,011	301,372
2/15/2025	183,000	27,404	144,227
2/15/2026	3,950,000	560,900	2,901,784
8/15/2026	1,295,000	175,073	910,503
11/15/2027	2,158,000	478,644	1,479,661
Total	\$ 21,942,000	\$ 2,898,597	\$18,173,753
<sup>1</sup> Purchase price plus accrued interest at maturity			
<sup>2</sup> Purchase price			
<sup>3</sup> Purchase price plus accrued interest as of 6/30/21			

**4. Securities with a Final Maturity Greater Than One Year from the Date of the Report**

Security	Purchase Price	Market Value	Maturity Date
U.S. Treasury Note	20,000,944	20,002,400	10/31/22
U.S. Treasury Note	35,000,391	34,994,400	11/30/22
U.S. Treasury Note	9,999,500	9,996,900	12/31/22
Federal Farm Credit Bureau	5,000,000	4,996,700	01/03/23
Inter-American Development Bank	5,173,000	5,148,750	01/18/23
U.S. Treasury Note	6,995,625	6,996,430	01/31/23
Federal Farm Credit Bureau	2,044,420	2,038,140	02/21/23
U.S. Treasury Note	9,995,703	9,992,600	02/28/23
Federal Farm Credit Bureau	25,000,000	24,995,500	03/15/23
U.S. Treasury Note	9,992,969	9,986,700	04/30/23
U.S. Treasury Note	9,990,933	9,984,000	05/31/23
Federal Home Loan Bank	5,000,000	4,990,850	06/03/24
Federal Farm Credit Bureau	10,505,000	10,504,475	06/28/24
Asian Development Bank	7,998,560	7,989,920	07/14/23
Federal Home Loan Bank	7,000,000	6,995,940	09/30/24

## **Types of Investment Instruments**

**Bankers Acceptances (BA's):** Financial transactions involving the import or export of goods. A bank agrees to lend money to an importer to finance the purchase of goods. The bank then sells this agreement to an investor (the County) who receives compensation in the form of interest.

**Characteristics:**

1. Very safe: There has never been a BA failure in their history
2. Can only purchase BA's from banks rated A1 or P1
3. Three guarantees back this investment:
  - a. Obligation to pay by the importer
  - b. Guarantee from the accepting bank
  - c. The goods themselves
4. Maturities less than 180 days
5. Generally higher yielding than Repos

*Restrictions: The County currently does not purchase Japanese BA's.*

**Certificates of Deposits:** A time deposit with a specific maturity evidenced by a certificate. All deposits held in minority or community banks.

**Money Market Funds:** Current holdings include the Maryland Local Government Investment Pool (MLGIP) and Goldman Sachs. MLGIP is designed to provide all local government units of the State an investment vehicle for the short-term investment of funds. The County's cash in these money market funds is obtainable on demand.

**Repurchase Agreement (Repo):** An investment contract involving the temporary transfer of ownership of U.S. Government securities between a broker and an investor (the County). A broker agrees to sell U.S. Treasury or Government Agency Securities to the County and agrees to repurchase them at a fixed price on a fixed date. The County receives the original purchase price and compensation in the form of interest on the maturity date.

**Characteristics:**

1. Very safe: only collateralized U.S. Government securities
2. Very flexible: maturities from one day to one year
3. Higher yields than purchasing securities outright

**U.S. Treasury and Government Agency Securities:** Considered the safest investments in the world. The U.S. Government and its agency issue these securities to finance their operations. Maturities range from three months to 30 years, however, the County, per our investment policy, is limited to five-year maturities.

**Characteristics:**

1. Very safe
2. Very liquid: can be sold very easily

**Main Agency issuers:**

1. Federal Farm Credit Bank (FFCB)
2. Federal National Mortgage Association (FNMA)
3. Federal Home Loan Bank (FHLB)
4. Federal Home Loan Mortgage Corporation (FHLMC)
5. Federal Agricultural Mortgage Corporation (FAMC)

**Commercial Paper:** Per the County's investment policy, must have minimum rating of A1, P1 or F1 from the credit rating agencies.

**Supranational Issuer:** An international development institution that provides financing, advisory services, or other financial services to the institution's member countries to achieve the overall goal of improving living standards through sustainable economic growth; and is rated in the highest credit rating category by a nationally recognized statistical rating organization.

**Characteristics:**

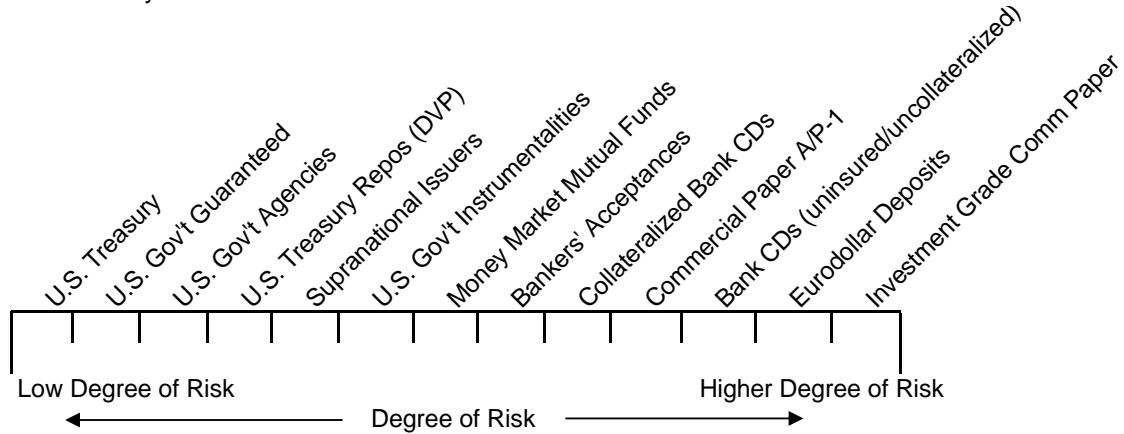
1. Very safe
2. Can only purchase Supranational Issuers from primary dealers

**Main Agency issuers:**

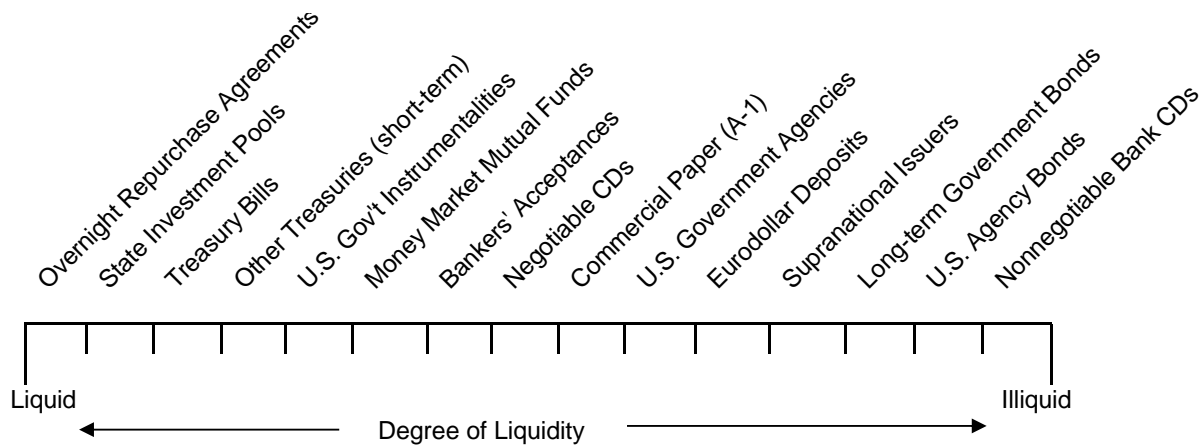
1. The World Bank (IBRD)
2. The International Finance Corporation (IFC)
3. The Inter-American Development Bank (IADB)
4. The African Development Bank (AfDB)
5. The Asian Development Bank (ADB)

### Key Investing Terms

**Credit Risk:** The risk to an investor that an issuer will default in the payment of interest and/or principal on a security.



**Liquidity:** An asset that can be converted easily and quickly into cash.



Distribution:

County Executive  
County Council  
County Auditor  
Chief Administrative Officer  
Office of Public Information  
Budget Director