



## Investment Report September 30, 2023

Rafiu O. Ighile  
Director of Finance  
Department of Finance  
3430 Court House Drive  
Ellicott City, MD 21043

# Department of Finance

## Investment Report As of September 30, 2023

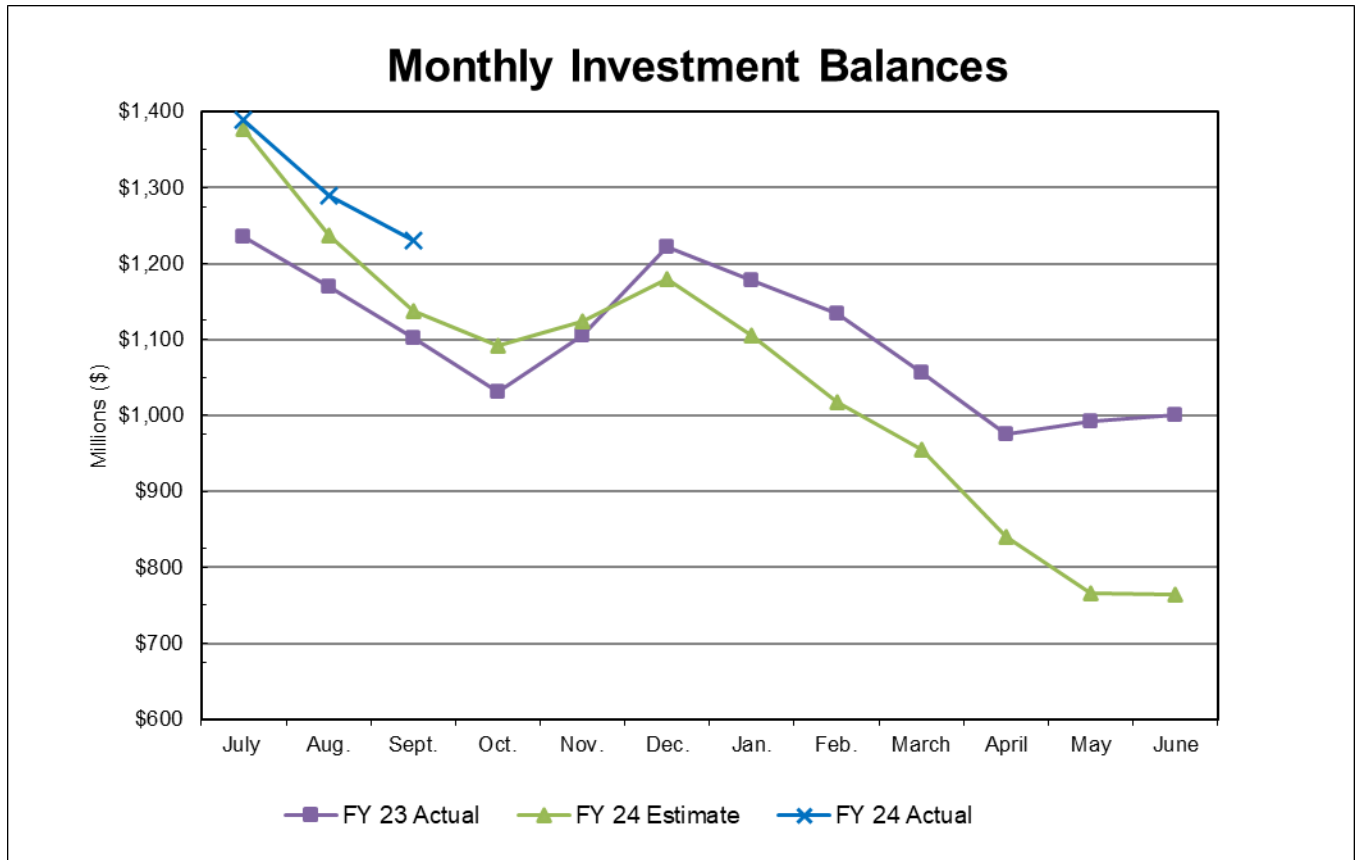
### Investment Policy:

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	\$874,529,330	\$925,131,016
All Other Funds	<u>\$355,280,517</u>	<u>\$365,032,492</u>
Total Portfolio	\$1,229,809,847	\$1,290,163,508

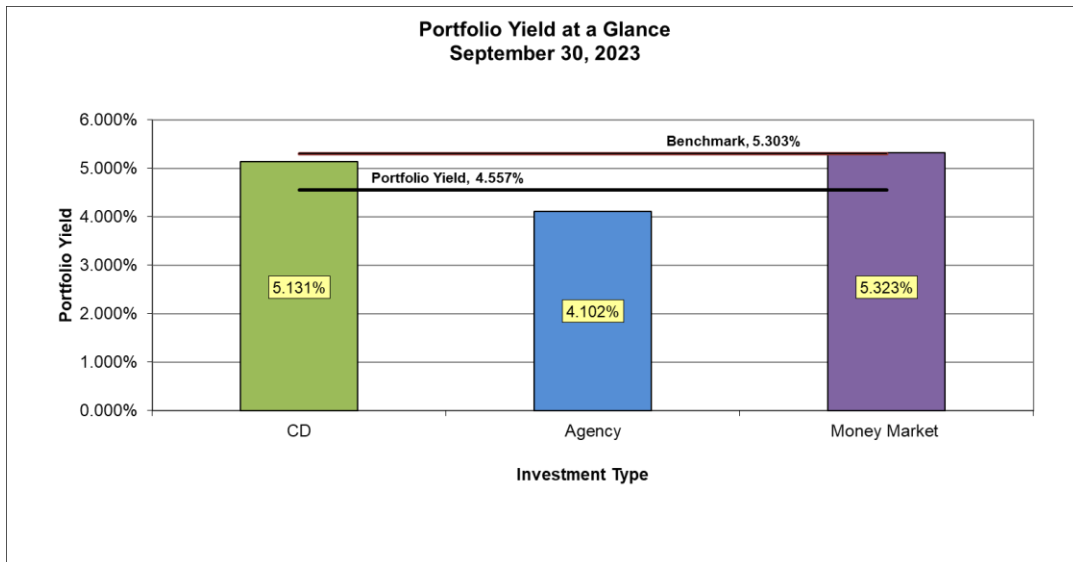
The total portfolio balance decreased by \$60.4 million from the previous month. This decrease represents the normal trend as minimal property tax revenues are received. The County did not break any investments this month and never has. The investment allocations as shown on page 4 were consistent with the County Investment Policy.



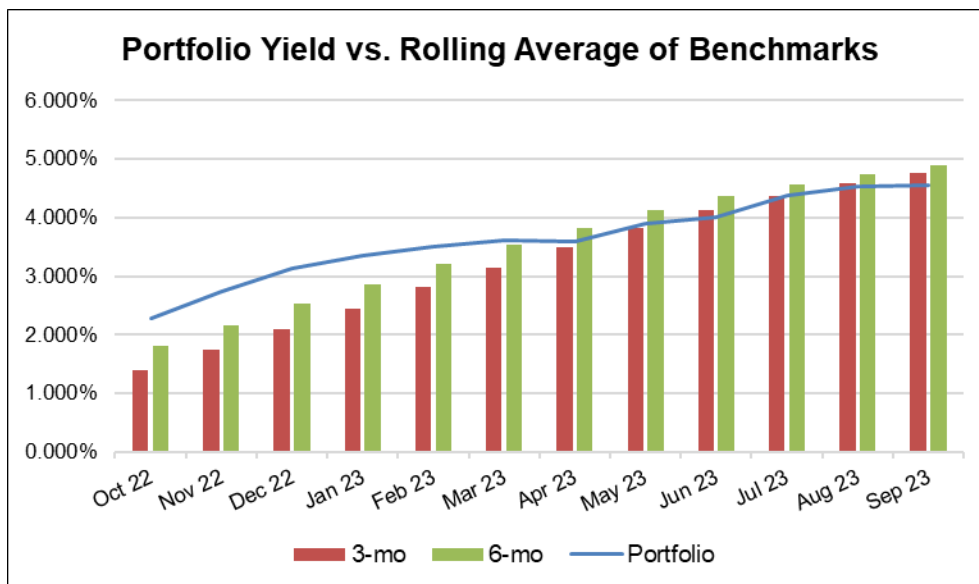
**Analysis:**

	<u>CURRENT MONTH</u>	<u>PRIOR MONTH</u>	<u>WEIGHTED AVERAGE FOR 3 MONTHS ENDING SEPTEMBER 30, 2023</u>
Portfolio yield	4.557%	4.522%	4.557%
Three Month Benchmark yield	5.303%	5.295%	5.290%
Trailing 12-mo Three Month Benchmark yield	4.759%	4.579%	-

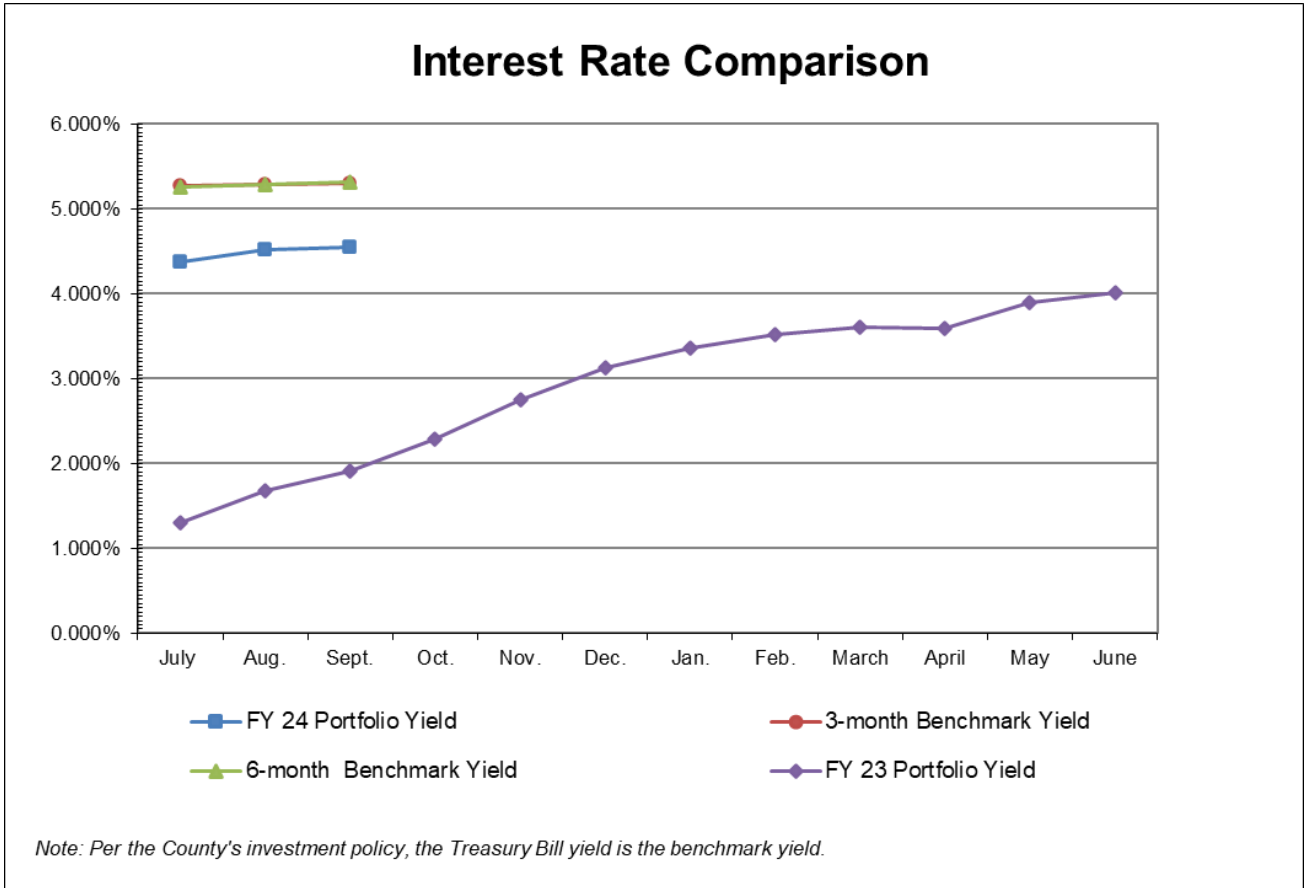
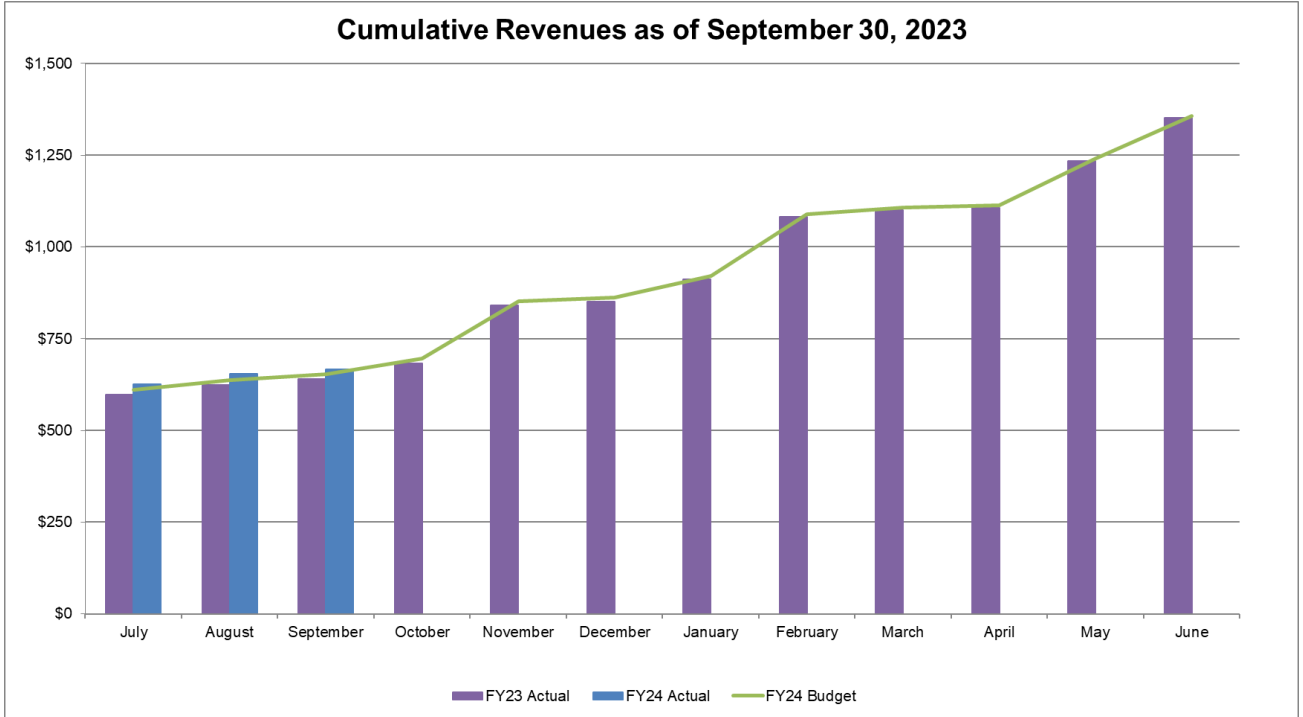
As of September 30, 2023, the average weighted maturity of the portfolio was 175 days.



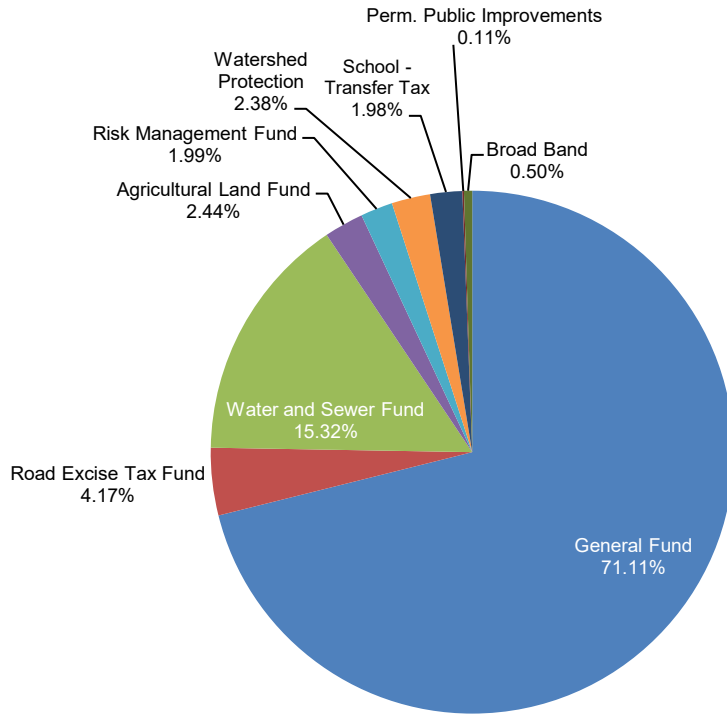
Below is the portfolio yield compared to the trailing 12-month three and six month benchmark yields. This key performance indicator measures the County’s performance relative to the fixed income markets.



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



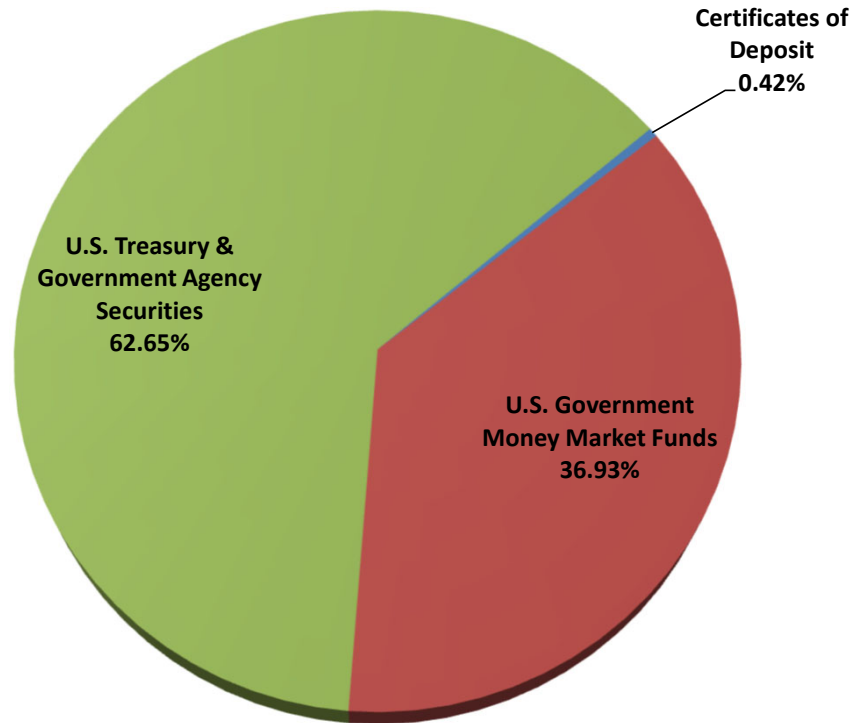
**Investment by Fund  
As of September 30, 2023**



	<u>Investment Allocation As of 9/30/2023</u>	<u>FY 23 Interest Income* Actual</u>	<u>FY 24 Interest Income Budget</u>	<u>FY 24 Interest Income* As of 9/30/2023</u>
General Fund	\$ 874,529,330	\$ 11,602,333	\$ 4,000,000	\$ 6,937,633
Road Excise Tax Fund	51,262,720	1,614,844	28,400	591,684
Water and Sewer Fund	188,458,982	3,564,768	2,300,000	1,629,277
Agricultural Land Fund	30,039,712	354,594	10,778	187,220
Risk Management Fund	24,529,168	424,117	10,000	198,064
Watershed Protection	29,252,189	346,882	42,895	213,437
School - Transfer Tax	24,327,000	714,380	47,000	295,691
Perm. Public Improvements	1,302,177	37,149	701	14,551
Broad Band	6,108,569	107,877	1,000	52,608
	<u>\$ 1,229,809,847</u>	<u>\$ 18,766,944</u>	<u>\$ 6,440,774</u>	<u>\$ 10,120,164</u>

\* Reported on a cash basis.

### Investment by Type as of September 30, 2023



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%	62.65%	770,509,128
Repurchase Agreements	90%	0.00%	-
U.S. Government Money Market Funds	60%	36.93%	454,150,842
Municipal Securities & Municipal Mutual Funds	40%	0.00%	-
Supranational Issuers	40%	0.00%	-
Commercial Paper	10%	0.00%	-
Certificates of Deposit	5%	0.42%	5,149,877
		<u>100.00%</u>	<u>1,229,809,847</u>

#### Diversification Levels for Authorized Brokers

	Actual Percentage	Actual Amount
Cantor Fitzgerald	6.39%	78,555,854
Fulton Bank <sup>(3)</sup>	0.00%	47,571
FHN Financial	11.13%	136,878,800
Harbor Bank <sup>(3)</sup>	0.01%	102,306
Ramirez	8.59%	105,590,304
Raymond James Financial	11.11%	136,608,156
Piper Sandler & Co.	8.75%	107,608,624
Sandy Spring Bank <sup>(3)</sup>	0.41%	5,000,000
Stifel, Nicolaus & Co.	9.85%	121,086,912
UBS Financial Services	6.84%	84,180,478
Goldman Sachs	14.34%	176,364,481
MD Local Government Investment Pool	22.59%	277,786,361
	<u>100.00%</u>	<u>1,229,809,847</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 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>					
Sandy Spring	5,000,000	5.250%	09/08/23	243	05/08/24
Harbor Bank	102,306	0.750%	07/07/23	366	07/07/24
Fulton Bank	47,571	2.000%	12/05/22	365	12/05/23
<b>Total Certificates of Deposit</b>	<b>5,149,877</b>	<b>5.131%</b>			
<b>U.S. Government Money Market Funds:</b>					
Goldman Sachs	176,364,481	5.220%	Various	-	On Demand
MD Local Govt Investment Pool	277,786,361	5.388%	Various	-	On Demand
<b>Total Money Markets</b>	<b>454,150,842</b>	<b>5.323%</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 *	15,666,797	0.482%	11/17/21	-	09/30/23	09/30/23
Federal Agricultural Mortgage Corporation	10,000,000	4.375%	10/12/22		10/12/23	10/12/23
Federal Home Loan Bank	10,000,000	3.350%	06/16/22	10/19/23	10/19/23	10/19/23
U.S. Treasury Note	14,960,700	0.510%	11/17/21	-	10/30/23	10/31/23
Federal Home Loan Bank	19,206,900	4.830%	12/29/22		11/03/23	11/03/23
U.S. Treasury Note	9,592,188	3.861%	09/15/22		11/15/23	11/15/23
Federal Farm Credit Bureau	13,997,900	0.633%	11/24/21	11/24/23	11/24/23	11/24/23
Federal Home Loan Bank	5,000,000	2.600%	05/24/22		11/24/23	11/24/23
Federal Home Loan Bank	11,466,650	0.645%	12/02/21		12/08/23	12/08/23
Federal Home Loan Bank	9,758,778	5.417%	06/30/23		12/14/23	12/14/23
Federal Home Loan Bank	13,764,944	2.600%	06/15/22	12/15/23	12/15/23	12/15/23
Federal Home Loan Bank	15,000,000	0.800%	12/28/21	10/28/23	12/28/23	12/28/23
Federal Home Loan Bank	9,995,100	4.851%	12/08/22		12/08/23	01/08/24
U.S. Treasury Note	14,835,938	0.645%	12/02/21	-	01/15/24	01/15/24
U.S. Treasury Note	9,717,578	5.300%	06/23/23		10/15/23	01/15/24
Federal Home Loan Bank	15,000,000	4.814%	12/16/22		01/16/24	01/16/24
Federal Home Loan Bank	9,997,200	4.779%	01/23/23		01/23/24	01/23/24
U.S. Treasury Note	19,125,400	4.511%	10/31/22		01/31/24	01/31/24
Federal Home Loan Bank	9,658,511	5.298%	06/09/23		02/06/24	02/06/24
U.S. Treasury Note	14,306,250	4.731%	01/31/23		02/15/24	02/15/24
Federal Home Loan Bank	10,000,000	5.520%	08/28/23		02/07/24	02/07/24
Federal Home Loan Bank	24,300,667	5.464%	08/04/23		02/12/24	02/12/24
Federal Home Loan Bank	5,950,000	3.000%	05/23/22	11/23/23	02/23/24	02/23/24
Federal Home Loan Bank	9,999,500	5.130%	02/27/23		02/27/24	02/27/24
Federal Home Loan Bank	9,742,118	5.536%	09/15/23		03/08/24	03/08/24
Federal Agricultural Mortgage Corporation	9,538,681	4.792%	03/16/23		03/15/24	03/15/24
Federal Home Loan Bank	15,000,000	0.850%	12/28/21	12/28/23	03/28/24	03/28/24
U.S. Treasury Note	15,494,250	0.695%	12/02/21	-	03/31/24	03/31/24
U.S. Treasury Note	9,422,100	4.521%	10/31/22		10/15/23	04/15/24
U.S. Treasury Note	9,415,679	4.430%	10/13/22		10/15/23	04/15/24
Federal Agricultural Mortgage Corporation	9,531,467	5.291%	05/31/23		05/01/24	05/01/24
Federal Home Loan Bank	9,632,850	5.494%	08/25/23		05/03/24	05/03/24
U.S. Treasury Note	9,426,953	3.834%	09/15/22		11/15/23	05/15/24
Federal Home Loan Bank	14,388,212	5.370%	08/04/23		05/17/24	05/17/24
Federal Home Loan Bank	5,000,000	0.375%	06/03/21	12/03/23	12/03/23	06/03/24
Federal Home Loan Bank	3,028,781	4.783%	11/30/22		11/30/23	06/14/24
Federal Farm Credit Bureau	10,505,000	0.440%	06/28/21	Anytime	12/28/23	06/28/24
Federal Home Loan Mortgage Corporation	5,000,000	4.000%	07/12/22	10/12/23	01/12/24	07/12/24
Federal Home Loan Bank	3,000,000	3.418%	07/29/22	10/26/23	10/26/23	07/26/24
Federal Home Loan Bank	5,095,000	3.423%	08/05/22	10/26/23	10/26/23	07/26/24
Federal Home Loan Mortgage Corporation	10,000,000	5.175%	11/17/22	11/09/23	11/09/23	08/09/24
U.S. Treasury Note	9,692,969	5.020%	05/31/23		02/15/24	08/15/24
Federal Farm Credit Bureau	9,986,400	4.970%	02/21/23		02/21/24	08/21/24
Intl Development Finance Corporation	10,000,000	5.770%	08/21/23		08/21/24	08/21/24
Federal Home Loan Mortgage Corporation	10,000,000	4.825%	03/15/23	03/15/24	03/15/24	09/06/24
Federal Home Loan Bank	10,031,700	5.100%	06/14/23		03/09/24	09/09/24
Federal Home Loan Mortgage Corporation	10,000,000	5.402%	02/28/23	12/20/23	03/20/24	09/20/24
Federal Home Loan Bank	7,000,000	0.570%	09/30/21	12/30/23	03/30/24	09/30/24
Federal Home Loan Bank	15,000,000	4.403%	05/10/23		10/04/23	10/04/24
Federal Home Loan Mortgage Corporation	10,000,000	5.150%	04/17/23	10/17/23	10/17/23	10/17/24
Federal Home Loan Bank	5,000,000	5.000%	10/25/22	10/25/23	01/25/24	10/25/24

<b>Investment Schedule (Cont.)</b>						
<b>Security Type</b>	<b>Purchase Price</b>	<b>Yield</b>	<b>Purchase Date</b>	<b>Call Date</b>	<b>Interest Date</b>	<b>Maturity Date</b>
<b>U.S. Treasury &amp; Government Agency Securities:</b>						
Federal Farm Credit Bureau	9,997,500	4.517%	04/28/23		10/28/23	10/28/24
Federal Home Loan Bank	4,741,500	3.412%	08/10/22	10/08/23	02/08/24	11/08/24
Federal National Mortgage Association	10,000,000	5.500%	06/26/23	12/26/23	12/26/23	11/15/24
Federal Home Loan Bank	10,000,000	1.000%	11/18/21	11/18/23	11/18/23	11/18/24
U.S. Treasury Note	4,707,031	5.223%	06/30/23		12/15/24	12/15/24
Federal Home Loan Bank	5,000,000	3.875%	06/30/22	12/30/23	12/30/23	12/30/24
Federal Agricultural Mortgage Corporation	20,000,000	5.250%	01/10/23	10/10/23	01/10/24	01/10/25
U.S. Treasury Note	9,848,438	5.182%	07/28/23		01/31/24	01/31/25
Federal Home Loan Bank	10,000,000	5.159%	08/01/23		02/05/24	02/05/25
Federal Home Loan Mortgage Corporation	10,000,000	5.516%	02/28/23	11/28/23	11/28/24	02/28/25
Federal Home Loan Mortgage Corporation	10,000,000	5.550%	03/01/23	12/01/23	03/01/24	02/28/25
Federal Home Loan Bank	10,000,000	5.460%	06/15/23	12/15/23	12/15/23	03/05/25
Federal Agricultural Mortgage Corporation	10,000,000	5.598%	09/12/23	03/19/24	03/19/24	03/19/25
Federal Home Loan Bank	10,000,000	5.520%	09/05/23	12/05/23	03/05/24	04/17/25
Federal Home Loan Bank	15,000,000	5.004%	01/30/23	10/28/23	01/28/24	04/28/25
Federal Home Loan Mortgage Corporation	9,974,000	5.341%	06/09/23	11/16/23	11/16/23	05/16/25
Federal Home Loan Mortgage Corporation	5,000,000	3.320%	06/30/22	12/30/23	12/30/23	06/30/25
Federal Home Loan Mortgage Corporation	10,000,000	5.750%	07/28/23	01/17/24	01/17/24	07/17/25
Federal Home Loan Bank	5,000,000	5.950%	07/25/23	10/25/23	01/25/24	07/25/25
Federal Home Loan Bank	5,000,000	5.633%	09/20/23	03/20/24	03/20/24	08/13/25
Federal Home Loan Bank	5,000,000	5.684%	09/27/23	12/27/23	03/27/24	08/13/25
Federal Home Loan Mortgage Corporation	10,007,500	5.710%	08/31/23	02/28/24	02/28/24	08/28/25
Federal Home Loan Mortgage Corporation	10,000,000	5.800%	09/26/23	12/26/23	03/26/24	09/26/25
Federal Home Loan Mortgage Corporation	10,000,000	5.800%	09/26/23	12/26/23	03/26/24	09/26/25
	<b>770,509,128</b>					
<b>Supranationals:</b>						
<b>Total U.S. Treasury, Govt Agency Securities &amp; Supranationals</b>	<b>770,509,128</b>	<b>4.102%</b>				
<b>Total Investment Balance (Page 6 - 8)</b>	<b>1,229,809,847</b>	<b>4.557%</b>				

**Portfolio Yield** **4.557%**

**Benchmarks:**

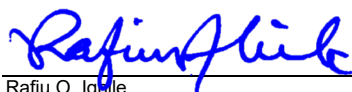
**Three-month Treasury Yield** **5.303%**

**Six-month Treasury Yield** **5.315%**

**Money Market Funds Yield** **5.323%**

\* Maturity occurred over the weekend. The redemption was recognized the following business day

The above report has been approved by:



Rafiu O. Igile  
Director of Finance

10/31/23

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 and Harbor 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 Principal.

### 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, Harbor Bank and Sandy Spring 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> 6/30/2022
8/15/2023	7,000	362,503	3,327,901
2/15/2024	10,243,000	854,220	6,866,053
8/15/2024	20,000	66,011	339,490
8/15/2025	557,000	27,404	164,451
2/15/2026	24,000	560,900	3,315,409
8/15/2026	5,245,000	175,073	1,043,898
2/15/2028	2,158,000	478,644	1,665,762
Total	\$ 18,254,000	\$2,524,756	\$16,722,965
<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 6/30/23			

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

Security	Purchase Price	Market Value	Maturity Date
Federal Home Loan Bank	15,000,000	14,853,900	10/04/24
Federal Home Loan Mortgage Corp	10,000,000	9,934,800	10/17/24
Federal Home Loan Bank	5,000,000	4,962,050	10/25/24
Federal Farm Credit Bureau	9,997,500	9,889,000	10/28/24
Federal Home Loan Bank	4,741,500	4,756,600	11/08/24
Federal National Mortgage Assn	10,000,000	9,954,700	11/15/24
Federal Home Loan Bank	10,000,000	9,503,200	11/18/24
U.S. Treasury Note	4,707,031	4,747,850	12/15/24
Federal Home Loan Bank	5,000,000	4,898,200	12/30/24
Federal Agricultural Mortgage Corp	20,000,000	19,843,400	01/10/25
U.S. Treasury Note	9,848,438	9,845,300	01/31/25
Federal Home Loan Bank	10,000,000	9,973,900	02/05/25
Federal Home Loan Mortgage Corp	10,000,000	9,937,200	02/28/25
Federal Home Loan Mortgage Corp	10,000,000	9,939,000	02/28/25
Federal Home Loan Bank	10,000,000	9,932,400	03/05/25
Federal Agricultural Mortgage Corp	10,000,000	9,881,400	03/19/25
Federal Home Loan Bank	10,000,000	9,986,100	04/17/25
Federal Home Loan Bank	15,000,000	14,832,150	04/28/25
Federal Home Loan Mortgage Corp	9,974,000	9,902,500	05/16/25
Federal Home Loan Mortgage Corp	5,000,000	4,826,650	06/30/25
Federal Home Loan Mortgage Corp	10,000,000	9,948,300	07/17/25
Federal Home Loan Bank	5,000,000	4,982,750	07/25/25
Federal Home Loan Bank	5,000,000	4,997,950	08/13/25
Federal Home Loan Bank	5,000,000	5,002,100	08/13/25
Federal Home Loan Mortgage Corp	10,007,500	9,949,200	08/28/25
Federal Home Loan Mortgage Corp	20,000,000	20,000,400	09/26/25

## 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:

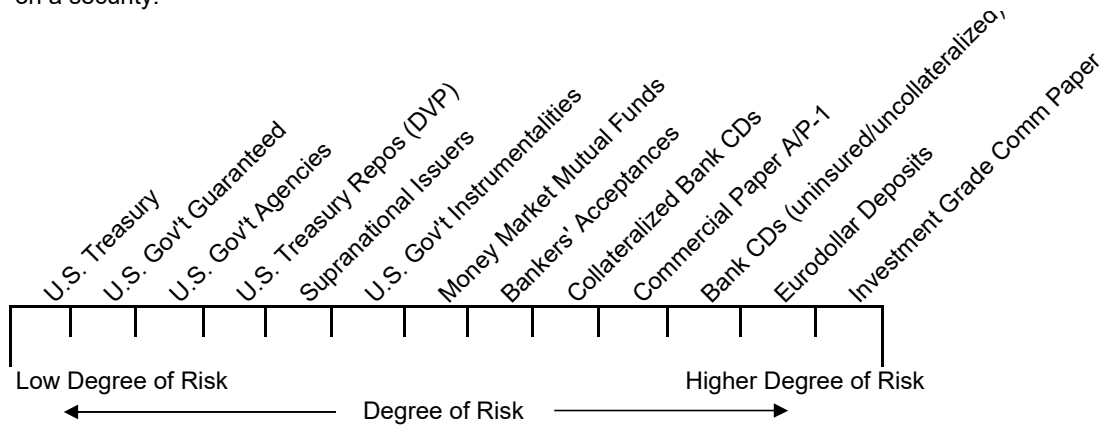
1. Very safe
2. Can only purchase Supranational Issuers from primary dealers

Main Agency issuers:

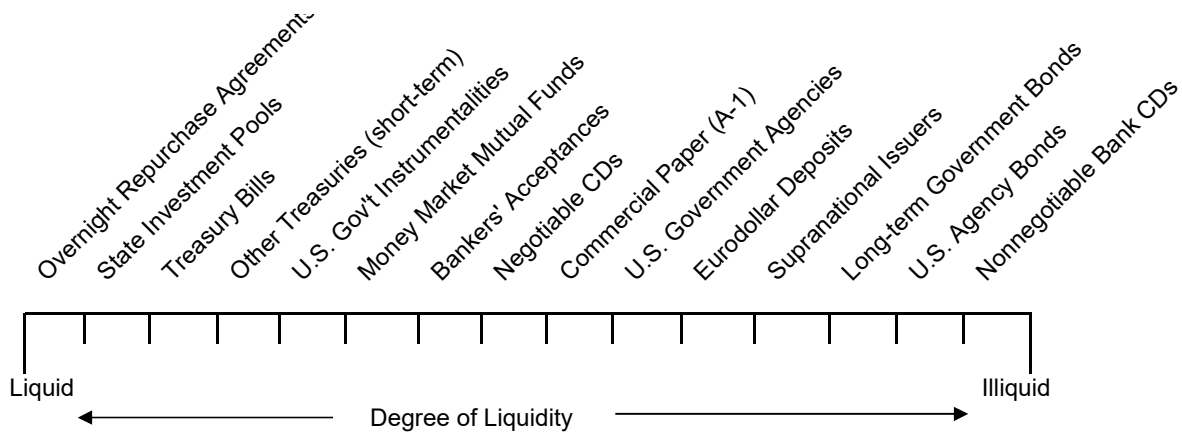
1. The World Bank (IBRD)
2. The International Finance Corporation (IFC)
3. The Inter-American Development Bank (IADB)
4. The African Development Bank (AfDB)
5. The Asian Development Bank (ADB)

**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