



The State Bar *of California*

OPEN SESSION AGENDA ITEM 50-7 MARCH 2024 FINANCE COMMITTEE III.B

DATE: March 21, 2024

TO: Members, Finance Committee
Members, Board of Trustees

FROM: Aracely Montoya-Chico, Chief Financial Officer

SUBJECT: Approval of 2023 Quarter Four Investment Report

EXECUTIVE SUMMARY

This agenda item presents the Investment Report for the twelve months ended December 31, 2023 for approval by the Finance Committee.

BACKGROUND

The charter of the Finance Committee directs the committee to thoroughly examine the State Bar's finances on a quarterly basis to ensure a "functional and detailed understanding of the State Bar's revenue streams, expenditures, and overall fiscal conditions and issues." This agenda item provides the Finance Committee with the reports it needs to fulfill these responsibilities.

DISCUSSION

The report for review by the committee in this agenda item is the Investment Report for the twelve months ended December 31, 2023. This report provides the committee with an overview of the State Bar's investments held, purchased and interest rates/yields earned on those investments.

FISCAL/PERSONNEL IMPACT

None

AMENDMENTS TO RULES

None

AMENDMENTS TO BOARD OF TRUSTEES POLICY MANUAL

None

STRATEGIC PLAN GOALS & IMPLEMENTATION STEPS

None – compliance

RECOMMENDATIONS

Should the Finance Committee concur in the proposed action, passage of the following resolution is recommended:

RESOLVED, that the Finance Committee recommends that the Board of Trustees approve the 2023 Fourth Quarter Investment Report for the twelve months ended December 31, 2023, in the form presented this day before the Board.

Should the Board of Trustees concur in the proposed action, passage of the following resolution is recommended:

RESOLVED, that the Board of Trustees, upon recommendation of the Finance Committee, approve the 2023 Fourth Quarter Investment Report for the twelve months ended December 31, 2023, in the form presented this day before the Board.

ATTACHMENTS LIST

- A.** Investment Report for the Fourth Quarter Ended December 31, 2023



The State Bar *of California*

ATTACHMENT A

Date: March 21, 2024

To: Members, Finance Committee
Members, Board of Trustees

From: Aracely Montoya-Chico, Chief Financial Officer

Subject: Investment Report for the Fourth Quarter Ended December 31, 2023

Attached is the quarterly Investment Report for the State Bar of California as of December 31, 2023. The report is presented in a format that conforms to the investment policy adopted by the Board of Trustees. The State Bar's investment portfolio consists of fixed income securities and deposits with Principal Custody Solutions, Wells Fargo Bank, the State Treasurer's Local Agency Investment Fund (LAIF), and with the Bank of New York Mellon Trust Company. As of December 31, 2023, the market value of the investment portfolio was \$275.1 million, compared to \$116.5 million as of December 31, 2022.

The quarterly rate of return of the investment portfolio for this quarter is 3.95 percent. Interest rates are higher in comparison to the prior year at 2.55 percent. The quarterly interest rate on deposits in the LAIF increased from 1.98 percent for the quarter ended December 31, 2022, to 3.81 percent for the quarter ended December 31, 2023. As of December 31, 2023, the daily rate at LAIF is 3.96 percent. Year-to-date actual investment earnings resulted in a \$9.7 million gain in 2023, an increase from the \$54,000 loss in 2022.

The State Bar's investment strategy is to purchase bonds and hold them until maturity to realize the full value of the investment. Unrealized gains or losses in the portfolio would only be recognized if a security was sold before maturity. Temporary price changes or market value fluctuations in the portfolio of held-to-maturity securities are recorded in the State Bar's quarterly financials.

The State Bar of California Investment Report
Summary as of December 31, 2023

<u>Asset Group</u>	<u>Original Cost</u>	<u>Market Value</u>	<u>Portfolio Percentage</u>	<u>Weighted Average Yield</u>
Principal Custody Account:				
- Government Bonds	1,250,000	1,246,650	0.5%	1.98%
- Common Stock-Metlife Inc.	-	208,235	0.1%	N/A
	<u>1,250,000</u>	<u>1,454,885</u>	<u>0.6%</u>	
Wells Fargo Safekeeping Investment Account:				
- Money Market Mutual Fund	111,521,351	111,521,351	40.5%	5.27%
- Government Bonds and Notes	121,485,358	121,435,361	44.1%	5.24%
Subtotal-Securities, Bonds, CP, MMF and Notes	<u>233,006,709</u>	<u>232,956,712</u>	<u>84.7%</u>	
Interest Receivable	-	10,318	0.0%	N/A
Local Agency Investment Fund	33,600,795	33,383,839	12.1%	3.81%
Bank of New York Mellon Trust Company, N.A. Investment	7,310,279	7,310,279	2.7%	3.43%
Total	<u>275,167,783</u>	<u>275,116,032</u>	<u>100%</u>	3.95%

Unrealized Gain/(Loss):

Market Value of Portfolio -Securities, Bonds, CP, MMF and Notes	234,411,597	
Cost of Portfolio -Securities, Bonds, CP, MMF and Notes	<u>234,256,709</u>	
Unrealized Gain/(Loss)	<u>154,888</u>	Gain

State Bar of California
Investment Quarter End Report - Principal Custody and Wells Fargo Safekeeping Accounts
Balance as of December 31, 2023

<u>Issuer</u>	<u>CUSIP #</u>	<u>S&P Rating</u>	<u>Type</u>	<u>Par Value</u>	<u>Original Cost</u>	<u>Market Value</u>	<u>Interest Receivable</u>	<u>Unrealized Gain/(Loss)</u>	<u>Yield</u>	<u>Settlement Date</u>	<u>Maturity Date</u>
RIVERSIDE CA UNIF SCH DIST	769059A22	NR	Municipal Bond	1,250,000	1,250,000	1,246,650	10,318	(3,350)	1.98%	12/17/19	02/01/24
TOTAL MUNICIPAL BONDS AND NOTES:				1,250,000	1,250,000	1,246,650	10,318	(3,350)	1.98%		
FED HOME LN DISCOUNT NT	313384UQ0	-	Government Agency	98,000,000	96,782,677	96,818,936	-	36,259	5.29%	12/26/23	03/22/24
TOTAL FEDERAL BONDS (LSTF):				98,000,000	96,782,677	96,818,936	-	36,259	5.29%		
FED HOME LOAN BANK	3130ATUQ8	AA+	Government Agency	5,000,000	5,034,543	4,994,294	-	(40,249)	4.64%	12/16/22	03/08/24
FEDERAL HOME LOAN BANK	3130ATVC8	AA+	Government Agency	5,000,000	5,105,611	4,992,285	-	(113,326)	4.57%	03/17/23	06/14/24
UNITED STATES TREASURY NOTE	91282CEX5	-	Government Agency	5,000,000	4,965,216	4,947,656	-	(17,560)	5.15%	06/21/23	06/30/24
FED HOME LN DISCOUNT NT	313384ZP7	-	Government Agency	5,000,000	4,783,986	4,860,240	-	76,254	5.41%	09/21/23	07/19/24
MUFG BANK LTD/NY DISCOUNTE	62479LJ55	A-1	Government Agency	5,000,000	4,813,325	4,821,950	-	8,625	5.33%	12/18/23	09/05/24
TOTAL FEDERAL BONDS AND NOTES (GENERAL FUND):				25,000,000	24,702,681	24,616,425	-	(86,256)	5.02%		
TOTAL GOVERNMENT BONDS AND NOTES:				123,000,000	121,485,358	121,435,361	-	(49,997)	5.24%		
SE STATE ST US GOVT FD OPPTY	85749T517	N/A	Money Market Mutual Fund	111,521,351	111,521,351	111,521,351	-	-	5.27%	Various	N/A
TOTAL MONEY MARKET MUTUAL FUND :				111,521,351	111,521,351	111,521,351	-	-	5.27%		
BRIGHTHOUSE FINANCIAL INC	10922N103	N/A	Common Stock	-	-	14,077	-	14,077			
METLIFE INC	59156R108	N/A	Common Stock	-	-	194,158	-	194,158			
TOTAL COMMON STOCKS:				-	-	208,235	-	208,235			
TOTAL INVESTMENT HELD BY WELLS FARGO/PRINCIPAL:				235,771,351	234,256,709	234,411,597	10,318	154,888			