



# The State Bar *of California*

---

**OPEN SESSION**  
**AGENDA ITEM**  
**50-6 MAY 2024**  
**FINANCE COMMITTEE III.C**

**DATE:** May 16, 2024

**TO:** Members, Finance Committee  
Members, Board of Trustees

**FROM:** Aracely Montoya-Chico, Chief Financial Officer

**SUBJECT:** Approval of 2024 Quarter One Investment Report

---

## **EXECUTIVE SUMMARY**

This agenda item presents the Investment Report for the three months ended March 31, 2024, 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 a report it needs to fulfill these responsibilities.

## **DISCUSSION**

The report for review by the Committee in this agenda item is the Investment Report for the three months ended March 31, 2024. This report provides the committee with an overview of the State Bar's investments held, purchased and interest rates/yields earned on those investments.

Attached is the quarterly Investment Report for the State Bar of California as of March 31, 2024. 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, and the State Treasurer's Local

Agency Investment Fund (LAIF). As of March 31, 2024, the market value of the investment portfolio was \$308.7 million, compared to \$170.9 million as of March 31, 2023.

The quarterly rate of return of the investment portfolio for this quarter is 4.99 percent. Interest rates are higher in comparison to the prior year at 3.74 percent. The quarterly interest rate on deposits in the LAIF increased from 2.63 percent for the quarter ended March 31, 2023, to 4.30 percent for the quarter ended March 31, 2024. As of March 31, 2024, the daily rate at LAIF is 4.22 percent. Year-to-date actual investment earnings resulted in a \$4.0 million gain in 2024, an increase from the \$1.4 million gain in 2023.

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.

### **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 2024 Quarter One Investment Report for the three months ended March 31, 2024, 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 2024 Quarter One Investment Report for the three months ended March 31, 2024, in the form presented this day before the Board.

**ATTACHMENT LIST**

- A.** Investment Report for the First Quarter Ended March 31, 2024

**The State Bar of California Investment Report**  
**Summary as of March 31, 2024**

<b><u>Asset Group</u></b>	<b><u>Original Cost</u></b>	<b><u>Market Value</u></b>	<b><u>Portfolio Percentage</u></b>	<b><u>Weighted Average Yield</u></b>
Principal Custody Account:				
- Common Stock-Metlife Inc. & Brighthouse Financial Inc.	-	231,297	0.1%	N/A
	-	231,297	0.1%	
Wells Fargo Safekeeping Investment Account:				
- Commercial Paper	4,813,325	4,881,742	1.6%	5.33%
- Money Market Mutual Fund	115,224,874	115,224,874	37.3%	5.24%
- Government Bonds and Notes	158,871,035	159,089,322	51.5%	5.27%
Subtotal-Securities, Bonds, CP, MMF and Notes	278,909,234	279,195,938	90.5%	
Interest Receivable	-	473,621	0.2%	N/A
Local Agency Investment Fund	28,937,908	28,769,816	9.3%	4.12%
<b>Total</b>	<b>307,847,142</b>	<b>308,670,672</b>	<b>100%</b>	4.99%

**Unrealized Gain/(Loss):**

Market Value of Portfolio -Securities, Bonds, CP, MMF and Notes	279,427,235	
Cost of Portfolio -Securities, Bonds, CP, MMF and Notes	278,909,234	
Unrealized Gain/(Loss)	518,001	Gain

**State Bar of California**  
**Investment Quarter End Report - Principal Custody and Wells Fargo Safekeeping Accounts**  
**Balance as of March 31, 2024**

<u>Issuer</u>	<u>CUSIP #</u>	<u>S&amp;P Rating</u>	<u>Type</u>	<u>Par Value</u>	<u>Original Cost</u>	<u>Market Value</u>	<u>Unrealized Gain/(Loss)</u>	<u>Yield</u>	<u>Settlement Date</u>	<u>Maturity Date</u>
UNITED STATE TREASURY BILL	912796ZW2	NR	Government Agency	141,000,000	139,184,625	139,365,497	180,872	5.30%	03/22/24	06/20/24
<b>Government Agency (LSTF)</b>				<b>141,000,000</b>	<b>139,184,625</b>	<b>139,365,497</b>	<b>180,872</b>	<b>5.30%</b>		
FEDERAL HOME LOAN BANK	3130ATVC8	AA+	Government Agency	5,000,000	5,105,611	4,994,912	(110,699)	4.57%	03/17/23	06/14/24
UNITED STATES TREASURY NOTE	91282CEX5	NR	Government Agency	5,000,000	4,965,216	4,970,752	5,536	5.15%	06/21/23	06/30/24
FED HOME LN DISCOUNT NT	313384ZP7	NR	Government Agency	5,000,000	4,783,986	4,919,723	135,737	5.41%	09/21/23	07/19/24
FED HOME LN DISCOUNT NT	313384P94	NR	Government Agency	5,000,000	4,831,597	4,838,438	6,841	5.05%	03/13/24	11/18/24
<b>Government Agency</b>				<b>20,000,000</b>	<b>19,686,410</b>	<b>19,723,825</b>	<b>37,415</b>	<b>5.05%</b>		
<b>TOTAL GOVERNMENT BONDS AND NOTES:</b>				<b>161,000,000</b>	<b>158,871,035</b>	<b>159,089,322</b>	<b>218,287</b>	<b>5.27%</b>		
MUFG BANK LTD/NY DISCOUNTED CP	62479LJ55	A-1	Commerical Paper	5,000,000	4,813,325	4,881,742	68,417	5.33%	12/18/23	09/05/24
<b>TOTAL COMMERCIAL PAPER :</b>				<b>5,000,000</b>	<b>4,813,325</b>	<b>4,881,742</b>	<b>68,417</b>	<b>5.33%</b>		
SE STATE ST US GOVT FD OPPTY	85749T517	N/A	Money Market Mutual Fund	115,224,874	115,224,874	115,224,874	-	5.24%	Various	N/A
<b>TOTAL MONEY MARKET MUTUAL FUND :</b>				<b>115,224,874</b>	<b>115,224,874</b>	<b>115,224,874</b>	<b>-</b>	<b>5.24%</b>		
BRIGHTHOUSE FINANCIAL INC	10922N103	N/A	Common Stock	-	-	13,710	13,710			
METLIFE INC	59156R108	N/A	Common Stock	-	-	217,587	217,587			
<b>TOTAL COMMON STOCKS:</b>				<b>-</b>	<b>-</b>	<b>231,297</b>	<b>231,297</b>			
<b>TOTAL INVESTMENT HELD BY WELLS FARGO/PRINCIPAL:</b>				<b>281,224,874</b>	<b>278,909,234</b>	<b>279,427,235</b>	<b>518,001</b>			