



## COUNTY OF MENDOCINO

---

501 Low Gap Rd., Room 1060  
Ukiah, California 95482  
Phone (707) 234-6875  
Fax (707) 463-4166

*Shari L. Schapmire*  
*Treasurer-Tax Collector*

---

DATE: NOVEMBER 15, 2016

TO: MENDOCINO COUNTY BOARD OF SUPERVISORS

FROM: SHARI L. SCHAPMIRE, TREASURER-TAX COLLECTOR

SUBJECT: INVESTMENT REPORT – SEPTEMBER 30, 2016

Attached herewith is a listing of all investments held by the Mendocino County Investment Pool as of September 30, 2016. The investments have been made in accordance with the Investment Policy and are permitted investments according to current California law. Due to the nature of a public funds portfolio, it is mandatory that moneys be available to meet the monetary requirements inherent to operating a public entity. The attached Investment Report demonstrates that sufficient liquidity is available to meet anticipated expenditures during the next six months.

The primary and overriding objective for the investment pool is to protect the safety of the principal. The second objective is to ensure a sufficient portion of all funds are invested in securities providing a high degree of liquidity and availability. The third objective is to obtain a yield commensurate to current conditions; yield shall not be the driving force in determining which investments are to be selected for purchase. In the event all general objectives mandated by State law are met and created equal, investments in corporate securities and depository institutions will be evaluated for social and environmental concerns.

### Wells Fargo Banking Scandal

I was quite disappointed to learn of the unethical business practices of Wells Fargo Bank, as I am sure all of you were as well. To recap, bank employees opened as many as two million fraudulent accounts without customer authorization in order to meet aggressive sales goals. Wells Fargo is the third-largest bank in the United States by assets and has a long standing financial partnership with many municipalities throughout the country. The institutional banking relationship with municipalities is isolated from the retail banking at retail branches where the fraudulent activities occurred.

This situation was discussed extensively at a recent statewide Treasurer-Tax Collector conference, as virtually every California County has some type of banking or investment relationship with Wells Fargo. Banking relationships include primary banking services,

safekeeping services, bond paying agent and underwriting services, and holding securities. The Mendocino County Treasury Pool currently holds a Wells Fargo Corporate Note in the amount of \$1.6 million, due to mature on January 16, 2018. As the Treasury Pool is a buy and hold portfolio, there are no plans at this time to sell the security; however, that could change at any time. There will also be no additional securities purchased from Wells Fargo for a minimum of one year. These actions are consistent with sanctions taken by State Treasurer John Chiang.

As always, feel free to contact me directly with any questions or concerns.