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DATE: JANUARY 24, 2019

TO: HONORABLE BOARD OF SUPERVISORS

FROM: SHARI L. SCHAPMIRE, TREASURER-TAX COLLECTOR

SUBJECT: INVESTMENT REPORT – DECEMBER 31, 2018

Attached herewith is a listing of all investments held by the Mendocino County Investment Pool as of December 31, 2018. 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.

At its December 2018 meeting, the Federal Open Market Committee (FOMC) raised the fed funds target rate by 25 basis points to a range of 2.25%-2.50%. The Fed's long run fed funds rate target was lowered to 2.8% from the previous estimate of 3.0%.   Excluding food and energy, inflation continues to run slightly below 2.0%. The portfolio should continue to experience a modest increase in interest apportionment rates as we move through the new calendar year.

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