

SHARI L. SCHAPMIRE
TREASURER-TAX COLLECTOR



JULIE FORRESTER
ASSISTANT TREASURER-TAX
COLLECTOR

MENDOCINO COUNTY TREASURER-TAX COLLECTOR
501 LOW GAP RD. ROOM 1060, UKIAH, CA 95482
(707) 234-6875

DATE: JANUARY 29, 2018
TO: MENDOCINO COUNTY POOL PARTICIPANTS
FROM: SHARI L. SCHAPMIRE, TREASURER-TAX COLLECTOR
SUBJECT: INVESTMENT REPORT – DECEMBER 31, 2017

Attached herewith is a listing of all investments held by the Mendocino County Investment Pool as of December 31, 2017. 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.

Per Chandler Asset Management, the Treasury yield curve has steepened to its highest level since 2014 – 2-year yield to 2.05% and 10-year yield to 2.63%. The steepening has been fueled in part by increased optimism about economic growth as a result of tax reform, relatively strong fourth quarter corporate earnings reports, as well as weaker than expected December employment numbers which tampered market participants' expectations about the future pace of Fed rate hikes.

This year, the Fed rate hike projections appear to be either two or three. 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.