



## COUNTY OF MENDOCINO

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DATE: FEBRUARY 2, 2016

TO: HONORABLE BOARD OF SUPERVISORS

FROM: SHARI L. SCHAPMIRE, TREASURER-TAX COLLECTOR

SUBJECT: INVESTMENT REPORT – DECEMBER 31, 2015

Attached herewith is a listing of all investments held by the Mendocino County Investment Pool as of December 31, 2015. 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.

As discovered during numerous group and individual discussions over the past several years, there are differing ideas on what constitutes “socially responsible investing.” As previously reported to the governing body, pool participants, and members of the public, Calvert Social Index is a tool that continues to be utilized to ensure a data-driven balanced approach is maintained in the selection of securities. The Calvert Social Index includes 1,000 of the largest publicly traded companies in the United States selected using Calvert’s social criteria. These criteria relate to the environment, workplace issues, product safety, community relations, weapons contracting, international operations, and human rights. For a detailed look at the evaluation process, please visit Calvert Investment’s website at [www.calvert.com/approach/how-we-invest/the-calvert-principles](http://www.calvert.com/approach/how-we-invest/the-calvert-principles).

Effective January 1, 2016, the California State Treasurer increased the Local Agency Investment Fund (LAIF) from the current \$50 million to \$65 million. This program offers local agencies the opportunity to participate in a major portfolio, while at the same time meeting liquidity needs by having same-day access to funds.

Last month, as widely anticipated, the Federal Open Market Committee (FOMC) increased the fed funds target rate by .25% - from a range of 0.0%-0.25% to a range of 0.25%-0.50%; this was the first increase since June 2006. Although the projected increases moving forward will be gradual, this minor move by the Federal Reserve is a welcome development as it will create better reinvestment opportunities in the future.

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