County of Monterey

Item No.

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Board Report

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Receive and accept the Treasurer’s Report of Investments for the quarter ending September 30, 2025.

RECOMMENDATION:
It is recommended that the Board of Supervisors:
Receive and accept the Treasurer’s Report of Investments for the quarter ending September 30, 2025.

SUMMARY:
Government Code Section 53646 (b) (1) states the Treasurer may submit a quarterly report of investments. The following discussion of economic and market conditions along with attached exhibits support investment activity during the July - September period.

DISCUSSION:
The U.S. economy has remained resilient, but a cooling labor market is emerging as a potential risk. Job creation has nearly come to a halt as employers adopt a cautious “no hire, no fire” approach. While inflation has recently picked up, the Federal Reserve expects these upward price pressures to be temporary. Overall uncertainty has eased as markets have adjusted to recent tariff and fiscal policy announcements.

In September, the Federal Reserve implemented its first rate cut of 2025. Chair Powell acknowledged the ongoing challenge of balancing risks between inflation and employment but emphasized that the health of the labor market remains the Federal Reserve’s primary focus. The Federal Reserve’s September “dot plot” suggests an additional 50 basis points in cuts for 2025, though opinions among policymakers remain divided, with several members supporting no further reductions this year.

On September 30, 2025, the County of Monterey investment portfolio contained an amortized book value of $3,079,220,309 spread among 264 separate securities and funds. The par value of those funds was $3,096,305,181 with a market value of $3,096,629,606 or 100% of amortized book value. The portfolio’s effective rate of return for the period was 4.26% generating estimated quarterly interest earnings of $32,518,115. Earnings received in cash will be distributed proportionally to all agencies participating in the investment pool by the Auditor-Controller. The investment portfolio had a weighted average maturity of 492 days. The County Treasury continues to achieve safety, liquidity, and yield goals by balancing shorter-term debt and longer-term debt given investment opportunities in the current market environment.

The investment portfolio follows all applicable provisions of state law and the adopted Investment Policy. Market value pricings were obtained through resources such as Bloomberg LLP, US Bank, and live-bid pricing of corporate securities.

OTHER AGENCY INVOLVEMENT/COMMITTEE ACTIONS:
A copy of this report will be distributed to all agencies participating in the investment pool. The Treasury Quarterly Reports are also posted on the County Treasurer's website. A monthly report of investment transactions is provided to the Board of Supervisors as required by Government Code 53607.

FINANCING:
The investment portfolio contains sufficient liquidity to meet all projected expenditures over the next six months. Investment earnings in the General Fund appear to be trending at a rate that will meet the FY 2025-26 budgeted total.

BOARD OF SUPERVISORS STRATEGIC PLAN GOALS:
Mark a check to the related Board of Supervisors Strategic Plan Goals:
____ Well-Being and Quality of Life
____ Sustainable Infrastructure for the Present and Future
____ Safe and Resilient Communities
____ Diverse and Thriving Economy
____ Dynamic Organization and Employer of Choice

If does not fall under any of the above Board of Supervisors Strategic Plan Goals (Other):

_X__ Administrative
This recommendation supports the Administrative initiative by providing transparency and accountability in the management of County funds in the Treasurer's investment portfolio.

Link to the Strategic Plan:
<https://www.countyofmonterey.gov/home/showdocument?id=139569>

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Attachments:
Exhibit A - Investment Portfolio Review 09.30.2025
Exhibit B - Portfolio Management Report 09.30.2025