



County of Monterey

Board Report

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Item No.

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

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Receive and accept the Treasurer's Report of Investments for the quarter ending December 31, 2025.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

Receive and accept the Treasurer's Report of Investments for the quarter ending December 31, 2025.

SUMMARY:

Pursuant to Government Code Section 53646(b)(1), the Treasurer may submit a quarterly report of investment activities to the Board of Supervisors. The following discussion and attached exhibits summarize economic and market conditions and document investment activity for the period from October 1 through December 31, 2025.

DISCUSSION:

The U.S. economy continues to demonstrate overall resilience, supported by solid consumer and business spending and more stable trade conditions. However, the recent government shutdown has complicated economic analysis by limiting the availability of certain key data. Inflation measures may be understated due to data collection disruptions and technical adjustments, while labor market indicators suggest modest softening, with the unemployment rate trending upward and net job growth near zero.

In response to evolving economic conditions, the Federal Reserve reduced the federal funds target rate by 50 basis points during the fourth quarter, establishing a target range of 3.50% to 3.75%. Federal Reserve Chair Jerome Powell acknowledged the continued challenge of balancing the dual mandate of price stability and maximum employment. The December "dot plot" indicates potential additional 25 basis point rate reductions in both 2026 and 2027, though the wide dispersion of projections reflects heightened uncertainty regarding the future policy path. Financial markets currently anticipate further monetary easing, particularly in the event of a more dovish Federal Reserve Chair assuming office in mid-2026.

As of December 31, 2025, the County of Monterey's investment portfolio had an amortized book value of \$3,478,120,933, invested across 265 individual securities and funds. The portfolio's par value totaled \$3,496,746,679, with a market value of \$3,496,634,836, representing approximately 100% of amortized book value. The portfolio generated an effective rate of return of 4.23% for the quarter, producing estimated quarterly interest earnings of \$34,282,461. Interest earnings received in cash will be distributed proportionally to all agencies participating in the County's investment pool by the Auditor-Controller.

The portfolio maintained a weighted average maturity of 483 days. The County Treasury continues to meet its primary objectives of safety, liquidity, and yield by appropriately balancing shorter-term and longer-term investments in response to prevailing market conditions.

All investments complied with applicable provisions of state law and the County's adopted Investment Policy. Market valuations were obtained from independent sources, including Bloomberg LLP, U.S. Bank, and live-bid pricing for corporate securities.

OTHER AGENCY INVOLVEMENT/COMMITTEE ACTIONS:

A copy of this report will be distributed to all agencies participating in the County investment pool. Quarterly Treasury reports are also posted on the Treasurer-Tax Collector's website. In addition, a monthly report of investment transactions is provided to the Board of Supervisors in accordance with Government Code Section 53607.

FINANCING:

The investment portfolio maintains sufficient liquidity to meet all projected expenditures over the next six months. Investment earnings within the General Fund have exceeded the FY 2026-27 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 ensuring transparency and accountability in the stewardship and management of County investment funds.

Link to the Strategic Plan:

[<https://www.countyofmonterey.gov/home/showdocument?id=139569>](https://www.countyofmonterey.gov/home/showdocument?id=139569)

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Attachments:

Exhibit A - Investment Portfolio Review 12.31.25

Exhibit B - Portfolio Management Report 12.31.25

