



Board of Directors  
April 17, 2019

**SUBJECT:**

Treasurer's Report for February 2019

**BACKGROUND:**

Attached is the Portfolio recap for February 2019. Some of the highlights are:

1. The overall portfolio average interest rate was 2.28 percent in February 2019, an increase of 0.05 percent from January 2019.
2. The market value of the portfolio, including District holdings and debt proceeds, for February 2019 was \$533.0 million versus a book value of \$534.5 million. January 2019 market value was at \$521.9 million versus a book value of \$523.9 million.

As shown in the comparison below, the interest rates for three-year treasury bills ended the month of February 2019 at 2.67 percent, or one basis point higher than the rate in January 2019. The yield curve continued to flatten, meaning that the yield on short term maturities is nearly the same as those of medium-term maturities. This is due to the market's concern for continued interest rate increases by the Fed in 2019. In 2018, the Fed increased rates four times and are likely to increase rates one more time in 2019. The District's investment strategy remained conservative for February 2019, with 42 percent of the Portfolio invested in securities which mature within 60 days to ensure liquidity and protect principal. The District's investment strategy during Fiscal Year 2018-19 emphasizes greater diversification and relatively short duration risk with purchases of Federal Agencies (target of 32 percent of portfolio), highly rated corporate notes (target of 13 percent of portfolio) and municipal bonds (target of 17 percent of portfolio). Investment targets are one to two-year maturities to reduce the impact of interest rate escalation while providing reasonable returns to meet the District's objectives.

February 2019		January 2019	
LAIF =	2.39%	LAIF =	2.36%
3 year Treasury =	2.50%	3 year Treasury =	2.43%
<b>3-yr Treasury (Rolling 12-mo Avg.) =</b>	<b>2.67%</b>	<b>3-yr Treasury (Rolling 12-mo Avg.) =</b>	<b>2.66%</b>
5 year Treasury =	2.52%	5 year Treasury =	2.43%
<b>District Average Portfolio =</b>	<b>2.28%</b>	<b>District Average Portfolio =</b>	<b>2.23%</b>
District Portfolio Days to Maturity =	192	District Portfolio Days to Maturity =	201

The entire Treasurer's report will be available upon request at the April 17 Board meeting.

**FINANCIAL IMPACT:**

None

**STRATEGIC PLANNING GOAL/OBJECTIVE:**

Financial Stability: Enhance and maintain the District's strong financial position and credit quality by identifying and implementing specific opportunities to improve underlying financial metrics.

**ENVIRONMENTAL IMPACT:**

None

**RECOMMENDATION:**

Receive and file

**SUBMITTED BY:**

  
Laura Nomura, Deputy General Manager 3/27/2019

  
Charles Turner, Director of Finance 4/2/2019

Attachment(s):

*Exhibit A - Treasurer's Report for February 2019*

*Exhibit B - Portfolio Charts for February 2019*

History:

04/11/19	Board Administrative Committee	DISCUSSED AT COMMITTEE
04/17/19	Board Meeting	

Staff Contact: Charles Turner