



**Board Administrative Committee
May 2, 2019**

SUBJECT:

Treasurer's Report for March 2019

BACKGROUND:

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

1. The overall portfolio average interest rate was 2.31 percent in March 2019, an increase of 0.03 percent from February 2019.
2. The market value of the portfolio, including District holdings and debt proceeds, for March 2019 was \$527.7 million versus a book value of \$528.3 million. February 2019 market value was at \$533.0 million versus a book value of \$534.9 million.

As shown in the comparison below, the interest rates for three-year treasury bills ended the month of March 2019 at 2.66 percent, or one basis point lower than the rate in February 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. The market had been expecting further interest rate hikes in 2019 but the Fed has recently signaled that it will likely not raise rates this year. The District's investment strategy remained conservative for February 2019, with 39 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.

March 2019		February 2019	
LAIF =	2.44%	LAIF =	2.39%
3 year Treasury =	2.21%	3 year Treasury =	2.50%
3-yr Treasury (Rolling 12-mo Avg.) =	2.66%	3-yr Treasury (Rolling 12-mo Avg.) =	2.67%
5 year Treasury =	2.23%	5 year Treasury =	2.52%
District Average Portfolio =	2.31%	District Average Portfolio =	2.28%
District Portfolio Days to Maturity =	198	District Portfolio Days to Maturity =	192

The entire Treasurer's report will be available upon request at the May 15, 2019 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 4/23/2019


Charles Turner, Director of Finance 4/25/2019

Attachment(s):

Exhibit A - Treasurer's Report for March 2019

Exhibit B - Portfolio Charts for March 2019

05/15/19 Board Meeting

Staff Contact: Charles Turner