



**Board Administrative Committee
June 6, 2019**

SUBJECT:

Treasurer's Report for April 2019

BACKGROUND:

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

1. The overall portfolio average interest rate was 2.31 percent in April 2019, no change from March 2019.
2. The market value of the portfolio, including District holdings and debt proceeds, for April 2019 was \$527.6 million versus a book value of \$528.2 million. March 2019 market value was at \$527.7 million versus a book value of \$528.3 million.

As shown in the comparison below, the interest rates for three-year treasury bills ended the month of April 2019 at 2.65 percent, or one basis point lower than the rate in March 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 April 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.

April 2019		March 2019	
LAIF =	2.45%	LAIF =	2.44%
3 year Treasury =	2.24%	3 year Treasury =	2.21%
3-yr Treasury (Rolling 12-mo Avg.) =	2.65%	3-yr Treasury (Rolling 12-mo Avg.) =	2.66%
5 year Treasury =	2.28%	5 year Treasury =	2.23%
District Average Portfolio =	2.31%	District Average Portfolio =	2.31%
District Portfolio Days to Maturity =	182	District Portfolio Days to Maturity =	198

The entire Treasurer's report will be available upon request at the June 19 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 5/28/2019


Charles Turner, Director of Finance 5/28/2019

Attachment(s):

Exhibit A - Treasurer's Report for April 2019

Exhibit B - Portfolio Charts for April 2019

06/19/19 Board Meeting

Staff Contact: Charles Turner