



**Board Administrative Committee  
January 14, 2020**

**SUBJECT:**

Treasurer's Report for November 2019

**BACKGROUND:**

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

1. The overall portfolio average interest rate was 1.99 percent in November 2019, a decrease of 0.04 percent from October 2019.
2. The market value of the portfolio, including District holdings and debt proceeds, for November 2019 was \$501.4 million versus a book value of \$500.4 million. October 2019 market value was \$503.7 million versus a book value of \$502.3 million.

As shown in the comparison below, the interest rates for three-year treasury bills ended the month of November 2019 at 2.03 percent, or eleven basis point lower than the rate in October 2019. The U.S. Treasury bond yield curve is no longer inverted but has started to flatten, meaning that the yield on short term maturities is similar to those of medium-term maturities. The Federal Reserve lowered interest rates by 0.25 percent in July 2019 for the first time since 2008. They have since lowered rates by another 0.25 percent each in September and October for a total of three interest rate reductions for 2019. To safely navigate this turbulent and dynamic investment market, the District's investment strategy is focused on conservative, short-term securities, with 47 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 2019-20 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 volatility while providing reasonable returns to meet the District's objectives.

November 2019		October 2019	
LAIF =	2.10%	LAIF =	2.19%
3 year Treasury =	1.61%	3 year Treasury =	1.52%
<b>3-yr Treasury (Rolling 12-mo Avg.) =</b>	<b>2.03%</b>	<b>3-yr Treasury (Rolling 12-mo Avg.) =</b>	<b>2.14%</b>
5 year Treasury =	1.62%	5 year Treasury =	1.51%
<b>District Average Portfolio =</b>	<b>1.99%</b>	<b>District Average Portfolio =</b>	<b>2.05%</b>
District Portfolio Days to Maturity =	251	District Portfolio Days to Maturity =	269

The entire Treasurer's report will be available upon request at the January 22, 2020 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 12/23/2019

  
Charles Turner, Chief Financial Officer and Treasurer 12/24/2019

Attachment(s):

*Exhibit A - Treasurer's Report for November 2019*  
*Exhibit B - Portfolio Charts for November 2019*

01/22/20 Board Meeting

Staff Contact: Charles Turner