FY 2019 Quarterly Investment Report

Year End – Through September 2019

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Interest Income – FY 2019

FY 2019 Interest Earnings: $4,973,029
- GF: $668,532
- UF: $1,036,740
- Capital Programs: $1,876,710
- Other: $1,389,499

FY 2018: $2,433,112
FY 2017: $1,787,499
FY 2014: $290,753
Investment Strategy

• Use a laddered approach that matches liabilities and maturities

• Regularly review:
  • Cash flow model (maturities, revenues vs payments)
  • Types of investments

• Monitor changing market conditions
  • Currently short-term rates are higher than long-term rates (inverted yield curve)
  • Evaluate stability of the markets

• Today’s portfolio is well positioned to take advantage of opportunities
Portfolio Benchmark

Average Yield

- Average Weighted Yield
- 1 Yr Treasury Benchmark
Maturities Ladder
Investments by Type

End of Quarter Portfolio Balance: $184M
Yield Curve Inversion (US Treasury)

“normal” yield curve

1.91% = “inverted” yield curve

1.55%
In Summary

• Interest earnings are strong despite low Fed interest rates
• Economic conditions leading to an inverted the yield curve
  • US economy healthiest in the world, but slowing
  • Payrolls remain strong, however;
  • Weakness in housing, manufacturing and business investment grows
  • Relations with China creating a barrier to growth
• Global economy — slow down, affected by trade concerns and international politics
  • China and violence in Hong Kong
• We’ll increase the weighted average maturity (WAM) of the portfolio to increase yield and hedge possible reduction in rates
• Maintain portfolio in compliance with Public Funds Investment Act and City’s Investment Policy
• Quarterly investment reports are available on our web site
• Questions?