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STAFF REPORT

Date: May 17, 2023
To: TRPA Operations and Governance Committee
From: TRPA Staff
Subject: Quarterly Treasurer's Report

Summary and Staff Recommendation:

Since we cancelled the Operations and Governance Committee for April, this report will cover four months (Jan – April) instead of the normal quarterly period.

Inflation and fear of a recession are having an impact on the yield curve. Currently short-term rates of 1 year and less have higher returns than 2-year Treasuries. We continue to stay short with 64% of our investments in liquid pools (LAIF/LGIP/MM Funds), 85% of our investments mature less than 1 year, 15% in the 1to 3-year category, and only 1% (one security) over 3 years.

There were no unusual Treasury events during this four-month period. The attachment shows our investments broken down by investment type and maturity. It also lists each individual investment in the Principal Group Investment Pool. I have also included comparable returns.

This item is for informational purposes and no action is required.

Investments:

There were six maturities during the period, five Treasuries and one JP Morgan Chase note totaling \$2.8M. One US Treasury for \$0.4M matured on 4/30 but has not cleared and is still shown on the report. and nine acquisitions during the quarter. There were no rating changes. Only 33% of the investments are rated with the balance in investment pools. Most of those, 29%, are rated AAA by Moody's. Please note we are focusing on Moody's ratings now instead of Standard and Poor. For some reason, when we switched from Wells Fargo to Principle Group, the S&P ratings are slow to populate in our report. Since the Moody's rating is shown for more investments than S&P, we will feature that going forward. Moody's does carry an AAA rating on Treasuries, while S&P does not rate them.

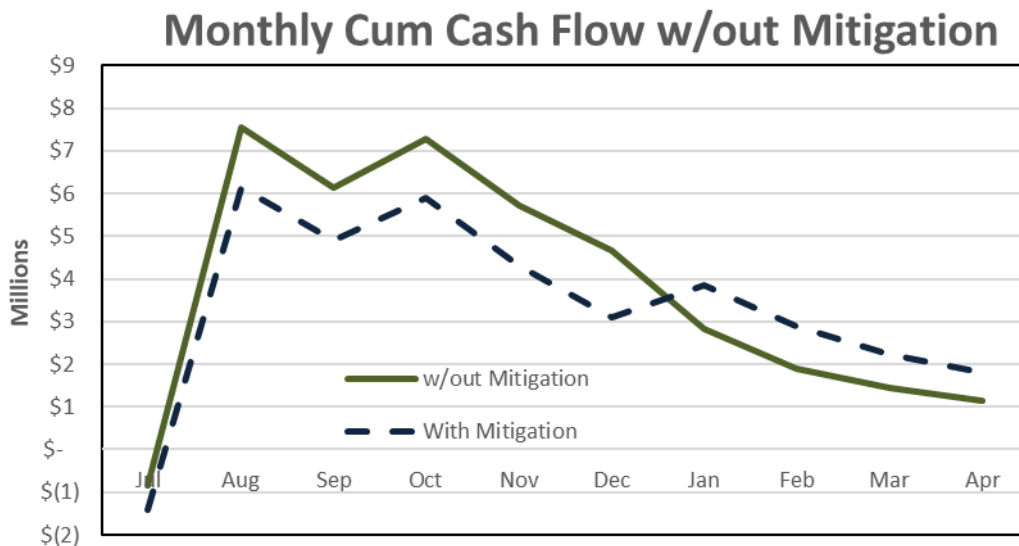
TRPA Investments total \$31.7M, down from \$34.8M at the beginning of the fiscal year. This is due to spending down the State funds received in the first quarter of the fiscal year. The unrealized loss decreased from \$182K to \$49K. The maturity of the pool increased from 12.6 months to 13.5 months, but we still only have 1% of the pool in securities that mature in more than three years. We are still staying short with only one small Home Depot note in the 3–5-year category. As a reminder, the bulk of the investments are mitigation funds and securities held for other parties. This cash is not available for TRPA use.

Please see the attachment for a breakout of the ratings. All securities in the portfolio meet the rating and term requirements of our Investment Policy. All securities are at least A- (S&P) or A3 (Moody's). We have three with an S&P A- rating, but only one with a Moody's A3 (and it is one of the three S&P rated A- securities, a Huntington Bank note for \$250K).
 The current breakdown by type and maturity is:

	BELOW 1	1 TO 3	3 TO 5	Total	% of Pool	Policy
CA State Investment Pool	18,560,611			18,560,611	58%	No Limit
NV State Investment Pool	1,177,520			1,177,520	4%	No Limit
Treasuries	5,070,547	4,071,278	-	9,141,825	29%	< 75 %
Corporate	1,366,771	650,923	191,600	2,209,294	7%	< 20%
Money Market Fund	654,282			654,282	2%	< 20%
Totals	26,829,732	4,722,201	191,600	31,743,533	100%	
% of Pool	85%	15%	1%			

Cash Flow

Cash flow was a negative \$3.5M for the four months, normal since we receive the State allocations in advance. Cash flow will be negative most months through the end of the year. Total receipts for the quarter were \$4.6M. Disbursements were \$8.2M, higher than prior years. This includes a \$2.6M transfer of Excess Coverage Mitigation funds to NDSL. Without that, our cash flow would have been negative \$1.9M. All expenditures were within budget.



For questions regarding this agenda item, please contact Chris Keillor, Finance Director, at (775) 589-5222 or ckeillor@trpa.gov.