



STAFF REPORT

Date: October 18, 2023
To: TRPA Operations and Governance Committee
From: TRPA Staff
Subject: Quarterly Treasurer's Report

Summary and Staff Recommendation:

There's a lot of activity in the government bond market right now, with questions being raised about the ability of the market to absorb a significant amount of bonds to be issued in the near term. This has led to volatility in interest rates and significantly impacted longer term treasuries (which we do not own). Treasuries for one year or less are in the 5.4% range, and the 2-year Treasury is lower. Longer term 10- and 20-year bonds are running around 4.8% as of Oct 9th. We continue to stay short with 71% of our investments in liquid pools (LAIF/LGIP/MM Funds), 85% of our investments mature in less than 1 year, 14% in the 1 to 3-year category, and only 1% (two commercial securities) over 3 years.

We transferred \$5M into the LAIF pool in September. This is the California annual contribution to the Agency's budget and will be spent down over the fiscal year. We made a \$4M transfer in August due to the Nevada contribution. 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:

Last month we had three maturities and two new purchases. One of the maturities was on 9/30/23, so it still shows up in our account. Two more securities will mature in October. There were no rating changes this month.

Only 3% of the investments are rated commercial securities with 26% in Treasuries, rated AAA by Moody's (unrated by S&P). Most of our investments, 71%, are in investment pools. This number is significantly higher at the beginning of the fiscal year due to transferring our State funds into LAIF, to be drawn down over the fiscal year. We normally use LAIF for this kind of cash management.

TRPA Investments total \$38.0M, up from \$33.0M last month and \$29.4M on June 30th. This is due to state funds. This balance will drop over the fiscal year as we spend down the State funds. The unrealized loss decreased by less than \$0.1M during the quarter. The maturity of the pool decreased from 16.7 months to 15.3 months. 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 and one Treasury in the 3-5-year

category. As a reminder, the bulk of the investments in the Principle pool 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 (one of which matured 9/30/23 but is still listed on this report), but only one with a Moody's A3 which will mature this month (and it is one of the two S&P rated A- securities, a Huntington Bank note for \$250K). By November we will only have one S&P A- and no Moody's A3s.

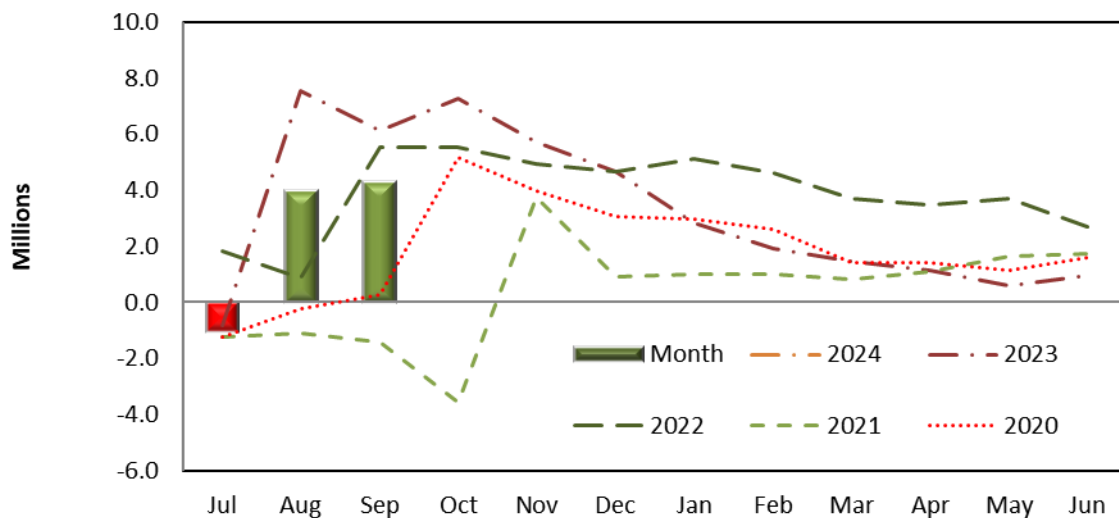
The current breakdown by type and maturity is:

	BELOW 1	1 TO 3	3 TO 5	Total	% of Pool	Policy
CA State Investment Po	24,750,882			24,750,882	65%	No Limit
NV State Investment P	1,194,018			1,194,018	3%	No Limit
Treasuries	4,883,868	4,992,109	-	9,875,977	26%	< 75 %
Corporate	446,715	447,546	429,988	1,324,248	3%	< 20%
Money Market Fund	872,525			872,525	2%	< 20%
Totals	32,148,008	5,439,654	429,988	38,017,650	100%	
% of Pool	85%	14%	1%			

Cash Flow

Cash flow was positive \$7.2M for the Quarter, due to the State allocations. Total receipts for the quarter were \$13.0M. Disbursements were \$5.8M, lower than last year but over \$1.2M higher than the average for prior years. All expenditures were within budget. This graph includes operating cash and Mitigation funds.

Monthly/Cumulative Cash Flow



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

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