



Financial Services Audit Committee Communication

Date: March 16, 2018

To: Great Lakes Water Authority Audit Committee

From: Deirdre Henry, Treasury Manager

Re: Quarterly Investment Report through December 31, 2017 (Unaudited)

Background: As stated in section 14 of the Great Lakes Water Authority (GLWA) Investment Policy, quarterly reporting shall be presented to provide a clear picture of the status of the current GLWA investment portfolio. The attached report, prepared and presented by PFM Asset Management LLC, summarizes portfolio information through December 31, 2017 (unaudited).

Analysis: The Quarterly Investment Report through December 31, 2017 is in compliance with the requirements of Public Act 20 of 1948, as amended and the GLWA Investment Policy. GLWA is actively investing its funds in a diversified portfolio which includes bank deposits, money market funds, a local government investment pool, U.S. Treasuries, Federal Agencies, and commercial paper. All securities in the portfolio are in compliance with the GLWA investment policy. Key metrics are provided below with additional commentary in the attached report.

- Yield to Market at Cost compared to market index:
 - As of December 31, 2017: 1.36% vs 1.25% (3-Month Treasury Index)
 - As of September 30, 2017: 1.09% vs 0.98% (3-Month Treasury Index)
- Portfolio Allocation in Cash/Money Market Securities
 - As of December 31, 2017: 60%
 - As of September 30, 2017: 56%

Over the next sixty to ninety days, the GLWA Financial Services Area is implementing process improvements to more clearly define bond and Improvement & Extension Fund cash flows and close out interfund and receiving fund activity monthly. This will enable the GLWA Treasury group to coordinate expanded cashflow forecasting on a rolling 24-month basis. PFM Asset Management LLC will use this additional information to identify strategies to optimize investment returns while meeting GLWA standards for safety and liquidity.

Proposed Action: Receive and file report.