



Financial Services Audit Committee Communication

Date: July 20, 2018

To: Great Lakes Water Authority Audit Committee

From: Deirdre Henry, Treasury Manager

Re: Quarterly Investment Report through March 31, 2018 (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 March 31, 2018 (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 March 31, 2018: 1.72% vs 1.61% (3-Month Treasury Index)
 - As of December 31, 2017: 1.36% vs 1.25% (3-Month Treasury Index)
- Portfolio Allocation in Cash/Money Market Securities
 - As of March 31, 2018: 54%
 - As of December 31, 2017: 60%

As GLWA continues to implement process improvements and more clearly define cash flows, the treasury group will work with PFM Asset Management LLC to identify strategies to maximize investment returns while meeting GLWA standards for safety and liquidity.

Proposed Action: Receive and file report.

