



Financial Services Audit Committee Communication

Date: November 16, 2018

To: Great Lakes Water Authority Audit Committee

From: Deirdre Henry, Treasury Manager

Re: Quarterly Investment Report through September 30, 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 September 30, 2018 (unaudited).

Analysis: The Quarterly Investment Report is in compliance with the requirements of Public Act 20 of 1948, as amended and the GLWA Investment Policy. GLWA is 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 September 30, 2018: 2.30% vs 2.12% (3-Month Treasury Index)
 - As of June 30, 2018: 1.84% vs 1.80% (3-Month Treasury Index)
- Portfolio Allocation in Cash/Money Market Securities
 - As of September 30, 2018: 34%
 - As of June 30, 2018: 66%

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.

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