



## FINANCE DEPARTMENT

DATE: July 29, 2024

TO: Board of Commissioners

FROM: James Pruett, General Manager

SUBJECT: **INVESTMENT REPORT FOR THE QUARTER ENDED  
June 30, 2024**

Attached for your information is the quarterly report of investments as of June 30, 2024.

The total cash and investment portfolio book value (cost) held by the District as of June 30, 2024 was \$17,962,990 and total cash and investments held by the trustees was \$0.

The cash and investments held by the District include the following components: Managed Investment Portfolio (\$0), State of CA Local Agency Investment Fund (\$7,887, quarterly interest rate: 4.55%), California Asset Management Program (CAMP), Pooled Investment Fund (\$1,501,114, quarterly interest rate: 5.43%), County Pool-San Mateo (\$15,448,225, quarterly interest rate: 3.927%) Cash/Time Deposits (\$1,005,765), and accrued interest on investments (\$0). *(Earned interest is the interest earned on investments over a specific time period, accrued interest is the interest that an investment has earned, but hasn't yet been received, and paid interest is the interest that has already been received as payment).*

Cash and investments held by the District and the trustees continue to be invested in accordance with the Government Code and the Board Investment Policy.

During the quarter, no investments were purchased. \$1.5M was transferred from the County Pool to CAMP. Due to the limitations imposed by the county of a maximum withdrawal rate of 12.5% per month, it is recommended that the district

accumulates a minimum of 30% of their total cash portfolio in short term liquid investments. Once that threshold is achieved (estimate of 5-6 months), future dollars will be allocated to the long-term investment strategy.

Two-year Treasuries yielding 4.59% at the beginning of the quarter ended higher at the end of the quarter at 4.71%, which was an increase of 12 basis points for the quarter.

The Federal Open Market Committee (FOMC) meets approximately every six weeks and determines the level of the Federal Funds Rate. **At the June 12th meeting, the FOMC voted to maintain the Federal Funds Rate target range at its current level of 5.25-5.50%.**

**Summary from the June 12th meeting:**

*“Recent indicators suggest that economic activity has continued to expand at a solid pace. Job gains have remained strong, and the unemployment rate has remained low. Inflation has eased over the past year but remains elevated. In recent months, there has been modest further progress toward the Committee’s 2 percent inflation objective.*

*The Committee seeks to achieve maximum employment and inflation at the rate of 2 percent over the longer run. The Committee judges that the risks to achieving its employment and inflation goals have moved toward better balance over the past year. The economic outlook is uncertain, and the Committee remains highly attentive to inflation risks.*

*In support of its goals, the Committee decided to maintain the target range for the federal funds rate at 5-1/4 to 5-1/2 percent. In considering any adjustments to the target range for the federal funds rate, the Committee will carefully assess incoming data, the evolving outlook, and the balance of risks. The Committee does not expect it will be appropriate to reduce the target range until it has gained greater confidence that inflation is moving sustainably toward 2 percent. In addition, the Committee will continue reducing its holdings of Treasury securities and agency debt and agency mortgage-backed securities. The Committee is strongly committed to returning inflation to its 2 percent objective.*

*In assessing the appropriate stance of monetary policy, the Committee will continue to monitor the implications of incoming information for the economic outlook. The Committee would be prepared to adjust the stance of monetary policy as appropriate if risks emerge that could impede the attainment of the Committee’s goals. The Committee’s assessments will take into account a wide range of information, including readings on labor market conditions, inflation*

*pressures and inflation expectations, and financial and international developments.”*

Finance staff hired Optimized Investment Partners in May 2024 to help improve the investment returns for the district and to ensure compliance with California Government Code by ensuring safety of principal and sufficient liquidity for operations. Ongoing portfolio management activity will continue to be performed in partnership with Optimized Investment Partners, the General Manager, the Director of Administrative Services and the Accounting Manager.

Considering the projected timing of cash receipts and disbursements and the structure of the Pooled Investment Portfolio, the District will be able to comfortably meet overall cash flow needs over the next six months.

If you have any questions, please feel free to contact me at (650) 583-4400.

**San Mateo County Harbor District**  
**Summary of Cash and Investments for the Quarter Ended June 30, 2024**

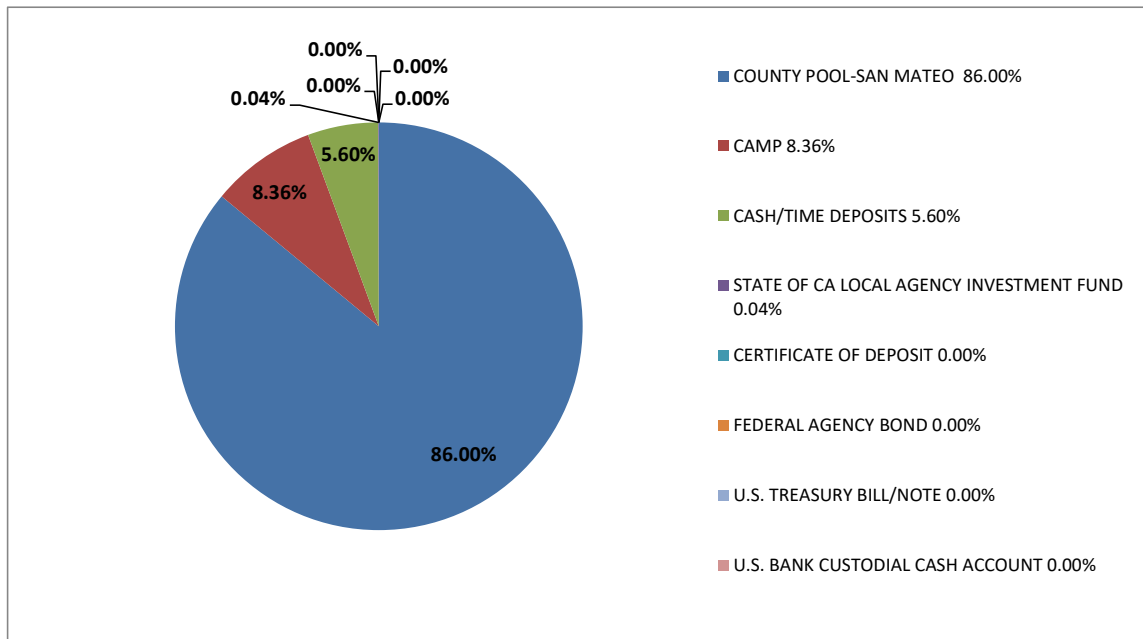
Portfolio Assets	Par Value (1)	Market Value (2)	Book Value (3)	% of Portfolio
<b>Cash &amp; Investments Held by District</b>				
<b>Investment Portfolio</b>				
<b>Managed Investments</b>				
U.S. Bank Custodial Cash Account	\$ -	\$ -	\$ -	0.00%
U.S. Treasury Bill/ Note	-	-	-	0.00%
Federal Agency Bond	-	-	-	0.00%
Certificate of Deposit	-	-	-	0.00%
<b>Managed Investments Subtotal</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0.00%</b>
<b>Pooled Investments</b>				
State of CA Local Agency Investment Fund	\$ 7,887	\$ 7,887	\$ 7,887	0.04%
County Pool-San Mateo	\$ 15,448,225	\$ 15,448,225	\$ 15,448,225	
CAMP	1,501,114	1,501,114	1,501,114	8.36%
<b>Pooled Investments Subtotal</b>	<b>\$ 16,957,225</b>	<b>\$ 16,957,225</b>	<b>\$ 16,957,225</b>	<b>94.40%</b>
<b>Investment Portfolio Subtotal</b>	<b>\$ 16,957,225</b>	<b>\$ 16,957,225</b>	<b>\$ 16,957,225</b>	<b>94.40%</b>
<b>Cash/Time Deposits</b>	<b>\$ 1,005,765</b>	<b>\$ 1,005,765</b>	<b>\$ 1,005,765</b>	<b>5.60%</b>
<b>Funds Available for Investment</b>	<b>\$ 17,962,990</b>	<b>\$ 17,962,990</b>	<b>\$ 17,962,990</b>	<b>100.00%</b>
<b>Accrued Interest</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>Total Cash &amp; Investments Held by District</b>	<b>\$ 17,962,990</b>	<b>\$ 17,962,990</b>	<b>\$ 17,962,990</b>	
<b>Cash &amp; Investments Held by Trustee</b>				
Investment Agreements				
Cash with Fiscal Agents				
Restricted Cash				
U.S. Government				
<b>Total Cash &amp; Investments Held by Trustee</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>Total Portfolio</b>	<b>\$ 17,962,990</b>	<b>\$ 17,962,990</b>	<b>\$ 17,962,990</b>	

Notes:

1. Par value is the principal amount of the investment on maturity.
2. Market values contained herein are received from sources we believe are reliable; however, we do not guarantee their accuracy.
3. Book value is par value of the security plus or minus any premium or discount on the security.

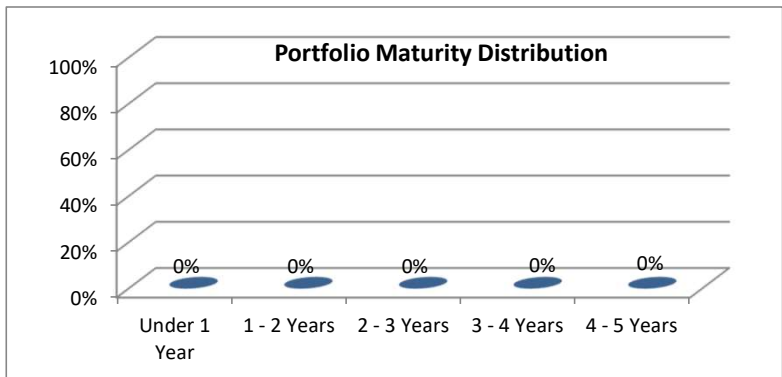
**San Mateo County Harbor District  
Investment Report for the Quarter Ended June 30, 2024**

**Investment Portfolio Summary and Key Statistics**



Portfolio Key Statistics	
PAR Value	\$ 16,957,225
Book Value (COST)	\$ 16,957,225
Market Value	\$ 16,957,225
Weighted Average Maturity (in years)	N/A
Weighted Yield to Maturity*	N/A

\*Note: Cash/time deposits not included in WYTM **\*PENDING INVESTMENT PURCHASES\***



Excludes Pooled Investments and U.S. Bank Custodial Cash Account

**U.S. Treasury Yields - Quarterly Comparison**

Maturity	Jun 2024	Mar 2024	Change
3-Month	5.48%	5.46%	0.02%
1-Year	5.09%	5.03%	0.06%
2-Year	4.71%	4.59%	0.12%
3-Year	4.52%	4.40%	0.12%
5-Year	4.33%	4.21%	0.12%
10-Year	4.36%	4.20%	0.16%

**2-Year U.S. Treasury Yield - Historical Data**

Jun 2024	Jun 2023	Jun 2022	Jun 2021
4.71%	4.87%	2.92%	0.25%

Portfolio Maturity	PAR Maturing	% Maturing
Under 1 Year	\$ -	#DIV/0!
1 - 2 Years	\$ -	#DIV/0!
2 - 3 Years	\$ -	#DIV/0!
3 - 4 Years	\$ -	#DIV/0!
4 - 5 Years	\$ -	#DIV/0!
<b>Total</b>	<b>\$ -</b>	<b>#DIV/0!</b>

**\*PENDING INVESTMENT PURCHASES\***

Interest Earnings	FY2023	FY2024	Change
Apr	\$ -	\$ 51,634	\$ 51,634
May	\$ -	\$ 51,634	\$ 51,634
Jun	\$ -	\$ 52,748	\$ 52,748
<b>Total for Quarter</b>	<b>\$ -</b>	<b>\$ 156,016</b>	<b>\$ 156,016</b>

Note: Interest Earnings figures do not include capital gains or losses