



# Monterey One Water

Providing Cooperative Water Solutions

## Interim Investment Report

For the Month Ended November 2018





# Monterey One Water

## November 2018 Investment Report

### Investment Summary

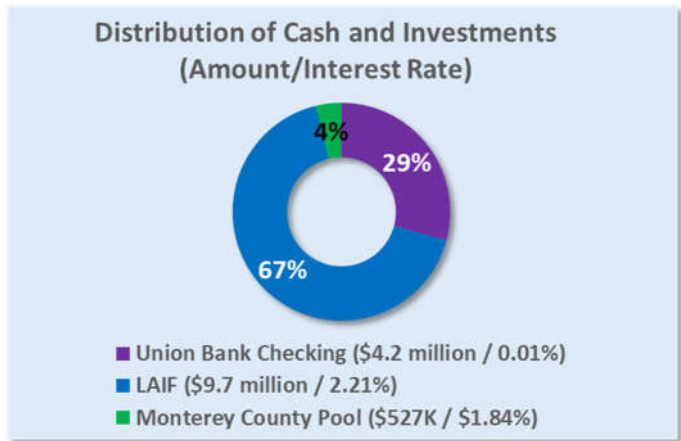
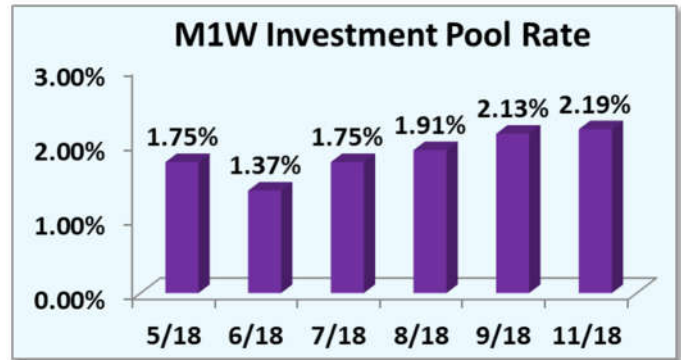
Cash and Investments through November are as follows:

Item	Amount
Unrestricted Cash and Investments	\$ 11.9 Million
Restricted Cash and Investments	2.6 Million
Total	\$ 14.5 Million
Net Deposits (Withdrawals) for Oct/Nov	\$ 3.5 Million

The Agency has a \$10 million line of credit (LOC) with Bank of the West, which had no funds drawn down through November 2018. The decrease in cash and investments is due to loan and grant reimbursements received on the Pure Water Monterey project. For the Monterey County Pool,

The Agency's operating reserves is projected to be approximately \$5.9 million at the end of Fiscal Year 2018-19. This is below the recommended minimum reserve balance of \$6.7 million, which consists of a 25% reserve for operating expenses and a 25% reserve of current year capital expenses.

The Agency's investments are in compliance with its current investment policy, which emphasizes the safety, liquidity, and yield of its investments. The Agency anticipates having sufficient funds to meet its expenses for the next six months.



## Investment Policy Summary and Compliance

The following provides a summary of the Agency's investment policy, which provides guidelines that Agency staff follows in placing investments. Investments of bond proceeds are governed by the covenants of each debt issue.

Investment Type	Maximum % or \$	Minimum Required Rating	Maximum Maturity	Agency in Compliance?
<b>Demand Deposits</b>	None	None	5 years	Yes
<b>U.S. Treasuries</b>	None	N/A	5 years	None Held
<b>U.S. Agencies</b>	None	N/A	5 years	None Held
<b>Money Market Funds</b>	CAMP/CalTrust - 20%	AAA	N/A	Yes
<b>Bankers Acceptances</b>	25% (10% with one institution)	A1/P1	180 days	None Held
<b>Commercial Paper</b>	20% (10% with one firm)	A1/P1	270 days	None Held
<b>Time / Negotiable CDs</b>	10% / 30% (10% with one bank)	A1 < 1 year A for 1-5 years	5 years	None Held
<b>LAIF</b>	Per State Statute \$65 million per account	N/A	N/A	Yes
<b>State / Local Agency Debt Issues</b>	25%	AA (except Agency's bonds)	5 years	None Held
<b>County Pool</b>	20%	None	N/A	Yes



**KEY FACTS**

- Producer Price Index - Up 3.4%
- Oil \$50.93 down \$6
- Trade Mo. Deficit (\$55.5 billion)
- Wages Up 3.1%
- Dollar to Euro 1.13 down .06
- Unemployment Rate - 3.7% NC
- GDP Up 3.4%
- Prime Rate 5.5% Up 1%
- 3 month Treasury 2.34% Up .01%
- 30 Year Treasury 3.29% Up .10%
- NASDAQ Up 0.34% for mo.
- S&P 500 Up 1.79% for mo.

**Treasury Rates**

As expected, the Federal Open Market Committee (FOMC) left the fed funds target rate unchanged in November at a range of 2.00%-2.25%. At month-end, the 2-year Treasury yield was down eight basis points to 2.79%, while the 10-year Treasury yield was down nearly 16 basis points to 2.99%. On a year-over-year basis, Treasury yields have increased, and the yield curve has flattened.



**Inflation**

The Consumer Price Index (CPI) was up just 2.2% year-over-year in November, versus up 2.5% year-over-year in October. Core CPI (CPI less food and energy) was also up 2.2% in November. The Core Personal Consumption Expenditures (PCE) index was up 1.9% on a year-over-year basis in November, versus up 1.8% in October. Core PCE inflation, the Fed's main inflation gauge remains below the Fed's 2.0% target.



**Sales / Housing**

On a year-over-year basis, retail sales were up 4.2% in November, versus up 4.8% year-over-year in October, as sales growth excluding autos and gas was solid. Total housing starts were stronger than expected in November, up 3.2% to a 1.256 million annualized rate. However, the growth was driven by multi-family starts which rose 22.4%. Single-family starts declined 4.6% in November. Permits rose 5.0% in the month.



**Employment**

U.S. payrolls rose by 155,000 in November, below the consensus forecast of 198,000. The unemployment rate was unchanged in November at 3.7%. A broader measure of unemployment called the U-6, which includes those who are marginally attached to the labor force and employed part time for economic reasons, increased to 7.6% from 7.4% in October. Wages were up 3.1% on a year-over-year basis in November, unchanged from October.





# Monterey One Water

## Cash and Investments Summary - All Funds

### As of November 30, 2018

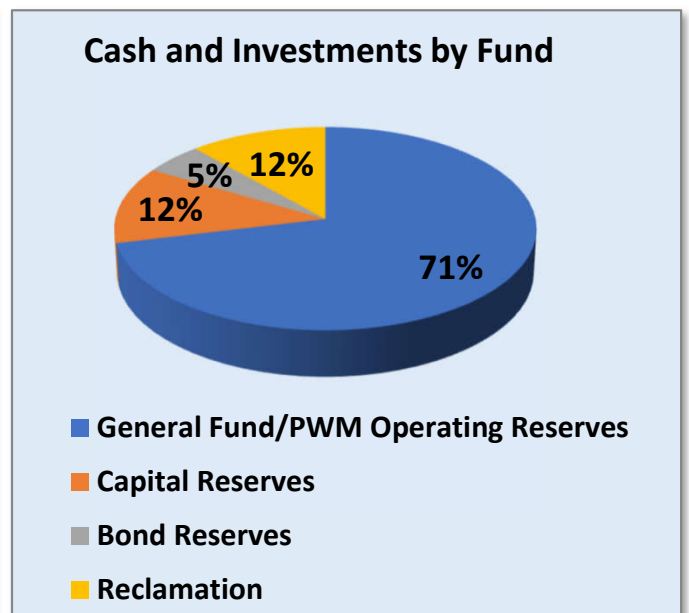
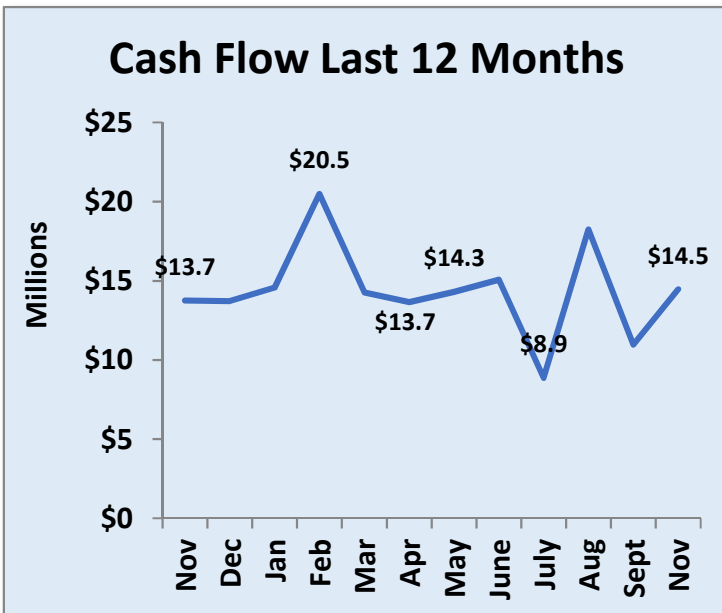
Institution	% of Total	Average Life (Days)	% Yield	Book Value	Market Value
<b>Cash Deposits</b>					
Union Bank Checking	100%	1	0.01%	\$ 4,226,504	\$ 4,226,504
<b>Investments</b>					
LAIF	95%	192	2.21%	9,690,314	9,690,314
Monterey County Pool	5%	222	1.84%	543,517	543,517
<b>Total Investments</b>	<b>100%</b>	<b>194</b>	<b>2.19%</b>	<b>10,233,831</b>	<b>10,233,831</b>
<b>Total Cash and Investments</b>	<b>100%</b>	<b>137</b>	<b>1.55%</b>	<b>\$ 14,460,335</b>	<b>\$ 14,460,335</b>
<b>Net Deposits / (Withdrawals) for Month</b>					<b>\$ (3,752,990)</b>

#### Comparable Benchmarks

One Year Treasury Bill	2.69%
CAMP	2.60%
Caltrust	2.54%

#### Cash Reserve Summary

	Unrestricted	Restricted	Total
General Fund/PWM Operating Reserves	\$ 10,299,333		\$ 10,299,333
Capital Reserves	883,803	\$ 888,690	1,772,493
Bond Reserves	716,470		716,470
Reclamation		1,672,039	1,672,039
<b>Total Book Values</b>	<b>\$ 11,899,606</b>	<b>\$ 2,560,729</b>	<b>\$ 14,460,335</b>



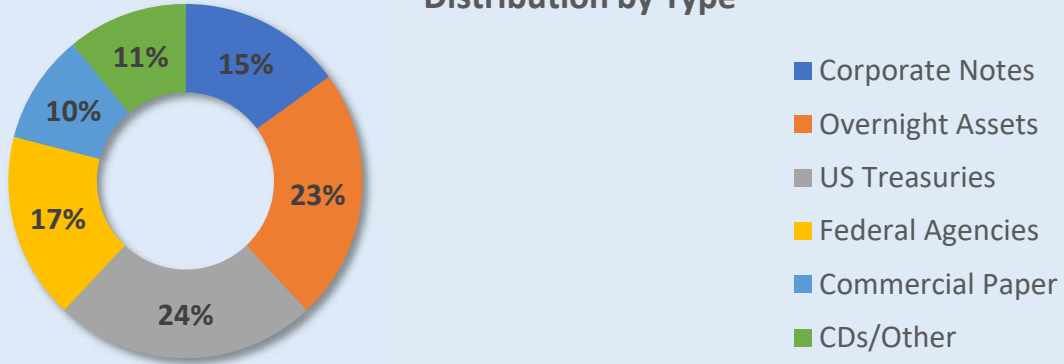
Note: See Attached Reports for Distribution by Sector of Investments in County Pool and LAIF  
 For the County's Pool, as of 9/30/18, 9% were rated AAA, 47% AA, 23% A/A-1, 7% Non-Rated and 1% BBB+.



# Monterey One Water Investment Distributions Monterey County Pool and LAIF

## County Pool Investment Pool through June 30, 2018 (Most Current Available)

### Distribution by Type

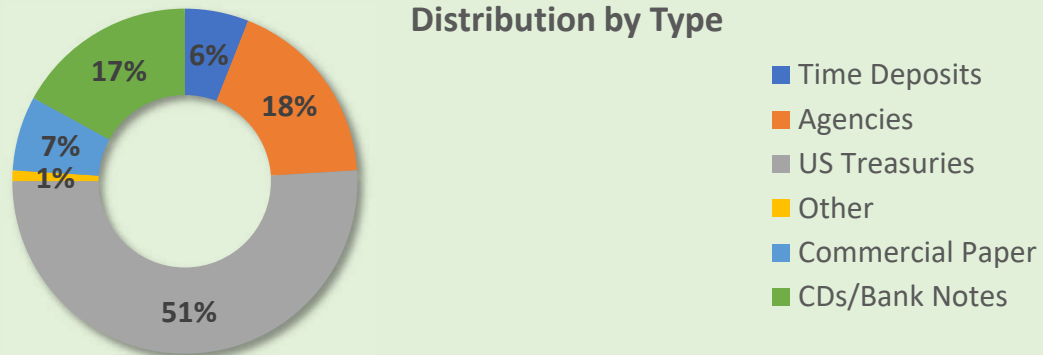


### Investment Rate Trends



## LAIF through September 30, 2018 (Most Current Available)

### Distribution by Type



### Investment Rate Trends

