
Meeting Date: April 22, 2020
Staff Contact: Stan Allred, Chief Financial Officer

TITLE: C-20-12 – Approving Recommendation of Investment Strategy

ACTION: Recommend Approval

SUMMARY:

The Investment Oversight Committee of the Albuquerque Bernalillo County Water Utility Authority (the Water Authority) approved on April 6, 2020 along with Public Trust Advisors, the Water Authority's Investment Advisor a new Investment Strategy that best meet the turmoil in the financial markets the rates for 6-month T-Bill securities, which our current ladder is comprised of, have turned negative. We are also receiving \$86 million in bond proceeds April 2, 2020 that need to be placed in the current marketplace.

The Investment Oversight Committee is made up of: Board Member (Councilor Trudy Jones), Executive Director, Chief Financial Officer, Chief Operating Officer, and a Director from RBC Capital Markets (Eric Harrigan). The Committee voted unanimously to implement the strategy recommended by Public Trust Advisors.

FISCAL IMPACT:

Continue to diversify funds on deposit and improve yield to meet the Authority's investment objectives of safety, liquidity and then yield by:

- Convert our current \$100 million 6-month ladder to a 12-month T-Bill ladder (12+ bps) with longer maturities and smaller amounts.
- Increase our collateralized bank balances to supplement our new 12-month ladder maintaining our current liquidity level (this will also help offset additional bank fees).
- Maintain liquidity levels that meet or exceed our projected cash flow requirements, then place additional funds in longer term maturities not to exceed 18 months.

RECOMMENDATION:

The committee recommends that the Board approve the investment of a total of \$100 million in US Treasury securities. Then, as the securities mature, the funds that are not needed for current projects or operating needs will be reinvested at the end of the ladder to maintain the even flow of funds.



Memo

To: Albuquerque Bernalillo County Water Utility Authority Board
From: ABCWUA Investment Oversight Committee
Date: 4/14/2020
Re: Investment Strategy

Due to the turmoil in the financial markets the rates for 6-month T-Bill securities, which our current ladder is comprised of, have turned negative. We also received \$86 million in bond proceeds April 2, 2020 that needs to be placed. The Investment Oversight Committee of the Albuquerque Bernalillo County Water Utility Authority met via email on April 6, 2020. After consulting with our investment manager (PTA) and approval from all 5 Committee members of the Authority's Investment Committee the following strategy has been recommended for board approval:

- Convert our current \$100 million 6-month ladder to a 12-month T-Bill ladder (12+ bps) with longer maturities and smaller amounts.
- Increase our collateralized bank balances to supplement our new 12-month ladder maintaining our current liquidity level (this will also help offset additional bank fees).
- Maintain liquidity levels that meet or exceed our projected cash flow requirements, then place additional funds in longer term maturities not to exceed 18 months.

The committee recommends Board approval of this Strategy.