

As the Board Treasurer, one of my responsibilities is to monitor the activity in the association's various bank accounts to ensure that our cash and investments are handled appropriately. This includes ensuring compliance with all laws, regulations, and policies; which includes our Investment Policy which was last updated in 2015. (Resolution 2015-05).

Our primary objective is to minimize the risk of principal loss in our accounts. As such the total amount of our investment portfolio as of 9/30/2019 was \$27.6 million. Of this amount \$16.5 million or 61% of cash and investment funds are currently held in US Treasury obligations. There is \$1.4 million or 5% of total funds invested in bank certificates of deposit and there is \$5.6 million or 20% invested in corporate and municipal bonds. There are cash equivalent funds of \$3.8 million or 14%, which is spread across various banks and brokerages and is utilized to meet the cash liquidity needs of paying vendors and personnel.

With recent volatility in the fixed income securities markets, we have generally invested in the less than three-year term instruments, all within the parameters of the 2015 investment policy. We have a moderately diversified portfolio (heavy in US Treasuries), and with limited exceptions instruments are 'held to maturity. This guards the investment from prior to maturity market interest rate price volatility which could impact our returns.

Currently, the investment portfolio is heavily weighted in shorter-term (less than two years) US Treasuries. The Board recently authorized an investment working subgroup with the objective to improve our overall strategy of investments. The subgroup formed to improve the maturity bands/ranges, with the objectives of improving overall yields and eliminating rates declining risks, while remaining within the investment parameters of the current investment policy. The subgroup has met numerous times and is actively addressing upcoming maturities of \$14 million over the next six months. One important issue that needs to be addressed is working with the Board and the GPC in further defining the appropriate maturities for the Development Fund.

Below is the current distribution of our investment portfolio.

	<i>last year end - audited</i>		Q1		Q2		Q3	
	12/31/2018		3/31/2019		6/30/2019		9/30/2019	
Consolidated TDA Total	24,007,033	100%	32,714,206	100%	30,571,476		27,625,893	100%
Cash/Money Market	1,786,473	7%	2,684,285	8%	3,198,304		3,797,009	14%
Certificates of Deposit	2,340,160	10%	1,629,197	5%	1,629,197		1,379,197	5%
US Treasuries/GovOblig	13,681,624	57%	22,192,602	68%	19,541,778		16,549,443	60%
Bonds, Corporate	3,552,534	15%	3,558,330	11%	3,533,936		3,231,195	12%
Bonds, Municipal	2,308,627	10%	2,311,388	7%	2,329,109		2,329,109	8%
Restricted Other	337,615	1%	338,405	1%	339,152		339,941	1%
Operating Fund	5,956,913	100%	9,970,547	100%	7,728,336		5,845,718	100%
Replacement Reserve Fund	11,879,903	100%	14,801,083	100%	14,861,397		13,745,732	100%
Development Fund	5,991,735	100%	7,568,332	100%	7,606,619		7,656,902	100%
New Equipment Fund	178,482	100%	374,244	100%	375,124		377,542	100%

Investment Description	Yield To Maturity	ALL FUNDS - Maturity Values by # of Months from 09/30/2019										TOTAL 1 - 72
		1	2	3	4 - 6	7 - 12	13 - 24	25 - 36	37 - 48	49 - 60	60 - 72	
	wgt avgs											
cash and money market funds	0.5%	2,911,560	-	-	-	-	-	-	-	-	-	2,911,560
US Treasuries	1.9%	5,100,000	1,400,000	2,500,000	4,200,000	3,500,000	-	-	-	-	-	16,700,000
Bank Certificates of Deposit	2.0%	-	250,000	-	-	383,166	-	750,000	-	-	-	1,383,166
Municipal Bonds	2.4%	-	-	-	-	225,000	410,000	735,000	655,000	135,000	-	2,160,000
Corporate Bonds	2.8%	-	-	-	281,000	500,000	608,000	437,000	956,000	415,000	30,000	3,227,000
	1.9%	8,011,560	1,650,000	2,500,000	4,481,000	4,608,166	1,018,000	1,922,000	1,611,000	550,000	30,000	26,381,726
WghtAvg Maturity in Months	11.6	30%	6%	9%	17%	17%	4%	7%	6%	2%	0%	100%
Wght Avg Yield by Maturity Range	1.9%	1.3%	2.4%	1.8%	2.0%	1.9%	2.4%	2.3%	2.9%	3.0%	2.6%	

Note1 - Operating Cash Accounts excluded from this Maturities Report

Note2 - cash funds in investment accounts vary in part to near end of month maturities, as well as, upcoming transfers Out for working capital needs.

The consolidated cash and investments balance as of 12/31/2018 (audited) was \$24.0 million and the current cash and investments balance as of 9/30/2019 was \$27.6 million.

A basic reconciliation of cash flow shows the following changes (\$thousands) for the nine months ending YTD 9/30/2019:

8,994	Annual Assessment cash flow in 2019
(3,026)	Operating Fund, Net Operating Result Loss
(2,773)	Capital Funds Expenditures
595	Decrease in current assets
(203)	Decrease in current liabilities
32	All other cash flow changes
\$3,619	Net Cash/Investments change YTD

For more information regarding your association's financials, monthly financials, the 2019 budget report, as well as lots of other financial information on your association, are readily accessible on the tahoedonner.com website.

<http://www.tahoedonner.com/member-area/association-management/financials/>

Thank you, Jeff