



## FINANCE DEPARTMENT

DATE: May 9, 2025

TO: Board of Commissioners

FROM: James Pruett, General Manager

SUBJECT: **INVESTMENT REPORT FOR THE QUARTER ENDED MARCH 31, 2025**

Attached for your information is the quarterly report of investments as of March 31, 2025.

The total cash and investment portfolio book value (cost) held by the District as of March 31, 2025 was \$18,900,836.

The cash and investments held by the District include the following components: Managed Investment Portfolio (\$3,004,122), State of CA Local Agency Investment Fund (\$8,164, quarterly interest rate: 4.48%), California Asset Management Program (CAMP), Pooled Investment Fund (\$7,151,576, quarterly interest rate: 4.51%), County Pool-San Mateo (\$7,370,562, quarterly interest rate: 3.986%) Cash/Time Deposits (\$1,350,765), and accrued interest on investments (\$15,646). The district's interest earnings were \$182,869 last quarter (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, three new Federal Agency Bonds were purchased in the amount of \$594,037 and twelve U.S. Treasury Notes were purchased in the amount of \$2,382,453. No investments matured.

Due to the limitations imposed by the county of a maximum withdrawal rate of 12.5% per month, it is recommended that the district continues to transfer funds from the County Pool to CAMP & US Bank to continue building out its investment portfolio.

Two-year Treasuries yielding 4.25% at the beginning of the quarter ended lower at the end of the quarter at 3.89%, which was a decrease of 36 basis points for the quarter.

As of March 31, 2025, the Weighted Yield to Maturity (Cost) on the Managed Investment Portfolio was 4.33%.

As of March 31, 2025, we estimated the district's actual annualized return (using yield to the district at **market value**), calculating what could have been earned if the managed investments were liquidated on that date. Based on original purchase prices, market values, and time held, the return would be approximately 6.71%.

At the end of this quarter, the Weighted Average Maturity of the Managed Investment Portfolio was 2.53 years.

The Federal Open Market Committee (FOMC) meets approximately every six weeks and determines the level of the Federal Funds Rate. **At the March 19th meeting, the FOMC voted to maintain the target range for the federal funds rate at 4¼ to 4½ percent.**

**Summary from the March 19th meeting:**

*"Recent indicators suggest that economic activity has continued to expand at a solid pace. The unemployment rate has stabilized at a low level in recent months, and labor market conditions remain solid. Inflation remains somewhat elevated.*

*The Committee seeks to achieve maximum employment and inflation at the rate of 2 percent over the longer run. Uncertainty around the economic outlook has increased. The Committee is attentive to the risks to both sides of its dual mandate.*

*In support of its goals, the Committee decided to maintain the target range for the federal funds rate at 4-1/4 to 4-1/2 percent. In considering the extent and timing of additional 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 will continue reducing its holdings of Treasury*

*securities and agency debt and agency mortgage-backed securities. Beginning in April, the Committee will slow the pace of decline of its securities holdings by reducing the monthly redemption cap on Treasury securities from \$25 billion to \$5 billion. The Committee will maintain the monthly redemption cap on agency debt and agency mortgage-backed securities at \$35 billion. The Committee is strongly committed to supporting maximum employment and 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 March 31, 2025**

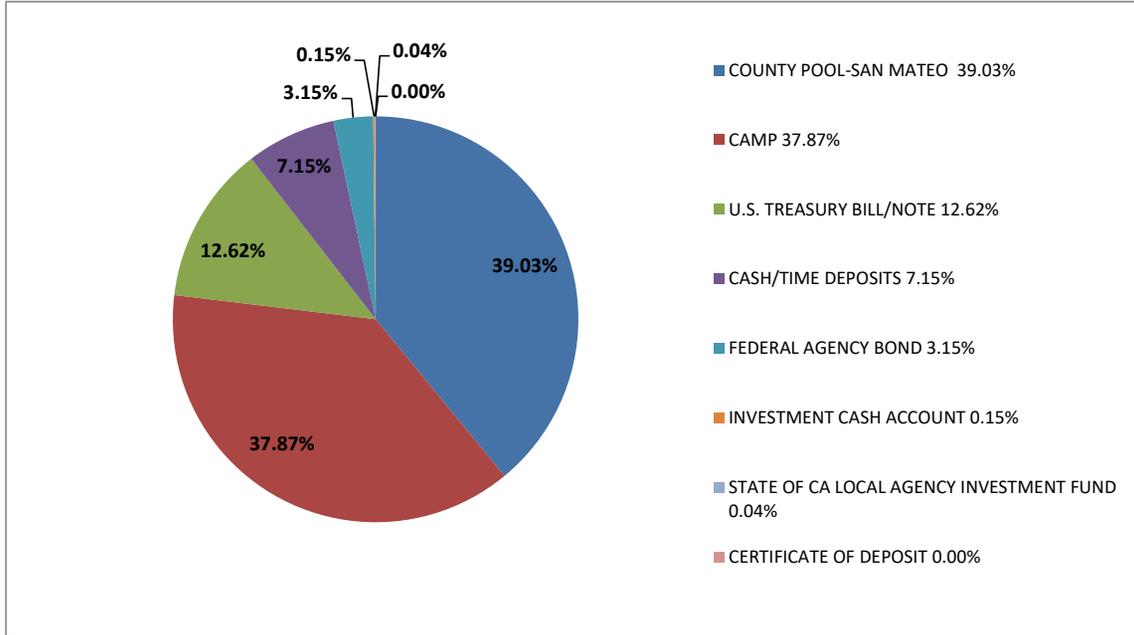
Portfolio Assets	Par Value (1)	Market Value (2)	Book Value (3)	% of Portfolio
<b>Cash &amp; Investments Held by District</b>				
<b>Investment Portfolio</b>				
<b>Managed Investments</b>				
U.S. Bank Custodial Cash Account	\$ 27,632	\$ 27,632	\$ 27,632	0.15%
U.S. Treasury Bill/ Note	2,510,000	2,420,501	2,382,453	12.62%
Federal Agency Bond	600,000	596,592	594,037	3.15%
Certificate of Deposit	-	-	-	0.00%
<b>Managed Investments Subtotal</b>	<b>\$ 3,137,632</b>	<b>\$ 3,044,725</b>	<b>\$ 3,004,122</b>	<b>15.91%</b>
<b>Pooled Investments</b>				
State of CA Local Agency Investment Fund	\$ 8,164	\$ 8,164	\$ 8,164	0.04%
County Pool-San Mateo	\$ 7,370,562	\$ 7,370,562	\$ 7,370,562	39.03%
CAMP	7,151,576	7,151,576	7,151,576	37.87%
<b>Pooled Investments Subtotal</b>	<b>\$ 14,530,302</b>	<b>\$ 14,530,302</b>	<b>\$ 14,530,302</b>	<b>76.94%</b>
<b>Investment Portfolio Subtotal</b>	<b>\$ 17,667,934</b>	<b>\$ 17,575,027</b>	<b>\$ 17,534,424</b>	<b>92.85%</b>
<b>Cash/Time Deposits</b>	<b>\$ 1,350,765</b>	<b>\$ 1,350,765</b>	<b>\$ 1,350,765</b>	<b>7.15%</b>
<b>Funds Available for Investment</b>	<b>\$ 19,018,700</b>	<b>\$ 18,925,793</b>	<b>\$ 18,885,190</b>	<b>100.00%</b>
<b>Accrued Interest</b>	<b>\$ 15,646</b>	<b>\$ 15,646</b>	<b>\$ 15,646</b>	
<b>Total Cash &amp; Investments Held by District</b>	<b>\$ 19,034,345</b>	<b>\$ 18,941,439</b>	<b>\$ 18,900,836</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 March 31, 2025**

**Investment Portfolio Summary and Key Statistics**



Portfolio Key Statistics	
PAR Value	\$ 17,667,934
Book Value (COST)	\$ 17,534,424
Market Value	\$ 17,575,027
Weighted Average Maturity (in years)	<b>2.53</b>
Weighted Yield to Maturity (Cost)*	<b>4.33%</b>

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



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

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

Maturity	Mar 2025	Dec 2024	Change
3-Month	4.32%	4.37%	-0.05%
1-Year	4.03%	4.16%	-0.13%
2-Year	3.89%	4.25%	-0.36%
3-Year	3.89%	4.27%	-0.38%
5-Year	3.96%	4.38%	-0.42%
10-Year	4.23%	4.58%	-0.35%

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

Mar 2025	Mar 2024	Mar 2023	Mar 2022
3.89%	4.59%	4.06%	2.28%

Portfolio Maturity	PAR Maturing	% Maturing
Under 1 Year	\$ 595,000	19%
1 - 2 Years	\$ 600,000	19%
2 - 3 Years	\$ 640,000	21%
3 - 4 Years	\$ 660,000	21%
4 - 5 Years	\$ 615,000	20%
<b>Total</b>	<b>\$ 3,110,000</b>	<b>100%</b>

Interest Earnings	FY 23-24	FY 24-25	Change
Jan	\$ -	\$ 59,512	\$ 59,512
Feb	\$ -	\$ 59,759	\$ 59,759
Mar	\$ -	\$ 63,598	\$ 63,598
<b>Total for Quarter</b>	<b>\$ -</b>	<b>\$ 182,869</b>	<b>\$ 182,869</b>

**San Mateo County Harbor District**

**CERTIFICATES OF DEPOSIT**

As of March 31, 2025

Security Description	CUSIP	PRINCIPAL AMOUNT	YTM (Yield to Maturity)	Annualized Rate of Return	Portfolio Weighting	MATURITY DATE
<b>NONE</b>						
		\$ -			0.00%	

**UNITED STATES TREASURY BILLS/NOTES**

As of March 31, 2025

Security Description	CUSIP	PRINCIPAL AMOUNT	YTM (Yield to Maturity)	Annualized Rate of Return	Portfolio Weighting	MATURITY DATE
U S TREASURY NOTE 0.500 10/31/2027	91282CAU5	\$ 220,000	4.330%	4.330%	8.76%	10/31/2027
U S TREASURY NOTE 1.125 08/31/2028	91282CCV1	\$ 220,000	4.410%	4.410%	8.76%	08/31/2028
U S TREASURY NOTE 1.250 09/30/2028	91282CCY5	\$ 220,000	4.420%	4.420%	8.76%	09/30/2028
U S TREASURY NOTE 1.375 10/31/2028	91282CDF5	\$ 220,000	4.410%	4.410%	8.76%	10/31/2028
U S TREASURY NOTE 3.125 08/31/2027	91282CFH9	\$ 200,000	4.320%	4.320%	7.97%	08/31/2027
U S TREASURY NOTE 3.125 08/31/2029	91282CFJ5	\$ 210,000	4.460%	4.460%	8.37%	08/31/2029
U S TREASURY NOTE 5.000 10/31/2025	91282CJE2	\$ 195,000	4.200%	4.200%	7.77%	10/31/2025
U S TREASURY NOTE 3.750 08/31/2026	91282CLH2	\$ 200,000	4.240%	4.240%	7.97%	08/31/2026
U S TREASURY NOTE 3.375 09/15/2027	91282CLL3	\$ 220,000	4.330%	4.330%	8.76%	09/15/2027
U S TREASURY NOTE 3.500 09/30/2029	91282CLN9	\$ 205,000	4.470%	4.470%	8.17%	09/30/2029
U S TREASURY NOTE 4.125 10/31/2029	91282CLR0	\$ 200,000	4.470%	4.470%	7.97%	10/31/2029
U S TREASURY NOTE 4.125 10/31/2026	91282CLS8	\$ 200,000	4.250%	4.250%	7.97%	10/31/2026
		<b>\$ 2,510,000.00</b>	<b>4.359%</b>	<b>4.359%</b>	<b>100.00%</b>	

**GOVERNMENT AGENCIES**

As of March 31, 2025

Security Description	CUSIP	PRINCIPAL AMOUNT	YTM (Yield to Maturity)	Annualized Rate of Return	Portfolio Weighting	MATURITY DATE
FEDERAL HOME LOAN BKS 3.125 09/12/	3130AERV4	200,000.00	4.150%	4.150%	33.33%	9/12/2025
FEDERAL FARM CREDIT BKS 4.250 09/2	3133ERP96	200,000.00	4.245%	4.245%	33.33%	9/24/2026
F N M A 0.375 08/25/2025	3135G05X7	200,000.00	4.220%	4.220%	33.33%	8/25/2025
		<b>\$ 600,000.00</b>	<b>4.205%</b>	<b>4.205%</b>	<b>100.00%</b>	