



Date: July 2, 2019

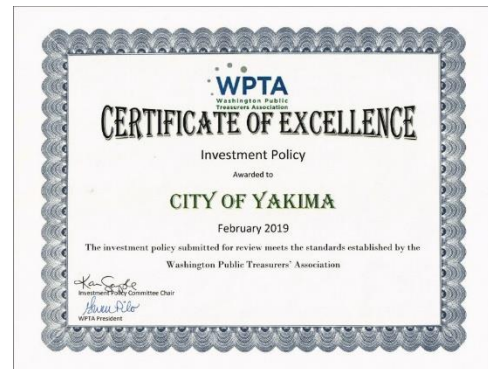
To: Mayor and City Council
Cliff Moore, City Manager

From: Steve Groom, Finance Director
Jennifer Morris, Financial Services Officer

Re: 2019 – 2nd Quarter Treasury Report

Updates to the City's investment policy were approved by City Council on March 5, 2019; the policy received a Certification of Excellence from the Washington Public Treasurer's Association on April 10, 2019.

Total Cash and Investments at Quarter-end total \$91.5 million: \$12.3 million in depository banks, \$22.6 million in the State Pool, and \$56.6 million invested.



The City's Investment Portfolio

The City's investment activities are governed by State regulations and the City of Yakima's Investment Policy. All investments are in full compliance with the City's Investment Policy, State Statutes and City Municipal Code.

Calls or Maturities. During last quarter on investment was called.

- \$4,000,000 FFCB (2.97% yield) intended to mature 3/10/2023

Purchases. Going forward, replacing larger pieces with increments of \$1,000,000 per maturity date will begin to smooth out reinvestment risk resulting in one maturity per month. The City's Investment Portfolio increased by the following purchases:

- 1516 \$1,000,000 Apple (2.63% yield) to mature 5/3/2023
- 1517 \$1,000,000 FHLMC (2.55% yield) to mature 4/10/23
- 1518 \$1,000,000 FFCB (2.38% yield) to mature 4/15/2021
- 1519 \$1,000,000 FFCB (2.41% yield) to mature 10/18/2022
- 1520 \$1,000,000 FFCB (2.40% yield) to mature 4/29/2020
- 1521 \$1,000,000 BNY (2.57% yield) to mature 5/3/2021
- 1522 \$1,000,000 FAMCA (2.35% yield) to mature 6/1/2022
- 1523 \$1,000,000 FFCB (2.28% yield) to mature 5/16/2022

Execution of each investment transaction contemplated ongoing cash flows from city operations, debt obligations, liquid and maturing securities, and contingencies to meet the City's future cash flow requirements.

The City's Investment Portfolio consists of three general tiers which coincide with the primary considerations of prudent investing:

- 1) The **Safety** portion of the Portfolio consists of funds invested in the Local Government Investment Pool (LGIP, or State Pool) managed by the State Treasurer, available same-day. This allows for seasonal fluctuations, primarily the April/October inflows of Property Tax and the outflows of debt service and capital projects.
- 2) The **Liquidity** portion of the Portfolio consist of demand deposit (checking) accounts at banks which are qualified public depositories, protected above FDIC-insured balances through the actions of the Washington State Public Deposit Protection Commission (PDPC).
- 3) The **Yield** portion of the Portfolio consists of a diversified portfolio of Agencies, Treasuries and/or other authorized investments with staggered maturities of up to five years. Based on analysis of historical cash reserves and budgetary planning, this segment will not be subject to seasonal spending and continues to be safely invested long-term.

Current Rates. As of June 30, 2019, the fixed income market is experiencing extreme uncertainty, evidenced by a yield curve that is inverted, meaning 1-year rates are higher than 3- and 5-year rates; the difference between the 1-year Treasury at 1.92% and the 5-year Treasury at 1.76% is a mere 16 basis points. The 30-day yield of the State Pool was at 2.463%.

Economic Outlook. The Federal Reserve has raised the rate 25 basis points four times since late 2015. In 2018 the Feds have raised the rate 3 times this year. On December 19th the Federal Reserve raised its benchmark rate from 2.00% to 2.25%, the highest it has been since October of 2008, but lowered its projections for future increases. Fed funds futures market points to a high probability of monetary policy easing, at cut of 2.25% to 2.00% or 1.75% in July.

Strategy Notes. The City of Yakima's investments are not typically actively traded, meaning that no attempt to "buy low and sell high" or "time the market" is made. Investments purchased with the intent of providing investment income are intended to be held to maturity, relying on following a

		Actual %	Policy %
LGIP	22,571,372	29%	100%
Agencies	51,602,000	65%	100%
Corporates	5,000,000	6%	15%
	<u>79,173,372</u>	<u>100%</u>	

prudent course of action for income rather than predicting market direction. No securities were considered, due to prevailing circumstances, to be sold prior to maturity during the last quarter.

Debt Activity

All debt payments were paid out as scheduled. A comprehensive city-wide debt report is attached with current balances.

Interfund Borrowings and Investments

Borrowing between funds is temporary in nature, reviewed periodically by staff and Council, amended as circumstances change. All debt payments continue as scheduled.

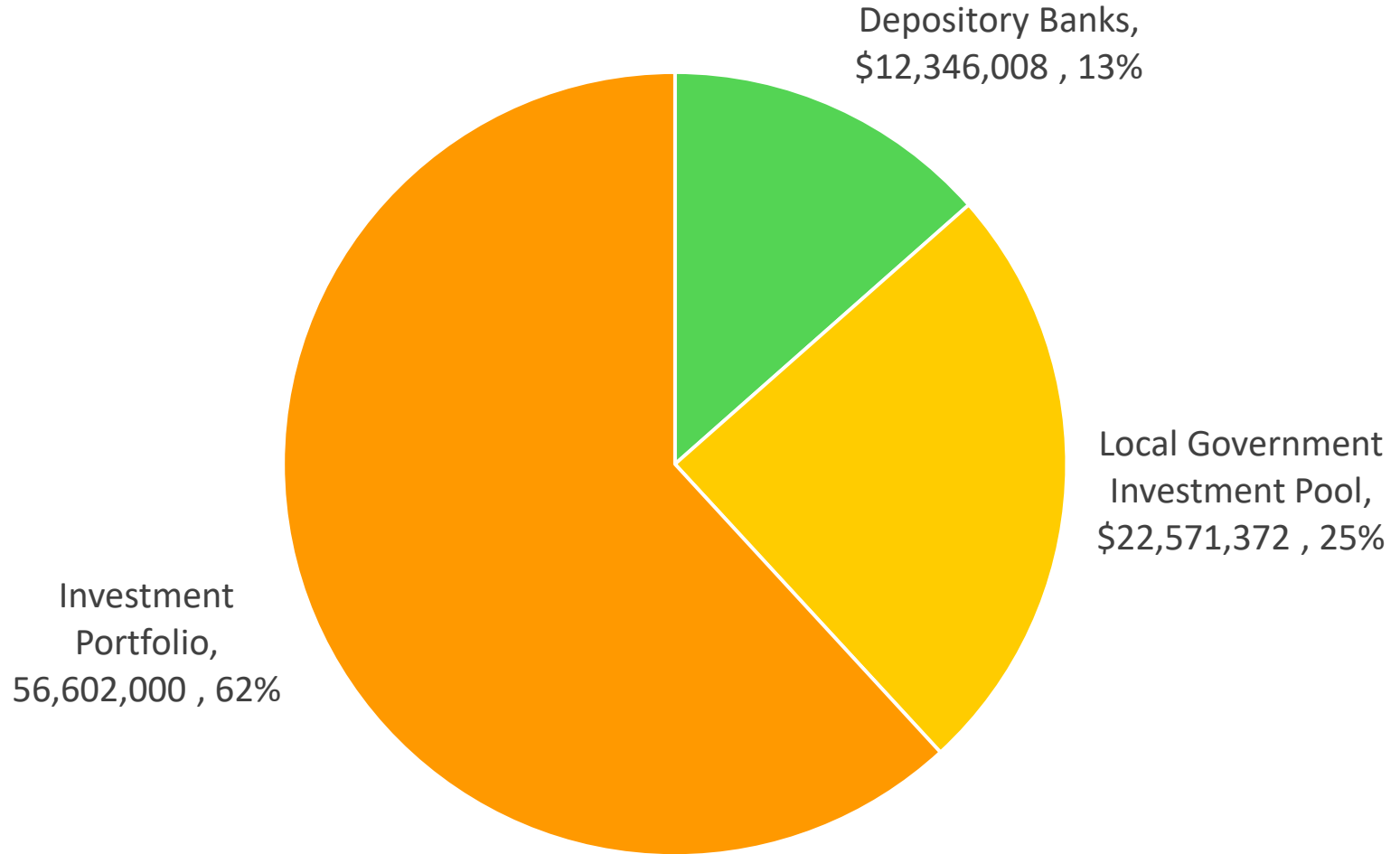
City of Yakima
Cash and Investment Summary
June 30, 2019

Description	Current 6/30/2019	Prior Quarter 3/31/2019	Prior Year 6/30/2018
Cash Balances on Hand in Banks	\$ 12,346,008	\$ 10,628,760	\$ 12,750,859
Local Government Investment Pool (LGIP)	22,571,372	26,428,425	9,255,597
Investment Portfolio	56,602,000	52,602,000	53,982,000
Other Investments	-	-	458,437
Total Investments	79,173,372	79,030,425	63,696,034
Total Cash and Investments	\$ 91,519,380	\$ 89,659,185	\$ 76,446,893

Summary of Investment Activity	Beg Balance 3/31/2019	Purchases & Deposits	Interest Reinvested	Maturities, Calls & Withdrawals	End Balance 6/30/2019
Local Government Investment Pool (LGIP)	\$ 26,428,425	\$ 11,000,000	\$ 142,947	\$ (15,000,000)	\$ 22,571,372
Investment Portfolio	52,602,000	8,000,000	-	(4,000,000)	56,602,000
Other Investments	-	-	-	-	-
Total Investments	\$ 79,030,425	\$ 19,000,000	\$ 142,947	\$ (19,000,000)	\$ 79,173,372

City of Yakima

Distribution of Cash and Investments as of 6/30/2019

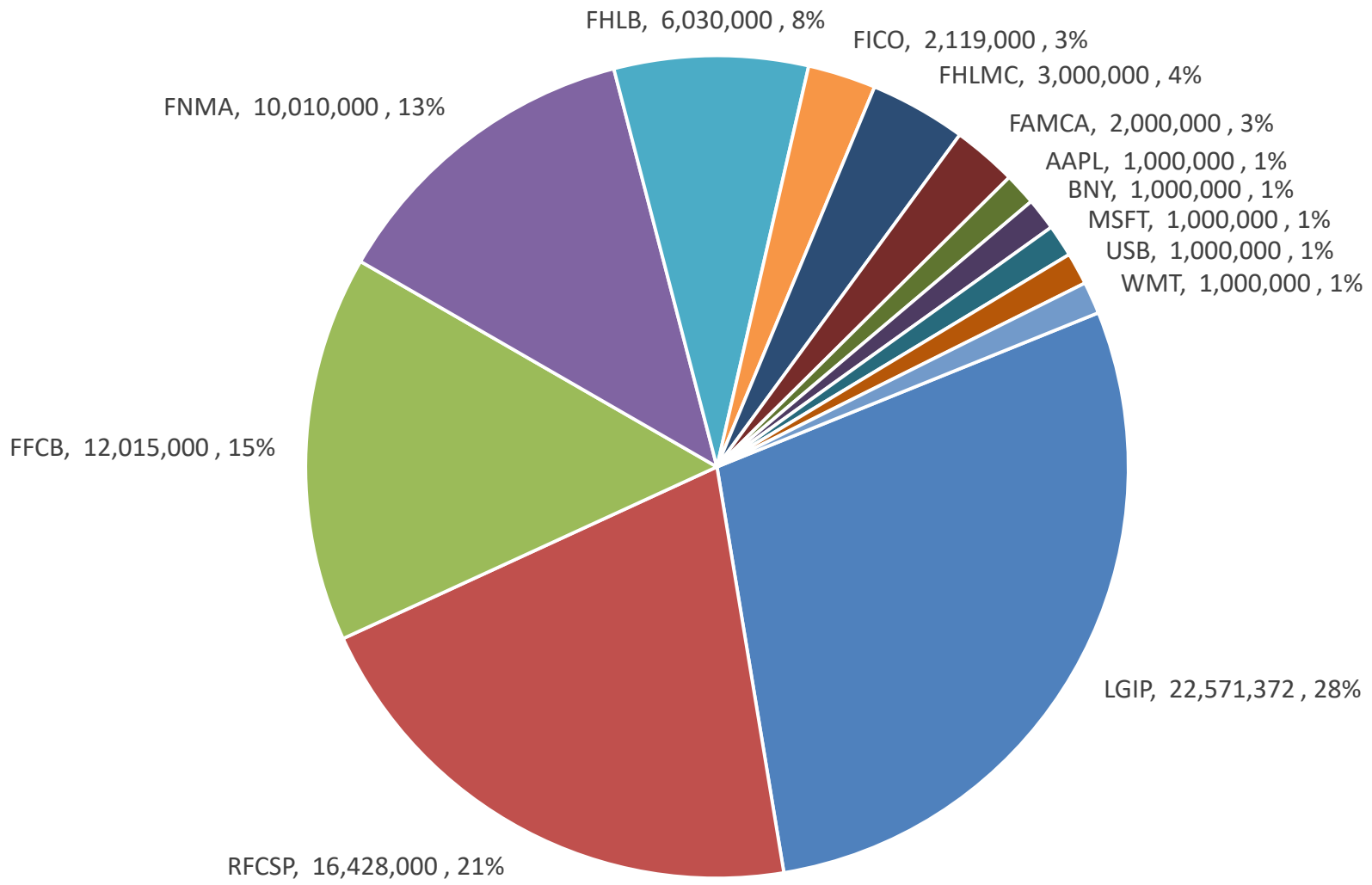


City of Yakima
Investment Portfolio - Inventory by Agency
 June 30, 2019

Agency	Inv#	CUSIP	Face Value	Price	Coupon	Expected Yield	Settle	Maturity	Days to Maturity	Market	Call Type	Moody's	S&P	Fitch
FFCB	1489	3133EGAW5	3,000,000	2,996,247	1.250	1.290	6/3/16	8/19/19	141	2,996,301	Amer	Aaa	AA+	AAA
FICO	1485	31771KAA5	2,119,000	1,999,702	1.460	1.460	10/2/15	9/26/19	179	2,107,555	NC	Aaa	AA+	AA+
RFCSP	1503	76116FAA5	3,139,000	3,037,265	1.990	1.990	02/14/18	10/15/19	198	3,118,440	NC	Aaa	AA+	AAA
RFCSP	1505	76116FAA5	2,160,000	2,099,535	2.479	2.479	08/17/18	10/15/19	198	2,145,852	NC	Aaa	AA+	AAA
FHLB	1506	3130AA3R7	1,000,000	988,149	1.375	2.680	12/10/18	11/15/19	229	997,182	Amer	Aaa	AA+	AA+
FHLB	1511	3130ADMS8	1,000,000	996,400	2.150	2.545	3/11/19	2/14/20	320	999,817	Qtry	Aaa	AA+	AA+
FFCB	1520	3133EKJS6	1,000,000	1,000,000	2.400	2.400	4/29/19	4/29/20	395	1,003,356	NC	Aaa	AA+	AAA
FNMA	1488	3136G3QK4	3,000,000	2,999,970	1.500	1.500	6/3/16	5/22/20	418	2,986,638	Qrty	Aaa	AA+	AAA
FNMA	1494	3136G4GK3	2,010,000	1,995,172	1.350	1.560	12/14/16	7/28/20	485	1,999,715	Qrty	Aaa	AA+	AAA
RFCSP	1493	76116FAE7	3,203,000	2,999,859	1.716	1.716	12/14/16	10/15/20	564	3,120,914	NC	Aaa	AA+	AAA
RFCSP	1502	76116FAE7	2,122,000	1,999,174	2.250	2.250	02/14/18	10/15/20	564	2,067,617	NC	Aaa	AA+	AAA
RFCSP	1495	76116FAG2	2,137,000	1,995,637	1.821	1.821	04/06/17	1/15/21	656	2,072,219	NC	Aaa	AA+	AAA
RFCSP	1499	76116FAG2	1,000,000	945,156	1.730	1.730	10/06/17	1/15/21	656	969,686	NC	Aaa	AA+	AAA
RFCSP	1500	76116FAG2	2,667,000	2,499,062	2.200	2.200	01/25/18	1/15/21	656	2,586,153	NC	Aaa	AA+	AAA
FFCB	1496	3133EGRN7	2,015,000	1,994,713	1.470	1.740	4/6/17	2/17/21	689	2,003,343	1C-NC	Aaa	AA+	AAA
FFCB	1518	3133EKGY6	1,000,000	1,000,000	2.375	2.375	4/15/19	4/15/21	746	1,010,470	NC	Aaa	AA+	AAA
BNY	1521	06406FAB9	1,000,000	989,800	2.050	2.574	4/30/19	5/3/21	764	997,685	NC	A1	A	AA-
FNMA	1490	3136G3SJ5	2,000,000	1,995,048	1.500	1.552	6/30/16	6/30/21	822	1,990,172	Qrty	Aaa	AA+	AAA
FNMA	1501	3136G4RD7	1,000,000	997,351	2.300	2.380	2/14/18	7/30/21	852	1,000,382	Qrty	Aaa	AA+	AAA
FHLB	1492	3130A9Z61	2,030,000	1,994,020	1.500	1.880	12/14/16	11/9/21	954	2,012,049	Amer	Aaa	AA+	AA+
FNMA	1491	3136G3SW6	2,000,000	1,997,896	1.500	1.520	6/30/16	12/30/21	1,005	1,976,630	Qrty	Aaa	AA+	AAA
USB	1515	91159HHP8	1,000,000	997,300	2.625	2.723	3/18/19	1/24/22	1,030	1,010,534	1X	A1	A+	AA-
MSFT	1512	594918BW3	1,000,000	996,920	2.400	2.575	3/15/19	2/6/22	1,043	1,011,860	NC	Aaa	AAA	AA+
FFCB	1498	3133EHYQ0	3,000,000	2,993,640	1.950	2.000	10/6/17	3/14/22	1,079	3,000,045	Amer	Aaa	AA+	AAA
FFCB	1523	3133EKLR5	1,000,000	999,100	2.250	2.281	5/16/19	5/16/22	1,142	1,011,904	NC	Aaa	AA+	AAA
FAMCA	1522	31422BFF2	1,000,000	1,000,000	2.350	2.350	5/9/19	6/1/22	1,158	1,011,480	NC	Aaa	AA+	AAA
FHLB	1509	313383WD9	1,000,000	1,013,146	3.125	2.750	12/19/18	9/9/22	1,258	1,039,885	Amer	Aaa	AA+	AA+
FFCB	1519	3133EKHN9	1,000,000	997,450	2.330	2.406	4/18/19	10/18/22	1,297	1,015,225	NC	Aaa	AA+	AAA
FHLMC	1510	3134GS6F7	1,000,000	1,000,000	2.720	2.720	3/27/19	3/27/23	1,457	1,004,287	1x	Aaa	AA+	AAA
FHLMC	1517	3134GTGM9	1,000,000	1,000,000	2.550	2.550	4/10/19	4/10/23	1,471	1,004,731	1x	Aaa	AA+	AAA
AAPL	1516	037833AK6	1,000,000	991,000	2.400	2.634	4/8/19	5/3/23	1,494	1,009,681	NC	AA1	AA+	-
WMT	1513	931142EK5	1,000,000	1,026,800	3.400	2.730	3/15/19	6/26/23	1,548	1,049,747	NC	Aa2	AA	AA
FAMCA	1508	3132X06C0	1,000,000	1,010,972	3.050	2.801	12/19/18	9/19/23	1,633	1,042,691	NC	Aaa	AA+	AAA
FHLB	1507	3130AFK87	1,000,000	1,003,225	3.100	2.933	12/28/18	12/28/23	1,733	1,013,736	Amer	Aaa	AA+	AA+
FHLMC	1514	3134GS6W0	1,000,000	1,000,000	2.700	2.700	3/27/19	3/27/24	1,823	1,004,225	1X	Aaa	AA+	AAA
Subtotal	35		56,602,000	55,549,711	Avg.	2.03%				56,392,206				
LGIP	LGIP	NA	22,571,372	22,571,372	2.505	2.505	NA	NA	1	22,571,372	NC			
Grand Totals			\$79,173,372	\$78,121,083		2.14%			537	\$78,963,578				

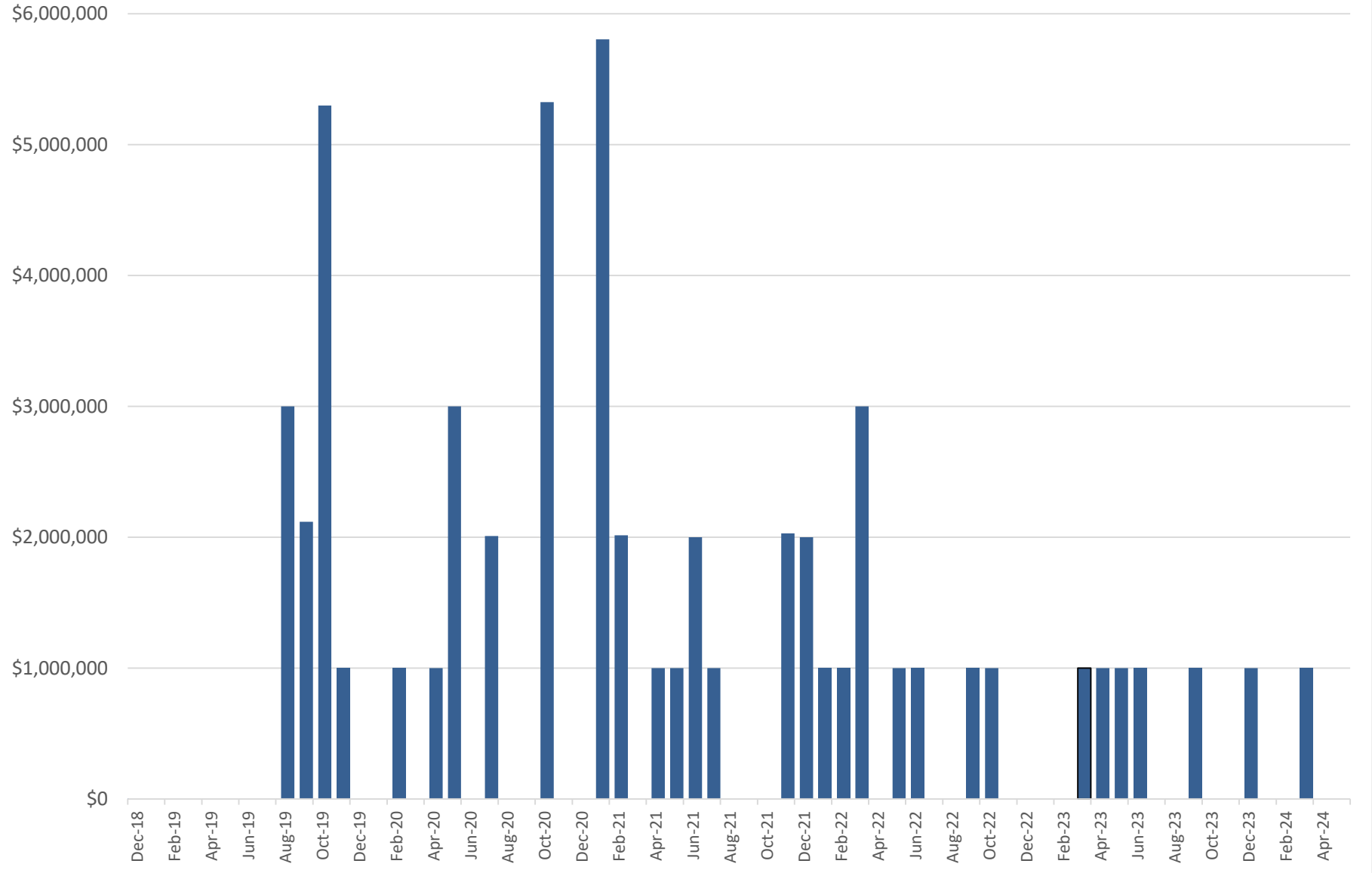
City of Yakima

Investment Portfolio by Issuer at 6/30/2019



City of Yakima

Investment Portfolio Maturity Distribution at 6/30/2019



City of Yakima
Investment Portfolio - Detail of Activity
June 30, 2019

Agency	Inv#	Beginning Face Value	Additions and Purchases	Calls and Maturities	Ending Face Value
Farmer Mac					
FAMCA	1508	1,000,000	-	-	1,000,000
FAMCA	1522	-	1,000,000	-	1,000,000
FAMCA Total		1,000,000	1,000,000	-	2,000,000
Federal Farm Credit Bureau					
FFCB	1489	3,000,000	-	-	3,000,000
FFCB	1496	2,015,000	-	-	2,015,000
FFCB	1498	3,000,000	-	-	3,000,000
FFCB	1504	4,000,000	-	(4,000,000)	-
FFCB	1518	-	1,000,000	-	1,000,000
FFCB	1519	-	1,000,000	-	1,000,000
FFCB	1520	-	1,000,000	-	1,000,000
FFCB	1523	-	1,000,000	-	1,000,000
FFCB Total		12,015,000	4,000,000	(4,000,000)	12,015,000
Federal Home Loan Bank					
FHLB	1492	2,030,000	-	-	2,030,000
FHLB	1506	1,000,000	-	-	1,000,000
FHLB	1507	1,000,000	-	-	1,000,000
FHLB	1509	1,000,000	-	-	1,000,000
FHLB	1511	1,000,000	-	-	1,000,000
FHLB Total		6,030,000	-	-	6,030,000
Resolution Funding Corporation					
RFCSP	1493	3,203,000	-	-	3,203,000
RFCSP	1495	2,137,000	-	-	2,137,000
RFCSP	1499	1,000,000	-	-	1,000,000
RFCSP	1500	2,667,000	-	-	2,667,000
RFCSP	1502	2,122,000	-	-	2,122,000
RFCSP	1503	3,139,000	-	-	3,139,000
RFCSP	1505	2,160,000	-	-	2,160,000
RFCSP Total		16,428,000	-	-	16,428,000
Federal Home Loan Mortgage Corporation					
FHLMC	1510	1,000,000	-	-	1,000,000
FHLMC	1514	1,000,000	-	-	1,000,000
FHLMC	1517	-	1,000,000	-	1,000,000
FHLMC Total		2,000,000	1,000,000	-	3,000,000
Federal National Management Association					
FNMA	1488	3,000,000	-	-	3,000,000
FNMA	1490	2,000,000	-	-	2,000,000
FNMA	1491	2,000,000	-	-	2,000,000
FNMA	1494	2,010,000	-	-	2,010,000
FNMA	1501	1,000,000	-	-	1,000,000
FNMA Total		10,010,000	-	-	10,010,000
Financing Corporation					
FICO	1485	2,119,000	-	-	2,119,000
FICO Total		2,119,000	-	-	2,119,000
Corporate Notes					
AAPL	1516	-	1,000,000	-	1,000,000
MSFT	1512	1,000,000	-	-	1,000,000
WMT	1513	1,000,000	-	-	1,000,000
USB	1514	1,000,000	-	-	1,000,000
BNY	1521	-	1,000,000	-	1,000,000
Corporate Total		3,000,000	2,000,000	-	5,000,000
Subtotal		52,602,000	8,000,000	(4,000,000)	56,602,000
Other Investments					
LGIP (State Pool)	LGIP	26,428,425	11,142,947	(15,000,000)	22,571,372
Other Investment Totals		26,428,425	11,142,947	(15,000,000)	22,571,372
Grand Totals		\$ 79,030,425	\$ 19,142,947	\$ (19,000,000)	\$ 79,173,372

City of Yakima
Long Term Debt Schedule - by Project Group
 June 30, 2019

Date Issued	Maturity	Description	Note	Amount of Issue	Current Balance	Payments
General Obligation Bonds						
9/7/2004	11/1/2019	PFD Convention Center II	Refunded 1996 issue	\$ 4,175,000	\$ 335,000	\$ -
5/8/2007	5/1/2026	PFD Convention Center III	Partial refunding of 2002 issue	4,910,000	2,770,000	340,000
8/28/2009	12/1/2018	PFD Capitol Theatre	Tax exempt portion	2,055,000	-	-
8/28/2009	12/1/2032	PFD Capitol Theatre	Build America Bonds (Taxable)	4,980,000	4,980,000	-
6/17/2003	12/1/2023	Sundome Expansion	Deferred Interest-Maturity \$2.5M	1,430,528	317,934	-
8/28/2008	12/1/2021	Fire Apparatus	Ladder Truck	760,000	205,000	-
5/8/2007	5/1/2022	Fire Station	Remodel Facility	815,000	205,000	65,000
8/28/2008	12/1/2019	Infrastructure Projects	Ped crossing, street, infrastructure	2,190,000	-	-
5/8/2007	5/1/2022	Downtown Futures	Renovate downtown improvements	1,490,000	375,000	115,000
6/20/2013	6/20/2028	Street Project Demonstration (Refunded)	Various City street improvements	3,500,000	3,206,304	145,367
6/9/2014	6/1/2024	Street Resurfacing Project	Streets improvements	13,140,000	7,345,000	1,295,000
6/17/2014	12/1/2034	Comm Center Move	City portion of County GO Bonds	1,716,500	1,395,000	70,000
12/22/2015	12/1/2035	Soccer Complex	City portion of SOZO Sports Complex	5,000,000	-	-
9/24/2018	12/1/2035	Soccer Complex (Refunded)	City portion of SOZO Sports Complex	4,440,127	4,348,996	91,131
9/24/2018	7/1/2035	2018 Aquatic Center YMCA	City portion of Aquatic Center	8,009,873	7,996,271	13,602
Subtotal General Obligation Bonds				\$ 58,612,028	\$ 33,479,506	\$ 2,135,100
Certificate of Participation - State of Washington						
8/22/2013	6/1/2019	Police Vehicles	74 Take-home vehicles	\$ 4,173,190	\$ (0)	\$ 769,792
8/22/2013	6/1/2019	Fire Air Packs	70 Air Packs	459,602	(0)	84,779
6/1/2011	12/1/2020	Fire Apparatus	Two trucks purchased	576,847	131,948	-
3/19/2013	7/1/2023	Fire Apparatus	One truck	310,414	142,196	31,323
9/28/2017	6/1/2027	Energy Project	LED Street Lighting	921,863	784,893	79,041
9/28/2017	6/1/2027	Fire Aerial & Pump App	Fire Aerial	1,268,053	1,079,856	108,745
Subtotal Certificates of Participation				\$ 7,709,970	\$ 2,138,893	\$ 1,073,679
Revenue Bonds						
5/31/2012	11/1/2023	Wastewater	Refunded 2003 \$10,155,000 issue	\$ 9,400,000	\$ 5,185,000	\$ -
6/5/2008	11/1/2027	Wastewater	Wastewater system	5,440,000	3,070,000	-
6/5/2008	11/1/2018	Water	Refunded 1998 issue	1,883,951	220,000	-
9/4/2004	9/1/2034	Irrigation	Irrigation System	5,215,000	3,530,000	-
Subtotal Revenue Bonds				\$ 21,938,951	\$ 12,005,000	\$ -
Intergovernmental Loans						
8/14/2009	7/1/2028	PC-08-951-052	2009 Railroad Grade Separation	\$ 3,000,000	\$ 1,485,902	\$ 165,100
5/6/2010	6/1/2034	L1000030-0	2010 Railroad Grade Separation	1,149,841	1,019,991	26,951
9/30/2015	6/1/2023	'15 Yak Co SIED - 21st Ave/Airport	2015 Yakima Co SIED Loan - 21st Ave/Airport	307,000	218,849	51,493
6/1/2016	6/1/2027	'16 Yak Co SIED - SOZO	2016 Yakima Co SIED Loan - SOZO	900,000	757,405	84,107
11/21/2017	6/1/2024	'17 Yak Co SIED - YV Brewing Project	2017 Yakima Co SIED Loan - YV Brewing Project	61,580	61,580	-
7/17/2018	6/1/2029	'18 Yak Co SIED - River Rd.	2018 Yakima Co SIED - River Rd Improvements/Aquatics Center	500,000	500,000	-
6/1/2001	7/1/2021	PW-01-691-071	2001 Fruitavale Neighborhood Sewer	1,466,250	155,250	77,625
9/1/2003	7/1/2023	PW-03-691-027	2003 Naches WTP Improvements	2,694,500	538,900	134,725
6/27/2005	10/1/2025	SRF-04-65104-037	2005 Naches River WTP Filter Rehab	966,772	329,509	-
12/30/2005	7/1/2025	PW-05-691-064	2005 River Road Sewer	2,307,000	745,475	124,246
4/30/2007	7/1/2027	PW-07-962-019	2007 Ultra Violet Disinfection	2,300,000	971,111	121,389
4/15/2009	7/1/2028	PC-08-951-051	2009 New Water Well	2,257,200	1,090,339	121,149
10/10/2011	3/31/2033	L1100008	2011 Energy Efficiency	503,558	400,623	-
8/1/2011	7/1/2034	L1200019	2012 Industrial Waste Anaerobic	590,350	499,590	-
6/1/2012	6/1/2032	PC-12-951-065	2012 Wastewater Treatment Plan	5,000,000	3,228,950	269,079
10/11/2012	6/1/2037	PC-13-961-059	2012 Industrial Sewer Extensions	2,000,000	1,464,115	81,340
8/5/2013	7/1/2032	PC-13-961-074	2013 Automated Reading System	5,000,000	3,421,053	263,158
12/12/2013	10/1/2034	DM-11-952-038	2013 Design WTP Lagoons	3,514,800	2,811,840	-
Subtotal Intergovernmental Loans				\$ 34,518,851	\$ 19,700,482	\$ 1,520,362
Grand Total				\$ 122,779,800	\$ 67,323,881	\$ 4,729,141