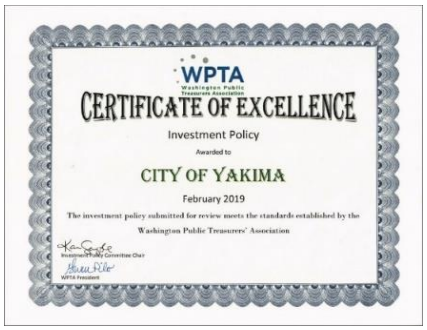
FINANCE

Date: April 2, 2020

To: Mayor and City Council
Alex Meyerhoff, Interim City Manager

From: Steve Groom, Finance Director
Kimberly Dominé, Finance Division Manager
Jennifer Morris, Financial Services Officer

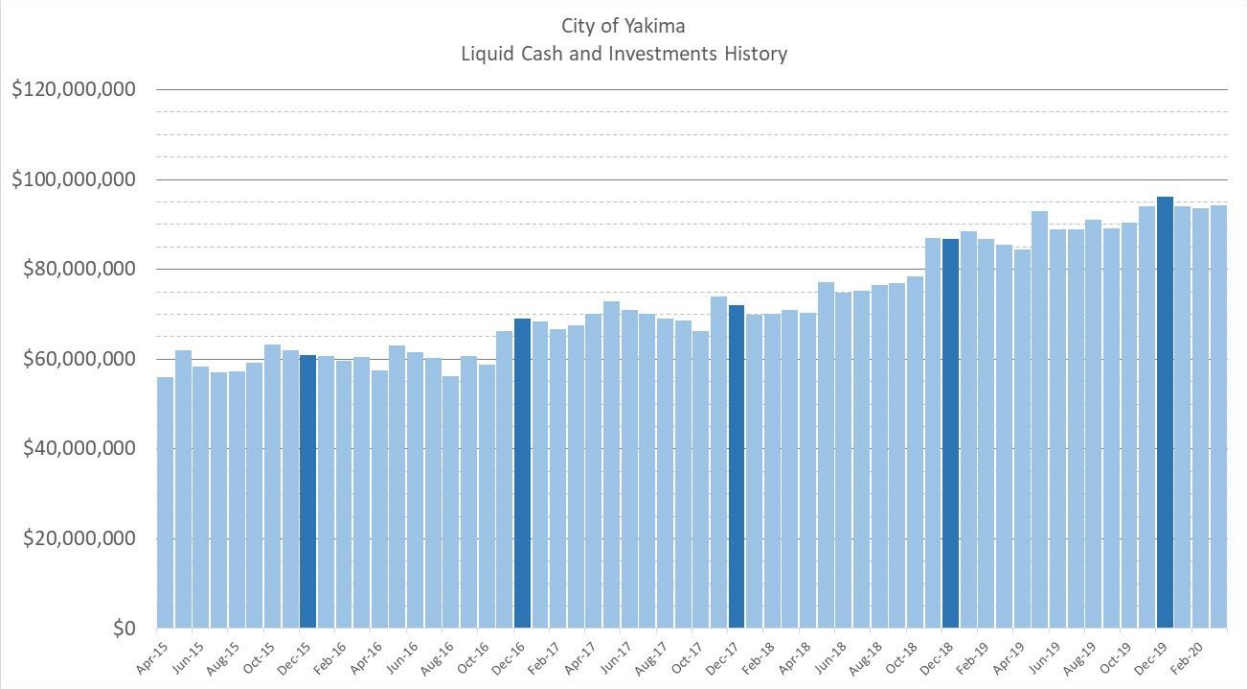
Re: 2020 – 1st Quarter Treasury Report


WPTA
Washington Public Treasurers' Association
CERTIFICATE OF EXCELLENCE
Investment Policy
Awarded to
CITY OF YAKIMA
February 2019
The investment policy submitted for review meets the standards established by the Washington Public Treasurers' Association
Investment Policy Committee Chair
WPTA President

This report is to transparently report the City's cash position and investment activity for the quarter just ended. Each investment is in compliance with the City's Investment Policy, State Statues and City Municipal Code. The City's investment policy was reviewed and approved by City Council on March 5, 2019; and 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 $95.4 million: $17.7 million in depository banks, $19.9 million in the State Pool, and $57.8 million invested.

The following chart shows the 5-year trend of total cash and investments month by month.



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 Statues and City Municipal Code.

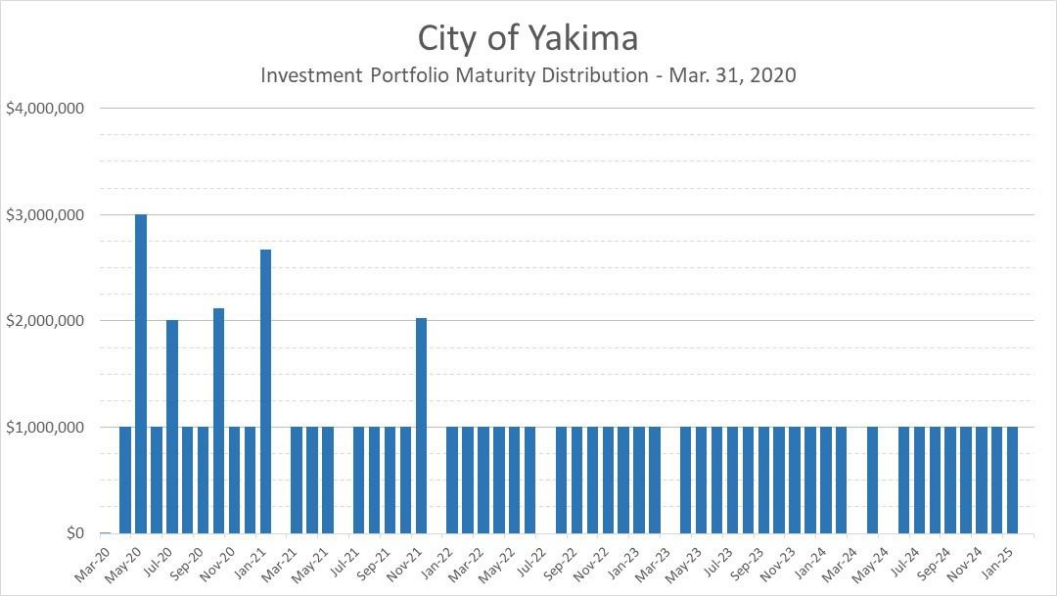
Calls or Maturities. During last quarter, the following matured or were called:

- 1496 $2,015,000 FFCB called 03/13/2020
- 1498 $3,000,000 FFCB matured 01/30/2020
- 1493 $3,203,000 REFCORP sold 02/11/2020
- 1495 $2,137,000 REFCORP sold 02/11/2020
- 1499 $1,000,000 REFCORP sold 02/11/2020
- 1510 $1,000,000 FHLMC called 03/27/2020
- 1514 $1,000,000 FHLMC called 03/27/2020
- 1490 $2,000,000 FNMA called 03/30/2020
- 1491 $2,000,000 FNMA called 03/30/2020

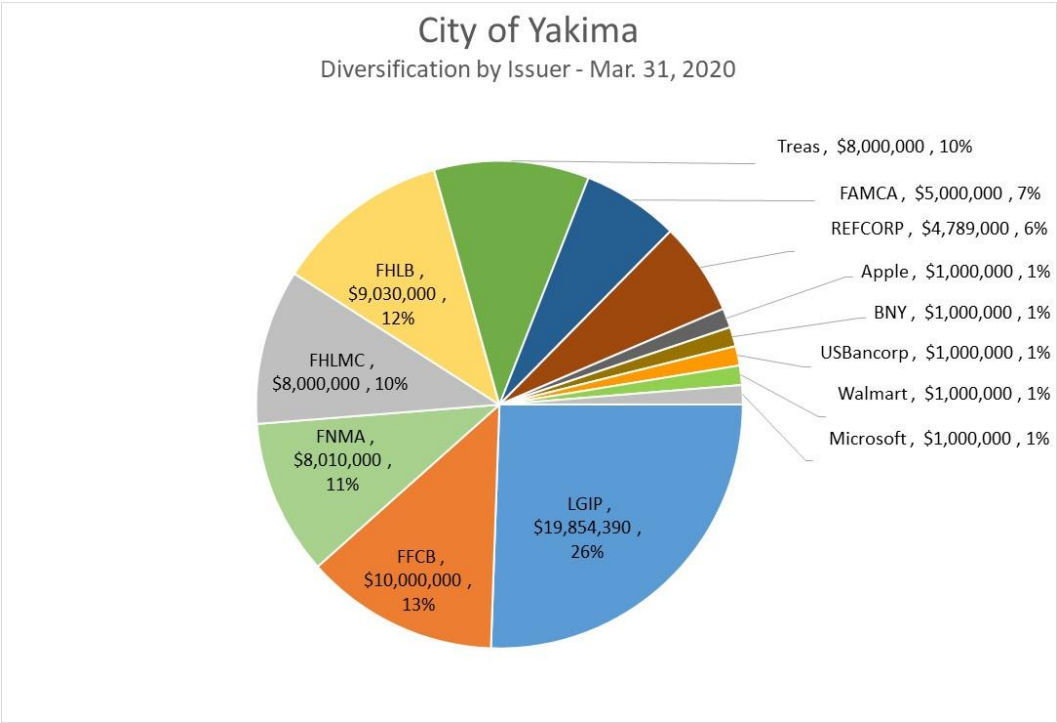
Purchases: During the last quarter, the following were purchased:

- 1547 $1,000,000 US Treasury to mature 6/30/2020
- 1548 $1,000,000 FHLB to mature 08/25/2020
- 1549 $1,000,000 US Treasury to mature 03/31/2021
- 1550 $1,000,000 FNMA to mature 04/5/2022
- 1551 $1,000,000 FFCB to mature 11/7/2022
- 1552 $1,000,000 FAMCA to mature 1/10/2024
- 1553 $1,000,000 US Treasury to mature 4/30/2024
- 1554 $1,000,000 FHLB to mature 12/13/2024
- 1555 $1,000,000 FAMCA to mature 1/3/2025
- 1556 $1,000,000 FHLB to mature 3/11/2022
- 1557 $1,000,000 FFCB to mature 2/2/2023

The following graph illustrates the maturity distribution of city investments. Diversifying by maturity reduces the re-investment risk the city is subject to in any given month when an investment matures and the principal is reinvested at rates available at that moment.



The following graph illustrates the diversification by issuer of city investments. Diversifying by issuer reduces the credit risk the city is subject to from any one issuer as well as diversifies market price fluctuations which can vary by issuer.



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 depositaries, 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 March 31, 2020, the fixed income market is experiencing extreme uncertainty, evidenced by a yield curve that is extremely low and flat. The difference between the 1-year Treasury at 0.16% and the 5-year Treasury at 0.37% was 26 basis points. The 30-day yield of the State Pool was at 1.260%, with a 45-day avg. maturity so will continue to fall.

Economic Outlook. The Federal Reserve had lowered the rates three times in 2019 to 1.75 and in March 2020 lowered twice, to zero, during the Coronavirus pandemic. Unemployment, nationally, has suddenly spiked and the economy is experiencing drastic volatility; it is unclear how long nor how deep the current conditions will exist.

		Actual %	Policy %
LGIP	19,857,276	26%	100%
Treasuries	5,000,000	6%	100%
Agencies	47,829,000	62%	100%
Corporates	5,000,000	6%	15%
	77,686,276	100%	

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 prudent course of action for income rather than predicting market direction. Three large positions in Resolution Funding Corp were sold prior to maturity during the last quarter to smooth future spikes creating reinvestment risk.

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.

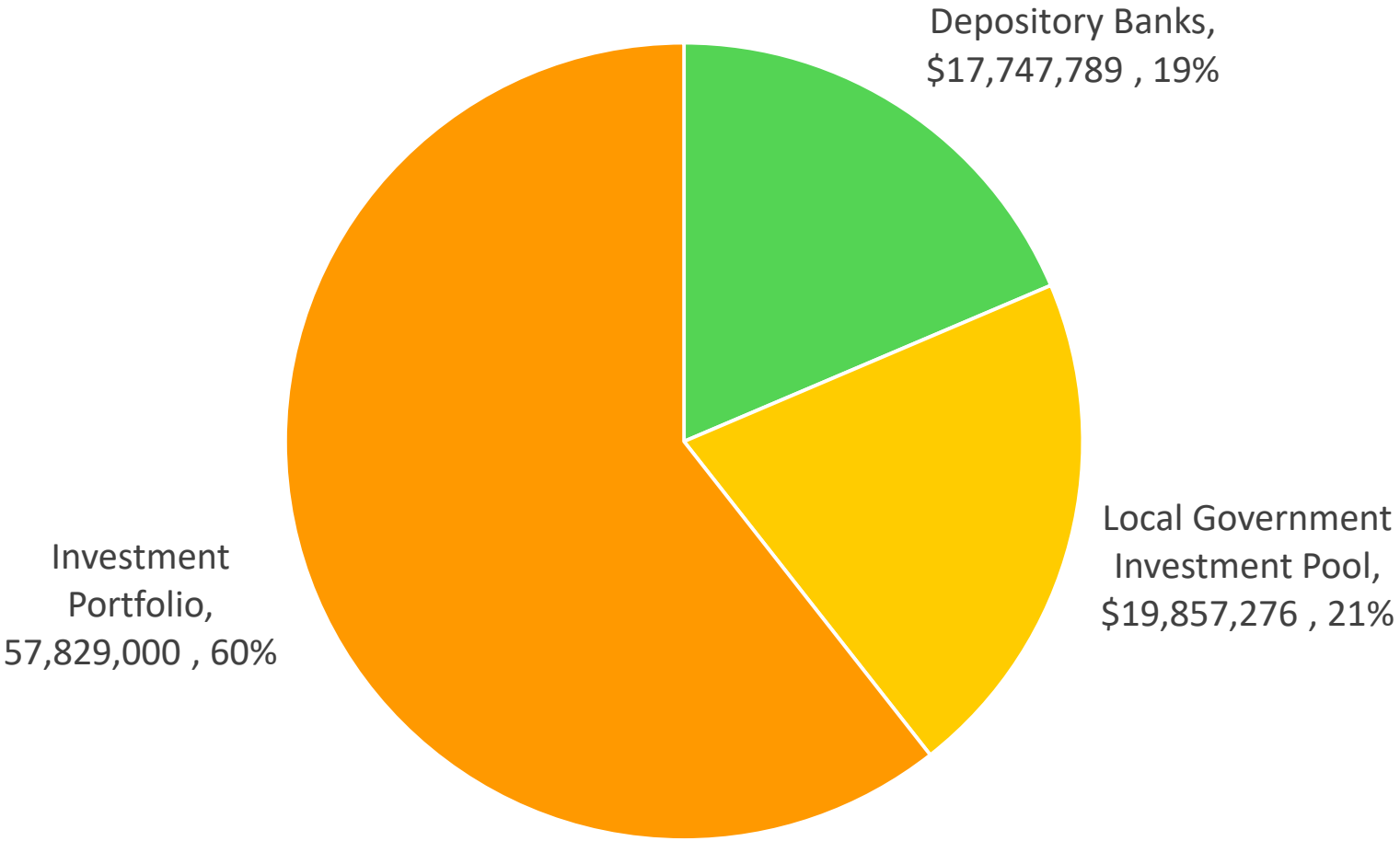
City of Yakima
Cash and Investment Summary
March 31, 2020

Description	Current 3/31/2020	Prior Quarter 12/31/2019	Prior Year 3/31/2019
Cash Balances on Hand in Banks	$ 17,747,789	$ 18,154,002	$ 10,628,760
Local Government Investment Pool (LGIP)	19,857,276	19,786,229	26,428,425
Investment Portfolio	57,829,000	64,184,000	52,602,000
Total Investments	77,686,276	83,970,229	79,030,425
Total Cash and Investments	$ 95,434,066	$ 102,124,232	$ 89,659,185

Summary of Investment Activity	Beg Balance 12/31/2019	Purchases & Deposits	Interest Reinvested	Maturities, Calls & Withdrawals	End Balance 3/31/2020
Local Government Investment Pool (LGIP)	$ 19,786,229	$ 8,000,000	$ 71,047	$ (8,000,000)	$ 19,857,276
Investment Portfolio	64,184,000	11,000,000	-	(17,355,000)	57,829,000
Total Investments	$ 83,970,229	$ 19,000,000	$ 71,047	$ (25,355,000)	$ 77,686,276

City of Yakima

Distribution of Cash and Investments as of 3/31/2020



City of Yakima

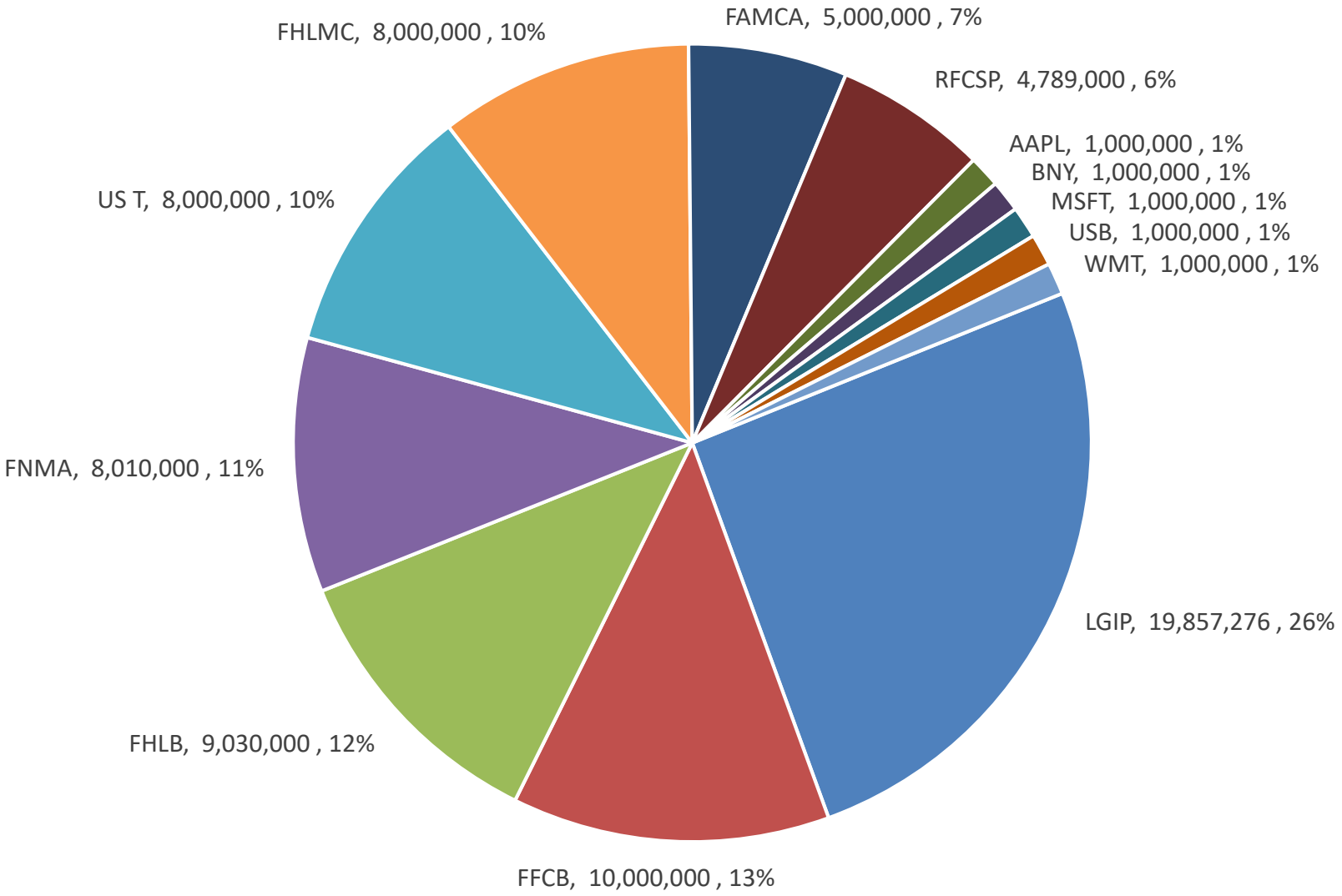
Investment Portfolio - Inventory by Agency

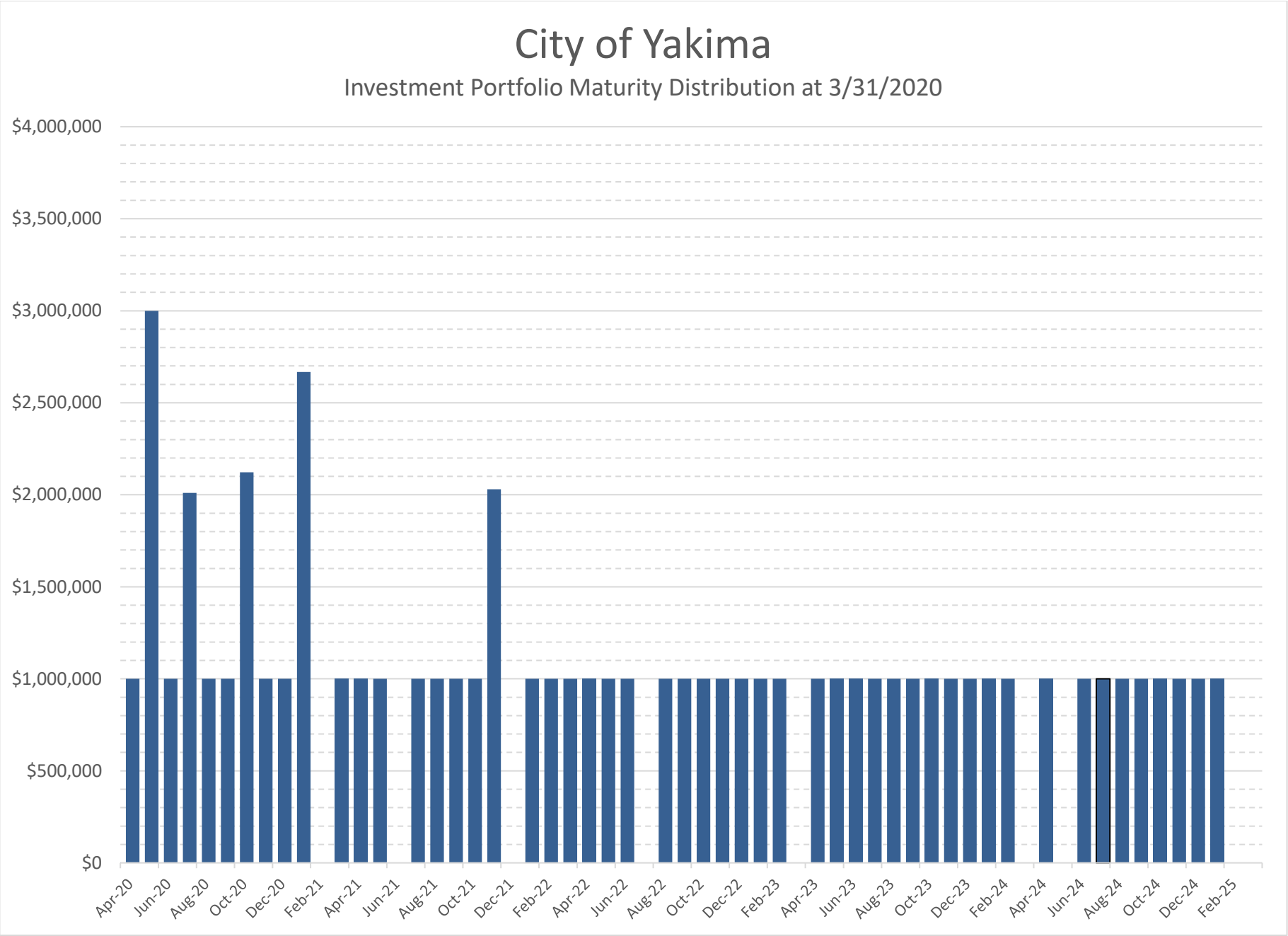
March 31, 2020

Agency	Inv#	CUSIP	Face Value	Price	Coupon	Expected Yield	Settle	Maturity	Days to Maturity	Market	Call Type	Moodys	S&P	Fitch
FFCB	1520	3133EKJS6	1,000,000	1,000,000	2.400	2.400	4/29/19	4/29/20	29	1,002,022	NC	Aaa	AA+	AAA
FNMA	1488	3136G3QK4	3,000,000	2,999,970	1.500	1.500	6/3/16	5/22/20	52	3,005,532	Qtrly	Aaa	AA+	AAA
US T	1547	912828XH8	1,000,000	1,000,508	1.625	1.496	2/4/20	6/30/20	91	1,003,794	NC	Aaa	NA	AAA
FNMA	1494	3136G4GK3	2,010,000	1,995,172	1.350	1.560	12/14/16	7/28/20	119	2,012,388	Qtrly	Aaa	AA+	AAA
FHLB	1548	3130AAX52	1,000,000	1,001,159	1.750	1.540	2/4/20	8/25/20	147	1,006,097	NC	Aaa	AA+	NA
US T	1526	912828VZ0	1,000,000	1,001,563	2.000	1.847	09/16/19	9/30/20	183	1,009,922	NC	Aaa	AA+	NC
RFCSP	1502	76116FAE7	2,122,000	1,999,174	2.250	2.250	02/14/18	10/15/20	198	2,118,842	NC	Aaa	AA+	AAA
US T	1534	9128285Q9	1,000,000	1,012,227	2.750	1.630	10/22/19	11/30/20	244	1,017,734	NC	Aaa	AA+	AAA
FFCB	1542	3133ELAQ7	1,000,000	1,000,000	1.600	1.600	11/22/19	12/22/20	266	1,007,891	NC	Aaa	AA+	AAA
RFCSP	1500	76116FAG2	2,667,000	2,499,062	2.200	2.200	01/25/18	1/15/21	290	2,651,665	NC	Aaa	AA+	AAA
US T	1549	912828Q37	1,000,000	997,695	1.625	1.496	2/4/20	3/31/21	365	1,011,211	NC	Aaa	NA	AAA
FFCB	1518	3133EKGY6	1,000,000	1,000,000	2.375	2.375	4/15/19	4/15/21	380	1,019,853	NC	Aaa	AA+	AAA
BNY	1521	06406FAB9	1,000,000	989,800	2.050	2.574	4/30/19	5/3/21	398	1,005,470	NC	A1	A	AA-
US T	1543	912828WY2	1,000,000	1,009,453	2.250	1.660	12/11/19	7/31/21	487	1,027,578	NC	Aaa	AA+	AAA
FHLMC	1539	3137EAEC9	1,000,000	991,002	1.125	1.650	11/14/19	8/12/21	499	1,009,630	NC	Aaa	AA+	AAA
FFCB	1527	3133EKP67	1,000,000	996,900	1.625	1.780	9/17/19	9/17/21	535	1,017,923	NC	Aaa	AA+	AAA
FHLMC	1532	3134GUHC7	1,000,000	1,000,000	1.750	1.750	10/15/19	10/15/21	563	1,000,493	1C-NC	Aaa	AA+	AAA
FHLB	1492	3130A9Z61	2,030,000	1,994,020	1.500	1.880	12/14/16	11/9/21	588	2,030,171	Amer	Aaa	AA+	AA+
USB	1515	91159HHP8	1,000,000	997,300	2.625	2.723	3/18/19	1/24/22	664	1,011,054	1X	A1	A+	AA-
MSFT	1512	594918BW3	1,000,000	996,920	2.400	2.575	3/15/19	2/6/22	677	1,032,692	NC	Aaa	AAA	AA+
FHLB	1556	313378CR0	1,000,000	1,032,367	2.250	0.630	3/6/20	3/11/22	710	1,035,442	NC	Aaa	AA+	NA
FNMA	1550	3135G0T45	1,000,000	1,009,506	1.875	1.422	2/14/20	4/5/22	735	1,029,756	NC	Aaa	AA+	AAA
FFCB	1523	3133EKLR5	1,000,000	999,100	2.250	2.281	5/16/19	5/16/22	776	1,035,354	NC	Aaa	AA+	AAA
FAMCA	1522	31422BFF2	1,000,000	1,000,000	2.350	2.350	5/9/19	6/1/22	792	1,035,916	NC	Aaa	AA+	AAA
FHLMC	1528	3134GT3N1	1,000,000	999,990	1.750	1.750	10/2/19	8/26/22	878	1,002,672	1C-NC	Aaa	AA+	AAA
FHLB	1509	313383WD9	1,000,000	1,013,146	3.125	2.750	12/19/18	9/9/22	892	1,064,955	Amer	Aaa	AA+	AA+
FFCB	1519	3133EKHN9	1,000,000	997,450	2.330	2.406	4/18/19	10/18/22	931	1,036,055	NC	Aaa	AA+	AAA
FFCB	1551	3133EA7E2	1,000,000	1,014,130	1.960	1.430	2/14/20	11/7/22	951	1,027,866	NC	Aaa	AA+	AAA
FHLB	1544	313381BR5	1,000,000	1,006,250	1.875	1.660	12/11/19	12/9/22	983	1,037,030	NC	Aaa	AA+	AAA
FNMA	1541	3135GOT94	1,000,000	1,023,490	2.375	1.610	11/20/19	1/19/23	1,024	1,054,961	NC	Aaa	AA+	AAA
FFCB	1557	3133EG5Y7	1,000,000	1,045,401	2.230	0.650	3/6/20	2/2/23	1,038	1,040,533	NC	Aaa	AA+	AAA
FHLMC	1517	3134GTGM9	1,000,000	1,000,000	2.550	2.550	4/10/19	4/10/23	1,105	1,000,532	1x	Aaa	AA+	AAA
AAPL	1516	037833AK6	1,000,000	991,000	2.400	2.634	4/8/19	5/3/23	1,128	1,035,983	NC	AA1	AA+	-
WMT	1513	931142EK5	1,000,000	1,026,800	3.400	2.730	3/15/19	6/26/23	1,182	1,060,622	NC	Aa2	AA	AA
FHLMC	1530	3134GUHJ2	1,000,000	1,000,000	1.750	1.750	10/10/19	7/10/23	1,196	1,002,844	1C-NC	Aaa	AA+	AAA
US T	1545	9128284X5	1,000,000	1,039,063	2.750	1.660	12/11/19	8/31/23	1,248	1,082,969	NC	Aaa	AA+	AAA
FAMCA	1508	3132X06C0	1,000,000	1,010,972	3.050	2.801	12/19/18	9/19/23	1,267	1,074,968	NC	Aaa	AA+	AAA
FHLMC	1529	3134GUGA2	1,000,000	1,000,000	2.000	2.000	10/16/19	10/16/23	1,294	1,000,459	Qtrly	Aaa	AA+	AAA
FFCB	1537	3133EK4X1	1,000,000	997,924	1.600	1.654	11/6/19	11/1/23	1,310	1,034,921	NC	Aaa	AA+	AAA
FHLB	1507	3130AFKR7	1,000,000	1,003,225	3.100	2.933	12/28/18	12/28/23	1,367	1,017,523	Amer	Aaa	AA+	AA+
FAMCA	1552	31422BSD3	1,000,000	1,004,430	1.590	1.470	2/14/20	1/10/24	1,380	1,039,824	NC	NA	NA	NA
FNMA	1540	3135G0V34	1,000,000	1,032,055	2.500	1.710	11/14/19	2/5/24	1,406	1,066,505	NC	Aaa	AA+	AAA
US T	1553	9128286R6	1,000,000	1,034,063	2.250	1.413	2/14/20	4/30/24	1,491	1,077,266	NC	Aaa	NA	AAA
FAMCA	1533	31422BGA2	1,000,000	1,022,900	2.150	1.634	10/18/19	6/5/24	1,527	1,047,762	NC	NA	NA	NA
FHLB	1535	3030AHERO	1,000,000	1,000,000	1.850	1.850	10/24/19	7/24/24	1,576	1,004,018	1C-NC	Aaa	AA+	AA+
US T	1546	9128282U3	1,000,000	1,008,789	1.875	1.660	12/11/19	8/31/24	1,614	1,065,898	NC	Aaa	NA	AAA
FHLMC	1531	3134GUCE8	1,000,000	1,002,769	2.020	1.720	10/10/19	9/17/24	1,631	1,006,655	1C-NC	Aaa	AA+	AAA
FHLMC	1536	3134GULS7	1,000,000	1,000,000	1.875	1.875	10/28/19	10/28/24	1,672	1,007,449	1C-NC	Aaa	AA+	AAA
FFCB	1538	3133EK6J0	1,000,000	994,700	1.625	1.736	11/8/19	11/8/24	1,683	1,045,115	NC	Aaa	AA+	AAA
FHLB	1554	3130A3GE8	1,000,000	1,058,979	2.750	1.480	2/14/20	12/13/24	1,718	1,112,003	NC	Aaa	AA+	NA
FAMCA	1555	31422BRT9	1,000,000	1,011,943	1.750	1.495	2/14/20	1/3/25	1,739	1,031,200	NC	NA	NA	NA
Subtotal	51		57,829,000	57,862,366	Avg.	2.07%				59,217,018				
LGIP	LGIP	NA	19,857,276	19,857,276	1.260	1.260	NA	NA	1	19,857,276	NC			
Grand Totals			**$77,686,276**	**$77,719,642**		1.87%			**591**	**$79,074,294**				

City of Yakima

Investment Portfolio by Issuer at 3/31/2020




City of Yakima
Investment Portfolio Maturity Distribution at 3/31/2020
$4,000,000
$3,500,000
$3,000,000
$2,500,000
$2,000,000
$1,500,000
$1,000,000
$500,000
$0
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City of Yakima
Investment Portfolio - Detail of Activity
March 31, 2020

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	1533	1,000,000	-	-	1,000,000
FAMCA	1552		1,000,000		1,000,000
FAMCA	1555		1,000,000	-	1,000,000
FAMCA Total		3,000,000	2,000,000	-	5,000,000
Federal Farm Credit Bureau					
FFCB	1496	2,015,000	-	(2,015,000)	-
FFCB	1498	3,000,000	-	(3,000,000)	-
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	1527	1,000,000	-	-	1,000,000
FFCB	1537	1,000,000	-	-	1,000,000
FFCB	1538	1,000,000	-	-	1,000,000
FFCB	1542	1,000,000	-	-	1,000,000
FFCB	1551	-	1,000,000	-	1,000,000
FFCB	1557	-	1,000,000	-	1,000,000
FFCB Total		13,015,000	2,000,000	(5,015,000)	10,000,000
Federal Home Loan Bank					
FHLB	1492	2,030,000	-	-	2,030,000
FHLB	1507	1,000,000	-	-	1,000,000
FHLB	1509	1,000,000	-	-	1,000,000
FHLB	1535	1,000,000	-	-	1,000,000
FHLB	1544	1,000,000	-	-	1,000,000
FHLB	1548	-	1,000,000	-	1,000,000
FHLB	1554	-	1,000,000	-	1,000,000
FHLB	1556	-	1,000,000	-	1,000,000
FHLB Total		6,030,000	3,000,000	-	9,030,000
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 Total		11,129,000	-	(6,340,000)	4,789,000
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	1528	1,000,000	-	-	1,000,000
FHLMC	1529	1,000,000	-	-	1,000,000
FHLMC	1530	1,000,000	-	-	1,000,000
FHLMC	1531	1,000,000	-	-	1,000,000
FHLMC	1532	1,000,000	-	-	1,000,000
FHLMC	1536	1,000,000	-	-	1,000,000
FHLMC	1539	1,000,000	-	-	1,000,000
FHLMC Total		10,000,000	-	(2,000,000)	8,000,000
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	1540	1,000,000	-	-	1,000,000
FNMA	1541	1,000,000	-	-	1,000,000
FNMA	1550	-	1,000,000	-	1,000,000
FNMA Total		11,010,000	1,000,000	(4,000,000)	8,010,000
US Treasury					
US Treasury	1526	1,000,000	-	-	1,000,000
US Treasury	1534	1,000,000	-	-	1,000,000
US Treasury	1543	1,000,000	-	-	1,000,000
US Treasury	1545	1,000,000	-	-	1,000,000
US Treasury	1546	1,000,000	-	-	1,000,000
US Treasury	1547	-	1,000,000	-	1,000,000
US Treasury	1549	-	1,000,000	-	1,000,000
US Treasury	1553	-	1,000,000	-	1,000,000
US Treasury		5,000,000	3,000,000	-	8,000,000
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		5,000,000	-	-	5,000,000
Subtotal		64,184,000	11,000,000	(17,355,000)	57,829,000
Other Investments		-	-	-	-
LGIP (State Pool)	LGIP	19,786,229	8,071,047	(8,000,000)	19,857,276
Other Investment Totals		19,786,229	8,071,047	(8,000,000)	19,857,276
Grand Totals		**$ 83,970,229**	**$ 19,071,047**	**$ (25,355,000)**	**$ 77,686,276**

City of Yakima

Long Term Debt Schedule - by Project Group

March 31, 2020

Date Issued	Maturity	Description	Note	Amount of Issue	Current Balance
General Obligation Bonds					
5/8/2007	5/1/2026	**PFD Convention Center III**	Partial refunding of 2002 issue	$ 4,910,000	2,770,000.00
8/28/2009	12/1/2032	**PFD Capitol Theatre**	Build America Bonds (Taxable)	4,980,000	4,720,000.00
6/17/2003	12/1/2023	**Sundome Expansion**	Deferred Interest-Maturity $2.5M	1,430,528	244,525.80
8/28/2008	12/1/2021	**Fire Apparatus**	Ladder Truck	760,000	140,000.00
5/8/2007	5/1/2022	**Fire Station**	Remodel Facility	815,000	205,000.00
5/8/2007	5/1/2022	**Downtown Futures**	Renovate downtown improvements	1,490,000	375,000.00
6/20/2013	6/20/2028	**Street Project Demonstration (Refunded)**	Various City street improvements	3,500,000	3,058,575.09
6/9/2014	6/1/2024	**Street Resurfacing Project**	Streets improvements	13,140,000	7,345,000.00
6/17/2014	12/1/2034	**Comm Center Move**	City portion of County GO Bonds	1,716,500	1,395,000.00
9/24/2018	12/1/2035	**Soccer Complex (Refunded)**	City portion of SOZO Sports Complex	4,440,127	4,257,543.20
9/24/2018	7/1/2035	**2018 Aquatic Center YMCA**	City portion of Aquatic Center	8,009,873	7,982,086.15
Subtotal General Obligation Bonds				$ 45,192,028	32,492,730.24
Certificate of Participation - State of Washington					
6/1/2011	12/1/2020	**Fire Apparatus**	Two trucks purchased	$ 576,847	67,267.80
3/19/2013	7/1/2023	**Fire Apparatus**	One truck	310,414	142,198.55
9/28/2017	6/1/2027	**Energy Project**	LED Street Lighting	921,863	784,892.79
9/28/2017	6/1/2027	**Fire Aerial & Pump App**	Fire Aerial	1,268,053	1,079,856.16
Subtotal Certificates of Participation				$ 3,077,178	2,074,215.30
Revenue Bonds					
5/31/2012	11/1/2023	**Wastewater**	Refunded 2003 $10,155,000 issue	$ 9,400,000	4,230,000.00
6/5/2008	11/1/2027	**Wastewater**	Wastewater system	5,440,000	2,780,000.00
9/4/2004	9/1/2034	**Irrigation**	Irrigation System	5,215,000	3,375,000.00
Subtotal Revenue Bonds				$ 20,055,000	10,385,000.00
Intergovernmental Loans					
8/14/2009	7/1/2028	**PC-08-951-052**	2009 Railroad Grade Separation	$ 3,000,000	1,485,902.26
5/6/2010	6/1/2034	**L1000030-0**	2010 Railroad Grade Separation	1,149,841	992,647.15
9/30/2015	6/1/2023	**'15 Yak Co SIED - 21st Ave/Airport**	2015 Yakima Co SIED Loan - 21st Ave/Airport	307,000	218,848.80
6/1/2016	6/1/2027	**'16 Yak Co SIED - SOZO**	2016 Yakima Co SIED Loan - SOZO	900,000	757,405.06
11/21/2017	6/1/2024	**'17 Yak Co SIED - YV Brewing Project**	2017 Yakima Co SIED Loan - YV Brewing Project	61,580	61,580.00
7/17/2018	6/1/2029	**'18 Yak Co SIED - River Rd.**	2018 Yakima Co SIED - River Rd Improvements/Aquatics Center	500,000	500,000.00
6/1/2001	7/1/2021	**PW-01-691-071**	2001 Fruitavale Neighborhood Sewer	1,466,250	155,250.00
9/1/2003	7/1/2023	**PW-03-691-027**	2003 Naches WTP Improvements	2,694,500	538,900.00
6/27/2005	10/1/2025	**SRF-04-65104-037**	2005 Naches River WTP Filter Rehab	966,772	282,435.89
12/30/2005	7/1/2025	**PW-05-691-064**	2005 River Road Sewer	2,307,000	745,474.66
4/30/2007	7/1/2027	**PW-07-962-019**	2007 Ultra Violet Disinfection	2,300,000	971,111.10
4/15/2009	7/1/2028	**PC-08-951-051**	2009 New Water Well	2,257,200	1,090,339.43
10/10/2011	3/31/2033	**L1100008**	2011 Energy Efficiency	503,558	376,915.05
8/1/2011	7/1/2034	**L1200019**	2012 Industrial Waste Anaerobic	590,350	473,069.40
6/1/2012	6/1/2032	**PC-12-951-065**	2012 Wastewater Treatment Plan	5,000,000	3,228,949.68
10/11/2012	6/1/2037	**PC-13-961-059**	2012 Industrial Sewer Extensions	2,000,000	1,464,114.86
8/5/2013	7/1/2032	**PC-13-961-074**	2013 Automated Reading System	5,000,000	3,421,052.64
12/12/2013	10/1/2034	**DM-11-952-038**	2013 Design WTP Lagoons	3,514,800	2,636,100.01
Subtotal Intergovernmental Loans				$ 34,518,851	19,400,095.99
Grand Total				**$ 102,843,056**	**64,352,041.53**

City of Yakima

Interfund Borrowing

March 31, 2020

Description	Original Balance	Beginning Balance	Issued	Retired	Ending Balance	
Local Improvement District Bonds/Notes	$ 1,432,509	$ 25,934	$ -	$ -	$ 25,934	Equipment Rental Reserve
Fund 153 - Public Safety Communications	450,000	300,000	-	150,000	150,000	Equipment Rental Reserve
Fund 323 - Millsite Project	-	500,000	-	-	500,000	REET
Total across all funds	1,882,509	825,934	-	150,000	675,934	

Fund 151 - Public Safety Communications - Interfund Loan

The Public Safety Communications Fund borrowed from the Equipment Replacement and Reserve Fund to provide working capital while they recover from the excess cash outflow caused by the move to the new Communications Center last year. A $150,000 payment was made in 2019. The final payment $150,000 will be paid in 2020.

Fund 323 - Millsite (LIFT)

The Millsite project borrowed $500,000 from REET until such time as official financing can be secured. At that time the loan from REET will be repaid. A Statement of Official Intent for the reimbursement has been executed to meet bond requirements.

FINANCE

Committee Review of Divestment Rationale

Date: February 7, 2020

Investment # 1493 is a Resolution Funding Corp (RFCSP) Agency face value $3,203,000, maturity date October 15, 2020, purchased December 14, 2016 to yield 1.716**%.**

Investment # 1495 is a Resolution Funding Corp (RFCSP) Agency face value $2,137,000, maturity date January 15, 2021, purchased April 6, 2017 to yield 1.821**%.**

Investment # 1499 is a Resolution Funding Corp (RFCSP) Agency face value $1,000,000, maturity date January 15, 2021, purchased October 6, 2017 to yield 1.730**%.**

This position is being divested to:

1) **Increase Diversification by maturity date by reducing two $5M+ spikes set to mature 10/2020 and 01/2021, large bets on reinvestment rates**
2) **Realize small market gains that offset the small decreased yields over the remaining 9- and 12-month remaining terms**
3) **Increase Liquidity by replacing this zero-coupon investment with securities that receive bi-monthly coupon payments**.
4) **Improve stability and predictability of budget forecasting future interest**
5) **Reinvesting in Treasuries and diversified Non-callable agencies brings no appreciable change to the portfolio's overall safety**

As the attached graphs show, the City had particularly large maturities in October 2020 and January 2021, exposing two large portions of our portfolio to the reinvestment environment of whatever rates happen to be in those months. By smoothing maturities in the future by reinvesting in $1 or $2 million pieces, our reinvestment risk is reduced.

The city continues to have a $19.8 million balance in the State LGIP pool, a 45-day weighted average maturity pool that provides plenty of liquidity, as our historical cashflow demonstrates, but is more susceptible to rate volatility than the laddered portion of our portfolio.

Investment Committee review:

Finance Director: _____ Date 2/7/2020

City Manager: Alex Meyerhoff Date 2/7/2020

Committee Review of Investment Rationale

Date: February 3, 2020

Investment # 2020-1547 is a 4-month US Treasury, face value $1,000,000, maturing June 30, 2020, 1.625% coupon purchased at 100.0508 to yield 1.496%. This trade settles February 4, 2020 with Wedbush Securities, US Bank Safekeeping. *This investment is the first of three replacing a $3,000,000 FFCB investment called on January 30th.*

Liquidity: At January 31st, month-end, Key Bank checking account balance was $5.1 million (target is $3 Million), US Bank checking balance was $8.0 million and invested yield segment of portfolio was $61.2 million (target is $60 million for Treasuries, Corporates and Agencies). Current LGIP balance was $19.8 million (target minimum is $5 million).

Safety: This purchase is a debt issue of the federal government – equivalent to Aaa/AA+ rating by Moody's and S&P.

Yield. Yield is 1.496%. This investment is 20 basis points under LGIP, seeking to protect yield in an eroding yield / uncertain environment. Comparable yields are:

LGIP current 30-day yield	1.7031%	www.secureaccess.wa.gov
6-month Treasury	1.5600%	Treasury.gov

Callability. This investment is not callable (a bullet).

Diversification. This purchase bring this issuer to 7.2% of total portfolio.

This purchase adds a maturity date previously not covered to city's laddered portfolio.

Outlook. The yield curve is currently slightly inverted; the 1-year Treasury at 1.46, the 2-year at 1.36 and the 5-year at 1.35. The Federal Reserve Bank recently executed the third of three expected ¼-point rate cuts in 2019 with further cuts expected in 2020. We are continuing to fill maturity gaps in the ladder to minimize reinvestment risk subject to rates at any one point in time and decreasing variable rate LGIP exposure.

Investment Committee review:

Finance Director: _____ Date 2/7/2020

City Manager: Alex Meyerhoff Date 2/7/2020

Committee Review of Investment Rationale

Date: February 3, 2020

Investment # 2020-1548 is a 6-month Federal Home Loan Bank (FHLB), face value $1,000,000, maturing August 25, 2020, 1.750% coupon purchased at 100.1159 to yield 1.540%. This trade settles February 4, 2020 with Wedbush Securities, US Bank Safekeeping. *This investment is the second of three replacing a $3,000,000 FFCB investment called on January 30th.*

Liquidity: At January 31st, month-end, Key Bank checking account balance was $5.1 million (target is $3 Million), US Bank checking balance was $8.0 million and invested yield segment of portfolio was $61.2 million (target is $60 million for Treasuries, Corporates and Agencies). Current LGIP balance was $19.8 million (target minimum is $5 million).

Safety: This purchase is a debt issue of a government –sponsored enterprise (GSE), that carries an explicit Federal guarantee, equivalent to Aaa/AA+ rating by Moody's and S&P.

Yield. Yield is 1.540%. This investment is 16 basis points under LGIP, seeking to protect yield in an eroding yield / uncertain environment. Comparable yields are:

LGIP current 30-day yield	1.7031%	www.secureaccess.wa.gov
6-month Treasury	1.5600%	Treasury.gov

Callability. This investment is not callable (a bullet).

Diversification. This purchase bring this issuer to 8.5% of total portfolio.

This purchase adds a maturity date previously not covered to city's laddered portfolio.

Outlook. The yield curve is currently slightly inverted; the 1-year Treasury at 1.46, the 2-year at 1.36 and the 5-year at 1.35. The Federal Reserve Bank recently executed the third of three expected ¼-point rate cuts in 2019 with further cuts expected in 2020. We are continuing to fill maturity gaps in the ladder to minimize reinvestment risk subject to rates at any one point in time and decreasing variable rate LGIP exposure.

Investment Committee review:

Finance Director: _____ Date 2/7/2020

City Manager: Alex Meyerhoff Date 2/7/2020

Committee Review of Investment Rationale

Date: February 3, 2020

Investment # 2020-1549 is a 1-year US Treasury, face value $1,000,000, maturing March 31, 2021, 1.250% coupon purchased at 99.7695 to yield 1.452%. This trade settles February 4, 2020 with Wedbush Securities, US Bank Safekeeping. *This investment is the third of three replacing a $3,000,000 FFCB investment called on January 30th.*

Liquidity: At January 31st, month-end, Key Bank checking account balance was $5.1 million (target is $3 Million), US Bank checking balance was $8.0 million and invested yield segment of portfolio was $61.2 million (target is $60 million for Treasuries, Corporates and Agencies). Current LGIP balance was $19.8 million (target minimum is $5 million).

Safety: This purchase is a debt issue of the federal government – equivalent to Aaa/AA+ rating by Moody's and S&P.

Yield. Yield is 1.452%. This investment is 24 basis points under LGIP, seeking to protect yield in an eroding yield / uncertain environment. Comparable yields are:

LGIP current 30-day yield	1.7031%	www.secureaccess.wa.gov
6-month Treasury	1.5600%	Treasury.gov

Callability. This investment is not callable (a bullet).

Diversification. This purchase bring this issuer to 7.2% of total portfolio.

This purchase adds a maturity date previously not covered to city's laddered portfolio.

Outlook. The yield curve is currently slightly inverted; the 1-year Treasury at 1.46, the 2-year at 1.36 and the 5-year at 1.35. The Federal Reserve Bank recently executed the third of three expected ¼-point rate cuts in 2019 with further cuts expected in 2020. We are continuing to fill maturity gaps in the ladder to minimize reinvestment risk subject to rates at any one point in time and decreasing variable rate LGIP exposure.

Investment Committee review:

Finance Director: _____ Date 2/7/2020

City Manager: Cley Meyerhoff Date 2/7/2020

Committee Review of Investment Rationale

Date: February 12, 2020

Investment # 2020-1550 is a 2-year Federal National Mortgage Association (FNMA or Fannie Mae), face value $1,000,000, maturing April 5, 2022, 1.875% coupon purchased at 100.9506 to yield 1.422%. This trade settles February 14, 2020 with Wedbush Securities, US Bank Safekeeping. *This investment is the first of six replacing a $6,253,465 Resolution Funding Corporatoin investment sold on February 11th.*

Liquidity: At January 31st, month-end, Key Bank checking account balance was $5.1 million (target is $3 Million), US Bank checking balance was $8.0 million and invested yield segment of portfolio was $61.2 million (target is $60 million for Treasuries, Corporates and Agencies). Current LGIP balance was $19.8 million (target minimum is $5 million).

Safety: This purchase is a debt issue of a government –sponsored enterprise (GSE), that carries an explicit Federal guarantee, equivalent to Aaa/AA+ rating by Moody's and S&P.

Yield. Yield is 1.422%. This investment is 16 basis points under LGIP, seeking to protect yield in an eroding yield / uncertain environment. Comparable yields are:

LGIP current 30-day yield	1.7031%	www.secureaccess.wa.gov
2-year Treasury	1.4100%	Treasury.gov

Callability. This investment is not callable (a bullet).

Diversification. This purchase bring this issuer to 14.5% of total portfolio.

This purchase adds a maturity date previously not covered to city's laddered portfolio.

Outlook. The yield curve is currently slightly inverted; the 1-year Treasury at 1.486, the 2-year at 1.41 and the 5-year at 1.40. The Federal Reserve Bank recently executed the third of three expected ¼-point rate cuts in 2019 with further cuts expected in 2020. We are continuing to fill maturity gaps in the ladder to minimize reinvestment risk subject to rates at any one point in time and decreasing variable rate LGIP exposure.

Investment Committee review:

Finance Director: _____ Date 2/12/2020

City Manager: Ally Meyerhoff Date 2/13/2020

FINANCE

Committee Review of Investment Rationale

Date: February 12, 2020

Investment # 2020-1551 is a 2-year Federal Farm Credit Bank (FFCB), face value $1,000,000, maturing November 7, 2022, 1.960% coupon purchased at 101.413 to yield 1.430%. This trade settles February 14, 2020 with Wedbush Securities, US Bank Safekeeping. *This investment is the second of six replacing a $6,253,465 Resolution Funding Corporation investment sold on February 11th.*

Liquidity: At January 31st, month-end, Key Bank checking account balance was $5.1 million (target is $3 Million), US Bank checking balance was $8.0 million and invested yield segment of portfolio was $61.2 million (target is $60 million for Treasuries, Corporates and Agencies). Current LGIP balance was $19.8 million (target minimum is $5 million).

Safety: This purchase is a debt issue of a government –sponsored enterprise (GSE), that carries an explicit Federal guarantee, equivalent to Aaa/AA+ rating by Moody's and S&P.

Yield. Yield is 1.430%. This investment is 27 basis points under LGIP, seeking to protect yield in an eroding yield / uncertain environment. Comparable yields are:

LGIP current 30-day yield	1.7031%	www.secureaccess.wa.gov
2-year Treasury	1.4100%	Treasury.gov

Callability. This investment is not callable (a bullet).

Diversification. This purchase bring this issuer to 13.3% of total portfolio.

This purchase adds a maturity date previously not covered to city's laddered portfolio.

Outlook. The yield curve is currently slightly inverted; the 1-year Treasury at 1.486, the 2-year at 1.41 and the 5-year at 1.40. The Federal Reserve Bank recently executed the third of three expected ¼-point rate cuts in 2019 with further cuts expected in 2020. We are continuing to fill maturity gaps in the ladder to minimize reinvestment risk subject to rates at any one point in time and decreasing variable rate LGIP exposure.

Investment Committee review:

Finance Director: _____ Date 2/12/2020

City Manager: Alex Meyerhoff Date 2/13/2020

Committee Review of Investment Rationale

Date: February 12, 2020

Investment # 2020-1552 is a 4-year Federal Agriculture Mortgage Corporation (FAMCA or Farmer Mac), face value $1,000,000, maturing January 10, 2024, 1.590% coupon purchased at 100.443 to yield 1.473%. This trade settles February 14, 2020 with Wedbush Securities, US Bank Safekeeping. *This investment is the third of six replacing a $6,253,465 Resolution Funding Corporation investment sold on February 11th.*

Liquidity: At January 31st, month-end, Key Bank checking account balance was $5.1 million (target is $3 Million), US Bank checking balance was $8.0 million and invested yield segment of portfolio was $61.2 million (target is $60 million for Treasuries, Corporates and Agencies). Current LGIP balance was $19.8 million (target minimum is $5 million).

Safety: This purchase is a debt issue of a government –sponsored enterprise (GSE), that carries an explicit Federal guarantee, equivalent to Aaa/AA+ rating by Moody's and S&P.

Yield. Yield is 1.473%. This investment is 27 basis points under LGIP, seeking to protect yield in an eroding yield / uncertain environment. Comparable yields are:

LGIP current 30-day yield	1.7031%	www.secureaccess.wa.gov
2-year Treasury	1.4100%	Treasury.gov

Callability. This investment is not callable (a bullet).

Diversification. This purchase bring this issuer to 6.05% of total portfolio.

This purchase adds a maturity date previously not covered to city's laddered portfolio.

Outlook. The yield curve is currently slightly inverted; the 1-year Treasury at 1.486, the 2-year at 1.41 and the 5-year at 1.40. The Federal Reserve Bank recently executed the third of three expected ¼-point rate cuts in 2019 with further cuts expected in 2020. We are continuing to fill maturity gaps in the ladder to minimize reinvestment risk subject to rates at any one point in time and decreasing variable rate LGIP exposure.

Investment Committee review:

Finance Director: _____ Date 2/12/2020

City Manager: Cay Magetti Date 2/13/2020

FINANCE

Committee Review of Investment Rationale

Date: February 12, 2020

Investment # 2020-1553 is a 4-year US Treasury, face value $1,000,000, maturing April 30, 2024, 2.250% coupon purchased at 103.4062 to yield 1.413%. This trade settles February 14, 2020 with Wedbush Securities, US Bank Safekeeping. *This investment is the fourth of six replacing a $6,253,465 Resolution Funding Corporation investment sold on February 11th.*

Liquidity: At January 31st, month-end, Key Bank checking account balance was $5.1 million (target is $3 Million), US Bank checking balance was $8.0 million and invested yield segment of portfolio was $61.2 million (target is $60 million for Treasuries, Corporates and Agencies). Current LGIP balance was $19.8 million (target minimum is $5 million).

Safety: This purchase is a debt issue of the federal government – equivalent to Aaa/AA+ rating by Moody's and S&P.

Yield. Yield is 1.413%. This investment is 33 basis points under LGIP, seeking to protect yield in an eroding yield / uncertain environment. Comparable yields are:

LGIP current 30-day yield	1.7031%	www.secureaccess.wa.gov
5-year Treasury	1.4000%	Treasury.gov

Callability. This investment is not callable (a bullet).

Diversification. This purchase bring this issuer to 8.5% of total portfolio.

This purchase adds a maturity date previously not covered to city's laddered portfolio.

Outlook. The yield curve is currently slightly inverted; the 1-year Treasury at 1.486, the 2-year at 1.41 and the 5-year at 1.40. The Federal Reserve Bank recently executed the third of three expected ¼-point rate cuts in 2019 with further cuts expected in 2020. We are continuing to fill maturity gaps in the ladder to minimize reinvestment risk subject to rates at any one point in time and decreasing variable rate LGIP exposure.

Investment Committee review:

Finance Director: _____ Date 2/12/2020

City Manager: _____ Date 2/13/2020

FINANCE

Committee Review of Investment Rationale

Date: February 12, 2020

Investment # 2020-1554 is a 5-year Federal Home Loan Bank (FHLB), face value $1,000,000, maturing December 13, 2024, 2.750% coupon purchased at 105.8979 to yield 1.480%. This trade settles February 14, 2020 with Wedbush Securities, US Bank Safekeeping. *This investment is the fifth of six replacing a $6,253,465 Resolution Funding Corporation investment sold on February 11th.*

Liquidity: At January 31st, month-end, Key Bank checking account balance was $5.1 million (target is $3 Million), US Bank checking balance was $8.0 million and invested yield segment of portfolio was $61.2 million (target is $60 million for Treasuries, Corporates and Agencies). Current LGIP balance was $19.8 million (target minimum is $5 million).

Safety: : This purchase is a debt issue of a government-sponsored enterprise (GSE), that carries an explicit Federal guarantee, equivalent to Aaa/AA+ rating by Moody's and S&P.

Yield. Yield is 1.480%. This investment is 22 basis points under LGIP, seeking to protect yield in an eroding yield / uncertain environment. Comparable yields are:

LGIP current 30-day yield	1.7031%	www.secureaccess.wa.gov
5-year Treasury	1.4000%	Treasury.gov

Callability. This investment is not callable (a bullet).

Diversification. This purchase bring this issuer to 9.7% of total portfolio.

This purchase adds a maturity date previously not covered to city's laddered portfolio.

Outlook. The yield curve is currently slightly inverted; the 1-year Treasury at 1.486, the 2-year at 1.41 and the 5-year at 1.40. The Federal Reserve Bank recently executed the third of three expected ¼-point rate cuts in 2019 with further cuts expected in 2020. We are continuing to fill maturity gaps in the ladder to minimize reinvestment risk subject to rates at any one point in time and decreasing variable rate LGIP exposure.

Investment Committee review:

Finance Director: _____ Date 2/12/2020

City Manager: _____ Date 2/13/2020

FINANCE

Committee Review of Investment Rationale

Date: February 12, 2020

Investment # 2020-1555 is a 5-year Federal Agriculture Mortgage Corporation (FAMCA or Farmer Mac), face value $1,000,000, maturing January 3, 2025, 1.750% coupon purchased at 101.1943 to yield 1.495%. This trade settles February 14, 2020 with Wedbush Securities, US Bank Safekeeping. *This investment is the sixth of six replacing a $6,253,465 Resolution Funding Corporation investment sold on February 11th.*

Liquidity: At January 31st, month-end, Key Bank checking account balance was $5.1 million (target is $3 Million), US Bank checking balance was $8.0 million and invested yield segment of portfolio was $61.2 million (target is $60 million for Treasuries, Corporates and Agencies). Current LGIP balance was $19.8 million (target minimum is $5 million).

Safety: This purchase is a debt issue of a government-sponsored enterprise (GSE), that carries an explicit Federal guarantee, equivalent to Aaa/AA+ rating by Moody's and S&P.

Yield. Yield is 1.495%. This investment is 21 basis points under LGIP, seeking to protect yield in an eroding yield / uncertain environment. Comparable yields are:

LGIP current 30-day yield	1.7031%	www.secureaccess.wa.gov
5-year Treasury	1.4000%	Treasury.gov

Callability. This investment is not callable (a bullet).

Diversification. This purchase bring this issuer to 6.0% of total portfolio.

This purchase adds a maturity date previously not covered to city's laddered portfolio.

Outlook. The yield curve is currently slightly inverted; the 1-year Treasury at 1.486, the 2-year at 1.41 and the 5-year at 1.40. The Federal Reserve Bank recently executed the third of three expected ¼-point rate cuts in 2019 with further cuts expected in 2020. We are continuing to fill maturity gaps in the ladder to minimize reinvestment risk subject to rates at any one point in time and decreasing variable rate LGIP exposure.

Investment Committee review:

Finance Director: _____ Date 2/12/2020

City Manager: _____ Date 2/13/2020

FINANCE

Committee Review of Investment Rationale

Date: March 6, 2020

Investment # 2020-1556 is a 2-year Federal Home Loan Bank (FHLB), face value $1,000,000, maturing March 11 2022, 2.250% coupon purchased at 103.23670 to yield 0.63%. This trade settles March 6, 2020 with Wedbush Securities, US Bank Safekeeping. *This investment is the first of two drawing down the City's position in the Local Government Investment Pool (LGIP) by $2,000,000.*

Liquidity: At February 29th, month-end, Key Bank checking account balance was $2.6 million (target is $3 Million), US Bank checking balance was $10.4 million and investment portfolio was $63.8 million (target is $64 million for Treasuries, Corporates and Agencies). Current LGIP balance was $16.8 million (target minimum is $5 million).

Safety: This purchase is a debt issue of a government-sponsored enterprise (GSE), that carries an explicit Federal guarantee, equivalent to Aaa/AA+ rating by Moody's and S&P.

Yield. Yield is 0.63%. This investment is 104 basis points under LGIP, seeking to protect yield in an eroding yield / uncertain environment. Due to the Fed's rate cut, LGIP's yield will drop below 1% over the next 44. Comparable yields are:

LGIP current 30-day yield	1.6734%	www.secureaccess.wa.gov
2-year Treasury	0.6700%	Treasury.gov

Callability. This investment is not callable (a bullet).

Diversification. This purchase bring this issuer to 11.2% of total portfolio.

This purchase adds a maturity date previously not covered to city's laddered portfolio.

Outlook. The yield curve is currently slightly inverted; the 1-year Treasury at 0.59, the 2-year at 0.67 and the 5-year at 0.75 but under 1-year yielding 0.68 to 1.00. The Federal Reserve Bank recently executed an unexpected ½-point rate cut with further cuts possible in 2020. We are continuing to fill maturity gaps in the ladder to minimize reinvestment risk subject to rates at any one point in time and decreasing variable rate LGIP exposure.

Investment Committee review:

Finance Director: _____ Date 3/6/2020

City Manager: Alex Meyerhoff Date 3·6·2020

Committee Review of Investment Rationale

Date: March 6, 2020

Investment # 2020-1557 is a 3-year Federal Farm Credit Bank (FFCB), face value $1,000,000, maturing February 2, 2023, 2.230% coupon purchased at 104.540 to yield 0.65%. This trade settles March 6, 2020 with Wedbush Securities, US Bank Safekeeping. *This investment is the second of two drawing down the City's position in the Local Government Investment Pool (LGIP) by $2,000,000.*

Liquidity: At February 29th, month-end, Key Bank checking account balance was $2.6 million (target is $3 Million), US Bank checking balance was $10.4 million and investment portfolio was $63.8 million (target is $64 million for Treasuries, Corporates and Agencies). Current LGIP balance was $16.8 million (target minimum is $5 million).

Safety: This purchase is a debt issue of a government-sponsored enterprise (GSE), that carries an explicit Federal guarantee, equivalent to Aaa/AA+ rating by Moody's and S&P.

Yield. Yield is 0.65%. This investment is 102 basis points under LGIP, seeking to protect yield in an eroding yield / uncertain environment. Due to the Fed's rate cut, LGIP's yield will drop below 1% over the next 44. Comparable yields are:

LGIP current 30-day yield	1.6734%	www.secureaccess.wa.gov
3-year Treasury	0.6800%	Treasury.gov

Callability. This investment is not callable (a bullet).

Diversification. This purchase bring this issuer to 14.9% of total portfolio.

This purchase adds a maturity date previously not covered to city's laddered portfolio.

Outlook. The yield curve is currently slightly inverted; the 1-year Treasury at 0.59, the 2-year at 0.67 and the 5-year at 0.75 but under 1-year yielding 0.68 to 1.00. The Federal Reserve Bank recently executed an unexpected ½-point rate cut with further cuts possible in 2020. We are continuing to fill maturity gaps in the ladder to minimize reinvestment risk subject to rates at any one point in time and decreasing variable rate LGIP exposure.

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Finance Director: _____ Date 3/6/2020

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