



**Date:** April 4, 2022

**To:** Mayor and City Council  
Bob Harrison, City Manager

**From:** Jennifer Ferrer-Santa Ines, Director of Finance and Budget  
Kimberly Dominé, Financial Services Manager

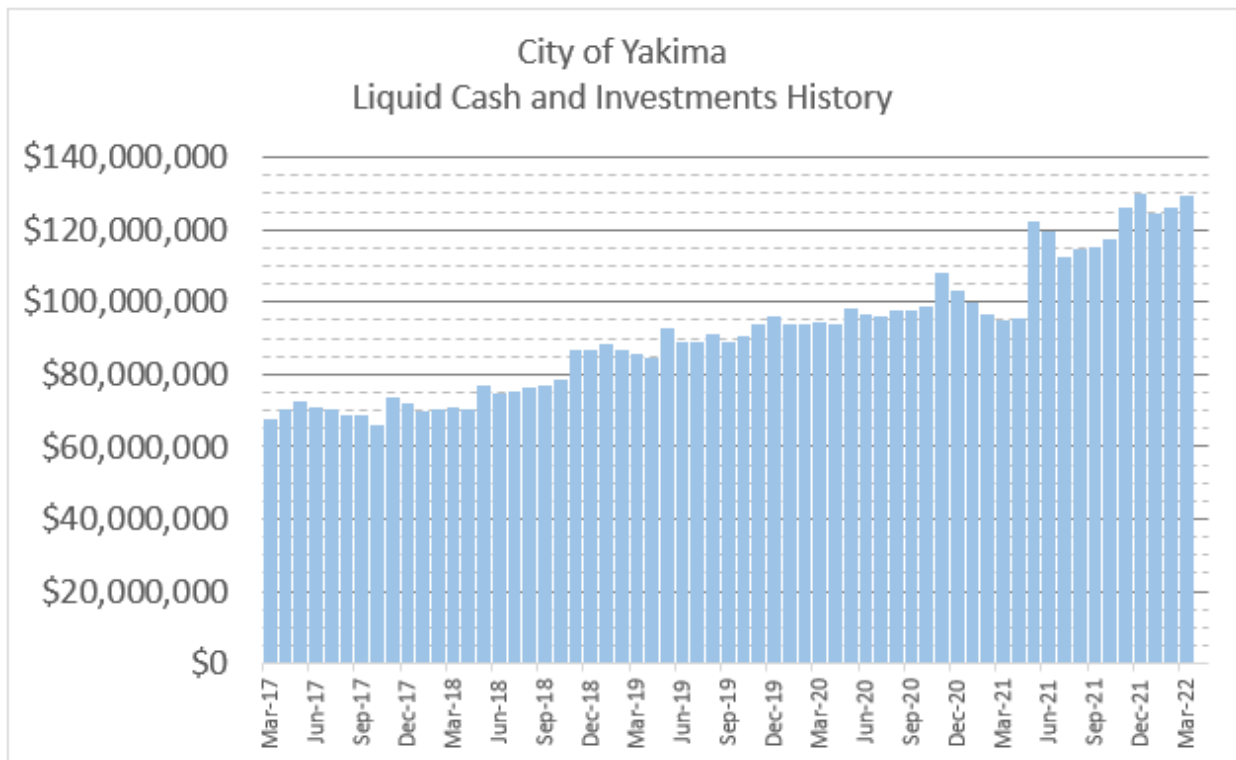
**Re:** 2022 – 1st Quarter Treasury Report



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 adopted by ordinance on February 1, 2022; 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 \$134.5 million: \$18.8 million in depository banks, \$63.7 million in the State Pool, and \$52.0 million invested.

The following chart shows the 5-year trend of total cash and investments month by month (showing only permanent accounts comparable year over year). The March 2022 month end balance is higher than prior years due to approximately \$13 million in American Rescue Plan Funds.



### **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, the following matured or were called at full value:

- 1512 \$1,000,000 Microsoft Corp. called 1/06/2022
- 1556 \$1,000,000 FHLB matured on 3/11/2022

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

- 1574 \$2,000,000 US Treasury to mature 3/31/2025
- 1575 \$2,000,000 US Treasury to mature 5/31/2025

### **Portfolio and Benchmark Yield and Maturity:**

Avg. weighted yield of <b>City</b> investments, excluding LGIP:	.89%
LGIP State Pool 30-day yield:	.22%

Weighted average maturity of <b>City</b> investments, excluding LGIP:	316 days
Weighted average maturity of LGIP State Pool 30-day yield:	29 days

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 March 31, 2022, the fixed income market is showing some growth but is still low, evidenced by a yield curve that is extremely low and flat. The difference between the 1-year Treasury at 1.72% and the 5-year Treasury at 2.56% was 84 basis points. The 30-day yield of the State Pool was at 0.22%, with a 29-day avg. maturity and expected to stay low.

**Economic Outlook.** The Federal Reserve had lowered the rates in March 2020 to zero, during the Coronavirus pandemic, and signaled it will likely keep rates low for three years. Unemployment, nationally, is recovering and the economy is experiencing less volatility; it is unclear how long nor how deep the current conditions will exist.

**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.

		Actual %
LGIP	63,652,095	55.04%
Treasuries	25,000,000	21.62%
Agencies	25,000,000	21.62%
Corporates	2,000,000	1.73%
	115,652,095	100.00%

### **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. Currently there is one Interfund Loan to help cash flow the Mill Site Project that is waiting for the receipt of grant reimbursements.

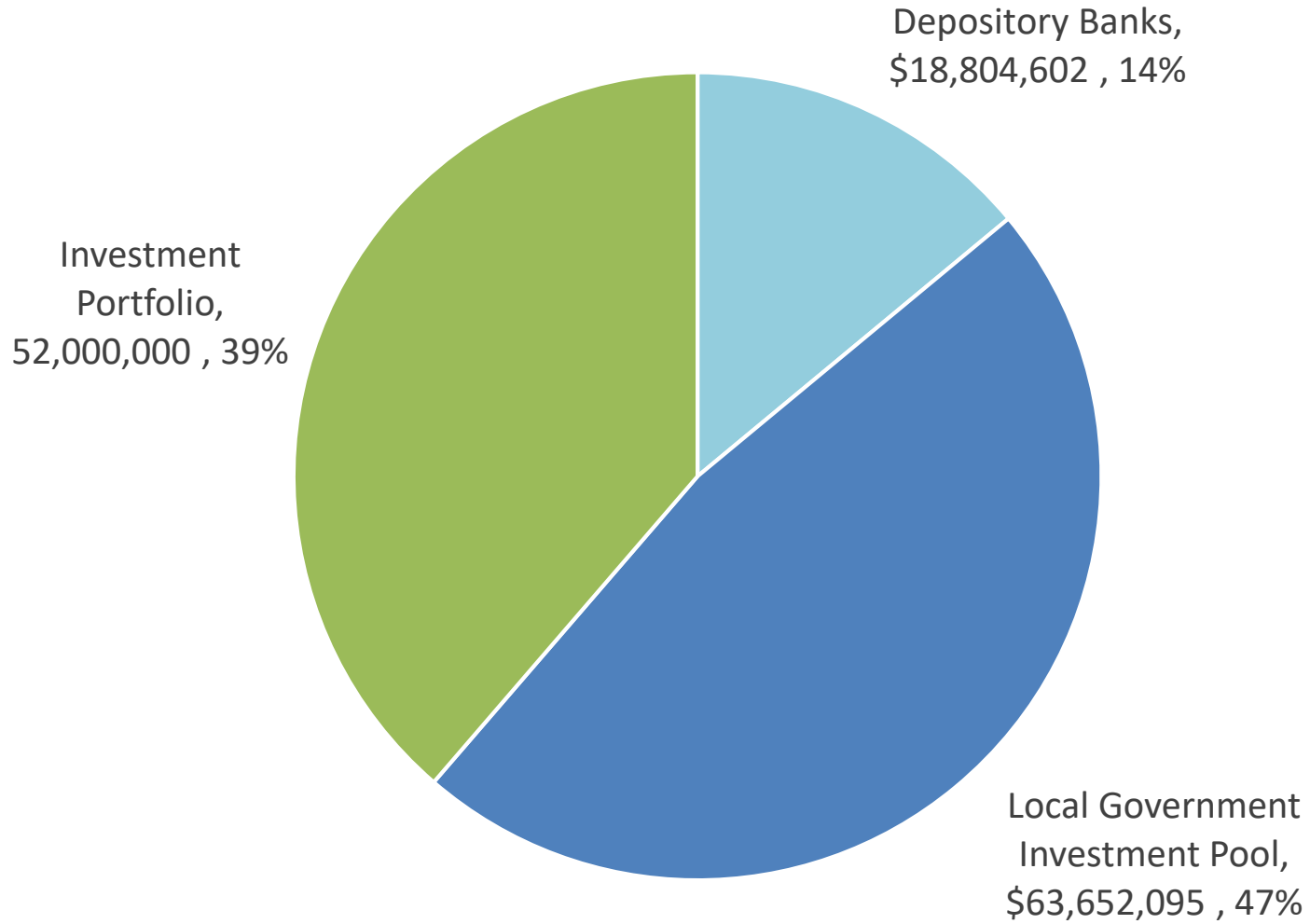
City of Yakima  
Cash and Investment Summary  
March 31, 2022

Description	Current 3/31/2022	Prior Quarter 12/31/2021	Prior Year 3/31/2021
Cash Balances on Hand in Banks	\$ 18,804,602	\$ 19,806,165	\$ 13,611,017
Local Government Investment Pool (LGIP)	63,652,095	62,630,601	52,490,818
Investment Portfolio	52,000,000	50,000,000	36,000,000
Total Investments	115,652,095	112,630,601	88,490,818
Total Cash and Investments	\$ 134,456,697	\$ 132,436,766	\$ 102,101,835

Summary of Investment Activity	Beg Balance 12/31/2021	Purchases & Deposits	Interest Reinvested	Maturities, Calls & Withdrawals	End Balance 3/31/2022
Local Government Investment Pool (LGIP)	\$ 62,630,601	\$ 3,000,000	\$ 21,494	\$ (2,000,000)	\$ 63,652,095
Investment Portfolio	50,000,000	4,000,000	-	(2,000,000)	52,000,000
Total Investments	\$ 112,630,601	\$ 7,000,000	\$ 21,494	\$ (4,000,000)	\$ 115,652,095

# City of Yakima

## Distribution of Cash and Investments as of 3/31/2022

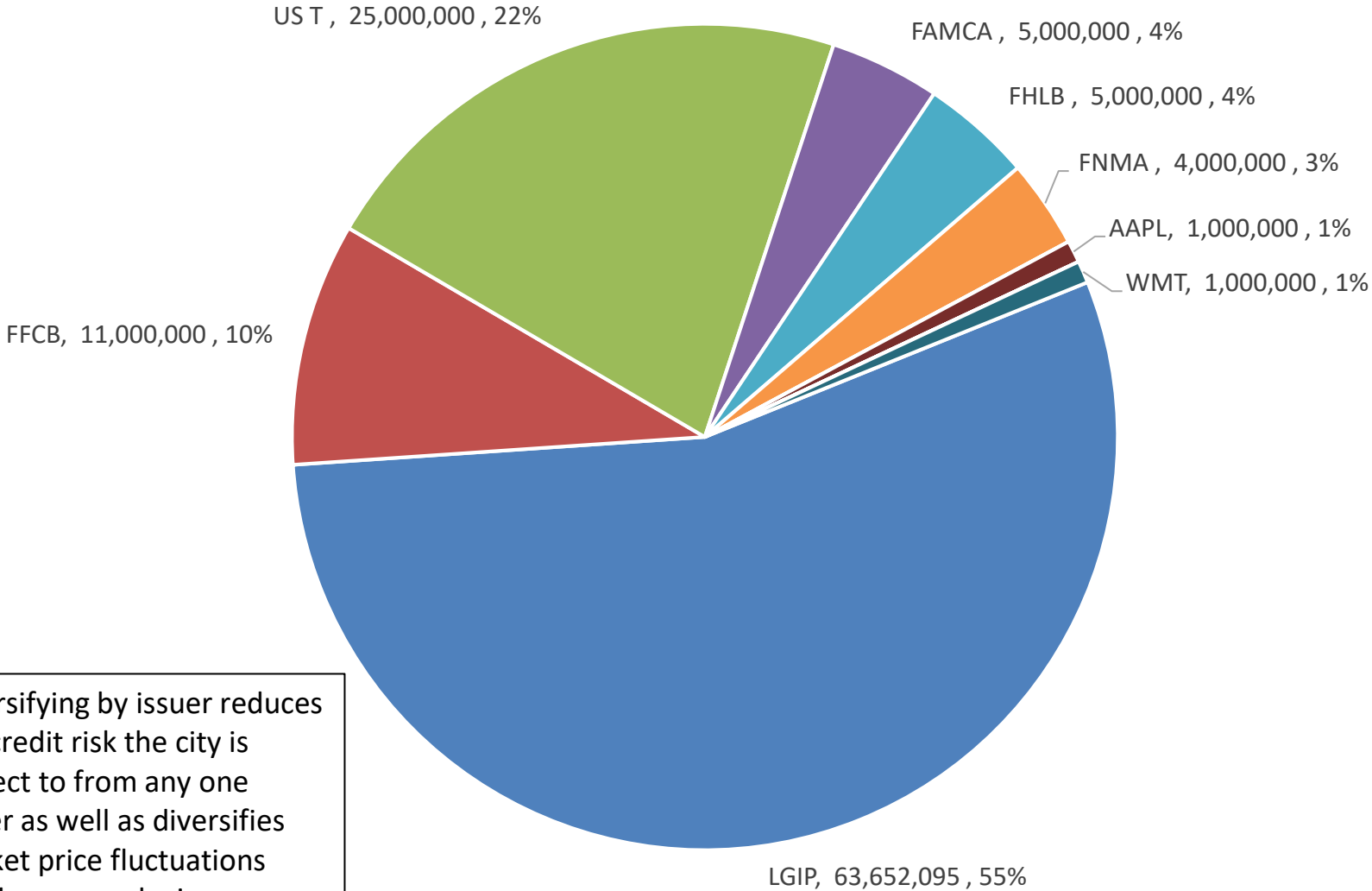


City of Yakima  
**Investment Portfolio - Inventory by Agency**  
 March 31, 2022

Agency	Inv#	CUSIP	Face Value	Price	Coupon	Expected Yield	Settle	Maturity	Days to Maturity	Market	Call Type	Moody's	S&P	Fitch	Next Call	Most Likely Call
FNMA	1550	3135G0T45	1,000,000	1,009,506	1.875	1.422	2/14/20	4/5/22	5	1,000,177	NC	Aaa	AA+	AAA	NC	4/5/22
FFCB	1523	3133EKLR5	1,000,000	999,100	2.250	2.281	5/16/19	5/16/22	46	1,001,791	NC	Aaa	AA+	AAA	NC	5/16/22
FAMCA	1522	31422BFF2	1,000,000	1,000,000	2.350	2.350	5/9/19	6/1/22	62	1,002,433	NC	Aaa	AA+	AAA	NC	6/1/22
FHLB	1509	313383WD9	1,000,000	1,013,146	3.125	2.750	12/19/18	9/9/22	162	1,009,161	Amer	Aaa	AA+	AA+	12/1/18	11/9/21
FFCB	1519	3133EKHN9	1,000,000	997,450	2.330	2.406	4/18/19	10/18/22	201	1,007,701	NC	Aaa	AA+	AAA	NC	10/18/22
FFCB	1551	3133EA7E2	1,000,000	1,014,130	1.960	1.430	2/14/20	11/7/22	221	1,004,802	NC	Aaa	AA+	AAA	NC	11/7/22
FHLB	1544	313381BR5	1,000,000	1,006,250	1.875	1.660	12/11/19	12/9/22	253	1,003,418	NC	Aaa	AA+	AAA	NC	12/9/22
FNMA	1541	3135GOT94	1,000,000	1,023,490	2.375	1.610	11/20/19	1/19/23	294	1,006,842	NC	Aaa	AA+	AAA	NC	1/19/23
FFCB	1557	3133EG5Y7	1,000,000	1,045,401	2.230	0.650	3/6/20	2/2/23	308	1,007,476	NC	Aaa	AA+	AAA	NC	2/2/23
AAPL	1516	037833AK6	1,000,000	991,000	2.400	2.634	4/8/19	5/3/23	398	1,005,664	NC	AA1	AA+	-	NC	NC
WMT	1513	931142EK5	1,000,000	1,026,800	3.400	2.730	3/15/19	6/26/23	452	1,016,616	NC	Aa2	AA	AA	NC	6/26/23
FFCB	1561	3133EMWL2	2,000,000	2,000,314	0.200	0.193	4/19/21	7/19/23	475	1,954,740	NC	Aaa	AA+	AAA	NC	7/19/23
US T	1545	9128284X5	1,000,000	1,039,063	2.750	1.660	12/11/19	8/31/23	518	1,009,102	NC	Aaa	AA+	AAA	NC	8/31/23
FAMCA	1508	3132X06C0	1,000,000	1,010,972	3.050	2.801	12/19/18	9/19/23	537	1,014,816	NC	Aaa	AA+	AAA	NC	9/19/23
FHLB	1558	313375ZL4	2,000,000	2,143,690	2.795	0.200	1/7/21	10/17/23	565	2,020,618	NC	Aaa	AA+	AAA	NC	10/17/23
FFCB	1537	3133EK4X1	1,000,000	997,924	1.600	1.654	11/6/19	11/1/23	580	992,793	NC	Aaa	AA+	AAA	NC	11/1/23
FFCB	1560	3133EJ2B4	2,000,000	2,147,340	3.000	0.260	3/24/21	12/6/23	615	2,029,684	NC	Aaa	AA+	AAA	NC	12/6/23
FAMCA	1552	31422BSD3	1,000,000	1,004,430	1.590	1.470	2/14/20	1/10/24	650	989,743	NC	NA	NA	NA	NC	1/10/24
FNMA	1540	3135G0V34	1,000,000	1,032,055	2.500	1.710	11/14/19	2/5/24	676	1,004,161	NC	Aaa	AA+	AAA	NC	2/5/24
FNMA	1573	3135G0V34	1,000,000	1,035,991	2.500	0.771	12/28/21	2/5/24	676	1,004,161	NC	Aaa	AA+	AAA	NC	2/5/24
US T	1559	912828W71	2,000,000	2,112,188	2.125	0.290	3/4/21	3/31/24	731	1,991,328	NC	Aaa	AA+	AAA	NC	3/31/24
US T	1565	91282CBV2	1,000,000	999,023	0.380	0.410	6/30/21	4/14/24	745	960,234	NC	Aaa	NA	AAA	NC	4/14/24
US T	1553	9128286R6	1,000,000	1,034,063	2.250	1.413	2/14/20	4/30/24	761	998,008	NC	Aaa	NA	AAA	NC	4/30/24
US T	1562	912828XT2	2,000,000	2,103,125	2.000	0.325	4/26/21	5/31/24	792	1,982,500	NC	Aaa	NA	AAA	NC	5/31/24
FAMCA	1533	31422BGA2	1,000,000	1,022,900	2.150	1.634	10/18/19	6/5/24	797	995,761	NC	NA	NA	NA	NC	6/5/24
US T	1566	91282CCG4	1,000,000	994,102	0.250	0.451	6/30/21	6/15/24	807	953,359	NC	Aaa	NA	AAA	NC	6/15/24
US T	1563	9128282N91	2,000,000	2,112,813	1.125	0.352	5/16/21	7/31/24	853	1,985,860	NC	Aaa	NA	AAA	NC	7/31/24
US T	1546	9128282U3	1,000,000	1,008,789	1.875	1.660	12/11/19	8/31/24	884	985,859	NC	Aaa	NA	AAA	NC	8/31/24
US T	1564	912828YH7	2,000,000	2,074,922	1.500	0.361	6/8/21	9/30/24	914	1,952,968	NC	Aaa	NA	AAA	NC	9/30/24
US T	1567	912828YM6	2,000,000	2,074,531	1.500	0.343	8/3/21	10/31/24	945	1,951,094	NC	Aaa	NA	AAA	NC	10/31/24
FFCB	1538	3133EK6J0	1,000,000	994,700	1.625	1.736	11/8/19	11/8/24	953	980,190	NC	Aaa	AA+	AAA	NC	11/8/24
FHLB	1554	3130A3GE8	1,000,000	1,058,979	2.750	1.480	2/14/20	12/13/24	988	1,006,655	NC	Aaa	AA+	NA	NC	12/13/24
FAMCA	1555	31422BRT9	1,000,000	1,011,943	1.750	1.495	2/14/20	1/3/25	1,009	980,508	NC	NA	NA	NA	NC	1/3/25
US T	1574	912828ZF0	2,000,000	1,946,797	0.500	1.365	2/3/22	3/31/25	1,096	1,883,672	NC	Aaa	NA	AAA	NC	3/31/25
US T	1568	912828ZL7	1,000,000	995,467	0.375	0.500	9/1/21	4/30/25	1,126	936,289	NC	NA	NA	NA	NC	4/30/25
US T	1575	912828ZT0	2,000,000	1,925,992	0.250	1.420	3/2/22	5/31/25	1,157	1,861,328	NC	Aaa	NA	AAA	NC	5/31/25
US T	1571	912828ZW3	1,000,000	979,531	0.250	0.813	10/18/21	6/30/25	1,187	928,828	NC	Aaa	AA+	AAA	NC	6/30/25
US T	1572	912828ZC7	2,000,000	2,015,156	1.125	0.890	11/16/21	2/28/25	1,065	1,922,578	NC	Aaa	NA	AAA	NC	2/28/25
FFCB	1570	3133EMVP4	1,000,000	997,850	0.125	0.270	10/18/21	4/13/23	378	983,638	NC	Aaa	AA+	AAA	NC	4/13/23
US T	1568	912828ZL7	1,000,000	995,467	0.375	0.500	9/1/21	4/30/25	1,126	936,289	NC	NA	NA	NA	NC	4/30/25
US T	1569	91282CAM3	1,000,000	980,735	0.250	0.740	10/1/21	9/30/25	1,279	923,672	NC	NA	NA	NA	NC	9/30/25
Subtotal	41		52,000,000	52,977,124	Avg.	1.64%				51,186,517						
LGIP	LGIP	NA	63,652,095	63,652,095	0.300	0.300	NA	NA	1	63,652,095	NC				NA	NA
<b>Grand Totals</b>			<b>\$115,652,095</b>	<b>\$ 116,629,219</b>		<b>0.92%</b>			<b>316</b>	<b>\$ 114,838,612</b>						

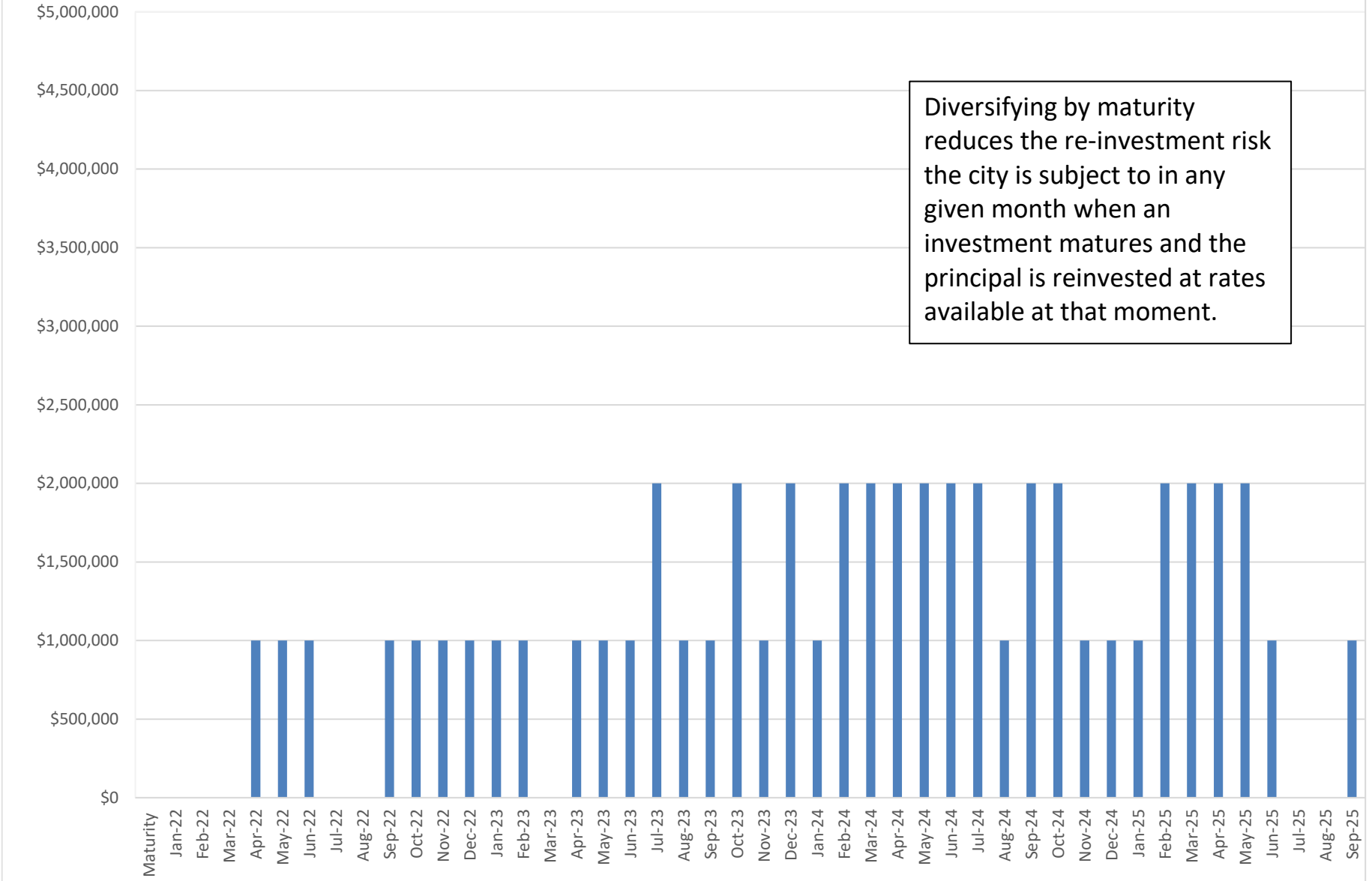
# City of Yakima

## Investment Portfolio by Issuer at 3/31/2022



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.

### City of Yakima Investment Portfolio Maturity Distribution at 3/31/2022





City of Yakima  
Investment Portfolio - Detail of Activity  
March 31, 2022

Agency	Inv#	Beginning Face Value	Additions and Purchases	Calls and Maturities	Ending Face Value
<b>Farmer Mac</b>					
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
<b>FAMCA Total</b>		<b>5,000,000</b>	<b>-</b>	<b>-</b>	<b>5,000,000</b>
<b>Federal Farm Credit Bureau</b>					
FFCB	1519	1,000,000	-	-	1,000,000
FFCB	1523	1,000,000	-	-	1,000,000
FFCB	1537	1,000,000	-	-	1,000,000
FFCB	1538	1,000,000	-	-	1,000,000
FFCB	1551	1,000,000	-	-	1,000,000
FFCB	1557	1,000,000	-	-	1,000,000
FFCB	1560	2,000,000	-	-	2,000,000
FFCB	1561	2,000,000	-	-	2,000,000
FFCB	1570	1,000,000	-	-	1,000,000
<b>FFCB Total</b>		<b>11,000,000</b>	<b>-</b>	<b>-</b>	<b>11,000,000</b>
<b>Federal Home Loan Bank</b>					
FHLB	1509	1,000,000	-	-	1,000,000
FHLB	1544	1,000,000	-	-	1,000,000
FHLB	1554	1,000,000	-	-	1,000,000
FHLB	1556	1,000,000	-	(1,000,000)	-
FHLB	1558	2,000,000	-	-	2,000,000
<b>FHLB Total</b>		<b>6,000,000</b>	<b>-</b>	<b>(1,000,000)</b>	<b>5,000,000</b>
<b>Federal National Management Association</b>					
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	1573	1,000,000	-	-	1,000,000
<b>FNMA Total</b>		<b>4,000,000</b>	<b>-</b>	<b>-</b>	<b>4,000,000</b>
<b>US Treasury</b>					
US Treasury	1545	1,000,000	-	-	1,000,000
US Treasury	1546	1,000,000	-	-	1,000,000
US Treasury	1553	1,000,000	-	-	1,000,000
US Treasury	1559	2,000,000	-	-	2,000,000
US Treasury	1562	2,000,000	-	-	2,000,000
US Treasury	1563	2,000,000	-	-	2,000,000
US Treasury	1564	2,000,000	-	-	2,000,000
US Treasury	1565	1,000,000	-	-	1,000,000
US Treasury	1566	1,000,000	-	-	1,000,000
US Treasury	1567	2,000,000	-	-	2,000,000
US Treasury	1568	2,000,000	-	-	2,000,000
US Treasury	1569	1,000,000	-	-	1,000,000
US Treasury	1571	1,000,000	-	-	1,000,000
US Treasury	1572	2,000,000	-	-	2,000,000
US Treasury	1574	-	2,000,000	-	2,000,000
US Treasury	1575	-	2,000,000	-	2,000,000
<b>US Treasury</b>		<b>21,000,000</b>	<b>4,000,000</b>	<b>-</b>	<b>25,000,000</b>
<b>Corporate Notes</b>					
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	-	-	-	-
BNY	1521	-	-	-	-
<b>Corporate Total</b>		<b>3,000,000</b>	<b>-</b>	<b>(1,000,000)</b>	<b>2,000,000</b>
<b>Subtotal</b>		<b>50,000,000</b>	<b>4,000,000</b>	<b>(2,000,000)</b>	<b>52,000,000</b>
<b>Other Investments</b>					
LGIP (State Pool)	LGIP	62,630,601	3,021,494	(2,000,000)	63,652,095
<b>Other Investment Totals</b>		<b>62,630,601</b>	<b>3,021,494</b>	<b>(2,000,000)</b>	<b>63,652,095</b>
<b>Grand Totals</b>		<b>\$ 112,630,601</b>	<b>\$ 7,021,494</b>	<b>\$ (4,000,000)</b>	<b>\$ 115,652,095</b>

City of Yakima  
**Long Term Debt Schedule - by Project Group**  
 March 31, 2022

Date Issued	Maturity	Description	Note	Amount of Issue	Current Balance
<b>General Obligation Bonds</b>					
6/17/2003	12/1/2023	Sundome Expansion	Deferred Interest-Maturity \$2.5M	1,430,528	117,449
6/20/2013	12/1/2028	Street Project Demonstration (Refunded)	Various City street improvements	3,500,000	2,447,160
6/9/2014	6/1/2024	Street Resurfacing Project	Streets improvements	13,140,000	4,595,000
9/24/2018	6/1/2035	Soccer Complex (Refunded)	City portion of SOZO Sports Complex	4,440,127	3,881,553
9/24/2018	12/1/1942	2018 Aquatic Center YMCA	City portion of Aquatic Center	8,009,873	7,906,991
4/21/2020	12/1/2022	2020 Refunding Bonds, Downtown Future	2020 Refunding Bonds, Downtown Futures	260,000	126,750
4/21/2020	12/1/2022	2020 Refunding Bonds, WV Fire Station	2020 Refunding Bonds, WV Fire Station	140,000	68,250
4/21/2020	12/1/2032	2020B Capital Theatre 09 Refunded	2020B Capital Theatre 09 Refunded	4,910,000	4,220,000
4/21/2020	12/1/2044	2020B Convention Center Addition	2020B Convention Center Addition	12,620,000	12,050,000
4/21/2020	12/1/2044	2020B Convention Center Addition III Ref	2020B Convention Center Addition III Refunded	2,495,000	2,380,000
<b>Subtotal General Obligation Bonds</b>				<b>63,900,528</b>	<b>37,793,153</b>
<b>Certificate of Participation - State of Washington</b>					
3/19/2013	6/1/2023	Fire Apparatus	One truck	310,414	74,652
9/28/2017	6/1/2027	Energy Project	2017 Energy Project (lighting)	921,863	614,757
7/21/2020	6/1/2035	Energy Project	2020 Energy Efficiency Project (lighting)	1,415,000	1,355,000
9/28/2017	6/1/2027	Fire Aerial & Pump App	Fire Aerial	1,268,053	845,784
<b>Subtotal Certificates of Participation</b>				<b>4,492,178</b>	<b>2,890,193</b>
<b>Revenue Bonds</b>					
43942	49279	2020 Ref 04 Irrigation	2020 Ref 04 Irrigation	3,260,000	2,905,000
43942	46722	2020 Ref 08 WS Rev	2020 Ref 08 WS Rev	2,590,000	2,080,000
5/31/2012	11/1/2023	Wastewater	Refunded 2003 \$10,155,000 issue	9,400,000	2,195,000
<b>Subtotal Revenue Bonds</b>				<b>25,905,000</b>	<b>7,180,000</b>
<b>Intergovernmental Loans</b>					
8/14/2009	7/1/2028	PC-08-951-052	2009 Railroad Grade Separation	3,000,000	1,155,702
5/6/2010	6/1/2034	L1000030-0	2010 Railroad Grade Separation	1,149,841	879,222
6/17/2014	5/1/2034	Comm Center Move	City portion of County GO Bonds	1,716,500	1,250,000
9/30/2015	6/1/2023	'15 Yak Co SIED - 21st Ave/Airport	2015 Yakima Co SIED Loan - 21st Ave/Airport	307,000	112,062
6/1/2016	6/1/2027	'16 Yak Co SIED - SOZO	2016 Yakima Co SIED Loan - SOZO	900,000	582,509
11/21/2017	6/1/2024	'17 Yak Co SIED - YV Brewing Project	2017 Yakima Co SIED Loan - YV Brewing Project	61,580	39,901
7/17/2018	6/1/2029	'18 Yak Co SIED - River Rd.	2018 Yakima Co SIED - River Rd Improvements/Aquatics Center	500,000	427,216
3/2/2021	6/1/1932	21 Yak Co Seid - SOZO	2021 Yakima Co Seid Loan SOZO	1,000,000	1,000,000
9/1/2003	6/1/2023	PW-03-691-027	2003 Naches WTP Improvements	2,694,500	269,450
6/27/2005	10/1/2025	SRF-04-65104-037	2005 Naches River WTP Filter Rehab	966,772	188,291
12/30/2005	6/1/2025	PW-05-691-064	2005 River Road Sewer	2,307,000	496,983
4/30/2007	6/1/2027	PW-07-962-019	2007 Ultra Violet Disinfection	2,300,000	728,333
4/15/2009	6/1/2028	PC-08-951-051	2009 New Water Well	2,257,200	848,042
10/10/2011	3/31/2033	L1100008	2011 Energy Efficiency	503,558	327,462
8/1/2011	7/1/2034	L1200019	2012 Industrial Waste Anaerobic	590,350	417,916
6/1/2012	6/1/2031	PC-12-951-065	2012 Wastewater Treatment Plan	5,000,000	2,690,791
10/11/2012	6/1/2037	PC-13-961-059	2012 Industrial Sewer Extensions	2,000,000	1,301,435
8/5/2013	6/1/2032	PC-13-961-074	2013 Automated Reading System	5,000,000	2,894,737
12/31/2021	6/1/2039	PC20-96103-044	2020 Waterline Improvements	1,737,906	1,737,906
12/12/2013	10/1/2034	DM-11-952-038	2013 Design WTP Lagoons	3,514,800	2,284,620
<b>Subtotal Intergovernmental Loans</b>				<b>37,507,007</b>	<b>19,632,578</b>
<b>Grand Total</b>				<b>131,804,713</b>	<b>67,495,924</b>

City of Yakima  
**Interfund Borrowing**  
 March 31, 2022

Description	Original Balance	Beginning Balance	Issued	Retired	Ending Balance	
Millsite 2021	\$ 3,300,000	\$ 3,300,000	\$ -	\$ 3,300,000	\$ -	Cover Year End Cash Shortfall
Millsite 2022			800,000		\$ 800,000	
Total across all funds	<u>3,300,000</u>	<u>3,300,000</u>	<u>800,000</u>	<u>3,300,000</u>	<u>800,000</u>	

Per Ordinance #2013-011 Temporary Interfund Loans to help with cash flow.



Committee Review of Investment Rationale

Date: February 3, 2022

**Investment # 2022-1574 is a 3-year US Treasury (UST), face value \$2,000,000, maturing March 31, 2025, .50% coupon at 97.33984375 to yield 1.36%. This trade settles February 3, 2022 with Wedbush Securities, US Bank Safekeeping, reducing our elevated LGIP position caused by maturities called during 2022.**

**Liquidity:** At January 31<sup>st</sup>, month-end, Key Bank checking account balance was \$10.8 million (target minimum is \$3 Million), US Bank checking balance was \$3.9 million and investment portfolio was \$49.0 million (target is \$64 million for Treasuries, Corporates and Agencies). Current LGIP balance was \$60.6 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 1.36%. This investment is 127 basis points over LGIP, seeking to protect yield in an uncertain environment. LGIP's yield is expected to stay level over the next year. Comparable yields are:

LGIP current 30-day yield	0.08574%	<a href="http://www.secureaccess.wa.gov">www.secureaccess.wa.gov</a>
3-year Agency FNMA	1.3900%	Daily Treasury Yield Curve

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

**Diversification.** This purchase brings this issuer to 20.6% of total portfolio.

This purchase added a maturity date previously not covered in the city's ladder portfolio.

**Outlook.** The yield curve is higher than last month and appears to be on the increase; the 1-year Treasury at 0.78%, the 2-year at 01.18% the 3-year at 1.39%, and the 5-year at 1.63%. The Federal Reserve Bank has been keeping rates low with uncertainty of a 2022 rate hike increasing. By filling maturity gaps in a shortened 3-4-year ladder, we minimize reinvestment risk subject to rates at any one point in time and hedging against further decreasing rate LGIP exposure.

**Investment Committee review:**

Finance Director: 

Date 2/4/22

City Manager: 

Date 2/4/22



Committee Review of Investment Rationale

Date: March 2, 2022

**Investment # 2022-1575 is a 3-year US Treasury (UST), face value \$2,000,000, maturing May 31, 2025, .25% coupon at 96.2996 to yield 1.42%. This trade settles March 3, 2022 with Time Value Investments, Inc., US Bank Safekeeping, reducing our elevated LGIP position caused by maturities called during 2022.**

**Liquidity:** At February 28<sup>th</sup>, month-end, Key Bank checking account balance was \$10.8 million (target minimum is \$3 Million), US Bank checking balance was \$3.6 million and investment portfolio was \$51.0 million (target is \$64 million for Treasuries, Corporates and Agencies). Current LGIP balance was \$60.6 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 1.42%. This investment is 131 basis points over LGIP, seeking to protect yield in an uncertain environment. LGIP's yield is expected to stay level over the next year. Comparable yields are:

LGIP current 30-day yield	0.107987%	<a href="http://www.secureaccess.wa.gov">www.secureaccess.wa.gov</a>
3-year Agency FNMA	1.6200%	Daily Treasury Yield Curve

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

**Diversification.** This purchase brings this issuer to 22.% of total portfolio.

This purchase added a maturity date previously not covered in the city's laddered portfolio.

**Outlook.** The yield curve is higher than last month and appears to be on the increase; the 1-year Treasury at 1.01%, the 2-year at 01.44% the 3-year at 1.62%, and the 5-year at 1.71%. The Federal Reserve Bank has been keeping rates low with uncertainty of a 2022 rate hike increasing. By filling maturity gaps in a shortened 3-4-year ladder, we minimize reinvestment risk subject to rates at any one point in time and hedging against further decreasing rate LGIP exposure.

**Investment Committee review:**

Finance Director: 

Date 3/2/2022

City Manager: 

Date \_\_\_\_\_