



Date: January 2, 2025

To: Mayor and City Council

Thru: Victoria Baker, City Manager

From: Viren Mayani, Director of Finance and Budget
Kimberly Dominé, Financial Services Manager

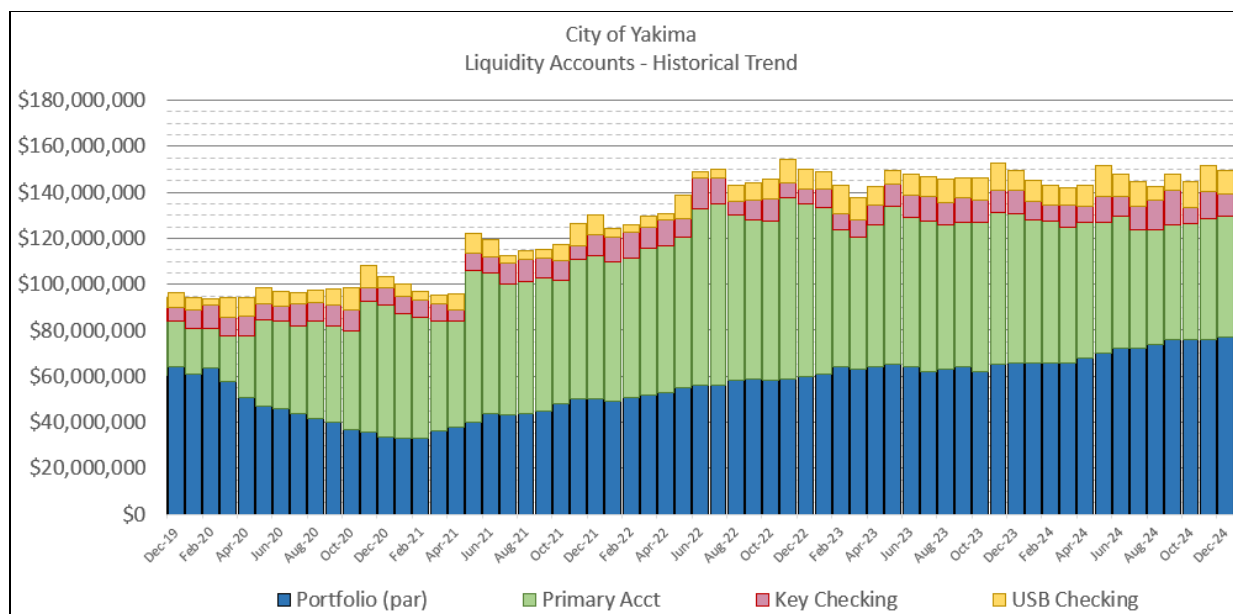
Re: 2024 – 4th Quarter Treasury Report



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 Statutes 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 in February 2019 and again in April 2024.

Total Cash and Investments at Quarter-end total \$151.5 million: \$21.8 million in depository banks, \$52.7 million in the State Pool, and \$77.0 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 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:

- 1567 \$2,000,000 US Treasury matured 10/31/2024
- 1538 \$1,000,000 FFCB matured 11/08/2024
- 1601 \$1,000,000 US Treasury matured 11/14/2024
- 1554 \$1,000,000 FHLB matured 12/13/2024

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

- 1612 \$2,000,000 US Treasury to mature 01/31/2028
- 1613 \$2,000,000 US Treasury to mature 02/29/2028
- 1614 \$2,000,000 US Treasury to mature 03/31/2028

Portfolio and Benchmark Yield and Maturity:

Avg. weighted yield of City investments, excluding LGIP:	3.26%
LGIP State Pool 30-day yield:	4.60%

Weighted average maturity of City investments, excluding LGIP:	355 days
Weighted average maturity of LGIP State Pool 30-day yield:	24 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 December 31, 2024, the fixed income market is moving away from the inverted market that we have been seeing with the 1-year Treasury currently at 22 basis points lower than the 5-year Treasury, yielding 4.16% and 4.38% respectively. The 30-day yield of the State Pool dropped from last quarter from 5.24% to 4.60% with the Weighted Average to maturity increasing from a 14-day avg. to a 24-day average over last quarter.

Economic Outlook. The outlook for 2025 economic growth is comparatively stronger than forecasters have predicted in recent years, though it represents a slight slowing of activity. Real GDP is expected to grow 2.1% over the year, the unemployment rate is expected to average 4.3%, and consumer price index (CPI) inflation is expected to cool slightly to 2.4%. Quoted from Charles Gascon & Joseph Martorana of the Federal Reserve Bank of St. Louis.

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	52,711,559	41%
Treasuries	38,000,000	29%
Agencies	39,010,000	30%
	129,721,559	100%

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 are two Interfund Loans.

The first loan is to help cash flow the Mill Site Project that is waiting for the receipt of grant reimbursements. It was determined that the Mill Site needed more than the original amount loaned so an increase was given with the payment schedule extended out to three years and aligned with the LIFT revenues that are received annually.

The second loan is to help cash flow the Nelson Dam Project. This interfund loan is for three years with monthly payments that started January 2023 and is due to be paid in full September 2025. It was determined that the Nelson Project needed more than the original amount loaned so an increase was given with payment schedule extended out an additional two years.

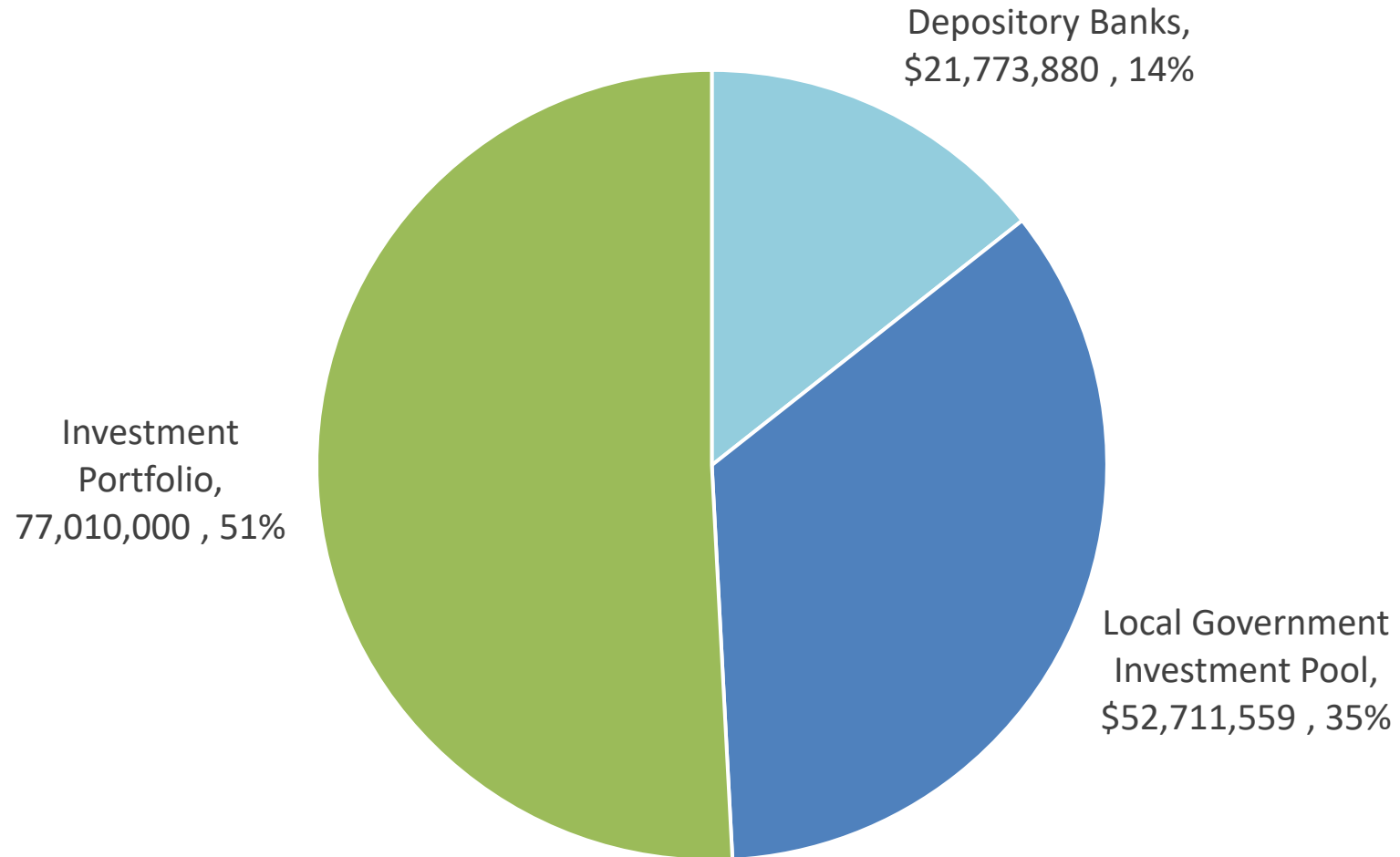
City of Yakima
Cash and Investment Summary
December 31, 2024

Description	Current 12/31/2024	Prior Quarter 9/30/2024	Prior Year 12/31/2023
Cash Balances on Hand in Banks	21,773,879.84	\$ 23,481,984	\$ 21,585,813
Local Government Investment Pool (LGIP)	52,711,559	50,087,911	64,779,877
Investment Portfolio	77,010,000	76,010,000	66,000,000
Total Investments	129,721,559	126,097,911	130,779,877
Total Cash and Investments	\$ 151,495,439	\$ 149,579,895	\$ 152,365,690

Summary of Investment Activity	Beg Balance 9/30/2024	Purchases & Deposits	Interest Reinvested	Maturities, Calls & Withdrawals	End Balance 12/31/2024
Local Government Investment Pool (LGIP)	\$ 50,087,911	\$ 12,000,000	\$ 623,647	\$ (10,000,000)	\$ 52,711,559
Investment Portfolio	76,010,000	6,000,000	-	(5,000,000)	77,010,000
Total Investments	\$ 126,097,911	\$ 18,000,000	\$ 623,647	\$ (15,000,000)	\$ 129,721,559

City of Yakima

Distribution of Cash and Investments as of 12/31/2024

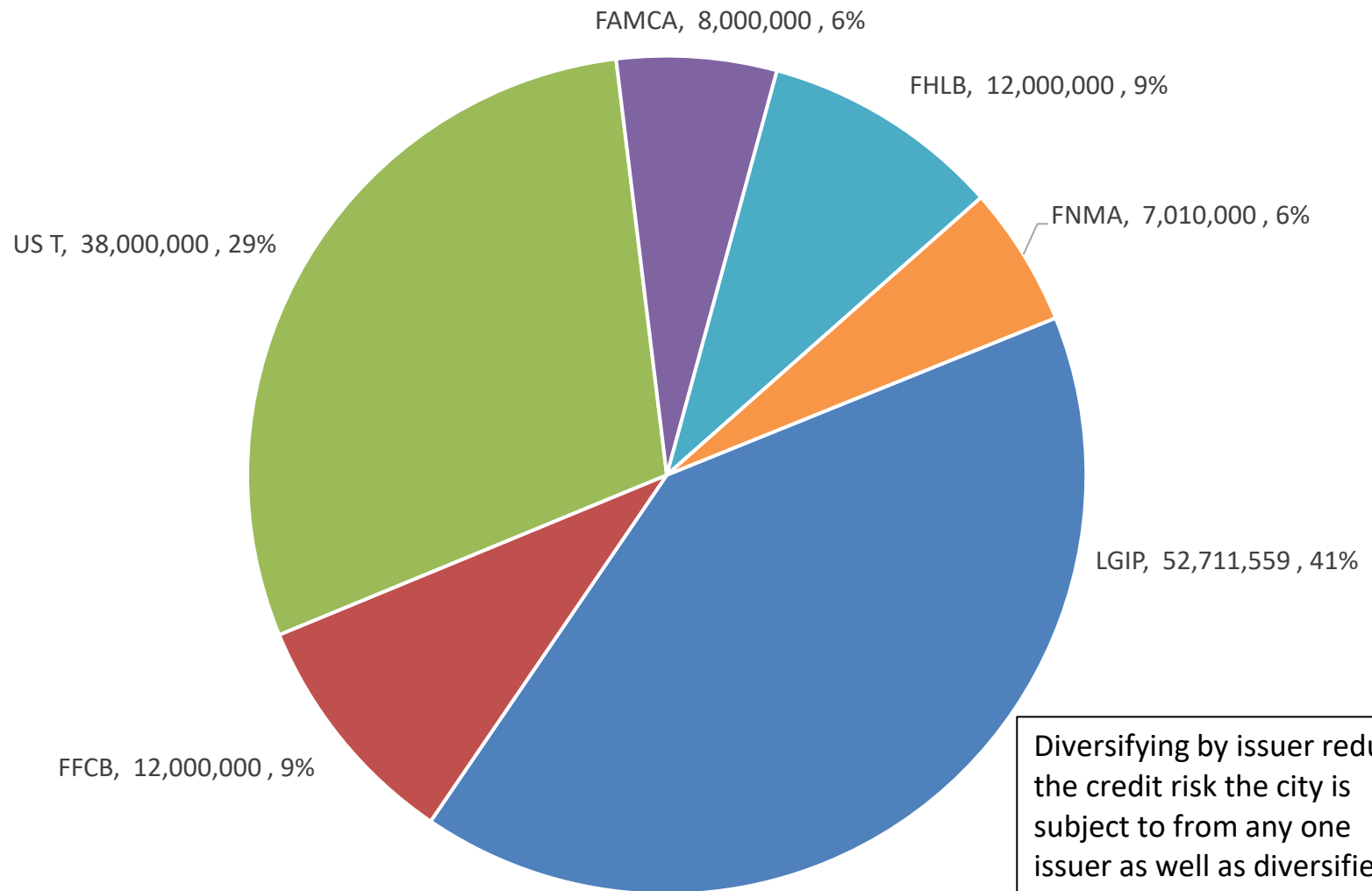


City of Yakima
Investment Portfolio - Inventory by Agency
December 31, 2024

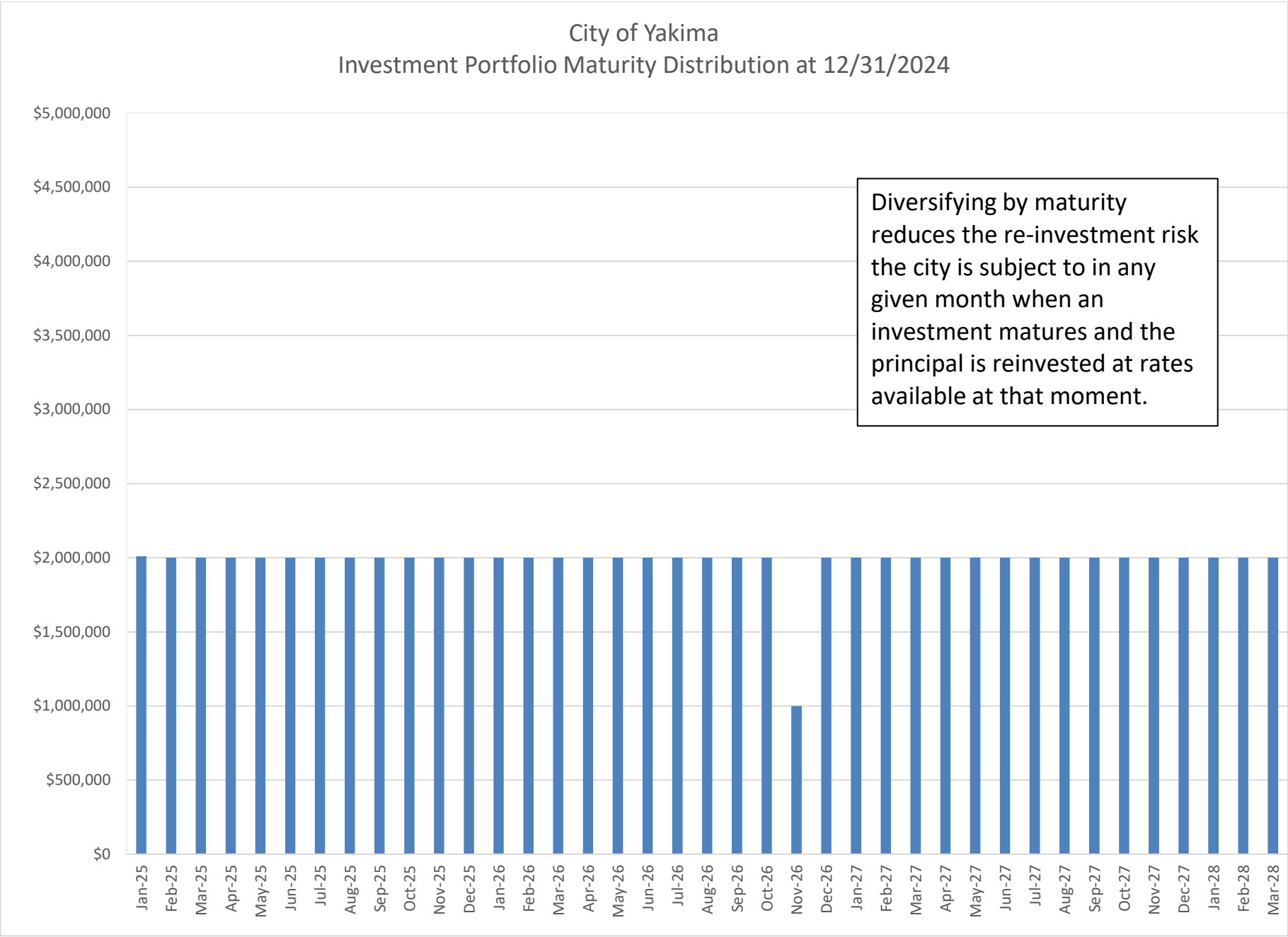
Agency	Inv#	CUSIP	Face Value	Price	Coupon	Expected Yield	Settle	Maturity	Days to Maturity	Market	Call Type	Moodys	S&P	Fitch	Next Call	Most Likely Call
FAMCA	1555	31422BRT9	1,000,000	1,011,943	1.750	1.495	2/14/20	1/3/25	3	999,609	NC	NA	NA	NA	NC	1/3/25
US T	1568	912828ZL7	1,000,000	995,467	0.375	0.500	9/1/21	4/30/25	120	987,258	NC	Aaa	NA	AAAu	NC	4/30/25
US T	1568	912828ZL7	1,000,000	995,467	0.375	0.500	9/1/21	4/30/25	120	987,258	NC	Aaa	NA	AAAu	NC	4/30/25
US T	1569	91282CAM3	1,000,000	980,735	0.250	0.740	10/1/21	9/30/25	273	970,664	NC	Aaa	NA	AAAu	NC	9/30/25
US T	1571	912828ZW3	1,000,000	979,531	0.250	0.813	10/18/21	6/30/25	181	980,477	NC	Aaa	NA	AAAu	NC	6/30/25
US T	1572	912828ZC7	2,000,000	2,015,156	1.125	0.890	11/16/21	2/28/25	59	1,989,719	NC	Aaa	NA	AAAu	NC	2/28/25
US T	1574	912828ZF0	2,000,000	1,946,797	0.500	1.365	2/3/22	3/31/25	90	1,981,543	NC	Aaa	NA	AAAu	NC	3/31/25
US T	1575	912828ZT0	2,000,000	1,925,992	0.250	1.420	3/2/22	5/31/25	151	1,967,109	NC	Aaa	NA	AAAu	NC	5/31/25
US T	1576	91282CAB7	2,000,000	1,843,472	0.250	2.780	4/29/22	7/31/25	212	1,953,802	NC	Aaa	NA	AAAu	NC	7/31/25
FNMA	1578	3135G05X7	2,000,000	1,844,334	0.375	2.870	5/12/22	8/25/25	237	1,949,902	NC	Aaa	AA+	AAA	NC	8/25/25
FFCB	1579	3133ENXQ8	2,000,000	1,992,128	2.800	2.920	6/7/2022	11/25/25	329	1,974,394	NC	Aaa	AA+	AA+	NC	11/25/25
US T	1580	91282CAT8	2,000,000	1,818,516	0.250	3.273	8/24/22	10/31/25	304	1,934,922	NC	Aaa	NA	AAAu	NC	10/31/25
US T	1581	91282CBC4	2,000,000	1,807,440	0.375	3.490	9/12/22	12/31/25	365	1,925,422	NC	Aaa	NA	AAAu	NC	12/31/25
US T	1582	9128286A3	2,000,000	1,891,374	2.625	4.450	11/9/22	1/31/26	396	1,966,016	NC	Aaa	NA	AAAu	NC	1/31/26
FNMA	1583	3135G0K36	2,000,000	1,880,612	2.125	4.040	12/13/22	4/24/26	479	1,944,850	NC	Aaa	AA+	AAA	NC	4/24/26
US T	1584	912828P46	2,000,000	1,877,584	1.625	3.750	1/18/23	2/15/26	411	1,942,734	NC	Aaa	NA	AAAu	NC	2/15/26
FHLB	1587	3130AUU36	2,000,000	1,984,286	4.125	4.400	2/22/2023	3/13/26	437	1,995,722	NC	Aaa	AA+	NA	NC	3/13/26
US T	1588	91282CCF6	2,000,000	1,822,350	0.750	3.800	4/19/23	5/31/26	516	1,904,453	NC	Aaa	NA	AAAu	NC	5/31/26
FHLB	1589	3130AVWS7	2,000,000	2,014,500	3.750	3.500	5/5/23	6/12/26	528	1,984,237	NC	Aaa	AA+	NA	NC	6/12/26
FFCB	1590	3133EPPE9	2,000,000	1,975,386	4.375	4.840	8/29/23	7/6/26	552	2,001,884	NC	Aaa	AA+	AA+	NC	7/6/26
FAMCA	1591	31422X6U1	2,000,000	1,987,142	4.625	4.860	9/22/23	9/8/26	616	2,010,929	NC	NA	NA	NA	NC	9/8/26
US T	1592	91282CHU8	2,000,000	1,987,798	4.375	4.610	11/9/23	8/15/26	592	2,003,750	NC	Aaa	NA	AAAu	NC	8/15/26
FFCB	1593	3133EJM97	2,000,000	1,917,609	3.350	4.860	11/14/23	10/30/26	668	1,966,916	NC	Aaa	AA+	AA+	NC	10/30/26
FHLB	1594	3130AXU63	1,000,000	1,008,210	4.625	4.322	12/14/23	11/17/26	686	1,006,047	NC	Aaa	AA+	NA	NC	11/17/26
FAMCA	1595	31424WCQ3	2,000,000	2,024,358	4.500	4.060	12/15/23	12/4/26	703	2,005,948	NC	NA	NA	NA	NC	12/4/26
FFCB	1596	3133EPW76	2,000,000	1,995,234	3.875	3.960	1/19/24	1/19/27	749	1,984,465	NC	Aaa	AA+	AA+	NC	1/19/27
FFCB	1597	3133EP2T1	2,000,000	2,000,000	4.125	4.125	2/12/24	2/12/27	773	1,992,536	NC	Aaa	AA+	AA+	NC	2/12/27
FFCB	1598	3133EJGF0	2,000,000	1,928,336	3.125	4.420	3/21/24	3/15/27	804	1,951,436	NC	Aaa	AA+	AA+	NC	3/15/27
FAMCA	1599	31424WHG0	2,000,000	1,996,686	4.800	4.860	4/17/24	4/16/27	836	2,021,117	NC	Aaa	NA	AAAu	NC	4/16/27
US T	1600	91282CET4	2,000,000	1,878,000	2.625	4.751	4/17/24	5/31/27	881	1,925,078	NC	Aaa	NA	AAAu	NC	5/31/27
FNMA	1602	3135G0X24	1,010,000	987,355	1.625	5.220	5/16/24	1/7/25	7	1,009,379	NC	NA	NA	NA	NC	1/7/25
FHLB	1603	3130B1EF0	2,000,000	2,007,569	4.625	4.490	5/16/24	6/11/27	892	2,015,252	NC	Aaa	NA	AAAu	NC	6/11/27
FHLB	1604	3130B0Z44	1,000,000	1,001,445	5.125	5.000	6/21/24	9/12/25	255	1,005,176	NC	Aaa	AA+	NA	NC	9/12/25
FAMCA	1605	31422X3X8	1,000,000	995,789	4.650	5.100	6/21/24	6/9/25	160	1,000,930	NC	NA	NA	NA	NC	6/9/25
US T	1606	91282CFB2	2,000,000	1,902,188	2.750	4.450	6/21/24	7/31/27	942	1,925,703	NC	Aaa	NA	AA+u	NC	7/31/27
US T	1607	9128282R0	2,000,000	1,885,781	2.250	4.260	7/24/24	8/15/27	957	1,900,469	NC	Aaa	NA	AA+u	NC	8/15/27
FHLB	1608	3130ATS40	2,000,000	2,031,865	4.375	3.820	8/13/24	9/10/27	983	2,002,401	NC	Aaa	AA+	AA+	NC	9/10/27
FNMA	1609	3135G05Y5	2,000,000	1,820,340	0.750	3.800	8/13/24	10/8/27	1,011	1,819,119	NC	Aaa	NA	AAAu	NC	10/8/27
FHLB	1610	3130AMHV7	2,000,000	1,885,600	1.500	3.433	9/25/24	11/18/27	1,052	1,847,514	NC	Aaa	NA	AAAu	NC	11/18/27
US T	1611	91282CBB6	2,000,000	1,829,908	0.625	3.400	9/25/25	12/31/27	1,095	1,795,391	NC	Aaa	NA	AA+u	NC	12/31/27
US T	1612	91282CBJ9	2,000,000	1,808,218	0.750	3.900	10/23/24	1/31/28	1,126	1,796,797	NC	Aaa	NA	AAAu	NC	1/31/28
US T	1613	91282CBP5	2,000,000	1,810,965	1.125	4.240	11/18/24	2/29/28	1,155	1,813,906	NC	Aaa	NA	AAAu	NC	2/29/28
US T	1614	91282CBS9	2,000,000	1,829,448	1.250	4.020	12/4/24	3/31/28	1,186	1,816,094	NC	Aaa	NA	AA+u	NC	3/31/28
Subtotal	43		77,010,000	74,122,914	Avg.					74,958,328						
LGIP	LGIP	NA	52,711,559	52,711,559	4.600	4.60%	NA	NA	14	52,711,559	NC	NA	NA	NA	NA	NA
Grand Totals			\$ 129,721,559	\$ 126,834,472		3.26%			360	\$ 127,669,887						

City of Yakima

Investment Portfolio by Issuer at 12/31/2024



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 - Detail of Activity
December 31, 2024

Agency	Inv#	Beginning Face Value	Additions and Purchases	Calls and Maturities	Ending Face Value
Farmer Mac					
FAMCA	1555	1,000,000			1,000,000
FAMCA	1591	2,000,000			2,000,000
FAMCA	1595	2,000,000			2,000,000
FAMCA	1599	2,000,000			2,000,000
FAMCA	1605	1,000,000			1,000,000
FAMCA Total		8,000,000	-	-	8,000,000
Federal Farm Credit Bureau					
FFCB	1579	2,000,000			2,000,000
FFCB	1586	1,000,000		(1,000,000)	-
FFCB	1590	2,000,000			2,000,000
FFCB	1593	2,000,000			2,000,000
FFCB	1596	2,000,000			2,000,000
FFCB	1597	2,000,000			2,000,000
FFCB	1598	2,000,000			2,000,000
FFCB Total		13,000,000	-	(1,000,000)	12,000,000
Federal Home Loan Bank					
FHLB	1554	1,000,000	-	(1,000,000)	-
FHLB	1587	2,000,000			2,000,000
FHLB	1589	2,000,000			2,000,000
FHLB	1594	1,000,000			1,000,000
FHLB	1603	2,000,000			2,000,000
FHLB	1604	1,000,000			1,000,000
FHLB	1608	2,000,000			2,000,000
FHLB	1610	2,000,000			2,000,000
FHLB Total		13,000,000	-	(1,000,000)	12,000,000
Federal National Management Association					
FNMA	1578	2,000,000			2,000,000
FNMA	1583	2,000,000			2,000,000
FNMA	1602	1,010,000			1,010,000
FNMA	1609	2,000,000			2,000,000
FNMA Total		7,010,000	-	-	7,010,000
US Treasury					
US Treasury	1612		2,000,000		2,000,000
US Treasury	1613		2,000,000		2,000,000
US Treasury	1614		2,000,000		2,000,000
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
US Treasury	1576	2,000,000			2,000,000
US Treasury	1580	2,000,000			2,000,000
US Treasury	1581	2,000,000			2,000,000
US Treasury	1582	2,000,000			2,000,000
US Treasury	1584	2,000,000			2,000,000
US Treasury	1588	2,000,000			2,000,000
US Treasury	1592	2,000,000			2,000,000
US Treasury	1600	2,000,000			2,000,000
US Treasury	1601	1,000,000		(1,000,000)	-
US Treasury	1606	2,000,000			2,000,000
US Treasury	1607	2,000,000			2,000,000
US Treasury	1611	2,000,000			2,000,000
US Treasury		35,000,000	6,000,000	(3,000,000)	38,000,000
Subtotal		76,010,000	6,000,000	(5,000,000)	77,010,000
Other Investments		-	-	-	-
LGIP (State Pool)	LGIP	50,087,911	12,623,647	(10,000,000)	52,711,559
Other Investment Totals		50,087,911	12,623,647	(10,000,000)	52,711,559
Grand Totals		\$ 126,097,911	\$ 18,623,647	\$ (15,000,000)	\$ 129,721,559

City of Yakima
Long Term Debt Schedule - by Project Group
December 31, 2024

Date Issued	Maturity	Description	Note	Amount of Issue	Current Balance
General Obligation Bonds					
6/20/2013	12/1/2028	Street Project Demonstration (Refunded)	Various City street improvements	3,500,000	1,468,607.59
6/9/2014	6/1/2024	Street Resurfacing Project	Streets improvements	13,140,000	-
9/24/2018	6/1/2035	Soccer Complex (Refunded)	City portion of SOZO Sports Complex	4,440,127	3,235,601.47
9/24/2018	12/1/1942	2018 Aquatic Center YMCA	City portion of Aquatic Center	8,009,873	7,706,689.66
4/21/2020	12/1/2032	2020B Capital Theatre 09 Refunded	2020B Capital Theatre 09 Refunded	4,910,000	3,210,000.00
4/21/2020	12/1/2044	2020B Convention Center Addition	2020B Convention Center Addition	12,620,000	10,925,000.00
4/21/2020	12/1/2044	2020B Convention Center Addition III Refur	2020B Convention Center Addition III Refunded	2,495,000	2,160,000.00
Subtotal General Obligation Bonds				49,115,000	28,705,898.72
Certificate of Participation - State of Washington					
9/28/2017	6/1/2027	Energy Project	2017 Energy Project (lighting)	921,683	326,304.42
7/21/2020	6/1/2035	Energy Project	2020 Energy Efficiency Project (lighting)	1,415,000	1,135,000.00
9/28/2017	6/1/2027	Fire Aerial & Pump App	Fire Aerial	1,268,053	448,929.89
Subtotal Certificates of Participation				3,604,736	1,910,234.31
Revenue Bonds					
4/21/2020	12/1/2034	2020 Ref 04 Irrigation	2020 Ref 04 Irrigation	3,260,000	2,330,000.00
4/21/2020	12/1/2027	2020 Ref 08 WS Rev	2020 Ref 08 WS Rev	2,590,000	1,085,000.00
Subtotal Revenue Bonds				5,850,000	3,415,000.00
Intergovernmental Loans					
8/14/2009	7/1/2028	PC-08-951-052	2009 Railroad Grade Separation	3,000,000	660,401.00
5/6/2010	6/1/2034	L1000030-0	2010 Railroad Grade Separation	1,229,295	696,275.09
6/17/2014	5/1/2034	Comm Center Move	City portion of County GO Bonds	1,716,500	1,005,000.00
6/1/2016	6/1/2027	'16 Yak Co SIED - SOZO	2016 Yakima Co SIED Loan - SOZO	900,000	302,569.09
11/21/2017	6/1/2024	'17 Yak Co SIED - YV Brewing Project	2017 Yakima Co SIED Loan - YV Brewing Project	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	281,548.93
3/2/2021	6/1/2032	21 Yak Co Seid - SOZO	2021 Yakima Co SEID Loan SOZO	1,000,000	843,131.06
3/14/2023	6/1/2035	22 Yak Co Seid - Russell Lane	2023 Yak Co Seid - Russell Lane	416,000	416,000.00
12/15/2023	6/1/2036	23 Yak Co Seid - Chief Hops	2023 Yak Co Seid - Chief Hops	312,500	312,500.00
6/27/2005	10/1/2025	SRF-04-65104-037	2005 Naches River WTP Filter Rehab	894,380	47,072.65
12/30/2005	6/1/2025	PW-05-691-064	2005 River Road Sewer	2,307,000	124,245.78
4/30/2007	6/1/2027	PW-07-962-019	2007 Ultra Violet Disinfection	2,300,000	364,166.66
4/15/2009	6/1/2028	PC-08-951-051	2009 New Water Well	2,257,200	484,595.30
10/10/2011	3/31/2033	L1100008	2011 Energy Efficiency	516,192	261,625.73
8/1/2011	7/1/2034	L1200019	2012 Industrial Waste Anaerobic	587,173	344,819.83
6/1/2012	6/1/2031	PC-12-951-065	2012 Wastewater Treatment Plan	5,000,000	1,883,553.99
10/11/2012	6/1/2037	PC-13-961-059	2012 Industrial Sewer Extensions	2,000,000	1,057,416.30
8/5/2013	6/1/2032	PC-13-961-074	2013 Automated Reading System	5,000,000	2,105,263.16
12/31/2021	6/1/2039	PC20-96103-044	2020 Waterline Improvements	1,737,906	1,448,255.29
12/12/2013	10/1/2034	DM-11-952-038	2013 Design WTP Lagoons	3,514,800	1,757,400.02
Subtotal Intergovernmental Loans				35,250,527	14,395,839.88

City of Yakima
Interfund Borrowing
December 31, 2024

Description	Original Balance	Beginning Balance	Issued	Retired	Ending Balance
Millsite	1,800,000.00	463,259.58		291,081.84	172,177.74
Nelson Dam	6,299,691.00	4,116,554.22		549,971.91	3,566,582.31
Total across all funds	8,099,691.00	4,579,813.80	-	841,053.75	3,738,760.05

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



Committee Review of Investment Rationale

Date: October 22, 2024

Investment # 2024-1612 is a 7-year US Treasury, face value \$2,000,000, maturing January 31, 2028, 0.75% coupon, purchased at a deep discount of 90.4109 to yield 3.90. This trade settles October 23, 2024, with Time Value Investments, Inc., US Bank Safekeeping, reducing our elevated LGIP position caused by maturities called during 2024.

Liquidity: At September 30th, month-end, Key Bank checking account balance was \$14.9 million, US Bank checking balance was \$6.7 million, and the investment portfolio was \$76.0 million (Treasuries, Corporates and Agencies). Current LGIP balance was \$50.1 million.

Safety: This purchase is a debt issue of the Federal Government, equivalent to Aaa/AA+ rating by Moody's and Fitch.

Yield. Yield is 3.90. This investment is 107 basis points under LGIP and 8 bases point under the 5-year treasury, seeking to protect yield in an uncertain environment. Comparable yields are:


LGIP current 30-day yield	4.9706%	www.secureaccess.wa.gov
5-year Treasury	3.9800%	Treasury.gov
3-year Treasury	3.9500%	Treasury.gov

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

Diversification. This purchase brings this issuer to 28.9% of total portfolio.

This investment adds a maturity date not previously covered in the City's laddered portfolio.

Outlook. The federal funds target rate is expected to fall to 4.5% by the end of 2024, 3.5% by the end of 2025, and 3.0% by June 2026. The Fed lowered interest rates by 50 basis points in September 2024, the first time in four years. Inflation is expected to continue decreasing, with the consumer price index (CPI) hitting 2.7% by the fourth quarter.

Investment Committee review:Finance Director: Date 10/22/2024City Manager: Date 10/22/2024



Committee Review of Investment Rationale

Date: November 15, 2024

Investment # 2024-1613 is a 7-year US Treasury, face value \$2,000,000, maturing February 29, 2028, 1.12% coupon, purchased at a deep discount of 90.548240 to yield 4.24. This trade settles November 18, 2024, with Hilltop Securities, Inc., US Bank Safekeeping, reducing our elevated LGIP position caused by maturities called during 2024.

Liquidity: At October 31st, month-end, Key Bank checking account balance was \$6.8 million, US Bank checking balance was \$11.5 million, and the investment portfolio was \$76.0 million (Treasuries, Corporates and Agencies). Current LGIP balance was \$50.3 million.

Safety: This purchase is a debt issue of the Federal Government, equivalent to Aaa/AA+ rating by Moody's and Fitch.

Yield. Yield is 4.24. This investment is 63 basis points under LGIP and 8 bases point under the 5-year treasury, seeking to protect yield in an uncertain environment. Comparable yields are:

LGIP current 30-day yield	4.8678%	www.secureaccess.wa.gov
5-year Treasury	4.3200%	Treasury.gov
3-year Treasury	4.3000%	Treasury.gov

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

Diversification. This purchase brings this issuer to 28.5% of total portfolio.

This investment adds a maturity date not previously covered in the City's laddered portfolio.

Outlook. The Fed is expected to cut its benchmark rate to a range of 4.25% to 4.5% at its December meeting per Fed Chairman Jerome Powell. That would reflect a full percentage point cut from its pre-September level, when the federal funds rate was at its highest in more than two decades.

Investment Committee review:

Finance Director: 

Date 11/18/2024

City Manager: 

Date 11/19/2024



Committee Review of Investment Rationale

Date: December 4, 2024

Investment # 2024-1614 is a 7-year US Treasury, face value \$2,000,000, maturing March 31, 2028, 1.25% coupon, purchased at a deep discount of 91.4724 to yield 4.02. This trade settles December 04, 2024, with Time Value Investments, Inc., US Bank Safekeeping, reducing our elevated LGIP position caused by maturities called during 2024.

Liquidity: At November 30th, month-end, Key Bank checking account balance was \$11.7 million, US Bank checking balance was \$11.6 million, and the investment portfolio was \$76.0 million (Treasuries, Corporates and Agencies). Current LGIP balance was \$52.5 million.

Safety: This purchase is a debt issue of the Federal Government, equivalent to Aaa/AA+ rating by Moody's and Fitch.

Yield. Yield is 4.02. This investment is 69 basis points under LGIP and 9 bases point under the 5-year treasury, seeking to protect yield in an uncertain environment. Comparable yields are:

LGIP current 30-day yield	4.7152%	www.secureaccess.wa.gov
5-year Treasury	4.1100%	Treasury.gov
3-year Treasury	4.1300%	Treasury.gov

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

Diversification. This purchase brings this issuer to 29.1% of total portfolio.

This investment adds a maturity date not previously covered in the City's ladder portfolio.

Outlook. The two rate cuts so far this year, which have reduced the federal funds rate by a combined 0.75 percentage points, but the larger impact will be felt if the Fed continues to cut rates an additional 0.25 percentage points at its December meeting as is expected.

Investment Committee review:

Finance Director: 

Date 12/5/2024

City Manager: 

Date 12/9/2024