

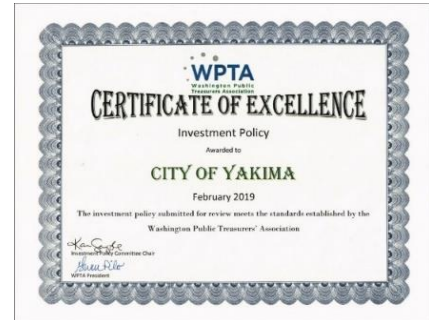


Date: July 8, 2020

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

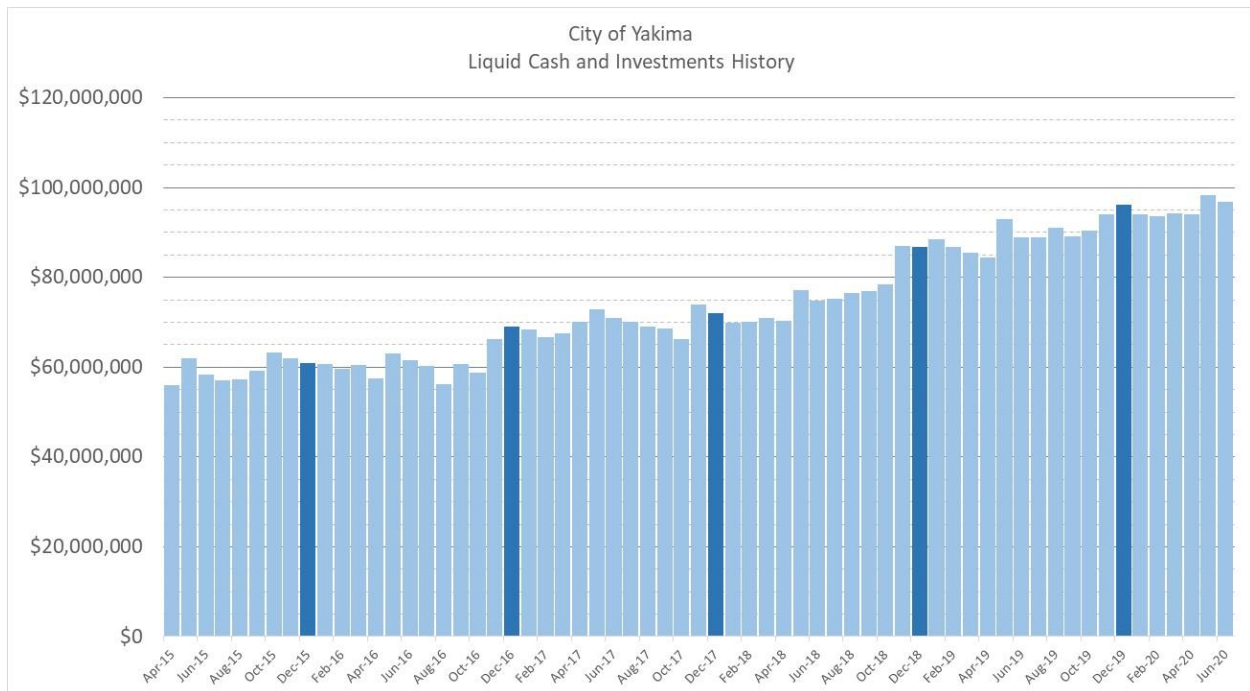
Re: 2020 – 2nd Quarter Treasury Report



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 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 \$109.9 million: \$14.7 million in depository banks, \$49.4 million in the State Pool, and \$45.8 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:

- 1492 \$2,030,000 FHLB called 04/10/2020
- 1517 \$1,000,000 FHLMC called 04/10/2020
- 1532 \$1,000,000 FHLMC called 04/15/2020
- 1529 \$1,000,000 FHLMC called 04/16/2020
- 1520 \$1,000,000 FFCB matured 04/29/2020
- 1494 \$1,000,000 FNMA called 04/30/2020
- 1488 \$3,000,000 FNMA matured 05/22/2020
- 1547 \$1,000,000 US Treasury matured 06/30/2020

Purchases: During the last quarter, no investments were purchased; proceeds from all calls and maturities were invested in the State Local Government Investment Pool.

Portfolio and Benchmark Yield and Maturity:

Avg. weighted yield of City investments, excluding LGIP:	2.17%
LGIP 30-day yield:	0.366%
Weighted average maturity of City investments, excluding LGIP:	391 days
Weighted average maturity of LGIP 30-day yield:	50 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, 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.

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 %	Policy %
LGIP	49,414,612	52%	100%
Treasuries	4,789,000	5%	100%
Agencies	36,000,000	38%	100%
Corporates	5,000,000	5%	15%
	<u>95,203,612</u>	<u>100%</u>	

Debt Activity

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

Interfund Borrowings and Investments

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

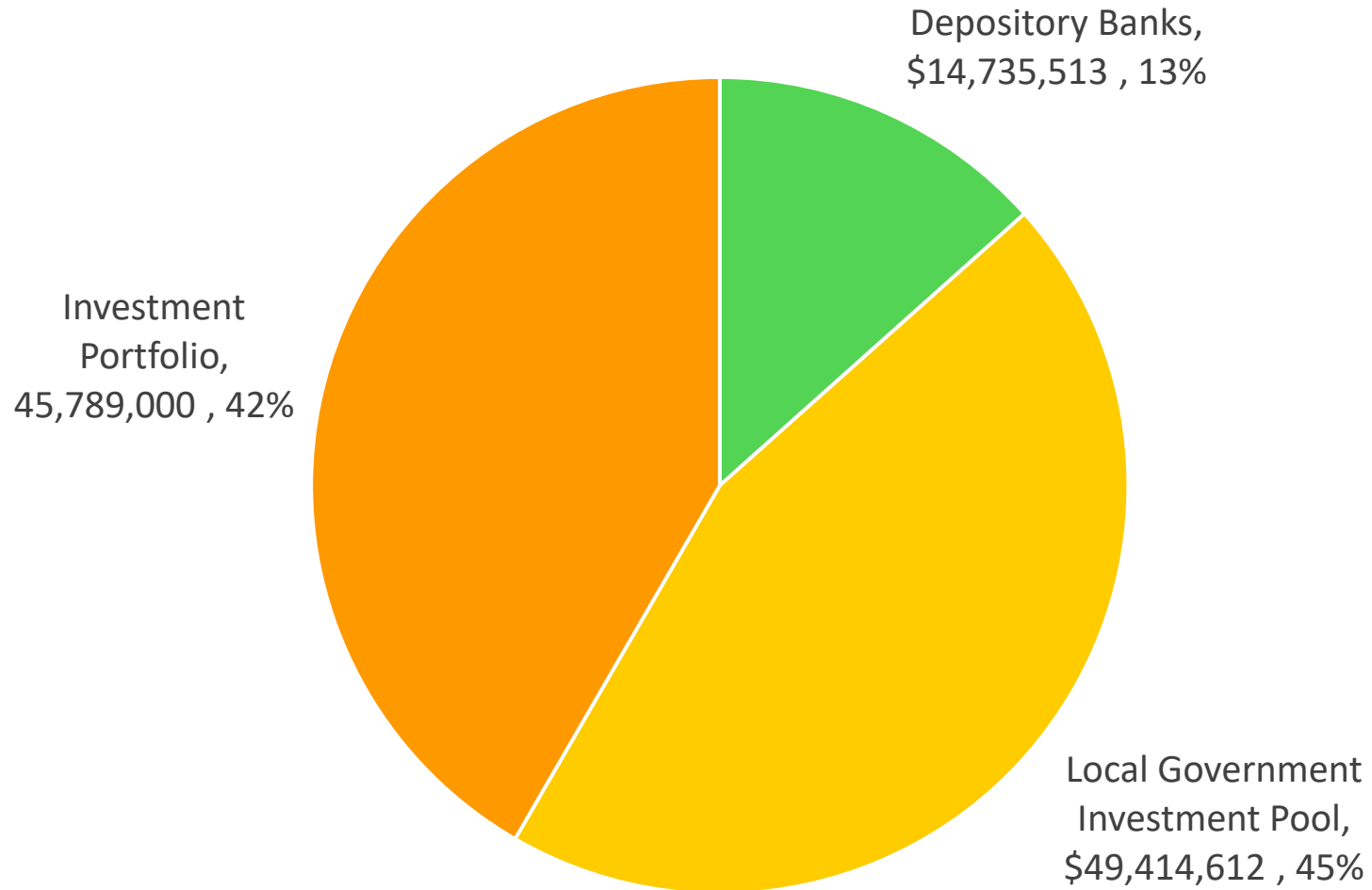
City of Yakima
Cash and Investment Summary
June 30, 2020

Description	Current 6/30/2020	Prior Quarter 3/31/2020	Prior Year 6/30/2020
Cash Balances on Hand in Banks	\$ 14,735,513	\$ 18,154,002	\$ 10,628,760
Local Government Investment Pool (LGIP)	49,414,612	19,786,229	26,428,425
Investment Portfolio	45,789,000	64,184,000	52,602,000
Total Investments	95,203,612	83,970,229	79,030,425
Total Cash and Investments	\$ 109,939,124	\$ 102,124,232	\$ 89,659,185

Summary of Investment Activity	Beg Balance 3/31/2020	Purchases & Deposits	Interest Reinvested	Maturities, Calls & Withdrawals	End Balance 6/30/2020
Local Government Investment Pool (LGIP)	\$ 19,857,276	\$ 29,504,910	\$ 52,426	\$ -	\$ 49,414,612
Investment Portfolio	57,829,000	-	-	(12,040,000)	45,789,000
Total Investments	\$ 77,686,276	\$ 29,504,910	\$ 52,426	\$ (12,040,000)	\$ 95,203,612

City of Yakima

Distribution of Cash and Investments as of 6/30/2020

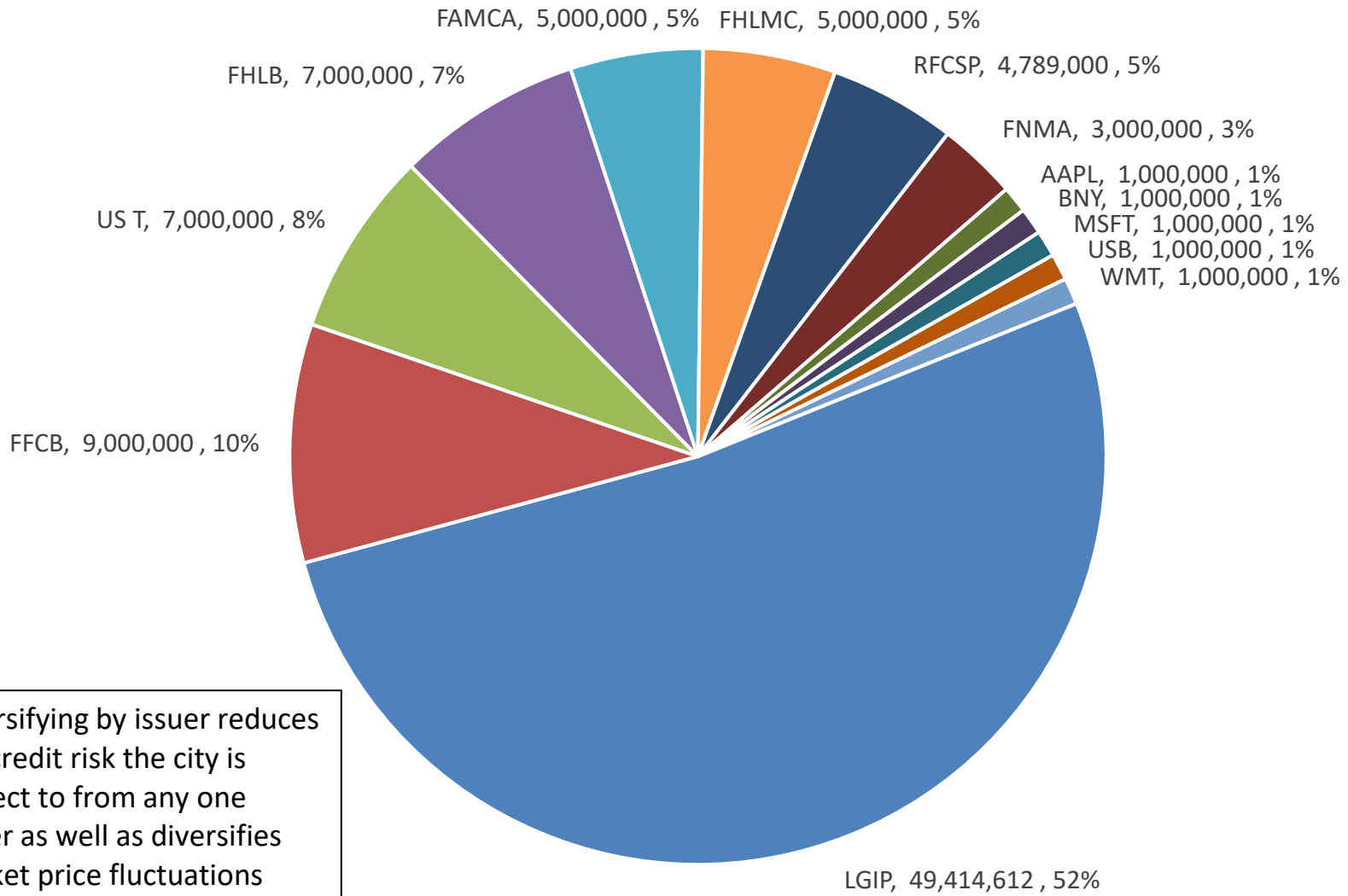


City of Yakima
Investment Portfolio - Inventory by Agency
June 30, 2020

Agency	Inv#	CUSIP	Face Value	Price	Coupon	Expected Yield	Settle	Maturity	Days to Maturity	Market	Call Type	Moody's	S&P	Fitch
FHLB	1548	3130AAX52	1,000,000	1,001,159	1.750	1.540	2/4/20	8/25/20	56	1,002,294	NC	Aaa	AA+	NA
US T	1526	912828VZ0	1,000,000	1,001,563	2.000	1.847	09/16/19	9/30/20	92	1,004,596	NC	Aaa	AA+	NC
RFCSP	1502	76116FAE7	2,122,000	1,999,174	2.250	2.250	02/14/18	10/15/20	107	2,120,184	NC	Aaa	AA+	AAA
US T	1534	9128285Q9	1,000,000	1,012,227	2.750	1.630	10/22/19	11/30/20	153	1,010,781	NC	Aaa	AA+	AAA
FFCB	1542	3133ELAQ7	1,000,000	1,000,000	1.600	1.600	11/22/19	12/22/20	175	1,005,402	NC	Aaa	AA+	AAA
RFCSP	1500	76116FAG2	2,667,000	2,499,062	2.200	2.200	01/25/18	1/15/21	199	2,662,205	NC	Aaa	AA+	AAA
US T	1549	912828Q37	1,000,000	997,695	1.625	1.496	2/4/20	3/31/21	274	1,008,047	NC	Aaa	NA	AAA
FFCB	1518	3133EKGY6	1,000,000	1,000,000	2.375	2.375	4/15/19	4/15/21	289	1,017,405	NC	Aaa	AA+	AAA
BNY	1521	06406FAB9	1,000,000	989,800	2.050	2.574	4/30/19	5/3/21	307	1,012,573	NC	A1	A	AA-
US T	1543	912828WY2	1,000,000	1,009,453	2.250	1.660	12/11/19	7/31/21	396	1,022,266	NC	Aaa	AA+	AAA
FHLMC	1539	3137EAEC9	1,000,000	991,002	1.125	1.650	11/14/19	8/12/21	408	1,010,166	NC	Aaa	AA+	AAA
FFCB	1527	3133EKP67	1,000,000	996,900	1.625	1.780	9/17/19	9/17/21	444	1,017,299	NC	Aaa	AA+	AAA
USB	1515	91159HHP8	1,000,000	997,300	2.625	2.723	3/18/19	1/24/22	573	1,033,013	1X	A1	A+	AA-
MSFT	1512	594918BW3	1,000,000	996,920	2.400	2.575	3/15/19	2/6/22	586	1,030,948	NC	Aaa	AAA	AA+
FHLB	1556	313378CR0	1,000,000	1,032,367	2.250	0.630	3/6/20	3/11/22	619	1,033,551	NC	Aaa	AA+	NA
FNMA	1550	3135G0T45	1,000,000	1,009,506	1.875	1.422	2/14/20	4/5/22	644	1,029,421	NC	Aaa	AA+	AAA
FFCB	1523	3133EKLR5	1,000,000	999,100	2.250	2.281	5/16/19	5/16/22	685	1,037,290	NC	Aaa	AA+	AAA
FAMCA	1522	31422BFF2	1,000,000	1,000,000	2.350	2.350	5/9/19	6/1/22	701	1,040,479	NC	Aaa	AA+	AAA
FHLMC	1528	3134GT3N1	1,000,000	999,990	1.750	1.750	10/2/19	8/26/22	787	1,001,166	1C-NC	Aaa	AA+	AAA
FHLB	1509	313383WD9	1,000,000	1,013,146	3.125	2.750	12/19/18	9/9/22	801	1,062,937	Amer	Aaa	AA+	AA+
FFCB	1519	3133EKHN9	1,000,000	997,450	2.330	2.406	4/18/19	10/18/22	840	1,046,951	NC	Aaa	AA+	AAA
FFCB	1551	3133EA7E2	1,000,000	1,014,130	1.960	1.430	2/14/20	11/7/22	860	1,039,287	NC	Aaa	AA+	AAA
FHLB	1544	313381BR5	1,000,000	1,006,250	1.875	1.660	12/11/19	12/9/22	892	1,040,325	NC	Aaa	AA+	AAA
FNMA	1541	3135GOT94	1,000,000	1,023,490	2.375	1.610	11/20/19	1/19/23	933	1,056,589	NC	Aaa	AA+	AAA
FFCB	1557	3133EG5Y7	1,000,000	1,045,401	2.230	0.650	3/6/20	2/2/23	947	1,050,063	NC	Aaa	AA+	AAA
AAPL	1516	037833AK6	1,000,000	991,000	2.400	2.634	4/8/19	5/3/23	1,037	1,055,807	NC	AA1	AA+	-
WMT	1513	931142EK5	1,000,000	1,026,800	3.400	2.730	3/15/19	6/26/23	1,091	1,086,711	NC	Aa2	AA	AA
FHLMC	1530	3134GUHJ2	1,000,000	1,000,000	1.750	1.750	10/10/19	7/10/23	1,105	1,000,344	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	1,157	1,081,016	NC	Aaa	AA+	AAA
FAMCA	1508	3132X06C0	1,000,000	1,010,972	3.050	2.801	12/19/18	9/19/23	1,176	1,086,411	NC	Aaa	AA+	AAA
FFCB	1537	3133EK4X1	1,000,000	997,924	1.600	1.654	11/6/19	11/1/23	1,219	1,042,226	NC	Aaa	AA+	AAA
FHLB	1507	3130AFKR7	1,000,000	1,003,225	3.100	2.933	12/28/18	12/28/23	1,276	1,012,523	Amer	Aaa	AA+	AA+
FAMCA	1552	31422BSD3	1,000,000	1,004,430	1.590	1.470	2/14/20	1/10/24	1,289	1,043,702	NC	NA	NA	NA
FNMA	1540	3135G0V34	1,000,000	1,032,055	2.500	1.710	11/14/19	2/5/24	1,315	1,078,874	NC	Aaa	AA+	AAA
US T	1553	9128286R6	1,000,000	1,034,063	2.250	1.413	2/14/20	4/30/24	1,400	1,077,852	NC	Aaa	NA	AAA
FAMCA	1533	31422BGA2	1,000,000	1,022,900	2.150	1.634	10/18/19	6/5/24	1,436	1,069,857	NC	NA	NA	NA
FHLB	1535	3030AHERO	1,000,000	1,000,000	1.850	1.850	10/24/19	7/24/24	1,485	1,000,980	1C-NC	Aaa	AA+	AA+
US T	1546	912828U3	1,000,000	1,008,789	1.875	1.660	12/11/19	8/31/24	1,523	1,068,125	NC	Aaa	NA	AAA
FHLMC	1531	3134GUCE8	1,000,000	1,002,769	2.020	1.720	10/10/19	9/17/24	1,540	1,002,952	1C-NC	Aaa	AA+	AAA
FHLMC	1536	3134GULS7	1,000,000	1,000,000	1.875	1.875	10/28/19	10/28/24	1,581	1,004,671	1C-NC	Aaa	AA+	AAA
FFCB	1538	3133EK6J0	1,000,000	994,700	1.625	1.736	11/8/19	11/8/24	1,592	1,052,236	NC	Aaa	AA+	AAA
FHLB	1554	3130A3GE8	1,000,000	1,058,979	2.750	1.480	2/14/20	12/13/24	1,627	1,102,522	NC	Aaa	AA+	NA
FAMCA	1555	31422BRT9	1,000,000	1,011,943	1.750	1.495	2/14/20	1/3/25	1,648	1,059,408	NC	NA	NA	NA
Subtotal	43		45,789,000	45,872,695	Avg.	2.17%				47,321,454				
LGIP	LGIP	NA	49,414,612	49,414,612	0.300	0.300	NA	NA	1	49,414,612	NC			
Grand Totals			\$ 95,203,612	\$ 95,287,307		1.20%			391	\$ 96,736,066				

City of Yakima

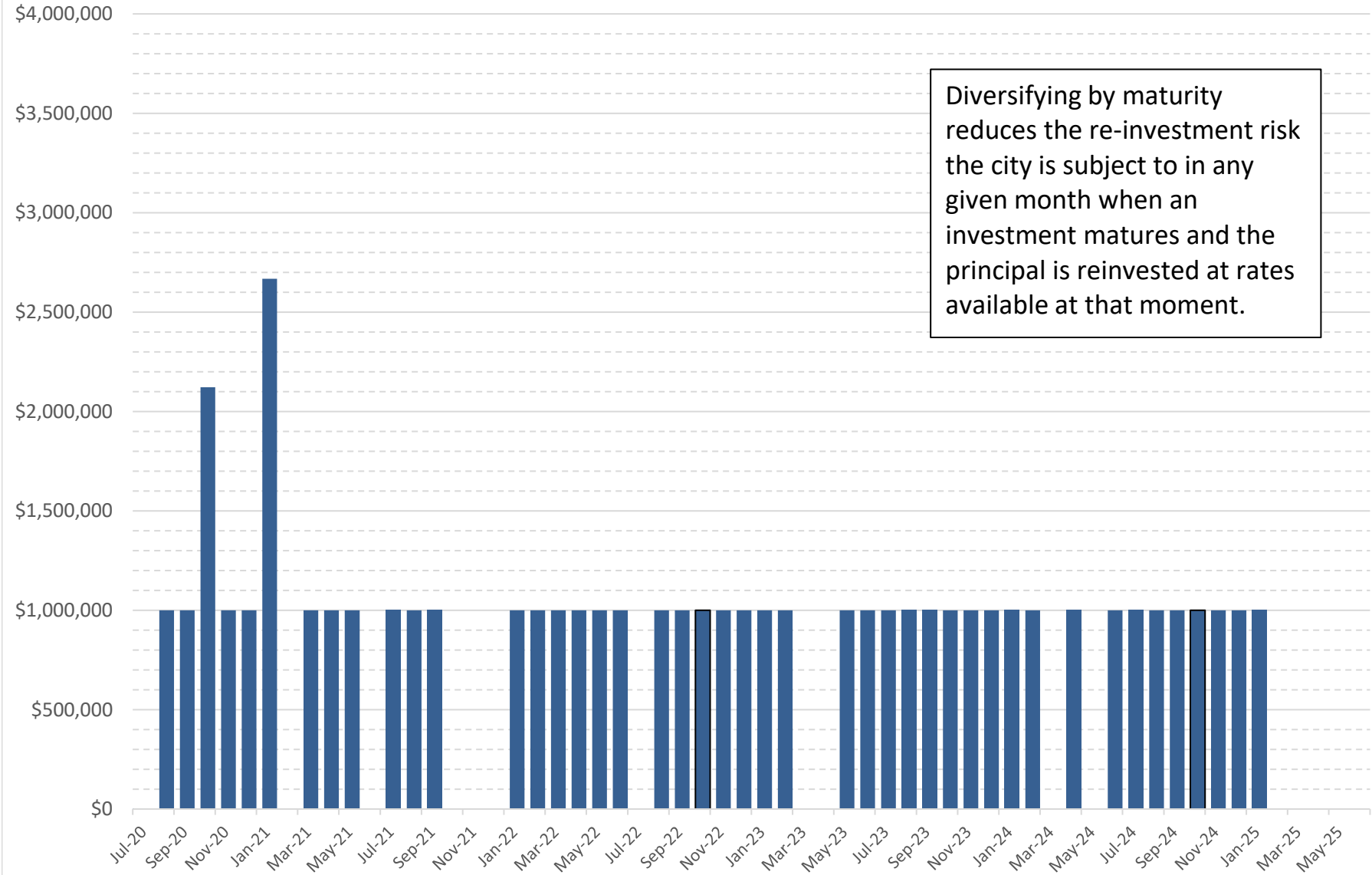
Investment Portfolio by Issuer at 6/30/2020



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 6/30/2020



City of Yakima
Investment Portfolio - Detail of Activity
June 30, 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		5,000,000	-	-	5,000,000
Federal Farm Credit Bureau					
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		10,000,000	-	(1,000,000)	9,000,000
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		9,030,000	-	(2,030,000)	7,000,000
Resolution Funding Corporation					
RFCSP	1500	2,667,000	-	-	2,667,000
RFCSP	1502	2,122,000	-	-	2,122,000
RFCSP Total		4,789,000	-	-	4,789,000
Federal Home Loan Mortgage Corporation					
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		8,000,000	-	(3,000,000)	5,000,000
Federal National Management Association					
FNMA	1488	3,000,000	-	(3,000,000)	-
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		8,010,000	-	(5,010,000)	3,000,000
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		8,000,000	-	(1,000,000)	7,000,000
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		57,829,000	-	(12,040,000)	45,789,000
Other Investments					
LGIP (State Pool)	LGIP	19,857,276	29,557,335	-	49,414,612
Other Investment Totals		19,857,276	29,557,335	-	49,414,612
Grand Totals		\$ 77,686,276	\$ 29,557,335	\$ (12,040,000)	\$ 95,203,612

City of Yakima
Long Term Debt Schedule - by Project Group
June 30, 2020

Date Issued	Maturity	Description	Note	Amount of Issue	Current Balance
General Obligation Bonds					
6/17/2003	12/1/2023	Sundome Expansion	Deferred Interest-Maturity \$2.5M	x 1,430,528	244,525.80
6/20/2013	6/20/2028	Street Project Demonstration (Refunded)	Various City street improvements	x 3,500,000	2,908,445.11
6/9/2014	6/1/2024	Street Resurfacing Project	Streets improvements	x 13,140,000	5,995,000.00
6/17/2014	12/1/2034	Comm Center Move	City portion of County GO Bonds	1,716,500	1,325,000.00
9/24/2018	12/1/2035	Soccer Complex (Refunded)	City portion of SOZO Sports Complex	x 4,440,127	4,165,161.13
9/24/2018	7/1/2035	2018 Aquatic Center YMCA	City portion of Aquatic Center	x 8,009,873	7,966,226.08
4/21/2020	12/1/2034	2020 Ref 04 Irrigation	2020 Ref 04 Irrigation	x 3,260,000	3,260,000.00
4/21/2020	12/1/2027	2020 Ref 08 WS Rev	2020 Ref 08 WS Rev	x 2,590,000	2,590,000.00
4/21/2020	12/1/2022	2020 Refunding Bonds, Downtown Future	2020 Refunding Bonds, Downtown Futures	260,000	260,000.00
4/21/2020	12/1/2021	2020 Refunding Bonds, Fire Apparatus	2020 Refunding Bonds, Fire Apparatus	x 140,000	140,000.00
4/21/2020	12/1/2022	2020 Refunding Bonds, WV Fire Station	2020 Refunding Bonds, WV Fire Station	x 140,000	140,000.00
4/21/2020	12/1/2032	2020B Capital Theatre 09 Refunded	2020B Capital Theatre 09 Refunded	x 4,910,000	4,910,000.00
4/21/2020	12/1/2044	2020B Convention Center Addition	2020B Convention Center Addition	x 12,620,000	12,620,000.00
4/21/2020	12/1/2044	2020B Convention Center Addition III Ref	2020B Convention Center Addition III Refunded	2,495,000	2,495,000.00
Subtotal General Obligation Bonds				\$ 71,607,028	49,019,358.12
Certificate of Participation - State of Washington					
3/19/2013	7/1/2023	Fire Apparatus	One truck	x 310,414	109,269.62
9/28/2017	6/1/2027	Energy Project	LED Street Lighting	x 921,863	701,899.85
9/28/2017	6/1/2027	Fire Aerial & Pump App	Fire Aerial	x 1,268,053	965,674.41
Subtotal Certificates of Participation				\$ 3,077,178	1,776,843.88
Revenue Bonds					
5/31/2012	11/1/2023	Wastewater	Refunded 2003 \$10,155,000 issue	x \$ 9,400,000	4,230,000.00
Subtotal Revenue Bonds				\$ 20,055,000	4,230,000.00
Intergovernmental Loans					
8/14/2009	7/1/2028	PC-08-951-052	2009 Railroad Grade Separation	x \$ 3,000,000	1,320,802.00
5/6/2010	6/1/2034	L1000030-0	2010 Railroad Grade Separation	x 1,149,841	964,903.85
9/30/2015	6/1/2023	'15 Yak Co SIED - 21st Ave/Airport	2015 Yakima Co SIED Loan - 21st Ave/Airport	x 307,000	166,098.93
6/1/2016	6/1/2027	'16 Yak Co SIED - SOZO	2016 Yakima Co SIED Loan - SOZO	x 900,000	671,089.93
11/21/2017	6/1/2024	'17 Yak Co SIED - YV Brewing Project	2017 Yakima Co SIED Loan - YV Brewing Project	x 61,580	52,387.84
7/17/2018	6/1/2029	'18 Yak Co SIED - River Rd.	2018 Yakima Co SIED - River Rd Improvements/Aquatics Center	x 500,000	472,034.18
6/1/2001	7/1/2021	PW-01-691-071	2001 Fruitavale Neighborhood Sewer	x 1,466,250	77,625.00
9/1/2003	7/1/2023	PW-03-691-027	2003 Naches WTP Improvements	x 2,694,500	404,175.00
6/27/2005	10/1/2025	SRF-04-65104-037	2005 Naches River WTP Filter Rehab	x 966,772	282,435.89
12/30/2005	7/1/2025	PW-05-691-064	2005 River Road Sewer	x 2,307,000	621,228.88
4/30/2007	7/1/2027	PW-07-962-019	2007 Ultra Violet Disinfection	x 2,300,000	849,722.21
4/15/2009	7/1/2028	PC-08-951-051	2009 New Water Well	x 2,257,200	969,190.60
10/10/2011	3/31/2033	L1100008	2011 Energy Efficiency	x 503,558	376,915.05
8/1/2011	7/1/2034	L1200019	2012 Industrial Waste Anaerobic	x 590,350	473,069.40
6/1/2012	6/1/2032	PC-12-951-065	2012 Wastewater Treatment Plan	x 5,000,000	2,959,870.54
10/11/2012	6/1/2037	PC-13-961-059	2012 Industrial Sewer Extensions	x 2,000,000	1,382,775.15
8/5/2013	7/1/2032	PC-13-961-074	2013 Automated Reading System	x 5,000,000	3,157,894.74
12/12/2013	10/1/2034	DM-11-952-038	2013 Design WTP Lagoons	x 3,514,800	2,636,100.01
Subtotal Intergovernmental Loans				\$ 34,518,851	17,838,319.20
Grand Total				\$ 129,258,056	72,864,521.20

City of Yakima
Interfund Borrowing
June 30, 2020

Description	Original Balance	Beginning Balance	Issued	Retired	Ending Balance	
Local Improvement District Bonds/Notes	\$ 1,432,509	\$ 34,072	\$ -	\$ -	\$ 34,072	Equipment Rental Reserve
Fund 153 - Public Safety Communications	450,000	300,000	-	150,000	150,000	Equipment Rental Reserve
Total across all funds	<u>1,882,509</u>	<u>334,072</u>	<u>-</u>	<u>150,000</u>	<u>184,072</u>	

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.