

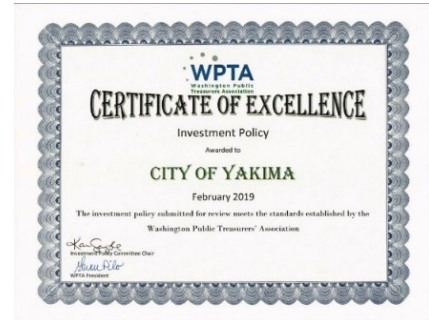


Date: October 4, 2022

To: Mayor and City Council
Bob Harrison, City Manager

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

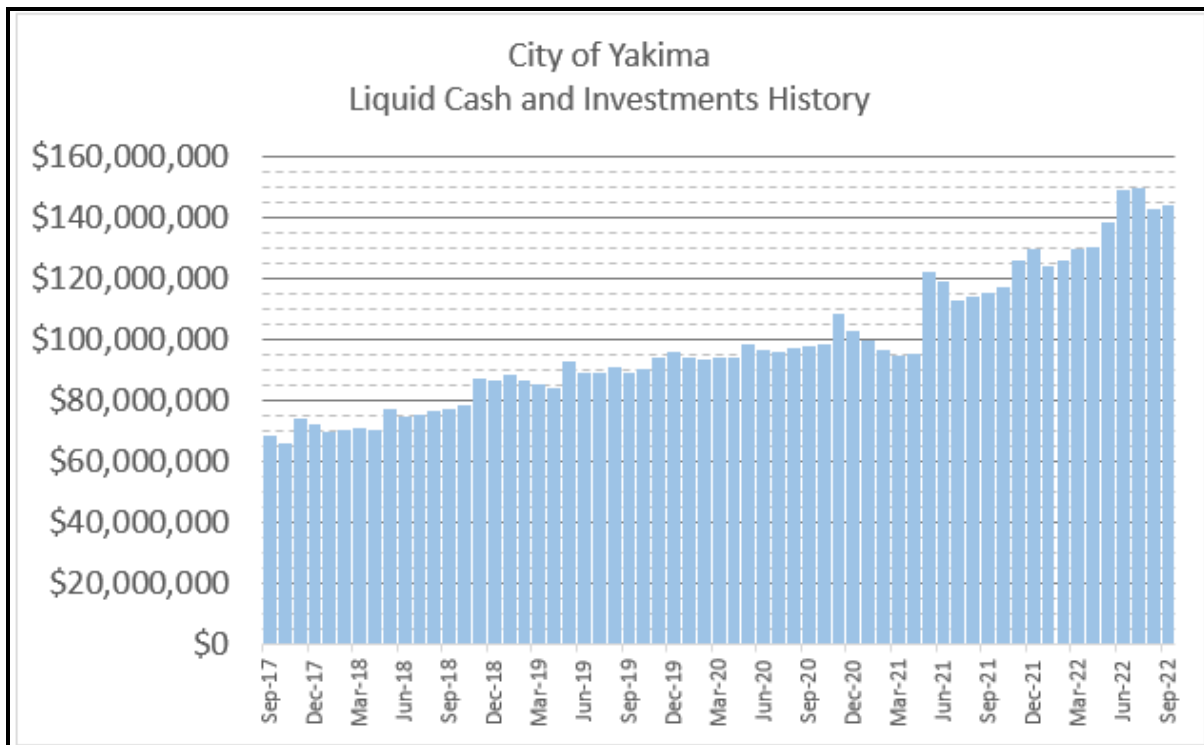
Re: 2022 – 3rd Quarter Treasury Report



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 in February 2019.

Total Cash and Investments at Quarter-end total \$146.7 million: \$18.4 million in depository banks, \$69.3 million in the State Pool, and \$59.0 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 June 2022 month end balance is higher than prior years due to the 2nd instalment of 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:

- 1509 \$1,000,000 FHLB matured 9/09/2022

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

- 1580 \$2,000,000 US Treasury to mature 10/31/2025
- 1581 \$2,000,000 US Treasury to mature 12/31/2025

Portfolio and Benchmark Yield and Maturity:

Avg. weighted yield of City investments, excluding LGIP:	2.06%
LGIP State Pool 30-day yield:	2.55%

Weighted average maturity of City investments, excluding LGIP:	303 days
Weighted average maturity of LGIP State Pool 30-day yield:	17 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 September 30, 2022, the fixed income market has shown growth and is expected to continue to increase. The difference between the 1-year Treasury at 4.05% and the 5-year Treasury at 4.06% was only 1 basis points. The 30-day yield of the State Pool Jumped to 2.55%, with a 17-day avg. maturity and is expected to continue to increase making the LGIP a very favorable investment option.

Economic Outlook. With the current inflation and raising interest rates, the market will continue to ebb and flow. The Federal Reserve is considering one more rate hike in November then should consider stopping it's tightening campaign.

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	69,284,393	54.01%
Treasuries	32,000,000	24.94%
Agencies	25,000,000	19.49%
Corporates	2,000,000	1.56%
	128,284,393	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 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 payments starting January 2023.

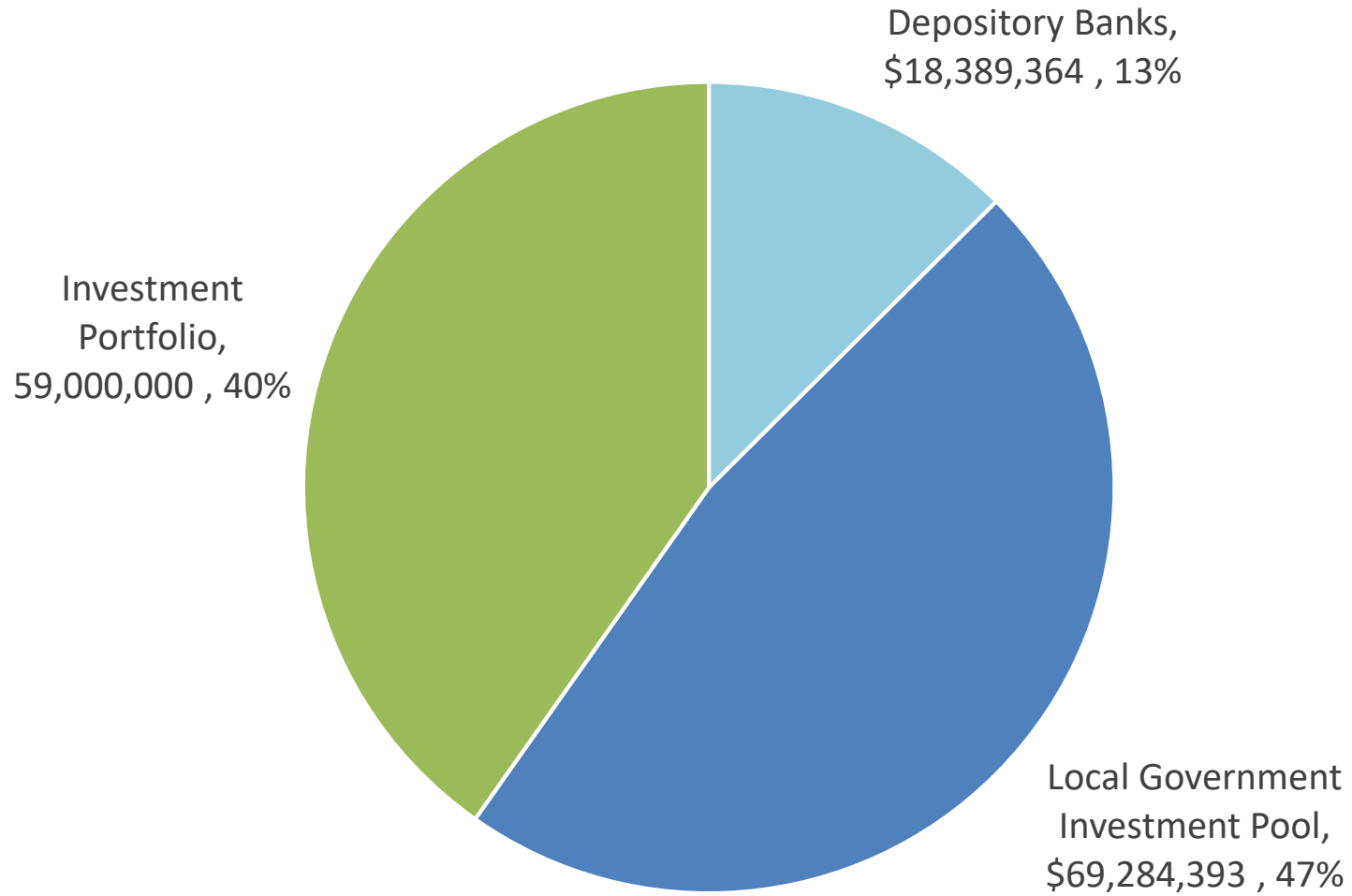
City of Yakima
Cash and Investment Summary
September 30, 2022

Description	Current 9/30/2022	Prior Quarter 6/30/2022	Prior Year 9/30/2021
Cash Balances on Hand in Banks	\$ 18,389,364	\$ 18,573,295	\$ 15,367,474
Local Government Investment Pool (LGIP)	69,284,393	76,874,505	57,617,282
Investment Portfolio	59,000,000	56,000,000	45,000,000
Total Investments	128,284,393	132,874,505	102,617,282
Total Cash and Investments	\$ 146,673,756	\$ 151,447,800	\$ 117,984,756

Summary of Investment Activity	Beg Balance 6/30/2022	Purchases & Deposits	Interest Reinvested	Maturities, Calls & Withdrawals	End Balance 9/30/2022
Local Government Investment Pool (LGIP)	\$ 76,874,505	\$ 4,000,000	\$ 409,888	\$ (12,000,000)	\$ 69,284,393
Investment Portfolio	56,000,000	4,000,000	-	(1,000,000)	59,000,000
Total Investments	\$ 132,874,505	\$ 8,000,000	\$ 409,888	\$ (13,000,000)	\$ 128,284,393

City of Yakima

Distribution of Cash and Investments as of 9/30/2022

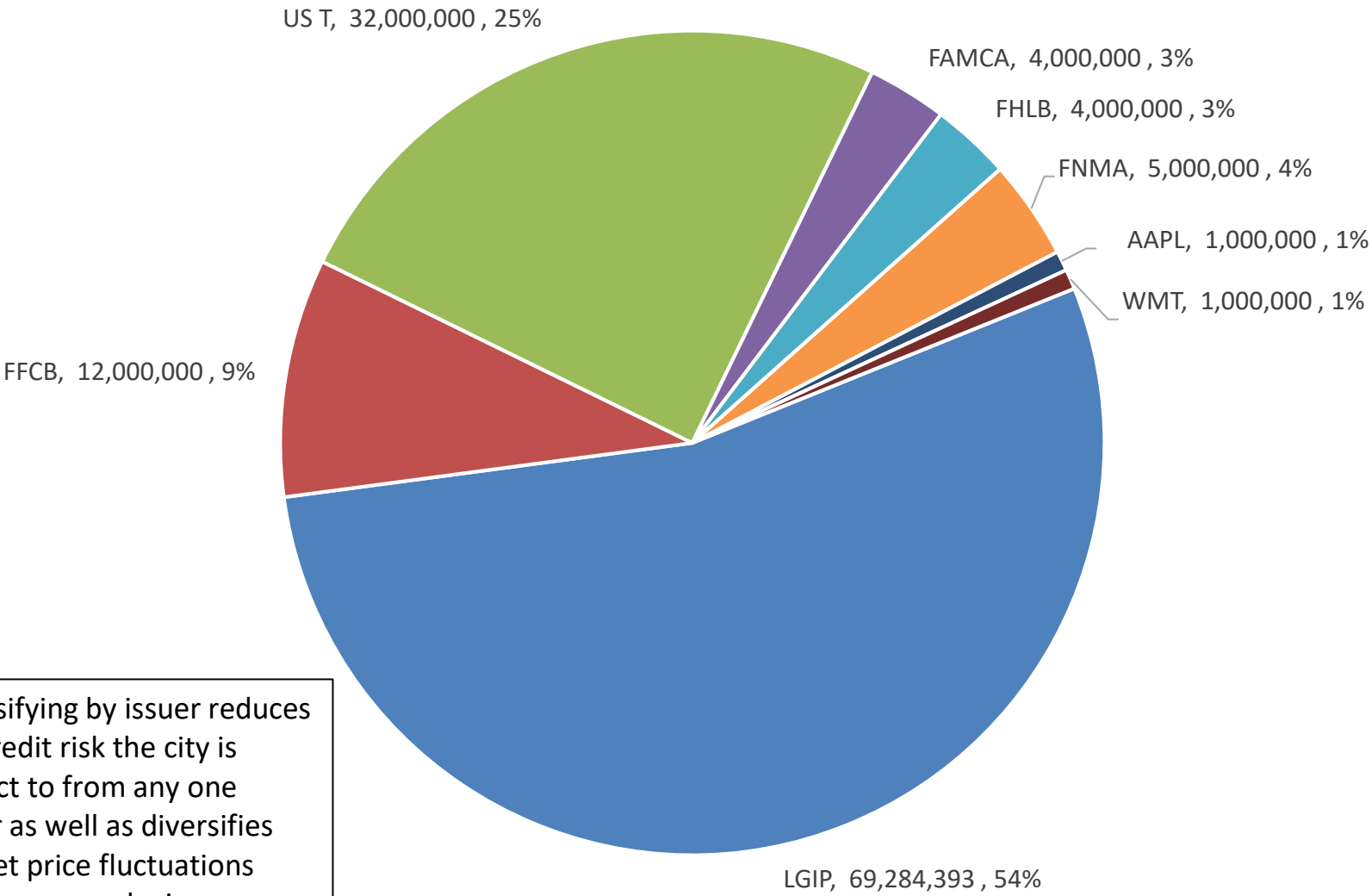


City of Yakima
Investment Portfolio - Inventory by Agency
September 30, 2022

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
FFCB	1519	3133EKHN9	1,000,000	997,450	2.330	2.406	4/18/19	10/18/22	18	999,630	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	38	998,325	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	70	996,776	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	111	995,892	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	125	995,489	NC	Aaa	AA+	AAA	NC	2/2/23
US T	1577	91282CBU4	1,000,000	983,828	0.125	1.980	5/12/22	3/31/23	182	981,680	NC	Aaa	NA	AAA	NC	3/31/23
FFCB	1570	3133EMVP4	1,000,000	997,850	0.125	0.270	10/18/21	4/13/23	195	979,321	NC	Aaa	AA+	AAA	NC	4/13/23
AAPL	1516	037833AK6	1,000,000	991,000	2.400	2.634	4/8/19	5/3/23	215	988,546	NC	AA1	AA+	-	NC	5/3/23
WMT	1513	931142EK5	1,000,000	1,026,800	3.400	2.730	3/15/19	6/26/23	269	994,571	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	292	1,937,494	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	335	987,148	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	354	989,628	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	382	1,969,934	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	397	971,751	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	432	1,970,166	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	467	968,009	NC	NA	NA	NA	NC	1/10/24
FNMA	1540	3135GOV34	1,000,000	1,032,055	2.500	1.710	11/14/19	2/5/24	493	976,264	NC	Aaa	AA+	AAA	NC	2/5/24
FNMA	1573	3135GOV34	1,000,000	1,035,991	2.500	0.771	12/28/21	2/5/24	493	976,264	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	548	1,937,656	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	562	942,070	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	578	968,438	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	609	1,927,266	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	614	966,708	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	624	934,414	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	670	1,925,624	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	701	957,227	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	731	1,897,656	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	762	1,892,812	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	770	948,570	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	805	967,627	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	826	946,838	NC	NA	NA	NA	NC	1/3/25
US T	1572	912828ZC7	2,000,000	2,015,156	1.125	0.890	11/16/21	2/28/25	882	1,859,296	NC	Aaa	NA	AAA	NC	2/28/25
US T	1574	912828ZF0	2,000,000	1,946,797	0.500	1.365	2/3/22	3/31/25	913	1,826,484	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	943	906,523	NC	NA	NA	NA	NC	4/30/25
US T	1568	912828ZL7	1,000,000	995,467	0.375	0.500	9/1/21	4/30/25	943	906,523	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	974	1,801,016	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	1,004	898,555	NC	Aaa	AA+	AAA	NC	6/30/25
US T	1576	91282CAB7	2,000,000	1,843,472	0.250	2.780	4/29/22	7/31/25	1,035	1,788,204	NC	Aaa	NA	AAA	NC	7/31/25
US T	1569	91282CAM3	1,000,000	980,735	0.250	0.740	10/1/21	9/30/25	1,096	889,961	NC	NA	NA	NA	NC	9/30/25
US T	1580	91282CAT8	2,000,000	1,818,516	0.250	3.273	8/24/22	10/31/25	1,127	1,773,672	NC	Aaa	NA	AAA	NC	10/31/25
US T	1581	91282CBC4	2,000,000	1,807,440	0.375	3.490	9/12/22	12/31/25	1,188	1,771,484	NC	Aaa	NA	AAA	NC	12/31/25
FNMA	1578	3135G05X7	2,000,000	1,844,334	0.375	2.870	5/12/22	8/25/25	1,060	1,789,430	NC	Aaa	AA+	AAA	NC	8/25/25
FFCB	1579	3133ENXQ8	2,000,000	1,992,128	2.800	2.920	6/7/2022	11/25/2025	1,152	1,916,702	NC	Aaa	AA+	NA	NC	11/25/25
Subtotal	43		59,000,000	59,245,090	Avg.					56,017,644						
LGIP	LGIP	NA	69,284,393	69,284,393	0.300	0.300	NA	NA	1	69,284,393	NC				NA	NA
Grand Totals			\$ 128,284,393	\$ 128,529,482		0.83%			303	\$ 125,302,037						

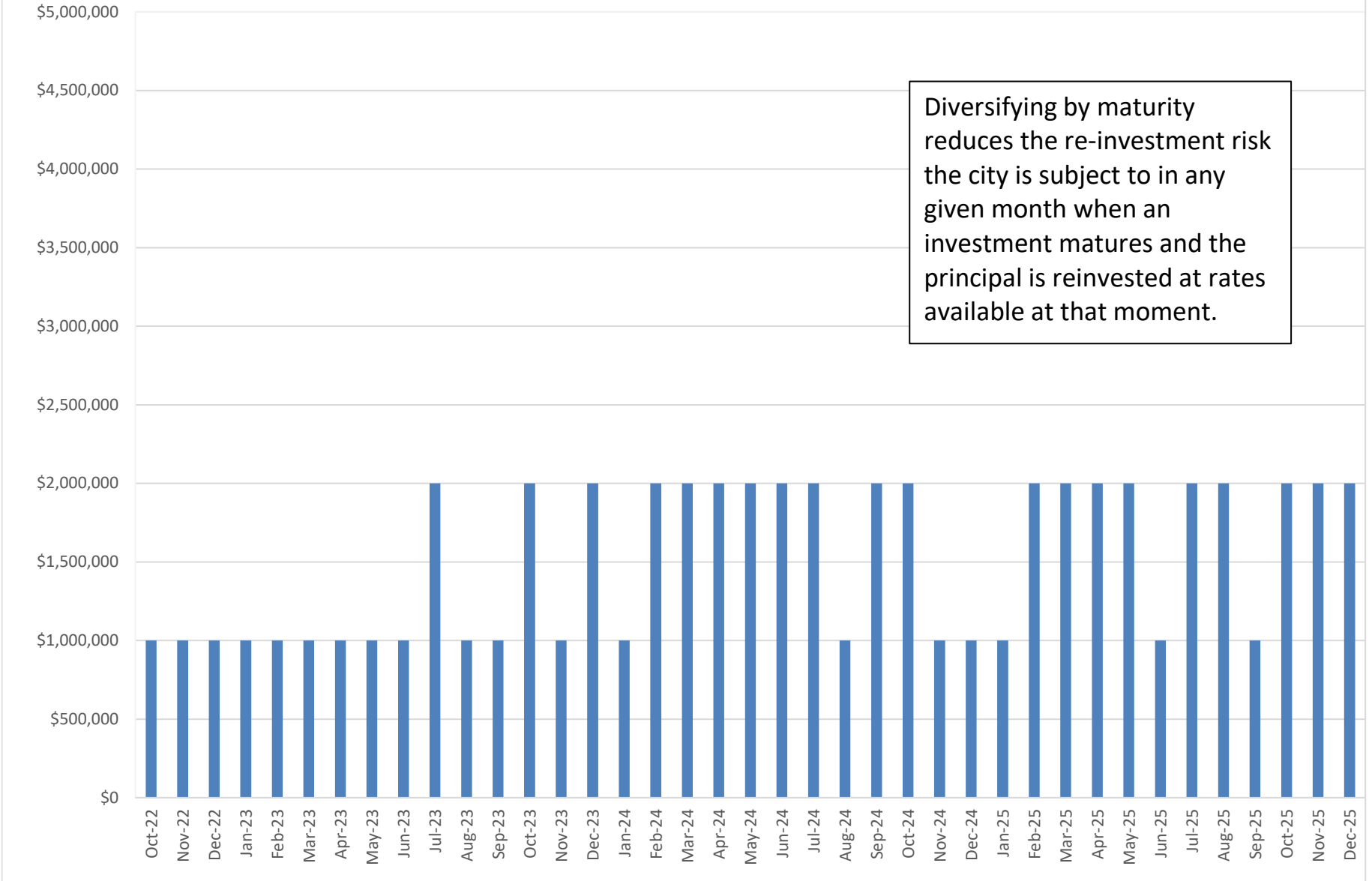
City of Yakima

Investment Portfolio by Issuer at 9/30/2022



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 9/30/2022



City of Yakima
Investment Portfolio - Detail of Activity
September 30, 2022

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	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		4,000,000	-	-	4,000,000
Federal Farm Credit Bureau					
FFCB	1519	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
FFCB	1579	2,000,000			2,000,000
FFCB Total		12,000,000	-	-	12,000,000
Federal Home Loan Bank					
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	1558	2,000,000		-	2,000,000
FHLB Total		5,000,000	-	(1,000,000)	4,000,000
Federal National Management Association					
FNMA	1540	1,000,000	-		1,000,000
FNMA	1541	1,000,000	-	-	1,000,000
FNMA	1573	1,000,000			1,000,000
FNMA	1578	2,000,000			2,000,000
FNMA Total		5,000,000	-	-	5,000,000
US Treasury					
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
US Treasury	1576	2,000,000			2,000,000
US Treasury	1577	1,000,000			1,000,000
US Treasury	1580		2,000,000		2,000,000
US Treasury	1581		2,000,000		2,000,000
US Treasury		28,000,000	4,000,000	-	32,000,000
Corporate Notes					
AAPL	1516	1,000,000	-		1,000,000
WMT	1513	1,000,000	-		1,000,000
Corporate Total		2,000,000	-	-	2,000,000
Subtotal		56,000,000	4,000,000	(1,000,000)	59,000,000
Other Investments					
LGIP (State Pool)	LGIP	76,874,505	4,409,888	(12,000,000)	69,284,393
Other Investment Totals		76,874,505	4,409,888	(12,000,000)	69,284,393
Grand Totals		\$ 132,874,505	\$ 8,409,888	\$ (13,000,000)	\$ 128,284,393

City of Yakima
Long Term Debt Schedule - by Project Group
September 30, 2022

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	1,430,528	117,449
6/20/2013	12/1/2028	Street Project Demonstration (Refunded)	Various City street improvements	3,500,000	2,290,765
6/9/2014	6/1/2024	Street Resurfacing Project	Streets improvements	13,140,000	3,140,000
9/24/2018	6/1/2035	Soccer Complex (Refunded)	City portion of SOZO Sports Complex	4,440,127	3,784,638
9/24/2018	12/1/1942	2018 Aquatic Center YMCA	City portion of Aquatic Center	8,009,873	7,882,955
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
Subtotal General Obligation Bonds				63,900,528	36,060,807
Certificate of Participation - State of Washington					
3/19/2013	6/1/2023	Fire Apparatus	One truck	310,414	38,259
9/28/2017	6/1/2027	Energy Project	2017 Energy Project (lighting)	921,863	523,258
7/21/2020	6/1/2035	Energy Project	2020 Energy Efficiency Project (lighting)	1,415,000	1,285,000
9/28/2017	6/1/2027	Fire Aerial & Pump App	Fire Aerial	1,268,053	719,898
Subtotal Certificates of Participation				4,492,178	2,566,415
Revenue Bonds					
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
Subtotal Revenue Bonds				25,905,000	7,180,000
Intergovernmental Loans					
8/14/2009	7/1/2028	PC-08-951-052	2009 Railroad Grade Separation	3,000,000	990,602
5/6/2010	6/1/2034	L1000030-0	2010 Railroad Grade Separation	1,149,841	849,824
6/17/2014	5/1/2034	Comm Center Move	City portion of County GO Bonds	1,716,500	1,170,000
9/30/2015	6/1/2023	'15 Yak Co SIED - 21st Ave/Airport	2015 Yakima Co SIED Loan - 21st Ave/Airport	307,000	56,706
6/1/2016	6/1/2027	'16 Yak Co SIED - SOZO	2016 Yakima Co SIED Loan - SOZO	900,000	491,603
11/21/2017	6/1/2024	'17 Yak Co SIED - YV Brewing Project	2017 Yakima Co SIED Loan - YV Brewing Project	61,580	27,016
7/17/2018	6/1/2029	'18 Yak Co SIED - River Rd.	2018 Yakima Co SIED - River Rd Improvements/Aquatics Center	500,000	380,436
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	134,725
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	372,737
4/30/2007	6/1/2027	PW-07-962-019	2007 Ultra Violet Disinfection	2,300,000	606,944
4/15/2009	6/1/2028	PC-08-951-051	2009 New Water Well	2,257,200	726,893
10/10/2011	3/31/2033	L1100008	2011 Energy Efficiency	503,558	314,660
8/1/2011	7/1/2034	L1200019	2012 Industrial Waste Anaerobic	590,350	403,674
6/1/2012	6/1/2031	PC-12-951-065	2012 Wastewater Treatment Plan	5,000,000	2,421,712
10/11/2012	6/1/2037	PC-13-961-059	2012 Industrial Sewer Extensions	2,000,000	1,220,096
8/5/2013	6/1/2032	PC-13-961-074	2013 Automated Reading System	5,000,000	2,631,579
12/31/2021	6/1/2039	PC20-96103-044	2020 Waterline Improvements	1,737,906	1,641,356
12/12/2013	10/1/2034	DM-11-952-038	2013 Design WTP Lagoons	3,514,800	2,284,620
Subtotal Intergovernmental Loans				37,507,007	17,913,474.71
Grand Total				131,804,713	63,720,697

City of Yakima
Interfund Borrowing
September 30, 2022

Description	Original Balance	Beginning Balance	Issued	Retired	Ending Balance
Millsite	800,000	800,000	1,000,000	201,412	\$ 1,598,588
Nelson Dam			3,299,691		\$ 3,299,691
Total across all funds	800,000	800,000	4,299,691	201,412	4,898,279

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



Committee Review of Investment Rationale

Date: August 24, 2022

Investment # 2022-1580 is a 2-year US Treasury (UST), face value \$2,000,000, maturing October 31, 2025, 0.25% coupon at 90.92578125 to yield 3.274%. This trade settles August 24, 2022 with Wedbush Securities, Inc., US Bank Safekeeping, reducing our elevated LGIP position caused by maturities called during 2022.

Liquidity: At July 31st, month-end, Key Bank checking account balance was \$11.4 million (target minimum is \$3 Million), US Bank checking balance was \$3.3 million and investment portfolio was \$53.0 million (target is \$64 million for Treasuries, Corporates and Agencies). Current LGIP balance was \$78.9 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 Fitch.

Yield. Yield is 3.274%. This investment is 115 basis points over LGIP, seeking to maximize yield in a conservative environment. LGIP's yield is expected to increase slowly over the next year. Comparable yields are:

LGIP current 30-day yield	2.115731%	www.secureaccess.wa.gov
3-year Treasury	3.3600%	Daily Treasury Yield Curve

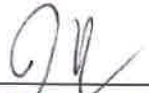
Callability. This investment is not callable (a bullet).

Diversification. This purchase brings this issuer to 30.% 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 3.32%, the 2-year at 03.32% the 3-year at 3.36%, and the 5-year at 3.17%. The Federal Reserve Bank has started increasing the rates. By filling maturity gaps in a shortened 3-4-year ladder, we minimize reinvestment risk while maximizing our earnings.

Investment Committee review:

Finance Director: 

Date 8/24/22

City Manager: 

Date 8/26/2022



Committee Review of Investment Rationale

Date: September 13, 2022

Investment # 2022-1581 is a 5-year US Treasury (UST), face value \$2,000,000, maturing December 31, 2025, 0.37% coupon at 90.372000 to yield 3.49%. This trade settles September 12, 2022 with Time Value Investments, Inc., US Bank Safekeeping, reducing our elevated LGIP position caused by maturities called during 2022.

Liquidity: At August 31st, month-end, Key Bank checking account balance was \$6.2 million (target minimum is \$3 Million), US Bank checking balance was \$6.5 million and investment portfolio was \$58.0 million (target is \$64 million for Treasuries, Corporates and Agencies). Current LGIP balance was \$72.1 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 Fitch.

Yield. Yield is 3.49%. This investment is 117 basis points over LGIP, seeking to maximize yield in an increasing environment. LGIP's yield is expected to continue increasing over the next year. Comparable yields are:

LGIP current 30-day yield	2.3151%	www.secureaccess.wa.gov
3-year Treasury	3.5500%	Daily Treasury Yield Curve

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

Diversification. This purchase brings this issuer to 24.% 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 3.58%, the 2-year at 03.50% the 3-year at 3.55%, and the 5-year at 3.39%. The Federal Reserve Bank has started increasing the rates. By filling maturity gaps in a shortened 3-4-year ladder, we minimize reinvestment risk while maximizing our earnings.

Investment Committee review:

Finance Director: 

Date 9/13/22

City Manager: 

Date 9/20/2022