

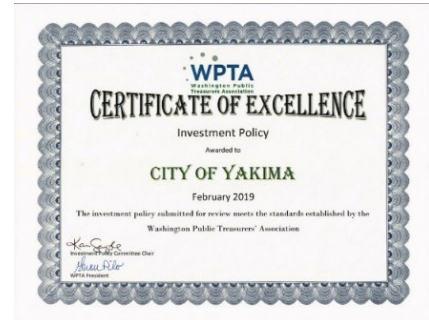


**Date:** April 4, 2023

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

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

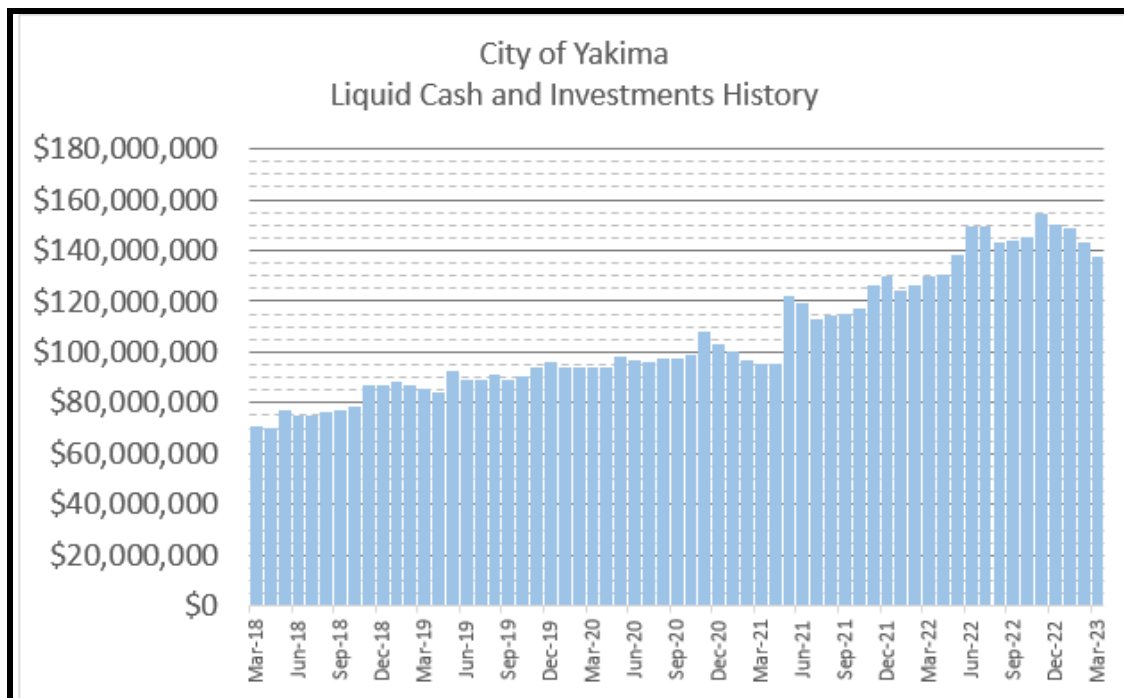
**Re:** 2023 – 1<sup>st</sup> Quarter Treasury Report



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.

**Total Cash and Investments** at Quarter-end total \$140.1 million: \$19.4 million in depository banks, \$57.7 million in the State Pool, and \$63.0 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 third quarter cash balances are lower due to payouts that are a result of settled union contracts.



### **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:

- 1541 \$1,000,000 FNMA matured 1/19/2023
- 1557 \$1,000,000 FFCB matured 2/02/2023
- 1577 \$1,000,000 US Treasury matured 3/31/2023

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

- 1584 \$2,000,000 US Treasury to mature 02/15/2026
- 1585 \$1,000,000 FHLB to mature 01/30/2024
- 1586 \$1,000,000 FFCB to mature 08/15/2024
- 1587 \$2,000,000 FHLB to mature 03/13/2026

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

Avg. weighted yield of <b>City</b> investments, excluding LGIP:	3.14%
LGIP State Pool 30-day yield:	4.74%

Weighted average maturity of <b>City</b> investments, excluding LGIP:	315 days
Weighted average maturity of LGIP State Pool 30-day yield:	20 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, 2023, the fixed income market does not show future confidence with the 1-year Treasury currently at 104 basis points higher than the 5-year Treasury, yielding 4.64% and 3.60% respectively. The 30-day yield of the State Pool Jumped from 4.10% to 4.74%, with a 20-day avg. maturity over last quarter.

**Economic Outlook.** Ultimately, the days of rampant inflation are behind us, shifting to moderate disinflation currently and which we fully expect to continue as the economic fundamentals deteriorate — putting deflation as a risk to look out for.

**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	57,714,422	48%
Treasuries	35,000,000	29%
Agencies	26,000,000	22%
Corporates	2,000,000	2%
	120,714,422	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 starting January 2023.

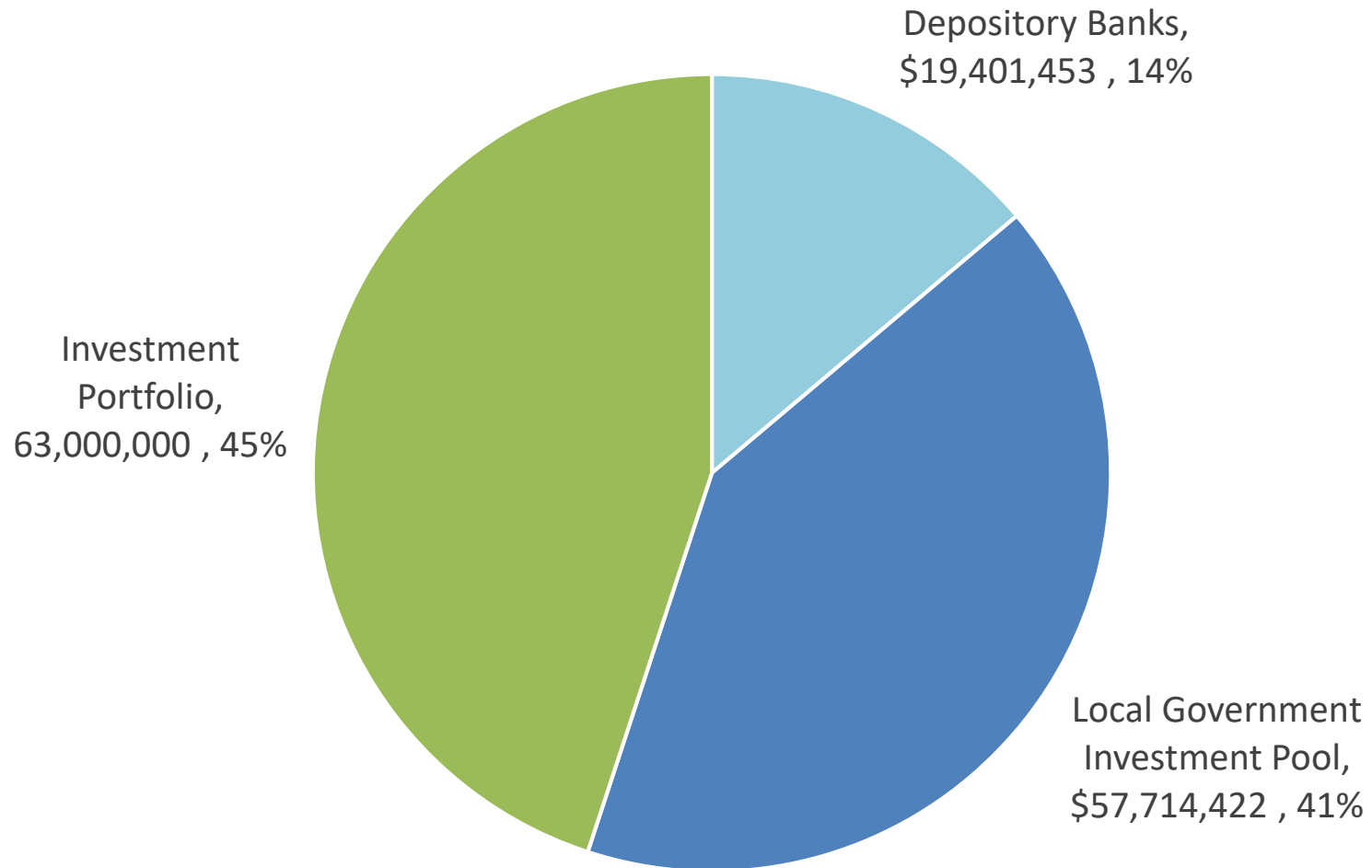
City of Yakima  
Cash and Investment Summary  
March 31, 2023

Description	Current 3/31/2023	Prior Quarter 12/31/2022	Prior Year 3/31/2022
Cash Balances on Hand in Banks	19,401,453.09	\$ 16,733,699	\$ 18,804,602
Local Government Investment Pool (LGIP)	57,714,422	74,964,080	63,652,095
Investment Portfolio	63,000,000	60,000,000	52,000,000
Total Investments	120,714,422	134,964,080	115,652,095
Total Cash and Investments	\$ 140,115,875	\$ 151,697,779	\$ 134,456,697

Summary of Investment Activity	Beg Balance 12/31/2022	Purchases & Deposits	Interest Reinvested	Maturities, Calls & Withdrawals	End Balance 3/31/2023
Local Government Investment Pool (LGIP)	\$ 74,964,080	\$ -	\$ 750,342	\$ (18,000,000)	\$ 57,714,422
Investment Portfolio	60,000,000	6,000,000	-	(3,000,000)	63,000,000
Total Investments	\$ 134,964,080	\$ 6,000,000	\$ 750,342	\$ (21,000,000)	\$ 120,714,422

# City of Yakima

Distribution of Cash and Investments as of 03/31/2023

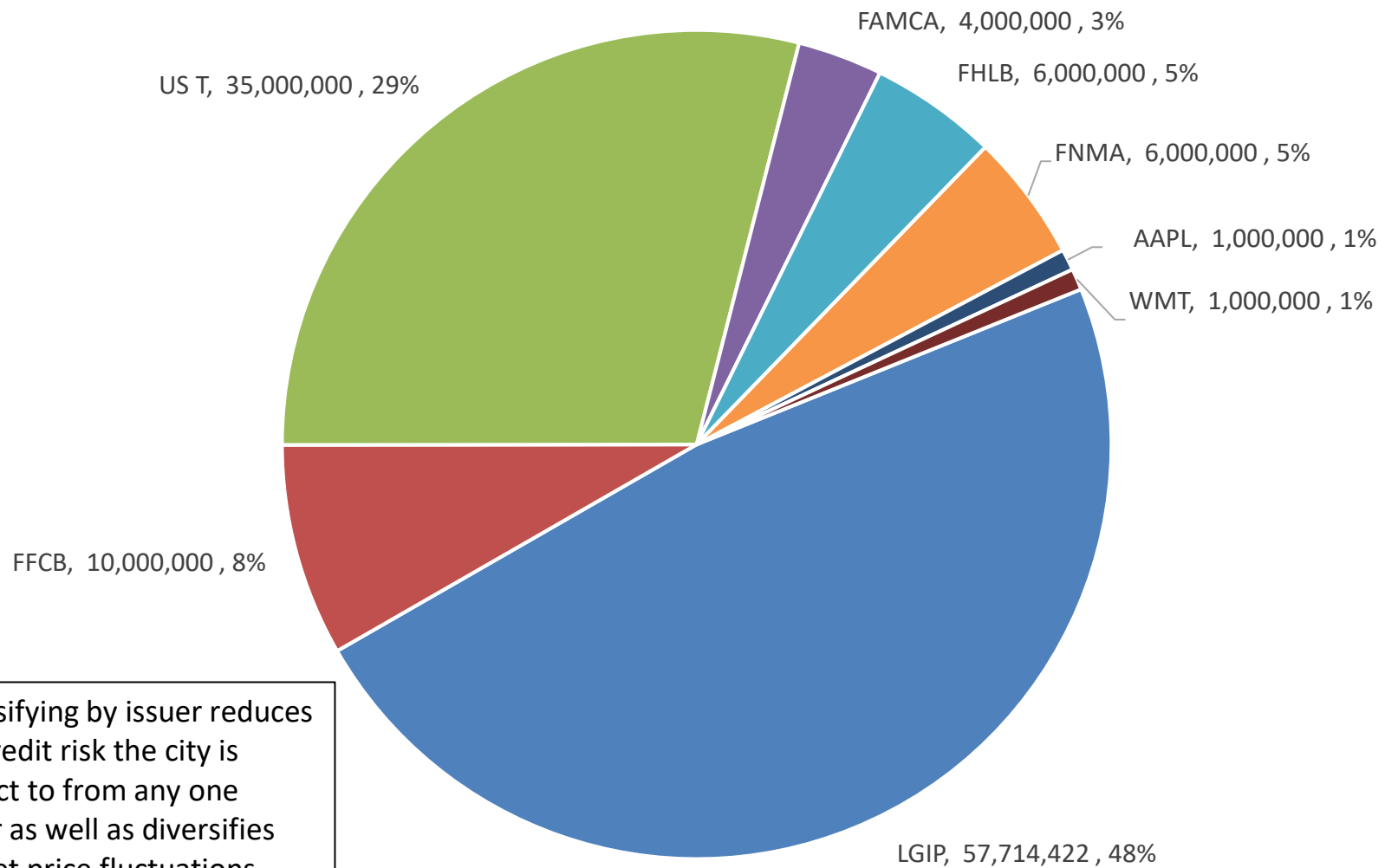


City of Yakima  
Investment Portfolio - Inventory by Agency  
March 31, 2023

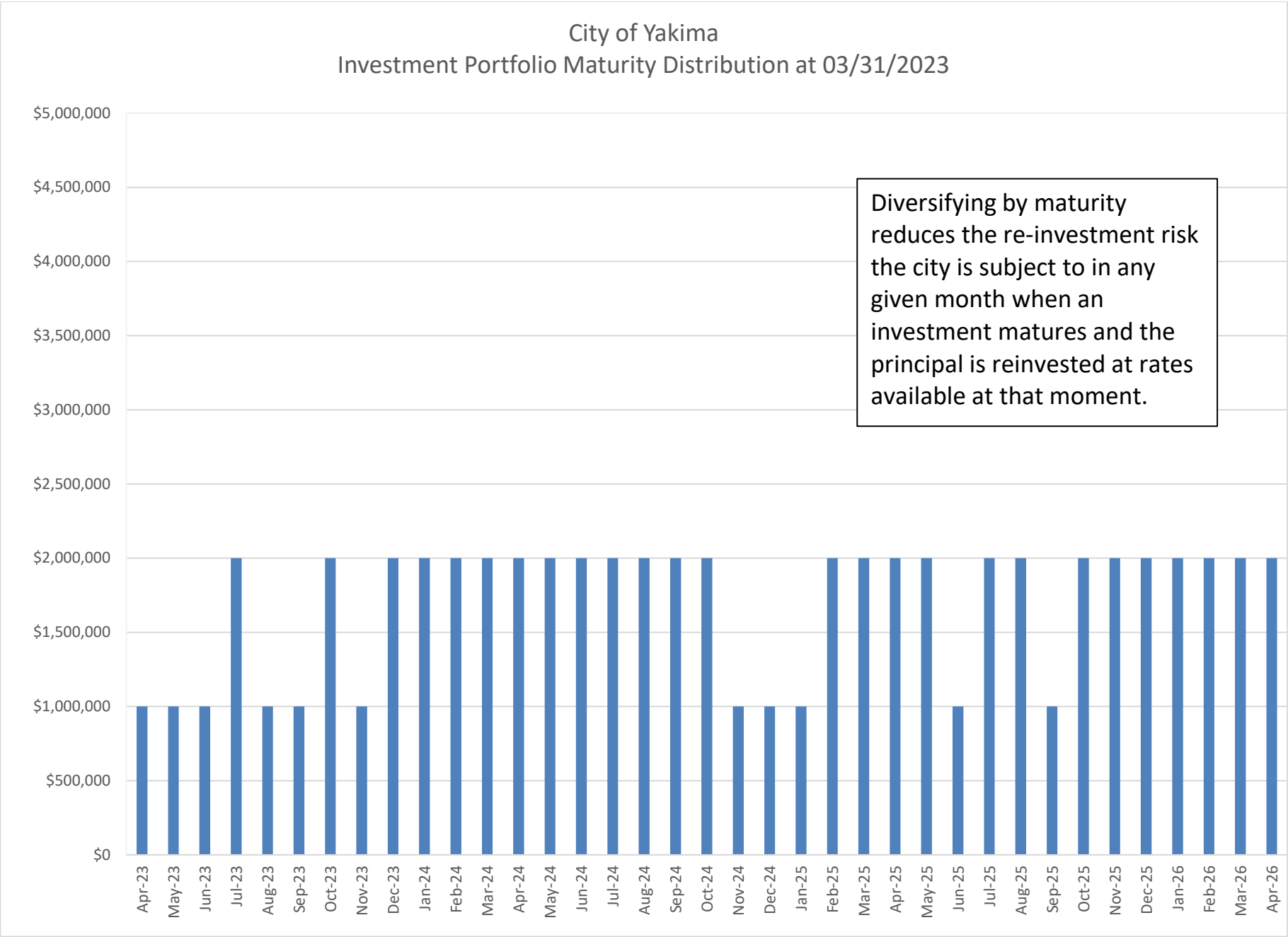
Agency	Inv#	CUSIP	Face Value	Price	Coupon	Expected Yield	Settle	Maturity	Days to Maturity	Market	Call Type	Moody's	S&P	Fitch	Next Call	Most Likely Call
FFCB	1570	3133EMVP4	1,000,000	997,850	0.125	0.270	10/18/21	4/13/23	13	998,256	NC	Aaa	AA+	AAA	NC	4/13/23
AAPL	1516	037833AK6	1,000,000	991,000	2.400	2.634	4/8/19	5/3/23	33	998,324	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	87	996,683	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	110	1,971,922	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	153	991,719	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	172	991,834	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	200	1,977,776	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	215	981,547	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	250	1,974,038	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	285	974,858	NC	NA	NA	NA	NC	1/10/24
FHLB	1585	3130AUQC1	1,000,000	1,000,904	4.875	4.780	2/3/23	1/30/24	305	1,000,593	NC	NA	NA	NA	NC	1/30/24
FNMA	1540	3135G0V34	1,000,000	1,032,055	2.500	1.710	11/14/19	2/5/24	311	982,728	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	311	982,728	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	366	1,951,016	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	380	957,070	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	396	975,234	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	427	1,942,578	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	432	970,769	NC	NA	NA	NA	NC	6/5/24
FFCB	1585	3133ENG20	1,000,000	985,011	3.300	4.320	2/3/23	8/15/24	503	984,485	NC	Aaa	AA+	AAA	NC	8/15/24
US T	1566	91282CCG4	1,000,000	994,102	0.250	0.451	6/30/21	6/15/24	442	950,000	NC	Aaa	NA	AAA	NC	6/15/24
US T	1563	9128282N9	2,000,000	2,112,813	2.125	0.352	5/16/21	7/31/24	488	1,939,610	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	519	965,039	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	549	1,916,954	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	580	1,913,438	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	588	954,341	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	623	971,084	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	644	955,754	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	700	1,888,204	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	731	1,862,578	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	761	926,055	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	761	926,055	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	792	1,842,344	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	822	920,000	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	853	1,833,204	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	914	913,164	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	945	1,819,140	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	1,006	1,818,438	NC	Aaa	NA	AAA	NC	12/31/25
US T	1582	9128286A3	2,000,000	1,891,374	2.625	4.450	11/9/22	1/31/26	1,037	1,930,234	NC	Aaa	NA	AAA	NC	1/31/26
US T	1584	912828P46	2,000,000	1,877,584	1.625	3.750	1/18/23	2/15/26	1,052	1,876,406	NC	Aaa	NA	AAA	NC	2/15/26
FNMA	1578	3135G05X7	2,000,000	1,844,334	0.375	2.870	5/12/22	8/25/25	878	1,827,684	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	970	1,930,016	NC	Aaa	AA+	NA	NC	11/25/25
FHLB	1587	3130AUU36	2,000,000	1,984,286	4.125	4.400	2/22/2023	3/13/26	1,078	2,000,788	NC	Aaa	AA+	NA	NC	3/13/26
FNMA	1583	3135G0K36	2,000,000	1,880,612	2.125	4.040	12/13/22	4/24/26	1,120	1,893,434	NC	Aaa	AA+	AAA	NC	4/24/26
Subtotal	43		63,000,000	62,794,312	Avg.					60,378,122						
LGIP	LGIP	NA	57,714,422	57,714,422	4.740	4.740	NA	NA	1	57,714,422	NC				NA	NA
<b>Grand Totals</b>			<b>\$ 120,714,422</b>	<b>\$ 120,508,733</b>		3.14%			<b>315</b>	<b>\$ 118,092,544</b>						

# City of Yakima

## Investment Portfolio by Issuer at 03/31/2023



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  
March 31, 2023

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	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
<b>Federal Farm Credit Bureau</b>					
FFCB	1537	1,000,000	-	-	1,000,000
FFCB	1538	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	1586		1,000,000		1,000,000
FFCB Total		10,000,000	1,000,000	(1,000,000)	10,000,000
<b>Federal Home Loan Bank</b>					
FHLB	1554	1,000,000	-	-	1,000,000
FHLB	1558	2,000,000		-	2,000,000
FHLB	1585		1,000,000		1,000,000
FHLB	1587		2,000,000		2,000,000
FHLB Total		3,000,000	3,000,000	-	6,000,000
<b>Federal National Management Association</b>					
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	1583	2,000,000			2,000,000
FNMA Total		7,000,000	-	(1,000,000)	6,000,000
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	1582	2,000,000			2,000,000
US Treasury	1584		2,000,000		2,000,000
US Treasury		34,000,000	2,000,000	(1,000,000)	35,000,000
<b>Corporate Notes</b>					
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		60,000,000	6,000,000	(3,000,000)	63,000,000
Other Investments		-	-	-	-
LGIP (State Pool)	LGIP	74,964,080	750,342	(18,000,000)	57,714,422
Other Investment Totals		74,964,080	750,342	(18,000,000)	57,714,422
<b>Grand Totals</b>		<b>\$ 134,964,080</b>	<b>\$ 6,750,342</b>	<b>\$ (21,000,000)</b>	<b>\$ 120,714,422</b>

City of Yakima  
Long Term Debt Schedule - by Project Group  
March 31, 2023

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	57,762.00
6/20/2013	12/1/2028	Street Project Demonstration (Refunded)	Various City street improvements	3,500,000	2,131,593.99
6/9/2014	6/1/2024	Street Resurfacing Project	Streets improvements	13,140,000	3,140,000.00
9/24/2018	6/1/2035	Soccer Complex (Refunded)	City portion of SOZO Sports Complex	4,440,127	3,687,225.51
9/24/2018	12/1/1942	2018 Aquatic Center YMCA	City portion of Aquatic Center	8,009,873	7,858,022.06
4/21/2020	12/1/2032	2020B Capital Theatre 09 Refunded	2020B Capital Theatre 09 Refunded	4,910,000	3,890,000.00
4/21/2020	12/1/2044	2020B Convention Center Addition	2020B Convention Center Addition	12,620,000	11,685,000.00
4/21/2020	12/1/2044	2020B Convention Center Addition III Refu	2020B Convention Center Addition III Refunded	2,495,000	2,310,000.00
<b>Subtotal General Obligation Bonds</b>				50,545,528	34,759,603.56
<b>Certificate of Participation - State of Washington</b>					
3/19/2013	6/1/2023	Fire Apparatus	One truck	310,414	38,259.16
9/28/2017	6/1/2027	Energy Project	2017 Energy Project (lighting)	921,863	523,257.55
7/21/2020	6/1/2035	Energy Project	2020 Energy Efficiency Project (lighting)	1,415,000	1,285,000.00
9/28/2017	6/1/2027	Fire Aerial & Pump App	Fire Aerial	1,268,053	719,898.18
<b>Subtotal Certificates of Participation</b>				3,915,330	2,566,414.89
<b>Revenue Bonds</b>					
43942	12/1/2034	2020 Ref 04 Irrigation	2020 Ref 04 Irrigation	3,260,000	2,720,000.00
43942	12/1/2027	2020 Ref 08 WS Rev	2020 Ref 08 WS Rev	2,590,000	1,760,000.00
5/31/2012	11/1/2023	Wastewater	Refunded 2003 \$10,155,000 issue	9,400,000	1,120,000.00
<b>Subtotal Revenue Bonds</b>				15,250,000	5,600,000.00
<b>Intergovernmental Loans</b>					
8/14/2009	7/1/2028	PC-08-951-052	2009 Railroad Grade Separation	3,000,000	990,601.50
5/6/2010	6/1/2034	L1000030-0	2010 Railroad Grade Separation	1,149,841	819,997.26
6/17/2014	5/1/2034	Comm Center Move	City portion of County GO Bonds	1,716,500	1,170,000.00
9/30/2015	6/1/2023	'15 Yak Co SIED - 21st Ave/Airport	2015 Yakima Co SIED Loan - 21st Ave/Airport	307,000	56,706.49
6/1/2016	6/1/2027	'16 Yak Co SIED - SOZO	2016 Yakima Co SIED Loan - SOZO	900,000	491,602.88
11/21/2017	6/1/2024	'17 Yak Co SIED - YV Brewing Project	2017 Yakima Co SIED Loan - YV Brewing Project	61,580	27,016.40
7/17/2018	6/1/2029	'18 Yak Co SIED - River Rd.	2018 Yakima Co SIED - River Rd Improvements/Aquatics Center	500,000	380,436.20
3/2/2021	6/1/1932	21 Yak Co Seid - SOZO	2021 Yakima Co Seid Loan SOZO	1,000,000	1,000,000.00
9/1/2003	6/1/2023	PW-03-691-027	2003 Naches WTP Improvements	2,694,500	134,725.00
6/27/2005	10/1/2025	SRF-04-65104-037	2005 Naches River WTP Filter Rehab	966,772	141,217.94
12/30/2005	6/1/2025	PW-05-691-064	2005 River Road Sewer	2,307,000	372,737.33
4/30/2007	6/1/2027	PW-07-962-019	2007 Ultra Violet Disinfection	2,300,000	606,944.43
4/15/2009	6/1/2028	PC-08-951-051	2009 New Water Well	2,257,200	726,892.95
10/10/2011	3/31/2033	L1100008	2011 Energy Efficiency	503,558	301,678.47
8/1/2011	7/1/2034	L1200019	2012 Industrial Waste Anaerobic	590,350	389,245.51
6/1/2012	6/1/2031	PC-12-951-065	2012 Wastewater Treatment Plan	5,000,000	2,421,712.26
10/11/2012	6/1/2037	PC-13-961-059	2012 Industrial Sewer Extensions	2,000,000	1,220,095.73
8/5/2013	6/1/2032	PC-13-961-074	2013 Automated Reading System	5,000,000	2,631,578.95
12/31/2021	6/1/2039	PC20-96103-044	2020 Waterline Improvements	1,737,906	1,641,355.99
12/12/2013	10/1/2034	DM-11-952-038	2013 Design WTP Lagoons	3,514,800	2,108,880.02
<b>Subtotal Intergovernmental Loans</b>				37,507,007	17,633,425.31
<b>Grand Total</b>				107,217,865	60,559,443.76

City of Yakima  
**Interfund Borrowing**  
 March 31, 2023

Description	Original Balance	Beginning Balance	Issued	Retired	Ending Balance
Millsite	800,000	1,313,333.35		(4,462.81)	1,317,796.16
Nelson Dam		3,299,691.00		299,971.92	2,999,719.08
Total across all funds	800,000	4,613,024.35	-	295,509.11	4,317,515.24

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



## Committee Review of Investment Rationale

Date: January 17, 2023

**Investment # 2023-1584 is a 10-year US Treasury (UST), face value \$2,000,000, maturing February 15, 2026, 1.64% coupon at 93.8792 to yield 3.75%.** This trade settles February 18, 2023 with Time Value Investments, Inc., US Bank Safekeeping, reducing our elevated LGIP position caused by maturities called during 2022.

**Liquidity:** At December 31<sup>st</sup>, month-end, Key Bank checking account balance was \$6.3 million (target minimum is \$3 Million), US Bank checking balance was \$8.6 million and investment portfolio was \$60.0 million (target is \$64 million for Treasuries, Corporates and Agencies). Current LGIP balance was \$74.9 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 3.75%. This investment is 56 basis points under LGIP, seeking to maximize yield in an increasingly volatile environment. LGIP's yield is expected to continue fluctuating over the next year. Comparable yields are:

LGIP current 30-day yield	4.306%	<a href="http://www.secureaccess.wa.gov">www.secureaccess.wa.gov</a>
3-year Treasury	3.880%	Daily Treasury Yield Curve

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

**Diversification.** This purchase brings this issuer to 26.3% of total portfolio.

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

**Outlook.** The yield curve is lower than last month and appears to be fluctuating daily; the 1-year Treasury at 4.69%, the 2-year at 04.22% the 3-year at 3.88%, and the 5-year at 3.60%. 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 1/17/23City Manager: Date 1/17/2023



## Committee Review of Investment Rationale

Date: February 2, 2023

**Investment # 2023-1585 is a 1-year Federal Home Loan Bank (FHLB), face value \$1,000,000, maturing January 30 2024, 4.875% coupon purchased at 100.0904 to yield 4.78%. This trade settles February 3, 2023 with Wedbush Securities, US Bank Safekeeping. This investment adds to an existing investment on the investment ladder, taking advantage of the higher yields for shorter investments.**

**Liquidity:** At January 31<sup>st</sup>, month-end, Key Bank checking account balance was \$8.3 million (target minimum is \$3 Million), US Bank checking balance was \$7.4 million and investment portfolio was \$62.0 million (target is \$64 million for Treasuries, Corporates and Agencies). Current LGIP balance was \$72.2 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 4.780%. This investment is 40 basis points over LGIP, seeking to protect yield in an uncertain environment. LGIP's yield is expected to level off over the next two years. Comparable yields are:

LGIP current 30-day yield	4.3763%	www.secureaccess.wa.gov
2-year Treasury	4.0900%	Treasury.gov
3-year Treasury	3.7500%	Treasury.gov

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

**Diversification.** This purchase brings this issuer to 3.0% of total portfolio.

This investment adds to an existing investment on the investment ladder, taking advantage of the higher yields for shorter investments.

**Outlook.** The yield curve is currently high; the 1-year Treasury at 4.66%, the 2-year at 4.09% the 3-year at 3.75%, and the 5-year at 3.48%. The Federal Reserve Bank slowed its drive to rein in inflation and said further interest-rate hikes are in store as officials debate when to end their most aggressive tightening of credit in four decades.

**Investment Committee review:**

Finance Director: \_\_\_\_\_

Date 2.3.2023

City Manager: \_\_\_\_\_

Date 2/7/2023



## Committee Review of Investment Rationale

Date: February 2, 2023

**Investment # 2023-1586** is a 2-year Federal Farm Credit Bank (FFCB), face value \$1,000,000, maturing August 15, 2024, 3.30% coupon purchased at 98.5011 to yield 4.32%. This trade settles February 3, 2023 with Wedbush Securities, US Bank Safekeeping. This investment replaces a FFCB investment that matured on 02-02-2023.

**Liquidity:** At January 31<sup>st</sup>, month-end, Key Bank checking account balance was \$8.3 million (target minimum is \$3 Million), US Bank checking balance was \$7.4 million and an investment portfolio was \$62.0 million (target is \$64 million for Treasuries, Corporates and Agencies). Current LGIP balance was \$72.2 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 4.3200%. This investment is 6 basis points under LGIP, seeking to protect yield in an uncertain environment. LGIP's yield is expected to level off over the next two years. Comparable yields are:

LGIP current 30-day yield	4.3763%	www.secureaccess.wa.gov
2-year Treasury	4.0900%	Treasury.gov
3-year Treasury	3.7500%	Treasury.gov

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

**Diversification.** This purchase brings this issuer to 7.4% of total portfolio.

This investment adds to an existing investment on the investment ladder, taking advantage of the higher yields for shorter investments.

**Outlook.** The yield curve is currently high; the 1-year Treasury at 4.66%, the 2-year at 4.09% the 3-year at 3.75%, and the 5-year at 3.48%. The Federal Reserve Bank slowed its drive to rein in inflation and said further interest-rate hikes are in store as officials debate when to end their most aggressive tightening of credit in four decades.

**Investment Committee review:**Finance Director: Date 2.3.2023City Manager: Date 2/7/2023



## Committee Review of Investment Rationale

Date: February 21, 2023

**Investment # 2023-1587 is a 3-year Federal Home Loan Bank (FHLB), face value \$2,000,000, maturing March 13, 2026, 4.12% coupon purchased at 99.2143 to yield 4.40%.** This trade settles February 22, 2023 with Time Value Investments, Inc., US Bank Safekeeping, reducing our elevated LGIP position caused by maturities called during 2023.

**Liquidity:** At January 31<sup>st</sup>, month-end, Key Bank checking account balance was \$8.3 million (target minimum is \$3 Million), US Bank checking balance was \$7.4 million and an investment portfolio was \$62.0 million (target is \$64 million for Treasuries, Corporates and Agencies). Current LGIP balance was \$72.2 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 4.4000%. This investment is 13 basis points under LGIP and 7 basis points over a 3-year treasury, seeking to protect yield in an uncertain environment. Comparable yields are:

LGIP current 30-day yield	4.5262%	www.secureaccess.wa.gov
5year Treasury	4.0300%	Treasury.gov
3-year Treasury	4.3300%	Treasury.gov

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

**Diversification.** This purchase brings this issuer to 4.4% of total portfolio.

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

**Outlook.** The yield curve is currently high; the 1-year Treasury at 5.00%, the 2-year at 4.60% the 3-year at 4.33%, and the 5-year at 4.03%. The Federal Reserve Bank slowed its drive to rein in inflation and said further interest-rate hikes are in store as officials debate when to end their most aggressive tightening of credit in four decades.

**Investment Committee review:**Finance Director: Date 2/22/23City Manager: Date 2/24/2023