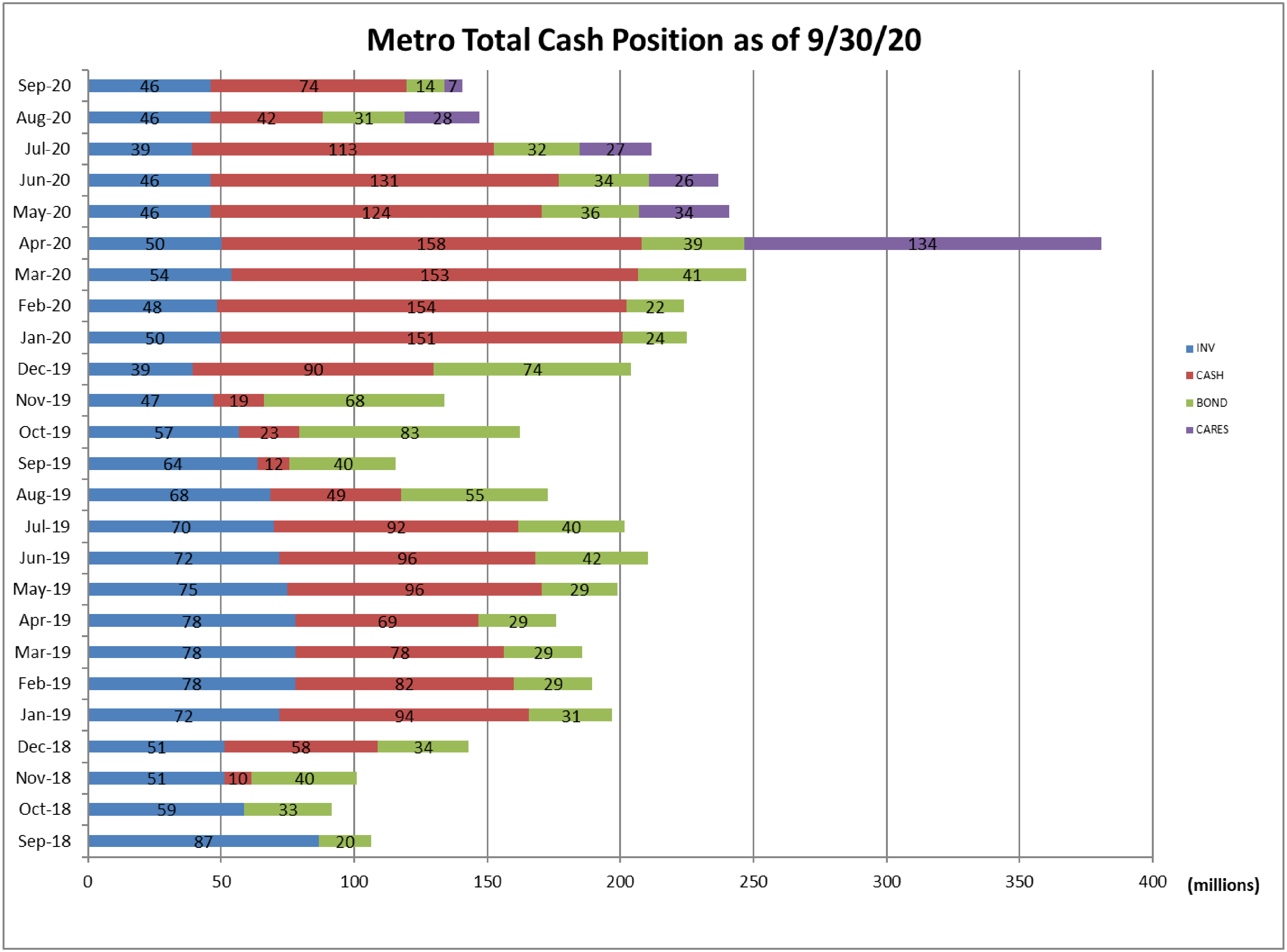
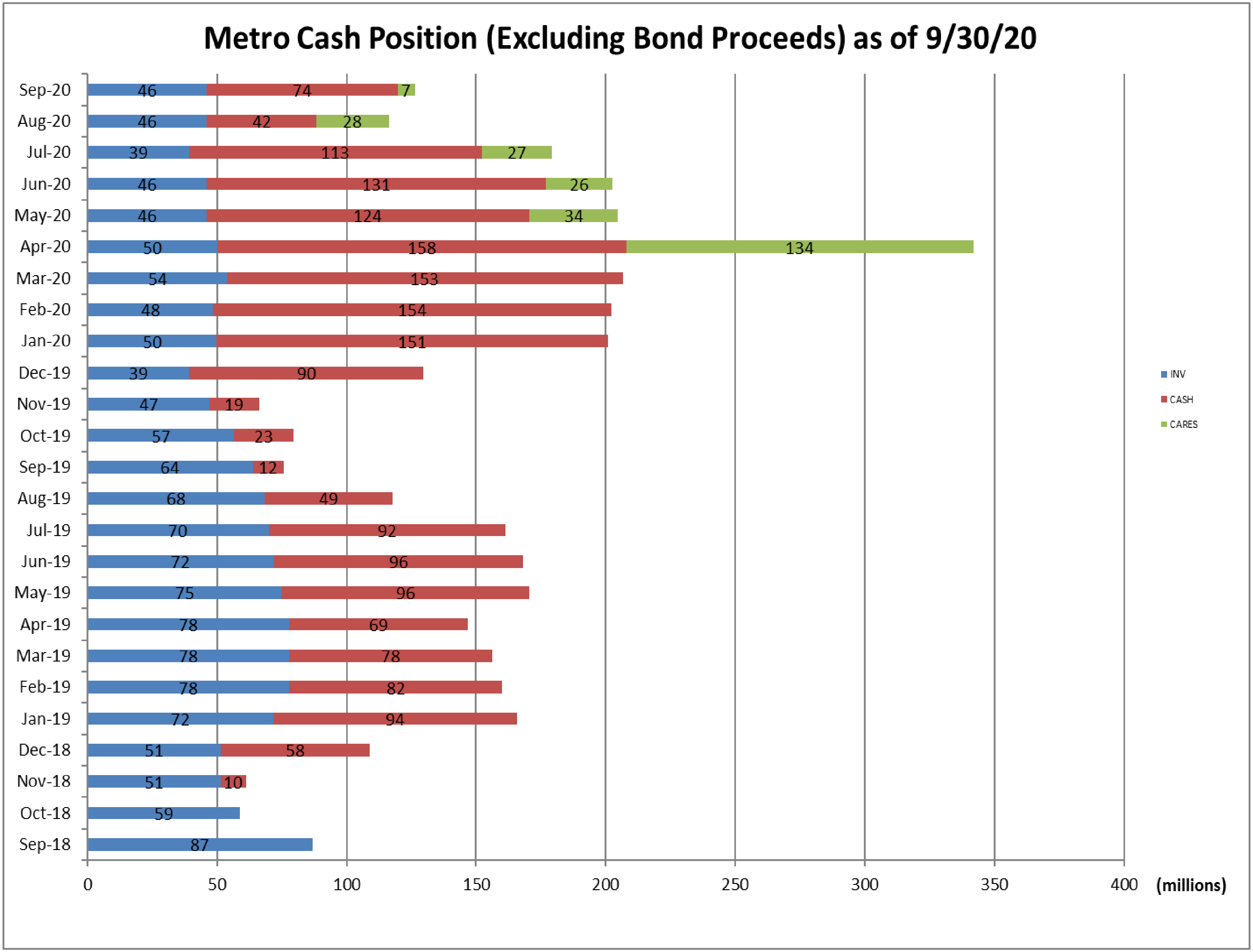
Louisville Metro Investment Council

METRO Louisville

October 14, 2020

PORTFOLIO COMPOSITION


Metro Total Cash Position as of 9/30/20
Sep-20 46 74 14 7
Aug-20 46 42 31 28
Jul-20 39 113 32 27
Jun-20 46 131 34 26
May-20 46 124 36 34
Apr-20 50 158 39 134
Mar-20 54 153 41
Feb-20 48 154 22
Jan-20 50 151 24
Dec-19 39 90 74
Nov-19 47 19 68
Oct-19 57 23 83
Sep-19 64 12 40
Aug-19 68 49 55
Jul-19 70 92 40
Jun-19 72 96 42
May-19 75 96 29
Apr-19 78 69 29
Mar-19 78 78 29
Feb-19 78 82 29
Jan-19 72 94 31
Dec-18 51 58 34
Nov-18 51 10 40
Oct-18 59 33
Sep-18 87 20
0 50 100 150 200 250 300 350 400
(millions)
INV
CASH
BOND
CARES


Metro Cash Position (Excluding Bond Proceeds) as of 9/30/20
Sep-20 46 74 7
Aug-20 46 42 28
Jul-20 39 113 27
Jun-20 46 131 26
May-20 46 124 34
Apr-20 50 158 134
Mar-20 54 153
Feb-20 48 154
Jan-20 50 151
Dec-19 39 90
Nov-19 47 19
Oct-19 57 23
Sep-19 64 12
Aug-19 68 49
Jul-19 70 92
Jun-19 72 96
May-19 75 96
Apr-19 78 69
Mar-19 78 78
Feb-19 78 82
Jan-19 72 94
Dec-18 51 58
Nov-18 51 10
Oct-18 59
Sep-18 87
0
50
100
150
200
250
300
350
400
(millions)
INV
CASH
CARES

Acc Int / Amort / Mkt Val

Lou / Jeff Cty Metro Finance

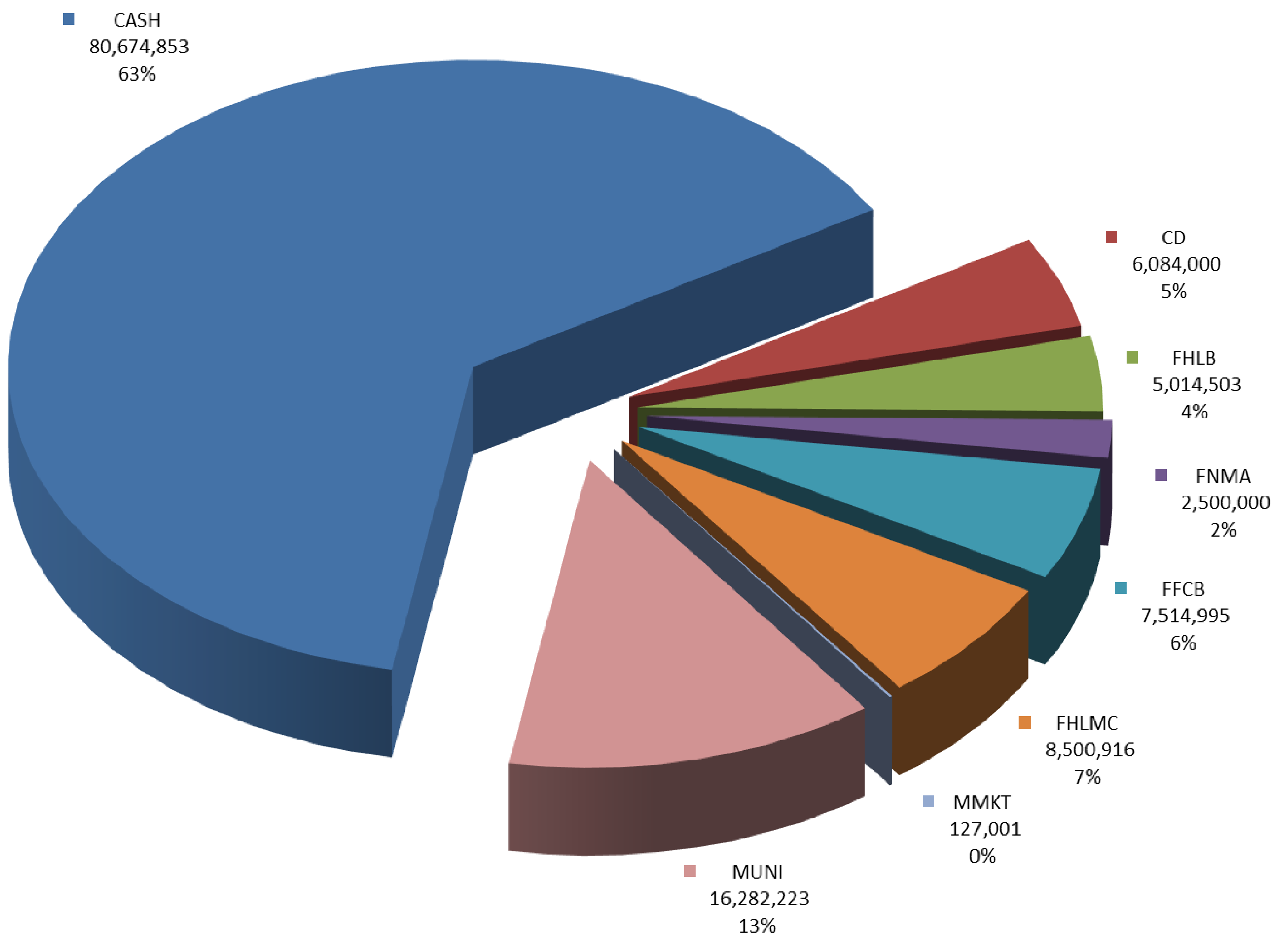
Effective Interest - Callable Life

Receipts in Period

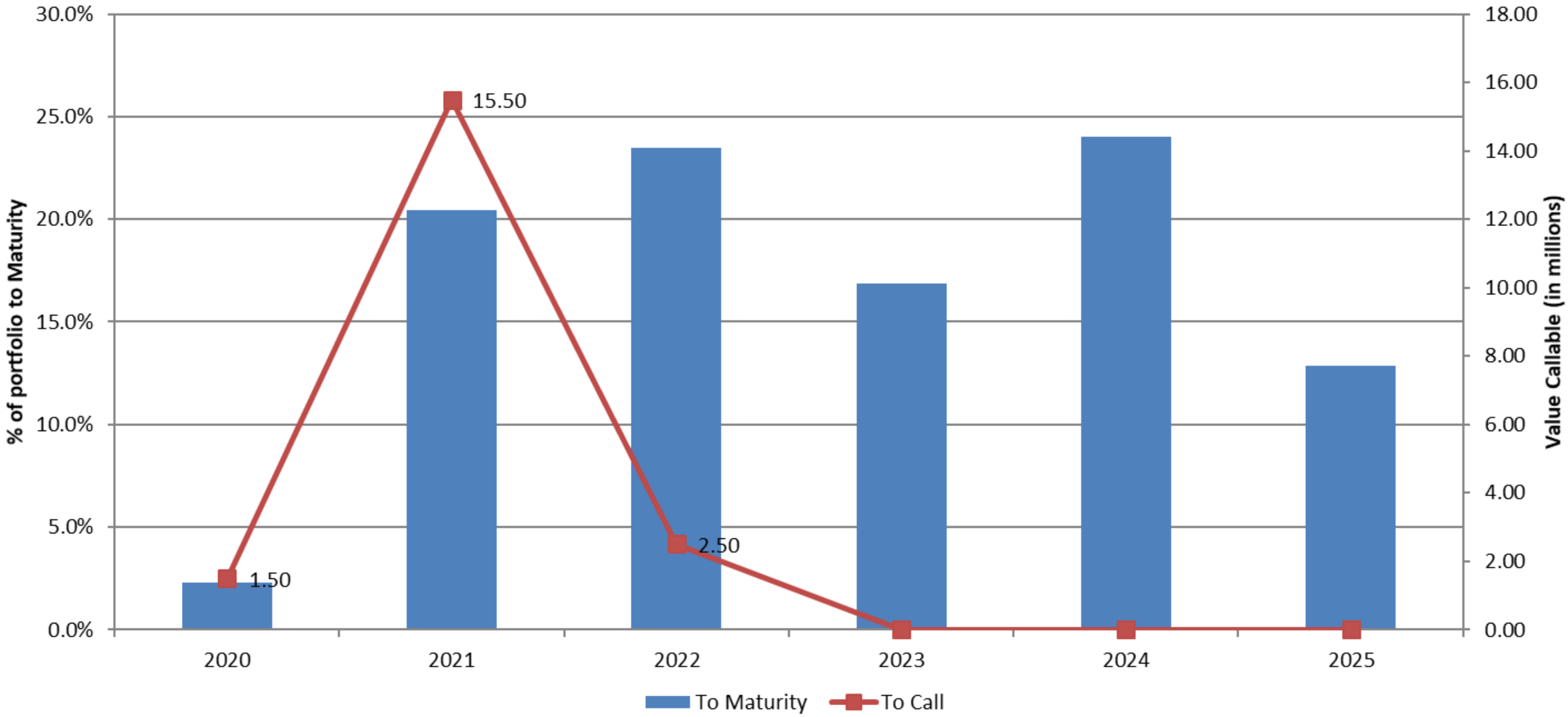
9/30/2020

	Invest Number	CUSIP	Security Description	Call Date	Purchase Date	Ending Par Val/Shares	Ending Amor Val/Cost	Ending Market Val	Amortization Purch/Date	PTD Purch Received	Int/Div Rec Purch/Date	Int/Div Accrued Purch/Date	Purch Int + Acc Int
Cash	AR-0046	METRO CONC 53- 714868609	Cash Account	Open	09/22/08	77,839,987.21	77,839,987.21	77,839,987.21	0.00	0.00	2,804,360.62	0.00	0.00
	AR-0054	METRO SAFEKEEPING - 1050996303	Cash Account	Open	12/30/16	2,834,866.25	2,834,866.25	2,834,866.25	0.00	0.00	237,490.21	4,591.72	4,591.72
	Cash Total					**80,674,853.46**	**80,674,853.46**	**80,674,853.46**	**0.00**	**0.00**	**3,041,850.83**	**4,591.72**	**4,591.72**
Certificate of Deposit	18-0058	211163GW4	CONT BANK UTAH 2.10 07/26/21	Open	01/26/18	250,000.00	250,000.00	250,000.00	0.00	0.00	13,117.81	977.08	977.08
	18-0059	55266CYB6	MB FINL BK ILL 2.35 01/26/22	Open	01/26/18	250,000.00	250,000.00	250,000.00	0.00	0.00	15,677.39	65.28	65.28
	18-0060	58404DBA8	MEDALLION BK UTAH 2.40 01/26/22	Open	01/26/18	250,000.00	250,000.00	250,000.00	0.00	0.00	16,010.96	66.67	66.67
	18-0061	857894WJ4	STEARNS BK MINN 2.20 01/26/21	Open	01/26/18	250,000.00	250,000.00	250,000.00	0.00	0.00	14,676.61	61.11	61.11
	18-0062	27113PCG4	EAST BOSTON SVGS 2.30 07/30/21	Open	01/30/18	250,000.00	250,000.00	250,000.00	0.00	0.00	14,367.12	1,006.25	1,006.25
	18-0065	501798LQ3	LCA BANK CORPORATION 2.60 02/28/22	Open	02/28/18	246,000.00	246,000.00	246,000.00	0.00	0.00	15,981.23	604.07	604.07
	18-0067	856285JS1	ST BK IND NYC 3.00 03/06/23	Open	03/06/18	246,000.00	246,000.00	246,000.00	0.00	0.00	18,500.55	512.50	512.50
	18-0068	254673MW3	DISCOVER BANK 2.65 03/08/21	Open	03/07/18	246,000.00	246,000.00	246,000.00	0.00	0.00	16,342.15	416.49	416.49
	18-0070	75272LAD8	RANDOLPH SAVINGS BANK 2.60 03/09/22	Open	03/09/18	246,000.00	246,000.00	246,000.00	0.00	0.00	16,033.80	390.87	390.87
	19-0021	38148P5B9	GOLDMAN SACHS NYC 3.10 02/13/24	Open	02/14/19	250,000.00	250,000.00	250,000.00	0.00	21.23	11,614.38	1,040.41	1,061.64
	19-0022	61690UEH9	MORGAN STANLEY, SALT LK CITY 3.05 02/14/24	Open	02/14/19	250,000.00	250,000.00	250,000.00	0.00	0.00	11,427.05	1,002.74	1,002.74
	19-0023	949763XQ4	WELLS FARGO SIOUX FALLS 3.10 02/13/24	Open	02/14/19	250,000.00	250,000.00	250,000.00	0.00	20.50	12,272.63	365.97	387.20
	19-0025	06426KBA5	BANK OF NEW ENGLAND SALEM 2.85 02/15/24	Open	02/15/19	250,000.00	250,000.00	250,000.00	0.00	0.00	11,282.88	292.81	292.81
	19-0026	17312Q2V0	CITIBANK SIOUX FALLS 3.00 02/15/24	Open	02/15/19	250,000.00	250,000.00	250,000.00	0.00	0.00	11,239.73	965.75	965.75
	19-0029	87270LBU6	TIAA FSB JACKSONVILLE 3.00 02/22/24	Open	02/22/19	250,000.00	250,000.00	250,000.00	0.00	0.00	11,239.73	821.92	821.92
	20-0002	2000772	LIBERTY BANK 1.80 10/07/20	Open	10/07/19	100,000.00	100,000.00	100,000.00	0.00	0.00	1,504.14	270.00	270.00
	20-0039	33852	LIBERTY BANK 0.41 05/07/21	Open	05/07/20	1,000,000.00	1,000,000.00	1,000,000.00	0.00	0.00	673.97	968.06	968.06
	20-0041	33867	LIBERTY BANK 0.31 06/07/21	Open	06/08/20	1,000,000.00	1,000,000.00	1,000,000.00	0.00	0.00	263.29	731.94	731.94
	21-0017	CD1499	YCB 0.149 07/23/21	Open	08/23/20	250,000.00	250,000.00	250,000.00	0.00	0.00	0.00	39.32	39.32
	Certificate of Deposit Total					**6,084,000.00**	**6,084,000.00**	**6,084,000.00**	**0.00**	**41.73**	**212,225.42**	**10,599.24**	**10,641.70**
FFCB	19-0014	3133EJP60	FFCB 3.00 05/02/23	Open	01/29/19	2,000,000.00	2,016,290.99	2,143,720.00	-9,909.01	14,500.00	90,000.00	24,833.33	39,333.33
	20-0021	3133ELKR4	FFCB 1.54 02/03/22	02/03/21	02/03/20	2,000,000.00	2,000,000.00	2,007,860.00	0.00	0.00	15,400.00	4,962.22	4,962.22
	21-0001	3133EL3H5	FFCB 0.57 08/12/25	08/12/21	08/12/20	1,500,000.00	1,498,703.83	1,499,010.00	203.83	0.00	0.00	1,163.75	1,163.75
	21-0002	3133EL3R3	FFCB 0.44 08/12/24	02/12/21	08/12/20	2,000,000.00	2,000,000.00	1,998,880.00	0.00	0.00	0.00	1,197.78	1,197.78
	FFCB Total					**7,500,000.00**	**7,514,994.82**	**7,649,470.00**	**-9,705.18**	**14,500.00**	**105,400.00**	**32,157.08**	**46,657.08**
FHLB	19-0006	3130AFE78	FHLB 3.00 12/09/22	Open	01/29/19	2,000,000.00	2,014,502.62	2,121,840.00	-10,497.38	9,861.11	95,500.00	18,666.67	32,500.00
	20-0015	3130AHWX7	FHLB 1.64 07/22/22	01/22/21	01/24/20	2,000,000.00	2,000,000.00	1,990,280.00	0.00	182.22	16,400.00	6,286.67	6,468.89
	20-0023	3130AHYF4	FHLB 1.64 02/10/23	02/10/21	02/10/20	1,000,000.00	1,000,000.00	994,120.00	0.00	0.00	8,200.00	2,323.33	2,323.33
	FHLB Total					**5,000,000.00**	**5,014,502.62**	**5,106,240.00**	**-10,497.38**	**10,043.33**	**120,100.00**	**27,276.67**	**41,292.22**
FHLMC	20-0029	3134GVDC9	FHLMC 1.70 11/20/23	11/20/20	03/04/20	1,500,000.00	1,500,916.35	1,502,535.00	-3,855.15	3,683.33	6,375.00	9,279.17	10,270.84
	21-0003	3134GWKE5	FHLMC 0.35 08/17/23	02/17/21	08/17/20	1,000,000.00	1,000,000.00	998,980.00	0.00	0.00	0.00	427.78	427.78
	21-0007	3134GWQN9	FHLMC 0.625 08/19/25	02/19/21	08/19/20	2,000,000.00	2,000,000.00	2,000,200.00	0.00	0.00	0.00	1,458.33	1,458.33
	21-0013	3134GWNG7	FHLMC 0.50 11/27/24	08/27/21	08/27/20	2,000,000.00	2,000,000.00	1,997,040.00	0.00	0.00	0.00	1,888.89	1,888.89
	21-0015	3134GWPU4	FHLMC 0.375 11/28/23	05/25/21	08/28/20	2,000,000.00	2,000,000.00	1,998,800.00	0.00	0.00	0.00	1,375.00	1,375.00
	FHLMC Total					**8,500,000.00**	**8,500,916.35**	**8,497,555.00**	**-3,855.15**	**3,683.33**	**6,375.00**	**14,429.17**	**15,420.84**
FNMA	21-0005	3136G4K85	FNMA 0.50 08/18/25	08/18/22	08/18/20	1,500,000.00	1,500,000.00	1,497,585.00	0.00	0.00	0.00	895.83	895.83
	21-0011	3136G4M91	FNMA 0.375 08/26/24	08/26/22	08/26/20	1,000,000.00	1,000,000.00	1,000,960.00	0.00	0.00	0.00	364.58	364.58
	FNMA Total					**2,500,000.00**	**2,500,000.00**	**2,498,545.00**	**0.00**	**0.00**	**0.00**	**1,260.41**	**1,260.41**
Money Market	AR-0001	MMKT FED - 5000638	Money Market	Open	07/01/99	166.37	166.37	166.37	0.00	0.00	1,652,560.71	0.00	0.00
	AR-0058	JPMORGAN MMKT - 00005017334	Money Market	Open	12/19/17	24,126.77	24,126.77	24,126.77	0.00	0.00	24,126.75	0.00	0.00
	AR-0059	GOLDMAN SACHS MMKT - 0188506760	Money Market	Open	12/19/17	40,123.20	40,123.20	40,123.20	0.00	0.00	40,123.18	0.00	0.00
	AR-0060	FEDERATED MMKT - 06090498885	Money Market	Open	12/19/17	24,249.02	24,249.02	24,249.02	0.00	0.00	24,249.01	0.00	0.00
	AR-0061	DREYFUS MMKT - 0616753258	Money Market	Open	12/19/17	38,335.68	38,335.68	38,335.68	0.00	0.00	38,335.68	0.00	0.00
	Money Market Total					**127,001.04**	**127,001.04**	**127,001.04**	**0.00**	**0.00**	**1,779,395.33**	**0.00**	**0.00**
Municipal Bond	16-0065	64971WF39	NYC TRAN FIN AUTH-SUB 1.69 02/01/21	Open	06/23/16	1,350,000.00	1,350,624.71	1,355,467.50	-7,731.79	4,999.58	97,597.49	3,802.50	7,731.75
	17-0012	555542LS6	MACON-BIBB CNTY GA 3.00 12/01/20	Open	08/01/16	425,000.00	426,090.01	426,139.00	-26,475.49	2,104.72	50,939.17	4,250.00	6,375.00
	17-0028	64990EEL7	NYS DORM AUTH C-TXBL 2.12 03/15/21	Open	09/30/16	2,000,000.00	2,005,151.36	2,008,660.00	-43,748.64	1,766.67	169,600.00	1,884.44	3,651.11
	17-0032	597137GZ5	MIDDLETOWN OH 2.053 12/01/20	Open	10/07/16	400,000.00	400,399.05	400,780.00	-9,276.95	2,831.62	32,787.17	2,737.33	5,429.04
	17-0051	696624AV7	CA PDTDEV 2.75 10/01/22	Open	02/06/17	1,000,000.00	999,033.16	1,032,090.00	1,653.16	3,235.92	87,159.72	13,750.00	14,208.33
	17-0075	041042ZV7	ARKANSAS ST 2.875 06/01/21	Open	06/09/17	800,000.00	805,522.19	814,280.00	-26,477.81	511.11	69,000.00	7,666.67	8,177.78
	18-0071	64966MWH8	NYC GO 2.80 03/01/22	Open	03/13/18	2,500,000.00	2,504,057.49	2,573,150.00	-6,917.51	0.00	175,750.00	5,833.33	5,833.33
	20-0012	116421D47	BROWNSVILLE TX 3.041 08/15/24	08/15/23	01/27/20	500,000.00	518,917.16	537,130.00	-4,332.84	6,842.25	15,205.00	1,942.86	8,785.11
	20-0013	20772KFJ3	CONNECTICUT ST 0.00 03/15/25	Open	01/27/20	1,000,000.00	919,187.33	931,700.00	11,707.33	0.00	0.00	0.00	0.00
	20-0014	914072J38	ARKANSAS FAYETTEVILL 2.043 09/15/22	Open	01/27/20	295,000.00	296,936.14	303,832.30	-653.96	2,209.85	6,026.85	267.86	2,477.71
	20-0024	312782AF2	FAYETTEVILLE NC 3.515 06/01/24	Open	02/27/20	200,000.00	213,583.33	215,442.00	-2,126.67	1,679.39	3,515.00	2,343.33	4,022.72
	20-0026	745401EB1	PULASKI CNTY AR 2.15 02/01/24	Open	03/02/20	750,000.00	765,789.13	773,137.50	-2,668.37	1,388.54	8,062.50	2,687.50	4,076.04
	20-0027	49130NDV8	KENTUCKY EDU 3.76 06/01/24	Open	03/03/20	2,000,000.00	2,153,219.31	2,174,860.00	-23,320.69	19,217.78	37,600.00	25,066.67	44,284.45
	20-0028	64971W5X4	NYC TRANS TXBL 2.06 05/01/21	Open	03/03/20	2,000,000.00	2,008,577.23	2,018,620.00	-8,422.77	13,962.22	20,600.00	17,166.67	31,128.89
	20-0030	143287ET3	CARMEL IN 2.78 01/15/24	Open	03/05/20	440,000.00	460,893.58	455,831.20	-3,544.02	1,698.89	6,116.00	2,582.31	4,281.20
	20-0031	143287EU0	CARMEL IN 2.83 07/15/24	Open	03/05/20	430,000.00	454,241.83	448,958.70	-3,557.67	1,690.14	6,084.50	2,569.01	4,259.15
	Municipal Bond Total					**16,090,000.00**	**16,282,223.01**	**16,470,078.20**	**-155,894.69**	**64,138.68**	**786,043.40**	**94,550.48**	**154,721.61**
	Investment Total					**126,475,854.50**	**126,698,491.30**	**127,107,742.70**	**-179,952.40**	**92,407.07**	**6,051,389.98**	**184,864.82**	**274,585.58**

Total Portfolio Asset Allocation as of 9/30/2020



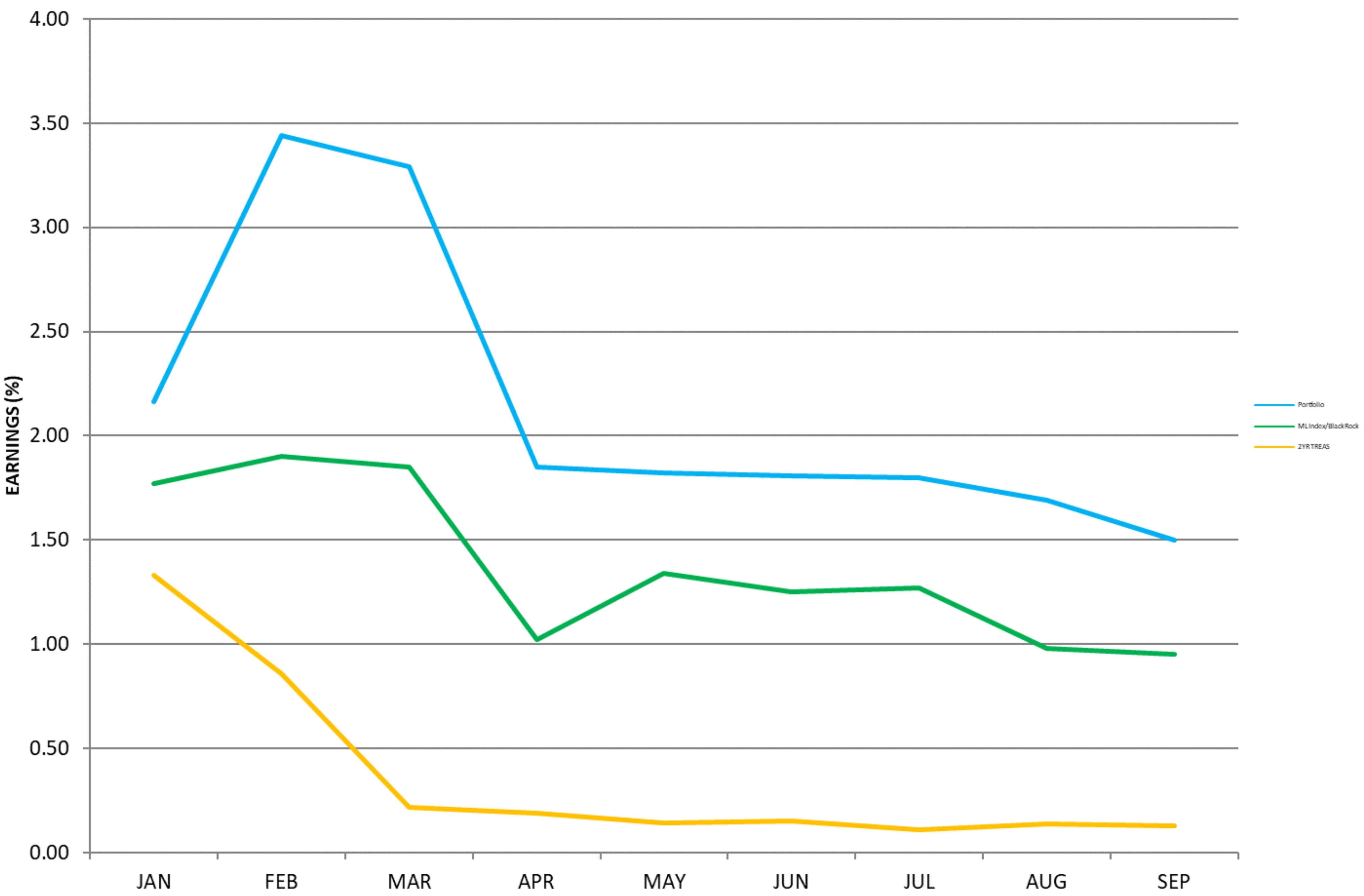
Investment Portfolio Distribution as of 9/30/20



	2020	2021	2022	2023	2024	2025	$ TOTAL
CD	100,000	3,246,000	992,000	246,000	1,500,000	0	6,084,000
AGENCY	0	0	2,014,503	2,016,291	0	0	4,030,794
AGENCY - CALLABLE	0	0	4,000,000	5,500,916	5,000,000	4,998,704	19,499,620
MMKT	127,001	0	0	0	0	0	127,001
MUNI	826,489	6,169,875	3,800,027	0	4,566,644	919,187	16,282,223
$ TOTAL	1,053,490	9,415,875	10,806,529	7,763,207	11,066,644	5,917,891	46,023,638
% OF TOTAL	2.3%	20.5%	23.5%	16.9%	24.0%	12.9%	100.0%

PORTFOLIO PERFOMANCE

Portfolio Performance as of 9/30/20



DATA ANALYSIS

Metro Cash Position

Despite economic challenges, Metro remains in a solid cash position. In terms of liquid cash, Metro is in a much better position compared to this point last year up over $60 million. The investment portfolio is a different story as we have a $20 million decrease year-over-year. This was by design however as called and matured investments were not reinvested as we entered our historically low period of funds last year and then did not reinvest idle funds at the beginning of 2020 due to the uncertainty of the COVID pandemic. It can be expected that this portfolio balance is the new norm for the foreseeable future.

Bond proceeds have steadily been decreasing as we work to close out older issues and we continue drawing down proceeds for the CARES funds received in April for COVID related expenses. As we approach the end of the year, it's reasonable to expect the CARES fund balance to decrease at a higher rate as any remaining funds not used are to be returned at the end of the calendar year per federal guidelines.

Asset Allocation

There is no investment activity to report for the month of September 2020.

Maturity Distribution

With no activity for September, there is no change in distribution to report for September. One item to note is the increase in the callable portion of the portfolio over the last 3 months. We have gone from roughly 25% of the portfolio being callable to 42% callable at the end of September. While we would like to keep this number as low as possible, the reality is that most issues with relevant yields will have some type of call option attached to it.

Portfolio Performance

Portfolio yield took another small dip this month. This is due to the lower interest rates on the purchased securities from last month. You can continue to expect this as you'll notice the difference in yields between what is currently being purchased to what is being called. The 2yr rate remains steady and will likely remain low for the next several years given recent Fed statements. While the gap is currently rather wide, you can expect the gap between the portfolio yield and the 2yr rate to narrow in the coming months.

ECONOMIC UPDATE

ECONOMIC UPDATE

Another month and more of the same news coming from economists and the Fed. Last month there was discussion regarding the change in approach to the inflation target of 2% as well as the sentiment that rates would remain near zero until 2023. That news appears to be the same with more and more voices echoing those beliefs.

During a recent Investment Summit hosted by local broker Stifel, we had the opportunity to hear from Lindsey Piegza, their Chief Economist and member of the Chicago Federal Reserve Advisory Committee. Many of the main issues cited in previous months were mentioned during this presentation but it was interesting to see how we got to this point and, while they may be modest, the improvements that have been made as well as the progress that must occur in order for the economy to recover.

In some good news, the unemployment rate for September fell from 8.4% to 7.9%. This is without a doubt an improvement, but it pales in comparison to the 3.5% jobless rate at the beginning of 2020. When compared to the near 15% peak of April 2020, its clear we're moving in the right direction but there are still concerns that the decline will be slow, specifically when you consider the impact to small businesses.

According to the Bureau of Labor Statistics, the number of permanent job losses for September came in at 3.8 million. Small business represents a large part of that number with 23% of small businesses that have closed temporarily believing that they will be forced to close permanently by year-end if a federal relief package isn't provided soon. Small Business in the restaurant and retail sectors have seen the biggest hit which is not surprising when you consider other economic reports.

One of the main factors in small businesses closing is without a doubt the fact that fewer people are willing to go out for fear of contracting the virus. While it may be hard to put on number on that, one factor that can be shown is that the amount of disposable income per capita is declining. The amount of disposable income hit a 2020 high back in April with the passage of the aid package in March. You'll remember that this package included the additional $600 in unemployment benefits and $1,200 in direct payments to individuals who qualified. The additional unemployment benefits have since ceased and it's believed that most households have spent the $1,200 direct payments they received. With less money to spend, households are less likely to spend money at restaurants and on retail items.

This is also backed by reports on consumer spending. Since February there have been sharp declines in spending in the food service industry, on clothing, and at gas stations to note a few. In contrast, spending has increased over that time at food and beverage stores, sporting good stores, and on building materials. This further reinforces the above thought that people are staying at home and less inclined to go out.

Recent data suggests that additional relief is required, and we've heard several voices over the past few weeks calling for it including Fed Chairman Powell. Powell continues to voice his concern over the economy and maintains his position that economy cannot recover unless an additional stimulus package is passed. Who knows when or if that will actually happen. One thing is almost certain, if anything happens it won't be for another month at the earliest. One thing that is interesting is the US response compared to other countries. The US has spent around $3 trillion dollars in its response to the pandemic. Japan, the EU, and the U.K. have all spent less at $2.2 trillion, $889 billion, and $38 billion in stimulus measures respectively. Obviously, there are differences in the sizes of the populations but there does appear to be a correlation between the amount spent and the success in managing the pandemic albeit a negative one.

According to the Congressional Budget Office, the deficit for FY20 is expected to rise to $3.3 trillion, or 16% of projected GDP. That’s more than triple the shortfall in 2019. Deficits over the last 50 years have only averaged 3% of GDP. That includes the period of the Great Recession and the largest deficit recorded during that time was under 10% of GDP. The increase in expenditures in 2020 is without a doubt due to the pandemic, economic shutdown, and the stimulus package that was passed but it’s still concerning and could point to a reason why some are hesitant to provide additional relief. Whatever the factors may be, there appears to be growing support week by week that additional relief will be needed for us to fully recover.

Total Portfolio Shock Table

Lou / Jeff Cty Metro Finance

Effective Interest - Actual Life

Receipts in Period

9/30/2020

Data Category	Down 300	Down 200	Down 100	Current	Up 100	Up 200	Up 300
Current Par	45,801,001.04	45,801,001.04	45,801,001.04	45,801,001.04	45,801,001.04	45,801,001.04	45,801,001.04
Amor. Cost	46,027,618.65	46,027,618.65	46,027,618.65	46,027,618.65	46,027,618.65	46,027,618.65	46,027,618.65
Market Value	46,295,867.24	46,341,541.24	46,387,215.24	46,432,889.24	46,478,563.24	46,524,237.24	46,569,911.24
% Change	-0.30 (0.10)	-0.20 (0.10)	-0.10 (0.10)	0.00 (0.10)	0.10 (0.10)	0.20 (0.10)	0.30 (0.10)
Market Price	101.08	101.18	101.28	101.38	101.48	101.58	101.68
Market Yield	1.1664	1.1005	1.0347	0.9691	0.9036	0.8381	0.7728
Gain / Loss	268,248.59	313,922.59	359,596.59	405,270.59	450,944.59	496,618.59	542,292.59

The table above represents the interest rate risk of the investment portfolio of individual fixed incomesecurities. By adjusting current market rates and by using the matrix pricing technique, the portfolio wassubjected to an immediate interest rate shock of plus or minus 300 basis points. The results in weightedaverage total is presented above which details the projected market value, market price, total unrealizedgain (loss) and percentage market value change from the current interest rate environment.