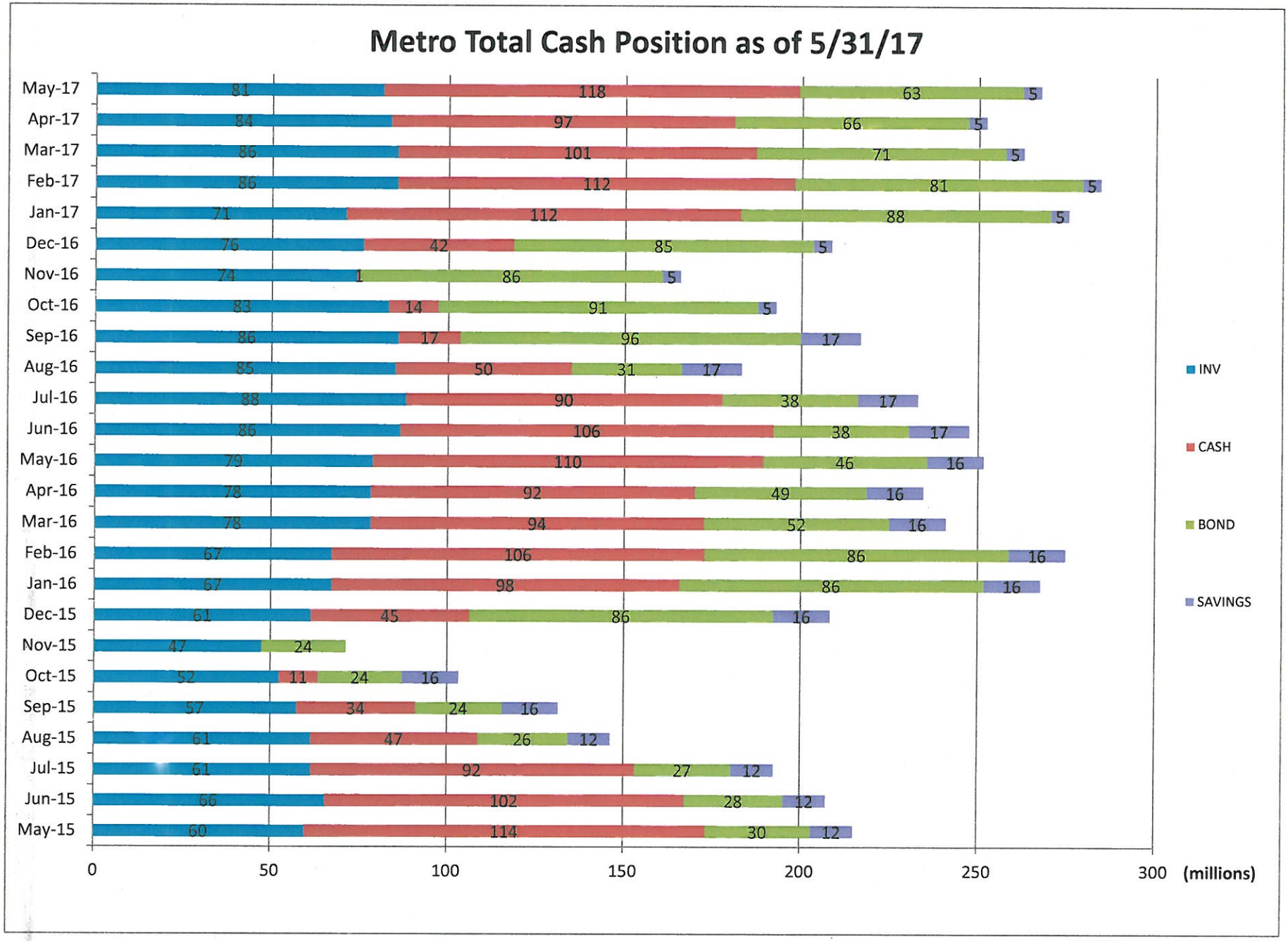
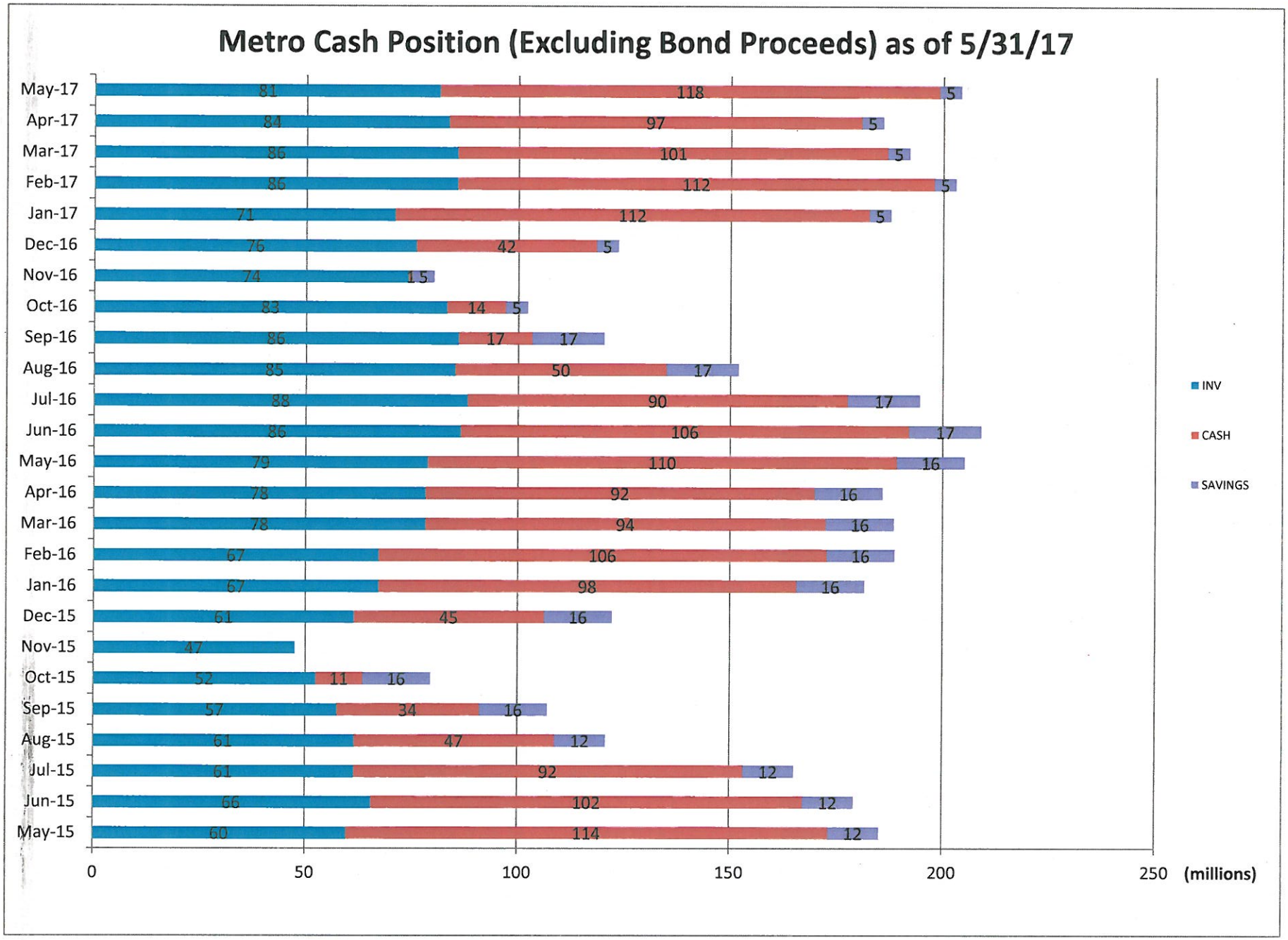
Louisville Metro Investment Council

Louisville METRO

June 16, 2017

PORTFOLIO COMPOSITION


Metro Total Cash Position as of 5/31/17
May-17 81 118 63 5
Apr-17 84 97 66 5
Mar-17 86 101 71 5
Feb-17 86 112 81 5
Jan-17 71 112 88 5
Dec-16 76 42 85 5
Nov-16 74 1 86 5
Oct-16 83 14 91 5
Sep-16 86 17 96 17
Aug-16 85 50 31 17
Jul-16 88 90 38 17
Jun-16 86 106 38 17
May-16 79 110 46 16
Apr-16 78 92 49 16
Mar-16 78 94 52 16
Feb-16 67 106 86 16
Jan-16 67 98 86 16
Dec-15 61 45 86 16
Nov-15 47 24
Oct-15 52 11 24 16
Sep-15 57 34 24 16
Aug-15 61 47 26 12
Jul-15 61 92 27 12
Jun-15 66 102 28 12
May-15 60 114 30 12
0
50
100
150
200
250
300
(millions)
INV
CASH
BOND
SAVINGS


Metro Cash Position (Excluding Bond Proceeds) as of 5/31/17
May-17 81 118 5
Apr-17 84 97 5
Mar-17 86 101 5
Feb-17 86 112 5
Jan-17 71 112 5
Dec-16 76 42 5
Nov-16 74 15
Oct-16 83 14 5
Sep-16 86 17 17
Aug-16 85 50 17
Jul-16 88 90 17
Jun-16 86 106 17
May-16 79 110 16
Apr-16 78 92 16
Mar-16 78 94 16
Feb-16 67 106 16
Jan-16 67 98 16
Dec-15 61 45 16
Nov-15 47
Oct-15 52 11 16
Sep-15 57 34 16
Aug-15 61 47 12
Jul-15 61 92 12
Jun-15 66 102 12
May-15 60 114 12
0
50
100
150
200
250
(millions)
INV
CASH
SAVINGS

Acc Int / Amort / Mkt Val

Lou / Jeff Cty Metro Finance

Effective Interest - Callable Life

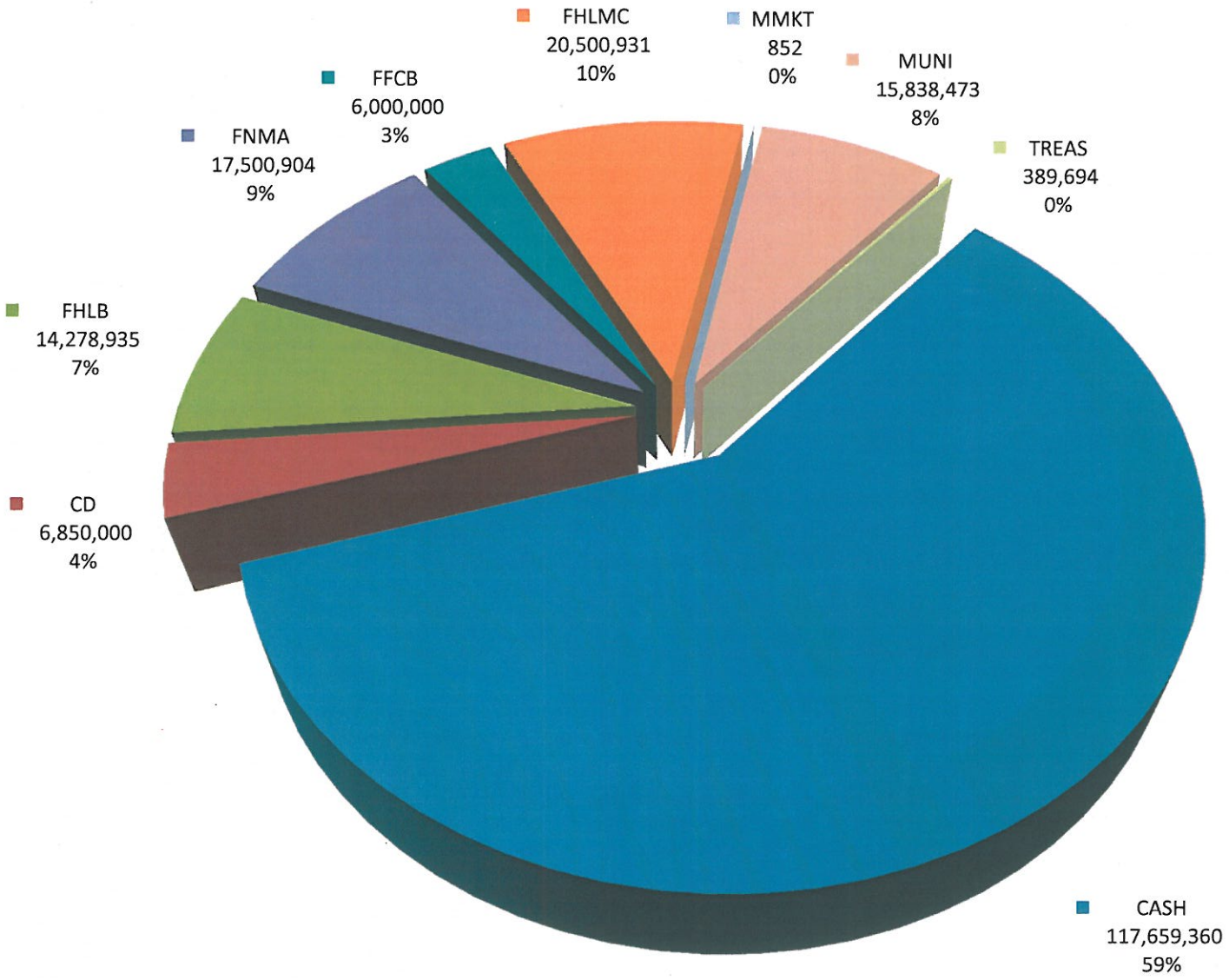
Receipts in Period

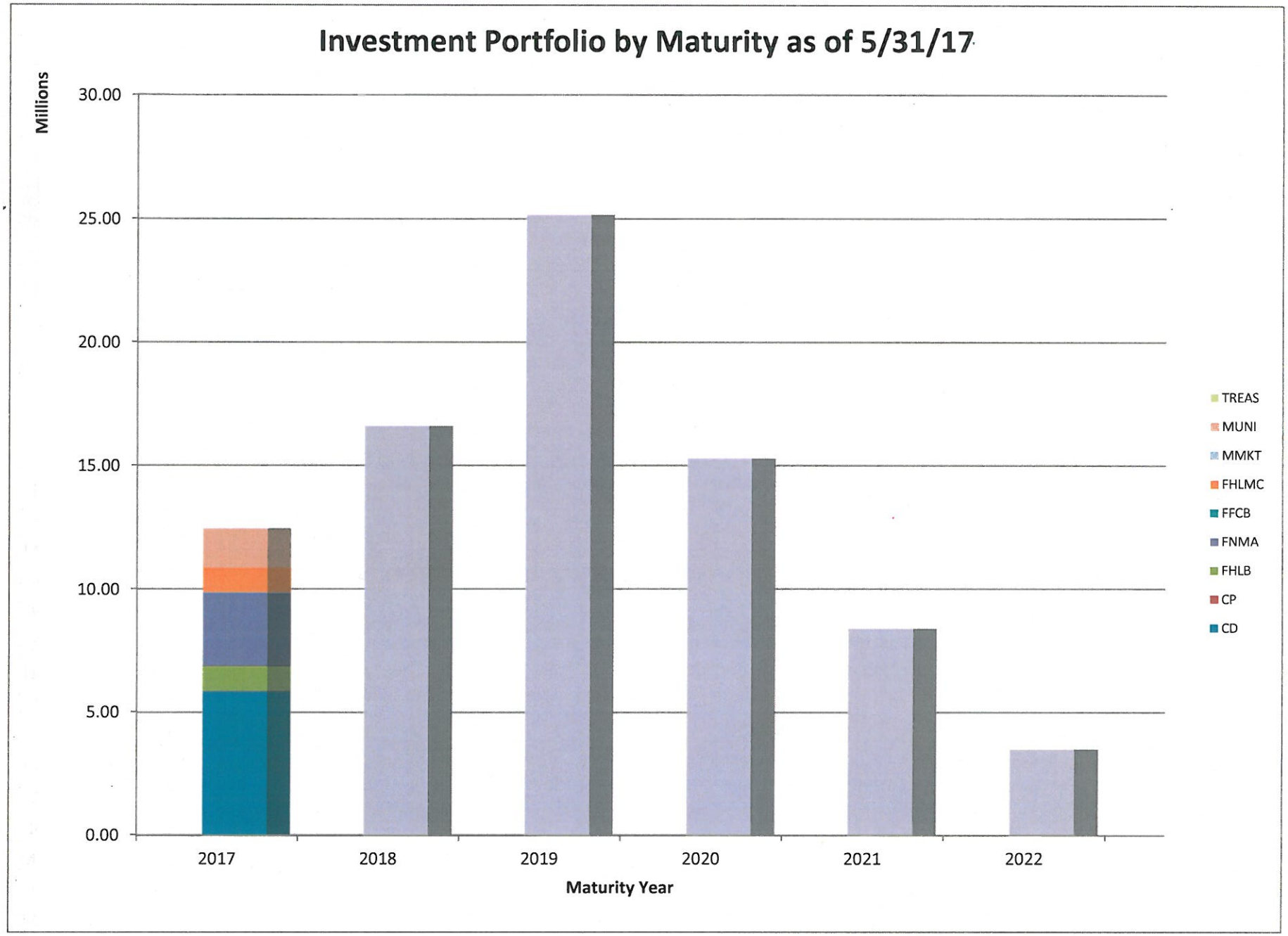
5/31/2017

	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-0035	TARC OPS FED - 4537544	Cash Account	Open	04/02/03	3,347,165.00	3,347,165.00	3,347,165.00	0.00	0.00	0.00	0.00	0.00
	AR-0043	INV CLEAR JPM - 707637716	Cash Account	Open	07/01/06	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	AR-0046	METRO CONC 53- 714868609	Cash Account	Open	09/22/08	105,230,446.58	105,230,446.58	105,230,446.58	0.00	0.00	665,283.41	0.00	0.00
	AR-0047	LAGIT 53 - 714868674	Cash Account	Open	10/01/08	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	AR-0049	REVCOM 53- 7141868757	Cash Account	Open	11/01/08	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	AR-0052	METRO CHASE SAV 2950930897	Cash Account	Open	09/22/10	2,911,735.63	2,911,735.63	2,911,735.63	0.00	0.00	373,469.92	0.00	0.00
	AR-0053	REVCOM CHASE SAV 2950930772	Cash Account	Open	09/14/10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	AR-0054	METRO SAFEKEEPING - 1050996303	Cash Account	Open	12/30/16	6,170,012.65	6,170,012.65	6,170,012.65	0.00	0.00	0.00	0.00	0.00
	Cash Total					**117,659,359.86**	**117,659,359.86**	**117,659,359.86**	**0.00**	**0.00**	**1,038,753.33**	**0.00**	**0.00**
Certificate of Deposit	16-0057	CD075	METRO 0.50 06/07/17	Open	06/07/16	1,000,000.00	1,000,000.00	1,000,000.00	0.00	0.00	4,575.36	333.33	333.33
	17-0007	CD0695	COMM 0.60 07/09/17	Open	07/09/16	4,500,000.00	4,500,000.00	4,500,000.00	0.00	0.00	22,458.60	1,650.00	1,650.00
	17-0031	CD0772	METRO 0.50 10/07/17	Open	10/07/16	100,000.00	100,000.00	100,000.00	0.00	0.00	290.44	33.33	33.33
	17-0044	CD1499	YCB 0.1499 11/23/17	Open	12/23/16	250,000.00	250,000.00	250,000.00	0.00	0.00	155.01	8.33	8.33
	17-0071	CD423	METRO 0.75 05/07/18	Open	05/07/17	1,000,000.00	1,000,000.00	1,000,000.00	0.00	0.00	0.00	500.00	500.00
	Certificate of Deposit Total					**6,850,000.00**	**6,850,000.00**	**6,850,000.00**	**0.00**	**0.00**	**27,479.41**	**2,524.99**	**2,524.99**
FFCB	17-0010	3133EGNK7	FFCB 1.32 07/27/20	07/27/17	07/27/16	3,000,000.00	3,000,000.00	2,983,725.30	0.00	0.00	19,800.00	13,640.00	13,640.00
	17-0022	3133EGVJ1	FFCB 1.16 09/26/19	09/26/17	09/27/16	3,000,000.00	3,000,000.00	2,985,906.96	0.00	96.67	17,400.00	6,283.33	6,380.00
	FFCB Total					**6,000,000.00**	**6,000,000.00**	**5,969,632.26**	**0.00**	**96.67**	**37,200.00**	**19,923.33**	**20,020.00**
FHLB	16-0063	313383EP2	FHLB 1.25 06/20/18	09/20/16	06/20/16	2,975,776.00	2,975,776.00	2,978,292.23	-5,951.55	0.00	18,598.56	16,635.41	16,635.41
	16-0071	3130A8JZ7	FHLB 1.22 12/30/19	06/30/17	06/30/16	2,900,000.00	2,900,000.00	2,886,450.82	0.00	0.00	17,690.00	14,839.94	14,839.94
	17-0005	3130A0HY9	FHLB 1.25 12/26/17	Open	07/20/16	1,000,000.00	1,003,068.40	1,001,947.56	-4,631.60	833.33	6,250.00	5,381.94	6,215.27
	17-0034	3130A8RP0	FHLB 1.05 10/26/18	10/26/16	10/11/16	2,000,000.00	2,000,000.00	1,993,453.34	400.00	4,812.50	15,750.00	2,041.67	6,416.67
	17-0046	3130AAQV3	FHLB 1.67 04/30/20	01/30/18	02/02/17	2,400,000.00	2,400,000.00	2,418,867.65	0.00	0.00	0.00	8,832.44	9,055.11
	17-0049	3130A4Z54	FHLB 0.95 04/27/18	Open	02/06/17	1,000,000.00	1,000,090.86	997,023.87	-29.14	2,612.50	4,750.00	897.22	3,509.72
	17-0066	3130AAQB7	FHLB 2.00 08/16/21	02/16/18	02/16/17	2,000,000.00	2,000,000.00	2,033,405.32	0.00	0.00	0.00	11,666.67	11,666.67
	FHLB Total					**14,275,776.00**	**14,278,935.26**	**14,309,440.79**	**-10,212.29**	**8,258.33**	**63,038.56**	**60,295.29**	**68,338.79**
FHLMC	16-0051	3134G9JT5	FHLMC 1.35 11/26/19	08/26/16	05/26/16	1,500,000.00	1,500,000.00	1,499,602.07	525.00	0.00	20,250.00	281.25	281.25
	16-0052	3134G9KW6	FHLMC 1.35 11/26/19	08/26/16	05/26/16	2,000,000.00	2,000,000.00	1,999,469.42	2,200.00	0.00	27,000.00	375.00	375.00
	16-0053	3134G9NL7	FHLMC 1.18 05/31/19	05/24/17	05/31/16	2,000,000.00	2,000,000.00	1,995,377.22	0.00	63.37	23,206.66	65.56	65.56
	16-0059	3134G9NE3	FHLMC 1.20 06/14/19	06/14/17	06/14/16	2,000,000.00	2,000,000.00	1,995,981.02	0.00	0.00	12,000.00	11,133.33	11,133.33
	16-0066	3134G9XB8	FHLMC 1.00 12/28/18	12/28/16	06/28/16	2,000,000.00	2,000,000.00	1,990,233.38	500.00	0.00	10,000.00	8,500.00	8,500.00
	16-0068	3134G9VS3	FHLMC 1.00 12/28/18	12/28/16	06/28/16	1,000,000.00	1,000,000.00	995,116.69	0.00	0.00	5,000.00	4,250.00	4,250.00
	16-0070	3134G9WJ2	FHLMC 1.20 09/30/19	09/30/16	06/30/16	1,000,000.00	1,000,000.00	996,337.67	0.00	0.00	9,000.00	2,033.33	2,033.33
	16-0072	3134G9YA9	FHLMC 1.01 09/28/18	12/28/16	06/30/16	2,000,000.00	2,000,000.00	1,992,508.42	0.00	2,581.11	15,150.00	3,535.00	3,591.11
	17-0006	3134G45U8	FHLMC 0.85 12/12/17	Open	07/20/16	1,000,000.00	1,000,931.43	997,895.08	-1,508.57	897.22	4,250.00	3,990.28	4,887.50
	17-0016	3134G9W37	FHLMC 1.45 08/10/20	11/10/16	08/10/16	1,500,000.00	1,500,000.00	1,498,459.55	0.00	0.00	10,875.00	6,706.25	6,706.25
	17-0035	3134GAPV0	FHLMC 1.03 10/12/18	01/12/17	10/12/16	2,000,000.00	2,000,000.00	1,992,964.54	0.00	0.00	10,300.00	2,803.89	2,803.89
	17-0061	3134GAR89	FHLMC 2.25 02/14/22	08/14/17	02/14/17	2,500,000.00	2,500,000.00	2,567,644.48	0.00	0.00	0.00	16,718.75	16,718.75
	FHLMC Total					**20,500,000.00**	**20,500,931.43**	**20,521,589.54**	**1,716.43**	**3,541.70**	**147,031.66**	**60,392.64**	**61,345.97**
FNMA	16-0024	3135G0PP2	FNMA 1.00 09/20/17	Open	03/11/16	3,000,000.00	3,000,903.86	3,001,218.33	-3,626.14	14,250.00	45,000.00	5,916.67	20,166.67
	16-0046	3135G0J95	FNMA 1.35 10/28/19	10/28/16	05/19/16	1,000,000.00	1,000,000.00	1,000,130.59	1,000.00	787.50	13,500.00	1,237.50	2,025.00
	16-0048	3136G3MQ5	FNMA 1.30 11/25/19	11/25/16	05/25/16	2,000,000.00	2,000,000.00	1,996,583.06	0.00	0.00	26,000.00	433.33	433.33
	16-0067	3136G3TR6	FNMA 1.05 06/28/19	06/28/17	06/28/16	2,000,000.00	2,000,000.00	1,988,003.70	0.00	0.00	10,500.00	8,925.00	8,925.00
	17-0011	3136G3L37	FNMA 1.125 10/28/19	07/28/17	07/28/16	2,000,000.00	2,000,000.00	1,987,463.18	0.00	0.00	11,250.00	7,687.50	7,687.50
	17-0025	3136G34K8	FNMA 1.125 09/09/19	03/09/17	09/28/16	2,500,000.00	2,500,000.00	2,486,615.05	1,250.00	1,484.38	14,062.50	6,406.25	7,890.63
	17-0048	3136G4KD4	FNMA 1.75 06/29/20	06/29/17	02/03/17	2,000,000.00	2,000,000.00	2,020,057.36	0.00	0.00	0.00	11,472.22	14,777.78
	17-0067	3136G4KV4	FNMA 2.05 05/17/21	08/17/17	02/17/17	3,000,000.00	3,000,000.00	3,058,824.21	0.00	0.00	15,375.00	2,391.67	2,391.67
	FNMA Total					**17,500,000.00**	**17,500,903.86**	**17,538,895.48**	**-1,376.14**	**16,521.88**	**135,687.50**	**44,470.14**	**64,297.58**
Money Market	AR-0001	MMKT FED - 5000638	Money Market	Open	07/01/99	158.35	158.35	158.35	0.00	0.00	1,652,552.68	0.06	0.06
	AR-0006	TARC FED - 4485281	Money Market	Open	07/01/99	0.00	0.00	0.00	0.00	0.00	30.61	0.00	0.00
	AR-0025	MMKT JPM - 468885	Money Market	Open	09/19/02	693.95	693.95	693.95	0.00	0.00	1,339,160.99	0.32	0.32
	Money Market Total					**852.30**	**852.30**	**852.30**	**0.00**	**0.00**	**2,991,744.28**	**0.38**	**0.38**
Municipal Bond	13-0025	76221RTS2	RHODE ISLAND 1.551 10/01/17	Open	02/25/13	825,000.00	825,412.60	829,019.85	-5,114.90	177.72	52,640.29	2,132.63	2,310.35
	15-0023	468714EA4	JACEDU 1.693 03/01/18	Open	02/26/15	1,000,000.00	1,001,424.15	1,007,123.54	-4,205.85	0.00	34,612.38	4,232.50	4,232.50
	15-0025	581760AC9	MCLAREN CNTY MI 1.964 05/15/18	Open	04/02/15	730,000.00	733,179.47	738,259.65	-7,040.53	0.00	30,466.55	637.21	716.86
	15-0045	613357AF9	MONTG CO 2.44 11/01/19	Open	06/25/15	500,000.00	507,490.97	515,583.05	-5,759.03	1,830.00	24,400.00	1,016.67	2,846.67
	16-0007	650035J58	NY URBAN DEV TXBL 1.65 03/15/18	Open	12/08/15	500,000.00	500,973.59	503,323.02	-1,796.41	1,902.08	12,375.00	1,741.67	3,643.75

	16-0065	64971WF39	NYC TRAN FIN AUTH-SUB 1.69 02/01/21	Open	06/23/16	1,350,000.00	1,356,705.95	1,357,595.15	-1,650.55	4,999.58	17,744.99	7,605.00	11,534.25
	17-0004	047681NZ0	ATLANTA ETC REC 2.41 12/01/19	Open	07/22/16	720,000.00	738,699.16	742,138.39	-6,270.44	2,440.96	8,615.17	8,676.00	11,134.20
	17-0012	555542LS6	MACON-BIBB CNTY GA 3.00 12/01/20	Open	08/01/16	425,000.00	447,401.76	449,257.68	-5,163.74	2,104.72	6,314.17	6,375.00	8,500.00
	17-0027	64990E4G9	NY DORM AUTH C-TXBL 1.10 02/15/20	Open	09/30/16	1,000,000.00	1,000,000.00	990,686.31	0.00	1,138.20	4,552.78	3,238.89	3,666.67
	17-0028	64990EEL7	NYS DORM AUTH C-TXBL 2.12 03/15/21	Open	09/30/16	2,000,000.00	2,041,770.75	2,045,687.36	-7,129.25	1,766.67	21,200.00	8,951.11	10,717.78
	17-0029	64971WN97	NY TRANSITION TXBL 1.35 08/01/20	Open	09/30/16	2,625,000.00	2,641,278.05	2,613,320.14	-3,356.95	4,162.27	12,698.44	11,812.50	12,600.00
	17-0032	597137GZ5	MIDDLETOWN OH 2.053 12/01/20	Open	10/07/16	400,000.00	408,201.18	408,175.90	-1,474.82	2,831.62	4,045.17	4,106.00	6,797.71
	17-0042	49130TUS3	KENTUCKY ST HSG CORP 1.10 07/01/17	Open	12/02/16	760,000.00	760,118.77	761,115.22	-709.63	0.00	0.00	4,156.78	4,180.00
	17-0043	57420WDP3	MARYLAND ST DEPT OF TRANS 5.00 06/15/20	Open	12/15/16	1,000,000.00	1,088,017.79	1,121,896.57	-12,902.21	0.00	0.00	23,055.56	23,055.56
	17-0051	696624AV7	CA PDTDEV 2.75 10/01/22	Open	02/06/17	1,000,000.00	997,536.90	1,053,789.81	156.90	3,235.92	4,659.72	4,583.33	5,041.66
	17-0059	485429Y32	KANSAS ST DEV AUTH 2.608 04/15/20	Open	02/08/17	775,000.00	790,262.13	805,064.98	-1,609.62	6,344.32	10,106.00	2,582.64	8,926.96
	Municipal Bond Total					**15,610,000.00**	**15,838,473.22**	**15,942,036.62**	**-64,027.03**	**32,934.06**	**244,430.66**	**94,903.49**	**119,904.92**
Treasury Note	14-0020	912828VK3	Treasury Note 1.375 06/30/18	Open	04/29/14	390,000.00	389,694.12	391,083.35	851.93	1,762.81	16,087.50	2,251.66	4,014.47
	Treasury Note Total					**390,000.00**	**389,694.12**	**391,083.35**	**851.93**	**1,762.81**	**16,087.50**	**2,251.66**	**4,014.47**
	Investment Total					**198,785,988.16**	**199,019,150.05**	**199,182,890.20**	**-73,047.10**	**63,115.45**	**4,701,452.90**	**284,761.92**	**340,447.10**

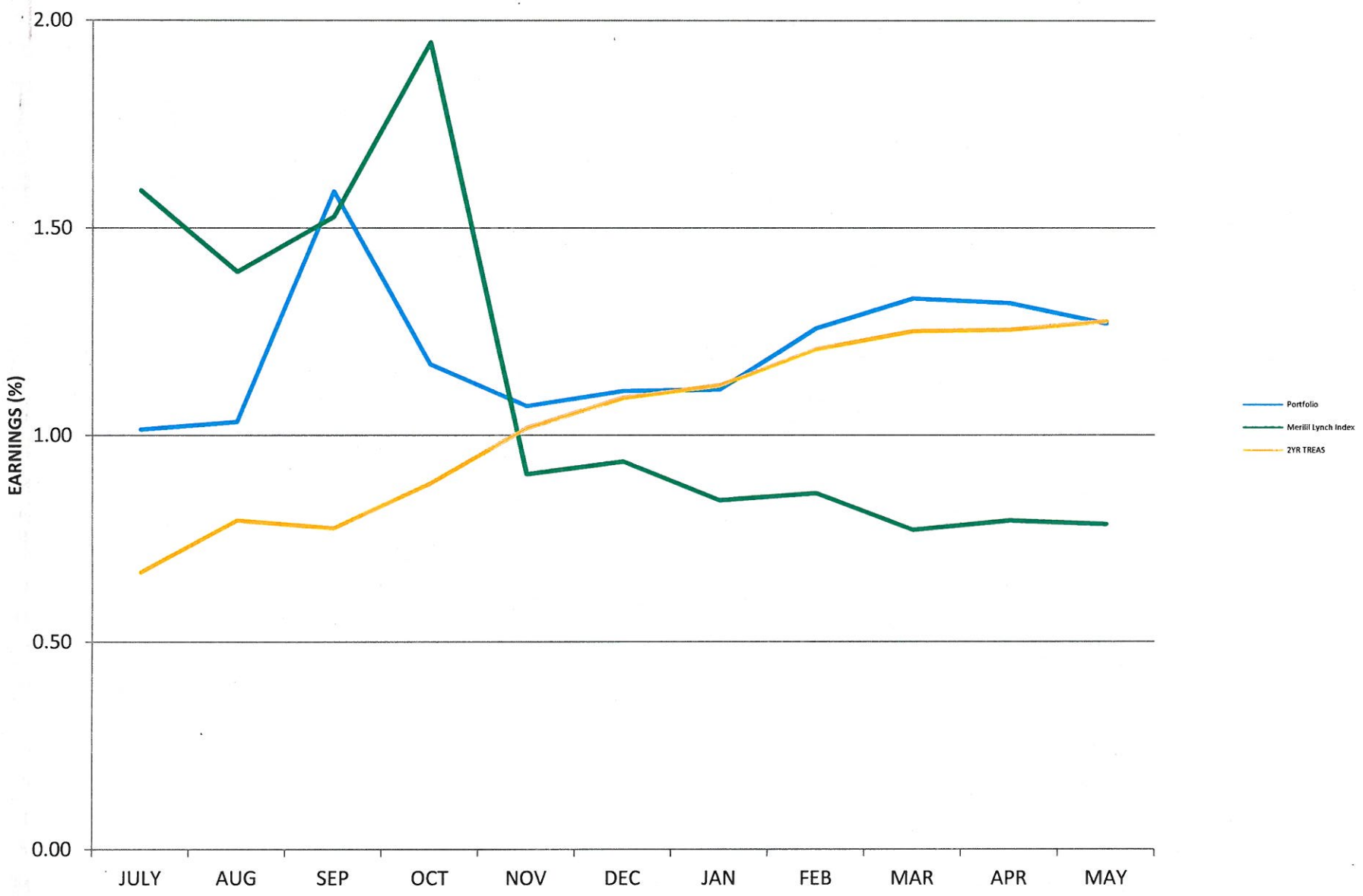
Total Portfolio Asset Allocation as of 5/31/2017




Investment Portfolio by Maturity as of 5/31/17
Millions
30.00
25.00
20.00
15.00
10.00
5.00
0.00
2017
2018
2019
2020
2021
2022
Maturity Year
TREAS
MUNI
MMKT
FHLMC
FFCB
FNMA
FHLB
CP
CD

PORTFOLIO PERFORMANCE

Portfolio Performance as of 5/31/17



DATA ANLYSIS

Metro Cash Positions

We saw the usual uptick in cash on hand for the month of May as revenues from the April tax deadline were received. During the month of May we also saw maturities on Muni's and CD's totaling $3 million dollars which accounts for the decrease in the Investment totals. Cash flows will need to be monitored to determine how these proceeds are reinvested as we prepare for our low season. While this is the case, Metro is in a good position as both cash and investment balances are higher than this point in prior fiscal years.

Asset Allocation

Despite the maturities of $3 million, there was no material change in asset allocation. Funds will be reinvested but are currently being held until the money market online channel access with Fifth Third Bank can be established as discussed in prior months.

Maturity Distribution

There were no purchases during the month of May. Cash flows and the status of the online channel access stated above will be considered prior to reinvesting any funds, specifically in the longer end of the portfolio.

Portfolio Performance

WAM remained unchanged over last month while yield dipped slightly.

ECONOMIC UPDATE

ECONOMIC UPDATE

As expected, the FOMC raised the fed funds rate another quarter of point moving the range to 1-1.25%. After keeping the rate near zero for roughly 6 years (2009 – late 2015), the FOMC has raised rates three times since December 2016. If you believe the projections that are floating around, you can also expect another rate hike in December 2017.

In their released Statement, the FOMC announced that they will begin reducing the balance sheet "this year." This of course is based under the assumption that economic expansion continues. As you may recall the Fed's balance sheet ballooned to about $4.5 trillion by 2014 as they bought long-term Treasuries, Agencies, and MBS's to push down long-term interest rates and support economic growth. With economic expansion firmly in place, the Fed finally feels comfortable with slowing reducing its balance sheet. This is believed to begin in September which would help to explain why December is the next expected rate hike.

The other news is in regards to how the reduction will take place. They appear to have settled on a gradual reduction (which was expected) in which the Fed will now reinvest a portion of the principal as opposed to the entire principal received which was previous policy. The Fed is also placing a cap on the amount not reinvested. This cap is $10 billion dollars per month which is to be broken down as $6 billion in Treasuries and $4 billion of MBS and agencies. This cap will gradually rise year over year to the point of $50 billion per month broken down as $30 billion and $20 billion dollars in Treasuries and MBS/Agencies respectively. The end result of this process will be putting modest upward pressure on interest rates.

In terms of numbers, the FOMC expressed more uncertainty that inflation would reach its 2% target as inflation slowed again for the month of May. Given the tightness of the labor market and the current unemployment rate (4.3%), reaching the 2% goal is still a likely outcome. Some good news though is that consumer fundamentals are solid. We saw more jobs, rising wages, and low inflation which is all expected to push consumer spending up in 2017. If Congress can pass personal income tax cuts this year, it would provide another boost to consumers and contribute to the economic expansion the Fed is expecting to continue.

Total Portfolio Shock Table

Lou / Jeff Cty Metro Finance

Effective Interest - Actual Life

Receipts in Period

5/31/2017

Data Category	Down 300	Down 200	Down 100	Current	Up 100	Up 200	Up 300
Current Par	81,125,776.00	81,125,776.00	81,125,776.00	81,125,776.00	81,125,776.00	81,125,776.00	81,125,776.00
Amor. Cost	81,357,880.32	81,357,880.32	81,357,880.32	81,357,880.32	81,357,880.32	81,357,880.32	81,357,880.32
Market Value	81,279,300.71	81,360,426.48	81,441,552.26	81,522,678.04	81,603,803.81	81,684,929.59	81,766,055.36
% 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	100.19	100.29	100.39	100.49	100.59	100.69	100.79
Market Yield	1.4547	1.3835	1.3125	1.2416	1.1708	1.1002	1.0296
Gain / Loss	-78,579.61	2,546.16	83,671.94	164,797.72	245,923.49	327,049.27	408,175.04

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.