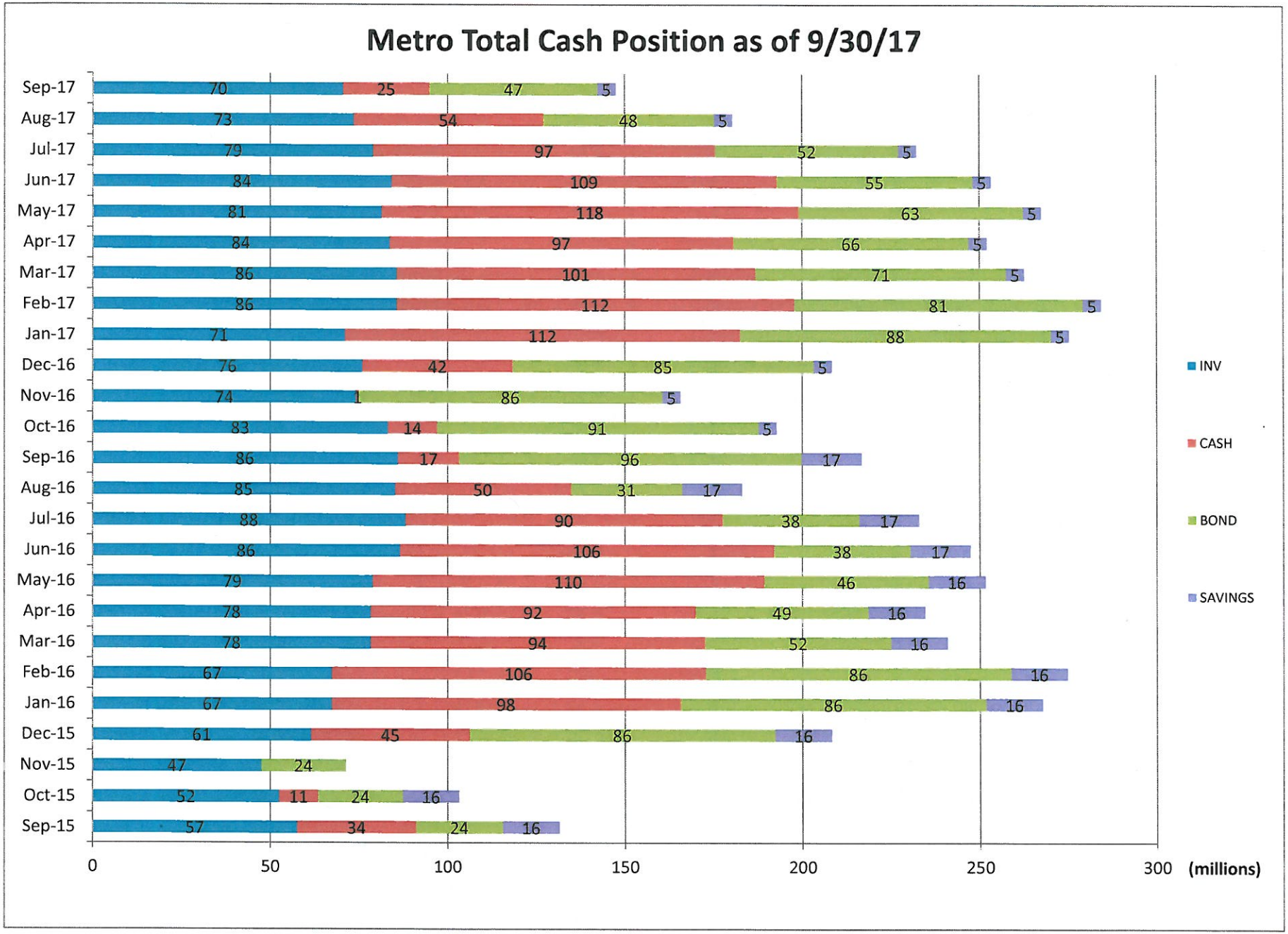
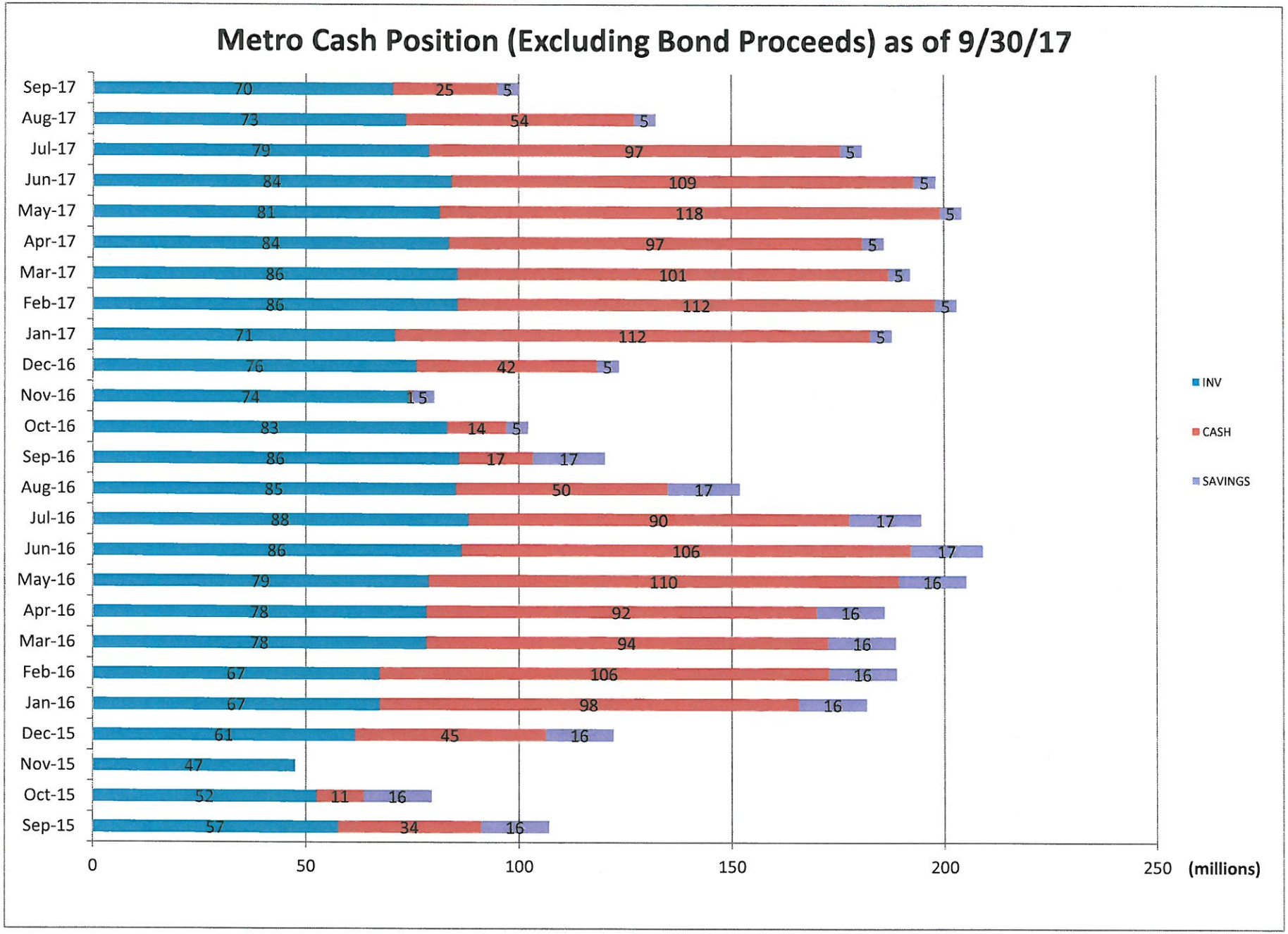
Louisville Metro Investment Council

Louisville METRO

October 10, 2017

PORTFOLIO COMPOSITION


Metro Total Cash Position as of 9/30/17
Sep-17 70 25 47 5
Aug-17 73 54 48 5
Jul-17 79 97 52 5
Jun-17 84 109 55 5
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
0
50
100
150
200
250
300
(millions)
INV
CASH
BOND
SAVINGS


Metro Cash Position (Excluding Bond Proceeds) as of 9/30/17
Sep-17 70 25 5
Aug-17 73 54 5
Jul-17 79 97 5
Jun-17 84 109 5
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
0
50
100
150
200
250
(millions)
INV
CASH
SAVINGS

Acc Int / Amort / Mkt Val

Lou / Jeff Cty Metro Finance

Effective Interest - Callable Life

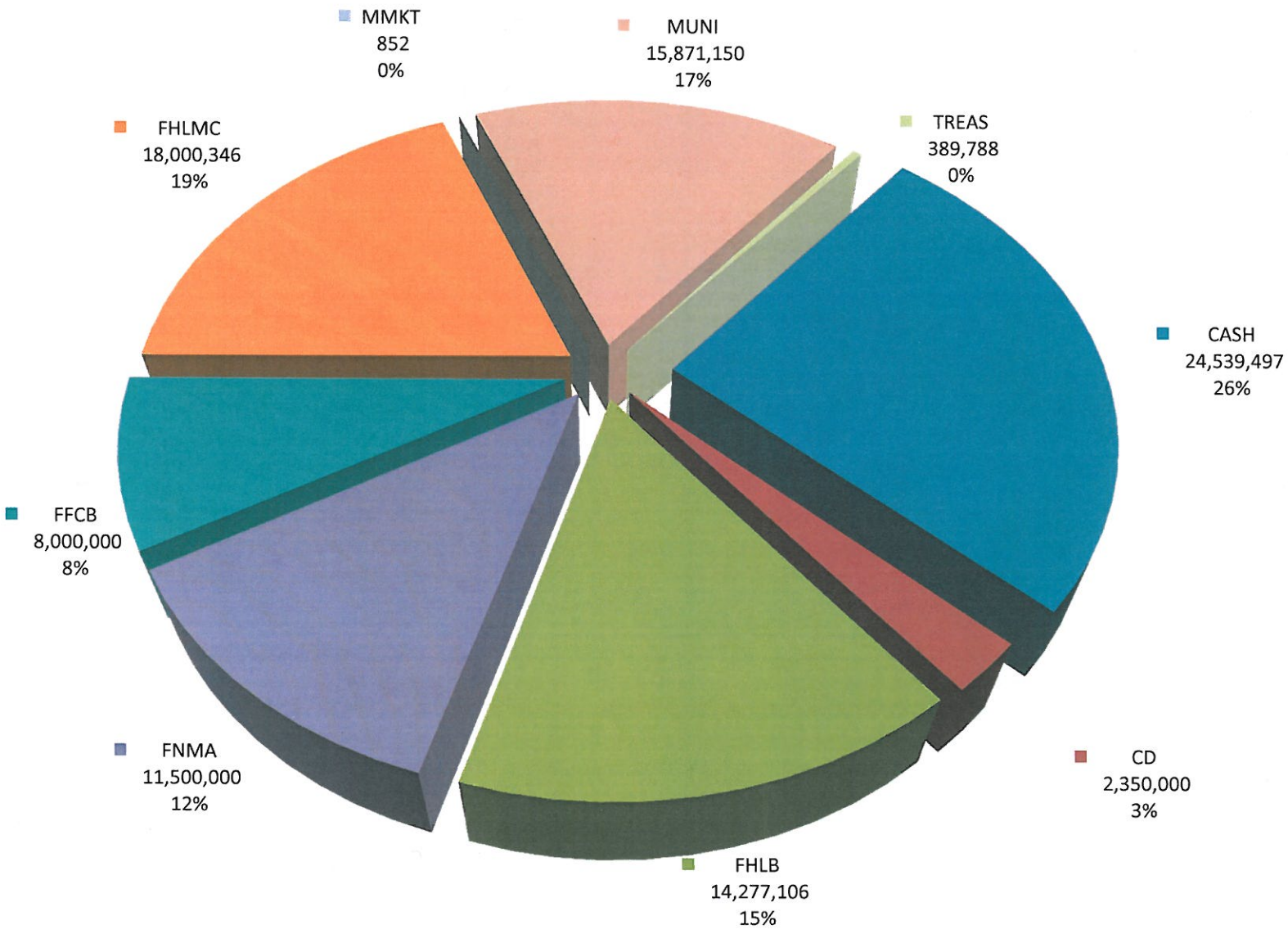
Receipts in Period

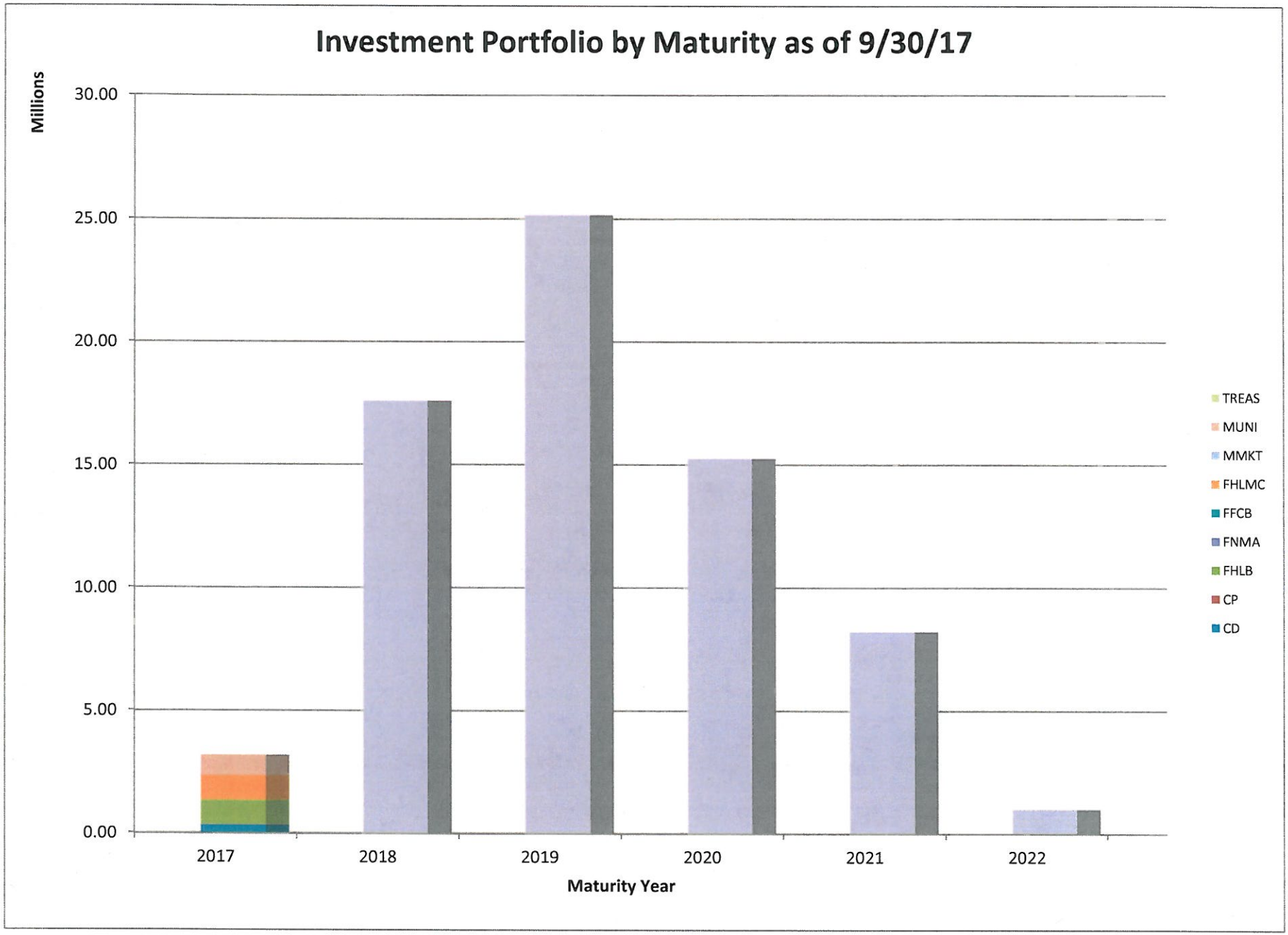
9/30/2017

	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	5,212,781.33	5,212,781.33	5,212,781.33	0.00	0.00	708,541.91	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	2,913,487.32	2,913,487.32	2,913,487.32	0.00	0.00	375,221.61	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	13,066,063.44	13,066,063.44	13,066,063.44	0.00	0.00	0.00	0.00	0.00
	Cash Total					**24,539,497.09**	**24,539,497.09**	**24,539,497.09**	**0.00**	**0.00**	**1,083,763.52**	**0.00**	**0.00**
Certificate of Deposit	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	458.95	31.94	31.94
	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	281.30	7.29	7.29
	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	2,527.41	479.17	479.17
	17-0074	CD075	METRO 0.75 06/07/18	Open	06/07/17	1,000,000.00	1,000,000.00	1,000,000.00	0.00	0.00	1,890.42	479.17	479.17
	Certificate of Deposit Total					**2,350,000.00**	**2,350,000.00**	**2,350,000.00**	**0.00**	**0.00**	**5,158.08**	**997.57**	**997.57**
FFCB	17-0010	3133EGNK7	FFCB 1.32 07/27/20	07/27/17	07/27/16	3,000,000.00	3,000,000.00	2,943,360.00	0.00	0.00	39,600.00	7,040.00	7,040.00
	17-0022	3133EGVJ1	FFCB 1.16 09/26/19	09/26/17	09/27/16	3,000,000.00	3,000,000.00	2,969,490.00	0.00	96.67	34,800.00	483.33	580.00
	17-0077	3133EHMG5	FFCB 1.80 03/12/21	09/12/17	06/22/17	2,000,000.00	2,000,000.00	1,989,620.00	1,400.00	5,000.00	9,000.00	1,900.00	2,900.00
	FFCB Total					**8,000,000.00**	**8,000,000.00**	**7,902,470.00**	**1,400.00**	**5,096.67**	**83,400.00**	**9,423.33**	**10,520.00**
FHLB	16-0063	313383EP2	FHLB 1.25 06/20/18	09/20/16	06/20/16	2,975,776.00	2,975,776.00	2,975,686.73	-5,951.55	0.00	37,197.16	10,435.88	10,435.88
	16-0071	3130A8JZ7	FHLB 1.22 12/30/19	06/30/17	06/30/16	2,900,000.00	2,900,000.00	2,876,510.00	0.00	0.00	35,380.00	8,943.28	8,943.28
	17-0005	3130A0HY9	FHLB 1.25 12/26/17	Open	07/20/16	1,000,000.00	1,001,272.81	1,000,410.00	-6,427.19	833.33	12,500.00	3,298.61	4,131.94
	17-0034	3130A8RP0	FHLB 1.05 10/26/18	10/26/16	10/11/16	2,000,000.00	2,000,000.00	1,991,100.00	400.00	4,812.50	15,750.00	9,041.67	13,416.67
	17-0046	3130AAQV3	FHLB 1.67 04/30/20	01/30/18	02/02/17	2,400,000.00	2,400,000.00	2,397,816.00	0.00	6,828.44	20,040.00	6,791.33	7,014.00
	17-0049	3130A4Z54	FHLB 0.95 04/27/18	Open	02/06/17	1,000,000.00	1,000,057.50	998,680.00	-62.50	2,612.50	4,750.00	4,063.89	6,676.39
	17-0066	3130AAQB7	FHLB 2.00 08/16/21	02/16/18	02/16/17	2,000,000.00	2,000,000.00	1,997,460.00	0.00	0.00	20,000.00	5,000.00	5,000.00
	FHLB Total					**14,275,776.00**	**14,277,106.31**	**14,237,662.73**	**-12,041.24**	**15,086.77**	**145,617.16**	**47,574.66**	**55,618.16**
FHLMC	16-0051	3134G9JT5	FHLMC 1.35 11/26/19	08/26/16	05/26/16	1,500,000.00	1,500,000.00	1,486,290.00	525.00	0.00	20,250.00	7,031.25	7,031.25
	16-0052	3134G9KW6	FHLMC 1.35 11/26/19	08/26/16	05/26/16	2,000,000.00	2,000,000.00	1,986,380.00	2,200.00	0.00	27,000.00	9,375.00	9,375.00
	16-0053	3134G9NL7	FHLMC 1.18 05/31/19	05/24/17	05/31/16	2,000,000.00	2,000,000.00	1,986,040.00	0.00	63.37	23,206.66	7,932.22	7,932.22
	16-0059	3134G9NE3	FHLMC 1.20 06/14/19	06/14/17	06/14/16	2,000,000.00	2,000,000.00	1,986,600.00	0.00	0.00	24,000.00	7,133.33	7,133.33
	16-0066	3134G9XB8	FHLMC 1.00 12/28/18	12/28/16	06/28/16	2,000,000.00	2,000,000.00	1,988,680.00	500.00	0.00	20,000.00	5,166.67	5,166.67
	16-0068	3134G9VS3	FHLMC 1.00 12/28/18	12/28/16	06/28/16	1,000,000.00	1,000,000.00	994,020.00	0.00	0.00	10,000.00	2,583.33	2,583.33
	16-0070	3134G9WJ2	FHLMC 1.20 09/30/19	09/30/16	06/30/16	1,000,000.00	1,000,000.00	987,770.00	0.00	0.00	9,000.00	6,033.33	6,033.33
	16-0072	3134G9YA9	FHLMC 1.01 09/28/18	12/28/16	06/30/16	2,000,000.00	2,000,000.00	1,993,500.00	0.00	2,581.11	25,250.00	168.33	224.44
	17-0006	3134G45U8	FHLMC 0.85 12/12/17	Open	07/20/16	1,000,000.00	1,000,346.31	999,530.00	-2,093.69	897.22	8,500.00	2,573.61	3,470.83
	17-0016	3134G9W37	FHLMC 1.45 08/10/20	11/10/16	08/10/16	1,500,000.00	1,500,000.00	1,485,750.00	0.00	0.00	21,750.00	3,081.25	3,081.25
	17-0035	3134GAPV0	FHLMC 1.03 10/12/18	01/12/17	10/12/16	2,000,000.00	2,000,000.00	1,991,860.00	0.00	0.00	10,300.00	9,670.56	9,670.56
	FHLMC Total					**18,000,000.00**	**18,000,346.31**	**17,886,420.00**	**1,131.31**	**3,541.70**	**199,256.66**	**60,748.88**	**61,702.21**
FNMA	16-0046	3135G0J95	FNMA 1.35 10/28/19	10/28/16	05/19/16	1,000,000.00	1,000,000.00	992,830.00	1,000.00	787.50	13,500.00	5,737.50	6,525.00
	16-0048	3136G3MQ5	FNMA 1.30 11/25/19	11/25/16	05/25/16	2,000,000.00	2,000,000.00	1,983,600.00	0.00	0.00	26,000.00	9,100.00	9,100.00
	16-0067	3136G3TR6	FNMA 1.05 06/28/19	06/28/17	06/28/16	2,000,000.00	2,000,000.00	1,983,140.00	0.00	0.00	21,000.00	5,425.00	5,425.00
	17-0011	3136G3L37	FNMA 1.125 10/28/19	07/28/17	07/28/16	2,000,000.00	2,000,000.00	1,978,360.00	0.00	0.00	22,500.00	3,937.50	3,937.50
	17-0025	3136G34K8	FNMA 1.125 09/09/19	03/09/17	09/28/16	2,500,000.00	2,500,000.00	2,475,475.00	1,250.00	1,484.38	28,125.00	1,718.75	3,203.13
	17-0048	3136G4KD4	FNMA 1.75 06/29/20	06/29/17	02/03/17	2,000,000.00	2,000,000.00	1,996,620.00	0.00	3,305.56	17,500.00	8,944.44	12,250.00
	FNMA Total					**11,500,000.00**	**11,500,000.00**	**11,410,025.00**	**2,250.00**	**5,577.44**	**128,625.00**	**34,863.19**	**40,440.63**
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	0.07	0.07
	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	0.34	0.34
	Money Market Total					**852.30**	**852.30**	**852.30**	**0.00**	**0.00**	**2,991,744.28**	**0.41**	**0.41**
Municipal Bond	13-0025	76221RTS2	RHODE ISLAND 1.551 10/01/17	Open	02/25/13	825,000.00	825,000.00	825,000.00	-5,527.50	177.72	52,640.29	6,397.88	6,575.60
	15-0023	468714EA4	JACEDU 1.693 03/01/18	Open	02/26/15	1,000,000.00	1,000,793.17	1,000,330.00	-4,836.83	0.00	43,077.38	1,410.83	1,410.83
	15-0025	581760AC9	MCLAREN CNTY MI 1.964 05/15/18	Open	04/02/15	730,000.00	732,074.70	728,686.00	-8,145.30	0.00	30,466.55	5,416.28	5,495.93
	15-0045	613357AF9	MONTG CO 2.44 11/01/19	Open	06/25/15	500,000.00	506,476.83	508,025.00	-6,773.17	1,830.00	24,400.00	5,083.33	6,913.33
	16-0007	650035J58	NY URBAN DEV TXBL 1.65 03/15/18	Open	12/08/15	500,000.00	500,563.65	500,220.00	-2,206.35	1,902.08	16,500.00	366.67	2,268.75
	16-0065	64971WF39	NYC TRAN FIN AUTH-SUB 1.69 02/01/21	Open	06/23/16	1,350,000.00	1,356,111.81	1,336,351.50	-2,244.69	4,999.58	29,152.49	3,802.50	7,731.75
	17-0004	047681NZ0	ATLANTA ETC REC 2.41 12/01/19	Open	07/22/16	720,000.00	736,239.37	725,702.40	-8,730.23	2,440.96	17,291.17	5,784.00	8,242.20
	17-0012	555542LS6	MACON-BIBB CNTY GA 3.00 12/01/20	Open	08/01/16	425,000.00	445,314.22	436,623.75	-7,251.28	2,104.72	12,689.17	4,250.00	6,375.00

	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	981,760.00	0.00	1,138.20	10,052.78	1,405.56	1,833.34
	17-0028	64990EEL7	NYS DORM AUTH C-TXBL 2.12 03/15/21	Open	09/30/16	2,000,000.00	2,038,196.09	1,999,140.00	-10,703.91	1,766.67	42,400.00	1,884.44	3,651.11
	17-0029	64971WN97	NY TRANSITION TXBL 1.35 08/01/20	Open	09/30/16	2,625,000.00	2,639,592.10	2,581,346.25	-5,042.90	4,162.27	30,417.19	5,906.25	6,693.75
	17-0032	597137GZ5	MIDDLETOWN OH 2.053 12/01/20	Open	10/07/16	400,000.00	407,436.94	401,000.00	-2,239.06	2,831.62	8,151.17	2,737.33	5,429.04
	17-0051	696624AV7	CA PDTDEV 2.75 10/01/22	Open	02/06/17	1,000,000.00	997,680.07	1,009,310.00	300.07	3,235.92	4,659.72	13,750.00	14,208.33
	17-0059	485429Y32	KANSAS ST DEV AUTH 2.608 04/15/20	Open	02/08/17	775,000.00	788,534.31	785,586.50	-3,337.44	6,344.32	10,106.00	9,319.98	15,664.30
	17-0075	041042ZV7	ARKANSAS ST 2.875 06/01/21	Open	06/09/17	800,000.00	829,577.44	820,712.00	-2,422.56	0.00	0.00	7,155.56	7,666.67
	17-0076	64966HYC8	NEW YORK GO 4.774 03/01/20	Open	06/27/17	1,000,000.00	1,067,559.52	1,068,720.00	-7,100.48	15,382.89	23,870.00	3,978.33	19,361.22
	Municipal Bond Total					**15,650,000.00**	**15,871,150.22**	**15,708,513.40**	**-76,261.63**	**48,316.95**	**355,873.91**	**78,648.94**	**119,521.15**
Treasury Note	14-0020	912828VK3	Treasury Note 1.375 06/30/18	Open	04/29/14	390,000.00	389,787.95	390,230.10	945.76	1,762.81	18,768.75	1,355.20	3,118.01
	Treasury Note Total					**390,000.00**	**389,787.95**	**390,230.10**	**945.76**	**1,762.81**	**18,768.75**	**1,355.20**	**3,118.01**
	Investment Total					**94,706,125.39**	**94,928,740.18**	**94,425,670.62**	**-82,575.80**	**79,382.34**	**5,012,207.36**	**233,612.18**	**291,918.14**

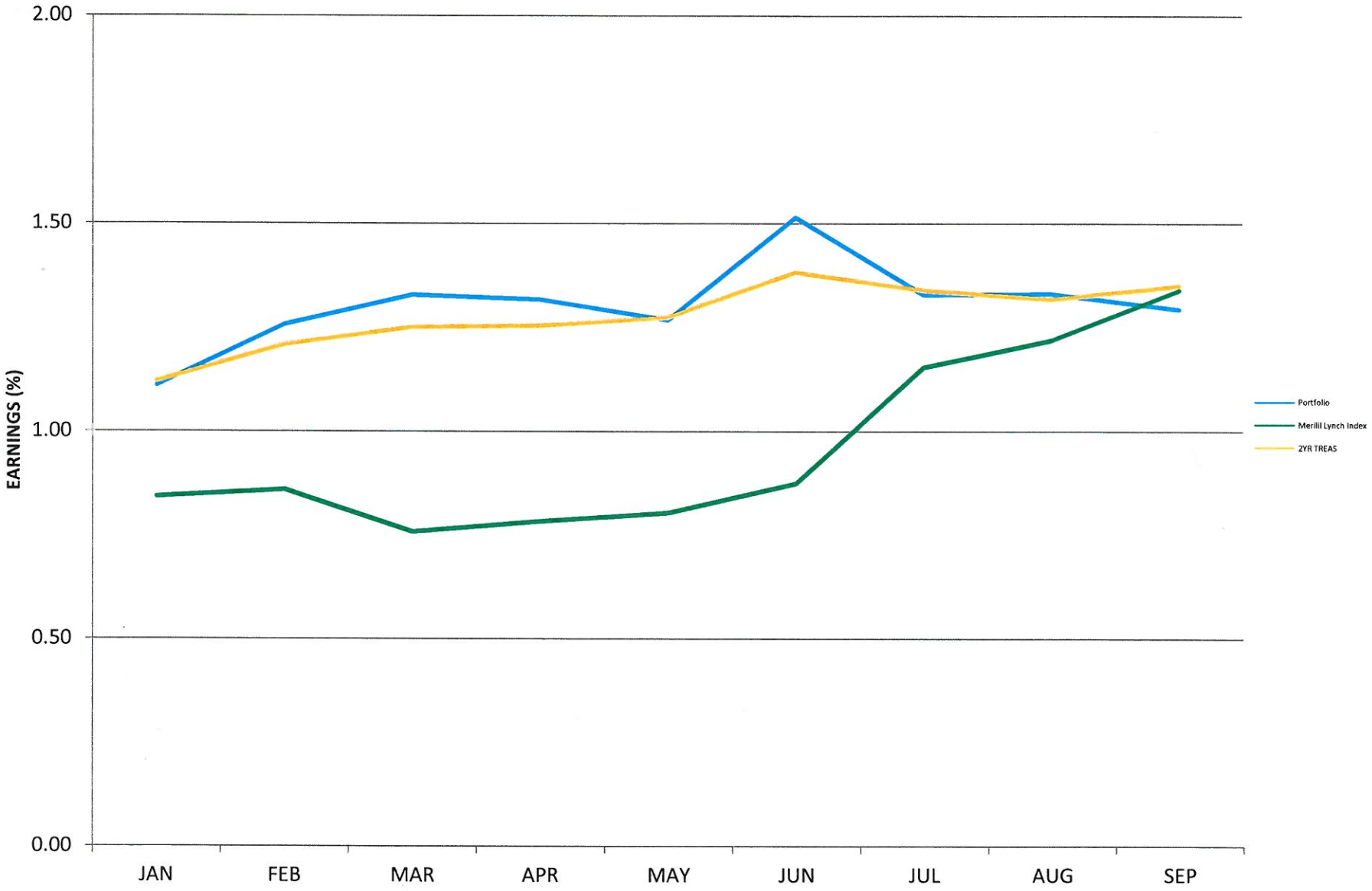
Total Portfolio Asset Allocation as of 9/30/2017




Investment Portfolio by Maturity as of 9/30/17
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 9/30/17



DATA ANLYSIS

Metro Cash Positions

We've hit our low point for the year and should start to see balances climb in the coming months now that all debt service payments have been made. The October tax rush for those who filed extensions in April should yield more favorable results next month and provide additional funds to be invested. In addition to those, we'll start seeing property taxes roll in which will also help. As stated last month, a deeper analysis of previous fiscal years confirms suspicions of increasing payroll and tax obligations with little growth in revenues. As mentioned, we'll continue to monitor.

Asset Allocation

We saw a percentage increase across all security types this month. This is due to declining cash balances and not due to purchases. That is important to note as certain sectors are reaching or exceeding the allocation limits set by policy. As this is not due to purchases we are not in violation of policy but it is something to watch as it could prevent purchasing securities with more favorable yields if we've reached our allocation limits.

Maturity Distribution

There is no real change in maturity distribution over last month. There was roughly $3 million that matured in the 2017 range as expected but no other calls or sells that would affect the later years of the portfolio. The increase in funds expected in the coming months should allow us to fill in the gaps in the laddered portfolio structure we've been working to achieve.

Portfolio Performance

Portfolio performance took a slight dip this month. This is explained by the fact that we have not reinvested matured or idle funds over the last month in preparation of funding capital projects. With the increase in revenues expected to be seen over the next few months, we should have ample funds to begin investing and increase yield.

ECONOMIC UPDATE

ECONOMIC UPDATE

A lot of news this month and still more uncertainty about. As expected, the Employment Report was released and it does appear to be hurricane distorted. The jobs number was -33k (hence the hurricane distortion) but much of the report actually showed labor market strength. The unemployment rate fell from 4.4% to 4.2%, the labor participation rate increased from 62.9% to 63.1% and the average hourly earnings rose to 2.9%. All of this positive data has now bolstered the probability of a December rate hike to 77%.

While these numbers suggest a strong labor market, inflation continues to be a mystery to FOMC members as it continues to elude the 2% goal. The recent FOMC minutes shows that the majority of members now believe that inflation will rebound slower than anticipated which would help to explain why they decided to delay the forecast for achieving this goal until 2019 and why they chose to leave rates unchanged at the 1-1.25% range. While more members believe inflation may not rebound quickly, few members believed that the patience was warranted, however, many saw another rate hike this year which is evident by the 77% probably mentioned previously.

One of, if not the most, important factors that should be mentioned is that member had not included any fiscal stimulus into their projections. This makes the topic of tax reform a very important topic moving forward. If the reform package passes, the FOMC could potentially pursue a more aggressive rate path in 2018 which originally called for 3 hikes.

So what does all this mean? Honestly, it's a little perplexing. We've seen short-term rates increased three times this year with a fourth likely occurring in December now. The rising of short-term rates and stagnant long-term rates has resulted in a noticeable flattened yield curve this year. This is not typically an indicator of future economic growth so it's something to keep an eye on. Add to the fact that the Fed has begun reducing the balance sheet, something that's never been done before, and it's clear that economic growth is a very significant unknown at this time.

United States | Instrument Futures: Fed Funds - Effective | Fed Effective Rate 1.16

1) Overview | 2) Future Implied Probability

Current Implied Probabilities | 3) Add/Remove Rates

Dates ○ Meeting ● Calculation | Calculated 10/06/2017 | Based on rate 1.00-1.25

Meeting	Hike Prob	Cut Prob	0.75-1	1-1.25	1.25-1.5	1.5-1.75	1.75-2	2-2.25	2.25-2.5
11/01/2017	0.3%	0.0%	0.0%	99.7%	0.3%	0.0%	0.0%	0.0%	0.0%
12/13/2017	76.7%	0.0%	0.0%	23.3%	76.5%	0.2%	0.0%	0.0%	0.0%
01/31/2018	76.9%	0.0%	0.0%	23.1%	76.1%	0.8%	0.0%	0.0%	0.0%
03/21/2018	87.3%	0.0%	0.0%	12.7%	52.3%	34.5%	0.4%	0.0%	0.0%
05/02/2018	87.6%	0.0%	0.0%	12.4%	51.2%	35.0%	1.3%	0.0%	0.0%
06/13/2018	91.9%	0.0%	0.0%	8.1%	37.9%	40.6%	12.9%	0.5%	0.0%
08/01/2018	92.0%	0.0%	0.0%	8.0%	37.3%	40.6%	13.4%	0.7%	0.0%
09/26/2018	94.2%	0.0%	0.0%	5.8%	29.4%	39.7%	20.7%	4.1%	0.2%
11/08/2018	94.3%	0.0%	0.0%	5.7%	28.8%	39.4%	21.2%	4.6%	0.3%

Total Portfolio Shock Table

Lou / Jeff Cty Metro Finance

Effective Interest - Actual Life

Receipts in Period

9/30/2017

Data Category	*Down 300*	*Down 200*	*Down 100*	*Current*	*Up 100*	*Up 200*	*Up 300*
Current Par	70,165,776.00	70,165,776.00	70,165,776.00	70,165,776.00	70,165,776.00	70,165,776.00	70,165,776.00
Amor. Cost	70,385,683.25	70,385,683.25	70,385,683.25	70,385,683.25	70,385,683.25	70,385,683.25	70,385,683.25
Market Value	69,674,823.90	69,744,989.67	69,815,155.45	69,885,321.23	69,955,487.00	70,025,652.78	70,095,818.55
% 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	99.3	99.4	99.5	99.6	99.7	99.8	99.9
Market Yield	3.1421	2.6496	2.1581	1.6677	1.1779	0.6892	0.2014
Gain / Loss	-710,859.35	-640,693.58	-570,527.80	-500,362.02	-430,196.25	-360,030.47	-289,864.70

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.