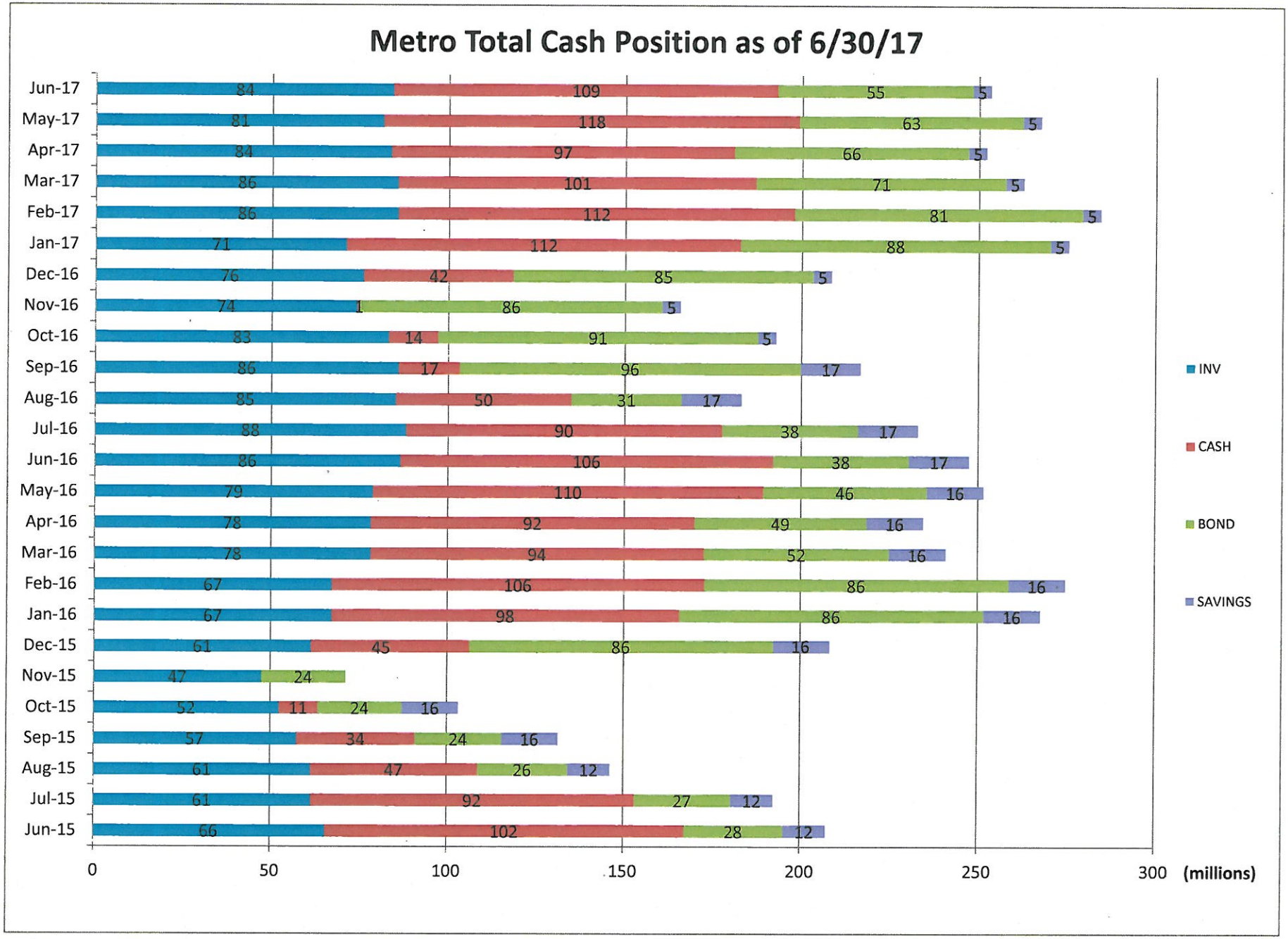
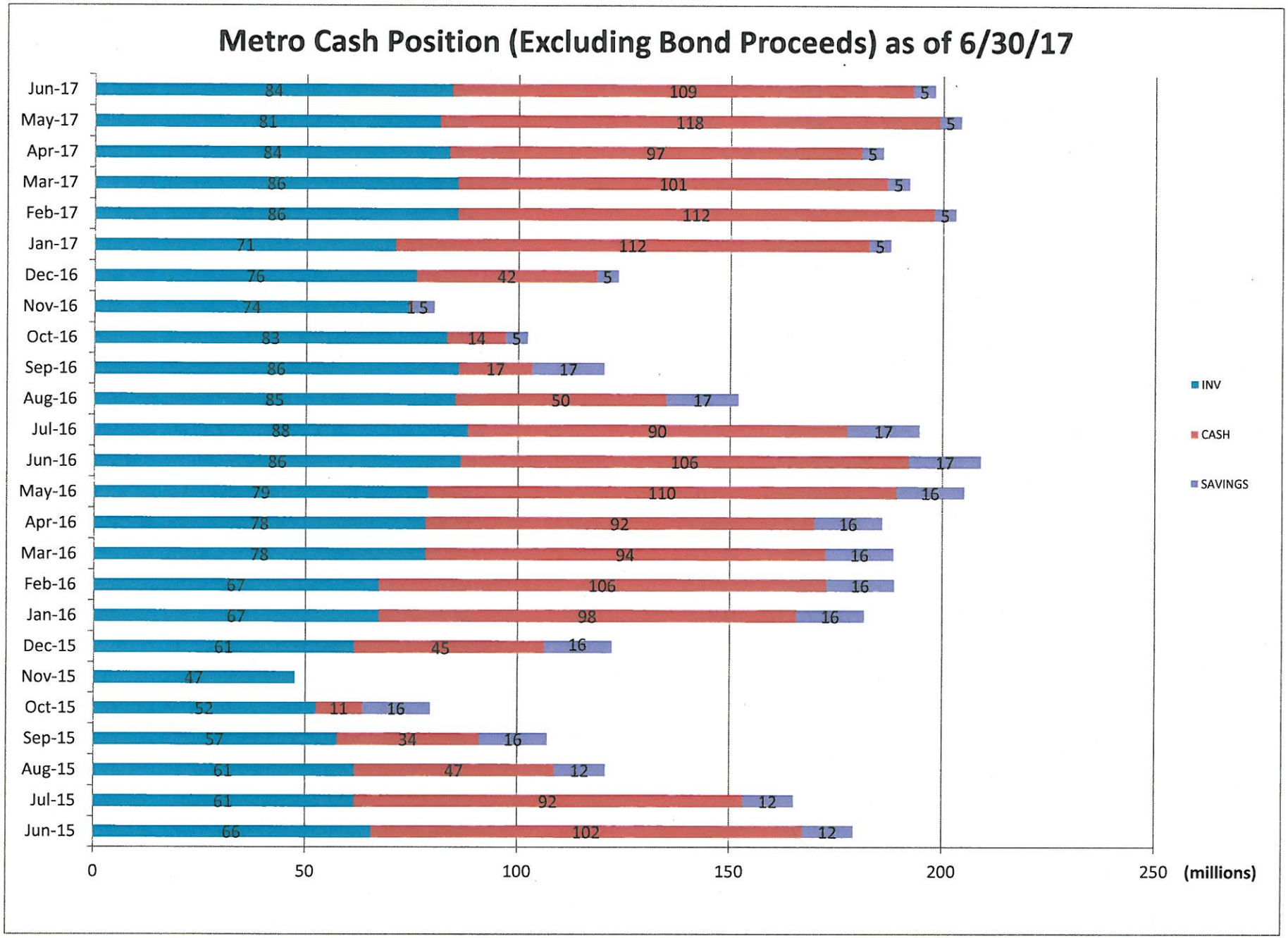
# Louisville Metro Investment Council

Louisville METRO

July 13, 2017

# PORTFOLIO COMPOSITION


Metro Total Cash Position as of 6/30/17
Jun-17
May-17
Apr-17
Mar-17
Feb-17
Jan-17
Dec-16
Nov-16
Oct-16
Sep-16
Aug-16
Jul-16
Jun-16
May-16
Apr-16
Mar-16
Feb-16
Jan-16
Dec-15
Nov-15
Oct-15
Sep-15
Aug-15
Jul-15
Jun-15
84 109 55 5
81 118 63 5
84 97 66 5
86 101 71 5
86 112 81 5
71 112 88 5
76 42 85 5
74 1 86 5
83 14 91 5
86 17 96 17
85 50 31 17
88 90 38 17
86 106 38 17
79 110 46 16
78 92 49 16
78 94 52 16
67 106 86 16
67 98 86 16
61 45 86 16
47 24
52 11 24 16
57 34 24 16
61 47 26 12
61 92 27 12
66 102 28 12
0
50
100
150
200
250
300
(millions)
INV
CASH
BOND
SAVINGS


Metro Cash Position (Excluding Bond Proceeds) as of 6/30/17
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
Aug-15 61 47 12
Jul-15 61 92 12
Jun-15 66 102 12
0
50
100
150
200
250
(millions)
INV
CASH
SAVINGS

# Acc Int / Amort / Mkt Val

## Lou / Jeff Cty Metro Finance

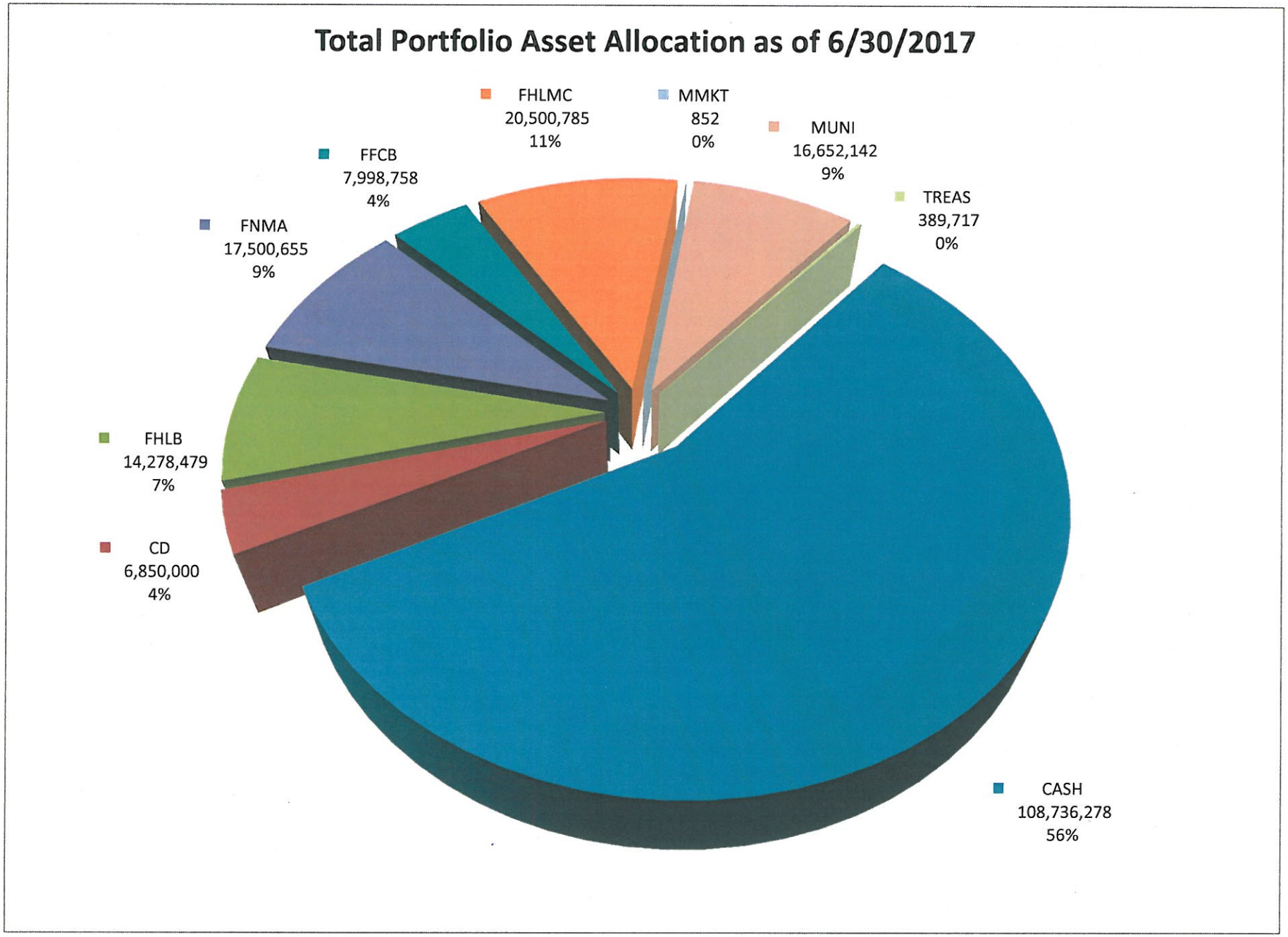
Effective Interest - Callable Life

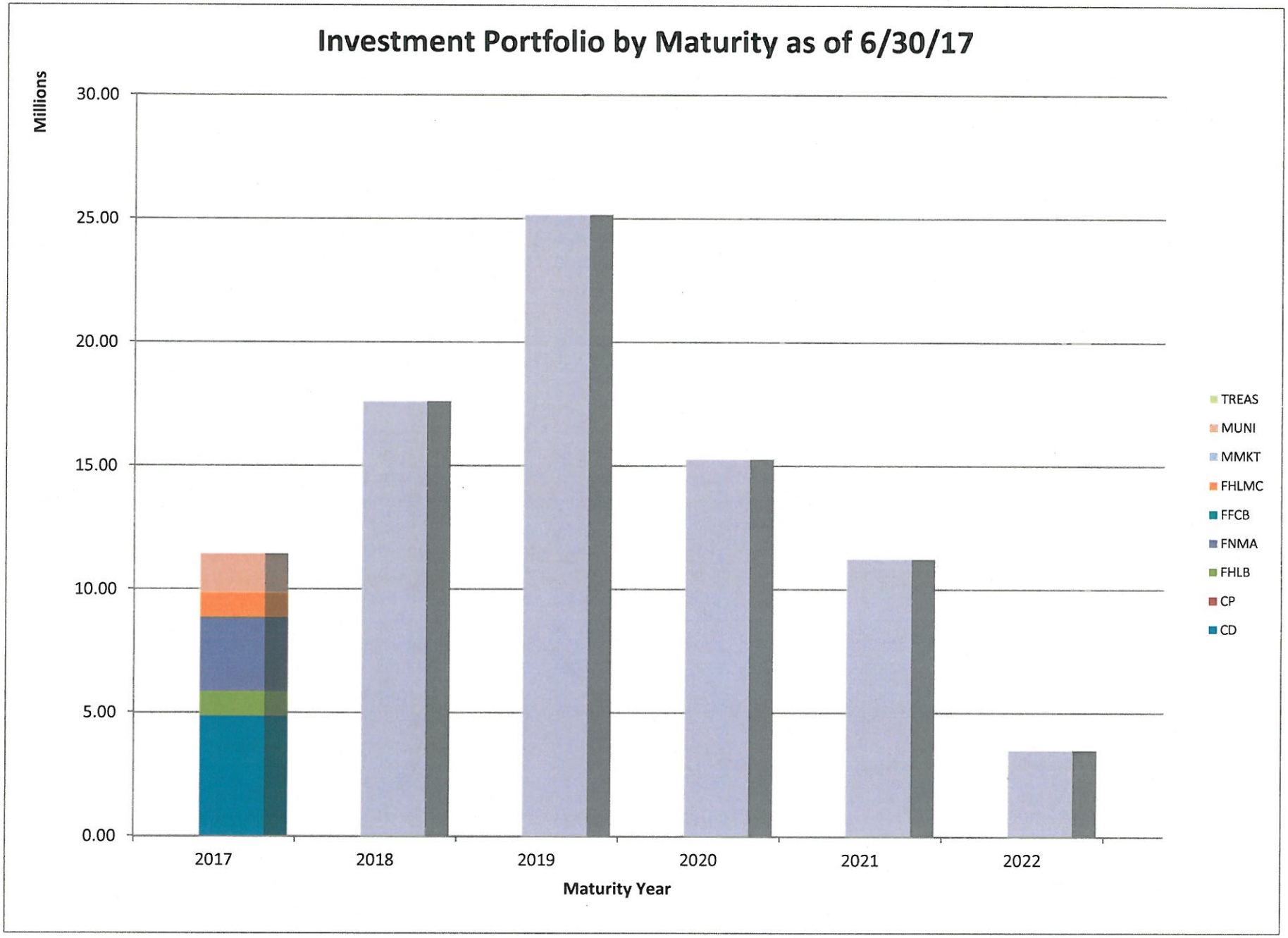
Receipts in Period

6/30/2017

| | 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 | 1,087,073.78 | 1,087,073.78 | 1,087,073.78 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | AR-0046 | METRO CONC 53- 714868609 | Cash Account | Open | 09/22/08 | 98,969,022.27 | 98,969,022.27 | 98,969,022.27 | 0.00 | 0.00 | 680,272.00 | 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 | 2,912,166.28 | 2,912,166.28 | 2,912,166.28 | 0.00 | 0.00 | 373,900.57 | 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 | 2,420,850.75 | 2,420,850.75 | 2,420,850.75 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | **Cash Total** | | | | | **108,736,278.08** | **108,736,278.08** | **108,736,278.08** | **0.00** | **0.00** | **1,054,172.57** | **0.00** | **0.00** |
| Certificate of Deposit | 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 | 24,751.75 | 1,575.00 | 1,575.00 |
| | 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 | 332.91 | 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 | 186.84 | 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 | 636.99 | 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 | 0.00 | 483.87 | 483.87 |
| | **Certificate of Deposit Total** | | | | | **6,850,000.00** | **6,850,000.00** | **6,850,000.00** | **0.00** | **0.00** | **25,908.49** | **2,577.27** | **2,577.27** |
| FFCB | 17-0010 | 3133EGNK7 | FFCB 1.32 07/27/20 | 07/27/17 | 07/27/16 | 3,000,000.00 | 3,000,000.00 | 2,974,686.99 | 0.00 | 0.00 | 19,800.00 | 16,940.00 | 16,940.00 |
| | 17-0022 | 3133EGVJ1 | FFCB 1.16 09/26/19 | 09/26/17 | 09/27/16 | 3,000,000.00 | 3,000,000.00 | 2,978,912.34 | 0.00 | 96.67 | 17,400.00 | 9,183.33 | 9,280.00 |
| | 17-0077 | 3133EHMG5 | FFCB 1.80 03/12/21 | 09/12/17 | 06/22/17 | 2,000,000.00 | 1,998,757.50 | 2,010,980.68 | 157.50 | 0.00 | 0.00 | 900.00 | 1,900.00 |
| | **FFCB Total** | | | | | **8,000,000.00** | **7,998,757.50** | **7,964,580.01** | **157.50** | **96.67** | **37,200.00** | **27,023.33** | **28,120.00** |
| FHLB | 16-0063 | 313383EP2 | FHLB 1.25 06/20/18 | 09/20/16 | 06/20/16 | 2,975,776.00 | 2,975,776.00 | 2,975,479.49 | -5,951.55 | 0.00 | 37,197.16 | 1,136.58 | 1,136.58 |
| | 16-0071 | 3130A8JZ7 | FHLB 1.22 12/30/19 | 06/30/17 | 06/30/16 | 2,900,000.00 | 2,900,000.00 | 2,879,139.98 | 0.00 | 0.00 | 35,380.00 | 98.28 | 98.28 |
| | 17-0005 | 3130A0HY9 | FHLB 1.25 12/26/17 | Open | 07/20/16 | 1,000,000.00 | 1,002,620.50 | 1,001,329.37 | -5,079.50 | 833.33 | 12,500.00 | 173.61 | 1,006.94 |
| | 17-0034 | 3130A8RP0 | FHLB 1.05 10/26/18 | 10/26/16 | 10/11/16 | 2,000,000.00 | 2,000,000.00 | 1,990,927.60 | 400.00 | 4,812.50 | 15,750.00 | 3,791.67 | 8,166.67 |
| | 17-0046 | 3130AAQV3 | FHLB 1.67 04/30/20 | 01/30/18 | 02/02/17 | 2,400,000.00 | 2,400,000.00 | 2,411,493.65 | 0.00 | 0.00 | 0.00 | 11,059.11 | 11,281.78 |
| | 17-0049 | 3130A4Z54 | FHLB 0.95 04/27/18 | Open | 02/06/17 | 1,000,000.00 | 1,000,082.52 | 996,543.81 | -37.48 | 2,612.50 | 4,750.00 | 1,688.89 | 4,301.39 |
| | 17-0066 | 3130AAQB7 | FHLB 2.00 08/16/21 | 02/16/18 | 02/16/17 | 2,000,000.00 | 2,000,000.00 | 2,023,637.44 | 0.00 | 0.00 | 0.00 | 15,000.00 | 15,000.00 |
| | **FHLB Total** | | | | | **14,275,776.00** | **14,278,479.02** | **14,278,551.34** | **-10,668.53** | **8,258.33** | **105,577.16** | **32,948.14** | **40,991.64** |
| FHLMC | 16-0051 | 3134G9JT5 | FHLMC 1.35 11/26/19 | 08/26/16 | 05/26/16 | 1,500,000.00 | 1,500,000.00 | 1,495,727.33 | 525.00 | 0.00 | 20,250.00 | 1,968.75 | 1,968.75 |
| | 16-0052 | 3134G9KW6 | FHLMC 1.35 11/26/19 | 08/26/16 | 05/26/16 | 2,000,000.00 | 2,000,000.00 | 1,994,303.10 | 2,200.00 | 0.00 | 27,000.00 | 2,625.00 | 2,625.00 |
| | 16-0053 | 3134G9NL7 | FHLMC 1.18 05/31/19 | 05/24/17 | 05/31/16 | 2,000,000.00 | 2,000,000.00 | 1,990,862.70 | 0.00 | 63.37 | 23,206.66 | 2,032.22 | 2,032.22 |
| | 16-0059 | 3134G9NE3 | FHLMC 1.20 06/14/19 | 06/14/17 | 06/14/16 | 2,000,000.00 | 2,000,000.00 | 1,991,468.44 | 0.00 | 0.00 | 24,000.00 | 1,133.33 | 1,133.33 |
| | 16-0066 | 3134G9XB8 | FHLMC 1.00 12/28/18 | 12/28/16 | 06/28/16 | 2,000,000.00 | 2,000,000.00 | 1,987,331.10 | 500.00 | 0.00 | 20,000.00 | 166.67 | 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 | 993,665.55 | 0.00 | 0.00 | 10,000.00 | 83.33 | 83.33 |
| | 16-0070 | 3134G9WJ2 | FHLMC 1.20 09/30/19 | 09/30/16 | 06/30/16 | 1,000,000.00 | 1,000,000.00 | 993,966.20 | 0.00 | 0.00 | 9,000.00 | 3,033.33 | 3,033.33 |
| | 16-0072 | 3134G9YA9 | FHLMC 1.01 09/28/18 | 12/28/16 | 06/30/16 | 2,000,000.00 | 2,000,000.00 | 1,990,244.86 | 0.00 | 2,581.11 | 15,150.00 | 5,218.33 | 5,274.44 |
| | 17-0006 | 3134G45U8 | FHLMC 0.85 12/12/17 | Open | 07/20/16 | 1,000,000.00 | 1,000,785.29 | 997,661.24 | -1,654.71 | 897.22 | 8,500.00 | 448.61 | 1,345.83 |
| | 17-0016 | 3134G9W37 | FHLMC 1.45 08/10/20 | 11/10/16 | 08/10/16 | 1,500,000.00 | 1,500,000.00 | 1,493,709.66 | 0.00 | 0.00 | 10,875.00 | 8,518.75 | 8,518.75 |
| | 17-0035 | 3134GAPV0 | FHLMC 1.03 10/12/18 | 01/12/17 | 10/12/16 | 2,000,000.00 | 2,000,000.00 | 1,990,570.76 | 0.00 | 0.00 | 10,300.00 | 4,520.56 | 4,520.56 |
| | 17-0061 | 3134GAR89 | FHLMC 2.25 02/14/22 | 08/14/17 | 02/14/17 | 2,500,000.00 | 2,500,000.00 | 2,553,183.30 | 0.00 | 0.00 | 0.00 | 21,406.25 | 21,406.25 |
| | **FHLMC Total** | | | | | **20,500,000.00** | **20,500,785.29** | **20,472,694.24** | **1,570.29** | **3,541.70** | **178,281.66** | **51,155.13** | **52,108.46** |
| FNMA | 16-0024 | 3135G0PP2 | FNMA 1.00 09/20/17 | Open | 03/11/16 | 3,000,000.00 | 3,000,655.09 | 3,000,330.66 | -3,874.91 | 14,250.00 | 45,000.00 | 8,416.67 | 22,666.67 |
| | 16-0046 | 3135G0J95 | FNMA 1.35 10/28/19 | 10/28/16 | 05/19/16 | 1,000,000.00 | 1,000,000.00 | 997,590.55 | 1,000.00 | 787.50 | 13,500.00 | 2,362.50 | 3,150.00 |
| | 16-0048 | 3136G3MQ5 | FNMA 1.30 11/25/19 | 11/25/16 | 05/25/16 | 2,000,000.00 | 2,000,000.00 | 1,991,502.44 | 0.00 | 0.00 | 26,000.00 | 2,600.00 | 2,600.00 |
| | 16-0067 | 3136G3TR6 | FNMA 1.05 06/28/19 | 06/28/17 | 06/28/16 | 2,000,000.00 | 2,000,000.00 | 1,983,788.92 | 0.00 | 0.00 | 21,000.00 | 175.00 | 175.00 |
| | 17-0011 | 3136G3L37 | FNMA 1.125 10/28/19 | 07/28/17 | 07/28/16 | 2,000,000.00 | 2,000,000.00 | 1,982,756.30 | 0.00 | 0.00 | 11,250.00 | 9,562.50 | 9,562.50 |
| | 17-0025 | 3136G34K8 | FNMA 1.125 09/09/19 | 03/09/17 | 09/28/16 | 2,500,000.00 | 2,500,000.00 | 2,480,925.85 | 1,250.00 | 1,484.38 | 14,062.50 | 8,750.00 | 10,234.38 |
| | 17-0048 | 3136G4KD4 | FNMA 1.75 06/29/20 | 06/29/17 | 02/03/17 | 2,000,000.00 | 2,000,000.00 | 2,013,602.08 | 0.00 | 3,305.56 | 17,500.00 | 194.44 | 3,500.00 |
| | 17-0067 | 3136G4KV4 | FNMA 2.05 05/17/21 | 08/17/17 | 02/17/17 | 3,000,000.00 | 3,000,000.00 | 3,045,011.70 | 0.00 | 0.00 | 15,375.00 | 7,516.67 | 7,516.67 |
| | **FNMA Total** | | | | | **17,500,000.00** | **17,500,655.09** | **17,495,508.50** | **-1,624.91** | **19,827.44** | **163,687.50** | **39,577.78** | **59,405.22** |
| 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 | 825,309.45 | 828,325.78 | -5,218.05 | 177.72 | 52,640.29 | 3,198.94 | 3,376.66 |
| | 15-0023 | 468714EA4 | JACEDU 1.693 03/01/18 | Open | 02/26/15 | 1,000,000.00 | 1,001,266.70 | 1,006,086.79 | -4,363.30 | 0.00 | 34,612.38 | 5,643.33 | 5,643.33 |
| | 15-0025 | 581760AC9 | MCLAREN CNTY MI 1.964 05/15/18 | Open | 04/02/15 | 730,000.00 | 732,903.28 | 737,300.25 | -7,316.72 | 0.00 | 30,466.55 | 1,831.98 | 1,911.63 |
| | 15-0045 | 613357AF9 | MONTG CO 2.44 11/01/19 | Open | 06/25/15 | 500,000.00 | 507,237.44 | 513,860.98 | -6,012.56 | 1,830.00 | 24,400.00 | 2,033.33 | 3,863.33 |

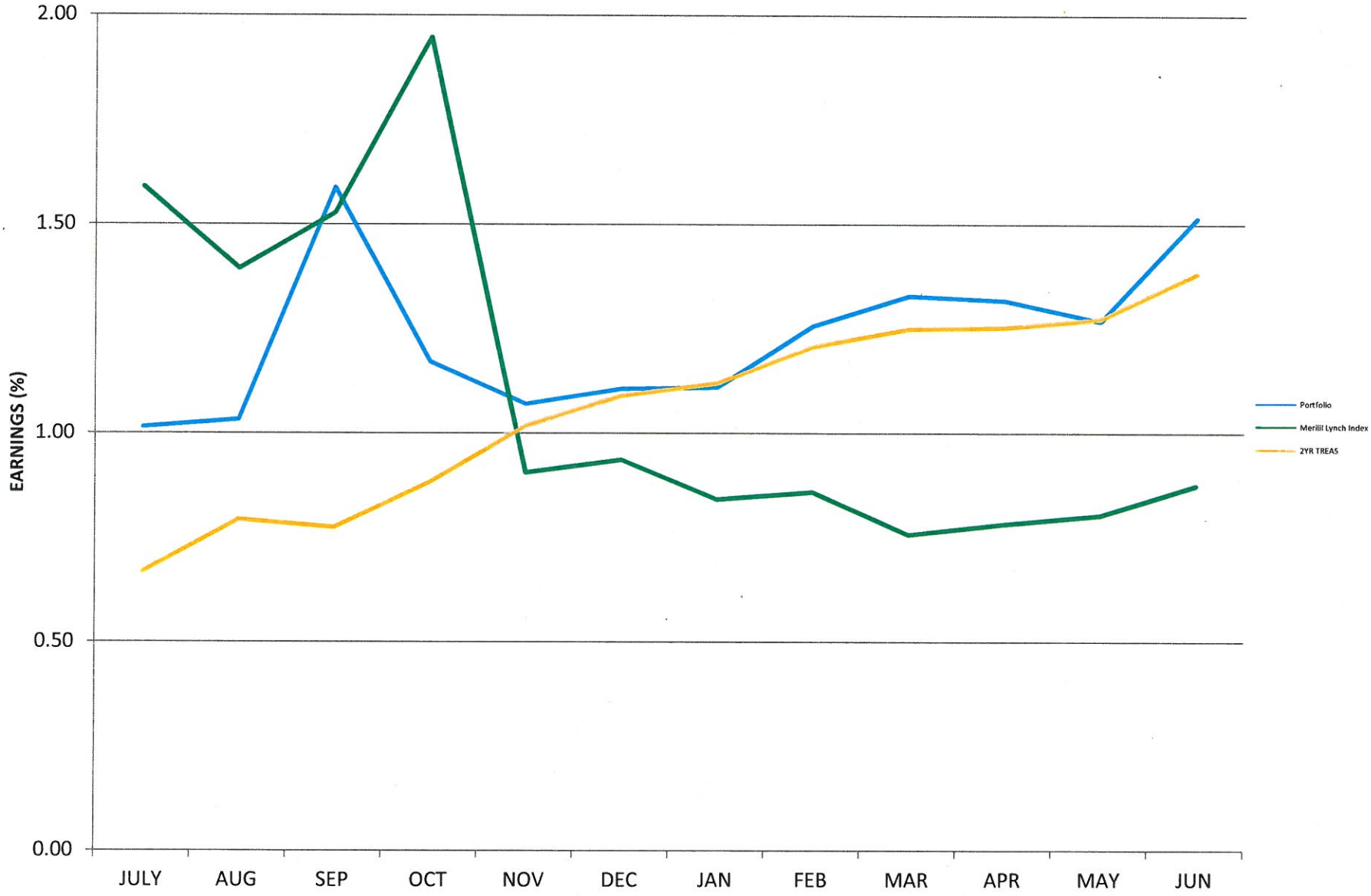
| | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 16-0007 | 650035J58 | NY URBAN DEV TXBL 1.65 03/15/18 | Open | 12/08/15 | 500,000.00 | 500,871.20 | 502,816.56 | -1,898.80 | 1,902.08 | 12,375.00 | 2,429.17 | 4,331.25 |
| | 16-0065 | 64971WF39 | NYC TRAN FIN AUTH-SUB 1.69 02/01/21 | Open | 06/23/16 | 1,350,000.00 | 1,356,557.99 | 1,352,292.41 | -1,798.51 | 4,999.58 | 17,744.99 | 9,506.25 | 13,435.50 |
| | 17-0004 | 047681NZ0 | ATLANTA ETC REC 2.41 12/01/19 | Open | 07/22/16 | 720,000.00 | 738,084.21 | 739,637.47 | -6,885.39 | 2,440.96 | 17,291.17 | 1,446.00 | 3,904.20 |
| | 17-0012 | 555542LS6 | MACON-BIBB CNTY GA 3.00 12/01/20 | Open | 08/01/16 | 425,000.00 | 446,879.87 | 447,198.92 | -5,685.63 | 2,104.72 | 12,689.17 | 1,062.50 | 3,187.50 |
| | 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 | 988,198.37 | 0.00 | 1,138.20 | 4,552.78 | 4,155.56 | 4,583.34 |
| | 17-0028 | 64990EEL7 | NYS DORM AUTH C-TXBL 2.12 03/15/21 | Open | 09/30/16 | 2,000,000.00 | 2,040,878.00 | 2,036,803.20 | -8,022.00 | 1,766.67 | 21,200.00 | 12,484.44 | 14,251.11 |
| | 17-0029 | 64971WN97 | NY TRANSITION TXBL 1.35 08/01/20 | Open | 09/30/16 | 2,625,000.00 | 2,640,857.77 | 2,605,304.05 | -3,777.23 | 4,162.27 | 12,698.44 | 14,765.63 | 15,553.13 |
| | 17-0032 | 597137GZ5 | MIDDLETOWN OH 2.053 12/01/20 | Open | 10/07/16 | 400,000.00 | 408,010.12 | 406,560.08 | -1,665.88 | 2,831.62 | 8,151.17 | 684.33 | 3,376.04 |
| | 17-0042 | 49130TUS3 | KENTUCKY ST HSG CORP 1.10 07/01/17 | Open | 12/02/16 | 760,000.00 | 760,000.00 | 759,882.40 | -828.40 | 0.00 | 0.00 | 4,853.44 | 4,876.66 |
| | 17-0051 | 696624AV7 | CA PDTDEV 2.75 10/01/22 | Open | 02/06/17 | 1,000,000.00 | 997,572.69 | 1,046,540.03 | 192.69 | 3,235.92 | 4,659.72 | 6,875.00 | 7,333.33 |
| | 17-0059 | 485429Y32 | KANSAS ST DEV AUTH 2.608 04/15/20 | Open | 02/08/17 | 775,000.00 | 789,830.17 | 802,094.06 | -2,041.58 | 6,344.32 | 10,106.00 | 4,266.98 | 10,611.30 |
| | 17-0075 | 041042ZV7 | ARKANSAS ST 2.875 06/01/21 | Open | 06/09/17 | 800,000.00 | 831,524.14 | 839,876.90 | -475.86 | 0.00 | 0.00 | 1,405.56 | 1,916.67 |
| | 17-0076 | 64966HYC8 | NEW YORK GO 4.774 03/01/20 | Open | 06/27/17 | 1,000,000.00 | 1,074,358.99 | 1,101,187.74 | -301.01 | 0.00 | 0.00 | 530.44 | 15,913.33 |
| | **Municipal Bond Total** | | | | | **16,410,000.00** | **16,652,142.02** | **16,713,965.99** | **-56,098.23** | **32,934.06** | **263,587.66** | **77,172.88** | **118,068.31** |
| Treasury Note | 14-0020 | 912828VK3 | Treasury Note 1.375 06/30/18 | Open | 04/29/14 | 390,000.00 | 389,717.35 | 390,636.59 | 875.16 | 1,762.81 | 18,768.75 | 14.57 | 1,777.38 |
| | **Treasury Note Total** | | | | | **390,000.00** | **389,717.35** | **390,636.59** | **875.16** | **1,762.81** | **18,768.75** | **14.57** | **1,777.38** |
| | Investment Total | | | | | 192,662,906.38 | 192,907,666.65 | 192,903,067.05 | -65,788.72 | 66,421.01 | 4,838,928.07 | 230,469.48 | 303,048.66 |


Total Portfolio Asset Allocation as of 6/30/2017
FHLMC
20,500,785
11%
MMKT
852
0%
MUNI
16,652,142
9%
TREAS
389,717
0%
FFCB
7,998,758
4%
FNMA
17,500,655
9%
FHLB
14,278,479
7%
CD
6,850,000
4%
CASH
108,736,278
56%


Investment Portfolio by Maturity as of 6/30/17
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 6/30/17



## DATA ANALYSIS

### Metro Cash Positions

There was a dip in cash on hand for the month of June 2017 but that is to be expected at year end. You may also notice that spending in the bond fund section which is good to see. However, overall there was no significant change in Metro's cash position.

### Asset Allocation

No significant change to report in asset allocation. There is a slight change in the balance of MUNI's (down approximately $800 thousand) and FFCB's (up approximately $2 million) but no significant change in the allocation of the portfolio.

### Maturity Distribution

Some slight change to report in maturity distribution as we did see some funds mature in 2017. Those funds were then reinvested in securities maturing in 2021 adding roughly $3 million to that maturity range and bringing Metro closer in line to the laddered structure we're working to achieve.

### Portfolio Performance

Portfolio yield saw a jump for the month of June 2017. This can be attributed to maturities and a beneficial swap of muni securities which provided an additional 43bps in yield and an additional $10 thousand in interest revenues. WAM remained consistent around 2.15 years.

# ECONOMIC UPDATE

## ECONOMIC UPDATE

If there was a common theme from the June FOMC meeting, that theme would be disagreement. From the timing of the balance-sheet runoff to the recent data on inflation, one thing remains clear; there is no shortage of views coming from the committee on these and a myriad of other topics. Beginning with the most recent topic of balance-sheet runoff, it is important to realize that there has been some progress on this front. The Fed was able to outline how it will begin reducing the $4.5 trillion in securities it currently holds as a result of quantitative easing.

The Fed will allow $6 billion of Treasuries to mature each month without replacing them. It will then allow another$6 billion to mature each month until its target of $30 billion of maturities is reached. The Fed also clarified its approach on dealing with its holdings of MBS but indicated that this reduction wouldn't occur until the fed funds rate reached 2 percent. This approach confirms what many had expected and what was discussed last month as a gradual reduction.

Investors have a somewhat clearer picture on what the process will look like, but are still being kept in the dark as to when the process will actually begin. While there are a "range of views" regarding timing, there appears to be 2 main camps with several members preferring to begin within the next few months and other members in favor of waiting until later in the year. The reasoning for delay is to provide the opportunity to review additional economic data as the end result of this process will be upward pressure on interest rates.

In addition to the disagreement on balance-sheet runoff, the Fed members are also disagreeing on the importance of recent inflation data. Recent data has shown a slow-down in inflation and some members expressed concern regarding the 2 percent long-term inflation goal and that the slow-down may not be temporary. This was countered by other members suggesting that the weak data was a product of unique factors including declines in the price of wireless services and prescription drugs.

Of course the news isn't all bad. While these disagreements took center stage, it is important to note that all members were in favor of a "gradual" approach to rate hikes and voted for another increase moving the rate to 1.25 percent. There were a few members who expressed concern with the projections for rates through the end of 2018. We'll have to wait to see how this plays out later in the year as Chair Yellen and other positions are set to change during this time and policy doves could gain support especially if economic data remains weak.

Finally, the committee was generally positive regarding the global economic outlook citing that risks to the US economy from abroad had declined since their previous meeting attributing the slowing increases to nonfarm payroll as expected developments of a tightening labor market with fewer job openings. So on the whole, market reaction was minimal given the lack of insights but we did see another rate hike with the next expected hike coming at the December 13 meeting.

# 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 | 83,925,776.00 | 83,925,776.00 | 83,925,776.00 | 83,925,776.00 | 83,925,776.00 | 83,925,776.00 | 83,925,776.00 |
| Amor. Cost | 84,169,240.78 | 84,169,240.78 | 84,169,240.78 | 84,169,240.78 | 84,169,240.78 | 84,169,240.78 | 84,169,240.78 |
| Market Value | 83,914,159.35 | 83,998,085.12 | 84,082,010.90 | 84,165,936.67 | 84,249,862.45 | 84,333,788.23 | 84,417,714.00 |
| % 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 | 99.99 | 100.09 | 100.19 | 100.29 | 100.39 | 100.49 | 100.59 |
| Market Yield | 2.5874 | 2.1952 | 1.8037 | 1.413 | 1.0231 | 0.6339 | 0.2454 |
| Gain / Loss | -255,081.43 | -171,155.66 | -87,229.88 | -3,304.11 | 80,621.67 | 164,547.45 | 248,473.22 |

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.