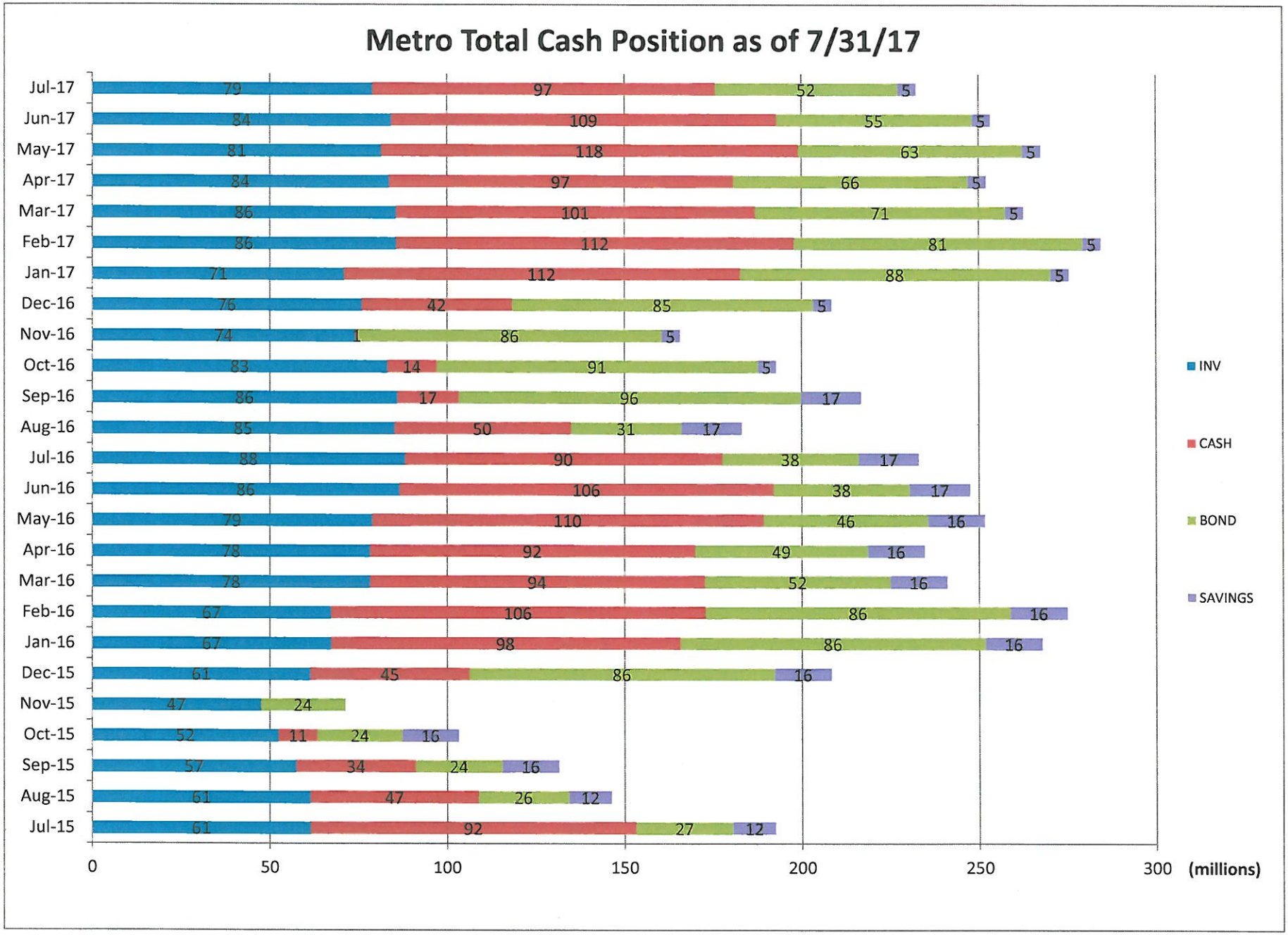
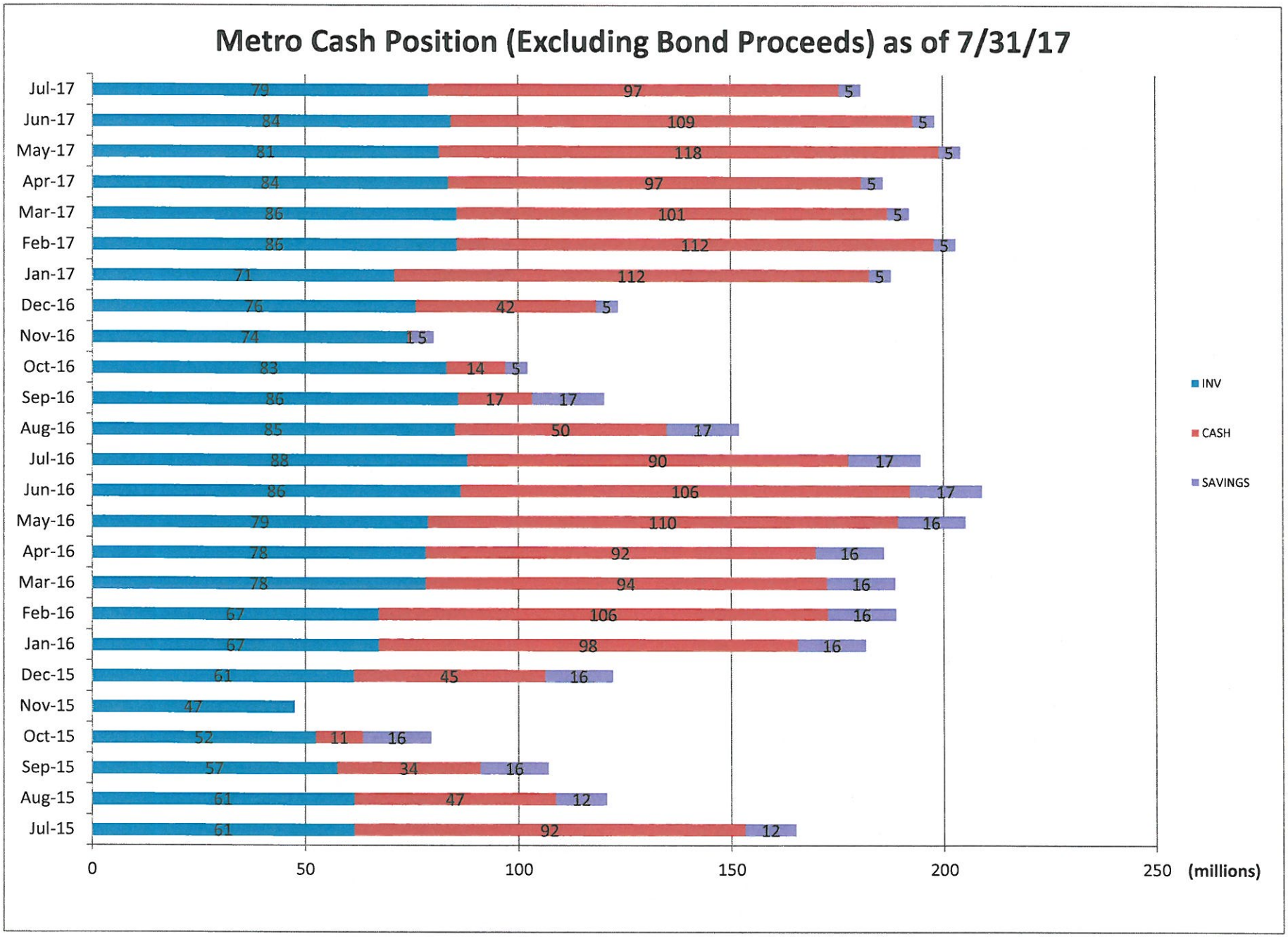
Louisville Metro Investment Council

Louisville METRO

August 14, 2017

PORTFOLIO COMPOSITION


Metro Total Cash Position as of 7/31/17
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
Aug-15 61 47 26 12
Jul-15 61 92 27 12
0 50 100 150 200 250 300 (millions)
INV
CASH
BOND
SAVINGS


Metro Cash Position (Excluding Bond Proceeds) as of 7/31/17
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
Aug-15 61 47 12
Jul-15 61 92 12
0
50
100
150
200
250
(millions)
INV
CASH
SAVINGS

Acc Int / Amort / Mkt Val

Lou / Jeff Cty Metro Finance

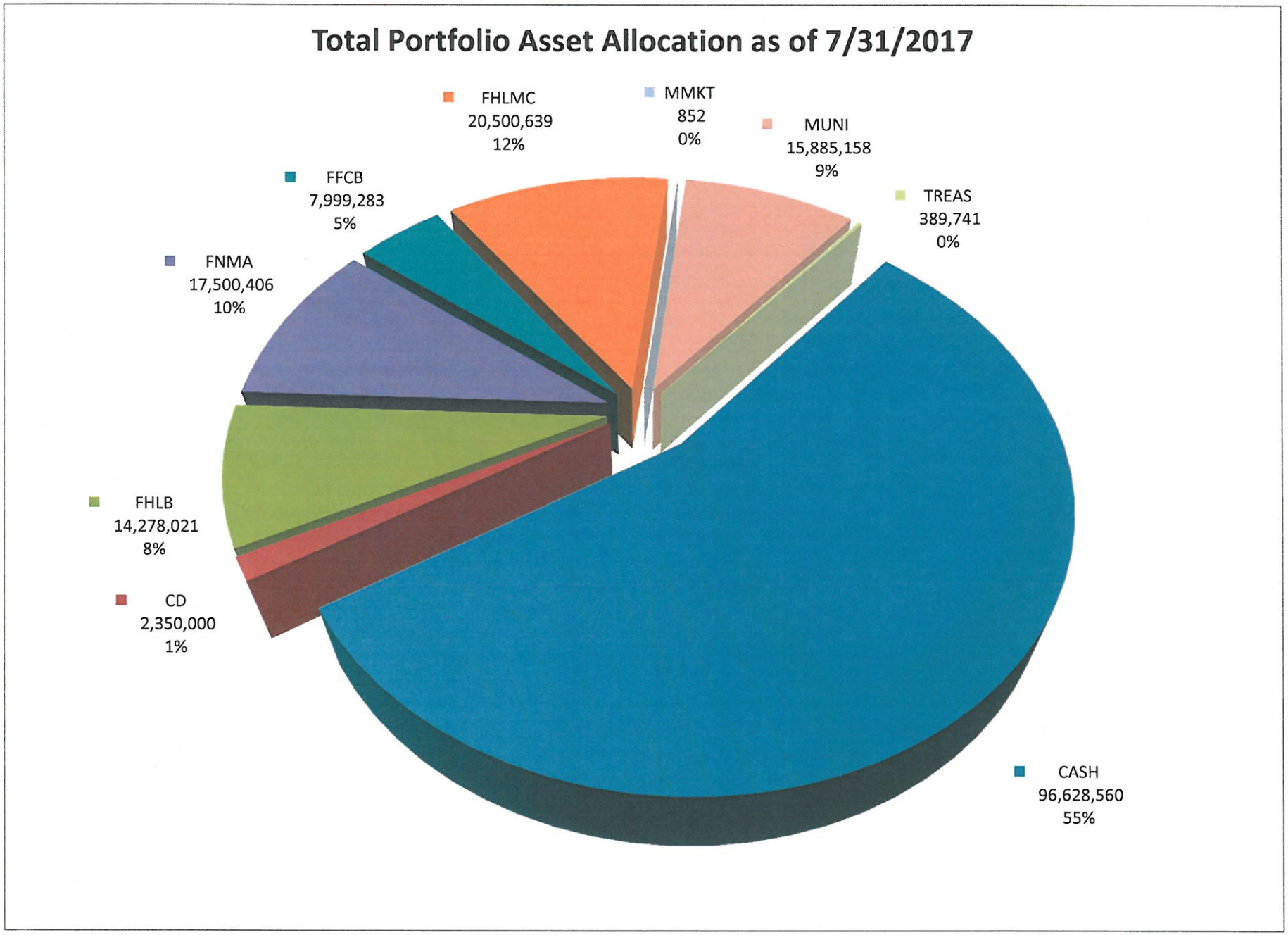
Effective Interest - Callable Life

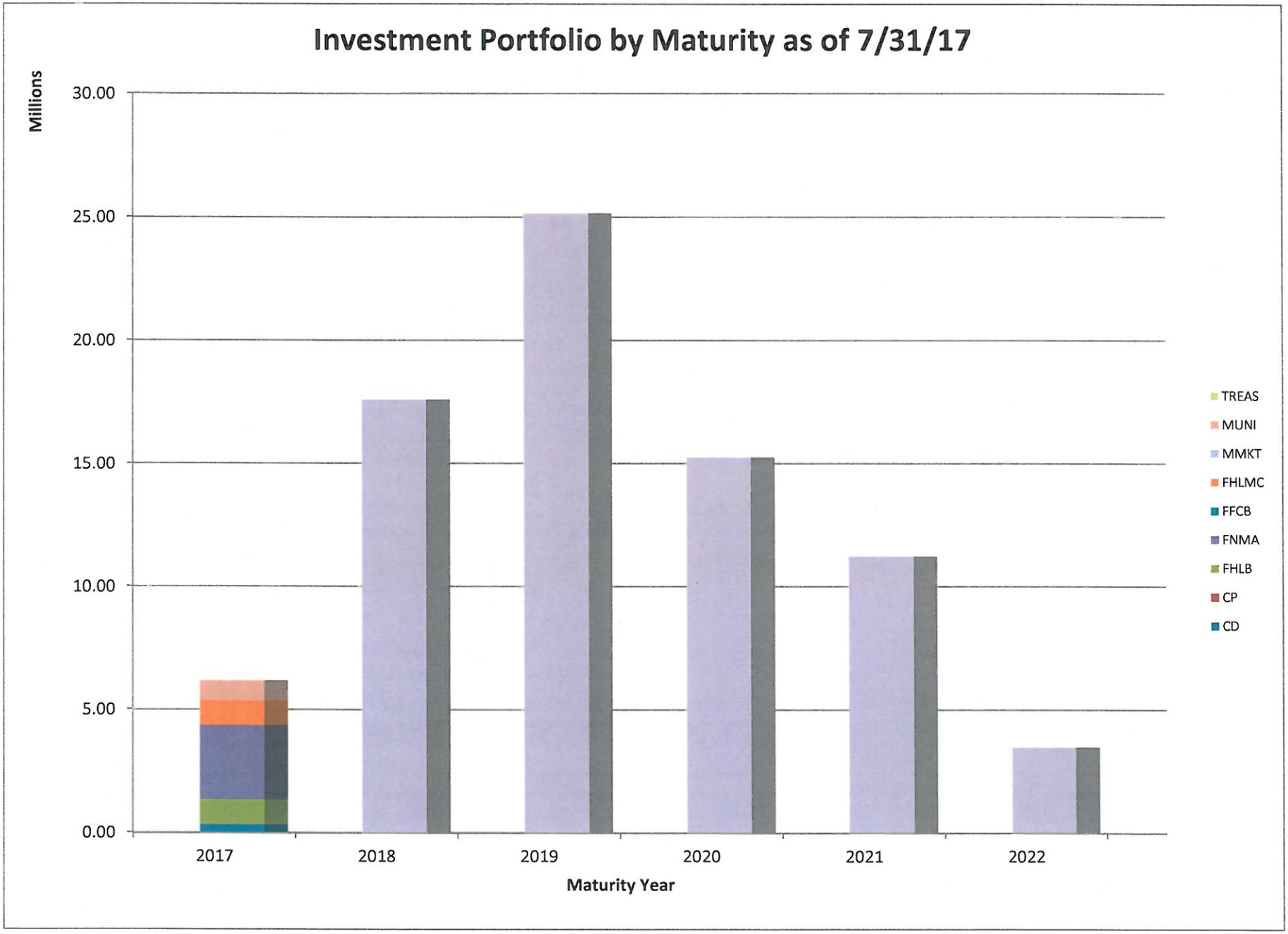
Receipts in Period

7/31/2017

	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	86,026,857.50	86,026,857.50	86,026,857.50	0.00	0.00	694,208.20	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	2,912,611.35	2,912,611.35	2,912,611.35	0.00	0.00	374,345.63	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	4,341,926.16	4,341,926.16	4,341,926.16	0.00	0.00	0.00	0.00	0.00
	Cash Total					**96,628,560.01**	**96,628,560.01**	**96,628,560.01**	**0.00**	**0.00**	**1,068,553.83**	**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	374.01	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	217.64	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	1,253.43	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	616.44	500.00	500.00
	Certificate of Deposit Total					**2,350,000.00**	**2,350,000.00**	**2,350,000.00**	**0.00**	**0.00**	**2,461.52**	**1,020.83**	**1,020.83**
FFCB	17-0010	3133EGNK7	FFCB 1.32 07/27/20	07/27/17	07/27/16	3,000,000.00	3,000,000.00	2,946,990.00	0.00	0.00	39,600.00	440.00	440.00
	17-0022	3133EGVJ1	FFCB 1.16 09/26/19	09/26/17	09/27/16	3,000,000.00	3,000,000.00	2,980,260.00	0.00	96.67	17,400.00	12,083.33	12,180.00
	17-0077	3133EHMG5	FFCB 1.80 03/12/21	09/12/17	06/22/17	2,000,000.00	1,999,282.50	1,993,500.00	682.50	0.00	0.00	3,900.00	4,900.00
	FFCB Total					**8,000,000.00**	**7,999,282.50**	**7,920,750.00**	**682.50**	**96.67**	**57,000.00**	**16,423.33**	**17,520.00**
FHLB	16-0063	313383EP2	FHLB 1.25 06/20/18	09/20/16	06/20/16	2,975,776.00	2,975,776.00	2,975,865.27	-5,951.55	0.00	37,197.16	4,236.35	4,236.35
	16-0071	3130A8JZ7	FHLB 1.22 12/30/19	06/30/17	06/30/16	2,900,000.00	2,900,000.00	2,882,513.00	0.00	0.00	35,380.00	3,046.61	3,046.61
	17-0005	3130A0HY9	FHLB 1.25 12/26/17	Open	07/20/16	1,000,000.00	1,002,171.27	1,000,460.00	-5,528.73	833.33	12,500.00	1,215.28	2,048.61
	17-0034	3130A8RP0	FHLB 1.05 10/26/18	10/26/16	10/11/16	2,000,000.00	2,000,000.00	1,992,300.00	400.00	4,812.50	15,750.00	5,541.67	9,916.67
	17-0046	3130AAQV3	FHLB 1.67 04/30/20	01/30/18	02/02/17	2,400,000.00	2,400,000.00	2,400,480.00	0.00	6,828.44	20,040.00	111.33	334.00
	17-0049	3130A4Z54	FHLB 0.95 04/27/18	Open	02/06/17	1,000,000.00	1,000,074.18	998,330.00	-45.82	2,612.50	4,750.00	2,480.56	5,093.06
	17-0066	3130AAQB7	FHLB 2.00 08/16/21	02/16/18	02/16/17	2,000,000.00	2,000,000.00	2,000,600.00	0.00	0.00	0.00	18,333.33	18,333.33
	FHLB Total					**14,275,776.00**	**14,278,021.45**	**14,250,548.27**	**-11,126.10**	**15,086.77**	**125,617.16**	**34,965.13**	**43,008.63**
FHLMC	16-0051	3134G9JT5	FHLMC 1.35 11/26/19	08/26/16	05/26/16	1,500,000.00	1,500,000.00	1,489,080.00	525.00	0.00	20,250.00	3,656.25	3,656.25
	16-0052	3134G9KW6	FHLMC 1.35 11/26/19	08/26/16	05/26/16	2,000,000.00	2,000,000.00	1,988,980.00	2,200.00	0.00	27,000.00	4,875.00	4,875.00
	16-0053	3134G9NL7	FHLMC 1.18 05/31/19	05/24/17	05/31/16	2,000,000.00	2,000,000.00	1,984,060.00	0.00	63.37	23,206.66	3,998.89	3,998.89
	16-0059	3134G9NE3	FHLMC 1.20 06/14/19	06/14/17	06/14/16	2,000,000.00	2,000,000.00	1,979,380.00	0.00	0.00	24,000.00	3,133.33	3,133.33
	16-0066	3134G9XB8	FHLMC 1.00 12/28/18	12/28/16	06/28/16	2,000,000.00	2,000,000.00	1,990,380.00	500.00	0.00	20,000.00	1,833.33	1,833.33
	16-0068	3134G9VS3	FHLMC 1.00 12/28/18	12/28/16	06/28/16	1,000,000.00	1,000,000.00	994,800.00	0.00	0.00	10,000.00	916.67	916.67
	16-0070	3134G9WJ2	FHLMC 1.20 09/30/19	09/30/16	06/30/16	1,000,000.00	1,000,000.00	989,150.00	0.00	0.00	9,000.00	4,033.33	4,033.33
	16-0072	3134G9YA9	FHLMC 1.01 09/28/18	12/28/16	06/30/16	2,000,000.00	2,000,000.00	1,993,440.00	0.00	2,581.11	15,150.00	6,901.67	6,957.78
	17-0006	3134G45U8	FHLMC 0.85 12/12/17	Open	07/20/16	1,000,000.00	1,000,638.96	998,860.00	-1,801.04	897.22	8,500.00	1,156.94	2,054.16
	17-0016	3134G9W37	FHLMC 1.45 08/10/20	11/10/16	08/10/16	1,500,000.00	1,500,000.00	1,488,510.00	0.00	0.00	10,875.00	10,331.25	10,331.25
	17-0035	3134GAPV0	FHLMC 1.03 10/12/18	01/12/17	10/12/16	2,000,000.00	2,000,000.00	1,991,680.00	0.00	0.00	10,300.00	6,237.22	6,237.22
	17-0061	3134GAR89	FHLMC 2.25 02/14/22	08/14/17	02/14/17	2,500,000.00	2,500,000.00	2,500,200.00	0.00	0.00	0.00	26,093.75	26,093.75
	FHLMC Total					**20,500,000.00**	**20,500,638.96**	**20,388,520.00**	**1,423.96**	**3,541.70**	**178,281.66**	**73,167.63**	**74,120.96**
FNMA	16-0024	3135G0PP2	FNMA 1.00 09/20/17	Open	03/11/16	3,000,000.00	3,000,406.32	2,999,250.00	-4,123.68	14,250.00	45,000.00	10,916.67	25,166.67
	16-0046	3135G0J95	FNMA 1.35 10/28/19	10/28/16	05/19/16	1,000,000.00	1,000,000.00	995,460.00	1,000.00	787.50	13,500.00	3,487.50	4,275.00
	16-0048	3136G3MQ5	FNMA 1.30 11/25/19	11/25/16	05/25/16	2,000,000.00	2,000,000.00	1,987,400.00	0.00	0.00	26,000.00	4,766.67	4,766.67
	16-0067	3136G3TR6	FNMA 1.05 06/28/19	06/28/17	06/28/16	2,000,000.00	2,000,000.00	1,975,120.00	0.00	0.00	21,000.00	1,925.00	1,925.00
	17-0011	3136G3L37	FNMA 1.125 10/28/19	07/28/17	07/28/16	2,000,000.00	2,000,000.00	1,971,260.00	0.00	0.00	22,500.00	187.50	187.50
	17-0025	3136G34K8	FNMA 1.125 09/09/19	03/09/17	09/28/16	2,500,000.00	2,500,000.00	2,479,325.00	1,250.00	1,484.38	14,062.50	11,093.75	12,578.13
	17-0048	3136G4KD4	FNMA 1.75 06/29/20	06/29/17	02/03/17	2,000,000.00	2,000,000.00	2,000,040.00	0.00	3,305.56	17,500.00	3,111.11	6,416.67
	17-0067	3136G4KV4	FNMA 2.05 05/17/21	08/17/17	02/17/17	3,000,000.00	3,000,000.00	3,000,120.00	0.00	0.00	15,375.00	12,641.67	12,641.67
	FNMA Total					**17,500,000.00**	**17,500,406.32**	**17,407,975.00**	**-1,873.68**	**19,827.44**	**174,937.50**	**48,129.87**	**67,957.31**
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	0.33	0.33
	Money Market Total					**852.30**	**852.30**	**852.30**	**0.00**	**0.00**	**2,991,744.28**	**0.40**	**0.40**
Municipal Bond	13-0025	76221RTS2	RHODE ISLAND 1.551 10/01/17	Open	02/25/13	825,000.00	825,206.30	825,033.00	-5,321.20	177.72	52,640.29	4,265.25	4,442.97
	15-0023	468714EA4	JACEDU 1.693 03/01/18	Open	02/26/15	1,000,000.00	1,001,109.25	1,000,460.00	-4,520.75	0.00	34,612.38	7,054.17	7,054.17
	15-0025	581760AC9	MCLAREN CNTY MI 1.964 05/15/18	Open	04/02/15	730,000.00	732,627.08	728,780.90	-7,592.92	0.00	30,466.55	3,026.74	3,106.39
	15-0045	613357AF9	MONTG CO 2.44 11/01/19	Open	06/25/15	500,000.00	506,983.90	510,005.00	-6,266.10	1,830.00	24,400.00	3,050.00	4,880.00
	16-0007	650035J58	NY URBAN DEV TXBL 1.65 03/15/18	Open	12/08/15	500,000.00	500,768.81	500,700.00	-2,001.19	1,902.08	12,375.00	3,116.67	5,018.75

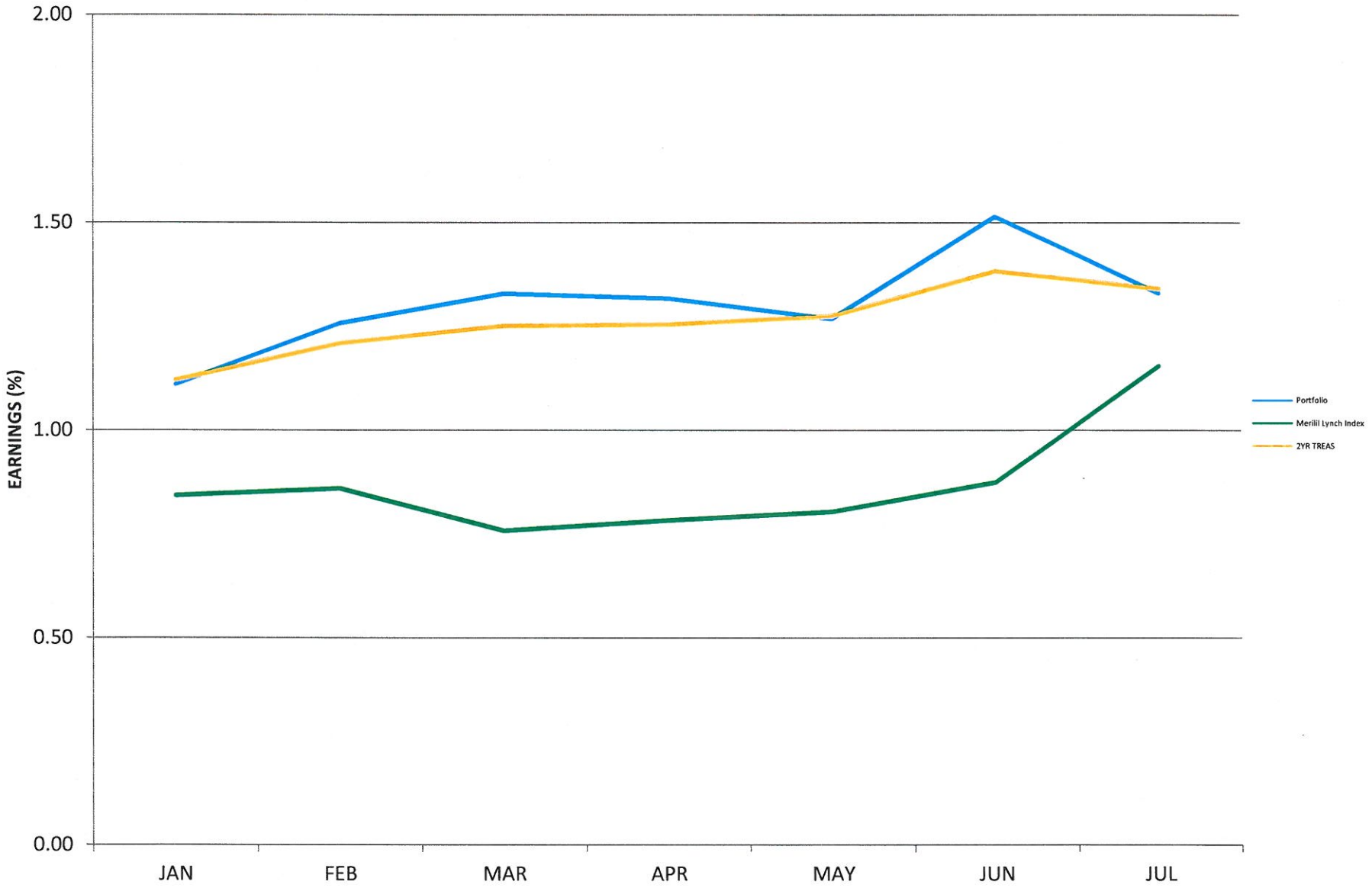
	16-0065	64971WF39	NYC TRAN FIN AUTH-SUB 1.69 02/01/21	Open	06/23/16	1,350,000.00	1,356,410.03	1,335,096.00	-1,946.47	4,999.58	17,744.99	11,407.50	15,336.75
	17-0004	047681NZ0	ATLANTA ETC REC 2.41 12/01/19	Open	07/22/16	720,000.00	737,469.27	728,114.40	-7,500.33	2,440.96	17,291.17	2,892.00	5,350.20
	17-0012	555542LS6	MACON-BIBB CNTY GA 3.00 12/01/20	Open	08/01/16	425,000.00	446,357.99	438,319.50	-6,207.51	2,104.72	12,689.17	2,125.00	4,250.00
	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	987,970.00	0.00	1,138.20	4,552.78	5,072.22	5,500.00
	17-0028	64990EEL7	NYS DORM AUTH C-TXBL 2.12 03/15/21	Open	09/30/16	2,000,000.00	2,039,985.26	2,004,280.00	-8,914.74	1,766.67	21,200.00	16,017.78	17,784.45
	17-0029	64971WN97	NY TRANSITION TXBL 1.35 08/01/20	Open	09/30/16	2,625,000.00	2,640,437.49	2,576,805.00	-4,197.51	4,162.27	12,698.44	17,718.75	18,506.25
	17-0032	597137GZ5	MIDDLETOWN OH 2.053 12/01/20	Open	10/07/16	400,000.00	407,819.06	402,080.00	-1,856.94	2,831.62	8,151.17	1,368.67	4,060.38
	17-0051	696624AV7	CA PDTDEV 2.75 10/01/22	Open	02/06/17	1,000,000.00	997,608.49	1,013,490.00	228.49	3,235.92	4,659.72	9,166.67	9,625.00
	17-0059	485429Y32	KANSAS ST DEV AUTH 2.608 04/15/20	Open	02/08/17	775,000.00	789,398.22	787,221.75	-2,473.53	6,344.32	10,106.00	5,951.31	12,295.63
	17-0075	041042ZV7	ARKANSAS ST 2.875 06/01/21	Open	06/09/17	800,000.00	830,875.24	823,808.00	-1,124.76	0.00	0.00	3,322.22	3,833.33
	17-0076	64966HYC8	NEW YORK GO 4.774 03/01/20	Open	06/27/17	1,000,000.00	1,072,101.41	1,068,230.00	-2,558.59	0.00	0.00	4,508.78	19,891.67
	Municipal Bond Total					**15,650,000.00**	**15,885,157.80**	**15,730,393.55**	**-62,254.05**	**32,934.06**	**263,587.66**	**100,063.73**	**140,935.94**
Treasury Note	14-0020	912828VK3	Treasury Note 1.375 06/30/18	Open	04/29/14	390,000.00	389,741.14	390,456.30	898.95	1,762.81	18,768.75	466.30	2,229.11
	Treasury Note Total					**390,000.00**	**389,741.14**	**390,456.30**	**898.95**	**1,762.81**	**18,768.75**	**466.30**	**2,229.11**
	Investment Total					**175,295,188.31**	**175,532,660.48**	**175,068,055.43**	**-72,248.42**	**73,249.45**	**4,880,952.36**	**274,237.22**	**346,793.18**


Total Portfolio Asset Allocation as of 7/31/2017
FHLMC
20,500,639
12%
MMKT
852
0%
MUNI
15,885,158
9%
TREAS
389,741
0%
FFCB
7,999,283
5%
FNMA
17,500,406
10%
FHLB
14,278,021
8%
CD
2,350,000
1%
CASH
96,628,560
55%


Investment Portfolio by Maturity as of 7/31/17
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 7/31/17



DATA ANALYSIS

Metro Cash Positions

Cash continues to decline but this is typical for this time of year when a new budget is implemented and funds are available. While we do see a dip, we are still up when comparing year over year data. There is a dip in the investment portfolio compared to year over year data but this is due to various maturities and was planned.

Asset Allocation

The dip in the investment portfolio can be attributed to CD and Muni maturities of $4.5 million and $1 million respectively. These maturities did cause some slight fluctuation in asset allocation. That fluctuation was minimal as no asset type changed by an amount greater than 1%.

Maturity Distribution

This month, we continue to see more funds maturing in the 2017 range as expected. This will continue but due to the nature of our cash cycle, funds will not be reinvested at this time. Any additions will likely occur late in the year when tax revenues are received.

Portfolio Performance

We saw portfolio yield come back in line with previous months as we came down from the yield spike we enjoyed last month resulting from the muni swap. WAM remains consistent around 2.15 years.

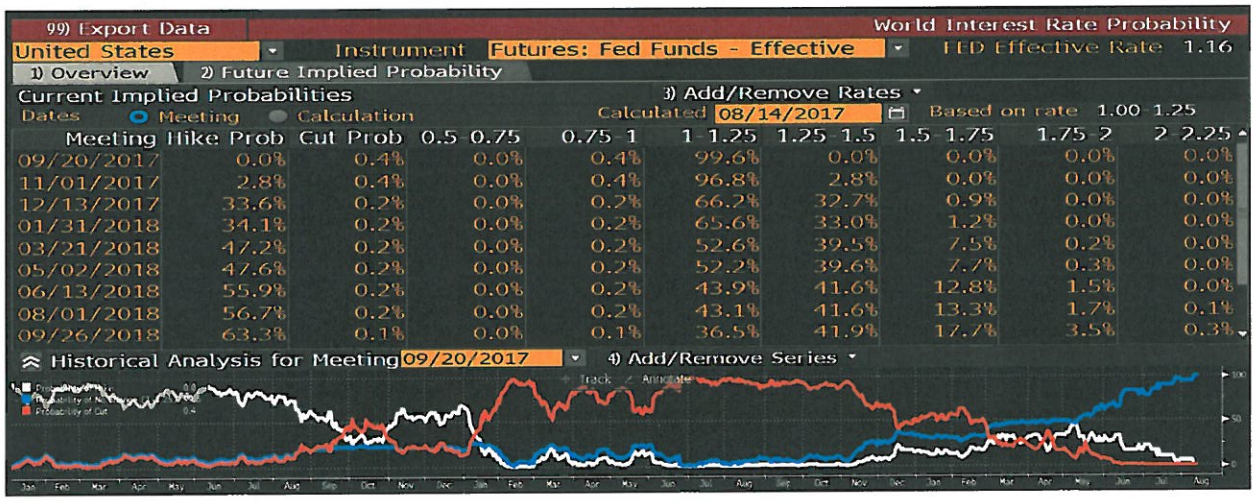
ECONOMIC UPDATE

There's been a significant focus on numbers this week by the FOMC. To be more specific, there has been increasing frustrations with the slow recovery of wage inflation in recent years. It is believed that this is one of the factors preventing the achievement of their 2% inflation target. This may be surprising to some with recent numbers like new job growth averaging 201,000 jobs per month and the current level of unemployment at 4.3% (the lowest level since 2001).

So while all of these jobs are being created and unemployment is down, the labor participation rate has fallen with the explanation of baby boomers retiring being given for the drop. While people have left the workforce for a variety of reasons, the decline in women and younger workers account for the drop more significantly. More jobs and fewer participants in the labor market gives leverage to businesses to pay lower wages. Add to that the fact that most of the new jobs being created are in low pay/low skill sectors like Leisure & Hospitality, and you'll begin to see the Fed's concern with wage inflation.

The Fed will continue to monitor these issues as well as recent events with North Korea and the looming issue with the debt ceiling. Much has been made over the debt ceiling which is said to be the focus of Congress along with tax reform. The Trump Administration has made their intention clear of passing the "cleanest possible" debt limit increase. It is important to note that both Republicans and Democrats are working on this together as they will need to overcome the 60-vote hurdle in the Senate. It is important to note that it's likely they will suspend the debt limit for a period of time to allow for negotiations as the House is currently scheduled for 12 days in September.

These issues are significant enough to have an impact on the Fed Fund Futures probabilities as well.



Meeting	Hike Prob	Cut Prob	0.5 0.75	0.75 1	1 1.25	1.25 1.5	1.5 1.75	1.75 2	2 2.25
09/20/2017	0.0%	0.4%	0.0%	0.4%	99.6%	0.0%	0.0%	0.0%	0.0%
11/01/2017	2.8%	0.4%	0.0%	0.4%	96.8%	2.8%	0.0%	0.0%	0.0%
12/13/2017	33.6%	0.2%	0.0%	0.2%	66.2%	32.7%	0.9%	0.0%	0.0%
01/31/2018	34.1%	0.2%	0.0%	0.2%	65.6%	33.0%	1.2%	0.0%	0.0%
03/21/2018	47.2%	0.2%	0.0%	0.2%	52.6%	39.5%	7.5%	0.2%	0.0%
05/02/2018	47.6%	0.2%	0.0%	0.2%	52.2%	39.6%	7.7%	0.3%	0.0%
06/13/2018	55.9%	0.2%	0.0%	0.2%	43.9%	41.6%	12.8%	1.5%	0.0%
08/01/2018	56.7%	0.2%	0.0%	0.2%	43.1%	41.6%	13.3%	1.7%	0.1%
09/26/2018	63.3%	0.1%	0.0%	0.1%	36.5%	41.9%	17.7%	3.5%	0.3%

While it was originally thought another rate hike in December and possibly September, the probabilities above don't show a hike probability greater than 50% until June of 2018. We'll continue to monitor but with these long-term issues looming, it's unlikely to see any significant impact before the next Fed meeting.

Total Portfolio Shock Table

Lou / Jeff Cty Metro Finance

Effective Interest - Actual Life

Receipts in Period

7/31/2017

Data Category	Down 300	Down 200	Down 100	Current	Up 100	Up 200	Up 300
Current Par	78,665,776.00	78,665,776.00	78,665,776.00	78,665,776.00	78,665,776.00	78,665,776.00	78,665,776.00
Amor. Cost	78,901,372.66	78,901,372.66	78,901,372.66	78,901,372.66	78,901,372.66	78,901,372.66	78,901,372.66
Market Value	78,202,645.80	78,281,311.57	78,359,977.35	78,438,643.12	78,517,308.90	78,595,974.68	78,674,640.45
% 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	99.41	99.51	99.61	99.71	99.81	99.91	100.01
Market Yield	1.9059	1.8175	1.7292	1.641	1.553	1.4651	1.3773
Gain / Loss	-698,726.86	-620,061.09	-541,395.31	-462,729.54	-384,063.76	-305,397.98	-226,732.21

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.