

**CITY OF LEE'S SUMMIT, MISSOURI**  
**Quarterly Investment Report**  
**Quarter Ended June 30, 2023**

In compliance with the City of Lee's Summit Investment Policy, this investment report for the quarter ended June 30, 2023 is hereby submitted for City Council review.

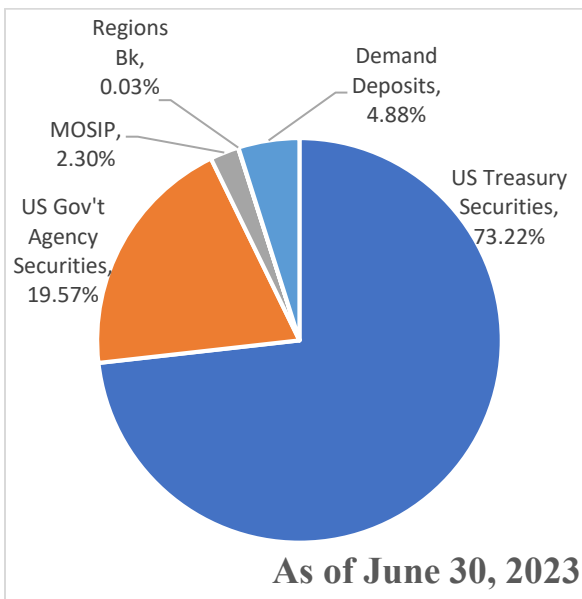
**Current Portfolio**

The City's investment portfolio as of June 30, 2023 in comparison to the same date of the prior year is summarized as follows:

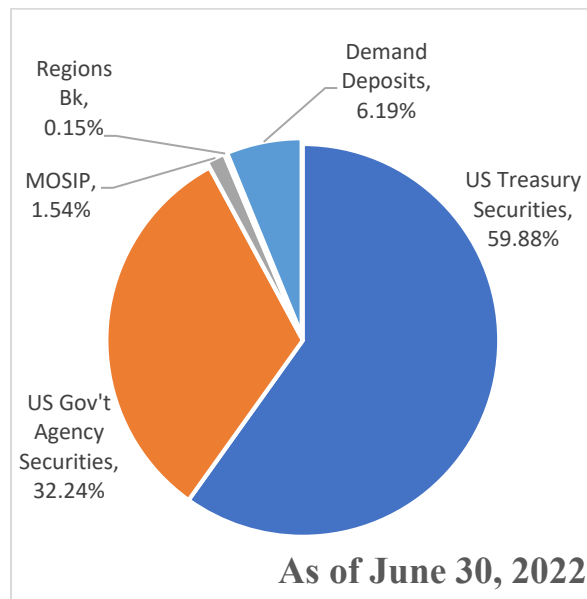
**Distribution by Security Sector – Market Value**  
**All Portfolios**

Description	Market Value 06/30/2023	% of Portfolio 06/30/2023	Market Value 06/30/2022	% of Portfolio 06/30/2022
US Treasury Securities	\$188,085,543	73.22%	\$135,945,892	59.88%
US Gov't Agency Securities	\$50,279,628	19.57%	\$73,206,241	32.24%
Demand Deposits	\$12,529,280	4.88%	\$14,070,899	6.19%
Missouri Securities Investment Program (MOSIP)	\$5,918,643	2.30%	\$3,492,042	1.54%
Regions Bank	\$75,298	0.03%	\$336,977	0.15%
<b>Total</b>	<b>\$256,888,392</b>	<b>100.00%</b>	<b>\$227,052,051</b>	<b>100.00%</b>

**Portfolio Holdings as of 06/30/2023**



**Portfolio Holdings as of 06/30/2022**



## Investment Diversifications

The allocation by investment type, shown in the table below as of June 30, 2023, is compliant with the diversification standards outlined in the City of Lee’s Summit Investment Policy (Section VI., A). The policy specifies the maximum allocation of each investment type to minimize the risk of loss resulting from excess concentration into a specific maturity, issuer, or class of securities.

<b>Description</b>	<b>Minimum Allocation</b>	<b>Maximum Allocation</b>	<b>Current Allocation</b>
US Treasury Securities	15%	100%	73.22%
US Gov’t Agency Securities and Government Sponsored Enterprises	0%	50%	19.57%
US Government Agency Callable Securities	0%	15%	0.0%
Collateralized Time Deposits/Certificates of Deposit	0%	30%	0.0%
Demand Deposits, Domestic Time Deposits and MOSIP	N/A	N/A	7.21%

## Investment Strategy

The primary objectives for the City of Lee’s Summit investment portfolio, in order of priority, is safety, liquidity, and yield. The City’s investment portfolio must remain sufficiently liquid to meet all reasonably anticipated operating requirements. This is accomplished by structuring the portfolio so that securities mature concurrent with cash necessary to meet anticipated demand.

The City’s policy requires that investments in repurchase agreements mature and become payable not more than ninety days (90) from the date of purchase. All other investments must mature within 5 years from the date of purchase.

The following table lists the distribution by maturity range as of June 30, 2023:

### **Distribution by Maturity Range – Market Value**

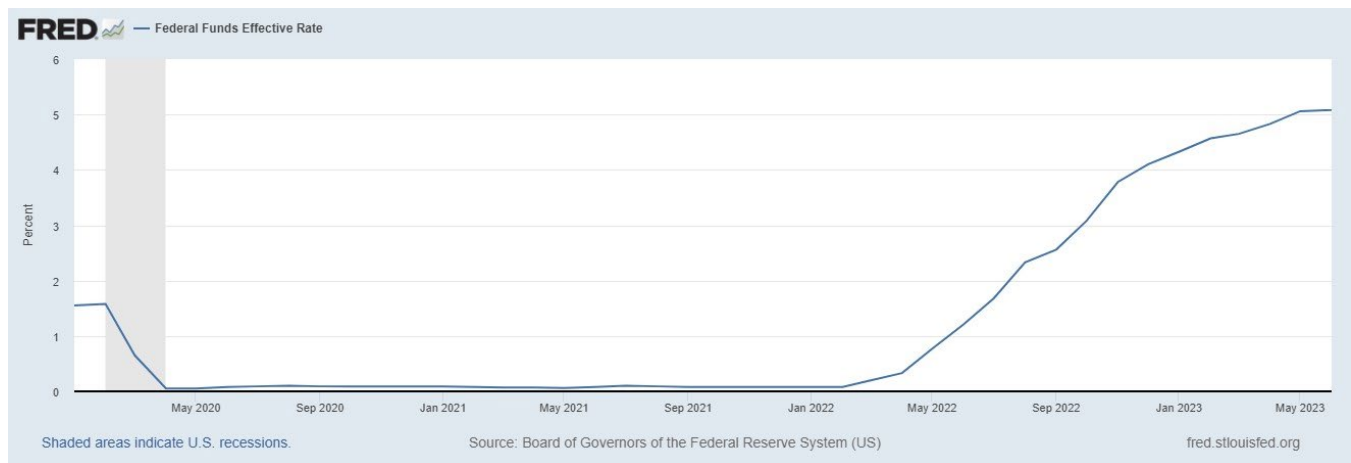
<b>Maturity</b>	<b>Market Value \$</b>	<b>Percent of Total</b>
<b>0– 6 months</b>	\$53,195,891	20.71%
<b>6–12 months</b>	\$36,851,232	14.34%
<b>1–2 years</b>	\$83,200,031	32.39%
<b>2-3 years</b>	\$46,722,771	18.19%
<b>3-4 years</b>	\$6,538,125	2.54%
<b>4-5 years</b>	\$30,380,343	11.83%
<b>Total</b>	\$256,888,393	100.00%

The City continues efforts to extend its portfolio beyond three years to capitalize on higher yields in the four- and five-year scheme. The City’s general operating practice is to buy and hold all securities until maturity thereby avoiding any losses on sale of securities.

## Yield

The investment portfolio is managed with the objective of attaining a market rate of return throughout budgetary and economic cycles, while considering the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to safety and liquidity objectives.

In the first quarter of 2022, the U.S. Federal Reserve held the federal funds rate at around zero, buying billions of dollars of bonds every month to stimulate the economy, despite 40-year highs in various measures of U.S. inflation. In the 15-months since March 2022, the Federal Reserve has moved forcefully to raise the fed funds rate.



Investments made during the fourth quarter on behalf of the City of Lee’s Summit have obtained yields ranging between 3.461% to 4.1794%. (Refer to pages 7-8 of this report for the investment yields on each investment security.)

## Competitive Bidding

Requests for Bid are submitted to financial institutions on the City’s approved bid list to ensure the most competitive yields for each investment.

## Mark to Market Adjustment

In accordance with requirements of the Governmental Accounting Standards Board (GASB) and the Governmental Finance Officers Association (GFOA), a mark to market adjustment is made at the end of each fiscal quarter. The purpose of the accounting requirement is to avoid misrepresentation of the value of investments for those public entities that may find it necessary or desirable to sell investments prior to maturity.

During periods of rising interest rates, increased rates provide the opportunity for greater investment earnings yields on new security purchases. However, rising interest rates have a negative impact on the “mark to market” adjustment for the existing fixed income investments purchased in prior months,

causing a paper loss. Conversely, in a declining interest rate environment, the existing investments gain value resulting in a paper profit.

The Fiscal Year-To-Date mark to market allowance is (\$7,484,454), while the quarterly adjustment for the period ending June 30, 2023 is (\$599,779.69).

**CITY OF LEE'S SUMMIT, MISSOURI**  
**Quarterly Portfolio Transactions**  
**Quarter Ended June 30, 2023**

**Purchases**

Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transaction Amount (\$)	Yield
05/03/2023	\$4,000,000.00	91282CFU0	US Treasury Note	4.125	10/31/2027	\$4,111,032.61	3.461
06/07/2023	\$4,000,000.00	9128283W8	US Treasury Note	2.750	02/15/2028	\$3,825,908.15	3.976
06/09/2023	\$5,000,000.00	91282CBS9	US Treasury Note	1.250	03/31/2028	\$4,421,914.49	3.970
06/27/2023	\$5,670,000.00	91282CBZ3	US Treasury Note	1.250	04/30/2028	\$4,993,916.45	4.030
06/30/2023	\$2,600,000.00	9128284N7	US Treasury Note	2.875	05/15/2028	\$2,460,708.25	4.183
06/30/2023	\$2,500,000.00	9128284N7	US Treasury Note	2.875	05/15/2028	\$2,366,509.38	4.179
<b>Total</b>	<b>\$23,770,000.00</b>					<b>\$22,179,989.33</b>	

**Interest Income**

Transaction Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transaction Amount (\$)	Yield
04/17/2023	\$4,000,000.00	91282CBV2	US Treasury Note	0.375	04/15/2024	\$7,500.00	0.420
04/17/2023	\$2,000,000.00	91282CBV2	US Treasury Note	0.375	04/15/2024	\$3,750.00	0.802
04/17/2023	\$4,000,000.00	91282CFP1	US Treasury Note	4.250	10/15/2025	\$85,000.00	4.305
04/24/2023	\$2,000,000.00	3135G0K36	Fannie Mae	2.125	04/24/2026	\$21,250.00	3.960
04/25/2023	\$5,000,000.00	3133ENCA6	Fed'l Farm Cr Bks	0.700	10/25/2024	\$17,500.00	0.785
05/01/2023	\$5,000,000.00	9128284L1	US Treasury Note	2.750	04/30/2023	\$68,750.00	0.167
05/01/2023	\$4,000,000.00	912828T91	US Treasury Note	1.625	10/31/2023	\$32,500.00	0.203
05/01/2023	\$4,000,000.00	912828YM6	US Treasury Note	1.500	10/31/2024	\$30,000.00	0.522
05/01/2023	\$2,000,000.00	91282CDD0	US Treasury Note	0.375	10/31/2023	\$3,750.00	0.869
05/01/2023	\$4,922,000.00	9128284M9	US Treasury Note	2.875	04/30/2025	\$70,753.75	2.806
05/01/2023	\$5,000,000.00	912828ZL7	US Treasury Note	0.375	04/30/2025	\$9,375.00	3.383
05/15/2023	\$4,000,000.00	91282CCC3	US Treasury Note	0.250	05/15/2024	\$5,000.00	0.436
05/15/2023	\$4,000,000.00	91282CDH1	US Treasury Note	0.750	11/15/2024	\$15,000.00	0.831
05/15/2023	\$3,000,000.00	91282CFW6	US Treasury Note	4.500	11/15/2025	\$67,500.00	4.037
05/15/2023	\$5,000,000.00	91282CEQ0	US Treasury Note	2.750	05/15/2025	\$68,750.00	3.450
05/15/2023	\$3,000,000.00	912828X88	US Treasury Note	2.375	05/15/2027	\$35,625.00	3.881
05/23/2023	\$3,000,000.00	3133ENEW6	Fed'l Farm Cr Bks	0.375	05/23/2023	\$5,625.00	0.777
05/31/2023	\$5,000,000.00	912828R69	US Treasury Note	1.625	05/31/2023	\$40,625.00	0.180
05/31/2023	\$5,000,000.00	912828U57	US Treasury Note	2.125	11/30/2023	\$53,125.00	0.212
05/31/2023	\$3,000,000.00	912828XT2	US Treasury Note	2.000	05/31/2024	\$30,000.00	0.826
05/31/2023	\$3,000,000.00	912828YV6	US Treasury Note	1.500	11/30/2024	\$22,500.00	0.954
05/31/2023	\$4,000,000.00	91282CCF6	US Treasury Note	0.750	05/31/2026	\$15,000.00	3.907
06/09/2023	\$4,000,000.00	3133834G3	FHLB	2.125	06/09/2023	\$42,500.00	0.193
06/14/2023	\$4,000,000.00	3130A8HK2	FHLB	1.750	06/14/2024	\$35,000.00	0.373
06/15/2023	\$3,000,000.00	91282CEU1	US Treasury Note	2.875	06/15/2025	\$43,125.00	2.825
06/15/2023	\$4,000,000.00	91282CEU1	US Treasury Note	2.875	06/15/2025	\$57,500.00	3.979
06/30/2023	\$3,000,000.00	9128286Z8	US Treasury Note	1.750	06/30/2024	\$26,250.00	0.905
06/30/2023	\$2,000,000.00	912828S35	US Treasury Note	1.375	06/30/2023	\$13,750.00	0.797
06/30/2023	\$3,000,000.00	91282CCJ8	US Treasury Note	0.875	06/30/2026	\$13,125.00	3.879
06/30/2023	\$525,000.00	912828ZW3	US Treasury Note	0.250	06/30/2025	\$656.25	3.180
<b>Total</b>						<b>\$940,785.00</b>	

**Maturities/Sell**

<b>Settle Date</b>	<b>Par (\$)</b>	<b>CUSIP</b>	<b>Security Description</b>	<b>Coupon</b>	<b>Maturity Date</b>	<b>Transaction Amount (\$)</b>	<b>Yield</b>
<b>04/08/2021</b>	\$5,000,000.00	9128284L1	US Treasury Note	2.750	04/30/2023	\$5,000,000.00	0.167
<b>01/24/2022</b>	\$3,000,000.00	3133ENEW6	Federal Farm Credit Bank	0.375	05/23/2023	\$3,000,000.00	0.777
<b>04/08/2021</b>	\$5,000,000.00	912828R69	US Treasury Note	1.625	05/31/2023	\$5,000,000.00	0.180
<b>04/16/2021</b>	\$4,000,000.00	3133834G3	Federal Home Loan Bank	2.125	06/09/2023	\$4,000,000.00	0.193
<b>01/20/2022</b>	\$2,000,000.00	912828S35	US Treasury Note	1.375	06/30/2023	\$2,000,000.00	0.797
<b>Total</b>	\$19,000,000.00					\$19,000,000.00	

# CITY OF LEE'S SUMMIT, MISSOURI

## Investment Portfolio

As of June 30, 2023

Description	Settle Date	Maturity Date	Yield to Maturity	Par Value	Purchase Cost	Market Value
<b>US Treasury Securities:</b>						
Treasury Note	06/04/21	09/15/23	0.191%	\$5,000,000	\$4,993,876	\$4,947,079
Treasury Note	01/12/22	09/30/23	0.829%	\$3,000,000	\$2,972,612	\$2,962,216
Treasury Note	06/04/21	10/31/23	0.203%	\$4,000,000	\$4,142,582	\$3,950,625
Treasury Note	01/12/22	10/31/23	0.869%	\$2,000,000	\$1,983,934	\$1,967,578
Treasury Note	06/09/21	11/30/23	0.212%	\$5,000,000	\$5,238,703	\$4,933,008
Treasury Note	07/23/21	02/29/24	0.288%	\$4,000,000	\$4,253,629	\$3,919,375
Treasury Note	02/10/22	02/29/24	1.353%	\$5,000,000	\$5,156,400	\$4,899,219
Treasury Note	01/05/22	03/31/24	0.830%	\$5,000,000	\$5,171,281	\$4,878,906
Treasury Note	06/30/21	04/15/24	0.420%	\$4,000,000	\$3,998,115	\$3,843,125
Treasury Note	12/16/21	04/15/24	0.802%	\$2,000,000	\$1,981,590	\$1,921,563
Treasury Note	06/30/21	05/15/24	0.436%	\$4,000,000	\$3,980,000	\$3,822,812
Treasury Note	12/16/21	05/31/24	0.826%	\$3,000,000	\$3,088,067	\$2,906,836
Treasury Note	01/05/22	06/30/24	0.905%	\$3,000,000	\$3,062,885	\$2,892,422
Treasury Note	12/30/21	07/15/24	0.886%	\$4,000,000	\$3,955,598	\$3,795,781
Treasury Note	08/25/21	08/15/24	0.435%	\$6,000,000	\$5,990,060	\$5,672,109
Treasury Note	12/30/21	08/31/24	0.917%	\$4,000,000	\$4,051,713	\$3,812,812
Treasury Note	09/02/21	09/30/24	0.410%	\$4,000,000	\$4,245,529	\$3,844,062
Treasury Note	10/06/21	10/31/24	0.522%	\$4,000,000	\$4,144,804	\$3,803,906
Treasury Note	11/15/21	11/15/24	0.831%	\$4,000,000	\$3,990,469	\$3,759,531
Treasury Note	12/10/21	11/30/24	0.954%	\$3,000,000	\$3,049,127	\$2,847,070
Treasury Note	12/28/22	03/15/25	4.297%	\$5,253,000	\$4,999,694	\$4,966,753
Treasury Note	03/09/22	03/31/25	1.670%	\$5,000,000	\$4,829,153	\$4,622,266
Treasury Note	04/21/22	04/30/25	2.806%	\$4,922,000	\$4,999,041	\$4,737,425
Treasury Note	06/14/22	04/30/25	3.383%	\$5,000,000	\$4,593,155	\$4,597,656
Treasury Note	06/15/22	05/15/25	3.450%	\$5,000,000	\$4,914,513	\$4,801,758
Treasury Note	07/28/22	06/15/25	2.825%	\$3,000,000	\$3,014,235	\$2,884,805
Treasury Note	01/12/23	06/15/25	3.979%	\$4,000,000	\$3,907,752	\$3,846,406
Treasury Note	06/28/22	06/30/25	3.180%	\$525,000	\$481,888	\$479,206
Treasury Note	08/10/22	07/15/25	3.202%	\$3,000,000	\$2,989,490	\$2,890,547
Treasury Note	12/30/22	07/15/25	4.307%	\$5,000,000	\$4,912,561	\$4,817,578
Treasury Note	09/02/22	08/15/25	3.437%	\$2,000,000	\$1,921,957	\$1,886,016
Treasury Note	09/19/22	08/15/25	3.925%	\$3,000,000	\$2,943,526	\$2,896,523
Treasury Note	12/30/22	08/15/25	4.292%	\$3,000,000	\$2,948,651	\$2,896,523
Treasury Note	09/20/22	09/15/25	3.936%	\$3,000,000	\$2,964,888	\$2,917,969
Treasury Note	09/09/22	09/30/25	3.534%	\$3,000,000	\$2,720,195	\$2,716,055
Treasury Note	12/30/22	09/30/25	4.280%	\$2,052,000	\$1,999,840	\$1,974,329
Treasury Note	11/30/22	10/15/25	4.305%	\$4,000,000	\$4,015,426	\$3,954,531
Treasury Note	12/22/22	11/15/25	4.037%	\$3,000,000	\$3,051,298	\$2,983,711
Treasury Note	01/13/22	02/15/26	3.834%	\$5,000,000	\$4,714,394	\$4,631,641
Treasury Note	12/07/22	03/31/26	3.902%	\$4,420,000	\$3,997,055	\$3,993,194
Treasury Note	01/10/23	05/31/26	3.907%	\$4,000,000	\$3,606,348	\$3,590,625
Treasury Note	01/10/23	06/30/26	3.879%	\$3,000,000	\$2,710,568	\$2,701,523
Treasury Note	02/07/23	03/31/27	3.910%	\$4,000,000	\$3,821,808	\$3,746,250
Treasury Note	02/10/23	05/15/27	3.881%	\$3,000,000	\$2,841,183	\$2,791,875
Treasury Note	03/10/23	08/15/27	4.040%	\$6,000,000	\$5,576,155	\$5,542,500
Treasury Note	02/10/23	09/30/27	3.839%	\$3,000,000	\$3,081,193	\$2,981,484
Treasury Note	05/03/23	10/31/27	3.461%	\$4,000,000	\$4,111,033	\$3,977,500
Treasury Note	06/07/23	02/15/28	3.976%	\$4,000,000	\$3,825,908	\$3,755,625
Treasury Note	06/09/23	03/31/28	3.970%	\$5,000,000	\$4,421,914	\$4,370,117

Description	Settle Date	Maturity Date	Yield to Maturity	Par Value	Purchase Cost	Market Value
Treasury Note	06/27/23	04/30/28	4.030%	\$5,670,000	\$4,993,916	\$4,945,968
Treasury Note	06/30/23	05/15/28	4.183%	\$2,600,000	\$2,460,708	\$2,450,703
Treasury Note	06/30/23	05/15/28	4.179%	\$2,500,000	\$2,366,509	\$2,356,445
<b>Total US Treasury Securities:</b>				\$197,942,000	\$194,186,926	\$188,085,543

Description	Settle Date	Maturity Date	Yield to Maturity	Par Value	Purchase Cost	Market Value
<b>US Gov't Agency Securities:</b>						
Federal Farm Credit Bank	04/19/21	07/19/23	0.205%	\$4,000,000	\$3,999,560	\$3,989,521
Federal Farm Credit Bank	01/20/22	07/24/23	0.851%	\$3,000,000	\$2,984,070	\$2,989,716
Freddie Mac	05/17/21	08/24/23	0.192%	\$5,000,000	\$5,009,445	\$4,962,738
Freddie Mac	01/24/22	08/24/23	0.891%	\$4,000,000	\$3,963,942	\$3,970,190
Federal Home Loan Bank	06/09/21	03/08/24	0.269%	\$4,000,000	\$4,194,688	\$3,903,399
Federal Home Loan Bank	07/23/21	06/14/24	0.373%	\$4,000,000	\$4,165,836	\$3,863,575
Fed'l Nat'l Mortgage Assn	12/10/21	07/02/24	0.866%	\$3,000,000	\$3,090,065	\$2,893,968
Freddie Mac	08/12/21	07/22/24	0.455%	\$5,000,000	\$5,000,500	\$4,742,349
Federal Home Loan Bank	09/24/21	09/13/24	0.513%	\$4,000,000	\$3,985,251	\$3,885,322
Federal Home Loan Bank	11/15/21	09/13/24	0.782%	\$4,000,000	\$4,253,446	\$3,760,748
Federal Farm Credit Bank	10/29/21	10/25/24	0.785%	\$5,000,000	\$4,987,839	\$4,702,581
Federal Farm Credit Bank	03/09/22	02/25/25	1.760%	\$5,000,000	\$4,998,803	\$4,743,516
Fannie Mae	12/08/22	04/24/26	3.960%	\$2,000,000	\$1,890,194	\$1,872,007
<b>Total Gov't Agency Securities:</b>				\$52,000,000	\$52,523,639	\$50,279,628

Description	Settle Date	Maturity Date	Yield to Maturity	Par Value	Purchase Cost	Market Value
Missouri Securities Investment Program				\$5,918,643		\$5,918,643
Regions Bank				\$75,298		\$75,298
Demand Deposits				\$12,529,280		\$12,529,280

<b>TOTAL</b>				<b>\$268,465,221</b>		<b>\$256,888,392</b>
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