



FINANCE & ECONOMIC DEVELOPMENT COMMITTEE
TUESDAY, FEBRUARY 23, 2021
8:30 A.M.
REMOTE ATTENDANCE

To comply with Governor Inslee's [Proclamation 20-28](#), the Finance & Economic Development Committee meeting will be conducted remotely, not in person. However, you may view the meeting by watching live through Zoom.

Link: <https://us02web.zoom.us/j/86133234279>

The public may also listen to the meeting via telephone by dialing toll-free:

(888) 788-0099 or **(877) 853-5247** – when prompted, enter Webinar ID: **861 3323 4279**
press # (participant ID not required)

2021 BUDGET AMENDMENT UPDATE

TROY WOO, FINANCE DIRECTOR
(STAFF REPORT)

2020 BUDGET CARRYOVERS

TROY WOO, FINANCE DIRECTOR
(STAFF REPORT)

2020 4TH QUARTER INVESTMENT REPORT

TROY WOO, FINANCE DIRECTOR
(STAFF REPORT)

FOOD TRUCK COURT PROPOSAL – LACEY DEPOT DISTRICT

RICK WALK, COMMUNITY AND ECONOMIC DEVELOPMENT DIRECTOR
(STAFF REPORT)



**FINANCE & ECONOMIC
DEVELOPMENT COMMITTEE**
February 23, 2021

SUBJECT: 2021 Budget Amendments Update

RECOMMENDATION: Review upcoming budget amendments to the 2021 adopted budget.

STAFF CONTACT: Scott Spence, City Manager 
Troy Woo, Finance Director 

ORIGINATED BY: Troy Woo, Finance Department

ATTACHMENTS:

FISCAL NOTE: As outlined in staff report.

PRIOR REVIEW:

BACKGROUND:

Throughout the year, adjustments to the budget become necessary as a result of City Council actions, activity levels that were not anticipated during budget development, and grant awards (or other receipts of outside funding). Historically, the budget has been amended once per year immediately prior to the development of the next year's proposed budget document. It is staff's practice to communicate significant budget amendments leading up to the annual budget amendment process. The annual budget amendment ordinance adoption is scheduled for September.

The following are significant budget amendments that have been identified since the adoption of the 2021 Budget.

Current Expense Fund (General Fund)

- \$491,852 is requested for the Veterans Services Hub First Floor Tenant Improvements project. The project is funded by \$421,852 from the City's Community Development Block Grant and \$70,000 from assigned reserves.
- The Veteran Affairs Outstation Center lease tenant improvements requires an additional \$35,000 to complete.
- A late 2020 audit and reconciliation of the City's liability, property, machinery, and auto insurance coverage resulted in an overall \$68,430 increase compared to the 2021 Budget projection. This affects multiple budget funds.
- The Strategic Communications Plan project requires an additional \$40,000 for completion.

Arterial Street Fund

- College Street and 7th Avenue (Mid-Town) Pedestrian Crossing preliminary analysis requires \$40,000. City Council committed reserves for the project will be transferred into the Arterial Street Fund.

Building Improvement Fund

- The adopted 2021 Budget includes \$500,000 for Police Station enhancements and the funding for the project is the City Council designated committed reserve for the Police Station project. The updated recommendation is to enhance the Police Department's equipment and technology. It is requested that the original budget appropriation be changed to equipment from building improvements and the funding source be changed to a more appropriate reserve, because equipment and technology does not meet the intent of the Police Station committed reserve.
- Front counter glass structures will be installed in City Hall to provide additional security and social distancing improvements. The estimated cost of the project is \$102,575.
- Well decommissioning, soil cleanup, and the Department of Archaeology and Historic Preservation (DAHP) assessment is recommended for the Lacey Museum and Civic Center site (5700 Pacific SE) \$208,227. The Washington State Department of Ecology directed the removal of monitor wells and soil replacement. The DAHP assessment is recommended to occur concurrently to limit the disruption of the property.

Water Capital Fund

- Budget amendments are needed for the completion of the following Water capital projects:

- Hawks Prairie Sister Standpipe - \$115,000
- TCOMM911 Radio System Facilities (Hawks Prairie Sister Standpipe) - \$50,324

The purpose of this update is to inform the Finance and Economic Development Committee of significant proposed amendments. Additional budget amendment reports will be presented as needed. The final approval of the proposed amendments will be considered by the full City Council in September.



**FINANCE & ECONOMIC
DEVELOPMENT COMMITTEE**
February 23, 2021

SUBJECT: 2020 Budget Encumbrance Carryovers

RECOMMENDATION: Upon review and concurrence, motion to recommend full City Council adoption of ordinance.

STAFF CONTACT: Scott Spence, City Manager 
Troy Woo, Finance Director 

ORIGINATED BY: Troy Woo, Finance Department

ATTACHMENTS: 1. [Draft Ordinance](#)
2. [Draft Summary for Ordinance](#)

FISCAL NOTE: See attached [Ordinance Exhibit "A"](#)

PRIOR REVIEW: None

BACKGROUND:

Despite all the extensive budget planning and efforts to complete projects and purchases prior to the year-end closing, staff are not always able to complete all of the projects and purchases. The projects and purchases are expected to be completed during 2021, so it becomes necessary to carryover previously approved budget appropriations into the next year. These proposed amendments are limited to carryover encumbrances and capital projects.

This carryover process relieves concerns that authorized budgets will be exceeded when large carryover projects do not have the authorized appropriations until late into the year. It is the City's practice to amend the budget once per year during September. If the City Council approves these appropriations earlier in the year, the risk of exceeding authorized expenditure levels is minimized.

The encumbrance and capital carryover requests are limited to purchase orders that were initiated in the previous year and capital projects that were authorized in the previous year's budget. The outstanding purchase order carryover requests are limited to significant (over \$2,500) unfilled material, equipment, and supply orders. Capital project carryover requests do not have a dollar threshold. The funds requesting the carryovers must have adequate fund balance before the requests can be granted.

Each fund is detailed separately on the proposed carryover amendment list. There are three columns of dollar values. The first column contains the amount currently authorized for that line item in the 2021 budget. The second column is the amount of the proposed adjustment. The last dollar column shows what the new total of that particular line-item account will be if the amendments are adopted. Total lines are included to illustrate the grand total of the fund before and after the amendments. This is important since the budget is adopted by fund total and not by line-item detail. A brief explanation or description is also provided for each line-item of the form.

It is requested that the Finance & Economic Development Committee review the proposed carryover amendment ordinance and recommend full City Council adoption of the proposed ordinance.

ADVANTAGES:

1. The proposed adjustments to the 2021 Budget reflect more accurately the necessary requirements of each fund or adjustments made by City Council action.
2. The proposed adjustments ensure that the proper level of budget appropriations have been authorized to complete prior year projects and purchases.

DISADVANTAGES:

1. There are no significant disadvantages since there must be adequate fund balance to match the proposed carryover expenditure.

ORDINANCE NO. 15XX

CITY OF LACEY

AN ORDINANCE AMENDING THE 2021 FISCAL YEAR BUDGET AND ORDINANCE NO. 1574 ADOPTING SAID BUDGET TO RE-APPROPRIATE 2020 BUDGETED AMOUNTS FOR PROJECTS NOT COMPLETED IN 2020 AND ADOPTING A SUMMARY FOR PUBLICATION.

WHEREAS, at the end of the 2020 fiscal year, certain funds which had been appropriated had not been spent because the programs, improvements, contracts or orders had not, as yet, been completed, and

WHEREAS, in order to complete such programs, projects and orders, and to pay the cost thereof, it is necessary that such funds be re-appropriated in the 2021 budget, NOW, THEREFORE

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON, AS FOLLOWS:

Section 1. The 2021 fiscal year budget and Ordinance No. 1574 adopting said budget are hereby amended in the manner set forth on Exhibit A, which is attached hereto and made a part hereof as though fully set forth at length.

Section 2. The City Clerk and the codifiers of this ordinance are authorized to make necessary corrections to this ordinance including, but not limited to, the correction of scrivener's/clerical errors, references, ordinance numbering, section/subsection numbers and any references thereto.

Section 3. The Summary attached hereto is hereby approved for publication.

PASSED BY THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON, on this 4th day of March, 2021.

CITY COUNCIL

By: _____
Mayor

Approved as to form:

City Attorney

Attest:

City Clerk

SUMMARY FOR PUBLICATION

ORDINANCE NO. 15XX

CITY OF LACEY

The City Council of the City of Lacey, Washington, passed on March 4, 2021, Ordinance No. 15XX entitled **“AN ORDINANCE AMENDING THE 2021 FISCAL YEAR BUDGET AND ORDINANCE NO. 1574 ADOPTING SAID BUDGET TO RE-APPROPRIATE 2020 BUDGETED AMOUNTS FOR PROJECTS NOT COMPLETED IN 2020 AND ADOPTING A SUMMARY FOR PUBLICATION.”**

A section by section summary of this ordinance is as follows:

Section 1 amends the 2021 fiscal year budget and Ordinance No. 1574, adopting said budget by re-appropriating funds from the 2020 fiscal year budget which were not expended because the programs, projects, contracts and orders were not completed in 2020.

Section 2 provides provisions for corrections.

Section 3 approves this summary.

A copy of the full text of this ordinance will be mailed without charge to any person requesting the same from the City of Lacey.

Published: March 8, 2021

2021 Budget Amendments - Ordinance No. 15XX Exhibit "A"

Account Numbers	Account Description	2021 Budget	Budget Amendment	2021 Budget as Amended	Comments
Current Expense Fund					
Revenues					
001-0000-308-0000	Beginning Cash	3,986,473	782,988	4,769,461	Beginning Cash
001-0000-334-0420	State Grant/Dept. of Commerce	-	662,154	662,154	Lacey Veterans Services Hub enhancements reimbursement (State Capital Budget)
001-0000-374-6400	Capital Contributions/Dept. of Veterans Affairs	-	500,000	500,000	Veteran Affairs Outstation lease tenant improvements reimbursement (Fed. Veteran Affairs)
Total Current Expense Fund Revenues		44,213,234	1,945,142	46,158,376	
Expenditures					
001-0401-511-5821	Inter-Governmental	100,000	7,375	107,375	Comcast Franchise Renewal
001-0701-516-4103	Professional Services - Consultant	45,100	25,000	70,100	Human Resources Legal Consulting Services
001-0801-565-4101	Professional Services	-	46,258	46,258	Ad Hoc Community Affordable Housing Committee
001-0802-565-4001	Homeless Services	308,000	100,000	408,000	Homeless Encampment Cleanup
001-0802-565-4001	Homeless Services	408,000	50,000	458,000	Family Support Center - 10-Bed Shelter
001-0802-565-4001	Homeless Services	458,000	100,000	558,000	Interfaith Works - 90-Bed Shelter
001-0805-565-3101	Supplies / Office & Operating Supply	3,267	4,114	7,381	Mayor's Gala - "Vans for Vets" Program (fuel and volunteer recognition)
001-0805-565-3101	Supplies / Office & Operating Supply	7,381	3,775	11,156	Mayor's Gala - Emergency Vouchers Program
001-0805-565-3101	Supplies / Office & Operating Supply	11,156	203	11,359	Mayor's Gala - Volunteer Recognition
001-0805-565-4801	Repairs & Maintenance / Rep & Maint-Equipment	2,000	495	2,495	Mayor's Gala - "Vans for Vets" Program
001-0805-565-6001	Capital Outlays - Equipment	-	6,048	6,048	Mayor's Gala - Training and Meeting Room Equipment
001-0805-594-6501	Veterans Services HUB	-	662,154	662,154	Veterans Services Hub Enhancements
001-0805-594-6502	Veterans Affairs Lease Improvements	-	500,000	500,000	Veteran Affairs Outstation Lease Improvements
001-2101-521-4101	Professional Services - Other	7,900	4,624	12,524	Police Station Needs Assessment Phase 2
001-3701-558-4920	Special Projects	270,000	20,000	290,000	Special Projects - Annexation Census Study
001-3701-558-4920	Special Projects	290,000	100,000	390,000	Special Projects - Carbon Reduction Plan Implementation
001-3701-558-4920	Special Projects	390,000	19,635	409,635	Special Projects - Joint Regional Housing Plan
001-3701-558-4920	Special Projects	409,635	25,000	434,635	Special Projects - Food Truck Site Plan
001-3701-558-4920	Special Projects	434,635	4,000	438,635	Special Projects - IEDC Certification
001-3701-558-4920	Special Projects	438,635	40,000	478,635	Special Projects - Incubator/Public Market Feasibility
001-3701-558-4920	Special Projects	478,635	2,500	481,135	Business Recruitment Marketing Materials
001-7401-574-4101	Professional Services - Other	123,220	100,000	223,220	Community Outreach and Engagement Specialist
001-7501-597-1102	Transfer Out 302 fund	9,444	123,961	133,405	Transfer Out - Police Capital
Total Current Expense Fund Expenditures		44,213,234	1,945,142	46,158,376	
Building Improvement Fund					
Revenues					
301-0000-308-0000	Beginning Cash	-	440,226	440,226	Beginning Cash
Total Building Improvement Fund Revenues		629,956	440,226	1,070,182	
Expenditures					
301-0101-514-6004	Capital Outlays / Capital Outlays - Buildings	-	440,226	440,226	New Museum Design & Architectural
Total Building Improvement Fund Expenditures		629,956	440,226	1,070,182	

Account Numbers	Account Description	2021 Budget	Budget Amendment	2021 Budget as Amended	Comments
Capital Equipment Fund					
Revenues					
302-0000-308-0000	Beginning Cash	41,981	1,497,290	1,539,271	Beginning cash
302-0000-397-1101	Transfer In 001, 003, 005	9,444	123,961	133,405	Transfers In from Fund 001
Total Capital Equipment Fund Revenues		131,944	1,621,251	1,753,195	
Expenditures					
302-0102-519-6404	Capital Outlays / Community Relations	-	123,232	123,232	Enterprise Content Management Solution
302-0102-519-6404	Capital Outlays / Community Relations	123,232	124,423	247,655	Enterprise Content Mgmt Implementation
302-0102-519-6404	Capital Outlays / Community Relations	247,655	58,197	305,852	Website Design Review and Upgrades
302-0102-519-6406	Capital Outlays / Common Facilities	-	25,000	25,000	Veteran's Service HUB signage
302-0102-519-6406	Capital Outlays / Common Facilities	25,000	150,000	175,000	Affordable Housing - Surplus Property
302-0102-519-6406	Capital Outlays / Common Facilities	175,000	250,000	425,000	NTPS Family Resource Center
302-0102-519-6410	Capital Outlays / Police	-	31,381	31,381	Replace Vehicle Computers
302-0102-519-6410	Capital Outlays / Police	31,381	92,580	123,961	Startup Equipment for New 2020 Positions
302-0102-519-6410	Capital Outlays / Police	123,961	50,000	173,961	Upgrade Security Camera Equipment
302-0102-519-6410	Capital Outlays / Police	173,961	177,149	351,110	Police Vehicle Replacements Upfitting (14)
302-0102-519-6412	Capital Outlays / Public Works Parks Maintenance	9,444	35,331	44,775	Bucket Truck Replacement
302-0102-519-6415	Capital Outlays / Community Development	-	22,888	22,888	Building Permit System Upgrade
302-0102-519-6416	Capital Outlays / Parks and Recreation	-	8,000	8,000	Park Rules Signage
302-0102-519-6416	Capital Outlays / Parks and Recreation	8,000	9,036	17,036	Needle Deposit Boxes for Parks Restrooms
302-0104-559-6001	Capital Outlays / Economic Development	-	464,034	464,034	Woodland District
Total Capital Equipment Fund Expenditures		131,944	1,621,251	1,753,195	
Parks & Open Space Fund					
Revenues					
303-0000-308-0000	Beginning Cash	-	717,235	717,235	Beginning cash
Total Parks & Open Space Revenues		17,579	717,235	734,814	
Expenditures					
303-0106-576-6003	Capital Outlays / Capital Improvements	-	440,226	440,226	Lacey Museum at the Depot
303-0106-576-6003	Capital Outlays / Capital Improvements	440,226	5,210	445,435	Gold Star Monument
303-0106-576-6003	Capital Outlays / Capital Improvements	445,435	271,800	717,235	Greg Cuoio Community Park Master Plan
Total Parks & Open Space Expenditures		17,579	717,235	734,814	
RAC Capital Fund					
Revenues					
307-0000-308-0000	Beginning Cash	125,000	323,633	448,633	
Total RAC Capital Revenues		1,243,819	323,633	1,567,452	
Expenditures					
307-0106-576-6001	Capital Outlays / Capital Equipment	-	177,705	177,705	RAC Fencing (Softball Fields #1 and #2)
307-0106-576-6003	Capital Outlays / Capital Improvements	125,000	145,927	270,927	Security Camera System
Total RAC Capital Expenditures		1,243,819	323,633	1,567,452	

Account Numbers	Account Description	2021 Budget	Budget Amendment	2021 Budget as Amended	Comments
Water Construction Fund					
Revenues					
410-0000-308-0000	Beginning Cash - Construction	24,476,001	3,471,835	27,947,836	Beginning cash
Total Water Construction Fund Revenues		33,636,501	3,471,835	37,108,336	
Expenditures					
410-3418-534-9001	Preliminary Engineering	4,861,488	639,742	5,501,230	Carry forward preliminary engineering cost various water construction projects
410-3418-534-9005	Construction Engineering	2,182,688	217,660	2,400,348	Carry forward construction engineering costs various water construction projects
410-3418-534-9013	Construction/Utilities	24,990,325	2,614,433	27,604,758	Carry forward utility construction costs various water construction projects
Total Water Construction Fund Expenditures		33,636,501	3,471,835	37,108,336	
Wastewater Construction Fund					
Revenues					
411-0000-308-0000	Beginning Cash - Construction	9,307,624	2,670,048	11,977,672	Beginning cash
Total Wastewater Construction Fund Revenues		11,561,501	2,670,048	14,231,549	
Expenditures					
411-3518-535-9001	Preliminary Engineering	2,139,875	59,007	2,198,882	Carry forward preliminary engineering cost various wastewater construction projects
411-3518-535-9005	Construction Engineering	737,888	198,191	936,079	Carry forward construction engineering costs various wastewater construction projects
411-3518-535-9013	Construction/Utilities	8,633,738	2,412,850	11,046,588	Carry forward utility construction costs various wastewater construction projects
Total Wastewater Construction Fund Expenditures		11,561,501	2,670,048	14,231,549	
Stormwater Construction Fund					
Revenues					
412-0000-308-0000	Beginning Cash - Construction	135,123	104,479	239,602	Beginning cash
Total Stormwater Construction Fund Revenues		1,545,077	104,479	1,649,556	
Expenditures					
412-4218-542-9001	Preliminary Engineering	321,563	51,664	373,227	Carry forward preliminary engineering cost various stormwater construction projects
412-4218-542-9004	Storm Drainage	710,175	4,102	714,277	Carry forward utility construction costs various stormwater construction projects
412-4218-542-9005	Construction Engineering	61,763	48,713	110,476	Carry forward construction engineering costs various stormwater construction projects
Total Stormwater Construction Fund Expenditures		1,545,077	104,479	1,649,556	
Equipment Rental					
Revenues					
501-0000-308-0000	Beginning Cash	-	139,669	139,669	Beginning cash
Total Equipment Rental Fund Revenues		3,264,434	139,669	3,404,103	
Expenditures					
501-4801-548-6002	Capital Outlays - Replacement	290,321	139,669	429,990	Police Vehicles and Bucket Truck Replacements
Total Equipment Rental Fund Expenditures		3,264,434	139,669	3,404,103	

Account Numbers	Account Description	2021 Budget	Budget Amendment	2021 Budget as Amended	Comments
Information Services					
Revenues					
502-0000-308-0000	Beginning Cash	288,519	112,837	401,356	Beginning cash
Total Information Services Fund Revenues		2,335,942	112,837	2,448,779	
Expenditures					
502-1802-518-6001	Capital Outlays - Equipment	281,236	112,837	394,073	Teleworking Equipment and Scheduled Equipment Replacements
Total Information Services Fund Expenditures		2,335,942	112,837	2,448,779	



**FINANCE & ECONOMIC
DEVELOPMENT COMMITTEE**
February 23, 2021

SUBJECT: Fourth Quarter 2020 Investment Report

RECOMMENDATION: Review Fourth Quarter Investment Report

STAFF CONTACT: Scott Spence, City Manager ^{SS}
Troy Woo, Finance Department ^{TW}

ORIGINATED BY: Troy Woo, Finance Department

ATTACHMENTS: 1. [Government Portfolio Advisors Report](#)

FISCAL NOTE: None

PRIOR REVIEW: None

BACKGROUND:

The City's adopted investment policy requires quarterly reporting to the City Manager and annual reporting to the City Council. The Finance & Economic Development Committee issued a standing request to extend extra review of the reports to semi-annually. This review is especially relevant during these economic times.

The 2020 fourth quarter report has been prepared by the City's investment advisor, Government Portfolio Advisors (GPA). The three main components of the quarterly report include the following:

1. The report opens with a market commentary, market outlook, and recommendations for the City's investment strategy.
2. An analysis to ensure the portfolio complies with the City's investment policy in terms of maturity constraints and allocation diversification.

3. A summary of the City's total invested funds including information relating to types, maturities, and investment activity, investment earnings and accruals that occurred during the report period.

In summary, Lacey's core fund portfolio outperformed the investment strategy benchmarks. The core fund net total return for the quarter was 0.10 percent. The benchmark total return for the period was 0.04 percent.

- The Federal Reserve updated its outlook in December. The projection includes an expectation of a policy rate of zero through at least 2023. This is consistent with the Federal Reserve's previous expectations that the economy will take several years to recover.
- 2020 GDP is projected to have declined 3.5 percent. If confirmed, this would be the lowest economic growth level since 1946 when the economy was winding down from wartime spending.
- Book yields are expected to continue to decline as reinvestments take place because of the current rate environment.
- The core fund portfolio yield decreased from 1.04 percent to 0.93 percent.
- At the end of 2020, the portfolio duration was 1.29 years, which is lower than the benchmark duration of 1.40 years. Future reinvestments will look to provide extended durations to add diversity to the portfolio's maturity profile and meet the benchmark duration.

Quarterly Investment Report City of Lacey

December 31, 2020

Total Aggregate Portfolio

Market Commentary

Market Yields: The interest rate curve steepened during the fourth quarter as longer-dated yields increased in response to continued economic improvement, additional stimulus from Washington, and positive news on the rollout of vaccines. The curve, as measured by the difference in 10-year and 2-year yields, ended the year at 0.80%, a level not seen since early 2018. Front-end interest rates remained anchored at low levels given market's expectation that the Fed will hold interest rates near zero for some time ahead. Going forward, rate markets will grapple with growth and inflation expectations as we begin to see the light at the end of the tunnel and begin the economic healing process more fully. If economic activity and employment gains accelerate in the months to come, higher long-term and intermediate yields and a steeper curve will likely follow.

FOMC: The Federal Reserve concluded their most recent policy-setting meeting on December 16th with no changes to their monetary policy stance. The Fed did commit to maintaining their current pace of asset purchases until substantial further progress was made in the economy and pledged to inform markets well in advance of removing any accommodation. The Fed also updated their economic projections to reflect an economy and labor market that is healing faster than originally projected but left unchanged their long run expectations of an economy growing at 1.8% with inflation at 2%

Employment and Inflation: The labor market slowed as the year ended with renewed lockdowns dragging on the services sector. The labor market is poised to rebound once people can safely return to normal activities. Market participants and economists have been debating the impact of fiscal stimulus on inflation, a Fed seeking to allow inflation to run above their target, and an economic reopening set to unleash pent up demand. Market pricing for inflation has picked up over recent months with the 5-year inflation swap pricing CPI at 2.2% over the next 5 years well above the 10-year historical average of 1.7%. Meaningful inflation in the economy is something we haven't seen in the United States in several years, but we have seen inflation in asset markets such as stocks, housing, and fine art. A return of sustained inflation would certainly take a toll on the bond market with rates still near historic lows.

Quarterly Yield Change

	03/31/20	06/30/20	09/30/20	12/31/20
3 month bill	0.06	0.13	0.09	0.06
2 year note	0.25	0.15	0.13	0.12
5 year note	0.38	0.29	0.28	0.36
10 year note	0.67	0.66	0.68	0.91

Economists' Survey Projections

	Q1-21	Q2-21	Q3-21	Q4-21
Real GDP	2.5	3.6	3.8	3.4
Core PCE (YOY%)	1.5	2.0	1.7	1.7
Unemployment	6.6	6.3	5.8	5.5

Economists' Survey Projections for Rates

	Q1-21	Q2-21	Q3-21	Q4-21
Fed Funds	0.25	0.25	0.25	0.25
2 Year	0.2	0.24	0.28	0.33
10 year	0.96	1.07	1.14	1.24

Market Outlook

GDP: Growth for the fourth quarter is set to show another gain despite the recent lockdowns aimed to stem the spread of the COVID-19 virus. Economists expect an annualized growth rate of 4.6% for the quarter which would lead to an annual decline of 3.5% for the year. Looking forward, economists are expecting a buoyant back-half of 2021 and full-year 2022 as economic reopening is expected to spur the services sector and lead to rapid employment gains as schools reopen and activity picks up. Looking past 2022, we face the more challenging question on what the domestic and global economy will look like once healed yet scarred from the pandemic. While long-term forecasts are fraught with error, the Congressional Budget Office projects a long-run GDP growth rate of 1.7% while the Fed and International Monetary Fund predict long-run GDP growth of 1.8%.

Fed Funds: The Federal Reserve provided an update to their summary of economic projections in December where they continue to project the policy rate at zero through at least 2023 as the economy slowly returns toward more normal levels. Fresh stimulus efforts and Democratic control of D.C. led markets to accelerate their call for rate hikes out of the Fed as market pricing now calls for liftoff in 2023 with a shallow path toward a terminal rate around 1%.

Two-year Yield Expectations: We continue to expect the Fed-policy sensitive two-year yield to remain low and trade in a narrow range over the coming months.

Portfolio Positioning: Today's markets are uniquely challenging for conservative investors in the fixed income space as yields are historically low and spread sectors are historically rich in valuation. Within this challenging backdrop, we continue to advise clients to remain at, or near, their duration targets as the curve remains positively sloped and breakeven rates provide compelling reason to remain engaged. Given increased stimulus efforts and a healing economy, we continue to be mildly cautious of yields in the three to five-year sector but fall short of outright avoiding the tenors as we anticipate low rates will be with us for some time. Furthermore, we anticipate 2021 will be another robust year for agency and taxable municipal issuance which should provide pockets of opportunities to safely add income to portfolios.

Compliance Report

City of Lacey | Total Aggregate Portfolio



December 31, 2020

Category	Policy Limit	Actual Value*	Status
Policy Diversification Constraint			
US Treasury Obligations Maximum % of Holdings	100.000	12.754	Compliant
US Agency Callable Securities Maximum % of Total Portfolio	25.000	0.000	Compliant
US Agency FFCB Issuer Concentration	35.000	14.453	Compliant
US Agency FHLB Issuer Concentration	35.000	10.221	Compliant
US Agency FHLMC Issuer Concentration	35.000	6.302	Compliant
US Agency FNMA Issuer Concentration	35.000	1.578	Compliant
US Agency Obligations - Primary FHLB, FNMA, FHLMC, FFCB Maximum % of Holdings	100.000	32.554	Compliant
US Agency Obligations - Secondary FICO, FARMER MAC etc. Maximum % of Holdings	10.000	1.576	Compliant
US Agency Obligations Issuer Concentration - Secondary FICO, FARMER MAC etc.	5.000	1.576	Compliant
Supranationals - Issuer is ADB, IADB, IBRD, or IFC	0.000	0.000	Compliant
Supranationals Issuer Concentration	5.000	0.000	Compliant
Supranationals Maximum % of Holdings	10.000	0.000	Compliant
Municipal Bonds Issuer Concentration	5.000	1.077	Compliant
Municipal Bonds Maximum % of Holdings	30.000	3.800	Compliant
Municipal Bonds: Non-GO outside of Washington (Not allowed)	0.000	0.000	Compliant
Municipal Issue Directly Internally or Interfund Loans	15.000	0.000	Compliant
Corporate Notes & Commercial Paper Maximum % of Holdings	25.000	3.185	Compliant
Corporate Notes & Commercial Paper Single Issuer %	3.000	1.609	Compliant
Certificates of Deposit Issuer Concentration	5.000	0.000	Compliant
Certificates of Deposit Maximum % of Holding	20.000	0.000	Compliant
Banker's Acceptance Issuer Concentration	5.000	0.000	Compliant
Banker's Acceptance Maximum % of Holdings	10.000	0.000	Compliant
LGIP Maximum % of Holdings	100.000	36.542	Compliant
PDPC Bank Deposits Issuer Concentration	100.000	6.963	Compliant
PDPC Bank Deposits Maximum % of Holdings	20.000	6.963	Compliant

*Market Value

Compliance Report

City of Lacey | Total Aggregate Portfolio



December 31, 2020

Category			
Policy Maturity Structure Constraint	Policy Limit	Actual %	Status
Maturity Constraints Under 30 days Minimum % of Total Portfolio	10.000	43.414	Compliant
Maturity Constraints Under 1 year Minimum % of Total Portfolio	25.000	67.323	Compliant
Maturity Constraints Under 5 years Minimum % of Total Portfolio	100.000	100.000	Compliant
Policy Maturity Constraint	Policy Limit	Actual Term	Status
US Treasury Maximum Maturity At Time of Purchase (years)	5.000	2.964	Compliant
US Agency Maximum Maturity At Time of Purchase (years)	5.000	3.137	Compliant
US Agency Obligations - Secondary Must be rated by Atleast one	0.000	0.000	Compliant
Municipals Maximum Maturity At Time of Purchase (years)	5.000	3.485	Compliant
Corporate Note Portfolio Duration (years)	3.000	0.551	Compliant
Commercial Paper Days to Final Maturity (days)	270.000	0.000	Compliant
Weighted Average Maturity (years)	2.000	0.753	Compliant
Policy Credit Constraint			Status
US Agency Obligations - Secondary Minimum Ratings AA-/Aa3/AA- if rated			Compliant
Supranationals Ratings AA-/Aa3/AA- or better (Rated by 1 NRSRO)			Compliant
Municipal Bonds Ratings Minimum AA-/Aa3/AA- (Rated by 1 NRSRO)			Compliant
Corporate Notes AA-/Aa3/AA- by All If Rated Issuer Concentration (3%)			Compliant
Corporate Notes Foreign Exposure except Canada			Compliant
Corporate Notes Ratings Minimum AA-/Aa3/AA- by All if rated			Compliant
Corporate Notes Single A with Negative Outlook Cannot Purchase			Compliant
Corporate Notes Split AA- to A- Issuer Concentration % (1 must rate AA- and all must rate A-) (2%)			Compliant
Commercial Paper Minimum Long Term Rating AA-/Aa3/AA- (Rated by 1 NRSRO)			Compliant
Commercial Paper Ratings by All A1+/P1 and F1+ (if rated)			Compliant

*Market Value

Strategic Quarterly Update

City of Lacey | Total Aggregate Portfolio



December 31, 2020

Strategic Outlook

- Consistent with our expectations, Congress agreed to another round of fiscal stimulus to help bridge the economy to the other side of the viral pandemic. With the results in, the Democratic Party was able to wrest control of the legislative process for at least the next two years. Policy makers appear willing to bring more stimulus to the economy in late winter or early spring as vaccine rollouts have been slower than originally anticipated.
- Spread sectors ended the year with continued strong performance and end the year near historically rich valuations. As markets come back to life in the new year, our focus will be on the new issue pipeline to source potential opportunities.
- Progress on the vaccine rollout and additional stimulus from Washington will be the focus as we enter a challenging first quarter for the economy. While there is light at the end of the tunnel, fresh lockdowns around the nation will be a drag on the economic healing process that will forestall meaningful economic healing to the back half of the year. Despite the challenges at hand, the domestic economy has proved resilient and is well-positioned to spring back to robust activity once herd immunity is sufficiently at hand.

Portfolio Positioning

- Your account's duration ended the quarter below the strategic target. Upcoming reinvestments will provide an opportunity to re-extend duration and add diversification to the maturity profile
- Your portfolio remains conservatively positioned and has the ability to add high-quality corporate and municipal securities to safely add income to the portfolio should opportunities arise.
- The total portfolio book yield decreased from 1.040 to 0.929.
- The total portfolio unrealized gain ended the quarter at \$1,313,979.
- The core portfolio duration decreased over the quarter from 1.348 last quarter to 1.289 this quarter. The benchmark duration ended the quarter at 1.461.
- Net total return for the core portfolio, which includes change in market value and interest income, was 0.10%. The benchmark total return for the period was 0.04%.

Strategy	09/30/2020	12/31/2020
Effective Duration		
Investment Core	1.35	1.29
Benchmark Duration	1.47	1.46
Total Effective Duration	0.77	0.73

Total Return (Net of Fees %)*		
Investment Core	0.14	0.10
Benchmark Return	0.09	0.04
Total Portfolio Performance	0.11	0.07

*Changes in Market Value include net unrealized and realized gains/losses.

Maturity Total Portfolio		
Average Maturity Total Holdings	0.80	0.76

Book Yield	09/30/2020	12/31/2020
Ending Book Yield		
Investment Core	1.65%	1.53%
Liquidity	0.24%	0.15%
Total Book Yield	1.04%	0.93%

Values	09/30/2020	12/31/2020
Market Value + Accrued		
Investment Core	107,782,454	108,088,674
Liquidity	82,888,824	82,928,471
Total MV + Accrued	190,671,278	191,017,145

Net Unrealized Gain/Loss		
Total Net Unrealized Gain/Loss	1,625,308	1,313,979

Asset Allocation Change over Quarter

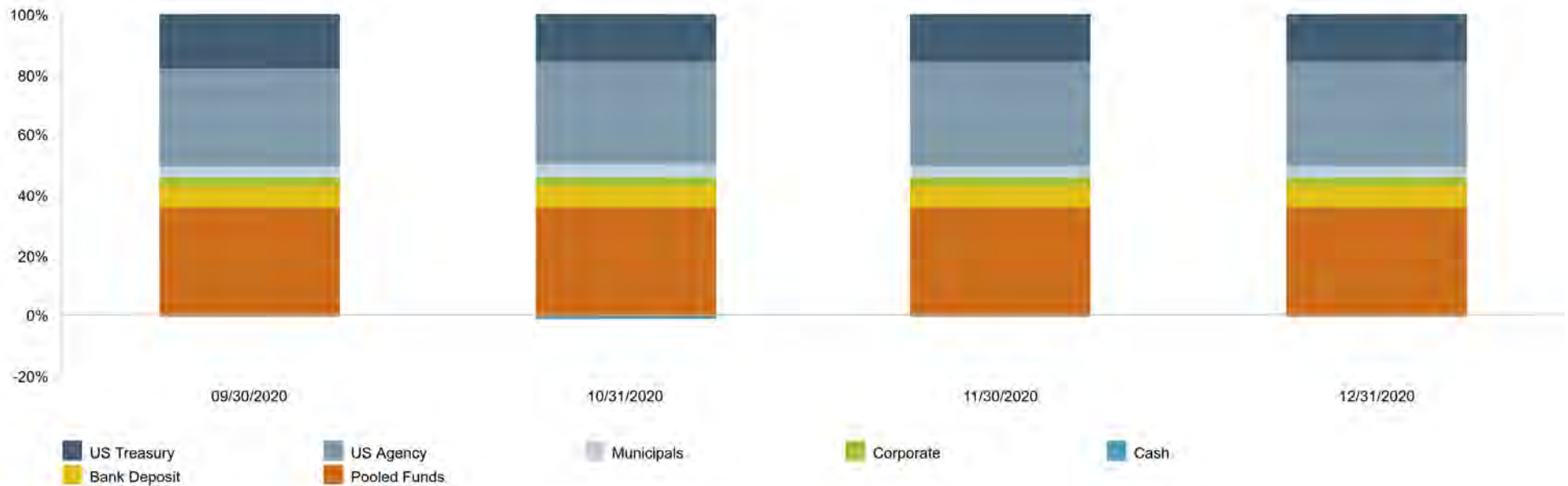
City of Lacey | Total Aggregate Portfolio



December 31, 2020

Asset Allocation Changes

Security Type	09/30/2020		12/31/2020		Change	
	Market Value + Accrued	% of Portfolio	Market Value + Accrued	% of Portfolio	Market Value + Accrued	% of Portfolio
US Treasury	32,578,164.71	17.09%	29,451,392.88	15.42%	(3,126,771.83)	(1.67%)
US Agency	62,503,678.06	32.78%	65,257,175.97	34.16%	2,753,497.92	1.38%
Municipals	6,583,077.88	3.45%	7,258,034.60	3.80%	674,956.72	0.35%
Corporate	6,117,532.92	3.21%	6,122,070.42	3.20%	4,537.50	(0.00%)
Bank Deposit	13,262,479.67	6.96%	13,272,650.08	6.95%	10,170.41	(0.01%)
Pooled Funds	69,626,344.69	36.52%	69,655,821.09	36.47%	29,476.40	(0.05%)
Total	190,671,277.92	100.00%	191,017,145.04	100.00%	345,867.12	



If negative cash balance is showing, it is due to a pending trade payable at the end of period.

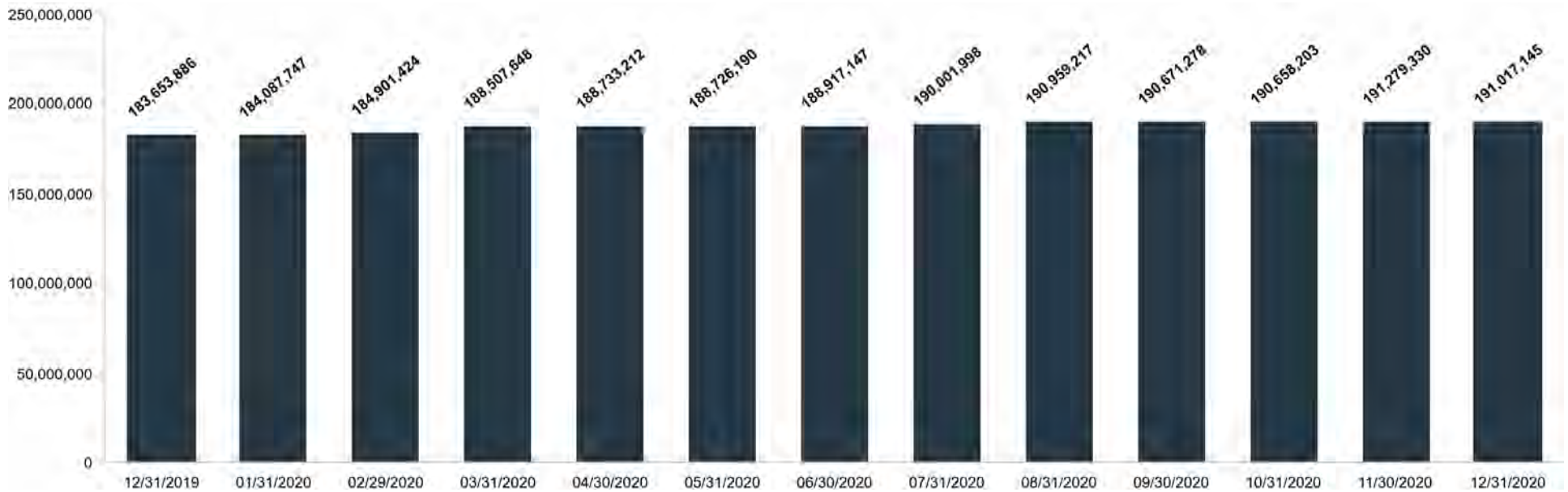
Historical Balances

City of Lacey | Total Aggregate Portfolio



December 31, 2020

Market Value



Market Value and Return

Period Begin	Period End	Market Value + Accrued	Interest Income	Book Yield	Effective Duration	Maturity in Years
12/01/2019	12/31/2019	183,653,886	293,323	1.75%	0.71	0.73
01/01/2020	01/31/2020	184,087,747	298,983	1.72%	0.73	0.79
02/01/2020	02/29/2020	184,901,424	289,498	1.71%	0.74	0.80
03/01/2020	03/31/2020	188,507,648	270,827	1.58%	0.70	0.76
04/01/2020	04/30/2020	188,733,212	235,869	1.36%	0.71	0.76
05/01/2020	05/31/2020	188,726,190	220,958	1.28%	0.68	0.74
06/01/2020	06/30/2020	188,917,147	212,808	1.23%	0.70	0.75
07/01/2020	07/31/2020	190,001,998	210,788	1.13%	0.78	0.84
08/01/2020	08/31/2020	190,959,217	193,319	1.10%	0.73	0.78
09/01/2020	09/30/2020	190,671,278	182,499	1.04%	0.77	0.80
10/01/2020	10/31/2020	190,658,203	179,125	0.99%	0.78	0.81
11/01/2020	11/30/2020	191,279,330	171,017	0.97%	0.73	0.76
12/01/2020	12/31/2020	191,017,145	171,300	0.93%	0.73	0.76

Summary Overview

City of Lacey | Total Aggregate Portfolio

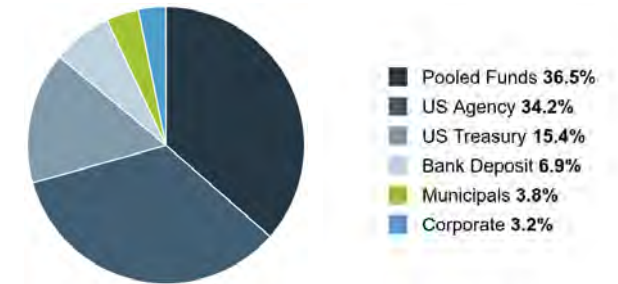


December 31, 2020

Portfolio Characteristics

Metric	Value
Cash and Cash Equivalents	82,928,471.17
Investments	108,088,673.87
Book Yield	0.93%
Market Yield	0.18%
Effective Duration	0.73
Years to Maturity	0.76
Avg Credit Rating	AA+

Allocation by Asset Class



Strategic Structure

Account	Par Amount	Book Value	Original Cost	Market Value	Net Unrealized Gain (Loss)	Accrued	Yield at Cost	Effective Duration	Benchmark Duration	Benchmark
LACEY-Investment Core	106,050,000.00	106,373,667.85	106,620,782.52	107,687,646.70	1,313,978.85	401,027.17	1.53%	1.29	1.46	ICE BofA 0-3 Year US Treasury Index
LACEY-Liquidity	82,928,471.17	82,928,471.17	82,928,471.17	82,928,471.17	0.00	0.00	0.15%	0.01	0.09	ICE BofA US 1-Month Treasury Bill Index
Total	188,978,471.17	189,302,139.02	189,549,253.69	190,616,117.87	1,313,978.85	401,027.17	0.93%	0.73	0.86	

Portfolio Activity

City of Lacey | Total Aggregate Portfolio



December 31, 2020

Accrual Activity Summary

	Quarter to Date	Fiscal Year to Date (01/01/2020)
Beginning Book Value	188,625,842.16	182,549,392.12
Maturities/Calls	(6,000,000.00)	(36,000,000.00)
Purchases	6,693,460.00	45,398,701.89
Sales	0.00	(3,005,390.63)
Change in Cash, Payables, Receivables	39,646.81	532,622.32
Amortization/Accretion	(56,809.95)	(178,736.78)
Realized Gain (Loss)	0.00	5,550.10
Ending Book Value	189,302,139.02	189,302,139.02

Fair Market Activity Summary

	Quarter to Date	Fiscal Year to Date (01/01/2020)
Beginning Market Value	190,251,150.16	183,207,698.85
Maturities/Calls	(6,000,000.00)	(36,000,000.00)
Purchases	6,693,460.00	45,398,701.89
Sales	0.00	(3,005,390.63)
Change in Cash, Payables, Receivables	39,646.81	532,622.32
Amortization/Accretion	(56,809.95)	(178,736.78)
Change in Net Unrealized Gain (Loss)	(311,329.15)	655,672.12
Net Realized Gain (Loss)	0.00	5,550.10
Ending Market Value	190,616,117.87	190,616,117.87

Maturities/Calls	Market Value
Quarter to Date	(6,000,000.00)
Fiscal Year to Date	(36,000,000.00)

Purchases	Market Value
Quarter to Date	6,693,460.00
Fiscal Year to Date	45,398,701.89

Sales	Market Value
Quarter to Date	0.00
Fiscal Year to Date	(3,005,390.63)

Return Management-Income Detail

City of Lacey | Total Aggregate Portfolio



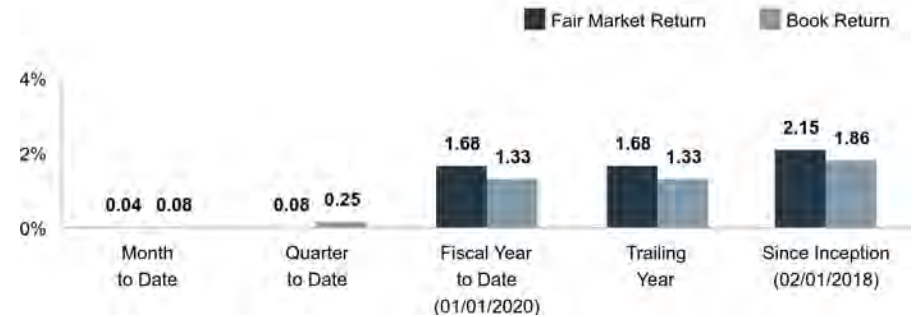
December 31, 2020

Accrued Book Return

	Quarter to Date	Fiscal Year to Date (01/01/2020)
Amortization/Accretion	(56,809.95)	(178,736.78)
Interest Earned	521,443.02	2,636,991.89
Realized Gain (Loss)	0.00	5,550.10
Book Income	464,633.07	2,463,805.21
Average Portfolio Balance	190,500,391.42	188,115,653.33
Book Return for Period	0.25%	1.33%

Return Comparisons

Periodic for performance less than one year. Annualized for performance greater than one year.



Fair Market Return

	Quarter to Date	Fiscal Year to Date (01/01/2020)
Market Value Change	(311,329.15)	655,672.12
Amortization/Accretion	(56,809.95)	(178,736.78)
Interest Earned	521,443.02	2,636,991.89
Fair Market Earned Income	153,303.92	3,113,927.23
Average Portfolio Balance	190,500,391.42	188,115,653.33
Fair Market Return for Period	0.08%	1.68%

Interest Income

	Quarter to Date	Fiscal Year to Date (01/01/2020)
Beginning Accrued Interest	420,127.76	446,187.26
Coupons Paid	541,106.11	2,739,746.98
Purchased Accrued Interest	562.50	84,099.76
Sold Accrued Interest	0.00	(26,504.76)
Ending Accrued Interest	401,027.17	401,027.17
Interest Earned	521,443.02	2,636,991.89

Security Type Distribution

City of Lacey | Total Aggregate Portfolio

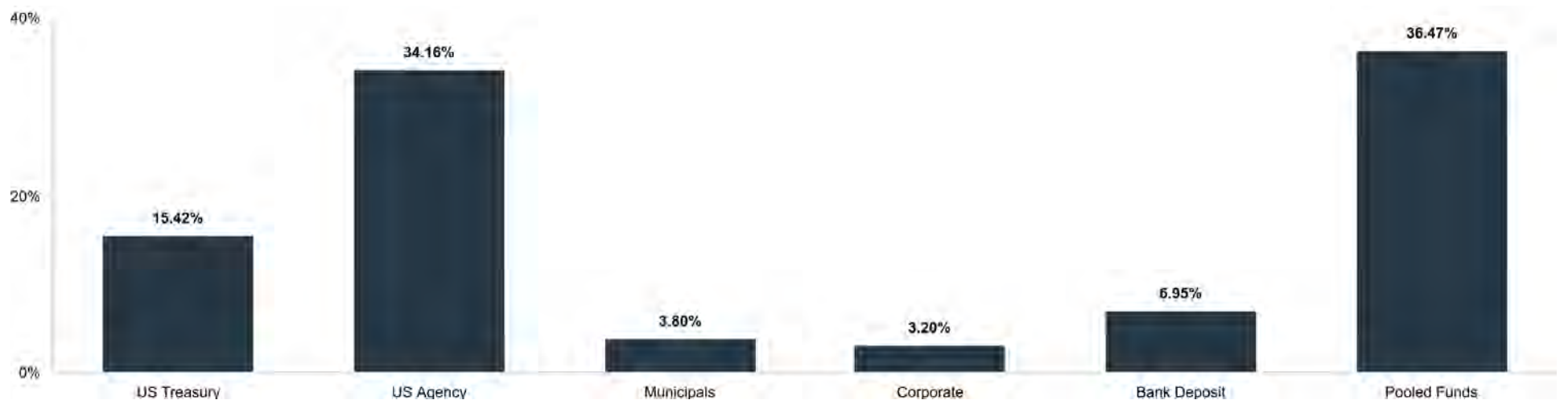


December 31, 2020

Security Type Distribution

Security Type	Par Amount	Book Yield	Market Value + Accrued	% of Market Value + Accrued
US Treasury	29,000,000.00	1.66%	29,451,392.88	15.42%
US Agency	64,000,000.00	1.50%	65,257,175.97	34.16%
Municipals	7,050,000.00	0.99%	7,258,034.60	3.80%
Corporate	6,000,000.00	1.79%	6,122,070.42	3.20%
Bank Deposit	13,272,650.08	0.27%	13,272,650.08	6.95%
Pooled Funds	69,655,821.09	0.13%	69,655,821.09	36.47%
Total	188,978,471.17	0.93%	191,017,145.04	100.00%

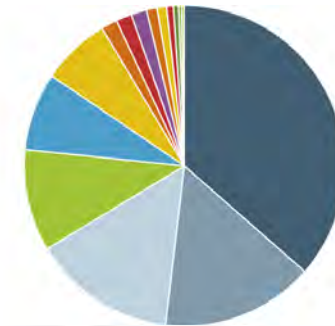
Security Type Distribution



Credit Rating S&P/Moody's/Fitch

	Market Value + Accrued	%
S&P		
AA	575,128.35	0.30
AA+	103,413,770.10	54.14
AAA	3,094,500.42	1.62
NA	83,933,746.17	43.94
Moody's		
Aa1	6,164,738.13	3.23
Aaa	101,923,935.74	53.36
NA	82,928,471.17	43.41
Fitch		
AA+	5,727,552.10	3.00
AAA	95,713,843.85	50.11
NA	89,575,749.08	46.89
Total	191,017,145.04	100.00

Issuer Concentration



- WASHINGTON LGIP 36.5%
- United States 15.4%
- Farm Credit System 14.5%
- Federal Home Loan Banks 10.2%
- Freddie Mac 7.9%
- COLUMBIA BANK DEPOSIT 6.9%
- Microsoft Corporation 1.6%
- Apple Inc. 1.6%
- Federal National Mortgage Association 1.6%
- State of Oregon 1.1%
- Lake Washington School District 414 1.0%
- Pierce County Washington School District No 010 Tacoma 0.7%
- State of Texas 0.5%
- Commonwealth of Massachusetts 0.3%
- Beaverton School District 0.3%

Risk Management-Maturity/Duration

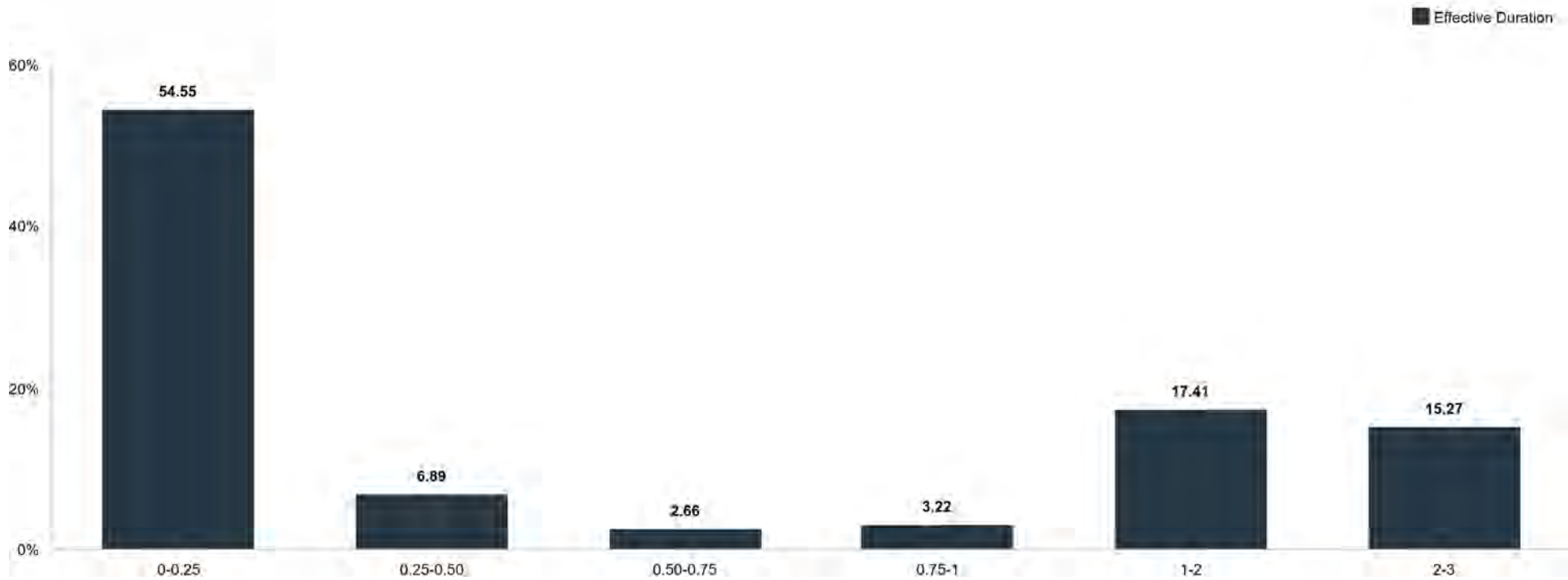
City of Lacey | Total Aggregate Portfolio



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0.73 Yrs	Effective Duration	0.76 Yrs	Years to Maturity	275	Days to Maturity
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Distribution by Effective Duration



Holdings by Maturity & Ratings



City of Lacey | Total Aggregate Portfolio

December 31, 2020

Cusip	Par Amount	Security	Coupon Rate	Maturity Date	Call Date	Market Value	Accrued	Market Value + Accrued	Book Yield	Market Yield	% of Portfolio	Years to Maturity	Eff Duration	S&P, Moody, Fitch
LACEY_COL_DEP	13,272,650.08	COLUMBIA BANK DEPOSIT	0.270%	12/31/2020		13,272,650.08	0.00	13,272,650.08	0.27%		6.95	0.01	0.01	NA NA NA
WA_LGIP	69,655,821.09	WASHINGTON LGIP	0.129%	12/31/2020		69,655,821.09	0.00	69,655,821.09	0.13%		36.47	0.01	0.01	NA NA NA
912828B58	5,000,000.00	UNITED STATES TREASURY	2.125%	01/31/2021		5,007,300.00	44,463.32	5,051,763.32	1.92%	0.39%	2.64	0.08	0.08	AA+ Aaa AAA
037833BS8	3,000,000.00	APPLE INC	2.250%	02/23/2021	01/28/2021	3,003,570.00	24,000.00	3,027,570.00	1.54%	1.41%	1.58	0.15	0.07	AA+ Aa1 NA
3130A0XD7	4,000,000.00	FEDERAL HOME LOAN BANKS	2.375%	03/12/2021		4,017,240.00	28,763.89	4,046,003.89	2.64%	0.19%	2.12	0.19	0.20	AA+ Aaa AAA
9128284B3	4,000,000.00	UNITED STATES TREASURY	2.375%	03/15/2021		4,017,360.00	28,342.54	4,045,702.54	1.62%	0.25%	2.12	0.20	0.20	AA+ Aaa AAA
912828WG1	4,000,000.00	UNITED STATES TREASURY	2.250%	04/30/2021		4,027,640.00	15,414.36	4,043,054.36	2.92%	0.16%	2.12	0.33	0.33	AA+ Aaa AAA
3133EKPS9	5,000,000.00	FEDERAL FARM CREDIT BANKS FUNDING CORP	2.125%	06/07/2021		5,043,900.00	7,083.33	5,050,983.33	1.95%	0.10%	2.64	0.43	0.43	AA+ Aaa AAA
313373ZY1	4,000,000.00	FEDERAL HOME LOAN BANKS	3.625%	06/11/2021		4,062,000.00	8,055.56	4,070,055.56	2.73%	0.14%	2.13	0.44	0.44	AA+ Aaa AAA
9128287G9	5,000,000.00	UNITED STATES TREASURY	0.315%	07/31/2021		5,005,800.00	2,656.42	5,008,456.42	0.25%	0.12%	2.62	0.58	0.01	AA+ Aaa AAA
3133EJVV8	4,000,000.00	FEDERAL FARM CREDIT BANKS FUNDING CORP	2.800%	08/02/2021		4,062,440.00	46,355.56	4,108,795.56	2.75%	0.13%	2.15	0.59	0.58	AA+ Aaa AAA
912828T34	1,000,000.00	UNITED STATES TREASURY	1.125%	09/30/2021		1,007,540.00	2,874.31	1,010,414.31	1.65%	0.12%	0.53	0.75	0.74	AA+ Aaa AAA
9128285F3	2,000,000.00	UNITED STATES TREASURY	2.875%	10/15/2021		2,043,040.00	12,321.43	2,055,361.43	2.29%	0.14%	1.08	0.79	0.78	AA+ Aaa AAA
3133EJ3B3	4,000,000.00	FEDERAL FARM CREDIT BANKS FUNDING CORP	2.800%	12/17/2021		4,102,600.00	4,355.56	4,106,955.56	2.89%	0.13%	2.15	0.96	0.95	AA+ Aaa AAA

Holdings by Maturity & Ratings



City of Lacey | Total Aggregate Portfolio

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Cusip	Par Amount	Security	Coupon Rate	Maturity Date	Call Date	Market Value	Accrued	Market Value + Accrued	Book Yield	Market Yield	% of Portfolio	Years to Maturity	Eff Duration	S&P, Moody, Fitch
594918BA1	3,000,000.00	MICROSOFT CORP	2.375%	02/12/2022	01/12/2022	3,066,990.00	27,510.42	3,094,500.42	2.05%	0.36%	1.62	1.12	1.02	AAA Aaa AA+
912828J76	5,000,000.00	UNITED STATES TREASURY	1.750%	03/31/2022		5,101,550.00	22,355.77	5,123,905.77	1.55%	0.12%	2.68	1.25	1.23	AA+ Aaa AAA
68609TMJ4	1,000,000.00	OREGON ST	1.707%	05/01/2022		1,019,220.00	2,845.00	1,022,065.00	1.71%	0.26%	0.54	1.33	1.32	AA+ Aa1 AA+
313379Q69	5,000,000.00	FEDERAL HOME LOAN BANKS	2.125%	06/10/2022		5,144,300.00	6,197.92	5,150,497.92	1.91%	0.12%	2.70	1.44	1.43	AA+ Aaa AAA
3133EKRD0	4,000,000.00	FEDERAL FARM CREDIT BANKS FUNDING CORP	1.875%	06/14/2022		4,099,720.00	3,541.67	4,103,261.67	1.88%	0.16%	2.15	1.45	1.44	AA+ Aaa AAA
3137EAET2	2,000,000.00	FEDERAL HOME LOAN MORTGAGE CORP	0.125%	07/25/2022		2,000,540.00	1,097.22	2,001,637.22	0.21%	0.11%	1.05	1.56	1.56	AA+ Aaa AAA
3133EKPC4	7,000,000.00	FEDERAL FARM CREDIT BANKS FUNDING CORP	2.125%	09/06/2022		7,232,540.00	47,517.36	7,280,057.36	1.93%	0.15%	3.81	1.68	1.65	AA+ Aaa AAA
912828M80	3,000,000.00	UNITED STATES TREASURY	2.000%	11/30/2022		3,107,460.00	5,274.73	3,112,734.73	1.66%	0.13%	1.63	1.91	1.88	AA+ Aaa AAA
495260L74	1,690,000.00	KING CNTY WASH SCH DIST NO 414 LAKE WASHINGTON	4.000%	12/01/2022		1,813,758.70	5,633.33	1,819,392.03	1.09%	0.17%	0.95	1.92	1.86	AA+ Aaa NA
720424ZQ6	590,000.00	PIERCE CNTY WASH SCH DIST NO 010 TACOMA	0.509%	12/01/2022		592,708.10	250.26	592,958.36	0.51%	0.27%	0.31	1.92	1.91	AA+ Aaa NA
313382AX1	6,000,000.00	FEDERAL HOME LOAN BANKS	2.125%	03/10/2023		6,259,380.00	39,312.50	6,298,692.50	0.94%	0.15%	3.30	2.19	2.14	AA+ Aaa AAA
68609TMK1	1,000,000.00	OREGON ST	1.733%	05/01/2023		1,032,970.00	2,888.33	1,035,858.33	1.73%	0.31%	0.54	2.33	2.29	AA+ Aa1 AA+
3133ELG81	3,000,000.00	FEDERAL FARM CREDIT BANKS FUNDING CORP	0.300%	06/08/2023		3,008,790.00	575.00	3,009,365.00	0.37%	0.18%	1.58	2.44	2.43	AA+ Aaa AAA
938429V46	500,000.00	WASHINGTON CNTY ORE SCH DIST NO 48J BEAVERTON	0.569%	06/15/2023		503,990.00	126.44	504,116.44	0.57%	0.24%	0.26	2.45	2.44	AA+ Aa1 NA

Holdings by Maturity & Ratings



City of Lacey | Total Aggregate Portfolio

December 31, 2020

Cusip	Par Amount	Security	Coupon Rate	Maturity Date	Call Date	Market Value	Accrued	Market Value + Accrued	Book Yield	Market Yield	% of Portfolio	Years to Maturity	Eff Duration	S&P, Moody, Fitch
3137EAES4	3,000,000.00	FEDERAL HOME LOAN MORTGAGE CORP	0.250%	06/26/2023		3,006,510.00	104.17	3,006,614.17	0.29%	0.16%	1.57	2.48	2.48	AA+ Aaa AAA
57582RF84	570,000.00	MASSACHUSETTS (COMMONWEALTH OF)	0.508%	07/01/2023		573,744.90	1,383.45	575,128.35	0.51%	0.24%	0.30	2.50	2.48	AA Aa1 AA+
3135G05G4	3,000,000.00	FEDERAL NATIONAL MORTGAGE ASSOCIATION	0.250%	07/10/2023		3,007,170.00	3,562.50	3,010,732.50	0.29%	0.16%	1.58	2.52	2.51	AA+ Aaa AAA
3137EAEW5	4,000,000.00	FEDERAL HOME LOAN MORTGAGE CORP	0.250%	09/08/2023		4,007,760.00	3,250.00	4,011,010.00	0.26%	0.18%	2.10	2.69	2.67	AA+ Aaa AAA
882830AS1	1,000,000.00	TEXAS TRANSN COMMN	0.410%	10/01/2023		1,004,250.00	1,025.00	1,005,275.00	0.41%	0.26%	0.53	2.75	2.73	NA Aaa AAA
3137EAEY1	3,000,000.00	FEDERAL HOME LOAN MORTGAGE CORP	0.125%	10/16/2023		2,997,960.00	781.25	2,998,741.25	0.23%	0.15%	1.57	2.79	2.78	AA+ Aaa AAA
720424D56	700,000.00	PIERCE CNTY WASH SCH DIST NO 010 TACOMA	0.476%	12/01/2023		702,695.00	546.08	703,241.08	0.48%	0.34%	0.37	2.92	2.89	AA+ Aaa NA
3137EAF2	3,000,000.00	FEDERAL HOME LOAN MORTGAGE CORP	0.250%	12/04/2023		3,003,210.00	562.50	3,003,772.50	0.22%	0.21%	1.57	2.93	2.91	AA+ Aaa AAA
Total	188,978,471.17		1.062%			190,616,117.87	401,027.17	191,017,145.04	0.93%	0.21%	100.00	0.76	0.73	

This report is for general informational purposes only and is not intended to provide specific advice or recommendations. Government Portfolio Advisors (GPA) is an investment advisor registered with the Securities and Exchange Commission and is required to maintain a written disclosure statement of our background and business experience.

Questions About an Account: GPA's monthly & quarterly reports are intended to detail the investment advisory activity managed by GPA. The custodial bank maintains the control of assets and settles all investment transactions. The custodial statement is the official record of security and cash holdings and transactions. GPA recognizes that clients may use these reports to facilitate record keeping and that the custodial bank statement and the GPA report should be reconciled, and differences documented.

Trade Date versus Settlement Date: Many custodial banks use settlement date basis and post coupons or maturities on the following business days when they occur on weekend. These items may result in the need to reconcile due to a timing difference. GPA reports are on a trade date basis in accordance with GIPS performance standards. GPA can provide all account settings to support the reason for any variance.

Bank Deposits and Pooled Investment Funds Held in Liquidity Accounts Away from the Custodial Bank are Referred to as Line Item Securities: GPA relies on the information provided by clients when reporting pool balances, bank balances and other assets that are not held at the client's custodial bank. GPA does not guarantee the accuracy of information received from third parties. Balances cannot be adjusted once submitted however corrective transactions can be entered as adjustments in the following months activity. Assets held outside the custodial bank that are reported to GPA are included in GPA's oversight compliance reporting and strategic plan.

Account Control: GPA does not have the authority to withdraw or deposit funds from or to any client's custodial account. Clients retain responsibility for the deposit and withdrawal of funds to the custodial account. Our clients retain responsibility for their internal accounting policies, implementing and enforcing internal controls and generating ledger entries or otherwise recording transactions.

Custodial Bank Interface: Our contract provides for the ability for GPA to interface into our client's custodial bank to reconcile transactions, maturities and coupon payments. The GPA client portal will be available to all clients to access this information directly at any time.

Market Price: Generally, GPA has set all securities market pricing to match custodial bank pricing. There may be certain securities that will require pricing override due to inaccurate custodial bank pricing that will otherwise distort portfolio performance returns. GPA may utilize Refinitiv pricing source for commercial paper, discount notes and supranational bonds when custodial bank pricing does not reflect current market levels. The pricing variances are obvious when market yields are distorted from the current market levels.

Amortized Cost: The original cost on the principal of the security is adjusted for the amount of the periodic reduction of any discount or premium from the purchase date until the date of the report. Discounts or premiums are amortized on a straight-line basis on all securities. This can be changed at the client's request.

Callable Securities: Securities subject to redemption in whole or in part prior to the stated final maturity at the discretion of the security's issuer are referred to as "callable". Certain call dates may not show up on the report if the call date has passed or if the security is continuously callable until maturity date. Bonds purchased at a premium will be amortized to the next call date while all other callable securities will be amortized to maturity. If the bond is amortized to the call date, amortization will be reflected to that date and once the call date passes, the bond will be fully amortized.

Duration: The duration is the effective duration. Duration on callable securities is based on the probability of the security being called given market rates and security characteristics.

Benchmark Duration: The benchmark duration is based on the duration of the stated benchmark that is assigned to each account.

Rating: Information provided for ratings is based upon a good faith inquiry of selected sources, but its accuracy and completeness cannot be guaranteed.

Coupon Payments and Maturities on Weekends: On occasion, coupon payments and maturities occur on a weekend or holiday. GPA's report settings are on the accrual basis so the coupon postings and maturities will be accounted for in the period earned. The bank may be set at a cash basis, which may result in a reconciliation variance.

Cash and Cash Equivalents: GPA has defined cash and cash equivalents to be cash, bank deposits, LGI pools and repurchase agreements. This may vary from your custodial bank which typically defines cash and equivalents as all securities that mature under 90 days. Check with your custodial bank to understand their methodology.

Account Settings: GPA has the portfolio settings at the lot level, if a security is sold our setting will remove the lowest cost security first. First-in-first-out (FIFO) settings are available at the client's request.

Historical Numbers: Data was transferred from GPA's legacy system, however, variances may exist from the data received due to a change of settings on Clearwater. GPA is utilizing this information for historical return data with the understanding the accrual settings and pricing sources may differ slightly.

Financial Situation: In order to better serve you, GPA should be promptly notified of any material change in your investment objective or financial situation.

No Guarantee: The securities in the portfolio are not guaranteed or otherwise protected by GPA, the FDIC (except for non-negotiable certificates of deposit) or any government agency. Investment in securities involves risks, including the possible loss of the amount invested.





**FINANCE & ECONOMIC
DEVELOPMENT COMMITTEE**
February 23, 2021

SUBJECT: Food Truck Court Proposal

RECOMMENDATION: Brief the committee on a proposal to establish a food truck court on property adjacent to the Lacey Depot.

TO: Scott Spence, City Manager *SS*
Rick Walk, Director of Community Development *RW*
Wesley Nguyen, Economic Development Coordinator *WNG*

ORIGINATED BY: Community and Economic Development Department

ATTACHMENTS:

1. [2021 Concept Note](#)
2. [Site map](#)
3. [2018 COL's Depot District Subarea Plan](#) (Link redirects you to the City's website.)

FISCAL NOTE: Preliminary costs are not identified. 2021 budget includes \$25,000 for site plan development.

PRIOR REVIEW: July 27, 2020, Finance and Economic Development Committee

BACKGROUND:

At the 2012 City Council Retreat, as part of the discussion on the Lacey Depot Museum project, the Council also discussed the need to developing a vision for the area along and adjacent to the "one-way couplet" (Lacey Blvd. & Pacific Ave). The conversation focused on the opportunity to create a sub-area that recognizes the history of Lacey and create stronger identity for the neighborhoods that border the one-way couplet, the Lacey Downs commercial center and Saint Martin's University. Ideas that built off the proposed museum project to create a stronger civic focal point included potential concepts such as food trucks, pop-up markets and entertainment type activities.

Building off the 2012 City Council Retreat, the Community and Economic Development department started preliminary work on the Depot District Sub-Area concept in 2013 and provided briefings and updates to the Planning Commission. In 2017, the Depot District Sub-Area project was placed on the work program and the Department received budget

approval to contract with Studio Cascade to conduct a community-based visioning process for the Depot District Sub-Area. Studio Cascade facilitated interviews with City officials, community leaders, stakeholders, neighborhood groups and business owners and held a week-long design charette in a city-owned building adjacent to Lacey Boulevard, known as the 5700 Building.

On August 2018, the City of Lacey completed a Depot District Subarea Plan. The Plan was created to articulate a realistic, yet compelling vision for Lacey's "Depot District." It outlines strategies to achieve this vision, fostering transformation appropriate to the area including scale, rate of change, and location of new investment. Transformation envisioned for the Depot District is fully consistent with the comprehensive plan.

Key concepts envisioned for the district include:

1. An enriched pedestrian experience - focusing first on the segment between the Carpenter/Pacific intersection and the future museum and the connections between the island and Saint Martin's University.
2. Development of the future museum, including multi-use options for the site and adjacent City-owned sites, activating the eastern end of the couplet island, capturing significant energies from the future Reserve development and adjacent neighborhoods, and boosting infill/redevelopment prospects for nearby commercial properties.

City-Owned Properties:

The City is taking the lead on introducing civic and cultural uses into the Depot District with the proposed museum and depot projects. The City-owned site (the triangle lot between Lacey Blvd and Pacific Ave, east of Lebanon Street) is slated to house the new Lacey Historic Museum and will likely become a multi-purpose "anchor" feature for the entire district.

The Depot District Plan also reinforced the ideas to develop community gathering activities such as an indoor/outdoor farmers market, rentals for trail users, event space, catering facilities, a food truck park and more.

Staff is moving forward with the food truck park as one of the first steps in implementing the Depot District Subarea Plan. At the July 27, 2020, Finance and Economic Development Committee, the Community and Economic Development Department introduced the Depot Plaza Concept. This concept showed a hardscape plaza on City-owned property between Holman Drive and the round-about that could potentially accommodate food trucks and "pop-up" market. This concept would take time to develop, work through site development conflicts/challenges and require a substantial budget.

In the interim, staff is proposing to launch a "temporary" food truck court on the graveled parcel adjacent to Lebanon Street between Lacey Boulevard and the Lacey Depot. This

will allow less time to get the food truck court concept established at minimal cost and more importantly test the market for a food truck court in this location. Please see attached site plan for more information.

At the Committee meeting, staff will walk through the anticipated steps to prepare the site. Staff has reached out to multiple food truck vendors and the Washington State Food Truck Association to partner on this project. Operationally, the temporary food trucks area will be open/available to 4-6 trucks, one day a week to serve lunch at the start of the launch. Depending on future demand, the lot might be available for more hours and more days. The project target it is to establish the temporary food truck court in April 2021.

ADVANTAGES:

1. Create vibrant, integrated and well-designed commercial districts in designated areas in the community to enhance local residents experience with a diversity of food options in our community.
2. Provide interest, identity, complementary character, compatibility, and sense of place for the area/district.
3. Encourage emphasis on interconnection of pedestrian corridors and development of pedestrian opportunities through projects like this and others throughout the Depot District.
4. Provide value-added elements to the Depot Park/Playground and the future home of the Lacey Historic Museum.
5. Service the microbusiness entrepreneurs (food truck vendors) with a new location to sell their food creations and create a new stream of income.

DISADVANTAGES:

1. None

FOOD TRUCK PROPOSAL

CONCEPT NOTE

Food Truck Depot | Lacey Blvd SE/Pacific Ave SE

February 19, 2021

What is a Food Truck Depot?

It is a location/place for food truck operators to park and sell their products. Whether it's a permanent or temporary food truck park, customers like to sample food from many food trucks with innovative menus to attract a crowd. This opportunity is a great way to boost sales revenue and gain a following/repeat customers.

Why do a Food Truck Depot in Lacey?

Food Truck Depots can revitalize neighborhoods, bringing business to little-visited areas and offering dining options where there once were few. Since trucks have much lower start-up costs than brick and mortar restaurants, they're a way for new chefs to establish themselves in the community. And the food truck depot stands to make a major impact on the way Lacey's residents eat.

Where can a Food Truck Depot locate in Lacey?

The City of Lacey owns a parcel of land on the corner of Lacey Blvd SE and Pacific Ave SE that would be ideal for a Food Truck Depot location. There are residents and businesses in the area as well as the high traffic visibility, which could entice good customer flow. We are focused on the gravel area adjacent to Lebanon Street (see attached map) as the temporary location for the Depot.

CONTACT

Community and
Economic Development
Department

City of Lacey

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360-412-3199

FUTURE PLAN FOR THE FOOD TRUCK DEPOT/POP UP MARKET

At the corner of Lacey Blvd and Pacific Avenue is the planned future site of the Food Truck Depot/Pop up Market. City Planners and Economic Development staff are working on this parcel to develop it into a destination location for the residents to celebrate Lacey culture and history.

The future Lacey Museum will act as the history anchor for the location and the Food Truck/Pop up Market will provide a place for residents and visitors to enjoy the diversity of our community.

FOOD TRUCK PROPOSAL

What is required of the City aside from the land parcel?

In operating the temporary food truck site, City staff will identify the truck operators and schedule the event day. Operators will be asked to be self-sufficient, including disposal of all trash (take with them). City will allow operators access to the 5700 building restroom while on the lot.

How will the Depot be operationally?

As a pilot project, the temporary Food Truck Depot will be open one day a week with a four truck maximum in the hours of 11 AM to 1 PM. It will be no cost to the truck operators to park their vehicle there. If there is more demand, we will rotate the truck operators to accommodate and provide variety to the customers.

What is the goal for the City?

The Food Truck Depot pilot project has two main objectives. The first is to increase the visibility of the Depot District as we plan to build out the district including the Lacey Museum on the same parcel of land. The second objective is to enhance our community by providing great, diverse food options for the neighborhood especially now that many folks cannot dine-in at restaurants and are ordering to go.

What is the timeline for the pilot project?

Ideally, we would like to launch the pilot in Spring 2021 (April) when the weather encourages more outdoor enjoyment and activities. It would also allow City staff to coordinate all the logistics and marketing of the Food Truck Depot.

Aside from the parking lots for food truck operators, the site will also have several spaces for local farmers and food entrepreneurs to set up their stalls and sell their products and produce.

City staff will coordinate this future development with the WA Food Truck Association, Lacey Downs, and Thurston EDC. Each of these partners will play a key role to support this initiative. Downs and EDC could coordinate the agriculture items for the Pop Up Market. The Food Truck Associate could coordinate the food truck operators.

This project will require time and capital investment. The timeline for the project launch will depend on the availability of funds and duration of construction.



Pacific Ave.



Lebanon St.



140'

12'x25' Food Truck Pad

Pop-Up Market 55'x55'

5' Separation

155'

Lacey Blvd.

