

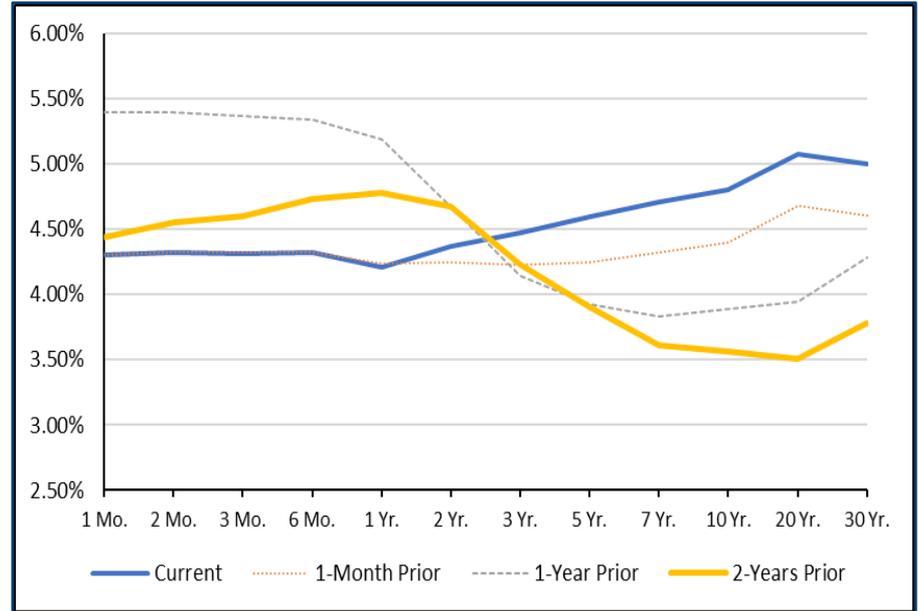


# Investing Public Funds in Today's Marketplace

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# U.S. Treasury Rates

Treasury Rates							
	1/14/25	12/15/24	MoM Δ	1/15/24	YoY Δ	1/15/23	2 YoY Δ
1 Mo.	4.31%	4.30%	0.00%	5.40%	-1.09%	4.44%	-0.14%
2 Mo.	4.32%	4.32%	0.00%	5.40%	-1.08%	4.55%	-0.23%
3 Mo.	4.31%	4.33%	-0.01%	5.37%	-1.05%	4.60%	-0.29%
6 Mo.	4.32%	4.32%	-0.01%	5.34%	-1.02%	4.73%	-0.41%
1 Yr.	4.21%	4.24%	-0.03%	5.19%	-0.98%	4.78%	-0.57%
2 Yr.	4.37%	4.25%	0.13%	4.67%	-0.30%	4.68%	-0.31%
3 Yr.	4.47%	4.22%	0.25%	4.15%	0.33%	4.24%	0.24%
5 Yr.	4.60%	4.25%	0.35%	3.93%	0.67%	3.90%	0.70%
7 Yr.	4.71%	4.33%	0.38%	3.83%	0.87%	3.61%	1.09%
10 Yr.	4.80%	4.40%	0.40%	3.89%	0.91%	3.56%	1.24%
20 Yr.	5.08%	4.68%	0.40%	3.94%	1.14%	3.51%	1.57%
30 Yr.	5.00%	4.60%	0.40%	4.29%	0.71%	3.78%	1.22%



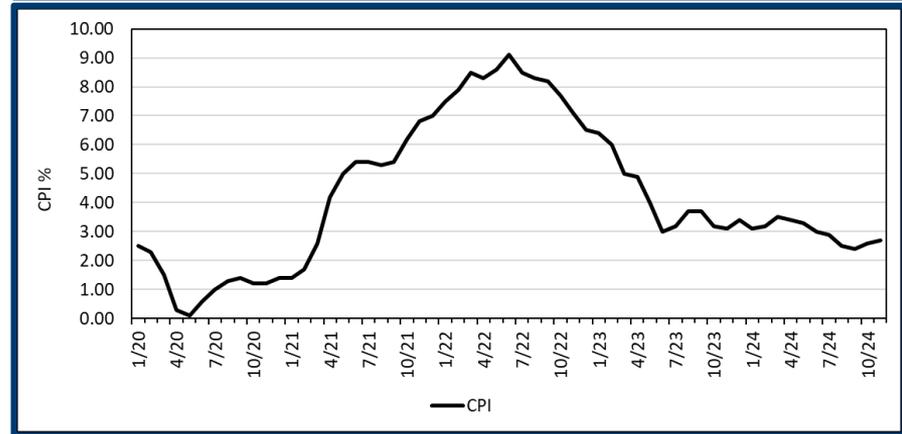
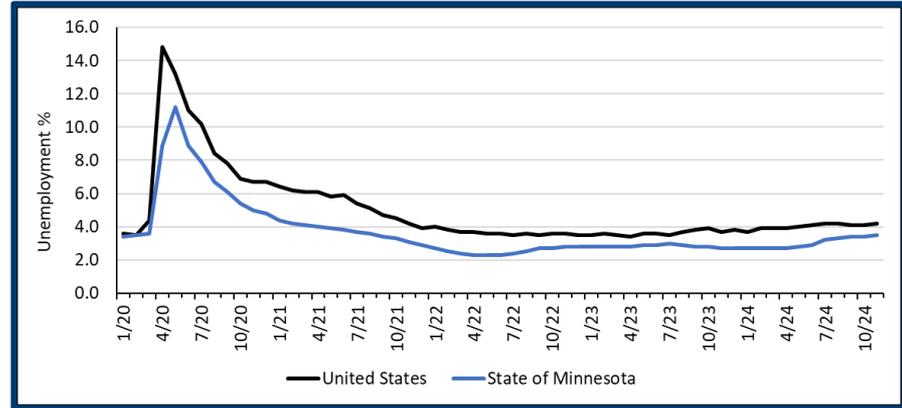
Source: FRED  
Date: 1/14/25

# Federal Funds Effective Date: 3-Year



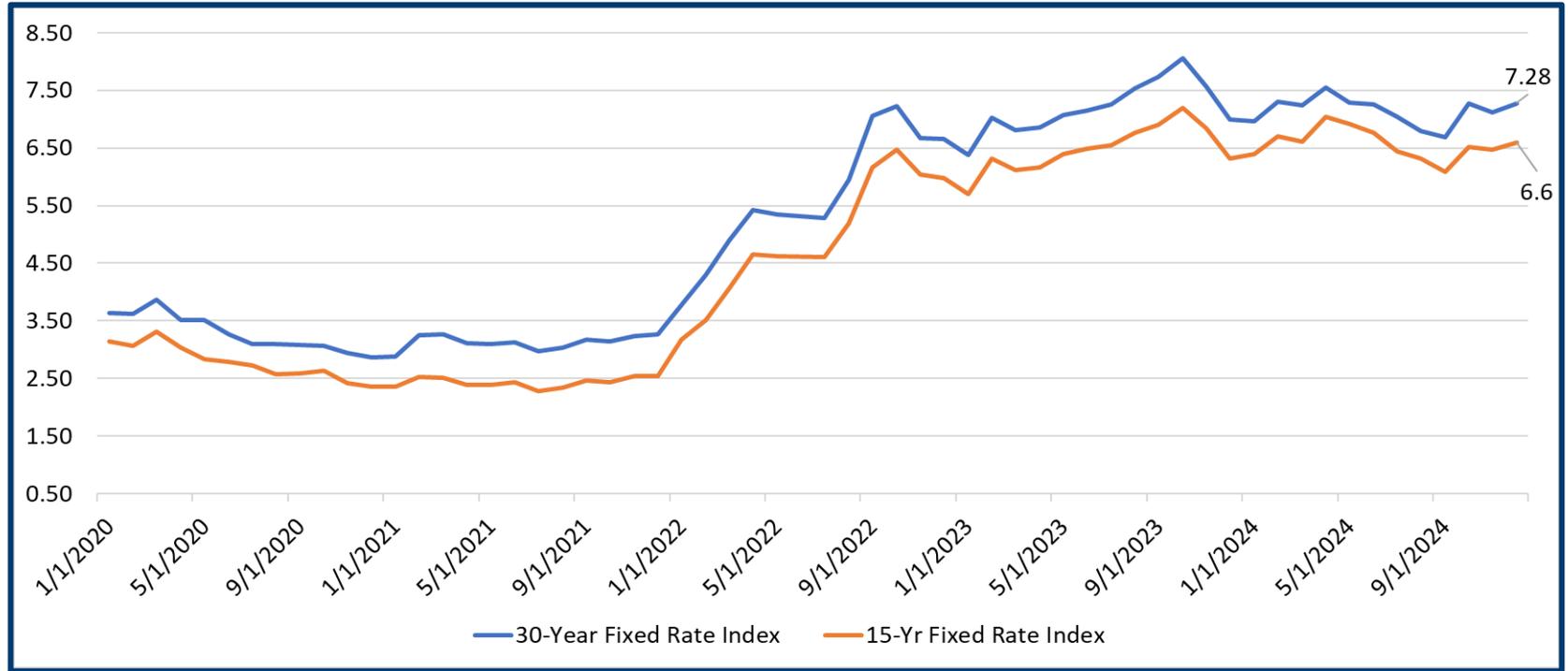
# Unemployment & Inflation

	Unemployment		CPI
	State of Minnesota	United States	United States
2024 November	3.5	4.2	2.7
2024 October	3.4	4.1	2.6
2024 September	3.4	4.1	2.4
2024 August	3.3	4.2	2.5
2024 July	3.2	4.2	2.9
2024 June	2.9	4.1	3.0
2024 May	2.8	4.0	3.3
2024 April	2.7	3.9	3.4
2024 March	2.7	3.9	3.5
2024 February	2.7	3.9	3.2
2024 January	2.7	3.7	3.1
2023 December	2.7	3.8	3.4
2023 November	2.7	3.7	3.1
2023 October	2.8	3.9	3.2
2023 September	2.8	3.8	3.7
2023 August	2.9	3.7	3.7
2023 July	3.0	3.5	3.2
2023 June	2.9	3.6	3.0
2023 May	2.9	3.6	4.0
2023 April	2.8	3.4	4.9
2023 March	2.80	3.50	5.00
2023 February	2.80	3.60	6.00
2023 January	2.80	3.50	6.40

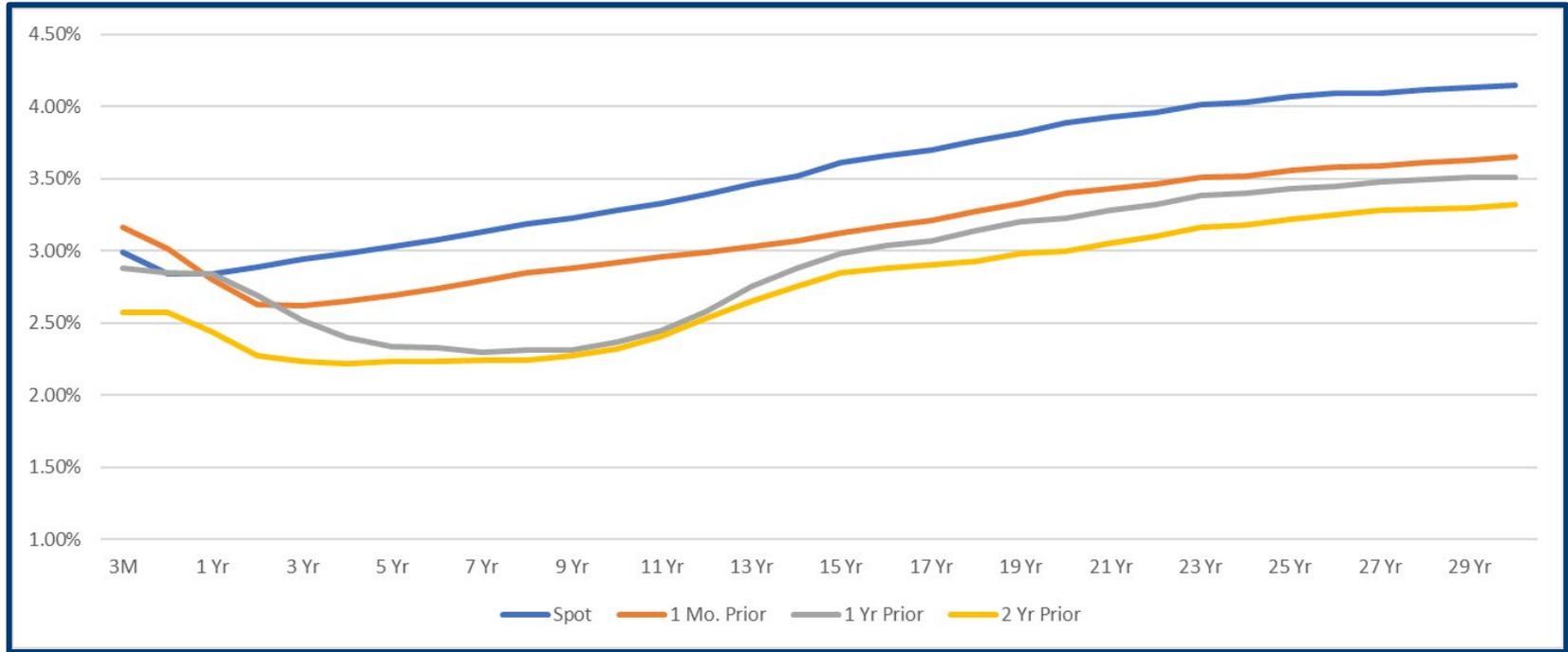


Source: FRED  
Date: 1/14/25

# Mortgage Rates



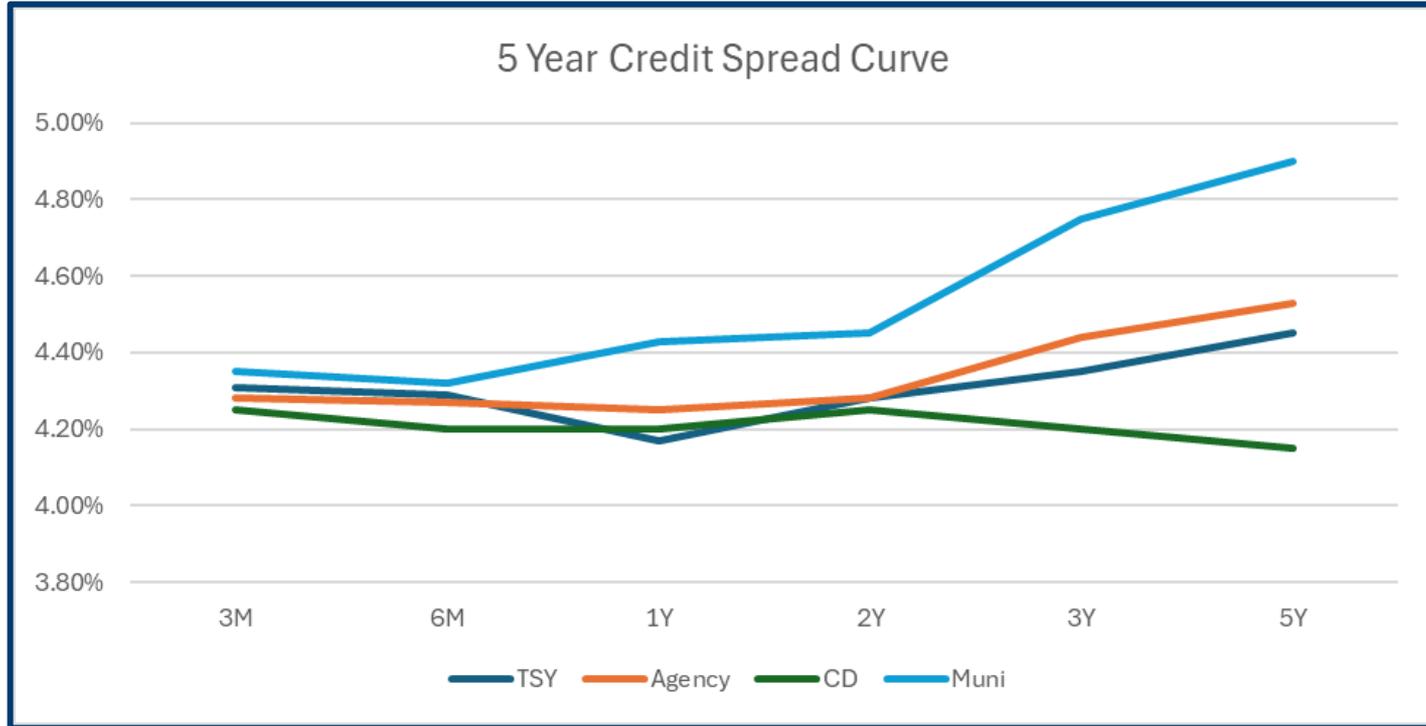
# BVAL Yield Curve



# Investment Rates



# Credit Spreads



# Borrowing & Reinvestment Rates

Sample Tax Exempt Borrowing Rates <sup>1</sup>	
<u>Term</u>	<u>Rate</u>
10 years	3.28%
15 years	3.64%
20 years	3.88%
25 years	4.03%
30 years	4.15%

U.S. Treasury Rates <sup>2</sup>	
<u>Term</u>	<u>Rate</u>
3 month	4.32%
6 month	4.30%
1 year	4.18%
3 year	4.35%
5 year	4.45%

1. Borrowing rates as of 1/14/2025. Assuming 9-year AA rated General Obligation credit, \$2mm issue size and 9-year call dates. For specific pricing information, please contact your Registered Municipal Advisor.

2. U.S. Treasury rates as of 1/15/2025.

# Permissible Investments

MN. Statute 118A.04

## United States Securities:

- Governmental bonds, notes, bills, mortgages (excluding high-risk mortgage-backed securities), that are direct obligations or guaranteed by the United States, or its agencies or instrumentalities

## State & Local Securities (municipal bonds):

- General obligations of any state or local government with a rating of “A” or better by a national bond rating service
- Revenue obligations of any state or local government with a rating of “AA” or better by a national bond rating service

# Permissible Investments

MN. Statute 118A.04

## Time Deposits:

- Need to be fully insured by the Federal Deposit Insurance Corporation (FDIC), the National Credit Union Administration (NCUA), or bankers acceptances of United States banks

## Commercial Paper:

- Issued by United States corporations or Canadian subsidiaries rated in the highest credit category by at least two nationally recognized rating agencies with maturities less than 270 days

## Minnesota Joint Powers Investment Trusts:

- Includes Local Government Investment Pools (LGIPs)

# Permissible Investments

MN. Statute 118A.04

## Money Market Funds:

- Registered under the Federal Investment Company act of 1940 and meets the conditions of rule 2a-7 of the Securities and Exchange Commission (SEC)
- Rated in the highest rating category by at least one nationally recognized rating organization

## Repurchase Agreements

- Consisting of collateral allowable by Minnesota Statute 118A.04

## Guaranteed Investment Contracts (GICs)

# Arbitrage: Spending Exceptions

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	6 Month Spending Exception	18 Month Spending Exception	24 Month Spending Exception
6 Months	100%	15%	10%
12 Months	-	60%	45%
18 Months	-	100%	75%
24 Months	-	-	100%

# Benefits of Competitive Security Selection

- The difference between securities in the secondary market can be significant
- It is important to competitively shop to obtain best execution for your municipality

Broker-Dealer	Offer Price*	Cost Difference
Keybank Capital Markets	\$116.22	\$ -
Santander	\$116.22	\$ -
MBS	\$116.38	\$ 3,140
MCAP	\$116.38	\$ 3,140
B Riley FRB Inc	\$116.39	\$ 3,300
Nomura	\$116.40	\$ 3,560
Barclays	\$116.45	\$ 4,600
StoneX	\$116.85	\$ 12,540

**Issuer:** Fannie Mae  
**Coupon:** 7.125%  
**Maturity Date:** 1/15/2030  
**Par Amount:** \$2 million  
**Cusip:** 31359MFJ7

\*For illustrative purposes only



# Download the Presentation

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# Your Presenters

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