

CITY OF IOWA CITY

QUARTERLY

INVESTMENT REPORT

October 1, 2020

to

December 31, 2020

Finance Department

Prepared by:

Brian Cover

Senior Accountant

OVERVIEW

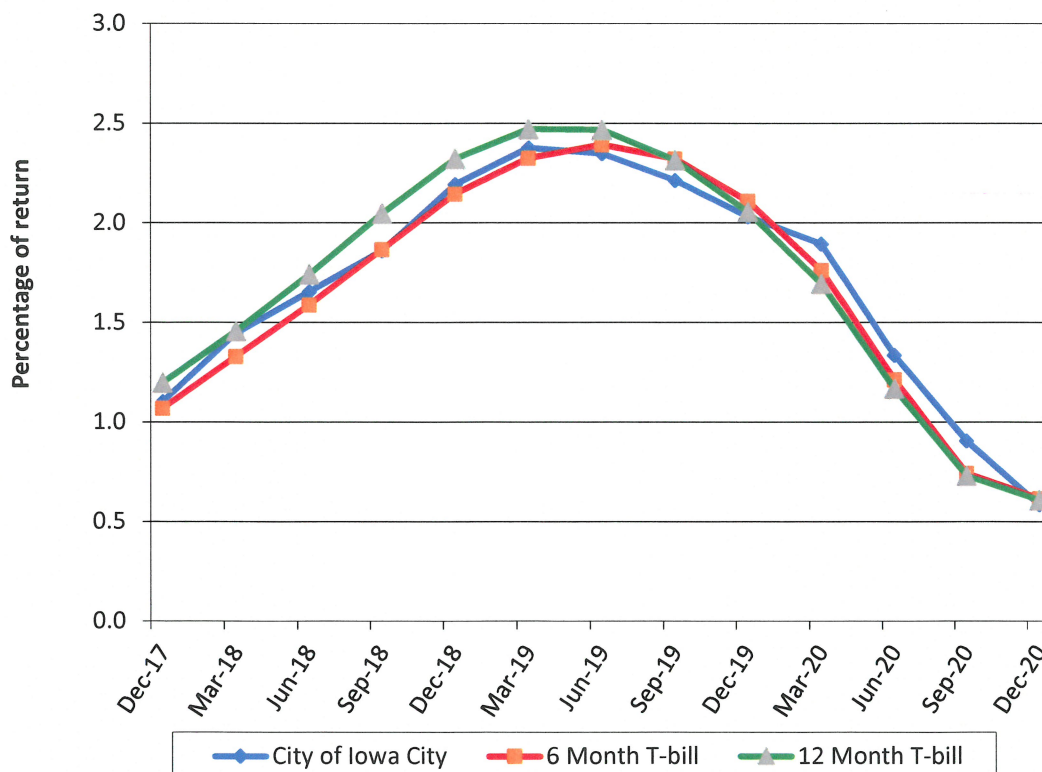
The City of Iowa City's investment objectives are safety, liquidity and yield. The primary objective of the City of Iowa City's investment activities is the preservation of capital and the protection of investment principal. The City's investment portfolio remains sufficiently liquid to enable the City to meet operating requirements that cash management procedures anticipate.

Investments purchased by the City of Iowa City for the second quarter of this fiscal year had an average return of 0.399%. Rates on new investment purchases in our operating cash portfolio for the second quarter were 141 basis points lower than investments purchased at this time last year. The decrease is due to the decline in the federal reserve target rate from 1.75% to 0.25%.

In investing public funds, the City's cash management portfolio is designed with the objective of regularly exceeding the average return on the six-month U.S. Treasury Bill. The Treasury Bill is considered a benchmark for riskless investment transactions and therefore comprises a minimum standard for the portfolio's rate of return. Since the city's investments are mostly between the six- month and twelve-month range, the yield curve for the twelve-month U.S. Treasury Bill has been added to the chart. The rolling average return on the six-month U.S. Treasury Bill for the prior 365 days was 0.617% and the twelve-month return was 0.609%. The investment program seeks to achieve returns above this threshold, consistent with risk limitations and prudent investment principles. The rate of return on the City's entire portfolio for the quarter was 0.586%.

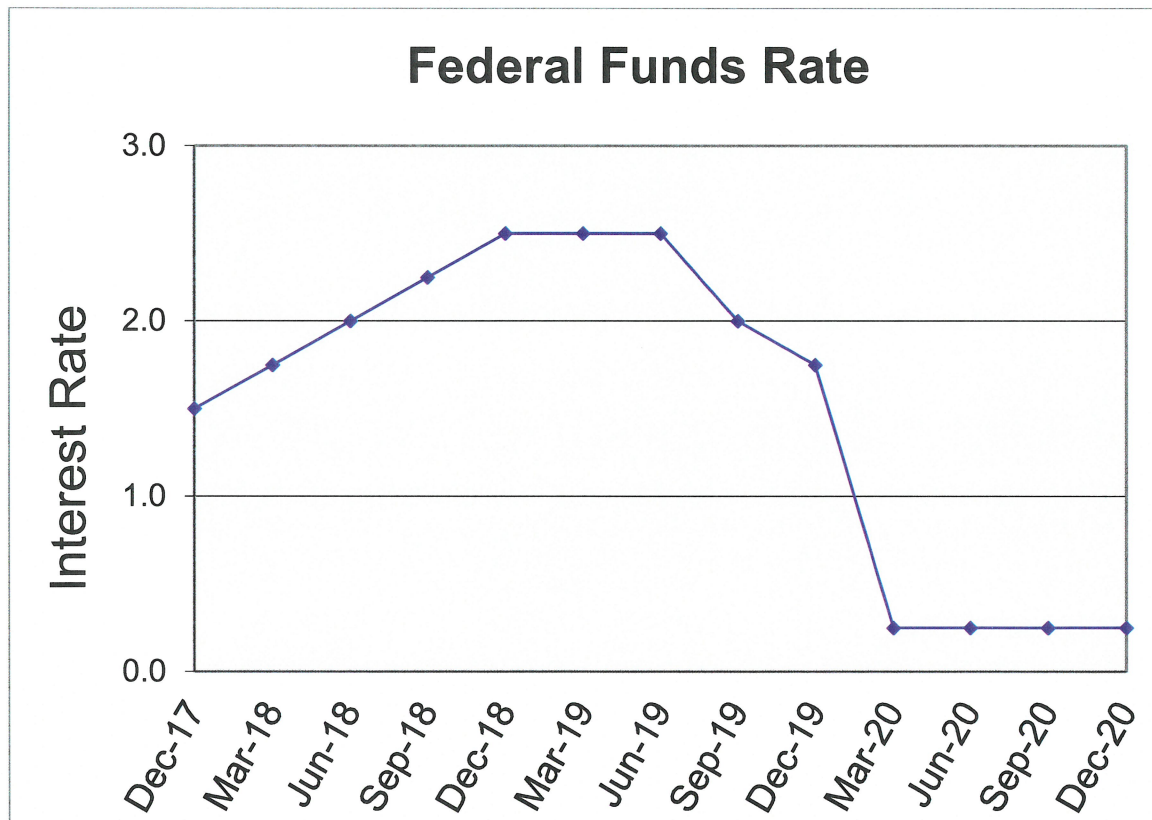
Investments for this year are \$69,229,318 lower than last year. The decrease in investments is due to the \$71,979,624 increase from \$9,298,004 to \$81,277,627 in cash in the city's checking account this year.

City of Iowa City vs. 6 and 12 Month Treasury Bill

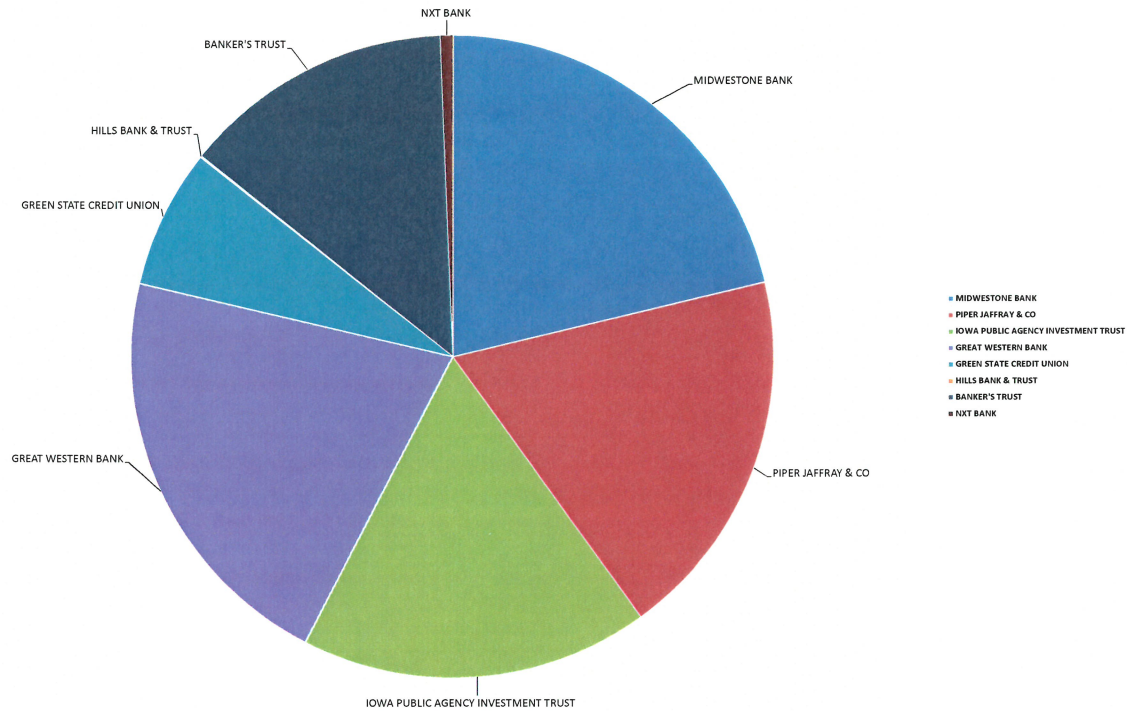


Treasury bills and fed funds are competing investments in the money market. The federal funds rate is highly influential and often has a direct effect on the U.S. economy, because it serves as a base for interest rates offered by various financial and credit institutions to businesses and consumers.

The federal funds rate is the interest rate at which banks lend to each other. In the December meeting of the Federal Open Market Committee, the Committee decided to maintain the target range for the federal funds rate at 0.25 percent due to the threat the coronavirus poses to the economic activity. The Committee decided to keep the target range for the federal funds rate at 0.25% and expects it will be appropriate to maintain this target rate until labor market conditions have reached levels consistent with the Committee's assessments of maximum employment and inflation has risen to 2 percent. The Committee's assessments will take into account a wide range of information, including readings on public health, labor market conditions, inflation pressures and inflation expectations, and financial and international developments.



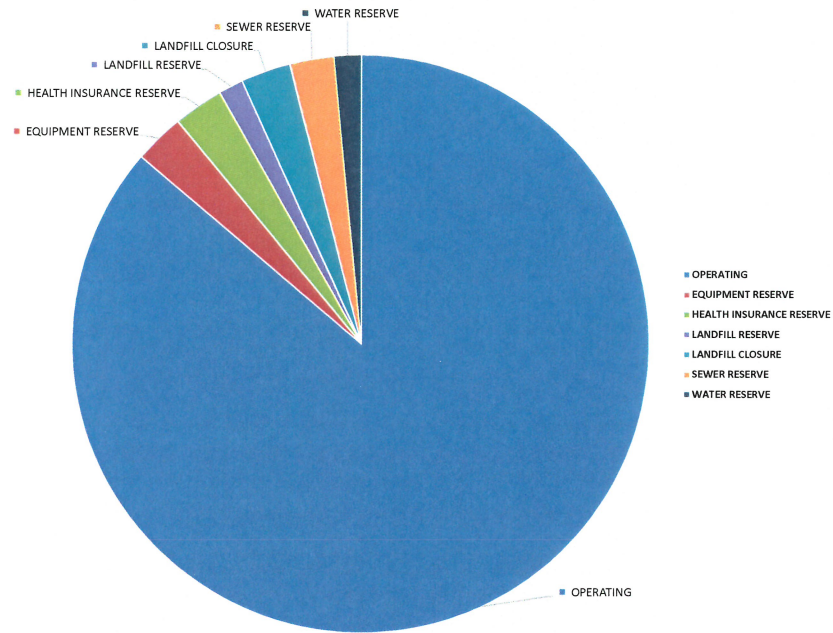
City of Iowa City
Investments by Institution
December 31, 2020



CITY OF IOWA CITY
INVESTMENTS ON HAND
LISTING BY INSTITUTION

INSTITUTION NAME	12/31/20 INVESTMENT AMOUNT	12/31/19 INVESTMENT AMOUNT	DEPOSITORY LIMIT
MIDWESTSTONE BANK	\$ 30,399,400	\$ 80,136,051	\$ 100,000,000
PIPER JAFFRAY & CO	\$ 26,799,136	\$ 24,628,468	N/A
IOWA PUBLIC AGENCY INVESTMENT TRUST	\$ 25,046,641	\$ 37,192,440	N/A
GREAT WESTERN BANK	\$ 30,121,844	\$ 29,872,802	\$ 100,000,000
GREEN STATE CREDIT UNION	\$ 10,000,000	\$ -	\$ 50,000,000
HILLS BANK & TRUST	\$ 99,928	\$ 2,099,428	\$ 25,000,000
BANKER'S TRUST	\$ 19,480,046	\$ 21,172,125	\$ 50,000,000
NXT BANK	\$ 925,000	\$ -	\$ 65,000,000
TOTAL	\$ 142,871,995	\$ 212,101,313	

City of Iowa City
Investments by Fund
December 31, 2020



CITY OF IOWA CITY
INVESTMENTS ON HAND
SUMMARY BY FUND

FUND TYPE	12/31/20 INVESTMENT AMOUNT	12/31/19 INVESTMENT AMOUNT
OPERATING	\$ 123,144,725	\$ 193,873,284
EQUIPMENT RESERVE	\$ 4,000,000	\$ 3,998,029
HEALTH INSURANCE RESERVE	\$ 4,000,000	\$ 4,000,000
LANDFILL RESERVE	\$ 1,997,270	\$ 2,500,000
LANDFILL CLOSURE	\$ 4,000,000	\$ 2,000,000
SEWER RESERVE	\$ 3,525,000	\$ 3,525,000
WATER RESERVE	\$ 2,205,000	\$ 2,205,000
TOTAL	\$ 142,871,995	\$ 212,101,313