

CITY OF IOWA CITY

QUARTERLY
INVESTMENT REPORT

January 1, 2019
to
March 31, 2019

Finance Department

Prepared by:

Brian Cover

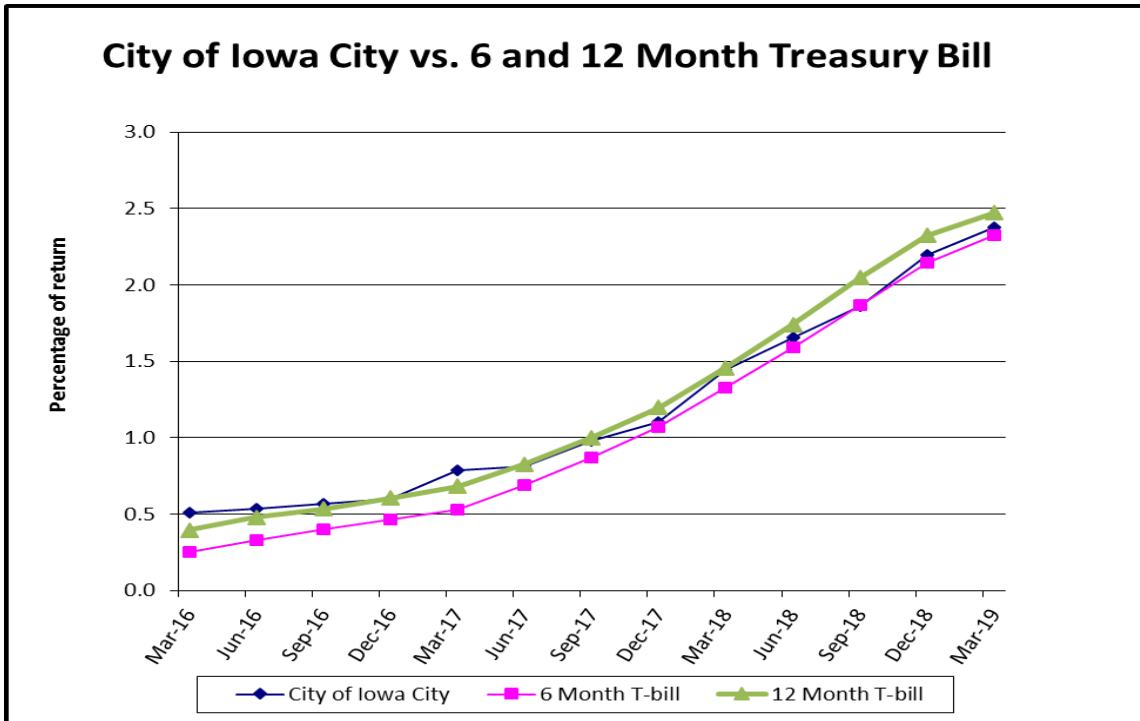
Senior Accountant

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.

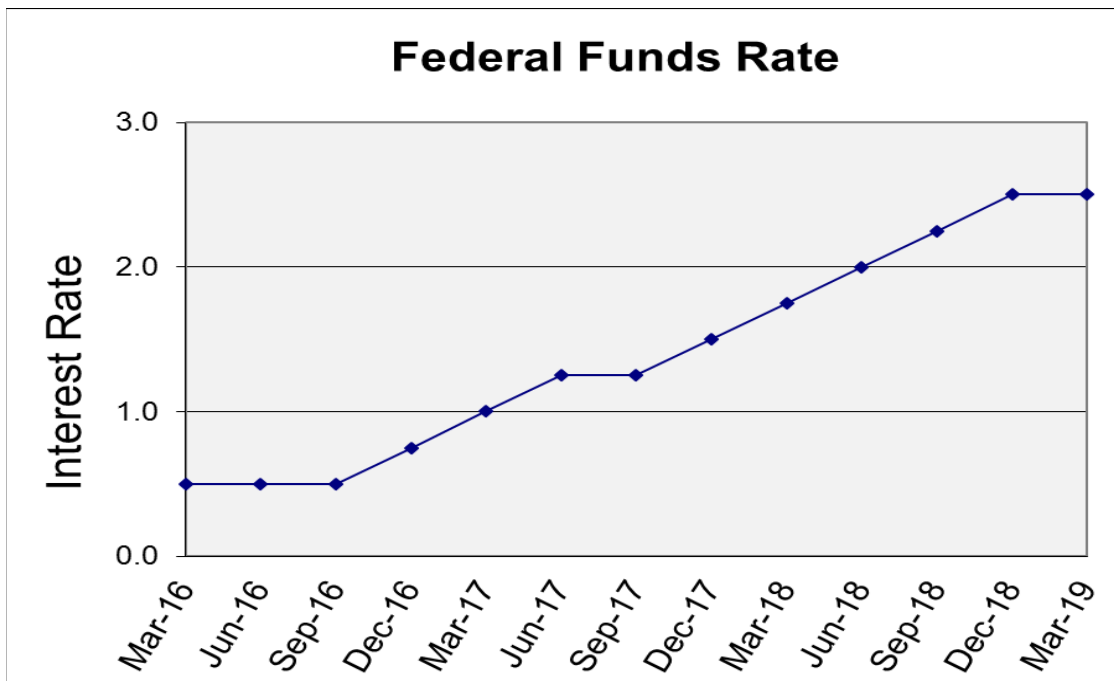
Investments purchased by the City of Iowa City for the third quarter of this fiscal year had an average return of 2.684%. Rates on new investment purchases in our operating cash portfolio for the third quarter were 110 basis points higher than investments purchased at this time last year. The increase is due to the higher interest rates of the new investments.

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 2.325% and the twelve month return was 2.471%. 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 2.377%.

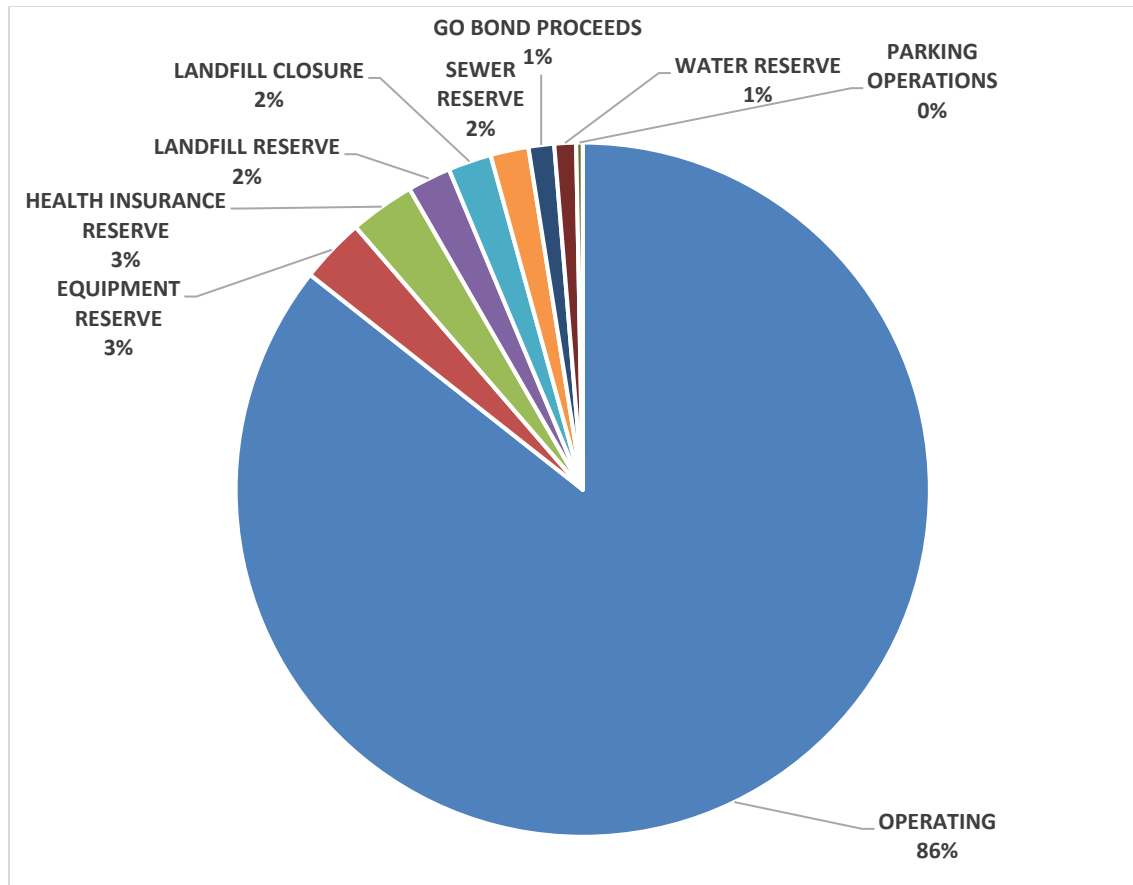


Treasury bills and fed funds are competing investments in the money market. The federal funds rate is highly influential and often has a direct effect on the U.S. economy, because it serves as a base for interest rates offered by various financial and credit institutions to businesses and consumers.

The federal funds rate is the interest rate at which banks lend to each other. In the March 20th meeting of the Federal Open Market Committee, the decision was made to maintain the target range for the federal funds rate at 2.50 percent. The Committee will assess realized and expected economic conditions relative to its maximum employment objective and its symmetric 2 percent inflation objective.

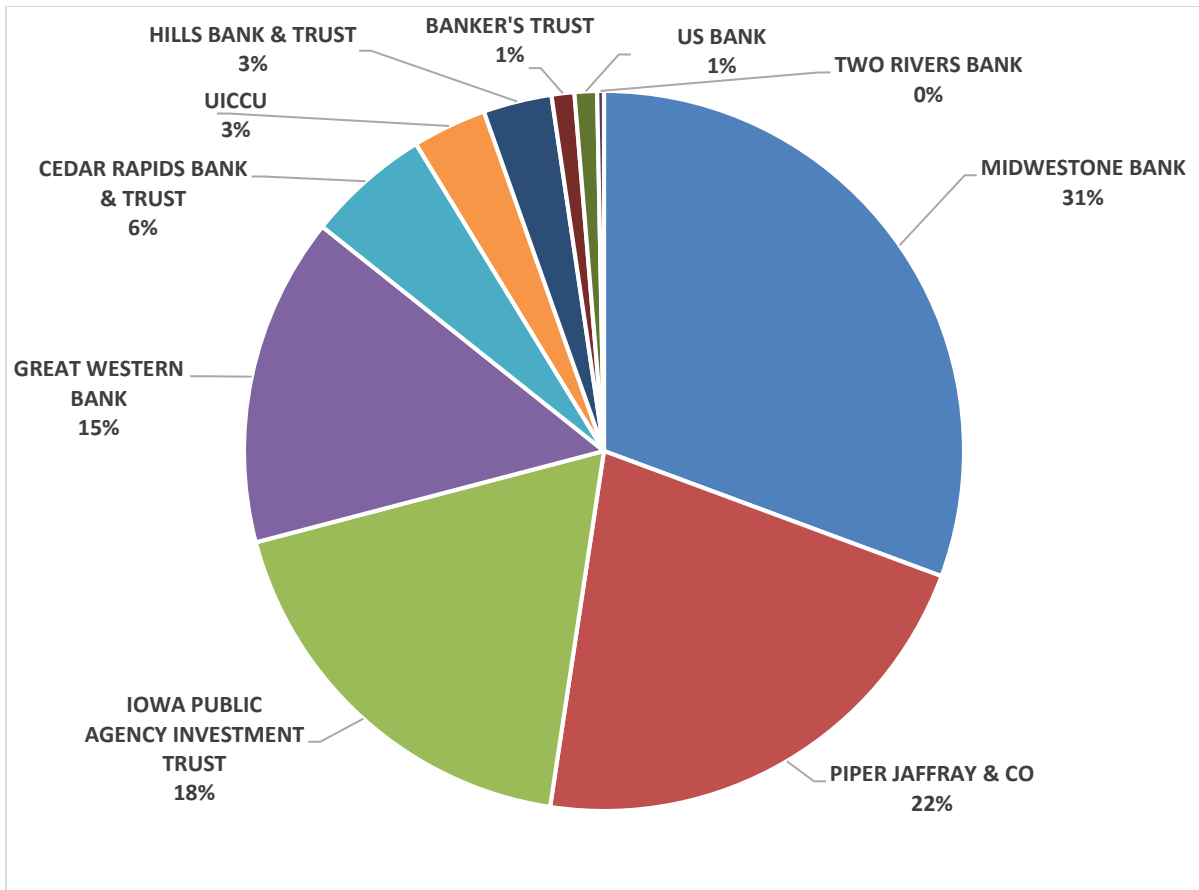


**City of Iowa City
Investments by Fund Type
March 31, 2019**



FUND TYPE	3/31/19 INVESTMENT AMOUNT	3/31/18 INVESTMENT AMOUNT
OPERATING	\$ 169,644,667	\$ 179,284,252
EQUIPMENT RESERVE	\$ 6,000,000	\$ 6,000,000
HEALTH INSURANCE RESERVE	\$ 6,000,000	\$ 4,000,000
LANDFILL RESERVE	\$ 4,000,000	\$ 4,000,000
LANDFILL CLOSURE	\$ 4,000,000	\$ -
SEWER RESERVE	\$ 3,510,000	\$ 5,125,000
GO BOND PROCEEDS	\$ 2,364,540	\$ 7,093,624
WATER RESERVE	\$ 2,000,000	\$ 2,500,000
PARKING OPERATIONS	\$ 602,843	\$ 602,843
PARKING RESERVE	\$ -	\$ 2,000,000
TOTAL	\$ 198,122,050	\$ 210,605,719

**City of Iowa City
Investments by Institution
March 31, 2019**



INSTITUTION NAME	3/31/19 INVESTMENT AMOUNT	3/31/18 INVESTMENT AMOUNT	DEPOSITORY LIMIT
MIDWESTSTONE BANK	\$ 60,731,436	\$ 74,387,504	\$ 100,000,000
PIPER JAFFRAY & CO	\$ 43,070,000	\$ 27,500,000	N/A
IOWA PUBLIC AGENCY INVESTMENT TRUST	\$ 36,695,072	\$ 50,878,602	N/A
GREAT WESTERN BANK	\$ 29,298,179	\$ -	\$ 100,000,000
CEDAR RAPIDS BANK & TRUST	\$ 11,000,000	\$ 21,000,000	\$ 50,000,000
U OF I COMMUNITY CREDIT UNION	\$ 6,600,000	\$ 7,600,000	\$ 50,000,000
HILLS BANK & TRUST	\$ 6,099,054	\$ 6,098,562	\$ 25,000,000
BANKER'S TRUST	\$ 2,025,466	\$ 636,105	\$ 20,000,000
US BANK	\$ 2,000,000	\$ 49,072	\$ 65,000,000
TWO RIVERS BANK	\$ 602,843	\$ 12,602,843	\$ 15,000,000
CBI BANK & TRUST	\$ -	\$ 6,500,000	\$ 15,000,000
FARMERS & MERCHANTS SAVINGS BANK	\$ -	\$ 250,000	\$ 15,000,000
NXT BANK	\$ -	\$ 2,000,000	\$ 10,000,000
WELLS FARGO SECURITIES	\$ -	\$ 500,000	N/A
WELLS FARGO BANK	\$ -	\$ 603,030	\$ 50,000,000
TOTAL	\$ 198,122,050	\$ 210,605,719	