CITY OF RENO

Memorandum

DATE: **February 26, 2025**

TO: **Mayor and City Council**

THROUGH: **Jackie Bryant, City Manager** **Approved Electronically**

FROM: **Matt Taylor, Assistant Finance Director**

DEPT: **Finance**

SUBJECT: **Quarterly Financial Report – January 31, 2024**

Attached is the monthly investment report provided by PFM Asset Management for the month of January 31, 2025. This report will be shared on reno.gov for Reno constituents to review.

City of Reno

January 31, 2025

(480) 271-0432

pfm asset management

A Division of U.S. Bancorp Asset Management, Inc.

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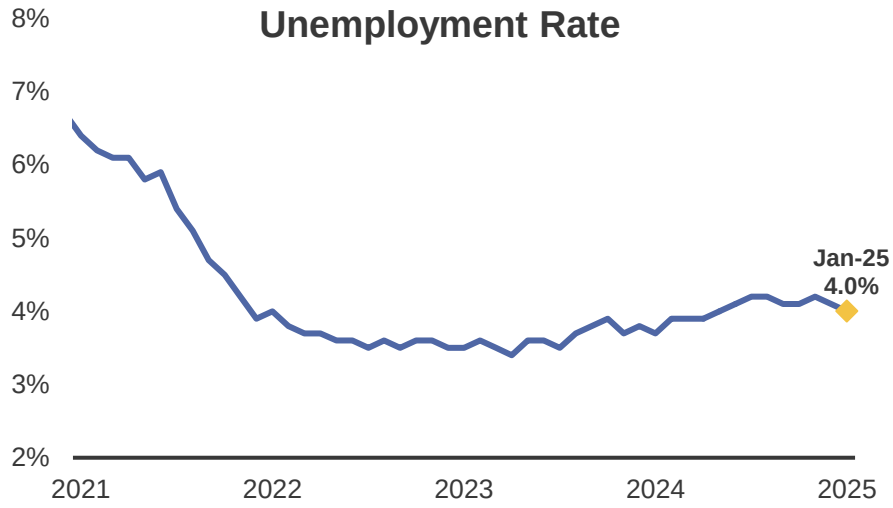
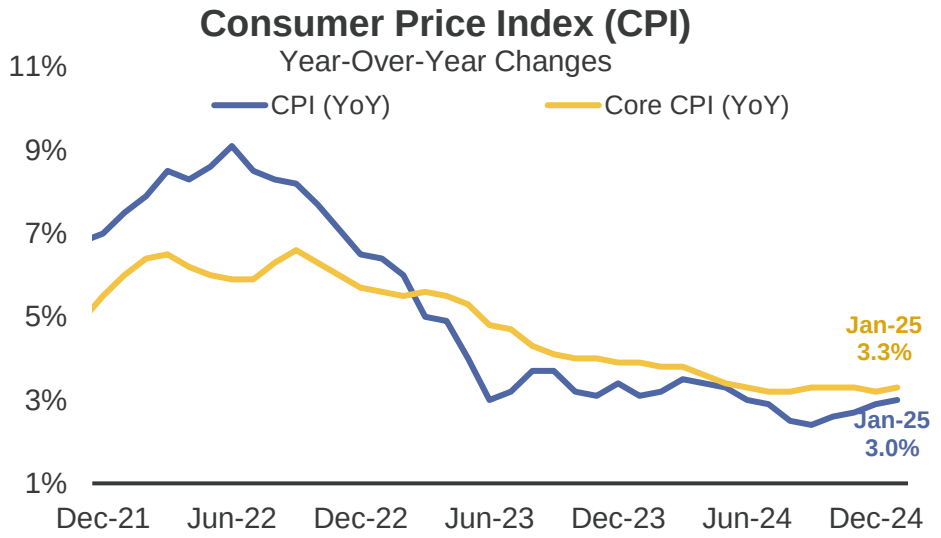
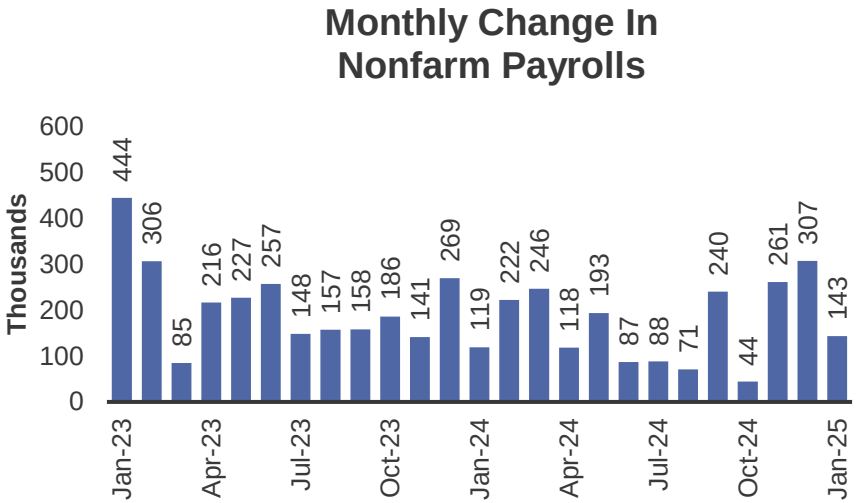
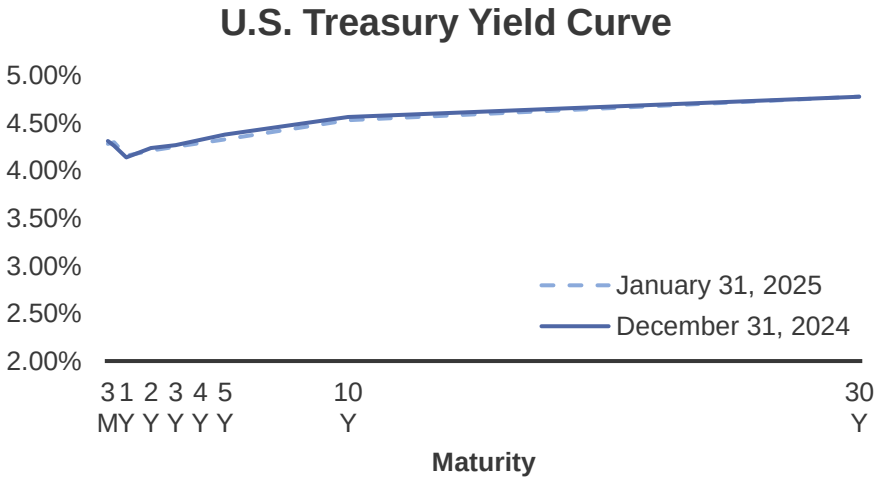
Hotter Than Expected Labor Report; Core Inflation Remains Flat









Source: Bloomberg Finance L.P., Bureau of Labor Statistics. (Top Left). Bloomberg L.P., Bureau of Labor Statistics as of January 2025 (Top Right). Bloomberg L.P., Bureau of Labor Statistics, as of January 2025. Data is seasonally adjusted. (Bottom Left). Bloomberg L.P., as of January 31, 2025 (Bottom Right).

Summary of the City's Funds

City of Reno as of 01/31/25

City of Reno Funds	Market Value[1]
Core Portfolio	$357,039,069
Liquidity Portfolio	$25,287,255
Liquid Funds	$97,992,085
Nevada LGIP	*$78,458,126*
U.S. Bank	*$2,074,712*
Wells Fargo	*$17,459,248*
Managed Account Subtotal	**$480,318,409**
Reserve Fund Portfolios	$13,047,173
Total	**$493,365,582**

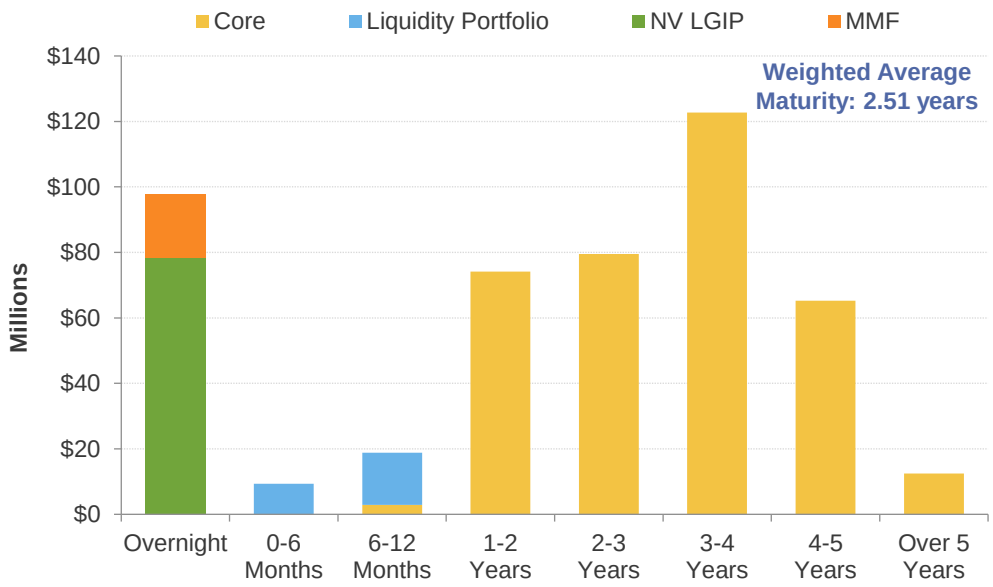
1. *Market Values exclude accrued interest*

Executive Summary[1,2,3]

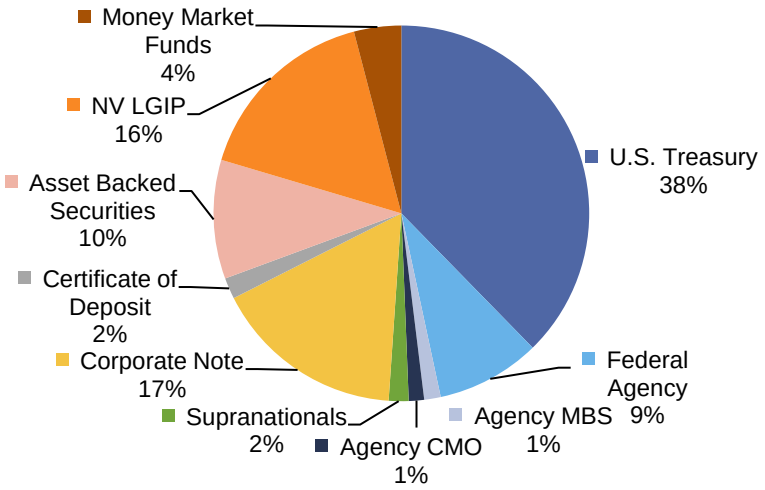
City of Reno as of 01/31/25

Account Summary	Ending Values as of 12/31/24	Ending Values as of 01/31/25
Market Value	$466,267,941	$480,318,409
Book Value	$468,859,038	$482,429,898
Unrealized Gain/(Loss)	($2,591,097)	($2,111,490)
Yield at Market	4.51%	4.46%
Yield at Cost	4.17%	4.22%

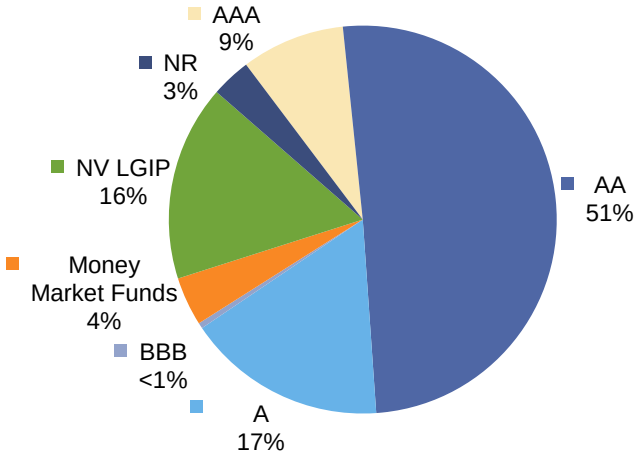
Maturity Distribution



Allocation by Security Type



Credit Quality (S&P Ratings)



1. *Summary data includes Core Portfolio, Liquidity Portfolio and Liquid Funds, excluding accrued interest; excludes Reserve Fund Portfolios.*
2. *Money Market Funds include U.S. Bank, and Wells Fargo balances.*
3. *The weighted average yield at market and yield at cost excludes Liquid Funds.*

Security Type and Maturity Analytics[1,2,3,4]

City of Reno as of 01/31/25

Security Type	Market Value	% of Portfolio	Permitted by Policy
U.S. Treasury	$180,968,446	37.7%	100%
Agency MBS	$43,029,331	9.0%	
Agency Commercial MBS	$6,829,834	1.4%	20%
Agency Collateralized Mortgage Obligation	$6,332,787	1.3%	
Supranationals	$8,192,404	1.7%	15%
Corporate Note	$79,105,862	16.5%	25%
Certificate of Deposit	$8,714,552	1.8%	30%
Asset Backed Securities	$49,153,107	10.2%	30%
NV LGIP	$78,458,126	16.3%	100%
Money Market Funds	$19,533,959	4.1%	100%
Total Market Value	**$480,318,409**	**100.0%**	

Accrual Basis Earnings[4]	01/1/25 through 01/31/25
Total Estimated Earnings	**$1,197,751**

Maturity	Market Value	% of Portfolio	Permitted by Policy
Overnight	$97,992,085	20.4%	No Limit
0-6 Months	$9,386,017	2.0%	No Limit
6-12 Months	$18,803,848	3.9%	No Limit
1-2 Years	$74,146,774	15.4%	No Limit
2-3 Years	$79,542,583	16.6%	No Limit
3-4 Years	$122,695,082	25.5%	No Limit
4-5 Years	$65,244,892	13.6%	No Limit
Over 5 Years	$12,507,128	2.6%	No Limit
Total Market Value	**$480,318,409**	**100.0%**	

1. *Data includes Core Portfolio, Liquidity Portfolio and Liquid Funds, excluding accrued interest; excludes Reserve Fund Portfolios.*
2. *Money Market Funds include U.S. Bank, and Wells Fargo balances.*
3. *Investment policy dated September 2023.*
4. *Excludes earnings on Liquid Funds.*

Issuer Diversification[1,2,3,4]

City of Reno as of 01/31/25

Issuer	Market Value	% of Portfolio	Permitted by Policy
U.S. Treasury	$180,968,446	37.7%	100%
Nevada LGIP	$78,458,126	16.3%	100%
Federal Home Loan Mortgage Corporation	$48,038,900	10.0%	100%
Money Market Funds	$19,533,959	4.1%	100%
Federal National Mortgage Association	$6,243,408	1.3%	100%
Bank Of America Co	$6,200,281	1.3%	30%
African Development Bank	$5,355,442	1.1%	15%
Discover Financial Services	$4,787,413	1.0%	30%
Toyota Motor Corp	$4,558,204	0.9%	30%
Wells Fargo Card Issuance Trust	$3,960,905	0.8%	30%
Wells Fargo & Company	$3,875,984	0.8%	25%
Bank of America Auto Trust	$3,638,030	0.8%	30%
JPMorgan Chase & Co	$3,561,842	0.7%	25%
Rabobank Nederland	$3,377,655	0.7%	5%
Toronto-Dominion Bank	$3,233,591	0.7%	25%
BMW Financial Services NA LLC	$3,132,318	0.7%	25%
Credit Agricole SA	$2,991,843	0.6%	5%
Citigroup Inc	$2,978,287	0.6%	25%
Mercedes-Benz Auto Receivables	$2,933,823	0.6%	30%
Capital One Financial Corp	$2,919,092	0.6%	30%
Intl Bank Of Reconstruction And Dev	$2,836,962	0.6%	15%
American Express Co	$2,826,833	0.6%	30%
USAA Auto Owner Trust	$2,696,865	0.6%	30%
Bank Of Montreal	$2,661,835	0.6%	25%
State Street Corporation	$2,638,850	0.5%	25%
Chase Issuance	$2,614,025	0.5%	30%
Adobe Inc	$2,580,052	0.5%	25%
Deere & Company	$2,567,378	0.5%	25%
Sumitomo Mitsui Financial Group Inc	$2,556,747	0.5%	25%
Royal Bank Of Canada	$2,528,113	0.5%	25%
Mercedes-Benz Group AG	$2,512,140	0.5%	25%
American Honda Finance	$2,482,216	0.5%	25%
Fifth Third Auto Trust	$2,357,657	0.5%	30%
Natixis NY Branch	$2,345,055	0.5%	5%
Daimler Truck	$2,307,789	0.5%	30%
National Australia Bank Ltd	$2,269,670	0.5%	25%
Hyundai Auto Receivables	$2,176,753	0.5%	30%
Northern Trust Corp	$2,173,153	0.5%	25%
Honda Auto Receivables	$2,159,074	0.4%	30%
John Deere Owner Trust	$2,080,807	0.4%	30%
Analog Devices Inc	$2,072,746	0.4%	25%
National Rural Utilities Co Finance Corp	$2,044,292	0.4%	25%
Comcast Corp	$2,039,236	0.4%	25%
Goldman Sachs Group Inc	$2,001,523	0.4%	25%
IBM Corp	$1,976,780	0.4%	25%
Government National Mortgage Association	$1,909,645	0.4%	100%
Kubota Credit Owners Trust	$1,885,763	0.4%	30%
Paccar Financial Corp	$1,885,254	0.4%	25%
BP PLC	$1,833,976	0.4%	25%
Gm Financial Securitized Term	$1,759,265	0.4%	30%
Canadian Imperial Bank Of Commerce	$1,729,509	0.4%	25%
META Platforms Inc	$1,654,754	0.3%	25%
Cisco Systems Inc	$1,630,486	0.3%	25%
Bank Of New York Mellon	$1,612,505	0.3%	25%
AstraZeneca Finance LLC	$1,534,717	0.3%	25%
Honeywell International	$1,493,981	0.3%	25%
Unitedhealth Group Inc	$1,436,994	0.3%	25%
Morgan Stanley	$1,390,648	0.3%	25%
Ally Auto Receivables Trust	$1,230,665	0.3%	30%
Mitsubishi Ufj Financial Group Inc	$1,000,401	0.2%	25%
Lockheed Martin Corp	$995,379	0.2%	25%
Carmax Auto Owner Trust	$988,248	0.2%	30%
Ford Credit Auto Owner Trust	$987,670	0.2%	30%
BMW Financial Services	$778,269	0.2%	30%
Volkswagen Auto	$720,205	0.1%	30%
Nissan Auto Receivables	$638,787	0.1%	30%
Truist Financial Corp	$428,748	0.1%	25%
Caterpillar Inc	$320,362	0.1%	25%
CNH Equipment Trust	$118,332	<0.1%	30%
World Omni Auto Rec Trust	$99,749	<0.1%	30%
Total	**$480,318,409**		

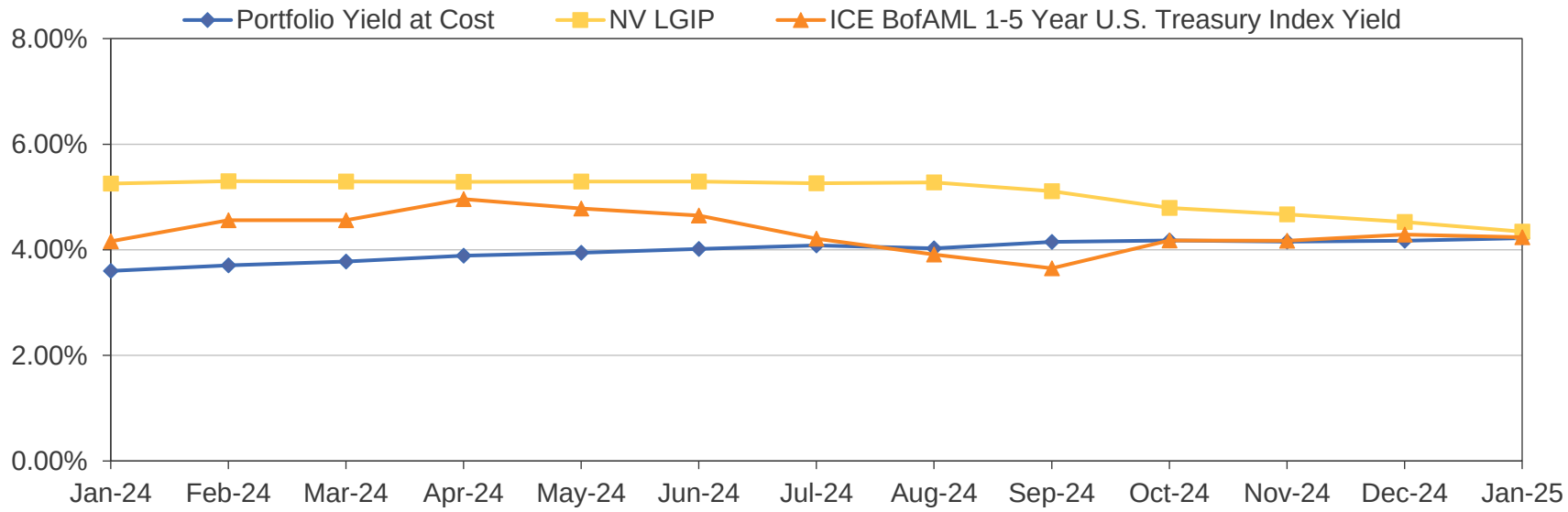
1. Data includes Core Portfolio, Liquidity Portfolio and Liquid Funds, excluding accrued interest; excludes Reserve Fund Portfolios.
2. Money Market Funds include U.S. Bank, and Wells Fargo balances.
3. Investment policy dated September 2023.
4. Securities issued by Asian Development Bank and the African Development are compliant as they were purchased prior to the City's October 2021 investment policy update.

Portfolio Yield Summary

City of Reno as of 01/31/25

Date	Book Value[1]	Portfolio Yield (Cost)[4]	Portfolio Duration[4]	NV LGIP Yield (Monthly)[3]	1-5 Year Treasury Index Yield[2]
Aug-24	453,918,577	4.03%	2.34	5.28%	3.91%
Sept-24	477,489,655	4.15%	2.35	5.11%	3.65%
Oct-24	490,934,839	4.18%	2.37	4.79%	4.18%
Nov-24	491,290,122	4.15%	2.35	4.67%	4.17%
Dec-24	468,859,038	4.17%	2.33	4.53%	4.29%
Jan-25	482,429,898	4.22%	2.33	4.35%	4.24%

Comparison of Combined Portfolio Yield, BAML 1-5 Year Treasury Index[2], and NV LGIP[3]



1. *Security book values include Core Portfolio, Liquid Portfolio, and Liquid Funds, excluding accrued interest and balances in the reserve funds.*
2. *Source: ICE Bank of America/Merrill Lynch Global Bond Indices*
3. *Source: Nevada State Treasurer's website. Monthly net distributed interest rate.*
4. *The portfolio yield and duration exclude Liquid Funds.*

Certificate of Compliance

During the reporting period for the month ended January 31, 2025, the account(s) managed by PFM Asset Management ("PFMAM") were in compliance with the applicable investment policy and guidelines as furnished to PFMAM.

Acknowledged : *PFM Asset Management, a division of U.S. Bancorp Asset Management, Inc.*

City's Investment Objectives

- **Investment Objectives:** In accordance with the City's Investment Policy, the City's primary objectives in order of priority are:
  - **Safety** – Safety of principal is the foremost objective of the investment program. Investments for the City will be made in a manner that seeks to ensure the preservation of capital in the overall portfolio.
  - **Liquidity** – The City's investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements which might be reasonably anticipated.
  - **Yield** – The City's investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints, liquidity needs, and cash flow characteristics of the portfolio.
- **Certification:** The City has sufficient funds to meet expenditures for the following six-month period.

City of Reno Investment Policy dated September 2023.

Portfolio Information Summary

Funds Included in Report

- The following report includes the City's funds held in overnight investment vehicles (savings accounts, money market funds, and Nevada Local Government Investment Pool) and portfolios of individual fixed income securities (Core Portfolio and Liquidity Portfolio).

Portfolio Summary and Characteristics

- Funds are shown on an amortized cost, and market value basis.
  - Amortized Cost Value (Book Value). Represents the original cost of an investment adjusted for amortization of premium or accretion of discount.
  - Market Value. The current price at which that security is trading between buyers and sellers. Valuation is highly dependent on interest rate movements.
- The investment sector, maturity, and credit ratings distribution is shown based on market value basis.
- Demonstrates level of diversification by investment type and credit quality. Additionally, illustrates active management of funds to optimize value in the current market.

Investment Program Maturity Summary

- The maturity distribution of the City's funds (market value plus accrued interest) from one-day to the ten-year mandated limit.
- Demonstrates level of diversification by maturity date. Shows placement of funds to take advantage of opportunities while ensuring that
  the City has funds to meet its cash flow needs.

Portfolio Yield Summary

- The historical yield and duration of the City's funds, monthly net distribution rate for the Nevada Local Government Investment Pool (NV LGIP), and the monthly yield for the Bank of America/Merrill Lynch 1 – 5 year Treasury Index is shown for the trailing six months.
- A historical record of the City's overall fund balance and earnings rates.

Investment Guidelines

- The City invests in permitted securities consistent with Nevada Revised Statutes (NRS) Chapter 355.170 – 355.200 and the Reno Municipal Code. The City's Investment Policy includes additional sector allocation and maturity restrictions that reflect the City's risk tolerances.

Security Type	Nevada Government Code	City's Investment Policy
U.S. Treasury Notes	✓	✓
Federal Agencies	✓	✓
Supranationals	✓	✓
State and Local Municipal Obligations	✓	✓
Corporate Notes	✓	✓
Mortgage-Backed Securities	✓	✓
Commercial Paper	✓	✓
Time Certificates of Deposit	✓	✓
Negotiable Certificates of Deposit	✓	✓
Bankers' Acceptances	✓	✓
Repurchase Agreements	✓	✓
Reverse Repurchase Agreements	✓	✓
Mutual Funds	✓	✓
Money Market Funds	✓	✓
Nevada Local Government Investment Pool (NV LGIP)	✓	✓

City of Reno Investment Policy dated September 2023.

Disclaimer

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