

★ Roll Call Number

Agenda Item Number

31

Date July 29, 2013

WHEREAS, the City Treasurer is responsible for managing and investing the City's funds in accordance with the investment policy approved by the City Council; and

WHEREAS, the City's investment portfolio consists of two major categories: pooled cash and investments and non-pooled cash and investments.

WHEREAS, previous Treasurer's Reports have been received and filed on Roll Calls 12-1171, 12-1633, 13-0127 and 13-0652.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Des Moines, Iowa:

That the attached Quarterly Treasurer's Report as of June 30, 2013 is hereby received and filed.

(copy attached)

MOVED BY \_\_\_\_\_ to receive and file.

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
COWNIE				
COLEMAN				
GRIESS				
HENSLEY				
MAHAFFEY				
MEYER				
MOORE				
TOTAL				
MOTION CARRIED	APPROVED			

CERTIFICATE

I, DIANE RAUH, City Clerk of said City hereby certify that at a meeting of the City Council of said City of Des Moines, held on the above date, among other proceedings the above was adopted.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal the day and year first above written.

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
City Clerk

# **QUARTERLY TREASURER'S REPORT**

**As of June 30, 2013**

**Prepared by**

**Heide U. Green, Treasury Manager**

**Scott Sanders, Finance Director/Treasurer**

**Quarterly Treasurer's Report  
As of June 30, 2013**

**Background**

In accordance with the City's investment policy, State law, and Federal arbitrage and grant regulations, the Finance Director/Treasurer manages the City's funds as follows:

"It is the policy of the City of Des Moines to invest public funds not currently needed in a manner which will provide protection of principal, meet the daily cash flow demands of the City and provide market returns."

Therefore, the primary objectives, in priority order, of the investment activities are:

1. Safety of principal
2. Liquidity
3. Return on investments

(Source: Investment Policy of the City of Des Moines, effective May 2006)

**Purpose**

This report is intended to permit City Council and the public to monitor the Treasurer's compliance with the three objectives stated above.

### Safety of Principal

The first two pages of the report (pie graph of "Portfolio Composition" and "Investment Definitions") provide information with which to assess the safety of the City's principal.

As of June 30, 32.47 percent of the \$125.9 million total portfolio was invested in U.S. government agency securities (Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, and Farm Credit Administration), which are backed by the implied or moral obligation of the U.S. Government. 7.6 percent of the portfolio was invested in certificates of deposit issued by Iowa banks that have the backing of the State Sinking Fund

### Liquidity

The City's portfolio is divided into two major categories: pooled cash and investments, and non-pooled cash and investments. The pooled cash and investments contain the City's day-to-day operating funds. These investments are relatively short-term, to reflect their needed availability. This is apparent at the bottom of the report labeled "Pooled Portfolio Detail." The column labeled "Days-Purchase to Maturity" shows this \$114.7 million portion of the portfolio to have an average maturity of 120 days.

The other major category of the City's portfolio is non-pooled cash and investments. This category contains investments purchased specifically for, and earning interest for only, a particular fund. Bond proceeds, debt service reserve funds, and bond sinking funds for enterprises like the Sewer System and Parking System, are the main components of non-pooled cash and investments. The permanent cemetery

maintenance fund and special assessments are also included in this category. These investments are much longer term than the pooled category described in the preceding paragraph. The last line on the second page of the report labeled "Non-Pooled Portfolio Detail" reveals that the average maturity of the \$11.1 million of investments in this category is 427 days.

### Return on investments

The final two pages of this report are line graphs showing, respectively, the pooled cash and investments portfolio yield and the non-pooled cash and investments portfolio yield—both for fifteen months, and both compared with two benchmarks.

For the pooled portfolio, with its current average maturity of 120 days, the two benchmarks displayed are the 180-day Treasury bill and the one-year Treasury note. For the non-pooled portfolio, with its current average maturity of 427 days, the two benchmarks displayed are the two-year Treasury note and the three-year Treasury note yields.

Generally, because the City uses a "buy-and-hold" approach to investing, the portfolio yields will lag the market. Thus, in times of rising interest rates the yield on the City's portfolio will probably not go up as fast as the benchmark. Conversely, in times of declining interest rates, the yield on the City's portfolio will probably not go down as fast as the benchmark.

## Investment Definitions

### Government Treasuries

*Treasury Notes*: Intermediate term coupon bearing U.S. Treasury Securities having initial maturities of from 1-10 years. Backed by full faith and credit of the U.S. Government.

### Government Agencies

*FNMA (Federal National Mortgage Association)*: Conventional mortgages that are financed by the sale of corporate obligations (debentures and short-term notes) to private investors. Backed by moral or implied obligation of the U.S. Government.

*FHLMC (Federal Home Loan Mortgage Corporation)*: Established to help maintain the availability of mortgage credit for residential housing. Participation is in the conventional loan market. Backed by moral or implied obligation of U.S. Government.

*FHLB (Federal Home Loan Banks)*: The institution that regulates lending to savings and loan associations. Backed by a moral or implied obligation of the U.S. Government.

*FFC (Federal Farm Credits)*: Supports agricultural loans. Backed by moral or implied obligation of the U.S. Government.

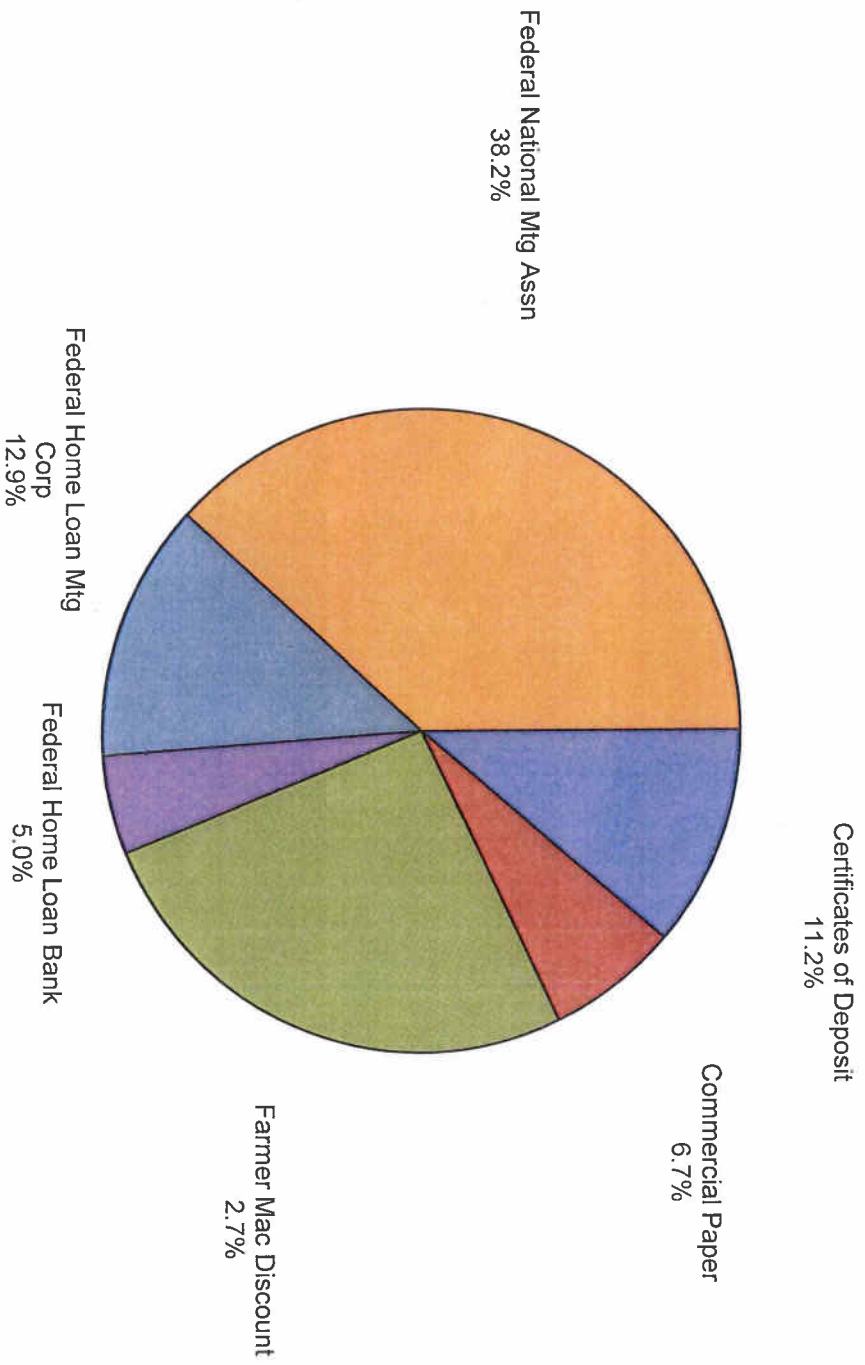
### Other

*Money Market Fund*: A form of mutual fund that restricts investments to relatively safe, relatively short-term instruments. Typical money market funds may invest in short-term U.S. government obligations, commercial paper, and banker's acceptances. Average maturities of fund assets are typically 14 to 28 days.

*Certificate of Deposit*: A time deposit with a specific maturity evidenced by a certificate. Insured by the Federal Deposit Insurance Corporation (FDIC) for \$250,000.

*Commercial Paper*: An unsecured promissory note with a fixed maturity of no more than 270 days. Primarily used by large corporations to finance short-term debt.

**City of Des Moines, Iowa  
Combined Portfolio Composition - Total \$125,859,986  
As of June 30, 2013**



**City of Des Moines  
Non-Pooled Portfolio Detail  
As of June 30, 2013**

<u>CUSIP</u>	<u>Invest Number</u>	<u>Security Description</u>	<u>Issuer</u>	<u>Purchase Date</u>	<u>Maturity Date</u>	<u>Days-Purchase To Maturity</u>	<u>Yield</u>	<u>Original Cost</u>	<u>Ending Par Value</u>	<u>Earnings To Maturity</u>	<u>Current Market Value</u>
Certificate of Deposit Total	10021	Certificate of Deposit	West Bank	9/24/2012	12/24/2013	456	0.4000	1,000,000.00	1,000,000.00	4,994.30	1,000,000.00
						456	0.4000	1,000,000.00	1,000,000.00	4,994.30	1,000,000.00
3133ECFK5	10125	Federal Farm Credit	Great Pacific	2/28/2013	8/28/2014	546	0.2000	1,400,000.00	1,400,000.00	4,200.00	1,398,824.00
Federal Farm Cr Total						546	0.2000	1,400,000.00	1,400,000.00	4,200.00	1,398,824.00
313379JB6	10146	Federal Home Loan Bank	FTN Financial	6/12/2012	6/4/2013	357	0.2333	999,380.65	1,000,000.00	2,280.65	999,390.00
313376UF0	10045	Federal Home Loan Bank	Coastal Securities	6/15/2012	1/29/2014	593	0.3260	1,406,112.52	1,405,000.00	7,434.57	1,406,419.05
313382LUS	10129	Federal Home Loan Bank	Coastal Securities	3/25/2013	9/25/2014	549	0.2337	1,849,930.79	1,850,000.00	6,451.71	1,849,112.00
Federal Home Loan Bank Total						500	0.2643	4,255,423.96	4,255,000.00	16,166.93	4,254,921.05
3135G0WG4	10132	Federal National Mortgage Assn	Wells Fargo	4/29/2013	4/29/2016	1096	0.5000	1,000,000.00	1,000,000.00	15,000.00	991,860.00
3136FPEL7	10061	Federal National Mortgage Assn	Great Pacific	6/12/2012	9/9/2013	454	0.2757	504,795.00	500,000.00	1,723.75	500,860.00
Federal National Mortgage Assn Total						775	0.3879	1,504,795.00	1,500,000.00	16,723.75	1,492,720.00
140324633	Sewer Sinking	Money Market	PFM Prime Institutional	Daily	Daily	1	0.1410	0.00	0.00	N/A	0.00
140322306	2004G Sewer	Money Market	PFM Prime Institutional	Daily	Daily	1	0.1410	515,907.78	515,907.78	N/A	515,907.78
140322173	Stormwater Sinking	Money Market	PFM Prime Institutional	Daily	Daily	1	0.1410	0.00	0.00	N/A	0.00
140324880	2010F Stormwater	Money Market	PFM Prime Institutional	Daily	Daily	1	0.1410	493,482.51	493,482.51	N/A	493,482.51
140320268	Swartzell Trust	Money Market	PFM Prime Institutional	Daily	Daily	1	0.1410	357,117.00	357,117.00	N/A	357,117.00
Money Market Total						1	0.1410	1,366,507.29	1,366,507.29	N/A	1,366,507.29
various	Good Faith	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	267,050.80	267,050.80	N/A	267,050.80
1566815	Sewer Sinking	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	206,165.63	206,165.63	N/A	206,165.63
1567298	Stormwater Sinking	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	322,706.99	322,706.99	N/A	322,706.99
1566879	Perm Cem Maint	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	413,748.14	413,748.14	N/A	413,748.14
1357052	CDBG Loan Repayment	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	191,640.15	191,640.15	N/A	191,640.15
26824	Riverpoint West	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	196,297.12	196,297.12	N/A	196,297.12
1356872	Crivaro	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	1,212.86	1,212.86	N/A	1,212.86
Cash Account Total						1	0.0700	1,598,821.69	1,598,821.69	N/A	1,598,821.69
<b>Investment Total</b>						<b>427</b>	<b>0.2502</b>	<b>11,125,547.94</b>	<b>11,120,328.98</b>	<b>42,084.98</b>	<b>11,111,794.03</b>



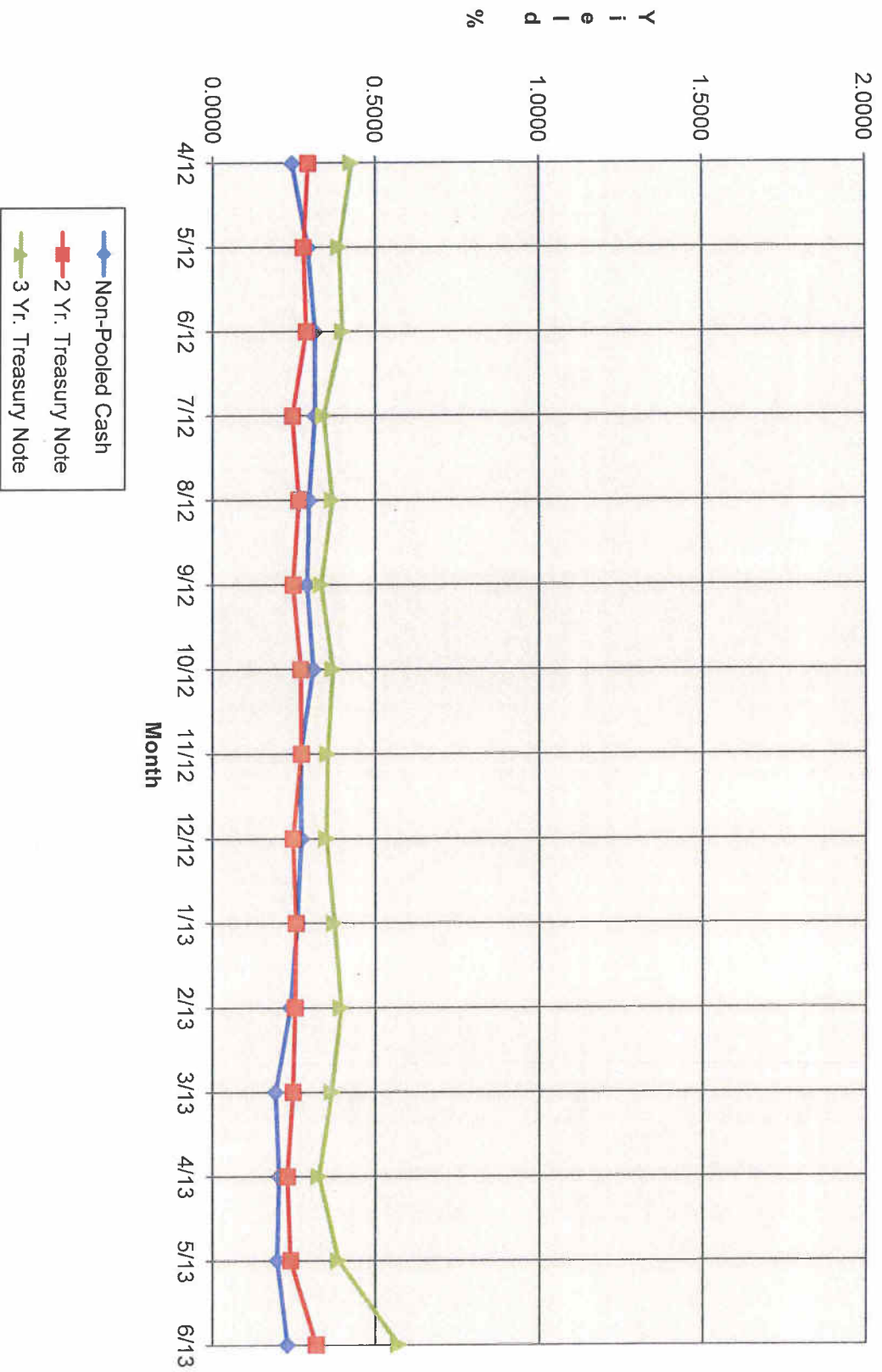
**City of Des Moines  
Pooled Portfolio Detail  
As of June 30, 2013**

<u>CUSIP</u>	<u>Invest Number</u>	<u>Security Description</u>	<u>Issuer</u>	<u>Purchase Date</u>	<u>Maturity Date</u>	<u>Days-Purchase To Maturity</u>	<u>Yield</u>	<u>Original Cost</u>	<u>Ending Par Value</u>	<u>Earnings To Maturity</u>	<u>Current Market Value</u>
110745	10023	Certificate of Deposit	West Bank	9/26/2012	9/26/2013	365	0.3500	500,000.00	500,000.00	1,748.73	500,000.00
	10141	Certificate of Deposit	Metabank	4/26/2013	1/26/2014	275	0.3240	2,000,000.00	2,000,000.00	4,888.89	2,000,000.00
	10142	Certificate of Deposit	Metabank	4/26/2013	1/26/2014	275	0.3240	2,500,000.00	2,500,000.00	6,111.11	2,500,000.00
	10143	Certificate of Deposit	Metabank	4/26/2012	1/26/2014	275	0.3240	3,500,000.00	3,500,000.00	8,555.56	3,500,000.00
		<b>Certificate of Deposit Total</b>				<b>298</b>	<b>0.3305</b>	<b>8,500,000.00</b>	<b>8,500,000.00</b>	<b>21,304.29</b>	<b>8,500,000.00</b>
12623KV79	10144	Commercial Paper	Great Pacific	6/7/2013	8/7/2013	61	0.2060	3,998,644.44	4,000,000.00	1,355.56	3,998,644.44
86562KV66	10145	Commercial Paper	FTN Financial	6/7/2013	8/16/2013	70	0.1750	4,998,347.22	5,000,000.00	1,652.78	4,998,347.22
		<b>Commercial Paper Total</b>				<b>66</b>	<b>0.1905</b>	<b>8,996,991.66</b>	<b>9,000,000.00</b>	<b>3,008.34</b>	<b>8,996,991.66</b>
31315lp4	10131	Federal Farm Credit	Coastal Securities	4/2/2013	7/25/2013	114	0.1000	3,998,733.33	4,000,000.00	1,266.67	3,999,960.00
		<b>Federal Farm Credit Total</b>				<b>114</b>	<b>0.1000</b>	<b>3,998,733.33</b>	<b>4,000,000.00</b>	<b>1,266.67</b>	<b>3,999,960.00</b>
313397QD6	10148	Federal Home Loan Mortgage Corp Disc	FTN Financial	6/28/2013	12/27/2013	182	0.1120	3,998,032.40	4,000,000.00	2,628.88	3,998,760.00
		<b>Federal Home Loan Mortgage Corp Disc Total</b>				<b>182</b>	<b>0.1120</b>	<b>3,998,032.40</b>	<b>4,000,000.00</b>	<b>2,628.88</b>	<b>3,998,760.00</b>
313385RA6	10149	Federal Home Loan Bank Disc	FTN Financial	6/28/2013	12/27/2013	182	0.1320	3,997,371.12	4,000,000.00	2,628.88	3,997,080.00
		<b>Federal Home Loan Bank Disc Total</b>				<b>182</b>	<b>0.1320</b>	<b>3,997,371.12</b>	<b>4,000,000.00</b>	<b>2,628.88</b>	<b>3,997,080.00</b>
3133797K9	10034	Federal Home Loan Bank	FTN Financial	6/15/2012	7/30/2013	410	0.2630	4,748,774.50	4,750,000.00	14,050.50	4,750,380.00
3133XWV0	10054	Federal Home Loan Bank	FTN Financial	6/15/2012	3/14/2014	637	0.3713	1,034,860.00	1,500,000.00	9,954.79	1,015,190.00
3133797K9	10035	Federal Home Loan Bank	FTN Financial	6/15/2012	7/30/2013	410	0.2630	3,249,161.50	3,250,000.00	8,775.00	3,250,260.00
3133XWV0	10054	Federal Home Loan Bank	FTN Financial	6/15/2012	3/14/2014	637	0.3713	517,430.00	500,000.00	24,066.53	507,595.00
3133797K9	10036	Federal Home Loan Bank	FTN Financial	6/15/2012	7/30/2013	410	0.2630	249,935.50	250,000.00	739.50	250,020.00
313382EK5	10128	Federal Home Loan Bank	Coastal Securities	3/20/2013	3/11/2014	356	0.1800	3,000,000.00	3,000,000.00	5,265.00	2,999,370.00
		<b>Federal Home Loan Bank Total</b>				<b>477</b>	<b>0.2853</b>	<b>12,800,161.50</b>	<b>13,250,000.00</b>	<b>62,851.32</b>	<b>12,772,815.00</b>
31398A2S0	10059	Federal National Mortgage Assn	FTN Financial	9/5/2012	9/23/2013	383	0.2065	2,571,210.90	2,550,000.00	5,564.10	2,554,870.50
31398A2S0	10060	Federal National Mortgage Assn	FTN Financial	9/5/2012	9/23/2013	383	0.2065	5,848,244.40	5,800,000.00	12,656.60	5,811,078.00
3135GDBJ1	10147	Federal National Mortgage Assn	FTN Financial	6/27/2013	6/27/2014	365	0.2053	504,605.00	500,000.00	1,020.00	504,562.00
		<b>Federal National Mortgage Assn Total</b>				<b>377</b>	<b>0.2053</b>	<b>8,924,060.30</b>	<b>8,850,000.00</b>	<b>19,239.70</b>	<b>8,870,468.50</b>
140320243	General	Money Market	PFM Prime Institutional	Daily	Daily	1	0.0995	23,892,112.56	23,892,112.56	N/A	23,892,112.56
140324823	2010D GO	Money Market	PFM Prime Institutional	Daily	Daily	1	0.0995	150,000.00	150,000.00	N/A	150,000.00
140324831	2010E GO	Money Market	PFM Prime Institutional	Daily	Daily	1	0.0995	1,500,000.00	1,500,000.00	N/A	1,500,000.00
140325234	2011A GO	Money Market	PFM Prime Institutional	Daily	Daily	1	0.0995	1,000,000.00	1,000,000.00	N/A	1,000,000.00
140325655	2012A GO	Money Market	PFM Prime Institutional	Daily	Daily	1	0.0995	500,000.00	500,000.00	N/A	500,000.00
140325671	2012C GO	Money Market	PFM Prime Institutional	Daily	Daily	1	0.0995	1,000,000.00	1,000,000.00	N/A	1,000,000.00
140328592	2012D GO Sewer	Money Market	PFM Prime Institutional	Daily	Daily	1	0.0995	450,000.00	450,000.00	N/A	450,000.00
140328600	2012E GO Strmwr	Money Market	PFM Prime Institutional	Daily	Daily	1	0.0995	350,000.00	350,000.00	N/A	350,000.00

**City of Des Moines  
Pooled Portfolio Detail  
As of June 30, 2013**

CUSIP	Invest Number	Security Description	Issuer	Purchase Date	Maturity Date	Days-Purchase To Maturity	Yield	Original Cost	Ending Par Value	Earnings To Maturity	Current Market Value
140328618	2012F GO Parking	Money Market	PFM Prime Institutional	Daily	Daily	1	0.0995	500,000.00	500,000.00	N/A	500,000.00
140320128	1998D GO	Money Market	PFM Prime Institutional	Daily	Daily	1	0.0995	125,000.00	125,000.00	N/A	125,000.00
<b>Money Market Total</b>											
23523	Trust & Agency	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	786,171.71	786,171.71	N/A	786,171.71
76120	Gen Op MM	Cash Account	Bankers Trust	Daily	Daily	1	0.1000	19,002,040.75	19,002,040.75	N/A	19,002,040.75
23450	General	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	13,369,595.73	13,369,595.73	N/A	13,369,595.73
1395789	Spec Assess	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	894,167.06	894,167.06	N/A	894,167.06
<b>Cash Account Total</b>											
<b>Investment Total</b>						<b>120</b>	<b>0.1469</b>	<b>114,734,438.12</b>	<b>115,119,087.81</b>	<b>112,928.08</b>	<b>114,655,162.97</b>

**City of Des Moines  
Non-Pooled Cash Portfolio Yield  
For the Fifteen Months Ended June 30, 2013**



**City of Des Moines  
Pooled Cash Portfolio Yield  
For the Fifteen Months Ended June 30, 2013**

