

★ **Roll Call Number**

Agenda Item Number

41

Date April 21, 2014

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 13-0652, 13-1210, 13-1652, and 14-0153.

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 March 31, 2014 is hereby received and filed.

(copy attached)

MOVED BY _____ to receive and file.

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
COWNIE				
COLEMAN				
GATTO				
GRAY				
HENSLEY				
MAHAFFEY				
MOORE				
TOTAL				
MOTION CARRIED			APPROVED	
_____ Mayor				

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.

_____ City Clerk

QUARTERLY TREASURER'S REPORT

As of March 31, 2014

**Prepared by
Heide U. Green, Treasury Manager
Scott Sanders, Finance Director/Treasurer**

**Quarterly Treasurer's Report
As of March 31, 2014**

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 March 31, 33.98 percent of the \$151.1 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. 15.9 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 \$133.9 million portion of the portfolio to have an average maturity of 153 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 \$17.2 million of investments in this category is 262 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 153 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 262 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.

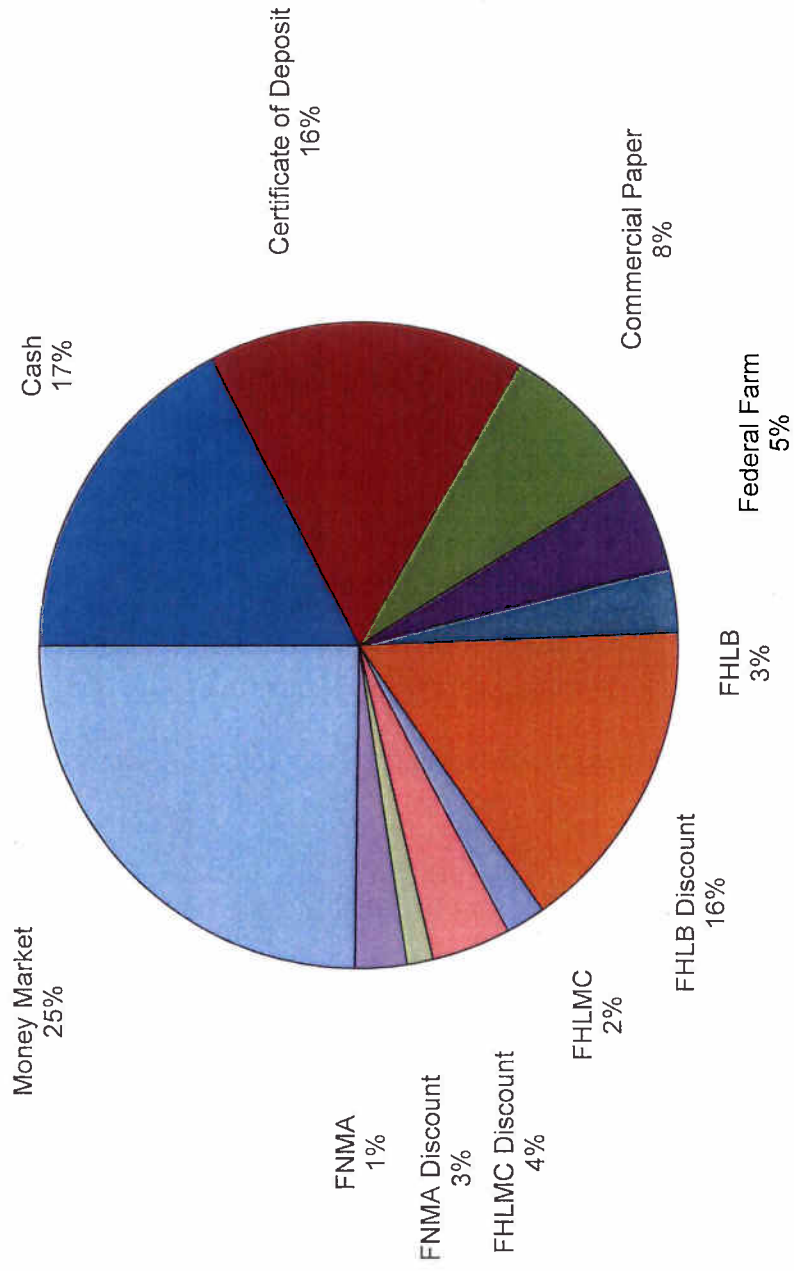
Other

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 \$151,061,521.48
As of March 31, 2014



**City of Des Moines
Non-Pooled Portfolio Detail
As of March 31, 2014**

Invest Number	CUSIP	Security Description	Issuer	Purchase Date	Maturity Date	Days-Purchase To Maturity	Yield	Original Cost	Ending Par Value	Earnings To Maturity	Current Market Value
13-0015	3133ECEF5	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	1,400,630.00
14-0048	3133EDEF4	Federal Farm Credit	Wells Fargo Instit. Brokers	3/28/2014	9/10/2015	531	0.2880	999,450.00	1,000,000.00	4,175.00	999,380.00
Federal Farm Cr Total						539	0.2440	2,399,450.00	2,400,000.00	8,375.00	2,400,010.00
13-0021	313382LU5	FHLB	Coastal Securities	3/25/2013	9/25/2014	549	0.2337	1,849,930.79	1,850,000.00	6,451.71	1,851,147.00
13-0030	313381H24	FHLB	FTN Financial	6/27/2013	1/16/2015	568	0.2900	999,380.65	1,000,000.00	12,265.18	1,000,870.00
Federal Home Loan Bank Total						559	0.2619	2,849,311.44	2,850,000.00	18,716.89	2,852,017.00
14-0014	313397XL0	FHLMC Discount Note	Great Pacific	9/13/2013	5/30/2014	259	0.0913	1,998,705.00	2,000,000.00	1,295.00	1,999,422.00
Federal Home Loan Mortgage Corp Total						259	0.0913	1,998,705.00	2,000,000.00	1,295.00	1,999,422.00
14-0014	3135G0WG4	FNMA	Wells Fargo	4/29/2013	4/29/2016	1096	0.5000	1,000,000.00	1,000,000.00	15,000.00	998,080.00
Federal National Mortgage Assn Total						1096	0.5000	1,000,000.00	1,000,000.00	15,000.00	998,080.00
Swartzell Trust	140320268	Money Market	PFM Prime Institutional	Daily	Daily	1	0.0700	357,117.00	357,117.00	N/A	357,117.00
Stormwater Sinking	140322173	Money Market	PFM Prime Institutional	Daily	Daily	1	0.0700	0.00	0.00	N/A	0.00
2004G Sewer	140322306	Money Market	PFM Prime Institutional	Daily	Daily	1	0.0700	516,000.00	516,000.00	N/A	516,000.00
2004H Sewer	140322314	Money Market	PFM Prime Institutional	Daily	Daily	1	0.0700	1,404,000.00	1,404,000.00	N/A	1,404,000.00
Sewer Sinking	140324633	Money Market	PFM Prime Institutional	Daily	Daily	1	0.0700	0.00	0.00	N/A	0.00
2010F Stormwater	140324880	Money Market	PFM Prime Institutional	Daily	Daily	1	0.0700	493,321.19	493,321.19	N/A	493,321.19
2014A GO	140334285	Money Market	PFM Prime Institutional	Daily	Daily	1	0.0700	205,299.62	205,299.62	N/A	205,299.62
Money Market Total						1	0.0700	2,975,737.81	2,975,737.81	0.00	2,975,737.81
Crivaro	1356872	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	1,213.50	1,213.50	N/A	1,213.50
CDBG Loan	1357052	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	283,668.60	283,668.60	N/A	283,668.60
Sewer Sinking	1566815	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	1,259,121.72	1,259,121.72	N/A	1,259,121.72
Perm Cem Maint	1566879	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	1,984,282.54	1,984,282.54	N/A	1,984,282.54
Stormwater Sinking	1567298	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	1,496,616.02	1,496,616.02	N/A	1,496,616.02
Riverpoint West	26824	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	664,054.29	664,054.29	N/A	664,054.29
Good Faith	various	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	267,210.02	267,210.02	N/A	267,210.02
Cash Account Total						1	0.0700	5,956,166.69	5,956,166.69	N/A	5,956,166.69
Investment Total						262	0.1512	17,179,370.94	17,181,904.50	43,386.89	17,181,433.50

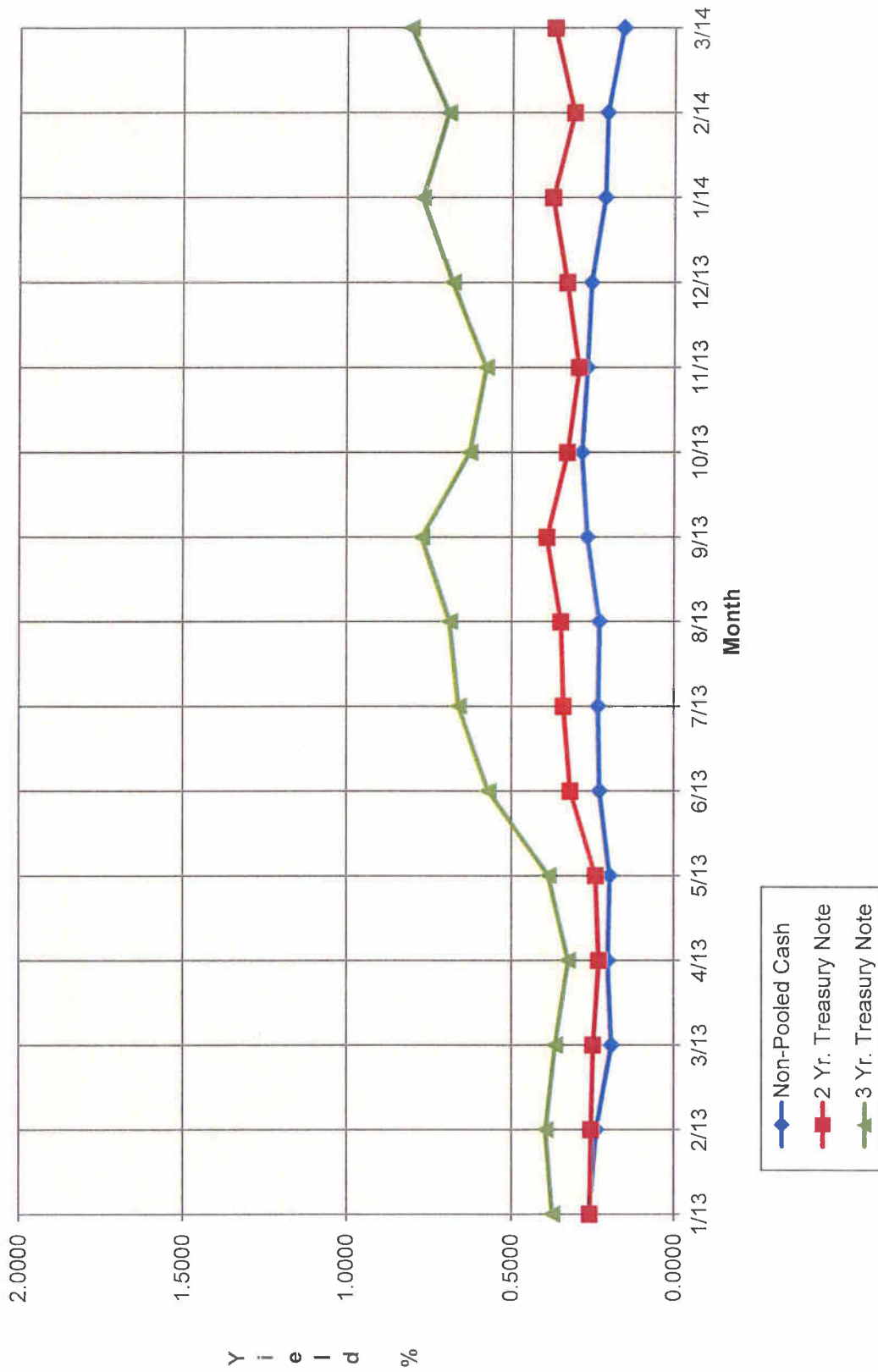
**City of Des Moines
Pooled Portfolio Detail
As of March 31, 2014**

Invest Number	CUSIP	Security Description	Issuer	Purchase Date	Maturity Date	Days-Purchase To Maturity	Yield	Original Cost	Ending Par Value	Earnings To Maturity	Current Market Value
14-0006		CERTIFICATE OF DEPOSIT	Bankers Trust	8/28/2013	4/28/2014	243	0.3240	4,000,000.00	4,000,000.00	5,326.03	4,000,000.00
14-0007		CERTIFICATE OF DEPOSIT	Bankers Trust	8/28/2013	5/28/2014	273	0.2000	4,000,000.00	4,000,000.00	5,983.56	4,000,000.00
14-0008		CERTIFICATE OF DEPOSIT	Bankers Trust	8/28/2013	6/27/2014	303	0.2000	5,000,000.00	5,000,000.00	10,273.97	5,000,000.00
14-0018		CERTIFICATE OF DEPOSIT	West Bank	9/26/2013	9/26/2014	365	0.2500	500,000.00	500,000.00	1,500.00	500,000.00
14-0009		CERTIFICATE OF DEPOSIT	Bankers Trust	8/28/2013	9/28/2014	396	0.3300	2,500,000.00	2,500,000.00	8,950.68	2,500,000.00
14-0010		CERTIFICATE OF DEPOSIT	Bankers Trust	8/28/2013	12/29/2014	488	0.4000	3,000,000.00	3,000,000.00	15,945.21	3,000,000.00
14-0011		CERTIFICATE OF DEPOSIT	Bankers Trust	8/28/2013	3/30/2015	579	0.4500	2,500,000.00	2,500,000.00	17,753.43	2,500,000.00
14-0012		CERTIFICATE OF DEPOSIT	Bankers Trust	8/28/2013	6/29/2015	670	0.5000	2,500,000.00	2,500,000.00	22,842.47	2,500,000.00
Certificate of Deposit Total							415	24,000,000.00	24,000,000.00	88,575.35	24,000,000.00
14-0033	6323A1DH6	Commercial Paper	Piper Jaffray	12/13/2013	4/17/2014	125	0.2334	3,996,805.56	4,000,000.00	3,194.44	3,996,805.56
14-0035	22532CEP5	Commercial Paper	Piper Jaffray	1/6/2014	5/23/2014	137	0.2537	3,996,194.44	4,000,000.00	3,805.56	3,996,194.44
14-0040	83385SGJ6	Commercial Paper	Coastal Securities	2/7/2014	7/15/2014	158	0.2689	3,995,348.89	4,000,000.00	4,651.11	3,995,348.89
Commercial Paper Total							140	11,988,348.89	12,000,000.00	11,651.11	11,988,348.89
14-0041	31331GFA2	Federal Farm Credit	Coastal Securities	2/7/2014	11/20/2014	286	0.1425	3,102,193.19	3,000,000.00	3,460.14	3,082,200.00
14-0044	3133EDET5	Federal Farm Credit	FTN Financial	2/10/2014	11/5/2015	633	0.2638	2,001,600.00	2,000,000.00	9,163.89	2,000,320.00
Federal Farm Credit Total							460	5,103,793.19	5,000,000.00	12,624.03	5,082,520.00
14-0042	3130A0UA6	FHLB	Coastal Securities	2/26/2014	2/26/2015	365	0.1950	2,000,300.00	2,000,000.00	3,900.00	2,000,460.00
Federal Home Loan Bank Total							365	2,000,300.00	2,000,000.00	3,900.00	2,000,460.00
14-0036	313385YA8	FHLB Discount	Coastal Securities	2/5/2014	6/13/2014	128	0.0644	3,999,096.89	4,000,000.00	903.11	3,999,760.00
14-0038	313385YV2	FHLB Discount	Coastal Securities	2/7/2014	7/2/2014	145	0.0943	3,998,501.67	4,000,000.00	1,498.33	3,999,600.00
14-0039	313385ZC3	FHLB Discount	Coastal Securities	2/7/2014	7/9/2014	152	0.0948	3,998,420.89	4,000,000.00	1,578.11	3,999,560.00
14-0045	313385ZU3	FHLB Discount	FTN Financial	3/18/2014	7/25/2014	129	0.0761	3,998,925.00	4,000,000.00	1,075.00	3,999,480.00
14-0046	313589A37	FHLB Discount	FTN Financial	3/18/2014	8/1/2014	136	0.0710	3,998,942.22	4,000,000.00	1,057.78	3,999,320.00
14-0047	313385B21	FHLB Discount	FTN Financial	3/18/2014	8/8/2014	143	0.0710	3,998,887.76	4,000,000.00	1,112.24	3,999,280.00
Federal Home Loan Bank Discount Total							139	23,992,774.43	24,000,000.00	7,225.57	23,997,000.00
14-0043	3134G3ZA1	FHLMC	Coastal Securities	2/7/2014	8/28/2015	567	0.2293	3,012,592.24	3,000,000.00	10,782.76	3,006,960.00
Federal Home Loan Mortgage Corp Total							567	3,012,592.24	3,000,000.00	10,782.76	3,006,960.00
14-0034	313397WP2	FHLMC Discount	Piper Jaffray	1/6/2014	5/9/2014	123	0.0710	3,999,043.33	4,000,000.00	956.67	3,999,880.00
Federal Home Loan Mortgage Corp Discount Total							123	3,999,043.33	4,000,000.00	956.67	3,999,880.00
10147	3135G0BJ1	FNMA	FTN Financial	6/27/2013	6/27/2014	365	0.2030	504,605.00	500,000.00	1,020.00	501,240.00
14-0015	3135G0HG1	FNMA	RBC Dain Raucher	9/13/2013	3/16/2015	549	0.2906	500,635.00	500,000.00	2,193.12	501,005.00

**City of Des Moines
Pooled Portfolio Detail
As of March 31, 2014**

Invest Number	CUSIP	Security Description	Issuer	Purchase Date	Maturity Date	Days-Purchase To Maturity	Yield	Original Cost	Ending Par Value	Earnings To Maturity	Current Market Value
14-0037	313589YH0	FNMA Discount	RBC Dain Raucher	2/5/2014	6/20/2014	135	0.0710	3,998,950.00	4,000,000.00	1,050.00	3,999,720.00
Fannie Mae Discount Total						135	0.0710	3,998,950.00	4,000,000.00	1,050.00	3,999,720.00
General	140320243	Money Market				1	0.0700	25,892,112.56	25,892,112.56	N/A	25,892,112.56
2012D GO Sewer	140328582	Money Market				1	0.0700	3,517,013.49	3,517,013.49	N/A	3,517,013.49
2012E GO Stmwr	140328600	Money Market				1	0.0700	585,756.38	585,756.38	N/A	585,756.38
2013A GO	140333824	Money Market				1	0.0700	4,500,000.00	4,500,000.00	N/A	4,500,000.00
Money Market Total						1	0.0700	34,494,882.43	34,494,882.43	N/A	34,494,882.43
General Operating	23450	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	18,368,674.40	18,368,674.40	N/A	18,368,674.40
Trust and Agency	23523	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	785,776.22	785,776.22	N/A	785,776.22
Parking Meters	1117290	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	144,294.11	144,294.11	N/A	144,294.11
Pools	1395078	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	-	-	N/A	-
Spec Assess	1395789	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	365,069.43	365,069.43	N/A	365,069.43
Parking Ramps	23493	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	524,157.62	524,157.62	N/A	524,157.62
Park and Ride	23515	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	98,254.25	98,254.25	N/A	98,254.25
Cash Account Total						1	0.0700	20,286,226.03	20,286,226.03	N/A	20,286,226.03
Investment Total						153	0.1436	133,882,150.54	133,781,108.46	139,978.61	133,858,242.35

**City of Des Moines
Non-Pooled Cash Portfolio Yield
For the Fifteen Months Ended March 31, 2014**



**City of Des Moines
Pooled Cash Portfolio Yield
For the Fifteen Months Ended March 31, 2014**

