

★ **Roll Call Number**

**Agenda Item Number**

47

Date October 24, 2011

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 10-1745, 11-0116, 11-0694 and 11-1299.

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 September 30, 2011 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				

**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.

MOTION CARRIED APPROVED

\_\_\_\_\_  
Mayor

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

# **QUARTERLY TREASURER'S REPORT**

**As of September 30, 2011**

**Prepared by**

**Heide U. Green, Treasury Manager**

**Scott Sanders, Finance Director/Treasurer**

**Quarterly Treasurer's Report  
As of September 30, 2011**

**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 September 30, 46.5 percent of the \$154.9 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. 20.8 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 \$129.9 million portion of the portfolio to have an average maturity of 216 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 Airport, 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 \$25.0 million of investments in this category is 343 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 216 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 343 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.

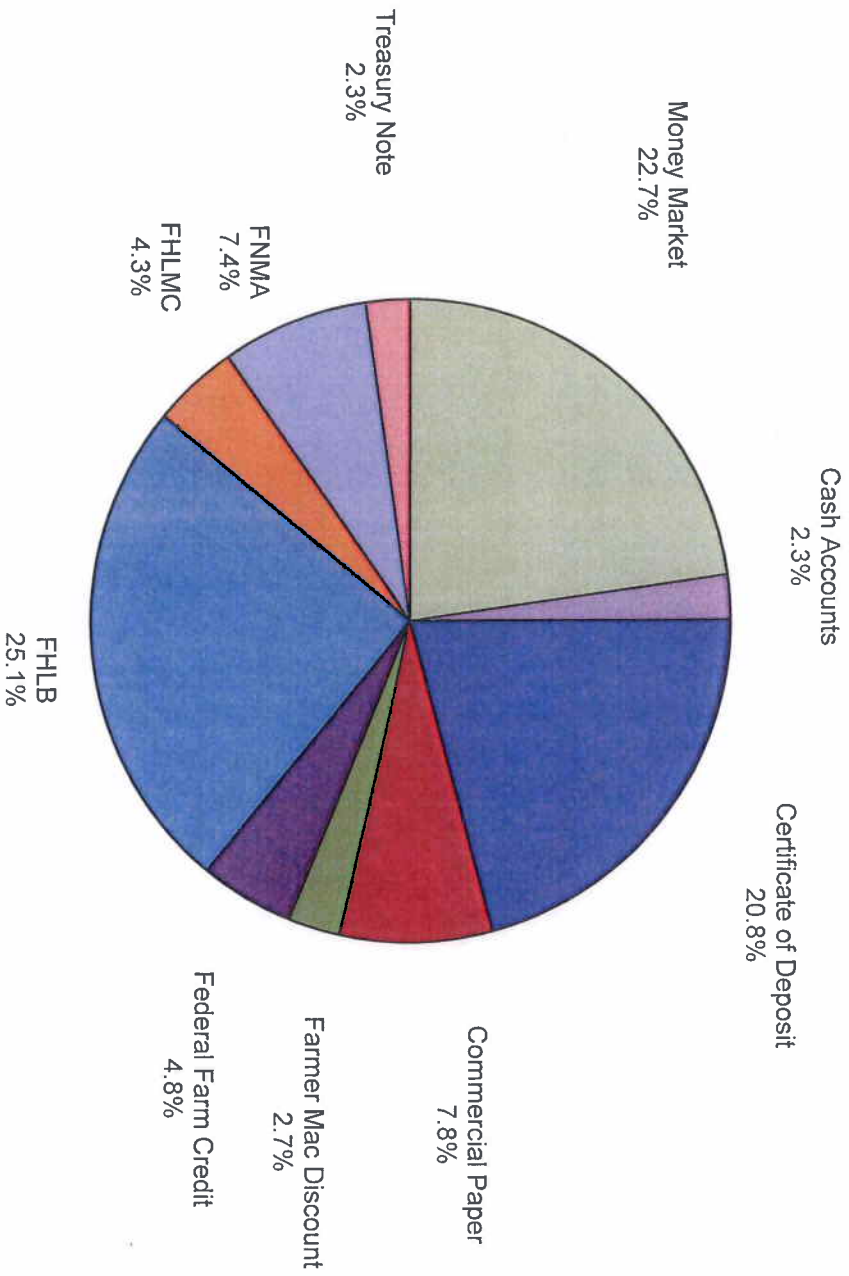
### Other

*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 \$154,942,898  
 As of September 30, 2011**



**City of Des Moines  
Non-Pooled Portfolio Detail  
As of September 30, 2011**

<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>
11-0092		Certificate of Deposit	West Bank	6/3/2011	9/20/2011	109	0.5000	1,000,000.00	1,000,000.00	1,493.15	1,000,000.00
11-0093		Certificate of Deposit	Bank of America	6/14/2011	6/14/2012	366	0.3300	1,404,000.00	1,404,000.00	4,640.17	1,404,000.00
<b>Certificate of Deposit Total</b>						<b>238</b>	<b>0.4150</b>	<b>2,404,000.00</b>	<b>2,404,000.00</b>	<b>6,133.32</b>	<b>2,404,000.00</b>
31331JPZ0	11-0081	Federal Farm Credit	FTN Financial	4/29/2011	6/4/2012	402	0.2965	1,007,700.00	1,000,000.00	3,272.22	1,004,880.00
<b>Federal Farm Credit Total</b>						<b>402</b>	<b>0.2965</b>	<b>1,007,700.00</b>	<b>1,000,000.00</b>	<b>3,272.22</b>	<b>1,004,880.00</b>
3133XXVRS2	11-0022	FHLB	FTN Financial	10/27/2010	12/28/2011	427	0.2902	1,109,108.00	1,100,000.00	3,755.89	1,102,310.00
3133XXWX87	12-0009	FHLB	Wells Fargo Insitt.	9/19/2011	3/8/2013	536	0.2996	1,000,825.00	980,000.00	4,375.97	998,130.00
313375NC7	12-0012	FHLB	FTN Financial	9/30/2011	3/19/2013	536	0.3587	4,321,280.50	4,325,000.00	22,785.54	4,321,496.75
<b>FHLB Total</b>						<b>500</b>	<b>0.3162</b>	<b>6,431,213.50</b>	<b>6,405,000.00</b>	<b>30,917.40</b>	<b>6,421,936.75</b>
3137EABY4	11-0049	FHLMC	RBC Dain Rauche	2/22/2011	3/23/2012	395	0.3503	3,873,036.00	3,800,000.00	14,667.47	3,834,428.00
3128X9D80	11-0023	FHLMC	FTN Financial	10/27/2010	4/25/2012	546	0.3828	1,011,050.00	1,000,000.00	5,782.50	1,004,890.00
3137EACP2	11-0082	FHLMC	Wells Fargo Insitt.	5/5/2011	1/13/2012	575	0.4345	1,848,279.50	1,850,000.00	12,608.52	1,851,313.50
<b>FHLMC Total</b>						<b>505</b>	<b>0.3892</b>	<b>6,732,365.50</b>	<b>6,650,000.00</b>	<b>33,038.49</b>	<b>6,690,631.50</b>
31398AK50	11-0026	FNMA	Cantor Fitzgerald	11/8/2010	3/30/2012	508	0.2747	505,600.00	500,000.00	1,930.00	502,020.00
31398AE24	12-0005	FNMA	Great Pacific	8/2/2011	2/22/2013	570	0.3601	1,430,156.00	1,400,000.00	7,955.11	1,426,054.00
<b>FNMA Total</b>						<b>539</b>	<b>0.3174</b>	<b>1,935,756.00</b>	<b>1,900,000.00</b>	<b>9,885.11</b>	<b>1,928,074.00</b>
140320268	Airport PFC	Money Market	Goldman Sachs	Daily	Daily	1	0.0100	117,091.15	117,091.15	N/A	117,091.15
140320300	Swartzell Trust	Money Market	Goldman Sachs	Daily	Daily	1	0.0100	357,117.00	357,117.00	N/A	357,117.00
140324880	Stormwater 2010F	Money Market	Goldman Sachs	Daily	Daily	1	0.0100	78,656.73	78,656.73	N/A	78,656.73
<b>Money Market Total</b>						<b>1</b>	<b>0.0100</b>	<b>552,864.88</b>	<b>552,864.88</b>	<b>N/A</b>	<b>552,864.88</b>
1356872	Civaro	Cash Account	Bankers Trust	Daily	Daily	1	0.0580	1,510.50	1,510.50	N/A	1,510.50
1357052	CDBG Loan Repaym	Cash Account	Bankers Trust	Daily	Daily	1	0.0580	25,451.52	25,451.52	N/A	25,451.52
1396797	Parking Sinking	Cash Account	Bankers Trust	Daily	Daily	1	0.0580	561,942.28	561,942.28	N/A	561,942.28
1396813	Airport PFC	Cash Account	Bankers Trust	Daily	Daily	1	0.0580	1,092,052.10	1,092,052.10	N/A	1,092,052.10
1396839	Disaster Recovery	Cash Account	Bankers Trust	Daily	Daily	1	0.0580	21,100.87	21,100.87	N/A	21,100.87
1566815	Sewer Sinking	Cash Account	Bankers Trust	Daily	Daily	1	0.0580	1,376,088.30	1,376,088.30	N/A	1,376,088.30
1566879	Penn Cem Maint	Cash Account	Bankers Trust	Daily	Daily	1	0.0580	208,494.72	208,494.72	N/A	208,494.72
1567298	Stormwater Sinking	Cash Account	Bankers Trust	Daily	Daily	1	0.0580	1,294,203.87	1,294,203.87	N/A	1,294,203.87
26824	Riverpoint West	Cash Account	Bankers Trust	Daily	Daily	1	0.0580	4,019.00	4,019.00	N/A	4,019.00
59161	Airport 2010D	Cash Account	Bankers Trust	Daily	Daily	1	0.0580	1,391,874.66	1,391,874.66	N/A	1,391,874.66



**City of Des Moines  
Non-Pooled Portfolio Detail  
As of September 30, 2011**

<u>CUSIP</u> Cash Account Total	<u>Invest</u> <u>Number</u>	<u>Security</u> <u>Description</u>	<u>Issuer</u>	<u>Purchase</u> <u>Date</u>	<u>Maturity</u> <u>Date</u>	<u>Days-Purchase</u>		<u>Yield</u>	<u>Original</u> <u>Cost</u>	<u>Ending</u> <u>Par Value</u>	<u>Earnings</u> <u>To Maturity</u>	<u>Current</u> <u>Market Value</u>	
						<u>To Maturity</u>	<u>To Maturity</u>						
	1					1		0.0560	5,976,737.82	5,976,737.82	N/A	5,976,737.82	
<b>Investment Total</b>	<b>343</b>							<b>0.2790</b>	<b>25,040,637.70</b>	<b>24,888,602.70</b>		<b>83,246.54</b>	<b>24,979,124.95</b>

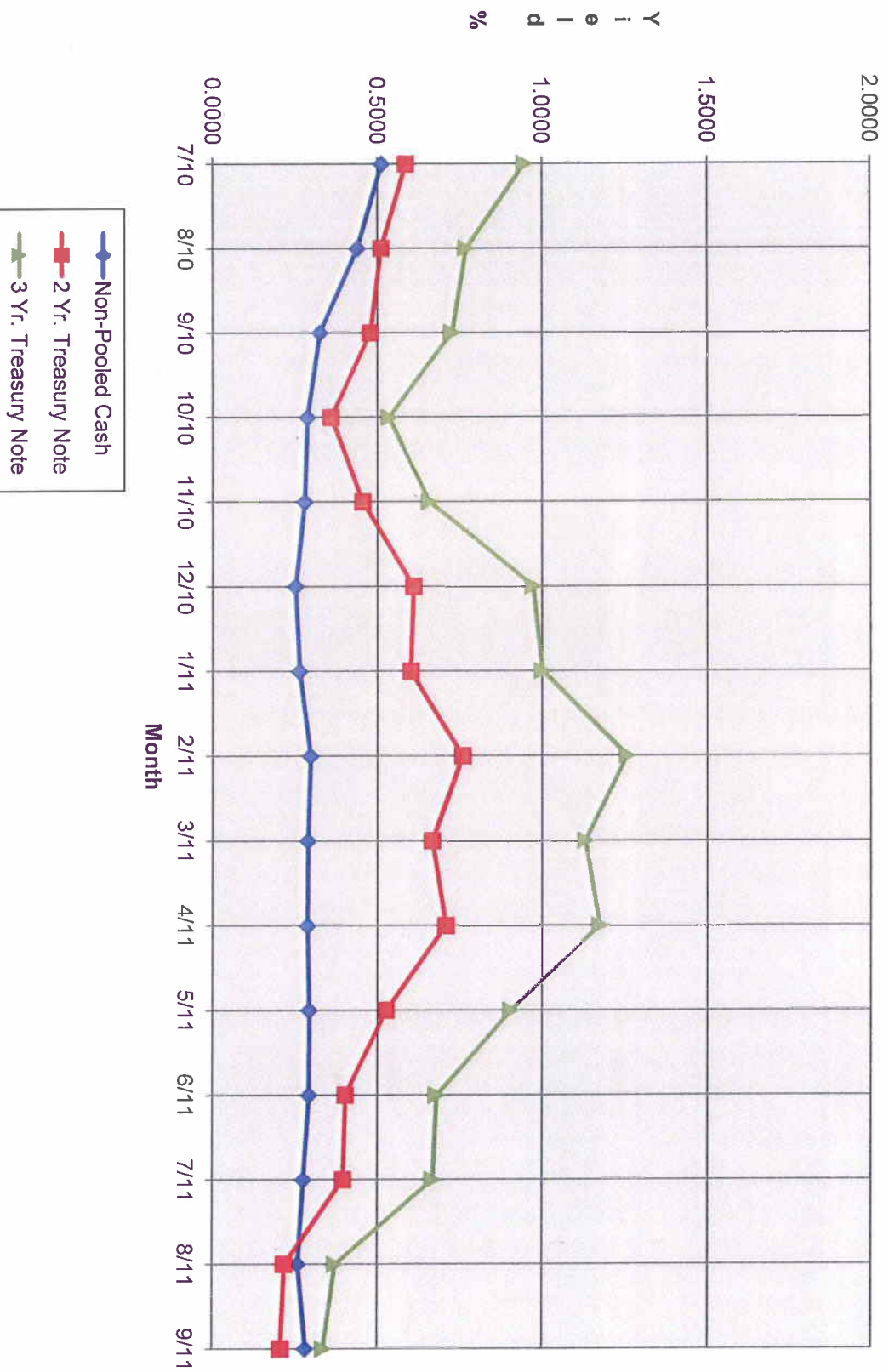
**City of Des Moines  
Pooled Portfolio Detail  
As of September 30, 2011**

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	
<b>Certificate of Deposit Total</b>												
4611K1XR1	11-0105	Commercial Paper	Coastal Securities	6/28/2011	10/25/2011	119	0.42	3,994,578.89	4,000,000.00	5,421.11	3,994,578.89	
4042F1XX2	12-0010	Commercial Paper	Wells Fargo Instit. Brokerage	9/30/2011	10/31/2011	31	0.17	7,998,828.89	8,000,000.00	1,171.11	7,998,828.89	
<b>Commercial Paper Total</b>												
31315KPB0	12-0001	Farmer Mac Discount	Great Pacific	7/25/2011	11/10/2011	108	0.07	3,999,160.00	4,000,000.00	840.00	3,999,920.00	
<b>Farmer Mac Disc Total</b>												
31331KDM9	11-0058	Federal Farm Credit	Piper Jaffray	3/9/2011	3/9/2012	366	0.28	400,000.00	400,000.00	2,450.00	400,244.00	
31331KENG	11-0064	Federal Farm Credit	Piper Jaffray	3/23/2011	3/16/2012	359	0.27	2,000,110.00	2,000,000.00	22,567.08	2,001,060.00	
31331KCS7	12-0004	Federal Farm Credit	Great Pacific	8/22/2011	8/22/2012	386	0.25	1,003,690.00	1,000,000.00	2,643.33	1,002,830.00	
31331KEW6	11-0068	Federal Farm Credit	RBC Dain Raucher	3/29/2011	9/24/2012	545	0.58	2,994,000.00	3,000,000.00	25,616.67	3,000,000.00	
<b>Federal Farm Credit Total</b>												
31333KH2V3	11-0011	FHLB	FTN Financial	9/24/2010	10/13/2011	384	0.34	1,048,883.31	1,000,000.00	3,755.58	1,001,360.00	
3133371GTT	11-0112	FHLB	RBC Dain Raucher	6/30/2011	11/4/2011	127	0.07	4,002,440.00	4,000,000.00	1,004.44	4,000,480.00	
31333MKGH4	12-0002	FHLB	Wells Fargo Instit. Brokerage	7/25/2011	11/15/2011	113	0.08	3,020,280.29	2,970,000.00	766.58	2,989,067.40	
31333XPH9	12-0003	FHLB	Wells Fargo Instit. Brokerage	7/25/2011	11/18/2011	116	0.08	2,030,076.18	2,000,000.00	527.99	2,011,820.00	
31333XWV4	10-0089	FHLB	Canfor Fitzgerald	6/28/2010	12/1/2011	521	0.60	501,435.00	500,000.00	4,265.00	500,555.00	
313337ZSP0	11-0077	FHLB	FTN Financial	4/19/2011	2/22/2012	309	0.24	2,751,842.50	2,750,000.00	5,564.17	2,752,227.50	
31333XUVM9	11-0060	FHLB	Piper Jaffray	3/11/2011	3/21/2012	376	0.28	1,012,470.00	1,000,000.00	2,946.67	1,005,690.00	
31333MNVV0	11-0096	FHLB	Wells Fargo Instit. Brokerage	6/22/2011	5/15/2012	328	0.21	5,248,150.00	5,000,000.00	9,801.39	5,169,150.00	
31333XLEA7	12-0011	FHLB	FTN Financial	9/30/2011	6/8/2012	252	0.20	517,790.94	500,000.00	722.95	517,340.00	
313374CM0	11-0101	FHLB	FTN Financial	6/28/2011	6/14/2012	352	0.24	4,994,250.00	5,000,000.00	11,756.94	4,994,950.00	
31333XUK93	11-0103	FHLB	FTN Financial	6/28/2011	9/14/2012	444	0.30	4,408,560.00	4,320,000.00	16,080.00	4,390,027.20	
31333XWV7	11-0104	FHLB	FTN Financial	6/28/2011	1/16/2013	568	0.36	3,052,620.00	3,000,000.00	17,130.00	3,044,160.00	
<b>FHLB Total</b>												
31396AK50	11-0026	FNMA	Canfor Fitzgerald	11/8/2010	3/30/2012	508	0.27	505,600.00	500,000.00	4,730.00	502,020.00	
31398AH54	11-0067	FNMA	RBC Dain Raucher	3/29/2011	4/4/2012	372	0.32	2,985,488.15	2,965,000.00	9,573.66	2,976,652.45	
31398AT77	11-0102	FNMA	FTN Financial	6/28/2011	7/30/2012	398	0.27	6,055,800.00	6,000,000.00	17,700.00	6,041,760.00	
<b>FNMA Total</b>												
							<b>426</b>	<b>9,546,888.15</b>	<b>9,465,000.00</b>	<b>32,003.66</b>	<b>9,520,432.45</b>	

**City of Des Moines  
Pooled Portfolio Detail  
As of September 30, 2011**

<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>
912828NB2	11-0078	Treasury Note	Great Pacific	4/19/2011	4/30/2012	377	0.03	3,526,670.00	3,500,000.00	9,393.54	3,517,780.00
<b>Treasury Note Total</b>						<b>377</b>	<b>0.03</b>	<b>3,526,670.00</b>	<b>3,500,000.00</b>	<b>9,393.54</b>	<b>3,517,780.00</b>
140320243	General	Money Market	Goldman Sachs	Daily	Daily	1	0.01	2,892,112.56	2,892,112.56	N/A	2,892,112.56
140322413	2005B GO	Money Market	Goldman Sachs	Daily	Daily	1	0.01	40,000.00	40,000.00	N/A	40,000.00
<b>Money Market Total</b>						<b>1</b>	<b>0.01</b>	<b>2,932,112.56</b>	<b>2,932,112.56</b>	<b>N/A</b>	<b>2,932,112.56</b>
23450	General	Cash Account	Bankers Trust	Daily	Daily	1	0.09	27,520,743.79	27,520,743.79	N/A	27,520,743.79
23523	Trust & Agency	Cash Account	Bankers Trust	Daily	Daily	1	0.09	289,925.14	289,925.14	N/A	289,925.14
1117290	Parking Meters	Cash Account	Bankers Trust	Daily	Daily	1	0.09	122,386.59	122,386.59	N/A	122,386.59
1395078	Swimming Pools	Cash Account	Bankers Trust	Daily	Daily	1	0.09	67.06	67.06	N/A	67.06
1395789	Spec Assess	Cash Account	Bankers Trust	Daily	Daily	1	0.06	67,420.12	67,420.12	N/A	67,420.12
23493	Parking Ramps	Cash Account	Bankers Trust	Daily	Daily	1	0.09	544,076.51	544,076.51	N/A	544,076.51
23515	Park & Ride	Cash Account	Bankers Trust	Daily	Daily	1	0.09	2,208.39	2,208.39	N/A	2,208.39
72001	Airport Parking	Cash Account	Bankers Trust	Daily	Daily	1	0.09	609,596.29	609,596.29	N/A	609,596.29
<b>Cash Account Total</b>						<b>1</b>	<b>0.08</b>	<b>29,156,423.89</b>	<b>29,156,423.89</b>	<b>N/A</b>	<b>29,156,423.89</b>
<b>Investment Total</b>						<b>216</b>	<b>0.1914</b>	<b>129,902,260.50</b>	<b>129,254,536.45</b>	<b>207,848.45</b>	<b>129,662,037.78</b>

**City of Des Moines  
Non-Pooled Cash Portfolio Yield  
For the Fifteen Months Ended September 30, 2011**



**City of Des Moines  
Pooled Cash Portfolio Yield  
For the Fifteen Months Ended September 30, 2011**

