

★ Roll Call Number

Agenda Item Number

26

Date April 23, 2012

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 11-0694, 11-1299, 11-1812 and 12-0099.

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, 2012 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	
_____ 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, 2012

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

**Quarterly Treasurer's Report
As of March 31, 2012**

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, 33.5 percent of the \$157.6 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. 17.2 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 \$135.5 million portion of the portfolio to have an average maturity of 172 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 \$22.1 million of investments in this category is 302 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 172 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 302 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.

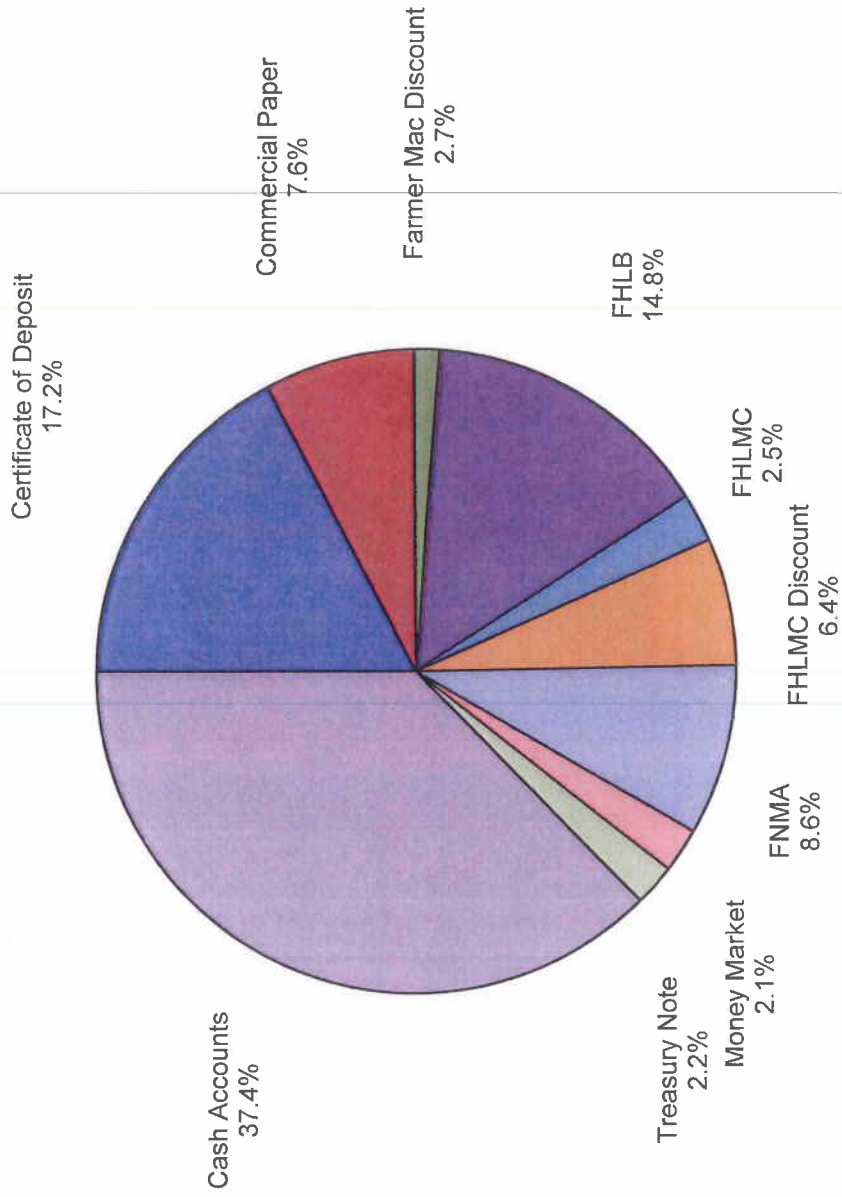
Other

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 \$157,605,093
As of March 31, 2012**



**City of Des Moines
Non-Pooled Portfolio Detail
As of March 31, 2012**

<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>
	11-0093	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
	11-0092	Certificate of Deposit	West Bank	6/3/2011	9/20/2012	475	0.5000	1,000,000.00	1,300,000.00	6,497.01	1,000,000.00
		Certificate of Deposit Total				421	0.4150	2,404,000.00	2,404,000.00	11,137.18	2,404,000.00
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	1,001,460.00
		Federal Farm Credit Total				402	0.2965	1,007,700.00	1,000,000.00	3,272.22	1,001,460.00
3133XVX87	12-0009	FHLB	Wells Fargo Instit.	9/19/2011	3/8/2013	536	0.2996	1,000,825.00	960,000.00	4,375.97	992,936.00
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	4,327,638.25
		FHLB Total				536	0.3292	5,322,105.50	5,305,000.00	27,161.51	5,320,574.25
3128X9D80	11-0023	FHLMC	FTN Financial	10/27/2010	4/25/2012	546	0.3828	1,011,050.00	1,000,000.00	5,762.50	1,000,620.00
3137EACP2	11-0082	FHLMC	Wells Fargo Instit.	5/5/2011	11/30/2012	575	0.4345	1,848,279.50	1,850,000.00	12,608.52	1,852,867.50
		FHLMC Total				561	0.4087	2,859,329.50	2,850,000.00	18,371.02	2,853,487.50
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	1,418,410.00
		FNMA Total				570	0.3601	1,430,156.00	1,400,000.00	7,955.11	1,418,410.00
140320300	Swartzell Trust	Money Market	Goldman Sachs	Daily	Daily	1	0.0100	357,117.00	357,117.00	N/A	357,117.00
		Money Market Total				1	0.0100	357,117.00	357,117.00	N/A	357,117.00
1356872	Crivaro	Cash Account	Bankers Trust	Daily	Daily	1	0.1030	1,511.24	1,511.24	N/A	1,511.24
1357052	CDBG Loan Repaym	Cash Account	Bankers Trust	Daily	Daily	1	0.1030	1,312,813.54	1,312,813.54	N/A	1,312,813.54
1395797	Parking Sinking	Cash Account	Bankers Trust	Daily	Daily	1	0.1030	944,480.40	944,480.40	N/A	944,480.40
1395839	Disaster Recovery	Cash Account	Bankers Trust	Daily	Daily	1	0.1030	21,111.18	21,111.18	N/A	21,111.18
1566815	Sewer Sinking	Cash Account	Bankers Trust	Daily	Daily	1	0.1030	3,026,248.48	3,026,248.48	N/A	3,026,248.48
1566879	Parm Cem Maint	Cash Account	Bankers Trust	Daily	Daily	1	0.1030	780,119.90	780,119.90	N/A	780,119.90
1567298	Stormwater Sinking	Cash Account	Bankers Trust	Daily	Daily	1	0.1030	2,634,337.52	2,634,337.52	N/A	2,634,337.52
26824	Riverpoint West	Cash Account	Bankers Trust	Daily	Daily	1	0.1030	4,058.80	4,058.80	N/A	4,058.80
		Cash Account Total				1	0.1030	8,724,681.06	8,724,681.06	N/A	8,724,681.06
		Investment Total				302	0.2587	22,105,089.06	22,040,798.06	67,897.04	22,079,729.81

**City of Des Moines
Pooled Portfolio Detail
As of March 31, 2012**

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
	12-0016	Certificate of Deposit	Bank of America	10/12/2011	5/31/2012	232	0.1700	20,000,000.00	20,000,000.00	21,572.53	20,000,000.00
	11-0093	Certificate of Deposit	Bank of America	6/14/2011	6/14/2012	366	0.3300	3,596,000.00	3,596,000.00	11,884.66	3,596,000.00
	12-0039	Certificate of Deposit	Bank of America	3/6/2012	3/6/2013	365	0.2000	1,000,000.00	1,000,000.00	11,884.66	1,000,000.00
		Certificate of Deposit Total				321	0.2333	24,596,000.00	24,596,000.00	45,341.85	24,596,000.00
	83365RD69	Commercial Paper	FTN Financial	3/20/2012	4/6/2012	17	0.2434	3,999,546.67	4,000,000.00	453.33	3,999,546.67
	0027A0E49	Commercial Paper	Wells Fargo Instit. Brokerage	3/30/2012	5/4/2012	35	0.3347	3,998,716.67	4,000,000.00	1,283.33	3,998,716.67
	6931M2EB3	Commercial Paper	Great Pacific	3/29/2012	5/11/2012	43	0.4362	3,997,945.56	4,000,000.00	2,054.44	3,997,945.56
		Commercial Paper Total				32	0.3381	11,996,208.90	12,000,000.00	3,791.10	11,996,208.90
	31331KCS7	Federal Farm Credit	Great Pacific	8/2/2011	8/22/2012	386	0.2497	1,003,690.00	1,000,000.00	2,643.33	1,001,750.00
		Federal Farm Credit Total				386	0.2497	1,003,690.00	1,000,000.00	2,643.33	1,001,750.00
	31333MNV0	FHLB	Wells Fargo Instit. Brokerage	6/22/2011	5/15/2012	328	0.2101	5,248,150.00	5,000,000.00	9,801.39	5,162,290.00
	3133XLEA7	FHLB	FTN Financial	9/30/2011	6/8/2012	252	0.2032	517,790.94	500,000.00	722.95	504,785.00
	3133374CM0	FHLB	FTN Financial	6/28/2011	6/14/2012	352	0.2449	4,984,250.00	5,000,000.00	11,756.94	4,999,750.00
	31333XJK93	FHLB	FTN Financial	6/28/2011	9/14/2012	444	0.3028	4,408,560.00	4,320,000.00	16,080.00	4,355,812.80
	31333XW7L7	FHLB	FTN Financial	6/28/2011	1/16/2013	568	0.3641	3,052,620.00	3,000,000.00	17,130.00	3,029,880.00
		FHLB Total				389	0.2650	18,221,370.94	17,820,000.00	55,491.28	18,052,517.80
	3134G1VG6	FHLMC	Wells Fargo Instit. Brokerage	10/14/2011	10/30/2012	382	0.2002	1,004,430.00	1,000,000.00	3,107.78	1,002,510.00
		FHLMC Total				382	0.2002	1,004,430.00	1,000,000.00	3,107.78	1,002,510.00
	313396XN8	FHLMC Discount Note	Great Pacific	10/12/2011	5/31/2012	232	0.1014	9,993,555.56	10,000,000.00	6,444.44	9,999,500.00
		FHLMC Disc Total				232	0.1014	9,993,555.56	10,000,000.00	6,444.44	9,999,500.00
	31399AH54	FNMA	RBC Dain Raucher	3/29/2011	4/4/2012	372	0.3168	2,985,488.15	2,965,000.00	9,573.66	2,965,148.25
	31399AT77	FNMA	FTN Financial	6/28/2011	7/30/2012	398	0.2690	6,055,800.00	6,000,000.00	17,700.00	6,019,140.00
	31399AHZ8	FNMA	Great Pacific	10/5/2011	11/19/2012	411	0.2504	3,151,170.00	3,000,000.00	40,726.67	3,086,040.00
		FNMA Total				394	0.2787	12,192,458.15	11,965,000.00	68,000.33	12,070,328.25
	912828NB2	Treasury Note	Great Pacific	4/19/2011	4/30/2012	377	0.2590	3,526,670.00	3,500,000.00	9,393.54	3,502,310.00
		Treasury Note Total				377	0.2590	3,526,670.00	3,500,000.00	9,393.54	3,502,310.00
	140320243	Money Market	Goldman Sachs	Daily	Daily	1	0.0100	40,000.00	40,000.00	N/A	40,000.00
	140322413	Money Market	Goldman Sachs	Daily	Daily	1	0.0100	2,892,112.56	2,892,112.56	N/A	2,892,112.56
		Money Market Total				1	0.0100	2,932,112.56	2,932,112.56	N/A	2,932,112.56

**City of Des Moines
Pooled Portfolio Detail
As of March 31, 2012**

<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>
23450	General	Cash Account	Bankers Trust	Daily	Daily	1	0.1030	47,564,367.92	47,564,367.92	N/A	47,564,367.92
23523	Trust & Agency	Cash Account	Bankers Trust	Daily	Daily	1	0.1030	200,721.66	200,721.66	N/A	200,721.66
1117290	Parking Meters	Cash Account	Bankers Trust	Daily	Daily	1	0.1030	139,093.18	139,093.18	N/A	139,093.18
1395078	Swimming Pools	Cash Account	Bankers Trust	Daily	Daily	1	0.1030	-	-	N/A	-
1395789	Spec Assess	Cash Account	Bankers Trust	Daily	Daily	1	0.1030	1,610,376.26	1,610,376.26	N/A	1,610,376.26
23493	Parking Ramps	Cash Account	Bankers Trust	Daily	Daily	1	0.1030	410,586.99	410,586.99	N/A	410,586.99
23515	Park & Ride	Cash Account	Bankers Trust	Daily	Daily	1	0.1030	108,305.89	108,305.89	N/A	108,305.89
72001	Airport Parking	Cash Account	Bankers Trust	Daily	Daily	1	0.1030	55.85	55.85	N/A	55.85
	Cash Account Total					1	0.1030	50,033,507.75	50,033,507.75	N/A	50,033,507.75
Investment Total							172	135,500,003.86	134,846,620.31	194,213.65	135,186,745.26

**City of Des Moines
Non-Pooled Cash Portfolio Yield
For the Fifteen Months Ended March 31, 2012**

