



**Roll Call Number**

**Agenda Item Number**

29

**Date** October 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 11-1812, 12-0099, 12-0614, and 12-1171.

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, 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	

**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 September 30, 2012**

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

**Quarterly Treasurer's Report  
As of September 30, 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 September 30, 36.3 percent of the \$144.8 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. 1.7 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 \$131.1 million portion of the portfolio to have an average maturity of 137 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 \$13.7 million of investments in this category is 407 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 137 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 407 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.

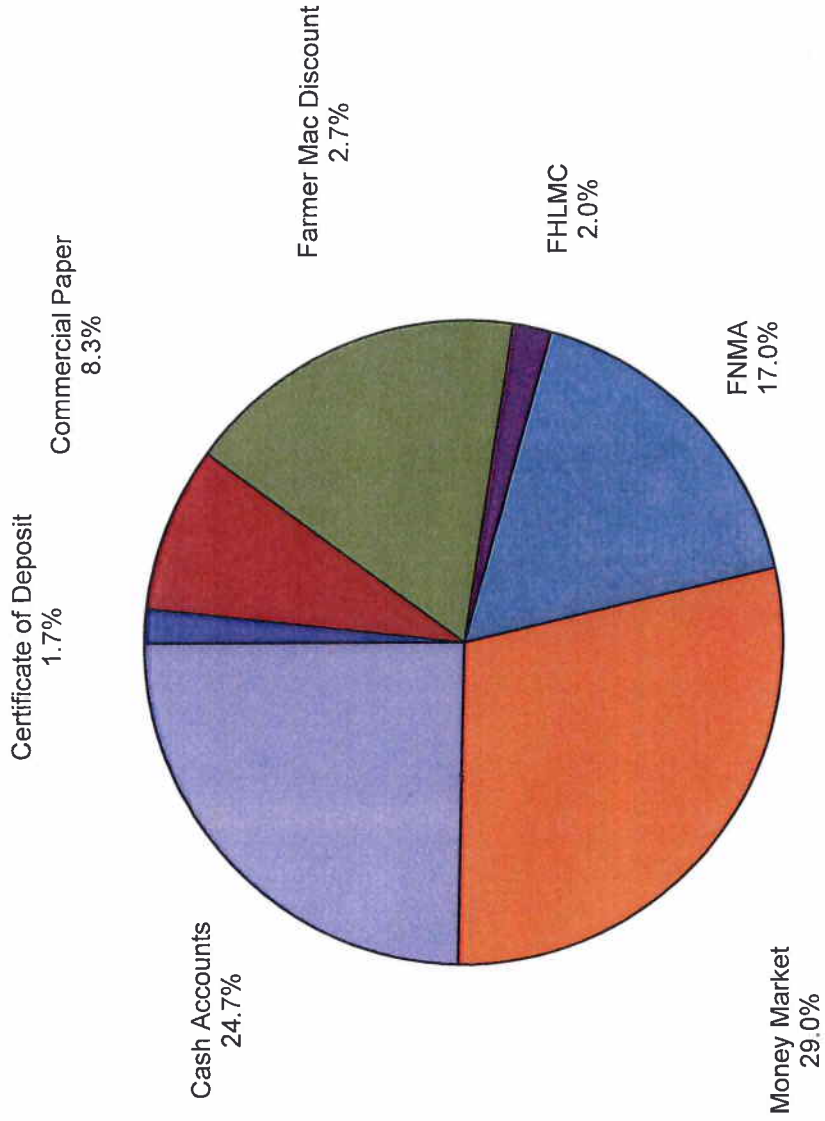
### Other

*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 \$144,786,896**  
**As of September 30, 2012**



**City of Des Moines  
Non-Pooled Portfolio Detail  
As of September 30, 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>
	13-0006	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
		Certificate of Deposit Total				456	0.4000	1,000,000.00	1,000,000.00	4,994.30	1,000,000.00
31333XWX87	12-0009	FHLB	Wells Fargo Instit.	9/19/2011	3/8/2013	536	0.2996	1,000,825.00	980,000.00	4,375.97	986,281.80
313375NC7	12-0012	FHLB	FTN Financial	9/30/2011	3/19/2013	536	0.3587	2,362,966.10	2,365,000.00	6,487.50	2,366,395.35
313379JB6	12-0060	FHLB	FTN Financial	6/12/2012	6/4/2013	357	0.2333	999,870.46	1,000,000.00	2,280.65	1,000,130.00
313376UF0	12-0064	FHLB	Coastal Securities	6/15/2012	1/29/2014	593	0.3280	1,406,112.52	1,405,000.00	7,434.57	1,407,571.15
		FHLB Total				506	0.3044	5,769,774.08	5,750,000.00	20,578.69	5,760,378.30
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	1,850,832.50
		FHLMC Total				575	0.4345	1,848,279.50	1,850,000.00	12,608.52	1,850,832.50
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	1,408,708.00
3136FPPEL7	12-0061	FNMA	Great Pacific	6/12/2012	9/9/2013	454	0.2757	504,795.00	500,000.00	1,723.75	503,185.00
		FNMA Total				512	0.3179	1,934,951.00	1,900,000.00	9,678.86	1,911,893.00
140320300	Swartzell Trust	Money Market	PFM Prime Institut	Daily	Daily	1	0.2116	357,117.00	357,117.00	N/A	357,117.00
140324880	2010F Stormwater	Money Market	PFM Prime Institut	Daily	Daily	1	0.2116	11,050.00	11,050.00	N/A	11,050.00
140324633	Sewer Sinking	Money Market	PFM Prime Institut	Daily	Daily	1	0.2116	800,000.00	800,000.00	N/A	800,000.00
140322173	Stormwater Sinking	Money Market	PFM Prime Institut	Daily	Daily	1	0.2116	1,250,000.00	1,250,000.00	N/A	1,250,000.00
		Money Market Total				1	0.2116	2,418,167.00	2,418,167.00	N/A	2,418,167.00
1356872	Crivaro	Cash Account	Bankers Trust	Daily	Daily	1	0.1000	1,512.04	1,512.04	N/A	1,512.04
1357052	CDBG Loan Repaym	Cash Account	Bankers Trust	Daily	Daily	1	0.1000	87,005.45	87,005.45	N/A	87,005.45
1566815	Sewer Sinking	Cash Account	Bankers Trust	Daily	Daily	1	0.1000	24,395.64	24,395.64	N/A	24,395.64
1566879	Perm Cem Maint	Cash Account	Bankers Trust	Daily	Daily	1	0.1000	330,854.55	330,854.55	N/A	330,854.55
1567298	Stormwater Sinking	Cash Account	Bankers Trust	Daily	Daily	1	0.1000	41,083.77	41,083.77	N/A	41,083.77
26924	Riverpoint West	Cash Account	Bankers Trust	Daily	Daily	1	0.1000	196,176.34	196,176.34	N/A	196,176.34
		Cash Account Total				1	0.1000	681,027.79	681,027.79	N/A	681,027.79
		<b>Investment Total</b>				<b>407</b>	<b>0.3132</b>	<b>13,652,199.37</b>	<b>13,599,194.79</b>	<b>47,860.37</b>	<b>13,622,298.59</b>



**City of Des Moines  
Pooled Portfolio Detail  
As of September 30, 2012**

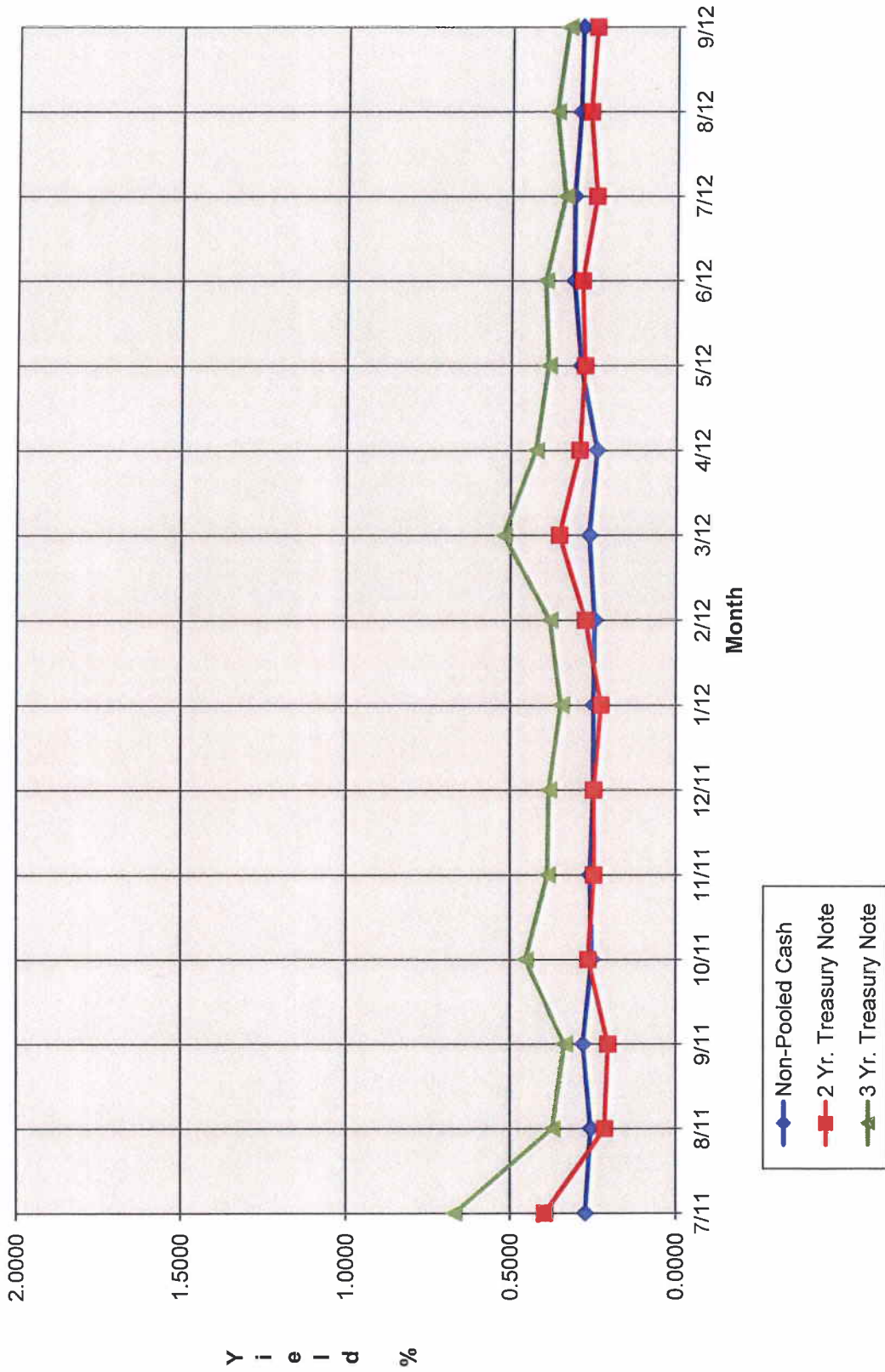
CUSIP	Invest Number	Security Description	Issuer	Purchase Date	Maturity Date	Days-Purchase To Maturity	Yield	Original Cost	Ending Par Value	Earnings To Maturity	Current Market Value
	12-0039	Certificate of Deposit	Bank of America	3/6/2012	3/6/2013	365	0.2000	1,000,000.00	1,000,000.00	11,884.66	1,000,000.00
	13-0008	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
		<b>Certificate of Deposit Total</b>				<b>365</b>	<b>0.2750</b>	<b>1,500,000.00</b>	<b>1,500,000.00</b>	<b>13,633.39</b>	<b>1,500,000.00</b>
	12-0067	Commercial Paper	FTN Financial	6/28/2012	10/5/2012	99	0.6602	3,992,850.00	4,000,000.00	7,150.00	3,992,850.00
50050EK51	13-0001	Commercial Paper	Great Pacific	8/3/2012	11/16/2012	105	0.6237	3,992,835.56	4,000,000.00	7,164.44	3,992,835.56
6931M2LF6	13-0005	Commercial Paper	FTN Financial	9/6/2012	11/23/2012	78	0.3856	3,996,706.67	4,000,000.00	3,293.33	3,996,706.67
0027A0LP4		<b>Commercial Paper Total</b>				<b>94</b>	<b>0.5565</b>	<b>11,982,392.23</b>	<b>12,000,000.00</b>	<b>17,607.77</b>	<b>11,982,392.23</b>
3133XW7L7	11-0104	FHLB	FTN Financial	6/28/2011	1/16/2013	568	0.3641	3,052,620.00	3,000,000.00	17,130.00	3,011,370.00
313375NC7	12-0012	FHLB	FTN Financial	9/30/2011	3/19/2013	536	0.3587	1,958,314.40	1,960,000.00	22,785.54	1,961,156.40
3133XX7F8	13-0002	FHLB	FTN Financial	9/5/2012	3/20/2013	196	0.1733	1,511,784.00	1,500,000.00	1,419.12	1,510,215.00
3133XWGP8	12-0059	FHLB	FTN Financial	6/12/2012	3/26/2013	287	0.2223	506,253.19	500,000.00	886.25	503,980.00
313372RK2	13-0003	FHLB	FTN Financial	9/6/2012	3/27/2013	202	0.1808	2,009,138.00	2,000,000.00	2,028.67	2,008,554.12
313379JB6	12-0060	FHLB	FTN Financial	6/12/2012	6/4/2013	357	0.2333	499,935.23	500,000.00	1,140.33	500,065.00
3133797K9	12-0063	FHLB	FTN Financial	6/15/2012	7/30/2013	410	0.2630	8,247,871.50	8,250,000.00	24,403.50	8,252,722.50
3133XWV0	12-0065	FHLB	FTN Financial	6/15/2012	3/14/2014	637	0.3713	1,552,290.00	1,500,000.00	9,954.79	1,546,275.00
		<b>FHLB Total</b>				<b>399</b>	<b>0.2709</b>	<b>19,338,206.32</b>	<b>19,210,000.00</b>	<b>79,748.20</b>	<b>19,294,338.02</b>
3134G1VG6	12-0017	FHLMC	Wells Fargo Instit. Brokerage	10/14/2011	10/30/2012	382	0.2002	1,004,430.00	1,000,000.00	2,097.78	1,000,370.00
		<b>FHLMC Total</b>				<b>382</b>	<b>0.2002</b>	<b>1,004,430.00</b>	<b>1,000,000.00</b>	<b>2,097.78</b>	<b>1,000,370.00</b>
31398AHZ8	12-0014	FNMA	Great Pacific	10/5/2011	11/19/2012	411	0.2504	3,151,170.00	3,000,000.00	40,726.67	3,018,330.00
31359MRG0	12-0062	FNMA	Coastal Securities	6/15/2012	3/15/2013	273	0.2163	11,342,595.00	11,000,000.00	18,342.50	11,210,540.00
31398A250	13-0004	FNMA	FTN Financial	9/5/2012	9/23/2013	383	0.2065	8,419,455.30	8,350,000.00	18,219.70	8,412,792.00
		<b>FNMA Total</b>				<b>356</b>	<b>0.2244</b>	<b>22,913,220.30</b>	<b>22,350,000.00</b>	<b>77,288.87</b>	<b>22,641,662.00</b>
140320243	General	Money Market	PFM Prime Institutional	Daily	Daily	1	0.2116	30,892,112.56	30,892,112.56	N/A	30,892,112.56
140322413	2005B GO	Money Market	PFM Prime Institutional	Daily	Daily	1	0.2116	40,000.00	40,000.00	N/A	40,000.00
140325655	2012A GO	Money Market	PFM Prime Institutional	Daily	Daily	1	0.2116	2,500,000.00	2,500,000.00	N/A	2,500,000.00
140325671	2012C GO	Money Market	PFM Prime Institutional	Daily	Daily	1	0.2116	2,700,000.00	2,700,000.00	N/A	2,700,000.00
140328592	2012D GO Sewer	Money Market	PFM Prime Institutional	Daily	Daily	1	0.2116	1,075,000.00	1,075,000.00	N/A	1,075,000.00
140328600	2012E GO Strmwr	Money Market	PFM Prime Institutional	Daily	Daily	1	0.2116	2,225,000.00	2,225,000.00	N/A	2,225,000.00
		<b>Money Market Total</b>				<b>1</b>	<b>0.2116</b>	<b>39,432,112.56</b>	<b>39,432,112.56</b>	<b>N/A</b>	<b>39,432,112.56</b>
23450	General	Cash Account	Bankers Trust	Daily	Daily	1	0.1000	17,519,350.58	17,519,350.58	N/A	17,519,350.58
23523	Trust & Agency	Cash Account	Bankers Trust	Daily	Daily	1	0.1000	203,120.00	203,120.00	N/A	203,120.00
1117290	Parking Meters	Cash Account	Bankers Trust	Daily	Daily	1	0.1000	110,663.87	110,663.87	N/A	110,663.87

**City of Des Moines  
Pooled Portfolio Detail  
As of September 30, 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
1395078	Swimming Pools	Cash Account	Bankers Trust	Daily	Daily	1	0.1000	532.72	532.72	N/A	532.72
1395789	Spec Assess	Cash Account	Bankers Trust	Daily	Daily	1	0.1000	829,795.71	829,795.71	N/A	829,795.71
23493	Parking Ramps	Cash Account	Bankers Trust	Daily	Daily	1	0.1000	293,983.19	293,983.19	N/A	293,983.19
23515	Park & Ride	Cash Account	Bankers Trust	Daily	Daily	1	0.1000	3,706.10	3,706.10	N/A	3,706.10
76120	Gen Op MM	Cash Account	Bankers Trust	Daily	Daily	1	0.2400	16,003,182.79	16,003,182.79	N/A	16,003,182.79
	Cash Account Total					1	0.1175	34,964,334.96	34,964,334.96	N/A	34,964,334.96

<b>Investment Total</b>	<b>137</b>	<b>0.2419</b>	<b>131,134,696.37</b>	<b>130,456,447.52</b>	<b>190,376.01</b>	<b>130,815,209.77</b>
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**City of Des Moines  
Non-Pooled Cash Portfolio Yield  
For the Fifteen Months Ended September 30, 2012**



**City of Des Moines  
Pooled Cash Portfolio Yield  
For the Fifteen Months Ended September 30, 2012**

