

★ **Roll Call Number**

**Agenda Item Number**

31

Date January 28, 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 12-0099, 12-0614, 12-1171 and 12-1633.

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 December 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				

**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 December 31, 2012**

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

**Quarterly Treasurer's Report  
As of December 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 December 31, 29.6 percent of the \$157.1 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. 1.6 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 \$144.1 million portion of the portfolio to have an average maturity of 113 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 \$12.9 million of investments in this category is 347 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 113 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 347 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.

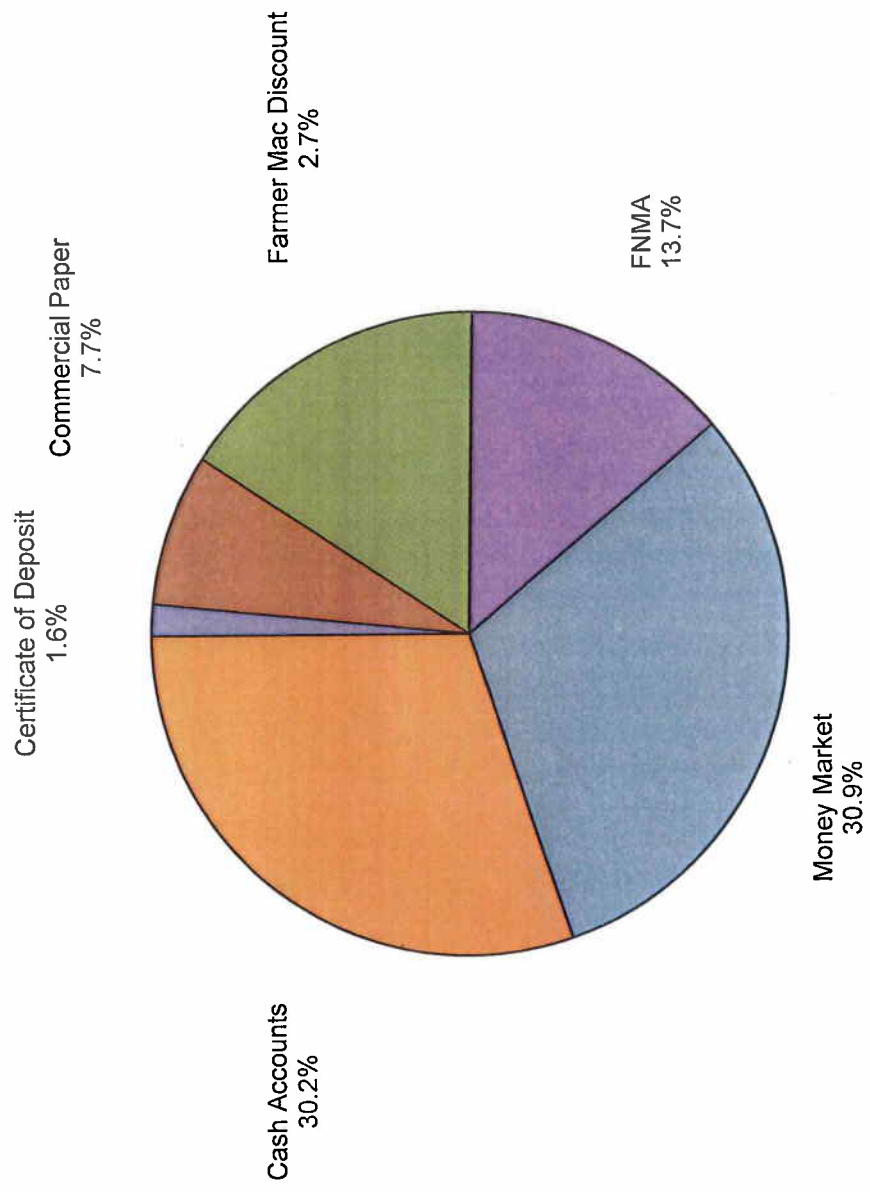
### Other

*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 \$157,130,330**  
**As of December 31, 2012**



**City of Des Moines  
Non-Pooled Portfolio Detail  
As of December 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>
	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
31333XMX87	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	982,744.00
3133375NC7	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	2,365,898.70
3133379JB6	12-0060	FHLB	FTN Financial	6/12/2012	6/4/2013	357	0.2333	999,870.46	1,000,000.00	2,280.65	1,000,410.00
3133376UF0	12-0064	FHLB	Coastal Securities	6/15/2012	1/29/2014	593	0.3260	1,406,112.52	1,405,000.00	7,434.57	1,407,767.95
		FHLB Total				506	0.3044	5,769,774.08	5,750,000.00	20,578.69	5,756,820.55
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	1,403,164.00
3136FPPEL7	12-0061	FNMA	Great Pacific	6/12/2012	9/9/2013	454	0.2757	504,795.00	500,000.00	1,723.75	502,430.00
		FNMA Total				512	0.3179	1,934,951.00	1,900,000.00	9,678.86	1,905,594.00
140320300	Swartzell Trust	Money Market	PFM Prime Institut	Daily	Daily	1	0.1857	357,117.00	357,117.00	N/A	357,117.00
140324880	2010F Stormwater	Money Market	PFM Prime Institut	Daily	Daily	1	0.1857	500,000.00	500,000.00	N/A	500,000.00
140324633	Sewer Sinking	Money Market	PFM Prime Institut	Daily	Daily	1	0.1857	1,023,443.75	1,023,443.75	N/A	1,023,443.75
140322173	Stormwater Sinking	Money Market	PFM Prime Institut	Daily	Daily	1	0.1857	1,683,415.62	1,683,415.62	N/A	1,683,415.62
	Money Market Total					1	0.1857	3,563,976.37	3,563,976.37	N/A	3,563,976.37
1356872	Crivaro	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	1,512.37	1,512.37	N/A	1,512.37
1357052	CDBG Loan Repaym	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	102,748.11	102,748.11	N/A	102,748.11
1566815	Sewer Sinking	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	42,663.31	42,663.31	N/A	42,663.31
1566879	Perm Cem Maint	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	353,658.49	353,658.49	N/A	353,658.49
1567298	Stormwater Sinking	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	9,360.21	9,360.21	N/A	9,360.21
26824	Riverpoint West	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	196,218.96	196,218.96	N/A	196,218.96
	Cash Account Total					1	0.0700	706,161.45	706,161.45	N/A	706,161.45
	<b>Investment Total</b>					<b>347</b>	<b>0.2778</b>	<b>12,974,862.90</b>	<b>12,920,137.82</b>	<b>35,251.85</b>	<b>12,932,552.37</b>



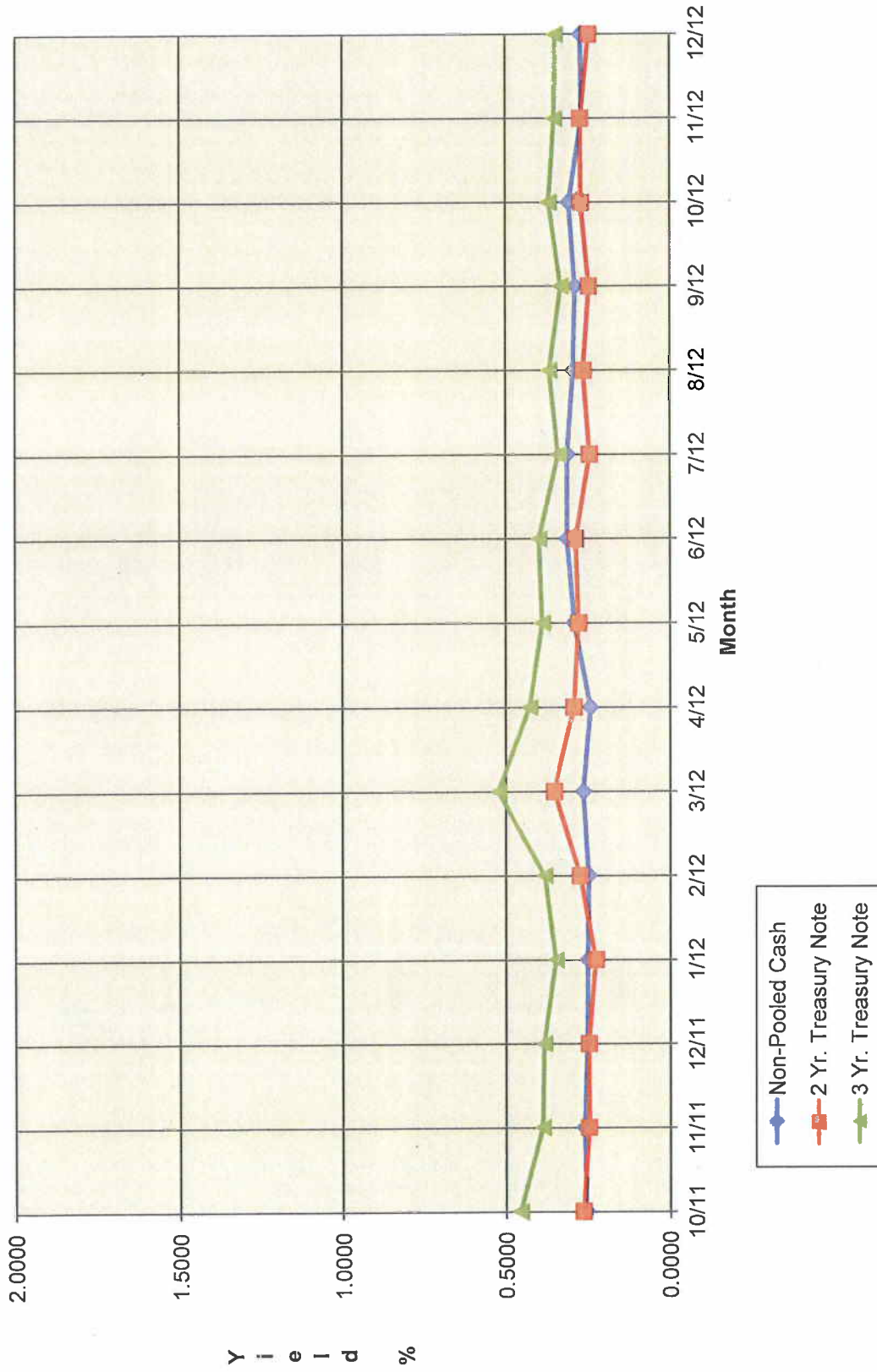
**City of Des Moines  
Pooled Portfolio Detail  
As of December 31, 2012**

<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>
	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
		Certificate of Deposit Total				365	0.2750	1,500,000.00	1,500,000.00	13,633.39	1,500,000.00
	13-0005	Commercial Paper	Great Pacific	10/11/2012	1/4/2013	85	0.3348	3,996,883.32	4,000,000.00	3,116.68	3,996,883.32
	13-0011	Commercial Paper	Great Pacific	11/21/2012	3/7/2013	106	0.3481	3,995,960.00	4,000,000.00	4,040.00	3,995,960.00
	0027A0LP4	Commercial Paper	Great Pacific	11/26/2012	3/14/2013	108	0.3823	3,995,480.00	4,000,000.00	4,520.00	3,995,480.00
		Commercial Paper Total				100	0.3551	11,988,323.32	12,000,000.00	11,676.68	11,988,323.32
	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	3,001,620.00
	313375NC7	FHLB	FTN Financial	9/30/2011	3/19/2013	536	0.3587	1,958,314.40	1,960,000.00	22,785.54	1,960,744.80
	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	1,504,890.00
	3133XWGP8	FHLB	FTN Financial	6/12/2012	3/26/2013	287	0.2223	506,253.19	500,000.00	886.25	501,970.00
	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	2,004,160.00
	313372RK2	FHLB	FTN Financial	6/12/2012	6/4/2013	357	0.2333	499,935.23	500,000.00	1,140.33	500,205.00
	12-0060	FHLB	FTN Financial	6/15/2012	7/30/2013	410	0.2630	8,247,871.50	8,250,000.00	24,403.50	8,252,970.00
	3133797K9	FHLB	FTN Financial	6/15/2012	3/14/2014	637	0.3713	1,552,290.00	1,500,000.00	9,954.79	1,538,940.00
	3133XWVK0	FHLB Total				399	0.2709	19,338,206.32	19,210,000.00	79,748.20	19,265,499.80
	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	11,094,820.00
	31399A2S0	FNMA	FTN Financial	9/5/2012	9/23/2013	383	0.2065	8,419,455.30	8,350,000.00	18,219.70	8,398,346.50
		FNMA Total				328	0.2114	19,762,050.30	19,350,000.00	36,562.20	19,493,166.50
	140320243	Money Market	PFM Prime Institutional	Daily	Daily	1	0.1857	30,892,112.56	30,892,112.56	N/A	30,892,112.56
	140322413	Money Market	PFM Prime Institutional	Daily	Daily	1	0.1857	40,000.00	40,000.00	N/A	40,000.00
	140324021	Money Market	PFM Prime Institutional	Daily	Daily	1	0.1857	1,000,000.00	1,000,000.00	N/A	1,000,000.00
	140324823	Money Market	PFM Prime Institutional	Daily	Daily	1	0.1857	3,000,000.00	3,000,000.00	N/A	3,000,000.00
	140324831	Money Market	PFM Prime Institutional	Daily	Daily	1	0.1857	1,500,000.00	1,500,000.00	N/A	1,500,000.00
	140325655	Money Market	PFM Prime Institutional	Daily	Daily	1	0.1857	2,500,000.00	2,500,000.00	N/A	2,500,000.00
	140325671	Money Market	PFM Prime Institutional	Daily	Daily	1	0.1857	2,700,000.00	2,700,000.00	N/A	2,700,000.00
	140328592	Money Market	PFM Prime Institutional	Daily	Daily	1	0.1857	1,075,000.00	1,075,000.00	N/A	1,075,000.00
	140328600	Money Market	PFM Prime Institutional	Daily	Daily	1	0.1857	2,225,000.00	2,225,000.00	N/A	2,225,000.00
		Money Market Total				1	0.1857	44,932,112.56	44,932,112.56	N/A	44,932,112.56
	23450	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	21,596,225.79	21,596,225.79	N/A	21,596,225.79
	23523	Trust & Agency	Bankers Trust	Daily	Daily	1	0.0700	252,419.49	252,419.49	N/A	252,419.49
	1117290	Parking Meters	Bankers Trust	Daily	Daily	1	0.0700	109,361.33	109,361.33	N/A	109,361.33
	1395078	Swimming Pools	Bankers Trust	Daily	Daily	1	0.0000	-	-	N/A	-
	1395789	Spec Assess	Bankers Trust	Daily	Daily	1	0.0700	341,814.60	341,814.60	N/A	341,814.60

**City of Des Moines  
Pooled Portfolio Detail  
As of December 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>
23493	Parking Ramps	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	327,105.92	327,105.92	N/A	327,105.92
23515	Park & Ride	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	2,613.35	2,613.35	N/A	2,613.35
76120	Gen Op MM	Cash Account	Bankers Trust	Daily	Daily	1	0.2400	24,005,234.30	24,005,234.30	N/A	24,005,234.30
	Cash Account Total					1	0.0825	46,634,774.78	46,634,774.78	N/A	46,634,774.78
<b>Investment Total</b>							<b>0.2076</b>	<b>144,155,467.28</b>	<b>143,626,887.34</b>	<b>141,620.47</b>	<b>143,813,876.96</b>

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



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

