

★ **Roll Call Number**

Agenda Item Number

28

Date April 22, 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 12-0614, 12-1171, 12-1633 and 13-0127.

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, 2013 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, 2013

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

**Quarterly Treasurer's Report
As of March 31, 2013**

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, 20.38 percent of the \$136.8 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. 1.1 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 \$122.7 million portion of the portfolio to have an average maturity of 83 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 \$14.6 million of investments in this category is 227 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 83 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 227 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.

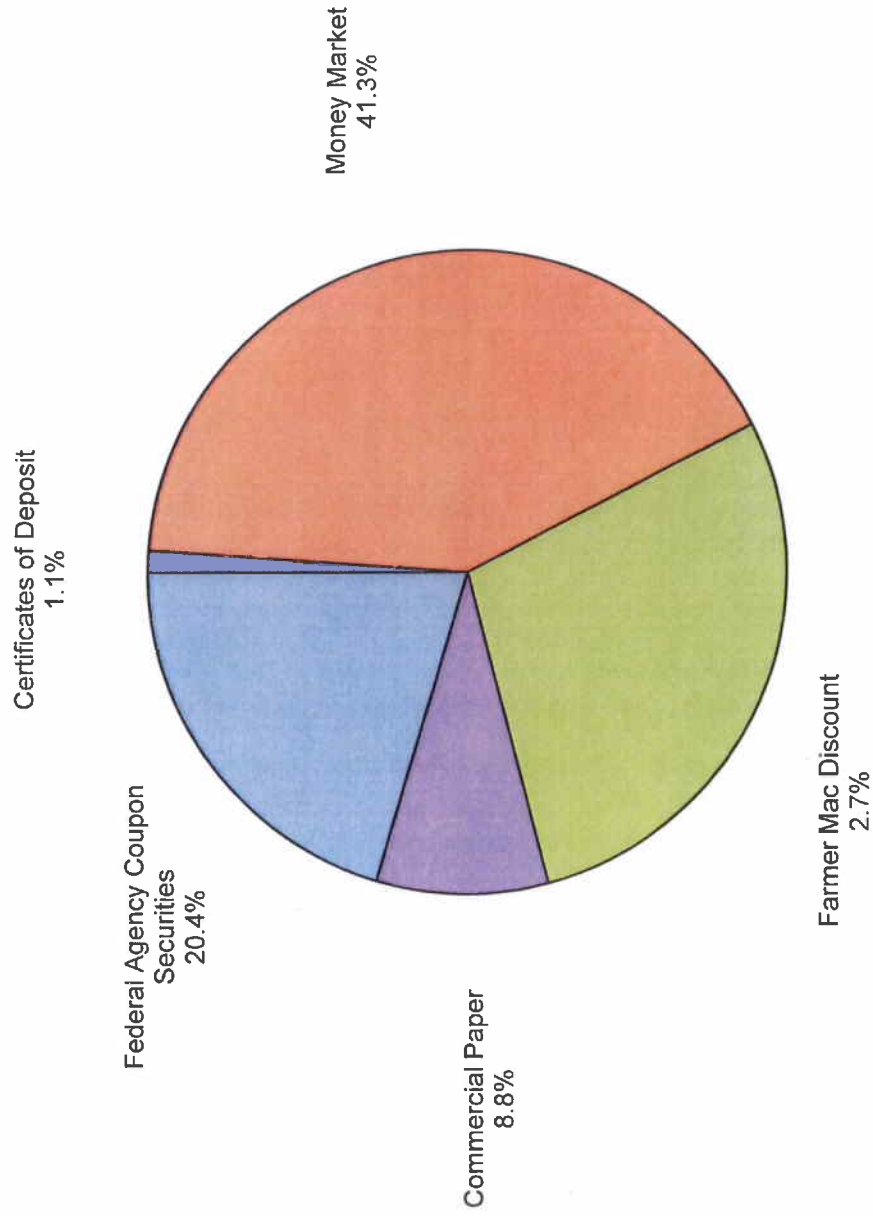
Other

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 \$137,285,499
As of March 31, 2013**



**City of Des Moines
Non-Pooled Portfolio Detail
As of March 31, 2013**

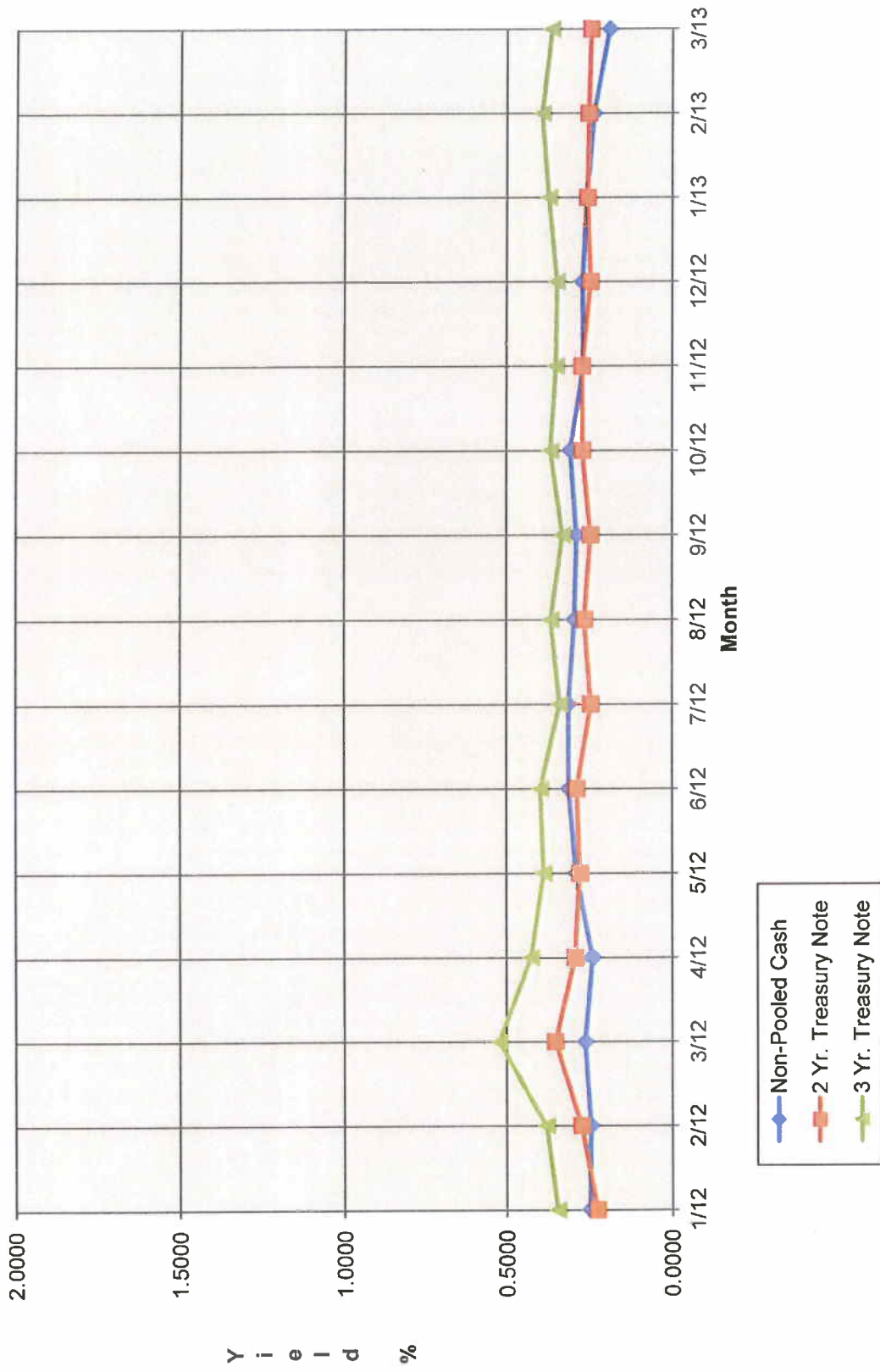
<u>CUSIP</u>	<u>Invest Number</u>	<u>Security Description</u>	<u>Issuer</u>	<u>Purchase Date</u>	<u>Maturity Date</u>	<u>Days-Purchase To Maturity</u>	<u>Yield</u>	<u>Original Cost</u>	<u>Ending Par Value</u>	<u>Earnings To Maturity</u>	<u>Current Market Value</u>
	13-0006	Certificate of Deposit	West 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
3133CEFK5	13-0015	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	1,399,202.00
		Federal Farm Cr Total				546	0.2000	1,400,000.00	1,400,000.00	4,200.00	1,399,202.00
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	1,000,160.00
313376UF0	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	1,407,276.10
313382LU5	13-0021	FHLB	Coastal Securities	3/25/2013	9/25/2014	549	0.2337	1,849,930.79	1,850,000.00	6,451.71	1,849,186.00
		FHLB Total				500	0.2643	4,255,913.77	4,255,000.00	16,166.93	4,256,622.10
3136FPEL7	12-0061	FNMA	Great Pacific	6/12/2012	9/9/2013	454	0.2757	504,795.00	500,000.00	1,723.75	501,675.00
		FNMA Total				454	0.2757	504,795.00	500,000.00	1,723.75	501,675.00
140320300	Swartzell Trust	Money Market	PFM Prime Institut	Daily	Daily	1	0.1459	357,117.00	357,117.00	N/A	357,117.00
140322173	Stormwater Sinking	Money Market	PFM Prime Institut	Daily	Daily	1	0.1459	1,683,415.62	1,683,415.62	N/A	1,683,415.62
140322306	2004G Sewer	Money Market	PFM Prime Institut	Daily	Daily	1	0.1459	516,000.00	516,000.00	N/A	516,000.00
140324633	Sewer Sinking	Money Market	PFM Prime Institut	Daily	Daily	1	0.1459	1,023,443.75	1,023,443.75	N/A	1,023,443.75
140322173	2010F Stormwater	Money Market	PFM Prime Institut	Daily	Daily	1	0.1459	493,482.51	493,482.51	N/A	493,482.51
		Money Market Total				1	0.1459	4,073,458.88	4,073,458.88	N/A	4,073,458.88
1356872	Crivaro	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	1,512.63	1,512.63	N/A	1,512.63
1357052	CDBG Loan Repaym	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	155,049.38	155,049.38	N/A	155,049.38
1566815	Sewer Sinking	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	660,962.80	660,962.80	N/A	660,962.80
1566879	Perm Cem Maint	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	1,381,416.20	1,381,416.20	N/A	1,381,416.20
1567298	Stormwater Sinking	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	977,702.99	977,702.99	N/A	977,702.99
26824	Riverpoint West	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	196,262.87	196,262.87	N/A	196,262.87
		Cash Account Total				1	0.0700	3,372,906.87	3,372,906.87	N/A	3,372,906.87
		Investment Total				227	0.1899	14,607,074.62	14,601,366.75	27,064.98	14,603,664.85

**City of Des Moines
Pooled Portfolio Detail
As of March 31, 2013**

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
	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	0.3500	500,000.00	500,000.00	1,748.73	500,000.00
05990CRR7	13-0013	Commercial Paper	Great Pacific	1/7/2013	4/25/2013	108	0.4365	3,994,840.00	4,000,000.00	5,160.00	3,994,840.00
22532ASX7	13-0016	Commercial Paper	FTN Financial	3/7/2013	5/31/2013	85	0.2130	3,998,016.67	4,000,000.00	1,983.33	3,998,016.67
0027A0TE1	13-0019	Commercial Paper	FTN Financial	3/18/2013	6/14/2013	88	0.2333	3,997,751.11	4,000,000.00	2,248.89	3,997,751.11
		Commercial Paper Total				94	0.2943	11,990,607.78	12,000,000.00	9,392.22	11,990,607.78
313379JB6	12-0060	FHLB	FTN Financial	6/12/2012	6/4/2013	357	0.2333	499,935.23	500,000.00	1,140.33	500,080.00
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	8,027,969.50
313382EK5	13-0020	FHLB	Coastal Securities	3/20/2013	3/11/2014	356	0.1800	3,000,000.00	3,000,000.00	5,265.00	2,999,880.00
3133XWVK0	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	1,531,440.00
		FHLB Total				440	0.2619	13,300,096.73	13,250,000.00	40,763.62	13,059,369.50
31398A2S0	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	8,383,901.00
		FNMA Total				383	0.2065	8,419,455.30	8,350,000.00	18,219.70	8,383,901.00
140320243	General	Money Market	PFM Prime Institutional	Daily	Daily	1	0.1495	38,892,112.56	38,892,112.56	N/A	38,892,112.56
140320128	1998D GO	Money Market	PFM Prime Institutional	Daily	Daily	1	0.1495	125,000.00	125,000.00	N/A	125,000.00
140324823	2010D GO	Money Market	PFM Prime Institutional	Daily	Daily	1	0.1495	150,000.00	150,000.00	N/A	150,000.00
140324831	2010E GO	Money Market	PFM Prime Institutional	Daily	Daily	1	0.1495	1,500,000.00	1,500,000.00	N/A	1,500,000.00
140325234	2011A GO	Money Market	PFM Prime Institutional	Daily	Daily	1	0.1459	1,000,000.00	1,000,000.00	N/A	1,000,000.00
140325655	2012A GO	Money Market	PFM Prime Institutional	Daily	Daily	1	0.1459	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	0.1459	1,000,000.00	1,000,000.00	N/A	1,000,000.00
140328592	2012D GO Sewer	Money Market	PFM Prime Institutional	Daily	Daily	1	0.1459	2,950,000.00	2,950,000.00	N/A	2,950,000.00
140328600	2012E GO Strmwr	Money Market	PFM Prime Institutional	Daily	Daily	1	0.1459	3,850,000.00	3,850,000.00	N/A	3,850,000.00
140328618	2012F GO Parking	Money Market	PFM Prime Institutional	Daily	Daily	1	0.1459	500,000.00	500,000.00	N/A	500,000.00
		Money Market Total				1	0.1473	52,467,112.56	52,467,112.56	N/A	52,467,112.56
23450	General	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	18,124,123.64	18,124,123.64	N/A	18,124,123.64
23523	Trust & Agency	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	252,418.53	252,418.53	N/A	252,418.53
1117290	Parking Meters	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	133,423.51	133,423.51	N/A	133,423.51
1395078	Swimming Pools	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	-	-	N/A	-
1395789	Spec Assess	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	848,071.27	848,071.27	N/A	848,071.27
23493	Parking Ramps	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	616,878.87	616,878.87	N/A	616,878.87
23515	Park & Ride	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	24,623.36	24,623.36	N/A	24,623.36
76120	Gen Op MM	Cash Account	Bankers Trust	Daily	Daily	1	0.1600	16,001,613.25	16,001,613.25	N/A	16,001,613.25
		Cash Account Total				1	0.0813	36,001,152.43	36,001,152.43	N/A	36,001,152.43

Investment Total	83	0.1680	122,678,424.80	122,668,254.99	70,124.27	122,402,143.27
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**City of Des Moines
Non-Pooled Cash Portfolio Yield
For the Fifteen Months Ended March 31, 2013**



**City of Des Moines
Pooled Cash Portfolio Yield
For the Fifteen Months Ended March 31, 2013**

