

★ **Roll Call Number**

Agenda Item Number

36

Date October 21, 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 12-1633, 13-0127, 13-0652 and 13-1210.

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, 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	

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, 2013

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

**Quarterly Treasurer's Report
As of June 30, 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 September 30, 17.59 percent of the \$138.3 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. 26.9 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 \$125.6 million portion of the portfolio to have an average maturity of 143 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 \$12.7 million of investments in this category is 479 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 143 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 479 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.

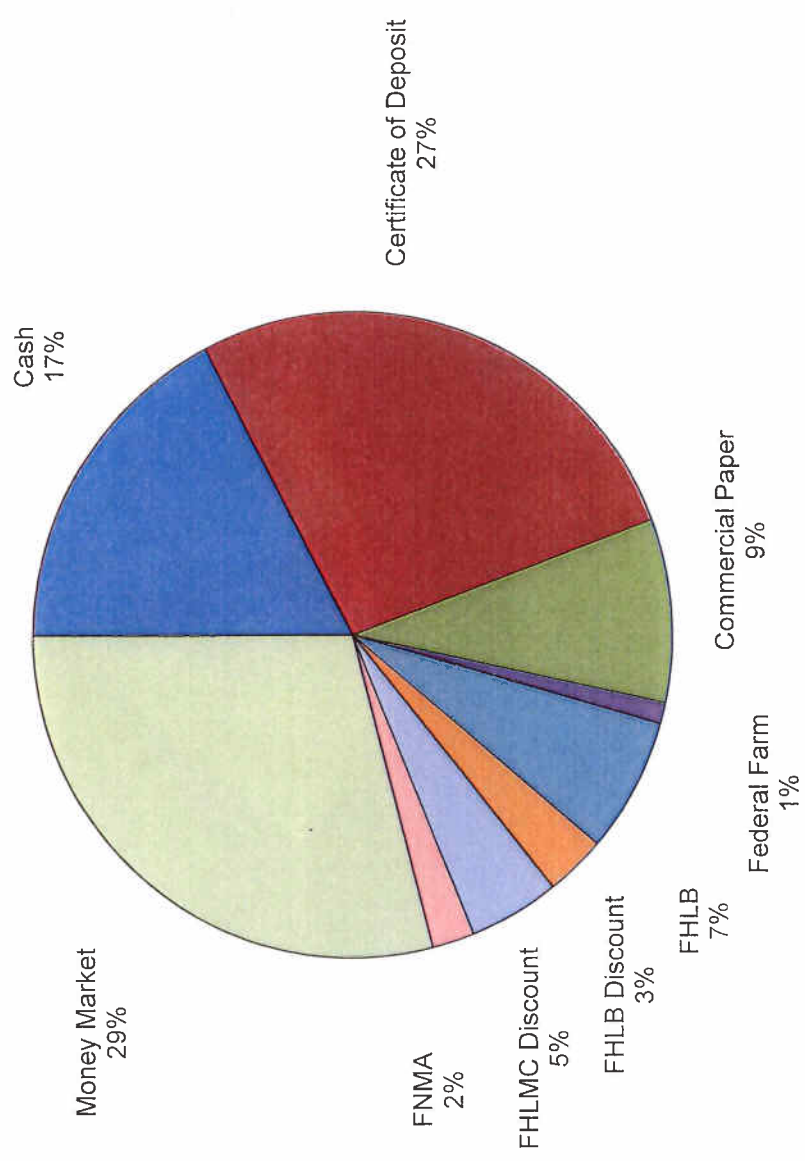
Other

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 \$138,317,558
As of September 30, 2013**



**City of Des Moines
Non-Pooled Portfolio Detail
As of September 30, 2013**

Invest Number	CUSIP	Security Description	Issuer	Purchase Date	Maturity Date	Days-Purchase To Maturity	Yield	Original Cost	Ending Par Value	Earnings To Maturity	Current Market Value
13-0006	110745	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											
13-0015	3133ECFK5	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	1,400,644.00
Federal Farm Cr Total											
12-0064	313376JF0	FHLB	Coastal Securities	6/15/2012	1/29/2014	593	0.3260	1,406,112.52	1,405,000.00	7,434.57	1,406,362.85
13-0021	313382LU5	FHLB	Coastal Securities	3/25/2013	9/25/2014	549	0.2337	1,849,930.79	1,850,000.00	6,451.71	1,851,128.50
13-0030	313381H24	FHLB	FTN Financial	6/27/2013	1/16/2015	568	0.2900	999,380.65	1,000,000.00	12,285.18	1,000,430.00
Federal Home Loan Bank Total											
14-0014	313397XL0	FHLMC Discount Note	Great Pacific	9/13/2013	5/30/2014	259	0.0913	1,998,705.00	2,000,000.00	1,295.00	1,999,320.00
Federal Home Loan Mortgage Corp Total											
14-0014	3135G0WG4	FNMA	Wells Fargo	4/29/2013	4/29/2016	1096	0.5000	1,000,000.00	1,000,000.00	15,000.00	994,710.00
14-0016	3136G1VH9	FNMA	Great Pacific	9/27/2013	9/27/2016	1096	1.2262	750,525.00	750,000.00	28,650.00	753,022.50
Federal National Mortgage Assn Total											
Swartzell Trust	140320268	Money Market	PFM Prime Institutional	Daily	Daily	1	0.0810	357,117.00	357,117.00	N/A	357,117.00
Stormwater Sinking	140322173	Money Market	PFM Prime Institutional	Daily	Daily	1	0.0809	0.00	0.00	N/A	0.00
2004G Sewer	140322306	Money Market	PFM Prime Institutional	Daily	Daily	1	0.0810	516,000.00	516,000.00	N/A	516,000.00
Sewer Sinking	140324633	Money Market	PFM Prime Institutional	Daily	Daily	1	0.0809	0.00	0.00	N/A	0.00
2010F Stormwater	140324880	Money Market	PFM Prime Institutional	Daily	Daily	1	0.0810	493,482.51	493,482.51	N/A	493,482.51
Money Market Total											
Good Faith	various	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	267,104.84	267,104.84	N/A	267,104.84
Crivaro	1356872	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	1,213.08	1,213.08	N/A	1,213.08
CDBG Loan	1357052	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	139,474.52	139,474.52	N/A	139,474.52
Sewer Sinking	1566815	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	25,151.47	25,151.47	N/A	25,151.47
Perm Cem Maint	1566879	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	189,863.39	189,863.39	N/A	189,863.39
Stormwater Sinking	1567298	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	91,562.15	91,562.15	N/A	91,562.15
Riverpoint West	26824	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	196,339.78	196,339.78	N/A	196,339.78
Cash Account Total											
Investment Total							479	12,681,962.70	12,682,308.74	80,290.76	12,682,926.59

**City of Des Moines
Pooled Portfolio Detail
As of September 30, 2013**

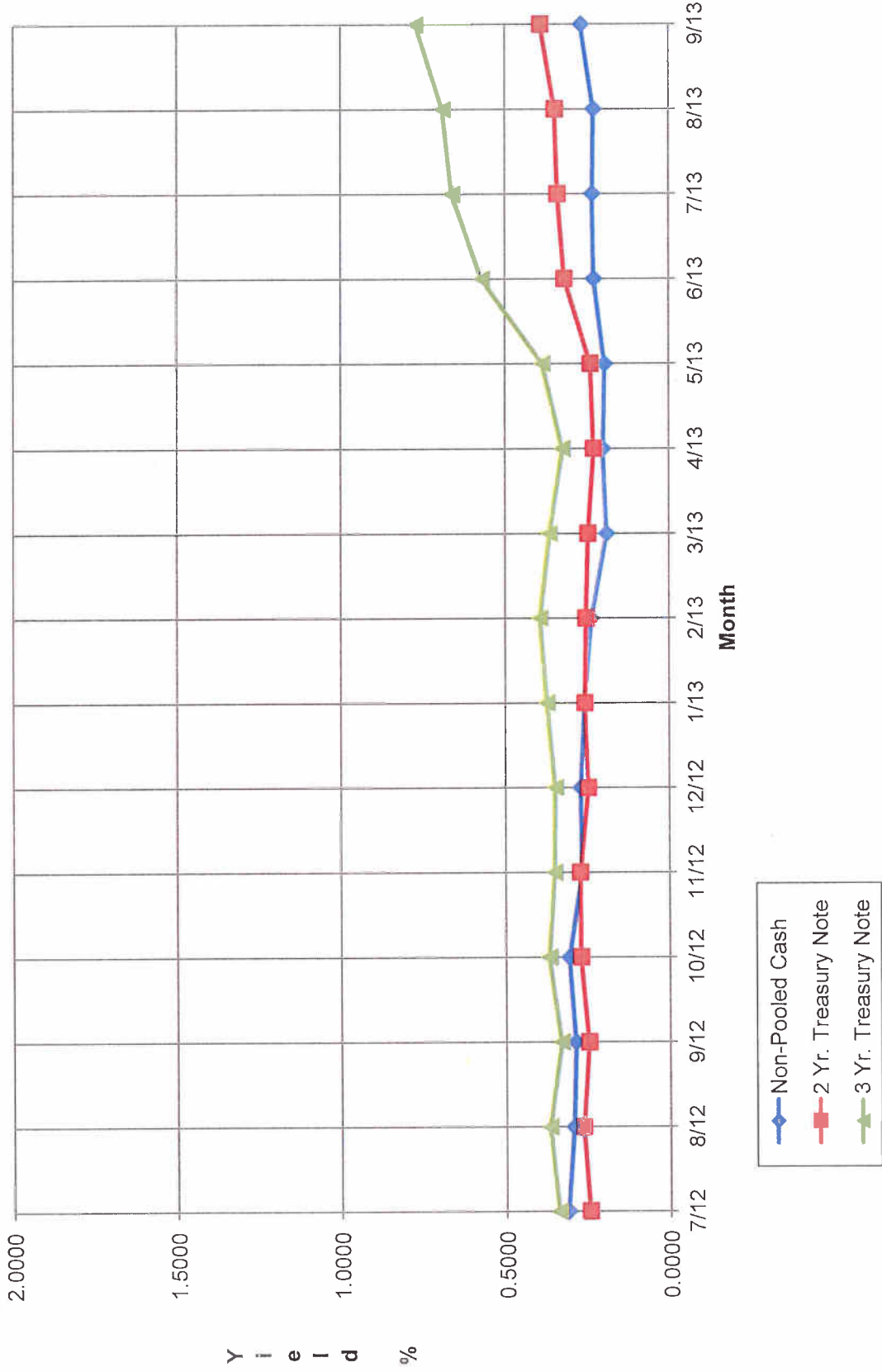
Invest Number	CUSIP	Security Description	Issuer	Purchase Date	Maturity Date	Days-Purchase To Maturity	Yield	Original Cost	Ending Par Value	Earnings To Maturity	Current Market Value	
13-0026		CERTIFICATE OF DEPOSIT	Metabank	4/26/2013	9/26/2013	153	0.1000	8,000,000.00	8,000,000.00	10,730.96	8,000,000.00	
14-0004		CERTIFICATE OF DEPOSIT	Bankers Trust	8/28/2013	12/27/2013	121	0.3240	4,500,000.00	4,500,000.00	1,491.78	4,500,000.00	
14-0005		CERTIFICATE OF DEPOSIT	Bankers Trust	8/28/2013	3/28/2014	212	0.3240	5,500,000.00	5,500,000.00	6,389.05	5,500,000.00	
14-0006		CERTIFICATE OF DEPOSIT	Bankers Trust	8/28/2013	4/28/2014	243	0.3240	4,000,000.00	4,000,000.00	5,326.03	4,000,000.00	
14-0007		CERTIFICATE OF DEPOSIT	Bankers Trust	8/28/2013	5/28/2014	273	0.2000	4,000,000.00	4,000,000.00	5,983.56	4,000,000.00	
14-0008		CERTIFICATE OF DEPOSIT	Bankers Trust	8/28/2013	6/27/2014	303	0.2000	5,000,000.00	5,000,000.00	10,273.97	5,000,000.00	
14-0018		CERTIFICATE OF DEPOSIT	West Bank	9/26/2013	9/26/2014	365	0.2500	500,000.00	500,000.00	1,500.00	500,000.00	
14-0009		CERTIFICATE OF DEPOSIT	Bankers Trust	8/28/2013	9/28/2014	396	0.3300	2,500,000.00	2,500,000.00	8,950.68	2,500,000.00	
14-0010		CERTIFICATE OF DEPOSIT	Bankers Trust	8/28/2013	12/29/2014	488	0.4000	3,000,000.00	3,000,000.00	15,945.21	3,000,000.00	
14-0011		CERTIFICATE OF DEPOSIT	Bankers Trust	8/28/2013	3/30/2015	579	0.4500	2,500,000.00	2,500,000.00	17,753.43	2,500,000.00	
14-0012		CERTIFICATE OF DEPOSIT	Bankers Trust	8/28/2013	6/29/2015	670	0.5000	2,500,000.00	2,500,000.00	22,842.47	2,500,000.00	
Certificate of Deposit Total							346	0.3093	42,000,000.00	42,000,000.00	107,187.14	42,000,000.00
14-0001	0027A0ZC8	Commercial Paper	Wells Fargo Instit. Brokerag	8/14/2013	12/12/2013	120	0.2334	3,996,933.33	4,000,000.00	3,066.67	3,996,933.33	
14-0002	22532AZL5	Commercial Paper	Coastal Securities	8/15/2013	12/20/2013	127	0.2639	3,996,331.11	4,000,000.00	3,668.89	3,996,331.11	
14-0013	83365SB77	Commercial Paper	FTN Financial	9/6/2013	2/7/2014	154	0.3351	3,994,353.32	4,000,000.00	5,646.68	3,994,353.32	
Commercial Paper Total							134	0.2775	11,987,617.76	12,000,000.00	12,382.24	11,987,617.76
13-0020	313382EK5	FHLB	Coastal Securities	3/20/2013	3/11/2014	356	0.1800	3,000,000.00	3,000,000.00	5,265.00	3,001,290.00	
12-0065	3133XWKV0	FHLB	FTN Financial	6/15/2012	3/14/2014	637	0.3713	1,552,290.00	1,500,000.00	9,954.79	1,515,555.00	
Federal Home Loan Bank Total							497	0.2757	4,552,290.00	4,500,000.00	15,219.79	4,516,845.00
13-0033	313385RA6	FHLB Discount	FTN Financial	6/28/2013	12/27/2013	182	0.1319	3,997,371.11	4,000,000.00	2,628.89	3,999,800.00	
Federal Home Loan Bank Discount Total							182	0.1319	3,997,371.11	4,000,000.00	2,628.89	3,999,800.00
13-0032	313397QD6	FHLMC Discount	FTN Financial	6/28/2013	12/27/2013	182	0.1120	3,998,032.40	4,000,000.00	1,967.60	3,998,760.00	
Federal Home Loan Mortgage Corp Disc Total							182	0.1120	3,998,032.40	4,000,000.00	1,967.60	3,998,760.00
10147	3135G0BJ1	FNMA	FTN Financial	6/27/2013	6/27/2014	365	0.2030	504,605.00	500,000.00	1,020.00	503,750.00	
14-0015	3135G0HG1	FNMA	RBC Dain Raucher	9/13/2013	3/16/2015	549	0.2906	500,635.00	500,000.00	2,193.12	500,840.00	
Federal National Mortgage Assn Total							457	0.2468	1,005,240.00	1,000,000.00	3,213.12	1,004,590.00
General	140320243	Money Market	PFM Prime Institutional	Daily	Daily	1	0.0810	23,892,112.56	23,892,112.56	N/A	23,892,112.56	
1998D GO	140320128	Money Market	PFM Prime Institutional	Daily	Daily	1	0.0810	125,000.00	125,000.00	N/A	125,000.00	
2010D GO	140324823	Money Market	PFM Prime Institutional	Daily	Daily	1	0.0810	150,000.00	150,000.00	N/A	150,000.00	
2010E GO	140324831	Money Market	PFM Prime Institutional	Daily	Daily	1	0.0810	1,500,000.00	1,500,000.00	N/A	1,500,000.00	
2011A GO	140325234	Money Market	PFM Prime Institutional	Daily	Daily	1	0.0810	1,000,000.00	1,000,000.00	N/A	1,000,000.00	
2012A GO	140325655	Money Market	PFM Prime Institutional	Daily	Daily	1	0.0810	500,000.00	500,000.00	N/A	500,000.00	
2012C GO	140325671	Money Market	PFM Prime Institutional	Daily	Daily	1	0.0810	100,000.00	100,000.00	N/A	100,000.00	
2012D GO Sewer	140328592	Money Market	PFM Prime Institutional	Daily	Daily	1	0.0810	3,000,000.00	3,000,000.00	N/A	3,000,000.00	

**City of Des Moines
Pooled Portfolio Detail
As of September 30, 2013**

Invest Number	CUSIP	Security Description	Issuer	Purchase Date	Maturity Date	Days-Purchase To Maturity	Yield	Original Cost	Ending Par Value	Earnings To Maturity	Current Market Value
2012E GO Strmwtr	140328600	Money Market	PFM Prime Institutional	Daily	Daily	1	0.0810	6,150,000.00	6,150,000.00	N/A	6,150,000.00
Money Market Total						1	0.0810	36,417,112.56	36,417,112.56	N/A	36,417,112.56
General Operating Trust and Agency	23450	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	11,948,148.24	11,948,148.24	N/A	11,948,148.24
Parking Meters	23523	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	786,076.23	786,076.23	N/A	786,076.23
Pools	1117290	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	120,967.48	120,967.48	N/A	120,967.48
Spec Assess	1395078	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	0.24	0.24	N/A	0.24
Parking Ramps	1395789	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	343,602.00	343,602.00	N/A	343,602.00
Park and Ride	23493	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	384,684.16	384,684.16	N/A	384,684.16
Gen Op MM at BTC	23515	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	93,727.51	93,727.51	N/A	93,727.51
Cash Account Total	76120	Cash Account	Bankers Trust	Daily	Daily	1	0.0714	21,677,931.90	21,677,931.90	N/A	21,677,931.90

Investment Total	143	0.1742	125,635,595.73	125,595,044.46	142,598.78	125,602,657.22
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**City of Des Moines
Non-Pooled Cash Portfolio Yield
For the Fifteen Months Ended September 30, 2013**



**City of Des Moines
Pooled Cash Portfolio Yield
For the Fifteen Months Ended September 30, 2013**

