

★ **Roll Call Number**

**Agenda Item Number**

40

**Date** January 26, 2015

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 14-0153, 14-0631, 14-1149 and 14-1649.

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, 2014 is hereby received and filed.

(copy attached)

MOVED BY \_\_\_\_\_ to receive and file.

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
COWNIE				
COLEMAN				
GATTO				
GRAY				
HENSLEY				
MAHAFFEY				
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 December 31, 2014**

**Prepared by**

**Heide U. Green, Treasury Manager**

**Daniel Ritter, Interim Finance Director/Treasurer**

**Quarterly Treasurer's Report  
As of December 31, 2014**

**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 "Combined Portfolio Composition" and "Investment Definitions") provide information with which to assess the safety of the City's principal.

As of December 31, 45 percent of the \$174.9 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. 3 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 \$155.2 million portion of the portfolio to have an average maturity of 139 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 \$19.7 million of investments in this category is 505 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 139 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 505 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.

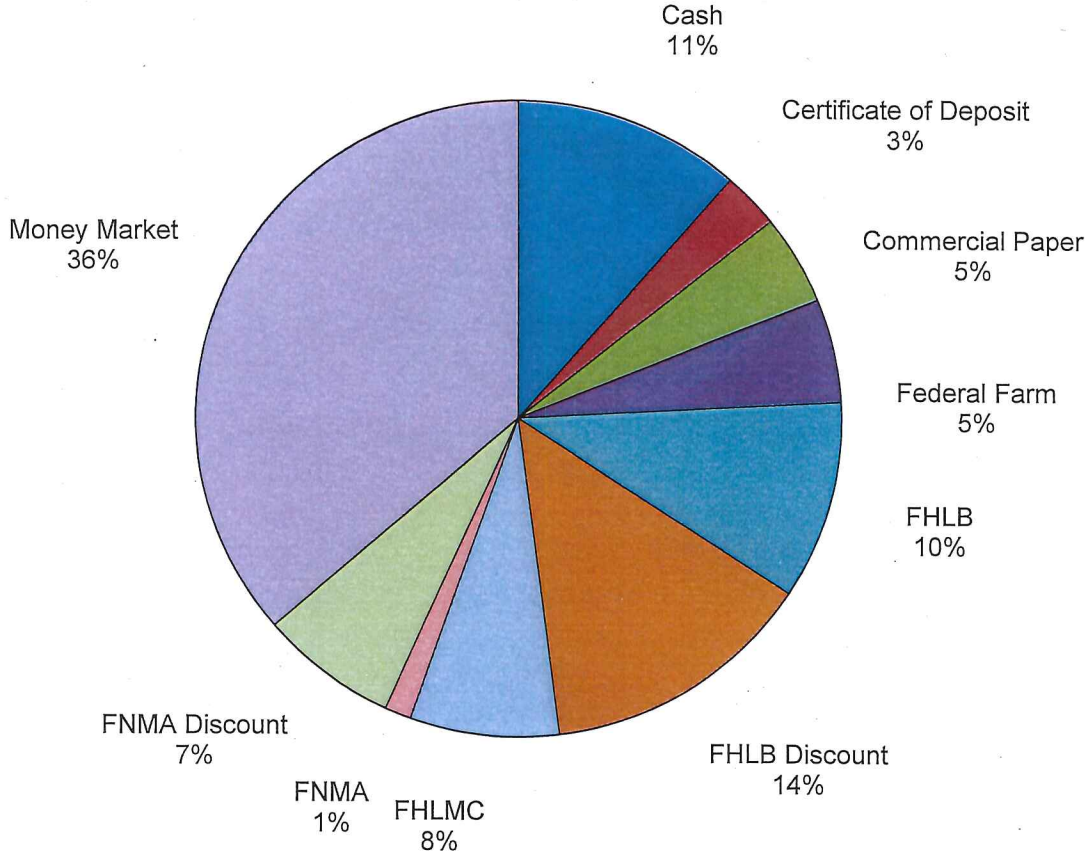
### Other

*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 \$174,852,375  
As of December 31, 2014**





**City of Des Moines  
Non-Pooled Portfolio Detail  
As of December 31, 2014**

<u>Invest Number</u>	<u>CUSIP</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>
14-0048	3133EDEK4	Federal Farm Credit	Wells Fargo Instit. Brokers	3/28/2014	9/10/2015	531	0.2880	999,450.00	1,000,000.00	4,175.00	999,900.00
<b>Federal Farm Cr Total</b>						<b>531</b>	<b>0.2880</b>	<b>999,450.00</b>	<b>1,000,000.00</b>	<b>4,175.00</b>	<b>999,900.00</b>
13-0030	313381H24	FHLB	FTN Financial	6/27/2013	1/16/2015	559	0.2900	999,380.65	1,000,000.00	4,501.29	1,000,030.00
14-0053	3130A1QG6	FHLB	Wells Fargo Instit. Brokers	4/25/2014	4/21/2015	356	0.1350	3,099,693.74	3,100,000.00	4,138.20	3,099,411.00
14-0067	3130A0HP8	FHLB	FTN Financial	6/19/2014	3/27/2017	998	0.9420	998,850.00	1,000,000.00	26,100.00	997,820.00
15-0014	3130A1WS3	FHLB	Coastal Securities	9/11/2014	5/8/2015	237	0.1200	1,500,049.28	1,500,000.00	1,185.10	1,499,625.00
15-0025	3130A3EW0	FHLB	Great Pacific	11/18/2014	12/16/2016	748	0.6077	997,780.00	1,000,000.00	12,608.89	995,330.00
<b>Federal Home Loan Bank Total</b>						<b>580</b>	<b>0.4189</b>	<b>7,595,753.67</b>	<b>7,600,000.00</b>	<b>48,533.48</b>	<b>7,592,216.00</b>
15-0011	3134G5JL0	FHLMC	Coastal Securities	9/29/2014	9/29/2016	720	0.7000	1,400,000.00	1,400,000.00	19,600.00	1,397,746.00
15-0017	3134G5GR0	FHLMC	Wells Fargo Instit. Brokers	9/29/2014	9/15/2017	1066	1.1508	1,848,612.50	1,850,000.00	63,015.62	1,852,164.50
15-0028	3134G5RF4	FHLMC	Wells Fargo Instit. Brokers	11/21/2014	5/27/2016	546	0.3934	1,300,130.00	1,300,000.00	7,756.67	1,297,322.00
<b>Federal Home Loan Mortgage Corp Total</b>						<b>777</b>	<b>0.7481</b>	<b>4,548,742.50</b>	<b>4,550,000.00</b>	<b>90,372.29</b>	<b>4,547,232.50</b>
15-0029	3136G2AK3	FNMA	Coastal Securities	11/28/2014	11/28/2017	1080	1.1500	1,800,000.00	1,800,000.00	4,175.00	1,792,818.00
<b>Federal National Mortgage Assn Total</b>						<b>1080</b>	<b>1.1500</b>	<b>1,800,000.00</b>	<b>1,800,000.00</b>	<b>4,175.00</b>	<b>1,792,818.00</b>
Swartzell Trust	140320268	Money Market	PFM Prime Institutional	Daily	Daily	1	0.0700	357,117.00	357,117.00	N/A	357,117.00
2010F Stormwater	140324880	Money Market	PFM Prime Institutional	Daily	Daily	1	0.0700	494,812.20	494,812.20	N/A	494,812.20
2014A GO	140334285	Money Market	PFM Prime Institutional	Daily	Daily	1	0.0700	4,743.07	4,743.07	N/A	4,743.07
2014B Sewer	140334340	Money Market	PFM Prime Institutional	Daily	Daily	1	0.0700	1,134,505.37	1,134,505.37	N/A	1,134,505.37
<b>Money Market Total</b>						<b>1</b>	<b>0.0700</b>	<b>1,991,177.64</b>	<b>1,991,177.64</b>		<b>1,991,177.64</b>
Stormwater Sinking	1567298	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	971,286.88	971,286.88	N/A	971,286.88
Sewer Sinking	1566815	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	1,186,068.83	1,186,068.83	N/A	1,186,068.83
Crivaro	1356872	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	1,214.14	1,214.14	N/A	1,214.14
CDBG Loan	1357052	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	298,336.94	298,336.94	N/A	298,336.94
Perm Cem Maint	1566879	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	74,106.04	74,106.04	N/A	74,106.04
Good Faith	various	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	192,891.98	192,891.98	N/A	192,891.98
<b>Cash Account Total</b>						<b>1</b>	<b>0.0700</b>	<b>2,723,904.81</b>	<b>2,723,904.81</b>	<b>N/A</b>	<b>2,723,904.81</b>
<b>Investment Total</b>						<b>505</b>	<b>0.4447</b>	<b>19,659,028.62</b>	<b>19,665,082.45</b>	<b>147,255.77</b>	<b>19,647,248.95</b>



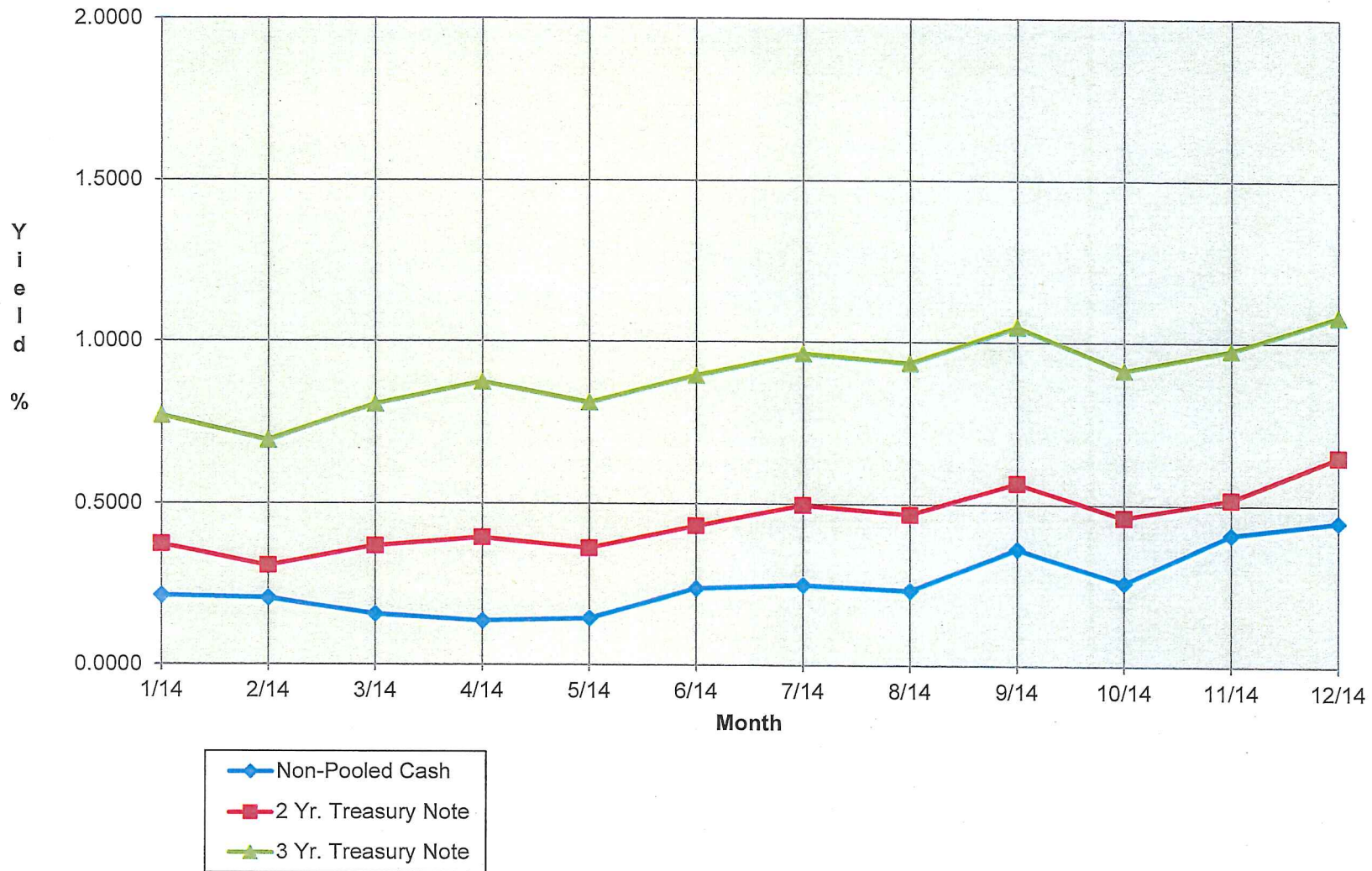
**City of Des Moines  
Pooled Portfolio Detail  
As of December 31, 2014**

<u>Invest Number</u>	<u>CUSIP</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>
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
<b>Certificate of Deposit Total</b>						<b>625</b>	<b>0.4750</b>	<b>5,000,000.00</b>	<b>5,000,000.00</b>	<b>40,595.90</b>	<b>5,000,000.00</b>
15-0018	00850VN24	Commercial Paper	Great Pacific	9/26/2014	1/2/2015	98	0.4568	3,995,100.00	4,000,000.00	4,900.00	3,995,100.00
15-0024	0027A1SF7	Commercial Paper	RBC Dain Raucher	11/17/2014	5/15/2015	179	0.2995	3,994,132.76	4,000,000.00	5,867.24	3,994,132.76
<b>Commercial Paper Total</b>						<b>139</b>	<b>0.3782</b>	<b>7,989,232.76</b>	<b>8,000,000.00</b>	<b>10,767.24</b>	<b>7,989,232.76</b>
14-0068	3133EAQV3	Federal Farm Credit	Coastal Securities	6/30/2014	9/15/2015	442	0.2100	502,050.31	500,000.00	1,272.61	501,060.00
14-0044	3133EDET5	Federal Farm Credit	FTN Financial	2/10/2014	11/5/2015	633	0.2638	2,001,600.00	2,000,000.00	9,163.89	1,999,920.00
15-0005	3133ED7L0	Federal Farm Credit	Coastal Securities	7/31/2014	11/13/2015	470	0.2950	5,002,238.45	5,000,000.00	18,936.55	5,001,200.00
15-0016	3133ECLQ5	Federal Farm Credit	Wells Fargo Instit. Brokerag	9/26/2014	3/18/2016	532	0.4040	749,403.83	750,000.00	4,475.34	750,757.50
<b>Federal Farm Credit Total</b>						<b>519</b>	<b>0.2932</b>	<b>8,255,292.59</b>	<b>8,250,000.00</b>	<b>33,848.39</b>	<b>8,252,937.50</b>
15-0003	3133XBTS4	FHLB	FTN Financial	8/1/2014	6/12/2015	315	0.1800	5,191,753.59	5,000,000.00	8,020.72	5,098,200.00
15-0004	3130A2S23	FHLB	Wells Fargo Instit. Brokerag	8/1/2014	8/28/2015	392	0.2103	4,999,450.00	5,000,000.00	3,900.00	4,998,000.00
<b>Federal Home Loan Bank Total</b>						<b>354</b>	<b>0.1952</b>	<b>10,191,203.59</b>	<b>10,000,000.00</b>	<b>11,920.72</b>	<b>10,096,200.00</b>
15-0027	313384EC9	FHLB Discount	Wells Fargo Instit. Brokerag	11/20/2014	4/9/2015	140	0.0710	3,998,911.11	4,000,000.00	1,088.89	3,999,080.00
15-0020	313384EL9	FHLB Discount	Great Pacific	10/28/2014	4/17/2015	171	0.0659	3,998,765.00	4,000,000.00	1,235.00	3,999,000.00
15-0021	313384ET2	FHLB Discount	Great Pacific	10/28/2014	4/24/2015	178	0.0710	3,998,615.56	4,000,000.00	1,384.44	3,998,920.00
15-0031	313384FX2	FHLB Discount	Wells Fargo Instit. Brokerag	12/2/2014	5/22/2015	171	0.1065	3,998,005.00	4,000,000.00	1,995.00	3,998,600.00
15-0032	313384GE3	FHLB Discount	Wells Fargo Instit. Brokerag	12/2/2014	5/29/2015	178	0.1167	3,997,725.56	4,000,000.00	2,274.44	3,998,520.00
15-0034	313384GU7	FNMA Discount Note	Wells Fargo Instit. Brokerag	12/18/2014	6/12/2015	176	0.1420	3,997,262.22	4,000,000.00	2,737.78	3,998,200.00
<b>Federal Home Loan Bank Discount Total</b>						<b>169</b>	<b>0.0955</b>	<b>23,989,284.45</b>	<b>24,000,000.00</b>	<b>10,715.55</b>	<b>23,992,320.00</b>
15-0002	3137EADD8	FHLMC	FTN Financial	7/31/2014	4/17/2015	260	0.1400	5,012,788.09	5,000,000.00	4,989.69	5,004,750.00
15-0008	3137EADD8	FHLMC	FTN Financial	7/31/2014	4/17/2015	260	0.1401	501,278.50	500,000.00	499.28	500,475.00
14-0043	3134G3ZA1	FHLMC	Coastal Securities	2/7/2014	8/28/2015	567	0.2293	3,012,592.24	3,000,000.00	10,782.76	3,005,160.00
<b>Federal Home Loan Mortgage Corp Total</b>						<b>362</b>	<b>0.1698</b>	<b>8,526,658.83</b>	<b>8,500,000.00</b>	<b>16,271.73</b>	<b>8,510,385.00</b>
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	500,220.00
<b>Federal National Mortgage Assn Total</b>						<b>549</b>	<b>0.2906</b>	<b>500,635.00</b>	<b>500,000.00</b>	<b>2,193.12</b>	<b>500,220.00</b>
15-0023	313588FA8	FNMA Discount Note	Great Pacific	11/18/2014	5/1/2015	164	0.0964	3,998,268.88	4,000,000.00	1,731.12	3,998,800.00
15-0026	313588FH3	FNMA Discount Note	RBC Dain Raucher	11/18/2014	5/8/2015	171	0.0811	3,998,480.00	4,000,000.00	1,520.00	3,998,720.00
15-0033	313396GM9	FNMA Discount Note	Wells Fargo Instit. Brokerag	12/18/2014	6/5/2015	169	0.1370	3,997,465.00	4,000,000.00	2,535.00	3,998,280.00

**City of Des Moines  
Pooled Portfolio Detail  
As of December 31, 2014**

<u>Invest Number</u>	<u>CUSIP</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>
<b>Federal National Mortgage Assn Discount Total</b>						<b>168</b>	<b>0.1048</b>	<b>11,994,213.88</b>	<b>12,000,000.00</b>	<b>5,786.12</b>	<b>11,995,800.00</b>
General Operating	140320243	Money Market	PFM Prime Institutional	Daily	Daily	1	0.0700	49,908,355.49	49,908,355.49	N/A	49,908,355.49
2012A GO	140325655	Money Market	PFM Prime Institutional	Daily	Daily	1	0.0700	320,000.00	320,000.00	N/A	320,000.00
2012D GO Sewer	140328592	Money Market	PFM Prime Institutional	Daily	Daily	1	0.0700	517,013.49	517,013.49	N/A	517,013.49
2012E GO Stmwtr	140328600	Money Market	PFM Prime Institutional	Daily	Daily	1	0.0700	2,586,056.38	2,586,056.38	N/A	2,586,056.38
213A GO	140333824	Money Market	PFM Prime Institutional	Daily	Daily	1	0.0700	3,000,000.00	3,000,000.00	N/A	3,000,000.00
2014C GO	140334855	Money Market	PFM Prime Institutional	Daily	Daily	1	0.0700	5,000,000.00	5,000,000.00	N/A	5,000,000.00
2014D GO	140334863	Money Market	PFM Prime Institutional	Daily	Daily	1	0.0700	250,000.00	250,000.00	N/A	250,000.00
<b>Money Market Total</b>						<b>1</b>	<b>0.0700</b>	<b>61,581,425.36</b>	<b>61,581,425.36</b>	<b>-</b>	<b>61,581,425.36</b>
General Operating	23450	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	15,529,316.73	15,529,316.73	N/A	15,529,316.73
Spec Assess	1395789	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	218,498.96	218,498.96	N/A	218,498.96
Trust and Agency	23523	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	704,574.09	704,574.09	N/A	704,574.09
Parking Meters	1117290	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	144,856.46	144,856.46	N/A	144,856.46
Parking Ramps	23493	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	477,171.17	477,171.17	N/A	477,171.17
Park and Ride	23515	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	90,982.67	90,982.67	N/A	90,982.67
Pools	1395078	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	-	-	N/A	-
<b>Cash Account Total</b>						<b>1</b>	<b>0.0700</b>	<b>17,165,400.08</b>	<b>17,165,400.08</b>	<b>N/A</b>	<b>17,165,400.08</b>
<b>Investment Total</b>						<b>139</b>	<b>0.1319</b>	<b>155,193,346.54</b>	<b>154,996,825.44</b>	<b>132,098.77</b>	<b>155,083,920.70</b>

**City of Des Moines  
Non-Pooled Cash Portfolio Yield  
For the Twelve Months Ended September 30, 2014**





**City of Des Moines  
Pooled Cash Portfolio Yield  
For the Twelve Months Ended September 30, 2014**

