

★ Roll Call Number

Agenda Item Number

34

Date October 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 14-1149, 14-1649, 15-0126 and 15-1259.

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, 2015 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				

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 September 30, 2015

Prepared by
Heide U. Green, Treasury Manager
Dan Ritter, Finance Director/Treasurer

Quarterly Treasurer's Report As of September 30, 2015

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

Pages 5 and 6 of the report ("Investment Definitions" and the pie graph of "Combined Portfolio Composition") provide information with which to assess the safety of the City's principal.

As of September 30, 50.07 percent of the \$162.9 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. 14.3 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 table on page 9 labeled "Pooled Portfolio Detail." The column labeled "Days-Purchase to Maturity" shows this \$147.3 million portion of the portfolio to have an average maturity of 164 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. On page 7, the last line on the second page of the table labeled "Non-Pooled Portfolio Detail" reveals that the average maturity of the \$15.5 million of investments in this category is 553 days.

Return on Investments

The final two pages, 10 and 11, 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 164 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 553 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.

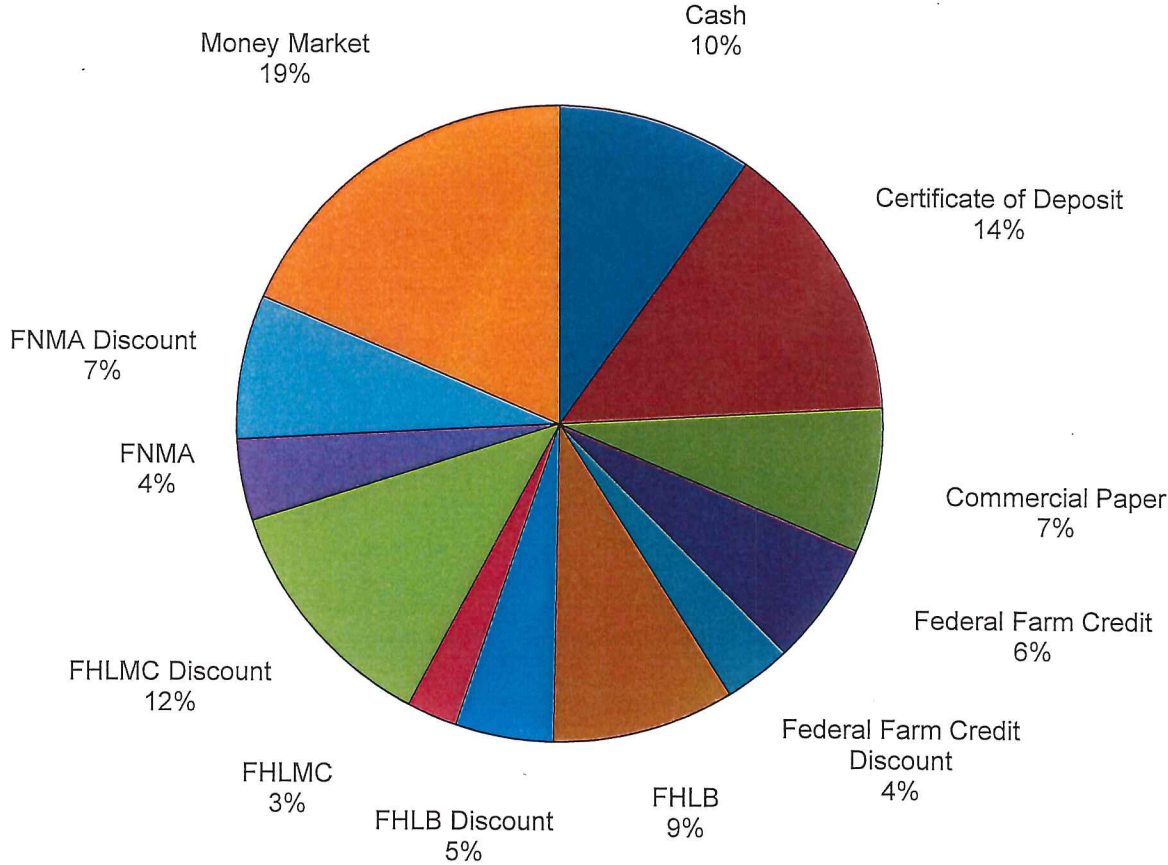
Other

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 \$162,886,105
As of September, 30, 2015**



**City of Des Moines
Non-Pooled Portfolio Detail
As of September 30, 2015**

<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>
15-0025	3130A3EW0	FHLB	Great Pacific	11/18/2014	12/16/2016	748	0.6077	997,780.00	1,000,000.00	1,185.10	1,000,740.00
15-0052	3130A4W32	FHLB	Coastal Securities	4/30/2015	4/28/2017	718	0.7000	1,000,000.00	1,000,000.00	12,608.89	1,000,470.00
Federal Home Loan Bank Total						733	0.6539	1,997,780.00	2,000,000.00	13,793.99	2,001,210.00
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	1,300,572.00
15-0038	3137EADJ5	FHLMC	Great Pacific	1/20/2015	7/28/2017	908	0.7087	1,007,270.00	1,000,000.00	17,952.22	1,006,760.00
15-0061	3134G6U43	FHLMC	Coastal Securities	5/29/2015	5/25/2018	1076	1.1500	1,800,000.00	1,800,000.00	61,870.00	1,803,834.00
Federal Home Loan Mortgage Corp Total						843	0.7507	4,107,400.00	4,100,000.00	87,578.89	4,111,166.00
15-0068	3136G0QW4	FNMA	Coastal Securities	6/29/2015	7/11/2018	1092	1.2150	1,857,413.40	1,850,000.00	68,344.10	1,870,738.50
15-0069	3136G0QW4	FNMA	Coastal Securities	6/29/2015	7/11/2018	1092	1.2150	1,405,610.14	1,400,000.00	51,719.86	1,415,694.00
Fannie Mae Total						1092	1.2150	3,263,023.54	3,250,000.00	120,063.96	3,286,432.50
Swartzell Trust	140320268	Money Market	PFM Prime Institutional	Daily	Daily	1	0.1100	357,117.00	357,117.00	N/A	357,117.00
2010F Stormwater	140324880	Money Market	PFM Prime Institutional	Daily	Daily	1	0.1100	486,011.30	486,011.30	N/A	486,011.30
2014A GO	140334285	Money Market	PFM Prime Institutional	Daily	Daily	1	0.1100	25,202.83	25,202.83	N/A	25,202.83
2014B Sewer	140334340	Money Market	PFM Prime Institutional	Daily	Daily	1	0.1100	1,230,324.11	1,230,324.11	N/A	1,230,324.11
Money Market Total						1	0.1100	2,098,655.24	2,098,655.24		3,999,960.00
Stormwater Sinking	1567298	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	1,294,956.91	1,294,956.91	N/A	1,294,956.91
Sewer Sinking	1566815	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	943,054.18	943,054.18	N/A	943,054.18
Crivaro	1356872	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	1,214.78	1,214.78	N/A	1,214.78
CDBG Loan	1357052	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	569,888.76	569,888.76	N/A	569,888.76
Perm Cem Maint	1566879	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	1,145,062.73	1,145,062.73	N/A	1,145,062.73
Good Faith	various	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	124,141.10	124,141.10	N/A	124,141.10
Cash Account Total						1	0.0700	4,078,318.46	4,078,318.46	N/A	4,078,318.46
Investment Total						553	0.5843	15,545,177.24	15,526,973.70	221,436.84	16,526,434.58

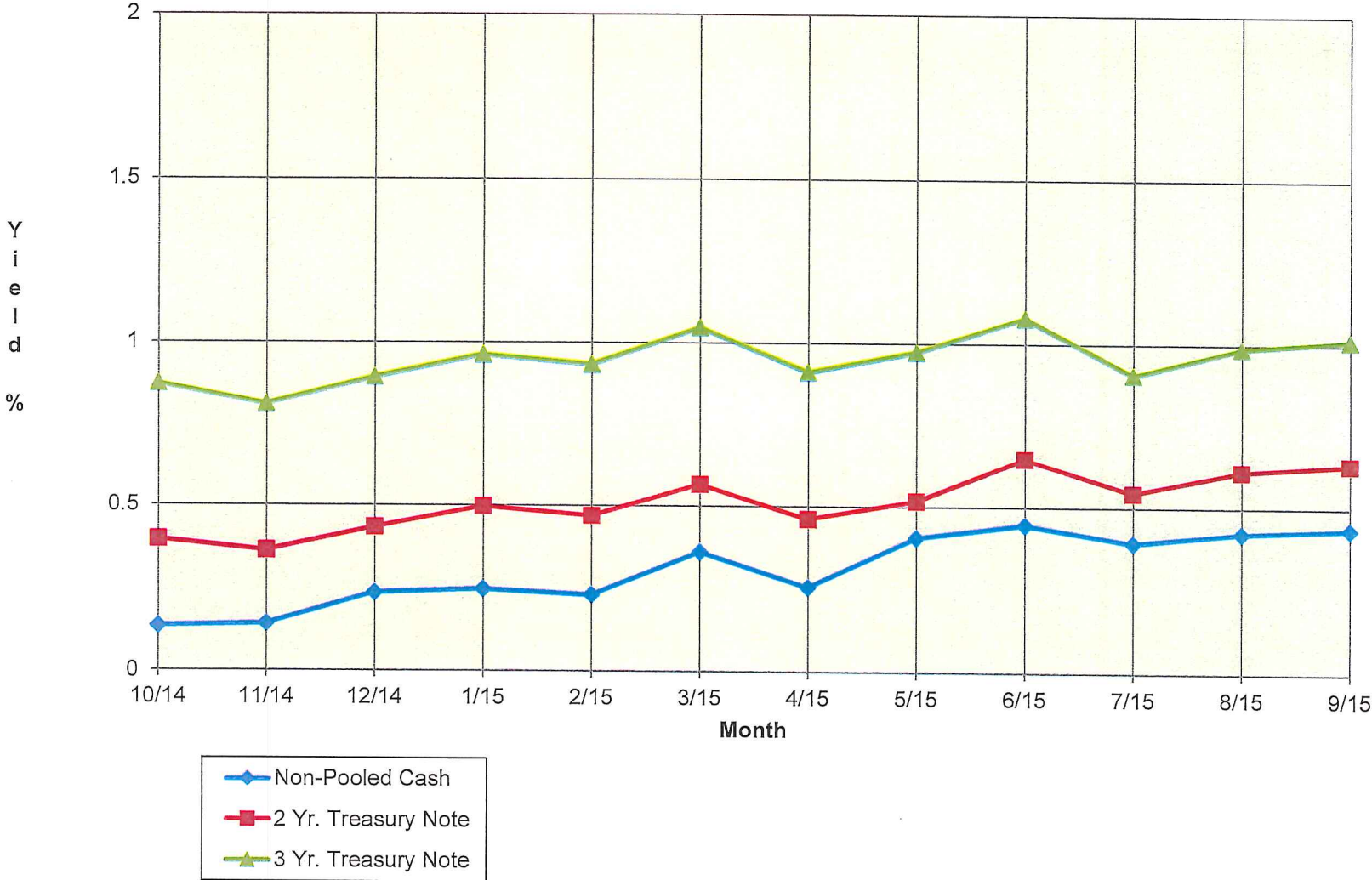
**City of Des Moines
Pooled Portfolio Detail
As of September 30, 2015**

<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>
15-0063		Certificate of Deposit	Metabank	6/24/2015	11/6/2015	135	0.3300	4,000,000.00	4,000,000.00	4,882.19	4,000,000.00
15-0064		Certificate of Deposit	Metabank	6/24/2015	11/13/2015	142	0.3300	4,000,000.00	4,000,000.00	5,135.34	4,000,000.00
16-0004		Certificate of Deposit	Metabank	8/12/2015	12/18/2015	128	0.3500	2,800,000.00	2,800,000.00	3,436.71	2,800,000.00
16-0013		Certificate of Deposit	Metabank	9/1/2015	1/4/2016	125	0.3700	5,000,000.00	5,000,000.00	6,335.20	5,000,000.00
15-0072		Certificate of Deposit	Metabank	6/29/2015	1/27/2016	212	0.3700	1,500,000.00	1,500,000.00	3,222.48	1,500,000.00
16-0014		Certificate of Deposit	Metabank	9/1/2015	1/28/2016	149	0.3700	6,000,000.00	6,000,000.00	9,057.98	6,000,000.00
Certificate of Deposit Total						149	0.3533	23,300,000.00	23,300,000.00	32,069.90	23,300,000.00
15-0062	15239CXP4	Commercial Paper	Great Pacific	6/19/2015	10/23/2015	126	0.3146	3,995,660.00	4,000,000.00	4,340.00	3,995,660.00
15-0071	62478YYL6	Commercial Paper	RBC Dain Raucher	6/30/2015	11/20/2015	143	0.2537	3,996,027.76	4,000,000.00	3,972.24	3,996,027.76
16-0001	00280PYR0	Commercial Paper	FTN Financial	7/28/2015	11/25/2015	120	0.3146	3,995,866.67	4,000,000.00	4,133.33	3,995,866.67
Commercial Paper Total						130	0.2943	11,987,554.43	12,000,000.00	12,445.57	11,987,554.43
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	2,000,320.00
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	5,000,800.00
15-0016	3133ECLQ5	Federal Farm Credit	Wells Fargo Instit. Brokerage	9/26/2014	3/18/2016	532	0.4040	749,403.83	750,000.00	4,475.34	750,622.50
16-0009	31331XLG5	Federal Farm Credit 4	Coastal Securities	8/13/2015	1/17/2017	514	0.5375	2,441,694.62	2,300,000.00	18,394.96	2,429,398.00
Federal Farm Credit Total						537	0.3751	10,194,936.90	10,050,000.00	50,970.74	10,181,140.50
16-0005	313312UZ1	Federal Farm Credit Di	FTN Financial	8/13/2015	3/31/2016	231	0.3148	5,588,860.65	5,600,000.00	11,139.35	5,594,176.00
Federal Farm Credit Discount Total						231	0.3148	5,588,860.65	5,600,000.00	11,139.35	5,594,176.00
16-0006	3130A5ZA0	FHLB	Coastal Securities	8/13/2015	8/16/2016	363	0.4225	3,998,693.44	4,000,000.00	17,036.56	3,999,760.00
16-0007	3130A2T97	FHLB	FTN Financial	8/13/2015	9/28/2016	405	0.4473	4,002,360.00	4,000,000.00	20,140.00	4,003,040.00
16-0008	3130A6AS6	FHLB	Coastal Securities	8/13/2015	11/10/2016	447	0.5275	4,901,366.79	4,900,000.00	32,096.13	4,903,136.00
Federal Home Loan Bank Total						405	0.4658	12,902,420.23	12,900,000.00	69,272.69	12,905,936.00
16-0015	313384SC4	FHLB Discount Note C	Piper Jaffray	9/22/2015	1/22/2016	122	0.1725	3,997,695.56	4,000,000.00	2,304.44	3,992,800.00
16-0016	313384SK6	FHLB Discount Note C	Great Pacific	9/29/2015	1/29/2016	122	0.1116	3,998,508.89	4,000,000.00	1,491.11	3,992,400.00
Federal Home Loan Bank Discount Total						122	0.1421	7,996,204.45	8,000,000.00	3,795.55	7,985,200.00
15-0057	313396ML4	FHLMC Discount	Great Pacific	5/13/2015	10/2/2015	142	0.0811	3,998,737.76	4,000,000.00	1,262.24	4,000,000.00
15-0058	313396MT7	FHLMC Discount	Great Pacific	5/13/2015	10/9/2015	149	0.0811	3,998,675.56	4,000,000.00	1,324.44	3,999,960.00
15-0059	313396MZ3	FHLMC Discount	Great Pacific	5/13/2015	10/15/2015	155	0.0811	3,998,622.24	4,000,000.00	1,377.76	3,999,960.00
16-0012	313396RN5	FHLMC Discount	FTN Financial	8/28/2015	1/8/2016	133	0.2131	3,996,896.67	4,000,000.00	3,103.33	3,998,560.00
16-0017	313396SS3	FHLMC Discount	Great Pacific	9/29/2015	2/5/2016	129	0.1623	3,997,706.67	4,000,000.00	2,293.33	3,997,600.00
Federal Home Loan Mortgage Corp Discount Total						142	0.1237	19,990,638.90	20,000,000.00	9,361.10	19,996,080.00
15-0044	3136FPJQ1	FNMA	Great Pacific	3/23/2015	9/21/2016	538	0.5565	511,655.00	500,000.00	4,223.47	507,950.00

**City of Des Moines
Pooled Portfolio Detail
As of September 30, 2015**

<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>
16-0010	3135G0JA2	FNMA	Great Pacific	8/13/2015	4/27/2017	614	0.6049	3,026,430.00	3,000,000.00	31,132.50	3,024,930.00
Federal National Mortgage Assn Total						576	0.5807	3,538,085.00	3,500,000.00	35,355.97	3,532,880.00
16-0002	313588QB4	FNMA Discount	Great Pacific	7/31/2015	12/4/2015	126	0.0913	3,998,740.00	4,000,000.00	1,260.00	3,999,200.00
16-0003	313588QJ7	FNMA Discount	Great Pacific	7/31/2015	12/11/2015	133	0.0913	3,998,670.00	4,000,000.00	1,330.00	33,999,120.00
16-0011	313588QW8	FNMA Discount	Great Pacific	8/24/2015	12/23/2015	121	0.1826	3,997,580.00	4,000,000.00	2,420.00	3,999,000.00
Federal National Mortgage Assn Discount Total						127	0.1217	11,994,990.00	12,000,000.00	5,010.00	41,997,320.00
General Operating	140320243	Money Market	PFM Prime Institutional	Daily	Daily	1	0.1100	13,918,906.58	13,918,906.58	N/A	13,918,906.58
2012D GO Sewer	140328592	Money Market	PFM Prime Institutional	Daily	Daily	1	0.1100	521,210.90	521,210.90	N/A	521,210.90
2012E GO Stmwtr	140328600	Money Market	PFM Prime Institutional	Daily	Daily	1	0.1100	2,594,451.21	2,594,451.21	N/A	2,594,451.21
2014C GO	140334855	Money Market	PFM Prime Institutional	Daily	Daily	1	0.1100	7,012,238.09	7,012,238.09	N/A	7,012,238.09
2014D GO	140334863	Money Market	PFM Prime Institutional	Daily	Daily	1	0.1100	751,278.50	751,278.50	N/A	751,278.50
2015A GO	140336249	Money Market	PFM Prime Institutional	Daily	Daily	1	0.1100	3,200,000.00	3,200,000.00	N/A	3,200,000.00
Money Market Total						1	0.1100	27,998,085.28	27,998,085.28	N/A	27,998,085.28
General Operating	23450	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	9,901,601.61	9,901,601.61	N/A	9,901,601.61
Spec Assess	1395789	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	612,227.84	612,227.84	N/A	612,227.84
Trust and Agency	23523	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	702,769.93	702,769.93	N/A	702,769.93
Parking Meters	1117290	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	151,874.86	151,874.86	N/A	151,874.86
Parking Ramps	23493	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	393,711.76	393,711.76	N/A	393,711.76
Park and Ride	23515	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	86,965.53	86,965.53	N/A	86,965.53
Pools	1395078	Cash Account	Bankers Trust	Daily	Daily	1	0.0700	0.18	0.18	N/A	0.18
Cash Account Total						1	0.0700	11,849,151.71	11,849,151.71	N/A	11,849,151.71
Investment Total						164	0.2329	147,340,927.55	147,197,236.99	229,420.87	177,327,523.92

**City of Des Moines
Non-Pooled Cash Portfolio Yield
For the Twelve Months Ended September 30, 2015**



**City of Des Moines
Pooled Cash Portfolio Yield
For the Twelve Months Ended September 30, 2015**

