

★ Roll Call Number

Agenda Item Number
42

Date April 25, 2016

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 15-0126, 15-1259, 15-1793 and 16-0135.

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, 2016 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 March 31, 2016

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

Date 4.25.2016
Agenda Item 42
Roll Call # _____

**Quarterly Treasurer's Report
As of March 31, 2016**

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 March 31, 55.88 percent of the \$193.4 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.

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 \$174.6 million portion of the portfolio to have an average maturity of 133 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 of the table labeled "Non-Pooled Portfolio Detail"

reveals that the average maturity of the \$18.8 million of investments in this category is 527 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 133 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 527 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.

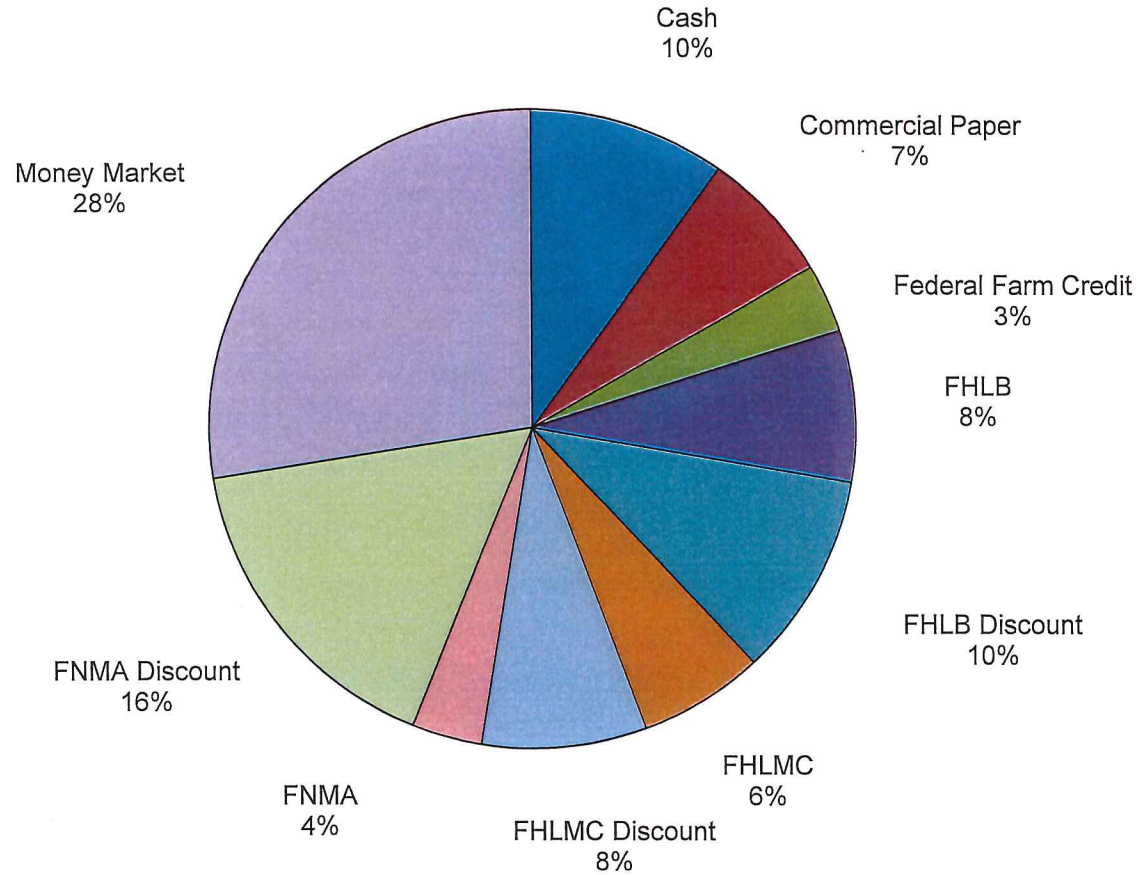
Other

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 \$193,408,938
As of March 31, 2016**



**City of Des Moines
Non-Pooled Portfolio Detail
As of March 31, 2016**

<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>
16-0031	3133EFKR7	Federal Farm Credit	FTN Financial	10/30/2015	4/21/2017	531	0.5593	999,130.00	1,000,000.00	8,245.00	997,580.00
Federal Farm Credit Total						531	0.5593	999,130.00	1,000,000.00	8,245.00	997,580.00
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	999,350.00
16-0032	3130A4GJ5	FHLB	Great Pacific	10/29/2015	4/25/2018	896	0.8090	1,007,770.00	1,000,000.00	20,230.00	1,007,580.00
Federal Home Loan Bank Total						822	0.7084	2,005,550.00	2,000,000.00	32,838.89	2,006,930.00
15-0028	3134G5RF4	FHLMC	Wells Fargo Instit. Brokera	11/21/2014	5/27/2016	546	0.3934	1,300,130.00	1,300,000.00	7,756.67	1,300,130.00
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	1,003,610.00
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	1,800,288.00
Federal Home Loan Mortgage Corp Total						843	0.7507	4,107,400.00	4,100,000.00	87,578.89	4,104,028.00
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	1,868,851.50
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	1,414,266.00
Fannie Mae Total						1092	1.2150	3,263,023.54	3,250,000.00	120,063.96	3,283,117.50
16-0030	313588XN0	FNMA Discount	FTN Financial	10/29/2015	5/31/2016	215	0.2132	1,448,181.45	1,450,000.00	1,818.55	1,448,971.97
16-0041	313588XN0	FNMA Discount	Great Pacific	1/12/2016	5/31/2016	140	0.3858	2,196,748.88	2,200,000.00	3,251.12	2,197,948.03
Fannie Mae Discount Note Total						178	0.2995	3,644,930.33	3,650,000.00	5,069.67	3,646,920.00
Swartzell Trust	140320268	Money Market	PFM Prime Institutional	Daily	Daily	1	0.4743	357,117.00	357,117.00	N/A	357,117.00
Sewer Sinking	140324633	Money Market	PFM Prime Institutional	Daily	Daily	1	0.4743	240,000.00	240,000.00	N/A	240,000.00
Stormwater Sinking	140322173	Money Market	PFM Prime Institutional	Daily	Daily	1	0.4743	375,000.00	375,000.00	N/A	375,000.00
2014A GO	140334285	Money Market	PFM Prime Institutional	Daily	Daily	1	0.4743	1,123,195.98	1,123,195.98	N/A	1,123,195.98
2014B Sewer	140334340	Money Market	PFM Prime Institutional	Daily	Daily	1	0.4743	1,230,324.11	1,230,324.11	N/A	1,230,324.11
Money Market Total						1	0.4743	3,325,637.09	3,325,637.09		3,325,637.09
Stormwater Sinking	1567298	Cash Account	Bankers Trust	Daily	Daily	1	0.1000	332,794.02	332,794.02	N/A	332,794.02
Sewer Sinking	1566815	Cash Account	Bankers Trust	Daily	Daily	1	0.1000	238,483.40	238,483.40	N/A	238,483.40
Crivaro	1356872	Cash Account	Bankers Trust	Daily	Daily	1	0.1000	1,215.27	1,215.27	N/A	1,215.27
CDBG Loan	1357052	Cash Account	Bankers Trust	Daily	Daily	1	0.1000	614,004.50	614,004.50	N/A	614,004.50
Perm Cem Maint	1566879	Cash Account	Bankers Trust	Daily	Daily	1	0.1000	184,584.62	184,584.62	N/A	184,584.62
Good Faith	various	Cash Account	Bankers Trust	Daily	Daily	1	0.1000	104,950.24	104,950.24	N/A	104,950.24
Cash Account Total						1	0.1000	1,476,032.05	1,476,032.05	N/A	1,476,032.05
Investment Total						527	0.6440	18,821,703.01	18,801,669.14	253,796.41	18,840,244.64

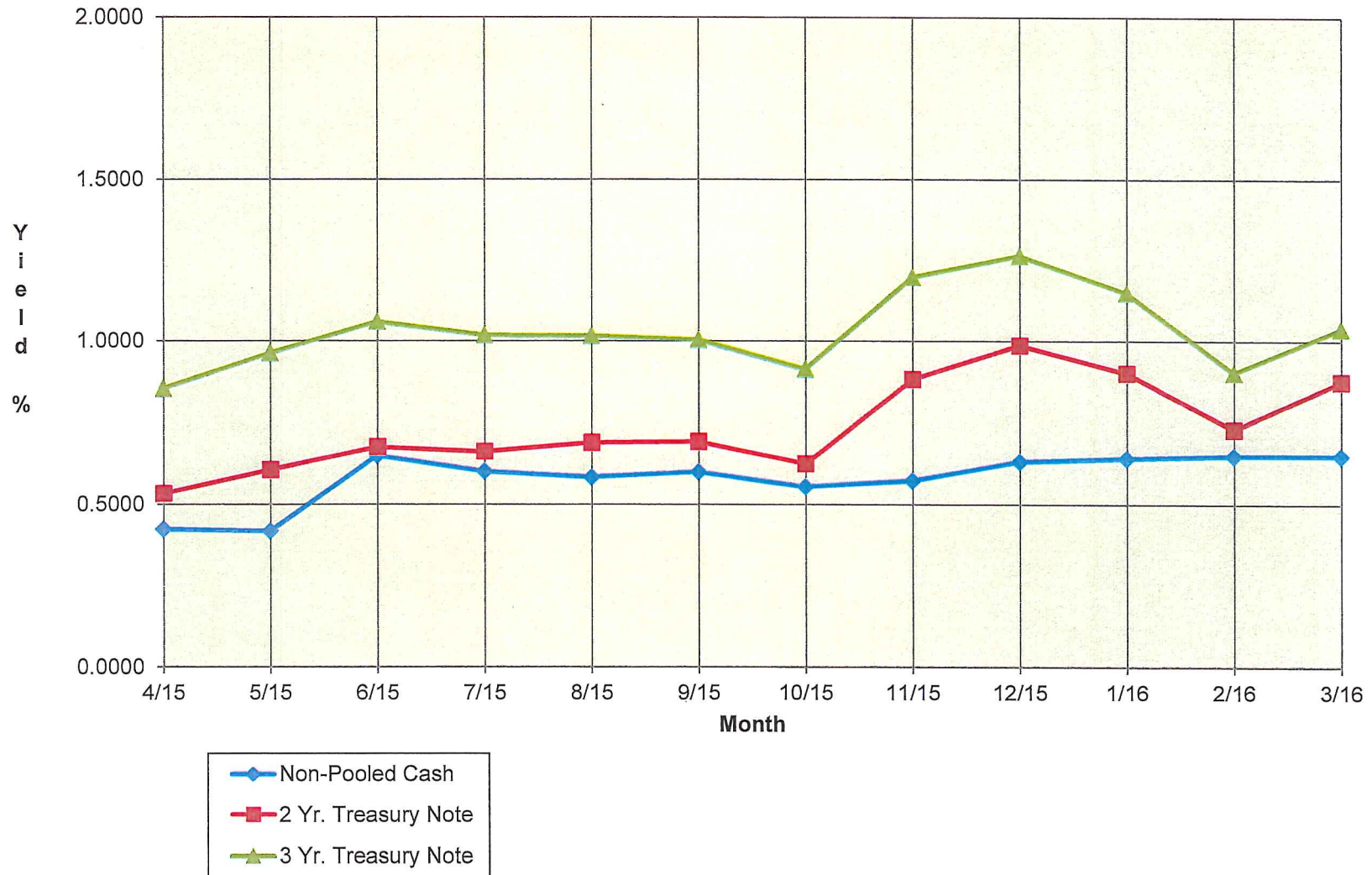
**City of Des Moines
Pooled Portfolio Detail
As of March 31, 2016**

<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>
16-0035	4497W0DE5	Commercial Paper	Piper Jaffray	11/16/2015	4/14/2016	150	0.4673	4,990,416.67	5,000,000.00	9,583.33	4,990,416.67
16-0036	60682WE61	Commercial Paper	Great Pacific	11/24/2015	5/6/2016	164	0.5387	3,990,342.24	4,000,000.00	9,657.76	3,990,342.24
16-0037	63873JED8	Commercial Paper	Great Pacific	11/24/2015	5/13/2016	171	0.5897	3,988,980.00	4,000,000.00	11,020.00	3,988,980.00
Commercial Paper Total						162	0.5319	12,969,738.91	13,000,000.00	30,261.09	12,969,738.91
16-0048	3133EEFA3	Federal Farm Credit	Piper Jaffray	2/3/2016	12/15/2016	312	0.6373	2,001,424.56	2,000,000.00	11,055.44	2,000,640.00
16-0009	31331XLG5	Federal Farm Credit	Coastal Securities	8/13/2015	1/17/2017	514	0.5375	2,441,694.62	2,300,000.00	18,394.96	2,376,958.00
16-0031	3133EFKR7	Federal Farm Credit	FTN Financial	10/30/2015	4/21/2017	531	0.5593	499,565.00	500,000.00	4,122.50	498,790.00
16-0054	31331KR44	Federal Farm Credit	RBC Dain Raucher	3/31/2016	11/8/2017	578	0.7600	758,823.00	750,000.00	9,208.25	758,820.00
Federal Farm Credit Total						484	0.6235	5,701,507.18	5,550,000.00	42,781.15	5,635,208.00
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	4,000,560.00
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	3,999,800.00
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	4,898,873.00
Federal Home Loan Bank Total						405	0.4658	12,902,420.23	12,900,000.00	69,272.69	12,899,233.00
16-0025	313384VA4	FHLB Discount Note	Piper Jaffray	10/13/2015	4/1/2016	171	0.2131	3,996,010.00	4,000,000.00	3,990.00	4,000,000.00
16-0026	313384VH9	FHLB Discount Note	Piper Jaffray	10/13/2015	4/8/2016	178	0.2233	3,995,648.80	4,000,000.00	4,351.20	4,000,000.00
16-0038	313384XB0	FHLB Discount Note	Great Pacific	12/8/2015	5/20/2016	164	0.4776	3,991,435.56	4,000,000.00	8,564.44	4,998,600.00
16-0049	313384YM5	FHLB Discount Note	Great Pacific	2/8/2016	6/23/2016	136	0.4062	3,993,955.56	4,000,000.00	6,044.44	4,000,000.00
16-0050	313396YU1	FHLB Discount Note	Great Pacific	2/8/2016	6/30/2016	143	0.4062	3,993,644.44	4,000,000.00	6,355.56	4,000,000.00
Federal Home Loan Bank Discount Total						158	0.3453	19,970,894.36	20,000,000.00	29,305.64	20,998,600.00
16-0039	3134G5RF4	FHLMC	Piper Jaffray	12/8/2015	5/27/2016	169	0.4853	3,998,400.00	4,000,000.00	9,111.11	4,000,400.00
16-0047	3137EACW7	FHLMC	Piper Jaffray	2/3/2016	8/25/2016	202	0.5251	4,033,006.64	4,000,000.00	11,882.25	4,023,720.00
Federal National Mortgage Assn Total						186	0.5052	8,031,406.64	8,000,000.00	20,993.36	8,024,120.00
16-0027	313396VQ3	FHLMC Discount	RBC Dain Raucher	10/13/2015	4/15/2016	185	0.1624	3,996,711.12	4,000,000.00	3,288.88	3,999,680.00
16-0028	313396VX8	FHLMC Discount	FTN Financial	10/13/2015	4/22/2016	192	0.1725	3,996,373.33	4,000,000.00	3,626.67	3,999,520.00
16-0042	313396XR9	FHLMC Discount	Wells Fargo Instit. Brokerage	1/26/2016	6/3/2016	129	0.3858	3,994,553.33	4,000,000.00	5,446.67	3,997,840.00
16-0052	313396ZC0	FHLMC Discount	FTN Financial	2/18/2016	7/8/2016	141	0.3859	3,994,046.68	4,000,000.00	5,953.32	3,996,080.00
Federal Home Loan Mortgage Corp Discount Total						162	0.2767	15,981,684.46	16,000,000.00	18,315.54	15,993,120.00
15-0044	3136FPJQ1	FNMA	Great Pacific	3/23/2015	9/21/2016	538	0.5565	511,655.00	500,000.00	4,223.47	503,835.00
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	3,014,070.00
Federal National Mortgage Assn Total						576	0.5807	3,538,085.00	3,500,000.00	35,355.97	3,517,905.00
16-0034	313588VH5	FNMA Discount	FTN Financial	11/16/2015	4/8/2016	144	0.2182	3,996,560.00	4,000,000.00	3,440.00	3,999,840.00
16-0029	313588WE1	FNMA Discount	RBC Dain Raucher	10/13/2015	4/29/2016	199	0.2030	3,995,577.76	4,000,000.00	2,420.00	3,999,360.00
16-0051	313588XN0	FNMA Discount	Great Pacific	2/18/2016	5/31/2016	103	0.3603	7,991,874.48	8,000,000.00	8,125.52	7,991,874.48

**City of Des Moines
Pooled Portfolio Detail
As of March 31, 2016**

<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>
16-0045	313588XY6	FNMA Discount	Piper Jaffray	2/2/2016	6/10/2016	129	0.3858	3,994,553.33	4,000,000.00	5,446.67	3,997,600.00
16-0046	313588YF6	FNMA Discount	Piper Jaffray	2/2/2016	6/17/2016	136	0.3960	3,994,106.67	4,000,000.00	5,893.33	3,997,360.00
16-0053	313588ZK4	FNMA Discount	FTN Financial	2/18/2016	7/15/2016	148	0.3910	3,993,668.88	4,000,000.00	6,331.12	3,995,800.00
Federal National Mortgage Assn Discount Total						143	0.3257	27,966,341.12	28,000,000.00	31,656.64	27,981,834.48
General Operating	140320243	Money Market	PFM Prime Institutional	Daily	Daily	1	0.4743	34,947,880.98	34,947,880.98	N/A	34,947,880.98
2012D GO Sewer	140328592	Money Market	PFM Prime Institutional	Daily	Daily	1	0.4743	504,707.58	504,707.58	N/A	504,707.58
2012E GO Strmwtr	140328600	Money Market	PFM Prime Institutional	Daily	Daily	1	0.4743	1,578,123.33	1,578,123.33	N/A	1,578,123.33
2013A GO	140333824	Money Market	PFM Prime Institutional	Daily	Daily	1	0.4743	1,100,000.00	1,100,000.00	N/A	1,100,000.00
2014C GO	140334855	Money Market	PFM Prime Institutional	Daily	Daily	1	0.4743	3,014,476.54	3,014,476.54	N/A	3,014,476.54
2015A GO	140336249	Money Market	PFM Prime Institutional	Daily	Daily	1	0.4743	8,788,860.65	8,788,860.65	N/A	8,788,860.65
Money Market Total						1	0.4743	49,934,049.08	49,934,049.08	N/A	49,934,049.08
General Operating	23450	Cash Account	Bankers Trust	Daily	Daily	1	0.1000	15,812,834.74	15,812,834.74	N/A	15,812,834.74
Spec Assess	1395789	Cash Account	Bankers Trust	Daily	Daily	1	0.1000	103,480.60	103,480.60	N/A	103,480.60
Trust and Agency	23523	Cash Account	Bankers Trust	Daily	Daily	1	0.1000	702,789.03	702,789.03	N/A	702,789.03
Parking Meters	1117290	Cash Account	Bankers Trust	Daily	Daily	1	0.1000	186,459.25	186,459.25	N/A	186,459.25
Parking Ramps	23493	Cash Account	Bankers Trust	Daily	Daily	1	0.1000	573,227.84	573,227.84	N/A	573,227.84
Park and Ride	23515	Cash Account	Bankers Trust	Daily	Daily	1	0.1000	212,516.97	212,516.97	N/A	212,516.97
Cash Account Total						1	0.1000	17,591,308.43	17,591,308.43	N/A	17,591,308.43
Investment Total						133	0.3925	174,587,235.41	174,475,357.51	277,942.08	175,545,116.90

**City of Des Moines
Non-Pooled Cash Portfolio Yield
For the Twelve Months Ended March 31, 2016**



**City of Des Moines
Pooled Cash Portfolio Yield
For the Twelve Months Ended March 31, 2016**

