

★ **Roll Call Number**

Agenda Item Number

40

Date October 24, 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 15-1793, 16-0135, 16-0692 and 16-1220.

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, 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 September 30, 2016

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

**Quarterly Treasurer's Report
As of September 30, 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 September 30, 44.0 percent of the \$224.6 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 \$204.3 million portion of the portfolio to have an average maturity of 198 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 \$20.3 million of investments in this category is 534 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 198 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 534 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.

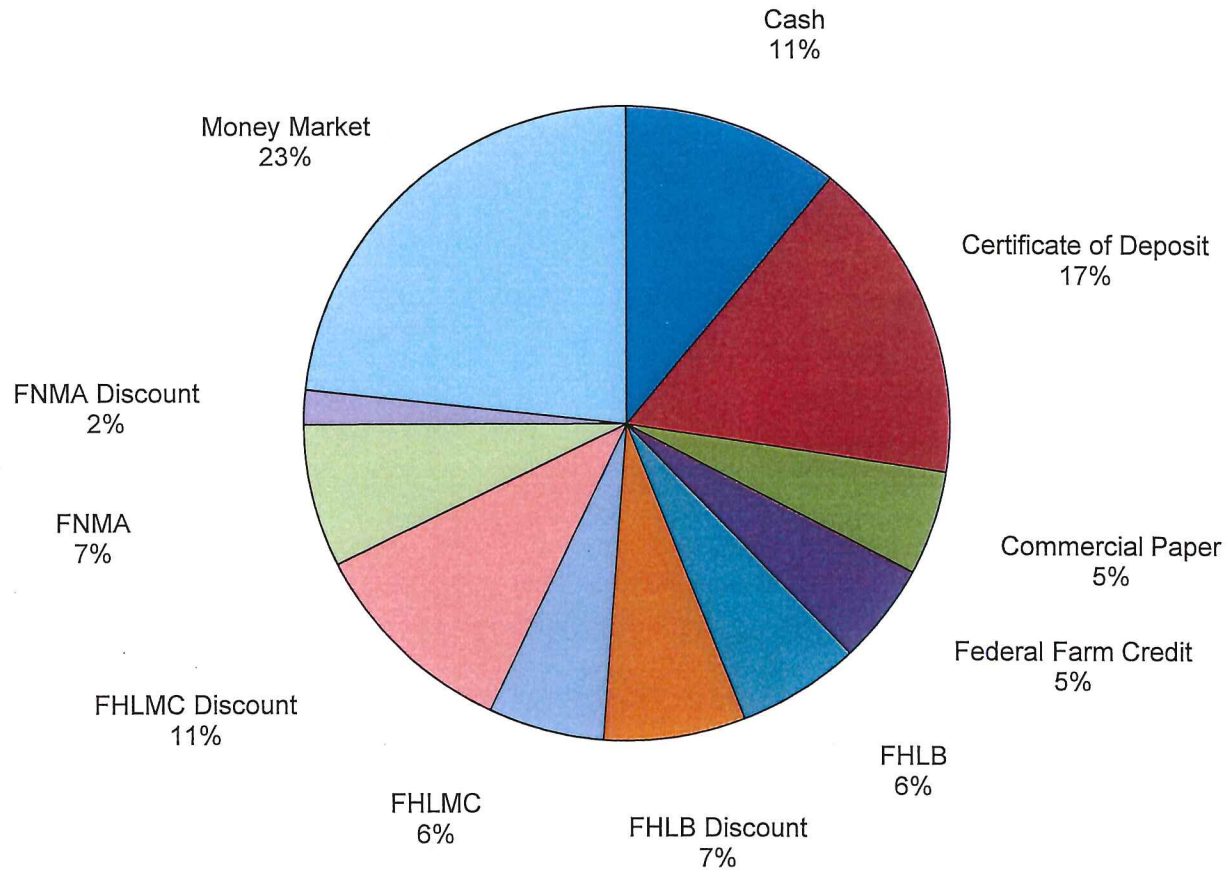
Other

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 \$224,620,335
As of September 31, 2016**



**City of Des Moines
Non-Pooled Portfolio Detail
As of September 30, 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	999,550.00
Federal Farm Credit Total						531	0.5593	999,130.00	1,000,000.00	8,245.00	999,550.00
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	1,000,350.00
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	1,004,860.00
16-0071	3130A3HF4	FHLB	Great Pacific	6/10/2016	12/8/2017	538	0.7630	1,005,368.87	1,000,000.00	11,443.63	1,004,570.00
Federal Home Loan Bank Total						727	0.7266	3,010,918.87	3,000,000.00	44,282.52	3,009,780.00
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	1,003,100.00
16-0070	3134G3ZH6	FHLMC	Coastal Securities	6/10/2016	7/25/2017	405	0.7100	1,304,214.74	1,300,000.00	10,410.26	1,303,848.00
16-0072	3134G9UY1	FHLMC	Coastal Securities	6/29/2016	6/29/2018	720	1.0000	1,800,000.00	1,800,000.00	36,000.00	1,798,218.00
Federal Home Loan Mortgage Corp Total						678	0.8062	4,111,484.74	4,100,000.00	64,362.48	4,105,166.00
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	1,865,873.00
15-0069	3136G0QW4	FNMA	Coastal Securities	6/29/2015	7/11/2018	1092	1.2150	838,346.05	835,000.00	42,288.45	842,164.30
Fannie Mae Total						1092	1.2150	2,695,759.45	2,685,000.00	110,632.55	2,708,037.30
Swartzell Trust	140320268	Money Market	PFM Prime Institutional	Daily	Daily	1	0.2686	357,117.00	357,117.00	N/A	357,117.00
Sewer Sinking	140324633	Money Market	PFM Prime Institutional	Daily	Daily	1	0.2686	570,000.00	570,000.00	N/A	570,000.00
Stormwater Sinking	140322173	Money Market	PFM Prime Institutional	Daily	Daily	1	0.2686	640,000.00	640,000.00	N/A	640,000.00
2014A GO	140334285	Money Market	PFM Prime Institutional	Daily	Daily	1	0.2686	3,900.67	3,900.67	N/A	3,900.67
2014B Sewer	140334340	Money Market	PFM Prime Institutional	Daily	Daily	1	0.2686	220,870.50	220,870.50	N/A	220,870.50
2016C Stormwater	140339896	Money Market	PFM Prime Institutional	Daily	Daily	1	0.2686	5,480,000.00	5,480,000.00	N/A	5,480,000.00
Money Market Total						1	0.2686	7,271,888.17	7,271,888.17		7,271,888.17
Stormwater Sinking	1567298	Cash Account	Bankers Trust	Daily	Daily	1	0.1000	659,230.93	659,230.93	N/A	659,230.93
Sewer Sinking	1566815	Cash Account	Bankers Trust	Daily	Daily	1	0.1000	582,325.43	582,325.43	N/A	582,325.43
Crivaro	1356872	Cash Account	Bankers Trust	Daily	Daily	1	0.1000	1,215.87	1,215.87	N/A	1,215.87
CDBG Loan	1357052	Cash Account	Bankers Trust	Daily	Daily	1	0.1000	670,166.84	670,166.84	N/A	670,166.84
Perm Cem Maint	1566879	Cash Account	Bankers Trust	Daily	Daily	1	0.1000	247,423.82	247,423.82	N/A	247,423.82
Good Faith	various	Cash Account	Bankers Trust	Daily	Daily	1	0.1000	105,011.51	105,011.51	N/A	105,011.51
Cash Account Total						1	0.1000	2,265,374.40	2,265,374.40	N/A	2,265,374.40
Investment Total						534	0.6520	20,354,555.63	20,322,262.57	227,522.55	20,359,795.87

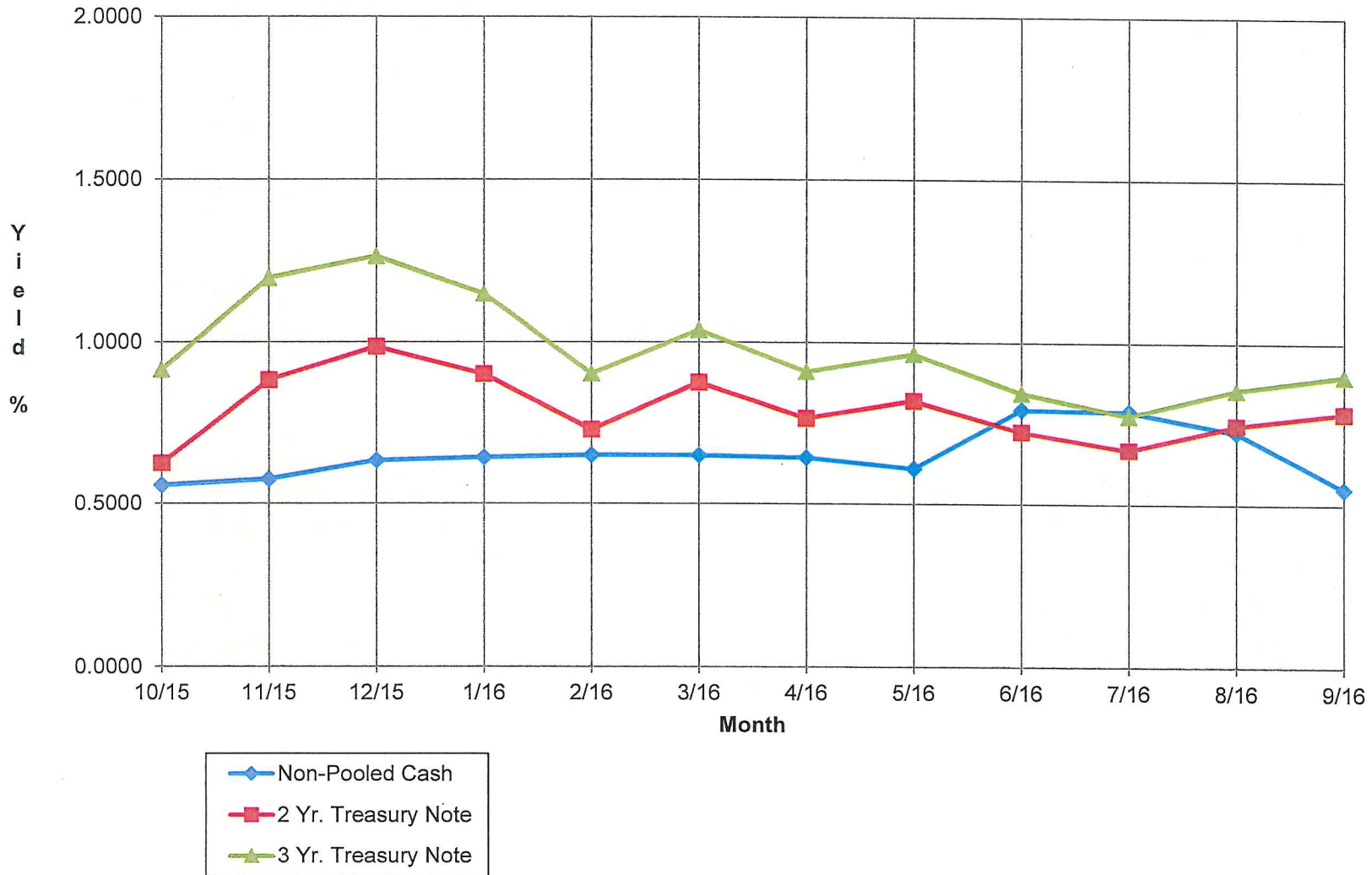
**City of Des Moines
Pooled Portfolio Detail
As of September 30, 2016**

<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>
16-0062		Certificat of Deposit	Metabank	4/25/2016	10/28/2016	186	0.4000	4,000,000.00	4,000,000.00	8,131.15	4,000,000.00
16-0063		Certificat of Deposit	Metabank	4/25/2016	11/4/2016	193	0.4500	4,000,000.00	4,000,000.00	9,491.80	4,000,000.00
16-0066		Certificat of Deposit	Metabank	6/3/2016	12/2/2016	182	0.5500	4,000,000.00	4,000,000.00	10,939.89	4,000,000.00
16-0067		Certificat of Deposit	Metabank	6/3/2016	12/9/2016	189	0.5500	4,000,000.00	4,000,000.00	11,360.66	4,000,000.00
16-0068		Certificat of Deposit	Metabank	6/3/2016	12/16/2016	196	0.5500	4,000,000.00	4,000,000.00	11,781.42	4,000,000.00
16-0075		Certificat of Deposit	Metabank	6/28/2016	1/13/2017	199	0.6000	4,000,000.00	4,000,000.00	13,051.34	4,000,000.00
16-0076		Certificat of Deposit	Metabank	6/28/2016	1/20/2017	206	0.6000	4,000,000.00	4,000,000.00	13,511.61	4,000,000.00
16-0077		Certificat of Deposit	Metabank	6/28/2016	1/27/2017	213	0.6000	4,000,000.00	4,000,000.00	13,971.88	4,000,000.00
17-0006		Certificat of Deposit	Metabank	9/14/2016	3/29/2017	196	0.7000	5,000,000.00	5,000,000.00	18,765.96	5,000,000.00
Certificate of Deposit Total						196	0.5556	37,000,000.00	37,000,000.00	111,005.71	37,000,000.00
16-0061	86563GKM3	Commercial Paper	Wells Fargo	4/20/2016	10/21/2016	184	0.8655	3,982,622.22	4,000,000.00	17,377.78	3,982,622.22
16-0064	2254EALA9	Commercial Paper	Great Pacific	5/13/2016	11/10/2016	181	0.8962	3,982,302.24	4,000,000.00	17,697.76	3,982,302.24
16-0065	22533TLJ3	Commercial Paper	Great Pacific	5/13/2016	11/18/2016	189	0.8860	3,981,730.00	4,000,000.00	18,270.00	3,981,730.00
Commercial Paper Total						185	0.8826	11,946,654.46	12,000,000.00	53,345.54	11,946,654.46
FNMA											
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	2,001,660.00
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	2,329,417.00
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	499,775.00
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	755,527.50
17-0011	3133EGUA1	Federal Farm Credit	Coastal Securities	9/15/2016	4/12/2018	567	0.8189	4,997,750.00	5,000,000.00	64,462.50	4,996,950.00
Federal Farm Credit Total						500	0.6626	10,699,257.18	10,550,000.00	107,243.65	10,583,329.50
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	4,901,568.00
17-0005	3130A0C65	FHLB	FTN Financial	9/15/2016	12/28/2016	103	0.3750	2,001,426.16	2,000,000.00	2,150.23	2,001,360.00
17-0009	3130A8SE4	FHLB	FTN Financial	9/15/2016	1/19/2018	484	0.7806	3,998,360.00	4,000,000.00	41,973.33	3,998,000.00
Federal Home Loan Bank Total						345	0.5610	10,901,152.95	10,900,000.00	76,219.69	10,900,928.00
16-0069	313384T58	FHLB Discount	RBC Dain Raucher	6/10/2016	12/16/2016	189	0.4675	3,990,340.00	4,000,000.00	9,660.00	3,997,880.00
16-0074	313385AF3	FHLB Discount	Great Pacific	6/22/2016	1/6/2017	198	0.4675	3,989,880.00	4,000,000.00	10,120.00	3,997,160.00
17-0003	313385BZ8	FHLB Discount	Great Pacific	8/23/2016	2/17/2017	178	0.4624	3,991,001.12	4,000,000.00	8,998.88	3,994,960.00
17-0014	313385CU8	FHLB Discount	Great Pacific	9/16/2016	3/8/2017	173	0.4725	3,991,061.68	4,000,000.00	8,938.32	3,993,240.00
Federal Home Loan Bank Discount Total						185	0.4675	15,962,282.80	16,000,000.00	37,717.20	15,983,240.00
17-0007	3137EADH9	FHLMC	Coastal Securities	9/15/2016	6/29/2017	284	0.6125	4,012,172.23	4,000,000.00	19,383.33	4,011,280.00
17-0008	3137EADL0	FHLMC	FTN Financial	9/15/2016	9/29/2017	374	0.7100	4,909,664.26	4,895,000.00	36,189.35	4,910,272.40
Federal Home Loan Mortgage Corp Total						329	0.6613	8,921,836.49	8,895,000.00	55,572.68	8,921,552.40

**City of Des Moines
Pooled Portfolio Detail
As of September 30, 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>
16-0059	313396J79	FHLMC Discount	RBC Dain Raucher	4/20/2016	10/7/2016	170	0.3656	3,993,200.00	4,000,000.00	6,800.00	3,999,920.00
16-0073	313396V34	FHLMC Discount	Great Pacific	6/22/2016	12/30/2016	191	0.4318	3,990,980.56	4,000,000.00	9,019.44	3,997,440.00
17-0001	313397BK6	FHLMC Discount	RBC Dain Raucher	8/23/2016	2/3/2017	164	0.4216	3,992,437.76	4,000,000.00	7,562.24	3,995,480.00
17-0002	313397BS9	FHLMC Discount	RBC Dain Raucher	8/23/2016	2/10/2017	171	0.4216	3,992,115.00	4,000,000.00	7,885.00	3,995,240.00
17-0004	313397CG4	FHLMC Discount	Great Pacific	8/23/2016	2/24/2017	185	0.4369	3,991,161.12	4,000,000.00	8,838.88	3,994,720.00
17-0013	313397CP4	FHLMC Discount	Great Pacific	9/16/2016	3/3/2017	168	0.4674	3,991,413.32	4,000,000.00	8,586.68	3,993,440.00
Federal Home Loan Mortgage Corp Discount Total						175	0.4242	23,951,307.76	24,000,000.00	48,692.24	23,976,240.00
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	3,009,360.00
17-0015	3136G0QW4	FNMA	Coastal Securities	9/27/2016	7/11/2018	644	1.1228	567,264.09	565,000.00	11,380.66	569,847.70
17-0010	3136G0X22	FNMA	Coastal Securities	9/15/2016	10/29/2018	764	0.9045	5,010,000.00	5,000,000.00	96,111.11	5,005,100.00
17-0012	3136FTZZ5	FNMA	Great Pacific	9/15/2016	1/30/2019	855	0.9120	5,098,200.00	5,000,000.00	109,612.50	5,094,650.00
Federal National Mortgage Assn Total						719	0.8861	13,701,894.09	13,565,000.00	248,236.77	13,678,957.70
16-0060	313588K61	FNMA Discount	RBC Dain Raucher	4/20/2016	10/14/2016	177	0.3656	3,992,920.00	4,000,000.00	7,080.00	3,992,680.00
Federal National Mortgage Assn Discount Total						177	0.3656	3,992,920.00	4,000,000.00	7,080.00	3,992,680.00
General Operating	140320243	Money Market	PFM Prime Institutional	Daily	Daily	1	0.2686	22,979,106.00	22,979,106.00	N/A	22,979,106.00
2012D GO Sewer	140328592	Money Market	PFM Prime Institutional	Daily	Daily	1	0.2686	2,521,210.90	2,521,210.90	N/A	2,521,210.90
2012E GO Stmwr	140328600	Money Market	PFM Prime Institutional	Daily	Daily	1	0.2686	3,594,626.65	3,594,626.65	N/A	3,594,626.65
2013A GO	140333824	Money Market	PFM Prime Institutional	Daily	Daily	1	0.2686	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	0.2686	2,014,476.54	2,014,476.54	N/A	2,014,476.54
2015A GO	140336249	Money Market	PFM Prime Institutional	Daily	Daily	1	0.2686	7,790,167.21	7,790,167.21	N/A	7,790,167.21
2016A GO	140339888	Money Market	PFM Prime Institutional	Daily	Daily	1	0.2686	4,972,427.35	4,972,427.35	N/A	4,972,427.35
Money Market Total						1	0.2686	44,972,014.65	44,972,014.65	N/A	44,972,014.65
General Operating	23450	Cash Account	Bankers Trust	Daily	Daily	1	0.1000	20,703,183.70	20,703,183.70	N/A	20,703,183.70
Spec Assess	1395789	Cash Account	Bankers Trust	Daily	Daily	1	0.1000	36,196.64	36,196.64	N/A	36,196.64
Trust and Agency	23523	Cash Account	Bankers Trust	Daily	Daily	1	0.1000	702,787.10	702,787.10	N/A	702,787.10
Parking Meters	1117290	Cash Account	Bankers Trust	Daily	Daily	1	0.1000	168,489.21	168,489.21	N/A	168,489.21
Parking Ramps	23493	Cash Account	Bankers Trust	Daily	Daily	1	0.1000	509,974.83	509,974.83	N/A	509,974.83
Park and Ride	23515	Cash Account	Bankers Trust	Daily	Daily	1	0.1000	95,827.25	95,827.25	N/A	95,827.25
Swimming Pools	1395078	Cash Account	Bankers Trust	Daily	Daily	1	0.1000	0.16	0.16	N/A	0.16
Cash Account Total						1	0.1000	22,216,458.89	22,216,458.89	N/A	22,216,458.89
Investment Total						198	0.4710	204,265,779.27	204,098,473.54	745,113.48	204,172,055.60

**City of Des Moines
Non-Pooled Cash Portfolio Yield
For the Twelve Months Ended September 30, 2016**



**City of Des Moines
Pooled Cash Portfolio Yield
For the Twelve Months Ended September 30, 2016**

