



Roll Call Number

Agenda Item Number

41

Date October 23, 2017

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 16-1220, 16-1837, a Council Work Session on May 1, 2017, and 17-1263.

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, 2017 is hereby received and filed.

(copy attached)

MOVED BY _____ to receive and file.

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
COWNIE				
COLEMAN				
GATTO				
GRAY				
HENSLEY				
WESTERGAARD				
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 September 30, 2017

Prepared by

**Heide U. Green, Treasury Manager
Robert Fagen, Finance Director/Treasurer**

Quarterly Treasurer's Report As of September 30, 2017

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, 61.3 percent of the \$242.7 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) and Treasuries, 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 \$225.6 million portion of the portfolio to have an average maturity of 215 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 \$17.1 million of investments in this category is 409 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 215 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 409 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.

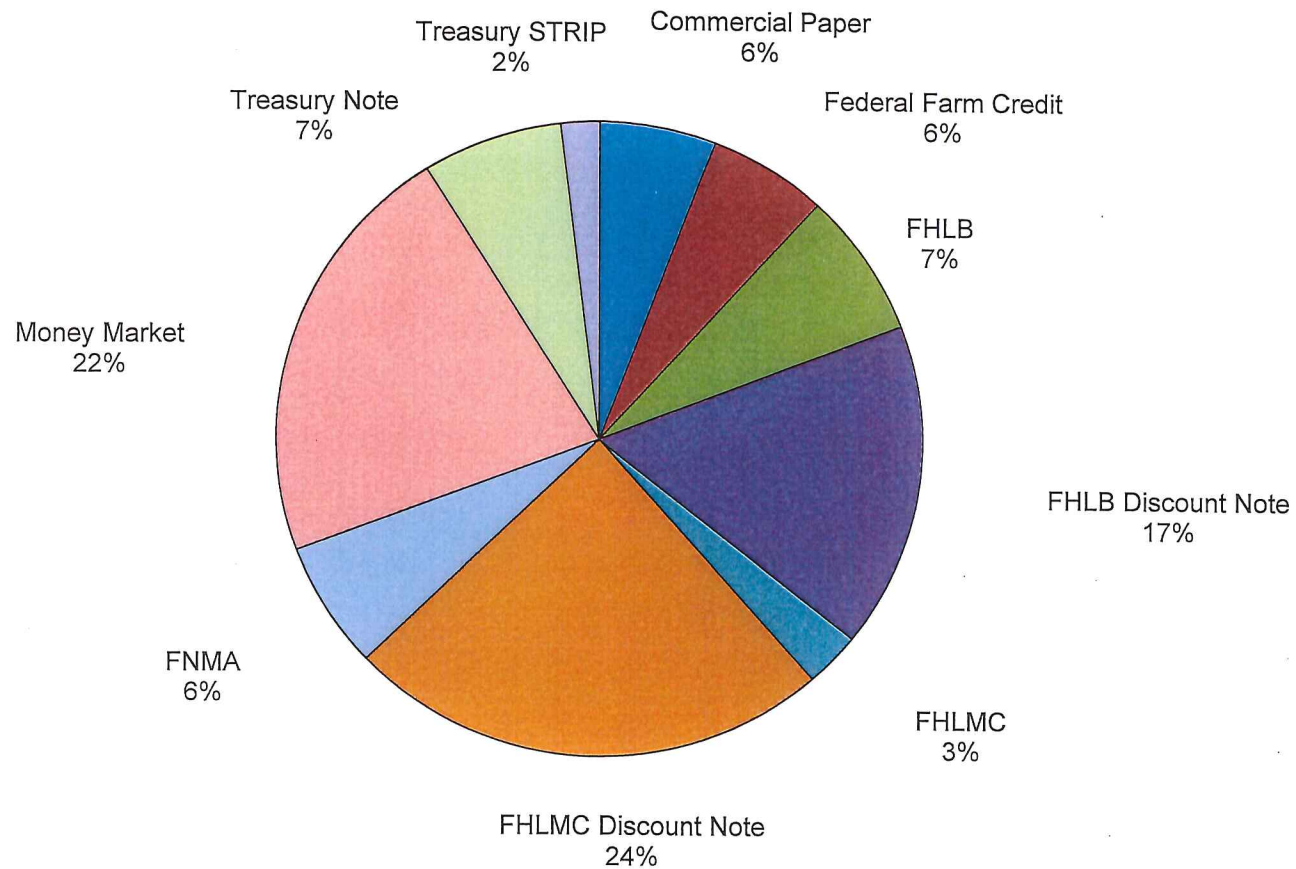
Other

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 \$242,662,500
As of September 30, 2017



City of Des Moines
Non-Pooled Portfolio Detail
As of September 30, 2017

<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>
17-0068	3133EHFK4	Federal Farm Credit	FTN Financial	4/26/2017	4/17/2019	711	1.3540	999,338.55	1,000,000.00	26,731.45	997,160.00
Federal Farm Credit Total						711	1.3540	999,338.55	1,000,000.00	26,731.45	997,160.00
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	1,000,100.00
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	999,240.00
17-0033	3130A8TF0	FHLB	FTN Financial	12/21/2016	8/15/2018	594	1.2550	992,590.00	1,000,000.00	20,610.00	995,330.00
Federal Home Loan Bank Total						676	0.9423	3,005,728.87	3,000,000.00	52,283.63	2,994,670.00
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	1,795,950.00
Federal Home Loan Mortgage Corp Total						720	1.0000	1,800,000.00	1,800,000.00	36,000.00	1,795,950.00
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	1,850,111.00
15-0069	3136G0QW4	FNMA	Coastal Securities	6/29/2015	7/11/2018	1092	1.2150	838,346.05	835,000.00	42,288.45	835,050.10
Fannie Mae Total						1092	1.2150	2,695,759.45	2,685,000.00	110,632.55	2,685,161.10
Swartzell Trust	140320268	Money Market	PFM Prime Institutional	Daily	Daily	1	0.8530	357,117.00	357,117.00	N/A	357,117.00
Sewer Sinking	140324633	Money Market	PFM Prime Institutional	Daily	Daily	1	0.8530	1,130,000.00	1,130,000.00	N/A	1,130,000.00
Stormwater Sinking	140322173	Money Market	PFM Prime Institutional	Daily	Daily	1	0.8530	1,400,000.00	1,400,000.00	N/A	1,400,000.00
2014A GO	140334285	Money Market	PFM Prime Institutional	Daily	Daily	1	0.8530	11,625.83	11,625.83	N/A	11,625.83
2014B Sewer	140334340	Money Market	PFM Prime Institutional	Daily	Daily	1	0.8530	220,870.50	220,870.50	N/A	220,870.50
2016C Stormwater	140339896	Money Market	PFM Prime Institutional	Daily	Daily	1	0.8530	3,479,836.55	3,479,836.55	N/A	3,479,836.55
Money Market Total						1	0.8530	6,599,449.88	6,599,449.88		6,599,449.88
Stormwater Sinking	1567298	Cash Account	Bankers Trust	Daily	Daily	1	0.4420	21,054.97	21,054.97	N/A	21,054.97
Sewer Sinking	1566815	Cash Account	Bankers Trust	Daily	Daily	1	0.4420	25,169.73	25,169.73	N/A	25,169.73
Crivaro	1356872	Cash Account	Bankers Trust	Daily	Daily	1	0.4420	918.16	918.16	N/A	918.16
CDBG Loan	1357052	Cash Account	Bankers Trust	Daily	Daily	1	0.4420	469,487.93	469,487.93	N/A	469,487.93
Perm Cem Maint	1566879	Cash Account	Bankers Trust	Daily	Daily	1	0.4420	1,386,679.60	1,386,679.60	N/A	1,386,679.60
Good Faith	various	Cash Account	Bankers Trust	Daily	Daily	1	0.4420	88,256.69	88,256.69	N/A	88,256.69
Cash Account Total						1	0.4420	1,991,567.08	1,991,567.08	N/A	1,991,567.08
Investment Total						409	0.9224	17,091,843.83	17,076,016.96	225,647.63	17,063,958.06

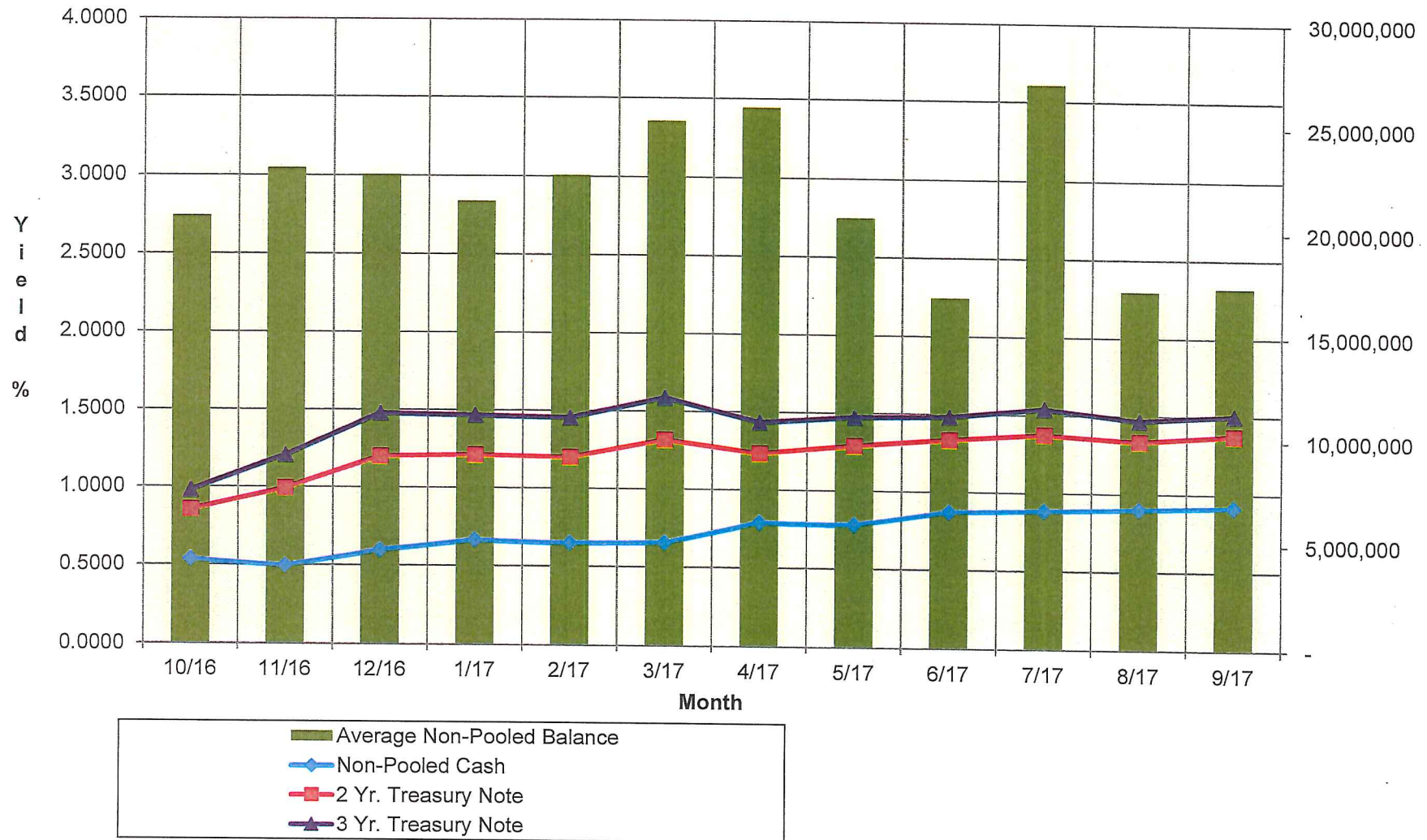
**City of Des Moines
Pooled Portfolio Detail
As of September 30, 2017**

<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>
17-0067	63273DZN2	Commercial Paper	Wells Fargo Instit	4/25/2017	12/22/2017	241	1.5437	3,959,733.33	4,000,000.00	40,266.67	3,959,733.33
17-0077	46640QAH4	Commercial Paper	Great Pacific	6/21/2017	1/17/2018	210	1.4195	3,967,566.68	4,000,000.00	32,433.32	3,967,566.68
17-0078	63873KAS6	Commercial Paper	Great Pacific	6/21/2017	1/26/2018	219	1.3991	3,966,663.32	4,000,000.00	33,336.68	3,966,663.32
Commercial Paper Total						223	1.4541	11,893,963.33	12,000,000.00	106,036.67	11,893,963.33
18-0009		Certificate of Deposit	Bankers Trust	9/12/2017	3/28/2018	197	1.2600	6,500,000.00	6,500,000.00	44,203.56	6,500,000.00
18-0010		Certificate of Deposit	Bankers Trust	9/12/2017	6/25/2018	286	1.3100	6,000,000.00	6,000,000.00	61,587.95	6,000,000.00
18-0011		Certificate of Deposit	Bankers Trust	9/12/2017	9/25/2018	378	1.3600	6,000,000.00	6,000,000.00	84,506.30	6,000,000.00
Certificate of Deposit Total						287	1.3100	18,500,000.00	18,500,000.00	190,297.81	18,500,000.00
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	750,292.50
18-0004	3133EFWW3	Federal Farm Credit	Wells Fargo Instit	9/13/2017	12/27/2017	104	1.0709	4,997,150.00	5,000,000.00	15,488.89	4,998,500.00
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	4,990,300.00
17-0068	3133EHFK4	Federal Farm Credit	FTN Financial	4/26/2017	4/17/2019	711	1.3540	499,669.27	500,000.00	13,365.73	498,580.00
Federal Farm Credit Total						490	1.0010	11,253,392.27	11,250,000.00	102,525.37	11,237,672.50
17-0072	3130A0BN9	FHLB	Piper Jaffray	4/28/2017	1/5/2018	247	1.0101	2,002,856.00	2,000,000.00	13,885.11	2,000,460.00
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	3,995,560.00
18-0008	313376BR5	FHLB	FTN Financial	9/13/2017	12/14/2018	451	1.3270	6,031,385.99	6,000,000.00	100,155.68	6,021,600.00
Federal Home Loan Bank Total						394	1.0392	12,032,601.99	12,000,000.00	156,014.12	12,017,620.00
17-0056	313385MQ6	FHLB Discount	Piper Jaffray	4/17/2017	10/6/2017	172	0.9369	3,982,417.78	4,000,000.00	17,582.22	3,999,560.00
17-0061	313385PJ9	FHLB Discount	Piper Jaffray	4/17/2017	11/17/2017	214	0.9885	3,976,935.56	4,000,000.00	23,064.44	3,994,880.00
18-0003	313385UA2	FHLB Discount	Great Pacific	8/17/2017	3/9/2018	204	1.1114	3,975,293.32	4,000,000.00	24,706.68	3,979,800.00
18-0012	313385UF1	FHLB Discount	Wells Fargo Instit	9/25/2017	3/14/2018	170	1.1723	3,978,277.78	4,000,000.00	21,722.22	3,979,160.00
18-0005	313385UM6	FHLB Discount	Great Pacific	9/12/2017	3/20/2018	189	1.1574	14,115,833.48	14,200,000.00	84,166.52	14,123,320.00
18-0013	313385UQ7	FHLB Discount	FTN Financial	9/25/2017	3/23/2018	179	1.1932	3,976,730.00	4,000,000.00	23,270.00	3,978,040.00
Federal Home Loan Bank Discount Total						188	1.0933	34,005,487.92	34,200,000.00	194,512.08	34,054,760.00
17-0074	3137EADN6	FHLMC	Piper Jaffray	4/28/2017	1/12/2018	254	1.0406	3,991,840.00	4,000,000.00	29,326.67	3,995,320.00
Federal Home Loan Mortgage Corp Total						254	1.0406	3,991,840.00	4,000,000.00	29,326.67	3,995,320.00
17-0057	313397MX6	FHLMC Discount	Piper Jaffray	4/17/2017	10/13/2017	179	0.8961	3,982,497.78	4,000,000.00	17,502.22	3,998,800.00
17-0058	313397NE7	FHLMC Discount	Piper Jaffray	4/17/2017	10/20/2017	186	0.9065	3,981,606.67	4,000,000.00	18,393.33	3,998,040.00
17-0059	313397NU1	FHLMC Discount	Great Pacific	4/17/2017	11/3/2017	200	0.9270	3,979,777.78	4,000,000.00	20,222.22	3,996,440.00
17-0060	313397PB1	FHLMC Discount	Great Pacific	4/17/2017	11/10/2017	207	0.9270	3,979,070.00	4,000,000.00	20,930.00	3,995,680.00
17-0062	313397PP0	FHLMC Discount	Wells Fargo Instit	4/17/2017	11/22/2017	219	0.9475	3,977,370.00	4,000,000.00	22,630.00	3,994,320.00
17-0063	313397PY1	FHLMC Discount	Wells Fargo Instit	4/17/2017	12/1/2017	228	0.9578	3,976,186.67	4,000,000.00	23,813.33	3,993,080.00
17-0064	313397QF1	FHLMC Discount	Wells Fargo Instit	4/17/2017	12/8/2017	235	0.9579	3,975,455.56	4,000,000.00	24,544.44	3,992,240.00

**City of Des Moines
Pooled Portfolio Detail
As of September 30, 2017**

<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>
17-0071	313397RC7	FHLMC Discount	Piper Jaffray	4/28/2017	12/29/2017	245	0.9683	3,974,138.89	4,000,000.00	25,861.11	3,989,840.00
17-0073	313397RK9	FHLMC Discount	Great Pacific	4/28/2017	1/5/2018	252	0.9274	1,987,260.00	2,000,000.00	12,740.00	1,994,300.00
17-0083	313397SW2	FHLMC Discount	Great Pacific	6/30/2017	2/9/2018	224	1.1423	3,972,124.44	4,000,000.00	27,875.56	3,983,960.00
17-0084	313397TD3	FHLMC Discount	Great Pacific	6/30/2017	2/16/2018	231	1.1424	3,971,253.32	4,000,000.00	28,746.68	3,983,120.00
18-0001	313397TL5	FHLMC Discount	Wells Fargo Instit	8/11/2017	2/23/2018	196	1.1318	3,975,826.67	4,000,000.00	24,173.33	3,982,240.00
18-0002	313397TT8	FHLMC Discount	Great Pacific	8/17/2017	3/2/2018	197	1.1267	3,975,812.76	4,000,000.00	24,187.24	3,980,720.00
Federal Home Loan Mortgage Corp Discount Total						215	0.9968	49,708,380.54	50,000,000.00	291,619.46	49,882,780.00
17-0015	3136G0QW4	FNMA	Coastal Securities	9/27/2016	7/11/2018	644	1.1228	567,264.09	565,000.00	11,380.66	565,033.90
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	4,975,550.00
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	5,016,300.00
Federal National Mortgage Assn Total						754	0.9798	10,675,464.09	10,565,000.00	217,104.27	10,556,883.90
17-0082	912828UJ7	Treasury Note	Piper Jaffray	6/29/2017	1/31/2018	216	1.1312	3,994,000.00	4,000,000.00	26,593.92	3,996,120.00
17-0070	912828UR9	Treasury Note	Wells Fargo Instit	4/28/2017	2/28/2018	306	1.0500	2,992,489.32	3,000,000.00	26,403.34	2,994,390.00
18-0006	912828UZ1	Treasury Note	Wells Fargo Instit. Br	9/13/2017	4/30/2018	229	1.1924	3,487,558.59	3,500,000.00	26,232.17	3,487,155.00
18-0007	912828R51	Treasury Note	Wells Fargo Instit. Br	9/13/2017	5/31/2018	260	1.2056	3,990,625.00	4,000,000.00	34,334.02	3,989,520.00
Treasury Note Total						253	1.1448	14,464,672.91	14,500,000.00	113,563.45	14,467,185.00
17-0065	912820R90	Treasury STRIP	Wells Fargo Instit	4/17/2017	12/15/2017	242	0.9843	3,974,080.00	4,000,000.00	25,920.00	3,990,880.00
Treasury Strip Total						242	0.9843	3,974,080.00	4,000,000.00	25,920.00	3,990,880.00
General Operating	140320243	Money Market	PFM Prime Instit	Daily	Daily	1	0.8530	19,004,196.88	19,004,196.88	N/A	19,004,196.88
2012D GO Sewer	140328592	Money Market	PFM Prime Instit	Daily	Daily	1	0.8530	2,521,210.90	2,521,210.90	N/A	2,521,210.90
2012E GO Stmwtr	140328600	Money Market	PFM Prime Instit	Daily	Daily	1	0.8530	1,896,051.21	1,896,051.21	N/A	1,896,051.21
2013A GO	140333824	Money Market	PFM Prime Instit	Daily	Daily	1	0.8530	470,000.00	470,000.00	N/A	470,000.00
2014C GO	140334855	Money Market	PFM Prime Instit	Daily	Daily	1	0.8530	614,476.54	614,476.54	N/A	614,476.54
2015A GO	140336249	Money Market	PFM Prime Instit	Daily	Daily	1	0.8530	168,183.45	168,183.45	N/A	168,183.45
2016A GO	140339888	Money Market	PFM Prime Instit	Daily	Daily	1	0.8530	8,920,165.00	8,920,165.00	N/A	8,920,165.00
2017A GO	140341488	Money Market	PFM Prime Instit	Daily	Daily	1	0.8530	4,500,000.00	4,500,000.00	N/A	4,500,000.00
Money Market Total						1	0.8530	38,094,283.98	38,094,283.98	N/A	38,094,283.98
General Operating	23450	Cash Account	Bankers Trust	Daily	Daily	1	0.4420	15,545,077.39	15,545,077.39	N/A	15,545,077.39
Spec Assess	1395789	Cash Account	Bankers Trust	Daily	Daily	1	0.4420	47,829.93	47,829.93	N/A	47,829.93
Trust and Agency	23523	Cash Account	Bankers Trust	Daily	Daily	1	0.4420	702,975.86	702,975.86	N/A	702,975.86
Parking Meters	1117290	Cash Account	Bankers Trust	Daily	Daily	1	0.4420	166,763.19	166,763.19	N/A	166,763.19
Parking Ramps	23493	Cash Account	Bankers Trust	Daily	Daily	1	0.4420	417,887.25	417,887.25	N/A	417,887.25
Park and Ride	23515	Cash Account	Bankers Trust	Daily	Daily	1	0.4420	95,966.14	95,966.14	N/A	95,966.14
Swimming Pools	1395078	Cash Account	Bankers Trust	Daily	Daily	1	0.4420	6.94	6.94	N/A	6.94
Cash Account Total						1	0.4420	16,976,506.70	16,976,506.70	N/A	16,976,506.70
Investment Total						215	1.0080	225,570,673.73	226,085,790.68	1,426,919.90	225,667,855.41

City of Des Moines Non-Pooled Cash Portfolio Yield For the Twelve Months Ended September 30, 2017



City of Des Moines Pooled Cash Portfolio Yield For the Twelve Months Ended September 30, 2017

