

★ **Roll Call Number**

Agenda Item Number

35

Date October 22, 2018

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 18-0120, 18-0709 and 18-1268.

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, 2018 is hereby received and filed.

(copy attached)

MOVED BY _____ to receive and file.

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
COWNIE				
BOESEN				
COLEMAN				
GATTO				
GRAY				
MANDELBAUM				
WESTERGAARD				
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, 2018

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

**Quarterly Treasurer's Report
As of September 30, 2018**

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, 79.7.8 percent of the \$255.8 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 \$200.1 million portion of the portfolio to have an average maturity of 229 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 \$55.7 million of investments in this category is 541 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 229 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 541 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.

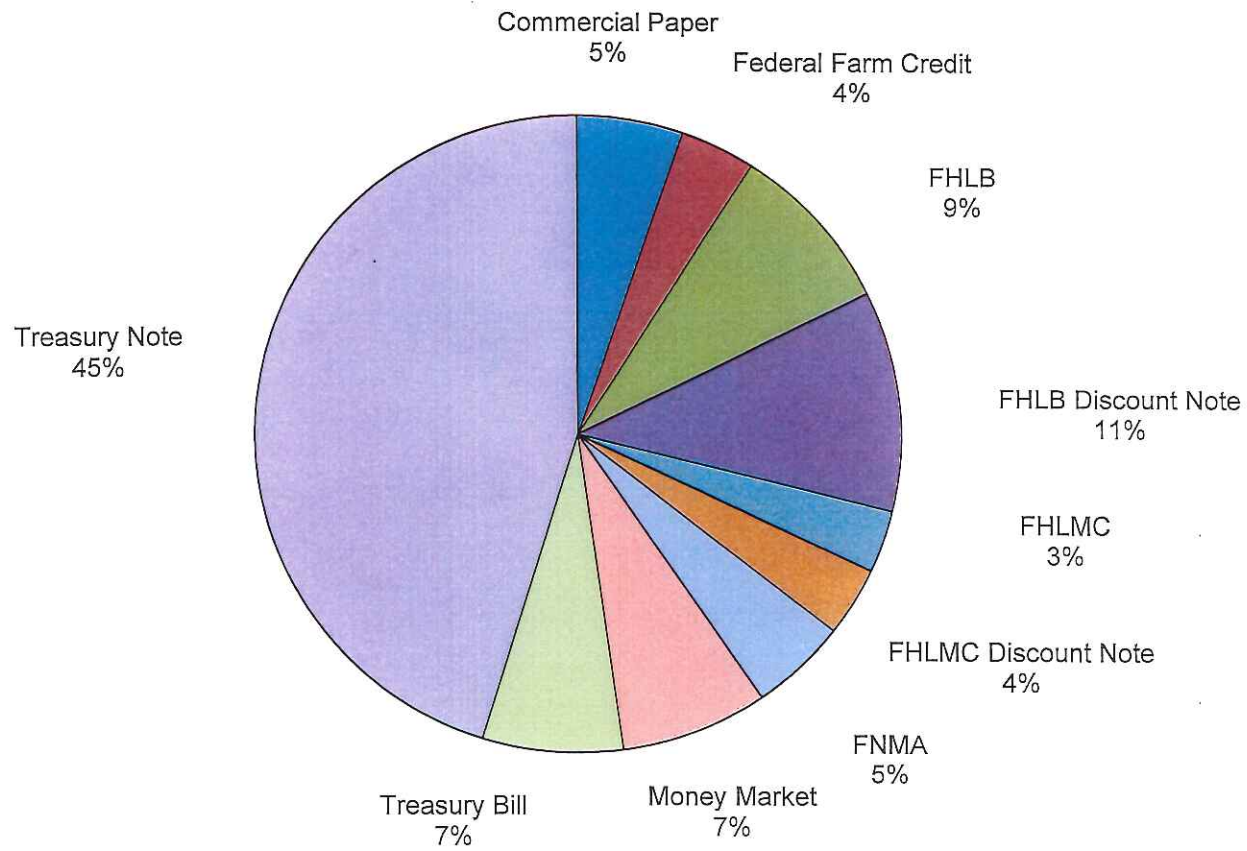
Other

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 \$255,795,400
As of September 30, 2018**



**City of Des Moines
Non-Pooled Portfolio Detail
As of September 30, 2018**

<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	993,820.00
19-0009	3133EJPV5	Federal Farm Credit 2	Wells Fargo Instit	8/2/2018	3/23/2020	591	2.6828	6,984,040.00	7,000,000.00	307,848.34	6,975,010.00
Federal Farm Credit Total						651	2.0184	7,983,378.55	8,000,000.00	334,579.79	7,968,830.00
19-0005	3130A8DB6	FHLB	FTN Financial	8/2/2018	6/21/2019	319	2.4020	5,933,184.18	6,000,000.00	126,628.32	5,939,040.00
18-0057	313370E38	FHLB	Great Pacific	6/5/2018	6/12/2020	727	2.5599	1,015,940.00	1,000,000.00	52,216.25	1,009,040.00
Federal Home Loan Bank Total						523	2.4810	6,949,124.18	7,000,000.00	178,844.57	6,948,080.00
19-0016	313385Q90	FHLB Discount Note	Piper Jaffray	9/26/2018	11/27/2018	62	2.1880	1,265,297.47	1,270,000.00	4,702.53	1,265,682.00
Federal Home Loan Bank Discount Total						62	2.1880	1,265,297.47	1,270,000.00	4,702.53	1,265,682.00
18-0021	3137EAEH8	FHLMC	FTN Financial	10/17/2017	8/15/2019	658	1.5520	996,811.41	1,000,000.00	28,320.54	989,580.00
19-0010	3134GSRV3	FHLMC	Piper Jaffray	8/2/2018	7/25/2022	1433	3.1512	2,699,865.00	2,700,000.00	338,661.25	2,684,772.00
19-0012	3134GSVK8	FHLMC	Great Pacific	8/30/2018	8/26/2022	1436	3.1250	2,670,000.00	2,670,000.00	332,822.92	2,650,188.60
Federal Home Loan Mortgage Corp Total						1176	2.6094	6,366,676.41	6,370,000.00	699,824.71	6,324,540.60
19-0011	3136G4PE7	FNMA	Wells Fargo Instit	8/23/2018	9/29/2020	756	2.7024	979,660.00	1,000,000.00	56,040.00	977,580.00
Federal Home Loan Bank Total						756	2.7024	979,660.00	1,000,000.00	56,040.00	977,580.00
19-0001	912828742	Treasury Note	Wells Fargo Instit	8/2/2018	9/30/2018	59	1.9604	6,187,890.62	6,200,000.00	24,763.66	6,200,000.00
19-0002	912828U99	Treasury Note	Wells Fargo Instit	8/2/2018	12/31/2018	151	2.1792	5,578,781.25	5,600,000.00	49,941.58	5,586,392.00
19-0003	912828W97	Treasury Note	Wells Fargo Instit	8/2/2018	3/31/2019	241	2.2784	3,426,820.31	3,450,000.00	51,694.04	3,429,783.00
19-0020	912828XS4	Treasury Note	FTN Financial	9/26/2018	5/31/2019	247	2.4780	1,636,453.58	1,650,000.00	13,546.42	1,642,338.00
19-0007	912828F39	Treasury Note	Wells Fargo Instit	8/2/2018	9/30/2019	424	2.5114	5,700,136.72	5,750,000.00	166,709.25	5,698,365.00
19-0008	9128283N8	Treasury Note	Great Pacific	8/2/2018	12/31/2019	516	2.5782	5,941,875.00	6,000,000.00	216,786.69	5,938,140.00
18-0066	912828XR6	Treasury Note	Piper Jaffray	6/29/2018	5/31/2022	1432	2.6700	1,787,026.17	1,850,000.00	189,908.60	1,775,278.50
Treasury Note Total						439	2.3794	30,258,983.65	30,500,000.00	713,350.24	30,270,296.50
Swartzell Trust	140320268	Money Market	PFM Prime Institutional	Daily	Daily	1	1.8250	357,117.00	357,117.00	N/A	357,117.00
2010F Stormwater	140324880	Money Market	PFM Prime Institutional	Daily	Daily	1	1.8250	5,000.00	5,000.00	N/A	5,000.00
Sewer Sinking	140324633	Money Market	PFM Prime Institutional	Daily	Daily	1	1.8250	34,640.36	34,640.36	N/A	34,640.36
Stormwater Sinking	140322173	Money Market	PFM Prime Institutional	Daily	Daily	1	1.8250	16,586.00	16,586.00	N/A	16,586.00
2014A GO	140334285	Money Market	PFM Prime Institutional	Daily	Daily	1	1.8250	15,031.48	15,031.48	N/A	15,031.48
2014B Sewer	140334340	Money Market	PFM Prime Institutional	Daily	Daily	1	1.8250	436,647.97	436,647.97	N/A	436,647.97
2016C Stormwater	140339896	Money Market	PFM Prime Institutional	Daily	Daily	1	1.8250	189,836.55	189,836.55	N/A	189,836.55
2018C Stormwater	140344466	Money Market	PFM Prime Institutional	Daily	Daily	1	1.8250	0.01	0.01	N/A	0.01
Money Market Total						1	1.8250	1,054,859.37	1,054,859.37		1,054,859.37

**City of Des Moines
Non-Pooled Portfolio Detail
As of September 30, 2018**

<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>
Stormwater Sinking	1567298	Cash Account	Bankers Trust	Daily	Daily	1	1.5040	95,773.04	95,773.04	N/A	95,773.04
Sewer Sinking	1566815	Cash Account	Bankers Trust	Daily	Daily	1	1.5040	23,037.68	23,037.68	N/A	23,037.68
Crivaro	1356872	Cash Account	Bankers Trust	Daily	Daily	1	1.5040	927.54	927.54	N/A	927.54
CDBG Loan	1357052	Cash Account	Bankers Trust	Daily	Daily	1	1.5040	59,395.29	59,395.29	N/A	59,395.29
Perm Cem Maint	1566879	Cash Account	Bankers Trust	Daily	Daily	1	1.5040	550,780.30	550,780.30	N/A	550,780.30
Good Faith	various	Cash Account	Bankers Trust	Daily	Daily	1	1.5040	89,158.43	89,158.43	N/A	89,158.43
Cash Account Total						1	1.5040	819,072.28	819,072.28	N/A	819,072.28
Investment Total						541	2.4721	55,677,051.91	56,013,931.65	1,987,341.84	55,628,940.75

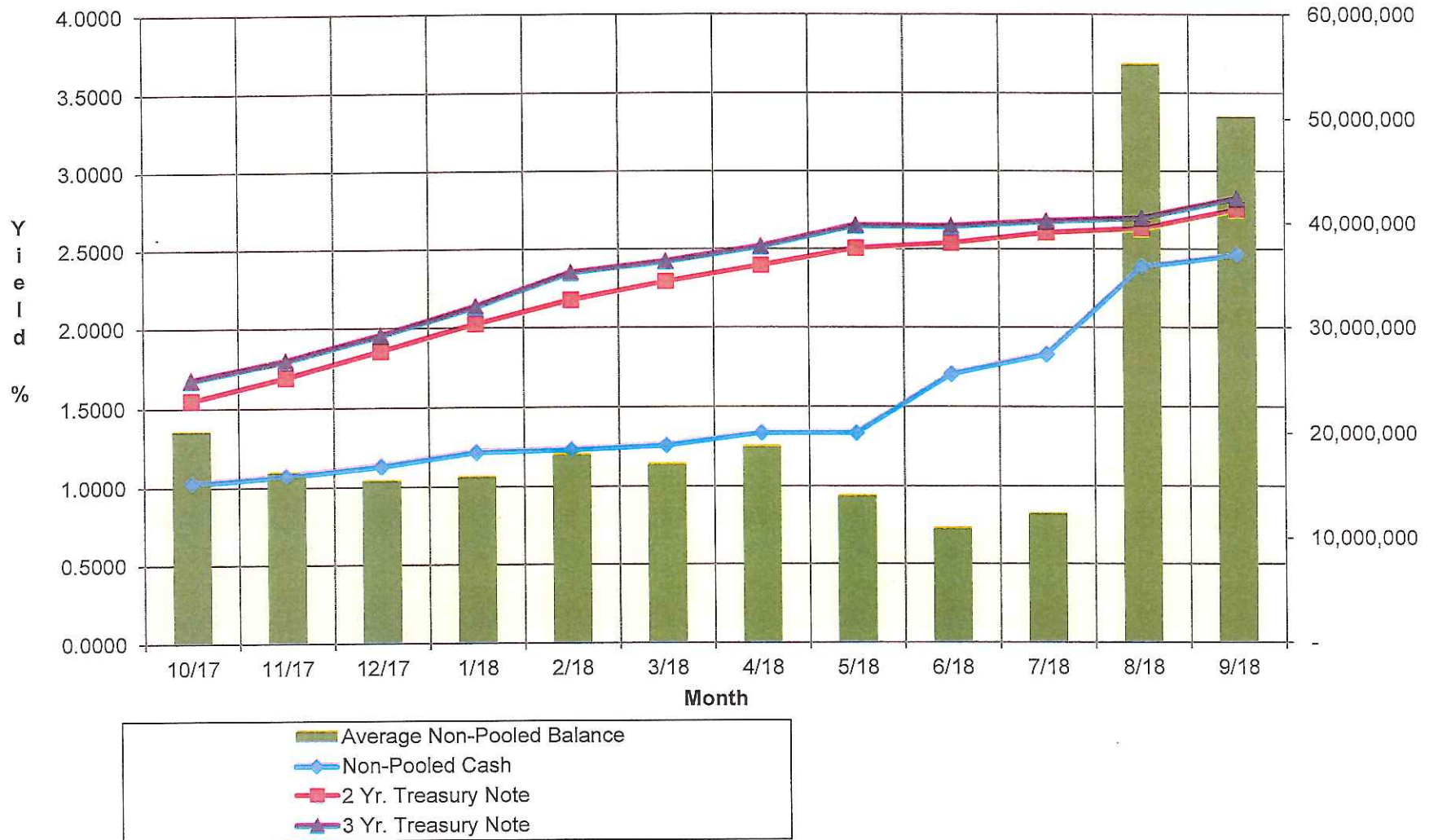
**City of Des Moines
Pooled Portfolio Detail
As of September 30, 2018**

<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>
18-0056	05990DKK7	Commercial Paper	Great Pacific	6/5/2018	10/19/2018	136	2.4556	3,963,733.32	4,000,000.00	36,266.68	3,963,733.32
18-0059	63873KL96	Commercial Paper	Great Pacific	6/20/2018	11/9/2018	142	2.4153	3,962,764.44	4,000,000.00	37,235.56	3,962,764.44
18-0060	22533ULM3	Commercial Paper	Great Pacific	6/20/2018	11/21/2018	154	2.3655	3,960,473.32	4,000,000.00	39,526.68	3,960,473.32
Commercial Paper Total						144	2.4121	11,886,971.08	12,000,000.00	113,028.92	11,886,971.08
18-0047		Certificate of Deposit	Community State Bank	4/13/2018	11/15/2018	216	2.1000	4,000,000.00	4,000,000.00	49,709.59	4,000,000.00
18-0048		Certificate of Deposit	Community State Bank	4/13/2018	11/29/2018	230	2.1000	4,000,000.00	4,000,000.00	52,931.51	4,000,000.00
Certificate of Deposit Total						223	2.1000	8,000,000.00	8,000,000.00	102,641.10	8,000,000.00
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	496,910.00
Federal Farm Credit Total						711	1.3540	499,669.27	500,000.00	13,365.73	496,910.00
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	5,994,180.00
19-0005	3130A8DB6	FHLB	FTN Financial	8/2/2018	6/21/2019	319	2.4020	6,427,616.20	6,500,000.00	137,180.67	6,433,960.00
Federal Home Loan Bank Total						385	1.8645	12,459,002.19	12,500,000.00	237,336.35	12,428,140.00
18-0054	313385J49	FHLB Discount	Great Pacific	6/5/2018	10/5/2018	122	1.9800	3,973,702.24	4,000,000.00	26,297.76	3,999,080.00
18-0055	313385K39	FHLB Discount	Great Pacific	6/5/2018	10/12/2018	129	1.9807	3,972,193.32	4,000,000.00	27,806.68	3,997,440.00
18-0063	313385L95	FHLB Discount	Piper Jaffray	6/25/2018	10/26/2018	123	1.9801	3,973,486.67	4,000,000.00	26,513.33	3,994,160.00
19-0013	313385T97	FHLB Discount	Piper Jaffray	8/28/2018	12/21/2018	115	2.1333	3,973,294.44	4,000,000.00	26,705.56	3,980,400.00
19-0014	313385U87	FHLB Discount	Piper Jaffray	8/28/2018	12/28/2018	122	2.1444	3,971,533.33	4,000,000.00	28,466.67	3,978,680.00
19-0017	313384AL3	FHLB Discount	Great Pacific	9/26/2018	1/11/2019	107	2.2298	3,974,022.76	4,000,000.00	25,977.24	3,974,600.00
Federal Home Loan Bank Discount Total						120	2.0747	23,838,232.76	24,000,000.00	161,767.24	23,924,360.00
18-0025	3134GBNU2	FHLMC	Piper Jaffray	11/29/2017	5/15/2020	886	1.9302	745,687.50	750,000.00	35,507.08	737,430.00
Federal Home Loan Mortgage Corp Total						886	1.9302	745,687.50	750,000.00	35,507.08	737,430.00
18-0064	313397M81	FHLMC Discount	Piper Jaffray	6/25/2018	11/2/2018	130	1.9911	3,971,833.33	4,000,000.00	28,166.67	3,992,360.00
19-0015	313396AD5	FHLMC Discount	Piper Jaffray	8/28/2018	1/4/2019	129	2.1556	3,969,756.67	4,000,000.00	30,243.33	3,976,360.00
Federal Home Loan Mortgage Corp Discount Total						130	2.0734	7,941,590.00	8,000,000.00	58,410.00	7,968,720.00
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	4,995,300.00
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	4,991,250.00
Federal National Mortgage Assn Total						810	0.9083	10,108,200.00	10,000,000.00	205,723.61	9,986,550.00
18-0065	912796PE3	Treasury Bill	Piper Jaffray	6/25/2018	12/6/2018	164	2.0508	3,963,596.67	4,000,000.00	36,403.33	3,984,400.00
18-0067	912796QN2	Treasury Bill	FTN Financial	6/28/2018	12/13/2018	168	2.0741	3,962,293.33	4,000,000.00	37,706.67	3,982,760.00
19-0018	912796QT9	Treasury Bill	Wells Fargo Instit	9/26/2018	1/17/2019	113	2.2799	3,972,252.22	4,000,000.00	27,747.78	3,973,760.00
19-0019	912796QU6	Treasury Bill	Wells Fargo Instit	9/26/2018	1/24/2019	120	2.3064	3,970,200.00	4,000,000.00	29,800.00	3,971,840.00

**City of Des Moines
Pooled Portfolio Detail
As of September 30, 2018**

Invest Number	CUSIP	Security Description	Issuer	Purchase Date	Maturity Date	Days-Purchase To Maturity	Yield	Original Cost	Ending Par Value	Earnings To Maturity	Current Market Value
Federal Home Loan Bank Total						141	2.1778	15,868,342.22	18,000,000.00	131,857.78	15,912,760.00
19-0001	912828742	Treasury Note	Wells Fargo Instit	8/2/2018	9/30/2018	59	1.9604	2,994,140.63	3,000,000.00	13,013.58	3,000,000.00
18-0049	912828U40	Treasury Note	Great Pacific	4/16/2018	11/30/2018	228	2.0000	39,753,125.00	40,000,000.00	496,325.55	39,923,600.00
19-0002	912828U99	Treasury Note	Wells Fargo Instit	8/2/2018	12/31/2018	151	2.1792	7,222,529.30	7,250,000.00	64,656.50	7,232,382.50
19-0003	912828W97	Treasury Note	Wells Fargo Instit	8/2/2018	3/31/2019	241	2.2784	6,208,007.82	6,250,000.00	93,648.60	6,213,375.00
19-0004	912828XS4	Treasury Note	Wells Fargo Instit	8/2/2018	5/31/2019	302	2.3801	5,944,687.50	6,000,000.00	117,402.66	5,950,320.00
19-0006	9128282T6	Treasury Note	Wells Fargo Instit	8/2/2018	8/31/2019	394	2.5013	6,413,925.78	6,500,000.00	173,727.07	6,418,490.00
19-0007	912828F39	Treasury Note	Wells Fargo Instit	8/2/2018	9/30/2019	424	2.5114	6,939,296.87	7,000,000.00	202,950.40	6,937,140.00
19-0008	9128283N8	Treasury Note	Great Pacific	8/2/2018	12/31/2019	516	2.5782	4,951,562.50	5,000,000.00	180,655.57	4,948,450.00
Treasury Note Total						289	2.2986	80,427,275.40	81,000,000.00	1,342,379.93	80,623,757.50
General Operating	140320243	Money Market	PFM Prime Instit	Daily	Daily	1	1.8250	12,598,468.96	12,598,468.96	N/A	12,598,468.96
2012D GO Sewer	140328592	Money Market	PFM Prime Instit	Daily	Daily	1	1.8250	891,210.90	891,210.90	N/A	891,210.90
2012E GO Strmwtr	140328600	Money Market	PFM Prime Instit	Daily	Daily	1	1.8250	397,496.53	397,496.53	N/A	397,496.53
2013A GO	140333824	Money Market	PFM Prime Instit	Daily	Daily	1	1.8250	470,000.00	470,000.00	N/A	470,000.00
2015A GO	140336249	Money Market	PFM Prime Instit	Daily	Daily	1	1.8250	1,033,183.45	1,033,183.45	N/A	1,033,183.45
2016A GO	140339888	Money Market	PFM Prime Instit	Daily	Daily	1	1.8250	192,924.44	192,924.44	N/A	192,924.44
2017A GO	140341488	Money Market	PFM Prime Instit	Daily	Daily	1	1.8250	24,013.33	24,013.33	N/A	24,013.33
Money Market Total						1	1.8250	15,607,297.61	15,607,297.61	N/A	15,607,297.61
General Operating	23450	Cash Account	Bankers Trust	Daily	Daily	1	1.5040	10,496,508.83	10,496,508.83	N/A	10,496,508.83
Spec Assess	1395789	Cash Account	Bankers Trust	Daily	Daily	1	1.5040	631,041.32	631,041.32	N/A	631,041.32
Trust and Agency	23523	Cash Account	Bankers Trust	Daily	Daily	1	1.5040	703,535.73	703,535.73	N/A	703,535.73
Parking Meters	1117290	Cash Account	Bankers Trust	Daily	Daily	1	1.5040	332,825.32	332,825.32	N/A	332,825.32
Parking Ramps	23493	Cash Account	Bankers Trust	Daily	Daily	1	1.5040	470,699.78	470,699.78	N/A	470,699.78
Park and Ride	23515	Cash Account	Bankers Trust	Daily	Daily	1	1.5040	96,625.84	96,625.84	N/A	96,625.84
Swimming Pools	1395078	Cash Account	Bankers Trust	Daily	Daily	1	1.5040	0.83	0.83	N/A	0.83
Ambulance	12044	Cash Account	Bankers Trust	Daily	Daily	1	1.5040	4,845.91	4,845.91	N/A	4,845.91
Cash Account Total						1	1.5040	12,736,083.56	12,736,083.56	N/A	12,736,083.56
Investment Total						229	2.0196	200,118,351.59	201,093,381.17	2,401,817.74	200,308,979.75

**City of Des Moines
Non-Pooled Cash Portfolio Yield
For the Twelve Months Ended September 30, 2018**



City of Des Moines Pooled Cash Portfolio Yield For the Twelve Months Ended September 30, 2018

