

 **Roll Call Number**

Agenda Item Number

27

Date January 27, 2020

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 19-0142, 19-0652, 19-1329 and 19-1742.

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 December 31, 2019 is hereby received and filed.

(copy attached)

MOVED BY _____ to receive and file.

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
COWNIE				
BOESEN				
GATTO				
GRAY				
MANDELBAUM				
VOSS				
WESTERGAARD				
TOTAL				

CERTIFICATE

I, P. Kay Cmelik, 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 December 31, 2019

Prepared by
Heide U. Green, Treasury Manager
Nickolas Schaul, Interim Finance Director/Treasurer

**Quarterly Treasurer's Report
As of December 31, 2019**

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 December 31, 43.2 percent of the \$331.7 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 \$293.3 million portion of the portfolio to have an average maturity of 134 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 8, the last line of the table labeled "Non-Pooled Portfolio Detail" reveals that the average maturity of the \$38.4 million of investments in this category is 419 days.

Return on Investments

The final two pages, 11 and 12, 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 134 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 419 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.

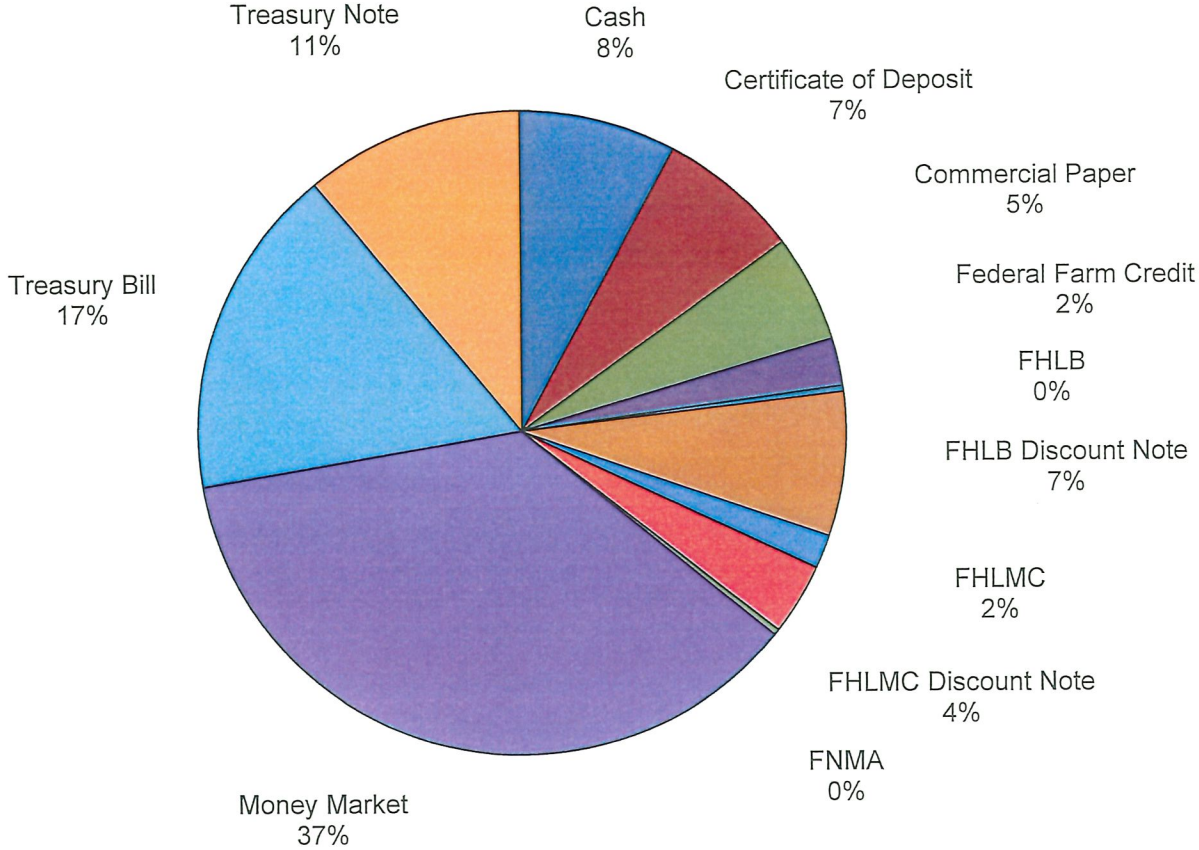
Other

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 \$331,730,000
 As of December 31, 2019**



**City of Des Moines
Non-Pooled Portfolio Detail
As of December 31, 2019**

<u>Invest Number</u>	<u>Account or 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>
19-0055		Certificate of Deposit	US Bank	3/8/2019	8/15/2022	1256	2.9500	2,670,000.00	2,670,000.00	270,822.12	2,670,000.00
Federal Home Loan Bank Total						1256	2.9500	2,670,000.00	2,670,000.00	270,822.12	2,670,000.00
19-0009	3133EJPV5	FFCB	Wells Fargo Instit	8/2/2018	3/23/2020	591	2.6828	6,984,040.00	7,000,000.00	307,848.34	7,017,695.30
19-0029	3133EJK24	FFCB	FTN Financial	10/24/2018	10/19/2021	1075	2.9890	500,154.51	500,000.00	44,637.16	512,656.10
Federal Farm Credit Total						833	2.8359	7,484,194.51	7,500,000.00	352,485.50	7,530,351.40
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	1,007,279.10
Federal Home Loan Bank Total						727	2.5599	1,015,940.00	1,000,000.00	52,216.25	1,007,279.10
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	1,000,883.30
Federal Home Loan Bank Total						756	2.7024	979,660.00	1,000,000.00	56,040.00	1,000,883.30
20-0029	912828WG1	Treasury Note	FTN Financial	10/30/2019	4/30/2021	548	1.6580	1,008,750.00	1,000,000.00	25,061.14	1,008,203.10
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	1,856,359.38
19-0049	9128282P4	Treasury Note	FTN Financial	1/31/2019	7/31/2022	1277	2.5451	2,708,216.02	2,770,000.00	243,565.23	2,787,961.79
Treasury Note Total						1086	2.2910	5,503,992.19	5,620,000.00	458,534.97	5,652,524.27
Swartzell Trust	140320268	Money Market	PFM Prime Instit	Daily	Daily	1	1.4890	357,570.69	357,570.69	N/A	357,570.69
Sewer Sinking	140324633	Money Market	PFM Prime Instit	Daily	Daily	1	1.4890	503,216.96	503,216.96	N/A	503,216.96
Stormwater Sinking	140322173	Money Market	PFM Prime Instit	Daily	Daily	1	1.4890	642,725.14	642,725.14	N/A	642,725.14
2014A GO	140334285	Money Market	PFM Prime Instit	Daily	Daily	1	1.4890	5,740,277.27	5,740,277.27	N/A	5,740,277.27
2016C Stormwater	140339896	Money Market	PFM Prime Instit	Daily	Daily	1	1.4890	190,077.72	190,077.72	N/A	190,077.72
2018C Stormwater	140344466	Money Market	PFM Prime Instit	Daily	Daily	1	1.4890	9,997,107.71	9,997,107.71	N/A	9,997,107.71
Money Market Total						1	1.4890	17,430,975.49	17,430,975.49		17,430,975.49
Stormwater Sinking	1567298	Cash Account	Bankers Trust	Daily	Daily	1	0.9880	1,399,715.60	1,399,715.60	N/A	1,399,715.60
Sewer Sinking	1566815	Cash Account	Bankers Trust	Daily	Daily	1	0.9880	449,981.19	449,981.19	N/A	449,981.19
Crivaro	1356872	Cash Account	Bankers Trust	Daily	Daily	1	0.9880	945.98	945.98	N/A	945.98
CDBG Loan	1357052	Cash Account	Bankers Trust	Daily	Daily	1	0.9880	218,722.92	218,722.92	N/A	218,722.92
Perm Cem Maint	1566879	Cash Account	Bankers Trust	Daily	Daily	1	0.9880	1,181,049.70	1,181,049.70	N/A	1,181,049.70
Good Faith	various	Cash Account	Bankers Trust	Daily	Daily	1	0.9880	90,930.74	90,930.74	N/A	90,930.74
Cash Account Total						1	0.9880	3,341,346.13	3,341,346.13	N/A	3,341,346.13
Investment Total						419	1.9765	38,426,108.32	38,562,321.62	1,190,098.84	38,633,359.69

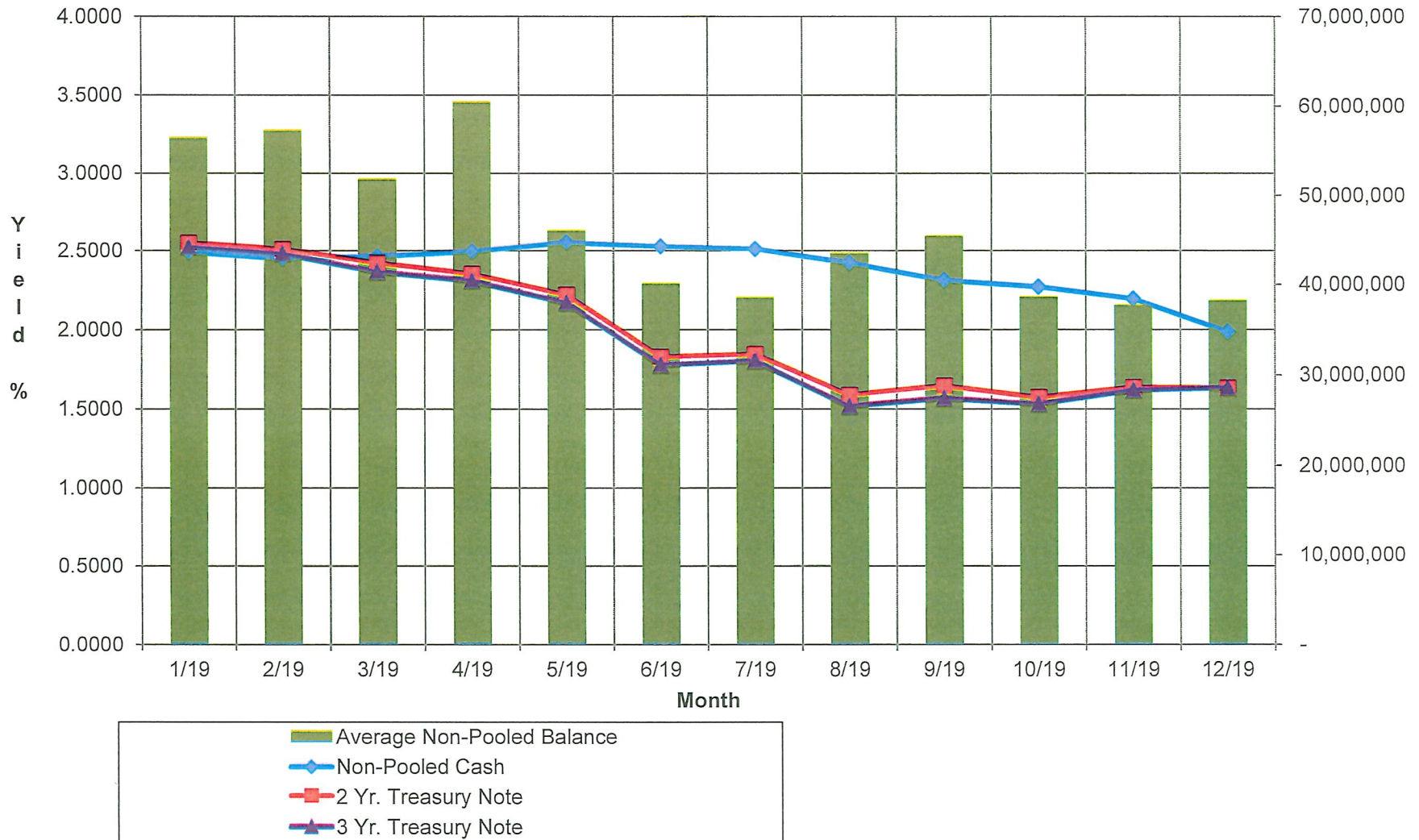
**City of Des Moines
Pooled Portfolio Detail
As of December 31, 2019**

<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>
20-0006		Certificate of Deposit	Community State Bank	9/18/2019	1/3/2020	107	1.9100	4,000,000.00	4,000,000.00	22,395.57	4,000,000.00
19-0054		Certificate of Deposit	Regions Bank	3/8/2019	3/6/2020	364	2.6800	6,000,000.00	6,000,000.00	160,281.21	4,000,000.00
20-0026		Certificate of Deposit	Metabank	10/18/2019	3/26/2020	160	1.8200	5,000,000.00	5,000,000.00	39,832.51	5,000,000.00
20-0005		Certificate of Deposit	Community State Bank	9/18/2019	6/20/2020	276	1.8800	6,000,000.00	6,000,000.00	85,150.95	4,000,000.00
Certificate of Deposit Total						227	2.0725	21,000,000.00	21,000,000.00	307,660.24	17,000,000.00
20-0007	04821TA70	Commercial Paper	Great Pacific	9/26/2019	1/7/2020	103	2.1215	3,976,195.56	4,000,000.00	23,804.44	3,998,670.00
20-0008	06945LAM0	Commercial Paper	Great Pacific	9/26/2019	1/21/2020	117	2.1438	3,972,700.00	4,000,000.00	27,300.00	3,996,126.68
20-0027	5006E0DM5	Commercial Paper	FTN Financial	10/30/2019	4/21/2020	174	1.8513	4,956,258.35	5,000,000.00	43,741.65	4,972,622.20
20-0028	2332K0DW9	Commercial Paper	Wells Fargo Instit	10/30/2019	4/30/2020	183	1.8625	4,953,741.67	5,000,000.00	46,258.33	4,968,909.70
Commercial Paper Total						144	1.9948	17,858,895.58	18,000,000.00	141,104.42	17,936,328.58
19-0029	3133EJK24	FFCB	FTN Financial	10/24/2018	10/19/2021	1075	2.9890	500,154.51	500,000.00	44,637.16	512,656.10
Federal Farm Credit Total						1075	2.9890	500,154.51	500,000.00	44,637.16	512,656.10
20-0011	313384RV3	FHLB Discount Note	FTN Financial	10/17/2019	1/15/2020	90	1.6952	3,983,350.00	4,000,000.00	16,650.00	3,997,818.88
20-0012	313384SL4	FHLB Discount Note	FTN Financial	10/17/2019	1/30/2020	105	1.6708	3,980,866.67	4,000,000.00	19,133.33	3,995,302.24
20-0013	313384SU4	FHLB Discount Note	Piper Jaffray	10/17/2019	2/7/2020	113	1.6509	3,979,660.00	4,000,000.00	20,340.00	3,993,920.00
20-0014	313384TB5	FHLB Discount Note	Piper Jaffray	10/17/2019	2/14/2020	120	1.6514	3,978,400.00	4,000,000.00	21,600.00	3,992,737.76
20-0017	313384TY5	FHLB Discount Note	Wells Fargo Instit	10/17/2019	3/6/2020	141	1.6325	3,974,933.33	4,000,000.00	25,066.67	3,988,906.68
20-0020	313384UV9	FHLB Discount Note	Piper Jaffray	10/17/2019	3/27/2020	162	1.6340	3,971,200.00	4,000,000.00	28,800.00	3,985,280.00
FHLB Discount Note Total						122	1.6558	23,868,410.00	24,000,000.00	131,590.00	23,953,965.56
18-0025	3134GBNU2	FHLMC	Piper Jaffray	11/29/2017	5/15/2020	886	1.9302	745,687.50	750,000.00	35,507.08	750,125.48
20-0025	3137EAEK1	FHLMC	Great Pacific	10/17/2019	11/17/2020	390	1.6300	4,819,570.31	4,807,000.00	85,071.89	4,816,421.72
Federal Home Loan Mortgage Corp Total						638	1.7801	5,565,257.81	5,557,000.00	120,578.97	5,566,547.20
20-0021	313396VC4	FHLMC Discount	Piper Jaffray	10/17/2019	4/3/2020	169	1.6448	3,969,767.78	4,000,000.00	30,232.22	3,983,960.00
20-0022	313396VJ9	FHLMC Discount	Piper Jaffray	10/17/2019	4/9/2020	175	1.6452	3,968,694.44	4,000,000.00	31,305.56	3,982,920.00
20-0023	313396VS9	FHLMC Discount	Piper Jaffray	10/17/2019	4/17/2020	183	1.6458	3,967,263.33	4,000,000.00	32,736.67	3,981,520.00
Federal Home Loan Mortgage Corp Discount Total						176	1.6453	11,905,725.55	12,000,000.00	94,274.45	11,948,400.00
20-0015	912796TG4	Treasury Bill	Wells Fargo Instit	10/17/2019	2/20/2020	126	1.5951	3,978,300.00	4,000,000.00	21,700.00	3,991,613.32
20-0016	912796SD2	Treasury Bill	Wells Fargo Instit	10/17/2019	2/27/2020	133	1.6057	3,976,946.67	4,000,000.00	23,053.33	3,990,462.24
20-0018	912796TK5	Treasury Bill	Wells Fargo Instit	10/17/2019	3/12/2020	147	1.5989	3,974,356.67	4,000,000.00	25,643.33	3,988,320.00
20-0019	912796TL3	Treasury Bill	Wells Fargo Instit	10/17/2019	3/19/2020	154	1.5786	3,973,477.78	4,000,000.00	26,522.22	3,987,184.44
20-0009	912796SR1	Treasury Bill	Piper Jaffray	10/2/2019	5/21/2020	232	1.7007	19,785,786.67	20,000,000.00	214,213.33	19,879,300.00
20-0010	912796SR1	Treasury Bill	Great Pacific	10/2/2019	5/21/2020	232	1.7090	19,784,755.60	20,000,000.00	215,244.40	19,879,300.00
Treasury Bill Total						171	1.6313	55,473,623.39	56,000,000.00	526,376.61	55,716,180.00

**City of Des Moines
Pooled Portfolio Detail
As of December 31, 2019**

<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>
19-0064	9128284J6	Treasury Note	FTN Financial	4/12/2019	4/30/2020	384	2.4237	19,989,843.75	20,000,000.00	508,775.03	20,048,438.00
20-0024	912828PC8	Treasury Note	Great Pacific	10/17/2019	11/15/2020	395	1.6268	10,301,300.63	10,193,000.00	180,351.02	10,278,207.36
20-0029	912828WG1	Treasury Note	FTN Financial	10/30/2019	4/30/2021	548	1.6580	504,375.00	500,000.00	12,530.57	504,101.55
Treasury Note Total						442	1.9028	30,795,519.38	30,693,000.00	701,656.62	30,830,746.91
General Operating	140320243	Money Market	PFM Prime Instit	Daily	Daily	1	1.4890	33,018,756.70	33,018,756.70	N/A	33,018,756.70
2015A GO	140336249	Money Market	PFM Prime Instit	Daily	Daily	1	1.4890	433,733.77	433,733.77	N/A	433,733.77
2016A GO	140339888	Money Market	PFM Prime Instit	Daily	Daily	1	1.4890	2,195,710.36	2,195,710.36	N/A	2,195,710.36
2017A GO	140341488	Money Market	PFM Prime Instit	Daily	Daily	1	1.4890	24,043.84	24,043.84	N/A	24,043.84
2018A GO	140344458	Money Market	PFM Prime Instit	Daily	Daily	1	1.4890	11,508,468.12	11,508,468.12	N/A	11,508,468.12
2019A GO	140345448	Money Market	PFM Prime Instit	Daily	Daily	1	1.4890	54,884,736.86	54,884,736.86	N/A	54,884,736.86
2019B GO	140345455	Money Market	PFM Prime Instit	Daily	Daily	1	1.4890	1,505,619.43	1,505,619.43	N/A	1,505,619.43
Money Market Total						1	1.4890	103,571,069.08	103,571,069.08	N/A	103,571,069.08
General Operating	23450	Cash Account	Bankers Trust	Daily	Daily	1	0.9880	20,712,917.09	20,712,917.09	N/A	20,712,917.09
Spec Assess	1395789	Cash Account	Bankers Trust	Daily	Daily	1	0.9880	231,425.77	231,425.77	N/A	231,425.77
Trust and Agency	23523	Cash Account	Bankers Trust	Daily	Daily	1	0.9880	703,336.63	703,336.63	N/A	703,336.63
Parking Meters	1117290	Cash Account	Bankers Trust	Daily	Daily	1	0.9880	445,540.11	445,540.11	N/A	445,540.11
Parking Ramps	23493	Cash Account	Bankers Trust	Daily	Daily	1	0.9880	478,574.79	478,574.79	N/A	478,574.79
Park and Ride	23515	Cash Account	Bankers Trust	Daily	Daily	1	0.9880	191,902.14	191,902.14	N/A	191,902.14
Swimming Pools	1395078	Cash Account	Bankers Trust	Daily	Daily	1	0.9880	-	-	N/A	-
Ambulance	12044	Cash Account	Bankers Trust	Daily	Daily	1	0.9880	1,537.41	1,537.41	N/A	1,537.41
Cash Account Total						1	0.9880	22,765,233.94	22,765,233.94	N/A	22,765,233.94
Investment Total						134	1.6533	293,303,889.24	294,086,303.02	2,067,878.47	289,801,127.37

City of Des Moines Non-Pooled Cash Portfolio Yield For the Twelve Months Ended September 30, 2019



City of Des Moines Pooled Cash Portfolio Yield For the Twelve Months Ended September 30, 2019

