

Date August 17, 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 19-1329, 19-1742, 20-0152 and 20-0626.

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 June 30, 2020 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 | | | | |
| MOTION CARRIED | | | APPROVED | |

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.

Mayor

City Clerk

QUARTERLY TREASURER'S REPORT
As of June 30, 2020

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

**Quarterly Treasurer's Report
As of June 30, 2020**

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 June 30, 36.6 percent of the \$278.8 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 \$253.2 million portion of the portfolio to have an average maturity of 84 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 \$25.5 million of investments in this category is 1,157 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 84 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 1,157 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.

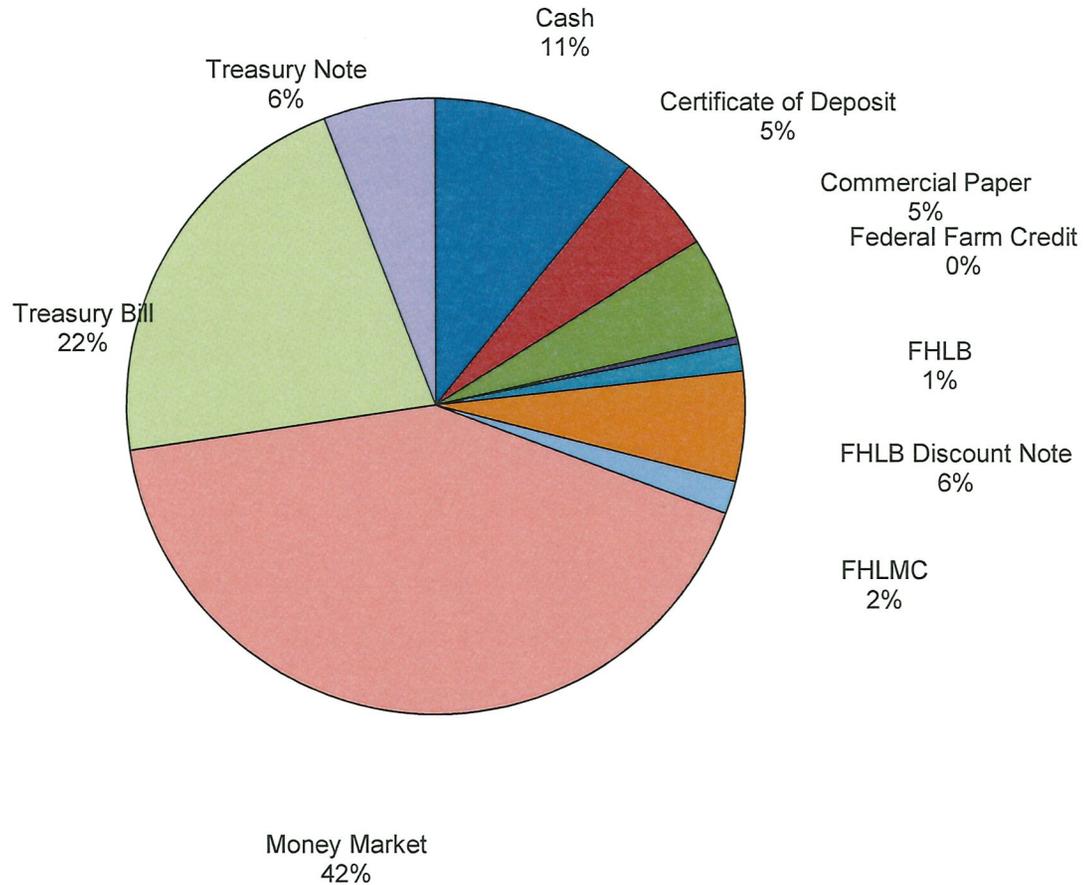
Other

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 \$278,782,500
As of June 30, 2020**



**City of Des Moines
Non-Pooled Portfolio Detail
As of June 30, 2020**

| <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 |
| 19-0029 | 3133EJK24 | FFCB | FTN Financial | 10/24/2018 | 10/19/2021 | 1075 | 2.9890 | 500,154.51 | 500,000.00 | 44,637.16 | 518,225.80 |
| Federal Farm Credit Total | | | | | | 1075 | 2.9890 | 500,154.51 | 500,000.00 | 44,637.16 | 518,225.80 |
| 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 | 1,017,187.50 |
| 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 | 1,905,500.00 |
| 19-0049 | 912828P4 | Treasury Note | FTN Financial | 1/31/2019 | 7/31/2022 | 1277 | 2.5451 | 2,708,216.02 | 2,770,000.00 | 243,565.23 | 2,868,031.96 |
| Treasury Note Total | | | | | | 1086 | 2.2910 | 5,503,992.19 | 5,620,000.00 | 458,534.97 | 5,790,719.46 |
| Swartzell Trust | 140320268 | Money Market | PFM Prime Instit | Daily | Daily | 1 | 0.0900 | 357,143.44 | 357,143.44 | N/A | 357,143.44 |
| Sewer Sinking | 140324633 | Money Market | PFM Prime Instit | Daily | Daily | 1 | 0.0900 | 223.21 | 223.21 | N/A | 223.21 |
| Stormwater Sinking | 140322173 | Money Market | PFM Prime Instit | Daily | Daily | 1 | 0.0900 | 507.70 | 507.70 | N/A | 507.70 |
| 2014A GO | 140334285 | Money Market | PFM Prime Instit | Daily | Daily | 1 | 0.0900 | 6,560.15 | 6,560.15 | N/A | 6,560.15 |
| 2016C Stormwater | 140339896 | Money Market | PFM Prime Instit | Daily | Daily | 1 | 0.0900 | 189,850.60 | 189,850.60 | N/A | 189,850.60 |
| 2018C Stormwater | 140344466 | Money Market | PFM Prime Instit | Daily | Daily | 1 | 0.0900 | 11,992,671.68 | 11,992,671.68 | N/A | 11,992,671.68 |
| Money Market Total | | | | | | 1 | 0.0900 | 12,546,956.78 | 12,546,956.78 | | 12,546,956.78 |
| Stormwater Sinking | 1567298 | Cash Account | Bankers Trust | Daily | Daily | 1 | 0.0500 | 514,966.77 | 64.97 | N/A | 514,966.77 |
| Sewer Sinking | 1566815 | Cash Account | Bankers Trust | Daily | Daily | 1 | 0.0500 | 229,613.59 | 20.88 | N/A | 229,613.59 |
| Crivaro | 1356872 | Cash Account | Bankers Trust | Daily | Daily | 1 | 0.0500 | 947.87 | 947.83 | N/A | 947.87 |
| CDBG Loan | 1357052 | Cash Account | Bankers Trust | Daily | Daily | 1 | 0.0500 | 254,081.33 | 248,726.41 | N/A | 254,081.33 |
| Perm Cem Maint | 1566879 | Cash Account | Bankers Trust | Daily | Daily | 1 | 0.0500 | 3,246,002.39 | 2,224,913.53 | N/A | 3,246,002.39 |
| Good Faith | various | Cash Account | Bankers Trust | Daily | Daily | 1 | 0.0500 | 91,112.63 | 91,108.65 | N/A | 91,112.63 |
| Cash Account Total | | | | | | 1 | 0.0500 | 4,336,724.58 | 2,565,782.27 | N/A | 4,336,724.58 |
| Investment Total | | | | | | 1157 | 0.9412 | 25,557,828.06 | 23,902,739.05 | 773,994.25 | 25,862,626.62 |

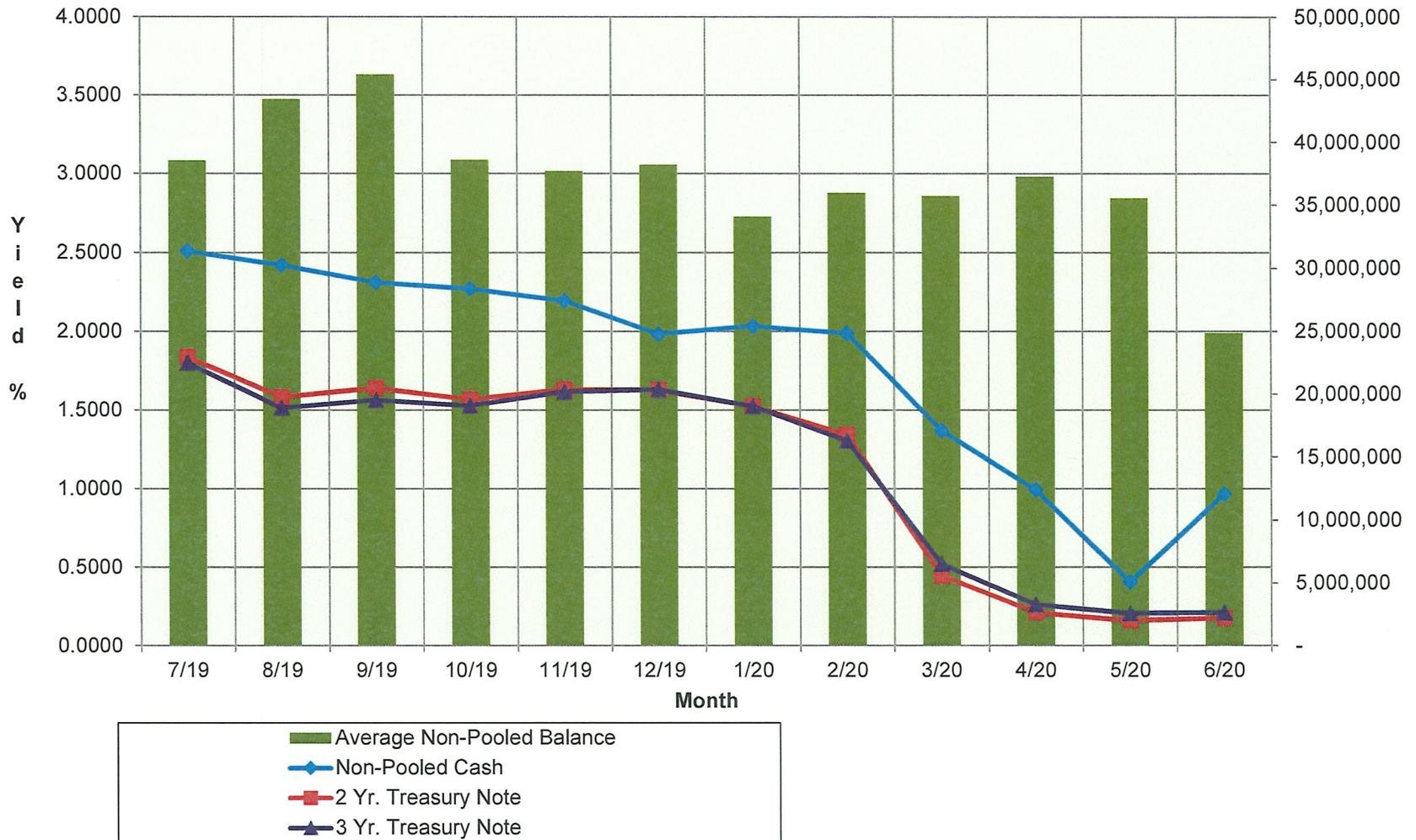
**City of Des Moines
Pooled Portfolio Detail
As of June 30, 2020**

| <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> |
|--|------------------------|------------------------------|--------------------------------------|----------------------|----------------------|----------------------------------|------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| 20-0042 | | Certificate of Deposit | US Bank | 3/24/2020 | 7/10/2020 | 108 | 0.4500 | 4,000,000.00 | 4,000,000.00 | 5,311.48 | 4,000,000.00 |
| 20-0043 | | Certificate of Deposit | US Bank | 3/24/2020 | 7/17/2020 | 115 | 0.4500 | 4,000,000.00 | 4,000,000.00 | 5,655.74 | 4,000,000.00 |
| 20-0044 | | Certificate of Deposit | US Bank | 3/24/2020 | 7/24/2020 | 122 | 0.4500 | 4,000,000.00 | 4,000,000.00 | 6,000.00 | 4,000,000.00 |
| Certificate of Deposit Total | | | | | | 115 | 0.4500 | 12,000,000.00 | 12,000,000.00 | 16,967.22 | 12,000,000.00 |
| 20-0051 | 05970RJ48 | Commercial Paper 0.00 | Wells Fargo Instit. Brokera | 6/8/2020 | 9/4/2020 | 88 | 0.3958 | 4,995,233.33 | 5,000,000.00 | 4,766.67 | 4,998,441.65 |
| 20-0052 | 00850UJB1 | Commercial Paper 0.00 | Wells Fargo Instit. Brokera | 6/5/2020 | 9/11/2020 | 98 | 0.4162 | 4,994,419.44 | 5,000,000.00 | 5,580.56 | 4,998,276.40 |
| 20-0053 | 45581BJJ7 | Commercial Paper 0.00 | Wells Fargo Instit. Brokera | 6/5/2020 | 9/18/2020 | 105 | 0.4467 | 4,993,583.33 | 5,000,000.00 | 6,416.67 | 4,998,111.10 |
| Commercial Paper Total | | | | | | 97 | 0.4196 | 14,983,236.10 | 15,000,000.00 | 16,763.90 | 14,994,829.15 |
| 19-0029 | 3133EJK24 | FFCB | FTN Financial | 10/24/2018 | 10/19/2021 | 1075 | 2.9890 | 500,154.51 | 500,000.00 | 44,637.16 | 518,225.80 |
| Federal Farm Credit Total | | | | | | 1075 | 2.9890 | 500,154.51 | 500,000.00 | 44,637.16 | 518,225.80 |
| 20-0058 | 3130AJN39 | FHLB 0.145 10/22/20 | FTN Financial | 6/25/2020 | 10/22/2020 | 117 | 0.1550 | 3,999,869.84 | 4,000,000.00 | 2,015.16 | 3,999,088.44 |
| FHLB Total | | | | | | 117 | 0.1550 | 3,999,869.84 | 4,000,000.00 | 2,015.16 | 3,999,088.44 |
| 20-0046 | 313384B24 | FHLB Discount Note 0.1 | Great Pacific | 5/7/2020 | 8/7/2020 | 92 | 0.1065 | 3,998,926.68 | 4,000,000.00 | 1,073.32 | 3,999,383.32 |
| 20-0054 | 313384G94 | FHLB Discount Note 0.1 | FTN Financial | 6/24/2020 | 9/23/2020 | 91 | 0.1471 | 3,998,533.89 | 4,000,000.00 | 1,466.11 | 3,998,680.00 |
| 20-0055 | 313384J26 | FHLB Discount Note 0.1 | Piper Jaffray | 6/25/2020 | 10/2/2020 | 99 | 0.1319 | 3,998,570.00 | 4,000,000.00 | 1,430.00 | 3,998,440.00 |
| 20-0056 | 313384J91 | FHLB Discount Note 0.1 | Piper Jaffray | 6/25/2020 | 10/9/2020 | 106 | 0.1319 | 3,998,468.89 | 4,000,000.00 | 1,531.11 | 3,998,320.00 |
| FHLB Discount Note Total | | | | | | 97 | 0.1294 | 15,994,499.46 | 16,000,000.00 | 5,500.54 | 15,994,823.32 |
| 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 | 4,837,909.01 |
| Federal Home Loan Mortgage Corp Total | | | | | | 390 | 1.6300 | 4,819,570.31 | 4,807,000.00 | 85,071.89 | 4,837,909.01 |
| 20-0047 | 912796TD1 | Treasury Bill | Wells Fargo Instit. Brokera | 5/7/2020 | 8/13/2020 | 98 | 0.1012 | 3,998,911.11 | 4,000,000.00 | 1,088.89 | 3,999,364.44 |
| 20-0048 | 912796XF1 | Treasury Bill | Wells Fargo Instit. Brokera | 5/7/2020 | 8/20/2020 | 105 | 0.1012 | 3,998,833.33 | 4,000,000.00 | 1,166.67 | 3,999,263.32 |
| 20-0049 | 912796XG9 | Treasury Bill | Wells Fargo Instit. Brokera | 5/7/2020 | 8/27/2020 | 112 | 0.1062 | 3,998,693.33 | 4,000,000.00 | 1,306.67 | 3,999,162.24 |
| 20-0057 | 9127962R9 | Treasury Bill | Wells Fargo Instit. Brokera | 6/25/2020 | 10/15/2020 | 112 | 0.1424 | 3,998,257.78 | 4,000,000.00 | 1,742.22 | 3,998,216.68 |
| 20-0059 | 9127962T5 | Treasury Bill | Wells Fargo Instit. Brokera | 6/25/2020 | 10/29/2020 | 126 | 0.1424 | 3,998,040.00 | 4,000,000.00 | 1,960.00 | 3,997,983.32 |
| 20-0050 | 9127963A5 | Treasury Bill | Great Pacific | 5/22/2020 | 11/19/2020 | 181 | 0.1381 | 39,972,850.00 | 40,000,000.00 | 27,150.00 | 39,975,544.40 |
| Treasury Bill Total | | | | | | 122 | 0.1219 | 59,965,585.55 | 60,000,000.00 | 34,414.45 | 59,969,534.40 |
| 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 | 10,286,967.23 |
| 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 | 508,593.75 |
| Treasury Note Total | | | | | | 472 | 1.6424 | 10,805,675.63 | 10,693,000.00 | 192,881.59 | 10,795,560.98 |
| General Operating 2016A GO | 140320243 140339888 | Money Market Money Market | PFM Prime Instit PFM Prime Instit | Daily Daily | Daily Daily | 1 1 | 0.0900 0.0900 | 42,292,373.47 367,951.68 | 42,292,373.47 367,951.68 | N/A N/A | 42,292,373.47 367,951.68 |

**City of Des Moines
Pooled Portfolio Detail
As of June 30, 2020**

| <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> |
|---------------------------|--------------|-----------------------------|------------------|----------------------|----------------------|----------------------------------|---------------|-----------------------|-------------------------|-----------------------------|-----------------------------|
| 2017A GO | 140341488 | Money Market | PFM Prime Instit | Daily | Daily | 1 | 0.0900 | 3,924,303.81 | 3,924,303.81 | N/A | 3,924,303.81 |
| 2018A GO | 140344458 | Money Market | PFM Prime Instit | Daily | Daily | 1 | 0.0900 | 11,500,851.29 | 11,500,851.29 | N/A | 11,500,851.29 |
| 2019A GO | 140345448 | Money Market | PFM Prime Instit | Daily | Daily | 1 | 0.0900 | 44,818,416.42 | 44,818,416.42 | N/A | 44,818,416.42 |
| 2019B GO | 140345455 | Money Market | PFM Prime Instit | Daily | Daily | 1 | 0.0900 | 1,503,820.41 | 1,503,820.41 | N/A | 1,503,820.41 |
| Money Market Total | | | | | | 1 | 0.0900 | 104,407,717.08 | 104,407,717.08 | N/A | 104,407,717.08 |
| General Operating | 23450 | Cash Account | Bankers Trust | Daily | Daily | 1 | 0.0500 | 23,450,352.76 | 120,963,067.13 | N/A | 23,450,352.76 |
| Spec Assess | 1395789 | Cash Account | Bankers Trust | Daily | Daily | 1 | 0.0500 | 872,700.29 | 872,696.62 | N/A | 872,700.29 |
| Trust and Agency | 23523 | Cash Account | Bankers Trust | Daily | Daily | 1 | 0.0500 | 702,760.22 | 702,757.34 | N/A | 702,760.22 |
| Parking Meters | 1117290 | Cash Account | Bankers Trust | Daily | Daily | 1 | 0.0500 | 172,896.54 | 26,731.73 | N/A | 172,896.54 |
| Parking Ramps | 23493 | Cash Account | Bankers Trust | Daily | Daily | 1 | 0.0500 | 357,891.52 | 339,310.56 | N/A | 357,891.52 |
| Park and Ride | 23515 | Cash Account | Bankers Trust | Daily | Daily | 1 | 0.0500 | 190,047.92 | 2,910.64 | N/A | 190,047.92 |
| Swimming Pools | 1395078 | Cash Account | Bankers Trust | Daily | Daily | 1 | 0.0500 | - | - | N/A | - |
| Ambulance | 12044 | Cash Account | Bankers Trust | Daily | Daily | 1 | 0.0500 | 1,766.50 | 3,998.24 | N/A | 1,766.50 |
| Cash Account Total | | | | | | 1 | 0.0500 | 25,748,415.75 | 122,911,472.26 | N/A | 25,748,415.75 |
| Investment Total | | | | | | 84 | 0.2365 | 253,224,724.23 | 350,319,189.34 | 398,251.91 | 253,266,103.93 |

City of Des Moines Non-Pooled Cash Portfolio Yield For the Twelve Months Ended June 30, 2020



City of Des Moines Pooled Cash Portfolio Yield For the Twelve Months Ended June 30, 2020

