

★ Roll Call Number

Agenda Item Number

45

Date January 26, 2009

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 08-142, 08-681, 08-1329 and 08-1858.

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, 2008 is hereby received and filed.

(copy attached)

MOVED BY _____ to receive and file.

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
COWNIE				
COLEMAN				
KIERNAN				
HENSLEY				
MAHAFFEY				
MEYER				
VLASSIS				
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 December 31, 2008

Prepared by
Heide U. Green, Treasury Manager
Allen Mc Kinley, Finance Director/Treasurer

**Quarterly Treasurer's Report
As of December 31, 2008**

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

The first two pages of the report (pie graph of "Portfolio Composition" and "Investment Definitions") provide information with which to assess the safety of the City's principal.

As of December 31, 26.6 percent of the \$184.3 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. 46.2 percent of the portfolio was invested in certificates of deposit issued by Iowa banks that have the backing of the State Sinking Fund

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 report labeled "Pooled Portfolio Detail." The column labeled "Days-Purchase to Maturity" shows this \$156.9 million portion of the portfolio to have an average maturity of 181 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 Airport, 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. The last line on the second page of the report labeled "Non-Pooled Portfolio Detail" reveals that the average maturity of the \$27.5 million of investments in this category is 340 days.

Return on investments

The final two pages 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 181 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 340 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.

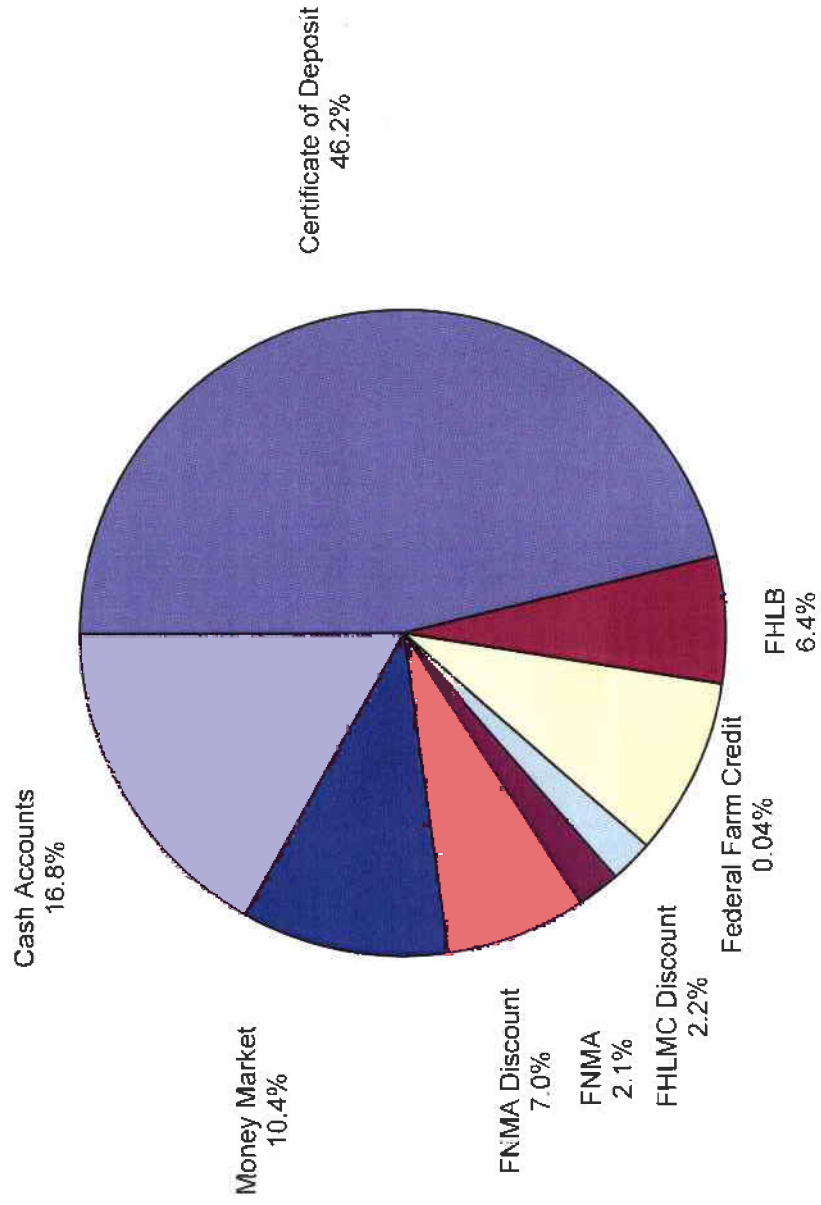
Other

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 \$184,379,410
As of December 31, 2008**



**City of Des Moines
Non-Pooled Portfolio Detail
As of December 31, 2008**

CUSIP	Invest Number	Security Description	Issuer	Purchase Date	Maturity Date	Days-Purchase To Maturity	Yield	Original Cost	Ending Par Value	Earnings To Maturity	Current Market Value
		Certificate of Deposit	First American Bank	5/2/2008	5/4/2009	367	2.6500	888,250.00	888,250.00	23,667.60	888,250.00
	08-0082	Certificate of Deposit	US Bank	12/21/2006	12/20/2009	1095	4.9050	1,388,000.00	1,388,000.00	204,244.20	1,388,000.00
	07-0058	Certificate of Deposit	US Bank	1/31/2007	1/29/2010	1094	5.1950	4,287,850.00	4,287,850.00	667,651.14	4,287,850.00
	07-0081	Certificate of Deposit	Community State Bank	6/2/2008	6/2/2009	365	3.0000	1,404,000.00	1,404,000.00	42,120.00	1,404,000.00
	08-0092	Certificate of Deposit	Community State Bank			730	3.9375	7,968,100.00	7,968,100.00	937,682.94	7,968,100.00
		Certificate of Deposit Total									
	3133XQZA3	FHLB	O'Connor SWS	5/7/2008	5/7/2009	365	2.3538	600,744.00	600,000.00	14,880.00	604,500.00
	3133XGJ88	FHLB	Piper Jaffray	9/8/2006	9/11/2009	1099	5.0468	502,800.00	500,000.00	89,614.58	515,780.00
	3133XB6R1	FHLB	Great Pacific	1/8/2008	3/29/2010	811	3.3802	666,965.00	650,000.00	66,672.12	680,472.00
		FHLB Total				758	3.5836	1,770,509.00	1,750,000.00	171,166.70	1,809,752.00
	3128X4HN4	FHLMC	Great Pacific	1/8/2008	9/1/2010	967	3.3998	520,070.00	500,000.00	66,180.56	531,140.00
		FHLMC Total				967	3.3998	520,070.00	500,000.00	66,180.56	531,140.00
	3136F5LE9	FNMA	Piper Jaffray	9/8/2006	3/30/2009	934	5.0629	496,270.00	500,000.00	60,826.39	505,155.00
		FNMA Total				934	5.0629	496,270.00	500,000.00	60,826.39	505,155.00
	140320268	Money Market	Bankers Trust	Daily	Daily	1	0.6500	357,117.00	357,117.00	N/A	357,117.00
	140320862	Money Market	Bankers Trust	Daily	Daily	1	0.6500	3,305,363.51	3,305,363.51	N/A	3,305,363.51
	140321183	Money Market	Bankers Trust	Daily	Daily	1	0.6500	157,745.99	157,745.99	N/A	157,745.99
	140322314	Money Market	Bankers Trust	Daily	Daily	1	0.6500	9,184.63	9,184.63	N/A	9,184.63
	140323536	Money Market	Bankers Trust	Daily	Daily	1	0.6500	4,280,320.86	4,280,320.86	N/A	4,280,320.86
		Money Market Total				5	0.6500	8,109,731.99	8,109,731.99	N/A	8,109,731.99
	26824	Cash Account	Bankers Trust	Daily	Daily	1	0.6450	3,927.87	3,927.87	N/A	3,927.87
	1356872	Cash Account	Bankers Trust	Daily	Daily	1	0.6450	1,805.15	1,805.15	N/A	1,805.15
	1357052	Cash Account	Bankers Trust	Daily	Daily	1	0.6450	45,724.37	45,724.37	N/A	45,724.37
	1395763	Cash Account	Bankers Trust	Daily	Daily	1	0.6450	3,279,143.68	3,279,143.68	N/A	3,279,143.68
	1395797	Cash Account	Bankers Trust	Daily	Daily	1	0.6450	1,077,320.83	1,077,320.83	N/A	1,077,320.83
	1395813	Cash Account	Bankers Trust	Daily	Daily	1	0.6450	2,182,250.08	2,182,250.08	N/A	2,182,250.08
	1355635	Cash Account	Bankers Trust	Daily	Daily	1	0.6450	21,032.65	21,032.65	N/A	21,032.65
	1568815	Cash Account	Bankers Trust	Daily	Daily	1	0.6450	144,671.69	144,671.69	N/A	144,671.69
	1568879	Cash Account	Bankers Trust	Daily	Daily	1	0.6450	657,873.40	657,873.40	N/A	657,873.40
	1567298	Cash Account	Bankers Trust	Daily	Daily	1	0.6450	1,191,839.15	1,191,839.15	N/A	1,191,839.15
		Cash Account Total				11	0.6450	8,605,588.87	8,605,588.87	N/A	8,605,588.87
		Investment Total				340	2.0734	27,470,268.86	27,433,420.86	1,236,856.59	27,620,467.86

**City of Des Moines
Pooled Portfolio Detail
As of December 31, 2008**

<u>CUSIP</u>	<u>Invest Number</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>
	07-0076	Certificate of Deposit	US Bank	1/19/2007	1/20/2009	732.00	5.25	100,000.00	100,000.00	10,528.77	100,000.00
	09-0006	Certificate of Deposit	First American Bank	9/3/2008	1/23/2009	141.96	2.95	4,000,000.00	4,000,000.00	45,906.85	4,000,000.00
	09-0055	Certificate of Deposit	Community State Bank	1/25/2008	1/28/2009	369.00	3.75	1,200,000.00	1,200,000.00	45,493.15	1,200,000.00
	09-0007	Certificate of Deposit	First American Bank	9/23/2008	1/30/2009	128.96	3.01	4,000,000.00	4,000,000.00	42,552.33	4,000,000.00
	07-0128	Certificate of Deposit	Bank of the West	6/28/2007	1/31/2009	582.96	5.27	3,800,000.00	3,800,000.00	318,770.03	3,800,000.00
	09-0008	Certificate of Deposit	First American Bank	9/23/2008	2/6/2009	135.96	3.06	4,000,000.00	4,000,000.00	45,606.58	4,000,000.00
	09-0009	Certificate of Deposit	First American Bank	9/23/2008	2/13/2009	142.96	3.06	4,000,000.00	4,000,000.00	47,953.97	4,000,000.00
	09-0010	Certificate of Deposit	Metabank	10/15/2008	2/20/2009	127.96	2.75	4,000,000.00	4,000,000.00	38,575.34	4,000,000.00
	09-0011	Certificate of Deposit	Metabank	10/15/2008	2/27/2009	134.96	2.75	4,000,000.00	4,000,000.00	40,684.93	4,000,000.00
	09-0012	Certificate of Deposit	Metabank	10/15/2008	3/6/2009	141.96	2.75	4,000,000.00	4,000,000.00	42,794.52	4,000,000.00
	09-0013	Certificate of Deposit	Metabank	10/15/2008	3/13/2009	149.00	2.75	4,000,000.00	4,000,000.00	44,904.11	4,000,000.00
	09-0014	Certificate of Deposit	Metabank	10/15/2008	3/20/2009	156.00	2.75	4,000,000.00	4,000,000.00	47,013.70	4,000,000.00
	09-0015	Certificate of Deposit	Bank of the West	10/15/2008	3/27/2009	163.00	2.47	4,000,000.00	4,000,000.00	44,121.64	4,000,000.00
	09-0016	Certificate of Deposit	Metabank	10/15/2008	4/3/2009	170.00	3.00	4,000,000.00	4,000,000.00	55,890.41	4,000,000.00
	09-0017	Certificate of Deposit	First American Bank	10/15/2008	4/10/2009	177.00	3.50	4,000,000.00	4,000,000.00	67,890.41	4,000,000.00
	09-0018	Certificate of Deposit	Community State Bank	11/5/2008	4/17/2009	163.04	3.22	4,000,000.00	4,000,000.00	57,518.50	4,000,000.00
	09-0020	Certificate of Deposit	Bank of the West	11/25/2008	4/24/2009	150.04	1.16	4,000,000.00	4,000,000.00	19,068.49	4,000,000.00
	09-0019	Certificate of Deposit	Community State Bank	11/13/2008	5/1/2009	169.04	2.26	4,000,000.00	4,000,000.00	41,856.44	4,000,000.00
	09-0021	Certificate of Deposit	Bank of the West	11/25/2008	5/8/2009	164.04	1.20	4,000,000.00	4,000,000.00	21,567.12	4,000,000.00
	09-0022	Certificate of Deposit	Bank of the West	11/25/2008	5/15/2009	171.04	1.25	4,000,000.00	4,000,000.00	23,424.66	4,000,000.00
	09-0023	Certificate of Deposit	Bank of the West	11/25/2008	5/22/2009	178.04	1.26	4,000,000.00	4,000,000.00	24,578.63	4,000,000.00
	Certificate of Deposit Total				211.85	211.85	2.83	77,100,000.00	77,100,000.00	1,126,700.98	77,100,000.00
	3133XQBQ4	FHLB	Wells Fargo Instit. Bro	3/12/2008	3/11/2009	364.00	2.18	2,004,314.00	2,000,000.00	47,866.67	2,007,500.00
	3133XRA75	FHLB	Piper Jaffray	5/13/2008	5/13/2009	365.00	2.38	1,500,000.00	1,500,000.00	36,625.00	1,511,250.00
	3133XRKH2	FHLB	Piper Jaffray	6/25/2008	6/18/2009	358.00	3.06	6,449,355.00	6,450,000.00	192,899.79	6,528,625.50
	FHLB Total				362.33	362.33	2.54	9,953,669.00	9,950,000.00	277,391.46	10,047,375.50
	3134A3EM4	FHLMC	Smith Barney	6/25/2008	3/15/2009	263.00	2.88	3,316,015.63	3,250,000.00	134,965.28	3,285,555.00
	3137EAAE9	FHLMC	Morgan Keegan	1/17/2008	5/21/2009	490.04	2.99	3,098,560.00	3,000,000.00	211,750.00	3,055,320.00
	3134A3M78	FHLMC	Government Perspec	6/25/2008	9/15/2009	447.00	3.12	9,791,228.00	9,400,000.00	751,138.89	9,787,750.00
	FHLMC Total				400.01	400.01	3.00	16,195,803.63	15,650,000.00	1,107,854.17	16,128,625.00
	513397GE5	FHLMC Discount Note	Wells Fargo Instit. Bro	12/3/2008	5/29/2009	177.04	1.12	3,978,366.67	4,000,000.00	21,633.33	3,996,000.00
	FHLMC Discount Total				177.04	177.04	1.12	3,978,366.67	4,000,000.00	21,633.33	3,996,000.00
	31359MTZ6	FNMA	Wells Fargo Instit. Bro	2/11/2008	2/15/2009	370.00	2.40	1,512,660.00	1,500,000.00	49,291.67	1,505,150.00
	31359MTZ6	FNMA	Piper Jaffray	2/15/2008	2/15/2009	366.00	2.42	1,965,890.00	1,950,000.00	63,375.00	1,956,708.00
	FNMA Total				368.00	368.00	2.41	3,478,650.00	3,450,000.00	112,666.67	3,461,866.00

**City of Des Moines
Pooled Portfolio Detail
As of December 31, 2008**

<u>CUSIP</u>	<u>Invest Number</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>
313589AE3	09-0003	FNMA Discount	Wells Fargo Insitt. Bro	8/4/2008	1/5/2009	153.96	2.72	3,954,655.56	4,000,000.00	45,344.44	4,000,000.00
313589A12	09-0004	FNMA Discount	Wells Fargo Insitt. Bro	8/4/2008	1/9/2009	157.96	2.72	3,953,477.78	4,000,000.00	46,522.22	4,000,000.00
313589AR4	09-0005	FNMA Discount	Wells Fargo Insitt. Bro	8/4/2008	1/16/2009	164.96	2.72	3,951,416.67	4,000,000.00	48,583.33	4,000,000.00
313589DS9	08-C084	FNMA Discount	Smith Barney	5/6/2008	3/30/2009	328.00	2.17	980,775.56	1,000,000.00	19,224.44	988,800.00
		FNMA Discount Total				201.22	2.58	12,840,325.57	13,000,000.00	159,674.43	12,989,800.00
140320243		Money Market	Bankers Trust	Daily	Daily	1.00	0.65	11,000,000.00	11,000,000.00	N/A	11,000,000.00
		Money Market Total				1.00	0.65	11,000,000.00	11,000,000.00	N/A	11,000,000.00
23450	General	Cash Account	Bankers Trust	10/1/1999	Open	1.00	0.65	20,406,399.55	20,406,399.55	N/A	20,406,399.55
23477	Grandview/Wavelle	Cash Account	Bankers Trust	10/1/1999	Open	1.00	0.65	20,390.91	20,390.91	N/A	20,390.91
23463	Parking Ramps	Cash Account	Bankers Trust	10/1/1999	Open	1.00	0.65	781,022.15	781,022.15	N/A	781,022.15
23515	Park & Ride	Cash Account	Bankers Trust	10/1/1999	Open	1.00	0.65	5,161.08	5,161.08	N/A	5,161.08
23523	Trust & Agency	Cash Account	Bankers Trust	10/1/1999	Open	1.00	0.65	182,814.66	182,814.66	N/A	182,814.66
72001	Airport Parking	Cash Account	Bankers Trust	10/1/1999	Open	1.00	0.65	500,751.39	500,751.39	N/A	500,751.39
1117290	Parking Meters	Cash Account	Bankers Trust	10/1/1999	Open	1.00	0.65	62,963.91	62,963.91	N/A	62,963.91
1357029	Ambulance	Cash Account	Bankers Trust	10/1/1999	Open	1.00	0.65	531.16	531.16	N/A	531.16
1395078	Swimming Pools	Cash Account	Bankers Trust	10/1/1999	Open	1.00	0.65	402,290.35	402,290.35	N/A	402,290.35
1395789	Spec Assess	Cash Account	Bankers Trust	10/26/1999	Open	1.00	0.6450	22,362,325.16	22,362,325.16	N/A	22,362,325.16
		Cash Account Total				1	0.6450	22,362,325.16	22,362,325.16	N/A	22,362,325.16
		Investment Total				1.81	2.2400	156,909,140.03	156,512,325.16	2,805,921.04	157,095,993.66

