

★ **Roll Call Number**

Agenda Item Number

41

Date April 21, 2008

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 07-767, 07-1411, 07-2038 and 08-142.

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 March 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 March 31, 2008

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

**Quarterly Treasurer's Report
As of March 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 March 31, 30.97 percent of the \$180.6 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. 46.7 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 \$149.2 million portion of the portfolio to have an average maturity of 192 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 \$31.4 million of investments in this category is 517 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 192 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 517 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.

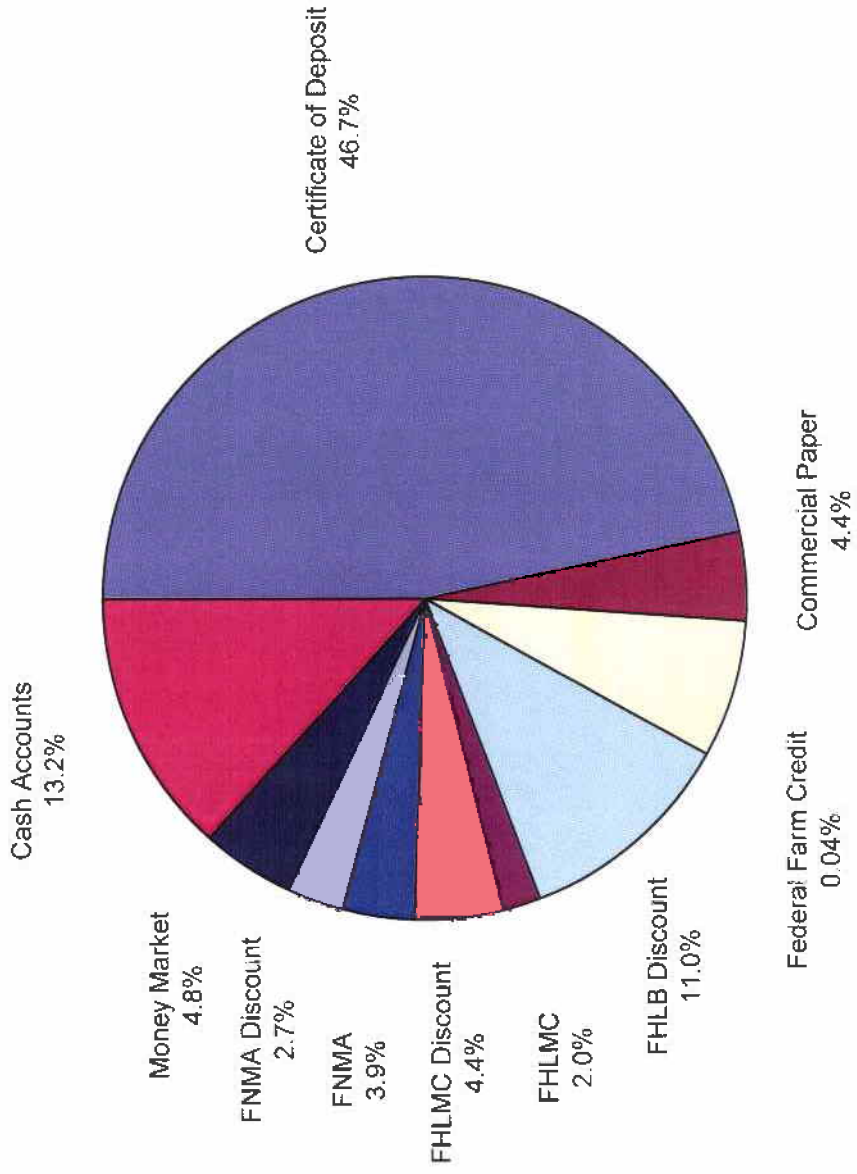
Other

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 \$100,000.

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 \$180,661,364
As of March 31, 2008**



**City of Des Moines
Non-Pooled Portfolio Detail
As of March 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>
				5/02/03	6/02/08	1827	3.4600	890,000.00	890,000.00	154,138.73	890,000.00
	06-0090	Certificate of Deposit	Metabank	6/02/06	6/02/08	731	5.5150	1,404,000.00	1,404,000.00	155,073.34	1,404,000.00
	07-0058	Certificate of Deposit	Community State Bank	12/21/06	12/20/08	1095	4.9050	1,388,000.00	1,388,000.00	204,244.20	1,388,000.00
	07-0081	Certificate of Deposit	US Bank	1/31/07	1/29/10	1094	5.1950	4,287,850.00	4,287,850.00	667,651.14	4,287,850.00
		Certificate of Deposit Total				1187	4.7888	7,989,850.00	7,989,850.00	1,181,107.41	7,989,850.00
31339Y4F6	07-0058	FHLB	Coastal Securities	12/21/06	6/30/08	557	5.0100	1,401,394.41	1,450,000.00	59,703.75	1,450,913.50
3133XCZS5	07-0057	FHLB	Coastal Securities	12/21/06	9/26/08	645	4.9300	1,492,871.91	1,500,000.00	112,447.92	1,513,590.00
3133XGJ88	07-0020	FHLB	Piper Jaffray	9/08/06	9/11/08	1099	5.0468	502,800.00	500,000.00	89,614.58	520,315.00
3133XB6R1	98-0050	FHLB	Great Pacific	1/08/08	3/29/10	811	3.3802	686,965.00	650,000.00	679,659.50	679,659.50
3133XNP78	08-0042	FHLB	Wells Fargo Insitt.	12/17/07	12/17/10	1096	4.3000	2,900,000.00	2,900,000.00	374,100.00	2,937,149.00
		FHLB Total				842	4.5334	6,954,031.22	7,000,000.00	635,866.25	7,101,627.00
3128X4HN4	08-0051	FHLMC	Great Pacific	1/08/08	9/01/10	967	3.3998	520,070.00	500,000.00	0.00	529,835.00
		FHLMC Total				967	3.3998	520,070.00	500,000.00	0.00	529,835.00
31359MTF0	07-0018	FNMA	Piper Jaffray	9/08/06	9/15/08	738	5.0809	487,375.00	500,000.00	37,864.58	503,125.00
3136F5LE9	07-0018	FNMA	Piper Jaffray	9/08/06	3/30/09	934	5.0629	486,270.00	500,000.00	60,826.39	512,190.00
		FNMA Total				836	5.0719	983,645.00	1,000,000.00	98,690.97	1,015,315.00
140320268		Money Market	Bankers Trust	Daily	Daily	1	1.9100	357,117.00	357,117.00	N/A	357,117.00
140320862		Money Market	Bankers Trust	Daily	Daily	1	1.9100	158,312.88	158,312.88	N/A	158,312.88
140321183		Money Market	Bankers Trust	Daily	Daily	1	1.9100	157,745.99	157,745.99	N/A	157,745.99
140322157		Money Market	Bankers Trust	Daily	Daily	1	1.9100	2,528,125.53	2,528,125.53	N/A	2,528,125.53
140322314		Money Market	Bankers Trust	Daily	Daily	1	1.9100	9,184.63	9,184.63	N/A	9,184.63
140323536		Money Market	Bankers Trust	Daily	Daily	1	1.9100	5,396,054.63	5,396,054.63	N/A	5,396,054.63
		Money Market Total				1	1.9100	8,606,540.66	8,606,540.66	N/A	8,606,540.66
26824		Cash Account	Bankers Trust	Daily	Daily	1	2.6610	100,237.22	100,237.22	N/A	100,237.22
1356872		Cash Account	Bankers Trust	Daily	Daily	1	2.6610	2,376.49	2,376.49	N/A	2,376.49
1357052		Cash Account	Bankers Trust	Daily	Daily	1	2.6610	40,078.52	40,078.52	N/A	40,078.52
1395763		Cash Account	Bankers Trust	Daily	Daily	1	2.6610	291,430.68	291,430.68	N/A	291,430.68
1395797		Cash Account	Bankers Trust	Daily	Daily	1	2.6610	1,792,098.88	1,792,098.88	N/A	1,792,098.88
1395813		Cash Account	Bankers Trust	Daily	Daily	1	2.6610	605,569.23	605,569.23	N/A	605,569.23
1395839		Cash Account	Bankers Trust	Daily	Daily	1	2.6610	21,199.31	21,199.31	N/A	21,199.31
1566815		Cash Account	Bankers Trust	Daily	Daily	1	2.6610	396,059.74	396,059.74	N/A	396,059.74
1566879		Cash Account	Bankers Trust	Daily	Daily	1	2.6610	660,085.81	660,085.81	N/A	660,085.81
1567298		Cash Account	Bankers Trust	Daily	Daily	1	2.6610	2,426,906.43	2,426,906.43	N/A	2,426,906.43
		Cash Account Total				1	2.6610	6,336,042.31	6,336,042.31	N/A	6,336,042.31
		Investment Total				517	3.5561	31,370,179.19	31,412,432.97	1,915,664.63	31,559,209.97

**City of Des Moines
Pooled Portfolio Detail
As of March 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>
	08-0037	Certificate of Deposit	Bank of the West	12/03/07	4/11/08	130	4.6100	4,000,000.00	4,000,000.00	68,526.03	4,000,000.00
	08-0040	Certificate of Deposit	Bank of the West	12/05/07	4/18/08	135	4.7700	4,000,000.00	4,000,000.00	70,569.86	4,000,000.00
	08-0041	Certificate of Deposit	Bank of the West	12/05/07	4/25/08	142	4.7800	4,000,000.00	4,000,000.00	74,384.66	4,000,000.00
	08-0038	Certificate of Deposit	Principal Bank	12/03/07	5/30/08	179	4.7500	10,000,000.00	10,000,000.00	232,945.21	10,000,000.00
	08-0039	Certificate of Deposit	Bank of the West	12/03/07	5/30/08	179	4.7100	10,000,000.00	10,000,000.00	230,983.56	10,000,000.00
	08-0056	Certificate of Deposit	US Bank	1/29/08	6/06/08	129	2.8790	4,000,000.00	4,000,000.00	40,771.07	4,000,000.00
	08-0057	Certificate of Deposit	US Bank	1/29/08	6/13/08	136	2.8840	4,000,000.00	4,000,000.00	42,908.93	4,000,000.00
	08-0059	Certificate of Deposit	Community State Bank	1/31/08	6/27/08	148	2.9500	4,000,000.00	4,000,000.00	47,846.58	4,000,000.00
	08-0065	Certificate of Deposit	Bank of the West	2/26/08	7/25/08	150	2.8700	4,000,000.00	4,000,000.00	47,178.08	4,000,000.00
	07-0126	Certificate of Deposit	Bank of the West	6/28/07	7/31/08	399	5.2700	6,980,000.00	6,980,000.00	400,095.62	6,980,000.00
	08-0066	Certificate of Deposit	Bank of the West	2/26/08	8/01/08	157	2.8700	4,000,000.00	4,000,000.00	49,379.73	4,000,000.00
	08-0068	Certificate of Deposit	US Bank	3/26/08	8/08/08	135	2.3900	4,000,000.00	4,000,000.00	35,358.90	4,000,000.00
	08-0069	Certificate of Deposit	US Bank	3/26/08	8/15/08	142	2.3000	4,000,000.00	4,000,000.00	35,791.78	4,000,000.00
	07-0127	Certificate of Deposit	Bank of the West	6/28/07	10/31/08	491	5.2700	4,470,000.00	4,470,000.00	315,597.92	4,470,000.00
	07-0078	Certificate of Deposit	US Bank	1/19/07	1/20/09	732	5.2500	100,000.00	100,000.00	10,528.77	100,000.00
	08-0055	Certificate of Deposit	Community State Bank	1/25/08	1/28/09	369	3.7500	1,200,000.00	1,200,000.00	45,493.15	1,200,000.00
	07-0128	Certificate of Deposit	Bank of the West	6/28/07	1/31/09	583	5.2700	3,800,000.00	3,800,000.00	318,770.03	3,800,000.00
		Certificate of Deposit Total				255	3.9866	76,550,000.00	76,550,000.00	2,067,129.78	76,550,000.00
	36959HD46	Commercial Paper	Piper Jaffray	11/14/07	4/04/08	142	4.5714	3,930,104.44	4,000,000.00	69,895.56	3,930,104.44
	38142TEN1	Commercial Paper	Wells Fargo Insit. Brok	1/02/08	5/22/08	141	4.3505	3,933,886.67	4,000,000.00	66,113.33	3,933,886.67
		Commercial Paper Total				142	4.4610	7,863,991.11	8,000,000.00	136,008.89	7,863,991.11
	3133XKGB5	FHLB	O'Connor SWS	6/29/07	4/09/08	285	5.2711	3,692,156.00	3,700,000.00	36,620.83	3,702,331.00
	3133XQBC4	FHLB	Wells Fargo Insit. Brok	3/12/08	3/11/09	364	2.18C1	2,004,314.00	2,000,000.00	47,886.67	2,000,620.00
		FHLB Total				325	3.7256	5,696,470.00	5,700,000.00	64,487.50	5,702,951.00
	31338AWH8	FHLB Discount	Morgan Keegan	12/18/07	5/02/08	136	4.2119	3,938,195.56	4,000,000.00	61,804.44	3,994,000.00
	31338AWQ8	FHLB Discount	Morgan Keegan	12/18/07	5/09/08	143	4.1839	3,935,451.11	4,000,000.00	64,508.89	3,992,400.00
	313384WX3	FHLB Discount	Morgan Keegan	12/18/07	5/16/08	150	4.1977	3,932,166.67	4,000,000.00	67,833.33	3,990,800.00
	313384YJ2	FHLB Discount	Wells Fargo Insit. Brok	1/31/08	6/20/08	141	2.7253	3,958,326.67	4,000,000.00	41,673.33	3,982,000.00
	313384ZL6	FHLB Discount	Piper Jaffray	2/15/08	7/16/08	152	2.5462	3,958,031.11	4,000,000.00	41,968.89	3,976,000.00
		FHLB Discount Total				144	3.5730	19,722,211.12	20,000,000.00	277,788.88	19,935,200.00
	3137EAAE9	FHLMC	Morgan Keegan	1/17/08	5/21/09	490	2.8903	3,088,560.00	3,000,000.00	211,750.00	3,100,320.00
		FHLMC Total				490	2.8903	3,088,560.00	3,000,000.00	211,750.00	3,100,320.00
	313395XM0	FHLMC Discount	Great Pacific	1/08/08	5/30/08	143	3.9955	3,938,351.11	4,000,000.00	61,648.89	3,988,400.00
	313396TYX5	FHLMC Discount	Coastal Securities	2/06/08	7/03/08	148	2.5766	3,958,642.22	4,000,000.00	41,357.78	3,979,200.00

**City of Des Moines
Pooled Portfolio Detail
As of March 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>
FHLMC Discount Total											
				146			3.2861	7,896,983.33	8,000,000.00	103,006.67	7,987,600.00
3136F6LH0	07-0045	FNMA	Piper Jaffray	12/06/06	5/09/08	520	4.8018	1,479,495.00	1,500,000.00	81,225.00	1,502,340.00
31398AAF9	08-0053	FNMA	Morgan Keegan	1/17/08	11/03/08	291	3.2513	1,012,780.00	1,000,000.00	38,927.78	1,015,000.00
31355MTZ6	08-0062	FNMA	Wells Fargo Instit. Brok	2/11/06	2/15/09	370	2.3989	1,512,660.00	1,500,000.00	49,291.67	1,512,185.00
31359MTZ6	08-0063	FNMA	Piper Jaffray	2/15/08	2/15/09	366	2.4151	1,965,990.00	1,950,000.00	63,375.00	1,965,853.50
FNMA Total				387		3,2171	5,970,925.00	5,950,000.00	232,819.45	5,995,388.50	
FNMA Discount Total											
313588WN1	07-0112	FNMA Discount	Wells Fargo Instit. Brok	6/05/07	5/07/08	337	5.2860	963,100.83	1,000,000.00	46,899.17	998,200.00
313588ZF5	08-0061	FNMA Discount	Wells Fargo Instit. Brok	2/08/08	7/11/08	154	2.5103	3,958,077.78	4,000,000.00	41,922.22	3,977,200.00
FNMA Discount Total				248		3.6682	4,911,178.61	5,000,000.00	88,821.39	4,975,400.00	
Cash Account											
23450 General		Cash Account	Bankers Trust	10/01/99	Open	1	2.6610	15,069,158.70	15,069,158.70	N/A	15,069,158.70
23477 Grandview/Wavela		Cash Account	Bankers Trust	10/01/99	Open	1	2.6610	5,385.43	5,385.43	N/A	5,385.43
23493 Parking Ramps		Cash Account	Bankers Trust	10/01/99	Open	1	2.6610	1,152,788.09	1,152,788.09	N/A	1,152,788.09
23515 Park & Ride		Cash Account	Bankers Trust	10/01/99	Open	1	2.6610	172,363.50	172,363.50	N/A	172,363.50
23523 Trust & Agency		Cash Account	Bankers Trust	10/01/99	Open	1	2.6610	175,900.16	175,900.16	N/A	175,900.16
72001 Airport Parking		Cash Account	Bankers Trust	10/01/99	Open	1	2.6610	597,635.48	597,635.48	N/A	597,635.48
1117290 Parking Meters		Cash Account	Bankers Trust	10/01/99	Open	1	2.6610	51,966.38	51,966.38	N/A	51,966.38
1357029 Ambulance		Cash Account	Bankers Trust	10/01/99	Open	1	2.6610	1,004.02	1,004.02	N/A	1,004.02
1395789 Spec Assess		Cash Account	Bankers Trust	10/26/99	Open	1	2.6610	364,653.41	364,653.41	N/A	364,653.41
Cash Account Total				1		2.6610	17,590,855.15	17,590,855.15	N/A	17,590,855.15	
Investment Total											
192 3.7447 149,281,184.32 149,790,855.15 3,201,812.66 149,681,705.76											

