

★ **Roll Call Number**

**Agenda Item Number**

42

Date ..... March 23, 2007 .....

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 06-1476, 06-781, 06-178 and 07-135.

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, 2007 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, 2007

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

**Quarterly Treasurer's Report  
As of March 31, 2007**

**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, 68.0 percent of the \$177.3 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. 5.4 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 \$137.8 million portion of the portfolio to have an average maturity of 184 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 \$39.4 million of investments in this category is 564 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 184 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 564 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.

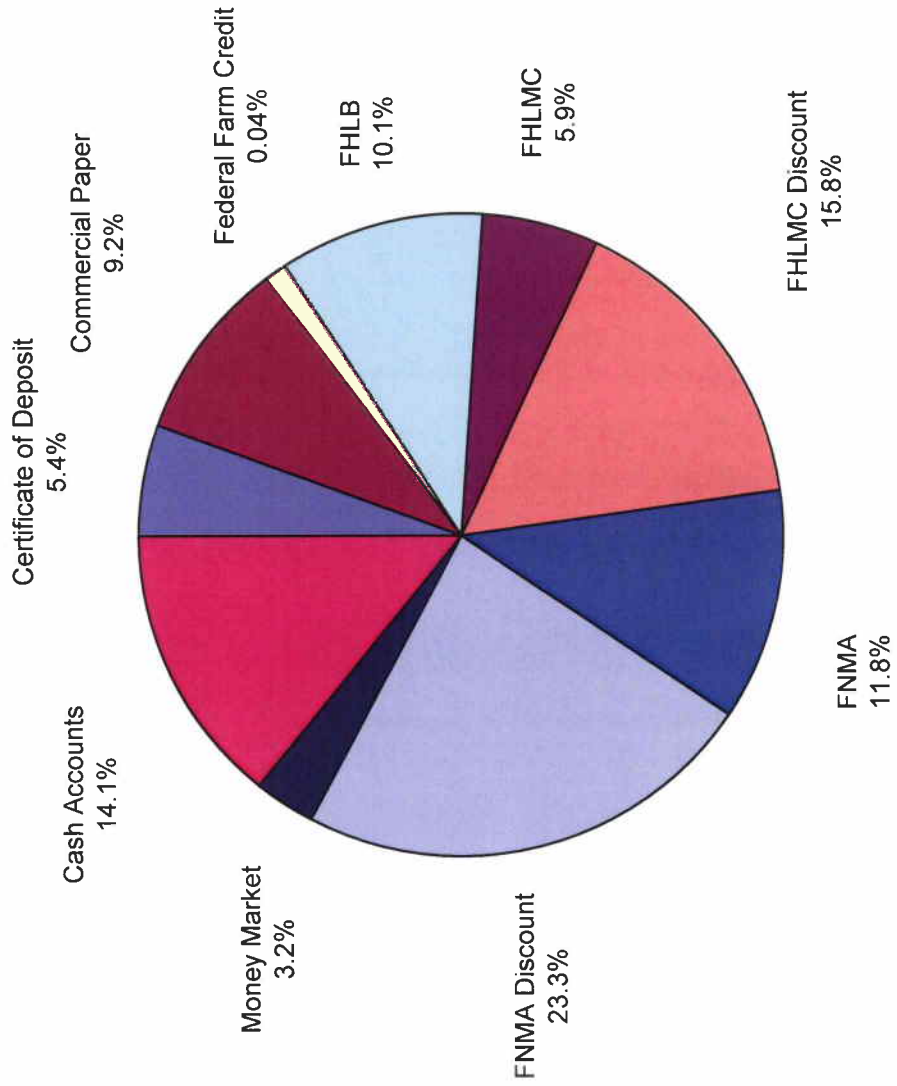
### Other

*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 \$177,311,693.00  
As of March 31, 2007**



**City of Des Moines  
Non-Pooled Portfolio Detail  
As of March 31, 2007**

<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>
		Certificate of Deposit	Metabank	5/02/03	5/02/08	1827	3.4600	890,000.00	890,000.00	154,138.73	890,000.00
	03-0098	Certificate of Deposit	Community State Bank	6/02/06	6/02/08	731	5.5150	1,404,000.00	1,404,000.00	155,073.34	1,404,000.00
	06-0090	Certificate of Deposit	US Bank	12/21/06	12/20/09	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	1/31/07	1/29/10	1094	5.1950	4,287,850.00	4,287,850.00	667,651.14	4,287,850.00
	07-0081	Certificate of Deposit				1187	4.7688	7,969,850.00	7,969,850.00	1,181,107.41	7,969,850.00
		Certificate of Deposit Total									
31331QA80	03-0089	Federal Farm Credit	Cambridge Group	4/07/03	4/07/08	1827	3.5512	75,405.00	75,000.00	13,357.50	73,992.00
		Federal Farm Credit Note Total				1827	3.5512	75,405.00	75,000.00	13,357.50	73,992.00
3133X67D2	06-0072	FHLB	Piper Jaffray	3/31/06	4/19/07	384	5.0854	488,800.00	500,000.00	15,093.75	499,375.00
3133MYWK9	03-0099	FHLB	Piper Jaffray	5/21/03	5/21/07	1461	2.7500	2,125,000.00	2,125,000.00	233,750.00	2,117,690.00
3133MYWK9	03-0100	FHLB	Piper Jaffray	5/21/03	5/21/07	1461	2.7500	1,025,000.00	1,025,000.00	112,750.00	1,021,474.00
3133XDM24	06-0041	FHLB	O'Connor SWS	12/08/05	5/21/07	529	4.6957	24,931.50	25,000.00	562.50	24,968.75
3133XDBD2	07-0053	FHLB	O'Connor SWS	12/21/06	9/26/07	279	5.2085	3,226,742.87	3,250,000.00	105,512.15	3,233,750.00
3133X4JL6	06-0083	FHLB	Great Pacific	5/16/06	12/24/07	587	5.1633	77,850.00	80,000.00	5,047.11	79,000.00
3133X34F7	04-0034	FHLB	Multi-Bank Securities	1/07/04	1/07/08	1461	3.5000	1,100,000.00	1,100,000.00	154,000.00	1,086,591.00
3133X4NE7	04-0048	FHLB	Wells Fargo Instit.	3/17/04	3/17/08	1461	3.3500	75,000.00	75,000.00	10,050.00	73,804.50
31339Y4F6	07-0056	FHLB	Coastal Securities	12/21/06	6/30/08	557	5.0100	1,401,394.41	1,450,000.00	59,703.75	1,410,574.50
3133XCZS5	07-0057	FHLB	Coastal Securities	12/21/06	9/26/08	645	4.9300	1,482,871.81	1,500,000.00	112,447.92	1,485,945.00
3133XGJ88	07-0020	FHLB	Piper Jaffray	9/08/06	9/11/09	1099	5.0468	502,800.00	500,000.00	89,614.58	504,530.00
		FHLB Total				902	4.3172	11,530,390.59	11,630,000.00	898,531.76	11,537,702.75
31359MGH0	01-0141	FNMA	Smith Barney	5/29/01	10/15/07	2330	5.6954	209,810.00	200,000.00	84,505.56	201,438.00
31359MP56	07-0054	FNMA	Coastal Securities	12/21/06	12/03/07	337	5.1360	2,802,839.56	2,800,000.00	139,650.00	2,800,868.00
3136F6S42	07-0055	FNMA	O'Connor SWS	12/21/06	3/28/08	453	5.1330	2,027,391.37	2,050,000.00	110,079.87	2,033,989.50
31359MITF0	07-0018	FNMA	Piper Jaffray	9/08/06	9/15/08	738	5.0609	487,375.00	500,000.00	37,864.58	491,875.00
3136F5LE9	07-0019	FNMA	Piper Jaffray	9/08/06	3/30/09	934	5.0629	496,270.00	500,000.00	60,826.39	498,750.00
		FNMA Total				958	5.2216	6,023,695.93	6,050,000.00	432,926.40	6,026,920.50
313588HM0	07-0052	FNMA Discount	Coastal Securities	12/21/06	6/29/07	180	5.2602	1,557,313.33	1,600,000.00	42,686.67	1,580,000.00
		FNMA Discount				180	5.2602	1,557,313.33	1,600,000.00	42,686.67	1,580,000.00
1356872		Cash Account	Bankers Trust	Daily	Daily	1	5.3700	2,569.00	2,569.00	N/A	2,569.00
1357052		Cash Account	Bankers Trust	Daily	Daily	1	5.3700	95,023.64	95,023.64	N/A	95,023.64
1395763		Cash Account	Bankers Trust	Daily	Daily	1	5.3700	521,499.83	521,499.83	N/A	521,499.83
1395797		Cash Account	Bankers Trust	Daily	Daily	1	5.3700	1,438,257.05	1,438,257.05	N/A	1,438,257.05
1395813		Cash Account	Bankers Trust	Daily	Daily	1	5.3700	2,672,295.89	2,672,295.89	N/A	2,672,295.89
1395839		Cash Account	Bankers Trust	Daily	Daily	1	5.3700	20,251.95	20,251.95	N/A	20,251.95
1566815		Cash Account	Bankers Trust	Daily	Daily	1	5.3700	317,654.25	317,654.25	N/A	317,654.25
1566879		Cash Account	Bankers Trust	Daily	Daily	1	5.3700	399,963.18	399,963.18	N/A	399,963.18
1567298		Cash Account	Bankers Trust	Daily	Daily	1	5.3700	1,051,766.98	1,051,766.98	N/A	1,051,766.98
		Cash Account Total				1	5.3700	6,519,281.77	6,519,281.77	N/A	6,519,281.77



City of Des Moines  
 Non-Pooled Portfolio Detail  
 As of March 31, 2007

<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>
140320268		Money Market	Bankers Trust	Daily	Daily	1	5.1700	128,862.00	128,862.00	N/A	128,862.00
140320862		Money Market	Bankers Trust	Daily	Daily	1	5.1700	1,844,065.87	1,844,065.87	N/A	1,844,065.87
140321183		Money Market	Bankers Trust	Daily	Daily	1	5.1700	757,745.99	757,745.99	N/A	757,745.99
140322157		Money Market	Bankers Trust	Daily	Daily	1	5.1700	2,039,325.53	2,039,325.53	N/A	2,039,325.53
140322306		Money Market	Bankers Trust	Daily	Daily	1	5.1700	981,789.67	981,789.67	N/A	981,789.67
140322314		Money Market	Bankers Trust	Daily	Daily	1	5.1700	9,184.63	9,184.63	N/A	9,184.63
Money Market Total						1	5.1700	5,760,973.69	5,760,973.69	N/A	5,760,973.69

<b>Investment Total</b>	<b>564</b>	<b>4.9088</b>	<b>39,436,900.31</b>	<b>39,605,105.46</b>	<b>2,568,609.74</b>	<b>39,468,720.71</b>
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**City of Des Moines  
Pooled Portfolio Detail  
As of March 31, 2007**

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
	05-0086	Certificate of Deposit	Regions Bank	06/08/2005	04/02/2007	663	4.0000	1,180,000.00	1,180,000.00	85,477.26	1,180,000.00
	07-0089	Certificate of Deposit	First American Bank	03/22/2007	10/22/2007	214	5.3600	430,000.00	430,000.00	13,513.07	430,000.00
	07-0078	Certificate of Deposit	US Bank	01/19/2007	01/20/2009	732	5.2500	100,000.00	100,000.00	10,528.77	100,000.00
		Certificat of Deposit Total				536	4.8700	1,710,000.00	1,710,000.00	109,519.10	1,710,000.00
36959JTN3	07-0075	Commercial Paper	Great Pacific	1/16/07	6/22/07	157	5.3415	4,657,979.42	4,765,000.00	107,020.58	4,657,979.42
36959JU68	07-0080	Commercial Paper	Wells Fargo Instit. Brok	1/30/07	7/06/07	157	5.3839	3,909,463.33	4,000,000.00	90,536.67	3,909,463.33
55607LV84	07-0087	Commercial Paper	Wells Fargo Instit. Brok	3/12/07	8/08/07	149	5.3564	3,914,407.78	4,000,000.00	85,592.22	3,914,407.78
59018KVH1	07-0088	Commercial Paper	Piper Jaffray	3/14/07	8/17/07	156	5.3195	3,911,080.00	4,000,000.00	88,920.00	3,911,080.00
		Commercial Paper Total				155	5.3503	16,392,930.53	16,765,000.00	372,069.47	16,392,930.53
313312JY7	07-0086	Federal Farm Credit	Coastal Securities	2/27/07	8/03/07	157	5.2672	2,200,152.50	2,250,000.00	49,847.50	2,211,075.00
		Federal Farm Credit Note Total				157	5.2672	2,200,152.50	2,250,000.00	49,847.50	2,211,075.00
3133XDM24	06-0041	FHLB	O'Connor SWS	12/08/05	5/21/07	529	4.6957	1,196,712.00	1,200,000.00	27,000.00	1,198,500.00
3133XBZK4	07-0013	FHLB	Piper Jaffray	8/17/06	6/20/07	307	5.3418	5,201,150.00	5,275,000.00	160,942.46	5,256,854.00
		FHLB Total				418	5.0188	6,397,862.00	6,475,000.00	187,942.46	6,455,354.00
3128X4JX0	07-0012	FHLMC	Merrill Lynch	8/17/06	4/02/07	228	5.3657	9,389,303.41	9,461,000.00	341,812.92	9,461,000.00
3128X0SW0	07-0046	FHLMC	Wells Fargo Instit. Brok	12/06/06	12/20/07	379	4.9099	986,123.30	1,000,000.00	36,620.83	988,570.00
		FHLMC Total				304	5.1378	10,375,426.71	10,461,000.00	378,433.75	10,449,570.00
313396DW0	07-0037	FHLMC Discount	Piper Jaffray	11/08/06	4/03/07	146	5.2695	3,917,428.89	4,000,000.00	82,571.11	3,999,600.00
313396FT5	07-0044	FHLMC Discount	Piper Jaffray	12/06/06	5/18/07	163	5.1869	4,446,993.06	4,550,000.00	103,006.94	4,520,425.00
313396JBO	07-0082	FHLMC Discount	Piper Jaffray	2/06/07	7/13/07	157	5.2726	3,911,295.00	4,000,000.00	88,705.00	3,942,400.00
313396JJ3	07-0083	FHLMC Discount	Great Pacific	2/13/07	7/20/07	157	5.2779	3,911,207.78	4,000,000.00	88,792.22	3,938,400.00
313396JR5	07-0084	FHLMC Discount	O'Connor SWS	2/27/07	7/27/07	150	5.2628	3,915,320.00	4,000,000.00	84,680.00	3,934,400.00
313396JU8	07-0085	FHLMC Discount	O'Connor SWS	2/27/07	7/30/07	153	5.2717	3,913,520.00	4,000,000.00	86,480.00	3,932,800.00
313396KV4	07-0090	FHLMC Discount	Wells Fargo Instit. Brok	3/29/07	8/24/07	148	5.2181	3,917,120.00	4,000,000.00	82,880.00	3,918,800.00
		FHLMC Discount Total				153	5.2514	27,932,884.73	28,550,000.00	617,115.27	28,186,825.00
3136F5XX4	07-0005	FNMA	Piper Jaffray	7/18/06	5/10/07	296	5.5280	265,383.00	270,000.00	7,336.50	369,408.70
31359MD42	05-0080	FNMA	Wells Fargo Instit. Brok	6/09/05	6/07/07	728	3.8492	2,026,952.27	2,025,000.00	158,512.50	2,020,565.25
31359MD42	07-0051	FNMA	Government Perspeciti	12/21/06	6/07/07	168	5.1421	3,977,480.00	4,000,000.00	71,777.78	3,991,240.00
31359MJ87	07-0014	FNMA	Piper Jaffray	8/17/06	9/14/07	393	5.2896	3,424,591.95	3,435,000.00	184,631.25	3,430,706.25
31359MP56	07-0072	FNMA	Coastal Securities	12/29/06	12/03/07	339	5.2000	3,766,527.54	3,765,000.00	183,386.87	3,766,167.15
3136FLH0	07-0045	FNMA	Piper Jaffray	12/06/06	5/09/08	520	4.8019	1,479,495.00	1,500,000.00	81,225.00	1,480,320.00
		FNMA Total				407	4.9685	14,940,429.76	14,995,000.00	686,869.90	15,058,407.35

**City of Des Moines  
Pooled Portfolio Detail  
As of March 31, 2007**

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
313588EG6	07-0038	FNMA Discount	Piper Jaffray	11/08/06	4/13/07	156	5.2665	3,911,946.67	4,000,000.00	88,053.33	3,993,600.00
313588EP6	07-0039	FNMA Discount	Smith Barney	11/15/06	4/20/07	156	5.2559	3,912,120.00	4,000,000.00	87,880.00	3,989,600.00
313588EW1	07-0040	FNMA Discount	Smith Barney	11/15/06	4/27/07	163	5.2506	3,908,357.78	4,000,000.00	91,642.22	3,985,600.00
313588FB6	07-0036	FNMA Discount	Piper Jaffray	11/08/06	5/02/07	175	5.2863	273,078.75	280,000.00	6,921.25	278,796.00
313588FB6	07-0041	FNMA Discount	Morgan Keegan	11/15/06	5/02/07	168	5.2437	3,905,733.33	4,000,000.00	94,266.67	3,982,800.00
313588FD2	06-0094	FNMA Discount	Wells Fargo Instit.	6/16/06	5/04/07	322	5.4647	1,430,233.33	1,500,000.00	69,766.67	1,493,100.00
313588FJ9	07-0042	FNMA Discount	Morgan Keegan	11/15/06	5/09/07	175	5.2597	3,901,611.11	4,000,000.00	98,388.89	3,978,800.00
313588FR1	07-0043	FNMA Discount	Smith Barney	11/16/06	5/16/07	181	5.2749	974,509.17	1,000,000.00	25,490.83	993,700.00
313588GA7	07-0048	FNMA Discount	Smith Barney	12/15/06	5/25/07	161	5.2384	3,909,661.11	4,000,000.00	90,338.89	3,970,000.00
313588GG4	07-0050	FNMA Discount	Coastal Securities	12/21/06	5/31/07	161	5.2714	3,909,106.56	4,000,000.00	90,893.44	3,966,400.00
313588GV1	07-0071	FNMA Discount	Multi-Bank Securities	12/29/06	6/13/07	166	5.2582	3,906,578.89	4,000,000.00	93,421.11	3,959,200.00
313588HL2	07-0077	FNMA Discount	Smith Barney	1/19/07	6/28/07	160	5.2801	3,909,511.11	4,000,000.00	90,488.89	3,950,800.00
313588RR8	07-0076	FNMA Discount	Smith Barney	1/19/07	1/11/08	357	5.2224	1,426,220.00	1,500,000.00	73,780.00	1,442,100.00
<b>FNMA Discount Total</b>							<b>192</b>	<b>39,278,667.81</b>	<b>40,280,000.00</b>	<b>1,001,332.19</b>	<b>39,984,496.00</b>
23450	General	Cash Account	Bankers Trust	10/01/99	Open	1	5.3700	16,567,524.60	16,567,524.60	N/A	16,567,524.60
23477	Grandview/Wavela	Cash Account	Bankers Trust	10/01/99	Open	1	5.3700	58,531.71	58,531.71	N/A	58,531.71
23493	Parking Ramps	Cash Account	Bankers Trust	10/01/99	Open	1	5.3700	691,494.29	691,494.29	N/A	691,494.29
23515	Park & Ride	Cash Account	Bankers Trust	10/01/99	Open	1	5.3700	122,205.89	122,205.89	N/A	122,205.89
23523	Trust & Agency	Cash Account	Bankers Trust	10/01/99	Open	1	5.3700	54,990.08	54,990.08	N/A	54,990.08
72001	Airport Parking	Cash Account	Bankers Trust	10/01/99	Open	1	5.3700	646,024.72	646,024.72	N/A	646,024.72
1117290	Parking Meters	Cash Account	Bankers Trust	10/01/99	Open	1	5.3700	75,121.04	75,121.04	N/A	75,121.04
1357029	Ambulance	Cash Account	Bankers Trust	10/01/99	Open	1	5.3700	3,165.09	3,165.09	N/A	3,165.09
1395078	Swimming Pools	Cash Account	Bankers Trust	10/01/99	Open	1	5.3700	0.00	0.00	N/A	0.00
1395789	Spec Assess	Cash Account	Bankers Trust	10/26/99	Open	1	5.3700	427,380.87	427,380.87	N/A	427,380.87
<b>Cash Account Total</b>							<b>1</b>	<b>18,646,438.29</b>	<b>18,646,438.29</b>	<b>0.00</b>	<b>18,646,438.29</b>
<b>Investment Total</b>							<b>184</b>	<b>137,874,792.33</b>	<b>140,132,438.29</b>	<b>3,403,129.64</b>	<b>139,095,096.17</b>

