

★ **Roll Call Number**

Agenda Item Number
37

Date July 26, 2010

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 09-1349, 09-1941, 10-124 and 10-622.

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, 2010 is hereby received and filed.

(copy attached)

MOVED BY _____ to receive and file.

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
COWNIE				
COLEMAN				
GRIESS				
HENSLEY				
MAHAFFEY				
MEYER				
MOORE				
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 hercunto set my hand and affixed my seal the day and year first above written.

_____ City Clerk

QUARTERLY TREASURER'S REPORT

As of June 30, 2010

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

**Quarterly Treasurer's Report
As of June 30, 2010**

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 June 30, 60.7 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. 16.4 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 \$160.4 million portion of the portfolio to have an average maturity of 167 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 \$16.8 million of investments in this category is 358 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 167 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 358 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.

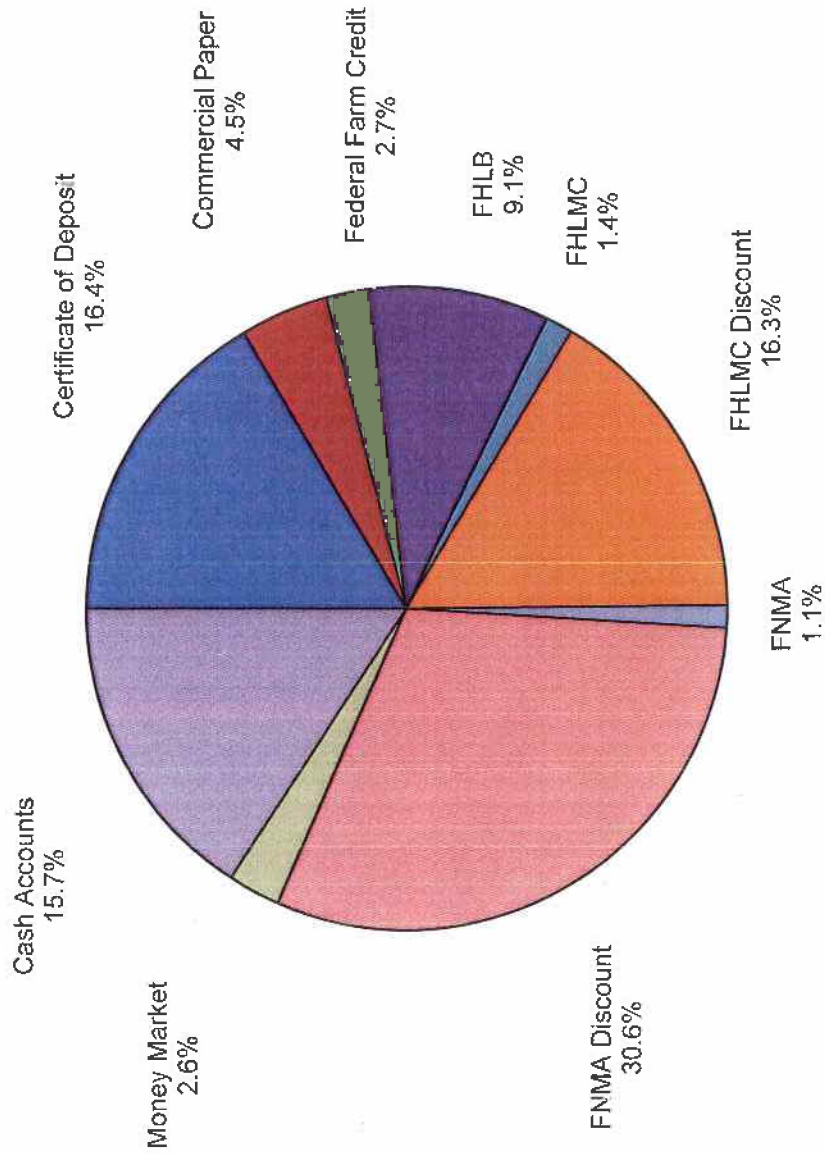
Other

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 \$177,280,558
As of June 30, 2010



**City of Des Moines
Non-Pooled Portfolio Detail
As of June 30, 2010**

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
31331JDD2	10-0043	Federal Farm Credit	Coastal Securities	2/3/2010	8/3/2011	546	0.6800	3,330,000.00	3,330,000.00	33,966.00	3,330,000.00
Federal Farm Credit Total											
3133XTF7	10-0002	FHLB	RBC Dain Rauche	8/20/2009	7/6/2010	320	0.5003	3,013,110.00	3,000,000.00	5,723.33	3,000,000.00
3133XRT83	10-0007	FHLB	Piper Jaffray	9/16/2009	9/10/2010	359	0.4207	514,480.00	500,000.00	2,113.75	502,970.00
3139BARH7	10-0062	FHLB	Piper Jaffray	4/15/2010	5/19/2011	399	0.5508	798,846.75	775,000.00	4,779.82	795,584.00
3133XYNZ4	10-0070	FHLB	Piper Jaffray	6/3/2010	6/10/2011	372	0.5702	1,405,140.50	1,405,000.00	8,166.95	1,406,756.25
3133XTXH4	10-0038	FHLB	Wells Fargo Instit.	12/23/2009	7/27/2011	591	0.7800	1,418,705.85	1,400,000.00	17,567.76	1,416,632.00
FHLB Total											
3128X4HN4	08-0051	FHLMC	Great Pacific	1/8/2008	9/1/2010	967	3.3998	520,070.00	500,000.00	46,110.56	503,900.00
3137EABZ1	10-0059	FHLMC	Great Pacific	3/31/2010	4/26/2011	391	0.5217	1,011,750.00	1,000,000.00	5,628.47	1,010,000.00
3128X7MK1	10-0068	FHLMC	Wells Fargo Instit.	5/5/2010	5/5/2011	365	0.5400	926,532.50	900,000.00	4,967.50	923,247.00
FHLMC Total											
313396HC0	10-0087	FHLMC Discount	Coastal Securities	6/28/2010	6/20/2011	357	0.4272	497,917.50	500,000.00	2,082.50	497,900.00
FHLMC Discount Total											
140320268		Money Market	Goldman Sachs	Daily	Daily	1	0.0644	357,117.00	357,117.00	N/A	357,117.00
140320300		Money Market	Goldman Sachs	Daily	Daily	1	0.0644	117,091.15	117,091.15	N/A	117,091.15
140323536		Money Market	Goldman Sachs	Daily	Daily	1	0.0644	1,290,456.57	1,290,456.57	N/A	1,290,456.57
Money Market Total											
26824		Cash Account	Bankers Trust	Daily	Daily	1	0.1600	3,989.94	3,989.94	N/A	3,989.94
1356872		Cash Account	Bankers Trust	Daily	Daily	1	0.1600	1,508.38	1,508.38	N/A	1,508.38
1357052		Cash Account	Bankers Trust	Daily	Daily	1	0.1600	140,158.02	140,158.02	N/A	140,158.02
1395763		Cash Account	Bankers Trust	Daily	Daily	1	0.1600	289,432.01	289,432.01	N/A	289,432.01
1395797		Cash Account	Bankers Trust	Daily	Daily	1	0.1600	140,932.70	140,932.70	N/A	140,932.70
1395873		Cash Account	Bankers Trust	Daily	Daily	1	0.1600	392,809.84	392,809.84	N/A	392,809.84
1395839		Cash Account	Bankers Trust	Daily	Daily	1	0.1600	21,071.23	21,071.23	N/A	21,071.23
1566815		Cash Account	Bankers Trust	Daily	Daily	1	0.1600	177,342.22	177,342.22	N/A	177,342.22
1566879		Cash Account	Bankers Trust	Daily	Daily	1	0.1600	269,823.99	269,823.99	N/A	269,823.99
1567298		Cash Account	Bankers Trust	Daily	Daily	1	0.1600	256,807.80	256,807.80	N/A	256,807.80
Cash Account Total											

**City of Des Moines
Non-Pooled Portfolio Detail
As of June 30, 2010**

<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>
						358	0.5759	16,895,093.95	16,766,540.85	120,622.89	16,383,906.60
Investment Total											

**City of Des Moines
Pooled Portfolio Detail
As of June 30, 2010**

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	6/26/2009	7/20/2010	389	1.35	4,000,000.00	4,000,000.00	57,550.68	4,000,000.00
	09-0075	Certificate of Deposit	Wells Fargo Bank	2/17/2010	7/30/2010	163	0.14	4,000,000.00	4,000,000.00	2,500.62	4,000,000.00
	10-0047	Certificate of Deposit	First American Bank	6/26/2009	8/23/2010	454	1.35	2,000,000.00	2,000,000.00	33,583.56	2,000,000.00
	09-0076	Certificate of Deposit	Metabank	5/14/2010	10/1/2010	140	0.60	4,000,000.00	4,000,000.00	9,205.48	4,000,000.00
	10-0069	Certificate of Deposit	Metabank	6/3/2010	10/29/2010	148	0.60	4,000,000.00	4,000,000.00	9,731.51	4,000,000.00
	10-0074	Certificate of Deposit	Metabank	6/3/2010	11/2/2010	152	0.60	4,000,000.00	4,000,000.00	9,994.52	4,000,000.00
	10-0075	Certificate of Deposit	Metabank	6/10/2010	11/12/2010	155	0.65	4,000,000.00	4,000,000.00	11,041.10	4,000,000.00
	10-0077	Certificate of Deposit	Bank of the West	6/17/2010	6/17/2011	365	0.40	3,000,000.00	3,000,000.00	12,000.00	3,000,000.00
	10-0078	Certificate of Deposit	Bank of the West	6/17/2010	6/17/2011	246	0.71	29,000,000.00	29,000,000.00	145,607.67	29,000,000.00
		Certificate of Deposit Total									
	17307SG22	Commercial Paper	Piper Jaffray	1/26/2010	7/2/2010	157	0.28	3,995,115.56	4,000,000.00	4,884.44	3,995,115.56
	17307SLK6	Commercial Paper	Wells Fargo Instit. Brokerage	6/29/2010	11/19/2010	143	0.60	3,990,625.56	4,000,000.00	9,374.44	3,990,625.56
		Commercial Paper Total				150	0.44	7,985,741.12	8,000,000.00	14,258.88	7,985,741.12
	31331JTM5	Federal Farm Credit	Cantor Fitzgerald	6/28/2010	9/30/2011	459	0.51	500,270.50	500,000.00	3,182.27	500,155.00
		Federal Farm Credit Total				459	0.51	500,270.50	500,000.00	3,182.27	500,155.00
	3133XVDM0	FHLB	Piper Jaffray	2/18/2010	4/16/2011	424	0.47	3,008,010.00	3,000,000.00	16,490.00	3,006,570.00
	10-0049	FHLB	Cambridge Group	4/23/2010	4/18/2011	360	0.51	4,007,440.00	4,000,000.00	20,171.11	4,008,760.00
	3133XRC65	FHLB	Great Pacific	6/9/2010	6/10/2011	366	0.54	1,542,465.00	1,500,000.00	8,300.62	1,541,250.00
	10-0076	FHLB	Cantor Fitzgerald	6/28/2010	12/1/2011	521	0.60	501,435.00	500,000.00	4,265.00	501,565.00
	3133XYMV4	FHLB	Cantor Fitzgerald	6/28/2010	12/1/2011	418	0.53	9,059,350.00	9,000,000.00	48,226.73	9,059,145.00
		FHLB Total									
	313397Y28	FHLMC Discount Note	RBC Dain Raucher	2/3/2010	7/3/2010	150	0.17	3,997,280.00	4,000,000.00	2,720.00	4,000,000.00
	10-0044	FHLMC Discount Note	RBC Dain Raucher	4/20/2010	9/10/2010	143	0.21	3,996,663.33	4,000,000.00	3,336.67	3,999,200.00
	313397F30	FHLMC Discount Note	RBC Dain Raucher	4/20/2010	9/17/2010	150	0.22	3,996,333.33	4,000,000.00	3,666.67	3,999,200.00
	10-0063	FHLMC Discount Note	Cantor Fitzgerald	6/28/2010	9/29/2010	93	0.14	8,097,070.50	8,100,000.00	2,929.50	8,098,380.00
	313397G21	FHLMC Discount Note	Coastal Securities	6/28/2010	12/10/2010	165	0.22	3,246,722.92	3,250,000.00	3,277.08	3,246,750.00
	313397H61	FHLMC Discount Note	Coastal Securities	6/28/2010	12/10/2010	165	0.22	3,246,722.92	3,250,000.00	3,277.08	3,246,750.00
	313397S69	FHLMC Discount Note	Coastal Securities	6/28/2010	6/20/2011	357	0.43	5,078,758.50	5,100,000.00	21,244.50	5,078,580.00
	10-0085	FHLMC Discount Note	Coastal Securities	6/28/2010	6/20/2011	176	0.23	28,412,828.58	28,450,000.00	37,171.42	28,422,110.00
	313396HC0	FHLMC Discount Note	Coastal Securities	6/28/2010	6/20/2011	176	0.23	28,412,828.58	28,450,000.00	37,171.42	28,422,110.00
		FHLMC Discount Note Total									
	313396AVQ2	FNMA	RBC Dain Raucher	3/8/2010	3/23/2011	380	0.44	2,027,300.00	2,000,000.00	9,158.33	2,019,380.00
	10-0051	FNMA	RBC Dain Raucher	3/8/2010	3/23/2011	360	0.44	2,027,300.00	2,000,000.00	9,158.33	2,019,380.00
		FNMA Total									
	313569ZH9	FNMA Discount Note	RBC Dain Raucher	2/4/2010	7/14/2010	160	0.16	3,997,244.44	4,000,000.00	2,755.56	4,000,000.00
	10-0045	FNMA Discount Note	RBC Dain Raucher	2/4/2010	7/23/2010	169	0.16	3,996,995.56	4,000,000.00	3,004.44	4,000,000.00
	313569ZS5	FNMA Discount Note	RBC Dain Raucher	2/18/2010	8/6/2010	169	0.19	3,996,432.22	4,000,000.00	3,567.78	3,999,600.00
	10-0048	FNMA Discount Note	RBC Dain Raucher	6/3/2010	8/6/2010	64	0.42	3,997,036.67	4,000,000.00	2,983.33	3,998,400.00
	313569A86	FNMA Discount Note	RBC Dain Raucher	6/3/2010	8/6/2010	64	0.42	3,997,036.67	4,000,000.00	2,983.33	3,998,400.00

**City of Des Moines
Pooled Portfolio Detail
As of June 30, 2010**

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
313589B77	10-0053 FNMA Discount Note	Smith Barney	3/10/2010	8/13/2010	156	0.22	3,996,166.67	4,000,000.00	3,813.33	3,999,600.00
313589C68	10-0058 FNMA Discount Note	Wells Fargo Instit. Brokerage	3/18/2010	8/20/2010	155	0.22	3,996,211.11	4,000,000.00	3,788.89	3,999,600.00
313589D59	10-0057 FNMA Discount Note	Wells Fargo Instit. Brokerage	3/18/2010	8/27/2010	162	0.23	3,995,860.00	4,000,000.00	4,140.00	3,995,860.00
313589E41	10-0058 FNMA Discount Note	RBC Dain Raucher	3/23/2010	9/3/2010	164	0.25	3,995,444.44	4,000,000.00	4,555.56	3,999,200.00
313589G98	10-0067 FNMA Discount Note	RBC Dain Raucher	4/30/2010	9/24/2010	147	0.22	3,996,406.67	4,000,000.00	3,593.33	3,999,200.00
313589K69	10-0072 FNMA Discount Note	RBC Dain Raucher	6/3/2010	10/15/2010	134	0.22	3,996,724.44	4,000,000.00	3,275.56	3,998,400.00
313589L50	10-0073 FNMA Discount Note	RBC Dain Raucher	6/3/2010	10/22/2010	141	0.22	3,996,553.33	4,000,000.00	3,448.67	3,998,000.00
313588CP8	10-0052 FNMA Discount Note	Smith Barney	3/10/2010	3/3/2011	358	0.44	522,755.04	525,000.00	2,244.96	523,845.00
313588CW3	10-0055 FNMA Discount Note	Wells Fargo Instit. Brokerage	3/18/2010	3/10/2011	357	0.45	1,991,075.00	2,000,000.00	8,925.00	1,995,600.00
313588DR3	10-0086 FNMA Discount Note	Canter Fitzgerald	6/28/2010	3/29/2011	274	0.34	7,780,498.00	7,800,000.00	18,591.00	7,781,280.00
					186	0.27	54,255,334.59	54,325,000.00	69,665.41	54,288,585.00
140322413	2005B GO									
140320243	General		Daily	Daily	1	0.06	40,000.00	40,000.00	N/A	40,000.00
	Money Market	Goldman Sachs	Daily	Daily	1	0.06	2,892,112.56	2,892,112.56	N/A	2,892,112.56
	Money Market Total				1	0.06	2,932,112.56	2,932,112.56		2,932,112.56
25450	General		Daily	Daily	1	0.16	23,866,235.84	23,866,235.84	N/A	23,866,235.84
22493	Parking Ramps	Bankers Trust	Daily	Daily	1	0.16	586,044.65	586,044.65	N/A	586,044.65
23515	Park & Ride	Bankers Trust	Daily	Daily	1	0.16	100,783.68	100,783.68	N/A	100,783.68
23523	Trust & Agency	Bankers Trust	Daily	Daily	1	0.16	266,180.29	266,180.29	N/A	266,180.29
72001	Airport Parking	Bankers Trust	Daily	Daily	1	0.16	549,606.97	549,606.97	N/A	549,606.97
1117290	Parking Meters	Bankers Trust	Daily	Daily	1	0.16	138,500.94	138,500.94	N/A	138,500.94
1355078	Swimming Pools	Bankers Trust	Daily	Daily	1	0.16	3,579.71	3,579.71	N/A	3,579.71
1395789	Spec Assess	Bankers Trust	Daily	Daily	1	0.16	701,595.03	701,595.03	N/A	701,595.03
	Cash Account Total				1	0.16	26,212,527.11	26,212,527.11	N/A	26,212,527.11
	Investment Total				167	0.3345	169,385,464.46	169,418,639.67	326,210.71	160,418,755.79