

★ Roll Call Number

Agenda Item Number

39

Date October 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 08-1858, 09-115, 09-648 and 09-1349.

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 September 30, 2009 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	

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.

Mayor

City Clerk

QUARTERLY TREASURER'S REPORT
As of September 30, 2009

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

Quarterly Treasurer's Report
As of September 30, 2009

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 September 30, 27.6 percent of the \$157.1 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. 38.9 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 \$136.1 million portion of the portfolio to have an average maturity of 164 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 \$21.0 million of investments in this category is 410 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 164 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 410 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.

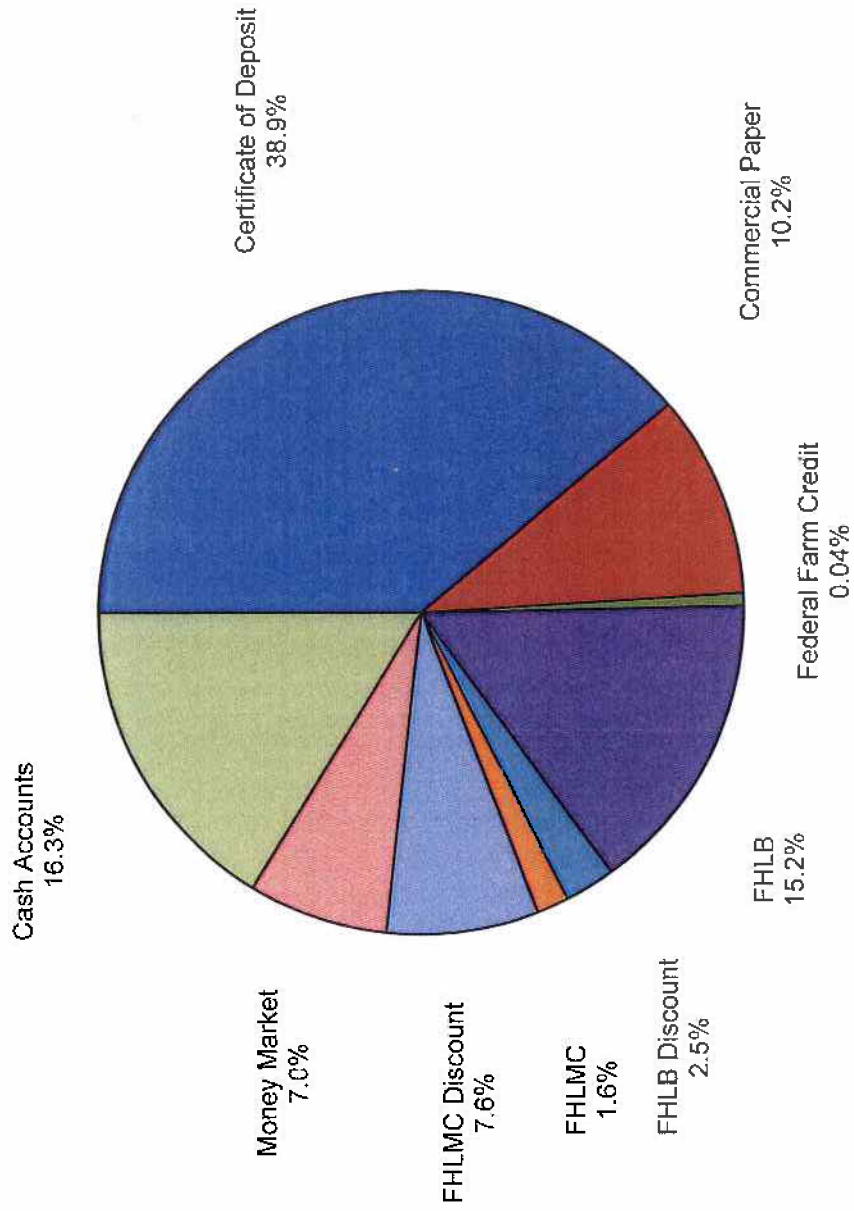
Other

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 \$157,100,865
As of September 30, 2009**



**City of Des Moines
Non-Pooled Portfolio Detail
As of September 30, 2009**

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
	07-0058	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
	07-0081	Certificate of Deposit	US Bank	1/31/2007	1/29/2010	1094	5.1950	3,325,350.00	3,325,350.00	667,651.14	3,325,350.00
	09-0055	Certificate of Deposit	Bank of the West	5/5/2009	5/5/2010	365	1.6500	888,250.00	888,250.00	14,656.13	888,250.00
	09-0064	Certificate of Deposit	Bank of the West	6/3/2009	6/2/2010	364	1.5300	1,404,000.00	1,404,000.00	21,422.35	1,404,000.00
	Certificate of Deposit Total					730	3.3200	7,005,600.00	5,601,600.00	907,973.82	5,601,600.00
3131GSA8	09-0045	Federal Farm Credit	Piper Jaffray	4/1/2009	4/1/2010	365	0.8750	600,000.00	600,000.00	2,625.00	600,000.00
	Federal Farm Credit Total					365	0.8750	600,000.00	600,000.00	2,625.00	600,000.00
3133XB6R1	08-0050	FHLB	Great Pacific	1/6/2008	3/29/2010	811	3.3802	666,965.00	650,000.00	66,672.12	650,000.00
3133XTFY7	10-0002	FHLB	RBC Dain Rauche	8/20/2009	7/6/2010	320	0.5003	3,013,110.00	3,000,000.00		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		500,000.00
	FHLB Total					497	1.4337	4,194,555.00	4,150,000.00	66,672.12	4,150,000.00
3137EABL2	09-0053	FHLMC	Piper Jaffray	4/30/2009	6/28/2010	424	0.7002	512,550.00	500,000.00	7,187.50	500,000.00
3128X4HN4	08-0051	FHLMC	Great Pacific	1/8/2008	9/1/2010	967	3.3998	520,070.00	500,000.00	66,180.56	500,000.00
	FHLMC Total					696	2.0500	1,032,620.00	1,000,000.00	73,368.06	1,000,000.00
140320268		Money Market	Bankers Trust	Daily	Daily	1	0.0600	357,134.05	357,134.05	N/A	357,134.05
140323536		Money Market	Bankers Trust	Daily	Daily	1	0.0600	1,779,135.22	1,779,135.22	N/A	1,779,135.22
	Money Market Total					1	0.0600	2,136,269.27	2,136,269.27	N/A	2,136,269.27
26824		Cash Account	Bankers Trust	Daily	Daily	1	0.0600	223,849.33	223,849.33	N/A	223,849.33
1356872		Cash Account	Bankers Trust	Daily	Daily	1	0.0600	1,807.72	1,807.72	N/A	1,807.72
1357052		Cash Account	Bankers Trust	Daily	Daily	1	0.0600	164,137.84	164,137.84	N/A	164,137.84
1395763		Cash Account	Bankers Trust	Daily	Daily	1	0.0600	270,481.75	270,481.75	N/A	270,481.75
1395797		Cash Account	Bankers Trust	Daily	Daily	1	0.0600	462,956.81	462,956.81	N/A	462,956.81
1395913		Cash Account	Bankers Trust	Daily	Daily	1	0.0600	2,995,904.81	2,995,904.81	N/A	2,995,904.81
1395839		Cash Account	Bankers Trust	Daily	Daily	1	0.0600	21,062.59	21,062.59	N/A	21,062.59
1566815		Cash Account	Bankers Trust	Daily	Daily	1	0.0600	337,155.15	337,155.15	N/A	337,155.15
1566879		Cash Account	Bankers Trust	Daily	Daily	1	0.0600	560,672.34	560,672.34	N/A	560,672.34
1567298		Cash Account	Bankers Trust	Daily	Daily	1	0.0600	1,027,602.18	1,027,602.18	N/A	1,027,602.18
	Cash Account Total					1	0.0600	6,065,630.52	6,065,630.52	N/A	6,065,630.52
	Investment Total					410	1.8563	21,034,674.79	20,265,499.79	1,050,639.00	14,505,499.79

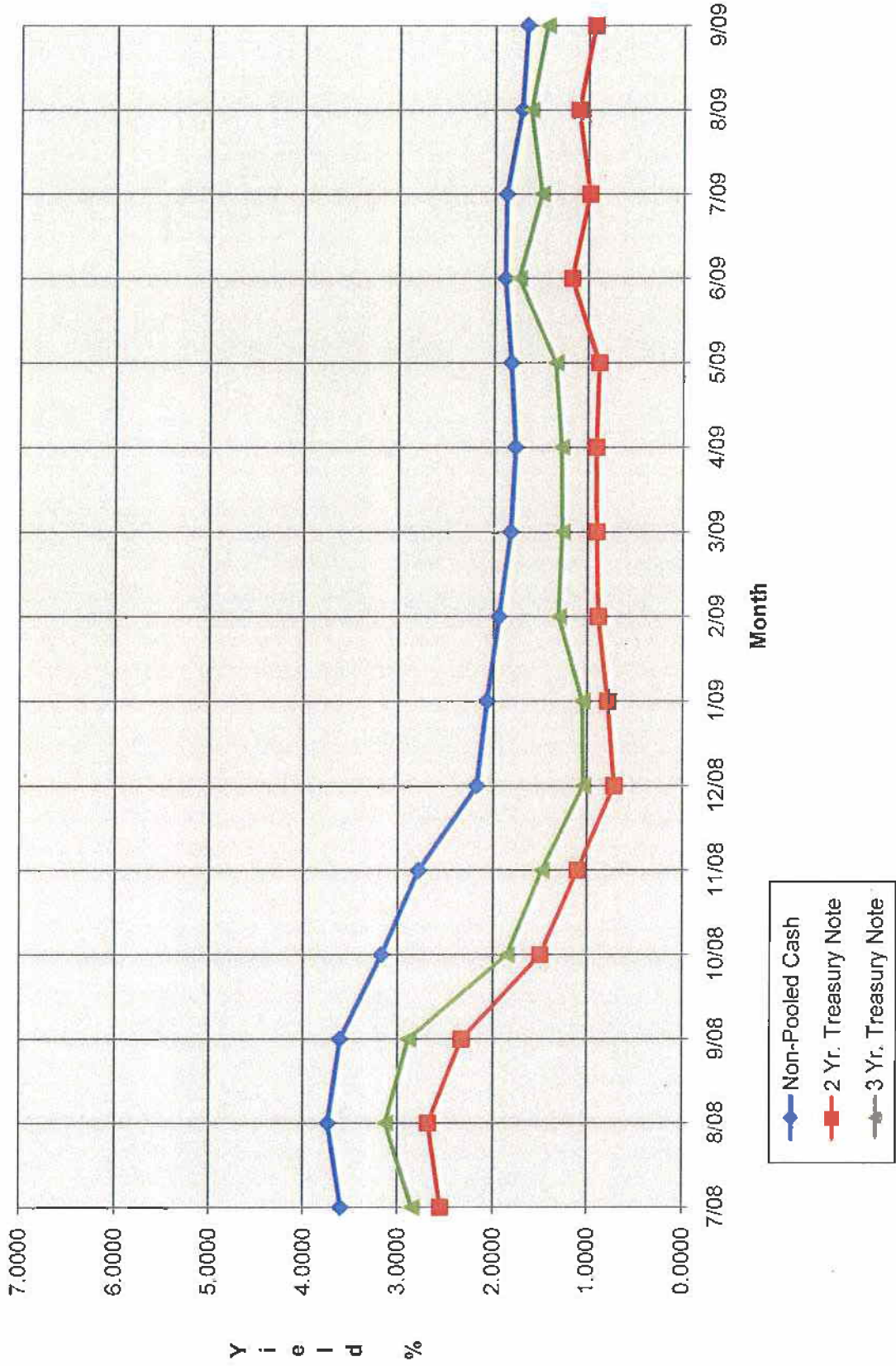
**City of Des Moines
Pooled Portfolio Detail
As of September 30, 2009**

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
	09-0060	Certificate of Deposit	Bank of the West	5/22/2009	10/2/2009	133	0.50	4,000,000.00	4,000,000.00	7,287.67	4,000,000.00
	09-0061	Certificate of Deposit	Bank of the West	5/22/2009	10/9/2009	140	0.50	4,000,000.00	4,000,000.00	7,671.23	4,000,000.00
	09-0065	Certificate of Deposit	Bank of the West	6/3/2009	10/16/2009	135	0.50	4,000,000.00	4,000,000.00	7,397.26	4,000,000.00
	09-0066	Certificate of Deposit	Bank of the West	6/3/2009	10/23/2009	142	0.50	4,000,000.00	4,000,000.00	7,760.82	4,000,000.00
	09-0067	Certificate of Deposit	Bank of the West	6/3/2009	10/30/2009	148	0.50	4,000,000.00	4,000,000.00	8,164.38	4,000,000.00
	09-0069	Certificate of Deposit	First American Bank	6/19/2009	11/6/2009	140	0.50	4,000,000.00	4,000,000.00	7,671.23	4,000,000.00
	09-0070	Certificate of Deposit	First American Bank	6/23/2009	11/13/2009	143	0.65	4,000,000.00	4,000,000.00	10,186.30	4,000,000.00
	09-0073	Certificate of Deposit	Metabank	6/26/2009	11/20/2009	147	0.50	4,000,000.00	4,000,000.00	8,054.79	4,000,000.00
	09-0074	Certificate of Deposit	Metabank	6/26/2009	11/27/2009	154	0.50	4,000,000.00	4,000,000.00	8,438.36	4,000,000.00
	10-0001	Certificate of Deposit	Metabank	7/22/2009	1/24/2010	135	0.45	4,000,000.00	4,000,000.00		4,000,000.00
	07-0081	Certificate of Deposit	US Bank	1/31/2007	1/29/2010	1094	5.20	962,500.00	962,500.00	149,731.64	962,500.00
	09-0034	Certificate of Deposit	First American Bank	2/18/2009	2/18/2010	365	0.95	3,050,000.00	3,050,000.00	28,975.00	3,050,000.00
	09-0082	Certificate of Deposit	Bank of the West	5/22/2009	3/9/2010	291	0.81	1,000,000.00	1,000,000.00	6,457.81	1,000,000.00
	09-0068	Certificate of Deposit	Bank of the West	6/19/2009	6/18/2010	364	0.81	3,000,000.00	3,000,000.00	44,577.53	3,000,000.00
	09-0075	Certificate of Deposit	First American Bank	6/26/2009	7/20/2010	389	0.81	4,000,000.00	4,000,000.00	57,550.68	4,000,000.00
	09-0076	Certificate of Deposit	First American Bank	6/26/2009	9/23/2010	454	0.81	2,000,000.00	2,000,000.00	33,583.56	2,000,000.00
		Certificate of Deposit Total				273	0.91	54,012,500.00	54,012,500.00	393,528.26	54,012,500.00
86561AZ42	10-0003	Commercial Paper	RBC Dain Raucher	8/26/2009	12/4/2009	100	0.41	3,995,555.56	4,000,000.00	4,444.44	3,995,555.56
86561AZ91	10-0004	Commercial Paper	RBC Dain Raucher	8/26/2009	12/9/2009	105	0.43	3,995,100.00	4,000,000.00	4,900.00	3,995,100.00
4042F0ZJ3	10-0005	Commercial Paper	RBC Dain Raucher	8/26/2009	12/18/2009	114	0.37	3,995,440.00	4,000,000.00	4,560.00	3,995,440.00
4042F0ZU8	10-0006	Commercial Paper	RBC Dain Raucher	8/26/2009	12/28/2009	124	0.49	3,993,357.78	4,000,000.00	6,642.22	3,993,357.78
		Commercial Paper Total				111	0.42	15,979,453.34	16,000,000.00	20,546.66	15,979,453.34
31331GSA8	09-0045	Federal Farm Credit	Piper Jaffray	4/1/2009	4/1/2010	365	0.88	400,000.00	400,000.00	1,750.00	401,252.00
		Federal Farm Credit Total				365	0.88	400,000.00	400,000.00	1,750.00	401,252.00
3133XGYT5	09-0071	FHLB	O'Connor SWS	6/26/2009	12/11/2009	168	0.31	4,085,840.00	4,000,000.00	91,666.67	4,083,760.00
3133XTB88	09-0037	FHLB	Great Pacific	3/12/2009	3/5/2010	358	1.11	2,148,688.50	2,150,000.00	22,136.04	2,158,729.00
3133XBB20	10-0008	FHLB	Piper Jaffray	9/16/2009	3/17/2010	182	0.25	3,521,449.50	3,450,000.00		
3133XTZN9	09-0072	FHLB	O'Connor SWS	6/26/2009	6/22/2010	361	0.57	9,999,300.00	10,000,000.00	55,377.78	10,006,300.00
		FHLB Total				267	0.56	19,755,278.00	19,600,000.00	169,180.49	19,248,789.00
313395RN8	10-0009	FHLB Discount Note	Piper Jaffray	9/16/2009	1/6/2010	114	0.13	3,998,353.33	4,000,000.00	1,646.67	
		FHLMC Total				114	0.13	3,998,353.33	4,000,000.00	1,646.67	
3137EABL2	09-0053	FHI MC	Piper Jaffray	4/30/2009	6/28/2010	424	2.88	1,537,650.00	1,500,000.00	21,562.50	1,535,070.00

**City of Des Moines
Pooled Portfolio Detail
As of September 30, 2009**

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
FHLMC Total						424	2.88	1,537,650.00	1,500,000.00	21,562.50	1,535,070.00
313397RV5	10-0010	FHLMC Discount Note	RBC Dan Raucher	9/17/2009	1/15/2010	120	0.10	3,998,666.67	4,000,000.00	22,136.04	
313397SS1	10-0012	FHLMC Discount Note	Great Pacific	9/30/2009	2/5/2010	128	0.12	3,998,293.33	4,000,000.00		
313397VX6	10-0011	FHLMC Discount Note	RBC Dan Raucher	9/17/2009	4/23/2010	218	0.20	3,995,155.56	4,000,000.00	55,377.78	
FHLMC Discount Total						155	0.14	11,982,115.56	12,000,000.00	77,513.82	.
140320243	General	Money Market	Bankers Trust	Daily	Daily	1	0.06	8,872,650.16	8,872,650.16	N/A	8,872,650.16
140323650	2007B GO	Money Market	Bankers Trust	Daily	Daily	1	0.06	49.50	49.50	N/A	49.50
140323666	2007C GO	Money Market	Bankers Trust	Daily	Daily	1	0.06	36.47	36.47	N/A	36.47
Money Market Total						1	0.06	8,872,736.13	8,872,736.13	-	8,872,736.13
23450	General	Cash Account	Bankers Trust	10/1/1999	Open	1	0.06	16,887,979.10	16,887,979.10	N/A	16,887,979.10
23477	Grandview/Wave	Cash Account	Bankers Trust	10/1/1999	Open	1	0.06	167,432.73	167,432.73	N/A	167,432.73
23493	Parking Ramps	Cash Account	Bankers Trust	10/1/1999	Open	1	0.06	767,998.20	767,998.20	N/A	767,998.20
23515	Park & Ride	Cash Account	Bankers Trust	10/1/1999	Open	1	0.06	33,174.57	33,174.57	N/A	33,174.57
23523	Trust & Agency	Cash Account	Bankers Trust	10/1/1999	Open	1	0.06	267,055.41	267,055.41	N/A	267,055.41
72001	Airport Parking	Cash Account	Bankers Trust	10/1/1999	Open	1	0.06	484,986.04	484,986.04	N/A	484,986.04
1117290	Parking Meters	Cash Account	Bankers Trust	10/1/1999	Open	1	0.06	127,057.81	127,057.81	N/A	127,057.81
1357029	Ambulance	Cash Account	Bankers Trust	10/1/1999	Open	1	0.06	3,104.91	3,104.91	N/A	3,104.91
1395078	Swimming Pools	Cash Account	Bankers Trust	10/1/1999	Open	1	0.06	30.15	30.15	N/A	30.15
1395789	Spec Assess	Cash Account	Bankers Trust	10/26/1999	Open	1	0.06	759,284.63	759,284.63	N/A	759,284.63
Cash Account Total						1	0.06	19,518,103.55	19,518,103.55	N/A	19,518,103.55
Investment Total						164	0.4561	135,056,189.91	135,903,338.68	685,720.40	116,567,904.02

**City of Des Moines
Non-Pooled Cash Portfolio Yield
For the Fifteen Months Ended September 30, 2009**



**City of Des Moines
Pooled Cash Portfolio Yield
For the Fifteen Months Ended September 30, 2009**

