

Date October 27, 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 07-2038, 08-142, 08-681 and 08-1329.

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, 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				

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.

MOTION CARRIED APPROVED

Mayor

City Clerk

QUARTERLY TREASURER'S REPORT

As of September 30, 2008

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

**Quarterly Treasurer's Report
As of September 30, 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 September 30, 48.7 percent of the \$173.1 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. 30.9 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 \$149.9 million portion of the portfolio to have an average maturity of 206 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 \$23.1 million of investments in this category is 541 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 206 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 541 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.

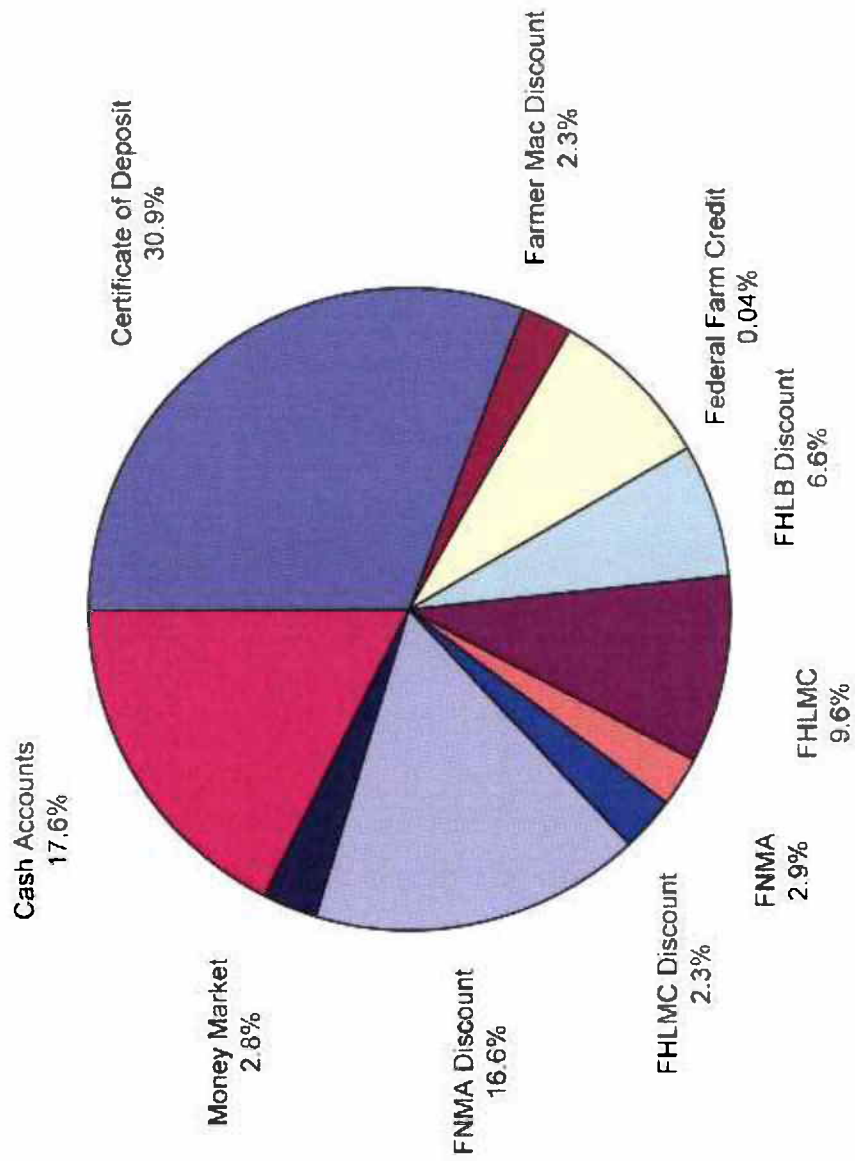
Other

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 \$173,114,932
As of September 30, 2008



**City of Des Moines
Non-Pooled Portfolio Detail
As of September 30, 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
	08-0082	Certificate of Deposit	First American Bank	5/02/08	5/04/08	367	2.6500	868,250.00	868,250.00	23,667.60	888,250.00
	07-0058	Certificate of Deposit	US 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
	08-0092	Certificate of Deposit	Community State Bank	6/02/08	8/02/08	365	3.0000	1,404,000.00	1,404,000.00	42,120.00	1,404,000.00
		Certificate of Deposit Total				730	3.9375	7,968,100.00	7,968,100.00	937,682.94	7,968,100.00
	3133XQZA3	FHLB	O'Connor SWS	5/07/08	5/07/08	365	2.3638	600,744.00	600,000.00	14,880.00	597,378.00
	3133XGJ88	FHLB	Piper Jaffray	9/08/08	9/11/08	1089	5.0468	502,800.00	500,000.00	89,614.58	509,065.00
	3133XB8R1	FHLB	Great Pacific	1/08/08	3/28/10	811	3.3802	666,965.00	650,000.00	66,672.12	662,399.00
	3133XNP78	FHLB	Wells Fargo Insit.	12/17/07	12/17/10	1096	4.3000	2,900,000.00	2,900,000.00	374,100.00	2,908,149.00
		FHLB Total				843	3.7702	4,670,509.00	4,650,000.00	545,266.70	4,676,981.00
	3128X4HN4	FHLMC	Great Pacific	1/08/08	9/01/10	967	3.3998	520,070.00	500,000.00	66,180.56	516,575.00
		FHLMC Total				967	3.3998	520,070.00	500,000.00	66,180.56	516,575.00
	3138F5LE9	FNMA	Piper Jaffray	9/03/08	3/30/09	934	5.0629	496,270.00	500,000.00	60,826.39	503,440.00
		FNMA Total				934	5.0629	496,270.00	500,000.00	60,826.39	503,440.00
	140320268	Money Market	Bankers Trust	Daily	Daily	1	2.7000	357,117.00	357,117.00	N/A	357,117.00
	140321183	Money Market	Bankers Trust	Daily	Daily	1	2.7000	157,745.99	157,745.99	N/A	157,745.99
	140322314	Money Market	Bankers Trust	Daily	Daily	1	2.7000	9,184.63	9,184.63	N/A	9,184.63
	140323636	Money Market	Bankers Trust	Daily	Daily	1	2.7000	4,280,329.88	4,280,329.88	N/A	4,280,329.88
		Money Market Total				4	2.7000	4,804,368.48	4,804,368.48	N/A	4,804,368.48
	26824	Cash Account	Bankers Trust	Daily	Daily	1	2.4200	3,914.68	3,914.68	N/A	3,914.68
	1356872	Cash Account	Bankers Trust	Daily	Daily	1	2.4200	1,799.09	1,799.09	N/A	1,799.09
	1357052	Cash Account	Bankers Trust	Daily	Daily	1	2.4200	47,148.66	47,148.66	N/A	47,148.66
	1395763	Cash Account	Bankers Trust	Daily	Daily	1	2.4200	315,209.63	315,209.63	N/A	315,209.63
	1395797	Cash Account	Bankers Trust	Daily	Daily	1	2.4200	1,018,747.68	1,018,747.68	N/A	1,018,747.68
	1395813	Cash Account	Bankers Trust	Daily	Daily	1	2.4200	1,250,644.86	1,250,644.86	N/A	1,250,644.86
	1395839	Cash Account	Bankers Trust	Daily	Daily	1	2.4200	21,058.90	21,058.90	N/A	21,058.90
	1466815	Cash Account	Bankers Trust	Daily	Daily	1	2.4200	338,993.46	338,993.46	N/A	338,993.46
	1566879	Cash Account	Bankers Trust	Daily	Daily	1	2.4200	845,201.46	845,201.46	N/A	845,201.46
	1567298	Cash Account	Bankers Trust	Daily	Daily	1	2.4200	1,026,599.60	1,026,599.60	N/A	1,026,599.60
		Cash Account Total				11	2.4200	4,669,318.02	4,669,318.02	N/A	4,669,318.02
		Investment Total				541	3.5833	23,128,635.50	23,091,786.50	1,609,956.59	23,138,782.50

**City of Des Moines
Pooled Portfolio Detail
As of September 30, 2008**

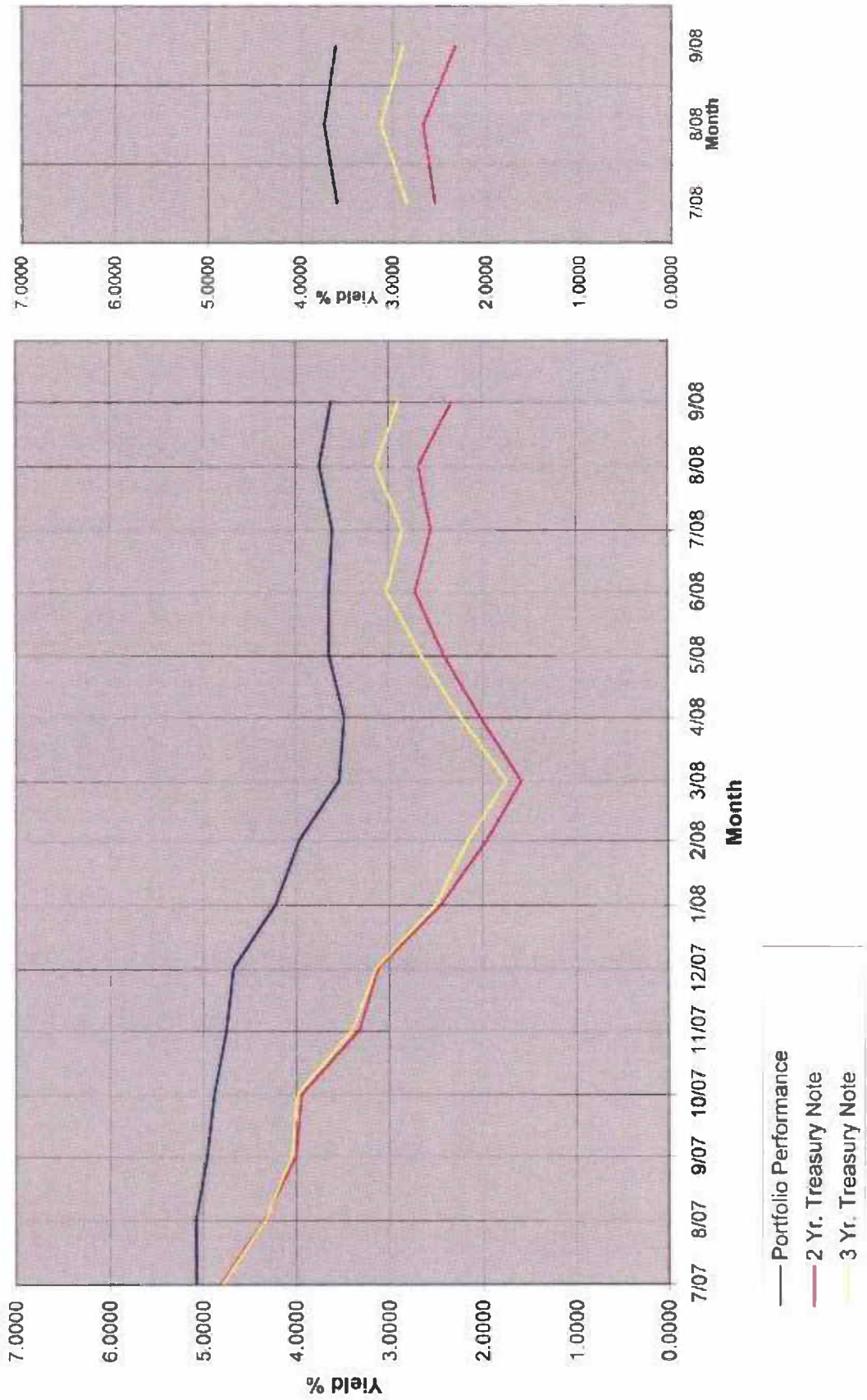
CUSIP	Invest Number	Security Description	Issuer	Purchase Date	Maturity Date	Days-Purchase To Maturity	Yield	Original Cost	Ending Par Value	Earnings To Maturity	Current Market Value
	08-0078	Certificate of Deposit	First American Bank	4/17/08	10/03/08	169	2.6500	4,000,000.00	4,000,000.00	49,079.45	4,000,000.00
	08-0080	Certificate of Deposit	US Bank	5/02/08	10/17/08	168	2.5900	4,000,000.00	4,000,000.00	47,684.38	4,000,000.00
	08-0081	Certificate of Deposit	First American Bank	5/02/08	10/24/08	175	2.6600	4,000,000.00	4,000,000.00	50,821.92	4,000,000.00
	07-0127	Certificate of Deposit	Bank of the West	6/28/07	10/31/08	481	5.2700	4,470,000.00	4,470,000.00	315,597.92	4,470,000.00
	08-0093	Certificate of Deposit	Bank of the West	6/09/08	11/21/08	165	2.7400	4,000,000.00	4,000,000.00	49,545.21	4,000,000.00
	08-0094	Certificate of Deposit	Community State Bank	6/09/08	12/05/08	179	3.0500	4,000,000.00	4,000,000.00	59,830.14	4,000,000.00
	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
	09-0006	Certificate of Deposit	First American Bank	9/03/08	1/23/09	142	2.9500	4,000,000.00	4,000,000.00	45,906.85	4,000,000.00
	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
	09-0007	Certificate of Deposit	First American Bank	9/23/08	1/30/09	129	3.0100	4,000,000.00	4,000,000.00	42,552.33	4,000,000.00
	07-0128	Certificate of Deposit	Bank of the West	6/28/07	1/31/09	583	5.2700	3,800,000.00	3,800,000.00	318,770.03	3,800,000.00
	09-0008	Certificate of Deposit	First American Bank	9/23/08	2/06/09	136	3.0600	4,000,000.00	4,000,000.00	45,806.58	4,000,000.00
	09-0009	Certificate of Deposit	First American Bank	9/23/08	2/13/09	143	3.0600	4,000,000.00	4,000,000.00	47,853.97	4,000,000.00
		Certificate of Deposit Total				275	3.4846	45,570,000.00	45,570,000.00	1,129,370.70	45,970,000.00
	31315KK25	Farmer Mac Discount	Great Pacific	4/21/08	10/10/08	172	2.1430	3,960,010.00	4,000,000.00	39,980.00	3,999,600.00
		Farmer Mac Discount Total				172	2.1430	3,960,010.00	4,000,000.00	39,980.00	3,999,600.00
	3133X0BQ4	FHLB	Wells Fargo Instit. Brok	3/12/08	3/11/09	364	2.1801	2,004,314.00	2,000,000.00	47,886.67	1,993,120.00
	3133XRA75	FHLB	Piper Jaffray	5/13/08	5/13/08	365	2.3750	1,500,000.00	1,500,000.00	36,625.00	1,492,500.00
	3133XPKH2	FHLB	Piper Jaffray	6/25/08	6/18/08	358	3.0600	6,449,355.00	6,450,000.00	182,889.78	6,443,837.00
		FHLB Total				362	2.5384	9,953,669.00	9,950,000.00	277,391.46	9,929,557.00
	313384M63	FHLB Discount	Smith Barney	5/06/08	10/30/08	177	2.0583	3,950,470.00	4,000,000.00	39,530.00	3,998,400.00
	313384N82	FHLB Discount	Smith Barney	5/13/08	11/07/08	178	2.1205	3,959,060.00	4,000,000.00	40,840.00	3,992,000.00
	313384U56	FHLB Discount	Wells Fargo Instit. Brok	6/25/08	12/24/08	182	2.7025	3,502,798.81	3,550,000.00	47,201.19	3,528,410.00
		FHLB Discount Total				178	2.2938	11,422,326.81	11,550,000.00	127,671.19	11,519,810.00
	3134A3EM4	FHLMC	Smith Barney	6/25/08	3/15/09	263	2.8908	3,318,015.63	3,250,000.00	134,965.28	3,286,555.00
	3137EAAE9	FHLMC	Morgan Keegan	1/17/08	6/21/09	490	2.9903	3,088,560.00	3,000,000.00	211,750.00	3,034,680.00
	3134A3MT8	FHLMC	Governor Investment Perspective	6/25/08	6/15/09	447	3.1225	9,791,228.00	9,400,000.00	761,138.89	9,705,500.00
		FHLMC Total				400	2.9978	16,195,803.63	15,650,000.00	1,107,854.17	16,025,735.00
	313396N90	FHLMC Discount	Piper Jaffray	5/13/08	11/10/08	181	2.1312	3,958,168.89	4,000,000.00	41,831.11	3,991,200.00
		FHLMC Discount Total				181	2.1312	3,958,168.89	4,000,000.00	41,831.11	3,991,200.00
	31398AAF9	FNMA	Morgan Keegan	1/17/08	11/03/08	291	3.2513	1,012,780.00	1,000,000.00	38,827.78	1,001,500.00
	31359MTZ6	FNMA	Wells Fargo Instit. Brok	2/11/08	2/15/09	370	2.3599	1,512,660.00	1,500,000.00	49,291.67	1,500,000.00

**City of Des Moines
Pooled Portfolio Detail
As of September 30, 2008**

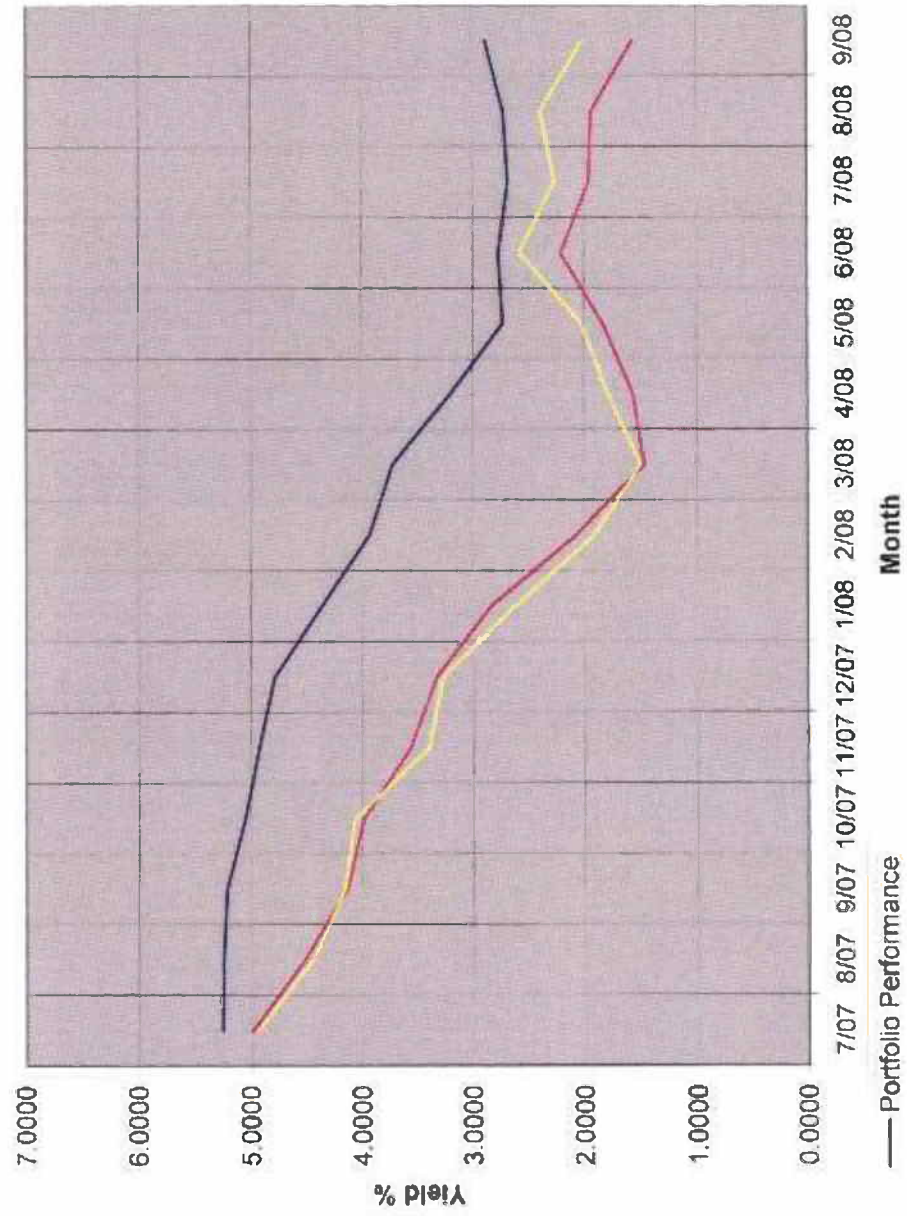
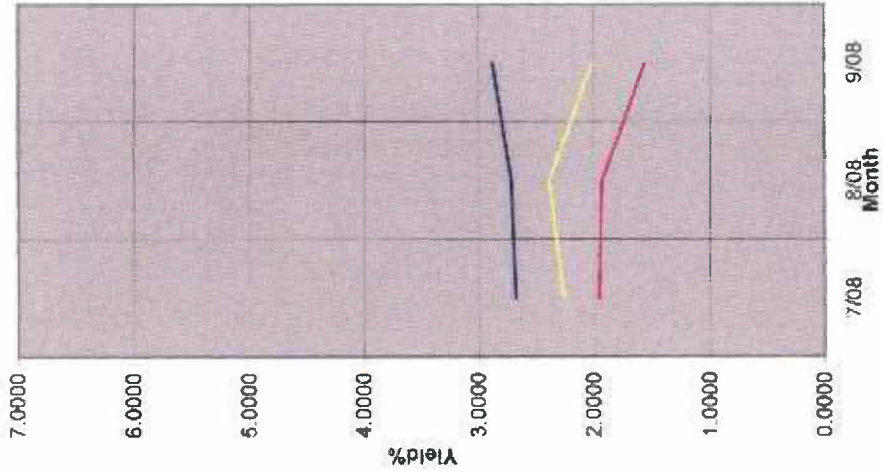
CUSIP	Invest Number	Security Description	Issuer	Purchase Date	Maturity Date	Days-Purchase To Maturity	Yield	Original Cost	Ending Par Value	Earnings To Maturity	Current Market Value
31359MTZ6	08-0083	FNMA	Piper Jaffray	2/13/08	2/15/09	365	2.4151	1,950,000.00	1,950,000.00	63,375.00	1,950,000.00
FNMA Total						342	2.6898	4,491,430.00	4,450,000.00	151,594.45	4,451,560.00
313588R31	08-0088	FNMA Discount	Piper Jaffray	5/13/08	11/28/08	199	2.1005	3,954,672.22	4,000,000.00	45,327.78	6,987,600.00
313588S71	08-0095	FNMA Discount	Wells Fargo Ins&I Brok	6/17/08	12/12/08	178	2.5969	3,949,937.78	4,000,000.00	50,062.22	3,980,400.00
313588T88	08-0001	FNMA Discount	Wachovia	7/24/08	12/18/08	148	2.6927	3,956,686.67	4,000,000.00	43,313.33	3,978,000.00
313588U52	09-0082	FNMA Discount	Wachovia	7/24/08	12/24/08	153	2.7113	3,955,050.00	4,000,000.00	44,950.00	3,976,800.00
313589AE3	09-0003	FNMA Discount	Wells Fargo Ins&I Brok	8/04/08	1/05/09	154	2.7176	3,954,656.56	4,000,000.00	45,344.44	3,970,000.00
313589AJ2	09-0004	FNMA Discount	Wells Fargo Ins&I Brok	8/04/08	1/09/09	158	2.7184	3,953,477.78	4,000,000.00	46,522.22	3,968,400.00
313589AR4	09-0005	FNMA Discount	Wells Fargo Ins&I Brok	8/04/08	1/16/09	165	2.7198	3,951,416.67	4,000,000.00	48,683.33	3,968,400.00
313589DS9	08-0084	FNMA Discount	Smith Barney	5/06/08	3/30/09	328	2.1708	980,775.58	1,000,000.00	19,224.44	995,200.00
FNMA Discount Total						185	2.5546	28,656,672.24	29,000,000.00	343,327.76	31,812,800.00
29450 General		Cash Account	Bankers Trust	10/01/99	Open	1	2.4200	23,454,757.27	23,454,757.27	N/A	28,454,757.27
29477 Grandview/Wavela		Cash Account	Bankers Trust	10/01/99	Open	1	2.4200	198,088.39	198,088.39	N/A	198,088.39
29493 Parking Ramps		Cash Account	Bankers Trust	10/01/99	Open	1	2.4200	955,785.27	955,785.27	N/A	955,785.27
23515 Park & Rice		Cash Account	Bankers Trust	10/01/99	Open	1	2.4200	4,190.04	4,190.04	N/A	4,190.04
23523 Trust & Agency		Cash Account	Bankers Trust	10/01/99	Open	1	2.4200	180,284.43	180,284.43	N/A	180,284.43
72001 Airport Parking		Cash Account	Bankers Trust	10/01/99	Open	1	2.4200	562,237.04	562,237.04	N/A	562,237.04
1117280 Parking Meters		Cash Account	Bankers Trust	10/01/99	Open	1	2.4200	62,428.01	62,428.01	N/A	62,428.01
1357026 Ambulance		Cash Account	Bankers Trust	10/01/99	Open	1	2.4200	2,021.53	2,021.53	N/A	2,021.53
1395078 Swimming Pools		Cash Account	Bankers Trust	10/01/99	Open	1	2.4200	510.91	510.91	N/A	510.91
1395789 Spec Assess.		Cash Account	Bankers Trust	10/26/89	Open	1	2.4200	357,901.27	357,901.27	N/A	357,901.27
Cash Account Total						1	2.4200	25,778,214.16	25,778,214.16	N/A	25,778,214.16

Investment Total	206	3,8004	149,686,296.73	149,948,214.16	3,219,030.84	153,078,476.16
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**City of Des Moines
Non-Pooled Cash Portfolio Yield
For the Fifteen Months Ended September 30, 2008**



**City of Des Moines
Pooled Cash Portfolio Yield
For the Fifteen Months Ended September 30, 2008**



— Portfolio Performance
 — 180 Day T-Bill
 — 1 Yr. Treasury Note