

★ **Roll Call Number**

Agenda Item Number
37

Date January 24, 2011

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 10-124, 10-622, 10-1228 and 10-1745.

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 December 31, 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 hereunto set my hand and affixed my seal the day and year first above written.

City Clerk

QUARTERLY TREASURER'S REPORT
As of December 31, 2010

Date January 24, 2011
Agenda Item 37
Roll Call # _____

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

Quarterly Treasurer's Report
As of December 31, 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 December 31, 64.6 percent of the \$142.3 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. 1.5 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 \$139.8 million portion of the portfolio to have an average maturity of 163 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 \$55.5 million of investments in this category is 145 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 163 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 145 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.

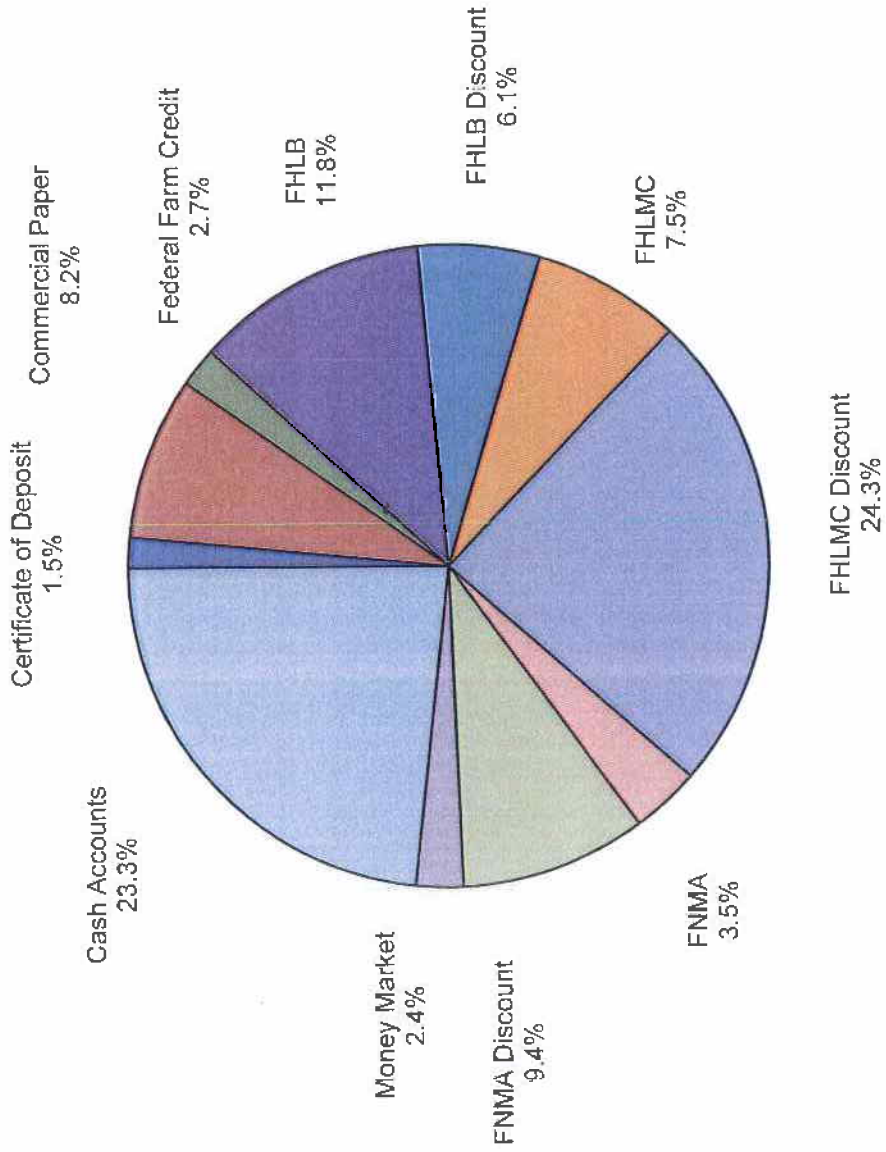
Other

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 \$195,392,365
As of December 31, 2010



**City of Des Moines
Non-Pooled Portfolio Detail
As of December 31, 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
31331JTM5	11-0005	Federal Farm Credit	Great Pacific	8/4/2010	9/30/2011	422	0.3747	3,336,726.60	3,330,000.00	14,437.40	3,334,662.00
Federal Farm Credit Total											
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	1,407,304.20
3133XTXH4	10-0038	FHLB	Wells Fargo Instit.	12/23/2009	7/27/2011	581	0.7800	1,418,705.85	1,400,000.00	17,567.76	1,410,248.00
3133XVRS2	11-0022	FHLB	FTN Financial	10/27/2010	12/28/2011	427	0.2902	1,109,108.00	1,100,000.00	3,755.89	1,106,490.00
FHLB Total											
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	1,004,520.00
3128X7MN1	10-0068	FHLMC	Wells Fargo Instit.	5/5/2010	5/5/2011	365	0.5400	926,532.50	900,000.00	4,967.50	910,035.00
3134A4FM1	11-0020	FHLMC	FTN Financial	10/27/2010	6/15/2011	231	0.2197	1,296,700.00	1,250,000.00	1,800.00	1,282,725.00
3134A4HF4	11-0031	FHLMC	FTN Financial	11/23/2010	9/15/2011	296	0.2323	521,329.00	500,000.00	976.56	517,895.00
3134A4HF4	11-0021	FHLMC	FTN Financial	10/27/2010	9/15/2011	323	0.2502	4,917,563.00	4,700,000.00	10,778.67	4,868,213.00
3128X9D80	11-0023	FHLMC	FTN Financial	10/27/2010	4/25/2012	546	0.3528	1,011,050.00	1,000,000.00	5,762.50	1,008,290.00
FHLMC Total											
313396GH0	11-0029	FHLMC Discount	RBC Dain Rauche	11/16/2010	6/1/2011	197	0.1827	1,948,079.25	1,960,000.00	1,920.75	1,948,713.00
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	499,625.00
FHLMC Discount Total											
31398AVQ2	11-0019	FNMA	FTN Financial	10/27/2010	3/23/2011	147	0.1901	1,459,164.00	1,450,000.00	1,126.97	1,454,988.00
31398AVQ2	11-0044	FNMA	RBC Dain Rauche	12/23/2010	3/23/2011	90	0.1607	1,505,955.00	1,500,000.00	607.50	1,505,160.00
31398ARH7	10-0062	FNMA	Piper Jaffray	4/15/2010	5/19/2011	399	0.5508	798,846.75	775,000.00	4,779.82	784,455.00
31398AK50	11-0026	FNMA	Cantor Fitzgerald	11/8/2010	3/30/2012	508	0.2747	505,600.00	500,000.00	1,930.00	503,460.00
FNMA Total											
140320268		Money Market	Goldman Sachs	Daily	Daily	1	0.0100	357,117.00	357,117.00	N/A	357,117.00
140320300		Money Market	Goldman Sachs	Daily	Daily	1	0.0100	117,091.15	117,091.15	N/A	117,091.15
140323536		Money Market	Goldman Sachs	Daily	Daily	1	0.0100	1,279,050.27	1,279,050.27	N/A	1,279,050.27
Money Market Total											
26824		Cash Account	Bankers Trust	Daily	Daily	1	0.1190	4,006.04	4,006.04	N/A	4,006.04
1356672		Cash Account	Bankers Trust	Daily	Daily	1	0.1190	1,509.55	1,509.55	N/A	1,509.55
1357052		Cash Account	Bankers Trust	Daily	Daily	1	0.1190	184,000.01	184,000.01	N/A	184,000.01
1395763		Cash Account	Bankers Trust	Daily	Daily	1	0.1190	26,625,837.54	26,625,837.54	N/A	26,625,837.54

**City of Des Moines
Non-Pooled Portfolio Detail
As of December 31, 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>
1395797		Cash Account	Bankers Trust	Daily	Daily	1	0.1190	156,260.34	156,260.34	N/A	156,260.34
1395813		Cash Account	Bankers Trust	Daily	Daily	1	0.1190	2,296,192.84	2,296,192.84	N/A	2,296,192.84
1395839		Cash Account	Bankers Trust	Daily	Daily	1	0.1190	21,081.59	21,081.59	N/A	21,081.59
1566815		Cash Account	Bankers Trust	Daily	Daily	1	0.1190	197,926.54	197,926.54	N/A	197,926.54
1566879		Cash Account	Bankers Trust	Daily	Daily	1	0.1190	322,772.01	322,772.01	N/A	322,772.01
1567298		Cash Account	Bankers Trust	Daily	Daily	1	0.1190	287,024.69	287,024.69	N/A	287,024.69
Cash Account Total						1	0.1190	30,096,611.15	30,096,611.15	N/A	30,096,611.15

Investment Total	146	0.2125	55,619,037.52	55,109,868.67	36,289.24	5,396,652.77
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**City of Des Moines
Pooled Portfolio Detail
As of December 31, 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 Total											
	10-0078	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
						365	0.40	3,000,000.00	3,000,000.00	12,000.00	3,000,000.00
0027A1PA1	11-0030	Commercial Paper	FTN Financial	11/23/2010	2/10/2011	79	0.27	3,997,630.00	4,000,000.00	2,370.00	3,997,630.00
74433HR14	11-0041	Commercial Paper	Great Pacific	12/2/2010	4/7/2011	120	0.26	3,996,533.33	4,000,000.00	3,466.67	3,996,533.33
4611K1R80	11-0042	Commercial Paper	Wells Fargo Instit. Brokerage	12/20/2010	4/8/2011	109	0.45	3,994,671.11	4,000,000.00	5,328.89	3,994,671.11
4611K1RF4	11-0043	Commercial Paper	Wells Fargo Instit. Brokerage	12/20/2010	4/15/2011	116	0.45	3,994,328.89	4,000,000.00	5,671.11	3,994,328.89
						106	0.36	15,883,163.33	15,000,000.00	16,836.67	15,883,163.33
Commercial Paper Total											
31331JTM5	10-0088	Federal Farm Credit	Cantor Fitzgerald	6/28/2010	9/30/2011	458	0.51	500,270.50	500,000.00	3,182.27	500,700.00
						458	0.51	500,270.50	500,000.00	3,182.27	500,700.00
Federal Farm Credit Total											
3133XPWW0	11-0037	FHLB	RBC Dain Raucher	11/30/2010	3/11/2011	101	0.19	4,034,360.00	4,000,000.00	2,112.22	4,022,840.00
3133XVDM0	10-0049	FHLB	Piper Jaffray	2/18/2010	4/18/2011	424	0.47	3,008,010.00	3,000,000.00	16,490.00	3,004,140.00
3133XVDM0	10-0066	FHLB	Cambridge Group	4/23/2010	4/18/2011	360	0.51	4,007,440.00	4,000,000.00	20,171.11	4,005,520.00
3133XR065	10-0076	FHLB	Great Pacific	6/9/2010	6/10/2011	366	0.54	1,542,465.00	1,500,000.00	8,300.62	1,520,610.00
3133XYN24	11-0003	FHLB	Wells Fargo Instit. Brokerage	7/21/2010	6/10/2011	324	0.38	4,007,200.00	4,000,000.00	12,326.67	4,006,560.00
3133XTXH4	11-0012	FHLB	FTN Financial	9/30/2010	7/27/2011	300	0.26	1,011,240.68	1,000,000.00	2,165.57	1,007,320.00
3133XF2V3	11-0011	FHLB	FTN Financial	9/24/2010	10/13/2011	384	0.34	1,048,883.31	1,000,000.00	3,755.58	1,035,840.00
3133XYMV4	10-0089	FHLB	Cantor Fitzgerald	6/28/2010	12/1/2011	521	0.60	501,435.00	500,000.00	4,265.00	501,900.00
						348	0.41	19,161,033.89	19,000,000.00	69,588.77	19,104,730.00
FHLB Total											
313384AG4	11-0018	FHLB Discount Note	FTN Financial	10/27/2010	1/7/2011	72	0.15	3,998,800.00	4,000,000.00	1,200.00	3,999,860.00
313384AP4	11-0024	FHLB Discount Note	Piper Jaffray	10/28/2010	1/4/2011	78	0.15	3,998,700.00	4,000,000.00	1,300.00	3,999,920.00
313384EQ8	11-0045	FHLB Discount Note	Wells Fargo Instit. Brokerage	12/28/2010	4/21/2011	114	0.13	3,998,353.32	4,000,000.00	1,846.68	3,998,650.00
						88	0.16	11,995,853.32	12,000,000.00	4,146.68	11,998,560.00
FHLB Discount Total											
3128X2ZQ1	11-0035	FHLMC	RBC Dain Raucher	11/30/2010	2/24/2011	86	0.19	4,036,680.00	4,000,000.00	1,820.00	4,020,920.00
313444HF4	11-0010	FHLMC	FTN Financial	9/24/2010	9/15/2011	356	0.31	1,050,486.03	1,000,000.00	3,141.97	1,035,790.00
						221	0.25	5,087,166.03	5,000,000.00	4,961.97	5,056,710.00
FHLMC Total											
313396B88	11-0027	FHLMC Discount Note	RBC Dain Raucher	11/16/2010	1/26/2011	71	0.11	3,999,132.22	4,000,000.00	867.78	3,999,880.00
313396BH6	11-0028	FHLMC Discount Note	Wells Fargo Instit. Brokerage	11/16/2010	2/1/2011	77	0.13	3,998,667.78	4,000,000.00	1,112.22	3,999,760.00
313396CA9	11-0034	FHLMC Discount Note	RBC Dain Raucher	11/30/2010	2/7/2011	80	0.15	3,998,666.67	4,000,000.00	1,333.33	3,999,600.00
313396DE0	11-0038	FHLMC Discount Note	Great Pacific	12/2/2010	3/18/2011	106	0.18	3,999,115.56	4,000,000.00	1,884.44	3,999,160.00
313396DM2	11-0040	FHLMC Discount Note	Great Pacific	12/2/2010	3/25/2011	113	0.16	3,997,991.11	4,000,000.00	2,008.89	3,999,080.00
313396GG2	11-0038	FHLMC Discount Note	FTN Financial	11/30/2010	5/31/2011	182	0.21	19,978,766.66	20,000,000.00	21,230.34	19,988,400.00
313396HC0	10-0087	FHLMC Discount Note	Coastal Securities	6/28/2010	6/20/2011	357	0.43	5,076,758.50	5,100,000.00	21,241.50	5,096,175.00
						141	0.19	45,050,318.50	45,100,000.00	49,681.50	45,083,085.00
FHLMC Discount Total											

