

★ **Roll Call Number**

**Agenda Item Number**

34

**Date** July 28, 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 07-1411, 07-2038, 08-142 and 08-681.

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, 2008 is hereby received and filed.

(copy attached)

MOVED BY \_\_\_\_\_ to receive and file.

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
COWNIE				
COLRMAN				
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 June 30, 2008**

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

**Quarterly Treasurer's Report  
As of June 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 June 30, 46.0 percent of the \$201.0 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. 38.0 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 \$177.8 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 \$23.0 million of investments in this category is 600 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 600 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.

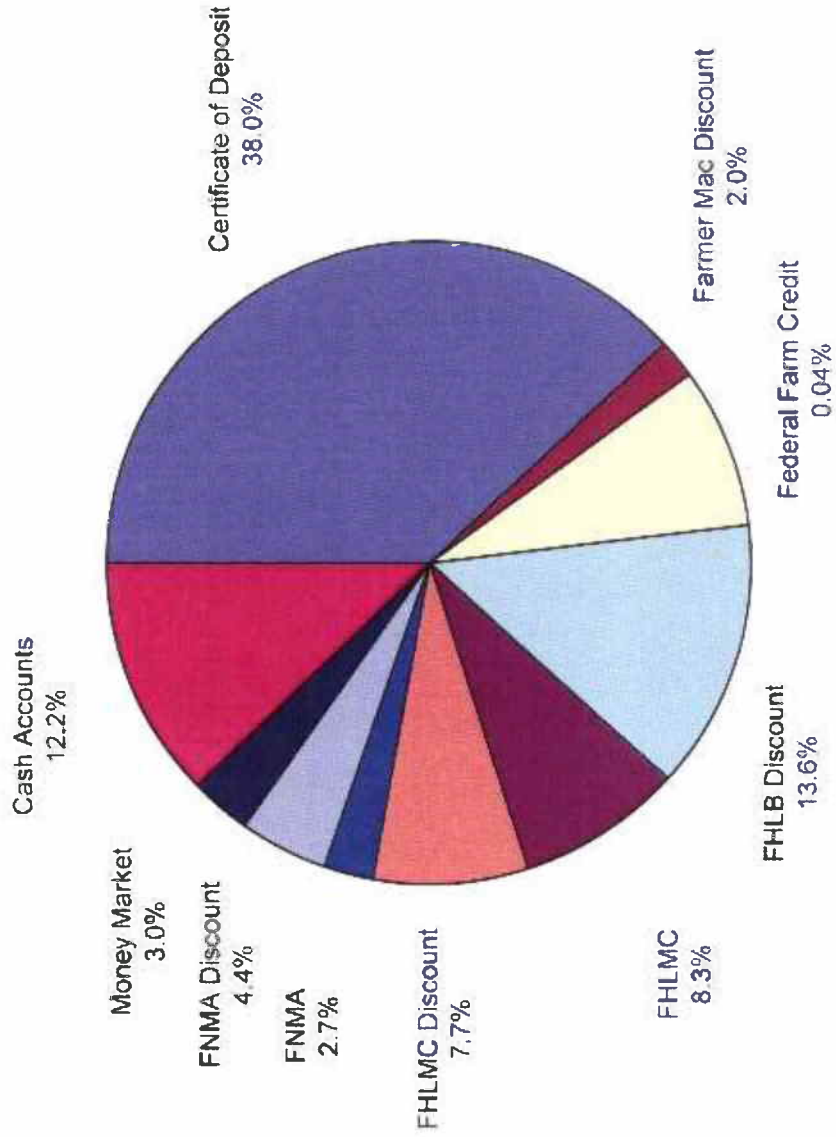
### Other

*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 \$200,915,579**  
**As of June 30, 2008**



**City of Des Moines  
Non-Pooled Portfolio Detail  
As of June 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	5/04/09	387	2.6500	888,250.00	888,250.00	23,887.00	888,250.00
	07-0058	Certificate of Deposit	US Bank	12/21/06	12/20/09	1036	4.9050	1,388,000.00	1,388,000.00	204,244.20	1,388,000.00
	07-0081	Certificate of Deposit	US Bank	1/3/07	1/29/10	1094	5.1950	4,287,850.00	4,287,850.00	867,851.14	4,287,850.00
	08-0092	Certificate of Deposit	Community State Bank	6/02/08	6/02/09	365	3.0300	1,404,000.00	1,404,000.00	42,120.00	1,404,000.00
<b>Certificate of Deposit Total</b>						<b>730</b>	<b>3.9375</b>	<b>7,968,100.00</b>	<b>7,968,100.00</b>	<b>937,882.94</b>	<b>7,968,100.00</b>
	3133XCZS5	FHLLB	Coastal Securities	12/21/06	9/26/08	645	4.8300	1,482,871.91	1,500,000.00	112,447.92	1,505,875.00
	3133XQZAS	FHLLB	O'Connor SWS	5/07/08	5/07/09	365	2.3538	600,744.00	600,000.00	14,880.00	588,128.00
	3133XGJ88	FHLLB	Piper Jaffray	9/08/06	9/11/09	1098	5.0488	502,800.00	500,000.00	89,614.58	512,815.00
	3133XB6R1	FHLLB	Great Pacific	1/08/08	3/29/10	811	3.3802	868,985.00	850,000.00	68,672.12	886,451.50
	3133XNF78	FHLLB	Wells Fargo Inst.	12/17/07	12/17/10	1096	4.3000	2,900,000.00	2,900,000.00	374,100.00	2,816,327.00
<b>FHLLB Total</b>						<b>803</b>	<b>4.0022</b>	<b>6,153,360.81</b>	<b>6,150,000.00</b>	<b>657,714.62</b>	<b>6,199,346.50</b>
	3128X4HN4	FHLLC	Great Pacific	1/08/08	9/01/10	967	3.3998	520,070.00	500,000.00	86,180.56	517,875.00
<b>FHLLC Total</b>						<b>967</b>	<b>3.3998</b>	<b>520,070.00</b>	<b>500,000.00</b>	<b>86,180.56</b>	<b>517,875.00</b>
	31359MTF0	FNMA	Piper Jaffray	9/08/06	9/15/08	738	5.0809	487,375.00	500,000.00	37,864.58	501,250.00
	3136F5LE8	FNMA	Piper Jaffray	9/08/06	3/30/09	934	5.0829	496,270.00	500,000.00	80,826.98	507,030.00
<b>FNMA Total</b>						<b>838</b>	<b>5.0719</b>	<b>983,645.00</b>	<b>1,000,000.00</b>	<b>98,990.97</b>	<b>1,008,280.00</b>
	14032C288	Money Market	Bankers Trust	Daily	Daily	1	2.0800	357,117.00	357,117.00	N/A	357,117.00
	14032C882	Money Market	Bankers Trust	Daily	Daily	1	2.0800	158,365.03	158,365.03	N/A	158,365.03
	140321183	Money Market	Bankers Trust	Daily	Daily	1	2.0800	157,745.89	157,745.89	N/A	157,745.89
	140322157	Money Market	Bankers Trust	Daily	Daily	1	2.0800	2,528,125.53	2,528,125.53	N/A	2,528,125.53
	140322314	Money Market	Bankers Trust	Daily	Daily	1	2.0800	9,184.63	9,184.63	N/A	9,184.63
	140323536	Money Market	Bankers Trust	Daily	Daily	1	2.0800	2,797,449.04	2,797,449.04	N/A	2,797,449.04
<b>Money Market Total</b>						<b>1</b>	<b>2.0800</b>	<b>6,007,877.22</b>	<b>6,007,877.22</b>	<b>N/A</b>	<b>6,007,877.22</b>
	28824	Cash Account	Bankers Trust	Daily	Daily	1	2.3400	3,548.97	3,548.97	N/A	3,548.97
	1956872	Cash Account	Bankers Trust	Daily	Daily	1	2.3400	1,788.35	1,788.35	N/A	1,788.35
	1957052	Cash Account	Bankers Trust	Daily	Daily	1	2.3400	60,816.10	60,816.10	N/A	60,816.10
	1957853	Cash Account	Bankers Trust	Daily	Daily	1	2.3400	313,327.70	313,327.70	N/A	313,327.70
	1957597	Cash Account	Bankers Trust	Daily	Daily	1	2.3400	260,646.93	260,646.93	N/A	260,646.93
	1395813	Cash Account	Bankers Trust	Daily	Daily	1	2.3400	327,884.29	327,884.29	N/A	327,884.29
	1395839	Cash Account	Bankers Trust	Daily	Daily	1	2.3400	20,833.76	20,833.76	N/A	20,833.76
	1568815	Cash Account	Bankers Trust	Daily	Daily	1	2.3400	83,759.89	83,759.89	N/A	83,759.89
	1566879	Cash Account	Bankers Trust	Daily	Daily	1	2.3400	97,687.38	97,687.38	N/A	97,687.38
	1567289	Cash Account	Bankers Trust	Daily	Daily	1	2.3400	251,339.44	251,339.44	N/A	251,339.44
<b>Cash Account Total</b>						<b>1</b>	<b>2.3400</b>	<b>1,411,411.79</b>	<b>1,411,411.79</b>	<b>N/A</b>	<b>1,411,411.79</b>
<b>Investment Total</b>						<b>500</b>	<b>3.8535</b>	<b>23,044,584.82</b>	<b>23,837,489.01</b>	<b>1,760,289.09</b>	<b>23,112,990.51</b>



**City of Des Moines  
Pooled Portfolio Detail  
As of June 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
	08-0065	Certificate of Deposit	Bank of the West	2/26/08	7/25/08	150	2.8700	4,000,000.00	4,000,000.00	47,178.08	4,000,000.00
	07-0128	Certificate of Deposit	Bank of the West	6/28/07	7/31/08	389	5.2700	6,980,000.00	6,980,000.00	400,095.52	6,980,000.00
	08-0066	Certificate of Deposit	Bank of the West	2/26/08	8/01/08	157	2.8700	4,000,000.00	4,000,000.00	49,379.73	4,000,000.00
	08-0068	Certificate of Deposit	US Bank	3/26/08	8/05/08	135	2.3900	4,000,000.00	4,000,000.00	35,358.90	4,000,000.00
	08-0069	Certificate of Deposit	US Bank	3/26/08	8/15/08	142	2.3000	4,000,000.00	4,000,000.00	35,791.78	4,000,000.00
	08-0071	Certificate of Deposit	First American Bank	4/11/08	8/22/08	133	2.5000	4,000,000.00	4,000,000.00	35,438.36	4,000,000.00
	08-0073	Certificate of Deposit	First American Bank	4/15/08	8/29/08	136	2.4500	4,000,000.00	4,000,000.00	35,515.07	4,000,000.00
	08-0074	Certificate of Deposit	First American Bank	4/15/08	8/05/08	143	2.4500	4,000,000.00	4,000,000.00	38,394.62	4,000,000.00
	08-0075	Certificate of Deposit	First American Bank	4/15/08	8/12/08	150	2.5000	4,000,000.00	4,000,000.00	41,095.89	4,000,000.00
	08-0078	Certificate of Deposit	First American Bank	4/17/08	10/03/08	169	2.6200	4,000,000.00	4,000,000.00	49,078.45	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	2.6900	4,000,000.00	4,000,000.00	50,021.92	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	315,597.82	4,470,000.00
	08-0083	Certificate of Deposit	Bank of the West	5/09/08	11/21/08	165	2.7400	4,000,000.00	4,000,000.00	49,545.21	4,000,000.00
	08-0084	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
	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
	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
	<b>Certificate of Deposit Total</b>					<b>254</b>	<b>3.2878</b>	<b>68,550,000.00</b>	<b>68,550,000.00</b>	<b>1,667,598.82</b>	<b>68,550,000.00</b>
	31315KK25	Farmer Mac Discount	Great Pacific	4/21/08	10/10/08	172	2.1430	3,980,010.00	4,000,000.00	39,890.00	3,972,800.00
	<b>Farmer Mac Discount Total</b>					<b>172</b>	<b>2.1430</b>	<b>3,980,010.00</b>	<b>4,000,000.00</b>	<b>39,890.00</b>	<b>3,972,800.00</b>
	31333XQR04	FHLB	Wells Fargo Instt Brok	3/12/08	3/11/09	364	2.1801	2,004,314.30	2,000,000.00	47,866.67	1,983,170.00
	31333XRA75	FHLB	Piper Jaffray	5/13/09	5/13/09	365	2.3750	1,500,000.00	1,500,000.00	36,625.00	1,483,910.00
	31333XRRK7	FHLB	Piper Jaffray	6/25/08	6/18/09	368	3.0600	6,449,355.00	6,450,000.00	192,899.79	6,450,062.00
	<b>FHLB Total</b>					<b>362</b>	<b>2.5384</b>	<b>9,953,669.00</b>	<b>9,950,000.00</b>	<b>277,391.46</b>	<b>9,947,092.00</b>
	313384ZL6	FHLB Discount	Piper Jaffray	2/15/08	7/16/08	152	2.5467	3,986,031.11	4,000,000.00	41,868.89	3,986,400.00
	313384G52	FHLB Discount	Piper Jaffray	4/16/08	8/18/08	156	2.0868	3,964,640.00	4,000,000.00	35,360.00	3,979,200.00
	313384H44	FHLB Discount	Piper Jaffray	4/16/08	5/26/08	153	2.0876	3,863,063.33	4,000,000.00	36,946.67	3,977,200.00
	313384M63	FHLB Discount	Smith Barney	5/06/08	10/30/08	177	2.0593	3,590,470.00	4,000,000.00	39,530.00	3,967,600.00
	313384N62	FHLB Discount	Smith Barney	5/13/08	11/07/08	178	2.1205	3,939,060.00	4,000,000.00	40,840.00	3,954,400.00
	313384U56	FHLB Discount	Wells Fargo Instt Brok	6/25/08	1/24/09	182	2.7025	3,532,798.81	3,550,000.00	47,201.19	3,535,335.00
	<b>FHLB Discount Total</b>					<b>168</b>	<b>2.2870</b>	<b>23,308,053.25</b>	<b>23,550,000.00</b>	<b>241,846.75</b>	<b>23,391,135.00</b>
	3134A3EM4	FHLMC	Smith Barney	6/25/08	3/15/09	263	2.8808	3,316,015.63	3,250,000.00	134,965.28	3,316,007.50
	3137EAXE9	FHLMC	Morgan Keegan	1/17/08	5/21/09	430	2.8903	3,088,580.00	3,000,000.00	211,750.00	3,061,860.00
	3134A3M78	FHLMC	Government Perspcci	6/25/08	9/15/09	447	3.1225	8,791,228.00	9,400,000.00	761,138.89	9,638,336.00
	<b>FHLMC Total</b>					<b>400</b>	<b>2.9979</b>	<b>16,195,803.63</b>	<b>15,650,000.00</b>	<b>1,107,854.17</b>	<b>16,186,233.50</b>

