City of San Diego

Pooled Investment Fund Quarterly Review

Office of the City Treasurer—Investments Division

Economic Commentary

The past quarter saw many economic gauges turn to the upside, and there were many positive surprises in the economic figures. For instance, both the ISM Manufacturing and Non-Manufacturing indices topped 50 during the quarter, signaling economic expansion. Many economists feel that the recession is likely to have ended in June.

Not all was rosy, however, as the September jobs report disappointed. The unemployment rate increased to 9.8%, the average work week declined from 33.1 to 33.0, and there was a sizeable loss in government jobs, which is typically one of the more stable sectors of the labor force. And even though the weekly jobless claims have trended downwards, the fact remains that over 500,000 new claims are being filed each week, hardly the sign of a very robust economy.

So if we are indeed in an economic recovery, it would seem as though it will be U-shaped or W-shaped (a double dip recession) as opposed to a V-shaped recovery, where the economy rebounds sharply off the bottom. Typically, sharp economic downturns are actually followed by equally sharp upturns. However, this time it could be different as the credit spigot has not been fully turned on to consumers, which should hamper growth and keep unemployment elevated for years to come.

That said, there are many signs of promise. Corporate borrowing costs have plummeted off of their highs as spreads on corporate bonds have tightened dramatically (Chart 1). Additionally, the tremendous accumulation of cash on corporate balance sheets may lead to increased corporate spending in the near future. Also, the Fed TALF (Term Asset-Backed Securities Lending Facility) has helped bring the spreads on Asset Backed Securities back to almost pre-crisis levels. This makes it easier for banks and finance companies to loan, as they can securitize consumer receivables such as credit cards and auto loans. However, the big question remains: how will the economy (i.e. the consumer) behave after the government removes all of this monetary/fiscal stimulus?

Another piece of positive news was the dramatic rally of the equity markets, which caused household net worth to jump by $2 trillion during the 2nd quarter. This will hopefully help the consumer feel a little better off and more willing to spend.

Additionally, inflation is currently well contained—latest Core CPI came in at a very comfortable 1.5% year-over-year, right in the middle of the Fed's comfort zone. This will certainly help the Federal Reserve keep rates extremely low for the near term in order to try to spark the economy.

Going forward, it will be important to see if the housing market is able to remain stable in the face of potentially millions of additional foreclosures and the expiration of the $8,000 first-time homebuyer tax credit in November.

Longer term challenges to the health of the U.S. economy include massive budget deficits, a falling dollar, and inflation, if the Fed doesn't remove stimulus in a timely manner. But for now, there is certainly more promise than we have seen in the past year.

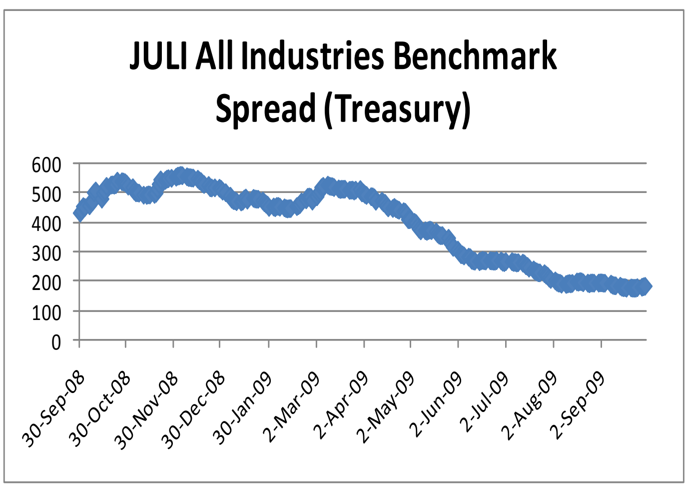


Chart 1: JP Morgan JULI High Grade Corporate Spread Index (9/08 –9/09)

(Source: JP Morgan Dataquery)

Quarterly Economic Highlights

- Household net worth reportedly jumped by $2 trillion during Q2 2009 due to rising equity markets.
- The S&P 500 stock index surged by nearly 15% during the quarter.
- The U.S. unemployment rate increased to 9.8% in September.
- The ISM Manufacturing and Non-manufacturing indices both topped 50 during the quarter, signaling an expanding economy.
- Existing home sales, new home sales and home prices all ticked up during the quarter.

Contents:

Hot Topic Corner— Fed Exit Strategies

Actions taken by the Federal Reserve (as well as central banks worldwide) this past year helped stave off another Great Depression.

In addition to lowering the overnight Fed Funds rate to a historically low range of 0-0.25%, the Federal Reserve has undertaken numerous other measures to stabilize bank balance sheets and the financial markets as a whole. Such measures include buying $300 billion in US Treasuries and an additional $1.45 trillion in Agency debt and mortgage-backed securities, as well as a veritable alphabet-soup of other liquidity programs. The result has been a Fed balance sheet of over $2 trillion and US bank reserves at the Fed of nearly $1 trillion.

Due to the recession and the hesitancy of US banks to loan money, the velocity of money, or the rate at which it circulates through the economy, is very low. This has kept inflation from becoming an issue so far. However, the Fed will need to be extremely careful in the timing of their removal of all this stimulus in order to continue to keep inflation at bay.

Fed Chairman Ben Bernanke indicated in an October 9 speech that while conditions will warrant policy accommodation for an extended period, the Fed will stand ready to tighten monetary policy to prevent inflation down the road.

Most economists do not see the Fed raising rates until mid to late 2010. However, the Fed can begin to remove accommodation without raising the funds rate, by instead decreasing the money supply.

One commonly talked about approach to removing money from the system is through raising the interest rate paid on bank reserves held at the Fed. By doing this, it makes it more attractive for banks to hold money at the Fed (risk-free) than lending it out.
Another method the Fed can use is to conduct reverse-repurchase transactions. In these transactions, the Fed will sell a security, typically a Treasury or Agency security, to a broker-dealer for a period of time, and agree to buy it back at a higher price, the price difference being the "interest" earned on the transaction. While bank money is tied up in these transactions, it stays out of the economy.

Lastly, the Fed can simply sell the massive amounts of Treasury and Agency securities it has acquired over the past year, taking money out of the system.

Whatever path or paths the Fed chooses, it is imperative they get the timing right, or else they risk creating a very inflationary environment.

Key Economic Indicators

Indicator	***Period***	***Report Current***	***As Reported Last Quarter***	***Difference***
Federal Funds Rate	9/23/09	0-0.25%	0-0.25%	0%
Consumer Price Index (MoM)	SEP	0.2%	0.7%	(0.5%)
Consumer Price Index (YoY)	SEP	(1.3%)	(1.4%)	0.1%
Producer Price Index (MoM)	SEP	(0.6%)	1.8%	(2.4%)
Producer Price Index (YoY)	SEP	(4.8%)	(4.6%)	(0.2%)
Durable Goods Orders	SEP	1.0%	(2.5%)	3.5%
Gross Domestic Product (Annualized)	Q3A	3.5%	(1.0%)	4.5%
ISM (Manufacturing)	SEP	52.6	44.8	7.8
ISM (Non-manufacturing)	SEP	50.9	47.0	3.9
Retail Sales	SEP	(1.5%)	0.3%	(1.8%)
Unemployment Rate	SEP	9.8%	9.5%	0.3%
Change in Non-farm Payrolls	SEP	(263,000)	(467,000)	204,000
Consumer Confidence (Univ. of Michigan)	SEP (Final)	73.5	66.0	7.5
Existing Home Sales	SEP	5.57(mil)	4.89(mil)	.68(mil)
New Home Sales	SEP	0.402(mil)	0.384(mil)	.018(mil)
Housing Starts	SEP	0.590(mil)	0.582(mil)	0.008(mil)
Median Home Price (existing) [EHSLMP]	SEP	$175,900	$181,900	($6,000)
NYMEX WTI CRUDE OIL (barrel)	9/30/09	$70.61	$69.89	$0.72
S&P 500 Stock Index	9/30/09	1,057.08	919.32	137.76

Portfolio Performance

The Core Portfolio outperformed its benchmark, the Merrill Lynch 1-3 year Treasury Index, by 12 basis points over the past quarter, returning 0.89% versus 0.77% for the index.

Chart 2 shows a bull flattening curve, with long end rates decreasing more than shorter rates. Despite the continued decrease in investor risk aversion and heavy Treasury supply, interest rates as a whole actually decreased during the quarter, most likely the result of the massive global liquidity and the need to invest the money somewhere. Additionally, the weakening U.S. dollar made U.S. securities relatively inexpensive to foreign investors, thereby increasing demand.

For the quarter, the main negative contributor to portfolio performance relative to the index was "income effect," which contributed -15 basis points of excess return. As has been written in past quarterly reports, the Core portfolio invests in more recently-issued securities than the index. These securities have lower coupons as a whole than the index securities, resulting in lower income accrual.

This was offset by a positive 15 basis points of excess return contributed by "amortization and roll effect." Since the Core portfolio has lower coupon securities than the index, which trade at dollar price more than par, the effect of these securities moving down in price towards par as they head closer to maturity is felt less in the Core portfolio than the index, resulting in relative outperformance. Additionally, this effect also captures the effect of our portfolio securities rolling down a steep yield curve more than index securities.

"Sector effect" contributed 4 basis points of excess return, as agency and corporate spreads tightened versus Treasuries during the quarter.

"Selection effect" contributed 5 basis points of excess return. This mainly came from large positions in on-the-run and recent off-the-run Treasury securities, which outperformed other securities.

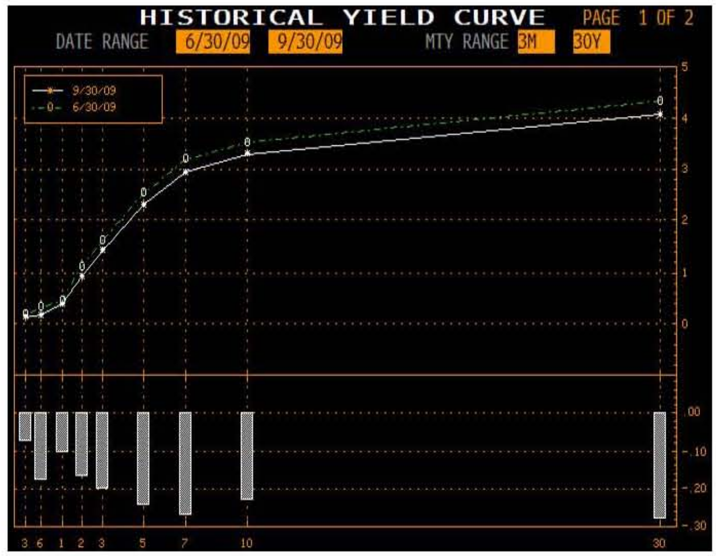


Chart 2: Treasury Yield Curve 6/30/09—9/30/09 (Source: Bloomberg)

Returns

The City's Total Pooled Investment fund is broken into a Liquidity portfolio, which is short-term in nature (0-14 months) and managed on an Earned Income Yield basis, and a Core portfolio, which is longer in maturity (0-5 years) and managed on a total-return basis versus an index (Merrill Lynch 1-3 Year Treasury Index).

Earned Income Yield*

	Q3 2009	Q2 2009	Q1 2009	FYTD 2010	1 Year	3 Year
Total Pooled Investment Fund	2.51%	2.36%	3.51%	2.51%	3.20%	4.22%
Core Portfolio	3.39%	3.07%	4.55%	3.39%	4.16%	4.72%
Liquidity Portfolio	0.76%	1.12%	1.73%	0.76%	1.50%	3.34%

Total Return—Core Portfolio

	Q3 2009	Q2 2009	Q1 2009	FYTD 2010	1 Year	3 Year*
Core Portfolio	0.89%	0.23%	0.21%	0.89%	4.55%	5.50%
Merrill Lynch 1 - 3 Year Treasury Index	0.77%	(0.11%)	0.09%	0.77%	3.45%	5.17%
Difference	0.12%	0.34%	0.12%	0.12%	1.10%	0.33%

*Annualized Returns

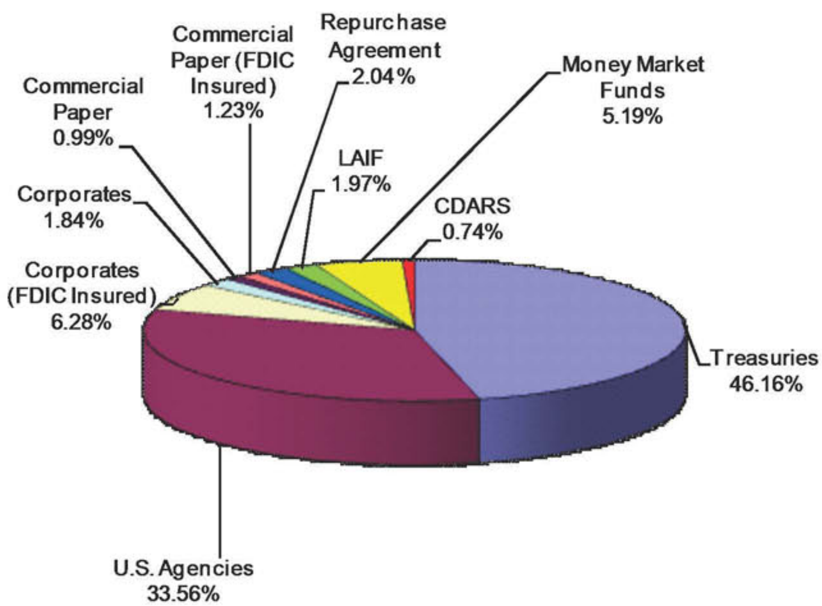
Portfolio Profile

as of September 30, 2009

	Liquidity	*Core*
Portfolio Size	$682,987,542	$1,340,634,024
% of total pool	33.75%	66.25%
Portfolio Duration*	0.33	1.803
Index Duration*	0.363	1.930
% of index	90.91%	93.42%
Weighted Average Days to Maturity	120	710

* Macaulay's Duration for fund 9997 and Effective Duration for fund 9998; Note: Portfolio durations do not include trades that settled 10/1/09.

Asset Allocation



Top Issuer Exposures

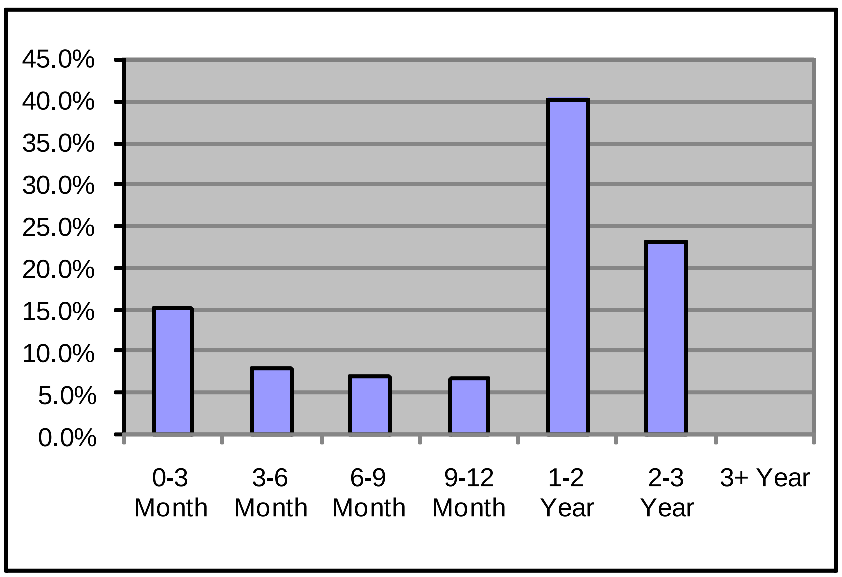
Issuer	% of Portfolio
US Treasury	46.16%
Federal Home Loan Bank	13.61%
Freddie Mac	9.15%
Fannie Mae	7.57%
Federal Farm Credit Bank	3.23%
Citigroup Inc.	1.73%
JP Morgan Chase	1.58%
General Electric	1.48%
Societe Generale	0.99%
Bank of America Corp.	0.75%
Cisco Systems Inc.	0.52%
Goldman Sachs	0.50%
Wells Fargo Corp.	0.49%
3M Corp.	0.27%
Chevron Corp.	0.26%
7 issuers tied at:	0.25%

Credit Ratings

Ratings Bucket	% of Portfolio
US Treasury (AAA)	46.16%
Agency (AAA)	33.56%
AAA/A1	8.50%
AA	1.28%
A	0.57%
Below A	0.00%

- Commercial Paper is all rated A1 or A1+ and is included in the AAA/A1 bucket
- Repurchase agreement is not included, though it is collateralized at 102% by AAA-rated collateral with an A-rated counterparty
- CDARS is not included as it is comprised of FDIC-insured CDs
- LAIF and money market funds are not included

Pool Maturity Distribution



http://www.sandiego.gov/treasurer/investments/

Portfolio Strategy

The current investment environment is certainly a "good news/bad news" situation. The good news is that it appears we have avoided a global meltdown and financial Armageddon due to various world-wide governmental programs and policies which have pumped massive amounts of liquidity into the financial system. The bad news is that all this liquidity, combined with very stimulative monetary policy, has dropped interest rates to historical lows.

Short term interest rates are extremely low with investments out to 6 months yielding less than 20 basis points. This affects the Liquidity portfolio immensely since it is typically invested out in securities with one year or less to maturity.

To mitigate this, we have invested a portion of the Liquidity portfolio in a money market fund which offers both higher short-term yields and same-day liquidity.

Additionally, we have been investing an increasing portion of the Liquidity portfolio in short callable Agency securities which offer incremental yield to other securities while still providing safety and liquidity.

Longer term interest rates are also very low by historical standards. Given the ongoing economic recovery as well as the heavy funding needs of the U.S. Government, we feel the current environment provides asymmetrical risks of higher rates versus lower rates. As such, we have begun positioning the Core portfolio with a shorter duration than the index. This will allow the portfolio to outperform its index and mitigate investment losses when rates do begin to rise.

The other challenge to the current investment environment is the tight level of spreads for agency bullet securities, which are about as tight to Treasuries as they have ever been. Although they still provide incremental yield versus Treasuries, the risk of a sudden spread widening is also increasing. As a result, we have cut back our position in agency securities, focusing mainly on new issue securities, which typically come with attractive spread concessions. We have also added some agency callable securities that provide additional return versus bullet securities in this low rate and low volatility environment.

Additionally, we have added high quality newly-issued corporate bonds to the Core portfolio. Some of the names we have recently added are Procter & Gamble, British Petroleum, 3M Corporation and Shell. We feel these names are of very solid credit quality, and provide extra return to the portfolio.

Projected Portfolio Cash Flows

The Investment staff have reviewed and the City Treasurer has affirmed that the Pooled Investment Fund has sufficient maturities and liquidity to meet the City's expenditure requirements for the next six months per California Government Code §53646.

MONTH	CASH INFLOWS	CASH OUTFLOWS	NET MONTHLY CASH-FLOWS	CUMULATIVE NET CASHFLOWS
October	255	209	46	46
November	230	211	19	65
December	309	223	86	151
January	320	280	40	191
February	188	177	11	202
March	245	185	60	262

(All dollar amounts in millions)

Legend:

Cash Inflows- All revenues, reimbursements, interest receipts and investment maturities.

Cash Outflows- All disbursements to include payroll, pension payroll, accounts payable and wire transfer payments (e.g. water payments, IRS taxes & bond payments).

Cumulative Net Cashflow- All future cumulative net flows available for reinvestment. Since the target duration of the Liquidity Portfolio is approximately .33 years it will not be unusual for the cumulative net Cashflow figure to equal or closely approximate the size of the Liquidity Portfolio.

Cashflows based on Actual Cashflows where applicable, otherwise, based on quarterly updated projection Cashflows.

Portfolio Compliance with Investment Policy

The City of San Diego Pooled Investment Fund is in full compliance with the City Treasurer's Investment Policy, which is more restrictive than the California Government Code. The Investment Policy is reviewed annually by the City's Investment Advisory Committee and approved by the City Council.

Category	Standard	Comment
Duration (Core) Duration (Liquidity)	ML 1-3 Year +/-20% US T-bill 3-6 months +/-40%	Complies – 93.42 % Complies - 90.91 %
Maximum Maturity	5 years	Complies
Agency Securities	100% maximum	Complies – 33.56%
FNMA	33.3% maximum	Complies– 7.57%
FHLMC	33.3% maximum	Complies – 9.15%
FHLB	33.3% maximum	Complies – 13.61%
FFCB	33.3% maximum	Complies – 3.23%
Callable Securities	30% maximum	Complies – 10.51%
MBS/CMO's	5 yr maximum- 20% max.	Complies – None in Portfolio
Asset-backed	5 yr maximum- 20% max.	Complies – None in Portfolio
Commercial Paper	A1/P1- 5% per issuer	Complies
	25% maximum	Complies – 2.22%
Banker's Acceptances	A1/P1- 5% per issuer	Complies – None in Portfolio
	40% maximum	Complies – None in Portfolio
Medium Term Notes (includes Bank Notes)	'A' Rating' by at least two agencies	Complies
	3 year maximum	Complies
	30% maximum	Complies – 8.12%
Mutual Funds	20% maximum	Complies – 5.19%
FDIC-insured Certificates of Deposit	1% maximum	Complies – 0.74%
Certificate and Public Deposits	30% maximum	Complies – None in Portfolio
Reverse Repos	20% maximum	Complies – None in Portfolio
Futures and Options	Prohibited	Complies – None in Portfolio
Custody	Bank trust dept.	Complies – Bank of NY
Exposure per issuer (corporate)	5% of total portfolio	Complies
Structured Notes	8% maximum/no multiple index structures.	Complies - 3.21%
Municipal Securities	'A' Issuer Rating by an NRSRO	Complies – None in Portfolio
	20% maximum	Complies – None in Portfolio
	5% of total portfolio exposure per Issuer or Insurer, excluding California General Obligations	Complies – None in Portfolio

City of San Diego Pooled Investment Fund Holdings as of September 30, 2009

Security Type	Issuer	Coupon	Maturity	Par	Book	Market Value
US Treasury Note	US Treasury	4.625	11/15/2009	$25,000,000.00	$25,958,984.38	$25,140,624.00
US Treasury Bill	US Treasury	0.285	11/27/2009	$25,000,000.00	$24,963,979.17	$25,000,000.00
US Treasury Note	US Treasury	2	9/30/2010	$10,000,000.00	$10,051,171.88	$10,156,249.60
US Treasury Note	US Treasury	2	9/30/2010	$25,000,000.00	$25,119,140.63	$25,390,624.00
US Treasury Note	US Treasury	1.5	10/31/2010	$55,000,000.00	$54,957,031.25	$55,618,750.00
US Treasury Note	US Treasury	1.25	11/30/2010	$15,000,000.00	$15,055,078.12	$15,131,250.00
US Treasury Note	US Treasury	0.875	12/31/2010	$35,000,000.00	$35,084,765.62	$35,153,126.40
US Treasury Note	US Treasury	4.25	1/15/2011	$5,000,000.00	$4,954,492.18	$5,237,500.00
US Treasury Note	US Treasury	4.25	1/15/2011	$50,000,000.00	$50,175,781.25	$52,375,000.00
US Treasury Note	US Treasury	0.875	1/31/2011	$10,000,000.00	$10,004,142.20	$10,040,624.80
US Treasury Note	US Treasury	0.875	3/31/2011	$25,000,000.00	$24,978,744.50	$25,085,938.00
US Treasury Note	US Treasury	0.875	3/31/2011	$5,000,000.00	$4,997,265.62	$5,017,187.60
US Treasury Note	US Treasury	0.875	4/30/2011	$65,000,000.00	$64,935,529.90	$65,182,811.20
US Treasury Note	US Treasury	0.875	5/31/2011	$45,000,000.00	$44,955,372.69	$45,112,500.00
US Treasury Note	US Treasury	0.875	5/31/2011	$25,000,000.00	$24,858,297.05	$25,062,500.00
US Treasury Note	US Treasury	1.125	6/30/2011	$35,000,000.00	$35,012,007.47	$35,207,813.20
US Treasury Note	US Treasury	4.875	7/31/2011	$30,000,000.00	$31,753,125.00	$32,203,125.60
US Treasury Note	US Treasury	1	7/31/2011	$65,000,000.00	$64,858,033.28	$65,182,811.20
US Treasury Note	US Treasury	1	8/31/2011	$75,000,000.00	$75,028,439.01	$75,140,628.00
US Treasury Note	US Treasury	4.5	9/30/2011	$15,000,000.00	$15,802,734.37	$16,054,687.20
US Treasury Note	US Treasury	1	9/30/2011	$100,000,000.00	$99,899,326.00	$100,093,752.00
US Treasury Note	US Treasury	1.375	2/15/2012	$35,000,000.00	$34,972,656.25	$35,185,936.80
US Treasury Note	US Treasury	1.375	3/15/2012	$35,000,000.00	$35,207,812.50	$35,164,063.20
US Treasury Note	US Treasury	1.375	4/15/2012	$15,000,000.00	$15,005,500.76	$15,065,625.60
US Treasury Note	US Treasury	1.375	5/15/2012	$35,000,000.00	$34,978,481.66	$35,120,313.20
US Treasury Note	US Treasury	1.875	6/15/2012	$20,000,000.00	$20,171,080.94	$20,312,499.20
US Treasury Note	US Treasury	1.75	8/15/2012	$50,000,000.00	$50,427,139.95	$50,515,624.00
	Treasury Total			***$930,000,000.00***	***$934,166,113.63***	***$939,951,564.80***
US Agency	Federal Home Loan Bank	1.15	12/11/2009	$25,000,000.00	$25,086,310.00	$25,046,875.00
US Agency	Freddie Mac	0.34	1/4/2010	$30,000,000.00	$29,937,666.67	$29,990,625.00
US Agency	Federal Home Loan Bank	3.75	1/8/2010	$25,000,000.00	$25,568,750.00	$25,234,375.00
US Agency	Fannie Mae	0.3	1/22/2010	$25,000,000.00	$24,960,208.33	$24,992,187.50
US Agency	Federal Home Loan Bank	1.05	2/17/2010	$15,000,000.00	$15,000,000.00	$15,042,187.50
US Agency	Freddie Mac	0.32	3/5/2010	$25,000,000.00	$24,949,555.56	$24,984,375.00
US Agency	Fannie Mae	0.33	3/19/2010	$20,000,000.00	$19,958,200.00	$19,987,500.00
US Agency	Federal Home Loan Bank	0.84	3/30/2010	$20,000,000.00	$19,830,600.00	$19,987,500.00
US Agency	Freddie Mac	0.34	4/16/2010	$20,000,000.00	$19,954,855.56	$19,981,250.00
US Agency	Federal Home Loan Bank	0.8	4/30/2010	$20,000,000.00	$20,000,000.00	$20,056,250.00
US Agency	Federal Home Loan Bank	0.5	5/5/2010	$25,000,000.00	$25,000,000.00	$25,007,812.50
US Agency	Freddie Mac	2.375	5/28/2010	$19,885,000.00	$20,307,423.68	$20,145,990.63
US Agency	Federal Home Loan Bank	0.5	6/1/2010	$20,000,000.00	$19,992,800.00	$20,018,750.00
US Agency	Federal Home Loan Bank	0.5	6/30/2010	$20,000,000.00	$20,000,000.00	$20,000,000.00
US Agency	Federal Farm Credit Bank	2.25	7/1/2010	$15,250,000.00	$15,521,373.75	$15,459,687.50
US Agency	Federal Home Loan Bank	0.55	8/4/2010	$20,000,000.00	$20,026,261.11	$20,012,500.00
US Agency	Fannie Mae	4.25	8/15/2010	$25,000,000.00	$25,522,250.00	$25,812,500.00
US Agency	Federal Home Loan Bank	0.625	8/17/2010	$20,000,000.00	$20,000,000.00	$20,006,250.00
US Agency	Federal Farm Credit Bank	0.54	9/15/2010	$20,000,000.00	$20,000,000.00	$20,000,000.00
US Agency	Fannie Mae	2	2/11/2011	$25,000,000.00	$25,000,000.00	$25,125,000.00
US Agency	Fannie Mae	2	3/2/2011	$15,000,000.00	$14,997,000.00	$15,060,937.50
US Agency	Freddie Mac	1.75	4/20/2011	$15,000,000.00	$15,000,000.00	$15,098,437.50
US Agency	Federal Farm Credit Bank	2.625	4/21/2011	$20,000,000.00	$19,937,000.00	$20,531,250.00
US Agency	Freddie Mac	2	1/27/2012	$15,000,000.00	$14,985,000.00	$15,065,625.00
US Agency	Fannie Mae	2.5	3/2/2012	$17,550,000.00	$17,738,838.00	$17,681,625.00
US Agency	Freddie Mac	2.125	3/23/2012	$25,000,000.00	$25,018,200.00	$25,460,937.50
US Agency	Freddie Mac	2.125	4/2/2012	$10,000,000.00	$10,047,395.83	$10,075,000.00

City of San Diego Pooled Investment Fund Holdings as of September 30, 2009 (continued)

Security Type	Issuer	Coupon	Maturity	Par	Book	Market Value
US Agency	Federal Home Loan Bank	2.25	4/13/2012	$20,000,000.00	$19,980,000.00	$20,437,500.00
US Agency	Fannie Mae	1.875	4/20/2012	$15,000,000.00	$14,981,100.00	$15,201,562.50
US Agency	Federal Farm Credit Bank	2.25	4/24/2012	$10,000,000.00	$9,999,800.00	$10,168,750.00
US Agency	Federal Home Loan Bank	1.25	8/6/2012	$20,000,000.00	$20,000,000.00	$20,100,000.00
US Agency	Freddie Mac	2.125	9/21/2012	$25,000,000.00	$24,989,750.00	$25,320,312.50
US Agency	Federal Home Loan Bank	1.625	9/26/2012	$25,000,000.00	$24,919,500.00	$24,937,500.00
US Agency	Fannie Mae	2	9/28/2012	$10,000,000.00	$10,000,000.00	$10,012,500.00
	U.S. Agency Total			***$677,685,000.00***	***$679,209,838.49***	***$682,043,553.13***
LAIF	California State Pool	1.51	10/1/2009	$39,801,438.60	$39,801,438.60	$39,801,438.60
Repurchase Agreement	Overnight Repo	0.04	10/1/2009	$41,188,094.00	$41,188,094.00	$41,188,094.00
Money Market Fund	JP Morgan Asset Mgmt.	0.22	10/1/2009	$105,006,412.16	$105,006,412.16	$105,006,412.16
Commercial Paper	Societe Generale NA	0.14	10/7/2009	$20,000,000.00	$19,999,455.56	$19,999,233.33
Commercial Paper (FDIC)	General Electric Capital Corp.	0.25	10/16/2009	$25,000,000.00	$24,975,173.61	$24,997,604.17
Non-Negotiable CDs	First Business Bank CDARS	2.2	4/29/2010	$10,000,000.00	$10,000,000.00	$10,000,000.00
Non-Negotiable CDs	NNB CDARS	2.21	5/6/2010	$5,000,000.00	$5,000,000.00	$5,000,000.00
	Repo, BA's, CD's, CP, LAIF, Funds Total			***$245,995,944.76***	***$245,970,573.93***	***$245,992,782.26***
MTN (FDIC Insured)	Bank of America NA	1.7	12/23/2010	$5,000,000.00	$5,067,800.00	$5,059,375.00
MTN (FDIC Insured)	General Electric Capital Corp.	1.625	1/7/2011	$5,000,000.00	$4,996,600.00	$5,053,700.00
Medium Term Note	Cisco Systems Inc.	5.25	2/22/2011	$10,000,000.00	$10,610,600.00	$10,540,625.00
MTN (FDIC Insured)	JP Morgan Chase & Co.	1.65	2/23/2011	$2,000,000.00	$1,999,220.00	$2,021,860.00
MTN (FDIC Insured)	State Street Bank and Trust	1.85	3/15/2011	$5,000,000.00	$4,997,600.00	$5,071,093.75
MTN (FDIC Insured)	Citibank NA	1.625	3/30/2011	$5,000,000.00	$4,998,750.00	$5,056,600.00
MTN (FDIC Insured)	Citigroup Funding Inc.	1.375	5/5/2011	$5,000,000.00	$4,998,550.00	$5,032,812.50
Medium Term Note	Hewlett-Packard Co.	2.25	5/27/2011	$1,000,000.00	$999,670.00	$1,018,670.00
MTN (FDIC Insured)	Citigroup Funding Inc.	1.25	6/3/2011	$5,000,000.00	$4,991,400.00	$5,016,406.25
MTN (FDIC Insured)	PNC Funding Corp.	1.875	6/22/2011	$5,000,000.00	$4,991,000.00	$5,060,300.00
MTN (FDIC Insured)	Citibank NA	1.5	7/12/2011	$5,000,000.00	$4,996,500.00	$5,032,150.00
MTN (FDIC Insured)	Goldman Sachs	1.625	7/15/2011	$10,000,000.00	$10,056,630.56	$10,099,700.00
Medium Term Note	BP Capital Markets PLC	1.55	8/11/2011	$5,000,000.00	$4,995,500.00	$5,016,900.00
Medium Term Note	Procter & Gamble Int'l Finance	1.35	8/26/2011	$5,000,000.00	$4,996,300.00	$5,017,300.00
Medium Term Note	Shell International Finance	1.3	9/22/2011	$5,000,000.00	$4,999,800.00	$5,013,550.00
Medium Term Note	3M Company	4.5	11/1/2011	$5,000,000.00	$5,368,325.00	$5,331,400.00
MTN (FDIC Insured)	JP Morgan Chase & Co.	3.125	12/1/2011	$5,000,000.00	$4,996,900.00	$5,188,150.00
MTN (FDIC Insured)	Wells Fargo & Company	3	12/9/2011	$5,000,000.00	$4,994,150.00	$5,178,100.00
MTN (FDIC Insured)	American Express Bank FSB	3.15	12/9/2011	$5,000,000.00	$4,996,050.00	$5,190,625.00
Medium Term Note	Chevron Corp.	3.45	3/3/2012	$5,000,000.00	$5,173,100.00	$5,205,350.00
MTN (FDIC Insured)	Morgan Stanley	2.25	3/13/2012	$5,000,000.00	$4,992,950.00	$5,091,406.25
MTN (FDIC Insured)	Citigroup Funding Inc.	2	3/30/2012	$5,000,000.00	$4,986,550.00	$5,054,800.00
MTN (FDIC Insured)	Bank of America NA	2.1	4/30/2012	$5,000,000.00	$4,995,450.00	$5,070,150.00
MTN (FDIC Insured)	Bank of America NA	2.1	4/30/2012	$5,000,000.00	$5,031,500.00	$5,070,150.00
MTN (FDIC Insured)	Citibank NA	1.875	5/7/2012	$5,000,000.00	$4,986,950.00	$5,032,812.50
MTN (FDIC Insured)	Citibank NA	1.875	6/4/2012	$5,000,000.00	$4,984,950.00	$5,032,812.50
MTN (FDIC Insured)	JP Morgan Chase & Co.	2.2	6/15/2012	$5,000,000.00	$4,996,900.00	$5,085,550.00
MTN (FDIC Insured)	Wells Fargo & Company	2.125	6/15/2012	$5,000,000.00	$4,998,700.00	$5,071,875.00
MTN (FDIC Insured)	JP Morgan Chase & Co.	2.125	6/22/2012	$20,000,000.00	$20,076,644.44	$20,293,200.00
	Corporate MTN's and Other Notes Total			***$163,000,000.00***	***$164,275,040.00***	***$166,007,423.75***
	Grand Total			***$2,016,680,944.76***	***$2,023,621,566.05***	***$2,033,995,323.94***

Market Values are determined by using Sungard pricing as the primary source. CMS Bondedge, Bloomberg, Custody Bank (BNY Mellon) and pricing provided by broker/dealers are all used to reconcile and determine correct prices.