



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: Treasurer - Tax Collector
Department No.: 065
For Agenda Of: 2/12/2008
Placement: Administrative
Estimate Time:
Continued Item: NO
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Director(s) Bernice James, Treasurer - Tax Collector, 568-2490
Contact Info: Stacey Matson, Investment & Debt Officer, 568-2158
SUBJECT: Treasurer's Investment Pool, Fiscal Year 2007-2008 Second Quarter (October - December)

County Counsel Concurrence:

As to form: Yes No N/A

Other Concurrence: N/A

As to form: Yes No N/A

Auditor-Controller Concurrence:

As to form: Yes No N/A

Recommended Action(s):

That the Board of Supervisors:

- A. Accept for filing the F/Y 2007-2008 Second Quarter (October - December, 2007) report on the Treasurer's Investment Pool, pursuant to Government Code section 53646(b).
B. Review and approve the Investment Policy Statement as amended, and authorize the County Treasurer to manage the investment pool in accordance with the policy, pursuant to sections 53646(a) and 53607 of the Government Code.

Summary:

As presented on Page 9, the value of the Treasurer's Pool at principal cost on December 31, 2007, was \$892,395,067, and \$2,616,081 in Directed Investments. Market value of the investment pool was \$895,260,106. The weighted average days to maturity (WAM) for the pool was 516 days.

Per Government Code Section 53600.5, the Santa Barbara County Treasurer has a mandated responsibility to manage and invest public funds with the primary objective of safeguarding principal, the secondary objective of meeting the liquidity needs of pool participants, and finally, the objective of attaining a market average rate of return, consistent with the primary objectives of safety and liquidity.

For the quarter ended 12/31/2007, the Treasurer's Pool anticipated and met all liquidity requirements, precluding any need to sell holdings unexpectedly at a potential loss. All investments purchased met or exceeded state and local policy requirements for credit quality. In addition, \$9,527,707, a return of 4.737%, was earned from investments of the pool and distributed for the benefit of programs provided by the County, schools, and special districts.

It is the adopted policy of the Santa Barbara County Treasurer to invest public funds in a manner, which provides the maximum security of principal while meeting the daily cash flow needs of investment pool participants. A lesser emphasis is to achieve the highest yield possible. The Santa Barbara County Treasurer conforms to all applicable State statutes and County resolutions that govern the investment of public funds.

The attached investment policy has only one change. Section XII. Permitted Investments, A. Authorized Investments, as follows (addition is underlined): Percentage allowances per this policy shall be determined by the overall portfolio size at book value on the close of the day any security is purchased.

Background:

The US economy expanded at an annual pace of 4.9% for the quarter ended 12/31/2007, as measured through 9/30/2007. Gross Domestic Product (GDP), the value of all goods and services produced within the economy, is anticipated to slow, with analyst's expecting an annual rate of 1.2% to 2% for the quarter ending 12/31/2007. On December 11, 2007, the Federal Reserve Open Market Committee (FOMC) issued a statement noting that "Incoming information suggests that economic growth is slowing, reflecting the intensification of the housing correction and some softening in business and consumer spending." The Federal unemployment rate increased to end the quarter at 5.0%, from a beginning rate of 4.7%. Short-term interest rates and long-term interest rates continued to be very volatile. Concerns have continued regarding the sub-prime sector, the deteriorating housing market, and credit quality issues. Balance sheet pressures over the quarter also intensified, with emphasis on capitalization and liquidity issues. The FOMC indicated that given the context of elevated energy and commodity prices, some inflation risk remains, and the Committee will continue to carefully monitor inflation developments. The yield curve remained positive, except in the short term over the quarter. In a positive sloping yield curve environment short term interest rates are lower than long term rates.

After reducing the Federal funds rate to end the 9/30/2007 quarter at 4.75%, on October 31 and December 11 the FOMC reduced the Federal Funds rate with additional 25 basis points cuts, a 50 basis point aggregate reduction to end the 12/31/2007 quarter at 4.25%. The FOMC's December 11 statement indicated that there was increased uncertainty surrounding the outlook for economic growth and inflation, and that the FOMC would continue to assess impacts on economic prospects and would act as needed to foster stable prices and sustainable economic growth. There was one dissenting vote to the increase on December 11. Eric S. Rosengren, President, Federal Reserve Bank of Boston, stated that a more aggressive policy response was necessary to mitigate the heightened risk of continued economic weakness. On January 22, in an unexpected inter-meeting action, the FOMC further lowered the Federal Funds rate 75 basis points to 3.5%. The Federal Open Market Committee will meet on January 30th and March 18, providing insights on the economy's growth prospects and inflation.

This quarterly report is being submitted to you as required by California Government Code section 53646 (b). In addition, California Government Code section 53646 (b) (3) requires the Treasurer-Tax Collector to include a statement in the Treasurer's Report affirming the ability of the Santa Barbara County Investment Pool to meet expenditure requirements for the next six months.

This report and the Treasurer's Investment Policy were reviewed and discussed by the Treasury Oversight Committee at its quarterly meeting. The Treasury Oversight Committee promotes the public interest and is governed by California Government Code sections 27130 through 27133.

Performance Measures:

The following performance measures are related to the Treasurer's Investment Pool:

To ensure the financial stability of the County, monitor and project liquidity requirements as evidenced by zero securities sold at a loss to meet cash flow needs of pool participants: Accomplished

To ensure the financial stability of the County and secure public agency funds, stay within compliance 100% of the time with the Government Code and the Treasurer's Investment Policy: Accomplished

To ensure the financial stability of the County, achieve an investment pool yield equal to, or greater than LAIF's, on a five year moving average: For the quarter ended 12/31/07 the pool's five year moving average rate of return is 3.39%, as compared to 3.45% for LAIF.

Fiscal and Facilities Impacts:

Budgeted: Yes No

Fiscal Analysis:

For the quarter ending December 31, 2007, net investment earnings achieved by the pool were \$9.5 million, with the County receiving 41%, Schools 50%, and Special Districts the balance of 9%, as shown on Chart 4. The net yield for the quarter and on an annualized basis is 4.737% and 4.739%, respectively.

Staffing Impact(s):

Legal Positions:
N/A

FTEs:
N/A

Special Instructions:

None

Attachments:

Treasurer's Second Quarter Investment Pool Report
Treasurer's Investment Policy

Authored by: Stacey Matson, CPA, Investment & Debt Officer

SANTA BARBARA COUNTY

**TREASURER'S REPORT TO THE BOARD OF SUPERVISORS AND
THE TREASURY OVERSIGHT COMMITTEE**

FOR THE QUARTER ENDED DECEMBER 31, 2007

Table of Contents

I. Economic Trend

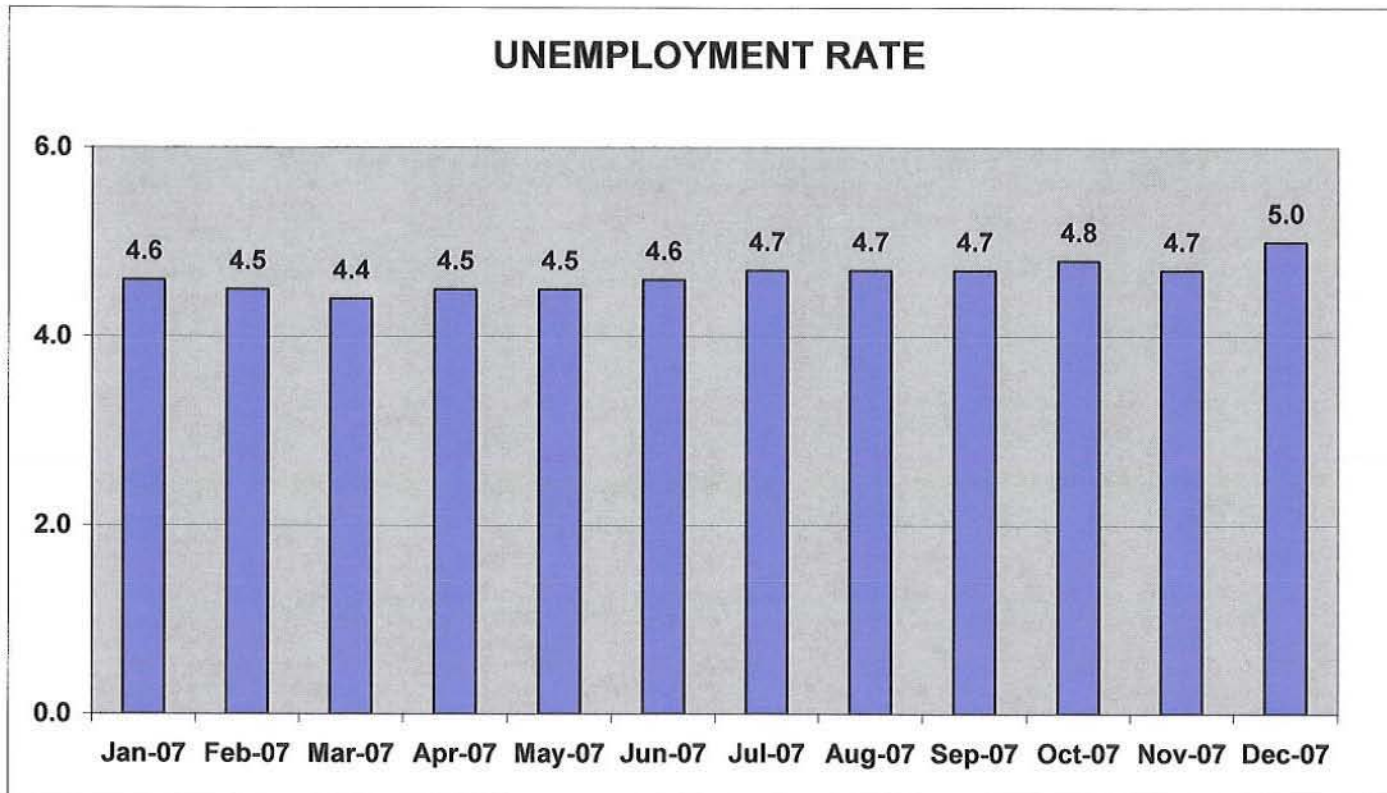
II. Overview of Investment Activities

ECONOMIC TREND: Impact on the Pool

- **On October 31 and December 11 the Federal Reserve (FED) continued its decrease of short - term interest rates, reducing by 25 basis points at each meeting to 4.5% and 4.25%, respectively. On September 18, it had been decreased by 50 basis points from 5.25% to 4.75%. Prior to the September meeting the FED had met eight consecutive times with no rate change. Although there is still uncertainty stemming from data conflicts indicating a rise in inflation, while at the same time clear indications of pronounced downside risks to economic growth, the Federal Open Market Committee has made it clear that they are ready to take whatever action is necessary. Due to the continued deterioration of economic factors, analysts expect a reduction in the Federal Funds rate over the next quarter of 25 to 100 basis points.**
- **The impact of the short - term rate decreasing from 4.75% to 4.25% results in fixed income investments being offered at a lower rate of return. As investments mature they will be invested at a lower rate.**
- **The unemployment rate increased last quarter, from a beginning rate of 4.7%, ending the quarter at 5.0% in December. There were a total of 292,000 jobs created last quarter. This is an increase from the 230,000 jobs created in the prior quarter, but both are decreased from the 379,000 jobs created for the quarter ended June 2007.**
- **Over the last year Consumer Confidence has eroded. This quarter it declined from a beginning of 99.5 to the December 2007 level of 88.0. The economy continued to experience growth, increasing to an annual rate of 4.9% for the quarter ended September 2007. However expectations of slowing growth are confirmed when comparing the marginal increases for the quarters ending March 2007, June 2007, and September 2007 of .6%, 3.8%, and 4.9%, respectively. This slowdown is expected to continue.**

ECONOMIC TREND: Unemployment Rate

The unemployment rate increased in the first month of the quarter to its highest rate since November 2005. It began the quarter at 4.7% increased to 4.8% in October, decreased to 4.7% in November, and then increased to 5.0% in December. The unemployment rate represents the number of unemployed persons as a percent of the labor force. The sampling used each month to calculate the rate is approximately 60,000 households.



Source: Bureau of Labor Statistics

ECONOMIC TREND: Inflation

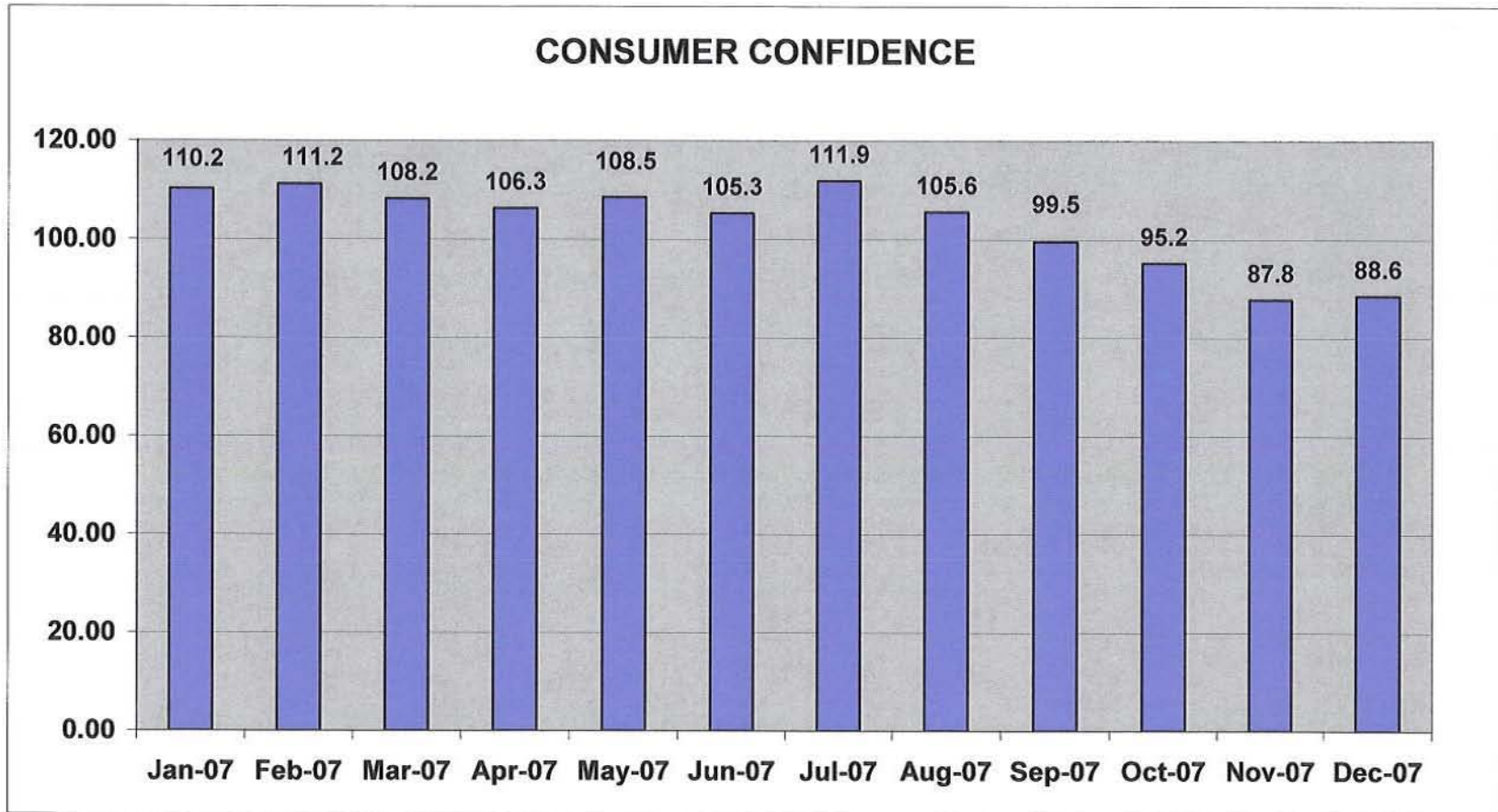
The Consumer Price Index (CPI) increased during the quarter ending December 31, 2007. It started the quarter at 2.8% and ended at 4.1%. The Core CPI, which excludes food and energy, also increased, beginning the quarter at 2.1% and ending the quarter at 2.4%. The CPI represents changes in prices of all goods and services purchased for consumption by urban households.



Source: Bureau of Labor Statistics

ECONOMIC TREND: Consumer Confidence

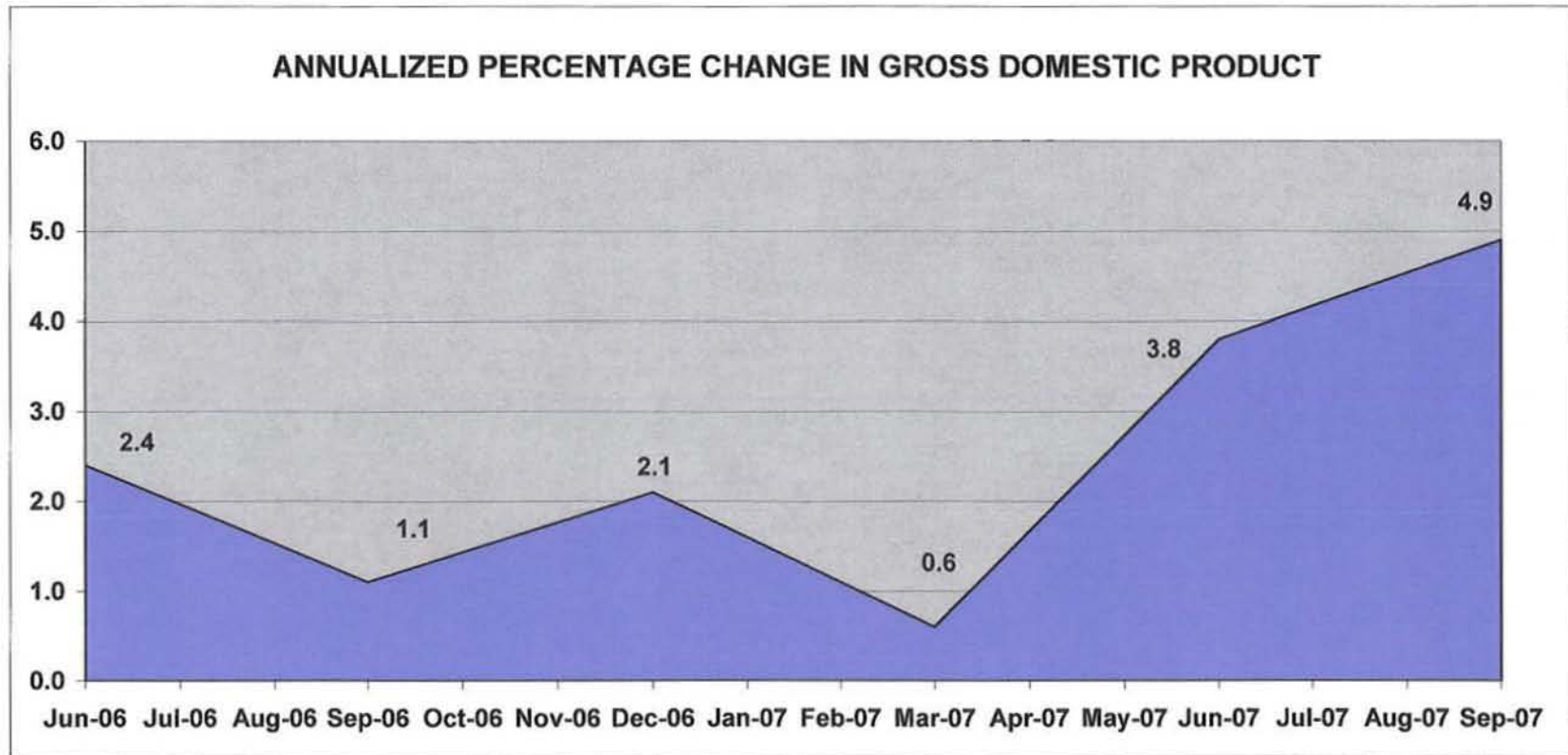
Consumer Confidence began the quarter at 99.5 and ended this quarter significantly decreased at 88.6. This Index is the average of responses to current business and employment conditions and responses to six-month future expectations for business conditions, employment conditions, and total family income.



Source: Conference Board

ECONOMIC TREND: GDP (Gross Domestic Product)

The economy grew at an annual rate of 4.9% for the quarter ended 12/31/07, an increase over the previous quarter's rate of 3.8%. Gross domestic product is the value of all goods and services produced. The 4.9% GDP growth for the current quarter end is the highest rate of growth for any quarter since that ended September 2003 and the .6% for the quarter ended 3/31/07 is the lowest rate of growth for any quarter since December 2002.



Source: Bureau of Economic Analysis

II. Overview of Investment Activities

SANTA BARBARA COUNTY INVESTMENT FUNDS

Quarter Ending December 31, 2007

SUMMARY OF INVESTMENTS IN THE TREASURER'S POOL

PRINCIPAL COST	\$892,395,067
MARKET VALUE (provided by Union Bank)	\$895,260,106
CUMULATIVE UNREALIZED GAIN	\$2,865,039*
TOTAL NET EARNINGS ON THE TREASURER'S POOL	\$9,527,707
AVERAGE DAILY BALANCE ON THE TREASURER'S POOL	\$798,034,921
CASH	\$23,727,744
ACCRUED INTEREST AT PURCHASE	\$253,051
NET INTEREST RATE ON THE TREASURER'S POOL	4.737 %
WEIGHTED AVERAGE DAYS TO MATURITY	516
WEIGHTED AVERAGE DAYS TO CALL DATE	165

SUMMARY OF INVESTMENTS IN TOBACCO SETTLEMENT FUND

PRINCIPAL COST	\$2,616,081
MARKET VALUE	\$2,662,034
CUMULATIVE UNREALIZED GAIN	\$45,953
YIELD TO MATURITY	4.911%
WEIGHTED AVERAGE DAYS TO MATURITY	1,314

SUMMARY OF THE CERTIFICATES OF PARTICIPATION RESERVE FUNDS

PRINCIPAL COST	\$13,872,713
MARKET VALUE	\$13,978,499
CUMULATIVE UNREALIZED GAIN	\$105,786*
YIELD TO MATURITY	4.16%
WEIGHTED AVERAGE DAYS TO MATURITY	315

CHARTS: The following charts are provided for your review:

Chart 1: Asset Distribution by Sector

Chart 2: Credit Rating By Percent of Book Value

Chart 3: Maturity Distribution

Chart 4: Agency Quarterly Income Distribution

Chart 5: Quarterly Performance Versus Selected Benchmarks

As you can see on Chart 1, for the quarter ending December 31, 2007, 8.9% of the pool's assets were invested in Government Agency Bonds, 37.5% in Callable Securities, 26.0% in Commercial Paper, 4.5% in LAIF (Local Agency Investment Fund), 12.4% in Medium Term Notes, and 10.7% in Negotiable Certificates of Deposit.

Chart 2 shows that 49% of securities in the pool are rated AAA, 10% are rated AA, 28% are rated A-1, P-1, F-1, 8% A-1, F-1, and 5% are in LAIF.

Chart 3 shows that 41.6% of the pool's investments have a maturity between 1 and 90 days, 13.5% between 91 days and 1 year, 8.0% between 1 year and 2 years, 8.5% between 2 and 3 years, 6.7% between 3 and 4 years, 15.2% between 4 and five years, and the other 6.5% is invested in LAIF.

Chart 4 reflects how the pool's net earnings of \$9,527,707 were distributed between the County (41%), Schools (50%) and Special Districts (9%).

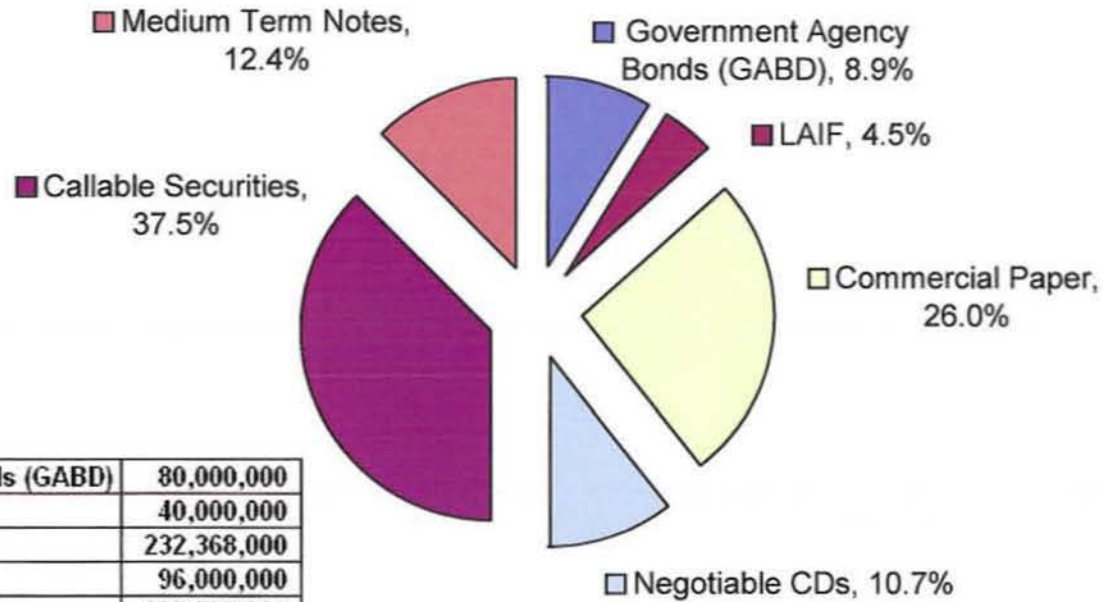
Finally, Chart 5 compares the County's return to various indexes on a quarterly basis.

The investment portfolio as of the quarter ending December 31, 2007 is in compliance with the Treasurer's statement of investment policy.

The Treasurer's Investment Pool has sufficient cash flow available to meet all budgeted expenditures for the next six months.

* Sufficient liquidity is maintained in the pool and for required reserve funds to avoid the actual realization of any unrealized losses due to market interest rate fluctuations. It is our basic policy to retain securities in the pool until maturity, when the pool realizes the full par value of the investment.

**TREASURER'S INVESTMENT PORTFOLIO
ASSET DISTRIBUTION BY SECTOR (PAR VALUE)
12/31/2007**

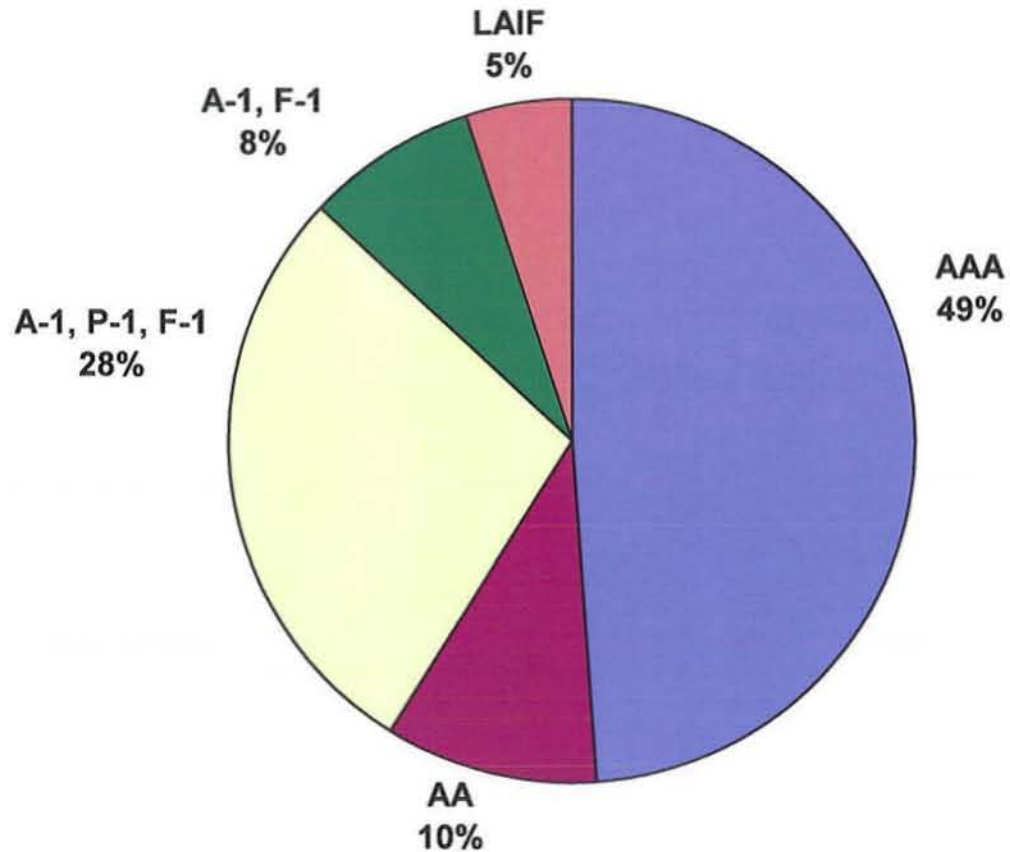


Government Agency Bonds (GABD)	80,000,000
LAIF	40,000,000
Commercial Paper	232,368,000
Negotiable CDs	96,000,000
Callable Securities	335,555,000
Medium Term Notes	111,016,000
TOTAL	894,939,000



CHART 1

Credit Rating By Percent of Book Value 12/31/2007



Agency of the Federal Government/US Government Sponsored: AAA

Commercial Paper of US Corporations, Assets Greater Than \$500 million: A1, P1, F1 (by two of the three rating agencies)

State of California: LAIF: N/A

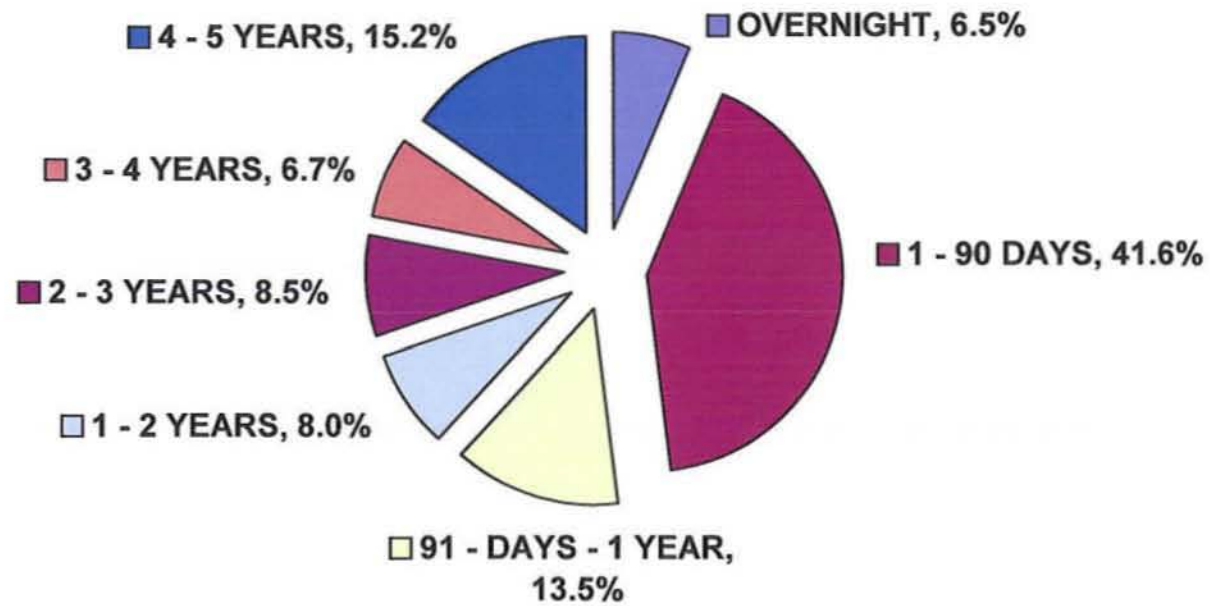
Negotiable CD's: A1, P1, F1 (by two of the three rating agencies)

Medium Term Notes/Corporate Notes of US Corporations: Up to three years: AA- by at least two of the three rating agencies.

Greater than three years: AA by at least two of the three rating agencies.

CHART 2

**TREASURER'S INVESTMENT PORTFOLIO
MATURITY DISTRIBUTION
12/31/2007**



OVERNIGHT 1 - 90 DAYS 91 - DAYS - 1 YEAR 1 - 2 YEARS 2 - 3 YEARS 3 - 4 YEARS 4 - 5 YEARS

CHART 3

**TREASURER'S INVESTMENT PORTFOLIO
AGENCY QUARTERLY INCOME DISTRIBUTION**

12/31/07

\$9,527,707

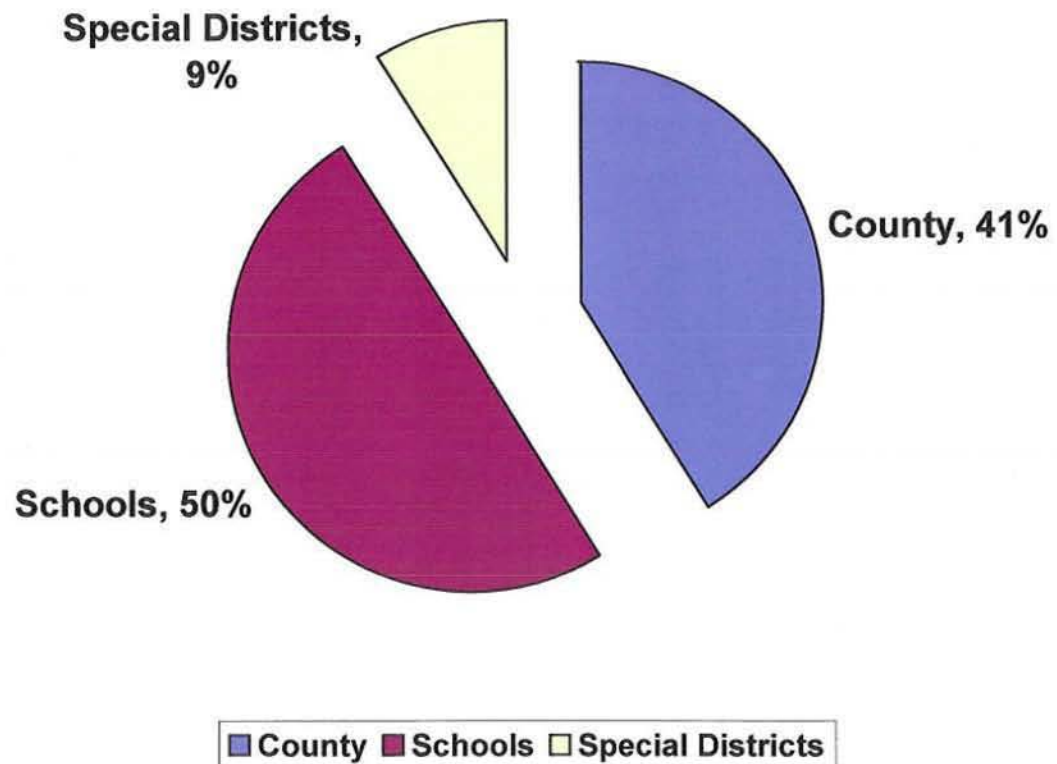


CHART 4

**TREASURER'S INVESTMENT PORTFOLIO
 QUARTERLY PERFORMANCE VERSUS SELECTED BENCHMARKS
 12/31/2007**

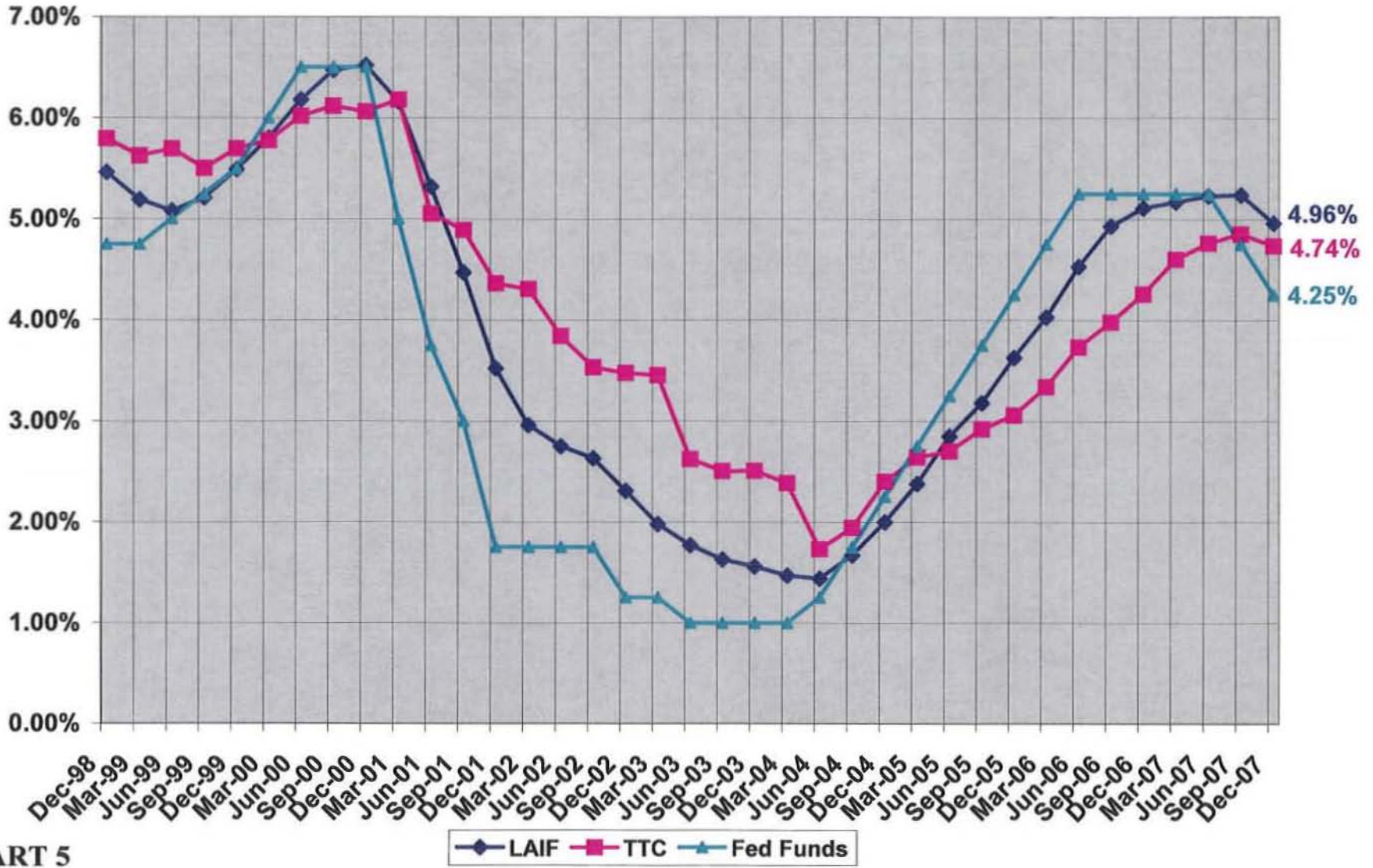


CHART 5



**County Pool 2007-2008
Portfolio Management
Portfolio Summary
October 1, 2007 through December 31, 2007**

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM	YTM 360 Equiv.
Local Agency Investment Funds	40,000,000.00	40,000,000.00	40,000,000.00	4.48	1	1	5.240	5.168
Negotiable CDs	96,000,000.00	96,000,000.00	96,000,000.00	10.74	103	30	5.043	5.043
Medium Term Notes	111,016,000.00	111,095,599.65	110,749,960.02	12.39	862	536	5.031	4.978
Medium Term Notes - Callable	19,000,000.00	18,883,160.00	18,911,930.16	2.12	926	723	5.285	5.231
Commercial Paper Disc. -Amortizing	232,368,000.00	231,836,370.84	231,761,459.54	25.93	49	19	5.126	5.126
Federal Agency Coupon Securities	83,875,000.00	84,097,635.00	83,780,871.72	9.37	1,032	335	4.532	4.470
Federal Agency Coupon - Callables	312,680,000.00	313,347,340.70	312,603,055.44	34.97	1,512	1,128	4.809	4.743
	894,939,000.00	895,260,106.19	893,807,276.88	100.00%	776	516	4.947	4.907

Investments	December 31 Period Ending
Total Earnings	
Current Year	9,789,218.04
Average Daily Balance	777,815,076.18
Effective Rate of Return	4.99%

Stacey Matson, CPA, Investment & Debt Officer

**County Pool 2007-2008
Portfolio Management
Investment Status Report - Investments
December 31, 2007**

CUSIP	Investment #	Issuer	Par Value	Stated Rate	Maturity Date	Purchase Date	Term	Days to Maturity	Market Value	Accrued Interest At Purchase	Current Principal	Book Value
CalTrust												
SYS3289	3289	CALTRU	0.00	5.280		07/01/2007	1	1	0.00		0.00	0.00
CalTrust Totals			0.00				0	0	0.00	0.00	0.00	0.00
Local Agency Investment Funds												
SYS1009	1009	LAIF	40,000,000.00	5.240			1	1	40,000,000.00		40,000,000.00	40,000,000.00
Local Agency Investment Funds Totals			40,000,000.00				1	1	40,000,000.00	0.00	40,000,000.00	40,000,000.00
Negotiable CDs												
1730D04X1	3902	CITINA	5,000,000.00	4.940	01/18/2008	10/24/2007	86	17	5,000,000.00		5,000,000.00	5,000,000.00
1730D1BM5	3951	CITINA	5,000,000.00	5.030	02/26/2008	11/26/2007	92	56	5,000,000.00		5,000,000.00	5,000,000.00
1730D1CA0	3960	CITINA	10,000,000.00	5.100	02/29/2008	11/29/2007	92	59	10,000,000.00		10,000,000.00	10,000,000.00
1730D1CJ1	3965	CITINA	5,000,000.00	5.140	03/03/2008	12/03/2007	91	62	5,000,000.00		5,000,000.00	5,000,000.00
25152XEE6	3409	DEUTSC	5,000,000.00	5.400	01/30/2008	01/30/2007	365	29	5,000,000.00		5,000,000.00	5,000,000.00
25153GJ31	3898	DEUTSC	10,000,000.00	4.950	01/24/2008	10/22/2007	94	23	10,000,000.00		10,000,000.00	10,000,000.00
25153GR99	3986	DEUTSC	10,000,000.00	4.850	03/06/2008	12/11/2007	86	65	10,000,000.00		10,000,000.00	10,000,000.00
48123PNY7	3962	JPMCC	5,000,000.00	5.130	01/10/2008	11/29/2007	42	9	5,000,000.00		5,000,000.00	5,000,000.00
90531A3T1	3847	UBKCAL	6,000,000.00	5.120	01/02/2008	09/21/2007	103	1	6,000,000.00		6,000,000.00	6,000,000.00
90531A3Z7	3854	UBKCAL	12,000,000.00	5.120	01/08/2008	09/26/2007	104	7	12,000,000.00		12,000,000.00	12,000,000.00
90531A4C7	3864	UBKCAL	8,000,000.00	5.140	01/10/2008	10/01/2007	101	9	8,000,000.00		8,000,000.00	8,000,000.00
90531A4T0	3878	UBKCAL	5,000,000.00	5.170	01/14/2008	10/10/2007	96	13	5,000,000.00		5,000,000.00	5,000,000.00
90531A6R2	3927	UBKCAL	5,000,000.00	4.800	02/01/2008	11/07/2007	86	31	5,000,000.00		5,000,000.00	5,000,000.00
90531CBT8	4023	UBKCAL	5,000,000.00	4.750	01/31/2008	12/26/2007	36	30	5,000,000.00		5,000,000.00	5,000,000.00
Negotiable CDs Totals			96,000,000.00				103	30	96,000,000.00	0.00	96,000,000.00	96,000,000.00
Medium Term Notes												
060505BU7	3744	BAC	5,000,000.00	4.500	08/01/2010	07/10/2007	1,118	943	5,002,450.00	Received	4,860,800.00	4,882,419.62
172967DU2	3202	CITIG	5,000,000.00	5.100	09/29/2011	10/24/2006	1,801	1,367	5,027,850.00	Received	4,956,900.00	4,967,268.28
5526E0AK9	3201	FIA	5,000,000.00	5.375	01/15/2008	10/24/2006	448	14	5,000,800.00	Received	5,002,150.00	5,000,068.25
339030AG3	3253	FLEETB	4,885,000.00	3.850	02/15/2008	11/17/2006	455	45	4,876,646.65	Received	4,810,210.65	4,877,654.62
36962GH49	1849	GECC	7,000,000.00	3.125	04/01/2009	04/01/2004	1,826	456	6,907,250.00	Received	6,989,080.00	6,997,270.00
36962GUL6	3158	GECC	10,938,000.00	7.375	01/19/2010	10/02/2006	1,205	749	11,593,733.10	Received	11,700,050.46	11,411,793.80
36962GR48	3713	GECC	5,000,000.00	4.125	09/01/2009	06/22/2007	802	609	4,987,450.00	Received	4,870,550.00	4,901,558.94
36962GT79	3831	GECC	5,000,000.00	5.284	01/05/2009	09/07/2007	486	370	4,994,250.00	Received	4,992,850.00	4,994,556.58
36962GM76	3833	GECC	5,000,000.00	5.162	11/21/2011	09/10/2007	1,533	1,420	4,934,200.00	Received	4,984,350.00	4,985,503.59

Portfolio SB78

AP

**County Pool 2007-2008
Portfolio Management
Investment Status Report - Investments
December 31, 2007**

CUSIP	Investment #	Issuer	Par Value	Stated Rate	Maturity Date	Purchase Date	Term	Days to Maturity	Market Value	Accrued Interest At Purchase	Current Principal	Book Value
Medium Term Notes												
4042Q0AN9	4032	HSBCBA	10,000,000.00	3.875	09/15/2009	12/31/2007	624	623	9,906,500.00	114,097.22	9,902,000.00	9,902,000.00
441815AQ0	3127	HSBCFI	5,000,000.00	5.836	02/15/2008	09/18/2006	515	45	5,004,700.00	Received	5,033,500.00	5,002,907.30
441812KH6	3863	HSBCFI	7,000,000.00	4.125	11/16/2009	10/01/2007	777	685	6,919,850.00	Received	6,870,729.25	6,885,937.57
46623ECM9	3511	JPMCC	5,000,000.00	5.091	09/05/2008	03/16/2007	539	248	4,990,900.00	Received	4,997,050.00	4,998,642.67
592179AA3	3984	METLIF	4,500,000.00	4.965	04/28/2008	12/10/2007	140	118	4,498,065.00	Received	4,495,500.00	4,496,207.14
89233PJ98	3823	TOYMTN	5,000,000.00	5.111	09/05/2008	09/04/2007	367	248	4,995,500.00		5,000,000.00	5,000,000.00
929903AC6	3444	WACCOR	4,000,000.00	3.500	08/15/2008	02/12/2007	550	227	3,953,600.00	Received	3,900,840.00	3,959,094.22
929903AD4	3849	WACCOR	7,693,000.00	3.625	02/17/2009	09/24/2007	512	413	7,533,754.90	28,661.77	7,548,910.11	7,576,696.83
949746JB8	3017	WELLS	5,000,000.00	4.000	08/15/2008	07/18/2006	759	227	4,964,250.00	Received	4,852,250.00	4,955,694.78
949746MZ1	3156	WELLS	5,000,000.00	4.625	08/09/2010	09/29/2006	1,410	951	5,003,850.00	Received	4,932,850.00	4,954,685.83
Medium Term Notes Totals			111,016,000.00				862	536	111,095,599.65	142,758.99	110,700,570.47	110,749,960.02
Medium Term Notes - Callable												
060505CY8	3983	BAC	5,000,000.00	4.915	02/12/2010	12/10/2007	795	773	4,980,650.00	15,018.06	4,963,000.00	4,964,023.90
89233PB70	3467	TOYMTN	5,000,000.00	5.375	01/28/2010	02/27/2007	1,066	758	4,989,500.00	Received	4,997,500.00	4,998,223.12
89233PL61	3912	TOYMTN	5,000,000.00	5.200	10/29/2010	10/29/2007	1,096	1,032	4,967,450.00		5,000,000.00	5,000,000.00
94974BAT7	3134	WELLS	4,000,000.00	3.120	08/15/2008	09/18/2006	697	227	3,945,560.00	Received	3,845,680.00	3,949,683.14
Medium Term Notes - Callable Totals			19,000,000.00				926	723	18,883,160.00	15,018.06	18,806,180.00	18,911,930.16
Commercial Paper Disc. -Amortizing												
13443CAA9	4029	CAMPBE	3,700,000.00	4.500	01/10/2008	12/27/2007	14	9	3,696,152.00		3,693,525.00	3,695,837.50
12556UA48	3971	CIT	3,000,000.00	5.700	01/04/2008	12/05/2007	30	3	2,999,190.00		2,985,750.00	2,998,575.00
12556UAR7	3989	CIT	13,000,000.00	5.700	01/25/2008	12/12/2007	44	24	12,962,170.00		12,909,433.33	12,950,600.00
12556UAX4	4031	CIT	3,200,000.00	5.600	01/31/2008	12/28/2007	34	30	3,188,256.00		3,183,075.56	3,185,066.67
17307RAX2	4016	CITIFI	10,000,000.00	5.000	01/31/2008	12/19/2007	43	30	9,963,300.00		9,940,277.78	9,958,333.33
25153JA34	3967	DEUTSC	5,000,000.00	4.910	01/03/2008	12/03/2007	31	2	4,999,400.00		4,978,859.72	4,998,636.11
2960E2A29	3968	ERSTE	8,000,000.00	5.270	01/02/2008	12/04/2007	29	1	8,000,000.00		7,966,037.78	7,998,828.89
2960E2AE3	4000	ERSTE	10,000,000.00	4.980	01/14/2008	12/13/2007	32	13	9,984,300.00		9,955,733.33	9,982,016.67
2960E2A37	4022	ERSTE	1,918,000.00	5.150	01/03/2008	12/26/2007	8	2	1,917,769.84		1,915,804.96	1,917,451.24
3495P2A98	3929	FORTIS	9,000,000.00	4.740	01/09/2008	11/09/2007	61	8	8,991,360.00		8,927,715.00	8,990,520.00
3495P2AG2	3943	FORTIS	5,500,000.00	4.830	01/16/2008	11/16/2007	61	15	5,489,935.00		5,454,987.08	5,488,931.25
3495P2AR8	3952	FORTIS	6,700,000.00	4.930	01/25/2008	11/26/2007	60	24	6,680,503.00		6,644,948.33	6,677,979.33
3495P2AU1	3958	FORTIS	15,000,000.00	4.960	01/28/2008	11/28/2007	61	27	14,950,650.00		14,873,933.33	14,944,200.00
5006E0A22	3887	KOREA	12,500,000.00	5.200	01/02/2008	10/16/2007	78	1	12,500,000.00		12,359,166.67	12,498,194.44

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Commercial Paper Disc. -Amortizing												
5006E0BE5	3889	KOREA	8,000,000.00	5.200	02/14/2008	10/16/2007	121	44	7,956,720.00		7,860,177.78	7,949,155.56
5006E0A71	3978	KOREA	10,000,000.00	5.170	01/07/2008	12/07/2007	31	6	9,993,100.00		9,955,480.56	9,991,383.33
5006E0AG1	3994	KOREA	10,000,000.00	5.120	01/16/2008	12/12/2007	35	15	9,981,700.00		9,950,222.22	9,978,666.67
5006E0AV8	4028	KOREA	5,000,000.00	5.000	01/29/2008	12/27/2007	33	28	4,982,950.00		4,977,083.33	4,980,555.55
52517JBK0	3941	LEHM	10,000,000.00	4.820	02/19/2008	11/15/2007	96	49	9,938,800.00		9,871,466.67	9,934,394.45
52517JDU6	4027	LEHM	5,000,000.00	4.750	04/28/2008	12/27/2007	123	118	4,921,200.00		4,918,854.17	4,922,152.78
53419AAB7	3973	LINCOL	10,000,000.00	5.300	01/11/2008	12/05/2007	37	10	9,988,300.00		9,945,527.78	9,985,277.78
71343RAH0	3998	PEPSIA	10,000,000.00	4.950	01/17/2008	12/13/2007	35	16	9,980,400.00		9,951,875.00	9,978,000.00
74432JA76	3949	PRUD	13,000,000.00	4.900	01/07/2008	11/21/2007	47	6	12,991,030.00		12,916,836.11	12,989,383.33
74432JA84	4026	PRUD	25,000,000.00	5.250	01/08/2008	12/27/2007	12	7	24,979,500.00		24,956,250.00	24,974,479.17
87019RAP1	3988	SWED	3,600,000.00	5.000	01/23/2008	12/12/2007	42	22	3,590,136.00		3,579,000.00	3,589,000.00
87019RAF3	3990	SWED	2,800,000.00	5.050	01/15/2008	12/12/2007	34	14	2,795,240.00		2,786,645.56	2,794,501.11
87019RAQ9	4015	SWED	3,450,000.00	4.950	01/24/2008	12/19/2007	36	23	3,440,409.00		3,432,922.50	3,439,089.38
91058TAN6	3901	UNITED	10,000,000.00	5.100	01/22/2008	10/23/2007	91	21	9,973,900.00		9,871,083.33	9,970,250.00
Commercial Paper Disc. -Amortizing Totals			232,368,000.00				49	19	231,836,370.84	0.00	230,762,672.88	231,761,459.54
Federal Agency Coupon Securities												
31331YAC4	3914	FFCB	6,000,000.00	4.820	10/12/2012	10/30/2007	1,809	1,746	6,223,140.00	14,460.00	6,060,600.00	6,058,525.59
3133XEEH8	2721	FHLB	5,000,000.00	4.900	07/24/2008	01/27/2006	909	205	5,014,050.00	Received	4,987,250.00	4,997,114.55
3133XJM39	3515	FHLB	5,000,000.00	5.250	02/01/2008	03/21/2007	317	31	5,001,550.00	Received	5,000,000.00	5,000,000.00
3133XC4D2	3540	FHLB	4,000,000.00	4.100	06/13/2008	03/30/2007	441	164	3,992,520.00	Received	3,955,200.00	3,983,238.80
31339YGN6	3542	FHLB	5,000,000.00	2.625	07/15/2008	04/02/2007	470	196	4,954,700.00	Received	4,852,435.00	4,938,169.31
3133X0LJ6	3572	FHLB	5,000,000.00	3.750	08/15/2008	04/11/2007	492	227	4,982,800.00	Received	4,915,000.00	4,960,661.16
3133XBBV6	3909	FHLB	5,000,000.00	4.625	02/15/2012	10/26/2007	1,573	1,506	5,142,200.00	45,607.64	5,021,550.00	5,020,645.71
3128X0Q28	1445	FHLMC	10,000,000.00	3.500	03/12/2008	03/12/2003	1,827	71	9,978,400.00		9,995,000.00	9,999,802.78
3128X1JB4	1563	FHLMC	10,000,000.00	2.850	06/03/2008	06/04/2003	1,826	154	9,918,200.00	Received	9,998,500.00	9,999,873.26
3128X4F48	2738	FHLMC	5,000,000.00	5.000	02/08/2008	02/08/2006	730	38	5,001,700.00		5,000,000.00	5,000,000.00
3128X4F48	2756	FHLMC	5,000,000.00	5.000	02/08/2008	02/14/2006	724	38	5,001,700.00	Received	4,987,750.00	4,999,365.20
3128X4YE5	3582	FHLMC	5,000,000.00	5.000	07/23/2008	04/13/2007	467	204	5,016,900.00	Received	4,992,300.00	4,996,618.70
3128X1RX7	3591	FHLMC	3,875,000.00	3.060	07/15/2008	04/18/2007	454	196	3,847,875.00	Received	3,779,016.25	3,833,342.62
3128X5S33	3625	FHLMC	5,000,000.00	4.875	09/12/2008	05/02/2007	499	255	5,020,350.00	Received	4,987,450.00	4,993,571.33
3136F7JZ1	2531	FNMA	5,000,000.00	4.750	03/07/2008	09/07/2005	912	66	5,001,550.00		4,999,218.75	4,999,942.71
Federal Agency Coupon Securities Totals			83,875,000.00				1,032	335	84,097,635.00	60,067.64	83,531,270.00	83,780,871.72

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Federal Agency Coupon - Callables												
31331Q3A3	1591	FFCB	9,665,000.00	2.950	06/30/2008	06/30/2003	1,827	181	9,592,512.50		9,660,167.50	9,664,519.43
31331X4V1	3868	FFCB	5,000,000.00	5.200	10/03/2011	10/03/2007	1,461	1,371	5,048,450.00		4,999,000.00	4,999,061.11
31331YFX3	3974	FFCB	6,780,000.00	4.850	12/05/2011	12/05/2007	1,461	1,434	6,792,746.40		6,778,305.00	6,778,335.60
31331YJK7	4013	FFCB	10,000,000.00	4.900	06/19/2012	12/19/2007	1,644	1,631	10,015,600.00		9,995,000.00	9,995,037.04
31331YJJ0	4017	FFCB	5,000,000.00	4.750	06/20/2011	12/20/2007	1,278	1,266	5,006,250.00		5,000,000.00	5,000,000.00
31331YKK5	4025	FFCB	4,165,000.00	4.800	12/27/2011	12/27/2007	1,461	1,456	4,168,915.10		4,161,876.25	4,161,884.93
31339XMK7	1581	FHLB	10,000,000.00	3.150	06/17/2008	06/17/2003	1,827	168	9,937,500.00		9,995,312.50	9,999,567.71
3133X0FJ3	1629	FHLB	5,000,000.00	4.000	08/13/2008	08/13/2003	1,827	225	4,989,050.00		4,996,250.00	4,999,537.50
3133XCRA3	2491	FHLB	5,000,000.00	4.470	02/15/2008	08/15/2005	914	45	4,998,450.00		4,979,687.50	4,999,006.94
3133XJME5	3394	FHLB	5,000,000.00	5.375	10/23/2009	01/24/2007	1,003	661	5,004,700.00	Received	4,996,000.00	4,997,362.99
3133XKDY8	3555	FHLB	5,000,000.00	5.500	04/01/2010	04/05/2007	1,092	821	5,000,000.00	Received	4,999,750.00	4,999,811.80
3133XM5S6	3808	FHLB	3,570,000.00	5.750	08/27/2012	08/28/2007	1,826	1,700	3,580,031.70	570.21	3,570,000.00	3,570,000.00
3133XMR78	3911	FHLB	5,000,000.00	4.800	10/29/2010	10/29/2007	1,096	1,032	5,028,150.00		4,995,625.00	4,995,876.16
3133XMSU6	3937	FHLB	5,000,000.00	4.950	11/14/2011	11/14/2007	1,461	1,413	5,015,650.00		4,995,000.00	4,995,163.19
3133XN5M7	3945	FHLB	5,000,000.00	5.250	11/19/2012	11/19/2007	1,827	1,784	5,009,400.00		5,000,000.00	5,000,000.00
3133XMU41	3946	FHLB	5,000,000.00	4.625	11/09/2009	11/19/2007	721	678	5,012,500.00	6,423.61	5,000,000.00	5,000,000.00
3133XNCF4	3954	FHLB	5,000,000.00	5.000	11/23/2012	11/26/2007	1,824	1,788	5,020,300.00	2,083.33	5,000,000.00	5,000,000.00
3133XNGP8	3970	FHLB	5,000,000.00	4.750	12/04/2009	12/04/2007	731	703	5,007,800.00		5,000,000.00	5,000,000.00
3133XNHJ1	3975	FHLB	5,000,000.00	5.125	12/05/2012	12/05/2007	1,827	1,800	5,010,950.00		5,000,000.00	5,000,000.00
3133XNLK3	3987	FHLB	5,000,000.00	5.000	12/12/2012	12/12/2007	1,827	1,807	5,004,700.00		4,997,500.00	4,997,526.39
3133XNNW5	3997	FHLB	5,000,000.00	4.500	03/12/2009	12/13/2007	455	436	5,006,250.00		5,000,000.00	5,000,000.00
3133XNKK4	4010	FHLB	5,000,000.00	4.500	06/17/2011	12/17/2007	1,278	1,263	5,014,050.00		5,000,000.00	5,000,000.00
3133XNGB9	4012	FHLB	7,000,000.00	4.800	12/18/2012	12/18/2007	1,827	1,813	7,045,920.00		6,996,500.00	6,996,525.28
3128X3UV3	2010	FHLMC	6,000,000.00	4.000	09/16/2008	09/24/2004	1,453	259	5,988,540.00	Received	6,000,000.00	6,000,000.00
3128X5JJ8	3115	FHLMC	5,000,000.00	5.450	09/02/2011	09/12/2006	1,816	1,340	5,051,750.00	Received	4,991,100.00	4,993,431.90
3128X5WH7	3373	FHLMC	5,000,000.00	5.550	01/09/2012	01/09/2007	1,826	1,469	5,001,650.00		5,000,000.00	5,000,000.00
3128X5C48	3446	FHLMC	5,000,000.00	5.375	02/08/2010	02/14/2007	1,090	769	5,007,050.00	Received	5,000,000.00	5,000,000.00
3128X6BP0	3707	FHLMC	5,000,000.00	5.700	06/12/2012	06/21/2007	1,818	1,624	5,040,400.00	Received	4,977,500.00	4,979,886.93
3128X6GR1	3768	FHLMC	5,000,000.00	6.000	07/24/2012	07/24/2007	1,827	1,666	5,058,250.00		5,000,000.00	5,000,000.00
3128X6QU3	3935	FHLMC	5,000,000.00	5.000	11/13/2012	11/13/2007	1,827	1,778	5,024,150.00		5,000,000.00	5,000,000.00
3128X6TS5	3982	FHLMC	5,000,000.00	4.750	12/10/2012	12/10/2007	1,827	1,805	5,031,450.00		5,000,000.00	5,000,000.00
3128X6VG8	3996	FHLMC	5,000,000.00	4.650	12/13/2010	12/13/2007	1,096	1,077	5,006,500.00		5,000,000.00	5,000,000.00
3128X6WL6	4024	FHLMC	5,000,000.00	4.750	06/24/2011	12/27/2007	1,275	1,270	5,007,350.00	1,979.17	4,997,500.00	4,997,507.96
3128X6WU6	4033	FHLMC	5,500,000.00	4.400	12/24/2009	12/31/2007	724	723	5,503,025.00	4,705.56	5,500,000.00	5,500,000.00

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Federal Agency Coupon - Callables												
3136F3WW2	1575	FNMA	10,000,000.00	3.000	06/11/2008	06/11/2003	1,827	162	9,934,400.00		9,993,000.00	9,999,377.78
3136F5BL4	1838	FNMA	15,000,000.00	4.100	02/13/2009	03/18/2004	1,793	409	14,995,350.00	Received	15,040,500.00	15,000,000.00
3136F3TM8	2023	FNMA	5,000,000.00	4.000	05/20/2008	10/01/2004	1,327	140	4,987,500.00	Received	4,998,100.00	4,999,798.24
3136F7VJ3	3146	FNMA	5,000,000.00	5.340	02/22/2011	09/28/2006	1,608	1,148	5,009,400.00	Received	4,993,750.00	4,995,537.41
31359M5N9	3597	FNMA	5,000,000.00	5.300	02/26/2010	04/19/2007	1,044	787	5,009,400.00	Received	4,999,200.00	4,999,396.30
31359M4Q3	3655	FNMA	5,000,000.00	5.375	02/01/2010	05/23/2007	985	762	5,006,250.00	Received	4,999,000.00	4,999,225.21
3136F8PG4	3738	FNMA	5,000,000.00	5.500	07/02/2009	07/06/2007	727	548	5,000,000.00	3,055.56	4,999,218.75	4,999,409.70
3136F8HT5	3851	FNMA	10,000,000.00	5.500	03/21/2012	09/26/2007	1,638	1,541	10,037,500.00	7,638.89	10,000,000.00	10,000,000.00
31398ABN1	3873	FNMA	10,000,000.00	5.550	05/22/2012	10/09/2007	1,687	1,603	10,065,600.00	Received	10,000,000.00	10,000,000.00
3136F8TN5	3876	FNMA	5,000,000.00	5.350	10/10/2012	10/10/2007	1,827	1,744	5,053,150.00		5,000,000.00	5,000,000.00
31398AHN5	3885	FNMA	5,000,000.00	5.000	10/15/2010	10/15/2007	1,096	1,018	5,034,400.00		4,994,531.25	4,994,916.09
31398AHX3	3886	FNMA	5,000,000.00	5.020	10/15/2010	10/15/2007	1,096	1,018	5,028,150.00		4,995,000.00	4,995,351.85
3136F8UD5	3899	FNMA	5,000,000.00	5.125	04/22/2011	10/22/2007	1,278	1,207	5,029,700.00		5,000,000.00	5,000,000.00
31398AJA1	3903	FNMA	10,000,000.00	5.400	10/24/2012	10/24/2007	1,827	1,758	10,062,500.00		10,000,000.00	10,000,000.00
31398AJJ2	3918	FNMA	10,000,000.00	5.250	10/25/2012	11/01/2007	1,820	1,759	10,040,600.00	8,750.00	10,000,000.00	10,000,000.00
3136F8YW9	4006	FNMA	5,000,000.00	4.600	12/14/2012	12/14/2007	1,827	1,809	5,014,050.00		5,000,000.00	5,000,000.00
3136F8ZD0	4018	FNMA	10,000,000.00	5.000	12/20/2012	12/20/2007	1,827	1,815	10,009,400.00		10,000,000.00	10,000,000.00
Federal Agency Coupon - Callables Totals			312,680,000.00				1,512	1,128	313,347,340.70	35,206.33	312,594,373.75	312,603,055.44
Investment Totals			894,939,000.00				776	516	895,260,106.19	253,051.02	892,395,067.10	893,807,276.88