



CITY OF LONG BEACH

DEPARTMENT OF FINANCIAL MANAGEMENT

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R-19

September 17, 2013

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Receive and file the Investment Report for Quarter Ending June 30, 2013. (Citywide)

DISCUSSION

The Department of Financial Management, City Treasurer's Office, invests the City's funds in compliance with the California Government Code, Section 53600 et. seq., and the City's Investment Policy. As of June 30, 2013, these funds had a book value of approximately \$1.367 billion.

Approximately \$700 million of the total investment pool, or approximately 51 percent of funds, will mature within six months, ensuring that sufficient funds are available to meet the City's liquidity needs.

Statutory Compliance

All investment transactions have been executed in conformance with the City's Investment Policy and the California Government Code. According to the California Government Code, the maturity term of all investments is limited to a maximum of five years, unless the local agency legislative body gives prior approval to exceed this limitation. The City's Investment Policy currently requires that all funds invested in the City's investment pool not exceed a weighted average maturity of three years. In addition, the Investment Advisory Committee, composed of the Assistant City Manager, the Deputy City Auditor, Assistant City Attorney, Director of Financial Management, City Treasurer, City Controller, Budget and Performance Management Bureau staff, and designated representatives from the Harbor and Water departments, meets monthly, or as needed, to review investment policies, strategies and performance.

Investment Pool Rating

Standard and Poor's Fund Credit Quality rating of the City's investment portfolio is AAf/S1. The AAf rating means the current investment holdings provide extremely strong protection against losses from credit defaults, while the S1 rating indicates a low sensitivity to market value changes from changes in interest rates or market conditions.

Overall Investment Pool Performance

The City Treasurer's Office invests in a variety of fixed-income securities that vary in maturity from one day to five years (excluding the Health Select Auction Variable Rate Securities loan) as authorized by the City's Investment Policy and the California Government Code. The City's adopted 2013 Investment Policy divides the City's investment portfolio into a short-term, intermediate-term and a long-term portfolio whose benchmarks are the Three-Month Treasury Bill, One-Year Constant Maturity Treasury (CMT) and the Merrill Lynch One-to-Five Year Treasury/Agency Index, respectively. All are market indices that change daily; therefore, actual returns can vary depending on book yields and security calls before the final maturity date. The weighted average book yield for the period was 0.26 percent (annualized). Book yield represents the return received on the total investment portfolio on an annualized basis.

On June 30, 2013, the City's investment pool market yield was 0.41 percent (annualized) with Weighted Average Maturity of 1.02 years. During the quarter, the short-term and intermediate-term benchmark indices were virtually unchanged from the previous quarter, while the long-term benchmark increased by 12 basis points. The following table summarizes the City's investment pool market yield and performance for the quarter ending June 30, 2013:

Investment Pool Performance – Quarter Ending June 30, 2013

Investment Portfolio Funds	Amount of Funds	Quarter End Values		
		Benchmark Return*	Market Yield*	Over/(Under) Benchmark
Short-Term Pool	\$ 533,845,835	0.03 percent	0.36 percent	0.33 percent
Intermediate-Term Pool	\$ 412,191,774	0.15 percent	0.40 percent	0.25 percent
Long-Term Pool	\$ 421,050,592	0.39 percent	0.48 percent	0.09 percent
Total Pool	\$ 1,367,088,200	0.18 percent	0.41 percent	0.23 percent

* Benchmark Return and Market Yield of Portfolio are at quarter end.

The investment pool consists of all City funds except certain bond and special assessment district proceeds. The non-pooled investments are invested separately in accordance with bond indenture provisions or other legal requirements. A complete listing of pooled investment balances, portfolio distribution and performance values can be found in Attachment A.

Unrealized Gains And Losses

Unrealized gains or losses are the difference between market value and book value, and result from changing investment values during the period they are held in the portfolio. Unrealized gains or losses are only recognized when the investment is sold prior to the maturity date. Since the City generally holds securities to maturity, unrealized gains or losses are rarely realized. As of June 30, 2013, market value of the total investment portfolio was \$1.3671 billion and book value was \$1.3673 billion, a difference of approximately \$(0.233) million (unrealized loss) that represents below market interest earnings. The difference is not expected to have a significant impact in the current interest rate environment.

Quarterly Investment Activity

Over \$136.1 million in new short-term investment transactions were executed. The weighted average book yield of the total transactions was 0.21 percent (annualized). There were no sales of securities in the short-term portfolio during the quarter.

Over \$86.6 million in new intermediate-term investment transactions were executed. The weighted average book yield of the total transactions was 0.47 percent (annualized). There were no sales of securities in the intermediate-term portfolio during the quarter.

Over \$29.1 million in new long-term investment transactions were approved and executed. The weighted average book yield of the total transactions was 1.04 percent (annualized). There were \$17.0 million in sales in the long-term portfolio during the quarter. The City's Investment Advisor, Chandler Asset Management, manages the long-term portfolio through activity pre-approved by the City Treasurer or a designated representative before executing trades.

As of June 30, 2013, the City's investment in the State Treasurer's Local Agency Investment Fund (LAIF) pool was approximately \$120.2 million.

Investment Strategies

The City has investment strategies in place for the various portfolios. The short-term portfolio maintains sufficient liquidity within a rolling 12-month period to satisfy the City's cash needs. The intermediate-term portfolio maintains a weighted maturity of one year and provides cash needs for maturities greater than six months. Given the historically low interest rates, the Investment Advisory Committee recommended temporarily benchmarking the long-term portfolio to the One-Three Year Treasury/Agency Index. This new benchmark is reflected in the table on page two.

Cash Management Goals

The City's cash management goals are to maintain and preserve the safety of funds in custody and provide adequate liquidity for anticipated expenditure needs.

This matter was reviewed by Acting City Attorney Charles Parkin on July 8, 2013 and by Budget Management Officer Victoria Bell on July 17, 2013.

TIMING CONSIDERATIONS

This item is not time critical.

FISCAL IMPACT

There is no fiscal impact or local job impact associated with this recommendation.

HONORABLE MAYOR AND CITY COUNCIL
September 17, 2013
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SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



JOHN GROSS
DIRECTOR OF FINANCIAL MANAGEMENT

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ATTACHMENT A – INVESTMENT PORTFOLIO AS OF JUNE 30, 2013

APPROVED:



PATRICK H. WEST
CITY MANAGER

ATTACHMENT A
CITY OF LONG BEACH
INVESTMENT PORTFOLIO
As of June 30, 2013

INVEST. NO.	SECURITY DESCRIPTION	CUSIP	S&P	PAR VALUE	BOOK VALUE	MARKET VALUE	ACCRUED INTEREST	MATURITY DATE	MARKET YIELD
	UNION BANK N.A.			162,422,719	162,422,719	162,422,719	0	07/01/13	0.60
	BANK OF AMERICA			27,102,471	27,102,471	27,102,471	0	07/01/13	0.35
	LOCAL AGENCY INVESTMENT FUND			120,284,808	120,284,808	120,284,808	56,628	07/01/13	0.20
	TOTAL CASH AND EQUIVALENTS			309,809,998	309,809,998	309,809,998	56,628	1	0.42
14605	FEDERAL HOME LOAN BANK	31381T54	AA+	10,000,000	10,000,021	10,000,000	6,211	07/09/13	0.13
14633	FED. HOME LOAN MTG. ASSOC.	31397JH5	AA+	10,000,000	9,999,300	9,999,900	0	07/19/13	0.02
14691	FEDERAL HOME LOAN BANK	31385JN7	AA+	15,000,000	14,999,569	14,999,713	0	07/24/13	0.03
14384	U.S. TREASURY NOTE	912828QW3	AA+	10,000,000	10,001,478	10,002,300	15,642	07/31/13	0.11
14602	U.S. TREASURY NOTE	912828QW3	AA+	10,000,000	10,002,058	10,002,300	15,642	07/31/13	0.11
14609	FEDERAL NATIONAL MTG. ASSOC.	31398AX31	AA+	11,877,000	11,895,009	11,894,459	54,024	08/20/13	0.19
14600	FED. HOME LOAN MTG. ASSOC.	3137EABS7	AA+	10,000,000	10,094,302	10,095,600	107,708	09/27/13	0.17
14692	U.S. TREASURY BILL	912796BG3	AA+	7,000,000	6,998,770	6,998,830	0	10/24/13	0.05
14587	FED. HOME LOAN MTG. ASSOC.	3137EACX5	AA+	10,000,000	10,005,870	10,007,400	6,354	10/30/13	0.15
14612	FEDERAL HOME LOAN BANK	31381VQ5	AA+	10,000,000	9,999,074	10,000,000	5,639	11/06/13	0.14
14695	FED. HOME LOAN MTG. ASSOC.	313397PU9	AA+	10,000,000	9,996,275	9,997,100	0	11/27/13	0.07
14588	U.S. TREASURY NOTE	912828RS1	AA+	7,000,000	7,001,445	7,004,130	1,482	11/30/13	0.11
14694	FEDERAL NATIONAL MTG. ASSOC.	313589RQ8	AA+	10,000,000	9,994,639	9,994,600	0	01/10/14	0.10
14698	FED. HOME LOAN MTG. ASSOC.	3134A4UM4	AA+	11,100,000	11,361,674	11,356,965	230,325	01/15/14	0.22
14696	FED. HOME LOAN MTG. ASSOC.	313397SB8	AA+	10,000,000	9,993,767	9,994,300	0	01/21/14	0.10
14693	FEDERAL NATIONAL MTG. ASSOC.	313589SE4	AA+	10,000,000	9,994,250	9,994,200	0	01/24/14	0.10
14697	FEDERAL HOME LOAN BANK	313383LH2	AA+	10,000,000	9,995,084	9,990,200	451	06/18/14	0.23
14660	FED. HOME LOAN MTG. ASSOC.	3134G3Y61	AA+	10,000,000	10,007,275	10,002,700	2,188	12/10/14	0.36
14592	FED. HOME LOAN MTG. ASSOC.	3134G3Y20	AA+	7,000,000	7,001,561	6,980,470	3,306	11/27/15	0.62
14680	FEDERAL NATIONAL MTG. ASSOC.	3135G0UF8	AA+	3,000,000	3,002,575	2,987,220	6,333	01/29/16	0.67
14647	FEDERAL NATIONAL MTG. ASSOC.	3135G0UQ4	AA+	10,000,000	10,004,533	9,950,500	19,500	03/04/16	0.79
14678	FEDERAL NATIONAL MTG. ASSOC.	3135G0WF6	AA+	7,000,000	7,005,087	6,951,560	7,443	04/25/16	0.83
14687	FEDERAL NATIONAL MTG. ASSOC.	3135G0YA5	AA+	7,000,000	7,000,000	6,936,510	1,750	12/19/16	1.02
14688	FEDERAL NATIONAL MTG. ASSOC.	3136G0RP8	AA+	8,000,000	8,003,464	7,894,880	30,139	07/26/17	1.21
	SHORT-TERM PORTFOLIO			223,977,000	224,357,080	224,035,837	514,138	271	0.27
	TOTAL CASH AND SHORT - TERM PORTFOLIO			533,786,998	534,167,078	533,845,835	570,766	114	0.36

ATTACHMENT A
CITY OF LONG BEACH
INVESTMENT PORTFOLIO
As of June 30, 2013

INVEST. NO.	SECURITY DESCRIPTION	CUSIP	S&P	PAR VALUE	BOOK VALUE	MARKET VALUE	ACCRUED INTEREST	MATURITY DATE	MARKET YIELD
14377	U.S. TREASURY NOTE	912828NN6	AA+	10,000,000	10,003,017	10,003,500	46,133	07/15/13	0.15
14572	FEDERAL NATIONAL MTG. ASSOC.	3135G0BR3	AA+	10,000,000	10,003,134	10,003,800	19,722	08/09/13	0.15
14482	U.S. TREASURY NOTE	912828NU0	AA+	10,000,000	10,006,278	10,008,200	28,177	08/15/13	0.10
14439	FEDERAL HOME LOAN BANK	313376XY6	AA+	8,000,000	7,999,307	8,000,720	6,113	08/20/13	0.15
14483	U.S. TREASURY NOTE	912828NY2	AA+	10,000,000	10,010,269	10,013,700	22,011	09/15/13	0.09
14467	U.S. TREASURY NOTE	912828NY2	AA+	12,000,000	12,012,272	12,016,440	26,413	09/15/13	0.09
14383	U.S. TREASURY NOTE	912828RK8	AA+	7,000,000	6,998,627	7,000,560	2,199	09/30/13	0.09
14489	U.S. TREASURY NOTE	912828RK8	AA+	10,000,000	9,996,633	10,000,800	3,142	09/30/13	0.09
14548	U.S. TREASURY NOTE	912828JM3	AA+	10,000,000	10,072,731	10,075,000	78,552	09/30/13	0.14
14433	FED. HOME LOAN MTG. ASSOC.	3134G2U42	AA+	7,000,000	7,001,354	7,004,760	5,542	10/15/13	0.14
14436	FED. HOME LOAN MTG. ASSOC.	3134G23H3	AA+	8,000,000	8,004,862	8,008,320	8,444	10/15/13	0.14
14455	FEDERAL HOME LOAN BANK	3133XSAE8	AA+	8,000,000	8,079,546	8,082,320	58,806	10/18/13	0.19
14573	FEDERAL HOME LOAN BANK	3133793Y3	AA+	10,000,000	10,002,895	10,003,000	6,083	10/18/13	0.20
14437	FED. HOME LOAN MTG. ASSOC.	3137EACX5	AA+	7,000,000	7,002,098	7,005,180	4,448	10/30/13	0.15
14550	U.S. TREASURY NOTE	912828RN2	AA+	10,000,000	10,001,251	10,005,100	4,212	10/31/13	0.10
14574	U.S. TREASURY NOTE	912828JQ4	AA+	10,000,000	10,085,005	10,087,900	46,332	10/31/13	0.12
14585	FEDERAL HOME LOAN BANK	313379FB0	AA+	10,000,000	10,002,846	10,005,500	3,786	11/14/13	0.14
14491	U.S. TREASURY NOTE	912828BR0	AA+	7,000,000	7,103,692	7,107,450	37,996	11/15/13	0.15
14486	U.S. TREASURY NOTE	912828PU8	AA+	10,000,000	10,008,006	10,014,400	6,386	11/15/13	0.12
14477	U.S. TREASURY NOTE	912828PU8	AA+	22,000,000	22,021,040	22,031,680	14,049	11/15/13	0.12
14549	U.S. TREASURY NOTE	912828RS1	AA+	8,000,000	8,001,105	8,004,720	1,694	11/30/13	0.11
14551	U.S. TREASURY NOTE	912828JT8	AA+	10,000,000	10,074,357	10,078,100	16,940	11/30/13	0.13
14606	FEDERAL HOME LOAN BANK	3133796L8	AA+	4,200,000	4,201,909	4,202,646	947	12/03/13	0.14
14590	U.S. TREASURY NOTE	912828RW2	AA+	10,000,000	9,995,587	10,000,000	34	12/31/13	0.13
14611	U.S. TREASURY NOTE	912828PQ7	AA+	10,000,000	10,045,497	10,047,300	46,133	01/15/14	0.13
14589	U.S. TREASURY NOTE	912828SB7	AA+	7,000,000	7,001,476	7,005,180	7,300	01/31/14	0.12
14591	FEDERAL NATIONAL MTG. ASSOC.	3135G0AP8	AA+	6,930,000	6,976,231	6,982,183	29,838	02/27/14	0.11
14446	FEDERAL HOME LOAN BANK	3133XWVKV0	AA+	6,000,000	6,086,072	6,091,140	42,354	03/14/14	0.22
14528	FEDERAL HOME LOAN BANK	313380A64	AA+	5,000,000	5,000,000	5,001,150	6,233	08/15/14	0.31
14512	FEDERAL HOME LOAN BANK	313380A64	AA+	7,000,000	6,999,572	7,001,610	8,727	08/15/14	0.31
14519	FEDERAL NATIONAL MTG. ASSOC.	3135G0CU5	AA+	3,445,000	3,446,830	3,447,859	6,519	09/12/14	0.56
14578	FED. HOME LOAN MTG. ASSOC.	3134G3W71	AA+	8,000,000	8,000,000	8,000,080	2,722	11/26/14	0.35
14536	FEDERAL NATIONAL MTG. ASSOC.	3135G0PE7	AA+	7,000,000	6,999,183	6,996,010	7,000	03/25/15	0.41
14656	U.S. TREASURY NOTE(Pledged to Consent Agreement)	912828NL0	AA+	3,500,000	3,613,389	3,605,000	178	06/30/15	0.37
14566	FED. HOME LOAN MTG. ASSOC.	3134G3P20	AA+	5,000,000	5,000,424	4,995,350	5,694	10/09/15	0.54
14635	FEDERAL NATIONAL MTG. ASSOC.	3135G0PR8	AA+	7,000,000	7,007,089	6,987,050	7,653	10/09/15	0.56
14661	FEDERAL NATIONAL MTG. ASSOC.	3135G0WH2	AA+	10,000,000	10,000,000	9,959,200	6,458	10/29/15	0.55
14642	FEDERAL NATIONAL MTG. ASSOC.	3135G0TX1	AA+	8,000,000	8,003,291	8,004,000	25,000	02/01/16	0.73
14651	FED. HOME LOAN MTG. ASSOC.	3134G3MK3	AA+	4,500,000	4,522,252	4,514,220	15,875	02/24/16	0.88

ATTACHMENT A
CITY OF LONG BEACH
INVESTMENT PORTFOLIO
As of June 30, 2013

INVEST. NO.	SECURITY DESCRIPTION	CUSIP	S&P	PAR VALUE	BOOK VALUE	MARKET VALUE	ACCRUED INTEREST	MATURITY DATE	MARKET YIELD
14679	FEDERAL NATIONAL MTG. ASSOC.	3135G0VR1	AA+	6,000,000	6,007,677	5,969,820	7,750	03/28/16	0.69
14675	FEDERAL NATIONAL MTG. ASSOC.	3135G0XC2	AA+	7,000,000	7,000,000	6,917,960	3,792	08/22/16	0.88
14686	FEDERAL NATIONAL MTG. ASSOC.	3135G0XR9	AA+	7,000,000	7,000,000	6,931,680	2,674	09/06/16	0.86
14690	FEDERAL NATIONAL MTG. ASSOC.	3135G0XR9	AA+	7,000,000	6,979,449	6,931,680	2,674	09/06/16	0.86
14643	FEDERAL HOME LOAN BANK	313382HZ9	AA+	10,000,000	10,000,000	9,921,800	15,644	10/03/16	0.88
14648	FED. HOME LOAN MTG. ASSOC.	3134G3ND8	AA+	9,640,000	9,683,248	9,641,350	34,008	11/24/16	1.00
14471	FEDERAL NATIONAL MTG. ASSOC.	3136G0MR9	AA+	4,770,000	4,770,000	4,752,876	1,487	12/20/16	1.13
14676	FEDERAL NATIONAL MTG. ASSOC.	3135G0VM2	AA+	8,000,000	8,014,951	7,885,040	17,833	03/14/17	1.15
14689	FEDERAL NATIONAL MTG. ASSOC.	3135G0XE8	AA+	4,000,000	3,975,490	3,924,920	3,033	05/22/17	1.19
14640	FED. HOME LOAN MTG. ASSOC.	3134G3XQ8	AA+	12,000,000	12,054,418	12,049,920	8,250	06/20/17	2.14
14681	FED. HOME LOAN MTG. ASSOC.	3134G3ZH6	AA+	10,000,000	10,058,431	9,863,600	43,333	07/25/17	1.35
	INTERMEDIATE TERM PORTFOLIO			411,985,000	412,932,793	412,191,774	806,323	400	0.40
INVEST. NO.	SECURITY DESCRIPTION	CUSIP	S&P	PAR VALUE	BOOK VALUE	MARKET VALUE	ACCRUED INTEREST	MATURITY DATE	MARKET YIELD
14250	WFC Advantage Govt Money Mkt	VP4560000	AA+	214,553	214,553	214,553	106	07/01/13	0.10
14142	FED. HOME LOAN MTG. ASSOC.	3137EAB57	AA+	9,650,000	9,718,058	9,742,254	103,939	09/27/13	0.17
14037	FED FARM CREDIT BANK	31331GCS6	AA+	9,350,000	9,422,415	9,443,033	83,533	10/07/13	0.18
13992	FEDERAL HOME LOAN BANK	3133XSAE8	AA+	9,500,000	9,562,543	9,597,755	69,832	10/18/13	0.19
14013	U.S. TREASURY NOTE	912828JT8	AA+	11,000,000	11,050,809	11,058,910	18,634	11/30/13	0.13
14143	FED NAT MORTG ASSOC	31398A5W8	AA+	10,500,000	10,475,920	10,530,765	2,844	12/18/13	0.12
14127	FED. HOME LOAN MTG. ASSOC.	3137EABX6	AA+	9,965,000	10,015,461	10,087,071	120,410	01/07/14	0.14
14128	FED NAT MORTG ASSOC	31398AVD1	AA+	10,000,000	10,069,478	10,155,400	111,528	02/05/14	0.15
14613	U.S. TREASURY NOTE	912828PZ7	AA+	10,500,000	10,578,333	10,581,165	38,519	03/15/14	0.16
14168	FED FARM CREDIT BANK	31331GTJ8	AA+	10,000,000	10,100,458	10,191,100	53,229	04/17/14	0.22
14056	FED. HOME LOAN MTG. ASSOC.	3137EACB3	AA+	10,000,000	10,125,821	10,187,300	47,222	04/23/14	0.20
14235	U.S. TREASURY NOTE	912828QM5	AA+	10,500,000	10,532,618	10,574,235	13,410	05/15/14	0.19
14255	FED HOME LOAN BANK	313373JR4	AA+	9,900,000	9,954,830	10,003,653	12,478	05/28/14	0.22
14624	U.S. TREASURY NOTE	912828QS2	AA+	7,325,000	7,362,752	7,363,603	2,402	06/15/14	0.20
14173	FED. HOME LOAN MTG. ASSOC.	3137EACD9	AA+	9,950,000	10,108,366	10,238,650	126,863	07/28/14	0.30
14311	FED. HOME LOAN MTG. ASSOC.	3134G2UA8	AA+	10,000,000	10,026,119	10,082,100	36,389	08/20/14	0.28
14254	FED NAT MORTG ASSOC	31398AYY2	AA+	9,325,000	9,553,583	9,637,854	81,594	09/16/14	0.22
14355	U.S. TREASURY NOTE	912828RL6	AA+	10,200,000	10,219,235	10,236,618	10,730	10/15/14	0.22
14213	FED FARM CREDIT BANK	31331KHW3	AA+	10,700,000	10,738,188	10,893,670	19,802	11/19/14	0.32
14625	U.S. TREASURY NOTE	912828RV4	AA+	2,950,000	2,949,730	2,950,679	322	12/15/14	0.23
14622	U.S. TREASURY NOTE	912828RV4	AA+	4,500,000	4,499,732	4,501,035	492	12/15/14	0.23
14283	U.S. TREASURY NOTE	912828MH0	AA+	11,000,000	11,304,991	11,342,430	103,239	01/31/15	0.28

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CITY OF LONG BEACH
INVESTMENT PORTFOLIO
As of June 30, 2013

INVEST. NO.	SECURITY DESCRIPTION	CUSIP	S&P	PAR VALUE	BOOK VALUE	MARKET VALUE	ACCRUED INTEREST	MATURITY DATE	MARKET YIELD
14340	FED HOME LOAN BANK	3133XWX95	AA+	1,000,000	1,032,371	1,040,690	8,250	03/13/15	0.35
14662	FEDERAL HOME LOAN BANK	3133XWX95	AA+	1,150,000	1,198,694	1,196,794	9,488	03/13/15	0.35
14169	FED HOME LOAN BANK	3133XWX95	AA+	5,000,000	5,075,812	5,203,450	41,250	03/13/15	0.35
14401	FEDERAL HOME LOAN BANK	313376ZQ1	AA+	10,500,000	10,458,598	10,504,935	11,813	03/13/15	0.35
14596	U.S. TREASURY NOTE	912828SP6	AA+	10,550,000	10,567,461	10,559,495	8,323	04/15/15	0.32
14607	FED. HOME LOAN MTG. ASSOC.	3137EADD8	AA+	10,400,000	10,432,646	10,424,856	10,689	04/17/15	0.37
14300	FED NAT MORTG ASSOC	31398AU34	AA+	9,600,000	9,908,810	9,979,392	96,900	07/28/15	0.46
14310	U.S. TREASURY NOTE	912828NP1	AA+	9,950,000	10,157,198	10,231,386	72,632	07/31/15	0.39
14445	FEDERAL FARM CREDIT BANK	3133EADW5	AA+	10,900,000	10,887,122	10,878,527	22,148	08/17/15	0.64
14299	FED. HOME LOAN MTG. ASSOC.	3137EACM9	AA+	9,425,000	9,612,604	9,683,057	50,856	09/10/15	0.49
14387	FEDERAL NATIONAL MTG. ASSOC.	31398A4M1	AA+	10,225,000	10,411,810	10,478,478	30,000	10/26/15	0.55
14586	FEDERAL HOME LOAN BANK	313380L96	AA+	9,925,000	9,951,873	9,914,182	5,652	11/20/15	0.55
14594	FED. HOME LOAN MTG. ASSOC.	3134A4ZT4	AA+	9,000,000	9,994,017	9,944,190	192,375	01/19/16	0.60
14356	FED HOME LOAN BANK	3133XFGT7	AA+	8,700,000	9,684,200	9,790,980	142,885	03/11/16	0.68
14462	U.S. TREASURY NOTE	912828QA1	AA+	9,875,000	10,333,571	10,320,165	55,850	03/31/16	0.60
14542	FEDERAL NATIONAL MTG. ASSOC.	3135G0BA0	AA+	9,300,000	9,769,204	9,723,522	49,083	04/11/16	0.72
14494	FED. HOME LOAN MTG. ASSOC.	3137EACT4	AA+	9,490,000	10,003,597	9,965,259	22,407	05/27/16	0.76
14560	U.S. TREASURY NOTE	912828RF9	AA+	11,000,000	11,179,439	11,085,030	36,766	08/31/16	0.75
14416	FEDERAL NATIONAL MTG. ASSOC.	3135G0CM3	AA+	10,500,000	10,501,347	10,620,015	33,906	09/28/16	0.89
14523	FEDERAL HOME LOAN BANK	3133XHZK1	AA+	9,250,000	10,511,155	10,448,523	18,307	12/16/16	0.94
14668	FEDERAL FARM CREDIT BANK	3133ECKC7	AA+	8,500,000	8,509,970	8,346,660	14,119	03/28/17	1.14
14667	FEDERAL FARM CREDIT BANK	3133ECKV5	AA+	8,400,000	8,407,525	8,216,040	4,083	06/05/17	1.27
14644	FEDERAL HOME LOAN BANK	313379DD8	AA+	10,600,000	10,721,779	10,453,402	2,944	06/21/17	1.36
14701	FEDERAL NATIONAL MTG. ASSOC.	3135G0TG8	AA+	11,100,000	10,692,773	10,776,768	38,580	02/08/18	1.53
	LONG TERM PORTFOLIO			411,369,553	418,587,571	419,426,625	2,036,825	670	0.47
14352	Health Savors Loan	99999	AA+	1,623,966	1,623,966	1,623,966	704	2122	0.52
	TOTAL PORTFOLIO			1,358,765,517	1,367,311,408	1,367,088,200	3,414,618	373	0.41
	Estimated Gain/(Loss)					(223,208)			