



# Investment Policy

Fiscal Years 2013-14



*Orange County Sanitation District*

**We're here for you.**



# **ORANGE COUNTY SANITATION DISTRICT**

## **INVESTMENT POLICY STATEMENT**

**Proposed for  
Review and Approval  
By  
Administration Committee  
On  
July 10, 2013**

**And for Adoption  
By  
Board of Directors  
On  
July 24, 2013**

# CALIFORNIA MUNICIPAL TREASURERS ASSOCIATION

## *Investment Policy Certification*



# Orange County Sanitation District

The California Municipal Treasurers Association certifies that the investment policy of the Orange County Sanitation District complies with the current State statutes governing the investment practices of local government entities located within the State of California. This Policy shall be certified for the duration of one calendar year beginning December 12, 2012.



*Gius Tharani*

President

*December 11, 2012*

Date



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# ORANGE COUNTY SANITATION DISTRICT

## INVESTMENT POLICY STATEMENT

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### 1.0 **Policy:**

It is the policy of the Orange County Sanitation District (OCSD) to invest public funds in a manner which ensures the safety and preservation of capital while meeting reasonably anticipated operating expenditure needs, achieving a reasonable rate of return and conforming to all state and local statutes governing the investment of public funds.

1.1. This Investment Policy is set forth by OCSD for the following purposes:

1.1.1. To establish a clear understanding for the Board of Directors, OCSD management, responsible employees and third parties of the objectives, policies and guidelines for the investment of the OCSD's idle and surplus funds.

1.1.2. To offer guidance to investment staff and any external investment advisors on the investment of OCSD funds (see Appendix "A").

1.1.3. To establish a basis for evaluating investment results.

1.2. OCSD establishes investment policies which meet its current investment goals. OCSD shall review this policy annually, and may change its policies as its investment objectives change.

### 2.0 **Scope:**

This Investment Policy applies to all financial assets of OCSD; except for the proceeds of OCSD's capital projects financing program, which are invested in accordance with provisions of their specific bond indentures; and such other funds excluded by law or other Board-approved covenant or agreement.

These funds are accounted for by OCSD as Enterprise Funds as represented in OCSD's Comprehensive Annual Financial Report.

### 3.0 **Standard of Prudence:**

The standard of prudence to be used by OCSD internal staff, and any authorized investment advisor(s), shall be as described in Section 53600.3 of the California Government Code as follows: Except as provided in subdivision (a) of Section 27000.3, all governing bodies of local agencies or persons authorized to make investment decisions on behalf of those local agencies investing public funds

pursuant to this chapter are trustees and therefore fiduciaries subject to the **prudent investor** standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a **prudent person** acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law.

#### 4.0 **Investment Objectives:**

The primary objectives of OCSDs investment activities, in priority order, and as described in Section 53600.5 of the California Government Code, shall be:

- 4.1 **Safety:** The safety and preservation of principal is the foremost objective of the investment program of OCSD. Investments shall be selected in a manner that seeks to ensure the preservation of capital in OCSD's overall portfolio. This will be accomplished through a program of diversification, more fully described in Section 11.0, and maturity limitations, more fully described in Section 12.0, in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.
- 4.2 **Liquidity:** The investment program will be administered in a manner that will ensure that sufficient funds are available for OCSD to meet its reasonably anticipated operating expenditure needs.
- 4.3 **Return on Investments:** The OCSD investment portfolio will be structured and managed with the objective of achieving a rate of return throughout budgetary and economic cycles, commensurate with legal, safety, and liquidity considerations.

#### 5.0 **Delegation of Authority:**

- 5.1 Authority to manage OCSD's investment program is derived from the California Government Code Sections 53600 *et seq.* and Sections 53635 *et seq.* The Board of Directors hereby delegates management responsibility for the OCSD investment program to its Director of Finance and Administrative Services/Treasurer, who shall establish written procedures for the operation of the investment program, consistent with this Policy. The Controller/Assistant Treasurer shall be responsible for day-to-day administration, monitoring, and the development of written administrative procedures for the operation of the investment program, consistent with this Policy. The current treasury management procedures are presented in Appendix "B." No person may engage in an investment

transaction except as provided under the terms of this Policy and the procedures established by the Treasurer. The Treasurer shall be responsible for all transactions undertaken by OCSD internal staff, and shall establish a system of controls to regulate the activities of internal staff and external investment advisors engaged in accordance with Section 5.3.

5.2 The administrative procedures for the operation of OCSD's investment program will provide for, but not be limited to, the following:

5.2.1 Formats for monthly and quarterly reports to the Administration Committee, and the Board of Directors.

5.2.2 Compliance with generally accepted accounting principles of the Government Accounting Standards Board.

5.2.3 Establishment of benchmarks for performance measurement.

5.2.4 Establishment of a system of written internal controls.

5.2.5 Establishment of written procedures for competitive bids and offerings of securities that may be purchased or sold by internal OCSD staff.

5.2.6 Establishment of a Desk Procedures Manual for treasury operations and management.

5.3 The Board of Directors of OCSD may, in its discretion, engage the services of one or more registered investment advisors to assist in the management of OCSD's investment portfolio in a manner consistent with OCSD's objectives. Such external investment advisors, which shall be selected through a competitive process, shall be granted discretion to purchase and sell investment securities in accordance with this Investment Policy. Such advisors must be registered under the Investment Advisers Act of 1940, or be exempt from such registration.

## 6.0 **Ethics and Conflicts of Interest:**

6.1 Officers and employees of OCSD involved in the investment process shall refrain from personal business activities that could conflict with proper execution of OCSD's investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose to the General Manager any material financial interests in financial institutions that conduct business within OCSD's boundaries, and they shall further disclose any large personal financial/investment positions, the performance of which could be related to the performance of positions in OCSD's portfolio.

## 7.0 **Authorized Financial Dealers and Institutions:**

- 7.1 For investment transactions conducted by OCSD internal staff, the Treasurer will maintain a list of financial institutions authorized to provide investment services to OCSD, including "primary" or regional dealers that qualify under Securities and Exchange Commission Rule 15C3-1 (Uniform Net Capital rule), and Federal or State of California chartered banks. No public deposit shall be made except in a qualified public depository as established by State law.

All financial institutions which desire to become qualified bidders for investment transactions with OCSD must supply the following for evaluation by the Treasurer:

7.1.1. Audited financial statements for the institution's three (3) most recent fiscal years.

7.1.2. A statement, in the format prescribed by the Government Finance Officers Association (GFOA), certifying that the institution has reviewed OCSD's Investment Policy and that all securities offered to the Districts shall comply fully and in every instance with all provisions of the California Government Code and with this Investment Policy. The current statement is presented in Appendix "C."

7.1.3. A statement describing the regulatory status of the dealer, and the background and expertise of the dealer's representatives.

Selection of financial institutions, broker/dealers, and banks authorized to engage in transactions with OCSD shall be made through a competitive process. An annual review of the financial condition of qualified institutions will be conducted by the Treasurer.

- 7.2 Selection of broker/dealers used by external investment advisors retained by OCSD, shall be in compliance with contract provisions between OCSD and any external investment advisors, and shall be in substantially the following form:

Use of Securities Brokers: Neither the Investment Advisor nor any parent, subsidiary or related firm shall act as a securities broker with respect to any purchases or sales of securities which may be made on behalf of OCSD, provided that this limitation shall not prevent the Investment Advisor from utilizing the services of a securities broker which is a parent, subsidiary or related firm, provided such broker effects transactions on a "cost only" or "nonprofit" basis to itself and provides competitive execution. The Investment Advisor shall provide the Districts with a list of suitable independent brokerage firms (including names and addresses) meeting the requirements of Government Code Section 53601.5, and, unless otherwise directed by OCSD, the Investment Advisor may utilize the

service of any of such independent securities brokerage firms it deems appropriate to the extent that such firms are competitive with respect to price of services and execution.

## 8.0 **Authorized and Suitable Investments:**

All investments shall be made in accordance with the California Government Code including Sections 16429.1 *et seq.*, 53600 *et seq.*, and 53684, and as described within this Investment Policy. Permitted investments under this Policy shall include:

- 8.1 **Securities, obligations, participations, or other instruments of, or issued by, or fully guaranteed as to principal and interest by the US Government**, a federal agency, or a US Government-sponsored enterprise pursuant to Section 53601 (e) of the California Government Code. Investment in mortgage-backed bonds and CMOs is not governed by this Section 8.1, even if such bonds are issued by agencies of the US Government. See Section 8.2 for conditions of purchase of mortgage-backed securities. See Section 8.12 for conditions of purchase of CMOs.
  - 8.2 **Mortgage-backed securities** issued by an agency of the US Government, which are backed by pools of mortgages guaranteed by the full faith and credit of the U.S. Government, or an agency thereof. Purchase of mortgage derivatives, which include interest-only payments (IOs) and principal-only payments (POs); inverse floaters, and RE-REMICs (Real Estate Mortgage Investment Conduits), is hereby prohibited.
  - 8.3 **Commercial paper** of "prime" quality and rated "P1" by Moody's Investor Services (Moody's), *and* rated "A1" by Standard & Poor's Corporation (S&P), and issued by a domestic corporation organized and operating in the United States with assets in excess of \$500 million and having a rating of "A" or better on its long-term debt as provided by Moody's or S&P. Purchases of eligible commercial paper may not exceed 270 days to maturity from the date of purchase. Purchases of commercial paper shall not exceed 15% of the market value of the portfolio, except that a maximum of 25% of the market value of the portfolio may be invested in commercial paper, so long as the average maturity of all commercial paper in the portfolio does not exceed 31 days. No more than 5% of the market value of the portfolio, or 10% of the issuer's outstanding paper, may be invested in commercial paper issued by any one (1) eligible corporation.
  - 8.4 **Banker's acceptances** issued by institutions, the short-term obligations of which are rated a minimum of "P1" by Moody's, or "A1" by S&P provided that: (a) the acceptance is eligible for purchase by the Federal Reserve System; (b) the maturity does not exceed 180 days; (c) no more than 40% of the total portfolio may be invested in banker's acceptances; and (d) no more than 30% of the total portfolio may be invested in the banker's acceptances of any one (1) commercial bank.
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- 8.5 **Medium term (or corporate) notes** of a maximum of five (5) years maturity issued by corporations organized and operating within the United States, or issued by depository institutions licensed by the United States, or any state, and operating within the United States with assets in excess of \$500 million, and which is rated in a rating category of "A" or better on its long-term debt as provided by Moody's or S&P. Notes eligible for investment under this section shall be rated at least "A3" or better by Moody's, or "A" or better by S&P. If, at the time of purchase, an eligible note is rated in a rating category of "A" or better by only one rating agency, the note shall also be rated at least "BBB" by the other rating agency. If, after purchase, the rating of an eligible note in a rating category of "A" or better, is downgraded to "BBB," the external investment advisor shall notify the District of the downgrade, and shall present an analysis and recommendations as to the disposition of the note consistent with the investment objectives of this Investment Policy. The above restrictions pertain to the "direct issuer" and do not extend to the parent corporation of the direct issuer. No more than 35% of the portfolio may be invested in both medium term notes, as described here in 8.5, and notes, bonds, or other obligations, as described in 8.6.
- 8.6 **Notes, bonds, or other obligations** that are at all times secured by a valid first priority security interest in securities of the types listed by California Government Code Section 53651 as eligible securities for the purpose of securing local agency deposits having a market value at least equal to that required by California Government Code Section 53652 for the purpose of securing local agency deposits. The securities serving as collateral shall be placed by delivery or book entry into the custody of a trust company or the trust department of a bank that is not affiliated with the issuer of the secured obligation, and the security interest shall be perfected in accordance with the requirements of the Uniform Commercial Code or federal regulations applicable to the types of securities in which the security interest is granted. No more than 35% of the portfolio may be invested in securities described in 8.5 and 8.6.
- 8.7 **Shares of mutual funds** investing in securities permitted under this policy and under Section 53601 (k) of the California Government Code. Such funds must either: (1) attain the highest ranking, or the highest letter and numerical rating, provided by not less than two of the three largest nationally recognized rating services; or (2) have an Investment Advisor registered with the Securities and Exchange Commission with not less than five (5) years of experience investing in the securities and obligations authorized under this Policy and under California Government Code Section 53601, and with assets under management in excess of \$500 million. The purchase price of shares of beneficial interest purchased pursuant to this policy, and the California Government Code may not include any commission that the companies may charge, and shall not exceed 15% of the District's surplus money that may be invested pursuant

to this section. However, no more than 10% of the District's surplus funds may be invested in shares of beneficial interest of any one (1) mutual fund pursuant to this section.

## 8.8 **Certificates of deposit:**

8.8.1 **Secured (collateralized) time deposits** issued by a nationally or state-chartered bank or state or federal savings and loan association, as defined by Section 5102 of the California Financial Code, and having a net operating profit in the two (2) most recently completed fiscal years. Collateral must comply with Chapter 4, Bank Deposit Law, Section 16500 *et seq.*, and Chapter 4.5, Savings and Loan Association and Credit Union Deposit Law, Section 16600 *et seq.*, of the California Government Code.

8.8.2 **Negotiable certificates of deposit (NCDs)** issued by a nationally or state-chartered bank or state of federal savings and loan association, as defined by Section 5102 of the California Financial Code; *and* which shall have a rating of "A" or better on its long-term debt as provided by Moody's or S&P; or which shall have the following minimum short-term ratings by at least two (2) rating services: "P1" for deposits by Moody's, "A1" for deposits by S&P, or comparably rated by a nationally recognized rating agency which rates such securities; or as otherwise approved by the District's Board of Directors.

8.8.3 To be eligible to receive local agency money, a bank, savings association, federal association, or federally insured individual loan company shall have received an overall rating of not less than "satisfactory" in its most recent evaluation by the appropriate federal financial supervisory agency of its record of meeting the credit needs of California's communities, including low and moderate income neighborhoods, pursuant to Section 2906 of Title 12 of the United States Code.

8.9 **Taxable or tax-exempt municipal bonds** issued by any of the 50 United States. Such securities must be rated "A3" or higher by Moody's, or "A-" or higher by S&P; or as otherwise approved by the Districts' Board of Directors.

8.10 **The State of California Local Agency Investment Fund (LAIF).** The LAIF is an investment alternative for California's local governments and special districts managed by the State Treasurer's Office. LAIF is more fully described in the Glossary (See Appendix "H.") The District shall use LAIF as a short-term cash management facility. Investment of District funds in LAIF shall be subject to investigation and due diligence prior to investing, and on a continual basis to a level of review pursuant to Section 3.0, Standard of Prudence, of this Policy. See Appendix "D" for investment pool questionnaire.

- 8.11 **The Orange County Treasurer's Money Market Commingled Investment Pool (OCCIP).** The OCCIP is a money market investment pool managed by the Orange County Treasurer's Office. OCCIP is more fully described in the Glossary. (See Appendix "H.") The District has no funds invested in OCCIP at this time. Investment of District funds in OCCIP would be subject to investigation and due diligence prior to investing, and on a continual basis to a level of review pursuant to Section 3.0, Standard of Prudence, of this Policy.
- 8.12 **Collateralized mortgage obligations (CMOs)** issued by agencies of the US Government which are backed by pools of mortgages guaranteed by the full faith and credit of the U.S. Government, or an agency thereof, and asset-backed securities rated "Aaa" by Moody's and "AAA" by S&P. Selection of mortgage derivatives, which include interest-only payments (IOs) and principal-only payments (POs); inverse floaters, and RE-REMICs (Real Estate Mortgage Investment Conduits), is hereby prohibited. Securities eligible for purchase under this Section 8.11 shall be issued by an issuer having a rating on its unsecured long-term debt of "A" or higher. Combined purchases of mortgage-backed securities, CMOs and asset-backed securities as authorized under within Section 8.0, may not exceed 20% of the total Long-Term Operating Monies portfolio.
- 8.13 **Repurchase agreements** provided that:
- 8.13.1 All repurchase agreements shall be collateralized with securities eligible for purchase under this Policy. In order to anticipate market changes and to provide a level of security for all repurchase agreement transactions, collateralization shall be maintained at a level of at least 102% of the market value of the repurchase agreements, and shall be adjusted no less than weekly.
- 8.13.2 All repurchase agreements must be the subject of a Master Repurchase Agreement between OCSD and the provider of the repurchase agreement. The Master Repurchase Agreement shall be substantially in the form developed by The Bond Market Association.
- 8.14 **Reverse repurchase agreements** provided that:
- 8.14.1 No more than five percent (5%) of OCSD's portfolio shall be invested in reverse repurchase agreements, and there shall be no long-term reverse repurchase agreements unless otherwise authorized by the Districts' Board of Directors.
- 8.14.2 The maximum maturity of reverse repurchase agreements shall be ninety (90) days.
- 8.14.3 Reverse repurchase agreements shall mature on the exact date of a known cash flow which will be unconditionally available to repay the maturing reverse repurchase agreement.

8.14.4 Proceeds of reverse repurchase agreements shall be used solely to supplement portfolio income or to provide portfolio liquidity, and shall not be used to speculate on market movements.

8.14.5 All reverse repurchase agreements must be the subject of a Master Repurchase Agreement between OCSD and the provider of the reverse repurchase agreement. The Master Repurchase Agreement shall be substantially in the form developed by The Bond Market Association.

- 8.15 Sales of OCSD-owned securities in the secondary market may incur losses in order to improve the risk or return characteristics of the portfolio, to prevent anticipated further erosion of principal, or when trading for securities that result in an expected net economic gain to OCSD.
- 8.16 If securities owned by the OCSD are downgraded by either Moody's or S&P to a level below the quality required by this Investment Policy, it shall be OCSD's policy to review the credit situation and make a determination as to whether to sell or retain such securities in the portfolio. If a decision is made to retain the downgraded securities in the portfolio, their presence in the portfolio will be monitored and reported monthly to the OCSD General Manager, the Administration Committee and Board of Directors.

#### 9.0 **Collateralization:**

Generally, the value to secure deposits under this Policy shall comply with Section 53652 of the California Government Code. Collateralization will be required for secured time deposits, as more fully described in Section 8.8.1; and repurchase agreements, as more fully described in Section 8.13.1. Collateral will always be held by an independent third-party, as more fully described in Section 10.1. The right of collateral substitution is granted.

#### 10.0 **Safekeeping and Custody:**

- 10.1 All securities transactions, including collateral for repurchase agreements, entered into by, or on behalf of OCSD, shall be conducted on a **delivery-versus-payment (DVP)** basis. Securities will be held by OCSD's third-party custodian bank, which shall be selected through a competitive process, or that agent's representative, or in the agent's account at the Federal Reserve Bank, **or within clearing corporations in the U.S.**, and evidenced by book entry statements.

#### 11.0 **Diversification:**

OCSD will diversify its investments by security type, issuer, and financial institution in accordance with the following:

- 11.1 There is no limit on investment in securities issued by or guaranteed by the full faith and credit of the U.S. government.
- 11.2 No more than 20% of the portfolio may be invested in securities of a single agency of the U.S. government, which does not provide the full faith and credit of the U.S. government.
- 11.3 No more than 5% of the portfolio may be invested in securities of any one issuer, other than the U.S. government or its agencies. Investment in mutual funds is not governed by this Section 11.3. See Section 11.8 for conditions of purchase of mutual funds.
- 11.4 No individual holding shall constitute more than 5% of the total debt outstanding of any issuer.
- 11.5 No more than 40% of the portfolio may be invested in banker's acceptances.
- 11.6 No more than 15% of the portfolio may be invested in commercial paper, except that 25% of the portfolio may be so invested so long as the average maturity of all commercial paper in the portfolio does not exceed 31 days.
- 11.7 No more than 30% of the portfolio may be invested in medium-term (corporate) notes.
- 11.8 No more than 15% of the portfolio may be invested in mutual funds. However, no more than 10% of the District's portfolio may be invested in shares of beneficial interest of any one (1) mutual fund.
- 11.9 No more than 30% of the portfolio may be invested in negotiable certificates of deposit.
- 11.10 No more than 10% of the portfolio may be invested in eligible municipal bonds.
- 11.11 No more than 20% of the Long Term Operating Monies portfolio may be invested in a combination of mortgage-backed securities, CMOs and asset-backed securities. Mortgage-backed securities, CMOs and asset-backed securities may only be purchased by the Districts' external money managers, Pacific Investment Management Company (PIMCO), with prior Board approval (authorized by Board Minute Order, January 22, 1997), and may not be purchased by the District's staff.
- 11.12 No more than the lesser of 15% of the portfolio or the statutory maximum may be invested in LAIF.
- 11.13 No more than 15% of the portfolio may be invested in the Orange County Investment Pool.

11.14 No more than 20% of the portfolio may be invested in repurchase agreements.

11.15 No more than 5% of the portfolio may be invested in reverse repurchase agreements.

## 12.0 **Maximum Maturities:**

To the extent possible, OCSD will attempt to match its investments with reasonably anticipated cash flow requirements. The Treasurer shall develop a five-year cash flow forecast, which shall be updated quarterly. Based on this forecast, the Treasurer shall designate, from time-to-time, the amounts to be allocated to the investment portfolio. OCSD monies invested in accordance with this Policy are divided into two (2) categories:

12.1 **Liquid Operating Monies.** Funds needed for current operating and capital expenditures are known as Liquid Operating Monies.

12.1.1 The maximum final stated maturity of individual securities in the Liquid Operating Monies account portfolio shall be one (1) year from the date of purchase.

12.1.2 The average duration of the Liquid Operating Monies account portfolio shall be recommended by the Treasurer based on the Districts' cash flow requirements, but may never exceed 180 days.

12.2 **Long Term Operating Monies.** Funds needed for longer term purposes are known as the Long Term Operating Monies.

12.2.1 Except for the purchase of securities by the District's external money manager, PIMCO, the maximum final stated maturity of individual securities in the Long Term Operating Monies account portfolio shall be five (5) years from the date of purchase. PIMCO may purchase any security that is permitted under Section 8.0 of this policy, including those which may have a stated maturity of more than five (5) years from the date of purchase when, in the opinion of PIMCO, such an investment meets the investment objectives of this portfolio and the duration requirements are met below.

12.2.2 The duration of the Long Term Operating Monies account portfolio shall be recommended by the Treasurer based on the Districts' five-year cash flow forecast, but may never exceed 60 months.

12.2.3 The duration of the Long Term Operating Monies account portfolio shall never exceed 120% of the duration as established in accordance with Section 12.2.2.

12.2.4 The duration of the Long Term Operating Monies account portfolio shall never be less than 80% of the duration as established in accordance with Section 12.2.2

### 13.0 **Internal Control:**

13.1 The Treasurer shall establish an annual process of independent review by an external auditor. This review will provide internal control by assuring compliance with policies and procedures. The current treasury management procedures are presented in Appendix "B."

### 14.0 **Performance Objectives and Benchmarks:**

14.1 **Overall objective.** The investment portfolio of OCSD shall be designed with the overall objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with investment risk constraints and reasonably anticipated cash flow needs.

14.2 **The Liquid Operating Monies.** The investment performance objective for the Liquid Operating Monies shall be to earn a total rate of return over a market cycle which exceeds the return on a market index approved by the Administration Committee, and by the District's Board of Directors, when the duration of the portfolio is established. This market index is more fully described in Board Resolution No. OCSD-00-16 (see Appendix "E").

14.3 **The Long Term Operating Monies.** The investment performance objective for the Long Term Operating Monies shall be to earn a total rate of return over a market cycle which exceeds the return on a market index selected by the Administration Committee and approved by the Districts' Board of Directors, when the duration of the portfolio is established. This market index is more fully described in Board Resolution No. OCSD-00-16 (See Appendix "E").

### 15.0 **Reporting:**

15.1 Quarterly investment reports shall be submitted by the Treasurer to the Administration Committee which shall forward the reports to the District's Board of Directors. The quarterly reports shall be submitted to the Administration Committee within 30 days of the end of the month in accordance with California Government Code Sections 53607, 53646, and this Investment Policy. The quarterly reports shall provide clear and concise status information on the District's portfolios at the end of each reporting period, including performance measures using the benchmarks described in Section 14.0 of this Investment Policy. Sample quarterly reports are presented in Appendix "F." These reports shall contain listings of individual securities held at the end of each reporting period, and shall disclose, at a minimum, the following information about the risk characteristics of OCSD's portfolio:

15.1.1 Cost and accurate and complete market value of the portfolio.

15.1.2 Modified duration of the portfolio compared to Benchmark.

15.1.3 Dollar change in value of the portfolio for a one-percent (1%) change in interest rates.

15.1.4 Percent of portfolio invested in reverse repurchase agreements, and a schedule which matches the maturity of such reverse repurchase agreements with the cash flows which are available to repay them at maturity.

15.1.5 For the Liquid Operating Monies account only, the percent of portfolio maturing within 90 days.

15.1.6 Average portfolio credit quality.

15.1.7 Percent of portfolio with credit ratings below "A" by any rating agency, and a description of such securities.

15.1.8 State that all investments are in compliance with this policy and the California Government Code, or provide a listing of any transactions or holdings which do not comply with this policy or with the California Government Code.

15.1.9 Time-weighted total rate of return for the portfolio for the prior three months, twelve months, year to date, and since inception compared to the Benchmark returns for the same periods.

15.1.10 State that sufficient funds are available for OCSD to meet its operating expenditure requirements for the next six months, or if not, state the reasons for the shortfall.

15.2 OCSD's Treasurer shall meet quarterly with the Administration Committee to review investment performance, proposed strategies and compliance with this Investment Policy. External investment advisors may be required to attend said meetings at the discretion of the Chairman of the Administration Committee.

## 16.0 **Investment Policy Adoption and Revision:**

16.1 The Investment Policy of OCSD shall be reviewed by the Administration Committee and shall be adopted by resolution of the Board of Directors of OCSD. The Policy shall be reviewed on an annual basis in accordance with California Government Code Section 53646, and this Investment Policy, by the Administration Committee, which shall recommend revisions, as appropriate, to the Board of Directors. Any modifications made thereto shall be approved by the Board of Directors.

16.2 The Administration Committee shall serve as the oversight committee for the District's Investment program and shall adopt guidelines for the ongoing review of duration, quality and liquidity of the District's portfolio.



**APPENDIX "A"**  
**SUMMARY OF INVESTMENT AUTHORIZATION**  
**INTERNAL AND EXTERNAL MANAGERS**

**SHORT TERM OPERATING FUND**

<b>INVESTMENT</b>	<b>INTERNAL</b>	<b>EXTERNAL</b>
<b>U.S. Treasuries</b>	OK	OK
<b>Federal Agencies</b>	Fixed coupon, fixed mat.	OK
<b>Mortgage-backed</b>	NO	NO
<b>Commercial paper</b>	OK	OK
<b>Banker's Accept.</b>	OK	OK
<b>Medium Term Notes</b>	Fixed coupon, fixed mat.*	OK
<b>Mutual Funds</b>	Money Market Only**	Money Market Only
<b>Negotiable CDs</b>	Fixed coupon, fixed mat.*	OK
<b>Municipal Bonds</b>	OK*	NO
<b>LAIF</b>	OK	NO
<b>OCIP</b>	OK	NO
<b>CMOs</b>	NO	NO
<b>Asset-backed</b>	NO	NO
<b>Repurchase Agree.</b>	OK	OK
<b>Reverse Repos</b>	OK*	OK

**LONG TERM OPERATING PORTFOLIO**

<b>INVESTMENT</b>	<b>INTERNAL</b>	<b>EXTERNAL</b>
<b>U.S. Treasuries</b>	OK	OK
<b>Federal Agencies</b>	Fixed coupon, fixed mat.	OK
<b>Mortgage-backed</b>	NO	OK
<b>Mutual Funds</b>	Money Market Only**	OK
<b>Negotiable CDs</b>	Fixed coupon, fixed mat.*	OK
<b>Municipal Bonds</b>	OK*	OK
<b>LAIF</b>	OK	NO
<b>OCIP</b>	OK	NO
<b>CMOs</b>	NO	With Board Approval
<b>Asset-backed</b>	NO	With Board Approval
<b>Repurchase Agree.</b>	OK	OK
<b>Reverse Repos</b>	OK*	OK

\*With prior approval of the Administration Committee.

\*\*Using financial institutions approved by the Administration Committee.



Revised: June 1, 2013

## **Orange County Sanitation District Treasury Management Procedures**

### 1.0 Purpose

- 1.1 The purpose of this policy is to establish uniform guidelines and procedures for use in the administration of the District's Treasury functions consistent with the California Government Code and the District's adopted Investment Policy Statement.

### 2.0 Authority to Investment and/or Reinvestment of District Funds:

- 2.1 Is delegated annually to the Director of Finance/Treasurer in accordance with California Government Code Section 53607.

### 3.0 Formal Investment Policy Statement:

- 3.1 Is prepared by the Treasurer.
- 3.2 Is reviewed by the District's Administration Committee (ADM), in its role as the finance oversight committee.
- 3.3 Is submitted to and adopted by the District's Board of Directors annually at a public meeting in accordance with California Government Code Section 53646.

### 4.0 Delegation of some or all of the investment portfolio management to one or more registered investment advisors (external money managers):

- 4.1 Is authorized by the District's Investment Policy;
- 4.2 Applies to the District's entire investment portfolio except for:
  - 4.2.1 A maximum of \$50 million that is maintained within the State Local Agency Investment Fund (LAIF) for managing cash flows (i.e., deposits of large revenues, such as property tax and user fee proceeds, and the bi-weekly disbursements of payroll and accounts payable);
  - 4.2.2 A peg amount of approximately \$50,000 is maintained within the District's checking account at Union Bank to serve as compensating balances to offset banking charges (note: the District's Board of Directors has selected Union Bank to serve as the District's commercial bank (the "Bank"); and
  - 4.2.3 Based on a determination by the District's Treasurer on what is most advantageous to the District, the checking account residual amounts may be invested as follows:

- 4.2.3.1 Bank balances exceeding the peg balance (as a result of outstanding accounts payable and payroll warrants) may be invested overnight under a repurchase agreement with the Bank; or
- 4.2.3.2 The District may elect to receive earnings credit against bank charges on all bank balances including the peg amount equal to the 91 Day T-Bill Average.

5.0 Investment transactions involving the LAIF are approved by the Treasurer prior to their execution by the Controller. The approval function indicates that the transactions are in accordance with the District's Investment Policy. The Accounting Manager will serve as backup for the approval function upon the absence of any either of these two employees.

5.1 Specific Procedures involving LAIF include (note: all deposits and withdrawals of funds to/from LAIF may only be processed through the District's checking account with the Bank):

5.1.1 A "State Treasurer's Local Agency Investment Fund Authorization Form" (see Attachment "A") must be completed prior to the execution of the transaction indicating:

- 5.1.1.1 The effective date of the transaction;
- 5.1.1.2 The dollar amount to be withdrawn from or deposited into LAIF;
- 5.1.1.3 The date and signature approval by the Controller authorizing the transaction; and
- 5.1.1.4 The date and signature approval of the Treasurer approving the transaction.

5.1.2 The execution of the transaction will be done in accordance with the "State Treasurer's Local Agency Investment Fund Wire Transfer Instructions" (see Attachment "B"). Key internal control features include:

- 5.1.2.1 The requirement of the District's Personnel Identification Number (PIN) for either deposits or withdrawals, known only by the Treasurer and Controller.
- 5.1.2.2 Secondary confirmation requirement by the Bank for the withdrawals/deposits from/to the Bank or LAIF. The confirmation can be made by the Controller or Treasurer (the

person that didn't make the original request), the Accounting Manager, or the Principal Accountant.

5.1.3 Each transaction is confirmed the next day by the Bank's Previous Day Reporting modem service by the Principal Accountant and Controller.

6.0 Investment transactions involving the District's external investment program and performed by the independent investment firms are as follows:

6.1 The District's Board of Directors has selected Pacific Investment Management Company (PIMCO) to manage two portfolios: the Districts' Liquid Operating Monies Fund, and the Long-term Operating Monies Fund.

6.1.1 PIMCO has authorization to purchase and sell investment securities in accordance with the strict investment guidelines set forth in the District's Investment Policy (Section 8.0).

6.1.2 Hard copy confirmation reporting to the District is required on all transactions.

6.2 The District's Board of Directors has selected Mellon/Boston Trust (the "Custodian") to serve as the District's master custodian and safekeeping bank. In their capacity as Custodian, Mellon/Boston Trust shall perform the following duties to settle purchases and sales and engage in other transactions in the administration of the District's accounts:

6.2.1 Upon execution of any transaction by PIMCO, all investment securities are recorded in book entry by the Custodian through either the Depository Trust Company or the Federal Reserve Bank;

6.2.2 Hold the property in safekeeping facilities of the Custodian or of other custodian banks or clearing corporations in the U.S.;

6.2.3 Collect all income payable to and all distributions due to the District's account and sign on the District's behalf all declarations, affidavits, and certificates of ownership required to collect income and principal payments;

6.2.4 Collect all proceeds from securities, certificates of deposit or other investments which may mature or be called;

6.2.5 Submit or cause to be submitted to the District or the external monay manager, as designated by the District, on a best effort basis all information received by the Custodian regarding the ownership rights

pertaining to property held in the account;

6.2.6 Attend to involuntary corporation actions;

6.2.7 Determine the fair market value of the District's account on a monthly basis as of such dates as the Districts and the Custodian may agree upon, in accordance with methods consistently followed and uniformly applied;

6.2.8 Render to District, with copies to the external money manager, monthly statements for securities held hereunder; and

6.2.9 Provide the District with copies of the Custodian's financial statements filed with the State of California, or any agency thereof, within thirty (30) days after such filing.

6.3 The District's Board of Directors has selected Callan Associates as the District's Independent Investment Advisor (the "Advisor"). In their capacity as Advisor, Callan shall perform the following duties on behalf of the District:

6.3.1 Monitor and report on PIMCO's compliance with the investment requirements of the Districts' Investment Policy, using data from transaction reports prepared by Mellon/Boston Trust, on a quarterly basis;

6.3.2 Review PIMCO's investment strategy quarterly;

6.3.3 Monitor and report on the performance of PIMCO against the performance benchmark standards established in the District's Investment Policy for both the Liquid Operating Monies Fund and the Long-term Operating Monies Fund on a quarterly basis; and

6.3.4 Review both Liquid and Long-term Operating Funds by asset allocation, asset flow, quarterly factors and cumulative results on a quarterly basis.

6.4 Specific procedures in depositing to or withdrawing funds from the investment portfolio managed by the District's external money manger include: (note: all deposits and withdrawals of funds from the District's investment portfolio managed by PIMCO and Mellon/Boston Trust may only be processed through the District's checking account at the Bank):

6.4.1 A "Wire Transfer Form" (see Attachment "C") must be completed by the Controller prior to the execution of the transaction indicating:

6.4.1.1 The dollar amount to be withdrawn/deposited from/to the Bank

checking account to/from the PIMCO Liquid Operating or PIMCO Long-term Operating Monies Funds;

6.4.1.2 The effective date of the transaction;

6.4.1.3 The date and signature review by the Controller; and

6.4.1.4 The date and signature approval of the Treasurer approving the transaction.

6.4.2 The execution of the transaction requires a verbal confirmation call from the Custodian to the Controller at the time of the transaction, and a written confirmation the following day.

6.4.3 Each transaction is confirmed the next day by the Bank's Previous Day Reporting modem service by the Principal Accountant and Controller.

#### 7.0 Recording of investment transactions:

7.1 For investment transactions conducted by District staff with the LAIF, and with the transfer/withdrawal of funds with the Custodian:

7.1.1 Is done by the Controller who maintains a file of all investment transactions.

7.1.2 Is done within the accounting records by the Principal Accountant, who receives a signed copy of all investment transactions from the Controller.

7.2 For investment transactions conducted by the external money manager:

7.2.1 Is done by the Custodian who posts all investment transactions daily within their record keeping system and provides the District with a monthly report that provides both a summary and detail listing of all investment transactions.

7.2.2 Is done on a monthly basis by the Accounting Manager within the accounting records at a summary level using Monthly Transaction Reports prepared by the Custodian.

#### 8.0 Verification of external money manager transactions is performed by:

8.1 The Custodian within their record keeping system (i.e., matching broker confirmations to custodian records), and is reported to the District and PIMCO on a monthly basis.

- 8.2 PIMCO through their internal compliance office and reported monthly to the District as required by the District's Investment Policy.
  - 8.3 The Principal Accountant through reconciliation of PIMCO's monthly investment transaction report against the monthly transaction report provided by the Custodian.
- 9.0 Safeguarding of Assets and Records:
- 9.1 Reconciliation of investment records to the accounting records is done by the Principal Accountant, or in his absence, the Accounting Manager on a monthly basis.
  - 9.2 Reconciliation of investment records to bank statements is performed by the Principal Accountant (or in their absence, the Accounting Supervisor) within one week following the receipt of the bank statement.
  - 9.3 Review of financial condition, safety, liquidity, and potential yields of investment instruments and reputation and financial condition of investment brokers is done by the District's external money manager, who is authorized to utilize the services of independent securities brokerage firms as deemed appropriate, and which meets the requirements of Government Code Section 53601.5.
- 10.0 The periodic review of the investment portfolio, including investment types, purchase price, market values, maturity dates, and investment yields as well as conformance to the stated Investment Policy will be performed monthly by the Controller, quarterly by the Advisor, and annually by the District's external independent auditors.
- 11.0 The District's Finance, Human Resources and Administration Committee (FAHR) will serve as the Oversight Investment Advisory Committee to assist the Board of Directors in monitoring treasury management activities.
- 11.1 The District's Treasurer submits a Monthly Treasurer's Report to the FAHR which includes, but is not limited to: a listing of the security transactions for the month, the monthly interest earnings and rates of return, the market value and purchase price for each type of investment security, and the bank account balances at month end.
  - 11.2 The District's Treasurer submits a Quarterly Investment Program Performance Report which includes, but is not limited to, the following information:
    - 11.2.1 Quarterly interest earnings and rates of return;
    - 11.2.2 The market value of the portfolios;

11.2.3 The annualized earnings of the portfolios;

11.2.4 Market recap;

11.2.5 Comparisons with pre-determined benchmarks;

11.2.6 Market forecast; and

11.2.7 Proposed investment strategy for the upcoming quarter.

#### Internal Control Strengths

1. The specific responsibility for the performance of duties is assigned and lines of authority and reporting are clearly identified.
2. Responsibilities are commensurate with the capabilities of the personnel assigned.
3. Incompatible functions have been properly segregated to prevent errors or fraud.
4. All transactions are authorized by an appropriate responsible individual.
5. Safeguards over assets and records are in place to ensure that recorded assets exist and are properly recorded.
6. Management controls are in place to ensure that significant transactions are properly performed and recorded.

**Orange County Sanitation District**

**State Treasurer's Local Agency Investment Fund  
Transaction Authorization Form  
LAIF Account No. 70-30-006**

Effective Date of Transaction \_\_\_\_\_  
Confirmation Number \_\_\_\_\_  
LAIF Representative \_\_\_\_\_  
UBOC Representative \_\_\_\_\_

Wire transfer deposit from Union Bank of California  
Checking Account #2740013230 in the amount of \_\_\_\_\_

Wire transfer (withdrawal) to Union Bank of California  
Checking Account #2740013230 in the amount of \_\_\_\_\_

Wire transfer transaction authorized by:

Wire transfer transaction approved by:

\_\_\_\_\_  
Name

\_\_\_\_\_  
Name

\_\_\_\_\_  
Controller  
Position

\_\_\_\_\_  
Director of Finance/Treasurer  
Position

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

**State Treasurer's Local Agency Investment Fund  
Wiring Instructions Form**

Deposits or withdrawals that are to take place by the end of the banking day must be made between 7:30 a.m. and 9:30 a.m..

Deposits or withdrawals that are to take place on a future date can be made between 7:30 a.m. to 9:30 a.m. or 11:00 a.m. to 4:00 p.m. You must be sure to give the effective date of the future transaction.

**To Deposit Funds:**

- Step 1:
1. Call LAIF at (916)-653-3001, and let them know:
    - a. That you would like to make a wire transfer deposit.
    - b. The Districts LAIF account #70-30-006.
    - c. Your PIN number.
    - d. The dollar amount of deposit.
    - e. That the money will be coming from Union Bank Account No. 274-0013-230.

2. LAIF will give you a confirmation number.

- Step 2:
1. Call Union Bank of California at 1-800-798-6466, and let them know:
    - a. You're making a wire transfer from Account No. 274-0013-230.
    - b. The dollar amount of the wire transfer.
    - c. The transfer is going to the District's LAIF Account No. 70-30-006.
    - d. The LAIF account ABA number at Union Bank is 121000496.
  2. The confirmation number of this transaction (see Step 1, Item 2 above).

- Step 3:
1. Give the above information to the Principal Accountant who will confirm this transaction with Union Bank.

**To Withdraw Funds:**

- Step 1:
1. Call LAIF at (916)-653-3001, and let them know:
    - a. That you would like to make a wire transfer withdrawal.
    - b. The Districts LAIF account #70-30-006.
    - c. Your PIN number.
    - d. The dollar amount of withdrawal.
    - e. The Union Bank account receiving the funds is No. 274-0013-230.

2. LAIF will give you a confirmation number.

# FAX

**ATTACHMENT "C" (Deposit)**

**TO:** SEE DISTRIBUTION LIST **FAX NO.:** SEE DISTRIBUTION LIST  
**FROM:** Michael D. White, Controller **FAX NO.:** (714) 962-3954  
**DATE:** August 28, 2013 **TIME:** 8:30 a.m. - Pacific Time  
**SUBJECT:** RECEIPT AND INVESTMENT OF WIRE TRANSFER OF FUNDS IN THE AMOUNT OF \$XX MILLION, FRIDAY, DAY MONTH 2012  
**PAGES:** One (1) including this cover sheet.

*If you do not receive the number of pages indicated, please call Mike White at (714) 593-7570.*

**MESSAGE:**

On Friday, *Day Month* 2013, you will receive a wire transfer of funds in the exact sum of **\$XX million**, for immediate investment in the District's Liquid Operating Monies Portfolio, as follows:

**FROM:** Union Bank of California  
ABA No: 122-000-496  
Debit to: General Account  
Account No: 2740013230

**TO:** Boston Safe Deposit & Trust  
ABA No: 011001234  
Credit to: Mellon Trust/PIMCO-Liquid Operating Monies  
Account No: OCS F0751112  
DDA No. 10-811-1

**DATE:** Friday, *Day Month* 2013

**NOTE:** **WIRE TRANSFER MUST BE COMPLETED AND CONFIRMED NO LATER THAN 9:30 A.M. ON *Day Month* 2013.**

Please confirm completion of transfer with Mike White.

Wire transfer instructions reviewed by:

\_\_\_\_\_  
Michael White, Controller

\_\_\_\_\_  
Date

Wire transfer transaction approved by:

\_\_\_\_\_  
Lorenzo Tyner, Director of Administrative Services

\_\_\_\_\_  
Date

**DISTRIBUTION LIST**

____ Eric Sassone, Mellon/Boston Trust	617-382-9837
____ Maureen Schlegel/Jesus Salgado, Mellon/Boston Trust	617-382-2004
____ Christine Telish, PIMCO	949-720-7649
____ Julie Meggers, PIMCO	949-720-6184

# FAX

**ATTACHMENT "C" (Withdrawal)**

**TO:** SEE DISTRIBUTION LIST **FAX NO.:** SEE DISTRIBUTION LIST  
**FROM:** Michael D. White, Controller **FAX NO.:** (714) 962-3954  
**DATE:** August 28, 2013 **TIME:** 8:30 a.m. - Pacific Time  
**SUBJECT:** **WIRE TRANSFER WITHDRAWAL OF FUNDS IN THE AMOUNT OF \$XX MILLION, FRIDAY, DAY MONTH 2013**  
**PAGES:** One (1) including this cover sheet.

*If you do not receive the number of pages indicated, please call Mike White at (714) 593-7570.*

**MESSAGE:**

On Friday, *Day Month* 2013, you are instructed to wire transfer the exact sum of **\$XX million**, from the District's Liquid Operating Monies Portfolio to the District's general bank account with Union Bank of California, as follows:

**FROM:** Boston Safe Deposit & Trust  
 ABA No: 011001234  
 Credit to: Mellon Trust/PIMCO-Liquid Operating Monies  
 Account No: OCS F0751112  
 DDA No. 10-811-1

**TO:** Union Bank of California  
 ABA No: 122-000-496  
 Debit to: General Account  
 Account No: 2740013230

**DATE:** Friday, *Day Month* 2013

**NOTE:** **WIRE TRANSFER MUST BE COMPLETED AND CONFIRMED NO LATER THAN 9:30 A.M. ON *Day Month* 2013.**

Please confirm completion of transfer with Mike White.

Wire transfer instructions reviewed by:

\_\_\_\_\_  
Michael White, Controller

\_\_\_\_\_  
Date

Wire transfer transaction approved by:

\_\_\_\_\_  
Lorenzo Tyner, Director of Administrative Services

\_\_\_\_\_  
Date

**DISTRIBUTION LIST**

___ Eric Sassone, Mellon/Boston Trust	617-382-9837
___ Maureen Schlegel/Jesus Salgado, Mellon/Boston Trust	617-382-2004
___ Christine Telish, PIMCO	949-720-7649
___ Julie Meggers, PIMCO	949-720-6184



# P I M C O

August 22, 2013

Mr. Mike White, CPA Controller  
Orange County Sanitation District  
Administration Building  
10844 Ellis Avenue  
Fountain Valley, CA 92708-7018

Dear Mike:

This letter is to confirm that in accordance with Section 4 of the Investment Management Agreement by and between the District and PIMCO, we have accessed and reviewed a copy of the District's Investment Policy Statement and investment benchmarks for FY 2012-2013.

In our capacity as the District's investment manager, we will make only those investments on behalf of the District that are permitted as "authorized and suitable" investments under the District's Investment Policy Statement, and which conform to the requirement of California Government Code Sections 53600 through 53684 set forth in Appendix "G" of the Investment Policy Statement.

Additionally, we will ensure that the Investment Policy Statement diversification requirements are met with regard to the assets in the District's investment portfolio, and that those assets conform to the investment categories under the District's Investment Policy Statement. We will use our best efforts in managing the District's portfolio to attain the performance benchmarks and objectives set forth in the District's Investment Policy Statement.

Best regards,

/s/

Stephanie King, CFA  
Executive Vice President, Account Manager

/s/

Todd Staley  
Vice President, Account Manager



# Frequently Asked Questions about LAIF

QUESTION	YES	NO	EXPLANATION
I. SECURITIES			
1. Does the pool provide a written statement of investment policy and objectives?	YES		
2. Does the statement contain:			
a. a description of eligible investment instruments?	YES		
b. the credit standards of investments?	YES		
c. the allowable maturity range of investments?	YES		
d. the maximum allowable dollar weighted average portfolio maturity?	YES		
e. the limits of portfolio concentration permitted for each type of security?	YES		
f. the policy on reverse repos?	YES		
3. Are changes in the policies communicated to the pool participants?	YES		
4. Is the fund rated?		NO	
II. INTEREST			
Interest Calculations			
1. Does the pool disclose the following about yield calculations:			
a. Which methodology is used to calculate interest? (simple maturity, yield to maturity, etc.)			On dollars per day.
b. What is the frequency of interest payments?			Quarterly.
c. How is interest paid? (credited to principal at the end of the month, each quarter, mailed?)			Credited to principal at end of quarter.
d. How are gains/losses reported? (factored monthly or only when realized?)			When realized.

# Frequently Asked Questions about LAIF

QUESTION	YES	NO	EXPLANATION
Reporting			
1. Is the yield reported to participants of the pool monthly? (If not, how often?)	YES		
2. Are expenses of the pool deducted before quoting the yield?		NO	Expenses of the pool are deducted quarterly prior to interest allocation.
3. Is the yield generally in line with the market yields for securities in which you usually invest?	YES		
III. SECURITY			
1. Does the pool disclose safekeeping practices? (If yes, what are they?)	YES		Statute requires all instruments of title of all investments of the fund to remain in the Treasurer's vault or be held in safekeeping under control of the Treasurer in any federal reserve bank, or any branch thereof, or the Federal Home Loan Bank of San Francisco, with any trust company, or the trust department of any state or national bank.
2. Is the pool subject to audit by an independent auditor?	YES		
3. Is the copy of the audit available to participants?	YES		
4. Who makes the portfolio decisions?			State Treasurer, Investment Division staff.
5. How does the manager monitor the credit risk of the securities in the pool?			Written Statement of Policies, Goals, Objectives, annual independent market valuation.

# Frequently Asked Questions about LAIF

QUESTION	YES	NO	EXPLANATION
6. Is the pool monitored by someone on the board or a separate, neutral party external to the investment function to ensure compliance with written policies.	YES		Pooled Money Investment Board, Local Investment Advisory Board, Auditor General.
7. Does the pool have specific policies with regard to repurchase agreements? a. What are those policies?	YES		Government Code 16430/16480, Portfolio Management Goals, Objectives & Policies.
8. Does the pool report the portfolio's market value?	YES		Monthly. (Reporting purposes only, values are not adjusted for unrealized gains or losses.)
9. Does the pool disclose the following about portfolio valuations: a. The frequency with which the portfolio securities are valued? b. The method used to value the portfolio (cost, current value, or some other method)?	YES		Quarterly. Amortized cost, current value.
<b>IV. STATEMENTS</b>			
1. Are statements for each account available online? a. Do statements show balances and transactions?	YES		Go to <a href="http://www.treasurer.ca.gov/pmia-laif">www.treasurer.ca.gov/pmia-laif</a>
2. Does the pool distribute detailed reports of its holdings? (regularly or on request only?)	YES		On a regular monthly basis.
<b>V. FEES</b>			
1. Is there a written schedule of administrative costs? a. What are the fees?	YES		Statute 16429.1 requires administrative costs not to exceed 5% of earnings quarterly. However, the fees are directly correlated to the costs of operation only.

# Frequently Asked Questions about LAIF

QUESTION	YES	NO	EXPLANATION
b. How often are they assessed?			Quarterly.
c. How are they paid?			Prior to interest allocation.
d. Are there additional fees for wiring funds?		NO	
2. Are expenses deducted before quoting the yield?		NO	
VI. OPERATIONS			
1. Does the pool limit eligible participants?		NO	
a. What entities are permitted to invest in the pool?			Local governmental units, non-profit corporation whose membership is confined to public agencies or public officials, qualified quasi-governmental agencies.
2. Does the pool allow multiple accounts and subaccounts?		NO	
3. Is there a minimum or maximum account size?	YES		**\$50 million maximum \$5 thousand minimum
4. Does the pool limit the number of transactions each month?	YES		
a. What is the number of transactions permitted each month?			**15 transactions per regular account.
5. Is there a limit on transaction amounts for withdrawals and deposits?	YES		
a. What is the minimum and maximum withdrawal amount permitted?			**\$50 million maximum \$ 5 thousand minimum.
b. What is the minimum and maximum deposit amount permitted?			**\$50 million maximum \$ 5 thousand minimum.



RESOLUTION NO. OCSD-13-13

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE ORANGE COUNTY SANITATION DISTRICT, AUTHORIZING THE DISTRICT'S TREASURER TO INVEST AND/OR REINVEST DISTRICT'S FUNDS, AND ADOPTING DISTRICT'S INVESTMENT POLICY STATEMENT AND PERFORMANCE BENCHMARKS; AND REPEALING RESOLUTION NO. OCSD 12-11

WHEREAS, on July 25, 2012, the Board of Directors adopted Resolution No. 12-11, readopting the District's Investment Policy Statement, and establishing specific performance benchmarks and objectives, together with a schedule of frequency of investment performance reports; and,

WHEREAS, pursuant to California Government Code Section 53607, the Board of Directors may delegate authority to invest and/or reinvest District's funds to the Treasurer for a one-year period; and,

WHEREAS, pursuant to California Government Code Section 53646, the District is required to review its Investment Policy annually and readopt its Policy at a public meeting, which Policy will establish specific performance benchmarks and objectives, and specific monitoring and reports.

NOW, THEREFORE, the Board of Directors of the Orange County Sanitation District, DOES HEREBY RESOLVE, DETERMINE AND ORDER:

Section 1: That the authority of the Board of Directors to invest or reinvest District's surplus funds, or to sell or exchange securities so purchased, or to deposit for safekeeping the funds and investments of the Districts with depositories, as provided for in California Government Code Sections 53608 and 53630, is hereby delegated to the District's Treasurer for a one-year period commencing on the date this Resolution is adopted, as authorized by California Government Code Section 53607.

Section 2: That the Board of Directors hereby adopts the Investment Policy Statement of the Orange County Sanitation District, as set forth in Exhibit "A", attached hereto and incorporated herein by reference.

Section 3: That the Board of Directors hereby adopts the following specific performance benchmarks for their two investment funds in accordance with Section 14.0 of the District's Investment Policy:

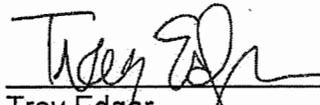
LIQUID OPERATING MONIES: The Short-Term Operating Fund will be compared to the three month T-Bill rate, and the Callan Active Cash Flow Income Style Group. The Callan Active Cash Flow Income Style Group represents a peer group of managers who operate with a maximum maturity of one year.

LONG-TERM OPERATING MONIES: The Long-Term Operating Fund will be compared to the Merrill Lynch Government and Corporate One-to-Five Year Maturity Index and to the Callan Defensive Fixed Income Style Group.

Section 4: That the Board of Directors hereby adopts a performance monitoring and reporting schedule, as required by Section 15.0 of the District's Investment Policy, which schedule is attached hereto as Exhibit "B", and incorporated herein by reference.

Section 5: That Resolution No. OCSD 12-11 is hereby repealed.

PASSED AND ADOPTED at regular meeting held July 24, 2013.

  
\_\_\_\_\_  
Troy Edgar  
Chairman of the Board

ATTEST:

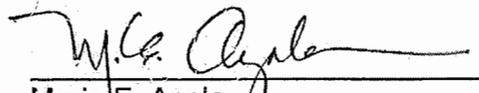
  
\_\_\_\_\_  
Maria E. Ayala  
Clerk of the Board

Exhibit "B"

FY 2013-14 Performance Monitoring & Reporting Schedule

For the Administration Committee and Board of Directors meetings of:		The Quarterly Investment Management Program Report to be presented for the period of:
July 2013		
August (Board only)		
September		April – June 2013
October		
November		July – Sept 2013
December		
January '14 (Board only)		
February		Oct – Dec 2013
March		
April		
May		Jan – March 2014
June		

**EXHIBIT "B"**  
**ORANGE COUNTY SANTIATION DISTRICT**  
**PERFORMANCE MONITORING & REPORTING SUMMARY**  
**FOR THE**  
**DISTRICT'S INVESTMENT PROGRAM**

POLICY REFERENCE	PERFORMANCE CHARACTERISTIC	REPORTING PARTY*		
		PIMCO	MELLON	CALLAN
15.1.1	Cost and market value of the portfolio (monthly mark-to-market).	M, Q	M, Q	Q
15.1.2	Modified duration of the portfolio compared to benchmark.	M, Q		Q
15.1.3	Dollar change in value of the portfolio for a 1% change in interest rate.	M, Q		Q
15.1.4	Percent of portfolio invested in reverse repurchase agreements, and a schedule which matches the maturity of such reverse repurchase agreements with the cash flows which are available to repay them at maturity.	M, Q		
15.1.5	For the Liquid Operating Monies account only, the percent of portfolio maturing within 90 days.	M, Q		Q
15.1.6	Average portfolio credit quality.	M, Q		Q
15.1.7	Percent of portfolio with credit ratings below "A" by any rating agency, and a description of such securities.	M, Q		Q
15.1.8	Listing of any transaction or holdings which do not comply with this policy or with the California Government Code.	M, Q		
15.1.9	Time-weighted total rate of return for the portfolio for the prior three months, twelve months, year-to-date, and since inception compared to the benchmark returns for the same periods.	M, Q		Q
ADDL**	Comparison of portfolio performance to market index benchmark.	M, Q		Q
ADDL**	Comparison of Manager's performance to peer group benchmark.			Q
ADDL**	Monitoring of organizational and structural changes of investment management firm.			Q
ADDL**	Audit portfolios for compliance with investment policy guidelines.			Q
15.1.10	OCSD will report if sufficient funds are available for it to meet operating expenditure requirements for the next six months, or if not, state the reason for the shortfall.			

**Notes**

\*M = Monthly

\*Q = Quarterly

\*\*ADDL = Monitoring of Additional Performance Characteristics





August 7, 2013

## **STAFF REPORT**

Quarterly Treasurer's Report  
For the Three Months Ended June 30, 2013

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### **SUMMARY**

Section 15.0 of the District's Investment Policy includes quarterly reporting requirements for the District's two investment portfolios. These two funds, the "Liquid Operating Monies," and the "Long-Term Operating Monies" are managed by PIMCO, the District's external money manager.

The ongoing monitoring of the District's investment program by staff and Callan Associates, the District's independent investment advisor, indicates that the District's investments are in compliance with the District's adopted Investment Policy and the California Government Code, and that overall performance has tracked with benchmark indices. In addition, sufficient liquidity and anticipated revenues are available for the District to meet budgeted expenditures for the next six months. The District's portfolios do not include any reverse repurchase agreements or derivative securities.

### **ADDITIONAL INFORMATION**

#### **Performance Reports**

The Quarterly Strategy Review, prepared by PIMCO, and the Investment Measurement Service Quarterly Review, prepared by Callan Associates, are attached for reference. Also attached are Long-Term and Liquid Operating Monies Summary of Performance Data and Portfolio Statistics charts that depict the performance results, estimated yield and duration, credit quality, and sector diversification of the District's portfolios, as of March 31, 2013 and June 30, 2013. The Liquid Operating Monies portfolio, with an average maturity of 110 days, consists entirely of cash equivalent investments such as U.S. Treasuries and corporate discount notes.

#### **Portfolio Performance Summary**

The following table presents a performance summary of the District's portfolios as compared to their benchmarks for the period April 1 through June 30, 2013.

Quarterly Treasurer's Report  
 For the Three Months Ended June 30, 2013  
 Page 2 of 3

Portfolio Performance Summary Quarter Ended June 30, 2013				
	Liquid Operating Monies (%)		Long-Term Operating Monies (%)	
	Total Rate of Return	Benchmark <sup>(1)</sup>	Total Rate of Return	Benchmark <sup>(1)</sup>
3 Months	0.03	0.02	-1.88	-0.80
6 Months	0.08	0.03	-1.70	-0.50
9 Months	0.14	0.06	-1.44	-0.52
12 Months	0.18	0.08	-0.56	0.45
Since inception 30 Sept. 95	3.19	2.82	5.13	4.87
<b>Market Value</b>				
Market Value		\$71.0M		\$441.4M
Average Quality		"AAA"		"AA+"
Current Yield (%)		0.1		1.2
Estimated Yield to Maturity (%)		0.1		1.2
Quarterly Deposits (Withdrawals)		\$0.0M		\$90.0M
Estimated Annual Income		\$0.0M		\$5.4M

(1) Benchmarks:

- Liquid Operating Portfolio: 3-Month Treasury Bill Index
- Long-Term Operating Portfolio: Merrill Lynch Corp/Govt. 1-5 Year Bond Index

**Portfolio Market Values**

Comparative marked-to-market quarter-end portfolio values are shown in the following table, and in the attached bar chart.

Quarter Ending	Liquid Operating Monies (\$M)	Long-Term Operating Monies (\$M)
30 Sep. 12	54.9	359.6
31 Dec. 12	70.8	422.9
31 Mar. 13	70.9	360.3
30 Jun. 13	71.0	441.4

**District's Investment Account Balances as of June 30, 2013**

Investment Accounts	Book Balances June 30, 2013	Estimated Yield (%)
State of Calif. LAIF	\$ 27,149,255	0.24
Union Bank Checking Account	101,677	0.01
Union Bank Overnight Sweep Account	344,000	0.00
INTERCARE W/C Checking	0	0.00
Union Bank W/C Checking	34,732	0.00
PIMCO – Short-term Portfolio	70,947,081	0.01
PIMCO - Long-term Portfolio	439,645,578	0.71
Petty Cash	3,000	N/A
BNY Mellon OCIP Reserve	3,686,254	4.22
TOTAL	<u>\$541,911,577</u>	0.62
Debt Service Reserves w/Trustees	<u>\$ 53,058,986</u>	1.10

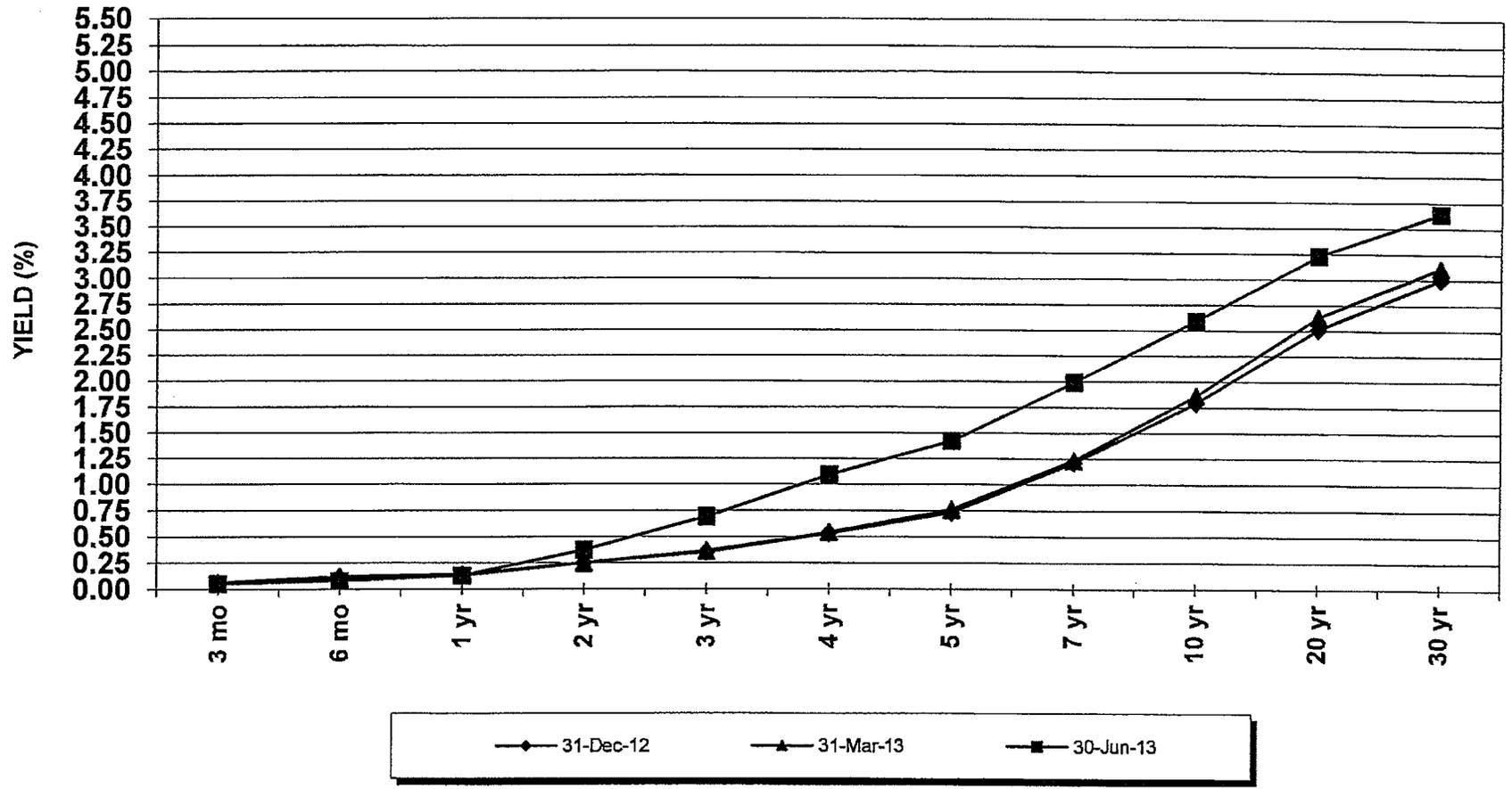
**District's Cost of Funds on Debt Issues as of June 30, 2013**

Cost of Funds Issue Description	Outstanding COP Balance	Annual Interest Rate (%)
2007A Fixed	\$92,620,000	4.50
2007B Fixed	273,400,000	4.71
2008A Fixed	19,195,000	2.72
2008B Fixed	26,075,000	2.96
2009A Fixed	187,765,000	4.72
2010A Fixed	80,000,000	3.68
2010C Fixed	157,000,000	4.11
2011A Fixed	140,195,000	2.61
2012A Fixed	100,645,000	3.54
2012B Fixed	66,395,000	1.50
2012C Fixed	<u>131,700,000</u>	0.21
TOTAL	<u>\$1,274,990,000</u>	
Weighted Avg. Cost of Funds		3.54

**ATTACHMENTS**

1. Historical Yield Curve Graph
2. PIMCO Quarterly Report
3. Quarter End Portfolio Market Value Bar Chart
4. Summary of Performance Data and Portfolio Statistics – Liquid Operating Monies
5. Summary of Performance Data and Portfolio Statistics – L-T Operating Monies
6. Investment Transactions and Balances in LAIF
7. Asset Summary by Asset Type – Liquid Operating Portfolio
8. Asset Summary by Asset Type – Long Term Portfolio
9. Asset Summary by Asset Type – Owner Controlled Insurance Program Escrow Account
10. Investment Listing of Liquid Operating and L-T Portfolios (Yield Analysis Report).
11. Asset Detail – Consolidated
12. Custody Transaction History -- Consolidated
13. Callan Quarterly Review
14. PIMCO Quarterly Review
15. Rating Agency Comparisons

# HISTORICAL YIELD CURVE



# P I M C O

840 Newport Center Drive  
Newport Beach, CA 92660  
Tel: 949.720.6000  
Fax: 949.720.1376

July 31, 2013

Mr. Mike White, CPA  
Controller  
Orange County Sanitation District  
10844 Ellis Avenue  
Fountain Valley, CA 92708-7018

Dear Mike:

The following is a description of events in the bond markets during the second quarter of 2013 in addition to an analysis of the strategies undertaken in the Orange County Sanitation District's Long-Term and Liquid portfolios over the period. We have also included a section on strategies to be pursued in your portfolios during the coming months.

## **Bond Market Recap**

### **Markets React to Fed Tapering Talk**

Conditions in financial markets deteriorated during the quarter as investors reacted to signals by the Federal Reserve ("Fed") that it would begin to slow the pace of asset purchases later this year. The shift in tone fueled a broad-based sell-off of fixed income assets, undermining market liquidity, and sending yields higher across the risk spectrum.

From the Fed's point of view, the messaging around the third quantitative easing (QE3) has been clear and consistent. QE3, although open-ended, was never meant to be permanent, and the Fed has always been careful to communicate that decisions related to the size and pace of its asset purchases would be assessed within a risk-benefit framework based on the evolution of the economic outlook.

From the market's point of view, however, the Fed's messaging has been muddled and conflicted. The Fed has stated that it will begin tapering later this year if its forecasts are met. But if incoming data over the next few months disappoints, the Fed will have prepared markets for a policy shift that it may no longer find prudent to implement. Thus, markets are forced to pass judgment on the accuracy of the Fed's forecasts and the probability that the Fed shelve its tapering plans if economic activity slows unexpectedly. The net effect of this policy guidance has been heightened asset price volatility as market participants recalibrate risk.

Although patchy, economic activity in aggregate looks to be on track so far in 2013. The labor market has generated an average of 200,000 new jobs a month since the start of the year, and there have been few outright negative surprises in other data. However, the concern is that the recent deterioration in financial conditions will adversely impact the real economy. Thirty-year fixed mortgage rates rose over half a percentage point in June to the highest level since August 2011. While it will take time before the effect of higher rates on housing demand is fully known, the notable decline in mortgage refinancing applications in June offers an early clue.

In Europe, the European Central Bank (ECB) lowered its benchmark interest rate to 0.5 percent during the quarter. While the ECB has always had a conservative reputation among central banks, it is

contemplating the use of unorthodox policy measures to counteract the eurozone's deepening economic malaise and below-trend inflation. By most metrics, the eurozone economy remains very sick. Eurozone GDP contracted in the first three months of the year, and the unemployment rate continued to reach new highs. Strict austerity programs are likely exacerbating the situation and European governments have responded by pushing for a relaxation of budget targets. The question now is whether countries can succeed in spreading austerity out over a longer time horizon without abandoning the fiscal sustainability that markets ultimately demand.

Across the Pacific, the Bank of Japan (BoJ) stunned markets this quarter by introducing a host of new monetary measures aimed at ending the country's chronic history of deflation. Along with a potent dose of fiscal stimulus – affectionately dubbed “Abenomics” after the country's new Prime Minister – the combined measures constitute one of the boldest economic policy experiments in the country's history.

It is still too early to tell whether the experiment will succeed. Deflation has characterized the Japanese experience for over a decade and many view the BoJ's goal of reaching two percent inflation in two years as unrealistic. Furthermore, QE is most effective at stimulating an economy when financial institutions lend out the reserves that the central bank creates. Given Japan's aging demographics and shrinking population, Japanese banks may find more profitable lending opportunities abroad, thereby diminishing the benefits of stimulus at home.

#### **Most Fixed Income Sectors Underperform U.S. Treasuries**

The following summarizes fixed income sector returns during the second quarter of 2013:

- Agency mortgage-backed securities (MBS) underperformed like-duration Treasuries in the second quarter amid concerns the Federal Reserve (Fed) may begin tapering its purchases of Agency MBS earlier than anticipated. While the sector as a whole underperformed, there was significant distinction in performance between coupons. Higher coupons were notable outperformers relative to like-duration Treasuries and lower coupons, as the “Fed-supported”, origination coupons were most negatively impacted by the sell-off in rates. Additionally, the increase in volatility also curbed appetite for higher high-yielding assets. Commercial MBS underperformed Treasuries with longer bonds fairsing worse due to their duration, while prices for non-Agency MBS declined during the quarter amid a decrease in liquidity.
- The U.S. Investment Grade Corporate Bond Sector returned -3.31 percent for the quarter as measured by the Barclays U.S. Investment Grade Corporate Index. Investment grade credit underperformed like-duration Treasuries during the second quarter primarily due to selloffs stemming from QE tapering expectations, creating technical disruptions in the credit markets. Despite increased volatility in June, the U.S. Corporate High Yield Sector outperformed its investment grade counterpart during the quarter. The high yield sector posted strong returns in April, as the sector was supported by a continuation of easy monetary policy internationally, and less volatility from Europe.
- Municipal bonds, both tax-exempt and taxable, posted negative absolute returns during the quarter as municipal yields moved higher. Primary market supply declined 11.5 percent year-over-year through the first two quarters of 2013 and refunding volume declined 20.2 percent year-over-year as rates continued to trend upward. Demand for municipals has slowed with over \$11 billion of

outflows during the second quarter (as measured by weekly-reporting mutual funds), leading to redemption-related selling near the end of June. Longer duration and lower quality municipals underperformed the general municipal market during the quarter. From a sector standpoint, the industrial development, water and sewer utility, and healthcare sectors each underperformed the general municipal market during the quarter, while state general obligation securities and higher grade municipals outperformed the general municipal market.

- Treasury Inflation-Protected Securities (TIPS) returned -7.05 percent for the quarter based on the Barclays U.S. TIPS Index. Real rates backed up largely following the Fed's hawkish comments regarding a more aggressive than anticipated timeline for reducing accommodative policy. In addition, technical factors such as liquidations by risk-parity type sellers amid heightened volatility and retail outflows contributed to the sell-off. TIPS underperformed nominal Treasuries as breakeven inflation levels (the difference between nominal and real yields and a proxy for inflation expectations) narrowed.
- Emerging market (EM) assets, both external and local debt, underperformed during the quarter due to spread widening and rising U.S. treasury yields in external debt, and rising rates and currency weakness in local currency debt. For external debt, spreads widened by 46 basis points over the quarter, partially accounting for the negative performance (-6.06 percent) of the JPMorgan EMBI Global. Rising U.S. Treasury rates also weighed on returns. EM local assets also underperformed Treasuries during the quarter, returning -7.03 percent as measured by the JPMorgan GBI – EM Global Diversified Index, with local rate movements and weaker currencies weighing on returns.
- U.S. Treasuries underperformed most other developed sovereign bond markets on a hedged basis during the second quarter amid the release of Fed policy meeting minutes and comments made by Fed Chairman Ben Bernanke suggesting that the central bank's bond buying program may be scaled back earlier than expected. The 10-year U.S. Treasury yield rose 64 basis points to 2.49 during the quarter and the yield curve steepened, as the 2-year U.S. Treasury rose 11 basis points to 0.36, while the 30-year U.S. Treasury rose 40 basis points to 3.50.

### **Performance Attribution**

#### **Long-Term Portfolio**

The Long-Term portfolio that PIMCO manages on behalf of Orange County Sanitation District returned -1.88 percent over the quarter, underperforming the Merrill Lynch 1-5 year Government Corporate Index by 108 basis points. The following points summarize returns for the quarter ended June 30, 2013.

- The portfolio underperformed its index for the quarter
- The following strategies were positive for the quarter:
  - An underweight to corporate bonds, which underperformed Treasuries
- The following strategies were negative or neutral for returns:
  - An overweight to U.S. duration, as yields increased
  - Holdings of inflation-linked bonds, as the market reduced its inflation expectations

### **Liquid Portfolio**

The Liquid portfolio that PIMCO manages on behalf of Orange County Sanitation District returned 0.03 percent over the quarter, outperforming the 3-month Treasury Bill Index by 1 basis point. The following points summarize returns for the period ending June 30, 2013.

- The portfolio outperformed its Index for the quarter
- The following strategies were positive for the quarter:
  - Use of higher yielding securities with slightly longer maturities

### **Economic Outlook**

#### **Multi-Speed Growth Dynamics Visible in Global Economy**

PIMCO expects the global economy to grow at a real rate of 2.0 to 2.5 percent over the next twelve months. The divergent growth prospects for regions continue to become more pronounced as 2013 progresses. PIMCO anticipates that the strengthening housing recovery will continue to support growth in the U.S., although higher mortgage rates could interrupt the recovery in progress. In Japan, economic growth has been given a cyclical boost by very aggressive monetary and fiscal policy directives.

Meanwhile, although emerging market (EM) growth continues to outpace that of developed markets, the intensifying struggle faced by the largest EM economies, such as China and Brazil, to maintain high growth levels is becoming increasingly apparent. The eurozone continues to suffer from the negative consequences of aggressive austerity programs and the side effects of political disarray. Although a greater willingness by regional leaders to mildly temper austerity programs has been welcomed by the populace, social pressures in the region continue to intensify.

Central banks' balance sheets continue to expand globally, however, the U.S. Federal Reserve ("Fed") has recently increased the rhetoric regarding a potential tapering of support levels in the foreseeable future in light of strengthening U.S. economic data. In response, other key central banks have been quick to assert that they will continue to maintain or increase support levels in an ongoing attempt to stimulate global growth. Nonetheless, as the length of these programs extends, PIMCO will be looking for more substantive evidence of a handoff from policy makers towards real growth outcomes. Financial markets' heightened sensitivity to central bank discourse reflects their ever growing dependence on the artificial support to prices that they provide.

- **Fed Rhetoric As Key Market Determinant** – The Fed moved earlier in 2013 from giving calendar-based guidance about when the first Fed Funds rate rise would be affected to giving economic-based guidance. This led to increased market volatility, given the relative unpredictability of a timeline for reaching the thresholds identified by the latter metric. Recent rhetoric which suggested that tapering of bond purchases is being considered for 2013 caused a further outsized surge in market volatility. PIMCO expects such volatility to persist at least until the Fed is able to clarify its intentions regarding the unwinding of its quantitative easing program.
- **Largest Emerging Market Economies Falter** – The directional shift by the People's Bank of China ("PBOC") towards restricting support for credit growth led to wholesale panic amongst Chinese banks. Although the PBOC did ultimately intervene to prevent a funding crisis, it is clear that the new policy mindset is here to stay. Meanwhile, bad news in Brazil related to weakening growth

prospects was exacerbated by worsening inflation, social unrest and the flight of foreign investment during a risk-off quarter. PIMCO believes that EM growth overall will be adversely affected by the struggles of these and other key EM economies.

- **Japan Launches Aggressive Stimulus Programs** – The size and scope of the monetary and fiscal stimulus programs launched in April by new prime minister Abe and new Bank of Japan (“BoJ”) governor Kuroda, surprised markets and led to a collapse of the yen, a surge in stock markets and a dramatic increase in bond market volatility. While PIMCO expects the boost to growth (GDP of 4.1 percent achieved for first quarter of 2013) to be sustained over a cyclical horizon, PIMCO is less confident in the long-term success of the programs unveiled to date.
- **Near-Term Inflation Expectations Crumble** – 10-year U.S. break-even inflation rates tumbled by 0.53 percent during the second quarter. While PIMCO has moderated its expectations for cyclical inflation, on a secular basis, PIMCO continues to believe that the prolonged wave of ultra-dovish monetary policy will drive longer-term inflation higher.

#### **Investment Strategies: Managing Liquidity and Avoiding Default Risk**

Panicked reactions to increasingly dovish noises emanating from the Fed caused the unusual combination of both a severe back-up in rates and a widening in spreads during the quarter. Despite the improvement in valuations across several asset classes, PIMCO continues to implement risk reduction strategies across portfolios as we believe that further normalization of prices is yet to occur. As PIMCO remains cautious about the robustness of global economic growth, we retain our broad defensive positioning and our focus on yield derived from high quality sources and active management.

- **Interest Rate Strategies** – PIMCO intends to maintain a slight overweight to duration. Portfolios will emphasize high quality duration from countries that we view as having the cleanest balance sheets, such as the U.S., Canada, Australia, Brazil and Mexico. We remain concentrated in the 5 - 10 year portion of the yield curve where we see superior opportunities for roll-down<sup>1</sup> and price appreciation compared to those available at the short-end, where potential rate rises and volatility are constrained by Fed intervention. We remain underweight the long end of the yield curve as longer maturities may not adequately compensate investors for sizeable longer-term inflation risk.
- **Mortgages** – PIMCO believes that Agency mortgage-backed securities (MBS) valuations are attractive on both a relative and absolute basis. PIMCO is selectively pursuing opportunities to move its underweight positioning to the benchmark back towards a neutral/marginal overweight position. PIMCO will continue to take advantage of relative value opportunities across mortgage coupons. We plan to hold non-Agency mortgages and commercial MBS that have senior positions in the capital structure and continue to be a source of relatively attractive yield.
- **Corporate Bonds** – PIMCO sees increasing differentiation among credits in terms of default risk and continues to shift its exposure towards securities higher up in the capital structure. We remain cautious towards companies overly dependent on revenue from regions which are in the earlier stages of their deleveraging cycles, such as Europe. We continue to refine our financials exposure

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<sup>1</sup> Roll down is a form of return that is realized as a bond approaches maturity, assuming an upward sloping yield curve.

due to industry developments and current valuations. Individual credit selection remains key given current market levels.

- **Emerging Markets** – PIMCO plans to retain exposure to corporate and quasi-sovereign bonds in select countries with strong initial conditions and high quality balance sheets such as Brazil and Mexico. We also plan to maintain exposure to rates in these countries which have relatively high nominal and real local interest rates and steep yield curves with the potential to capture roll-down. We continue to expect EM growth to outpace that of developed markets over the secular horizon.
- **Currency** – PIMCO plans to minimize its use of currency strategies given elevated market volatility and the tendency for currency positions to act as shock absorbers in times of market difficulties and challenged liquidity. To the extent that PIMCO is pursuing currency strategies, we favor high quality EM currencies such as the Brazilian real, Chinese yuan and Mexican peso against those developed markets, such as the U.K., eurozone and Japan, whose currencies continue to be affected by the unconventional monetary policies of their highly active central banks.
- **Municipals and Treasury Inflation-Protected Securities (TIPS)** – PIMCO will broadly maintain its municipal positioning yet not seek to add exposure. PIMCO prefers the risk-return profile of Build America Bonds (“BABs”) to that of tax-exempt municipals. PIMCO believes that the recent sell-off in TIPS has been overdone and that inflation protection now looks relatively attractive over the long term.

### Strategy

The following list highlights the strategies that will be used in the Long Term portfolio in the coming months:

- Continue in risk reduction mode, while preferring liquidity and high-quality income over price appreciation, as risk premiums still appear richly priced relative to our outlook
- Selectively add holdings in Agency mortgage-backed securities (MBS); use security selection to take advantage of relative coupon valuations
- Shift credit exposure towards securities higher in the capital structure, and look to individual credit selections to achieve superior risk-adjusted returns
- Retain Treasury Inflation-Protected Securities (TIPS) positions given attractive valuations and possibility of protection against potentially higher long-term inflation
- Continue to hold high quality municipal bonds; focus on essential service revenue bonds such as water and sewer, power, and airports

The following list highlights the strategies that will be used in the Liquid Portfolio in the coming months:

- Position portfolios defensively to mitigate risks of default and permanent losses amid heightened market instability; continue to look for sources of high quality yield
- Overweight duration while policy and economic outcomes remain uncertain; diversify sources of high quality duration.
- Concentrate on maturities just outside the money market space that offer the best potential for price appreciation and “roll down” given the suppression of yields on shorter maturities

### Compliance Issues

#### **Long-Term Portfolio**

- April 2013: See below: defaulted bonds, ratings
- May 2013: See below: defaulted bonds, ratings
- June 2013: See below: defaulted bonds, ratings

#### **Defaulted bonds**

The account continues to hold \$2 million face value of LEHMAN BROS HLDGS FRN 2008 (cusip 52517PC58) that was purchased on 10/24/2005, which has had its rating withdrawn by S&P and Moody's as a result of Lehman's bankruptcy on 09/15/2008. The account also holds \$600,000 face value of LEHMAN BROS HLDGS SR UNSEC (cusip 5252M0BZ9) that was purchased on 01/15/2008, which has had its rating withdrawn by S&P and Moody's as a result of Lehman's bankruptcy.

The account received an initial partial payment of claims against Lehman in the amount of \$36,267.83 and \$120,464.84. The amount and timing of subsequent payments remains uncertain. Ultimate recovery value will depend upon how fast and when their remaining assets are liquidated. We are monitoring the situation closely and expect to get more clarity as Lehman continues moving through the bankruptcy process.

#### **Ratings**

The account holds approximately \$10.7 million face value of mortgage backed securities and pass-throughs that were purchased following a coding error in our compliance system.

Your Investment Policy Statement requires that Collateralized mortgage obligations (CMOs) issued by agencies of the U.S. Government and asset-backed securities be rated "Aaa" by Moody's AND "AAA" by S&P.

Currently, there are three securities that are not rated by both Moody's and S&P, one of which is rated below AA+ by S&P and unrated by Moody's, violating both rules. Thirteen securities have minimum ratings from S&P and Moody's below AAA. All securities were compliant at the time of purchase.

On 11/16/2012, S&P lowered its rating on certain classes of RMBS transactions from AAA to A+. The affected holding (cusip #83611MGS1) represents approximately 0.2% of the portfolio's total market value. We believe the position remains attractive despite the downgrade. Only 35% of the principal remains outstanding and the security does not have a history of delinquent or defaulted payments. We plan to hold the position unless directed otherwise.

On 1/18/2013, S&P lowered its rating on certain classes of RMBS transactions from AAA to AA+. The affected holding (cusip #03215PFN4) represents approximately 0.03% of the portfolio's total market value. Only 1% of the principal remains outstanding and the security does not have a history of delinquent or defaulted payments. We plan to hold the position unless directed otherwise.

Mr. Mike White, CPA  
Orange County Sanitation District

July 31, 2013  
Page 8

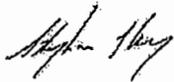
On 2/20/2013, Moody's removed its rating from a student loan ABS held in the account (cusip #83715AAK5). The affected holding represents approximately 0.08% of the portfolio's total market value. The security continues to be rated AA+ by S&P. We plan to hold the position unless directed otherwise.

**Liquid Portfolio**

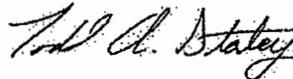
- April 2013: None
- May 2013: None
- June 2013: None

We look forward to discussing these and other topics with you in the near future.

Best Regards,

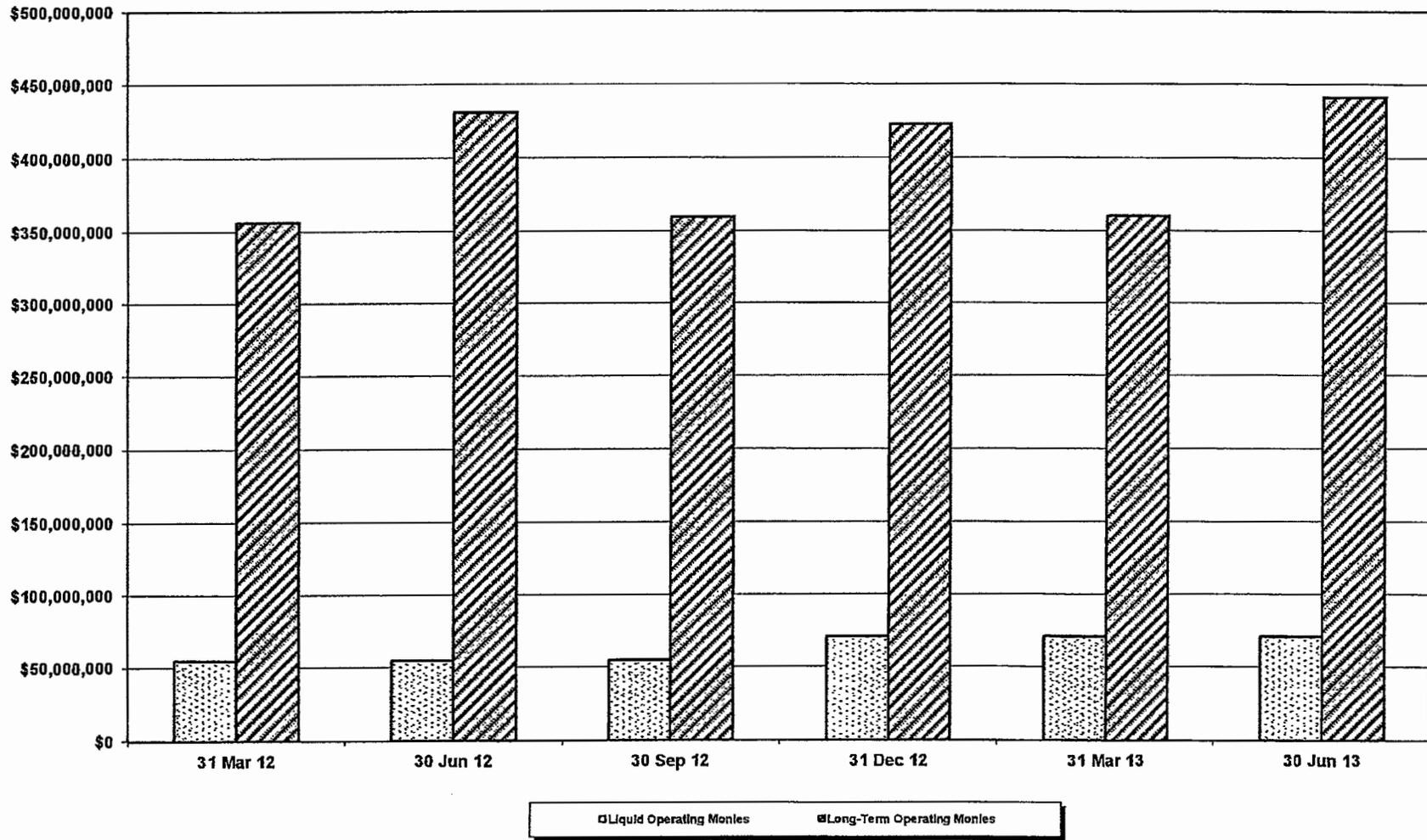


Stephanie King, CFA  
Executive Vice President



Todd Staley  
Vice President, Account Manager

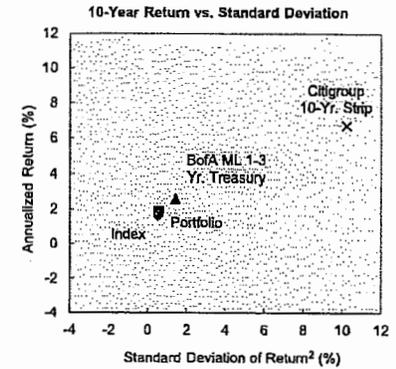
**OCSD Investment Management Program  
Quarter End Portfolio Values  
(Marked-to-Market)**



## Summary of Performance Data and Portfolio Statistics

Orange County Sanitation District

Performance	Since								
Periods Ended 6/30/2013	9/30/1995	10 yrs	5 yrs	3 yrs	1 yr	9 mos	6 mos	3 mos	
<b>Total Portfolio<sup>1</sup></b>									
<b>Before Fees (%)</b>	<b>3.19</b>	<b>1.89</b>	<b>0.45</b>	<b>0.20</b>	<b>0.18</b>	<b>0.14</b>	<b>0.08</b>	<b>0.03</b>	
<b>After Fees (%)</b>	<b>3.03</b>	<b>1.72</b>	<b>0.28</b>	<b>0.05</b>	<b>0.04</b>	<b>0.04</b>	<b>0.01</b>	<b>-0.01</b>	
Citigroup 3-Month Treasury Bill Index (%) <sup>2</sup>	2.82	1.63	0.23	0.09	0.08	0.06	0.03	0.02	



Summary Information	3/31/2013	6/30/2013
Total Market Value (USD in millions)	70.9	71.0
Quarterly Contributions (USD in millions)	0.1	0.0
Estimated Annual Income (USD in millions)	0.0	0.0
Estimated Yield to Maturity (%)	0.1	0.1
Effective Duration (yrs)	0.4	0.3
Effective Maturity (yrs)	0.4	0.3
Average Quality	AAA	AAA
Average Coupon (%)	0.1	0.1
Net Currency Exposure (%)	0.0	0.0
Tracking Error (10 yrs, %) <sup>4</sup>	0.1	0.1
Information Ratio (10 yrs) <sup>4</sup>	2.9	2.9

\* See example of tracking error / information ratio on footnote page of the Appendix.

See footnotes in Appendix.

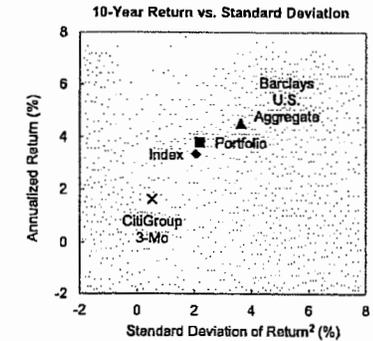
Sector Allocation	% of Market Value		Duration in Yrs	
	3/31/2013	6/30/2013	3/31/2013	6/30/2013
Government-Related	73	75	0.34	0.23
Mortgage	0	0	0.00	0.00
Invest. Grade Credit	0	0	0.00	0.00
High Yield Credit	0	0	0.00	0.00
Non-U.S. Developed	0	0	0.00	0.00
Emerging Markets	0	0	0.00	0.00
Municipal	0	0	0.00	0.00
Other	0	0	0.00	0.00
Net Cash Equivalents: <sup>3</sup>	27	25	0.05	0.06
Commercial Paper / STIF	27	24	0.05	0.06
ST Government-Related	0	0	0.00	0.00
Certificates of Deposit	0	0	0.00	0.00
U.S. Money Mkt Futures/Options	0	0	0.00	0.00
Non-U.S. Money Market Futures	0	0	0.00	0.00
Other	1	2	0.00	0.00
Loss: Liabilities	-1	-1	0.00	0.00
<b>Total</b>	<b>100</b>	<b>100</b>	<b>0.39</b>	<b>0.29</b>

Government-Related may include nominal and inflation-protected Treasuries, agencies, interest rate swaps, Treasury futures and options, and FDIC-guaranteed corporate securities.

## Summary of Performance Data and Portfolio Statistics

Orange County Sanitation District  
Long Term Portfolio

Performance Periods Ended 6/30/2013	Since 9/7/1995	10 yrs	5 yrs	3 yrs	1 yr	9 mos	6 mos	3 mos
<b>Total Portfolio<sup>1</sup></b>								
Before Fees (%)	5.13	3.80	3.77	2.36	-0.56	-1.44	-1.70	-1.88
After Fees (%)	4.97	3.63	3.60	2.21	-0.71	-1.55	-1.76	-1.91
BofA Merrill Lynch U.S. Corporate/Government 1-5 Year Bond Index (%) <sup>2</sup>	4.87	3.35	3.32	1.97	0.45	-0.52	-0.50	-0.80



Summary Information	3/31/2013	6/30/2013
Total Market Value (USD in millions)	360.3	441.4
Quarterly Contributions (USD in millions)	-63.0	90.0
Estimated Annual Income (USD in millions)	5.4	5.4
Estimated Yield to Maturity (%)	0.9	1.2
Effective Duration (yrs)	3.1	3.0
Benchmark Duration (yrs)	2.7	2.8
Effective Maturity (yrs)	4.6	3.9
Average Quality	AA+	AA+
Average Coupon (%)	1.6	1.2
Net Currency Exposure (%)	0.0	0.0
Tracking Error (10 yrs, %) <sup>3</sup>	0.7	0.8
Information Ratio (10 yrs) <sup>3</sup>	0.7	0.6

\* See example of tracking error / information ratio on footnote page of the Appendix.

Sector Allocation	% of Market Value		% of Duration	
	3/31/2013	6/30/2013	3/31/2013	6/30/2013
Government-Related	22	23	59	63
Mortgage	4	6	3	11
Invest. Grade Credit	12	6	12	7
High Yield Credit	0	0	0	0
Non U.S. Developed	0	0	0	0
Emerging Markets	0	0	0	0
Municipal/Other	6	5	18	13
Net Cash Equivalents <sup>3</sup>	56	60	8	6
Commercial Paper / STIF	2	15	0	1
ST Government-Related	42	44	8	5
ST Mortgage	1	1	0	0
ST Credit	1	2	0	0
U.S. Money Market Futures/Options	0	0	0	0
Non U.S. Money Market Futures	0	0	0	0
Other	21	4	0	0
Less: Liabilities	-11	-6	0	0
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Government-Related may include nominal and inflation-protected Treasuries, agencies, interest rate swaps, Treasury futures and options, and FDIC-guaranteed corporate securities.

See footnotes in Appendix.

**Orange County Sanitation District  
Investment Transactions and Balances in the  
State of California Local Agency Investment Fund  
June 30, 2013**

	<u>Par Value</u>	<u>Book Value</u>	<u>Market Value</u>	<u>Rate</u>	<u>Yield</u>
<b>Balance</b>					
<b>June 1, 2013</b>	<b>\$38,049,255</b>	<b>\$38,049,255</b>	<b>\$38,049,255</b>	<b>0.24</b>	<b>0.24</b>
Deposits:					
Total Deposits	0	0	0	0.24	0.24
Withdrawals:					
6/12/2013	(3,300,000)	(3,300,000)	(3,300,000)	0.24	0.24
6/20/2013	(4,300,000)	(4,300,000)	(4,300,000)	0.24	0.24
6/26/2013	(3,300,000)	(3,300,000)	(3,300,000)	0.24	0.24
Total Withdrawals	(10,900,000)	(10,900,000)	(10,900,000)	0.24	0.24
<b>Balance</b>					
<b>June 30, 2013</b>	<b>\$27,149,255</b>	<b>\$27,149,255</b>	<b>\$27,149,255</b>	<b>0.24</b>	<b>0.24</b>



BNY MELLON

LIQUID OPER-PIMCO - OCSF07511102

Asset Summary  
by Asset Type with Sectors

6/30/2013

Report ID: GL8251  
Base Currency: USD  
Alternate Base Currency:  
Exchange Rate:  
Status: FINAL

Description	Shares Par	Cost Base	Market Value Base	% of Total	Net Unrealized Gain/Loss Base
<b>CASH &amp; CASH EQUIVALENTS</b>					
<b>U.S. DOLLAR</b>					
FEDERAL HOME LOAN BANK - 1 YR OR LESS	3,700,000.000	3,699,723.01	3,699,723.01	5.21%	0.00
FNMA ISSUES - 1 YR OR LESS	13,100,000.000	13,091,249.44	13,091,249.44	18.45%	0.00
REPURCHASE AGREEMENTS	1,500,000.000	1,500,000.00	1,500,000.00	2.11%	0.00
SHORT TERM INVESTMENT FUNDS (US REGULATED)	512,616.170	512,616.17	512,616.17	0.72%	0.00
TREASURY BILLS - 1 YR OR LESS	36,945,000.000	36,937,795.03	36,937,795.03	52.05%	0.00
CASH		100,000.00	100,000.00	0.14%	0.00
PENDING TRADES		-999,978.33	-999,978.33	-1.41%	0.00
INTEREST		20,293.21	20,293.21	0.03%	0.00
<b>U.S. DOLLAR</b>	<b>55,757,616.170</b>	<b>54,861,698.53</b>	<b>54,861,698.53</b>	<b>77.31%</b>	<b>0.00</b>
<b>CASH &amp; CASH EQUIVALENTS</b>	<b>55,757,616.170</b>	<b>54,861,698.53</b>	<b>54,861,698.53</b>	<b>77.31%</b>	<b>0.00</b>
<b>FIXED INCOME SECURITIES</b>					
<b>U.S. DOLLAR</b>					
US GOVERNMENTS	16,100,000.000	16,101,364.35	16,105,676.00	22.69%	4,311.65
<b>TOTAL ASSETS - BASE:</b>	<b>71,857,616.170</b>	<b>70,963,062.88</b>	<b>70,967,374.53</b>	<b>100.00%</b>	<b>4,311.65</b>



BNY MELLON

LONG TERM OPER-PIMCO - OCSF07522202

6/30/2013

Status: FINAL

### Asset Summary by Asset Type with Sectors

Report ID: GL8251  
Base Currency: USD  
Alternate Base Currency:

Exchange Rate:

Description	Shares Par	Cost Base	Market Value Base	% of Total	Net Unrealized Gain/Loss Base
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#### CASH & CASH EQUIVALENTS

U.S. DOLLAR

CASH EQUIVALENTS	104,812.500	104,812.50	45,593.44	0.01%	-59,219.06
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FEDERAL HOME LOAN BANK - 1 YR OR LESS	23,300,000.000	23,298,255.74	23,298,255.74	5.28%	0.00
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FEDERAL HOME LOAN MORTGAGES - 1 YR OR LESS	6,122,000.000	6,116,097.37	6,116,097.37	1.39%	0.00
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FNMA ISSUES - 1 YR OR LESS	37,100,000.000	37,090,297.06	37,090,297.06	8.41%	0.00
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REPURCHASE AGREEMENTS	16,800,000.000	16,800,000.00	16,800,000.00	3.81%	0.00
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SHORT TERM INVESTMENT FUNDS (US REGULATED)	574,998.470	574,998.47	574,998.47	0.13%	0.00
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TREASURY BILLS - 1 YR OR LESS	93,586,000.000	93,572,198.58	93,572,198.58	21.21%	0.00
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CASH

PENDING TRADES

INTEREST

U.S. DOLLAR	177,587,810.970	151,381,388.11	151,322,169.05	34.30%	-59,219.06
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#### CASH & CASH EQUIVALENTS

#### FIXED INCOME SECURITIES

U.S. DOLLAR

ABS - HOME EQUITY	825,321.910	737,083.91	809,878.42	0.18%	72,794.51
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ABS - SMALL BUSINESS ADMINISTRATION	412,610.320	412,610.32	451,049.10	0.10%	38,438.78
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ABS - STUDENT LOANS	281,566.570	280,881.03	282,504.16	0.06%	1,623.13
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AUTOMOBILES & COMPONENTS	1,545,000.000	1,763,478.45	1,577,321.40	0.36%	-186,157.05
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BANKING & FINANCE	27,300,000.000	28,119,783.26	26,995,177.93	6.12%	-1,124,605.33
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CMO - US AGENCIES	89,873.850	89,873.85	90,777.08	0.02%	903.23
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COLLATERALIZED MORTGAGE OBLIGATION COMM/	626,050.800	627,664.83	634,014.17	0.14%	6,349.34
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COMMIT TO PURCHASE FNMA POOLS	18,400,000.000	18,712,812.50	18,430,874.00	4.18%	-281,938.50
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FHLMC MULTICLASS	2,534,428.620	2,782,944.12	2,810,384.04	0.64%	27,439.92
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FHLMC POOLS	4,806.540	4,689.39	5,123.00	0.00%	433.61
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FNMA POOLS	4,083,272.070	4,080,452.86	4,261,525.44	0.97%	181,072.58
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FNMA REMIC	2,165,008.470	2,192,277.85	2,217,904.46	0.50%	25,626.61
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FOOD BEVERAGE & TOBACCO	1,600,000.000	1,854,144.00	1,844,528.00	0.42%	-9,616.00
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GNMA MULTI FAMILY POOLS	397,037.760	396,949.81	414,131.15	0.09%	17,181.34
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HEALTH CARE	1,300,000.000	1,318,052.00	1,326,884.00	0.30%	8,832.00
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INSURANCE	1,400,000.000	1,655,274.00	1,641,801.00	0.37%	-13,473.00
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LONG TERM OPER-PIMCO - OCSF07522202

## Asset Summary by Asset Type with Sectors

6/30/2013

Report ID: GL8251  
Base Currency: USD  
Alternate Base Currency:  
Exchange Rate:  
Status: FINAL

Description	Shares Par	Cost Base	Market Value Base	% of Total	Net Unrealized Gain/Loss Base
MUNI - MEDICAL	500,000.000	508,595.00	570,525.00	0.13%	61,930.00
OIL & GAS	100,000.000	100,000.00	100,356.00	0.02%	356.00
TAXABLE MUNICIPALS	16,440,000.000	16,738,875.89	19,128,799.80	4.34%	2,389,923.91
U.S. TIPS	22,394,914.500	29,588,673.87	26,086,223.37	5.91%	-3,502,450.50
US GOVERNMENTS	176,900,000.000	178,957,725.35	175,109,841.00	39.69%	-3,847,884.35
UTILITY - ELECTRIC	2,697,000.000	2,983,751.61	2,956,105.00	0.67%	-27,646.61
UTILITY - TELEPHONE	1,000,000.000	1,077,847.33	1,170,530.00	0.27%	92,682.67
WHOLE LOAN - CMO - COLLATERALIZED MTG OBLIG	904,595.110	904,591.01	904,450.37	0.21%	-140.64
<b>U.S. DOLLAR</b>	<b>283,901,486.520</b>	<b>295,889,032.24</b>	<b>289,820,707.89</b>	<b>65.70%</b>	<b>-6,068,324.35</b>
<b>FIXED INCOME SECURITIES</b>	<b>283,901,486.520</b>	<b>295,889,032.24</b>	<b>289,820,707.89</b>	<b>65.70%</b>	<b>-6,068,324.35</b>
<b>TOTAL ASSETS - BASE:</b>	<b>461,489,297.490</b>	<b>447,270,420.35</b>	<b>441,142,876.94</b>	<b>100.00%</b>	<b>-6,127,543.41</b>

Description	Shares Par	Cost Base	Market Value Base	% of Total	Net Unrealized Gain/Loss Base
CASH & CASH EQUIVALENTS					
U.S. DOLLAR					
INTEREST		57,640.88	57,640.88	1.56%	0.00
FIXED INCOME SECURITIES					
U.S. DOLLAR					
US GOVERNMENTS	3,610,000.000	3,707,867.10	3,628,627.60	98.44%	-79,239.50
<b>TOTAL ASSETS - BASE:</b>	<b>3,610,000.000</b>	<b>3,765,507.98</b>	<b>3,686,268.48</b>	<b>100.00%</b>	<b>-79,239.50</b>

 <b>BNY MELLON</b> ESCROW ACCOUNT - OCSF07555502	<b>Asset Summary</b> <b>by Asset Type with Sectors</b> <b>6/30/2013</b>	Report ID: GL8251 Base Currency: USD Alternate Base Currency: Exchange Rate: Status: FINAL
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BNY MELLON

OCSF07511102

Liquid Oper- Pimco

# Yield Analysis

6/30/2013

Report ID: RAM234

Base Currency:

Units Held Security ID	Security Description	YTM/ Call (EOP)	Current Yield	Moody's Quality Rating	Market Price	Total Cost Market Value	% Type % Market Value	Option Adj Duration
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## CASH & TEMPORARY

SUMRECV	Sum of Account Receivables			-		-979,685		0.00
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### AGENCY

3,700,000.00	FEDERAL HOME LN BK CONS DISC	0.05		Aaa	100.00	3,699,723	6.75	0.07
313385JM9	MAT 07/23/2009					3,699,723	5.21	
4,500,000.00	FEDERAL NATL MTG ASSN DISC	0.29		Aaa	100.00	4,499,755	8.20	0.07
313589JL8	MAT 07/22/2009					4,499,755	6.34	

### OTHER

512,616.17	DREYFU TRE AGY CSH MGT 521 INC	-		Aaa		512,616	0.93	0.08
996085247	VAR RT 12/31/2049 DD 04/09/97					512,616	0.72	

### REPURCHASE AGREEMENTS

600,000.00	MORGAN ST REV REPO	0.10	0.10	-	100.00	600,000	1.09	0.01
99ZAJTLH9	0.100% 07/02/2013 DD 06/28/13					600,000	0.85	
900,000.00	MORGAN ST REV REPO	0.15	0.15	-	100.00	900,000	1.64	0.01
99ZAJTDE5	0.150% 07/01/2013 DD 06/27/13					900,000	1.27	

### TREASURIES AND AGENCIES O

8,200,000.00	U S TREASURY BILL	0.02		Aaa	99.99	8,199,483	14.95	0.09
912796AU3	0.000% 08/01/2013 DD 01/31/13					8,199,483	11.55	
5,000,000.00	FEDERAL NATL MTG ASSN DISC	0.07		Aaa	99.95	4,994,944	9.11	0.35
313589NS8	0.000% 11/01/2013 DD 11/06/201					4,994,944	7.04	
3,600,000.00	FEDERAL NATL MTG ASSN DISC	0.10		Aaa	99.95	3,596,550	6.56	0.58
313589SH7	MAT 01/27/2010					3,596,550	5.07	

### TREASURY

6/30/2013

**Yield Analysis**

Report ID: RAM234  
Base Currency: USD

Units Held	Security ID	Security Description	YTM/ Call (EOP)	Current Yield	Moody's Quality Rating	Market Price	Total Cost Market Value	% Type % Market Value	Option Adj Duration
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12,600,000.00	912796AV1	U S TREASURY BILL 0.000% 08/08/2013 DD 02/07/13	0.01		Aaa	99.99	12,598,971	22.97	0.11
100,000.00	912796AY5	U S TREASURY BILL 0.000% 08/29/2013 DD 02/28/13	0.01		Aaa	99.99	99,989	0.18	0.17
3,100,000.00	912796AX7	U S TREASURY BILL 0.000% 08/15/2013 DD 02/14/13	0.02		Aaa	99.99	3,099,820	5.65	0.13
3,200,000.00	912795TES	U S TREASURY BILL 0.000% 08/22/2013 DD 08/23/12	0.03		Aaa	99.99	3,199,742	5.83	0.15
2,500,000.00	912796AK5	U S TREASURY BILL 0.000% 12/12/2013 DD 12/13/12	0.08		Aaa	99.96	2,498,827	4.56	0.46
7,245,000.00	912796AR0	U S TREASURY BILL 0.000% 02/06/2014 DD 02/07/13	0.08		Aaa	99.95	7,240,963	13.20	0.61
1.00	NA9123459	USD (UNITED STATES DOLLAR) GL PAYABLES RECEIVABLES	-		-		0	0.00	-
1.00	999999USD	US CASH GL PURE CASH	-		-		0	0.18	-
<b>US CASH</b>									
<b>TOTAL: CASH &amp; TEMPORARY</b>									
			<b>0.07</b>	<b>0.00</b>			<b>55,741,384</b>	<b>100.00</b>	<b>0.24</b>
<b>FIXED INCOME</b>									
<b>TREASURIES</b>									
14,900,000.00	912828RW2	U S TREASURY NOTE 0.125% 12/31/2013 DD 12/31/11	0.13		Aaa	100.00	14,892,652	92.43	0.51
<b>14,900,000</b>									



BNY MELLON

OCSF07511102

Liquid Oper- Pimco

# Yield Analysis

6/30/2013

Report ID: RAM234

Base Currency: USD

Units Held Security ID	Security Description	YTM/ Call (EOP)	Current Yield	Moody's Quality Rating	Market Price	Total Cost Market Value	% Type % Market Value	Option Adj Duration
1,200,000.00 912828PQ7	U S TREASURY NOTE 1.000% 01/15/2014 DD 01/15/11	0.13	1.00	Aaa	100.47	1,208,712 1,205,676	7.48 1.70	0.54
0.00 912828RA0	U S TREASURY NOTE 0.375% 06/30/2013 DD 06/30/11	0.38	0.38	Aaa	100.00	0 0	0.00 0.00	0.01
<b>TOTAL: FIXED INCOME</b>		<b>0.13</b>	<b>0.19</b>			<b>16,101,364</b> <b>16,105,676</b>	<b>100.00</b>	<b>0.51</b>
<b>TOTAL: Liquid Oper- Pimco</b>		<b>0.08</b>	<b>0.05</b>			<b>71,842,748</b> <b>70,967,375</b>	<b>100.00</b>	<b>0.30</b>

6/30/2013

**Yield Analysis**

Report ID: RAM234

Base Currency:

Units Held	Security ID	Security Description	YTM/ Call (EOP)	Current Yield	Moody's Quality	Rating	Market Price	Total Cost Market Value	% Type % Market Value	Option Adj Duration
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**CASH & TEMPORARY**

Sum of Account Receivables

SUMRECV

0.00

**AGENCY**

FEDERAL HOME LN BK CONS DISC

31385JM9

MAT 07/23/2009

0.05

Aaa

100.00

23,298,256

15.55

0.07

FEDERAL NATL MTG ASSN DISC

313589JL8

MAT 07/22/2009

0.29

Aaa

100.00

28,598,443

19.09

0.07

**COMMERCIAL PAPER**

FEDERAL HOME LN MTG CORP DISC

313397NW7

0.000% 11/05/2013 DD 11/05/201

0.07

Aaa

99.98

6,116,097

4.08

0.35

**OTHER**

SLH PROXY LONG EXPOSURE

99VVAEU30

SLHOPNTA4

0.31

-

0.31

104,813

0.03

0.00

DREYFU TRE AGY CSH MGT 521 INC

574,998.47

VAR RT 12/31/2049 DD 04/09/97

-

Aaa

574,998

0.38

0.08

**REPURCHASE AGREEMENTS**

MORGAN ST REV REPO

99ZAJTLF3

0.110% 07/02/2013 DD 06/28/13

0.11

-

100.00

8,000,000

5.34

0.01

MORGAN ST REV REPO

99ZAJTDC9

0.160% 07/01/2013 DD 06/27/13

0.16

-

100.00

8,800,000

5.87

0.01

FEDERAL NATL MTG ASSN DISC

313589SH7

MAT 01/27/2010

0.10

Aaa

99.95

8,491,854

5.67

0.58

**TREASURIES AND AGENCIES**



BNY MELLON

OCSF07522202

Long Term Oper- Pimco

# Yield Analysis

6/30/2013

Report ID: RAM234

Base Currency: USD

Units Held Security ID	Security Description	YTM/ Call (EOP)	Current Yield	Moody's Quality Rating	Market Price	Total Cost Market Value	% Type % Market Value	Option Adj Duration
<b>TREASURY</b>								
78,500,000.00 912796AV1	U S TREASURY BILL 0.000% 08/08/2013 DD 02/07/13	0.01		Aaa	99.99	78,493,589 78,493,589	52.39 17.79	0.11
1,700,000.00 9127957E5	U S TREASURY BILL 0.000% 08/22/2013 DD 08/23/12	0.03		Aaa	99.99	1,699,908 1,699,908	1.13 0.39	0.15
1,700,000.00 912796AK5	U S TREASURY BILL 0.000% 12/12/2013 DD 12/13/12	0.08		Aaa	99.96	1,699,202 1,699,202	1.13 0.39	0.46
11,591,000.00 912796AR0	U S TREASURY BILL 0.000% 02/06/2014 DD 02/07/13	0.08		Aaa	99.95	11,584,606 11,584,606	7.73 2.63	0.61
95,000.00 912796BE8	U S TREASURY BILL 0.000% 05/01/2014 DD 05/02/13	0.12		Aaa	99.89	94,894 94,894	0.06 0.02	0.84
<b>US CASH</b>								
1.00 NA9123459	USD (UNITED STATES DOLLAR) GL PAYABLES RECEIVABLES	-		-		0 0	0.00 0.00	-
1.00 999999USD	US CASH GL PURE CASH	-		-		0 -19,090	-0.01 0.00	-
<b>TOTAL: CASH &amp; TEMPORARY</b>		<b>0.10</b>	<b>0.02</b>			<b>177,556,660</b> <b>151,322,169</b>	<b>100.00</b>	<b>0.19</b>
<b>FIXED INCOME</b>								
<b>BANKS &amp; FINANCE</b>								
2,600,000.00 172967EA5	CITIGROUP INC VAR RT 03/07/2014 DD 03/07/07	0.67	0.40	Baa2	99.82	2,127,658 2,595,190	0.89 0.59	0.19
1,250,000.00 40428EJQ3	HSBC BANK USA NA/NEW YORK NY 4.625% 04/01/2014 DD 03/22/04	0.93	4.50	A2	102.78	1,275,175 1,284,775	0.44 0.29	0.74

6/30/2013

Yield Analysis

Report ID: RAM234

Base Currency: USD

Units Held	Security ID	Security Description	YTM/ Call (EOP)	Current Yield	Moody's Quality Rating	Market Price	Total Cost Market Value	% Type % Market Value	Option Adj Duration
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500,000.00	AFLAC INC	3.450% 08/15/2015 DD 08/09/10	1.01	3.28	A3	105.14	499,630	525,675	0.18	2.04
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2,000,000.00	GOLDMAN SACHS GROUP INC/THE	VAR RT 03/22/2016 DD 03/22/06	1.27	0.73	A3	98.53	1,895,068	1,970,680	0.68	0.45
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300,000.00	CITIGROUP INC	5.500% 10/15/2014 DD 09/24/09	1.45	5.23	Baa2	105.18	319,218	315,534	0.11	1.25
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1,350,000.00	CITIGROUP INC	5.000% 09/15/2014 DD 09/16/04	1.72	4.81	Baa3	103.92	1,426,317	1,402,961	0.48	1.17
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500,000.00	JPMORGAN CHASE & CO	3.450% 03/01/2016 DD 02/24/11	1.79	3.31	A2	104.31	506,326	521,545	0.18	2.54
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300,000.00	JPMORGAN CHASE & CO	3.150% 07/05/2016 DD 06/29/11	1.95	3.04	A2	103.51	299,658	310,528	0.11	2.85
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700,000.00	MORGAN STANLEY	6.000% 04/28/2015 DD 04/28/08	1.97	5.60	Baa1	107.22	737,361	750,512	0.26	1.74
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2,900,000.00	AMERICAN EXPRESS CO	7.000% 03/19/2018 DD 03/19/08	2.42	5.82	A3	120.31	3,377,386	3,488,932	1.20	4.10
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1,100,000.00	JPMORGAN CHASE BANK NA	6.000% 10/01/2017 DD 09/24/07	2.53	5.27	A1	113.91	1,302,565	1,252,999	0.43	3.79
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600,000.00	GOLDMAN SACHS GROUP INC/THE	5.950% 01/18/2018 DD 01/18/08	3.13	5.32	A3	111.88	692,806	671,304	0.23	3.97
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900,000.00	AMERICAN INTERNATIONAL GROUP I	8.250% 08/15/2018 DD 02/15/09	3.14	6.65	Baa1	124.01	1,155,644	1,116,126	0.38	4.26
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100,000.00	JPMORGAN CHASE & CO	6.300% 04/23/2019 DD 04/23/09	3.23	5.42	A2	116.17	112,124	116,170	0.04	4.98
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BNY MELLON

OCSF07522202

Long Term Oper- Pimco

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1,000,000.00 828807CF2	SIMON PROPERTY GROUP LP 4.375% 03/01/2021 DD 08/16/10	3.42	4.11	A3	106.42	996,050 1,064,190	0.37 0.24	6.60
2,800,000.00 590188JN9	MERRILL LYNCH & CO INC 6.875% 11/15/2018 DD 11/24/98	3.49	5.90	Baa2	116.47	3,417,664 3,261,160	1.12 0.74	4.60
500,000.00 46625HHU7	JPMORGAN CHASE & CO 4.250% 10/15/2020 DD 10/21/10	3.63	4.09	A2	103.94	499,876 519,720	0.18 0.12	6.34
1,000,000.00 46625HHS2	JPMORGAN CHASE & CO 4.400% 07/22/2020 DD 07/22/10	3.66	4.21	A2	104.57	1,104,074 1,045,730	0.36 0.24	6.08
500,000.00 06051GDZ9	BANK OF AMERICA CORP 7.625% 06/01/2019 DD 06/02/09	3.79	6.34	Baa2	120.18	619,600 600,890	0.21 0.14	4.94
2,000,000.00 525ESCOY6	LEHMAN BRTH HLD ESC 0.000% 12/30/2016 DD 10/24/05	44.87		-	24.25	1,703,008 485,000	0.17 0.11	-
600,000.00 525ESCIB7	ESC LEHMAN BRTH HLD ESCROW 0.000% 01/24/2013 DD 01/22/08	-		-	24.38	507,850 146,250	0.05 0.03	-
<b>COMMERCIAL MORTGAGES</b>								
626,050.80 62888XAA2	NCUA GUARANTEED NOTES TR C1 A1 1.600% 10/29/2020 DD 11/10/10	0.00	1.58	-	101.27	627,665 634,014	0.22 0.14	-
<b>FANNIE MAE REMIC</b>								
979,080.80 31398MGL4	FNMA GTD REMIC P/T 10-M1 A1 3.305% 06/25/2019 DD 02/01/10	-50.28	3.16	Aaa	104.48	1,016,408 1,022,934	0.35 0.23	0.10
200,000.00 31396X3Q5	FNMA GTD REMIC P/T 07-114 A6 VAR RT 10/27/2037 DD 11/30/07	0.40	0.38	Aaa	100.00	190,250 200,002	0.07 0.05	-0.24
985,927.67 31397QRE0	FNMA GTD REMIC P/T 11-3 FA VAR RT 02/25/2041 DD 01/25/11	0.65	0.87	Aaa	100.92	985,620 994,969	0.34 0.23	0.72

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4,806.54	FHLMC	FHLMC POOL #78-6064	0.14	2.14	Aaa	106.58	4,689	0.00	0.63
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FHLMC

201,592.59	FNMA	FNMA POOL #0725140	-0.91	4.50	Aaa	101.26	219,137	0.07	0.29
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FNMA

292,595.78	FNMA	FNMA POOL #0823358	0.41	2.21	Aaa	106.80	290,310	0.11	0.63
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90,807.43	FNMA	FNMA POOL #0257179	2.58	4.22	Aaa	106.73	96,038	0.03	3.48
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3,000,000.00	COMMIT TO PUR	FNMA SF MTG	2.59	4.65	-	107.62	3,225,000	1.11	2.52
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92,918.90	FNMA	FNMA POOL #0MA0022	2.59	4.22	Aaa	106.55	98,271	0.03	3.36
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54,511.10	FNMA	FNMA POOL #0AL0869	2.60	4.23	Aaa	106.48	57,651	0.02	3.34
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384,357.91	FNMA	FNMA POOL #0466397	2.74	3.27	Aaa	104.00	376,040	0.14	6.18
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4,000,000.00	COMMIT TO PUR	FNMA SF MTG	2.94	4.25	-	105.81	4,259,219	1.45	3.42
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-2,600,000.00	COMMIT TO PUR	FNMA SF MTG	3.00	3.84	-	104.18	-2,732,031	-0.93	4.17
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682,302.50	FNMA	FNMA POOL #0AH0921	3.00	3.82	Aaa	104.72	692,804	0.25	4.44
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3138A2AX7	4.000%	12/01/2040	DD	12/01/10
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Units Held Security ID	Security Description	YTM/ Call (EOP)	Current Yield	Moody's Quality Rating	Market Price	Total Cost Market Value	% Type % Market Value	Option Adj Duration
14,000,000.00 01F030678	COMMIT TO PUR FNMA SF MTG 3.00% 07/01/2043 DD 07/01/13	3.03	3.07	-	97.70	13,960,625 13,678,420	4.70 3.10	6.72
1,597.33 3138AG3R7	FNMA POOL #0AI3507 4.500% 06/01/2041 DD 06/01/11	3.09	4.24	Aaa	106.03	1,689 1,694	0.00 0.00	3.88
2,186,395.63 3138A4HC2	FNMA POOL #0AH2926 4.000% 01/01/2041 DD 01/01/11	3.12	3.84	Aaa	104.23	2,147,450 2,278,858	0.78 0.52	4.59
96,192.90 31381NCE1	FNMA POOL #0465469 3.380% 07/01/2015 DD 07/01/10	3.40	3.49	Aaa	99.99	101,063 96,184	0.03 0.02	1.93
<b>FREDDIE MAC MULTICLASS</b>								
145,245.95 3133TCE95	FHLMC MULTICLASS MTG E3 A VAR RT 08/15/2032 DD 12/01/97	0.67	2.85	Aaa	105.06	145,398 152,598	0.05 0.03	0.50
900,000.00 31398VJ98	FHLMC MULTICLASS MTG K006 A2 4.251% 01/25/2020 DD 04/01/10	2.58	3.87	Aaa	109.72	951,047 987,444	0.34 0.22	5.71
1,489,182.67 31394JY35	FHLMC MULTICLASS MTG 58 2A 6.500% 09/25/2043 DD 09/01/03	4.71	5.80	Aaa	112.17	1,686,499 1,670,342	0.57 0.38	5.75
<b>GNMA</b>								
144,440.01 36225DCB8	GNMA II POOL #0080965 VAR RT 07/20/2034 DD 07/01/04	0.03	1.57	Aaa	104.46	144,350 150,875	0.05 0.03	0.28
148,878.09 36225CN28	GNMA II POOL #080408X VAR RT 05/20/2030 DD 05/01/00	0.58	1.58	Aaa	104.30	147,366 155,272	0.05 0.04	1.07
17,532.24 36225CNM4	GNMA II POOL #0080395 VAR RT 04/20/2030 DD 04/01/00	0.58	1.58	Aaa	104.29	17,373 18,285	0.01 0.00	0.94
39,929.64 36225CAZ9	GNMA II POOL #0080023 VAR RT 12/20/2026 DD 12/01/96	0.61	1.58	Aaa	104.27	40,591 41,633	0.01 0.01	0.58

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46,257.78	GNMA II POOL #080088M	VAR RT 06/20/2027 DD 06/01/97	0.68	1.58	Aaa	103.91	47,270	0.02	1.22
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GNMA REMIC

89,873.85	GNMA GTD REMIC P/T 00-9 FH	VAR RT 02/16/2030	0.07	0.69	Aaa	101.01	89,874	0.03	0.20
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HOME EQUITY

133,743.29	AMRESO RESIDENTIAL SECURI 1 A	VAR RT 06/25/2029 DD 10/20/99	2.38	1.27	-	89.88	100,433	0.04	-0.01
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238,101.78	WELLS FARGO HOME EQUITY 2 AIG	VAR RT 10/25/2034 DD 09/01/04	2.55	4.89	Aaa	102.35	236,316	0.08	0.03
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453,476.84	SOUNDVIEW HOME LOAN TR OPT3 A4	VAR RT 11/25/2035 DD 09/30/05	2.71	0.56	-	98.34	400,335	0.15	0.00
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INDUSTRIALS

100,000.00	EOG RESOURCES INC	VAR RT 02/03/2014 DD 11/23/10	0.42	1.02	A3	100.36	100,000	0.03	0.10
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5,200,000.00	TOYOTA MOTOR CREDIT CORP	VAR RT 05/17/2016 DD 05/17/13	0.62	0.57	Aa3	99.83	5,200,000	1.78	0.13
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1,545,000.00	DAIMLER FINANCE NORTH AMERICA	6.500% 11/15/2013 DD 11/06/03	0.98	6.37	A3	102.09	1,763,478	0.54	0.38
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1,000,000.00	SOUTHERN CO/THE	2.375% 09/15/2015 DD 09/17/10	1.00	2.31	Baa1	103.00	999,810	0.35	2.15
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1,600,000.00	PHILIP MORRIS INTERNATIONAL IN	5.650% 05/16/2018 DD 05/16/08	2.32	4.90	A2	115.28	1,854,144	0.63	4.35
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1,300,000.00 031162BD1	AMGEN INC 3.450% 10/01/2020 DD 09/16/10	3.13	3.38	Baa1	102.07	1,318,052 1,326,884	0.46 0.30	6.48
<b>OTHER CMO GOVT AGENCIES</b>								
904,595.11 62888UAA8	NCUA GUARANTEED NOTES TR R2 1A VAR RT 11/06/2017 DD 11/17/10	0.80	0.78	Aaa	99.98	904,591 904,450	0.31 0.21	0.03
412,610.32 83162CLJ0	SBA GTD PARTN CTFS 2001-20C 1 6.340% 03/01/2021	2.36	5.80	Aaa	109.32	412,610 451,049	0.15 0.10	2.28
<b>REVENUE BONDS</b>								
500,000.00 651785CD7	NEWPORT BEACH CA REVENUE 6.000% 12/01/2040 DD 02/08/11	4.98	5.26	Aa3	114.11	508,595 570,525	0.20 0.13	7.93
<b>STUDENT</b>								
221,225.33 83715AAK5	SOUTH CAROLINA STUDENT LO 1 A1 VAR RT 01/25/2021 DD 11/30/10	0.78	0.74	-	99.66	220,785 220,464	0.08 0.05	1.83
60,341.24 78445JAA5	SLM STUDENT LOAN TRUST 200 9 A VAR RT 04/25/2023 DD 08/28/08	1.07	1.73	Aaa	102.82	60,096 62,040	0.02 0.01	0.12
<b>TIPS</b>								
0.00 912828PP9	US TREAS-CPI INFLAT 1.125% 01/15/2021 DD 01/15/11	2.08	1.05	Aaa	106.95	0 0	0.00 0.00	7.35
740,190.00 912810FR4	US TREAS-CPI INFLAT 2.375% 01/15/2025 DD 07/15/04	2.78	1.99	Aaa	119.13	1,005,206 881,751	0.30 0.20	10.52
820,127.00 912810FS2	US TREAS-CPI INFLAT 2.000%001/15/2026 DD 01/15/06	2.93	1.73	Aaa	115.48	1,037,579 947,058	0.33 0.21	11.58
10,031,970.00 912810PS1	US TREAS-CPI INFLAT 2.375% 01/15/2027 DD 01/15/07	3.03	1.97	Aaa	120.40	13,764,470 12,078,291	4.15 2.74	12.19

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495,085.50	912810FH6	US TREAS-CPI INFLAT 3.875% 04/15/2029 DD 04/15/99	3.14	2.69	Aaa	144.13	815,549	0.24	13.06
7,880,929.00	912810PV4	US TREAS-CPI INFLAT 1.750% 01/15/2028 DD 01/15/08	3.15	1.56	Aaa	112.04	9,965,413	3.03	13.46
1,516,326.00	912810PZ5	US TREAS-CPI INFLAT 2.500% 01/15/2029 DD 01/15/09	3.19	2.03	Aaa	123.34	2,107,674	0.64	13.68
910,287.00	912810RA8	US TREAS-CPI INFLAT 0.625% 02/15/2043 DD 02/15/13	3.69	0.74	Aaa	84.10	892,782	0.26	28.40
<b>TREASURIES</b>									
10,200,000.00	912828RK8	US TRESURY NOTE 0.125% 09/30/2013 DD 09/30/11	0.09	0.12	Aaa	100.01	10,194,863	3.50	0.26
14,500,000.00	912828RS1	US TRESURY NOTE 0.250% 11/30/2013 DD 11/30/11	0.11	0.25	Aaa	100.06	14,511,852	4.98	0.42
10,000,000.00	912828PB0	US TRESURY NOTE 0.500% 10/15/2013 DD 10/15/10	0.12	0.50	Aaa	100.11	10,028,125	3.44	0.30
2,200,000.00	912828PU8	US TRESURY NOTE 0.500% 11/15/2013 DD 11/15/10	0.12	0.50	Aaa	100.14	2,206,445	0.76	0.38
25,000,000.00	912828RW2	US TRESURY NOTE 0.125% 12/31/2013 DD 12/31/11	0.13	0.13	Aaa	100.00	24,976,563	8.58	0.51
1,500,000.00	912828PQ7	US TRESURY NOTE 1.000% 01/15/2014 DD 01/15/11	0.13	1.00	Aaa	100.47	1,511,953	0.52	0.54
13,200,000.00	912828JT8	US TRESURY NOTE 2.000% 11/30/2013 DD 11/30/08	0.15	1.98	Aaa	100.78	13,516,078	4.57	0.42
							13,303,092	3.02	

Units Held Security ID	Security Description	YTM/ Call (EOP)	Current Yield	Moody's Quality Rating	Market Price	Total Cost Market Value	% Type % Market Value	Option Adj Duration
1,900,000.00 912828SL5	U S TREASURY NOTE 0.250% 03/31/2014 DD 03/31/12	0.16	0.25	Aaa	100.07	1,902,078 1,901,254	0.65 0.43	0.76
2,400,000.00 912828PZ7	U S TREASURY NOTE 1.250% 03/15/2014 DD 03/15/11	0.17	1.24	Aaa	100.77	2,425,594 2,418,552	0.83 0.55	0.71
18,300,000.00 912828SR2	U S TREASURY NOTE 0.250% 04/30/2014 DD 04/30/12	0.17	0.25	Aaa	100.07	18,319,422 18,312,078	6.29 4.15	0.84
6,300,000.00 912828LJ7	U S TREASURY NOTE 3.625% 08/15/2019 DD 08/15/09	1.66	3.25	Aaa	111.38	7,338,762 7,017,129	2.41 1.59	5.57
9,800,000.00 912828UL2	U S TREASURY NOTE 1.375% 01/31/2020 DD 01/31/13	1.82	1.41	Aaa	97.22	9,814,158 9,527,462	3.27 2.16	6.36
20,600,000.00 912828UQ1	U S TREASURY NOTE 1.250% 02/29/2020 DD 02/28/13	1.85	1.30	Aaa	96.27	20,551,782 19,832,238	6.81 4.50	6.47
1,800,000.00 912828TJ9	U S TREASURY NOTE 1.625% 08/15/2022 DD 08/15/12	2.38	1.73	Aaa	93.82	1,773,352 1,688,760	0.58 0.38	8.63
1,500,000.00 912828TY6	U S TREASURY NOTE 1.625% 11/15/2022 DD 11/15/12	2.42	1.74	Aaa	93.35	1,473,305 1,400,280	0.48 0.32	8.89
37,500,000.00 912828UN8	U S TREASURY NOTE 2.000% 02/15/2023 DD 02/15/13	2.44	2.08	Aaa	96.24	38,217,238 36,090,750	12.39 8.18	8.93
200,000.00 912828VB3	U S TREASURY NOTE 1.750% 05/15/2023 DD 05/15/13	2.48	1.87	Aaa	93.66	196,156 187,312	0.06 0.04	9.29
<b>US TAXABLE MUNI BONDS</b>								
2,440,000.00 73358WAG9	PORT AUTH OF NEW YORK & NEW JE 5.309% 12/01/2019 DD 07/01/09	2.83	4.64	Aa3	114.46	2,507,634 2,792,751	0.96 0.63	5.60

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1,400,000.00	64971M5E8	NEW YORK CITY NY TRANSITIONAL 4.075% 11/01/2020 DD 11/03/10	3.17	3.85	Aa1	105.88	1,400,000	0.51	6.47
400,000.00	913366EJ5	UNIV OF CALIFORNIA CA RGTS MED 5.035% 05/15/2021 DD 11/18/10	3.55	4.57	Aa2	110.13	400,000	0.15	6.69
1,200,000.00	88283LHT6	TEXAS ST TRANSPRTN COMMISSION 5.028% 04/01/2026 DD 08/05/10	3.59	4.44	Aaa	113.24	1,200,000	0.47	8.87
1,300,000.00	64966HYK0	NEW YORK NY 5.698% 03/01/2027 DD 03/30/10	4.15	4.91	Aa2	116.02	1,373,502	0.52	9.81
2,500,000.00	452252FJ3	ILLINOIS ST TOLL HIGHWAY AUTH 5.293% 01/01/2024 DD 05/21/09	4.33	4.90	Aa3	108.08	2,464,750	0.93	8.12
1,300,000.00	072024NT5	BAY AREA CA TOLL AUTH TOLL BRI 6.793% 04/01/2030 DD 07/01/10	4.95	5.62	A1	120.79	1,300,000	0.54	10.58
1,500,000.00	646139W35	NEW JERSEY ST TURNPIKE AUTH 7.414% 01/01/2040 DD 04/28/09	5.12	5.57	A3	133.13	1,634,565	0.69	13.10
1,500,000.00	13063BBU5	CALIFORNIA ST 7.350% 11/01/2039 DD 11/10/09	5.15	5.66	A1	129.80	1,509,825	0.67	12.60
300,000.00	59259YGF0	MET TRANSPRTN AUTH NY REVENUE 6.814% 11/15/2040 DD 12/29/10	5.26	5.65	A2	120.58	311,316	0.12	12.57
1,300,000.00	575898CS8	MASSACHUSETTS ST PORT AUTH PAC 6.202% 07/01/2031 DD 06/15/11	5.57	5.85	A3	105.99	1,300,000	0.47	9.22
1,300,000.00	02765UEH3	AMERICAN MUNI PWR-OHIO INC OH 7.734% 02/15/2033 DD 12/21/10	5.81	6.32	A3	122.32	1,337,284	0.55	10.78

UTILITIES



BNY MELLON

OCSF07522202

Long Term Oper- Pimco

# Yield Analysis

6/30/2013

Report ID: RAM234

Base Currency: USD

Units Held Security ID	Security Description	YTM/ Call (EOP)	Current Yield	Moody's Quality Rating	Market Price	Total Cost Market Value	% Type % Market Value	Option Adj Duration
1,697,000.00 25746UBB4	DOMINION RESOURCES INC/VA 5.600% 11/15/2016 DD 11/14/06	1.49	4.93	Baa2	113.50	1,983,942 1,926,095	0.66 0.44	3.12
1,000,000.00 92343VAM6	VERIZON COMMUNICATIONS INC 6.100% 04/15/2018 DD 04/04/08	2.32	5.21	A3	117.05	1,077,847 1,170,530	0.40 0.27	4.24
<b>TOTAL: FIXED INCOME</b>		<b>1.60</b>	<b>2.02</b>			<b>295,889,032</b> <b>289,820,708</b>	<b>100.00</b>	<b>4.81</b>
<b>TOTAL: Long Term Oper- Pimco</b>		<b>1.09</b>	<b>1.34</b>			<b>473,445,692</b> <b>441,142,877</b>	<b>100.00</b>	<b>3.23</b>

**Yield Analysis**

6/30/2013

Report ID: RAM234  
Base Currency:

Units Held	Security ID	Security Description	YTM/ Call (EOP)	Current Yield	Moody's Quality	Rating	Market Price	Total Cost Market Value	% Type % Market Value	Option Adj Duration
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**CASH & TEMPORARY**

Sum of Account Receivables  
SUMRECV

0.00  
57,641

**TOTAL: CASH & TEMPORARY**

0.00      0.00      57,641

**FIXED INCOME**

**TREASURIES**

3,610,000.00 U S TREASURY NOTE  
912828BH2 4.250% 08/15/2013 DD 08/15/03

0.35      4.23      Aaa      100.52      3,707,867      98.44      98.44      0.13

**TOTAL: FIXED INCOME**

0.35      4.16      3,707,867      100.00      0.13

**TOTAL: O.C.S. Escrow Account**

0.35      4.16      3,707,867      100.00      0.13

3,686,268



BNY MELLON

OCSD-CONSOLIDATED - OCSG00010000

Asset Detail  
by Currency  
6/30/2013

Report ID: GL8013  
Base Currency: USD  
Alternate Base Currency:  
Exchange Rate:  
Status: FINAL

Description	Price Base	Shares Par	Cost Base	Market Value Base	% of Total	Net Unrealized Gain/Loss Base
<b>U.S. DOLLAR</b>						
<b>CASH &amp; CASH EQUIVALENTS</b>						
CASH			80,909.74	80,909.74	0.02%	0.00
INTEREST RECEIVABLE			1,575,233.18	1,575,233.18	0.31%	0.00
RECEIVABLE FOR INVESTMENTS SOLD			3,491,271.23	3,491,271.23	0.68%	0.00
PAYABLE FOR INVESTMENTS PURCHASED			-32,144,730.00	-32,144,730.00	-6.23%	0.00
FEDERAL HOME LN BK CONS DISC MAT 07/23/2009 SEC ID: 313385JM9	99.9925	27,000,000.000	26,997,978.75	26,997,978.75	5.23%	0.00
FEDERAL HOME LN MTG CORP DISC 0.000% 11/05/2013 DD 11/05/201 SEC ID: 313397NW7	99.9036	6,122,000.000	6,116,097.37	6,116,097.37	1.19%	0.00
FEDERAL NATL MTG ASSN DISC MAT 07/22/2009 SEC ID: 313589JL8	99.9946	33,100,000.000	33,098,197.89	33,098,197.89	6.42%	0.00
FEDERAL NATL MTG ASSN DISC 0.000% 11/01/2013 DD 11/06/201 SEC ID: 313589NS8	99.8989	5,000,000.000	4,994,944.44	4,994,944.44	0.97%	0.00
FEDERAL NATL MTG ASSN DISC MAT 01/27/2010 SEC ID: 313589SH7	99.9042	12,100,000.000	12,088,404.17	12,088,404.17	2.34%	0.00
U S TREASURY BILL 0.000% 08/22/2013 DD 08/23/12 SEC ID: 9127957E5	99.9946	4,900,000.000	4,899,649.81	4,899,649.81	0.95%	0.00
U S TREASURY BILL 0.000% 12/12/2013 DD 12/13/12 SEC ID: 912796AK5	99.9531	4,200,000.000	4,198,028.92	4,198,028.92	0.81%	0.00
U S TREASURY BILL 0.000% 02/06/2014 DD 02/07/13 SEC ID: 912796AR0	99.9448	18,836,000.000	18,825,569.00	18,825,569.00	3.65%	0.00
U S TREASURY BILL 0.000% 08/01/2013 DD 01/31/13 SEC ID: 912796AU3	99.9937	8,200,000.000	8,199,483.40	8,199,483.40	1.59%	0.00
U S TREASURY BILL 0.000% 08/08/2013 DD 02/07/13 SEC ID: 912796AV1	99.9918	91,100,000.000	91,092,560.17	91,092,560.17	17.66%	0.00
U S TREASURY BILL 0.000% 08/15/2013 DD 02/14/13 SEC ID: 912796AX7	99.9942	3,100,000.000	3,099,820.03	3,099,820.03	0.60%	0.00



BNY MELLON

OCSD-CONSOLIDATED - OCSG00010000

Asset Detail  
by Currency  
6/30/2013

Report ID: GL8013  
Base Currency: USD  
Alternate Base Currency:  
Exchange Rate:  
Status: FINAL

Description	Price Base	Shares Par	Cost Base	Market Value Base	% of Total	Net Unrealized Gain/Loss Base
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U S TREASURY BILL SEC ID: 912796AY5	99.9886	100,000.000	99,988.63	99,988.63	0.02%	0.00
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U S TREASURY BILL SEC ID: 912796BB8	99.8881	95,000.000	94,893.65	94,893.65	0.02%	0.00
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DREYFU TRE AGY CSH MGT 521 INC VAR RT 12/31/2049 DD 04/09/97 SEC ID: 996085247	100.0000	1,087,614.640	1,087,614.64	1,087,614.64	0.21%	0.00
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SLH PROXY LONG EXPOSURE SLHOPNT4 SEC ID: 99VVAEU30	0.4350	104,812.500	104,812.50	45,593.44	0.01%	-59,219.06
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MORGAN ST REV REPO SEC ID: 99ZAJTDC9	100.0000	8,800,000.000	8,800,000.00	8,800,000.00	1.71%	0.00
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MORGAN ST REV REPO SEC ID: 99ZAJTDC9	100.0000	900,000.000	900,000.00	900,000.00	0.17%	0.00
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MORGAN ST REV REPO SEC ID: 99ZAJTDES	100.0000	8,000,000.000	8,000,000.00	8,000,000.00	1.55%	0.00
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MORGAN ST REV REPO SEC ID: 99ZAJTLF3	100.0000	600,000.000	600,000.00	600,000.00	0.12%	0.00
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MORGAN ST REV REPO SEC ID: 99ZAJTLH9	100.0000	600,000.000	600,000.00	600,000.00	0.12%	0.00
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<b>TOTAL CASH &amp; CASH EQUIVALENTS</b>		<b>233,345,427.140</b>	<b>206,300,727.52</b>	<b>206,241,508.46</b>	<b>39.99%</b>	<b>-59,219.06</b>
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<b>FIXED INCOME SECURITIES</b>						
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ARLAC INC 3.450% 08/15/2015 DD 08/09/10 SEC ID: 001055AE2	105.1350	500,000.000	499,630.00	525,675.00	0.10%	26,045.00
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COMMIT TO PUR FNMA SF MTG 3.000% 07/01/2043 DD 07/01/13 SEC ID: 01F030678	97.7030	14,000,000.000	13,960,625.00	13,678,420.00	2.65%	-282,205.00
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COMMIT TO PUR FNMA SF MTG 4.000% 07/01/2043 DD 07/01/13 SEC ID: 01F040677	104.1760	-2,600,000.000	-2,732,031.25	-2,708,576.00	-0.53%	23,455.25
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COMMIT TO PUR FNMA SF MTG 4.500% 07/01/2043 DD 07/01/13 SEC ID: 01F042673	105.8130	4,000,000.000	4,259,218.75	4,232,520.00	0.82%	-26,698.75
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COMMIT TO PUR FNMA SF MTG 5.000% 07/01/2043 DD 07/01/13 SEC ID: 01F050676	107.6170	3,000,000.000	3,225,000.00	3,228,510.00	0.63%	3,510.00
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**BNY MELLON**

**OCS-D-CONSOLIDATED - OCSG00010000**

**Asset Detail  
by Currency  
6/30/2013**

**Report ID: GL8013  
Base Currency: USD  
Alternate Base Currency:  
Exchange Rate:  
Status: FINAL**

Description	Price Base	Shares Par	Cost Base	Market Value Base	% of Total	Net Unrealized Gain/Loss Base
AMERICAN EXPRESS CO 7.000% 03/19/2018 DD 03/19/08 SEC ID: 025816AY5	120.3080	2,900,000.000	3,377,385.79	3,488,932.00	0.68%	111,546.21
AMERICAN INTERNATIONAL GROUP I 8.250% 08/15/2018 DD 02/15/09 SEC ID: 026874BT3	124.0140	900,000.000	1,155,644.00	1,116,126.00	0.22%	-39,518.00
AMERICAN MUNI PWR-OHIO INC OH 7.734% 02/15/2033 DD 12/21/10 SEC ID: 02765UEH3	122.3220	1,300,000.000	1,337,284.00	1,590,186.00	0.31%	252,902.00
AMGEN INC 3.450% 10/01/2020 DD 09/16/10 SEC ID: 031162BD1	102.0680	1,300,000.000	1,318,052.00	1,326,884.00	0.26%	8,832.00
AMRESCO RESIDENTIAL SECURI 1 A VAR RT 06/25/2029 DD 10/20/99 SEC ID: 03215PFN4	89.8770	133,743.290	100,432.85	120,204.46	0.02%	19,771.61
BANK OF AMERICA CORP 7.625% 06/01/2019 DD 06/02/09 SEC ID: 06051GDZ9	120.1780	500,000.000	619,600.00	600,890.00	0.12%	-18,710.00
BAY AREA CA TOLL AUTH TOLL BRI 6.793% 04/01/2030 DD 07/01/10 SEC ID: 072024NT5	120.7870	1,300,000.000	1,300,000.00	1,570,231.00	0.30%	270,231.00
CALIFORNIA ST 7.350% 11/01/2039 DD 11/10/09 SEC ID: 13063BBU5	129.7990	1,500,000.000	1,509,825.00	1,946,985.00	0.38%	437,160.00
CITIGROUP INC 5.000% 09/15/2014 DD 09/16/04 SEC ID: 172967CQ2	103.9230	1,350,000.000	1,426,317.00	1,402,960.50	0.27%	-23,356.50
CITIGROUP INC VAR RT 03/07/2014 DD 03/07/07 SEC ID: 172967EA5	99.8150	2,600,000.000	2,127,658.00	2,595,190.00	0.50%	467,532.00
CITIGROUP INC 5.500% 10/15/2014 DD 09/24/09 SEC ID: 172967EZ0	105.1780	300,000.000	319,218.00	315,534.00	0.06%	-3,684.00
DAIMLER FINANCE NORTH AMERICA 6.500% 11/15/2013 DD 11/06/03 SEC ID: 233835AW7	102.0920	1,545,000.000	1,763,478.45	1,577,321.40	0.31%	-186,157.05
DOMINION RESOURCES INC/VA 5.600% 11/15/2016 DD 11/14/06 SEC ID: 25746UBB4	113.5000	1,697,000.000	1,983,941.61	1,926,095.00	0.37%	-57,846.61
EOG RESOURCES INC VAR RT 02/03/2014 DD 11/23/10 SEC ID: 26875PAJ0	100.3560	100,000.000	100,000.00	100,356.00	0.02%	356.00



BNY MELLON

OCSD-CONSOLIDATED - OCSG00010000

Asset Detail  
by Currency  
6/30/2013

Report ID: GL8013  
Base Currency: USD  
Alternate Base Currency:  
Exchange Rate:  
Status: FINAL

Description	Price	Shares Par	Cost	Market Value	% of Total	Net Unrealized Gain/Loss
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FHLMC MULTICLASS MTG E3 A VAR RT 08/15/2032 DD 12/01/97 SEC ID: 3133TCE95	105.0620	145,245.950	145,397.88	152,598.30	0.03%	7,200.42
FHLMC #78-6064 VAR RT 01/01/2028 DD 12/01/97 SEC ID: 31348SWZ3	106.5840	4,806.540	4,689.39	5,123.00	0.00%	433.61
FHLMC #0466397 VAR RT 11/01/2020 DD 11/01/10 SEC ID: 31381PDA3	104.0030	384,357.910	376,040.17	399,743.76	0.08%	23,703.59
FHLMC #0AH0921 VAR RT 12/01/2040 DD 12/01/10 SEC ID: 3138A2AX7	104.7160	682,302.500	692,803.54	714,479.89	0.14%	21,676.35
FHLMC #0AH2926 VAR RT 01/01/2041 DD 01/01/11 SEC ID: 3138A2AX7	104.2290	2,186,395.630	2,147,450.45	2,278,858.30	0.44%	131,407.85
FHLMC #0A13507 VAR RT 06/01/2041 DD 06/01/11 SEC ID: 3138AG3R7	106.0300	1,597.330	1,689.33	1,693.65	0.00%	4.32
FHLMC #0A10869 VAR RT 06/01/2029 DD 09/01/11 SEC ID: 3138EG6F6	106.4830	54,511.100	57,650.82	58,045.05	0.01%	394.23
FHLMC MULTICLASS MTG 58 2A VAR RT 09/25/2043 DD 09/01/03 SEC ID: 31394JY35	112.1650	1,489,182.670	1,686,499.36	1,670,341.74	0.32%	-16,157.62
FHLMC MULTICLASS MTG K006 A2 VAR RT 01/25/2020 DD 04/01/10 SEC ID: 31398VJ98	109.7160	900,000.000	951,046.88	987,444.00	0.19%	36,397.12
FHLMC #78-6064 VAR RT 01/01/2028 DD 12/01/97 SEC ID: 31348SWZ3	106.5840	4,806.540	4,689.39	5,123.00	0.00%	433.61
FHLMC #0257179 VAR RT 04/01/2028 DD 03/01/08 SEC ID: 31371NUC7	106.7290	90,807.430	96,037.73	96,917.86	0.02%	880.13
FHLMC #0465469 VAR RT 07/01/2015 DD 07/01/10 SEC ID: 31381NCE1	99.9910	96,192.900	101,062.68	96,184.24	0.02%	-4,878.44
FHLMC #0466397 VAR RT 11/01/2020 DD 11/01/10 SEC ID: 31381PDA3	104.0030	384,357.910	376,040.17	399,743.76	0.08%	23,703.59
FHLMC #0AH0921 VAR RT 12/01/2040 DD 12/01/10 SEC ID: 3138A2AX7	104.7160	682,302.500	692,803.54	714,479.89	0.14%	21,676.35
FHLMC #0AH2926 VAR RT 01/01/2041 DD 01/01/11 SEC ID: 3138A2AX7	104.2290	2,186,395.630	2,147,450.45	2,278,858.30	0.44%	131,407.85
FHLMC #0A13507 VAR RT 06/01/2041 DD 06/01/11 SEC ID: 3138AG3R7	106.0300	1,597.330	1,689.33	1,693.65	0.00%	4.32
FHLMC #0A10869 VAR RT 06/01/2029 DD 09/01/11 SEC ID: 3138EG6F6	106.4830	54,511.100	57,650.82	58,045.05	0.01%	394.23
FHLMC MULTICLASS MTG 58 2A VAR RT 09/25/2043 DD 09/01/03 SEC ID: 31394JY35	112.1650	1,489,182.670	1,686,499.36	1,670,341.74	0.32%	-16,157.62
FHLMC #07-114 A6 VAR RT 10/27/2037 DD 11/30/07 SEC ID: 31396X3Q5	100.0010	200,000.000	190,250.00	200,002.00	0.04%	9,752.00
FHLMC #11-3 FA VAR RT 02/25/2041 DD 01/25/11 SEC ID: 31397QRE0	100.9170	985,927.670	985,619.58	994,968.63	0.19%	9,349.05
FHLMC #10-M1 A1 VAR RT 06/25/2019 DD 02/01/10 SEC ID: 31398MGL4	104.4790	979,080.800	1,016,408.27	1,022,933.83	0.20%	6,525.56
FHLMC MULTICLASS MTG K006 A2 VAR RT 01/25/2020 DD 04/01/10 SEC ID: 31398VJ98	109.7160	900,000.000	951,046.88	987,444.00	0.19%	36,397.12



BNY MELLON

OCSD-CONSOLIDATED - OCSG00010000

Asset Detail  
by Currency  
6/30/2013

Report ID: GL8013  
Base Currency: USD  
Alternate Base Currency:  
Exchange Rate:  
Status: FINAL

Description	Price Base	Shares Par	Cost Base	Market Value Base	% of Total	Net Unrealized Gain/Loss Base
FNMA POOL #0725140 4.874% 01/01/2014 DD 01/01/04 SEC ID: 31402CS52	101.2560	201,592.590	219,137.46	204,124.59	0.04%	-15,012.87
FNMA POOL #0823358 VAR RT 02/01/2035 DD 04/01/05 SEC ID: 31406XWT5	106.7950	292,595.780	290,309.88	312,477.66	0.06%	22,167.78
FNMA POOL #0MA0022 4.500% 04/01/2029 DD 03/01/09 SEC ID: 31417YAY3	106.5450	92,918.900	98,270.80	99,000.44	0.02%	729.64
GNMA II POOL #0080023 VAR RT 12/20/2026 DD 12/01/96 SEC ID: 36225CAZ9	104.2660	39,929.640	40,590.98	41,633.04	0.01%	1,042.06
GNMA II POOL #080088M VAR RT 06/20/2027 DD 06/01/97 SEC ID: 36225CC20	103.9090	46,257.780	47,269.68	48,066.00	0.01%	796.32
GNMA II POOL #080408X VAR RT 05/20/2030 DD 05/01/00 SEC ID: 36225CN28	104.2950	148,878.090	147,366.06	155,272.40	0.03%	7,906.34
GNMA II POOL #0080395 VAR RT 04/20/2030 DD 04/01/00 SEC ID: 36225CNM4	104.2930	17,532.240	17,373.35	18,284.90	0.00%	911.55
GNMA II POOL #0080965 VAR RT 07/20/2034 DD 07/01/04 SEC ID: 36225DCB8	104.4550	144,440.010	144,349.74	150,874.81	0.03%	6,525.07
GOLDMAN SACHS GROUP INC/THE VAR RT 03/22/2016 DD 03/22/06 SEC ID: 38141GEG5	98.5340	2,000,000.000	1,895,068.00	1,970,680.00	0.38%	75,612.00
GOLDMAN SACHS GROUP INC/THE 5.950% 01/18/2018 DD 01/18/08 SEC ID: 38141GFG4	111.8840	600,000.000	692,806.00	671,304.00	0.13%	-21,502.00
GNMA GTD REMIC P/T 00-9 FH VAR RT 02/16/2030 SEC ID: 3837H4NX9	101.0050	89,873.850	89,873.85	90,777.08	0.02%	903.23
HSBC BANK USA NA/NEW YORK NY 4.625% 04/01/2014 DD 03/22/04 SEC ID: 40428EJQ3	102.7820	1,250,000.000	1,275,175.00	1,284,775.00	0.25%	9,600.00
ILLINOIS ST TOLL HIGHWAY AUTH 5.293% 01/01/2024 DD 05/21/09 SEC ID: 452252FJ3	108.0790	2,500,000.000	2,464,750.00	2,701,975.00	0.52%	237,225.00
JPMORGAN CHASE & CO 6.300% 04/23/2019 DD 04/23/09 SEC ID: 46625HHL7	116.1700	100,000.000	112,124.00	116,170.00	0.02%	4,046.00



BNY MELLON

OCSD-CONSOLIDATED - OCSG00010000

Asset Detail  
by Currency  
6/30/2013

Report ID: GL8013  
Base Currency: USD  
Alternate Base Currency:  
Exchange Rate:  
Status: FINAL

Description	Price	Shares Par	Cost	Market Value	% of Total	Net Unrealized Gain/Loss
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JPMORGAN CHASE & CO SEC ID: 46625HHS2 4.400% 07/22/2020 DD 07/22/10	104.5730	1,000,000.000	1,104,074.00	1,045,730.00	0.20%	-58,344.00
JPMORGAN CHASE & CO SEC ID: 46625HHU7 4.250% 10/15/2020 DD 10/21/10	103.9440	500,000.000	499,876.00	519,720.00	0.10%	19,844.00
JPMORGAN CHASE & CO SEC ID: 46625HHU7 3.450% 03/01/2016 DD 02/24/11	104.3090	500,000.000	506,326.00	521,545.00	0.10%	15,219.00
JPMORGAN CHASE & CO SEC ID: 46625HHX1 3.150% 07/05/2016 DD 06/29/11	103.5095	300,000.000	299,658.00	310,528.43	0.06%	10,870.43
JPMORGAN CHASE BANK NA SEC ID: 46625HJA9 6.000% 10/01/2017 DD 09/24/07	113.9090	1,100,000.000	1,302,565.00	1,252,999.00	0.24%	-49,566.00
LEHMAN BRTH HLD ESC SEC ID: 48121CYK6 0.000% 12/30/2016 DD 10/24/05	24.2500	2,000,000.000	1,703,007.66	485,000.00	0.09%	-1,218,007.66
ESC LEHMAN BRTH HLD ESCROW SEC ID: 525ESC0Y6 0.000% 01/24/2013 DD 01/22/08	24.3750	600,000.000	507,849.81	146,250.00	0.03%	-361,599.81
MASSACHUSETTS ST PORT AUTH FAC SEC ID: 525ESCIB7 6.202% 07/01/2031 DD 06/15/11	105.9930	1,300,000.000	1,300,000.00	1,377,909.00	0.27%	77,909.00
MERRILL LYNCH & CO INC SEC ID: 575898CS8 6.875% 11/15/2018 DD 11/24/98	116.4700	2,800,000.000	3,417,664.00	3,261,160.00	0.63%	-156,504.00
MET TRANSPRTN AUTH NY REVENUE SEC ID: 590188JN9 6.814% 11/15/2040 DD 12/29/10	120.5840	300,000.000	311,316.00	361,752.00	0.07%	50,436.00
MORGAN STANLEY SEC ID: 59259YGF0 6.000% 04/28/2015 DD 04/28/08	107.2160	700,000.000	737,361.00	750,512.00	0.15%	13,151.00
NCUA GUARANTEED NOTES TR R2 1A SEC ID: 61747YCE3 VAR RT 11/06/2017 DD 11/17/10	99.9840	904,595.110	904,591.01	904,450.37	0.18%	-140.64
NCUA GUARANTEED NOTES TR C1 A1 SEC ID: 62888UAA8 1.600% 10/29/2020 DD 11/10/10	101.2720	626,050.800	627,664.83	634,014.17	0.12%	6,349.34
NEW JERSEY ST TURNPIKE AUTH SEC ID: 62888XAA2 7.414% 01/01/2040 DD 04/28/09	133.1310	1,500,000.000	1,634,565.00	1,996,965.00	0.39%	362,400.00



BNY MELLON

OCSD-CONSOLIDATED - OCSG00010000

Asset Detail  
by Currency  
6/30/2013

Report ID: GL8013  
Base Currency: USD  
Alternate Base Currency:  
Exchange Rate:  
Status: FINAL

Description	Price Base	Shares Par	Cost Base	Market Value Base	% of Total	Net Unrealized Gain/Loss Base
NEW YORK NY 5.698% 03/01/2027 DD 03/30/10 SEC ID: 64966HYK0	116.0240	1,300,000.000	1,373,502.00	1,508,312.00	0.29%	134,810.00
NEW YORK CITY NY TRANSITIONAL 4.075% 11/01/2020 DD 11/03/10 SEC ID: 64971M5E8	105.8830	1,400,000.000	1,400,000.00	1,482,362.00	0.29%	82,362.00
NEWPORT BEACH CA REVENUE 6.000% 12/01/2040 DD 02/08/11 SEC ID: 651785CD7	114.1050	500,000.000	508,595.00	570,525.00	0.11%	61,930.00
PHILIP MORRIS INTERNATIONAL IN 5.650% 05/16/2018 DD 05/16/08 SEC ID: 718172AA7	115.2830	1,600,000.000	1,854,144.00	1,844,528.00	0.36%	-9,616.00
PORT AUTH OF NEW YORK & NEW JE 5.309% 12/01/2019 DD 07/01/09 SEC ID: 73358WAG9	114.4570	2,440,000.000	2,507,633.89	2,792,750.80	0.54%	285,116.91
SLM STUDENT LOAN TRUST 200 9 A VAR RT 04/25/2023 DD 08/28/08 SEC ID: 78445JAA5	102.8150	60,341.240	60,096.42	62,039.85	0.01%	1,943.43
SIMON PROPERTY GROUP LP 4.375% 03/01/2021 DD 08/16/10 SEC ID: 828807CF2	106.4190	1,000,000.000	996,050.00	1,064,190.00	0.21%	68,140.00
SBA GTD PARTN CTF5 2001-20C 1 6.340% 03/01/2021 SEC ID: 83162CLJ0	109.3160	412,610.320	412,610.32	451,049.10	0.09%	38,438.78
SOUNDVIEW HOME LOAN TR OPT3 A4 VAR RT 11/25/2035 DD 09/30/05 SEC ID: 83611MGS1	98.3440	453,476.840	400,335.05	445,967.26	0.09%	45,632.21
SOUTH CAROLINA STUDENT LO 1 A1 VAR RT 01/25/2021 DD 11/30/10 SEC ID: 83715AAK5	99.6560	221,225.330	220,784.61	220,464.31	0.04%	-320.30
SOUTHERN CO/THE 2.375% 09/15/2015 DD 09/17/10 SEC ID: 842587CG0	103.0010	1,000,000.000	999,810.00	1,030,010.00	0.20%	30,200.00
TEXAS ST TRANSPRTN COMMISSION 5.028% 04/01/2026 DD 08/05/10 SEC ID: 88283LHT6	113.2390	1,200,000.000	1,200,000.00	1,358,868.00	0.26%	158,868.00
TOYOTA MOTOR CREDIT CORP VAR RT 05/17/2016 DD 05/17/13 SEC ID: 89236TAK1	99.8290	5,200,000.000	5,200,000.00	5,191,108.00	1.01%	-8,892.00
US TREAS-CPI INFLAT 3.875% 04/15/2029 DD 04/15/99 SEC ID: 912810FH6	144.1250	495,085.500	815,549.09	713,541.98	0.14%	-102,007.11



BNY MELLON

OCSD-CONSOLIDATED - OCSG00010000

Asset Detail  
by Currency  
6/30/2013

Report ID: GL8013  
Base Currency: USD  
Alternate Base Currency:  
Exchange Rate:  
Status: FINAL

Description	Price	Shares Par	Cost	Market Value	% of Total	Net Unrealized Gain/Loss
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US TREAS-CPI INFLAT SEC ID: 912810FR4 2.375% 01/15/2025 DD 07/15/04	119.1250	740,190.000	1,005,205.76	881,751.34	0.17%	-123,454.42
US TREAS-CPI INFLAT SEC ID: 912810FR4 2.000%001/15/2026 DD 01/15/06	115.4770	820,127.000	1,037,579.48	947,058.06	0.18%	-90,521.42
US TREAS-CPI INFLAT SEC ID: 912810FS2 2.375% 01/15/2027 DD 01/15/07	120.3980	10,031,970.000	13,764,469.89	12,078,291.24	2.34%	-1,686,178.65
US TREAS-CPI INFLAT SEC ID: 912810PS1 1.750% 01/15/2028 DD 01/15/08	112.0390	7,880,929.000	9,965,413.27	8,829,714.04	1.71%	-1,135,699.23
US TREAS-CPI INFLAT SEC ID: 912810PV4 2.500% 01/15/2029 DD 01/15/09	123.3440	1,516,326.000	2,107,674.10	1,870,297.14	0.36%	-237,376.96
US TREAS-CPI INFLAT SEC ID: 912810PZ5 0.625% 02/15/2043 DD 02/15/13	84.1020	910,287.000	892,782.28	765,569.57	0.15%	-127,212.71
US TREASURY NOTE SEC ID: 912810RA8 4.250% 08/15/2013 DD 08/15/03	100.5160	3,610,000.000	3,707,867.10	3,628,627.60	0.70%	-79,239.50
US TREASURY NOTE SEC ID: 912828BH2 2.000% 11/30/2013 DD 11/30/08	100.7810	13,200,000.000	13,516,078.13	13,303,092.00	2.58%	-212,986.13
US TREASURY NOTE SEC ID: 912828J78 3.625% 08/15/2019 DD 08/15/09	111.3830	6,300,000.000	7,338,761.72	7,017,129.00	1.36%	-321,632.72
US TREASURY NOTE SEC ID: 912828LJ7 0.500% 10/15/2013 DD 10/15/10	100.1130	10,000,000.000	10,028,125.00	10,011,300.00	1.94%	-16,825.00
US TREASURY NOTE SEC ID: 912828PB0 1.000% 01/15/2014 DD 01/15/11	100.4730	2,700,000.000	2,720,665.13	2,712,771.00	0.53%	-7,894.13
US TREASURY NOTE SEC ID: 912828PQ7 0.500% 11/15/2013 DD 11/15/10	100.1440	2,200,000.000	2,206,445.31	2,203,168.00	0.43%	-3,277.31
US TREASURY NOTE SEC ID: 912828PU8 1.250% 03/15/2014 DD 03/15/11	100.7730	2,400,000.000	2,425,593.75	2,418,552.00	0.47%	-7,041.75
US TREASURY NOTE SEC ID: 912828RK8 0.125% 09/30/2013 DD 09/30/11	100.0080	10,200,000.000	10,194,863.39	10,200,816.00	1.98%	5,952.61



**BNY MELLON**

OCSD-CONSOLIDATED - OCSG00010000

**Asset Detail  
by Currency  
6/30/2013**

**Report ID: GL8013**  
**Base Currency: USD**  
**Alternate Base Currency:**  
**Exchange Rate:**  
**Status: FINAL**

Description	Price Base	Shares Par	Cost Base	Market Value Base	% of Total	Net Unrealized Gain/Loss Base
U S TREASURY NOTE 0.250% 11/30/2013 DD 11/30/11 SEC ID: 912828RS1	100.0590	14,500,000.000	14,511,851.56	14,508,555.00	2.81%	-3,296.56
U S TREASURY NOTE 0.125% 12/31/2013 DD 12/31/11 SEC ID: 912828RW2	100.0000	39,900,000.000	39,869,214.85	39,900,000.00	7.74%	30,785.15
U S TREASURY NOTE 0.250% 03/31/2014 DD 03/31/12 SEC ID: 912828SL5	100.0660	1,900,000.000	1,902,078.13	1,901,254.00	0.37%	-824.13
U S TREASURY NOTE 0.250% 04/30/2014 DD 04/30/12 SEC ID: 912828SR2	100.0660	18,300,000.000	18,319,421.88	18,312,078.00	3.55%	-7,343.88
U S TREASURY NOTE 1.625% 08/15/2022 DD 08/15/12 SEC ID: 912828TJ9	93.8200	1,800,000.000	1,773,351.56	1,688,760.00	0.33%	-84,591.56
U S TREASURY NOTE 1.625% 11/15/2022 DD 11/15/12 SEC ID: 912828TY6	93.3520	1,500,000.000	1,473,304.90	1,400,280.00	0.27%	-73,024.90
U S TREASURY NOTE 1.375% 01/31/2020 DD 01/31/13 SEC ID: 912828UL2	97.2190	9,800,000.000	9,814,157.77	9,527,462.00	1.85%	-286,695.77
U S TREASURY NOTE 2.000% 02/15/2023 DD 02/15/13 SEC ID: 912828UN8	96.2420	37,500,000.000	38,217,237.98	36,090,750.00	7.00%	-2,126,487.98
U S TREASURY NOTE 1.250% 02/29/2020 DD 02/28/13 SEC ID: 912828UQ1	96.2730	20,600,000.000	20,551,782.39	19,832,238.00	3.84%	-719,544.39
U S TREASURY NOTE 1.750% 05/15/2023 DD 05/15/13 SEC ID: 912828VB3	93.6560	200,000.000	196,156.25	187,312.00	0.04%	-8,844.25
UNIV OF CALIFORNIA CA RGTS MED 5.035% 05/15/2021 DD 11/18/10 SEC ID: 913366EJ5	110.1260	400,000.000	400,000.00	440,504.00	0.09%	40,504.00
VERIZON COMMUNICATIONS INC 6.100% 04/15/2018 DD 04/04/08 SEC ID: 92343VAM6	117.0530	1,000,000.000	1,077,847.33	1,170,530.00	0.23%	92,682.67
WELLS FARGO HOME EQUITY 2 AI6 VAR RT 10/25/2034 DD 09/01/04 SEC ID: 94980GAG6	102.3540	238,101.780	236,316.01	243,706.70	0.05%	7,390.69
<b>TOTAL FIXED INCOME SECURITIES</b>		<b>303,611,486.520</b>	<b>315,698,263.69</b>	<b>309,555,011.49</b>	<b>60.01%</b>	<b>-6,143,252.20</b>
<b>TOTAL ASSETS U.S. DOLLAR</b>		<b>536,956,913.660</b>	<b>521,998,991.21</b>	<b>515,796,519.95</b>	<b>100.00%</b>	<b>-6,202,471.26</b>
<b>TOTAL ASSETS - BASE:</b>		<b>536,956,913.660</b>	<b>521,998,991.21</b>	<b>515,796,519.95</b>	<b>100.00%</b>	<b>-6,202,471.26</b>



6/1/2013 - 6/30/2013

Description	Trade/ Ex Date	Units	Principal
	Settle/ Pay Date	Trade Price	Commission
	Actual Settlement Date	Misc. Expense	Income
		FX Fee	Net Local Amount
<b>DELIVER VS PAY - SELL</b>			
MORGAN STANLEY REVERSE REPO REPURCHASE AGREEMENT DTD	6/3/2013	-11,000,000.000	11,000,000.00
05/30/2013	6/3/2013	100.0000	0.00
CLOSE FOR 1131510045259	6/3/2013	0.00	82.50
		0.00	11,000,082.50
TRADING BROKER: MORGAN STANLEY & CO INC, NY 00000050			
CLEARING BROKER: MORGAN STANLEY & CO INC, NY 00000050			
CMS REF: 1131540000067			
SEC ID: 99ZAJPEW2 REG: REPO			
MORGAN STANLEY REVERSE REPO REPURCHASE AGREEMENT DTD	6/3/2013	-11,000,000.000	11,000,000.00
05/30/2013	6/3/2013	100.0000	0.00
CLOSE FOR 1131510045852	6/3/2013	0.00	82.50
		0.00	11,000,082.50
TRADING BROKER: MORGAN STANLEY & CO INC, NY 00000050			
CLEARING BROKER: MORGAN STANLEY & CO INC, NY 00000050			
CMS REF: 1131540000257			
SEC ID: 99ZAJPEW2 REG: REPO			
MORGAN STANLEY REVERSE REPO REPURCHASE AGREEMENT DTD	6/3/2013	-42,500,000.000	42,500,000.00
05/30/2013	6/3/2013	100.0000	0.00
CLOSE FOR 1131510045873	6/3/2013	0.00	247.92
		0.00	42,500,247.92
TRADING BROKER: MORGAN STANLEY & CO INC, NY 00000050			
CLEARING BROKER: MORGAN STANLEY & CO INC, NY 00000050			
CMS REF: 1131540000265			
SEC ID: 99ZAJPEY8 REG: REPO			
<b>Total DELIVER VS PAY - SELL (3)</b>		<b>Total Principal:</b>	<b>64,500,000.00</b>
		<b>Total Commission:</b>	<b>0.00</b>
		<b>Total Income:</b>	<b>412.92</b>
		<b>Total Net:</b>	<b>64,500,412.92</b>
<b>MARGIN RELEASE - BUY</b>			
DREYFU TRE AGY CSH MGT 521 INC FUND	6/3/2013	327.50	-327.50
BOUGHT DREYFUS TREAS & AGY CSH MGT 521 INC	6/3/2013	0.0000	0.00
CMS REF: 1131540651472	6/3/2013	0.00	0.00
SEC ID: 996085247 REG: 05		0.00	-327.50
<b>SELL - SELL</b>			



6/1/2013 - 6/30/2013

**Custody Transaction History**

Report ID: CUA356

Base Currency: USD

Principal	Commission	Income	Net Local Amount
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DREYFU TRE AGY CSH MGT 521 INC FUND	3,799,280.17	0.00	3,799,280.17
SOLD DREYFUS TREAS & AGY CSH MGT 521 INC	0.00	0.00	0.00
CMS REF: 1131540651473			
SEC ID: 996085247 REG: 05			

**FOREIGN HOLDER RELEASE - CD**

BANK OF AMERICA CORP SR UNSECURED	0.00	0.00	0.00
REG INT ON 500000.000 UNITS PAY 06/03/13 RATE .0381250000	0.00	0.00	0.00
CMS REF: 1131540042613			
SEC ID: 06051GDDZ9			

NEWPORT BEACH CA REVENUE HOAG MEM HOSP PRESBYTERIAN	0.00	0.00	0.00
REG INT ON 500000.000 UNITS PAY 06/03/13 RATE .0300000000	0.00	0.00	0.00
CMS REF: 1131540042616			
SEC ID: 651785CD7			

PORT AUTH OF NEW YORK & NEW JE CONS-ONE HUNDRED FIFTY-SEVEN	0.00	0.00	0.00
REG INT ON 2440000.000 UNITS PAY 06/03/13 RATE .0265450000	0.00	0.00	0.00
CMS REF: 1131540042609			
SEC ID: 73358WAG9			

**Total FOREIGN HOLDER RELEASE - CD (3)**

<b>Total Principal:</b>	0.00
<b>Total Commission:</b>	0.00
<b>Total Income:</b>	98,832.30
<b>Total Net:</b>	98,832.30

**Total U.S. DOLLAR (USD) (13)**

<b>Total Principal:</b>	-99,245.22
<b>Total Commission:</b>	0.00
<b>Total Income:</b>	99,245.22
<b>Total Net:</b>	0.00

**6/4/2013**

**U.S. DOLLAR (USD)**

**RECEIVE VS PAY - BUY**

FEDERAL HOME LN BK CONS DISC NT DTD 07/23/2012 0.0000%	23,300,000.000	0.00	23,300,000.000
TRADING BROKER: MIZUHO SECURITIES CO LTD, TOKYO 00107292	0.00	0.00	0.00
CLEARING BROKER: MIZUHO SECURITIES CO LTD, TOKYO 00107292	0.00	0.00	0.00
CMS REF: 1131540200255 CLIENT REF: 0000203000055764			
SEC ID: 313385JM9 REG: FRB			

6/1/2013 - 6/30/2013

Description	Trade/ Ex Date	Units	Principal
	Settle/ Pay Date	Trade Price	Commission
	Actual Settlement Date	Misc. Expense	Income
		FX Fee	Net Local Amount
FEDERAL HOME LN BK CONS DISC NT DTD 07/23/2012 0.000%	6/3/2013	3,700,000.000	-3,699,723.01
07/23/2013	6/4/2013	99.9925	0.00
TRADING BROKER: MIZUHO SECURITIES CO LTD, TOKYO 00107292	6/4/2013	0.00	0.00
CLEARING BROKER: MIZUHO SECURITIES CO LTD, TOKYO 00107292		0.00	-3,699,723.01
CMS REF: 1131540200259 CLIENT REF: 000060300021352			
SEC ID: 313385JM9 REG: FRB			
MORGAN STANLEY REVERSE REPO REPURCHASE AGREEMENT DTD	6/3/2013	5,500,000.000	-5,500,000.00
06/03/2013	6/4/2013	100.0000	0.00
TRADING BROKER: MORGAN STANLEY & CO INC, NY 00000050	6/4/2013	0.00	0.00
CLEARING BROKER: MORGAN STANLEY & CO INC, NY 00000050		0.00	-5,500,000.00
CMS REF: 1131550044844 CLIENT REF: 000020300055766			
SEC ID: 99ZAJPU53 REG: REPO			
MORGAN STANLEY REVERSE REPO REPURCHASE AGREEMENT DTD	6/3/2013	2,800,000.000	-2,800,000.00
06/03/2013	6/4/2013	100.0000	0.00
TRADING BROKER: MORGAN STANLEY & CO INC, NY 00000050	6/4/2013	0.00	0.00
CLEARING BROKER: MORGAN STANLEY & CO INC, NY 00000050		0.00	-2,800,000.00
CMS REF: 1131550044962 CLIENT REF: 000060300021354			
SEC ID: 99ZAJPU53 REG: REPO			
<b>Total RECEIVE VS PAY - BUY (4)</b>		<b>Total Principal:</b>	<b>-35,297,978.75</b>
		<b>Total Commission:</b>	<b>0.00</b>
		<b>Total Income:</b>	<b>0.00</b>
		<b>Total Net:</b>	<b>-35,297,978.75</b>
<b>DELIVER VS PAY - SELL</b>			
MORGAN STANLEY REVERSE REPO REPURCHASE AGREEMENT DTD	6/4/2013	-11,000,000.000	11,000,000.00
05/31/2013	6/4/2013	100.0000	0.00
CLOSE FOR 1131540053991	6/4/2013	0.00	36.67
TRADING BROKER: MORGAN STANLEY & CO INC, NY 00000050		0.00	11,000,036.67
CLEARING BROKER: MORGAN STANLEY & CO INC, NY 00000050			
CMS REF: 1131550000129			
SEC ID: 99ZAJPM29 REG: REPO			



**Custody Transaction History**

Report ID: CUA356

Base Currency: USD

6/1/2013 - 6/30/2013

Principal	Commission	Income	Net Local Amount
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Trade / Ex Date	Settle / Pay Date	Actual Settlement Date	Misc. Expense	FX Fee	Description
6/4/2013	6/4/2013	6/4/2013	-6,500,000.000	100.0000	MORGAN STANLEY REVERSE REPO REPURCHASE AGREEMENT DTD
6/4/2013	6/4/2013	6/4/2013	6,500,000.00	21.67	05/31/2013
6/4/2013	6/4/2013	6/4/2013	0.00	0.00	CLOSE FOR 1131540054053
6/4/2013	6/4/2013	6/4/2013	0.00	0.00	TRADING BROKER: MORGAN STANLEY & CO INC, NY 00000050
6/4/2013	6/4/2013	6/4/2013	0.00	0.00	CLEARING BROKER: MORGAN STANLEY & CO INC, NY 00000050
6/4/2013	6/4/2013	6/4/2013	0.00	0.00	CMS REF: 113155000175
6/4/2013	6/4/2013	6/4/2013	0.00	0.00	SEC ID: 99ZAJPM29 REG: REPO
6/4/2013	6/4/2013	6/4/2013	-17,800,000.000	100.0000	MORGAN STANLEY REVERSE REPO REPURCHASE AGREEMENT DTD
6/4/2013	6/4/2013	6/4/2013	17,800,000.00	0.00	05/31/2013
6/4/2013	6/4/2013	6/4/2013	0.00	0.00	CLOSE FOR 1131540054205
6/4/2013	6/4/2013	6/4/2013	0.00	0.00	TRADING BROKER: MORGAN STANLEY & CO INC, NY 00000050
6/4/2013	6/4/2013	6/4/2013	0.00	0.00	CLEARING BROKER: MORGAN STANLEY & CO INC, NY 00000050
6/4/2013	6/4/2013	6/4/2013	0.00	0.00	CMS REF: 113155000523
6/4/2013	6/4/2013	6/4/2013	0.00	0.00	SEC ID: 99ZAJPM45 REG: REPO
6/4/2013	6/4/2013	6/4/2013	35,300,000.00	0.00	<b>Total DELIVER VS PAY - SELL (3)</b>
6/4/2013	6/4/2013	6/4/2013	107.78	0.00	<b>Total Commission:</b>
6/4/2013	6/4/2013	6/4/2013	35,300,107.78	0.00	<b>Total Net:</b>
6/4/2013	6/4/2013	6/4/2013	-302.94	0.00	DREYFU TRE AGY CSH MGT 521 INC FUND
6/4/2013	6/4/2013	6/4/2013	0.00	0.00	BOUGHT DREYFUS TREAS & AGY CSH MGT 521 INC
6/4/2013	6/4/2013	6/4/2013	0.00	0.00	CMS REF: 1131550551698
6/4/2013	6/4/2013	6/4/2013	0.00	0.00	SEC ID: 996085247 REG: 05
6/4/2013	6/4/2013	6/4/2013	-1,836.87	0.00	DREYFU TRE AGY CSH MGT 521 INC FUND
6/4/2013	6/4/2013	6/4/2013	0.00	0.00	BOUGHT DREYFUS TREAS & AGY CSH MGT 521 INC
6/4/2013	6/4/2013	6/4/2013	0.00	0.00	CMS REF: 1131550551699
6/4/2013	6/4/2013	6/4/2013	0.00	0.00	SEC ID: 996085247 REG: 05
6/4/2013	6/4/2013	6/4/2013	-2,139.81	0.00	<b>Total MARGIN RELEASE - BUY (2)</b>
6/4/2013	6/4/2013	6/4/2013	0.00	0.00	<b>Total Principal:</b>
6/4/2013	6/4/2013	6/4/2013	0.00	0.00	<b>Total Commission:</b>
6/4/2013	6/4/2013	6/4/2013	-2,139.81	0.00	<b>Total Net:</b>
6/4/2013	6/4/2013	6/4/2013	0.00	0.00	DREYFU TRE AGY CSH MGT 521 INC FUND
6/4/2013	6/4/2013	6/4/2013	0.00	0.00	RECEIVED INTEREST DREYFU TRE AGY CSH MGT 521 INC FUND
6/4/2013	6/4/2013	6/4/2013	0.00	0.00	CMS REF: 1131550104142
6/4/2013	6/4/2013	6/4/2013	0.00	0.00	SEC ID: 996085247

6/1/2013 - 6/30/2013

Description	Trade/ Ex Date	Units	Principal
	Settle/ Pay Date	Trade Price	Commission
	Actual Settlement Date	Misc. Expense	Income
		FX Fee	Net Local Amount
DREYFU TRE AGY CSH MGT 521 INC FUND	6/4/2013	0.000	0.00
RECEIVED INTEREST DREYFU TRE AGY CSH MGT 521 INC FUND	6/4/2013	0.0000	0.00
CMS REF: 1131550104151	6/4/2013	0.00	6.50
SEC ID: 996085247		0.00	6.50
<b>Total FOREIGN HOLDER RELEASE - CD (2)</b>			<b>0.00</b>
		<b>Total Principal:</b>	<b>0.00</b>
		<b>Total Commission:</b>	<b>0.00</b>
		<b>Total Income:</b>	<b>10.78</b>
		<b>Total Net:</b>	<b>10.78</b>
<b>Total U.S. DOLLAR (USD) (11)</b>			<b>-118.56</b>
		<b>Total Principal:</b>	<b>-118.56</b>
		<b>Total Commission:</b>	<b>0.00</b>
		<b>Total Income:</b>	<b>118.56</b>
		<b>Total Net:</b>	<b>0.00</b>
<b>6/5/2013</b>			
<b>U.S. DOLLAR (USD)</b>			
<b>RECEIVE VS PAY - BUY</b>			
MORGAN STANLEY REVERSE REPO REPURCHASE AGREEMENT DTD	6/4/2013	2,800,000.000	-2,800,000.00
06/04/2013	6/5/2013	100.0000	0.00
TRADING BROKER: MORGAN STANLEY & CO INC, NY 00000050	6/5/2013	0.00	0.00
CLEARING BROKER: MORGAN STANLEY & CO INC, NY 00000050		0.00	-2,800,000.00
CMS REF: 1131560047552 CLIENT REF: 000060300021359			
SEC ID: 99ZAJP189 REG: REPO			
MORGAN STANLEY REVERSE REPO REPURCHASE AGREEMENT DTD	6/4/2013	5,500,000.000	-5,500,000.00
06/04/2013	6/5/2013	100.0000	0.00
TRADING BROKER: MORGAN STANLEY & CO INC, NY 00000050	6/5/2013	0.00	0.00
CLEARING BROKER: MORGAN STANLEY & CO INC, NY 00000050		0.00	-5,500,000.00
CMS REF: 1131560114658 CLIENT REF: 000020300055797			
SEC ID: 99ZAJP189 REG: REPO			
<b>Total RECEIVE VS PAY - BUY (2)</b>			<b>-8,300,000.00</b>
		<b>Total Principal:</b>	<b>-8,300,000.00</b>
		<b>Total Commission:</b>	<b>0.00</b>
		<b>Total Income:</b>	<b>0.00</b>
		<b>Total Net:</b>	<b>-8,300,000.00</b>
<b>DELIVER VS PAY - SELL</b>			



6/1/2013 - 6/30/2013

Description	Trade/ Ex Date	Units	Principal
	Settle/ Pay Date	Trade Price	Commission
	Actual Settlement Date	Misc. Expense FX Fee	Income Net Local Amount
	6/5/2013	0.000	589.48
FEB MBS CLAIM	6/5/2013	0.0000	0.00
CMS REF: 1131560520625	6/5/2013	0.00	0.00
		0.00	589.48
<b>Total U.S. DOLLAR (USD) (8)</b>			
		<b>Total Principal:</b>	<b>-29.97</b>
		<b>Total Commission:</b>	<b>0.00</b>
		<b>Total Income:</b>	<b>29.97</b>
		<b>Total Net:</b>	<b>0.00</b>
<b>6/6/2013</b>			
<b>U.S. DOLLAR (USD)</b>			
<b>RECEIVE VS PAY - BUY</b>			
UNITED STATES TREASURY BILL DTD 05/02/2013 0.000% 05/01/2014	6/5/2013	95,000.000	-94,893.65
TRADING BROKER: JPMORGAN SECURITIES INC, NEW YORK 00000187	6/6/2013	99.8880	0.00
CLEARING BROKER: JPMORGAN SECURITIES INC, NEW YORK 00000187	6/6/2013	0.00	0.00
CMS REF: 1131560224715 CLIENT REF: 000020300055799		0.00	-94,893.65
SEC ID: 912796BE8 REG: FRB			
MORGAN STANLEY REVERSE REPO REPURCHASE AGREEMENT DTD	6/5/2013	2,800,000.000	-2,800,000.00
06/05/2013	6/6/2013	100.0000	0.00
TRADING BROKER: MORGAN STANLEY & CO INC, NY 00000050	6/6/2013	0.00	0.00
CLEARING BROKER: MORGAN STANLEY & CO INC, NY 00000050		0.00	-2,800,000.00
CMS REF: 1131570049675 CLIENT REF: 000060300021366			
SEC ID: 99ZAJ P9N8 REG: REPO			
MORGAN STANLEY REVERSE REPO REPURCHASE AGREEMENT DTD	6/5/2013	5,500,000.000	-5,500,000.00
06/05/2013	6/6/2013	100.0000	0.00
TRADING BROKER: MORGAN STANLEY & CO INC, NY 00000050	6/6/2013	0.00	0.00
CLEARING BROKER: MORGAN STANLEY & CO INC, NY 00000050		0.00	-5,500,000.00
CMS REF: 1131570095469 CLIENT REF: 000020300055813			
SEC ID: 99ZAJ P9R9 REG: REPO			
<b>Total RECEIVE VS PAY - BUY (3)</b>			
		<b>Total Principal:</b>	<b>-8,394,893.65</b>
		<b>Total Commission:</b>	<b>0.00</b>
		<b>Total Income:</b>	<b>0.00</b>
		<b>Total Net:</b>	<b>-8,394,893.65</b>
<b>DELIVER VS PAY - SELL</b>			



6/1/2013 - 6/30/2013

**Custody Transaction History**

Report ID: CUA356

Base Currency: USD

Principal	Commission	Income	Net Local Amount
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Trade / Ex Date	Settle / Pay Date	Actual Settlement Date	Misc. Expense	FX Fee	Description
6/5/2013	6/6/2013	6/6/2013	-95,000.000	0.00	UNITED STATES TREASURY BILL DTD 03/07/2013 0.00% 03/06/2014 TRADING BROKER: JPMORGAN SECURITIES INC, NEW YORK 00000187 CLEARING BROKER: JPMORGAN SECURITIES INC, NEW YORK 00000187 SEC ID: 912796AW9 REG: FRB
6/6/2013	6/6/2013	6/6/2013	-2,800,000.000	100,000.000	MORGAN STANLEY REVERSE REPO REPURCHASE AGREEMENT DTD 06/04/2013 CLOSE FOR 1131560047552 TRADING BROKER: MORGAN STANLEY & CO INC, NY 00000050 CLEARING BROKER: MORGAN STANLEY & CO INC, NY 00000050 SEC ID: 99ZAJP189 REG: REPO
6/6/2013	6/6/2013	6/6/2013	-5,500,000.000	100,000.000	MORGAN STANLEY REVERSE REPO REPURCHASE AGREEMENT DTD 06/04/2013 CLOSE FOR 1131560114658 TRADING BROKER: MORGAN STANLEY & CO INC, NY 00000050 CLEARING BROKER: MORGAN STANLEY & CO INC, NY 00000050 SEC ID: 99ZAJP189 REG: REPO
6/6/2013	6/6/2013	6/6/2013	-5,500,000.000	13.75	MORGAN STANLEY REVERSE REPO REPURCHASE AGREEMENT DTD 06/04/2013 CLOSE FOR 1131560114658 TRADING BROKER: MORGAN STANLEY & CO INC, NY 00000050 CLEARING BROKER: MORGAN STANLEY & CO INC, NY 00000050 SEC ID: 99ZAJP189 REG: REPO
6/6/2013	6/6/2013	6/6/2013	8,394,929.76	0.00	<b>Total DELIVER VS PAY - SELL (3)</b>
6/6/2013	6/6/2013	6/6/2013	8,394,929.76	0.00	<b>Total Principal:</b>
6/6/2013	6/6/2013	6/6/2013	20.75	0.00	<b>Total Income:</b>
6/6/2013	6/6/2013	6/6/2013	8,394,950.51	0.00	<b>Total Net:</b>
6/6/2013	6/6/2013	6/6/2013	-639.34	0.00	DREYFU TRE AGY CSH MGT 521 INC FUND SEC ID: 996085247 REG: 05
6/6/2013	6/6/2013	6/6/2013	-639.34	0.00	DREYFU TRE AGY CSH MGT 521 INC FUND SEC ID: 996085247 REG: 05
6/6/2013	6/6/2013	6/6/2013	-639.34	0.00	DREYFU TRE AGY CSH MGT 521 INC FUND SEC ID: 996085247 REG: 05
6/6/2013	6/6/2013	6/6/2013	-646.34	0.00	<b>Total MARGIN RELEASE - BUY (2)</b>
6/6/2013	6/6/2013	6/6/2013	-646.34	0.00	<b>Total Principal:</b>
6/6/2013	6/6/2013	6/6/2013	0.00	0.00	<b>Total Income:</b>
6/6/2013	6/6/2013	6/6/2013	-646.34	0.00	<b>Total Net:</b>

6/1/2013 - 6/30/2013

Description	Trade/ Ex Date	Units	Principal
	Settle/ Pay Date	Trade Price	Commission
	Actual Settlement Date	Misc. Expense FX Fee	Income Net Local Amount
<b>SELL - SELL</b>			
BNY MELLON CASH RESERVE	6/6/2013	589.480	589.48
SOLD BNY MELLON CASH RESERVE	6/6/2013	0.0000	0.00
CMS REF: 1131570003824	6/6/2013	0.00	0.00
SEC ID: 996087094 REG: 05		0.00	589.48
<b>Total U.S. DOLLAR (USD) (9)</b>			
		<b>Total Principal:</b>	<b>-20.75</b>
		<b>Total Commission:</b>	<b>0.00</b>
		<b>Total Income:</b>	<b>20.75</b>
		<b>Total Net:</b>	<b>0.00</b>
<b>6/7/2013</b>			
<b>U.S. DOLLAR (USD)</b>			
<b>RECEIVE VS PAY - BUY</b>			
UNITED STATES TREASURY BILL DTD 08/23/2012 0.000% 08/22/2013	6/6/2013	2,800,000.000	-2,799,763.56
TRADING BROKER: NOMURA SECS, NEW YORK 00005222	6/7/2013	99.9916	0.00
CLEARING BROKER: NOMURA SECS, NEW YORK 00005222	6/7/2013	0.00	0.00
CMS REF: 1131570160301 CLIENT REF: 000060300021370		0.00	-2,799,763.56
SEC ID: 9127957E5 REG: FRB			
UNITED STATES TREASURY NOTE DTD 02/15/2013 2.000% 02/15/2023	6/6/2013	100,000.000	-100,016.00
TRADING BROKER: GOLDMAN SACHS & CO, NY 00000005	6/7/2013	100.0160	0.00
CLEARING BROKER: GOLDMAN SACHS & CO, NY 00000005	6/7/2013	0.00	-618.78
CMS REF: 1131570230936 CLIENT REF: 000020300055827		0.00	-100,634.78
SEC ID: 912828UN8 REG: FRB			
MORGAN STANLEY REVERSE REPO REPURCHASE AGREEMENT DTD	6/6/2013	5,600,000.000	-5,600,000.00
06/06/2013	6/7/2013	100.0000	0.00
TRADING BROKER: MORGAN STANLEY & CO INC, NY 00000050	6/7/2013	0.00	0.00
CLEARING BROKER: MORGAN STANLEY & CO INC, NY 00000050		0.00	-5,600,000.00
CMS REF: 1131580043667 CLIENT REF: 000020300055829			
SEC ID: 99ZAJQGE8 REG: REPO			
<b>Total RECEIVE VS PAY - BUY (3)</b>			
		<b>Total Principal:</b>	<b>-8,499,779.56</b>
		<b>Total Commission:</b>	<b>0.00</b>
		<b>Total Income:</b>	<b>-618.78</b>
		<b>Total Net:</b>	<b>-8,500,398.34</b>
<b>DELIVER VS PAY - PD</b>			



**Custody Transaction History**

Report ID: CUA356

Base Currency: USD

6/1/2013 - 6/30/2013

Principal	Commission	Income	Net Local Amount
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11/06/2017			
NCVA GUARANTEED NOTES TR R2 1A DTD 11/17/2010 VAR RT			
REC'D PRIN AMORT FOR JUNE RECD INT FOR JUNE ON 922,161.40 UNITS			
TRADING BROKER: NON-BROKER TRADE, BOSTON 00009999			
CLEARING BROKER: NON-BROKER TRADE, BOSTON 00009999			
REVERSAL INDICATOR: R			
CMS REF: 1131580001198			
SEC ID: 62888UA8 REG: DTC			

**DELIVER VS PAY - SELL**

UNITED STATES TREASURY NOTE DTD 05/15/2013 1.750% 05/15/2023			
TRADING BROKER: GOLDMAN SACHS & CO, NY 00000005			
CLEARING BROKER: GOLDMAN SACHS & CO, NY 00000005			
CMS REF: 1131570227433 CLIENT REF: 0000203000055826			
SEC ID: 912828VB3 REG: FRB			

MORGAN STANLEY REVERSE REPO REPURCHASE AGREEMENT DTD	6/7/2013	-2,800,000.00	
06/05/2013			
CLOSE FOR 1131570049675			
TRADING BROKER: MORGAN STANLEY & CO INC, NY 00000050			
CLEARING BROKER: MORGAN STANLEY & CO INC, NY 00000050			
CMS REF: 1131580000354			
SEC ID: 99ZAJPN8 REG: REPO			

MORGAN STANLEY REVERSE REPO REPURCHASE AGREEMENT DTD	6/7/2013	-5,500,000.00	
06/05/2013			
CLOSE FOR 1131570095469			
TRADING BROKER: MORGAN STANLEY & CO INC, NY 00000050			
CLEARING BROKER: MORGAN STANLEY & CO INC, NY 00000050			
CMS REF: 1131580001160			
SEC ID: 99ZAJPR9 REG: REPO			

**Total DELIVER VS PAY - SELL (3)**

<b>Total Principal:</b>		8,397,468.75	
<b>Total Commission:</b>		0.00	
<b>Total Income:</b>		127.04	
<b>Total Net:</b>		8,397,595.79	

**MARGIN RELEASE - BUY**

6/1/2013 - 6/30/2013

Description	Trade/ Ex Date	Units	Principal
	Settle/ Pay Date	Trade Price	Commission
	Actual Settlement Date	Misc. Expense FX Fee	Income Net Local Amount
DREYFU TRE AGY CSH MGT 521 INC FUND	6/7/2013	241.880	-241.88
BOUGHT DREYFUS TREAS & AGY CSH MGT 521 INC	6/7/2013	0.0000	0.00
CMS REF: 1131580483819	6/7/2013	0.00	0.00
SEC ID: 996085247 REG: 05		0.00	-241.88
<b>SELL - SELL</b>			
DREYFU TRE AGY CSH MGT 521 INC FUND	6/7/2013	82,316.000	82,316.00
SOLD DREYFUS TREAS & AGY CSH MGT 521 INC	6/7/2013	0.0000	0.00
CMS REF: 1131580483820	6/7/2013	0.00	0.00
SEC ID: 996085247 REG: 05		0.00	82,316.00
<b>FOREIGN HOLDER RELEASE - CD</b>			
CITIGROUP INC SR UNSECURED	6/7/2013	0.000	0.00
REC INT ON 2600000.000 UNITS PAY 06/07/13 RATE .0010378110	6/7/2013	0.0000	0.00
CMS REF: 1131580002055	6/7/2013	0.00	2,698.31
SEC ID: 172967EA5		0.00	2,698.31
<b>Total U.S. DOLLAR (USD) (10)</b>		<b>Total Principal:</b>	<b>-2,657.77</b>
		<b>Total Commission:</b>	<b>0.00</b>
		<b>Total Income:</b>	<b>2,657.77</b>
		<b>Total Net:</b>	<b>0.00</b>
<b>6/10/2013</b>			
<b>U.S. DOLLAR (USD)</b>			
<b>RECEIVE VS PAY - BUY</b>			
MORGAN STANLEY REVERSE REPO REPURCHASE AGREEMENT DTD	6/7/2013	5,500,000.000	-5,500,000.00
06/07/2013	6/10/2013	100.0000	0.00
TRADING BROKER: MORGAN STANLEY & CO INC, NY 00000050	6/10/2013	0.00	0.00
CLEARING BROKER: MORGAN STANLEY & CO INC, NY 00000050		0.00	-5,500,000.00
CMS REF: 1131610171532 CLIENT REF: 000020300055860			
SEC ID: 99ZAJQN59 REG: REPO			
<b>DELIVER VS PAY - SELL</b>			



6/1/2013 - 6/30/2013

**Custody Transaction History**

Report ID: CUA356

Base Currency: USD

Principal	Trade/ Ex Date	Actual Settlement Date	Description
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5,600,000.00	6/10/2013	6/10/2013	MORGAN STANLEY REVERSE REPO REPURCHASE AGREEMENT DTD
0.00	6/10/2013	6/10/2013	CLOSE FOR 1131580043667
5,600,042.00	6/10/2013	6/10/2013	TRADING BROKER: MORGAN STANLEY & CO INC, NY 00000050
42.00			CMS REF: 1131610001157
			SEC ID: 99ZAJQGE8 REG: REPO

**MARGIN RELEASE - BUY**

-100,042.00	6/10/2013	6/10/2013	DREYFU TRE AGY CSH MGT 521 INC FUND
0.00	6/10/2013	6/10/2013	BOUGHT DREYFUS TREAS & AGY CSH MGT 521 INC
-100,042.00	6/10/2013	6/10/2013	CMS REF: 1131610540505
			SEC ID: 996085247 REG: 05

**Total U.S. Dollar (USD) (3)**

-42.00	<b>Total Principal:</b>		
0.00	<b>Total Commission:</b>		
42.00	<b>Total Income:</b>		
0.00	<b>Total Net:</b>		

6/11/2013

**U.S. DOLLAR (USD)**

**RECEIVE VS PAY - BUY**

-95,562.00	6/10/2013	6/11/2013	UNITED STATES TREASURY NOTE DTD 11/15/2012 1.625% 11/15/2022
0.00	6/11/2013	6/11/2013	TRADING BROKER: GOLDMAN SACHS & CO, NY 00000005
-119.23	6/11/2013	6/11/2013	CLEARING BROKER: GOLDMAN SACHS & CO, NY 00000005
			CMS REF: 1131610350601 CLIENT REF: 000020300055879
			SEC ID: 912828TY6 REG: FRB

-5,600,000.00	6/10/2013	6/10/2013	MORGAN STANLEY REVERSE REPO REPURCHASE AGREEMENT DTD
0.00	6/11/2013	6/11/2013	TRADING BROKER: MORGAN STANLEY & CO INC, NY 00000050
0.00	6/11/2013	6/11/2013	CLEARING BROKER: MORGAN STANLEY & CO INC, NY 00000050
			CMS REF: 1131620046025 CLIENT REF: 000020300055878
			SEC ID: 99ZAJQVP6 REG: REPO

**Total RECEIVE VS PAY - BUY (2)**

-5,695,562.00	<b>Total Principal:</b>		
0.00	<b>Total Commission:</b>		
-119.23	<b>Total Income:</b>		
-5,695,681.23	<b>Total Net:</b>		

**DELIVER VS PAY - SELL**

6/1/2013 - 6/30/2013

Description	Trade/ Ex Date	Units	Principal
	Settle/ Pay Date	Trade Price	Commission
	Actual Settlement Date	Misc. Expense	Income
		FX Fee	Net Local Amount
UNITED STATES TREASURY NOTE DTD 05/15/2013 1.750% 05/15/2023	6/10/2013	-100,000.000	95,921.88
TRADING BROKER: GOLDMAN SACHS & CO, NY 00000005	6/11/2013	95.9219	0.00
CLEARING BROKER: GOLDMAN SACHS & CO, NY 00000005	6/11/2013	0.00	128.40
CMS REF: 1131610350772 CLIENT REF: 000020300055880		0.00	96,050.28
SEC ID: 912828VB3 REG: FRB			
MORGAN STANLEY REVERSE REPO REPURCHASE AGREEMENT DTD	6/11/2013	-5,500,000.000	5,500,000.00
06/07/2013	6/11/2013	100.0000	0.00
CLOSE FOR 1131610171532	6/11/2013	0.00	10.69
TRADING BROKER: MORGAN STANLEY & CO INC, NY 00000050		0.00	5,500,010.69
CLEARING BROKER: MORGAN STANLEY & CO INC, NY 00000050			
CMS REF: 1131620000456			
SEC ID: 99ZAJQN59 REG: REPO			
<b>Total DELIVER VS PAY - SELL (2)</b>		<b>Total Principal:</b>	<b>5,595,921.88</b>
		<b>Total Commission:</b>	<b>0.00</b>
		<b>Total Income:</b>	<b>139.09</b>
		<b>Total Net:</b>	<b>5,596,060.97</b>
<b>SELL - SELL</b>			
DREYFU TRE AGY CSH MGT 521 INC FUND	6/11/2013	99,620.260	99,620.26
SOLD DREYFUS TREAS & AGY CSH MGT 521 INC	6/11/2013	0.0000	0.00
CMS REF: 1131620470968	6/11/2013	0.00	0.00
SEC ID: 996085247 REG: 05		0.00	99,620.26
<b>Total U.S. DOLLAR (USD) (5)</b>		<b>Total Principal:</b>	<b>-19.86</b>
		<b>Total Commission:</b>	<b>0.00</b>
		<b>Total Income:</b>	<b>19.86</b>
		<b>Total Net:</b>	<b>0.00</b>
<b>6/12/2013</b>			
<b>U.S. DOLLAR (USD)</b>			
<b>RECEIVE VS PAY - BUY</b>			
UNITED STATES TREASURY NOTE DTD 11/15/2012 1.625% 11/15/2022	6/11/2013	100,000.000	-95,388.00
TRADING BROKER: GOLDMAN SACHS & CO, NY 00000005	6/12/2013	95.3880	0.00
CLEARING BROKER: GOLDMAN SACHS & CO, NY 00000005	6/12/2013	0.00	-123.64
CMS REF: 1131620154812 CLIENT REF: 000020300055892		0.00	-95,511.64
SEC ID: 912828TY6 REG: FRB			



**Custody Transaction History**

Report ID: CUA356

Base Currency: USD

6/1/2013 - 6/30/2013

Principal	Commission	Income	Net Local Amount
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Trade/ Ex Date	Settle/ Pay Date	Actual Settlement Date	Misc. Expense	FX Fee	Description
6/11/2013	6/12/2013	6/12/2013	5,600,000.00	0.00	MORGAN STANLEY REVERSE REPO REPURCHASE AGREEMENT DTD 06/11/2013
			100,0000	0.00	
			-5,600,000.00	0.00	
					TRADING BROKER: MORGAN STANLEY & CO INC, NY 00000050
					CLEARING BROKER: MORGAN STANLEY & CO INC, NY 00000050
					CMS REF: 1131630050053 CLIENT REF: 0000203000055905
					SEC ID: 99ZAJQ179 REG: REPO
					<b>Total RECEIVE VS PAY - BUY (2)</b>
					<b>-5,695,388.00</b>
					<b>0.00</b>
					<b>-123.64</b>
					<b>-5,695,511.64</b>

Trade/ Ex Date	Settle/ Pay Date	Actual Settlement Date	Misc. Expense	FX Fee	Description
6/11/2013	6/12/2013	6/12/2013	-100,000.000	0.00	UNITED STATES TREASURY NOTE DTD 05/15/2013 1.750% 05/15/2023
			95.7813	0.00	
			95,781.25	0.00	
					TRADING BROKER: GOLDMAN SACHS & CO, NY 00000005
					CLEARING BROKER: GOLDMAN SACHS & CO, NY 00000005
					CMS REF: 1131620158004 CLIENT REF: 0000203000055893
					SEC ID: 912828VB3 REG: FRB
					MORGAN STANLEY REVERSE REPO REPURCHASE AGREEMENT DTD 06/10/2013
			100,0000	0.00	
			-5,600,000.000	0.00	
					CLOSE FOR 1131620046025
					TRADING BROKER: MORGAN STANLEY & CO INC, NY 00000050
					CLEARING BROKER: MORGAN STANLEY & CO INC, NY 00000050
					CMS REF: 11316300000522
					SEC ID: 99ZAJQVP6 REG: REPO
					<b>Total DELIVER VS PAY - SELL (2)</b>
					<b>5,695,781.25</b>
					<b>0.00</b>
					<b>142.48</b>
					<b>5,695,923.73</b>

Trade/ Ex Date	Settle/ Pay Date	Actual Settlement Date	Misc. Expense	FX Fee	Description
6/12/2013	6/12/2013	6/12/2013	412.090	0.00	DREYFU TRE AGY CSH MGT 521 INC FUND
			0.0000	0.00	
			-412.09	0.00	
					BOUGHT DREYFU TREAS & AGY CSH MGT 521 INC
					CMS REF: 1131630559289
					SEC ID: 996085247 REG: 05
					<b>Total U.S. DOLLAR (USD) (5)</b>
					<b>-18.84</b>
					<b>0.00</b>
					<b>18.84</b>
					<b>0.00</b>

6/1/2013 - 6/30/2013

Description	Trade/ Ex Date	Units	Principal
	Settle/ Pay Date	Trade Price	Commission
	Actual Settlement Date	Misc. Expense	Income
		FX Fee	Net Local Amount
<b>6/13/2013</b>			
<b>U.S. DOLLAR (USD)</b>			
<b>RECEIVE VS PAY - BUY</b>			
COMMITMENT TO PURCHASE FNMA SINGLE FAMILY MORTGAGE 3% 06/01/2043	5/29/2013 6/13/2013 6/13/2013	14,000,000.000 100.4453 0.00 0.00	-14,062,343.75 0.00 0.00 -14,062,343.75
TRADING BROKER: CREDIT SUISSE, NEW YORK (CSUS) 00000355			
CLEARING BROKER: CREDIT SUISSE, NEW YORK (CSUS) 00000355			
CMS REF: 1131490219707 CLIENT REF: 000020300055670			
SEC ID: 01F030660 REG: PAIR			
COMMITMENT TO PURCHASE FNMA SINGLE FAMILY MORTGAGE 4 1/2% 06/01/2043	4/11/2013 6/13/2013 6/13/2013	4,000,000.000 107.5000 0.00 0.00	-4,300,000.00 0.00 0.00 -4,300,000.00
TRADING BROKER: DEUTSCHE BK SECS INC, NY (NWSCUS33) 00000573			
CLEARING BROKER: DEUTSCHE BK SECS INC, NY (NWSCUS33) 00000573			
CMS REF: 1131010174592 CLIENT REF: 000020300054733			
SEC ID: 01F042665 REG: PAIR			
FEDERAL NATL MTG ASSN GTD PASS THRU CTF POOL 995192 5% 2/1/2038	5/7/2013 6/13/2013 6/13/2013	999,900.090 108.0313 0.00 0.00	-1,080,204.57 0.00 -1,666.50 -1,081,871.07
TRADING BROKER: CREDIT SUISSE, NEW YORK (CSUS) 00000355			
CLEARING BROKER: CREDIT SUISSE, NEW YORK (CSUS) 00000355			
CMS REF: 1131620187317 CLIENT REF: 000020300055898			
SEC ID: 31416BRM2 REG: FRB			
FEDERAL NATL MTG ASSN GTD PASS THRU CTF POOL 995192 5% 2/1/2038	5/7/2013 6/13/2013 6/13/2013	999,900.090 108.0313 0.00 0.00	-1,080,204.57 0.00 -1,666.50 -1,081,871.07
TRADING BROKER: CREDIT SUISSE, NEW YORK (CSUS) 00000355			
CLEARING BROKER: CREDIT SUISSE, NEW YORK (CSUS) 00000355			
CMS REF: 1131620187319 CLIENT REF: 000020300055899			
SEC ID: 31416BRM2 REG: FRB			
FEDERAL NATL MTG ASSN GTD PASS THRU CTF POOL 995192 5% 2/1/2038	5/7/2013 6/13/2013 6/13/2013	999,900.090 108.0313 0.00 0.00	-1,080,204.57 0.00 -1,666.50 -1,081,871.07
TRADING BROKER: CREDIT SUISSE, NEW YORK (CSUS) 00000355			
CLEARING BROKER: CREDIT SUISSE, NEW YORK (CSUS) 00000355			
CMS REF: 1131620187322 CLIENT REF: 000020300055900			
SEC ID: 31416BRM2 REG: FRB			



BNY MELLON

OCSD-CONSOLIDATED  
OCSSG00010000

### Custody Transaction History

Report ID: CUA356

Base Currency: USD

6/1/2013 - 6/30/2013

Principal	Commission	Income	Net Local Amount
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Trade/ Ex Date	Settle/ Pay Date	Actual Settlement Date	Misc. Expense	FX Fee	Description
6/12/2013	6/13/2013	6/13/2013	5,500,000.00	0.00	MORGAN STANLEY REVERSE REPO REPURCHASE AGREEMENT DTD
6/13/2013	6/13/2013	6/13/2013	100,0000	0.00	TRADING BROKER: MORGAN STANLEY & CO INC, NY 00000050
6/13/2013	6/13/2013	6/13/2013	0.00	0.00	CLEARING BROKER: MORGAN STANLEY & CO INC, NY 00000050
			-5,500,000.00	0.00	
			0.00	0.00	
			-5,500,000.00	0.00	

#### Total RECEIVE VS PAY - BUY (6)

Total Principal:

-27,102,957.46

Total Commission:

0.00

Total Income:

-4,999.50

Total Net:

-27,107,956.96

#### DELIVER VS PAY - SELL

6/10/2013	6/13/2013	6/13/2013	-14,000,000.00	0.00	COMMITMENT TO PURCHASE FNMA SINGLE FAMILY MORTGAGE 3%
6/13/2013	6/13/2013	6/13/2013	100,0000	0.00	06/01/2043
6/13/2013	6/13/2013	6/13/2013	0.00	0.00	021000021 NET LOSS 62343.75 FRCMBS Acct:140091397 - Ref PI
			14,000,000.00	0.00	
			0.00	0.00	
			14,000,000.00	0.00	
6/10/2013	6/13/2013	6/13/2013	-4,000,000.00	106,6875	COMMITMENT TO PURCHASE FNMA SINGLE FAMILY MORTGAGE 4 1/2%
6/13/2013	6/13/2013	6/13/2013	0.00	0.00	06/01/2043
6/13/2013	6/13/2013	6/13/2013	0.00	0.00	021000018 NET LOSS 32500.00 GLA111569 DBG
			4,267,500.00	0.00	
			0.00	0.00	
			4,267,500.00	0.00	
6/10/2013	6/13/2013	6/13/2013	-999,900.090	107,6250	FEDERAL NATL MTG ASSN GTD PASS THRU CTF POOL 995192 5%
6/13/2013	6/13/2013	6/13/2013	0.00	0.00	2/1/2038
6/13/2013	6/13/2013	6/13/2013	0.00	0.00	TRADING BROKER: GOLDMAN SACHS & CO, NY 00000005
			1,666.50	0.00	
			1,076,142.47	0.00	
			0.00	0.00	
			1,077,808.97	0.00	

SEC ID: 01F042665 REG: PAIR

CMS REF: 1131610258008 CLIENT REF: 000020300055876

CLEARING BROKER: DEUTSCHE BK SECS INC, NY (NWSCUS33) 00000573

TRADING BROKER: DEUTSCHE BK SECS INC, NY (NWSCUS33) 00000573

CMS REF: 1131610253193 CLIENT REF: 000020300055873

CLEARING BROKER: CREDIT SUISSE, NEW YORK (CSUS) 0000355

TRADING BROKER: CREDIT SUISSE, NEW YORK (CSUS) 0000355

SEC ID: 01F030660 REG: PAIR

CMS REF: 1131610253193 CLIENT REF: 000020300055873

CLEARING BROKER: CREDIT SUISSE, NEW YORK (CSUS) 0000355

TRADING BROKER: CREDIT SUISSE, NEW YORK (CSUS) 0000355

SEC ID: 01F042665 REG: PAIR

CMS REF: 1131620187589 CLIENT REF: 000020300055901

CLEARING BROKER: GOLDMAN SACHS & CO, NY 00000005

TRADING BROKER: GOLDMAN SACHS & CO, NY 00000005

SEC ID: 31416BRM2 REG: FRB

CMS REF: 1131620187589 CLIENT REF: 000020300055901

CLEARING BROKER: GOLDMAN SACHS & CO, NY 00000005

TRADING BROKER: GOLDMAN SACHS & CO, NY 00000005

6/1/2013 - 6/30/2013

Description	Trade/ Ex Date	Units	Principal
	Settle/ Pay Date	Trade Price	Commission
	Actual Settlement Date	Misc. Expense	Income
		FX Fee	Net Local Amount
FEDERAL NATL MTG ASSN GTD PASS THRU CTF POOL 995192 5% 2/1/2038	6/10/2013 6/13/2013 6/13/2013	-999,900.090 107.6250 0.00	1,076,142.47 0.00 1,666.50
TRADING BROKER: GOLDMAN SACHS & CO, NY 00000005 CLEARING BROKER: GOLDMAN SACHS & CO, NY 00000005 CMS REF: 1131620187592 CLIENT REF: 000020300055902 SEC ID: 31416BRM2 REG: FRB		0.00	1,077,808.97
FEDERAL NATL MTG ASSN GTD PASS THRU CTF POOL 995192 5% 2/1/2038	6/10/2013 6/13/2013 6/13/2013	-999,900.090 107.6250 0.00	1,076,142.47 0.00 1,666.50
TRADING BROKER: GOLDMAN SACHS & CO, NY 00000005 CLEARING BROKER: GOLDMAN SACHS & CO, NY 00000005 CMS REF: 1131620187594 CLIENT REF: 000020300055903 SEC ID: 31416BRM2 REG: FRB		0.00	1,077,808.97
MORGAN STANLEY REVERSE REPO REPURCHASE AGREEMENT DTD 06/11/2013	6/13/2013 6/13/2013 6/13/2013	-5,600,000.000 100.0000 0.00	5,600,000.00 0.00 9.33
CLOSE FOR 1131630050053 TRADING BROKER: MORGAN STANLEY & CO INC, NY 00000050 CLEARING BROKER: MORGAN STANLEY & CO INC, NY 00000050 CMS REF: 1131640000191 SEC ID: 99ZAJQ179 REG: REPO		0.00	5,600,009.33
<b>Total DELIVER VS PAY - SELL (6)</b>		<b>Total Principal:</b> <b>Total Commission:</b> <b>Total Income:</b> <b>Total Net:</b>	<b>27,095,927.41</b> <b>0.00</b> <b>5,008.83</b> <b>27,100,936.24</b>
<b>SELL - SELL</b>			
DREYFU TRE AGY CSH MGT 521 INC FUND SOLD DREYFUS TREAS & AGY CSH MGT 521 INC CMS REF: 1131640507716 SEC ID: 996085247 REG: 05	6/13/2013 6/13/2013 6/13/2013	7,020.720 0.0000 0.00	7,020.72 0.00 0.00
<b>Total U.S. DOLLAR (USD) (13)</b>		<b>Total Principal:</b> <b>Total Commission:</b> <b>Total Income:</b> <b>Total Net:</b>	<b>-9.33</b> <b>0.00</b> <b>9.33</b> <b>0.00</b>
<b>6/14/2013</b>			
<b>U.S. DOLLAR (USD)</b>			
<b>RECEIVE VS PAY - BUY</b>			



6/1/2013 - 6/30/2013

Description	Trade/ Ex Date	Units	Principal
	Settle/ Pay Date	Trade Price	Commission
	Actual Settlement Date	Misc. Expense FX Fee	Income Net Local Amount
FEDERAL NATL MTG ASSN GTD PASS THRU CTF POOL AJ8920 4% 12/1/2041	5/7/2013 6/13/2013 6/14/2013	-522,898.830 106.6250 0.00	557,540.88 0.00 697.20
TRADING BROKER: GOLDMAN SACHS & CO, NY 00000005 CLEARING BROKER: GOLDMAN SACHS & CO, NY 00000005 CMS REF: 1131630185064 CLIENT REF: 000020300055927 SEC ID: 3138E14E4 REG: FRB		0.00	558,238.08
FEDERAL NATL MTG ASSN GTD PASS THRU CTF POOL AO4144 4% 6/1/2042	5/7/2013 6/13/2013 6/14/2013	-499,900.230 106.6250 0.00	533,018.62 0.00 666.53
TRADING BROKER: GOLDMAN SACHS & CO, NY 00000005 CLEARING BROKER: GOLDMAN SACHS & CO, NY 00000005 CMS REF: 1131630185053 CLIENT REF: 000020300055924 SEC ID: 3138LUTA3 REG: FRB		0.00	533,685.15
FEDERAL NATL MTG ASSN GTD PASS THRU CTF POOL AO4144 4% 6/1/2042	5/7/2013 6/13/2013 6/14/2013	-999,900.540 106.6250 0.00	1,066,143.95 0.00 1,333.20
TRADING BROKER: GOLDMAN SACHS & CO, NY 00000005 CLEARING BROKER: GOLDMAN SACHS & CO, NY 00000005 CMS REF: 1131630185058 CLIENT REF: 000020300055925 SEC ID: 3138LUTA3 REG: FRB		0.00	1,067,477.15
FEDERAL NATL MTG ASSN GTD PASS THRU CTF POOL AB2979 4% 8/1/2039	5/7/2013 6/13/2013 6/14/2013	-499,999.910 106.6250 0.00	533,124.90 0.00 666.67
TRADING BROKER: GOLDMAN SACHS & CO, NY 00000005 CLEARING BROKER: GOLDMAN SACHS & CO, NY 00000005 CMS REF: 1131630185048 CLIENT REF: 000020300055923 SEC ID: 31416YJZ2 REG: FRB		0.00	533,791.57
MORGAN STANLEY REVERSE REPO REPURCHASE AGREEMENT DTD 06/12/2013	6/14/2013 6/14/2013 6/14/2013	-5,500,000.000 100.0000 0.00	5,500,000.00 0.00 10.69
CLOSE FOR 1131640079857 TRADING BROKER: MORGAN STANLEY & CO INC, NY 00000050 CLEARING BROKER: MORGAN STANLEY & CO INC, NY 00000050 CMS REF: 1131650000728 SEC ID: 99ZAJQ8R8 REG: REPO		0.00	5,500,010.69
<b>Total DELIVER VS PAY - SELL (5)</b>		<b>Total Principal: Total Commission: Total Income: Total Net:</b>	<b>8,189,828.35 0.00 3,374.29 8,193,202.64</b>



6/1/2013 - 6/30/2013

Description	Trade/ Ex Date	Units	Principal
	Settle/ Pay Date	Trade Price	Commission
	Actual Settlement Date	Misc. Expense	Income
		FX Fee	Net Local Amount
NEW JERSEY ST ECON DEV AUTH RE BUILD AMERICA BONDS	6/17/2013	-1,000,000.000	1,000,000.00
PROCEEDS RECEIVED AS A RESULT OF A MATURITY FOR CASH AMOUNT	6/17/2013	100.0000	0.00
1,000,000.000	6/17/2013	0.00	0.00
TRADING BROKER: NON-BROKER TRADE, BOSTON 00009999		0.00	1,000,000.00
CLEARING BROKER: NON-BROKER TRADE, BOSTON 00009999			
CMS REF: 1131659001460			
SEC ID: 645918YG2 REG: DTC			
UNITED STATES TREASURY NOTE DTD 06/15/2010 1.125% 06/15/2013	6/17/2013	-900,000.000	900,000.00
PROCEEDS RECEIVED AS A RESULT OF A MATURITY FOR CASH AMOUNT	6/17/2013	100.0000	0.00
900,000.000	6/17/2013	0.00	0.00
TRADING BROKER: NON-BROKER TRADE, BOSTON 00009999		0.00	900,000.00
CLEARING BROKER: NON-BROKER TRADE, BOSTON 00009999			
CMS REF: 1131659002165			
SEC ID: 912828NH9 REG: FRB			
<b>Total DELIVER VS PAY - MT (2)</b>			<b>1,900,000.00</b>
		<b>Total Principal:</b>	<b>1,900,000.00</b>
		<b>Total Commission:</b>	<b>0.00</b>
		<b>Total Income:</b>	<b>0.00</b>
		<b>Total Net:</b>	<b>1,900,000.00</b>
<b>DELIVER VS PAY - PD</b>			
FEDERAL HOME LN MTG CORP MULTICLASS MTG PARTN CTFS GTD SER	5/1/2013	-3,374.400	3,374.40
E3 CL A	6/17/2013	100.0000	0.00
RECD PRIN AMORT FOR APRIL RECD INT FOR APRIL ON 154,686.25 UNITS	6/17/2013	0.00	391.03
TRADING BROKER: NON-BROKER TRADE, BOSTON 00009999		0.00	3,765.43
CLEARING BROKER: NON-BROKER TRADE, BOSTON 00009999			
CMS REF: 1131280034275			
SEC ID: 3133TCE95 REG: FRB			
FEDERAL HOME LN MTG CORP PARTN CTFS POOL 78-6064 VAR RATE	5/1/2013	-22.740	22.74
1/1/2028	6/17/2013	100.0000	0.00
RECD PRIN AMORT FOR APRIL RECD INT FOR APRIL ON 4,876.11 UNITS	6/17/2013	0.00	9.15
TRADING BROKER: NON-BROKER TRADE, BOSTON 00009999		0.00	31.89
CLEARING BROKER: NON-BROKER TRADE, BOSTON 00009999			
CMS REF: 1131280039038			
SEC ID: 31348SWZ3 REG: FRB			



**Custody Transaction History**

Report ID: CUA356

Base Currency: USD

6/1/2013 - 6/30/2013

Description	Trade/ Ex Date	Settle/ Pay Date	Actual Settlement Date	Units	Trade Price	Misc. Expense	FX Fee	Principal	Commission	Income	Net Local Amount
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GOVERNMENT NATL MTG ASSN GTD REMIC PASSTRHU SECS 2000-9	6/17/2013	6/17/2013	6/17/2013	-1,443.620	100.0000			1,443.62	0.00	0.00	1,443.62
REMIC TR CL											
RECD PRIN AMORT FOR JUNE RECD INT FOR JUNE ON 91,317.47 UNITS											
TRADING BROKER: NON-BROKER TRADE, BOSTON 00009999											
CLEARING BROKER: NON-BROKER TRADE, BOSTON 00009999											
CMS REF: 1131680009922											
SEC ID: 3837H4NX9 REG: FRB											
<b>Total DELIVER VS PAY - PD (3)</b>											
<b>DELIVER VS PAY - SELL</b>											
MORGAN STANLEY REVERSE REPO REPURCHASE AGREEMENT DTD	6/17/2013	6/17/2013	6/17/2013	-5,500,000.000	100.0000			5,500,000.00	0.00	0.00	5,500,000.00
06/13/2013											
CLOSE FOR 1131650043714											
TRADING BROKER: MORGAN STANLEY & CO INC, NY 0000050											
CLEARING BROKER: MORGAN STANLEY & CO INC, NY 0000050											
CMS REF: 1131680000948											
SEC ID: 99ZAJREY4 REG: REPO											
<b>MARGIN RELEASE - BUY</b>											
DREYFU TRE AGY CSH MGT 521 INC FUND	6/17/2013	6/17/2013	6/17/2013	5,062.500	0.0000			-5,062.50	0.00	0.00	-5,062.50
BOUGHT DREYFU TREAS & AGY CSH MGT 521 INC											
CMS REF: 1131680615001											
SEC ID: 996085247 REG: 05											
DREYFU TRE AGY CSH MGT 521 INC FUND	6/17/2013	6/17/2013	6/17/2013	8,592.680	0.0000			-8,592.68	0.00	0.00	-8,592.68
BOUGHT DREYFU TREAS & AGY CSH MGT 521 INC											
CMS REF: 1131680615002											
SEC ID: 996085247 REG: 05											
<b>Total MARGIN RELEASE - BUY (2)</b>											
<b>FOREIGN HOLDER RELEASE - CD</b>											
<b>Total Principal:</b>											
<b>Total Commission:</b>											
<b>Total Income:</b>											
<b>Total Net:</b>											

<b>Total MARGIN RELEASE - BUY (2)</b>											
<b>FOREIGN HOLDER RELEASE - CD</b>											
<b>Total Principal:</b>											
<b>Total Commission:</b>											
<b>Total Income:</b>											
<b>Total Net:</b>											

6/1/2013 - 6/30/2013

Description	Trade/ Ex Date	Units	Principal
	Settle/ Pay Date	Trade Price	Commission
	Actual Settlement Date	Misc. Expense FX Fee	Income Net Local Amount
NEW JERSEY ST ECON DEV AUTH RE BUILD AMERICA BONDS	6/17/2013	0.000	0.00
RECD INT ON 1000000.000 UNITS PAY 06/17/13 RATE .0032711110	6/17/2013	0.0000	0.00
CMS REF: 1131680564966	6/17/2013	0.00	3,271.11
SEC ID: 645918YG2		0.00	3,271.11
UNITED STATES TREASURY NOTE DTD 06/15/2010 1.125% 06/15/2013	6/17/2013	0.000	0.00
REC INT ON 900000.000 UNITS PAY 06/17/13 RATE .0056250000	6/17/2013	0.0000	0.00
CMS REF: 1131680060079	6/17/2013	0.00	5,062.50
SEC ID: 912828NH9		0.00	5,062.50
<b>Total FOREIGN HOLDER RELEASE - CD (2)</b>			<b>0.00</b>
		<b>Total Principal:</b>	<b>0.00</b>
		<b>Total Commission:</b>	<b>0.00</b>
		<b>Total Income:</b>	<b>8,333.61</b>
		<b>Total Net:</b>	<b>8,333.61</b>
<b>Total U.S. DOLLAR (USD) (12)</b>			<b>-8,814.42</b>
		<b>Total Principal:</b>	<b>-8,814.42</b>
		<b>Total Commission:</b>	<b>0.00</b>
		<b>Total Income:</b>	<b>8,814.42</b>
		<b>Total Net:</b>	<b>0.00</b>
<b>6/18/2013</b>			
<b>U.S. DOLLAR (USD)</b>			
<b>RECEIVE VS PAY - BUY</b>			
MORGAN STANLEY REVERSE REPO REPURCHASE AGREEMENT DTD	6/17/2013	900,000.000	-900,000.00
06/17/2013	6/18/2013	100.0000	0.00
TRADING BROKER: MORGAN STANLEY & CO INC, NY 00000050	6/18/2013	0.00	0.00
CLEARING BROKER: MORGAN STANLEY & CO INC, NY 00000050		0.00	-900,000.00
CMS REF: 1131690044536 CLIENT REF: 000060300021380			
SEC ID: 99ZAJRUC4 REG: REPO			
MORGAN STANLEY REVERSE REPO REPURCHASE AGREEMENT DTD	6/17/2013	6,500,000.000	-6,500,000.00
06/17/2013	6/18/2013	100.0000	0.00
TRADING BROKER: MORGAN STANLEY & CO INC, NY 00000050	6/18/2013	0.00	0.00
CLEARING BROKER: MORGAN STANLEY & CO INC, NY 00000050		0.00	-6,500,000.00
CMS REF: 1131690044454 CLIENT REF: 000020300055972			
SEC ID: 99ZAJRUD2 REG: REPO			
<b>Total RECEIVE VS PAY - BUY (2)</b>			<b>-7,400,000.00</b>
		<b>Total Principal:</b>	<b>-7,400,000.00</b>
		<b>Total Commission:</b>	<b>0.00</b>
		<b>Total Income:</b>	<b>0.00</b>
		<b>Total Net:</b>	<b>-7,400,000.00</b>



**Custody Transaction History**

Report ID: CUA356

Base Currency: USD

6/1/2013 - 6/30/2013

Principal	Commission	Income	Net Local Amount
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**DELIVER VS PAY - SELL**

Trade/ Ex Date	Settle/ Pay Date	Actual Settlement Date	Misc. Expense	FX Fee	Description
6/18/2013	6/18/2013	6/18/2013	-900,000.000	0.00	MORGAN STANLEY REVERSE REPO PURCHASE AGREEMENT DTD
6/18/2013	6/18/2013	6/18/2013	100,000.000	0.00	06/14/2013
6/18/2013	6/18/2013	6/18/2013	100,000.000	0.00	CLOSE FOR 1131680056151
			900,001.75		TRADING BROKER: MORGAN STANLEY & CO INC, NY 0000050
			0.00		CLEARING BROKER: MORGAN STANLEY & CO INC, NY 0000050
			0.00		CMS REF: 1131690000493
			0.00		SEC ID: 99ZAJRMM1 REG: REPO
6/18/2013	6/18/2013	6/18/2013	-6,500,000.000	0.00	MORGAN STANLEY REVERSE REPO PURCHASE AGREEMENT DTD
6/18/2013	6/18/2013	6/18/2013	100,000.000	0.00	06/14/2013
6/18/2013	6/18/2013	6/18/2013	100,000.000	0.00	CLOSE FOR 1131680056202
			6,500,014.44		TRADING BROKER: MORGAN STANLEY & CO INC, NY 0000050
			14.44		CLEARING BROKER: MORGAN STANLEY & CO INC, NY 0000050
			0.00		CMS REF: 1131690000979
			0.00		SEC ID: 99ZAJRMM9 REG: REPO

**Total DELIVER VS PAY - SELL (2)**

<b>Total Principal:</b>	7,400,000.00
<b>Total Commission:</b>	0.00
<b>Total Income:</b>	16.19
<b>Total Net:</b>	7,400,016.19

**MARGIN RELEASE - BUY**

6/18/2013	6/18/2013	6/18/2013	1.750	0.000	DREYFU TRE AGY CSH MGT 521 INC FUND
6/18/2013	6/18/2013	6/18/2013	0.000	0.000	BOUGHT DREYFU TREAS & AGY CSH MGT 521 INC
6/18/2013	6/18/2013	6/18/2013	0.000	0.000	CMS REF: 1131690518728
			-1.75		SEC ID: 996085247 REG: 05

**SELL - SELL**

6/18/2013	6/18/2013	6/18/2013	1,045.710	0.000	DREYFU TRE AGY CSH MGT 521 INC FUND
6/18/2013	6/18/2013	6/18/2013	0.000	0.000	SOLD DREYFU TREAS & AGY CSH MGT 521 INC
6/18/2013	6/18/2013	6/18/2013	0.000	0.000	CMS REF: 1131690518729
			0.00		SEC ID: 996085247 REG: 05

**Total U.S. DOLLAR (USD) (6)**

<b>Total Principal:</b>	1,043.96
<b>Total Commission:</b>	0.00
<b>Total Income:</b>	16.19
<b>Total Net:</b>	1,060.15

6/19/2013

U.S. DOLLAR (USD)

6/1/2013 - 6/30/2013

Description	Trade/ Ex Date	Units	Principal
	Settle/ Pay Date	Trade Price	Commission
	Actual Settlement Date	Misc. Expense	Income
		FX Fee	Net Local Amount
<b>RECEIVE VS PAY - BUY</b>			
MORGAN STANLEY REVERSE REPO REPURCHASE AGREEMENT DTD	6/18/2013	6,500,000.000	-6,500,000.00
06/18/2013	6/19/2013	100.0000	0.00
TRADING BROKER: MORGAN STANLEY & CO INC, NY 00000050	6/19/2013	0.00	0.00
CLEARING BROKER: MORGAN STANLEY & CO INC, NY 00000050		0.00	-6,500,000.00
CMS REF: 1131700044366 CLIENT REF: 000020300055988			
SEC ID: 99ZAJR003 REG: REPO			
MORGAN STANLEY REVERSE REPO REPURCHASE AGREEMENT DTD	6/18/2013	900,000.000	-900,000.00
06/18/2013	6/19/2013	100.0000	0.00
TRADING BROKER: MORGAN STANLEY & CO INC, NY 00000050	6/19/2013	0.00	0.00
CLEARING BROKER: MORGAN STANLEY & CO INC, NY 00000050		0.00	-900,000.00
CMS REF: 1131700044407 CLIENT REF: 000060300021385			
SEC ID: 99ZAJR0X1 REG: REPO			
<b>Total RECEIVE VS PAY - BUY (2)</b>		<b>Total Principal:</b>	<b>-7,400,000.00</b>
		<b>Total Commission:</b>	<b>0.00</b>
		<b>Total Income:</b>	<b>0.00</b>
		<b>Total Net:</b>	<b>-7,400,000.00</b>
<b>DELIVER VS PAY - SELL</b>			
MORGAN STANLEY REVERSE REPO REPURCHASE AGREEMENT DTD	6/19/2013	-900,000.000	900,000.00
06/17/2013	6/19/2013	100.0000	0.00
CLOSE FOR 1131690044536	6/19/2013	0.00	2.50
TRADING BROKER: MORGAN STANLEY & CO INC, NY 00000050		0.00	900,002.50
CLEARING BROKER: MORGAN STANLEY & CO INC, NY 00000050			
CMS REF: 1131700000874			
SEC ID: 99ZAJRUC4 REG: REPO			
MORGAN STANLEY REVERSE REPO REPURCHASE AGREEMENT DTD	6/19/2013	-6,500,000.000	6,500,000.00
06/17/2013	6/19/2013	100.0000	0.00
CLOSE FOR 1131690044454	6/19/2013	0.00	19.86
TRADING BROKER: MORGAN STANLEY & CO INC, NY 00000050		0.00	6,500,019.86
CLEARING BROKER: MORGAN STANLEY & CO INC, NY 00000050			
CMS REF: 1131700000390			
SEC ID: 99ZAJRUD2 REG: REPO			
<b>Total DELIVER VS PAY - SELL (2)</b>		<b>Total Principal:</b>	<b>7,400,000.00</b>
		<b>Total Commission:</b>	<b>0.00</b>
		<b>Total Income:</b>	<b>22.36</b>
		<b>Total Net:</b>	<b>7,400,022.36</b>



**Custody Transaction History**

Report ID: CUA356

Base Currency: USD

6/1/2013 - 6/30/2013

Principal	Commission	Income	Net Local Amount
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Trade/ Ex Date	Settle/ Pay Date	Actual Settlement Date	Description	Units	Trade Price	Misc. Expense	FX Fee
6/19/2013	6/19/2013	6/19/2013	DREYFU TRE AGY CSH MGT 521 INC FUND	2.50	0.0000	0.00	0.00
6/19/2013	6/19/2013	6/19/2013	BOUGHT DREYFUS TREAS & AGY CSH MGT 521 INC	0.00	0.0000	0.00	0.00
6/19/2013	6/19/2013	6/19/2013	CMS REF: 1131700470656	0.00	0.0000	0.00	0.00
6/19/2013	6/19/2013	6/19/2013	SEC ID: 996085247 REG: 05	0.00	0.0000	0.00	0.00
6/19/2013	6/19/2013	6/19/2013	DREYFU TRE AGY CSH MGT 521 INC FUND	19.86	0.0000	0.00	0.00
6/19/2013	6/19/2013	6/19/2013	BOUGHT DREYFUS TREAS & AGY CSH MGT 521 INC	0.00	0.0000	0.00	0.00
6/19/2013	6/19/2013	6/19/2013	CMS REF: 1131700470658	0.00	0.0000	0.00	0.00
6/19/2013	6/19/2013	6/19/2013	SEC ID: 996085247 REG: 05	0.00	0.0000	0.00	0.00

**MARGIN RELEASE - BUY**

-22.36	0.00	0.00	-22.36
<b>Total Principal: -22.36</b>			
<b>Total Commission: 0.00</b>			
<b>Total Income: 0.00</b>			
<b>Total Net: -22.36</b>			

**Total MARGIN RELEASE - BUY (2)**

-22.36	0.00	0.00	-22.36
<b>Total Principal: -22.36</b>			
<b>Total Commission: 0.00</b>			
<b>Total Income: 0.00</b>			
<b>Total Net: -22.36</b>			

**Total U.S. DOLLAR (USD) (6)**

6/20/2013

**U.S. DOLLAR (USD)**

**RECEIVE VS PAY - BUY**

900,000.00	100,000.00	0.00	900,000.00
6/19/2013	6/20/2013	6/20/2013	MORGAN STANLEY REVERSE REPO REPURCHASE AGREEMENT DTD
6/20/2013	6/20/2013	6/20/2013	TRADING BROKER: MORGAN STANLEY & CO INC, NY 0000050
6/19/2013	6/20/2013	6/20/2013	CMS REF: 1131710049867 CLIENT REF: 000060300021390
6/19/2013	6/20/2013	6/20/2013	SEC ID: 99ZAJR7K2 REG: REPO
6,500,000.00	100,000.00	0.00	6,500,000.00
6/19/2013	6/20/2013	6/20/2013	MORGAN STANLEY REVERSE REPO REPURCHASE AGREEMENT DTD
6/20/2013	6/20/2013	6/20/2013	TRADING BROKER: MORGAN STANLEY & CO INC, NY 0000050
6/19/2013	6/20/2013	6/20/2013	CMS REF: 1131710049917 CLIENT REF: 000020300056001
6/19/2013	6/20/2013	6/20/2013	SEC ID: 99ZAJR7K2 REG: REPO
6,500,000.00	100,000.00	0.00	6,500,000.00
6/19/2013	6/20/2013	6/20/2013	MORGAN STANLEY REVERSE REPO REPURCHASE AGREEMENT DTD
6/20/2013	6/20/2013	6/20/2013	TRADING BROKER: MORGAN STANLEY & CO INC, NY 0000050
6/19/2013	6/20/2013	6/20/2013	CMS REF: 1131710049917 CLIENT REF: 000020300056001
6/19/2013	6/20/2013	6/20/2013	SEC ID: 99ZAJR7K2 REG: REPO

6/1/2013 - 6/30/2013

Description	Trade/ Ex Date	Units	Principal
	Settle/ Pay Date	Trade Price	Commission
	Actual Settlement Date	Misc. Expense FX Fee	Income Net Local Amount
<b>Total RECEIVE VS PAY - BUY (2)</b>		<b>Total Principal:</b>	<b>-7,400,000.00</b>
		<b>Total Commission:</b>	<b>0.00</b>
		<b>Total Income:</b>	<b>0.00</b>
		<b>Total Net:</b>	<b>-7,400,000.00</b>
 <b>DELIVER VS PAY - PD</b>			
GOVT NATL MTG ASSN II PASS THROUGH POOL 80023 VAR RATE	6/3/2013	-266.80	266.80
12/20/2026	6/20/2013	100.0000	0.00
RECD PRIN AMORT FOR MAY RECD INT FOR MAY ON 40,196.44 UNITS	6/20/2013	0.00	54.43
TRADING BROKER: NON-BROKER TRADE, BOSTON 00009999		0.00	321.23
CLEARING BROKER: NON-BROKER TRADE, BOSTON 00009999			
CMS REF: 1131610125869			
SEC ID: 36225CAZ9 REG: FRB			
GOVT NATL MTG ASSN II PASS THROUGH POOL 080088 VAR RATE	6/3/2013	-318.12	318.12
6/20/2027	6/20/2013	100.0000	0.00
RECD PRIN AMORT FOR MAY RECD INT FOR MAY ON 46,575.90 UNITS	6/20/2013	0.00	77.63
TRADING BROKER: NON-BROKER TRADE, BOSTON 00009999		0.00	395.75
CLEARING BROKER: NON-BROKER TRADE, BOSTON 00009999			
CMS REF: 1131610125914			
SEC ID: 36225CC20 REG: FRB			
GOVT NATL MTG ASSN II PASS THROUGH POOL 080408 VAR RATE	6/3/2013	-647.660	647.66
5/20/2030	6/20/2013	100.0000	0.00
RECD PRIN AMORT FOR MAY RECD INT FOR MAY ON 149,525.75 UNITS	6/20/2013	0.00	218.06
TRADING BROKER: NON-BROKER TRADE, BOSTON 00009999		0.00	865.72
CLEARING BROKER: NON-BROKER TRADE, BOSTON 00009999			
CMS REF: 1131610126097			
SEC ID: 36225CN28 REG: FRB			
GOVT NATL MTG ASSN II PASS THROUGH POOL 80395 VAR RATE	6/3/2013	-302.830	302.83
4/20/2030	6/20/2013	100.0000	0.00
RECD PRIN AMORT FOR MAY RECD INT FOR MAY ON 17,835.07 UNITS	6/20/2013	0.00	26.01
TRADING BROKER: NON-BROKER TRADE, BOSTON 00009999		0.00	328.84
CLEARING BROKER: NON-BROKER TRADE, BOSTON 00009999			
CMS REF: 1131610126069			
SEC ID: 36225CNM4 REG: FRB			



6/1/2013 - 6/30/2013

Report ID: CUA356  
 Base Currency: USD

**Custody Transaction History**

Principal	Commission	Income	Net Local Amount
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GOVT NATL MTG ASSN II PASS THROUGH POOL 80965 VAR RATE	6/3/2013	-1,979.360	0.00
RECD PRIN AMORT FOR MAY RECD INT FOR MAY ON 146,419.37 UNITS	6/20/2013	100.0000	0.00
TRADING BROKER: NON-BROKER TRADE, BOSTON 00009999	6/20/2013	0.00	213.53
CLEARING BROKER: NON-BROKER TRADE, BOSTON 00009999	6/20/2013	0.00	2,192.89

**Total DELIVER VS PAY - PD (5)**

CMS REF: 1131610126290	6/20/2013	-	0.00
SEC ID: 36225DCB8 REG: FRB	6/20/2013	0.00	0.00

**DELIVER VS PAY - SELL**

MORGAN STANLEY REVERSE REPO REPURCHASE AGREEMENT DTD	6/20/2013	-6,500,000.000	0.00
06/18/2013	6/20/2013	100.0000	0.00
CLOSE FOR 1131700044366	6/20/2013	0.00	16.25
TRADING BROKER: MORGAN STANLEY & CO INC, NY 0000050	6/20/2013	0.00	6,500,016.25

**Total DELIVER VS PAY - SELL (2)**

MORGAN STANLEY REVERSE REPO REPURCHASE AGREEMENT DTD	6/20/2013	-900,000.000	0.00
06/18/2013	6/20/2013	100.0000	0.00
CLOSE FOR 1131700044407	6/20/2013	0.00	2.00
TRADING BROKER: MORGAN STANLEY & CO INC, NY 0000050	6/20/2013	0.00	900,002.00

**MARGIN RELEASE - BUY**

DREYFU TRE AGY CSH MGT 521 INC FUND	6/20/2013	2.000	-2.00
BOUGHT DREYFU TREAS & AGY CSH MGT 521 INC	6/20/2013	0.0000	0.00
CMS REF: 1131710542508	6/20/2013	0.00	0.00
SEC ID: 99ZAJR0X1 REG: REPO	6/20/2013	0.00	-2.00

**Total DELIVER VS PAY - SELL (2)**

<b>Total Principal:</b>	7,400,000.00		
<b>Total Commission:</b>	0.00		
<b>Total Income:</b>	18.25		
<b>Total Net:</b>	7,400,018.25		

6/1/2013 - 6/30/2013

Description	Trade/ Ex Date	Units	Principal
	Settle/ Pay Date	Trade Price	Commission
	Actual Settlement Date	Misc. Expense	Income
		FX Fee	Net Local Amount
DREYFU TRE AGY CSH MGT 521 INC FUND	6/20/2013	5,180.820	-5,180.82
BOUGHT DREYFUS TREAS & AGY CSH MGT 521 INC	6/20/2013	0.0000	0.00
CMS REF: 1131710542509	6/20/2013	0.00	0.00
SEC ID: 996085247 REG: 05		0.00	-5,180.82
<b>Total MARGIN RELEASE - BUY (2)</b>			<b>-5,182.82</b>
		<b>Total Principal:</b>	<b>0.00</b>
		<b>Total Commission:</b>	<b>0.00</b>
		<b>Total Income:</b>	<b>0.00</b>
		<b>Total Net:</b>	<b>-5,182.82</b>
<b>Total U.S. DOLLAR (USD) (11)</b>		<b>Total Principal:</b>	<b>-1,668.05</b>
		<b>Total Commission:</b>	<b>0.00</b>
		<b>Total Income:</b>	<b>607.91</b>
		<b>Total Net:</b>	<b>-1,060.14</b>
<b>6/21/2013</b>			
<b>U.S. DOLLAR (USD)</b>			
<b>RECEIVE VS PAY - BUY</b>			
MORGAN STANLEY REVERSE REPO REPURCHASE AGREEMENT DTD	6/20/2013	900,000.000	-900,000.00
06/20/2013	6/21/2013	100.0000	0.00
TRADING BROKER: MORGAN STANLEY & CO INC, NY 00000050	6/21/2013	0.00	0.00
CLEARING BROKER: MORGAN STANLEY & CO INC, NY 00000050		0.00	-900,000.00
CMS REF: 1131720046129 CLIENT REF: 000060300021395			
SEC ID: 99ZAJSED8 REG: REPO			
MORGAN STANLEY REVERSE REPO REPURCHASE AGREEMENT DTD	6/20/2013	6,500,000.000	-6,500,000.00
06/20/2013	6/21/2013	100.0000	0.00
TRADING BROKER: MORGAN STANLEY & CO INC, NY 00000050	6/21/2013	0.00	0.00
CLEARING BROKER: MORGAN STANLEY & CO INC, NY 00000050		0.00	-6,500,000.00
CMS REF: 1131720045905 CLIENT REF: 000020300056015			
SEC ID: 99ZAJSEE6 REG: REPO			
<b>Total RECEIVE VS PAY - BUY (2)</b>		<b>Total Principal:</b>	<b>-7,400,000.00</b>
		<b>Total Commission:</b>	<b>0.00</b>
		<b>Total Income:</b>	<b>0.00</b>
		<b>Total Net:</b>	<b>-7,400,000.00</b>
<b>DELIVER VS PAY - SELL</b>			



6/1/2013 - 6/30/2013

**Custody Transaction History**

Report ID: CUA356

Base Currency: USD

Principal	Commission	Income	Net Local Amount
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Trade/ Ex Date	Settle/ Pay Date	Actual Settlement Date	Misc. Expense	FX Fee	Description
6/21/2013	6/21/2013	6/21/2013	-900,000.000	100.0000	MORGAN STANLEY REVERSE REPO REPURCHASE AGREEMENT DTD
			0.00	0.00	06/19/2013
			900,000.00	1.25	CLOSE FOR 1131710049867
			0.00	0.00	TRADING BROKER: MORGAN STANLEY & CO INC, NY 00000050
			0.00	0.00	CLEARING BROKER: MORGAN STANLEY & CO INC, NY 00000050
			0.00	0.00	CMS REF: 1131720001016
			0.00	0.00	SEC ID: 99ZAJR7K2 REG: REPO
6/21/2013	6/21/2013	6/21/2013	-6,500,000.000	100.0000	MORGAN STANLEY REVERSE REPO REPURCHASE AGREEMENT DTD
			0.00	0.00	06/19/2013
			6,500,000.00	9.03	CLOSE FOR 1131710049917
			0.00	0.00	TRADING BROKER: MORGAN STANLEY & CO INC, NY 00000050
			0.00	0.00	CLEARING BROKER: MORGAN STANLEY & CO INC, NY 00000050
			0.00	0.00	CMS REF: 1131720001216
			0.00	0.00	SEC ID: 99ZAJR7K2 REG: REPO

Total Principal:	Total Commission:	Total Income:	Total Net:	Total DELIVER VS PAY - SELL (2)
7,400,000.00	0.00	10.28	7,400,010.28	
<b>MARGIN RELEASE - BUY</b>				
DREYFU TRE AGY CSH MGT 521 INC FUND	1.250	0.0000	0.00	
BOUGHT DREYFU TREAS & AGY CSH MGT 521 INC	6/21/2013	6/21/2013	6/21/2013	
CMS REF: 1131720579734				
SEC ID: 996085247 REG: 05				
DREYFU TRE AGY CSH MGT 521 INC FUND	9.030	0.0000	0.00	
BOUGHT DREYFU TREAS & AGY CSH MGT 521 INC	6/21/2013	6/21/2013	6/21/2013	
CMS REF: 1131720579735				
SEC ID: 996085247 REG: 05				

Total Principal:	Total Commission:	Total Income:	Total Net:	Total MARGIN RELEASE - BUY (2)
-10.28	0.00	0.00	-10.28	
<b>Total U.S. DOLLAR (USD) (6)</b>				
-10.28	0.00	0.00	-10.28	
Total Principal:	Total Commission:	Total Income:	Total Net:	
-10.28	0.00	0.00	-10.28	

6/1/2013 - 6/30/2013

Description	Trade/ Ex Date	Units	Principal
	Settle/ Pay Date	Trade Price	Commission
	Actual Settlement Date	Misc. Expense FX Fee	Income Net Local Amount
<b>U.S. DOLLAR (USD)</b>			
<b>RECEIVE VS PAY - BUY</b>			
MORGAN STANLEY REVERSE REPO REPURCHASE AGREEMENT DTD	6/21/2013	900,000.000	-900,000.00
06/21/2013	6/24/2013	100.0000	0.00
TRADING BROKER: MORGAN STANLEY & CO INC, NY 00000050	6/24/2013	0.00	0.00
CLEARING BROKER: MORGAN STANLEY & CO INC, NY 00000050		0.00	-900,000.00
CMS REF: 1131750084161 CLIENT REF: 000060300021405			
SEC ID: 99ZAJSSL2 REG: REPO			
MORGAN STANLEY REVERSE REPO REPURCHASE AGREEMENT DTD	6/21/2013	8,500,000.000	-8,500,000.00
06/21/2013	6/24/2013	100.0000	0.00
TRADING BROKER: MORGAN STANLEY & CO INC, NY 00000050	6/24/2013	0.00	0.00
CLEARING BROKER: MORGAN STANLEY & CO INC, NY 00000050		0.00	-8,500,000.00
CMS REF: 1131750096501 CLIENT REF: 000020300056042			
SEC ID: 99ZAJSLN8 REG: REPO			
<b>Total RECEIVE VS PAY - BUY (2)</b>		<b>Total Principal:</b>	<b>-9,400,000.00</b>
		<b>Total Commission:</b>	<b>0.00</b>
		<b>Total Income:</b>	<b>0.00</b>
		<b>Total Net:</b>	<b>-9,400,000.00</b>
<b>DELIVER VS PAY - SELL</b>			
VERIZON COMMUNICATIONS INC SR UNSECURED	6/19/2013	-1,620,000.000	1,924,624.80
TRADING BROKER: NOMURA SECS, NEW YORK 00005222	6/24/2013	118.8040	0.00
CLEARING BROKER: NOMURA SECS, NEW YORK 00005222	6/24/2013	0.00	18,940.50
CMS REF: 1131700250665 CLIENT REF: 000020300055999		0.00	1,943,565.30
SEC ID: 92343VAM6 REG: DTC			
MORGAN STANLEY REVERSE REPO REPURCHASE AGREEMENT DTD	6/24/2013	-900,000.000	900,000.00
06/20/2013	6/24/2013	100.0000	0.00
CLOSE FOR 1131720046129	6/24/2013	0.00	3.75
TRADING BROKER: MORGAN STANLEY & CO INC, NY 00000050		0.00	900,003.75
CLEARING BROKER: MORGAN STANLEY & CO INC, NY 00000050			
CMS REF: 1131750002173			
SEC ID: 99ZAJSED8 REG: REPO			



**Custody Transaction History**

Report ID: CUA356

Base Currency: USD

6/1/2013 - 6/30/2013

Principal	Commission	Income	Net Local Amount
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Trade/ Ex Date	Settle/ Pay Date	Actual Settlement Date	Misc. Expense	FX Fee	Description
6/24/2013	6/24/2013	6/24/2013	-6,500,000.00	100.0000	MORGAN STANLEY REVERSE REPO REPURCHASE AGREEMENT DTD 06/20/2013
			0.00	0.00	CLOSE FOR 1131720045905
			32.50		TRADING BROKER: MORGAN STANLEY & CO INC, NY 0000050
			6,500,032.50		CLEARING BROKER: MORGAN STANLEY & CO INC, NY 0000050
					CMS REF: 1131750001196
					SEC ID: 99ZAJSEE6 REG: REPO

**Total DELIVER VS PAY - SELL (3)**

<b>Total Principal:</b>	9,324,624.80
<b>Total Commission:</b>	0.00
<b>Total Income:</b>	18,976.75
<b>Total Net:</b>	9,343,601.55

**MARGIN RELEASE - BUY**

6/24/2013	3.750	6/24/2013	3.75		DREYFU TRE AGY CSH MGT 521 INC FUND
6/24/2013	0.0000	6/24/2013	0.00		BOUGHT DREYFUS TREAS & AGY CSH MGT 521 INC
6/24/2013	0.00	6/24/2013	0.00		CMS REF: 1131750508041
6/24/2013	0.00	6/24/2013	0.00		SEC ID: 996085247 REG: 05

**SELL - SELL**

6/24/2013	52,568.570	6/24/2013	52,568.57		DREYFU TRE AGY CSH MGT 521 INC FUND
6/24/2013	0.0000	6/24/2013	0.00		SOLD DREYFUS TREAS & AGY CSH MGT 521 INC
6/24/2013	0.00	6/24/2013	0.00		CMS REF: 1131750508042
6/24/2013	0.00	6/24/2013	0.00		SEC ID: 996085247 REG: 05

**FOREIGN HOLDER RELEASE - CD**

6/24/2013	0.0000	6/24/2013	0.00		GOLDMAN SACHS GROUP INC/THE SR UNSECURED
6/24/2013	0.0000	6/24/2013	0.00		RECD INT ON 2000000.00 UNITS PAY 06/24/13 RATE .0019168170
6/24/2013	0.00	6/24/2013	0.00		CMS REF: 1131750338351
6/24/2013	0.00	6/24/2013	0.00		SEC ID: 38141GEG5

**Total U.S. DOLLAR (USD) (8)**

<b>Total Principal:</b>	-22,810.38
<b>Total Commission:</b>	0.00
<b>Total Income:</b>	22,810.38
<b>Total Net:</b>	0.00

6/25/2013

U.S. DOLLAR (USD)

FREE RECEIPT - SD

6/1/2013 - 6/30/2013

Description	Trade/ Ex Date	Units	Principal
	Settle/ Pay Date	Trade Price	Commission
	Actual Settlement Date	Misc. Expense	Income
		FX Fee	Net Local Amount
UNITED STATES TREASURY BILL DTD 02/07/2013 DUE 08/08/2013	6/24/2013	411,000.000	0.00
1131750232871 AUTOMATION	6/25/2013	0.0000	0.00
TRADING BROKER: CREDIT SUISSE, NEW YORK (CSUS) 00000355	6/25/2013	0.00	0.00
CLEARING BROKER: CREDIT SUISSE, NEW YORK (CSUS) 00000355		0.00	0.00
CMS REF: 1131760048993 CLIENT REF: 56044			
SEC ID: 912796AV1 REG: COLL			
<b>RECEIVE VS PAY - BUY</b>			
MORGAN STANLEY REVERSE REPO REPURCHASE AGREEMENT DTD	6/24/2013	900,000.000	-900,000.00
06/24/2013	6/25/2013	100.0000	0.00
TRADING BROKER: MORGAN STANLEY & CO INC, NY 00000050	6/25/2013	0.00	0.00
CLEARING BROKER: MORGAN STANLEY & CO INC, NY 00000050		0.00	-900,000.00
CMS REF: 1131760058378 CLIENT REF: 000060300021407			
SEC ID: 99ZAJSS76 REG: REPO			
MORGAN STANLEY REVERSE REPO REPURCHASE AGREEMENT DTD	6/24/2013	8,700,000.000	-8,700,000.00
06/24/2013	6/25/2013	100.0000	0.00
TRADING BROKER: MORGAN STANLEY & CO INC, NY 00000050	6/25/2013	0.00	0.00
CLEARING BROKER: MORGAN STANLEY & CO INC, NY 00000050		0.00	-8,700,000.00
CMS REF: 1131760090545 CLIENT REF: 000020300056063			
SEC ID: 99ZAJSS92 REG: REPO			
<b>Total RECEIVE VS PAY - BUY (2)</b>		<b>Total Principal:</b>	<b>-9,600,000.00</b>
		<b>Total Commission:</b>	<b>0.00</b>
		<b>Total Income:</b>	<b>0.00</b>
		<b>Total Net:</b>	<b>-9,600,000.00</b>
<b>DELIVER FREE - SW</b>			
UNITED STATES TREASURY BILL DTD 02/07/2013 DUE 08/08/2013	6/24/2013	-411,000.000	0.00
CCTBA	6/25/2013	0.0000	0.00
TRADING BROKER: CREDIT SUISSE, NEW YORK (CSUS) 00000355	6/25/2013	0.00	0.00
CLEARING BROKER: CREDIT SUISSE, NEW YORK (CSUS) 00000355		0.00	0.00
CMS REF: 1131750232871 CLIENT REF: 56044			
SEC ID: 912796AV1 REG: FRB			
<b>DELIVER VS PAY - PD</b>			



**Custody Transaction History**

Report ID: CUA356

Base Currency: USD

6/1/2013 - 6/30/2013

Principal	Commission	Income	Net Local Amount
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FEDERAL NATL MTG ASSN GTD PASS THRU CTF POOL 257179 4 1/2%	6/3/2013	6/25/2013	6,028.23	-6,028.23	100.0000	0.00	0.00	6,391.36
TRADING BROKER: NON-BROKER TRADE, BOSTON 00009999								
CLEARING BROKER: NON-BROKER TRADE, BOSTON 00009999								
CMS REF: 1131610060080								
SEC ID: 31371NUC7 REG: FRB								

FEDERAL NATL MTG ASSN GTD PASS THRU CTF POOL 465469 3.492%	6/3/2013	6/25/2013	109.69	-109.69	100.0000	0.00	0.00	109.69
TRADING BROKER: NON-BROKER TRADE, BOSTON 00009999								
CLEARING BROKER: NON-BROKER TRADE, BOSTON 00009999								
CMS REF: 1131610054428								
SEC ID: 31381NCE1 REG: FRB								

FEDERAL NATL MTG ASSN GTD PASS THRU CTF POOL 466397 3.513%	6/3/2013	6/25/2013	506.10	-506.10	100.0000	0.00	0.00	506.10
TRADING BROKER: NON-BROKER TRADE, BOSTON 00009999								
CLEARING BROKER: NON-BROKER TRADE, BOSTON 00009999								
CMS REF: 1131610054707								
SEC ID: 31381PDA3 REG: FRB								

FEDERAL NATL MTG ASSN GTD PASS THRU CTF POOL AH0921 4%	6/3/2013	6/25/2013	15,408.43	-15,408.43	100.0000	0.00	0.00	15,408.43
TRADING BROKER: NON-BROKER TRADE, BOSTON 00009999								
CLEARING BROKER: NON-BROKER TRADE, BOSTON 00009999								
CMS REF: 1131610048907								
SEC ID: 3138A2AX7 REG: FRB								

FEDERAL NATL MTG ASSN GTD PASS THRU CTF POOL AH2926 4%	6/3/2013	6/25/2013	102,500.26	-102,500.26	100.0000	0.00	0.00	102,500.26
TRADING BROKER: NON-BROKER TRADE, BOSTON 00009999								
CLEARING BROKER: NON-BROKER TRADE, BOSTON 00009999								
CMS REF: 1131610050188								
SEC ID: 3138A4HC2 REG: FRB								

RECD PRIN AMORT FOR MAY RECD INT FOR MAY ON 2,288,895.89 UNITS	6/25/2013	6/25/2013	7,629.65	0.00				110,129.91
RECD PRIN AMORT FOR MAY RECD INT FOR MAY ON 697,710.93 UNITS	6/25/2013	6/25/2013	2,325.70	0.00				17,734.13
RECD PRIN AMORT FOR MAY RECD INT FOR MAY ON 384,864.01 UNITS	6/25/2013	6/25/2013	1,126.69	0.00				1,632.79
RECD PRIN AMORT FOR MAY RECD INT FOR MAY ON 96,302.59 UNITS	6/25/2013	6/25/2013	280.24	0.00				389.93
RECD PRIN AMORT FOR MAY RECD INT FOR MAY ON 96,835.66 UNITS	6/25/2013	6/25/2013	363.13	0.00				363.13

6/1/2013 - 6/30/2013

Description	Trade/ Ex Date	Units	Principal
	Settle/ Pay Date	Trade Price	Commission
	Actual Settlement Date	Misc. Expense FX Fee	Income Net Local Amount
FEDERAL NATL MTG ASSN GTD PASS THRU CTF POOL AI3507 4 1/2%	6/3/2013	-75.500	75.50
6/1/2041	6/25/2013	100.0000	0.00
RECD PRIN AMORT FOR MAY RECD INT FOR MAY ON 1,672.83 UNITS	6/25/2013	0.00	6.27
TRADING BROKER: NON-BROKER TRADE, BOSTON 00009999		0.00	81.77
CLEARING BROKER: NON-BROKER TRADE, BOSTON 00009999			
CMS REF: 1131610042164			
SEC ID: 3138AG3R7 REG: FRB			
FEDERAL NATL MTG ASSN GTD PASS THRU CTF POOL AL0869 4 1/2%	6/3/2013	-3,941.790	3,941.79
6/1/2029	6/25/2013	100.0000	0.00
RECD PRIN AMORT FOR MAY RECD INT FOR MAY ON 58,452.89 UNITS	6/25/2013	0.00	219.20
TRADING BROKER: NON-BROKER TRADE, BOSTON 00009999		0.00	4,160.99
CLEARING BROKER: NON-BROKER TRADE, BOSTON 00009999			
CMS REF: 1131610057192			
SEC ID: 3138EG6F6 REG: FRB			
FEDERAL NATL MTG ASSN GTD REMIC PASSTHRU CTF REMIC TR 2011-3	6/25/2013	-42,165.620	42,165.62
CL FA	6/25/2013	100.0000	0.00
RECD PRIN AMORT FOR JUNE RECD INT FOR JUNE ON 1,028,093.29	6/25/2013	0.00	748.18
UNITS		0.00	42,913.80
TRADING BROKER: NON-BROKER TRADE, BOSTON 00009999			
CLEARING BROKER: NON-BROKER TRADE, BOSTON 00009999			
CMS REF: 1131760010324			
SEC ID: 31397QRE0 REG: FRB			
FEDERAL NATL MTG ASSN GTD REMIC PASSTHRU CTF REMIC TR 2010-M1	6/3/2013	-79,973.320	79,973.32
CL A1	6/25/2013	100.0000	0.00
RECD PRIN AMORT FOR MAY RECD INT FOR MAY ON 1,059,054.12 UNITS	6/25/2013	0.00	7,331.79
TRADING BROKER: NON-BROKER TRADE, BOSTON 00009999		0.00	87,305.11
CLEARING BROKER: NON-BROKER TRADE, BOSTON 00009999			
CMS REF: 1131630006155			
SEC ID: 31398MGL4 REG: FRB			



**Custody Transaction History**

Report ID: CUA356

Base Currency: USD

6/1/2013 - 6/30/2013

Principal	Units	Trade/ Ex Date	Settle/ Pay Date	Actual Settlement Date	Description
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10,422.28	-10,422.280	6/3/2013	6/25/2013	6/25/2013	FEDERAL NATL MTG ASSN GTD PASS THRU CTF POOL 725140 5.088% SEC ID: 31402CCS52 REG: FRB CMS REF: 1131610062831
890.99	0.00				RECD PRN AMORT FOR MAY REC'D INT FOR MAY ON 212,014.87 UNITS TRADING BROKER: NON-BROKER TRADE, BOSTON 00009999 CLEARING BROKER: NON-BROKER TRADE, BOSTON 00009999

8,272.80	-8,272.800	6/3/2013	6/25/2013	6/25/2013	FEDERAL NATL MTG ASSN GTD PASS THRU CTF POOL 823358 VAR RATE SEC ID: 31406XWTS REG: FRB CMS REF: 1131610087479
8,911.90	0.00				RECD PRN AMORT FOR MAY REC'D INT FOR MAY ON 300,868.58 UNITS TRADING BROKER: NON-BROKER TRADE, BOSTON 00009999 CLEARING BROKER: NON-BROKER TRADE, BOSTON 00009999

5,274.53	-5,274.530	6/3/2013	6/25/2013	6/25/2013	FEDERAL NATL MTG ASSN GTD PASS THRU CTF POOL MA0022 4 1/2% SEC ID: 31417YVY3 REG: FRB CMS REF: 1131610090353
5,642.76	0.00				RECD PRN AMORT FOR MAY REC'D INT FOR MAY ON 98,193.43 UNITS TRADING BROKER: NON-BROKER TRADE, BOSTON 00009999 CLEARING BROKER: NON-BROKER TRADE, BOSTON 00009999

11,921.05	-11,921.050	6/25/2013	6/25/2013	6/25/2013	SOUNDVIEW HOME LOAN TR OPT3 A4 DTD 09/30/2005 VAR RT SEC ID: 31417YVY3 REG: FRB CMS REF: 1131760013232
12,099.61	0.00				RECD PRN AMORT FOR JUNE REC'D INT FOR JUNE ON 465,397.89 UNITS TRADING BROKER: NON-BROKER TRADE, BOSTON 00009999 CLEARING BROKER: NON-BROKER TRADE, BOSTON 00009999

28,117.76	-28,117.760	6/3/2013	6/25/2013	6/25/2013	WELLS FARGO HOME EQUITY 2 AIG DTD 09/01/2004 VAR RT 10/25/2034 SEC ID: 83611MGS1 REG: DTC CMS REF: 1131700005140
29,226.95	0.00				RECD PRN AMORT FOR MAY REC'D INT FOR MAY ON 266,219.54 UNITS TRADING BROKER: NON-BROKER TRADE, BOSTON 00009999 CLEARING BROKER: NON-BROKER TRADE, BOSTON 00009999

1,109.19	0.00				SEC ID: 94980GAG6 REG: DTC CMS REF: 1131700005140
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6/1/2013 - 6/30/2013

Description	Trade/ Ex Date	Units	Principal
	Settle/ Pay Date	Trade Price	Commission
	Actual Settlement Date	Misc. Expense	Income
		FX Fee	Net Local Amount
<b>Total DELIVER VS PAY - PD (14)</b>		<b>Total Principal:</b>	<b>314,717.36</b>
		<b>Total Commission:</b>	<b>0.00</b>
		<b>Total Income:</b>	<b>23,216.92</b>
		<b>Total Net:</b>	<b>337,934.28</b>
 <b>DELIVER VS PAY - SELL</b>			
MORGAN STANLEY REVERSE REPO REPURCHASE AGREEMENT DTD	6/25/2013	-900,000.000	900,000.00
06/21/2013	6/25/2013	100.0000	0.00
CLOSE FOR 1131750084161	6/25/2013	0.00	1.50
		0.00	900,001.50
TRADING BROKER: MORGAN STANLEY & CO INC, NY 00000050			
CLEARING BROKER: MORGAN STANLEY & CO INC, NY 00000050			
CMS REF: 1131760000846			
SEC ID: 99ZAJSL2 REG: REPO			
MORGAN STANLEY REVERSE REPO REPURCHASE AGREEMENT DTD	6/25/2013	-8,500,000.000	8,500,000.00
06/21/2013	6/25/2013	100.0000	0.00
CLOSE FOR 1131750096501	6/25/2013	0.00	16.53
		0.00	8,500,016.53
TRADING BROKER: MORGAN STANLEY & CO INC, NY 00000050			
CLEARING BROKER: MORGAN STANLEY & CO INC, NY 00000050			
CMS REF: 1131760001979			
SEC ID: 99ZAJSLN8 REG: REPO			
<b>Total DELIVER VS PAY - SELL (2)</b>		<b>Total Principal:</b>	<b>9,400,000.00</b>
		<b>Total Commission:</b>	<b>0.00</b>
		<b>Total Income:</b>	<b>18.03</b>
		<b>Total Net:</b>	<b>9,400,018.03</b>
 <b>MARGIN RELEASE - BUY</b>			
DREYFU TRE AGY CSH MGT 521 INC FUND	6/25/2013	1.500	-1.50
BOUGHT DREYFUS TREAS & AGY CSH MGT 521 INC	6/25/2013	0.0000	0.00
CMS REF: 1131760597998	6/25/2013	0.00	0.00
		0.00	-1.50
SEC ID: 996085247 REG: 05			
DREYFU TRE AGY CSH MGT 521 INC FUND	6/25/2013	138,068.700	-138,068.70
BOUGHT DREYFUS TREAS & AGY CSH MGT 521 INC	6/25/2013	0.0000	0.00
CMS REF: 1131760597999	6/25/2013	0.00	0.00
		0.00	-138,068.70
SEC ID: 996085247 REG: 05			
BNY MELLON CASH RESERVE	6/25/2013	11,254.660	-11,254.66
BOUGHT BNY MELLON CASH RESERVE	6/25/2013	0.0000	0.00
CMS REF: 1131760600606	6/25/2013	0.00	0.00
		0.00	-11,254.66
SEC ID: 996087094 REG: 05			



**Custody Transaction History**

Report ID: CUA356

Base Currency: USD

6/1/2013 - 6/30/2013

Principal	Commission	Income	Net Local Amount
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**Total MARGIN RELEASE - BUY (3)**

Total Principal: -149,324.86  
 Total Commission: 0.00  
 Total Income: 0.00  
 Total Net: -149,324.86

**FOREIGN HOLDER RELEASE - CD**

AMRESCO RESIDENTIAL SECURI 1 A DTD 10/20/1999 VAR RT 06/25/2029  
 INTEREST ON 9190463.00 PAYABLE 062513  
 CMS REF: 1131760007435  
 SEC ID: 03215PFN4

6/25/2013 0.0000  
 6/25/2013 0.0000  
 6/25/2013 0.00

0.00  
 0.00  
 117.89  
 117.89

FEDERAL HOME LN MTG CORP MULTICLASS MTG PARTN CTF5 GTD SER  
 58 CL 2A  
 INTEREST DUE ON PAY DATE 062513  
 CMS REF: 1131760594950  
 SEC ID: 31394JY35

6/25/2013 0.0000  
 6/25/2013 0.0000  
 6/25/2013 0.00

0.00  
 0.00  
 8,066.41  
 8,066.41

FEDERAL HOME LN MTG CORP MULTICLASS MTG PARTN CTF5 GTD SER  
 K006 CL A2  
 INTEREST DUE ON PAY DATE 062513  
 CMS REF: 1131760595233  
 SEC ID: 31398VJ98

6/25/2013 0.0000  
 6/25/2013 0.0000  
 6/25/2013 0.00

0.00  
 0.00  
 3,188.25  
 3,188.25

**Total FOREIGN HOLDER RELEASE - CD (3)**

Total Principal: 0.00  
 Total Commission: 0.00  
 Total Income: 11,372.55  
 Total Net: 11,372.55

**Total U.S. DOLLAR (USD) (26)**

Total Principal: -34,607.50  
 Total Commission: 0.00  
 Total Income: 34,607.50  
 Total Net: 0.00

6/26/2013

U.S. DOLLAR (USD)

RECEIVE VS PAY - BUY

6/1/2013 - 6/30/2013

Description	Trade/ Ex Date	Units	Principal
	Settle/ Pay Date	Trade Price	Commission
	Actual Settlement Date	Misc. Expense	Income
		FX Fee	Net Local Amount
MORGAN STANLEY REVERSE REPO REPURCHASE AGREEMENT DTD	6/25/2013	900,000.000	-900,000.00
06/25/2013	6/26/2013	100.0000	0.00
TRADING BROKER: MORGAN STANLEY & CO INC, NY 00000050	6/26/2013	0.00	0.00
CLEARING BROKER: MORGAN STANLEY & CO INC, NY 00000050		0.00	-900,000.00
CMS REF: 1131770046495 CLIENT REF: 000060300021412			
SEC ID: 99ZAJSZH6 REG: REPO			
MORGAN STANLEY REVERSE REPO REPURCHASE AGREEMENT DTD	6/25/2013	8,700,000.000	-8,700,000.00
06/25/2013	6/26/2013	100.0000	0.00
TRADING BROKER: MORGAN STANLEY & CO INC, NY 00000050	6/26/2013	0.00	0.00
CLEARING BROKER: MORGAN STANLEY & CO INC, NY 00000050		0.00	-8,700,000.00
CMS REF: 1131770046562 CLIENT REF: 000020300056065			
SEC ID: 99ZAJSZJ2 REG: REPO			
<b>Total RECEIVE VS PAY - BUY (2)</b>			
		<b>Total Principal:</b>	<b>-9,600,000.00</b>
		<b>Total Commission:</b>	<b>0.00</b>
		<b>Total Income:</b>	<b>0.00</b>
		<b>Total Net:</b>	<b>-9,600,000.00</b>
<b>DELIVER VS PAY - SELL</b>			
MORGAN STANLEY REVERSE REPO REPURCHASE AGREEMENT DTD	6/26/2013	-900,000.000	900,000.00
06/24/2013	6/26/2013	100.0000	0.00
CLOSE FOR 1131760058378	6/26/2013	0.00	1.25
TRADING BROKER: MORGAN STANLEY & CO INC, NY 00000050		0.00	900,001.25
CLEARING BROKER: MORGAN STANLEY & CO INC, NY 00000050			
CMS REF: 1131770000766			
SEC ID: 99ZAJSS76 REG: REPO			
MORGAN STANLEY REVERSE REPO REPURCHASE AGREEMENT DTD	6/26/2013	-8,700,000.000	8,700,000.00
06/24/2013	6/26/2013	100.0000	0.00
CLOSE FOR 1131760090545	6/26/2013	0.00	14.50
TRADING BROKER: MORGAN STANLEY & CO INC, NY 00000050		0.00	8,700,014.50
CLEARING BROKER: MORGAN STANLEY & CO INC, NY 00000050			
CMS REF: 1131770000967			
SEC ID: 99ZAJSS92 REG: REPO			
<b>Total DELIVER VS PAY - SELL (2)</b>			
		<b>Total Principal:</b>	<b>9,600,000.00</b>
		<b>Total Commission:</b>	<b>0.00</b>
		<b>Total Income:</b>	<b>15.75</b>
		<b>Total Net:</b>	<b>9,600,015.75</b>
<b>MARGIN RELEASE - BUY</b>			



**Custody Transaction History**

Report ID: CUA356

Base Currency: USD

6/1/2013 - 6/30/2013

Description	Trade / Ex Date	Settle / Pay Date	Actual Settlement Date	Units	Trade Price	Misc. Expense	FX Fee	Principal	Commission	Income	Net Local Amount
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DREYFU TRE AGY CSH MGT 521 INC FUND	6/26/2013	6/26/2013	6/26/2013	1.250	0.0000	0.00	0.00	-1.25	0.00	0.00	-1.25
BOUGHT DREYFUS TREAS & AGY CSH MGT 521 INC											
CMS REF: 1131770639909											
SEC ID: 996085247 REG: 05											

DREYFU TRE AGY CSH MGT 521 INC FUND	6/26/2013	6/26/2013	6/26/2013	11,269.160	0.0000	0.00	0.00	-11,269.16	0.00	0.00	-11,269.16
BOUGHT DREYFUS TREAS & AGY CSH MGT 521 INC											
CMS REF: 1131770639910											
SEC ID: 996085247 REG: 05											

**Total MARGIN RELEASE - BUY (2)**

<b>Total Principal:</b>	-11,270.41
<b>Total Commission:</b>	0.00
<b>Total Income:</b>	0.00
<b>Total Net:</b>	-11,270.41

**SELL - SELL**

BNY MELLON CASH RESERVE	6/26/2013	6/26/2013	6/26/2013	11,254.660	0.0000	0.00	0.00	11,254.66	0.00	0.00	11,254.66
SOLD BNY MELLON CASH RESERVE											
CMS REF: 1131770002485											
SEC ID: 996087094 REG: 05											

**Total U.S. DOLLAR (USD) (7)**

<b>Total Principal:</b>	-15.75
<b>Total Commission:</b>	0.00
<b>Total Income:</b>	15.75
<b>Total Net:</b>	0.00

**6/27/2013**

**U.S. DOLLAR (USD)**

**RECEIVE VS PAY - BUY**

MORGAN STANLEY REVERSE REPO REPURCHASE AGREEMENT DTD	6/26/2013	6/27/2013	6/26/2013	8,800,000.000	100.0000	0.00	0.00	-8,800,000.00	0.00	0.00	-8,800,000.00
TRADING BROKER: MORGAN STANLEY & CO INC, NY 00000050											
CLEARING BROKER: MORGAN STANLEY & CO INC, NY 00000050											
CMS REF: 1131780051081 CLIENT REF: 000020300056079											
SEC ID: 99ZAJSS06 REG: REPO											

6/1/2013 - 6/30/2013

Description	Trade/ Ex Date	Units	Principal
	Settle/ Pay Date	Trade Price	Commission
	Actual Settlement Date	Misc. Expense	Income
		FX Fee	Net Local Amount
MORGAN STANLEY REVERSE REPO REPURCHASE AGREEMENT DTD	6/26/2013	900,000.000	-900,000.00
06/26/2013	6/27/2013	100.0000	0.00
TRADING BROKER: MORGAN STANLEY & CO INC, NY 00000050	6/27/2013	0.00	0.00
CLEARING BROKER: MORGAN STANLEY & CO INC, NY 00000050		0.00	-900,000.00
CMS REF: 1131780051096 CLIENT REF: 000060300021419			
SEC ID: 99ZAJ5Z9 REG: REPO			
<b>Total RECEIVE VS PAY - BUY (2)</b>		<b>Total Principal:</b>	<b>-9,700,000.00</b>
		<b>Total Commission:</b>	<b>0.00</b>
		<b>Total Income:</b>	<b>0.00</b>
		<b>Total Net:</b>	<b>-9,700,000.00</b>
<b>DELIVER VS PAY - PD</b>			
NCUA GUARANTEED NOTES TR C1 A1 DTD 11/10/2010 1.600%	6/27/2013	-14,671.330	14,671.33
10/29/2020	6/27/2013	100.0000	0.00
RECD PRIN AMORT FOR JUNE RECD INT FOR JUNE ON 640,722.13 UNITS	6/27/2013	0.00	854.30
TRADING BROKER: NON-BROKER TRADE, BOSTON 00009999		0.00	15,525.63
CLEARING BROKER: NON-BROKER TRADE, BOSTON 00009999			
CMS REF: 1131780000840			
SEC ID: 62888XAA2 REG: DTC			
<b>DELIVER VS PAY - SELL</b>			
MORGAN STANLEY REVERSE REPO REPURCHASE AGREEMENT DTD	6/27/2013	-900,000.000	900,000.00
06/25/2013	6/27/2013	100.0000	0.00
CLOSE FOR 1131770046495	6/27/2013	0.00	0.75
TRADING BROKER: MORGAN STANLEY & CO INC, NY 00000050		0.00	900,000.75
CLEARING BROKER: MORGAN STANLEY & CO INC, NY 00000050			
CMS REF: 1131780000845			
SEC ID: 99ZAJ5ZH6 REG: REPO			
MORGAN STANLEY REVERSE REPO REPURCHASE AGREEMENT DTD	6/27/2013	-8,700,000.000	8,700,000.00
06/25/2013	6/27/2013	100.0000	0.00
CLOSE FOR 1131770046562	6/27/2013	0.00	9.67
TRADING BROKER: MORGAN STANLEY & CO INC, NY 00000050		0.00	8,700,009.67
CLEARING BROKER: MORGAN STANLEY & CO INC, NY 00000050			
CMS REF: 1131780000984			
SEC ID: 99ZAJ5ZJ2 REG: REPO			



6/1/2013 - 6/30/2013

Description	Trade/ Ex Date	Units	Principal
	Settle/ Pay Date	Trade Price	Commission
	Actual Settlement Date	Misc. Expense	Income
		FX Fee	Net Local Amount
UNITED STATES TREASURY BILL DTD 02/07/2013 0.000% 02/06/2014	6/27/2013	11,466,000.000	-11,459,785.27
TRADING BROKER: JPMORGAN SECURITIES INC, NEW YORK 00000187	6/28/2013	99.9458	0.00
CLEARING BROKER: JPMORGAN SECURITIES INC, NEW YORK 00000187	6/28/2013	0.00	0.00
CMS REF: 1131780214823 CLIENT REF: 000020300056094		0.00	-11,459,785.27
SEC ID: 912796AR0 REG: FRB			
MORGAN STANLEY REVERSE REPURCHASE AGREEMENT DTD 06/27/2013	6/27/2013	8,800,000.000	-8,800,000.00
0.160% DUE	6/28/2013	100.0000	0.00
TRADING BROKER: MORGAN STANLEY & CO INC, NY 00000050	6/28/2013	0.00	0.00
CLEARING BROKER: MORGAN STANLEY & CO INC, NY 00000050		0.00	-8,800,000.00
CMS REF: 1131790052276 CLIENT REF: 000020300056096			
SEC ID: 99ZAJTDC9 REG: REPO			
MORGAN STANLEY REVERSE REPO REPURCHASE AGREEMENT DTD	6/27/2013	900,000.000	-900,000.00
06/27/2013	6/28/2013	100.0000	0.00
TRADING BROKER: MORGAN STANLEY & CO INC, NY 00000050	6/28/2013	0.00	0.00
CLEARING BROKER: MORGAN STANLEY & CO INC, NY 00000050		0.00	-900,000.00
CMS REF: 1131790052164 CLIENT REF: 000060300021425			
SEC ID: 99ZAJTDE5 REG: REPO			
<b>Total RECEIVE VS PAY - BUY (4)</b>		<b>Total Principal:</b>	<b>-28,260,934.26</b>
		<b>Total Commission:</b>	<b>0.00</b>
		<b>Total Income:</b>	<b>0.00</b>
		<b>Total Net:</b>	<b>-28,260,934.26</b>
<b>DELIVER FREE - SW</b>			
US TREASURY INFLATION INDEXED BONDS 3 7/8% 4/15/2029	6/28/2013	-455.000	0.00
TO BRING ACCOUNT INTO BALANCE WITH 062813 FACTOR OF 1.41453	6/28/2013	0.0000	0.00
TRADING BROKER: NON-BROKER TRADE, BOSTON 00009999	6/28/2013	0.00	0.00
CLEARING BROKER: NON-BROKER TRADE, BOSTON 00009999		0.00	0.00
CMS REF: 1131790009333			
SEC ID: 912810FH6 REG: FRB			
US TREASURY INFLATION INDEXED BONDS 2 3/8% 1/15/2025	6/28/2013	-684.000	0.00
TO BRING ACCOUNT INTO BALANCE WITH 062813 FACTOR OF 1.23365	6/28/2013	0.0000	0.00
TRADING BROKER: NON-BROKER TRADE, BOSTON 00009999	6/28/2013	0.00	0.00
CLEARING BROKER: NON-BROKER TRADE, BOSTON 00009999		0.00	0.00
CMS REF: 1131790009334			
SEC ID: 912810FR4 REG: FRB			



**Custody Transaction History**

Report ID: CUA356

Base Currency: USD

6/1/2013 - 6/30/2013

Principal	Commission	Income	Net Local Amount
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Trade/ Ex Date	Settle/ Pay Date	Actual Settlement Date	Misc. Expense	FX Fee	Description
6/28/2013	6/28/2013	6/28/2013	-756.000	0.00	US TREASURY INFLATION INDEXED BONDS 2% 1/15/2026 TO BRING ACCOUNT INTO BALANCE WITH 062813 FACTOR OF 1.17161
6/28/2013	6/28/2013	6/28/2013	0.000	0.00	TRADING BROKER: NON-BROKER TRADE, BOSTON 00009999
6/28/2013	6/28/2013	6/28/2013	0.000	0.00	CLEARING BROKER: NON-BROKER TRADE, BOSTON 00009999
6/28/2013	6/28/2013	6/28/2013	0.000	0.00	CMS REF: 1131790009335
6/28/2013	6/28/2013	6/28/2013	0.000	0.00	SEC ID: 912810FS2 REG: FRB
6/28/2013	6/28/2013	6/28/2013	-9,222.000	0.00	US TREASURY INFLATION INDEXED BONDS 2 3/8% 1/15/2027 TO BRING ACCOUNT INTO BALANCE WITH 062813 FACTOR OF 1.15310
6/28/2013	6/28/2013	6/28/2013	0.000	0.00	TRADING BROKER: NON-BROKER TRADE, BOSTON 00009999
6/28/2013	6/28/2013	6/28/2013	0.000	0.00	CLEARING BROKER: NON-BROKER TRADE, BOSTON 00009999
6/28/2013	6/28/2013	6/28/2013	0.000	0.00	CMS REF: 1131790009336
6/28/2013	6/28/2013	6/28/2013	0.000	0.00	SEC ID: 912810PS1 REG: FRB
6/28/2013	6/28/2013	6/28/2013	-7,242.000	0.00	US TREASURY INFLATION INDEXED BONDS 1 3/4% 1/15/2028 TO BRING ACCOUNT INTO BALANCE WITH 062813 FACTOR OF 1.10999
6/28/2013	6/28/2013	6/28/2013	0.000	0.00	TRADING BROKER: NON-BROKER TRADE, BOSTON 00009999
6/28/2013	6/28/2013	6/28/2013	0.000	0.00	CLEARING BROKER: NON-BROKER TRADE, BOSTON 00009999
6/28/2013	6/28/2013	6/28/2013	0.000	0.00	CMS REF: 1131790009337
6/28/2013	6/28/2013	6/28/2013	0.000	0.00	SEC ID: 912810PV4 REG: FRB
6/28/2013	6/28/2013	6/28/2013	-1,400.000	0.00	US TREASURY INFLATION INDEXED BONDS 2 1/2% 1/15/2029 TO BRING ACCOUNT INTO BALANCE WITH 062813 FACTOR OF 1.08309
6/28/2013	6/28/2013	6/28/2013	0.000	0.00	TRADING BROKER: NON-BROKER TRADE, BOSTON 00009999
6/28/2013	6/28/2013	6/28/2013	0.000	0.00	CLEARING BROKER: NON-BROKER TRADE, BOSTON 00009999
6/28/2013	6/28/2013	6/28/2013	0.000	0.00	CMS REF: 1131790009338
6/28/2013	6/28/2013	6/28/2013	0.000	0.00	SEC ID: 912810PZ5 REG: FRB
6/28/2013	6/28/2013	6/28/2013	-837.000	0.00	US TREASURY INFLATION INDEXED BONDS 5/8% 2/15/2043 TO BRING ACCOUNT INTO BALANCE WITH 062813 FACTOR OF 1.01143
6/28/2013	6/28/2013	6/28/2013	0.000	0.00	TRADING BROKER: NON-BROKER TRADE, BOSTON 00009999
6/28/2013	6/28/2013	6/28/2013	0.000	0.00	CLEARING BROKER: NON-BROKER TRADE, BOSTON 00009999
6/28/2013	6/28/2013	6/28/2013	0.000	0.00	CMS REF: 1131790009339
6/28/2013	6/28/2013	6/28/2013	0.000	0.00	SEC ID: 912810RA8 REG: FRB

**Total DELIVER FREE - SW (7)**

**Total Principal:**

**Total Commission:**

**Total Net:**

0.00  
 0.00  
 0.00  
 0.00

**DELIVER VS PAY - SELL**

6/1/2013 - 6/30/2013

Description	Trade/ Ex Date	Units	Principal
	Settle/ Pay Date	Trade Price	Commission
	Actual Settlement Date	Misc. Expense	Income
		FX Fee	Net Local Amount
UNITED STATES TREASURY BILL DTD 01/10/2013 0.000% 01/09/2014	6/27/2013	-11,466,000.000	11,462,894.63
TRADING BROKER: MERRILL LYNCH PIERCE FENNER, CHARLOTTE	6/28/2013	99.9729	0.00
00000773	6/28/2013	0.00	0.00
CLEARING BROKER: MERRILL LYNCH PIERCE FENNER, CHARLOTTE		0.00	11,462,894.63
00000773			
CMS REF: 1131780168885 CLIENT REF: 000020300056093			
SEC ID: 912796AQ2 REG: FRB			
UNITED STATES TREASURY BILL DTD 01/10/2013 0.000% 01/09/2014	6/27/2013	-7,105,000.000	7,103,075.73
TRADING BROKER: MERRILL LYNCH PIERCE FENNER, CHARLOTTE	6/28/2013	99.9729	0.00
00000773	6/28/2013	0.00	0.00
CLEARING BROKER: MERRILL LYNCH PIERCE FENNER, CHARLOTTE		0.00	7,103,075.73
00000773			
CMS REF: 1131780168889 CLIENT REF: 000060300021422			
SEC ID: 912796AQ2 REG: FRB			
MORGAN STANLEY REVERSE REPO REPURCHASE AGREEMENT DTD	6/28/2013	-8,800,000.000	8,800,000.00
06/26/2013	6/28/2013	100.0000	0.00
CLOSE FOR 1131780051081	6/28/2013	0.00	9.78
TRADING BROKER: MORGAN STANLEY & CO INC, NY 00000050		0.00	8,800,009.78
CLEARING BROKER: MORGAN STANLEY & CO INC, NY 00000050			
CMS REF: 1131790000829			
SEC ID: 99ZAJ506 REG: REPO			
MORGAN STANLEY REVERSE REPO REPURCHASE AGREEMENT DTD	6/28/2013	-900,000.000	900,000.00
06/26/2013	6/28/2013	100.0000	0.00
CLOSE FOR 1131780051096	6/28/2013	0.00	0.75
TRADING BROKER: MORGAN STANLEY & CO INC, NY 00000050		0.00	900,000.75
CLEARING BROKER: MORGAN STANLEY & CO INC, NY 00000050			
CMS REF: 1131790000872			
SEC ID: 99ZAJ529 REG: REPO			
<b>Total DELIVER VS PAY - SELL (4)</b>		<b>Total Principal:</b>	<b>28,265,970.36</b>
		<b>Total Commission:</b>	<b>0.00</b>
		<b>Total Income:</b>	<b>10.53</b>
		<b>Total Net:</b>	<b>28,265,980.89</b>

**MARGIN RELEASE - BUY**



**Custody Transaction History**

Report ID: CUA356

Base Currency: USD

6/1/2013 - 6/30/2013

Principal Commission Income	Trade Price	Trade / Ex Date	Actual Settlement Date	Misc. Expense	Description
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-1,927.49	0.00	6/28/2013	6/28/2013	0.00	DREYFU TRE AGY CSH MGT 521 INC FUND
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0.00	0.0000	6/28/2013	6/28/2013	0.0000	BOUGHT DREYFUS TREAS & AGY CSH MGT 521 INC
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0.00	0.00	6/28/2013	6/28/2013	0.00	CMS REF: 1131790599165
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-1,927.49	0.00	6/28/2013	6/28/2013	0.00	SEC ID: 996085247 REG: 05
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-3,119.14	0.00	6/28/2013	6/28/2013	3,119.140	DREYFU TRE AGY CSH MGT 521 INC FUND
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0.00	0.0000	6/28/2013	6/28/2013	0.0000	BOUGHT DREYFUS TREAS & AGY CSH MGT 521 INC
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0.00	0.00	6/28/2013	6/28/2013	0.00	CMS REF: 1131790599166
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-3,119.14	0.00	6/28/2013	6/28/2013	0.00	SEC ID: 996085247 REG: 05
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**Total MARGIN RELEASE - BUY (2)**

-5,046.63	0.00				
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0.00	0.00				
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-5,046.63	0.00				
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Total Principal:  
 Total Commission:  
 Total Income:  
 Total Net:

**Total U.S. DOLLAR (USD) (17)**

-10.53	0.00				
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10.53	0.00				
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0.00	0.00				
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Total Principal:  
 Total Commission:  
 Total Income:  
 Total Net:

0.00	0.00				
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**APPENDIX "G"**  
**SECTIONS OF THE CALIFORNIA GOVERNMENT CODE**  
**PERTINENT TO**  
**INVESTING PUBLIC FUNDS**

**INTRODUCTION**

A requirement of Section 8, Authorized and Suitable Investments, of the District's Investment Policy Statement, is that all investments shall be made in accordance with the California Government Code, including Section 16429.1 et seq., and 53600et seq. This appendix presents a copy of these sections for the reader's reference.

**GOVERNMENT CODE**  
**SECTION 16429.1-16429.4**

16429.1. (a) There is in trust in the custody of the Treasurer the Local Agency Investment Fund, which fund is hereby created. The Controller shall maintain a separate account for each governmental unit having deposits in this fund.

(b) Notwithstanding any other provisions of law, a local governmental official, with the consent of the governing body of that agency, having money in its treasury not required for immediate needs, may remit the money to the Treasurer for deposit in the Local Agency Investment Fund for the purpose of investment.

(c) Notwithstanding any other provisions of law, an officer of any nonprofit corporation whose membership is confined to public agencies or public officials, or an officer of a qualified quasi-governmental agency, with the consent of the governing body of that agency, having money in its treasury not required for immediate needs, may remit the money to the Treasurer for deposit in the Local Agency Investment Fund for the purpose of investment.

(d) Notwithstanding any other provision of law or of this section, a local agency, with the approval of its governing body, may deposit in the Local Agency Investment Fund proceeds of the issuance of bonds, notes, certificates of participation, or other evidences of indebtedness of the agency pending expenditure of the proceeds for the authorized purpose of their issuance. In connection with these deposits of proceeds, the Local Agency Investment Fund is authorized to receive and disburse moneys, and to provide information, directly with or to an authorized officer of a trustee or fiscal agent engaged by the local agency, the Local Agency Investment Fund is authorized to hold investments in the name and for the account of that trustee or fiscal agent, and the Controller shall maintain a separate account for each deposit of proceeds.

(e) The local governmental unit, the nonprofit corporation, or the quasi-governmental agency has the exclusive determination of the length of time its money will be on deposit with the Treasurer.

(f) The trustee or fiscal agent of the local governmental unit has the exclusive determination of the length of time proceeds from the issuance of bonds will be on deposit with the Treasurer.

(g) The Local Investment Advisory Board shall determine those quasi-governmental agencies which qualify to participate in the Local Agency Investment Fund.

(h) The Treasurer may refuse to accept deposits into the fund if, in the judgment of the Treasurer, the deposit would adversely affect the state's portfolio.

(i) The Treasurer may invest the money of the fund in securities prescribed in Section 16430. The Treasurer may elect to have the money of the fund invested through the Surplus Money Investment Fund as provided in Article 4 (commencing with Section 16470) of Chapter 3 of Part 2 of Division 4 of Title 2.

(j) Money in the fund shall be invested to achieve the objective of the fund which is to realize the maximum return consistent with safe and prudent treasury management.

(k) All instruments of title of all investments of the fund shall remain in the Treasurer's vault or be held in safekeeping under control of the Treasurer in any federal reserve bank, or any branch thereof, or the Federal Home Loan Bank of San Francisco, with any trust company, or the trust department of any state or national bank.

(l) Immediately at the conclusion of each calendar quarter, all interest earned and other increment derived from investments shall be distributed by the Controller to the contributing governmental units or trustees or fiscal agents, nonprofit corporations, and quasi-governmental agencies in amounts directly proportionate to the respective amounts deposited in the Local Agency Investment Fund and the length of time the amounts remained therein. An amount equal to the reasonable costs incurred in carrying out the provisions of this section, not to exceed a maximum of 5 percent of the earnings of this fund, shall be deducted from the earnings prior to distribution. The amount of this deduction shall be credited as reimbursements to the state agencies, including the Treasurer, the Controller, and the Department of Finance, having incurred costs in carrying out the provisions of this section.

(m) The Treasurer shall prepare for distribution a monthly report of investments made during the preceding month.

(n) As used in this section, "local agency," "local governmental unit," and "local governmental official" includes a campus or other unit and an official, respectively, of the California State University who deposits moneys in funds described in Sections 89721, 89722, and 89725 of the Education Code.

16429.2. There is created the Local Investment Advisory Board consisting of five members. The chairman shall be the State Treasurer or his or her designated representative. Two members who are qualified by training and experience in the field of investment or finance, shall be appointed by the State Treasurer. Two members who are treasurers, finance or fiscal officers or business managers, employed by any county, city or local district or municipal corporation of this state, shall be appointed by the Treasurer. The term of office of each appointed member of the board is two years, but each appointed member serves at the pleasure of the appointing authority. A vacancy in the appointed membership, occurring other than by expiration of term, shall be filled in the same manner as the original appointment, but for the unexpired term only.

Members of the board who are not state officers or employees shall not receive a salary, but shall be entitled to a per diem allowance of fifty dollars (\$50) for each day's attendance at a meeting of the board, not to exceed three hundred dollars (\$300) in any month. All members shall be entitled to reimbursement for expenses incurred in the performance of their duties under this part, including travel and other necessary expenses.

The board's primary purpose shall be to advise and assist the State Treasurer in formulating the investment and reinvestment of moneys in the Local Agency Investment Fund, and the acquisition, retention, management, and disposition of investments of the fund. The board, from time to time, shall review those policies and advise therein as it considers necessary or desirable. The board shall advise the State Treasurer in the management of the fund and consult the State Treasurer on any matter relating to the investment and reinvestment of moneys in the fund.

16429.3. Moneys placed with the Treasurer for deposit in the Local Agency Investment Fund by cities, counties, special districts, nonprofit corporations, or qualified quasi-governmental agencies shall not be subject to either of the following:

- (a) Transfer or loan pursuant to Sections 16310, 16312, or 16313.
- (b) Impoundment or seizure by any state official or state agency.

16429.4. The right of a city, county, city and county, special district, nonprofit corporation, or qualified quasi-governmental agency to withdraw its deposited moneys from the Local Agency Investment Fund, upon demand, may not be altered, impaired, or denied, in any way, by any state official or state agency based upon the state's failure to adopt a State Budget by July 1 of each new fiscal year.

**GOVERNMENT CODE**  
**SECTION 53600-53609**

53600. As used in this article, "local agency" means county, city, city and county, including a chartered city or county, school district, community college district, public district, county board of education, county superintendent of schools, or any public or municipal corporation.

53600.3. Except as provided in subdivision (a) of Section 27000.3, all governing bodies of local agencies or persons authorized to make investment decisions on behalf of those local agencies investing public funds pursuant to this chapter are trustees and therefore fiduciaries subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law.

53600.5. When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, the primary objective of a trustee shall be to safeguard the principal of the funds under its control. The secondary objective shall be to meet the liquidity needs of the depositor. The third objective shall be to achieve a return on the funds under its control.

53600.6. The Legislature hereby finds that the solvency and creditworthiness of each individual local agency can impact the solvency and creditworthiness of the state and other local agencies within the state. Therefore, to protect the solvency and creditworthiness of the state and all of its political subdivisions, the Legislature hereby declares that the deposit and investment of public funds by local officials and local agencies is an issue of statewide concern.

53601. This section shall apply to a local agency that is a city, a district, or other local agency that does not pool money in deposits or investments with other local agencies, other than local agencies that have the same governing body. However, Section 53635 shall apply to all local agencies that pool money in deposits or investments with other local agencies that have separate governing bodies. The legislative body of a local agency having money in a sinking fund or money in its treasury not required for the immediate needs of the local agency may invest any portion of the money that it deems wise or expedient in those investments set forth below. A local agency purchasing or obtaining any securities prescribed in this section, in a negotiable, bearer, registered, or nonregistered format, shall require delivery of the securities to the local agency, including those purchased for the agency by financial advisers, consultants, or managers using the agency's funds, by book entry, physical delivery, or by third-party custodial agreement. The transfer of securities to the counterparty bank's customer book entry account may be used for book entry delivery. For purposes of this section, "counterparty" means the other party

to the transaction. A counterparty bank's trust department or separate safekeeping department may be used for the physical delivery of the security if the security is held in the name of the local agency. Where this section specifies a percentage limitation for a particular category of investment, that percentage is applicable only at the date of purchase. Where this section does not specify a limitation on the term or remaining maturity at the time of the investment, no investment shall be made in any security, other than a security underlying a repurchase or reverse repurchase agreement or securities lending agreement authorized by this section, that at the time of the investment has a term remaining to maturity in excess of five years, unless the legislative body has granted express authority to make that investment either specifically or as a part of an investment program approved by the legislative body no less than three months prior to the investment:

(a) Bonds issued by the local agency, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency or by a department, board, agency, or authority of the local agency.

(b) United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest.

(c) Registered state warrants or treasury notes or bonds of this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state or by a department, board, agency, or authority of the state.

(d) Registered treasury notes or bonds of any of the other 49 United States in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 United States, in addition to California.

(e) Bonds, notes, warrants, or other evidences of indebtedness of any local agency within this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency.

(f) Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.

(g) Bankers' acceptances otherwise known as bills of exchange or time drafts that are drawn on and accepted by a commercial bank. Purchases of bankers' acceptances may not exceed 180 days' maturity or 40 percent of the agency's money that may be invested pursuant to this section. However, no more than 30 percent of the agency's money may be invested in the bankers' acceptances of any one commercial bank pursuant to this section.

This subdivision does not preclude a municipal utility district from investing any money in its treasury in any manner authorized by the Municipal Utility District Act (Division 6 (commencing with Section 11501) of the Public Utilities Code).

(h) Commercial paper of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by a nationally recognized statistical-rating organization (NRSRO). The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (1) or (2):

(1) The entity meets the following criteria:

(A) Is organized and operating in the United States as a general corporation.

(B) Has total assets in excess of five hundred million dollars (\$500,000,000).

(C) Has debt other than commercial paper, if any, that is rated "A" or higher by a nationally recognized statistical-rating organization (NRSRO).

(2) The entity meets the following criteria:

(A) Is organized within the United States as a special purpose corporation, trust, or limited liability company.

(B) Has programwide credit enhancements including, but not limited to, overcollateralization, letters of credit, or surety bond.

(C) Has commercial paper that is rated "A-1" or higher, or the equivalent, by a nationally recognized statistical-rating organization (NRSRO).

Eligible commercial paper shall have a maximum maturity of 270 days or less. Local agencies, other than counties or a city and county, may invest no more than 25 percent of their money in eligible commercial paper. Local agencies, other than counties or a city and county, may purchase no more than 10 percent of the outstanding commercial paper of any single issuer. Counties or a city and county may invest in commercial paper pursuant to the concentration limits in subdivision (a) of Section 53635.

(i) Negotiable certificates of deposit issued by a nationally or state-chartered bank, a savings association or a federal association (as defined by Section 5102 of the Financial Code), a state or federal credit union, or by a state-licensed branch of a foreign bank. Purchases of negotiable certificates of deposit may not exceed 30 percent of the agency's money which may be invested pursuant to this section. For purposes of this section, negotiable certificates of deposit do not come within Article 2 (commencing with Section 53630), except that the amount so invested shall be subject to the limitations of Section 53638. The legislative body of a local agency and the treasurer or other official of the local agency having legal custody of the money are prohibited from investing local agency funds, or funds in the custody of the local agency, in negotiable certificates of deposit issued by a state or federal credit union if a member of the legislative body of the local agency, or any person with investment decision making authority in the administrative office manager's office, budget office, auditor-controller's office, or treasurer's office of the local agency also serves on the board of directors, or any committee appointed by the board of directors, or the credit committee or the supervisory committee of the state or federal credit union issuing the negotiable certificates of deposit.

(j) (1) Investments in repurchase agreements or reverse repurchase agreements or securities lending agreements of any securities authorized by this section, as long as the agreements are subject to this subdivision, including the delivery requirements specified in this section.

(2) Investments in repurchase agreements may be made, on any investment authorized in this section, when the term of the agreement does not exceed one year. The market value of securities that underlay a repurchase agreement shall be valued at 102 percent or greater of the funds borrowed against those securities and the value shall be adjusted no less than quarterly. Since the market value of the underlying securities is subject to daily market fluctuations, the investments in repurchase agreements shall be in compliance if the value of the underlying securities is brought back up to 102 percent no later than the next business day.

(3) Reverse repurchase agreements or securities lending agreements may be utilized only when all of the following conditions are met:

(A) The security to be sold on reverse repurchase agreement or securities lending agreement has been owned and fully paid for by the local agency for a minimum of 30 days prior to sale.

(B) The total of all reverse repurchase agreements and securities lending agreements on investments owned by the local agency does not exceed 20 percent of the base value of the portfolio.

(C) The agreement does not exceed a term of 92 days, unless the agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement or securities lending agreement and the final maturity date of the same security.

(D) Funds obtained or funds within the pool of an equivalent amount to that obtained from selling a security to a counterparty by way of a reverse repurchase agreement or securities lending agreement shall not be used to purchase another security with a maturity longer than 92 days from the initial settlement date of the reverse repurchase agreement or securities lending agreement, unless the reverse repurchase agreement or securities lending agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement or securities lending agreement and the final maturity date of the same security.

(4) (A) Investments in reverse repurchase agreements, securities lending agreements, or similar investments in which the local agency sells securities prior to purchase with a simultaneous agreement to repurchase the security may only be made upon prior approval of the governing body of the local agency and shall only be made with primary dealers of the Federal Reserve Bank of New York or with a

nationally or state-chartered bank that has or has had a significant banking relationship with a local agency.

(B) For purposes of this chapter, "significant banking relationship" means any of the following activities of a bank:

(i) Involvement in the creation, sale, purchase, or retirement of a local agency's bonds, warrants, notes, or other evidence of indebtedness.

(ii) Financing of a local agency's activities.

(iii) Acceptance of a local agency's securities or funds as deposits.

(5) (A) "Repurchase agreement" means a purchase of securities by the local agency pursuant to an agreement by which the counterparty seller will repurchase the securities on or before a specified date and for a specified amount and the counterparty will deliver the underlying securities to the local agency by book entry, physical delivery, or by third-party custodial agreement. The transfer of underlying securities to the counterparty bank's customer book-entry account may be used for book-entry delivery.

(B) "Securities," for purpose of repurchase under this subdivision, means securities of the same issuer, description, issue date, and maturity.

(C) "Reverse repurchase agreement" means a sale of securities by the local agency pursuant to an agreement by which the local agency will repurchase the securities on or before a specified date and includes other comparable agreements.

(D) "Securities lending agreement" means an agreement under which a local agency agrees to transfer securities to a borrower who, in turn, agrees to provide collateral to the local agency. During the term of the agreement, both the securities and the collateral are held by a third party. At the conclusion of the agreement, the securities are transferred back to the local agency in return for the collateral.

(E) For purposes of this section, the base value of the local agency's pool portfolio shall be that dollar amount obtained by totaling all cash balances placed in the pool by all pool participants, excluding any amounts obtained through selling securities by way of reverse repurchase agreements, securities lending agreements, or other similar borrowing methods.

(F) For purposes of this section, the spread is the difference between the cost of funds obtained using the reverse repurchase agreement and the earnings obtained on the reinvestment of the funds.

(k) Medium-term notes, defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Notes eligible for investment under this subdivision shall be rated "A" or better by a nationally recognized rating service. Purchases of medium-term notes shall not include other instruments authorized by this section and may not exceed 30 percent of the agency's money that may be invested pursuant to this section.

(l) (1) Shares of beneficial interest issued by diversified management companies that invest in the securities and obligations as authorized by subdivisions (a) to (k), inclusive, and subdivisions (m) to (o), inclusive, and that comply with the investment restrictions of this article and Article 2 (commencing with Section 53630). However, notwithstanding these restrictions, a counterparty to a reverse repurchase agreement or securities lending agreement is not required to be a primary dealer of the Federal Reserve Bank of New York if the company's board of directors finds that the counterparty presents a minimal risk of default, and the value of the securities underlying a repurchase agreement or securities lending agreement may be 100 percent of the sales price if the securities are marked to market daily.

(2) Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 et seq.). (3) If investment is in shares issued pursuant to paragraph (1), the company shall have met either of the following criteria: (A) Attained the highest ranking or the highest letter and numerical rating provided by not less than two nationally recognized statistical rating organizations. (B) Retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience investing in the securities and obligations authorized by subdivisions (a) to (k), inclusive, and subdivisions (m) to (o), inclusive, and with assets under management in excess of five hundred million dollars (\$500,000,000).

(4) If investment is in shares issued pursuant to paragraph (2), the company shall have met either of the following criteria: (A) Attained the highest ranking or the highest letter and numerical rating provided by

not less than two nationally recognized statistical rating organizations. (B) Retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience managing money market mutual funds with assets under management in excess of five hundred million dollars (\$500,000,000). (5) The purchase price of shares of beneficial interest purchased pursuant to this subdivision shall not include any commission that the companies may charge and shall not exceed 20 percent of the agency's money that may be invested pursuant to this section. However, no more than 10 percent of the agency's funds may be invested in shares of beneficial interest of any one mutual fund pursuant to paragraph (1).

(m) Moneys held by a trustee or fiscal agent and pledged to the payment or security of bonds or other indebtedness, or obligations under a lease, installment sale, or other agreement of a local agency, or certificates of participation in those bonds, indebtedness, or lease installment sale, or other agreements, may be invested in accordance with the statutory provisions governing the issuance of those bonds, indebtedness, or lease installment sale, or other agreement, or to the extent not inconsistent therewith or if there are no specific statutory provisions, in accordance with the ordinance, resolution, indenture, or agreement of the local agency providing for the issuance.

(n) Notes, bonds, or other obligations that are at all times secured by a valid first priority security interest in securities of the types listed by Section 53651 as eligible securities for the purpose of securing local agency deposits having a market value at least equal to that required by Section 53652 for the purpose of securing local agency deposits. The securities serving as collateral shall be placed by delivery or book entry into the custody of a trust company or the trust department of a bank that is not affiliated with the issuer of the secured obligation, and the security interest shall be perfected in accordance with the requirements of the Uniform Commercial Code or federal regulations applicable to the types of securities in which the security interest is granted.

(o) A mortgage passthrough security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable passthrough certificate, or consumer receivable-backed bond of a maximum of five years' maturity. Securities eligible for investment under this subdivision shall be issued by an issuer having an "A" or higher rating for the issuer's debt as provided by a nationally recognized rating service and rated in a rating category of "AA" or its equivalent or better by a nationally recognized rating service. Purchase of securities authorized by this subdivision may not exceed 20 percent of the agency's surplus money that may be invested pursuant to this section.

(p) Shares of beneficial interest issued by a joint powers authority organized pursuant to Section 6509.7 that invests in the securities and obligations authorized in subdivisions (a) to (o), inclusive. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. To be eligible under this section, the joint powers authority issuing the shares shall have retained an investment adviser that meets all of the following criteria: (1) The adviser is registered or exempt from registration with the Securities and Exchange Commission. (2) The adviser has not less than five years of experience investing in the securities and obligations authorized in subdivisions (a) to (o), inclusive. (3) The adviser has assets under management in excess of five hundred million dollars (\$500,000,000).

53601.1. The authority of a local agency to invest funds pursuant to Section 53601 includes, in addition thereto, authority to invest in financial futures or financial option contracts in any of the investment categories enumerated in that section.

53601.2. As used in this article, "corporation" includes a limited liability company.

53601.5. The purchase by a local agency of any investment authorized pursuant to Section 53601 or 53601.1, not purchased directly from the issuer, shall be purchased either from an institution licensed by the state as a broker-dealer, as defined in Section 25004 of the Corporations Code, or from a member of a federally regulated securities exchange, from a national or state-chartered bank, from a savings

association or federal association (as defined by Section 5102 of the Financial Code) or from a brokerage firm designated as a primary government dealer by the Federal Reserve bank.

53601.6. (a) A local agency shall not invest any funds pursuant to this article or pursuant to Article 2 (commencing with Section 53630) in inverse floaters, range notes, or mortgage-derived, interest-only strips. (b) A local agency shall not invest any funds pursuant to this article or pursuant to Article 2 (commencing with Section 53630) in any security that could result in zero interest accrual if held to maturity. However, a local agency may hold prohibited instruments until their maturity dates. The limitation in this subdivision shall not apply to local agency investments in shares of beneficial interest issued by diversified management companies registered under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 et seq.) that are authorized for investment pursuant to subdivision (I) of Section 53601.

53601.8. Notwithstanding Section 53601 or any other provision of this code, a local agency, at its discretion, may invest a portion of its surplus funds in certificates of deposit at a commercial bank, savings bank, savings and loan association, or credit union that uses a private sector entity that assists in the placement of certificates of deposit, provided that the purchases of certificates of deposit pursuant to this section, Section 53635.8, and subdivision (i) of Section 53601 do not, in total, exceed 30 percent of the agency's funds that may be invested for this purpose. The following conditions shall apply:

(a) The local agency shall choose a nationally or state chartered commercial bank, savings bank, savings and loan association, or credit union in this state to invest the funds, which shall be known as the "selected" depository institution.

(b) The selected depository institution may submit the funds to a private sector entity that assists in the placement of certificates of deposit with one or more commercial banks, savings banks, savings and loan associations, or credit unions that are located in the United States, for the local agency's account.

(c) The full amount of the principal and the interest that may be accrued during the maximum term of each certificate of deposit shall at all times be insured by the Federal Deposit Insurance Corporation or the National Credit Union Administration.

(d) The selected depository institution shall serve as a custodian for each certificate of deposit that is issued with the placement service for the local agency's account.

(e) At the same time the local agency's funds are deposited and the certificates of deposit are issued, the selected depository institution shall receive an amount of deposits from other commercial banks, savings banks, savings and loan associations, or credit unions that, in total, are equal to, or greater than, the full amount of the principal that the local agency initially deposited through the selected depository institution for investment.

(f) Notwithstanding subdivisions (a) to (f), inclusive, no credit union may act as a selected depository institution under this section or Section 53635.8 unless both of the following conditions are satisfied:

(1) The credit union offers federal depository insurance through the National Credit Union Administration.

(2) The credit union is in possession of written guidance or other written communication from the National Credit Union Administration authorizing participation of federally insured credit unions in one or more certificate of deposit placement services and affirming that the moneys held by those credit unions while participating in a deposit placement service will at all times be insured by the federal government.

(g) It is the intent of the Legislature that nothing in this section shall restrict competition among private sector entities that provide placement services pursuant to this section.

53602. The legislative body shall invest only in notes, bonds, bills, certificates of indebtedness, warrants, or registered warrants which are legal investments for savings banks in the State, provided, that the board of supervisors of a county may, by a four-fifths vote thereof, invest in notes, warrants or other evidences of indebtedness of public districts wholly or partly within the county, whether or not such notes, warrants, or other evidences of indebtedness are legal investments for savings banks.

53603. The legislative body may make the investment by direct purchase of any issue of eligible securities at their original sale or after they have been issued.

53604. The legislative body may sell, or exchange for other eligible securities, and reinvest the proceeds of, the securities purchased.

53605. From time to time, the legislative body shall sell the securities so that the proceeds may be applied to the purposes for which the original purchase money was placed in the sinking fund or the treasury of the local agency.

53606. The bonds purchased, which were issued by the purchaser, may be canceled either in satisfaction or sinking fund obligations or otherwise. When canceled, they are no longer outstanding, unless in its discretion, the legislative body holds them uncanceled. While held uncanceled, the bonds may be resold.

53607. The authority of the legislative body to invest or to reinvest funds of a local agency, or to sell or exchange securities so purchased, may be delegated for a one-year period by the legislative body to the treasurer of the local agency, who shall thereafter assume full responsibility for those transactions until the delegation of authority is revoked or expires, and shall make a monthly report of those transactions to the legislative body. Subject to review, the legislative body may renew the delegation of authority pursuant to this section each year.

53608. The legislative body of a local agency may deposit for safekeeping with a federal or state association (as defined by Section 5102 of the Financial Code), a trust company or a state or national bank located within this state or with the Federal Reserve Bank of San Francisco or any branch thereof within this state, or with any Federal Reserve bank or with any state or national bank located in any city designated as a reserve city by the Board of Governors of the Federal Reserve System, the bonds, notes, bills, debentures, obligations, certificates of indebtedness, warrants, or other evidences of indebtedness in which the money of the local agency is invested pursuant to this article or pursuant to other legislative authority. The local agency shall take from such financial institution a receipt for securities so deposited. The authority of the legislative body to deposit for safekeeping may be delegated by the legislative body to the treasurer of the local agency; the treasurer shall not be responsible for securities delivered to and received for by a financial institution until they are withdrawn from the financial institution by the treasurer.

53609. Notwithstanding the provisions of this chapter or any other provisions of this code, funds held by a local agency pursuant to a written agreement between the agency and employees of the agency to defer a portion of the compensation otherwise receivable by the agency's employees and pursuant to a plan for such deferral as adopted by the governing body of the agency, may be invested in the types of investments set forth in Sections 53601 and 53602 of this code, and may additionally be invested in corporate stocks, bonds, and securities, mutual funds, savings and loan accounts, credit union accounts, life insurance policies, annuities, mortgages, deeds of trust, or other security interests in real or personal property. Nothing herein shall be construed to permit any type of investment prohibited by the Constitution. Deferred compensation funds are public pension or retirement funds for the purposes of Section 17 of Article XVI of the Constitution.

53610. (a) For purposes of this section, "Proposition 1A receivable" means the right to payment of moneys due or to become due to a local agency, pursuant to clause (iii) of subparagraph (B) of paragraph (1) of subdivision (a) of Section 25.5 of Article XIII of the California Constitution and Section 100.06 of the Revenue and Taxation Code.

(b) Notwithstanding any other law, a local agency may purchase, with its revenue, Proposition 1A receivables sold pursuant to Section 53999.

(c) A purchaser of Proposition 1A receivables pursuant to this section shall not offer them for sale pursuant to Section 6588.

GOVERNMENT CODE  
SECTION 53630-53686

53630. As used in this article:

(a) "Local agency" means county, city, city and county, including a chartered city or county, a community college district, or other public agency or corporation in this state.

(b) "Treasurer" means treasurer of the local agency.

(c) "Depository" means a state or national bank, savings association or federal association, a state or federal credit union, or a federally insured industrial loan company, in this state in which the moneys of a local agency are deposited.

(d) "Agent of depository" means a trust company or trust department of a state or national bank located in this state, including the trust department of a depository where authorized, and the Federal Home Loan Bank of San Francisco, which is authorized to act as an agent of depository for the purposes of this article pursuant to Section 53657.

(e) "Security" means any of the eligible securities or obligations listed in Section 53651.

(f) "Pooled securities" means eligible securities held by an agent of depository for a depository and securing deposits of one or more local agencies.

(g) "Administrator" means the Administrator of Local Agency Security of the State of California.

(h) "Savings association or federal association" means a savings association, savings and loan association, or savings bank as defined by Section 5102 of the Financial Code.

(i) "Federally insured industrial loan company" means an industrial loan company licensed under Division 7 (commencing with Section 18000) of the Financial Code, the investment certificates of which are insured by the Federal Deposit Insurance Corporation.

(j) "Corporation" includes a limited liability company.

53630.1. The Legislature hereby finds that the solvency and credit worthiness of each individual local agency can impact the solvency and creditworthiness of the state and other local agencies within the state. Therefore, to protect the solvency and creditworthiness of the state and all of its political subdivisions, the Legislature hereby declares that the deposit and investment of public funds by local officials and local agencies is an issue of statewide concern.

53630.5. (a) The definitions in Section 1700 of, and Chapter 1 (commencing with Section 99) of Division 1 of, the Financial Code apply to this section. (b) In this article, for purposes of being a depository of moneys belonging to or being in the custody of a local agency, the phrases "state or national bank located in this state," "state or national bank," "state or national bank in this state," and "state or national banks in the state" include, without limitation, any of the following:

(1) Any California branch office of a foreign (other state) state bank that the bank is authorized to maintain under the law of its domicile and federal law.

(2) Any California branch office of a foreign (other state) national bank that the bank is authorized to maintain under federal law.

(3) Any California branch office of a foreign (other nation) bank that the bank is licensed to maintain under Article 3 (commencing with Section 1750) of Chapter 13.5 of Division 1 of the Financial Code.

(4) Any California federal branch of a foreign (other nation) bank that the bank is authorized to maintain under federal law.

53631. Under those conditions as the treasurer of a local agency fixes with the approval of the legislative body, he or she may establish accounts at banks within or without the state and deposit money in those accounts to the extent necessary to pay the principal and interest of bonds to pay any warrant that has been presented for payment, or to fund any electronic disbursement of funds from the treasury of the local agency. This article does not apply to deposits for those purposes.

53632. There are three classes of deposits:

(a) Inactive deposits.

(b) Active deposits.

(c) Interest-bearing active deposits.

53632.5. There are three classes of security for deposits:

(a) Securities described in subdivision (m) of Section 53651.

(b) Securities described in subdivision (p) of Section 53651.

(c) Securities enumerated in Section 53651, except for those described in subdivisions (m) and (p) of that section.

53633. The treasurer shall determine the amounts of money to be deposited as inactive, active, and interest-bearing active deposits, except as otherwise provided in Section 53679.

53634. The treasurer may call in money from inactive deposits and place it in active deposits as current demands require. When there is money in his possession for which there is no demand as inactive deposits, he may place it as active deposits.

53635. (a) This section shall apply to a local agency that is a county, a city and county, or other local agency that pools money in deposits or investments with other local agencies, including local agencies that have the same governing body. However, Section 53601 shall apply to all local agencies that pool money in deposits or investments exclusively with local agencies that have the same governing body.

This section shall be interpreted in a manner that recognizes the distinct characteristics of investment pools and the distinct administrative burdens on managing and investing funds on a pooled basis pursuant to Article 6 (commencing with Section 27130) of Chapter 5 of Division 2 of Title 3. A local agency that is a county, a city and county, or other local agency that pools money in deposits or investments with other agencies may invest in commercial paper pursuant to subdivision (h) of Section 53601, except that the local agency shall be subject to the following concentration limits:

(1) No more than 40 percent of the local agency's money may be invested in eligible commercial paper.

(2) No more than 10 percent of the total assets of the investments held by a local agency may be invested in any one issuer's commercial paper.

(b) Notwithstanding Section 53601, the City of Los Angeles shall be subject to the concentration limits of this section for counties and for cities and counties with regard to the investment of money in eligible commercial paper.

53635.2. As far as possible, all money belonging to, or in the custody of, a local agency, including money paid to the treasurer or other official to pay the principal, interest, or penalties of bonds, shall be deposited for safekeeping in state or national banks, savings associations, federal associations, credit unions, or federally insured industrial loan companies in this state selected by the treasurer or other official having legal custody of the money; or may be invested in the investments set forth in Section 53601. To be eligible to receive local agency money, a bank, savings association, federal association, or federally insured industrial loan company shall have received an overall rating of not less than "satisfactory" in its most recent evaluation by the appropriate federal financial supervisory agency of its record of meeting the credit needs of California's communities, including low- and moderate-income neighborhoods, pursuant to Section 2906 of Title 12 of the United States Code. Sections 53601.5 and 53601.6 shall apply to all investments that are acquired pursuant to this section.

53635.7. In making any decision that involves borrowing in the amount of one hundred thousand dollars (\$100,000) or more, the legislative body of the local agency shall discuss, consider, and deliberate each decision as a separate item of business on the agenda of its meeting as prescribed in Chapter 9 (commencing with Section 54950). As used in this section, "borrowing" does not include bank overdrafts or security lending.

53635.8. Notwithstanding Section 53601 or any other provision of this code, a local agency, at its discretion, may invest a portion of its surplus funds in certificates of deposit at a commercial bank, savings bank, savings and loan association, or credit union that uses a private sector entity that assists in the placement of certificates of deposit, provided that the purchases of certificates of deposit pursuant to this section, Section 53601.8, and subdivision (i) of Section 53601 do not, in total, exceed 30 percent of the agency's funds that may be invested for this purpose. The following conditions shall apply:

(a) The local agency shall choose a nationally or state-chartered commercial bank, savings bank, savings and loan association, or credit union in this state to invest the funds, which shall be known as the "selected" depository institution.

(b) The selected depository institution may submit the funds to a private sector entity that assists in the placement of certificates of deposit with one or more commercial banks, savings banks, savings and loan associations, or credit unions that are located in the United States, for the local agency's account.

(c) The full amount of the principal and the interest that may be accrued during the maximum term of each certificate of deposit shall at all times be insured by the Federal Deposit Insurance Corporation or the National Credit Union Administration.

(d) The selected depository institution shall serve as a custodian for each certificate of deposit that is issued with the placement service for the local agency's account.

(e) At the same time the local agency's funds are deposited and the certificates of deposit are issued, the selected depository institution shall receive an amount of deposits from other commercial banks, savings banks, savings and loan associations, or credit unions that, in total, are equal to, or greater than, the full amount of the principal that the local agency initially deposited through the selected depository institution for investment.

(f) Notwithstanding subdivisions (a) to (f), inclusive, no credit union may act as a selected depository institution under this section or Section 53601.8 unless both of the following conditions are satisfied:

(1) The credit union offers federal depository insurance through the National Credit Union administration.

(2) The credit union is in possession of written guidance or other written communication from the National Credit Union Administration authorizing participation of federally insured credit unions in one or more certificate of deposit placement services and affirming that the moneys held by those credit unions while participating in a deposit placement service will at all times be insured by the federal government.

(g) It is the intent of the Legislature that nothing in this section shall restrict competition among private sector entities that provide placement services pursuant to this section.

53636. Money so deposited is deemed to be in the treasury of the local agency.

53637. The money shall be deposited in any bank, savings association or federal association, state or federal credit union, or federally insured industrial loan company with the objective of realizing maximum return, consistent with prudent financial management, except that money shall not be deposited in any state or federal credit union if a member of the legislative body of a local agency, or any person with investment decisionmaking authority of the administrative office, manager's office, budget office, auditor-controller's office, or treasurer's office of the local agency, also serves on the board of directors, or any committee appointed by the board of directors, or the credit committee or supervisory committee, of the state or federal credit union.

53638. (a) The deposit shall not exceed the shareholder's equity of any depository bank. For the purposes of this subdivision, shareholder's equity shall be determined in accordance with Section 118 of the Financial Code, but shall be deemed to include capital notes and debentures.

(b) The deposit shall not exceed the total of the net worth of any depository savings association or federal association, except that deposits not exceeding a total of five hundred thousand dollars (\$500,000) may be made to a savings association or federal association without regard to the net worth of that depository, if such deposits are insured or secured as required by law.

(c) The deposit to the share accounts of any regularly chartered credit union shall not exceed the total of the unimpaired capital and surplus of the credit union, as defined by rule of the Commissioner of Financial Institutions, except that the deposit to any credit union share account in an amount not exceeding five hundred thousand dollars (\$500,000) may be made if the share accounts of that credit union are insured or guaranteed pursuant to Section 14858 of the Financial Code or are secured as required by law.

(d) The deposit in investment certificates of a federally insured industrial loan company shall not exceed the total of the unimpaired capital and surplus of the insured industrial loan company.

53639. Except as otherwise provided in Section 53682, the depository shall bear the expenses of transportation of money to and from the depository.

53640. Except as otherwise provided in Section 53682, the depository shall handle, collect, and pay all checks, drafts, and other exchange without cost to the local agency.

53641. When money is deposited in a depository, the treasurer or other authorized official shall take and preserve a receipt, certificate of deposit, or other evidence of the deposit as he or she requires.

53642. The money deposited may be drawn out by check or order of the treasurer or other official authorized to make such deposit.

53643. The treasurer may deposit any part of the money as agreed upon between the treasurer and the depository.

53644. If an agreement is not made:

(a) Active deposits and interest thereon are subject to withdrawal upon the demand of the treasurer or other authorized official, subject to any penalties which may be prescribed by federal law or regulation.

(b) Inactive deposits are subject to notice of at least thirty days before withdrawal.

53645. Interest shall be computed and paid by the depository, as follows:

(a) For active deposits upon which interest is payable, interest shall be computed on the average daily balance for the calendar quarter, and shall be paid quarterly.

(b) For inactive deposits, interest shall be computed on a 360-day basis, and shall be paid quarterly.

53646. (a) (1) In the case of county government, the treasurer may annually render to the board of supervisors and any oversight committee a statement of investment policy, which the board shall review and approve at a public meeting. Any change in the policy shall also be reviewed and approved by the board at a public meeting.

(2) In the case of any other local agency, the treasurer or chief fiscal officer of the local agency may annually render to the legislative body of that local agency and any oversight committee of that local agency a statement of investment policy, which the legislative body of the local agency shall consider at a public meeting. Any change in the policy shall also be considered by the legislative body of the local agency at a public meeting.

(b) (1) The treasurer or chief fiscal officer may render a quarterly report to the chief executive officer, the internal auditor, and the legislative body of the local agency. The quarterly report shall be so submitted within 30 days following the end of the quarter covered by the report. Except as provided in subdivisions (e) and (f), this report shall include the type of investment, issuer, date of maturity, par and dollar amount invested on all securities, investments and moneys held by the local agency, and shall additionally include a description of any of the local agency's funds, investments, or programs, that are under the management of contracted parties, including lending programs. With respect to all securities held by the local agency, and under management of any outside party that is not also a local agency or the State of California Local Agency Investment Fund, the report shall also include a current market value as of the date of the report, and shall include the source of this same valuation.

(2) The quarterly report shall state compliance of the portfolio to the statement of investment policy, or manner in which the portfolio is not in compliance.

(3) The quarterly report shall include a statement denoting the ability of the local agency to meet its pool's expenditure requirements for the next six months, or provide an explanation as to why sufficient money shall, or may, not be available.

(4) In the quarterly report, a subsidiary ledger of investments may be used in accordance with accepted accounting practices.

(c) Pursuant to subdivision (b), the treasurer or chief fiscal officer shall report whatever additional information or data may be required by the legislative body of the local agency.

(d) The legislative body of a local agency may elect to require the report specified in subdivision (b) to be made on a monthly basis instead of quarterly.

(e) For local agency investments that have been placed in the Local Agency Investment Fund, created by Section 16429.1, in National Credit Union Share Insurance Fund-insured accounts in a credit union, in accounts insured or guaranteed pursuant to Section 14858 of the Financial Code, or in Federal Deposit Insurance Corporation-insured accounts in a bank or savings and loan association, in a county investment pool, or any combination of these, the treasurer or chief fiscal officer may supply to the governing body, chief executive officer, and the auditor of the local agency the most recent statement or statements received by the local agency from these institutions in lieu of the information required by paragraph (1) of subdivision (b) regarding investments in these institutions.

(f) The treasurer or chief fiscal officer shall not be required to render a quarterly report, as required by subdivision (b), to a legislative body or any oversight committee of a school district or county office of education for securities, investments, or moneys held by the school district or county office of education in individual accounts that are less than twenty-five thousand dollars (\$25,000).

(g) In recognition of the state and local interests served by the actions made optional in subdivisions (a) and (b), the Legislature encourages the local agency officials to continue taking the actions formerly mandated by this section. However, nothing in this subdivision may be construed to impose any liability on a local agency that does not continue to take the formerly mandated action.

53647. (a) Interest on all money deposited belongs to, and shall be paid quarterly into the general fund of, the local agency represented by the officer making the deposit, unless otherwise directed by law.

(b) Notwithstanding the provisions of subdivision (a), and except as otherwise directed by law, if the governing body of the local agency represented by the officer making the deposit so directs, such

interest shall be paid to the fund which contains the principal on which the interest accrued.

53647.5. Notwithstanding any other provision of law, interest earned on any bail money deposited in a bank account pursuant to Section 1463.1 of the Penal Code and Section 53679 of this code shall, if the board of supervisors so directs, be allocated for the support of the courts in that county.

53648. Notwithstanding this article, the treasurer may deposit moneys in, and enter into contracts with, a state or national bank, savings association or federal association, federal or state credit union, or federally insured industrial loan company, pursuant to a federal law or a rule of a federal department or agency adopted pursuant to the law if the law or rule conflicts with this article in regulating the payment of interest on deposits of public moneys by any of the following:

(a) Banks which are Federal Reserve System members or whose deposits are insured by the Federal Deposit Insurance Corporation.

(b) Savings associations or federal associations which are federal home loan bank members or whose deposits are insured by the Federal Savings and Loan Insurance Corporation.

(c) State or federal credit unions whose accounts are insured by the National Credit Union Share Insurance Fund or guaranteed by the California Credit Union Share Guaranty Corporation or insured or guaranteed pursuant to Section 14858 of the Financial Code, unless a member of the legislative body of a local agency, or any person with investment decisionmaking authority of the administrative office, manager's office, budget office, auditor-controller's office, or treasurer's office of the local agency, also serves on the board of directors, or any committee appointed by the board of directors, or the credit committee or supervisory committee, of the state or federal credit union.

(d) A federally insured industrial loan company.

53648.5. Upon the removal by federal law of the conflicting federal law or rule the agreement between the treasurer or other authorized official and a depository may be terminated by either party.

53649. The treasurer is responsible for the safekeeping of money in his or her custody and shall enter into any contract with a depository relating to any deposit which in his or her judgment is to the public advantage. The depository, and the agent of depository to the extent the agent of depository has been notified of deposits and the amount thereof, are responsible for securing moneys deposited pursuant to such a contract in accordance with Section 53652. One copy of each contract shall be filed with the auditor, controller, secretary, or corresponding officer of the local agency. The contract shall:

(a) Fix the duration of deposits, if appropriate.

(b) Fix the interest rate, if any.

(c) Provide conditions for withdrawal and repayment.

(d) Provide for placement of pooled securities in a named agent of depository in accordance with Section 53656.

(e) Grant authority for agent of depository to place securities for safekeeping in accordance with Section 53659.

(f) Set forth in accordance with Section 53665 the conditions upon which the administrator shall order pooled securities converted into money for the benefit of the local agency, and the procedure therefor.

(g) Provide for compliance in all respects with the provisions of this article and other applicable provisions of law.

(h) Provide, upon notice to the treasurer from the administrator, that a treasurer may withdraw deposits in the event a depository fails to pay the assessments, fines, or penalties assessed by the administrator or may withdraw authorization for the placement of pooled securities in an agent of depository in the event that the agent of depository fails to pay the fines or penalties assessed by the administrator.

53651. Eligible securities are any of the following:

(a) United States Treasury notes, bonds, bills or certificates of indebtedness, or obligations for which the faith and credit of the United States are pledged for the payment of principal and interest, including the guaranteed portions of small business administration loans, so long as the loans are obligations for which the faith and credit of the United States are pledged for the payment of principal and interest.

(b) Notes or bonds or any obligations of a local public agency (as defined in the United States Housing Act of 1949) or any obligations of a public housing agency (as defined in the United States Housing Act of 1937) for which the faith and credit of the United States are pledged for the payment of principal and interest.

(c) Bonds of this state or of any local agency or district of the State of California having the power, without limit as to rate or amount, to levy taxes or assessments to pay the principal and interest of the bonds upon all property within its boundaries subject to taxation or assessment by the local agency or district, and in addition, limited obligation bonds pursuant to Article 4 (commencing with Section 50665) of Chapter 3 of Division 1, senior obligation bonds pursuant to Article 5 (commencing with Section 53387) of Chapter 2.7, and revenue bonds and other obligations payable solely out of the revenues from a revenue-producing property owned, controlled or operated by the state, local agency or district or by a department, board, agency or authority thereof.

(d) Bonds of any public housing agency (as defined in the United States Housing Act of 1937, as amended) as are secured by a pledge of annual contributions under an annual contribution contract between the public housing agency and the Public Housing Administration if such contract shall contain the covenant by the Public Housing Administration which is authorized by subsection (b) of Section 22 of the United States Housing Act of 1937, as amended, and if the maximum sum and the maximum period specified in the contract pursuant to that subsection 22(b) shall not be less than the annual amount and the period for payment which are requisite to provide for the payment when due of all installments of principal and interest on the obligations.

(e) Registered warrants of this state.

(f) Bonds, consolidated bonds, collateral trust debentures, consolidated debentures, or other obligations issued by the United States Postal Service, federal land banks or federal intermediate credit banks established under the Federal Farm Loan Act, as amended, debentures and consolidated debentures issued by the Central Bank for Cooperatives and banks for cooperatives established under the Farm Credit Act of 1933, as amended, consolidated obligations of the federal home loan banks established under the Federal Home Loan Bank Act, bonds, debentures and other obligations of the Federal National Mortgage Association or of the Government National Mortgage Association established under the National Housing Act, as amended, bonds of any federal home loan bank established under that act, bonds, debentures and other obligations of the Federal Home Loan Mortgage Corporation established under the Emergency Home Finance Act of 1970, and obligations of the Tennessee Valley Authority.

(g) Notes, tax anticipation warrants or other evidence of indebtedness issued pursuant to Article 7 (commencing with Section 53820), Article 7.5 (commencing with Section 53840) or Article 7.6 (commencing with Section 53850) of this Chapter 4.

(h) State of California notes.

(i) Bonds, notes, certificates of indebtedness, warrants or other obligations issued by: (1) any state of the United States (except this state), or the Commonwealth of Puerto Rico, or any local agency thereof having the power to levy taxes, without limit as to rate or amount, to pay the principal and interest of such obligations, or (2) any state of the United States (except this state), or the Commonwealth of Puerto Rico, or a department, board, agency or authority thereof except bonds which provide for or are issued pursuant to a law which may contemplate a subsequent legislative appropriation as an assurance of the continued operation and solvency of the department, board, agency or authority but which does not constitute a valid and binding obligation for which the full faith and credit of such state or the Commonwealth of Puerto Rico are pledged, which are payable solely out of the revenues from a revenue-producing source owned, controlled or operated thereby; provided the obligations issued by an entity described in (1), above, are rated in one of the three highest grades, and such obligations issued by an entity described in (2), above, are rated in one of the two highest grades by a nationally recognized investment service organization that has been engaged regularly in rating state and municipal issues for a period of not less than five years.

(j) Obligations issued, assumed or guaranteed by the International Bank for Reconstruction and Development, Inter-American Development Bank, the Government Development Bank of Puerto Rico, the Asian Development Bank, the International Finance Corporation, or the African Development Bank.

(k) Participation certificates of the Export-Import Bank of the United States.

(l) Bonds and notes of the California Housing Finance Agency issued pursuant to Chapter 7 (commencing with Section 51350) of Part 3 of Division 31 of the Health and Safety Code.

(m) Promissory notes secured by first mortgages and first trust deeds which comply with Section 53651.2.

(n) Any bonds, notes, warrants, or other evidences of indebtedness of a nonprofit corporation issued to finance the construction of a school building or school buildings pursuant to a lease or agreement with a school district entered into in compliance with the provisions of Section 39315 or 81345 of the Education Code, and also any bonds, notes, warrants or other evidences of indebtedness issued to refinance those bonds, notes, warrants, or other evidences of indebtedness as specified in Section 39317 of the Education Code.

(o) Any municipal securities, as defined by Section 3(a)(29) of the Securities Exchange Act of June 6, 1934, (15 U.S.C. Sec. 78, as amended), which are issued by this state or any local agency thereof.

(p) With the consent of the treasurer, letters of credit issued by the Federal Home Loan Bank of San Francisco which comply with Section 53651.6.

53651.2. (a) To be an eligible security under subdivision (m) of Section 53651, a promissory note placed in a securities pool on or after January 1, 1987, shall comply with all of the following provisions:

(1) Each promissory note shall be secured by a first mortgage or first trust deed on improved 1 to 4 unit residential real property located in California, shall be fully amortized over the term of the note, and shall have a term of no more than 30 years. Any first mortgage or first trust deed which secures a promissory note providing for negative amortization shall be removed from the securities pool and replaced with an eligible security under subdivision (m) of Section 53651 if the loan to value ratio exceeds 85 percent of the original appraised value of the security property as a consequence of negative amortization.

(2) Each promissory note shall be eligible for sale to the Federal National Mortgage Association, the Government National Mortgage Association, or the Federal Home Loan Mortgage Corporation; provided, however, that up to 25 percent of the total dollar amount of any promissory note securities pool established pursuant to Section 53658 may consist of promissory notes with loan amounts which exceed the maximum amounts eligible for purchase by the Federal National Mortgage Association, the Government National Mortgage Association, or the Federal Home Loan Mortgage Corporation, but which do not exceed: (i) five hundred thousand dollars (\$500,000) in the case of a single family dwelling; (ii) one million dollars (\$1,000,000) in the case of a 2, 3, or 4 unit dwelling.

(b) The following shall not constitute eligible securities under subdivision (m) of Section 53651:

(1) Any promissory note on which any payment is more than 60 days past due.

(2) Any promissory note secured by a mortgage or deed of trust as to which there is a lien prior to the mortgage or deed of trust. For the purposes of this paragraph, no lien specified in Section 766 of the Financial Code shall be considered a prior encumbrance unless any installment or payment thereunder (other than a rental or royalty under a lease) is due and delinquent.

(3) Any promissory note secured by a mortgage or deed of trust as to which a notice of default has been recorded pursuant to Section 2924 of the Civil Code or an action has been commenced pursuant to Section 725a of the Code of Civil Procedure.

(c) The depository may exercise, enforce, or waive any right granted to it by the promissory note, mortgage, or deed of trust.

(d) For purposes of this article, the market value of a promissory note which is an eligible security under subdivision (m) of Section 53651, shall be determined in accordance with the regulations adopted by the Treasurer under paragraph (2) of subdivision (m) of Section 53651, as the regulations and statute were in effect on December 31, 1986. However, if and when regulations on the subject are adopted by the administrator, the market value shall be determined in accordance with those regulations of the administrator.

53651.4. (a) A depository that uses eligible securities of the class described in subdivision (m) of Section 53651 shall, within 90 days after the close of each calendar year or within a longer period as the

administrator may specify, file with the administrator a report of an independent certified public accountant regarding compliance with this article and with regulations and orders issued by the administrator under this article with respect to eligible securities of that class. The report shall be based upon the audit, shall contain the information, and shall be in the form the administrator may prescribe. The depository shall provide a copy of the report to the treasurer on request.

(b) If a depository that is a state bank files with the administrator, not less than 90 days before the beginning of the calendar year, a notice that it elects to be examined by the administrator instead of filing a report of an independent certified public accountant under subdivision (a) for that calendar year, the depository shall be exempt from subdivision (a) for that calendar year and shall for that calendar year be subject to examination by the administrator regarding compliance with this article and with regulations and orders under this article with respect to eligible securities of the class described in subdivision (m) of Section 53651. The administrator shall provide a report to a treasurer with deposits in the examined state bank upon request of the treasurer.

(c) A national bank may apply to the administrator to be examined, and the administrator, in his or her discretion, may examine a national bank for the purposes of satisfying the requirements of subdivision (a). The administrator shall provide a report to a treasurer with deposits in the examined national bank upon request of the treasurer.

(d) Whenever the administrator examines a depository pursuant to subdivision (b) or (c), the depository shall pay, within 30 days after receipt of a statement from the administrator, a fee of seventy-five dollars (\$75) per hour for each examiner engaged in the examination.

53651.6. (a) To be an eligible security under subdivision (p) of Section 53651, a letter of credit shall be in such form and shall contain such provisions as the administrator may prescribe, and shall include all of the following terms:

(1) The administrator shall be the beneficiary of the letter of credit.

(2) The letter of credit shall be clean and irrevocable and shall provide that the administrator may draw upon it up to the total amount in the event of the failure of the depository savings association or federal association or if the depository savings association or federal association refuses to permit the withdrawal of funds by a treasurer.

53652. To secure active or inactive deposits a depository shall at all times maintain with the agent of depository eligible securities in securities pools, pursuant to Sections 53656 and 53658, in the amounts specified in this section. Uncollected funds shall be excluded from the amount deposited in the depository when determining the security requirements for the deposits.

(a) Eligible securities, except eligible securities of the classes described in subdivisions (m) and (p) of Section 53651, shall have a market value of at least 10 percent in excess of the total amount of all deposits of a depository secured by the eligible securities.

(b) Eligible securities of the class described in subdivision (m) of Section 53651 shall have a market value at least 50 percent in excess of the total amount of all deposits of a depository secured by those eligible securities.

(c) Eligible securities of the class described in subdivision (p) of Section 53651 shall have a market value of at least 5 percent in excess of the total amount of all deposits of a depository secured by those eligible securities. For purposes of this article, the market value of a letter of credit which is an eligible security under subdivision (p) of Section 53651 shall be the amount of credit stated in the letter of credit.

53653. When in his or her discretion local conditions so warrant, the treasurer may waive security for the portion of any deposits as is insured pursuant to federal law, notwithstanding this article. For deposits equivalent to and not less than the maximum amount insured pursuant to federal law for which a treasurer has waived security under this section, a treasurer at his or her discretion may also waive security for the interest accrued on the deposits which, when added to the deposits, would cause the sum of the interest and deposits to exceed the maximum amount insured pursuant to federal law, provided that the interest is computed by the depository on the average daily balance of the deposits, paid monthly and computed on a 360-day basis.

53654. (a) The depository may add securities to the pool or substitute securities of equal value for those in the pool at any time, but shall not interchange classes of security, as defined in Section 53632.5, without prior approval of the treasurer.

(b) Withdrawal of securities from the pool without replacement at equal value may be ordered only by two duly authorized officers or employees of the depository who satisfy the requirements as may be set by the administrator.

(c) The agent of depository is responsible for the safekeeping and disbursement of securities placed in its custody by a depository. It shall release securities only upon presentation by the depository of the most reasonably current statement of the total deposits subject to this article held by the depository, such statement to be verified and countersigned by two duly authorized officers, other than those who ordered the withdrawal of securities. A copy of this statement shall be forwarded to the administrator concurrently by the agent of depository.

53655. A placement of securities by a depository with an agent of depository pursuant to this article shall have the effect of perfecting a security interest in those securities in the local agencies having deposits in that depository notwithstanding provisions of the Uniform Commercial Code to the contrary and notwithstanding that the agent of depository may be the trust department of the depository.

53656. (a) At the time the treasurer enters into a contract with the depository pursuant to Section 53649, he or she shall authorize the agent of depository designated by the depository, but including the trust department of the depository only when acceptable to both the treasurer and the depository, to hold securities of the depository in accordance with this article to secure the deposit of the local agency.

(b) Only those trust companies and trust departments, or the Federal Home Loan Bank of San Francisco, which have been authorized by the administrator pursuant to Section 53657 shall be authorized by treasurers to act as agents of depository.

(c) The securities are subject to order of the depository in accordance with Section 53654 except when the provisions of subdivision (i) of Section 53661 and Section 53665 are in effect.

(d) An agent of depository shall not release any security held to secure a local agency deposit in a depository unless the administrator issues an order authorizing the release where either of the following occurs:

- (1) A state or federal regulatory agency has taken possession of the depository.
- (2) A conservator, receiver, or other legal custodian has been appointed for the depository.

53657. (a) No person shall act as an agent of depository unless that person is a trust company located in this state, the trust department of a bank located in this state, or the Federal Home Loan Bank of San Francisco, and is authorized by the administrator to act as an agent of depository.

(b) (1) An application for authorization shall be in such form, shall contain such information, shall be signed in such manner, and shall (if the administrator so requires) be verified in such manner, as the administrator may prescribe.

(2) The fee for filing an application for authorization with the administrator shall be five hundred dollars (\$500).

(3) If the administrator finds, with respect to an application for authorization, that the applicant is competent to act as an agent of depository and that it is reasonable to believe the applicant will comply with all applicable provisions of this article and of any regulation or order issued under this article, the administrator shall approve the application. If the administrator finds otherwise, the administrator shall deny the application.

(4) When an application for authorization has been approved, the applicant shall file with the administrator an agreement to comply with all applicable provisions of this article and of any regulation or order issued under this article. The agreement shall be in such form, shall contain such provisions, and shall be signed in such manner as the administrator may prescribe.

(5) When an application for authorization has been approved, the applicant has complied with paragraph (4), and all conditions precedent to authorizing the applicant to act as agent of depository have been fulfilled, the administrator shall authorize the applicant to act as agent of depository.

53658. An agent of a depository may hold and pool securities to secure deposits for one or more depositories pursuant to Section 53656, but shall maintain a separate pool for each said depository. Each local agency shall have an undivided security interest in the pooled securities in the proportion that the amount of its deposits bears to the total amount of deposits secured by the pooled securities.

53659. Whenever an agent of depository accepts securities pursuant to Section 53656 it may, with the authorization of the depository, place such securities for safekeeping with a Federal Reserve Bank or branch thereof or with any bank located in a city designated as a reserve city by the Board of Governors of the Federal Reserve System or with the Federal Home Loan Bank of San Francisco or with a trust company located in this state. Authority for such placement together with the names of the banks or, including the Federal Home Loan Bank of San Francisco, trust companies to be so used, shall be contained in the contract between the treasurer and the depository required in Section 53649.

53660. When deposits of a local agency are secured by pooled securities pursuant to Section 53656, the agent of depository shall make available to the treasurer for review at a mutually agreed upon time and location all of the following information which may be in the form of a copy of the report required in subdivision (e) of Section 53661:

(a) A certification that there are securities in the pool in the amounts required by Section 53652 to secure deposits.

(b) A certified report of the individual securities then on deposit in the pool with the location and total market value thereof.

(c) The total amount of deposits then reported by the depository to be secured by the pool.

53661. (a) The Commissioner of Financial Institutions shall act as Administrator of Local Agency Security and shall be responsible for the administration of Sections 53638, 53651, 53651.2, 53651.4, 53651.6, 53652, 53654, 53655, 53656, 53657, 53658, 53659, 53660, 53661, 53663, 53664, 53665, 53666, and 53667.

(b) The administrator shall have the powers necessary or convenient to administer and enforce the sections specified in subdivision (a).

(c) (1) The administrator shall issue regulations consistent with law as the administrator may deem necessary or advisable in executing the powers, duties, and responsibilities assigned by this article. The regulations may include regulations prescribing standards for the valuation, marketability, and liquidity of the eligible securities of the class described in subdivision (m) of Section 53651, regulations prescribing procedures and documentation for adding, withdrawing, substituting, and holding pooled securities, and regulations prescribing the form, content, and execution of any application, report, or other document called for in any of the sections specified in subdivision (a) or in any regulation or order issued under any of those sections. (2) The administrator, for good cause, may waive any provision of any regulation adopted pursuant to paragraph (1) or any order issued under this article, where the provision is not necessary in the public interest.

(d) The administrator may enter into any contracts or agreements as may be necessary, including joint underwriting agreements, to sell or liquidate eligible securities securing local agency deposits in the event of the failure of the depository or if the depository fails to pay all or part of the deposits of a local agency.

(e) The administrator shall require from every depository a report certified by the agent of depository listing all securities, and the market value thereof, which are securing local agency deposits together with the total deposits then secured by the pool, to determine whether there is compliance with Section 53652. These reports may be required whenever deemed necessary by the administrator, but shall be required at least four times each year at the times designated by the Comptroller of the Currency for reports from national banking associations. These reports shall be filed in the office of the administrator by the depository within 20 business days of the date the administrator calls for the report.

(f) The administrator may have access to reports of examination made by the Comptroller of the Currency insofar as the reports relate to national banking association trust department activities which

are subject to this article.

(g) (1) The administrator shall require the immediate substitution of an eligible security, where the substitution is necessary for compliance with Section 53652, if (i) the administrator determines that a security listed in Section 53651 is not qualified to secure public deposits, or (ii) a treasurer, who has deposits secured by the securities pool, provides written notice to the administrator and the administrator confirms that a security in the pool is not qualified to secure public deposits. (2) The failure of a depository to substitute securities, where the administrator has required the substitution, shall be reported by the administrator promptly to those treasurers having money on deposit in that depository and, in addition, shall be reported as follows:

- (A) When that depository is a national bank, to the Comptroller of the Currency of the United States.
- (B) When that depository is a state bank, to the Commissioner of Financial Institutions.
- (C) When that depository is a federal association, to the Office of Thrift Supervision.
- (D) When that depository is a savings association, to the Commissioner of Financial Institutions.
- (E) When that depository is a federal credit union, to the National Credit Union Administration.
- (F) When that depository is a state credit union or a federally insured industrial loan company, to the Commissioner of Financial Institutions.

(h) The administrator may require from each treasurer a registration report and at appropriate times a report stating the amount and location of each deposit together with other information deemed necessary by the administrator for effective operation of this article. The facts recited in any report from a treasurer to the administrator are conclusively presumed to be true for the single purpose of the administrator fulfilling responsibilities assigned to him or her by this article and for no other purpose.

(i) (1) If, after notice and opportunity for hearing, the administrator finds that any depository or agent of depository has violated or is violating, or that there is reasonable cause to believe that any depository or agent of depository is about to violate, any of the sections specified in subdivision (a) or any regulation or order issued under any of those sections, the administrator may order the depository or agent of depository to cease and desist from the violation or may by order suspend or revoke the authorization of the agent of depository. The order may require the depository or agent of depository to take affirmative action to correct any condition resulting from the violation. (2) (A) If the administrator makes any of the findings set forth in paragraph (1) with respect to any depository or agent of depository and, in addition, finds that the violation or the continuation of the violation is likely to seriously prejudice the interests of treasurers, the administrator may order the depository or agent of depository to cease and desist from the violation or may suspend or revoke the authorization of the agent of depository. The order may require the depository or agent of depository to take affirmative action to correct any condition resulting from the violation. (B) Within five business days after an order is issued under subparagraph (A), the depository or agent of depository may file with the administrator an application for a hearing on the order. The administrator shall schedule a hearing at least 30 days, but not more than 40 days, after receipt of an application for a hearing or within a shorter or longer period of time agreed to by a depository or an agent of depository. If the administrator fails to schedule the hearing within the specified or agreed to time period, the order shall be deemed rescinded. Within 30 days after the hearing, the administrator shall affirm, modify, or rescind the order; otherwise, the order shall be deemed rescinded. The right of a depository or agent of depository to which an order is issued under subparagraph (A) to petition for judicial review of the order shall not be affected by the failure of the depository or agent of depository to apply to the administrator for a hearing on the order pursuant to this subparagraph. (3) Whenever the administrator issues a cease and desist order under paragraph (1) or (2), the administrator may in the order restrict the right of the depository to withdraw securities from a security pool; and, in that event, both the depository to which the order is directed and the agent of depository which holds the security pool shall comply with the restriction. (4) In case the administrator issues an order under paragraph (1) or (2) suspending or revoking the authorization of an agent of depository, the administrator may order the agent of depository at its own expense to transfer all pooled securities held by it to such agent of depository as the administrator may designate in the order. The agent of depository designated in the order shall accept and hold the pooled securities in accordance with this article and regulations and orders issued under this article.

(j) In the discretion of the administrator, whenever it appears to the administrator that any person has violated or is violating, or that there is reasonable cause to believe that any person is about to violate, any of the sections specified in subdivision (a) or any regulation or order issued thereunder, the administrator may bring an action in the name of the people of the State of California in the superior court to enjoin the violation or to enforce compliance with those sections or any regulation or order issued thereunder. Upon

a proper showing a permanent or preliminary injunction, restraining order, or writ of mandate shall be granted, and the court may not require the administrator to post a bond.

(k) In addition to other remedies, the administrator shall have the power and authority to impose the following sanctions for noncompliance with the sections specified in subdivision (a) after a hearing if requested by the party deemed in noncompliance. Any fine assessed pursuant to this subdivision shall be paid within 30 days after receipt of the assessment. (1) Assess against and collect from a depository a fine not to exceed two hundred fifty dollars (\$250) for each day the depository fails to maintain with the agent of depository securities as required by Section 53652. (2) Assess against and collect from a depository a fine not to exceed one hundred dollars (\$100) for each day beyond the time period specified in subdivision (b) of Section 53663 the depository negligently or willfully fails to file in the office of the administrator a written report required by that section. (3) Assess against and collect from a depository a fine not to exceed one hundred dollars (\$100) for each day beyond the time period specified in subdivision (e) that a depository negligently or willfully fails to file in the office of the administrator a written report required by that subdivision. (4) Assess and collect from an agent of depository a fine not to exceed one hundred dollars (\$100) for each day the agent of depository fails to comply with any of the applicable sections specified in subdivision (a) or any applicable regulation or order issued thereunder.

(l) (1) In the event that a depository or agent of depository fails to pay a fine assessed by the administrator pursuant to subdivision (k) within 30 days of receipt of the assessment, the administrator may assess and collect an additional penalty of 5 percent of the fine for each month or part thereof that the payment is delinquent. (2) If a depository fails to pay the fines or penalties assessed by the administrator, the administrator may notify local agency treasurers with deposits in the depository. (3) If an agent of depository fails to pay the fines or penalties assessed by the administrator, the administrator may notify local agency treasurers who have authorized the agent of depository as provided in Sections 53649 and 53656, and may by order revoke the authorization of the agent of depository as provided in subdivision(i).

(m) The amendments to this section enacted by the Legislature during the 1999-2000 Regular Session shall become operative on January 1, 2001.

53663. (a) Each agent of depository shall report in writing to the administrator within two business days after any withdrawal, substitution or addition of pooled securities and shall state the name and market value of the securities withdrawn, substituted or added together with the total deposits then secured by the pool. This information shall be available from the administrator to the treasurer upon request.

(b) Each depository shall report in writing to the administrator weekly, giving the total amount of all deposits held by such depository pursuant to this article. Such report shall be as of close of business on Wednesday of each week and shall be delivered to the office of the administrator or deposited in the United States mail, postage prepaid, addressed to the office of the administrator, within five business days. Where there has occurred no change in the deposits required to be held by the depository pursuant to this article, the report required by this subdivision need only state that fact.

53664. The individual reports specified in Sections 53654, 53660, 53661, and 53663 are not public documents and are not open to inspection by the public.

53665. If a depository fails to pay all or part of the deposits of a local agency secured by pooled securities in accordance with the contract provided for in Section 53649, and on demand of its treasurer or other authorized official and the treasurer files a report with the administrator, or if the depository fails:

(a) In case the pooled securities consist of securities other than securities of the class described in subdivision (p) of Section 53651, the administrator shall order the agent of depository holding the pooled securities to convert into money that portion of the pooled securities necessary to produce an amount equal to the sum of (i) the deposits of the local agency, (ii) any accrued interest due on the deposits, and (iii) the reasonable expenses of the agent of depository in complying with the order of the administrator and to pay the sum of items (i) and (ii) to the treasurer in satisfaction of the deposits. The agent of depository shall be reimbursed out of the proceeds of the conversion for its reasonable expenses in

complying with the order of the administrator, as approved by the administrator. Any excess moneys resulting from the conversion shall be retained by the agent of depository as part of the securities pool until the depository substitutes for the excess moneys securities having a market value sufficient to bring the total of pooled securities up to the amount required by Section 53652.

(b) In case the pooled securities consist of a security of the class described in subdivision (p) of Section 53651, the administrator shall draw on the letter of credit an amount equal to the sum of (i) the deposits of the local agency, (ii) any accrued interest on the deposits, and (iii) the reasonable expenses of the administrator in paying the deposits and pay the sum of items (i) and (ii) to the treasurer in satisfaction of the deposits.

53666. The only liability that shall attach to the administrator as the result of the operation of this article is that which would attach as a result of other laws of this state.

53667. (a) Expenses incurred by the administrator in carrying out the duties and responsibilities assigned to the administrator by the sections specified in subdivision (a) of Section 53661, shall be borne by the Local Agency Deposit Security Fund, which is hereby created and continuously appropriated to the administrator for the administration of the sections specified in subdivision (a) of Section 53661. This fund shall consist of fines levied pursuant to Section 53661, fees collected pursuant to the sections specified in subdivision (a) of Section 53661, and assessments levied pursuant to this section.

(b) Each fiscal year the administrator shall levy an assessment on a pro rata basis on those depositories which at any time during the preceding fiscal year held local agency deposits. The total assessment levied on all of those depositories shall be in an amount which, when added to the amount of fines and fees that the administrator estimates will be collected during the fiscal year when the assessment is levied, is sufficient in the judgment of the administrator to meet the expenses of the administrator in administering the sections specified in subdivision (a) of Section 53661 and to provide a reasonable reserve for contingencies. The basis of the apportionment of the assessment among the depositories assessed shall be the proportion that the average amount of local agency deposits held by each of those depositories bears to the average total amount of local agency deposits held by all of those depositories as shown by the reports of depositories to the administrator for the preceding fiscal year, as required in subdivision (e) of Section 53661; provided, however, that the amount of the assessment levied on each of those depositories shall be not less than twenty-five dollars (\$25).

(c) The administrator shall notify each depository by mail of the amount levied against it. The depository shall pay the amount levied within 20 days after such notice into the Local Agency Deposit Security Fund for the administration of the sections specified in subdivision (a) of Section 53661. If payment is not made to the administrator within such time, the administrator shall assess and collect, in addition to the annual assessment, a penalty of 5 percent of the assessment for each month or part thereof that the payment is delinquent. If a depository fails to pay the assessment or penalties assessed by the administrator, the administrator may notify local agency treasurers with deposits in the depository.

53669. The treasurer or other authorized official is not responsible for money while it is deposited pursuant to this article.

53676. The treasurer is not responsible for securities delivered to and receipted for by any bank, savings and loan association, credit union, federally insured industrial loan company, or trust company.

53678. The charges for the handling and safekeeping of any such securities are not a charge against the treasurer but shall be paid by the depository owning the securities.

53679. So far as possible, all money belonging to a local agency under the control of any of its officers or employees other than the treasurer or a judge or officer of a municipal court shall, and all money coming into the possession of a judge or officer of a municipal court may, be deposited as active deposits in the

state or national bank, inactive deposits in the state or national bank or state or federal association, federal or state credit union, or federally insured industrial loan company in this state selected by the officer, employee, or judge of the court. For purposes of this section, an officer or employee of a local agency and a judge or officer of a municipal court are prohibited from depositing local agency funds or money coming into their possession into a state or federal credit union if an officer or employee of the local agency, or a judge or officer of a municipal court, also serves on the board of directors, or any committee appointed by the board of directors, or the credit committee or supervisory committee, of the particular state or federal credit union. Such money is subject to this article except:

(a) Deposits in an amount less than that insured pursuant to federal law are not subject to this article. For deposits in excess of the amount insured under any federal law a contract in accordance with Section 53649 is required and the provisions of this article shall apply.

(b) Interest is not required on money deposited in an active deposit by a judge or officer of a municipal court.

(c) Interest is not required on money deposited in an active deposit by an officer having control of a revolving fund created pursuant to Chapter 2 (commencing with Section 29300) of Division 3 of Title 3.

(d) Interest is not required on money deposited in an active deposit by an officer having control of a special fund established pursuant to Articles 5 (commencing with Section 29400) or 6 (commencing with Section 29430) of Chapter 2 of Division 3 of Title 3.

53679.1. Notwithstanding any other provision of law, the accounting practices of each county utilized prior to the effective date of this section relating to interest on trust funds shall be deemed appropriate and to have been made under the direction of the board of supervisors of that county. This section is declaratory of the law in existence prior to the enactment of this section.

53680. A tax collector of a local agency shall immediately deposit with the treasurer all money under his control, unless he deposits the money in a depository pursuant to this article under permission and instructions of the treasurer having authority to make such deposit.

53681. An officer or employee of a local agency who deposits money belonging to, or in the custody of, the local agency in any other manner than that prescribed in this article is subject to forfeiture of his office or employment.

53682. Notwithstanding any other provision in this article except Section 53652, the treasurer may deposit moneys in and enter into contracts with any depository, as defined in subdivision (c) of Section 53630, for services to be rendered by that depository that in the treasurer's judgment are to the public advantage. One copy of each contract entered into under this section shall be filed with the auditor or corresponding officer of the local agency. The contract shall:

(a) Fix the duration of compensating deposits, if any.  
(b) Fix the interest rate of that compensating deposit, if any.  
(c) Specify the services to be rendered by the depository.  
(d) Indicate whether the depository shall bear the expenses of transportation of the money to and from the depository.

(e) Fix the consideration payable by the agency for such services.

(f) Specify who may deposit moneys into the treasurer's active account and how those persons are to make those deposits.

53683. Notwithstanding any other provision in this article, the consideration payable by the agency as specified in subdivision (e) of Section 53682 shall be paid by the treasurer by applying such consideration as costs applied on a pro rata basis against the interest earned by all the agencies for which the treasurer invests.

53684. (a) Unless otherwise provided by law, if the treasurer of any local agency, or other official responsible for the funds of the local agency, determines that the local agency has excess funds which are not required for immediate use, the treasurer or other official may, upon the adoption of a resolution by the legislative or governing body of the local agency authorizing the investment of funds pursuant to this section and with the consent of the county treasurer, deposit the excess funds in the county treasury for the purpose of investment by the county treasurer pursuant to Section 53601 or 53635.

(b) The county treasurer shall, at least quarterly, apportion any interest or other increment derived from the investment of funds pursuant to this section in an amount proportionate to the average daily balance of the amounts deposited by the local agency and to the total average daily balance of deposits in the investment pool. In apportioning and distributing that interest or increment, the county treasurer may use the cash method, the accrual method, or any other method in accordance with generally accepted accounting principles. Prior to distributing that interest or increment, the county treasurer may deduct the actual costs incurred by the county in administering this section in proportion to the average daily balance of the amounts deposited by the local agency and to the total average daily balance of deposits in the investment pool.

(c) The county treasurer shall disclose to each local agency that invests funds pursuant to this section the method of accounting used, whether cash, accrual, or other, and shall notify each local agency of any proposed changes in the accounting method at least 30 days prior to the date on which the proposed changes take effect.

(d) The treasurer or other official responsible for the funds of the local agency may withdraw the funds of the local agency pursuant to the procedure specified in Section 27136.

(e) Any moneys deposited in the county treasury for investment pursuant to this section are not subject to impoundment or seizure by any county official or agency while the funds are so deposited.

(f) This section is not operative in any county until the board of supervisors of the county, by majority vote, adopts a resolution making this section operative in the county.

(g) It is the intent of the Legislature in enacting this section to provide an alternative procedure to Section 51301 for local agencies to deposit money in the county treasury for investment purposes. Nothing in this section shall, therefore, be construed as a limitation on the authority of a county and a city to contract for the county treasurer to perform treasury functions for a city pursuant to Section 51301.

53686. (a) Any audit conducted relating to the investment of local agency funds and other funds by the county treasurer in the county fund maintained pursuant to Section 53684 shall be rendered to the depository, the auditor, the controller, the secretary, or the corresponding officer of the local agency, the treasurer or other official responsible for the funds of any local agency that has funds on deposit in the county treasury, and the presiding judge of any superior court that has ordered, pursuant to Section 3412, Section 3413, or Section 3611 of the Probate Code, that assets of an estate be deposited with the county treasurer for deposit or investment.

(b) Any report rendered pursuant to Section 53646 shall be provided to the treasurer or other official responsible for the funds of any local agency that has funds on deposit in the county treasury.

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## **APPENDIX "H"**

### **GLOSSARY OF INVESTMENT TERMS**

**ACCRUED INTEREST.** The amount of interest that is earned but unpaid since the last interest payment date.

**ADJUSTABLE RATE NOTE.** (See Floating Rate Note)

**AMORTIZED COST.** Measure of the cost of a security whereby the cost value will change over time as the discount or premium paid for the security is gradually incorporated into the principal value as interest payments are received.

**ASKED PRICE.** The price at which a seller offers to sell a security.

**ASSET-BACKED SECURITIES.** Securities collateralized with consumer receivables, such as automobile loans, credit card receivables, or home equity loans, which are owned by the issuer, but placed with a trustee for the benefit of the investor.

**AVERAGE LIFE.** In mortgage-related investments, including CMOs, the average time to expected receipt of principal payments, weighted by the amount of principal expected.

**BANKER'S ACCEPTANCE.** A highly liquid draft or bill or exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

**BASIS POINT.** When a yield is expressed as 7.32%, the digits to the right of the decimal point are known as basis points. One basis point equals 1/100 of one percent. Basis points are used more often to describe changes in yields on bonds, notes and other fixed-income securities.

**BENCHMARK.** A comparison security or portfolio. A performance benchmark is a partial market index which reflects the mix of securities allowed under a specific investment policy.

**BID PRICE.** The price offered by a buyer of securities. (When you are selling securities, you ask for a bid.) See Offer.

**BOOK ENTRY.** The system, maintained by the Federal Reserve, by which most money market securities are "delivered" to an investor's custodian bank. The Federal Reserve maintains a computerized record of the ownership of these securities, and records any changes in ownership corresponding to payments made over the Federal Reserve wire (delivery versus payment). These securities do not receive physical certificates.

**BOOK VALUE.** The original cost of the investment, plus accrued interest and amortization of any premium or discount.

**BROKER.** A broker brings buyers and sellers together for a transaction for which the broker receives a commission. A broker does not sell securities from his own position.

**BULLET STRUCTURE.** A portfolio strategy in which a manager overweights both the short and long end of the yield curve, and underweights the middle part of the curve.

**CALLABLE BONDS.** Bonds which may be redeemed by the issuing company prior to the maturity date.

**CAPITAL GAIN/LOSS.** The profit or loss realized from the sale of a capital asset.

**CERTIFICATE OF DEPOSIT (CD).** A time deposit with a specific maturity evidenced by a certificate. Large denomination CDs may be marketable.

**COLLATERAL.** Securities or cash pledged by a borrower to secure repayment of a loan or repurchase agreement. Also, securities pledged by a financial institution to secure deposits of public monies.

**COLLATERALIZED MORTGAGE OBLIGATIONS (CMO).** Classes of bonds which redistribute the cash flows of mortgage securities (and whole loans) to create securities which have different levels of prepayment risk, as compared to the underlying mortgage securities

**COMMERCIAL PAPER.** The short-term unsecured debt of corporations.

**COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR).** The official annual financial report for the District. It includes five combined statements for each individual fund and account group prepared in conformity with GAAP. It also includes supporting schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, extensive introductory material, and a detailed Statistical Section.

**CONDITIONAL PREPAYMENT RATE (CPR).** A measure of mortgage prepayment activity. It assumes that a constant fraction of the principal prepays each month and is based on the previous month's remaining balance. The rate is expressed as an annualized percentage. For instance, a CPR of 6% indicates that each month 6% of the remaining principal balance prepays on an annualized basis.

**CONSUMER RECEIVABLE-BACKED BONDS.** (See Receivable-Backed Securities) .

**CONVEXITY.** The rate of change in a bond's price as duration changes. It is a particularly important component of price change for longer term bonds, or for large changes in interest rates.

**COST YIELD.** The annual income from an investment divided by the purchase cost. Because it does not give effect to premiums and discounts which may have been

included in the purchase cost, it is an incomplete measure of return.

**COUPON.** (a) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value. (b) A certificate attached to a bond evidencing interest on a payment date.

**CREDIT RISK.** The risk that principal and/or interest on an investment will not be paid in a timely manner due to changes in the condition of the issuer.

**CURRENT YIELD.** The annual income from an investment divided by the current market value. Since the mathematical calculation relies on the current market value rather than the investor's cost, current yield is unrelated to the actual return the investor will earn if the security is held to maturity.

**CUSTODIAN.** A bank or other financial institution that keeps custody of stock certificates and other assets.

**DEALER.** A dealer, as opposed to a broker, acts as a principal in security transactions buying and selling securities for his own account.

**DEBENTURE.** A bond secured only by the general credit of the issuer.

**DELIVERY VERSUS PAYMENT (DVP).** Delivery of securities with a simultaneous exchange of money for the securities.

**DERIVATIVE.** Any security that has principal and/or interest payments which are subject to uncertainty (but not for reasons of default or credit risk) as to timing and/or amount, or any security which represents a component of another security which has been separated from other components ("Stripped" coupons and principal). A derivative is also defined as a financial instrument the value of which is totally or partially derived from the value of another instrument, interest rate or index.

**DISCOUNT.** The difference between the par value of a bond and the cost of the bond, when the cost is below par. Some short-term securities, such as T-bills and banker's acceptances, are known as **discount securities**. They sell at a discount from par, and return the par value to the investor at maturity without additional interest. Other securities, which have fixed coupons trade at a discount when the coupon rate is lower than the current market rate for securities of that maturity and/or quality.

**DIVERSIFICATION.** Dividing investment funds among a variety of securities offering independent returns to avoid excessive exposure to any one source of risk.

**DOLLAR-WEIGHTED AVERAGE MATURITY.** A calculation that expresses the "average maturity" of an investment portfolio using each investment's maturity weighted by the size of that investment.

**DURATION.** The weighted average time to maturity of a bond where the weights are the present values of the future cash flows. Duration measures the price sensitivity of a bond to changes in interest rates. (See modified duration and effective duration).

**EFFECTIVE DURATION.** Measures the price volatility of a fixed income security that contains embedded options. A more accurate measure of price volatility when the cash flow characteristics of the bond change when interest rates shift.

**FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC).** A federal agency that insures bank deposits, currently up to \$100,000 per deposit.

**FEDERAL FUNDS RATE.** The rate of interest charged by banks for short term loans to other banks. It is established by the Federal Reserve Bank through open-market operations.

**FEDERAL OPEN MARKET COMMITTEE (FOMC).** A committee of the Federal Reserve Board which sets Federal Reserve guidelines regarding purchases and sales of Government Securities, and establishes monetary policy and executes it through temporary and permanent changes to the supply of bank reserves.

**FEDERAL RESERVE SYSTEM.** The central banking system of the U.S. created by Congress, which has supervisory powers over the 12 Federal Reserve regional banks and about 6,000 member banks.

**FIXED-INCOME SECURITIES.** Securities which return a fixed income over a specified period.

**FLOATING RATE NOTE.** A debt security whose interest rate is reset periodically (monthly, quarterly, annually) and is based on a market index (e.g. Treasury bills, LIBOR, etc.).

**INTEREST.** The amount earned while owning a debt security, generally calculated as a percentage of the principal amount.

**LADDER STRUCTURE.** A portfolio strategy in which a manager attempts to weight securities equally across the yield curve.

**LEVERAGE.** Borrowing funds in order to invest in securities which have the potential to pay earnings at a rate higher than the cost of borrowing.

**LIQUIDITY.** The speed and ease with which an asset can be converted to cash without a substantial loss of value..

**LOCAL AGENCY.** County, city, city and county, including a chartered city or county, school district, community college district, public district, county board of education, county superintendent of schools, or any public or municipal corporation.

**LOCAL AGENCY INVESTMENT FUND (LAIF).** The LAIF is an investment alternative for California's local government and special districts authorized under Sections 16429.1, 2, and 3, of the California Government Code (the "Code"). The LAIF is managed by the State Treasurer's Office, with oversight by the Local Agency Investment Advisory Board. All securities in LAIF are purchased under the authority of Code Sections 16430 and 16480.4. The State Treasurer's Office receives all securities on a delivery versus payment basis using a third party custodian. All securities are purchased at market, with market valuation conducted monthly.

**MARKET RISK.** The risk that the value of securities will fluctuate with changes in overall market conditions or interest rates.

**MARK-TO-MARKET.** The market valuation for every security in a portfolio used in determining Net Asset Value (NAV).

**MARKET VALUE.** The price at which a security can be traded (i.e., purchased or sold).

**MASTER REPURCHASE AGREEMENT.** A written contract covering all future transactions between the parties to repurchase or reverse repurchase agreements that establishes each party's rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.

**MATURITY.** The final date upon which the principal or stated value of a security becomes due and payable.

**MEDIUM TERM NOTES (MTN).** Debt securities issued by a corporation or depository institution with a maturity ranging from nine months to five years. The term "medium-term notes" refers to the time it takes for an obligation to mature, and includes other corporate debt securities originally issued for maturities longer than five years, but which have now fallen within the five year maturity range. MTNs issued by banks are also called "bank notes."

**MODIFIED DURATION.** Measures the percentage price volatility of a fixed income security or portfolio. Modified duration approximates the change in price for

small changes in interest rates, assuming that the cash flow characteristics do not change when the yield curve shifts.

**MONEY MARKET.** The market in which short term debt instruments (T-bills, discount notes, commercial paper and banker's acceptances) are issued and traded.

**MORTGAGE PASS THROUGH SECURITIES.** Securities collateralized with residential mortgage loans, the principal and interest payments of which are distributed, or "passed-through" to the investor. Many of these securities are issued by agencies of the federal government, including GNMA and FHLMC.

**MONEY MARKET MUTUAL FUNDS.** An investment company that pools money from investors and invest in a variety of short-term money market instruments. The Net Asset Value (NAV) of these funds should remain at \$1.00; however, it is not guaranteed.

**MOODY'S INVESTORS SERVICE, INC.** (See Nationally Recognized Rating Services)

**MUNICIPAL DEBT.** Issued by public entities to meet capital needs.

**NATIONALLY RECOGNIZED RATING SERVICES.** Firms that review the creditworthiness of the issuers of debt securities, and express their opinion in the form of letter ratings (e.g. AAA, AA, A, BBB, etc.) The primary rating agencies include Standard & Poor's Corporation; Moody's Investor Services, Inc.; Fitch Investors Service; Duff & Phelps Investment Service; Thompson BankWatch and International Bank Credit Analyst.

**NEGATIVE CONVEXITY.** A phenomenon associated with bonds which have embedded call options, it measures the rate at which duration of a callable bond gets smaller as interest rates fall. Negative convexity is an undesirable characteristics in bonds.

**NEGOTIABLE CD.** (See Certificates of Deposit)

**NET ASSET VALUE (NAV).** A per-share valuation of a mutual fund based on total assets minus total liabilities.

**NON-CALLABLE.** Bond that is exempt from any kind of redemption for a stated time period.

**OFFER PRICE.** The price asked by a seller of securities.

**OPTION ADJUSTED SPREAD.** A measure of the value of a bond relative to a benchmark security, which takes into account the value of the embedded option inherent in any bond that has uncertain cash flows (i.e., callable bonds).

**ORANGE COUNTY TREASURER'S MONEY MARKET COMMINGLED INVESTMENT POOL (OCCIP).** A money market investment pool consisting of funds deposited by various entities required to do so by statute, as well as those entities voluntarily depositing monies in accordance with California Government Code Section 53684. The OCCIP is managed by the Orange County Treasurer's Office, with oversight by the Orange County Treasury Advisory Committee.

**PAR VALUE.** The amount of principal which must be paid at maturity. Also referred to as the face amount of a bond, normally quoted in \$1,000 increments per bond.

**PHYSICAL DELIVERY.** The delivery of an investment to a custodian bank in the form of a certificate and/or supporting documents evidencing the investment (as opposed to "book entry" delivery).

**PORTFOLIO.** A collection of securities held by an investor.

**PRICE RISK.** The risk that the price of a bond sold prior to maturity will be less than the price at which the bond was originally purchased.

**PRIMARY DEALER.** A group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York, and are subject to its informal oversight.

**PREMIUM.** The difference between the par value of a bond and the market value of the bond, when the market value is above par.

**PREPAYMENT SPEED.** A measure of how quickly principal is repaid to investors in mortgage securities.

**PREPAYMENT WINDOW.** The time period over which principal repayments will be received on mortgage securities at a specified prepayment speed.

**PRUDENT INVESTOR RULE.** A standard of responsibility which applies to fiduciaries. In California, the rule is stated as "Investments shall be managed with the care, skill, prudence and diligence, under the circumstances then prevailing, that a prudent person, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of like character and with like aims to accomplish similar purposes."

**PRIME RATE.** The interest rate banks charge the biggest borrowers with the best credit ratings.

**PRINCIPAL.** The face value or par value of an investment.

**PSA MASTER REPURCHASE AGREEMENT.** A written contract covering all future transactions between the parties to repurchase agreements that establishes each party's rights in the transactions.

**RATE OF RETURN.** The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond the current income return.

**REALIZED RETURN.** The change in value of the portfolio due to interest received and interest earned and realized gains and losses. It does not give effect to changes in market value on securities which have not been sold from the portfolio.

**RECEIVABLE-BACKED SECURITIES.** Securities collateralized with consumer receivables, such as automobile loans, credit card receivables, or home equity loans, which are owned by the issuer, but placed with a trustee for the benefit of the investor.

**RECEIVABLE PASS-THROUGH CERTIFICATE.** A debt obligation that is backed by a portfolio of receivables, normally issued by a bank or financial institution. The interest and principal of the obligation is paid out of the cash flow generated by the receivables portfolio.

**REGISTERED STATE WARRANT.** A short-term obligation of a state governmental body issued in anticipation of revenue.

**REINVESTMENT RISK.** The risk that coupon payments (or other payments received) cannot be reinvested at the same rate as the initial investment.

**REPURCHASE AGREEMENT (RP OR REPO).** The purchase of securities, on a temporary basis, with the seller's simultaneous agreement to repurchase the securities at a later date at a specified price that includes interest for the buyer's holding period. In essence, this is a collateralized investment whereby the security "buyer" lends the "seller" money for the period of the agreement.

**REVERSE REPURCHASE AGREEMENT (REVERSE REPO).** A short-term transaction in which an investor (seller) sells a government security it owns to a bank or dealer (buyer) under an agreement in which the buyer agrees to sell the security back to the investor on a specified date, at an agreed-upon interest rate.

**RULE G-37 OF THE MUNICIPAL SECURITIES RULEMAKING BOARD.** Federal regulations to sever any connection between the making of political contributions and the awarding of municipal securities business.

**SAFEKEEPING.** A service to bank customers whereby securities are held for protection by the bank in the customer's name.

**SCENARIO ANALYSIS.** A portfolio management technique that measures the performance of the portfolio under varying scenarios including, but not limited to, interest rate movements, spread changes and nonparallel yield curve shifts.

**SECONDARY MARKET.** A market made for the purchase and sale of outstanding issues following the initial sale and distribution.

**SECURITIES & EXCHANGE COMMISSION (SEC).** The federal agency responsible for supervising and regulating the securities industry.

**SECURITIES LENDING AGREEMENT.** An agreement under which a local agency agrees to transfers securities to a borrower who, in turn, agrees to provide collateral to the local agency. During the term of the agreement, both the securities and the collateral are held by a third party. At the conclusion of the agreement, the securities are transferred back to the local agency in return for the collateral.

**SEC RULE 15c3-1.** Uniform Net Capital Rule.

**STANDARD & POOR'S CORPORATION.** (See Nationally Recognized Rating Services)

**STANDARD PREPAYMENT MODEL (TBMA).** A measure of mortgage prepayment activity. The model is expressed as a monthly series of annual prepayment rates. The series begins at .2% per year in the first month, and increases by .2% per year in each successive month until month 30, where it levels out at 6% per year until maturity. This series is labeled 100 PSA. 200 PSA doubles this series, and 50 PSA would cut the series in half.

**STRUCTURED NOTE.** A complex, fixed income instrument which pays interest based on a formula tied to other interest rates, commodities or indices. Examples include inverse floating rate notes which have coupons that increase when other interest rates are falling, and which fall when other interest rates are rising, and "dual index floaters," which pay interest based on the relationship between two other interest rates - for example, the yield on the ten-year Treasury note minus the Libor rate. Issuers of such notes lock in a reduced cost of borrowing by purchasing interest rate swap agreements.

**THE BOND MARKET ASSOCIATION (TBMA).** A trade association representing more than 260 securities firms and banks that underwrite, trade and sell debt securities. The TBMA, formerly known as the Public Securities Association, provides a forum through which industry professionals can respond to current issues and foster improvements in the legislative, regulatory, educational and market practices in the bond market.

**THIRD-PARTY CUSTODIAL AGREEMENT.** (See Custodian)

**TOTAL RATE OF RETURN.** A measure of a portfolio' performance over time. It is the internal rate of return which equates the beginning value of the portfolio with the ending value, and includes interest earnings and realized and unrealized gains and losses on the portfolio.

**TRADE DATE.** The date and time corresponding to an investor's commitment to buy or sell a security.

**U. S. GOVERNMENT AGENCY SECURITIES.** Debt securities issued by U.S. Government sponsored enterprises and federally related institutions. These government agencies include: Federal Home Loan Banks (FHLB); Federal Home Loan Mortgage Corporation (FHLMC, or "Freddie Mac"); Federal National Mortgage Association (FNMA, or "Fannie Mae"); Federal Farm Credit Banks (FFCB); Resolution Trust Corporation (RTC); and Tennessee Valley Authority (TVA).

**U.S. TREASURY SECURITIES.** Securities issued by the U. S. Treasury and backed by the full faith and credit of the United States. Treasuries are considered to have no credit risk, and are the benchmark for interest rates on all other securities in the U.S. and overseas. The Treasury issues both discounted securities and fixed coupon notes and bonds.

**Treasury Bills.** Non-interest-bearing discount securities with maturities under one year issued by the U. S. Treasury to finance the national debt.

**Treasury Notes.** Interest-bearing obligations of the U. S. Treasury with maturities ranging from two to ten years from date of issue.

**Treasury Bonds.** Interest-bearing obligations issued by the U. S. Treasury with maturities that range from ten to thirty years from date of issue.

**UNIFORM NET CAPITAL RULE.** Requirement of the Securities and Exchange Commission that member firms as well as nonmember broker-dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called *net capital rule* and *net capital ratio*.

**VARIABLE RATE NOTE.** (See Floating Rate Note)

**VOLATILITY.** The rate at which security prices change with changes in general economic conditions or the general level of interest rates.

**YIELD TO MATURITY (YTM).** The annualized internal rate of return on an investment which equates the expected cash flows from the investment to its cost.

**Yield to maturity (at market).** The discount rate that equates the present value of the promised cash flow (interest payments and redemption value)to the

market price, assuming that all cash flows are invested at the YTM rate.

**Yield to maturity (at purchase cost).** The YTM that equates to the purchase price of the security.

**YIELD.** The annual rate of return on a debt investment computed as though held to maturity expressed in %.

**ZERO-COUPON BONDS/U.S. TREASURY STRIPS.** A bond which represents ownership of a single coupon or principal payment due on a U.S. Treasury bond. "Zeros" or "strips" mature at face value at a specified date in the future and make no payments until that date. They always sell at a discount from face value.



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