



ITEM NO.	6b-Supp
DATE OF MEETING	March 5, 2009

Annual Treasury and Investment Portfolio Update for 2008

Commission Briefing
Presented by Craig Kerr
March 5, 2009

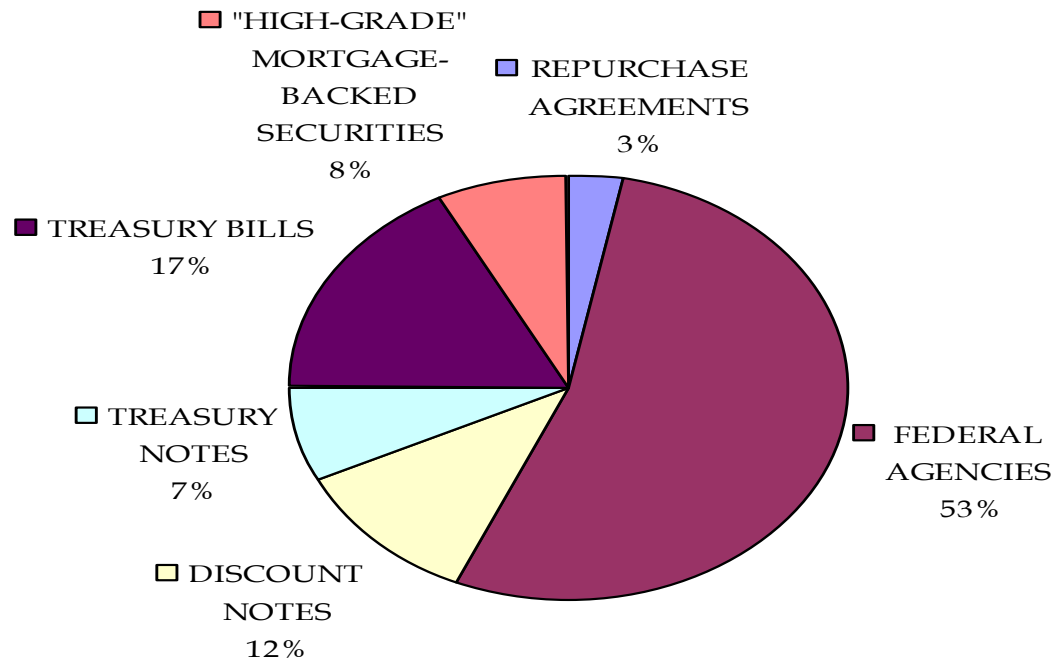
BACKGROUND

- 12/11/2001 Resolution No. 3476 authorized the Port to become its own Treasurer
- 6/11/2002 Resolution No. 3487 adopted Port Investment Policy
- 6/25/2002 Through a Competitive Process, Selected Bank of America as the Port's Bank (On-line banking)
- 7/31/2002 Port Started Operating its Own Treasury
- 12/12/2006 Adopted Resolution No. 3569 Revising Port Investment Policy
- 10/23/2007 Adopted Resolution No. 3589 Amending Section 10 ("Diversification") of the Policy

INVESTMENT STRATEGY

- 2.0 Target Duration Plus or Minus 50 Basis Points
Do not forecast rates; balance RETURN and RISK over cycles
 - This strategy outperforms the market when rates are falling and underperforms when rates are rising
- Benchmark – Merrill Lynch Treasury/Agency 3 Year Index

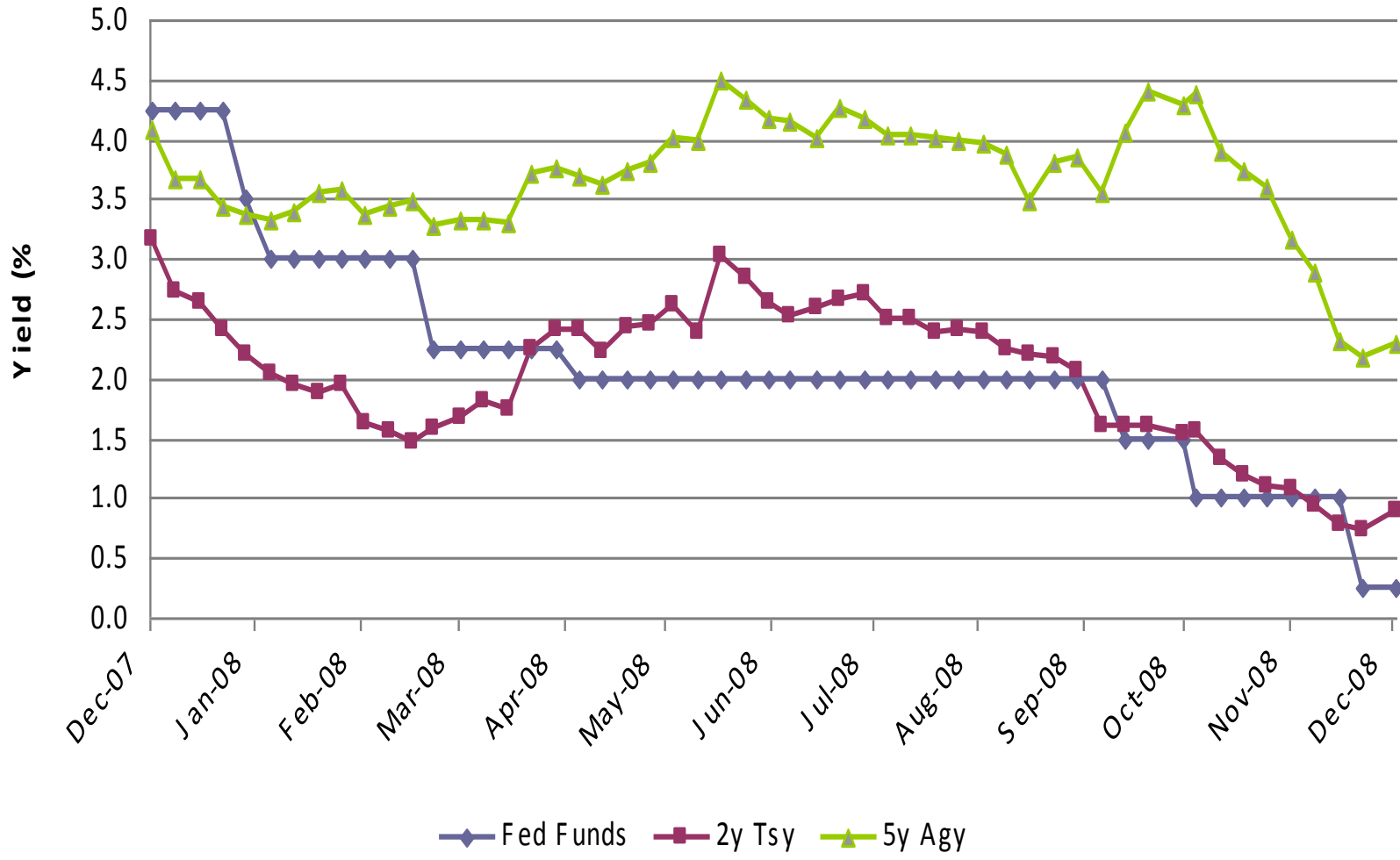
PORTFOLIO COMPOSITION



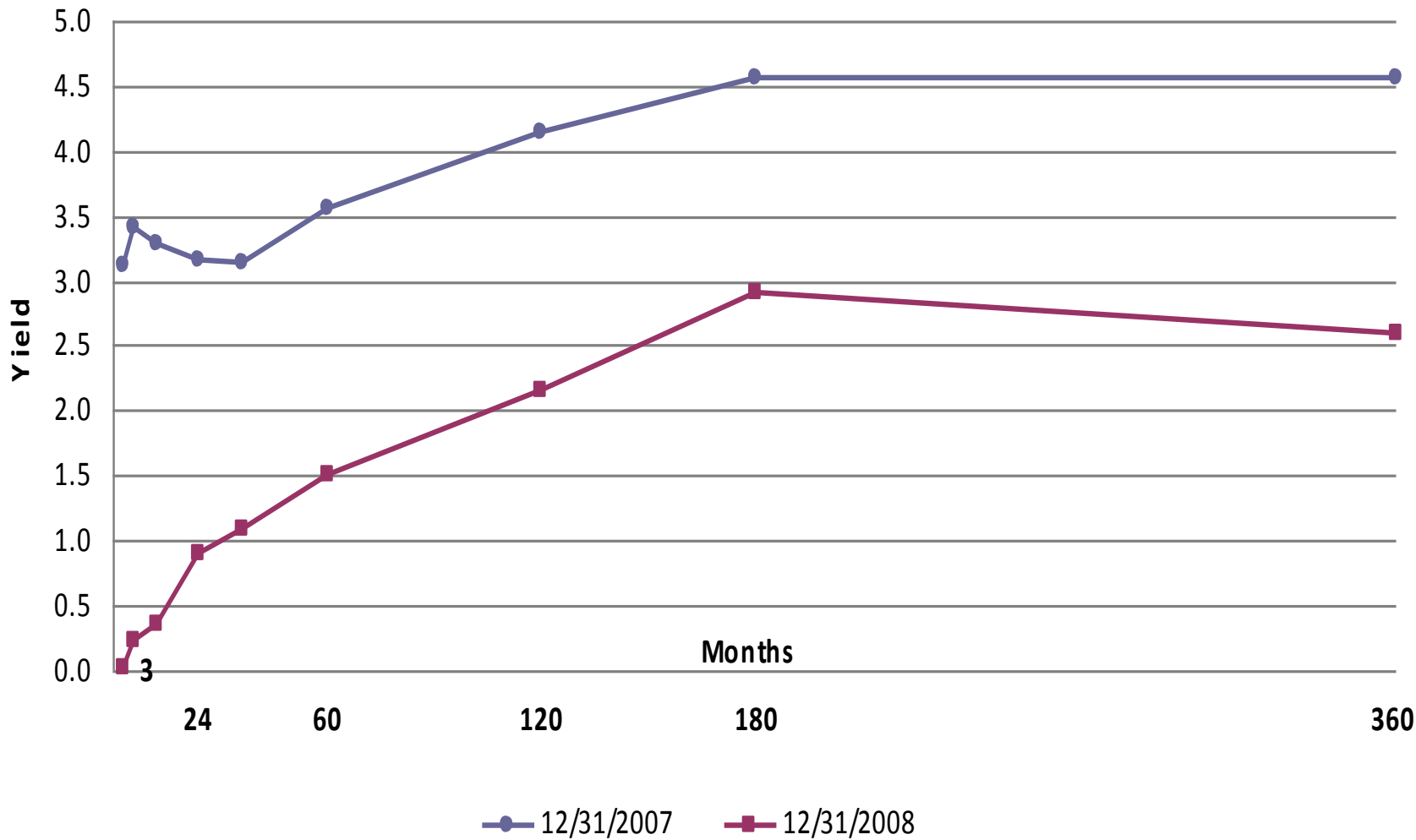
INTEREST RATE TRENDS

- For 2008, Short and Medium Term Rates Fell and Continue to Fall.
- The Federal Reserve Lowered Short Term Rates in Quarter 1, 2008 and Continued Lowering 7 Times throughout 2008 (4.25% – 0.25%)
- Staff Monitors Market Conditions; but Does Not Time the Market.
- Short Term Rates Are Expected to Stay at their present low levels and Medium Term Rates will continue Falling for 2009.

2008 Rates



Treasury Yield Curve



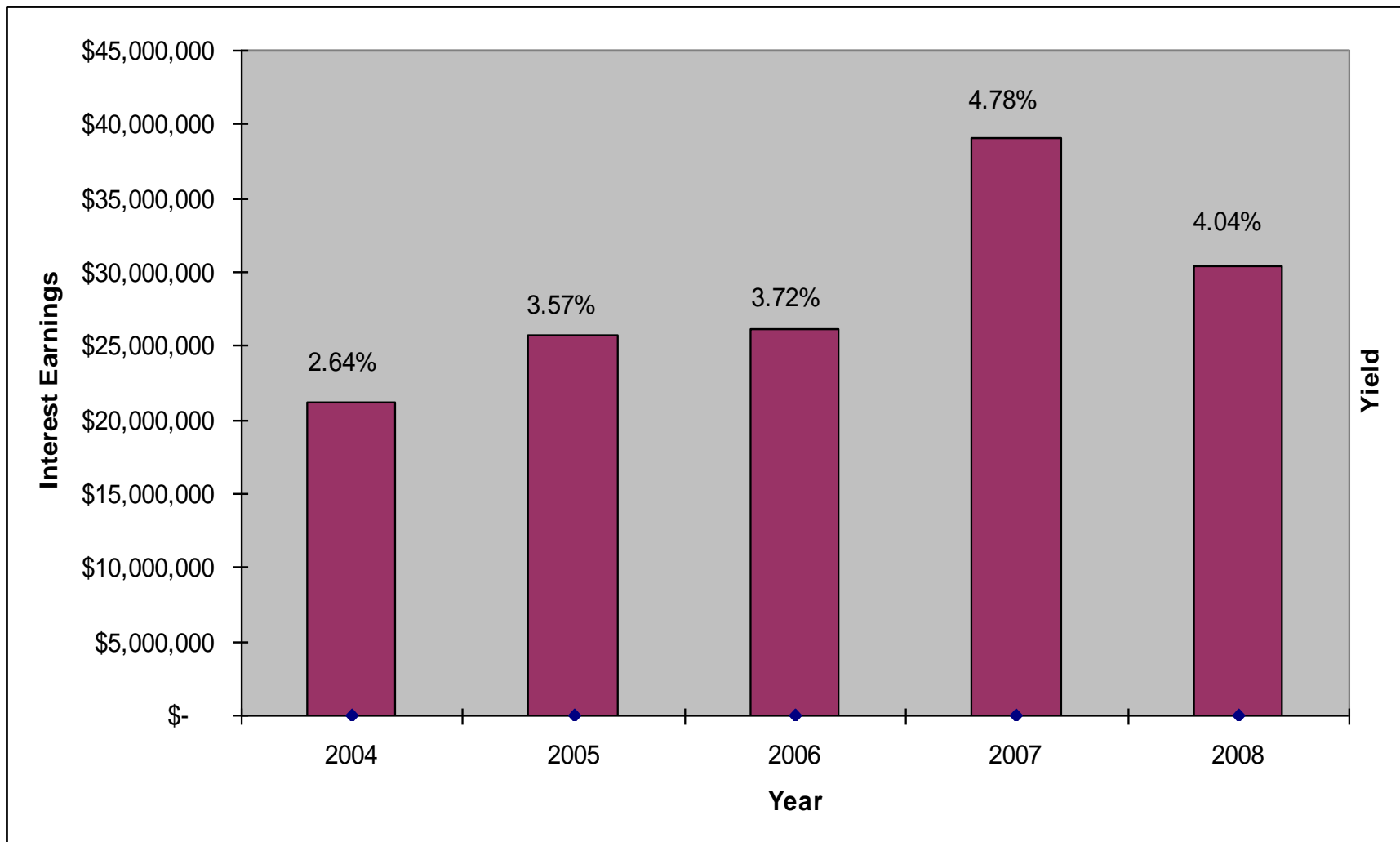
Actions Taken In Light of Current Financial Environment

- Enhanced Commercial Paper Monitoring until Maturity in Early 2008
- Did not Invest in any New Commercial Paper from Early 2008 Maturities to Date
- Re-bid an Investment Agreement to make Allowable Securities More Conservative

2008 YIELD COMPARISON

	Benchmark	Port's Pool
Q1-2008	1.92%	4.69%
Q2-2008	2.79%	4.01%
Q3-2008	2.42%	3.93%
Q4-2008	0.91%	3.51%
ANNUAL	2.01%	4.04%

PORTFOLIO YIELD 2004 – 2008



YIELD DATA

• Year	Benchmark	Port's Pool
• 2002	2.50%	4.45%
• 2003	1.58%	4.08%
• 2004	2.50%	2.64%
• 2005	4.06%	3.57%
• 2006	5.00%	3.72%
• 2007	4.33%	4.78%
• 2008	2.01%	4.04%

Seven Years	3.13%	3.90%
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Port's Investment Portfolio Size Fluctuates

- Port's investment portfolio 12/31/2008 was \$692 Million
- Over the past 5 years, the size has ranged from \$619 million to \$926 million
- Size fluctuations are mostly tied to capital spending:
 - Capital projects reduce the portfolio size
 - Bond issues to fund projects increase the portfolio

PORTFOLIO VALUE 2004 -2008

