

**CITY OF PEORIA, ARIZONA  
COUNCIL COMMUNICATION**

cc: 116C  
Amend No. \_\_\_\_\_

**Date Prepared:** May 1, 2009

**Council Meeting Date:** May 19, 2009

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**TO:** Carl Swenson, City Manager  
**FROM:** Brent D. Mattingly, Finance Director *BDM*  
**PREPARED BY:** Deborah Card, Treasury Manager *DC*  
**SUBJECT:** Investment Report for the Period Ended March 31, 2009

**RECOMMENDATION:**

That the Mayor and Council review and accept the Quarterly Investment Report for the period ended March 31, 2009.

**SUMMARY:**

The Finance Department has prepared a quarterly report to summarize the City's investment activity for the period from January 1, 2009 to March 31, 2009. The City's total investment portfolio earned an average yield of 1.89% for the 3rd Quarter of FY 2009. This represents investment income of \$1,902,860 for the quarter. The average cash balance of the City's portfolio during the quarter was \$383,597,201 and the ending balance for the total investment portfolio was \$388,384,805 which represents all securities and money market funds.

The quarterly report also provides comparative investment yields, portfolio composition, average maturity lengths, comparisons of market value and book value, and a brief summary of the economy. An Inventory Holdings Report, which itemizes each security in the City's investment portfolio by fund, security type, and cusip number has also been included as Attachment B.

**ATTACHMENTS:**

1. Quarterly Investment Report for Period Ended March 31, 2009
2. Inventory Holdings Report for Period Ended March 31, 2009

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**CITY CLERK USE ONLY:**

Consent Agenda  
 Carry Over to Date: \_\_\_\_\_  
 Approved  
 Unfinished Business (Date heard previous: \_\_\_\_\_)  
 New Business

ORD. # \_\_\_\_\_ RES. # \_\_\_\_\_  
LCON# \_\_\_\_\_ LIC. # \_\_\_\_\_  
Action Date: \_\_\_\_\_

# **CITY OF PEORIA, ARIZONA**



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## **INVESTMENT PERFORMANCE REPORT**

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**Quarterly Report**

**Period Ended**

**March 31, 2009**

**Brent D. Mattingly, Chief Financial Officer**

**Finance Department**

# TABLE OF CONTENTS

<b>Section</b>	<b>Description</b>	<b>Page</b>
I.	INTRODUCTION .....	2
II.	TOTAL INVESTMENT PORTFOLIO STRUCTURE .....	3
III.	INVESTMENT POLICY COMPLIANCE.....	4
IV.	INVESTMENT PERFORMANCE.....	4
	A. Portfolio Composition.....	4
	B. Average Invested Cash Balances.....	5
	C. Investment Income .....	6
	D. Comparative Investment Yields .....	6
	E. Average Maturity of Portfolio .....	7
	F. Comparison of Market Value and Book Value.....	7
V.	ECONOMIC REVIEW.....	8
VI.	SUMMARY DATA .....	9

## I. INTRODUCTION

This report reflects investment activity for the period of January 1, 2009 to March 31, 2009 for the City's investment management program. The City's Investment and Portfolio Policies, approved and adopted in January 1992 by the City Council, with revisions approved in June 2005, requires that the City's investment program meet the following criteria, listed in order of importance:

- Safety - *Investments shall be undertaken in a manner that seeks to insure the preservation of capital in the overall portfolio.*
- Liquidity - *The investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements.*
- Yield - *The investment portfolio shall be designed with the objective of obtaining a market rate of return throughout budgetary and economic cycles, while taking into account the City's strict risk constraints.*

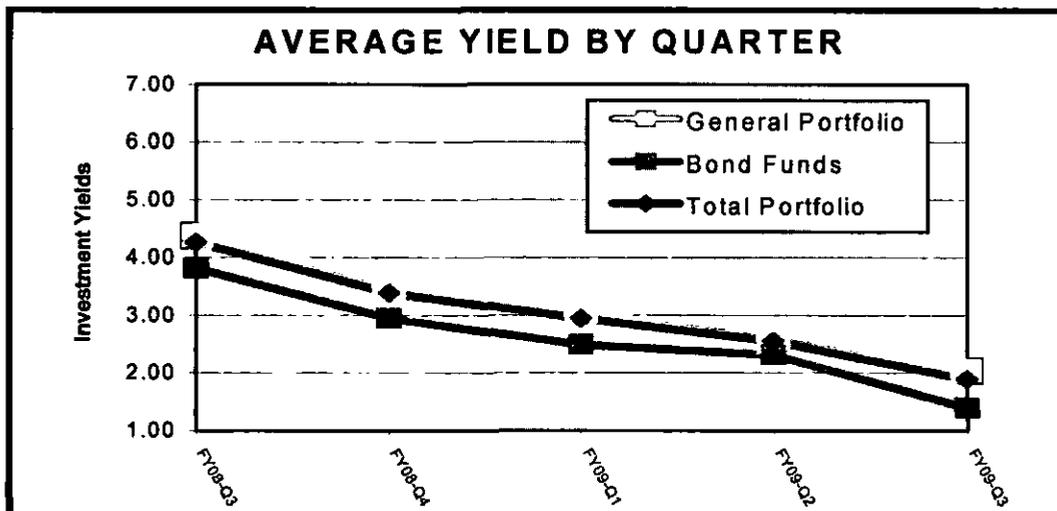
In keeping with these principles, the Finance Department continued to invest the City's funds only in allowable, safe securities and to structure the maturity of the investment portfolio to assure liquidity. Short-term needs (6 months or less) are being met by investments in overnight repurchase agreements, commercial paper, money market funds, and the State's Investment Pool. Funds not required to meet specific short-term needs are invested primarily in Treasury Notes and U.S. Government Agency Securities.

Only after the safety and liquidity requirements are met does the Finance Department attempt to maximize earnings. For the Quarter Ended March 31, 2009, the weighted average annualized yield on investments was as follows:

**Table 1**

<b>AVERAGE ANNUALIZED INVESTMENT YIELD</b>					
	<b>FY 08 Q3</b>	<b>FY 08 Q4</b>	<b>FY 09 Q1</b>	<b>FY 09 Q2</b>	<b>FY 09 Q3</b>
General Portfolio	4.36	3.46	3.07	2.59	2.03
Bond Funds	3.82	2.95	2.49	2.31	1.40
Total Portfolio	4.25	3.39	2.95	2.56	1.89

**Chart 1**



This quarter's average yield of 1.89% for the total portfolio represents a decrease of .67% from the total portfolio annualized yield of 2.56% experienced for the Quarter Ended December 31, 2008.

## II. TOTAL INVESTMENT PORTFOLIO STRUCTURE

The City's overall portfolio is identified by source and use of funds in accordance with the City's investment policy. The general operating funds are composed of all funds of the City with the exception of restricted capital project funds containing direct bond proceeds and escrow funds. The interest from the operating fund portfolio is allocated pro rata to the General Fund and other commingled funds making up the portfolio. Funds identified in this category are:

- General Fund
- Special Revenue Funds
- Enterprise Funds
- Internal Service Funds
- Debt Service Funds
- Trust and Agency Funds

Capital project funds are managed in unique portfolios identified by individual bond issue in order to fulfill all U.S. Government tax requirements and to simplify reporting and arbitrage calculations.

During the past quarter, the City's investment portfolio has been divided between general funds and several bond fund accounts. For purposes of this performance report, however, the operating portfolio is reported as a whole and reference to performance and strategy are directed toward the portfolio in its entirety.

### **III. INVESTMENT POLICY COMPLIANCE**

The City's Investment Policy, as approved by City Council, applies to all the financial assets and funds held by the City of Peoria. All investments follow the provisions established in that Policy.

### **IV. INVESTMENT PERFORMANCE**

**A. Portfolio Composition.** It is the policy of the City to diversify its portfolio by security type and institution to minimize market volatility risk and credit risk. The Policy stipulates maximum investment levels by market sector to insure diversification. Diversification is further accomplished through the laddering of maturities, which mirror anticipated cash flows for the various funds. If not matched to specific cash flows, the funds are invested with a priority of liquidity and safety until specific cash flow needs are identified.

The table below illustrates the diversification structured into the portfolio composition with dollar amounts and percentages by investment type (market sector). The table shows the overall conservative nature of the portfolio and its diversified structure. The fluctuation in percentages between fiscal quarters represents a shifting of value between market sectors from the varying economic conditions throughout the year. The concentration on Treasury Notes and Agency Securities illustrates the portfolio's safety priority.

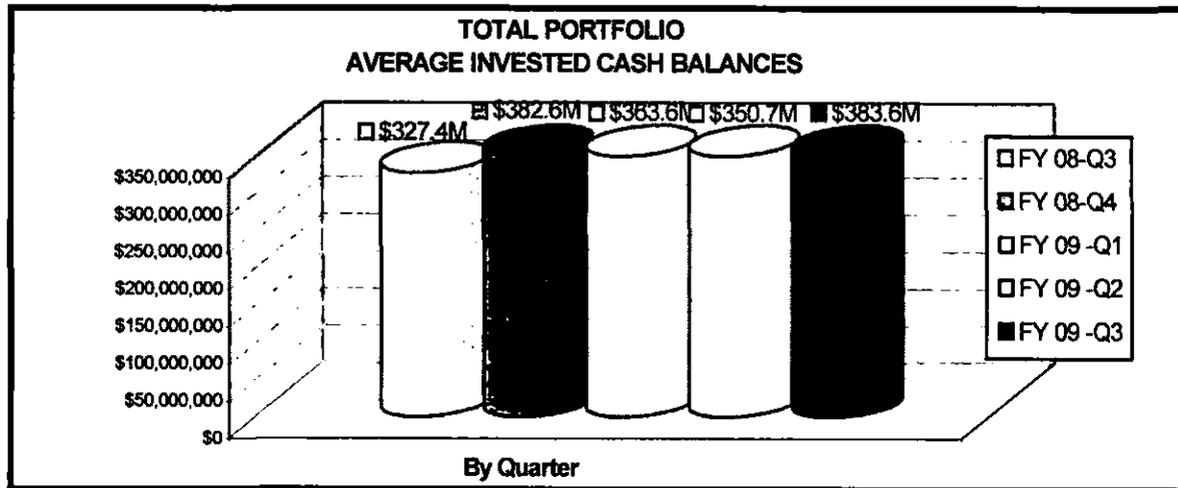
**Table 2**

TOTAL PORTFOLIO COMPOSITION (In Millions of Dollars)								
Security Type	FY 08 – Q4		FY 09 – Q1		FY 09 – Q2		FY 09 – Q3	
	Amt	%	Amt	%	Amt	%	Amt	%
Money Market	91.7	23.7	83.9	23.3	85.1	24.5	31.7	8.2
Agency Securities	249.4	64.3	243.6	67.6	227.9	65.7	290.0	74.6
Treasury Bills	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Treasury Notes	5.0	1.3	13.3	3.6	13.2	3.8	33.5	8.6
Commercial Paper	38.9	10.0	18.9	5.3	18.9	5.4	32.9	8.5
Repurchase Agreements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
State Pool	2.9	0.7	0.8	0.02	2.0	0.6	0.2	0.1
<b>TOTALS:</b>	<b>387.9</b>	<b>100.0</b>	<b>360.5</b>	<b>100.0</b>	<b>347.1</b>	<b>100.0</b>	<b>388.3</b>	<b>100.0</b>

**B. Average Invested Cash Balances.** The average investment cash balance of the overall portfolio for the Quarter Ended March 31, 2009 was \$383,597,201 as compared to \$350,744,192 for the Quarter Ended December 31, 2008.

Fluctuations in the quarterly balances shown in the chart below represent normal cash flows throughout the fiscal year, the addition of new bond proceeds, investment of earned interest, and the spend down of existing bond proceeds for capital projects.

**Chart 2**



**C. Investment Income.** Total investment income for the 3rd Quarter of FY 09 was \$1,902,860 which represents a decrease of 19% from the \$2,348,006 earned in the 2nd Quarter of FY 09. The earnings decrease is primarily due to the reinvestment of funds in a lower interest rate environment during the quarter.

**D. Comparative Investment Yields.** Since the Investment Policy of the City restricts investment primarily to the U.S. fixed income and money markets, the portfolio performance is measured directly against these markets for comparison purposes. The maximum maturity of securities purchased for the portfolio is restricted to five (5) years. The weighted average maturity should not exceed 365 days. The actual weighted average maturity for the 3rd Quarter of FY 09 was 272 days. The average rates of comparable benchmarks are shown in the table below.

**Table 3**

COMPARATIVE ANNUALIZED INVESTMENT YIELDS					
	FY 08 Q3	FY 08 Q4	FY 09 Q1	FY 09 Q2	FY 09 Q3
City of Peoria (General Portfolio)	4.36	3.46	3.07	2.59	2.03
3 Month T-Bill	2.09	1.65	0.67	0.27	0.20
6 Month T- Bill	2.16	1.86	1.52	0.70	0.38
1 Year T-Bill	2.11	2.08	1.73	0.96	0.55
2 Year Treasury	2.04	2.40	1.88	1.21	0.89

**E. Average Maturity of the Portfolio.** For the Quarter ended March 31, 2009, the average maturity of the portfolio was 272 days as compared to 296 days on December 31, 2008. Matching maturities to known cash flows requires the maintenance of a somewhat short portfolio. This assures the City's liabilities

can be met as they come due. Cash not needed to match immediate cash flow needs (within a nine month rolling horizon of liabilities) is normally extended somewhat to take advantage of higher yields. Longer maturities are used to capture yields at purchase and to capture capital gains during the period.

**F. Comparison of Market Value and Book Value.** The book value of the portfolio is captured on an amortized cost basis recognizing the City's position in the securities on a straight-line amortization of premiums and discounts. Book and market values do not include accrued interest on the securities. The market value reflects the *then current* market price at which these securities could be sold in the open market. A comparison of book and market reflects the changes in market rates as well as the performance of the portfolio against the market. Since the shortest portion of the portfolio is matched against anticipated cash flows, rate changes will more directly affect their relative gain/loss positions. A summary of market and book values for the total portfolio for the Quarter are shown below.

Beginning Book Value.....	\$347,163,566
Beginning Market Value .....	\$349,464,976
Ending Book Value.....	\$388,384,806
Ending Market Value.....	\$389,724,017

At quarter's end, the market value of the portfolio exceeded the book value of securities resulting in an overall unrealized loss in value of \$1,339,211.

## **ECONOMIC REVIEW AS OF 03-31-09:**

When 2009 began, there was a cautious sense of optimism. The Fed had slashed overnight rates to a range of zero to 0.25% in December. The new president promised a massive stimulus package and immediate help for struggling homeowners. A drop in mortgage lending rates from the third quarter average of 6.31% to 5.03% at the end of December opened a refinancing window for many homeowners. Gasoline prices had fallen more than 60% from an average of \$4.17 per gallon in July to \$1.67. The recession was officially entering its 13th month, already beyond the postwar average of 11.

On February 17th, new President Obama signed the 1,100 page, \$787 billion economic stimulus plan into law. Titled the "American Recovery and Reinvestment Act of 2009", the plan included an extension of unemployment benefits, targeted tax cuts and spending plans for infrastructure projects, education, health care and alternative energy development. On the same day, the President announced the "Homeowners Affordability and Stability Act", which offered up to \$275 billion to help stem foreclosures through the modification of troubled loans. In March, the Fed finally launched the Term Asset-Backed Securities Loan Facility (TALF), a \$1 trillion program announced in November, intended to jumpstart the securitization markets by encouraging big investors, with the help of low-cost collateralized government loans, to purchase newly issued pools of auto, student and business loans.

The Federal Reserve and the Treasury Department continued to introduce and expand programs to try and get financial markets and the economy on the right path. At the March 18<sup>th</sup> Federal Open Market Committee (FOMC) meeting, the Fed expanded on its previous plans to purchase agency debt and mortgage-backed securities. At the same time, the Fed also announced plans to buy \$300 billion of U.S. Treasuries over the next six months, officially marking the beginning of quantitative easing. The Fed's actions have had a limited impact on Treasury rates, but have managed to pull interest rates on 30-year mortgages to record lows below 5%. A week later, Treasury Secretary Geithner announced details on the Public-Private Investment Program (PPIP), a complex plan to combine public and private investment funds along with government guarantees in the latest effort to extract toxic assets from the balance sheets of troubled financial companies.

An eventual turnaround in the housing sector will be a critical component of economic recovery, but so far the housing data has shown few positive signs. From the peak of housing activity in mid-2005 through February 2009, new home sales have declined 76%, while existing home sales dropped 35%. The lack of buyers has pushed home prices down 27% from July 2006 according to the S&P Case Shiller index. Government intervention has pushed mortgage lending rates to record lows – in late March, according to the MBA 30-year mortgage survey, the average weekly rate dropped from 4.89% to 4.63%, the lowest in survey history. The historically low lending rate, paired with a 27% price discount, translates into the most affordable housing environment on record.

- Scott McIntyre, First Southwest Asset Management

## SUMMARY DATA

**Table 4**

<b>PORTFOLIO COMPOSITION</b>				
<b>General Funds</b>				
<b>Security Type</b>	<b>FY 08 – Q4 Ending 6/30/08</b>	<b>FY 09 – Q1 Ending 9/30/08</b>	<b>FY 09 – Q2 Ending 12/31/08</b>	<b>FY 09 – Q3 Ending 03/31/09</b>
Money Market	\$90,968,608	\$76,904,902	\$77,510,108	\$15,851,767
Agency Securities	\$212,875,466	\$203,296,768	\$196,729,332	\$234,111,651
Treasury Notes	\$4,981,397	\$13,240,600	\$11,943,044	\$33,524,978
Treasury Bills	\$0	\$0	\$0	\$0
Commercial Paper	\$22,913,593	\$14,942,892	\$13,162,472	\$18,967,928
Repurchase Agreements	\$0	\$0	\$0	\$0
State Pool	\$2,952,982	\$756,603	\$2,042,616	\$246,278
<b>Totals:</b>	<b>\$334,692,047</b>	<b>\$309,141,765</b>	<b>\$301,387,572</b>	<b>\$302,702,602</b>
Avg Yield	3.54	3.07	2.59	2.03
Avg Maturity (Years)	1.09	0.92	0.88	0.91
State Pool Yield	2.11	1.62	0.38	0.27

**Table 5**

<b>PORTFOLIO COMPOSITION</b>				
<b>G.O. Bonds 2007</b>				
<b>Security Type</b>	<b>FY 08 – Q4 Ending 6/30/08</b>	<b>FY 09 – Q1 Ending 9/30/08</b>	<b>FY 09 – Q2 Ending 12/31/08</b>	<b>FY 09 – Q3 Ending 03/31/09</b>
Money Market	\$421,449	\$2,465,935	\$2,728,988	\$2,746,291
Agency Securities	\$0	\$9,003,883	\$3,913,333	\$3,943,333
Treasury Notes	\$0	\$0	\$0	\$0
Treasury Bills	\$0	\$0	\$0	\$0
Commercial Paper	\$13,010,720	\$1,995,221	\$6,971,743	\$6,986,593
Repurchase Agreements	\$0	\$0	\$0	\$0
<b>Totals:</b>	<b>\$13,432,170</b>	<b>\$13,465,039</b>	<b>\$13,614,064</b>	<b>\$13,676,217</b>
Avg Yield	3.30	2.38	2.31	1.59
Avg Maturity (Years)	0.18	0.07	0.30	0.26

**Table 6**

<b>PORTFOLIO COMPOSITION</b>				
<b>MDA Transportation Sales Tax Revenue Bonds, Series 2008</b>				
<b>Security Type</b>	<b>FY 08 – Q4 Ending 6/30/08</b>	<b>FY 09 – Q1 Ending 9/30/08</b>	<b>FY 09 – Q2 Ending 12/31/08</b>	<b>FY 09 – Q3 Ending 03/31/09</b>
Money Market	\$333,699	\$4,581,451	\$4,909,901	\$960,526
Agency Securities	\$36,489,448	\$31,361,137	\$27,252,029	\$17,271,681
Treasury Notes	\$0	\$0	\$0	\$0
Treasury Bills	\$0	\$0	\$0	\$0
Commercial Paper	\$2,989,929	\$1,995,221	\$0	\$6,991,600
Repurchase Agreements	\$0	\$0	\$0	\$0
<b>Totals:</b>	<b>\$39,813,076</b>	<b>\$37,937,809</b>	<b>\$32,161,930</b>	<b>\$25,223,807</b>
Avg Yield	2.83	2.51	2.31	1.67
Avg Maturity (Years)	0.78	0.45	0.30	0.22

**Table 7**

<b>PORTFOLIO COMPOSITION</b>				
<b>G.O. Bonds 2009</b>				
<b>Security Type</b>	<b>FY 08 – Q4 Ending 6/30/08</b>	<b>FY 09 – Q1 Ending 9/30/08</b>	<b>FY 09 – Q2 Ending 12/31/08</b>	<b>FY 09 – Q3 Ending 03/31/09*</b>
Money Market				\$12,123,673
Agency Securities				\$34,658,506
Treasury Notes				\$0
Treasury Bills				\$0
Commercial Paper				\$0
Repurchase Agreements				\$0
<b>Totals:</b>				<b>\$46,782,179</b>
Avg Yield				0.79
Avg Maturity (Years)				0.55

\* Bonds issued in February 2009

First Southwest Asset Management, Inc.  
 City of Peoria - Consolidated (FSAM and Patterson Portfolio's)  
 Detailed Holdings As of: March 31, 2009

Fund	Type	Issuer	Description	CUSIP	Coupon	Settlement Date	Maturity Date	Call Date	Par Value	Purch Price	Purch Cost	Book Value	Mkt Price	Mkt Value	Accrued Int	Days to Mat	Days to Next Call	Yield to Mat	Yield to Next Call
GF	AG	FHLB	FHLB	3133XQJ05	2.200	9/11/2008	4/1/2009		5,000,000.00	99.822	4,991,100.00	5,000,000.00	100.000	5,000,000.00	55,000.00	1			2.523
GF	AG	FHLB	FHLB	3133XZC8	3.000	5/23/2008	4/15/2009		5,990,000.00	100.441	6,016,415.90	5,991,130.96	100.094	5,995,615.62	82,861.67	15			2.497
GF	AG	FHLB	FHLB	3133XQW73	2.625	4/30/2008	4/30/2009		3,000,000.00	100.000	3,000,000.00	3,000,000.00	100.156	3,004,687.50	33,031.25	30			2.625
GF	CP	GE	GE Capital Corp CP TLGP (FDIC	36161CSJ2	0.000	11/19/2008	5/18/2009		5,000,000.00	99.000	4,950,000.00	4,986,944.44	99.973	4,988,665.00	-	48			2.048
GF	AG	Freddie	FHLMC	3137EAAE9	5.250	4/4/2008	5/21/2009		6,000,000.00	103.257	6,195,420.00	6,023,756.34	100.625	6,037,500.00	113,750.00	51			2.312
GF	AG	Freddie	FHLMC	3137EAAE9	5.250	4/10/2008	5/21/2009		2,920,000.00	103.266	3,015,367.20	2,931,787.89	100.625	2,938,250.00	55,358.33	51			2.262
GF	AG	Farm Credit	FFCB	31331YU98	2.750	6/5/2008	6/5/2009		5,000,000.00	100.000	5,000,000.00	5,000,000.00	100.406	5,020,312.50	44,305.56	66			2.750
GF	AG	Fannie	FNMA	31359MZE6	4.570	5/5/2008	6/15/2009		5,000,000.00	102.048	5,102,400.00	5,018,757.31	100.781	5,039,062.50	67,280.56	76			2.684
GF	CP	Citigroup	Citigroup Funding TLGP (FDIC)	17314GTQ2	0.000	1/22/2009	6/24/2009		8,000,000.00	99.766	7,981,300.00	7,989,733.33	99.948	7,995,656.00	-	85			0.559
GF	TN	Treasury	U.S. T-Note	812828GV6	4.875	7/23/2008	6/30/2009		8,000,000.00	102.305	8,184,375.00	8,048,519.74	101.156	8,082,500.00	88,038.67	91			2.373
GF	AG	Fannie	FNMA	31398FA5	5.125	1/28/2009	7/13/2009		5,400,000.00	102.173	5,517,369.00	5,453,255.54	101.312	5,470,875.00	59,962.50	104			1.613
GF	CP	GE	GE Capital Corp CP TLGP (FDIC	36161CUF7	0.000	1/18/2009	7/15/2009		6,000,000.00	99.750	5,985,000.00	5,981,250.00	99.912	5,984,702.00	-	106			0.508
GF	TN	Treasury	U.S. T-Note	812828GY0	4.625	8/8/2008	7/31/2009		5,000,000.00	102.227	5,111,328.13	5,037,522.85	101.437	5,071,875.00	38,328.73	122			2.322
GF	AG	Farm Credit	FFCB	31331XH47	5.250	5/20/2008	8/3/2009		2,907,000.00	103.189	2,999,704.23	2,933,060.59	101.625	2,954,238.75	24,588.37	125			2.538
GF	AG	Fannie	FNMA Disc Note	313588LW1	0.000	10/15/2008	9/18/2009		6,000,000.00	97.183	5,831,000.00	5,915,000.00	99.850	5,981,000.00	-	171			3.130
GF	AG	Farm Credit	FFCB Disc Note	313313MR6	0.000	11/19/2008	10/7/2009		10,000,000.00	98.256	9,825,583.33	9,897,825.00	99.820	9,982,000.00	-	190			2.012
GF	AG	Farm Credit	FFCB	31331GDT3	3.050	1/13/2008	1/13/2009		5,000,000.00	100.000	5,000,000.00	5,000,000.00	101.250	5,062,500.00	62,694.44	217			3.050
GF	AG	FHLB	FHLB	3133XSKM9	3.110	1/13/2008	1/13/2009		5,000,000.00	100.000	5,000,000.00	5,000,000.00	101.281	5,084,062.50	63,927.78	217			3.110
GF	AG	FHLB	FHLB	3133XGYT5	5.000	11/14/2008	12/11/2009		3,270,000.00	102.888	3,364,437.80	3,331,231.79	102.812	3,381,968.75	49,958.33	255			2.264
GF	AG	FHLB	FHLB	3133XGYT5	5.000	11/14/2008	12/11/2009		3,000,000.00	102.964	3,088,820.00	3,057,654.27	102.812	3,084,375.00	45,833.33	255			2.193
GF	AG	FHLB	FHLB	3133XRDE7	2.875	11/24/2008	12/11/2009	6/11/2009	4,000,000.00	100.559	4,022,360.00	4,007,977.69	100.406	4,016,250.00	35,138.89	255	72		1.843
GF	TN	Treasury	U.S. T-Note	812828HL7	3.250	2/27/2009	12/31/2009		10,000,000.00	102.109	10,210,937.50	10,188,283.44	102.000	10,200,000.00	81,898.80	275			0.725
GF	AG	Freddie	FHLMC	3128XK54	3.250	2/1/2008	1/29/2010		8,000,000.00	100.000	8,000,000.00	8,000,000.00	101.608	8,128,808.00	44,777.78	304			3.250
GF	AG	Freddie	FHLMC	3128XU77	3.125	2/27/2009	2/4/2010		5,000,000.00	101.891	5,094,585.00	5,085,440.31	101.740	5,087,015.00	24,739.58	310			1.088
GF	AG	Freddie	FHLMC	3137EABG3	2.875	2/26/2009	4/30/2010		10,000,000.00	101.992	10,199,200.00	10,183,476.33	101.875	10,187,500.00	120,590.28	395			1.168
GF	AG	Freddie	FHLMC	3137EABG3	2.875	3/2/2009	4/30/2010		5,000,000.00	101.993	5,099,650.00	5,092,597.15	101.875	5,093,750.00	60,295.14	395			1.141
GF	AG	Farm Credit	FFCB	31331XWL2	4.750	12/24/2008	5/7/2010		8,000,000.00	104.767	8,381,360.00	8,306,673.67	104.000	8,320,000.00	152,000.00	402			1.228
GF	AG	Fannie	FNMA	31398ABT8	5.080	5/5/2007	5/14/2010	5/14/2009	4,510,000.00	101.430	4,574,493.00	4,515,303.23	100.406	4,528,321.87	87,188.32	409	44		4.454
GF	AG	Fannie	FNMA	31398ABT8	5.080	5/17/2008	5/14/2010	5/14/2009	5,000,000.00	102.494	5,124,680.00	5,014,372.88	100.406	5,020,312.50	96,861.11	409	44		3.785
GF	AG	Fannie	FNMA	31398ARK0	3.250	5/21/2008	5/21/2010	5/21/2009	4,000,000.00	100.000	4,000,000.00	4,000,000.00	100.281	4,011,250.00	46,944.44	416	51		3.250
GF	AG	Fannie	FNMA	31359MC50	4.625	2/9/2009	6/1/2010		4,000,000.00	104.345	4,173,800.00	4,155,288.13	103.837	4,157,500.00	61,666.67	427			1.271
GF	AG	Fannie	FNMA	31398ARR5	3.125	12/24/2008	6/4/2010	6/4/2009	2,000,000.00	100.798	2,015,960.00	2,006,305.19	100.375	2,007,500.00	20,312.50	430	65		2.558
GF	AG	Fannie	FNMA	3136F9Y23	2.500	12/10/2008	6/10/2010	6/10/2009	5,000,000.00	100.000	5,000,000.00	5,000,000.00	100.156	5,007,812.50	38,541.67	436	71		2.500
GF	AG	Farm Credit	FFCB	31331GGS2	2.000	12/11/2008	6/11/2010		10,000,000.00	100.000	10,000,000.00	10,000,000.00	100.937	10,093,750.00	61,111.11	437			2.000
GF	AG	Fannie	FNMA	3136F7J2	4.625	1/28/2009	6/16/2010		5,000,000.00	104.588	5,229,390.00	5,200,790.54	104.156	5,207,812.50	67,447.92	442			1.288
GF	TN	Treasury	U.S. T-Note	912828JC5	2.875	2/27/2009	6/30/2010		10,000,000.00	102.687	10,268,750.00	10,250,672.33	102.781	10,278,125.00	72,272.10	456			0.853
GF	AG	Fannie	FNMA	3136F9Q3	2.875	1/28/2009	7/28/2010	4/28/2009	8,000,000.00	99.850	7,988,000.00	7,989,380.82	99.500	7,960,000.00	17,500.00	484	28		1.351
GF	AG	FHLB	FHLB	3133XCSY0	4.875	2/9/2009	8/16/2010		8,000,000.00	105.180	8,414,400.00	8,376,276.61	105.062	8,405,000.00	48,750.00	503			1.417
GF	AG	Fannie	FNMA	3136F9B36	3.530	1/28/2008	8/25/2010	8/25/2009	10,000,000.00	100.566	10,056,600.00	10,030,605.93	100.875	10,087,500.00	35,300.00	512	147		2.750
GF	AG	Farm Credit	FFCB	31331XE40	5.250	2/6/2009	9/13/2010		3,250,000.00	106.037	3,446,202.50	3,428,084.84	105.562	3,430,781.25	8,531.25	531			1.426
GF	AG	Farm Credit	FFCB	31331GCM9	3.490	12/3/2008	9/29/2010	9/29/2009	8,000,000.00	100.859	8,068,720.00	8,041,461.07	101.062	8,085,000.00	1,551.11	547	182		3.000
GF	AG	Freddie	FHLMC	3128XBEQ1	1.800	2/9/2009	12/22/2010	12/22/2009	5,000,000.00	100.000	5,000,000.00	5,000,000.00	100.330	5,016,515.00	19,250.00	631	266		1.800
GF	AG	Farm Credit	FFCB	31331GHS1	2.000	12/30/2008	12/30/2010	4/9/2009	5,000,000.00	100.000	5,000,000.00	5,000,000.00	100.000	5,000,000.00	25,277.78	639	9		2.516
GF	AG	FHLB	FHLB	3133XQJL7	3.060	4/7/2008	1/7/2011		3,000,000.00	100.000	3,000,000.00	3,000,000.00	102.219	3,066,562.50	44,370.00	647			3.061
GF	AG	Fannie	FNMA	3136FHA3	2.000	2/11/2009	2/11/2011	2/11/2010	8,000,000.00	100.000	8,000,000.00	8,000,000.00	100.312	8,025,000.00	22,222.22	682	317		2.000
GF	AG	FHLB	FHLB	3133XSWT1	1.750	2/17/2009	2/17/2011	2/17/2010	8,000,000.00	100.000	8,000,000.00	8,000,000.00	100.062	8,005,000.00	17,111.11	688	323		1.750
GF	AG	Fannie	FNMA	31398APP1	3.150	4/3/2008	4/1/2011	4/1/2009	3,000,000.00	99.795	2,993,850.00	2,995,892.43	100.000	3,000,000.00	47,250.00	731	1		3.222
GF	AG	Freddie	FHLMC	3128X7MN1	3.500	5/5/2008	5/5/2011		3,000,000.00	100.000	3,000,000.00	3,000,000.00	103.688	3,110,637.00	42,583.33	765			3.500
GF	AG	Fannie	FNMA	31398ARU8	3.750	12/24/2008	6/10/2011	6/10/2009	2,000,000.00	101.115	2,022,300.00	2,009,291.67	100.250	2,005,000.00	23,125.00	801	71		3.274
GF	AG	Fannie	FNMA	31398AST0	4.150	2/9/2009	1/13/2012	1/13/2010	5,000,000.00										

First Southwest Asset Management, Inc.  
 City of Peoria - Consolidated (FSAM and Patterson Portfolio's)  
 Detailed Holdings As of: March 31, 2009

Fund	Type	Issuer	Description	CUSIP	Coupon	Settlement Date	Maturity Date	Call Date	Par Value	Purch Price	Purch Cost	Book Value	Mkt Price	Mkt Value	Accrued Int	Days to Mat	Days to Nxt Call	Yield to Mat	Yield to Next Call	
GF	AG	FHLB	FHLB	3133XQJ05	2.200	9/11/2008	4/1/2009		5,000,000.00	99.822	4,991,100.00	5,000,000.00	100.000	5,000,000.00	55,000.00	1		2.523		
2009 GO	AG	Freddie	FHLMC	3137EABB4	4.125	2/27/2009	11/30/2009		4,000,000.00	102.483	4,088,520.00	4,086,740.43	102.094	4,083,750.00	55,458.33	244		0.858		
2009 GO	AG	FHLB	FHLB Disc Note	313385QP4	0.000	3/4/2009	12/18/2009		3,000,000.00	99.322	2,979,670.83	2,981,654.18	99.680	2,990,400.00	-	260		0.888		
2009 GO	AG	FHLB	FHLB	3133XNTD1	3.750	3/2/2009	1/8/2010		4,000,000.00	102.340	4,093,600.00	4,084,600.00	102.156	4,086,250.00	34,583.33	283		0.978		
2009 GO	AG	Freddie	FHLMC	3128X7U77	3.125	2/27/2009	2/4/2010		4,000,000.00	101.891	4,075,852.00	4,068,352.25	101.740	4,069,612.00	19,791.67	310		1.088		
2009 GO	AG	FHLB	FHLB	3133XJUS5	5.000	3/2/2009	3/12/2010		4,000,000.00	103.952	4,158,080.00	4,145,427.25	103.781	4,151,250.00	10,555.56	346		1.121		
2009 GO	AG	Freddie	FHLMC	3128X3AA1	4.125	3/2/2009	4/14/2010		2,000,000.00	103.276	2,065,514.00	2,060,687.22	103.101	2,062,014.00	38,270.83	379		1.163		
2009 GO	AG	Farm Credit	FFCB	31331XWL2	4.750	3/2/2009	5/7/2010		3,000,000.00	104.183	3,125,790.00	3,117,029.02	104.000	3,120,000.00	57,000.00	402		1.162		
2009 GO	MM	JPM	JPMorgan Chase Bank MMF	jpmorgan	0.420				12,123,673.66	100.000	12,123,673.66	12,123,673.66	100.000	12,123,673.66	-	1		0.420		
<b>2009 GO Total</b>									<b>46,123,673.66</b>		<b>46,859,904.93</b>	<b>46,782,179.33</b>		<b>46,806,324.96</b>	<b>248,993.05</b>					
<b>State Pool</b>																				
<b>Grand Total</b>									<b>388,079,268.33</b>		<b>389,433,246.64</b>	<b>388,384,806.82</b>		<b>389,477,739.44</b>	<b>2,868,599.19</b>					