

Date: August 5, 2010

**To:** Investment Review Committee (08/10)--**CANCELLED**  
Management Committee (08/25)

**From:** Allen Hoppe  
Senior Manager, Treasury

**Subj:** 2<sup>nd</sup> Quarter Report on Investments (2Q2010)

The August 10, 2010 IRC meeting has been cancelled since we have no action items for the calendar. Last meeting's minutes will be included in the packet for the next meeting; tentatively, expect the next meeting to occur on Tuesday, November 9<sup>th</sup>, from 11:00 a.m. to 12:30 p.m.

The 2Q10 Report on Investments is attached for your review.

Our investment returns were stellar for the quarter. Without adjusting for duration, the short-term portfolio's total return was 0.08% (10 basis points above our benchmark); the long-term portfolio returned 3.81% (not annualized!) for 2Q10, 110 basis points above the benchmark—our muni holdings performed very well.

Last week Mercy Ndungu was informed that she passed the Level II CFA exam; this moves her closer to the designation of Chartered Financial Analyst. She plans to take the final exam (Level III) in the summer of 2011. Each exam takes about six hours to complete and an average of 200-300 hours of preparatory study time. Congratulations Mercy!

If you have any questions, please call me at 651-602-1629, or Mercy Ndungu at 651-602-1436.

Thank you.

## Investment Review Committee

August 10, 2010 at 11:30 A.M., in Lower Level, Room B

IRC Administrative Coordinator: Mercy Ndungu (651)-602-1436

## Agenda

1. Presentation of 2Q10 Quarterly Report

### **Committee members:**

Roger Scherer, *Treasurer & Council member*  
Craig Peterson, *Council member*  
Leon (Lee) Binger, *Appointee*  
Walter (Bud) Meadley, *Appointee*  
Wes Kooistra, *CFO*

### **Reference staff:** *(not members of the IRC)*

Mary Bogie, *Deputy CFO*  
Katie Shea, *Director Internal Audit*  
Allen Hoppe, *Treasury Manager*  
Mercy Ndungu, *Treasury Analyst*  
Lana Lindstrom, *Executive Assistant*



## Report on Investments

*Second Quarter, 2010*

### Economic Review

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**Past.** U.S. gross domestic product (GDP), the broadest measure of the nation's economic activity rose at 2.4% annual rate in the second quarter down from an upwardly revised 3.7% in the first quarter. Growth was led by increases in residential investment, equipment and software investment and inventories while the big negative was a worsening in net exports. The report indicated that consumer spending, which drives the bulk of U.S economic activity, remains weak. In June, Factory orders fell 1.2% (vs. 1.8% in May), while consumer spending fell flat. Consumer confidence dropped to 50.4 in July from 54.3 in June after rising for three consecutive months. This reflects a worsening outlook for business conditions and employment over the next six months. Headline retail sales dropped another 0.5% in June following a 1.1% drop in May. The June decline was caused by a 2.3% drop in automobile sales. Excluding autos, sales were down just 0.1% (vs. -1.2% May). Housing continues to be a drag on economic growth. The end of the new homebuyer tax credit has led to a drawback in several housing activity metrics. For June, existing home sales, which accounts for 95% of the total housing market, were down 5.1% (vs. - 2.2% in May), new home sales were up 23.6% (vs. - 33% in May), housing starts were down 5.0% (vs. - 21% in May) and housing permits were up 2.1% (vs. - 5.9% in May), signaling a pick down the road for builders. We expect the housing market to continue bumping along the bottom of the trough until we see further improvement for the consumer and employment.

**Present.** Economic releases for the month of July have been mixed. The ISM non-manufacturing index rose slightly to 54.3 (vs. 53.8 in June), while the ISM manufacturing index, which gauges the manufacturing sector, came in at 55.5 (vs. 56.2 in June), which shows that growth slowed in July but remained in the expansionary territory. The Chicago PMI, a regional reading on manufacturing, rose to 62.3 in July (vs. 59.1 in June), a number above 50 signals expansion. Separately, the Reuters-University of Michigan Consumer Sentiment index fell to 67.8 in July from 76.0 in June. Consumer confidence was driven lower by the sluggish labor market, growing concerns over the economic recovery, and falling stock prices.

On the inflation front, the core personal consumption expenditure index, the Fed's preferred price pressure gauge which excludes food and energy, was unchanged in June (vs. 0.1% in May). On a year-over-year basis, the index slowed to 1.4% in June from 1.5% in May. Inflation and inflation expectations continue to be well contained due to excess industrial capacity and slack in the labor markets, which

reduces upward pricing pressure. We believe inflation will remain well contained in the short to intermediate term with risks beginning to tilt toward lower versus higher inflation.

**Future.** Due to high unemployment and slower expected economic growth, we believe the Fed will continue to maintain the fed funds rate at the 0 to 0.25% range through 2010. The FOMC recognizes that some metrics are gradually improving but that financial concerns abroad could weigh on domestic growth. In his semi-annual testimony to Congress, Fed Chairman Bernanke acknowledged that the U.S. economic outlook was “unusually uncertain” and that risks to growth were skewed to the downside. He also stressed that the central bank had ammunition remaining in its monetary arsenal to combat another downturn despite the rock bottom level of interest rates. The Fed also has reiterated that muted inflation expectations and low resource utilization rates warrant keeping rates low for an extended period.

**Council Impact.** During the second quarter, signs of a weaker economy coupled with concerns surrounding the European sovereign debt crisis, the gulf oil spill and weak economic data drove Treasury yields lower. Municipal bonds rallied along with the U.S. Treasuries, albeit at a lesser degree. As a result, our long term portfolio, which is partly invested in agencies (20%) and municipal bonds (35%), experienced some price appreciation. For the quarter, the long term portfolio outperformed the Merrill Lynch agency master index by 110 basis points.

The municipal bond market was bombard with negative headlines regarding municipal bankruptcies and pension funding challenges. We believe these views are warranted but exaggerated to some extent, since the sector continues to be relatively safe with low incidence of default. According to a Bloomberg article, bankruptcies and bond defaults both declined in the first half of 2010. To date, 30 municipal issuers have defaulted on \$1.50 billion of bonds, whereas 138 issuers defaulted on \$4.5 billion in bonds during the same time last year.

The Council will issue bonds in late 2010 or early 2011 to fund various transit and waste capital improvement projects. These issuances will benefit if interest rates stay low. Bond issuance will increase our cash position and lower our aggregate duration. If rates move up, the long-term portfolio will be well positioned to reinvest cash balances into better yielding financial instruments.



## **Investment Results & Strategy**

### **MCOA—Short Term**

*2Q10 Results:* Total return for this portfolio was above the index by 10 basis points. This portfolio has averaged 33 bps per year more than its benchmark over the past 12 years. This success is due to a competitive rate we received from Federated prime money market fund (currently yielding 0.24%). We also purchased about \$2.3 million par of short-term municipal bonds rated Aa1/Aa2 with coupons ranging from 1 – 2.25%.

*3Q10 Strategy:* The Fed continues to maintain short term rates near zero. This provides limited opportunities for our short term portfolio. We continue to stay liquid in order to fund our short term needs i.e debt service payments, capital projects. We will continue to invest in appropriate commercial paper, money market funds or short agency bonds while maintaining our short duration.

*Longer Strategy (12-months):* Bank deposits continue to gain assets from money market mutual funds. According to Federal Reserve data, through May 2010, money fund assets have fallen by \$896 billion or 25.5%, while bank savings rose by \$613 billion, or 13.8%. We are looking at the possibility of investing in extended FDIC insured programs such as the certificate of deposit account registry service program which utilizes bank certificates of deposits and the Insured cash shelter account which utilizes bank money market deposit accounts. Both programs provide FDIC insurance. As long as the Fed maintains low short term rates, our opportunities will remain limited.

### **MCOA—Long Term**

*2Q10 Results:* Total return of 3.81% was above the Merrill Lynch Agency Master index by 110 basis points. During the quarter, yields fell and price performance was positive on the short and intermediate segments. Under these condition, our portfolio, which has a longer duration (3.64) than the benchmark index (3.34) performed better than the index. We purchased \$19.5 million par of agency bonds with coupons ranging from 1.375% to 2.15% and a \$10 million General Electric commercial paper piece, rated A-1/P-1, maturing in six months and earning 0.57%. We also purchased about \$2.85 million par of general obligation municipal bonds with Aa2 Moody's credit ratings and coupons ranging from 0.56% to 4%. These bonds should provide good income that will help boost out total return.

*3Q10 Strategy:* Maintain duration within the 2 - 4 range. We will maintain our diligence from a credit perspective and look for taxable municipal issues in a very cautious and selective manner. Some shorter maturity municipal bonds (1-3 years) may be added to keep our duration from going much higher.

*Longer Strategy (12-months):* In the next 6-12 months, we will consider taking advantage of the extraordinarily steep yield. Invest our cash position further out the curve 2-4 years to pick up extra yield and let the bonds roll down the curve.

### **EFPMs – Hedging Accounts**

The energy forward pricing mechanisms (EFPMs) program manages the risk of swings in the cost of diesel fuel consumed by Metro Transit and Metro Mobility and natural gas consumed by Environmental Services and Metro Transit. During the second quarter 2010, diesel and natural gas contracts (combined) generated \$1 million in net realized losses which was offset by a comparable drop in the price of fuel purchased. Fuel hedging is now moving into unrealized gains territory due to fuel price hikes. At end of quarter, about \$1.2 million in net unrealized gains occurred.

### **MCOA--Margin Account**

The margin account supports both the diesel fuel and natural gas hedging programs; it includes cash, a money market balance, and an agency note yielding 2.75%.

### **Low Activity Portfolios**

The MCOA—The HUD portfolio received limited activity. The HUD account is kept liquid for operating purposes.

### **OPEB**

*2Q10 Results:* Our OPEB portfolio is 100% invested in equities. The correction in the domestic equity market continued through June, with the S&P 500 index falling to 1031 by June 30. At end of second quarter 2010, both the S&P 500 index and our OPEB portfolio posted returns of -11.41% and -11.46, respectively.

*3Q10 Strategy:* Although year-to-date equity performance has been choppy, we continue to hold a positive view toward equities. The current market value of \$76.3 million (as of August 3<sup>rd</sup>) reflects a cumulative unrealized loss of \$9.2 million since inception.

*Longer Strategy (12-month):* Continue allocating to equities with minor adjustments when markets become historical expensive.

**METROPOLITAN COUNCIL--Report on Investments**  
**Quantitative Policy Results for the Quarter Ending:**

June 30, 2010

|   | Operating Account (MCOA)   |                   |                | Diesel &<br>NG Hedging<br>Accounts | HUD       | OPEB           |
|---|----------------------------|-------------------|----------------|------------------------------------|-----------|----------------|
|   | Short-<br>Term             | Futures<br>Margin | Long-<br>Term  |                                    |           |                |
| <b>Compliance</b>   | OK                         | OK                | OK             | OK                                 | OK        | OK             |
| <b>Safety (Defaults)</b>                                  | None                       | None              | None           | None                               | None      | None           |
| <b>Liquidity (Effective Duration Years)</b>               |                            |                   |                |                                    |           |                |
| <u>Target Duration Range:</u>                             | 0-1                        | 0-6               | 2-6            | n.a.                               | 0-1       | 0-1            |
| Result  | 0.06                       | 0.04              | 3.64           | n.a.                               | 0.01      | n.a.           |
| Less: Index   | 0.10                       | 0.04              | 3.34           | n.a.                               | 0.01      | n.a.           |
| Longer <Shorter> Index                                    | -0.04                      | 0.00              | 0.31           | n.a.                               | 0.00      | n.a.           |
| <i>Note: Index Source:</i>                                | iMoneyNet<br>(Prime Funds) | n.a.              | ML Agy. Master | n.a.                               | n.a.      | n.a.           |
| <b>Diversification</b>                                    |                            |                   |                |                                    |           |                |
| Sectors   | See Charts                 | n.a.              | See Charts     | n.a.                               | U.S. Bank | Mixed          |
| Effective Duration  | See Charts                 | n.a.              | See Charts     | n.a.                               | Acct.     | n.a.           |
| <b>Rate of Return</b>                                     |                            |                   |                |                                    |           |                |
| <u>Revenue by Component:</u>                              |                            |                   |                |                                    |           |                |
| Accrued Interest  | \$ 66,877                  | \$ 10,847         | \$ 1,831,347   | \$ -                               | \$ 419    | \$ 334,309     |
| Realized Gains/Losses                                     | \$ (7,150.00)              | \$ -              | \$ 123,943     | \$ (1,026,025)                     | \$ -      | \$ -           |
| Unrealized Gains/Losses                                   | \$ -                       | \$ (6,251)        | \$ 6,632,381   | \$ 1,239,201                       | \$ -      | \$ (6,337,671) |
| Total Int. Rev.   | \$ 59,727                  | \$ 4,596          | \$ 8,587,671   | \$ 213,176                         | \$ 419    | \$ (6,003,362) |
| Total Investment Revenue, All Portfolios, Current Quarter |                            |                   |                |                                    |           | \$ 2,862,349   |

|                    |       |       |       |      |       |       |
|--------------------|-------|-------|-------|------|-------|-------|
| <u>Book Yield:</u> | 0.28% | 2.66% | 3.05% | n.a. | 0.05% | 1.55% |
|--------------------|-------|-------|-------|------|-------|-------|

Total Return:

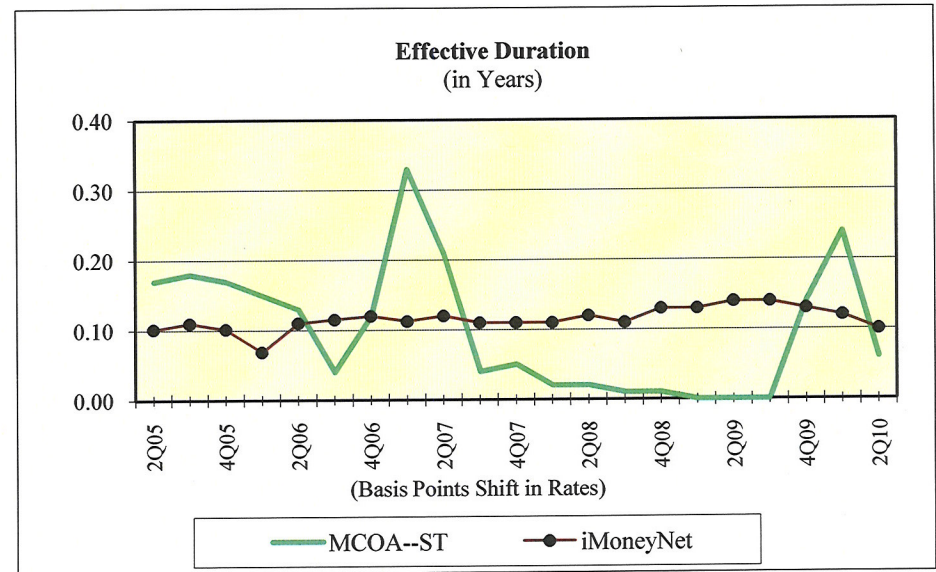
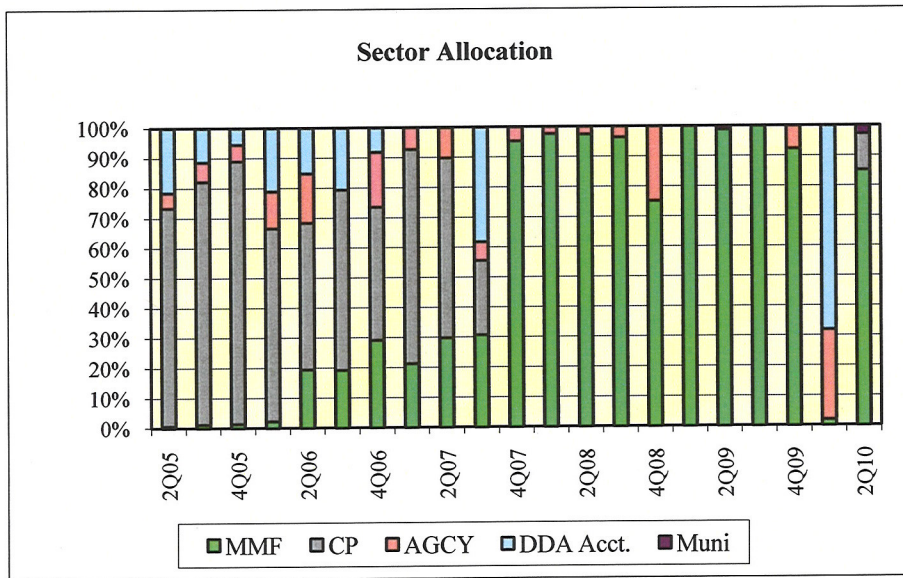
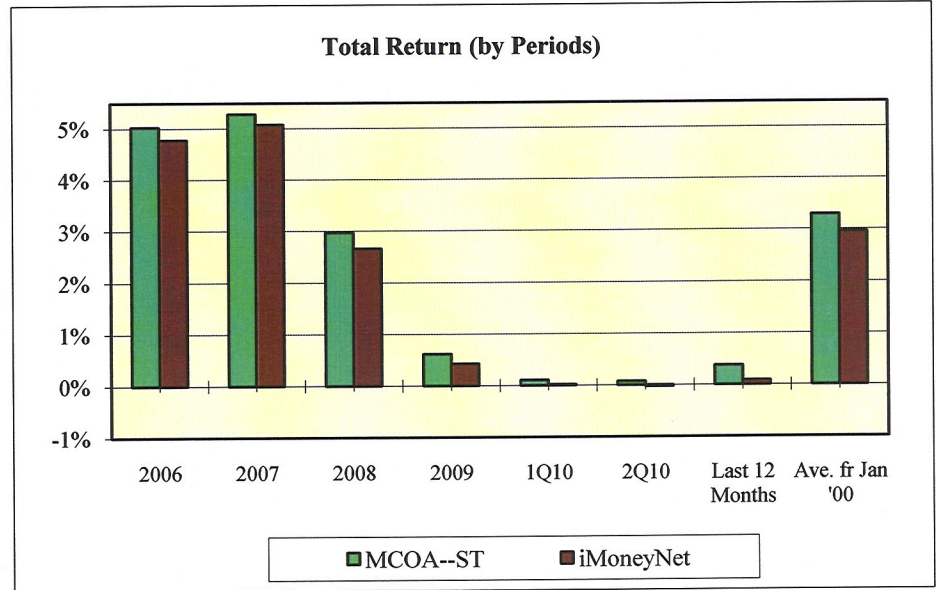
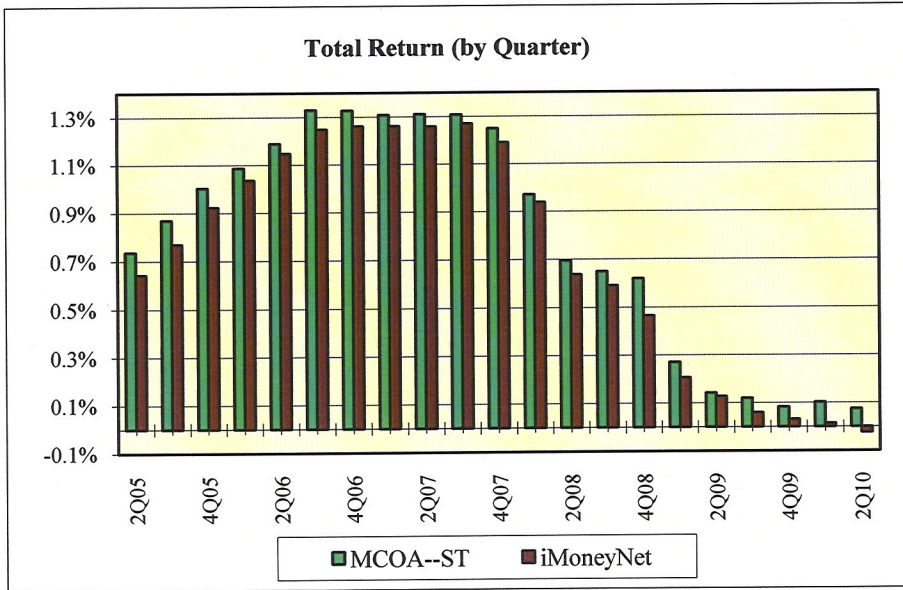
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|----------------------------------|----------|----------|----------|----------|----------|----------|
| <u>Current Quarter, Council</u>  | 0.08%    | n.a.     | 3.81%    | n.a.     | 0.01%    | -11.46%  |
| Index                            | -0.02%   | n.a.     | 2.71%    | n.a.     | 0.01%    | -11.41%  |
| Difference                       | 0.10%    | n.a.     | 1.10%    | n.a.     | 0.00%    | -0.05%   |
| <u>Last 12 Months, Council</u>   | 0.38%    | n.a.     | 8.91%    | n.a.     | 0.05%    | 13.61%   |
| Index                            | 0.09%    | n.a.     | 5.40%    | n.a.     | 0.05%    | 14.43%   |
| Difference                       | 0.29%    | n.a.     | 3.50%    | n.a.     | 0.00%    | -0.82%   |
| Start Date:                      | 12-31-99 | 05-01-04 | 12-31-99 | 05-01-04 | 03-31-01 | 07-03-06 |
| <u>Ave. Annual Rtn., Council</u> | 3.29%    | n.a.     | 5.88%    | n.a.     | 2.31%    | -2.42%   |
| Index                            | 2.96%    | n.a.     | 5.61%    | n.a.     | 2.31%    | -3.02%   |
| Difference                       | 0.33%    | n.a.     | 0.27%    | n.a.     | 0.00%    | 0.59%    |

**METROPOLITAN COUNCIL--Investment Review Committee**  
**Historic Statistics--All Portfolios**  
 June 30, 2010

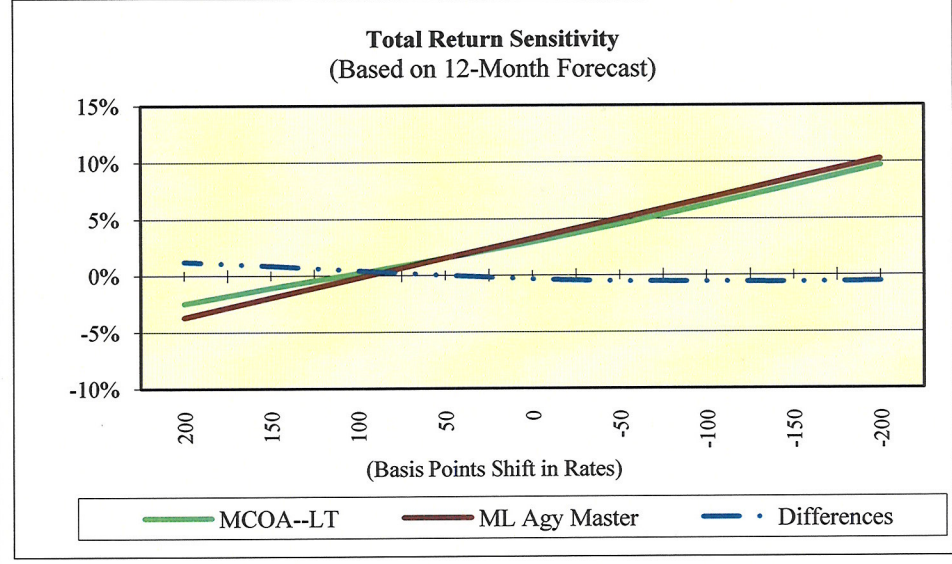
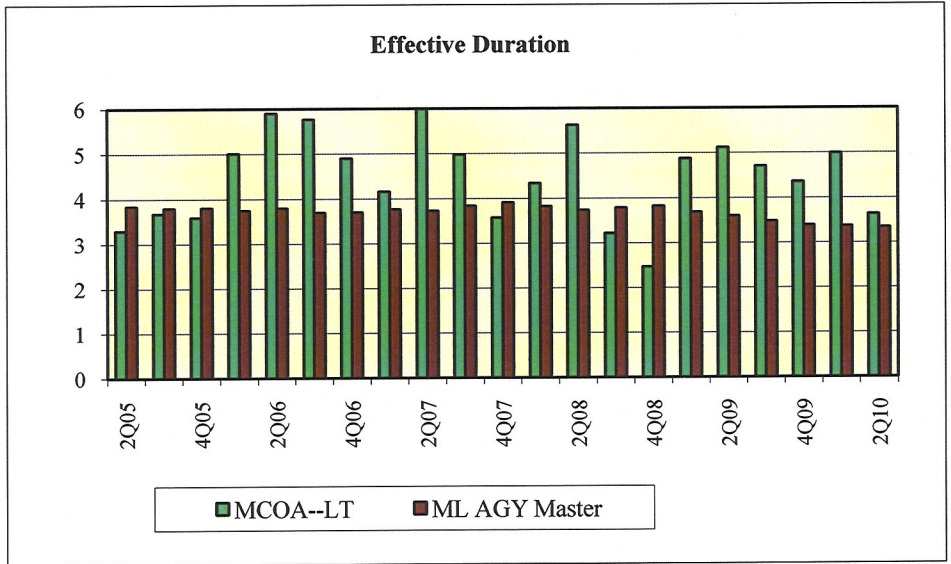
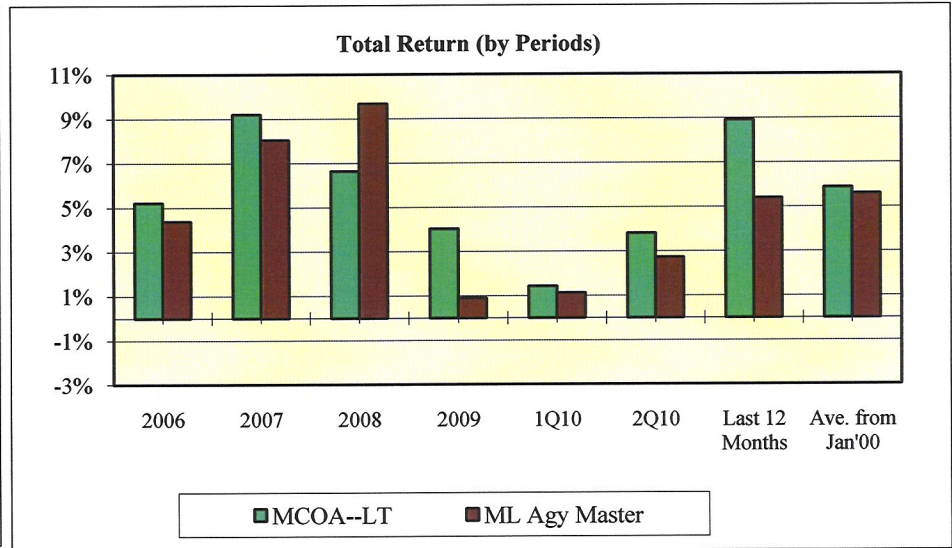
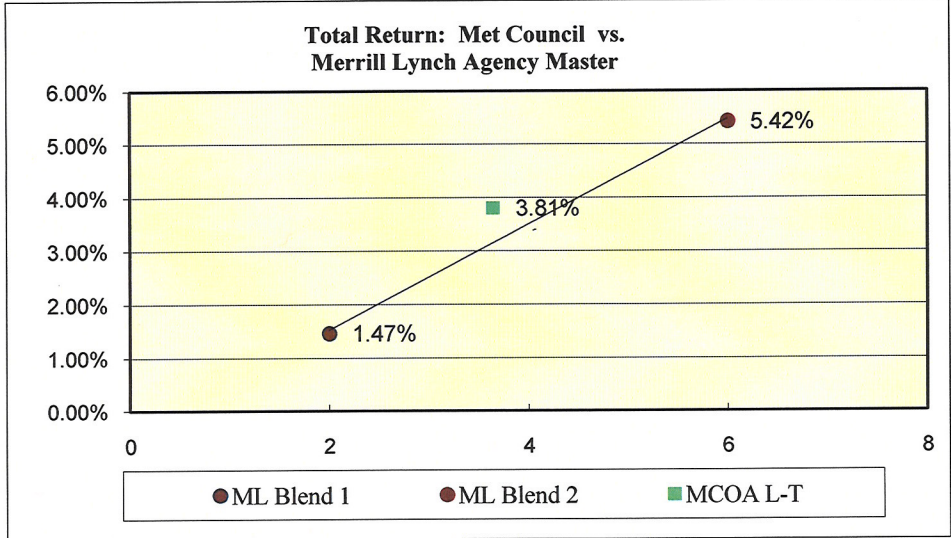
| <u>Account Group</u>                                | 2Q07            | 3Q07          | 1Q08          | 2Q08          | 3Q08          | 4Q08          | 1Q09          | 2Q09            | 3Q09          | 4Q09            | 1Q10          | 2Q10          |
|---|-----------------|---------------|---------------|---------------|---------------|---------------|---------------|-----------------|---------------|-----------------|---------------|---------------|
| <b><u>Total Return(%):</u></b>                      |                 |               |               |               |               |               |               |                 |               |                 |               |               |
| MCOA-Taxable, ST                                    | 1.31%           | 1.31%         | 0.97%         | 0.70%         | 0.65%         | 0.62%         | 0.27%         | 0.14%           | 0.12%         | 0.08%           | 0.10%         | 0.08%         |
| MCOA-Taxable, Margin, w/Cash                        | 1.28%           | 1.39%         | 1.69%         | 2.19%         | 1.74%         | 0.11%         | 0.08%         | 0.03%           | 0.23%         | 0.04%           | 0.16%         | 0.01%         |
| MCOA-Taxable, LT                                    | -0.72%          | 3.94%         | 3.08%         | -1.17%        | 1.44%         | 2.39%         | 1.02%         | -0.44%          | 4.48%         | -1.01%          | 1.43%         | 3.81%         |
| <b>MCOA-Taxable Combined</b>                        | <b>-0.23%</b>   | <b>3.22%</b>  | <b>1.74%</b>  | <b>0.03</b>   | <b>1.12</b>   | <b>1.69</b>   | <b>0.67%</b>  | <b>-0.35%</b>   | <b>3.33%</b>  | <b>-0.59%</b>   | <b>1.22%</b>  | <b>2.78%</b>  |
| MCOA-Tax Exempt, ST                                 | 0.83%           | 0.76%         | 0.65%         | 0.54%         | 0.37%         | 0.72%         | 0.48%         | n.a.            | n.a.          | n.a.            | n.a.          | n.a.          |
| HUD-Savings Acct.                                   | 1.30%           | 1.31%         | 0.70%         | 0.34%         | 0.31%         | 0.07%         | 0.02%         | 0.01%           | 0.01%         | 0.01%           | 0.01%         | 0.01%         |
| OPEB @ MN SBI                                       | 6.04%           | 2.09%         | -9.15%        | -2.77%        | -8.13%        | -20.82%       | -10.45%       | 15.25%          | 14.89%        | 5.96%           | 5.43%         | -11.46%       |
| ES-SAC-Taxable                                      | n.a.            | n.a.          | n.a.          | n.a.          | n.a.          | n.a.          | n.a.          | n.a.            | n.a.          | n.a.            | n.a.          | n.a.          |
| <b><u>Effective Duration (Yrs):</u></b>             |                 |               |               |               |               |               |               |                 |               |                 |               |               |
| MCOA-Taxable, ST                                    | 0.21            | 0.04          | 0.02          | 0.02          | 0.01          | 0.01          | 0.01          | 0.00            | 0.00          | 0.00            | 0.24          | 0.02          |
| MCOA-Taxable, Margin, w/Cash                        | 0.38            | 0.28          | 0.04          | 0.02          | -             | -             | 0.00          | 0.00            | 0.02          | 0.02            | 0.04          | 0.06          |
| MCOA-Taxable, LT                                    | 5.99            | 4.98          | 4.34          | 5.63          | 3.22          | 2.47          | 4.88          | 5.12            | 4.71          | 4.36            | 4.99          | 3.64          |
| <b>MCOA-Taxable Combined</b>                        | <b>4.88</b>     | <b>3.59</b>   | <b>1.55</b>   | <b>2.20</b>   | <b>1.80</b>   | <b>1.51</b>   | <b>3.76</b>   | <b>4.08</b>     | <b>3.75</b>   | <b>2.69</b>     | <b>4.22</b>   | <b>2.71</b>   |
| MCOA-Tax Exempt, ST                                 | 0.01            | 0.01          | 0.01          | 0.01          | 0.01          | 0.01          | 0.01          | 0.01            | 0.00          | 0.00            | 0.01          | 0.00          |
| HUD-Savings Acct.                                   | 0.01            | 0.01          | 0.01          | 0.01          | 0.01          | 0.01          | 0.01          | 0.01            | 0.01          | 0.01            | 0.01          | 0.01          |
| OPEB @ MN SBI                                       | n.a.            | n.a.          | n.a.          | n.a.          | n.a.          | n.a.          | n.a.          | n.a.            | n.a.          | n.a.            | n.a.          | n.a.          |
| ES-SAC-Taxable                                      | n.a.            | n.a.          | n.a.          | n.a.          | n.a.          | n.a.          | n.a.          | n.a.            | n.a.          | n.a.            | n.a.          | n.a.          |
| <b><u>Ave. Maturity (Yrs):</u></b>                  |                 |               |               |               |               |               |               |                 |               |                 |               |               |
| MCOA-Taxable, ST                                    | 0.21            | 0.04          | 0.03          | 0.02          | 0.01          | 0.01          | 0.01          | 0.01            | 0.01          | 0.01            | 0.05          | 0.04          |
| MCOA-Taxable, Margin, w/Cash                        | 0.40            | 0.29          | 0.17          | 0.01          | 0.00          | 0.00          | 0.00          | 0.00            | 0.00          | 0.00            | 0.00          | 0.00          |
| MCOA-Taxable, LT                                    | 12.08           | 10.84         | 4.58          | 5.03          | 6.71          | 8.07          | 9.79          | 6.86            | 5.72          | 5.78            | 6.37          | 4.48          |
| <b>MCOA-Taxable Combined</b>                        | <b>9.79</b>     | <b>7.82</b>   | <b>4.60</b>   | <b>5.05</b>   | <b>3.75</b>   | <b>4.92</b>   | <b>7.53</b>   | <b>5.46</b>     | <b>4.21</b>   | <b>3.56</b>     | <b>5.34</b>   | <b>3.26</b>   |
| MCOA-Tax Exempt, ST                                 | 0.01            | 0.01          | 0.01          | 0.01          | 0.01          | 0.01          | 0.01          | 0.01            | 0.00          | 0.00            | 0.01          | 0.00          |
| HUD-Savings Acct.                                   | 0.01            | 0.01          | 0.01          | 0.01          | 0.01          | 0.01          | 0.01          | 0.01            | 0.01          | 0.01            | 0.01          | 0.01          |
| OPEB @ MN SBI                                       | n.a.            | n.a.          | n.a.          | n.a.          | n.a.          | n.a.          | n.a.          | n.a.            | n.a.          | n.a.            | n.a.          | n.a.          |
| ES-SAC-Taxable                                      | n.a.            | n.a.          | n.a.          | n.a.          | n.a.          | n.a.          | n.a.          | n.a.            | n.a.          | n.a.            | n.a.          | n.a.          |
| <b><u>Orly Earnings (Smillions):</u></b>            |                 |               |               |               |               |               |               |                 |               |                 |               |               |
| MCOA-Taxable, ST                                    | \$ 0.9          | \$ 1.0        | \$ 1.1        | \$ 1.4        | \$ 1.4        | \$ 0.9        | \$ 0.3        | \$ 0.3          | \$ 0.1        | \$ 0.1          | \$ 0.1        | \$ 0.1        |
| MCOA-Taxable, Margin, w/Cash                        | 0.1             | 0.0           | 0.1           | 0.1           | 0.0           | 0.0           | 0.00          | 0.00            | 0.02          | 0.00            | 0.00          | 0.00          |
| MCOA-Taxable, LT                                    | (1.7)           | 8.5           | 7.3           | (0.8)         | 2.2           | 4.0           | 2.3           | (0.8)           | 8.3           | (2.1)           | 3.0           | 8.6           |
| <b>MCOA-Taxable Combined</b>                        | <b>(\$ 0.7)</b> | <b>\$ 9.5</b> | <b>\$ 8.5</b> | <b>\$ 0.7</b> | <b>\$ 3.6</b> | <b>\$ 4.9</b> | <b>\$ 2.6</b> | <b>(\$ 0.6)</b> | <b>\$ 8.4</b> | <b>(\$ 2.0)</b> | <b>\$ 3.1</b> | <b>\$ 8.7</b> |
| MT Futures Contracts, Realized                      | (0.0)           | 0.03          | 1.4           | 3.3           | 2.4           | (1.2)         | (3.0)         | (2.0)           | (2.6)         | (4.3)           | (2.6)         | (1.0)         |
| MT Futures Contracts, Unrealized                    | 0.4             | 0.5           | 2.9           | 13.2          | (16.3)        | (17.5)        | (0.0)         | 7.2             | 1.7           | 6.3             | 2.3           | 1.2           |
| MCOA-Tax Exempt, ST                                 | 0.0             | 0.0           | 0.0           | 0.0           | 0.0           | 0.0           | 0.0           | 0.0             | 0.0           | 0.0             | 0.0           | 0.0           |
| HUD-Savings Acct.                                   | 0.0             | 0.0           | 0.0           | 0.0           | 0.0           | 0.0           | 0.0           | 0.0             | 0.0           | 0.0             | 0.0           | 0.0           |
| OPEB @ MN SBI                                       | 3.6             | 1.4           | (6.4)         | (1.8)         | (5.3)         | (12.9)        | (5.7)         | 7.2             | 8.4           | 4.0             | 4.0           | (8.9)         |
| ES-SAC-Taxable                                      | n.a.            | n.a.          | n.a.          | n.a.          | n.a.          | n.a.          | n.a.          | n.a.            | n.a.          | n.a.            | n.a.          | n.a.          |
| Aggregate (Less Combined)                           | \$ 3.4          | \$ 11.5       | \$ 6.4        | \$ 15.4       | \$ (15.6)     | \$ (26.7)     | \$ (6.2)      | \$ 11.9         | \$ 15.9       | \$ 4.0          | \$ 6.8        | \$ (0.1)      |
| <b><u>Investment Balances (MV, \$millions):</u></b> |                 |               |               |               |               |               |               |                 |               |                 |               |               |
| MCOA-Taxable, ST                                    | \$ 49.2         | \$ 80.1       | \$ 214.0      | \$ 194.0      | \$ 138.4      | \$ 121.0      | \$ 51.0       | \$ 36.4         | \$ 66.1       | \$ 131.0        | \$ 33.4       | \$ 82.9       |
| MCOA-Taxable, Margin, w/Cash                        | 3.6             | 3.3           | 12.0          | 13.0          | 8.4           | 5.0           | 9.0           | 13.5            | 11.7          | 5.5             | 4.0           | 5.1           |
| MCOA-Taxable, LT                                    | 220.7           | 212.1         | 123.0         | 132.0         | 185.4         | 196.2         | 199.0         | 195.0           | 215.6         | 219.0           | 193.0         | 231.3         |
| <b>MCOA-Taxable Combined</b>                        | <b>273.4</b>    | <b>295.5</b>  | <b>349.0</b>  | <b>339.0</b>  | <b>332.2</b>  | <b>322.2</b>  | <b>259.0</b>  | <b>244.9</b>    | <b>293.4</b>  | <b>355.5</b>    | <b>230.4</b>  | <b>319.3</b>  |
| MCOA-Tax Exempt, ST                                 | 0.0             | 0.0           | 0.0           | 0.0           | 0.0           | 0.0           | 0.0           | 0.0             | 0.0           | 0.0             | 0.0           | -             |
| HUD-Savings Acct.                                   | 0.0             | 0.0           | 0.0           | 0.0           | 0.0           | 0.0           | 0.0           | 0.0             | 0.0           | 0.0             | 0.0           | -             |
| OPEB @ MN SBI                                       | 64.9            | 68.4          | 63.2          | 64.0          | 60.0          | 49.3          | 44.7          | 54.7            | 64.9          | 71.0            | 76.0          | 69.0          |
| ES-SAC-Taxable                                      | n.a.            | n.a.          | n.a.          | n.a.          | n.a.          | n.a.          | n.a.          | n.a.            | n.a.          | n.a.            | n.a.          | n.a.          |
| Aggregate (Less Combined)                           | \$ 338.3        | \$ 363.9      | \$ 412.2      | \$ 403.0      | \$ 392.2      | \$ 371.5      | \$ 303.7      | \$ 299.6        | \$ 358.3      | \$ 426.5        | \$ 306.4      | \$ 388.3      |
| <b><u>Market Yield (%):</u></b>                     |                 |               |               |               |               |               |               |                 |               |                 |               |               |
| MCOA-Taxable, ST                                    | 5.34%           | 5.10%         | 3.25%         | 2.69%         | 2.34%         | 1.66%         | 0.73%         | 0.61%           | 0.22%         | 0.22%           | 0.77%         | 0.14%         |
| MCOA-Taxable, Margin, w/Cash                        | 4.98%           | 4.92%         | 3.05%         | 2.37%         | 2.16%         | 1.50%         | 1.05%         | 0.26%           | 0.13%         | 0.13%           | 0.80%         | 2.66%         |
| MCOA-Taxable, LT                                    | 5.55%           | 5.18%         | 4.35%         | 5.11%         | 4.33%         | 3.02%         | 3.56%         | 3.35%           | 3.09%         | 3.22%           | 3.58%         | 2.66%         |
| <b>MCOA-Taxable Combined</b>                        | <b>4.99%</b>    | <b>4.16%</b>  | <b>3.63%</b>  | <b>3.62%</b>  | <b>3.45%</b>  | <b>2.49%</b>  | <b>2.92%</b>  | <b>2.77%</b>    | <b>2.33%</b>  | <b>2.33%</b>    | <b>3.12%</b>  | <b>2.04%</b>  |
| MCOA-Tax Exempt, ST                                 | 3.33%           | 3.34%         | 2.12%         | 1.80%         | 1.51%         | 1.61%         | 0.00%         | 0.00%           | 0.00%         | 0.00%           | 0.00%         | 0.00%         |
| HUD-Savings Acct.                                   | 5.21%           | 4.93%         | 2.14%         | 1.25%         | 1.25%         | 0.05%         | 0.05%         | 0.05%           | 0.05%         | 0.05%           | 0.05%         | 0.05%         |
| OPEB @ MN SBI                                       | 2.23%           | 2.56%         | 2.05%         | 2.31%         | 2.23%         | 1.96%         | 1.57%         | 1.51%           | 1.43%         | 1.53%           | 1.43%         | 1.55%         |
| ES-SAC-Taxable                                      | n.a.            | n.a.          | n.a.          | n.a.          | n.a.          | n.a.          | n.a.          | n.a.            | n.a.          | n.a.            | n.a.          | n.a.          |
| <b><u>Book Yield (%):</u></b>                       |                 |               |               |               |               |               |               |                 |               |                 |               |               |
| MCOA-Taxable, ST                                    | 5.27%           | 5.11%         | 3.26%         | 2.69%         | 2.36%         | 2.09%         | 0.73%         | 0.56%           | 0.22%         | 0.29%           | 0.77%         | 0.28%         |
| MCOA-Taxable, Margin, w/Cash                        | 4.97%           | 4.89%         | 3.05%         | 2.37%         | 2.16%         | 1.50%         | 1.05%         | 0.26%           | 0.13%         | 0.13%           | 0.80%         | 2.66%         |
| MCOA-Taxable, LT                                    | 5.59%           | 5.64%         | 4.17%         | 5.11%         | 4.60%         | 3.02%         | 4.08%         | 3.76%           | 3.42%         | 3.42%           | 3.85%         | 3.05%         |
| <b>MCOA-Taxable Combined</b>                        | <b>5.53%</b>    | <b>5.49%</b>  | <b>4.00%</b>  | <b>3.93%</b>  | <b>3.61%</b>  | <b>3.60%</b>  | <b>3.32%</b>  | <b>3.09%</b>    | <b>2.57%</b>  | <b>2.22%</b>    | <b>3.35%</b>  | <b>2.32%</b>  |
| MCOA-Tax Exempt, ST                                 | 3.33%           | 3.34%         | 2.12%         | 1.80%         | 1.51%         | 1.61%         | 0.00%         | 0.00%           | 0.00%         | 0.00%           | 0.00%         | 0.00%         |
| HUD-Savings Acct.                                   | 5.21%           | 4.93%         | 2.14%         | 1.25%         | 1.25%         | 0.07%         | 0.05%         | 0.05%           | 0.05%         | 0.05%           | 0.05%         | 0.05%         |
| OPEB @ MN SBI                                       | 2.23%           | 2.56%         | 2.05%         | 2.31%         | 2.23%         | 1.96%         | 1.57%         | 1.51%           | 1.43%         | 1.53%           | 1.43%         | 1.55%         |
| ES-SAC-Taxable                                      | n.a.            | n.a.          | n.a.          | n.a.          | n.a.          | n.a.          | n.a.          | n.a.            | n.a.          | n.a.            | n.a.          | n.a.          |



**METROPOLITAN COUNCIL--Investments**  
Operating Account--Short-Term Investments, (Analysis of Returns and Diversification)  
 June 30, 2010

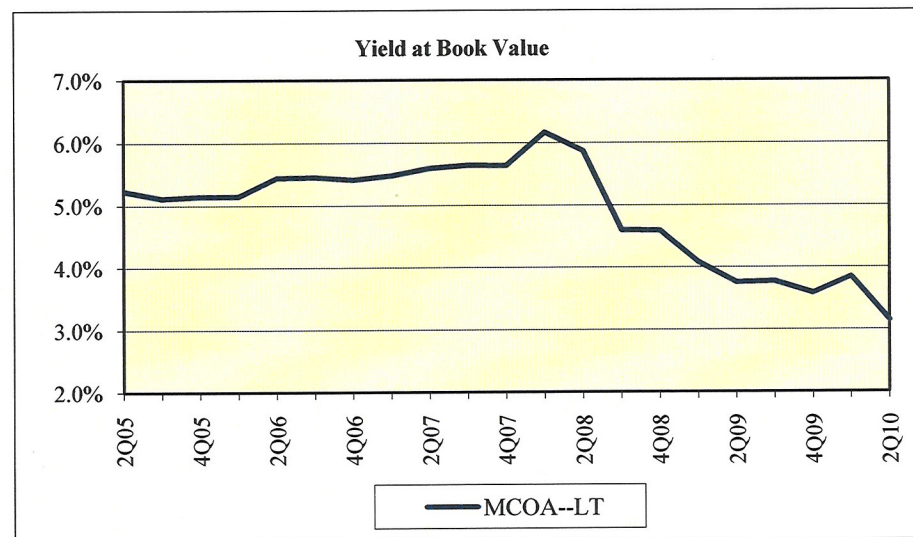
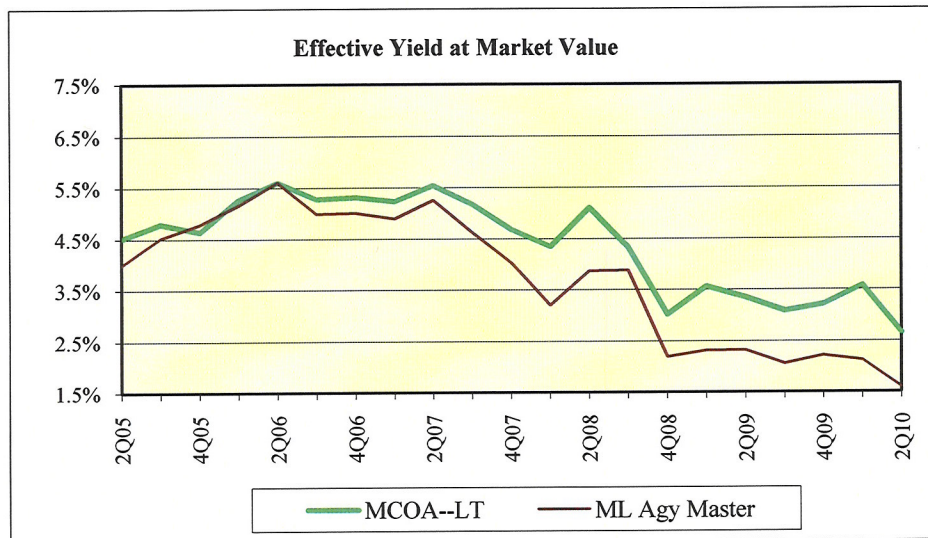
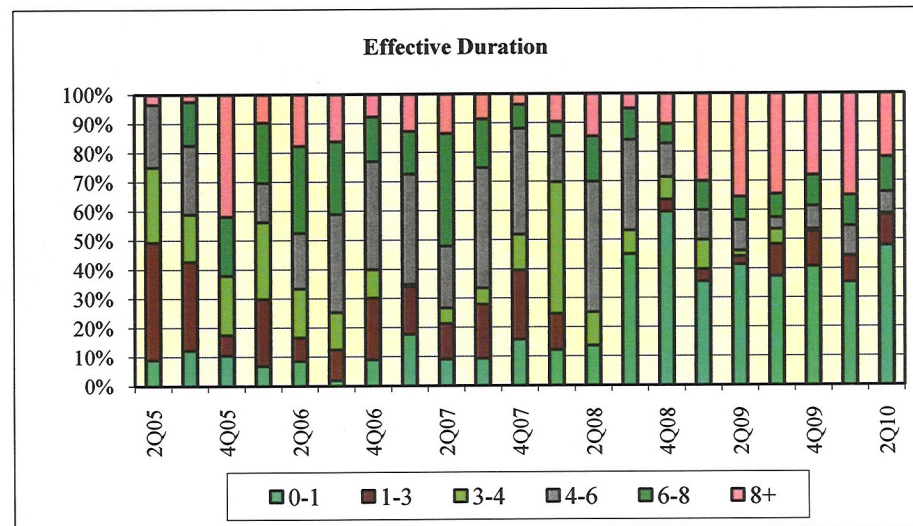
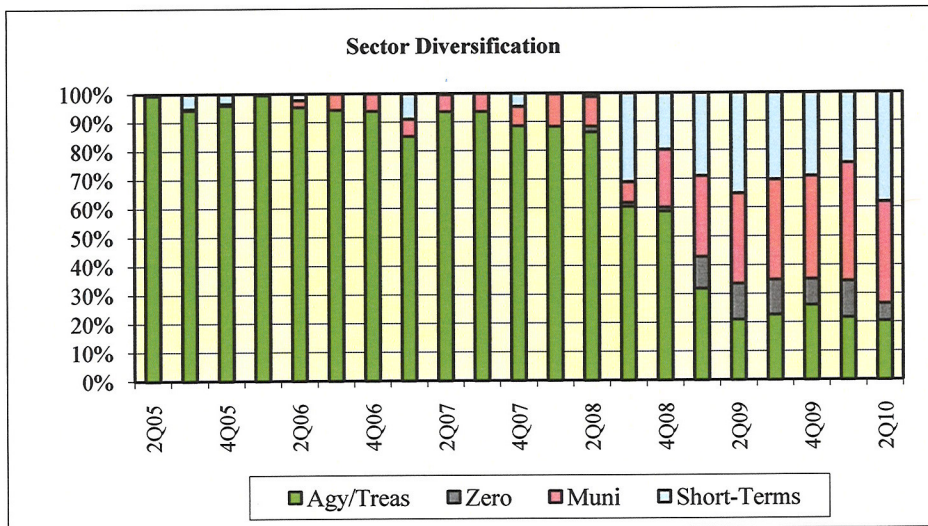


**METROPOLITAN COUNCIL--Investments**  
Operating Account--Long Term Investments, (Analysis of Returns)  
 June 30, 2010





**METROPOLITAN COUNCIL--Investments**  
Operating Account--Long Term Investments, (Selected Data)  
 June 30, 2010

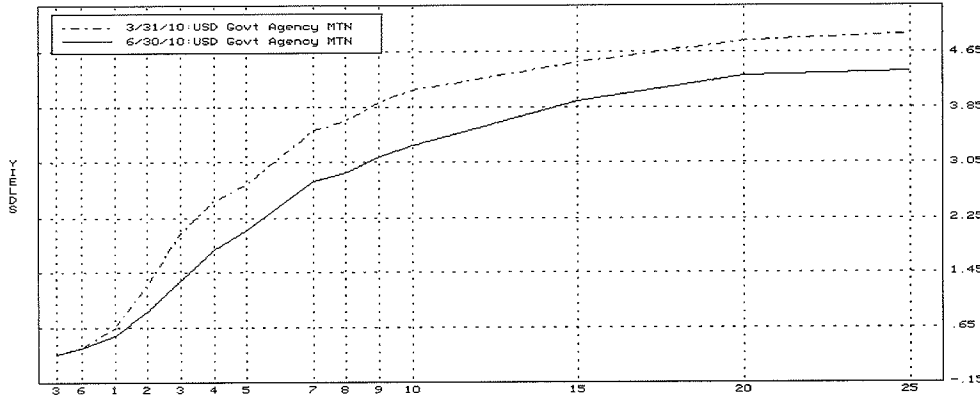


# METROPOLITAN COUNCIL—Investment Review Committee

## U.S. Agency & Treasury Charts

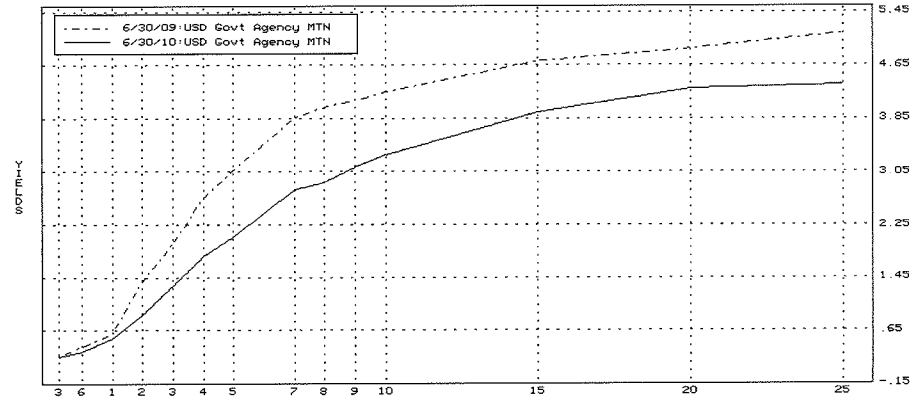
June 30, 2010

1  
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**FAIR MARKET YIELD CURVES - HISTORY**  
Maturity Range **3MO** - **30Y**



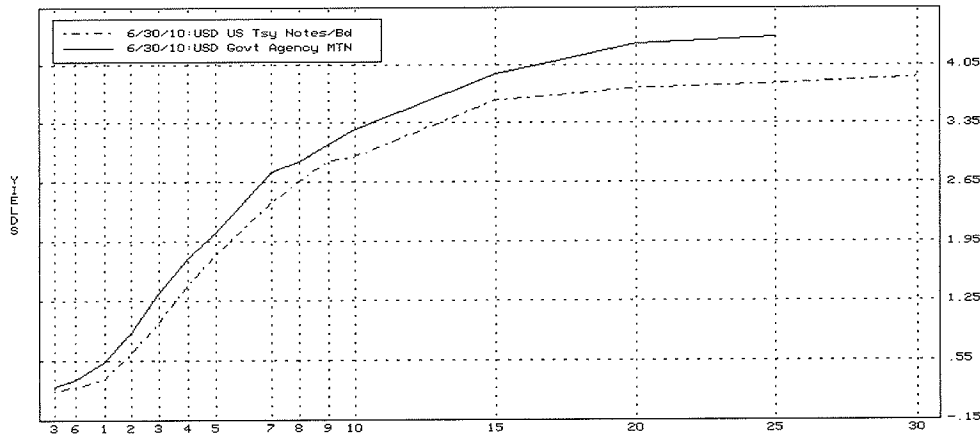
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 Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2010 Bloomberg Finance L.P.  
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**FAIR MARKET YIELD CURVES - HISTORY**  
Maturity Range **3MO** - **30Y**



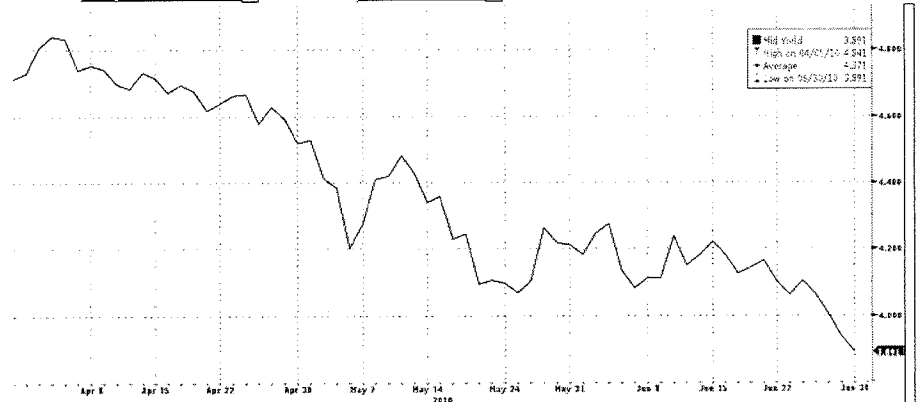
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**FAIR MARKET YIELD CURVES - HISTORY**  
Maturity Range **3MO** - **30Y**



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 Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2010 Bloomberg Finance L.P.  
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GY  
**US TREASURY N/B T 4 5/8 02/15/40 110-24 /110-26 ( 4.00 /00) BGN @14:42**  
 T 4 5/8 02/15/40 GOVT Advanced Hide GY - Yield Chart Page 1/3  
 Range 03/31/10 - 06/30/10 Upper: Mid Yield to Wo Mov. Avgs Currency USD  
 Period Daily Lower: None Mov. Avg 15 Source BGN Events



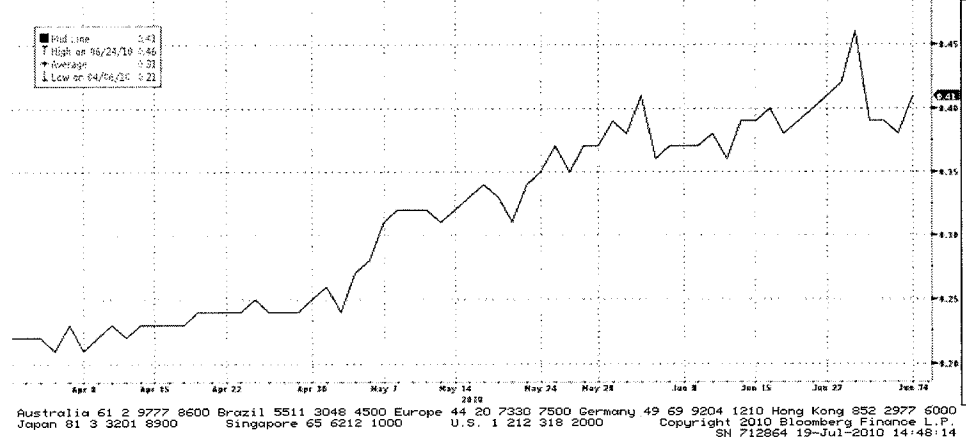
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**METROPOLITAN COUNCIL—Investment Review Committee**  
**OPEB and Hedging Reference Charts**  
 June 30, 2010

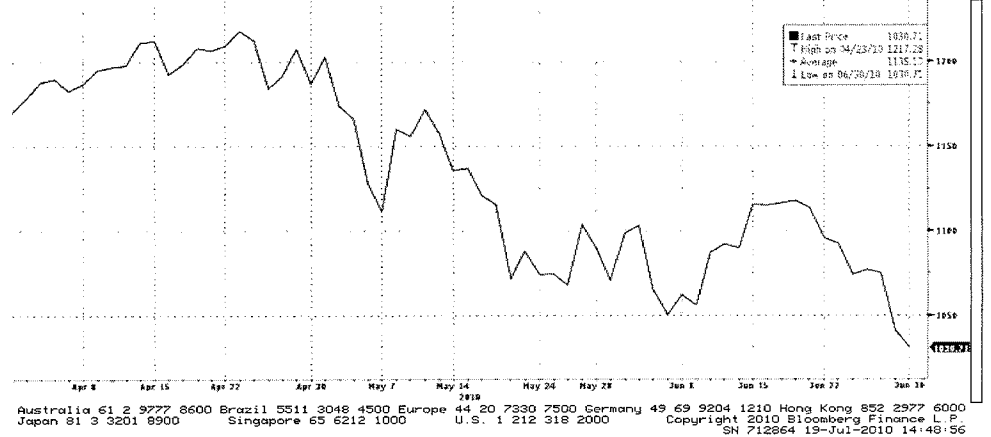
**30 Day Commercial Paper History**

**DCPB030D 1.34 - .07** Index GP  
 At 07:48 Op .34 Hi .34 Lo .34  
 DCPB030D INDEX  Advanced  Hide  
 GP - Line Chart Page 1/3  
 Range **03/31/10 - 06/30/10** Upper  Mid Line  Mov. Avgs  Currency **USD**  
 Period **Daily** Lower  None  Mov. Avg **15**  Events



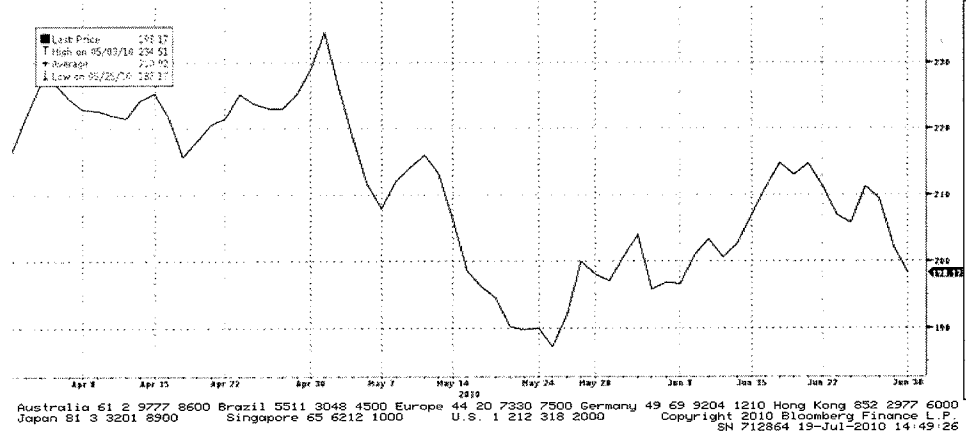
**S & P 500 Stock Index**

**SPX 1069.86 +4.98** Index GP  
 At 14:48 Op 1066.85 Hi 1074.70 Lo 1061.11 Prev 1064.88  
 SPX INDEX  Advanced  Hide  
 GP - Line Chart Page 1/3  
 Range **03/31/10 - 06/30/10** Upper  Line Chart  Mov. Avgs  Currency **USD**  
 Period **Daily** Lower  None  Mov. Avg **15**  Events



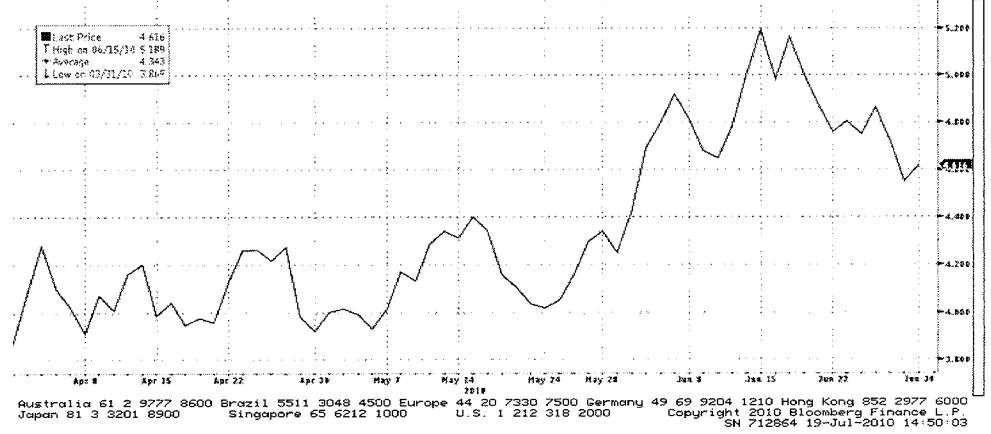
**Heating Oil, Nearest Futures Contract**

**H01 201.72 +.59** S 201.63/201.72 S Comdty GP  
 DELAY 14:37 Vol 32,676 Op 201.20 Hi 206.44 Lo 200.36 Prev 201.13  
 H01 COMB COMDTY  Advanced  Hide  
 GP - Line Chart Page 1/3  
 Range **03/31/10 - 06/30/10** Upper  Line Chart  Mov. Avgs  Currency **USD**  
 Period **Daily** Lower  None  Mov. Avg **15**  Events



**Natural Gas, Nearest Futures Contract**

**NG1 4.510 - .009** 4.510/4.511 Comdty GP  
 DELAY 14:38 Vol 77,062 Op 4.490 Hi 4.555 Lo 4.454 Prev 4.519  
 NG1 COMB COMDTY  Advanced  Hide  
 GP - Line Chart Page 1/3  
 Range **03/31/10 - 06/30/10** Upper  Line Chart  Mov. Avgs  Currency **USD**  
 Period **Daily** Lower  None  Mov. Avg **15**  Events



Quarterly percent change, unless otherwise indicated

Full year to full year percent change, unless otherwise indicated

|  | 2009          | 2010   |        |        |        | 2011   |        |        |        | 2012   | 2009   | 2010   | 2011   |
|--|---------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
|  | Q4            | Q1     | Q2     | Q3     | Q4     | Q1     | Q2     | Q3     | Q4     | Q1     |        |        |        |
| <i>Growth indicators</i>   |               |        |        |        |        |        |        |        |        |        |        |        |        |
| <b>GDP</b>   | <i>5.6</i>    | 2.7    | 2.3    | 1.7    | 2.1    | 2.0    | 1.5    | 2.2    | 2.3    | 2.3    | -2.4   | 2.7    | 1.9    |
| Final sales  | <i>1.7</i>    | 0.8    | 1.4    | 1.4    | 2.3    | 2.8    | 2.4    | 2.0    | 2.1    | 2.3    | -1.7   | 1.3    | 2.2    |
| Consumer spending  | <i>1.6</i>    | 3.0    | 2.5    | 1.5    | 1.5    | 2.0    | 2.0    | 2.0    | 2.0    | 2.3    | -0.6   | 2.1    | 1.9    |
| Fixed investment   | <i>5.0</i>    | -0.5   | 6.7    | 6.5    | 7.4    | 6.9    | 7.3    | 6.8    | 7.3    | 7.8    | -18.3  | 2.3    | 7.0    |
| Nonresidential   | <i>5.3</i>    | 2.2    | 7.2    | 6.9    | 7.4    | 6.7    | 6.5    | 6.0    | 6.6    | 7.2    | -17.8  | 2.8    | 6.8    |
| Structures   | <i>-18.1</i>  | -15.5  | -7.0   | -5.0   | 0.0    | 0.0    | 2.0    | 2.5    | 5.0    | 7.5    | -19.8  | -12.9  | -0.1   |
| Equipment  | <i>19.0</i>   | 11.4   | 13.0   | 12.5   | 11.0   | 10.0   | 9.0    | 8.0    | 8.0    | 8.0    | -16.6  | 10.8   | 10.1   |
| Residential  | <i>3.7</i>    | -10.3  | 5.0    | 5.0    | 7.5    | 7.5    | 10.0   | 10.0   | 10.0   | 10.0   | -20.5  | 0.4    | 8.0    |
| Inventory investment (\$bn)  | <i>-19.7</i>  | 41.2   | 70.0   | 80.0   | 75.0   | 50.0   | 20.0   | 25.0   | 30.0   | 30.0   | -108.3 | 66.6   | 31.3   |
| Foreign trade (\$bn)   | <i>-348.0</i> | -373.0 | -400.0 | -409.7 | -397.1 | -381.5 | -382.9 | -398.0 | -413.5 | -429.4 | -355.6 | -394.9 | -394.0 |
| Government spending  | <i>-1.3</i>   | -1.9   | -1.5   | -1.0   | -0.5   | 0.0    | 0.5    | 1.0    | 1.0    | 1.0    | 1.8    | -0.4   | 0.0    |
| Treasury budget (fiscal yr, \$bn)  | <i>-329.4</i> | -388.1 | -328.9 | -287.0 | -369.7 | -311.4 | -249.9 | -283.8 | -303.9 | -285.0 | -1,416 | -1,370 | -1,149 |
| Housing starts, (thousands)  | <i>559</i>    | 617    | 618    | 620    | 650    | 681    | 715    | 750    | 786    | 875    | 553    | 626    | 733    |
| Unemployment rate (qtr end)  | <i>10.0</i>   | 9.7    | 9.5    | 9.4    | 9.1    | 8.9    | 8.6    | 8.3    | 8.0    | 7.8    | 10.0   | 9.1    | 8.3    |
| <i>Inflation indicators (quarter on previous yr's same quarter, at an annual rate. Annual figures are Dec. change from prior Dec.)</i> |               |        |        |        |        |        |        |        |        |        |        |        |        |
| PCE  | <i>1.2</i>    | 2.0    | 1.7    | 1.0    | 0.5    | 0.4    | 0.7    | 1.1    | 1.3    | 1.9    | 2.1    | 0.4    | 1.4    |
| Core PCE   | <i>1.5</i>    | 1.4    | 1.2    | 1.3    | 1.1    | 1.3    | 1.3    | 1.4    | 1.5    | 1.9    | 1.6    | 1.1    | 1.6    |
| PPI  | <i>1.6</i>    | 5.1    | 4.4    | 3.0    | 1.5    | 1.0    | 1.0    | 1.2    | 1.4    | 1.5    | 4.4    | 1.5    | 1.5    |
| Core PPI   | <i>0.9</i>    | 0.9    | 1.1    | 1.1    | 1.2    | 1.2    | 1.3    | 1.3    | 1.4    | 1.5    | 0.9    | 1.1    | 1.4    |
| <i>Interest rates: end of period</i>   |               |        |        |        |        |        |        |        |        |        |        |        |        |
| Federal funds rate (hist. is qtr avg)  | <i>0.12</i>   | 0.13   | 0.20   | 0.25   | 0.25   | 0.25   | 0.25   | 0.25   | 0.25   | 0.25   | 0.12   | 0.25   | 0.25   |
| 3-month LIBOR  | <i>0.25</i>   | 0.29   | 0.53   | 0.53   | 0.53   | 0.53   | 0.43   | 0.43   | 0.33   | 0.33   | 0.25   | 0.53   | 0.33   |
| 3-mo Treasury bills  | <i>0.06</i>   | 0.16   | 0.18   | 0.15   | 0.15   | 0.15   | 0.15   | 0.15   | 0.15   | 0.15   | 0.06   | 0.15   | 0.15   |
| 2-yr Treasury notes  | <i>1.14</i>   | 1.02   | 0.61   | 0.60   | 0.60   | 0.55   | 0.50   | 0.55   | 0.60   | 0.65   | 1.14   | 0.60   | 0.60   |
| 5-yr Treasury notes  | <i>2.69</i>   | 2.55   | 1.79   | 1.75   | 1.75   | 1.70   | 1.75   | 1.90   | 2.25   | 2.35   | 2.69   | 1.75   | 2.25   |
| 10-yr Treasury notes   | <i>3.85</i>   | 3.84   | 2.97   | 2.75   | 2.85   | 2.90   | 3.00   | 3.25   | 3.40   | 3.50   | 3.85   | 2.85   | 3.40   |
| Fed primary credit (discount rate)   | <i>0.50</i>   | 0.75   | 0.75   | 0.75   | 0.75   | 0.75   | 1.00   | 1.00   | 1.00   | 1.25   | 0.50   | 0.75   | 1.00   |
| Prime bank rate  | <i>3.25</i>   | 3.25   | 3.20   | 3.25   | 3.25   | 3.25   | 3.25   | 3.25   | 3.25   | 3.25   | 3.25   | 3.25   | 3.25   |
| Avg. fixed mortgage rate   | <i>5.14</i>   | 5.08   | 4.58   | 4.25   | 4.25   | 4.30   | 4.40   | 4.65   | 4.80   | 4.90   | 5.14   | 4.25   | 4.80   |

*Actual values in blue italics.*

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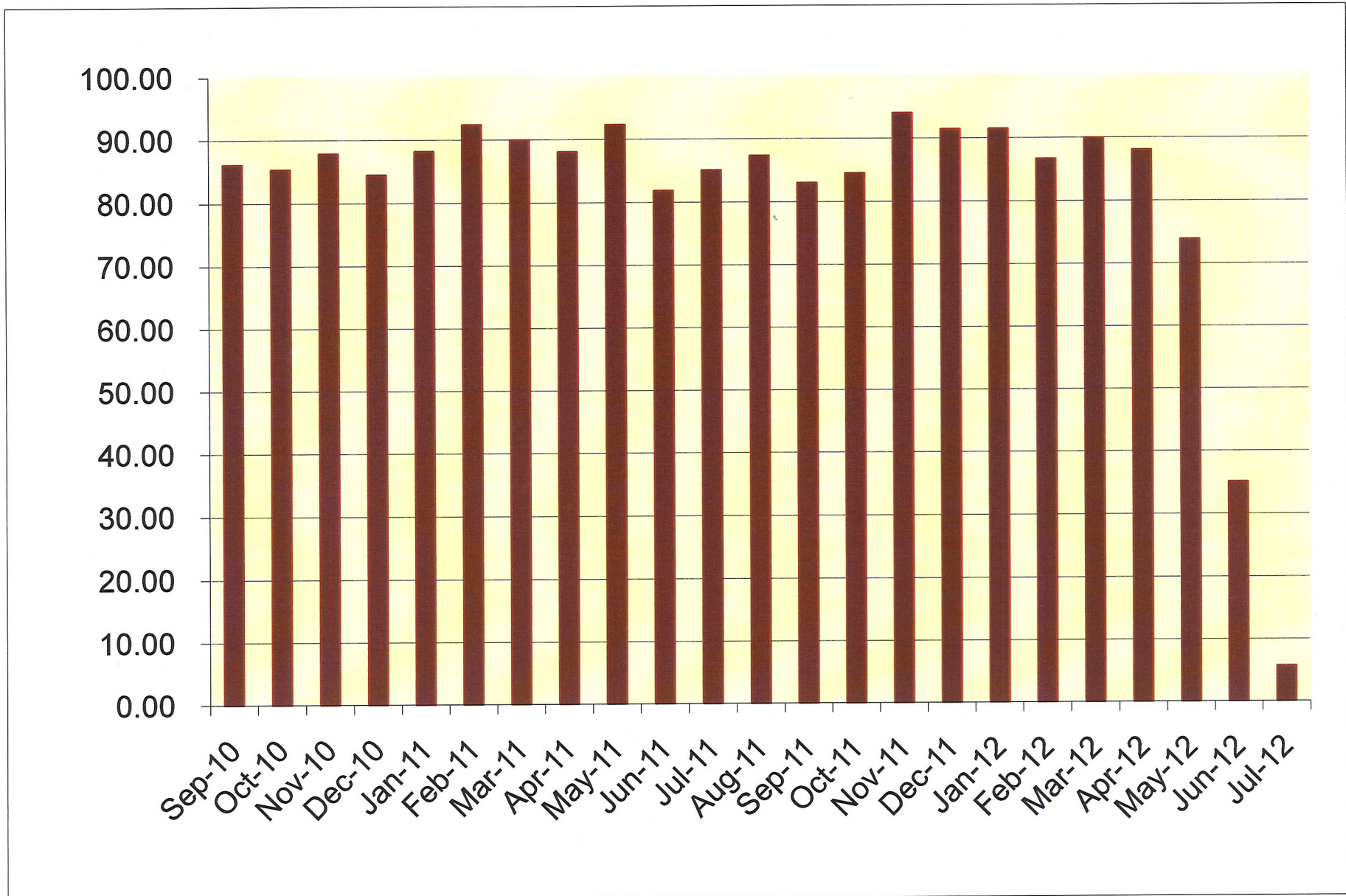


# METROPOLITAN COUNCIL--Prospective Analysis (Futures Contracts)

Monthly Percentage Hedged Snapshot

Diesel (Heating Oil)

June 30, 2010



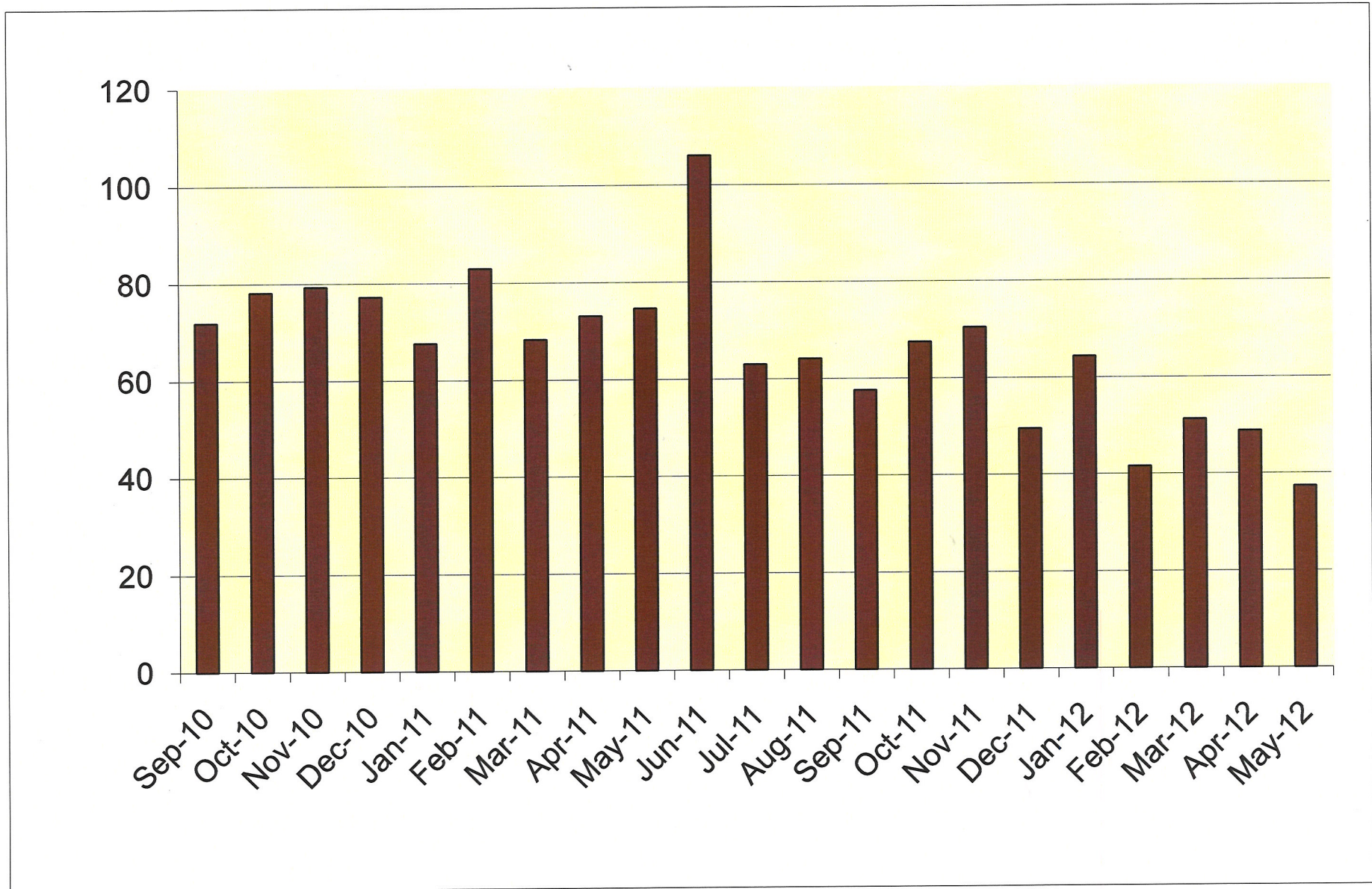


# METROPOLITAN COUNCIL--Prospective Analysis (Futures Contracts)

Monthly Percentage Hedged Snapshot

Natural Gas

June 30, 2010





**METROPOLITAN COUNCIL**

**005B-EOM, Aggregate Portfolio  
Portfolio Management  
Portfolio Summary  
June 30, 2010**

Metropolitan Council  
Fiscal Services--Treasury Ops.  
390 Robert Street North  
St. Paul, MN 55101-1805  
(651)602-1629

|   | Par Value                   | Market Value               | Book Value            | % of Portfolio | Term         | Days to Maturity | YTM          |
|---|-----------------------------|----------------------------|-----------------------|----------------|--------------|------------------|--------------|
| <b>Investments</b>  |                             |                            |                       |                |              |                  |              |
| Interest Earning DDA                                      | 258,952.91                  | 258,952.91                 | 258,952.91            | 0.07           | 1            | 1                | 0.250        |
| Money Market Fund, LA1 Type                               | 149,332,639.05              | 149,332,639.05             | 149,332,639.05        | 37.72          | 1            | 1                | 0.218        |
| CP--Discount  | 20,000,000.00               | 19,935,700.00              | 19,958,309.55         | 5.04           | 151          | 149              | 0.501        |
| U.S. Agencies--Coupon                                     | 47,975,000.00               | 49,285,995.00              | 48,525,057.80         | 12.26          | 2,101        | 1,820            | 2.751        |
| Municipals--Coupon  | 79,375,000.00               | 84,242,124.50              | 79,506,435.51         | 20.09          | 5,886        | 5,280            | 5.702        |
| Zero Coupon Bonds   | 27,465,000.00               | 13,986,237.05              | 12,848,059.24         | 3.25           | 4,298        | 3,798            | 6.525        |
| Managed Pool Accounts -2                                  | 85,417,146.82               | 69,235,767.54              | 85,417,146.82         | 21.58          | 1            | 1                | 1.546        |
|   | <b>409,823,738.78</b>       | <b>386,277,416.05</b>      | <b>395,846,600.88</b> | <b>100.00%</b> | <b>1,587</b> | <b>1,415</b>     | <b>2.136</b> |
| <b>Investments</b>  |                             |                            |                       |                |              |                  |              |
| <b>Cash and Accrued Interest</b>                          |                             |                            |                       |                |              |                  |              |
| Passbook/Checking<br>(not included in yield calculations) | 2,997,910.75                | 2,997,910.75               | 2,997,910.75          |                | 1            | 1                | 0.000        |
| Accrued Interest at Purchase                              |                             | 56,024.03                  | 56,024.03             |                |              |                  |              |
| Ending Accrued Interest                                   |                             | 1,916,396.23               | 1,916,396.23          |                |              |                  |              |
| Subtotal  |                             | 4,970,331.01               | 4,970,331.01          |                |              |                  |              |
| <b>Total Cash and Investments Value</b>                   | <b>412,821,649.53</b>       | <b>391,247,747.06</b>      | <b>400,816,931.89</b> |                | <b>1,587</b> | <b>1,415</b>     | <b>2.136</b> |
| <b>Total Earnings</b>                                     | <b>June 30 Month Ending</b> | <b>Fiscal Year To Date</b> |                       |                |              |                  |              |
| Current Year  | 682,199.95                  | 4,438,862.38               |                       |                |              |                  |              |

Allen Hoppe, Sr. Manager, Treasury

Reporting period 06/01/2010-06/30/2010  
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**005B-EOM, Aggregate Portfolio  
Portfolio Management  
Portfolio Details - Investments  
June 30, 2010**

| CUSIP                              | Investment # | Issuer                         | Purchase Date | Par Value             | Market Value          | Book Value            | Stated Rate | Days to Term | Days to Maturity | YTM          | Maturity Date |
|------------------------------------|--------------|--------------------------------|---------------|-----------------------|-----------------------|-----------------------|-------------|--------------|------------------|--------------|---------------|
| <b>Interest Earning DDA</b>        |              |                                |               |                       |                       |                       |             |              |                  |              |               |
| A=ST=DDA                           | 2271         | U.S. Bank                      |               | 9,120.27              | 9,120.27              | 9,120.27              | 0.250       | 1            | 1                | 0.250        |               |
| A=LT=DDA                           | 2946         | U.S. Bank                      |               | 249,832.64            | 249,832.64            | 249,832.64            | 0.250       | 1            | 1                | 0.250        |               |
| <b>Subtotal and Average</b>        |              |                                |               | <b>258,952.91</b>     | <b>258,952.91</b>     | <b>258,952.91</b>     |             | <b>1</b>     | <b>1</b>         | <b>0.250</b> |               |
| <b>Money Market Fund, LA1 Type</b> |              |                                |               |                       |                       |                       |             |              |                  |              |               |
| A=ST=BANKMMF                       | 1386         | First American MMF             |               | 633,371.90            | 633,371.90            | 633,371.90            | 0.020       | 1            | 1                | 0.020        |               |
| A=TE=CUSTODYMMF                    | 2551         | First American MMF             |               | 0.00                  | 0.00                  | 0.00                  | 2.000       | 1            | 1                | 2.000        |               |
| SYS2739                            | 2739         | Credit Suisse Institutional Fu |               | 0.00                  | 0.00                  | 0.00                  | 0.690       | 1            | 1                | 0.690        |               |
| A=11211422-TE                      | 1896         | Federated                      |               | 0.00                  | 0.00                  | 0.00                  | 1.310       | 1            | 1                | 1.310        |               |
| A=7002237977                       | 2521         | Federated                      |               | 0.00                  | 0.00                  | 0.00                  | 5.220       | 1            | 1                | 5.220        |               |
| SYS2522                            | 2522         | Federated                      |               | 0.00                  | 0.00                  | 0.00                  | 5.220       | 1            | 1                | 5.220        |               |
| SYS2725                            | 2725         | Federated                      |               | 70,950.98             | 70,950.98             | 70,950.98             | 0.040       | 1            | 1                | 0.040        |               |
| TBIXX                              | 2933         | Federated                      | 01/01/2010    | 0.00                  | 0.00                  | 0.00                  | 0.150       | 1            | 1                | 0.150        |               |
| 60934N401                          | 2934         | Federated                      | 01/01/2010    | 0.00                  | 0.00                  | 0.00                  | 0.310       | 1            | 1                | 0.310        |               |
| 60934N203                          | 2942         | Federated                      |               | 70,011,198.79         | 70,011,198.79         | 70,011,198.79         | 0.220       | 1            | 1                | 0.220        |               |
| 60934N203                          | 2949         | Federated                      |               | 77,837,164.17         | 77,837,164.17         | 77,837,164.17         | 0.220       | 1            | 1                | 0.220        |               |
| SYS2874                            | 2874         | Goldman Sachs Government Fund  |               | 0.00                  | 0.00                  | 0.00                  | 0.030       | 1            | 1                | 0.030        |               |
| SYS2875                            | 2875         | Goldman Sachs Government Fund  | 01/01/2010    | 0.00                  | 0.00                  | 0.00                  | 0.200       | 1            | 1                | 0.200        |               |
| 38141W364                          | 2973         | Goldman Sachs Government Fund  |               | 0.00                  | 0.00                  | 0.00                  | 0.030       | 1            | 1                | 0.030        |               |
| A=756004008                        | 2487         | Morgan Stanley                 | 01/01/2010    | 0.00                  | 0.00                  | 0.00                  | 0.260       | 1            | 1                | 0.260        |               |
| A=104756184180                     | 2083         | U.S. Bank                      |               | 768,055.71            | 768,055.71            | 768,055.71            | 0.050       | 1            | 1                | 0.050        |               |
| SYS2384                            | 2384         | Voyageurs Tamarack Prime Inst  |               | 0.00                  | 0.00                  | 0.00                  | 3.250       | 1            | 1                | 3.250        |               |
| A=ST=CUST-WELLS                    | 2708         | Wells Fargo--Sweep             | 01/01/2010    | 0.00                  | 0.00                  | 0.00                  | 0.010       | 1            | 1                | 0.010        |               |
| A=LT=CUST=WELLS                    | 2709         | Wells Fargo--Sweep             |               | 11,897.50             | 11,897.50             | 11,897.50             | 0.010       | 1            | 1                | 0.010        |               |
| W-LT SEC. LENDG                    | 2711         | Wells Fargo--Sweep             | 01/01/2010    | 0.00                  | 0.00                  | 0.00                  |             | 1            | 1                | 0.000        |               |
| W-ST SEC. LENDG                    | 2712         | Wells Fargo--Sweep             | 01/01/2010    | 0.00                  | 0.00                  | 0.00                  |             | 1            | 1                | 0.000        |               |
| <b>Subtotal and Average</b>        |              |                                |               | <b>149,332,639.05</b> | <b>149,332,639.05</b> | <b>149,332,639.05</b> |             | <b>1</b>     | <b>1</b>         | <b>0.218</b> |               |
| <b>CP--Discount</b>                |              |                                |               |                       |                       |                       |             |              |                  |              |               |
| 79583TKU8                          | 2999         | Salvation Amy                  | 06/29/2010    | 10,000,000.00         | 9,977,500.00          | 9,985,698.80          | 0.440       | 121          | 119              | 0.441        | 10/28/2010    |
| 36959JMT7                          | 2998         | General Electric Capital Corp  | 06/29/2010    | 10,000,000.00         | 9,958,200.00          | 9,972,610.75          | 0.560       | 181          | 179              | 0.562        | 12/27/2010    |
| <b>Subtotal and Average</b>        |              |                                |               | <b>20,000,000.00</b>  | <b>19,935,700.00</b>  | <b>19,958,309.55</b>  |             | <b>151</b>   | <b>149</b>       | <b>0.501</b> |               |
| <b>U.S. Agencies--Coupon</b>       |              |                                |               |                       |                       |                       |             |              |                  |              |               |
| 3128X97C8                          | 2976         | Fed. Home Loan Mtge. Corp.     | 04/27/2010    | 5,000,000.00          | 5,016,200.00          | 5,000,000.00          | 1.375       | 822          | 757              | 1.375        | 07/27/2012    |
| 3133XUR47                          | 2953         | Fed. Home Loan Bank            | 09/24/2009    | 10,000,000.00         | 10,037,500.00         | 10,000,000.00         | 2.000       | 1,096        | 816              | 2.000        | 09/24/2012    |
| 3136FMNQ3                          | 2977         | Federal Nat'l.Mtge. Assn.      | 04/29/2010    | 5,000,000.00          | 5,060,950.00          | 5,000,000.00          | 2.050       | 1,187        | 1,124            | 2.050        | 07/29/2013    |
| 31398AU59                          | 2979         | Federal Nat'l.Mtge. Assn.      | 06/24/2010    | 5,000,000.00          | 5,015,650.00          | 5,000,000.00          | 2.000       | 1,279        | 1,272            | 2.000        | 12/24/2013    |

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**005B-EOM, Aggregate Portfolio  
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Portfolio Details - Investments  
June 30, 2010**

| CUSIP                        | Investment # | Issuer                        | Purchase Date | Par Value            | Market Value         | Book Value           | Stated Rate | Days to Term | Days to Maturity | YTM          | Maturity Date |
|------------------------------|--------------|-------------------------------|---------------|----------------------|----------------------|----------------------|-------------|--------------|------------------|--------------|---------------|
| <b>U.S. Agencies--Coupon</b> |              |                               |               |                      |                      |                      |             |              |                  |              |               |
| 3136FJ3A7                    | 2991         | Federal Nat'l.Mtge. Assn.     | 06/28/2010    | 7,500,000.00         | 7,521,075.00         | 7,519,886.22         | 2.150       | 1,702        | 1,699            | 2.090        | 02/24/2015    |
| 3133XYQL2                    | 2978         | Federal Home Loan             | 06/15/2010    | 2,000,000.00         | 1,998,120.00         | 2,000,005.95         | 2.750       | 1,826        | 1,810            | 2.750        | 06/15/2015    |
| 3136FJUF6                    | 2970         | Federal Nat'l.Mtge. Assn.     | 12/07/2009    | 5,000,000.00         | 5,051,550.00         | 4,999,310.71         | 3.400       | 2,557        | 2,351            | 3.402        | 12/07/2016    |
| 19647TAA3                    | 1682-B       | U.S. GSA, COPs                | 04/01/2005    | 3,405,000.00         | 3,486,720.00         | 3,404,224.94         | 6.600       | 5,402        | 3,485            | 6.602        | 01/15/2020    |
| 19647TAA3                    | 1764-B       | U.S. GSA, COPs                | 04/01/2005    | 70,000.00            | 71,680.00            | 70,000.00            | 6.600       | 5,402        | 3,485            | 6.599        | 01/15/2020    |
| 3133XLPP2                    | 2917         | Fed. Home Loan Bank           | 04/17/2009    | 5,000,000.00         | 6,026,550.00         | 5,531,629.98         | 5.750       | 4,802        | 4,362            | 4.556        | 06/10/2022    |
| <b>Subtotal and Average</b>  |              |                               |               | <b>47,975,000.00</b> | <b>49,285,995.00</b> | <b>48,525,057.80</b> |             | <b>2,101</b> | <b>1,820</b>     | <b>2.751</b> |               |
| <b>Municipals--Coupon</b>    |              |                               |               |                      |                      |                      |             |              |                  |              |               |
| 492279AL8                    | 2931         | Kern Cnty, CA                 | 05/29/2009    | 2,090,000.00         | 2,103,543.20         | 2,102,047.60         | 7.020       | 443          | 45               | 2.210        | 08/15/2010    |
| 167485E49                    | 2846         | Chicago, IL G.O. Taxable      | 10/16/2008    | 3,020,000.00         | 3,077,198.80         | 3,033,265.21         | 5.011       | 807          | 184              | 4.080        | 01/01/2011    |
| 974603QK1                    | 2957         | Winnebago Cnty, WI            | 11/10/2009    | 40,000.00            | 40,249.20            | 40,000.00            | 1.300       | 507          | 274              | 1.300        | 04/01/2011    |
| 080607CE2                    | 2981         | Beloit Turner Wis Sch Dist    | 06/28/2010    | 1,000,000.00         | 1,000,210.00         | 1,000,000.00         | 1.125       | 338          | 335              | 1.125        | 06/01/2011    |
| 041042RJ3                    | 2980         | Arkansas State G.O. Bonds     | 06/24/2010    | 755,000.00           | 755,528.50           | 755,000.00           | 1.000       | 372          | 365              | 1.000        | 07/01/2011    |
| 772346AA0                    | 2982         | Rock Is Cnty IL Met Mass Tran | 06/24/2010    | 525,000.00           | 525,309.75           | 525,000.00           | 2.250       | 556          | 549              | 2.250        | 01/01/2012    |
| 278445FK2                    | 2945         | Eau Claire ASD, WI            | 08/03/2009    | 520,000.00           | 537,269.20           | 520,000.00           | 2.600       | 972          | 640              | 2.599        | 04/01/2012    |
| 750046GW8                    | 2943         | Racine USD, WI                | 07/28/2009    | 1,000,000.00         | 1,033,210.00         | 1,000,000.00         | 2.600       | 978          | 640              | 2.601        | 04/01/2012    |
| 974603QL9                    | 2958         | Winnebago Cnty, WI            | 11/10/2009    | 355,000.00           | 360,768.75           | 355,000.00           | 2.150       | 873          | 640              | 2.150        | 04/01/2012    |
| 835574BM5                    | 2938         | Sonoma Cnty Pension, CA       | 06/23/2009    | 3,600,000.00         | 3,792,708.00         | 3,594,307.75         | 4.210       | 1,257        | 884              | 4.280        | 12/01/2012    |
| 772346AB8                    | 2983         | Rock Is Cnty IL Met Mass Tran | 06/24/2010    | 535,000.00           | 537,723.15           | 535,000.00           | 2.350       | 922          | 915              | 2.350        | 01/01/2013    |
| 750046GX6                    | 2944         | Racine USD, WI                | 07/28/2009    | 865,000.00           | 908,881.45           | 865,000.00           | 3.100       | 1,343        | 1,005            | 3.101        | 04/01/2013    |
| 974603QM7                    | 2959         | Winnebago Cnty, WI            | 11/10/2009    | 365,000.00           | 374,121.35           | 365,000.00           | 2.400       | 1,238        | 1,005            | 2.400        | 04/01/2013    |
| 772346AC6                    | 2984         | Rock Is Cnty IL Met Mass Tran | 06/24/2010    | 550,000.00           | 554,031.50           | 550,000.00           | 2.750       | 1,287        | 1,280            | 2.750        | 01/01/2014    |
| 974603QN5                    | 2960         | Winnebago Cnty, WI            | 11/10/2009    | 370,000.00           | 381,273.90           | 370,000.00           | 3.000       | 1,603        | 1,370            | 3.000        | 04/01/2014    |
| 772346AD4                    | 2985         | Rock Is Cnty IL Met Mass Tran | 06/24/2010    | 565,000.00           | 570,203.65           | 565,000.00           | 3.200       | 1,652        | 1,645            | 3.200        | 01/01/2015    |
| 974603QP0                    | 2961         | Winnebago Cnty, WI            | 11/10/2009    | 385,000.00           | 399,449.05           | 385,000.00           | 3.200       | 1,968        | 1,735            | 3.200        | 04/01/2015    |
| 772346AE2                    | 2986         | Rock Is Cnty IL Met Mass Tran | 06/24/2010    | 585,000.00           | 591,715.80           | 585,000.00           | 3.550       | 2,017        | 2,010            | 3.550        | 01/01/2016    |
| 974603QQ8                    | 2962         | Winnebago Cnty, WI            | 11/10/2009    | 395,000.00           | 416,333.95           | 395,000.00           | 3.700       | 2,334        | 2,101            | 3.701        | 04/01/2016    |
| 772346AF9                    | 2987         | Rock Is Cnty IL Met Mass Tran | 06/24/2010    | 605,000.00           | 613,657.55           | 605,000.00           | 4.000       | 2,383        | 2,376            | 4.000        | 01/01/2017    |
| 392643PJ5                    | 2482-B       | Green Bay School District, WI | 04/01/2005    | 1,000,000.00         | 1,003,280.00         | 999,493.87           | 5.000       | 4,383        | 2,466            | 5.009        | 04/01/2017    |
| 974603QR6                    | 2963         | Winnebago Cnty, WI            | 11/10/2009    | 405,000.00           | 429,830.55           | 405,000.00           | 4.000       | 2,699        | 2,466            | 4.001        | 04/01/2017    |
| 797398EG5                    | 2850         | San Diego Pension             | 11/13/2008    | 3,000,000.00         | 3,131,190.00         | 2,955,024.25         | 5.728       | 3,197        | 2,602            | 6.000        | 08/15/2017    |
| 974603QS4                    | 2964         | Winnebago Cnty, WI            | 11/10/2009    | 420,000.00           | 443,205.00           | 420,000.00           | 4.250       | 3,064        | 2,831            | 4.251        | 04/01/2018    |
| 974603QT2                    | 2965         | Winnebago Cnty, WI            | 11/10/2009    | 435,000.00           | 454,844.70           | 435,000.00           | 4.450       | 3,429        | 3,196            | 4.451        | 04/01/2019    |
| 64966HHA1                    | 2902         | New York, NY                  | 03/13/2009    | 1,000,000.00         | 1,172,720.00         | 1,016,713.09         | 6.491       | 4,371        | 3,896            | 6.266        | 03/01/2021    |
| 786106GN8                    | 2871         | Sacramento Cnty, CA           | 12/26/2008    | 3,500,000.00         | 4,304,370.00         | 3,917,739.81         | 7.680       | 4,615        | 4,063            | 6.122        | 08/15/2021    |

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| CUSIP                           | Investment # | Issuer                         | Purchase Date | Par Value            | Market Value         | Book Value           | Stated Rate | Term         | Days to Maturity | YTM          | Maturity Date |
|---------------------------------|--------------|--------------------------------|---------------|----------------------|----------------------|----------------------|-------------|--------------|------------------|--------------|---------------|
| <b>Municipals--Coupon</b>       |              |                                |               |                      |                      |                      |             |              |                  |              |               |
| 518516PF0                       | 2623         | Meridian, MS                   | 07/24/2006    | 565,000.00           | 607,917.40           | 561,532.59           | 6.000       | 5,821        | 4,383            | 6.399        | 07/01/2022    |
| 518516PG8                       | 2624         | Meridian, MS                   | 07/24/2006    | 445,000.00           | 475,914.15           | 440,340.88           | 6.000       | 6,186        | 4,748            | 6.441        | 07/01/2023    |
| 60415NE24                       | 2625         | Minnesota HFA                  | 07/27/2006    | 2,985,000.00         | 3,175,562.40         | 3,019,019.01         | 6.300       | 6,183        | 4,748            | 6.158        | 07/01/2023    |
| 088518CK9                       | 2845         | Bexar Cnty, TX                 | 10/15/2008    | 3,420,000.00         | 3,950,236.80         | 3,485,138.65         | 6.360       | 5,417        | 4,793            | 6.136        | 08/15/2023    |
| 518516PH6                       | 2631         | Meridian, MS                   | 07/31/2006    | 740,000.00           | 782,675.80           | 727,556.44           | 6.000       | 6,545        | 5,114            | 6.505        | 07/01/2024    |
| 489836MM5                       | 2941         | Kenosha SCD, WI                | 07/15/2009    | 2,400,000.00         | 2,598,432.00         | 2,466,018.25         | 8.000       | 5,739        | 5,388            | 7.671        | 04/01/2025    |
| 518516PJ2                       | 2630         | Meridian, MS                   | 07/31/2006    | 790,000.00           | 828,449.30           | 772,723.01           | 6.000       | 6,910        | 5,479            | 6.549        | 07/01/2025    |
| 60374AW39                       | 2610         | Minneapolis, MN                | 04/11/2006    | 2,000,000.00         | 2,014,760.00         | 2,026,704.54         | 6.000       | 7,236        | 5,694            | 5.853        | 02/01/2026    |
| 613035XA7                       | 2858         | Montgomery, ALA                | 12/01/2008    | 500,000.00           | 513,290.00           | 453,744.98           | 5.190       | 6,330        | 5,753            | 6.153        | 04/01/2026    |
| 977100AC0                       | 2844         | Wisconsin Gen Rev              | 10/07/2008    | 555,000.00           | 592,334.85           | 540,353.06           | 5.700       | 6,415        | 5,783            | 5.971        | 05/01/2026    |
| 987830KW5                       | 2622         | Ypsilanti, MI                  | 07/24/2006    | 2,000,000.00         | 1,999,800.00         | 2,018,132.36         | 6.150       | 7,221        | 5,783            | 6.051        | 05/01/2026    |
| 274407SS5                       | 2894         | East Peoria, IL                | 03/10/2009    | 3,930,000.00         | 3,834,776.10         | 3,577,197.08         | 5.500       | 6,506        | 6,028            | 6.420        | 01/01/2027    |
| 461225CU6                       | 2869         | Inver Grove Heights MN ISD # 1 | 01/06/2009    | 2,175,000.00         | 2,307,283.50         | 2,174,860.27         | 6.700       | 6,600        | 6,059            | 6.700        | 02/01/2027    |
| 849067J79                       | 2857         | Spokane, WA                    | 12/01/2008    | 2,000,000.00         | 2,001,480.00         | 1,784,418.33         | 5.340       | 6,939        | 6,362            | 6.420        | 12/01/2027    |
| 981305SA4                       | 2890         | City of Worcester, MA          | 02/26/2009    | 3,500,000.00         | 3,917,970.00         | 3,532,498.16         | 6.250       | 6,883        | 6,393            | 6.159        | 01/01/2028    |
| 686053GG8                       | 2859         | Oregon School Brd              | 12/01/2008    | 500,000.00           | 495,880.00           | 430,958.99           | 4.759       | 7,151        | 6,574            | 6.082        | 06/30/2028    |
| 778102L76                       | 2867         | Roseville, MN ISD # 623        | 01/07/2009    | 3,540,000.00         | 4,084,947.60         | 3,540,000.00         | 7.250       | 7,330        | 6,790            | 7.247        | 02/01/2029    |
| 074851MU7                       | 2609         | Beaver County, PA              | 04/11/2006    | 3,000,000.00         | 2,873,700.00         | 2,903,018.01         | 5.650       | 9,014        | 7,472            | 5.953        | 12/15/2030    |
| 452151LF8                       | 2849         | Illinois State Pension         | 11/13/2008    | 3,000,000.00         | 2,375,400.00         | 2,527,711.30         | 5.100       | 8,966        | 8,371            | 6.481        | 06/01/2033    |
| 794879DC7                       | 2870         | Salinas Schools, CA            | 12/26/2008    | 2,815,000.00         | 3,296,477.60         | 3,085,322.30         | 7.350       | 8,953        | 8,401            | 6.505        | 07/01/2033    |
| 794879DC7                       | 2927         | Salinas Schools, CA            | 05/14/2009    | 250,000.00           | 292,760.00           | 255,976.24           | 7.350       | 8,814        | 8,401            | 7.128        | 07/01/2033    |
| 280455CL8                       | 2968         | Edgewood Sch Dist, OH          | 11/12/2009    | 4,000,000.00         | 4,354,600.00         | 4,110,750.41         | 7.500       | 10,246       | 10,015           | 7.261        | 12/01/2037    |
| 930353HN0                       | 2954         | Wadsworth Sch Dist, OH         | 09/28/2009    | 2,880,000.00         | 3,244,320.00         | 3,073,147.23         | 7.000       | 10,291       | 10,015           | 6.466        | 12/01/2037    |
| 969788FQ6                       | 2951         | Williamson Cnty Schl, IL       | 07/30/2009    | 3,500,000.00         | 4,110,330.00         | 3,705,721.84         | 8.250       | 13,304       | 12,968           | 7.752        | 01/01/2046    |
| <b>Subtotal and Average</b>     |              |                                |               | <b>79,375,000.00</b> | <b>84,242,124.50</b> | <b>79,506,435.51</b> |             | <b>5,886</b> | <b>5,280</b>     | <b>5.702</b> |               |
| <b>Zero Coupon Bonds</b>        |              |                                |               |                      |                      |                      |             |              |                  |              |               |
| 011112AV1                       | 2920         | Alameda Cnty, CA Pension       | 04/28/2009    | 5,000,000.00         | 4,199,850.00         | 3,846,704.80         | 4.978       | 2,043        | 1,614            | 6.024        | 12/01/2014    |
| 672319BA7                       | 2837         | Oakland, CA                    | 10/02/2008    | 6,000,000.00         | 3,040,560.00         | 3,233,716.73         | 4.151       | 4,457        | 3,820            | 6.000        | 12/15/2020    |
| 625506HP8                       | 2903         | Multnomah Cnty, OR             | 03/13/2009    | 6,615,000.00         | 3,777,628.05         | 3,098,119.73         | 4.615       | 4,463        | 3,988            | 7.070        | 06/01/2021    |
| 969078QN7                       | 2909         | Will Cnty Sch Dist 365, IL     | 03/24/2009    | 9,850,000.00         | 2,968,199.00         | 2,669,517.98         | 3.782       | 7,162        | 6,698            | 7.249        | 11/01/2028    |
| <b>Subtotal and Average</b>     |              |                                |               | <b>27,465,000.00</b> | <b>13,986,237.05</b> | <b>12,848,059.24</b> |             | <b>4,298</b> | <b>3,798</b>     | <b>6.525</b> |               |
| <b>Managed Pool Accounts -2</b> |              |                                |               |                      |                      |                      |             |              |                  |              |               |
| SYS1-OPEB-RA                    | OPEB-1-RA    | State Board of Investment      |               | 2,293,331.92         | 1,858,884.33         | 2,293,331.92         | 1.546       | 1            | 1                | 1.546        |               |
| SYS2-OPEB-ES                    | OPEB-2-ES    | State Board of Investment      |               | 32,739,922.34        | 26,537,688.71        | 32,739,922.34        | 1.546       | 1            | 1                | 1.546        |               |

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**005B-EOM, Aggregate Portfolio  
Portfolio Management  
Portfolio Details - Investments  
June 30, 2010**

| CUSIP                           | Investment # | Issuer                    | Purchase Date | Par Value             | Market Value          | Book Value            | Stated Rate | Term         | Days to Maturity | YTM          | Maturity Date |
|---------------------------------|--------------|---------------------------|---------------|-----------------------|-----------------------|-----------------------|-------------|--------------|------------------|--------------|---------------|
| <b>Managed Pool Accounts -2</b> |              |                           |               |                       |                       |                       |             |              |                  |              |               |
| SYS3-OPEB-MT                    | OPEB-3-MT    | State Board of Investment |               | 50,383,892.56         | 40,839,194.50         | 50,383,892.56         | 1.546       | 1            | 1                | 1.546        |               |
| <b>Subtotal and Average</b>     |              |                           |               | <b>85,417,146.82</b>  | <b>69,235,767.54</b>  | <b>85,417,146.82</b>  |             | <b>1</b>     | <b>1</b>         | <b>1.546</b> |               |
| <b>Total and Average</b>        |              |                           |               | <b>409,823,738.78</b> | <b>386,277,416.05</b> | <b>395,846,600.88</b> |             | <b>1,587</b> | <b>1,415</b>     | <b>2.136</b> |               |

**005B-EOM, Aggregate Portfolio  
Portfolio Management  
Portfolio Details - Cash  
June 30, 2010**

| CUSIP                                   | Investment # | Issuer                        | Purchase Date                | Par Value     | Market Value          | Book Value            | Stated Rate | Days to Term | Maturity     | YTM          |
|---|--------------|-------------------------------|------------------------------|---------------|-----------------------|-----------------------|-------------|--------------|--------------|--------------|
| <b>Non-Interest Bearing Acct.</b>       |              |                               |                              |               |                       |                       |             |              |              |              |
| SYS2394                                 | 2385         | Dain--Hedging, Cash, Diesel   |                              | 6,614,506.08  | 6,614,506.08          | 6,614,506.08          |             | 1            | 1            | 0.000        |
| SYSBank-024                             | Bank-024     | MT-Admin (Mears Park)         | 01/01/2010                   | 0.00          | 0.00                  | 0.00                  |             | 1            | 1            | 0.000        |
| MT-TVM                                  | Bank-0022    | MT-TVM Coin and Currency      | 01/01/2010                   | 0.00          | 0.00                  | 0.00                  |             | 1            | 1            | 0.000        |
| SYS2643                                 | 2643         | Dain--Hedging, Cash, Nat. Gas |                              | -3,616,595.33 | -3,616,595.33         | -3,616,595.33         |             | 1            | 1            | 0.000        |
| 1047-5623-0983                          | Bank-0020    | U.S. Bank                     | 01/01/2010                   | 0.00          | 0.00                  | 0.00                  |             | 1            | 1            | 0.000        |
| SYSBank-0021                            | Bank-0021    | U.S. Bank                     | 01/01/2010                   | 0.00          | 0.00                  | 0.00                  |             | 1            | 1            | 0.000        |
| 1047-5623-0975                          | Bank-18A     | U.S. Bank                     | 01/01/2010                   | 0.00          | 0.00                  | 0.00                  |             | 1            | 1            | 0.000        |
| <b>Subtotal and Average</b>             |              |                               | Accrued Interest at Purchase |               | 56,024.03             | 56,024.03             |             | 1            | 1            |              |
|   |              |                               | Ending Accrued Interest      |               | 1,916,396.23          | 1,916,396.23          |             |              |              |              |
|   |              |                               | Subtotal                     |               | 4,970,331.01          | 4,970,331.01          |             |              |              |              |
| <b>Total Cash and Investments Value</b> |              |                               |                              |               | <b>412,821,649.53</b> | <b>391,247,747.06</b> |             | <b>1,587</b> | <b>1,415</b> | <b>2.136</b> |

**007-EOQ, MCOA, ST+LT-EFPM, All  
Purchases Report  
Sorted by Port - Port  
April 1, 2010 - June 30, 2010**

Metropolitan Council  
Fiscal Services--Treasury Ops.  
390 Robert Street North  
St. Paul, MN 55101-1805  
(651)602-1629

| CUSIP                            | Investment # | Port   | Sec. Type | Issuer                 | Original Par Value   | Purchase Date | Payment Periods     | Principal Purchased  | Accrued Interest at Purchase | Rate at Purchase | Maturity Date | YTM 365 | Ending Book Value    |
|----------------------------------|--------------|--------|-----------|------------------------|----------------------|---------------|---------------------|----------------------|------------------------------|------------------|---------------|---------|----------------------|
| <b>MCOA, Taxable, EFPMs</b>      |              |        |           |                        |                      |               |                     |                      |                              |                  |               |         |                      |
| 3133XYQL2                        | 2978         | MCTXEF | FAC       | 3133M8                 | 2,000,000.00         | 06/15/2010    | 06/15 - Final Pmt.  | 2,000,006.00         |                              | 2.750            | 06/15/2015    | 2.750   | 2,000,005.95         |
|                                  |              |        |           | <b>Subtotal</b>        | <b>2,000,000.00</b>  |               |                     | <b>2,000,006.00</b>  | <b>0.00</b>                  |                  |               |         | <b>2,000,005.95</b>  |
| <b>MCOA, Taxable, Long-Term</b>  |              |        |           |                        |                      |               |                     |                      |                              |                  |               |         |                      |
| 3128X97C8                        | 2976         | MCTXLT | FAC       | FHLMC                  | 5,000,000.00         | 04/27/2010    | 10/27 - 04/27       | 5,000,000.00         |                              | 1.375            | 07/27/2012    | 1.375   | 5,000,000.00         |
| 3136FMNQ3                        | 2977         | MCTXLT | FAC       | FNMA                   | 5,000,000.00         | 04/29/2010    | 07/29 - 01/29       | 5,000,000.00         |                              | 2.050            | 07/29/2013    | 2.050   | 5,000,000.00         |
| 772346AB8                        | 2983         | MCTXLT | MUN       | 772346                 | 535,000.00           | 06/24/2010    | 01/01 - 07/01       | 535,000.00           |                              | 2.350            | 01/01/2013    | 2.350   | 535,000.00           |
| 772346AC6                        | 2984         | MCTXLT | MUN       | 772346                 | 550,000.00           | 06/24/2010    | 01/01 - 07/01       | 550,000.00           |                              | 2.750            | 01/01/2014    | 2.750   | 550,000.00           |
| 772346AD4                        | 2985         | MCTXLT | MUN       | 772346                 | 565,000.00           | 06/24/2010    | 01/01 - 07/01       | 565,000.00           |                              | 3.200            | 01/01/2015    | 3.200   | 565,000.00           |
| 772346AE2                        | 2986         | MCTXLT | MUN       | 772346                 | 585,000.00           | 06/24/2010    | 01/01 - 07/01       | 585,000.00           |                              | 3.550            | 01/01/2016    | 3.550   | 585,000.00           |
| 772346AF9                        | 2987         | MCTXLT | MUN       | 772346                 | 605,000.00           | 06/24/2010    | 01/01 - 07/01       | 605,000.00           |                              | 4.000            | 01/01/2017    | 4.000   | 605,000.00           |
| 31398AU59                        | 2979         | MCTXLT | FAC       | FNMA                   | 5,000,000.00         | 06/24/2010    | 12/24 - 06/24       | 5,000,000.00         |                              | 2.000            | 12/24/2013    | 2.000   | 5,000,000.00         |
| 3136FJ3A7                        | 2991         | MCTXLT | FAC       | FNMA                   | 7,500,000.00         | 06/28/2010    | 08/24 - 02/24       | 7,519,921.88         | 55,541.67                    | 2.150            | 02/24/2015    | 2.090   | 7,575,427.89         |
| 36959JMT7                        | 2998         | MCTXLT | ACP       | 36959H                 | 10,000,000.00        | 06/29/2010    | 12/27 - At Maturity | 9,971,844.44         |                              | 0.560            | 12/27/2010    | 0.569   | 9,972,610.75         |
|                                  |              |        |           | <b>Subtotal</b>        | <b>35,340,000.00</b> |               |                     | <b>35,331,766.32</b> | <b>55,541.67</b>             |                  |               |         | <b>35,388,038.64</b> |
| <b>MCOA, Taxable, Short-Term</b> |              |        |           |                        |                      |               |                     |                      |                              |                  |               |         |                      |
| 041042RJ3                        | 2980         | MCTXST | MUN       | 041042                 | 755,000.00           | 06/24/2010    | 01/01 - 07/01       | 755,000.00           | 482.36                       | 1.000            | 07/01/2011    | 1.000   | 755,482.36           |
| 772346AA0                        | 2982         | MCTXST | MUN       | 772346                 | 525,000.00           | 06/24/2010    | 01/01 - 07/01       | 525,000.00           |                              | 2.250            | 01/01/2012    | 2.250   | 525,000.00           |
| 080607CE2                        | 2981         | MCTXST | MUN       | 080607                 | 1,000,000.00         | 06/28/2010    | 06/01 - Final Pmt.  | 1,000,000.00         |                              | 1.125            | 06/01/2011    | 1.125   | 1,000,000.00         |
| 79583TKU8                        | 2999         | MCTXST | ACP       | SALVAT                 | 10,000,000.00        | 06/29/2010    | 10/28 - At Maturity | 9,985,211.11         |                              | 0.440            | 10/28/2010    | 0.447   | 9,985,698.80         |
|                                  |              |        |           | <b>Subtotal</b>        | <b>12,280,000.00</b> |               |                     | <b>12,265,211.11</b> | <b>482.36</b>                |                  |               |         | <b>12,266,181.16</b> |
|                                  |              |        |           | <b>Total Purchases</b> | <b>49,620,000.00</b> |               |                     | <b>49,596,983.43</b> | <b>56,024.03</b>             |                  |               |         | <b>49,654,225.75</b> |



**METROPOLITAN COUNCIL**

**Metropolitan Council  
Sales/Call Report  
Sorted by Redemption Date - Maturity Date  
April 1, 2010 - June 30, 2010**

Metropolitan Council  
Fiscal Services--Treasury Ops.  
390 Robert Street North  
St. Paul, MN 55101-1805  
(651)602-1629

| CUSIP              | Investment # | Port   | Issuer<br>Sec. Type | Purchase<br>Date | Redem. Date<br>Matur. Date | Par<br>Value         | Rate at<br>Redem. | Book Value<br>at Redem. | Redemption<br>Principal | Redemption<br>Interest | Total<br>Amount       | Net Income        |
|--------------------|--------------|--------|---------------------|------------------|----------------------------|----------------------|-------------------|-------------------------|-------------------------|------------------------|-----------------------|-------------------|
| 3133XSF29          | 2836         | MCTXLT | FHLB<br>FAC         | 10/15/2008       | 04/15/2010<br>04/15/2013   | 5,000,000.00         | 4.050             | 5,000,000.00            | 5,000,000.00            | 101,250.00             | 5,101,250.00<br>Call  | 101,250.00        |
| 912810PX0          | 2880         | MCTXLT | UST<br>TRC          | 01/29/2009       | 04/28/2010<br>05/15/2038   | 500,000.00           | 4.500             | 593,511.93              | 496,171.88              | 10,193.37              | 506,365.25<br>Sale    | -87,146.68        |
| 912810PX0          | 2881         | MCTXLT | UST<br>TRC          | 01/29/2009       | 05/19/2010<br>05/15/2038   | 2,000,000.00         | 4.500             | 2,422,852.64            | 2,066,875.00            | 978.26                 | 2,067,853.26<br>Sale  | -354,999.38       |
| 912810PX0          | 2880         | MCTXLT | UST<br>TRC          | 01/29/2009       | 05/24/2010<br>05/15/2038   | 1,500,000.00         | 4.500             | 1,779,823.77            | 1,609,218.75            | 1,650.82               | 1,610,869.57<br>Sale  | -168,954.20       |
| 3133XVXM8          | 2969         | MCTXST | FHLB<br>FAC         | 11/25/2009       | 05/25/2010<br>11/25/2019   | 10,000,000.00        | 2.000             | 10,000,000.00           | 10,000,000.00           | 50,000.00              | 10,050,000.00<br>Call | 50,000.00         |
| 465139DE0          | 2887         | MCTXLT | AID<br>ASB          | 02/20/2009       | 05/26/2010<br>09/15/2017   | 1,000,000.00         | 3.352             | 745,615.50              | 790,010.00              | 0.00                   | 790,010.00<br>Sale    | 44,394.50         |
| 465139BN2          | 2888         | MCTXLT | AID<br>ASB          | 02/24/2009       | 05/26/2010<br>09/15/2019   | 10,000,000.00        | 3.347             | 6,763,656.11            | 7,039,800.00            | 0.00                   | 7,039,800.00<br>Sale  | 276,143.89        |
| 863871AM1          | 2975         | MCTXLT | 863871<br>ASB       | 01/25/2010       | 05/27/2010<br>10/03/2022   | 8,372,000.00         | 3.625             | 4,540,330.38            | 4,748,347.24            | 0.00                   | 4,748,347.24<br>Sale  | 208,016.86        |
| 461225CV4          | 2868         | MCTXLT | 46122<br>MUN        | 01/06/2009       | 05/27/2010<br>02/01/2028   | 2,320,000.00         | 6.750             | 2,315,268.48            | 2,442,797.60            | 50,460.00              | 2,493,257.60<br>Sale  | 177,989.12        |
| 3133XVNG2          | 2966         | MCTXEF | 3133M8<br>FAC       | 12/02/2009       | 06/02/2010<br>12/02/2011   | 2,500,000.00         | 1.250             | 2,500,004.50            | 2,500,000.00            | 15,625.00              | 2,515,625.00<br>Call  | 15,620.50         |
| 3133XW4N6          | 2971         | MCTXLT | FHLB<br>FAC         | 12/23/2009       | 06/23/2010<br>12/23/2019   | 9,000,000.00         | 2.125             | 9,000,000.00            | 9,000,000.00            | 47,812.50              | 9,047,812.50<br>Call  | 47,812.50         |
| <b>Total Sales</b> |              |        |                     |                  |                            | <b>52,192,000.00</b> |                   | <b>45,661,063.31</b>    | <b>45,693,220.47</b>    | <b>277,969.95</b>      | <b>45,971,190.42</b>  | <b>310,127.11</b> |