



In accordance with the District's Investment Policy, the first quarter 2009 investment results have been prepared. The average rate of return during the first quarter decreased 24 basis points to 3.59% on an average invested balance of \$399,531,852. During the same period, the average yield on the State's Local Government Investment Pool (LGIP) decreased 104 basis points to 1.12% and the average yield on the three month Treasury Bill decreased 12 basis points to .23%. In comparison, the average effective maturity of the District's portfolio is 476 days versus 60 days for LGIP and 90 days for T-Bills.

The District's investment results reflect the change in the District's investment policy for diversification, the current state of the US financial markets, and the revision to the Washington PDPC regulations. As the District moves to further diversify portfolio holdings and reduce agency securities, more is being reinvested in US Treasuries, certificates of deposit, eligible municipal bonds, FDIC guaranteed bank bonds, and held as cash in the LGIP.

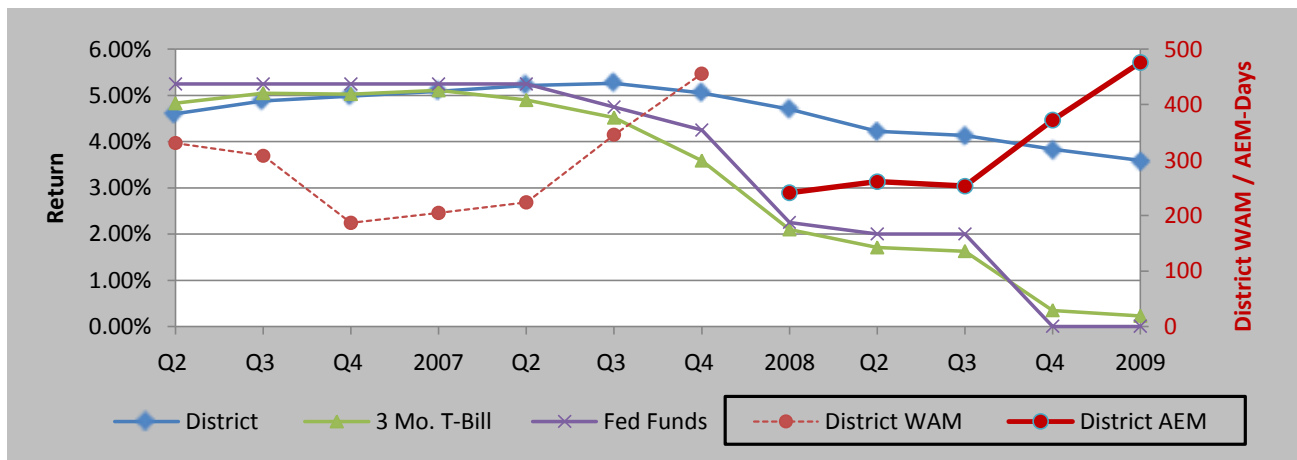
The first quarter of 2009 continued to produce poor economic conditions and low investment rates. The FOMC meeting on March 17-18 reviewed the continual contraction of the economy, noting that job losses, declining equity and housing wealth, and tight credit conditions have weighed on consumer sentiment and spending. The Committee has decided to purchase additional securities in 2009, totaling \$1.25 trillion of agency mortgage-backed securities, up to \$200 billion of agency debt, and up to \$300 billion of longer-term US Treasury securities over the next six months. The federal funds target rate was maintained at 0-.25%, and the FOMC anticipates the rate to remain exceptionally low for an extended period.

Portfolio Summary:

	Return	AEM*	Interest Earned	
			In Q1 2009	Avg Invested Balance
District:	3.59%	476	\$ 3,543,020	\$ 399,531,852
3 Month T-Bill:	0.23%	90		
LGIP:	1.12%	60		
Fed Funds Target:	0.0 - .25%			

*Average Effective Maturity- weighted average maturity adjusted for variable interest rate resets and expected calls, shown in days

Twelve Quarter Historical Return and District WAM / AEM



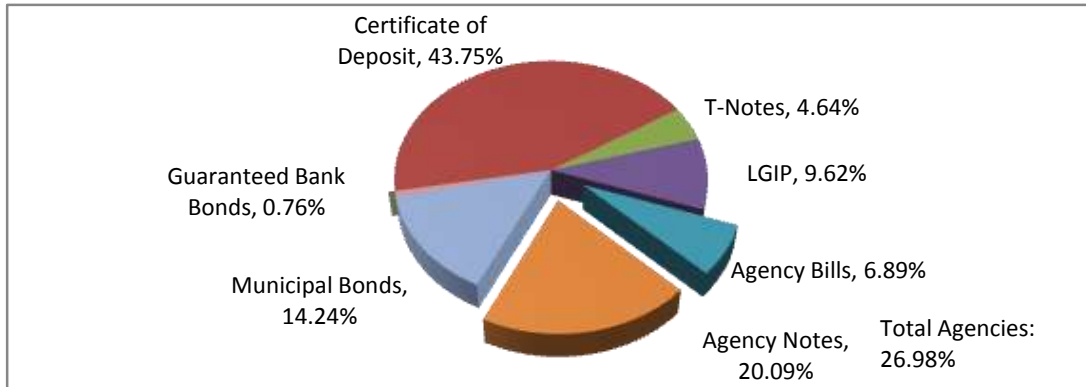
Beginning in Q1 2008, the weighted average maturity (WAM) has been restated as average effective maturity (AEM) to better reflect the effects of variable interest rate resets and callable securities on the portfolio.



Quarterly Investment Report for the quarter ending March 31, 2009

Portfolio Diversification:

	Book Value	% of Portfolio	% Limit	Average YTM	AEM
Municipal Savings:	\$ 20,310	0.01%	75%	-	1
Certificate of Deposit:	\$ 173,379,681	43.75%	75%	3.84%	526
T-Notes:	\$ 18,379,152	4.64%	100%	2.52%	1064
LGIP:	\$ 38,133,460	9.62%	15%	1.00%	1
Agency Bills:	\$ 27,316,358	6.89%	30%	6.43%	39
Agency Notes:	\$ 79,592,309	20.09%		3.69%	253
Municipal Bonds:	\$ 56,437,815	14.24%	30%	3.60%	964
Guaranteed Bank Bonds:	\$ 2,997,064	0.76%	25%	1.68%	728
Commercial Paper:	\$ -	0.00%	25%	-	-
Total:	\$ 396,256,149	100%		3.59%	476



Portfolio Maturity Structure:

As of March 31, 2009

Time to Maturity	Maturing Par Value	% of Portfolio	Cumulative % of Portfolio	Yield
1-30	\$ 43,600,000	11.08%	11.08%	3.59%
31-60	\$ 3,375,000	0.86%	11.94%	3.42%
61-90	\$ 28,700,000	7.30%	19.24%	3.58%
91-180	\$ 59,134,000	15.03%	34.27%	3.91%
180-365	\$ 45,109,681	11.47%	45.73%	3.92%
1-2 Yrs	\$ 32,000,000	8.13%	53.87%	2.23%
2-3 Yrs	\$ 32,040,290	8.14%	62.01%	4.13%
3-4 Yrs	\$ 42,810,000	10.88%	72.90%	4.00%
4-5 Yrs	\$ 29,350,000	7.46%	80.36%	3.65%
5+ Yrs	\$ 21,125,000	5.37%	85.73%	6.55%
Variable Rate ¹	\$ 18,000,000	4.58%	90.30%	3.50%
Municipal Savings ²	\$ 38,153,770	9.70%	100.00%	1.00%
Total:	\$ 393,397,741			

Table includes expected calls.

1-Weekly reset, municipal issuer

2-Includes cash in local banks (not including CDs) and the Local Government Investment Pool

Investment Types

All investment types listed below are authorized by the State Investment Board and the RCW's

Bankers Acceptance (BA) - time draft or bill of exchange drawn on a bank and accepted by that bank. The draft is stamped "accepted" and signed by a bank officer. By accepting the draft, the bank agrees to pay the face value of the obligation if the issuer fails to pay. Maturities generally last from 30 to 180 days.

Commercial Paper (CP) - short term unsecured money market obligation, issued by prime rated commercial firms and financial companies, with maturities from 2 to 270 days, that is a promissory note of the issuer used to finance current obligations.

Federal Agency Securities (Agency) - interest bearing debt securities of U.S. departments and agencies which include the 12 Federal Home Loan Banks, the Federal National Mortgage Association, and the Federal Housing Authority. Examples of Agency types include: Fannie Mae (FNMA, FNDN), Freddie Mac (FHLMC, FMCDN), Federal Home Loan Bank (FHLB, FHDN) and Federal Farm Credit Bank Notes (FFCB).

Forward Purchase and Sale Agreement (FPSA) - contract that provides for the delivery of specific types of securities on specified future dates at fixed yields.

Guaranteed Bank Bonds-Debt securities issued by a financial institution that are guaranteed by an agency of the federal government as allowed by RCW 39.60.050.

Local Government Pool (LGIP) - funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment. These funds are completely liquid, there is no required holding period or fixed maturity date.

Long Term REPO (L-T REPO) - contract to sell and subsequently repurchase securities at a specified date and price, with maturities of longer than 30 days.

Municipal Bank Accounts (CVB/BB/WTB) - funds from political subdivisions that are placed in the custody of Cashmere Valley Bank, Banner Bank and Washington Trust Bank for investment. These funds are completely liquid, there is no required holding period or fixed maturity date. Funds in excess of FDIC limits are insured through the Public Deposit Protection Commission.

Municipal Bonds - Debt issued by a state or local government or municipality as authorized by RCW 39.59.020.

Repurchase Agreement (REPO) - contract to sell and subsequently repurchase securities at a specified date and price, with maturities of no longer than 30 days.

Treasury Bills (T-Bill) - short-term U.S. Treasury security with maturities of 13, 26, or 52 weeks.

Treasury Notes (T-Note) - intermediate-term, coupon bearing U.S. Treasury securities having initial maturities of less than 10 years and paying interest semiannually