



**CITY OF KIRKLAND**  
**Department of Finance & Administration**  
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www.ci.kirkland.wa.us

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**MEMORANDUM**

**To:** David Ramsay, City Manager

**From:** Tracey Dunlap, Director of Finance and Administration  
Michael Olson, Deputy Director

**Date:** March 5, 2010

**Subject:** Kirkland's Investment Portfolio Annual Review

**Annual Review**

The Investment Committee, comprised of the City Manager and Director of Finance and Administration, met on March 5, 2010 to conduct the annual review of the City's Investment Portfolio. The Investment Committee looked at the Investment Portfolio performance results for 2009 (detailed in the Statistical Review table below), the Investment Procedures, the Investment Policy Compliance Report, the December 31, 2009 Investment Report, and the source documents for the bank accounts, investment accounts and safekeeping account (attached as exhibits following this memo).

The Investment Committee noted that the investment portfolio is in compliance with the Investment Policy for every requirement as noted in Attachment A, Investment Policy Compliance Report.

Overall, the investment portfolio performed well in 2009 considering the economic environment. The rate of return continued to decline, however not as rapidly as the State Investment Pool or the 2 Year Treasury Rate (which briefly rose above 1 percent at the end of the year and averaged 0.95% for the year) due to the purchase of longer term securities. It is expected that interest earnings will decline significantly in 2010 as the portfolio size decreases and interest rates continue to remain at historic low levels.

**Statistical Review**

	<b>12/31/2009</b>	<b>12/31/2008</b>	<b>12/31/2007</b>	<b>12/31/2006</b>	<b>12/31/2005</b>
COK Portfolio YTM	1.66%	3.57%	4.89%	4.51%	3.88%
State Investment Pool	0.33%	1.82%	4.56%	5.21%	4.16%
2 Year Treasury Rate	1.14%	0.76%	3.05%	4.82%	4.41%
Fed Funds Rate	0.25%	0.25%	4.25%	5.25%	4.25%
Duration	0.72 Years	2.01 Years	2.01 Years	.99 Years	1.24 Years
Portfolio Size	\$95.2 million	\$105.6 million	\$105.9 million	\$97.9 million	\$84.4 million
Interest Earned	\$2,990,444	\$4,571,710	\$4,827,094	\$3,605,701	\$2,340,696

## **Investment Policy and Portfolio External Review**

In accordance with the Investment Policy requirement of an external review of the policy and portfolio every three years, MBIA Asset Management completed their review in April 2009. MBIA noted that the current Investment Policy complies with state statutes guidelines and generally addresses all items recommended by the Government Finance Officers Association and the Association of Public Treasurers. They stated that the policy is rather flexible and recommended that the City tighten the language in the policy in order to improve controls in the City's investment program.

MBIA made specific recommendations in the following five areas:

- Investment Policy and Procedures
- Portfolio Management
- Investment Performance
- Investment Accounting and Reporting
- Oversight and strategy setting

Approximately a third of the recommendations involve formalizing, in writing, investment practices currently in place in the management of the investment portfolio, such as requiring competitive transactions, more clearly defining authorized securities, and specifying exposure limits for specific types of investment instruments. About half of the recommendations relate to the investment procedures including the type and frequency of reporting as well as agenda guidelines for the Investment Committee meetings.

The majority of the recommendations were incorporated into the Investment Policies adopted by City Council on January 5, 2010 and into the Investment Procedures which were reviewed by the Investment Committee on March 5, 2010.

### **Attachments:**

#### Investment Report as of December 31, 2009

- A. Investment Policy Compliance Report
- B. Portfolio Management Portfolio Summary
- C. Investment Portfolio Summary: Average Life, Maturity Structure, Diversification Structure
- D. Investment Portfolio Analysis
- E. Graphs; Portfolio Size, Monthly Interest Earned, Budget to Actual 2009, Yield Comparisons
- F. 2009 Activity Report sorted by issuer

#### Cash/Investment Source Documents

- G. Local Government Investment Pool Statement – December 31, 2009
- H. US Bank Safekeeping Statement, page 1 – December 31, 2009
- I. Bank of America Sweep Account Statement, page 1, December 31, 2009
- J. Bank of America General Account Statement, page 1, December 31, 2009

**CITY OF KIRKLAND  
INVESTMENT POLICY COMPLIANCE REPORT**

Date of Report 03/01/2010Period Covered Month of December 2009 and Year End 2009, Dated: December 31, 2009

<b>Policy Section</b>	<b>Policy Requirement</b>	<b>Portfolio</b>	<b>Compliance</b>	<b>Frequency</b>
<b>7.0</b> Authorized Financial Dealers and Institutions	1. Annual Audited Financial Statements 2. Proof of Financial Industry Regulatory Authority Certification 3. Certification of having read the Policy and receipt of the City's Trading Authorization	Detailed Authorized Brokers in Annual Review for Broker Dealer Relationships	Compliant	Annual
<b>8.0</b> Broker Allocation	3 bids for security purchase or sale	Requirement effective 1/5/10	Compliant	Monthly
<b>9.0</b> Authorized Investments	See Section 12.0 Diversification	Breakdown of Portfolio listed in Section 12.0	Compliant	Monthly
<b>9.0</b> Authorized Investments Credit Ratings	Requires AA- or better from Standard & Poors and Aa3 by Moodys	Detailed in Sympro Credit Rating Report	Compliant	Semi-Annual
<b>11.0</b> Safekeeping	All Securities will be held in Safekeeping	US Bank Safekeeping	Compliant	Monthly
<b>12.0</b> Diversification				Monthly
US Treasury	100%	0%	Compliant	
US Agency	100%, 30% per issuer	31%, 16% largest issuer	Compliant	
Callable Securities	50%	14%	Compliant	
Local Government Investment Pool	100%	55%	Compliant	
State or Political Subdivision Securities	20%, 5% per issuer	7%, 3% largest issuer	Compliant	
Certificates of Deposits	10%, 5% per issuer	0%	Compliant	
Bankers Acceptances	5%, 5% per issuer	0%	Compliant	
A-1/P-1 Commercial Paper	5%, 5% per issuer	0%	Compliant	
<b>13.0</b> Maximum Maturities	Average Maturity Exposure 3 Years	.72 Years	Compliant	Monthly
	Maximum Maturity of Individual Issue 5 Years	3 Yrs 2 mo. 2/25/2013	Compliant	Monthly
<b>14.0</b> Conformance to Policy	Annual Review	March 5, 2010 Investment Committee Review	Compliant	Annual
<b>15.0</b> External Review	Every three (3) years	Last review April 2009	Compliant	Every 3 Years
<b>16.0</b> Performance Standards	Band between 90 T Bill and 2 Yr Treasury Note	90 Day T Bill .06% 2 Yr. T Note 1.14% Portfolio 1.66%	Compliant	Monthly
<b>17.0</b> Reporting Requirements	Annual, Quarterly & Monthly		Compliant	Monthly
<b>18.0</b> Policy Adoption	Policy shall be adopted by City Council	Last adopted 1-5-2010	Compliant	Changes Adopted As Needed



**City of Kirkland  
Portfolio Management  
Portfolio Summary  
December 31, 2009**

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM 360 Equiv.	YTM 365 Equiv.
State Investment Pool	52,722,825.81	52,722,825.81	52,722,825.81	55.38	1	1	0.330	0.335
Passbook/Checking Accounts	6,264,208.29	6,264,208.29	6,264,208.29	6.58	1	1	0.296	0.300
Federal Agency Issues - Coupon	30,000,000.00	30,582,574.00	29,944,897.33	31.45	1,269	637	3.710	3.761
Miscellaneous Securities - Coupon	6,180,000.00	6,524,568.70	6,278,559.55	6.59	1,359	957	4.015	4.070
<b>Investments</b>	<b>95,167,034.10</b>	<b>96,094,176.80</b>	<b>95,210,490.98</b>	<b>100.00%</b>	<b>489</b>	<b>264</b>	<b>1.634</b>	<b>1.657</b>

Total Earnings	December 31 Month Ending	Fiscal Year To Date	Fiscal Year Ending
Current Year	152,506.78	2,774,751.45	2,774,751.45
Average Daily Balance	95,379,062.79	97,557,359.93	
Effective Rate of Return	1.88%	2.84%	

*Michael Olson* 1-4-10  
 Michael Olson, Deputy Director, Finance & Admin.

City of Kirkland  
Investment Portfolio  
**Average Life**  
As of 12/31/2009

	Actual	Target	2 Yr T-Note
Avg Days to Maturity	264	274 - 365	1.14%
Avg Years to Maturity	0.72	.75 - 1.00	

City of Kirkland  
Investment Portfolio  
**Maturity Structure**  
As of 12/31/2009

Days to Maturity	Latest Maturity Dates	Amount	% of the Total	Target %
Overnight	1/1/2010	58,987,034.10	62.0%	
2 days to 6 mo	4/20/2010	4,858,061.33	5.1%	
6 mo to 1 yr	11/15/2010	2,105,436.00	2.2%	
1 yr to 2 yrs	11/23/2011	9,988,350.00	10.5%	
<b>2 yrs and less subtotal</b>		<b>75,938,881.43</b>	<b>79.8%</b>	<b>&gt; 65.0%</b>
2 yrs to 3 yrs	12/1/2012	12,808,038.10	13.5%	
3 yrs to 4 yrs	2/25/2013	6,463,571.45	6.8%	
4 yrs to 5 yrs		0.00	0.0%	
<b>Greater than 2 yrs</b>		<b>19,271,609.55</b>	<b>20.3%</b>	<b>&lt; 35.0%</b>
<i>Total</i>		<b>95,210,490.98</b>	<b>100.0%</b>	

City of Kirkland  
Investment Portfolio  
**Diversification Structure**  
As of 12/31/2009

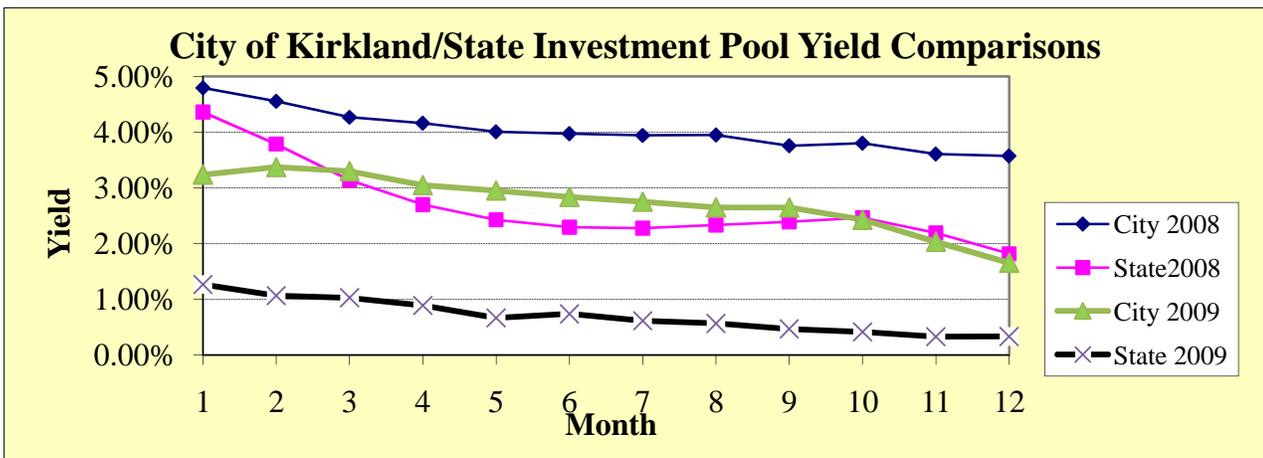
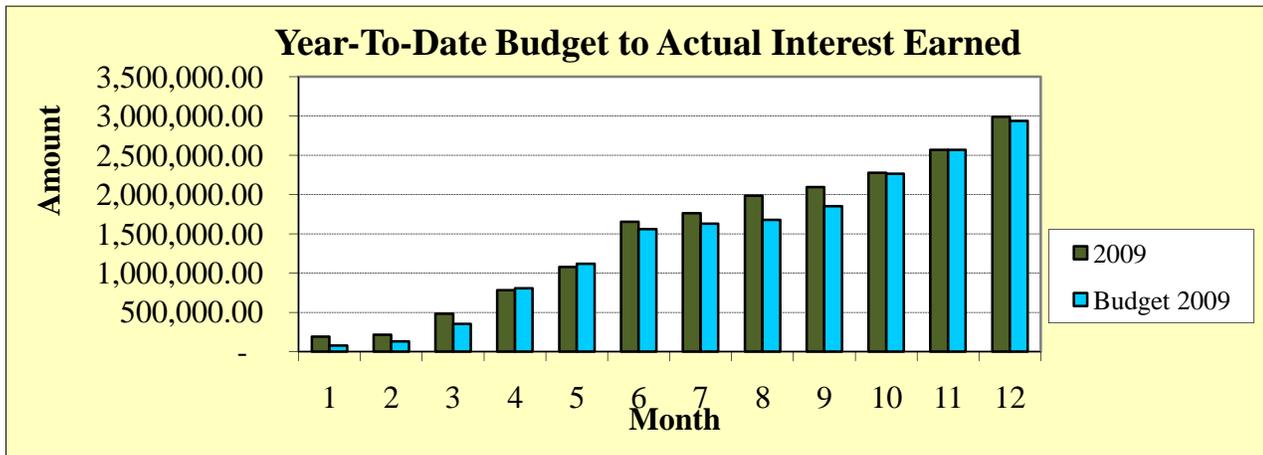
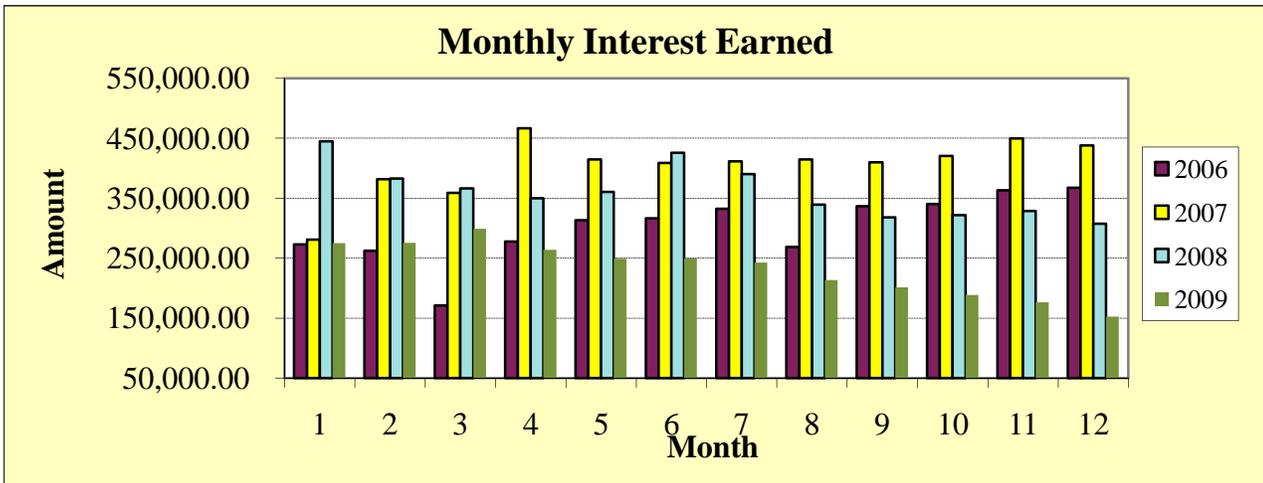
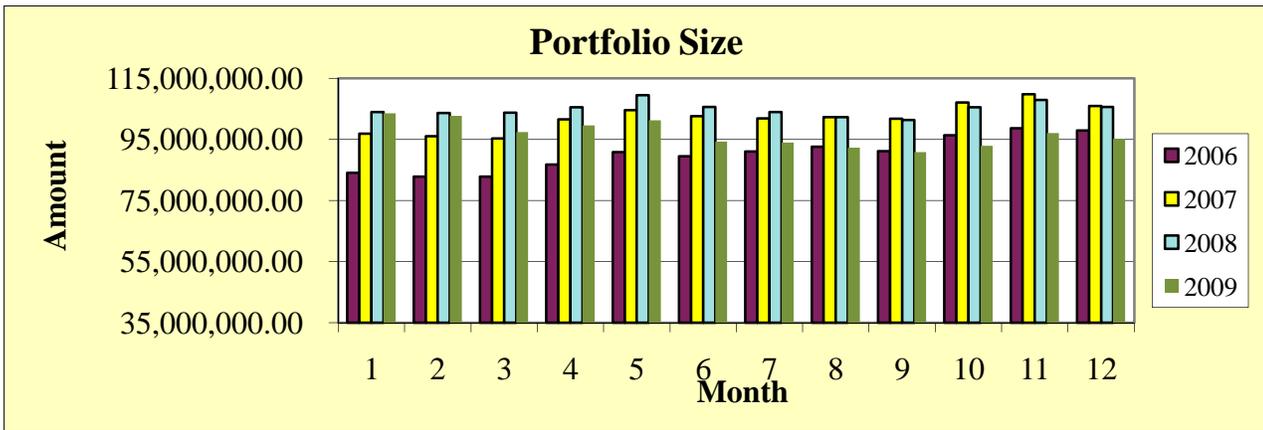
Type of Security	Amount	Type %	Type Max %	Class Max %
<b>Local Government Investment Pool</b>	<b>52,722,825.81</b>	<b>55%</b>		<b>100%</b>
<b>Bank Sweep Account</b>	<b>6,264,208.29</b>	<b>7%</b>		
Federal Farm Credit Bank	14,981,400.00	16%	50%	
Federal Home Loan Bank	10,105,436.00	10%	50%	
Federal Home Loan Mtg Corp	947,903.25	1%	50%	
Federal Nat't Mtg Assn	3,910,158.08	4%	50%	
<b>Federal Agency Total</b>	<b>29,944,897.33</b>	<b>31%</b>		<b>100%</b>
<b>Other Securities</b>	<b>6,278,559.55</b>	<b>7%</b>	<b>50.0%</b>	
<b>Total Portfolio</b>	<b>95,210,490.98</b>	<b>100%</b>	<b>n/a</b>	<b>n/a</b>

City of Kirkland  
Investment Portfolio Analysis  
As of December 31, 2009

Month	Kirkland Portfolio				Monthly Interest Earned				Year to Date Interest Earned*			
	2006	2007	2008	2009	2006	2007	2008	2009	2006	2007	2008	2009
January	84,055,869.85	96,909,155.99	103,988,286.94	103,541,786.98	272,737.24	280,819.31	444,988.46	274,939.49	272,737.24	280,819.00	444,988.46	274,939.49
February	82,830,671.86	96,085,321.27	103,679,277.19	102,716,691.52	262,077.02	381,883.77	382,743.31	275,472.76	519,581.45	658,819.21	818,477.50	540,907.48
March	82,863,554.44	95,346,025.83	103,711,918.61	97,432,252.91	171,177.34	358,862.64	366,551.37	299,032.12	792,366.65	1,017,501.85	1,171,103.08	830,395.66
April	86,728,062.30	101,516,820.60	105,547,783.40	99,585,851.15	277,517.31	466,647.89	349,945.00	263,979.46	1,073,064.10	1,484,149.74	1,496,414.93	1,094,381.35
May	90,880,252.42	104,582,719.89	109,507,596.54	101,219,267.24	313,201.61	414,428.13	360,747.55	249,214.19	1,408,977.23	1,898,577.87	1,852,065.76	1,346,424.04
June	89,488,838.61	102,630,107.80	105,653,810.36	94,275,179.32	316,637.53	408,752.06	425,863.14	249,387.78	1,707,794.36	2,282,025.48	2,270,026.87	1,596,396.75
July	91,050,653.83	101,847,425.12	103,951,542.45	93,934,600.51	332,358.09	411,511.68	390,061.86	242,559.23	2,047,486.59	2,681,060.12	2,666,274.18	1,844,066.13
August	92,595,514.28	102,297,705.53	102,258,867.53	92,304,934.02	268,890.72	414,903.75	339,485.75	213,486.32	2,325,925.07	3,112,489.03	3,009,290.87	2,056,672.45
September	91,116,452.56	101,786,112.17	101,335,890.13	90,782,010.62	336,470.75	409,907.94	318,008.60	201,104.11	2,667,986.50	3,511,311.19	3,340,875.93	2,256,492.05
October	96,386,548.59	107,127,775.67	105,524,775.93	92,910,515.99	340,479.21	420,305.41	321,953.37	188,460.58	3,010,942.45	3,920,032.46	3,663,564.22	2,444,762.05
November	98,641,841.83	109,802,765.61	107,919,426.21	97,068,227.64	363,376.96	449,864.28	328,826.66	176,213.54	3,403,956.58	4,401,098.09	3,983,178.44	2,620,694.19
December	97,907,593.59	105,897,534.48	105,638,449.55	95,210,490.98	367,519.79	438,092.68	307,183.45	152,506.78	3,773,836.94	4,841,504.74	4,267,304.67	2,774,751.45
<b>Average</b>	90,378,821.18	102,152,455.83	104,893,135.40	<b>96,748,484.07</b>	301,870.30	404,664.96	361,363.21	<b>232,196.36</b>	n/a	n/a	n/a	n/a

\*Will not foot to Monthly Interest Earned due to calls

Month	Kirkland Yield to Maturity				State Pool Yield				2 Yr T-Bill				YTD Interest**		% of Budget	
	City 2006	City 2007	City 2008	City 2009	State2006	State2007	State2008	State2009	Tbill 2006	Tbill 2007	Tbill 2008	Tbill 2009	2009	Budget 2009	Actual	Budget
January	3.89%	4.55%	4.80%	3.24%	4.23%	5.21%	4.36%	1.27%	4.54%	4.94%	2.17%	0.94%	188,640.59	75,300.00	6%	3%
February	3.94%	4.58%	4.55%	3.37%	4.42%	5.28%	3.79%	1.07%	4.69%	4.65%	1.65%	1.00%	213,933.64	130,300.00	7%	4%
March	3.97%	4.56%	4.27%	3.30%	4.50%	5.24%	3.14%	1.03%	4.82%	4.58%	1.62%	0.81%	482,288.56	352,820.50	16%	12%
April	4.09%	4.69%	4.16%	3.05%	4.66%	5.23%	2.70%	0.89%	4.87%	4.60%	2.29%	0.91%	782,192.03	806,670.50	27%	27%
May	4.14%	4.75%	4.01%	2.95%	4.85%	5.19%	2.43%	0.67%	5.04%	4.92%	2.66%	0.92%	1,076,698.52	1,116,320.50	37%	38%
June	4.32%	4.79%	3.98%	2.84%	4.99%	5.21%	2.29%	0.74%	5.16%	4.87%	2.63%	1.11%	1,652,439.95	1,559,820.50	56%	53%
July	4.36%	4.82%	3.94%	2.75%	5.16%	5.21%	2.28%	0.62%	4.97%	4.56%	2.52%	1.13%	1,760,642.24	1,628,870.50	60%	55%
August	4.42%	4.87%	3.95%	2.65%	5.19%	5.23%	2.33%	0.57%	4.79%	4.15%	2.36%	0.97%	1,986,880.16	1,677,620.50	68%	57%
September	4.41%	4.89%	3.76%	2.65%	5.20%	5.12%	2.39%	0.47%	4.71%	3.97%	2.00%	0.95%	2,094,488.95	1,851,370.50	71%	63%
October	4.45%	4.77%	3.80%	2.43%	5.19%	4.91%	2.47%	0.42%	4.71%	3.94%	1.56%	0.90%	2,278,254.86	2,266,470.50	78%	77%
November	4.48%	4.90%	3.61%	2.03%	5.22%	4.70%	2.19%	0.33%	4.62%	3.04%	1.00%	0.67%	2,567,118.40	2,569,870.50	87%	87%
December	4.51%	4.89%	3.57%	1.66%	5.21%	4.56%	1.82%	0.33%	4.82%	3.05%	0.76%	1.14%	2,990,443.60	2,937,370.50	102%	100%
<b>Average</b>	4.25%	4.75%	4.03%	<b>2.74%</b>	4.90%	5.09%	2.68%	<b>0.70%</b>	4.81%	4.27%	1.94%	<b>0.95%</b>	n/a	2,937,370.50	n/a	n/a





**Fiscal Year 2009 Data  
Activity Report  
Sorted By Issuer  
January 1, 2009 - December 31, 2009**

CUSIP	Investment #	Issuer	Percent of Portfolio	Par Value Beginning Balance	Current Rate	Transaction Date	Purchases or Deposits	Par Value Redemptions or Withdrawals	Ending Balance
<b>Issuer: Bank of America Sweep Account</b>									
<b>Passbook/Checking Accounts</b>									
SYS488	488	Bank of America Sweep Account			0.200		117,191,246.28	112,082,496.07	
		<b>Subtotal and Balance</b>		<b>1,155,458.08</b>			<b>117,191,246.28</b>	<b>112,082,496.07</b>	<b>6,264,208.29</b>
		<b>Issuer Subtotal</b>	<b>6.582%</b>	<b>1,155,458.08</b>			<b>117,191,246.28</b>	<b>112,082,496.07</b>	<b>6,264,208.29</b>
<b>Issuer: Deschutes School District</b>									
<b>Miscellaneous Securities - Coupon</b>									
		<b>Subtotal and Balance</b>		<b>1,240,000.00</b>					<b>1,240,000.00</b>
		<b>Issuer Subtotal</b>	<b>1.303%</b>	<b>1,240,000.00</b>			<b>0.00</b>	<b>0.00</b>	<b>1,240,000.00</b>
<b>Issuer: Energy Northwest Elec Revenue</b>									
<b>Miscellaneous Securities - Coupon</b>									
29270CFL4	512	Energy Northwest Elec Revenue			4.060	07/01/2009	0.00	1,000,000.00	
		<b>Subtotal and Balance</b>		<b>1,000,000.00</b>			<b>0.00</b>	<b>1,000,000.00</b>	<b>0.00</b>
		<b>Issuer Subtotal</b>	<b>0.000%</b>	<b>1,000,000.00</b>			<b>0.00</b>	<b>1,000,000.00</b>	<b>0.00</b>
<b>Issuer: Federal Agricultural Mortgage</b>									
<b>Federal Agency Issues - Coupon</b>									
31315PBP3	493	Federal Agricultural Mortgage			5.050	03/30/2009	0.00	1,882,000.00	
		<b>Subtotal and Balance</b>		<b>1,882,000.00</b>			<b>0.00</b>	<b>1,882,000.00</b>	<b>0.00</b>
		<b>Issuer Subtotal</b>	<b>0.000%</b>	<b>1,882,000.00</b>			<b>0.00</b>	<b>1,882,000.00</b>	<b>0.00</b>
<b>Issuer: Federal Farm Credit Bank</b>									
<b>Federal Agency Issues - Coupon</b>									
31331VG34	497	Federal Farm Credit Bank			5.250	06/19/2009	0.00	2,000,000.00	
31331GGQ6	534	Federal Farm Credit Bank			3.000	12/15/2009	0.00	5,000,000.00	

Fiscal Year 2009 Data  
Activity Report  
January 1, 2009 - December 31, 2009

CUSIP	Investment #	Issuer	Percent of Portfolio	Par Value Beginning Balance	Current Rate	Transaction Date	Purchases or Deposits	Par Value Redemptions or Withdrawals	Ending Balance
<b>Issuer: Federal Farm Credit Bank</b>									
<b>Federal Agency Issues - Coupon</b>									
31331GKB4	539	Federal Farm Credit Bank			2.820	01/26/2009	755,000.00	0.00	
31331GKB4	539	Federal Farm Credit Bank				04/13/2009	0.00	755,000.00	
31331GNG0	541	Federal Farm Credit Bank			3.000	02/25/2009	5,000,000.00	0.00	
31331GND7	542	Federal Farm Credit Bank			2.250	03/13/2009	5,000,000.00	0.00	
<b>Subtotal and Balance</b>				<b>12,000,000.00</b>			<b>10,755,000.00</b>	<b>7,755,000.00</b>	<b>15,000,000.00</b>
<b>Issuer Subtotal</b>		<b>15.762%</b>		<b>12,000,000.00</b>			<b>10,755,000.00</b>	<b>7,755,000.00</b>	<b>15,000,000.00</b>

<b>Issuer: Federal Home Loan Banks</b>									
<b>Federal Agency Issues - Coupon</b>									
3133XLE82	510	Federal Home Loan Banks			5.650	06/15/2009	0.00	3,000,000.00	
3133XMEG2	515	Federal Home Loan Banks			5.050	10/01/2009	0.00	3,000,000.00	
3133XMUY5	519	Federal Home Loan Banks			4.800	11/05/2009	0.00	2,975,000.00	
3133XNPD5	521	Federal Home Loan Banks			4.500	12/14/2009	0.00	3,000,000.00	
3133XQYE6	525	Federal Home Loan Banks			4.300	04/29/2009	0.00	5,000,000.00	
3133XSF60	528	Federal Home Loan Banks			3.625	01/02/2009	0.00	5,000,000.00	
3133XSER5	529	Federal Home Loan Banks			4.050	01/22/2009	0.00	5,000,000.00	
3133XSQH4	537	Federal Home Loan Banks			3.000	12/29/2009	0.00	5,000,000.00	
3133XSXC7	540	Federal Home Loan Banks			3.000	02/13/2009	5,000,000.00	0.00	
3133XSXC7	540	Federal Home Loan Banks				08/27/2009	0.00	5,000,000.00	
<b>Subtotal and Balance</b>				<b>41,975,000.00</b>			<b>5,000,000.00</b>	<b>36,975,000.00</b>	<b>10,000,000.00</b>
<b>Issuer Subtotal</b>		<b>10.508%</b>		<b>41,975,000.00</b>			<b>5,000,000.00</b>	<b>36,975,000.00</b>	<b>10,000,000.00</b>

<b>Issuer: Federal Home Loan Mtge Corp.</b>									
<b>Federal Agency Issues - Coupon</b>									
<b>Subtotal and Balance</b>				<b>1,000,000.00</b>					<b>1,000,000.00</b>
<b>Issuer Subtotal</b>		<b>1.051%</b>		<b>1,000,000.00</b>			<b>0.00</b>	<b>0.00</b>	<b>1,000,000.00</b>

<b>Issuer: Federal National Mtg Assn.</b>									
<b>Federal Agency Issues - Coupon</b>									
3136F8XJ9	520	Federal National Mtg Assn.			4.800	11/27/2009	0.00	3,000,000.00	

Fiscal Year 2009 Data  
Activity Report  
January 1, 2009 - December 31, 2009

CUSIP	Investment #	Issuer	Percent of Portfolio	Par Value Beginning Balance	Current Rate	Transaction Date	Purchases or Deposits	Par Value Redemptions or Withdrawals	Ending Balance
<b>Issuer: Federal National Mtg Assn.</b>									
<b>Federal Agency Issues - Coupon</b>									
31398APLO	524	Federal National Mtg Assn.			4.000	03/19/2009	0.00	5,000,000.00	
		<b>Subtotal and Balance</b>		<u>12,000,000.00</u>			<u>0.00</u>	<u>8,000,000.00</u>	<u>4,000,000.00</u>
		<b>Issuer Subtotal</b>	4.203%	<u>12,000,000.00</u>			<u>0.00</u>	<u>8,000,000.00</u>	<u>4,000,000.00</u>
<b>Issuer: Grant County PUD #2</b>									
<b>Miscellaneous Securities - Coupon</b>									
		<b>Subtotal and Balance</b>		<u>1,485,000.00</u>					<u>1,485,000.00</u>
		<b>Issuer Subtotal</b>	1.560%	<u>1,485,000.00</u>			<u>0.00</u>	<u>0.00</u>	<u>1,485,000.00</u>
<b>Issuer: Oregon State Taxable Pension B</b>									
<b>Miscellaneous Securities - Coupon</b>									
		<b>Subtotal and Balance</b>		<u>2,700,000.00</u>					<u>2,700,000.00</u>
		<b>Issuer Subtotal</b>	2.837%	<u>2,700,000.00</u>			<u>0.00</u>	<u>0.00</u>	<u>2,700,000.00</u>
<b>Issuer: Port of Vancouver, WA</b>									
<b>Miscellaneous Securities - Coupon</b>									
		<b>Subtotal and Balance</b>		<u>755,000.00</u>					<u>755,000.00</u>
		<b>Issuer Subtotal</b>	0.793%	<u>755,000.00</u>			<u>0.00</u>	<u>0.00</u>	<u>755,000.00</u>
<b>Issuer: Port of Seattle General Obliga</b>									
<b>Miscellaneous Securities - Coupon</b>									
735389AQ	501	Port of Seattle General Obliga			4.500	06/01/2009	0.00	1,000,000.00	
		<b>Subtotal and Balance</b>		<u>1,000,000.00</u>			<u>0.00</u>	<u>1,000,000.00</u>	<u>0.00</u>
		<b>Issuer Subtotal</b>	0.000%	<u>1,000,000.00</u>			<u>0.00</u>	<u>1,000,000.00</u>	<u>0.00</u>
<b>Issuer: State Investment Pool</b>									

Fiscal Year 2009 Data  
Activity Report  
January 1, 2009 - December 31, 2009

CUSIP	Investment #	Issuer	Percent of Portfolio	Par Value		Transaction Date	Par Value		Ending Balance
				Beginning Balance	Current Rate		Purchases or Deposits	Redemptions or Withdrawals	
<b>Issuer: State Investment Pool</b>									
<b>State Investment Pool</b>									
SYS1	1	State Investment Pool			0.286		72,767,639.69	47,500,000.00	
		<b>Subtotal and Balance</b>					<b>72,767,639.69</b>	<b>47,500,000.00</b>	<b>52,722,825.81</b>
		<b>Issuer Subtotal</b>	<b>55.400%</b>				<b>72,767,639.69</b>	<b>47,500,000.00</b>	<b>52,722,825.81</b>
		<b>Total</b>	<b>100.000%</b>				<b>205,713,885.97</b>	<b>216,194,496.07</b>	<b>95,167,034.10</b>

State of Washington  
Date: 12/31/2009 2:03 pm

## Local Government Investment Pool

Treasury Management System  
ReportID: LgipStatement

## Statement of Account for No: 01090

December 2009

Primary Account

TRACEY DUNLAP  
CITY OF KIRKLAND  
123 5TH AVE  
KIRKLAND, WA 98033-6189

Date	Description	Deposits	Withdrawals	Balance
11/30/2009	Ending Balance			41,450,727.25
12/23/2009	Deposit	10,000,000.00	0.00	51,450,727.25
12/31/2009	Direct Deposit	1,259,477.88	0.00	52,710,205.13
12/31/2009	Earnings	12,620.68	0.00	52,722,825.81

Account Summary

Previous Month's Balance:	41,450,727.25	Gross Earnings:	13,940.35
Deposits:	11,259,477.88	Administrative Fee:	1,319.67
Withdrawals:	0.00	Net Earnings:	12,620.68
Ending Balance:	52,710,205.13	Net Ending Balance:	52,722,825.81
Administrative Fee Rate:	0.0350 %	Average Daily Balance:	44,394,581.38
Gross Earnings Rate:	0.3697 %		
Net Earnings Rate:	0.3347 %		

**COPY**



Account Name: CITY OF KIRKLAND

**SUMMARY - USD**

Page 1

Account Number: 777224149

For period 12/01/2009 - 12/31/2009

**ACTIVITY - Settled/Cleared Cash Activity**

<b>Transaction Type</b>	<b>Amount</b>
Purchases	0.00
Purchase Reversals	0.00
Sales	0.00
Sale Reversals	0.00
Withdrawals	0.00
Receipts	0.00
Deliveries	0.00
Principal Reversals	0.00
Interest	429,641.67
Interest Reversals	0.00
Interest Adjustments	0.00
Maturities	0.00
Calls	13,000,000.00
Puts	0.00
Paydowns	0.00
Paydown Adjustments	0.00
Payups	0.00
Payup Adjustments	0.00
Cash Dividends	0.00
Balance Changes	0.00
Stock Dividends	0.00
Closeouts	0.00
<b>Net Activity</b>	<b>13,429,641.67</b>

Your Sales Representative is: CRAIG J. OLIVER  
(888) 827-4381

**Statement Contents**

- \*Summary
- \*Activity - Settled/Cleared Cash Activity
- \*Activity - Projected Activity for Next Statement Period
- \*Holdings
- \*Cash Flow Projections

**HOLDINGS - Custody**

<b>Category</b>	<b>Par/Shares</b>	<b>Original Face</b>	<b>Principal Cost</b>	<b>Market Value</b>
US Government Agency Securities	30,000,000.00	30,000,000.00	29,944,897.33	30,606,114.00
Municipal Securities	6,180,000.00	6,180,000.00	6,278,559.55	6,533,374.70
<b>Total Custody Holdings</b>	<b>36,180,000.00</b>	<b>36,180,000.00</b>	<b>36,223,456.88</b>	<b>37,139,488.70</b>



# ACCOUNT STATEMENT

Attachment I

H

PUBLIC SECTOR BKG-WA/ID  
800 FIFTH AVENUE  
SEATTLE WA 98104

PAGE 1 OF 2



IF YOU HAVE QUESTIONS ABOUT YOUR ACCOUNT, CALL YOUR  
COMMERCIAL ACCOUNTS SERVICE CENTER REPRESENTATIVE  
TOLL FREE AT 1.800.426.1411.  
TTY/TDD USERS MAY CALL 1.800.232.6299 TOLL FREE.

HD 0200 00 000 559 032319 #001 AV 0.335

CITY OF KIRKLAND  
SWEEP ACCOUNT  
ATTN TREASURY MANAGER  
123 5TH AVE  
KIRKLAND WA 98033-6121

ACCOUNT NUMBER  
78960911  
STATEMENT PERIOD  
12-01-2009 TO 12-31-2009  
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**IMPORTANT INFORMATION ABOUT YOUR ACCOUNT**

Bank of America would like to remind our small business account holders that accounts may not be used for illegal transactions, for example those prohibited by the Unlawful Internet Gambling Enforcement Act 31 U.S.C. Section 5361 et. seq.

**SUMMARY OF YOUR ACCOUNTS**

CHECKING		SAVINGS	
<u>FIRSTCHOICE BUS. INT.</u>	<u>78960911</u>	<u>FIRSTCHOICE BUSINESS</u>	<u>78960911</u>
BEGINNING BALANCE	7188255.41	BEGINNING BALANCE	.00
DEPOSITS	16126856.50	ENDING BALANCE	.00
INTEREST THIS PERIOD	1108.68	AVERAGE DAILY BAL	.00
WITHDRAWALS	15551096.24		
ENDING BALANCE	7765124.35		
MINIMUM BALANCE	1701357.15		
TOTAL NUMBER OF CHECKS	0		
INTEREST YEAR-TO-DATE	9,286.26		
ANNUAL PERCENTAGE YIELD EARNED	.20%		
DAYS INTEREST EARNED	31		

**FIRSTCHOICE BUS. INTEREST CHECKING ACTIVITY**

POSTED	TRANSACTION DESCRIPTION/SERIAL NUMBER	DEBIT AMOUNT	CREDIT AMOUNT	REFERENCE #
12-02	FUNDS TRANSFER FROM DDA ACCOUNT 000000016754004		190,616.43	I-GEN10912
12-03	FUNDS TRANSFER FROM DDA ACCOUNT 000000016754004		200,481.66	I-GEN10912
12-04	FUNDS TRANSFER FROM DDA ACCOUNT 000000016754004		101,610.82	I-GEN10912
12-07	FUNDS TRANSFER FROM DDA ACCOUNT 000000016754004		348,150.78	I-GEN10912
12-11	FUNDS TRANSFER FROM DDA ACCOUNT 000000016754004		215,876.49	I-GEN10912
12-14	FUNDS TRANSFER FROM DDA ACCOUNT 000000016754004		2,810,675.36	I-GEN10912
12-15	FUNDS TRANSFER FROM DDA ACCOUNT 000000016754004		5,763,781.54	I-GEN10912
12-18	FUNDS TRANSFER FROM DDA ACCOUNT 000000016754004		250,183.59	I-GEN10912
12-22	FUNDS TRANSFER FROM DDA ACCOUNT 000000016754004		140,400.72	I-GEN10912
12-24	FUNDS TRANSFER FROM DDA ACCOUNT 000000016754004		616,339.77	I-GEN10912
12-29	FUNDS TRANSFER FROM DDA ACCOUNT 000000016754004		5,053,042.92	I-GEN10912
12-30	FUNDS TRANSFER FROM DDA ACCOUNT 000000016754004		164,314.83	I-GEN10912
12-31	INTEREST PAYMENT		1,108.68	I-GEN10912
12-31	FUNDS TRANSFER FROM DDA ACCOUNT 000000016754004		271,381.59	I-GEN10912
12-01	FUNDS TRANSFER TO DDA ACCOUNT 000000016754004	2,127,198.77		I-GEN10912
12-08	FUNDS TRANSFER TO DDA ACCOUNT 000000016754004	1,173,439.59		I-GEN10912
12-09	FUNDS TRANSFER TO DDA ACCOUNT 000000016754004	239,672.45		I-GEN10912
12-10	FUNDS TRANSFER TO DDA ACCOUNT 000000016754004	239,855.30		I-GEN10912
12-16	FUNDS TRANSFER TO DDA ACCOUNT 000000016754004	45,556.06		I-GEN10912

CONTINUED



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COMMERCIAL ACCOUNTS SERVICE CENTER REPRESENTATIVE  
TOLL FREE AT 1.800.426.1411.  
TTY/TDD USERS MAY CALL 1.800.232.6299 TOLL FREE.

CITY OF KIRKLAND  
GENERAL ACCOUNT  
ATTN TREASURY MANAGER  
123 5TH AVE  
KIRKLAND WA 98033-6121

ACCOUNT NUMBER  
16754004  
STATEMENT PERIOD  
12-01-2009 TO 12-31-2009  
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**CHECKING**

<u>CORPORATE CHECKING</u>		<u>16754004</u>
BEGINNING BALANCE	5,000,000.00	
TOTAL CREDITS	35,950,726.73	
TOTAL MISC DEBITS	31,523,422.41	
TOTAL CHECKS	4,427,304.32	
SERVICE CHARGES/FEES	.00	
ENDING BALANCE	5,000,000.00	
NUMBER OF CREDITS	395	
NUMBER OF MISC DEBITS	54	
NUMBER OF CHECKS	792	

**ACTIVITY DETAIL**

<u>POSTED</u>	<u>TRANSACTION DESCRIPTION/SERIAL NUMBER</u>	<u>DEBIT AMOUNT</u>	<u>CREDIT AMOUNT</u>	<u>REFERENCE #</u>
12-01	SETTLEMENTAMERICAN EXPRESS0000004480		44.16	LACH535234
12-01	PROP TAX KING COUNTY 073098510		560.94	LACH815325
12-01	PROP TAX KING COUNTY 073094010		1,501.46	LACH815326
12-01	PROP TAX KING COUNTY 073090010		5,152.46	LACH815327
12-01	PAYMENT BAC PAYMODE 620383772		20,480.13	LACH076197
12-01	PARKS LEVYKING COUNTY PARKS LEVY 19		51,033.47	LACH815354
12-01	WIRE IN TIME:1053 ET TRN:2009120100158665		80,425.00	TTFT158665
12-01	FUNDS TRANSFER FROM DDA ACCOUNT 00000078960911	2,127,198.77		I-GEN10912
12-02	PROP TAX KING COUNTY 073098510		3,519.40	LACH480630
12-02	PROP TAX KING COUNTY 073094010		18,609.49	LACH480631
12-02	PAYMENT BAC PAYMODE 620384293		22,267.21	LACH855649
12-02	PROP TAX KING COUNTY 073090010		32,323.33	LACH480632
12-03	SETTLEMENTAMERICAN EXPRESS0000004480		8.28	LACH399195
12-03	PROP TAX KING COUNTY 073098510		70.33	LACH244491
12-03	PROP TAX KING COUNTY 073094010		288.41	LACH244492
12-03	PROP TAX KING COUNTY 073090010		646.05	LACH244493
12-03	VENDOR PAYWA STATE OFM 326260		10,948.28	LACH916879
12-03	VENDOR PAYWA STATE OFM 326252		13,935.51	LACH916876
12-03	PAYMENT BAC PAYMODE 620384884		18,528.23	LACH430833
12-04	SETTLEMENTAMERICAN EXPRESS0000004480		61.47	LACH800508
12-04	PROP TAX KING COUNTY 073098510		184.99	LACH948956
12-04	PROP TAX KING COUNTY 073094010		625.73	LACH948957
12-04	PROP TAX KING COUNTY 073090010		1,699.21	LACH948958
12-04	PAYMENT BAC PAYMODE 620385477		13,933.42	LACH896462
12-07	SETTLEMENTAMERICAN EXPRESS0000004480		14.57	LACH774062
12-07	SETTLEMENTAMERICAN EXPRESS0000004480		26.01	LACH216700
12-07	PROP TAX KING COUNTY 073098510		2,301.04	LACH115611
12-07	PROP TAX KING COUNTY 073094010		4,907.29	LACH115612
12-07	PAYMENT BAC PAYMODE 620385957		12,154.29	LACH715253
12-07	PROP TAX KING COUNTY 073090010		21,301.04	LACH115613
12-08	SETTLEMENTAMERICAN EXPRESS0000004480		57.25	LACH046444
12-08	PROP TAX KING COUNTY 073098510		72.85	LACH028410