

M-S-R Public Power Agency

MEETING OF THE COMMISSION

Wednesday, January 19, 2011, 12:00 noon
Navigant Consulting, Inc.
3100 Zinfandel Drive, Suite 600, Sierra Room
Sacramento, California

AGENDA

Distribution:

<u>Commissioners & Alternate Commissioners</u>	<u>Others</u>
Modesto:	Lisa Gast
Allen Short	Steve Gross
Roger Van Hoy (Alt)	Lou Hampel
Greg Salyer (Alt)	Alan Hockenson
Santa Clara:	Martin Hopper ¹
Joe Kornder	Jan Pepper
John Roukema ¹ (Alt)	Pete Scanlon
Redding:	Cindy Worley
Paul Hauser	file/er/msr
Tim Nichols ¹ (Alt)	Rin Helzerman ¹

¹ Please post agenda.

M-S-R Public Power Agency

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AGENDA

Any member of the public who desires to address the Commission on any item considered by the Commission at this meeting before or during the Commission's consideration of that item shall so advise the Chair and shall thereupon be given an opportunity to do so.

1. Call to Order
2. Roll Call
3. *Approve meeting minutes of November 17, 2010* (attached)
4. Report on summary of invoices paid totaling \$21,021,281.79 (attached)
5. Finance (Lou Hampel)
 - a. December 2010 Account Status Report (to be distributed at meeting)
 - b. December 2010 Unaudited Preliminary Financial Statements (to be distributed at meeting)
 - c. December 2010 Treasurer's Report (attached)
6. Projects and Activities (Alan Hockenson)
 - a. San Juan Project Status Report (attached)
 - b. Southwest Transmission Projects Status Report (attached)
 - c. Pacific Northwest Projects Status Report (attached)
7. M-S-R PPA General Manager's Report (Martin Hopper, attached)
8. *Discussion and possible action regarding Resolution 2011-01, M-S-R Public Power Agency Technical Committee Bylaws.* (attached, Martin Hopper)

9. ***Discussion and possible action regarding Resolution 2011-01, M-S-R Public Power Agency Financial Management Committee Bylaws.*** (attached, Martin Hopper)
10. ***Discussion and possible action regarding Series 2001 I Bonds, Series 2008 M Bonds, and Series 2008 N Bonds.*** (attached, Martin Hopper/Lou Hampel/Frank Perdue)
11. ***Discussion and possible action regarding Investment Policy Guidelines.*** (attached, Lou Hampel)
12. Closed Session
 - a. Closed Session Pursuant to Government Code Section 54956.9(a) - Conference with Legal Counsel – Existing Litigation, One case
 - b. Closed Session Pursuant to Government Code Section 54956.9(b) - Conference with Legal Counsel - Anticipated Litigation, Significant Exposure to Litigation, Three cases
 - c. Closed Session Pursuant to Government Code Section 54956.9(c) - Conference with Legal Counsel - Anticipated Litigation, Decision on Whether to Initiate Litigation, One case
13. Announcement from Closed Session
14. Public Comment
15. ***Confirm date and time of next meeting***
16. Adjourn

ALTERNATE FORMATS OF THIS AGENDA WILL BE MADE AVAILABLE UPON REQUEST TO QUALIFIED INDIVIDUALS WITH DISABILITIES.
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**M-S-R PUBLIC POWER AGENCY
DRAFT MINUTES
MEETING OF THE COMMISSION
NOVEMBER 17, 2010**

The Commission of the M-S-R Public Power Agency (M-S-R PPA) met on November 17, 2010, at the offices of Navigant Consulting, Inc. (NCI), 3100 Zinfandel Drive, Sacramento, CA. Present from Modesto Irrigation District (MID) were Allen Short, Lou Hampel, and Greg Salyer; present from Santa Clara were Joe Kornder and Ann Hatcher; present from Redding was David Arthur. Also present were General Counsel Steven C. Gross; General Manager Martin R. Hopper; and Consultant Alan Hockenson.

Chair Short called the meeting to order at 12:05 PM. A quorum was attained with the voting representatives being Mr. Short, Mr. Kornder, and Mr. Arthur.

The Commission then reviewed the minutes of its September 15, 2010, meeting. It was moved by Commissioner Kornder and seconded by Alternate Commissioner Arthur to approve the minutes. The motion carried unanimously.

The Commission then reviewed the invoices listed under Item No. 4 on the Agenda which have previously been paid pursuant to pre-existing delegations of authority.

Mr. Hampel, M-S-R PPA Treasurer, then presented the September 2010 Project Funds Status and Unaudited Financial Statements and the September 2010 Treasurer's Report to the Commission. He noted informed the Commission that the revised format of the funds report now ties directly to the categories enumerated on the Treasurer's Report. He also reported that the value of the AGF Medium Term notes has continued to improve to 93% of face value, with a coupon of 5.5%, and he recommends continuing to hold this investment to maturity.

Mr. Hockenson then addressed the Commission regarding the San Juan Project, Southwest Transmission Project and Big Horn Project Status Reports. Mr. Hockenson reported that San Juan Unit No. 4 has operated extremely well for the past two months. Mr. Hockenson reported that an unsolicited offer has been received for the sale of the Perkins Phase Shifter rendered surplus by the EOR 9300 project. A working committee of the Southwest Transmission Project owners will review and make recommendations. Mr. Hockenson also reported that no new capital projects have been proposed for the Southwest Transmission Project for either the 2011 or 2012 budget years. The Big Horn Energy Project continues to operate at levels slightly below historic projections. However, the Bonneville Power Administration has released a meteorological report projecting greater levels of wind energy production in wetter/colder years as would be expected this winter. An all-time production record of 216 MW was achieved on the evening of October 14, 2010, after the conclusion of our site tour.

Mr. Hopper then briefly reviewed the November 2010 General Manager's Report for the Commission and addressed questions thereon. He noted that a successor bill to SB 722, the Renewable Portfolio Standard, will likely be introduced in the next California Legislative Session and we will continue to work with CMUA to support our objectives of maintaining local control and preserving the benefits of early action such as M-S-R PPA's Big Horn I and II Projects and MID's Star Point Project. He also noted that Joy Warren of MID Staff is the new Chairperson of the CMUA Legislative and Regulatory Committee.

Mr. Hopper then addressed the Commission regarding the proposed amendment to the 2010 M-S-R PPA Budget regarding Big Horn II Wind Energy Project Early Operation. The budget was prepared using an assumption of a January 1, 2011, Commercial Operation Date for this project and the actual start of operations was November 1, 2010. It was moved by Commissioner Kornder and seconded by Alternate Commissioner Arthur to increase the 2010

M-S-R PPA Budget Account 504, Expense Class 313 by \$2,731,000. The motion carried unanimously.

Mr. Hopper then addressed the Commission regarding the proposed 2011 M-S-R PPA Budget. He noted that although the Budget was prepared on a consistent basis with past operational practices, the format of the document has been substantially reformatted and simplified. Expenditure details have been grouped by function and then allocated to the respective M-S-R PPA Projects. Cost allocations are generally made to projects based on energy production and then allocated to the Members based on Participation Percentages as required by the various project agreements. M-S-R Coordinator costs are first allocated to projects based on work-load and then allocated to members based on Participation Percentages. As required by the Joint Powers Agreement, historic Agency Participation Percentages are used to allocate remaining Administrative and General (Non-Project-based) costs to the Members. The total expenditures under the budget will be \$147.9 million which represents an increase of 9.4% over the 2010 M-S-R PPA Budget. The majority of the budget increase was due to the addition of the Big Horn 2 Wind Energy Project which would increase purchase power expenses by about \$12 million over the amended 2010 M-S-R PPA Budget. Mr. Hopper also noted that subsequent to the preparation of the draft budget and Member workshop on November 10, 2010, that the effects of shifting the 2011 “tune-up outage” from fall to spring have been evaluated and although little effect will result on the total budget, there will be a shift in fuel cost from the spring to the fall. Detailed analysis will be made and recommended changes, if any, to the budget will be presented to the Commission for consideration at its January 2011 meeting. It was moved by Commissioner Kornder and seconded by Alternate Commissioner Arthur to approve the 2011 M-S-R PPA Budget. The motion carried unanimously.

Mr. Hopper then addressed the Commission regarding the proposed Resolution 2010-03 regarding Compliance With Greenhouse Gases Emission Performance Standards Related to

San Juan Project 2011 Capital Budget Items. He noted that within the constraints of the regulations adopted by the California Energy Commission to implement its responsibilities pursuant to SB1368, "Routine Maintenance" is exempted from its definition of covered procurements. The proposed resolution makes the appropriate findings for M-S-R PPA to determine that those 2011 San Juan Capital Budget Items pertaining to Unit 4 Bottom Ash Drain Replacement; Unit 4 Replace High Energy Piping Hangers and Snubbers; Unit 4 Boiler Feed Pump Trip Block Oil Conditioning; Unit 4 Boiler Feed Pump Valve Chest Replacement; Unit 4 Pulverizer Mill Rotation Air Ports; Unit 4 Cooling Tower Structure; Unit 4 Absorber Recirculation Pump Gear Drive; Unit 4 Baghouse Outlet Damper Access Platforms; Unit 4 Cooling Tower Fire Protection System; Plant Common Additional Phone and LAN Lines; Plant Common Brine Concentrator 5 Body Replacement; Plant Common Brine Concentrator Feedwater Line Replacement; Plant Common Cathodic Protection Replacement; Plant Common CO2 Inerting System; Plant Common Heat Trace Pond Transfer Line; Plant Common Joint Control Room; Plant Common Lake Station Switchgear; Plant Common River Station Switchgear; Plant Common LOTO Safety Equipment Purchase; Plant Common MCC Cubicle Buckets Replacement; Plant Common Plant Conveyor Fall Protection; Plant Common Potable Water System Replacement; Plant Common Reline Pond 3C; Plant Common Replace 4B Conveyor Belt; Plant Common Replace Underground Cables; Plant Common River Fiber & Video Surveillance Installation; Plant Common Thermal Imaging Camera; Plant Common Tube Bender; Plant Common Unit 2&3 Breezeway Gantry Crane Controls; Units 3&4 Auxiliary Cooling Water Line; Units 3&4 Additional Air Compressor; Units 3&4 Burner Barrel Spares; Units 3&4 Spare Pulverizer Gearbox; and Units 3&4 Spare Pulverizer Motor are routine maintenance and are neither intended to extend the life of the San Juan Project nor increase its capacity and are not covered procurements subject to the emission performance standard. It was moved by Commissioner Kornder and seconded by Alternate Commissioner Arthur to adopt Resolution No. 2010-03 "Resolution Of The Commission Of The M-S-R Public Power Agency Making Certain Findings With Respect To Compliance With Greenhouse Gases Emission Performance Standards Related To 2011 San Juan Project Capital Budget Items." The motion carried unanimously.

The Commission then considered Resolution 2010-04 Regarding Big Horn II Operating Procedures. Detailed operating and accounting procedures are being prepared for this project but are not yet ready for Commission consideration. The proposed interim procedure allows for timely payment of amounts due under the Big Horn II agreements. It was moved by Commissioner Kornder and seconded by Alternate Commissioner Arthur to adopt Resolution No. 2010-04 “Resolution of the Commission of the M-S-R Public Power Agency Regarding Big Horn II Operating Procedures.” The motion carried unanimously.

Mr. Hopper then addressed the Commission regarding Agency Committees. He noted the 2011 M-S-R Strategic Plan effective January 1, 2011, recommends that the Agency “modify its committee structure by formally constituting successors to the General Manager’s Staff and Finance Committees. This will provide M-S-R PPA with appropriate vehicles to discuss financial and technical matters in noticed Public and Closed Sessions.” It was moved by Commissioner Kornder and seconded by Alternate Commissioner Arthur that the Commission: 1) direct the General Manager to abolish the existing Staff and Finance Committees previously established under his authorities; 2) constitute a “Technical Committee” to advise the Commission on issues related to the operation, maintenance, construction and development of energy and fuel supply resources; 3) constitute a “Financial Management Committee” to advise the Commission on issues related to the oversight of the Agency’s financial affairs, including the management of the Agency’s bonded indebtedness and other financial instruments; and 4) direct the General Manager to prepare Bylaws for the governance of the newly constituted committees for consideration by this Commission at its next regular meeting. The motion carried unanimously.

Mr. Hopper then addressed the Commission regarding the annual Counter Party Credit Report prepared by the Agency’s Financial Advisor, Montague DeRose and Associates. He noted this report has also been provided to the M-S-R PPA Risk Management Committee. It was moved

by Commissioner Kornder and seconded by Alternate Commissioner Arthur to note and file the 2010 Annual Counter Party Credit Report. The motion carried unanimously.

The Commission then considered the proposed 2011 meeting dates for its regular meetings. It was moved by Commissioner Kornder and seconded by Alternate Commissioner Arthur to adopt January 19, March 23, May 18, July 20, September 28, and November 16, 2011, as the schedule for the Commission's 2011 Regular Meetings and January 6, March 9, May 5, July 7, September 14, and November 4, 2011, as the schedule for the Technical Committee's 2011 Regular Meetings. The motion carried unanimously.

The Commission then considered the proposed 2011 rate adjustments proposed by Porter Simon Professional Corporation. Mr. Gross recused himself for this discussion. The Commissioners noted that although they were pleased with the services provided, current economic conditions unfortunately indicate that a rate increase should be foregone at this time. This item was tabled.

The Commission then considered the proposed Resolution No. 2010-05 Honoring Joe Kornder which it adopted by acclimation.

The Commission then retired into Closed Session pursuant to Government Code Section 54956.9 (a) - Existing Litigation – SCE Rate Case: ER09 - 1534; Government Code Section 54956.9 (b) - Anticipated Litigation, Significant Exposure to Litigation - Three Cases; Government Code Section 54956.9 (c) - Anticipated Litigation, Decision on Whether to Initiate Litigation - One Case; and Government Code Section 54957 – Public Employee Performance Evaluation, General Manager at 12:44 P.M. Upon the conclusion of the Closed Session at 2:02 P.M., the Chair reported for the record, pursuant to the Government Code, that the Commission had taken no actions which require public disclosure.

The Commission then considered the proposed Amendment Number 1 to Amended and Restated Management Services Agreement Between Martin Hopper Energy Consulting and M-S-R Public Power Agency. Mr. Hopper recused himself for this discussion. It was moved by Alternate Commissioner Arthur and seconded by Commissioner Kornder to approve Amendment Number 1 to Amended and Restated Management Services Agreement Between Martin Hopper Energy Consulting and M-S-R Public Power Agency. The motion carried unanimously.

The Chair then called for Public Comment and there being none, the Chair announced that the next regular meeting of the Commission will be Wednesday, January 19, 2011, at 12:00 Noon, at NCI's offices in Sacramento. The meeting was then adjourned by the Chair at 2:04 P.M.

Martin R. Hopper
Assistant Secretary

M-S-R Public Power Agency
Invoices Paid Summary: November 2010 - January 2011

Payee	Description	Period Covered	Amount
AF Legal & Consulting Services	Legal Services	Oct/Nov 2010	23,223.05
AF Legal & Consulting Services	Legal Services	Dec 2010	19,520.00
Baker Tilly Virchow Krause	Audit of 2010 Financials	thru 11/26/10	2,348.00
Big Horn Wind Project	Firm Energy from Big Horn facility	Nov 2010	1,773,316.71
Big Horn Wind Project	Firm Energy from Big Horn facility	Dec 2010	1,757,697.29
BLX Group (BondLogisitix)	Interim Arbitrage Report for 2007K		2,000.00
Dept of Water & Power	Mead-Adelanto Operations Costs	Oct 2010	18,423.70
Dept of Water & Power	Mead-Adelanto Operations Costs	Nov 2010	37,482.41
Dept of Water & Power	Transmission Service Adelanto-Victorville	Oct 2010	61,595.00
Dept of Water & Power	Transmission Service Adelanto-Victorville	Nov 2010	61,595.00
Dexia Credit	Commitment Fee for 2008M and 2008N	4th Qtr 2010	114,037.73
Duncan Weinberg et al	Legal Services	Sep 2010	114,449.09
Duncan Weinberg et al	Legal Services	Oct 2010	75,757.13
Duncan Weinberg et al	Legal Services	Nov 2010	96,215.75
Government Affairs Consulting	Services rendered	Nov 2010	2,000.00
Government Affairs Consulting	Services rendered	Dec 2010	2,000.00
Iberdrola Renewables	Big Horn 2 Contract Power Delivery	Nov 2010	1,124,954.58
Iberdrola Renewables	Big Horn Shaping Fee	Nov 2010	498,186.00
Iberdrola Renewables	Big Horn Shaping Fee	Dec 2010	437,723.00
Jack B Mayson, Jr.	Consulting	Nov 2010	2,928.00
KBT	Consulting	Oct 2010	6,475.82
KBT, LLC	Consulting	Nov 2010	17,644.39
M Hopper Energy Consulting	General Manager services	Nov 2010	23,325.16
M Hopper Energy Consulting	General Manager services	Dec 2010	20,540.26
McCarthy & Berlin	Legal Services	Oct 2010	5,800.95
McCarthy & Berlin	Legal Services	Nov 2010	13,989.90
Modesto Irrigation District	Accounting and coordination services	Oct 2010	56,701.35
Modesto Irrigation District	Accounting and coordination services	Nov 2010	54,302.07
Montague DeRose & Assoc.	Financial Advisory Services	Oct 2010	4,930.00
Montgomery & Andrews	Professional services	Oct 2010	21.14
Navigant	Special assistance	Oct 2010	47,573.04
Navigant	Special assistance	Nov 2010	16,170.33
Nevada Dept of Taxation	Ad Valorem Tax Bill	2010-2011	668.77
Orrick Herrington Sutcliffe	Legal Services	Dec 2010	3,619.27
PNM	Estimated Coal	Oct 2010	2,588,996.84
PNM	Estimated Coal	Nov 2010	2,549,721.17
PNM	Monthly Net Due for San Juan Construction	Oct 2010	532,583.68

M-S-R Public Power Agency
Invoices Paid Summary: November 2010 - January 2011

Payee	Description	Period Covered	Amount
PNM	Monthly Net Due for San Juan Construction	Nov 2010	319,168.65
PNM	Weekly Advance	111010	51,000.00
PNM	Weekly Advance	111710	237,000.00
PNM	Weekly Advance	112210	105,000.00
PNM	Weekly Advance	120110	201,000.00
PNM	Weekly Advance	120810	17,000.00
PNM	Weekly Advance	121510	264,000.00
PNM	Weekly Advance	122910	187,000.00
PNM	Weekly Advance	010511	16,000.00
Porter Simon	Legal Services	Nov 2010	2,698.68
Porter Simon	Legal Services	Dec 2010	1,220.00
Salt River Project	Mead-Phoenix Capital Improvements	Oct 2010	11,993.60
Salt River Project	Mead-Phoenix Capital Improvements	Nov 2010	1,754.90
Salt River Project	Mead-Phoenix O&M Costs	10/10 Adj, 12/10 Est	19,526.07
Salt River Project	Mead-Phoenix O&M Costs	11/2010 & 1/2011	21,893.61
Southern California Edison	Firm Transmission between Victorville-Lugo and Midway	Dec 2010	97,500.00
Southern California Edison	Firm Transmission between Victorville-Lugo and Midway	Jan 2011	97,500.00
Tetra Tech	GHG Verification Services	2009	3,508.68
US Bank	Administrative & Transaction Fees for Big Horn	Nov 2010-Oct 2011	3,150.00
US Bank	Debt Service for 2008 M & N	Dec 2010	20,920.60
US Bank	Debt Service for 2008 M & N	Jan 2011	24,828.75
US Bank	Debt Service for Series 1997D, F, I, J, K, 2008L	Nov 2010	3,210,314.98
US Bank	Debt Service for Series 1997D, F, I, J, K, 2008L	Dec 2010	3,210,314.98
US Bank	Swap Payment for 1998F & G	Dec 2010	305,046.55
US Bank	Swap Payment for 1998F & G	Jan 2011	334,925.10
US DOE	Mead-Phoenix Firm Energy Losses	Oct 2010	46,399.88
US DOE	Mead-Phoenix Firm Energy Losses	Nov 2010	41,658.26
WREGIS	Transfer Volume Fee	Oct & Nov 2010	441.92

TOTAL	\$ 21,021,281.79
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ACCOUNT STATUS REPORT

December 2010

(to be presented at the meeting)

Presented To Commission

January 19, 2011



UNAUDITED
FINANCIAL STATEMENTS
December 2010
(to be presented at the meeting)

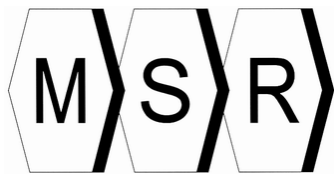
Presented To Commission

January 19, 2011



Treasurer's Report

December 2010



**M-S-R Public Power Agency
Treasurer's Report
Index**

Treasurer's Report for the Month of December 2010

Investment Activity, All Funds

General Fund Investment Portfolio Guideline Compliance

Investment Portfolio Pie Chart

General Fund Portfolio Average Maturity Report

MSR / LAIF / US Treasury 2-Year

Investment Portfolio Quarterly Comparison

General Fund:

 Portfolio Summary

 Portfolio Details – Investments

 Portfolio Details – Cash

 Investment Status Report – Investments

 Investment Status Report – Cash

 Investment Activity by Type

 Received Interest

 Realized Gains and Losses

 Investment Sales Report

 Activity Report – LAIF

Trust Funds:

 Portfolio Summary

 Portfolio Details – Investments

 Portfolio Details – Cash

 Investment Status Report – Investments

 Investment Status Report – Cash

 Investment Activity by Type

 Received Interest

 Realized Gains and Losses

 Investment Maturity Report

**MSR PUBLIC POWER AGENCY
TREASURER'S REPORT
FOR THE MONTH OF DECEMBER 2010**

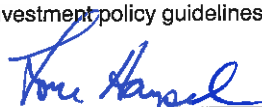
FUND BALANCES


<u>UNRESTRICTED FUNDS</u>	11/30/10	Receipts	Disbursements	12/31/10
General Fund	23,885,183	15,706,784	16,318,317	23,273,650
 <u>RESTRICTED FUNDS</u>				
MSR Series A	0	0	0	0
MSR MASTER RESERVE	469,667	0	0	469,667
MSR Series B	0	0	0	0
MSR Series C	0	0	0	0
MSR Series D	0	0	0	0
MSR Series E	0	0	0	0
MSR Series F	2,025,488	404,782	(810)	2,431,079
MSR Series G	0	0	0	0
MSR Series H	0	0	0	0
MSR Series I	3,307,134	582,012	(1,163)	3,890,309
MSR 2003 Series I	0	0	0	0
MSR 2004 Series J	938,572	187,107	(376)	1,126,055
MSR 2007 Series K	9,199,142	1,268,671	(57,784)	10,525,598
MSR 2008 Series L	9,561,403	546,820	(1,093)	10,109,316
MSR 2008 Series M	3,250,170	14,941	14,941	3,250,170
MSR 2008 Series N	1,178,025	5,978	5,978	1,178,025
MSR Series 95B/95C (Taxable)	0	0	0	0
MSR Series 97D/97E	1,336,906	220,919	(441)	1,558,266
MSR Series 98F/98G/98 COI A/C	0	0	0	0
	<u>31,266,507</u>	<u>3,231,230</u>	<u>(40,748)</u>	<u>34,538,486</u>
 TOTAL FUNDS	 <u>55,151,690</u>	 <u>18,938,014</u>	 <u>16,277,569</u>	 <u>57,812,135</u>

CASH & INVESTMENTS

<u>DEMAND ACCOUNTS</u>			264,545
Union Bank - General Fund			
	Standard per		
<u>INVESTMENTS (See Attached)</u>	<u>Gov't Code</u>	<u>Actual</u>	
Bankers Acceptances	40%	0.0%	0
Certificates of Deposit(Coll./Ins.)	No Limit	0.0%	0
Commercial Paper(A1/P1)	25%	0.0%	0
Corporate Notes-Medium Term	30%	12.2%	7,016,832
Federal Agencies	No Limit	31.7%	18,241,030
Local Agency Investment Fund	\$50,000,000	19.1%	10,992,272
Money Market Accounts	No Limit	37.0%	21,297,456
Repurchase Agreements	No Limit	0.0%	0
U.S. Treasury Instruments	No Limit	0.0%	0
TOTAL INVESTMENTS		<u>100.0%</u>	<u>57,547,590</u>
Add: Deposits in transit			0
Less: Outstanding checks			0
 TOTAL CASH & INVESTMENTS			 <u>57,812,135</u>

We certify that this statement is a true and correct record of transactions in the Treasury since the prior report. The agency has sufficient liquid assets on deposit to meet its obligations over the next 6 months. All investments are in compliance with the agency's investment policy guidelines.


Lou Hampel -- Treasurer


Don Dermond -- Asst. Treasurer

**Investment Activity, All Funds
December 2010**

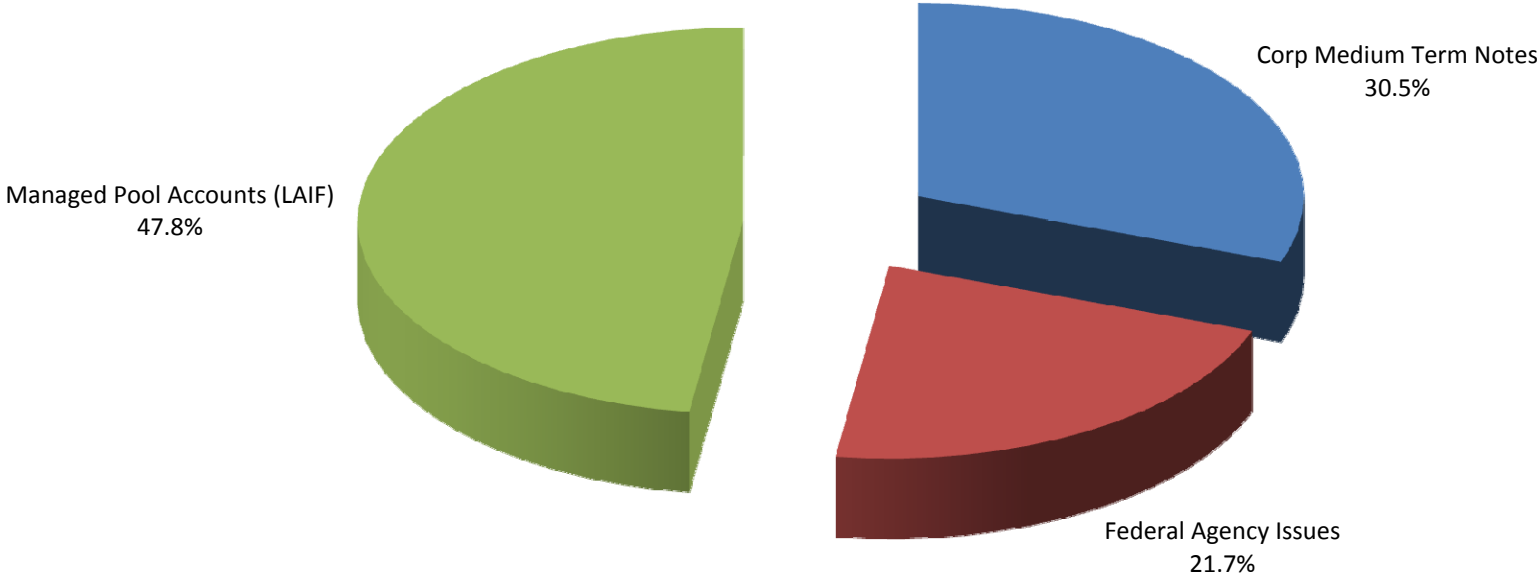
Portfolio	Beginning Balance (Cost)	Purchases or Deposits	Sales/Maturities or Withdrawals	Ending Balance (Cost)	Market Value*
MSR	\$23,885,183	\$7,200,000	\$7,811,533	\$23,273,650	\$23,260,447
MSR Trusts	<u>\$31,266,507</u>	<u>\$19,349,486</u>	<u>\$16,077,507</u>	<u>\$34,538,486</u>	<u>\$35,006,154</u>
	<u><u>\$55,151,690</u></u>	<u><u>\$26,549,486</u></u>	<u><u>\$23,889,040</u></u>	<u><u>\$57,812,135</u></u>	<u><u>\$58,266,601</u></u>

**General Fund Investment Portfolio Guideline Compliance
December 2010**

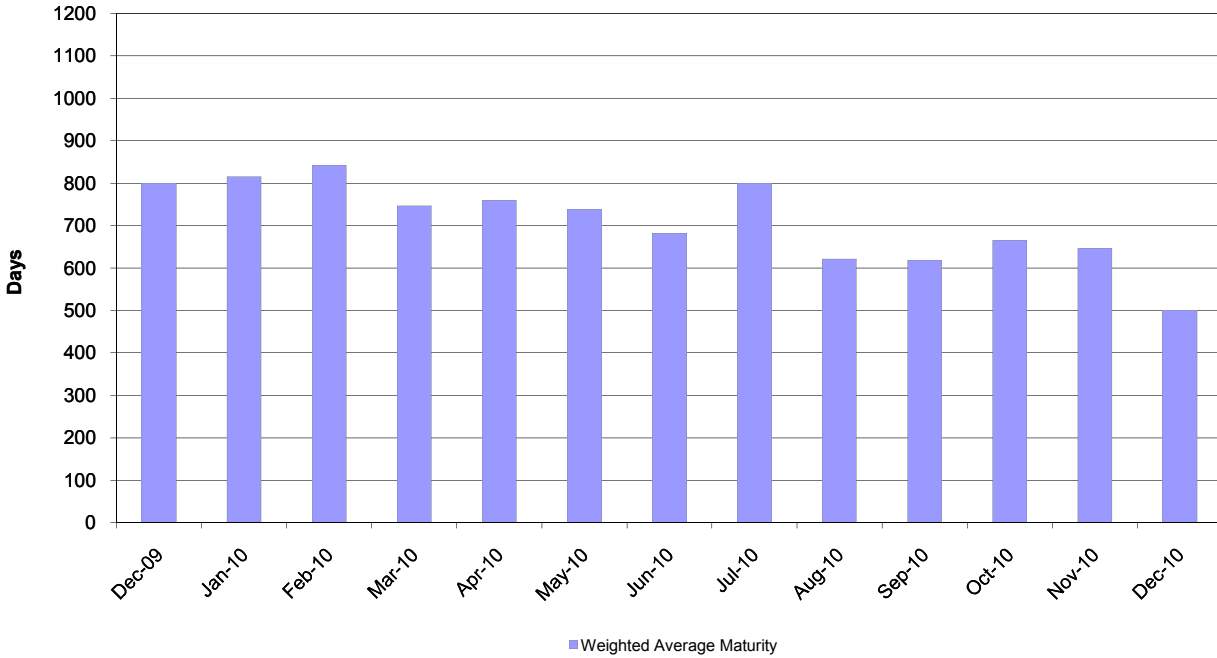
	Standard	Actual	Cost	Market Value*
Corp Medium Term Notes	30%	30.5%	\$7,016,832	\$7,053,290
Federal Agency Issues	No Limit	21.7%	\$5,000,000	\$4,950,340
Managed Pool Accounts (LAIF)	40M	47.8%	\$10,992,272	\$10,992,272
Treasury Securities	No Limit	0.0%	\$0	\$0
Municipal Bonds	No Limit	<u>0.0%</u>	<u>\$0</u>	<u>\$0</u>
		<u>100.0%</u>	<u>\$23,009,104</u>	<u>\$22,995,902</u>
Demand Account Balance	No Limit		<u>\$264,545</u>	<u>\$264,545</u>
Total			<u><u>\$23,273,650</u></u>	<u><u>\$23,260,447</u></u>

* Source of Market Value information is Union Bank and Bloomberg Financial Systems

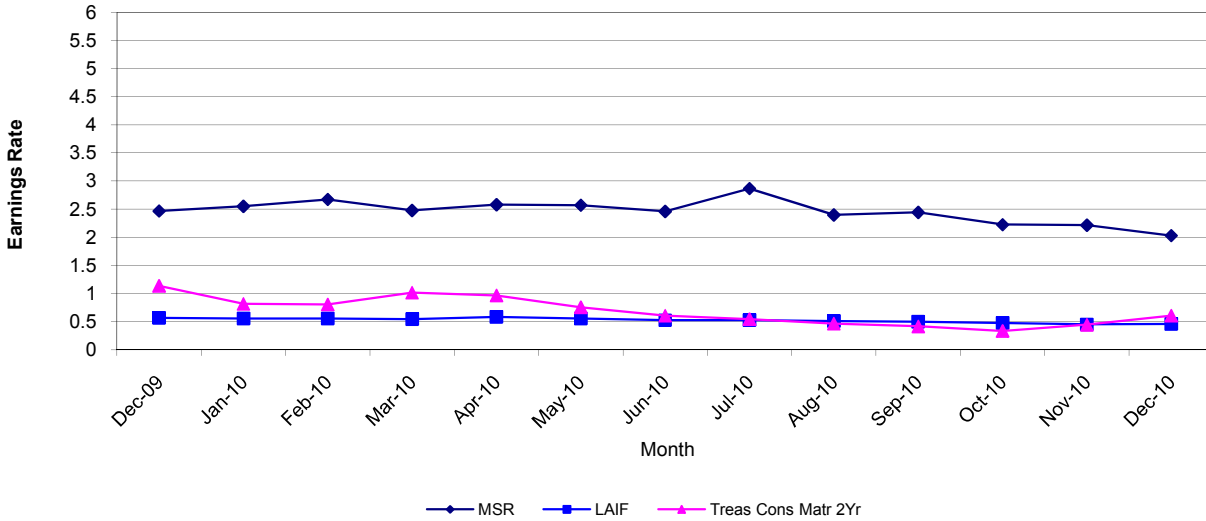
M-S-R Public Power Agency Investment Portfolio December 2010



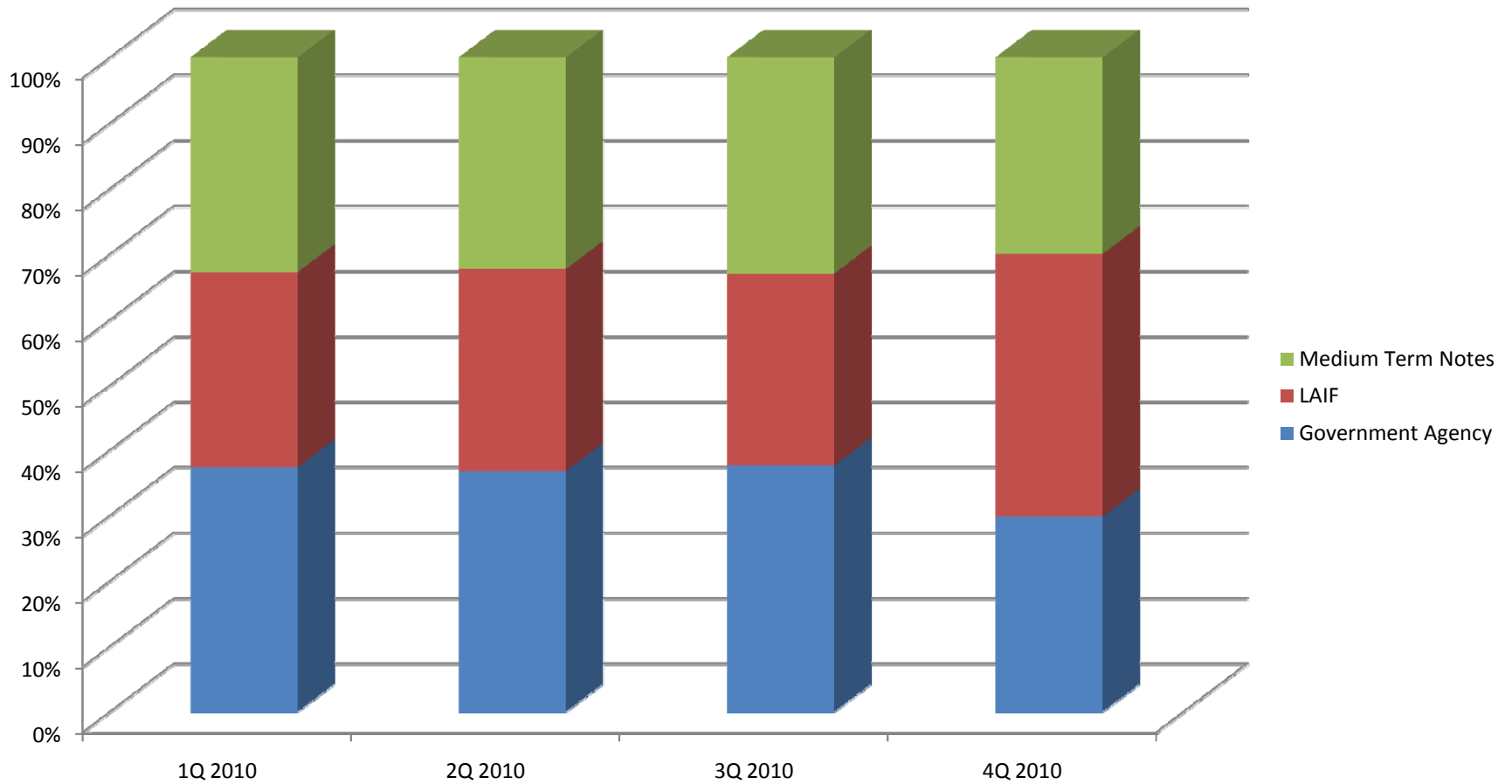
General Fund Portfolio Average Maturity Report



MSR / LAIF / US Treasury 2-Year



M-S-R Public Power Agency Investment Portfolio Quarterly Comparison Fourth Quarter 2010





MSR Public Power Agency
Portfolio Management
Portfolio Summary
December 31, 2010

Modesto Irrigation District
 1231 - 11th St.
 Modesto, CA 95352
 (209)526-7308

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM 365 Equiv.
Managed Pool Accounts	10,992,272.34	10,992,272.34	10,992,272.34	47.77	1	1	0.462
Corporate Medium Term Notes	7,000,000.00	7,053,290.00	7,016,832.08	30.50	1,665	615	4.517
Federal Agency Issues - Coupon	5,000,000.00	4,950,340.00	5,000,000.00	21.73	1,678	1,436	2.000
Investments	22,992,272.34	22,995,902.34	23,009,104.42	100.00%	873	500	2.033
Cash							
Passbook/Checking (not included in yield calculations)	264,545.08	264,545.08	264,545.08		1	1	0.000
Total Cash and Investments	23,256,817.42	23,260,447.42	23,273,649.50		873	500	2.033
Total Earnings	December 31 Month Ending	Fiscal Year To Date					
Current Year	43,311.53	16,162,941.08					
Average Daily Balance	22,423,520.28						

 Lou Hampel, Treasurer

Portfolio MSRG
 CP

**MSR Public Power Agency
Portfolio Management
Portfolio Details - Investments
December 31, 2010**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	YTM 365	Days to Maturity	Maturity Date
Managed Pool Accounts												
SYSLAIF	LAIF	Local Agency Investment Fund		01/01/1999	10,992,272.34	10,992,272.34	10,992,272.34	0.462		0.462	1	
Subtotal and Average			7,324,530.40		10,992,272.34	10,992,272.34	10,992,272.34			0.462	1	
Corporate Medium Term Notes												
02639ENF7	13575	American General Finance		12/06/2007	2,000,000.00	1,861,100.00	2,000,000.00	5.500		5.500	714	12/15/2012
06406HBJ7	13699	Bank of New York Mellon		04/08/2008	2,000,000.00	2,140,560.00	2,016,832.08	4.500		4.310	821	04/01/2013
36966RW44	13634	General Electric Capital Corp		02/28/2008	3,000,000.00	3,051,630.00	3,000,000.00	4.000		4.000	410	02/15/2012
Subtotal and Average			7,016,832.08		7,000,000.00	7,053,290.00	7,016,832.08			4.517	615	
Federal Agency Issues - Coupon												
31331JT45	15393	Federal Farm Credit Banks		10/19/2010	3,000,000.00	2,923,800.00	3,000,000.00	1.500		1.500	1,752	10/19/2015
3133XUNE9	14549	Federal Home Loan Bank		08/25/2009	2,000,000.00	2,026,540.00	2,000,000.00	2.750		2.750	961	08/19/2013
Subtotal and Average			7,806,451.61		5,000,000.00	4,950,340.00	5,000,000.00			2.000	1,436	
Total Investments and Average			22,423,520.28		22,992,272.34	22,995,902.34	23,009,104.42			2.033	500	

**MSR Public Power Agency
Portfolio Management
Portfolio Details - Cash
December 31, 2010**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	YTM 365	Days to Maturity
Passbook/Checking Accounts											
SYSGENERAL FUND	GENERAL FUND	Union Bank of California		01/01/1999	264,545.08	264,545.08	264,545.08			0.000	1
		Average Balance	0.00								1
Total Cash and Investments			22,423,520.28		23,256,817.42	23,260,447.42	23,273,649.50			2.033	500

**MSR Public Power Agency
Portfolio Management
Investment Status Report - Investments
December 31, 2010**

CUSIP	Investment #	Issuer	Par Value	Stated Rate	Maturity Date	Purchase Date	YTM 360	YTM 365	Payment Dates	Accrued Interest At Purchase	Current Purchase Principal	Book Value
Managed Pool Accounts												
SYSLAIF	LAIF	LAIF	10,992,272.34	0.462		01/01/1999	0.456	0.462	01/15 - Quarterly		10,992,272.34	10,992,272.34
Managed Pool Accounts Totals			10,992,272.34				0.456	0.462		0.00	10,992,272.34	10,992,272.34
Corporate Medium Term Notes												
02639ENF7	13575	AMERIC	2,000,000.00	5.500	12/15/2012	12/06/2007	5.425	5.500	06/15 - 12/15		2,000,000.00	2,000,000.00
06406HBJ7	13699	BNYM	2,000,000.00	4.500	04/01/2013	04/08/2008	4.251	4.310	10/01 - 04/01	Received	2,016,832.08	2,016,832.08
36966RW44	13634	GEC	3,000,000.00	4.000	02/15/2012	02/28/2008	3.946	4.000	08/15 - 02/15		3,000,000.00	3,000,000.00
Corporate Medium Term Notes Totals			7,000,000.00				4.455	4.517		0.00	7,016,832.08	7,016,832.08
Federal Agency Issues - Coupon												
31331JT45	15393	FFCB	3,000,000.00	1.500	10/19/2015	10/19/2010	1.479	1.500	04/19 - 10/19		3,000,000.00	3,000,000.00
3133XUNE9	14549	FHLB	2,000,000.00	2.750	08/19/2013	08/25/2009	2.712	2.750	02/19 - 08/19	Received	2,000,000.00	2,000,000.00
Federal Agency Issues - Coupon Totals			5,000,000.00				1.973	2.000		0.00	5,000,000.00	5,000,000.00
Investment Totals			22,992,272.34				2.005	2.033		0.00	23,009,104.42	23,009,104.42

**MSR Public Power Agency
Portfolio Management
Investment Status Report - Cash
December 31, 2010**

CUSIP	Investment #	Issuer	Par Value	Stated Rate	Maturity Date	Purchase Date	YTM 360	YTM 365	Payment Dates	Accrued Interest At Purchase	Current Purchase Principal	Book Value
Passbook/Checking Accounts												
SYSGENERAL FUND	GENERAL FUND	UBC	264,545.08			01/01/1999	0.000	0.000	/ - Monthly		264,545.08	264,545.08
Cash Totals			264,545.08							0.00	264,545.08	264,545.08
Totals for Cash and Investments			23,256,817.42				2.005	2.033		0.00	23,273,649.50	23,273,649.50

**MSR Public Power Agency
Portfolio Management
Investment Activity By Type
December 1, 2010 through December 31, 2010**

CUSIP	Investment #	Issuer	Beginning Balance	Stated Rate	Transaction Date	Purchases or Deposits	Sales/Maturities or Withdrawals	Ending Balance
Managed Pool Accounts (Monthly Summary)								
SYSLAIF	LAIF	Local Agency Investment Fund		0.462		7,200,000.00	4,800,000.00	
		Subtotal	8,592,272.34			7,200,000.00	4,800,000.00	10,992,272.34
Passbook/Checking Accounts (Monthly Summary)								
SYSGENERAL FUND	GENERAL FUND	Union Bank of California				0.00	11,533.14	
		Subtotal	276,078.22			0.00	11,533.14	264,545.08
Corporate Medium Term Notes								
		Subtotal	7,016,832.08					7,016,832.08
Federal Agency Issues - Coupon								
3128X9RG7	14822	Fed Home Loan Mortgage Corp		2.250	12/30/2010	0.00	3,000,000.00	
		Subtotal	8,000,000.00			0.00	3,000,000.00	5,000,000.00
		Total	23,885,182.64			7,200,000.00	7,811,533.14	23,273,649.50



MSR Public Power Agency
Received Interest
Sorted by Date Received
Received December 1, 2010 - December 31, 2010

Modesto Irrigation District
 1231 - 11th St.
 Modesto, CA 95352
 (209)526-7308

Date Received	CUSIP	Investment #	Investment Type	Par Value	Current Rate	Date Due	Received	Interest		Variance
								P & I Due	Amount Received	
December 2010	02639ENF7	13575	MTN	2,000,000.00	5.500	12/15/2010	12/15/2010	55,000.00	55,000.00	-
	3128X9RG7	14822	FAC	0.00	2.250	12/30/2010	12/30/2010	33,750.00	33,750.00	-
							Subtotal	88,750.00	88,750.00	
Total								88,750.00	88,750.00	
Total Cash Overpayment								0.00		
Total Cash Shortfall								0.00		

Portfolio MSRG
 CP

RI (PRF_RI) SymRept V6.00f2
 Report Ver. 5.00



MSR Public Power Agency
Investment Sales Report
Sorted by Sale Date
December 1, 2010 - December 31, 2010

Modesto Irrigation District
 1231 - 11th St.
 Modesto, CA 95352
 (209)526-7308

CUSIP	Investment #	Fund	Issuer Inv. Type	Purchase Date	Sale Date Matur. Date	Par Value	Rate at Sale	Book Value at Sale	Sale Principal	Sale Interest	Sale Proceeds	Net Income
3128X9RG7	14822	CORP	FREDMC FAC	12/30/2009	12/30/2010 12/30/2013	3,000,000.00	2.250	3,000,000.00	3,000,000.00	33,750.00	3,033,750.00 Call	33,750.00
Total Sales						3,000,000.00		3,000,000.00	3,000,000.00	33,750.00	3,033,750.00	33,750.00

Portfolio MSRG
 CP

SA (PRF_SA) SymRept V6.00f2
 Report Ver. 5.00



**MSR Public Power Agency
Realized Gains and Losses
Sorted By Maturity/Sale/Call Date**

Modesto Irrigation District
1231 - 11th St.
Modesto, CA 95352
(209)526-7308

Sales/Calls/Maturities: December 1, 2010 - December 31, 2010

<u>Investment #</u>	<u>Inv. Type</u>	<u>Purchase Date</u>	<u>Par Value</u>	<u>Sale Date</u>	<u>Days Held</u>						
<u>Issuer</u>			<u>Current Rate</u>	<u>Maturity Date</u>	<u>Term</u>	<u>Book Value</u>	<u>Maturity/Sale Proceeds</u>	<u>Realized Gain/Loss</u>	<u>Total Earnings</u>	<u>Total Net Earnings</u>	<u>Total Yield 365</u>
14822	FAC	12/30/2009	3,000,000.00	12/30/2010	365	3,000,000.00	3,000,000.00	0.00	67,500.00	67,500.00	2.250
Fed Home Loan Mortgage Corp			2.250	12/30/2013	1,461						
Total Realized Gains/Losses						3,000,000.00	3,000,000.00	0.00	67,500.00	67,500.00	2.250

Portfolio MSRG
CP

CG (PRF_CGR1) SymRept V6.00f2
Report Ver. 5.00



MSR Public Power Agency
Activity Report
Issuer: Local Agency Investment Fund
December 1, 2010 - December 31, 2010

Modesto Irrigation District
 1231 - 11th St.
 Modesto, CA 95352
 (209)526-7308

CUSIP	Investment #	Issuer	Percent of Portfolio	Par Value		Transaction Date	Par Value		Ending Balance
				Beginning Balance	Current Rate		Purchases or Deposits	Sales/Calls/Maturities or Withdrawals	
Issuer: Local Agency Investment Fund									
Managed Pool Accounts									
SYSLAIF	LAIF	Local Agency Investment Fund			0.462		7,200,000.00	4,800,000.00	
		Subtotal and Balance		8,592,272.34			7,200,000.00	4,800,000.00	10,992,272.34
		Issuer Subtotal	47.265%	8,592,272.34			7,200,000.00	4,800,000.00	10,992,272.34
		Total		8,592,272.34			7,200,000.00	4,800,000.00	10,992,272.34

Portfolio MSRG
 CP

DA (PRF_DA) SymRept V6.00f2
 Report Ver. 5.00



**MSR Public Power Agency Trust
Portfolio Management
Portfolio Summary
December 31, 2010**

Modesto Irrigation District
1231 - 11th St.
Modesto, CA 95352
(209)526-7308

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM 365 Equiv.
Federal Agency Issues - Coupon	13,400,000.00	13,708,698.00	13,241,029.89	100.00	1,086	287	3.425
Investments	13,400,000.00	13,708,698.00	13,241,029.89	100.00%	1,086	287	3.425
Cash							
Passbook/Checking (not included in yield calculations)	21,297,455.84	21,297,455.84	21,297,455.84		1	1	0.010
Total Cash and Investments	34,697,455.84	35,006,153.84	34,538,485.73		1,086	287	3.425
Total Earnings	December 31 Month Ending	Fiscal Year To Date					
Current Year	34,599.99	8,359,158.08					
Average Daily Balance	32,231,419.75						

Lou Hampel, Treasurer

**MSR Public Power Agency Trust
Portfolio Management
Portfolio Details - Investments
December 31, 2010**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	YTM 365	Days to Maturity	Maturity Date
Federal Agency Issues - Coupon												
3133XRFL9	13816	Federal Home Loan Bank		06/11/2008	2,600,000.00	2,809,014.00	2,588,341.89	4.250		4.351	895	06/14/2013
3133XQQQ8	14006	Federal Home Loan Bank		11/25/2008	6,550,000.00	6,610,456.50	6,460,658.00	2.625		3.200	139	05/20/2011
3133XQQQ8	14007	Federal Home Loan Bank		11/25/2008	3,120,000.00	3,148,797.60	3,077,443.20	2.625		3.200	139	05/20/2011
3133XQQQ8	14008	Federal Home Loan Bank		11/25/2008	1,130,000.00	1,140,429.90	1,114,586.80	2.625		3.200	139	05/20/2011
Subtotal and Average			13,241,029.89		13,400,000.00	13,708,698.00	13,241,029.89			3.425	287	
Federal Agency Issues - Discount												
Subtotal and Average			10,733,731.90									
Treasury Securities - Discount												
Subtotal and Average			2,836,982.10									
Total Investments and Average			32,231,419.75		13,400,000.00	13,708,698.00	13,241,029.89			3.425	287	

**MSR Public Power Agency Trust
Portfolio Management
Portfolio Details - Cash
December 31, 2010**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	YTM 365	Days to Maturity
Passbook/Checking Accounts											
SYS0741MONEY	0741MONEY	U S BANK		09/26/2001	3,495,331.96	3,495,331.96	3,495,331.96	0.010		0.010	1
SYS0744 MONEY	0744 MONEY	U S BANK		09/26/2001	394,977.03	394,977.03	394,977.03	0.010		0.010	1
SYS1400 MONEY	1400 MONEY	U S BANK			0.00	0.00	0.00	0.500		0.500	1
SYS1401 MONEY	1401 MONEY	U S BANK			0.00	0.00	0.00	4.400		4.400	1
SYS1402 MONEY	1402 MONEY	U S BANK			0.00	0.00	0.00	4.400		4.400	1
SYS1403 MONEY	1403 MONEY	U S BANK			469,667.34	469,667.34	469,667.34	0.010		0.010	1
SYS1405 MONEY	1405 MONEY	U S BANK			0.00	0.00	0.00	5.030		5.030	1
SYS2400 MONEY	2400 MONEY	U S BANK		06/06/2003	0.00	0.00	0.00	1.510		1.510	1
SYS2401 MONEY	2401 MONEY	U S BANK		06/06/2003	0.00	0.00	0.00	1.510		1.510	1
SYS2402 MONEY	2402 MONEY	U S BANK		06/27/2003	0.00	0.00	0.00	0.570		0.570	1
SYS2404 MONEY	2404 MONEY	U S BANK		05/29/2003	0.00	0.00	0.00	0.510		0.510	1
SYS30000 MONEY	30000 MONEY	U S BANK		05/01/2009	279,620.13	279,620.13	279,620.13	0.010		0.010	1
SYS30001 MONEY	30001 MONEY	U S BANK		12/24/2008	2,927,824.12	2,927,824.12	2,927,824.12	0.010		0.010	1
SYS30002 MONEY	30002 MONEY	U S BANK		01/26/2009	355,245.03	355,245.03	355,245.03	0.010		0.010	1
SYS30003 MONEY	30003 MONEY	U S BANK		07/23/2008	85,968.75	85,968.75	85,968.75	0.010		0.010	1
SYS30004 MONEY	30004 MONEY	U S BANK		07/24/2008	0.00	0.00	0.00	0.010		0.010	1
SYS30005 MONEY	30005 MONEY	U S BANK		07/24/2008	0.00	0.00	0.00	0.010		0.010	1
SYS31000 MONEY	31000 MONEY	U S BANK		05/01/2009	131,777.13	131,777.13	131,777.13	0.010		0.010	1
SYS31003 MONEY	31003 MONEY	U S BANK		07/23/2008	40,950.00	40,950.00	40,950.00	0.010		0.010	1
SYS31006 MONEY	31006 MONEY	U S BANK		07/24/2008	0.00	0.00	0.00	0.010		0.010	1
SYS32000 MONEY	32000 MONEY	U S BANK		05/01/2009	48,606.53	48,606.53	48,606.53	0.010		0.010	1
SYS32003 MONEY	32003 MONEY	U S BANK		07/24/2008	14,831.25	14,831.25	14,831.25	0.010		0.010	1
SYS32006 MONEY	32006 MONEY	U S BANK		07/24/2008	0.00	0.00	0.00	0.010		0.010	1
SYS5570 MONEY	5570 MONEY	U S BANK			0.00	0.00	0.00	2.700		2.700	1
SYS5571 MONEY	5571 MONEY	U S BANK			0.00	0.00	0.00	2.700		2.700	1
SYS5572 MONEY	5572 MONEY	U S BANK			0.00	0.00	0.00	6.000		6.000	1
SYS5580 MONEY	5580 MONEY	U S BANK			0.00	0.00	0.00	0.035		0.035	1
SYS5581 MONEY	5581 MONEY	U S BANK			0.00	0.00	0.00	1.510		1.510	1
SYS5590 MONEY	5590 MONEY	U S BANK			1,326,316.21	1,326,316.21	1,326,316.21	0.010		0.010	1
SYS5591 MONEY	5591 MONEY	U S BANK			231,950.00	231,950.00	231,950.00	0.010		0.010	1
SYS5592 MONEY	5592 MONEY	U S BANK		04/30/2004	0.00	0.00	0.00	1.640		1.640	1
SYS5593 MONEY	5593 MONEY	U S BANK		05/03/2004	0.00	0.00	0.00	0.470		0.470	1
SYS5600 MONEY	5600 MONEY	U S BANK			0.00	0.00	0.00	0.520		0.520	1
SYS5601 MONEY	5601 MONEY	U S BANK			0.00	0.00	0.00	1.550		1.550	1
SYS5602 MONEY	5602 MONEY	U S BANK			0.00	0.00	0.00	5.100		5.100	1
SYS6680 MONEY	6680 MONEY	U S BANK			0.00	0.00	0.00	6.000		6.000	1
SYS6681 MONEY	6681 MONEY	U S BANK			0.00	0.00	0.00	5.020		5.020	1
SYS6810 MONEY	6810 MONEY	U S BANK			0.00	0.00	0.00	6.100		6.100	1
SYS6811 MONEY	6811 MONEY	U S BANK			0.00	0.00	0.00	4.400		4.400	1

**MSR Public Power Agency Trust
Portfolio Management
Portfolio Details - Cash
December 31, 2010**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	YTM 365	Days to Maturity
Passbook/Checking Accounts											
SYS6813 MONEY	6813 MONEY	U S BANK			0.00	0.00	0.00	4.400		4.400	1
SYS69000 MONEY	69000 MONEY	U S BANK		05/01/2009	261,141.03	261,141.03	261,141.03	0.010		0.010	1
SYS69001 MONEY	69001 MONEY	U S BANK		12/24/2007	1,150,382.57	1,150,382.57	1,150,382.57	0.010		0.010	1
SYS69002 MONEY	69002 MONEY	U S BANK		01/25/2008	6,464,802.36	6,464,802.36	6,464,802.36	0.010		0.010	1
SYS69003 MONEY	69003 MONEY	U S BANK		12/04/2007	60,930.00	60,930.00	60,930.00	0.010		0.010	1
SYS69004 MONEY	69004 MONEY	U S BANK		12/04/2007	0.00	0.00	0.00	0.035		0.035	1
SYS6990 MONEY	6990 MONEY	U S BANK			0.00	0.00	0.00	1.370		1.370	1
SYS6991 MONEY	6991 MONEY	U S BANK			0.00	0.00	0.00	1.370		1.370	1
SYS6992 MONEY	6992 MONEY	U S BANK			0.00	0.00	0.00	1.370		1.370	1
SYS6993 MONEY	6993 MONEY	U S BANK			0.00	0.00	0.00	1.370		1.370	1
SYS7260 MONEY	7260 MONEY	U S BANK			0.11	0.11	0.11	0.010		0.010	1
SYS7261 MONEY	7261 MONEY	U S BANK			397,185.01	397,185.01	397,185.01	0.010		0.010	1
SYS7262 MONEY	7262 MONEY	U S BANK			2,033,894.37	2,033,894.37	2,033,894.37	0.010		0.010	1
SYS7267 MONEY	7267 MONEY	U S BANK			0.00	0.00	0.00	5.060		5.060	1
SYS7510 MONEY	7510 MONEY	U S BANK			0.00	0.00	0.00	0.035		0.035	1
SYS7511 MONEY	7511 MONEY	U S BANK			0.00	0.00	0.00	1.400		1.400	1
SYS7512 MONEY	7512 MONEY	U S BANK		01/01/2001	0.00	0.00	0.00	5.000		5.000	1
SYS7514 MONEY	7514 MONEY	U S BANK			0.00	0.00	0.00	0.520		0.520	1
SYS8440 MONEY	8440 MONEY	U S BANK			0.00	0.00	0.00	1.500		1.500	1
SYS8441 MONEY	8441 MONEY	U S BANK			0.00	0.00	0.00	1.500		1.500	1
SYS8442 MONEY	8442 MONEY	U S BANK			0.00	0.00	0.00	4.350		4.350	1
SYS8443 MONEY	8443 MONEY	U S BANK			0.00	0.00	0.00	1.500		1.500	1
SYS8444 MONEY	8444 MONEY	U S BANK			0.00	0.00	0.00	0.970		0.970	1
SYS8940 MONEY	8940 MONEY	U S BANK		01/01/2001	0.00	0.00	0.00	0.035		0.035	1
SYS8942 MONEY	8942 MONEY	U S BANK			0.00	0.00	0.00	1.400		1.400	1
SYS8944 MONEY	8944 MONEY	U S BANK			0.00	0.00	0.00	5.500		5.500	1
SYS9000 MONEY	9000 MONEY	U S BANK		06/25/2004	35.30	35.30	35.30	0.010		0.010	1
SYS9001 MONEY	9001 MONEY	U S BANK		05/25/2004	44,186.33	44,186.33	44,186.33	0.010		0.010	1
SYS9002 MONEY	9002 MONEY	U S BANK		05/25/2004	1,081,833.28	1,081,833.28	1,081,833.28	0.010		0.010	1
SYS9004 MONEY	9004 MONEY	U S BANK		05/03/2004	0.00	0.00	0.00	0.510		0.510	1
	Average Balance		0.00								1
Total Cash and Investments			32,231,419.75		34,697,455.84	35,006,153.84	34,538,485.73			3.425	287

**MSR Public Power Agency Trust
Portfolio Management
Investment Status Report - Investments
December 31, 2010**

CUSIP	Investment #	Issuer	Par Value	Stated Rate	Maturity Date	Purchase Date	YTM 360	YTM 365	Payment Dates	Accrued Interest At Purchase	Current Purchase Principal	Book Value
Federal Agency Issues - Coupon												
3133XRFL9	13816	FHLB	2,600,000.00	4.250	06/14/2013	06/11/2008	4.291	4.351	12/14 - 06/14	Received	2,588,341.89	2,588,341.89
3133XQQQ8	14006	FHLB	6,550,000.00	2.625	05/20/2011	11/25/2008	3.156	3.200	05/20 - 11/20	Received	6,460,658.00	6,460,658.00
3133XQQQ8	14007	FHLB	3,120,000.00	2.625	05/20/2011	11/25/2008	3.156	3.200	05/20 - 11/20	Received	3,077,443.20	3,077,443.20
3133XQQQ8	14008	FHLB	1,130,000.00	2.625	05/20/2011	11/25/2008	3.156	3.200	05/20 - 11/20	Received	1,114,586.80	1,114,586.80
Federal Agency Issues - Coupon Totals			13,400,000.00				3.378	3.425		0.00	13,241,029.89	13,241,029.89
Investment Totals			13,400,000.00				3.378	3.425		0.00	13,241,029.89	13,241,029.89

**MSR Public Power Agency Trust
Portfolio Management
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December 31, 2010**

CUSIP	Investment #	Issuer	Par Value	Stated Rate	Maturity Date	Purchase Date	YTM 360	YTM 365	Payment Dates	Accrued Interest At Purchase	Current Purchase Principal	Book Value
Passbook/Checking Accounts												
SYS0741MONEY	0741MONEY	USBANK	3,495,331.96	0.010		09/26/2001	0.010	0.010	09/26 - Monthly		3,495,331.96	3,495,331.96
SYS0744 MONEY	0744 MONEY	USBANK	394,977.03	0.010		09/26/2001	0.010	0.010	09/26 - Monthly		394,977.03	394,977.03
SYS1400 MONEY	1400 MONEY	USBANK	0.00	0.500			0.493	0.500	01/02 - Monthly		0.00	0.00
SYS1401 MONEY	1401 MONEY	USBANK	0.00	4.400			4.340	4.400	01/02 - Monthly		0.00	0.00
SYS1402 MONEY	1402 MONEY	USBANK	0.00	4.400			4.340	4.400	01/02 - Monthly		0.00	0.00
SYS1403 MONEY	1403 MONEY	USBANK	469,667.34	0.010			0.010	0.010	01/02 - Monthly		469,667.34	469,667.34
SYS1405 MONEY	1405 MONEY	USBANK	0.00	5.030			4.961	5.030	01/02 - Monthly		0.00	0.00
SYS2400 MONEY	2400 MONEY	USBANK	0.00	1.510		06/06/2003	1.489	1.510	07/01 - Monthly		0.00	0.00
SYS2401 MONEY	2401 MONEY	USBANK	0.00	1.510		06/06/2003	1.489	1.510	07/01 - Monthly		0.00	0.00
SYS2402 MONEY	2402 MONEY	USBANK	0.00	0.570		06/27/2003	0.562	0.570	07/01 - Monthly		0.00	0.00
SYS2404 MONEY	2404 MONEY	USBANK	0.00	0.510		05/29/2003	0.503	0.510	06/01 - Monthly		0.00	0.00
SYS30000 MONEY	30000 MONEY	USBANK	279,620.13	0.010		05/01/2009	0.010	0.010	05/01 - Monthly		279,620.13	279,620.13
SYS30001 MONEY	30001 MONEY	USBANK	2,927,824.12	0.010		12/24/2008	0.010	0.010	01/01 - Monthly		2,927,824.12	2,927,824.12
SYS30002 MONEY	30002 MONEY	USBANK	355,245.03	0.010		01/26/2009	0.010	0.010	01/26 - Monthly		355,245.03	355,245.03
SYS30003 MONEY	30003 MONEY	USBANK	85,968.75	0.010		07/23/2008	0.010	0.010	08/01 - Monthly		85,968.75	85,968.75
SYS30004 MONEY	30004 MONEY	USBANK	0.00	0.010		07/24/2008	0.010	0.010	08/01 - Monthly		0.00	0.00
SYS30005 MONEY	30005 MONEY	USBANK	0.00	0.010		07/24/2008	0.010	0.010	08/01 - Monthly		0.00	0.00
SYS31000 MONEY	31000 MONEY	USBANK	131,777.13	0.010		05/01/2009	0.010	0.010	05/01 - Monthly		131,777.13	131,777.13
SYS31003 MONEY	31003 MONEY	USBANK	40,950.00	0.010		07/23/2008	0.010	0.010	08/01 - Monthly		40,950.00	40,950.00
SYS31006 MONEY	31006 MONEY	USBANK	0.00	0.010		07/24/2008	0.010	0.010	08/01 - Monthly		0.00	0.00
SYS32000 MONEY	32000 MONEY	USBANK	48,606.53	0.010		05/01/2009	0.010	0.010	05/01 - Monthly		48,606.53	48,606.53
SYS32003 MONEY	32003 MONEY	USBANK	14,831.25	0.010		07/24/2008	0.010	0.010	08/01 - Monthly		14,831.25	14,831.25
SYS32006 MONEY	32006 MONEY	USBANK	0.00	0.010		07/24/2008	0.010	0.010	08/01 - Monthly		0.00	0.00
SYS5570 MONEY	5570 MONEY	USBANK	0.00	2.700			2.663	2.700	01/01 - Monthly		0.00	0.00
SYS5571 MONEY	5571 MONEY	USBANK	0.00	2.700			2.663	2.700	01/01 - Monthly		0.00	0.00
SYS5572 MONEY	5572 MONEY	USBANK	0.00	6.000			5.918	6.000	01/01 - Monthly		0.00	0.00
SYS5580 MONEY	5580 MONEY	USBANK	0.00	0.035			0.035	0.035	01/01 - Monthly		0.00	0.00
SYS5581 MONEY	5581 MONEY	USBANK	0.00	1.510			1.489	1.510	01/01 - Monthly		0.00	0.00
SYS5590 MONEY	5590 MONEY	USBANK	1,326,316.21	0.010			0.010	0.010	01/01 - Monthly		1,326,316.21	1,326,316.21
SYS5591 MONEY	5591 MONEY	USBANK	231,950.00	0.010			0.010	0.010	01/01 - Monthly		231,950.00	231,950.00
SYS5592 MONEY	5592 MONEY	USBANK	0.00	1.640		04/30/2004	1.618	1.640	04/30 - Monthly		0.00	0.00
SYS5593 MONEY	5593 MONEY	USBANK	0.00	0.470		05/03/2004	0.464	0.470	05/03 - Monthly		0.00	0.00
SYS5600 MONEY	5600 MONEY	USBANK	0.00	0.520			0.513	0.520	01/01 - Monthly		0.00	0.00
SYS5601 MONEY	5601 MONEY	USBANK	0.00	1.550			1.529	1.550	01/01 - Monthly		0.00	0.00
SYS5602 MONEY	5602 MONEY	USBANK	0.00	5.100			5.030	5.100	01/01 - Monthly		0.00	0.00
SYS6680 MONEY	6680 MONEY	USBANK	0.00	6.000			5.918	6.000	01/02 - Monthly		0.00	0.00
SYS6681 MONEY	6681 MONEY	USBANK	0.00	5.020			4.951	5.020	01/02 - Monthly		0.00	0.00

**MSR Public Power Agency Trust
Portfolio Management
Investment Status Report - Cash
December 31, 2010**

CUSIP	Investment #	Issuer	Par Value	Stated Rate	Maturity Date	Purchase Date	YTM 360	YTM 365	Payment Dates	Accrued Interest At Purchase	Current Purchase Principal	Book Value
Passbook/Checking Accounts												
SYS6810 MONEY	6810 MONEY	USBANK	0.00	6.100			6.016	6.100	01/02 - Monthly		0.00	0.00
SYS6811 MONEY	6811 MONEY	USBANK	0.00	4.400			4.340	4.400	01/02 - Monthly		0.00	0.00
SYS6813 MONEY	6813 MONEY	USBANK	0.00	4.400			4.340	4.400	01/02 - Monthly		0.00	0.00
SYS69000 MONEY	69000 MONEY	USBANK	261,141.03	0.010		05/01/2009	0.010	0.010	05/01 - Monthly		261,141.03	261,141.03
SYS69001 MONEY	69001 MONEY	USBANK	1,150,382.57	0.010		12/24/2007	0.010	0.010	01/01 - Monthly		1,150,382.57	1,150,382.57
SYS69002 MONEY	69002 MONEY	USBANK	6,464,802.36	0.010		01/25/2008	0.010	0.010	01/25 - Monthly		6,464,802.36	6,464,802.36
SYS69003 MONEY	69003 MONEY	USBANK	60,930.00	0.010		12/04/2007	0.010	0.010	01/01 - Monthly		60,930.00	60,930.00
SYS69004 MONEY	69004 MONEY	USBANK	0.00	0.035		12/04/2007	0.035	0.035	01/01 - Monthly		0.00	0.00
SYS6990 MONEY	6990 MONEY	USBANK	0.00	1.370			1.351	1.370	01/02 - Monthly		0.00	0.00
SYS6991 MONEY	6991 MONEY	USBANK	0.00	1.370			1.351	1.370	01/02 - Monthly		0.00	0.00
SYS6992 MONEY	6992 MONEY	USBANK	0.00	1.370			1.351	1.370	01/02 - Monthly		0.00	0.00
SYS6993 MONEY	6993 MONEY	USBANK	0.00	1.370			1.351	1.370	/ - Monthly		0.00	0.00
SYS7260 MONEY	7260 MONEY	USBANK	0.11	0.010			0.010	0.010	01/02 - Monthly		0.11	0.11
SYS7261 MONEY	7261 MONEY	USBANK	397,185.01	0.010			0.010	0.010	01/02 - Monthly		397,185.01	397,185.01
SYS7262 MONEY	7262 MONEY	USBANK	2,033,894.37	0.010			0.010	0.010	01/02 - Monthly		2,033,894.37	2,033,894.37
SYS7267 MONEY	7267 MONEY	USBANK	0.00	5.060			4.991	5.060	01/02 - Monthly		0.00	0.00
SYS7510 MONEY	7510 MONEY	USBANK	0.00	0.035			0.035	0.035	01/02 - Monthly		0.00	0.00
SYS7511 MONEY	7511 MONEY	USBANK	0.00	1.400			1.381	1.400	01/02 - Monthly		0.00	0.00
SYS7512 MONEY	7512 MONEY	USBANK	0.00	5.000		01/01/2001	4.932	5.000	01/02 - Monthly		0.00	0.00
SYS7514 MONEY	7514 MONEY	USBANK	0.00	0.520			0.513	0.520	01/01 - Monthly		0.00	0.00
SYS8440 MONEY	8440 MONEY	USBANK	0.00	1.500			1.479	1.500	01/02 - Monthly		0.00	0.00
SYS8441 MONEY	8441 MONEY	USBANK	0.00	1.500			1.479	1.500	01/02 - Monthly		0.00	0.00
SYS8442 MONEY	8442 MONEY	USBANK	0.00	4.350			4.290	4.350	01/02 - Monthly		0.00	0.00
SYS8443 MONEY	8443 MONEY	USBANK	0.00	1.500			1.479	1.500	01/02 - Monthly		0.00	0.00
SYS8444 MONEY	8444 MONEY	USBANK	0.00	0.970			0.957	0.970	/ - Monthly		0.00	0.00
SYS8940 MONEY	8940 MONEY	USBANK	0.00	0.035		01/01/2001	0.035	0.035	07/01 - Monthly		0.00	0.00
SYS8942 MONEY	8942 MONEY	USBANK	0.00	1.400			1.381	1.400	07/01 - Monthly		0.00	0.00
SYS8944 MONEY	8944 MONEY	USBANK	0.00	5.500			5.425	5.500	/ - Monthly		0.00	0.00
SYS9000 MONEY	9000 MONEY	USBANK	35.30	0.010		06/25/2004	0.010	0.010	06/25 - Monthly		35.30	35.30
SYS9001 MONEY	9001 MONEY	USBANK	44,186.33	0.010		05/25/2004	0.010	0.010	05/25 - Monthly		44,186.33	44,186.33
SYS9002 MONEY	9002 MONEY	USBANK	1,081,833.28	0.010		05/25/2004	0.010	0.010	05/25 - Monthly		1,081,833.28	1,081,833.28
SYS9004 MONEY	9004 MONEY	USBANK	0.00	0.510		05/03/2004	0.503	0.510	05/03 - Monthly		0.00	0.00
Cash Totals			21,297,455.84							0.00	21,297,455.84	21,297,455.84
Totals for Cash and Investments			34,697,455.84				3.378	3.425		0.00	34,538,485.73	34,538,485.73

**MSR Public Power Agency Trust
Portfolio Management
Investment Activity By Type
December 1, 2010 through December 31, 2010**

CUSIP	Investment #	Issuer	Beginning Balance	Stated Rate	Transaction Date	Purchases or Deposits	Sales/Maturities or Withdrawals	Ending Balance
Passbook/Checking Accounts (Monthly Summary)								
SYS0741MONEY	0741MONEY	U S BANK		0.010		3,495,012.14	0.00	
SYS30001 MONEY	30001 MONEY	U S BANK		0.010		2,927,675.41	0.00	
SYS30002 MONEY	30002 MONEY	U S BANK		0.010		355,145.49	0.00	
SYS31000 MONEY	31000 MONEY	U S BANK		0.010		14,941.84	14,941.84	
SYS32000 MONEY	32000 MONEY	U S BANK		0.010		5,978.76	5,978.76	
SYS5590 MONEY	5590 MONEY	U S BANK		0.010		1,325,919.25	0.00	
SYS69001MONEY	69001 MONEY	U S BANK		0.010		1,149,613.97	0.00	
SYS69002 MONEY	69002 MONEY	U S BANK		0.010		6,464,058.10	0.00	
SYS69003MONEY	69003 MONEY	U S BANK		0.010		55,250.00	0.00	
SYS7261 MONEY	7261 MONEY	U S BANK		0.010		397,152.30	0.00	
SYS7262 MONEY	7262 MONEY	U S BANK		0.010		2,033,630.46	0.00	
SYS9001 MONEY	9001 MONEY	U S BANK		0.010		43,353.27	0.00	
SYS9002 MONEY	9002 MONEY	U S BANK		0.010		1,081,754.59	0.00	
	Subtotal		1,968,890.86			19,349,485.58	20,920.60	21,297,455.84
Federal Agency Issues - Coupon								
	Subtotal		13,241,029.89					13,241,029.89
Federal Agency Issues - Discount								
313385V29	15252	Federal Home Loan Bank			12/30/2010	0.00	220,836.15	
313385V29	15253	Federal Home Loan Bank			12/30/2010	0.00	65,951.07	
313385V29	15254	Federal Home Loan Bank			12/30/2010	0.00	339,747.93	
313385V29	15255	Federal Home Loan Bank			12/30/2010	0.00	161,879.90	
313385V29	15256	Federal Home Loan Bank			12/30/2010	0.00	420,687.87	
313385V29	15257	Federal Home Loan Bank			12/30/2010	0.00	6,994.81	
313385V29	15258	Federal Home Loan Bank			12/30/2010	0.00	181,865.07	
313385V29	15259	Federal Home Loan Bank			12/30/2010	0.00	191,857.65	
313385V29	15260	Federal Home Loan Bank			12/30/2010	0.00	1,077,200.78	
313385V29	15261	Federal Home Loan Bank			12/30/2010	0.00	487,638.20	
313385V29	15262	Federal Home Loan Bank			12/30/2010	0.00	58,956.26	
313385U38	15377	Federal Home Loan Bank			12/23/2010	0.00	220,930.57	
313385U38	15378	Federal Home Loan Bank			12/23/2010	0.00	65,979.27	
313385U38	15379	Federal Home Loan Bank			12/23/2010	0.00	337,893.81	
313385U38	15380	Federal Home Loan Bank			12/23/2010	0.00	160,949.42	
313385U38	15381	Federal Home Loan Bank			12/23/2010	0.00	420,867.73	
313385U38	15382	Federal Home Loan Bank			12/23/2010	0.00	7,997.49	
313385U38	15383	Federal Home Loan Bank			12/23/2010	0.00	179,943.45	
313385U38	15384	Federal Home Loan Bank			12/23/2010	0.00	191,939.68	
313385U38	15385	Federal Home Loan Bank			12/23/2010	0.00	1,077,661.33	

**MSR Public Power Agency Trust
Portfolio Management
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December 1, 2010 through December 31, 2010**

CUSIP	Investment #	Issuer	Beginning Balance	Stated Rate	Transaction Date	Purchases or Deposits	Sales/Maturities or Withdrawals	Ending Balance
Federal Agency Issues - Discount								
313385U38	15386	Federal Home Loan Bank			12/23/2010	0.00	487,846.69	
313385U38	15387	Federal Home Loan Bank			12/23/2010	0.00	58,981.46	
313385U38	15443	Federal Home Loan Bank			12/23/2010	0.00	220,950.15	
313385U38	15444	Federal Home Loan Bank			12/23/2010	0.00	65,985.11	
313385U38	15445	Federal Home Loan Bank			12/23/2010	0.00	338,923.54	
313385U38	15446	Federal Home Loan Bank			12/23/2010	0.00	160,963.69	
313385U38	15447	Federal Home Loan Bank			12/23/2010	0.00	420,905.04	
313385U38	15448	Federal Home Loan Bank			12/23/2010	0.00	6,998.42	
313385U38	15449	Federal Home Loan Bank			12/23/2010	0.00	179,959.40	
313385U38	15450	Federal Home Loan Bank			12/23/2010	0.00	191,956.69	
313385U38	15451	Federal Home Loan Bank			12/23/2010	0.00	1,076,757.08	
313385U38	15452	Federal Home Loan Bank			12/23/2010	0.00	487,889.93	
313385U38	15453	Federal Home Loan Bank			12/23/2010	0.00	58,986.69	
313397V24	15313	Federal Home Loan Mortgage Corp			12/30/2010	0.00	220,868.48	
313397V24	15314	Federal Home Loan Mortgage Corp			12/30/2010	0.00	65,960.73	
313397V24	15315	Federal Home Loan Mortgage Corp			12/30/2010	0.00	338,798.30	
313397V24	15316	Federal Home Loan Mortgage Corp			12/30/2010	0.00	161,903.61	
313397V24	15317	Federal Home Loan Mortgage Corp			12/30/2010	0.00	420,749.51	
313397V24	15318	Federal Home Loan Mortgage Corp			12/30/2010	0.00	6,995.84	
313397V24	15319	Federal Home Loan Mortgage Corp			12/30/2010	0.00	179,892.90	
313397V24	15320	Federal Home Loan Mortgage Corp			12/30/2010	0.00	190,886.36	
313397V24	15321	Federal Home Loan Mortgage Corp			12/30/2010	0.00	1,076,359.19	
313397V24	15322	Federal Home Loan Mortgage Corp			12/30/2010	0.00	487,709.64	
313397V24	15323	Federal Home Loan Mortgage Corp			12/30/2010	0.00	58,964.90	
912795X55	15512	U.S. Treasury			12/30/2010	0.00	179,978.40	
		Subtotal	13,023,950.19			0.00	13,023,950.19	0.00
Treasury Securities - Discount								
912795X55	15506	U.S. Treasury			12/30/2010	0.00	220,973.48	
912795X55	15507	U.S. Treasury			12/30/2010	0.00	66,991.96	
912795X55	15508	U.S. Treasury			12/30/2010	0.00	338,959.32	
912795X55	15509	U.S. Treasury			12/30/2010	0.00	161,980.56	
912795X55	15510	U.S. Treasury			12/30/2010	0.00	420,949.48	
912795X55	15511	U.S. Treasury			12/30/2010	0.00	6,999.16	
912795X55	15513	U.S. Treasury			12/30/2010	0.00	190,977.08	
912795X55	15514	U.S. Treasury			12/30/2010	0.00	1,076,870.76	
912795X55	15515	U.S. Treasury			12/30/2010	0.00	487,941.44	
912795X55	15516	U.S. Treasury			12/30/2010	0.00	59,992.80	

**MSR Public Power Agency Trust
Portfolio Management
Investment Activity By Type
December 1, 2010 through December 31, 2010**

CUSIP	Investment #	Issuer	Beginning Balance	Stated Rate	Transaction Date	Purchases or Deposits	Sales/Maturities or Withdrawals	Ending Balance
		Subtotal	3,032,636.04			0.00	3,032,636.04	0.00
		Total	31,266,506.98			19,349,485.58	16,077,506.83	34,538,485.73



MSR Public Power Agency Trust
Received Interest
Sorted by Date Received
Received December 1, 2010 - December 31, 2010

Modesto Irrigation District
 1231 - 11th St.
 Modesto, CA 95352
 (209)526-7308

Date Received	CUSIP	Investment #	Investment Type	Par Value	Current Rate	Interest				
						Date Due	Received	P & I Due	Amount Received	Variance
December 2010	3133XRFL9	13816	FAC	2,600,000.00	4.250	12/14/2010	12/14/2010	55,250.00	55,250.00	-
	313385U38	15377	FAD	0.00		12/23/2010	12/23/2010	69.43	69.43	-
	313385U38	15378	FAD	0.00		12/23/2010	12/23/2010	20.73	20.73	-
	313385U38	15379	FAD	0.00		12/23/2010	12/23/2010	106.19	106.19	-
	313385U38	15380	FAD	0.00		12/23/2010	12/23/2010	50.58	50.58	-
	313385U38	15381	FAD	0.00		12/23/2010	12/23/2010	132.27	132.27	-
	313385U38	15382	FAD	0.00		12/23/2010	12/23/2010	2.51	2.51	-
	313385U38	15383	FAD	0.00		12/23/2010	12/23/2010	56.55	56.55	-
	313385U38	15384	FAD	0.00		12/23/2010	12/23/2010	60.32	60.32	-
	313385U38	15385	FAD	0.00		12/23/2010	12/23/2010	338.67	338.67	-
	313385U38	15386	FAD	0.00		12/23/2010	12/23/2010	153.31	153.31	-
	313385U38	15387	FAD	0.00		12/23/2010	12/23/2010	18.54	18.54	-
	313385U38	15443	FAD	0.00		12/23/2010	12/23/2010	49.85	49.85	-
	313385U38	15444	FAD	0.00		12/23/2010	12/23/2010	14.89	14.89	-
	313385U38	15445	FAD	0.00		12/23/2010	12/23/2010	76.46	76.46	-
	313385U38	15446	FAD	0.00		12/23/2010	12/23/2010	36.31	36.31	-
	313385U38	15447	FAD	0.00		12/23/2010	12/23/2010	94.96	94.96	-
	313385U38	15448	FAD	0.00		12/23/2010	12/23/2010	1.58	1.58	-
	313385U38	15449	FAD	0.00		12/23/2010	12/23/2010	40.60	40.60	-
	313385U38	15450	FAD	0.00		12/23/2010	12/23/2010	43.31	43.31	-
	313385U38	15451	FAD	0.00		12/23/2010	12/23/2010	242.92	242.92	-
	313385U38	15452	FAD	0.00		12/23/2010	12/23/2010	110.07	110.07	-
	313385U38	15453	FAD	0.00		12/23/2010	12/23/2010	13.31	13.31	-
	313385V29	15252	FAD	0.00		12/30/2010	12/30/2010	163.85	163.85	-
	313385V29	15253	FAD	0.00		12/30/2010	12/30/2010	48.93	48.93	-
	313385V29	15254	FAD	0.00		12/30/2010	12/30/2010	252.07	252.07	-
	313385V29	15255	FAD	0.00		12/30/2010	12/30/2010	120.10	120.10	-
	313385V29	15256	FAD	0.00		12/30/2010	12/30/2010	312.13	312.13	-
	313385V29	15257	FAD	0.00		12/30/2010	12/30/2010	5.19	5.19	-
	313385V29	15258	FAD	0.00		12/30/2010	12/30/2010	134.93	134.93	-
	313385V29	15259	FAD	0.00		12/30/2010	12/30/2010	142.35	142.35	-
	313385V29	15260	FAD	0.00		12/30/2010	12/30/2010	799.22	799.22	-
	313385V29	15261	FAD	0.00		12/30/2010	12/30/2010	361.80	361.80	-
	313385V29	15262	FAD	0.00		12/30/2010	12/30/2010	43.74	43.74	-
	313397V24	15313	FAD	0.00		12/30/2010	12/30/2010	131.52	131.52	-
	313397V24	15314	FAD	0.00		12/30/2010	12/30/2010	39.27	39.27	-
	313397V24	15315	FAD	0.00		12/30/2010	12/30/2010	201.70	201.70	-
	313397V24	15316	FAD	0.00		12/30/2010	12/30/2010	96.39	96.39	-

Portfolio MSRT
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RI (PRF_RI) SymRept V6.00f2
 Report Ver. 5.00

MSR Public Power Agency Trust
Received Interest
Received December 1, 2010 - December 31, 2010

Date Received	CUSIP	Investment #	Investment Type	Par Value	Current Rate	Interest				
						Date Due	Received	P & I Due	Amount Received	Variance
December 2010	313397V24	15317	FAD	0.00		12/30/2010	12/30/2010	250.49	250.49	-
	313397V24	15318	FAD	0.00		12/30/2010	12/30/2010	4.16	4.16	-
	313397V24	15319	FAD	0.00		12/30/2010	12/30/2010	107.10	107.10	-
	313397V24	15320	FAD	0.00		12/30/2010	12/30/2010	113.64	113.64	-
	313397V24	15321	FAD	0.00		12/30/2010	12/30/2010	640.81	640.81	-
	313397V24	15322	FAD	0.00		12/30/2010	12/30/2010	290.36	290.36	-
	313397V24	15323	FAD	0.00		12/30/2010	12/30/2010	35.10	35.10	-
	912795X55	15506	TRD	0.00		12/30/2010	12/30/2010	26.52	26.52	-
	912795X55	15507	TRD	0.00		12/30/2010	12/30/2010	8.04	8.04	-
	912795X55	15508	TRD	0.00		12/30/2010	12/30/2010	40.68	40.68	-
	912795X55	15509	TRD	0.00		12/30/2010	12/30/2010	19.44	19.44	-
	912795X55	15510	TRD	0.00		12/30/2010	12/30/2010	50.52	50.52	-
	912795X55	15511	TRD	0.00		12/30/2010	12/30/2010	0.84	0.84	-
	912795X55	15512	FAD	0.00		12/30/2010	12/30/2010	21.60	21.60	-
	912795X55	15513	TRD	0.00		12/30/2010	12/30/2010	22.92	22.92	-
	912795X55	15514	TRD	0.00		12/30/2010	12/30/2010	129.24	129.24	-
	912795X55	15515	TRD	0.00		12/30/2010	12/30/2010	58.56	58.56	-
	912795X55	15516	TRD	0.00		12/30/2010	12/30/2010	7.20	7.20	-
							Subtotal	61,663.77	61,663.77	
							Total	61,663.77	61,663.77	
							Total Cash Overpayment	0.00		
							Total Cash Shortfall	0.00		



**MSR Public Power Agency Trust
Realized Gains and Losses
Sorted By Maturity/Sale/Call Date**

Modesto Irrigation District
1231 - 11th St.
Modesto, CA 95352
(209)526-7308

Sales/Calls/Maturities: December 1, 2010 - December 31, 2010

Investment #	Inv. Type	Purchase Date	Par Value	Sale Date	Days Held		Maturity/Sale	Realized	Total	Total	Total
Issuer			Current Rate	Maturity Date	Term	Book Value	Proceeds	Gain/Loss	Earnings	Net Earnings	Yield 365
15377	FAD	09/27/2010	221,000.00	12/23/2010	87	220,930.57	221,000.00	0.00	69.43	69.43	0.132
Federal Home Loan Bank				12/23/2010	87						
15378	FAD	09/27/2010	66,000.00	12/23/2010	87	65,979.27	66,000.00	0.00	20.73	20.73	0.132
Federal Home Loan Bank				12/23/2010	87						
15379	FAD	09/27/2010	338,000.00	12/23/2010	87	337,893.81	338,000.00	0.00	106.19	106.19	0.132
Federal Home Loan Bank				12/23/2010	87						
15380	FAD	09/27/2010	161,000.00	12/23/2010	87	160,949.42	161,000.00	0.00	50.58	50.58	0.132
Federal Home Loan Bank				12/23/2010	87						
15381	FAD	09/27/2010	421,000.00	12/23/2010	87	420,867.73	421,000.00	0.00	132.27	132.27	0.132
Federal Home Loan Bank				12/23/2010	87						
15382	FAD	09/27/2010	8,000.00	12/23/2010	87	7,997.49	8,000.00	0.00	2.51	2.51	0.132
Federal Home Loan Bank				12/23/2010	87						
15383	FAD	09/27/2010	180,000.00	12/23/2010	87	179,943.45	180,000.00	0.00	56.55	56.55	0.132
Federal Home Loan Bank				12/23/2010	87						
15384	FAD	09/27/2010	192,000.00	12/23/2010	87	191,939.68	192,000.00	0.00	60.32	60.32	0.132
Federal Home Loan Bank				12/23/2010	87						
15385	FAD	09/27/2010	1,078,000.00	12/23/2010	87	1,077,661.33	1,078,000.00	0.00	338.67	338.67	0.132
Federal Home Loan Bank				12/23/2010	87						
15386	FAD	09/27/2010	488,000.00	12/23/2010	87	487,846.69	488,000.00	0.00	153.31	153.31	0.132
Federal Home Loan Bank				12/23/2010	87						
15387	FAD	09/27/2010	59,000.00	12/23/2010	87	58,981.46	59,000.00	0.00	18.54	18.54	0.132
Federal Home Loan Bank				12/23/2010	87						
15443	FAD	10/26/2010	221,000.00	12/23/2010	58	220,950.15	221,000.00	0.00	49.85	49.85	0.142
Federal Home Loan Bank				12/23/2010	58						
15444	FAD	10/26/2010	66,000.00	12/23/2010	58	65,985.11	66,000.00	0.00	14.89	14.89	0.142
Federal Home Loan Bank				12/23/2010	58						
15445	FAD	10/26/2010	339,000.00	12/23/2010	58	338,923.54	339,000.00	0.00	76.46	76.46	0.142
Federal Home Loan Bank				12/23/2010	58						
15446	FAD	10/26/2010	161,000.00	12/23/2010	58	160,963.69	161,000.00	0.00	36.31	36.31	0.142
Federal Home Loan Bank				12/23/2010	58						
15447	FAD	10/26/2010	421,000.00	12/23/2010	58	420,905.04	421,000.00	0.00	94.96	94.96	0.142
Federal Home Loan Bank				12/23/2010	58						
15448	FAD	10/26/2010	7,000.00	12/23/2010	58	6,998.42	7,000.00	0.00	1.58	1.58	0.142
Federal Home Loan Bank				12/23/2010	58						
15449	FAD	10/26/2010	180,000.00	12/23/2010	58	179,959.40	180,000.00	0.00	40.60	40.60	0.142
Federal Home Loan Bank				12/23/2010	58						
15450	FAD	10/26/2010	192,000.00	12/23/2010	58	191,956.69	192,000.00	0.00	43.31	43.31	0.142
Federal Home Loan Bank				12/23/2010	58						

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CG (PRF_CGR1) SymRept V6.00f2
Report Ver. 5.00

MSR Public Power Agency Trust
Realized Gains and Losses
Sales/Calls/Maturities: December 1, 2010 - December 31, 2010

<u>Investment #</u>	<u>Inv. Type</u>	<u>Purchase Date</u>	<u>Par Value</u>	<u>Sale Date</u>	<u>Days Held</u>	<u>Maturity/Sale Proceeds</u>	<u>Realized Gain/Loss</u>	<u>Total Earnings</u>	<u>Total Net Earnings</u>	<u>Total Yield 365</u>	
<u>Issuer</u>			<u>Current Rate</u>	<u>Maturity Date</u>	<u>Term</u>	<u>Book Value</u>					
15451	FAD	10/26/2010	1,077,000.00	12/23/2010	58	1,076,757.08	1,077,000.00	0.00	242.92	242.92	0.142
Federal Home Loan Bank				12/23/2010	58						
15452	FAD	10/26/2010	488,000.00	12/23/2010	58	487,889.93	488,000.00	0.00	110.07	110.07	0.142
Federal Home Loan Bank				12/23/2010	58						
15453	FAD	10/26/2010	59,000.00	12/23/2010	58	58,986.69	59,000.00	0.00	13.31	13.31	0.142
Federal Home Loan Bank				12/23/2010	58						
15252	FAD	07/26/2010	221,000.00	12/30/2010	157	220,836.15	221,000.00	0.00	163.85	163.85	0.172
Federal Home Loan Bank				12/30/2010	157						
15253	FAD	07/26/2010	66,000.00	12/30/2010	157	65,951.07	66,000.00	0.00	48.93	48.93	0.172
Federal Home Loan Bank				12/30/2010	157						
15254	FAD	07/26/2010	340,000.00	12/30/2010	157	339,747.93	340,000.00	0.00	252.07	252.07	0.172
Federal Home Loan Bank				12/30/2010	157						
15255	FAD	07/26/2010	162,000.00	12/30/2010	157	161,879.90	162,000.00	0.00	120.10	120.10	0.172
Federal Home Loan Bank				12/30/2010	157						
15256	FAD	07/26/2010	421,000.00	12/30/2010	157	420,687.87	421,000.00	0.00	312.13	312.13	0.172
Federal Home Loan Bank				12/30/2010	157						
15257	FAD	07/26/2010	7,000.00	12/30/2010	157	6,994.81	7,000.00	0.00	5.19	5.19	0.172
Federal Home Loan Bank				12/30/2010	157						
15258	FAD	07/26/2010	182,000.00	12/30/2010	157	181,865.07	182,000.00	0.00	134.93	134.93	0.172
Federal Home Loan Bank				12/30/2010	157						
15259	FAD	07/26/2010	192,000.00	12/30/2010	157	191,857.65	192,000.00	0.00	142.35	142.35	0.172
Federal Home Loan Bank				12/30/2010	157						
15260	FAD	07/26/2010	1,078,000.00	12/30/2010	157	1,077,200.78	1,078,000.00	0.00	799.22	799.22	0.172
Federal Home Loan Bank				12/30/2010	157						
15261	FAD	07/26/2010	488,000.00	12/30/2010	157	487,638.20	488,000.00	0.00	361.80	361.80	0.172
Federal Home Loan Bank				12/30/2010	157						
15262	FAD	07/26/2010	59,000.00	12/30/2010	157	58,956.26	59,000.00	0.00	43.74	43.74	0.172
Federal Home Loan Bank				12/30/2010	157						
15313	FAD	08/26/2010	221,000.00	12/30/2010	126	220,868.48	221,000.00	0.00	131.52	131.52	0.172
Federal Home Loan Mortgage Corp				12/30/2010	126						
15314	FAD	08/26/2010	66,000.00	12/30/2010	126	65,960.73	66,000.00	0.00	39.27	39.27	0.172
Federal Home Loan Mortgage Corp				12/30/2010	126						
15315	FAD	08/26/2010	339,000.00	12/30/2010	126	338,798.30	339,000.00	0.00	201.70	201.70	0.172
Federal Home Loan Mortgage Corp				12/30/2010	126						
15316	FAD	08/26/2010	162,000.00	12/30/2010	126	161,903.61	162,000.00	0.00	96.39	96.39	0.172
Federal Home Loan Mortgage Corp				12/30/2010	126						
15317	FAD	08/26/2010	421,000.00	12/30/2010	126	420,749.51	421,000.00	0.00	250.49	250.49	0.172
Federal Home Loan Mortgage Corp				12/30/2010	126						
15318	FAD	08/26/2010	7,000.00	12/30/2010	126	6,995.84	7,000.00	0.00	4.16	4.16	0.172
Federal Home Loan Mortgage Corp				12/30/2010	126						
15319	FAD	08/26/2010	180,000.00	12/30/2010	126	179,892.90	180,000.00	0.00	107.10	107.10	0.172
Federal Home Loan Mortgage Corp				12/30/2010	126						
15320	FAD	08/26/2010	191,000.00	12/30/2010	126	190,886.36	191,000.00	0.00	113.64	113.64	0.172
Federal Home Loan Mortgage Corp				12/30/2010	126						

Portfolio MSRT

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MSR Public Power Agency Trust
Realized Gains and Losses
Sales/Calls/Maturities: December 1, 2010 - December 31, 2010

<u>Investment #</u>	<u>Inv.</u>	<u>Purchase</u>	<u>Par Value</u>	<u>Sale Date</u>	<u>Days Held</u>		<u>Maturity/Sale</u>	<u>Realized</u>	<u>Total</u>	<u>Total</u>	<u>Total</u>
<u>Issuer</u>	<u>Type</u>	<u>Date</u>	<u>Current Rate</u>	<u>Maturity Date</u>	<u>Term</u>	<u>Book Value</u>	<u>Proceeds</u>	<u>Gain/Loss</u>	<u>Earnings</u>	<u>Net Earnings</u>	<u>Yield 365</u>
15321 Federal Home Loan Mortgage Corp	FAD	08/26/2010	1,077,000.00	12/30/2010	126	1,076,359.19	1,077,000.00	0.00	640.81	640.81	0.172
15322 Federal Home Loan Mortgage Corp	FAD	08/26/2010	488,000.00	12/30/2010	126	487,709.64	488,000.00	0.00	290.36	290.36	0.172
15323 Federal Home Loan Mortgage Corp	FAD	08/26/2010	59,000.00	12/30/2010	126	58,964.90	59,000.00	0.00	35.10	35.10	0.172
15512 U.S. Treasury	FAD	11/24/2010	180,000.00	12/30/2010	36	179,978.40	180,000.00	0.00	21.60	21.60	0.122
15506 U.S. Treasury	TRD	11/24/2010	221,000.00	12/30/2010	36	220,973.48	221,000.00	0.00	26.52	26.52	0.122
15507 U.S. Treasury	TRD	11/24/2010	67,000.00	12/30/2010	36	66,991.96	67,000.00	0.00	8.04	8.04	0.122
15508 U.S. Treasury	TRD	11/24/2010	339,000.00	12/30/2010	36	338,959.32	339,000.00	0.00	40.68	40.68	0.122
15509 U.S. Treasury	TRD	11/24/2010	162,000.00	12/30/2010	36	161,980.56	162,000.00	0.00	19.44	19.44	0.122
15510 U.S. Treasury	TRD	11/24/2010	421,000.00	12/30/2010	36	420,949.48	421,000.00	0.00	50.52	50.52	0.122
15511 U.S. Treasury	TRD	11/24/2010	7,000.00	12/30/2010	36	6,999.16	7,000.00	0.00	0.84	0.84	0.122
15513 U.S. Treasury	TRD	11/24/2010	191,000.00	12/30/2010	36	190,977.08	191,000.00	0.00	22.92	22.92	0.122
15514 U.S. Treasury	TRD	11/24/2010	1,077,000.00	12/30/2010	36	1,076,870.76	1,077,000.00	0.00	129.24	129.24	0.122
15515 U.S. Treasury	TRD	11/24/2010	488,000.00	12/30/2010	36	487,941.44	488,000.00	0.00	58.56	58.56	0.122
15516 U.S. Treasury	TRD	11/24/2010	60,000.00	12/30/2010	36	59,992.80	60,000.00	0.00	7.20	7.20	0.122
Total Realized Gains/Losses						16,056,586.23	16,063,000.00	0.00	6,413.77	6,413.77	0.148



**MSR Public Power Agency Trust
Investment Maturity Report
Sorted by Maturity Date**

Modesto Irrigation District
1231 - 11th St.
Modesto, CA 95352
(209)526-7308

Amounts due during December 1, 2010 - December 31, 2010

CUSIP	Investment #	Fund	Inv. Type	Issuer	Par Value	Maturity Date	Purchase Date	Rate at Maturity	Book Value at Maturity	Maturity Interest	Maturity Proceeds	Net Income
313385U38	15377	5590	FAD	FHLB	221,000.00	12/23/2010	09/27/2010		220,930.57	69.43	221,000.00	69.43
313385U38	15378	7261	FAD	FHLB	66,000.00	12/23/2010	09/27/2010		65,979.27	20.73	66,000.00	20.73
313385U38	15379	7262	FAD	FHLB	338,000.00	12/23/2010	09/27/2010		337,893.81	106.19	338,000.00	106.19
313385U38	15380	0741	FAD	FHLB	161,000.00	12/23/2010	09/27/2010		160,949.42	50.58	161,000.00	50.58
313385U38	15381	0741	FAD	FHLB	421,000.00	12/23/2010	09/27/2010		420,867.73	132.27	421,000.00	132.27
313385U38	15382	9001	FAD	FHLB	8,000.00	12/23/2010	09/27/2010		7,997.49	2.51	8,000.00	2.51
313385U38	15383	9002	FAD	FHLB	180,000.00	12/23/2010	09/27/2010		179,943.45	56.55	180,000.00	56.55
313385U38	15384	69001	FAD	FHLB	192,000.00	12/23/2010	09/27/2010		191,939.68	60.32	192,000.00	60.32
313385U38	15385	69002	FAD	FHLB	1,078,000.00	12/23/2010	09/27/2010		1,077,661.33	338.67	1,078,000.00	338.67
313385U38	15386	30001	FAD	FHLB	488,000.00	12/23/2010	09/27/2010		487,846.69	153.31	488,000.00	153.31
313385U38	15387	30002	FAD	FHLB	59,000.00	12/23/2010	09/27/2010		58,981.46	18.54	59,000.00	18.54
313385U38	15443	5590	FAD	FHLB	221,000.00	12/23/2010	10/26/2010		220,950.15	49.85	221,000.00	49.85
313385U38	15444	7261	FAD	FHLB	66,000.00	12/23/2010	10/26/2010		65,985.11	14.89	66,000.00	14.89
313385U38	15445	7262	FAD	FHLB	339,000.00	12/23/2010	10/26/2010		338,923.54	76.46	339,000.00	76.46
313385U38	15446	0741	FAD	FHLB	161,000.00	12/23/2010	10/26/2010		160,963.69	36.31	161,000.00	36.31
313385U38	15447	0741	FAD	FHLB	421,000.00	12/23/2010	10/26/2010		420,905.04	94.96	421,000.00	94.96
313385U38	15448	9001	FAD	FHLB	7,000.00	12/23/2010	10/26/2010		6,998.42	1.58	7,000.00	1.58
313385U38	15449	9002	FAD	FHLB	180,000.00	12/23/2010	10/26/2010		179,959.40	40.60	180,000.00	40.60
313385U38	15450	69001	FAD	FHLB	192,000.00	12/23/2010	10/26/2010		191,956.69	43.31	192,000.00	43.31
313385U38	15451	69002	FAD	FHLB	1,077,000.00	12/23/2010	10/26/2010		1,076,757.08	242.92	1,077,000.00	242.92
313385U38	15452	30001	FAD	FHLB	488,000.00	12/23/2010	10/26/2010		487,889.93	110.07	488,000.00	110.07
313385U38	15453	30002	FAD	FHLB	59,000.00	12/23/2010	10/26/2010		58,986.69	13.31	59,000.00	13.31
313385V29	15252	5590	FAD	FHLB	221,000.00	12/30/2010	07/26/2010		220,836.15	163.85	221,000.00	163.85
313385V29	15253	7261	FAD	FHLB	66,000.00	12/30/2010	07/26/2010		65,951.07	48.93	66,000.00	48.93
313385V29	15254	7262	FAD	FHLB	340,000.00	12/30/2010	07/26/2010		339,747.93	252.07	340,000.00	252.07
313385V29	15255	0741	FAD	FHLB	162,000.00	12/30/2010	07/26/2010		161,879.90	120.10	162,000.00	120.10
313385V29	15256	0741	FAD	FHLB	421,000.00	12/30/2010	07/26/2010		420,687.87	312.13	421,000.00	312.13
313385V29	15257	9001	FAD	FHLB	7,000.00	12/30/2010	07/26/2010		6,994.81	5.19	7,000.00	5.19
313385V29	15258	9002	FAD	FHLB	182,000.00	12/30/2010	07/26/2010		181,865.07	134.93	182,000.00	134.93
313385V29	15259	69001	FAD	FHLB	192,000.00	12/30/2010	07/26/2010		191,857.65	142.35	192,000.00	142.35
313385V29	15260	69002	FAD	FHLB	1,078,000.00	12/30/2010	07/26/2010		1,077,200.78	799.22	1,078,000.00	799.22
313385V29	15261	30001	FAD	FHLB	488,000.00	12/30/2010	07/26/2010		487,638.20	361.80	488,000.00	361.80
313385V29	15262	30002	FAD	FHLB	59,000.00	12/30/2010	07/26/2010		58,956.26	43.74	59,000.00	43.74
313397V24	15313	5590	FAD	FHLMC	221,000.00	12/30/2010	08/26/2010		220,868.48	131.52	221,000.00	131.52
313397V24	15314	7261	FAD	FHLMC	66,000.00	12/30/2010	08/26/2010		65,960.73	39.27	66,000.00	39.27
313397V24	15315	7262	FAD	FHLMC	339,000.00	12/30/2010	08/26/2010		338,798.30	201.70	339,000.00	201.70
313397V24	15316	0741	FAD	FHLMC	162,000.00	12/30/2010	08/26/2010		161,903.61	96.39	162,000.00	96.39
313397V24	15317	0741	FAD	FHLMC	421,000.00	12/30/2010	08/26/2010		420,749.51	250.49	421,000.00	250.49

Portfolio MSRT
CP

MA (PRF_MA) SymRept V6.00f2
Report Ver. 5.00

MSR Public Power Agency Trust
Investment Maturity Report
Amounts due during December 1, 2010 - December 31, 2010

CUSIP	Investment #	Fund	Inv. Type	Issuer	Par Value	Maturity Date	Purchase Date	Rate at Maturity	Book Value at Maturity	Maturity Interest	Maturity Proceeds	Net Income
313397V24	15318	9001	FAD	FHLMC	7,000.00	12/30/2010	08/26/2010		6,995.84	4.16	7,000.00	4.16
313397V24	15319	9002	FAD	FHLMC	180,000.00	12/30/2010	08/26/2010		179,892.90	107.10	180,000.00	107.10
313397V24	15320	69001	FAD	FHLMC	191,000.00	12/30/2010	08/26/2010		190,886.36	113.64	191,000.00	113.64
313397V24	15321	69002	FAD	FHLMC	1,077,000.00	12/30/2010	08/26/2010		1,076,359.19	640.81	1,077,000.00	640.81
313397V24	15322	30001	FAD	FHLMC	488,000.00	12/30/2010	08/26/2010		487,709.64	290.36	488,000.00	290.36
313397V24	15323	30002	FAD	FHLMC	59,000.00	12/30/2010	08/26/2010		58,964.90	35.10	59,000.00	35.10
912795X55	15506	5590	TRD	US TRE	221,000.00	12/30/2010	11/24/2010		220,973.48	26.52	221,000.00	26.52
912795X55	15507	7261	TRD	US TRE	67,000.00	12/30/2010	11/24/2010		66,991.96	8.04	67,000.00	8.04
912795X55	15508	7262	TRD	US TRE	339,000.00	12/30/2010	11/24/2010		338,959.32	40.68	339,000.00	40.68
912795X55	15509	0741	TRD	US TRE	162,000.00	12/30/2010	11/24/2010		161,980.56	19.44	162,000.00	19.44
912795X55	15510	0741	TRD	US TRE	421,000.00	12/30/2010	11/24/2010		420,949.48	50.52	421,000.00	50.52
912795X55	15511	9001	TRD	US TRE	7,000.00	12/30/2010	11/24/2010		6,999.16	0.84	7,000.00	0.84
912795X55	15512	9002	FAD	US TRE	180,000.00	12/30/2010	11/24/2010		179,978.40	21.60	180,000.00	21.60
912795X55	15513	69001	TRD	US TRE	191,000.00	12/30/2010	11/24/2010		190,977.08	22.92	191,000.00	22.92
912795X55	15514	69002	TRD	US TRE	1,077,000.00	12/30/2010	11/24/2010		1,076,870.76	129.24	1,077,000.00	129.24
912795X55	15515	30001	TRD	US TRE	488,000.00	12/30/2010	11/24/2010		487,941.44	58.56	488,000.00	58.56
912795X55	15516	30002	TRD	US TRE	60,000.00	12/30/2010	11/24/2010		59,992.80	7.20	60,000.00	7.20
Total Maturities					16,063,000.00				16,056,586.23	6,413.77	16,063,000.00	6,413.77



PROJECTS AND ACTIVITIES
STATUS REPORTS

Presented To Commission

January 19, 2011

**M-S-R PUBLIC POWER AGENCY
SAN JUAN PROJECT
STATUS REPORT
JANUARY 2011**

SAN JUAN UNIT 4 OPERATIONS

November 2010	
Net Generation (MWh)	355,212.9
Net Capacity Factor (%)	97.3

San Juan Generation Station (San Juan) Unit 4 was not forced from service in November 2010. In fact, Unit 4 has experienced an exceptionally good run. Since the 4th of July, the unit was forced from service only once (October 20th) for 2.6 hours due to a trip of fan lube oil pumps.

SAN JUAN GENERATING EXPENDITURES

M-S-R's portion of capital expenses at San Juan in 2010 finished below budget for the year. The only San Juan Owner whose capital budget was exceeded was Tucson Electric Power Company.

CALIFORNIA AIR RESOURCES BOARD (CARB) CERTIFICATION

In 2009 and 2010, M-S-R filed with the CARB registering energy produced at PNM for the immediately proceeding years. In 2010, M-S-R's filing for 2009 was audited and it was discovered that portions of this energy was also registered by M-S-R Members as energy being delivered into California. As a result, files have been corrected and each of the M-S-R Members will be registering their portions of M-S-R resources delivered into California. M-S-R has retracted and deleted its contributions to the CARB energy database.

**M-S-R PUBLIC POWER AGENCY
SOUTHWEST TRANSMISSION PROJECTS
STATUS REPORT
SEPTEMBER 2010**

DELEGATION AGREEMENT FOR MEAD-PHOENIX

The Mead-Phoenix Transmission Project (Mead-Phoenix) Operating Agents, Salt River Project, Western Power Administration, and Los Angeles Department of Water and Power, have assessed all the regulations related to Transmission Ownership (TO) and Transmission Operations (TOP) to determine who was responsible for adhering to the regulations, including reporting obligations. At the Spring 2010 E&O meetings, it was disclosed that certain of the obligations needed to be retained with the actual Transmission Owners. Once this fact was identified, the Operating Agents were asked to prepare a proper delegation agreement and be prepared to discuss the procedures and protocols related to the outstanding regulations. Upon contacting the Chair of the Mead-Phoenix Engineering and Operating (E&O) Committee recently, he admitted they had dropped the ball at the Fall 2010 E&O meetings. The ball has now been dropped a second time and a draft document is scheduled to be released in January 2011. Upon checking, the Chair did not know if this effort was on schedule or not.

GENERATOR INTERCONNECTIONS

Even with the three generators proposing to interconnect to Mead-Phoenix nearing construction, none of them have approached transmission project Owners or Participants seeking transmission service. The most recent development is the approval of the philosophy that interconnection requests that are in close proximity should result in only one interconnection rather than multiple interconnections for reliability issues. The Balancing Authority for Mead-Phoenix, Western Area Power Administration, is working out details with the parties requesting interconnection to Mead-Phoenix.

**M-S-R PUBLIC POWER AGENCY
PACIFIC NORTHWEST PROJECT
STATUS REPORT
JANUARY 2011**

BIG HORN I OPERATION

	<u>MWH</u>	<u>% of Expectation</u>
November 2010	38,322	90.4
Entire 2010	453,694	85.8
Project Life	2,185,019	90.0

Over the first four (full) calendar years of operation beginning in 2007, Big Horn 1 has produced the following percentages of energy relative to expectations: 91%, 99%, 84%, and 86%.

BIG HORN II OPERATION

	<u>MWH</u>	<u>% of Expectation</u>
November 2010	11,189	88.2
Entire 2010	11,189	88.2
Project Life	11,189	88.2

Although Big Horn II began commercial operation in November, test energy was produced and sold to third parties during the months of September and October.

BIG HORN BILLING

During the period of time that Big Horn II was producing test energy, that energy was supposed to be metered separately from Big Horn I energy. There was a misunderstanding between Iberdrola Renewables, Inc. (IBR) and Bonneville Power Administration (BPA) regarding the reporting of metering information. As a result, IBR mistakenly delivered and billed M-S-R PPA for an amount of energy equal to the Big Horn II test energy. The financial error has been corrected and the energy is in the process of being returned.

M-S-R Public Power Agency Staff Report

Date: January 12, 2011
From: Martin R. Hopper, General Manager
To: M-S-R PPA Commission
Subject: January 2011 General Manager's Report

GENERAL ISSUES:

GHG Reporting

Our 2009 mandatory reports regarding greenhouse gas emissions to CARB were completed and entered the formal verification process last fall. As a result of the verification process we found M-S-R PPA is not the "first-deliverer" of either San Juan or Big Horn energy and has no reporting obligations. Therefore our 2009 submissions have been deleted from the CARB Reporting Tool. San Juan and Big Horn reporting obligations vest with the Members and their reports have been corrected as needed to comply with CARB regulations.

CARB RES

CARB has approved its final regulations implementing the Renewable Energy Standard program required by Governor Schwarzenegger's 2009 Executive Order. M-S-R PPA's comments regarding the definition of eligible renewable resources, compliance periods and measurements, and property rights pertaining to Renewable Energy Credits were generally accommodated in the regulation. Discussions continue with CARB, led by a utility working group, regarding objective penalty criteria and mitigation of compliance disputes.

2011 Legislative Activities

Last session's Renewable Portfolio Standard bill, SB 722 was reintroduced as SB23 in the form it stood at the end of the session. We will continue to work with our legislative advocates and CMUA to protect the benefits of M-S-R PPA and its Member's early actions to procure long-term renewable energy resources such as the Big Horn and Star Point Projects. At this time, no other bills directly effecting M-S-R PPA have been identified.

M-S-R Coordinator

MID has submitted a comprehensive proposal for a successor contract for M-S-R Coordinator Services. The proposal addresses NERC/WECC Reliability Standards reporting and compliance and corresponding liabilities and provides for appropriate indemnities. MID also resurveyed their costs

to provide these services and has correspondingly proposed a minor reduction in fees. Final reviews of the proposal are being completed and the contract is anticipated to be ready for M-S-R PPA Commission action at its next meeting.

SAN JUAN PROJECT

Final 2011 Fuel Cost Information

Final 2011 fuel pricing has been agreed with the San Juan Coal Company. Base coal, including royalties and special payments will be priced at \$2.692/MMBTU and incremental coal will be priced at \$0.861/MMBTU. M-S-R PPA's total San Juan fuel expense for 2011 will be \$30,352,000 which is \$77,000 higher than that assumed in the preparation of the 2011 M-S-R PPA Budget. As these costs are billed to the Members on actual expenses which will vary during the year due to real-time power schedule changes and curtailments and due to the small magnitude of the difference, the Technical Committee did not recommend any changes in the 2011 M-S-R PPA Budget for consideration by the Commission. The Technical Committee also evaluated the effect on fuel cost timing within the Budget Year due to the change in the "tune-up" outage from fall to spring. This change has an effect of shifting about \$730,000 in expense from the spring to the fall. Members have been provided with this information to assist them in their cash-flow planning.

SOUTHWEST TRANSMISSION PROJECT:

M-S-R OATT

Evaluation continues to be made of possible pricing scenarios for OATT rates for the Southwest Transmission Project. The two possible models are cash-based, similar to that used by TANC, or an IOU-style return on equity model. The recommended alternative will need to be durable over the life of the transmission asset and not subject to long-term degradation. Evaluation of possible OASIS Coordinator providers continues and updated economic evaluations are being performed. Recommendations for consideration by the M-S-R PPA Commission will be made as necessary.

M-S-R Public Power Agency Staff Report

Date: January 12, 2011
From: Martin R. Hopper, General Manager
To: M-S-R Commission
Subject: M-S-R PPA Technical Committee Bylaws

The 2011 M-S-R PPA Strategic Plan adopted a recommendation that the Agency modify its committee structure by formally constituting successors to the General Manager's Staff and Finance Committees to provide M-S-R PPA with appropriate vehicles to discuss financial and technical matters in noticed Public and Closed Sessions.

On November 17, 2010, the M-S-R PPA Commission constituted a "Technical Committee" to advise the Commission on issues related to the operation, maintenance, construction and development of energy and fuel supply resources and directed the General Manager to prepare Bylaws for the governance of the newly constituted committee for consideration by the Commission at its next regular meeting.

The proposed Resolution 2011-01 adopts the Bylaws for the M-S-R Public Power Agency Technical Committee.

I recommend the Commission adopt Resolution 2011-01, Bylaws for the M-S-R Public Power Agency Technical Committee.

RESOLUTION No. 2011-01
RESOLUTION OF THE COMMISSION OF THE
M-S-R PUBLIC POWER AGENCY
REGARDING RULES OF PROCEDURE FOR THE
TECHNICAL COMMITTEE

WHEREAS, to provide for the efficient administration of the affairs of the M-S-R Public Power Agency, it is appropriate to constitute various committees to provide advice to the Commission; and

WHEREAS, on November 17, 2010, the Commission of the M-S-R Public Power Agency constituted the Technical Committee and directed the General Manager in consultation with the Members to prepare bylaws for the governance of the Committee; and

WHEREAS, proposed Rules Of Procedure For The Technical Committee Of The M-S-R Public Power Agency have been prepared by the General Manager and reviewed by Member staff.

THEREFORE, BE IT RESOLVED BY THE COMMISSION OF THE M-S-R PUBLIC POWER AGENCY that

1. The attached Rules Of Procedure For The Technical Committee Of The M-S-R Public Power Agency are hereby adopted.

PASSED AND ADOPTED this 19th day of January 2011 upon the following vote of the Members:

Modesto Irrigation District

City of Santa Clara

City of Redding

ATTEST:

PRESIDENT

SECRETARY

DRAFT
RULES OF PROCEDURE FOR
THE TECHNICAL COMMITTEE
OF THE
M-S-R PUBLIC POWER AGENCY

Adopted by M-S-R PPA Commission January 19, 2011

The M-S-R Public Power Agency (M-S-R PPA or Agency) is a public entity created by an agreement pursuant to the California joint exercise of powers statute by the Modesto Irrigation District, the City of Santa Clara and the City of Redding (individually “Member” and collectively “Members”). The Agency is an entity that is separate from its Members, although the Agency’s powers are based generally on the powers the Members have in common. The Technical Committee was constituted by the M-S-R PPA Commission on November 17, 2010, and may be dissolved by the M-S-R PPA Commission.

Members may participate in Agency projects by executing a project agreement. Members also contribute to the general overhead of the Agency. Participants in the Agency’s projects vote and share expenses based upon participation shares. There are separate project agreements governing each project, such as the Tucson/San Juan Project and the Pacific Northwest Project. Specific resources included in a project may have separate percentages basis for voting and sharing of expenses, such as the Big Horn I and Big Horn II power purchase contracts.

The meetings and records of the Agency are open and public in accordance with California law. The M-S-R PPA Commission and the standing committees of the M-S-R PPA Commission, including this Technical Committee, comply with the Ralph M. Brown Act and the Public Records Act of California.

1. Members of the Technical Committee. There shall be three members of the Technical Committee, one representing each of the Members. Each Member shall appoint, and may remove and reappoint, a member and one alternate member of the Technical Committee to

represent the Member which appointed him or her. Members of the Technical Committee shall be referred to as “Members’ Representatives.”

2. Regular and Special Meetings. Unless otherwise specified in a notice to the Members’ Representatives to the Technical Committee or approved by the M-S-R PPA Commission in conjunction with its annual meeting to review and approve the M-S-R PPA Budget, the regular meetings shall be 10:00 a.m. on the first Thursday following the first Monday of each odd numbered month. To the extent the M-S-R PPA Commission shall move its regular meeting from the third Wednesday following the first Monday of each odd numbered month, the regular meeting of the Technical Committee shall be moved to the day two weeks in advance of the regular M-S-R PPA Commission meeting. Meetings are also rotated among the Members and held as well at suitable public locations for the purpose of visiting the Agency’s projects or accommodating the Members and guests. The annual budget meeting shall be held in conjunction with the regular meeting in November, provided that special meetings/workshops may be held at other dates provided budget information is available and the meeting is requested by one or more Members. The Technical Committee may adjourn any regular, adjourned regular, special or adjourned special meeting to a time and place specified in the order of adjournment. Less than a quorum may so adjourn from time to time. If all Members are absent from any regular or adjourned regular meeting, the General Manager of the Agency may declare the meeting adjourned to a stated time and place, which adjourned meeting is a regular meeting for all purposes.

Notice shall be given of each regular, special, and adjourned meeting in accordance with California law.

3. Officers. The Technical Committee shall have no officers. Administrative matters will be implemented by the General Manager or by the delegated representative of the General Manager.

4. Quorum. A quorum of the Technical Committee for the transaction of business shall be a majority of the Members' Representatives (one per Member) to comprise the Technical Committee at any time.

5. Voting. Every action of the Technical Committee shall be taken by resolution or motion. Every action must be approved unanimously by those Members participating in a specific project or asset.

6. Minutes. The General Manager shall prepare or cause to be prepared formal minutes of the Technical Committee which will become final when they have been approved by the Technical Committee.

7. Duties of the General Manager. In addition to the duties specified by applicable law and other provisions of these bylaws, rules, and resolutions or motions of this Technical Committee, the General Manager shall have the following duties:

a. The General Manager shall preside at all meetings of the Technical Committee when he or she is present. The General Manager shall act as official spokesperson of the Technical Committee. The Technical Committee does not have the authority to approve contracts unless that authority is specifically delegated to the Technical Committee by the M-S-R PPA Commission.

b. The General Manager shall delegate an alternate to perform the duties of General Manager relative to the Technical Committee at times when the General Manager is absent or cannot attend a meeting of the Technical Committee.

c. The General Manager shall keep, or cause to be kept, the minutes and files of the Technical Committee and shall authenticate its acts. The General Manager shall keep a correct roll of the representative of each member of the Technical Committee, and his or her alternate.

d. The General Manager shall coordinate staff of the Members that are providing service in support of the activities of the Technical Committee. Further, the General Manager shall coordinate all consultants and outside legal counsel that are providing services in support of the activities of the Technical Committee consistent with any limitations that may be contained in contracts under which such services are provided.

8. Duties of the General Counsel. The General Counsel shall provide legal advice and assistance to the Technical Committee and the General Manager, as requested, and shall provide liaison for the Technical Committee, Member Counsel, and outside legal counsel, to the extent requested by the General Manager. Such assistance shall include leading the Technical Committee through closed sessions as provided pursuant to California law.

9. Duties of the Technical Committee. The purpose of the Technical Committee is to create a forum for the staff of the individual M-S-R PPA Members to meet and confer on topics and issues related to the operation of the M-S-R PPA. The Technical Committee shall assist the General Manager in his or her duties to identify, develop, research, and review issues for consideration by the M-S-R PPA Commission for action. The duties of the Technical Committee include, but are not limited to: 1) annually recommend a five-year strategic plan for the M-S-R PPA, 2) review proposals for the acquisition or divestiture of resources, 3) recommend modifications of arrangements supporting the management or operation of resources, 4) review individual Member issues with the Agency brought to the attention of the Technical Committee for discussion and potential resolution, 5) review and develop strategies for complying with regulatory issues and other externalities, 6) review the technical aspects of legal action, whether current, pending, or under consideration, and 7) address other issues that may be specifically assigned by the M-S-R PPA Commission.

10. Other Committees. Other M-S-R PPA Committees are:

a. Financial Management Committee, which consider and report upon all financial, accounting, or auditing matters referred to it by the M-S-R PPA Commission or General Manager.

b. Risk Management Committee, whose duties are defined in M-S-R PPA's Risk Management Policy.

11. Budgets. The General Manger shall, at the regular or adjourned regular meeting in November of each year, present a proposed budget for the ensuing fiscal year to the Technical Committee, together with a statement of the payments to be required from the Members by each budget, and the Technical Committee shall review, modify, and recommend to the M-S-R PPA Commission a budget for the upcoming calendar year, plus an additional year for the benefit of Members with differing fiscal years. If requested by a Member, the General Manager shall call an earlier special meeting of the Technical Committee to serve as a workshop to discuss budget aspects in detail.

12. Rules of Order. Any point of procedure not determined by law or these rules shall be determined by the latest available edition of Rosenberg's Rules of Order as currently published by the League of California Cities.

13. Amendments. These rules may be amended by the M-S-R PPA Commission at a regular or special meeting.

14. Bylaws. These rules also may be cited as the Technical Committee Bylaws.

M-S-R Public Power Agency Staff Report

Date: January 12, 2011
From: Martin R. Hopper, General Manager
To: M-S-R Commission
Subject: M-S-R PPA Financial Management Committee Bylaws

The 2011 M-S-R PPA Strategic Plan adopted a recommendation that the Agency modify its committee structure by formally constituting successors to the General Manager's Staff and Finance Committees to provide M-S-R PPA with appropriate vehicles to discuss financial matters in noticed Public and Closed Sessions.

On November 17, 2010, the M-S-R PPA Commission constituted a "Financial Management Committee" to advise the Commission on issues related to the oversight of the Agency's financial affairs, including the management of the Agency's bonded indebtedness and other financial instruments and directed the General Manager to prepare Bylaws for the governance of the newly constituted committee for consideration by the Commission at its next regular meeting.

The proposed Resolution 2011-02 adopts the Bylaws for the M-S-R Public Power Agency Financial Management Committee.

I recommend the Commission adopt Resolution 2011-02, Bylaws for the M-S-R Public Power Agency Financial Management Committee.

RESOLUTION No. 2011-02
RESOLUTION OF THE COMMISSION OF THE
M-S-R PUBLIC POWER AGENCY
REGARDING RULES OF PROCEDURE FOR THE
FINANCIAL MANAGEMENT COMMITTEE

WHEREAS, to provide for the efficient administration of the affairs of the M-S-R Public Power Agency, it is appropriate to constitute various committees to provide advice to the Commission; and

WHEREAS, on November 17, 2010, the Commission of the M-S-R Public Power Agency constituted the Financial Management Committee and directed the General Manager in consultation with the Members to prepare bylaws for the governance of the Committee; and

WHEREAS, proposed Rules Of Procedure For The Financial Management Committee Of The M-S-R Public Power Agency have been prepared by the General Manager and reviewed by Member staff.

THEREFORE, BE IT RESOLVED BY THE COMMISSION OF THE M-S-R PUBLIC POWER AGENCY that

1. The attached Rules Of Procedure For The Financial Management Committee Of The M-S-R Public Power Agency are hereby adopted.

PASSED AND ADOPTED this 19th day of January 2011 upon the following vote of the Members:

Modesto Irrigation District

City of Santa Clara

City of Redding

ATTEST:

PRESIDENT

SECRETARY

DRAFT
RULES OF PROCEDURE FOR
THE FINANCIAL MANAGEMENT COMMITTEE
OF THE
M-S-R PUBLIC POWER AGENCY

Adopted by M-S-R PPA Commission January 19, 2011

The M-S-R Public Power Agency (M-S-R PPA or Agency) is a public entity created by an agreement pursuant to the California joint exercise of powers statute by the Modesto Irrigation District, the City of Santa Clara and the City of Redding (individually “Member” and collectively “Members”). The Agency is an entity that is separate from its public entity Members, although the Agency’s powers are based generally on the powers the Members have in common. The Financial Management Committee was constituted by the M-S-R PPA Commission on November 17, 2010, and may be dissolved by the M-S-R PPA Commission.

Members may participate in Agency projects by executing a project agreement. Members also contribute to the general overhead of the Agency. Participants in the Agency’s projects vote and share expenses based upon participation shares. There are separate project agreements governing each project, such as the Tucson/San Juan Project and the Pacific Northwest Project. Specific resources included in a project may have separate percentages basis for voting and sharing of expenses, such as the Big Horn I and Big Horn II power purchase contracts.

The meetings and records of the Agency are open and public in accordance with California law. The M-S-R PPA Commission and the standing committees of the M-S-R PPA Commission, including this Financial Management Committee, comply with the Ralph M. Brown Act and the Public Records Act of California.

1. Members of the Financial Management Committee. There shall be three members of the Financial Management Committee, one representing each of the Members. Each Member shall appoint, and may remove and reappoint, a member and one alternate member of the Financial Management Committee to represent the Member which appointed him or her.

Members of the Financial Management Committee shall be referred to as “Members’ Representatives.”

2. Regular and Special Meetings. Unless otherwise specified in a notice to the Members’ Representatives to the Financial Management Committee or approved by the M-S-R PPA Commission in conjunction with its annual meeting to review and approve the M-S-R PPA Budget, the regular meetings shall be 10:00 a.m. on the first Wednesday following the first Monday of May. To the extent the M-S-R PPA Commission shall move its regular meeting from the third Wednesday following the first Monday of May, the regular meeting of the Financial Management Committee shall be moved to the day two weeks in advance of the regular M-S-R PPA Commission meeting. Special meetings may be held at suitable public locations for the purpose of conducting the management of the Agency’s financial activities. The Financial Management Committee may adjourn any regular, adjourned regular, special or adjourned special meeting to a time and place specified in the order of adjournment. Less than a quorum may so adjourn from time to time. If all members are absent from any regular or adjourned regular meeting the General Manager of the Agency may declare the meeting adjourned to a stated time and place, which adjourned meeting is a regular meeting for all purposes.

Notice shall be given of each regular, special, and adjourned meeting in accordance with California law.

3. Officers. The Financial Management Committee shall have no officers. Administrative matters will be implemented by the General Manager or by the delegated representative of the General Manager.

4. Quorum. A quorum of the Financial Management Committee for the transaction of business shall be a majority of the Members’ Representatives (one per Member) to comprise the Financial Management Committee at any time.

5. Voting. Every action of the Financial Management Committee shall be taken by resolution or motion. Every action must be approved unanimously by those Members participating in a specific project or asset.

6. Minutes. The General Manager shall prepare or cause to be prepared formal minutes of the Financial Management Committee which will become final when they have been approved by the Financial Management Committee.

7. Duties of the General Manager. In addition to the duties specified by applicable law and other provisions of these bylaws, rules, and resolutions or motions of this Financial Management Committee, the General Manager shall have the following duties:

a. The General Manager shall preside at all meetings of the Financial Management Committee when he or she is present. The General Manager shall act as official spokesperson of the Financial Management Committee. The Financial Management Committee does not have the authority to approve contracts unless that authority is specifically delegated to the Financial Management Committee by the M-S-R PPA Commission.

b. The General Manager shall delegate an alternate to perform the duties of General Manager relative to the Financial Management Committee at times when the General Manager is absent or cannot attend a meeting of the Financial Management Committee.

c. The General Manager shall keep, or cause to be kept, the minutes and files of the Financial Management Committee and shall authenticate its acts. The General Manager shall keep a correct roll of the representative of each member of the Financial Management Committee, and his or her alternate.

d. The General Manager shall coordinate staff of the Members that are providing service in support of the activities of the Financial Management Committee. Further, the General Manager shall coordinate all consultants, including the M-S-R PPA Financial Advisor and M-S-R PPA Bond Counsel, and outside legal counsel that are providing services in

support of the activities of the Financial Management Committee consistent with any limitations that may be contained in contracts under which such services are provided.

8. Duties of the General Counsel. The General Counsel shall provide legal advice and assistance to the Financial Management Committee and the General Manager, as requested, and shall provide liaison for the Financial Management Committee, Member Counsel, and outside legal counsel, to the extent requested by the General Manager. Such assistance shall include leading the Financial Management Committee through closed sessions as provided pursuant to California law.

9. Duties of the Financial Management Committee. The purpose of the Financial Management Committee is to meet and confer on topics and issues related to the financial management of the M-S-R PPA. The Financial Management Committee shall identify, develop, research, and review issues related to financial management for consideration by the M-S-R PPA Commission for action. The duties of the Financial Management Committee include, but are not limited to: 1) review and consideration of candidates for M-S-R PPA Financial Advisor, 2) review and consideration of candidates for M-S-R Bond Counsel, 3) coordinate with M-S-R PPA Financial Advisor and M-S-R PPA Bond Counsel to the extent necessary, 4) review of proposals for the financial products that may be solicited or unsolicited that may be beneficial to the financial management of the M-S-R PPA, 5) recommend modifications of arrangements supporting the financial management of assets, 6) review individual Member issues with the Agency brought to the attention of the Financial Management Committee for discussion and potential resolution, 7) review and develop strategies for complying with financial management issues and other externalities, 8) review the financial aspects of legal action, whether current, pending, or under consideration, and 9) address other issues that may be specifically assigned by the M-S-R PPA Commission.

10. Other Committees. Other M-S-R PPA Committees are:

a. Technical Committee, which consider and report upon all engineering, operation, maintenance, or otherwise technical matters referred to it by the M-S-R PPA Commission or General Manager.

b. Risk Management Committee, whose duties are defined in M-S-R PPA's Risk Management Policy.

11. Rules of Order. Any point of procedure not determined by law or these rules shall be determined by the latest available edition of Rosenberg's Rules of Order as currently published by the League of California Cities.

12. Amendments. These rules may be amended by the M-S-R PPA Commission at a regular or special meeting.

13. Bylaws. These rules also may be cited as the Financial Management Committee Bylaws.

M-S-R Public Power Agency Staff Report

Date: January 13, 2011

From: Martin R. Hopper, General Manager
Frank Perdue, Financial Advisor

To: M-S-R Commission

Subject: M-S-R PPA Financial Management Committee Recommendations Regarding Series 2008 M, Series 2008 N and Series 2001 I Bonds

On January 7, 2011, the M-S-R Public Power Agency Financial Management Committee discussed options to: (1) address the Dexia Letter of Credit "LOC" that supports the San Juan Project Subordinate Lien Revenue Bonds, Series 2008 M and 2008 N ("2008 M&N Bonds") that expires July 24, 2011 and (2) a potential refunding for savings of the San Juan Project Refunding Revenue Bonds, Series 2001 I ("Series I Bonds"). Below is a summary of the key discussion points and our recommendations.

2008 M&N BONDS

The 2008 M&N Bonds were issued as variable rate bonds that require third party credit support. The variable rate on the bonds is swapped to a fixed rate through LIBOR based swaps. The existing Dexia LOC will expire July 24, 2011 and Dexia has notified M-S-R that it will not offer to renew the agreement as they are exiting the credit support business. There are several options for addressing this issue. The LOC could be replaced with an LOC provided by another bank and the swap left outstanding, the bonds could be refunded with fixed rate bonds (which would require a market unwind payment on the swaps), or the bonds could be refinanced with an alternative type of variable rate bond such as a Floating Index Notes and continue to be hedged by the existing swap.

The table below illustrates the risk factors considered by the Finance Committee. The table illustrates that a fixed rate refunding eliminates the majority of the risks. The interest rate and market access risk in the fix rate refunding scenario only exist before the issuance of the fixed rate bonds. However, a fixed rate refunding that incorporates a swap unwind payment is estimated to cost M-S-R an additional 2.13% above the cost of replacing the LOC. Refunding the 2008 M&N bonds with Floating Index Notes introduces the risk of rolling short-dated maturities (market risk). The market risk, in the opinion of the Committee, is significant and this option is estimated to cost an additional 0.13% compared to replacing the LOC. Therefore our recommendation is to replace the existing LOC with an LOC from another bank - a current market analysis indicates that this is the most cost effective option. The LOC option will continue to have bank renewal risk as well as the risks associated with variable rate debt (interest rate risk and put risk) and associated with swaps (counterparty and basis risk).

Summary of Risk Factors

Description	New LOC	Fix Rate Refunding	Floating Index Notes
Interest Rate Risk	x	x	x
Put Risk	x		
Bank Renewal Risk	x		
Market Access Risk		x	x
Counterparty Risk	x		x
Basis Risk	x		x

Recommendation:

We recommend that M-S-R Public Power Agency solicit LOC bids from a number of credit support banks. This action was taken under the direction of the Financial Management Committee on January 12, 2011.

Commission Action:

We recommend that the Commission direct the Financial Management Committee to evaluate the LOC bids and begin negotiations with a firm selected on the basis of qualifications and experience, credit quality and trading value of the bank, terms and fees and to return to the Commission for approval of the transaction and final bond documents.

SERIES I BONDS

In 2001, M-S-R PPA issued \$64.320 million of Series I Bonds, the proceeds of which were used to current refund outstanding Series E Bonds. The Series E Bonds were issued in 1991 to fund new money projects for M-S-R.

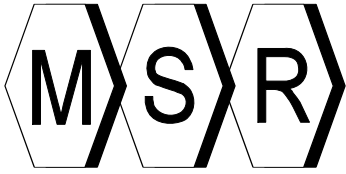
In April 2011, the Series I bonds become eligible for current refunding. With tax-exempt interest rates at near-historical lows, it is an opportune time for the Agency to consider issuing refunding bonds. Using market interest rates as of January 6, 2011, the Agency can refund its outstanding \$34.370 million of Series I bonds to realize approximately \$2.26 million in net present value savings or 6.57% of refunded par amount.

Recommendation:

We recommend that the Agency proceed with issuing current refunding bonds effective July 1, 2011, to take advantage of current market conditions.

Commission Action:

We recommend that the Commission direct the Financial Management Committee to develop a proposed current refunding transaction for the Series 2001 I provided net present value savings of at least 5% will be achieved and to return to the Commission for approval of the transaction and final bond documents.



Public Power Agency

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P.O. Box 4060
Modesto, California 95352
(209) 526-7436 ✕ (209) 526-7574

Memorandum

To: Commissioners
From: Lou Hampel
Date: January 12, 2011
Subject: Investment Policy Guidelines of the MSR Public Power Agency - 2011

The California Government Code requires that the Agency Treasurer submit a statement of investment policy to the Commissioners annually. The purpose of the Investment Guidelines is to provide a statement to the Commissioners relative to the Agency's portfolio management practices. The Investment Guidelines control all aspects of the investment activity including allowable investments, collateral requirements, maximum maturity, and internal controls for safekeeping cash and investments, performance standards and reporting requirements.

The 2011 Investment Policy Guidelines are updated to reflect a change in the terms used in Section 53601 of the California Government Code. There are no legislatively mandated changes that need to be made.

The Guidelines have been reviewed by legal and I recommend that you approve the 2011 MSR Public Power Agency Investment Policy Guidelines.

c: D. Dermond

**Investment Policy Guidelines
of the
M-S-R Public Power Agency**

20110



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A. Policy

It is the policy of the M-S-R Public Power Agency to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Agency and conforming to all state and local statutes governing the investment of public funds.

B. Scope

This investment policy applies to all moneys (surplus financial assets) of the Agency. These ~~funds~~moneys are accounted in the monthly financial reports and the comprehensive annual financial report of Agency financial activities.

C. Funds

The guidelines outlined in this document shall apply to the general fund portfolio and other ~~funds~~moneys under the Treasurer's span of control unless specifically exempted by statute or resolution. The investment of bond proceeds in the custody of a Trustee shall be governed in accordance with the investment guidelines contained in the bond indenture. This Policy is applicable to:

- General Fund

D. Prudence

The standard of prudence to be used by investment officials in the management of Agency ~~funds~~moneys shall be the "prudent investor" standard which shall be applied in the context of managing all aspects of the overall portfolio. Investments shall be made with the care, skill, prudence and diligence, under circumstances then prevailing, including the general economic conditions and the anticipated needs of the Agency, which persons of prudence, discretion and intelligence acting in a like capacity and familiarity with those matters would use in the conduct of ~~funds~~moneys of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the Agency.

It is the Agency's intent, at the time of purchase, to hold all investments until maturity. However, investments may be sold prior to maturity for cash flow purposes or to take advantage of principal appreciation.

E. Objective

The primary objectives, in priority order, of M-S-R's investment activities shall be:

1. **Safety:** Safety of principal is the foremost objective of the investment program. Investments of the Agency shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.
2. **Liquidity:** The Agency's investment portfolio will remain sufficiently liquid to enable the Agency to meet all operating requirements which might be reasonably anticipated.
3. **Return on Investments:** The Agency's investment portfolio shall be designed with the objective of attaining a rate of return commensurate with the Agency's investment risk constraints and the cash flow characteristics of the portfolio.

F. Delegation of Authority

Authority to manage the Agency's investment program is derived from Title 5, Division 2, Part 1, Chapter 4 of the California Government Code, commencing with Section 53600. Management responsibility for the investment program is hereby delegated, pursuant to Section 53607 of the Government Code, to the Agency Treasurer, who shall establish written procedures for the operation of the investment program consistent with this investment policy. This responsibility includes authority to select Brokers, establish safekeeping accounts, enter into wire transfer agreements, banking service contracts, and collateral/depository agreement. The Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials. This delegation shall be for no greater than one year and may be revoked at any time, or, upon review, renewed each year.

G. Ethics and Conflicts of Interest

Officers and employees involved in the investment process shall refrain from personal business activity that conflicts with proper execution of the investment program, or impairs their ability to make impartial investment decisions. Additionally, the Treasurer and the Assistant Treasurer are required to annually file applicable financial disclosures as required by the Fair Political Practices Commission (FPPC) and/or the Agency's Conflict of Interest Code.

H. Authorized Financial Dealers and Institutions

The Agency shall transact business only with banks, associations, and with broker/dealers licensed by the State of California. The broker/dealers should be primary government dealers regularly reporting to the New York Federal Reserve Bank. Exceptions will be made only upon written authorization by the Treasurer. Investment staff shall investigate dealers who wish to do business with the Agency to determine if they are adequately capitalized, have pending legal action against the firm or the individual broker and make markets in the securities appropriate to the Agency's needs.

The Agency Treasurer shall annually send a copy of the current investment policy to all broker/dealers approved to do business with the Agency. Confirmation of receipt of this policy shall be considered evidence that the dealer understands the Agency's investment policies and intends to sell the Agency only appropriate investments authorized by this investment policy.

I. Authorized and Suitable Investments

All investment vehicles allowed by Sections 53601 and 53635 of the California Government Code may be used by the M-S-R Public Power Agency.

GOVERNMENT AGENCY ISSUES: As authorized in Government Code Sections 53601 (a) through (f), this category includes a wide variety of government securities. There are no special portfolio limitations on the amount or maturity period for these investment vehicles, which include the following:

1. California local government agency bonds, notes, warrants or other indebtedness;
2. California State warrants, notes, bonds or other indebtedness;
3. Bonds issued by the Agency;
4. U.S. Treasury notes, bonds, bills or other certificates of indebtedness secured by the full faith and credit of the federal government;

5. Federal agency or U.S. government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or U.S. government-sponsored enterprises.

BANKERS ACCEPTANCES: As provided in Government Code Section 53601 (gf), up to 40% of the Agency's ~~moneysurplus funds~~ may be invested in Bankers Acceptances [that are eligible for purchase by the Federal Reserve System], although no more than 30% of the ~~moneysurplus funds~~ may be invested in Bankers Acceptances of any one commercial bank. Additionally, the maturity period of any Bankers Acceptance shall not exceed 180 days.

COMMERCIAL PAPER: As authorized in Government Code Section 53601 (hg), up to 25% of the Agency's ~~moneysurplus funds~~ may be invested in "prime" commercial paper of quality of the highest ranking or of the highest letter and number rating provided by a nationally recognized statistical-rating organization (NRSRO). However, the Agency will only recognize the rankings or ratings provided by Moody's Investors Service, Inc. and Standard and Poor's or Fitch Financial Services, Inc. Issuing corporation must meet all of the following conditions in either paragraph (1) or paragraph (2):

- (1) The entity meets the following criteria:
 - (A) Is organized and operating in the United States as a general corporation.
 - (B) Has total assets in excess of five hundred million dollars (\$500,000,000).
 - (C) Has debt other than commercial paper, if any, that is rated "A" or higher by a nationally recognized statistical-rating organization (NRSRO).
- (2) The entity meets the following criteria:
 - (A) Is organized within the United States as a special purpose corporation, trust, or limited liability company.
 - (B) Has programwide credit enhancements including, but not limited to, overcollateralization, letters of credit, or surety bond.
 - (C) Has commercial paper that is rated "A-1" or higher, or the equivalent, by a nationally recognized statistical-rating organization (NRSRO).

Agency shall not purchase more than 10% of the outstanding commercial paper of any one issuer. Maturities may not exceed 270 days.

NEGOTIABLE CERTIFICATES OF DEPOSIT: As authorized in Government Code Section 53601 (ih), up to 30% of Agency's ~~moneysurplus funds~~ may be invested in negotiable certificates of deposit issued by nationally or state-chartered commercial banks, federally insured credit unions, or the state licensed branch of a foreign bank. There is no limitation on the maturity period for this investment vehicle except for the overall investment constraints.

REPURCHASE AGREEMENTS, REVERSE REPURCHASE AGREEMENTS, OR SECURITIES LENDING AGREEMENTS: As authorized in Government Code Section 53601 (ij), Agency may invest in repurchase agreements, reverse repurchase agreements, or securities lending agreements of any securities authorized in the Government Code Section 53601 (a) to (j) or (m) or (n) provided that a master repurchase agreement that complies with the TBMA Model has been executed with the contra-party. These investment vehicles are agreements between the Agency and the seller for the purchase of government securities to be resold on or before a specified date and for a specified amount. The market value of the

securities that underlie the repurchase agreement shall be valued at 102% or greater of the ~~moneys~~ funds borrowed against those securities, adjusted no less than quarterly. As provided in Government Code Section 53601(i)(4)(A), investing in reverse repurchase agreements or securities lending agreements may only be made upon prior approval of the Commission. The proceeds from a reverse repurchase agreement shall solely supplement the income normally received from the underlying securities.

Also:

1. The maturity of the reverse repurchase agreement must match the maturity of the securities purchased with the proceeds from the sale of the securities on the reverse repurchase agreement, and shall not exceed a term of 92 days, unless the agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement and the final maturity date of the same security.
2. The total amount invested in reverse repurchase agreements shall not exceed 20% of the base value of the portfolio.
3. The securities to be sold on the reverse repurchase agreement or securities lending agreement must be owned and fully paid for by the Agency for a minimum of 30 days prior to the settlement of the reverse repurchase agreement.
4. Repurchase agreements, reverse repurchase agreements, or securities lending agreements may only be made with primary dealers of the Federal Reserve Bank of New York.

The Commission must specifically authorize the Treasurer to enter into reverse repurchase agreements or securities lending agreements pursuant to the limitations described herein.

MEDIUM-TERM CORPORATE NOTES OR BONDS: As authorized in Government Code Section 53601 (k), up to 30% of Agency's ~~moneys~~ surplus funds may be invested in medium term corporate notes. Maturities may not exceed five years. The issuing corporation must be organized and operating within the U.S. and must be rated "A" or better by a nationally recognized rating service.

SHARES OF BENEFICIAL INTEREST: As authorized by Government Code Section 53601 (l), up to 20% of Agency's ~~moneys~~ surplus funds may be invested in shares of beneficial interest issued by diversified management companies investing in securities authorized by Government Code Section 53601 (a) to (k), inclusive, and (m) to (o), inclusive, and shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940.

If the investment is in shares by a company that invests in securities and obligations authorized by subdivisions (a) to (k), inclusive, and subdivisions (m) to (o), inclusive, the company must have attained the highest ranking or the highest letter and numerical rating provided by two nationally recognized statistical rating organizations or retain an investment advisor registered or exempt from registration with the Securities and Exchange Commission with at least five (5) years investing the securities authorized by subdivisions (a) to (k), inclusive, and (m) to (o), inclusive, or experience managing money market mutual funds and with assets under management in excess of five hundred million dollars (\$500,000,000.00).

The purchase price of shares shall not include any commission and no more than 10% of the ~~moneys~~ surplus funds may be invested in shares of any one mutual fund.

MORTGAGE PASS-THROUGH SECURITIES: As authorized in Government Code Section 53601 (o~~n~~) up to 20% of the Agency's ~~monneysurplus funds~~ may be invested in mortgage pass-through securities, collateralized mortgage obligations, mortgage-backed or other pay-through bonds, equipment lease-backed certificates, consumer receivable pass-through certificates, or consumer receivable-backed bonds of a maximum of five years maturity.

Securities eligible for investment under this provision shall be issued by an issuer having an "A" or higher rating for the issuer's debt as provided by a nationally recognized rating service and rated in a rating category of "AA" or its equivalent or better by a nationally recognized rating service.

FINANCIAL FUTURES AND FINANCIAL OPTION CONTRACTS: As permitted in Government Code Section 53601.1, Agency may invest in financial futures or financial option contracts in any of the above investment categories, subject to the same overall portfolio limitations.

TIME CERTIFICATES OF DEPOSIT: As authorized in Government Code Section 53630 and following, Agency may invest ~~monneysfunds~~ in non-negotiable, fixed-term Certificates of Deposit collateralized in accordance with the Government Code requirements. In order to secure such deposits, an institution shall maintain in the collateral pool securities having a market value of at least 10% in excess of the total amount deposited (50% in excess of the total amount of deposits secured by promissory notes secured by first mortgages and first trust deeds). Agency is permitted to waive the first \$100,000 of collateral security for such deposits if the institution is insured pursuant to federal law. There are no special portfolio limits on the amount or maturity for this investment vehicle. TCD's may be purchased from banks, associations, federally insured credit unions, and federally insured industrial loan companies which meet the requirements set forth in the Government Code.

LAIF: Deposits with the Local Agency Investment Fund, which is managed by the California State Treasurer's Office, are also permitted. This investing is authorized by Government Code Section 16429.1. The Agency is a current participant in this fund.

J. Prohibited Investments

The Agency shall not invest any ~~monneysfunds~~ pursuant to Government Code 53601.6 or pursuant to Article 2 (commencing with Section 53630) in inverse floaters, range notes, or mortgage-derived, interest-only strips that are derived from a pool of mortgages, or reverse repurchase agreements. Nor shall the Agency invest in any security that could result in zero interest accrual if held to maturity.

K. Investment Pools

The Treasurer shall have a thorough understanding of the operational areas listed below for each pool and/or fund prior to investing, and on a continual basis.

- A description of eligible investment securities, and a written statement of investment policy and objectives.
- A description of interest calculations and how interest is distributed, and how gains and losses are treated.
- A description of how the securities are safeguarded (including the settlement processes), and how often the securities are priced and the program is audited.
- A description of who may invest in the program, how often, and the permissible size of deposit and withdrawal.

- A schedule for receiving statements and portfolio listings.
- Whether reserves, retained earnings, etc. are utilized by the pool/fund.
- A fee schedule, and when and how it is assessed.
- Whether the pool/fund is eligible for bond proceeds and/or whether it will accept such proceeds.

L. Collateral Requirements

Collateral is required for investments in certificates of deposit, repurchase agreements and reverse repurchase agreements. In order to reduce market risk, the collateral level will be at least 102% of market value of principal and accrued interest.

The only securities acceptable as collateral shall be direct obligations which are fully guaranteed as to principal and interest by the United States Government or any agency or government-sponsored enterprise of the United States.

M. Safekeeping and Custody

To protect against fraud or embezzlement or losses caused by collapse of an individual securities dealer, all securities owned by the Agency shall be held in safekeeping by a third party custodian, acting as agent for the Agency under the terms of a custody agreement or TBMA agreement executed by the Treasurer. All security transactions will settle delivery vs payment (DVP) through the Agency's safekeeping agent. Securities purchased from brokers/dealers shall be held in third party safekeeping by the trust department of the Agency's main bank, or by another third party trustee designated by the Treasurer.

Securities held in custody for the Agency shall be independently audited annually to verify investment holdings.

N. Delivery

The purchase of an eligible security shall require delivery of the securities to the Agency, including those purchased for the Agency by financial advisors, consultants, or managers using the Agency's ~~moneys~~ funds, by book entry, physical delivery, or by third party custodial agreement. The transfer of securities to the counter party bank's customer book entry account may be used for book entry delivery. A counter party bank's trust department or separate safekeeping department may be used for the physical delivery of the security if it is held in the Agency's name.

O. Diversification

The Agency will diversify its investments by security type, issuer and maturity. With the exception of U.S. Treasury Securities, U.S. Agency and U.S. Government-sponsored enterprises, no more than 40% of the total investment portfolio will be invested in a single security type or with a single financial institution and no more than 15% of the total investment portfolio will be placed with any one issuer.

P. Maximum Maturity

Pursuant to Government Code Section 53601 where the Government Code does not specify a limitation on the maturity term of a security, the Treasurer is authorized, as part of the Agency's

investment program set forth herein, to invest in individual instruments in the portfolio to a maximum maturity of five (5) years.

Q. Internal Control

Separation of functions between the Treasurer's Office and the Controller's Office is designed to provide an ongoing internal review to prevent the potential for converting assets or concealing transactions.

Existing procedures require all wire transfers to be approved by the Treasurer and Controller. Proper documentation obtained from confirmation and cash disbursement wire transfers is required for each investment transaction. Timely bank reconciliation is conducted to ensure proper handling of all transactions.

The investment portfolio and all related transactions are reviewed and balanced to appropriate general ledger accounts by the Controller's office on a monthly basis.

All employees involved in the investment of Agency moneys~~fund~~s are properly bonded.

Confirmation letters are mailed to the financial institution with the details of the investment transaction. The letters are signed by the Treasurer with copies to the Accounting Division and the Assistant Treasurer. In the absence of the Treasurer, the Assistant Treasurer may sign the confirmation letter for investments previously authorized. The Treasurer will review the letter signed during his absence by the Assistant Treasurer.

Agency receives confirmations from the financial institutions. All investment confirmations received from financial institutions are reviewed for accuracy and filed with the Agency's letter of confirmation in the Treasurer's office. These files are available for review by the Controller's staff.

The Agency investment accounting software package meets all legal reporting requirements. It has the capability of generating a variety of reports for monitoring and controlling investment activity. The Month-End Investment Inventory Report is reconciled with the Controller's office.

An independent confirmation by an external auditor is conducted annually to review internal control, account activity and compliance with policies and procedures.

R. Other Guidelines

1. **Pooled Cash:** Cash for all M-S-R Public Power Agency moneys~~fund~~s are consolidated into one general bank account (except bond proceeds) and invested on a pooled concept basis.
2. **Liquidity:** Liquidity refers to the ability to convert investment holdings to cash immediately with minimal loss of principal or accrued interest. This quality is important when the need for unexpected moneys~~fund~~s suddenly occurs. The secondary duty of the Treasurer is to insure that the liquidity needs of the Agency are met.
3. **Competitive Bids:** Purchase and sale of securities are made on the basis of competitive offers and bids.
4. **Selling Securities Prior to Maturity:** Generally, losses are acceptable on a sale before maturity if the earnings from the reinvested proceeds will exceed the income that would have been generated by the old investment considering any capital loss or foregone interest on the original investment.

5. **Sale of Investments Before Maturity:** Investments may be sold prior to maturity for cash flow or appreciation purposes; however, no investment shall be made solely for the purpose of trading.
6. **NCD Evaluation:** Negotiable Certificates of Deposit (NCD) are evaluated in terms of the credit worthiness of the issuer, as these deposits are unsecured, and uncollateralized promissory notes.
7. **Time Deposit Placement:** Time deposits (insured and collateralized certificates of deposit) are not placed with banks, credit unions and/or associations unless an office is maintained in the State of California.
8. **TCD Evaluation:** Time Certificates of Deposit (TCD) are evaluated in terms of FDIC coverage. For deposits in excess of the insured maximum of \$100,000 approved levels of collateral at full market value are required, as prescribed in the California Government Code.
9. **Security Marketability:** The marketability (salability) of a security is considered at the time of purchase, as the security may have to be sold prior to maturity in order to meet unanticipated cash demands.
10. **Cash Flow Requirements Used to Establish Maturity:** Projected cash flow requirements and the overall weighted average maturity of the Agency's investment portfolio are the primary factors to be used in determining investment maturity terms.

S. Strategy

Strategy refers to the ability to manage the Agency's financial resources in the most advantageous manner.

1. **Economic Forecasts:** The Treasurer obtains economic forecasts periodically from economists and financial experts through bankers and brokers to assist with the formulation of an investment strategy for the Agency.
2. **Developing the Investment Plan:** The Treasurer should anticipate changes in interest rates, inflation, monetary and/or fiscal policy, and other economic indicators and evaluate their impact on the Agency's portfolio.
 - a. Consider the phase of the business cycle and its effect on future interest rates;
 - b. Consider the nature of the yield curve, i.e., normal versus inverted;
 - c. Evaluate the spread between U.S. Treasury and other securities daily in order to be informed regarding the particular issue that is "cheap to the Market";
 - d. Evaluate the effect of interest compounding on portfolio yields;
 - e. Utilize the following investment techniques to increase yield and maintain a fully invested position;
 - (i) Use of daily and weekend repurchase agreement investments.
 - (ii) Evaluate portfolio for potential swaps and trades.

- (iii) Use of reverse repurchase agreement investments and securities lending agreements.
- f. A good swap or trade will have two important characteristics:
 - (i) Increase the yield on holdings
 - (ii) Generate takeout cash which can be reinvested.

T. Performance Standards

Investment performance is continually monitored and evaluated by the Treasurer. Investment performance statistics and activity reports are generated monthly for presentation to the General Manager and the Commission.

The performance of the investment portfolio shall be measured against a market-average rate of return of the U.S. Constant Maturity Treasury (CMT) which is the closest to the weighted average maturity of the Agency's portfolio and to the earnings on the LAIF Pooled Investment Fund.

U. Reporting

1. **Monthly Report:** Government Code Section 53067 requires the Treasurer to make a monthly report to the Commission of transactions made pursuant to the Investment Policy.
2. **Quarterly Report:** Government Code Section 53646 requires the Treasurer to issue a quarterly report within 30 days following the end of the quarter, to the General Manager, the Agency's internal auditor, and the Commissioners, showing the type of investment, issuer and/or institution, date of maturity, amount of investment, current market value for all securities, rate of interest, and other relevant data that may be required. The quarterly report shall state compliance of the investment portfolio with the Investment Policy and shall include a statement denoting the ability of the Agency to meet its pool expenditure requirements for the next six months. The Treasurer shall also submit the investment policy annually to the Commission, disclose the source of market value information, confirm compliance with the guidelines or explain the differences, and affirm the agency's ability to meet its obligations over the next six months.

V. Investment Policy Adoption

The Agency's investment policy guidelines shall be adopted annually. However, changing economic conditions may make it advisable to review the guidelines during the year. Legislative changes affecting public agency investment practices may also need to be incorporated into the policy statement prior to year-end. It is anticipated that most changes will be processed at the end of the calendar year. However, if it appears that the Agency could incur a loss in earnings, a modification will be processed promptly.

Glossary

Accrued Interest	Interest that has accumulated between the most recent payment and the sale of a bond or other fixed income security. At the time of sale, the buyer pays the seller the bond's price plus accrued interest.
Agencies	Securities issued by government-sponsored corporations or agencies of the U.S. Government such as the Federal Home Loan Banks, the Federal Farm Credit Banks Small Business Administration, Department of Housing and Urban Development.
Amortize	Accounting method whereby the cost of acquisition of an asset gradually is reduced to reflect the theoretical resale value of the asset.
Asked Price	The price at which securities are offered for sale. Also called the Ask Price, Asking Price, or Ask.
Bankers' Acceptance	A draft or bill of exchange accepted by a bank or trust company. It is the customary means of effecting payment for merchandise sold in import-export transactions and a source of financing used extensively in international trade.
Basis Point	.01% of yield (1/100 of 1%) on a fixed-income security.
Bear Market	Prolonged period of falling prices. A bear market in stocks is usually brought on by the anticipation of declining economic activity, and a bear market in bonds is caused by rising interest rates.
Bearish	Having the opinion that securities will fall in market value.
Bid	The price offered by a buyer of securities. (When you are selling securities, you ask for a bid.) See Offer.
Bond	Any interest-bearing or discounted government or corporate security that obligates the issuer to pay the bondholder a specified sum of money, usually at specific intervals, and to repay the principal amount of the loan at maturity.
Book Entry	Holdings of the securities are recorded on the books of the Federal Reserve Bank of New York for the issuer. Interest and principal payments are sent to the investor when due. No physical certificates are issued or delivered to the investor. Bonds issued in book entry form are transferred via the Federal Reserve wire or book entry system to member financial institutions. Book entry securities are said to be wireable.
Book Value	Value at which an asset is carried on the balance sheet.
Broker	A person who acts as an intermediary between a buyer and seller.
Bull Market	Prolonged rise in the prices of stocks, bonds, or commodities. Bull markets usually last at least a few months and are characterized by high trading volume.
Bullish	The belief that prices will rise or will continue to rise.

Call	The action whereby a company elects to redeem a security prior to its maturity date.
Callable Bond	Bond that may be called (redeemed) by the issuer on or after a specified date before maturity.
Certificate of Deposit (CD)	A time deposit with a specific maturity evidenced by a certificate.
Collateral	Securities, evidenced of deposit or other property which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.
Commercial Paper	Short-term obligations with maturities ranging from 2 to 270 days issued by banks, corporations, and other borrowers to investors with temporarily idle cash. Such instruments are unsecured and usually discounted, although some are interest bearing.
Confirmation	Formal memorandum from a broker to a client giving details of a securities transaction.
Consumer Price Index (CPI)	Measure of change in consumer prices, as determined by a monthly survey of the U.S. Bureau of Labor Statistics.
Coupon	(a) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value. (b) A certificate attached to a bond evidencing interest due on a payment date.
Current Yield	The annual interest received on a bond in relation to the amount paid for the bond expressed as a percentage.
Debenture	A bond secured only by the general credit of the issuer.
Delivery Versus Payment (DVP)	There are two methods of delivering securities: delivery versus payment (DVP) and delivery versus receipt. DVP is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.
Depository Trust Company (DTC)	A central securities certificate depository, and member of the Federal Reserve System, through which members may arrange deliveries of securities between each other through computerized debit and credit entries without physical delivery of the certificates.
Derivatives	(1) Financial instruments whose return profile is linked to, or derived from, the movement of one or more underlying index or security, and may include a leveraging factor, or (2) financial contracts based upon notional amounts whose value is derived from an underlying index or security (interest rates, foreign exchange rates, equities or commodities).
Discount	The difference between the cost price of a security and its maturity amount when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

Discount Rates	Interest rate that the Federal Reserve charges member banks for loans, using government securities or eligible paper as collateral.
Discount Securities	Non-interest bearing money market instruments that are issued at a discount and redeemed at maturity for full face value, e.g., U.S. Treasury Bills.
Diversification	Dividing investment funds among a variety of securities offering independent returns.
Face Value	Value of a bond stated on the bond certificate.
Fed Wire	Computerized network linking the Fed with its district banks, member banks, and primary dealers in government securities.
Federal Deposit Insurance Corporation (FDIC)	A federal agency that insures bank deposits, currently up to \$100,000 per deposit.
Federal Funds Rate	Interest rate charged by banks with excess reserves at a Federal Reserve district bank to banks needing overnight loans to meet reserve requirements.
Federal Home Loan Banks (FHLB)	Government sponsored wholesale banks (currently 12 regional banks) which lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions and insurance companies. The mission of the FHLBs is to liquefy the housing related assets of its members who must purchase stock in their district Bank.
Federal National Mortgage Association (FNMA)	FNMA, like GNMA, was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.
Federal Open Market Committee (FOMC)	Consists of seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member, while the other Presidents serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money.
Federal Reserve System	The central bank of the United States created by Congress to regulate the U.S. monetary and banking system.
Flat	A bond that is sold without accrued interest.

Government National Mortgage Association (GNMA or Ginnie Mae)	A government-owned corporation, nicknamed Ginnie Mae, which is an agency of the U.S. Department of Housing and Urban Development. GNMA guarantees, with the full faith and credit of the U.S. Government, full and timely payment of all monthly principal and interest payments on the mortgage-backed pass-through securities of registered holders.
Illiquid	Used when a security that does not enjoy an active secondary market; thus, the holder may find it difficult to sell the security and thereby go back to cash.
Know Your Customer	Industry obligation that requires a brokerage firm and its registered representatives to know the important facts about the customer with whom they do business.
Liquidity	A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.
Local Government Investment Pool (LGIP)	The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment. In California it is called the Local Agency Investment Fund (LAIF).
Market Value	The price at which a security is trading and could presumably be purchased or sold.
Master Repurchase Agreement	A written contract covering all future transactions between the parties to repurchase -- reverse repurchase agreements that establishes each party's rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.
Maturity Date	The specified day on which the issuer of a debt security is obligated to repay the principal amount, or face value, of a security.
Money Market	The market in which short-term debt instruments (bills, commercial paper, bankers' acceptances, etc.) are issued and traded.
New Issue	Popular term for any new security offered for sale by the issuer.
Odd Lot	Transactions that are for less than the typical unit of trading.
Offer	The price asked by a seller of securities. (When you are buying securities, you ask for an offer.) See Asked and Bid.
Open Market Operations	Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC in order to influence the volume of money and credit in the economy. Purchases inject reserves into the bank system and stimulate growth of money and credit; sales have the opposite effect. Open market operations are the Federal Reserve's most important and most flexible monetary policy tool.
Paper Loss	An unrealized loss on a security position. Paper losses become realized losses only if the security is sold.

Par	Any security whose market or offering price is the same as its face value at the time of redemption.
Portfolio	Collection of securities held by an investor.
Premium	The dollar amount by which the market price of a bond exceeds its par value.
Primary Dealer	A group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC)-registered securities broker-dealers, banks, and a few unregulated firms.
Prime Rate	Interest rate banks charge to their most creditworthy customers.
Prudent Person Rule	An investment standard. In some states the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the custody state -- the so-called legal list. In other states the trustee may invest in a security if it is one which would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.
Quote	A statement of the highest bid and lowest offer for the security.
Rally	Industry term for a sharp rise in the price of the security.
Rate Of Return	The yield obtainable on a security based on its purchase price or its current market price.
Rating	Judgment of creditworthiness of an issuer made by an accepted rating service.
Registered Bond	A bond that is recorded in the name of the holder on the books of the issuer or the issuer's Registrar and can be transferred to another owner only when endorsed by the registered owner.
Repurchase Agreement (RP or Repo)	A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security "buyer" in effect lends the "seller" money for the period of the agreement, and the terms of the agreement are structured to compensate him for this.
Reverse Repurchase Agreements	Whereby dealers agree to buy the securities and the investor agrees to repurchase them at a later date.
Safekeeping	A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.
Secondary Market	A market made for the purchase and sale of outstanding issues following the initial distribution.

Securities Lending Agreement	An agreement under which a local agency agrees to transfer securities to a borrower who, in turn, agrees to provide collateral to the local agency. During the term of the agreement, both the securities and the collateral are held by a third party. At the conclusion of the agreement, the securities are transferred back to the local agency in return for the collateral.
Settlement Date	The date on which a securities contract, by prearranged agreement, must be cleared or settled.
Spread	The difference between yields on various fixed-income securities.
Subject	Term used of a quote made by a dealer, whether a bid or an offer or both, that must be reviewed before a final decision to buy or sell is made.
Swap	Industry jargon for the sale of one security and the purchase of another.
The Bond Marketing Association (TBMA)	A trade association representing banks, dealers, and brokers who underwrite and trade municipals, governments, and federal agency securities.
Treasury Bills	A non-interest bearing discount security issued by the U.S. Treasury. Most bills are issued to mature in three months, six months, or one year, in minimum denominations of \$10,000.
Treasury Bonds	Long-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities 10 years or longer issued in minimum denominations of \$1,000.
Treasury Notes	Intermediate securities with maturities of 1 to 10 years.
Yield	The rate of annual income return on an investment, expressed as a percentage. (a) INCOME YIELD is obtained by dividing the current dollar income by the current market price for the security. (b) NET YIELD or YIELD TO MATURITY is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.
Yield to Maturity	A measurement of the compound rate of return that an investor in a bond with a maturity of more than one year will receive if: (1) the investor holds the security to maturity and (2) reinvests all cash flows at the same market rate of interest.

Sources

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2. *Debt Securities, A Handbook for State and Local Government Portfolio Managers*, Keith Williams.
3. Municipal Treasurers' Association of the United States and Canada, Investment Policy Guidelines.