



Attachment to the Investment Policy Harbor Maintenance Trust Fund Investment Information

Purpose

The purpose of this document is to define the investment portfolio policy for the Harbor Maintenance Trust Fund.

The authority for investing the Trust Fund is provided by 26 USC §9602, which states, "It shall be the duty of the Secretary of the Treasury to invest such portion of any Trust Fund established by subchapter A as is not, in his judgment, required to meet current withdrawals."

The program agency responsible for administration of the Fund and the Trust Fund Management Branch (TFMB) at the Bureau of the Public Debt each agree to this policy.

Background

The Harbor Maintenance Trust Fund was established by the Treasury Department on April 1, 1987, in accordance with the Water Resources Development Act of 1986 (Public Law 99-662, November 17, 1986) (26 USC 9505). An annual report to Congress, required by 26 USC 9602(a), is submitted by the Secretary of the Treasury covering the financial condition and results of operations for the Fund during the past fiscal year and those expected during the next five fiscal years. The Financial Management Service Bureau of the United States Treasury publishes this information in the March issue of the Treasury Bulletin available at <http://fms.treas.gov/bulletin/b15.pdf>.

The Harbor Maintenance Trust Fund receives revenue from the interest payments on outstanding marketable securities held in the Fund's investment portfolio and the subsequent maturity of these securities. The Fund also receives customs duties. These are the only sources of revenue available to the Fund at this time.

Portfolio Management

The program agency administering the Harbor Maintenance Trust Fund is the U.S. Army Corps of Engineers. During FY 2008, the 10% overnight limit was sufficient to meet the cash flow needs of the Fund, as we did not have to early redeem any securities. The revenue sources of the Fund, customs duties, interest payments, and maturities, were sufficient to offset the transfers to the Corps of Engineers. The Fund's investment portfolio contains a market-based bill that matures on 01/08/2009 and a market-based note that matures on 02/15/2009. The portfolio also contains marketable notes that mature on 02/15/2010, 03/31/2010, 01/15/2011, 02/15/2012, 05/15/2013, 02/15/2014, and 08/15/2015. The timing of the interest payments and maturities allows us to replenish the amount invested in the overnight securities and achieve the stated short-term investment goal of approximately 10%.



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The investment policy for October 1, 2008 through September 30, 2009 is to invest approximately 10% of the Fund's balance in an overnight security. Once the overnight security reaches an approximate level of 10% of the Fund's balance, excess receipts will be invested in Market-Based Bills and Notes.

Note: If TFMB has not received a letter with the estimated monthly draw for the new fiscal year from the Corps of Engineers by October 1, then the overnight security must be more than 10% to cover a large disbursement at a later date.



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Portfolio as of August 31, 2008

<u>Security Number</u>	<u>Security Description</u>	<u>Shares/Par</u>	<u>Cost Basis</u>	<u>Issue Date</u>	<u>Maturity Date</u>
ONE DAY	ONE DAY 1.900% 09/02/2008	\$386,429,825.06	\$386,429,825.06	08/29/2008	09/02/2008
912828BZ2	MK NOTE 3.000% 02/15/2009	\$500,321,000.00	\$502,596,945.78	02/15/2004	02/15/2009
9128275Z1	MK NOTE 6.500% 02/15/2010	\$496,162,000.00	\$545,188,109.69	02/15/2000	02/15/2010
912828HU7	MK NOTE 1.750% 03/31/2010	\$302,087,000.00	\$300,936,318.44	03/31/2008	03/31/2010
912828ES5	MK NOTE 4.250% 01/15/2011	\$443,666,000.00	\$437,135,905.63	01/15/2006	01/15/2011
9128277L0	MK NOTE 4.875% 02/15/2012	\$475,333,000.00	\$475,686,437.51	02/15/2002	02/15/2012
912828BA7	MK NOTE 3.625% 05/15/2013	\$521,804,000.00	\$492,534,056.88	05/15/2003	05/15/2013
912828CA6	MK NOTE 4.000% 02/15/2014	\$438,393,000.00	\$456,359,779.53	02/15/2004	02/15/2014
912828EE6	MK NOTE 4.250% 08/15/2015	\$444,830,552.77	\$468,858,344.24	08/15/2005	08/15/2015
912795J69	MK BILL 01/08/2009	\$425,632,000.00	\$421,403,699.35	07/10/2008	01/08/2009
		<u>\$4,434,658,377.83</u>	<u>\$4,487,129,422.11</u>		

Portfolio as of December 31, 2007

<u>Security Number</u>	<u>Security Description</u>	<u>Shares/Par</u>	<u>Amortized Cost</u>	<u>Issue Date</u>	<u>Maturity Date</u>
ONE DAY	ONE DAY 1.230% 01/02/2008	\$790,359,883.29	\$790,359,883.29	12/31/2007	1/2/2008
9128275Z1	MK NOTE 6.500% 02/15/2010	\$496,162,000.00	\$519,698,040.59	2/15/2000	2/15/2010
9128273X8	MK NOTE 5.500% 02/15/2008	\$440,868,000.00	\$441,602,152.66	2/15/1998	2/15/2008
9128277L0	MK NOTE 4.875% 02/15/2012	\$475,333,000.00	\$475,757,800.37	2/15/2002	2/15/2012
912828ES5	MK NOTE 4.250% 01/15/2011	\$443,666,000.00	\$439,425,076.90	1/15/2006	1/15/2011
912828BA7	MK NOTE 3.625% 05/15/2013	\$521,804,000.00	\$496,144,031.81	5/15/2003	5/15/2013
912828BZ2	MK NOTE 3.000% 02/15/2009	\$500,321,000.00	\$500,870,629.80	2/15/2004	2/15/2009
912795C25	MK BILL 01/10/2008	\$414,704,000.00	\$414,156,964.64	7/12/2007	1/10/2008
		<u>\$4,083,217,883.29</u>	<u>\$4,078,014,580.06</u>		

Additional details about the Fund's portfolio can be found at the following web site:
<http://www.federalinvestments.gov/dfi/dfifederalinvestreports.htm>