



Investment Policy
Leaking Underground Storage Tanks Trust Fund
20X8153
For The Fiscal Year Ending September 30, 2009

Purpose

The purpose of this document is to define the investment portfolio policy for the Leaking Underground Storage Tanks (LUST) Trust Fund.

The authority for investing Trust Fund monies 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 administering the Fund and the Trust Fund Management Branch (TFMB) of the Bureau of the Public Debt agree to this policy.

Background

The LUST Trust Fund was established to provide funds for the maintenance and clean up of leaking underground storage tanks. The program agency administering the LUST Trust Fund is the Environmental Protection Agency (EPA). This trust fund is funded by excise taxes collected on motor fuels sold nationwide. These excise taxes are deposited into the Trust Fund based on monthly estimates provided by the Office of Tax Analysis. These estimates are adjusted to actual tax receipts as reported by IRS quarterly. Other sources of Trust Fund revenue include interest on the fund principal and cost recoveries.

Portfolio Management

This investment policy establishes that for the fiscal year ending September 30, 2009, approximately 4% of the fund balance will be invested in an overnight security, with the goal being to use this security to meet the current cash needs of the Fund. All tax receipts and drawdown activity will flow through overnight securities. Once the overnight security reaches an approximate level of 4% of the fund balance, future receipts will be invested in a 5-year ladder of market-based securities.

Market-based securities mature at various times throughout the year. Prior to each of these maturity dates, TFMB will contact EPA to get their input on reinvestment of these securities.

Note: When the agency requests the Bureau of the Public Debt to contact them we will do as requested. If we do not receive a response, we will invest the funds in overnight securities until advised otherwise.



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Portfolio as of August 31, 2008

Security Number	Security Description	Shares/Par	Cost Basis	Issue Date	Maturity Date
ONE DAY	ONE DAY 1.900% 09/02/2008	\$146,050,550.24	\$146,050,550.24	8/29/2008	9/2/2008
9128275Z1	MK NOTE 6.500% 02/15/2010	\$350,109,000.00	\$381,362,983.76	2/15/2000	2/15/2010
9128275N8	MK NOTE 6.000% 08/15/2009	\$160,372,000.00	\$164,139,956.56	8/15/1999	8/15/2009
9128275G3	MK NOTE 5.500% 05/15/2009	\$358,453,000.00	\$391,039,014.85	5/15/1999	5/15/2009
9128277B2	MK NOTE 5.000% 08/15/2011	\$347,600,000.00	\$352,421,791.57	8/15/2001	8/15/2011
9128276T4	MK NOTE 5.000% 02/15/2011	\$364,532,000.00	\$368,678,875.16	2/15/2001	2/15/2011
9128277L0	MK NOTE 4.875% 02/15/2012	\$366,577,211.90	\$374,522,803.60	2/15/2002	2/15/2012
912828AJ9	MK NOTE 4.375% 08/15/2012	\$312,736,000.00	\$322,299,709.69	8/15/2002	8/15/2012
912828EJ5	MK NOTE 4.250% 10/15/2010	\$360,005,000.00	\$355,163,602.35	10/15/2005	10/15/2010
912828AU4	MK NOTE 3.875% 02/15/2013	\$387,442,000.00	\$400,397,091.88	2/15/2003	2/15/2013
			\$3,153,876,762.14		
			\$3,256,076,379.66		

Portfolio as of August 31, 2007

Security Number	Security Description	Shares/Par	Cost Basis	Issue Date	Maturity Date
ONE DAY	ONE DAY 5.100% 09/04/2007	\$140,836,412.64	\$140,836,412.64	8/31/2007	9/4/2007
9128275Z1	MK NOTE 6.500% 02/15/2010	\$350,109,000.00	\$381,362,983.76	2/15/2000	2/15/2010
9128275N8	MK NOTE 6.000% 08/15/2009	\$160,372,000.00	\$164,139,956.56	8/15/1999	8/15/2009
9128275G3	MK NOTE 5.500% 05/15/2009	\$358,453,000.00	\$391,039,014.85	5/15/1999	5/15/2009
9128277B2	MK NOTE 5.000% 08/15/2011	\$309,520,000.00	\$310,801,541.57	8/15/2001	8/15/2011
9128276T4	MK NOTE 5.000% 02/15/2011	\$364,532,000.00	\$368,678,875.16	2/15/2001	2/15/2011
9128277L0	MK NOTE 4.875% 02/15/2012	\$292,963,000.00	\$296,487,711.09	2/15/2002	2/15/2012
912828AJ9	MK NOTE 4.375% 08/15/2012	\$92,205,000.00	\$91,322,355.78	8/15/2002	8/15/2012
912828EP1	MK NOTE 4.250% 11/30/2007	\$133,869,000.00	\$133,053,235.78	11/30/2005	11/30/2007
912828EJ5	MK NOTE 4.250% 10/15/2010	\$360,005,000.00	\$355,163,602.35	10/15/2005	10/15/2010
912828AZ3	MK NOTE 2.625% 05/15/2008	\$362,494,000.00	\$356,974,726.88	5/15/2003	5/15/2008
			\$2,925,358,412.64		
			\$2,989,860,416.42		

Additional details about the Fund's portfolio can be found at the following web site:
<http://www.treasurydirect.gov/govt/reports/fip/acctstmt/acctstmt.htm>