CITY OF CORVALLIS

Investment Council

Treasury Report

June 2011

CITY OF CORVALLIS, OREGON
INVESTMENT COUNCIL
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INVESTMENT COUNCIL MEETING

August 3, 2011
Madison Avenue Meeting Room
Wednesday - 7:30 am

AGENDA

I. Approve Minutes of Previous Meeting
   - May 5, 2011

II. Fiscal Year 2010-2011 Fourth Quarter Review
   - Quarterly Portfolio Summary

III. Investment Policy Review

IV. New Reporting
   - Review monthly Treasury Report format

V. Open Discussion

*****Next Meeting – November 3, 2011 - Thursday 7:30 am*****

DRAFT
CITY OF CORVALLIS
INVESTMENT COUNCIL MEETING
MAY 5, 2011 MINUTES

The City of Corvallis Investment Council meeting was called to order at 7:30 a.m. on May 5, 2011 in the Madison Avenue Meeting Room, 500 SW Madison Avenue, Corvallis, Oregon.

ROLL CALL

Present: Jon Nelson, Nancy Brewer, Bill Mercer, Scott Fewel, Staci Voight, Mark O'Brien, Janet Chenard, Julian Contreras, Deanne Woodring, Rhonda Jiminez (recorder)

SUMMARY OF DISCUSSION

Agenda Item	Information Only	Held Over for Further Review	Recommendations
I. Approval of Minutes from February 3, 2011			Approved
II. Fiscal Year 2010-2011 Third Quarter Review - - Quarterly Portfolio Summary			Approved
III. Introduction of Investment Advisor: Davidson Fixed Income Management	X		
IV. Open Discussion			
V. Adjournment			The meeting was adjourned at 8:35a.m.

I. APPROVAL OF MINUTES

City Manager Jon Nelson asked for any corrections to the minutes from the February 3, 2011 meeting. None being received, the minutes were approved as submitted.

II. FISCAL YEAR 2010-2011 THIRD QUARTER REVIEW

Treasury Accountant Staci Voight presented the Third Quarter Portfolio Summary to the Investment Council (Attachment A), noting the ending cash balance for December 2010 through March 2011 was down by just under $300,000.

- Ms. Voight noted that looking back at this time last year the City's cash was down by $5.3 million. This shows that the departments have worked on reducing spending. She monitors the total receipts and total disbursements on a monthly basis and over the last 3 to 4 months the disbursements have been under budget by $1.2 to $1.3 million consistently every month.
- Returns - nothing has changed. The short term portfolio is still at .54%, and the Pool rate is unchanged.
- The ending LGIP balance declined about $2 million.
- 2 Year Treasury historical 12 week average – was up by 15 basis points, however as of May 5, 2011 it is back down to .58%.
- 379 Day Agency - down by 3 basis points.
- No Purchases were made in the third quarter of FY10/11; however purchases are anticipated in the fourth quarter thanks to the new Investment Advisor.

Mr. Fewel asked how much was in the LGIP pool. Ms. Voight answered that at the end of March there was just over $32 million.

Mr. Nelson noted that the historical portfolio balance chart on page 3 of the March 2011 Treasury Report shows good news in terms of a one-year look-back to February 2010. Ms. Voight affirmed that cash balances increased year-over-year by approximately $2 million.

Mr. Nelson also asked about the chart on page 22. Following the FY 10/11 line across to March, he inquired as to the dynamic behind the upward spike this year compared to all other years where the line has been straight across. Ms. Voight stated that this occurred primarily based on the City's lower disbursements. Last year from December to March, cash balances dropped steadily by about $5 million, whereas this year the decrease was only about $200,000-$300,000 which when combined with proportionately higher receipts for this time of year, caused the uptick.

Mr. Fewel asked how close the City was to the maximum in the government pool. Ms. Woodring stated that the maximum is $43 million and the City is only at $32 million at this point.

There being no further questions or comments on the Third Quarter Review, Investment Council approved the Report.

III. INTRODUCTION OF INVESTMENT ADVISOR:

Ms. Chenard introduced Deanne Woodring, representative of the City's new Investment Advisor, Davidson Fixed Income Management, Inc. (DFIM) from Portland, OR, and explained items that Ms. Woodring would cover: strategy, changes to monthly reporting moving forward and possible changes in the Investment Policy. Ms. Woodring spoke about her experience as part of the next item on the agenda, Open Discussion.

IV. OPEN DISCUSSION

Ms. Woodring stated that as of March 8, 2011 the RFP was completed and she is very happy to be working with the City of Corvallis. She works with a team that has been serving public entities since 1982. She has dedicated her entire career to public fund investments and currently serves at the National Level on the Government Finance Officers Association on the Treasury Investment Management Committee and is very active nationally on changes in best practices and procedures as well as knowledgeable on current practices.

DFIM's focus will be to work with the City of Corvallis on buying investments and assisting in developing best practices, starting with the City's investment policies. Ms. Woodring stated that DFIM has identified the areas that need to be addressed. The plan will be to go step by step to determine what the City's appropriate balances should be in the pool and what appropriate balances should be invested. She discussed strategies to enhance the earnings on the City's portfolio. Currently, the City's investments are being handled very conservatively through two basic programs: liquid funds (in the LGIP and bank accounts) and government agencies. Since the State pool is also heavily invested in government agencies the City should diversify its investment portfolio.

Ms. Woodring stated that the government is continuing to infuse a tremendous amount of money into the system to try to support the U.S. economy. This has created a great challenge with obtaining any amount of yield on investments.

With regard to narrative reporting, Ms. Voight will continue to provide the local details and exactly what's happening with cash flow and Ms. Woodring will provide a monthly report to the City that addresses the market. DFIM will include a specific piece in the report

dealing with the City's portfolio size and earnings. The duration strategy review is basically the average maturity of the City's portfolio. Ms. Woodring will provide the market trends within her reports.

Ms. Chenard stated that the City did have a duration report included with the monthly reports many years ago, and it was very useful when the City was more actively investing. The report was dropped in recent years when Investment Council did a review and deemed it less useful to them in the context of the length of the whole report and the minimal investment activity. Now is a good time to reintroduce the report in order to provide more awareness of laddering and the state of the portfolio with regard to average/total duration. This will be reviewed in a future meeting if there are questions.

Mr. Nelson commented that over the years the City has been reluctant to invest much while short term investments were earning more than long term investments, so tended to just stay in the LGIP. In hindsight, he wondered if DFIM believed that had been a good move on the part of the City.

Ms. Woodring commented that the City currently has only about 5% of its portfolio in market investments, and that it is probably appropriate to never be all in or all out of the LGIP. Consistency is key with both short term and long term investments, and understanding that a mix of investment maturities will likely maximize the portfolio return while minimizing risk. The new process will involve the City building its investment holdings beyond the pool. The challenge is to build a long term investment portfolio in a declining market because when the Federal Government starts to move the rates up, they typically move very quickly. Thus, it is preferable to keep the portfolio shorter right now than would be done in a "normal" rate environment.

Ms. Chenard stated that with many staff changes in recent years, the City has struggled with adequate time and expertise to monitor market rates and the portfolio in a way that would optimize the yield/risk relationship. Staff used to watch the pool and was able to somewhat predict where the LGIP rate was headed based on its holdings. The City has not had the resources to do this review lately though, so it is going to be wonderful to have access to DFIM's proximity and relationship with OSTF, as well as Ms.Woodring's ability to watch the markets daily and react to those changes.

Mr. Fewel, based on his review of the reports, asked if the purpose of hiring Ms. Woodring is to assist the City dealing strategically with a $15 million investment portfolio. Ms. Woodring stated that is generally correct, and that she will also be overseeing the rest of the portfolio. It was noted that it is expected to take about 3 months to have the full $15 million invested, and that the methodology used to pursue all trades will be very clearly reported on as to the risk and strategy. Ms. Woodring will also review the investment policy and provide the City with areas that may need updating. Ms. Chenard stated that this is already being addressed at the staff level and plans to

have Investment Council review the changes through an electronic process, prior to submission to the Oregon Short Term Funding Board for its next meeting on July 14th.

Ms. Woodring is very excited to be working with the City and wants to assure everyone that all trading activity will be on a non–discretionary basis, with City staff approving all investment activity. She will make recommendations on investments, provide reasons for the recommendation and will obtain approval prior to any purchases. Mr. Fewel asked if it is the responsibility of the Investment Council to approve those recommendations. Ms. Brewer explained that the Investment Council's role is to advise, and that it does so from the broadest perspective as to what goes into the policy. There will continue to be an annual policy review through which the Investment Council will provide limits. For example, with the changes contemplated in the current policy review, the Council will need to concur with the level of risk that is being incorporated in the policy or change it accordingly. Nothing that staff or Ms. Woodring does will be outside of that policy and the policy will continue to be in line with State law and GFOA recommended best practices for governmental investments. Mr. Fewel was concerned about investments being invested in high risk markets which provide a higher rate of return. Ms. Brewer explained that if, for example, the Council indicates that they only want 50% invested in TBills, Ms. Woodring and staff will make sure that limit is met.

Ms. Woodring stated that part of her job is to make sure that the Investment Council understands the investments that are being made and provide a clear understanding of the composition of the City's portfolio. Looking closely at DFIM's Broker/Dealer list versus the City's list, she said there are 18 primary dealers and she recommends keeping the list of local providers as well as having access to DFIM's Dealers. This is how the City will get appropriate bonds at the best price, which should serve to more than cover DFIM's fees. DFIM will conduct the ongoing due diligence with respect to the list of Dealers, and will be responsible for buying in accordance with the City's policy.

Ms. Brewer stated that the City recently contracted with US Bank to become the City's sole third party safekeeper. This concept will be built into the revised investment policy. Having a third party investment custodian is a highly recommended best practice and the City is more comfortable that this solution will meet all needs. Ms. Woodring indicated that she will do all of the competitive pricing for the purchase of the securities. Once the bonds are purchased, the broker will send the bonds directly to the City's account at US Bank. Ms. Woodring will help facilitate that delivery and move the process along. There is never a time when Ms. Woodring or DFIM will be handling the money.

Mr. Nelson was concerned about some of the brokers on the list provided. Ms. Woodring assured Mr. Nelson that the list can be modified in accordance to the comfort level of the Investment Council. Once a broker is removed from the list, that firm will not be used until /unless reinstated later.

Upon completion of the DFIM presentation, Ms. Chenard asked if Ms. Woodring could talk about the performance valuation reporting changes. Ms. Woodring will constantly be tracking the City's mark to market changes. Pricing will occur on the last day of the month. Mr. Mercer asked her how the pricing is determined. Ms. Woodring indicated that the system used is IDC (Interactive Data), a third party pricing source, which basically takes a consensus of all the prices in the market and provides an average. These values are downloaded into DFIM's accounting system; if something looks erratic or out of line, DFIM will research it and get alternate pricing.

Ms. Woodring explained that one goal is to replace the City's reporting software, to save on that $5,000 annual expense to help pay for the custodian's contract. DFIM will be reporting on pool balances and bank deposits, so the City will see two total holdings reports. The City will be able to see the current issuers, where the diversification is in issuers, and what type of structure the City has. The investment portfolio will be identified as the Core Fund which will stay in the $15 million range for the first year, and then be revisited to see if this amount should be higher or lower ongoing.

Ms. Chenard addressed the plan for changing to more appropriate benchmarks as well as to a longer average duration/maturity of up to 18 months. The specific benchmarks will not be incorporated into the policy to provide sufficient flexibility, but the duration will be included to limit price change exposure. Ms. Brewer said that over time we may revisit the policy and generalize the duration strategy if the Investment Council so approves, and discuss whether we should stay with the current duration or extend it. Even with the maximum average in place, Ms. Woodring recommends that the City stay with a one year duration for the near term based on current market conditions. If a five year maturity were selected at current rates, and the market improved, then it would negatively impact the portfolio earning rate potential for a long time.

Mr. Nelson asked Ms. Woodring if other cities have suffered any consequences from someone claiming that a fair market change in valuation which has gone down reflects negatively on that municipal government's handling of its funds; ie. does this get glommed onto by those who may not understand the complexity of what is being done. Ms. Woodring stated that this has not happened, probably because DFIM reports on the total return. Reporting mark to market is simply a more disciplined strategy and best practice. This tool was implemented to control some of the risks in the portfolio and accountability for sales/trades prior to maturity. Ms. Chenard noted that all of the strategy points being discussed today will be captured in the minutes and there will continue to be quarterly meetings. If the strategy were changing dramatically, or if Investment Council ever feels it appears warranted, additional meetings or e-discussion between staff and Council would occur and be documented as an addendum to the policy.

Mr. Nelson asked about the streamlining of reports. Ms. Chenard said that the preference would be that if there are certain reports that council members do or do not want to see from the packet provided, that this information be shared with staff, in order to accommodate that request. The plan is to modify DFIM's basic reports only if/as needed to provide Investment Council with more customization.

Ms. Woodring commented that she is focused on quality and is very conservative. She feels privileged to be working with the City of Corvallis in this role.

V. ADJOURNMENT

With no other questions or comments brought forward, City Manager Nelson adjourned the meeting at 8:35 a.m.

ATTACHMENTS:

A. FY 10-11 Third Quarter Portfolio Summary
B. DFIM Approved Broker/Dealer List
C. Investment Strategy, Reporting and Policy Considerations

Investment Council - May 5, 2011

Quarterly Portfolio Summary

Balances:	December 2010 (page 3 of Treasury Report)	March 2011 (page 3 of Treasury Report)	Difference
Cash	$37,825,112	$37,553,466	-$271,646
Investments	$4,245,450	$4,245,450	$0
Total	$42,070,562	$41,798,916	-$271,646

Returns:	December 2010 (page 3 of Treasury Report)	March 2011 (page 3 of Treasury Report)	Difference
Short Term Portfolio	0.54	0.54	0
Long Term Portfolio *	0	0	-
Total to Call Date	0	0	-
LGIP	0.50	0.50	0.00

* No Long Term at this time

LGIP:	December 2010 (page 4 of Treasury Report)	March 2011 (page 4 of Treasury Report)	Difference
Cap: $42,523,082	34,349,170	32,206,184	-2,142,986

	December 2010 (page 3 of Treasury Report)	March 2011 (page 3 of Treasury Report)	Difference
Treasury's 2 Year - Historical 12 Week Average:	0.52	0.67	0.15

	December 2010 (page 3 of Treasury Report)	March 2011 (page 3 of Treasury Report)	Difference
379 Day Agency - Historical 12 week average	0.33	0.30	-0.03

No purchases were made in the 3rd Quarter of 2010/2011

Davidson Fixed Income Management
REGISTERED INVESTMENT ADVISER

ATTACHMENT B

DFIM APPROVED BROKER/DEALER LIST

BARCLAYS CAPITAL, INC.

BANC OF AMERICA SECURITIES, LLC

CITIGROUP GLOBAL MARKETS INC.

CREDIT SUISSE SECURITIES (USA) LLC

DEUTSCHE BANK SECURITIES, INC.

GOLDMAN, SACHS & CO.

HSBC SECURITIES (USA), INC.

J.P. MORGAN SECURITIES, INC.

MIZUHO SECURITIES USA, INC.

MORGAN STANLEY & CO, INC.

RBC CAPITAL MARKETS CORPORATION

SEATTLE-NORTHWEST SECURITIES CORPORATION

UBS SECURITIES, LLC

WELLS FARGO INSTITUTIONAL SECURITIES, LLC

INVESTMENT STRATEGY , REPORTING AND POLICY CONSIDERATIONS

- Best practice standards following GFOA and OST Fund sample policy and strategy recommendations.

- Best practice strategy is to focus on a liquidity /core fund strategy for operating funds.

- Incorporate the utilization of an investment advisor in policy

- Broker Dealer update to consider expanding outside of Oregon providers.

- Performance Reporting – Implement a benchmark performance standard for the core fund and yield benchmark for the total portfolio.

- Diversification considerations for and review by asset class and issuer

- Reporting on accrual basis versus cost basis

MEMORANDUM
July 19, 2011

To: Investment Council
From: Staci Voight, Treasury Accountant
Subject: Treasury Report – June

The Treasury Report provides an overview of general economic conditions that may affect interest rates and summarizes the activity of the City's portfolio for June 2011. Staff reviews market conditions and trends, in comparison to local economic data, to assist in making investment decisions along with the City's Investment Advisor, Davidson Fixed Income Management, Inc. (DFIM). The City's primary investment objective is preservation of capital, then liquidity, then yield. Investments are purchased under the requirements of ORS and the City's investment policy. Cash flow is projected to forecast that the City's portfolio has sufficient liquidity to meet the City's obligations.

The latest Federal Open Market Committee (FOMC) press release states that economic recovery is continuing moderately, though slower than the FOMC had anticipated. The recent weak labor market reports and spikes in food and energy prices, due primarily to supply chain disruptions in Japan, are to blame for the slower pace of recovery. While household spending and business investment in equipment and software is expanding, the housing market continues to remain depressed.

The most current consumer price index (CPI-U) press release noted that CPI-U decreased 0.2% in June, yet increased 3.6% over the last 12 months, before seasonal adjustment. The core CPI-U (excluding food and energy costs) rose 0.3% again in June, and 1.6% over the last 12 months, the highest since January 2010. Increases occurred in the areas of apparel, shelter, new vehicles and medical care. Locally, the Oregon Employment Department of Workforce and Economic Research will reveal current CPI-U data on August 18, 2011.

Though housing market trends have been depressed, current data looks promising. In June, housing starts were 629,000, or 14.6% above May's revised estimate of 549,000 and 16.7% above June 2010. June 2011 single-family building permits totaled 407,000; 0.2% above the revised May figure of 406,000. Permits for privately-owned housing rose 2.5% compared to May levels and 6.7% above June 2010. City of Corvallis' June data is not yet available, but May 2011 year-to-date single-family permits are down 40% from last year, while multi-family units are up to ten from last year's one permit.

The June U.S. seasonally adjusted unemployment rate increased slightly to 9.2%. Non-farm payroll employment was essentially unchanged by adding only 18,000 jobs, mostly in professional and technical services, temporary help services, health care, mining, and leisure and hospitality. The private sector overall added few jobs during the month, while government continued to trend down, losing 39,000. Oregon's seasonally adjusted unemployment data for June is not yet available, but as of May 2011 the Corvallis Metropolitan Statistical Area (MSA) continues to have the lowest Oregon MSA seasonally adjusted unemployment rate at 6.1%.

The City's June 30th total portfolio balance was $35,215,860, decreasing by only $1,287,930 from the May 31st total of $36,503,790. The City will see a typical decline in portfolio balance during the summer months with increases in construction and recreation service levels.

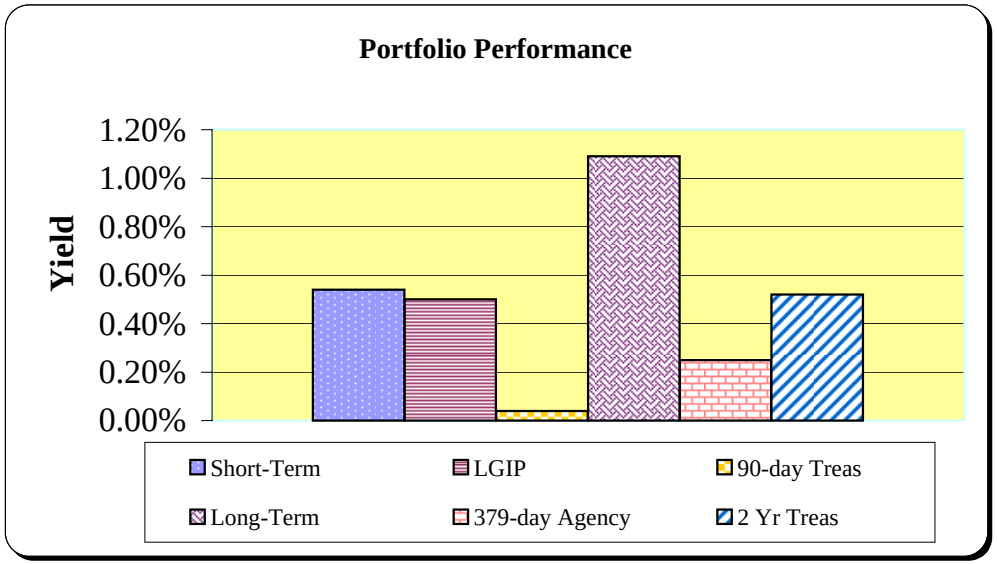
The short-term portfolio performance for June remained at a 0.54% return. On June 30th the City purchased a third long-term investment: a $2 million government agency security maturing 12/29/14 and yielding

1.25% to maturity. As of June 30, 64.05% of the City's portfolio is invested in the Local Government Investment Pool (LGIP). 21.61% of the portfolio is invested in federal agency securities and 9.28% of the City's portfolio is held at an Umpqua Bank money market account that guarantees a return equal to that of the LGIP plus 10 basis points. The remainder of the portfolio is held in the City's checking account to manage pending expenditures.

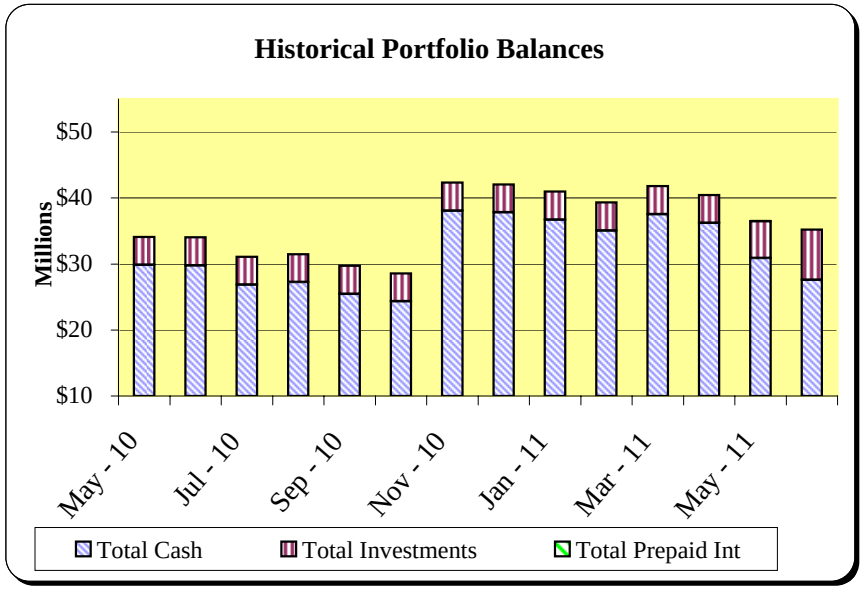
June receipts were less than projected by $3,433,202, due to Federal and State Grants not yet received, nor accrued. Disbursements were $6,688,815 lower than projected as recorded to date. It is anticipated that the final two check runs for FY 10-11 will close this gap somewhat, but there is still likely to be significant savings and deferrals in non-contractual services, with departments' continued efforts to improve the bottom-line.

Staff, along with DFIM, will continue to evaluate interest rates, analyze cash flow needs, and select investments as appropriate.

City of Corvallis
Investment Portfolio Summary
June 30, 2011



Total Cash (1)	27,604,361.05
Total Investments (2)	7,611,430.00
Total Cash & Investments	35,215,791.05
Prepaid Interest (3)	69.44
Total Book Value of Cash & Investments	**35,215,860.49**



Portfolio Performance	
Short-term Investment Portfolio (less than 540 days to maturity)	0.54%
Local Government Investment Pool	0.50%
90-day Treasury Note - Historical 12 week average	0.04%
Long-term Investment Portfolio (greater than 548 days to maturity)	1.09%
379-day Agency Discount Note	0.25%
2 Year Treasury Note - Historical 12 week average	0.52%

(1) All balances are unaudited and represent month-end bank balances. Reconciliations are done for each bank statement to tie to the City's general ledger balance.
(2) Securities are valued at the original cost of investment.
(3) The portion of interest prepaid at security purchase for the income accumulation since the last coupon.

MONTHLY TREASURY REPORT
Portfolio Management
Portfolio Summary
June 30, 2011

City of Corvallis
500 SW Madison
P.O. Box 1083
Corvallis, Corvallis, OR 973
(541)766-6738

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM 360 Equiv.	YTM 365 Equiv.
General Checking Account	1,773,634.35	1,773,634.35	1,773,634.35	5.04	1	1	0.148	0.150
Local Government Investment Pool	22,554,345.59	22,554,345.59	22,554,345.59	64.06	1	1	0.493	0.500
Money Market Account	3,266,449.11	3,266,449.11	3,266,449.11	9.28	1	1	0.592	0.600
Federal Agency Coupon Securities	7,500,000.00	7,535,070.00	7,611,430.00	21.62	851	635	0.956	0.969
Investments	**35,094,429.05**	**35,129,499.05**	**35,205,859.05**	**100.00%**	**185**	**138**	**0.585**	**0.593**
Cash and Accrued Interest								
Passbook/Checking (not included in yield calculations)	9,932.00	9,932.00	9,932.00		1	1	0.000	0.000
Accrued Interest at Purchase		69.44	69.44					
Subtotal		10,001.44	10,001.44					
Total Cash and Investments	**35,104,361.05**	**35,139,500.49**	**35,215,860.49**		**185**	**138**	**0.585**	**0.593**

Total Earnings	June 30 Month Ending	Fiscal Year To Date	Fiscal Year Ending
Current Year	22,593.56	241,261.49	241,261.49
Current Budget	134,970.00	876,120.00	876,120.00
Last Year Actual	274,086.00	1,257,298.00	1,257,298.00
Average Daily Balance	**36,453,707.23**	**36,540,380.83**	
Effective Rate of Return	**0.75%**	**0.66%**	

Staci Voight, Treasury Accountant

MONTHLY TREASURY REPORT
Aging Report
By Maturity Date
As of June 30, 2011

City of Corvallis
500 SW Madison
P.O. Box 1083
Corvallis, Corvallis, OR 973
(541)766-6738

						Maturity Par Value	Percent of Portfolio	Current Book Value	Current Market Value
Aging Interval: 0 days	(06/30/2011 - 06/30/2011)		4 Maturities	0 Payments		30,880,963.99	84.88%	30,880,963.99	30,880,963.99
Aging Interval: 1 - 30 days	(07/01/2011 - 07/30/2011)		0 Maturities	0 Payments		0.00	0.00%	0.00	0.00
Aging Interval: 31 - 60 days	(07/31/2011 - 08/29/2011)		1 Maturities	0 Payments		1,000,000.00	2.75%	1,010,740.00	1,002,280.00
Aging Interval: 61 - 90 days	(08/30/2011 - 09/28/2011)		0 Maturities	0 Payments		0.00	0.00%	0.00	0.00
Aging Interval: 91 - 180 days	(09/29/2011 - 12/27/2011)		1 Maturities	0 Payments		2,000,000.00	5.50%	2,080,400.00	2,022,820.00
Aging Interval: 181 - 270 days	(12/28/2011 - 03/26/2012)		0 Maturities	0 Payments		0.00	0.00%	0.00	0.00
Aging Interval: 271 - 364 days	(03/27/2012 - 06/28/2012)		0 Maturities	0 Payments		0.00	0.00%	0.00	0.00
Aging Interval: 365 - 545 days	(06/29/2012 - 12/26/2012)		0 Maturities	0 Payments		0.00	0.00%	0.00	0.00
Aging Interval: 546 - 730 days	(12/27/2012 - 06/29/2013)		1 Maturities	0 Payments		1,000,000.00	2.75%	1,024,290.00	1,027,630.00
Aging Interval: 731 - 1095 days	(06/30/2013 - 06/29/2014)		1 Maturities	0 Payments		1,500,000.00	4.12%	1,500,000.00	1,504,755.00
Aging Interval: 1096 days and after	(06/30/2014 -)		0 Maturities	0 Payments		0.00	0.00%	0.00	0.00
		Total for	8 Investments	0 Payments			100.00	36,496,393.99	36,438,448.99

MONTHLY TREASURY REPORT
Portfolio Management
Portfolio Details - Investments
June 30, 2011

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity	Maturity Date
General Checking Account												
SYS1004	1004	Bank of America		07/01/2010	1,773,634.35	1,773,634.35	1,773,634.35	0.150		0.150	1	
		Subtotal and Average	**835,092.89**		**1,773,634.35**	**1,773,634.35**	**1,773,634.35**			**0.150**	**1**	
Local Government Investment Pool												
SYS4031	4031	State of Oregon LGIP		07/01/2010	22,554,345.59	22,554,345.59	22,554,345.59	0.500		0.500	1	
		Subtotal and Average	**26,661,826.28**		**22,554,345.59**	**22,554,345.59**	**22,554,345.59**			**0.500**	**1**	
Money Market Account												
SYS1003	1003	Umpqua Bank		07/01/2010	3,266,449.11	3,266,449.11	3,266,449.11	0.600		0.600	1	
		Subtotal and Average	**3,264,892.72**		**3,266,449.11**	**3,266,449.11**	**3,266,449.11**			**0.600**	**1**	
Federal Agency Coupon Securities												
SYS31331Y3P	1508	Federal Farm Credit Bureau		03/26/2010	2,000,000.00	2,017,260.00	2,080,400.00	3.500		0.832	94	10/03/2011
3133XUJX2	1505	Federal Home Loan Bank		12/09/2009	1,000,000.00	1,001,200.00	1,010,740.00	1.375	Aaa	0.721	35	08/05/2011
3133XXYX9	1509	Federal Home Loan Bank		05/13/2011	1,000,000.00	1,026,850.00	1,024,290.00	1.875	Aaa	0.711	721	06/21/2013
313373QW5	1510	Federal Home Loan Bank		05/25/2011	1,500,000.00	1,504,680.00	1,500,000.00	1.050	Aaa	1.050	878	11/25/2013
3134G2PM8	1511	Federal Home Loan Mortgage Co.		06/30/2011	2,000,000.00	1,985,080.00	1,996,000.00	1.250	Aaa	1.309	1,277	12/29/2014
		Subtotal and Average	**5,681,963.33**		**7,500,000.00**	**7,535,070.00**	**7,611,430.00**			**0.969**	**635**	
		Total and Average	**36,453,707.23**		**35,094,429.05**	**35,129,499.05**	**35,205,859.05**			**0.593**	**138**	

MONTHLY TREASURY REPORT
Portfolio Management
Portfolio Details - Cash
June 30, 2011

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity
Petty Cash & Change Funds											
SYS1001	1001	City of Corvallis - Petty Cash		07/01/2010	9,932.00	9,932.00	9,932.00			0.000	1
		Average Balance	**0.00**	Accrued Interest at Purchase		69.44	69.44				**1**
				Subtotal		10,001.44	10,001.44				
		Total Cash and Investments	**36,453,707.23**		**35,104,361.05**	**35,139,500.49**	**35,215,860.49**			**0.593**	**138**

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MONTHLY TREASURY REPORT
Portfolio Management
Activity By Type
June 1, 2011 through June 30, 2011

CUSIP	Investment #	Issuer	Beginning Balance	Stated Rate	Transaction Date	Purchases or Deposits	Redemptions or Withdrawals	Ending Balance
General Checking Account (Monthly Summary)								
SYS1004	1004	Bank of America		0.150		9,973,352.11	9,002,447.15	
		Subtotal	**802,729.39**			**9,973,352.11**	**9,002,447.15**	**1,773,634.35**
Petty Cash & Change Funds (Monthly Summary)								
		Subtotal	**9,932.00**					**9,932.00**
Local Government Investment Pool (Monthly Summary)								
SYS4031	4031	State of Oregon LGIP		0.500		2,450,893.84	6,700,011.80	
		Subtotal	**26,803,463.55**			**2,450,893.84**	**6,700,011.80**	**22,554,345.59**
Money Market Account (Monthly Summary)								
SYS1003	1003	Umpqua Bank		0.600		1,610.06	0.00	
		Subtotal	**3,264,839.05**			**1,610.06**	**0.00**	**3,266,449.11**
Federal Agency Coupon Securities								
3134G2PM8	1511	Federal Home Loan Mortgage Co.		1.250	06/30/2011	1,996,000.00	0.00	
		Subtotal	**5,615,430.00**			**1,996,000.00**	**0.00**	**7,611,430.00**
		Total	**36,496,393.99**			**14,421,856.01**	**15,702,458.95**	**35,215,791.05**

MONTHLY TREASURY REPORT
Portfolio Management
Activity Summary
June 2010 through June 2011

Month End	Year	Number of Securities	Total Invested	Yield to Maturity 360 Equivalent	Yield to Maturity 365 Equivalent	Managed Pool Rate	Number of Investments Purchased	Number of Investments Redeemed	Average Term	Average Days to Maturity
June	**2010**	7	34,042,583.00	0.569	0.577	0.550	0	0	70	52
July	**2010**	7	31,089,640.03	0.584	0.592	0.550	0	0	77	52
August	**2010**	7	31,483,228.79	0.581	0.589	0.550	0	0	76	47
September	**2010**	7	29,735,173.13	0.565	0.573	0.550	0	0	80	46
October	**2010**	7	28,570,110.17	0.577	0.585	0.550	0	0	83	43
November	**2010**	7	42,278,402.84	0.517	0.524	0.500	0	0	57	26
December	**2010**	7	42,060,629.74	0.528	0.536	0.500	0	0	57	23
January	**2011**	7	40,955,696.91	0.530	0.538	0.500	0	0	59	21
February	**2011**	7	39,325,438.43	0.522	0.530	0.500	0	0	61	18
March	**2011**	7	41,788,984.05	0.513	0.520	0.500	0	0	57	14
April	**2011**	7	40,461,414.54	0.517	0.524	0.500	0	0	59	12
May	**2011**	8	36,486,461.99	0.547	0.555	0.500	2	1	109	68
June	**2011**	9	35,205,859.05	0.585	0.593	0.500	1	0	185	138
	Average	**7**	**36,421,817.13**	**0.549%**	**0.557%**	**0.519**	**0**	**0**	**79**	**43**

MONTHLY TREASURY REPORT
Portfolio Management
Distribution of Investments By Type
June 2010 through June 2011

Security Type	June 2010	July 2010	August 2010	September 2010	October 2010	November 2010	December 2010	January 2011	February 2011	March 2011	April 2011	May 2011	June 2011	Average by Period
General Checking Account	3.2	0.5	1.1	5.6	3.2	3.7	0.5	0.2	3.0	5.0	4.1	2.2	5.0	2.9%
Petty Cash & Change Funds														
Local Government Investment Pool	74.8	75.4	75.1	69.2	70.6	78.6	81.7	81.5	78.0	77.1	77.3	73.5	64.1	75.1%
Piper Jaffray Funds Held by Others														
Money Market Account	9.5	10.5	10.3	10.9	11.4	7.7	7.7	8.0	8.3	7.8	8.1	9.0	9.3	9.1%
Certificates of Deposit - Bank														
Certificates of Deposit - S & L														
Medium Term Notes														
Bankers Acceptances -At Cost														
Commercial Paper - Interest Bearing														
Commercial Paper Disc. -At Cost														
Repurchase Agreements														
Federal Agency Coupon Securities	12.5	13.7	13.5	14.3	14.9	10.0	10.1	10.4	10.8	10.2	10.5	15.4	21.6	12.9%
Federal Agency Disc. -At Cost														
Treasury Coupon Securities														
Treasury Discounts -At Cost														
Miscellaneous Coupon Securities														
Municipal Bonds - Disco - At Cost														
Municipal Bonds														
Rolling Repurchase Agreements														

MONTHLY TREASURY REPORT
Inventory by Maturity Report
June 30, 2011

City of Corvallis
500 SW Madison
P.O. Box 1083
Corvallis, Corvallis, OR 973
(541)766-6738

CUSIP	Investment #	Fund	Sec. Type	Issuer	Purchase Date	Book Value	Current Rate	Maturity Date	Maturity Amount	Total Days	Par Value	YTM 360	YTM 365	Days to Maturity
3133XUJX2	1505	990	FAC	Federal Home Loan Bank	12/09/2009	1,010,740.00	1.375	08/05/2011	1,000,000.00	604	1,000,000.00	0.711	0.721	35
SYS31331Y3P	1508	990	FAC	Federal Farm Credit Bureau	03/26/2010	2,080,400.00	3.500	10/03/2011	2,000,000.00	556	2,000,000.00	0.821	0.832	94
3133XXYX9	1509	990	FAC	Federal Home Loan Bank	05/13/2011	1,024,290.00	1.875	06/21/2013	1,000,000.00	770	1,000,000.00	0.701	0.711	721
313373QW5	1510	990	FAC	Federal Home Loan Bank	05/25/2011	1,500,000.00	1.050	11/25/2013	1,500,000.00	915	1,500,000.00	1.036	1.050	878
3134G2PM8	1511	990	FAC	Federal Home Loan	06/30/2011	1,996,000.00	1.250	12/29/2014	2,000,000.00	1,278	2,000,000.00	1.291	1.309	1,277
					Subtotal and Average	**7,611,430.00**			**7,500,000.00**		**7,500,000.00**	**0.956**	**0.969**	**635**
					Net Maturities and Average	**7,611,430.00**			**7,500,000.00**		**7,500,000.00**	**0.956**	**0.969**	**635**

MONTHLY TREASURY REPORT
Activity Report
Sorted By Issuer
June 1, 2011 - June 30, 2011

City of Corvallis
500 SW Madison
P.O. Box 1083
Corvallis, Corvallis, OR 973
(541)766-6738

CUSIP	Investment #	Issuer	Percent of Portfolio	Par Value Beginning Balance	Current Rate	Transaction Date	Par Value Purchases or Deposits	Par Value Redemptions or Withdrawals	Par Value Ending Balance
Issuer: Bank of America									
General Checking Account									
SYS1004	1004	Bank of America			0.150		9,973,352.11	9,002,447.15	
		Subtotal and Balance		**802,729.39**			**9,973,352.11**	**9,002,447.15**	**1,773,634.35**
		Issuer Subtotal	**5.052%**	**802,729.39**			**9,973,352.11**	**9,002,447.15**	**1,773,634.35**
Issuer: City of Corvallis - Petty Cash									
Petty Cash & Change Funds									
		Subtotal and Balance		**9,932.00**					**9,932.00**
		Issuer Subtotal	**0.028%**	**9,932.00**			**0.00**	**0.00**	**9,932.00**
Issuer: Federal Farm Credit Bureau									
Federal Agency Coupon Securities									
		Subtotal and Balance		**2,000,000.00**					**2,000,000.00**
		Issuer Subtotal	**5.697%**	**2,000,000.00**			**0.00**	**0.00**	**2,000,000.00**
Issuer: Federal Home Loan Bank									
Federal Agency Coupon Securities									
		Subtotal and Balance		**3,500,000.00**					**3,500,000.00**
		Issuer Subtotal	**9.970%**	**3,500,000.00**			**0.00**	**0.00**	**3,500,000.00**
Issuer: Federal Home Loan Mortgage Co.									
Federal Agency Coupon Securities									
3134G2PM8	1511	Federal Home Loan Mortgage Co.			1.250	06/30/2011	2,000,000.00	0.00	
		Subtotal and Balance		**0.00**			**2,000,000.00**	**0.00**	**2,000,000.00**
		Issuer Subtotal	**5.697%**	**0.00**			**2,000,000.00**	**0.00**	**2,000,000.00**

MONTHLY TREASURY REPORT
Activity Report
June 1, 2011 - June 30, 2011

CUSIP	Investment #	Issuer	Percent of Portfolio	Par Value Beginning Balance	Current Rate	Transaction Date	Par Value Purchases or Deposits	Par Value Redemptions or Withdrawals	Par Value Ending Balance
Issuer: State of Oregon LGIP									
Local Government Investment Pool									
SYS4031	4031	State of Oregon LGIP			0.500		2,450,893.84	6,700,011.80	
		Subtotal and Balance		**26,803,463.55**			**2,450,893.84**	**6,700,011.80**	**22,554,345.59**
		Issuer Subtotal	**64.249%**	**26,803,463.55**			**2,450,893.84**	**6,700,011.80**	**22,554,345.59**
Issuer: Umpqua Bank									
Money Market Account									
SYS1003	1003	Umpqua Bank			0.600		1,610.06	0.00	
		Subtotal and Balance		**3,264,839.05**			**1,610.06**	**0.00**	**3,266,449.11**
		Issuer Subtotal	**9.305%**	**3,264,839.05**			**1,610.06**	**0.00**	**3,266,449.11**
		Total	**100.000%**	**36,380,963.99**			**14,425,856.01**	**15,702,458.95**	**35,104,361.05**

City of Corvallis
Cash Flow Summary
June 30, 2011

	Receipts (1)	Disbursements (2)	Net
Actual Activity	5,626,164	6,737,227	(1,111,063)
Projected Activity	9,059,366	13,426,042	(4,366,676)
Difference	**(3,433,202)**	**(6,688,815)**	**3,255,613**

(1) Receipts include deposits and interest received.

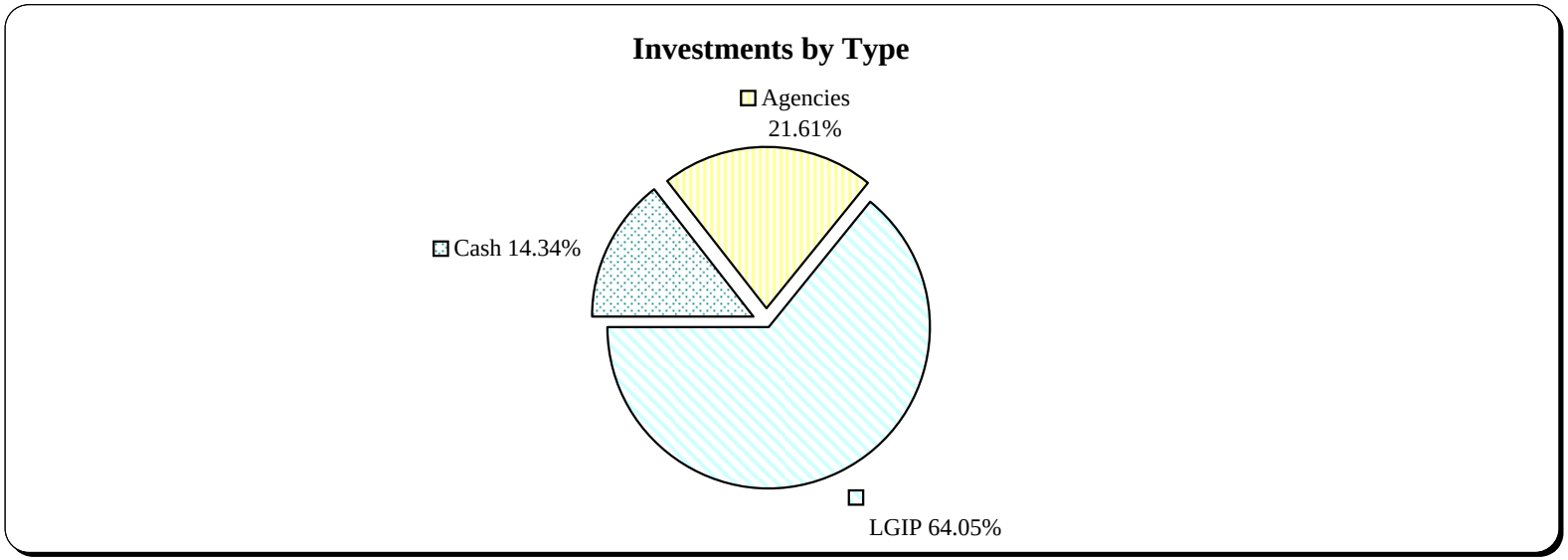
(2) Disbursements include accounts payable checks, payroll checks, other payments made through wire transfers and LGIP fees

Intrafund and interfund transfers, and investment purchases and maturities are movements between cash in different accounting funds or investment securities. The net effect on cash is zero, therefore they are not included.

City of Corvallis
Treasury Report
Investment Type Compliance Test

			Current Month			Previous Month	
		Maximum Allowed	Percent of Portfolio	Amount of Portfolio	Met Compliance	Percent of Portfolio	Amount of Portfolio
Cash	100%	35,215,791	14.34%	5,050,015	Yes	11.17%	4,077,500
U.S. Treasury Obligations	100%	35,215,791	0.00%	-	Yes	0.00%	-
U.S. Gov't Agencies	75%	26,411,843	21.61%	7,611,430	Yes	15.39%	5,615,430
Local Governement Investment Pool	100%	35,215,791	64.05%	22,554,346	Yes	73.44%	26,803,464
Repurchase Agreements	25%	8,803,948	0.00%	-	Yes	0.00%	-
Banker's Acceptances	25%	8,803,948	0.00%	-	Yes	0.00%	-
Certificates of Deposit	25%	8,803,948	0.00%	-	Yes	0.00%	-
Commercial Paper	25%	8,803,948	0.00%	-	Yes	0.00%	-
Municipal Bonds	25%	8,803,948	0.00%	-	Yes	0.00%	-
Total Portfolio		**-**	**100.00%**	**35,215,791**	(a)	**100.00%**	**36,496,394**

(a) Excludes prepaid interest.



City of Corvallis
Investment Purchase
Financial Institution Compliance Test
June 30, 2011

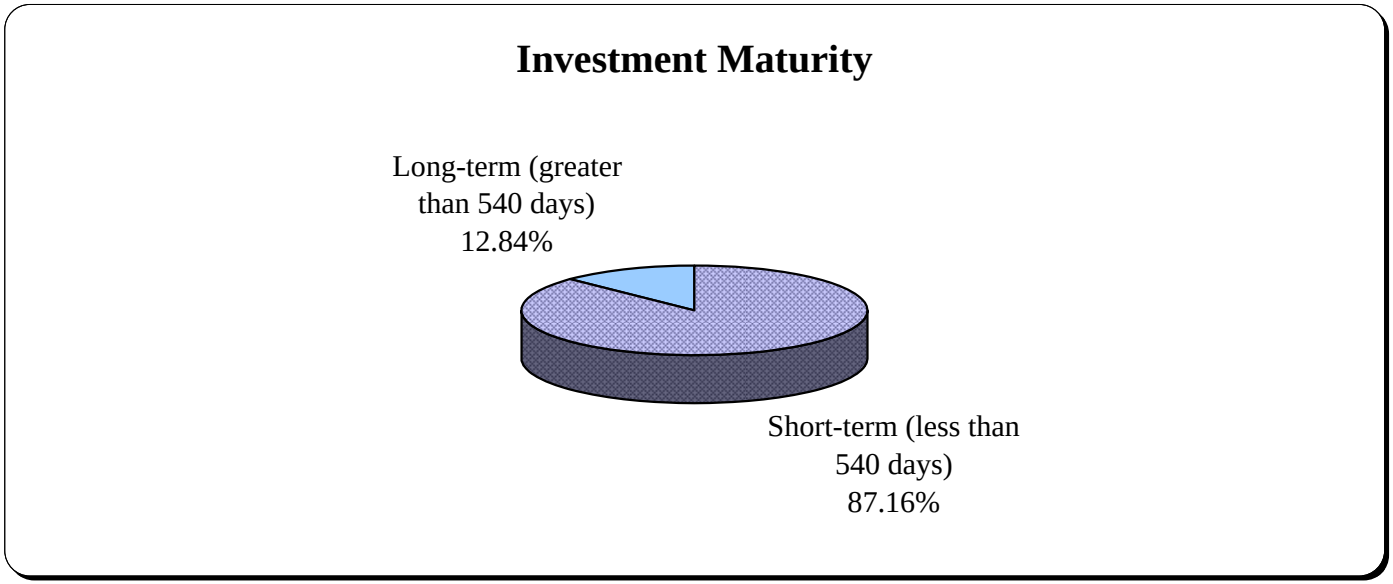
Institutions		Maximum Allowed	Current Month Percent of Portfolio	Current Month Amount of Portfolio	Current Month Met Compliance	Previous Month Percent of Portfolio	Previous Month Amount of Portfolio	Previous Month Met Compliance
US Bank								
Banker's Acceptance	25%	8,803,948	0.00%	-		0.00%	-	
			0.00%	**-**	**Yes**	**0.00%**	**-**	**Yes**
General Electric								
Commercial Paper	5%	1,760,790	0.00%	-		0.00%	-	
			0.00%	**-**	**Yes**	**0.00%**	**-**	**Yes**
Federal Farm Credit Bureau								
Government Agency	40%	14,086,316	5.91%	2,080,400		5.70%	2,080,400	
			5.91%	**2,080,400**	**Yes**	**5.70%**	**2,080,400**	**Yes**
Federal Home Loan Bank								
Government Agency	40%	14,086,316	15.71%	5,531,030		9.69%	3,535,030	
			15.71%	**5,531,030**	**Yes**	**9.69%**	**3,535,030**	**Yes**
Umpqua Bank								
Money Market Account	15%	5,282,369	9.28%	3,266,449		8.95%	3,264,839	
			9.28%	**3,266,449**	**Yes**	**8.95%**	**3,264,839**	**Yes**
Citizen's Bank								
Certificate of Deposit	25%	8,803,948	0.00%	-		0.00%	-	
			0.00%	**-**	**Yes**	**0.00%**	**-**	**Yes**
Local Government Investment Pool								
LGIP 4031	100%	35,215,791	64.05%	22,554,346		73.44%	26,803,464	
			64.05%	**22,554,346**	**Yes**	**73.44%**	**26,803,464**	**Yes**
Checking Account	n/a	n/a	**5.04%**	**1,773,634**	**Yes**	**2.20%**	**802,729**	**Yes**
Petty Cash	n/a	n/a	**0.03%**	**9,932**	**Yes**	**0.03%**	**9,932**	**Yes**
		Portfolio Total	**100.00%**	**35,215,791**	**(a)**	**100.00%**	**36,496,394**	**(a)**

(a) Excludes prepaid interest.

City of Corvallis
Treasury Report
Investment Maturity Compliance Test

		Minimum/ Maximum Allowed	Current Month Percent of Portfolio	Current Month Amount of Portfolio	Met Compliance	Previous Month Percent of Portfolio	Previous Month Amount of Portfolio
Short-term (less than 548 days)	75% min	26,411,843	87.16%	30,695,501	Yes	93.08%	33,972,104
Long-term (greater than 548 days)	25% max	8,803,948	12.84%	4,520,290	Yes	6.92%	2,524,290
Portfolio Total		**35,215,791**	**100.00%**	**35,215,791**	(a)	**100.00%**	**36,496,394**
Local Government Investment Pool Minimum Target Options							
-15% of the overall portfolio	15% min	5,282,369		30,695,501	Yes		
-10% of the overall portfolio plus an	10%	3,521,579					
-additional 5% maturing within 60 days	5%	1,760,790					
	min	5,282,369		30,695,501	Yes		

(a) Excludes prepaid interest.



City of Corvallis
Monthly Revenue Allocations
Distributed in June 2011

Fund	Fund Name	Month's Avg Cash Balance	Interest Distributed
101	General	837,835.73	347.33
201	Street	594,748.75	240.07
208	Street SDC	1,593,204.99	643.48
210	Parks & Recreation	1,217,024.00	498.80
211	Parks & Recreation - Aquatics	73,458.42	31.06
212	Open Space	93,949.41	38.19
218	Parks SDC	1,280,776.10	519.45
220	911	630,030.75	260.62
230	Development Services	1,663,856.27	676.91
240	Fire & Rescue	1,556,985.10	649.08
250	Comm Dev Revolving	108,461.78	55.30
260	Parking	955,029.08	388.18
270	Transit	(26,628.16)	(12.21)
290	Library	885,879.15	370.02
291	Library 2010	432,596.34	175.94
301	Capital Improvement	899,845.56	377.11
401	General Obligation Debt Service	(2,902.36)	37.03
460	Davidson Library	5,924.60	2.39
501	Water	1,458,922.55	596.21
502	Water Timber	210,966.16	86.07
508	Water SDC	5,063,387.09	2,057.65
509	Water Construction	22,707.60	9.63
520	Wastewater	3,765,420.52	1,548.76
528	Wastewater SDC	8,467,361.75	3,440.97
529	Wastewater Construction	21,586.30	9.53
540	Storm Water	1,722,014.01	700.13
548	Storm Water SDC	26,520.32	10.63
549	Storm Water Construction	22,001.92	9.08
560	Airport	593,597.87	241.13
569	Airport Construction	(36,510.11)	(15.00)
610	Fleet Maintenance	127,767.06	51.72
615	Facility Maintenance	303,182.35	122.75
620	Technology & Communications	845,231.51	343.47
625	Administrative Services	605,969.45	245.14
630	Risk Management	801,689.27	327.28
	Total	**36,821,891.11**	**15,083.90**

The interest distributed is the net of the previous fiscal year interest accrual, interest received and the previous fiscal year's GASB 31 Fair Value Adjustment reversal.
The distribution is based on the average cash balance for the period in which interest is earned.
The interest distributed to sub-funds 509, 529, 549, & 569 is distributed to the operations fund.

City of Corvallis
Glossary of SymPro Report Acronyms and Terms

Investment Types

BCD	Bank Certificate of Deposit
BAC	Bankers Acceptance
COM	Commercial Paper
FAC	Federal Agency - Coupon Security
FAD	Federal Agency - Discount Note
PA1	General Checking Account
LA1	Local Government Investment Pool
MUN	Municipal Bond
MD1	Municipal Bond - Discount Note
PA2	Petty Cash
TRC	Treasury Note

Dealers*

BOA	Bank of America
DAD	DA Davidson & Co.
DR	RBC Dain Rauscher
PPJ	Piper Jaffray
PW	UBS Paine Webber
SNW	Seattle Northwest
UMP	Umpqua Bank
US	US Bank
WELLS	Wells Fargo

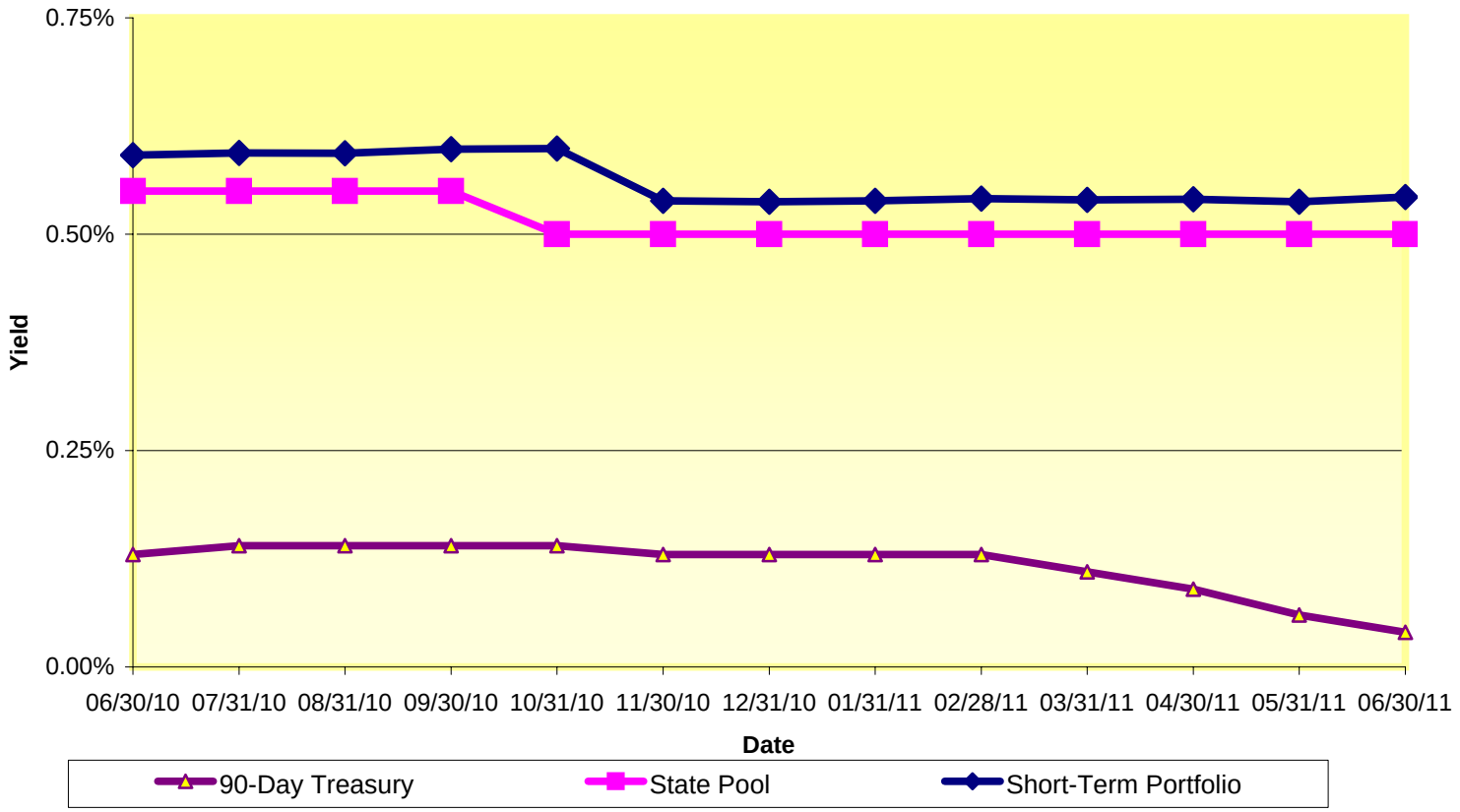
* All investments are held with US Bank, the City's third-party safekeeper.

Issuers

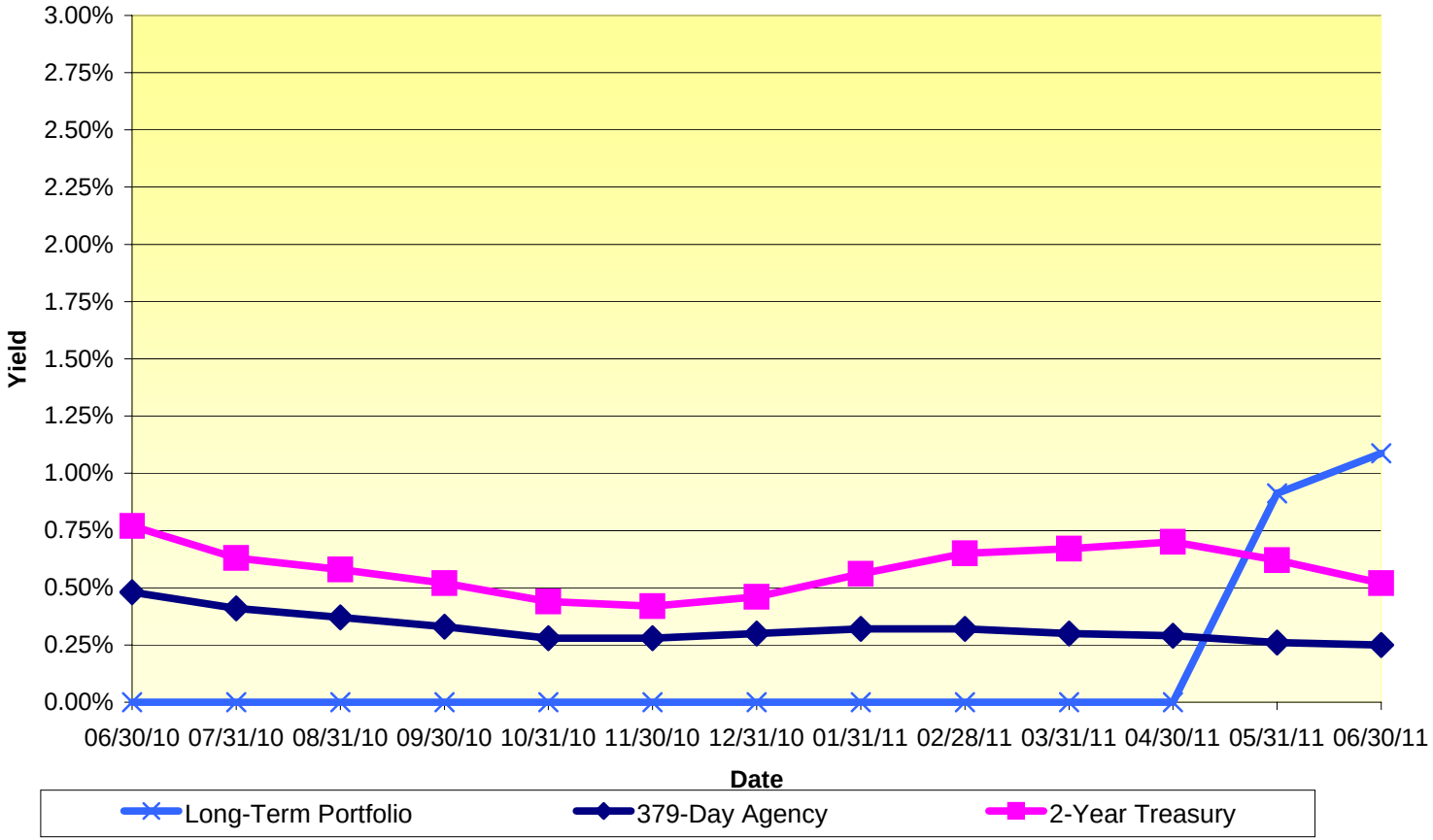
FHLB	Federal Home Loan Bank
FNMA	Federal National Mortgage Association
FFCR	Federal Farm Credit Bank
FHLMC	Federal Home Loan Mortgage Corporation
SLMA	Student Loan Marketing Association
TVA	Tennessee Valley Authority
US TRE	Treasury Note
OR SBD	Oregon School Boards
LGIP	Local Government Investment Pool

Accrued Interest at Purchase - number of days interest between last coupon date and purchase date that is paid for at time of investment purchase.
Book Value - the cost of the principal at the time of the security purchase.
Days to Maturity - (weighted average) number of days from the report date to the maturity date of a security (or group of securities).
Market Value - Par value time the price at which the security could theoretically have been sold at month end per Interactive Data Corp. (IDC) and independent third-party security pricing firm.
Par Value - the face value of a security. This is the value to which the coupon rate is applied for interest payments.
Term - (weighted average) number of days from the purchase date to the maturity date of a security (or group of securities).
YTM - yield to maturity. YTM is normally calculated on a 365-day basis (except for long-term TRC's which are done on a 360-day basis). FAC, TRC and MUN securities are reflected in SymPro at their "Bond Equivalent-Yield". Shorter-term securities, such as BCD, FAD, COM and BAC, are quoted in SymPro on a simple interest basis.

City of Corvallis
Short-Term Yields
June 2010 - June 2011

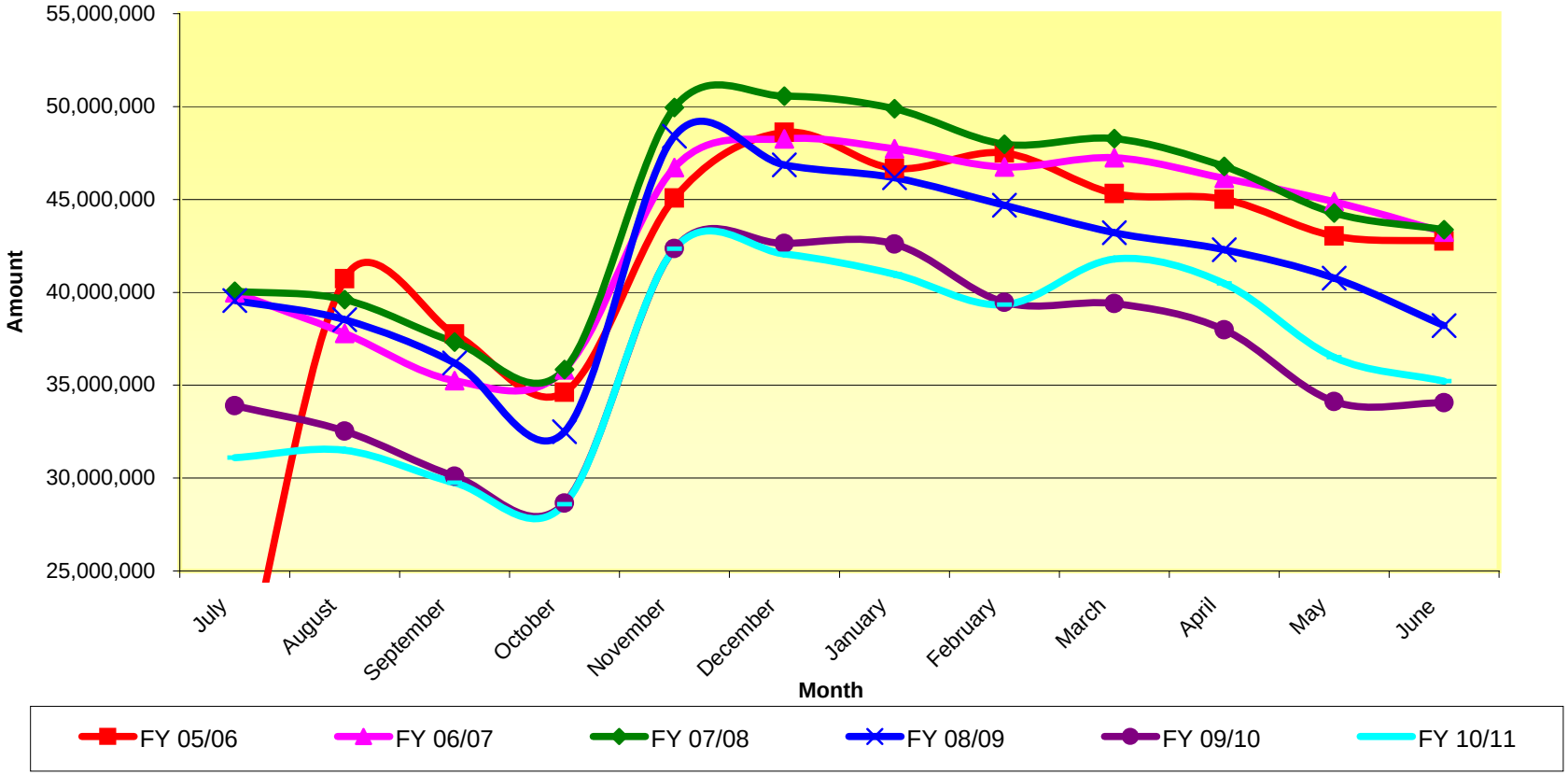
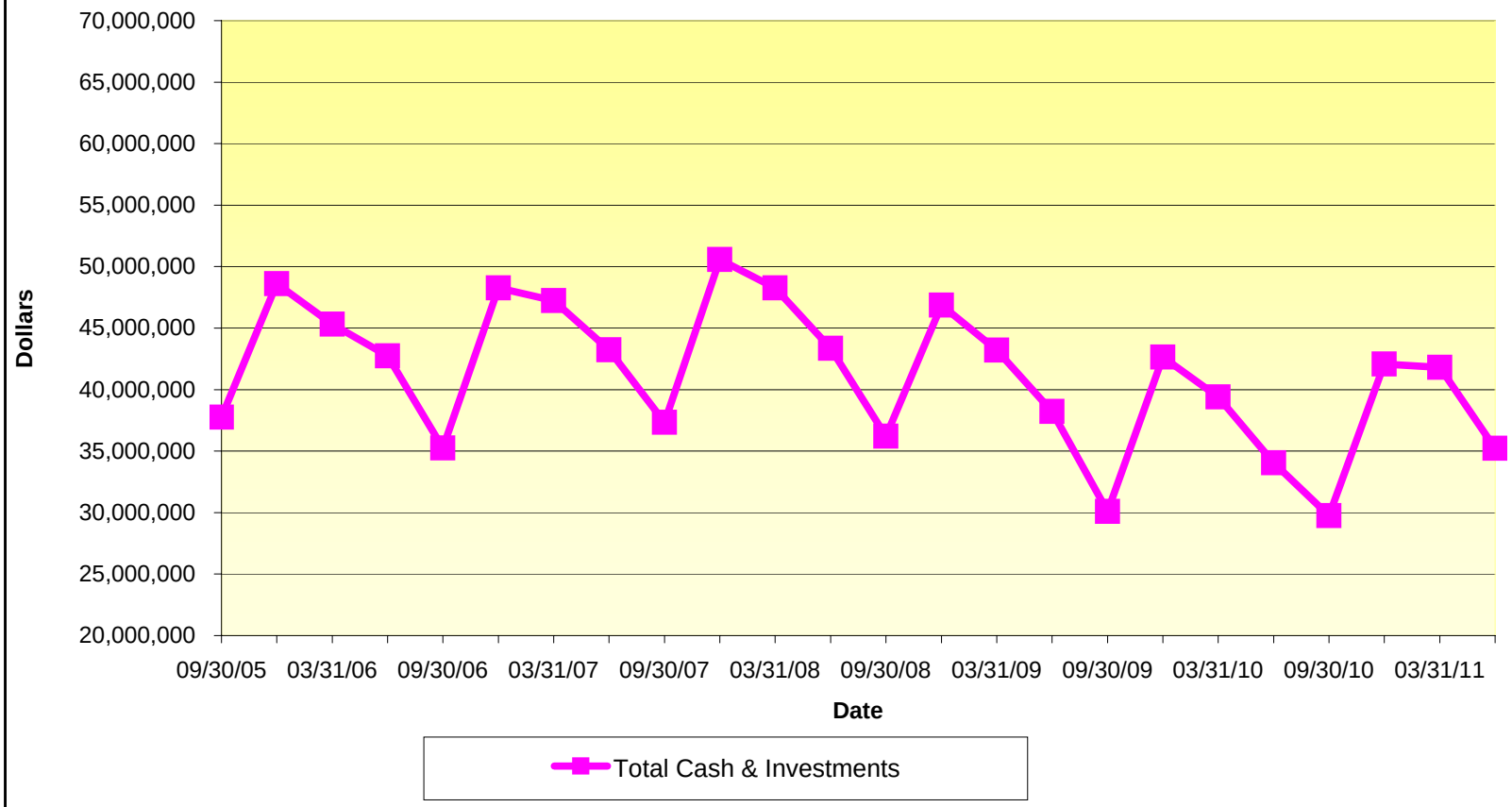


City of Corvallis
Long-Term Yields
June 2010 - June 2011



City of Corvallis

Cash & Investments



City of Corvallis
Cash and Investments
By Quarter