

CITY OF CORVALLIS

Investment Council

Treasury Report

April 2013

CITY OF CORVALLIS, OREGON
INVESTMENT COUNCIL
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APRIL 2013

Both bond prices and stock prices rallied in April as cash moved out of zero percent money markets and into other financial assets. Treasuries rallied as weaker-than-anticipated economic growth increased demand for the relative safety of U.S. government debt. The financial asset that fell was commodities with oil decreasing 3.9 and gold dropping 7.70. The yield on the 10-year note fell 18 basis points and the yield on the 2-year note moved from 0.24% at the beginning of the month to 0.21% on the last day of the month. Treasury yields were the lowest levels since late 2012. The unemployment rate and non-farm payrolls number disappointed, keeping the door open for additional accommodation from the Fed. Non-farm payrolls rose just 88,000 in March following significant upward revisions to the prior two months. The unemployment rate remained unchanged at 7.6%. The Treasury market continues to trade within a range with low volume and little volatility.

GDP (source:Bloomberg)

First quarter GDP growth disappointed to the downside. GDP grew 2.5% vs. a 0.4% gain the previous quarter. A gain of 3.0% was expected. Personal consumption rose a strong 3.2%, likely supported by the extra cash dividends companies paid out, offsetting the payroll tax increase. The main factor depressing growth was government spending which fell 4.1% led by an 11.5% decline in defense spending. Sequestration is being blamed, but those full effects have yet to be felt. Economic growth is very moderate for this state of the cycle. Next quarter growth is expected to slow substantially as most indicators have taken a negative turn.

The Economy

Jan Hatzius, chief economist at Goldman Sachs wrote “The U.S. economy is losing steam...The (FOMC) statement on May 1 is likely to look fairly dovish and the current \$85 billion pace of purchases is very likely to continue for the time being.” Consumer sentiment is at the same level as a year ago and remains depressed historically as political bickering, high unemployment, tight credit and sequestration takes its toll. In addition to poor economic news in the U.S., Europe’s unsolved sovereign debt problem continues to provide uncertainty in the financial markets.

CHANGES IN THE TREASURY MARKET OVER THE PAST QUARTER:

| | <u>02/28/13</u> | <u>03/31/13</u> | <u>04/30/13</u> | <u>Change April</u> |
|--------------|-----------------|-----------------|-----------------|---------------------|
| 3-month bill | 0.10 | 0.07 | 0.05 | -0.02 |
| 6-month bill | 0.12 | 0.10 | 0.08 | -0.02 |
| 2-year note | 0.24 | 0.24 | 0.21 | -0.03 |
| 3-year note | 0.34 | 0.35 | 0.31 | -0.04 |
| 5-year note | 0.76 | 0.76 | 0.68 | -0.08 |
| 10-year note | 1.88 | 1.85 | 1.67 | -0.18 |

Source: Bloomberg

Returns for April 2013:

| | |
|------------------------------|--------|
| US One-year Note Index | 0.044% |
| Current two-year Treasury | 0.091% |
| Current ten-year Treasury | 1.795% |
| Dow Jones Industrial Average | 1.832% |
| CRB Commodities Index | -5.30% |

Policy Compliance Report

(Market Values)

Overall Portfolio Structure

| | Investment Strategy Range | | Market Value | Neutral Allocation | Actual Allocation | Position |
|-----------------------------|---------------------------|-----------------|------------------------|--------------------|-------------------|----------|
| | Low | High | | | | |
| Liquid Component | \$5,000,000.00 | \$20,000,000.00 | \$28,698,035.58 | 60.00% | 66.3% | 6.27% |
| Investment Component (Core) | \$15,000,000.00 | \$20,000,000.00 | \$14,605,000.00 | 40.00% | 33.7% | -6.27% |
| Total | | | \$43,303,035.58 | | | |

| | Policy Requirement | Actual Portfolio | Within Limits |
|---------------|--------------------|------------------|---------------|
| Under 30 Days | > 10% | 66% | Yes |
| Under 1 Year | > 25% | 76% | Yes |
| Under 5 Years | 100% | 100% | Yes |
| WAM | < 1.5 Years | 0.74 | Yes |

Asset Allocation Strategy

| | Policy Maximum Allocation | Per Issuer Restriction | Current Portfolio Allocation | Market Value | Policy Maximum Maturity | Amount Available to Invest | Within Limits |
|--|---------------------------|------------------------|------------------------------|------------------------|-------------------------|----------------------------|---------------|
| US Treasuries | 100% | | 0.00% | \$0.00 | 5 Years | \$43,303,035.58 | Yes |
| Federal Agency and Agency Sponsored | 100% | 40% | 30.25% | \$13,100,900.00 | 5 Years | \$30,202,135.58 | Yes |
| CDs/ Bank Deposits/ Savings (OST Qualified Institutions) | 25% | 15% | 3.53% | \$1,530,441.47 | | \$9,295,317.43 | Yes |
| Bankers Acceptances | 10% | | 0.00% | \$0.00 | | \$4,330,303.56 | Yes |
| Commercial Paper (A-1/P-1) | 10% | 5% | 0.00% | \$0.00 | 120 Days | \$4,330,303.56 | Yes |
| Municipal Obligations (OR, WA, AA or better) | 10% | 5% | 1.16% | \$504,100.00 | 5 Years | \$3,826,203.56 | Yes |
| State Pool | ORS Maximum or 100% | | 65.05% | \$28,167,594.11 | N/A | \$17,237,848.89 | Yes |
| Total | | | 100.00% | \$43,303,035.58 | | | |

ORS Maximum \$45,405,443.00

***Investment Policy Note:** Section 5.03.102 states "Due to fluctuations in the aggregate surplus funds balance, maximum percentages for a particular issuer or investment type may be exceeded at a point in time. Securities need to be liquidated to realign the portfolio; however, consideration should be given to this matter when future purchases are made to ensure that appropriate diversification is maintained."

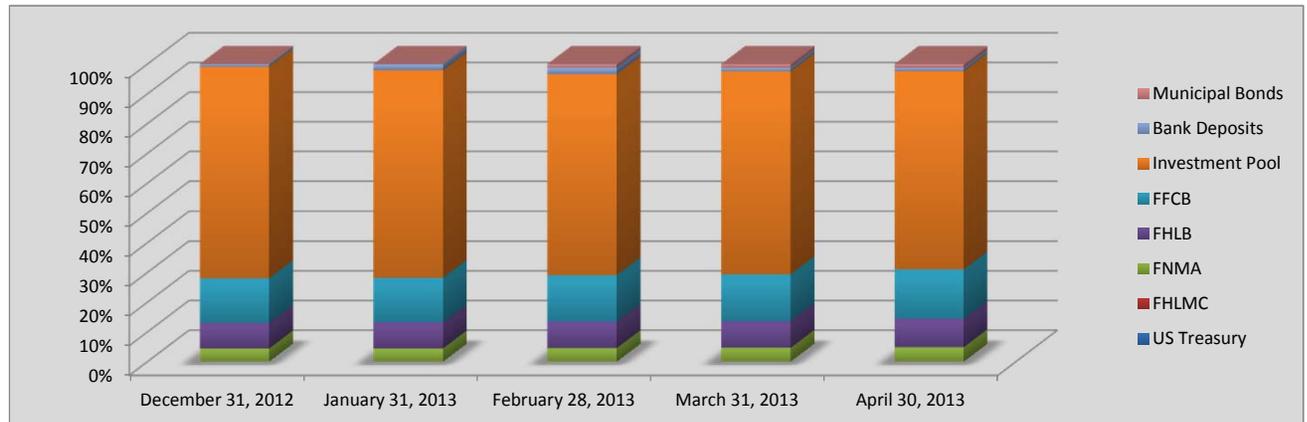
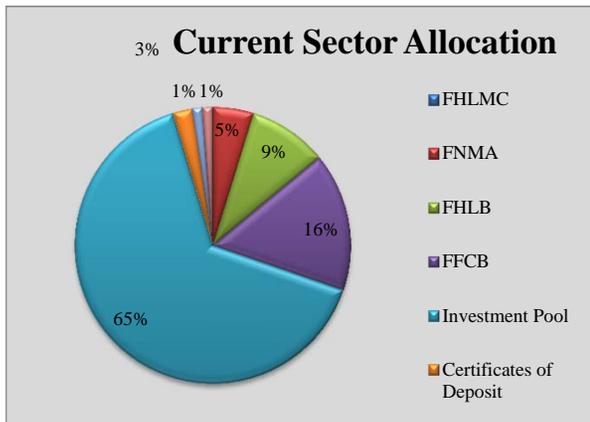
Policy : August 2012

Total Asset Allocation Strategy
 (Market Values)

Commentary

The portfolio remains on target with holdings in high quality issues. An OSU CD due 4/19/16 was purchased at a yield of .995%

| Sector | Yield | December 31, 2012 | January 31, 2013 | February 28, 2013 | March 31, 2013 | April 30, 2013 | Change From Last Month |
|-------------------------|--------------|------------------------|------------------------|------------------------|------------------------|------------------------|-------------------------|
| US Treasury | 0.00% | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| FHLMC | 0.00% | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| FNMA | 0.81% | \$2,069,022.00 | \$2,065,944.00 | \$2,063,912.00 | \$2,062,370.00 | \$2,062,652.00 | \$282.00 |
| FHLB | 0.59% | \$4,028,721.00 | \$4,025,637.00 | \$4,021,924.00 | \$4,019,721.00 | \$4,016,924.00 | (\$2,797.00) |
| FFCB | 0.65% | \$7,013,540.00 | \$7,003,177.00 | \$7,008,940.00 | \$7,017,858.00 | \$7,021,324.00 | \$3,466.00 |
| Investment Pool | 0.60% | \$33,269,754.70 | \$32,356,275.41 | \$30,431,888.53 | \$30,395,488.45 | \$28,167,594.11 | (\$2,227,894.34) |
| Certificates of Deposit | 1.00% | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$1,000,000.00 | \$1,000,000.00 |
| Bank Deposits | 0.25% | \$420,709.34 | \$995,542.22 | \$1,033,811.07 | \$620,190.10 | \$530,441.47 | (\$89,748.63) |
| Municipal Bonds | 0.88% | \$0.00 | \$0.00 | \$501,550.00 | \$502,620.00 | \$504,100.00 | \$1,480.00 |
| Total | 0.69% | \$46,801,747.04 | \$46,446,575.63 | \$45,062,025.60 | \$44,618,247.55 | \$43,303,035.58 | (\$1,315,211.97) |





DETAIL AMORTIZATION COST RETURN
CITY OF CORVALLIS TOTAL

From 03-31-13 to 04-30-13

| CURRENT HOLDINGS | Interest Earned | Accretion (Amortization) | Realized Gain/Loss | Total Income |
|-------------------------|------------------------|---------------------------------|---------------------------|---------------------|
| AGENCY BULLET | 7,451.39 | -3,053.69 | 0.00 | 4,397.70 |
| AGENCY CALLABLE | 2,424.72 | 140.14 | 0.00 | 2,564.86 |
| MUNICIPALS | 354.85 | -1.85 | 0.00 | 353.00 |
| CASH & EQUIVALENTS | 233.15 | 0.00 | 0.00 | 233.15 |
| CERTIFICATE OF DEPOSITS | 549.40 | 0.00 | 0.00 | 549.40 |
| OR STATE POOL | 13,477.59 | 0.00 | 0.00 | 13,477.59 |
| TOTAL | 24,491.10 | -2,915.40 | 0.00 | 21,575.70 |

SUMMARY OF AMORTIZED COST BASIS
RETURN FOR THE PERIOD
CITY OF CORVALLIS TOTAL
 March 31, 2013 to April 30, 2013

| | Total Portfolio |
|--|------------------------|
| Interest Earned | 24,491.10 |
| Accretion/Amortization | -2,915.40 |
| Realized Gain/Loss on Sales | 0.00 |
| Total Income on Portfolio | 21,575.70 |
| Average Daily Historical Cost | 44,674,420.35 |
| Return | 0.05% |
| Annualized Return | 0.59% |
| Annualized Return Net of Fees | 0.59% |
| Weighted Duration to Maturity in Years | 0.80 |
| Weighted Days to Maturity | 297 |

**CITY OF CORVALLIS TOTAL
PORTFOLIO HOLDINGS**

April 30, 2013

| Security Symbol | Quantity | Security | Call Date | Pur Date | Amort Price | Book Yield | Market Price | Market Yield | Market Value | Accrued Interest | Total Value | Unrealized Gain/Loss | Pct. Assets | Dur Mat | Dur Call |
|--------------------------------|-------------------|---|------------|----------|-------------|-------------|--------------|--------------|----------------------|------------------|----------------------|----------------------|--------------|-------------|-------------|
| AGENCY BULLET | | | | | | | | | | | | | | | |
| 3133XXYX9 | 1,000,000 | FEDERAL HOME LN BKS 1.875% Due 06-21-13 | | 05-11-11 | 100.16 | 0.71 | 100.25 | 0.13 | 1,002,464.00 | 6,718.75 | 1,009,182.75 | 874.75 | 2.3 | 0.14 | 0.14 |
| 313371UC8 | 3,000,000 | FEDERAL HOME LN BKS 0.875% Due 12-27-13 | | 11-21-11 | 100.21 | 0.55 | 100.48 | 0.14 | 3,014,460.00 | 8,968.75 | 3,023,428.75 | 8,101.03 | 7.0 | 0.66 | 0.66 |
| 31398A4M1 | 2,000,000 | FEDERAL NATL MTG ASSN 1.625% Due 10-26-15 | | 01-13-12 | 102.00 | 0.81 | 103.13 | 0.36 | 2,062,652.00 | 361.11 | 2,063,013.11 | 22,707.13 | 4.8 | 2.45 | 2.45 |
| 3133EAUH9 | 2,000,000 | FEDERAL FARM CR BKS CONS 0.750% Due 06-14-16 | | 06-26-12 | 99.99 | 0.75 | 101.05 | 0.41 | 2,021,070.00 | 5,666.67 | 2,026,736.67 | 21,353.78 | 4.7 | 3.08 | 3.08 |
| | 8,000,000 | | | | | 0.69 | | 0.26 | 8,100,646.00 | 21,715.28 | 8,122,361.28 | 53,036.69 | 18.7 | 1.65 | 1.65 |
| AGENCY CALLABLE | | | | | | | | | | | | | | | |
| 3133EC3F9 | 3,000,000 | FEDERAL FARM CR BKS CONS 0.550% Due 08-26-16 | 05-15-13 | 11-15-12 | 99.88 | 0.59 | 100.01 | 0.55 | 3,000,150.00 | 2,933.33 | 3,003,083.33 | 3,738.41 | 6.9 | 3.28 | 0.04 |
| 3133EA2D9 | 2,000,000 | FEDERAL FARM CR BKS CONS 0.680% Due 09-26-16 | Cont. call | 09-19-12 | 99.89 | 0.71 | 100.01 | 0.68 | 2,000,104.00 | 1,284.44 | 2,001,388.44 | 2,232.42 | 4.6 | 3.36 | 3.36 |
| | 5,000,000 | | | | | 0.64 | | 0.60 | 5,000,254.00 | 4,217.78 | 5,004,471.78 | 5,970.84 | 11.5 | 3.31 | 1.37 |
| CASH & EQUIVALENTS | | | | | | | | | | | | | | | |
| CASH | 10,057 | CASH 0.100% Due 05-01-13 | | 11-30-12 | 1.00 | 0.10 | 1.00 | 0.10 | 10,057.00 | 0.00 | 10,057.00 | 0.00 | 0.0 | 0.00 | 0.00 |
| CBANK3 | 520,384 | Corvallis Wells Fargo 0.250% Due 05-01-13 | | 02-28-13 | 1.00 | 0.25 | 1.00 | 0.25 | 520,384.47 | 0.00 | 520,384.47 | 0.00 | 1.2 | 0.00 | 0.00 |
| | 530,441 | | | | | 0.25 | | 0.25 | 530,441.47 | 0.00 | 530,441.47 | 0.00 | 1.2 | 0.00 | 0.00 |
| CERTIFICATE OF DEPOSITS | | | | | | | | | | | | | | | |
| CORV001CD | 1,000,000 | OSU FEDERAL CREDIT UNION CD 0.995% Due 04-19-16 | | 04-19-13 | 100.00 | 1.00 | 100.00 | 0.99 | 1,000,000.00 | 304.03 | 1,000,304.03 | 0.00 | 2.3 | 2.90 | 2.90 |
| MUNICIPALS | | | | | | | | | | | | | | | |
| 731418KU2 | 500,000 | POLK MARION & BENTON SD 0.881% Due 06-15-16 | | 02-01-13 | 100.01 | 0.88 | 100.82 | 0.62 | 504,100.00 | 942.18 | 505,042.18 | 4,029.74 | 1.2 | 3.07 | 3.07 |
| OR STATE POOL | | | | | | | | | | | | | | | |
| ORPOOL | 500,000 | OREGON STATE POOL 0.540% Due 05-01-13 | | 09-19-12 | 1.00 | 0.54 | 1.00 | 0.54 | 500,000.00 | 0.00 | 500,000.00 | 0.00 | 1.2 | 0.00 | 0.00 |
| ORPOOL | 27,667,594 | OREGON STATE POOL 0.540% Due 05-01-13 | | 03-31-13 | 1.00 | 0.54 | 1.00 | 0.54 | 27,667,594.11 | 0.00 | 27,667,594.11 | 0.00 | 63.9 | 0.00 | 0.00 |
| | 28,167,594 | | | | | 0.54 | | 0.54 | 28,167,594.11 | 0.00 | 28,167,594.11 | 0.00 | 65.0 | 0.00 | 0.00 |
| TOTAL | 43,198,036 | | | | | 0.59 | | 0.50 | 43,303,035.58 | 27,179.26 | 43,330,214.84 | 63,037.27 | 100.0 | 0.80 | 0.57 |

*This information herein has been obtained from sources which we believe to be reliable, but do not guarantee its accuracy.

Special note: At this time AXYS does not correctly calculate book or market yields for variable rate, floating rate, or mortgage backed securities.



**CITY OF CORVALLIS TOTAL
TRANSACTION SUMMARY**

From 04-01-13 To 04-30-13

| Trade Date | Settle Date | Cusip | Quantity | Security | Call Date | Amount | Broker |
|-----------------------------------|-------------|-----------|-----------|--|-----------|--------------|--------|
| Buy long | | | | | | | |
| 04-19-13 | 04-19-13 | CORV001CD | 1,000,000 | OSU FEDERAL CREDIT UNION CD 0.995% Due 04-19-16 | | 1,000,000.00 | AWAY |
| Deposit | | | | | | | |
| 04-30-13 | 04-30-13 | manfee | | Management Fee ** | | 1,500.00 | |
| Interest | | | | | | | |
| 04-26-13 | 04-26-13 | 31398A4M1 | | FEDERAL NATL**MTG ASSN 1.625% Due 10-26-15 | | 16,250.00 | |
| 04-30-13 | 04-30-13 | ORPOOL | | OREGON STATE POOL 0.540% Due 05-01-13 | | 498.63 | |
| 04-30-13 | 04-30-13 | CORV001CD | | OSU FEDERAL CREDIT UNION CD 0.995% Due 04-19-16 | | 245.37 | |
| 04-30-13 | 04-30-13 | CASH | | CASH 0.100% Due 05-01-13 | | 4.11 | |
| 04-30-13 | 04-30-13 | CBANK3 | | Corvallis Wells Fargo 0.250% Due 05-01-13 | | 229.04 | |
| 04-30-13 | 04-30-13 | ORPOOL | | OREGON STATE POOL 0.540% Due 05-01-13 | | 12,978.96 | |
| | | | | | | 30,206.11 | |
| Deliver out long | | | | | | | |
| 04-26-13 | | cash | | Cash Account | | 16,250.00 | |
| Purchased Accrued Interest | | | | | | | |
| 04-19-13 | 04-19-13 | CORV001CD | | OSU FEDERAL CREDIT UNION CD 0.995% Due 04-19-16 | | 0.00 | |
| Sell long | | | | | | | |
| 04-19-13 | 04-19-13 | ORPOOL | 1,000,000 | OREGON STATE POOL 0.540% Due 05-01-13 | | 1,000,000.00 | |
| 04-30-13 | 04-30-13 | CBANK3 | 89,549 | Corvallis Wells Fargo 0.250% Due 05-01-13 | | 89,548.63 | |
| 04-30-13 | 04-30-13 | CASH | 200 | CASH 0.100% Due 05-01-13 | | 200.00 | |

** Monthly allocation of the quarterly investment advisor fee from Davidson Fixed Income Management, Inc.

* This information herein has been obtained from sources which we believe to be reliable, but do not guarantee its accuracy.



CITY OF CORVALLIS TOTAL TRANSACTION SUMMARY

From 04-01-13 To 04-30-13

| <u>Trade Date</u> | <u>Settle Date</u> | <u>Cusip</u> | <u>Quantity</u> | <u>Security</u> | <u>Call Date</u> | <u>Amount</u> | <u>Broker</u> |
|-----------------------|------------------------|--------------|-----------------|--|----------------------|--------------------|---------------|
| 04-30-13 | 04-30-13 | ORPOOL | 1,300,695 | OREGON STATE POOL 0.540% Due 05-01-13 | | 1,300,694.50 | |
| | | | | | | <hr/> 2,390,443.13 | |

AMORTIZATION AND ACCRETION - SETTLED TRADES
CITY OF CORVALLIS TOTAL
 April 30, 2013

| Purchase Information | | | | | Amortization/Accretion Information | | | | |
|---|-----|---------------|---------|--------------|------------------------------------|--------------|---------------|------------|---------------|
| Quantity | Lot | Purchase Date | Price | Total Cost | Month To Date | Year To Date | Total To Date | Balance | Adjusted Cost |
| MUNICIPAL BONDS(Straight Line) | | | | | | | | | |
| POLK MARION & BENTON SD 0.881% Due 06-15-16 (731418KU2) | | | | | | | | | |
| 500,000 | 1 | 02-01-13 | 100.015 | 500,075.00 | -1.85 | -4.74 | -4.74 | -70.26 | 500,070.26 |
| FNMA(Straight Line) | | | | | | | | | |
| FEDERAL NATL MTG ASSN 1.625% Due 10-26-15 (31398A4M1) | | | | | | | | | |
| 2,000,000 | 1 | 01-13-12 | 103.028 | 2,060,564.00 | -1,318.92 | -5,273.76 | -20,619.13 | -39,944.87 | 2,039,944.87 |
| FHLB(Straight Line) | | | | | | | | | |
| FEDERAL HOME LN BKS 0.875% Due 12-27-13 (313371UC8) | | | | | | | | | |
| 3,000,000 | 1 | 11-21-11 | 100.674 | 3,020,223.00 | -793.74 | -3,174.97 | -13,864.03 | -6,358.97 | 3,006,358.97 |
| FEDERAL HOME LN BKS 1.875% Due 06-21-13 (3133XXYX9) | | | | | | | | | |
| 1,000,000 | 1 | 05-11-11 | 102.429 | 1,024,290.00 | -948.50 | -3,794.00 | -22,700.75 | -1,589.25 | 1,001,589.25 |
| Total | | | | 4,044,513.00 | -1,742.24 | -6,968.97 | -36,564.78 | -7,948.22 | 4,007,948.22 |
| FFCB(Straight Line) | | | | | | | | | |
| FEDERAL FARM CR BKS CONS 0.750% Due 06-14-16 (3133EAUH9) | | | | | | | | | |
| 2,000,000 | 1 | 06-26-12 | 99.982 | 1,999,640.00 | 7.47 | 29.89 | 76.22 | 283.78 | 1,999,716.22 |
| FFCB CALLABLE(Straight Line) | | | | | | | | | |
| FEDERAL FARM CR BKS CONS 0.680% Due 09-26-16 (3133EA2D9) | | | | | | | | | |
| 2,000,000 | 1 | 09-19-12 | 99.875 | 1,997,500.00 | 51.37 | 205.48 | 371.58 | 2,128.42 | 1,997,871.58 |
| FEDERAL FARM CR BKS CONS 0.550% Due 08-26-16 (3133EC3F9) | | | | | | | | | |
| 3,000,000 | 1 | 11-15-12 | 99.865 | 2,995,950.00 | 88.77 | 355.07 | 461.59 | 3,588.41 | 2,996,411.59 |
| Total | | | | 4,993,450.00 | 140.14 | 560.55 | 833.16 | 5,716.84 | 4,994,283.16 |
| CERTIFICATES OF DEPOSIT(Unadjusted) | | | | | | | | | |
| OSU FEDERAL CREDIT UNION CD 0.995% Due 04-19-16 (CORV001CD) | | | | | | | | | |
| 1,000,000 | 1 | 04-19-13 | 100.000 | 1,000,000.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1,000,000.00 |
| CASH(Straight Line) | | | | | | | | | |
| CASH 0.100% Due 05-01-13 (CASH) | | | | | | | | | |

*This information herein has been obtained from sources which we believe to be reliable, but do not guarantee its accuracy.

Special Note: If a security matures or is sold between prior month end and this report it will not be included on this table. Please make adjustments as needed.

AMORTIZATION AND ACCRETION - SETTLED TRADES
CITY OF CORVALLIS TOTAL
 April 30, 2013

| Purchase Information | | | | | Amortization/Accretion Information | | | | |
|----------------------------|-----|------------------------------|-------|----------------------|------------------------------------|-------------------|-------------------|-------------------|----------------------|
| Quantity | Lot | Purchase Date | Price | Total Cost | Month To Date | Year To Date | Total To Date | Balance | Adjusted Cost |
| 10,057 | 6 | 11-30-12 | 1.000 | 10,057.00 | 0.00 | 0.00 | 0.00 | 0.00 | 10,057.00 |
| Corvallis Wells Fargo | | 0.250% Due 05-01-13 (CBANK3) | | | | | | | |
| 520,384 | 8 | 02-28-13 | 1.000 | 520,384.47 | 0.00 | 0.00 | 0.00 | 0.00 | 520,384.47 |
| Total | | | | 530,441.47 | 0.00 | 0.00 | 0.00 | 0.00 | 530,441.47 |
| POOL(Straight Line) | | | | | | | | | |
| OREGON STATE POOL | | 0.540% Due 05-01-13 (ORPOOL) | | | | | | | |
| 500,000 | 3 | 09-19-12 | 1.000 | 500,000.00 | 0.00 | 0.00 | 0.00 | 0.00 | 500,000.00 |
| 27,667,594 | 10 | 03-31-13 | 1.000 | 27,667,594.11 | 0.00 | 0.00 | 0.00 | 0.00 | 27,667,594.11 |
| 28,167,594 | | | | 28,167,594.11 | 0.00 | 0.00 | 0.00 | 0.00 | 28,167,594.11 |
| GRAND TOTAL | | | | 43,296,277.58 | -2,915.40 | -11,657.03 | -56,279.27 | -41,962.73 | 43,239,998.31 |

*This information herein has been obtained from sources which we believe to be reliable, but do not guarantee its accuracy.

Special Note: If a security matures or is sold between prior month end and this report it will not be included on this table. Please make adjustments as needed.

INTEREST ACCRUALS
CITY OF CORVALLIS TOTAL

From 03-31-13 To 04-30-13

| Security Symbol | Description | Beginning Accrued Interest | Purchased Interest | Sold Interest | Interest Received | Earned Interest | Ending Accrued Interest |
|------------------------------|---|----------------------------|--------------------|---------------|-------------------|-----------------|-------------------------|
| MUNICIPALS | | | | | | | |
| MUNICIPALS | | | | | | | |
| MUNICIPAL GENERAL OBLIGATION | | | | | | | |
| 731418KU2 | POLK MARION & BENTON SD 0.881% Due 06-15-16 | 587.33 | 0.00 | 0.00 | 0.00 | 354.85 | 942.18 |
| | | 587.33 | 0.00 | 0.00 | 0.00 | 354.85 | 942.18 |
| MUNICIPALS Total | | 587.33 | 0.00 | 0.00 | 0.00 | 354.85 | 942.18 |
| MUNICIPALS Total | | 587.33 | 0.00 | 0.00 | 0.00 | 354.85 | 942.18 |
| AGENCY | | | | | | | |
| AGENCY BULLET | | | | | | | |
| FHLB | | | | | | | |
| 3133XXYX9 | FEDERAL HOME LN BKS 1.875% Due 06-21-13 | 5,208.33 | 0.00 | 0.00 | 0.00 | 1,510.42 | 6,718.75 |
| 313371UC8 | FEDERAL HOME LN BKS 0.875% Due 12-27-13 | 6,854.17 | 0.00 | 0.00 | 0.00 | 2,114.58 | 8,968.75 |
| | | 12,062.50 | 0.00 | 0.00 | 0.00 | 3,625.00 | 15,687.50 |
| FNMA | | | | | | | |
| 31398A4M1 | FEDERAL NATL MTG ASSN 1.625% Due 10-26-15 | 13,993.06 | 0.00 | 0.00 | -16,250.00 | 2,618.06 | 361.11 |
| | | 13,993.06 | 0.00 | 0.00 | -16,250.00 | 2,618.06 | 361.11 |
| FFCB | | | | | | | |
| 3133EAUH9 | FEDERAL FARM CR BKS CONS 0.750% Due 06-14-16 | 4,458.33 | 0.00 | 0.00 | 0.00 | 1,208.33 | 5,666.67 |
| | | 4,458.33 | 0.00 | 0.00 | 0.00 | 1,208.33 | 5,666.67 |
| AGENCY BULLET Total | | 30,513.89 | 0.00 | 0.00 | -16,250.00 | 7,451.39 | 21,715.28 |



INTEREST ACCRUALS
CITY OF CORVALLIS TOTAL

From 03-31-13 To 04-30-13

| Security Symbol | Description | Beginning Accrued Interest | Purchased Interest | Sold Interest | Interest Received | Earned Interest | Ending Accrued Interest |
|-------------------------------|---|----------------------------|--------------------|---------------|-------------------|-----------------|-------------------------|
| AGENCY CALLABLE | | | | | | | |
| FFCB | | | | | | | |
| 3133EC3F9 | FEDERAL FARM CR BKS CONS 0.550% Due 08-26-16 | 1,604.17 | 0.00 | 0.00 | 0.00 | 1,329.17 | 2,933.33 |
| 3133EA2D9 | FEDERAL FARM CR BKS CONS 0.680% Due 09-26-16 | 188.89 | 0.00 | 0.00 | 0.00 | 1,095.56 | 1,284.44 |
| | | 1,793.06 | 0.00 | 0.00 | 0.00 | 2,424.72 | 4,217.78 |
| AGENCY CALLABLE Total | | 1,793.06 | 0.00 | 0.00 | 0.00 | 2,424.72 | 4,217.78 |
| AGENCY Total | | 32,306.94 | 0.00 | 0.00 | -16,250.00 | 9,876.11 | 25,933.06 |
| CERTIFICATE OF DEPOSIT | | | | | | | |
| CERTIFICATE OF DEPOSITS | | | | | | | |
| CERTIFICATE OF DEPOSITS | | | | | | | |
| CORV001CD | OSU FEDERAL CREDIT UNION CD 0.995% Due 04-19-16 | 0.00 | 0.00 | 0.00 | -245.37 | 549.40 | 304.03 |
| | | 0.00 | 0.00 | 0.00 | -245.37 | 549.40 | 304.03 |
| CERTIFICATE OF DEPOSIT Total | | 0.00 | 0.00 | 0.00 | -245.37 | 549.40 | 304.03 |
| CERTIFICATE OF DEPOSIT Total | | 0.00 | 0.00 | 0.00 | -245.37 | 549.40 | 304.03 |
| CASH | | | | | | | |
| CASH & EQUIVALENTS | | | | | | | |
| CASH | | | | | | | |
| CASH | CASH 0.100% Due 05-01-13 | 0.00 | 0.00 | 0.00 | -4.11 | 4.11 | 0.00 |



INTEREST ACCRUALS
CITY OF CORVALLIS TOTAL
 From 03-31-13 To 04-30-13

| Security Symbol | Description | Beginning Accrued Interest | Purchased Interest | Sold Interest | Interest Received | Earned Interest | Ending Accrued Interest |
|------------------------|--|-----------------------------------|---------------------------|----------------------|--------------------------|------------------------|--------------------------------|
| CBANK3 | Corvallis Wells Fargo 0.250% Due 05-01-13 | 0.00 | 0.00 | 0.00 | -229.04 | 229.04 | 0.00 |
| | | 0.00 | 0.00 | 0.00 | -233.15 | 233.15 | 0.00 |
| | CASH & EQUIVALENTS Total | 0.00 | 0.00 | 0.00 | -233.15 | 233.15 | 0.00 |
| | OR STATE POOL | | | | | | |
| | STATE INVESTMENT POOL | | | | | | |
| ORPOOL | OREGON STATE POOL 0.540% Due 05-01-13 | 0.00 | 0.00 | 0.00 | -13,477.59 | 13,477.59 | 0.00 |
| | | 0.00 | 0.00 | 0.00 | -13,477.59 | 13,477.59 | 0.00 |
| | OR STATE POOL Total | 0.00 | 0.00 | 0.00 | -13,477.59 | 13,477.59 | 0.00 |
| | CASH Total | 0.00 | 0.00 | 0.00 | -13,710.74 | 13,710.74 | 0.00 |
| | TOTAL PORTFOLIO | 32,894.28 | 0.00 | 0.00 | -30,206.11 | 24,491.10 | 27,179.26 |

City of Corvallis
Glossary of Davidson Fixed Income Management, Inc. Acronyms and Terms

| Investment/Issuer Types | | | | Other | |
|--------------------------------|----------------------------|--------|--|--------------|---|
| BA | Banker's Acceptance | FHLB | Federal Home Loan Bank | CPI | Consumer Price Index |
| CASH | Petty Cash | FHLMC | Federal Home Loan Mortgage Corporation | FOMC | Federal Open Market Committee |
| CBANK3 | Wells Fargo Bank Checking | FNMA | Federal National Mortgage Association | GDP | Gross Domestic Product |
| CD | Certificates of Deposit | ORPOOL | Local Government Investment Pool | OSTFB | Oregon Short Term Fund Board |
| CP | Commercial Paper | | | QE | Quantitative Easing |
| FFCB | Federal Farm Credit Bureau | | | YTM | Yield to Maturity |
| FFCR | Federal Farm Credit Bank | | | TIPS | Treasury Inflation Protected Securities |

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

Asset Allocation Strategy: a strategy that incorporates evaluating spread relationships between the investment alternatives. Treasury securities are the baseline yields to which all other issues are compared.

Benchmark: a benchmark is a target or market level comparator using a set of securities that appropriately matches the portfolio's risk and return characteristics through interest rate cycles.

Book Value: the cost of the principal at the time of the security purchase.

Buy long: reporting program terminology meaning a security has been placed in the portfolio.

Days to Maturity: (weighted average) number of days from the report date to the maturity date of a security (or group of securities).

Duration Strategy: a strategy that provides discipline for making investment decisions based on balancing risk and return. The duration of the portfolio will be adjusted relative to the benchmark as interest rates vary. The portfolio duration will be longer than the benchmark when rates are historically high and shorter when rates are historically low. The portfolio manager will typically manage the duration in a range of +/-25% to the benchmark duration.

Investment Component (Core): portion of the portfolio that is not expected to be needed for daily needs of participants. This portion is invested in maturities between 1 month and 3 years with an average maturity target of 9 months.

Liquidity Component: portion of the portfolio that is held in short maturity investments to meet immediate liquidity needs of the Funds. Investments designated to this component are LGIP Funds and Bank deposits.

Market Value: par value time the price at which the security could theoretically have been sold at month end per Interactive Data Corp. (IDC) an 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.

Purchased Accrued Interest: number of days interest between last coupon date and purchase date that is paid for at time of investment purchase.

Return: the return of the total funds will be calculated on an accrual yield basis, which is the amount paid out to participants. This return will be compared to the OST Pool rate. Additionally, a total return calculation will be calculated and tracked internally to assist management in being accountable to the risk and return of the core investment portfolio on a market value basis.

Risk: the risks associated with investing are credit risk, mark to market risk and reinvestment rate risk.

Security Types: the portfolio's call exposure will be managed through balancing callable or variable rate exposure to fixed rate maturity securities.

Sell long: reporting program terminology meaning a security in the portfolio is available to sell; typically a liquid/cash account, since the City generally holds to maturity.

Term: (weighted average) number of days from the purchase date to the maturity date of a security (or group of securities).

Yield Curve Strategy: the portfolio will be generally laddered, but the manager will implement a yield curve strategy when value is present in particular maturity sectors.

**City of Corvallis
Cash Flow Summary
APRIL 2013**

| | Receipts (1) | Disbursements (2) | Net |
|--------------------|------------------|-------------------|-----------------|
| Actual Activity | 5,783,205 | 7,207,972 | (1,424,767) |
| Projected Activity | 6,037,647 | 7,397,230 | (1,359,583) |
| Difference | (254,442) | (189,258) | (65,184) |

(1) Receipts include deposits and interest received.

Property tax receipts were lower than anticipated in April. Since overall assessed value projections came in at 0.5% growth rather than 3% growth, this is expected to continue for the remainder of the year. Grant revenues are low as a percentage of budget due to grant projects not yet started and/or completed that are reimbursable in nature.

(2) Disbursements include vendor payments, payroll costs, and all other operating expenditures made by check and wire or electronic transfer. Savings in salaries & wages, as well as in general services, contributed to lower than anticipated disbursements.

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
Monthly Revenue Allocations
Distributed in April 2013

| Fund | Fund Name | * Month's Avg Cash Balance | Interest Distributed | Fund | Fund Name | * Month's Avg Cash Balance | Interest Distributed |
|-------------|---------------------------------|---|---------------------------------|--------------|-----------------------------|---|---------------------------------|
| 101 | General | 3,962,913.43 | 1,988.95 | 460 | Davidson Library | 5,867.31 | 2.92 |
| 201 | Street | 550,767.73 | 265.83 | 501 | Water | 1,897,200.22 | 914.60 |
| 208 | Street SDC | 2,439,975.37 | 1,211.38 | 502 | Water Timber | 324,941.84 | 157.48 |
| 210 | Parks & Recreation | 2,098,030.65 | 1,065.27 | 508 | Water SDC | 4,808,874.32 | 2,388.14 |
| 211 | Parks & Recreation - Aquatics | 202,747.41 | 107.17 | 509 | Water Construction | 82,255.54 | 52.31 |
| 212 | Open Space | 94,832.58 | 47.17 | 520 | Wastewater | 2,411,611.76 | 1,174.53 |
| 218 | Parks SDC | 2,043,091.17 | 1,012.74 | 528 | Wastewater SDC | 9,013,067.92 | 4,473.82 |
| 220 | 911 | 624,442.69 | 287.25 | 529 | Wastewater Construction | 104,266.22 | 53.80 |
| 230 | Development Services | 927,330.03 | 469.74 | 540 | Storm Water | 1,232,480.03 | 604.74 |
| 240 | Fire & Rescue | 2,728,309.10 | 1,415.06 | 548 | Storm Water SDC | 80,167.76 | 39.35 |
| 250 | Comm Dev Revolving | (233,396.05) | (131.87) | 549 | Storm Water Construction | 65,532.52 | 34.24 |
| 260 | Parking | 1,070,392.21 | 529.83 | 560 | Airport | 651,488.24 | 324.34 |
| 270 | Transit | 1,811,760.98 | 888.52 | 569 | Airport Construction | (505.72) | (0.17) |
| 290 | Library | 1,877,376.10 | 979.09 | 610 | Fleet Maintenance | 67,204.91 | 31.94 |
| 291 | Library 2010 | 406,741.24 | 202.34 | 615 | Facility Maintenance | 245,527.00 | 119.82 |
| 301 | Capital Improvement | 705,801.13 | 351.04 | 620 | Technology & Communications | 666,301.35 | 329.55 |
| 401 | General Obligation Debt Service | 842,795.70 | 416.64 | 625 | Administrative Services | 507,298.77 | 244.26 |
| | | | | 630 | Risk Management | 1,027,630.70 | 512.07 |
| | | | | Total | | 45,345,122.15 | 22,563.89 |

* Most investments earn interest over a 3 or 6 month period, so even if the most recent monthly average is positive, if prior months' cash balances in a given fund were negative, this could result in net negative earnings for that fund in the month interest is paid.

The accrual method of accounting is used for investments. The interest distributed will equal the monthly interest income accrual, net any amortization or accretion on a premium/discount paid on an investment; this is also net of 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.

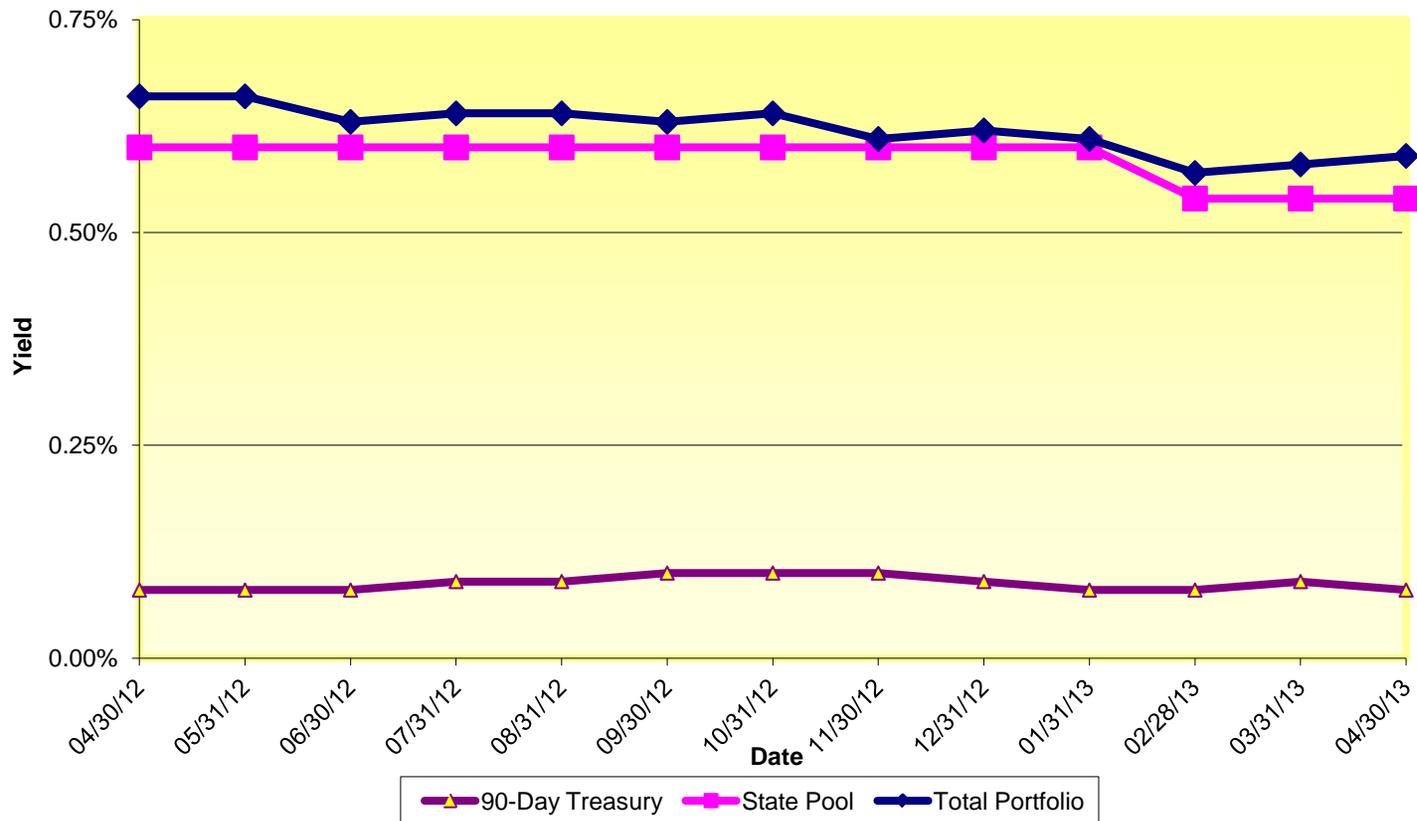
Interest to sub-funds 509, 529, 549, & 569 is distributed to the operations fund.



City of Corvallis

Total Portfolio vs. Benchmark

April 2012 - April 2013





City of Corvallis Core Portfolio vs. Benchmark April 2012 - April 2013





City of Corvallis Cash & Investments

