

# CITY OF CORVALLIS, OREGON

February 2015

## *Treasury Report - Table of Contents*

---

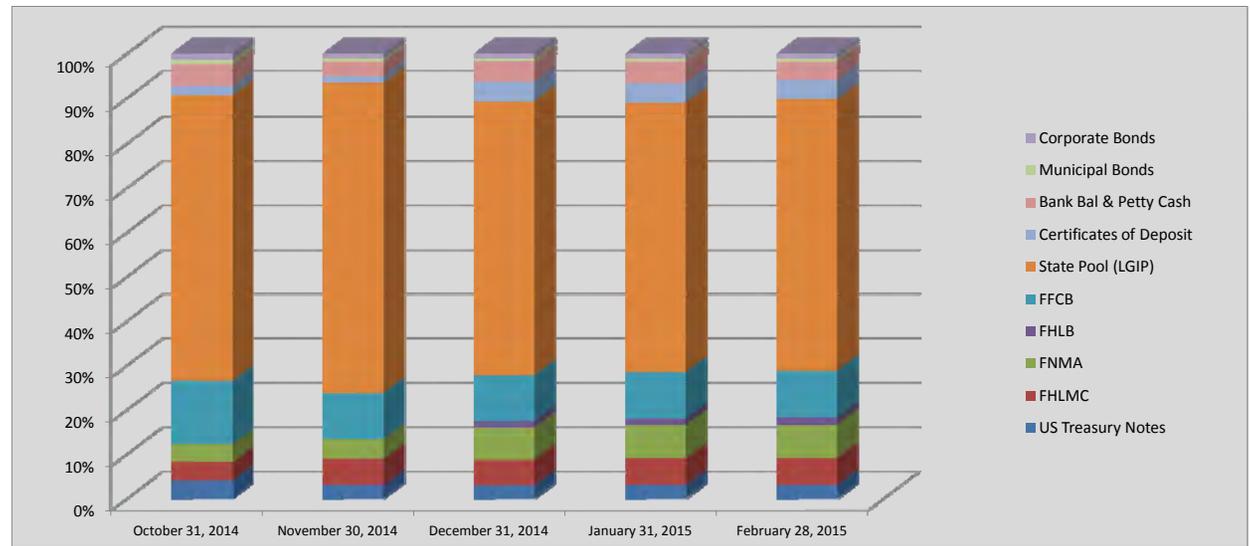
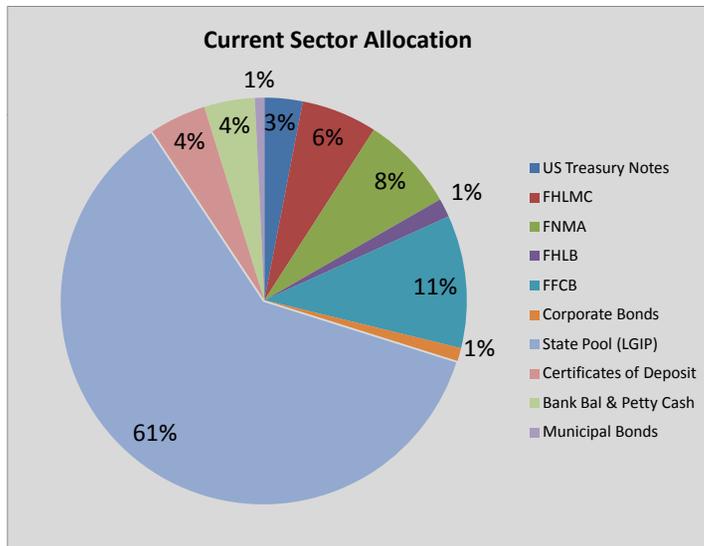
Asset Allocation.....	1
Policy Compliance .....	2
Portfolio Holdings by Security Type .....	3
Total Rate of Return .....	6
Projected Cash flow by month .....	7
Cash Balance by Fund .....	9
Graphs	
Total Portfolio (with Core) Yield .....	10
Cash & Investments .....	11

## Total Asset Allocation Strategy (Market Values)

For the first two months of 2015, job growth was even stronger than 2014, which was previously the best seen in 15 years. These results, plus the higher rates seen recently (the two-year note is close to March 2011 levels, and the ten-year note was up 36 basis points in the month of February), indicate the Fed may raise rates soon. Skeptics feel global economic issues will delay rate increases; several overseas central banks have negative rate policies that make the US market look attractive. Increased volatility and higher rates could be experienced if rising gas prices, strong employment and wage growth serve to drive up inflation. As is typical at this time of year, the City's portfolio experienced a small decrease in liquid holdings, based on anticipated expenditures and diminishing receipt of property taxes. No investments were purchased, nor matured.

### Treasury Report Glossary of Terms

Sector	YTM @ Settlement	October 31, 2014	November 30, 2014	December 31, 2014	January 31, 2015	February 28, 2015	Change From Last Month*
US Treasury Notes	0.67%	2,011,400	2,014,060	2,007,500	2,015,320	2,011,560	(3,760)
FHLMC	1.13%	2,003,440	3,993,320	3,975,140	4,013,340	3,994,220	(19,120)
FNMA	1.05%	2,027,660	3,040,890	5,021,030	5,056,380	5,033,190	(23,190)
FHLB	0.21%	0	0	1,000,870	1,001,050	1,001,160	110
FFCB	0.67%	6,996,540	6,999,410	6,980,770	7,004,750	6,993,810	(10,940)
Corporate Bonds	0.70%	678,510	679,104	677,916	678,119	678,152	33
State Pool (LGIP)	0.50%	31,567,878	46,805,848	42,130,096	40,490,829	40,174,343	(316,486)
Certificates of Deposit	0.53%	1,000,000	1,000,000	3,000,000	3,000,000	3,000,000	0
Bank Bal & Petty Cash	0.20%	2,422,347	2,177,109	3,194,094	3,270,427	2,664,370	(606,057)
Municipal Bonds	0.88%	501,800	501,730	501,120	500,475	501,200	725
<b>Total</b>	<b>0.59%</b>	<b>\$49,209,576</b>	<b>\$67,211,471</b>	<b>\$68,488,536</b>	<b>\$67,030,690</b>	<b>\$66,052,005</b>	<b>(\$978,685)</b>



## 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	\$20,000,000	\$42,838,713	60.00%	<b>64.86%</b>	4.86%
Investment Component (Core)	\$15,000,000	\$20,000,000	\$23,213,292	40.00%	<b>35.14%</b>	-4.86%
Total			\$66,052,005			

	Policy Requirement	Actual Portfolio	Within Limits
Under 30 Days	> 10%	65%	Yes
Under 1 Year	> 25%	73%	Yes
Under 5 Years	100%	100%	Yes
WAM	< 1.5 Years	0.60	Yes

### Asset Allocation Compliance

	Policy Maximum Allocation	Per Issuer Restriction	Current Portfolio Allocation	Market Value	Policy Maximum Maturity	Amount Available to Invest	Within Limits
US Treasury Notes	100%		3.05%	\$2,011,560	5 Years	\$64,040,445	Yes
Federal Agency and Agency Sponsored	100%	40%	25.77%	\$17,022,380	5 Years	\$49,029,625	Yes
CDs/ Bank Deposits/ Savings (OST Qualified Institutions)	25%	15%	8.58%	\$5,664,370		\$10,848,631	Yes
Bankers Acceptances	10%		0.00%	\$0		\$6,605,201	Yes
Commercial Paper (A-1/P-1)	10%	5%	0.00%	\$0	120 Days	\$6,605,201	Yes
Corporate Bonds (Aa3/AA-)	10%	5%	1.03%	\$678,152	5 Years	\$5,927,049	Yes
Municipal Obligations (OR,WA, AA or better)	10%	5%	0.76%	\$501,200	5 Years	\$6,104,001	Yes
State Pool (LGIP)	ORS Maximum or 100%		60.82%	\$40,174,343	N/A	\$6,627,245	Yes
Total			100.00%	\$66,052,005			

ORS Maximum as of 9/19/2014

\$46,801,588

**\*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 : April 2014

**City of Corvallis**  
**Portfolio Holdings by Security Type**  
**All Portfolios**

Date: 2/28/2015

Description	Face Amount / Shares	Settlement Date	Cost Value	Market Price	Market Value	% Portfolio	Credit Rating	Days To Call/Maturity
CUSIP		YTM @ Cost	Book Value	YTM @ Market	Accrued Interest	Unre. Gain/Loss	Credit Rating	Duration To Maturity
<b>Cash</b>								
Petty Cash Cash		3/31/2014	9,990.00	100.00	9,990.00	0.02%	NR	1
CASH	9,990.00	0.00	9,990.00	0.00		0.00	NR	0
			<b>9,990.00</b>		<b>9,990.00</b>	<b>0.02%</b>		<b>1</b>
<b>Sub Total Cash</b>	<b>9,990.00</b>	<b>0.00</b>	<b>9,990.00</b>	<b>0.00</b>		<b>0.00</b>		<b>0</b>
<b>Certificate Of Deposit</b>								
OSU Federal 0.3 12/16/2015		12/16/2014	2,000,000.00	100.00	2,000,000.00	3.03%	None	291
00000OOSU	2,000,000.00	0.30	2,000,000.00	0.30	0.00	0.00	None	0.79
OSU Federal 0.995 4/19/2016		4/19/2013	1,000,000.00	100.00	1,000,000.00	1.51%	NR	416
CDOSU	1,000,000.00	1.00	1,000,000.00	1.00	0.00	0.00	NR	1.13
			<b>3,000,000.00</b>		<b>3,000,000.00</b>	<b>4.54%</b>		<b>333</b>
<b>Sub Total Certificate Of Deposit</b>	<b>3,000,000.00</b>	<b>0.53</b>	<b>3,000,000.00</b>	<b>0.53</b>	<b>0.00</b>	<b>0.00</b>		<b>0.9</b>
<b>Corporate Bond</b>								
General Electric 1 12/11/2015-13		11/19/2013	679,137.75	100.47	678,152.25	1.02%	Moodys-Aa3	286
36962G6M1	675,000.00	0.70	676,573.67	0.40	1,443.75	1,578.58	S&P-AA+	0.78
			<b>679,137.75</b>		<b>678,152.25</b>	<b>1.02%</b>		<b>286</b>
<b>Sub Total Corporate Bond</b>	<b>675,000.00</b>	<b>0.70</b>	<b>676,573.67</b>	<b>0.40</b>	<b>1,443.75</b>	<b>1,578.58</b>		<b>0.78</b>
<b>FFCB Bond</b>								
FFCB 0.55 8/26/2016-13		11/26/2012	2,995,950.00	99.67	2,990,070.00	4.54%	Moodys-Aaa	545
3133EC3F9	3,000,000.00	0.59	2,998,387.69	0.77	91.67	-8,317.69	S&P-AA+	1.49
FFCB 0.68 9/26/2016-12		9/26/2012	1,997,500.00	99.86	1,997,180.00	3.03%	Moodys-Aaa	576
3133EA2D9	2,000,000.00	0.71	1,999,014.37	0.77	5,742.22	-1,834.37	S&P-AA+	1.57
FFCB 0.75 6/14/2016		6/29/2012	1,999,640.00	100.33	2,006,560.00	3.03%	Moodys-Aaa	472
3133EAUH9	2,000,000.00	0.76	1,999,882.49	0.50	3,083.33	6,677.51	S&P-AA+	1.29
			<b>6,993,090.00</b>		<b>6,993,810.00</b>	<b>10.6%</b>		<b>533</b>
<b>Sub Total FFCB Bond</b>	<b>7,000,000.00</b>	<b>0.67</b>	<b>6,997,284.55</b>	<b>0.69</b>	<b>8,917.22</b>	<b>-3,474.55</b>		<b>1.46</b>
<b>FHLB Bond</b>								

**City of Corvallis**  
**Portfolio Holdings by Security Type**  
**All Portfolios**

Date: 2/28/2015

Description CUSIP	Face Amount / Shares	Settlement Date YTM @ Cost	Cost Value Book Value	Market Price YTM @ Market	Market Value Accrued Interest	% Portfolio Unre. Gain/Loss	Credit Rating Credit Rating	Days To Call/Maturity Duration To Maturity
FHLB 0.375 8/28/2015 313383V81	1,000,000.00	12/16/2014 0.21	1,001,171.49 1,000,831.53	100.12 0.14	1,001,160.00 0.00	1.52% 328.47	S&P-AA+ Moody's-Aaa	181 0.5
<b>Sub Total FHLB Bond</b>	<b>1,000,000.00</b>	<b>0.21</b>	<b>1,001,171.49</b> <b>1,000,831.53</b>	<b>0.14</b>	<b>1,001,160.00</b> <b>0.00</b>	<b>1.52%</b> <b>328.47</b>		<b>181</b> <b>0.5</b>
<b>FHLMC Bond</b>								
FHLMC 0.875 3/7/2018 3137EADP1	2,000,000.00	11/7/2014 1.23	1,976,820.00 1,978,974.06	99.43 1.07	1,988,520.00 8,312.50	3% 9,545.94	Moody's-Aaa S&P-AA+	1103 2.98
FHLMC 1 7/28/2017 3137EADJ5	2,000,000.00	12/12/2013 1.04	1,997,494.00 1,998,332.49	100.29 0.88	2,005,700.00 1,666.67	3.03% 7,367.51	Moody's-Aaa S&P-AA+	881 2.39
<b>Sub Total FHLMC Bond</b>	<b>4,000,000.00</b>	<b>1.13</b>	<b>3,974,314.00</b> <b>3,977,306.55</b>	<b>0.97</b>	<b>3,994,220.00</b> <b>9,979.17</b>	<b>6.03%</b> <b>16,913.45</b>		<b>991</b> <b>2.68</b>
<b>FNMA Bond</b>								
FNMA 0.875 10/26/2017 3135G0PQ0	2,000,000.00	12/16/2014 1.03	1,991,540.00 1,992,139.08	99.83 0.94	1,996,560.00 5,930.56	3.02% 4,420.92	S&P-AA+ Moody's-Aaa	971 2.63
FNMA 1.625 10/26/2015 31398A4M1	2,000,000.00	1/17/2012 0.81	2,060,564.00 2,010,548.16	100.93 0.22	2,018,620.00 11,013.89	3.05% 8,071.84	Moody's-Aaa S&P-AA+	240 0.66
FNMA 1.875 2/19/2019 3135G0ZA4	1,000,000.00	11/7/2014 1.60	1,011,460.00 1,010,632.54	101.80 1.41	1,018,010.00 468.75	1.53% 7,377.46	Moody's-Aaa S&P-AA+	1452 3.85
<b>Sub Total FNMA Bond</b>	<b>5,000,000.00</b>	<b>1.05</b>	<b>5,063,564.00</b> <b>5,013,319.78</b>	<b>0.74</b>	<b>5,033,190.00</b> <b>17,413.20</b>	<b>7.6%</b> <b>19,870.22</b>		<b>775</b> <b>2.09</b>
<b>Local Government Investment Pool</b>								
State of Oregon LGIP LGIP4031	40,174,343.02	3/31/2014 0.50	40,174,343.02 40,174,343.02	100.00 0.50	40,174,343.02 0.00	60.86% 0.00	NR NR	1 0
<b>Sub Total Local Government Investment Pool</b>	<b>40,174,343.02</b>	<b>0.50</b>	<b>40,174,343.02</b>	<b>0.50</b>	<b>40,174,343.02</b>	<b>60.86%</b> <b>0.00</b>		<b>1</b> <b>0</b>
<b>Money Market</b>								
OSU Federal Savings MM MM2461	2,639.66	3/31/2014 0.05	2,639.66 2,639.66	100.00 0.05	2,639.66 0.00	0% 0.00	NR NR	1 0

**City of Corvallis**  
**Portfolio Holdings by Security Type**  
**All Portfolios**

Date: 2/28/2015

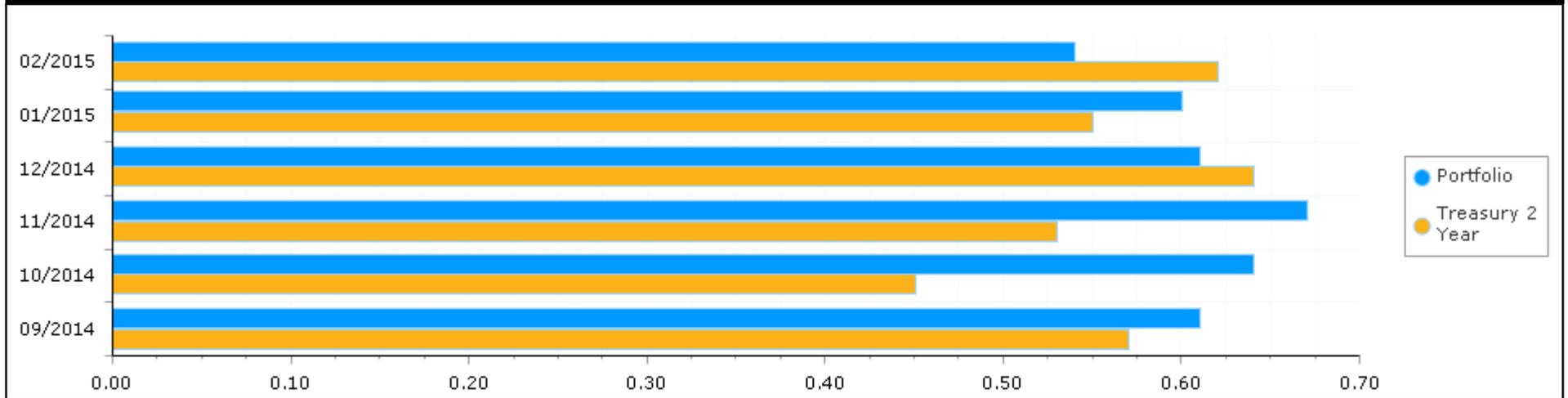
Description	Face Amount / Shares	Settlement Date	Cost Value	Market Price	Market Value	% Portfolio	Credit Rating	Days To Call/Maturity
CUSIP		YTM @ Cost	Book Value	YTM @ Market	Accrued Interest	Unre. Gain/Loss	Credit Rating	Duration To Maturity
Wells Fargo Bank MM		3/31/2014	2,651,739.81	100.00	2,651,739.81	4.02%	NR	1
MM5892	2,651,739.81	0.20	2,651,739.81	0.20		0.00	NR	0
			<b>2,654,379.47</b>		<b>2,654,379.47</b>	<b>4.02%</b>		<b>1</b>
<b>Sub Total Money Market</b>	<b>2,654,379.47</b>	<b>0.20</b>	<b>2,654,379.47</b>	<b>0.20</b>		<b>0.00</b>		<b>0</b>
<b>Municipal Bond</b>								
Polk Marion & Benton Countys 0.881 6/15/2016		2/13/2013	500,075.00	100.24	501,200.00	0.76%	NR	473
731418KU2	500,000.00	0.88	500,029.13	0.70	893.24	1,170.87	S&P-AA+	1.29
			<b>500,075.00</b>		<b>501,200.00</b>	<b>0.76%</b>		<b>473</b>
<b>Sub Total Municipal Bond</b>	<b>500,000.00</b>	<b>0.88</b>	<b>500,029.13</b>	<b>0.70</b>	<b>893.24</b>	<b>1,170.87</b>		<b>1.29</b>
<b>Treasury Note</b>								
T-Note 0.875 12/31/2016		12/12/2013	2,012,265.62	100.58	2,011,560.00	3.04%	Moody's-Aaa	672
912828RX0	2,000,000.00	0.67	2,007,392.37	0.56	2,852.21	4,167.63	S&P-AA+	1.82
			<b>2,012,265.62</b>		<b>2,011,560.00</b>	<b>3.04%</b>		<b>672</b>
<b>Sub Total Treasury Note</b>	<b>2,000,000.00</b>	<b>0.67</b>	<b>2,007,392.37</b>	<b>0.56</b>	<b>2,852.21</b>	<b>4,167.63</b>		<b>1.82</b>
			<b>66,062,330.35</b>		<b>66,052,004.74</b>	<b>100.00%</b>		<b>221</b>
<b>TOTAL PORTFOLIO</b>	<b>66,013,712.49</b>	<b>0.59</b>	<b>66,011,450.07</b>	<b>0.55</b>	<b>41,498.79</b>	<b>40,554.67</b>		<b>0.6</b>

**City of Corvallis**  
**Total Rate of Return - Book Value by Month**  
**All Portfolios**

Begin Date: 9/30/2014, End Date: 2/28/2015

Month	Beginning BV + Accrued Interest	Interest Earned During Period-BV	Realized Gain/Loss-BV	Investment Income-BV	Average Capital Base-BV	TRR-BV	Annualized TRR-BV *	Treasury 2 Year
9/30/2014	42,385,071.83	21,585.34	0.00	21,585.34	42,476,381.92	0.05	0.61	0.57
10/31/2014	45,994,424.39	24,400.52	0.00	24,400.52	46,066,049.69	0.05	0.64	0.45
11/30/2014	49,212,596.68	28,815.73	0.00	28,815.73	51,977,041.82	0.06	0.67	0.53
12/31/2014	67,211,749.87	35,063.47	0.00	35,063.47	69,463,647.37	0.05	0.61	0.64
1/31/2015	68,541,020.01	33,945.30	0.00	33,945.30	68,448,185.36	0.05	0.60	0.55
2/28/2015	66,982,245.81	30,123.48	0.00	30,123.48	66,868,019.94	0.05	0.54	0.62

**Annualized TRR-BV**



\* February TRR-BV is lower than previous months due to fewer coupon payments and a short month. This measure uses actual monthly earnings divided by portfolio book value, so is not equivalent to the yield to maturity calculation found elsewhere in the report. With the end of month uptick in the 2-year T-Note, it also looks less favorable to the benchmark; however, the core portfolio rate is outperforming the benchmark (as seen on Page 10 of 11). If market rates continue their current rising trend, the portfolio and coupon earnings may lag until the City has an opportunity to reinvest core maturities.

**City of Corvallis**  
**Projected Cash Flow by Month**  
**All Portfolios**

Begin Date: 02-2015, End Date: 07-2015

Date	CUSIP	Face Amount/Shares	Description	Principal Amount	Interest/Dividends	Total
2/19/2015	3135G0ZA4	0.00	FNMA 1.875 2/19/2019	0.00	9,375.00	9,375.00
2/26/2015	3133EC3F9	0.00	FFCB 0.55 8/26/2016-13	0.00	8,250.00	8,250.00
2/28/2015	CDOSU	0.00	OSU Federal 0.995 4/19/2016	0.00	763.56	763.56
2/28/2015	313383V81	0.00	FHLB 0.375 8/28/2015	0.00	1,875.00	1,875.00
2/28/2015	00000OOSU	0.00	OSU Federal 0.3 12/16/2015	0.00	460.32	460.32
<b>February, 2015</b>				<b>0.00</b>	<b>20,723.88</b>	<b>20,723.88</b>
3/7/2015	3137EADP1	0.00	FHLMC 0.875 3/7/2018	0.00	8,750.00	8,750.00
3/26/2015	3133EA2D9	0.00	FFCB 0.68 9/26/2016-12	0.00	6,800.00	6,800.00
3/31/2015	CDOSU	0.00	OSU Federal 0.995 4/19/2016	0.00	845.40	845.40
3/31/2015	00000OOSU	0.00	OSU Federal 0.3 12/16/2015	0.00	509.64	509.64
<b>March, 2015</b>				<b>0.00</b>	<b>16,905.04</b>	<b>16,905.04</b>
4/26/2015	3135G0PQ0	0.00	FNMA 0.875 10/26/2017	0.00	8,750.00	8,750.00
4/26/2015	31398A4M1	0.00	FNMA 1.625 10/26/2015	0.00	16,250.00	16,250.00
4/30/2015	CDOSU	0.00	OSU Federal 0.995 4/19/2016	0.00	818.12	818.12
4/30/2015	00000OOSU	0.00	OSU Federal 0.3 12/16/2015	0.00	493.20	493.20
<b>April, 2015</b>				<b>0.00</b>	<b>26,311.32</b>	<b>26,311.32</b>
5/31/2015	CDOSU	0.00	OSU Federal 0.995 4/19/2016	0.00	845.40	845.40
5/31/2015	00000OOSU	0.00	OSU Federal 0.3 12/16/2015	0.00	509.64	509.64
<b>May, 2015</b>				<b>0.00</b>	<b>1,355.04</b>	<b>1,355.04</b>
6/11/2015	36962G6M1	0.00	General Electric 1 12/11/2015-13	0.00	3,375.00	3,375.00
6/14/2015	3133EAUH9	0.00	FFCB 0.75 6/14/2016	0.00	7,500.00	7,500.00
6/15/2015	731418KU2	0.00	Polk Marion & Benton Countys 0.881 6/15/2016	0.00	2,202.50	2,202.50
6/30/2015	CDOSU	0.00	OSU Federal 0.995 4/19/2016	0.00	818.12	818.12
6/30/2015	00000OOSU	0.00	OSU Federal 0.3 12/16/2015	0.00	493.20	493.20
6/30/2015	912828RX0	0.00	T-Note 0.875 12/31/2016	0.00	8,750.00	8,750.00

**City of Corvallis**  
**Projected Cash Flow by Month**  
**All Portfolios**

Begin Date: 02-2015, End Date: 07-2015

<b>Date</b>	<b>CUSIP</b>	<b>Face Amount/Shares</b>	<b>Description</b>	<b>Principal Amount</b>	<b>Interest/Dividends</b>	<b>Total</b>
<b>June, 2015</b>				<b>0.00</b>	<b>23,138.82</b>	<b>23,138.82</b>
7/28/2015	3137EADJ5	0.00	FHLMC 1 7/28/2017	0.00	10,000.00	10,000.00
7/31/2015	CDOSU	0.00	OSU Federal 0.995 4/19/2016	0.00	845.40	845.40
7/31/2015	00000OOSU	0.00	OSU Federal 0.3 12/16/2015	0.00	509.64	509.64
<b>July, 2015</b>				<b>0.00</b>	<b>11,355.04</b>	<b>11,355.04</b>
<b>TOTAL</b>				<b>0.00</b>	<b>99,789.14</b>	<b>99,789.14</b>

## City of Corvallis- Cash & Investment Portfolio Balances by Fund

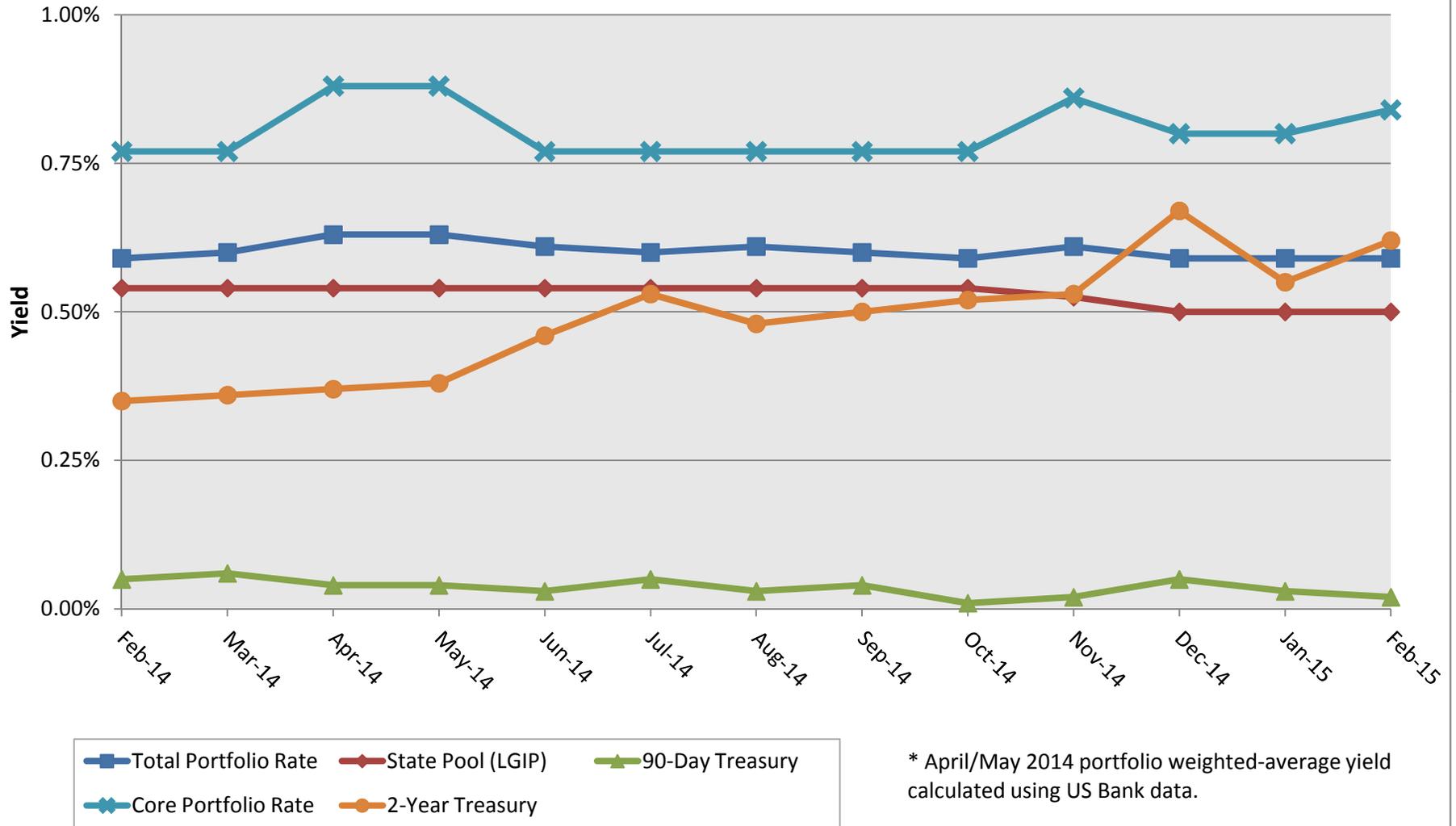
Fund Description	Balance at February 28, 2015
General	\$ 16,455,238
Street	761,392
Street SDC	3,528,021
Parks SDC	4,244,994
9-1-1	552,217
Development Services	2,999,297
Community Development Revolving	(380,190)
Parking	782,168
Transit	2,016,851
Capital Improvement	2,153,960
General Obligation Debt Service	959,821
Pension Obligation Debt Service	991
Davidson Library	5,561
Water	3,534,204
Water SDC	7,113,154
Wastewater	1,456,201
Wastewater SDC	13,579,201
Storm Water	1,213,647
Storm Water SDC	192,306
Airport	571,285
Fleet Maintenance	95,757
Facility Maintenance	119,439
Technology & Communication	491,335
Administrative Services	657,546
Risk Management	766,120
Cash Items In-Transit (Payroll & A/P checks, etc.)	2,143,195
<b>Total Cash Balance</b>	<b><u><u>\$ 66,013,713</u></u></b>



# City of Corvallis

## Total Portfolio vs. Benchmark

### February 2014- February 2015\*





# City of Corvallis Cash & Investment Portfolio

