

# CITY OF CORVALLIS, OREGON

September 2015

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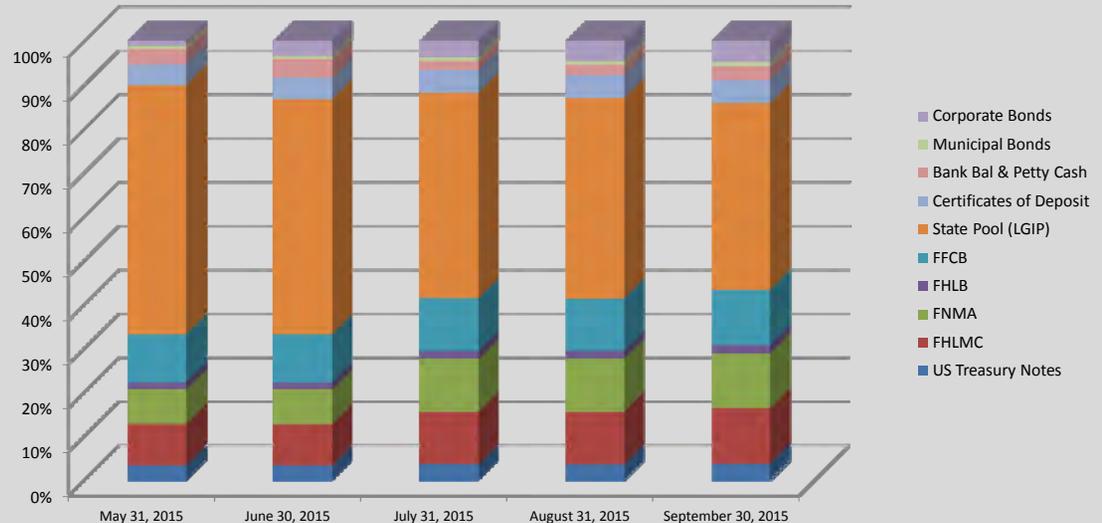
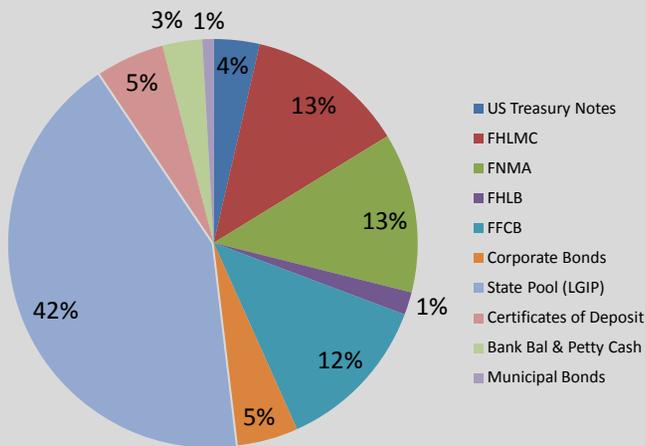
## Total Asset Allocation Strategy (Market Values)

Shaky global equity markets led to yields of six months and longer dropping in the month of September by at least 11 b.p., with 5 year notes decreasing by almost 19 b.p. Although the Fed was set to raise rates in the month of September, they decided to not put further downward pressure on inflation, and now are not expected to move until 2016 at the earliest. The City's portfolio experienced its typical decrease in liquid holdings, based on anticipated spending on capital projects. No investments were purchased, called or matured in the month of September. However, by the time this report was prepared, the City had been notified of a \$3MM Federal Farm Credit agency call in October due to the current lower interest rate environment. With another \$2MM maturity in October, plus the large infusion of property tax receipts anticipated in November, the LGIP cap will be exceeded within 6 weeks. As a result, the City's core portfolio may need to be extended as high as \$40 million, but staff will ensure both policy compliance and a duration which allows for sufficient cash flow over the next one to two years. On Oct.7, 2015, Standard & Poor's announced that it had revised its credit outlook for General Electric Credit Corp from stable to negative (see appended analysis). Given that the City's GECC bond investment of \$675M matures in less than three months, City staff concurs with GPA's recommendation that the risk of holding this bond to maturity has not increased sufficiently to warrant selling this position.

### Treasury Report Glossary of Terms

| Sector                  | YTM @ Settlement | May 31, 2015        | June 30, 2015       | July 31, 2015       | August 31, 2015     | September 30, 2015  | Change From Last Month* |
|-------------------------|------------------|---------------------|---------------------|---------------------|---------------------|---------------------|-------------------------|
| US Treasury Notes       | 0.67%            | 2,012,500           | 2,011,720           | 2,010,940           | 2,008,400           | 2,010,020           | 1,620                   |
| FHLMC                   | 1.15%            | 6,008,340           | 6,000,980           | 7,006,110           | 6,995,420           | 7,023,080           | 27,660                  |
| FNMA                    | 1.08%            | 5,033,970           | 5,029,230           | 7,028,310           | 7,024,730           | 7,040,710           | 15,980                  |
| FHLB                    | 0.78%            | 1,000,630           | 1,000,430           | 1,000,200           | 997,560             | 1,000,230           | 2,670                   |
| FFCB                    | 0.78%            | 7,003,600           | 7,004,310           | 7,004,080           | 7,000,960           | 7,010,500           | 9,540                   |
| Corporate Bonds         | 0.81%            | 676,998             | 2,177,344           | 2,175,355           | 2,673,452           | 2,679,583           | 6,130                   |
| State Pool (LGIP)       | 0.54%            | 36,015,965          | 33,973,092          | 27,250,905          | 26,633,869          | 23,607,077          | (3,026,792)             |
| Certificates of Deposit | 0.53%            | 3,000,000           | 3,000,000           | 3,000,000           | 3,000,000           | 3,000,000           | 0                       |
| Bank Bal & Petty Cash   | 0.20%            | 2,203,700           | 2,735,974           | 1,192,415           | 1,402,384           | 1,749,997           | 347,613                 |
| Municipal Bonds         | 0.88%            | 501,430             | 501,135             | 501,490             | 501,310             | 501,070             | (240)                   |
| <b>Total</b>            | <b>0.73%</b>     | <b>\$63,457,133</b> | <b>\$63,434,215</b> | <b>\$58,169,805</b> | <b>\$58,238,085</b> | <b>\$55,622,266</b> | <b>(\$2,615,818)</b>    |

### Current Sector Allocation



## Policy Compliance Report (Market Values)

### Overall Portfolio Structure

|                             | <u>Investment Strategy Range</u> |              | Market Value | Neutral Allocation | Actual Allocation | Position |
|-----------------------------|----------------------------------|--------------|--------------|--------------------|-------------------|----------|
|                             | Low                              | High         |              |                    |                   |          |
| Liquid Component            | \$20,000,000                     | \$40,000,000 | \$25,357,074 | 60.00%             | 45.59%            | -14.41%  |
| Investment Component (Core) | \$15,000,000                     | \$30,000,000 | \$30,265,193 | 40.00%             | 54.41%            | 14.41%   |
| <b>Total</b>                |                                  |              | \$55,622,266 |                    |                   |          |

|               | Policy Requirement | Actual Portfolio | Within Limits |
|---------------|--------------------|------------------|---------------|
| Under 30 Days | > 10%              | 55%              | Yes           |
| Under 1 Year  | > 25%              | 66%              | Yes           |
| Under 5 Years | 100%               | 100%             | Yes           |
| WAM           | < 1.5 Years        | 0.83             | 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%                      |                        | 3.61%                        | \$2,010,020  | 5 Years                 | \$53,612,246               | Yes           |
| Federal Agency and Agency Sponsored                      | 100%                      | 40%                    | 39.69%                       | \$22,074,520 | 5 Years                 | \$33,547,746               | Yes           |
| CDs/ Bank Deposits/ Savings (OST Qualified Institutions) | 25%                       | 15%                    | 8.54%                        | \$4,749,997  |                         | \$9,155,569                | Yes           |
| Bankers Acceptances                                      | 10%                       |                        | 0.00%                        | \$0          |                         | \$5,562,227                | Yes           |
| Commercial Paper (A-1/P-1)                               | 10%                       | 5%                     | 0.00%                        | \$0          | 120 Days                | \$5,562,227                | Yes           |
| Corporate Bonds (Aa3/AA-)                                | 10%                       | 5%                     | 4.82%                        | \$2,679,583  | 5 Years                 | \$2,882,644                | Yes           |
| Municipal Obligations (OR,WA, AA or better)              | 10%                       | 5%                     | 0.90%                        | \$501,070    | 5 Years                 | \$5,061,157                | Yes           |
| State Pool (LGIP)  | ORS Maximum or 100%       |                        | 42.44%                       | \$23,607,077 | N/A                     | \$23,405,781               | Yes           |
| <b>Total</b>   |                           |                        | 100.00%                      | \$55,622,266 |                         |                            |               |

ORS Maximum as of 9/21/2015

\$47,012,858

**\*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: 9/30/2015

| 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       | 10,440.00           | 100.00       | 10,440.00           | 0.02%           | NR            | 1                     |
| CASH                                      | 10,440.00            | 0.00            | 10,440.00           | 0.00         |                     | 0.00            | NR            | 0                     |
|   |                      |                 | <b>10,440.00</b>    |              | <b>10,440.00</b>    | <b>0.02%</b>    |               | <b>1</b>              |
| <b>Sub Total Cash</b>                     | <b>10,440.00</b>     | <b>0.00</b>     | <b>10,440.00</b>    | <b>0.00</b>  |                     | <b>0.00</b>     |               | <b>0</b>              |
| <b>Certificate Of Deposit</b>             |                      |                 |                     |              |                     |                 |               |                       |
| Oregon State Credit Union 0.3 12/16/2015  |                      | 12/16/2014      | 2,000,000.00        | 100.00       | 2,000,000.00        | 3.6%            | None          | 77                    |
| 00000OOSCU                                | 2,000,000.00         | 0.30            | 2,000,000.00        | 0.30         | 0.00                | 0.00            | None          | 0.21                  |
| Oregon State Credit Union 0.995 4/19/2016 |                      | 4/19/2013       | 1,000,000.00        | 100.00       | 1,000,000.00        | 1.8%            | NR            | 202                   |
| CDOSCU                                    | 1,000,000.00         | 1.00            | 1,000,000.00        | 1.00         | 0.00                | 0.00            | NR            | 0.55                  |
|   |                      |                 | <b>3,000,000.00</b> |              | <b>3,000,000.00</b> | <b>5.4%</b>     |               | <b>119</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>0.32</b>           |
| <b>Corporate Bond</b>                     |                      |                 |                     |              |                     |                 |               |                       |
| APPLE INC 0.9 5/12/2017                   |                      | 6/9/2015        | 1,501,710.00        | 100.19       | 1,502,880.00        | 2.7%            | Moodys-Aa1    | 590                   |
| 037833BB5                                 | 1,500,000.00         | 0.84            | 1,501,435.14        | 0.78         | 4,162.50            | 1,444.86        | S&P-AA+       | 1.61                  |
| APPLE INC 0.9 5/12/2017                   |                      | 8/28/2015       | 500,420.00          | 100.19       | 500,960.00          | 0.9%            | Moodys-Aa1    | 590                   |
| 037833BB5                                 | 500,000.00           | 0.85            | 500,397.75          | 0.78         | 1,387.50            | 562.25          | S&P-AA+       | 1.61                  |
| General Electric 1 12/11/2015-13          |                      | 11/19/2013      | 679,137.75          | 100.11       | 675,742.50          | 1.22%           | Moodys-Aa3    | 72                    |
| 36962G6M1                                 | 675,000.00           | 0.70            | 675,396.17          | 0.44         | 2,043.75            | 346.33          | S&P-AA+       | 0.2                   |
|   |                      |                 | <b>2,681,267.75</b> |              | <b>2,679,582.50</b> | <b>4.82%</b>    |               | <b>459</b>            |
| <b>Sub Total Corporate Bond</b>           | <b>2,675,000.00</b>  | <b>0.81</b>     | <b>2,677,229.06</b> | <b>0.69</b>  | <b>7,593.75</b>     | <b>2,353.44</b> |               | <b>1.25</b>           |
| <b>FFCB Bond</b>                          |                      |                 |                     |              |                     |                 |               |                       |
| FFCB 0.55 8/26/2016-13                    |                      | 11/26/2012      | 2,995,950.00        | 100.00       | 3,000,120.00        | 5.4%            | Moodys-Aaa    | 331                   |
| 3133EC3F9                                 | 3,000,000.00         | 0.59            | 2,999,020.78        | 0.55         | 1,558.33            | 1,099.22        | S&P-AA+       | 0.9                   |
| FFCB 0.75 6/14/2016                       |                      | 6/29/2012       | 1,999,640.00        | 100.30       | 2,006,060.00        | 3.6%            | Moodys-Aaa    | 258                   |
| 3133EAUH9                                 | 2,000,000.00         | 0.76            | 1,999,935.77        | 0.32         | 4,416.67            | 6,124.23        | S&P-AA+       | 0.7                   |
| FFCB 1.1 4/20/2018-16                     |                      | 4/20/2015       | 2,000,000.00        | 100.22       | 2,004,320.00        | 3.6%            | Moodys-Aaa    | 203                   |
| 3133EEZF0                                 | 2,000,000.00         | 1.10            | 2,000,000.00        | 1.01         | 9,777.78            | 4,320.00        | S&P-AA+       | 2.51                  |

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

Date: 9/30/2015

| Description<br>CUSIP                 | Face Amount /<br>Shares | Settlement Date<br>YTM @ Cost | Cost Value<br>Book Value             | Market Price<br>YTM @ Market | Market Value<br>Accrued Interest  | % Portfolio<br>Unre. Gain/Loss | Credit Rating<br>Credit Rating | Days To Call/Maturity<br>Duration To Maturity |
|--------------------------------------|-------------------------|-------------------------------|--------------------------------------|------------------------------|-----------------------------------|--------------------------------|--------------------------------|---|
|                                      |                         |                               | 6,995,590.00                         |                              | 7,010,500.00                      | 12.6%                          |                                | 274   |
| <b>Sub Total FFCB Bond</b>           | <b>7,000,000.00</b>     | <b>0.78</b>                   | <b>6,998,956.55</b>                  | <b>0.62</b>                  | <b>15,752.78</b>                  | <b>11,543.45</b>               |                                | <b>1.3</b>                                    |
| <b>FHLB Bond</b>                     |                         |                               |                                      |                              |                                   |                                |                                |   |
| FHLB 0.75 9/8/2017<br>313380EC7      | 1,000,000.00            | 8/28/2015<br>0.78             | 999,500.00<br>999,522.24             | 100.02<br>0.74               | 1,000,230.00<br>458.33            | 1.8%<br>707.76                 | Moodys-Aaa<br>S&P-AA+          | 709<br>1.93                                   |
| <b>Sub Total FHLB Bond</b>           | <b>1,000,000.00</b>     | <b>0.78</b>                   | <b>999,500.00<br/>999,522.24</b>     | <b>0.74</b>                  | <b>1,000,230.00<br/>458.33</b>    | <b>1.8%<br/>707.76</b>         |                                | <b>709<br/>1.93</b>                           |
| <b>FHLMC Bond</b>                    |                         |                               |                                      |                              |                                   |                                |                                |   |
| FHLMC 0.875 3/7/2018<br>3137EADP1    | 2,000,000.00            | 11/7/2014<br>1.23             | 1,976,820.00<br>1,983,053.44         | 100.09<br>0.84               | 2,001,700.00<br>1,118.06          | 3.57%<br>18,646.56             | Moodys-Aaa<br>S&P-AA+          | 889<br>2.41                                   |
| FHLMC 1 7/28/2017<br>3137EADJ5       | 2,000,000.00            | 12/12/2013<br>1.04            | 1,997,494.00<br>1,998,737.54         | 100.68<br>0.63               | 2,013,520.00<br>3,444.44          | 3.6%<br>14,782.46              | Moodys-Aaa<br>S&P-AA+          | 667<br>1.81                                   |
| FHLMC 1.15 5/25/2018-16<br>3134G6U43 | 2,000,000.00            | 5/29/2015<br>1.15             | 2,000,000.00<br>2,000,000.00         | 100.21<br>1.07               | 2,004,260.00<br>7,730.56          | 3.6%<br>4,260.00               | S&P-AA+<br>NR                  | 238<br>2.61                                   |
| FHLMC 1.25 7/27/2018-16<br>3134G7LJ8 | 1,000,000.00            | 7/27/2015<br>1.25             | 1,000,000.00<br>1,000,000.00         | 100.36<br>1.12               | 1,003,600.00<br>2,187.50          | 1.8%<br>3,600.00               | Moodys-Aaa<br>S&P-AA+          | 301<br>2.78                                   |
| <b>Sub Total FHLMC Bond</b>          | <b>7,000,000.00</b>     | <b>1.15</b>                   | <b>6,974,314.00<br/>6,981,790.98</b> | <b>0.88</b>                  | <b>7,023,080.00<br/>14,480.56</b> | <b>12.57%<br/>41,289.02</b>    |                                | <b>555<br/>2.35</b>                           |
| <b>FNMA Bond</b>                     |                         |                               |                                      |                              |                                   |                                |                                |   |
| FNMA 0.875 10/26/2017<br>3135G0PQ0   | 2,000,000.00            | 12/16/2014<br>1.03            | 1,991,540.00<br>1,993,871.56         | 100.30<br>0.73               | 2,006,000.00<br>7,486.11          | 3.59%<br>12,128.44             | S&P-AA+<br>Moodys-Aaa          | 757<br>2.05                                   |
| FNMA 1.125 7/20/2018<br>3135G0E33    | 2,000,000.00            | 7/21/2015<br>1.14             | 1,999,402.00<br>1,999,440.77         | 100.48<br>0.95               | 2,009,580.00<br>4,312.50          | 3.6%<br>10,139.23              | Moodys-Aaa<br>S&P-AA+          | 1024<br>2.76                                  |
| FNMA 1.625 10/26/2015<br>31398A4M1   | 2,000,000.00            | 1/17/2012<br>0.81             | 2,060,564.00<br>2,001,142.72         | 100.10<br>0.24               | 2,002,000.00<br>13,902.78         | 3.6%<br>857.28                 | Moodys-Aaa<br>S&P-AA+          | 26<br>0.07                                    |
| FNMA 1.875 2/19/2019<br>3135G0ZA4    | 1,000,000.00            | 11/7/2014<br>1.60             | 1,011,460.00<br>1,009,065.48         | 102.31<br>1.18               | 1,023,130.00<br>2,135.42          | 1.82%<br>14,064.52             | Moodys-Aaa<br>S&P-AA+          | 1238<br>3.29                                  |

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

Date: 9/30/2015

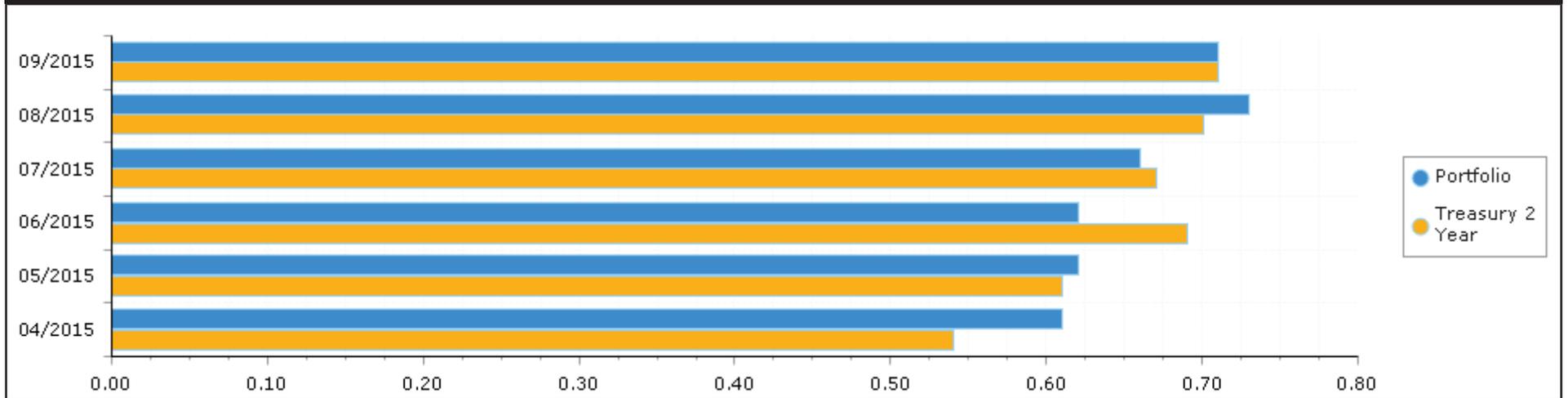
| Description<br>CUSIP                              | Face Amount /<br>Shares | Settlement Date<br>YTM @ Cost | Cost Value<br>Book Value | Market Price<br>YTM @ Market | Market Value<br>Accrued Interest | % Portfolio<br>Unre. Gain/Loss | Credit Rating<br>Credit Rating | Days To Call/Maturity<br>Duration To Maturity |
|---|-------------------------|-------------------------------|--------------------------|------------------------------|----------------------------------|--------------------------------|--------------------------------|---|
|   |                         |                               | 7,062,966.00             |                              | 7,040,710.00                     | 12.61%                         |                                | 694   |
| <b>Sub Total FNMA Bond</b>                        | <b>7,000,000.00</b>     | <b>1.08</b>                   | <b>7,003,520.53</b>      | <b>0.72</b>                  | <b>27,836.81</b>                 | <b>37,189.47</b>               |                                | <b>1.87</b>                                   |
| <b>Local Government Investment Pool</b>           |                         |                               |                          |                              |                                  |                                |                                |   |
| State of Oregon LGIP                              |                         | 3/31/2014                     | 23,607,076.56            | 100.00                       | 23,607,076.56                    | 42.52%                         | NR                             | 1   |
| LGIP4031  | 23,607,076.56           | 0.54                          | 23,607,076.56            | 0.54                         |                                  | 0.00                           | NR                             | 0   |
|   |                         |                               | <b>23,607,076.56</b>     |                              | <b>23,607,076.56</b>             | <b>42.52%</b>                  |                                | <b>1</b>                                      |
| <b>Sub Total Local Government Investment Pool</b> | <b>23,607,076.56</b>    | <b>0.54</b>                   | <b>23,607,076.56</b>     | <b>0.54</b>                  |                                  | <b>0.00</b>                    |                                | <b>0</b>                                      |
| <b>Money Market</b>                               |                         |                               |                          |                              |                                  |                                |                                |   |
| Oregon State Credit Union MM                      |                         | 3/31/2014                     | 6,389.85                 | 100.00                       | 6,389.85                         | 0.01%                          | NR                             | 1   |
| MM2461  | 6,389.85                | 0.03                          | 6,389.85                 | 0.03                         |                                  | 0.00                           | NR                             | 0   |
| Wells Fargo Bank MM                               |                         | 3/31/2014                     | 1,733,167.20             | 100.00                       | 1,733,167.20                     | 3.12%                          | NR                             | 1   |
| MM5892  | 1,733,167.20            | 0.20                          | 1,733,167.20             | 0.20                         |                                  | 0.00                           | NR                             | 0   |
|   |                         |                               | <b>1,739,557.05</b>      |                              | <b>1,739,557.05</b>              | <b>3.13%</b>                   |                                | <b>1</b>                                      |
| <b>Sub Total Money Market</b>                     | <b>1,739,557.05</b>     | <b>0.20</b>                   | <b>1,739,557.05</b>      | <b>0.20</b>                  |                                  | <b>0.00</b>                    |                                | <b>0</b>                                      |
| <b>Municipal Bond</b>                             |                         |                               |                          |                              |                                  |                                |                                |   |
| Polk Marion & Benton Countys 0.881<br>6/15/2016   |                         | 2/13/2013                     | 500,075.00               | 100.21                       | 501,070.00                       | 0.9%                           | NR                             | 259   |
| 731418KU2   | 500,000.00              | 0.88                          | 500,015.95               | 0.58                         | 1,284.79                         | 1,054.05                       | S&P-AA+                        | 0.71  |
|   |                         |                               | <b>500,075.00</b>        |                              | <b>501,070.00</b>                | <b>0.9%</b>                    |                                | <b>259</b>                                    |
| <b>Sub Total Municipal Bond</b>                   | <b>500,000.00</b>       | <b>0.88</b>                   | <b>500,015.95</b>        | <b>0.58</b>                  | <b>1,284.79</b>                  | <b>1,054.05</b>                |                                | <b>0.71</b>                                   |
| <b>Treasury Note</b>                              |                         |                               |                          |                              |                                  |                                |                                |   |
| T-Note 0.875 12/31/2016                           |                         | 12/12/2013                    | 2,012,265.62             | 100.50                       | 2,010,020.00                     | 3.61%                          | Moody's-Aaa                    | 458   |
| 912828RX0   | 2,000,000.00            | 0.67                          | 2,005,038.25             | 0.47                         | 4,375.00                         | 4,981.75                       | S&P-AA+                        | 1.24  |
|   |                         |                               | <b>2,012,265.62</b>      |                              | <b>2,010,020.00</b>              | <b>3.61%</b>                   |                                | <b>458</b>                                    |
| <b>Sub Total Treasury Note</b>                    | <b>2,000,000.00</b>     | <b>0.67</b>                   | <b>2,005,038.25</b>      | <b>0.47</b>                  | <b>4,375.00</b>                  | <b>4,981.75</b>                |                                | <b>1.24</b>                                   |
|   |                         |                               | <b>55,583,051.98</b>     |                              | <b>55,622,266.11</b>             | <b>100.00%</b>                 |                                | <b>252</b>                                    |
| <b>TOTAL PORTFOLIO</b>                            | <b>55,532,073.61</b>    | <b>0.73</b>                   | <b>55,523,147.17</b>     | <b>0.61</b>                  | <b>71,782.02</b>                 | <b>99,118.94</b>               |                                | <b>0.86</b>                                   |

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

Begin Date: 4/30/2015, End Date: 9/30/2015

| Month     | Beginning BV +<br>Accrued Interest | Interest Earned<br>During Period-BV | Realized<br>Gain/Loss-BV | Investment<br>Income-BV | Average Capital<br>Base-BV | TRR-BV | Annualized<br>TRR-BV* | Treasury 2<br>Year** |
|-----------|------------------------------------|-------------------------------------|--------------------------|-------------------------|----------------------------|--------|-----------------------|----------------------|
| 4/30/2015 | 65,372,528.26                      | 32,108.24                           | 905.20                   | 33,013.44               | 65,095,158.93              | 0.05   | 0.61                  | 0.54                 |
| 5/31/2015 | 66,321,408.77                      | 34,288.30                           | 0.00                     | 34,288.30               | 66,260,018.96              | 0.05   | 0.62                  | 0.61                 |
| 6/30/2015 | 63,438,184.05                      | 33,256.29                           | 0.00                     | 33,256.29               | 64,390,002.20              | 0.05   | 0.62                  | 0.69                 |
| 7/31/2015 | 63,424,382.20                      | 35,278.41                           | 0.00                     | 35,278.41               | 63,886,430.56              | 0.06   | 0.66                  | 0.67                 |
| 8/31/2015 | 58,167,133.17                      | 35,237.46                           | 0.00                     | 35,237.46               | 58,146,703.31              | 0.06   | 0.73                  | 0.70                 |
| 9/30/2015 | 58,265,811.44                      | 34,249.02                           | 0.00                     | 34,249.02               | 58,113,805.77              | 0.06   | 0.71                  | 0.71                 |

**Annualized TRR-BV**



\* This measure uses the actual monthly earnings divided by the portfolio book value, so is not equivalent to the yield maturity calculation found elsewhere in the report.

\*\* This is a blended rate for the period reported.

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

Begin Date: 09-2015, End Date: 02-2016

| Date                   | CUSIP      | Face Amount/Shares | Description                                  | Principal Amount    | Interest/Dividends | Total               |
|------------------------|------------|--------------------|--|---------------------|--------------------|---------------------|
| 9/7/2015               | 3137EADP1  | 0.00               | FHLMC 0.875 3/7/2018                         | 0.00                | 8,750.00           | 8,750.00            |
| 9/8/2015               | 313380EC7  | 0.00               | FHLB 0.75 9/8/2017                           | 0.00                | 3,750.00           | 3,750.00            |
| 9/30/2015              | CDOSCU     | 0.00               | Oregon State Credit Union 0.995 4/19/2016    | 0.00                | 818.12             | 818.12              |
| 9/30/2015              | 00000OOSCU | 0.00               | Oregon State Credit Union 0.3 12/16/2015     | 0.00                | 493.20             | 493.20              |
| <b>September, 2015</b> |            |                    |  | <b>0.00</b>         | <b>13,811.32</b>   | <b>13,811.32</b>    |
| 10/20/2015             | 3133EEZF0  | 0.00               | FFCB 1.1 4/20/2018-16                        | 0.00                | 11,000.00          | 11,000.00           |
| 10/26/2015             | 3135G0PQ0  | 0.00               | FNMA 0.875 10/26/2017                        | 0.00                | 8,750.00           | 8,750.00            |
| 10/26/2015             | 31398A4M1  | 2,000,000.00       | FNMA 1.625 10/26/2015                        | 2,000,000.00        | 16,250.00          | 2,016,250.00        |
| 10/31/2015             | CDOSCU     | 0.00               | Oregon State Credit Union 0.995 4/19/2016    | 0.00                | 845.40             | 845.40              |
| 10/31/2015             | 00000OOSCU | 0.00               | Oregon State Credit Union 0.3 12/16/2015     | 0.00                | 509.64             | 509.64              |
| <b>October, 2015</b>   |            |                    |  | <b>2,000,000.00</b> | <b>37,355.04</b>   | <b>2,037,355.04</b> |
| 11/13/2015             | 037833BB5  | 0.00               | APPLE INC 0.9 5/12/2017                      | 0.00                | 7,700.00           | 7,700.00            |
| 11/25/2015             | 3134G6U43  | 0.00               | FHLMC 1.15 5/25/2018-16                      | 0.00                | 11,244.44          | 11,244.44           |
| 11/30/2015             | CDOSCU     | 0.00               | Oregon State Credit Union 0.995 4/19/2016    | 0.00                | 818.12             | 818.12              |
| 11/30/2015             | 00000OOSCU | 0.00               | Oregon State Credit Union 0.3 12/16/2015     | 0.00                | 493.20             | 493.20              |
| <b>November, 2015</b>  |            |                    |  | <b>0.00</b>         | <b>20,255.76</b>   | <b>20,255.76</b>    |
| 12/11/2015             | 36962G6M1  | 675,000.00         | General Electric 1 12/11/2015-13             | 675,000.00          | 3,375.00           | 678,375.00          |
| 12/14/2015             | 3133EAUH9  | 0.00               | FFCB 0.75 6/14/2016                          | 0.00                | 7,500.00           | 7,500.00            |
| 12/15/2015             | 731418KU2  | 0.00               | Polk Marion & Benton Countys 0.881 6/15/2016 | 0.00                | 2,202.50           | 2,202.50            |
| 12/16/2015             | 00000OOSCU | 2,000,000.00       | Oregon State Credit Union 0.3 12/16/2015     | 2,000,000.00        | 246.58             | 2,000,246.58        |
| 12/31/2015             | CDOSCU     | 0.00               | Oregon State Credit Union 0.995 4/19/2016    | 0.00                | 845.40             | 845.40              |
| 12/31/2015             | 912828RX0  | 0.00               | T-Note 0.875 12/31/2016                      | 0.00                | 8,750.00           | 8,750.00            |
| <b>December, 2015</b>  |            |                    |  | <b>2,675,000.00</b> | <b>22,919.48</b>   | <b>2,697,919.48</b> |
| 1/20/2016              | 3135G0E33  | 0.00               | FNMA 1.125 7/20/2018                         | 0.00                | 11,187.50          | 11,187.50           |
| 1/27/2016              | 3134G7LJ8  | 0.00               | FHLMC 1.25 7/27/2018-16                      | 0.00                | 6,250.00           | 6,250.00            |

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

Begin Date: 09-2015, End Date: 02-2016

| Date                  | CUSIP     | Face Amount/Shares | Description                               | Principal Amount    | Interest/Dividends | Total               |
|-----------------------|-----------|--------------------|---|---------------------|--------------------|---------------------|
| 1/28/2016             | 3137EADJ5 | 0.00               | FHLMC 1 7/28/2017                         | 0.00                | 10,000.00          | 10,000.00           |
| 1/31/2016             | CDOSCU    | 0.00               | Oregon State Credit Union 0.995 4/19/2016 | 0.00                | 845.40             | 845.40              |
| <b>January, 2016</b>  |           |                    |   | <b>0.00</b>         | <b>28,282.90</b>   | <b>28,282.90</b>    |
| 2/19/2016             | 3135G0ZA4 | 0.00               | FNMA 1.875 2/19/2019                      | 0.00                | 9,375.00           | 9,375.00            |
| 2/26/2016             | 3133EC3F9 | 0.00               | FFCB 0.55 8/26/2016-13                    | 0.00                | 8,250.00           | 8,250.00            |
| 2/29/2016             | CDOSCU    | 0.00               | Oregon State Credit Union 0.995 4/19/2016 | 0.00                | 790.84             | 790.84              |
| <b>February, 2016</b> |           |                    |   | <b>0.00</b>         | <b>18,415.84</b>   | <b>18,415.84</b>    |
| <b>TOTAL</b>          |           |                    |   | <b>4,675,000.00</b> | <b>141,040.34</b>  | <b>4,816,040.34</b> |

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

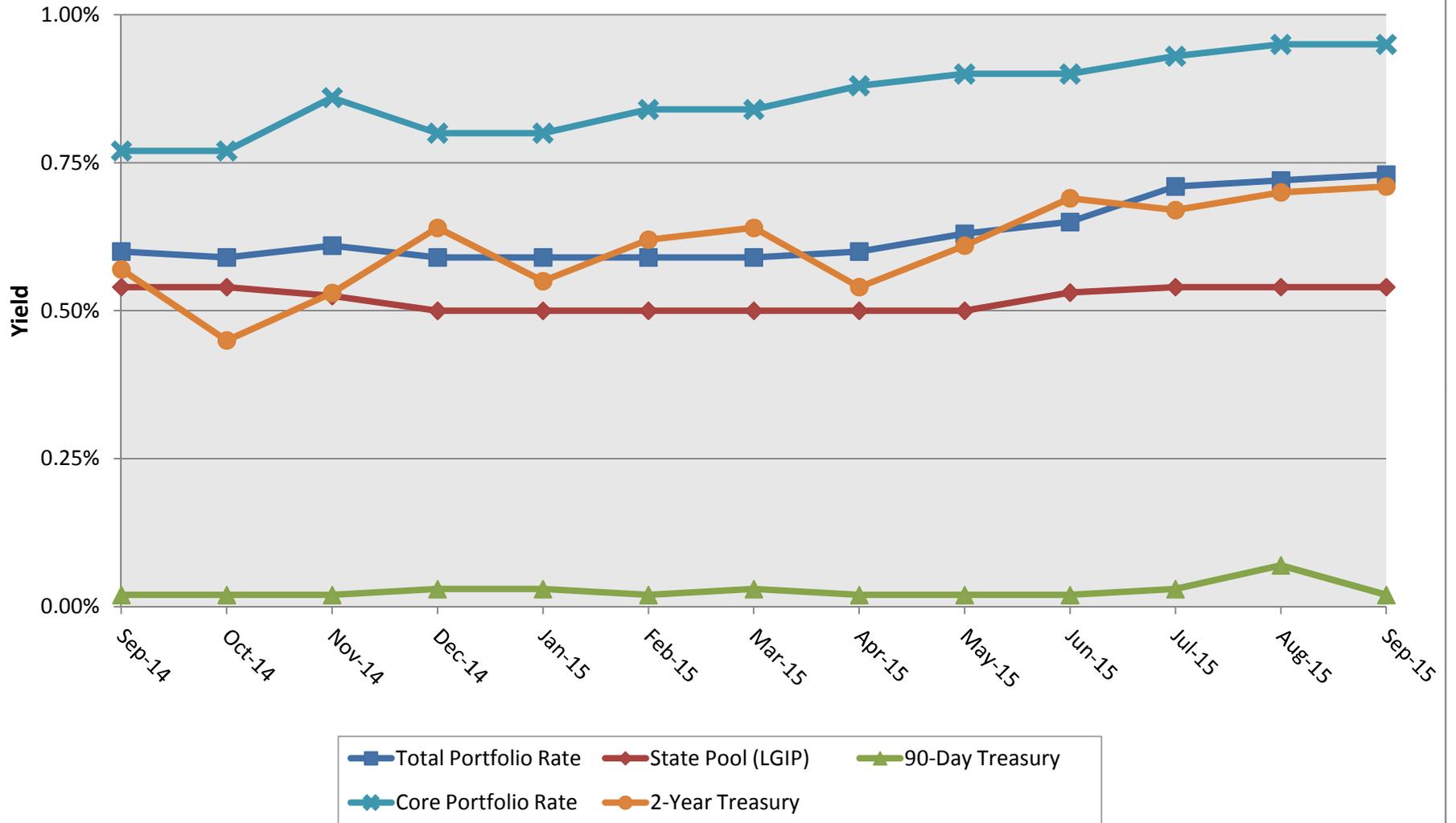
| Fund Description                                   | Balance at<br>September 30,<br>2015 |
|--|-------------------------------------|
| General  | \$ 3,070,106                        |
| Street   | 1,184,965                           |
| Street SDC   | 3,676,549                           |
| Parks SDC  | 4,340,718                           |
| 9-1-1  | 215,846                             |
| Development Services                               | 3,476,877                           |
| Community Development Revolving                    | (158,942)                           |
| Parking  | 754,133                             |
| Transit  | 1,730,774                           |
| Capital Improvement                                | 984,316                             |
| General Obligation Debt Service                    | 60,605                              |
| Pension Obligation Debt Service                    | 148                                 |
| Davidson Library                                   | 5,580                               |
| Water  | 5,216,856                           |
| Water SDC  | 8,142,262                           |
| Wastewater   | 2,411,248                           |
| Wastewater SDC                                     | 14,306,168                          |
| Storm Water  | 1,005,154                           |
| Storm Water SDC                                    | 209,861                             |
| Airport  | 635,567                             |
| Fleet Maintenance                                  | 143,685                             |
| Facility Maintenance                               | 130,322                             |
| Technology & Communication                         | 670,321                             |
| Administrative Services                            | 928,908                             |
| Risk Management                                    | 985,932                             |
| Cash Items In-Transit (Payroll & A/P checks, etc.) | 1,404,117                           |
| <b>Total Cash Balance</b>                          | <b><u><u>\$ 55,532,074</u></u></b>  |



# City of Corvallis

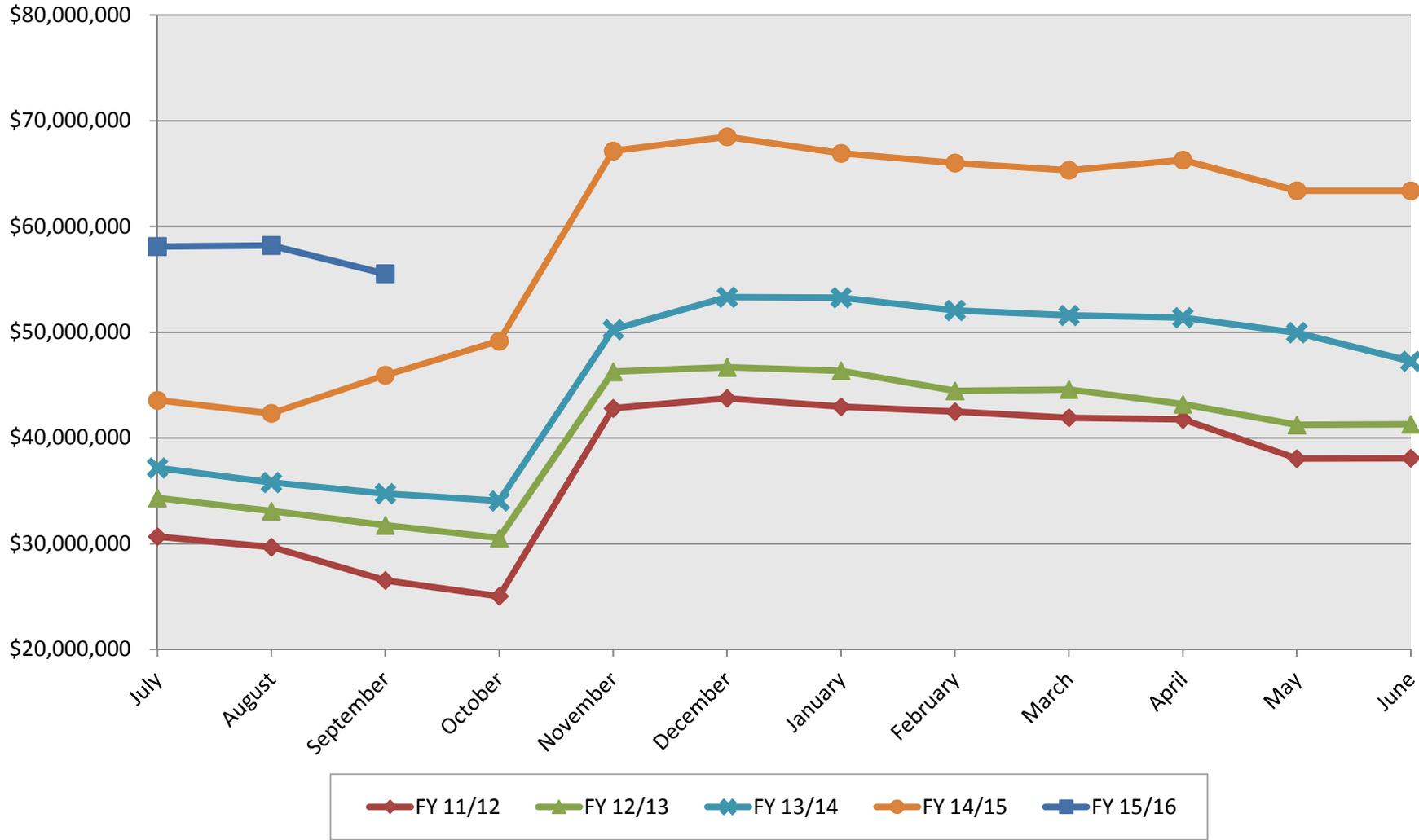
## Total Portfolio vs. Benchmark

### September 2014- September 2015





# City of Corvallis Cash & Investment Portfolio





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**MEMO:** Regarding change in credit outlook for General Electric Credit Corp

**COMMENTS:** General Electric Credit Corp is held in your portfolio and has recently been placed on CreditWatch Negative by Standard and Poor's. This action is not unusual following an acquisition where liquidity may be impacted by a strategic change in financial policy. We are not recommending action in regards to selling this position but are providing you with notification for transparency purposes. The specifics regarding S&P reasoning are listed below:

**S&P CREDIT WATCH:**

Standard & Poor's Ratings Services said revised its outlook on General Electric Capital Corp. (NYSE: [GE](#))(GECC) to negative from stable. At the same time, we affirmed our ratings on GECC, including our 'AA+/A-1+' issuer credit ratings.

The outlook revision follows an announcement by Trian Fund Management LP that it has acquired a \$2.5 billion stake in General Electric Co. (GE). As a result, we believe that GE (GECC's parent company) could adopt a less conservative financial policy than we currently incorporate into the rating over the next two years. (We have also revised our outlook on GE to negative from stable and affirmed our 'AA+/A-1+' issuer credit ratings. See "General Electric Co. Outlook Revised To Negative On Evolving Financial Policy; Ratings Affirmed," published Oct. 7, 2015, on RatingsDirect). Under our criteria, GECC is designated as a "core" subsidiary of GE. The ratings on GECC would therefore be lowered in tandem with the ratings on GE if we ultimately take a negative rating action.

GECC has been divesting its non-core operations since its strategic announcement in April 2015 that it intended to divest financial businesses not closely aligned with GE's industrial operations (see "General Electric Capital Corp. 'AA+/A-1+' Ratings Affirmed Following Strategic Announcement; Outlook Stable," published April 10, 2015). GECC's non-core asset divestitures are proceeding ahead of plan, in our view. We expect that GECC will maintain strong capital and liquidity throughout its planned multiyear transformation.

"The negative outlook on GECC reflects our negative outlook on parent company GE," said Standard & Poor's credit analyst Rian Pressman. "Because our ratings on GECC are at the same level as the ratings on GE, the ratings on GECC will change only if we change the ratings on GE, or if we alter our view of GECC's strategic importance to its parent. We believe the latter scenario is unlikely if management executes its strategy to merge GECC into GE by year-end."

The negative outlook on GE reflects our view that the company's financial policy is evolving as it shifts its strategic focus to its industrial businesses from its financial arm. The company could adopt a less conservative financial policy after it successfully reduces its exposure to GECC's riskier financial assets. We expect the company to develop and clarify its long-term leverage targets within the next 12-18 months. If it appears likely that GE will pursue increased share buybacks or acquisitions to an extent that significantly increases its leverage, we could lower our ratings.

We could also lower our ratings on GE if the company narrows its focus in its industrial end markets, significantly reducing its scope and diversity.

We could revise our outlook on GE to stable if the company articulates a financial policy that will likely cause its leverage metrics to remain within our expected range for a modest financial risk profile.