



PFM Asset Management LLC



City of Colorado Springs

Review of Investment Performance

Third Quarter 2012

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Market Review



Economic and Market Conditions in Third Quarter

Economic Conditions

- U.S. GDP slowed to 1.3% in the second quarter and is forecast at 1.8% for the third quarter.
- Unemployment fell to 7.8%.
- The U.S. housing market quietly gained momentum.
- The European Central Bank's (ECB) sovereign debt purchase plan calmed markets.
- Global growth slowed, led by Europe and Asia.
- The U.S. economic growth, November election, "fiscal cliff," U.S. debt ceiling, and turmoil in Middle East continue to create uncertainty.

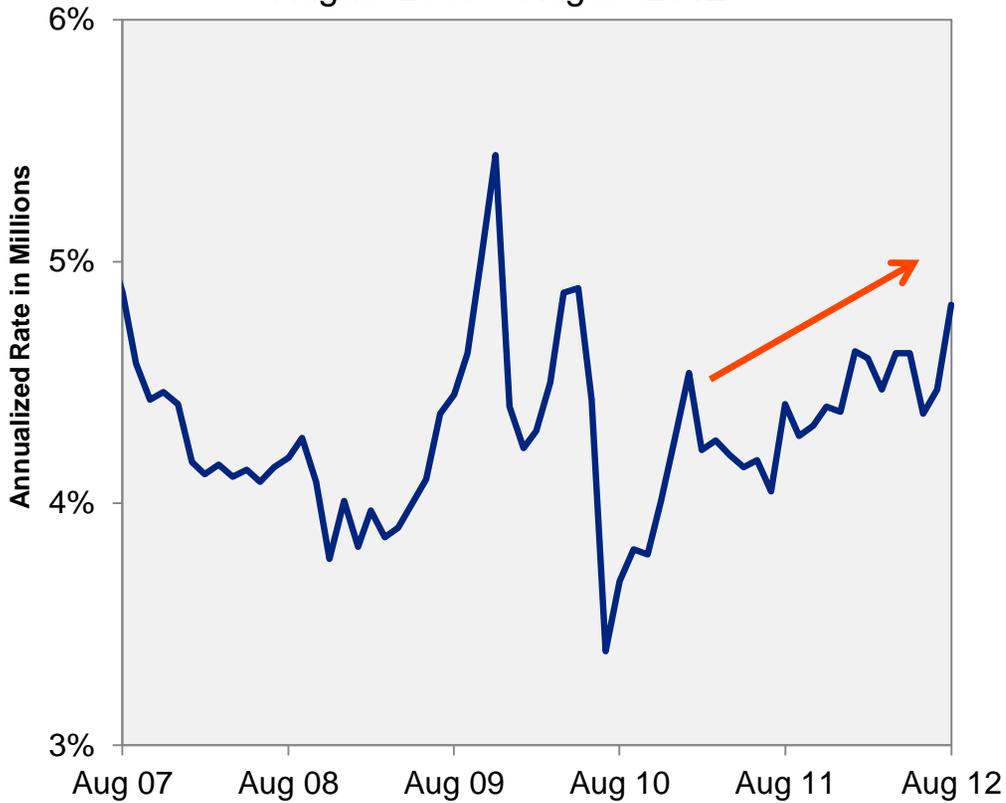
Market Reaction

- "Risk on" / "risk off" drove market volatility.
- U.S. Treasury yields plunged to new all-time record lows in July.
- Agency and corporate spreads narrowed sharply by the end of the third quarter after widening in April and May.
- Equity markets fell in the second quarter but rebounded strongly in the third quarter to highest level since 2007.
- Inflation expectations surged on Fed action, but have since moderated.

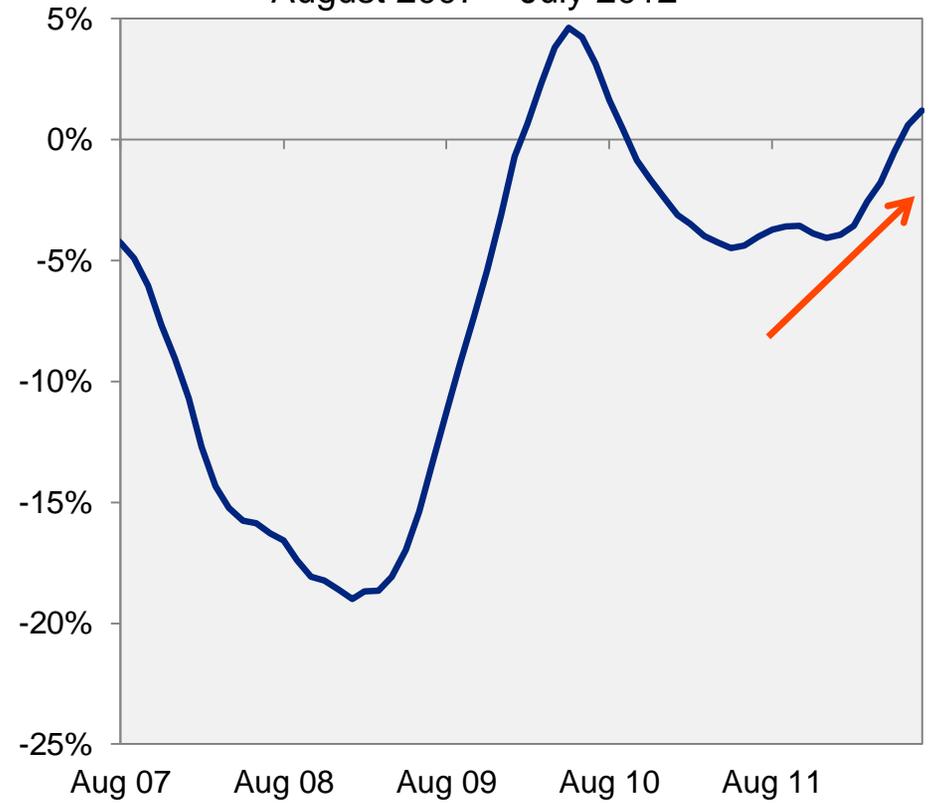


Housing Market Beginning to Recover

U.S. Existing Home Sales
August 2007 – August 2012



Case-Shiller U.S. Home Price Index YoY
August 2007 – July 2012

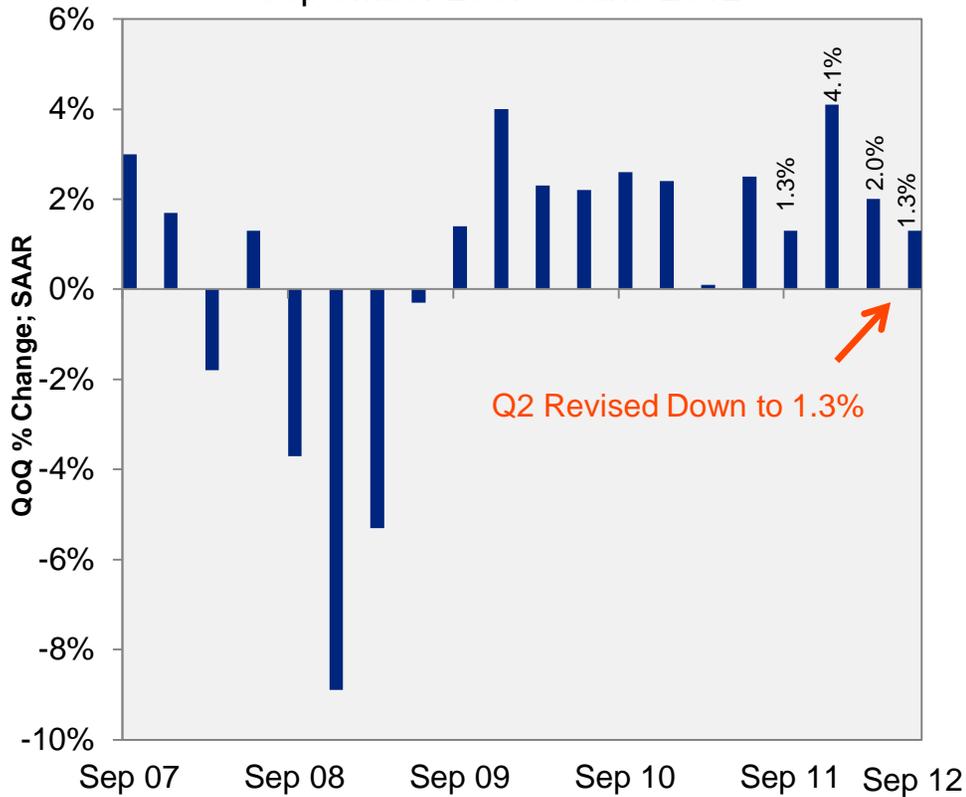


Source: Bloomberg

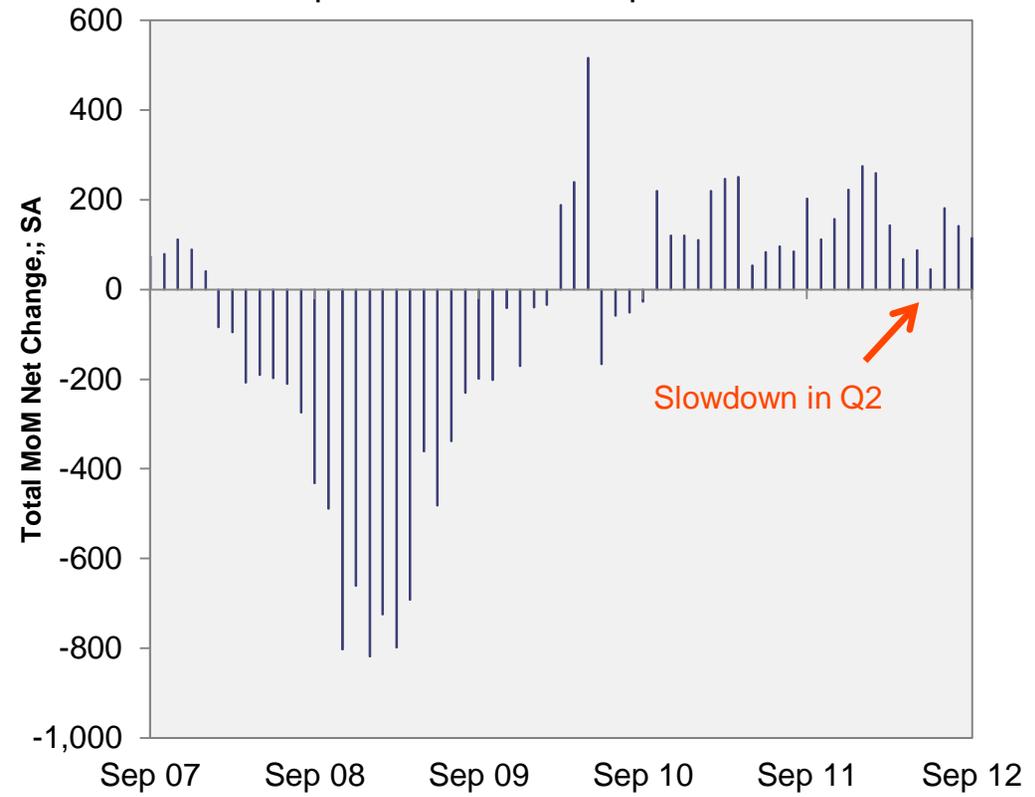


GDP Growth Is Too Slow to Reduce Joblessness

U.S. Gross Domestic Product September 2007 – June 2012



Change in Nonfarm Payrolls September 2007 – September 2012

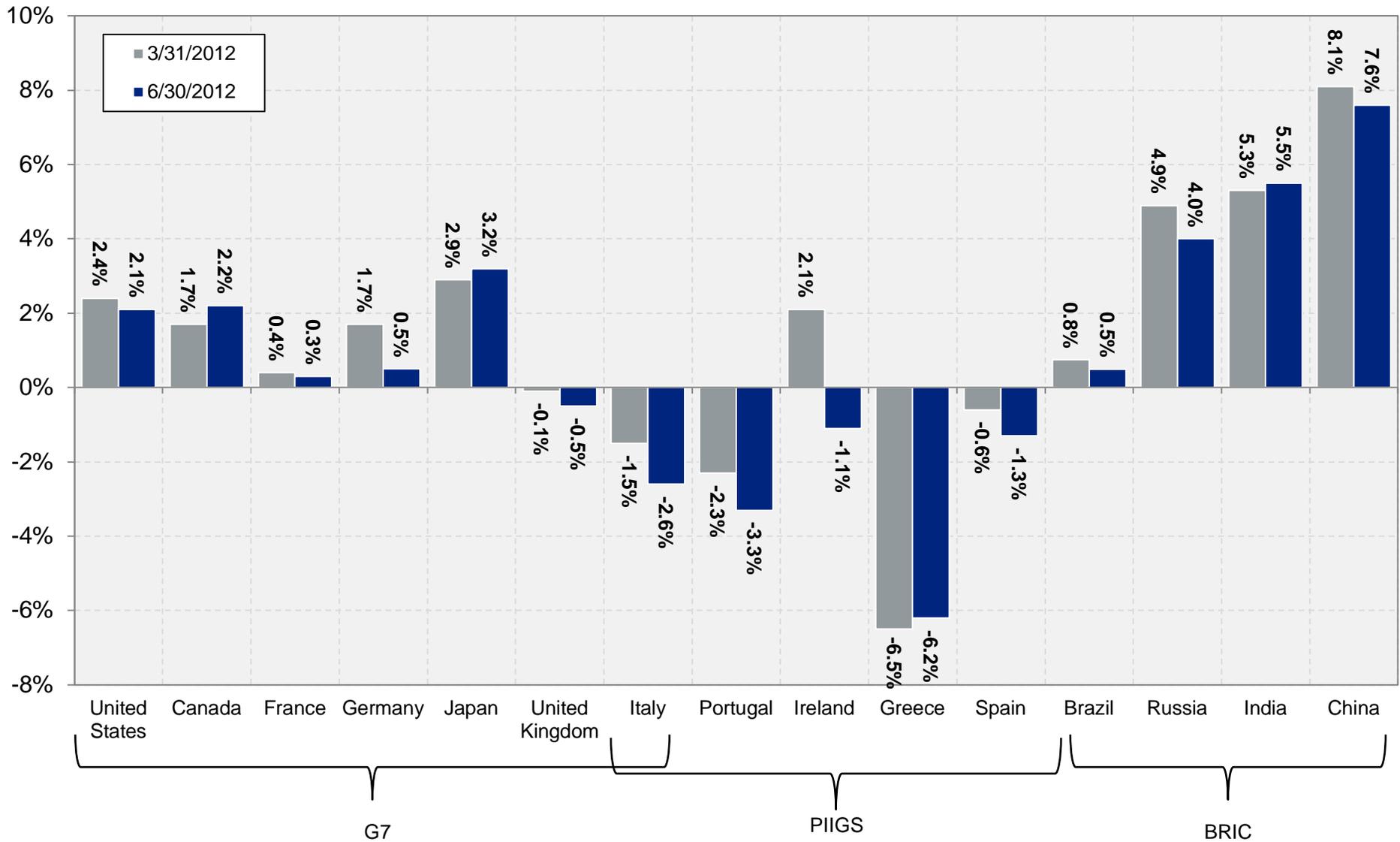


Source: Bloomberg



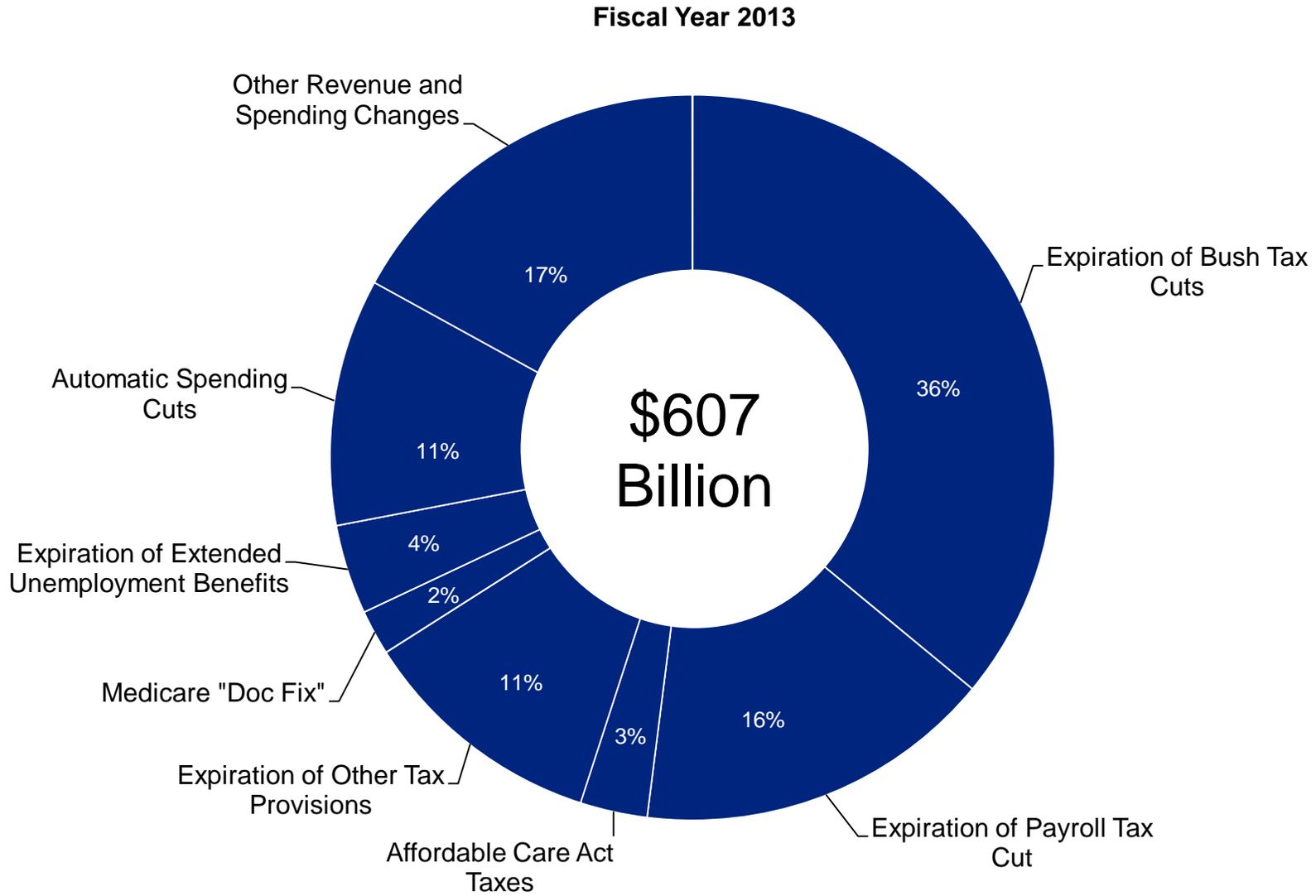
World GDP Growth is Slowing

Real Gross Domestic Product YoY





The Looming “Fiscal Cliff” Creates Uncertainty



Source: Congressional Budget Office



2-Year Treasury Yields Being Held in a Range

2-Year U.S. Treasury Yield
January 1, 2011 – September 30, 2012

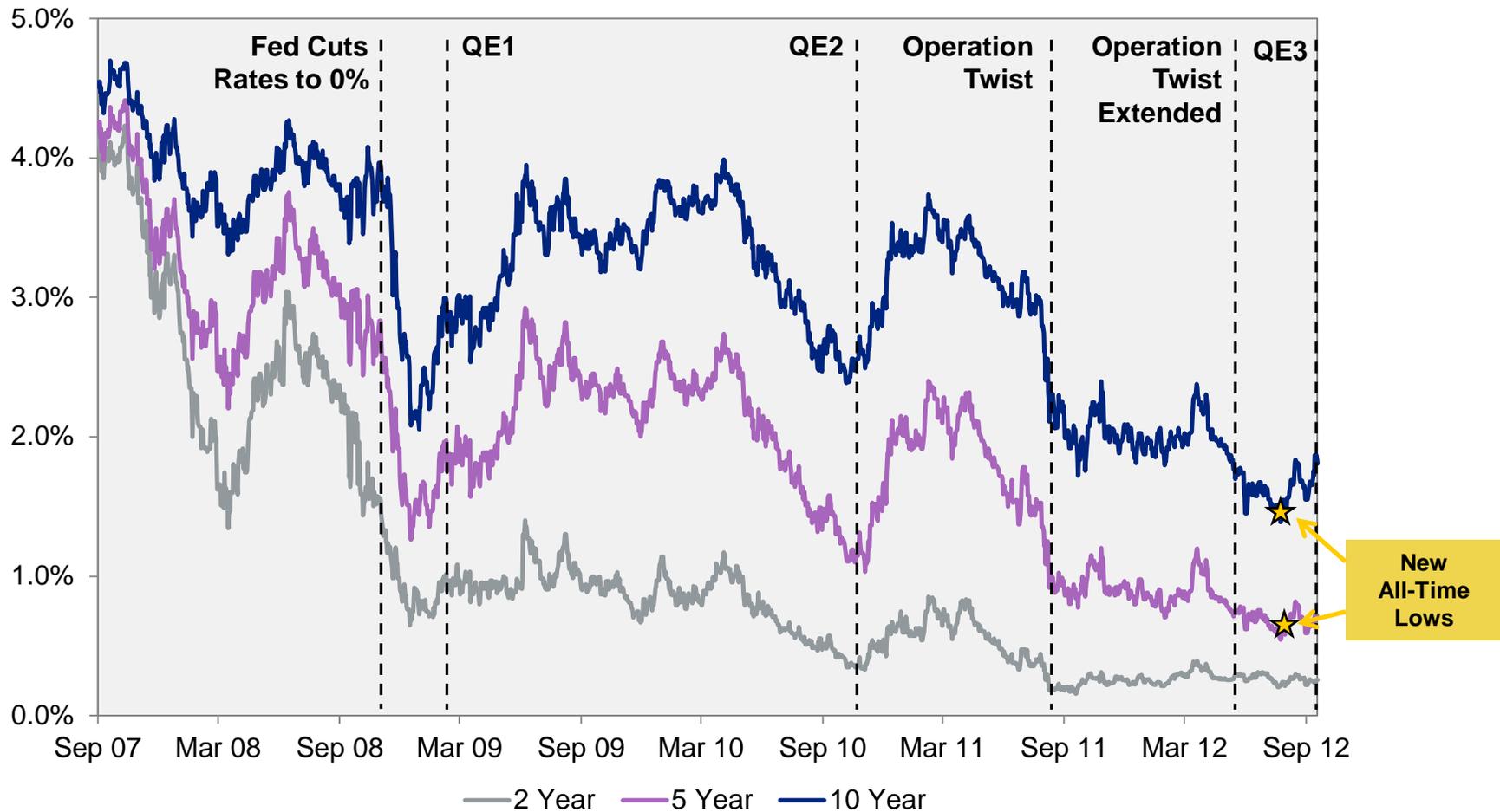


Source: Bloomberg Financial Markets



U.S. Treasury Yields at Very Low Levels

Treasury Yields
September 2007 – September 2012

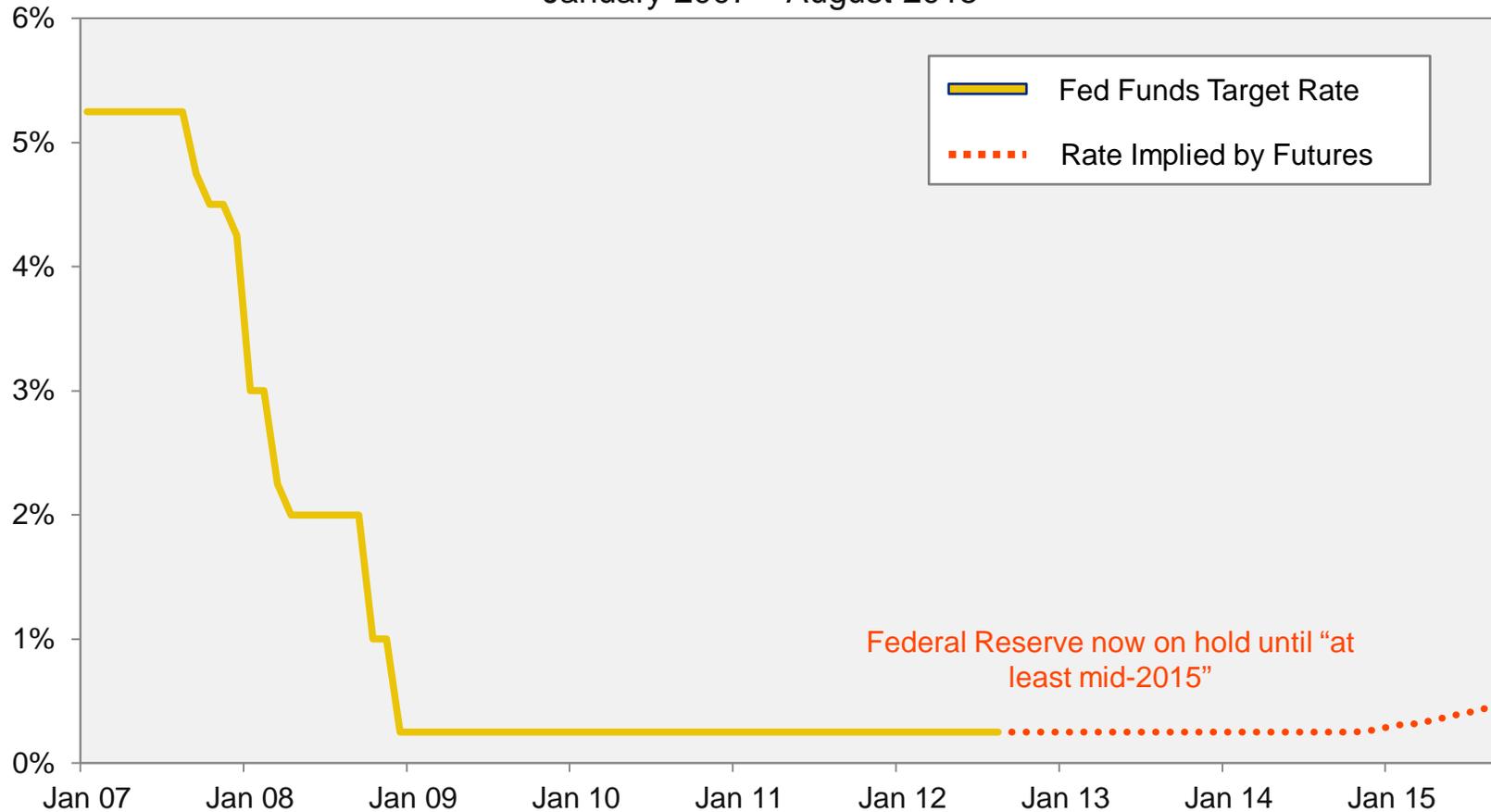


Source: Bloomberg



Short-Term Rates Will Remain Low...

Fed Funds Target Rate
January 2007 – August 2015

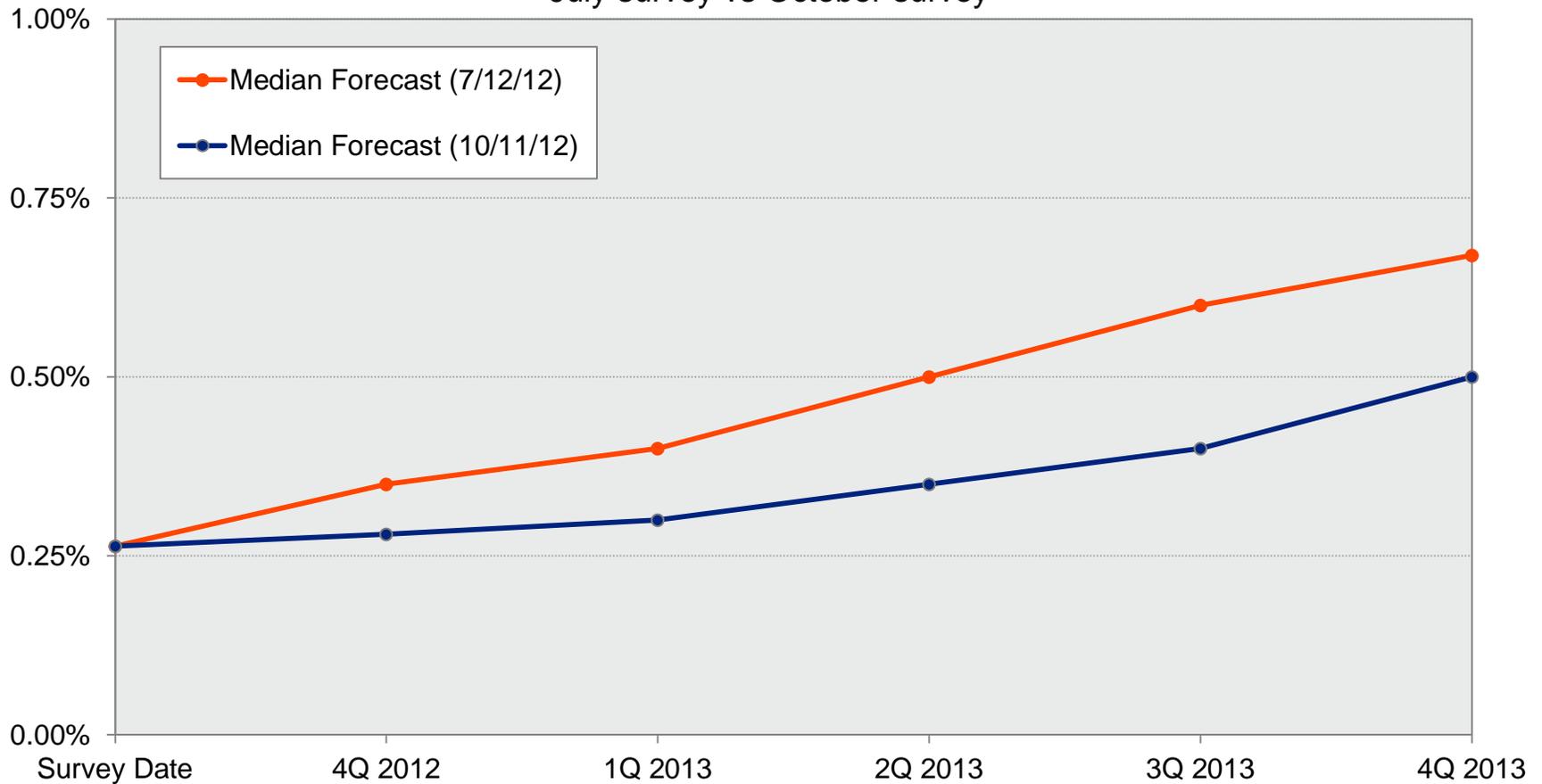


Source: Bloomberg, as of 10/02/12



...And Intermediate Term Rates As Well

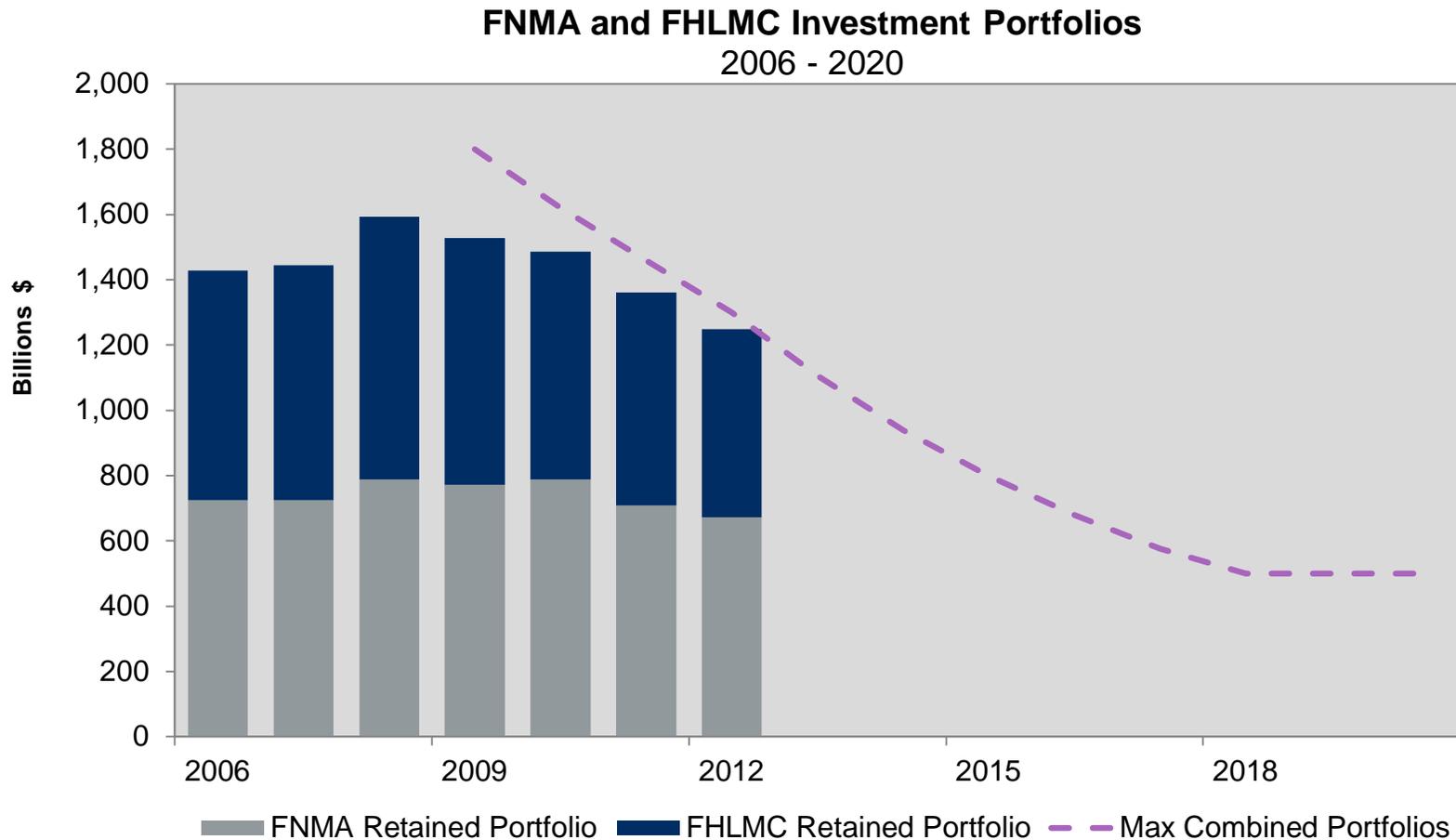
2-Year Treasury Bloomberg Survey
July survey vs October survey





Agency Supply Set to Decline

- On August 17, the Treasury Department mandated that Fannie Mae's and Freddie Mac's maximum allowable retained mortgage portfolio decline by 15% annually until their individual portfolios reach \$250 billion – resulting in a \$1 trillion reduction in Agency Supply over the next 6 years.





Agency Spreads Tighten on Accelerated Wind Down

Federal Agency Spreads Over U.S. Treasuries
October 2011 – September 2012



Source: Bloomberg Fair Value Curve

Portfolio Review



Portfolio Composition

- The portfolios are in compliance with the Colorado Revised Statutes and the City's Investment Policy.

| Security Type | Reserve | | Airport Reserve | | In Compliance |
|-----------------------|---------------------|----------------|--------------------|----------------|---------------|
| | September 30, 2012 | % of Portfolio | September 30, 2012 | % of Portfolio | |
| U.S. Treasuries | \$30,863,937 | 50% | \$1,744,721 | 32% | √ |
| Federal Agencies | \$21,707,439 | 35% | \$3,429,547 | 63% | √ |
| Municipal Obligations | \$2,215,820 | 4% | \$139,130 | 3% | √ |
| Corporate Notes | \$7,039,401 | 11% | \$129,258 | 2% | √ |
| Money Market Fund | \$180,658 | <1% | \$0 | 0% | √ |
| Totals | \$62,007,255 | 100% | \$5,442,656 | 100% | |

| | |
|-----------------|--------------------|
| CSIP MMF | \$6,098,677 |
|-----------------|--------------------|

Market Value including accrued interest

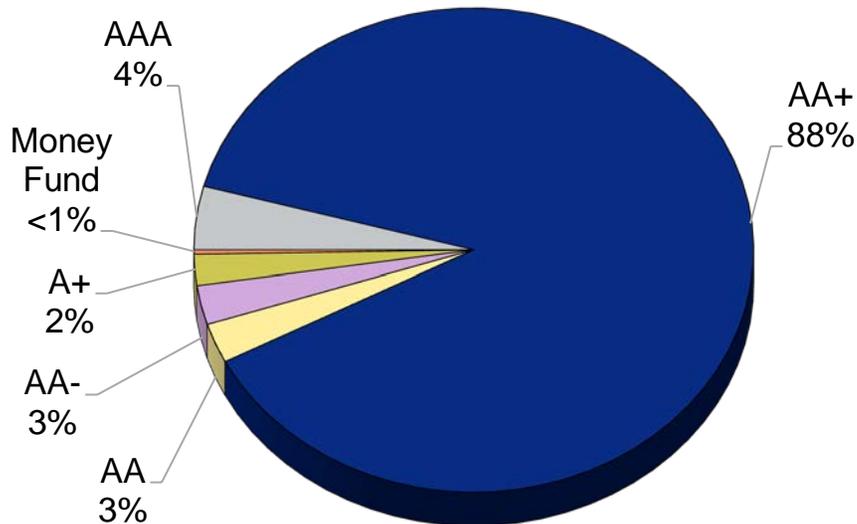




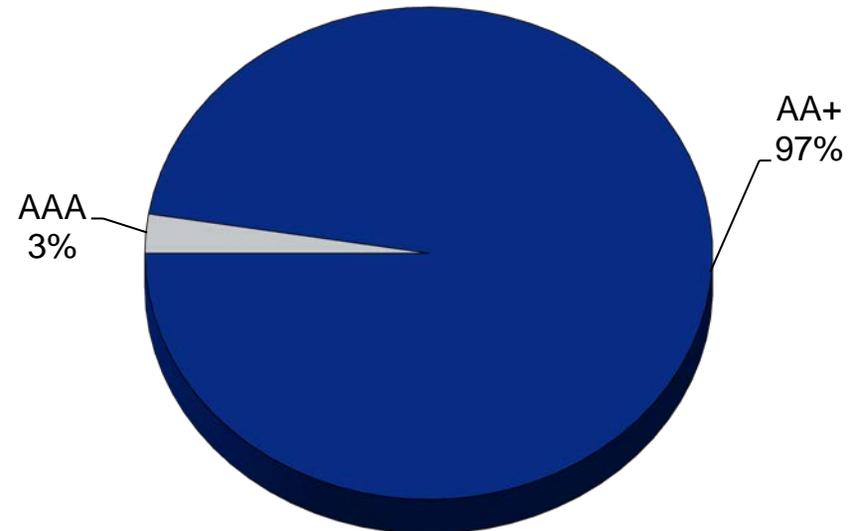
Portfolio Credit Quality

- The portfolios continue to be invested in highly rated securities.
- All non government issuers in the Reserve Portfolio are rated in Standard & Poor's top three ratings categories.

Reserve Portfolio Credit Quality Distribution



Airport Reserve Portfolio Credit Quality Distribution



As of September 30, 2012
Standard and Poor's ratings
Excludes funds in CSIP, rated AAAm

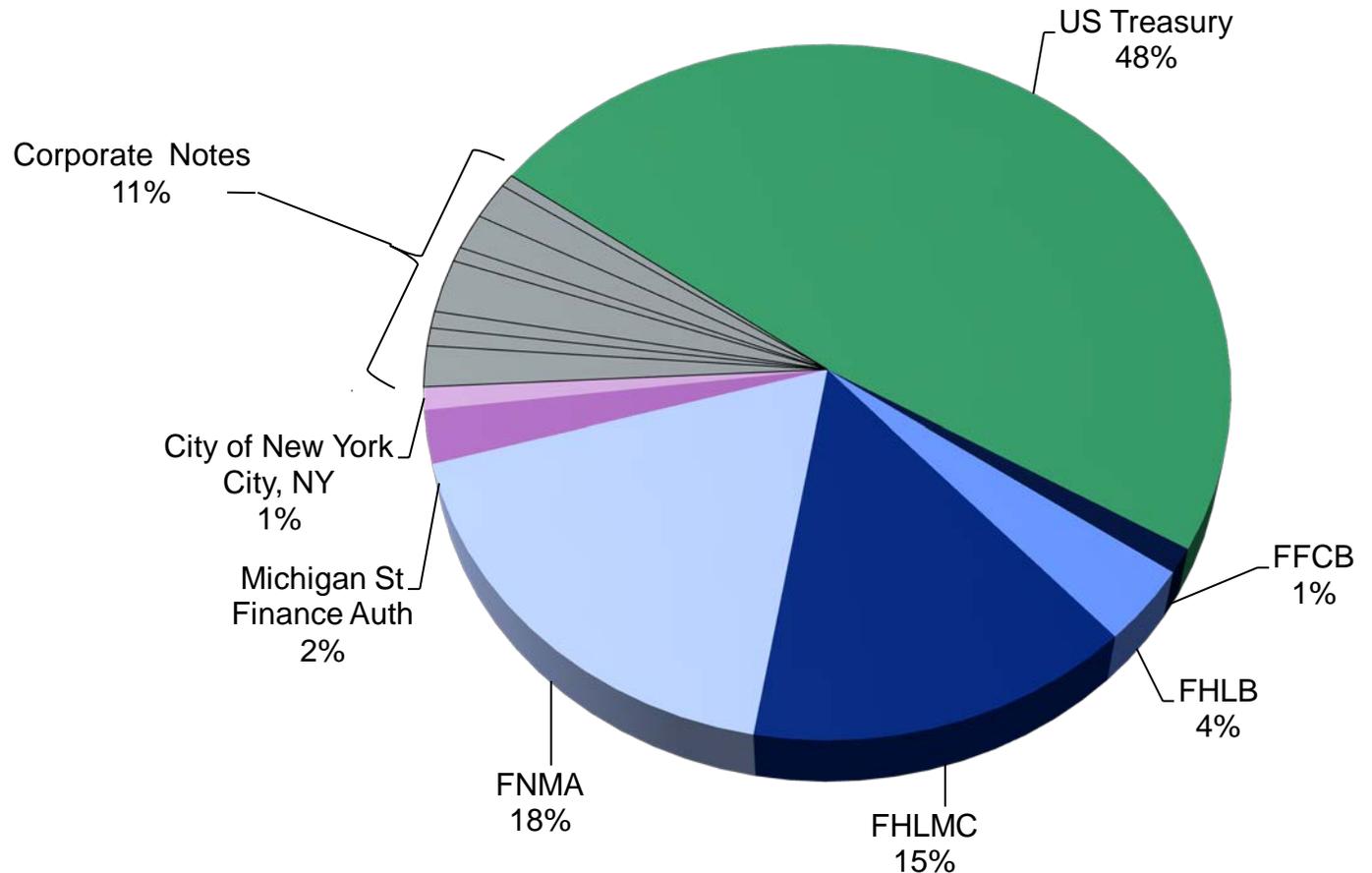


Aggregate Portfolio Issuer Distribution

- Colorado Springs aggregate PFM managed funds are well diversified among investment sectors and issuers.

Corporate Issuers

| | |
|--------------------|----|
| BNY Mellon | 2% |
| Berkshire Hathaway | 1% |
| Chevron | 1% |
| GE Capital | 2% |
| Google | 1% |
| Johnson & Johnson | 1% |
| Procter & Gamble | 2% |
| Wal-Mart | 1% |



As of September 30, 2012
Excludes funds in CSIP

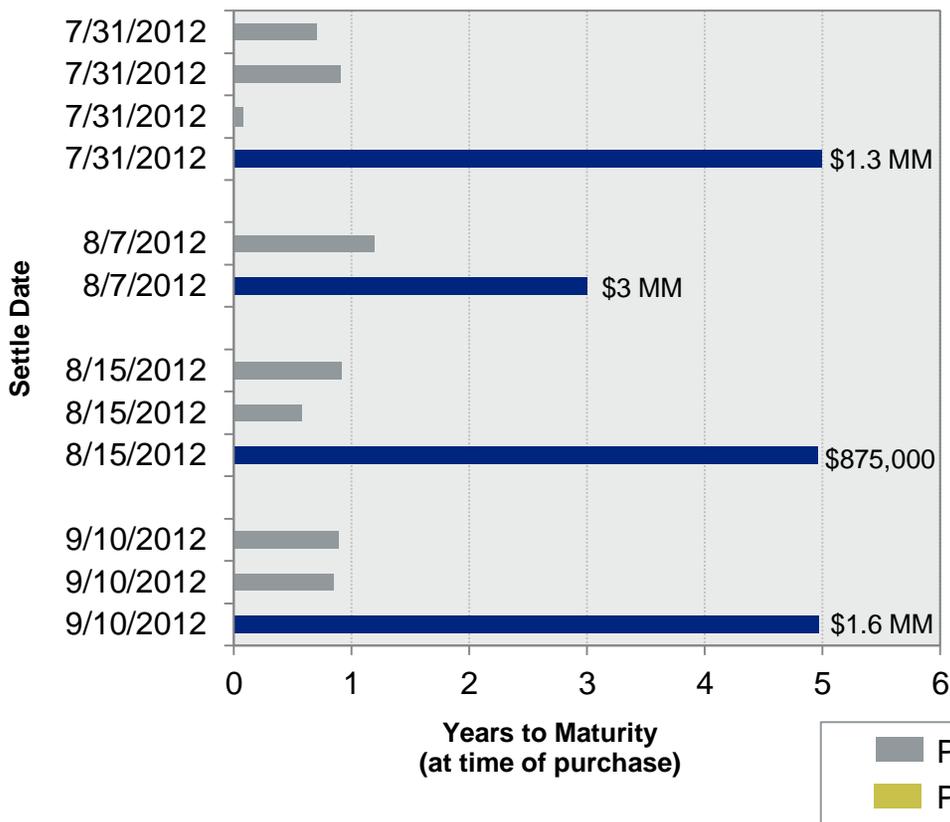




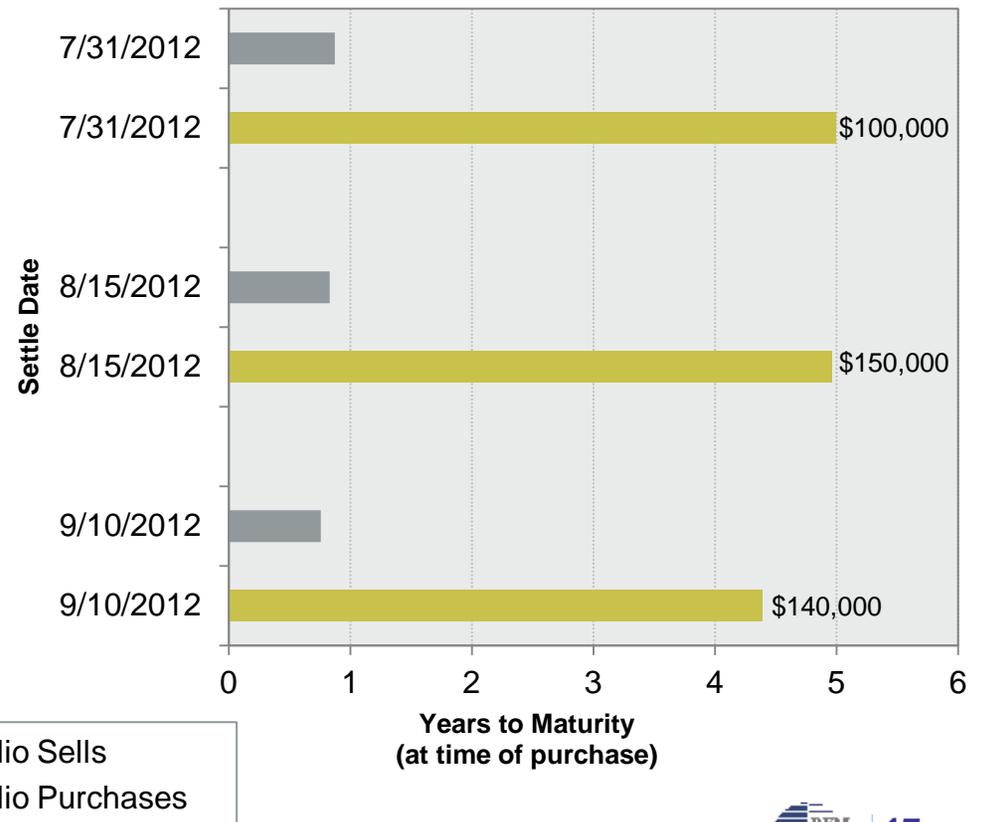
Third Quarter Extension Trades

- With the Fed on hold until mid-2015 PFM has continued to seek opportunities to provide additional return to the portfolio by purchasing longer-term investments, thereby extending duration and taking advantage of yield curve “roll down.”
- We maintained the portfolios’ extended duration positions by selling shorter-term securities and using the proceeds to purchase longer, 4 to 5 year investments.

Reserve Portfolio Extension Trades



Airport Reserve Portfolio Extension Trades

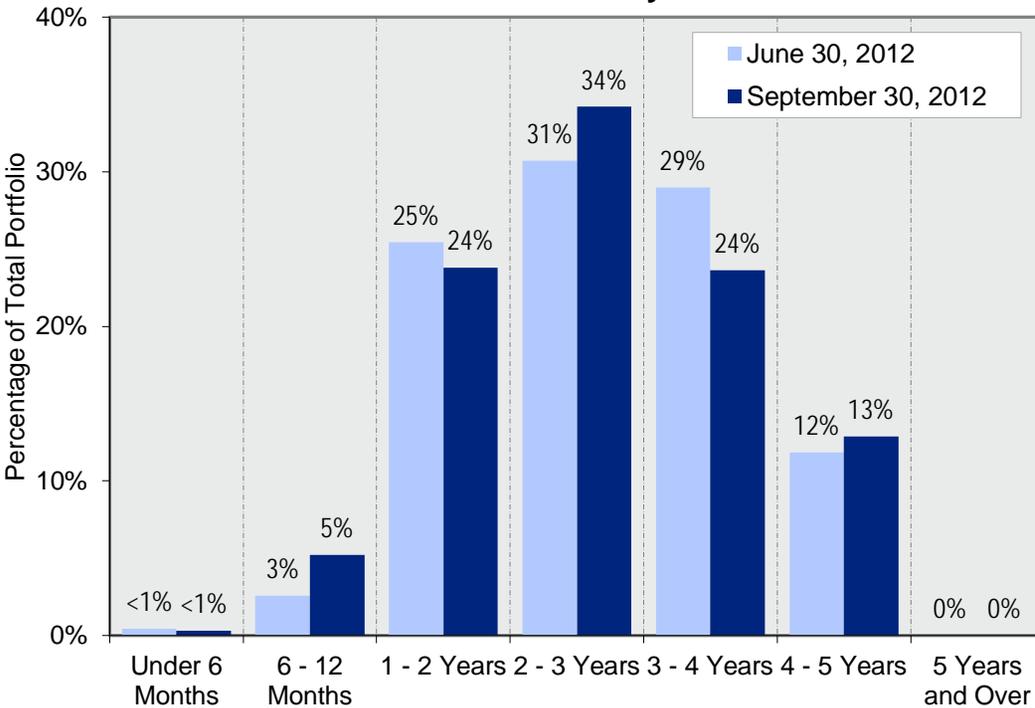




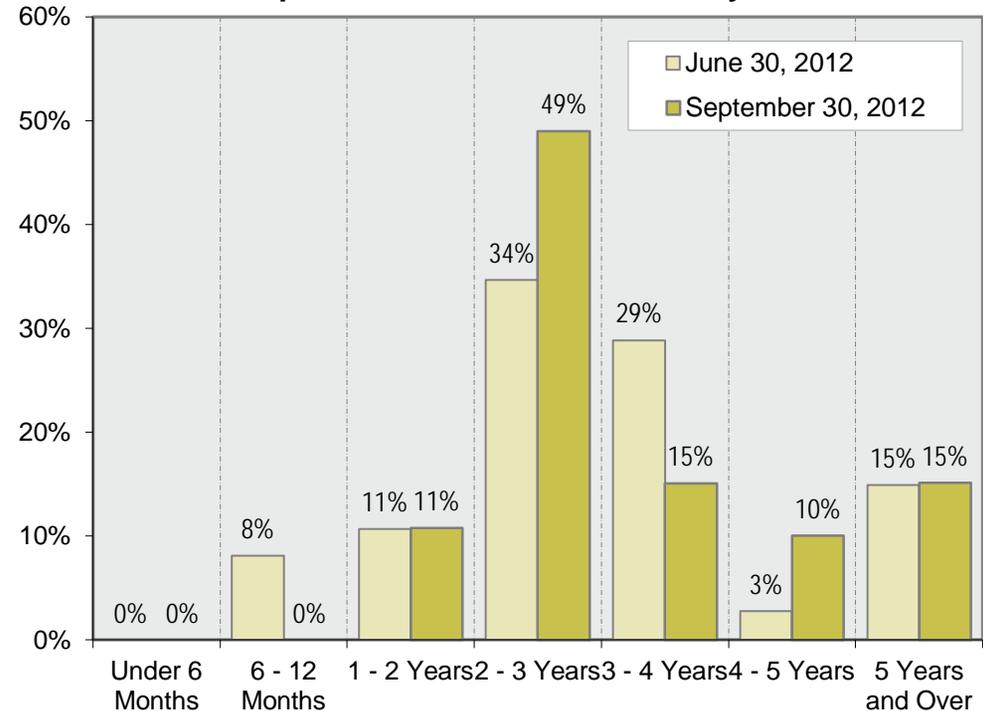
Portfolio Maturity Distribution

- Weighted average maturity of portfolios as of September 30, 2012:
 - Reserve: 2.68 years
 - Airport reserve: 3.46

Reserve Portfolio Maturity Distribution



Airport Reserve Portfolio Maturity Distribution



Callable securities in portfolios are included in the maturity distribution analysis to their legally stated final maturity date
 Excludes PFM Funds





Portfolio Performance

- The City's portfolios have continued to achieve returns beyond the Merrill Lynch 1-5 Government index.

Total Return Performance^{1,2,3,4}

| | Duration | Portfolio yield at Cost | Quarter Ending 9/30/12 | Past 12 Months | Past 4 Years | Since Inception |
|--|-------------|-------------------------|------------------------|----------------|--------------|-----------------|
| Colorado Springs Reserve | 2.56 | 0.85% | 0.53% | 1.61% | 3.68% | 3.64% |
| <i>Portfolio Return Net of Fees</i> | - | - | <i>0.45%</i> | <i>1.53%</i> | <i>3.60%</i> | <i>3.56%</i> |
| Merrill Lynch 1-5 Year U.S. Gov't Index | 2.58 | - | 0.47% | 1.33% | 3.20% | 3.42% |

| | Duration | Portfolio yield at Cost | Quarter Ending 9/30/12 | Past 6 Months | Since Inception |
|--|-------------|-------------------------|------------------------|---------------|-----------------|
| Colorado Springs Airport Reserve | 2.59 | 1.19% | 0.59% | 1.18% | 1.33% |
| <i>Portfolio Return Net of Fees</i> | - | - | <i>0.51%</i> | <i>1.10%</i> | <i>1.25%</i> |
| Merrill Lynch 1-5 Year U.S. Gov't Index | 2.58 | - | 0.47% | 1.03% | 0.92% |

- Performance on trade date basis, gross (i.e., before fees), in accordance with the CFA Institute's Global Investment Performance Standards (GIPS).
- The net return is for reference only, based on an average fee of 8.5 basis points, assuming an average portfolio of \$66 million.
- Merrill Lynch Indices provided by Bloomberg Financial Markets.
- Inception date of Reserve is January 2003. Inception Date of Airport Reserve is December 2011





Fourth Quarter 2012 Investment Strategy

- With the European debt situation somewhat stabilized now that the European Central Bank has a sovereign debt support program in place, markets are focusing elsewhere.
 - Domestic issues, U.S. economic conditions, the upcoming election and the looming fiscal cliff
 - Other global issues, slowdown in China and turmoil in the Middle East.
- Yields are likely to stay low in the fourth quarter as there is higher possibility of downside risk to economic growth than upside potential, and we plan to keep the portfolio's duration generally in line with benchmarks.
- The outlook for most "spread sectors" remains positive.
- Approach to security selection will employ more of a bottom-up analysis of individual issues, rather than a top-down approach of shifting sector allocations based on a macroeconomic view.
- We continue to actively trade within the Treasury and Federal Agency sectors, seeking to identify those issues that offer the best combination of yield, yield spread, and roll-down potential.



Disclaimer

This material is based on information obtained from sources generally believed to be reliable and available to the public, however PFM Asset Management LLC cannot guarantee its accuracy, completeness or suitability. This material is for general information purposes only and is not intended to provide specific advice or a specific recommendation. All statements as to what will or may happen under certain circumstances are based on assumptions, some but not all of which are noted in the presentation. Assumptions may or may not be proven correct as actual events occur, and results may depend on events outside of your or our control. Changes in assumptions may have a material effect on results. Past performance does not necessarily reflect and is not a guaranty of future results. The information contained in this presentation is not an offer to purchase or sell any securities.

Operating Reserve Portfolio Holdings

9/30/12



Managed Account Detail of Securities Held

For the Month Ending **September 30, 2012**

CITY OF COLORADO SPRINGS

| Security Type/Description Dated Date/Coupon/Maturity | CUSIP | Par | S&P Rating | Moody's Rating | Trade Date | Settle Date | Original Cost | YTM at Cost | Accrued Interest | Amortized Cost | Market Value |
|---|-----------|--------------|---------------|-------------------|---------------|----------------|------------------|----------------|---------------------|-------------------|-----------------|
| U.S. Treasury Bond / Note | | | | | | | | | | | |
| US TREASURY NOTES DTD 08/01/2011 0.375% 07/31/2013 | 912828QW3 | 1,205,000.00 | AA+ | Aaa | 12/09/11 | 12/14/11 | 1,208,106.64 | 0.22 | 761.31 | 1,206,585.77 | 1,206,977.41 |
| US TREASURY N/B DTD 01/03/2012 0.125% 12/31/2013 | 912828RW2 | 2,750,000.00 | AA+ | Aaa | 01/04/12 | 01/06/12 | 2,742,587.89 | 0.26 | 868.72 | 2,745,334.93 | 2,747,098.75 |
| US TREASURY NOTES DTD 03/02/2009 1.875% 02/28/2014 | 912828KF6 | 300,000.00 | AA+ | Aaa | 03/10/09 | 03/11/09 | 298,429.69 | 1.99 | 481.70 | 299,537.66 | 306,996.00 |
| US TREASURY NOTES DTD 07/15/2011 0.625% 07/15/2014 | 912828QU7 | 3,000,000.00 | AA+ | Aaa | 01/04/12 | 01/06/12 | 3,021,445.31 | 0.34 | 3,974.18 | 3,015,207.87 | 3,020,390.63 |
| US TREASURY NOTES DTD 11/30/2009 2.125% 11/30/2014 | 912828LZ1 | 1,000,000.00 | AA+ | Aaa | 12/28/09 | 12/30/09 | 979,726.56 | 2.57 | 7,141.39 | 990,772.13 | 1,040,078.00 |
| US TREASURY NOTES DTD 11/30/2009 2.125% 11/30/2014 | 912828LZ1 | 1,500,000.00 | AA+ | Aaa | 11/23/11 | 11/23/11 | 1,576,523.44 | 0.42 | 10,712.09 | 1,554,944.00 | 1,560,117.00 |
| US TREASURY NOTES DTD 12/31/2009 2.625% 12/31/2014 | 912828ME7 | 1,500,000.00 | AA+ | Aaa | 11/30/11 | 11/30/11 | 1,600,664.06 | 0.43 | 9,950.75 | 1,573,477.46 | 1,579,687.50 |
| US TREASURY NOTES DTD 03/01/2010 2.375% 02/28/2015 | 912828MR8 | 65,000.00 | AA+ | Aaa | 02/28/12 | 02/29/12 | 68,750.20 | 0.44 | 132.20 | 68,021.87 | 68,270.28 |
| US TREASURY NOTES DTD 03/01/2010 2.375% 02/28/2015 | 912828MR8 | 440,000.00 | AA+ | Aaa | 02/28/12 | 02/29/12 | 465,454.69 | 0.43 | 894.89 | 460,510.84 | 462,137.28 |
| US TREASURY NOTES DTD 03/01/2010 2.375% 02/28/2015 | 912828MR8 | 700,000.00 | AA+ | Aaa | 03/07/12 | 03/07/12 | 740,277.34 | 0.43 | 1,423.69 | 732,660.48 | 735,218.40 |
| US TREASURY NOTES DTD 03/01/2010 2.375% 02/28/2015 | 912828MR8 | 725,000.00 | AA+ | Aaa | 03/27/12 | 03/29/12 | 764,110.35 | 0.51 | 1,474.53 | 757,366.48 | 761,476.20 |
| US TREASURY NOTES DTD 06/30/2010 1.875% 06/30/2015 | 912828NL0 | 1,500,000.00 | AA+ | Aaa | 11/30/11 | 11/30/11 | 1,569,902.34 | 0.56 | 7,107.68 | 1,553,703.29 | 1,564,687.50 |
| US TREASURY NOTES DTD 08/02/2010 1.750% 07/31/2015 | 912828NP1 | 2,850,000.00 | AA+ | Aaa | 06/27/12 | 06/29/12 | 2,962,886.72 | 0.46 | 8,402.85 | 2,953,573.28 | 2,965,781.25 |
| US TREASURY NOTES DTD 11/01/2010 1.250% 10/31/2015 | 912828PE4 | 475,000.00 | AA+ | Aaa | 09/29/11 | 09/30/11 | 484,722.65 | 0.74 | 2,484.71 | 482,363.05 | 488,322.27 |



Managed Account Detail of Securities Held

For the Month Ending **September 30, 2012**

CITY OF COLORADO SPRINGS

| Security Type/Description Dated Date/Coupon/Maturity | CUSIP | Par | S&P Rating | Moody's Rating | Trade Date | Settle Date | Original Cost | YTM at Cost | Accrued Interest | Amortized Cost | Market Value |
|---|-----------|----------------------|---------------|-------------------|---------------|----------------|----------------------|----------------|---------------------|----------------------|----------------------|
| U.S. Treasury Bond / Note | | | | | | | | | | | |
| US TREASURY NOTES DTD 11/01/2010 1.250% 10/31/2015 | 912828PE4 | 500,000.00 | AA+ | Aaa | 08/22/11 | 08/24/11 | 511,210.94 | 0.71 | 2,615.49 | 508,287.94 | 514,023.44 |
| US TREASURY NOTES DTD 11/01/2010 1.250% 10/31/2015 | 912828PE4 | 900,000.00 | AA+ | Aaa | 11/18/10 | 11/23/10 | 887,660.16 | 1.54 | 4,707.88 | 892,189.98 | 925,242.19 |
| US TREASURY NOTES DTD 11/01/2010 1.250% 10/31/2015 | 912828PE4 | 1,700,000.00 | AA+ | Aaa | 11/01/10 | 11/03/10 | 1,706,972.66 | 1.17 | 8,892.66 | 1,704,352.10 | 1,747,679.69 |
| US TREASURY NOTES DTD 11/30/2010 1.375% 11/30/2015 | 912828PJ3 | 700,000.00 | AA+ | Aaa | 11/26/10 | 11/30/10 | 694,968.75 | 1.52 | 3,234.63 | 696,772.46 | 722,586.20 |
| US TREASURY NOTES DTD 01/31/2011 2.000% 01/31/2016 | 912828PS3 | 1,300,000.00 | AA+ | Aaa | 09/23/11 | 09/26/11 | 1,373,937.50 | 0.67 | 4,380.43 | 1,356,882.03 | 1,370,788.90 |
| US TREASURY NOTES DTD 04/30/2009 2.625% 04/30/2016 | 912828KR0 | 1,650,000.00 | AA+ | Aaa | 11/30/11 | 11/30/11 | 1,782,515.63 | 0.77 | 18,125.34 | 1,757,781.75 | 1,780,839.84 |
| US TREASURY NOTE DTD 06/30/2011 1.500% 06/30/2016 | 912828OR4 | 250,000.00 | AA+ | Aaa | 10/12/11 | 10/14/11 | 254,453.13 | 1.11 | 947.69 | 253,560.96 | 259,961.00 |
| US TREASURY NOTES DTD 08/01/2011 1.500% 07/31/2016 | 912828OX1 | 485,000.00 | AA+ | Aaa | 01/25/12 | 01/27/12 | 500,345.70 | 0.78 | 1,225.68 | 498,068.53 | 504,513.49 |
| US TREASURY NOTES DTD 08/01/2011 1.500% 07/31/2016 | 912828OX1 | 1,000,000.00 | AA+ | Aaa | 10/27/11 | 10/31/11 | 1,020,117.19 | 1.06 | 2,527.17 | 1,016,308.75 | 1,040,234.00 |
| US TREASURY N/B DTD 01/03/2012 0.875% 12/31/2016 | 912828RX0 | 675,000.00 | AA+ | Aaa | 01/23/12 | 01/26/12 | 673,787.11 | 0.91 | 1,492.61 | 673,952.33 | 685,546.88 |
| US TREASURY N/B DTD 01/31/2012 0.875% 01/31/2017 | 912828SC5 | 1,300,000.00 | AA+ | Aaa | 02/22/12 | 02/27/12 | 1,299,746.09 | 0.88 | 1,916.44 | 1,299,777.54 | 1,319,905.60 |
| US TREASURY N/B DTD 02/29/2012 0.875% 02/28/2017 | 912828SJ0 | 500,000.00 | AA+ | Aaa | 03/13/12 | 03/15/12 | 498,457.03 | 0.94 | 374.65 | 498,623.47 | 507,695.50 |
| US TREASURY N/B DTD 07/31/2012 0.500% 07/31/2017 | 912828TG5 | 875,000.00 | AA+ | Aaa | 08/14/12 | 08/15/12 | 864,916.99 | 0.74 | 737.09 | 865,172.46 | 870,693.25 |
| Security Type Sub-Total | | 29,845,000.00 | | | | | 30,552,676.76 | 0.72 | 106,988.45 | 30,415,789.41 | 30,756,948.45 |



Managed Account Detail of Securities Held

For the Month Ending **September 30, 2012**

CITY OF COLORADO SPRINGS

| Security Type/Description Dated Date/Coupon/Maturity | CUSIP | Par | S&P Rating | Moody's Rating | Trade Date | Settle Date | Original Cost | YTM at Cost | Accrued Interest | Amortized Cost | Market Value |
|--|-----------|--------------|---------------|-------------------|---------------|----------------|------------------|----------------|---------------------|-------------------|-----------------|
| Municipal Bond / Note | | | | | | | | | | | |
| NYC, NY GO BONDS DTD 10/13/2011 1.200% 10/01/2014 | 64966JQU3 | 700,000.00 | AA | Aa2 | 03/22/12 | 03/23/12 | 706,972.00 | 0.80 | 4,200.00 | 705,540.21 | 709,016.00 |
| MI ST FIN AUTH REV BONDS DTD 06/27/2012 5.000% 01/01/2015 | 59447PMY4 | 1,350,000.00 | AAA | Aaa | 06/13/12 | 06/27/12 | 1,494,949.50 | 0.68 | 16,875.00 | 1,479,978.93 | 1,485,729.00 |

| | | | | | | | | | | | |
|--------------------------------|--|---------------------|--|--|--|--|---------------------|-------------|------------------|---------------------|---------------------|
| Security Type Sub-Total | | 2,050,000.00 | | | | | 2,201,921.50 | 0.72 | 21,075.00 | 2,185,519.14 | 2,194,745.00 |
|--------------------------------|--|---------------------|--|--|--|--|---------------------|-------------|------------------|---------------------|---------------------|

| | | | | | | | | | | | |
|--|-----------|--------------|-----|-----|----------|----------|--------------|------|----------|--------------|--------------|
| Federal Agency Bond / Note | | | | | | | | | | | |
| FHLB GLOBAL NOTES DTD 07/21/2011 0.500% 08/28/2013 | 313374Y61 | 1,020,000.00 | AA+ | Aaa | 07/20/11 | 07/21/11 | 1,018,582.20 | 0.57 | 467.50 | 1,019,391.17 | 1,022,789.70 |
| FNMA NOTES DTD 11/01/2010 0.750% 12/18/2013 | 31398A5W8 | 400,000.00 | AA+ | Aaa | 06/28/11 | 06/29/11 | 399,980.00 | 0.75 | 858.33 | 399,990.20 | 402,655.60 |
| FHLMC NOTES DTD 01/06/2011 1.375% 02/25/2014 | 3137EACR8 | 570,000.00 | AA+ | Aaa | 12/09/11 | 12/14/11 | 581,097.90 | 0.48 | 783.75 | 577,085.05 | 578,947.86 |
| FNMA GLOBAL NOTES DTD 02/01/2011 1.250% 02/27/2014 | 3135G0AP8 | 500,000.00 | AA+ | Aaa | 02/01/11 | 02/04/11 | 499,105.00 | 1.31 | 590.28 | 499,584.54 | 507,779.50 |
| FREDDIE MAC GLOBAL NOTES DTD 07/26/2011 1.000% 08/20/2014 | 3134G2UA8 | 675,000.00 | AA+ | Aaa | 12/16/11 | 12/19/11 | 681,151.95 | 0.65 | 768.75 | 679,358.36 | 683,278.20 |
| FHLMC NOTES DTD 07/05/2011 1.000% 08/27/2014 | 3137EACV9 | 1,250,000.00 | AA+ | Aaa | 08/24/11 | 08/26/11 | 1,264,112.50 | 0.62 | 1,180.56 | 1,258,985.58 | 1,267,587.50 |
| FEDERAL HOME LOAN BANK BONDS DTD 06/22/2011 1.000% 09/22/2014 | 313374CZ1 | 500,000.00 | AA+ | Aaa | 07/28/11 | 07/29/11 | 499,985.00 | 1.00 | 125.00 | 499,990.19 | 507,096.00 |
| FREDDIE MAC GLOBAL NOTES DTD 10/06/2011 0.750% 11/25/2014 | 3137EACY3 | 2,035,000.00 | AA+ | Aaa | 05/31/12 | 06/01/12 | 2,047,393.15 | 0.50 | 5,341.88 | 2,045,738.17 | 2,053,781.02 |
| FNMA NOTES DTD 06/14/2010 2.375% 07/28/2015 | 31398AU34 | 1,400,000.00 | AA+ | Aaa | 09/01/10 | 09/07/10 | 1,445,164.00 | 1.69 | 5,818.75 | 1,426,536.58 | 1,477,742.00 |
| FNMA NOTES (CALLABLE) DTD 08/07/2012 0.500% 08/07/2015 | 3135G0NG4 | 3,000,000.00 | AA+ | Aaa | 08/02/12 | 08/07/12 | 2,999,700.00 | 0.50 | 2,250.00 | 2,999,714.91 | 2,998,119.00 |
| FHLMC NOTES DTD 09/10/2010 1.750% 09/10/2015 | 3137EACM9 | 350,000.00 | AA+ | Aaa | 10/01/10 | 10/05/10 | 352,660.00 | 1.59 | 357.29 | 351,612.69 | 363,742.40 |



Managed Account Detail of Securities Held

For the Month Ending **September 30, 2012**

CITY OF COLORADO SPRINGS

| Security Type/Description Dated Date/Coupon/Maturity | CUSIP | Par | S&P Rating | Moody's Rating | Trade Date | Settle Date | Original Cost | YTM at Cost | Accrued Interest | Amortized Cost | Market Value |
|---|-----------|----------------------|---------------|-------------------|---------------|----------------|----------------------|----------------|---------------------|----------------------|----------------------|
| Federal Agency Bond / Note | | | | | | | | | | | |
| FHLB NOTES DTD 11/19/2010 1.625% 12/11/2015 | 313371VF0 | 520,000.00 | AA+ | Aaa | 12/30/10 | 12/31/10 | 502,611.20 | 2.35 | 2,581.94 | 508,541.81 | 538,411.64 |
| FNMA GLOBAL BENCHMARK NOTES DTD 02/16/2006 5.000% 03/15/2016 | 31359MH89 | 1,750,000.00 | AA+ | Aaa | 01/04/12 | 01/06/12 | 2,033,815.00 | 1.04 | 3,888.89 | 1,984,874.10 | 2,019,311.00 |
| FHLMC NOTES DTD 04/08/2011 2.500% 05/27/2016 | 3137EACT4 | 1,250,000.00 | AA+ | Aaa | 01/04/12 | 01/06/12 | 1,325,312.50 | 1.09 | 10,763.89 | 1,312,939.80 | 1,340,646.25 |
| FREDDIE MAC GLOBAL NOTES DTD 07/08/2011 2.000% 08/25/2016 | 3137EACW7 | 1,250,000.00 | AA+ | Aaa | 12/08/11 | 12/09/11 | 1,298,987.50 | 1.14 | 2,500.00 | 1,290,744.58 | 1,318,590.00 |
| FANNIE MAE NOTES DTD 10/20/2011 1.375% 11/15/2016 | 3135G0ES8 | 1,625,000.00 | AA+ | Aaa | 12/08/11 | 12/09/11 | 1,637,090.00 | 1.22 | 8,440.97 | 1,635,154.30 | 1,675,511.50 |
| FREDDIE MAC GLOBAL NOTES DTD 06/25/2012 1.000% 07/28/2017 | 3137EADJ5 | 1,300,000.00 | AA+ | Aaa | 07/30/12 | 07/31/12 | 1,308,697.00 | 0.86 | 3,466.67 | 1,308,410.71 | 1,317,070.30 |
| FANNIE MAE GLOBAL NOTES DTD 07/20/2012 0.875% 08/28/2017 | 3135G0MZ3 | 1,575,000.00 | AA+ | Aaa | 09/06/12 | 09/10/12 | 1,578,906.00 | 0.82 | 1,263.28 | 1,578,861.07 | 1,582,931.70 |
| Security Type Sub-Total | | 20,970,000.00 | | | | | 21,474,350.90 | 0.92 | 51,447.73 | 21,377,513.81 | 21,655,991.17 |
| Corporate Note | | | | | | | | | | | |
| GECC GLOBAL NOTES (FLOATING) DTD 05/08/2007 0.589% 05/08/2013 | 36962G2U7 | 500,000.00 | AA+ | A1 | 11/02/10 | 11/05/10 | 491,240.00 | 1.28 | 441.64 | 497,993.37 | 500,347.00 |
| BANK OF NEW YORK MELLON SR NOTES DTD 08/27/2008 5.125% 08/27/2013 | 06406HBK4 | 480,000.00 | A+ | Aa3 | 08/19/10 | 08/27/10 | 533,712.00 | 1.31 | 2,323.33 | 496,430.66 | 500,673.60 |
| BERKSHIRE HATHAWAY FIN CORP NOTE DTD 01/11/2011 1.500% 01/10/2014 | 084664BR1 | 150,000.00 | AA+ | Aa2 | 01/03/11 | 01/11/11 | 149,598.00 | 1.59 | 506.25 | 149,826.71 | 152,202.00 |
| BERKSHIRE HATHAWAY FIN CORP NOTE DTD 01/11/2011 1.500% 01/10/2014 | 084664BR1 | 400,000.00 | AA+ | Aa2 | 01/03/11 | 01/11/11 | 399,628.00 | 1.53 | 1,350.00 | 399,839.70 | 405,872.00 |
| BANK OF NEW YORK MELLON CORP NOTE DTD 02/01/2011 1.500% 01/31/2014 | 06406HBT5 | 490,000.00 | A+ | Aa3 | 08/26/11 | 08/31/11 | 499,221.80 | 0.70 | 1,225.00 | 495,107.25 | 496,606.18 |



Managed Account Detail of Securities Held

For the Month Ending **September 30, 2012**

CITY OF COLORADO SPRINGS

| Security Type/Description Dated Date/Coupon/Maturity | CUSIP | Par | S&P Rating | Moody's Rating | Trade Date | Settle Date | Original Cost | YTM at Cost | Accrued Interest | Amortized Cost | Market Value |
|---|-----------|------------------------|---------------|-------------------|---------------|----------------|------------------------|----------------|---------------------|------------------------|------------------------|
| Corporate Note | | | | | | | | | | | |
| CHEVRON CORP GLOBAL NOTES DTD 03/03/2009 3.950% 03/03/2014 | 166751AH0 | 500,000.00 | AA | Aa1 | 08/16/11 | 08/19/11 | 540,400.00 | 0.73 | 1,536.11 | 522,722.17 | 524,902.50 |
| WAL MART STORES INC. CORP NOTES DTD 04/18/2011 1.625% 04/15/2014 | 931142DA8 | 120,000.00 | AA | Aa2 | 04/11/11 | 04/18/11 | 119,676.00 | 1.72 | 899.17 | 119,831.25 | 122,207.76 |
| WAL MART STORES INC. CORP NOTES DTD 04/18/2011 1.625% 04/15/2014 | 931142DA8 | 275,000.00 | AA | Aa2 | 09/15/11 | 09/20/11 | 281,842.00 | 0.65 | 2,060.59 | 279,111.53 | 280,059.45 |
| JOHNSON & JOHNSON GLOBAL NOTE DTD 05/20/2011 1.200% 05/15/2014 | 478160AX2 | 500,000.00 | AAA | Aaa | 05/18/11 | 05/20/11 | 499,415.00 | 1.24 | 2,266.67 | 499,679.44 | 507,333.00 |
| JOHNSON & JOHNSON GLOBAL NOTE DTD 05/20/2011 1.200% 05/15/2014 | 478160AX2 | 600,000.00 | AAA | Aaa | 05/17/11 | 05/20/11 | 599,298.00 | 1.24 | 2,720.00 | 599,615.32 | 608,799.60 |
| GOOGLE INC GLOBAL NOTES DTD 05/19/2011 1.250% 05/19/2014 | 38259PAA0 | 450,000.00 | AA- | Aa2 | 05/18/11 | 05/23/11 | 449,671.50 | 1.28 | 2,062.50 | 449,819.08 | 456,641.10 |
| PROCTER & GAMBLE CO CORP NOTES DTD 08/15/2011 0.700% 08/15/2014 | 742718DU0 | 400,000.00 | AA- | Aa3 | 08/10/11 | 08/15/11 | 398,356.00 | 0.84 | 357.78 | 398,969.29 | 402,527.60 |
| PROCTER & GAMBLE CO CORP NOTES DTD 08/15/2011 0.700% 08/15/2014 | 742718DU0 | 750,000.00 | AA- | Aa3 | 05/21/12 | 05/24/12 | 750,982.50 | 0.64 | 670.83 | 750,828.47 | 754,739.25 |
| GENERAL ELEC CAP CORP GLOBAL NOTES DTD 01/09/2012 2.150% 01/09/2015 | 36962G5M2 | 1,000,000.00 | AA+ | A1 | 01/04/12 | 01/09/12 | 998,960.00 | 2.19 | 4,897.22 | 999,206.33 | 1,029,163.00 |
| BANK OF NEW YORK MELLON (CALLABLE) NOTES DTD 02/21/2012 1.200% 02/20/2015 | 06406HCC1 | 270,000.00 | A+ | Aa3 | 02/13/12 | 02/21/12 | 269,754.30 | 1.23 | 369.00 | 269,803.67 | 273,640.68 |
| Security Type Sub-Total | | 6,885,000.00 | | | | | 6,981,755.10 | 1.23 | 23,686.09 | 6,928,784.24 | 7,015,714.72 |
| Managed Account Sub-Total | | 59,750,000.00 | | | | | 61,210,704.26 | 0.85 | 203,197.27 | 60,907,606.60 | 61,623,399.34 |
| Securities Sub-Total | | \$59,750,000.00 | | | | | \$61,210,704.26 | 0.85% | \$203,197.27 | \$60,907,606.60 | \$61,623,399.34 |
| Accrued Interest | | | | | | | | | | | \$203,197.27 |
| Total Investments | | | | | | | | | | | \$61,826,596.61 |

Airport Reserve Portfolio Holdings

9/30/12



Managed Account Detail of Securities Held

For the Month Ending **September 30, 2012**

CITY OF COLORADO SPRINGS AIRPORT RESERVE

| Security Type/Description Dated Date/Coupon/Maturity | CUSIP | Par | S&P Rating | Moody's Rating | Trade Date | Settle Date | Original Cost | YTM at Cost | Accrued Interest | Amortized Cost | Market Value |
|--|-----------|---------------------|---------------|-------------------|---------------|----------------|---------------------|----------------|---------------------|---------------------|---------------------|
| U.S. Treasury Bond / Note | | | | | | | | | | | |
| US TREASURY NOTES DTD 06/15/2011 0.750% 06/15/2014 | 912828QS2 | 280,000.00 | AA+ | Aaa | 08/15/12 | 08/16/12 | 282,384.38 | 0.28 | 619.67 | 282,221.07 | 282,460.92 |
| US TREASURY NOTES DTD 08/02/2010 1.750% 07/31/2015 | 912828NP1 | 325,000.00 | AA+ | Aaa | 06/27/12 | 06/28/12 | 337,885.74 | 0.46 | 958.22 | 336,812.21 | 338,203.13 |
| US TREASURY NOTES DTD 11/01/2010 1.250% 10/31/2015 | 912828PE4 | 400,000.00 | AA+ | Aaa | 08/22/11 | 08/24/11 | 409,062.50 | 0.70 | 2,092.39 | 406,699.44 | 411,218.75 |
| US TREASURY NOTES DTD 01/31/2011 2.000% 01/31/2016 | 912828PS3 | 385,000.00 | AA+ | Aaa | 08/30/11 | 08/31/11 | 406,415.63 | 0.72 | 1,297.28 | 401,219.64 | 405,964.41 |
| US TREASURY N/B DTD 01/31/2012 0.875% 01/31/2017 | 912828SC5 | 150,000.00 | AA+ | Aaa | 02/22/12 | 02/27/12 | 149,970.70 | 0.88 | 221.13 | 149,974.33 | 152,296.80 |
| US TREASURY N/B DTD 07/31/2012 0.500% 07/31/2017 | 912828TG5 | 150,000.00 | AA+ | Aaa | 08/14/12 | 08/15/12 | 148,271.48 | 0.74 | 126.36 | 148,315.28 | 149,261.70 |
| Security Type Sub-Total | | 1,690,000.00 | | | | | 1,733,990.43 | 0.61 | 5,315.05 | 1,725,241.97 | 1,739,405.71 |
| Municipal Bond / Note | | | | | | | | | | | |
| MI ST FIN AUTH REV BONDS DTD 06/27/2012 5.000% 01/01/2015 | 59447PMY4 | 125,000.00 | AAA | Aaa | 06/13/12 | 06/27/12 | 138,421.25 | 0.68 | 1,562.50 | 137,035.09 | 137,567.50 |
| Security Type Sub-Total | | 125,000.00 | | | | | 138,421.25 | 0.68 | 1,562.50 | 137,035.09 | 137,567.50 |
| Federal Agency Bond / Note | | | | | | | | | | | |
| FNMA NOTES DTD 11/01/2010 0.750% 12/18/2013 | 31398A5W8 | 300,000.00 | AA+ | Aaa | 12/28/11 | 12/30/11 | 301,836.00 | 0.44 | 643.75 | 301,135.02 | 301,991.70 |
| FREDDIE MAC GLOBAL NOTES DTD 10/06/2011 0.750% 11/25/2014 | 3137EACY3 | 550,000.00 | AA+ | Aaa | 05/31/12 | 06/01/12 | 553,349.50 | 0.50 | 1,443.75 | 552,902.21 | 555,075.95 |
| FHLMC NOTES DTD 12/16/2011 0.625% 12/29/2014 | 3137EADA4 | 250,000.00 | AA+ | Aaa | 12/29/11 | 12/30/11 | 249,910.00 | 0.64 | 399.31 | 249,932.46 | 251,535.25 |
| FEDERAL FARM CREDIT BANK BONDS DTD 01/22/2008 3.980% 01/22/2015 | 31331YPE4 | 450,000.00 | AA+ | Aaa | 08/03/11 | 08/08/11 | 495,355.50 | 1.00 | 3,432.75 | 480,468.98 | 486,240.30 |



Managed Account Detail of Securities Held

For the Month Ending **September 30, 2012**

CITY OF COLORADO SPRINGS AIRPORT RESERVE

| Security Type/Description Dated Date/Coupon/Maturity | CUSIP | Par | S&P Rating | Moody's Rating | Trade Date | Settle Date | Original Cost | YTM at Cost | Accrued Interest | Amortized Cost | Market Value |
|--|-----------|-----------------------|---------------|-------------------|---------------|----------------|-----------------------|----------------|---------------------|-----------------------|-----------------------|
| Federal Agency Bond / Note | | | | | | | | | | | |
| FHLB (CALLABLE) BONDS DTD 04/29/2011 2.100% 04/29/2015 | 313373JK9 | 330,000.00 | AA+ | Aaa | 04/26/11 | 04/29/11 | 330,825.00 | 2.03 | 2,926.00 | 330,241.53 | 333,279.87 |
| FNMA NOTES DTD 06/14/2010 2.375% 07/28/2015 | 31398AU34 | 400,000.00 | AA+ | Aaa | 12/29/11 | 12/30/11 | 421,652.00 | 0.84 | 1,662.50 | 417,149.48 | 422,212.00 |
| FNMA NOTES DTD 01/09/2012 1.250% 01/30/2017 | 3135G0GY3 | 140,000.00 | AA+ | Aaa | 09/06/12 | 09/10/12 | 143,362.80 | 0.69 | 296.53 | 143,318.76 | 143,713.64 |
| FREDDIE MAC GLOBAL NOTES DTD 06/25/2012 1.000% 07/28/2017 | 3137EADJ5 | 100,000.00 | AA+ | Aaa | 07/30/12 | 07/31/12 | 100,669.00 | 0.86 | 266.67 | 100,646.98 | 101,313.10 |
| FFCB (CALLABLE) BONDS DTD 02/28/2011 3.500% 02/28/2018 | 31331KDG2 | 300,000.00 | AA+ | Aaa | 06/28/11 | 06/29/11 | 308,232.00 | 3.04 | 962.50 | 302,036.21 | 303,682.50 |
| FNMA (CALLABLE) GLOBAL NOTES DTD 10/18/2006 5.450% 10/18/2021 | 31359MZ22 | 430,000.00 | AA+ | Aaa | 07/20/10 | 07/21/10 | 493,996.90 | 3.81 | 10,610.85 | 472,775.75 | 507,858.38 |
| Security Type Sub-Total | | 3,250,000.00 | | | | | 3,399,188.70 | 1.51 | 22,644.61 | 3,350,607.38 | 3,406,902.69 |
| Corporate Note | | | | | | | | | | | |
| GENERAL ELEC CAP CORP GLOBAL NOTES DTD 01/09/2012 2.150% 01/09/2015 | 36962G5M2 | 125,000.00 | AA+ | A1 | 03/05/12 | 03/06/12 | 128,547.50 | 1.13 | 612.15 | 127,845.93 | 128,645.38 |
| Security Type Sub-Total | | 125,000.00 | | | | | 128,547.50 | 1.13 | 612.15 | 127,845.93 | 128,645.38 |
| Managed Account Sub-Total | | 5,190,000.00 | | | | | 5,400,147.88 | 1.19 | 30,134.31 | 5,340,730.37 | 5,412,521.28 |
| Securities Sub-Total | | \$5,190,000.00 | | | | | \$5,400,147.88 | 1.19% | \$30,134.31 | \$5,340,730.37 | \$5,412,521.28 |
| Accrued Interest | | | | | | | | | | | \$30,134.31 |
| Total Investments | | | | | | | | | | | \$5,442,655.59 |