



Davidson
Fixed Income Management

REGISTERED INVESTMENT ADVISER

Disclosure Document
FORM ADV PART II

January 11, 2010

Name of Investment Adviser: Davidson Fixed Income Management, Inc.					
Address: (Number and Street)	(City)	(State)	(Zip Code)	Area Code:	Telephone Number:
1600 Broadway, Suite 1100	Denver	CO	80202	(800)	617-2501

**This part of Form ADV gives information about the investment adviser and its business for the use of clients.
The information has not been approved or verified by a governmental authority.**

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(Schedules A, B, C, D and E are included with Part 1 of this Form, for the use of regulatory bodies, and are not distributed to clients.)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number

Applicant:
Davidson Fixed Income Management, Inc.

SEC File Number
801- 62264

Date:
January 11, 2010

1. A. Advisory Services and Fees. (check the applicable boxes)

For each type of service provided, state the approximate % of total advisory billings from that service. (See instruction below.)

Applicant:

- (1) Provides investment supervisory services **100** %
- (2) Manages investment advisory accounts not involving investment supervisory services..... _____ %
- (3) Furnishes investment advice through consultations not included in either service described above..... _____ %
- (4) Issues periodicals about securities by subscription _____ %
- (5) Issues special reports about securities not included in any service described above _____ %
- (6) Issues, not as part of any service described above, any charts, graphs, formulas, or other devices which clients may use to evaluate securities _____ %
- (7) On more than an occasional basis, furnishes advice to clients on matters not involving securities..... _____ %
- (8) Provides a timing service _____ %
- (9) Furnishes advice about securities in any manner not described above..... _____ %

(Percentages should be based on applicant's last fiscal year. If applicant has not completed its first fiscal year, provide estimates of advisory billings for that year and state that the percentages are estimates.)

B. Does applicant call any of the services it checked above financial planning or some similar term?

Yes No

C. Applicant offers investment advisory services for: (check all that apply)

- (1) A percentage of assets under management
- (2) Hourly charges
- (3) Fixed fees (not including subscription fees)
- (4) Subscription fees
- (5) Commissions
- (6) Other

D. For each checked box in A above, describe on Schedule F:

- the services provided, including the name of any publication or report issued by the adviser on a subscription basis or for a fee
- applicant's basic fee schedule, how fees are charged and whether its fees are negotiable
- when compensation is payable, and if compensation is payable before service is provided, how a client may get a refund or may terminate an investment advisory contract before its expiration date

2. Type of Clients - Applicant generally provides investment advice to: (check those that apply)

- A. Individuals
- B. Banks or thrift institutions
- C. Investment companies
- D. Pension and profit sharing plans
- E. Trusts, estates, or charitable organizations
- F. Corporations or business entities other than those listed above
- G. Other (describe on Schedule F)

3. Types of Investments. Applicant offers advice on the following: (check those that apply)

- | | |
|--|--|
| <input type="checkbox"/> A. Equity Securities | <input checked="" type="checkbox"/> H. United States government securities |
| <input type="checkbox"/> (1) exchange-listed securities | |
| <input type="checkbox"/> (2) securities traded over-the-counter | <input type="checkbox"/> I. Options contracts on: |
| <input type="checkbox"/> (3) foreign issuers | <input type="checkbox"/> (1) securities |
| | <input type="checkbox"/> (2) commodities |
| <input type="checkbox"/> B. Warrants | |
| <input checked="" type="checkbox"/> C. Corporate debt securities | <input type="checkbox"/> J. Futures contracts on: |
| (other than commercial paper) | <input type="checkbox"/> (1) tangibles |
| | <input type="checkbox"/> (2) intangibles |
| <input checked="" type="checkbox"/> D. Commercial paper | <input type="checkbox"/> K. Interests in partnerships investing in: |
| | <input type="checkbox"/> (1) real estate |
| <input checked="" type="checkbox"/> E. Certificates of deposit | <input type="checkbox"/> (2) oil and gas interests |
| | <input type="checkbox"/> (3) other (explain on Schedule F) |
| <input checked="" type="checkbox"/> F. Municipal securities | <input checked="" type="checkbox"/> L. Other (explain on Schedule F) |
| | |
| <input type="checkbox"/> G. Investment company securities: | |
| <input type="checkbox"/> (1) variable life insurance | |
| <input type="checkbox"/> (2) variable annuities | |
| <input checked="" type="checkbox"/> (3) mutual fund shares | |

4. Methods of Analysis, Sources of Information, and Investment Strategies.

A. Applicant's security analysis methods include: (check those that apply)

- | | |
|---|--|
| (1) <input type="checkbox"/> Charting | (4) <input type="checkbox"/> Cyclical |
| (2) <input checked="" type="checkbox"/> Fundamental | (5) <input type="checkbox"/> Other (explain on Schedule F) |
| (3) <input checked="" type="checkbox"/> Technical | |

B. The main sources of information applicant uses include: (check those that apply)

- | | |
|---|---|
| (1) <input checked="" type="checkbox"/> Financial newspapers and magazines | (5) <input type="checkbox"/> Timing services |
| (2) <input type="checkbox"/> Inspections of corporate activities | (6) <input checked="" type="checkbox"/> Annual reports, prospectuses, filings with the Securities and Exchange Commission |
| (3) <input checked="" type="checkbox"/> Research materials prepared by others | (7) <input type="checkbox"/> Company press releases |
| (4) <input checked="" type="checkbox"/> Corporate rating services | (8) <input checked="" type="checkbox"/> Other (explain on Schedule F) |

C. The investment strategies used to implement any investment advice given to clients include: (check those that apply)

- | | |
|--|--|
| (1) <input checked="" type="checkbox"/> Long term purchases
(securities held at least a year) | (5) <input type="checkbox"/> Margin transactions |
| (2) <input checked="" type="checkbox"/> Short term purchases
(securities sold within a year) | (6) <input type="checkbox"/> Option writing, including covered options,
uncovered options or spreading strategies |
| (3) <input type="checkbox"/> Trading (securities sold within 30 days) | (7) <input checked="" type="checkbox"/> Other (explain on Schedule F) |
| (4) <input type="checkbox"/> Short sales | |

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5. Education and Business Standards.

Are there any general standards of education or business experience that applicant requires of those involved in determining or giving investment advice to clients?..... Yes No
(If yes, describe these standards on Schedule F.)

6. Education and Business Background.

For:

- each member of the investment committee or group that determines general investment advice to be given to clients, or
- if the applicant has no investment committee or group, each individual who determines general investment advice given to clients (if more than five, respond only for their supervisors)
- each principal executive officer of applicant or each person with similar status or performing similar functions.

On Schedule F, give the:

- name
- year of birth
- formal education after high school
- business background for the preceding five years

7. Other Business Activities. (check those that apply)

- A. Applicant is actively engaged in a business other than giving investment advice.
- B. Applicant sells products or services other than investment advice to clients.
- C. The principal business of applicant or its principal executive officers involves something other than providing investment advice.

(For each checked box describe the other activities, including the time spent on them, on Schedule F.)

8. Other Financial Industry Activities or Affiliations. (check those that apply)

- A. Applicant is registered (or has an application pending) as a securities broker-dealer.
- B. Applicant is registered (or has an application pending) as a futures commission merchant, commodity pool operator or commodity trading adviser.
- C. Applicant has arrangements that are material to its advisory business or its clients with a related person who is a:
 - (1) broker-dealer
 - (2) investment company
 - (3) other investment adviser
 - (4) financial planning firm
 - (5) commodity pool operator, commodity trading adviser or futures commission merchant
 - (6) banking or thrift institution
 - (7) accounting firm
 - (8) law firm
 - (9) insurance company or agency
 - (10) pension consultant
 - (11) real estate broker or dealer
 - (12) entity that creates or packages limited partnerships

(For each checked box in C, on Schedule F identify the related person and describe the relationship and the arrangements.)

D. Is applicant or a related person a general partner in any partnership in which clients are solicited to invest?..... Yes No
(If yes, describe on Schedule F the partnerships and what they invest in.)

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9. Participation or Interest in Client Transactions.

Applicant or a related person: (check those that apply)

- A. As principal, buys securities for itself from or sells securities it owns to any client.
- B. As broker or agent effects securities transactions for compensation for any client.
- C. As broker or agent for any person other than a client effects transactions in which client securities are sold to or bought from a brokerage customer.
- D. Recommends to clients that they buy or sell securities or investment products in which the applicant or a related person has some financial interest.
- E. Buys or sells for itself securities that it also recommends to clients.

(For each box checked, describe on Schedule F when the applicant or a related person engages in these transactions and what restrictions, internal procedures, or disclosures are used for conflicts of interest in those transactions.)

10. Conditions for Managing Accounts. Does the applicant provide investment supervisory services, manage investment advisory accounts or hold itself out as providing financial planning or some similarly termed services and impose a minimum dollar value of assets or other conditions for starting or maintaining an account? Yes No

(If yes, describe on Schedule F.)

11. Review of Accounts. If applicant provides investment services, manages investment advisory accounts, or holds itself out as providing financial planning or some similarly termed services:

- A. Describe below the review and reviewers of the accounts. **For reviews**, include their frequency, different levels, and triggering factors. **For reviewers**, include number of reviewers, their titles and functions, instructions they receive from applicant on performing reviews, and number of account assigned each.

Cash Management: Cash Management accounts are reviewed by either: (1) the Denver/Seattle/Phoenix Group which consists of Scott Prickett, Glenn Scott, Neal Helm, Richard Petrenka Chris Johns and Christopher Blackwood; or (2) the Portland Group which consists of Deanne Woodring, Dave Westcott and Sally Walton. Accounts are reviewed by their respective groups on a daily basis for maturing securities and for opportunities to reposition a portfolio because of a changing market. All reviews and recommendations for purchase or sale are based on the investment strategy and wishes of the client as outlined in the contract and/or its investment policy.

In addition, periodic meetings are held by the Cash Management teams to also discuss the direction of the market and if there are any changes that should be recommended to clients as a result of a changing market.

Local Government Investment Pools: The firm serves as investment adviser and administrator to CSAFE, a local government investment pool operating under Colorado Revised Statutes and FLSAFE, a local government investment pool in operating under Florida Statutes. These accounts are reviewed daily and statements are delivered monthly.

Tax Free Fund of Colorado ("TFFC"): The firm (doing business as Kirkpatrick Pettis Capital Management) serves as sub-advisor to the Tax Free Fund of Colorado. This account is reviewed daily and a report is provided to the Board of Trustees on a quarterly basis.

Reviewers:

- Scott Prickett – Cash Management, Managing Director- Portfolio Manager, 22 accounts
- Glenn Scott – Cash Management, Portfolio Manager, 15 accounts
- Deanne Woodring – Cash Management. Managing Director- Portfolio Manager, 22 accounts
- Dave Westcott – Cash Management, Managing Director – Portfolio Manager , 3 accounts
- Sally Walton – Cash Management, Portfolio Manager, 2 accounts
- Christopher Blackwood – CSAFE/FLSAFE, Portfolio Manager, 2 accounts
- Chris Johns – TFFC and Cash Management, Portfolio Manager - 3 accounts
- Neal Helm - Cash Management, Portfolio Manager, 5 accounts
- Richard Petrenka – Cash Management, Portfolio Manager, 5 accounts

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B. Describe below the name and frequency of regular reports to clients on their accounts.

For Cash Management accounts, monthly and/or quarterly reports are tailored to the requirements of each client and each portfolio. We provide the following reports to clients on a monthly basis: Performance and Account Summary, Maturity Distribution and Portfolio Diversification graphs, Investment Portfolio Details, Purchases and Sales Reports, Capital Gains and Losses, Received Interest Payments, Accrued Interest, Interest Earnings and Interest Earnings Summary. These reports are delivered to clients via U.S. mail or are posted to our website for online access by clients. Specialized reports for GASB 31 and GASB 40 requirements are provided on a fiscal year and/or quarterly basis.

For CSAFE and FLSAFE, monthly statements are provided to customers and quarterly reports are provided to the CSAFE and FLSAFE Boards of Trustees. For the TFFC, a quarterly report is provided to the Fund Manager.

12. Investment or Brokerage Discretion.

A. Does applicant or any related person have authority to determine, without obtaining specific client consent, the:

- | | Yes | No |
|---|-------------------------------------|--------------------------|
| (1) securities to be bought or sold? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| (2) amount of the securities to be bought or sold?..... | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| (3) broker or dealer to be used? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| (4) commission rates paid? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

B. Does applicant or a related person suggest brokers to clients?.....

For each yes answer to A describe on Schedule F any limitations on the authority. For each yes to A(3), A(4) or B, describe on Schedule F the factors considered in selecting brokers and determining the reasonableness of their commissions. If the value of products, research and services given to the applicant or a related person is a factor, describe:

- the products, research and services
- whether clients may pay commissions higher than those obtainable from other brokers in return for those products and services
- whether research is used to service all of applicant's accounts or just those accounts paying for it; and
- any procedures the applicant used during the last fiscal year to direct client transactions to a particular broker in return for products and research services received.

13. Additional Compensation

Does the applicant or a related person have any arrangements, oral or in writing, where it:

- | | | |
|--|--|--------------------------------|
| A. is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients?..... | Yes
<input checked="" type="checkbox"/> | No
<input type="checkbox"/> |
| B. directly or indirectly compensates any person for client referrals?..... | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

(For each yes, describe the arrangements on Schedule F.)

14. Balance Sheet. Applicant must provide a balance sheet for the most recent fiscal year on Schedule G if applicant:

- has custody of client funds or securities; or
- requires prepayment of more than \$500 in fees per client and 6 or more months in advance

Has applicant provided a Schedule G balance sheet?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
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**Schedule F of
FORM ADV**

Continuation Sheet for Form ADV Part II

Applicant:

Davidson Fixed Income Management, Inc.

SEC File Number

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Date:

January 11, 2010

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part 1 of Form ADV:

Davidson Fixed Income Management, Inc.

IRS Empl. Ident No.:

47-0844423

Item 1D

Advisory Services and Fees

Cash Management Services

Davidson Fixed Income Management, Inc. ("DFIM") provides investment advisory services including Investment Policies & Procedures, cash flow analysis, portfolio analysis & design, review of bank services and fees, establishment of custodial relationships, cash management and reporting. We have in-house software (SymPro, Advent and Excel) and Bloomberg for tracking and reporting portfolio analysis, portfolio management, and cash flow analysis.

Our fees range from 3.5 to 20 basis points on the amount of the portfolio. For certain accounts, a minimum annual fee of \$10,000 is established. Our fees are fully negotiable and are written into the contract for services. The contract is cancelable by either party on 30 days written notice. Fees are billed and payable monthly or quarterly in arrears.

Consulting Services

DFIM provides investment portfolio oversight roles for public fund investors who have a developed internal investment program. This role provides public fund clients with a third party review of internal investment practices. Typically, this role involves a quarterly report that focuses on investment policy objectives of safety, liquidity and return,

Local Government Investment Pools (LGIP)

DFIM serves as the investment adviser and administrator to Colorado Surplus Asset Fund Trust (CSAFE), a Colorado local government investment pool and Florida Surplus Asset Fund Trust (FLSAFE), a Florida local government investment pool. CSAFE is authorized by the Colorado State Statutes and is regulated by the Colorado Division of Securities. FLSAFE, as a local government investment pool, is authorized under section 163 of the Florida Statutes.

DFIM does not take custody of securities of any LGIP. Both LGIPs are managed on a discretionary basis and invests in U.S. Treasuries, U.S. Agencies, commercial paper, money market funds and bank deposits. All securities must have a final maturity of 397 days or less.

The fee for managing CSAFE is tiered, 18 basis points for assets less than \$200 million and 15 basis points for assets greater than \$200 million. The CSAFE contract is cancelable by either party with 30 days written notice. Fees are billed monthly and payable in arrears. The fee for managing FLSAFE is tiered, 15 basis points for assets less than \$500 million, 12 basis points for assets greater than \$500 million but less than \$1 billion, 10 basis points for assets between \$1 and \$5 billion, 8 basis points for assets greater than \$5 billion. The FLSAFE contract is cancelable by either party with 30 days written notice. Fees are billed monthly and payable in arrears.

Tax Free Fund of Colorado

DFIM (doing business as Kirkpatrick Pettis Capital Management) serves as the sub-advisor to the Tax Free Fund of Colorado, a municipal bond mutual fund. DFIM provides portfolio management services to the Fund Manager, Aquila Management. DFIM receives an annualized fee equal to 0.20% of the assets in the portfolio.

Structured Investments

DFIM provides investment advice for the investment of bond proceeds to governmental and non-profit entities and investment bankers on behalf of their clients. These structured investments may be in ladder securities, but typically we recommend investment agreements, repurchase agreements and guaranteed investment contracts. The providers of these agreements are banks, primary dealers, credit corporations and insurance companies.

DFIM's fees are negotiable based on the parameters of the investment, i.e., amount invested, term and complexity of structure. IRS guidelines (26 CFR Part 1 under section 148 of the Internal Revenue Code) sets the per investment safe harbor at 0.2 percent of the investment amount with a minimum fee of \$3,000 and a maximum fee of \$33,000 per investment. The per issue safe harbor is \$93,000.

Bid specifications are delivered to a minimum of three investment providers. The bid is awarded to the investment provider (with a conforming bid) that has the highest interest rate. The provider pays our fee out of its interest rate bid. When the bid is awarded, we produce a confirmation that outlines the parameters of the investment and our fee. This confirmation is sent to and approved by the investment provider and an authorized representative of the client. The actual amount of our fee is disclosed in the investment contract, which in this case would be a repurchase agreement. In the event that the client rejects all bids then no fee will be paid to DFIM.

Answer all items. Complete amended pages in full, circle items and file with execution page (page 1)

Applicant: Davidson Fixed Income Management, Inc.	SEC File Number 801- 62264	Date: January 11, 2010
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DFIM solicits bids for all bond proceeds investments on a non-discretionary basis. DFIM does not act as principal in any transaction and all monies and/or securities are transferred directly between the trustee or custodian acting on behalf of the client (governmental or non-profit entity) and the investment provider.

Item 2G

1. Non-profit organizations and governments such as school districts, water and sewer districts urban renewal authorities, hospitals, cities and counties. We provide investment advice and services as described in 1A(1).
 2. Investment Banker/Financial Advisor/Register Investment Advisers. We recommend placement of bond proceeds (i.e., Debt Service Reserve funds, Construction Funds) on behalf of the clients of investment bankers or financial advisors according to the guidelines in the client's trust indenture and applicable state statutes. On certain transactions the firm utilizes solicitors to provide access to clients. Solicitation agreements are signed in advance of any transaction and a fee sharing disclosure document is signed by the client. We also provide business consulting services to registered investment advisors.

Item 3L

Guaranteed Investment Contracts – The insurance industry has a product called a “Guaranteed Investment Contract” (GIC). It is similar to its “Group Annuity Contract” except it is used for non-qualified funds.

Investment Agreements – These are contracts with banks or corporations (“Providers”). They may pay a fixed or a floating rate and have a stated maturity date. The client can access money in the account as noted in the contract. The Providers we recommend are all in the top three rating categories of S&P, Moody's or other nationally recognized rating agencies. The Providers also must qualify under the requirements of any applicable bond indenture, state statute or internal investment policy.

Repurchase Agreements – These have the same characteristics as an Investment Agreement except that they are written by primary dealers, banks, or other qualifying financial institutions or corporations, and the contract provides for the purchase and sale of securities as collateral for the amount of the investment. The collateral is held by a trustee or third party on behalf of the client.

Interest Rate Swaps - The firm serves as an adviser to clients on interest rate swaps. The firm does not act as principal in any swap transaction.

Item 4B(8)

We subscribe to Bloomberg Financial Markets, S&P Ratings Direct, Informa, Bond Edge, Stone McCarthy and Economy.com.

Item 4C(7)

Bond Proceeds – Review bond indenture, internal policies and applicable state statutes for allowable investments. We assess market conditions by receiving indicative pricings from investment providers. We compare findings with parameters of a bond issue to determine investment products and structure which best meets the needs and objectives of clients within their specified guidelines for safety, liquidity and yield.

Item 5

All our investment professionals are required to have a related bachelor's degree and a minimum of 5 years experience in either investment consulting, investment banking or accounting.

Item 6

SAMUEL CHARLES DOYLE

Birth Date: 1947
 Business: Davidson Fixed Income Management, Inc. – 2003-present
 President

CHRISTOPHER KEITH BLACKWOOD

Birth Date: 1957
 Education: University of Colorado – B.A. and M.A. Economics
 Business: Davidson Fixed Income Management, Inc. – 2003-present
 Senior Vice President, Managing Director – 10/2009 – present
 Managing Director, Chief Compliance Officer – 2003 – 10/2009

SCOTT DAVID PRICKETT

Birth Date: 1963
Education: University of Northern Colorado – B.S.
Business: Davidson Fixed Income Management, Inc. – 2003-Present
Managing Director, Senior Portfolio Manager

GLENN EUGENE SCOTT

Birth Date: 1963
Education: University of Colorado – B.S. and M.A.
Business: Davidson Fixed Income Management, Inc. – 2003-Present
VP, Portfolio Manager

CHRISTOPHER B. JOHNS

Birth Date: 1957
Education: University of Cincinnati - B.S.B.A.
Business: Davidson Fixed Income Management, Inc.
Senior Vice President- 2005-Present

DEANNE WOODRING

Birth Date: 1960
Education: University of Oregon – B.S. Finance
University of Oregon – MBA
Certification: Chartered Financial Analyst - 1989
Business: Davidson Fixed Income Management, Inc.
Managing Director, Portfolio Manager -2006-Present
D.A. Davidson & Co.
Managing Director- 2002-2005

DAVE WESTCOTT

Birth Date: 1955
Education: Lewis and Clark College B.S. Business Admin
Certification: Chartered Financial Analyst – 1989
Business: Davidson Fixed Income Management, Inc.
Managing Director, Portfolio Manager -2006-Present
D.A. Davidson & Co.
Managing Director - 2002 - 2005

SALLY WALTON

Birth Date: 1960
Education: Willamette College B.A. Political Science
Business: Davidson Fixed Income Management, Inc.
Vice President, Portfolio Manager - 2006-Present
D.A. Davidson & Co.
Vice President - 2002 - 2005

NEAL HELM

Birth Date: 1948
Education: Arizona State University, B.S. Economics
Business: Davidson Fixed Income Management, Inc.
Vice President, Portfolio Manager- 2006-Present
Metropolitan West Asset Management.
Managing Director -2003 - 2006

**Schedule F of
FORM ADV**

Continuation Sheet for Form ADV Part II

Applicant:

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Date:

January 11, 2010

RICHARD PETRENKA

Birth Date: 1951

Education: Fairleigh Dickinson University, B.A. Political Science
Arizona State University, M.A. Public Administration

Business: Davidson Fixed Income Management, Inc.
Vice President, Portfolio Manager - 2006-Present
Metropolitan West Asset Management.
Managing Director - 2003 - 2006

JULIE HUGHES

Birth Date: 1964

Education: University of Texas, BBA Marketing
Univ. of Pennsylvania, Wharton School, MBA

Business: Davidson Fixed Income Management, Inc.
Senior Vice President - 2007-Present
Sound Capital
Senior Vice President - 2004 - 2007

Item 7

DFIM provides administrative and accounting services to CSAFE and FLSAFE.

Item 8C(1)

DFIM is a wholly-owned subsidiary of Davidson Companies, a financial services holding company with a broker/dealer subsidiary, D.A. Davidson & Co.

Item 8C(3)

Davidson Companies owns Davidson Investment Advisors, Inc. a registered investment advisor.

Item 8C(6)

Davidson Companies owns Davidson Trust Co., a federal savings bank.

Item 8C(9)

Davidson Companies owns D.A. Davidson & Co. which owns insurance subsidiaries.

Item 8C(10)

D. A. Davidson & Co. offers 401(k) brokerage and advisory services.

Item 9A

Affiliated firms (Davidson Investment Advisors, Inc. and D.A. Davidson & Co.) effect principal transactions for clients or their own account. DFIM does not act as principal on any transactions.

Item 9B

In the process of providing fee-based advisory services, DFIM provides advice regarding securities transactions for clients and receives fees from the client. When providing fee-based advisory services, DFIM does not receive transaction-related compensation.

If DFIM assists a client in the selection of the money market fund, DFIM may impose investment management fees on the client funds invested in the money market fund.

Item 9C

D.A. Davidson & Co. effects securities transactions for compensation as agent or broker for its clients.

Item 9D

D.A. Davidson & Co. effects cross transactions between client accounts. These transactions are not related to any activity of DFIM.

Item 9E

D.A. Davidson & Co. may recommend security transactions for products in which it has a financial interest. DFIM is not party to any of these transactions.

**Schedule F of
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Continuation Sheet for Form ADV Part II**

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D.A. Davidson & Co. may effect security transactions for itself that it has recommended to clients. DFIM is not party to, or have knowledge of, any of these transactions and any DFIM client ownership of D.A. Davidson & Co. recommended security purchases is merely coincidental.

Item 10

DFIM manages investment advisory accounts with a minimum account value of \$5,000,000. This amount may be negotiable, depending on the circumstances. Please refer to Schedule F, Item 1D for fee information.

Item 12A(1)

All securities bought and sold for each DFIM client must comply with current investment policies approved by the client. Current investment policies are maintained for every client, and reviewed and approved by the client on a periodic basis.

Item 12A(2)

Amount of securities bought or sold must fall within the guidelines of the client's investment policy (see above).

Item 12A(3)

When circumstances allow, our portfolio managers solicit quotes from a minimum of three securities brokers in order to deliver the best price for the client given prevailing market conditions. Our portfolio managers include an internal list of approved brokers or the list may be derived from client's list of approved brokers. We advise the client to purchase the security from the broker with the best price. At the direction of some clients, acting as agent, we solicit competitive bids and deliver the securities to D.A. Davidson & Co. In these instances, D.A. Davidson & Co. does not charge any commissions.

Item 12A(4)

Best execution within current rate levels keeps broker commissions in check. The only type of securities we purchase or sell on behalf of the client are: U.S. treasuries, U.S. agency securities, the highest rated commercial paper, corporate bonds in the two highest rating categories and bank certificates of deposit. (We do not buy or sell equity securities.)

Item 12B

DFIM's primary considerations for selecting brokers are as follows:

- efficient execution
- efficient trade settlement
- above minimum net capital requirements (\$10,000,000)
- ten year history

(Also see answer to 12A(3) above). Exceptions to these considerations may be made at a client's direction.

An affiliated firm, Davidson Investment Advisors, Inc. recommends brokers to its clients. In the event that the client selects D.A. Davidson & Co., the commission is reduced to the client compared to the standard commission schedule. Davidson Investment Advisors, Inc. also has procedures to provide best execution through aggregating orders or through broker selection. Davidson Investment Advisors, Inc. has a number of trading relationships, both formal and informal with equity and fixed income brokers.

Item 13A

The DFIM fee for the placement of bond proceeds is generally paid by the provider of the investment. This fee is part of the bid and is disclosed to all parties involved in the transaction. We include the fee on confirmations and it is included in the contract for the investment.

D.A. Davidson & Co. receives economic benefit from non-clients from providing advice to client. This activity is not related to DFIM.

Item 13B

DFIM has solicitation agreements with various individuals or firms for all of its services. The solicitors are paid a portion of the DFIM fee. The DFIM fee schedule is not increased when a solicitor is utilized. Solicitation agreements and fee sharing disclosures are implemented on all transactions using a solicitor. All fees are disclosed.

DFIM also receives statement reporting fees for producing statements for certain clients. This fee is a separate fee from its investment advisory fee.

An affiliated firm, Davidson Investment Advisors, Inc. may from time-to-time have solicitation agreements with a firms and individuals. These agreements are not related to any business activity of DFIM.

