

# City of Winter Springs, Florida



## Investment Performance Review Quarter Ended June 30, 2016

### Investment Advisors

Steven Alexander, CTP, CGFO, CPPT, Managing Director  
Robert Cheddar, CFA, Chief Credit Officer, Managing Director  
D. Scott Stitche, CFA, Director  
Richard Pengelly, CFA, CTP, Director  
Rebecca Geyer, CTP, Senior Analyst

### PFM Asset Management LLC

One Keystone Plaza, Suite 300  
North Front & Market Streets  
Harrisburg, PA 17101-2044  
717-232-2723  
717-233-6073 fax

300 S. Orange Avenue, Suite 1170  
Orlando, FL 32801  
(407) 648-2208  
(407) 648-1323 fax

## **Tab I**

- Market Update

## **Tab II**

- Executive Summary
- General City Account

## **Tab III**

- Asset Allocation Chart
- Important Disclosures

# Tab I

## **Summary**

- On June 23, the British public voted to leave the European Union (EU) – so-called “Brexit” referendum – after forty-three years of membership. This historic vote was the first of its kind, shocking markets and triggering outsized market reactions. Bond yields fell sharply, sending 10- and 30-year Treasury yields to all-time lows. Equity indexes saw a sharp pullback following the vote, but pared losses by month-end amid anticipated central bank accommodation. Meanwhile, the British pound fell to its lowest level since 1985 against the U.S. dollar.
- Amid the uncertainty caused by Brexit, central banks around the world are expected to remain accommodative, keeping rates lower for longer and seemingly boosting equity prices – despite the potential slowdown of British and European economies.
- The Federal Reserve (Fed) left policy rates unchanged at both its second-quarter meetings. In June, even before the Brexit vote, the Federal Open Market Committee (FOMC) once again lowered its expectation for rate hikes in 2016 via the so-called “dot plot.” By quarter-end, the market was pricing in a 0% chance of a rate hike in July, and less than a 10% chance for a hike this year.

## **Economic Snapshot**

- The modest U.S. economic expansion continued, and unemployment ended the quarter below 5%. However, measures of economic strength in the U.S. remained mixed.
- U.S. gross domestic product (GDP) grew at a 1.1% rate in the first quarter of 2016, driven by improving trade and business investment, which more than compensated for weakness in consumer spending. Economic growth is expected to rebound in the second quarter to around 2.5%, with a preliminary reading to be released in late July.
- Job growth decelerated for four straight months before a sharp rebound in June. The U.S. economy added 287,000 jobs in June, the largest gain since October 2015. Year-to-date, the economy added over 1 million jobs, but it is nearly 300,000 behind last year’s pace. The unemployment rate ended the quarter at 4.9%.

- Inflation pressures remained relatively unchanged in the second quarter as the personal consumption expenditure (PCE) price index, the Fed's favored metric of inflation, rose 1.6% for the year ended May. Oil prices settled into a \$40 to \$50 per barrel range, while home prices rose 5.4% year-over-year. Average hourly earnings, an important measure of wages, grew 2.6% over the past 12 months, matching a nearly 7-year high.

### **Interest Rates**

- Interest rates ended the quarter significantly lower amid the Fed's dovish tone during the quarter and the flight to safety stimulated by the Brexit vote. Declines were led by longer maturity yields, flattening the yield curve. The spread between the two-year and 10-year Treasury yields fell to 89 basis points (0.89%) compared to 105 basis points (1.05%) at the end of the first quarter. The two-year Treasury yield fell 14 basis points (0.14%) during the quarter, while the yield on the 10-year Treasury fell 30 basis points (0.30%).
- In the money market space, shorter Treasuries posted modest increases, while short-term credit instruments, like commercial paper and bank certificates of deposit (CDs), continued to offer unusually wide yield spreads.

### **Sector Performance**

- U.S. Treasury indexes posted another quarter of strong returns as rate declines boosted market values. Because the yield curve flattened, longer maturity issues performed best.
- Non-callable federal agency securities performed generally in line with comparable maturity Treasuries.
- Corporate yield spreads tightened throughout most of the second quarter as credit conditions stabilized from the first quarter's energy price-driven volatility. Post Brexit, corporates experienced a brief spike in spreads, but quickly recovered by quarter end. The sector generated strong outperformance relative to Treasuries, adding to its 2016 return advantage.
- Mortgage-backed securities underperformed Treasuries for the second straight quarter. Declining interest rates, which drove accelerated prepayment expectations, continued to hurt the sector.

### Economic Snapshot

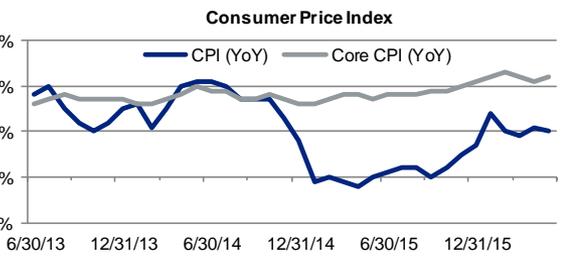
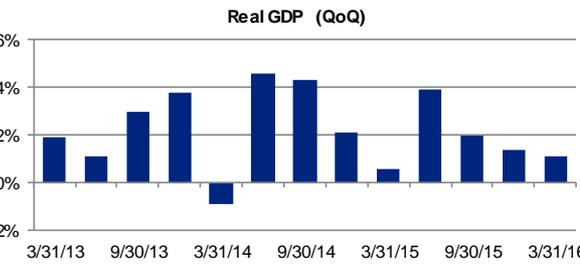
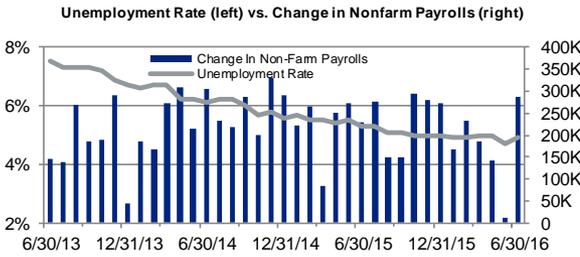
| Labor Market                  | Latest | Mar 2016 | Jun 2015 |         |
|-------------------------------|--------|----------|----------|---------|
| Unemployment Rate             | Jun'16 | 4.9%     | 5.0%     | 5.3%    |
| Change In Non-Farm Payrolls   | Jun'16 | 287,000  | 186,000  | 228,000 |
| Average Hourly Earnings (YoY) | Jun'16 | 2.6%     | 2.3%     | 2.0%    |
| Personal Income (YoY)         | May'16 | 4.0%     | 4.6%     | 4.6%    |
| Initial Jobless Claims (week) | 7/1/16 | 254,000  | 276,000  | 280,000 |

| Growth                              | Latest | Mar 2016  | Jun 2015          |                   |
|-------------------------------------|--------|-----------|-------------------|-------------------|
| Real GDP (QoQ SAAR)                 | 2016Q1 | 1.1%      | 1.4% <sup>1</sup> | 0.6% <sup>2</sup> |
| GDP Personal Consumption (QoQ SAAR) | 2016Q1 | 1.5%      | 2.4% <sup>1</sup> | 1.8% <sup>2</sup> |
| Retail Sales (YoY)                  | May'16 | 2.5%      | 1.7%              | 2.1%              |
| ISM Manufacturing Survey (month)    | Jun'16 | 53.2      | 51.8              | 53.1              |
| Existing Home Sales SAAR (month)    | May'16 | 5.53 mil. | 5.36 mil.         | 5.41 mil.         |

| Inflation / Prices                      | Latest | Mar 2016 | Jun 2015 |         |
|---|--------|----------|----------|---------|
| Personal Consumption Expenditures (YoY) | May'16 | 0.9%     | 0.8%     | 0.3%    |
| Consumer Price Index (YoY)              | May'16 | 1.0%     | 0.9%     | 0.1%    |
| Consumer Price Index Core (YoY)         | May'16 | 2.2%     | 2.2%     | 1.8%    |
| Crude Oil Futures (WTI, per barrel)     | Jun 30 | \$48.33  | \$38.34  | \$59.47 |
| Gold Futures (oz.)                      | Jun 30 | \$1,321  | \$1,234  | \$1,172 |



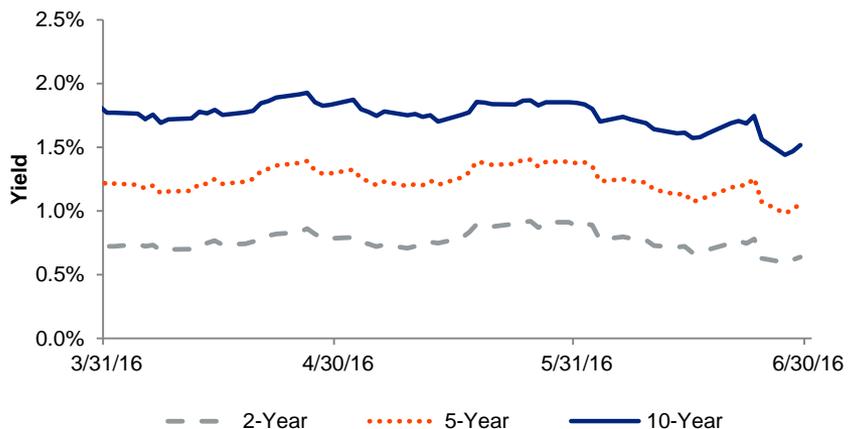
1. Data as of Fourth Quarter 2015

2. Data as of First Quarter 2015

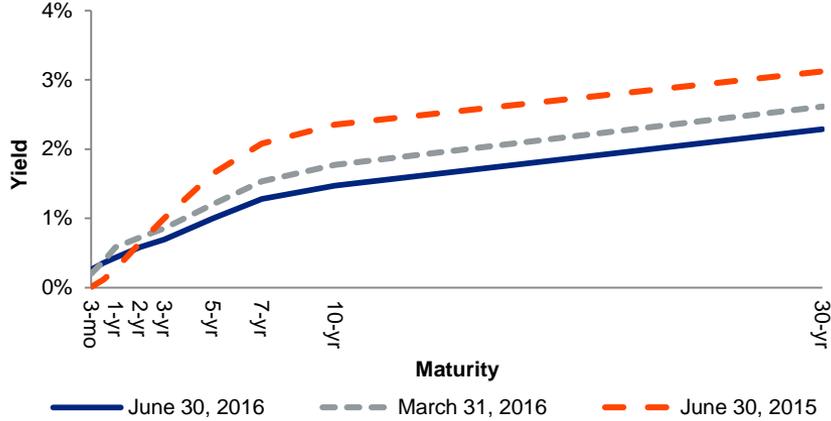
Note: YoY = year over year, QoQ = quarter over quarter, SAAR = seasonally adjusted annual rate, WTI = West Texas Intermediate crude oil

### Investment Rate Overview

U.S. Treasury Note Yields



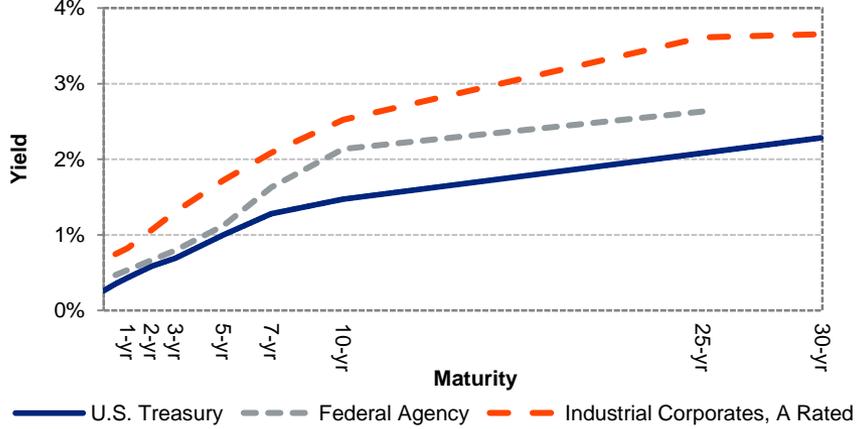
U.S. Treasury Yield Curve



U.S. Treasury Yields

| Maturity | 6/30/16 | 3/31/16 | Change over Quarter | 6/30/15 | Change over Year |
|----------|---------|---------|---------------------|---------|------------------|
| 3-month  | 0.26%   | 0.20%   | 0.06%               | 0.01%   | 0.25%            |
| 1-year   | 0.44%   | 0.58%   | (0.14%)             | 0.27%   | 0.17%            |
| 2-year   | 0.58%   | 0.72%   | (0.14%)             | 0.65%   | (0.07%)          |
| 5-year   | 1.00%   | 1.21%   | (0.21%)             | 1.65%   | (0.65%)          |
| 10-year  | 1.47%   | 1.77%   | (0.30%)             | 2.35%   | (0.88%)          |
| 30-year  | 2.29%   | 2.61%   | (0.32%)             | 3.12%   | (0.83%)          |

Yield Curves as of 6/30/2016



Source: Bloomberg

## BofA Merrill Lynch Index Returns

|  | As of 6/30/2016 |       | Returns for Periods ended 6/30/2016 |        |         |
|--|-----------------|-------|-------------------------------------|--------|---------|
|  | Duration        | Yield | 3 Month                             | 1 Year | 3 Years |
| <b>1-3 Year Indices</b>                              |                 |       |                                     |        |         |
| U.S. Treasury  | 1.90            | 0.60% | 0.53%                               | 1.31%  | 0.98%   |
| Federal Agency                                       | 1.58            | 0.72% | 0.41%                               | 1.27%  | 1.04%   |
| U.S. Corporates, A-AAA rated                         | 1.94            | 1.35% | 0.83%                               | 2.24%  | 1.79%   |
| Agency MBS (0 to 3 years)                            | 2.22            | 1.22% | 0.65%                               | 2.50%  | 1.92%   |
| Taxable Municipals                                   | 2.04            | 2.15% | 1.38%                               | 3.71%  | 2.21%   |
| <b>1-5 Year Indices</b>                              |                 |       |                                     |        |         |
| U.S. Treasury  | 2.74            | 0.72% | 0.81%                               | 2.43%  | 1.65%   |
| Federal Agency                                       | 2.06            | 0.81% | 0.59%                               | 1.94%  | 1.59%   |
| U.S. Corporates, A-AAA rated                         | 2.77            | 1.57% | 1.14%                               | 3.32%  | 2.74%   |
| Agency MBS (0 to 5 years)                            | 3.35            | 1.75% | 1.02%                               | 3.37%  | 3.01%   |
| Taxable Municipals                                   | 2.67            | 1.90% | 1.78%                               | 4.88%  | 3.01%   |
| <b>Master Indices (Maturities 1 Year or Greater)</b> |                 |       |                                     |        |         |
| U.S. Treasury  | 6.62            | 1.13% | 2.24%                               | 6.67%  | 3.83%   |
| Federal Agency                                       | 3.83            | 1.13% | 1.34%                               | 3.92%  | 2.89%   |
| U.S. Corporates, A-AAA rated                         | 7.11            | 2.44% | 2.90%                               | 7.89%  | 5.37%   |
| Agency MBS (0 to 30 years)                           | 3.47            | 1.81% | 1.12%                               | 4.38%  | 3.73%   |
| Taxable Municipals                                   | 4.17            | 2.36% | 2.61%                               | 7.12%  | 4.25%   |

Returns for periods greater than one year are annualized

Source: BofA Merrill Lynch Indices

**Disclosures**

*The views expressed within this material constitute the perspective and judgment of PFM Asset Management LLC (PFMAM) at the time of distribution and are subject to change. Information is obtained from sources generally believed to be reliable and available to the public; however, PFMAM cannot guarantee its accuracy, completeness, or suitability. This material is for general information purposes only and is not intended to provide specific advice or recommendation. The information contained in this report is not an offer to purchase or sell any securities. PFMAM is registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940. PFMAM's clients are state and local governments, non-profit corporations, pension funds, and similar institutional investors.*

*Further distribution is not permitted without prior written consent.*

# Tab II

- The Portfolio is of high credit quality and invested in U.S. Treasury, Federal Agency/GSE, and commercial paper securities.
- The Portfolio's quarterly total return performance of 0.30% performed in-line with the Merrill Lynch 1 Year U.S. Treasury Note Index performance of 0.29%.
- Given the high degree of uncertainty, PFMAM maintained portfolio duration positions near-neutral to benchmarks throughout the quarter. The Fed appeared to be on hold throughout the summer amid moderate economic growth, continued subdued inflation, and uncertainty heading into the Brexit vote.
- We expect the U.S. economy to expand at a moderate pace in the second half of 2016, but potential spillover from Brexit may be a marginal drag. Outside the U.S., economic prospects are less certain as Europe grapples with the economic and political repercussions of Brexit, emerging markets continue to slow, and global central banks remain a strong influence. We will be closely monitoring incoming economic data for any changes that affect our view.
- The Brexit vote changed the prospects for expected Fed action. We now expect no rate hikes until December at the earliest, or even into 2017. This "lower for longer" landscape has implications for both expected returns and risks. Given the likelihood that rates will not move significantly higher in the near-term, we plan to keep durations neutral to benchmarks, avoiding any significant mismatches.
- PFM will continue to navigate the market environment with a keen focus on relative value sector analysis, prudent duration management, and efficient yield curve placement. While producing strong investment returns remains a priority, it is secondary to maintaining safety and liquidity, particularly in the current environment where we expect yields to trend higher.

**Custom Benchmark Definition**

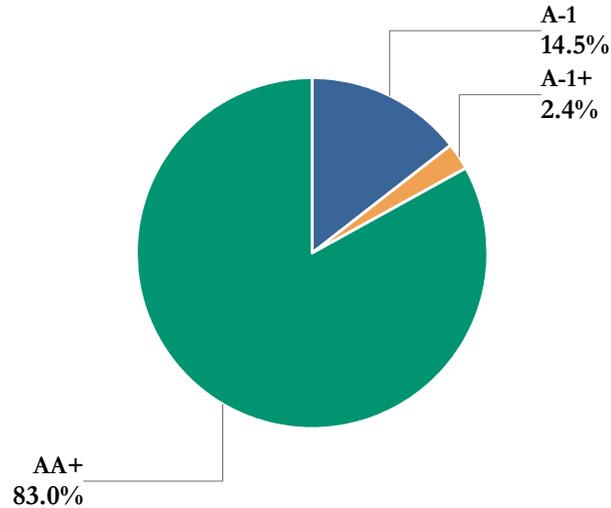
- The Winter Springs General City Account's benchmark was originally the Merrill Lynch 1-3 Year Government Index. On June 30, 2011, the benchmark was moved to the Merrill Lynch 1 Year U.S. Treasury Note Index. The benchmark's total return performance is a blended performance of the benchmarks for time periods that include dates prior to June 30, 2011.

**Portfolio Statistics**

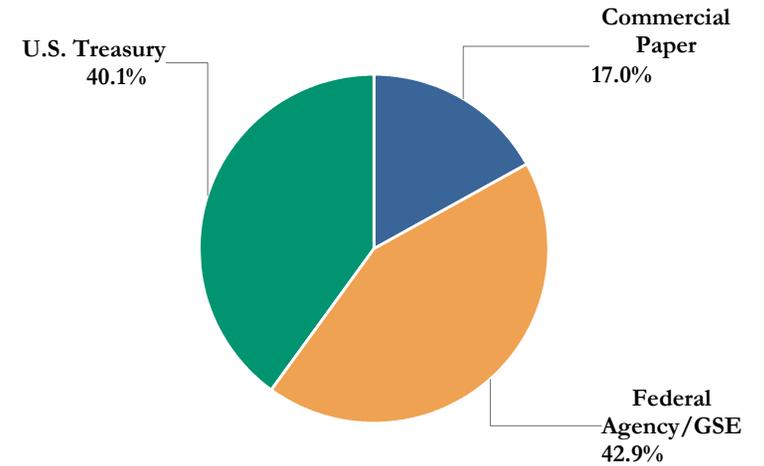
As of June 30, 2016

|                        |            |
|------------------------|------------|
| Par Value:             | 45,155,000 |
| Total Market Value:    | 45,461,314 |
| Security Market Value: | 45,306,889 |
| Accrued Interest:      | 106,230    |
| Cash:                  | 48,195     |
| PFM                    | -          |
| Amortized Cost:        | 45,231,429 |
| Yield at Market:       | 0.56%      |
| Yield at Cost:         | 0.76%      |
| Effective Duration:    | 0.84 Years |
| Duration to Worst:     | 0.84 Years |
| Average Maturity:      | 0.85 Years |
| Average Credit: **     | AA         |

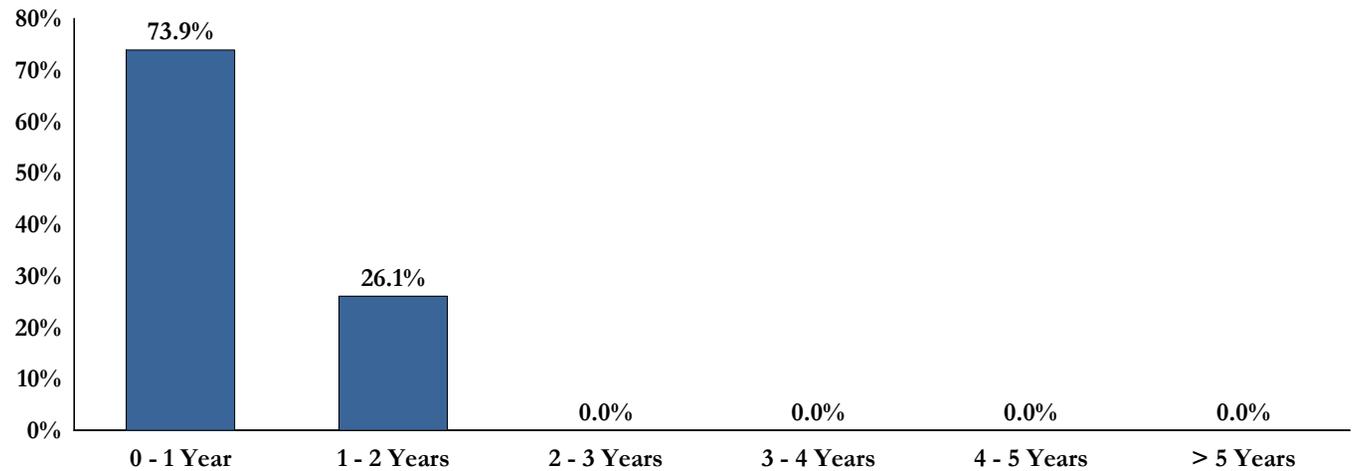
**Credit Quality (S&P Ratings)**



**Sector Allocation**



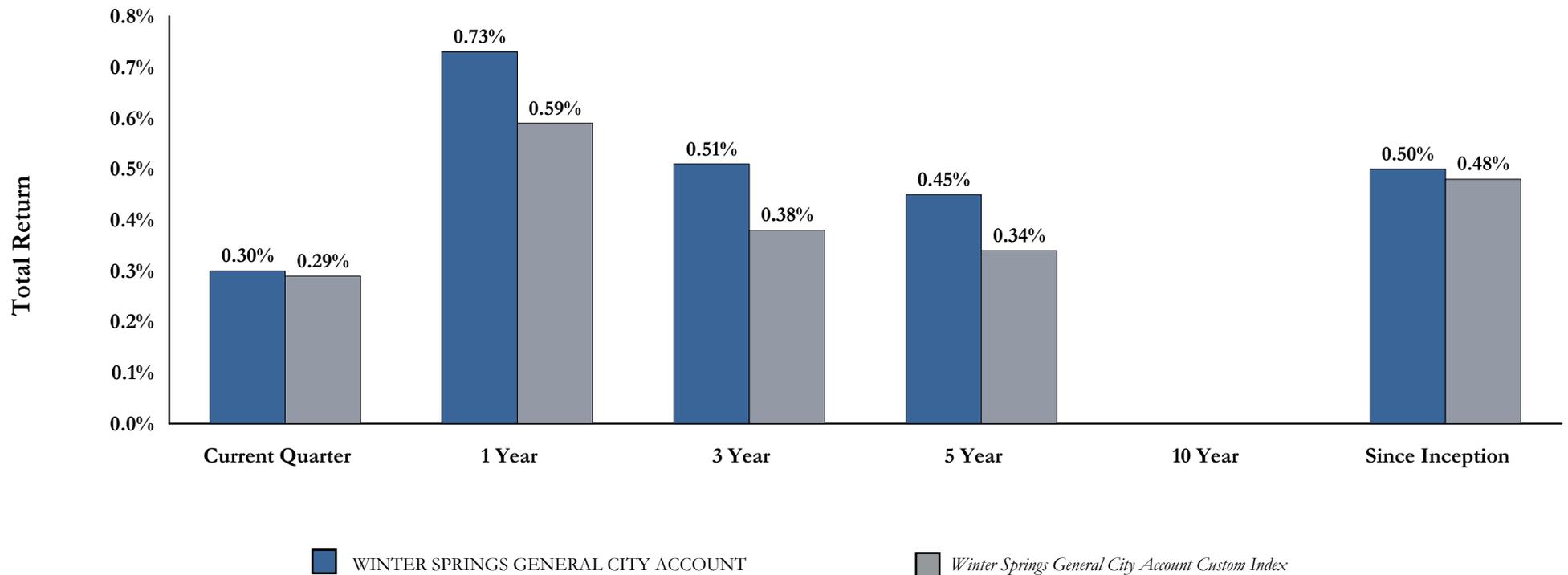
**Maturity Distribution**



\*\* An average of each security's credit rating assigned a numeric value and adjusted for its relative weighting in the portfolio.

Portfolio Performance (Total Return)

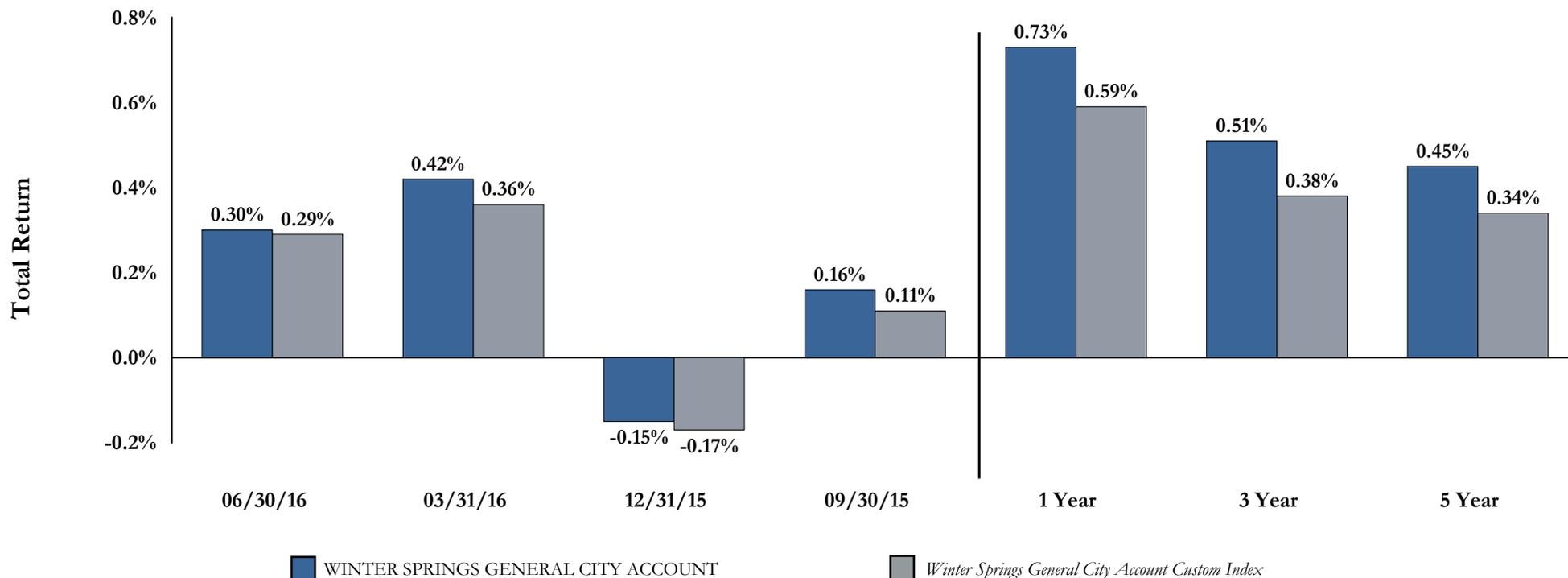
| Portfolio/Benchmark                              | Effective Duration | Current Quarter | 1 Year | Annualized Return |        |         | Since Inception (03/31/11) ** |
|--|--------------------|-----------------|--------|-------------------|--------|---------|-------------------------------|
|  |                    |                 |        | 3 Year            | 5 Year | 10 Year |                               |
| WINTER SPRINGS GENERAL CITY ACCOUNT              | 0.84               | 0.30%           | 0.73%  | 0.51%             | 0.45%  | -       | 0.50%                         |
| Winter Springs General City Account Custom Index | 0.83               | 0.29%           | 0.59%  | 0.38%             | 0.34%  | -       | 0.48%                         |
| Difference                                       |                    | 0.01%           | 0.14%  | 0.13%             | 0.11%  | -       | 0.02%                         |



Portfolio performance is gross of fees unless otherwise indicated. \*\*Since Inception performance is not shown for periods less than one year.

Portfolio Performance (Total Return)

| Portfolio/Benchmark                                     | Effective Duration | Quarter Ended |          |          |          | 1 Year | Annualized Return |        |
|---|--------------------|---------------|----------|----------|----------|--------|-------------------|--------|
|   |                    | 06/30/16      | 03/31/16 | 12/31/15 | 09/30/15 |        | 3 Year            | 5 Year |
| <b>WINTER SPRINGS GENERAL CITY ACCOUNT</b>              | 0.84               | 0.30%         | 0.42%    | -0.15%   | 0.16%    | 0.73%  | 0.51%             | 0.45%  |
| <i>Winter Springs General City Account Custom Index</i> | 0.83               | 0.29%         | 0.36%    | -0.17%   | 0.11%    | 0.59%  | 0.38%             | 0.34%  |
| <b>Difference</b>                                       |                    | 0.01%         | 0.06%    | 0.02%    | 0.05%    | 0.14%  | 0.13%             | 0.11%  |



Portfolio performance is gross of fees unless otherwise indicated.

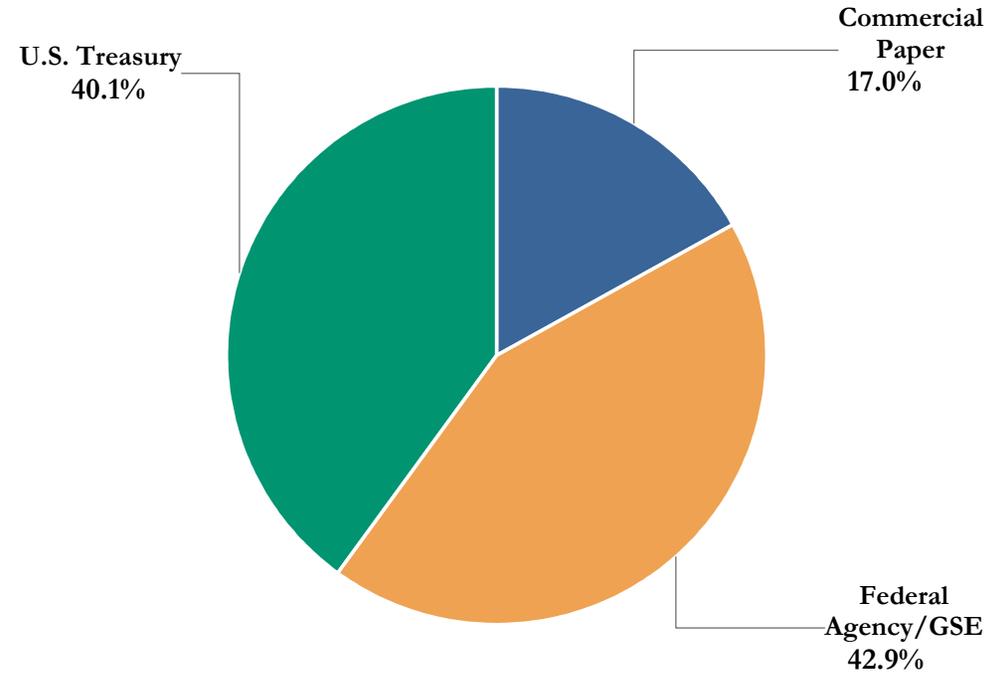
**Portfolio Earnings**  
*Quarter-Ended June 30, 2016*

|                                     | <u>Market Value Basis</u> | <u>Accrual (Amortized Cost) Basis</u> |
|-------------------------------------|---------------------------|---------------------------------------|
| <b>Beginning Value (03/30/2016)</b> | \$45,126,006.34           | \$45,101,554.17                       |
| <b>Net Purchases/Sales</b>          | \$151,413.76              | \$151,413.76                          |
| <b>Change in Value</b>              | \$29,469.36               | (\$21,539.38)                         |
| <b>Ending Value (06/30/2016)</b>    | \$45,306,889.46           | \$45,231,428.55                       |
| <b>Interest Earned</b>              | \$105,057.24              | \$105,057.24                          |
| <b>Portfolio Earnings</b>           | \$134,526.60              | \$83,517.86                           |

**Sector Allocation**

*As of June 30, 2016*

| Sector             | Market Value (\$) | % of Portfolio |
|--------------------|-------------------|----------------|
| Federal Agency/GSE | 19,453,935        | 42.9%          |
| U.S. Treasury      | 18,170,449        | 40.1%          |
| Commercial Paper   | 7,682,506         | 17.0%          |
| <b>Total</b>       | <b>45,306,889</b> | <b>100.0%</b>  |

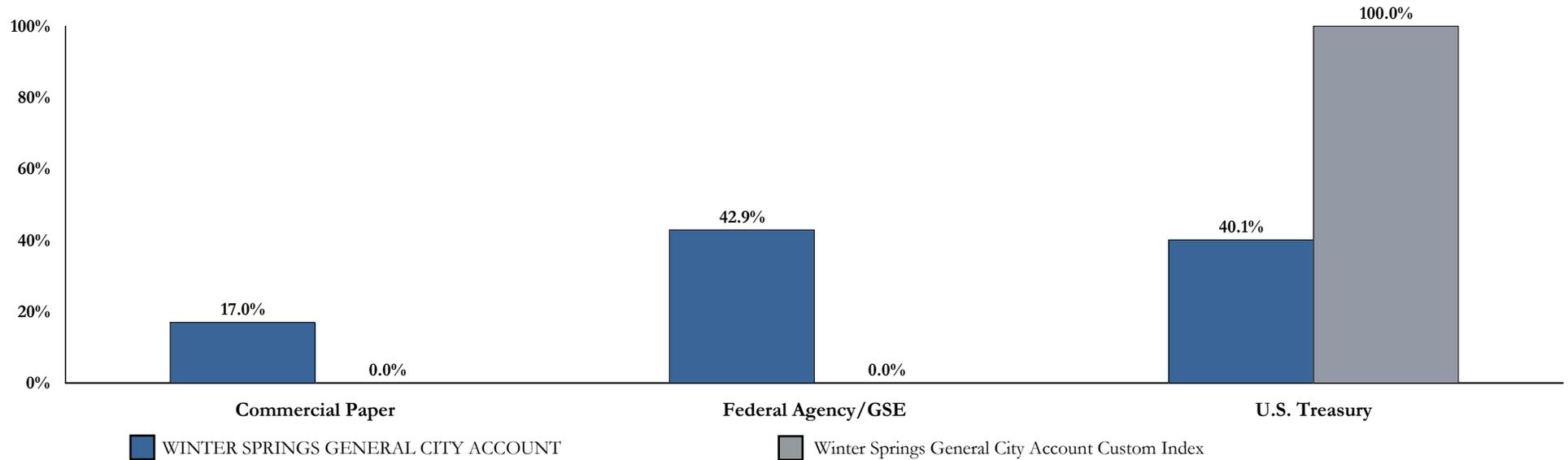


*Detail may not add to total due to rounding.*

### Sector Allocation

As of June 30, 2016

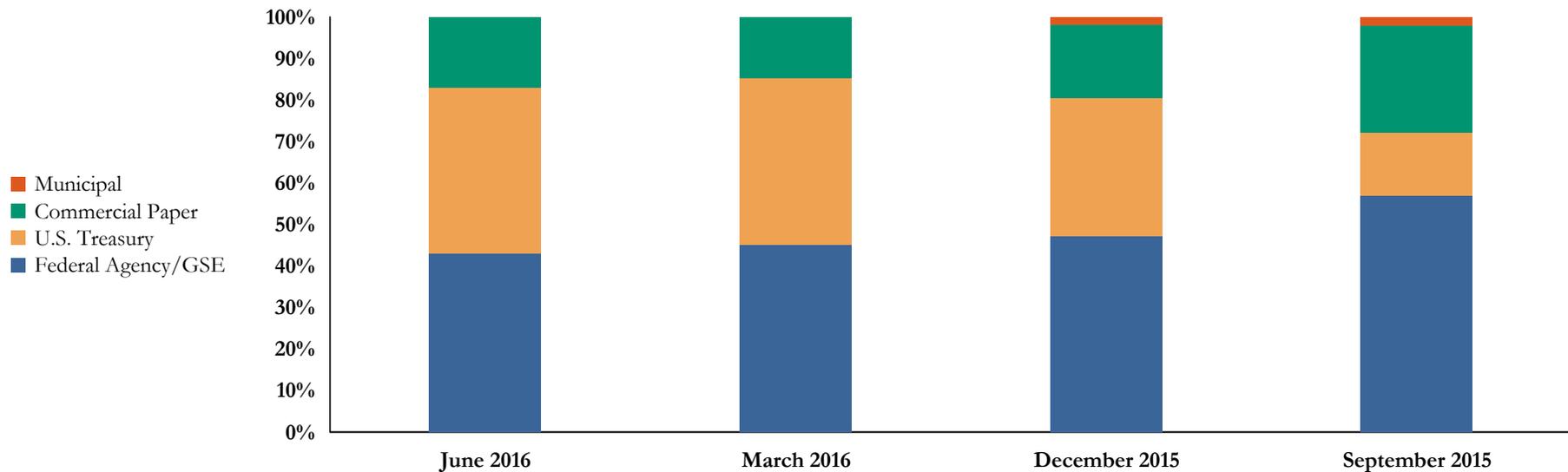
| Sector             | Market Value (\$) | % of Portfolio | % of Benchmark |
|--------------------|-------------------|----------------|----------------|
| Federal Agency/GSE | 19,453,935        | 42.9%          | -              |
| U.S. Treasury      | 18,170,449        | 40.1%          | 100.0%         |
| Commercial Paper   | 7,682,506         | 17.0%          | -              |
| <b>Total</b>       | <b>45,306,889</b> | <b>100.0%</b>  | <b>100.0%</b>  |



Detail may not add to total due to rounding.

### Sector Allocation

| Sector             | June 30, 2016 |               | March 31, 2016 |               | December 31, 2015 |               | September 30, 2015 |               |
|--------------------|---------------|---------------|----------------|---------------|-------------------|---------------|--------------------|---------------|
|                    | MV (\$MM)     | % of Total    | MV (\$MM)      | % of Total    | MV (\$MM)         | % of Total    | MV (\$MM)          | % of Total    |
| Federal Agency/GSE | 19.5          | 42.9%         | 20.4           | 45.1%         | 21.2              | 47.1%         | 22.3               | 57.0%         |
| U.S. Treasury      | 18.2          | 40.1%         | 18.2           | 40.3%         | 15.0              | 33.3%         | 6.0                | 15.3%         |
| Commercial Paper   | 7.7           | 17.0%         | 6.6            | 14.6%         | 8.0               | 17.8%         | 10.1               | 25.7%         |
| Municipal          | 0.0           | 0.0%          | 0.0            | 0.0%          | 0.8               | 1.8%          | 0.8                | 2.0%          |
| <b>Total</b>       | <b>\$45.3</b> | <b>100.0%</b> | <b>\$45.1</b>  | <b>100.0%</b> | <b>\$44.9</b>     | <b>100.0%</b> | <b>\$39.2</b>      | <b>100.0%</b> |

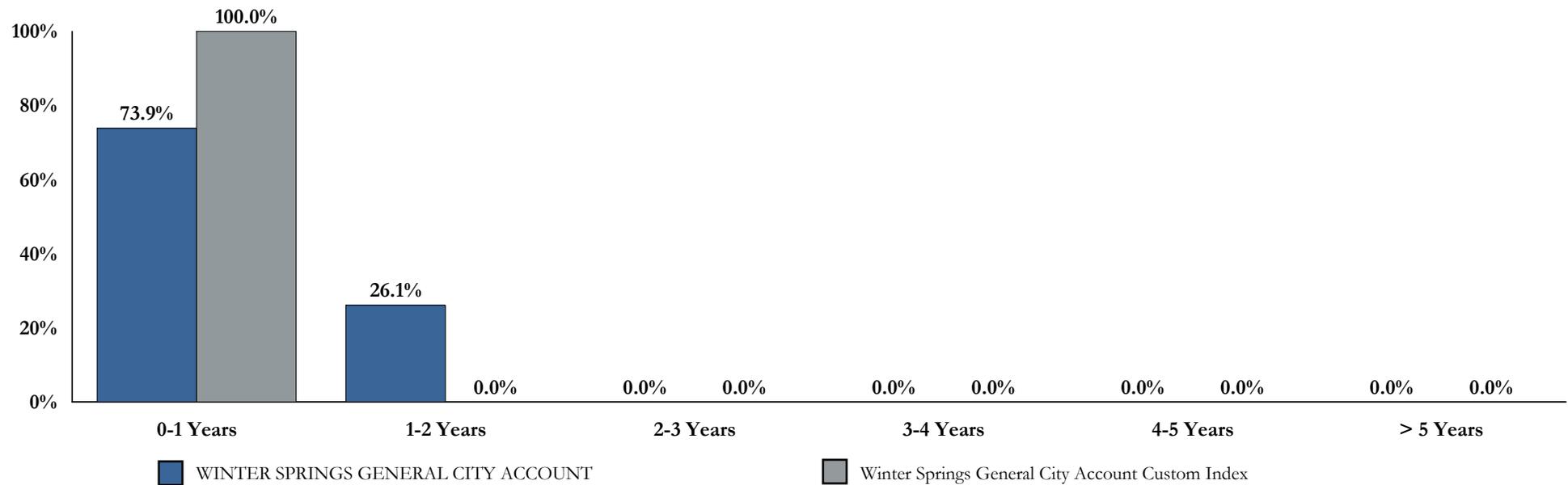


Detail may not add to total due to rounding.

### Maturity Distribution

As of June 30, 2016

| Portfolio/Benchmark                              | Yield at Market | Average Maturity | 0-1 Years | 1-2 Years | 2-3 Years | 3-4 Years | 4-5 Years | >5 Years |
|--|-----------------|------------------|-----------|-----------|-----------|-----------|-----------|----------|
| WINTER SPRINGS GENERAL CITY ACCOUNT              | 0.56%           | 0.85 yrs         | 73.9%     | 26.1%     | 0.0%      | 0.0%      | 0.0%      | 0.0%     |
| Winter Springs General City Account Custom Index | 0.51%           | 1.00 yrs         | 100.0%    | 0.0%      | 0.0%      | 0.0%      | 0.0%      | 0.0%     |

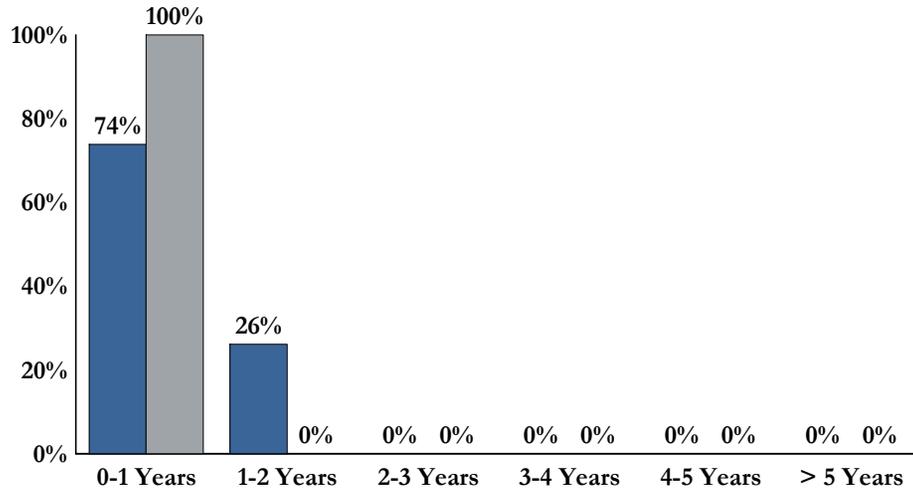


### Duration Distribution

As of June 30, 2016

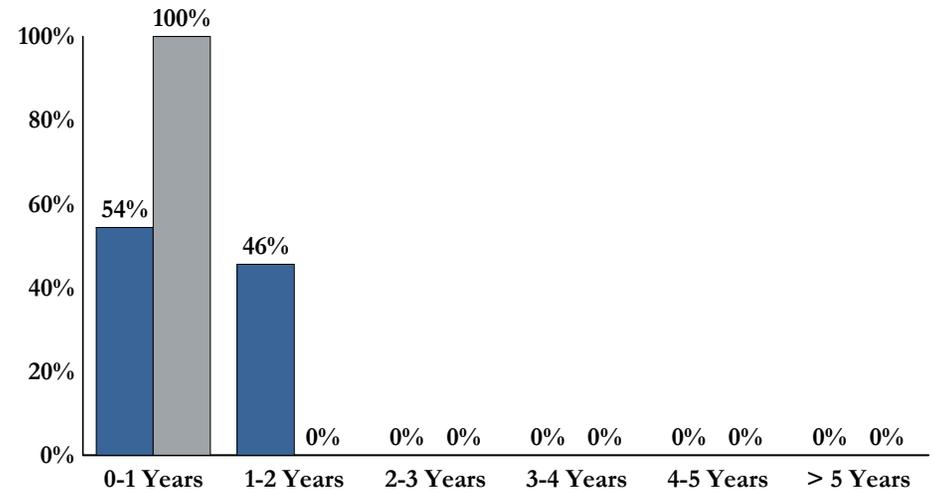
| Portfolio / Benchmark                            | Effective Duration | 0-1 YEARS | 1-2 YEARS | 2-3 YEARS | 3-4 YEARS | 4-5 YEARS | > 5 YEARS |
|--|--------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| WINTER SPRINGS GENERAL CITY ACCOUNT              | 0.84               | 73.90%    | 26.10%    | 0.00%     | 0.00%     | 0.00%     | 0.00%     |
| Winter Springs General City Account Custom Index | 0.83               | 100.00%   | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     |

Distribution by Effective Duration



■ WINTER SPRINGS GENERAL CITY ACCOUNT  
 ■ Winter Springs General City Account Custom Index

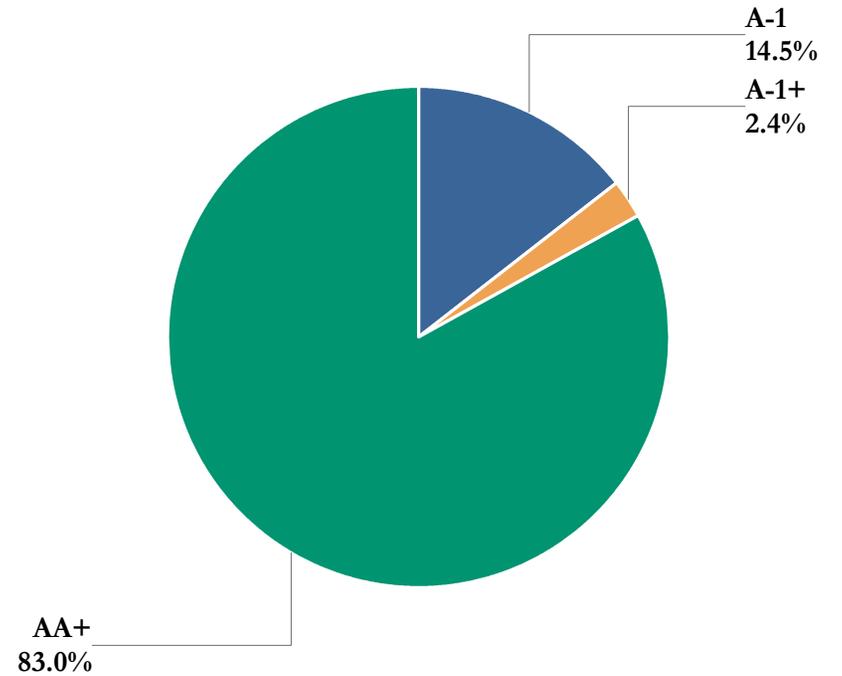
Contribution to Portfolio Duration



■ WINTER SPRINGS GENERAL CITY ACCOUNT  
 ■ Winter Springs General City Account Custom Index

**Credit Quality**  
As of June 30, 2016

| S&P Rating    | Market Value (\$)   | % of Portfolio |
|---------------|---------------------|----------------|
| AA+           | \$37,624,384        | 83.0%          |
| A-1           | \$6,583,024         | 14.5%          |
| A-1+          | \$1,099,482         | 2.4%           |
| <b>Totals</b> | <b>\$45,306,889</b> | <b>100.0%</b>  |



Detail may not add to total due to rounding.

## Issuer Distribution

As of June 30, 2016

| Issuer                             | Market Value (\$) | % of Portfolio |               |                 |
|------------------------------------|-------------------|----------------|---------------|-----------------|
| UNITED STATES TREASURY             | 18,170,449        | 40.1%          | Top 5 = 86.3% | Top 10 = 100.0% |
| FANNIE MAE                         | 7,807,993         | 17.2%          |               |                 |
| FREDDIE MAC                        | 7,674,189         | 16.9%          |               |                 |
| FEDERAL HOME LOAN BANKS            | 3,971,753         | 8.8%           |               |                 |
| JP MORGAN CHASE & CO               | 1,497,938         | 3.3%           |               |                 |
| MITSUBISHI UFJ FINANCIAL GROUP INC | 1,497,408         | 3.3%           |               |                 |
| BNP PARIBAS                        | 1,494,614         | 3.3%           |               |                 |
| TOYOTA MOTOR CORP                  | 1,099,482         | 2.4%           |               |                 |
| ING GROUP NV                       | 1,096,961         | 2.4%           |               |                 |
| BANK OF MONTREAL                   | 996,104           | 2.2%           |               |                 |
| <b>Grand Total:</b>                | <b>45,306,889</b> | <b>100.0%</b>  |               |                 |

## Sector/Issuer Distribution

As of June 30, 2016

| Sector / Issuer                    | Market Value (\$) | % of Sector   | % of Total Portfolio |
|------------------------------------|-------------------|---------------|----------------------|
| <b>Commercial Paper</b>            |                   |               |                      |
| BANK OF MONTREAL                   | 996,104           | 13.0%         | 2.2%                 |
| BNP PARIBAS                        | 1,494,614         | 19.5%         | 3.3%                 |
| ING GROUP NV                       | 1,096,961         | 14.3%         | 2.4%                 |
| JP MORGAN CHASE & CO               | 1,497,938         | 19.5%         | 3.3%                 |
| MITSUBISHI UFJ FINANCIAL GROUP INC | 1,497,408         | 19.5%         | 3.3%                 |
| TOYOTA MOTOR CORP                  | 1,099,482         | 14.3%         | 2.4%                 |
| <b>Sector Total</b>                | <b>7,682,506</b>  | <b>100.0%</b> | <b>17.0%</b>         |
| <b>Federal Agency/GSE</b>          |                   |               |                      |
| FANNIE MAE                         | 7,807,993         | 40.1%         | 17.2%                |
| FEDERAL HOME LOAN BANKS            | 3,971,753         | 20.4%         | 8.8%                 |
| FREDDIE MAC                        | 7,674,189         | 39.4%         | 16.9%                |
| <b>Sector Total</b>                | <b>19,453,935</b> | <b>100.0%</b> | <b>42.9%</b>         |
| <b>U.S. Treasury</b>               |                   |               |                      |
| UNITED STATES TREASURY             | 18,170,449        | 100.0%        | 40.1%                |
| <b>Sector Total</b>                | <b>18,170,449</b> | <b>100.0%</b> | <b>40.1%</b>         |
| <b>Portfolio Total</b>             | <b>45,306,889</b> | <b>100.0%</b> | <b>100.0%</b>        |

## Quarterly Portfolio Transactions

| Trade Date            | Settle Date | Par (\$)          | CUSIP     | Security Description                    | Coupon | Maturity Date | Transact Amt (\$)   | Yield at Market | Realized G/L (BV) |
|-----------------------|-------------|-------------------|-----------|---|--------|---------------|---------------------|-----------------|-------------------|
| <b>BUY</b>            |             |                   |           |   |        |               |                     |                 |                   |
| 4/1/16                | 4/4/16      | 1,500,000         | 46640PJU8 | JP MORGAN SECURITIES LLC COMM PAPER     | 0.00%  | 9/28/16       | 1,493,583.75        | 0.87%           |                   |
| 4/6/16                | 4/6/16      | 1,500,000         | 06538BK36 | BANK OF TOKYO MITSUBISHI UFJ COMM PAPER | 0.00%  | 10/3/16       | 1,493,325.00        | 0.89%           |                   |
| 5/3/16                | 5/5/16      | 1,350,000         | 3137EAEA3 | FHLMC REFERENCE NOTE                    | 0.75%  | 4/9/18        | 1,349,262.00        | 0.81%           |                   |
| 5/18/16               | 5/19/16     | 1,100,000         | 4497W0LA4 | ING (US) FUNDING LLC COMM PAPER         | 0.00%  | 11/10/16      | 1,095,240.97        | 0.89%           |                   |
| 5/31/16               | 5/31/16     | 1,100,000         | 3137EAEA3 | FHLMC REFERENCE NOTE                    | 0.75%  | 4/9/18        | 1,097,310.50        | 0.94%           |                   |
| 6/9/16                | 6/10/16     | 1,500,000         | 09659BM64 | BNP PARIBAS NY BRANCH COMM PAPER        | 0.00%  | 12/6/16       | 1,493,138.33        | 0.92%           |                   |
| 6/15/16               | 6/16/16     | 1,000,000         | 06366GMC0 | BANK OF MONTREAL CHICAGO COMM PAPER     | 0.00%  | 12/12/16      | 995,723.89          | 0.86%           |                   |
| <b>Total BUY</b>      |             | <b>9,050,000</b>  |           |   |        |               | <b>9,017,584.44</b> |                 |                   |
| <b>INTEREST</b>       |             |                   |           |   |        |               |                     |                 |                   |
| 4/1/16                | 4/1/16      | 0                 | MONEY0002 | MONEY MARKET FUND                       |        |               | 0.68                |                 |                   |
| 4/26/16               | 4/26/16     | 1,470,000         | 3130A6LZ8 | FHLB NOTES                              | 0.62%  | 10/26/17      | 4,593.75            |                 |                   |
| 5/2/16                | 5/2/16      | 0                 | MONEY0002 | MONEY MARKET FUND                       |        |               | 1.28                |                 |                   |
| 5/23/16               | 5/23/16     | 2,000,000         | 3130A3J70 | FHLB NOTES                              | 0.62%  | 11/23/16      | 6,250.00            |                 |                   |
| 5/30/16               | 5/30/16     | 1,500,000         | 3130A5EP0 | FHLB GLOBAL NOTES                       | 0.62%  | 5/30/17       | 4,687.50            |                 |                   |
| 5/31/16               | 5/31/16     | 1,300,000         | 912828SY7 | US TREASURY NOTES                       | 0.62%  | 5/31/17       | 4,062.50            |                 |                   |
| 5/31/16               | 5/31/16     | 3,200,000         | 912828SY7 | US TREASURY NOTES                       | 0.62%  | 5/31/17       | 10,000.00           |                 |                   |
| 5/31/16               | 5/31/16     | 500,000           | 912828SY7 | US TREASURY NOTES                       | 0.62%  | 5/31/17       | 1,562.50            |                 |                   |
| 6/1/16                | 6/1/16      | 0                 | MONEY0002 | MONEY MARKET FUND                       |        |               | 3.83                |                 |                   |
| 6/15/16               | 6/15/16     | 3,000,000         | 3137EADX4 | FHLMC NOTES                             | 1.00%  | 12/15/17      | 15,333.33           |                 |                   |
| <b>Total INTEREST</b> |             | <b>12,970,000</b> |           |   |        |               | <b>46,495.37</b>    |                 |                   |

## WINTER SPRINGS GENERAL CITY ACCOUNT

Portfolio Activity

| Trade Date            | Settle Date | Par (\$)         | CUSIP     | Security Description                    | Coupon | Maturity Date | Transact Amt (\$)   | Yield at Market | Realized G/L (BV) |
|-----------------------|-------------|------------------|-----------|---|--------|---------------|---------------------|-----------------|-------------------|
| <b>MATURITY</b>       |             |                  |           |   |        |               |                     |                 |                   |
| 5/20/16               | 5/20/16     | 1,000,000        | 89233GEL6 | TOYOTA MOTOR CREDIT CORP COMM PAPER     | 0.00%  | 5/20/16       | 1,000,000.00        |                 | 0.00              |
| 6/10/16               | 6/10/16     | 1,500,000        | 09659BFA3 | BNP PARIBAS NY BRANCH COMM PAPER        | 0.00%  | 6/10/16       | 1,500,000.00        |                 | 0.00              |
| <b>Total MATURITY</b> |             | <b>2,500,000</b> |           |   |        |               | <b>2,500,000.00</b> |                 | <b>0.00</b>       |
| <b>SELL</b>           |             |                  |           |   |        |               |                     |                 |                   |
| 4/1/16                | 4/4/16      | 1,500,000        | 46640PEG4 | JP MORGAN SECURITIES LLC COMM PAPER     | 0.00%  | 5/16/16       | 1,499,177.51        | 0.47%           | 227.51            |
| 4/6/16                | 4/6/16      | 1,500,000        | 06538BE25 | BANK OF TOKYO MITSUBISHI UFJ COMM PAPER | 0.00%  | 5/2/16        | 1,499,501.67        | 0.46%           | 75.84             |
| 5/3/16                | 5/5/16      | 425,000          | 3130A2T97 | FHLB NOTES                              | 0.50%  | 9/28/16       | 425,341.65          | 0.43%           | 168.26            |
| 5/3/16                | 5/5/16      | 825,000          | 31359MW41 | FNMA GLOBAL BENCHMARK NOTES             | 5.25%  | 9/15/16       | 845,345.88          | 0.43%           | 180.15            |
| 5/18/16               | 5/19/16     | 1,100,000        | 3130A3J70 | FHLB NOTES                              | 0.62%  | 11/23/16      | 1,103,944.11        | 0.52%           | 251.25            |
| 6/15/16               | 6/16/16     | 1,000,000        | 3130A3J70 | FHLB NOTES                              | 0.62%  | 11/23/16      | 1,000,829.31        | 0.53%           | 173.33            |
| <b>Total SELL</b>     |             | <b>6,350,000</b> |           |   |        |               | <b>6,374,140.13</b> |                 | <b>1,076.34</b>   |

## Quarterly Portfolio Transactions

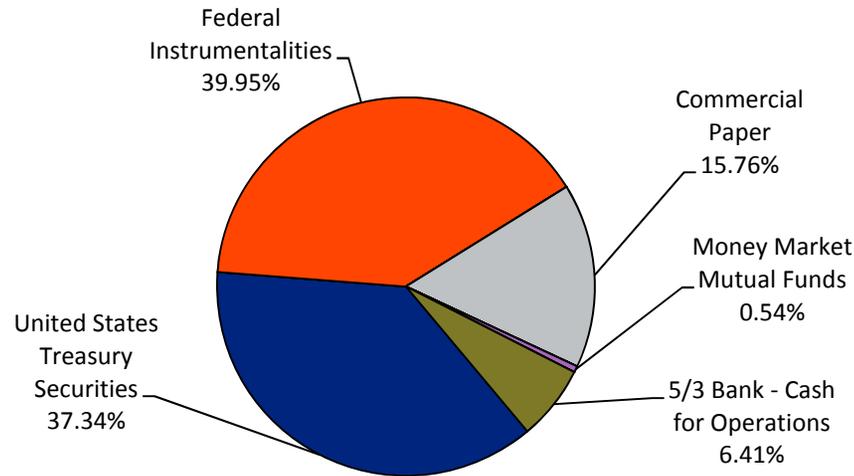
| Tran. Type | Trade Date | Settle Date | Par (\$)     | CUSIP     | Security Description                    | Coupon | Maturity Date | Transact Amt (\$) | Yield | Realized G/L (BV) |
|------------|------------|-------------|--------------|-----------|---|--------|---------------|-------------------|-------|-------------------|
| INTEREST   | 4/1/16     | 4/1/16      | 0.00         | MONEY0002 | MONEY MARKET FUND                       |        |               | 0.68              |       |                   |
| BUY        | 4/1/16     | 4/4/16      | 1,500,000.00 | 46640PJU8 | JP MORGAN SECURITIES LLC COMM PAPER     | 0.00%  | 9/28/16       | (1,493,583.75)    | 0.87% |                   |
| SELL       | 4/1/16     | 4/4/16      | 1,500,000.00 | 46640PEG4 | JP MORGAN SECURITIES LLC COMM PAPER     | 0.00%  | 5/16/16       | 1,499,177.51      | 0.47% | 227.51            |
| BUY        | 4/6/16     | 4/6/16      | 1,500,000.00 | 06538BK36 | BANK OF TOKYO MITSUBISHI UFJ COMM PAPER | 0.00%  | 10/3/16       | (1,493,325.00)    | 0.89% |                   |
| SELL       | 4/6/16     | 4/6/16      | 1,500,000.00 | 06538BE25 | BANK OF TOKYO MITSUBISHI UFJ COMM PAPER | 0.00%  | 5/2/16        | 1,499,501.67      | 0.46% | 75.84             |
| INTEREST   | 4/26/16    | 4/26/16     | 1,470,000.00 | 3130A6LZ8 | FHLB NOTES                              | 0.62%  | 10/26/17      | 4,593.75          |       |                   |
| INTEREST   | 5/2/16     | 5/2/16      | 0.00         | MONEY0002 | MONEY MARKET FUND                       |        |               | 1.28              |       |                   |
| BUY        | 5/3/16     | 5/5/16      | 1,350,000.00 | 3137EAEA3 | FHLMC REFERENCE NOTE                    | 0.75%  | 4/9/18        | (1,349,262.00)    | 0.81% |                   |
| SELL       | 5/3/16     | 5/5/16      | 425,000.00   | 3130A2T97 | FHLB NOTES                              | 0.50%  | 9/28/16       | 425,341.65        | 0.43% | 168.26            |
| SELL       | 5/3/16     | 5/5/16      | 825,000.00   | 31359MW41 | FNMA GLOBAL BENCHMARK NOTES             | 5.25%  | 9/15/16       | 845,345.88        | 0.43% | 180.15            |
| BUY        | 5/18/16    | 5/19/16     | 1,100,000.00 | 4497W0LA4 | ING (US) FUNDING LLC COMM PAPER         | 0.00%  | 11/10/16      | (1,095,240.97)    | 0.89% |                   |
| SELL       | 5/18/16    | 5/19/16     | 1,100,000.00 | 3130A3J70 | FHLB NOTES                              | 0.62%  | 11/23/16      | 1,103,944.11      | 0.52% | 251.25            |
| MATURITY   | 5/20/16    | 5/20/16     | 1,000,000.00 | 89233GEL6 | TOYOTA MOTOR CREDIT CORP COMM PAPER     | 0.00%  | 5/20/16       | 1,000,000.00      |       | 0.00              |
| INTEREST   | 5/23/16    | 5/23/16     | 2,000,000.00 | 3130A3J70 | FHLB NOTES                              | 0.62%  | 11/23/16      | 6,250.00          |       |                   |
| INTEREST   | 5/30/16    | 5/30/16     | 1,500,000.00 | 3130A5EP0 | FHLB GLOBAL NOTES                       | 0.62%  | 5/30/17       | 4,687.50          |       |                   |
| BUY        | 5/31/16    | 5/31/16     | 1,100,000.00 | 3137EAEA3 | FHLMC REFERENCE NOTE                    | 0.75%  | 4/9/18        | (1,097,310.50)    | 0.94% |                   |
| INTEREST   | 5/31/16    | 5/31/16     | 1,300,000.00 | 912828SY7 | US TREASURY NOTES                       | 0.62%  | 5/31/17       | 4,062.50          |       |                   |
| INTEREST   | 5/31/16    | 5/31/16     | 3,200,000.00 | 912828SY7 | US TREASURY NOTES                       | 0.62%  | 5/31/17       | 10,000.00         |       |                   |
| INTEREST   | 5/31/16    | 5/31/16     | 500,000.00   | 912828SY7 | US TREASURY NOTES                       | 0.62%  | 5/31/17       | 1,562.50          |       |                   |

## WINTER SPRINGS GENERAL CITY ACCOUNT

Portfolio Activity

| Tran. Type    | Trade Date | Settle Date | Par (\$)     | CUSIP     | Security Description                | Coupon | Maturity Date | Transact Amt (\$)  | Yield | Realized G/L (BV) |
|---------------|------------|-------------|--------------|-----------|-------------------------------------|--------|---------------|--------------------|-------|-------------------|
| INTEREST      | 6/1/16     | 6/1/16      | 0.00         | MONEY0002 | MONEY MARKET FUND                   |        |               | 3.83               |       |                   |
| BUY           | 6/9/16     | 6/10/16     | 1,500,000.00 | 09659BM64 | BNP PARIBAS NY BRANCH COMM PAPER    | 0.00%  | 12/6/16       | (1,493,138.33)     | 0.92% |                   |
| MATURITY      | 6/10/16    | 6/10/16     | 1,500,000.00 | 09659BFA3 | BNP PARIBAS NY BRANCH COMM PAPER    | 0.00%  | 6/10/16       | 1,500,000.00       |       | 0.00              |
| INTEREST      | 6/15/16    | 6/15/16     | 3,000,000.00 | 3137EADX4 | FHLMC NOTES                         | 1.00%  | 12/15/17      | 15,333.33          |       |                   |
| BUY           | 6/15/16    | 6/16/16     | 1,000,000.00 | 06366GMC0 | BANK OF MONTREAL CHICAGO COMM PAPER | 0.00%  | 12/12/16      | (995,723.89)       | 0.86% |                   |
| SELL          | 6/15/16    | 6/16/16     | 1,000,000.00 | 3130A3J70 | FHLB NOTES                          | 0.62%  | 11/23/16      | 1,000,829.31       | 0.53% | 173.33            |
| <b>TOTALS</b> |            |             |              |           |                                     |        |               | <b>(96,948.94)</b> |       | <b>1,076.34</b>   |

# Tab III



| Security Type <sup>1,2</sup>               | Amortized Cost<br>(Includes Interest) | Allocation<br>Percentage | Notes | Permitted<br>by Policy | In<br>Compliance |
|--|---------------------------------------|--------------------------|-------|------------------------|------------------|
| United States Treasury Securities          | 18,191,803.30                         | 37.34%                   |       | 100%                   | YES              |
| United States Government Agency Securities | -                                     | 0.00%                    |       | 75%                    | YES              |
| Federal Instrumentalities                  | 19,466,856.96                         | 39.95%                   |       | 80%                    | YES              |
| Mortgage-Backed Securities                 | -                                     | 0.00%                    |       | 0%                     | YES              |
| Certificates of Deposit/Savings Account    | -                                     | 0.00%                    |       | 25%                    | YES              |
| Repurchase Agreements                      | -                                     | 0.00%                    |       | 50%                    | YES              |
| Commercial Paper                           | 7,678,997.82                          | 15.76%                   |       | 30%                    | YES              |
| Corporate Notes - FDIC Insured             | -                                     | 0.00%                    |       | 50%                    | YES              |
| Bankers' Acceptances                       | -                                     | 0.00%                    |       | 30%                    | YES              |
| State and/or Local Government Debt         | -                                     | 0.00%                    |       | 20%                    | YES              |
| Money Market Mutual Funds                  | 265,188.32                            | 0.54%                    |       | 100%                   | YES              |
| Intergovernmental Investment Pool          | -                                     | 0.00%                    |       | 25%                    | YES              |
| Bank of America - Cash for Operations      | -                                     | 0.00%                    | 3     | 100%                   | YES              |
| 5/3 Bank - Cash for Operations             | 3,121,477.89                          | 6.41%                    | 3     | 100%                   | YES              |

Notes:

- Does not include bond proceeds.
- End of month trade-date amortized cost of portfolio holdings, including accrued interest.
- Managed by the City.

| <b>Individual Issuer Breakdown</b>               | <b>Amortized Cost<br/>(Includes Interest)</b> | <b>Allocation<br/>Percentage</b> | <b>Notes</b> | <b>Permitted<br/>by Policy</b> | <b>In<br/>Compliance</b> |
|--|---|----------------------------------|--------------|--------------------------------|--------------------------|
| Government National Mortgage Association (GNMA)  | -   | 0.00%                            |              | <b>50%</b>                     | YES                      |
| Federal Farm Credit Bank (FFCB)                  | -   | 0.00%                            |              | <b>25%</b>                     | YES                      |
| Federal Home Loan Bank (FHLB)                    | 3,968,754.47                                  | 8.15%                            |              | <b>25%</b>                     | YES                      |
| Federal National Mortgage Association (FNMA)     | 7,830,021.13                                  | 16.07%                           |              | <b>25%</b>                     | YES                      |
| Federal Home Loan Mortgage Corporation (FHLMC)   | 7,668,081.36                                  | 15.74%                           |              | <b>25%</b>                     | YES                      |
| Bank of Montreal Commercial Paper                | 996,082.22                                    | 2.04%                            |              | <b>10%</b>                     | YES                      |
| Bank of Tokyo Mitsubishi, Inc. Commercial Paper  | 1,496,514.17                                  | 3.07%                            |              | <b>10%</b>                     | YES                      |
| BNP Paribas Commercial Paper                     | 1,493,943.33                                  | 3.07%                            |              | <b>10%</b>                     | YES                      |
| ING Group Commercial Paper                       | 1,096,410.34                                  | 2.25%                            |              | <b>10%</b>                     | YES                      |
| JP Morgan Chase & Company Commercial Paper       | 1,496,773.76                                  | 3.07%                            |              | <b>10%</b>                     | YES                      |
| Toyota Motor Corporation Commercial Paper        | 1,099,274.00                                  | 2.26%                            |              | <b>10%</b>                     | YES                      |
| Fidelity Institutional Money Market Fund - Gov't | 48,195.25                                     | 0.10%                            | 3            | <b>25%</b>                     | YES                      |
| Money Market Fund - Florida Prime (SBA)          | 216,993.07                                    | 0.45%                            | 3            | <b>25%</b>                     | YES                      |

Notes:

1. Does not include bond proceeds.
2. End of month trade-date amortized cost of portfolio holdings, including accrued interest.
3. Managed by the City.

## Important Disclosures

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.

- Market values which include accrued interest, are derived from closing bid prices as of the last business day of the month as supplied by a third party vendor. Where prices are not available from generally recognized sources the securities are priced using a yield based matrix system to arrive at an estimated market value.
- In accordance with generally accepted accounting principles, information is presented on a trade date basis; forward settling purchases are included in the monthly balances and forward settling sales are excluded.
- Performance is presented in accordance with the CFA Institute's Global Investment Performance Standards (GIPS). Unless otherwise noted, performance is shown gross of fees. Quarterly returns are presented on an unannualized basis. Returns for periods greater than one year are presented on an annualized basis. Past performance is not indicative of future returns.
- Bank of America/Merrill Lynch Indices provided by Bloomberg Financial Markets.
- Money market fund/cash balances are included in performance and duration computations.
- Standard & Poor's is the source of the credit ratings. Distribution of credit rating is exclusive of money market fund/LGIP holdings.
- Callable securities in portfolio are included in the maturity distribution analysis to their stated maturity date, although they may be called prior to maturity.
- MBS maturities are represented by expected average life.

## Glossary

- **ACCRUED INTEREST:** Interest that is due on a bond or other fixed income security since the last interest payment was made.
- **AGENCIES:** Federal agency securities and/or Government-sponsored enterprises.
- **AMORTIZED COST:** The original cost of the principal of the security is adjusted for the amount of the periodic reduction of any discount or premium from the purchase date until the date of the report. Discount or premium with respect to short term securities (those with less than one year to maturity at time of issuance) is amortized on a straight line basis. Such discount or premium with respect to longer term securities is amortized using the constant yield basis.
- **BANKERS' ACCEPTANCE:** A draft or bill or exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the insurer.
- **COMMERCIAL PAPER:** An unsecured obligation issued by a corporation or bank to finance its short-term credit needs, such as accounts receivable and inventory.
- **CONTRIBUTION TO DURATION:** Represents each sector or maturity range's relative contribution to the overall duration of the portfolio measured as a percentage weighting. Since duration is a key measure of interest rate sensitivity, the contribution to duration measures the relative amount or contribution of that sector or maturity range to the total rate sensitivity of the portfolio.
- **DURATION TO WORST:** A measure of the sensitivity of a security's price to a change in interest rates, stated in years, computed from cash flows to the maturity date or to the put date, whichever results in the highest yield to the investor.
- **EFFECTIVE DURATION:** A measure of the sensitivity of a security's price to a change in interest rates, stated in years.
- **EFFECTIVE YIELD:** The total yield an investor receives in relation to the nominal yield or coupon of a bond. Effective yield takes into account the power of compounding on investment returns, while nominal yield does not.
- **FDIC:** Federal Deposit Insurance Corporation. A federal agency that insures bank deposits to a specified amount.
- **INTEREST RATE:** Interest per year divided by principal amount, expressed as a percentage.
- **MARKET VALUE:** The value that would be received or paid for an investment in an orderly transaction between market participants at the measurement date.
- **MATURITY:** The date upon which the principal or stated value of an investment becomes due and payable.
- **NEGOTIABLE CERTIFICATES OF DEPOSIT:** A CD with a very large denomination, usually \$1 million or more that can be traded in secondary markets.
- **PAR VALUE:** The nominal dollar face amount of a security.

## Glossary

- **PASS THROUGH SECURITY:** A security representing pooled debt obligations that passes income from debtors to its shareholders. The most common type is the mortgage-backed security.
- **REPURCHASE AGREEMENTS:** A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date.
- **SETTLE DATE:** The date on which the transaction is settled and monies/securities are exchanged. If the settle date of the transaction occurs on a non-business day (i.e. coupon payments and maturity proceeds), the funds are exchanged on the next business day.
- **TRADE DATE:** The date on which the transaction occurred however the final consummation of the security transaction and payment has not yet taken place.
- **UNSETTLED TRADE:** A trade which has been executed however the final consummation of the security transaction and payment has not yet taken place.
- **U.S. TREASURY:** The department of the U.S. government that issues Treasury securities.
- **YIELD:** The rate of return based on the current market value, the annual interest receipts, maturity value and the time period remaining until maturity, stated as a percentage, on an annualized basis.
- **YTM AT COST:** The yield to maturity at cost is the expected rate of return, based on the original cost, the annual interest receipts, maturity value and the time period from purchase date to maturity, stated as a percentage, on an annualized basis.
- **YTM AT MARKET:** The yield to maturity at market is the rate of return, based on the current market value, the annual interest receipts, maturity value and the time period remaining until maturity, stated as a percentage, on an annualized basis.