



Fort Lauderdale, Florida



Investment Performance Review For the Quarter Ended September 30, 2018

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Tab I

- ◆ Market Update

Tab II

- ◆ Executive Summary
- ◆ Investment Portfolio

Tab III

- ◆ Asset Allocation Chart
- ◆ Important Disclosures

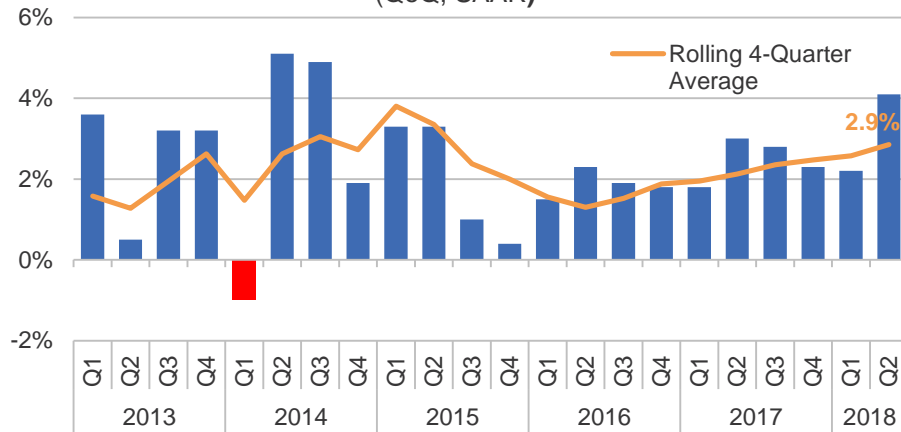
Tab I

Current Market Themes

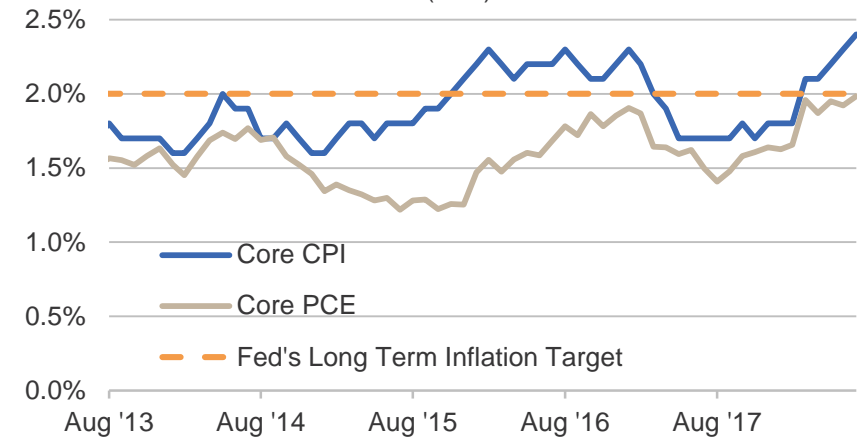
- ◆ U.S. economic conditions are characterized by:
 - Strong growth fueled by tax cuts and increased spending
 - Solid job growth with a low unemployment rate of 3.7%
 - Record corporate profits, driven in part by tax cuts
 - Core inflation reaching the Fed's long-term target of 2% for the first time since 2012
 - Potential headwinds in the form of tariffs, slower housing market momentum and rising interest rates
- ◆ U.S. Treasury yields surged in September, continuing the year-long path toward higher rates. The yield curve remains quite flat relative to historical averages.
- ◆ The Federal Reserve raised rates again in September, their third hike of 2018. The federal funds rate moved to a new target range of 2.00% to 2.25%. An additional ¼ percent rate hike is expected in December, with two to four more hikes possible in 2019.
- ◆ U.S. equities broke records in September as the S&P 500 and Nasdaq indices hit new all-time highs on tailwinds from robust economic fundamentals, strong corporate earnings, and business optimism. The S&P 500 index is now up 10.6% for the year while the tech-heavy Nasdaq is up 17.5%.
- ◆ U.S., Canada, and Mexico reached an agreement to update NAFTA. The deal revises the country of origin rules, increases intellectual property protections, improves labor and environmental rights, and includes concessions on dairy products.

Current Economic Conditions

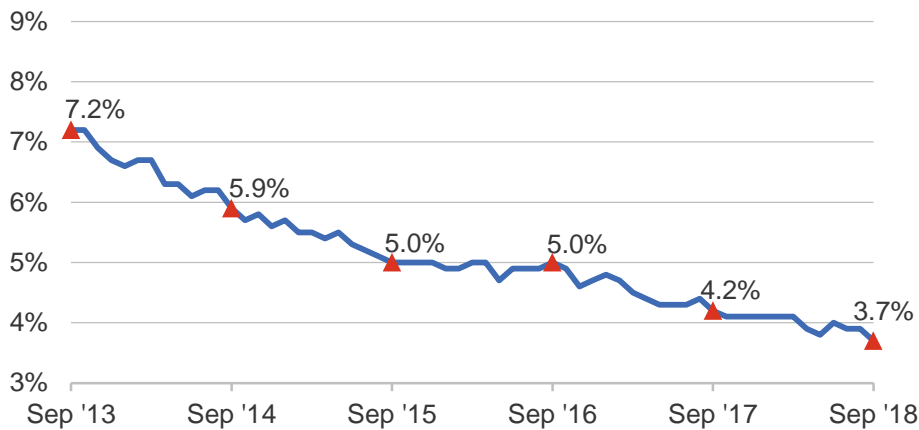
U.S. Real GDP
(QoQ, SAAR)



Inflation Measures
(YoY)



Unemployment Rate

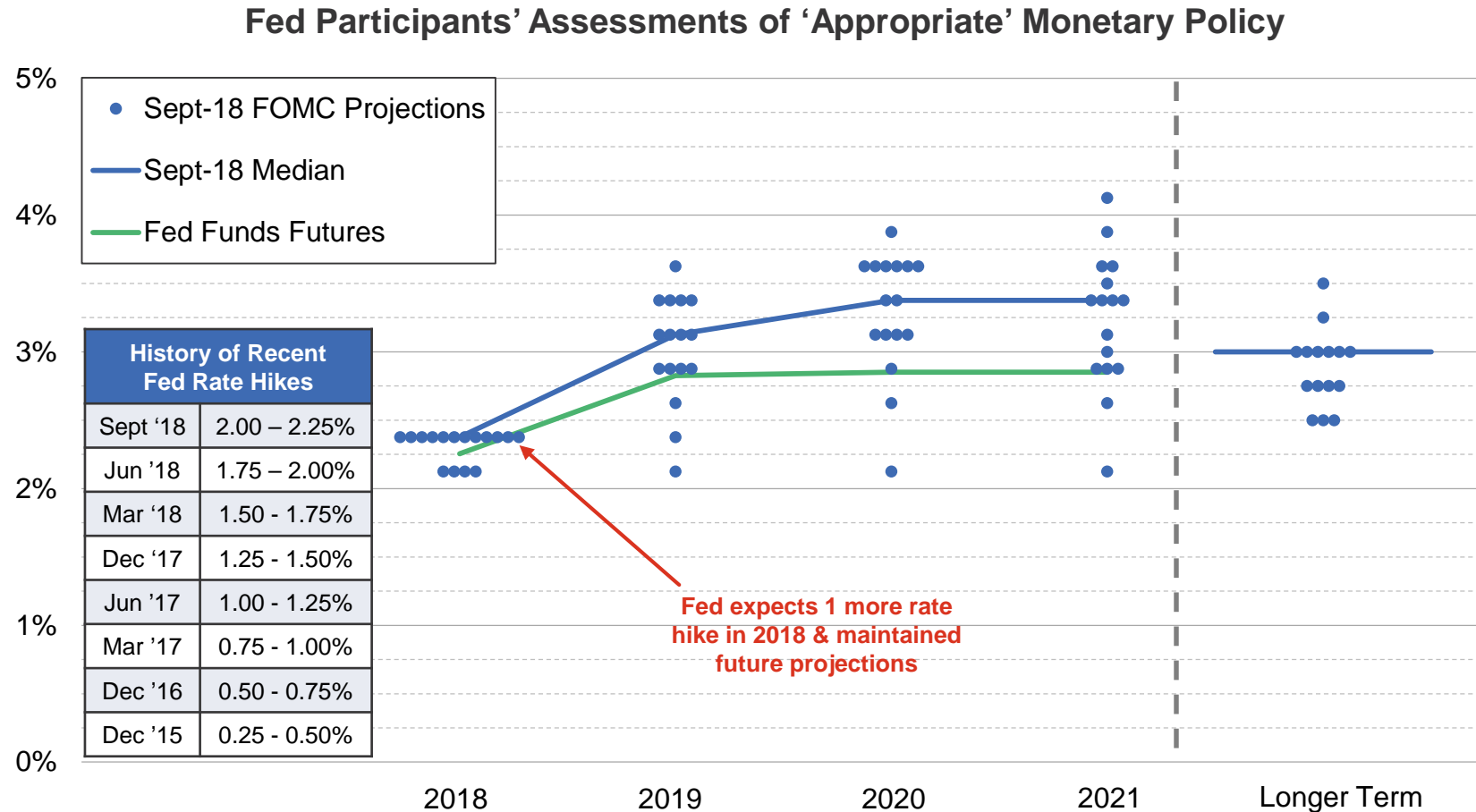


Consumer Confidence



Source: Bloomberg, latest data available as of 9/30/18. SAAR is seasonally adjusted annualized rate.

FOMC's September "Dot Plot" Projects One More Rate Hike in 2018

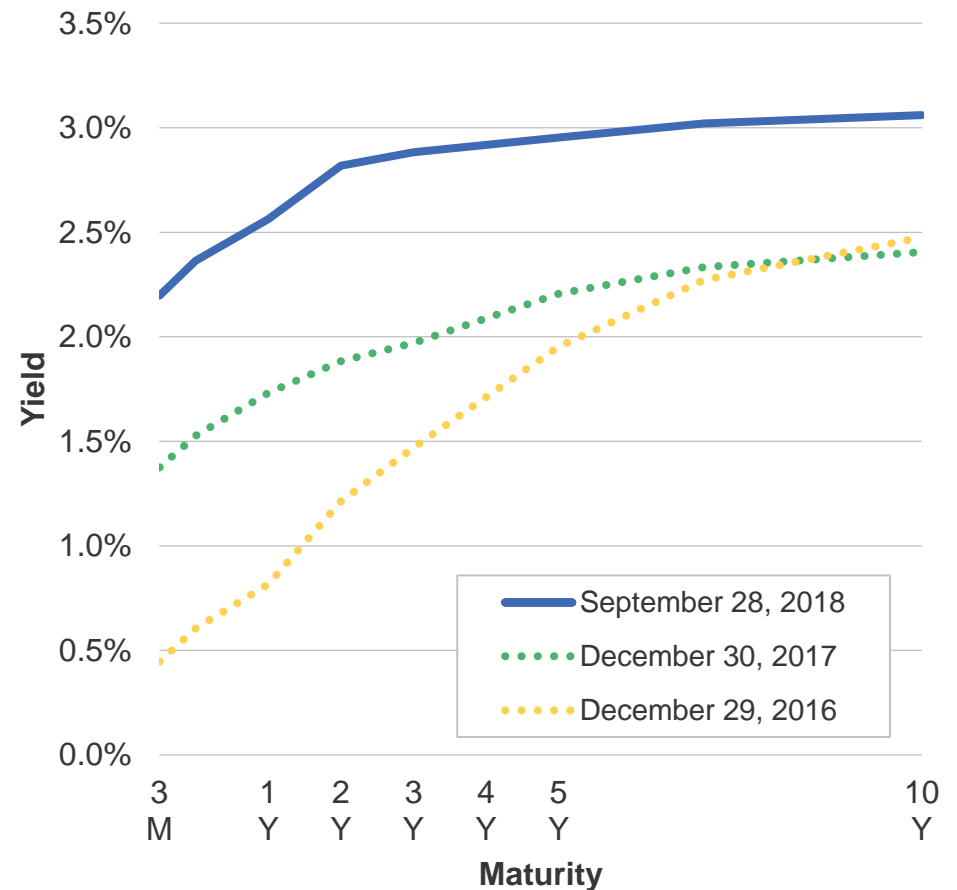


Source: Federal Reserve and Bloomberg. Individual dots represent each Fed members' judgement of the midpoint of the appropriate target range for the federal funds rate at each year-end. Fed funds futures as of 9/26/18.

U.S. Yield Curve Has Flattened

| Tenor | Current 9/28/18 | Year-End 12/31/2017 | Year-End 12/31/16 |
|---------|--------------------|------------------------|----------------------|
| 3 month | 2.20% | 1.38% | 0.45% |
| 6 month | 2.36% | 1.53% | 0.61% |
| 1 year | 2.56% | 1.73% | 0.82% |
| 2 year | 2.82% | 1.88% | 1.21% |
| 3 year | 2.88% | 1.97% | 1.47% |
| 5 year | 2.95% | 2.21% | 1.95% |
| 10 year | 3.06% | 2.41% | 2.48% |

U.S. Treasury Yield Curve



Source: Bloomberg, as of 9/28/2018.

Fixed-Income Index Returns

| September 30, 2018 | Effective Duration | Yield | YTD | 1 Month | 3 Month | 1 Year | 3 Years | 5 Years |
|---|--------------------|-------|---------|---------|---------|---------|---------|---------|
| 1-3 Year Indices | | | | | | | | |
| U.S. Treasury | 1.81 | 2.80% | 0.29% | (0.12%) | 0.19% | 0.04% | 0.38% | 0.56% |
| Agency | 1.69 | 2.80% | 0.53% | (0.04%) | 0.32% | 0.34% | 0.59% | 0.74% |
| Corp A-AAA | 1.83 | 3.21% | 0.73% | 0.03% | 0.67% | 0.67% | 1.38% | 1.38% |
| MBS (0 to 3 Years) | 4.53 | 3.45% | (0.41%) | (0.73%) | (0.37%) | (0.38%) | 0.82% | 1.01% |
| Municipals | 1.79 | 2.07% | 0.87% | (0.28%) | (0.01%) | 0.29% | 0.70% | 0.80% |
| 1-5 Year Indices | | | | | | | | |
| U.S. Treasury | 2.58 | 2.85% | (0.20%) | (0.28%) | 0.05% | (0.58%) | 0.29% | 0.73% |
| Agency | 2.03 | 2.84% | 0.28% | (0.11%) | 0.26% | 0.03% | 0.59% | 0.93% |
| Corp A-AAA | 2.59 | 3.35% | 0.16% | (0.10%) | 0.66% | 0.06% | 1.47% | 1.75% |
| MBS (0 to 5 Years) | 3.65 | 3.30% | (0.71%) | (0.35%) | 0.11% | (0.82%) | 0.81% | 1.57% |
| Municipals | 2.48 | 2.16% | 0.70% | (0.36%) | (0.04%) | (0.04%) | 0.80% | 1.07% |
| Master Indices (Maturities 1 Year and Greater) | | | | | | | | |
| U.S. Treasury | 6.13 | 2.95% | (1.75%) | (0.98%) | (0.66%) | (1.64%) | 0.28% | 1.51% |
| Agency | 3.89 | 2.99% | (0.57%) | (0.41%) | (0.01%) | (0.56%) | 0.80% | 1.57% |
| Corp A-AAA | 6.82 | 3.79% | (2.34%) | (0.50%) | 0.67% | (1.29%) | 2.43% | 3.18% |
| MBS (0 to 30 Years) | 5.11 | 3.56% | (1.02%) | (0.59%) | (0.12%) | (0.88%) | 1.00% | 2.00% |
| Municipals | 6.72 | 2.81% | (0.51%) | (0.64%) | (0.25%) | 0.24% | 2.33% | 3.74% |

Source: ICE BofAML Indices. Returns greater than one year are annualized.

Tab II

- The Investment Portfolio is of high credit quality and invested in U.S. Treasury, federal agency/GSE, mortgage-backed, municipal, and corporate notes securities.
- The Investment Portfolio's quarterly total return performance of 0.35% outperformed the benchmark performance of 0.05% by 0.30%. PFM began managing this portfolio in July of 2018 and performance during the third quarter was calculated using the data from the custody bank.
- We positioned portfolios with a defensive duration posture for the majority of the past two quarters in light of the Fed's impact on short-term rates. This has benefited portfolio returns as yields across the curve approached new highs for this cycle. Economic Conditions were characterized by:
 - The yield on the 2-year Treasury note rising by 29 basis points to end the quarter at 2.82%,
 - A robust labor market, with the U.S. unemployment rate near 48 year lows,
 - Core inflation near the Fed's 2% target, while oil prices surged and wages trended higher,
 - Consumer confidence is at a near two-decade high, while measures of manufacturing activity are also very strong,
 - As well as, an escalating trade war with China, weakness in emerging market economies and currencies, and political uncertainty.
- While the Fed's policy actions will depend on future economic data, we believe the current strength of the U.S. economy, coupled with a strong labor market and rising inflation, will cause the Fed to continue raising rates at a pace of about one ¼ percent hike per quarter well into 2019. Therefore, we plan to maintain a defensive duration posture to mitigate a portion of interest rate risk relative to benchmarks in an environment of heightened volatility. The "risk off" sentiment triggered wider credit spreads.

| <u>Portfolios</u> | <u>Market Value</u> | <u>Current Quarter</u> | <u>Fiscal Year To Date</u> | <u>Trailing 12 Months</u> | <u>Fiscal Year Projected Rate of Return</u> |
|---|-----------------------|------------------------|----------------------------|---------------------------|---|
| City Operating Funds - Self-Directed | \$ 174,730,687 | 0.56% | 1.01% | 1.01% | |
| Total Bond Proceeds | \$ 195,287,095 | 0.46% | 0.85% | 0.85% | |
| <i>Fixed Income Investment Portfolio - AndCo</i> | <i>\$ -</i> | <i>N/A</i> | <i>0.36%*</i> | <i>0.36%*</i> | |
| <i>City of Fort Lauderdale - PFM</i> | <i>282,104,225</i> | <i>0.35%</i> | <i>N/A</i> | <i>N/A</i> | |
| Fixed Income Investment Portfolio - Combined | \$ 282,104,225 | 0.35% | 0.71% | 0.71% | |
| <i>BofA Merrill Lynch 1-5 Year Treasury Index</i> | | <i>0.05%</i> | <i>-0.58%</i> | <i>-0.58%</i> | |
| CRA Funds | \$ 69,529,936 | 0.46% | 1.34% | 1.34% | |
| <i>BofA Merrill Lynch 1-3 Year Treasury Index</i> | | <i>0.19%</i> | <i>0.04%</i> | <i>0.04%</i> | |
| Total City of Fort Lauderdale Funds | \$ 439,547,718 | 0.72% | 1.45% | 1.45% | 0.83% |
| <i>BofA Merrill Lynch 1-3 Year Treasury Index</i> | | <i>0.19%</i> | <i>0.04%</i> | <i>0.04%</i> | |
| OPEB Trust Fund | \$ 26,677,176 | 2.85% | 8.14% | 8.14% | 7.00% |
| <i>Russell 3000 55% / Barclays Agg Bond Index 45%</i> | | <i>3.89%</i> | <i>8.84%</i> | <i>8.84%</i> | |
| Cemetery Trust Funds | \$ 30,688,468 | 2.43% | 4.59% | 4.59% | 5.00% |
| <i>Benchmark</i> | | <i>3.82%</i> | <i>8.07%</i> | <i>8.07%</i> | |
| General Employees Retirement System | \$ 686,996,169 | 3.10% | 8.90% | 8.90% | 7.50% |
| <i>Benchmark</i> | | <i>3.30%</i> | <i>8.90%</i> | <i>8.90%</i> | |
| Police & Fire Retirement System | \$ 947,981,804 | 2.92% | 7.36% | 7.36% | 7.50% |
| <i>Benchmark</i> | | <i>3.43%</i> | <i>8.37%</i> | <i>8.37%</i> | |

Notes:

*The Fixed Income Investment Portfolio managed under AndCo Consulting return is from September 30, 2017 through June 30, 2018

Performance and market value for the Cemetery Trust Funds, General Employee Retirement System and Police & Fire Retirement System portfolios are derived from their manager reports. PFM calculated the performance for the OPEB Trust Fund from the data provided on the custody statements. The performance for the CRA Funds are calculated as a weighted average of the yield over the period. The Fixed Income Investment Portfolio return is calculated from the custody statements. The Bond Proceeds returns are calculated as a weighted average of the return from the FMIT portfolios. The City Operating Funds return is calculated as a weighted average of their respective yields derived from the custody statements.

| <u>Account Names</u> | <u>Yield to Market as of September 30, 2018</u> | <u>Percent of Portfolio September 30, 2018</u> | <u>Yield to Market as of June 30, 2018</u> | <u>Percent of Portfolio June 30, 2018</u> |
|---|---|--|--|---|
| <u>Funds Held for Liquidity</u> | | | | |
| City National Bank | 3.28% | 4.56% | 1.26% | 0.16% |
| CitiBank - Health Ins | 0.00% | 0.12% | 0.00% | 0.15% |
| Wells Fargo - Wks Comp | 2.06% | 0.02% | 1.81% | 0.07% |
| Wells Fargo Govt Ckg - BMPO | 2.06% | 0.14% | 1.81% | 0.13% |
| Wells Fargo Master Account | 2.06% | 4.34% | 1.81% | 3.91% |
| Wells Fargo Utility Account | 0.00% | 1.08% | 0.00% | 1.01% |
| Wells Fargo CRA | 2.06% | 0.45% | 1.81% | 0.65% |
| Wells Fargo Midgard | 0.00% | 0.00% | 0.00% | 0.00% |
| Wells Fargo Police Evidence | 0.00% | 0.09% | 0.00% | 0.07% |
| Total Funds for Liquidity | 2.33% | 10.81% | 1.43% | 6.16% |
| <u>Funds Held for Investment</u> | | | | |
| PFM Investment Portfolio | 2.87% | 39.09% | N/A | 0.00% |
| Garcia Short Duration Opportunistic | N/A | 0.00% | 1.60% | 16.09% |
| Sawgrass 1-5 yr Short Term | N/A | 0.00% | 1.83% | 11.16% |
| Sterling Enhanced Cash | N/A | 0.00% | 1.91% | 10.11% |
| CRA City Self - Directed Account | 1.74% | 2.89% | 1.55% | 10.02% |
| CRA Central Beach | 2.66% | 6.74% | N/A | N/A |
| City National CD | N/A | 0.00% | 1.77% | 4.12% |
| City Self - Directed Account | 3.10% | 13.34% | 1.66% | 15.58% |
| FMIT Subsidiary Accounts | 2.84% | 0.07% | 2.64% | 0.07% |
| Total Funds for Investment | 1.04% | 62.13% | 1.70% | 67.16% |
| <u>Bond Proceeds</u> | | | | |
| FMIT Water & Sewer 2018 | 2.84% | 25.62% | 2.64% | 24.88% |
| FMIT Spl Ob Loans 2011A | 2.65% | 0.00% | 2.49% | 0.29% |
| FMIT G.O. Series 2011-A | 2.65% | 1.45% | 2.49% | 1.51% |
| Total Bond Proceeds | 2.83% | 27.06% | 2.63% | 26.68% |
| Total Average Yield | 1.66% | 100.00% | 1.93% | 100.00% |

| <u>Benchmarks</u> | <u>September 30, 2018</u> | <u>June 30, 2018</u> |
|--|---------------------------|----------------------|
| BofA Merrill Lynch 3 Month Treasury Bill Index | 2.12% | 1.92% |
| BofA Merrill Lynch 1-3 Year Treasury Index | 2.80% | 2.53% |
| BofA Merrill Lynch 1-5 Year Treasury Index | 2.87% | 2.58% |

Notes:

Yields as of June 30 and September 30 are derived from their respective statements from Wells Fargo, PFM, City National, or FMIT.

| | Market Value as of September 30, 2018 | Percent of Portfolio | Market Value as of June 30, 2018 | Percent of Portfolio |
|---|--|-------------------------|-------------------------------------|-------------------------|
| <u>Funds Held for Liquidity</u> | | | | |
| City National Bank | \$ 32,882,728 | 4.56% | \$ 1,219,485 | 0.16% |
| CitiBank - Health Ins | 885,028 | 0.12% | 1,170,451 | 0.15% |
| Wells Fargo - Wks Comp | 174,053 | 0.02% | 498,874 | 0.07% |
| Wells Fargo Govt Ckg - BMPO | 1,017,251 | 0.14% | 1,017,251 | 0.13% |
| Wells Fargo Master Account | 31,312,857 | 4.34% | 29,621,088 | 3.91% |
| Wells Fargo Utility Account | 7,771,953 | 1.08% | 7,660,090 | 1.01% |
| Wells Fargo CRA | 3,274,038 | 0.45% | 4,945,340 | 0.65% |
| Wells Fargo Midgard | 24,605 | 0.00% | 24,605 | 0.00% |
| Wells Fargo Police Evidence | 646,634 | 0.09% | 553,234 | 0.07% |
| Total Funds for Liquidity | \$ 77,989,147 | 10.81% | \$ 46,710,418 | 6.16% |
| <u>Funds Held for Investment</u> | | | | |
| PFM Investment Portfolio | \$ 282,104,225 | 39.09% | \$ - | 0.00% |
| Garcia Short Duration Opportunistic | - | 0.00% | 122,021,864 | 16.09% |
| Sawgrass 1-5 yr Short Term | - | 0.00% | 84,637,076 | 11.16% |
| Sterling Enhanced Cash | - | 0.00% | 76,642,412 | 10.11% |
| CRA City Self - Directed Account | 20,888,254 | 2.89% | 75,988,049 | 10.02% |
| CRA Central Beach | 48,641,682 | 6.74% | N/A | 0.00% |
| City National CD | - | 0.00% | 31,222,705 | 4.12% |
| City Self - Directed Account | 96,262,048 | 13.34% | 118,109,597 | 15.58% |
| FMIT Subsidiary Accounts | 479,492 | 0.07% | 565,195 | 0.07% |
| Total Funds for Investment | \$ 448,375,701 | 62.13% | \$ 509,186,898 | 67.16% |
| <u>Bond Proceeds</u> | | | | |
| FMIT Water & Sewer 2018 | \$ 184,855,142 | 25.62% | \$ 188,665,234 | 24.88% |
| FMIT Spl Ob Loans 2011A | - | 0.00% | 2,219,239 | 0.29% |
| FMIT G.O. Series 2011-A | 10,431,952 | 1.45% | 11,431,845 | 1.51% |
| Total Bond Proceeds | \$ 195,287,095 | 27.06% | \$ 202,316,318 | 26.68% |
| Grand Total | \$ 721,651,943 | 100.00% | \$ 758,213,634 | 100.00% |

Notes:

Market values as of June 30 and September 30 are derived from their respective statements from Wells Fargo, PFM, City National, or FMIT.

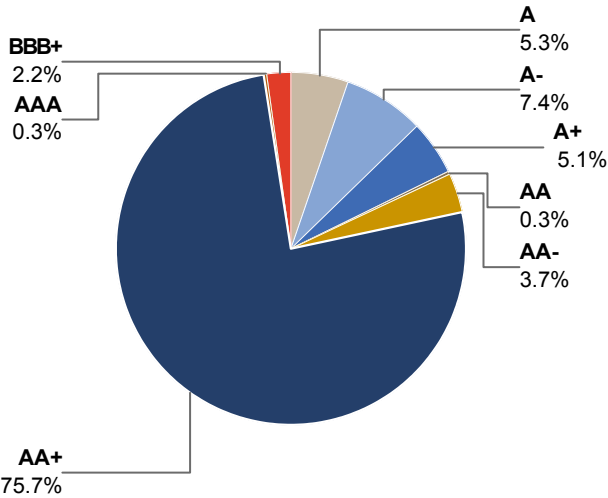
PFM Asset Management LLC

Portfolio Statistics

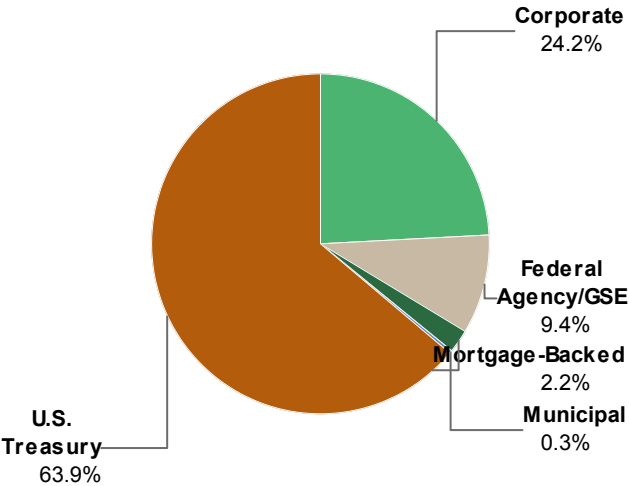
As of September 30, 2018

| | |
|------------------------|---------------|
| Par Value: | \$287,684,585 |
| Total Market Value: | \$283,739,028 |
| Security Market Value: | \$282,104,225 |
| Accrued Interest: | \$1,258,939 |
| Cash: | \$375,863 |
| Amortized Cost: | \$285,148,068 |
| Yield at Market: | 2.87% |
| Yield at Cost: | 2.40% |
| Effective Duration: | 2.29 Years |
| Duration to Worst: | 2.43 Years |
| Average Maturity: | 2.72 Years |
| Average Credit: * | AA |

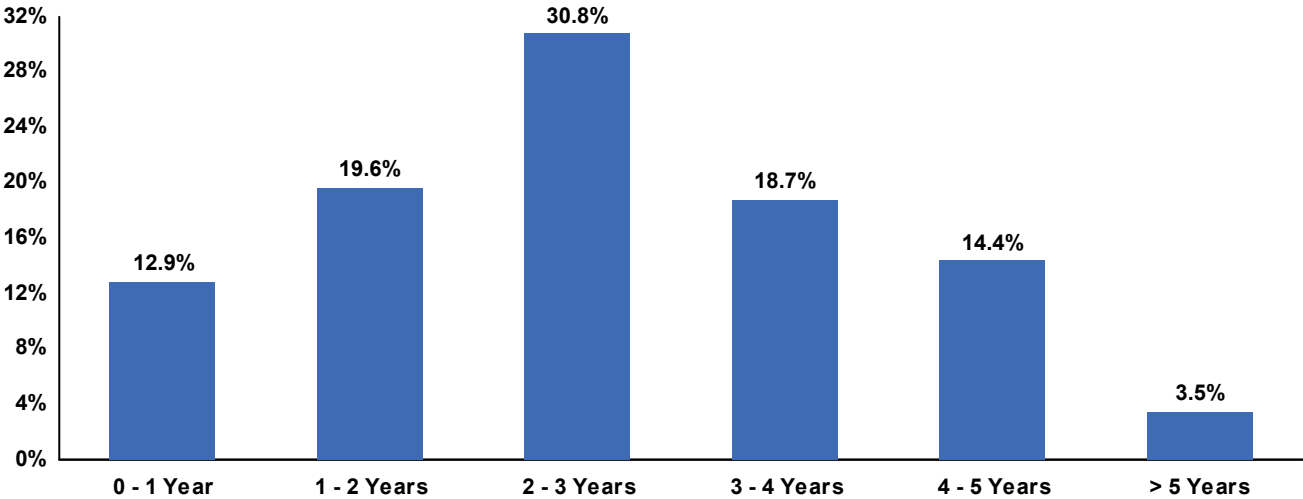
Credit Quality (S&P Ratings)



Sector Allocation



Maturity Distribution



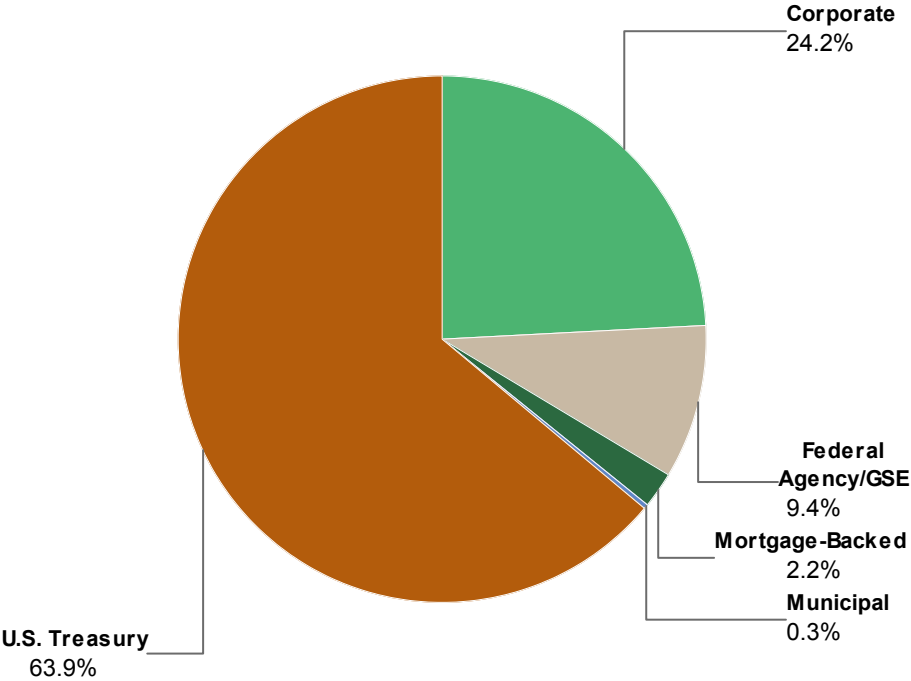
* An average of each security's credit rating assigned a numeric value and adjusted for its relative weighting in the portfolio.

Portfolio Earnings**Quarter-Ended September 30, 2018**

| | Market Value Basis | Accrual (Amortized Cost) Basis |
|-------------------------------------|---------------------------|---------------------------------------|
| Beginning Value (06/30/2018) | \$265,780,130.13 | \$268,143,620.65 |
| Net Purchases/Sales | \$16,969,969.90 | \$16,969,969.90 |
| Change in Value | (\$645,874.76) | \$34,477.44 |
| Ending Value (09/30/2018) | \$282,104,225.27 | \$285,148,067.99 |
| Interest Earned | \$1,551,266.10 | \$1,551,266.10 |
| Portfolio Earnings | \$905,391.34 | \$1,585,743.54 |

Sector Allocation
As of September 30, 2018

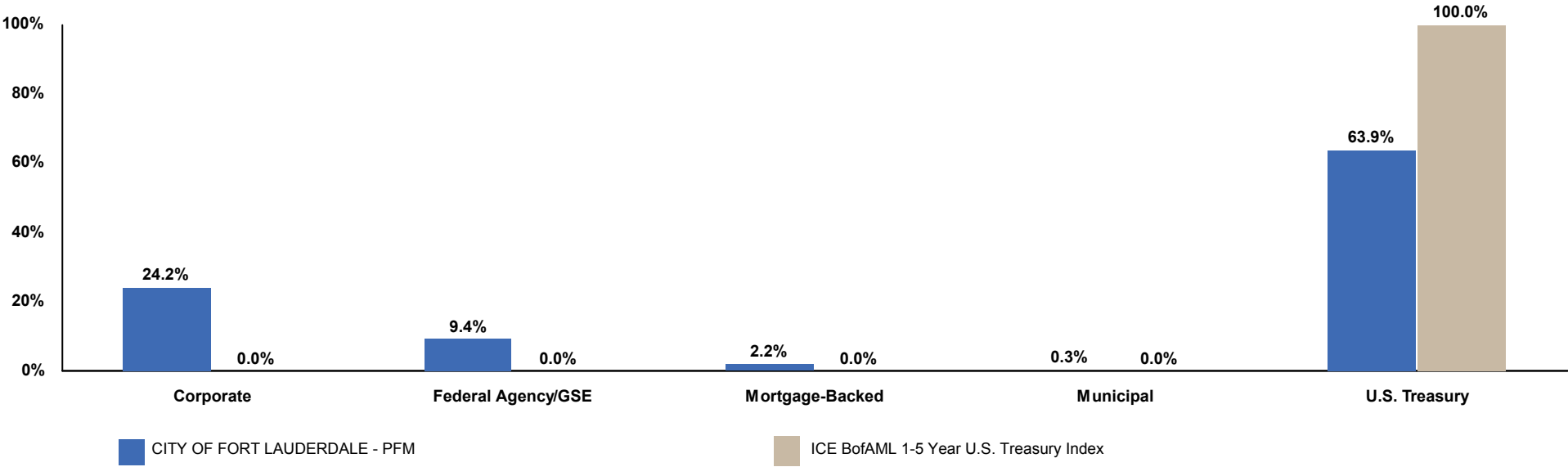
| Sector | Market Value (\$) | % of Portfolio |
|--------------------|-------------------|----------------|
| U.S. Treasury | 180,285,394 | 63.9% |
| Corporate | 68,380,698 | 24.2% |
| Federal Agency/GSE | 26,368,748 | 9.4% |
| Mortgage-Backed | 6,194,889 | 2.2% |
| Municipal | 874,496 | 0.3% |
| Total | \$282,104,225 | 100.0% |



Detail may not add to total due to rounding.

Sector Allocation
As of September 30, 2018

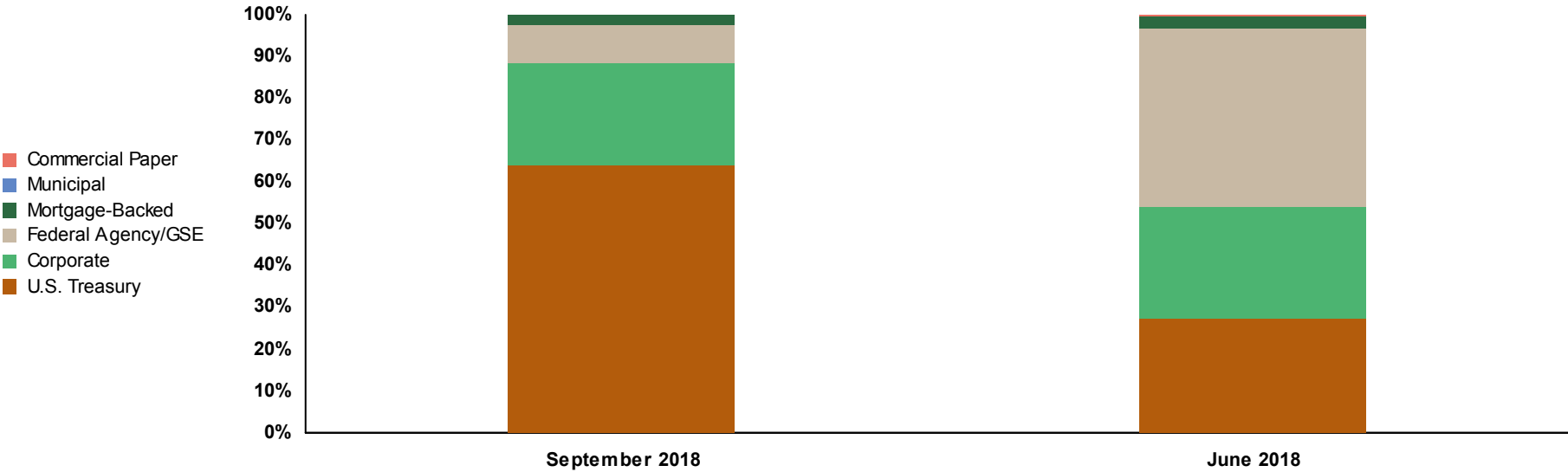
| Sector | Market Value (\$) | % of Portfolio | % of Benchmark |
|--------------------|-------------------|----------------|----------------|
| U.S. Treasury | 180,285,394 | 63.9% | 100.0% |
| Corporate | 68,380,698 | 24.2% | - |
| Federal Agency/GSE | 26,368,748 | 9.4% | - |
| Mortgage-Backed | 6,194,889 | 2.2% | - |
| Municipal | 874,496 | 0.3% | - |
| Total | \$282,104,225 | 100.0% | 100.0% |



Detail may not add to total due to rounding.

Sector Allocation

| Sector | September 30, 2018 | | June 30, 2018 | | March 31, 2018 | | December 31, 2017 | |
|--------------------|--------------------|------------|---------------|------------|----------------|------------|-------------------|------------|
| | MV (\$MM) | % of Total | MV (\$MM) | % of Total | MV (\$MM) | % of Total | MV (\$MM) | % of Total |
| U.S. Treasury | 180.3 | 63.9% | 72.7 | 27.4% | 0.0 | 0.0% | 0.0 | 0.0% |
| Corporate | 68.4 | 24.2% | 71.2 | 26.8% | 0.0 | 0.0% | 0.0 | 0.0% |
| Federal Agency/GSE | 26.4 | 9.4% | 113.2 | 42.5% | 0.0 | 0.0% | 0.0 | 0.0% |
| Mortgage-Backed | 6.2 | 2.2% | 6.8 | 2.6% | 0.0 | 0.0% | 0.0 | 0.0% |
| Municipal | 0.9 | 0.3% | 0.9 | 0.3% | 0.0 | 0.0% | 0.0 | 0.0% |
| Commercial Paper | 0.0 | 0.0% | 1.0 | 0.4% | 0.0 | 0.0% | 0.0 | 0.0% |
| Total | \$282.1 | 100.0% | \$265.8 | 100.0% | \$0.0 | 0.0% | \$0.0 | 0.0% |

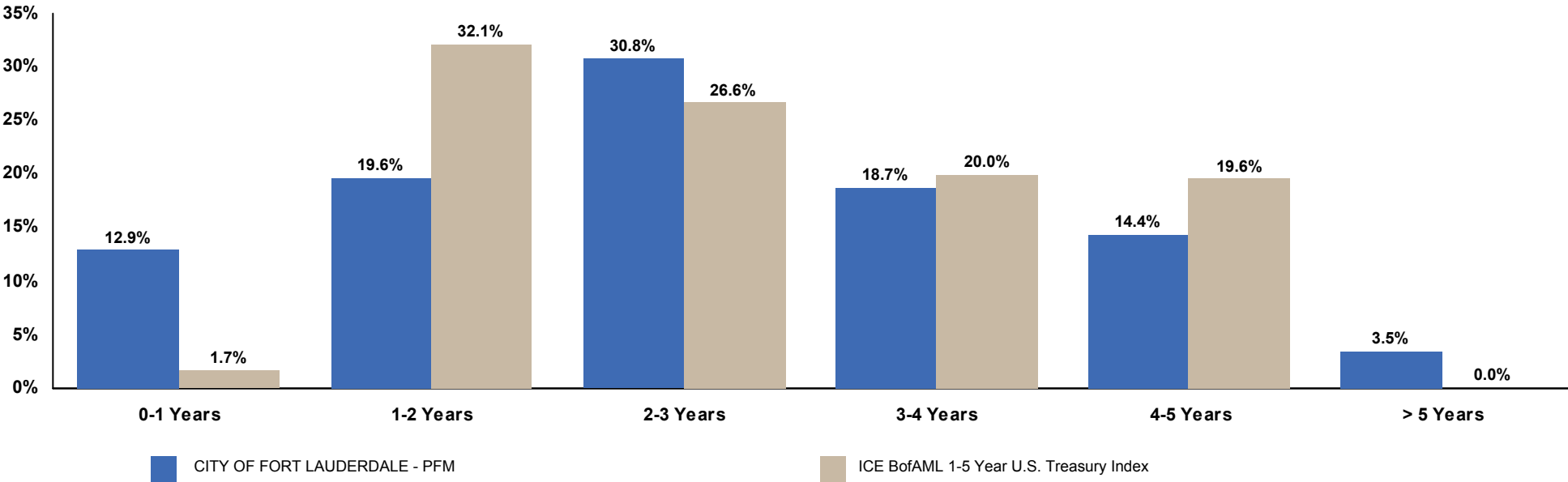


Detail may not add to total due to rounding.

Maturity Distribution

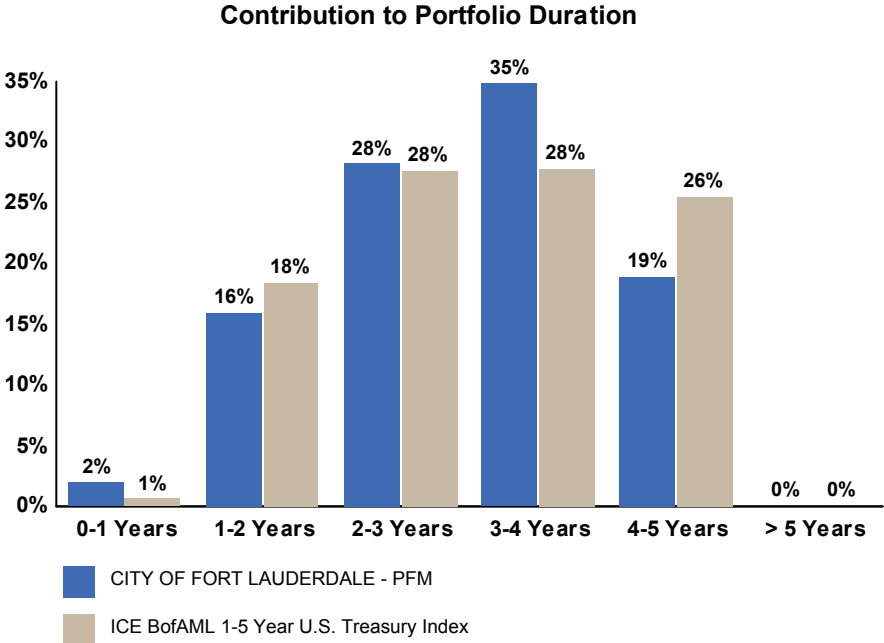
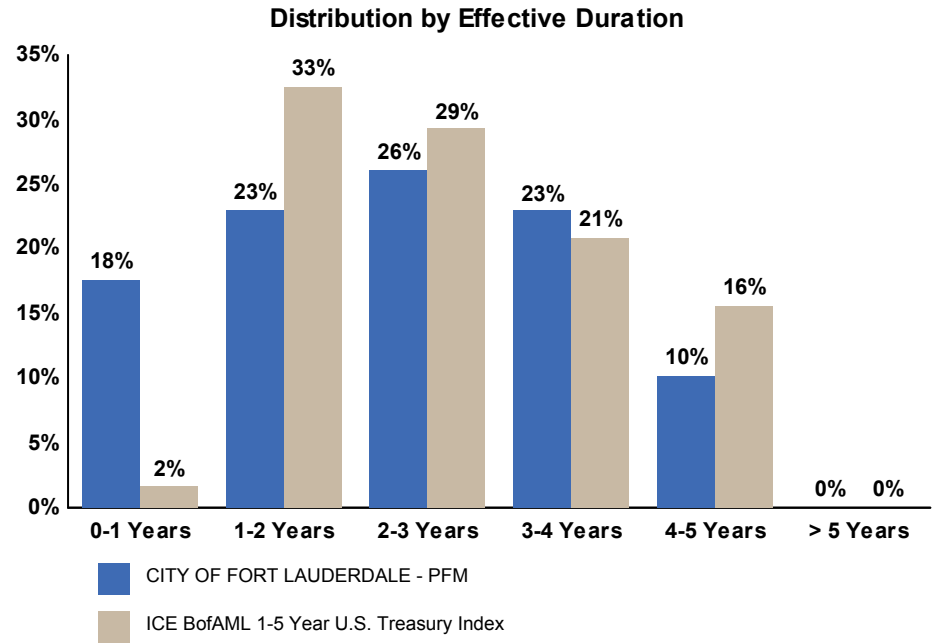
As of September 30, 2018

| Portfolio/Benchmark | Yield at Market | Average Maturity | 0-1 Years | 1-2 Years | 2-3 Years | 3-4 Years | 4-5 Years | >5 Years |
|---|--------------------|---------------------|--------------|--------------|--------------|--------------|--------------|-------------|
| CITY OF FORT LAUDERDALE - PFM | 2.87% | 2.72 yrs | 12.9% | 19.6% | 30.8% | 18.7% | 14.4% | 3.5% |
| ICE BofAML 1-5 Year U.S. Treasury Index | 2.86% | 2.77 yrs | 1.7% | 32.1% | 26.6% | 20.0% | 19.6% | 0.0% |



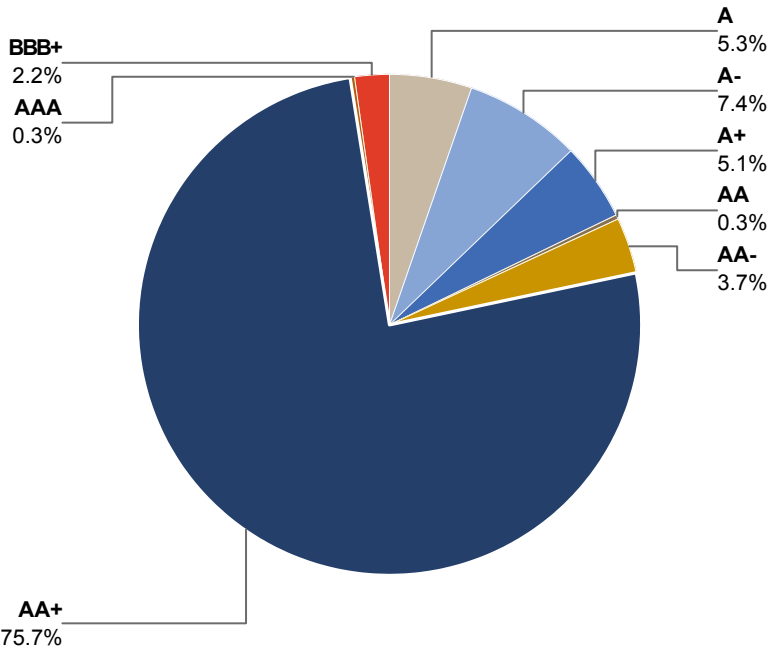
Duration Distribution
As of September 30, 2018

| Portfolio / Benchmark | Effective Duration | 0-1 YEARS | 1-2 YEARS | 2-3 YEARS | 3-4 YEARS | 4-5 YEARS | > 5 YEARS |
|---|--------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| CITY OF FORT LAUDERDALE - PFM | 2.29 | 17.7% | 23.0% | 26.1% | 23.0% | 10.3% | 0.0% |
| ICE BofAML 1-5 Year U.S. Treasury Index | 2.57 | 1.7% | 32.6% | 29.3% | 20.8% | 15.6% | 0.0% |



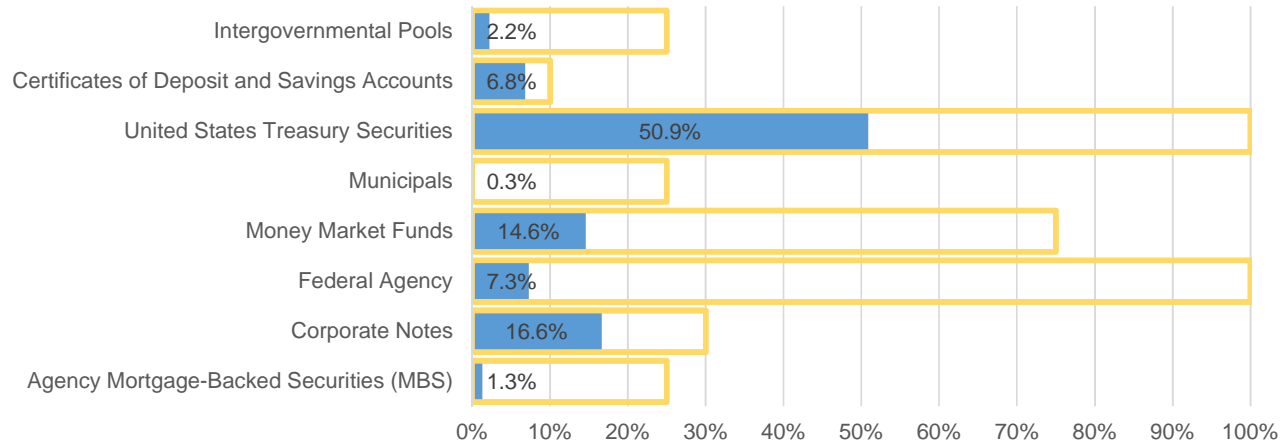
Credit Quality
As of September 30, 2018

| S&P Rating | Market Value (\$) | % of Portfolio |
|------------|-------------------|----------------|
| AA+ | \$213,636,229 | 75.7% |
| A- | \$20,933,450 | 7.4% |
| A | \$14,835,664 | 5.3% |
| A+ | \$14,296,226 | 5.1% |
| AA- | \$10,522,730 | 3.7% |
| BBB+ | \$6,101,513 | 2.2% |
| AA | \$903,918 | 0.3% |
| AAA | \$874,496 | 0.3% |
| Totals | \$282,104,225 | 100.0% |



Detail may not add to total due to rounding.

Tab III



| Security Type | Amortized Cost (Includes Interest) | Allocation Percentage | Permitted by Policy | In Compliance |
|--|---------------------------------------|--------------------------|------------------------|---------------|
| Florida Prime (SBA) | - | 0.00% | 25% | YES |
| United States Treasury Securities | 252,664,620.41 | 50.92% | 100% | YES |
| Federal Agency | 36,050,132.68 | 7.26% | 100% | YES |
| Corporate Notes | 82,565,870.39 | 16.64% | 30% | YES |
| Municipals | 1,430,316.91 | 0.29% | 25% | YES |
| Agency Mortgage-Backed Securities (MBS) | 6,464,037.01 | 1.30% | 25% | YES |
| Certificates of Deposit and Savings Accounts | 33,767,756.05 | 6.80% | 10% | YES |
| Commercial Paper | - | 0.00% | 25% | YES |
| Bankers' Acceptances | - | 0.00% | 10% | YES |
| Repurchase Agreements | - | 0.00% | 20% | YES |
| Money Market Funds | 72,373,541.09 | 14.58% | 75% | YES |
| Intergovernmental Pools | 10,911,444.74 | 2.20% | 25% | YES |

End of month trade-date amortized cost of portfolio holdings, including accrued interest. This analysis includes the City's Fixed Income Investment Portfolio, the FMIT Subsidiary Accounts and Series 2011-A G.O. bonds, the FL - Central Beach CRA, the CRA Self-Directed Account and the City Self-Directed Account.

| Sector | Individual Issuer Breakdown | Amortized Cost (Includes Interest) | Allocation Percentage | Permitted by Policy | In Compliance |
|-------------------------|---------------------------------------|---------------------------------------|--------------------------|------------------------|---------------|
| US Tsy Bond/Note | UNITED STATES TREASURY | 182,871,818.61 | 36.85% | 100% | YES |
| US Tsy Bond/Note | U.S. TREASURY SECURITIES | 69,792,801.80 | 14.06% | 100% | YES |
| Muni Bond/Note | NASSAU CNTY NY | 509,866.21 | 0.10% | 10% | YES |
| Muni Bond/Note | UNIV OF NORTH CAROLINA AT CHAPEL HILL | 376,426.25 | 0.08% | 10% | YES |
| Muni Bond/Note | MUNICIPAL SECURITIES | 544,024.45 | 0.11% | 10% | YES |
| Mny Mkt/Mutual Fnd | MONEY MARKET FUNDS | 71,997,678.01 | 14.51% | 25% | YES |
| Mbs / Cmo | FANNIE MAE | 4,839,435.02 | 0.98% | 15% | YES |
| Mbs / Cmo | FREDDIE MAC | 1,624,601.99 | 0.33% | 15% | YES |
| Intergovernmental Pools | FMIT SUBSIDIARY ACCOUNTS | 479,492.29 | 0.10% | 25% | YES |
| Intergovernmental Pools | FMIT G.O. SERIES 2011-A | 10,431,952.45 | 2.10% | 25% | YES |
| Fed Agy Bond/Note | FANNIE MAE | 5,880,202.03 | 1.18% | 25% | YES |
| Fed Agy Bond/Note | FEDERAL HOME LOAN BANKS | 16,620,870.76 | 3.35% | 25% | YES |
| Fed Agy Bond/Note | FREDDIE MAC | 4,252,203.09 | 0.86% | 25% | YES |
| Fed Agy Bond/Note | FEDERAL AGENCY SECURITIES | 9,296,856.80 | 1.87% | 25% | YES |
| Corporate Note | AMERICAN EXPRESS CREDIT CORP | 3,354,680.88 | 0.68% | 5% | YES |
| Corporate Note | AMERICAN HONDA FINANCE | 1,238,702.00 | 0.25% | 5% | YES |
| Corporate Note | CHEVRON CORP | 658,621.46 | 0.13% | 5% | YES |
| Corporate Note | GOLDMAN SACHS GROUP INC | 2,852,345.95 | 0.57% | 5% | YES |
| Corporate Note | IBM CORP | 863,906.98 | 0.17% | 5% | YES |
| Corporate Note | JOHN DEERE CAPITAL CORP | 3,211,847.20 | 0.65% | 5% | YES |
| Corporate Note | MELLON BANK | 2,516,726.06 | 0.51% | 5% | YES |
| Corporate Note | TOYOTA MOTOR CREDIT CORP | 762,571.98 | 0.15% | 5% | YES |
| Corporate Note | WELLS FARGO & COMPANY | 958,188.09 | 0.19% | 5% | YES |
| Corporate Note | INTEL CORP | 1,834,265.41 | 0.37% | 5% | YES |
| Corporate Note | JP MORGAN CHASE & CO | 404,682.64 | 0.08% | 5% | YES |
| Corporate Note | WELLS FARGO BANK NA | 5,743,362.54 | 1.16% | 5% | YES |
| Corporate Note | BANK OF AMERICA NA | 654,219.58 | 0.13% | 5% | YES |
| Corporate Note | BRANCH BANKING & TRUST | 2,078,561.90 | 0.42% | 5% | YES |
| Corporate Note | CITIGROUP INC | 2,118,458.96 | 0.43% | 5% | YES |
| Corporate Note | MORGAN STANLEY | 2,750,498.98 | 0.55% | 5% | YES |
| Corporate Note | STATE STREET CORPORATION | 246,683.12 | 0.05% | 5% | YES |
| Corporate Note | PNC BANK NA | 602,624.90 | 0.12% | 5% | YES |
| Corporate Note | US BANK NA CINCINNATI | 6,657,716.18 | 1.34% | 5% | YES |
| Corporate Note | UNILEVER CAPITAL CORP | 1,480,913.18 | 0.30% | 5% | YES |
| Corporate Note | GENERAL ELEC CAP CORP | 594,037.85 | 0.12% | 5% | YES |
| Corporate Note | BANK OF AMERICA | 1,013,478.44 | 0.20% | 5% | YES |
| Corporate Note | ORACLE CORP | 751,450.38 | 0.15% | 5% | YES |
| Corporate Note | CATERPILLAR FINANCIAL SERVICES CORP | 1,436,932.14 | 0.29% | 5% | YES |
| Corporate Note | BOEING COMPANY | 378,241.30 | 0.08% | 5% | YES |
| Corporate Note | VISA INC | 1,544,919.08 | 0.31% | 5% | YES |
| Corporate Note | US BANCORP | 942,105.96 | 0.19% | 5% | YES |

| Sector | Individual Issuer Breakdown | Amortized Cost (Includes Interest) | Allocation Percentage | Permitted by Policy | In Compliance |
|----------------------|-----------------------------|---------------------------------------|--------------------------|------------------------|---------------|
| Corporate Note | BANK OF AMERICA CORP | 3,188,329.24 | 0.64% | 5% | YES |
| Corporate Note | WAL-MART STORES INC | 908,443.58 | 0.18% | 5% | YES |
| Corporate Note | PROCTER & GAMBLE CO/THE | 760,165.47 | 0.15% | 5% | YES |
| Corporate Note | JPMORGAN CHASE & CO | 1,991,155.76 | 0.40% | 5% | YES |
| Corporate Note | CHARLES SCHWAB CORP | 1,294,494.47 | 0.26% | 5% | YES |
| Corporate Note | UNITEDHEALTH GROUP INC | 1,715,778.28 | 0.35% | 5% | YES |
| Corporate Note | 3M COMPANY | 1,119,325.45 | 0.23% | 5% | YES |
| Corporate Note | GOOGLE INC | 820,459.12 | 0.17% | 5% | YES |
| Corporate Note | BLACKROCK INC | 479,718.06 | 0.10% | 5% | YES |
| Corporate Note | BRISTOL-MYERS SQUIBB CO | 1,000,140.66 | 0.20% | 5% | YES |
| Corporate Note | COSTCO WHOLESALE CORP | 756,436.10 | 0.15% | 5% | YES |
| Corporate Note | DUKE ENERGY CORP | 671,393.30 | 0.14% | 5% | YES |
| Corporate Note | EMERSON ELECTRIC COMPANY | 907,599.53 | 0.18% | 5% | YES |
| Corporate Note | FIFTH THIRD BANK | 2,097,571.56 | 0.42% | 5% | YES |
| Corporate Note | KEY BANK NA | 1,012,109.82 | 0.20% | 5% | YES |
| Corporate Note | MANUF & TRADERS TRUST CO | 1,702,677.44 | 0.34% | 5% | YES |
| Corporate Note | MIDAMERICAN ENERGY CO | 802,472.66 | 0.16% | 5% | YES |
| Corporate Note | STATE STREET BANK & TR | 552,569.66 | 0.11% | 5% | YES |
| Corporate Note | CORPORATE NOTES | 13,134,287.09 | 2.65% | 5% | YES |
| CD / Savings Account | CITIBANK - HEALTH INS | 885,028.33 | 0.18% | 10% | YES |
| CD / Savings Account | CITY NATIONAL CD | 32,882,727.72 | 6.63% | 10% | YES |

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- Market values that include accrued interest are derived from closing bid prices as of the last business day of the month as supplied by Interactive Data, Bloomberg, or Telerate. 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 the 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 of 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 and 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 (i.e., coupon payments and maturity proceeds) occurs on a non-business day, 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.