



# City of Colorado Springs

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August 2017

➤ A BNY MELLON COMPANY<sup>SM</sup>



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## Market environment and strategies

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# Market environment and strategies

## US Fixed Income commentary

### Second quarter 2017

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US first quarter growth was revised up marginally in June, but still remains disappointing at just 1.4%. A number of technical factors affected the data, including seasonal adjustments, the impact of warm weather on energy spending, as well as base effects from the autos-boom, which had set a high hurdle for consumption growth. Business investment remained strong and this underpins our expectations for a rebound later this year. The Bloomberg average expectation for second quarter GDP is 2.4%, but its outcome is likely dependent on a rebuild in inventories from the first quarter.

As expected, the Federal Reserve (Fed) raised the interest rate corridor for the federal funds target rate by 25bp at its June meeting, moving ahead with its very gradual rate hiking cycle. The lower bound of 1% is now just in line with the lowest level of rates reached during the 2000s rate-cutting cycle. Based on the Fed's medium projections, they plan to raise rates one more time this year with more aggressive rises penciled in thereafter. Market pricing remains far more skeptical and even a move in December is only partially factored in. Further, a plan for the Fed's balance sheet runoff has been outlined which involves a tiered adjustment in their securities holdings. Fed balance sheet reduction could begin in September should the economy progress as expected. Beyond looking at the likely interest rate and balance sheet profiles, we continue to watch for President Trump's appointments to the Fed.

Despite slower than anticipated economic growth and higher interest rates set by the Fed, credit risk-based assets performed well during the quarter and also for the first half of the year. US Investment grade credit tightened further to 103bp in option adjusted spread, according to the Bloomberg Barclays Indexes. Excess returns for the year now exceed like-maturity Treasury securities by 1.48%. Intuitively, year-to-date excess return for high yield was significantly positive at 3.64%. Agency mortgage-backed investments continued their struggle versus investment

As of June 30, 2017.

alternatives as investors demand more risk premium from the Fed reinvesting fewer bonds. Year-to-date excess returns for this Fed-sensitive asset class trail Treasuries by 20bp.

Long-term US Treasury yields have performed well year-to-date as short-term yields have lagged. For the year, 10-year yields have fallen by 14bp to 2.30% while two-year yields have risen by 19bp to 1.38%. This curve flattening is a typical market response to the Fed raising interest rates to tighten monetary policy. It remains to be seen, however, if Fed policy will eventually become tight or if the projected path merely becomes normal. Other influences affecting long-term Treasuries include the growing probability of increased Treasury issuance, economic growth expectations and inflationary price pressures.

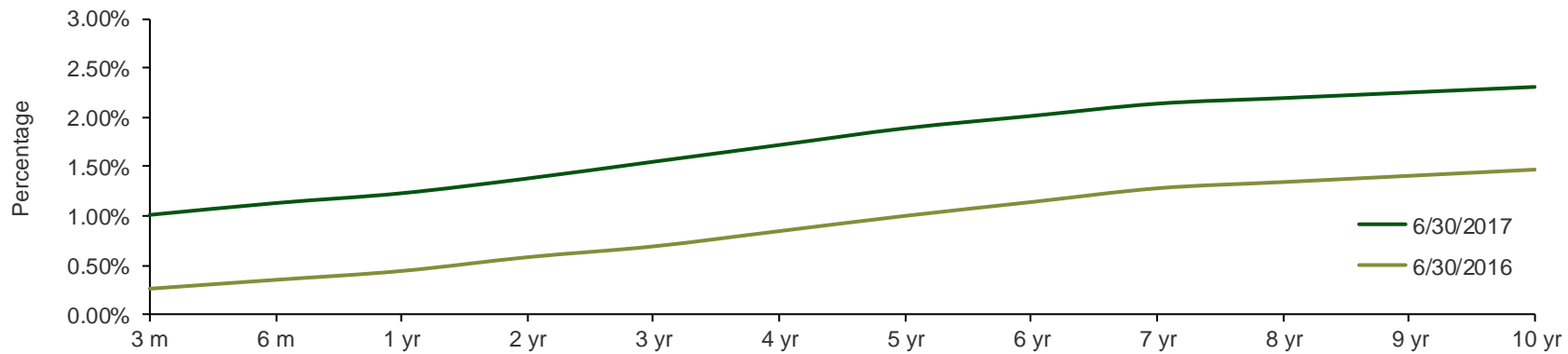
However, the positive pricing pressures that started to build in the second half of 2016 have reversed in recent months. A downward pressure on headline inflation may well persist with oil prices now 20% below their 2016 levels. Labor market tightness has yet to translate into wage pressures and it may be that there are structural reasons behind this phenomenon. At some point though, it seems reasonable to assume that a shrinking supply of available workers will cause the price of labor to rise. For now however, real disposable incomes are improving and central banks are confronted with an environment where the removal of emergency stimulus can happen in a gradual way. This gradual path may ultimately better protect the economy during the normalization of interest rates and further extend the current growth cycle.

# Market environment and strategies

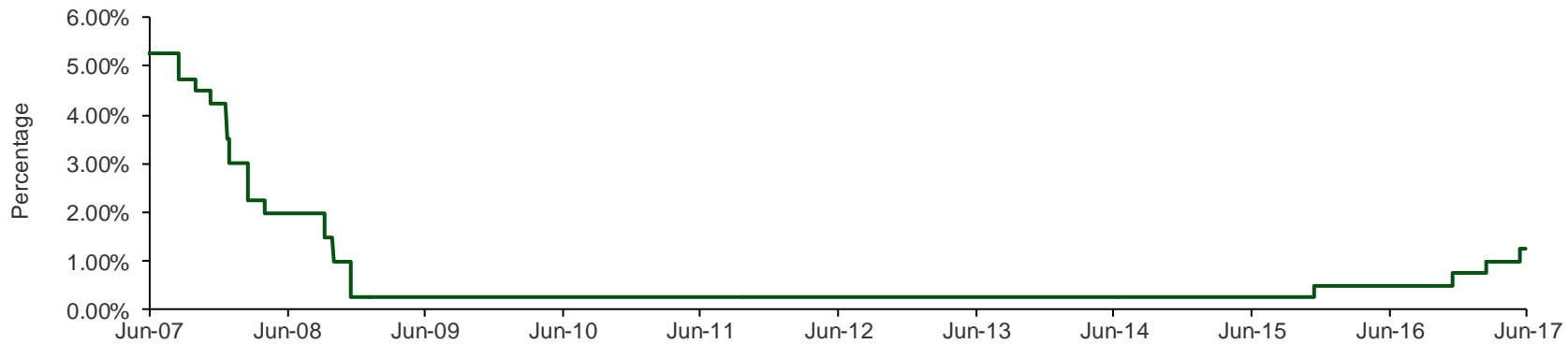
## US economic indicators



### Comparative historical yield curves



### Fed funds target rate



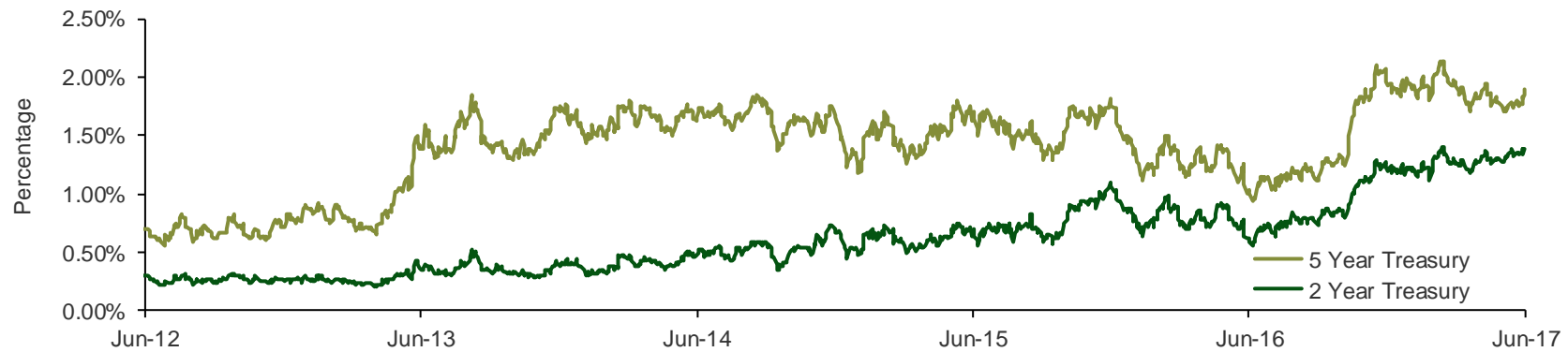
Source: Bloomberg LP, June 30, 2017.

# Market environment and strategies

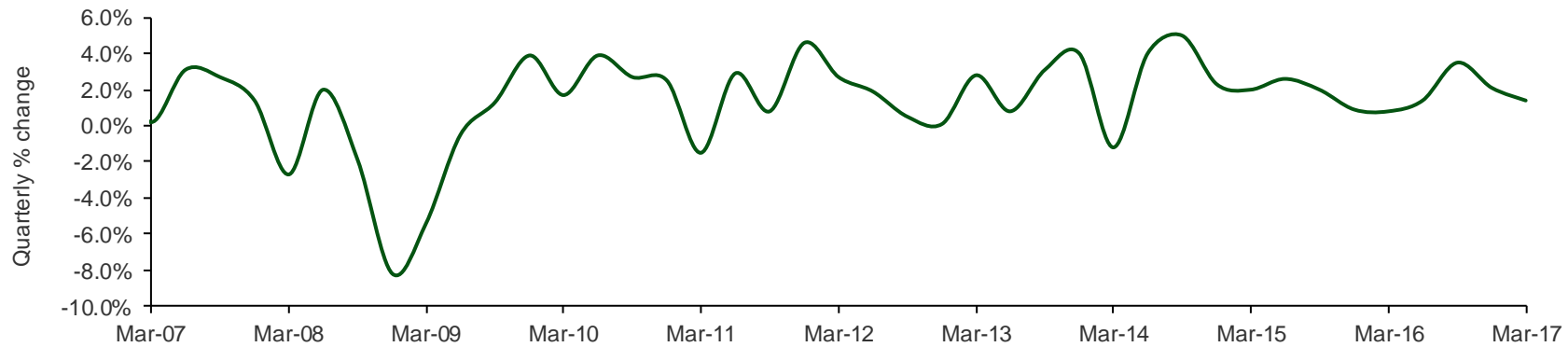
## US economic indicators



### Two-year and five-year treasury yields: June 2012–2017<sup>1</sup>



### Gross domestic product (GDP)<sup>2</sup>



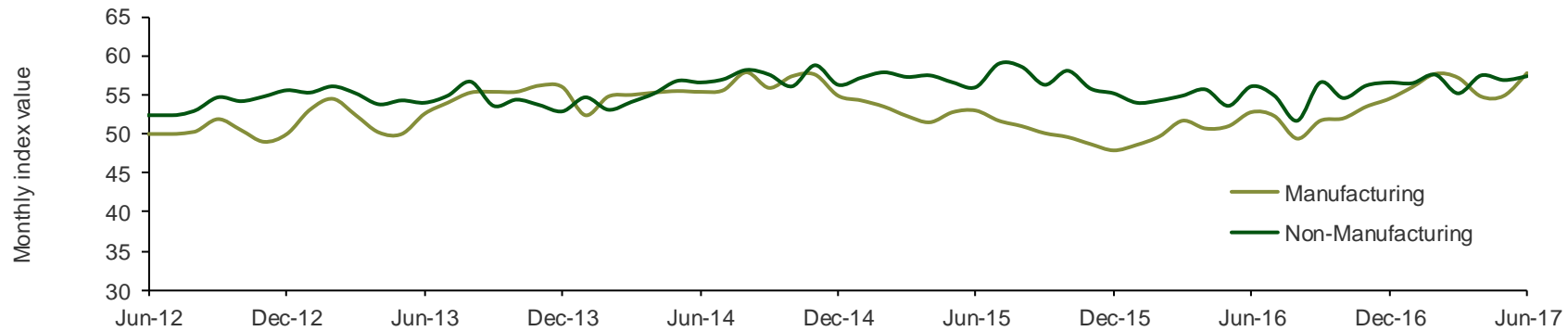
Source: Bloomberg LP, <sup>1</sup> June 30, 2017, <sup>2</sup> March 31, 2017.

# Market environment and strategies

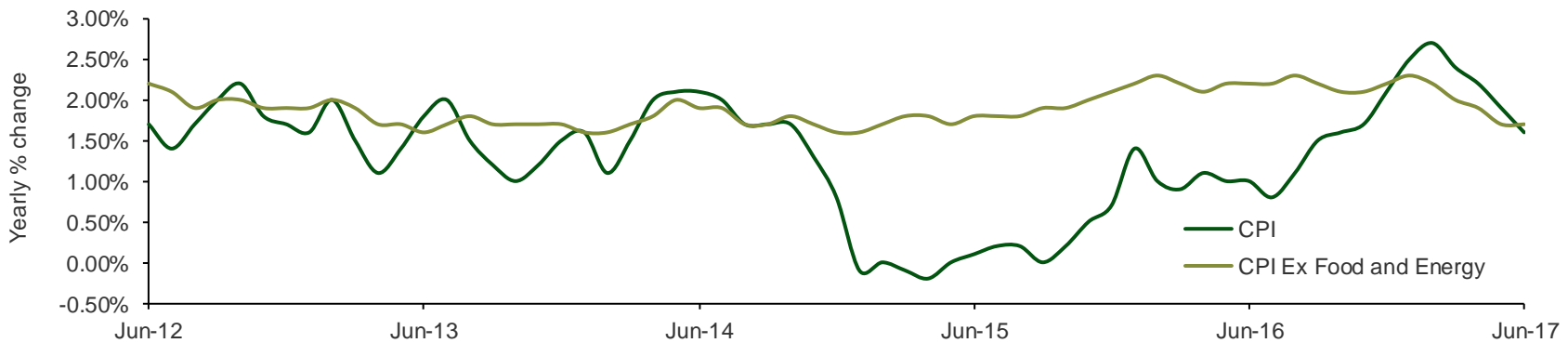
## US economic indicators



### Institute for supply management manufacturing and non-manufacturing business activity



### Consumer Price Index (CPI)



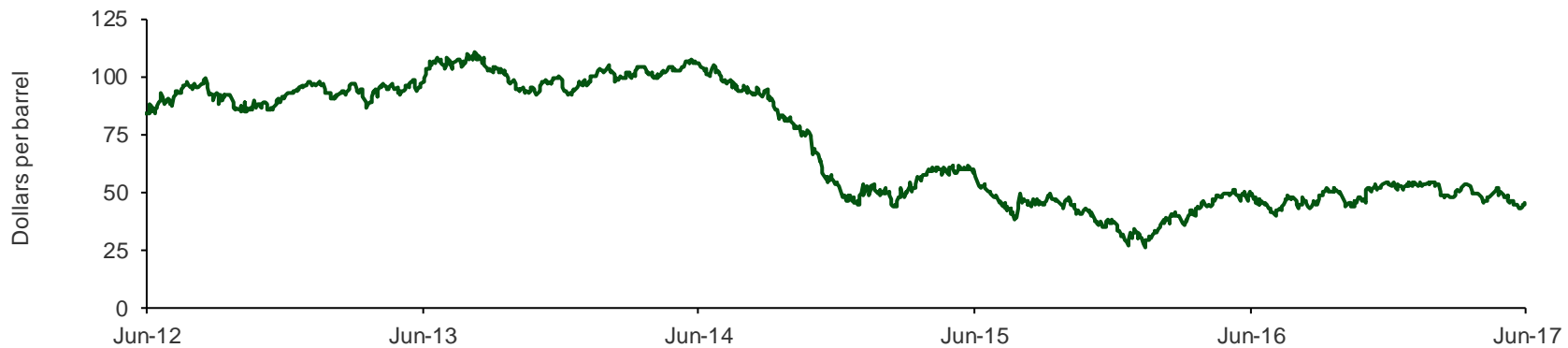
Source: Bloomberg LP, June 30, 2017.

# Market environment and strategies

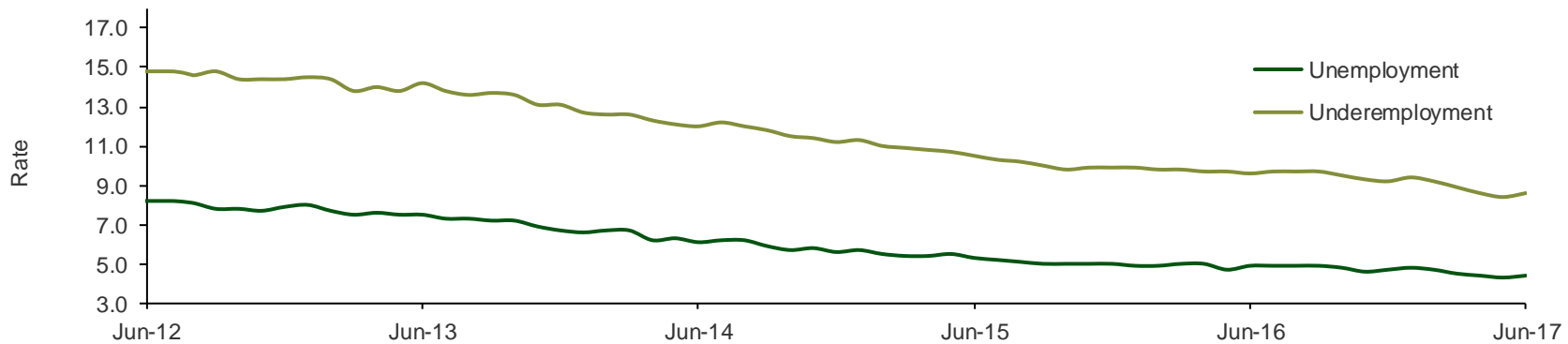
## US economic indicators



### Crude oil<sup>1</sup>



### Unemployment and underemployment<sup>2</sup>



Source: Bloomberg LP, June 30, 2017.

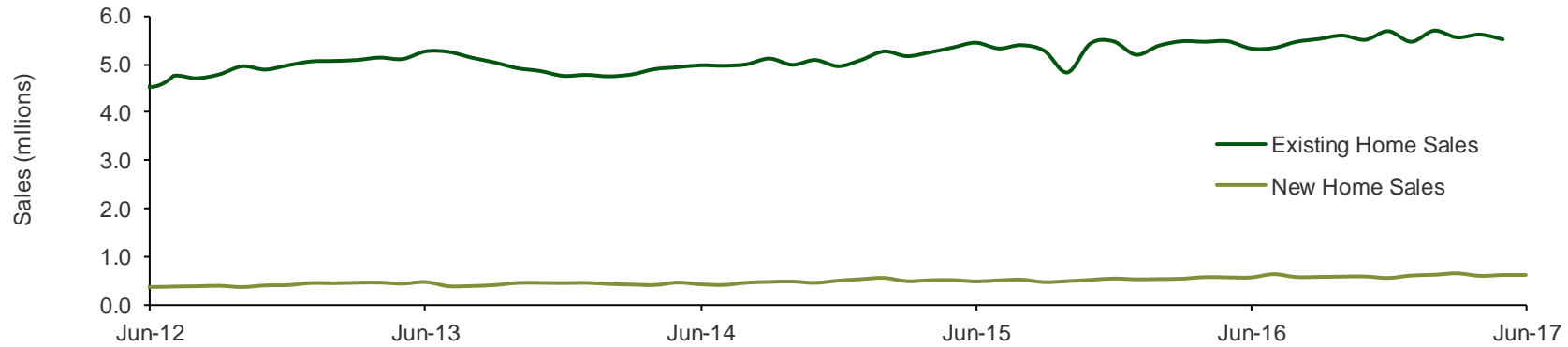


# Market environment and strategies

## US economic indicators



### New and existing home sales



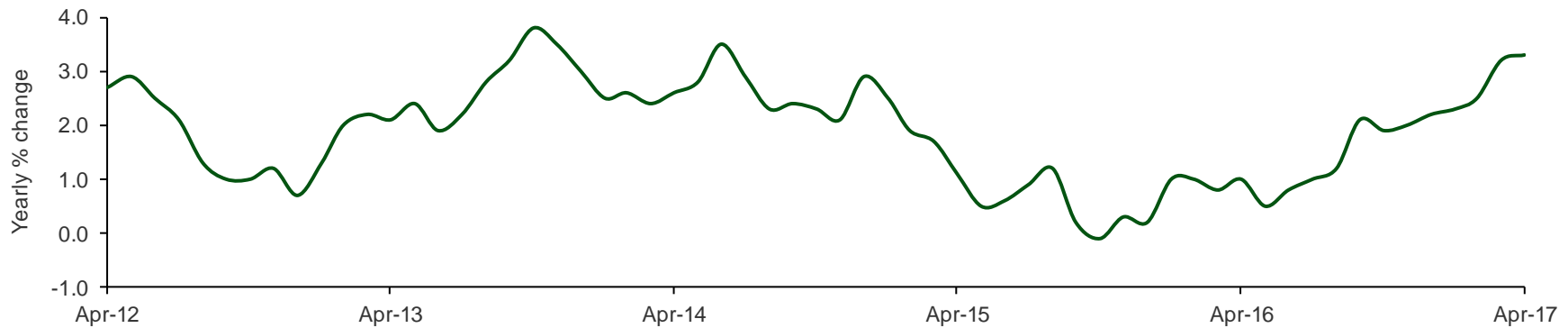
Source: Bloomberg LP, June 30, 2017.

# Market environment and strategies

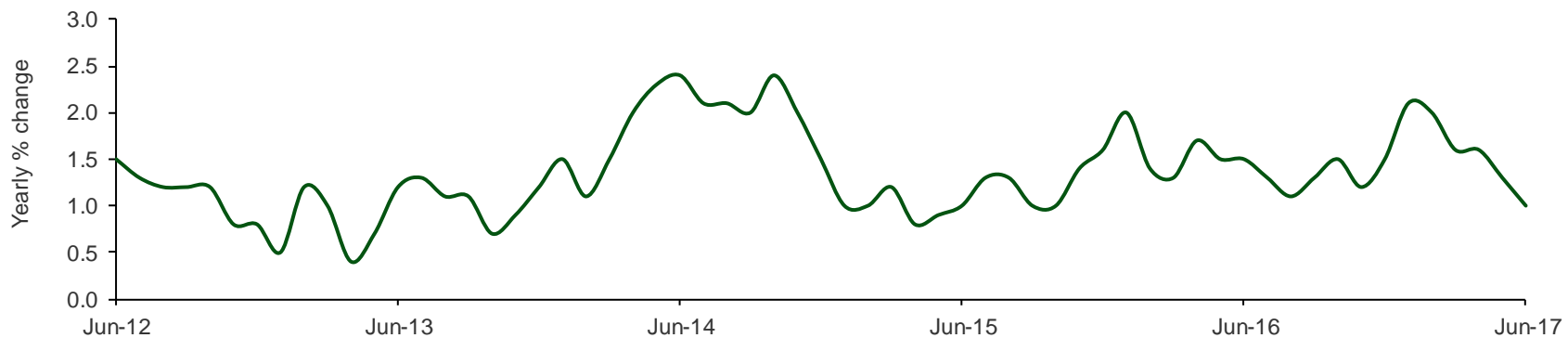
## Canadian economic indicators



### Gross domestic product<sup>1</sup>



### Consumer price index<sup>2</sup>



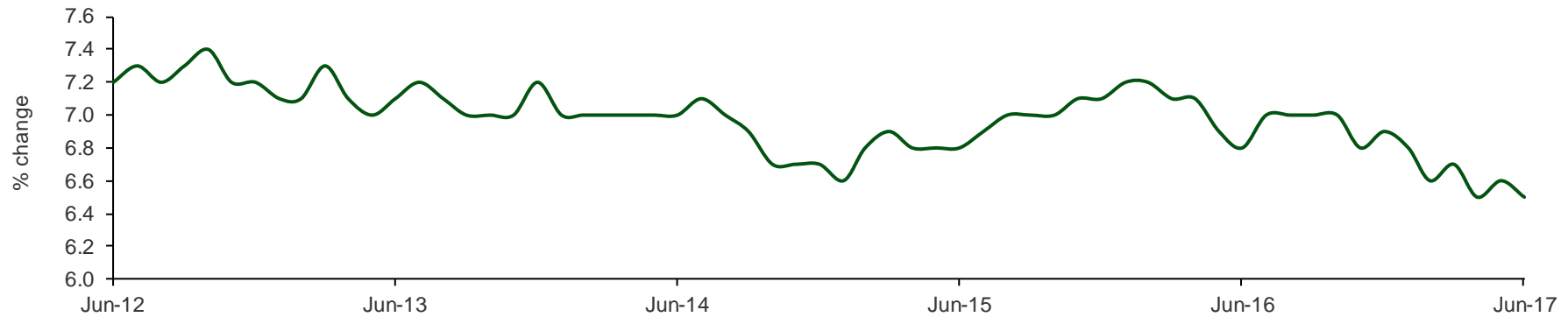
Source: Bloomberg LP, <sup>1</sup> April 30, 2017, <sup>2</sup> June 30, 2017.

# Market environment and strategies

## Canadian economic indicators



### Unemployment rate



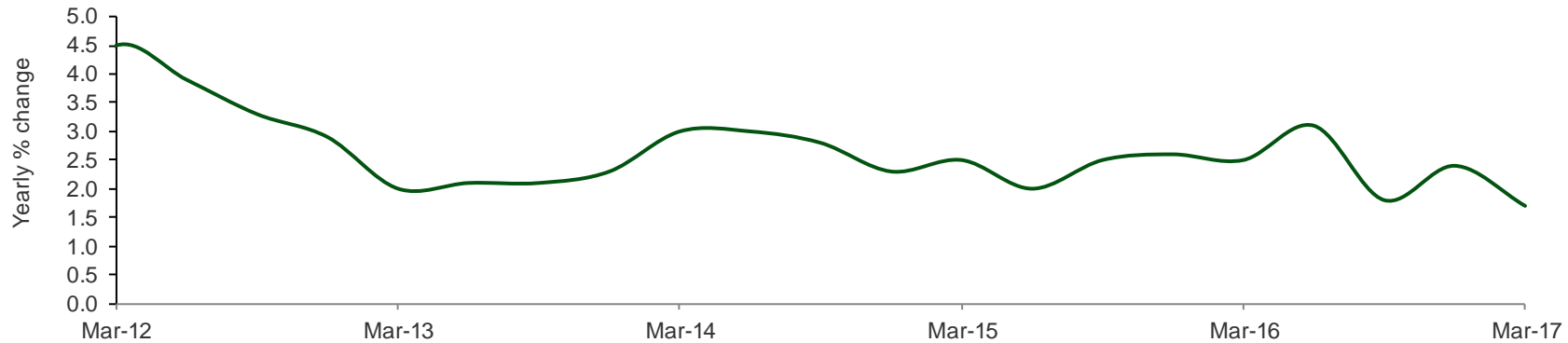
Source: Bloomberg LP, June 30, 2017.

# Market environment and strategies

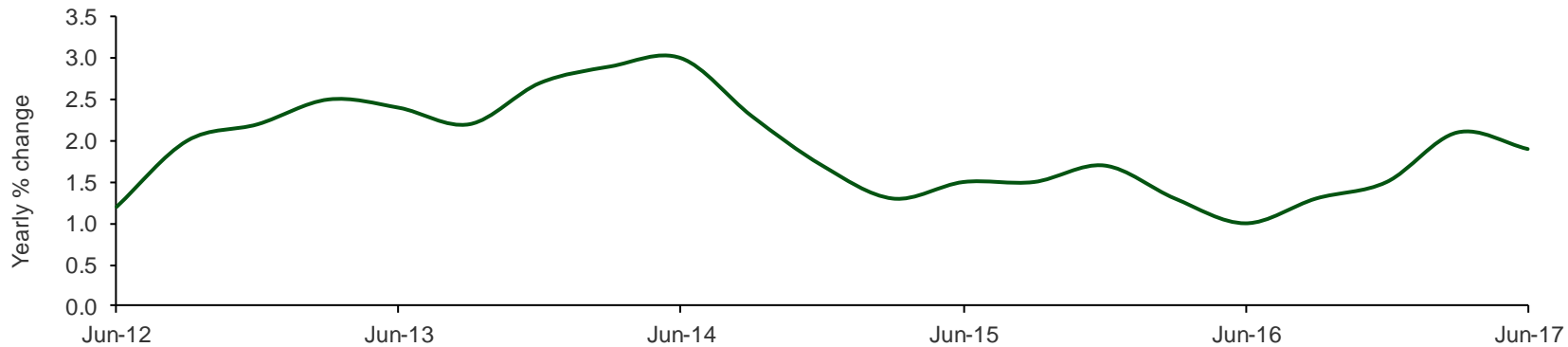
## Australian economic indicators



### Gross domestic product<sup>1</sup>



### Consumer price index



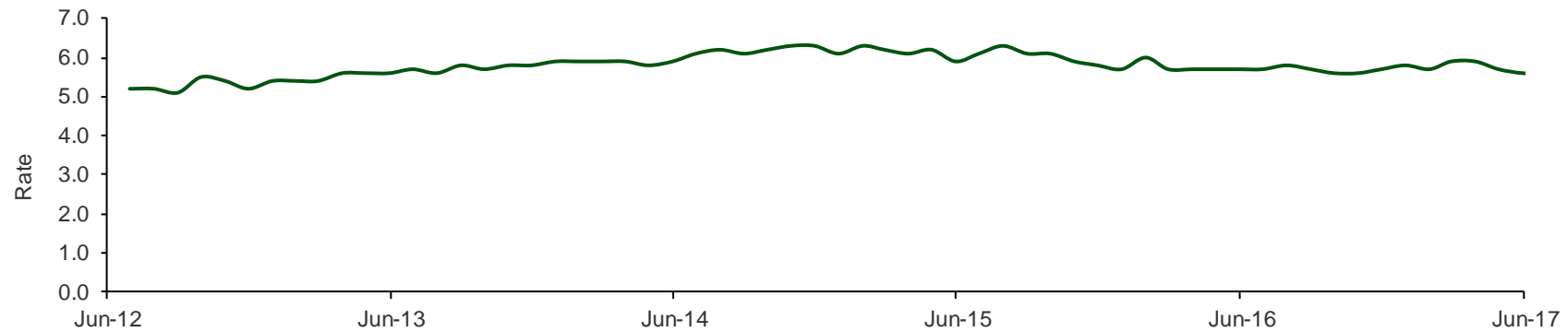
Source: Bloomberg LP, <sup>1</sup> March 31, 2017, June 30, 2017.

# Market environment and strategies

## Australian economic indicators



### Unemployment rate



Source: Bloomberg LP, June 30, 2017.



## Comparison annualized yields

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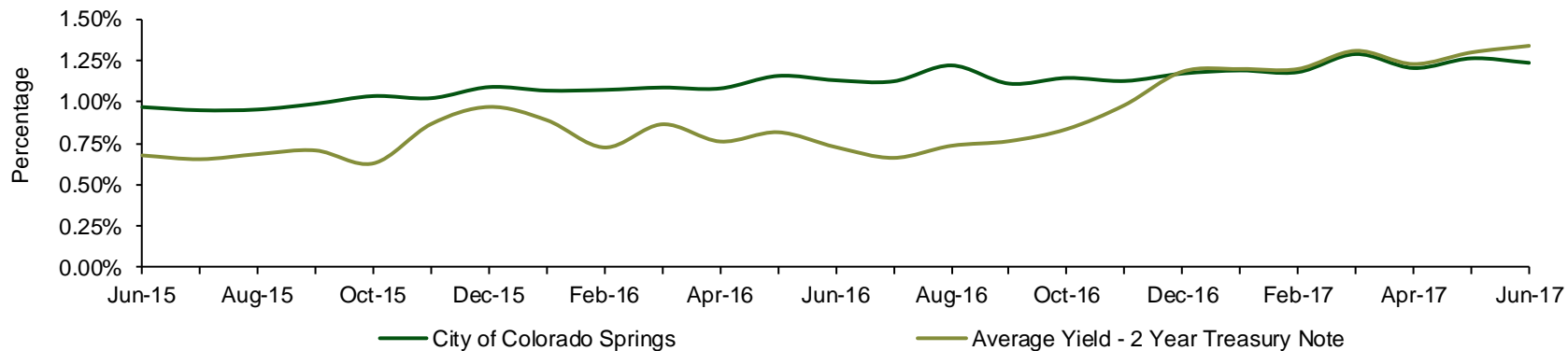
# City of Colorado Springs

## Comparison annualized yields

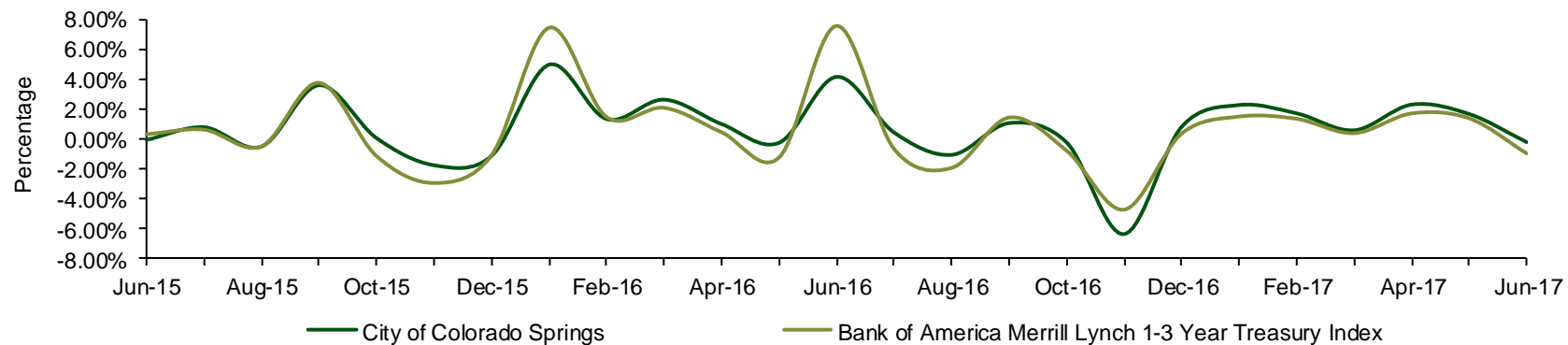
### June 2015 through June 2017



#### Annualized return: Amortized cost basis



#### Annualized return: Fair value basis



As of June 30, 2017. **Past performance is not indicative of future results. Investment in any strategy involves a risk of loss.** Returns are gross of fees. Performance results do not reflect the deduction of investment advisory fees. Client's returns will be reduced by the investment advisory fees and other expenses. Please refer to the important disclosures and index definition at the back of this presentation.



## Portfolio size and duration

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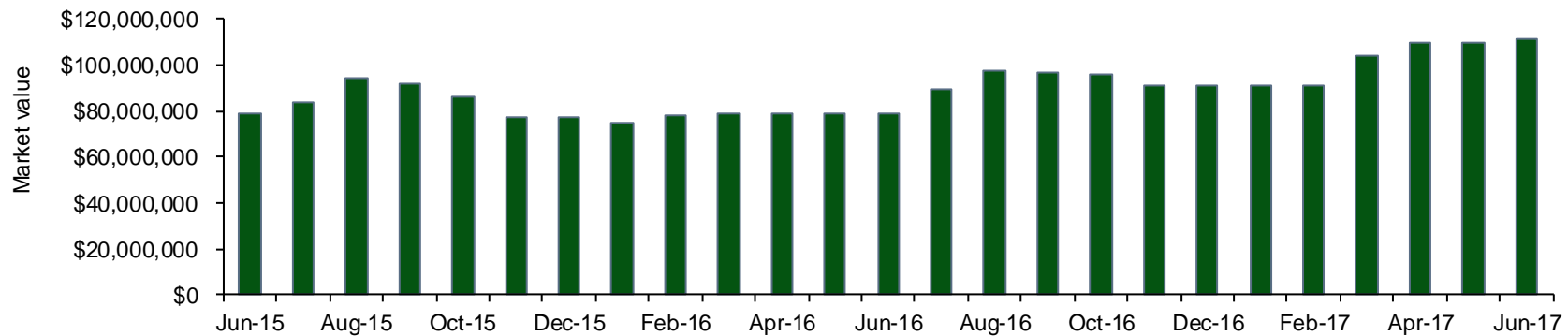
# City of Colorado Springs

## Portfolio size and duration

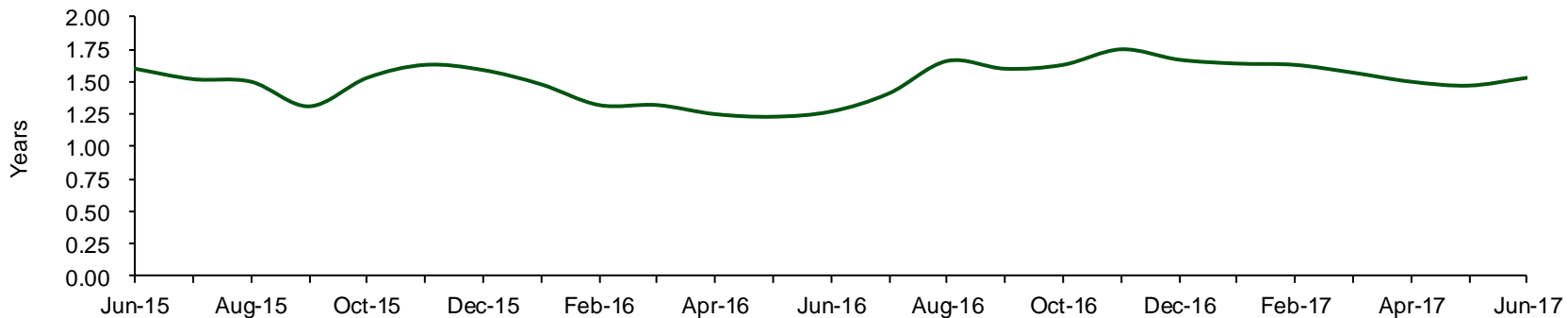
### June 2015 through June 2017



#### Portfolio balance: Ending market value



#### Portfolio duration



As of June 30, 2017.



## Performance versus benchmark

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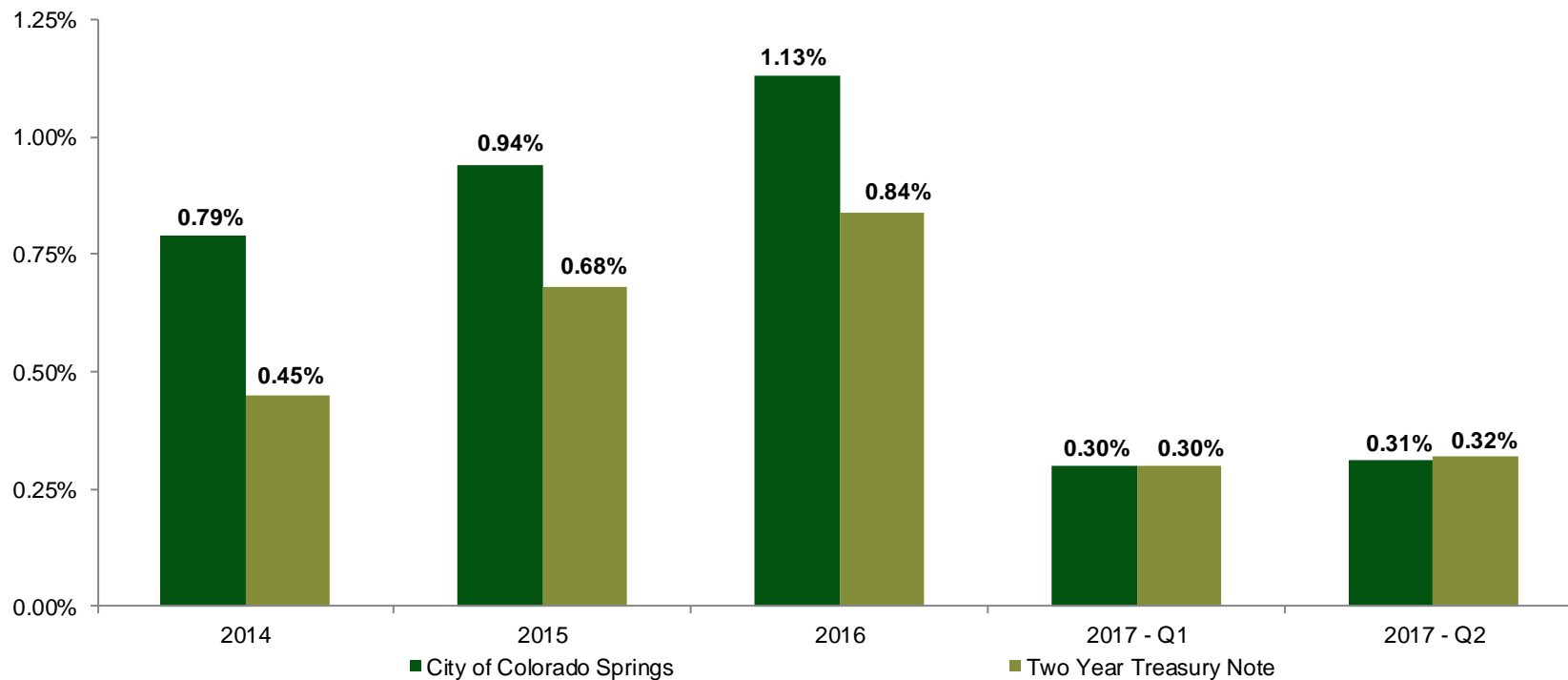
# City of Colorado Springs

## Performance versus benchmark

### January 2014 through June 2017



### City of Colorado Springs amortized cost return versus 2 Year Treasury Note



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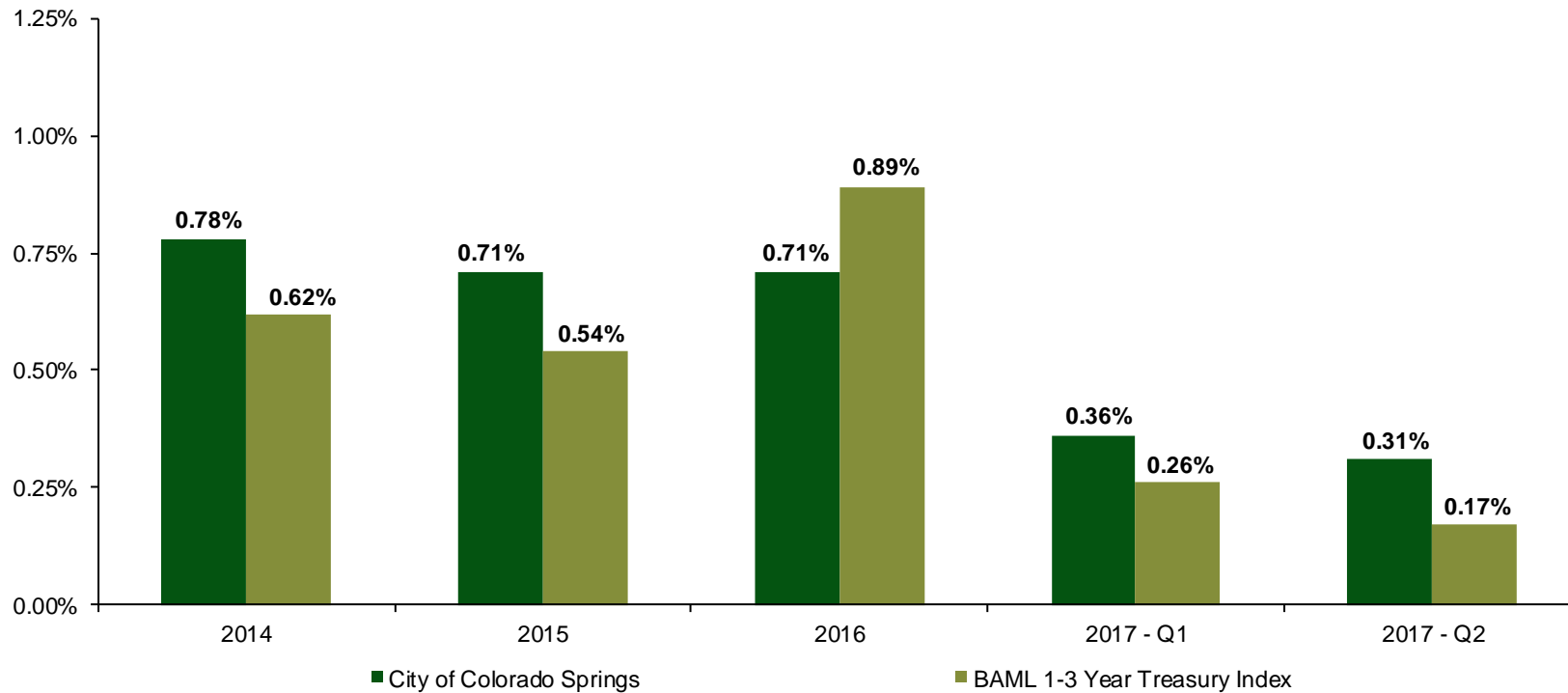
# City of Colorado Springs

## Performance versus benchmark

### January 2014 through June 2017



### City of Colorado Springs fair value return versus Bank of America Merrill Lynch 1-3 Year Treasury Index



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## Portfolio diversification

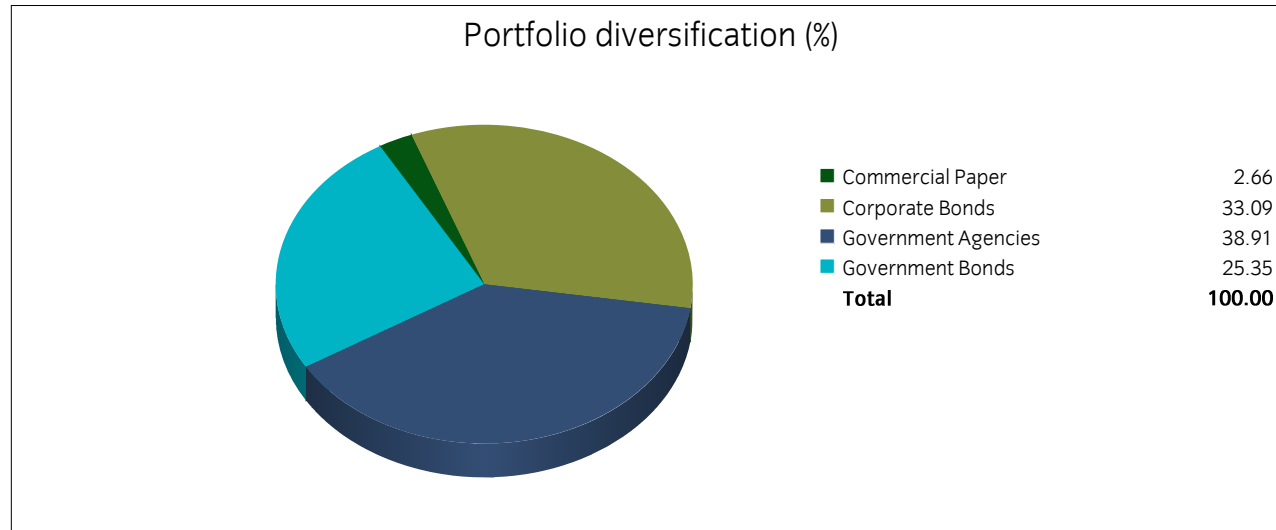
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The following data may not total 100% due to rounding. The above list of holdings is only valid as of June 30, 2017 and should not be relied upon as a complete listing of the account's past investment decisions. Holdings are subject to change without notice, may not represent current or future decisions and should not be construed as investment recommendations.

# RECAP OF SECURITIES HELD

As of June 30, 2017

	Historical cost	Amortized cost	Fair value	Unrealized gain (loss)	Weighted average final maturity (days)	Percent of portfolio	Weighted average effective duration (years)
Commercial Paper	2,977,331.67	2,996,350.95	2,996,870.49	519.54	33	2.66	0.09
Corporate Bonds	37,090,860.00	37,035,141.92	36,954,733.00	(80,408.92)	493	33.09	1.31
Government Agencies	43,609,447.16	43,497,987.26	43,069,089.10	(428,898.16)	778	38.91	1.95
Government Bonds	28,410,152.36	28,295,240.31	28,259,345.60	(35,894.71)	489	25.35	1.31
<b>Total</b>	<b>112,087,791.19</b>	<b>111,824,720.44</b>	<b>111,280,038.19</b>	<b>(544,682.25)</b>	<b>590</b>	<b>100.00</b>	<b>1.53</b>





## Maturity distribution

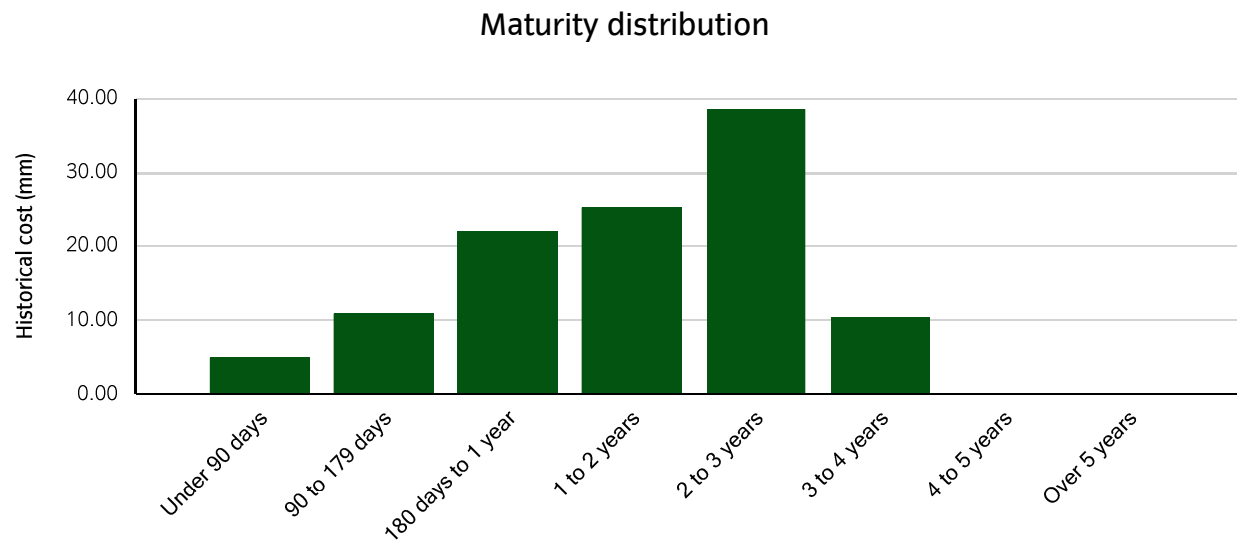
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# MATURITY DISTRIBUTION OF SECURITIES HELD

As of June 30, 2017

Maturity	Historic cost	Percent
Under 90 days	4,997,531.67	4.46
90 to 179 days	11,010,715.63	9.82
180 days to 1 year	22,113,867.50	19.73
1 to 2 years	25,176,165.80	22.46
2 to 3 years	38,523,002.78	34.37
3 to 4 years	10,266,507.81	9.16
4 to 5 years	0.00	0.00
Over 5 years	0.00	0.00
	<b>112,087,791.19</b>	<b>100.00</b>







## Yield report

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# SECURITIES HELD

As of June 30, 2017

Cusip	Description	Coupon	Maturity	Par value or shares	Historical cost	Trade date	Purchase yield	% Portfolio hist cost
<b>Commercial Paper</b>								
4497W0V21	ING US FUNDING LLC	0.000	08/02/2017	3,000,000.00	2,977,331.67	01/09/2017	1.35	2.66
<b>Total Commercial Paper</b>				<b>3,000,000.00</b>	<b>2,977,331.67</b>		<b>1.35</b>	<b>2.66</b>
<b>Corporate Bonds</b>								
20271RAC4	COMMONWEALTH BANK OF AUSTRALIA/NEW YORK NY	1.900	09/18/2017	2,000,000.00	2,020,200.00	12/08/2014	1.53	1.80
89233P6S0	TOYOTA MOTOR CREDIT CORP	1.250	10/05/2017	3,000,000.00	3,012,630.00	03/24/2015	1.08	2.69
166764AA8	CHEVRON CORP	1.104	12/05/2017	2,500,000.00	2,498,150.00	07/08/2015	1.14	2.23
94988J5A1	WELLS FARGO BANK NA	1.650	01/22/2018	2,500,000.00	2,509,600.00	03/03/2016	1.44	2.24
459200HK0	INTERNATIONAL BUSINESS MACHINES CORP	1.250	02/08/2018	2,000,000.00	2,003,540.00	05/21/2015	1.18	1.79
931142DF7	WAL-MART STORES INC	1.125	04/11/2018	2,500,000.00	2,492,575.00	08/06/2015	1.24	2.22
961214CM3	WESTPAC BANKING CORP	1.550	05/25/2018	1,500,000.00	1,504,335.00	05/16/2016	1.40	1.34
89114QB64	TORONTO-DOMINION BANK	1.750	07/23/2018	2,000,000.00	2,015,140.00	05/10/2016	1.40	1.80
78012KFU6	ROYAL BANK OF CANADA	1.800	07/30/2018	1,000,000.00	1,010,460.00	07/11/2016	1.28	0.90
594918BF0	MICROSOFT CORP	1.300	11/03/2018	2,500,000.00	2,513,350.00	06/06/2016	1.07	2.24
90331HMY6	US BANK NA/CINCINNATI OH	1.400	04/26/2019	1,000,000.00	1,004,530.00	07/13/2016	1.23	0.90
90331HMY6	US BANK NA/CINCINNATI OH	1.400	04/26/2019	2,000,000.00	2,005,500.00	08/17/2016	1.30	1.79
89114QAS7	TORONTO-DOMINION BANK	2.125	07/02/2019	1,500,000.00	1,506,900.00	04/07/2017	1.91	1.34
084664CK5	BERKSHIRE HATHAWAY FINANCE CORP	1.300	08/15/2019	3,000,000.00	3,000,780.00	08/17/2016	1.29	2.68
48125LRG9	JP MORGAN CHASE BANK	1.650	09/23/2019	1,500,000.00	1,487,205.00	01/09/2017	1.98	1.33
48125LRG9	JP MORGAN CHASE BANK	1.650	09/23/2019	1,500,000.00	1,493,970.00	03/23/2017	1.82	1.33
94988J5G8	WELLS FARGO BANK NA	2.150	12/06/2019	1,500,000.00	1,505,685.00	04/07/2017	2.00	1.34
89236TDU6	TOYOTA MOTOR CREDIT CORP	1.950	04/17/2020	2,000,000.00	2,004,300.00	06/19/2017	1.87	1.79
63254AAV0	NATIONAL AUSTRALIA BANK LTD/NEW YORK	2.125	05/22/2020	1,500,000.00	1,502,010.00	06/20/2017	2.08	1.34
<b>Total Corporate Bonds</b>				<b>37,000,000.00</b>	<b>37,090,860.00</b>		<b>1.44</b>	<b>33.09</b>
<b>Government Agencies</b>								
3133ED3Z3	FEDERAL FARM CREDIT BANKS	1.230	10/04/2017	3,000,000.00	3,002,670.00	10/18/2013	1.21	2.68
3134G35F3	FEDERAL HOME LOAN MORTGAGE CORP	1.350	02/07/2018	2,500,000.00	2,517,925.00	02/07/2013	1.35	2.25
3133EETE0	FEDERAL FARM CREDIT BANKS	1.125	03/12/2018	2,000,000.00	1,995,580.00	03/09/2015	1.20	1.78
313375K48	FEDERAL HOME LOAN BANKS	2.000	09/14/2018	2,500,000.00	2,552,770.63	08/29/2016	0.95	2.28
3133EHMR1	FEDERAL FARM CREDIT BANKS	1.375	06/12/2019	2,000,000.00	1,998,380.00	06/08/2017	1.42	1.78
3135G0L76	FEDERAL NATIONAL MORTGAGE ASSOCIATION	1.075	07/11/2019	3,000,000.00	3,000,000.00	07/06/2016	1.08	2.68
3134GBGG1	FEDERAL HOME LOAN MORTGAGE CORP	1.500	07/26/2019	3,000,000.00	3,000,000.00	04/18/2017	1.50	2.68
3134G92D8	FEDERAL HOME LOAN MORTGAGE CORP	1.150	07/26/2019	2,500,000.00	2,500,000.00	07/21/2016	1.15	2.23
3137EADM8	FEDERAL HOME LOAN MORTGAGE CORP	1.250	10/02/2019	2,500,000.00	2,513,322.50	06/23/2016	1.08	2.24
3135G0ZY2	FEDERAL NATIONAL MORTGAGE ASSOCIATION	1.750	11/26/2019	2,500,000.00	2,555,725.00	08/30/2016	1.05	2.28
3136FTB73	FEDERAL NATIONAL MORTGAGE ASSOCIATION	2.000	02/07/2020	2,500,000.00	2,584,200.00	07/13/2016	1.03	2.31

# SECURITIES HELD

As of June 30, 2017

Cusip	Description	Coupon	Maturity	Par value or shares	Historical cost	Trade date	Purchase yield	% Portfolio hist cost
3135G0UU5	FEDERAL NATIONAL MORTGAGE ASSOCIATION	1.750	03/06/2020	2,500,000.00	2,565,791.75	08/04/2016	1.00	2.29
3134GAHL1	FEDERAL HOME LOAN MORTGAGE CORP	1.200	05/26/2020	2,225,000.00	2,223,887.50	08/30/2016	1.21	1.98
313383HU8	FEDERAL HOME LOAN BANKS	1.750	06/12/2020	2,500,000.00	2,565,944.78	07/11/2016	1.06	2.29
3136G4CN1	FEDERAL NATIONAL MORTGAGE ASSOCIATION	1.350	06/30/2020	2,040,000.00	2,040,000.00	09/27/2016	1.35	1.82
3133EGPP4	FEDERAL FARM CREDIT BANKS	1.360	08/03/2020	3,000,000.00	3,000,000.00	08/01/2016	1.36	2.68
3133EGXX8	FEDERAL FARM CREDIT BANKS	1.340	10/13/2020	3,000,000.00	2,993,250.00	10/06/2016	1.40	2.67
<b>Total Government Agencies</b>				<b>43,265,000.00</b>	<b>43,609,447.16</b>		<b>1.20</b>	<b>38.91</b>
<b>Government Bonds</b>								
912828M72	UNITED STATES TREASURY NOTE/BOND	0.875	11/30/2017	2,500,000.00	2,497,265.63	06/20/2017	1.12	2.23
912828UE8	UNITED STATES TREASURY NOTE/BOND	0.750	12/31/2017	2,500,000.00	2,482,617.19	02/26/2015	1.00	2.21
912828UJ7	UNITED STATES TREASURY NOTE/BOND	0.875	01/31/2018	2,500,000.00	2,497,070.31	03/23/2017	1.01	2.23
912828QG8	UNITED STATES TREASURY NOTE/BOND	2.625	04/30/2018	2,000,000.00	2,112,500.00	03/13/2014	1.22	1.88
912828VE7	UNITED STATES TREASURY NOTE/BOND	1.000	05/31/2018	2,000,000.00	1,998,125.00	05/19/2015	1.03	1.78
912828RP7	UNITED STATES TREASURY NOTE/BOND	1.750	10/31/2018	3,000,000.00	3,057,890.63	05/19/2015	1.18	2.73
912828A34	UNITED STATES TREASURY NOTE/BOND	1.250	11/30/2018	2,500,000.00	2,501,562.50	03/23/2017	1.21	2.23
912828N22	UNITED STATES TREASURY NOTE/BOND	1.250	12/15/2018	2,500,000.00	2,501,269.53	03/23/2017	1.22	2.23
912828A75	UNITED STATES TREASURY NOTE/BOND	1.500	12/31/2018	2,000,000.00	2,007,890.63	03/06/2017	1.28	1.79
912828B33	UNITED STATES TREASURY NOTE/BOND	1.500	01/31/2019	2,000,000.00	2,007,421.88	03/06/2017	1.30	1.79
912828G95	UNITED STATES TREASURY NOTE/BOND	1.625	12/31/2019	2,500,000.00	2,513,281.25	02/27/2017	1.43	2.24
912828VP2	UNITED STATES TREASURY NOTE/BOND	2.000	07/31/2020	2,200,000.00	2,233,257.81	05/02/2017	1.52	1.99
<b>Total Government Bonds</b>				<b>28,200,000.00</b>	<b>28,410,152.36</b>		<b>1.21</b>	<b>25.35</b>
<b>Grand Total</b>				<b>111,465,000.00</b>	<b>112,087,791.19</b>		<b>1.28</b>	<b>100.00</b>



## GASB 40

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# GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

As of June 30, 2017

Cusip	Description	Coupon	Maturity date	Call date	S&P rating	Moody rating	Par value or shares	Historical cost	% Portfolio hist cost	Market value	% Portfolio mkt value	Effective dur (yrs)
<b>United States Treasury Note/Bond</b>												
912828M72	USA TREASURY 0.875%	0.875	11/30/2017		AA+	Aaa	2,500,000.00	2,497,265.63	2.23	2,497,390.00	2.24	0.41
912828UE8	USA TREASURY 0.75%	0.750	12/31/2017		AA+	Aaa	2,500,000.00	2,482,617.19	2.21	2,494,987.50	2.24	0.50
912828UJ7	USA TREASURY 0.875%	0.875	01/31/2018		AA+	Aaa	2,500,000.00	2,497,070.31	2.23	2,495,622.50	2.24	0.58
912828QG8	USA TREASURY 2.625%	2.625	04/30/2018		AA+	Aaa	2,000,000.00	2,112,500.00	1.88	2,021,796.00	1.82	0.82
912828VE7	USA TREASURY 1%	1.000	05/31/2018		AA+	Aaa	2,000,000.00	1,998,125.00	1.78	1,994,766.00	1.79	0.91
912828RP7	USA TREASURY 1.75%	1.750	10/31/2018		AA+	Aaa	3,000,000.00	3,057,890.63	2.73	3,016,758.00	2.71	1.31
912828A34	USA TREASURY 1.25%	1.250	11/30/2018		AA+	Aaa	2,500,000.00	2,501,562.50	2.23	2,496,680.00	2.24	1.40
912828N22	USA TREASURY 1.25%	1.250	12/15/2018		AA+	Aaa	2,500,000.00	2,501,269.53	2.23	2,496,290.00	2.24	1.44
912828A75	USA TREASURY 1.5%	1.500	12/31/2018		AA+	Aaa	2,000,000.00	2,007,890.63	1.79	2,004,376.00	1.80	1.48
912828B33	USA TREASURY 1.5%	1.500	01/31/2019		AA+	Aaa	2,000,000.00	2,007,421.88	1.79	2,004,062.00	1.80	1.55
912828G95	USA TREASURY 1.625%	1.625	12/31/2019		AA+	Aaa	2,500,000.00	2,513,281.25	2.24	2,509,375.00	2.26	2.45
912828VP2	USA TREASURY 2%	2.000	07/31/2020		AA+	Aaa	2,200,000.00	2,233,257.81	1.99	2,227,242.60	2.00	2.96
<b>Issuer total</b>							<b>28,200,000.00</b>	<b>28,410,152.36</b>	<b>25.35</b>	<b>28,259,345.60</b>	<b>25.39</b>	<b>1.31</b>
<b>Federal Farm Credit Banks</b>												
3133ED3Z3	FEDERAL FARM CREDIT	1.230	10/04/2017		AA+	Aaa	3,000,000.00	3,002,670.00	2.68	3,001,470.00	2.70	0.26
3133EETE0	FEDERAL FARM CREDIT	1.125	03/12/2018		AA+	Aaa	2,000,000.00	1,995,580.00	1.78	1,997,900.00	1.80	0.69
3133EHMR1	FEDERAL FARM CREDIT	1.375	06/12/2019		AA+	Aaa	2,000,000.00	1,998,380.00	1.78	1,998,910.00	1.80	1.92
3133EGPP4	FEDERAL FARM CREDIT	1.360	08/03/2020	08/03/2017	AA+	Aaa	3,000,000.00	3,000,000.00	2.68	2,960,400.00	2.66	2.52
3133EGXX8	FEDERAL FARM CREDIT	1.340	10/13/2020	10/13/2017	AA+	Aaa	3,000,000.00	2,993,250.00	2.67	2,936,010.00	2.64	2.89
<b>Issuer total</b>							<b>13,000,000.00</b>	<b>12,989,880.00</b>	<b>11.59</b>	<b>12,894,690.00</b>	<b>11.59</b>	<b>1.71</b>
<b>Federal Home Loan Mortgage Corp</b>												
3134G35F3	FREDDIE MAC 1.35%	1.350	02/07/2018		AA+	Aaa	2,500,000.00	2,517,925.00	2.25	2,501,300.00	2.25	0.60
3134GBGG1	FREDDIE MAC 1.5%	1.500	07/26/2019	10/26/2017	AA+	Aaa	3,000,000.00	3,000,000.00	2.68	2,987,700.00	2.68	1.61
3134G92D8	FREDDIE MAC 1.15%	1.150	07/26/2019	07/26/2017	AA+	Aaa	2,500,000.00	2,500,000.00	2.23	2,463,775.00	2.21	1.96

# GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

As of June 30, 2017

Cusip	Description	Coupon	Maturity date	Call date	S&P rating	Moody rating	Par value or shares	Historical cost	% Portfolio hist cost	Market value	% Portfolio mkt value	Effective dur (yrs)
<b>Federal Home Loan Mortgage Corp</b>												
3137EADM8	FREDDIE MAC 1.25%	1.250	10/02/2019		AA+	Aaa	2,500,000.00	2,513,322.50	2.24	2,486,247.50	2.23	2.21
3134GAHL1	FREDDIE MAC 1.2%	1.200	05/26/2020		AA+	Aaa	2,225,000.00	2,223,887.50	1.98	2,179,610.00	1.96	2.64
<b>Issuer total</b>							<b>12,725,000.00</b>	<b>12,755,135.00</b>	<b>11.38</b>	<b>12,618,632.50</b>	<b>11.34</b>	<b>1.78</b>
<b>Federal National Mortgage Association</b>												
3135G0L76	FANNIE MAE 1.075%	1.075	07/11/2019	07/11/2017	AA+	Aaa	3,000,000.00	3,000,000.00	2.68	2,965,890.00	2.67	1.89
3135G0ZY2	FANNIE MAE 1.75%	1.750	11/26/2019		AA+	Aaa	2,500,000.00	2,555,725.00	2.28	2,513,857.50	2.26	2.35
3136FTB73	FANNIE MAE 2%	2.000	02/07/2020		AA+	Aaa	2,500,000.00	2,584,200.00	2.31	2,525,200.00	2.27	2.52
3135G0UU5	FANNIE MAE 1.75%	1.750	03/06/2020		AA+	Aaa	2,500,000.00	2,565,791.75	2.29	2,507,675.00	2.25	2.60
3136G4CN1	FANNIE MAE 1.35%	1.350	06/30/2020	09/30/2017	AA+	Aaa	2,040,000.00	2,040,000.00	1.82	2,016,111.60	1.81	2.42
<b>Issuer total</b>							<b>12,540,000.00</b>	<b>12,745,716.75</b>	<b>11.37</b>	<b>12,528,734.10</b>	<b>11.26</b>	<b>2.34</b>
<b>Federal Home Loan Banks</b>												
313375K48	FEDERAL HOME LOAN	2.000	09/14/2018		AA+	Aaa	2,500,000.00	2,552,770.63	2.28	2,518,540.00	2.26	1.18
313383HU8	FEDERAL HOME LOAN	1.750	06/12/2020		AA+	Aaa	2,500,000.00	2,565,944.78	2.29	2,508,492.50	2.25	2.87
<b>Issuer total</b>							<b>5,000,000.00</b>	<b>5,118,715.41</b>	<b>4.57</b>	<b>5,027,032.50</b>	<b>4.52</b>	<b>2.03</b>
<b>Toyota Motor Credit Corp</b>												
89233P650	TOYOTA MOTOR CREDIT	1.250	10/05/2017		AA-	Aa3	3,000,000.00	3,012,630.00	2.69	2,999,415.00	2.70	0.26
89236TDU6	TOYOTA MOTOR CREDIT	1.950	04/17/2020		AA-	Aa3	2,000,000.00	2,004,300.00	1.79	1,999,382.00	1.80	2.71
<b>Issuer total</b>							<b>5,000,000.00</b>	<b>5,016,930.00</b>	<b>4.48</b>	<b>4,998,797.00</b>	<b>4.49</b>	<b>1.24</b>
<b>Wells Fargo Bank NA</b>												
94988J5A1	WELLS FARGO BANK NA	1.650	01/22/2018		AA-	Aa2	2,500,000.00	2,509,600.00	2.24	2,501,695.00	2.25	0.55
94988J5G8	WELLS FARGO BANK NA	2.150	12/06/2019		AA-	Aa2	1,500,000.00	1,505,685.00	1.34	1,506,943.50	1.35	2.37
<b>Issuer total</b>							<b>4,000,000.00</b>	<b>4,015,285.00</b>	<b>3.58</b>	<b>4,008,638.50</b>	<b>3.60</b>	<b>1.23</b>

# GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

As of June 30, 2017

Cusip	Description	Coupon	Maturity date	Call date	S&P rating	Moody rating	Par value or shares	Historical cost	% Portfolio hist cost	Market value	% Portfolio mkt value	Effective dur (yrs)
<b>Toronto-Dominion Bank/The</b>												
89114QB64	TORONTO-DOMINION	1.750	07/23/2018		AA-	Aa2	2,000,000.00	2,015,140.00	1.80	2,003,294.00	1.80	1.04
89114QA57	TORONTO-DOMINION	2.125	07/02/2019		AA-	Aa2	1,500,000.00	1,506,900.00	1.34	1,507,347.00	1.35	1.94
<b>Issuer total</b>							<b>3,500,000.00</b>	<b>3,522,040.00</b>	<b>3.14</b>	<b>3,510,641.00</b>	<b>3.15</b>	<b>1.43</b>
<b>ING US FDG LLC</b>												
4497W0V21	CP ING US FUNDING LLC	0.000	08/02/2017		A-1	P-1	3,000,000.00	2,977,331.67	2.66	2,996,870.49	2.69	0.09
<b>Issuer total</b>							<b>3,000,000.00</b>	<b>2,977,331.67</b>	<b>2.66</b>	<b>2,996,870.49</b>	<b>2.69</b>	<b>0.09</b>
<b>JPMorgan Chase Bank NA</b>												
48125LRG9	JP MORGAN CHASE BANK	1.650	09/23/2019	08/23/2019	A+	Aa3	3,000,000.00	2,981,175.00	2.66	2,983,254.00	2.68	2.16
<b>Issuer total</b>							<b>3,000,000.00</b>	<b>2,981,175.00</b>	<b>2.66</b>	<b>2,983,254.00</b>	<b>2.68</b>	<b>2.16</b>
<b>US Bank NA/Cincinnati OH</b>												
90331HMY6	US BANK NA CINCINNATI	1.400	04/26/2019	03/26/2019	AA-	A1	3,000,000.00	3,010,030.00	2.69	2,981,505.00	2.68	1.77
<b>Issuer total</b>							<b>3,000,000.00</b>	<b>3,010,030.00</b>	<b>2.69</b>	<b>2,981,505.00</b>	<b>2.68</b>	<b>1.77</b>
<b>Berkshire Hathaway Finance Corp</b>												
084664CK5	BERKSHIRE HATHAWAY	1.300	08/15/2019		AA	Aa2	3,000,000.00	3,000,780.00	2.68	2,978,220.00	2.68	2.08
<b>Issuer total</b>							<b>3,000,000.00</b>	<b>3,000,780.00</b>	<b>2.68</b>	<b>2,978,220.00</b>	<b>2.68</b>	<b>2.08</b>
<b>Chevron Corp</b>												
166764AA8	CHEVRON CORP 1.104%	1.104	12/05/2017	11/05/2017	AA-	Aa2	2,500,000.00	2,498,150.00	2.23	2,498,545.00	2.25	0.42
<b>Issuer total</b>							<b>2,500,000.00</b>	<b>2,498,150.00</b>	<b>2.23</b>	<b>2,498,545.00</b>	<b>2.25</b>	<b>0.42</b>
<b>Microsoft Corp</b>												
594918BF0	MICROSOFT CORP 1.3%	1.300	11/03/2018		AAA	Aaa	2,500,000.00	2,513,350.00	2.24	2,496,027.50	2.24	1.33
<b>Issuer total</b>							<b>2,500,000.00</b>	<b>2,513,350.00</b>	<b>2.24</b>	<b>2,496,027.50</b>	<b>2.24</b>	<b>1.33</b>

# GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

As of June 30, 2017

Cusip	Description	Coupon	Maturity date	Call date	S&P rating	Moody rating	Par value or shares	Historical cost	% Portfolio hist cost	Market value	% Portfolio mkt value	Effective dur (yrs)
<b>Wal-Mart Stores Inc</b>												
931142DF7	WAL-MART STORES INC	1.125	04/11/2018		AA	Aa2	2,500,000.00	2,492,575.00	2.22	2,494,817.50	2.24	0.77
<b>Issuer total</b>							<b>2,500,000.00</b>	<b>2,492,575.00</b>	<b>2.22</b>	<b>2,494,817.50</b>	<b>2.24</b>	<b>0.77</b>
<b>Commonwealth Bank of Australia/New York</b>												
20271RAC4	COMMONWEALTH BK	1.900	09/18/2017		AA-	Aa3	2,000,000.00	2,020,200.00	1.80	2,002,136.00	1.80	0.21
<b>Issuer total</b>							<b>2,000,000.00</b>	<b>2,020,200.00</b>	<b>1.80</b>	<b>2,002,136.00</b>	<b>1.80</b>	<b>0.21</b>
<b>International Business Machines Corp</b>												
459200HK0	IBM CORP 1.25%	1.250	02/08/2018		A+	A1	2,000,000.00	2,003,540.00	1.79	1,999,240.00	1.80	0.60
<b>Issuer total</b>							<b>2,000,000.00</b>	<b>2,003,540.00</b>	<b>1.79</b>	<b>1,999,240.00</b>	<b>1.80</b>	<b>0.60</b>
<b>Westpac Banking Corp</b>												
961214CM3	WESTPAC BANKING	1.550	05/25/2018		AA-	Aa3	1,500,000.00	1,504,335.00	1.34	1,500,954.00	1.35	0.89
<b>Issuer total</b>							<b>1,500,000.00</b>	<b>1,504,335.00</b>	<b>1.34</b>	<b>1,500,954.00</b>	<b>1.35</b>	<b>0.89</b>
<b>National Australia Bank Ltd/New York</b>												
63254AAV0	NATIONAL AUSTRALIA	2.125	05/22/2020		AA-	Aa3	1,500,000.00	1,502,010.00	1.34	1,500,513.00	1.35	2.80
<b>Issuer total</b>							<b>1,500,000.00</b>	<b>1,502,010.00</b>	<b>1.34</b>	<b>1,500,513.00</b>	<b>1.35</b>	<b>2.80</b>
<b>Royal Bank of Canada</b>												
78012KFU6	ROYAL BANK OF	1.800	07/30/2018		AA-	A1	1,000,000.00	1,010,460.00	0.90	1,001,444.50	0.90	1.06
<b>Issuer total</b>							<b>1,000,000.00</b>	<b>1,010,460.00</b>	<b>0.90</b>	<b>1,001,444.50</b>	<b>0.90</b>	<b>1.06</b>
<b>Grand total</b>							<b>111,465,000.00</b>	<b>112,087,791.19</b>	<b>100.00</b>	<b>111,280,038.19</b>	<b>100.00</b>	<b>1.53</b>





## Important disclosures

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## Important disclosures

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## Important disclosures (continued)

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