

**CITY OF SALEM
CITY MANAGER'S OFFICE
FINANCE DIVISION**

Si necesita ayuda para comprender esta información, por favor llame 503-588-6274

Disability-related modification or accommodation, including auxiliary aids or services, in order to participate in this meeting or event, are available upon request. Sign language and interpreters for languages other than English are also available on request. To request such an accommodation or interpretation, contact the Finance Division at 503-588-6040 at least **two business days** before meeting; or TTD/TTY telephone (503) 588-6439, is also available 24/7.

**CITY OF SALEM
FINANCE COMMITTEE**

Committee Members

Councilor Brad Nanke, Chair
Mayor Chuck Bennett
Councilor Matthew Ausec
Alternate-Councilor Tom Andersen

City Staff

Steve Powers, City Manager
Dan Atchison, City Attorney
Robert Barron, Chief Financial Officer
Kelley Jacobs, Budget Officer
Tony Turley, Financial Reporting Manager
Josh Eggleston, Fiscal Analyst
Kelli Blechschmidt, Administrative Analyst

Next Meeting: August 19, 2019

It is the City of Salem's policy to assure that no person shall be discriminated against on the grounds of race, religion, color, sex, marital status, familial status, national origin, age, mental or physical disability, sexual orientation, gender identity, and source of income, as provided by Salem Revised Code 97. The City also fully complies with Title VI of the Civil Rights Act of 1964, and related statutes and regulations, in all programs and activities.

MEETING AGENDA

June 17, 2019

12:30 PM

City Manager's Conference Room
555 Liberty Street SE, Room 220

1. Call to Order
2. Approval of Minutes
 - a. April 15, 2019
3. Public Comment
(Appearance of persons wishing to address the Committee on any matter other than those which appear on this Agenda.)
4. Action Items
 - a. Tourism Improvement District (TID)
5. Management Update/Information Items
 - a. PERS Update
 - b. Q3 Investment Report
6. Continued Business
 - a. None
7. New Business
 - a. None
8. Adjournment

**City of Salem Finance Committee
Minutes**

DATE: April 15, 2019

CHAIRPERSON: Brad Nanke

PLACE: CMO Conference Room

STAFF LIAISON:

David Lacy

503-588-6174

dlacy@cityofsalem.net

Members Present:

Chair Nanke
Mayor Bennett

Members Absent:

Member Ausec
Member Andersen-Alternate

Guests Present:

Staff Present:

Steve Powers, City Manager
Dan Atchison, City Attorney
Peter Fernandez, Public Works Director
Brian Martin, City Engineer
Rebai Tamerhoulet, Building & Safety Administrator
Kelley Jacobs, Budget Officer
David Lacy, Financial Operations Manager
Tony Turley, Financial Reporting Manager
Josh Eggleston, Financial Analyst
Chris Neider, Management Analyst
Tammi Starrs, Management Analyst
Kelli Blechschmidt, Administrative Analyst

1. CALL TO ORDER: 12:28PM Quorum
2. APPROVAL OF FINANCE COMMITTEE MINUTES
 - a. December 17, 2018
 - b. February 11, 2019
3. ITEMS REQUIRING ACTION
 - a. C-10 Building and Safety Fund Balance Policy
Aye: 2- Bennett, Nanke
Nay: 0
Absent: 2-Ausec, Andersen
4. MANAGEMENT UPDATE / INFORMATION ITEMS
 - a. Moody's Issuer Comment Report-David Lacy
 - b. CIP Update-Josh Eggleston
5. ADJOURNMENT: 12:58 PM

The next meeting is Monday, June 17, 2019 at 12:30 PM

TO: Finance Committee
THROUGH: Steve Powers, City Manager
FROM: Robert Barron, Chief Financial Officer

SUBJECT:

Tourism Improvement District (TID)

Ward(s): All Wards

Councilor(s): All Councilors

Neighborhood(s): All Neighborhoods

ISSUE:

Shall the City of Salem Finance Committee recommend that City Council consider passage of an ordinance creating a Tourism Improvement District (TID) for the purpose of providing supplemental funding for tourism promotion to supplement what is currently provided through Transient Occupancy Tax (TOT)?

RECOMMENDATION:

Recommend that City Council consider passage of an ordinance creating a Tourism Improvement District (TID) for the purpose of providing supplemental funding for tourism promotion to supplement what is currently provided through Transient Occupancy Tax (TOT).

SUMMARY AND BACKGROUND:

Travel Salem, the City's Destination Tourism Marketing Organization, approached staff and the Budget Committee concerning the need for additional resources for the promotion of the City as a tourism destination beyond what is currently provided by the City's TOT, and proposed a tourism improvement district similar to those implemented in Portland and other cities on the west coast. The creation of a TID would allow the City to collect fees from transient lodging operators, including short term rental operators, that can be used to promote overnight tourism and improve the lodging business environment, including advertising, branding efforts, promotions, sponsorship of special events, and other programs that will increase overnight transient lodging stays.

FACTS AND FINDINGS:

ORS chapter 223 allows cities to establish economic improvement districts, specifically an economic improvement district that allows a city to impose a business license fee to raise revenue for the cost of an economic improvement. "Economic improvement" may include promotion of commercial activity or public events, as well as district planning and management activities.

Funds collected from the TID may only be used for "economic improvement," which includes:

- The planning or management of development or improvement activities,
- Landscaping or other maintenance of public areas,
- Promotion of commercial activity or public events,
- Activities in support of business recruitment and development,
- Improvements in parking systems or parking enforcement, and
- Any other economic improvement activity for which an assessment may be made on property specifically benefitted thereby.

The proposal further narrows the permitted uses of TID funds. Proposed SRC 38.120(b) provides that TID funds may only be used for programs which promote overnight tourism and improve the lodging business environment. Programs shall be designed to benefit operators who operate transient lodging and hots of short-term rentals that may utilize a booking agent. Programs may include, but are not limited to:

- Internet, radio, television, and print advertising,
- Branding efforts,
- Sales promotions,
- Sponsorship of special events which attract out-of-town visitors; and
- Other programs designed to, or have the effect of, increasing overnight stays at transient lodging facilities.

As currently drafted, the TID funds would be distributed to the City's Destination Tourism Marketing Organization, which is the same entity that manages the City's tourism promotion through use of TOT funds.

The City may allocate funds for other activities that promote tourism that have the effect of increasing overnight stays at transient lodging facilities. Those programs could include cultural and recreational programs conducted directly by the City, or through third-party providers. One option for the Committee's and Council's is to set aside 20% of the total TID funds for such purposes. This option would allow the City to augment funding for City recreation programs, or City cultural facilities that draw visitors from outside the City and may be likely to utilize transient lodging facilities.

The TID boundary would extend to the city limits and any future annexed property. All transient lodging facilities within the district would be required to:

- Register for a transient lodging business license each year with the Finance Development, and
- Pay a licensing fee of two percent of the gross rents minus the same exemptions similar to TOT.

Reporting and payment of the licensing fee will be completed on an updated monthly combined TID/TOT return similar to what is currently used by lodging providers. The proceeds of the fee will be accounted for in a separate special revenue fund and distributed as follows:

- The City will retain up to five (5) percent of the fees paid to offset the administrative cost of the program, and
- Remaining net revenues will be distributed to the City's Destination Tourism Marketing Organization.

Estimated TID collections:

City of Salem administrative fee (up to 5%)	\$ 45,000
City of Salem tourism promotion provider (95%)	\$ 855,000
Total Fee collected	<u>\$ 900,000</u>

Anthony Turley
Financial Reporting Manager

Attachments:

1. Draft SRC Chapter 38.

CHAPTER 38. - TOURISM IMPROVEMENT DISTRICT

Sec. 38.010. - Title; Purpose.

This chapter shall be known and may be cited as the "Tourism Improvement District Code of the City of Salem". The Tourism Improvement District is intended to provide supplemental funding for marketing programs above and beyond what is currently provided. District funds shall supplement the use of transient occupancy tax dedicated to tourism promotion in the city of Salem.

Sec. 38.020. - Definitions.

The following words, terms and phrases, when used in this chapter, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

Accessory short-term rental has that meaning as defined in Sec. 111.001.

Booking agent means any person that provides a means through which a host or other operator may offer transient lodging for occupancy, usually, though not necessarily, via an online platform that allows a host or other operator to advertise transient lodging through a website and that provides a way for potential users to arrange transient lodging occupancy and payment, regardless of whether the transient pays rent directly to the host or to the booking agent. Booking agents include, but are not limited to:

- (1) Online booking sites which are involved in listing and booking transient lodging and handle any aspect of the resulting financial transaction;
- (2) Online booking sites for transient lodging where advertisements of transient lodging are displayed;
- (3) A hosting or other online site that provides a means through which a host or other operator may offer transient lodging for occupancy;
- (4) Any person who lists commercial transient lodging for occupancy;
- (5) Any person who directly or indirectly accepts, receives or facilitates payment, whether or not the person is the ultimate recipient of the payment, including through Application Programming Interfaces (APIs) or other computerized devices where third-party providers receive information about a transaction and collect funds for the transient lodging occupancy from a transient; or
- (6) Any transient lodging provider, transient lodging intermediary, or transient lodging tax collector as defined in ORS 320.300.

Host means the owner or person who resides at the short-term rental, or has been designated by the owner or resident of the short-term rental, and who rents out the short-term rental for transient lodging occupancy directly or through the use of a booking agent.

Hosting platform means a person that participates in the transient lodging business by collecting or receiving a fee for any booking services in conjunction with a host offering

transient lodging for occupancy, usually, though not necessarily, via a website that allows a host to advertise transient lodging through a website provided by the hosting platform and that provides a means for the hosting platform to conduct a transaction in which prospective occupants arrange transient lodging and payment, whether the occupant pays rent directly to the host or to the hosting platform.

Occupancy means the use or possession, or the right to the use or possession, for lodging or sleeping purposes of any room or rooms in transient lodging.

Operator means:

- (1) Any person that is a proprietor of transient lodging in any capacity;
- (2) Any person that provides transient lodging for occupancy to the public for compensation. The provision of transient lodging can be done through employees, contractors, agents, or any other person allowed to process reservations and accept payment for the transient lodging on behalf of the transient lodging provider; or
- (3) The owner or person that resides at a short-term rental or has been designated by the owner or resident of the short-term rental and who rents out the short-term rental for transient lodging occupancy directly or through the use of a booking agent

Rent means the full consideration paid or payable by a transient for the right to occupy transient lodging, valued in money, goods, labor, gift cards, credits, property, or other consideration of value, without any deduction.

Short-term rental has that meaning as defined in sec. 111.001.

Transient means any individual who exercises occupancy or is entitled to occupancy in transient lodging for a period of 30 consecutive calendar days or fewer, counting portions of calendar days as full days. The day a transient checks out of the transient lodging shall not be included in determining the period of occupancy if the transient is not charged rent for that day by the operator. Any such individual so occupying space in transient lodging shall be deemed to be a transient until a period of 30 days has expired unless there is an agreement in writing between the operator and the occupant providing for a longer period of occupancy and the occupancy actually extends for more than 30 consecutive calendar days. A person who pays for lodging on a monthly basis, irrespective of the number of days in such month, shall not be deemed a transient.

Transient lodging or transient lodging facility means any structure or premises, or any portion of a structure or premises, which is used, occupied, intended, or designed for transient occupancy for 30 days or less for dwelling, lodging, or sleeping purposes, and includes, but is not limited to, any hotel, motel, inn, studio hotel, boutique hotel, bed and breakfast, tourist home, vacation home, single family dwelling, duplex, condominium, cabin, accessory short-term rental, short-term rental, manufactured dwelling, lodging house, rooming house, apartment house, public or private dormitory, hostel, fraternity, sorority, public or private club, corporate housing, houseboat, space in a mobile home park, space in a trailer park, space in a campground, or

similar premises or portions thereof so occupied, provided such occupancy is for a period of 30 days or less.

Sec. 38.030. - Administration; rulemaking.

The City's Finance Officer shall administer and enforce the provisions of this chapter, have the authority to render written and oral interpretations, conduct audits, and adopt administrative rules that are consistent with, and otherwise implement, the terms of this chapter.

Sec. 38.040. - District Boundaries.

For the financing and administration for the promotion of tourism within the city of Salem as set forth in this chapter, the Tourism Improvement District of the City of Salem is hereby designated within the territorial boundaries of the city. Whenever territory is annexed to the city, that territory shall be added to the geographical area of the District.

Sec. 38.040. - License Registration Required.

- (a) *License Required.* All operators within the District shall register for a transient lodging business license covering each license year, or if application is made after the beginning of a license year, then for the balance of the license year.
 - (1) *One license per facility.* Only one person needs to register for each transient lodging facility or short-term rental in the District. The license fees prescribed herein are for the privilege of engaging in the activity of providing transient lodging or short-term rentals in the District, and the revenues collected will be used as provided herein. The payment of a license fee required hereunder and the acceptance of such fee shall not entitle a licensee to engage in any activities not in compliance with any other requirement of this Code, and all other applicable laws.
- (b) *License Transfer.* Transfer or assignment of a license shall be allowed only as provided in this subsection. The City shall allow transfer of a license for the balance of its term to a successor or transferee who agrees to assume the obligations and duties as a licensee under this chapter. Any transfer shall be reported to the City in writing or on a form provided by the City and shall not be effective until the City consents to the transfer. The transferor and transferee shall be jointly and severally liable for any license fees due and owed prior to the City's consent; and the transferee shall be responsible for any license fee installments which become payable after the City's consent.
- (c) *License Term.* A license issued under the chapter shall remain valid for so long as the licensee continues to operate transient lodging, unless terminated or revoked as provided by this chapter.

Sec. 38.050. - Tourism Improvement District License Assessment; Rate; Operator Administrative Cost.

- (a) Each person required to obtain a license under this chapter shall be assessed an annual license fee in an amount as calculated by this section. Each person required to obtain a license under this chapter shall owe the fee regardless of whether they have obtained a license.
- (b) The license assessment shall be calculated as follows:
 - (1) Gross rent charged by the operator;
 - (2) Less rent received from any occupant for 30 or more consecutive calendar days (rent paid for lodging on a monthly basis, irrespective of the number of days in such month, shall also be subtracted);
 - (3) Less rent received from any occupant whose rent is paid for a hospital room or to a health care facility, long-term care facility, or any other residential facility that is licensed, registered, or certified by the Oregon Department of Human Services or the Oregon Health Authority;
 - (4) Less rent received from an employee of the federal government or an instrumentality of the federal government traveling on official business, provided documentation of official travel authorization is presented to the operator;
 - (5) Less rent received from a foreign diplomat upon presentation of a valid diplomatic tax exemption card; and
 - (6) Less rent received from any person housed through an emergency shelter or disaster program where the rent is paid with government assistance funds;
 - (7) Multiplied by .02 (two percent).

Sec. 38.060. - Due Date; Returns and Payments.

- (a) The assessment imposed by this chapter is due and payable on or before the last day of the following month for the preceding month. If the due date falls on a Saturday, Sunday or legal holiday as defined by ORS 187.010, amounts are delinquent on the last business day of the month. Payments and returns received before the close of the finance office on the last business day of the month will be deemed to have been received on the due date.
- (b) On or before the last day of the month following each month of collection, a return for the preceding month's assessment on a form prescribed by the Finance Officer must be filed. The Finance Officer may provide a form for a combined return for payment of the assessment due under this chapter, and payment of the tax due under SRC chapter 37.

- (c) Every operator required to remit an assessment imposed by this chapter may withhold up to five percent of the assessment due to cover the operator's costs in the administration and remittance of the assessment.
- (d) Returns must show the amount of assessment owed for the period. The Finance Officer may require returns to include additional information to explain the assessment calculation.
- (e) The operator required to file the return shall cause to be delivered the return, together with the remittance of the amount of assessment due, to the Finance Division at its office, either by personal delivery or by mail. If the return is mailed, the return and remittance must be received in the finance office by the last business day of the month for determining delinquencies.
- (f) For good cause shown, the Finance Officer may extend the time for making any return or payment of the assessment for one month. No further extension will be granted, except by the Finance Officer. Any person granted an extension will pay interest at the rate of 1.00 percent per month on the amount of assessment due without proration for a portion of a month or reduction for any prepayments or credits available. If an extension is granted and the assessment and interest due are not paid by the end of the extension granted, then the interest will be added to the assessment due for computation of penalties and additional interest designated elsewhere in this chapter.
- (g) Any Booking Agent or Transient Lodging Intermediary who collects and remits the Transient Lodging tax imposed under SRC chapter 37, shall also provide an operator the option for the Booking Agent or Transient Lodging Intermediary to collect and remit the assessment imposed by this chapter.

Sec. 38.070. - Special fund; records.

- (a) *Special revenue fund.* The Finance Officer shall deposit all money collected pursuant to this chapter to the credit of the Tourism Improvement District Fund. The Finance Officer shall report the status of the Tourism Improvement District Fund as of June 30 of each year no later than December 31 of that same year.
- (b) *Records required from operators.* Every operator shall keep appropriate records, including but not limited to registration forms, accounting and bank records, supporting documentation for all claimed exemptions, and any other documentation necessary to support the returns filed or required to be filed pursuant to this chapter. All records shall be retained by the operator for a period of three years and six months after the filing of the associated return, amended return, or payment of the assessment, whichever is later.
- (c) *Examination of records; investigations.* The Finance Officer or any person authorized in writing by the Finance Officer may examine, during normal

business hours, the registration forms, accounting and bank records, supporting documentation for all claimed exemptions, and any other documentation relating to the returns filed or required to be filed pursuant to this chapter of any operator after notification to the operator liable for the assessment. The Finance Officer or the Finance Officer's designee may investigate the business of the operator in order to verify the accuracy of any return made, or if no return is made by the operator, to ascertain and determine the amount of assessment required to be paid. To assist in this process, the Finance Officer or the Finance Officer's designee may request certified copies of annual federal and state income tax returns covering the operator.

- (d) *Confidential financial information.* Except as otherwise required by law, it shall be unlawful for the Finance Officer or any elected official, employee, or agent of the City to release, divulge, or make known in any manner any financial information submitted or disclosed to the City under the provisions of the chapter. Nothing in this subsection shall be construed to prohibit:
- (1) The disclosure to, or the examination of records and equipment by another City official, employee, or agent for the sole purpose of administering or enforcing any of the provisions of this chapter, or collecting assessments imposed hereunder;
 - (2) The disclosure after the filing of a written request to that effect, to the operator or receivers, trustees, executors, administrators, assignees, or guarantors of the operator, if directly interested, of information as to any paid assessment, any unpaid assessment or amount of assessment required to be collected, or interest, and penalties; further provided, however, that the City Attorney shall approve each such disclosure and that the Finance Officer may refuse to make any disclosure pursuant to this subsection when in the opinion of the Finance Officer the public interest would suffer thereby;
 - (3) The disclosure of the names and addresses of any person to whom a license has been issued; or
 - (4) The disclosure of general statistics regarding assessments collected or business done in the city.

Sec. 38.080. - Penalties and interest.

- (a) *Original Delinquency.* Any licensee who has not been granted an extension of time for remittance of the assessment due and who fails to remit any assessment imposed by this chapter on or before the due date will pay a late penalty of 10 percent of the amount of the assessment due in addition to the assessment. There is no grace period between the due date and the assessment of penalty and interest; the day following the due date is considered to be the delinquent date.
- (b) *Continued Delinquency.* Any licensee who fails to pay in full on or before the due date of an original delinquency notice will pay a second delinquency penalty

of 15 percent of the amount of the assessment due plus all penalty and interest assessments at the time of the continued delinquency calculation.

- (c) *Fraud.* If the Finance Officer determines that the nonpayment of any amount due under this chapter is due to fraud or intent to evade the provisions thereof, a penalty of 25 percent of the assessment shall be added in addition to the late penalties stated in subsections (a) and (b) of this section and interest stated in subsection (d) of this section. This penalty is calculated on the entire amount due, including any penalties and interest previously assessed at the time of the calculation.
- (d) *Interest.* In addition to the penalties imposed above, any licensee that fails to file or pay any assessment imposed by this chapter will pay interest at the rate of one percent per month or fraction thereof without proration for portions of a month, on the amount of the assessment due from the first day following the original due date. Interest shall be compounded monthly until the amount due is paid in full.
- (e) *Penalties and interest merged with assessment.* Every penalty imposed and such interest as accrues under the provisions of this section will be merged with and become a part of the assessment required to be paid. If delinquency continues, requiring additional penalty and interest calculations, previously assessed penalty and interest are added to the assessment due. This amount becomes the new base for calculating new penalty and interest amounts. This merging continues each month until the full balance is paid.
- (f) *Petition for Waiver.* An operator may petition the Finance Officer for waiver and refund or credit of all or part of the penalty assessed, and the Finance Officer may, if a good and sufficient reason is shown, waive some or all of the penalty assessment.

Sec. 38.090. - Appeals.

Any person aggrieved by any order or decision of the Finance Officer may appeal the order or decision to the City's hearings officer as set forth in SRC 20J.220. The hearing on the appeal shall follow the contested case procedures as set forth in SRC chapter 20J. Failure of any person to appeal the order or decision of the Finance Officer in the manner provided in SRC 20J.220 shall constitute a waiver of all right to administrative or judicial review of the order or decision.

Sec. 38.100. - Violations and penalties.

- (a) *Violations.* It shall be unlawful for any operator or other person so required to fail or refuse to obtain a license as required herein, or to fail to furnish any return required to be made, or to fail to pay the assessment, or to fail or refuse to furnish a supplemental return or other data required by the Finance Officer or to render a false or fraudulent return. No person required to make, render, sign, or verify any report, shall make any false or

fraudulent report, with intent to defeat or evade the determination of any amount due as required by this chapter. A violation of this subsection is an infraction.

- (b) Notwithstanding subsection (a) of this section, the City Attorney, in addition to other remedies permitted by law, may commence and prosecute to final determination in any court of competent jurisdiction an action at law to collect the assessment imposed by this chapter. Should the City prevail in any legal proceedings in any state or federal court to collect the assessment, penalties and interest assessed in accordance with this chapter, the City shall be entitled to its costs and the reasonable value of its attorneys' fees.
- (c) *Civil penalty.* In addition to, but not in lieu of, any other remedy provided by law, a civil penalty as provided in SRC chapter 20J, not to exceed \$2,000.00 per violation, may be imposed on any person who fails to comply with any of the requirements of this chapter. Each day that a violation continues shall constitute a separate violation.
- (d) *Civil penalty against agents.* Any person who acts as the agent of, or otherwise assists, a person who engages in an activity which would be subject to a civil penalty, shall likewise be subject to a civil penalty.

Sec. 38.110. - Application of payments. Payments made under this chapter, or as part of a combined return of the assessment required by this chapter and the tax required by SRC chapter 37, shall be applied as follows:

- (a) The tax due as provided by SRC chapter 37, then
- (b) Any delinquency penalties, interest accrued, and any civil penalties due as provided by SRC chapter 37, then
- (c) The assessment due as provided by this chapter, and then
- (d) Any delinquency penalties, interest accrued, and any civil penalties due as provided by this chapter.

Sec. 38.120. - Distribution of moneys from Tourism Improvement District Fund.

- (a) The Finance Officer shall distribute moneys from the Fund as follows:
 - (1) Up to five percent of the total annual assessment due to cover the City's administrative costs, then;
 - (2) Remaining net receipts from the Fund shall be distributed to the City's Destination Tourism Marketing Organization, which shall:
 - (A) Enter into and maintain an Agreement with the City concerning the management and use of District funds;
 - (B) Prepare and submit to the City, and make available to operators, an annual report on expenditures and activities;
 - (C) Manage funds in accordance with the provisions of this chapter; and
 - (D) Not be considered a public entity for any purposes.

(b) Revenues shall be used only for programs which promote overnight tourism and improve the lodging business environment. Programs shall be designed to benefit operators who operate transient lodging and hosts of short-term rentals that may utilize a booking agent. Programs may include:

- (1) Internet, radio, television, and print advertising;
- (2) Branding efforts;
- (3) Sales promotions;
- (4) Sponsorship of special events which attract out-of-town visitors; and
- (5) Other programs designed to, or have the effect of, increasing overnight stays at transient lodging facilities.

Sec. 38.130. - District periodic review.

On or before [Effective date of this ordinance], and on or before every five years thereafter, the City Council shall conduct a public hearing or hearings to determine whether the District assessment should be terminated. Prior to the first such hearing in 2024 and each 5th year thereafter, the Finance Officer shall mail notice of the hearing to all licensed operators within the district.

Sec. 37.190. - Violations and penalties.

- (a) Violations. It shall be unlawful for any operator or other person so required to fail or refuse to register as required herein, or to furnish any return required to be made, or to fail to pay the tax collected, or fail or refuse to furnish a supplemental return or other data required by the Finance Officer or to render a false or fraudulent return. No person required to make, render, sign, or verify any report shall make any false or fraudulent report, with intent to defeat or evade the determination of any amount due as required by this chapter. A violation of this subsection is an infraction.
- (b) Notwithstanding subsection (a) of this section, the City Attorney, in addition to other remedies permitted by law, may commence and prosecute to final determination in any court of competent jurisdiction an action at law to collect the tax imposed by this chapter. Should the City prevail in any legal proceedings in any state or federal court to collect the taxes, penalties and interest assessed in accordance with this chapter, the City shall be entitled to its costs and the reasonable value of its attorneys' fees.
- (c) Civil penalty. In addition to, but not in lieu of, any other remedy provided by law, a civil penalty as provided in SRC chapter 20J, not to exceed \$2,000.00 per violation, may be imposed on any person who fails to comply with any of the requirements of this chapter. Each day that a violation continues shall constitute a separate violation.
- (d) Civil penalty against agents. Any person who acts as the agent of, or otherwise assists, a person who engages in an activity which would be subject to a civil penalty, shall likewise be subject to a civil penalty.

Sec. 37.200. - Application of payments. Payments made under this chapter, or as part of a combined return of the tax required by this chapter and the tax required by SRC chapter 38, shall be applied as follows:

- (a) The tax due as provided by SRC chapter 37, then
- (b) Any delinquency penalties, interest accrued, and any civil penalties due as provided by SRC chapter 37, then
- (c) The assessment due as provided by chapter 38, and then
- (d) Any delinquency penalties, interest accrued, and any civil penalties due as provided by chapter 38.

City of Salem Finance Committee

Oregon PERS

June 17, 2019

Oregon Public Employees Retirement System (PERS)

Total System Statistics

- 904 employers (state, schools, local govt.)
- Covers 95% of all public employees in Oregon
- Average age at retirement: 62 years old
- Average years of service at retirement: 25 years

Benefit Comparison

- System average monthly retirement benefit: \$2,591
- Salem average monthly retirement benefit: \$2,257

PERS Benefit Tier Types

Tier 1

- Hired before January 1, 1996
- Retirement at 58 (or 30 years); Police & Fire 55 (or 50 with 25 years)
- Money Match, Full Formula, or Full Formula plus Annuity

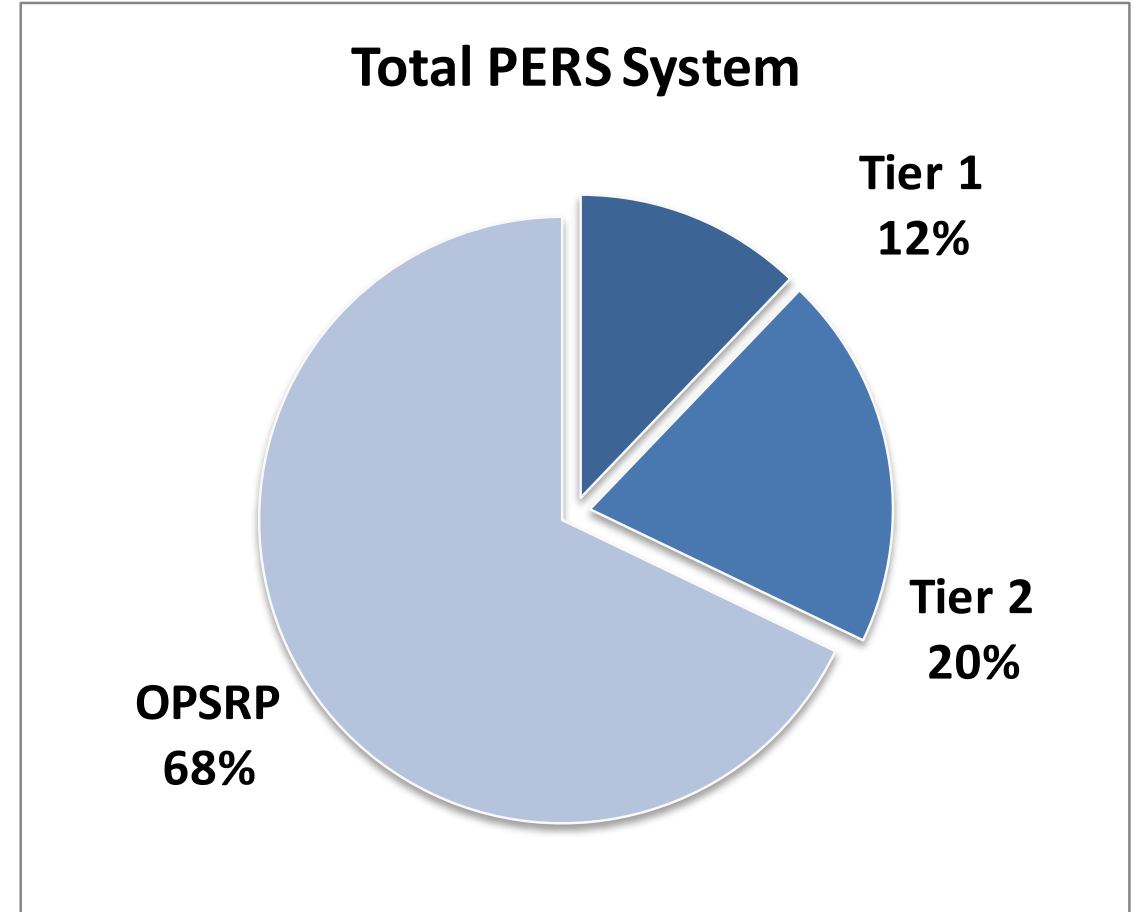
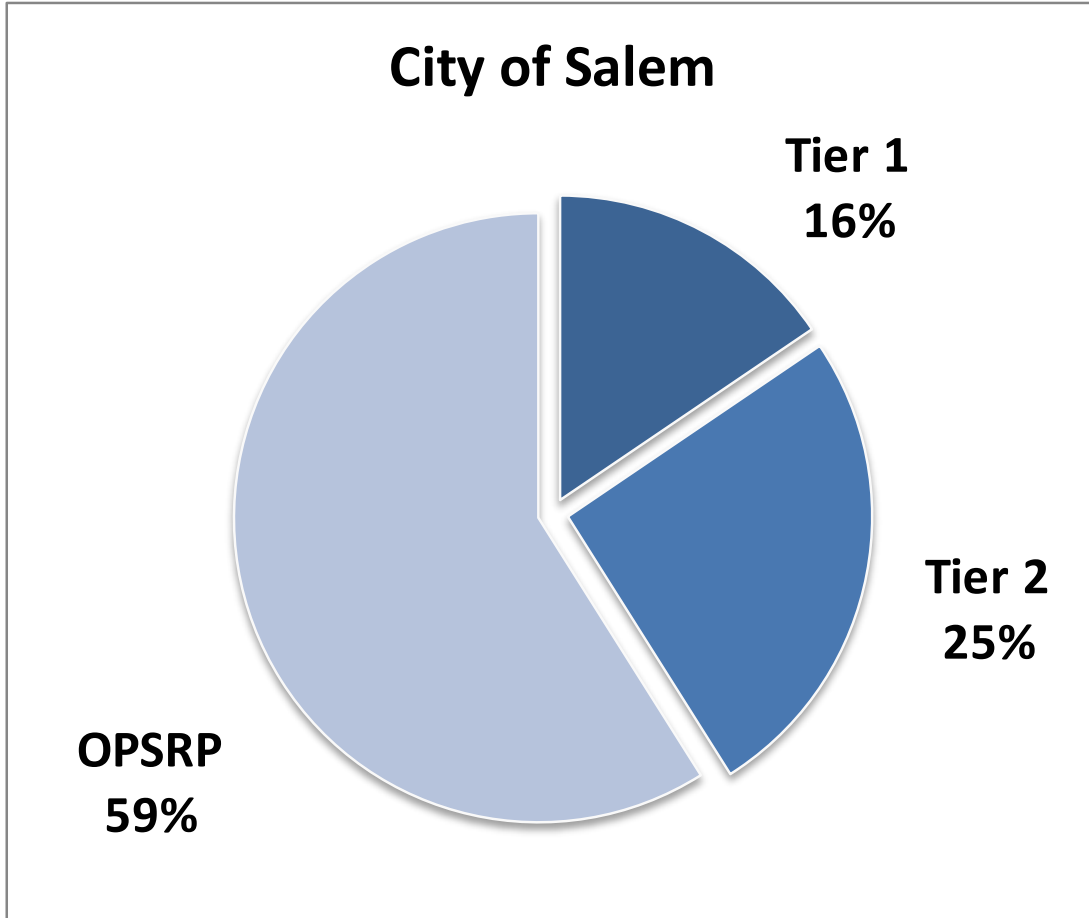
Tier 2

- Hired between January 1, 1996 and August 28, 2003
- Retirement at 60 (or 30 years); Police & Fire 55 (or 50 with 25 years)
- Money Match or Full Formula

OPSRP

- Hired after August 28, 2003
- Retirement at 65 (58 w/30 years); Police & Fire 60 (or 53 with 25 years)
- Full Formula (General Services and Police & Fire)

Percentage of Active Members in Each Benefit Tier



Source: PERS Annual Actuarial Valuation (2017)

The PERS Fundamental Cost Equation Must Balance

$$\begin{array}{rcl} & & \text{Member Contributions (6\%)} \\ \text{Employee Benefits (100\%)} & = & \text{Employer Contributions (20\%)} \\ & & \text{Investment Earnings (74\%)} \end{array}$$

Employer Rates Effective July 1, 2019 for City of Salem

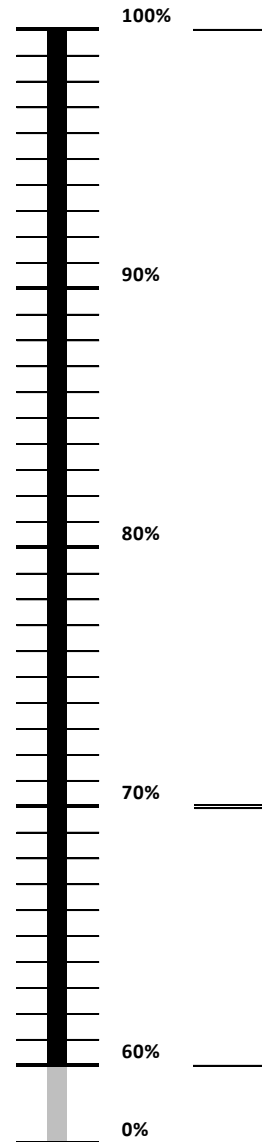
	Payroll		
	Tier 1/Tier 2	OPSRP	
		General Service	Police & Fire
Pension			
Normal cost rate	17.42%	8.40%	13.03%
Tier 1/Tier 2 UAL rate ¹	14.44%	14.44%	14.44%
OPSRP UAL rate	1.45%	1.45%	1.45%
Side account rate relief	(7.88%)	(7.88%)	(7.88%)
Net pension contribution rate	25.43%	16.41%	21.04%
Retiree Healthcare			
Normal cost rate	0.06%	0.00%	0.00%
UAL rate	0.00%	0.00%	0.00%
Net retiree healthcare rate	0.06%	0.00%	0.00%
Total net employer contribution rate	25.49%	16.41%	21.04%

The PERS Rate Collar Calculation

PERS uses several methods to limit rate increases to employers. The Rate "Collar" limits the biennia to biennia increases, however, the limitations effectively spread out larger increases over a longer period of time.

2019-20 to FY 2020-21 Adopted Rates: 71%

2017-18 to FY 2018-19 Adopted Rates: 69%



When the PERS funded percentage for an employer is between 100% and 70%, the Single Rate "Collar" limits increases to the greater of 3 percentage points, or 20% higher than the current gross rates (rate excluding side account relief). City future rates anticipate top of Single Rate Collar increases throughout the Forecast.

When the funded percentage is less than 70%, the Rate "Collar" can double to 40%. Each percentage point below 70% adds 2% to the increase amount. For example, our current rates are based on a 69% funded rate, thus we received a 22% increase.

	FY 2017 Actual	FY 2018 Actual	FY 2019 Adopted	FY 2020 Rec	FY 2021 Forecast	FY 2022 Forecast	FY 2023 Forecast	FY 2024 Forecast
All City Funds								
Employer Contributions	\$ 10,550,085	\$ 14,731,127	\$ 16,702,390	\$ 21,368,020	\$ 22,194,360	\$ 29,456,763	\$ 30,290,496	\$ 38,896,487
Side Account Debt Service	4,707,090	4,897,030	5,091,960	5,296,130	5,487,500	5,719,497	5,950,000	6,190,500
6% Employee Pick up	4,840,490	5,131,909	5,967,520	6,130,270	6,374,994	6,569,690	6,761,333	6,929,785
	\$ 20,097,665	\$ 24,760,066	\$ 27,761,870	\$ 32,794,420	\$ 34,056,854	\$ 41,745,950	\$ 43,001,829	\$ 52,016,772
Total City Personal Services	\$135,607,886	\$146,432,607	\$136,646,933	\$172,303,700	\$178,868,670	\$191,519,653	\$197,845,642	\$211,688,927
PERS as a percent of payroll	14.8%	16.9%	20.3%	19.0%	19.0%	21.8%	21.7%	24.6%

General Fund

Employer Contributions	\$ 6,950,266	\$ 9,748,558	\$ 10,986,290	\$ 13,817,090	\$ 14,357,514	\$ 19,029,533	\$ 19,552,193	\$ 25,026,356
Side Account Debt Service	2,906,570	3,040,050	3,166,660	3,312,480	3,440,040	3,577,690	3,721,880	3,873,040
6% Employee Pick up	3,082,979	3,290,060	3,775,600	3,829,980	3,984,065	4,102,084	4,217,996	4,321,685
	\$ 12,939,815	\$ 16,078,668	\$ 17,928,550	\$ 20,959,550	\$ 21,781,619	\$ 26,709,307	\$ 27,492,069	\$ 33,221,081
Total General Fund Personal Services	\$ 85,900,024	\$ 93,170,801	\$ 87,525,146	\$107,877,690	\$112,141,214	\$120,059,316	\$123,894,429	\$132,558,418
PERS as a percent of payroll	15.1%	17.3%	20.5%	19.4%	19.4%	22.2%	22.2%	25.1%

	Actual Rate	Actual Rate	Actual Rate	Actual Rate	Actual Rate	Forecast Rate*	Forecast Rate*	Forecast Rate*
Tier 1 and 2	15.82%	21.07%	21.07%	25.49%	25.49%	32.48%	32.48%	40.48%
OPSRP General Service	8.62%	11.97%	11.97%	16.41%	16.41%	21.42%	21.42%	27.25%
OPSRP Fire and Police	12.73%	16.74%	16.74%	21.04%	21.04%	26.97%	26.97%	33.91%

SB 1049 - Redirect Member Contributions

- A portion of the 6% of payroll member contribution to Individual Account Program (IAP) would be redirected beginning July 2020, in the following amounts:
 - 2.50% of payroll - Tier 1 and Tier 2
 - 0.75% of payroll - OPSRP
- This redirect would only apply to members who earn \$30,000 or more in a year. This threshold would be indexed in future years.
 - We understand the \$30,000 threshold would apply as an eligibility cliff. In other words, a Tier 2 member with \$30,000 of pay would have 2.5% redirect on their full salary, while a member with \$29,999 in pay would have no redirection at all.
- Redirected amounts would be deposited into new accounts in the Tier 1 /Tier 2 and OPSRP programs, would not be eligible for inclusion in the Money Match calculation under Tier 1/Tier 2, and would serve as an offset to employer normal cost rate contributions (the cost assigned to the current year of service for active members).

SB 1049 - Final Average Salary Limit

- Final Average Salary used to calculate benefits would be limited to \$195,000 for service on or after January 1, 2020.
- The limit would apply to the calculation of all OPSRP pension benefits and for Tier 1/Tier 2 benefits determined under the Full Formula or Formula Plus Annuity calculation methods. Tier 1/Tier 2 benefits determined under the Money Match calculation would not be affected.
- The initial limit of \$195,000 would be indexed in future years using the same factor used by the IRS for the IRC 401(a)(17) compensation limit, which is based on annual changes in a national Consumer Price Index (CPI).
- The Final Average Salary associated with service earned before January 1, 2020 would be unaffected by the limit, and would reflect salary growth after the effective date, if applicable.

SB 1049 - Reamortization of Tier 1 / 2 Unfunded Actuarial Liability

- Currently, the period is 20 years for Tier 1/Tier 2 experience and 16 years for OPSRP experience. This amortization method has been used for several years, so Tier 1/Tier 2 now has multiple layers of amortization bases with remaining amortization periods of 20 years or less. At the next rate-setting valuation, the two largest Tier 1/Tier 2 amortization bases will have 14 and 16 years remaining. OPSRP has multiple layers of amortization bases with remaining amortization periods of 16 years or less.
- This concept would reamortize the existing Tier 1/Tier 2 UAL as of the next rate-setting valuation (December 31, 2019) over 22 years as a level percent of projected payroll. There would be no change to the OPSRP amortization method.
- Beginning with the December 31, 2021 valuation, future Tier 1/Tier 2 experience gains and losses would again be amortized over a fixed 20 years as a level percent of projected payroll.

SB 1049 - Contributions on Rehired Retiree Member Payroll

- Removal of limits on retiree hours when they return to work.
- Employer contributions would be paid on the salary of the retirees.



CITY OF SALEM

Investment Performance Review For the Quarter Ended March 31, 2019

Client Management Team

PFM Asset Management LLC

Lauren Brant, Managing Director

650 NE Holladay St., Suite 1600

213 Market Street

Allison Kaune, Senior Managing Consultant

Portland, OR 97232

Harrisburg, PA 17101-2141

Colin Donahue, Senior Managing Consultant

503-837-8445

717-232-2723

Robert Cheddar, CFA, Managing Director

Market Update

QUARTERLY MARKET SUMMARY

SUMMARY

- U.S. economic conditions are characterized by: (1) moderating gross domestic product (GDP) growth as the impact of fiscal stimulus wanes; (2) continued strength in the labor market, with a low unemployment rate of 3.8%; (3) improving conditions in the housing market as mortgage rates have fallen and home price increases have moderated; and (4) potential imbalances, including a growing budget deficit, trade deficit, trade tensions, and challenges over border security funding.
- The strength and resiliency of the U.S. economy and capital markets were seemingly overshadowed by international affairs. Dominating the front page were the longest government shutdown in U.S. history, lingering U.S.-China trade disputes, and an increasingly awkward Brexit. Forecasts for global growth continue to be revised lower.
- As abrupt as the widespread risk-off sentiment was that enveloped the final three months of 2018, so too was the rebound to kick off 2019. Equity markets, credit spreads, and volatility all ended the quarter at about where they were six months ago.
- The Federal Reserve (Fed) left the federal funds target range unchanged at 2.25% to 2.50%. The Fed remains “on hold” while assessing global economic and financial developments and muted inflation pressures to determine what future adjustments to rates might be warranted. This stance shifted the market-implied probability for the next Fed move to be a rate cut rather than a rate hike.
- The S&P 500 Index rebounded strongly in the first quarter, generating a total return of 13.6%—the strongest start to a year since 1998. International indices generally were just as strong in local currencies; however, a modestly stronger dollar muted performance in U.S. dollar terms.

ECONOMIC SNAPSHOT

- Real GDP in the U.S. moderated to an annualized rate of 2.2% in the fourth quarter, following strong second quarter and third quarter figures of 4.2% and 3.4%, respectively. Growth of 3.0% for the year was the strongest calendar year since 2005.
- Strength in the labor market persists, reflected in a low unemployment rate, strong job growth, and jobless claims near multi-decade lows. Over the quarter, non-farm payrolls increased 541,000, below the 2018 quarterly average of 670,000, due largely to the weak February figure impacted by the government shutdown. The unemployment rate ended the quarter at 3.8%, while wage growth moderated a bit.
- U.S. inflation remained in the Fed’s comfort zone as they aim to safeguard against runaway inflation, a risk that has yet to appear. Many gauges of price increases remain near the Fed’s 2.0% target.
- Boosted by lower mortgage rates and slowing home price appreciation, housing sales have rebounded after waning for much of 2018. Manufacturing and consumer confidence gauges remained positive but have recently tapered. While consumer sentiment remains very high, the difference between future and current assessments of economic conditions indicates consumers are less optimistic about the future.

INTEREST RATES

- U.S. Treasury yields fell, and the yield curve continued to flatten throughout the quarter as maturities beyond one year declined 20-30 basis points (bps) (0.20% to 0.30%). At quarter-end, the yield on a 3-Month Treasury bill stood at 2.38%, the 5-Year note was 2.23%, and the 10-Year note yielded 2.41%.
- For a brief, week-long stint just ahead of quarter-end, the yield spread between 3-Month and 10-Year Treasuries turned negative. Despite the historical interpretation as a recession indicator, other measures of market and economic conditions—such as credit spreads and jobless claims—don’t portend a recession near-term.
- The rally in yields during the first quarter generated strong absolute returns for the majority of bond indices, with longer maturities outperforming shorter ones. For example, the 3-Month Treasury Bill Index generated 0.60% of total return, while the 5-Year and 10-Year Treasury Indices returned 1.88% and 3.10%, respectively.
- In short-term markets, money market investors continue to reap the benefits of overnight yields at a decade high. Although yields on short-term commercial paper and bank CDs moderated with the outlook for a patient Fed, yields remain attractive relative to those on short-term, or even intermediate-term, government securities.

SECTOR PERFORMANCE

- Absolute returns were strong across the board in the first quarter. Diversification in non-Treasury sectors boosted returns, as most sectors tightened from the wider spreads experienced toward the end of 2018.
- Federal agency spreads stayed narrow during the first quarter—less than 5 bps for maturities inside of five years. However, the modest incremental yield relative to Treasuries generated slightly positive excess returns for the quarter. Callable structures slightly underperformed non-callable counterparts of similar maturity due to falling rates. Longer agency indices outperformed shorter indices on an absolute and excess return basis.
- Supranationals also performed well due to modestly higher incremental income and narrowing yield spreads. They can serve as a diversifier for government securities.
- Investment-grade (IG) corporates were one of the best performing fixed income sectors. With falling yields and narrowing yield spreads, longer durations and lower credit quality ruled the day, both on an absolute and excess return basis. By industry, energy and communications led, with utilities and consumer non-cyclicals lagging.
- AAA-rated asset-backed securities (ABS) also did well, providing attractive incremental income relative to government securities and lower-volatility access to the credit markets. ABS tend to outperform corporates in down markets, like in the fourth quarter, but underperform corporates in up markets, like in the first quarter. Over time, however, they have been additive to performance and diversification.
- With the market’s “risk-on” reversal in the first quarter, mortgage-backed securities (MBS)—regardless of structure, coupon, and collateral type—generated positive excess returns. Agency-backed commercial mortgage-backed securities (CMBS) outperformed the majority of other agency-backed securitized investments.

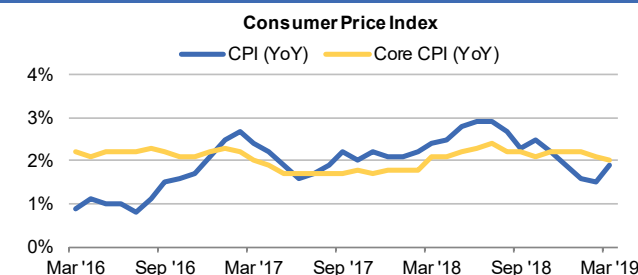
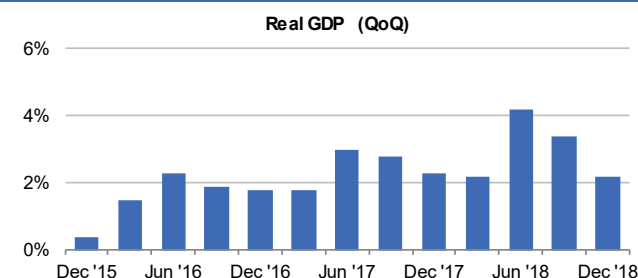
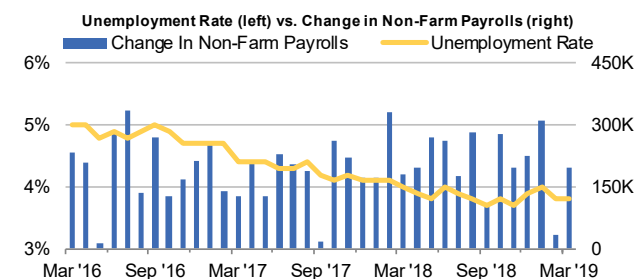
QUARTERLY MARKET SUMMARY

Economic Snapshot

Labor Market		Latest	Dec '18	Mar '18
Unemployment Rate	Mar '19	3.8%	3.9%	4.0%
Change In Non-Farm Payrolls	Mar '19	196,000	227,000	182,000
Average Hourly Earnings (YoY)	Mar '19	3.2%	3.3%	2.8%
Personal Income (YoY)	Feb '19	4.2%	5.0%	4.3%
Initial Jobless Claims (week)	Apr 06	196,000	231,000	231,000

Growth		Latest	Dec '18	Mar '18
Real GDP (QoQ SAAR)	2018 Q4	2.2%	3.4% ¹	2.3% ²
GDP Personal Consumption (QoQ SAAR)	2018 Q4	2.5%	3.5% ¹	3.9% ²
Retail Sales (YoY)	Feb '19	2.2%	1.6%	5.1%
ISM Manufacturing Survey (month)	Mar '19	55.3	54.3	59.3
Existing Home Sales SAAR (month)	Feb '19	5.51 mil.	5.00 mil.	5.51 mil.

Inflation / Prices		Latest	Dec '18	Mar '18
Personal Consumption Expenditures (YoY)	Jan '19	1.4%	1.8%	2.1%
Consumer Price Index (YoY)	Mar '19	1.9%	1.9%	2.4%
Consumer Price Index Core (YoY)	Mar '19	2.0%	2.2%	2.1%
Crude Oil Futures (WTI, per barrel)	Mar 31	\$60.14	\$45.41	\$64.94
Gold Futures (oz.)	Mar 31	\$1,293	\$1,281	\$1,323



1. Data as of Third Quarter 2018.

2. Data as of Fourth Quarter 2017.

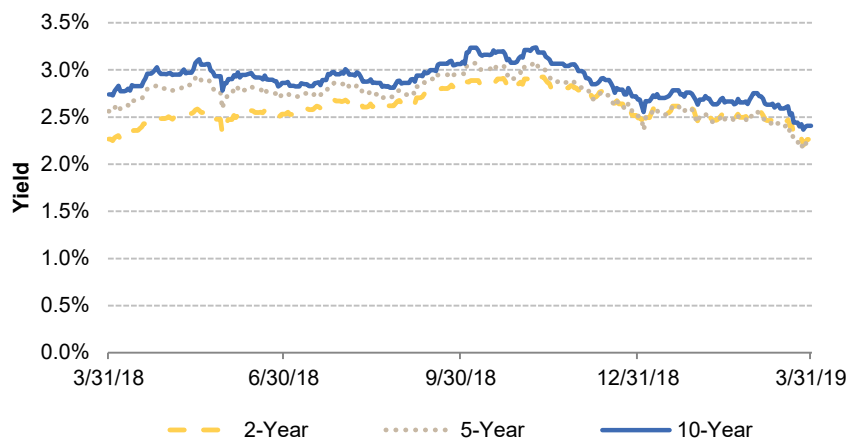
Note: YoY = year-over-year, QoQ = quarter over quarter, SAAR = seasonally adjusted annual rate, WTI = West Texas Intermediate crude oil.

Source: Bloomberg.

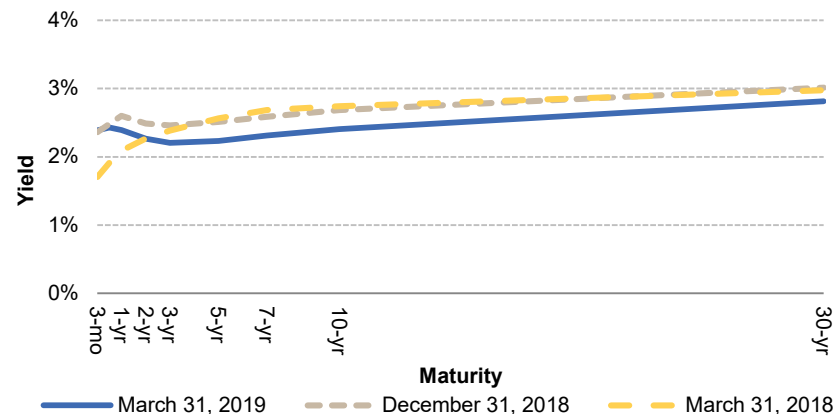
QUARTERLY MARKET SUMMARY

Interest Rate Overview

U.S. Treasury Note Yields



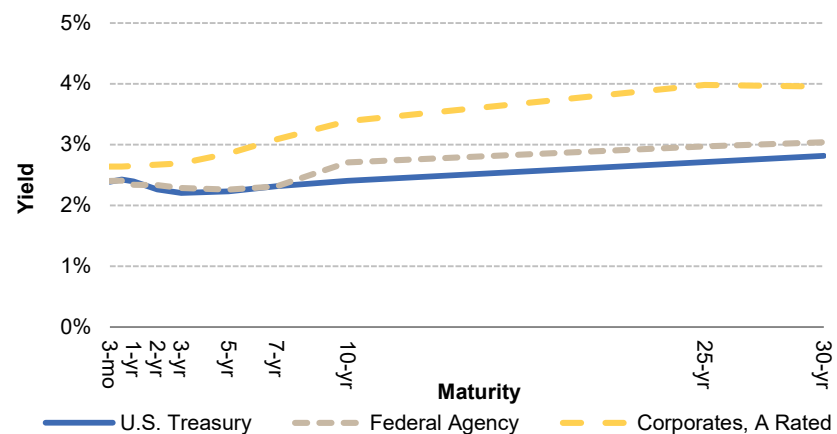
U.S. Treasury Yield Curve



U.S. Treasury Yields

Maturity	Mar '19	Dec '18	Change over Quarter	Mar '18	Change over Year
3-Month	2.38%	2.36%	0.03%	1.71%	0.68%
1-Year	2.39%	2.60%	(0.21%)	2.09%	0.30%
2-Year	2.26%	2.49%	(0.23%)	2.27%	(0.01%)
5-Year	2.23%	2.51%	(0.28%)	2.56%	(0.33%)
10-Year	2.41%	2.69%	(0.28%)	2.74%	(0.33%)
30-Year	2.82%	3.02%	(0.20%)	2.97%	(0.15%)

Yield Curves as of 3/31/19



Source: Bloomberg.

QUARTERLY MARKET SUMMARY

ICE BofAML Index Returns

March 31, 2019	As of 3/31/19	Yield	Returns for Periods ended 3/31/19		
	Duration		3 Month	1 Year	3 Years
1-3 Year Indices					
U.S. Treasury	1.87	2.32%	0.98%	2.72%	0.99%
Federal Agency	1.69	2.35%	0.97%	2.79%	1.17%
U.S. Corporates, A-AAA rated	1.90	2.76%	1.64%	3.73%	1.89%
Agency MBS (0 to 3 years)	3.97	2.87%	2.19%	3.98%	1.78%
Taxable Municipals	1.91	2.67%	1.51%	3.61%	2.51%
1-5 Year Indices					
U.S. Treasury	2.62	2.29%	1.22%	3.14%	0.97%
Federal Agency	1.98	2.33%	1.11%	3.03%	1.18%
U.S. Corporates, A-AAA rated	2.64	2.83%	2.27%	4.29%	2.05%
Agency MBS (0 to 5 years)	3.57	2.89%	1.95%	3.42%	1.43%
Taxable Municipals	2.40	2.91%	1.90%	4.03%	2.58%
Master Indices (Maturities 1 Year or Greater)					
U.S. Treasury	6.46	2.39%	2.18%	4.25%	1.07%
Federal Agency	4.09	2.48%	1.83%	3.77%	1.57%
U.S. Corporates, A-AAA rated	7.19	3.32%	4.44%	5.09%	2.94%
Agency MBS (0 to 30 years)	4.38	3.08%	2.27%	4.55%	1.81%
Taxable Municipals	10.57	3.73%	5.09%	5.77%	4.77%

Returns for periods greater than one year are annualized.

Source: ICE BofAML Indices.

QUARTERLY MARKET SUMMARY

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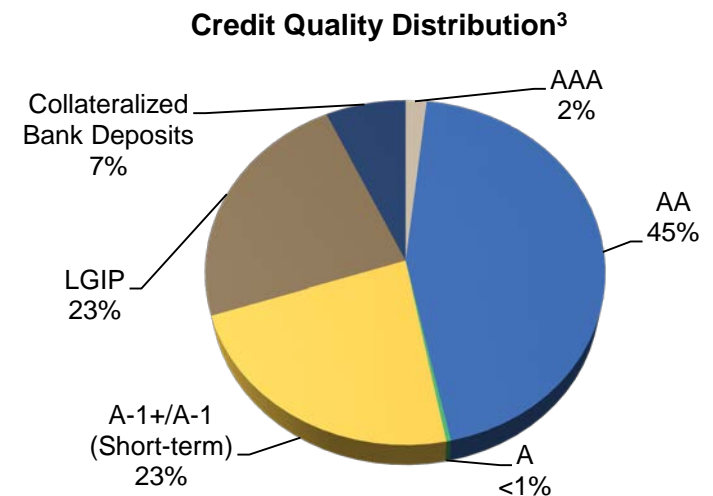
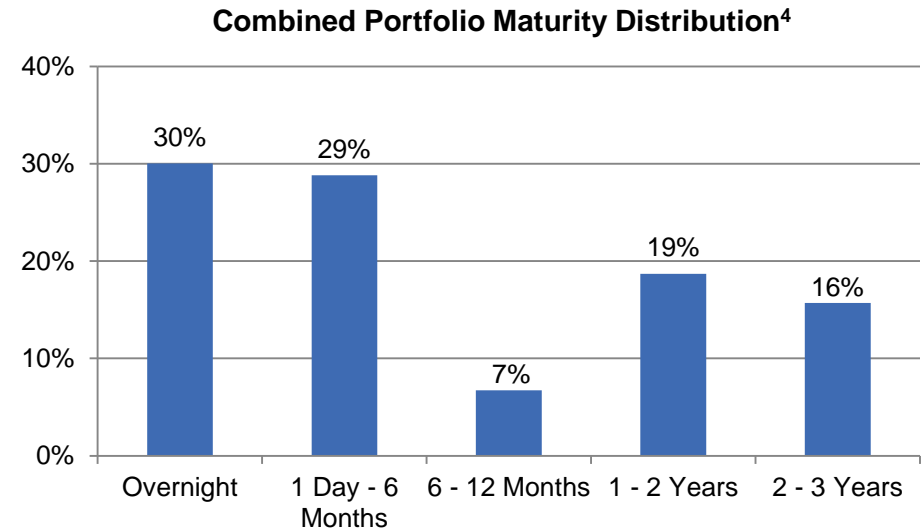


Investment Strategy & Portfolio Review

The portfolio is in compliance with applicable state statutes and the City's Investment Policy C-7.

Quarter Ended March 31, 2019 – 1Q19	
Quarterly Summary	
Market Value (MV)	\$388,504,315
Amortized Cost	\$388,337,955
Combined Portfolio Yield on Cost	2.26%
Weighted Average Maturity	0.79 years
Cash Basis Earnings for Quarter ²	\$746,356
Accrual Basis Earnings for Quarter ²	\$1,388,105
Quarterly Change	
Amortized Cost – 4Q18	\$387,358,072
Beginning MV – 4Q18	\$386,474,461
Net Contributions	(\$16,234,476)
Change in Cash	\$15,826,256
Change in MV	\$2,438,074
Ending MV – 1Q19	\$388,504,315

Sector Distribution				
Sector	Amortized ¹ Cost	Market ¹ Value	% of Portfolio	Allowed by Policy
U.S. Treasuries	\$182,764,827	\$183,134,548	47%	100%
Federal Agencies	\$43,965,756	\$43,696,914	11%	100%
U.S. Instrumentalities	\$2,731,678	\$2,722,352	1%	10%
Municipal Obligations	\$1,500,750	\$1,514,084	<1%	10%
Commercial Paper	\$13,590,688	\$13,591,835	4%	Combined 35% Max.
Corporate Notes	\$27,072,228	\$27,132,553	7%	
LGIP	\$89,843,410	\$89,843,410	23%	ORS limit
Collateralized Deposit Accounts	\$26,868,620	\$26,868,620	7%	100%
Total	\$388,337,955	\$388,504,315	100%	



1. Values as of March 31, 2019 including accrued interest.
2. Excludes earnings on LGIP and deposit accounts
3. Ratings by Standard & Poor's (S&P). Securities rated A by S&P are rated AA- or the equivalent or better by at least one nationally recognized statistical rating organization and in compliance with the City's investment policy and Oregon Revised Statutes.
4. Callable securities are included in the maturity distribution analysis to their stated maturity date, although they may be called prior to maturity.

Portfolio Recap

- Continuing the trend from the fourth quarter of 2018, interest rates moved lower during the first quarter of 2019, as the Fed stated it has no plans for further rate action in 2019. However, in a strong reversal from the prior quarter, equity markets rebounded, credit spreads tightened and volatility decreased.
- U.S. Treasury yields with maturities beyond one year fell 20-30 basis points (0.20% to 0.30%). In the last week of the quarter, the 3-month to 10-year part of the yield curve inverted temporarily, renewing concerns about a possible recession.
- Our portfolio strategy included the following elements:
 - Because of the maturity of the current business cycle, slower growth prospects, and a Fed now on hold for further rate hikes, we removed our defensive bias with regard to portfolio duration (duration positioning short of the benchmark), a strategy that had been in place for much of 2017-18 while rates were rising. We are now targeting a duration that is in line with the benchmark.
 - Sector allocation strategy continued to favor broad diversification, generally including the widest range of permitted investments. While the fourth quarter flight to safer assets resulted in Treasuries being the best performing sector, the first quarter's rebound generated strong excess returns for the portfolio as most fixed income sectors outperformed similar duration Treasuries.
 - With agency spreads near historic lows, we continued to favor Treasuries in the government space. We found some value in agencies, primarily with new issues that offered wider than average yield spreads. As an alternative, we continued to evaluate supranationals, but the expected increase in supply never materialized, keeping yield spreads narrow.
 - After corporate yield spreads increased to their widest levels in over two years in the fourth quarter, we sought opportunities to add exposure in the sector as spreads moved tighter throughout the first quarter.

Investment Strategy Outlook

- ◆ With the Fed on hold and the market's current outlook for lower future interest rates, we will maintain a neutral duration posture in the portfolio relative to the benchmark.
- ◆ As a result of the outlook for slower economic growth, we continue to recommend maintaining diversification among investment grade sectors with a tilt toward higher grade corporate bonds given their income-producing potential.
- ◆ Our outlook for each of the major investment-grade fixed-income sectors are as follows:
 - As federal agency spreads remain very tight, we expect agency purchases to be minimal, seeking better value in either Treasuries or other sectors. Given the inverted-to-flat yield curve, we will also evaluate callable agencies for their incremental yield.
 - In supranationals, we will wait for the expected increase in supply to drive spreads wider. Until then, we will generally remain on the sidelines.
 - In the corporate sector, yield spreads have narrowed, settling in around longer-term, post-recession historical averages. Although the Treasury yield curve is flat, the corporate spread curve remains positively sloped, offering value for extending maturities. But, given international growth concerns, we remain diligent in our issuer and security selection process.
 - Short-term, high quality credit in the form of negotiable certificates of deposit and commercial paper offer good income potential, especially in light of the partially inverted Treasury yield curve.



CITY OF SALEM LONG-TERM PORTFOLIO

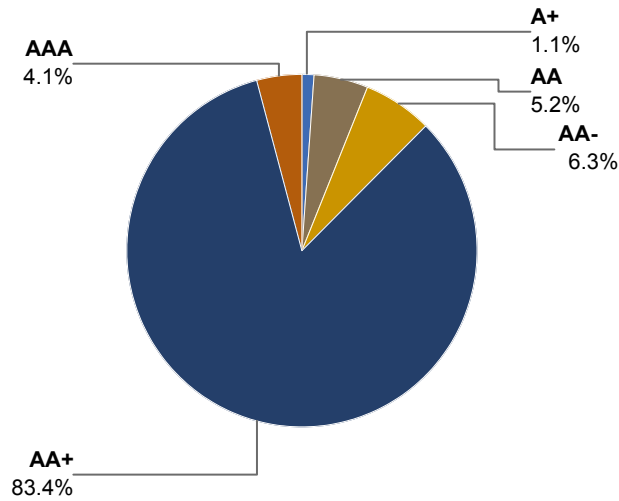
**Investment Performance Review
For the Quarter Ended March 31, 2019**

Portfolio Statistics

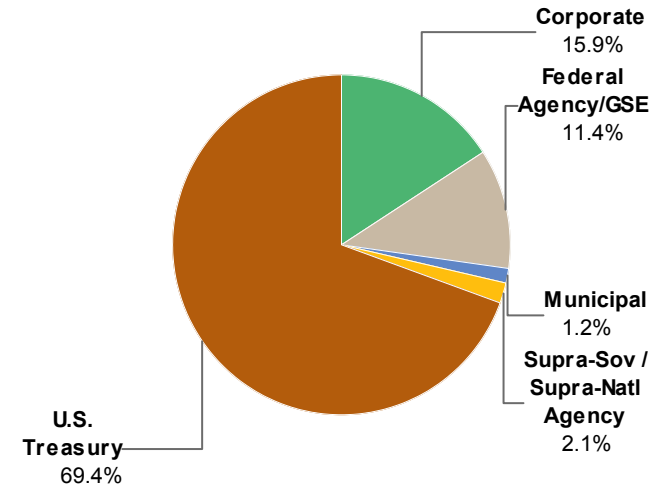
As of March 31, 2019

Par Value:	\$128,040,000
Total Market Value:	\$128,039,964
Security Market Value:	\$127,400,794
Accrued Interest:	\$639,170
Cash:	-
Amortized Cost:	\$126,943,742
Yield at Market:	2.35%
Yield at Cost:	2.34%
Effective Duration:	1.78 Years
Duration to Worst:	1.78 Years
Average Maturity:	1.85 Years
Average Credit: *	AA

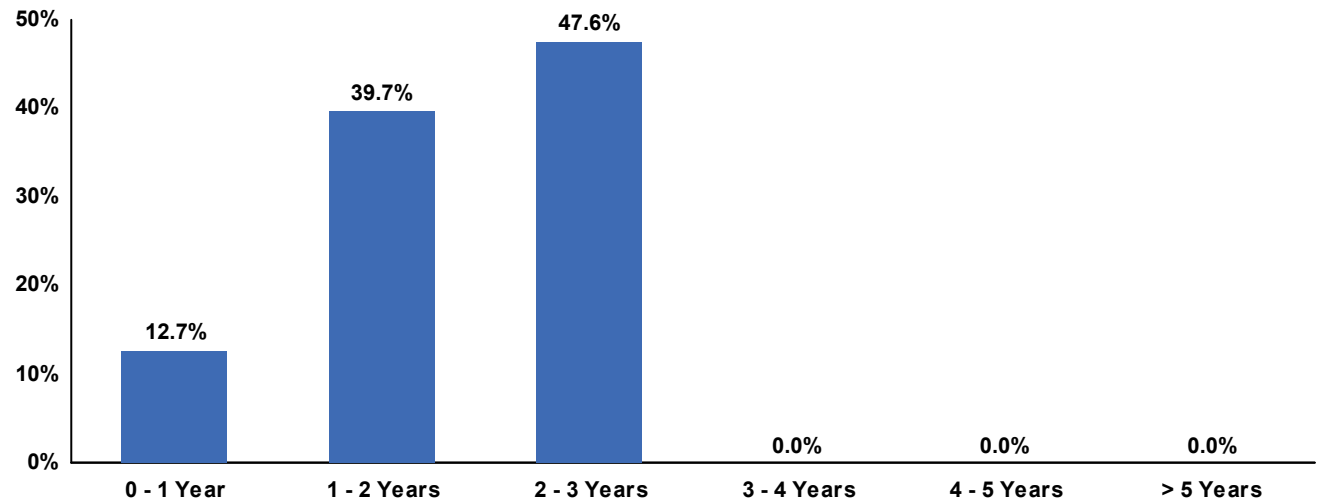
Credit Quality (S&P Ratings)



Sector Allocation



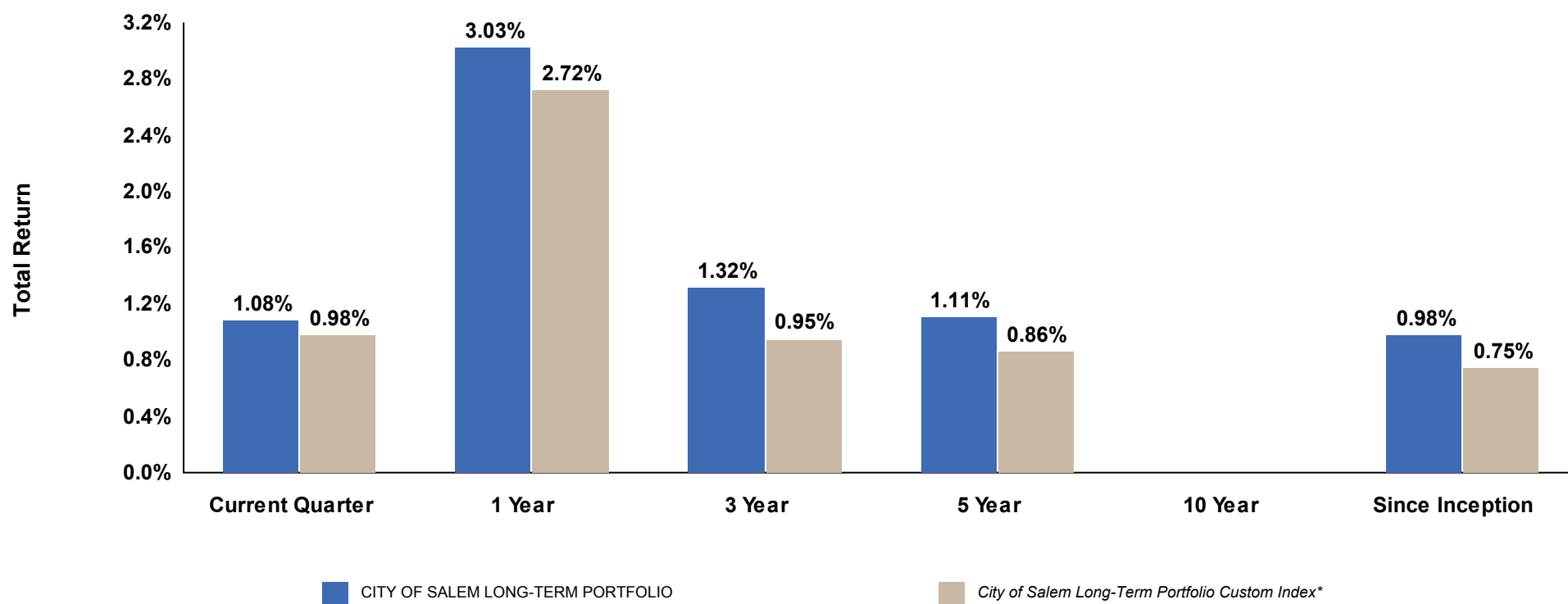
Maturity Distribution



* 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	Annualized Return				
			1 Year	3 Year	5 Year	10 Year	Since Inception (12/31/12)
CITY OF SALEM LONG-TERM PORTFOLIO	1.78	1.08%	3.03%	1.32%	1.11%	-	0.98%
City of Salem Long-Term Portfolio Custom Index*	1.81	0.98%	2.72%	0.95%	0.86%	-	0.75%
Difference		0.10%	0.31%	0.37%	0.25%	-	0.23%



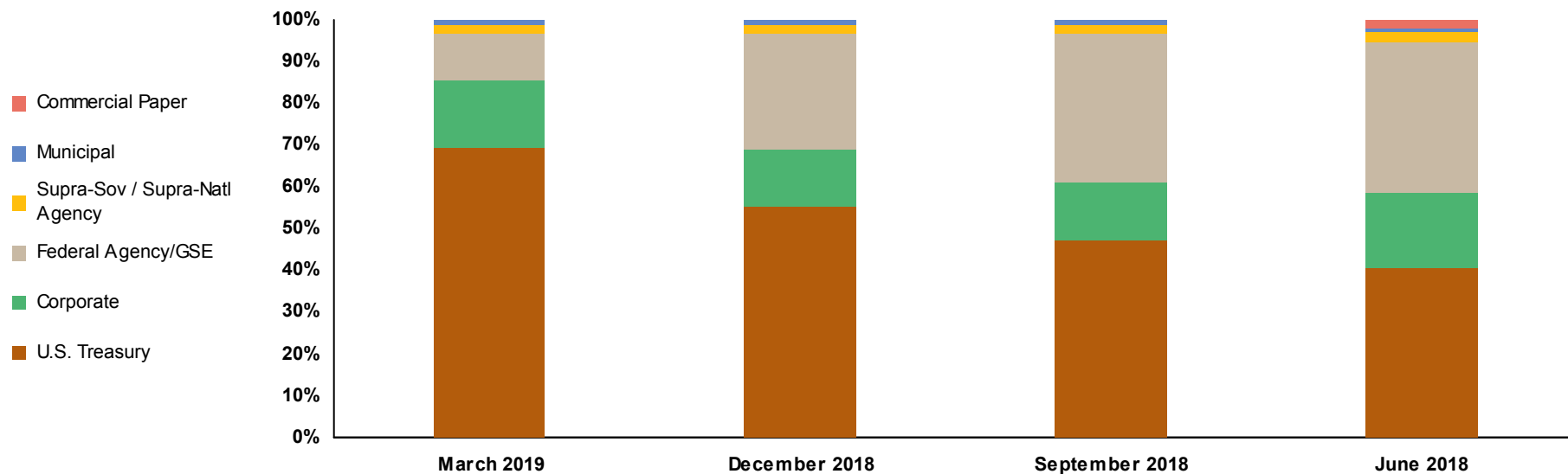
Portfolio performance is gross of fees unless otherwise indicated. *Performance benchmark was the ICE Bank of America Merrill Lynch (ICE BAML) 0-3 Year U.S. Treasury Index from inception through 6/30/2016 and the ICE BAML 1-3 Year U.S. Treasury Index beginning 6/30/2016.

Portfolio Earnings**Quarter-Ended March 31, 2019**

	Market Value Basis	Accrual (Amortized Cost) Basis
Beginning Value (12/31/2018)	\$126,742,040.19	\$127,110,191.81
Net Purchases/Sales	(\$127,765.52)	(\$127,765.52)
Change in Value	\$786,519.18	(\$38,683.95)
Ending Value (03/31/2019)	\$127,400,793.85	\$126,943,742.34
Interest Earned	\$584,202.45	\$584,202.45
Portfolio Earnings	\$1,370,721.63	\$545,518.50

Sector Allocation

Sector	March 31, 2019		December 31, 2018		September 30, 2018		June 30, 2018	
	MV (\$MM)	% of Total	MV (\$MM)	% of Total	MV (\$MM)	% of Total	MV (\$MM)	% of Total
U.S. Treasury	88.3	69.4%	69.9	55.1%	59.3	47.1%	50.2	40.6%
Corporate	20.3	15.9%	17.7	14.0%	17.6	14.0%	22.0	17.8%
Federal Agency/GSE	14.6	11.4%	35.0	27.6%	44.7	35.6%	44.7	36.2%
Supra-Sov / Supra-Natl Agency	2.7	2.1%	2.7	2.1%	2.7	2.1%	2.7	2.2%
Municipal	1.5	1.2%	1.5	1.2%	1.5	1.2%	1.5	1.2%
Commercial Paper	0.0	0.0%	0.0	0.0%	0.0	0.0%	2.5	2.0%
Total	\$127.4	100.0%	\$126.7	100.0%	\$125.9	100.0%	\$123.5	100.0%

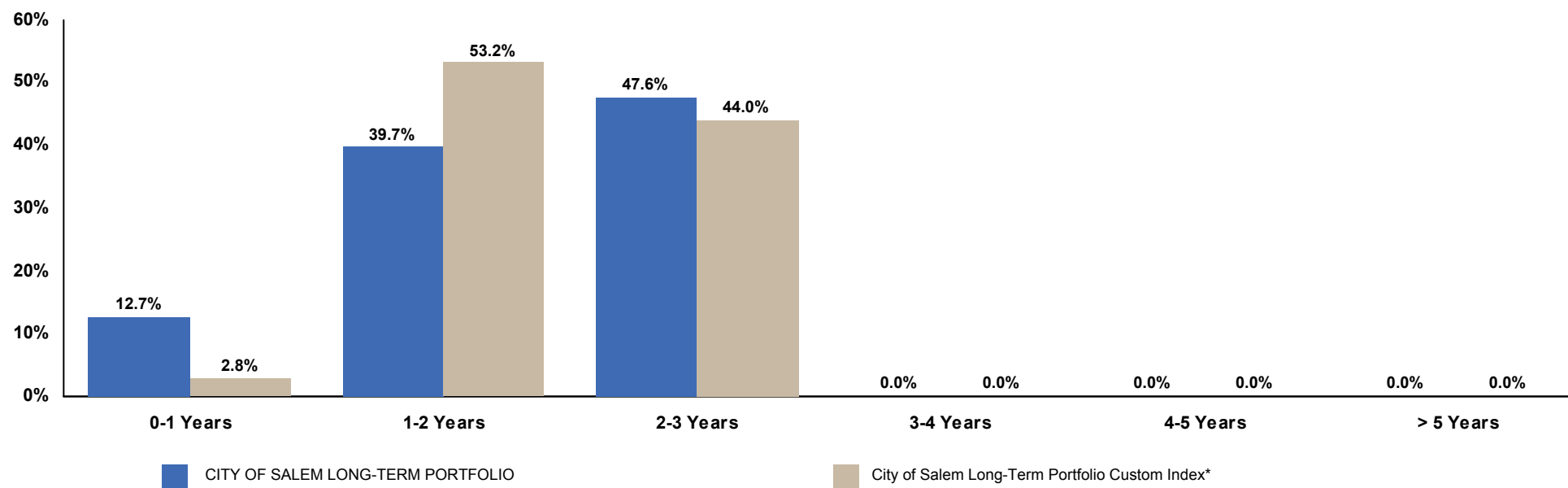


Detail may not add to total due to rounding.

Maturity Distribution

As of March 31, 2019

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 SALEM LONG-TERM PORTFOLIO	2.35%	1.85 yrs	12.7%	39.7%	47.6%	0.0%	0.0%	0.0%
City of Salem Long-Term Portfolio Custom Index*	2.32%	1.94 yrs	2.8%	53.2%	44.0%	0.0%	0.0%	0.0%



*Performance benchmark was the ICE Bank of America Merrill Lynch (ICE BAML) 0-3 Year U.S. Treasury Index from inception through 6/30/2016 and the ICE BAML 1-3 Year U.S. Treasury Index beginning 6/30/2016.



CITY OF SALEM SHORT TERM PORTFOLIO

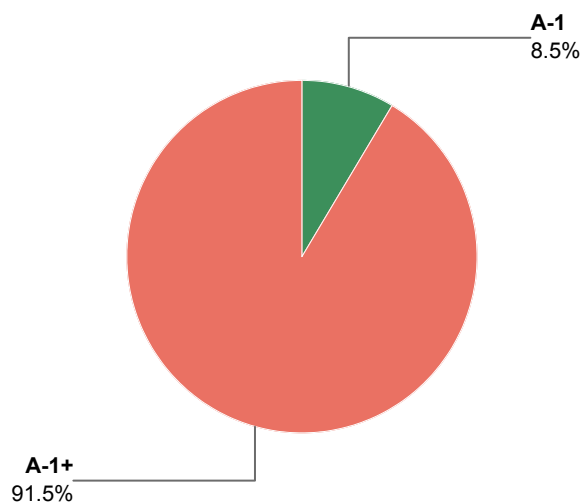
**Investment Performance Review
For the Quarter Ended March 31, 2019**

Portfolio Statistics

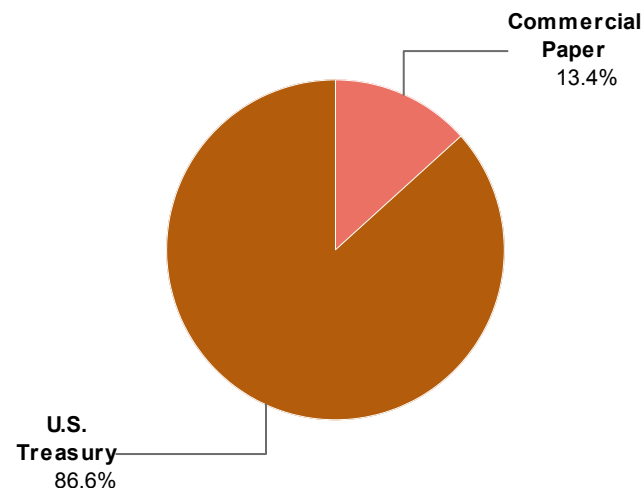
As of March 31, 2019

Par Value:	\$82,000,000
Total Market Value:	\$81,595,964
Security Market Value:	\$81,595,964
Accrued Interest:	-
Cash:	-
Amortized Cost:	\$81,575,664
Yield at Market:	2.37%
Yield at Cost:	2.53%
Effective Duration:	0.20 Years
Duration to Worst:	0.20 Years
Average Maturity:	0.21 Years
Average Credit: *	AA

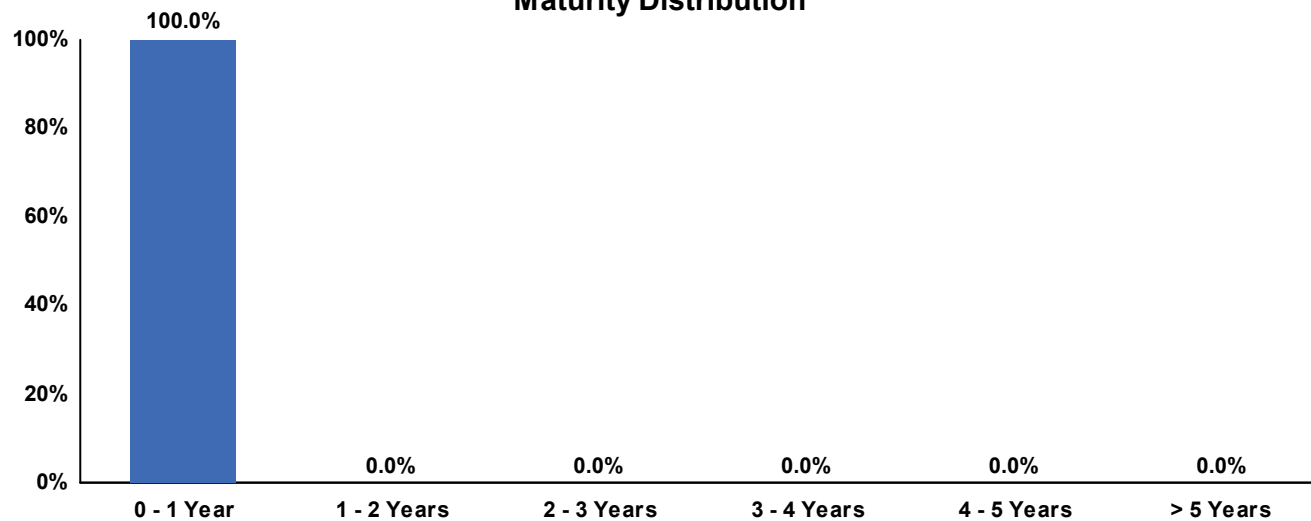
Credit Quality (S&P Ratings)



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 March 31, 2019**

	Market Value Basis	Accrual (Amortized Cost) Basis
Beginning Value (12/31/2018)	\$91,106,099.75	\$91,100,887.25
Net Purchases/Sales	(\$10,071,387.17)	(\$10,071,387.17)
Change in Value	\$561,251.17	\$546,163.74
Ending Value (03/31/2019)	\$81,595,963.75	\$81,575,663.82
Interest Earned	\$0.00	\$0.00
Portfolio Earnings	\$561,251.17	\$546,163.74



CITY OF SALEM STREETS & BRIDGES GO BONDS

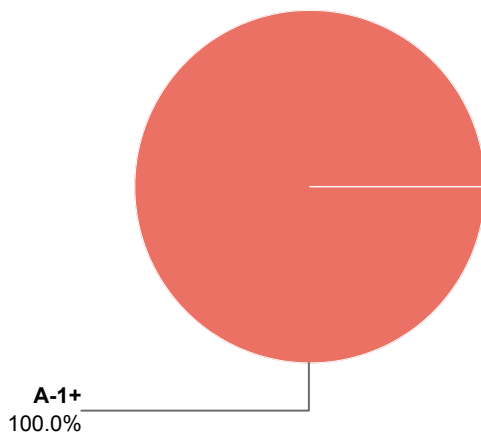
**Investment Performance Review
For the Quarter Ended March 31, 2019**

Portfolio Statistics

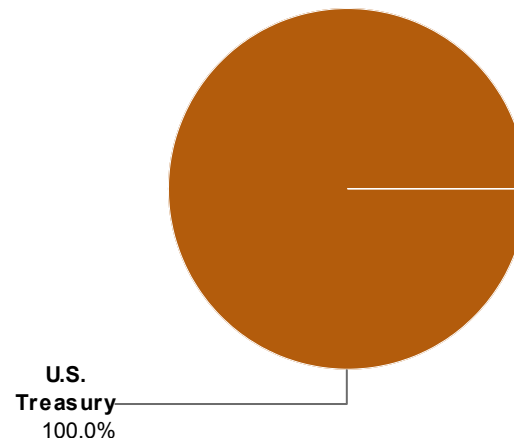
As of March 31, 2019

Par Value:	\$1,930,000
Total Market Value:	\$1,926,594
Security Market Value:	\$1,926,594
Accrued Interest:	-
Cash:	-
Amortized Cost:	\$1,926,532
Yield at Market:	2.24%
Yield at Cost:	2.44%
Effective Duration:	0.08 Years
Duration to Worst:	0.08 Years
Average Maturity:	0.08 Years
Average Credit: *	AA

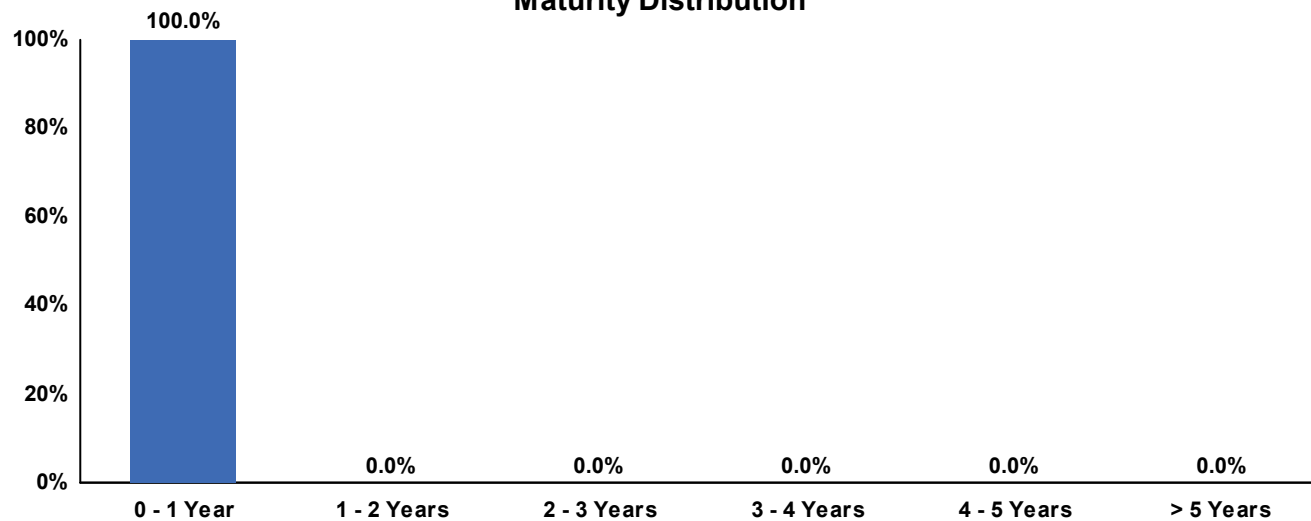
Credit Quality (S&P Ratings)



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 March 31, 2019

	Market Value Basis	Accrual (Amortized Cost) Basis
Beginning Value (12/31/2018)	\$1,928,613.64	\$1,928,540.62
Net Purchases/Sales	(\$13,214.40)	(\$13,214.40)
Change in Value	\$11,194.47	\$11,205.29
Ending Value (03/31/2019)	\$1,926,593.71	\$1,926,531.51
Interest Earned	\$0.00	\$0.00
Portfolio Earnings	\$11,194.47	\$11,205.29



CITY OF SALEM POLICE FACILITY BONDS 2017

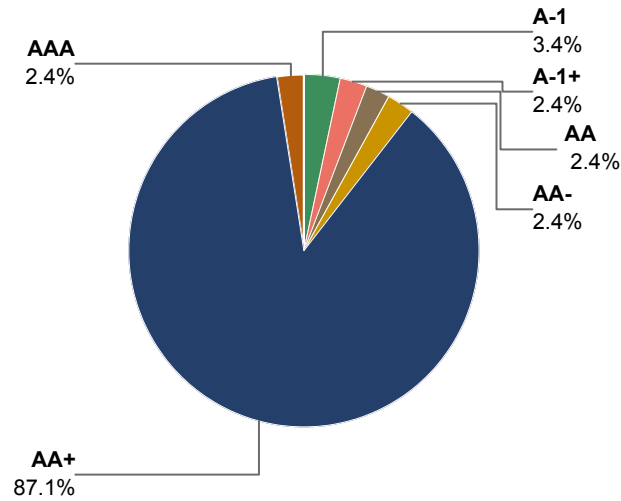
**Investment Performance Review
For the Quarter Ended March 31, 2019**

Portfolio Statistics

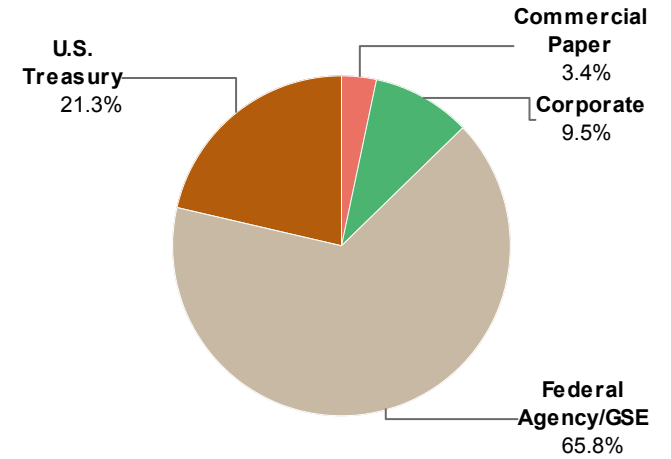
As of March 31, 2019

Par Value:	\$44,340,000
Total Market Value:	\$44,160,761
Security Market Value:	\$44,012,209
Accrued Interest:	\$148,552
Cash:	-
Amortized Cost:	\$44,320,403
Yield at Market:	2.43%
Yield at Cost:	1.50%
Effective Duration:	0.75 Years
Duration to Worst:	0.75 Years
Average Maturity:	0.77 Years
Average Credit: *	AA

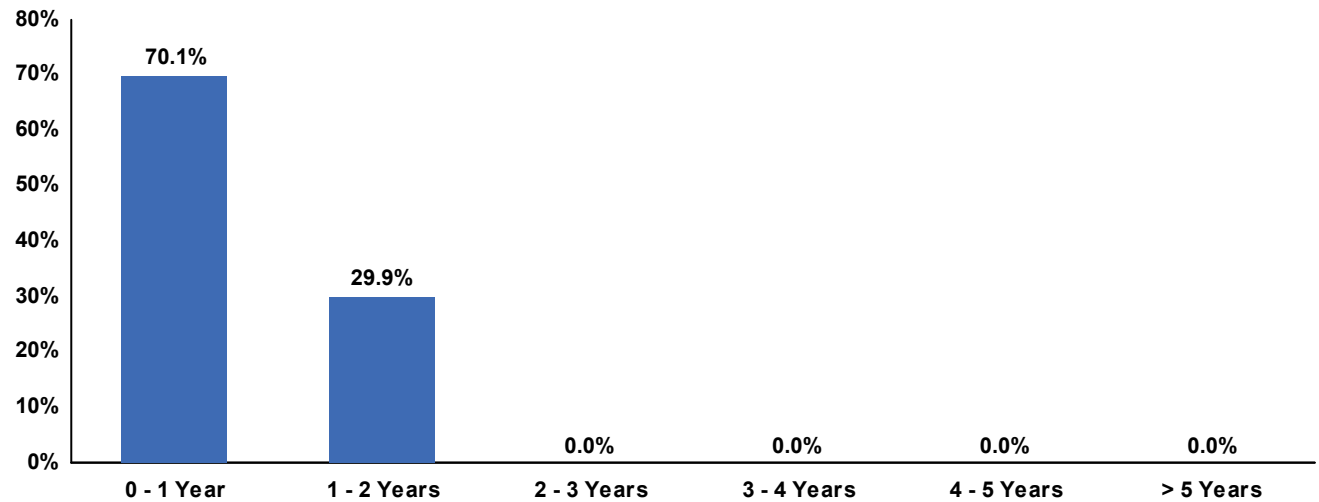
Credit Quality (S&P Ratings)



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 March 31, 2019**

	Market Value Basis	Accrual (Amortized Cost) Basis
Beginning Value (12/31/2018)	\$49,402,286.19	\$49,882,908.05
Net Purchases/Sales	(\$5,601,796.24)	(\$5,601,796.24)
Change in Value	\$211,719.48	\$39,291.01
Ending Value (03/31/2019)	\$44,012,209.43	\$44,320,402.82
Interest Earned	\$150,664.51	\$150,664.51
Portfolio Earnings	\$362,383.99	\$189,955.52



CITY OF SALEM LIBRARY PROJ GO BONDS 2018

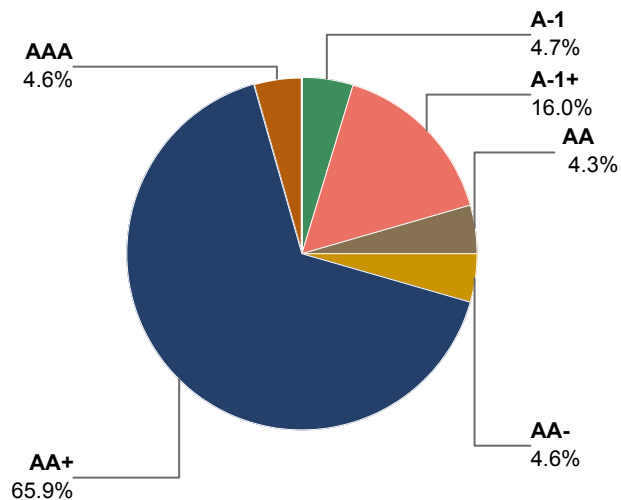
**Investment Performance Review
For the Quarter Ended March 31, 2019**

Portfolio Statistics

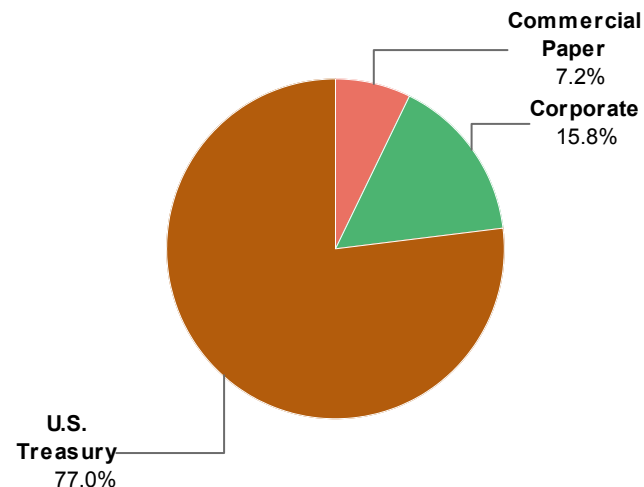
As of March 31, 2019

Par Value:	\$16,135,000
Total Market Value:	\$16,069,003
Security Market Value:	\$16,015,354
Accrued Interest:	\$53,649
Cash:	-
Amortized Cost:	\$16,018,215
Yield at Market:	2.42%
Yield at Cost:	2.41%
Effective Duration:	1.08 Years
Duration to Worst:	1.08 Years
Average Maturity:	1.11 Years
Average Credit: *	AA

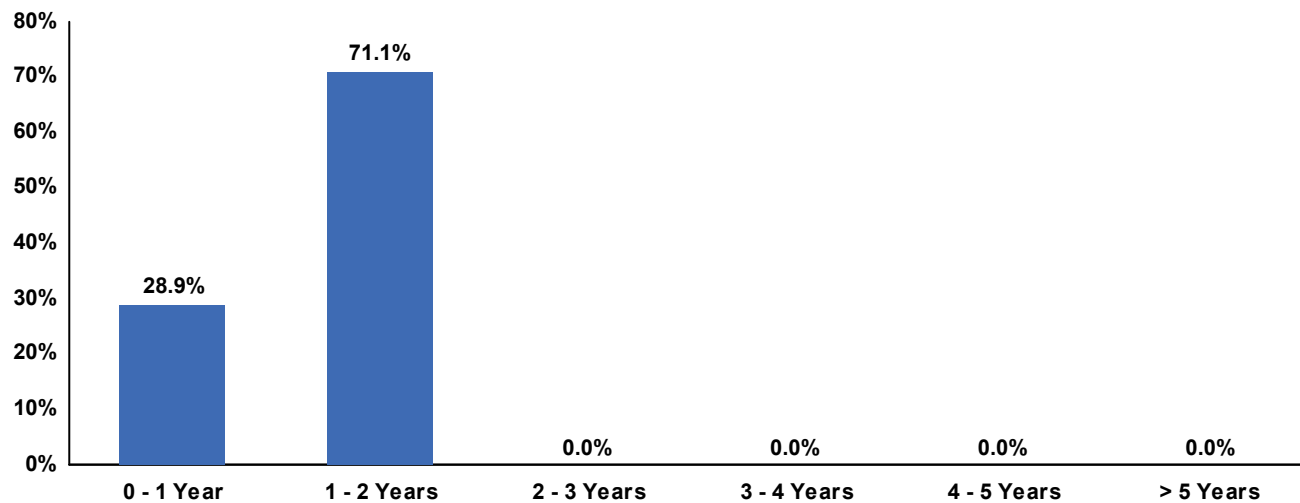
Credit Quality (S&P Ratings)



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 March 31, 2019**

	Market Value Basis	Accrual (Amortized Cost) Basis
Beginning Value (12/31/2018)	\$15,756,441.50	\$15,796,563.30
Net Purchases/Sales	\$181,794.28	\$181,794.28
Change in Value	\$77,118.25	\$39,857.25
Ending Value (03/31/2019)	\$16,015,354.03	\$16,018,214.83
Interest Earned	\$55,404.24	\$55,404.24
Portfolio Earnings	\$132,522.49	\$95,261.49

Portfolio Transactions

Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
BUY									
1/8/19	1/10/19	2,750,000	89236TDP7	TOYOTA MOTOR CREDIT CORP BONDS	2.60%	1/11/22	2,741,523.89	3.16%	
1/30/19	1/31/19	8,100,000	9128285V8	UNITED STATES TREASURY NOTES	2.50%	1/15/22	8,094,712.00	2.56%	
2/26/19	2/27/19	2,500,000	912828W55	US TREASURY N/B NOTES	1.87%	2/28/22	2,481,511.14	2.46%	
3/5/19	3/7/19	2,500,000	478160CD4	JOHNSON & JOHNSON CORP NOTES	2.25%	3/3/22	2,468,525.00	2.70%	
3/7/19	3/11/19	7,440,000	9128286D7	US TREASURY N/B	2.50%	2/28/21	7,449,337.91	2.47%	
Total BUY		23,290,000					23,235,609.94		
INTEREST									
1/11/19	1/11/19	2,750,000	89236TDP7	TOYOTA MOTOR CREDIT CORP BONDS	2.60%	1/11/22	35,750.00		
1/15/19	1/15/19	2,000,000	084664BQ3	BERKSHIRE HATHAWAY FINANCE CORP NOTES	4.25%	1/15/21	42,500.00		
1/17/19	1/17/19	7,500,000	3137EAEE5	FREDDIE MAC NOTES	1.50%	1/17/20	56,250.00		
1/19/19	1/19/19	5,000,000	3137EAEB1	FHLMC REFERENCE NOTE	0.87%	7/19/19	21,875.00		
1/31/19	1/31/19	5,000,000	912828N89	US TREASURY NOTES	1.37%	1/31/21	34,375.00		
2/5/19	2/5/19	3,200,000	3130A8Y72	FHLB GLOBAL NOTE	0.87%	8/5/19	14,000.00		
2/7/19	2/7/19	2,500,000	88579YAQ4	3M COMPANY CORP NOTES	2.00%	8/7/20	25,000.00		
2/27/19	2/27/19	2,500,000	3134GSWC5	FREDDIE MAC NOTES (CALLED OMD 8/27/2021)	2.90%	2/27/19	36,250.00		
2/28/19	2/28/19	1,250,000	17275RBD3	CISCO SYSTEMS INC CORP NOTES	2.20%	2/28/21	13,750.00		
2/28/19	2/28/19	2,500,000	912828W55	US TREASURY N/B NOTES	1.87%	2/28/22	23,437.50		
2/28/19	2/28/19	6,000,000	3135G0T29	FNMA NOTES	1.50%	2/28/20	45,000.00		
3/20/19	3/20/19	975,000	00828EBQ1	AFRICAN DEVELOPMENT BANK NOTE	1.12%	9/20/19	5,484.38		
3/26/19	3/26/19	3,450,000	3130A9EP2	FHLB GLOBAL NOTES	1.00%	9/26/19	17,250.00		
3/28/19	3/28/19	1,400,000	3130ACE26	FHLB NOTES	1.37%	9/28/20	9,625.00		
3/31/19	3/31/19	2,930,000	912828UV0	US TREASURY NOTES	1.12%	3/31/20	16,481.25		
3/31/19	3/31/19	7,125,000	912828T34	US TREASURY NOTES	1.12%	9/30/21	40,078.13		

CITY OF SALEM LONG-TERM PORTFOLIO

Portfolio Activity

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
3/31/19	3/31/19	1,250,000	912828T34	US TREASURY NOTES	1.12%	9/30/21	7,031.25		
Total INTEREST		57,330,000					444,137.51		
MATURITY									
2/27/19	2/27/19	2,500,000	3134GSWC5	FREDDIE MAC NOTES (CALLED OMD 8/27/2021)	2.90%	2/27/19	2,500,000.00		0.00
Total MATURITY		2,500,000					2,500,000.00		0.00
SELL									
1/8/19	1/10/19	2,750,000	89236TDE2	TOYOTA MOTOR CREDIT CORP NOTES	1.40%	5/20/19	2,740,992.22	2.85%	(13,883.18)
1/30/19	1/31/19	3,200,000	3135G0N33	FNMA BENCHMARK NOTE	0.87%	8/2/19	3,187,458.22	2.54%	(26,142.46)
1/30/19	1/31/19	5,000,000	3137EAEB1	FHLMC REFERENCE NOTE	0.87%	7/19/19	4,964,108.33	2.48%	(35,205.15)
3/5/19	3/7/19	2,500,000	3130A8Y72	FHLB GLOBAL NOTE	0.87%	8/5/19	2,485,194.44	2.52%	(16,413.05)
3/7/19	3/11/19	7,500,000	3137EAEE5	FREDDIE MAC NOTES	1.50%	1/17/20	7,451,175.00	2.55%	(66,976.13)
Total SELL		20,950,000					20,828,928.21		-158,619.97

Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
BUY									
2/14/19	2/15/19	5,250,000	912796RP6	UNITED STATES TREASURY BILL	0.00%	5/9/19	5,221,282.86	2.39%	
3/4/19	3/5/19	3,750,000	912796RR2	UNITED STATES TREASURY BILL	0.00%	5/30/19	3,728,567.19	2.41%	
3/4/19	3/5/19	3,500,000	62479MSW4	MUFG BANK LTD/NY COMM PAPER	0.00%	5/30/19	3,478,762.78	2.56%	
Total BUY		12,500,000					12,428,612.83		
MATURITY									
1/17/19	1/17/19	2,500,000	62479MNH2	MUFG BANK LTD/NY COMM PAPER	0.00%	1/17/19	2,500,000.00		0.00
2/14/19	2/14/19	5,250,000	912796QX0	US TREASURY BILL	0.00%	2/14/19	5,250,000.00		0.00
2/20/19	2/20/19	2,500,000	09659CPL6	BNP PARIBAS NY BRANCH COMM PAPER	0.00%	2/20/19	2,500,000.00		0.00
3/5/19	3/5/19	2,500,000	62479MQ55	MUFG BANK LTD/NY COMM PAPER	0.00%	3/5/19	2,500,000.00		0.00
3/5/19	3/5/19	2,500,000	09659CQ50	BNP PARIBAS NY BRANCH COMM PAPER	0.00%	3/5/19	2,500,000.00		0.00
3/5/19	3/5/19	4,750,000	46640QQ53	JP MORGAN SECURITIES LLC COMM PAPER	0.00%	3/5/19	4,750,000.00		0.00
3/14/19	3/14/19	2,500,000	912796RB7	UNITED STATES TREASURY BILL	0.00%	3/14/19	2,500,000.00		0.00
Total MATURITY		22,500,000					22,500,000.00		0.00

Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
BUY									
1/10/19	1/15/19	1,000,000	912796RG6	UNITED STATES TREASURY BILL	0.00%	4/11/19	994,162.99	2.46%	
1/10/19	1/17/19	930,000	912796RQ4	UNITED STATES TREASURY BILL	0.00%	5/16/19	922,622.61	2.42%	
Total BUY		1,930,000					1,916,785.60		
MATURITY									
1/10/19	1/10/19	1,000,000	912796QS1	UNITED STATES TREASURY BILL	0.00%	1/10/19	1,000,000.00		0.00
1/17/19	1/17/19	930,000	912796QT9	US TREASURY BILL	0.00%	1/17/19	930,000.00		0.00
Total MATURITY		1,930,000					1,930,000.00		0.00

Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
BUY									
2/26/19	2/27/19	1,500,000	62479MVN0	MUFG BANK LTD/NY COMM PAPER	0.00%	8/22/19	1,480,860.00	2.64%	
2/28/19	3/4/19	1,050,000	912796SF7	UNITED STATES TREASURY BILL	0.00%	8/29/19	1,037,343.76	2.47%	
Total BUY		2,550,000					2,518,203.76		
INTEREST									
1/17/19	1/17/19	6,270,000	3137EAE5	FREDDIE MAC NOTES	1.50%	1/17/20	47,025.00		
1/19/19	1/19/19	2,525,000	3137EAEB1	FHLMC REFERENCE NOTE	0.87%	7/19/19	11,046.88		
1/30/19	1/30/19	2,480,000	3135G0T60	FNMA NOTES	1.50%	7/30/20	18,600.00		
2/9/19	2/9/19	1,050,000	037833AX8	APPLE INC BONDS	1.55%	2/7/20	8,137.50		
2/12/19	2/12/19	1,050,000	594918AY0	MICROSOFT CORP (CALLABLE) NOTE	1.85%	2/12/20	9,712.50		
2/15/19	2/15/19	1,940,000	3137EAEH8	FREDDIE MAC NOTES	1.37%	8/15/19	13,337.50		
2/28/19	2/28/19	625,000	3135G0P49	FNMA NOTES	1.00%	8/28/19	3,125.00		
3/1/19	3/1/19	1,050,000	30231GAP7	EXXON MOBIL CORP NOTES	1.70%	3/1/19	8,967.00		
3/20/19	3/20/19	1,050,000	17275RBG6	CISCO SYSTEMS INC CORP NOTES	1.40%	9/20/19	7,350.00		
3/26/19	3/26/19	1,525,000	3130A9EP2	FHLB GLOBAL NOTES	1.00%	9/26/19	7,625.00		
3/31/19	3/31/19	1,295,000	912828L65	US TREASURY NOTES	1.37%	9/30/20	8,903.13		
Total INTEREST		20,860,000					143,829.51		
MATURITY									
2/6/19	2/6/19	1,070,000	62479MP64	MUFG BANK LTD/NY COMM PAPER	0.00%	2/6/19	1,070,000.00		0.00
2/25/19	2/25/19	1,500,000	89233HPR9	TOYOTA MOTOR CREDIT CORP COMM PAPER	0.00%	2/25/19	1,500,000.00		0.00
3/1/19	3/1/19	1,050,000	30231GAP7	EXXON MOBIL CORP NOTES	1.70%	3/1/19	1,050,000.00		0.00

CITY OF SALEM POLICE FACILITY BONDS 2017

Portfolio Activity

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
3/21/19	3/21/19	4,500,000	912796RC5	UNITED STATES TREASURY BILL	0.00%	3/21/19	4,500,000.00		0.00
Total MATURITY		8,120,000					8,120,000.00		0.00

Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
BUY									
1/17/19	1/22/19	700,000	912796RU5	UNITED STATES TREASURY BILL	0.00%	6/13/19	693,376.37	2.42%	
2/19/19	2/21/19	950,000	912796RQ4	UNITED STATES TREASURY BILL	0.00%	5/16/19	944,724.33	2.39%	
3/14/19	3/18/19	520,000	912796RA9	UNITED STATES TREASURY BILL	0.00%	9/12/19	513,693.58	2.48%	
Total BUY		2,170,000					2,151,794.28		
INTEREST									
1/8/19	1/8/19	360,000	931142CU5	WAL MART STORES INC. CORP NOTES	3.62%	7/8/20	6,525.00		
1/31/19	1/31/19	310,000	912828N89	US TREASURY NOTES	1.37%	1/31/21	2,131.25		
1/31/19	1/31/19	1,265,000	912828XM7	US TREASURY NOTES	1.62%	7/31/20	10,278.13		
2/28/19	2/28/19	1,625,000	912828L32	US TREASURY NOTES	1.37%	8/31/20	11,171.88		
3/1/19	3/1/19	365,000	478160AW4	JOHNSON & JOHNSON GLOBAL NOTES	2.95%	9/1/20	5,383.75		
3/31/19	3/31/19	645,000	912828X7	US TREASURY N/B NOTES	1.37%	9/30/19	4,434.38		
3/31/19	3/31/19	1,260,000	912828L65	US TREASURY NOTES	1.37%	9/30/20	8,662.50		
Total INTEREST		5,830,000					48,586.89		
MATURITY									
1/17/19	1/17/19	550,000	912796QT9	US TREASURY BILL	0.00%	1/17/19	550,000.00		0.00
2/21/19	2/21/19	920,000	912796QY8	UNITED STATES TREASURY BILL	0.00%	2/21/19	920,000.00		0.00
3/18/19	3/18/19	500,000	09659CQJ0	BNP PARIBAS NY BRANCH COMM PAPER	0.00%	3/18/19	500,000.00		0.00
Total MATURITY		1,970,000					1,970,000.00		0.00

Portfolio Holdings

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
U.S. Treasury Bond / Note											
US TREASURY NOTES DTD 04/01/2013 1.125% 03/31/2020	912828UV0	2,930,000.00	AA+	Aaa	3/15/2017	3/17/2017	2,879,526.17	1.71	90.06	2,913,147.02	2,893,717.81
US TREASURY NOTES DTD 04/30/2015 1.375% 04/30/2020	912828K58	2,500,000.00	AA+	Aaa	9/19/2018	9/20/2018	2,444,921.88	2.78	14,433.70	2,462,841.15	2,472,557.50
US TREASURY NOTES DTD 04/30/2013 1.125% 04/30/2020	912828VA5	2,500,000.00	AA+	Aaa	4/26/2017	4/27/2017	2,473,242.19	1.49	11,809.39	2,490,257.50	2,466,210.00
US TREASURY N/B NOTES DTD 05/31/2018 2.500% 05/31/2020	9128284Q0	4,000,000.00	AA+	Aaa	6/14/2018	6/18/2018	3,994,531.25	2.57	33,516.48	3,996,720.88	4,005,000.00
US TREASURY NOTES DTD 06/30/2015 1.625% 06/30/2020	912828XH8	4,000,000.00	AA+	Aaa	6/14/2018	6/18/2018	3,924,531.25	2.58	16,339.78	3,953,224.24	3,961,876.00
US TREASURY NOTES DTD 06/30/2015 1.625% 06/30/2020	912828XH8	1,100,000.00	AA+	Aaa	6/27/2017	6/28/2017	1,103,093.75	1.53	4,493.44	1,101,302.16	1,089,515.90
US TREASURY NOTES DTD 10/31/2015 1.375% 10/31/2020	912828L99	6,500,000.00	AA+	Aaa	2/1/2017	2/7/2017	6,416,718.75	1.73	37,527.62	6,464,060.07	6,401,739.50
US TREASURY NOTES DTD 11/30/2015 1.625% 11/30/2020	912828M98	5,350,000.00	AA+	Aaa	1/8/2018	1/10/2018	5,284,169.92	2.07	29,138.39	5,311,602.30	5,287,720.65
US TREASURY NOTES DTD 01/31/2016 1.375% 01/31/2021	912828N89	5,000,000.00	AA+	Aaa	1/8/2018	1/10/2018	4,893,945.31	2.09	11,395.03	4,935,588.65	4,915,625.00
US TREASURY N/B DTD 02/28/2019 2.500% 02/28/2021	9128286D7	7,440,000.00	AA+	Aaa	3/7/2019	3/11/2019	7,443,778.13	2.47	16,173.91	7,443,673.65	7,468,770.48
US TREASURY N/B NOTES DTD 05/15/2018 2.625% 05/15/2021	9128284P2	1,015,000.00	AA+	Aaa	5/24/2018	5/29/2018	1,014,286.33	2.65	10,083.41	1,014,487.80	1,022,096.88
US TREASURY NOTES DTD 06/02/2014 2.000% 05/31/2021	912828WN6	2,500,000.00	AA+	Aaa	6/5/2018	6/7/2018	2,456,542.97	2.61	16,758.24	2,468,122.38	2,485,255.00
US TREASURY NOTES DTD 06/02/2014 2.000% 05/31/2021	912828WN6	5,200,000.00	AA+	Aaa	6/14/2018	6/18/2018	5,098,640.63	2.69	34,857.14	5,124,910.13	5,169,330.40
US TREASURY N/B DTD 06/30/2016 1.125% 06/30/2021	912828S27	5,000,000.00	AA+	Aaa	6/14/2018	6/18/2018	4,771,679.69	2.70	14,140.19	4,829,035.00	4,878,320.00
US TREASURY NOTES DTD 09/30/2016 1.125% 09/30/2021	912828T34	7,125,000.00	AA+	Aaa	9/11/2018	9/12/2018	6,774,873.05	2.82	219.01	6,836,075.91	6,934,071.38

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
U.S. Treasury Bond / Note											
US TREASURY NOTES DTD 09/30/2016 1.125% 09/30/2021	912828T34	1,250,000.00	AA+	Aaa	3/6/2018	3/7/2018	1,190,283.20	2.53	38.42	1,207,624.13	1,216,503.75
UNITED STATES TREASURY NOTES DTD 10/15/2018 2.875% 10/15/2021	9128285F3	9,965,000.00	AA+	Aaa	11/9/2018	11/13/2018	9,932,691.60	2.99	120,295.72	9,936,846.18	10,116,029.54
US TREASURY NOTES DTD 11/30/2016 1.750% 11/30/2021	912828U65	5,000,000.00	AA+	Aaa	12/4/2018	12/7/2018	4,850,390.63	2.80	29,326.92	4,865,707.50	4,935,350.00
UNITED STATES TREASURY NOTES DTD 01/15/2019 2.500% 01/15/2022	9128285V8	8,100,000.00	AA+	Aaa	1/30/2019	1/31/2019	8,085,761.72	2.56	42,513.81	8,086,551.00	8,154,739.80
US TREASURY N/B NOTES DTD 02/28/2017 1.875% 02/28/2022	912828W55	2,500,000.00	AA+	Aaa	2/26/2019	2/27/2019	2,458,203.13	2.46	4,076.09	2,459,414.75	2,474,120.00
Security Type Sub-Total		88,975,000.00					87,491,811.55	2.47	447,226.75	87,901,192.40	88,348,549.59
Supra-National Agency Bond / Note											
INTER-AMERICAN DEVELOPMENT BANK DTD 04/12/2016 1.000% 05/13/2019	458182DX7	1,750,000.00	AAA	Aaa	4/5/2016	4/12/2016	1,744,750.00	1.10	6,708.33	1,749,798.58	1,746,633.00
AFRICAN DEVELOPMENT BANK NOTE DTD 09/20/2016 1.125% 09/20/2019	00828EBQ1	975,000.00	AAA	Aaa	9/14/2016	9/20/2016	973,966.50	1.16	335.16	974,835.93	968,675.18
Security Type Sub-Total		2,725,000.00					2,718,716.50	1.12	7,043.49	2,724,634.51	2,715,308.18
Municipal Bond / Note											
CA ST TXBL GO BONDS DTD 04/25/2018 2.800% 04/01/2021	13063DGA0	1,480,000.00	AA-	Aa3	4/18/2018	4/25/2018	1,480,059.20	2.80	20,720.00	1,480,029.51	1,493,364.40
Security Type Sub-Total		1,480,000.00					1,480,059.20	2.80	20,720.00	1,480,029.51	1,493,364.40
Federal Agency Bond / Note											
FHLB GLOBAL NOTE DTD 08/04/2016 0.875% 08/05/2019	3130A8Y72	700,000.00	AA+	Aaa	8/4/2016	8/8/2016	699,321.00	0.91	952.78	699,920.95	696,170.30

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Federal Agency Bond / Note											
FHLB GLOBAL NOTES DTD 09/09/2016 1.000% 09/26/2019	3130A9EP2	3,450,000.00	AA+	Aaa	10/4/2016	10/7/2016	3,448,344.00	1.02	479.17	3,449,725.93	3,426,022.50
FNMA NOTES DTD 02/28/2017 1.500% 02/28/2020	3135G0T29	6,000,000.00	AA+	Aaa	2/27/2017	2/28/2017	5,991,000.00	1.55	8,250.00	5,997,231.72	5,950,134.00
FHLB NOTES DTD 09/08/2017 1.375% 09/28/2020	3130ACE26	1,400,000.00	AA+	Aaa	9/7/2017	9/8/2017	1,395,506.00	1.48	160.42	1,397,779.08	1,379,067.20
FANNIE MAE NOTES DTD 04/13/2018 2.500% 04/13/2021	3135G0U27	3,100,000.00	AA+	Aaa	4/12/2018	4/13/2018	3,095,381.00	2.55	36,166.67	3,096,831.46	3,111,491.70
Security Type Sub-Total		14,650,000.00					14,629,552.00	1.60	46,009.04	14,641,489.14	14,562,885.70
Corporate Note											
CHEVRON CORP NOTES DTD 05/16/2016 1.561% 05/16/2019	166764BH2	2,000,000.00	AA	Aa2	5/9/2016	5/16/2016	2,000,000.00	1.56	11,707.50	2,000,000.00	1,997,132.00
COCA-COLA COMPANY CORP NOTES DTD 05/31/2016 1.375% 05/30/2019	191216BV1	1,335,000.00	A+	A1	5/25/2016	5/31/2016	1,334,065.50	1.40	6,169.74	1,334,948.06	1,331,642.48
APPLE INC CORP NOTE DTD 05/13/2015 2.000% 05/06/2020	037833BD1	2,500,000.00	AA+	Aa1	6/27/2017	6/28/2017	2,515,225.00	1.78	19,166.67	2,505,949.90	2,488,027.50
3M COMPANY CORP NOTES DTD 08/07/2015 2.000% 08/07/2020	88579YAQ4	2,500,000.00	AA-	A1	8/2/2017	8/7/2017	2,522,500.00	1.69	7,500.00	2,510,262.45	2,487,180.00
BERKSHIRE HATHAWAY FINANCE CORP NOTES DTD 01/11/2011 4.250% 01/15/2021	084664BQ3	2,000,000.00	AA	Aa2	5/15/2018	5/17/2018	2,065,600.00	2.96	17,944.44	2,044,685.24	2,064,054.00
CISCO SYSTEMS INC CORP NOTES DTD 02/29/2016 2.200% 02/28/2021	17275RBD3	1,250,000.00	AA-	A1	3/6/2018	3/7/2018	1,226,487.50	2.86	2,520.83	1,234,723.93	1,241,728.75
ALPHABET INC CORP NOTE DTD 04/27/2016 3.625% 05/19/2021	02079KAA5	875,000.00	AA+	Aa2	5/16/2018	5/17/2018	893,357.50	2.89	11,630.21	888,188.90	897,156.75
WAL-MART STORES INC CORP NOTES DTD 06/27/2018 3.125% 06/23/2021	931142EJ8	2,500,000.00	AA	Aa2	6/20/2018	6/27/2018	2,499,875.00	3.13	21,267.36	2,499,900.88	2,534,310.00

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Corporate Note											
TOYOTA MOTOR CREDIT CORP BONDS DTD 01/09/2017 2.600% 01/11/2022	89236TDP7	2,750,000.00	AA-	Aa3	1/8/2019	1/10/2019	2,705,972.50	3.16	15,888.89	2,709,144.74	2,751,369.50
JOHNSON & JOHNSON CORP NOTES DTD 03/03/2017 2.250% 03/03/2022	478160CD4	2,500,000.00	AAA	Aaa	3/5/2019	3/7/2019	2,467,900.00	2.70	4,375.00	2,468,592.68	2,488,085.00
Security Type Sub-Total		20,210,000.00					20,230,983.00	2.43	118,170.64	20,196,396.78	20,280,685.98
Managed Account Sub Total		128,040,000.00					126,551,122.25	2.34	639,169.92	126,943,742.34	127,400,793.85
Securities Sub-Total		\$128,040,000.00					\$126,551,122.25	2.34%	\$639,169.92	\$126,943,742.34	\$127,400,793.85
Accrued Interest											\$639,169.92
Total Investments											\$128,039,963.77

Bolded items are forward settling trades.

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
U.S. Treasury Bill											
UNITED STATES TREASURY BILL DTD 04/26/2018 0.000% 04/25/2019	912796QC6	1,750,000.00	A-1+	P-1	9/19/2018	9/20/2018	1,725,263.51	2.38	0.00	1,747,264.17	1,747,271.75
UNITED STATES TREASURY BILL DTD 11/08/2018 0.000% 05/09/2019	912796RP6	5,250,000.00	A-1+	P-1	2/14/2019	2/15/2019	5,221,282.86	2.39	0.00	5,236,852.37	5,236,896.00
UNITED STATES TREASURY BILL DTD 11/15/2018 0.000% 05/16/2019	912796RQ4	13,500,000.00	A-1+	P-1	11/26/2018	11/27/2018	13,345,087.50	2.46	0.00	13,458,993.75	13,460,134.50
UNITED STATES TREASURY BILL -- 0.000% 05/23/2019	912796QH5	5,000,000.00	A-1+	P-1	11/29/2018	12/3/2018	4,941,515.63	2.49	0.00	4,982,215.25	4,983,065.00
UNITED STATES TREASURY BILL -- 0.000% 05/23/2019	912796QH5	13,500,000.00	A-1+	P-1	11/26/2018	11/27/2018	13,336,717.50	2.49	0.00	13,452,030.05	13,454,275.50
UNITED STATES TREASURY BILL DTD 11/29/2018 0.000% 05/30/2019	912796RR2	3,750,000.00	A-1+	P-1	3/4/2019	3/5/2019	3,728,567.19	2.41	0.00	3,735,296.10	3,735,543.75
UNITED STATES TREASURY BILL DTD 06/21/2018 0.000% 06/20/2019	912796QM4	5,250,000.00	A-1+	P-1	11/2/2018	11/5/2018	5,168,398.23	2.50	0.00	5,221,241.66	5,222,421.75
UNITED STATES TREASURY BILL DTD 01/17/2019 0.000% 07/18/2019	912796QR3	7,000,000.00	A-1+	P-1	11/27/2018	11/29/2018	6,887,317.56	2.55	0.00	6,947,317.30	6,950,412.00
UNITED STATES TREASURY BILL DTD 08/16/2018 0.000% 08/15/2019	912796QV4	6,000,000.00	A-1+	P-1	11/29/2018	12/3/2018	5,892,266.75	2.58	0.00	5,942,542.26	5,945,994.00
UNITED STATES TREASURY BILL DTD 08/16/2018 0.000% 08/15/2019	912796QV4	5,000,000.00	A-1+	P-1	11/27/2018	11/29/2018	4,908,778.04	2.58	0.00	4,952,099.65	4,954,995.00
UNITED STATES TREASURY BILL DTD 09/13/2018 0.000% 09/12/2019	912796RA9	5,000,000.00	A-1+	P-1	11/27/2018	11/29/2018	4,898,704.94	2.59	0.00	4,942,117.10	4,946,075.00
Security Type Sub-Total		71,000,000.00					70,053,899.71	2.50	0.00	70,617,969.66	70,637,084.25
Commercial Paper											
TOYOTA MOTOR CREDIT CORP COMM PAPER DTD 08/06/2018 0.000% 05/03/2019	89233HS39	2,500,000.00	A-1+	P-1	11/2/2018	11/5/2018	2,466,064.58	2.77	0.00	2,493,933.33	2,494,097.50

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Commercial Paper											
TOYOTA MOTOR CREDIT CORP COMM PAPER DTD 08/28/2018 0.000% 05/24/2019	89233HSQ8	1,500,000.00	A-1+	P-1	11/26/2018	11/27/2018	1,479,233.33	2.84	0.00	1,493,816.67	1,494,264.00
MUFG BANK LTD/NY COMM PAPER DTD 08/28/2018 0.000% 05/24/2019	62479MSQ7	1,000,000.00	A-1	P-1	11/26/2018	11/27/2018	985,957.78	2.88	0.00	995,818.89	996,110.00
BNP PARIBAS NY BRANCH COMM PAPER DTD 08/31/2018 0.000% 05/28/2019	09659CSU3	1,000,000.00	A-1	P-1	11/26/2018	11/27/2018	985,895.00	2.83	0.00	995,582.50	995,917.00
JP MORGAN SECURITIES LLC COMM PAPER DTD 08/31/2018 0.000% 05/28/2019	46640QSU6	1,500,000.00	A-1	P-1	11/26/2018	11/27/2018	1,478,008.33	2.94	0.00	1,493,112.50	1,493,625.00
MUFG BANK LTD/NY COMM PAPER DTD 12/03/2018 0.000% 05/30/2019	62479MSW4	3,500,000.00	A-1	P-1	3/4/2019	3/5/2019	3,478,762.78	2.56	0.00	3,485,430.27	3,484,866.00
Security Type Sub-Total		11,000,000.00					10,873,921.80	2.75	0.00	10,957,694.16	10,958,879.50
Managed Account Sub Total		82,000,000.00					80,927,821.51	2.53	0.00	81,575,663.82	81,595,963.75
Securities Sub-Total		\$82,000,000.00					\$80,927,821.51	2.53%	\$0.00	\$81,575,663.82	\$81,595,963.75
Accrued Interest											\$0.00
Total Investments											\$81,595,963.75

Bolted items are forward settling trades.

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
U.S. Treasury Bill											
UNITED STATES TREASURY BILL DTD 10/11/2018 0.000% 04/11/2019	912796RG6	1,000,000.00	A-1+	P-1	1/10/2019	1/15/2019	994,162.99	2.46	0.00	999,321.28	999,340.00
UNITED STATES TREASURY BILL DTD 11/15/2018 0.000% 05/16/2019	912796RQ4	930,000.00	A-1+	P-1	1/10/2019	1/17/2019	922,622.61	2.42	0.00	927,210.23	927,253.71
Security Type Sub-Total		1,930,000.00					1,916,785.60	2.44	0.00	1,926,531.51	1,926,593.71
Managed Account Sub Total		1,930,000.00					1,916,785.60	2.44	0.00	1,926,531.51	1,926,593.71
Securities Sub-Total		\$1,930,000.00					\$1,916,785.60	2.44%	\$0.00	\$1,926,531.51	\$1,926,593.71
Accrued Interest											\$0.00
Total Investments											\$1,926,593.71

Bolded items are forward settling trades.

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
U.S. Treasury Bond / Note											
US TREASURY NOTES DTD 12/31/2014 1.625% 12/31/2019	912828G95	2,550,000.00	AA+	Aaa	9/1/2017	9/7/2017	2,564,044.92	1.38	10,416.61	2,554,598.62	2,534,261.40
US TREASURY NOTES DTD 06/01/2015 1.500% 05/31/2020	912828XE5	2,500,000.00	AA+	Aaa	9/1/2017	9/7/2017	2,504,589.84	1.43	12,568.68	2,501,987.10	2,474,022.50
US TREASURY NOTES DTD 09/30/2015 1.375% 09/30/2020	912828L65	1,295,000.00	AA+	Aaa	9/1/2017	9/7/2017	1,291,003.71	1.48	48.65	1,293,025.68	1,276,182.36
US TREASURY NOTES DTD 12/31/2015 1.750% 12/31/2020	912828N48	2,060,000.00	AA+	Aaa	9/1/2017	9/7/2017	2,074,484.38	1.53	9,062.29	2,067,743.77	2,039,721.36
Security Type Sub-Total		8,405,000.00					8,434,122.85	1.45	32,096.23	8,417,355.17	8,324,187.62
U.S. Treasury Bill											
UNITED STATES TREASURY BILL DTD 02/28/2019 0.000% 08/29/2019	912796SF7	1,050,000.00	A-1+	P-1	2/28/2019	3/4/2019	1,037,343.76	2.47	0.00	1,039,334.63	1,039,685.85
Security Type Sub-Total		1,050,000.00					1,037,343.76	2.47	0.00	1,039,334.63	1,039,685.85
Federal Agency Bond / Note											
FEDERAL HOME LOAN BANK AGENCY NOTES DTD 05/12/2017 1.375% 05/28/2019	3130ABF92	2,390,000.00	AA+	Aaa	9/5/2017	9/8/2017	2,392,748.50	1.31	11,228.02	2,390,255.92	2,385,972.85
FHLB GLOBAL NOTE DTD 06/03/2016 1.125% 06/21/2019	3130A8DB6	2,365,000.00	AA+	Aaa	9/5/2017	9/8/2017	2,357,195.50	1.31	7,390.63	2,364,022.14	2,358,283.40
FHLMC REFERENCE NOTE DTD 07/20/2016 0.875% 07/19/2019	3137EAEB1	2,525,000.00	AA+	Aaa	9/5/2017	9/8/2017	2,503,310.25	1.34	4,418.75	2,521,478.21	2,512,965.85
FREDDIE MAC NOTES DTD 07/19/2017 1.375% 08/15/2019	3137EAEH8	1,940,000.00	AA+	Aaa	9/5/2017	9/8/2017	1,940,426.80	1.36	3,408.47	1,940,083.83	1,932,484.44
FNMA NOTES DTD 09/02/2016 1.000% 08/28/2019	3135G0P49	625,000.00	AA+	Aaa	9/5/2017	9/8/2017	620,537.50	1.37	572.92	624,066.90	621,266.88
FHLB GLOBAL NOTES DTD 09/09/2016 1.000% 09/26/2019	3130A9EP2	1,525,000.00	AA+	Aaa	9/1/2017	9/7/2017	1,512,327.25	1.41	211.81	1,521,966.76	1,514,401.25

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Federal Agency Bond / Note											
FREDDIE MAC GLOBAL NOTES DTD 10/02/2012 1.250% 10/02/2019	3137EADM8	2,570,000.00	AA+	Aaa	9/1/2017	9/7/2017	2,560,696.60	1.43	15,973.26	2,567,716.17	2,554,400.10
FHLB NOTES DTD 11/17/2016 1.375% 11/15/2019	3130AA3R7	1,515,000.00	AA+	Aaa	9/1/2017	9/7/2017	1,513,303.20	1.43	7,869.58	1,514,515.03	1,505,525.19
FREDDIE MAC NOTES DTD 01/17/2017 1.500% 01/17/2020	3137EAEE5	6,270,000.00	AA+	Aaa	9/1/2017	9/7/2017	6,277,398.60	1.45	19,332.50	6,272,527.81	6,222,893.49
FHLMC AGENCY NOTES DTD 04/20/2017 1.375% 04/20/2020	3137EAEF2	2,500,000.00	AA+	Aaa	9/1/2017	9/7/2017	2,494,225.00	1.47	15,373.26	2,497,657.43	2,472,837.50
FNMA BENCHMARK NOTES DTD 04/27/2015 1.500% 06/22/2020	3135G0D75	2,480,000.00	AA+	Aaa	9/1/2017	9/7/2017	2,483,521.60	1.45	10,230.00	2,481,569.44	2,453,310.24
FNMA NOTES DTD 08/01/2017 1.500% 07/30/2020	3135G0T60	2,480,000.00	AA+	Aaa	9/1/2017	9/7/2017	2,480,173.60	1.50	6,303.33	2,480,085.61	2,451,365.92
Security Type Sub-Total		29,185,000.00					29,135,864.40	1.41	102,312.53	29,175,945.25	28,985,707.11
Corporate Note											
CISCO SYSTEMS INC CORP NOTES DTD 09/20/2016 1.400% 09/20/2019	17275RBG6	1,050,000.00	AA-	A1	9/1/2017	9/7/2017	1,045,558.50	1.61	449.17	1,048,963.77	1,044,202.95
CHEVRON CORP (CALLABLE) NOTE DTD 11/18/2014 2.193% 11/15/2019	166764AN0	1,050,000.00	AA	Aa2	9/1/2017	9/7/2017	1,062,358.50	1.64	8,698.90	1,053,204.95	1,047,088.35
APPLE INC BONDS DTD 02/09/2015 1.550% 02/07/2020	037833AX8	1,050,000.00	AA+	Aa1	9/1/2017	9/7/2017	1,047,637.50	1.65	2,350.83	1,049,160.46	1,041,885.60
MICROSOFT CORP (CALLABLE) NOTE DTD 02/12/2015 1.850% 02/12/2020	594918AY0	1,050,000.00	AAA	Aaa	9/1/2017	9/7/2017	1,055,901.00	1.61	2,643.96	1,051,989.84	1,045,000.95
Security Type Sub-Total		4,200,000.00					4,211,455.50	1.63	14,142.86	4,203,319.02	4,178,177.85
Commercial Paper											
MUFG BANK LTD/NY COMM PAPER DTD 11/28/2018 0.000% 08/22/2019	62479MVN0	1,500,000.00	A-1	P-1	2/26/2019	2/27/2019	1,480,860.00	2.64	0.00	1,484,448.75	1,484,451.00

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Security Type Sub-Total		1,500,000.00					1,480,860.00	2.64	0.00	1,484,448.75	1,484,451.00
Managed Account Sub Total		44,340,000.00					44,299,646.51	1.50	148,551.62	44,320,402.82	44,012,209.43
Securities Sub-Total		\$44,340,000.00					\$44,299,646.51	1.50%	\$148,551.62	\$44,320,402.82	\$44,012,209.43
Accrued Interest											\$148,551.62
Total Investments											\$44,160,761.05

Bolded items are forward settling trades.

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
U.S. Treasury Bond / Note											
US TREASURY N/B NOTES DTD 10/02/2017 1.375% 09/30/2019	9128282X7	645,000.00	AA+	Aaa	3/27/2018	3/29/2018	636,912.30	2.23	24.23	642,298.91	641,497.65
US TREASURY NOTES DTD 04/30/2015 1.375% 04/30/2020	912828K58	530,000.00	AA+	Aaa	3/27/2018	3/29/2018	519,917.58	2.31	3,059.94	524,728.43	524,182.19
US TREASURY NOTES DTD 06/01/2015 1.500% 05/31/2020	912828XE5	525,000.00	AA+	Aaa	3/27/2018	3/29/2018	515,956.05	2.32	2,639.42	520,101.33	519,544.73
US TREASURY NOTES DTD 06/30/2015 1.625% 06/30/2020	912828XH8	900,000.00	AA+	Aaa	3/27/2018	3/29/2018	886,394.53	2.32	3,676.45	892,395.78	891,422.10
US TREASURY NOTES DTD 07/31/2015 1.625% 07/31/2020	912828XM7	1,265,000.00	AA+	Aaa	3/27/2018	3/29/2018	1,244,888.48	2.33	3,407.11	1,253,424.47	1,252,300.67
US TREASURY NOTES DTD 08/31/2015 1.375% 08/31/2020	912828L32	1,625,000.00	AA+	Aaa	3/27/2018	3/29/2018	1,588,183.59	2.34	1,942.93	1,603,273.02	1,602,149.25
US TREASURY NOTES DTD 09/30/2015 1.375% 09/30/2020	912828L65	1,260,000.00	AA+	Aaa	3/27/2018	3/29/2018	1,230,468.75	2.34	47.34	1,242,145.95	1,241,690.94
US TREASURY NOTES DTD 10/31/2015 1.375% 10/31/2020	912828L99	840,000.00	AA+	Aaa	3/27/2018	3/29/2018	819,360.94	2.36	4,849.72	827,258.25	827,301.72
US TREASURY NOTES DTD 11/30/2015 1.625% 11/30/2020	912828M98	1,200,000.00	AA+	Aaa	3/27/2018	3/29/2018	1,177,312.50	2.36	6,535.71	1,185,716.88	1,186,030.80
US TREASURY NOTES DTD 12/31/2013 2.375% 12/31/2020	912828A83	1,195,000.00	AA+	Aaa	3/27/2018	3/29/2018	1,195,513.48	2.36	7,134.51	1,195,342.71	1,195,979.90
US TREASURY NOTES DTD 01/31/2016 1.375% 01/31/2021	912828N89	310,000.00	AA+	Aaa	3/27/2018	3/29/2018	301,499.22	2.38	706.49	304,453.11	304,768.75
Security Type Sub-Total		10,295,000.00					10,116,407.42	2.33	34,023.85	10,191,138.84	10,186,868.70
U.S. Treasury Bill											
UNITED STATES TREASURY BILL DTD 11/15/2018 0.000% 05/16/2019	912796RQ4	950,000.00	A-1+	P-1	2/19/2019	2/21/2019	944,724.33	2.39	0.00	947,173.75	947,194.65
UNITED STATES TREASURY BILL DTD 12/13/2018 0.000% 06/13/2019	912796RU5	700,000.00	A-1+	P-1	1/17/2019	1/22/2019	693,376.37	2.42	0.00	696,594.89	696,644.90

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
U.S. Treasury Bill											
UNITED STATES TREASURY BILL DTD 09/13/2018 0.000% 09/12/2019	912796RA9	520,000.00	A-1+	P-1	3/14/2019	3/18/2019	513,693.58	2.48	0.00	514,189.59	514,391.80
Security Type Sub-Total		2,170,000.00					2,151,794.28	2.42	0.00	2,157,958.23	2,158,231.35
Corporate Note											
THE PROCTER & GAMBLE CO CORP NOTES DTD 10/25/2017 1.750% 10/25/2019	742718EZ8	370,000.00	AA-	Aa3	3/27/2018	3/29/2018	366,522.00	2.36	2,805.83	368,733.23	368,166.65
PFIZER INC CORP NOTE DTD 11/21/2016 1.700% 12/15/2019	717081EB5	320,000.00	AA	A1	3/27/2018	3/29/2018	316,089.60	2.43	1,601.78	318,371.32	317,343.04
TOYOTA MOTOR CREDIT CORP DTD 04/17/2017 1.950% 04/17/2020	89236TDU6	370,000.00	AA-	Aa3	3/27/2018	3/29/2018	363,991.20	2.77	3,286.83	366,898.24	367,548.01
APPLE INC BONDS DTD 05/11/2017 1.800% 05/11/2020	037833CS7	375,000.00	AA+	Aa1	3/27/2018	3/29/2018	369,191.25	2.56	2,625.00	371,915.41	372,081.75
WAL MART STORES INC. CORP NOTES DTD 07/08/2010 3.625% 07/08/2020	931142CU5	360,000.00	AA	Aa2	3/27/2018	3/29/2018	368,956.80	2.49	3,008.75	365,062.66	365,522.04
JOHNSON & JOHNSON GLOBAL NOTES DTD 08/17/2010 2.950% 09/01/2020	478160AW4	365,000.00	AAA	Aaa	3/27/2018	3/29/2018	369,142.75	2.46	897.29	367,454.55	368,026.95
MICROSOFT CORP NOTES DTD 09/27/2010 3.000% 10/01/2020	594918AH7	360,000.00	AAA	Aaa	3/27/2018	3/29/2018	363,524.40	2.59	5,400.00	362,137.46	363,061.44
Security Type Sub-Total		2,520,000.00					2,517,418.00	2.53	19,625.48	2,520,572.87	2,521,749.88
Commercial Paper											
MUFG BANK LTD/NY COMM PAPER DTD 10/17/2018 0.000% 04/17/2019	62479MRH8	750,000.00	A-1	P-1	12/18/2018	12/19/2018	743,083.13	2.82	0.00	749,070.00	749,038.50

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Commercial Paper											
TOYOTA MOTOR CREDIT CORP COMM PAPER DTD 07/23/2018 0.000% 04/18/2019	89233HRJ5	400,000.00	A-1+	P-1	12/18/2018	12/19/2018	396,293.33	2.81	0.00	399,474.89	399,465.60
Security Type Sub-Total		1,150,000.00					1,139,376.46	2.81	0.00	1,148,544.89	1,148,504.10
Managed Account Sub Total		16,135,000.00					15,924,996.16	2.41	53,649.33	16,018,214.83	16,015,354.03
Securities Sub-Total		\$16,135,000.00					\$15,924,996.16	2.41%	\$53,649.33	\$16,018,214.83	\$16,015,354.03
Accrued Interest											\$53,649.33
Total Investments											\$16,069,003.36

Bolded items are forward settling trades.

IMPORTANT DISCLOSURES

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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.