CITY OF SANTA ROSA

PROFESSIONAL SERVICES AGREEMENT

WITH PFM ASSET MANAGEMENT LLC

AGREEMENT NUMBER ________

This "Agreement" is made as of this day of______________, 2019 by and between the City of Santa Rosa, a municipal corporation ("City"), and PFM Asset Management LLC a Delaware limited liability company ("Consultant").

R E C I T A L S

A. City desires to contract for investment management services for the City's investment portfolio in accordance with the Scope of Services and Specifications indicated herein. The City desires to contract for services from a firm or firms registered with the Securities and Exchange Commission (SEC) under the Investment Advisor's Act of 1940 who will act in a fiduciary capacity and presents performance number in accordance with the CFA Institute's Global Investment Performance Standards "GIPS." The Investment Advisor will be required to manage the funds in accordance with the laws of the State of California, the City's Investment Policy, and other investment policies and procedures established by the City.

B. City desires to retain a qualified firm to conduct the services described above in accordance with the Scope of Services as more particularly set forth in Exhibit A to the Agreement.

C. Consultant represents to City that it is a firm composed of highly trained professionals and is fully qualified to conduct the services described above and render advice to City in connection with said services.

D. The parties have negotiated upon the terms pursuant to which Consultant will provide such services and have reduced such terms to writing.

AGREEMENT

NOW, THEREFORE, City and Consultant agree as follows:

1. SCOPE OF SERVICES

Consultant shall provide City with the following services: investment advisory services.

a. The above services and activities are described with further particularity in the City's Request for Proposals 19-39 Investment Advisory Services dated May 14, 2019, and the Consultant's proposal dated June 11, 2019, both of which are attached hereto as Exhibits A and B (in order of precedence) which are incorporated by reference as though fully set forth;

and in accordance with the provisions of this Agreement. Exhibits A and B are attached hereto solely for the purpose of defining the manner and scope of services to be provided by Consultant hereunder and are not intended to, and shall not be construed so as to, modify or expand the terms, conditions or provisions contained in this Agreement. In case of any conflict between the terms of these documents, the terms of this Agreement shall control and prevail.

2. COMPENSATION

a. City shall pay Consultant for services rendered pursuant to this Agreement at the rates, times and in the manner set forth in Exhibit C which is incorporated by reference as though fully set forth, and in accordance with the provisions of this Agreement. Exhibit C is attached solely for defining the compensation to be paid to Consultant hereunder and is not intended to, and shall not be construed so as to, modify or expand the terms, conditions or provisions contained in this Agreement. In case of conflict between the terms of these documents, the terms of this Agreement shall control and prevail. Consultant shall submit monthly statements to City which shall itemize the services performed as of the date of the statement, consistent with the rates and amounts shown below:

Assets under management	Annual Fee Percentage
First $100,000,000	.075%
Between $100,000,000 and $300,000,000	.060%
Above $300,000,000	.040%

b. The payments prescribed herein shall constitute all compensation to Consultant for all costs of services, including, but not limited to, direct costs of labor of employees engaged by Consultant, travel expenses, telephone charges, copying and reproduction, computer time, and any and all other costs, expenses and charges of Consultant, its agents and employees. In no event shall City be obligated to pay late fees or interest, whether or not such requirements are contained in Consultant's invoice.

c. Notwithstanding any other provision in this Agreement to the contrary, the total maximum compensation to be paid for the satisfactory accomplishment and completion of all services to be performed hereunder shall in no event exceed the sum of $180,000 for the first year of this Agreement and shall in no event exceed the total sum of $1,500,000. The City's Chief Financial Officer is authorized to pay all proper claims from Charge Number 380900 – Investment Advisory Services.

3. DOCUMENTATION; RETENTION OF MATERIALS

a. Consultant shall maintain adequate documentation to substantiate all charges as required under Section 2 of this Agreement.

b. Consultant shall keep and maintain full and complete documentation and accounting records concerning all extra or special services performed by it that are compensable by other than an hourly or flat rate and shall make such documents and records available to authorized representatives of City for inspection at any reasonable time.

c. Consultant shall maintain the records and any other records related to the performance of this Agreement and shall allow City access to such records during the performance of this Agreement and for a period of four (4) years after completion of all services hereunder.

4. INDEMNITY

a. Consultant shall, to the fullest extent permitted by law, indemnify, protect, defend and hold harmless City, and its employees, officials and agents ("Indemnified Parties") from all claims, demands, costs or liability (including liability for claims, suits, actions, arbitration proceedings, administrative proceedings, regulatory proceedings, losses, expenses or costs of any kind, interest, defense costs, and expert witness fees), that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of Consultant, its officers, employees, or agents, in said performance of professional services under this Agreement, and excepting liability arising from the sole negligence, active negligence or intentional misconduct of City.

b. The existence or acceptance by City of any of the insurance policies or coverages described in this Agreement shall not affect or limit any of City's rights under this Section 4, nor shall the limits of such insurance limit the liability of Consultant hereunder. This Section 4 shall not apply to any intellectual property claims, actions, lawsuits or other proceedings subject to the provisions of Section 17(b), below. The provisions of this Section 4 shall survive any expiration or termination of this Agreement.

5. INSURANCE

a. Consultant shall maintain in full force and effect all of the insurance coverage described in, and in accordance with, Attachment One, "Insurance Requirements." Maintenance of the insurance coverage set forth in Attachment One is a material element of this Agreement and a material part of the consideration provided by Consultant in exchange for City's agreement to make the payments prescribed hereunder. Failure by Consultant to (i) maintain or renew coverage, (ii) provide City notice of any changes, modifications, or reductions in coverage, or (iii) provide evidence of renewal, may be treated by City as a material breach of this Agreement by Consultant, whereupon City shall be entitled to all rights and remedies at law or in equity, including but not limited to immediate termination of this Agreement. Notwithstanding the foregoing, any failure by Consultant to maintain required insurance coverage shall not excuse or alleviate Consultant from any of its other duties or obligations under this Agreement. In the event Consultant, with approval of City pursuant to Section 6 below, retains or utilizes any subcontractors or subconsultants in the provision of any services to City under this Agreement, Consultant shall assure that any such subcontractor has first obtained, and shall maintain, all of the insurance coverages set forth in the Insurance Requirements in Attachment One.

b. Consultant agrees that any available insurance proceeds broader than or in excess of the coverages set forth in the Insurance Requirements in Attachment One shall be available to the additional insureds identified therein.

c. Consultant agrees that the insurance coverages and limits provided under this Agreement are the greater of: (i) the coverages and limits specified in Attachment One, or (ii) the broader coverages and maximum limits of coverage of any insurance policy or proceeds available to the name insureds.

6. ASSIGNMENT

Consultant shall not assign any rights or duties under this Agreement to a third party without the express prior written consent of City, in City's sole and absolute discretion. Consultant agrees that the City shall have the right to approve any and all subcontractors and subconsultants to be used by Consultant in the performance of this Agreement before Consultant contracts with or otherwise engages any such subcontractors or subconsultants.

7. NOTICES

Except as otherwise provided in this Agreement, any notice, submittal or communication required or permitted to be served on a party, shall be in writing and may be served by personal delivery to the person or the office of the person identified below. Service may also be made by mail, by placing first-class postage, and addressed as indicated below, and depositing in the United States mail to:

8. INDEPENDENT CONTRACTOR

a. It is understood and agreed that Consultant (including Consultant's employees) is an independent contractor and that no relationship of employer-employee exists between the parties hereto for any purpose whatsoever. Neither Consultant nor Consultant's assigned personnel shall be entitled to any benefits payable to employees of City. City is not required to make any deductions or withholdings from the compensation payable to Consultant under the provisions of this Agreement, and Consultant shall be issued a Form 1099 for its services hereunder. As an independent contractor, Consultant hereby agrees to indemnify and hold City harmless from any and all claims that may be made against City based upon any contention by any of Consultant's employees or by any third party, including but not limited to any state or federal agency, that an employer-employee relationship or a substitute therefor exists for any purpose whatsoever by reason of this Agreement or by reason of the nature and/or performance of any services under this Agreement.

b. It is further understood and agreed by the parties hereto that Consultant, in the performance of Consultant's obligations hereunder, is subject to the control and direction of City as to the designation of tasks to be performed and the results to be accomplished under this Agreement, but not as to the means, methods, or sequence used by Consultant for accomplishing such results. To the extent that Consultant obtains permission to, and does, use City facilities, space, equipment or support services in the performance of this Agreement, this use shall be at the Consultant's sole discretion based on the Consultant's determination that such use will promote Consultant's efficiency and effectiveness. Except as may be specifically provided elsewhere in this Agreement, the City does not require that Consultant use City facilities, equipment or support services or work in City locations in the performance of this Agreement.

c. If, in the performance of this Agreement, any third persons are employed by Consultant, such persons shall be entirely and exclusively under the direction, supervision, and control of Consultant. Except as may be specifically provided elsewhere in this Agreement, all terms of employment, including hours, wages, working conditions, discipline, hiring, and discharging, or any other terms of employment or requirements of law, shall be determined by Consultant. It is further understood and agreed that Consultant shall issue W-2 or 1099 Forms for income and employment tax purposes, for all of Consultant's assigned personnel and subcontractors.

d. The provisions of this Section 8 shall survive any expiration or termination of this Agreement. Nothing in this Agreement shall be construed to create an exclusive relationship between City and Consultant. Consultant may represent, perform services for, or be employed by such additional persons or companies as Consultant sees fit.

9. ADDITIONAL SERVICES

Changes to the Scope of Services shall be by written amendment to this Agreement or paid as otherwise agreed upon by the parties in writing prior to the provision of any such additional services.

10. SUCCESSORS AND ASSIGNS

City and Consultant each binds itself, its partners, successors, legal representatives and assigns to the other party to this Agreement and to the partners, successors, legal representatives and assigns of such other party in respect of all promises and agreements contained herein.

11. TERM, SUSPENSION, TERMINATION

a. This Agreement shall become effective on the date that it is made, set forth on the first page of the Agreement, and shall continue in effect until both parties have fully performed their respective obligations under this Agreement, unless sooner terminated as provided herein.

b. City shall have the right at any time to temporarily suspend Consultant's performance hereunder, in whole or in part, by giving a written notice of suspension to Consultant. If City gives such notice of suspension, Consultant shall immediately suspend its activities under this Agreement, as specified in such notice.

c. City shall have the right to terminate this Agreement for convenience at any time by giving a written notice of termination to Consultant. Upon such termination, Consultant shall submit to City an itemized statement of services performed as of the date of termination in accordance with Section 2 of this Agreement. These services may include both completed work and work in progress at the time of termination. City shall pay Consultant for any services for which compensation is owed; provided, however, City shall not in any manner be liable for lost profits that might have been made by Consultant had the Agreement not been terminated or had Consultant completed the services required by this Agreement. Consultant shall promptly deliver to City all documents related to the performance of this Agreement in its possession or control. All such documents shall be the property of City without additional compensation to Consultant. Consultant, upon written notice to the City, shall have the right to terminate this Agreement immediately upon any material breach by City of the provisions hereof.

12. TIME OF PERFORMANCE

The services described herein shall be provided during the period, or in accordance with the schedule, set forth in Exhibit A. Consultant shall complete all the required services and tasks and complete and tender all deliverables to the reasonable satisfaction of City, not later than October 2024. This agreement may be renewed five one-year periods upon mutual consent of the Consultant and City.

13. STANDARD OF PERFORMANCE

Consultant shall perform all services performed under this Agreement in the manner and according to the standards currently observed by a competent practitioner of Consultant's profession in California. All products of whatsoever nature that Consultant delivers to City shall be prepared in a professional manner and conform to the standards of quality normally observed by a person currently practicing in Consultant's profession, and shall be provided in accordance with any schedule of performance. Consultant shall assign only competent personnel to perform services under this Agreement. Consultant shall notify City in writing of any changes in Consultant's staff assigned to perform the services under this Agreement prior to any such performance. In the event that City, at any time, desires the removal of any person assigned by Consultant to perform services under this Agreement, because City, in its sole discretion, determines that such person is not performing in accordance with the standards required herein, Consultant shall remove such person immediately upon receiving notice from City of the desire of City for the removal of such person.

14. CONFLICTS OF INTEREST

Consultant covenants that neither it, nor any officer or principal of its firm, has or shall acquire any interest, directly or indirectly, that would conflict in any manner with the interests of City or that would in any way hinder Consultant's performance of services under this Agreement. Consultant further covenants that in the performance of this Agreement, no person having any such interest shall be employed by it as an officer, employee, agent or subcontractor, without the written consent of City. Consultant agrees to avoid conflicts of interest or the appearance of any conflicts of interest with the interests of City at all times during the performance of this Agreement.

15. CONFLICT OF INTEREST REQUIREMENTS

a. **Generally.** The City's Conflict of Interest Code requires that individuals who qualify as "consultants" under the Political Reform Act, California Government Code sections 87200 *et seq.*, comply with the conflict of interest provisions of the Political Reform Act and the City's Conflict of Interest Code, which generally prohibit individuals from making or participating in the making of decisions that will have a material financial effect on their economic interests. The term "consultant" generally includes individuals who make governmental decisions or who serve in a staff capacity.

b. **Conflict of Interest Statements.** The individual(s) who will provide services or perform work pursuant to this Agreement are "consultants" within the meaning of the Political Reform Act and the City's Conflict of Interest Code:

_X_ yes ____no *(check one)*

If "yes" is checked by the City, Consultant shall cause the following to occur within 30 days after execution of this Agreement:

(1) Identify the individuals who will provide services or perform work under this Agreement as "consultants"; and

(2) Cause these individuals to file with the City Clerk the assuming office statements of economic interests required by the City's Conflict of Interest Code.

Thereafter, throughout the term of the Agreement, Consultant shall cause these individuals to file with the City Clerk annual statements of economic interests, and "leaving office" statements of economic interests, as required by the City's Conflict of Interest Code.

The above statements of economic interests are public records subject to public disclosure under the California Public Records Act. The City may withhold all or a portion of any payment due under this Agreement until all required statements are filed.

16. CONFIDENTIALITY OF CITY INFORMATION

During performance of this Agreement, Consultant may gain access to and use City information regarding inventions, machinery, products, prices, apparatus, costs, discounts, future plans, business affairs, governmental affairs, processes, trade secrets, technical matters, systems, facilities, customer lists, product design, copyright, data, and other vital information (hereafter collectively referred to as "City Information") that are valuable, special and unique assets of the City. Consultant agrees to protect all City Information and treat it as strictly confidential, and further agrees that Consultant shall not at any time, either directly or indirectly, divulge, disclose or communicate in any manner any City Information to any third party without the prior written consent of City, unless such disclosure is required by law or by regulatory or judicial process. In addition, Consultant shall comply with all City policies governing the use of the City network and technology systems. A violation by Consultant of this Section 16 shall be a material violation of this Agreement and shall justify legal and/or equitable relief.

17. CONSULTANT INFORMATION

a. City shall have full ownership and control, including ownership of any copyrights, of all information prepared, produced, or provided by Consultant pursuant to this Agreement. In this Agreement, the term "information" shall be construed to mean and include: any and all work product, submittals, reports, plans, specifications, and other deliverables consisting of documents, writings, handwritings, typewriting, printing, photostatting, photographing, computer models, and any other computerized data and every other means of recording any form of information, communications, or representation, including letters, works, pictures, drawings, sounds, or symbols, or any combination thereof. Consultant shall not be responsible for any unauthorized modification or use of such information for other than its intended purpose by City.

b. Consultant shall fully defend, indemnify and hold harmless City, its officers and employees, and each and every one of them, from and against any and all claims, actions, lawsuits or other proceedings alleging that all or any part of the information prepared, produced, or provided by Consultant pursuant to this Agreement infringes upon any third party's trademark, trade name, copyright, patent or other intellectual property rights. City shall make reasonable efforts to notify Consultant not later than ten (10) days after City is served with any such claim, action, lawsuit or other proceeding, provided that City's failure to provide such notice within such time period shall not relieve Consultant of its obligations hereunder, which shall survive any termination or expiration of this Agreement.

c. All proprietary and other information received from Consultant by City, whether received in connection with Consultant's proposal, will be disclosed upon receipt of a request for disclosure, pursuant to the California Public Records Act; provided, however, that, if any information is set apart and clearly marked "trade secret" when it is provided to City, City shall give notice to Consultant of any request for the disclosure of such information. Consultant shall then have five (5) days from the date it receives such notice to enter into an agreement with the City, satisfactory to the City Attorney, providing for the defense of, and complete indemnification and reimbursement for all costs (including plaintiff's attorneys' fees) incurred by City in any legal action to compel the disclosure of such information under the California Public Records Act. Consultant shall have sole responsibility for defense of the actual "trade secret" designation of such information.

d. The parties understand and agree that any failure by Consultant to respond to the notice provided by City and/or to enter into an agreement with City, in accordance with the provisions of subsection c, above, shall constitute a complete waiver by Consultant of any rights regarding the information designated "trade secret" by Consultant, and such information shall be disclosed by City pursuant to applicable procedures required by the Public Records Act.

18. MISCELLANEOUS

a. Entire Agreement. This Agreement contains the entire agreement between the parties. Any and all verbal or written agreements made prior to the date of this Agreement are superseded by this Agreement and shall have no further effect.

b. Modification. No modification or change to the terms of this Agreement will be binding on a party unless in writing and signed by an authorized representative of that party.

c. Compliance with Laws. Consultant shall perform all services described herein in compliance with all applicable federal, state and local laws, rules, regulations, and ordinances, including but not limited to, (i) the Americans with Disabilities Act of 1990 (42 U.S.C. 12101, et seq.) ("ADA"), and any regulations and guidelines issued pursuant to the ADA; and (ii) Labor Code sections 1720, *et seq.*, which require prevailing wages (in accordance with DIR determinations at www.dir.ca.gov) be paid to any employee performing work covered by Labor Code sections 1720 *et seq.* Consultant shall pay to the City when due all business taxes payable by Consultant under the provisions of Chapter 6-04 of the Santa Rosa City Code. The City may deduct any delinquent business taxes, and any penalties and interest added to the delinquent taxes, from its payments to Consultant.

d. Discrimination Prohibited. With respect to the provision of services under this Agreement, Consultant agrees not to discriminate against any person because of the race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, genetic information, marital status, sex, gender, gender identity, gender expression, age, sexual orientation, or military and veteran status of that person.

e. Governing Law; Venue. This Agreement shall be governed, construed and enforced in accordance with the laws of the State of California. Venue of any litigation arising out of or connected with this Agreement shall lie exclusively in the state trial court in Sonoma County in the State of California, and the parties consent to jurisdiction over their persons and over the subject matter of any such litigation in such court, and consent to service of process issued by such court.

f. Waiver of Rights. Neither City acceptance of, or payment for, any service or performed by Consultant, nor any waiver by either party of any default, breach or condition precedent, shall be construed as a waiver of any provision of this Agreement, nor as a waiver of any other default, breach or condition precedent or any other right hereunder.

g. Incorporation of Attachments and Exhibits. The attachments and exhibits

to this Agreement are incorporated and made part of this Agreement, subject to terms and provisions herein contained.

Attachment One	Insurance Requirements
Exhibit A	City's Request for Proposals 19-39 - Investment Advisory Services dated May 14, 2019
Exhibit B	Consultant's proposal
Exhibit C	Revised Fee Schedule

19. AUTHORITY; SIGNATURES REQUIRED FOR CORPORATIONS

Consultant hereby represents and warrants to City that it is (a) a duly organized and validly existing limited liability company, formed and in good standing under the laws of the State of Delaware, (b) has the power and authority and the legal right to conduct the business in which it is currently engaged, and (c) has all requisite power and authority and the legal right to consummate the transactions contemplated in this Agreement. Consultant hereby further represents and warrants that this Agreement has been duly authorized, and when executed by the signatory or signatories listed below, shall constitute a valid agreement binding on Consultant in accordance with the terms hereof.

If this Agreement is entered into by a corporation, it shall be signed by two corporate officers, one from each of the following two groups: a) the chairman of the board, president or any vice-president; b) the secretary, any assistant secretary, chief financial officer, or any assistant treasurer. The title of the corporate officer shall be listed under the signat

20. INVESTMENT ADVISOR PROVISIONS

a. City hereby engages Consultant to serve as investment advisor under the terms of this Agreement with respect to the funds described in this Agreement and such other funds as City may from time to time assign by written notice to Consultant (collectively the "Managed Funds"), and Consultant accepts such appointment. In connection therewith, Consultant will provide investment research and supervision of the Managed Funds investments and conduct a continuous program of investment, evaluation and, when appropriate, sale and reinvestment of the Managed Funds assets. Consultant shall continuously monitor investment opportunities and evaluate investments of the Managed Funds. Consultant shall furnish City with statistical information and reports with respect to investments of the Managed Funds. Consultant shall place all orders for the purchase, sale, loan or exchange of portfolio securities for City's account with brokers or dealers recommended by Consultant and/or City, and to that end Consultant is authorized as agent of City to give instructions to the custodian designated by City (the "Custodian") as to deliveries of securities and payments of cash for the account of City. In connection with the selection of such brokers and dealers and the placing of such orders, Consultant is directed to seek for City the most favorable execution and price, the determination of which may take into account, subject to any applicable laws, rules and regulations, whether statistical, research and other information or services have been or will be furnished to Consultant by such brokers and dealers. The Custodian shall have custody of cash, assets and securities of City. Consultant shall not take possession of or act as custodian for the cash, securities or other assets of City and shall have no responsibility in connection therewith. Authorized investments shall include only those investments which are currently authorized by the state investment statutes and the applicable covenants and as supplemented by such other written instructions as may from time to time be provided by City to Consultant. Consultant shall be entitled to rely upon City's written advice with respect to anticipated drawdowns of Managed Funds.

Consultant will observe the instructions of City with respect to broker/dealers who are approved to execute transactions involving the Managed Funds and in the absence of such instructions will engage broker/dealers which Consultant reasonably believes to be reputable, qualified and financially sound.

b. Assets invested by Consultant under the terms of this Agreement may from time to time be invested in (i) a money market mutual fund managed by Consultant or (ii) a local government investment pool managed by Consultant (either, a "Pool") or in individual securities. Average daily net assets subject to the fees described in this Agreement shall not take into account any funds invested in the Pool. Expenses of the Pool, including compensation for Consultant and the Pool custodian, are described in the relevant prospectus or information statement and are paid from the Pool.

c. Consultant hereby represents it is a registered investment advisor under the Investment Advisers Act of 1940, as amended. Consultant shall immediately notify City if at any time during the term of this Agreement it is not so registered or if its registration is suspended. The federal securities laws impose liabilities under certain circumstances on persons who act in good faith. Nothing herein shall in any way constitute a waiver or limitation of any rights which City may have under any federal securities laws. City hereby authorizes Consultant to sign I.R.S. Form W-9 on behalf of City and to deliver such form to broker-dealers or others from time to time as required in connection with securities transactions pursuant to this Agreement.

d. City understands that Consultant performs investment advisory services for various other clients which may include investment companies, commingled trust funds and/or individual portfolios. City agrees that Consultant, in the exercise of its professional judgment, may give advice or take action with respect to any of its other clients which may differ from advice given or the timing or nature of action taken with respect to City. Consultant shall not have any obligation to purchase, sell or exchange any security for the Managed Funds solely by reason of the fact that Consultant, its principals, affiliates, or employees may purchase, sell or exchange such security for the account of any other client or for itself or its own accounts.

e. Consultant shall have no liability for any losses arising out of the delays in performing or inability to perform the services which it renders under this Agreement which result from events beyond its control, including interruption of the business activities of Consultant or other financial institutions due to acts of God, acts of governmental authority, acts of war, terrorism, civil insurrection, riots, labor difficulties, or any action or inaction of any carrier or utility, or mechanical or other malfunction.

f. Consultant shall promptly give notice to City if Consultant shall have been found to have violated any state or federal securities law or regulation in any final and unappealable judgment in any criminal action or civil suit in any state or federal court or in any disciplinary proceeding before the Securities and Exchange Commission ("SEC") or any other agency or department of the United States, any registered securities exchange, the Financial Industry Regulatory Authority ("FINRA"), or any regulatory authority of any State based upon the performance of services as an investment advisor.

g. Consultant shall maintain records of all transactions in the Managed Funds. Consultant shall provide City with a monthly statement showing deposits, withdrawals, purchases and sales (or maturities) of investments, earnings received, and the value of assets held on the last business day of the month. The statement shall be in the format and manner that is mutually agreed upon by Consultant and City.

h. Consultant warrants that it has delivered to City prior to the execution of this Agreement Consultant's current SEC Form ADV, Part 2A (Consultant's brochure) and Part 2B (Consultant's brochure supplement). City acknowledges receipt of such brochure and brochure supplement prior to the execution of this Agreement.

Executed as of the day and year first above stated.

CONSULTANT:

PFM Asset Management LLC, A Delaware Limited Liability Company

TYPE OF BUSINESS ENTITY *(check one)*:

______Individual/Sole Proprietor
______Partnership
______Corporation
__X__Limited Liability Company
______Other (please specify:____________)

Signatures of Authorized Persons:

By: Pah Wa

Print Name: Paulina Woo

Title: ____________________

By: ____________________

Print Name: ____________________

Title: ____________________

CITY OF SANTA ROSA
a Municipal Corporation

By: ____________________

Print Name: ____________________

Title: ____________________

APPROVED AS TO FORM:

JSC 9/16/19
Office of the City Attorney

ATTEST:

____
City Clerk

City of Santa Rosa Business Tax Cert. No.

____

Attachments:
Attachment One - Insurance Requirements
Exhibit A - City's Request for Proposals 19-39 - Investment Advisory Services - May 14, 2019
Exhibit B - Consultant's proposal
Exhibit C - Revised Fee Schedule

ATTACHMENT ONE
INSURANCE REQUIREMENTS FOR PROFESSIONAL SERVICES AGREEMENTS

A. Insurance Policies: Consultant shall, at all times during the terms of this Agreement, maintain and keep in full force and effect, the following policies of insurance with minimum coverage as indicated below and issued by insurers with AM Best ratings of no less than A-:VI or otherwise acceptable to the City.

	Insurance	Minimum Coverage Limits	Additional Coverage Requirements
1.	Commercial general liability	$ 1 million per occurrence $ 2 million aggregate	Coverage must be at least as broad as ISO CG 00 01 and must include completed operations coverage. If insurance applies separately to a project/location, aggregate may be equal to per occurrence amount. **Coverage may be met by a combination of primary and umbrella or excess insurance but umbrella and excess shall provide coverage at least as broad as specified for underlying coverage. Coverage shall not exclude subsidence.**
2.	Business auto coverage	$ 1 million	ISO Form Number CA 00 01 covering any auto (Code 1), or if Consultant has no owned autos, hired, (Code 8) and non-owned autos (Code 9), with limit no less than $ 1 million per accident for bodily injury and property damage.
3.	Professional liability (E&O)	$ 1 million per claim $ 1 million aggregate	Consultant shall provide on a policy form appropriate to profession. If on a claims made basis, Insurance must show coverage date prior to start of work and it must be maintained for three years after completion of work.

4. Workers' compensation and employer's liability	$ 1 million	As required by the State of California, with Statutory Limits and Employer's Liability Insurance with limit of no less than $ 1 million per accident for bodily injury or disease. The Workers' Compensation policy shall be endorsed with a waiver of subrogation in favor of the City for all work performed by the Consultant, its employees, agents and subcontractors.

B. Endorsements:

1. All policies shall provide or be endorsed to provide that coverage shall not be canceled, except after prior written notice has been provided to the City in accordance with the policy provisions.

2. Liability, umbrella and excess policies shall provide or be endorsed to provide the following:

   a. For any claims related to this project, Consultant's insurance coverage shall be primary and any insurance or self-insurance maintained by City shall be excess of the Consultant's insurance and shall not contribute with it; and,

   b. **The City of Santa Rosa, its officers, agents, employees and volunteers are to be covered as additional insureds on the CGL policy.** General liability coverage can be provided in the form of an endorsement to Consultant's insurance at least as broad as ISO Form CG 20 10 11 85 or if not available, through the addition of both CG 20 10 and CG 20 37 if a later edition is used.

C. Verification of Coverage and Certificates of Insurance: Consultant shall furnish City with original certificates and endorsements effecting coverage required above. Certificates and endorsements shall make reference to policy numbers. All certificates and endorsements are to be received and approved by the City before work commences and must be in effect for the duration of the Agreement. The City reserves the right to require complete copies of all required policies and endorsements.

D. Other Insurance Provisions:

1. No policy required by this Agreement (except the professional liability policy) shall prohibit Consultant from waiving any right of recovery prior to loss. Consultant hereby waives such right with regard to the indemnitees.

2. All insurance coverage amounts provided by Consultant and available or applicable to this Agreement are intended to apply to the full extent of the policies. Nothing contained in this Agreement limits the application of such insurance coverage. Defense costs must be paid in addition to coverage amounts.

3. Policies containing any self-insured retention (SIR) provision shall provide or be endorsed to provide that the SIR may be satisfied by either Consultant or City. Self-insured retentions above $10,000 must be approved by City.

4. Sole Proprietors must provide a representation of their Workers' Compensation Insurance exempt status.

5. City reserves the right to modify these insurance requirements while this Agreement is in effect, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.

REQUEST FOR PROPOSALS
RFP19-39

Investment Advisory Services

Issue Date

May 14, 2019

Request for Information/Questions Period

Accepted only by email or through the PlanetBids electronic process

by Thursday, May 23, 2019, at 1:00 p.m. PST

Proposal Submittal Due Date:

Only electronic proposals are being accepted, no paper responses.

June 11, 2019, at 2:00 p.m. PST

Submittals MUST occur through PlanetBids

CITY OF SANTA ROSA
Investment Advisory Services
RFP # 19-39

KEY ACTION EVENTS AND DATES

RFP responses must be received in the Purchasing office at 635 First Street, 2nd Floor, Santa Rosa, CA 95404, by June 11, 2019, at 2:00 p.m. PST. The City shall not be responsible for any delays on delivery.

This Request for Proposal will be governed by the following estimated schedule, subject to change:

*Release of RFP	May 14, 2019
*Q & A Inquiries or Questions	Closes May 23, 2019, at 1:00 p.m. PST
*Proposals Due Date	June 11, 2019 by 2:00 p.m. PST
*Contractor Interviews (if applicable)	June 24-28, 2019
*Proposal Evaluation Completed	July 8, 2019
*Agreement Document Processing	July 8 – August 30, 2019

(The City reserves the right to change schedule of events without prior notice or responsibility to Proposer.) Changes, if any, will be communicated via PlanetBids.

Inquiries or Questions and/or Requests for Clarification

All individuals or firms interested in submitting an RFP must address any questions or requests for clarification of the RFP via the PlanetBids website during the open period as outlined in Key Action Events and Dates. Questions will only be accepted through PlanetBids. Any City response to questions posed during the open period will be distributed per the schedule, and if responses result in a change to the RFP, it will be made in the form of an addendum to the RFP and will be distributed via PlanetBids.

GENERAL INFORMATION

1. PURPOSE

The City of Santa Rosa The City of Santa Rosa is seeking proposals from qualified firms interested in providing investment management services for the City's investment portfolio in accordance with the Scope of Services and Specifications indicated herein. The City desires to contract for services from a firm or firms registered with the Securities and Exchange Commission (SEC) under the Investment Advisor's Act of 1940 who will act in a fiduciary capacity and presents performance number in accordance with the CFA Institute's Global Investment Performance Standards "GIPS." The Investment Advisor will be required to manage the funds in accordance with the laws of the State of California, the City's Investment Policy, and other investment policies and procedures established by the City.

2. BACKGROUND

The City of Santa Rosa, a charter city with a population of 175,269, was incorporated in 1868 and is located 55 miles north of San Francisco. The City is the county seat of Sonoma County. The area provides residents one of the highest quality living environments in California and is the center of trade, government, commerce, and medical services for the North Bay and beyond. Regional, State and Federal offices and four general hospitals are located in the City. In addition, there are two centers for the arts, a museum, three libraries, 78 neighborhood and community parks and an ice arena. The City's proximity to the Pacific Ocean, San Francisco and the wine country make it a popular tourist destination. The local economy is balanced, with a variety of industries providing employment and generating tax revenues to support local government.

	City of Santa Rosa Funds	**Market Value[1]**
	Operating Funds Portfolio	$337,058,892
Internally	FDIC-Insured CD Portfolio	$913,859
Managed	Liquid Funds[2]	$13,336,835
Funds	Local Agency Investment Fund (LAIF)	$43,403,401
	Reserve Fund Portfolios	$12,150,436
	Total	**$406,863,422**

1. As of March 31, 2019. Includes accrued interest. Total may not add exactly due to rounding.
2. Liquid Funds: Chase Checking Account and custody account cash balances.

3. MINIMUM QUALIFICATIONS

To be considered for the role of Investment Advisor, the firm must meet the following minimum qualifications:

A. The investment management firm must be a registered investment advisor with the Securities and Exchange Commission under the Investment Company Act of 1940, or be exempt from registration;

B. The firm must be completely independent of any financial institution or brokerage firm, or fully disclose any such relationship. The proposer must act in a fiduciary capacity to the City;

C. The investment management firm must manage fixed-income assets of at least $10 billion of domestic fixed income assets for public entities. Assets for which periodic (daily, monthly, or quarterly) advice is provided should be excluded from the calculation of funds under management;

D. The investment management firm must have provided for at least five (5) years investment management services comparable to the scope of services contained in this RFP to at least one entity with at least $300 million in assets managed to a 1 – 3-year or 1 – 5-year fixed income benchmark;

E. The Investment Advisory firm must have at least ten (10) years of investment advisory services experience managing public funds for California entities, manage funds for a minimum of 20 public agencies in the state, and must have an existing office in the state as of the release date of this RFP;

F. The investment advisory firm must be able to provide ten (10) years of performance numbers prepared in accordance with the CFA Institute's Global Investment Performance Standards (GIPS).

4. SCOPE OF SERVICES

Specific responsibilities of the investment advisor will include, but are not limited to the following:

A. Firms must demonstrate that they meet the minimum qualifications described within this RFP.

B. Advise the City on all matters pertaining to the investment management of the City's portfolio.

C. Perform cash flow analyses to assist with identifying and maintaining appropriate allocations between the City's liquid and core funds.

D. Provide discretionary investment services including:

1. Execute investment trades on behalf of the City in accordance with the Investment Policy, and all applicable statutes and bond covenants, if applicable.
2. Solicit competitive quotes from financial institutions and broker/dealers for permitted investment securities and maintain written documentation of such quotes for review by the City, upon request.
3. Interface with the City's staff to assure the coordination of investments, delivery of securities, and availability of funds as needed. (All securities will be held by a third-party custodian in the name of the City and all transactions will settle on a "delivery versus payment" basis. The advisory will not provide custodial services or safekeeping.) The Firm will be required to work with the City's custodial bank for trades, transfers, sales, etc.
4. Monitor the portfolio in relation to the investment market to determine if investments should be repositioned.
5. Monitor the credit-worthiness of financial institutions and investments in the portfolio.

E. Provide input regarding the appropriate measurement of portfolio performance and benchmarks to assess performance.

F. Provide monthly reports on investment activity, earnings, and the market value of the portfolio holdings. Provide quarterly reports showing the portfolio's rate of return and sufficient detail for accounting (recording and management reporting) and financial statement (auditing) purposes. Provide year-end reports (i.e., Bloomberg Screens and Interest Earned detail).

G. Review and evaluate the City Investment Policy and provide written comments and recommend changes as needed.

H. Communicate regularly with City staff on investment decisions and strategy.

I. Lead quarterly investment management meetings to discuss the quarterly investment report, and current and forecasted market and economic conditions.

J. Invest the proceeds of tax-exempt bond issues, as well as reserve funds, in compliance with arbitrage and rebate requirements of the U.S. Treasury, currently described in Section 148 of the Internal Revenue Code of 1986, as amended, and of the related Code of Federal Regulations. In addition, maintain relevant records needed to perform computations required by the regulations.

K. Other investment management services, as may be mutually agreed to, if the firm has expertise and experience in these areas.

5. PROPOSAL FORMAT GUIDELINES AND EVALUATION CRITERIA

Proposal should be typed and should contain no more than 20 pages using a 12-point font size, excluding Index and Table of Contents. Each proposal will adhere to the following order and content of tabbed sections. Emphasis should be concentrated on conforming to the RFP instructions, responding to the RFP requirements, and on providing a complete and clear description of the offer. Proposals, which appear unrealistic in the terms of scope of services, lack of competence, or are indicative of failure to comprehend the complexity and risk of this contract, may be rejected. The following proposal tabbed sections are to be included in a response and will be subject to scoring:

Proposer Cover Letter
A cover letter, not to exceed two pages in length, should summarize key elements of the proposal. An individual authorized to bind the company must sign the letter. The letter must stipulate that the proposal price will be valid for a period of at least 120 days. Indicate the address and telephone number of the Proposers office located nearest to Santa Rosa, California, and the office from which the services will be managed.

To be responsive, Vendors must address all requirements in their written responses, as well as provide for the required written proposal elements as described herein.

Section 1: Company Information

A. Identification of firm, including name, address, email address, and telephone number.

B. Name, Title, email address, and telephone number of the firm's contact person during the period of proposal evaluation.

C. Firm Background and Organization (10 points)

1. Describe the organization, the type of services offered, ownership of your firm, and date founded. Specify the number of years your organization has been providing investment advisory services.
2. How many individuals does your firm employ? Please list employees by function, being sure to carefully specify the number of portfolio managers, portfolio strategists, credit researchers, and investment accountants.
3. Describe the firm's sources of revenue, categorized by retail and institutional accounts.
4. Describe any other business affiliations (e.g., subsidiaries, joint ventures, etc.)
5. Within the past three years, have there been any significant development in your organization (changes in ownership, new business ventures, etc.)? Do you expect any changes in the near future?
6. Provide a copy of your firm's most recent audited financial statement as an appendix.
7. Is your firm a registered investment advisor under the investment Advisor's Act of 1940? Please attach Part 2A of your most recent Form ADV as an appendix.
8. Describe any SEC, regulatory censure, or litigation involving your firm, any officer, or employee at any time for the last 10 years.
9. Fully describe the firm's professional errors and omissions insurance coverage.
10. Key Proposed Personnel and Team Organization
11. Provide the name, title, phone number, and email address of the primary contact person(s) assigned to this account.
12. Name the investment professionals who will be involved in the decision-making process for the City's portfolio. Information must include:
    i. Proposed role with the City;

ii. Biographical information;
iii. Experience working with other California public agencies;
iv. Number of years of experience in this field; and
v. Number of years with your firm.

13. What is the back-up if the primary portfolio manager or client contact is away?
14. How frequently would you suggest your staff meet with City staff and why? Who will attend these meetings?
15. Describe the firm's in-house investment research and analytical capabilities. What outside investment and market resources are used by the firm on a regular basis?

D. Describe the firm's training and education efforts to keep the firm's investment professionals informed of developments relevant to government entities.

Section 2: Technical Proposal

Technical proposals should be prepared simply and economically, providing a straightforward, concise description of capabilities to satisfy the requirements of the RFP. Emphasis should be on completeness and clarity of content. Proposals should not include any unnecessarily elaborate or promotional material.

A. Assets Under Management (15 Points)

1. Summarize your firm's institutional investment management asset totals by category for your latest reporting period in a format substantially similar to the following table:

Asset	Operating Funds	Bond Proceeds	Pension or Endowment	Other
Governmental	$	$	$	$
Other Institutional	$	$	$	$

2. Provide the number of accounts whose portfolios consist of bond proceeds.
3. List the percentage, by market value, of aggregate assets under management for portfolios with an average duration of one year or longer. Use portfolio holdings as of the latest reporting period in a format substantially similar to the following table:

Portfolio	%
U.S. Treasury Securities	
Federal Agency Obligations	
Corporate Securities rated AAA - AA	
Corporate Securities rated A	
Corporate Securities rated BBB or lower	
Commercial Paper rated A-1/P-1	
Bankers Acceptances rated A-1/P-1	
Certificates of Deposit	
Other	

4. Has your firm purchased or held any corporate security, with the past 10 years, that was subsequently downgraded, during the period while it was held, to below the minimum credit rating standards for purchase under the California Government Code? If so, please explain.

5. Provide your firms methodology for managing credit exposure for individual issuers over and above the information provided by the rating agencies. Does your firm have its own independent credit research team?
6. List your five largest clients in California. Identify whether these clients are (a) non-discretionary or oversight relationships, (b) portfolios comprising of retirement funds, or (c) those that are general fund relationships. Provide contact information for each.

B. Portfolio Management (15 points)

1. Are portfolios managed by teams or one individual?
2. Which professional in your firm will provide primary client contact?
3. How often will the firm meet with the City?
4. Describe procedures used to ensure that portfolios comply with client investment objectives, policies, and bond resolutions.
5. Provide data on account/asset growth and other performance statistics over the past three years for your fixed income clients.

C. Investment Philosophy/Approach (15 points)

1. Describe your firm's investment philosophy for public clients. Briefly describe your firm's investment management philosophy regarding average duration, maturity, investment types, credit quality, and yield.
2. What are the primary strategies for adding value to portfolios (e.g., market timing credit research, trading)?
3. Describe your firm's trading methodology and approach.
4. Describe your firm's decision-making process in terms of structure, such as committees and their membership, meeting frequency, responsibilities, integration of research ideas, and portfolio management.
5. How are the brokers/dealers selected? What process do you have in place to monitor brokers/dealers after they have been approved?
6. Describe your firm's credit philosophy and review process. Who at the firm is responsible for conducting credit research and monitoring?
7. Describe your experience with investing in companies that promote the use and production of renewable energy resources and any other type of socially responsible investments.

D. Performance and Reporting (15 points)

1. Describe how you typically report performance.
2. Provide performance history for the past five years, for current accounts comprising securities with maturities, quality, and sectors similar to the City's. Provide information about the composition and duration of the data used for your presentation of performance history.
3. Are you willing to develop reporting procedures in like with the City's needs and objectives?
4. Can the City access daily investment balances, transactions, and account history? If so, describe.
5. Are confirmations of investment transactions sent directly by the broker/dealer to the client?

E. Controls (10 points)

1. Describe the procedures used to ensure that client portfolios comply with investment objectives and policies.
2. Describe the firm's security environment. Specifically, cover the physical and digital security and software safeguards that you have put in place to control access to portfolio reporting systems and client account information.

F. Additional Information (10 points)

1. Briefly describe any additional features, attributes, or conditions which the City should consider in the selection process.
2. Describe any other services your firm can provide that may be applicable to the City's needs/accounts/portfolios.

G. Fee Structure (10 points)

1. Proposals should include all costs associated with providing the services described in the Scope of Work. Please include your firm's fee schedule that would apply to a contract with the City.
2. What expenses would be covered through the fee structure?
3. What additional cost would be required to implement your program (e.g. bank custodial fees, travel expenses, etc.?
4. Is there a minimum annual fee or retainer?

H. References

Please provide five California client references, including length of time managing their assets, client name, address, and phone number. Clients with portfolios similar in size and complexity to the City of Santa Rosa would be preferred.

For Vendors to conform to City of Santa Rosa Selection of Professional Services Policy 600-01, submissions shall include the following:

- Include confirmation that you are willing to sign our Agreement (PSA Included below)
- Provide the required insurance upon a notice of intent to award the Agreement (Sample Insurance Requirements Attached. Final requirements may change as determined by City of Santa Rosa Risk Management.)
- City will negotiate with the most qualified Vendor(s) to determine the final contract award.

The City of Santa Rosa evaluation panel will review all proposals submitted and select the top proposals based on qualifications, technical merit, and references. These top Proposals may then be invited for interviews to the evaluation panel in a City Office in Santa Rosa, California, at no cost to the City.

The City may request **Best and Final** offers based upon improved understanding of the offers or changed scope of work. Based on the initial proposals, interviews (if applicable), and Best and

Final offers (if requested), the panel will select the proposal which best fulfills the requirements and is the best value to the City. The City has the right to negotiate with that contractor to determine final pricing, and contract form.

Because this proposal is negotiable, all pricing data will remain confidential until after award is made, and there will be no public opening and reading of Proposals. Overall responsiveness to the Request for Proposals is an important factor in the evaluation process.

First initial evaluation of the proposals is expected to be completed within 15 days after their receipt. The lowest price proposal will not necessarily be selected, the City is procuring best value versus lowest price.

After written proposals have been reviewed, interviews with prospective contractor's may or may not be required. If scheduled, the interview will be a question/answer format for the purpose of clarifying the intent of any portions of the proposal. When attending oral interviews, the individual from your firm that will be directly responsible for carrying out the contract must be present at the interview.

Award is contingent upon the successful negotiation of final contract terms. Negotiations shall be confidential and not subject to disclosure to competing Contractor's unless an agreement is reached. If contract negotiations cannot be concluded successfully, the City may negotiate a contract with the next highest scoring Contractor or withdraw the RFP.

6. PROCESS FOR SUBMITTING PROPOSALS

Electronic submittals will only be accepted through PlanetBids.

Late proposals will not be accepted. Contractor shall be solely responsible for its delivery to the City prior to the date and hour set forth herein. Any proposals received after the date and hour set forth herein, because of delayed mail delivery or any other reason, will not be considered by the City.

The City reserves the right to declare as non-responsive and reject any proposal in which material information requested is not furnished, or where indirect or incomplete answers to information is provided. The City reserves the right to reject any or all of the proposals received, to negotiate with qualified Contractors, or to cancel the request for proposals in part or in its entirety without explanation to the Contractors.

The City of Santa Rosa reserves the right to revise or amend the request for proposal up to the time set for opening of proposals. Such revisions shall be announced by Addendum to this solicitation. All Addendums and additional information will be posted to the City of Santa Rosa Official web link on Planet Bids: https://www.planetbids.com/portal/portal.cfm?CompanyID=20314

7. STANDARD TERMS AND CONDITIONS

Cost for Preparing Proposal - The cost for developing the proposal is the sole responsibility of the Contractor. All proposals submitted become the property of the City.

Contract Discussions - Prior to award, the apparent successful individual/firm may be required to enter into discussions with the City to resolve any contractual differences. See **Attachment A** for a Sample Agreement and Attachment One Insurance Requirements.

Please carefully review the Sample Agreement and Insurance Requirement (Attachment A), in the next section of the RFP below, before responding to the Request for Proposal enclosed herein. Your response to the Request for Proposal must indicate if you are unwilling or unable to execute the agreement as drafted as well as providing the insurance requirements. The City will consider this in determining responsiveness to the Request for Proposal.

Confidentiality Requirements - The staff members assigned to this project are required to sign a non-disclosure statement. Proposals are subject to the Freedom of Information Act. The City cannot protect proprietary data submitted in proposals.

"All proposals, responses, inquiries, or correspondence relating to this RFP, and all reports, charts, and other documentation submitted by Contractor's (other than materials submitted as and qualifying as trade secrets under California Law as identified in the proposal) shall become the property of the City when received. The entire proposal shall be subject to the public records laws of the State of California except where a proper trade secrets exception has been made by the Contractor in accordance with the procedures allowed by California and Federal Law and marked in bold "Confidential."

Note: If proprietary/confidential information is identified in the original proposal, a redacted copy of the proposal must be submitted with the original and provided on a thumb drive, marked as "Redacted Copy". Otherwise, all proposals will be made subject to public record in its original form.

Financial Information – If the City is concerned about Contractors' financial capability to perform, the City may ask you to provide sufficient data to allow for an evaluation of your firm's financial capabilities.

Insurance Requirements - Contractor shall maintain in full force and effect all the insurance coverage described in, and in accordance with, Attachment One, "Insurance Requirements", which is attached hereto and hereby incorporated herein by this reference. Maintenance of the insurance coverages as set forth in Attachment One is a material element of this Agreement and a material part of the consideration provided by Contractor in exchange for the City's agreement to make the payments prescribed hereunder. Failure by Contractor to (i) maintain or renew coverage, (ii) provide the City notice of any changes, modifications, or reductions in coverage, or (iii) provide evidence of renewal, may be treated by the City as a material breach of this Agreement by Contractor, whereupon the City shall be entitled to all rights and remedies at law and in equity, including but not limited to the immediate termination of this Agreement. Notwithstanding the foregoing, any failure by Contractor to maintain required insurance coverage shall not excuse or alleviate Contractor from any of its other duties or obligations under this Agreement. In the event Contractor, with approval of the City pursuant to Section 11 below, retains or utilizes any subcontractors in the provision of any services to City under this Agreement, Contractor shall assure that any such subcontractor has first obtained, and shall maintain, all of the insurance coverage requirements set forth in Attachment One.

Registration – Firms must be registered to do business in the State of California, have a current City of Santa Rosa Business Tax certification and meet insurance requirements approved and on file before a contract will be awarded.

PROTEST PROCEDURES:

Vendors may file a "protest" to an RFP with the City's Purchasing Department via email to Purchasing Agent Brandalyn Tramel, btramel@srcity.org For a protest to be considered valid, the protest must:

1. Protest as to RFP process must be filed in writing within five (5) business days of the RFP issue date. A second protest period is allowed for the issuance of the Agreement. Protests for this period must be received in writing on or before 5:00 p.m. of the third business day following the posting of Bid Results/Notice of Intent to Award;

2. Clearly identify the specific irregularity or accusation;

3. Clearly identify the specific City staff determination or recommendation being protested;

4. Specify, in detail, the grounds of the protest and the facts supporting the protest; and

5. Include all relevant, supporting documentation with the protest at time of filing.
If the protest does not comply with each of these requirements, it will be rejected as invalid. If the protest is valid, the City's Purchasing Agent shall review the basis of the protest and all relevant information. The Purchasing Agent will provide a written decision to the protestor within ten (10) business days from receipt of protest. The decision from the Purchasing Agent, or her/her designee, is final and no further appeals will be considered.

“ATTACHMENT A”

CITY OF SANTA ROSA

PROFESSIONAL SERVICES AGREEMENT

WITH [NAME OF CONSULTANT]

AGREEMENT NUMBER _________

This "Agreement" is made as of this ____day of_______________, 2018 [leave date blank until all parties have signed or until Council approves], by and between the City of Santa Rosa, a municipal corporation ("City"), and [add consultant’s full name, for example, "XYZ Sales Corporation" or "ABC Consulting, LLC" or "ABC Enterprises, LP" or "John Smith, dba Smith Consulting"], a [add type of legal entity and state of entity formation or incorporation, for example, a "California Corporation" or a "Delaware Limited Liability Company" or a "Nevada Limited Partnership" or a" sole proprietor"] ("Consultant").

R E C I T A L S

A. City desires to [enter brief description of the task or project that is intended to be completed through this Agreement].

B. City desires to retain a qualified firm to conduct the services described above in accordance with the Scope of Services as more particularly set forth in Exhibit A to the Agreement.

C. Consultant represents to City that it is a firm composed of highly trained professionals and is fully qualified to conduct the services described above and render advice to City in connection with said services.

D. The parties have negotiated upon the terms pursuant to which Consultant will provide such services and have reduced such terms to writing.

AGREEMENT

NOW, THEREFORE, City and Consultant agree as follows:

1. SCOPE OF SERVICES

Consultant shall provide to City the services described in Exhibit A ("Scope of Services") [attach either City’s description of the services to be provided or Consultant’s proposal and mark as Exhibit A]. Consultant shall provide these services at the time, place, and in the manner specified in Exhibit A. Exhibit A is attached hereto for the purpose of defining the manner and scope of services to be provided by Consultant and is not intended to, and shall not be construed so as to, modify or expand the terms, conditions or provisions contained in this Agreement. In the event of any conflict between this Agreement and any terms or conditions of any document prepared or provided by Consultant and made a part of this Agreement, including without limitation any document relating to the scope of services or payment therefor, the terms of this Agreement shall control and prevail.

2. COMPENSATION

a. City shall pay Consultant for services rendered pursuant to this Agreement at the rates, times and in the manner set forth in Exhibit B. Consultant shall submit monthly statements to City which shall itemize the services performed as of the date of the statement and set forth a progress report, including work accomplished during the period, percent of each task completed, and planned effort for the next period. Invoices shall identify personnel who have worked on the services provided, the number of hours each worked during the period covered by the invoice, the hourly rate for each person, and the percent of the total project completed, consistent with the rates and amounts shown in Exhibit B.

b. The payments prescribed herein shall constitute all compensation to Consultant for all costs of services, including, but not limited to, direct costs of labor of employees engaged by Consultant, travel expenses, telephone charges, copying and reproduction, computer time, and any and all other costs, expenses and charges of Consultant, its agents and employees. In no event shall City be obligated to pay late fees or interest, whether or not such requirements are contained in Consultant's invoice.

c. Notwithstanding any other provision in this Agreement to the contrary, the total maximum compensation to be paid for the satisfactory accomplishment and completion of all services to be performed hereunder shall in no event exceed the sum of [enter maximum amount in written and numeric form, for example – "ten-thousand, five-hundred dollars and no cents ($10,500.00)"]. The City's Chief Financial Officer is authorized to pay all proper claims from Charge Number [enter IFAS charge number].

3. DOCUMENTATION; RETENTION OF MATERIALS

a. Consultant shall maintain adequate documentation to substantiate all charges as required under Section 2 of this Agreement.

b. Consultant shall keep and maintain full and complete documentation and accounting records concerning all extra or special services performed by it that are compensable by other than an hourly or flat rate and shall make such documents and records available to authorized representatives of City for inspection at any reasonable time.

c. Consultant shall maintain the records and any other records related to the performance of this Agreement and shall allow City access to such records during the performance of this Agreement and for a period of four (4) years after completion of all services hereunder.

4. INDEMNITY

a. Consultant shall, to the fullest extent permitted by law, indemnify, protect, defend and hold harmless City, and its employees, officials and agents ("Indemnified Parties") from all claims, demands, costs or liability (including liability for claims, suits, actions, arbitration proceedings, administrative proceedings, regulatory proceedings, losses, expenses or costs of any kind, interest, defense costs, and expert witness fees), that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of Consultant, its officers, employees, or agents, in said performance of professional services under this Agreement, excepting only liability arising from the sole negligence, active negligence or intentional misconduct of City.

b. The existence or acceptance by City of any of the insurance policies or coverages described in this Agreement shall not affect or limit any of City's rights under this Section 4, nor shall the limits of such insurance limit the liability of Consultant hereunder. This Section 4 shall not apply to any intellectual property claims, actions, lawsuits or other proceedings subject to the provisions of Section 17(b), below. The provisions of this Section 4 shall survive any expiration or termination of this Agreement.

5. INSURANCE

a. Consultant shall maintain in full force and effect all of the insurance coverage described in, and in accordance with, Attachment One, "Insurance Requirements." Maintenance of the insurance coverage set forth in Attachment One is a material element of this Agreement and a material part of the consideration provided by Consultant in exchange for City's agreement to make the payments prescribed hereunder. Failure by Consultant to (i) maintain or renew coverage, (ii) provide City notice of any changes, modifications, or reductions in coverage, or (iii) provide evidence of renewal, may be treated by City as a material breach of this Agreement by Consultant, whereupon City shall be entitled to all rights and remedies at law or in equity, including but not limited to immediate termination of this Agreement. Notwithstanding the foregoing, any failure by Consultant to maintain required insurance coverage shall not excuse or alleviate Consultant from any of its other duties or obligations under this Agreement. In the event Consultant, with approval of City pursuant to Section 6 below, retains or utilizes any subcontractors or subconsultants in the provision of any services to City under this Agreement, Consultant shall assure that any such subcontractor has first obtained, and shall maintain, all of the insurance coverages set forth in the Insurance Requirements in Attachment One.

b. Consultant agrees that any available insurance proceeds broader than or in excess of the coverages set forth in the Insurance Requirements in Attachment One shall be available to the additional insureds identified therein.

c. Consultant agrees that the insurance coverages and limits provided under this Agreement are the greater of: (i) the coverages and limits specified in Attachment One, or (ii) the broader coverages and maximum limits of coverage of any insurance policy or proceeds available to the name insureds.

6. ASSIGNMENT

Consultant shall not assign any rights or duties under this Agreement to a third party without the express prior written consent of City, in City's sole and absolute discretion. Consultant agrees that the City shall have the right to approve any and all subcontractors and subconsultants to be used by Consultant in the performance of this Agreement before Consultant contracts with or otherwise engages any such subcontractors or subconsultants.

7. NOTICES

Except as otherwise provided in this Agreement, any notice, submittal or communication required or permitted to be served on a party, shall be in writing and may be served by personal delivery to the person or the office of the person identified below. Service may also be made by mail, by placing first-class postage, and addressed as indicated below, and depositing in the United States mail to:

City Representative:	Consultant Representative:
[Include name of Project Manager]	[Include name of Project Manager]
[Include Address and Telephone and Facsimile Number]	[Include Address, Telephone and Facsimile Number]

8. INDEPENDENT CONTRACTOR

a. It is understood and agreed that Consultant (including Consultant's employees) is an independent contractor and that no relationship of employer-employee exists between the parties hereto for any purpose whatsoever. Neither Consultant nor Consultant's assigned personnel shall be entitled to any benefits payable to employees of City. City is not required to make any deductions or withholdings from the compensation payable to Consultant under the provisions of this Agreement, and Consultant shall be issued a Form 1099 for its services hereunder. As an independent contractor, Consultant hereby agrees to indemnify and hold City harmless from any and all claims that may be made against City based upon any contention by any of Consultant's employees or by any third party, including but not limited to any state or federal agency, that an employer-employee relationship or a substitute therefor exists for any purpose whatsoever by reason of this Agreement or by reason of the nature and/or performance of any services under this Agreement.

b. It is further understood and agreed by the parties hereto that Consultant, in the performance of Consultant's obligations hereunder, is subject to the control and direction of City as to the designation of tasks to be performed and the results to be accomplished under this Agreement, but not as to the means, methods, or sequence used by Consultant for accomplishing such results. To the extent that Consultant obtains permission to, and does, use City facilities, space, equipment or support services in the performance of this Agreement, this use shall be at the Consultant's sole discretion based on the Consultant's determination that such use will promote Consultant's efficiency and effectiveness. Except as may be specifically provided elsewhere in this Agreement, the City does not require that Consultant use City facilities, equipment or support services or work in City locations in the performance of this Agreement.

c. If, in the performance of this Agreement, any third persons are employed by Consultant, such persons shall be entirely and exclusively under the direction, supervision, and control of Consultant. Except as may be specifically provided elsewhere in this Agreement, all terms of employment, including hours, wages, working conditions, discipline, hiring, and discharging, or any other terms of employment or requirements of law, shall be determined by Consultant. It is further understood and agreed that Consultant shall issue W-2 or 1099 Forms for income and employment tax purposes, for all of Consultant's assigned personnel and subcontractors.

d. The provisions of this Section 8 shall survive any expiration or termination of this Agreement. Nothing in this Agreement shall be construed to create an exclusive relationship between City and Consultant. Consultant may represent, perform services for, or be employed by such additional persons or companies as Consultant sees fit.

9. ADDITIONAL SERVICES

Changes to the Scope of Services shall be by written amendment to this Agreement and shall be paid on an hourly basis at the rates set forth in Exhibit B or paid as otherwise agreed upon by the parties in writing prior to the provision of any such additional services.

10. SUCCESSORS AND ASSIGNS

City and Consultant each binds itself, its partners, successors, legal representatives and assigns to the other party to this Agreement and to the partners, successors, legal representatives and assigns of such other party in respect of all promises and agreements contained herein.

11. TERM, SUSPENSION, TERMINATION

a. This Agreement shall become effective on the date that it is made, set forth on the first page of the Agreement, and shall continue in effect until both parties have fully performed their respective obligations under this Agreement, unless sooner terminated as provided herein.

b. City shall have the right at any time to temporarily suspend Consultant's performance hereunder, in whole or in part, by giving a written notice of suspension to Consultant. If City gives such notice of suspension, Consultant shall immediately suspend its activities under this Agreement, as specified in such notice.

c. City shall have the right to terminate this Agreement for convenience at any time by giving a written notice of termination to Consultant. Upon such termination, Consultant shall submit to City an itemized statement of services performed as of the date of termination in accordance with Section 2 of this Agreement. These services may include both completed work and work in progress at the time of termination. City shall pay Consultant for any services for which compensation is owed; provided, however, City shall not in any manner be liable for lost profits that might have been made by Consultant had the Agreement not been terminated or had Consultant completed the services required by this Agreement. Consultant shall promptly deliver to City all documents related to the performance of this Agreement in its possession or control. All such documents shall be the property of City without additional compensation to Consultant.

12. TIME OF PERFORMANCE

The services described herein shall be provided during the period, or in accordance with the schedule, set forth in Exhibit A. Consultant shall complete all the required services and tasks and complete and tender all deliverables to the reasonable satisfaction of City, not later than [enter expected completion date].

13. STANDARD OF PERFORMANCE

Consultant shall perform all services performed under this Agreement in the manner and according to the standards currently observed by a competent practitioner of Consultant's profession in California. All products of whatsoever nature that Consultant delivers to City shall be prepared in a professional manner and conform to the standards of quality normally observed by a person currently practicing in Consultant's profession, and shall be provided in accordance with any schedule of performance. Consultant shall assign only competent personnel to perform services under this Agreement. Consultant shall notify City in writing of any changes in Consultant's staff assigned to perform the services under this Agreement prior to any such performance. In the event that City, at any time, desires the removal of any person assigned by Consultant to perform services under this Agreement, because City, in its sole discretion, determines that such person is not performing in accordance with the standards required herein, Consultant shall remove such person immediately upon receiving notice from City of the desire of City for the removal of such person.

14. CONFLICTS OF INTEREST

Consultant covenants that neither it, nor any officer or principal of its firm, has or shall acquire any interest, directly or indirectly, that would conflict in any manner with the interests of City or that would in any way hinder Consultant's performance of services under this Agreement. Consultant further covenants that in the performance of this Agreement, no person having any such interest shall be employed by it as an officer, employee, agent or subcontractor, without the written consent of City. Consultant agrees to avoid conflicts of interest or the appearance of any conflicts of interest with the interests of City at all times during the performance of this Agreement.

15. CONFLICT OF INTEREST REQUIREMENTS

a. **Generally.** The City's Conflict of Interest Code requires that individuals who qualify as "consultants" under the Political Reform Act, California Government Code sections 87200 *et seq*., comply with the conflict of interest provisions of the Political Reform Act and the City's Conflict of Interest Code, which generally prohibit individuals from making or participating in the making of decisions that will have a material financial effect on their economic interests. The term "consultant" generally includes individuals who make governmental decisions or who serve in a staff capacity.

b. **Conflict of Interest Statements**. The individual(s) who will provide services or perform work pursuant to this Agreement are "consultants" within the meaning of the Political Reform Act and the City's Conflict of Interest Code:

____ yes ____ no *(check one)*

If "yes" is checked by the City, Consultant shall cause the following to occur within 30 days after execution of this Agreement:

(1) Identify the individuals who will provide services or perform work under this Agreement as "consultants"; and

(2) Cause these individuals to file with the City Clerk the assuming office statements of economic interests required by the City's Conflict of Interest Code.

Thereafter, throughout the term of the Agreement, Consultant shall cause these individuals to file with the City Clerk annual statements of economic interests, and "leaving office" statements of economic interests, as required by the City's Conflict of Interest Code.

The above statements of economic interests are public records subject to public disclosure under the California Public Records Act. The City may withhold all or a portion of any payment due under this Agreement until all required statements are filed.

16. CONFIDENTIALITY OF CITY INFORMATION

During performance of this Agreement, Consultant may gain access to and use City information regarding inventions, machinery, products, prices, apparatus, costs, discounts, future plans, business affairs, governmental affairs, processes, trade secrets, technical matters, systems, facilities, customer lists, product design, copyright, data, and other vital information (hereafter collectively referred to as "City Information") that are valuable, special and unique assets of the City. Consultant agrees to protect all City Information and treat it as strictly confidential, and further agrees that Consultant shall not at any time, either directly or indirectly, divulge, disclose or communicate in any manner any City Information to any third party without the prior written consent of City. In addition, Consultant shall comply with all City policies governing the use of the City network and technology systems. A violation by Consultant of this Section 16 shall be a material violation of this Agreement and shall justify legal and/or equitable relief.

17. CONSULTANT INFORMATION

a. City shall have full ownership and control, including ownership of any copyrights, of all information prepared, produced, or provided by Consultant pursuant to this Agreement. In this Agreement, the term "information" shall be construed to mean and include: any and all work product, submittals, reports, plans, specifications, and other deliverables consisting of documents, writings, handwritings, typewriting, printing, photostatting, photographing, computer models, and any other computerized data and every other means of recording any form of information, communications, or representation, including letters, works, pictures, drawings, sounds, or symbols, or any combination thereof. Consultant shall not be responsible for any unauthorized modification or use of such information for other than its intended purpose by City.

b. Consultant shall fully defend, indemnify and hold harmless City, its officers and employees, and each and every one of them, from and against any and all claims, actions, lawsuits or other proceedings alleging that all or any part of the information prepared, produced, or provided by Consultant pursuant to this Agreement infringes upon any third party's trademark, trade name, copyright, patent or other intellectual property rights. City shall make reasonable efforts to notify Consultant not later than ten (10) days after City is served with any such claim, action, lawsuit or other proceeding, provided that City's failure to provide such notice within such time period shall not relieve Consultant of its obligations hereunder, which shall survive any termination or expiration of this Agreement.

c. All proprietary and other information received from Consultant by City, whether received in connection with Consultant's proposal, will be disclosed upon receipt of a request for disclosure, pursuant to the California Public Records Act; provided, however, that, if any information is set apart and clearly marked "trade secret" when it is provided to City, City shall give notice to Consultant of any request for the disclosure of such information. Consultant shall then have five (5) days from the date it receives such notice to enter into an agreement with the City, satisfactory to the City Attorney, providing for the defense of, and complete indemnification and reimbursement for all costs (including plaintiff's attorneys' fees) incurred by City in any legal action to compel the disclosure of such information under the California Public Records Act. Consultant shall have sole responsibility for defense of the actual "trade secret" designation of such information.

d. The parties understand and agree that any failure by Consultant to respond to the notice provided by City and/or to enter into an agreement with City, in accordance with the provisions of subsection c, above, shall constitute a complete waiver by Consultant of any rights regarding the information designated "trade secret" by Consultant, and such information shall be disclosed by City pursuant to applicable procedures required by the Public Records Act.

18. MISCELLANEOUS

a. Entire Agreement. This Agreement contains the entire agreement between the parties. Any and all verbal or written agreements made prior to the date of this Agreement are superseded by this Agreement and shall have no further effect.

b. Modification. No modification or change to the terms of this Agreement will be binding on a party unless in writing and signed by an authorized representative of that party.

c. Compliance with Laws. Consultant shall perform all services described herein in compliance with all applicable federal, state and local laws, rules, regulations, and ordinances, including but not limited to, (i) the Americans with Disabilities Act of 1990 (42 U.S.C. 12101, et seq.) ("ADA"), and any regulations and guidelines issued pursuant to the ADA; and (ii) Labor Code sections 1720, *et seq.*, which require prevailing wages (in accordance with DIR determinations at www.dir.ca.gov) be paid to any employee performing work covered by Labor Code sections 1720 *et seq*. Consultant shall pay to the City when due all business taxes payable by Consultant under the provisions of Chapter 6-04 of the Santa Rosa City Code. The City may deduct any delinquent business taxes, and any penalties and interest added to the delinquent taxes, from its payments to Consultant.

d. Discrimination Prohibited. With respect to the provision of services under this Agreement, Consultant agrees not to discriminate against any person because of the race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, genetic information, marital status, sex, gender, gender identity, gender expression, age, sexual orientation, or military and veteran status of that person.

e. Governing Law; Venue. This Agreement shall be governed, construed and enforced in accordance with the laws of the State of California. Venue of any litigation arising out of or connected with this Agreement shall lie exclusively in the state trial court in Sonoma County in the State of California, and the parties consent to jurisdiction over their persons and over the subject matter of any such litigation in such court, and consent to service of process issued by such court.

f. Waiver of Rights. Neither City acceptance of, or payment for, any service or performed by Consultant, nor any waiver by either party of any default, breach or condition precedent, shall be construed as a waiver of any provision of this Agreement, nor as a waiver of any other default, breach or condition precedent or any other right hereunder.

g. Incorporation of Attachments and Exhibits. The attachments and exhibits

to this Agreement are incorporated and made part of this Agreement, subject to terms and provisions herein contained.

19. AUTHORITY; SIGNATURES REQUIRED FOR CORPORATIONS

Consultant hereby represents and warrants to City that it is (a) a duly organized and validly existing [enter type of entity], formed and in good standing under the laws of the State of [enter state of formation for corporations, LPs and LLCs], (b) has the power and authority and the legal right to conduct the business in which it is currently engaged, and (c) has all requisite power and authority and the legal right to consummate the transactions contemplated in this Agreement. Consultant hereby further represents and warrants that this Agreement has been duly authorized, and when executed by the signatory or signatories listed below, shall constitute a valid agreement binding on Consultant in accordance with the terms hereof.

If this Agreement is entered into by a corporation, it shall be signed by two corporate officers, one from each of the following two groups: a) the chairman of the board, president or any vice-president; b) the secretary, any assistant secretary, chief financial officer, or any assistant treasurer. The title of the corporate officer shall be listed under the signature.

Executed as of the day and year first above stated.

CONSULTANT:

Name of Firm:________________________

TYPE OF BUSINESS ENTITY *(check one)*:

_____ Individual/Sole Proprietor
_____Partnership
_____Corporation
_____ Limited Liability Company
_____ Other (please specify: ___________)

Signatures of Authorized Persons:

By: _____________________________

Print Name:_______________________

Title: ____________________________

By: _____________________________

Print Name:_______________________

Title: ____________________________

City of Santa Rosa Business Tax Cert. No.

____

Attachments:
Attachment One - Insurance Requirements
Exhibit A - Scope of Services
Exhibit B - Compensation

CITY OF SANTA ROSA
a Municipal Corporation

By:________________________________

Print
Name:_____________________________

Title:_______________________________

APPROVED AS TO FORM:

____
Office of the City Attorney
ATTEST:

____
City Clerk
[Remove signature block if agreement not approved by Council]

<u>**ATTACHMENT ONE**</u>

INSURANCE REQUIREMENTS FOR

PROFESSIONAL SERVICES AGREEMENTS

A. Insurance Policies: Consultant shall, at all times during the terms of this Agreement, maintain and keep in full force and effect, the following policies of insurance with minimum coverage as indicated below and issued by insurers with AM Best ratings of no less than A-:VI or otherwise acceptable to the City.

	Insurance	Minimum Coverage Limits	Additional Coverage Requirements
1.	Commercial general liability	$ 1 million per occurrence $ 2 million aggregate	Coverage must be at least as broad as ISO CG 00 01 and must include completed operations coverage. If insurance applies separately to a project/location, aggregate may be equal to per occurrence amount. **Coverage may be met by a combination of primary and umbrella or excess insurance but umbrella and excess shall provide coverage at least as broad as specified for underlying coverage. Coverage shall not exclude subsidence**.
2.	Business auto coverage	$ 1 million	ISO Form Number CA 00 01 covering any auto (Code 1), or if Consultant has no owned autos, hired, (Code 8) and non-owned autos (Code 9), with limit no less than $ 1 million per accident for bodily injury and property damage.
3.	Professional liability (E&O)	$ 1 million per claim $ 1 million aggregate	Consultant shall provide on a policy form appropriate to profession. If on a claims made basis, Insurance must show coverage date prior to start of work and it must be maintained for three years after completion of work.

4. Workers' compensation and employer's liability	$ 1 million	As required by the State of California, with Statutory Limits and Employer's Liability Insurance with limit of no less than $ 1 million per accident for bodily injury or disease. The Workers' Compensation policy shall be endorsed with a waiver of subrogation in favor of the City for all work performed by the Consultant, its employees, agents and subcontractors.

B. Endorsements:

1. All policies shall provide or be endorsed to provide that coverage shall not be canceled, except after prior written notice has been provided to the City in accordance with the policy provisions.

2. Liability, umbrella and excess policies shall provide or be endorsed to provide the following:

   a. For any claims related to this project, Consultant's insurance coverage shall be primary and any insurance or self-insurance maintained by City shall be excess of the Consultant's insurance and shall not contribute with it; and,

   b. **The City of Santa Rosa, its officers, agents, employees and volunteers are to be covered as additional insureds on the CGL policy**. General liability coverage can be provided in the form of an endorsement to Consultant's insurance at least as broad as ISO Form CG 20 10 11 85 or if not available, through the addition of both CG 20 10 and CG 20 37 if a later edition is used.

C. Verification of Coverage and Certificates of Insurance: Consultant shall furnish City with original certificates and endorsements effecting coverage required above. Certificates and endorsements shall make reference to policy numbers. All certificates and endorsements are to be received and approved by the City before work commences and must be in effect for the duration of the Agreement. The City reserves the right to require complete copies of all required policies and endorsements.

D. Other Insurance Provisions:

1. No policy required by this Agreement shall prohibit Consultant from waiving any right of recovery prior to loss. Consultant hereby waives such right with regard to the indemnitees.

2. All insurance coverage amounts provided by Consultant and available or applicable to this Agreement are intended to apply to the full extent of the policies. Nothing contained in this Agreement limits the application of such insurance coverage. Defense costs must be paid in addition to coverage amounts.

3. Policies containing any self-insured retention (SIR) provision shall provide or be endorsed to provide that the SIR may be satisfied by either Consultant or City. Self-insured retentions above $10,000 must be approved by City. At City's option, Consultant may be required to provide financial guarantees.

4. Sole Proprietors must provide a representation of their Workers' Compensation Insurance exempt status.

5. City reserves the right to modify these insurance requirements while this Agreement is in effect, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.

EXHIBIT B

June 11, 2019

City of Santa Rosa

Proposal for Investment Advisory Services

RFP 19-39

Presented by

pfm

PFM Asset
Management LLC

50 California Street
Suite 2300
San Francisco, CA 94111

415.982.5544
pfm.com

June 11, 2019

City of Santa Rosa, California

Proposal for Investment Advisory Services

RFP 19-39

Table of Contents

PFM Asset
Management LLC

50 California Street
Suite 2300
San Francisco, CA 94111

415.982.5544
pfm.com

ABOUT PFM

PFM is the marketing name for a group of affiliated companies providing a range of services. All services are provided through separate agreements with each company. This material is for general information purposes only and is not intended to provide specific advice or a specific recommendation.

Investment advisory services are provided by PFM Asset Management LLC which is registered with the Securities and Exchange Commission ("SEC") under the Investment Advisers Act of 1940. Financial advisory services are provided by PFM Financial Advisors LLC and Public Financial Management, Inc. Both are registered municipal advisors with the SEC and the Municipal Securities Rulemaking Board ("MSRB") under the Dodd-Frank Act of 2010. Swap advisory services are provided by PFM Swap Advisors LLC which is registered as a municipal advisor with both the MSRB and SEC under the Dodd-Frank Act of 2010, and as a commodity trading advisor with the Commodity Futures Trading Commission. Additional applicable regulatory information is available upon request.

Consulting services are provided through PFM Group Consulting LLC. Institutional purchasing card services are provided through PFM Financial Services LLC. PFM's financial modeling platform for strategic forecasting is provided through PFM Solutions LLC. A web-based platform for municipal bond information is provided through Munite LLC.

For more information regarding PFM's services or entities, please visit www.pfm.com.

June 10, 2019

City of Santa Rosa
Purchasing Office
635 First Street, 2nd Floor
Santa Rosa, CA 95404

RE: Proposal for Investment Advisory Services, RFP 19-39

Dear Mr. Alton:

On behalf of PFM Asset Management LLC ("PFM"), we are pleased to submit our proposal to provide investment advisory services to the City of Santa Rosa (the "City"). As your partner, we are committed to helping the City's Finance Department provide "ethical oversight and management of public funds."

pfm

50 California Street
Suite 2300
San Francisco, CA 94111
415.982.5544

pfm.com

In addition to our nearly 40 years of experience managing public funds, we have had the privilege of working with the City for 12 years and hope that we have exceeded your expectations in developing and implementing an investment strategy focused on achieving your long-term objectives while protecting the City's portfolio. We believe that our comprehensive knowledge of the City's investment program, its history and unique challenges, combined with our experienced team and in-depth resources, differentiate PFM from other firms. We are confident that we can continue to successfully partner with the City as its investment needs evolve.

We affirm that PFM meets all the City's minimum requirements of the RFP. We are an independent, registered investment advisor with more than $87.1 billion in domestic fixed income assets under management ("AUM"), $21.4 billion of which are managed to a 1-3 year or 1-5 year benchmark for well over 10 years, as of March 31, 2019. In addition, we advise on $42.3 billion in non-discretionary assets ("AUA"), for a total of $141.6 billion in total AUM or AUA, as of March 31, 2019. Since 1989, PFM has served more than 100 California public agencies from our San Francisco and Los Angeles offices, and we continue to deliver competitive performance, reviews of which are prepared and presented in accordance with the Global Investment Performance Standards ("GIPS"), on their behalf today.

We believe the following attributes set us apart from other firms and are the reasons why the City should consider continuing our longstanding and valued relationship:

- **Long-Term Collaboration with the City.** We have provided investment advisory services to the City since 2007. During this time, we have added value to the portfolio through diversification while helping to protect the City from unexpected risks and adverse outcomes. We believe the benefit of our management was most noteworthy during the financial crisis when the portfolio experienced no principal losses. ***Since 2007, the City's operating portfolio has earned more than $34.9 million in incremental earnings and generated significant outperformance over its benchmark*** (The City's custom index was the ICE BofAML 1 Year U.S. Treasury Index from before December 2010, the ICE BofAML 0-3 Year U.S. Treasury Index from January 2011 to December 2014, and is the ICE BofAML 1-3

Year U.S. Treasury Index beginning January 2015). Additionally, we worked with the City to streamline monthly and annual reporting to save staff time and eliminate software costs. We have always been sensitive to the challenges that that the City faces. We believe in supporting the clients we serve, and over the length of our relationship we believe that we have been fair and flexible in adjusting our fees to benefit the City.

- **Customized Strategy that Has Met City Objectives.** In close coordination with the City, we have implemented a diversified portfolio strategy designed to help protect the City's assets, weather a multitude of market conditions and interest rate cycles and safely grow the City's portfolio value. We dynamically and proactively manage the portfolio to capture relative value among the various allowable sectors and to help protect the portfolio in times of stress. This strategy has incorporated the City's risk tolerances and objectives, while helping to ensure that safety of principal has always been at the forefront.
- **Longstanding, Experienced Engagement Team** – ***Paulina Woo, Lauren Brant*** and ***Allison Kaune,*** the City's primary contacts, will continue to manage the City's relationship in close coordination with ***Bob Cheddar, CFA***, and ***Brian Raubenstine.*** This team has served the City since 2007 and will continue to leverage our 246 asset management professionals (as of March 31, 2019), who are dedicated to all aspects of investing public funds to help ensure the City continues to receive the highest quality of service.
- **Holistic and Integrated Approach to Serving the City.** We not only provide core fixed income portfolio management services to the City, we also provide outsourced chief investment officer ("OCIO") services for the City's other post-employment benefits ("OPEB") Trust, arbitrage rebate, and treasury consulting services. Our affiliates provide consulting and financial advisory services to the City. In addition to managing the City's core fixed income portfolio, we have assisted the City in a number of roles over the years, including working with staff to help enhance the Investment Policy, manage debt service reserve and bond proceeds funds, and provide a general financial resource for City staff.

We are proud of our partnership with the City and the results we have achieved together. We are confident that our extensive experience with the City, responsive project team and, most importantly, our stewardship of City funds demonstrate our commitment to the City's success. We look forward to continuing our partnership with the City. Should you have any questions about our proposal, please contact us at 415.982.5544 or by email at woop@pfm.com or brantl@pfm.com.

Sincerely,

Paulina Woo
Managing Director
PFM Asset Management LLC

Lauren Brant
Managing Director
PFM Asset Management LLC

I. Company Information

A. Identification of firm, including name, address, email address, and telephone number.

PFM Asset Management LLC, 50 California Street, Suite 2300, San Francisco CA 94111
woop@pfm.com | 415.982.5544

B. Name, Title, email address, and telephone number of the firm's contact person during the period of proposal evaluation.

Paulina Woo, Managing Director | 415.982.5544 | woop@pfm.com

C. Firm Background and Organization

1. Describe the organization, the type of services offered, ownership of your firm, and date founded. Specify the number of years your organization has been providing investment advisory services.

PFM is a leading provider of independent investment management services to public entities and other institutional investors.[1] We had $141.6 billion in total assets (including $99.3 billion in discretionary AUM and $42.3 billion in non-discretionary AUA), as of March 31, 2019. In California alone, we manage and advise on $45.1 billion in fixed income assets for 147 clients, including 53 cities — far exceeding the City's minimum requirement for California public funds experience.

PFM's original practice was founded in 1975 to provide independent financial advisory services to the public sector. We began providing investment advisory services in 1980 and created PFM Asset Management LLC in 2001 as the entity through which we provide investment advisory services. PFM has been providing investment advisory services to public agencies for 39 years. These services include management of fixed-income portfolios for operating funds, working capital funds, and proceeds of debt issues. We also provide cash management services for local government investment pools ("LGIPs"). In addition, we manage portfolios comprising multi-asset class securities for pensions, endowments, foundations and insurance funds. PFM is 100% owned by 92 managing directors (as of March 31, 2019), who manage various practices within the firm and set its strategic direction.

2. How many individuals does your firm employ? Please list employees by function, being sure to carefully specify the number of portfolio managers, portfolio strategists, credit researchers, and investment accountants.

We employ 246 people as of March 31, 2019. Employee numbers include those professionals and non-professionals in groups which are dedicated to or support our asset management efforts. The table below and on the following page lists our employees by function.

Function	Number of Employees
Portfolio Managers, Traders, Researchers and Specialized Services	40
Investment Accountants	27
Client Service Group/Investment Services Group/Operations	35
Compliance/Legal	5
Marketing/Client Management	117
Marketing/Communications/Research	14

[1] *Source: "Largest Money Managers: 2019." Pensions & Investments, May 27, 2019. Accessed May 30, 2019. https://www.pionline.com/specialreports/money-managers/20190527*

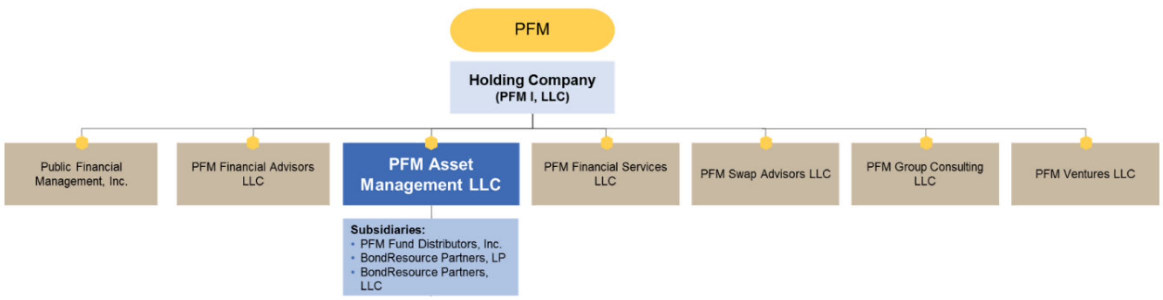
Function	Number of Employees
Administrative Staff	22
Total	**246**

3. **Describe the firm's sources of revenue, categorized by retail and institutional accounts.**

As of March 31, 2019, nearly 97% of PFM's asset management revenue comes from providing investment advisory and related services to institutional clients, primarily in the public sector. The remaining 3% of revenue is from our specialized services, including arbitrage rebate compliance, structured products and purchasing card. We do not accept retail clients.

4. **Describe any other business affiliations (e.g., subsidiaries, joint ventures, etc.)**

PFM Asset Management LLC and its affiliates are indirect, wholly-owned subsidiaries of a holding company known as PFM I, LLC. PFM Asset Management LLC accounts for the majority of PFM's revenue. The organization chart below shows our affiliates and subsidiaries.



5. **Within the past three years, have there been any significant development in your organization (changes in ownership, new business ventures, etc.)? Do you expect any changes in the near future?**

There has been no material change in the PFM's organizational structure, ownership, or management during the past three years and we do not expect significant changes in the near future.

6. **Provide a copy of your firm's most recent audited financial statement as an appendix.**

A copy of our most recent audited financial statement is included in Appendix A.

7. **Is your firm a registered investment advisor under the investment Advisor's Act of 1940? Please attach Part 2A of your most recent Form ADV as an appendix.**

Yes, PFM Asset Management LLC is a registered investment advisor under the Investment Adviser's Act of 1940. We provide our most recent Form ADV, Part 2A in Appendix B.

8. **Describe any SEC, regulatory censure, or litigation involving your firm, any officer, or employee at any time for the last 10 years.**

Neither PFM Asset Management LLC, nor to the best of its knowledge, any of its officers or employees were involved in any SEC, regulatory censure or litigation within the last 10 years.

9. **Fully describe the firm's professional errors and omissions insurance coverage.**

PFM has a complete insurance program, including a financial institution bond, professional liability coverage, property, casualty, comprehensive general liability, automobile liability, workers compensation and cyber liability. We maintain professional liability and fidelity bond coverages which total $35 million and $10 million, respectively and maintain a $10 million cyber liability policy.

10. **Key Proposed Personnel and Team Organization**

PFM's longstanding team is committed to continuing to provide the City with the highest level of investment management capabilities and service. Paulina Woo, Lauren Brant, and Allison Kaune will continue to serve as day-to-day contacts, while Bob Cheddar and Brian Raubenstine will continue to provide portfolio management services. We provide further details concerning our team in our response to Question 12.

11. Provide the name, title, phone number, and email address of the primary contact person(s) assigned to this account.

Paulina Woo, Managing Director | 415.982.5544 | woop@pfm.com

12. Name the investment professionals who will be involved in the decision-making process for the City's portfolio. Information must include:

i. Proposed role with the City; ii. Biographical information; iii. Experience working with other California public agencies; iv. Number of years of experience in this field; and v. Number of years with your firm.

Brief biographies for the City's engagement team are included in the following table, and full resumes detailing the team's experience and qualifications are provided in Appendix C.

Team Member/Title/Role/Education	Biographical Information/Experience with California Clients/Years of Experience
Paulina Woo *Managing Director* **Role:** Engagement Manager and Primary Contact M.A. in History, University of California, Berkeley B.A. in Ancient History and History University of Texas at Austin	**12 Years of Experience in the Field | 12 Years with PFM** Paulina has worked with the City since the inception of our relationship, and serves public agencies throughout the western United States. Her responsibilities include: investment advisory and consulting services, cash flow modeling, portfolio structuring, economic research, treasury management consulting, and investment policy evaluations. She has worked with a number of California entities, including the City of Santa Rosa, the City of Lakewood and West Basin Municipal Water District.[2]
Lauren Brant *Managing Director* **Role:** Engagement Oversight and Support B.S. in Economics, Pennsylvania State University	**24 Years of Experience in the Field | 24 Years with PFM** Lauren has worked with the City since the inception of our relationship. She provides investment advisory service, including developing investment policies, monitoring guidelines and strategy implementation. She also provides clients with training and technical and analytical support for their investment portfolios. She has 24 years of experience working with California public agencies, including the City of Santa Rosa, San Joaquin Council of Governments and the City of Manteca.[2]
Allison Kaune *Senior Managing Consultant* **Role:** Day-to-Day Contact B.A. in American History, University of Iowa	**13 Years of Experience in the Field | 13 Years with PFM** Allison manages client relationships for a diverse set of public agency clients in California. Her responsibilities include investment performance analysis, cash flow modeling, optimized portfolio structuring, economic research and investment policy evaluation.
Robert Cheddar, CFA *Managing Director* **Role:** Chief Credit Officer/Senior Portfolio Manager MBA, Pennsylvania State University B.S. in Business Administration, Susquehanna University	**21 Years of Experience in the Field | 15 Years with PFM** Bob has been the City's portfolio manager since the portfolio's inception. He regularly attends meetings with the City in person, offering his expertise as Chief Credit Officer and chair of PFM's Credit Committee. In these roles, he leads a team responsible for independent credit research, conducting all internal credit research for our clients' accounts and responsible for the analysis and oversight of our clients' credit exposure, including all of our California clients.

[2] *As of March 31, 2019. Clients on the above list were selected based on client type and other non-performance based criteria. This list is provided for informational purposes only and is not an endorsement or testimonial by these clients. It is not known whether these clients approve or disapprove of PFM's services. A full client list is available upon request.*

Team Member/Title/Role/Education	Biographical Information/Experience with California Clients/Years of Experience
Brian Raubenstine *Senior Managing Consultant* **Role:** Portfolio Manager B.S. in Finance, Pennsylvania State University	**12 Years of Experience in the Field | 11 Years with PFM** Brian is a portfolio manager on the fixed income desk. He has served as the City's portfolio manager and Bob's counterpart since the inception of our relationship. His primary focus is the daily management of client portfolios, generally from a total return perspective. He specializes in the municipal securities market and credit for the trading desk.
Debra Goodnight, CPA *Managing Director* **Role:** Reporting and Accounting MBA in Finance, Saint Thomas University B.S. in Accounting, Robert Morris University	**38 Years of Experience in the Field | 29 Years with PFM** Debbie has responsibility for accounting and administration for PFM Asset Management LLC, including portfolio accounting, pool accounting and client billing. She supervises a staff of 26 and is responsible for the accounting operations, including reporting to meet GASB requirements of PFM-managed statewide pools.
Karen Jones, CPA Australia *Managing Director* **Role:** Reporting and Accounting MBA Monash University B.Bus Swinburne University of Technology	**29 Years of Experience in the Field | 1 Year with PFM** Karen has co-management responsibilities for accounting and administration for PFM Asset Management LLC, including portfolio accounting and client billing. Karen has extensive experience as a senior accounting and finance executive, most recently with Bank of America where she was a Director for Centralized Regulatory Reporting.
Jeremy King *Key Account Manager* **Role:** Key Account Manager B.S. in Finance, Pennsylvania State University	**13 Years of Experience in the Field | 6 Years with PFM** Jeremy serves as a client advocate, focusing on addressing client questions and needs in a timely manner. He coordinates the efforts of the customer service team in functions, such as responding to client requests related to trade information and establishing new accounts.

13. What is the back-up if the primary portfolio manager or client contact is away?

The City's core engagement team comprises several day-to-day contacts – ***Paulina, Lauren, Allison, Bob and Brian***. As the City has experienced, when one of the team members is out of the office, the City can reach out to any of the other team members for assistance.

14. How frequently would you suggest your staff meet with City staff and why? Who will attend these meetings?

We believe frequent communication is crucial to the success of an investment management relationship. Our team is available daily, and will continue to be readily available to the City in person, by phone, webinar or email to help ensure the City's investment objectives are met. We currently meet with the City quarterly to review performance and attend council meetings and other ad hoc meetings as needed. We recommend continuing with these meetings to discuss strategies for the portfolio, review trading activity and performance relative to an industry benchmark and assess current market conditions. These meetings will include Paulina, Lauren, Bob and/or Allison, and we may invite other specialists to attend depending on questions or topics relevant to the City's portfolio.

15. Describe the firm's in-house investment research and analytical capabilities. What outside investment and market resources are used by the firm on a regular basis?

We have tailored our research capabilities to focus on the short- and intermediate-term fixed income sectors typically utilized by public agencies. Accordingly, our research and technical capabilities are focused on those investments. The majority of our macro and strategic research is conducted ***internally*** and includes:

- a dedicated Portfolio Strategies Group that analyzes macro-level trends in the fixed income markets to evaluate investment opportunities appropriate for the City's objectives;
- investment specialists who focus on specific sectors within the high quality fixed income universe;
- internally-developed models that help assess which market sectors have the best relative value;
- yield curve analyses evaluating which maturities might offer the best risk/return characteristics;
- weekly in-depth internal research reports focused on key asset sectors; and
- analysis of real-time market pricing data that helps our portfolio managers assess and capture minute-to-minute changes in pricing and price relationships between sectors, maturities and specific issues.

External Sources of Research

While our primary investment research and analysis is done internally, we also have access to a wide range of external sources of economic and market information, including:

- Bloomberg;
- credit research from Moody's, Standard & Poor's ("S&P") and CreditSights;
- analyst research;
- research and views of financial industry economists; and
- electronic real-time trading platforms including Bloomberg Fixed-Income Trading ("FIT"), TradeWeb and MarketAxess.

These external sources of information provide alternative perspectives to enhance our portfolio management process. In this way, we can blend multiple views on the economy with our own analysis to help synthesize an optimal strategy. These resources supplement and enhance our in-house capabilities.

D. Describe the firm's training and education efforts to keep the firm's investment professionals informed of developments relevant to government entities.

As an industry leader in government investing, we devote significant time and resources to keep our professionals well informed of market and industry developments, including:

- our "PFM University," which provides training on topics in municipal finance, including public-sector investment topics, investment management principles and governmental accounting standards;
- weekly internal conference calls on the economy, investment markets and credit market trends;
- monthly webinars that focus on key trends relevant to separately managed fixed income accounts;
- bi-weekly one-hour technical training sessions by subject-matter experts on topics like managing bond proceeds, arbitrage rebate compliance and recent tax law changes;
- regular meetings of our portfolio management personnel with major players in the fixed income markets, including government agencies (e.g., Federal Home Loan Banks, Federal Farm Credit Banks), corporate issuers, rating agencies (e.g., S&P's and Moody's), underwriters and Wall Street research departments; and
- active membership in the California Society of Municipal Finance Officers ("CSMFO"), California Municipal Treasurers Association ("CMTA"), California Association of County Treasurers and Tax Collectors ("CACTTC"), and Government Finance Officers Association ("GFOA"). Paulina serves on the GFOA Committee on Treasury and Investment Management ("TIM") and presented on "Investing for Large Governments" at GFOA in May 2019. PFM has also conducted numerous other educational sessions at these and other organizations'' conferences.

Finally, we encourage all investment professionals to attain the CFA designation. As of March 31, 2019, we have 36 employees who have attained their CFA designation and an additional 29 employees who have passed at least one of the three required exams.

II. Technical Proposal

A. Assets Under Management

1. Summarize your firm's institutional investment management asset totals by category for your latest reporting period in a format substantially similar to the following table:

Asset	Operating Funds	Bond Proceeds	Pension or Endowment	Other
Governmental	$34.0	$9.5	$4.5	$42.2
Other Institutional	$1.4	$0.3	$6.3	$1.2

Includes discretionary assets as of March 31, 2019.

2. Provide the number of accounts whose portfolios consist of bond proceeds.

Our professionals have focused on managing tax-exempt bonds for public entities for nearly 40 years. As of March 31, 2019, we manage $9.7 billion of bond proceeds in more than 434 portfolios.

3. List the percentage, by market value, of aggregate assets under management for portfolios with an average duration of one year or longer. Use portfolio holdings as of the latest reporting period in a format substantially similar to the following table:

Portfolio[3]	% by Market Value
U.S. Treasury securities	35%
Federal Agency obligations	13%
Corporate securities rated AAA-AA	0.2%
Corporate securities rated AA	3%
Corporate securities rated A	4%
Corporate securities rated BBB+ or lower	1%
Other	43%
Commercial Paper	*17%*
Certificates of Deposit	*15%*
Municipal Obligations	*0.4%*
Agency MBS/CMO/Supranational/Other	*5%*
Money Market Funds	*2%*
Other	*3%*

4. Has your firm purchased or held any corporate security, with the past 10 years, that was subsequently downgraded, during the period while it was held, to below the minimum credit rating standards for purchase under the California Government Code? If so, please explain.

In the past 10 years, a downgrade has not caused a portfolio required to comply with the California Government Code to become out of compliance.

5. Provide your firms methodology for managing credit exposure for individual issuers over and above the information provided by the rating agencies. Does your firm have its own independent credit research team?

PFM conducts independent fundamental credit analysis. This is performed by a team dedicated credit analysts and portfolio managers, including Leah Savageau, CFA, Global Banks; John Zhang, Industrials;

[3] *Includes discretionary fixed income AUM for portfolios with an average duration of one year or shorter, as of March 31, 2019.*

analysts and portfolio managers, David Molin, CFA, Insurance; James Sims, CFA, asset backed securities ("ABS"); and Giancarlo Morales-Belletti, ABS. PFM employs an extensive credit review process built upon our own independent, in-depth analysis of each issuer. We do not rely solely on rating agencies, but rather employ a market-driven approach that evaluates both the quantitative and qualitative aspects of corporate issuers. We base our analysis primarily on both issuer-specific and macro trends, which we believe provides a thorough understanding of the issuer. Analysis is conducted on corporate, asset-backed, municipal and government-related entities. Our independent view of each issuers is informed by market data from the major rating, agencies industry analysis and other third parties. Issuers are reviewed and assessed on a continuous basis. Our opinions focus on both the qualitative and quantitative aspects of each issuer.

External research is used as a complement to the internal research conducted by portfolio managers, investment specialists and the Portfolio Strategies Group. Our 12-person Fixed Income Credit Committee ("Credit Committee"), which includes Bob and Brian, both of whom are familiar with the City's portfolio, meets to discuss research, approve new issuers, monitor holdings, and maintain our approved issuer list.

6. **List your five largest clients in California. Identify whether these clients are (a) non-discretionary or oversight relationships, (b) portfolios comprising of retirement funds, or (c) those that are general fund relationships. Provide contact information for each.**

Largest California Discretionary Clients	Fund Type	Assets ($ mil)
California Asset Management Program Steve Dial, Board President 209.235.0600 | dial@sjcog.org	LGIP	$5,030
Monterey County Mary Zeeb, Treasurer-Tax Collector 831.755.5015, ext. 5474 | zeebm@co.monterey.ca.us	Operating / General Funds	$1,300
Tulare County Cass Cook, Auditor-Controller/Treasurer-Tax Collector 559.733.6574 | Ccook1@co.tulare.ca.us	Operating / General Funds	$1,157
San Francisco Airport Ronda Chu, Airport Economic Planner 650.821.2823 | Ronda.Chu@flysfo.com	Bond Proceeds	$1,073
California Earthquake Authority Trudi Miller, Accounting Manager 916.661.5320 | tmiller@calquake.com	Self-Insurance	$894

Represents our largest discretionary CA clients by AUM as of March 31, 2019.

Non-Discretionary Clients	Fund Type	Assets ($ mil)
City and County of San Francisco Tajel Shah, Chief Assistant Treasurer 415.554.5210 | Tajel.shah@sfgov.org	Non-Discretionary Operating Funds	$11,767
San Bernardino County John Johnson, Assistant Auditor-Controller/ Treasurer-Tax Collector 909.382.3007 | john.johnson@atc.sbcounty.gov	Non-Discretionary Operating Funds	$6,856
Los Angeles County MTA Donna Mills, Treasurer 213.922.4047 | mills@metro.net	Consulting/OPEB	$391

Represents our largest non-discretionary CA clients by AUA as of March 31, 2019.

B. Portfolio Management

1. Are portfolios managed by teams or one individual?

At PFM, portfolios are managed by teams. This approach helps ensure that multiple professionals are knowledgeable about each client's portfolio, actively participate in discussions about investment strategies and have access to portfolio details. Each decision related to managing the City's portfolio and supporting the City's overall investment program will reflect the best ideas of many individuals. The City's investment team will continue to consist of a senior strategist, portfolio managers and traders specializing in a wide range of sectors, supported by our Fixed Income Investment Committee ("Investment Committee") and our Credit Committee. The City's portfolio is currently managed by Bob Cheddar and Brian Raubenstine. They will remain actively involved in managing the City's portfolio and will be supplemented by additional resources as needed. This team will work closely with Paulina, Lauren and Allison to help ensure that the portfolio strategy meets the City's investment objectives.

2. Which professional in your firm will provide primary client contact?

Paulina will continue serving as the primary client contact.

3. How often will the firm meet with the City?

We currently meet with the City quarterly to review performance, and as requested, we attend council meetings and other ad hoc meetings. We will continue to be readily available to the City in person, by phone, webinar or by email.

4. Describe procedures used to ensure that portfolios comply with client investment objectives, policies, and bond resolutions.

We use Bloomberg Asset and Investment Manager ("Bloomberg AIM") to house, monitor and automate investment policy compliance. We have invested significant resources into maintaining effective trading and compliance monitoring systems. All trades are processed through Bloomberg AIM, which applies client investment policy guidelines and limits to pending trades and verifies compliance on a pre-trade basis. Compliance is also verified post-trade, and at the end of each day, our firm's managed portfolios are run through a full compliance check. Any exceptions are reported to and addressed by PFM's Compliance Group. In addition, post-trade compliance is also confirmed by the following procedures:

- Portfolio managers and traders review daily holdings reports for each portfolio.
- All trading activity is regularly reviewed by the Chief Investment Officer ("CIO").
- Monthly and quarterly client reports can be used to affirm compliance with client guidelines.
- Investment mandates are monitored through weekly internal portfolio reports that show detailed holdings, sector allocations and key performance drivers. Performance of all accounts is calculated and reviewed weekly relative to market benchmarks; attribution trends are noted and analyzed.

5. Provide data on account/asset growth and other performance statistics over the past three years for your fixed income clients.

The table below shows the growth of our discretionary fixed income AUM over the past three years. PFM exceeds the City's minimum requirement of at least $10 billion of discretionary fixed income assets.

Year	Total Fixed Income		Clients in California	
	# of Clients	$ Assets (millions)	# of Clients	$ Assets (millions)
2016	499	$62,715	140	$14,911
2017	513	$69,724	138	$16,676
2018	529	$83,558	142	$20,287

Includes discretionary fixed-income AUM as of December 31 of the respective year.

As of March 31, 2019, we provide discretionary or non-discretionary fixed income services to 53 California cities. Additionally, 56 cities in California are shareholders in California Asset Management Program, for which we are the investment advisor.

C. Investment Philosophy/Approach

1. Describe your firm's investment philosophy for public clients. Briefly describe your firm's investment management philosophy regarding average duration, maturity, investment types, credit quality, and yield.

PFM is a relative value-based, active manager. We never rest on our laurels – we continuously review holdings in the portfolios we manage, looking for opportunities to safely enhance return.

Discussed further in our response to question 2, we believe in: 1) selecting ***maturities*** based on where there is value along the yield curve (within policy guidelines), after ensuring sufficient liquidity; 2) targeting portfolio ***duration*** based on investment objectives and interest rate trends; 3) diversifying across ***investment types*** to capture value across a wide range of investment options and manage risk by avoiding over-concentration in any one sector; 4) maintaining a high level of ***credit quality*** in the portfolio among all issuers through our diligent credit selection and monitoring capabilities; and 5) proactive trading within the portfolio to manage risk and safely seek higher ***returns***.

In addition to these specific philosophical ideas, our broader investment philosophy views are:

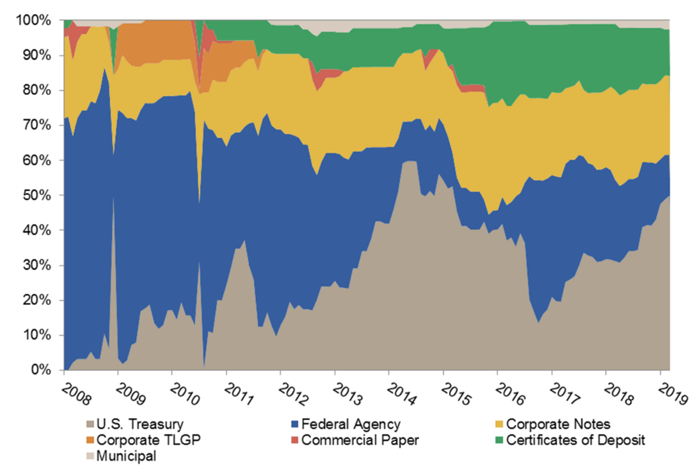
- **We strive to deeply understand the needs of our clients.** Since 2007, we have worked closely with City staff to gain a deep understanding of the City's goals, cash flow needs, risk preferences and operational practices. Our goal is to continue to help the City develop and implement a successful investment program that meets the City's current and future investment needs. We annually review changes to the California Government Code, industry best practices and assist with preparing customized cash flow modeling and benchmark assessments to keep the City's investment strategies focused on safely meeting its objectives. We have also developed custom monthly and annual reporting for the City's portfolios to help save resources and staff time.
- **We strive to create investment programs that are safe, diversified and have lower volatility relative to comparable market benchmarks.** Our investment approach is based on relative value — the thorough analysis of the relative merits and risks of various investment types, maturities, issue characteristics and credit quality. We have consistently sought to broadly diversify the portfolio, emphasizing those sectors that offered the best opportunities in the respective market environment while being mindful of the City's risk tolerances and cash flows. Initially, the portfolio sector allocations focused on relatively short-maturity government securities. We have worked with the City to prudently add diversified corporate and municipal exposure to the portfolio. We have also discussed additional sectors for the City's future consideration like supranational and ABS. This research-driven approach and focus on diversification has resulted in performance consistently in excess of the City's performance benchmark, which is currently the ICE BofAML 1-3 Year US Treasury Index.
- **We employ a disciplined approach in which duration is positioned to a strategically determined target range.** Throughout our engagement, we have helped the City select an appropriate duration target consistent with its performance objectives and risk tolerances. When we began managing the portfolio, its duration was targeted around one year. After performing cash flow analyses, we restructured the portfolio to include securities with a slightly longer maturity to better align duration with market opportunities. Over the length of our relationship, as we continued to refine the City's cash flow projections and integrate a larger managed portfolio mandate into the City's program, we were able to move the portfolio's duration strategy to a 1-3 year benchmark. On an ongoing basis, we will carefully manage the portfolio's duration within a narrow band around the selected target (generally +/- 10%) to limit interest rate risk while maintaining consistency with the mandate. We regularly evaluate the City's duration strategy to help ensure it aligns with the City's goals and risk tolerances.

- **We approach the management of credit risk from a public entity's perspective.** For this reason, our portfolios are typically high quality. We perform quantitative assessments of issuers that encompass fundamentals such as balance sheet strength, capital, liquidity and earnings, and evaluate qualitative factors such as governance, strategic execution, industry trends and transparency. As a result of our strong credit processes, none of our fixed income clients has ever lost any principal due to default, and in fact, our preemptive advice helped our clients, including the City, mitigate the potential losses suffered by many during the 2007-2008 credit crisis.
- **Lastly, we incorporate a proactive, yet low-risk approach to the ongoing management of the portfolio.** We periodically adjust key portfolio attributes such as duration, sector allocation and maturity distribution to reflect emerging market trends and opportunities. While we believe that every security we buy is suitable to hold to maturity, we continually reassess every holding in the portfolio, and seek opportunities to increase investment earnings, adjust duration or reduce risk by swapping one investment for another that offers higher yield, lower risk or better quality.

2. What are the primary strategies for adding value to portfolios (e.g., market timing credit research, trading)?

We add value by collaborating with clients and using our expertise to develop investment strategies tailored to meet each client's needs. We further seek to add value through a disciplined approach that focuses on the core principles of diversification, rigorous analysis and careful risk management. As part of our ongoing investment management relationship with the City, we will continue to incorporate the following strategies which we feel will add value to the investment program:

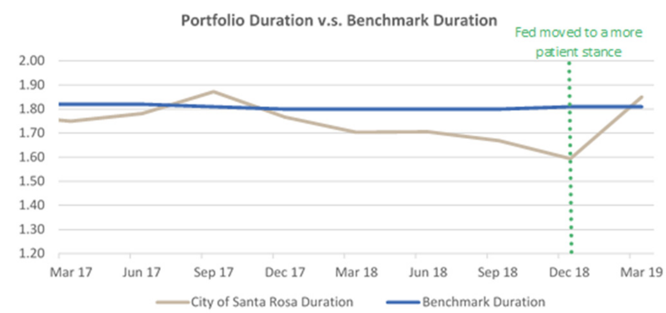
- **Diversification.** We regularly monitor the yield relationships between all permitted investment sectors (e.g., U.S. Treasuries, federal agency securities, government securities, commercial paper, corporate notes, negotiable CDs) and select investments we believe offer the best relative value — that is, the best combination of both return and risk — and that combine into safe and high performing portfolios aligned with the City's objectives. We seek broad diversification, but since every market and time period has unique characteristics, our portfolios will reflect different investment choices at different times, capitalizing on the current opportunities. The chart to the right shows the historical sector allocation of the City's portfolio as of April 30, 2019.[4] This illustrates the dynamic manner in which we make allocation decisions over time based on relative value. ***The City's portfolio, which we manage, has $34.9 million total accrued earnings over the last 12 years*** as compared to the City's benchmark, which was the ICE BofAML 1 Year U.S. Treasury Index from before December 2010, the ICE BofAML 0-3 Year U.S. Treasury Index from January 2011 to December 2014, and is the ICE BofAML 1-3 Year U.S. Treasury Index beginning January 2015.



- **Duration Management.** We seek to add value by managing portfolio duration to take advantage of interest rate trends, but we do this within a narrow range around the specified benchmark to help ensure that actual portfolio performance is aligned with the goals of the mandate. We do not believe in making big duration bets; we typically manage duration close to the benchmark, unless we have a strong conviction about the near-term direction of interest rates.

[4] *Source: PFM internal data as of March 31, 2019.*

An example, when we believed that market rates were not adequately pricing in the potential for a Federal Reserve rate hike in March 2017, we shortened duration. When they did raise rates, we took advantage of the sharp surge in yields by extending the portfolio's duration back out to a near-neutral position to capture value for the City. Disciplined duration management has helped to enhance the City's long-term performance and reduce the volatility of the portfolio's returns. The chart above shows the allocation to different duration ranges in the portfolio. Another example is the recent move by the Federal Reserve to a more patient and symmetric stance to monetary policy, which has prompted us to manage the duration of the City's portfolio neutral to its benchmark.



- **Yield Curve Placement.** By using a series of analytical models, we identify those maturities that in our opinion offer the greatest value — that is, the most amount of yield or return potential for a given amount of risk. Our analysis includes assessing the impact of extending maturity by evaluating the benefit from both higher initial yields and "roll down" — the tendency of longer maturities to appreciate as they age and shorten in maturity, and are re-priced along the yield curve — a powerful force underestimated by most managers.
- **Issue Selection.** Yields can vary significantly among issuers or, within the same issuer, among securities with similar maturities. Sometimes this is due to perceived quality differences that need to be carefully analyzed. At other times, it is due to supply differences, pricing inefficiencies or other market anomalies. We seek to emphasize securities that are both safe and offer high return potential. Our trading tools help us quickly identify and capitalize on pricing inefficiencies, which may result in higher portfolio yields for the City. However, quality always trumps yield in the efforts to seek higher returns.
- **Credit Analysis.** PFM's Credit Committee employs a rigorous, market-driven approach to credit analysis that evaluates both the quantitative and qualitative aspects of issuers in which we invest. Our credit research seeks to identify issuers that meet our credit quality standards and that offer incremental value with minimal credit risk, allowing us to safely increase yield. Our robust internal credit review and monitoring procedures are a critical element of the security selection process and allocations to individual issuers are limited to help ensure broad diversification. As discussed above, we have already leveraged these resources on behalf of the City and will continue to do so.
- **Proactive Management.** We will continue to monitor the markets on an ongoing basis, looking for opportunities to rebalance or realign the City's portfolio among sectors and/or maturities that could safely add value and enhance investment performance.
- **Competitive Shopping.** We are not a broker-dealer or bank, and we carry no inventory of securities. Rather, we competitively shop every transaction to seek to obtain best execution for our clients. For every security we buy and sell, we solicit bids from a minimum of three to five broker-dealers (when available) from our approved broker list. We do this because no one broker-dealer can offer the best price all the time. Small savings per trade can add up to significant additional earnings over time.
- **Increased Efficiencies.** We also add value to our client portfolios by creating operational efficiencies that may be difficult to achieve at a local government level. In our role with the City, we have taken on the responsibility for many of the time-consuming, day-to-day activities related to managing a portfolio, including competitively shopping transactions, coordinating trade settlement with the broker and custodian, reconciling investment activity, monitoring credit quality and preparing investment reports.

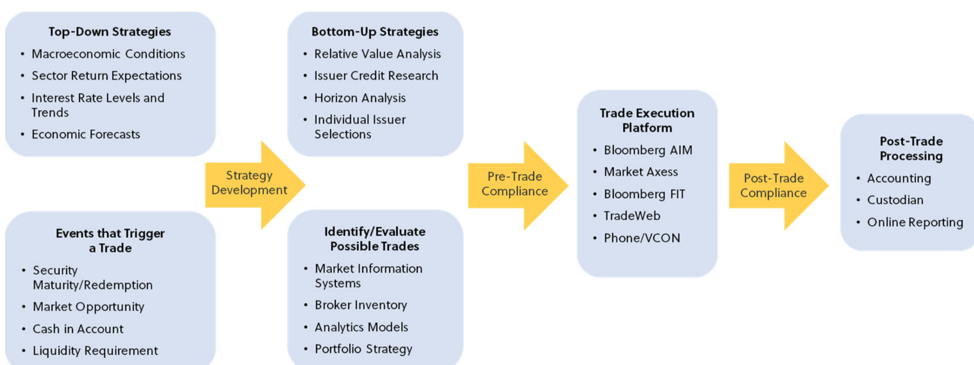
Additionally, the City's engagement team is available to answer a broad range of finance-related topics and accounting or auditing questions that may arise.

3. Describe your firm's trading methodology and approach.

Our trading methodology is highlighted by the following characteristics, many of which we believe are distinctive to our approach. For every transaction, our portfolio management team will:

- Identify opportunities:
  - Perform investment research and analysis of the macroeconomic environment, including interest rate and credit trends
  - Evaluate sectors and issues for yield/return potential and risk; careful risk management is a primary consideration for all investment decisions
  - Identify specific issues that fit the strategy
  - Continually analyze investment alternatives and decide which sectors/maturities have value and shop for them, rather than responding to broker pitches for what is "hot"
- Execute trades:
  - Process proposed trades through Bloomberg AIM system to ensure compliance
  - Competitively bid each trade to a minimum of three to five (when available) carefully-selected brokers to seek optimal execution
  - Execute trade and check post-execution compliance
  - Process trade and coordinate settlement

This process is illustrated below.



4. Describe your firm's decision-making process in terms of structure, such as committees and their membership, meeting frequency, responsibilities, integration of research ideas, and portfolio management.

Overview: Investment Decision Process

PFM's investment process is a combination of committee-driven strategic decisions and daily review and implementation by the assigned portfolio management team. Our Investment Committee establishes key investment strategy parameters, such as duration and sector allocation targets, while the portfolio management team makes day-to-day decisions that incorporate the Investment Committee's directives, the client's objectives and policy constraints, and prudent portfolio management practices. The portfolio management process is also informed by detailed sector reports and analysis distributed every week by sector specialists, and by analytical support provided by the firm's Portfolio Strategies Group. Below, we provide further detail about each group's role in this process.

Fixed Income Investment Committee ("Investment Committee")

Our Investment Committee consists of the firm's CIO, senior portfolio managers, traders, strategists and a representative from our Compliance Group. Meeting formally at least once per month, its responsibilities are to review market conditions, assess relative value, review and evaluate the output from internal analytic models and discuss market risks and opportunities. The Committee establishes strategic targets for portfolio duration, sector allocation preferences, yield curve placement, portfolio structure and any unique risks to be avoided or opportunities to be exploited. Committee decisions are made by consensus, approved by the CIO and implemented by portfolio managers for client accounts.

In addition to these meetings, senior investment and strategy staff, portfolio managers and sector specialists meet weekly to discuss detailed internal research and analysis of six major fixed income sectors, including U.S. Treasuries, federal agencies, ABS, corporates, municipals and mortgage-backed securities. During these discussions, sector allocation targets are reassessed, short-term opportunities are identified and any new or unique investment ideas are vetted. Ad hoc strategy discussions also take place regularly around the trading desk or after any significant market-moving event.

Fixed Income Credit Committee

Our Credit Committee — including the firm's Chief Credit Officer, the CIO, portfolio managers, traders, strategy/credit research staff and a representative from our Compliance Group — meets formally on a monthly basis, or more frequently if market conditions warrant. The Committee evaluates credit market and industry trends and reviews the credit quality of individual issuers to create, manage and monitor our approved list of credits. Issuers are added to our list only if they: 1) meet our internal credit requirements, 2) have stable or improving credit fundamentals, 3) are frequent issuers and 4) offer yields which represent value in their respective sector and industry. All portfolio managers and traders are restricted to purchasing only those issuers on our approved universe.

Our credit research responsibilities are shared amongst credit analysts and portfolio managers/traders involved directly with our investment process. As financial data becomes available, our analysts evaluate any significant changes to an issuer's credit profile and present these changes to the Committee. We regularly monitor quantitative aspects including balance sheet strength, profitability, and profit margins as well as qualitative elements such as the macro-economic environment, company strategy and ability to execute and company financial policies. At a minimum, each issuer is reviewed on an annual basis.

Our disciplined approach to credit and the direct involvement of our portfolio management team has resulted in what we believe to be exceptional outcomes during times of stress.

Portfolio Management

Once broad parameters are established by the committees, the portfolio management team for each client is responsible for implementing the strategy within the committee guidelines and the clients' policies, objectives and constraints.

5. How are the brokers/dealers selected? What process do you have in place to monitor brokers/dealers after they have been approved?

PFM maintains an approved broker-dealer list, developed and maintained by our Credit Committee. The Committee has established policies and procedures to evaluate and monitor firms' creditworthiness and their ability to perform the duties necessary for efficient trade execution. The Committee assesses many important factors, including market presence, capitalization, company history, profitability and management, product availability, trade execution, timeliness of information, quality of service and personnel and special circumstances such as qualified minority/women-owned business enterprise ("M/WBE") firms. The Credit Committee also conducts formal semi-annual reviews of all approved broker-dealers to help ensure counterparties continue to meet our safety, service and competitive pricing standards. Our trading volume (more than $2 billion per day on average, as of March 31, 2019), broad market access of 59 national and regional broker-dealers, and evaluation tools give our firm an exceptionally strong sense of appropriate pricing. We use our knowledge of broker strengths and weaknesses to select what we believe to be the optimal list of brokers for each security type and situation as we seek to obtain optimal execution on each and every trade.

6. Describe your firm's credit philosophy and review process. Who at the firm is responsible for conducting credit research and monitoring?

We employ an extensive credit review process built upon our own independent, in-depth analysis of issuers and security structures — a process which helped us to successfully navigate the markets during the 2007-2008 credit crisis. We do not rely solely on ratings, but rather employ a disciplined, market-driven approach that evaluates both the quantitative and qualitative aspects of issuers.

Our 12-person Credit Committee is the cornerstone of our credit review process and includes the firm's Chief Credit Officer, Robert Cheddar, CFA, CIO, Marty Margolis, portfolio managers, traders, strategy and credit research staff and a representative from PFM's Compliance Group. This Committee is responsible for approving new issuers, monitoring existing holdings and maintaining our approved issuer universe. Portfolio managers and traders are restricted to purchasing only those issuers in our approved issuer universe.

Formal credit reviews are conducted at least annually for each issuer in our approved universe. This is supplemented by quarterly reviews of financial reports, as well as daily monitoring of news and market developments. An interim review may be triggered by changes in markets (indicated by changes in equity prices, interest rate spreads, etc.), releases of issuer-specific news (e.g., earnings, credit ratings or M&A activity) or macro events (e.g., new regulations). Issuers are monitored on an ongoing basis and are proactively removed from the approved list if conditions warrant.

Since we specialize in managing short- and intermediate-term investment-grade fixed income assets, we have tailored our credit research capabilities to this segment of the market. Our holistic approach to credit coupled with the direct involvement of our portfolio management team has resulted in what we believe are favorable outcomes during times of stress. External research is used as a complement to the internal research conducted by portfolio managers, investment specialists and the Portfolio Strategies Group.

7. Describe your experience with investing in companies that promote the use and production of renewable energy resources and any other type of socially responsible investments.

As the spectrum of responsible investing continues to lengthen, our perspective remains adaptive to the evolving needs of our clients and changing market landscape. Thus, we created a structured, comprehensive and tailored approach to help our clients determine favorable solutions and policies that help them align their portfolios with their unique goals. We implemented some of these approaches with the City's portfolio, conducted many in-depth discussions, and aided in presentations to Council that aimed to help sift through the industry jargon to identify what socially responsible investing ("SRI") means for the City.

Our work with the City regarding SRI has also included evaluating potential risk and return impacts of SRI strategies and the fact that some strategies may generate market-like returns while others may achieve a strong social impact with below-market returns. We have helped the City develop concrete SRI mandates for the portfolio such as a prohibition on investing in companies that derive the majority of their revenue from petroleum and firearms. We will explore additional SRI mandates for the City going forward.

As SRI is an ongoing and evolving issue, we continue to expand our understanding and experience in the field by conducting more in-depth discussions with current and prospective clients, including the City, around SRI and Environmental, Social and Governance ("ESG") solutions and potential implications for portfolios. We have embarked upon our own firm-level discovery process regarding ESG strategies to help us evaluate this market, the current and potential client base, and our firm goals. Currently, we have numerous clients whose portfolios incorporate ESG principles in various ways including exclusionary and inclusionary ESG investing concepts.

D. Performance and Reporting

1. Describe how you typically report performance.

We prepare and present portfolio performance quarterly on a total return basis in accordance with GIPS. As a fiduciary, we believe it is important for our clients to hold us accountable through clear, transparent performance reporting. We have calculated and presented performance in accordance with the CFA Institute's GIPS for nearly 14 years, exceeding the City's minimum requirement. While compliance with GIPS is voluntary, it is the industry standard, demonstrating a firm's commitment to ethical best practices and strong internal controls. We believe that having documented performance that is calculated and reported in accordance with GIPS is a best practice that should be used by all advisors who maintain discretion over client portfolios. GIPS-compliant composites allows prospective clients to compare investment advisors and like strategies on an "apples-to-apples" basis.

We include sample reports in Appendix D.

2. Provide performance history for the past five years, for current accounts comprising securities with maturities, quality, and sectors similar to the City's. Provide information about the composition and duration of the data used for your presentation of performance history.

Shown below, our GIPS-compliant snapshot provides an objective representation of our long-term performance. Of note is the significant number of accounts and amount of assets in each of two mandates consistent with the City's needs. Please see our complete GIPS-compliant performance composite presentations in Appendix E.

Strategy/*Benchmark*	Average Annual Total Returns *for periods ended March 31, 2019* 1Q19	1 Year	3 Years	5 Years	7 Years	10 Years	Duration	Standard Deviation of Returns *(5 years)*	No. of Accounts	Assets (in $ Millions)
City of Santa Rosa	**1.21%**	**3.13%**	**1.38%**	**1.25%**	**1.07%**	**1.20%**	**1.85**	**0.42%**	**1**	**337**
City of Santa Rosa Custom Index	*0.98%*	*2.72%*	*0.99%*	*0.95%*	*0.80%*	*0.83%*	*1.81*			
PFM 1-3 Year Fixed Income Composite	**1.15%**	**3.02%**	**1.30%**	**1.21%**	**1.05%**	**1.32%**	**1.77**	**0.71%**	**154**	**11,582**
ICE BofAML 1-3 Treasury Index	*0.98%*	*2.72%*	*0.99%*	*0.98%*	*0.84%*	*1.04%*	*1.81*	*0.81%*		
PFM 1-5 Year Fixed Income Composite	**1.42%**	**3.46%**	**1.28%**	**1.51%**	**1.33%**	**1.92%**	**2.45**	**1.22%**	**126**	**9,846**
ICE BofAML 1-5 Treasury Index	*1.22%*	*3.14%*	*0.97%*	*1.29%*	*1.09%*	*1.46%*	*2.56*	*1.38%*		
ICE BofAML 1-5 Gov't/Corp, AA or better	*1.27%*	*3.23%*	*1.07%*	*1.35%*	*1.17%*	*1.66%*	*2.52*	*1.34%*		

The performance data shown represent past performance, which is not a guarantee of future results. Investment returns and principal value will fluctuate. Data shown is prior to the deduction of investment advisory fees. GIPS compliant composite presentations are available upon request. For important disclosure information please go to pfm.com/disclosures.

Benchmark source: Bloomberg. All benchmarks represent total returns for the noted periods.

3. Are you willing to develop reporting procedures in like with the City's needs and objectives?

Yes. Our standard monthly reports contain all transaction information required by California Government Code § 53607 and contain the necessary accounting information required by GASB. PFM also currently provides the City with a customized monthly report that the City submits to City Council. The quarterly report we provide to the City has also been customized to meet the City's needs.

4. Can the City access daily investment balances, transactions, and account history? If so, describe.

We will continue to offer the City 24/7 online access to a full suite of reports through PFM's Easy Online Network ("EON"), our Internet reporting site (https://eon.pfm.com/). EON gives the City the ability to review and print complete portfolio details, monthly portfolio reports and intra-month transactions on a daily basis. Industry standard site security and a confidential password help ensure the confidentiality of the City's portfolio data. EON houses most of our available reports and offers daily access to portfolio holdings and transactions, as well as the ability to review and print complete portfolio details. Monthly statements are archived indefinitely.

5. Are confirmations of investment transactions sent directly by the broker/dealer to the client?

The City currently receives, and will continue to receive trade confirmations from the broker/dealer.

E. Controls

1. Describe the procedures used to ensure that client portfolios comply with investment objectives and policies.

We use Bloomberg AIM system to house, monitor and automate investment policy compliance. We have invested significant resources into maintaining effective trading and compliance monitoring systems. All trades are processed through Bloomberg AIM system, which applies client investment policy guidelines and limits to pending trades and verifies compliance on a pre-trade basis. Compliance is also verified post-trade, and at the end of each day, every one of our firm's managed portfolio is run through a full compliance check. Any exceptions are reported to and addressed by PFM's Compliance Group.

2. Describe the firm's security environment. Specifically, cover the physical and digital security and software safeguards that you have put in place to control access to portfolio reporting systems and client account information.

At PFM, "security" means more than seeking safe investments; it also means providing clients with tools to guard against cybersecurity compromises. PFM systems are proactively monitored 24/7, and our business and technical teams are prepared to respond to a variety of events that may pose a business threat or cause a business disruption. We maintain highly available systems in redundant data centers located in different regions, each designed to back up the other in the event of an unplanned business disruption.

Physical Security

The primary PFM data centers are located in our Philadelphia and Harrisburg, Pennsylvania, offices. Both offices have a 24-hour security desk and require an access card for entry to each floor. In addition to the security desk and required access cards previously mentioned, as an additional level of protection, our data centers in the Philadelphia and Harrisburg offices have a key pad requiring a security code for entry. The data centers also have temperature probes that monitor room temperature levels and will send alerts to IT should the temperature rise above standard temperature thresholds. Additionally, a user ID and password for each client is used to seek to protect the confidentiality of online data which is stored on a secure server.

Digital Security

All firm websites have an industry-standard threat-management gateway that works in conjunction with network firewalls to protect internal systems from unauthorized external access. An Intrusion Prevention System and Intrusion Detection System also have been deployed and are updated on a regular basis. Internally, an anti-virus solution scans all workstations and servers, and is updated from the vendor several times a day. A patch-management console also deploys security updates to the servers and workstations on a scheduled basis as released by all of the major vendors. Data Loss Prevention software and Mobile Device Management software also are in place to seek to provide added protection and security controls for critical information resources. Employees accessing PFM systems require an authorized user account with a user ID and password that meets a strict set of standards based on industry best practices. Users are required to change their passwords every 90 days. Access permissions are managed using Microsoft's Active Directory, which is administered centrally by IT.

Sensitive participant data is only available to PFM employees with specific responsibilities for that data. We set the rights for view-only or view-and-add/edit for each user. Only those with a responsibility to maintain data have this add/edit capability. We use a dual review and authorization system, so all participant requests for additions or edits to sensitive information, like wire or ACH instructions, must be made by a team member with those rights and must be approved by a second team member at with approval rights.

In EON, all non-public information is secured on database or file servers with access restricted to a specific list of privileged accounts. Highly sensitive information (e.g., access credentials) is stored in an encrypted format. Please see the following list of site features that are designed to enhance security and/or protect the privacy of sensitive data:

- Uses multi-factor authentication ("MFA"), a method of confirming a user's identity using factors beyond the standard username and password
- Requires Secure Sockets Layer ("SSL")
- Requires use of mixed case, numbers and symbols within user passwords
- User account is locked out after five unsuccessful login attempts
- User accounts expire after one year of inactivity
- Instructs browsers not to allow auto-complete or cache-sensitive information locally

Disaster Recovery

We have a complete disaster recovery system. In the event of an emergency, our crisis management team, consisting of the firm's managing directors, is responsible for assessing the extent of the disaster, declaring one if warranted and notifying the business recovery team, which consists of various business leaders and other critical staff. Certain business recovery team members will relocate to our disaster recovery facility (or "hot site") located in Philadelphia, Pennsylvania, and other members will connect remotely to complete necessary tasks. Prior to their arrival at the hot site, our system recovery team (IT personnel) will help ensure that all critical applications and databases are up and running in the disaster recovery environment. All required computers, printers, fax machines, market data feeds/terminals, external trading resources and other equipment are also ready for use. Our disaster recovery plan is available for in-person review.

We also conduct disaster recovery exercises, which simulate actual disasters whereby our trading, client service and accounting facility, located in our Harrisburg office, is assumed to be destroyed or inaccessible. During the simulation, our crisis management team is responsible for assessing the extent of the disaster and declaring one if warranted. All critical business procedures are executed and validated during the test. A post mortem is held afterward whereby results are reviewed and any issues identified are addressed accordingly. We conduct several localized disaster recovery scenarios each year.

System Backup

All critical business applications and system configurations are routinely synchronized between our production and disaster recovery environments. Critical business data and files are replicated and backed up nightly. Transactional data (e.g., trades) are replicated to our devoted disaster recovery servers in Philadelphia every 15 minutes. Given the level of system and data redundancy in place, we can completely restore our systems environment within approximately three hours of a declared disaster. Investment operations can be operated out of the Philadelphia office's relocation site indefinitely. Records are backed up daily and maintained. All application and database servers have "hot" spare servers in our Philadelphia office that are updated either on a nightly basis or via "near-time" replication.

F. Additional Information

1. Briefly describe any additional features, attributes, or conditions which the City should consider in the selection process.

The City can be assured that PFM meets all minimum requirements of the RFP. We are an independent, registered investment advisor with more than $87.1 billion in domestic fixed income AUM, $21.4 billion of which are managed to a 1-3 year or 1-5 year benchmark for well over 10 years. Since 1989, we have served more than 100 California public agencies from our San Francisco and Los Angeles offices, and we continue to deliver competitive performance, reviews of which are prepared and presented in accordance with GIPS, on their behalf today. We describe the attributes that we believe set us apart from other firms and that the City should consider in the selection process:

- **Longstanding Partnership with the City.** We have been fortunate to partner with the City for over 12 years. Over this period, we have worked closely with the City and helped its investment program evolve and adapt to changes in interest rates at the City's comfort level. Since the beginning of our relationship, we have been proactive in bringing new ideas for the portfolio (e.g., use of TLGP, expanded corporate credit, and negotiable CDs, benchmark strategy extension). The collaboration has resulted in ***more than $34.9 million in incremental earnings*** compared to the portfolio's benchmark, which was the ICE BofAML 1 Year U.S. Treasury Index from before December 2010, the ICE BofAML 0-3 Year U.S. Treasury Index from January 2011 to December 2014, and is the ICE BofAML 1-3 Year U.S. Treasury Index beginning January 2015, as of March 31, 2019 (gross of fees). Most importantly, we have protected the City's assets through the most challenging financial crisis of our lifetime.

We are excited about the next chapter of the City's investment program and to continue providing fresh, progressive ideas and investment strategies as we enter a new interest rate environment. Additionally, we are remain committed to providing the accounting, reporting, and general financial resources that the City has utilized in the past to generate efficiencies and savings. We feel well-positioned to help ensure that the City's objectives will continue being met, by providing continuity, transparency with respect to strategy implementation, trade execution and reporting.

- **Our Commitment to Serving California Public Agencies.** We manage or advise on $45.1 in discretionary fixed income assets in California (as of March 31, 2019). The City's engagement team has extensive expertise providing investment management and consulting services to 147 clients in the state as of March 31, 2019. We are very familiar with the California Government Code, and we understand the opportunities and challenges facing municipalities.
- **Our Resources and Holistic Prospective.** While we have developed technical resources that set us apart from other firms, our most significant resource is our professional staff who are experienced in providing the many investment advisory services public agencies need. As they have done in the past, Lauren and Allison will draw upon the expertise of 246 asset management professionals, including portfolio managers, the Fixed-Income Investment and Credit Committees, research analysts, accountants, compliance professionals and client service staff to meet the City's investment program needs. Furthermore, our management prospective is also enhanced and informed by our financial advisory, treasury management, arbitrage rebate, financial planning, and multi-asset class management colleagues that also serve the City.

2. Describe any other services your firm can provide that may be applicable to the City's needs/accounts/portfolios.

In addition to our fixed income investment management services, PFM provides a wide range of services to the City and other public sector clients. These services include:[5]

- **Multi-Asset Class Investing.** For nearly 40 years, we have been committed to providing quality investment advisory services to public investors. These services include OCIO services to pension and OPEB plans. Since 2009, we have provided these services to the City's OPEB Trust. ***Ellen Clark*** currently serves as the City's contact for our OCIO services.
- **Treasury Consulting/Banking Services RFP.** We helped to develop and design a banking services Request for Proposal customized to the City's specific needs. In this role, ***David Calvert*** and ***Danton Ponzol*** have worked closely with the City to review and evaluate proposals submitted by banking providers to help ensure that the City obtains the appropriate services to meet its needs. Through this process, the City was able to achieve savings of approximately $28,000 annually or $140,000 over the five-year contract term.

[5] *Financial advisory and management and budget consulting services are provided by PFM affiliates PFM Financial Advisors LLC and PFM Group Consulting LLC, respectively, pursuant to separate contracts with separate fees.*

- **Financial Advisory.** Through PFM's financial advisory business, we have served as a comprehensive financial advisory partner to the City since 2006. ***Sarah Hollenbeck*** has been working with the City since 2006, and ***Nick Jones*** has been working with the City since 2012.
- **Management and Budget Consulting.** We provide a broad range of services including multi-year financial planning; consolidating and shared-services analysis; operational and program analysis; revenue maximization; fleet management; and pension and OPEB review and strategies. ***Russ Branson*** leads these efforts for the City.
- **Arbitrage Rebate and Tax Compliance.** The rules that govern the arbitrage rebate process are highly complex and can evolve and the regulations and interpretations have changed over time. PFM has its own dedicated Arbitrage and Tax Compliance Group, led by ***Katia Frock*** and ***Michael Steinbrook,*** that has developed sophisticated proprietary calculation models aiming to minimize rebate liabilities and assists tax-exempt issuers during the planning stages of their financings to determine the optimum investment of bond proceeds. With an in-depth understanding of the IRS Code and related Treasury Regulations, we are able to help ensure that our bond proceed clients like the City maintain compliance with all tracking and reporting requirements.

G. Fee Structure

1. Proposals should include all costs associated with providing the services described in the Scope of Work. Please include your firm's fee schedule that would apply to a contract with the City.

PFM strives to charge fees that are commensurate with our scope of services and the complexity of work performed. We believe that the proposed fee schedule recognizes our current partnership with the City as well as the unique quantitative and qualitative resources that we bring to the relationship. In recognition of the City's loyalty and long-standing relationship, we propose to cap our fee for the first year at $190,000.

Fee Schedule*	
First $100 million in AUM	7.5 basis points
Next $200 million in AUM	6 basis points
Assets over $300 million in AUM	4 basis points

** Minimum annual fee of $25,000 applies.*

2. What expenses would be covered through the fee structure?

The fee schedule included above covers all of our normal costs for the services listed in the scope of services, including travel and out-of-pocket expenses. The fee schedule does not include services beyond the scope of work, such as arbitrage rebate services.

3. What additional cost would be required to implement your program (e.g. bank custodial fees, travel expenses, etc.?

There are no additional costs to the City for our services. The City will still pay the custodial bank for custodial services.

4. Is there a minimum annual fee or retainer?

Yes. There is a minimum annual fee of $25,000.

H. References

Please provide five California client references, including length of time managing their assets, client name, address, and phone number. Clients with portfolios similar in size and complexity to the City of Santa Rosa would be preferred.

We encourage the City to contact the references listed on the following page to learn more about the quality of our investment advisory services we provide to similar clients.

Client Name & Contact	Engagement Description
City of Manteca Jeri Tejeda Finance Director 209.456.8017 Jtejeda@ci.manteca.ca.us	• Client since 2002 • Discretionary management of operating funds • PFM's services include: cash flow analysis; investment policy development; strategy development; benchmark selection and review; regular meetings
City of Redwood City Kimbra McCarthy Assistant City Manager of Administrative Services/Treasurer 650.780.7070 kmccarthy@redwoodcity.org	• Client since 2016 • Discretionary management of operating funds • PFM's services include: cash flow analysis; investment policy development; strategy development; benchmark selection and review; regular meetings
City of Modesto DeAnna Christensen Director of Finance 209.577.5387 dachristensen@modestogov.com	• Client since 2004 • Discretionary management of operating funds • PFM's services include: cash flow analysis; investment policy development; strategy development; benchmark selection and review; regular meetings
City of Napa Brian Cochran Finance Director 707.258.7888 bcochran@cityofnapa.org	• Client since 1998 • Discretionary management of operating funds • PFM's services include: cash flow analysis; investment policy development; strategy development; benchmark selection and review; regular meetings
City of Hayward Dustin Claussen Director of Finance 510.583.4010 Dustin.Claussen@hayward-ca.gov	• Client since 2012 • Discretionary management of operating funds • PFM's services include: cash flow analysis; investment policy development; strategy development; benchmark selection and review; regular meetings

Proposed Exceptions

RFP Page 15 of 26, Attachment A – Sample Professional Services Agreement. 5.b. and **RFP Page 24 of 26, Attachment One – Insurance Requirements for Professional Services Agreements. B.2.b.** We respectfully request this be revised to include, "except in regards to workers compensation and professional liability," as Industry standards prohibit the inclusion of additional insureds on those policies.

RFP Page 19 of 26, Attachment A – Sample Professional Services Agreement. 16. PFM respectfully requests the opportunity to negotiate the confidentiality language in any resulting agreement to allow us to disclose confidential information if required to do so by law or regulatory or judicial process. If we are served with a subpoena requiring the production of the confidential information, we need to be able to comply with the subpoena, without that compliance constituting a breach of our agreement.

This language is consistent with what was provided in our executed contract dated August 22, 2017.

Regulatory Provisions. If PFM Asset Management LLC is awarded the engagement, we respectfully request the inclusion of certain provisions in the resulting contract that are driven by our status as an investment advisor registered under the Investment Advisers Act of 1940 (e.g., registered advisor description; conflict of interest provision; our maintenance of books and records; and our disclosure statement [Form ADV, Parts 2A and 2B]).

III. Appendices

A. Audited Financial Statements

PFM I, LLC
AND SUBSIDIARIES

Consolidated Financial Statements
with Supplementary Information

December 31, 2018 and 2017

Kreischer Miller

PEOPLE | IDEAS | SOLUTIONS

PFM I, LLC AND SUBSIDIARIES
December 31, 2018 and 2017

CONTENTS

Independent Auditors' Report

The Board of Directors and Members
PFM I, LLC and Subsidiaries

We have audited the accompanying consolidated financial statements of PFM I, LLC and Subsidiaries, which comprise the consolidated balance sheets as of December 31, 2018 and 2017, and the related consolidated statements of comprehensive income, changes in members' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of PFM I, LLC and Subsidiaries as of December 31, 2018 and 2017, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Kreischer Miller

Horsham, Pennsylvania
April 26, 2019

PFM I, LLC AND SUBSIDIARIES

Consolidated Balance Sheets
December 31, 2018 and 2017

	2018	2017
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,288,519	$ 1,084,724
Investments in securities	97,730	105,000
Accounts receivable, net	23,025,615	17,946,047
Work-in-process, net	14,704,672	17,867,280
Prepaid expenses and other current assets	4,841,504	14,575,166
Total current assets	43,958,040	51,578,217
Equipment and improvements, net	26,841,676	21,336,556
Intangible assets, net	3,822,625	5,354,765
Other assets	2,431,893	734,802
Deferred income taxes	-	1,385,000
Goodwill	113,439,901	114,169,202
Total assets	$ 190,494,135	$ 194,558,542
LIABILITIES AND MEMBERS' EQUITY		
Current liabilities:		
Lines of credit	$ 36,000,000	$ 15,934,562
Current portion of long-term debt, net	-	5,499,702
Current portion of capital lease obligations	1,116,090	717,290
Accounts payable	1,369,272	3,279,654
Current portion of accrued expenses	34,964,790	34,556,143
Current portion of deferred revenue	2,306,756	1,226,600
Total current liabilities	75,756,908	61,213,951
Long-term debt, net	39,810,650	65,650,051
Capital lease obligations, net of current portion	1,218,630	1,530,459
Accrued expenses, net of current portion	5,718,156	6,431,196
Deferred income taxes	1,179,000	-
Deferred revenue, net of current portion	607,075	300,473
Deferred rent	14,306,294	11,108,311
Total liabilities	138,596,713	146,234,441
Members' equity:		
Members' equity	52,043,428	48,418,584
Contributions receivable	(184,090)	(109,030)
Accumulated other comprehensive income	38,084	14,547
Total members' equity	51,897,422	48,324,101
Total members' equity	51,897,422	48,324,101
Total liabilities and members' equity	$ 190,494,135	$ 194,558,542

See accompanying notes to consolidated financial statements.

PFM I, LLC AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income
Years Ended December 31, 2018 and 2017

	2018	2017
Revenues:		
Professional fees	$ 185,442,518	$ 180,191,439
Other income	1,266	95,691
	185,443,784	180,287,130
Expenses:		
Salaries, incentive compensation, and employee benefits	110,541,694	112,582,647
General and administrative	53,654,200	46,280,911
Interest expense	5,529,809	4,832,380
Other expense	109,725	2,141
	169,835,428	163,698,079
Income before provision for income taxes	15,608,356	16,589,051
Provision for income taxes	1,992,000	5,230,000
Net income	13,616,356	11,359,051
Other comprehensive income:		
Foreign currency translation adjustments	23,537	14,547
Comprehensive income	$ 13,639,893	$ 11,373,598

See accompanying notes to consolidated financial statements.

PFM I, LLC AND SUBSIDIARIES

Consolidated Statements of Changes in Members' Equity
Years Ended December 31, 2018 and 2017

	Common Members' Equity[1]	Common Members' Equity Contributions Receivable	Accumulated Other Comprehensive Income	Total Members' Equity
Balance, December 31, 2016	$ 45,938,926	$ (249,030)	$ -	$ 45,689,896
Members' contributions	6,961,073	140,000	-	7,101,073
Equity-based compensation expense recorded in connection with unit grant agreements (Note 15)	172,016	-	-	172,016
Redemption of common members' equity	(6,919,133)	-	-	(6,919,133)
Members' distributions	(9,093,349)	-	-	(9,093,349)
Foreign currency translation adjustments	-	-	14,547	14,547
Net income	11,359,051	-	-	11,359,051
Balance, December 31, 2017	48,418,584	(109,030)	14,547	48,324,101
Members' contributions	6,319,568	(169,185)	-	6,150,383
Receipt of contributions receivable	-	94,125	-	94,125
Equity-based compensation expense recorded in connection with unit grant agreements (Note 15)	191,160	-	-	191,160
Redemption of common members' equity	(6,118,143)	-	-	(6,118,143)
Members' distributions	(10,384,097)	-	-	(10,384,097)
Foreign currency translation adjustments	-	-	23,537	23,537
Net income	13,616,356	-	-	13,616,356
Balance, December 31, 2018	$ 52,043,428	$ (184,090)	$ 38,084	$ 51,897,422

[1]Common equity includes 39,420,524, 39,208,146 and 39,070,416 Class C units as of December 31, 2018, 2017 and 2016, respectively.

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows
Years Ended December 31, 2018 and 2017

	2018	2017
Cash flows from operating activities:		
Net income	$ 13,616,356	$ 11,359,051
Adjustments to reconcile net income to net cash provided by operating activities:		
Change in fair value of contingent consideration	253,685	66,691
Change in fair value of deferred consideration	(729,302)	356,940
Change in fair value of interest rate swap	-	2,141
Accretion of discount on held-to-maturity investments	-	(922)
Depreciation and amortization	6,336,587	4,221,826
Amortization of debt issuance costs	209,381	149,541
Amortization of implementation costs	102,484	-
Loss on investments in securities	7,270	-
Loss on disposal of equipment and improvements	87,336	108,908
Asset impairment	1,439,017	-
Change in accounts receivable reserve	154,193	3,932
Change in work-in-process reserve	47,031	7,559
Deferred income taxes	2,564,000	5,230,000
Equity-based compensation expense	191,160	172,016
Tenant improvement allowance	2,254,963	5,458,827
(Increase) decrease in:		
Accounts receivable	(5,233,761)	4,054,823
Work-in-process	3,115,577	(7,707,295)
Prepaid expenses and other current assets	9,685,178	(9,841,204)
Other assets	(1,799,575)	(164,812)
Increase (decrease) in:		
Accounts payable	(1,910,382)	1,309,335
Accrued expenses	(198,152)	(5,898,409)
Deferred revenue	1,386,758	791,065
Deferred rent	943,020	504,489
Net cash provided by operating activities	32,522,824	10,184,502
Cash flows from investing activities:		
Maturities of investments in securities	-	1,000,000
Purchases of investments in securities	-	(105,000)
Purchases of equipment and improvements	(9,946,846)	(11,532,004)
Equipment and improvements acquired under capital lease obligations	(1,159,773)	(1,138,603)
Acquisition of Fiduciary Capital Management, Inc.	-	(2,420,000)
Net cash used in investing activities	(11,106,619)	(14,195,607)

Continued...

PFM I, LLC AND SUBSIDIARIES

Consolidated Statements of Cash Flows, Continued
Years Ended December 31, 2018 and 2017

	2018	2017
Cash flows from financing activities:		
Net borrowings on (repayments of) lines of credit	(11,434,562)	13,934,562
Repayments of long-term debt	-	(4,500,000)
Payment of contingent consideration	(1,005,424)	(1,120,000)
Advances under capital lease obligations	1,203,595	1,138,603
Payments on capital lease obligations	(1,116,624)	(464,214)
Members' contributions	6,244,508	7,101,073
Members' distributions	(9,009,297)	(7,947,675)
Redemption of common members' equity	(6,118,143)	(6,919,133)
Net cash provided by (used in) financing activities	(21,235,947)	1,223,216
Effect of exchange rate changes on cash	23,537	14,547
Net increase (decrease) in cash and cash equivalents	203,795	(2,773,342)
Cash and cash equivalents, beginning of year	1,084,724	3,858,066
Cash and cash equivalents, end of year	$ 1,288,519	$ 1,084,724

	2018	2017
Supplemental disclosure of cash flow information:		
Cash paid during the year for:		
Interest	$ 5,199,523	$ 4,553,696
Income taxes	$ 643,753	$ 4,946,804

Supplemental disclosure of noncash investing and financing activities:

As described in Note 2, the Company has accrued tax distributions of $3,526,200 and $2,151,400 as of December 31, 2018 and 2017, respectively.

During the year ended December 31, 2018, the Company utilized $31,500,000 of its line of credit to repay its term loan agreement, as described in Note 10.

During the year ended December 31, 2018, the Company disposed of fully depreciated equipment and improvements totaling $9,284,430.

In connection with the 2017 acquisition of Fiduciary Capital Management, Inc. described in Note 3, PFM Asset Management LLC incurred contingent consideration with a fair value of $1,585,000 and deferred consideration of $33,000.

During the year ended December 31, 2017, the Company recorded tenant improvements totaling $573,965.

During the year ended December 31, 2017, the Company disposed of fully amortized intangible assets totaling $959,131.

See accompanying notes to consolidated financial statements.

(1) Nature of Business

As of December 31, 2018, PFM I, LLC (PFM I) wholly owns PFM Investment, LLC (PFM Investment). PFM Investment wholly owns Public Financial Management, Inc., PFM Asset Management LLC and Subsidiaries, PFM Financial Services LLC, PFM Swap Advisors LLC, PFM Ventures, LLC and Subsidiary, PFM Financial Advisors LLC and Subsidiary, PFM Group Consulting LLC, PFM Management Services LLC, and PFM International LLC and Subsidiary.

PFM I will continue until the occurrence of an event of dissolution as described in its third amended and restated limited liability company operating agreement (the Operating Agreement). Events of dissolution include the written consent of holders of at least 76% of the member units, the sale or disposition of substantially all of PFM I's assets, or any event specified under law as an event causing dissolution of PFM I.

Public Financial Management, Inc. (PFM) is a professional services firm that specializes in providing financial advisory services primarily to state and local governments and nonprofit institutions throughout the United States. Financial advisory services relate principally to the structuring, pricing and rating of debt, and consulting on finance related matters.

PFM Asset Management LLC (PFMAM) is an investment advisory firm that specializes in providing money-management and investment advisory services primarily to state and local governments, nonprofit institutions and retirement plans throughout the United States.

PFM Fund Distributors, Inc. (Fund Distributors), a wholly-owned subsidiary of PFMAM, is a broker-dealer whose sole purpose is to serve as the distributor or marketing agent for local government investment pools and registered investment companies for which PFMAM serves as investment adviser and/or administrator and/or transfer agent. Shares in these local government investment pools and registered investment companies are offered and sold only to institutional investors, the majority of which are state and local governmental entities. Fund Distributors has no present plans to buy, sell, or trade securities.

BondResource Partners, LP and BondResource Partners, LLC (collectively, BondResources) are wholly-owned subsidiaries of PFMAM. BondResources is a professional services firm that specializes in providing bond management services and calculations primarily to tax-exempt entities.

PFM Financial Services LLC (FiServ) provides a national program for procurement cards, issued through an unrelated financial institution.

PFM Swap Advisors LLC (PFMSA) is a professional services firm that specializes in assisting clients with interest-rate swaps and other derivatives.

Continued...

(1) Nature of Business, Continued

PFM Ventures, LLC (PFM Ventures) is a holding company that owns PFM Solutions LLC.

PFM Solutions LLC (PFM Solutions), a subsidiary of PFM Ventures, specializes in providing customized, comprehensive strategic planning services to governmental, not-for-profit, and for-profit institutions.

PFM Financial Advisors LLC (PFMFA) is a professional services firm that specializes in providing financial advisory services primarily to state and local governments and nonprofit institutions throughout the United States. Financial advisory services relate principally to the structuring, pricing and rating of debt, and consulting on finance related matters.

Western Financial Group, LLC (WFG) is a wholly-owned subsidiary of PFMFA. WFG is a professional services firm that provides financial advisory services primarily to state and local governments and nonprofit institutions principally in the Northwestern United States.

PFM Group Consulting LLC (PFMGC) is a professional services firm that specializes in providing consulting services primarily to state and local governments and nonprofit institutions throughout the United States. Consulting services are primarily analyses to assist with better governmental operating outcomes.

PFM Management Services LLC (PFMMS) is an administrative entity. PFMMS's primary purpose is to provide financial management and other administrative services to the Company's international operations. PFMMS was formed during the year ended December 31, 2017 and had no activity during the year ended December 31, 2017.

PFM International LLC (PFM International) is a United States holding company for the Company's international subsidiaries.

PFM Advisors UK Limited (PFMUK) is a wholly-owned subsidiary of PFM International. PFMUK is a professional services firm specializing in providing financial advisory services throughout the United Kingdom. Financial advisory services relate principally to the structuring, pricing and rating of debt, and consulting on finance related matters. PFMUK was formed during the year ended December 31, 2017.

(2) Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of PFM I, PFM Investment, PFM, PFMAM and Subsidiaries, FiServ, PFMSA, PFM Ventures and Subsidiary, PFMFA and Subsidiary, PFMGC, PFMMS, and PFM International and Subsidiary (collectively, the Company). All significant intercompany accounts and transactions have been eliminated in the accompanying consolidated financial statements.

Cash Equivalents

Short-term investments and other highly liquid instruments having original maturities of three months or less are considered to be cash equivalents.

Investments in Securities

The Company accounts for its investments in equity securities in accordance with Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) 321, *Investments – Equity Securities*, whereby equity investments are measured at fair value in the accompanying consolidated balance sheets with changes in fair value recognized in net income.

The Company determines the appropriate classification of its investments in debt securities at the time of purchase and reevaluates such determinations at each reporting date. Debt securities are classified as held-to-maturity when the Company has the positive intent and ability to hold the securities to maturity. Held-to-maturity securities are recorded as either short-term or long-term on the accompanying consolidated balance sheets, based on contractual maturity date and are stated at amortized cost. Securities that are bought and held principally for the purpose of selling them in the near term are classified as trading securities and are reported at fair value, with unrealized gains and losses recognized in earnings. Securities not classified as held-to-maturity or trading are classified as available-for-sale, and are valued at fair value, with the unrealized gains and losses, net of tax, included in the determination of comprehensive income and reported in members' equity.

Transactions related to investments in securities are recorded on a trade date basis.

At December 31, 2018 and 2017, the Company held investments in certain pooled funds managed by PFMAM. These investments are recorded at fair value as further described in Note 4.

At December 31, 2016, the Company held U.S. government securities that were classified as held to maturity and carried at amortized cost. These securities matured during the year ended December 31, 2017.

Continued…

(2) Summary of Significant Accounting Policies, Continued

Equipment and Improvements

Equipment and improvements, including computer software developed or acquired for internal use, are stated at cost. The straight-line method of depreciation is used for financial reporting purposes over estimated useful lives of generally three years for computer software, three to five years for equipment, and five to ten years for furniture and fixtures. Leasehold improvements are amortized on a straight-line basis over the shorter of the lease term or the estimated useful lives of the assets, which generally range from two to fifteen years. Assets in progress are stated at cost, which includes the cost of construction and other direct costs attributable to the construction. No provision for depreciation is made on assets in progress until such time as the relevant assets are completed and put to use. Assets in progress at December 31, 2018 and 2017, primarily represents leasehold improvements and computer software. Maintenance and repairs are charged to expense as incurred. Betterments and renewals, which extend the useful lives or capacities of the equipment and improvements, are capitalized. Gains or losses resulting from the sale or disposal of equipment and improvements are included in the consolidated statements of comprehensive income.

Assets Held under Capital Leases

Assets held under capital leases are recorded at the lower of the net present value of the minimum lease payments or the fair value of the leased asset at the inception of the lease. Amortization expense is computed using the straight-line method of the shorter of the estimated useful lives of the assets or the period of the related lease.

Intangible Assets

Intangible assets consist primarily of customer lists and non-competition agreements. The straight line method of amortization is used for financial reporting purposes over estimated useful lives ranging from three to five years.

Continued...

(2) Summary of Significant Accounting Policies, Continued

Cloud Computing Arrangements

Prior to January 1, 2018, the Company expensed implementation costs related to cloud computing arrangements as incurred. Effective January 1, 2018, the Company adopted FASB Accounting Standards Update (ASU) 2018-15, *Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract* and accounts for implementation costs related to cloud computing arrangements by capitalizing qualifying costs on its consolidated balance sheet in the same line item that a prepayment for the fees of the associated arrangement would be presented. Accordingly, such capitalized implementation costs have been included as a long-term other asset in the accompanying consolidated balance sheets. The Company amortizes capitalized implementation costs on a straight line basis over the terms of the related arrangements, which, as of December 31, 2018, is seven years. Amortization expense related to the capitalized implementation costs is required to be presented in the same line item in the consolidated statement of comprehensive income as the fees associated with the hosting element of the arrangements. Accordingly, such amortization expense has been included in general and administrative expenses in the accompanying consolidated statements of comprehensive income.

Goodwill

In accordance with FASB ASC 350, *Intangibles – Goodwill and Other*, the Company assesses goodwill for impairment on an annual basis. In connection with its assessment of the fair value of deferred consideration on PFM Ventures, the Company recognized an impairment of goodwill of $729,301 during the year ended December 31, 2018. See Note 4. No impairment of goodwill was recognized during the year ended December 31, 2017.

Debt Issuance Costs

Debt issuance costs are amortized over the term of the related loan. Unamortized debt issuance costs related to term debt are included in the accompanying consolidated balance sheets as a reduction of the term debt. As of December 31, 2018 and 2017, aggregate debt issuance costs and accumulated amortization related to term debt were $432,800 and $243,450, and $788,791 and $438,544, respectively. See Note 10 for information regarding the related term debt. As of December 31, 2018 and 2017, net debt issuance costs totaling $24,242 and $72,726, respectively, related to the Company's line of the credit are recorded in prepaid expenses and other current assets. As of December 31, 2018 and 2017, aggregate debt issuance costs and accumulated amortization, related to the line of credit were $96,968 and $72,726, and $96,968 and $24,242, respectively.

Continued...

(2) Summary of Significant Accounting Policies, Continued

Debt Issuance Costs, Continued

Total amortization, included in interest expense, related to debt issuance costs was $209,381 and $149,541 for the years ended December 31, 2018 and 2017, respectively.

Impairment of Long-Lived Assets

Impairment of long-lived assets is recognized when projected future cash flows are less than the assets' carrying values. Accordingly, when indicators of impairment are present, the Company evaluates the carrying values of the long-lived assets in relation to the cash generating performance and future undiscounted cash flows of the underyling business. The Company adjusts the net book value of the underlying assets if the sum of their expected future undiscounted cash flows is less than book value. The Company recorded an impairment charge of $709,716 related to internal-use software during the year ended December 31, 2018. No such adjustments were recorded during the year ended December 31, 2017.

Revenue Recognition

A majority of the Company's fees are based on either fixed price or hourly contracts, or assets under management.

The Company's financial advisory contracts are typically long-term in nature. Revenue for these fixed price and hourly contracts is recognized when realized or realizable, and earned. This occurs when an arrangement exists, services have been rendered, the fees are fixed and determinable, and collectability is reasonably assured.

Revenue for asset management is primarily calculated as a percentage of compensable assets under management. At December 31, 2018 and 2017, the Company managed compensable assets with a fair value of approximately $95 billion and $82 billion, respectively. Compensable assets are subject to market fluctuations.

The Company generally bills in arrears for services performed. Unbilled revenue is recorded in work-in-process in the accompanying consolidated balance sheets.

Advertising

The Company expenses advertising costs when incurred. Total advertising expenses, recorded in general and administrative expenses in the accompanying consolidated statements of comprehensive income, for the years ended December 31, 2018 and 2017 were $2,602,194 and $2,019,682, respectively.

Continued...

(2) Summary of Significant Accounting Policies, Continued

Income Taxes

PFM I, PFM Investment, PFMAM, FiServ, PFMSA, BondResources, PFM Ventures, PFM Solutions, PFMFA, WFG, PFMGC, PFM International, PFMUK, and PFMMS (collectively, the Partnerships) file combined federal and state income tax returns. The Partnerships' activities are reported under the partnership provisions of the Internal Revenue Code (IRC) and various state statutes for income tax reporting. Accordingly, the members of PFM I are individually liable for the taxes on their respective shares of the Partnerships' consolidated income or loss.

PFM and Fund Distributors are C corporations. Income taxes are computed in accordance with FASB ASC 740, *Income Taxes*. This standard requires an asset and liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the book and tax bases of assets and liabilities, as well as the estimated future tax consequences attributable to net operating loss and tax credit carryforwards. A valuation allowance is established if, based upon all available information, it is deemed more likely than not that a portion or all of a deferred tax asset will not be realized.

FASB ASC 740 is the authoritative pronouncement on accounting for and reporting income tax liabilities and expense. FASB ASC 740 prescribes a more-likely-than-not recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken. In addition, FASB ASC 740 provides guidance on derecognition, classification and disclosure.

The Company files income tax returns in the U.S. federal jurisdiction, the United Kingdom, and various state and local jurisdictions. For U.S. jurisdictions, the Company's tax returns are subject to examination by the relevant tax authorities until expiration of the applicable statute of limitations, which is generally three years after the filing of the tax return. It is difficult to predict the final timing and resolution of any particular uncertain tax position. Based on the Company's assessment of many factors, including past experience and complex judgments about future events, the Company does not currently anticipate significant changes in its tax positions over the next 12 months.

Under the Operating Agreement, PFM I is generally required, with certain exceptions, to make periodic distributions to the members for federal and state income taxes on pass-through income. Exceptions include restrictions in financing agreements and availability of funds. The Company has accrued tax distributions of $3,526,200 and $2,151,400 as of December 31, 2018 and 2017, respectively.

Continued...

(2) Summary of Significant Accounting Policies, Continued

Comprehensive Income

The Company follows FASB ASC 220, *Comprehensive Income*. FASB ASC 220 establishes standards for reporting and display of comprehensive income and its components in a full set of general purpose financial statements. FASB ASC 220 requires all items to be recognized under accounting standards as components of comprehensive income and to be disclosed in the consolidated financial statements. Comprehensive income is the total of net income and other comprehensive income which comprises the foreign currency translation adjustment in the accompanying consolidated statements of comprehensive income.

Foreign Currency Translation

All assets and liabilities of PFMUK are generally translated at exchange rates in effect at the reporting date. Revenue and expense accounts are generally translated at the average rate of exchange in effect during the reporting period. Foreign currency translation adjustments are included in other comprehensive income. Cumulative foreign currency translation adjustments are reflected in accumulated other comprehensive income in the accompanying consolidated balance sheets.

Concentrations of Credit Risk

Financial instruments that potentially expose the Company to concentrations of credit risk consist principally of cash and cash equivalents, accounts receivable, and work-in-process. The Company principally utilizes national banks to maintain its operating cash accounts. At certain times, such balances may be in excess of the FDIC insurance limits. The Company's principal customers are state and local governments, nonprofit institutions and retirement plans. Services to these customers are normally provided under contractual arrangements. The Company assesses the financial strength of its customers on an ongoing basis. The Company records accounts receivable and work-in-process reserves at levels considered by management to be adequate to absorb estimates of probable future losses (uncollectable amounts) existing at the reporting date. These reserves are based on estimates, and ultimate losses may differ from those estimates.

In the normal course of its operations, the Company enters into contracts and agreements that contain indemnifications and warranties. The Company's maximum exposure under these agreements is unknown as this would involve future claims that may be made against the Company that have not yet occurred. The Company expects the risk of loss to be remote.

Continued...

(2) Summary of Significant Accounting Policies, Continued

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassification

Certain items in the accompanying 2017 consolidated financial statements have been reclassified to conform to the current year presentation.

Recently Adopted Accounting Standards

The Company adopted FASB ASU 2016-01, *Financial Instruments - Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities.* This ASU amends certain aspects of recognition, measurement, presentation and disclosure of financial instruments, including the requirement to measure certain equity investments at fair value with changes in fair value recognized in net income. The impact of adopting this ASU had no material impact upon adoption and will result in the Company recognizing changes to the fair value of equity investments as part of net income rather than other comprehensive income.

The Company adopted FASB ASU 2018-15 on a prospective basis effective January 1, 2018 pertaining to ongoing cloud implementation arrangements. This ASU provides new guidance on a customer's accounting for implementation, set-up and other upfront costs incurred in a cloud computing arrangement that is hosted by the vendor. Under the new guidance, customers will apply the same criteria for capitalizing implementation costs as they would for an arrangement that has a software license. The new guidance also prescribes the balance sheet, income statement and cash flow classification of the capitalized implementation costs and related amortization expense, and requires additional quantitative and qualitative disclosures. The adoption of this guidance resulted in the Company capitalizing costs on its consolidated balance sheet and amortizing those costs over the related arrangements rather than expensing costs as incurred. See Note 8 for further details regarding the capitalized costs.

Continued...

(2) Summary of Significant Accounting Policies, Continued

Recent Accounting Standards Pending Adoption

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU impacts measurement, recognition and disclosure of revenue from contracts. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The ASU will be effective for the Company's December 31, 2019 consolidated financial statements. The Company is currently evaluating the impact that the adoption of this ASU will have on its consolidated financial position, results of operations, and cash flows. The adoption of this ASU is expected to require additional disclosures in the Company's consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 23): Classification of Certain Cash Receipts and Cash Payments*. This ASU clarifies guidance related to the classification of certain cash flows. The ASU will be effective for the Company's December 31, 2019 consolidated financial statements. The Company is currently evaluating the impact that the adoption of this ASU will have on its consolidated cash flows. The adoption of this ASU is expected to require the Company to classify cash payments for contingent and deferred consideration made soon after the acquisition date of a business combination as cash outflows from investing activities rather than as cash outflows from financing activities. Additionally, the adoption of this ASU is expected to require the Company to separate cash payments for contingent and deferred consideration not made soon after the acquisition date of a business combination, and classify as cash outflows from operating and financing activities rather than entirely as cash outflows from financing activities. Cash payments up to the amount of the contingent and deferred consideration liability recognized at the acquisition date will be classified as financing activities; any excess will be classified as operating activities.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)* which requires lessees to recognize the following for all leases other than short-term leases at the commencement of a lease: a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. The ASU is effective for annual reporting periods beginning after December 15, 2019, and interim periods within annual periods beginning after December 15, 2020. Early application is permitted. The Company is currently evaluating the impact that the adoption of this ASU will have on its consolidated financial statements and anticipates a material increase in total assets and liabilities.

(3) Acquisitions

Fiduciary Capital Management, Inc.

In December 2017, PFMAM completed the acquisition of certain assets of Fiduciary Capital Management, Inc. (FCM), who has been in the business of managing stable value portfolios for institutional retirement plan clients. PFMAM acquired FCM to expand its ability to manage stable value portfolios in the defined contribution markets. The acquisition date fair value of consideration transferred and the acquisition date fair value of assets and liabilities acquired include the following:

Fair Value of Consideration Transferred:	
Cash	$ 2,420,000
Deferred consideration	33,000
Contingent consideration	1,585,000
	$ 4,038,000

Recognized Amounts of Identifiable Assets Acquired and Liabilities Assumed:	
Customer list	$ 3,100,000
Goodwill	938,000
	$ 4,038,000

The acquisition of FCM includes two contingent consideration arrangements that require additional consideration to be paid under certain situations. The first contingent consideration is based on the revenues attributable to contracts assigned to PFMAM from FCM through December 15, 2018. The second contingent consideration is based on the revenues attributable to certain of FCM's pipeline prospects as of the date of the acquisition. Any incentive earned is payable over a 2 year time period after execution of contracts with the pipeline prospects. The fair value of the contingent consideration recognized at acquisition is remeasured as of each reporting date using level 3 inputs, as described in Note 4. The goodwill is primarily attributable to the workforce of the acquired business and additional market presence.

(4) Fair Value Measurements

FASB ASC 820, *Fair Value Measurements and Disclosures*, defines fair value and establishes a framework for measuring and disclosing fair value in accordance with accounting principles generally accepted in the United States of America.

Various inputs may be used to determine the value of the Company's financial assets and liabilities. These inputs are summarized in three broad levels listed below. The input levels or methodologies used for valuing financial assets and liabilities are not necessarily an indication of the risk associated with those financial assets and liabilities.

Level 1: Quoted prices in active markets for identical financial assets and liabilities.

Level 2: Observable inputs other than level 1 quoted prices.

Level 3: Unobservable inputs.

Observable inputs are inputs that other market participants may use in pricing a financial asset or liability. These may include quoted prices for similar assets and liabilities, interest rates, prepayment speeds, credit risk, and others. The determination of what constitutes observable inputs requires judgment by management of the Company.

In situations where quoted prices or observable inputs are unavailable or deemed less relevant (for example, when there is little or no market activity for an asset or liability at the end of the period), unobservable inputs may be used. Unobservable inputs reflect the Company's own assumptions about the factors market participants would use in pricing an asset or liability, and would be based upon available information.

For the years ended December 31, 2018 and 2017, the application of valuation techniques applied to similar assets and liabilities has been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value:

Investments in Securities

At December 31, 2018 and 2017, the Company held investments in certain pooled funds managed by PFMAM valued at the net asset value (NAV) per unit of the respective pooled fund.

Contingent Consideration

In accordance with FASB ASC 805, *Business Combinations*, the Company remeasures the fair value of contingent consideration as of each reporting date. The fair value of contingent consideration is based on significant inputs not observable in the market which FASB ASC 820 refers to as level 3 inputs, and has been included in accrued expenses in the accompanying consolidated balance sheets.

Continued...

(4) Fair Value Measurements, Continued

Contingent Consideration, Continued

Key assumptions as of December 31, 2018 and 2017 include the following:

	2018						
	Range of Years to Earn Contingent Consideration	Range of Estimated Undiscounted Contingent Consideration (thousands)	Estimated Contingent Consideration Outcomes (thousands)	Cumulative Contingent Consideration Earned	Cumulative Contingent Consideration Paid	Fair Value of Outstanding Contingent Consideration	Discount Rate
FCM	2018	$0 - $2,500	$1,817	$ 1,817,424	$ 855,424	$ 962,000	6.00%
ACA	2017 - 2019	$0 - $550	$550	$ 400,000	$ 250,000	$ 291,509	6.00%

	2017						
	Range of Years to Earn Contingent Consideration	Range of Estimated Undiscounted Contingent Consideration (thousands)	Estimated Contingent Consideration Outcomes (thousands)	Cumulative Contingent Consideration Earned	Cumulative Contingent Consideration Paid	Fair Value of Outstanding Contingent Consideration	Discount Rate
FCM	2018	$0 - $2,500	$1,680	$ -	$ -	$ 1,589,000	6.00%
ACA	2017 - 2019	$0 - $550	$550	$ 250,000	$ 100,000	$ 416,248	6.00%
SBA	2016 - 2017	$1,545 - $2,060	$2,060	$ 2,060,000	$ 2,060,000	$ -	6.00%

Deferred Consideration

In December 2015, PFM Ventures completed an acquisition of certain assets of Whitebirch Software, Inc. through the creation of PFM Solutions. The fair value of the deferred consideration recognized in connection with that acquisition was estimated by applying a discounted cash flow model and is remeasured as of each reporting date. That measurement method is based on significant inputs not observable in the market, which FASB ASC 820 refers to as level 3 inputs. The undiscounted payment amount is based off of the net income or loss attributable to PFM Solutions, plus interest, taxes, depreciation, and amortization, multiplied by eight, (the PFM Solutions Fair Market Value) for each of the years ended December 31, 2019 through December 31, 2023. Payments will be made each year from 2020 through 2024, or earlier under certain conditions, at the prior year's PFM Solutions Fair Market Value. Key assumptions include an estimated base scenario of undiscounted cash flows of $9,300,000 with a 10% and 60% probability at December 31, 2018 and 2017, respectively, and an alternate scenario of undiscounted cash flows of $6,500,000 with a 90% and 40% probability at December 31, 2018 and 2017, respectively. A discount rate of 6% was utilized. Deferred consideration of $5,576,646 and $6,305,948, respectively, is included in accrued expenses, net of current portion in the accompanying consolidated balance sheets at December 31, 2018 and 2017.

Continued...

(4) Fair Value Measurements, Continued

The tables below present the assets and (liabilities) measured at fair value on a recurring basis:

	December 31, 2018			
	Total	Level 1	Level 2	Level 3
Investments in securities measured at NAV per share[a]	$ 97,730			
Contingent consideration	$ (1,253,509)	$ -	$ -	$ (1,253,509)
Deferred consideration	$ (5,576,646)	$ -	$ -	$ (5,576,646)

	December 31, 2017			
	Total	Level 1	Level 2	Level 3
Investments in securities measured at NAV per share[a]	$ 105,000			
Contingent consideration	$ (2,005,248)	$ -	$ -	$ (2,005,248)
Deferred consideration	$ (6,305,948)	$ -	$ -	$ (6,305,948)

[a] In accordance with FASB ASU 2015-07, certain investments that were measured at NAV per share (or its equivalent) as a practical expedient have not been classified in the fair value hierarchy.

The changes in the balances of the liabilities measured at fair value based on level 3 inputs are summarized as follows:

	Contingent Consideration	Deferred Consideration
Balance at December 31, 2016	$ 1,473,557	$ 5,949,008
Fair value recognized at acquisition date	1,585,000	-
Contingent consideration paid	(1,120,000)	-
Change in fair value	66,691	356,940
Balance at December 31, 2017	2,005,248	6,305,948
Contingent consideration paid	(1,005,424)	-
Change in fair value	253,685	(729,302)
Balance at December 31, 2018	$ 1,253,509	$ 5,576,646

(5) Accounts Receivable and Work-In-Process

The components of accounts receivable are as follows at December 31:

	2018	2017
Accounts receivable	$ 24,291,779	$ 19,058,018
Accounts receivable reserve	(1,266,164)	(1,111,971)
Accounts receivable, net	$ 23,025,615	$ 17,946,047

The components of work-in-process are as follows at December 31:

	2018	2017
Work-in-process	$ 15,296,347	$ 18,411,924
Work-in-process reserve	(591,675)	(544,644)
Work-in-process, net	$ 14,704,672	$ 17,867,280

(6) Equipment and Improvements

Equipment and improvements consist of the following at December 31:

	2018	2017
Leasehold improvements	$ 18,725,406	$ 9,987,137
Furniture and fixtures	6,718,556	7,786,120
Equipment	4,228,049	5,907,572
Computer software	6,109,437	7,027,644
Assets in progress	3,027,555	7,075,393
	38,809,003	37,783,866
Accumulated depreciation and amortization	(11,967,327)	(16,447,310)
	$ 26,841,676	$ 21,336,556

Depreciation and amortization expense was $4,804,447 and $3,289,458 for the years ended December 31, 2018 and 2017, respectively.

At December 31, 2017, the Company had a receivable of $3,654,848 for tenant improvement allowances related to assets in progress, which was included in prepaid expenses and other current assets in the accompany consolidated balance sheet as of December 31, 2017.

(7) Intangible Assets

Intangible assets consist of the following at December 31:

	Customer Lists	Non-competition Agreements	Total
		2018	
Gross carrying amount	$ 7,130,000	$ 272,890	$ 7,402,890
Accumulated amortization	(3,307,375)	(272,890)	(3,580,265)
	$ 3,822,625	$ -	$ 3,822,625
		2017	
Gross carrying amount	$ 7,130,000	$ 272,890	$ 7,402,890
Accumulated amortization	(1,854,029)	(194,096)	(2,048,125)
	$ 5,275,971	$ 78,794	$ 5,354,765

Amortization expense for the years ended December 31, 2018 and 2017 was $1,532,140 and $930,341, respectively. Estimated amortization expense for the years ending December 31, 2019, 2020, 2021, and 2022, is $1,453,500, $1,129,125, $620,000, and $620,000, respectively.

(8) Implementation Costs for Cloud Computing Arrangements

Implementation costs for cloud computing arrangements, which have been included in other assets in the accompanying consolidated balance sheet, consist of the following at December 31, 2018:

Implementation costs	$ 1,651,124
Accumulated amortization	(102,484)
	$ 1,548,640

Amortization expense, which has been included in general and administrative expenses in the accompanying consolidated statement of comprehensive income, for the year ended December 31, 2018 was $102,484. Estimated amortization expense for each of the years ending December 31, 2019, 2020, 2021, 2022, and 2023 is $204,968.

(9) Lines of Credit

During 2017, PFM Investment, PFM, PFMAM, and FiServ (collectively, the Borrowers) modified its line of credit agreement. Under the agreement, the Borrowers have available a joint line of credit that expires on June 28, 2019. The maximum available borrowings are \$60,000,000, subject to certain conditions in the credit agreement. The Borrowers are jointly and severally liable to the lenders for the full payment and performance under the line of credit. The line of credit contains mandatory prepayment provisions as described in Note 10. The Company's management expects the lines of credit to be extended under similar terms.

Unpaid cash advances bear interest at the base rate plus an applicable margin, or the LIBOR rate plus an applicable margin. The applicable margin for the base rate ranges from 0.00% to 1.00% based on the Company's consolidated senior leverage ratio. The applicable margin for the LIBOR rate ranges from 2.00% to 3.25% based on the Company's consolidated senior leverage ratio. The applicable interest rates at December 31, 2018 range from 4.50% to 4.66%. The line of credit is collateralized by certain assets of the Borrowers and is guaranteed by PFM I, PFMSA, BondResources, PFM Ventures, PFMGC, PFMFA, and WFG (collectively, the Guarantors). At December 31, 2018 there is \$36,000,000 outstanding on the line of credit.

The Company's credit agreement also provides for up to \$6,000,000 of credit on a swingline loan. The swingline loan is attached to the master cash sweep account and automatically makes draws when daily cash payments exceed the cash on hand in the master cash account, up to the credit limit. At no time, shall the total outstanding balance on the line of credit, the letters of credit and swingline loan exceed the maximum available borrowings. At December 31, 2018, there are no outstanding borrowings on the swingline loan.

The Company's credit agreement also provides for up to \$2,000,000 in letters of credit. The outstanding letters of credit reduce the maximum available borrowings on the line of credit. The Company has outstanding letters of credit totaling \$784,890 as of December 31, 2018. See Note 14.

PFM had available an equipment finance lease facility with \$3,500,000 of maximum financing to lease equipment that expired in December 2018 (See Note 11). Under the terms of this agreement, equipment can be leased for up to 60 months. Lease obligations, payable through 2022, bear interest at the LIBOR rate plus 2% (ranging from 2.92% to 4.52% at December 31, 2018) and are guaranteed by PFM Investment, PFMAM, and FiServ.

(10) Long-Term Debt

Long-term debt consists of the following at December 31:

	2018		
	Principal	Unamortized debt issuance costs	Net
$40,000,000 private placement notes (the Private Notes) with PFM Investment and nine noteholders, with interest only payments made quarterly in arrears and with the remaining unpaid principal and interest due June 2022. The Private Notes are subordinated to the Term Loan and line of credit. The subordination agreement prohibits principal payments on the Private Notes prior to repayment in full of the Term Loan and line of credit. The Private Notes bear interest at a rate of 8% through June 2019 and at the LIBOR rate plus 5.76% from July 2019 through June 2022. Principal prepayments are permitted, subject to the subordination agreement. Any prepayments made prior to June 2019 must include a make-whole penalty, which generally represents interest expense related to the prepayments. The Private Notes are guaranteed by the Guarantors and PFM, PFMAM, and FiServ.	$ 40,000,000	$ (189,350)	$ 39,810,650
Less: Current portion	-	-	-
	$ 40,000,000	$ (189,350)	39,810,650

	2017		
$45,000,000 term loan agreement (the Term Loan) with the Borrowers, jointly and severally liable, and eight lenders. The Term Loan bore interest at the base rate plus an applicable margin, or the LIBOR rate plus an applicable margin. The applicable margin for the base rate ranged from 0.00% to 1.00% based on the Company's consolidated senior leverage ratio. The applicable margin for the LIBOR rate ranged from 2.00% to 3.25% based on the Company's consolidated senior leverage ratio. The Term Loan was collateralized by certain assets of the Borrowers and was guaranteed by the Guarantors. The Term Loan was repaid during the year ended December 31, 2018 utilizing the line of credit discussed in Note 9.	$ 31,500,000	$ (106,797)	$ 31,393,203
The Private Notes described above	40,000,000	(243,450)	39,756,550
	71,500,000	(350,247)	71,149,753
Less: Current portion	(5,625,000)	125,298	(5,499,702)
	$ 65,875,000	$ (224,949)	$ 65,650,051

Continued...

(10) Long-Term Debt, Continued

The aggregate future annual principal payments of long-term debt consist of the following:

Years Ending December 31,	Amount
2019	$ -
2020	-
2021	-
2022	40,000,000
	$ 40,000,000

Upon the occurrence of certain issuances of members' units, receipt of certain insurance proceeds, certain asset dispositions, or if the Company's consolidated senior leverage ratio is 3.00 to 1.00 or greater, the Borrowers are required to make mandatory prepayments to be applied to the lines of credit then the Private Notes. The Company must maintain certain financial and operational covenants in connection with the lines of credit and the Private Notes.

Interest Rate Swap Agreements

The Borrowers entered into two interest rate swap agreements (the Swaps) with total notional amounts of $34,343,750 and $10,000,000, respectively. Under the terms of the Swaps, the Borrowers prepaid fixed interest payments of $521,600 and $219,500, respectively, and receive interest at a floating rate of the excess of LIBOR over 3%. There are no remaining prepaid fixed interest payments at December 31, 2018. The prepaid fixed interest payments aggregating $77,330 at December 31, 2017 are included in other assets on the accompanying consolidated balance sheets and were being amortized over the term of the Swaps. The Swaps commenced October 2013 and expired July 2018. The Borrowers did not elect to designate the Swaps as hedging instruments. Therefore, in accordance with FASB ASC 815, *Derivatives and Hedging,* the gain or loss resulting from the change in fair value of the Swaps is recognized in earnings. The Swaps have no fair value at December 31, 2018 and 2017 and as such, no gain or loss on change in fair value was recorded during the year ended December 31, 2018. The loss on change in fair value of $2,141 for the year ended December 31, 2017, was recognized in other expense in the accompanying 2017 consolidated statement of comprehensive income.

(11) Capital Lease Obligations

The Company leases equipment and furniture and fixtures (included in Note 6) under long-term agreements, which are classified as capital leases under the terms of the equipment finance lease facility described in Note 9. The leases are non-cancellable and expire through 2022. The lease obligations are collateralized by the underlying assets. Assets recorded under capital leases, included in equipment and improvements in the accompanying consolidated balance sheets, are as follows at December 31:

	2018	2017
Equipment	$ 1,010,341	$ 494,677
Furniture and fixtures	2,986,475	1,705,888
Assets in progress	-	636,478
	3,996,816	2,837,043
Accumulated amortization	(837,385)	(253,758)
	$ 3,159,431	$ 2,583,285

Amortization expense related to assets under capital lease obligations was $583,627 and $179,500 for the years ended December 31, 2018 and 2017, respectively.

Aggregate future minimum lease payments on these capital leases as of December 31, 2018, are as follows:

Years Ending, December 31,		Amount
2019		$ 1,182,231
2020		777,803
2021		429,295
2022		58,427
	Total future minimum lease payments	2,447,756
	Amount representing interest	(113,036)
	Present value of net minimum lease payments	2,334,720
	Less current portion	(1,116,090)
	Long-term portion	$ 1,218,630

(12) Retirement Plans

PFM I, PFM, PFMAM, PFMSA, PFM Solutions, PFMFA, and PFMGC sponsor a qualified 401(k) and profit sharing plan. PFM I, PFM, PFMAM, PFMSA, PFM Solutions, PFMFA, and PFMGC match 50% of employee contributions to the 401(k) plan, up to the first 6% of an employee's salary. Profit sharing contributions are made at the discretion of the board of directors of PFM I. There is a one-year service requirement for employees to receive employer contributions, and employees are fully vested in the matching contributions immediately upon their entry date and after five or six years of service for the profit sharing contributions. Employer contributions for the years ended December 31, 2018 and 2017 totaled $3,652,267 and $3,933,046, respectively, for the profit sharing contribution and $1,945,532 and $1,902,730, respectively, for the matching 401(k) contribution.

(13) Income Taxes

The provision for income taxes consisted of the following for the years ended December 31:

	2018	2017
Current:		
Federal	$ (1,017,000)	$ -
State	445,000	-
	(572,000)	-
Deferred:		
Federal	2,032,000	3,814,000
State	532,000	1,416,000
	2,564,000	5,230,000
	$ 1,992,000	$ 5,230,000

The Company's effective tax rate differs from what would be expected if the federal statutory rate was applied to income before income taxes primarily because of pass-through income and because of certain expenses, which are deductible for financial reporting purposes, that are not deductible for tax purposes and certain taxable income not required for financial reporting purposes such as meals and entertainment, depreciation on deferred lease incentives, and intercompany interest.

Continued...

(13) Income Taxes, Continued

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at December 31, 2018 and 2017 are summarized below. The amount of the deferred tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the time the items below are deducted on the tax returns or in any carryforward period are reduced.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The major temporary differences that give rise to the deferred tax assets and liabilities are as follows as of December 31, 2018: deferred rent, intangible assets, goodwill, and equipment and improvements.

For the year ended December 31, 2017, PFM incurred a tax loss resulting from the realization of timing differences and, accordingly, no provision for current income taxes has been recorded. At December 31, 2017, the Company had approximately $5,600,000 of a federal tax loss and $4,300,000 of state tax loss claims. The Company utilized those claims on a carryback basis during the year ended December 31, 2018.

The Tax Cut and Jobs Act of 2017 was signed into law on December 22, 2017. For the year ended December 31, 2017, PFM recorded a tax benefit of $472,000, primarily due to the remeasurement of the December 31, 2017 deferred tax assets (with the exception of federal net operating losses) and deferred tax liabilities at the new corporate rate.

(14) Commitments and Contingencies

Operating Leases

PFM, PFMAM, and PFMUK lease office space and office equipment under operating leases that expire at various dates through 2033. Annual minimum lease payments excluding common area maintenance charges required under these leases as of December 31, 2018 are:

Years Ending December 31,	Amount
2019	$ 8,283,517
2020	$ 7,849,004
2021	$ 7,120,055
2022	$ 6,738,747
2023	$ 5,254,039
Thereafter	$ 37,638,936

Continued...

(14) Commitments and Contingencies, Continued

Operating Leases, Continued

Several of the leases call for graduated payments over the term of the leases. The lease expense, recognized on a straight-line basis over the lease term and included in general and administrative expenses, was $9,820,625 and $8,601,532 for the years ended December 31, 2018 and 2017, respectively. The difference between actual payments and the straight-line basis expense is included in deferred rent on the accompanying consolidated balance sheets.

In connection with certain of its leases, the Borrowers maintain letters of credit in favor of the lessors. The letters of credit automatically renew on an annual basis. See Note 9.

Employment Agreements

Certain entities of the Company have entered into employment agreements with certain key employees. The contracts are automatically renewed on a year-to-year basis thereafter and are cancelable by either party with 90 days' prior notice. However, certain contracted employees are entitled to not less than six months' severance pay if their employment is terminated. In connection with such agreements, those contracted employees have agreed not to compete in any respect with the businesses of the Company for the longer of either 12 months after the termination date, or the remaining term of the employment agreement. In connection with these agreements, PFM, PFMAM, and PFMFA have guaranteed aggregate bonuses of approximately $1,050,000 payable during the years ending December 31, 2019 through 2020.

Equity Appreciation Units

During 2015, PFM I entered into contracts with three non-employee board members (each an Independent Manager). The contracts provide that each Independent Manager is due a fixed fee of $17,000, plus the positive difference between the equity unit values of PFM I, at the earlier of a liquidity event, or the termination of the Independent Manager's service, and the equity unit value of PFM I at the contract date, for each equity appreciation unit. Contemporaneously, 353,000 equity appreciation units were granted with a contract date equity unit value of $1.56. The contract date fair value of this liability was $51,000. The equity unit value of PFM I, as determined by PFM I's board of directors, as of December 31, 2018 and 2017 was $2.29 and $2.08, respectively. At December 31, 2018 and 2017, the Company recognized a deferred compensation liability of $308,690 and $234,560, respectively, which is included in accrued expenses in the accompanying consolidated balance sheets. During the years ended December 31, 2018 and 2017, PFM I recognized compensation expense of $74,130 and $67,070, respectively, in relation to these contracts, which is included in salaries, incentive compensation, and employee benefits in the accompanying consolidated statements of comprehensive income. There were no new equity appreciation units granted during 2018 and 2017.

Continued...

(14) Commitments and Contingencies, Continued

Health Self-Insurance

PFM maintains a self-insurance program for medical coverage. PFM I, PFMAM, PFMSA, PFM Solutions, PFMFA, and PFMGC employees are also eligible to participate in the plan. PFM I, PFM, PFMAM, PFMSA, PFM Solutions, PFMFA, and PFMGC are liable for claims up to $125,000 per covered person annually, and aggregate claims up to $7,142,053 annually. Self-insurance costs are accrued based upon the aggregate of the liability for reported claims and an estimated liability for claims incurred but not reported. PFM maintains additional coverage for amounts in excess of self-insurance limits.

Insurance Deductible

PFM has a $1,000,000 deductible on its errors and omissions insurance and PFMAM, PFMSA, PFM Solutions, PFMFA, and PFMGC are named insured parties. Deductible amounts are accrued when, in the opinion of management, an incident has occurred which will require PFM, PFMAM, PFMSA, PFM Solutions, PFMFA, and PFMGC to pay under the deductible. At December 31, 2018 and 2017, there are no insurance deductibles accrued.

Related Party Transactions

As described in Note 1, the entities of the Company are affiliated through either common or direct ownership. PFM Investment, PFM, PFMAM, and FiServ are co-borrowers on a line of credit and certain long-term debt agreements (see Notes 8 and 9). Certain expenses have been allocated between various entities of the Company. In addition, PFM I charges its subsidiaries a management fee for certain personnel costs, and PFM charges other entities of the Company a management fee for certain personnel and general and administrative expenses. The operating results of the individual entities of the Company may have been different had they been autonomous.

Litigation

From time to time, the Company is involved in legal proceedings in the ordinary course of its businesses. Management believes that the resolution of these legal proceedings will not have a material adverse effect on the financial condition or results of operations of the Company.

(15) Member Units

As described in the Operating Agreement, PFM I has authorized member units, with voting rights. The member units are generally non-transferrable. The Operating Agreement includes preemptive rights. These preemptive rights provide the members of PFM I the opportunity to participate in certain offerings of the member units by PFM I. The Operating Agreement also includes drag-along rights. These drag-along rights require that all members of PFM I participate in any approved sale. With certain exceptions, PFM I is generally required to repurchase the member units of certain employee members who have attained a specified age. Beginning January 1, 2017, with certain exceptions, PFM I also is generally required to repurchase the member units of certain eligible retirees and the member units of certain terminated employees. The repurchase occurs over a four year period with 20% repurchased in the first year, 20% in the second year, 20% in the third year, and 40% in the fourth year. The repurchase is based on the most recently determined equity unit value at the date of each repurchase. The repurchases in the first, second, and third years are done via cash payments. The repurchases in the fourth year are done via a promissory note, not to exceed four years, and bearing interest at (i) the greater of the applicable federal rate or 8% or (ii) such other rate as the board shall determine.

Unit Grant Agreements

The Company has the ability to enter into unit grant agreements (the Grant Agreement) at its discretion, which provide nonvested member units (the Grant Units) to certain employees. Under the Grant Agreements, employees are issued the Grant Units which vest ratably over a period of continuous service or based on realization of certain performance requirements. Compensation cost is recognized on a straight-line basis over the requisite service or vesting period and forfeitures are recognized as they occur. The Grant Agreement provides for accelerated vesting in the event of a change in control, or termination of the grantee without cause. The Grant Units are nontransferable and, to the extent the Grant Units are not forfeited and the grantee has filed the appropriate elections under the IRC, the grantee is entitled to have all the rights and obligations of a member including the right to share in distributions and allocations of profits and losses without regard to whether the Grant Units have become vested.

Continued...

(15) Member Units, Continued

Unit Grant Agreements, Continued

A summary of the status of the Company's Grant Units as of December 31, 2018 and 2017, and changes for the years then ended are presented below:

Nonvested Shares	Grant Units	Weighted Average Grant-Date Intrinsic Value	
Nonvested at December 31, 2016	409,156	$	1.6460
Granted	-	$	-
Vested	(115,539)	$	1.6545
Forfeited	-	$	-
Nonvested at December 31, 2017	293,617	$	1.6427
Granted	-	$	-
Vested	(115,539)	$	1.6545
Forfeited	-	$	-
Nonvested at December 31, 2018	178,078	$	1.6350

As of December 31, 2018, there was $220,160 of total unrecognized compensation cost related to nonvested grant units under the Grant Agreement. The cost is expected to be recognized over a period of 4 years. During 2018 and 2017, the Company recognized compensation expense of $191,160 and $172,016, respectively.

(16) Subsequent Events

The Company has performed an evaluation of subsequent events through April 26, 2019, which is the date the consolidated financial statements were available to be issued.

In March 2019, PFMFA completed the acquisition of certain assets of Fishkind & Associates, Inc., who has been in the business of public finance, real estate and economic consulting and the management of community development districts in the state of Florida. PFMFA acquired Fishkind & Associates, Inc. to expand its ability to manage community development districts and provide economic consulting in the state of Florida. The acquisition included cash of $1.4 million subject to certain adjustments and contingent considerations based on revenue targets for the years ending December 31, 2019, 2020 and 2021. The total consideration, assuming Fishkind & Associates, Inc. satisfies the revenue contingencies is approximately $3.8 million.

SUPPLEMENTARY INFORMATION

Independent Auditors' Report on Supplementary Information

The Board of Directors and Members
PFM I, LLC and Subsidiaries

We have audited the consolidated financial statements of PFM I, LLC and Subsidiaries as of and for the years ended December 31, 2018 and 2017, and have issued our report thereon dated April 26, 2019, which contained an unmodified opinion on those consolidated financial statements. Our audits were performed for the purpose of forming an opinion on the consolidated financial statements as a whole.

The supplemental consolidating information is presented for the purposes of additional analysis rather than to present the financial position, results of operations, and cash flows of the individual companies and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Kreischer Miller

Horsham, Pennsylvania
April 26, 2019

PFM I, LLC AND SUBSIDIARIES

Supplementary Information
Consolidating Balance Sheet
December 31, 2018

	PFM I, LLC	PFM Investment, LLC	Public Financial Management, Inc	PFM Asset Management LLC and Subsidiaries	PFM Financial Services LLC	PFM Swap Advisors LLC	PFM Ventures, LLC and Subsidiary	PFM Financial Advisors LLC and Subsidiary	PFM Group Consulting LLC	PFM Management Services LLC	PFM International LLC and Subsidiary	Eliminations	Consolidated
ASSETS													
Current assets													
Cash and cash equivalents	$ -	$ 261,645	$ -	$ 142,215	$ -	$ -	$ -	$ -	$ -	$ -	$ 884,659	$ -	$ 1,288,519
Investments in securities	-	-	-	97,730	-	-	-	-	-	-	-	-	97,730
Accounts receivable, net	-	-	2,291,106	9,491,531	-	577,253	856,045	7,963,857	1,845,823	-	-	-	23,025,615
Work-in-process, net	-	-	620,309	6,899,427	-	101,158	95,156	4,464,891	2,523,731	-	-	-	14,704,672
Prepaid expenses and other current assets	32,803	24,242	3,482,982	799,496	-	-	5,153	352,728	57	-	144,043	-	4,841,504
Total current assets	32,803	285,887	6,394,397	17,430,399	-	678,411	956,354	12,781,476	4,369,611	-	1,028,702	-	43,958,040
Equipment and improvements, net	-	-	11,632,284	9,241,065	-	-	46,816	5,914,100	-	-	7,411	-	26,841,676
Intangible assets, net	-	-	1,102,000	2,480,000	-	-	-	240,625	-	-	-	-	3,822,625
Other assets	-	-	2,058,129	316,404	-	-	-	-	-	-	57,360	-	2,431,893
Investment in wholly-owned subsidiaries	111,893,995	156,825,880	-	-	-	-	-	-	-	-	-	(268,719,875)	-
Advances to affiliates	-	30,636,453	56,697,193	42,600,609	19,376	1,379,583	-	473,297	-	40,736	-	(131,847,247)	-
Goodwill	84,034,149	-	12,510,685	11,836,674	-	-	4,963,239	95,154	-	-	-	-	113,439,901
Total assets	$ 195,960,947	$ 187,748,220	$ 90,394,688	$ 83,905,151	$ 19,376	$ 2,057,994	$ 5,966,409	$ 19,504,652	$ 4,369,611	$ 40,736	$ 1,093,473	$ (400,567,122)	$ 190,494,135
LIABILITIES AND STOCKHOLDER'S AND MEMBERS' EQUITY													
Current liabilities													
Lines of credit	$ -	$ 36,000,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 36,000,000
Current portion of long-term debt, net	-	-	-	-	-	-	-	-	-	-	-	-	-
Current portion of capital lease obligations	-	-	1,116,090	-	-	-	-	-	-	-	-	-	1,116,090
Accounts payable	-	-	307,837	331,977	927	3,666	1,051	386,343	334,403	3,068	-	-	1,369,272
Current portion of accrued expenses	15,727,375	43,575	2,699,589	8,628,108	-	156,505	476,895	6,323,755	676,543	-	232,445	-	34,964,790
Current portion of deferred revenue	-	-	-	-	-	114,484	2,192,272	-	-	-	-	-	2,306,756
Total current liabilities	15,727,375	36,043,575	4,123,516	8,960,085	927	274,655	2,670,218	6,710,098	1,010,946	3,068	232,445	-	75,756,908
Long-term debt, net	-	39,810,650	-	-	-	-	-	-	-	-	-	-	39,810,650
Capital lease obligations, net of current portion	-	-	1,218,630	-	-	-	-	-	-	-	-	-	1,218,630
Accrued expenses, net of current portion	-	-	-	-	-	-	5,576,646	141,510	-	-	-	-	5,718,156
Advances from affiliates	128,336,150	-	-	20,093	-	-	317,316	-	2,344,824	-	828,864	(131,847,247)	-
Deferred income taxes	-	-	1,179,000	-	-	-	-	-	-	-	-	-	1,179,000
Deferred revenue, net of current portion	-	-	-	-	-	-	607,075	-	-	-	-	-	607,075
Deferred rent	-	-	7,216,541	5,732,160	-	-	-	1,357,593	-	-	-	-	14,306,294
Total liabilities	144,063,525	75,854,225	13,737,687	14,712,338	927	274,655	9,171,255	8,209,201	3,355,770	3,068	1,061,309	(131,847,247)	138,596,713
Stockholder's and members' equity													
Common stock, $.01 par value, 2,000,000 shares authorized, 1,470,274 shares issued and outstanding	-	-	14,703	-	-	-	-	-	-	-	-	(14,703)	-
Additional paid-in capital	-	-	3,017,054	-	-	-	-	-	-	-	-	(3,017,054)	-
Retained earnings	-	-	73,625,244	-	-	-	-	-	-	-	-	(73,625,244)	-
Members' equity													
Members' equity	52,043,428	111,855,911	-	69,192,813	18,449	1,783,339	(3,204,846)	11,295,451	1,013,841	37,668	(5,920)	(191,986,706)	52,043,428
Contributions receivable	(184,090)	-	-	-	-	-	-	-	-	-	-	-	(184,090)
Accumulated other comprehensive income	38,084	38,084	-	-	-	-	-	-	-	-	38,084	(76,168)	38,084
Total members' equity	51,897,422	111,893,995	-	69,192,813	18,449	1,783,339	(3,204,846)	11,295,451	1,013,841	37,668	32,164	(192,062,874)	51,897,422
Total stockholder's and members' equity	51,897,422	111,893,995	76,657,001	69,192,813	18,449	1,783,339	(3,204,846)	11,295,451	1,013,841	37,668	32,164	(268,719,875)	51,897,422
Total liabilities and stockholder's and members' equity	$ 195,960,947	$ 187,748,220	$ 90,394,688	$ 83,905,151	$ 19,376	$ 2,057,994	$ 5,966,409	$ 19,504,652	$ 4,369,611	$ 40,736	$ 1,093,473	$ (400,567,122)	$ 190,494,135

PFM I, LLC AND SUBSIDIARIES

Supplementary Information
Consolidating Statement of Comprehensive Income
Year Ended December 31, 2018

	PFM I, LLC	PFM Investment, LLC	Public Financial Management, Inc	PFM Asset Management LLC and Subsidiaries	PFM Financial Services LLC	PFM Swap Advisors LLC	PFM Ventures, LLC and Subsidiary	PFM Financial Advisors LLC and Subsidiary	PFM Group Consulting LLC	PFM Management Services LLC	PFM International LLC and Subsidiary	Eliminations	Consolidated
Revenues													
Professional fees	$ -	$ -	$ 7,876,732	$ 101,146,735	$ 4,363,527	$ 2,437,179	$ 3,232,475	$ 60,958,366	$ 5,427,504	$ -	$ -	$ -	$ 185,442,518
Management fee	43,822,876	-	36,998,477	4,363,527	-	-	-	-	-	40,677	-	(85,225,557)	-
Other income	-	-	-	824	-	-	-	-	-	-	442	-	1,266
	43,822,876	-	44,875,209	105,511,086	4,363,527	2,437,179	3,232,475	60,958,366	5,427,504	40,677	442	(85,225,557)	185,443,784
Expenses:													
Salaries, incentive compensation, and employee benefits	41,527,810	-	11,768,778	63,843,684	-	1,593,281	3,717,745	39,291,697	3,478,573	-	833,494	(55,513,368)	110,541,694
General and administrative	3,316,327	6,011	28,455,356	28,750,313	4,363,527	595,679	418,739	15,025,614	1,393,673	3,009	1,038,141	(29,712,189)	53,654,200
Interest expense	-	5,415,323	114,486	-	-	-	-	-	-	-	-	-	5,529,809
Other expense	-	-	-	7,270	-	-	-	-	-	-	102,455	-	109,725
	44,844,137	5,421,334	40,338,620	92,601,267	4,363,527	2,188,960	4,136,484	54,317,311	4,872,246	3,009	1,974,090	(85,225,557)	169,835,428
Income (loss) before provision for income taxes	(1,021,261)	(5,421,334)	4,536,589	12,909,819	-	248,219	(904,009)	6,641,055	555,258	37,668	(1,973,648)	-	15,608,356
Provision for income taxes	-	-	1,992,000	-	-	-	-	-	-	-	-	-	1,992,000
Income (loss) before equity in income of wholly-owned subsidiaries	(1,021,261)	(5,421,334)	2,544,589	12,909,819	-	248,219	(904,009)	6,641,055	555,258	37,668	(1,973,648)	-	13,616,356
Equity in income of wholly-owned subsidiaries	14,637,617	20,058,951	-	-	-	-	-	-	-	-	-	(34,696,568)	-
Net income (loss)	13,616,356	14,637,617	2,544,589	12,909,819	-	248,219	(904,009)	6,641,055	555,258	37,668	(1,973,648)	(34,696,568)	13,616,356
Other comprehensive income													
Foreign currency translation adjustments	-	-	-	-	-	-	-	-	-	-	23,537	-	23,537
Comprehensive income (loss) before equity in other comprehensive income of wholly-owned subsidiaries	13,616,356	14,637,617	2,544,589	12,909,819	-	248,219	(904,009)	6,641,055	555,258	37,668	(1,950,111)	(34,696,568)	13,639,893
Equity in income of wholly-owned subsidiaries other comprehensive income	23,537	23,537	-	-	-	-	-	-	-	-	-	(47,074)	-
Comprehensive income (loss)	$ 13,639,893	$ 14,661,154	$ 2,544,589	$ 12,909,819	$ -	$ 248,219	$ (904,009)	$ 6,641,055	$ 555,258	$ 37,668	$ (1,950,111)	$ (34,743,642)	$ 13,639,893

PFM I, LLC AND SUBSIDIARIES

Supplementary Information
Consolidating Balance Sheet
December 31, 2017

	PFM I, LLC	PFM Investment, LLC	Public Financial Management, Inc	PFM Asset Management LLC and Subsidiaries	PFM Financial Services LLC	PFM Swap Advisors LLC	PFM Ventures, LLC and Subsidiary	PFM Financial Advisors LLC and Subsidiary	PFM Group Consulting LLC	PFM International LLC and Subsidiary	Eliminations	Consolidated
ASSETS												
Current assets												
Cash and cash equivalents	$ -	$ -	$ 4,050	$ 101,045	$ -	$ -	$ -	$ -	$ -	$ 979,629	$ -	$ 1,084,724
Investments in securities	-	-	-	105,000	-	-	-	-	-	-	-	105,000
Accounts receivable, net	-	-	5,261,160	6,682,054	-	450,135	275,061	3,805,314	1,472,323	-	-	17,946,047
Work-in-process, net	-	-	3,703,114	9,767,886	-	71,649	34,900	2,678,713	1,611,018	-	-	17,867,280
Prepaid expenses and other current assets	-	150,057	9,489,436	4,755,378	-	-	5,000	23,334	-	151,961	-	14,575,166
Total current assets	-	150,057	18,457,760	21,411,363	-	521,784	314,961	6,507,361	3,083,341	1,131,590	-	51,578,217
Equipment and improvements, net	-	-	14,625,913	6,594,486	-	-	106,834	-	-	9,323	-	21,336,556
Intangible assets, net	-	-	1,876,794	3,100,000	-	-	-	377,971	-	-	-	5,354,765
Other assets	-	-	517,711	168,444	-	-	-	-	-	48,647	-	734,802
Deferred income taxes	-	-	1,385,000	-	-	-	-	-	-	-	-	1,385,000
Investment in wholly-owned subsidiaries	97,232,841	135,656,222	-	-	-	-	-	-	-	-	(232,889,063)	-
Advances to affiliates	-	48,510,877	38,260,695	30,070,820	18,449	1,327,571	-	5,706,229	-	-	(123,894,641)	-
Goodwill	84,034,149	-	12,510,685	11,836,674	-	-	5,692,540	95,154	-	-	-	114,169,202
Total assets	$ 181,266,990	$ 184,317,156	$ 87,634,558	$ 73,181,787	$ 18,449	$ 1,849,355	$ 6,114,335	$ 12,686,715	$ 3,083,341	$ 1,189,560	$ (356,783,704)	$ 194,558,542
LIABILITIES AND STOCKHOLDER'S AND MEMBERS' EQUITY												
Current liabilities												
Lines of credit	$ -	$ 15,934,562	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 15,934,562
Current portion of long-term debt, net	-	5,499,702	-	-	-	-	-	-	-	-	-	5,499,702
Current portion of capital lease obligations	-	-	717,290	-	-	-	-	-	-	-	-	717,290
Accounts payable	-	-	1,000,610	1,763,439	-	3,666	2,704	177,319	328,889	3,027	-	3,279,654
Current portion of accrued expenses	11,371,471	-	3,238,917	11,061,913	-	180,775	260,532	7,729,752	708,729	4,054	-	34,556,143
Current portion of deferred revenue	-	-	-	-	-	129,794	1,096,806	-	-	-	-	1,226,600
Total current liabilities	11,371,471	21,434,264	4,956,817	12,825,352	-	314,235	1,360,042	7,907,071	1,037,618	7,081	-	61,213,951
Long-term debt, net	-	65,650,051	-	-	-	-	-	-	-	-	-	65,650,051
Capital lease obligations, net of current portion	-	-	1,530,459	-	-	-	-	-	-	-	-	1,530,459
Accrued expenses, net of current portion	-	-	-	-	-	-	6,305,948	125,248	-	-	-	6,431,196
Advances from affiliates	121,571,418	-	-	-	-	-	448,709	-	1,587,140	287,374	(123,894,641)	-
Deferred revenue, net of current portion	-	-	-	-	-	-	300,473	-	-	-	-	300,473
Deferred rent	-	-	7,034,870	4,073,441	-	-	-	-	-	-	-	11,108,311
Total liabilities	132,942,889	87,084,315	13,522,146	16,898,793	-	314,235	8,415,172	8,032,319	2,624,758	294,455	(123,894,641)	146,234,441
Stockholder's and members' equity												
Common stock, $.01 par value, 2,000,000 shares authorized, 1,470,274 shares issued and outstanding	-	-	14,703	-	-	-	-	-	-	-	(14,703)	-
Additional paid-in capital	-	-	3,017,054	-	-	-	-	-	-	-	(3,017,054)	-
Retained earnings	-	-	71,080,655	-	-	-	-	-	-	-	(71,080,655)	-
Members' equity												
Members' equity	48,418,584	97,218,294	-	56,282,994	18,449	1,535,120	(2,300,837)	4,654,396	458,583	880,558	(158,747,557)	48,418,584
Contributions receivable	(109,030)	-	-	-	-	-	-	-	-	-	-	(109,030)
Accumulated other comprehensive income	14,547	14,547	-	-	-	-	-	-	-	14,547	(29,094)	14,547
Total members' equity	48,324,101	97,232,841	-	56,282,994	18,449	1,535,120	(2,300,837)	4,654,396	458,583	895,105	(158,776,651)	48,324,101
Total stockholder's and members' equity	48,324,101	97,232,841	74,112,412	56,282,994	18,449	1,535,120	(2,300,837)	4,654,396	458,583	895,105	(232,889,063)	48,324,101
Total liabilities and stockholder's and members' equity	$ 181,266,990	$ 184,317,156	$ 87,634,558	$ 73,181,787	$ 18,449	$ 1,849,355	$ 6,114,335	$ 12,686,715	$ 3,083,341	$ 1,189,560	$ (356,783,704)	$ 194,558,542

PFM I, LLC AND SUBSIDIARIES

Supplementary Information
Consolidating Statement of Comprehensive Income
Year Ended December 31, 2017

	PFM I, LLC	PFM Investment, LLC	Public Financial Management, Inc	PFM Asset Management LLC and Subsidiaries	PFM Financial Services LLC	PFM Swap Advisors LLC	PFM Ventures, LLC and Subsidiary	PFM Financial Advisors LLC and Subsidiary	PFM Group Consulting LLC	PFM International LLC and Subsidiary	Eliminations	Consolidated
Revenues												
Professional fees	$ -	$ -	$ 36,434,937	$ 96,076,449	$ 4,124,596	$ 2,383,457	$ 1,705,268	$ 39,067,628	$ 4,523,700	$ -	$ (4,124,596)	$ 180,191,439
Management fee	46,326,210	-	24,391,290	-	-	-	-	-	-	-	(70,717,500)	-
Other income	-	-	13,254	82,348	-	-	-	-	-	89	-	95,691
	46,326,210	-	60,839,481	96,158,797	4,124,596	2,383,457	1,705,268	39,067,628	4,523,700	89	(74,842,096)	180,287,130
Expenses.												
Salaries, incentive compensation, and employee benefits	46,741,833	-	22,163,182	70,799,095	-	1,635,641	3,014,007	29,472,388	3,714,059	-	(64,957,558)	112,582,647
General and administrative	857,356	12,635	26,190,355	17,353,417	4,124,596	392,113	936,089	5,320,304	587,253	391,331	(9,884,538)	46,280,911
Interest expense	-	4,764,143	68,237	-	-	-	-	-	-	-	-	4,832,380
Other expense	-	2,141	-	-	-	-	-	-	-	-	-	2,141
	47,599,189	4,778,919	48,421,774	88,152,512	4,124,596	2,027,754	3,950,096	34,792,692	4,301,312	391,331	(74,842,096)	163,698,079
Income (loss) before provision for income taxes	(1,272,979)	(4,778,919)	12,417,707	8,006,285	-	355,703	(2,244,828)	4,274,936	222,388	(391,242)	-	16,589,051
Provision for income taxes	-	-	5,230,000	-	-	-	-	-	-	-	-	5,230,000
Income (loss) before equity in income of parent and wholly-owned subsidiaries	(1,272,979)	(4,778,919)	7,187,707	8,006,285	-	355,703	(2,244,828)	4,274,936	222,388	(391,242)	-	11,359,051
Equity in income of wholly-owned subsidiaries	12,632,030	17,410,949	-	-	-	-	-	-	-	-	(30,042,979)	-
Net income (loss)	11,359,051	12,632,030	7,187,707	8,006,285	-	355,703	(2,244,828)	4,274,936	222,388	(391,242)	(30,042,979)	11,359,051
Other comprehensive income												
Foreign currency translation adjustments	-	-	-	-	-	-	-	-	-	14,547	-	14,547
Comprehensive income (loss) before equity in other comprehensive income of wholly-owned subsidiaries	11,359,051	12,632,030	7,187,707	8,006,285	-	355,703	(2,244,828)	4,274,936	222,388	(376,695)	(30,042,979)	11,373,598
Equity in income of wholly-owned subsidiaries other comprehensive income	14,547	14,547	-	-	-	-	-	-	-	-	(29,094)	-
Comprehensive income (loss)	$ 11,373,598	$ 12,646,577	$ 7,187,707	$ 8,006,285	$ -	$ 355,703	$ (2,244,828)	$ 4,274,936	$ 222,388	$ (376,695)	$ (30,072,073)	$ 11,373,598

B. Form ADV Part 2A

PFM Asset Management LLC

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3/29/2019

FORM ADV PART 2
BROCHURE

This brochure provides information about the qualifications and business practices of PFM Asset Management LLC. If you have any questions about the contents of this brochure, please contact us at pfmamrequest@pfm.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about PFM Asset Management LLC is also available on the SEC's website at www.adviserinfo.sec.gov. The searchable IARD/CRD number for PFM Asset Management LLC is 122141.

PFM Asset Management LLC is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

Notice of Material Changes

We may, at any time, update this Brochure and if we do, we will either send you a copy or offer to send you a copy (either by electronic means (email) or in hard copy form). If you would like another copy of this Brochure, please download it from the SEC website as indicated on the cover page or you may contact our Chief Compliance Officer, Leo Karwejna, at 717-231-6200 or at pfmamrequest@pfm.com.

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Item 4 -Advisory Business

Public Financial Management, Inc. (PFM, Inc.) was founded in 1975 to provide independent financial advisory services to the public sector. PFM, Inc. began providing investment advisory services to public entities in 1980. In 2001, PFM Asset Management LLC (PFMAM) was created as the entity through which investment advisory services are provided. Effective June 1, 2016, financial advisory services historically offered through PFM, Inc. are being offered through a new operating company, PFM Financial Advisors LLC (PFMFA). PFM, Inc., PFMFA, PFMAM and certain other affiliated companies are collectively referred to as "PFM".

PFMAM and the other related businesses within PFM are organized in a holding company structure, and are indirect, wholly owned subsidiaries of the holding company, named PFM I, LLC.

PFMAM is a Delaware limited liability company.

As of December 31, 2018, the amount of client assets we managed on a discretionary basis was $94,103,777,992.80 and the amount we managed on a nondiscretionary basis was $1,207,414,365.91. In addition, as of December 31, 2018, we provided investment consulting services with respect to assets in the amount of $40,837,028,192.22.

We offer the following types of investment advice:

1. Discretionary Advice.

We offer discretionary advisory services for government, nonprofit and other institutional investors who invest in fixed-income and multi-asset class strategies. When a client gives us investment discretion, we have the authority to determine, without obtaining specific approval, (1) overall asset allocation, (2) the manager or sub-adviser to be utilized for the portfolio, (3) the specific securities to be bought and sold, (4) the amount of securities to be bought and sold and (5) the broker or dealer through which the securities are bought or sold. These decisions are subject to limitations of law and any other restrictions in the contract with our client and limitations in our client's written investment policies. Under these types of engagements, we assume day-to-day management responsibility for the assets covered by the investment advisory agreement. Examples of the securities we may recommend include U.S. Treasury securities, Federal Agency securities, high-grade corporate obligations, mortgage and asset backed securities, municipal securities, institutional mutual funds, and money market instruments. We arrange for the purchase and sale of these securities to meet the investment objectives and cash flow requirements of each client.

We manage fixed-income portfolios, often on a total return basis. We also implement liability-driven strategies that seek to generate cash flows from a portfolio of fixed-income securities to match specific liabilities such as bond-funded defeasance accounts, construction accounts or insurance liabilities.

We also provide services to the PFM Multi-Manager Series Trust (MMST or the Trust), a registered open-end investment company, utilizing a manager-of-managers structure. The Trust offers different funds (MMST Funds), with each MMST Fund having specific investment objectives, policies, and restrictions. We are responsible for, among other overall management services, determining investment strategies, selecting and monitoring unaffiliated investment sub-advisers for each MMST Fund and for allocating and reallocating assets among the sub-advisers consistent with each MMST Fund's investment objective and strategies.

For some of our clients, including trusts, pension plans, endowments, foundations, other post-employment benefits (OPEB) plans or other similar asset pools, we serve as a discretionary manager to invest a client's assets in multiple types of investments. Generally these accounts include a variety of asset classes, which may include domestic equity, international equity, fixed-income, and alternative asset classes, including shares of MMST Funds.

We provide multi-asset class investment services in two forms. One form is a wrap fee program known as the Managed Accounts Program (MAP), where we charge a single fee to include investment advisory, third-party custody and administrative services. We are no longer marketing MAP to new clients. The other is a general discretionary form where we unbundle some of the service fees, which allows the client to separately negotiate these fees (for example, custody fees). This form of multi-asset class management is referred to as a fund of funds approach. It may also be described as outsourced CIO, implemented consulting and a variety of other generic terms. In each of these two general forms of management, we work with the client to determine a target asset allocation based on a variety of risk and return characteristics. We then implement the asset allocation, either by buying shares of mutual funds (including ETF's) and/or pooled funds or other investment vehicles (collectively, Funds), or by selecting separate account managers who will manage separate accounts of specific asset classes and/or strategies, including the MMST sub-advisers (Investment Sub-Advisers). Shares may include those of the MMST Funds.

Under this approach, we have discretion to make the initial selection of the Funds or Investment Sub-Advisers. We also provide ongoing periodic monitoring services by evaluating the Fund's or the Investment Sub-Adviser's portfolio management philosophy, policies, processes, controls, personnel and investment performance. Clients who hire us give us authority to change, drop or add Funds or Investment Sub-Advisers. The client generally gives the Investment Sub-Advisers both investment and brokerage discretion in managing its portion of the portfolio. We give these clients periodic reports on the investment performance of the various Funds, Investment Sub-Advisers and the portfolio as a whole.

We assist clients in establishing the basis for asset allocation by preparing a written investment strategy. These clients give us authority to re-allocate assets and to change, eliminate or add managers or investments within the scope of the investment strategy.

2. Services to Registered Investment Companies and Local Government Investment Pools

PFMAM currently provides investment advisory and/or administrative services to 17 pooled investment programs (generally known as local government investment pools) across 15 states, as well as to two registered investment companies whose series or classes are registered in multiple states. We generally, but not always, provide administration services and an affiliate generally provides distribution services as described in this document. Where PFMAM is the investment adviser to a pooled investment vehicle, investment objectives, guidelines and any investment restrictions are not tailored to the needs of individual investors in those vehicles, but rather are described in the relevant offering documents for the vehicle.

3. Nondiscretionary Advice

We also may provide advice on a nondiscretionary basis where we offer clients investment recommendations, subject to their specific approval and further execution instructions. In this case our client makes trades directly or specifically approves our purchase or sale of specific securities, including certificates of deposit.

4. Consulting Services

We also provide nondiscretionary investment consulting services to:

- governmental entities;
- public, Taft-Hartley and corporate pension funds;
- hospital endowments and foundations;

- trusts;
- OPEB plans; and
- other similar institutional investors.

For certain of our clients, these consulting services may consist of providing general portfolio and management assistance, in which we assist the client in reviewing its investment policy and providing advice on management of broker and banking relationships. We may also assist in areas such as cash flow reviews, analysis of the characteristics of client's portfolio, market commentary, portfolio analytics, portfolio reporting, and credit analysis support.

These consulting services consist of overseeing a client's portfolio where we have not been given authority to buy or sell securities in the portfolio. We typically begin these services by assessing the client's investment objectives, time horizon and risk tolerance. Using this information, we then propose asset allocation models within the investment guidelines which the client gives us. We may also assist in writing an investment policy which provides details about the objectives, diversification, quality and performance measurement of the portfolio. We also make recommendations on the selection of money managers, pooled trusts or mutual funds to carry out the client's investment strategy. Once our client puts the investment policy into place, we report quarterly to the client on the investment performance. We also report on whether an investment manager chosen follows its particular style, and whether our client's portfolio complies with its investment policy.

We also provide consulting services to OPEB plans and pension plans. These services involve financial reporting, analyzing cash flow implications of different funding strategies, and other matters relating to the OPEB benefits or pension benefits and funding arrangements. Often we perform these services by cooperating with our client's other professional advisors, such as the client's accountant or actuary.

5. Structured Products

We also provide analytical services for designing and procuring portfolios in connection with the current or advance refunding of municipal bonds and the investment of bond proceeds. For these engagements we arrange for purchases of specific securities that are generally government obligations or structured investments such as forward delivery agreements. On our client's behalf we arrange these purchases by obtaining bids on a competitive basis or in rare instances by negotiating on behalf of our client.

6. Treasury Consulting Services

We also provide clients with services to assist with the design and procurement of banking and custody services. For each client, we conduct a detailed assessment of current banking arrangements. We evaluate the client's needs, analyze existing banking relationships, review how bank services fit into cash management and investment systems, and make specific recommendations to improve certain systems.

7. Services for Banking and Other Similarly Chartered Financial Institutions

We also offer discretionary and nondiscretionary advice tailored for banks and other similarly chartered financial institutions which invest in fixed-income securities. These services are tailored to the particular investment needs, restrictions and requirements which apply to these types of clients. These decisions are subject to limitations of banking regulatory requirements, and any other restrictions in the contract with our client and limitations in our client's written investment policies. Examples of the securities we may recommend include U.S. Treasury securities, Federal Agency securities, high-grade corporate obligations, mortgage and asset backed securities, institutional mutual funds, and money market instruments. We arrange for or recommend the purchase and sale of these securities to meet the investment objective, strategies, and risk position of each of these types of client.

8. Stable Value Management

We also offer stable value strategies that typically include fixed-income investments and benefit-responsive wrap contracts or "wrappers" offered by banks and insurance companies with an overall objective of seeking capital preservation and current income. Stable value strategies are generally offered to defined contribution retirement plans either as a separately managed account (which we presently offer) or as a commingled fund.

These structures may utilize any of the following types of investments, which we refer to as "Stable Value Contracts":

- **Guaranteed Investment Contracts (GIC):** This is a stable value investment contract issued by an insurance company that pays a specified rate of return for a specified period of time and is backed by the financial strength of the issuing entity. The underlying securities are typically held on the issuing insurer's balance sheet in either a general or separate account.
- **Synthetic GIC:** A synthetic GIC is a contract that simulates the performance of a traditional GIC through the use of financial instruments. The underlying assets associated with a synthetic GIC are held in trust for the benefit of the investing plan's participants. Those assets typically include high-quality fixed-income securities which we manage. To enable the policyholder to realize a specific known value for the assets if it needs to liquidate them, synthetic GICs utilize a benefit-responsive "wrapper" contract that is designed to provide market and cash flow risk protection to the policyholder.
- **Separate Account GIC:** A stable value investment contract issued by an insurance company. The underlying assets which we manage are owned by the issuing insurance company but held in a separate account for the benefit of participating plan or plans.

For client stable value accounts, Synthetic and Separate Account GICs typically require that we manage the account(s) within specified investment guidelines as a part of the underwriting and contract process of the issuer of the GIC. These additional guidelines may serve to limit the scope or types of investments otherwise included within a client portfolio, which could result in a lower return to investors.

As part of a stable value strategy for the assets we manage, we will make allocations to various underlying strategies, monitor and maintain portfolio duration, and coordinate the resources of various investment, legal and compliance professionals as well as potentially third-party managers. An ongoing review of portfolio structure, cash flow history, guidelines and objectives for each client will occur. We may provide a full range of services for particular stable value clients, or services may be focused on a subset of stable value management such as advising on overall structure or third-party manager asset allocation.

Entering into Stable Value Contracts is an important aspect of stable value management. We will identify and select, or assist in the selection of, the financial organizations issuing Stable Value Contracts and negotiate contracts on behalf of clients.

9. General Approach to Advisory Services

We tailor our advisory services taking into account following factors:

- the services that the client has requested;

- the client's investment objective;
- the client's investment policy;
- the client's time horizon; and
- the client's risk tolerance.

A client may impose additional restrictions on the types of securities in which we can invest, or on the maturity of securities. We adhere to any investment restrictions provided by the client.

Item 5 - Fees and Compensation

The fees we charge to our advisory clients vary depending upon a number of factors including the types of investments permitted, the personnel providing the advisory services, the particular strategy, the size of portfolio being managed, the relationship with the client, and service requirements associated with the account.

Fees may also differ based on account type (e.g., a commingled, pooled account or a separate individual portfolio account).

Fees are negotiable so one client may pay a higher fee than another client with similar investment objectives or goals.

1. Discretionary Advice – Separate Accounts

We generally receive compensation calculated as a percentage of assets we manage. We receive this compensation after a service is provided, and we bill in arrears on a monthly or quarterly basis. As a general guideline, we charge the following fees for investment advisory services for fixed-income separate account management and stable value strategy management:

Fixed-Income	
Assets Under Management	**Annual Rate**
First $25,000,000	0.25%
Assets in Excess of $25,000,000	0.15%

Stable Value	
Assets Under Management	**Annual Rate**
First $50,000,000	0.30%
Next $50,000,000	0.25%
Next $150,000,000	0.15%
Next $250,000,000	0.10%
In excess of $500,000,000	0.075%

Generally, the fees we charge for these types of engagements are calculated based on the value of the assets as determined by us using the agreed-upon measure in the contract with our client.

Some clients may receive lower fees than this, based on the nature of the mandate or the size of the accounts.

As a general guideline for the multi-asset class management discretionary form, we charge the following fees for investment advisory services:

Assets Under Management	Annual Rate
First $10,000,000	0.45%
Next $10,000,000	0.35%
Next $30,000,000	0.25%
Next $50,000,000	0.20%
Assets in Excess of $100,000,000	0.15%

Generally, the fees we charge for these types of engagements are calculated based on the agreed-upon measure in the contract with our client, typically market value of assets, as determined by the custodian.

For certain accounts, we may charge a minimum fee. However, when a fee for an account, as calculated above, exceeds the minimum fee, the calculated fee applies, rather than the minimum fee.

We use the following fee structure as a general guideline for MAP, which is no longer open to new clients:

Assets Under Management	Annual Rate
First $5,000,000	1.00%
Next $5,000,000	0.85%
Next $10,000,000	0.75%
Assets in Excess of $20,000,000	0.60%

These MAP fees include the following services: asset management, investment advisory (including mutual fund fees) and custody. However, the MAP fee does not include front or back-end fees for the mutual or pooled funds we select, any taxes or fees of attorneys, accountants, auditors or other professionals advising the client. A portion of the fee for MAP is used to compensate the Investment Sub-Advisors.

2. Registered Investment Companies and Pools

The fees we charge for the investment services we provide to the registered investment companies and local government investment pools vary by program. Typically the fee schedule includes various breakpoints depending on asset levels, and may include fee caps or waivers which can be triggered by the overall expense ratio of the pool. We may also receive compensation for providing marketing and administrative services to the shareholders of each registered investment company and to investors in the local government investment pools.

We generally provide these administrative and marketing services as an integral part of our investment advisory services, and the fees we receive for these services may be included as a component of the investment advisory fees we charge.

3. Nondiscretionary Advice

We generally charge fixed fees for these services, depending upon the services that the client requests, and the complexity of the services. We also offer nondiscretionary advice on certificate of deposit investment programs, which are designed to provide clients with a fixed rate to a fixed maturity date. Fees typically range up to 0.25% per annum of the cost of the investment purchased by our clients. Under the certificate of deposit programs, we provide clients with the option to set aside moneys in client accounts to pay our fee after we have performed the service.

4. Consulting Services

For investment consulting services where we have not been given authority to buy or sell securities in the portfolio, we generally charge clients either a fixed fee or a fee that is based on a percentage of assets. The fixed fee is based on the size of the portfolio, complexity, and scope of services which our client wants us to perform. As a general guideline, we charge asset-based fees in a range from 0.05% to 0.30% annually, based on the characteristics listed above. From time to time, we charge hourly fees for these types of services.

For consulting services and reports we provide to OPEB plans, we charge a fixed fee generally in the range of $10,000 to $150,000, depending on the specifics of the services we agree to provide.

5. Structured Products

In these types of engagements, we usually charge a fixed fee. The client may pay the fee, or may instruct the investment contract counterparty or underwriter in writing to pay our fee on the client's behalf. We and our clients agree upon a fee for each of these engagements and the fee is a function of the size and complexity of the engagement. As a general guideline, the typical fee for investment of municipal bond proceeds in a structured investment, or in a refunding bond escrow structuring and procurement engagement, is less than or equal to 0.2% of the cost of the portfolio or the sum of the total deposits under the agreement. In limited circumstances, the fee will be higher, often because the portfolio is small.

6. Other Important Information about Our Compensation

Because we tailor our services to the individual needs of a client, we may offer clients more than one of the services mentioned above. In addition, we may also provide services not mentioned above, such as assisting our clients with a one-time purchase or sale of securities. The fees we charge are negotiable and vary depending upon the particular services we perform and the complexity and extent of the work we provide.

We may charge a minimum fee for small accounts, as explained in Item 5, subsection 1 above. Other than these minimum fee requirements, there are no other requirements for maintaining the account.

All fees are payable to us only after we perform the services; we do not require our clients to pay our fees in advance. Under the majority of our investment advisory engagements, clients authorize us to deduct fees from their investment accounts after they are notified. Under some engagements, the client pays our fees from other sources. The method of payment of our fees is subject to negotiation, and clients have the ability to choose the method of payment, depending on the type of service. For most of our accounts, we bill monthly in arrears. Under some client contracts, we bill the client quarterly. For some services, we bill the client on a one-time basis only when we complete the service.

For services we provide, other than those under MAP, clients are responsible for their own brokerage, sub-advisory, custody and legal fees and taxes, if any. For the services we provide under our MAP, we charge clients a wrap fee. The wrap fee covers fees payable to the portfolio managers of the funds we choose for our MAP and the fee we pay to the custodian for MAP for custodial and administrative services. The portion of the wrap fee paid to portfolio managers of mutual funds generally is in the form of the expense ratios and is deducted automatically by the mutual fund company from the assets invested in the funds. We receive the remainder of the wrap fee, and apply a portion of the fee to pay the custodian pursuant to agreements between the custodian and us. We no longer offer MAP to new clients; a copy of the MAP wrap fee program brochure is available upon request.

We have a wholly-owned subsidiary, PFM Fund Distributors, Inc., which is a broker-dealer under the Securities Exchange Act of 1934. PFM Fund Distributors, Inc. typically serves as exclusive distributor of shares of registered investment companies and local government investment pools (Pooled Funds) for which we serve as investment adviser and/or administrator and we receive fees from this arrangement, as more fully described in Item 10, below.

No supervised person of our affiliated broker-dealer is compensated for the sale of securities.

PFMAM employees are paid a base salary plus a year-end bonus. The annual bonus is dependent upon the profitability of the firm, each group's contribution to the overall profitability of the firm, and each individual's contribution to the group's success. Thus, PFMAM personnel may receive a portion of their bonus based on marketing success which could include revenue derived from investment transactions. The firm's compensation plan is intended to recognize and reward excellent performance on the part of individuals; however, no PFMAM employee is compensated on a commission-related basis. Managing Directors also may have the obligation to buy equity in PFM as part of the bonus process.

Item 6 - Performance-Based Fees and Side-By-Side Management

In rare instances, we enter into advisory agreements under which the client pays us a fee, part of which is performance based. For example, we have entered into agreements where the client pays us all or part of our fee to the extent that the performance of the portfolio we manage exceeds a predetermined benchmark, measured over a designated period of time. We manage both accounts that are charged a performance-based fee and accounts which are charged other fees, typically a percentage of the value of assets managed. To address any concern that we may have an incentive to favor certain investment opportunities for a performance-based account, we follow written procedures designed to allocate trades on an equitable basis considering the investment objectives of the account and without regard to whether an account has a performance-based fee. Accounts with the same objectives and permitted investments should receive a fair allocation of trades over time.

Item 7 - Types of Clients

PFMAM provides investment advisory services to institutional investors, including state and local governments and their agencies, local government investment pools, non-profit organizations, pension and OPEB funds and corporations. For information concerning minimum fee requirements, please see Item 5 above.

Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss

Fixed-Income Portfolios – Analysis and Strategy

Overall strategies are developed by the Fixed-Income Investment Committee which considers the macroeconomic and interest rate conditions described below. The strategies provide guidance for portfolio managers with regard to appropriate duration and sector allocation targets for individual portfolios. We use a variety of analyses as well as internal and external data sources and market research. External sources include various news and information sources, books, governmental bulletins, data bases, research prepared by others and publications from rating agencies, unaffiliated broker-dealers and third-party information providers. We also collect information from clients to determine their liquidity requirements, risk tolerances and any other policies or procedures that guide the investment of the client's assets.

Within the investment objectives and other requirements of the particular client, for clients whose objectives are measured by total return or income our investment approach emphasizes the use of active management strategies that seek to add value while limiting market and credit risk. For liability-driven investment portfolios, such as those funded with bond proceeds and used to pay project costs, we identify securities whose cash flows are expected to meet a draw schedule and we modify the portfolio as the draw schedule changes or as investment opportunities present themselves, although in the latter case the draw schedule is considered when making modifications.

Our Fixed-Income Active Management Process

The following describes our fixed-income investment strategy:

- Disciplined decision making process;
- Duration positioning to manage risk: generally manage durations so they are close to relevant benchmarks, policy of no more than +/- 25% of a related benchmark, which is designed to protect the market value of the portfolio; and
- Seeks out relative value through spread analysis, yield curve positioning, sector weightings and duration management.

We use top-down analysis to assess macroeconomic conditions including interest rates, the shape of the yield curve, Federal Reserve monetary policy, and current and historical yield spreads between sectors. Top-down analysis is a key element of our duration and sector allocation decision-making process. We believe identifying macro-level trends in these areas is important for adding value, controlling risk, and lowering volatility.

We use a careful bottom-up approach to security selection that seeks to identify those industries and issuers with fundamental characteristics and financial strength that enhances their potential to perform well. We seek to combine fundamentally sound investments into a portfolio that optimizes return potential in consideration of investment guidelines or restrictions.

Lastly, we incorporate low-risk active management techniques designed to enhance our relative value approach. We believe active management can capture market inefficiencies that create opportunities for return enhancement. While we expect that every security we buy will be suitable to hold to maturity, we frequently identify opportunities to swap one investment for another to increase earnings, adjust portfolio duration, improve liquidity, or restructure a portfolio to better meet future needs.

Many of the accounts we manage are short and intermediate-term fixed-income assets of governmental entities, so we have tailored our research capabilities and resources to this area of the market. Our portfolio managers and analytical team have access to three major on-line market trading systems: Bloomberg, MarketAxess, and TradeWeb. These systems provide active market quotes, including real-time securities pricing services. We also have access to news from Dow Jones, the Associated Press, Bloomberg News, and several specialized news services. In addition, we communicate daily with approximately 30 major government securities dealers and receive market information from them that assists us in identifying specific market opportunities. We supplement these external systems and data sources with proprietary trading tools which we have developed.

After factoring in a conservative posture of selecting investment maturities to meet cash flow requirements, we will position a portfolio’s duration to take advantage of expected interest rate movements: positioning with a shorter bias when we expect rates to rise and longer when we expect rates to fall. We establish a duration (or average maturity) target for the portfolio based on our macro view of the economy and the financial markets, the type of funds, cash-flow analysis and benchmark chosen by a client. We seek to add value by re-balancing the portfolio to take advantage of market opportunities and in anticipation of interest rate movements. Duration limits are established by our Fixed-Income Investment Committee and may be provided to and evaluated with our clients’ staff on a regular basis as a management and oversight tool.

While maintaining the target duration range for a portfolio, we add value through asset allocation strategies which involve sector selection (security type), curve placement (maturity), spread analysis and issue selection (individual issuer). Our overall view of the financial markets provides the context for selecting maturities which represent the best relative value along the yield curve and the highest potential for enhanced return by "rolling down the curve" and for selecting specific securities within a sector. We perform extensive proprietary analysis on the yield curve to identify "cheap" areas of the curve, and to evaluate a variety of portfolio structures. Using the results of this analysis, our portfolios are frequently over-weighted in certain maturities, and are structured in either a "bullet", "barbell" or "laddered" construct to provide optimal performance.

We think there is a significant opportunity to enhance earnings with a strategy that focuses on the selection of securities based on relative value. Sectors are selected which represent the best relative value based on our sector outlook and historical sector spreads. Investments other than Treasuries are purchased when spreads are wide and avoided or swapped out when spreads are narrow. Our portfolio managers and traders are assigned to specific market sectors in order to monitor products and opportunities and these responsibilities run across all portfolios. Individual issues are selected based on our assessment of issuer financial quality and rating trends, interest rate spread, credit trends, issue structure and liquidity. Portfolios are generally diversified by security type and maturity to avoid a significant investment in a single issuer and to accommodate varying cash flow needs to provide periodic liquidity.

Fixed-Income Portfolios – Risk

Our fixed-income strategies, like all investment strategies, involve certain risks. For portfolios whose investments are limited to obligations of the U.S government we believe the risk of default is minimal; for those invested in obligations of Federal agencies, we believe the risk is nearly as low as it is for direct obligations of the U.S. government. Portfolios whose investments include corporate and municipal obligations are subject to the risk that an issuer will fail to pay principal or interest on a timely basis, while those containing mortgage-backed securities are subject to the risk of uncertain timing of principal payments. In order to manage risks, we seek to diversify portfolio holdings and we limit our investments in corporate and municipal obligations and in mortgage-backed securities to those that are high grade.

Portfolios are also subject to interest rate risk. This is because the market value of securities changes as interest rates change, with a rise in rates reducing market values and a decline in rates increasing market values. Changes in interest rates affect longer maturity securities more than they affect shorter maturity securities. We manage this risk by varying the duration of portfolios other than those that are liability-driven in accordance with our outlook for interest rates, and by managing these portfolios within duration ranges. Nonetheless, investors should expect to experience interest rate volatility in short-term fixed income portfolios and total return volatility which can include unrealized losses in excess of periodic income in intermediate and longer-term portfolios. Although the investment strategies we employ do not involve significant or unusual risk beyond that of the general domestic fixed-income markets, investors need to recognize that investing in securities involves a risk of loss that the investor should be prepared to bear. Past performance is not a guarantee of future returns.

The risk of our top-down strategy is that our macro view of the economy and financial markets is wrong and we position a portfolio's duration or sector allocation in a manner that is not optimal. We seek to manage this risk by limiting variations from duration or maturity targets and by diversifying holdings among security types. For liability-driven investment portfolios, we seek to minimize market risk by approximately matching portfolio cash flows with expected liabilities.

The risk of our bottom-up strategy is that securities that we include in a portfolio because they are perceived to have relative value may later lose value when compared with other securities. We seek to manage this risk by careful and systematic analysis of relative values by performing credit analysis on issuers of securities we recommend and by diversifying holdings.

Frequent trading of securities can create higher overall transaction costs and these will reduce portfolio income. We do manage portfolios actively and we seek to minimize trading costs by recommending liquid issues that are actively traded in the markets and by utilizing competitive bidding wherever feasible.

Stable value strategies are subject to many of the risks described above as well as those risks related to stable value contracts, which are designed to permit plan participant withdrawals relating to activities such as investment option transfers, withdrawals on account of a participant's death, disability, retirement or other termination of employment, and in-service withdrawals in accordance with the plan, to occur at book value on the terms set forth in each contract. Stable value contracts typically include provisions that could serve to limit plan sponsor flexibility to implement desired plan changes. In addition, plan sponsors are obligated to notify the stable value manager of plan changes, in certain cases before changes are implemented.

The obligations of providers of stable value contracts are those of the providers, not us. There is no guarantee that stable value contracts will continue to be valued at their contract value rather than market or fair value or that providers under stable value contracts will fulfill their obligations. If the assets under a stable value contract were revalued at their market values, for purposes of redeeming investments by participants in a retirement plan, this could cause a significant loss in value to the investor.

Stable value contracts generally have terms that provide that certain contract withdrawals will not be paid by the provider at contract value, but would be subject to a market value adjustment to the contract value for withdrawals associated with specified events or circumstances, or when the provider determines that it could create a material adverse effect on its financial interests. While each contract's terms may differ, events or circumstances which may trigger a market value adjustment can typically include all or some of the following: (1) amendments to the plan documents or plan's administration; (2) additions of or changes to a plan's competing investment options; (3) manager change; (4) complete or partial termination of the plan or merger of the plan with another plan; (5) a withdrawal resulting from an event initiated or directed by the plan sponsor ("employer initiated event"), e.g., withdrawals due to the removal of a group of employees from the plan's coverage (such as a group layoff or early retirement incentive program), or the closing or sale of a subsidiary, employing unit or affiliate; (6) changes in law or regulation applicable to the plan; (7) the delivery of any communication to plan participants designed to influence a participant not to invest in the stable value account.

In addition, certain stable value contracts typically provide for an adjustment to contract value if a security that is part of the covered assets defaults or otherwise has its credit risk deteriorate or becomes "impaired" as defined in the contract. Stable Value Contracts also define certain termination events, such as plan merger, bankruptcy of the plan or its sponsor, excessive impaired securities, changes in law or default by the plan under the contract, that permit the provider to terminate the contract at market value and the account will receive the market value of the covered assets as of the date of termination.

The market for stable value contracts is not unlimited. There can be no assurance that sufficient Stable Value Contracts will be available in the future to replace or supplement existing contracts or, even if available, will be available on favorable financial terms. Certain Stable Value providers offer bundled arrangements, under which the provider has both the contract value obligation and the provider (or an affiliate) manages the underlying portfolio.

Multi-Asset Class Asset Management – Analysis and Strategy

The Multi-Asset Class Investment Committee plays a key role in the investment services delivered to clients by establishing asset allocation targets and approving managers/funds for all discretionary multi-asset class accounts. The Multi-Asset Class Investment Committee provides investment and portfolio risk oversight for investment decisions, and convenes regularly to discuss any changes necessary.

We use a consistent approach to multi-asset class accounts that involves portfolio planning, risk assessment, asset allocation determination, manager selection, and performance reporting. The primary difference between discretionary and nondiscretionary types of accounts relates to who provides direction relating to the allocation of assets to separate account managers and the execution of mutual fund buy and sell transactions. For discretionary accounts, we are authorized to instruct the custodian to rebalance the portfolio, move assets among separate account managers and/or to arrange for the purchase or sale of mutual fund holdings.

We believe that the asset allocation decision is the most important factor in determining the expected investment return of a portfolio.

The strategies are implemented in multi-asset class accounts, largely by investing in mutual funds advised by advisers that are not affiliated with us. In MMST the strategies are implemented by allocating assets to Investment Sub-Advisers. Shares of MMST Funds may also make up a portion or all of the assets of a multi-asset class account.

Compiling Capital Market Assumptions

Portfolio strategies are based on Capital Market Assumptions that are determined by the Multi-Asset Class Investment Committee. Our assumptions are for intermediate- and long-term returns in a wide range of asset classes.

- For the intermediate term (five years), our Capital Market Assumptions are derived from our assessment of current economic conditions, including corporate profits, balance sheets, and current valuations for various asset classes.
- Our long-term assumptions (thirty years) are derived using an economic building block approach that projects economic and corporate profit growth, and that takes into consideration the fundamental factors driving long-term real economic growth, and our expectation for inflation, productivity and labor force growth.

Engaging in a Portfolio Planning Survey

We begin the asset allocation process by reviewing a detailed portfolio planning survey with a new client. The survey is designed to facilitate a discussion of all of the asset classes to determine which should be permitted in the final overall allocation.

In addition, through a series of questions, the survey would bring to light information about goals, objectives, cash flow projections, risk tolerance, ability to withstand losses, as well as the view of the economy and the markets. In summary, the portfolio planning survey documents the level of expectations so that everyone understands the goals that have been set for the investment of the assets.

The survey results are updated periodically during an ongoing engagement as client circumstances change.

Determining Asset Allocation Structure

The information from the portfolio planning survey and the Capital Market Assumptions is used to design and keep current an asset allocation plan for the client. We use a modeling program from Ibbotson Associates, along with an internally-built modeling program, which allows us to conduct a more detailed asset/liability modeling study. Each model uses the latest historical data on asset class investment returns, volatility, and correlation with other asset classes along with our Capital Market Assumptions to determine an "optimal" portfolio.

Selecting an Appropriate Asset Mix

A series of tests is run on each model to determine the probability of achieving the desired investment objective under different market scenarios. Existing funding requirements may override the more subjective “tolerance for loss.” We use this process, to help inform our clients of the range of possibilities associated with each asset allocation plan, and to identify a plan that best meets the expectations set forth in the portfolio planning survey.

Investment Manager Selection

Our research team is focused on monitoring the investment products included in our client portfolios. The research analysts are assigned to a specific asset class for which they are responsible. Both the research analysts and our Director of Research correspond with investment managers on a regular basis and meet with investment managers routinely to maintain an understanding of each manager’s investment process and strategy. As part of the ongoing manager due diligence, the research analysts run a series of risk/return statistics, peer universe analysis, portfolio attribution and style analysis on all of the investment strategies employed in our clients’ portfolios to ensure they continue to be an appropriate component of the overall portfolio. As a result, our research team is able to provide the clients with valuable information about potential investment managers.

Rebalancing

We evaluate a client’s portfolio regularly to determine the need for rebalancing the portfolio based on factors including current allocation targets, perceived assessment of relative value, and changes in Capital Market Assumptions. For multi-asset class portfolios where we have discretion we establish target levels for each asset class in the planning stages along with a minimum /maximum range and may update these as our Capital Markets Assumptions and market conditions change. These parameters are input into the client’s investment policy statement and are illustrated in the quarterly reports. We have invested in software that allows our staff to monitor compliance of a client’s portfolios.

Ongoing Monitoring

We monitor a client’s asset allocation, as well as the portfolio’s money managers/mutual funds on an ongoing basis through detailed analysis and our proprietary manager ranking system. For our discretionary accounts, we place a manager or fund on the watch list as a result of lagging performance, poor risk metrics and/or qualitative issues, among other things. Removal from the watch list is typically based on several quarters of improved performance against peers and an appropriate benchmark or remediation of other issues. If problems endure, probation is a subsequent step in the process of reviewing managers. Ultimately, if the problem persists, our Multi-Asset Class Investment Committee approves a termination recommendation.

We continually evaluate the economy, financial markets, and correlation of asset classes to assess whether a client’s asset allocations are appropriate, and rebalance the portfolio if necessary. We regularly interview managers and visit their operations to ensure that they remain the most appropriate vehicle for our client’s investments. Strategic allocation decisions, rebalancing, and re-evaluating managers are all part of the ongoing monitoring process.

Performance Reporting

We provide performance reporting on a quarterly basis. Each client will receive a report containing its own performance measures allowing the client to review its plan and its investment managers' performance versus the established benchmark, while monitoring cash flows and other financial indicators. The report includes a review of the economy, financial markets, and our investment strategy. We also organize quarterly conference calls/meetings to give a client a better understanding by hearing from the people who are making the asset allocation and investment manager decisions.

Multi-Asset Class Asset Management – Risk

Although the investment strategies we employ do not involve significant or unusual risk beyond that of the general markets for international and domestic equities, fixed income, publicly traded real estate, and other investments we recommend, investors need to recognize that investing in securities involves a risk of loss that an investor should be prepared to bear. In order to manage the risks inherent in these markets, we seek to diversify portfolios by blending equity, fixed income, and cash based securities, in a manner that is designed to meet the client's risk tolerance, with the objective of reducing the risk of long term losses. Past performance is not a guarantee of future returns.

Investing in cash, fixed income, and equity funds through separate account managers, mutual funds or ETFs involves risk. Each asset class has its own idiosyncratic risk and return characteristics. In modeling portfolios for our clients, we assess the individual characteristics of asset classes, from a historic and forward looking point of view, to optimize the best blend given the client's investment objectives and tolerance for risk.

Consulting Engagements – Analysis Strategy and Risk

For multi-asset class consulting engagements where we do not have discretion, the methods and analysis generally are similar to those for discretionary accounts as described above. However, determining asset allocation, setting an appropriate asset mix and manager selection are the responsibilities of the client, and not us. We generally make recommendations and report the results of reviews at quarterly client meetings and follow client direction with regard to the selection of managers and re-balancing accounts. As directed by the client, managers may include those that are not approved for our discretionary accounts. In cases where a client directs assets to a manager that is not approved, the level of ongoing diligence we perform may be limited and clients acknowledge this in writing. Risk for these accounts is similar to risk for discretionary multi-asset class accounts.

Item 9 - Disciplinary Information

An investment advisor must disclose material facts about any legal or disciplinary event that is material to a client's evaluation of our advisory business or the integrity of our management. We do not have any disclosure items of this nature.

Item 10 - Other Financial Industry Activities and Affiliations

Our wholly-owned subsidiary, PFM Fund Distributors, Inc. (PFMFD), is registered as a broker-dealer under the Securities Exchange Act of 1934. Its sole activities are to serve as exclusive distributor to the registered investment companies and local government investment pools (Pooled Funds) for which we serve as investment adviser and/or administrator. Marty Margolis, Debra Goodnight and Daniel Hess, management of our company, are registered principals of PFMFD.

If our client invests in a Pooled Fund, we disclose this relationship to the client, through the Form ADV Part 2A and the offering statement for the Pooled Fund. In addition, where Pooled Funds are employed as part of our investment strategy, our investment advisory agreement with the client provides that if we invest client assets in a Pooled Fund, either we will not take these assets into account for purposes of calculating our fees under the client's investment advisory agreement, or we will credit investment advisory fee we earn on the client's Pooled Fund investment against investment advisory fees due us related to the client's separately managed account that holds assets in the Pooled Fund.

We serve as administrator and investment adviser to PFM Funds, a diversified, open-end management registered investment company offering money market funds to governmental entities and other institutional investors. Additionally, we also serve as investment adviser to the MMST and the MMST Funds. We may enter into arrangements with a third party to compensate it for service it provides to us in our role as administrator to PFM Funds, or PFMFD's role as distributor to PFM Funds and the MMST. Such compensation payable to the third party is paid out of the fee we receive from the Pooled Fund. We also serve as administrator and/or investment adviser to the following local government investment pools:

- California Asset Management Trust (CAMP);
- Colorado Statewide Investment Pool (CSIP);
- Florida Education Investment Trust Fund (FEITF);
- Illinois Trust;
- Massachusetts Development Finance Agency Short-Term Asset Reserve Fund (Mass STAR);
- Michigan Liquid Asset Fund Plus (MILAF+);
- Minnesota Association of Governments Investing for Counties (MAGIC);
- Minnesota School District Liquid Asset Fund Plus (MSDLAF+);
- Missouri Securities Investment Program (MOSIP);
- Nebraska Liquid Asset Fund (NLAF);
- New Hampshire Public Deposit Investment Pool (NH PDIP)
- New Jersey Asset & Rebate Management Program (NJ/ARM);
- Pennsylvania Local Government Investment Trust (PLGIT);
- Pennsylvania OPEB Trust (adviser and distributor only);
- TexasTERM Local Government Investment Pool (TexasTERM);
- Virginia State Non-Arbitrage Program (SNAP); and
- Wyoming Government Investment Fund (WGIF).

PFMFD serves as distributor to all of these pools except for WGIF.

We have no arrangements with other investment advisers for direct or indirect compensation for recommending those advisors to our clients. As a matter of policy and practice, we do not accept any fees, commissions or other forms of compensation from any underlying money managers or other professionals affiliated with our client's account.

Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Under Rule 204A-1 of the Investment Advisers Act of 1940, our employees are subject to our Code of Ethics (Code). Compliance with the Code is a condition of employment for all of our employees.

This Code sets out general ethical standards applicable to our employees. Employees are expected to maintain the highest ethical standards, embody a business culture that supports actions based on what is right rather than expediency, deal fairly with clients and one another, protect confidential information and seek guidance about ethical questions. More specifically with respect to advisory activities, the Code requires that whenever our personnel act in a fiduciary capacity, we will endeavor to put the client’s interest ahead of the firm’s. We will disclose actual and potential meaningful conflicts of interest. We will manage actual conflicts in accordance with applicable regulatory and legal standards. If applicable regulatory and legal standards do not permit management of a conflict, we will seek to avoid the conflict. We will not engage in fraudulent, deceptive or manipulative conduct with respect to clients. We will act with appropriate care, skill and diligence.

Our employees are required to know when we are acting as a fiduciary with respect to the work they are doing. If we are acting as a fiduciary, they are expected to comply with all fiduciary standards which apply to us in performing their duties. In addition, they must also put the client’s interest ahead of their own personal interest. An employee’s fiduciary duty is a personal obligation. While advisory personnel may rely upon subordinates to perform many tasks that are part of their responsibilities, they are personally responsible for fiduciary obligations even if carried out through subordinates.

In general, the Code expresses our recognition of our responsibilities to the public, clients and professional associates. Our Code also contains various reporting, disclosure and approval requirements regarding employees' personal securities transactions. The Code requires that our employees whom we deem to be "Access Persons" must report all personal securities transactions, including transactions in mutual funds advised by us, to our Chief Compliance Officer, or to the person he designates. Additionally, certain designated Access Persons are required to pre-clear personal securities transactions. We prohibit our Access Persons from participating in initial public offerings unless our Chief Compliance Officer gives his approval. We also prohibit our employees from purchasing any municipal securities within 60 days of their issue date, if our affiliates PFM, Inc. or PFMFA served as municipal advisor for the bond issue.

You can receive a copy of our Code by contacting us at 213 Market Street, Harrisburg, PA 17101, by calling 717-231-6200 or by emailing pfmamrequest@pfm.com.

On infrequent occasions, our employees may invest in securities that coincidentally we also recommend for purchase or sale in our client accounts. The securities we recommend for purchase and sale within our fixed-income and multi-asset class portfolios are of the type which the Securities and Exchange Commission has expressly recognized as presenting little opportunity for the type of improper trading which compliance with the Code of Ethics reporting requirements is designed to uncover. Further, our employees are subject to our Code of Ethics described above, and because our personnel are acting in a fiduciary capacity, we require our employees to put the client’s interests ahead of their individual interests or that of the firm with respect to the purchase and sale of securities.

Item 12 - Brokerage Practices

We generally exercise brokerage discretion as follows: typically, our clients allow us to choose the broker or dealer to execute the trades. In these situations, we deal with brokers and dealers whom we determine to be major market makers for the types of securities purchased or sold. As a matter of policy, we do not recommend, request or require a client to direct us to execute transactions through a specified broker-dealer. If a client provides us with an approved list of brokers and dealers, we place all orders for the purchase or sale of securities for the client's account with those brokers or dealers and this may limit our ability to achieve the most favorable price or execution. Under these circumstances, the client and the broker or dealer determine the commission rates.

The factors that we may consider in selecting or recommending a particular broker or dealer include: the execution, clearance and settlement capabilities of the firm; our knowledge of negotiated commission rates currently available and other current transaction costs; the nature of the portfolio transaction; the size of the transaction; the desired timing of the trade; the activity existing and expected in the market for the particular transaction; confidentiality; the availability of research and research related services provided through such firms (as discussed below); our knowledge of the financial stability of the firm; and our knowledge of actual or apparent operational problems of the firm. Given these factors, our clients may pay transaction costs in excess of that which another firm might have charged for effecting the same transaction.

When we select or recommend a firm that executes orders or is a party to portfolio transactions, relevant factors taken into consideration may also include whether that firm has furnished research and research related products and/or services. We receive a broad range of research services, including information on the economy, industries, groups of securities and individual companies, statistical information, market data, accounting and tax law interpretations, political developments, pricing and appraisal services, credit analysis, risk measurement analysis, performance analysis and other information which may affect the economy and/or security prices. They also may consist of computer databases. Currently, as a matter of policy, we do not enter into any third party or proprietary soft dollar arrangements where a broker-dealer provides research services in exchange for an expectation of receiving a certain dollar amount of commissions.

From time to time some of these brokers offer us market commentary and data and statistical research reports as to factors which may influence market price movements. We believe that this information improves the quality of our investment and trading decisions for the benefit of all of our clients. We obtain express authorization from our clients to consider direct brokerage factors (efficiency of execution and commission) in selecting a broker or dealer, and to consider the furnishing of statistical research and other information services by the broker or dealer. It is possible that the use of any these particular brokerage firms may result from time to time in a less favorable price for a particular transaction than if we canvassed a broader range of brokers. However, we believe that the practice of taking into account the furnishing of market information is reasonable. For fixed-income securities, we seek to minimize the effect, if any, of research on the transaction costs by seeking multiple competitive bids and offers and involving major market makers wherever feasible, and use electronic trading platforms for a majority of trades to facilitate market access and in an effort to minimize transaction costs.

We have no agreement, understanding or other arrangement, either internal or with brokers and/or dealers, which would influence the allocation of securities transactions among brokers and/or dealers, and we do not utilize soft dollar arrangements other than those activities explicitly authorized under Section 28(e) of the Securities Exchange Act of 1934.

In the fixed-income and ETF markets, we may cause securities transactions to be executed for a client's account concurrently with authorizations to purchase or sell the same securities or shares for other accounts we manage. It is our policy to aggregate the purchase or sale of securities or shares for various client accounts in order to achieve efficiency of execution and better pricing. Each client participating in an aggregate transaction will participate at the same price. Where we receive an allocation that is less than our order we normally allocate the securities or shares to the participating client accounts on a pro rata basis in proportion to the size of the orders placed for each account, to the extent that we can. We may increase or decrease the amount of securities or shares allocated to a client if necessary due to factors including avoiding odd lots in a particular security.

With respect to ETFs, due to low trading volume or the established limit price for the trade order being reached, there may be times when a trade order goes unfilled or only partially filled. At the close of business on the trade date, any remaining trades that have not been filled by the broker will be terminated.

Item 13 - Review of Accounts

For our fixed-income accounts, our Fixed-Income Investment Committee meets generally on a monthly basis, or more frequently as necessary to review the overall strategic direction. This investment committee consists of portfolio managers, senior research staff and our chief investment officer.

Shorter-term tactical approaches are presented routinely through a report and analysis prepared and distributed by a sector specialist and may be discussed at a meeting. These reports highlight interest rate trends and the relative value of different sectors and maturity structures in the market. Ad-hoc strategy discussions take place regularly, or after any significant market moving event, such as sudden changes in financial market conditions, general economic conditions, credit ratings downgrades, and/or the movement of a particular portfolio security through a price support or resistance level.

Our fixed-income portfolio managers and traders are assigned specific accounts and review client portfolios on a daily basis. As part of daily practices, portfolio managers and traders discuss market developments, overall strategies, and the potential impact of pending economic announcements. During these sessions, portfolio managers review portfolios, upcoming maturities, and any expected large transactions.

The Stable Value Investment Committee also meets monthly, or more frequently as necessary. The stable value portfolio managers and research analysts monitor client positions on a daily basis. They discuss daily cash positions, changes in issuers' credit conditions, anticipated cash flow, economic conditions, potential liquidity needs and anticipated upcoming placements.

For our multi-asset class accounts, our Multi-Asset Class Investment Committee meets generally on a monthly basis, or more frequently as necessary to review the overall strategic direction. This investment committee consists of portfolio managers, senior research staff and our chief investment officer.

We monitor the performance of multi-asset class accounts, including our Managed Accounts Program (MAP), on at least a quarterly basis to determine whether the underlying investments selected are performing in line with expectations and are meeting the needs of the individual client. We provide our multi-asset class clients a quarterly analysis of the performance of the underlying funds in which the client's assets are invested and of any reallocation of assets among these underlying funds. At least annually, we will consult with the client to determine whether there are reasons to revise the client's target investment strategy.

Changes in our Capital Market Assumptions, our outlook for asset class valuation, sudden changes in financial market conditions, and general economic conditions may trigger a review of our multi-asset class accounts. Accounts are reviewed by a principal or a portfolio manager in consultation with one of our principals. Normally, we sequence account reviews in a manner that provides for first review of the accounts that have the greatest potential exposure to the effects of the event which triggers the review.

We furnish monthly account summaries to each fixed-income portfolio client with assets under continuous management. The summaries include details of all transactions and holdings at the end of the period. We also provide account summaries on a daily basis on the Internet. We may also provide an investment advice memorandum upon advising and/or completing an order for a buy or sell of securities. Pursuant to our investment advisory agreements, we may also provide quarterly performance and economic reviews for some clients.

The custodian of our multi-asset class portfolio clients, including our MAP clients, provides each client with a monthly statement of account detailing the client's month-end balances and any transactions which occurred during the month. We review such statements monthly to determine whether transactions executed by the custodian are in agreement with any instructions which we or the client provided. In addition, we provide monthly written statements and quarterly performance reports.

Item 14 - Client Referrals and Other Compensation

From time to time, we may enter into arrangements under which we agree to engage a third party to solicit or refer to us potential new investment advisory clients. Under these arrangements, we enter into a written agreement with the third party that describes the third party's activities on our behalf and the amount we agree to pay the third party. The agreement also contains the third party's undertaking to act in manner consistent with our instructions and with the provisions of the Investment Advisers Act of 1940, and to provide the referral with a copy of our Form ADV, Part 2A and Part 2B. If the referral subsequently enters into an investment advisory agreement with us, we pay the solicitor a percentage of our investment advisory fee, which fee arrangement is disclosed to the prospect by the solicitor prior to any contact or meeting with the prospect.

Item 15 - Custody

We do not have custody of client funds or securities.

Item 16 - Investment Discretion

We offer discretionary advisory services with respect to a client's investable assets. When a client gives us investment discretion, we then have the authority to determine, without obtaining their specific approval, (1) overall asset allocation, (2) the manager or sub-adviser to be utilized for the portfolio, (3) the specific securities to be bought and sold, (4) the amount of securities to be bought and sold including overall asset allocation and (5) the broker or dealer through which the securities are bought or sold. These decisions are subject to limitations of law and any other restrictions in the contract with our client, or in our client's investment policies. Many of our clients have their own investment policies, which usually contain restrictions on the types and credit quality of investments. We agree contractually to follow those guidelines. In addition, many of our clients are subject to state investment statutes, which we comply with as well. Our clients typically grant us discretionary authority in the investment advisory agreement which we enter into with them.

Item 17 - Voting Client Securities

We provide to certain of our clients discretionary investment advice on securities which are mutual funds. These mutual funds send us proxies, which we vote on behalf of these discretionary clients if they have given us the authorization to vote them. We also occasionally receive consent requests. Generally, we arrange for the portfolio manager overseeing the client's investments to be responsible for making all proxy-voting decisions. We seek to vote proxy proposals, consents or resolutions in a manner that serves the best interests of our clients. When reviewing whether a proposed action would be in our client's best interests, we take into account the following factors:

- The impact on the valuation of securities;
- The anticipated costs and benefits associated with the proposal;
- An increase or decrease in costs, particularly management fees, of investment in the securities;
- The effect on liquidity; and
- Customary industry and business practices.

In reviewing proxy issues of the type described below, we will apply the following general principles:

- With respect to an election of directors, we will typically vote in favor of the management-proposed slate of directors, unless there is a proxy contest for seats on the board of a portfolio fund or other important reasons for withholding votes for directors. We may abstain if there is insufficient information about the nominees disclosed in the proxy statement.

- Similarly, we will also generally support management's recommendation for the appointment of auditors, unless there are reasons for us to question the independence or performance of the nominees.

- We will vote in accordance with management's recommendations on issues that are technical and administrative in nature, such as changes to increase the number of directors or to adopt term limits. However, we review and vote on a case-by-case basis any non-routine proposals which are likely to affect the structure and operation of the portfolio company. Examples of these types of proposals include any limitations on shareholder rights, or those which have a material economic effect on the company.

- We will generally vote in favor of proposals that give shareholders a greater vote in the affairs of the company and oppose any measure that seeks to limit those rights.

- We also support proposals promoting transparency and accountability within a company to ensure that the directors fulfill their obligations to shareholders.

- We review proposals that result in an increase of compensation to investment advisors and other service providers of portfolio mutual funds on a case-by-case basis, with particular emphasis on the relative performance of the fund.

- We also review proposals relating to executive compensation plans to ensure that the long-term interests of management and shareholders are properly aligned.

- We generally oppose proposals to give shareholders the right to vote on executive compensation.

These policies are not exhaustive due to the variety of proxy voting issues that we may be required to consider.

With the exception of a client's shareholdings in the Pooled Funds, a conflict of interest between us, and a client whose investments are managed by us, is unlikely. We are the investment advisor to the Pooled Funds. We either receive no investment advisory fee from a client for managing client assets which we invest in the Pooled Funds, or we credit to the client any investment advisory fee we receive from the Pooled Funds investment. In regard to the voting of securities in the Pooled Funds for which we are the investment advisor (or where it would appear that we have an interest), we apply the following principles:

- If the proposal relates to the matters in which the outcome does not directly affect us, we will follow our general voting policies.

- If the proxy proposal relates to a transaction which directly affects us, or otherwise requires a case-by-case determination by us under our voting policies, we will seek the advice either of the managers of the client or of a qualified, independent third party, and we will submit the proxy statement to them. We will then follow the decision of our client's management or the recommendation of the third party in voting the proxy.

We maintain records relating to all proxy voting for five years. We will provide information to any client about how we voted proxies for securities in the client's account. Our Proxy Voting Policy is available upon request by contacting us at 213 Market Street, Harrisburg, PA 17101, by calling 717-231-6200 or by emailing pfmamrequest@pfm.com.

Under certain of our engagements, we do not assume the responsibility for voting proxies on client securities. The clients make arrangements to receive proxies from their custodian. In the event that we receive a proxy and we do not have authority to vote on it, we forward it to our client. Clients may contact the portfolio manager for their account if they have questions about a particular solicitation.

Item 18 - Financial Information

We are not aware of any financial condition that is reasonably likely to impair our ability to carry out our commitments and responsibilities under our client contracts.

C. Resumes of Key Professionals

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Paulina Woo

Managing Director

PFM Asset Management LLC

Paulina joined PFM's asset management business in 2007. She manages client relationships for public agencies located throughout the western United States. Her responsibilities include: investment advisory and consulting services, cash flow modeling, portfolio structuring, economic research, treasury management consulting and investment policy evaluations. She works with a diverse number of municipalities, institutions of higher education and non-profit organizations.

Paulina is a frequent speaker at municipal conferences and seminars for clients and board members; covering such subjects as bond proceeds investment, building an investment program, permitted investments, development of investment policies and internal controls, and managing risk in public investment.

She is a member of the Government Finance Officers Association (GFOA) and is an Advisor member of the GFOA Committee On Treasury and Investment Management (TIM). She is also an active participant in several additional public finance organizations, including the National Association of Counties (NACo), Government Finance Officers Association of Arizona (GFOAz), New Mexico Government Finance Officers Association (NMGFOA), the Arizona County Treasurer's Association (ACTA), and Colorado River Finance Officers Association (CRFOA). She also participates in Women in Public Finance, National Association of Hispanic County Officials, and Asian Americans in Public Finance.

Contact
1820 East Ray Road
Chandler, AZ 85225

woop@pfm.com
415.393.7235 office

Specialties
Asset Management

State & Local Governments, Healthcare

Education
B.A. in Ancient History and History
University of Texas at Austin

M.A. in History
University of California, Berkeley

Professional Designations or Licenses
FINRA Series 6 and 63 licenses

Started with PFM: 2007

Started in the Field: 2007

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Lauren Brant

Managing Director

PFM Asset Management LLC

Lauren has been with PFM since 1995 and currently serves as a client liaison for selected clients in the Western region. She coordinates client services, presents investment reports, and works with clients to develop a customized investment policy designed to meet their particular needs. She has conducted workshops and seminars for clients' staff and board members on subjects including permitted investments, developing investment policies and internal controls and oversight to seek safety of principal invested.

Lauren assists clients with the development and implementation of a long-term strategy for their investment programs beginnings with a thorough review of the client's investment policy and risk tolerances, followed by an extensive look at the client's historical and future cash flow needs. She is responsible for helping to ensure that each client's liquidity needs are being met, the funds are being invested appropriately and the portfolio is generating strong results relative to established benchmarks. She typically meets with her clients once a quarter to review recent market events and to provide a portfolio update.

Lauren is a member of the California Association of County Treasurers and Tax Collectors, the California Municipal Treasurers Association, the California Society of Municipal Finance Officers, and the California Association of Joint Powers Authorities.

Contact
50 California Street
Suite 2300
San Francisco, CA 94111

brantl@pfm.com
415.982.5544 office

Specialties
Asset Management

State & Local Governments

Education
B.S. in Economics
Pennsylvania State University

Professional Designations or Licenses
FINRA Series 6, 26, 52 and 63 Licenses

Started with PFM: 1995

Started in the Field: 1995

pfm

Allison Kaune

Senior Managing Consultant

PFM Asset Management LLC

Allison Kaune joined PFM in 2006 and is located in the San Francisco office. Allison manages client relationships for public agency clients located throughout the western United States. Her responsibilities include investment performance analysis, cash flow modeling, optimized portfolio structuring, economic research and investment policy evaluation.

Allison is a frequent speaker at municipal conferences and seminars for clients and board members, covering topics such as bond proceeds investment, building an investment program, permitted investments, development of investment policies and internal controls.

Contact
50 California Street
Suite 2300
San Francisco, CA 94111

kaunea@pfm.com
415.982.5544 office

Specialties
Asset Management

State & Local Governments

Education
B.A. in American History
University of Iowa

Professional Designations or Licenses
FINRA Series 6 and 63 Licenses

Started with PFM: 2006

Started in the Field: 2006

Robert Cheddar, CFA

Managing Director

PFM Asset Management LLC

Bob joined PFM's asset management business in 2004 as a senior portfolio manager and was promoted to managing director in 2011. He manages client accounts across the country, specializing in high-quality fixed-income assets. He is responsible for the management of client assets in separate portfolios for cities, counties, insurance and self-insurance organizations, school districts, state and local government agencies, public finance authorities, and universities. Assets under management include operating funds, capital reserves, bond proceeds, and other post-employment benefits (OPEB) obligation funds.

In addition to being a managing director, Bob serves as chief credit officer and chair of the Fixed-Income Credit Committee, leading a team responsible for independent credit research and strategy. This team conducts all internal credit research for both local government investment pools and separately managed accounts and is responsible for the analysis and oversight of all of the PFM's asset management clients' credit exposure.

Contact
213 Market Street
Harrisburg, PA 17101

cheddarr@pfm.com
717.231.6202 office

Specialties
Asset Management

Education
B.S. in Business Administration
Susquehanna University

MBA
Pennsylvania State University

Professional Designations or Licenses
Chartered Financial Analyst (CFA)

Started with PFM: 2004

Started in the Field: 1998

Brian Raubenstine

Portfolio Manager

PFM Asset Management LLC

Brian Raubenstine joined PFM's asset management business in 2008 and is a portfolio manager on the long-term fixed-income desk. His primary focus is the daily management of client portfolios, generally from a total return perspective. He specializes in the municipal securities market and credit for the trading desk.

He is currently enrolled in the Chartered Financial Analyst (CFA) program.

Contact
213 Market Street
Harrisburg, PA 17101

raubenstineb@pfm.com
717.231.6211 office

Specialties
Asset Management

State & Local Governments

Education
B.S. in Finance
Pennsylvania State University

Started with PFM: 2008

Started in the Field: 2007

Debra Goodnight, CPA

Managing Director

PFM Asset Management LLC

Debbie Goodnight has overall responsibility for accounting and administration for PFM's asset management business, including portfolio accounting, pool accounting and client billing. She supervises a staff that annually processes over 100,000 security transactions with an average daily trade volume of nearly $2 billion. She is directly responsible for the accounting operations of PFM-managed statewide pools serving more than 5,200 participants (as of March 31, 2018). Debbie also serves as the Financial and Operations Principal for PFM Fund Distributors, Inc., a registered broker-dealer.

Debbie has extensive experience in the operations of money market funds, including the 2a-7 guidelines as defined by the Securities and Exchange Commission (SEC) and currently serves as treasurer of one of the SEC-registered investment companies for which PFM serves as investment advisor. She currently serves on a Municipal Securities Rulemaking Board (MSRB) Committee and has also participated in a task force for the Governmental Accounting Standards Board (GASB) Deposit and Investment Risks Project.

Prior to joining PFM in 1990, Debbie was responsible for investment accounting operations for portfolios totaling approximately $19 billion at American General Corporation. She also held positions with H.J. Heinz, where her primary focus was on international consolidated financial reporting, and with the accounting firm of Coopers & Lybrand. Debbie is a Certified Public Accountant (CPA) licensed in Pennsylvania and Texas, has taught collegiate-level management courses and is a registered principal with the Financial Industry Regulatory Authority (FINRA).

Contact
213 Market Street
Harrisburg, PA 17101

goodnightd@pfm.com
717.231.6220 office

Specialties
Asset Management

Education
B.S. in Accounting
Robert Morris University

MBA in Finance
Saint Thomas University

Professional Designations or Licenses
Certified Public Accountant (CPA)

FINRA Series 6, 26, 28, 52, 53 and 63 Licenses

Started with PFM: 1990

Started in the Field: 1981

Karen Jones, CPA Australia

Managing Director

PFM Asset Management LLC

KJ

Karen has management responsibilities for accounting and administration for PFM's asset management business, including portfolio accounting, and client billing. She supervises a staff that annually processes over 100,000 security transactions with an average daily trade volume of nearly $2 billion.

Karen has extensive experience as a senior accounting and finance executive, most recently with Bank of America in Charlotte, NC, where she was a Director for Centralized Regulatory Reporting. Prior to that she was Global Controller for General Electric Capital in Norwalk, CT, and served tours with ABN AMRO, the World Bank Group in Washington DC, and with several global banks in London and Australia.

Contact
213 Market Street
Harrisburg, PA 17101

joneska@pfm.com

Specialties
Asset Management

Education
B.Bus Swinburne University of Technology, Victoria, Australia
MBA Monash University, Victoria, Australia

Professional Designations or Licenses
CPA Australia

Started with PFM: 2018

Started in the Field: 1990

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Jeremy King

Key Account Manager

PFM Asset Management LLC

Jeremy joined PFM's asset management business in 2013, and is a key account manager in the firm's Client Services Group. In this capacity, he serves as a client advocate providing a "high touch, high value" experience, whatever the client's additional needs may be. Additionally, his responsibilities are to coordinate the efforts of the customer service team in everyday functions such as client administration, onboarding and marketing support.

Previously, Jeremy worked as a brokerage associate providing comprehensive banking services to clients, and as a senior financial manager, working with banks to negotiate and structure contracts in addition to reviewing with customers their contracts and financing options.

Contact
213 Market Street
Harrisburg, PA 17101

kingj@pfm.com
717.213.3830 office

Education
B.S. in Finance
Pennsylvania State University

Professional Designations or Licenses
FINRA Series 6 and 63 Licenses

Started with PFM: 2013

Started in the Field: 2006

D. Sample Reports

i. Sample Monthly Report

Sample Client
Monthly Investment Report

April 30, 2019

Sample Client's Investment Objectives

- **Investment Objectives:** In accordance with Sample Client's Investment Policy, Sample Client's primary objectives in order of priority are:
  - **Safety** – Safety of principal is the foremost objective of the investment program. Investments for Sample Client will be made in a manner that seeks to ensure the preservation of capital in the overall portfolio.
  - **Liquidity** – Sample Client's investment portfolio will remain sufficiently liquid to enable Sample Client to meet all operating requirements which might be reasonably anticipated.
  - **Yield** – Sample Client's investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints, liquidity needs, and cash flow characteristics of the portfolio.
- **Certification:** Sample Client has sufficient funds to meet expenditures for the following six-month period.

Sample Client Investment Policy dated April 9, 2013.

Investment Guidelines

- Sample Client invests in permitted securities consistent with California Government Code sections §§53601, 53635, and 16429.1. Sample Client's Investment Policy includes additional sector allocation and maturity restrictions that reflect Sample Client's risk tolerances.

Security Type	California Government Code	City’s Investment Policy
U.S. Treasury Notes	✓	✓
Federal Agencies	✓	✓
International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank Bonds	✓	
CA Municipal Investments	✓	✓
State Municipals	✓	✓
Corporate Notes	✓	✓
Mortgage-Backed Securities	✓	✓
Commercial Paper	✓	✓
Time Certificates of Deposit	✓	✓
Negotiable Certificates of Deposit	✓	✓
Bankers’ Acceptances	✓	✓
Repurchase Agreements	✓	✓
Reverse Repurchase Agreements	✓	
Mutual Funds	✓	✓
Money Market Funds	✓	✓
Local Government Pools	✓	✓
Local Agency Investment Fund (LAIF)	✓	✓

Sample Client Investment Policy dated April 9, 2013.

Market Summary

Economic Conditions

- U.S. Gross Domestic Product (GDP) expanded at 3.2%, surprising to the upside and up a full percentage point from the fourth quarter of 2018. Net exports plus inventory growth were responsible for 1.7% of the 3.2% reading. Net exports is usually a negative, but contributed the 2nd most over the past 16 quarters, while inventory growth was the 4th highest over that period. On the other hand, personal consumption expenditures made the 2nd lowest contribution to GDP over the past 16 quarters, with the goods side the worst in 16 quarters.
- At the May 1st Federal Reserve (Fed or FOMC) meeting, the committee left the overnight target rate unchanged. The Fed noted that “on a 12-month basis, overall inflation and inflation for items other than food and energy have declined and are running below 2 percent,” and that “growth of household spending and business fixed investment slowed in the first quarter.” Fed Chair Jay Powell provided affirmation that “risks have moderated somewhat” and that a “patient” Fed is still warranted at this time, and also surmised that lower inflation is “transitory.”
- The US labor market remains robust, highlighted by the latest jobs report which indicated nonfarm payrolls increased 263,000 in April, outpacing March’s increase of 189,000 and exceeding April expectations of 190,000. Moreover, the unemployment rate decreased to a 50-year low of 3.6%.

Market Reaction

- The U.S. Treasury yield curve steepened in April, as yields generally rose. For example, the 2-year Treasury note increased 0.01%, the 5-Year rose 0.05%, and the 10-year was up 0.09%.

Portfolio Information Summary

Funds Included in Report

- The following report includes Sample Client's funds held in overnight investment vehicles (savings accounts, money market funds, and CA state investment pool) and a portfolio of individual fixed income securities (operating and bond proceeds).

Portfolio Summary and Characteristics

- Funds are shown on a par, amortized cost, and market value basis.
  - Par Value. Face value, stated value, or maturity value of a security.
  - Amortized Cost Value (Book Value). Represents the original cost of an investment adjusted for amortization of premium or accretion of discount.
  - Market Value. The current price at which that security is trading between buyers and sellers. Valuation is highly dependent on interest rate movements.
- The investment sector and credit ratings distribution is shown based on market value basis.
- Demonstrates level of diversification by investment type and credit quality. Additionally, illustrates active management of funds to optimize value in the current market.

Investment Program Maturity Summary

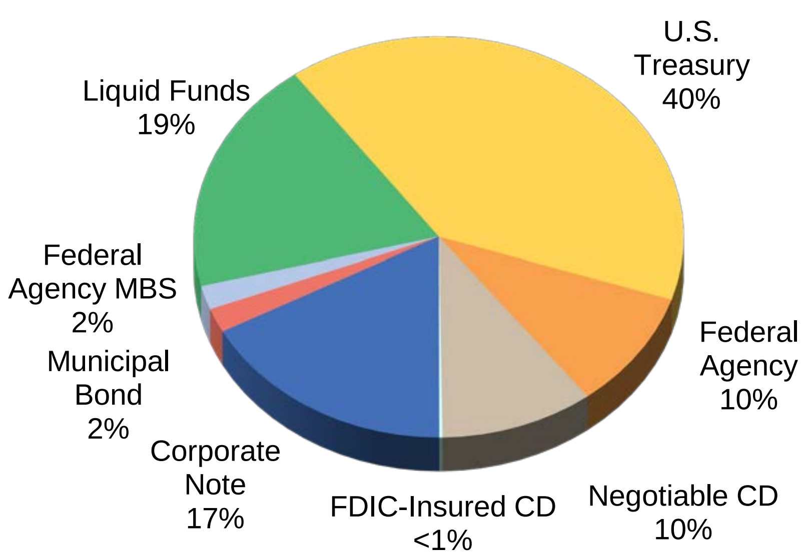
- The maturity distribution of Sample Client's funds (market value plus accrued interest) from one-day to the five-year mandated limit.
- The percentage change in maturity distribution month-over-month is shown in the table.
- Demonstrates level of diversification by maturity date. Shows placement of funds to take advantage of opportunities while ensuring that Sample Client has funds to meet its cash flow needs.

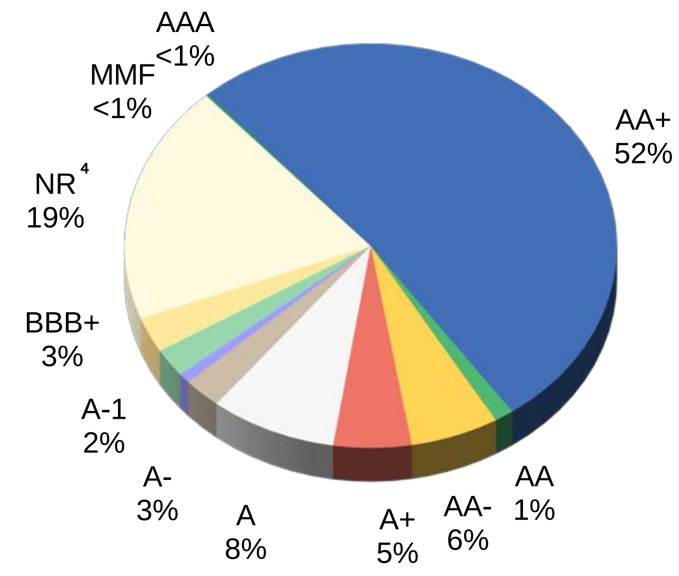
Portfolio Yield Summary

- The historical yield and duration of Sample Client's funds, effective monthly yield for the California Local Government Investment Fund (LAIF), and the monthly yield for the Bank of America/Merrill Lynch 1–3 year Treasury Index is shown for the trailing six months.
- A historical record of Sample Client's overall fund balance and earnings rates.

Portfolio Summary and Characteristics

Security Type	Par Value	Amortized Cost Value[1]	Market Value[1]	April 30, 2019 % of Portfolio[3]
U.S. Treasury	$172,476,000	$172,608,224	$172,870,886	40%
Federal Agency	$40,770,000	$40,996,145	$41,225,962	10%
Federal Agency Mortgage-Backed	$8,227,686	$8,257,676	$8,305,056	2%
Negotiable CD	$43,190,000	$43,602,022	$43,749,963	10%
FDIC-Insured CD	$909,252	$917,598	$915,824	<1%
Corporate Notes	$73,764,000	$74,043,238	$74,252,233	17%
Municipal Bond	$8,375,000	$8,392,549	$8,419,853	2%
Liquid Funds[2]	$81,757,589	$81,757,589	$81,757,589	19%
Total Value	**$429,469,527**	**$430,575,041**	**$431,497,366**	**100%**





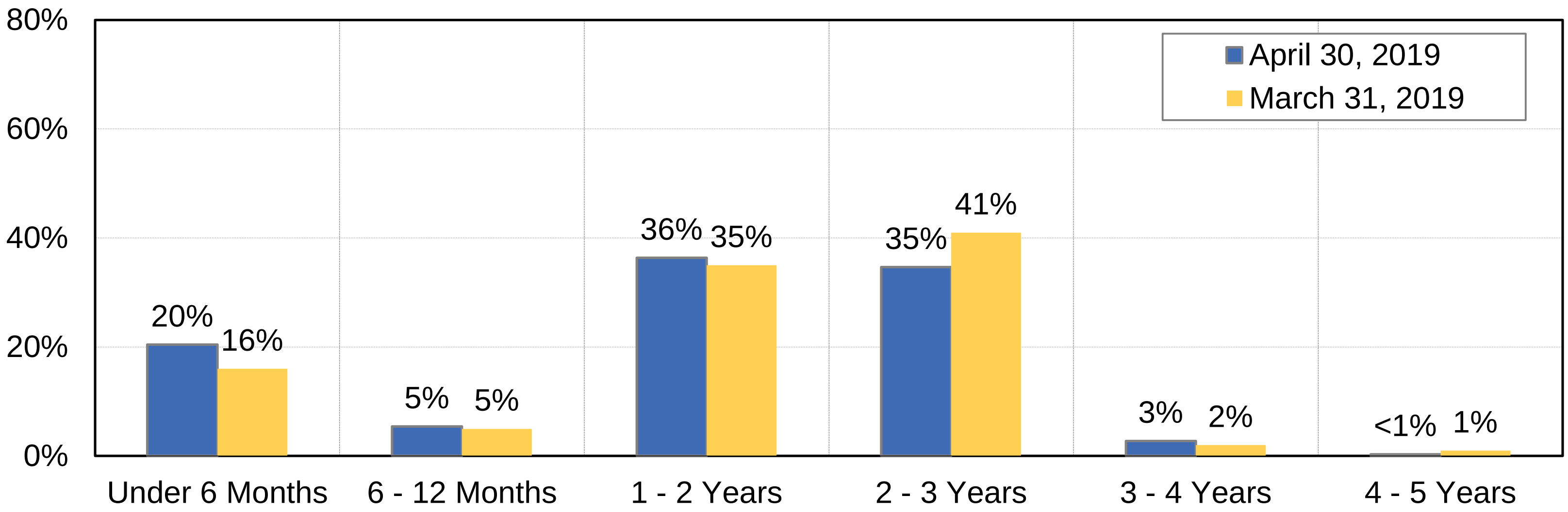
Ratings by Standard & Poor's

1. *Security market values include accrued interest as of trade date.*
2. *Liquid Funds include Sample Client's LAIF, Bank Checking, and custody account cash balances.*
3. *Based on market value plus accrued interest. Percentages may not add exactly to 100% due to rounding.*
4. *Credit rating for security was compliant at the time of purchase. Sample Client has elected to hold security until it is advantageous to sell or to maturity.*

Investment Program Maturity Summary

Maturity[1]	Market Value[2]	April 30, 2019 % of Portfolio	March 31, 2019 % of Portfolio
Under 6 Months	$88,158,059	20%	16%
6–12 Months	$23,457,914	5%	5%
1–2 Years	$156,896,013	36%	35%
2–3 Years	$149,554,293	35%	41%
3–4 Years	$11,977,099	3%	2%
4-5 Years	$1,453,988	<1%	1%
Total Market Value	$431,497,366	100%	100%

Maturity Distribution[2]

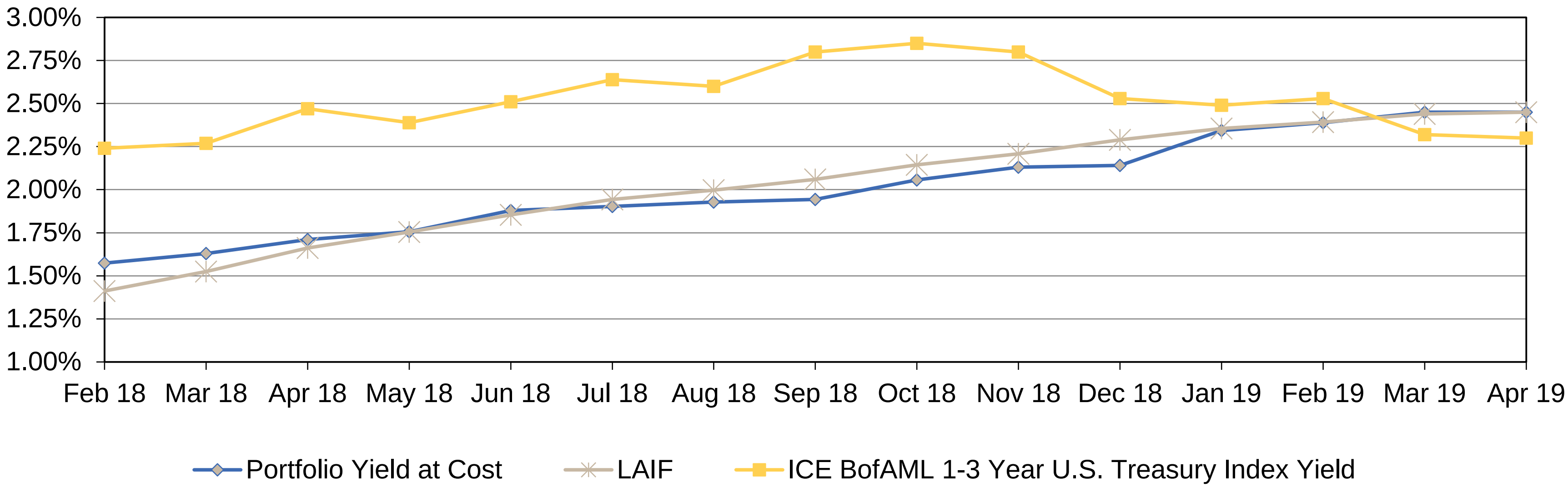


1. *Funds held in LAIF are included in the under 6-month range because they can be accessed within one day.*
2. *Security market values include accrued interest as of trade date. Values may not sum exactly to 100% due to rounding.*

Portfolio Yield Summary

Date	Market Value[1]	Portfolio Duration	Portfolio Yield (Cost)	LAIF Yield (Monthly Effective)[2]	1-3 Year Treasury Index Yield[2]
Oct-18	$363,795,361	1.60	2.06%	2.14%	2.85%
Nov-18	$366,295,390	1.52	2.13%	2.21%	2.80%
Dec-18	$402,159,792	1.52	2.14%	2.29%	2.53%
Jan-19	$400,510,597	1.59	2.34%	2.36%	2.49%
Feb-19	$404,086,818	1.59	2.39%	2.39%	2.53%
Mar-19	$406,863,422	1.64	2.45%	2.44%	2.53%
Apr-19	$431,497,366	1.50	2.45%	2.45%	2.30%

Comparison of Combined Portfolio Yield, BAML 1-3 Year Treasury Index[2], and LAIF[3]



1. *Security market values include accrued interest as of trade date.*
2. *Source: ICE Bank of America/Merrill Lynch Global Bond Indices*
3. *Source: California State Treasurer's website. Average monthly effective yield.*

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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 03/02/2015 1.375% 02/29/2020	912828J50	6,200,000.00	AA+	Aaa	05/15/18	05/16/18	6,071,640.62	2.56	14,362.77	6,139,750.94	6,146,475.40
US TREASURY NOTES DTD 04/30/2015 1.375% 04/30/2020	912828K58	2,250,000.00	AA+	Aaa	04/03/17	04/05/17	2,239,892.58	1.53	84.07	2,246,666.13	2,227,061.25
US TREASURY NOTES DTD 04/30/2015 1.375% 04/30/2020	912828K58	3,950,000.00	AA+	Aaa	04/07/17	04/10/17	3,929,632.81	1.55	147.59	3,943,249.53	3,909,729.75
US TREASURY NOTES DTD 04/30/2015 1.375% 04/30/2020	912828K58	6,250,000.00	AA+	Aaa	04/10/17	04/10/17	6,219,482.42	1.54	233.53	6,239,886.44	6,186,281.25
US TREASURY NOTES DTD 06/30/2015 1.625% 06/30/2020	912828XH8	7,500,000.00	AA+	Aaa	06/26/17	06/28/17	7,526,953.13	1.50	40,737.22	7,510,595.63	7,435,545.00
US TREASURY NOTES DTD 06/30/2015 1.625% 06/30/2020	912828XH8	8,000,000.00	AA+	Aaa	06/15/17	06/15/17	8,024,687.50	1.52	43,453.04	8,009,600.96	7,931,248.00
US TREASURY NOTES DTD 07/31/2015 1.625% 07/31/2020	912828XM7	10,000,000.00	AA+	Aaa	07/05/17	07/07/17	10,006,250.00	1.60	40,400.55	10,002,602.10	9,910,160.00
US TREASURY NOTES DTD 08/31/2015 1.375% 08/31/2020	912828L32	4,000,000.00	AA+	Aaa	08/01/17	08/03/17	3,982,500.00	1.52	9,266.30	3,992,333.00	3,948,592.00
US TREASURY NOTES DTD 10/31/2015 1.375% 10/31/2020	912828L99	700,000.00	AA+	Aaa	10/17/17	10/17/17	693,164.06	1.71	26.15	696,587.59	690,293.10
US TREASURY NOTES DTD 11/30/2015 1.625% 11/30/2020	912828M98	3,630,000.00	AA+	Aaa	11/01/17	11/03/17	3,614,260.55	1.77	24,632.14	3,621,800.74	3,590,723.40
US TREASURY NOTES DTD 12/31/2015 1.750% 12/31/2020	912828N48	9,000,000.00	AA+	Aaa	12/01/17	12/05/17	8,957,109.38	1.91	52,645.03	8,976,454.83	8,917,029.00
US TREASURY NOTES DTD 01/31/2016 1.375% 01/31/2021	912828N89	575,000.00	AA+	Aaa	12/27/17	12/28/17	563,567.38	2.04	1,965.64	568,441.14	565,813.23
US TREASURY NOTES DTD 01/31/2016 1.375% 01/31/2021	912828N89	6,900,000.00	AA+	Aaa	01/02/18	01/04/18	6,762,000.00	2.05	23,587.71	6,820,347.37	6,789,758.70
US TREASURY NOTES DTD 05/15/2018 2.625% 05/15/2021	9128284P2	6,750,000.00	AA+	Aaa	02/08/19	02/11/19	6,776,103.52	2.45	81,741.19	6,773,741.98	6,795,616.50

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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 06/02/2014 2.000% 05/31/2021	912828WN6	12,500,000.00	AA+	Aaa	06/04/18	06/06/18	12,277,832.03	2.62	104,395.60	12,343,176.75	12,432,125.00
US TREASURY NOTES DTD 06/30/2014 2.125% 06/30/2021	912828WR7	4,150,000.00	AA+	Aaa	07/03/18	07/06/18	4,086,453.13	2.66	29,477.04	4,103,400.02	4,137,840.50
US TREASURY NOTES DTD 08/15/2018 2.750% 08/15/2021	9128284W7	4,250,000.00	AA+	Aaa	09/26/18	09/28/18	4,231,904.30	2.91	24,214.43	4,235,541.63	4,296,316.50
US TREASURY NOTES DTD 08/15/2018 2.750% 08/15/2021	9128284W7	4,600,000.00	AA+	Aaa	09/10/18	09/12/18	4,596,585.94	2.78	26,208.56	4,597,345.06	4,650,130.80
US TREASURY NOTES DTD 08/15/2018 2.750% 08/15/2021	9128284W7	13,000,000.00	AA+	Aaa	09/05/18	09/07/18	13,010,664.06	2.72	74,067.68	13,008,496.41	13,141,674.00
UNITED STATES TREASURY NOTES DTD 10/15/2018 2.875% 10/15/2021	9128285F3	4,000,000.00	AA+	Aaa	12/11/18	12/12/18	4,011,406.25	2.77	5,027.32	4,009,987.96	4,058,752.00
US TREASURY NOTES DTD 01/15/2019 2.500% 01/15/2022	9128285V8	13,550,000.00	AA+	Aaa	01/29/19	01/31/19	13,530,416.02	2.55	99,191.99	13,532,051.53	13,636,801.30
US TREASURY NOTES DTD 01/31/2017 1.875% 01/31/2022	912828V72	19,200,000.00	AA+	Aaa	01/07/19	01/09/19	18,850,500.00	2.50	89,502.76	18,884,728.70	19,007,251.20
US TREASURY NOTES DTD 02/15/2019 2.500% 02/15/2022	9128286C9	12,000,000.00	AA+	Aaa	03/01/19	03/05/19	11,986,875.00	2.54	62,154.70	11,987,578.80	12,082,968.00
Security Type Sub-Total		**162,955,000.00**					**161,949,880.68**	**2.25**	**847,523.01**	**162,244,365.24**	**162,488,185.88**
Municipal Bond / Note											
CT ST TXBL GO BONDS DTD 08/17/2016 1.300% 08/15/2019	20772J3D2	3,175,000.00	A	A1	08/03/16	08/17/16	3,181,858.00	1.23	8,713.61	3,175,671.70	3,162,712.75
CA ST TXBL GO BONDS DTD 04/27/2017 2.625% 04/01/2021	13063DAC2	1,425,000.00	AA-	Aa3	02/12/19	02/14/19	1,420,725.00	2.77	3,117.19	1,421,166.29	1,431,640.50
CA ST TXBL GO BONDS DTD 04/25/2018 2.800% 04/01/2021	13063DGA0	3,775,000.00	AA-	Aa3	04/18/18	04/25/18	3,775,151.00	2.80	8,808.33	3,775,072.22	3,804,860.25
Security Type Sub-Total		**8,375,000.00**					**8,377,734.00**	**2.20**	**20,639.13**	**8,371,910.21**	**8,399,213.50**

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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 Collateralized Mortgage Obligation											
FNMA SERIES 2016-M9 ASQ2 DTD 06/01/2016 1.785% 06/01/2019	3136ASPX8	5,141.79	AA+	Aaa	06/09/16	06/30/16	5,193.21	1.05	7.65	5,141.79	5,132.62
FANNIE MAE SERIES 2015-M13 ASQ2 DTD 10/01/2015 1.646% 09/01/2019	3136AODO0	83,085.55	AA+	Aaa	10/07/15	10/30/15	83,917.56	1.08	113.97	83,085.55	82,775.56
FNA 2018-M5 A2 DTD 04/01/2018 3.560% 09/25/2021	3136B1XP4	1,697,076.63	AA+	Aaa	04/11/18	04/30/18	1,730,833.18	2.27	5,034.66	1,720,817.12	1,720,070.15
FHMS KJ23 A1 DTD 12/01/2018 3.174% 03/01/2022	3137FKK70	1,677,019.26	AA+	Aaa	12/07/18	12/14/18	1,677,005.84	3.05	4,435.72	1,677,005.84	1,700,951.67
FHMS K019 A2 DTD 08/01/2012 2.272% 03/25/2022	3137ASNJ9	1,655,000.00	AA+	Aaa	03/29/19	04/03/19	1,642,781.45	2.65	3,133.47	1,643,003.60	1,644,294.30
FHLMC MULTIFAMILY STRUCTURED P DTD 11/01/2015 2.716% 06/25/2022	3137BLUR7	1,675,000.00	AA+	Aaa	03/13/19	03/18/19	1,672,916.09	2.68	3,791.08	1,672,916.08	1,681,326.81
FHMS KP05 A DTD 12/01/2018 3.203% 07/01/2023	3137FKK39	1,435,362.66	AA+	Aaa	12/07/18	12/17/18	1,435,358.36	3.11	3,831.22	1,435,358.35	1,450,157.23
Security Type Sub-Total		**8,227,685.89**					**8,248,005.69**	**2.72**	**20,347.77**	**8,237,328.33**	**8,284,708.34**
Federal Agency Bond / Note											
FEDERAL HOME LOAN BANKS NOTES DTD 05/21/2018 2.625% 05/28/2020	3130AECJ7	5,000,000.00	AA+	Aaa	06/04/18	06/06/18	5,007,300.00	2.55	55,781.25	5,004,021.35	5,013,400.00
FNMA NOTES DTD 08/01/2017 1.500% 07/30/2020	3135G0T60	6,475,000.00	AA+	Aaa	08/31/17	09/01/17	6,476,683.50	1.49	24,551.04	6,475,739.64	6,406,475.08
FREDDIE MAC NOTES DTD 02/16/2018 2.375% 02/16/2021	3137EAEL9	3,250,000.00	AA+	Aaa	04/18/18	04/19/18	3,226,372.50	2.64	16,080.73	3,234,856.04	3,251,755.00
FANNIE MAE NOTES DTD 06/25/2018 2.750% 06/22/2021	3135G0U35	3,000,000.00	AA+	Aaa	12/11/18	12/12/18	2,994,570.00	2.82	29,562.50	2,995,388.70	3,027,666.00
FANNIE MAE NOTES DTD 06/25/2018 2.750% 06/22/2021	3135G0U35	3,350,000.00	AA+	Aaa	06/22/18	06/25/18	3,349,229.50	2.76	33,011.46	3,349,438.51	3,380,893.70
FEDERAL HOME LOAN BANKS NOTES DTD 10/12/2018 3.000% 10/12/2021	3130AF5B9	3,650,000.00	AA+	Aaa	12/11/18	12/12/18	3,664,819.00	2.85	5,779.17	3,662,941.73	3,711,119.25

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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											
FEDERAL HOME LOAN BANKS NOTES DTD 10/12/2018 3.000% 10/12/2021	3130AF5B9	6,675,000.00	AA+	Aaa	11/02/18	11/06/18	6,671,128.50	3.02	10,568.75	6,671,819.96	6,786,772.88
FANNIE MAE NOTES DTD 01/11/2019 2.625% 01/11/2022	3135G0U92	3,350,000.00	AA+	Aaa	01/29/19	01/31/19	3,350,871.00	2.62	26,869.79	3,350,812.68	3,376,913.90
FANNIE MAE NOTES DTD 01/11/2019 2.625% 01/11/2022	3135G0U92	3,375,000.00	AA+	Aaa	01/09/19	01/11/19	3,372,570.00	2.65	27,070.31	3,372,809.42	3,402,114.75
Security Type Sub-Total		**38,125,000.00**					**38,113,544.00**	**2.55**	**229,275.00**	**38,117,828.03**	**38,357,110.56**
Corporate Note											
AMERICAN HONDA FINANCE CORP NOTE DTD 02/16/2017 2.000% 02/14/2020	02665WBM2	1,365,000.00	A	A2	02/13/17	02/16/17	1,363,061.70	2.05	5,839.17	1,364,479.85	1,359,049.97
WALT DISNEY COMPANY CORP NOTES DTD 03/06/2017 1.950% 03/04/2020	25468PDP8	570,000.00	A	A2	03/01/17	03/06/17	569,851.80	1.96	1,759.88	569,957.41	566,687.16
HSBC USA INC NOTES DTD 03/05/2015 2.350% 03/05/2020	40428HPR7	1,104,000.00	A	A2	03/27/18	03/29/18	1,089,935.04	3.03	4,035.73	1,097,766.78	1,101,132.91
GOLDMAN SACHS GROUP INC CORP NOTES DTD 01/23/2015 2.600% 04/23/2020	38148LAA4	360,000.00	BBB+	A3	11/01/17	11/03/17	362,714.40	2.28	208.00	361,092.24	359,252.28
UNILEVER CAPITAL CORP BONDS DTD 05/05/2017 1.800% 05/05/2020	904764AV9	750,000.00	A+	A1	05/02/17	05/05/17	747,607.50	1.91	6,600.00	749,178.39	744,008.25
INTEL CORP NOTES DTD 05/11/2017 1.850% 05/11/2020	458140AZ3	1,650,000.00	A+	A1	05/08/17	05/11/17	1,649,373.00	1.86	14,414.58	1,649,781.28	1,637,775.15
GENERAL DYNAMICS CORP DTD 05/11/2018 2.875% 05/11/2020	369550BA5	2,010,000.00	A+	A2	05/08/18	05/11/18	2,002,884.60	3.06	27,288.54	2,006,290.24	2,016,827.97
HOME DEPOT INC CORP NOTES DTD 06/05/2017 1.800% 06/05/2020	437076BQ4	1,530,000.00	A	A2	05/24/17	06/05/17	1,529,112.60	1.82	11,169.00	1,529,670.76	1,516,558.95
WALT DISNEY COMPANY CORP NOTES DTD 06/06/2017 1.800% 06/05/2020	25468PDU7	3,250,000.00	A	A2	06/01/17	06/06/17	3,246,230.00	1.84	23,725.00	3,248,599.51	3,225,768.00

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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											
JOHN DEERE CAPITAL CORP NOTES DTD 06/22/2017 1.950% 06/22/2020	24422ETS8	665,000.00	A	A2	06/19/17	06/22/17	664,594.35	1.97	4,646.69	664,842.87	660,088.98
AMERICAN HONDA FINANCE CORP NOTES DTD 07/20/2017 1.950% 07/20/2020	02665WBT7	720,000.00	A	A2	07/17/17	07/20/17	719,272.80	1.98	3,939.00	719,699.35	714,256.56
BNY MELLON CORP NOTE (CALLABLE) DTD 08/17/2015 2.600% 08/17/2020	06406HDD8	1,475,000.00	A	A1	02/16/18	02/21/18	1,467,757.75	2.81	7,883.06	1,471,174.74	1,475,383.50
CATERPILLAR FINL SERVICE NOTE DTD 09/07/2017 1.850% 09/04/2020	14913Q2A6	2,430,000.00	A	A3	09/05/17	09/07/17	2,427,958.80	1.88	7,117.88	2,429,070.01	2,405,748.60
CITIGROUP INC CORP NOTES DTD 10/26/2015 2.650% 10/26/2020	172967KB6	2,100,000.00	BBB+	A3	09/22/17	09/26/17	2,123,352.00	2.27	772.92	2,111,468.73	2,096,982.30
AMERICAN EXPRESS CO CORP (CALLABLE) NOTE DTD 10/30/2017 2.200% 10/30/2020	025816BP3	1,500,000.00	BBB+	A3	10/23/17	10/30/17	1,498,050.00	2.25	91.67	1,499,010.50	1,488,606.00
JOHNSON & JOHNSON CORP NOTE DTD 11/10/2017 1.950% 11/10/2020	478160CH5	695,000.00	AAA	Aaa	11/08/17	11/10/17	694,256.35	1.99	6,437.44	694,616.50	689,626.26
PACCAR FINANCIAL CORP NOTES DTD 11/13/2017 2.050% 11/13/2020	69371RN85	910,000.00	A+	A1	11/06/17	11/13/17	909,918.10	2.05	8,705.67	909,957.52	903,480.76
VISA INC (CALLABLE) CORP NOTES DTD 12/14/2015 2.200% 12/14/2020	92826CAB8	825,000.00	AA-	Aa3	08/25/17	08/30/17	834,075.00	1.85	6,907.08	829,422.19	820,924.50
JOHN DEERE CAPITAL CORP NOTES DTD 01/08/2018 2.350% 01/08/2021	24422ETZ2	610,000.00	A	A2	01/03/18	01/08/18	609,682.80	2.37	4,499.60	609,819.04	607,730.80
BRANCH BANKING & TRUST (CALLABLE) NOTES DTD 10/26/2017 2.150% 02/01/2021	05531FAZ6	350,000.00	A-	A2	11/16/17	11/20/17	348,180.00	2.32	1,881.25	348,986.03	347,055.10
AMERICAN EXPRESS CO CORP NOTES DTD 02/22/2019 3.000% 02/22/2021	025816CB3	1,625,000.00	BBB+	A3	02/19/19	02/22/19	1,623,375.00	3.05	9,343.75	1,623,527.21	1,631,582.88
PACCAR FINANCIAL CORP NOTES DTD 02/27/2018 2.800% 03/01/2021	69371RN93	1,110,000.00	A+	A1	02/22/18	02/27/18	1,109,456.10	2.82	5,180.00	1,109,662.08	1,113,391.05

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Corporate Note											
JOHN DEERE CAPITAL CORP NOTES DTD 03/13/2018 2.875% 03/12/2021	24422EUD9	1,625,000.00	A	A2	03/08/18	03/13/18	1,623,895.00	2.90	6,358.94	1,624,301.35	1,632,707.38
CATERPILLAR FINANCIAL SERVICES CORP NOTE DTD 03/15/2018 2.900% 03/15/2021	14913Q2G3	825,000.00	A	A3	03/12/18	03/15/18	824,554.50	2.92	3,057.08	824,717.55	829,002.90
NATIONAL RURAL UTIL COOP NOTE DTD 02/26/2018 2.900% 03/15/2021	63743HER9	1,355,000.00	A	A2	02/21/18	02/26/18	1,353,495.95	2.94	5,021.03	1,354,053.70	1,362,875.26
UNILEVER CAPITAL CORP NOTES DTD 03/22/2018 2.750% 03/22/2021	904764AZ0	2,750,000.00	A+	A1	03/19/18	03/22/18	2,735,947.50	2.93	8,192.71	2,740,999.75	2,758,516.75
UNITED PARCEL SERVICE CORPORATE BOND DTD 11/14/2017 2.050% 04/01/2021	911312BP0	1,935,000.00	A+	A1	11/09/17	11/14/17	1,931,942.70	2.10	3,305.63	1,933,229.73	1,916,158.91
TOYOTA MOTOR CREDIT CORP NOTES DTD 04/13/2018 2.950% 04/13/2021	89236TEU5	235,000.00	AA-	Aa3	04/11/18	04/13/18	235,119.85	2.93	346.63	235,079.08	236,641.24
TOYOTA MOTOR CREDIT CORP NOTES DTD 04/13/2018 2.950% 04/13/2021	89236TEU5	585,000.00	AA-	Aa3	04/11/18	04/13/18	585,269.10	2.93	862.88	585,177.55	589,085.64
TOYOTA MOTOR CREDIT CORP NOTES DTD 04/13/2018 2.950% 04/13/2021	89236TEU5	1,950,000.00	AA-	Aa3	04/10/18	04/13/18	1,949,220.00	2.96	2,876.25	1,949,485.30	1,963,618.80
BANK OF NEW YORK MELLON CORP (CALLABLE) DTD 02/19/2016 2.500% 04/15/2021	06406FAA1	1,705,000.00	A	A1	02/16/18	02/21/18	1,682,852.05	2.93	1,894.44	1,691,034.70	1,700,498.80
MORGAN STANLEY CORP NOTES DTD 04/21/2016 2.500% 04/21/2021	61746BEA0	1,800,000.00	BBB+	A3	02/13/18	02/15/18	1,769,760.00	3.06	1,250.00	1,780,949.00	1,790,218.80
HERSHEY COMPANY CORP NOTES DTD 05/10/2018 3.100% 05/15/2021	427866BA5	1,240,000.00	A	A1	05/03/18	05/10/18	1,239,144.40	3.12	17,725.11	1,239,409.81	1,254,393.92
CHARLES SCHWAB CORP NOTES DTD 05/22/2018 3.250% 05/21/2021	808513AW5	1,575,000.00	A	A2	05/17/18	05/22/18	1,574,952.75	3.25	22,750.00	1,574,966.33	1,593,903.15
WAL-MART STORES INC CORP NOTES DTD 06/27/2018 3.125% 06/23/2021	931142EJ8	2,315,000.00	AA	Aa2	06/20/18	06/27/18	2,314,884.25	3.13	25,722.22	2,314,911.52	2,343,793.97

Managed Account Detail of Securities Held

For the Month Ending **April 30, 2019**

SAMPLE CLIENT

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											
3M COMPANY DTD 09/14/2018 3.000% 09/14/2021	88579YBA8	815,000.00	AA-	A1	09/11/18	09/14/18	813,329.25	3.07	3,192.08	813,668.25	825,490.68
PFIZER INC CORP NOTE DTD 09/07/2018 3.000% 09/15/2021	717081EM1	2,050,000.00	AA	A1	09/04/18	09/07/18	2,047,232.50	3.05	7,858.33	2,047,815.64	2,074,247.40
BANK OF AMERICA CORP (CALLABLE) DTD 09/18/2017 2.328% 10/01/2021	06051GGS2	1,230,000.00	A-	A2	09/22/17	09/26/17	1,228,032.00	2.37	2,386.20	1,228,791.83	1,220,142.78
BANK OF AMERICA CORP (CALLABLE) DTD 09/18/2017 2.328% 10/01/2021	06051GGS2	2,020,000.00	A-	A2	09/13/17	09/18/17	2,020,000.00	2.33	3,918.80	2,020,000.00	2,003,811.72
AMERICAN EXPRESS CREDIT CORP NOTES DTD 11/06/2018 3.700% 11/05/2021	025816BY4	345,000.00	BBB+	A3	11/01/18	11/06/18	344,924.10	3.71	6,205.21	344,935.59	352,357.47
CITIGROUP INC CORP (CALLABLE) NOTE DTD 12/08/2016 2.900% 12/08/2021	172967LC3	1,250,000.00	BBB+	A3	01/15/19	01/17/19	1,227,262.50	3.57	14,399.31	1,229,452.36	1,250,781.25
AMERICAN HONDA FINANCE CORP NOTES DTD 10/10/2018 3.375% 12/10/2021	02665WCP4	1,675,000.00	A	A2	10/03/18	10/10/18	1,674,196.00	3.39	22,141.41	1,674,337.05	1,705,198.58
PACCAR FINANCIAL CORP NOTE DTD 03/01/2019 2.850% 03/01/2022	69371RP75	715,000.00	A+	A1	02/22/19	03/01/19	714,370.80	2.88	3,396.25	714,404.52	720,225.94
HOME DEPOT INC DTD 12/06/2018 3.250% 03/01/2022	437076BV3	975,000.00	A	A2	11/27/18	12/06/18	972,328.50	3.34	5,281.25	972,617.74	993,077.48
3M COMPANY BONDS DTD 02/22/2019 2.750% 03/01/2022	88579YBF7	1,050,000.00	AA-	A1	02/12/19	02/22/19	1,049,506.50	2.77	5,534.38	1,049,538.27	1,057,940.10
PFIZER INC CORP BONDS DTD 03/11/2019 2.800% 03/11/2022	717081ER0	970,000.00	AA	A1	03/04/19	03/11/19	969,941.80	2.80	3,772.22	969,944.40	976,951.02
JOHN DEERE CAPITAL CORP DTD 03/07/2019 2.950% 04/01/2022	24422EUT4	550,000.00	A	A2	03/04/19	03/07/19	549,736.00	2.97	2,433.75	549,750.38	554,793.25
TOYOTA MOTOR CREDIT CORP DTD 04/12/2019 2.650% 04/12/2022	89236TFX8	750,000.00	AA-	Aa3	04/09/19	04/12/19	749,527.50	2.67	1,048.96	749,535.54	751,674.00
GOLDMAN SACHS GROUP INC (CALLABLE) NOTE DTD 01/26/2017 3.000% 04/26/2022	38141GWC4	1,675,000.00	BBB+	A3	02/13/19	02/15/19	1,656,608.50	3.36	697.92	1,657,810.90	1,676,152.40

Managed Account Detail of Securities Held

For the Month Ending **April 30, 2019**

SAMPLE CLIENT

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											
BOEING CO CORP NOTE DTD 05/02/2019 2.700% 05/01/2022	**097023CG8**	**525,000.00**	**A**	**A2**	**04/30/19**	**05/02/19**	**524,070.75**	**2.76**	**0.00**	**524,070.75**	**524,217.75**
APPLE INC CORP NOTES DTD 05/13/2015 2.700% 05/13/2022	037833BF6	925,000.00	AA+	Aa1	01/08/19	01/10/19	913,927.75	3.08	11,655.00	914,919.99	928,208.83
MORGAN STANLEY CORP NOTES DTD 05/19/2017 2.750% 05/19/2022	61744YAH1	1,550,000.00	BBB+	A3	04/05/19	04/09/19	1,539,723.50	2.97	19,181.25	1,539,931.01	1,542,095.00
BRANCH BANKING & TRUST CORP NOTES DTD 03/18/2019 3.050% 06/20/2022	05531FBG7	3,000,000.00	A-	A2	03/11/19	03/18/19	2,999,910.00	3.05	10,929.17	2,999,910.00	3,018,810.00
JPMORGAN CHASE & CO BONDS DTD 03/22/2019 3.207% 04/01/2023	46647PBB1	4,195,000.00	A-	A2	03/15/19	03/22/19	4,195,000.00	3.21	14,574.48	4,195,000.00	4,222,309.45
Security Type Sub-Total		**73,764,000.00**					**73,601,365.69**	**2.71**	**400,414.80**	**73,642,822.82**	**73,851,818.55**
Certificate of Deposit											
CREDIT SUISSE NEW YORK CERT DEPOS DTD 02/08/2018 2.670% 02/07/2020	22549LFR1	3,250,000.00	A-1	P-1	02/07/18	02/08/18	3,250,000.00	2.67	106,781.46	3,250,000.00	3,254,043.00
NORDEA BANK AB NY CD DTD 02/22/2018 2.720% 02/20/2020	65590ASN7	3,250,000.00	A-1+	P-1	02/20/18	02/22/18	3,250,000.00	2.72	17,434.44	3,250,000.00	3,257,413.25
UBS AG STAMFORD CT LT CD DTD 03/06/2018 2.900% 03/02/2020	90275DHG8	3,250,000.00	A-1	P-1	03/02/18	03/06/18	3,250,000.00	2.93	15,184.72	3,250,000.00	3,260,380.50
CANADIAN IMP BK COMM NY FLT CERT DEPOS DTD 04/10/2018 2.984% 04/10/2020	13606BVF0	3,250,000.00	A-1	P-1	04/06/18	04/10/18	3,250,000.00	2.78	5,657.17	3,250,000.00	3,257,510.75
BANK OF NOVA SCOTIA HOUSTON CD DTD 06/07/2018 3.080% 06/05/2020	06417GU22	3,350,000.00	A+	Aa2	06/05/18	06/07/18	3,348,727.00	3.10	41,845.22	3,349,289.77	3,372,646.00
BANK OF MONTREAL CHICAGO CERT DEPOS DTD 08/03/2018 3.190% 08/03/2020	06370REU9	3,350,000.00	A+	Aa2	08/01/18	08/03/18	3,350,000.00	3.23	80,445.60	3,350,000.00	3,365,286.05
WESTPAC BANKING CORP NY CD DTD 08/07/2017 2.050% 08/03/2020	96121T4A3	5,990,000.00	AA-	Aa3	08/03/17	08/07/17	5,990,000.00	2.05	28,652.17	5,990,000.00	5,959,756.49

SAMPLE CLIENT

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
Certificate of Deposit											
SUMITOMO MITSUI BANK NY CERT DEPOS DTD 10/18/2018 3.390% 10/16/2020	86565BPC9	3,350,000.00	A	A1	10/16/18	10/18/18	3,345,444.00	3.46	4,731.88	3,349,303.43	3,394,699.05
SWEDBANK (NEW YORK) CERT DEPOS DTD 11/17/2017 2.270% 11/16/2020	87019U6D6	3,250,000.00	AA-	Aa2	11/16/17	11/17/17	3,250,000.00	2.30	34,018.47	3,250,000.00	3,226,018.25
MUFG BANK LTD/NY CERT DEPOS DTD 02/28/2019 2.970% 02/26/2021	55379WZT6	3,350,000.00	A	A1	02/27/19	02/28/19	3,350,000.00	2.99	17,135.25	3,350,000.00	3,372,175.33
CREDIT AGRICOLE CIB NY CERT DEPOS DTD 04/04/2019 2.830% 04/02/2021	22535CDU2	3,350,000.00	A+	A1	04/03/19	04/04/19	3,350,000.00	2.85	7,110.38	3,350,000.00	3,351,862.60
ROYAL BANK OF CANADA NY CD DTD 06/08/2018 3.240% 06/07/2021	78012UEE1	4,200,000.00	AA-	Aa2	06/07/18	06/08/18	4,200,000.00	3.24	54,432.00	4,200,000.00	4,264,743.00
Security Type Sub-Total		**43,190,000.00**					**43,184,171.00**	**2.82**	**413,428.76**	**43,188,593.20**	**43,336,534.27**
Managed Account Sub-Total		**334,636,685.89**					**333,474,701.06**	**2.47**	**1,931,628.47**	**333,802,847.83**	**334,717,571.10**
Securities Sub-Total		**$334,636,685.89**					**$333,474,701.06**	**2.47%**	**$1,931,628.47**	**$333,802,847.83**	**$334,717,571.10**
Accrued Interest											**$1,931,628.47**
Total Investments											**$336,649,199.57**

Bolded items are forward settling trades.

Managed Account Detail of Securities Held

For the Month Ending **April 30, 2019**

SAMPLE CLIENT

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
Certificate of Deposit - FDIC Insured											
CHASE BANK FDIC CD DTD 09/20/2018 2.180% 09/20/2019	RE1290213	189,251.94	NR	NR	09/20/18	09/20/18	189,251.94	2.18	2,555.64	189,251.94	188,562.90
POPPY BANK (FIRST COMM) FDIC-INSURED CD DTD 12/20/2018 2.500% 12/20/2019	RE0959883	240,000.00	NR	NR	12/20/18	12/20/18	240,000.00	2.48	2,175.82	240,000.00	239,789.09
COMMUNITY FIRST CREDIT (FDIC-INSURED) CD DTD 12/23/2018 2.160% 12/23/2019	RE0959891	240,000.00	NR	NR	12/24/18	12/24/18	240,000.00	2.15	1,837.19	240,000.00	239,270.35
SUMMIT STATE BANK (FDIC) CD DTD 01/15/2019 2.550% 01/15/2020	RE0959909	240,000.00	NR	NR	01/15/19	01/15/19	240,000.00	2.55	1,777.32	240,000.00	239,855.36
Security Type Sub-Total		**909,251.94**					**909,251.94**	**2.35**	**8,345.97**	**909,251.94**	**907,477.70**
Managed Account Sub-Total		**909,251.94**					**909,251.94**	**2.35**	**8,345.97**	**909,251.94**	**907,477.70**
Securities Sub-Total		**$909,251.94**					**$909,251.94**	**2.35%**	**$8,345.97**	**$909,251.94**	**$907,477.70**
Accrued Interest											**$8,345.97**
Total Investments											**$915,823.67**

Managed Account Detail of Securities Held

For the Month Ending **April 30, 2019**

SAMPLE CLIENT RESERVE FUND 1

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 08/31/2017 1.250% 08/31/2019	9128282T6	311,000.00	AA+	Aaa	09/04/18	09/04/18	307,270.43	2.49	654.96	309,742.29	309,663.63
Security Type Sub-Total		**311,000.00**					**307,270.43**	**2.49**	**654.96**	**309,742.29**	**309,663.63**
Federal Agency Bond / Note											
FNMA NOTES DTD 09/02/2016 1.000% 08/28/2019	3135G0P49	297,000.00	AA+	Aaa	11/17/16	11/17/16	294,332.94	1.33	519.75	296,683.67	295,554.20
Security Type Sub-Total		**297,000.00**					**294,332.94**	**1.33**	**519.75**	**296,683.67**	**295,554.20**
Managed Account Sub-Total		**608,000.00**					**601,603.37**	**1.92**	**1,174.71**	**606,425.96**	**605,217.83**
Securities Sub-Total		**$608,000.00**					**$601,603.37**	**1.92%**	**$1,174.71**	**$606,425.96**	**$605,217.83**
Accrued Interest											**$1,174.71**
Total Investments											**$606,392.54**

Managed Account Detail of Securities Held

For the Month Ending **April 30, 2019**

SAMPLE CLIENT RESERVE FUND 2

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											
UNITED STATES TREASURY NOTES DTD 08/31/2018 2.625% 08/31/2020	9128284Y3	115,000.00	AA+	Aaa	09/04/18	09/04/18	114,955.08	2.65	508.59	114,969.83	115,408.83
Security Type Sub-Total		**115,000.00**					**114,955.08**	**2.65**	**508.59**	**114,969.83**	**115,408.83**
Federal Agency Bond / Note											
FNMA NOTES DTD 09/02/2016 1.000% 08/28/2019	3135G0P49	118,000.00	AA+	Aaa	11/17/16	11/17/16	116,940.36	1.33	206.50	117,874.32	117,425.58
Security Type Sub-Total		**118,000.00**					**116,940.36**	**1.33**	**206.50**	**117,874.32**	**117,425.58**
Managed Account Sub-Total		**233,000.00**					**231,895.44**	**1.98**	**715.09**	**232,844.15**	**232,834.41**
Securities Sub-Total		**$233,000.00**					**$231,895.44**	**1.98%**	**$715.09**	**$232,844.15**	**$232,834.41**
Accrued Interest											**$715.09**
Total Investments											**$233,549.50**

Managed Account Detail of Securities Held

SAMPLE CLIENT WASTEWATER RESERVE FUND

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 08/31/2015 1.375% 08/31/2020	912828L32	1,350,000.00	AA+	Aaa	11/17/16	11/17/16	1,343,091.80	1.51	3,127.38	1,347,528.22	1,332,649.80
UNITED STATES TREASURY NOTES DTD 08/31/2018 2.625% 08/31/2020	9128284Y3	2,695,000.00	AA+	Aaa	09/04/18	09/04/18	2,693,947.27	2.65	11,918.78	2,694,292.94	2,704,580.73
US TREASURY NOTES DTD 03/31/2014 2.250% 03/31/2021	912828C57	5,050,000.00	AA+	Aaa	02/04/19	02/05/19	5,020,804.69	2.53	9,623.98	5,023,968.61	5,047,040.70
Security Type Sub-Total		**9,095,000.00**					**9,057,843.76**	**2.41**	**24,670.14**	**9,065,789.77**	**9,084,271.23**
Federal Agency Bond / Note											
FREDDIE MAC NOTES DTD 07/19/2017 1.375% 08/15/2019	3137EAEH8	980,000.00	AA+	Aaa	09/11/17	09/12/17	980,372.40	1.35	2,844.72	980,056.87	976,922.80
FNMA NOTES DTD 09/02/2016 1.000% 08/28/2019	3135G0P49	1,250,000.00	AA+	Aaa	11/17/16	11/17/16	1,238,775.00	1.33	2,187.50	1,248,668.63	1,243,915.00
Security Type Sub-Total		**2,230,000.00**					**2,219,147.40**	**1.34**	**5,032.22**	**2,228,725.50**	**2,220,837.80**
Managed Account Sub-Total		**11,325,000.00**					**11,276,991.16**	**2.20**	**29,702.36**	**11,294,515.27**	**11,305,109.03**
Securities Sub-Total		**$11,325,000.00**					**$11,276,991.16**	**2.20%**	**$29,702.36**	**$11,294,515.27**	**$11,305,109.03**
Accrued Interest											**$29,702.36**
Total Investments											**$11,334,811.39**

ii. Sample Quarterly Report

Sample Client
Investment Management Committee
Quarterly Strategy Discussion

May 2, 2019

PFM Asset
Management LLC
www.pfm.com

50 California Street
Suite 2300
San Francisco, CA
94111

Paulina Woo, Managing Director
Allison Kaune, Senior Managing Consultant
(415) 982 - 5544

Summary of Sample Client's Funds

	Sample Client Funds	Market Value[1]
	Operating Funds Portfolio	$337,058,892
Internally Managed Funds	FDIC-Insured CD Portfolio	$913,859
	Liquid Funds[2]	$13,336,835
	Local Agency Investment Fund (LAIF)	$43,403,401
	Reserve Fund Portfolios	$12,150,436
	Total	**$406,863,422**

1. As of March 31, 2019. Includes accrued interest. Total may not add exactly due to rounding.
2. Liquid Funds: Checking Account and custody account cash balances.

First Quarter Strategy and Recap

- Economic conditions were characterized by:
  - Modest GDP growth with an annual growth rate of 2.2% in the fourth quarter as the impact of tax cuts dissipate
  - Continued strength in the labor market, with an unemployment rate of 3.8%
  - Improving conditions in the housing market, as mortgages have fallen and home price increases have slowed
  - Core inflation at 1.8%, below forecasts and just below the Fed's 2% target
  - Positive but decelerating contributions from business investment, consumer spending, and government spending amid weakening economic fundamentals
  - U.S. equities rebounding from the sell-off in the fourth quarter, returning one of the best quarters in at least a decade during the first quarter of 2019
  - The Fed shifting its monetary policy, stressing a neutral approach to raising the federal funds target rate, leaving zero rate hikes forecasted for 2019
  - Continued uncertainty amid geopolitical concerns and global growth weakness
- U.S. Treasury yields fell and the yield curve continued to flatten throughout the quarter. 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.
- Absolute returns were strong across the board in the first quarter. While the fourth quarter flight to safer assets resulted in Treasuries being the best performing sector, diversification in non-Treasury sectors boosted returns, as most sectors tightened from the wider spreads experienced toward the end of 2018.

First Quarter Strategy and Recap Continued

- Because of the maturity of the current business cycle, slower growth prospects, and the Federal Reserve 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.

- Our strategy continued to favor broad diversification generally including the widest range of permitted investments.
  - With agency spreads near historic lows, we continued to favor Treasuries in the government space.
  - Within the agency space, new issue agencies that offer wider than average yield spreads continue to be our preferred option to add value to the portfolio.
  - Investment-grade corporates were one of the best performing fixed income sectors. After corporate yield spreads increased to their widest levels in over two years in the fourth quarter, we sought opportunities to maintain exposure in the sector as spreads moved tighter throughout the first quarter of 2019.
  - Within mortgage-backed securities, we continued to favor agency-backed commercial MBS, as their prepayments, and therefore performance, are less sensitive to interest rate changes.

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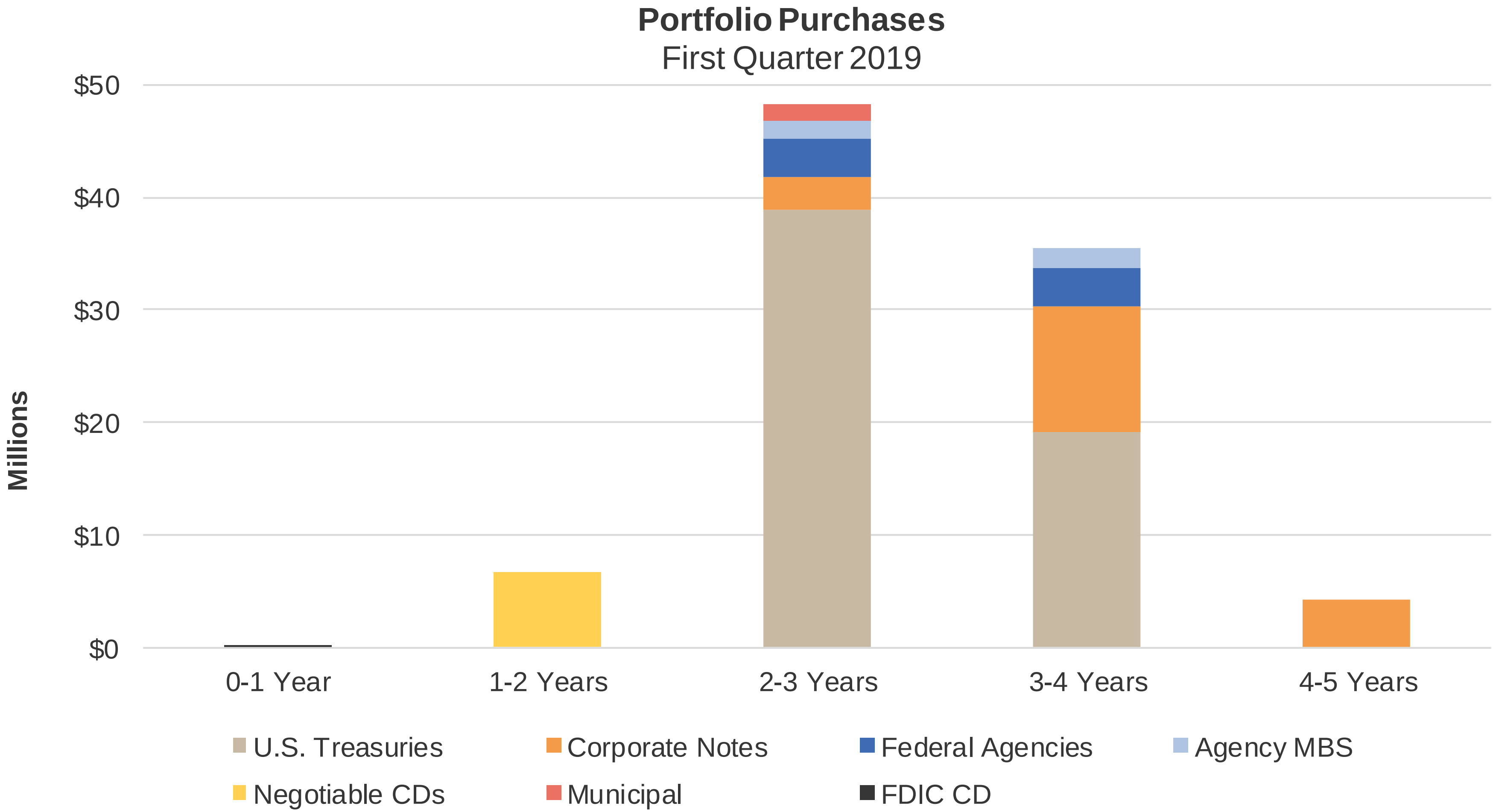
Sample Client's Investment Program

Security Type	Market Value March 31, 2019[2]	% of Portfolio	Market Value December 31, 2018[1]	% of Portfolio	Permitted by Policy[1]
U.S. Treasuries	$173,265,409	43%	$150,163,206	37%	100%
Federal Agencies *(non-callable)*	$41,301,291	10%	$55,125,158	14%	100%
Federal Agencies Mortgage-Backed	$8,366,215	2%	$5,474,735	1%	20%
Negotiable Certificates of Deposit	$43,653,192	11%	$53,042,513	13%	30%
FDIC-Insured Certificates of Deposit	$913,859	<1%	$918,288	<1%	100%
Corporate Notes	$74,144,967	18%	$73,934,362	18%	30%
Municipal Obligations	$8,478,254	2%	$6,954,279	2%	10%
LAIF[4]	$43,403,401	11%	$20,865,586	5%	$50 million
Liquid Funds[3,4]	$13,336,835	3%	$35,681,665	9%	20%
Portfolio Total	**$406,863,422**	**100%**	**$402,159,792**	**100%**	

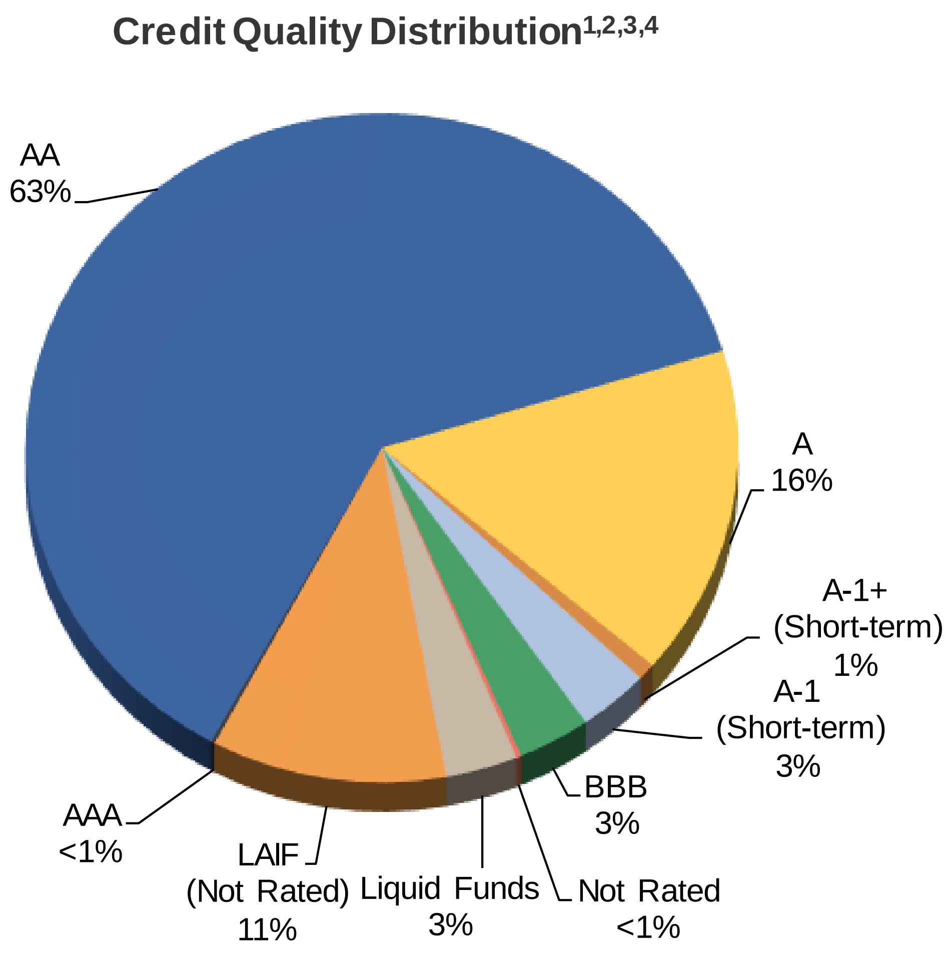
1. *Investment Policy Statement as of 4/9/2013*
2. *Including accrued interest. Total may not add exactly due to rounding.*
3. *Liquid Funds: Checking Account and custody account cash balances.*
4. *LAIF is internally managed by the Sample Client.*

First Quarter Portfolio Activity



The Sample Client's aggregate portfolio purchases from 1/1/2019 to 3/31/2019.

Sample Client's Investment Program is of High Credit Quality



1. Portfolio as of March 31, 2019.
2. Liquid funds: Checking account and custody cash balances.
3. Ratings by Standard and Poor's.
4. Securities held in the Sample Client's portfolio are in compliance with CA Government Code and the City's investment policy dated April 9, 2013.

Sample Client's Investment Program Is Well Diversified by Issuer

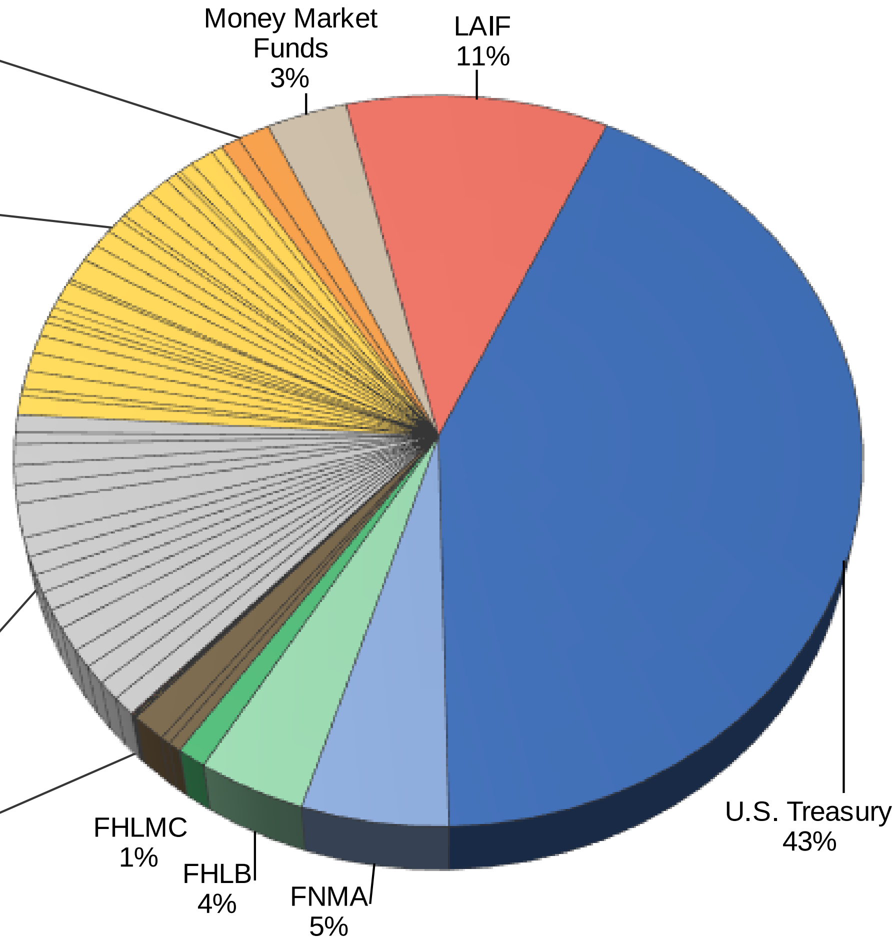
Municipal Issuers (2%)
State of California
State of Connecticut

Corporate Issuers (18%)	
3M	Intel
American Express	John Deere Capital Corp
American Honda Finance	Johnson & Johnson
Apple Inc	JP Morgan Chase
Bank of America	Morgan Stanley
Bank of New York	National Rural Utilities Corp
BB&T	Paccar Financial
Caterpillar Inc	Prizer
Charles Schwab Corp.	Toyota Motor Credit Corp
Citigroup Inc	Unilever Capital Corp
General Dynamics	UPS
Goldman Sachs	Visa Inc.
Hershey Co.	Wal-Mart Stores Inc.
Home Depot Inc	Walt Disney Co
HSBC USA Inc	

Negotiable CD Issuers (11%)	
Bank of Montreal Chicago	Nordea Bank Finland NY
Bank of Nova Scotia Houston	Royal Bank of Canada-NY
Bank of Tokyo Mitsubishi-NY	Sumitomo Mitsui Bank NY
Canadian Imperial Bank NY	Swedbank NY
Credit Agricole CIB NY	UBS AG Stamford CT
Credit Suisse NY	Westpac Banking Corp.

FDIC-Insured CD Issuers (<1%)	
Community First Credit Union	JP Morgan Chase & Co
First Community Bank	Summit State Bank

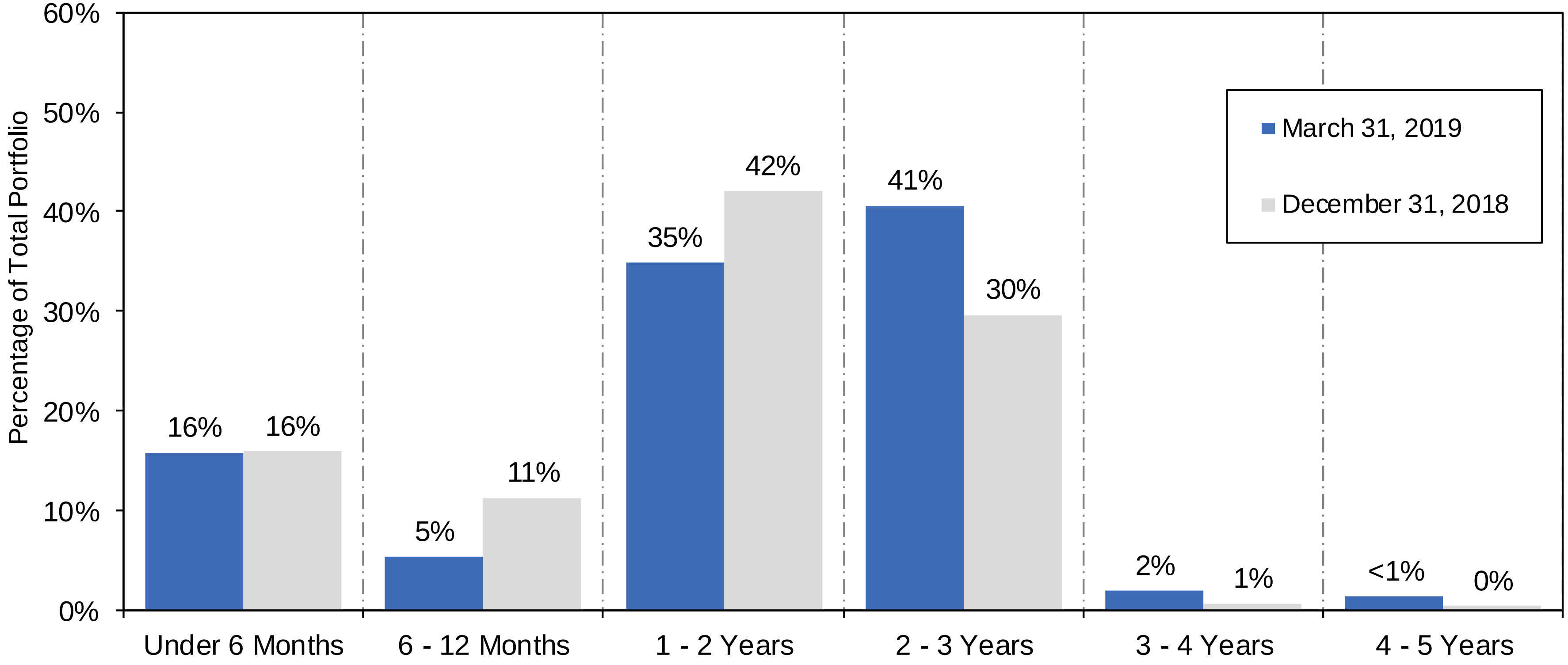
Issuer Distribution[1]



1. Portfolio as of March 31, 2019. Values may not add exactly to 100% due to rounding.

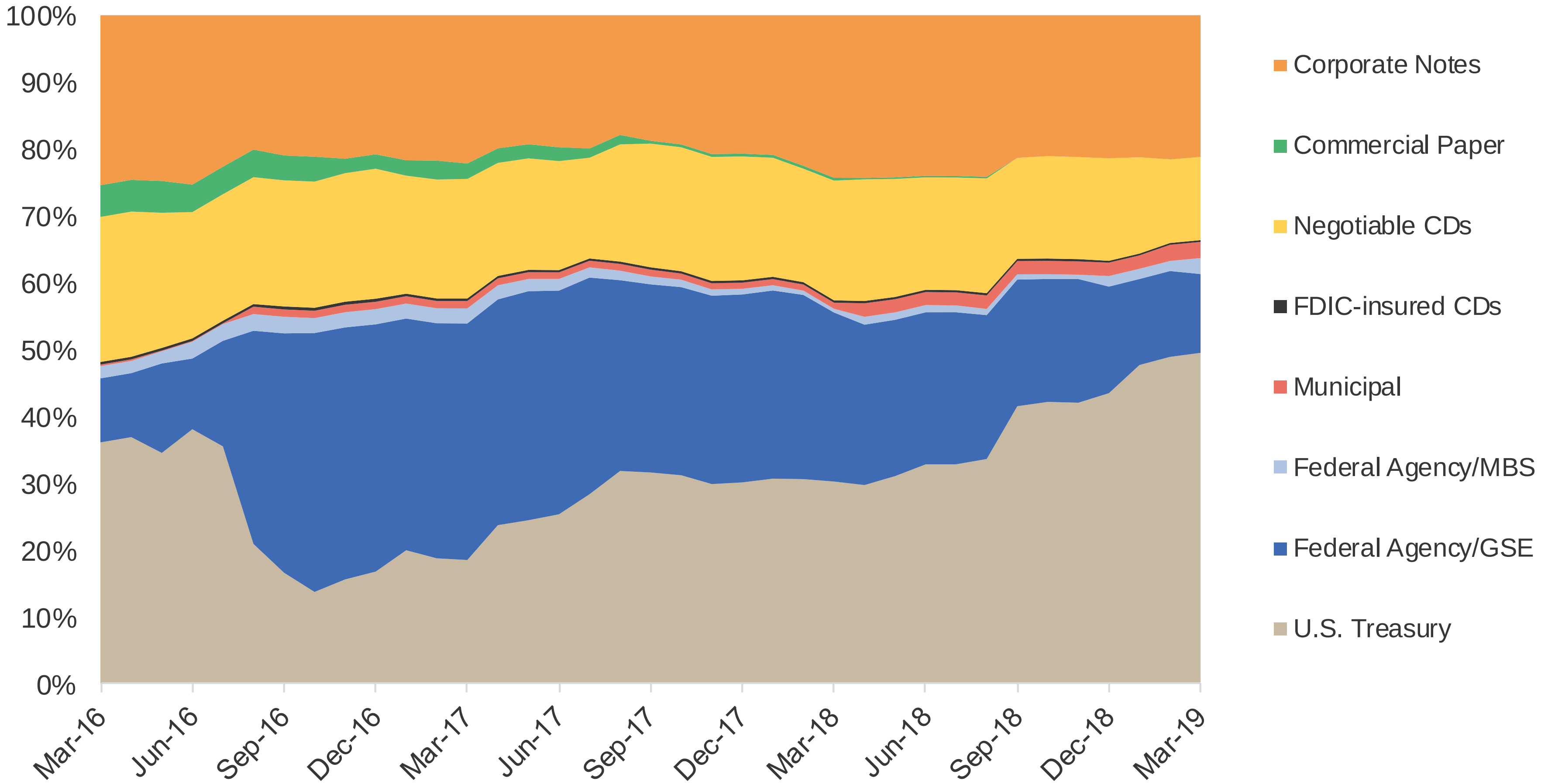
Portfolio Maturity Distribution

Sample Client Portfolio Maturity Distribution[1,2]



1. Portfolio as of March 31, 2019. Includes accrued interest.
2. Money market funds: Portfolio custody sweep, Wells Fargo Peg, Wells Fargo Sweep.

Historical Sector Allocations



Historical allocation of the Sample Client's aggregate portfolios from 3/31/2016 to 3/31/2019.

Portfolio Total Return Performance[1,2,3]

For Periods Ending March 31, 2019[1,2]						
	Effective Duration	Past Quarter	Past Year	Past 3 Years	Past 5 Years	Since Inception[3]
Sample Client	1.85	1.21%	3.13%	1.38%	1.25%	1.53%
Sample Client Custom Index[4,5]	1.81	0.98%	2.72%	0.99%	0.95%	1.15%

1. Performance on trade-date basis, gross (i.e., before fees), in accordance with the CFA Institute's Global Investment Performance Standards (GIPS).
2. Returns for periods greater than one year are annualized.
3. Inception date is December 31, 2007.
4. Portfolio transitioned from the ICE BofAML 0-3 year Treasury Index to the ICE BofAML 1-3 year Treasury Index benchmark in fourth quarter 2014. The custom benchmark and historic returns are based on weighting of the two benchmarks.
5. ICE BofAML Indices provided by Bloomberg Financial Markets.

Second Quarter Outlook and Strategy

- 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 an emphasis on 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 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.
  - Agency MBS continue to be an alternative to other government sectors for its incremental income potential. Our analysis focuses on the expected performance of various structures and collateral types to identifying value.
  - Short-term, high quality credit in the form of negotiable certificates of deposit offer good income potential, especially in light of the partially inverted Treasury yield curve.

Reserve Fund Portfolios

	Securities		Liquid
Reserve Funds	**Market Value[1]**	**Yield (Cost)**	**Money Market**
Reserve Fund 1	$605,233	1.92%	-
Reserve Fund 2	$233,043	1.98%	-
Water Reserve Fund	-	-	-
Wastewater Reserve Fund	$11,312,160	2.20%	$123,018
TOTAL	**$12,150,436**	2.18%	$123,018

1. Portfolios as of March 31, 2019. Includes accrued interest.

Details 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 03/02/2015 1.375% 02/29/2020	912828J50	6,800,000.00	AA+	Aaa	05/15/18	05/16/18	6,659,218.75	2.56	8,130.43	6,727,491.60	6,735,189.20
US TREASURY NOTES DTD 04/30/2015 1.375% 04/30/2020	912828K58	2,250,000.00	AA+	Aaa	04/03/17	04/05/17	2,239,892.58	1.53	12,990.33	2,246,392.31	2,225,301.75
US TREASURY NOTES DTD 04/30/2015 1.375% 04/30/2020	912828K58	3,950,000.00	AA+	Aaa	04/07/17	04/10/17	3,929,632.81	1.55	22,805.25	3,942,695.19	3,906,640.85
US TREASURY NOTES DTD 04/30/2015 1.375% 04/30/2020	912828K58	6,250,000.00	AA+	Aaa	04/10/17	04/10/17	6,219,482.42	1.54	36,084.25	6,239,055.94	6,181,393.75
US TREASURY NOTES DTD 06/30/2015 1.625% 06/30/2020	912828XH8	7,500,000.00	AA+	Aaa	06/26/17	06/28/17	7,526,953.13	1.50	30,637.09	7,511,341.65	7,428,517.50
US TREASURY NOTES DTD 06/30/2015 1.625% 06/30/2020	912828XH8	8,000,000.00	AA+	Aaa	06/15/17	06/15/17	8,024,687.50	1.52	32,679.56	8,010,276.88	7,923,752.00
US TREASURY NOTES DTD 07/31/2015 1.625% 07/31/2020	912828XM7	10,000,000.00	AA+	Aaa	07/05/17	07/07/17	10,006,250.00	1.60	26,933.70	10,002,772.80	9,899,610.00
US TREASURY NOTES DTD 08/31/2015 1.375% 08/31/2020	912828L32	4,000,000.00	AA+	Aaa	08/01/17	08/03/17	3,982,500.00	1.52	4,782.61	3,991,867.60	3,943,752.00
US TREASURY NOTES DTD 10/31/2015 1.375% 10/31/2020	912828L99	700,000.00	AA+	Aaa	10/17/17	10/17/17	693,164.06	1.71	4,041.44	696,401.96	689,418.10
US TREASURY NOTES DTD 11/30/2015 1.625% 11/30/2020	912828M98	3,630,000.00	AA+	Aaa	11/01/17	11/03/17	3,614,260.55	1.77	19,770.54	3,621,380.78	3,587,743.17
US TREASURY NOTES DTD 12/31/2015 1.750% 12/31/2020	912828N48	9,000,000.00	AA+	Aaa	12/01/17	12/05/17	8,957,109.38	1.91	39,592.54	8,975,303.37	8,911,404.00
US TREASURY NOTES DTD 01/31/2016 1.375% 01/31/2021	912828N89	575,000.00	AA+	Aaa	12/27/17	12/28/17	563,567.38	2.04	1,310.43	568,136.15	565,296.88
US TREASURY NOTES DTD 01/31/2016 1.375% 01/31/2021	912828N89	6,900,000.00	AA+	Aaa	01/02/18	01/04/18	6,762,000.00	2.05	15,725.14	6,816,643.79	6,783,562.50
US TREASURY N/B NOTES DTD 05/15/2018 2.625% 05/15/2021	9128284P2	6,750,000.00	AA+	Aaa	02/08/19	02/11/19	6,776,103.52	2.45	67,057.15	6,774,638.78	6,797,196.00

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 06/02/2014 2.000% 05/31/2021	912828WN6	12,500,000.00	AA+	Aaa	06/04/18	06/06/18	12,277,832.03	2.62	83,791.21	12,337,162.00	12,426,275.00
US TREASURY NOTES DTD 06/30/2014 2.125% 06/30/2021	912828WR7	4,150,000.00	AA+	Aaa	07/03/18	07/06/18	4,086,453.13	2.66	22,168.68	4,101,670.72	4,136,383.85
US TREASURY NOTES DTD 08/15/2018 2.750% 08/15/2021	9128284W7	4,250,000.00	AA+	Aaa	09/26/18	09/28/18	4,231,904.30	2.91	14,528.66	4,235,035.33	4,297,149.50
US TREASURY NOTES DTD 08/15/2018 2.750% 08/15/2021	9128284W7	4,600,000.00	AA+	Aaa	09/10/18	09/12/18	4,596,585.94	2.78	15,725.14	4,597,251.96	4,651,032.40
US TREASURY NOTES DTD 08/15/2018 2.750% 08/15/2021	9128284W7	13,000,000.00	AA+	Aaa	09/05/18	09/07/18	13,010,664.06	2.72	44,440.61	13,008,794.63	13,144,222.00
UNITED STATES TREASURY NOTES DTD 10/15/2018 2.875% 10/15/2021	9128285F3	4,000,000.00	AA+	Aaa	12/11/18	12/12/18	4,011,406.25	2.77	48,287.29	4,010,278.56	4,060,624.00
UNITED STATES TREASURY NOTES DTD 01/15/2019 2.500% 01/15/2022	9128285V8	13,550,000.00	AA+	Aaa	01/29/19	01/31/19	13,530,416.02	2.55	71,118.78	13,531,506.42	13,641,570.90
US TREASURY NOTES DTD 01/31/2017 1.875% 01/31/2022	912828V72	19,200,000.00	AA+	Aaa	01/07/19	01/09/19	18,850,500.00	2.50	59,668.51	18,875,550.14	19,005,753.60
UNITED STATES TREASURY NOTES DTD 02/15/2019 2.500% 02/15/2022	9128286C9	12,000,000.00	AA+	Aaa	03/01/19	03/05/19	11,986,875.00	2.54	37,292.82	11,987,208.36	12,088,128.00
Security Type Sub-Total		**163,555,000.00**					**162,537,458.81**	**2.25**	**719,562.16**	**162,808,856.92**	**163,029,916.95**
Municipal Bond / Note											
CT ST TXBL GO BONDS DTD 08/17/2016 1.300% 08/15/2019	20772J3D2	3,175,000.00	A	A1	08/03/16	08/17/16	3,181,858.00	1.23	5,274.03	3,175,865.44	3,159,315.50
CA ST TXBL GO BONDS DTD 04/27/2017 2.625% 04/01/2021	13063DAC2	1,425,000.00	AA-	Aa3	02/12/19	02/14/19	1,420,725.00	2.77	18,703.13	1,421,003.19	1,433,022.75
CA ST TXBL GO BONDS DTD 04/25/2018 2.800% 04/01/2021	13063DGA0	3,775,000.00	AA-	Aa3	04/18/18	04/25/18	3,775,151.00	2.80	52,850.00	3,775,075.27	3,809,088.25
Security Type Sub-Total		**8,375,000.00**					**8,377,734.00**	**2.20**	**76,827.16**	**8,371,943.90**	**8,401,426.50**

Managed Account Detail of Securities Held

For the Month Ending **March 31, 2019**

SAMPLE CLIENT (PFM)

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 Collateralized Mortgage Obligation											
FNMA SERIES 2016-M9 ASQ2 DTD 06/01/2016 1.785% 06/01/2019	3136ASPX8	8,844.28	AA+	Aaa	06/09/16	06/30/16	8,932.73	1.05	13.16	8,844.28	8,824.24
FANNIE MAE SERIES 2015-M13 ASQ2 DTD 10/01/2015 1.646% 09/01/2019	3136AODO0	110,120.35	AA+	Aaa	10/07/15	10/30/15	111,223.08	1.08	151.05	110,124.42	109,735.41
FNA 2018-M5 A2 DTD 04/01/2018 3.560% 09/25/2021	3136B1XP4	1,730,201.92	AA+	Aaa	04/11/18	04/30/18	1,764,617.37	2.27	5,132.93	1,755,326.42	1,752,011.46
FHMS KJ23 A1 DTD 12/01/2018 3.174% 03/01/2022	3137FKK70	1,682,214.06	AA+	Aaa	12/07/18	12/14/18	1,682,200.60	3.05	4,449.46	1,682,200.60	1,704,022.11
FHMS K019 A2 DTD 08/01/2012 2.272% 03/25/2022	**3137ASNJ9**	**1,655,000.00**	**AA+**	**Aaa**	**03/29/19**	**04/03/19**	**1,642,781.45**	**2.65**	**208.90**	**1,642,781.45**	**1,641,784.49**
FHLMC MULTIFAMILY STRUCTURED P DTD 11/01/2015 2.716% 06/25/2022	3137BLUR7	1,675,000.00	AA+	Aaa	03/13/19	03/18/19	1,672,916.09	2.68	3,791.08	1,672,923.65	1,681,182.43
FHMS KP05 A DTD 12/01/2018 3.203% 07/01/2023	3137FKK39	1,437,631.31	AA+	Aaa	12/07/18	12/17/18	1,437,627.00	3.11	3,837.28	1,437,627.00	1,451,070.86
Security Type Sub-Total		**8,299,011.92**					**8,320,298.32**	**2.72**	**17,583.86**	**8,309,827.82**	**8,348,631.00**
Federal Agency Bond / Note											
FEDERAL HOME LOAN BANKS NOTES DTD 05/21/2018 2.625% 05/28/2020	3130AECJ7	5,000,000.00	AA+	Aaa	06/04/18	06/06/18	5,007,300.00	2.55	44,843.75	5,004,327.60	5,010,775.00
FNMA NOTES DTD 08/01/2017 1.500% 07/30/2020	3135G0T60	6,475,000.00	AA+	Aaa	08/31/17	09/01/17	6,476,683.50	1.49	16,457.29	6,475,788.66	6,400,239.65
FREDDIE MAC NOTES DTD 02/16/2018 2.375% 02/16/2021	3137EAEL9	3,250,000.00	AA+	Aaa	04/18/18	04/19/18	3,226,372.50	2.64	9,648.44	3,234,167.04	3,253,142.75
FANNIE MAE NOTES DTD 06/25/2018 2.750% 06/22/2021	3135G0U35	3,000,000.00	AA+	Aaa	12/11/18	12/12/18	2,994,570.00	2.82	22,687.50	2,995,215.06	3,028,503.00
FANNIE MAE NOTES DTD 06/25/2018 2.750% 06/22/2021	3135G0U35	3,350,000.00	AA+	Aaa	06/22/18	06/25/18	3,349,229.50	2.76	25,334.38	3,349,417.33	3,381,828.35
FEDERAL HOME LOAN BANKS NOTES DTD 10/12/2018 3.000% 10/12/2021	3130AF5B9	3,650,000.00	AA+	Aaa	12/11/18	12/12/18	3,664,819.00	2.85	51,404.17	3,663,360.06	3,712,860.30

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											
FEDERAL HOME LOAN BANKS NOTES DTD 10/12/2018 3.000% 10/12/2021	3130AF5B9	6,675,000.00	AA+	Aaa	11/02/18	11/06/18	6,671,128.50	3.02	94,006.25	6,671,709.36	6,789,956.85
FANNIE MAE NOTES DTD 01/11/2019 2.625% 01/11/2022	3135G0U92	3,350,000.00	AA+	Aaa	01/29/19	01/31/19	3,350,871.00	2.62	19,541.67	3,350,831.91	3,380,320.85
FANNIE MAE NOTES DTD 01/11/2019 2.625% 01/11/2022	3135G0U92	3,375,000.00	AA+	Aaa	01/09/19	01/11/19	3,372,570.00	2.65	19,687.50	3,372,744.12	3,405,547.13
Security Type Sub-Total		**38,125,000.00**					**38,113,544.00**	**2.55**	**303,610.95**	**38,117,561.14**	**38,363,173.88**
Corporate Note											
GOLDMAN SACHS GRP INC CORP NT (CALLABLE) DTD 04/25/2016 2.000% 04/25/2019	38141GVT8	1,215,000.00	BBB+	A3	04/21/16	04/26/16	1,214,222.40	2.02	10,530.00	1,214,982.27	1,214,411.94
MORGAN STANLEY CORP BONDS DTD 01/27/2015 2.650% 01/27/2020	61747YDW2	1,450,000.00	BBB+	A3	01/31/17	02/03/17	1,462,542.50	2.35	6,831.11	1,453,542.58	1,448,377.45
AMERICAN HONDA FINANCE CORP NOTE DTD 02/16/2017 2.000% 02/14/2020	02665WBM2	1,365,000.00	A	A2	02/13/17	02/16/17	1,363,061.70	2.05	3,564.17	1,364,425.06	1,357,609.89
WALT DISNEY COMPANY CORP NOTES DTD 03/06/2017 1.950% 03/04/2020	25468PDP8	570,000.00	A	A2	03/01/17	03/06/17	569,851.80	1.96	833.63	569,953.21	566,170.17
HSBC USA INC NOTES DTD 03/05/2015 2.350% 03/05/2020	40428HPR7	1,104,000.00	A	A2	03/27/18	03/29/18	1,089,935.04	3.03	1,873.73	1,097,157.13	1,100,769.70
GOLDMAN SACHS GROUP INC CORP NOTES DTD 01/23/2015 2.600% 04/23/2020	38148LAA4	360,000.00	BBB+	A3	11/01/17	11/03/17	362,714.40	2.28	4,108.00	361,184.03	358,978.68
UNILEVER CAPITAL CORP BONDS DTD 05/05/2017 1.800% 05/05/2020	904764AV9	750,000.00	A+	A1	05/02/17	05/05/17	747,607.50	1.91	5,475.00	749,111.63	743,722.50
INTEL CORP NOTES DTD 05/11/2017 1.850% 05/11/2020	458140AZ3	1,650,000.00	A+	A1	05/08/17	05/11/17	1,649,373.00	1.86	11,870.83	1,649,763.79	1,637,154.75
GENERAL DYNAMICS CORP DTD 05/11/2018 2.875% 05/11/2020	369550BA5	2,010,000.00	A+	A2	05/08/18	05/11/18	2,002,884.60	3.06	22,472.92	2,005,996.04	2,016,653.10

Managed Account Detail of Securities Held

SAMPLE CLIENT (PFM)

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											
HOME DEPOT INC CORP NOTES DTD 06/05/2017 1.800% 06/05/2020	437076BQ4	1,530,000.00	A	A2	05/24/17	06/05/17	1,529,112.60	1.82	8,874.00	1,529,646.00	1,518,720.84
WALT DISNEY COMPANY CORP NOTES DTD 06/06/2017 1.800% 06/05/2020	25468PDU7	3,250,000.00	A	A2	06/01/17	06/06/17	3,246,230.00	1.84	18,850.00	3,248,494.18	3,219,667.75
JOHN DEERE CAPITAL CORP NOTES DTD 06/22/2017 1.950% 06/22/2020	24422ETS8	665,000.00	A	A2	06/19/17	06/22/17	664,594.35	1.97	3,566.06	664,831.56	659,822.98
AMERICAN HONDA FINANCE CORP NOTES DTD 07/20/2017 1.950% 07/20/2020	02665WBT7	720,000.00	A	A2	07/17/17	07/20/17	719,272.80	1.98	2,769.00	719,679.05	712,747.44
BNY MELLON CORP NOTE (CALLABLE) DTD 08/17/2015 2.600% 08/17/2020	06406HDD8	1,475,000.00	A	A1	02/16/18	02/21/18	1,467,757.75	2.81	4,687.22	1,470,932.42	1,474,834.80
CATERPILLAR FINL SERVICE NOTE DTD 09/07/2017 1.850% 09/04/2020	14913Q2A6	2,430,000.00	A	A3	09/05/17	09/07/17	2,427,958.80	1.88	3,371.63	2,429,012.86	2,402,713.53
CITIGROUP INC CORP NOTES DTD 10/26/2015 2.650% 10/26/2020	172967KB6	2,100,000.00	BBB+	A3	09/22/17	09/26/17	2,123,352.00	2.27	23,960.42	2,112,098.54	2,094,750.00
AMERICAN EXPRESS CO CORP (CALLABLE) NOTE DTD 10/30/2017 2.200% 10/30/2020	025816BP3	1,500,000.00	BBB+	A3	10/23/17	10/30/17	1,498,050.00	2.25	13,841.67	1,498,956.62	1,488,417.00
JOHNSON & JOHNSON CORP NOTE DTD 11/10/2017 1.950% 11/10/2020	478160CH5	695,000.00	AAA	Aaa	11/08/17	11/10/17	694,256.35	1.99	5,308.06	694,595.94	689,729.82
PACCAR FINANCIAL CORP NOTES DTD 11/13/2017 2.050% 11/13/2020	69371RN85	910,000.00	A+	A1	11/06/17	11/13/17	909,918.10	2.05	7,151.08	909,955.26	902,059.34
VISA INC (CALLABLE) CORP NOTES DTD 12/14/2015 2.200% 12/14/2020	92826CAB8	825,000.00	AA-	A1	08/25/17	08/30/17	834,075.00	1.85	5,394.58	829,657.91	821,370.00
JOHN DEERE CAPITAL CORP NOTES DTD 01/08/2018 2.350% 01/08/2021	24422ETZ2	610,000.00	A	A2	01/03/18	01/08/18	609,682.80	2.37	3,305.01	609,810.28	607,350.16
BRANCH BANKING & TRUST (CALLABLE) NOTES DTD 10/26/2017 2.150% 02/01/2021	05531FAZ6	350,000.00	A-	A2	11/16/17	11/20/17	348,180.00	2.32	1,254.17	348,938.69	346,713.85

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											
AMERICAN EXPRESS CO CORP NOTES DTD 02/22/2019 3.000% 02/22/2021	025816CB3	1,625,000.00	BBB+	A3	02/19/19	02/22/19	1,623,375.00	3.05	5,281.25	1,623,461.03	1,633,125.00
PACCAR FINANCIAL CORP NOTES DTD 02/27/2018 2.800% 03/01/2021	69371RN93	1,110,000.00	A+	A1	02/22/18	02/27/18	1,109,456.10	2.82	2,590.00	1,109,647.08	1,113,609.72
JOHN DEERE CAPITAL CORP NOTES DTD 03/13/2018 2.875% 03/12/2021	24422EUD9	1,625,000.00	A	A2	03/08/18	03/13/18	1,623,895.00	2.90	2,465.71	1,624,270.83	1,632,803.25
CATERPILLAR FINANCIAL SERVICES CORP NOTE DTD 03/15/2018 2.900% 03/15/2021	14913Q2G3	825,000.00	A	A3	03/12/18	03/15/18	824,554.50	2.92	1,063.33	824,705.27	829,039.20
NATIONAL RURAL UTIL COOP NOTE DTD 02/26/2018 2.900% 03/15/2021	63743HER9	1,355,000.00	A	A2	02/21/18	02/26/18	1,353,495.95	2.94	1,746.44	1,354,012.56	1,361,943.02
UNILEVER CAPITAL CORP NOTES DTD 03/22/2018 2.750% 03/22/2021	904764AZ0	2,750,000.00	A+	A1	03/19/18	03/22/18	2,735,947.50	2.93	1,890.63	2,740,612.35	2,759,707.50
UNITED PARCEL SERVICE CORPORATE BOND DTD 11/14/2017 2.050% 04/01/2021	911312BP0	1,935,000.00	A+	A1	11/09/17	11/14/17	1,931,942.70	2.10	19,833.75	1,933,154.01	1,917,900.41
TOYOTA MOTOR CREDIT CORP NOTES DTD 04/13/2018 2.950% 04/13/2021	89236TEU5	235,000.00	AA-	Aa3	04/11/18	04/13/18	235,119.85	2.93	3,235.17	235,082.36	236,596.59
TOYOTA MOTOR CREDIT CORP NOTES DTD 04/13/2018 2.950% 04/13/2021	89236TEU5	585,000.00	AA-	Aa3	04/11/18	04/13/18	585,269.10	2.93	8,053.50	585,184.92	588,974.49
TOYOTA MOTOR CREDIT CORP NOTES DTD 04/13/2018 2.950% 04/13/2021	89236TEU5	1,950,000.00	AA-	Aa3	04/10/18	04/13/18	1,949,220.00	2.96	26,845.00	1,949,463.91	1,963,248.30
BANK OF NEW YORK MELLON CORP (CALLABLE) DTD 02/19/2016 2.500% 04/15/2021	06406FAA1	1,705,000.00	A	A1	02/16/18	02/21/18	1,682,852.05	2.93	19,654.86	1,690,456.74	1,700,856.85
MORGAN STANLEY CORP NOTES DTD 04/21/2016 2.500% 04/21/2021	61746BEA0	1,800,000.00	BBB+	A3	02/13/18	02/15/18	1,769,760.00	3.06	20,000.00	1,780,170.39	1,788,292.80
HERSHEY COMPANY CORP NOTES DTD 05/10/2018 3.100% 05/15/2021	427866BA5	1,240,000.00	A	A1	05/03/18	05/10/18	1,239,144.40	3.12	14,521.78	1,239,386.60	1,252,367.76

Managed Account Detail of Securities Held

For the Month Ending **March 31, 2019**

SAMPLE CLIENT (PFM)

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											
CHARLES SCHWAB CORP NOTES DTD 05/22/2018 3.250% 05/21/2021	808513AW5	1,575,000.00	A	A2	05/17/18	05/22/18	1,574,952.75	3.25	18,484.38	1,574,965.02	1,594,755.23
WAL-MART STORES INC CORP NOTES DTD 06/27/2018 3.125% 06/23/2021	931142EJ8	2,315,000.00	AA	Aa2	06/20/18	06/27/18	2,314,884.25	3.13	19,693.58	2,314,908.21	2,346,771.06
3M COMPANY DTD 09/14/2018 3.000% 09/14/2021	88579YBA8	815,000.00	AA-	A1	09/11/18	09/14/18	813,329.25	3.07	1,154.58	813,622.90	824,467.04
PFIZER INC CORP NOTE DTD 09/07/2018 3.000% 09/15/2021	717081EM1	2,050,000.00	AA	A1	09/04/18	09/07/18	2,047,232.50	3.05	2,733.33	2,047,741.33	2,082,923.00
BANK OF AMERICA CORP (CALLABLE) DTD 09/18/2017 2.328% 10/01/2021	06051GGS2	1,230,000.00	A-	A2	09/22/17	09/26/17	1,228,032.00	2.37	14,317.20	1,228,751.18	1,218,559.77
BANK OF AMERICA CORP (CALLABLE) DTD 09/18/2017 2.328% 10/01/2021	06051GGS2	2,020,000.00	A-	A2	09/13/17	09/18/17	2,020,000.00	2.33	23,512.80	2,020,000.00	2,001,211.98
AMERICAN EXPRESS CREDIT CORP NOTES DTD 11/06/2018 3.700% 11/05/2021	025816BY4	345,000.00	BBB+	A3	11/01/18	11/06/18	344,924.10	3.71	5,141.46	344,933.62	352,605.53
CITIGROUP INC CORP (CALLABLE) NOTE DTD 12/08/2016 2.900% 12/08/2021	172967LC3	1,250,000.00	BBB+	A3	01/15/19	01/17/19	1,227,262.50	3.57	11,378.47	1,228,820.68	1,249,668.75
AMERICAN HONDA FINANCE CORP NOTES DTD 10/10/2018 3.375% 12/10/2021	02665WCP4	1,675,000.00	A	A2	10/03/18	10/10/18	1,674,196.00	3.39	17,430.47	1,674,316.21	1,704,387.88
PACCAR FINANCIAL CORP NOTE DTD 03/01/2019 2.850% 03/01/2022	69371RP75	715,000.00	A+	A1	02/22/19	03/01/19	714,370.80	2.88	1,698.13	714,387.66	720,638.49
HOME DEPOT INC DTD 12/06/2018 3.250% 03/01/2022	437076BV3	975,000.00	A	A2	11/27/18	12/06/18	972,328.50	3.34	2,640.63	972,550.71	997,132.50
3M COMPANY BONDS DTD 02/22/2019 2.750% 03/01/2022	88579YBF7	1,050,000.00	AA-	A1	02/12/19	02/22/19	1,049,506.50	2.77	3,128.13	1,049,524.46	1,059,159.15
PFIZER INC CORP BONDS DTD 03/11/2019 2.800% 03/11/2022	717081ER0	970,000.00	AA	A1	03/04/19	03/11/19	969,941.80	2.80	1,508.89	969,942.84	978,405.05
JOHN DEERE CAPITAL CORP DTD 03/07/2019 2.950% 04/01/2022	24422EUT4	550,000.00	A	A2	03/04/19	03/07/19	549,736.00	2.97	1,081.67	549,742.39	554,989.60

Managed Account Detail of Securities Held

For the Month Ending **March 31, 2019**

SAMPLE CLIENT (PFM)

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											
GOLDMAN SACHS GROUP INC (CALLABLE) NOTE DTD 01/26/2017 3.000% 04/26/2022	38141GWC4	1,675,000.00	BBB+	A3	02/13/19	02/15/19	1,656,608.50	3.36	21,635.42	1,657,337.86	1,671,366.93
APPLE INC CORP NOTES DTD 05/13/2015 2.700% 05/13/2022	037833BF6	925,000.00	AA+	Aa1	01/08/19	01/10/19	913,927.75	3.08	9,573.75	914,651.81	930,118.95
BRANCH BANKING & TRUST CORP NOTES DTD 03/18/2019 3.050% 06/20/2022	05531FBG7	3,000,000.00	A-	A2	03/11/19	03/18/19	2,999,910.00	3.05	3,304.17	2,999,910.00	3,017,496.00
JPMORGAN CHASE & CO BONDS DTD 03/22/2019 3.207% 04/01/2023	46647PBB1	4,195,000.00	A-	A2	03/15/19	03/22/19	4,195,000.00	3.21	3,363.34	4,195,000.00	4,220,245.51
Security Type Sub-Total		**73,604,000.00**					**73,464,808.84**	**2.69**	**458,854.11**	**73,493,439.98**	**73,686,113.00**
Certificate of Deposit											
CREDIT SUISSE NEW YORK CERT DEPOS DTD 02/08/2018 2.670% 02/07/2020	22549LFR1	3,250,000.00	A-1	P-1	02/07/18	02/08/18	3,250,000.00	2.67	99,550.21	3,250,000.00	3,253,672.50
NORDEA BANK AB NY CD DTD 02/22/2018 2.720% 02/20/2020	65590ASN7	3,250,000.00	A-1+	P-1	02/20/18	02/22/18	3,250,000.00	2.72	10,067.78	3,250,000.00	3,257,205.25
UBS AG STAMFORD CT LT CD DTD 03/06/2018 2.900% 03/02/2020	90275DHG8	3,250,000.00	A-1	P-1	03/02/18	03/06/18	3,250,000.00	2.93	7,330.56	3,250,000.00	3,260,468.25
CREDIT AGRICOLE CIB NY FLT CERT DEPOS DTD 04/10/2018 3.253% 04/10/2020	22532XHT8	3,250,000.00	A+	A1	04/06/18	04/10/18	3,250,000.00	2.85	23,783.91	3,250,000.00	3,256,922.50
CANADIAN IMP BK COMM NY FLT CERT DEPOS DTD 04/10/2018 3.183% 04/10/2020	13606BVF0	3,250,000.00	A+	Aa2	04/06/18	04/10/18	3,250,000.00	2.78	23,272.03	3,250,000.00	3,258,154.25
BANK OF NOVA SCOTIA HOUSTON CD DTD 06/07/2018 3.080% 06/05/2020	06417GU22	3,350,000.00	A+	Aa2	06/05/18	06/07/18	3,348,727.00	3.10	33,246.89	3,349,236.80	3,373,450.00
BANK OF MONTREAL CHICAGO CERT DEPOS DTD 08/03/2018 3.190% 08/03/2020	06370REU9	3,350,000.00	A+	Aa2	08/01/18	08/03/18	3,350,000.00	3.23	71,540.18	3,350,000.00	3,365,912.50
WESTPAC BANKING CORP NY CD DTD 08/07/2017 2.050% 08/03/2020	96121T4A3	5,990,000.00	AA-	Aa3	08/03/17	08/07/17	5,990,000.00	2.05	18,419.25	5,990,000.00	5,956,402.09

pfm

Managed Account Detail of Securities Held

SAMPLE CLIENT (PFM)

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
Certificate of Deposit											
SUMITOMO MITSUI BANK NY CERT DEPOS DTD 10/18/2018 3.390% 10/16/2020	86565BPC9	3,350,000.00	A	A1	10/16/18	10/18/18	3,345,444.00	3.46	52,050.63	3,348,964.18	3,396,816.25
SWEDBANK (NEW YORK) CERT DEPOS DTD 11/17/2017 2.270% 11/16/2020	87019U6D6	3,250,000.00	AA-	Aa2	11/16/17	11/17/17	3,250,000.00	2.30	27,870.56	3,250,000.00	3,224,578.50
MUFG BANK LTD/NY CERT DEPOS DTD 02/28/2019 2.970% 02/26/2021	55379WZT6	3,350,000.00	A	A1	02/27/19	02/28/19	3,350,000.00	2.99	8,844.00	3,350,000.00	3,375,114.95
ROYAL BANK OF CANADA NY CD DTD 06/08/2018 3.240% 06/07/2021	78012UEE1	4,200,000.00	AA-	Aa2	06/07/18	06/08/18	4,200,000.00	3.24	43,092.00	4,200,000.00	4,255,427.40
Security Type Sub-Total		**43,090,000.00**					**43,084,171.00**	**2.82**	**419,068.00**	**43,088,200.98**	**43,234,124.44**
Managed Account Sub-Total		**335,048,011.92**					**333,898,014.97**	**2.46**	**1,995,506.24**	**334,189,830.74**	**335,063,385.77**
Securities Sub-Total		**$335,048,011.92**					**$333,898,014.97**	**2.46%**	**$1,995,506.24**	**$334,189,830.74**	**$335,063,385.77**
Accrued Interest											**$1,995,506.24**
Total Investments											**$337,058,892.01**

Bolded items are forward settling trades.

Managed Account Detail of Securities Held

For the Month Ending **March 31, 2019**

SAMPLE CLIENT

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
Certificate of Deposit - FDIC Insured											
CHASE BANK FDIC CD DTD 09/20/2018 2.180% 09/20/2019	RE1290213	189,251.94	NR	NR	09/20/18	09/20/18	189,251.94	2.18	2,211.83	189,251.94	188,431.92
POPPY BANK (FIRST COMM) FDIC-INSURED CD DTD 12/20/2018 2.500% 12/20/2019	RE0959883	240,000.00	NR	NR	12/20/18	12/20/18	240,000.00	2.48	1,681.32	240,000.00	239,787.89
COMMUNITY FIRST CREDIT (FDIC-INSURED) CD DTD 12/23/2018 2.160% 12/23/2019	RE0959891	240,000.00	NR	NR	12/24/18	12/24/18	240,000.00	2.15	1,409.93	240,000.00	239,199.40
SUMMIT STATE BANK (FDIC) CD DTD 01/15/2019 2.550% 01/15/2020	RE0959909	240,000.00	NR	NR	01/15/19	01/15/19	240,000.00	2.55	1,274.30	240,000.00	239,862.12
Security Type Sub-Total		**909,251.94**					**909,251.94**	**2.35**	**6,577.38**	**909,251.94**	**907,281.33**
Managed Account Sub-Total		**909,251.94**					**909,251.94**	**2.35**	**6,577.38**	**909,251.94**	**907,281.33**
Securities Sub-Total		**$909,251.94**					**$909,251.94**	**2.35%**	**$6,577.38**	**$909,251.94**	**$907,281.33**
Accrued Interest											**$6,577.38**
Total Investments											**$913,858.71**

Managed Account Detail of Securities Held

For the Month Ending **March 31, 2019**

SAMPLE CLIENT RESERVE FUND 1

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 08/31/2017 1.250% 08/31/2019	9128282T6	311,000.00	AA+	Aaa	09/04/18	09/04/18	307,270.43	2.49	338.04	309,433.02	309,396.48
Security Type Sub-Total		**311,000.00**					**307,270.43**	**2.49**	**338.04**	**309,433.02**	**309,396.48**
Federal Agency Bond / Note											
FNMA NOTES DTD 09/02/2016 1.000% 08/28/2019	3135G0P49	297,000.00	AA+	Aaa	11/17/16	11/17/16	294,332.94	1.33	272.25	296,602.55	295,226.02
Security Type Sub-Total		**297,000.00**					**294,332.94**	**1.33**	**272.25**	**296,602.55**	**295,226.02**
Managed Account Sub-Total		**608,000.00**					**601,603.37**	**1.92**	**610.29**	**606,035.57**	**604,622.50**
Securities Sub-Total		**$608,000.00**					**$601,603.37**	**1.92%**	**$610.29**	**$606,035.57**	**$604,622.50**
Accrued Interest											**$610.29**
Total Investments											**$605,232.79**

Managed Account Detail of Securities Held

For the Month Ending **March 31, 2019**

SAMPLE CLIENT RESERVE FUND 2

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											
UNITED STATES TREASURY NOTES DTD 08/31/2018 2.625% 08/31/2020	9128284Y3	115,000.00	AA+	Aaa	09/04/18	09/04/18	114,955.08	2.65	262.50	114,968.01	115,376.86
Security Type Sub-Total		**115,000.00**					**114,955.08**	**2.65**	**262.50**	**114,968.01**	**115,376.86**
Federal Agency Bond / Note											
FNMA NOTES DTD 09/02/2016 1.000% 08/28/2019	3135G0P49	118,000.00	AA+	Aaa	11/17/16	11/17/16	116,940.36	1.33	108.17	117,842.09	117,295.19
Security Type Sub-Total		**118,000.00**					**116,940.36**	**1.33**	**108.17**	**117,842.09**	**117,295.19**
Managed Account Sub-Total		**233,000.00**					**231,895.44**	**1.98**	**370.67**	**232,810.10**	**232,672.05**
Securities Sub-Total		**$233,000.00**					**$231,895.44**	**1.98%**	**$370.67**	**$232,810.10**	**$232,672.05**
Accrued Interest											**$370.67**
Total Investments											**$233,042.72**

Managed Account Detail of Securities Held

For the Month Ending **March 31, 2019**

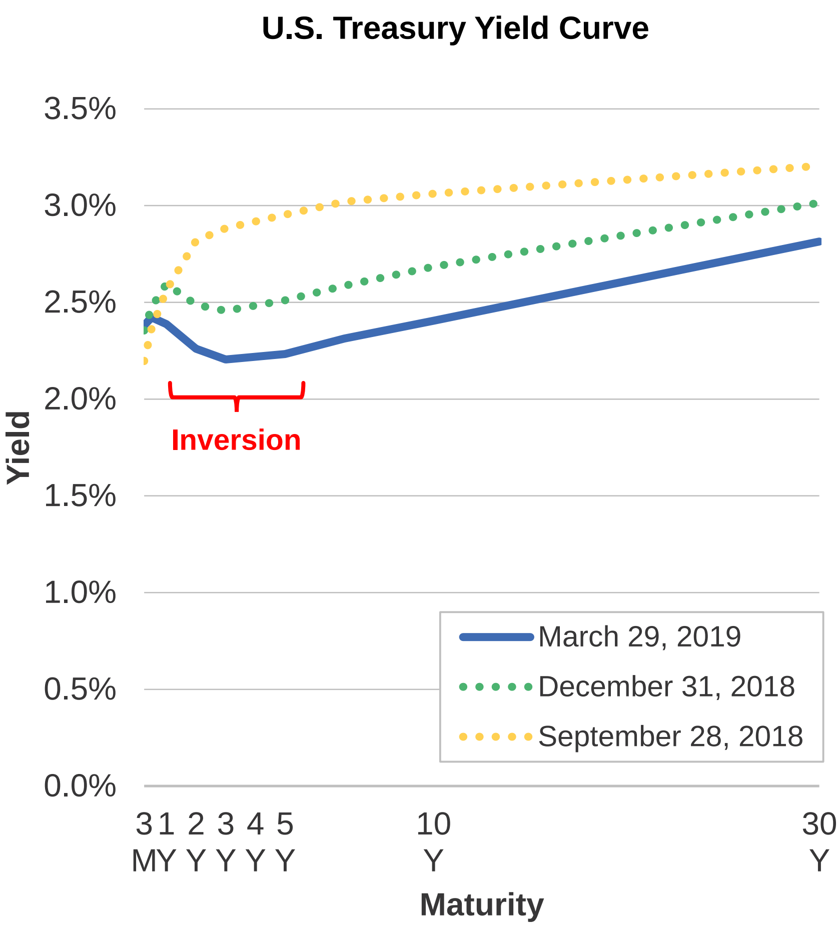
SAMPLE CLIENT WASTEWATER RESERVE

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 08/31/2015 1.375% 08/31/2020	912828L32	1,350,000.00	AA+	Aaa	11/17/16	11/17/16	1,343,091.80	1.51	1,614.13	1,347,378.17	1,331,016.30
UNITED STATES TREASURY NOTES DTD 08/31/2018 2.625% 08/31/2020	9128284Y3	2,695,000.00	AA+	Aaa	09/04/18	09/04/18	2,693,947.27	2.65	6,151.63	2,694,250.28	2,703,831.52
US TREASURY NOTES DTD 03/31/2014 2.250% 03/31/2021	912828C57	5,050,000.00	AA+	Aaa	02/04/19	02/05/19	5,020,804.69	2.53	310.45	5,022,876.40	5,047,631.55
Security Type Sub-Total		**9,095,000.00**					**9,057,843.76**	**2.41**	**8,076.21**	**9,064,504.85**	**9,082,479.37**
Federal Agency Bond / Note											
FREDDIE MAC NOTES DTD 07/19/2017 1.375% 08/15/2019	3137EAEH8	980,000.00	AA+	Aaa	09/11/17	09/12/17	980,372.40	1.35	1,721.81	980,073.26	976,203.48
FNMA NOTES DTD 09/02/2016 1.000% 08/28/2019	3135G0P49	1,250,000.00	AA+	Aaa	11/17/16	11/17/16	1,238,775.00	1.33	1,145.83	1,248,327.25	1,242,533.75
Security Type Sub-Total		**2,230,000.00**					**2,219,147.40**	**1.34**	**2,867.64**	**2,228,400.51**	**2,218,737.23**
Managed Account Sub-Total		**11,325,000.00**					**11,276,991.16**	**2.20**	**10,943.85**	**11,292,905.36**	**11,301,216.60**
Securities Sub-Total		**$11,325,000.00**					**$11,276,991.16**	**2.20%**	**$10,943.85**	**$11,292,905.36**	**$11,301,216.60**
Accrued Interest											**$10,943.85**
Total Investments											**$11,312,160.45**

Market Update

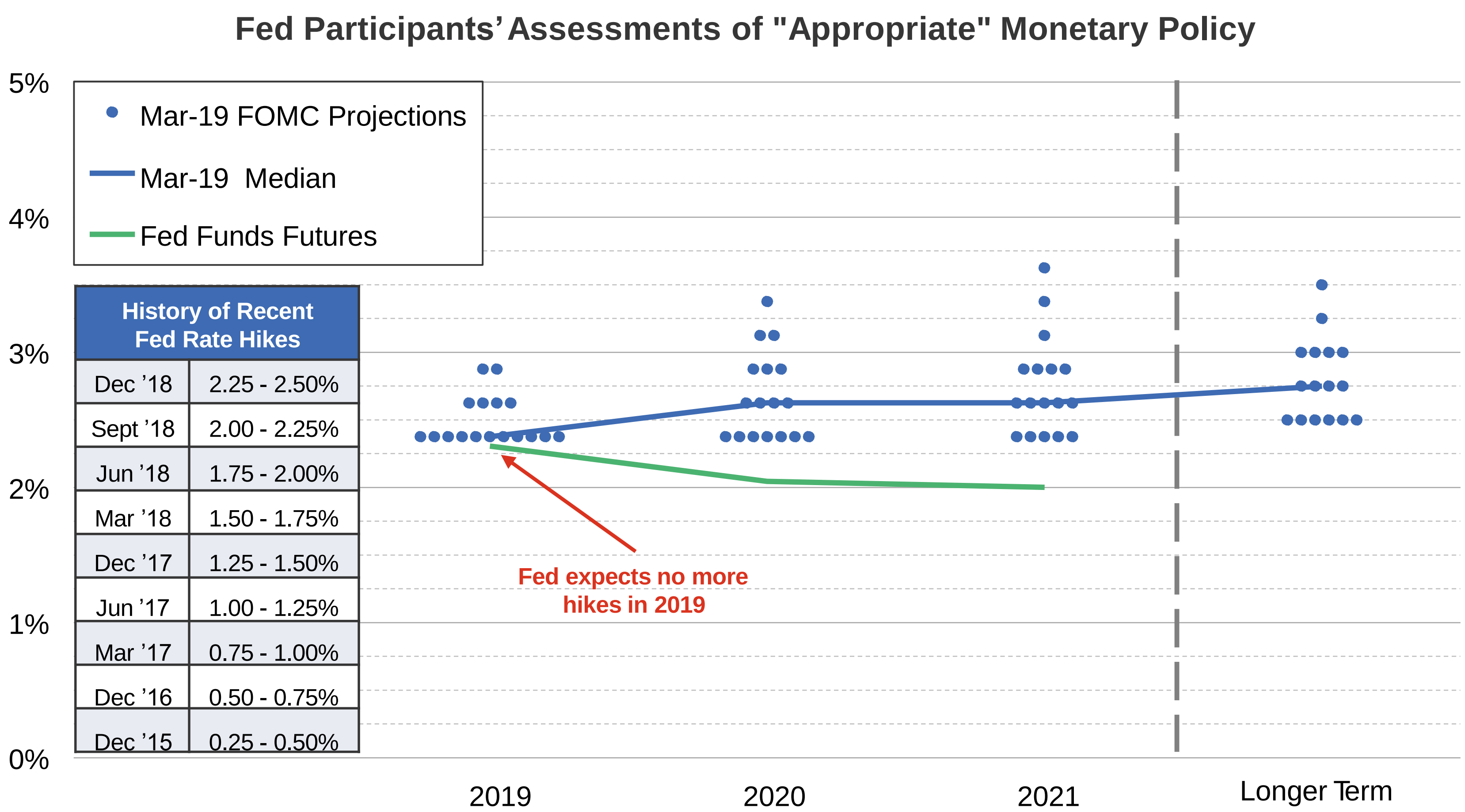
Yield Curve Inversion Persists Albeit Key Part of Curve No Longer Inverted

Tenor	03/29/19	12/31/18	09/28/2018
3 month	2.38%	2.35%	2.20%
1 year	2.39%	2.60%	2.56%
2 year	2.26%	2.49%	2.82%
3 year	2.20%	2.46%	2.88%
5 year	2.23%	2.51%	2.95%
10 year	2.41%	2.68%	3.06%
30 year	2.81%	3.01%	3.21%



Source: Bloomberg, as of 03/31/19.

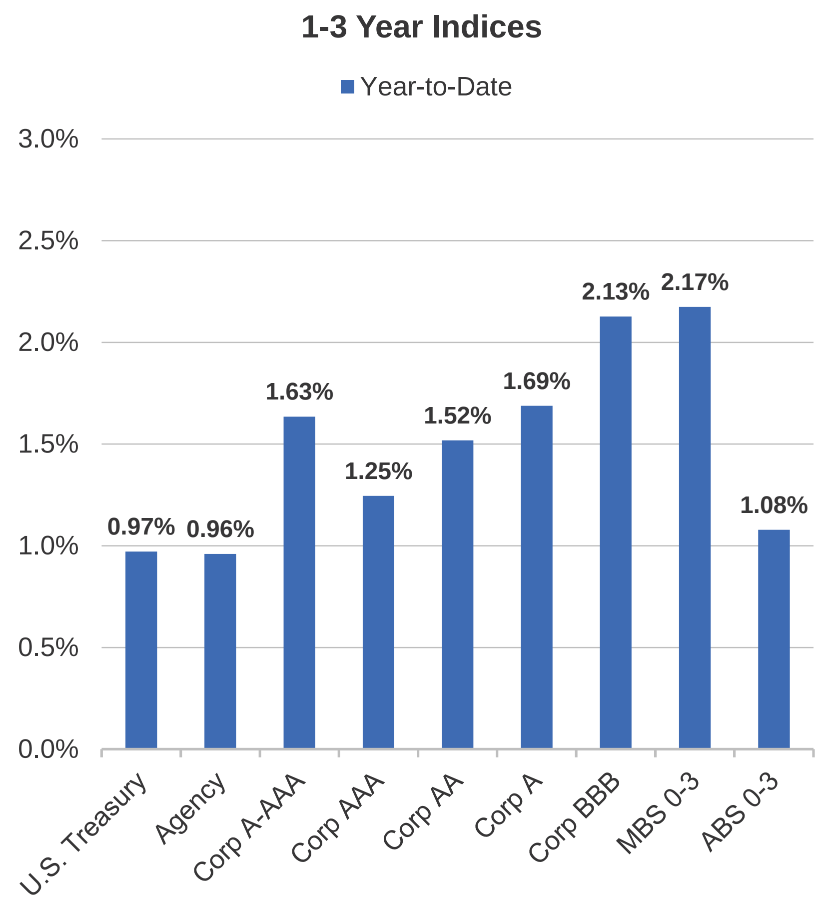
FOMC's March "Dot Plot" Shift to No Hike in 2019

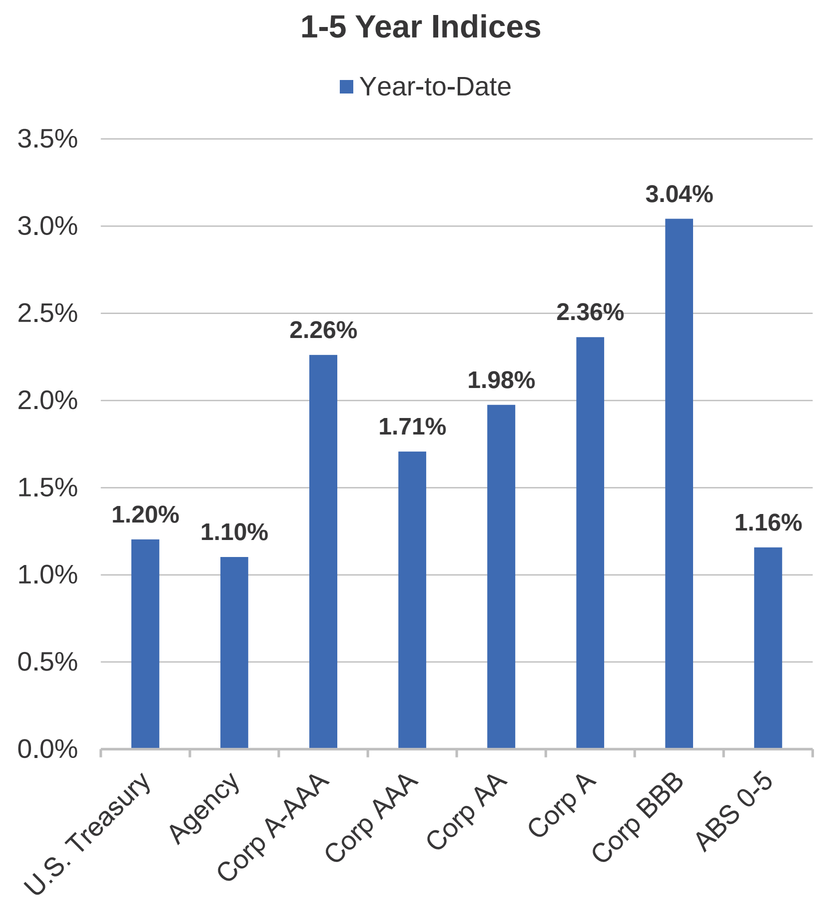


History of Recent Fed Rate Hikes	
Dec '18	2.25 - 2.50%
Sept '18	2.00 - 2.25%
Jun '18	1.75 - 2.00%
Mar '18	1.50 - 1.75%
Dec '17	1.25 - 1.50%
Jun '17	1.00 - 1.25%
Mar '17	0.75 - 1.00%
Dec '16	0.50 - 0.75%
Dec '15	0.25 - 0.50%

Source: Federal Reserve and Bloomberg. Individual dots represent each Fed members' judgement of the midpoint of the appropriate target range for the federal funds rate at each year-end. Fed funds futures as of 3/20/19.

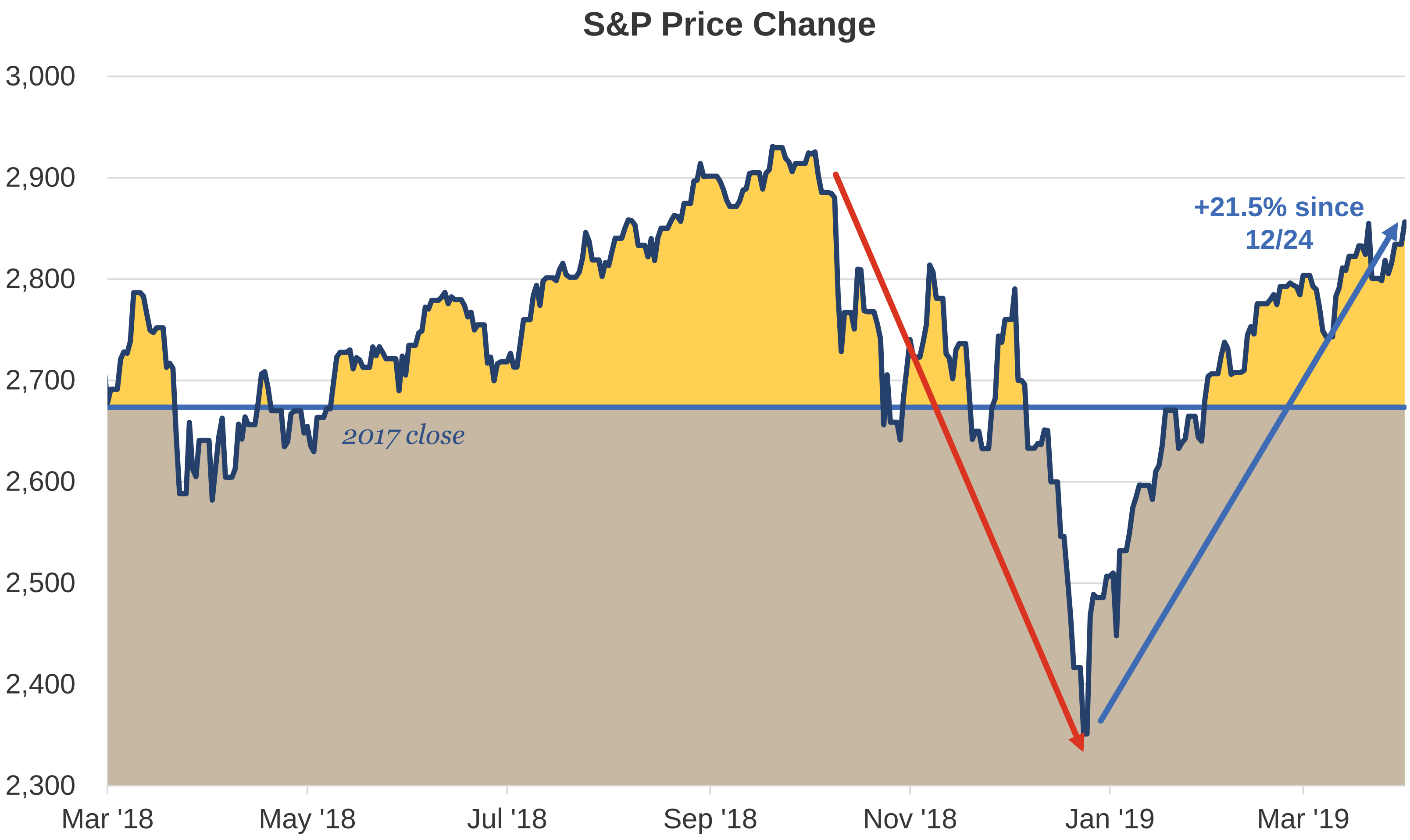
Fixed Income Index Returns



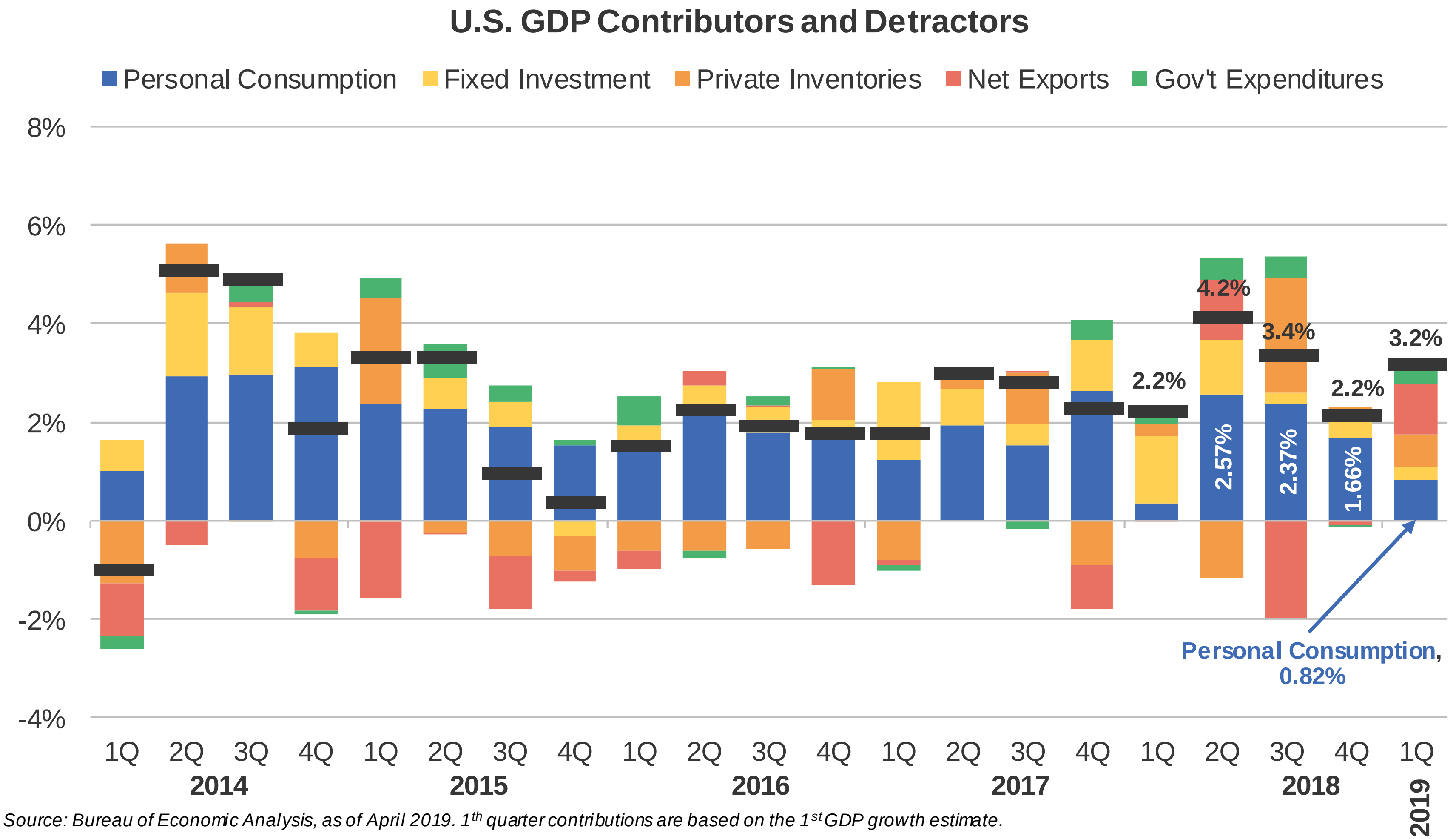


Source: Bloomberg, as of 04/01/2019.

Stock Market Recouping 2018 Fourth Quarter Losses

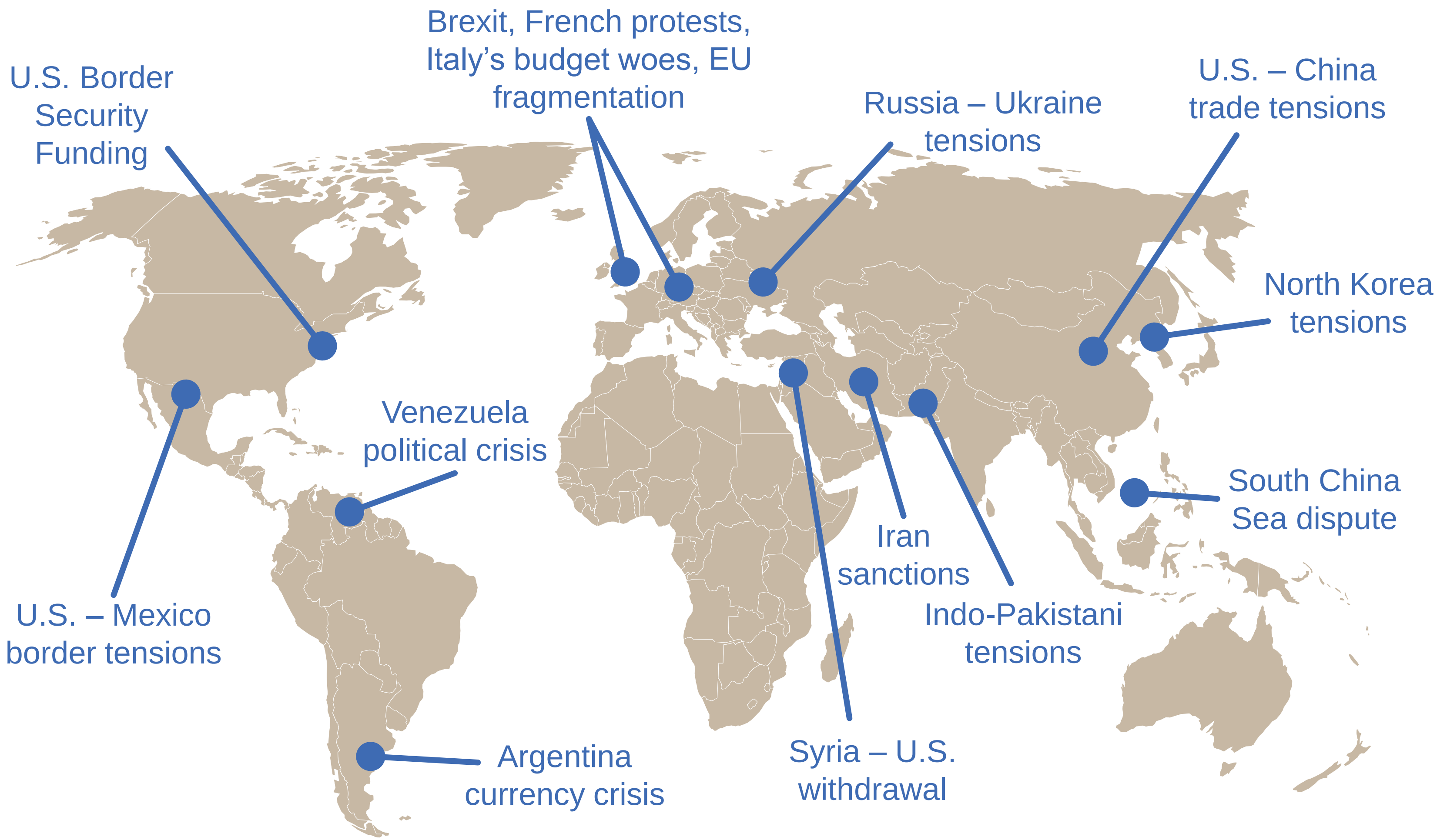


U.S. First Quarter 2019 GDP Exceeds Expectations



Source: Bureau of Economic Analysis, as of April 2019. 1th quarter contributions are based on the 1st GDP growth estimate.

Geopolitical Risks Persist Around the Globe



E. Fixed Income Performance Composites

PFM Fixed Income Separate Account Composites

Managed by PFM Asset Management LLC

March 31, 2019

PFM Asset
Management LLC

213 Market Street
Harrisburg, PA 17101

(717) 232-2723
pfm.com

PFM Fixed Income Separate Account Composite Snapshot
As of March 31, 2019

Strategy/*Benchmark*	Average Annual Total Returns						Duration	Standard Deviation of Returns	No. of Accounts	Assets (in $ Millions)
	for periods ended March 31, 2019							*(5 years)*		
	1Q19	1 Year	3 Years	5 Years	7 Years	10 Years				
PFM Enhanced Cash Composite	**0.81%**	**2.57%**	**1.48%**	**1.14%**	**0.95%**	**0.98%**	**0.68**	**0.33%**	**21**	**1,483**
ICE BofAML 1 Yr Treasury Index	*0.82%*	*2.44%*	*1.21%*	*0.85%*	*0.69%*	*0.70%*	*0.90*	*0.35%*		
PFM 1-3 Year Fixed Income Composite	**1.15%**	**3.02%**	**1.30%**	**1.21%**	**1.05%**	**1.32%**	**1.77**	**0.71%**	**154**	**11,582**
ICE BofAML 1-3 Treasury Index	*0.98%*	*2.72%*	*0.99%*	*0.98%*	*0.84%*	*1.04%*	*1.81*	*0.81%*		
PFM 1-5 Year Fixed Income Composite	**1.42%**	**3.46%**	**1.28%**	**1.51%**	**1.33%**	**1.92%**	**2.45**	**1.22%**	**126**	**9,846**
ICE BofAML 1-5 Treasury Index	*1.22%*	*3.14%*	*0.97%*	*1.29%*	*1.09%*	*1.46%*	*2.56*	*1.38%*		
ICE BofAML 1-5 Gov't/Corp, AA or better	*1.27%*	*3.23%*	*1.07%*	*1.35%*	*1.17%*	*1.66%*	*2.52*	*1.34%*		
PFM 1-10 Year Fixed Income Composite	**1.83%**	**4.05%**	**1.44%**	**1.96%**	**1.73%**	**2.52%**	**3.49**	**1.84%**	**18**	**958**
ICE BofAML 1-10 Treasury Index	*1.57%*	*3.75%*	*0.97%*	*1.71%*	*1.42%*	*2.01%*	*3.63*	*2.15%*		
PFM Stable Value Composite	**0.64%**	**2.50%**	**2.31%**	**2.21%**	**2.27%**	**n/a**	**3.05**	**0.05%**	**6**	**2,567**
ICE BofAML 5 Yr Treasury (rolling yield)	*0.46%*	*1.77%*	*1.50%*	*1.44%*	*1.53%*	*n/a*	*2.54*	*0.05%*		
ICE BofAML 3 Month Treasury Bill	*0.60%*	*2.12%*	*1.19%*	*0.74%*	*0.56%*	*n/a*	*0.16*	*0.23%*		

The performance data shown represent past performance, which is not a guarantee of future results. Investment returns and principal value will fluctuate. Data shown is prior to the deduction of investment advisory fees. GIPS compliant composite presentations are available upon request. For important disclosure information please go to pfm.com/disclosures.

Benchmark source: Bloomberg. All benchmarks represent total returns for the noted periods, with the exception of the ICE BofAML Constant 5-Year Maturity Treasury Index, which represents a book value return by utlizing the rolling 60-month moving average yield. As the stable value benchmark is an equally weighted rolling 60-month moving average of a 5-year Treasury security for each month, the 2.54 year duration noted above represents a weighted average maturity (WAM).

Enhanced Cash Composite

PFM Enhanced Cash Composite

As of March 31, 2019

Year	Composite Return (Gross of Fees)	ICE BofAML 1-Year Treasury Note Index Return	Composite Dispersion	Number of Accounts	Composite Assets (Millions)	Percentage of Firm Assets	Total Firm Assets (Millions)
2019 YTD	0.81%	0.82%	n/a	21	$1,483	1.5%	$99,769
2018	1.96%	1.86%	0.12%	19	$1,328	1.4%	$94,075
2017	1.05%	0.57%	0.17%	15	$1,289	1.6%	$80,608
2016	1.13%	0.76%	0.26%	15	$1,345	1.9%	$72,397
2015	0.44%	0.15%	0.14%	21	$2,094	3.3%	$63,625
2014	0.44%	0.18%	0.16%	27	$2,465	4.5%	$54,889
2013	0.39%	0.26%	0.09%	25	$2,457	4.8%	$51,650
2012	0.60%	0.24%	0.20%	32	$2,555	5.2%	$49,093
2011	0.77%	0.57%	0.25%	32	$2,603	5.9%	$43,933
2010	1.06%	0.83%	0.40%	27	$1,962	4.6%	$42,686
2009	1.34%	0.80%	0.67%	30	$2,096	5.3%	$39,273

Periods Ended 03/31/19	Cumulative Annualized Return		Ex-Post Standard Deviation of Returns	
	Composite (Gross of Fees)	ICE BofAML 1-Year Treasury Note Index	Composite (Gross of Fees)	ICE BofAML 1-Year Treasury Note Index
1 Year	2.57%	2.44%	0.23%	0.34%
2 Year	1.75%	1.54%	0.31%	0.37%
3 Year	1.48%	1.21%	0.33%	0.37%
4 Year	1.28%	1.01%	0.34%	0.37%
5 Year	1.14%	0.85%	0.33%	0.35%
6 Year	1.02%	0.75%	0.32%	0.33%
7 Year	0.95%	0.69%	0.30%	0.31%
8 Year	0.93%	0.65%	0.29%	0.30%
9 Year	0.93%	0.66%	0.29%	0.28%
10 Year	0.98%	0.70%	0.30%	0.29%

3-Year Periods Ending	3-Year Cumulative Return		3-Year Ex-Post Standard Deviation	
	Composite (Gross of Fees)	ICE BofAML 1-Year Treasury Note Index	Composite (Gross of Fees)	ICE BofAML 1-Year Treasury Note Index
2018	1.38%	1.06%	0.30%	0.33%
2017	0.87%	0.49%	0.29%	0.26%
2016	0.67%	0.36%	0.29%	0.25%
2015	0.43%	0.20%	0.20%	0.16%
2014	0.48%	0.23%	0.16%	0.11%
2013	0.59%	0.35%	0.17%	0.14%
2012	0.81%	0.54%	0.24%	0.20%
2011	1.06%	0.73%	0.33%	0.31%
2010	2.40%	2.11%	0.89%	0.95%
2009	3.96%	3.80%	0.91%	1.08%

Managed by PFM Asset Management LLC. Please refer to the accompanying Important Disclosures.

PFM Enhanced Cash Composite

As of March 31, 2019

Quarterly Returns

Quarter Ended	Total Return (Gross of Fees)	
	Composite	ICE BofAML 1-Year Treasury Note Index
3/31/2019	0.81%	0.82%
12/31/2018	0.68%	0.78%
9/30/2018	0.55%	0.41%
6/30/2018	0.51%	0.40%
3/31/2018	0.21%	0.25%
12/31/2017	0.10%	0.01%
9/30/2017	0.34%	0.25%
6/30/2017	0.29%	0.14%
3/31/2017	0.32%	0.16%
12/31/2016	0.05%	0.05%
9/30/2016	0.16%	0.06%
6/30/2016	0.40%	0.29%
3/31/2016	0.52%	0.36%
12/31/2015	-0.10%	-0.17%
9/30/2015	0.18%	0.11%
6/30/2015	0.10%	0.10%
3/31/2015	0.27%	0.11%
12/31/2014	0.08%	-0.07%
9/30/2014	0.06%	0.10%
6/30/2014	0.15%	0.07%

Quarter Ended	Total Return (Gross of Fees)	
	Composite	ICE BofAML 1-Year Treasury Note Index
3/31/2014	0.14%	0.08%
12/31/2013	0.09%	0.01%
9/30/2013	0.20%	0.13%
6/30/2013	-0.02%	0.04%
3/31/2013	0.12%	0.07%
12/31/2012	0.09%	0.06%
9/30/2012	0.23%	0.14%
6/30/2012	0.11%	0.04%
3/31/2012	0.17%	0.00%
12/31/2011	0.16%	0.09%
9/30/2011	0.13%	0.13%
6/30/2011	0.34%	0.20%
3/31/2011	0.13%	0.15%
12/31/2010	0.04%	0.07%
9/30/2010	0.28%	0.24%
6/30/2010	0.44%	0.26%
3/31/2010	0.29%	0.25%
12/31/2009	0.12%	0.15%
9/30/2009	0.39%	0.33%
6/30/2009	0.60%	0.33%

PFM Enhanced Cash Composite
As of March 31, 2019

IMPORTANT DISCLOSURES

PFM Asset Management LLC claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. PFM Asset Management LLC has been independently verified for the periods 2006 through 2015. The verification report is available upon request.

Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.

FIRM DEFINITION

PFM is the marketing name for a group of affiliated companies providing a range of services. All services are provided through separate agreements with each company. PFM's asset management services are provided through PFM Asset Management LLC, an investment advisor registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940. PFM Asset Management LLC was created in 2001; prior to 2001, PFM's investment advisory business was operated as part of Public Financial Management, Inc. utilizing the same personnel and investment process. Firm performance includes accounts managed by PFM Asset Management LLC, but which may have been previously managed by Public Financial Management, Inc. Stable value portfolios were managed by Fiduciary Capital Management, Inc. prior to December 15, 2017, when the assets of that firm were acquired by PFM Asset Management LLC. We manage short-term pools and money market funds, investment-grade fixed-income portfolios, stable value portfolios, and multi-asset class portfolios under a variety of individual client mandates. For important disclosure information please go to pfm.com/disclosures.

COMPOSITE DESCRIPTION

PFM Enhanced Cash Composite includes all institutional fixed-income portfolios with the majority of their assets in securities with maturities or effective durations between 0 and 1 year, and that are managed against the ICE BofAML 1-Year US Treasury Note Index or another short-term index with an effective duration as short as 1 month or as long as 1.5 years. Accounts typically invest in US dollar denominated, investment-grade fixed-income securities, including US government securities, including bonds and notes of federal agencies, high quality money market, municipal and corporate debt instruments, generally limited to those rated A-1 short-term, or A long-term or better. Accounts in this composite do not use leverage, complex derivatives, or short positions. Individual accounts may have policies that are more or less restrictive than those described above, in some cases significantly so, and may use specific benchmarks that differ from the composite benchmark used in this presentation. Accounts in the composite may have significant liquidity requirements.

The composite creation date is September 2003; the composite inception date is January 1, 1998. The minimum portfolio size for inclusion in the composite is $10 million. Only actual portfolios are included in the composites; the composite contains no simulated, model or non-fee paying portfolios.

PFM Enhanced Cash Composite
As of March 31, 2019

BENCHMARK DESCRIPTION

Composite performance is compared to the ICE BofAML 1-Year US Treasury Note Index. Benchmark returns are provided to represent the investment environment that existed during the time periods shown. The ICE BofAML 1-Year US Treasury Note Index comprises a single issue purchased at the beginning of the month and held for a full month. At the end of the month that issue is sold and rolled into a newly selected issue.

PERFORMANCE CALCULATIONS

Valuations are computed, and performance results and asset values are reported in US dollars. Gross-of-fees returns are presented before management fees, custodial fees and taxes, but after brokerage and other transaction fees, if any. Returns include the reinvestment of income. A client's return will be reduced by advisory fees and other expenses the portfolio may incur. PFM's Asset Management standard investment advisory fee schedule is 0.25% per annum on first $25 million and 0.15% per annum on assets over $25 million, but actual fees may be higher or lower. Fees have a compounding effect on the net return of a portfolio. As an example, the effect of investment advisory fees on the total value of a client's portfolio assuming (a) a $1,000,000 initial investment, (b) portfolio return of 4% a year, and (c) 0.25% per annum fee charged monthly, is shown in the following table:

Period	Ending Portfolio Value	
	Without Fees (Gross)	After Fees (Net)
1 Year	$1,040,742	$1,038,147
5 Years	$1,220,997	$1,205,853
10 Years	$1,490,833	$1,454,081

Internal dispersion is calculated using the equal-weighted standard deviation of the annual gross returns of those portfolios that were included in the composite for the entire year; for years where there are five or fewer portfolios in the composite for the full annual period, dispersion is not presented, as it is deemed not meaningful. Benchmark returns are presented on a gross basis.

RISK DISCLOSURE

Actual performance results may differ from composite returns, depending on the size of the account, investment guidelines and restrictions, inception date and other factors. Past performance is not indicative of future results. As with any investment vehicle, there is always the potential for gains as well as the possibility of losses. There can be no assurance that a client portfolio will meet its performance objective.

ADDITIONAL INFORMATION

A list of composite descriptions is available upon request. The firm's policies for valuing portfolios, calculating performance, and preparing compliant presentations are also available upon request. Requests should be made to Kenneth Schiebel, CFA, at schiebelk@pfm.com.

1-3 Year Composite

PFM 1-3 Year Fixed Income Composite

As of March 31, 2019

Year	Composite Return (Gross of Fees)	ICE BofAML 1-3 Year Treasury Index Return	Composite Dispersion	Number of Accounts	Composite Assets (Millions)	Percentage of Firm Assets	Total Firm Assets (Millions)
2019 YTD	1.15%	0.98%	n/a	154	$11,582	11.6%	$99,769
2018	1.70%	1.58%	0.09%	156	$11,341	12.1%	$94,075
2017	0.82%	0.42%	0.17%	157	$10,843	13.5%	$80,608
2016	1.17%	0.89%	0.11%	151	$9,775	13.5%	$72,397
2015	0.68%	0.54%	0.13%	143	$9,377	14.7%	$63,625
2014	0.72%	0.62%	0.14%	126	$8,604	15.7%	$54,889
2013	0.41%	0.36%	0.11%	118	$7,975	15.4%	$51,650
2012	1.00%	0.43%	0.23%	113	$7,204	14.7%	$49,093
2011	1.57%	1.55%	0.29%	114	$7,083	16.1%	$43,933
2010	2.31%	2.35%	0.27%	98	$6,027	14.1%	$42,686
2009	2.05%	0.78%	0.42%	80	$5,115	13.0%	$39,273

Periods Ended 03/31/19	Cumulative Annualized Return		Ex-Post Standard Deviation of Returns	
	Composite (Gross of Fees)	ICE BofAML 1-3 Year Treasury Index	Composite (Gross of Fees)	ICE BofAML 1-3 Year Treasury Index
1 Year	3.02%	2.72%	0.79%	0.99%
2 Year	1.66%	1.36%	0.77%	0.88%
3 Year	1.30%	0.99%	0.75%	0.86%
4 Year	1.25%	0.97%	0.73%	0.83%
5 Year	1.21%	0.98%	0.71%	0.81%
6 Year	1.09%	0.88%	0.68%	0.76%
7 Year	1.05%	0.84%	0.64%	0.71%
8 Year	1.14%	0.92%	0.63%	0.71%
9 Year	1.20%	1.00%	0.64%	0.71%
10 Year	1.32%	1.04%	0.69%	0.80%

3-Year Periods Ending	3-Year Cumulative Return		3-Year Ex-Post Standard Deviation	
	Composite (Gross of Fees)	ICE BofAML 1-3 Year Treasury Index	Composite (Gross of Fees)	ICE BofAML 1-3 Year Treasury Index
2018	1.23%	0.96%	0.73%	0.86%
2017	0.89%	0.62%	0.67%	0.75%
2016	0.86%	0.68%	0.68%	0.76%
2015	0.60%	0.51%	0.52%	0.57%
2014	0.71%	0.47%	0.43%	0.44%
2013	0.99%	0.78%	0.46%	0.51%
2012	1.62%	1.44%	0.64%	0.74%
2011	1.98%	1.56%	0.83%	1.04%
2010	3.78%	3.22%	1.70%	1.76%
2009	5.29%	4.86%	1.75%	1.96%

Managed by PFM Asset Management LLC. Please refer to the accompanying Important Disclosures.

PFM 1-3 Year Fixed Income Composite

As of March 31, 2019

Quarterly Returns

Quarter Ended	Total Return (Gross of Fees)	
	Composite	ICE BofAML 1-3 Year Treasury Index
3/31/2019	1.15%	0.98%
12/31/2018	1.08%	1.29%
9/30/2018	0.39%	0.19%
6/30/2018	0.36%	0.22%
3/31/2018	-0.14%	-0.13%
12/31/2017	-0.16%	-0.25%
9/30/2017	0.32%	0.24%
6/30/2017	0.31%	0.17%
3/31/2017	0.35%	0.26%
12/31/2016	-0.30%	-0.43%
9/30/2016	-0.01%	-0.11%
6/30/2016	0.53%	0.53%
3/31/2016	0.95%	0.90%
12/31/2015	-0.29%	-0.44%
9/30/2015	0.34%	0.31%
6/30/2015	0.11%	0.15%
3/31/2015	0.52%	0.52%
12/31/2014	0.20%	0.17%
9/30/2014	0.03%	0.03%
6/30/2014	0.29%	0.27%

Quarter Ended	Total Return (Gross of Fees)	
	Composite	ICE BofAML 1-3 Year Treasury Index
3/31/2014	0.19%	0.14%
12/31/2013	0.10%	0.06%
9/30/2013	0.33%	0.29%
6/30/2013	-0.16%	-0.11%
3/31/2013	0.14%	0.12%
12/31/2012	0.12%	0.07%
9/30/2012	0.35%	0.26%
6/30/2012	0.23%	0.19%
3/31/2012	0.30%	-0.08%
12/31/2011	0.25%	0.20%
9/30/2011	0.33%	0.49%
6/30/2011	0.87%	0.83%
3/31/2011	0.11%	0.03%
12/31/2010	-0.11%	-0.15%
9/30/2010	0.62%	0.62%
6/30/2010	1.12%	1.16%
3/31/2010	0.67%	0.70%
12/31/2009	0.14%	0.03%
9/30/2009	0.86%	0.78%
6/30/2009	0.71%	-0.11%

PFM 1-3 Year Fixed Income Composite

As of March 31, 2019

IMPORTANT DISCLOSURES

PFM Asset Management LLC claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. PFM Asset Management LLC has been independently verified for the periods 2006 through 2015. The verification report is available upon request.

Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.

FIRM DEFINITION

PFM is the marketing name for a group of affiliated companies providing a range of services. All services are provided through separate agreements with each company. PFM's asset management services are provided through PFM Asset Management LLC, an investment advisor registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940. PFM Asset Management LLC was created in 2001; prior to 2001, PFM's investment advisory business was operated as part of Public Financial Management, Inc. utilizing the same personnel and investment process. Firm performance includes accounts managed by PFM Asset Management LLC, but which may have been previously managed by Public Financial Management, Inc. Stable value portfolios were managed by Fiduciary Capital Management, Inc. prior to December 15, 2017, when the assets of that firm were acquired by PFM Asset Management LLC. We manage short-term pools and money market funds, investment-grade fixed-income portfolios, stable value portfolios, and multi-asset class portfolios under a variety of individual client mandates. For important disclosure information please go to pfm.com/disclosures.

COMPOSITE DESCRIPTION

PFM 1 – 3 Year Fixed Income Composite includes all institutional fixed-income portfolios with the majority of their assets in securities with maturities or effective durations between 1 and 3 years, and that are managed against the ICE BofAML 1-3 Year US Treasury Index or an index with a similar effective duration. Accounts typically invest in US dollar denominated, investment-grade fixed-income securities, including US government securities, including bonds and notes of federal agencies, high quality money market, municipal and corporate debt instruments, generally limited to those rated A or better, and agency mortgage-backed securities. Accounts in this composite do not use leverage, complex derivatives, or short positions. Accounts in the composite will typically maintain an overall effective duration similar to that of the ICE BofAML 1-3 Year US Treasury Index, but may vary by plus or minus 25%, or more. Individual accounts may have policies that are more or less restrictive than those described above, in some cases significantly so, and may use specific benchmarks that differ from the composite benchmark used in this presentation.

The composite creation date is September 2003; the composite inception date is January 1, 1998. The minimum portfolio size for inclusion in the composite is $10 million. Only actual portfolios are included in the composites; the composite contains no simulated, model or non-fee paying portfolios.

PFM 1-3 Year Fixed Income Composite
As of March 31, 2019

BENCHMARK DESCRIPTION

Composite performance is compared to the ICE BofAML 1-3 Year US Treasury Index. Benchmark returns are provided to represent the investment environment that existed during the time periods shown. The ICE BofAML 1-3 Year US Treasury Index comprises all US Treasury securities (excluding TIPS and STRIPS) with maturities between 1 and 3 years, and is rebalanced monthly.

PERFORMANCE CALCULATIONS

Valuations are computed, and performance results and asset values are reported in US dollars. Gross-of-fees returns are presented before management fees, custodial fees and taxes, but after brokerage and other transaction fees, if any. Returns include the reinvestment of income. A client's return will be reduced by advisory fees and other expenses the portfolio may incur. PFM's Asset Management standard investment advisory fee schedule is 0.25% per annum on first $25 million and 0.15% per annum on assets over $25 million, but actual fees may be higher or lower. Fees have a compounding effect on the net return of a portfolio. As an example, the effect of investment advisory fees on the total value of a client's portfolio assuming (a) a $1,000,000 initial investment, (b) portfolio return of 4% a year, and (c) 0.25% per annum fee charged monthly, is shown in the following table:

Period	Ending Portfolio Value	
	Without Fees (Gross)	After Fees (Net)
1 Year	$1,040,742	$1,038,147
5 Years	$1,220,997	$1,205,853
10 Years	$1,490,833	$1,454,081

Internal dispersion is calculated using the equal-weighted standard deviation of the annual gross returns of those portfolios that were included in the composite for the entire year; for years where there are five or fewer portfolios in the composite for the full annual period, dispersion is not presented, as it is deemed not meaningful. Benchmark returns are presented on a gross basis.

RISK DISCLOSURE

Actual performance results may differ from composite returns, depending on the size of the account, investment guidelines and restrictions, inception date and other factors. Past performance is not indicative of future results. As with any investment vehicle, there is always the potential for gains as well as the possibility of losses. There can be no assurance that a client portfolio will meet its performance objective.

ADDITIONAL INFORMATION

A list of composite descriptions is available upon request. The firm's policies for valuing portfolios, calculating performance, and preparing compliant presentations are also available upon request. Requests should be made to Kenneth Schiebel, CFA, at schiebelk@pfm.com.

1-5 Year Composite

PFM 1-5 Year Fixed Income Composite
As of March 31, 2019

Year	Composite Return (Gross of Fees)	ICE BofAML 1-5 Year Treasury Index Return	ICE BofAML 1-5 Year AAA-AA US Corporate & Government Index	Composite Dispersion	Number of Accounts	Composite Assets (Millions)	Percentage of Firm Assets	Total Firm Assets (Millions)
2019 YTD	1.42%	1.22%	1.27%	n/a	126	$9,846	9.9%	$99,769
2018	1.57%	1.52%	1.55%	0.10%	126	$9,321	9.9%	$94,075
2017	1.10%	0.65%	0.79%	0.20%	124	$8,600	10.7%	$80,608
2016	1.32%	1.09%	1.14%	0.11%	104	$6,400	8.8%	$72,397
2015	1.13%	0.98%	0.99%	0.13%	87	$5,464	8.6%	$63,625
2014	1.39%	1.24%	1.30%	0.20%	71	$4,560	8.3%	$54,889
2013	0.02%	-0.19%	-0.08%	0.18%	62	$4,394	8.5%	$51,650
2012	1.78%	0.91%	1.32%	0.37%	48	$3,174	6.5%	$49,093
2011	3.30%	3.36%	3.11%	0.43%	38	$2,515	5.7%	$43,933
2010	3.39%	3.61%	3.62%	0.37%	29	$1,880	4.4%	$42,686
2009	3.10%	0.23%	1.72%	0.74%	28	$2,009	5.1%	$39,273

Periods Ended 03/31/19	Cumulative Annualized Return			Ex-Post Standard Deviation of Returns		
	Composite (Gross of Fees)	ICE BofAML 1-5 Year Treasury Index	ICE BofAML 1-5 Year AAA-AA US Corporate & Government Index	Composite (Gross of Fees)	ICE BofAML 1-5 Year Treasury Index	ICE BofAML 1-5 Year AAA-AA US Corporate & Government Index
1 Year	3.46%	3.14%	3.23%	1.26%	1.52%	1.07%
2 Year	1.80%	1.51%	1.60%	1.21%	1.36%	1.13%
3 Year	1.28%	0.97%	1.07%	1.25%	1.40%	1.28%
4 Year	1.40%	1.13%	1.21%	1.22%	1.37%	1.31%
5 Year	1.51%	1.29%	1.35%	1.22%	1.38%	1.25%
6 Year	1.29%	1.06%	1.13%	1.22%	1.36%	1.22%
7 Year	1.33%	1.09%	1.17%	1.15%	1.29%	1.16%
8 Year	1.60%	1.34%	1.40%	1.17%	1.31%	1.22%
9 Year	1.71%	1.49%	1.55%	1.20%	1.34%	1.36%
10 Year	1.92%	1.46%	1.66%	1.25%	1.45%	1.53%

PFM 1-5 Year Fixed Income Composite

As of March 31, 2019

3-Year Periods Ending	3-Year Cumulative Return			3-Year Ex-Post Standard Deviation		
	Composite (Gross of Fees)	ICE BofAML 1-5 Year Treasury Index	ICE BofAML 1-5 Year AAA-AA US Corporate & Government Index	Composite (Gross of Fees)	ICE BofAML 1-5 Year Treasury Index	ICE BofAML 1-5 Year AAA-AA US Corporate & Government Index
2018	1.33%	1.08%	1.16%	1.27%	1.45%	1.34%
2017	1.18%	0.90%	0.97%	1.23%	1.39%	1.40%
2016	1.28%	1.10%	1.14%	1.27%	1.45%	1.19%
2015	0.84%	0.67%	0.74%	1.09%	1.21%	1.01%
2014	1.06%	0.65%	0.84%	0.98%	1.03%	1.11%
2013	1.69%	1.35%	1.44%	1.08%	1.17%	1.29%
2012	2.82%	2.62%	2.67%	1.20%	1.40%	1.63%
2011	3.26%	2.39%	2.81%	1.40%	1.86%	2.41%
2010	4.65%	4.13%	4.25%	2.33%	2.69%	2.51%
2009	5.91%	5.63%	5.61%	2.30%	2.83%	2.26%

PFM 1-5 Year Fixed Income Composite

As of March 31, 2019

Quarterly Returns

Quarter Ended	Total Return (Gross of Fees)		
	Composite	ICE BofAML 1-5 Year Treasury Index	ICE BofAML 1-5 Year AAA-AA US Corporate & Government Index
3/31/2019	1.42%	1.22%	1.27%
12/31/2018	1.44%	1.72%	1.67%
9/30/2018	0.30%	0.05%	0.11%
6/30/2018	0.27%	0.13%	0.15%
3/31/2018	-0.44%	-0.38%	-0.38%
12/31/2017	-0.28%	-0.38%	-0.36%
9/30/2017	0.38%	0.29%	0.32%
6/30/2017	0.51%	0.38%	0.42%
3/31/2017	0.49%	0.37%	0.42%
12/31/2016	-0.95%	-1.09%	-1.07%
9/30/2016	-0.07%	-0.19%	-0.14%
6/30/2016	0.80%	0.81%	0.82%
3/31/2016	1.56%	1.57%	1.55%
12/31/2015	-0.45%	-0.66%	-0.63%
9/30/2015	0.68%	0.70%	0.69%
6/30/2015	-0.02%	0.02%	0.02%
3/31/2015	0.92%	0.92%	0.91%
12/31/2014	0.46%	0.49%	0.48%
9/30/2014	-0.02%	-0.06%	-0.05%
6/30/2014	0.57%	0.55%	0.57%

Quarter Ended	Total Return (Gross of Fees)		
	Composite	ICE BofAML 1-5 Year Treasury Index	ICE BofAML 1-5 Year AAA-AA US Corporate & Government Index
3/31/2014	0.38%	0.26%	0.30%
12/31/2013	0.08%	-0.11%	-0.05%
9/30/2013	0.54%	0.46%	0.50%
6/30/2013	-0.81%	-0.69%	-0.71%
3/31/2013	0.21%	0.15%	0.18%
12/31/2012	0.12%	0.04%	0.09%
9/30/2012	0.67%	0.47%	0.57%
6/30/2012	0.59%	0.59%	0.58%
3/31/2012	0.40%	-0.19%	0.07%
12/31/2011	0.52%	0.42%	0.33%
9/30/2011	1.09%	1.39%	1.18%
6/30/2011	1.46%	1.49%	1.45%
3/31/2011	0.19%	0.02%	0.12%
12/31/2010	-0.62%	-0.67%	-0.61%
9/30/2010	1.19%	1.32%	1.41%
6/30/2010	1.80%	2.04%	1.79%
3/31/2010	0.98%	0.90%	1.00%
12/31/2009	0.28%	-0.08%	0.09%
9/30/2009	1.46%	1.20%	1.45%
6/30/2009	1.11%	-0.87%	0.05%

Managed by PFM Asset Management LLC. Please refer to the accompanying Important Disclosures.

PFM 1-5 Year Fixed Income Composite

As of March 31, 2019

IMPORTANT DISCLOSURES

PFM Asset Management LLC claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. PFM Asset Management LLC has been independently verified for the periods 2006 through 2015. The verification report is available upon request.

Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.

FIRM DEFINITION

PFM is the marketing name for a group of affiliated companies providing a range of services. All services are provided through separate agreements with each company. PFM's asset management services are provided through PFM Asset Management LLC, an investment advisor registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940. PFM Asset Management LLC was created in 2001; prior to 2001, PFM's investment advisory business was operated as part of Public Financial Management, Inc. utilizing the same personnel and investment process. Firm performance includes accounts managed by PFM Asset Management LLC, but which may have been previously managed by Public Financial Management, Inc. Stable value portfolios were managed by Fiduciary Capital Management, Inc. prior to December 15, 2017, when the assets of that firm were acquired by PFM Asset Management LLC. We manage short-term pools and money market funds, investment-grade fixed-income portfolios, stable value portfolios, and multi-asset class portfolios under a variety of individual client mandates. For important disclosure information please go to pfm.com/disclosures.

COMPOSITE DESCRIPTION

PFM 1 – 5 Year Fixed Income Composite includes all institutional fixed-income portfolios with the majority of their assets in securities with maturities or effective durations between 1 and 5 years, and that are managed against the ICE BofAML 1-5 Year US Treasury Index or an index with a similar effective duration. Accounts typically invest in US dollar denominated, investment-grade fixed-income securities, including US government securities, including bonds and notes of federal agencies, high quality money market, municipal and corporate debt instruments, generally limited to those rated A or better, and agency mortgage-backed securities. Accounts in this composite do not use leverage, complex derivatives, or short positions. Accounts in the composite will typically maintain an overall effective duration similar to that of the ICE BofAML 1-5 Year US Treasury Index, but may vary by plus or minus 25%, or more. Individual accounts may have policies that are more or less restrictive than those described above, in some cases significantly so, and may use specific benchmarks that differ from those used as composite benchmarks in this presentation.

The composite creation date is September 2003; the composite inception date is January 1, 1998. The minimum portfolio size for inclusion in the composite is $10 million. Only actual portfolios are included in the composites; the composite contains no simulated, model or non-fee paying portfolios.

PFM 1-5 Year Fixed Income Composite

As of March 31, 2019

BENCHMARK DESCRIPTION

Composite performance is compared to the ICE BofAML 1-5 Year US Treasury Index and the ICE BofAML 1-5 year AAA-AA US Corporate & Government Index. Benchmark returns are provided to represent the investment environment that existed during the time periods shown. The ICE BofAML 1-5 Year US Treasury Index comprises all US Treasury securities (excluding TIPS and STRIPS) with maturities between 1 and 5 years, and is rebalanced monthly. The ICE BofAML 1-5 year AAA-AA US Corporate & Government Index comprises US dollar denominated investment grade debt publicly issued in the US domestic market, including US Treasury, US agency, certain foreign government and supranational debt, and corporate securities; all that meet common index qualifications, are rated AA3 or better, and have maturities between 1 and 5 years. The index is rebalanced monthly. The ICE BofAML 1-5 year AAA-AA US Corporate & Government Index was added as a second benchmark beginning 2012Q3 and is presented retroactively. The second benchmark was added to provide an additional comparison for those accounts with investment policies that permit a broader range of investments.

PERFORMANCE CALCULATIONS

Valuations are computed, and performance results and asset values are reported in US dollars. Gross-of-fees returns are presented before management fees, custodial fees and taxes, but after brokerage and other transaction fees, if any. Returns include the reinvestment of income. A client's return will be reduced by advisory fees and other expenses the portfolio may incur. PFM's Asset Management standard investment advisory fee schedule is 0.25% per annum on first $25 million and 0.15% per annum on assets over $25 million, but actual fees may be higher or lower. Fees have a compounding effect on the net return of a portfolio. As an example, the effect of investment advisory fees on the total value of a client's portfolio assuming (a) a $1,000,000 initial investment, (b) portfolio return of 4% a year, and (c) 0.25% per annum fee charged monthly, is shown in the following table:

Period	Ending Portfolio Value	
	Without Fees (Gross)	After Fees (Net)
1 Year	$1,040,742	$1,038,147
5 Years	$1,220,997	$1,205,853
10 Years	$1,490,833	$1,454,081

Internal dispersion is calculated using the equal-weighted standard deviation of the annual gross returns of those portfolios that were included in the composite for the entire year; for years where there are five or fewer portfolios in the composite for the full annual period, dispersion is not presented, as it is deemed not meaningful. Benchmark returns are presented on a gross basis.

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pfm

EXHIBIT C

July 25, 2019

City of Santa Rosa
Finance Department
635 First Street, 2nd Floor
Santa Rosa, CA 95404

RE: Request for Best and Final _ RFP 19-39 PFM

Dear Ms. Tramel:

On behalf of PFM Asset Management LLC ("PFM"), thank you for the opportunity to present our best and final proposal offer to continue providing fixed-income investment advisory services to the City. We have had the privilege of working with the City since 2007 and believe we have helped the City meet and exceed its investment objectives.

During our 12-year relationship, the City faced significant budgetary pressures; in response, we lowered our fee schedule on three separate occasions to ease the City's financial burden. At the same time, we generated over $34 million of earnings for the City's program and have enthusiastically taken on greater responsibilities within the City's program relative to the original scope of services; these additional responsibilities have included:

- Preparation of monthly City Council reports
- Customized fiscal year-end reports
  (e.g., interest earnings, callables, Bloomberg DES, GASB 40 Notes)
- Customized quarterly investment reports
- Earnings projections for the City's budget process

We want to continue serving as the City's investment advisor and are proposing a lower fee cap of $180,000 for the first year in recognition of our strong partnership with the City, the impact of the 2017 fires on the community, and the budgetary challenges the City still faces. The City's portfolio fluctuates between $350-$365 million, so the amended fee cap represents a $35k-$41k reduction, or a 16%-19% discount. The amended fee schedule is attached below.

We highly value the City's relationship and hope the City wishes to continue with PFM as its investment advisor. Should you have any questions about our best and final offer, please contact us at 415.982.5544 or by email at woop@pfm.com or brantl@pfm.com.

Sincerely,

Paulina Woo
Managing Director
PFM Asset Management LLC

Lauren Brant
Managing Director
PFM Asset Management LLC

pfm

50 California Street
Suite 2300
San Francisco, CA 94111
415.982.5544

pfm.com

A. Amended Fee Structure

Proposals should include all costs associated with providing the services described in the Scope of Work. Please include your firm's fee schedule that would apply to a contract with the City.

PFM strives to charge fees that are commensurate with our scope of services and the complexity of work performed. We believe that the proposed fee schedule recognizes our current partnership with the City as well as the unique quantitative and qualitative resources that we bring to the relationship. In recognition of the City's loyalty and long-standing relationship, we propose to cap our fee for the first year at $180,000.

Fee Schedule*	
First $100 million in AUM	7.5 basis points
Next $200 million in AUM	6 basis points
Assets over $300 million in AUM	4 basis points

** Minimum annual fee of $25,000 applies.*

1. What expenses would be covered through the fee structure?

The fee schedule included above covers all of our normal costs for the services listed in the scope of services, including travel and out-of-pocket expenses. The fee schedule does not include services beyond the scope of work, such as arbitrage rebate services.

2. What additional cost would be required to implement your program (e.g. bank custodial fees, travel expenses, etc.?

There are no additional costs to the City for our services. The City will still pay the custodial bank for custodial services.

3. Is there a minimum annual fee or retainer?

Yes. There is a minimum annual fee of $25,000.