



PFM Asset Management LLC

CITY OF DIXON

Investment Performance Review For the Quarter Ended December 31, 2016

Client Management Team

Sarah Meacham, Director
Allison Kaune, Senior Managing Consultant

601 South Figueroa, Suite 4500
Los Angeles, CA 90017
213-489-4075

PFM Asset Management LLC

One Keystone Plaza, Suite 300
Harrisburg, PA 17101-2044
717-232-2723



Economic and Market Update

U.S. Economic & Market Highlights

Over the Last 12 Months



Economy Grew
\$534 billion



Jobs Created
2.3 million



New Vehicles Sold
17.4 million



New Homes Sold
561 thousand

Economic Highlights



Consumer Confidence
Highest since 2001



Jobless Claims
Lowest since 1974



Consumer Prices
Highest since 2014



Housing Prices
Record high

Market Highlights



Equities
Record high



2-Yr Treasury Yield
Highest since 2011



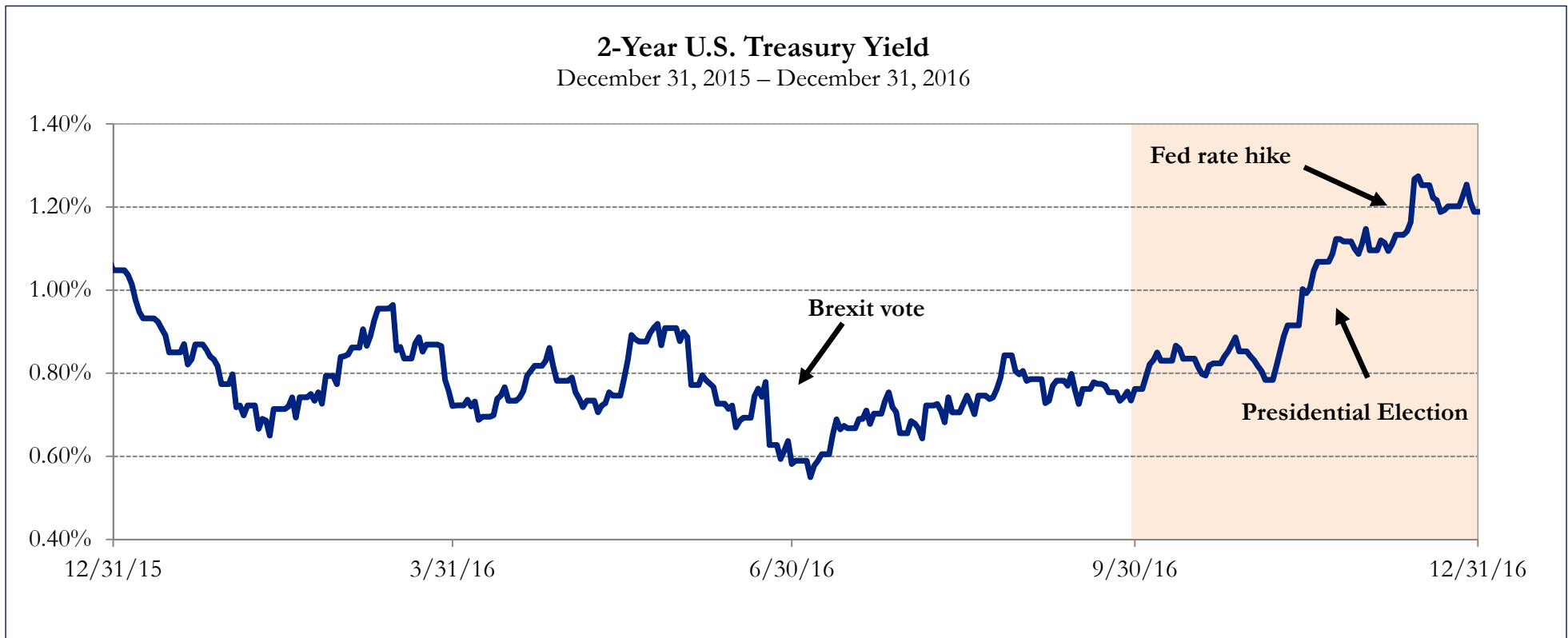
US Dollar
Highest since 2003



Oil
Highest since 2015

2-Year U.S. Treasury Yield

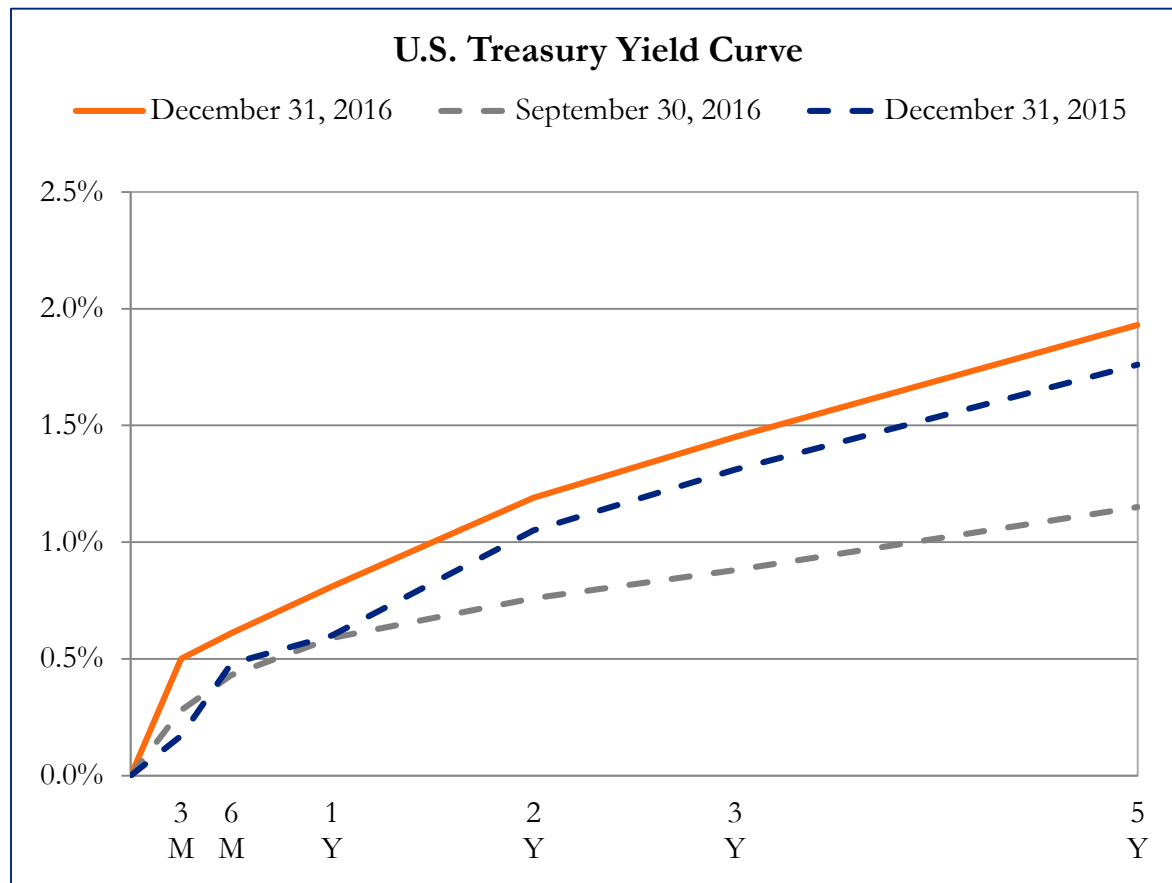
- After a sharp increase in November, U.S. Treasury yields adopted a more gradual pace of increases in December as markets continued to price in possible economic growth and inflation as a result of President-elect Trump’s promised fiscal policies.
- The largest increase in Treasury yields in 2016 occurred during the fourth quarter as the markets reacted to the results of the U.S. Presidential election and the FOMC’s decision to increase the fed funds target rate.



Source: Bloomberg.

Yields Increase Across the Board

- Treasury rates have surged following the U.S. elections, with the longer end rising substantially over higher inflation expectations from the President-elect’s proposed fiscal policies.
- As a result, the yield curve has steepened significantly, even when compared to a year ago.



Yield Curve History

	12/31/15	09/30/16	12/31/16
1-Mo.	0.13%	0.19%	0.42%
3-Mo.	0.17%	0.28%	0.50%
6-Mo.	0.48%	0.43%	0.61%
1-Yr.	0.60%	0.59%	0.81%
2-Yr.	1.05%	0.76%	1.19%
3-Yr.	1.31%	0.88%	1.45%
5-Yr.	1.76%	1.15%	1.93%
7-Yr.	2.09%	1.42%	2.25%
10-Yr.	2.27%	1.60%	2.45%
30-Yr.	3.02%	2.32%	3.07%

Source: Bloomberg

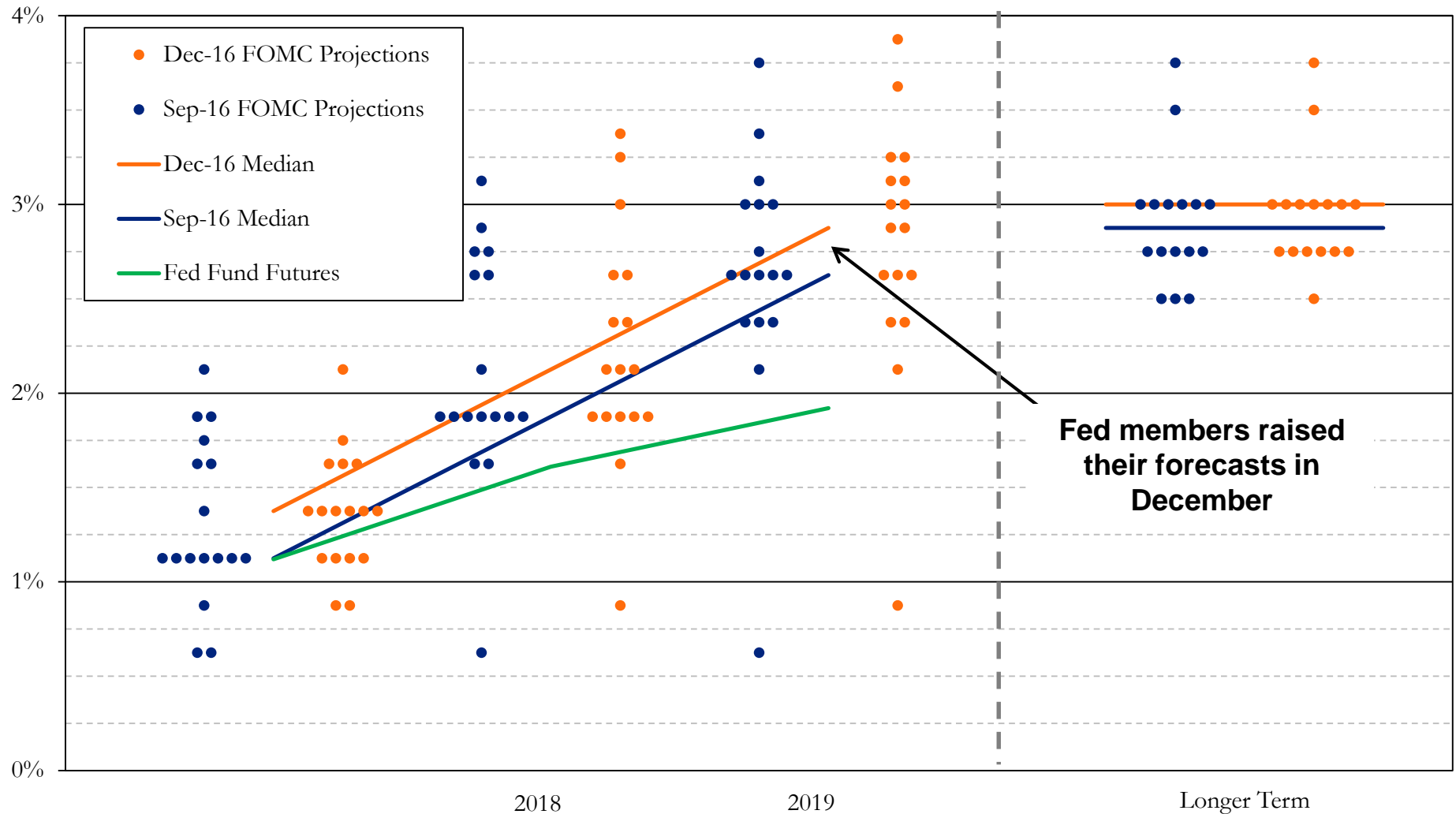
FOMC Increase Target Rate

December

14

- Information received since the FOMC met in November indicates that the **labor market has continued to strengthen** and that **economic activity has been expanding at a moderate pace** since mid-year.
- **Job gains have been solid** in recent months and the **unemployment rate has declined**.
- **Inflation has increased somewhat since earlier this year** but is still below the Committee's 2 percent longer-run objective, partly reflecting earlier declines in energy prices and in prices of non-energy imports.
- In view of realized and expected labor market conditions and inflation, **the Committee decided to raise the target range for the federal funds rate to 0.50 – 0.75%**.
- The stance of monetary policy **remains accommodative**, thereby supporting further strengthening in labor market conditions and a return to 2 percent inflation.
- **All 10 voting members of the FOMC supported the monetary policy action.**

FOMC "Dot Plot"



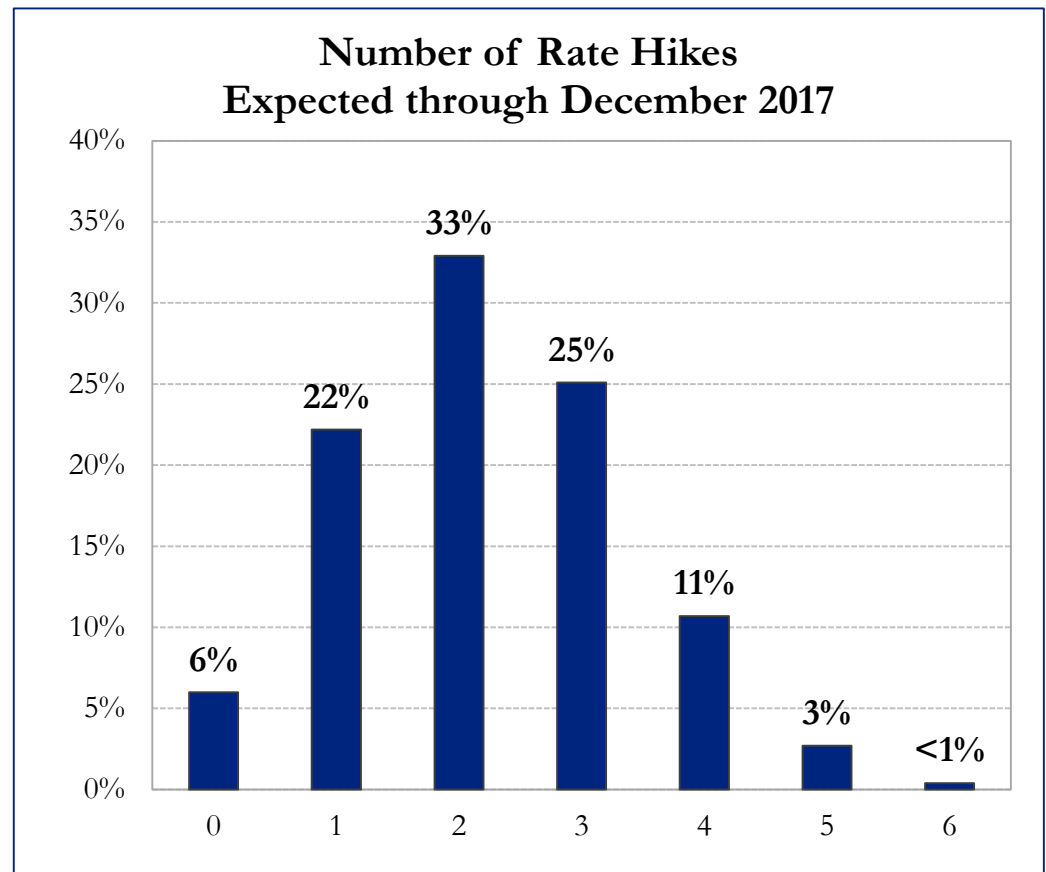
Source: Federal Reserve and Bloomberg; Fed Funds Futures as of 12/30/16. Individual dots represent each of the 17 FOMC members' judgment of the midpoint of the appropriate target range for the federal funds rate

Probability of a Fed Rate Hike

- Market-implied probabilities indicate that there is a 12.4% chance of the Fed raising rates at their February 1st meeting. Additionally, the market has also priced in a roughly 33% chance of two further rate hikes in 2017.

Probability of At Least One Rate Hike

Meeting	12/30/16
2/1/17	12.4%
3/15/17	31.3%
5/3/17	42.0%
6/14/17	70.8%
7/27/17	74.5%
9/20/17	85.2%
11/1/17	87.7%
12/13/17	94.0%



Source: Bloomberg WIRP



Investment Strategy

- Yields surged in the post-election period as expectations for U.S. economic growth and inflationary expectations rose and in anticipation of a December rate hike.
- Federal agency yield spreads continued to tighten over the quarter, erasing much of the value seen off and on during the year. Our few Agency purchases were generally new issues that came to market with yield concessions that offered more reasonable value.
- We generally maintained allocations to the corporate sector as valuations remained fair-to-modestly-expensive amid tight yield spread levels.
- Significant money market reforms took effect in the fourth quarter. The result was increased demand for short-term government securities and reduced demand for short-term credit instruments, like commercial paper and bank certificates of deposit.
 - This created excellent investment opportunities in short-term credit instruments which we used to fill short-term investment needs and were attractive alternatives to longer Treasuries and Agencies.
- For much of the past year, we maintained a duration position generally neutral. In early December, following the dramatic leap in interest rates, we extended the duration, capturing the higher yields available.

- Although we enter 2017 with a high degree of political uncertainty, our expectations are for a modest uptick in economic growth in the U.S., a trend toward higher inflation, and a gradual upward trajectory of interest rates.
- Rising interest rates ultimately result in higher earning potential for fixed-income investors, but negatively affect the market value of current holdings. As always occurs in periods of rising rates, our active management approach, which seeks to maximize long term returns, may result in the realization of short-term losses. This is in contrast to the gains realized over the past several years, which resulted from generally declining rates.
- Agency yield spreads over Treasuries remain narrow. As a result, our strategy will generally favor U.S. Treasuries over Agencies, unless specific issues offer identifiable value.
- We will continue to monitor incoming economic data, Fed policy, and market relationships, adjusting the portfolio positioning as needed. This will include monitoring and assessing the policies of the incoming Trump administration for their impact on economic and market conditions.
- Our strategy continues to favor broad allocation to various credit sectors, including corporate notes, negotiable bank CDs, and supranational securities.
 - Yield spreads on corporate securities also remain narrow. Improving corporate profits, as well as anticipated pro-business tax reform from the incoming Trump administration, support favorable fundamentals of the credit sector.
 - Yields on commercial paper and negotiable CDs continue to offer significant yield pickup relative to short-term government securities.



Portfolio Review

<u>Security Type¹</u>	<u>Market Value as of December 31, 2016</u>	<u>% of Portfolio</u>	<u>% Change vs. 9/30/16</u>	<u>Permitted by Policy</u>
U.S. Treasury	\$1,623,754	5.7%	-2.4%	100%
Federal Agency/GSE	\$6,935,365	24.4%	-2.4%	100%
Federal Agency/CMO	\$110,253	0.4%	0.0%	100%
Negotiable CDs	\$2,640,699	9.3%	0.9%	30%
Corporate Notes	\$2,979,971	10.5%	-0.7%	30%
Supra-National Agency	\$215,330	0.8%	-0.1%	30%
CAMP	\$2,047,007	7.2%	-0.8%	\$5 million
LAIF	\$11,737,493	41.1%	5.0%	\$65 million
Money Market Fund	\$160,452	0.6%	0.5%	20%
Totals	\$28,450,325	100.0%		

Notes:

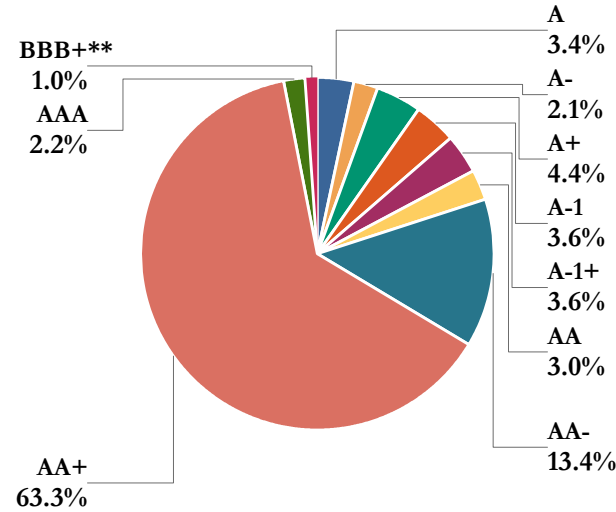
1. End of quarter trade-date market values of portfolio holdings, excluding accrued interest.

Portfolio Statistics

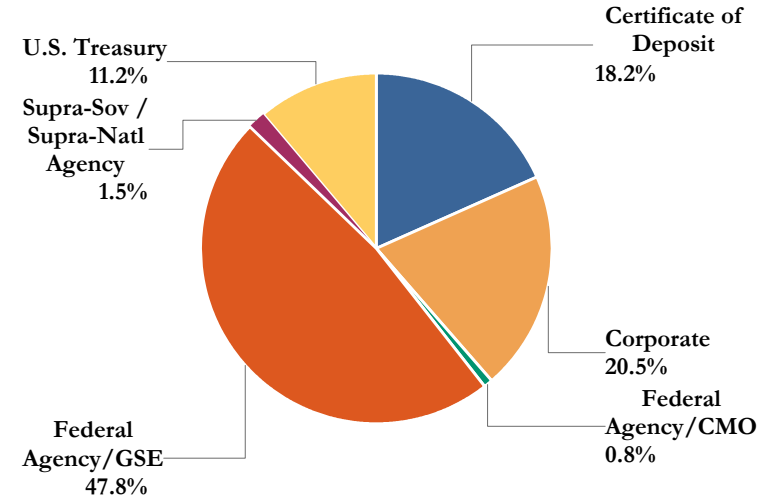
As of December 31, 2016

Par Value:	14,565,000
Total Market Value:	14,710,572
Security Market Value:	14,505,373
Accrued Interest:	44,747
Cash:	160,452
PFM	-
Amortized Cost:	14,561,716
Yield at Market:	1.36%
Yield at Cost:	1.19%
Effective Duration:	1.81 Years
Duration to Worst:	1.82 Years
Average Maturity:	1.86 Years
Average Credit: *	AA

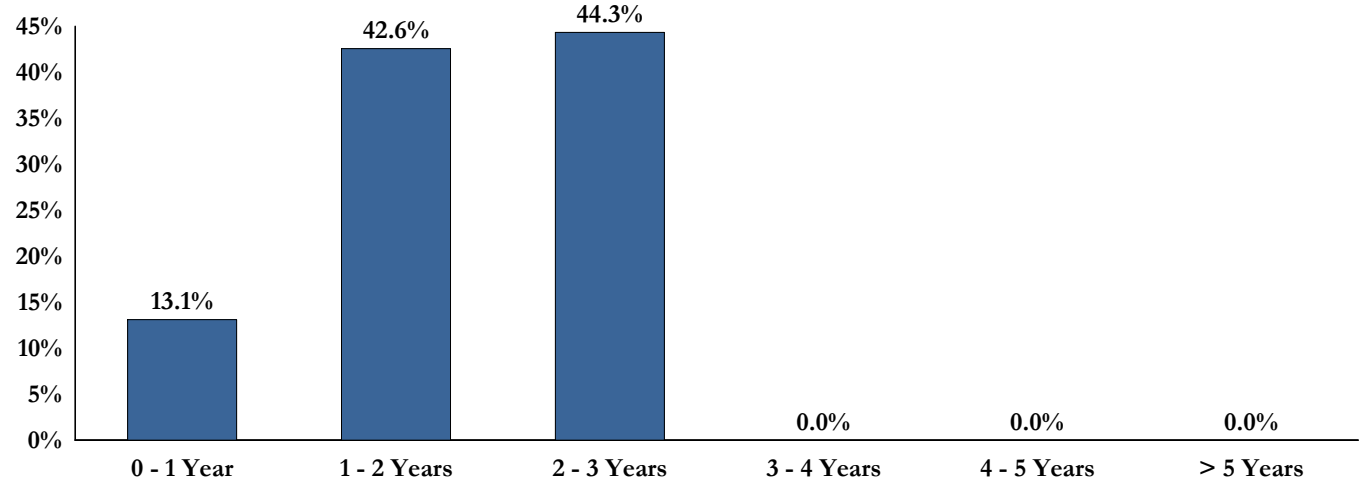
Credit Quality (S&P Ratings)



Sector Allocation



Maturity Distribution

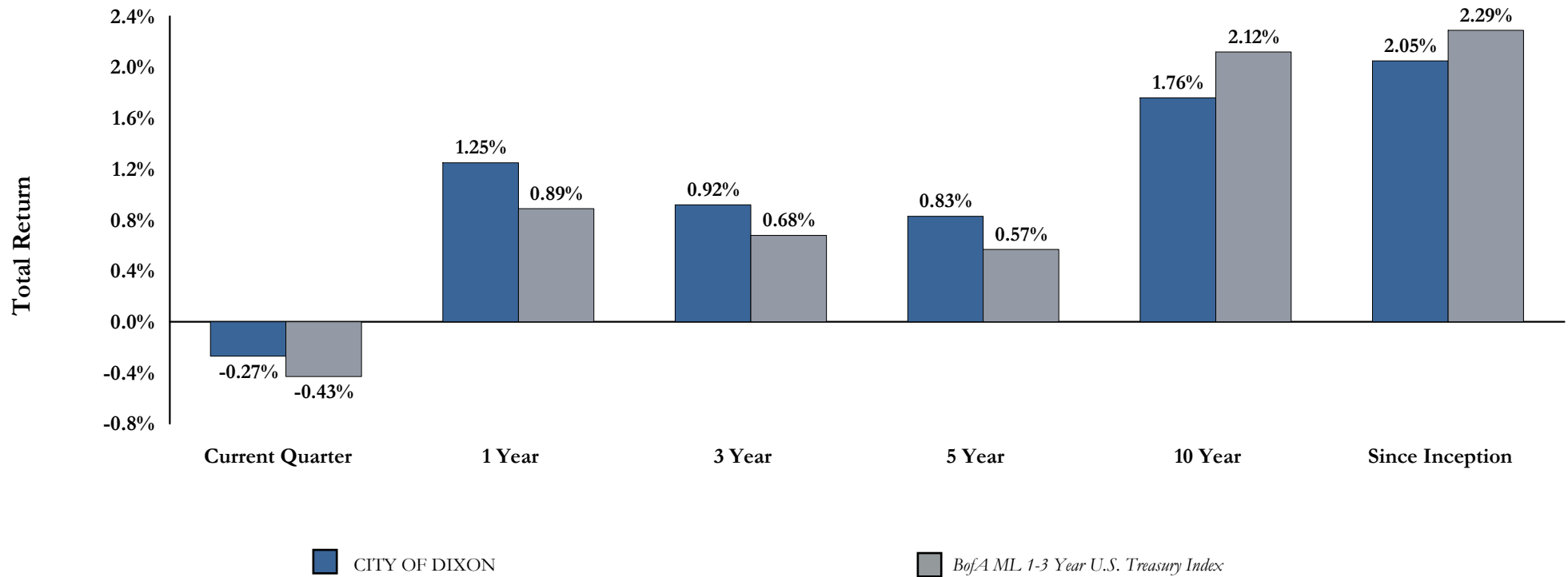


*An average of each security's credit rating assigned a numeric value and adjusted for its relative weighting in the portfolio.

**Holdings in Goldman Sachs Group Inc Bonds, rated Aa3 by Moody's.

Portfolio Performance (Total Return)

Portfolio/Benchmark	Effective Duration	Current Quarter	Annualized Return				Since Inception (09/30/05) **
			1 Year	3 Year	5 Year	10 Year	
CITY OF DIXON	1.81	-0.27%	1.25%	0.92%	0.83%	1.76%	2.05%
<i>BofA ML 1-3 Year U.S. Treasury Index</i>	1.82	-0.43%	0.89%	0.68%	0.57%	2.12%	2.29%
Difference		0.16%	0.36%	0.24%	0.26%	-0.36%	-0.24%



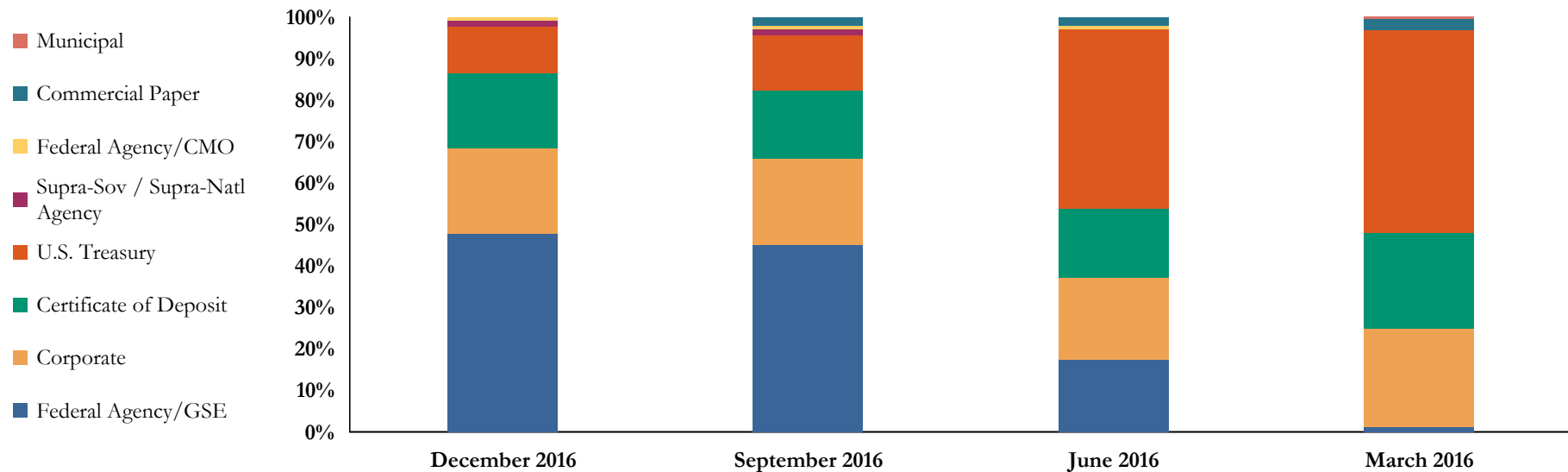
Portfolio performance is gross of fees unless otherwise indicated. **Since Inception performance is not shown for periods less than one year.

Portfolio Earnings
Quarter-Ended December 31, 2016

	<u>Market Value Basis</u>	<u>Accrual (Amortized Cost) Basis</u>
Beginning Value (09/30/2016)	\$14,683,202.88	\$14,657,503.46
Net Purchases/Sales	(\$95,731.33)	(\$95,731.33)
Change in Value	(\$82,098.32)	(\$56.51)
Ending Value (12/31/2016)	\$14,505,373.23	\$14,561,715.62
Interest Earned	\$42,537.18	\$42,537.18
Portfolio Earnings	(\$39,561.14)	\$42,480.67

Sector Allocation

Sector	December 31, 2016		September 30, 2016		June 30, 2016		March 31, 2016	
	MV (\$MM)	% of Total	MV (\$MM)	% of Total	MV (\$MM)	% of Total	MV (\$MM)	% of Total
Federal Agency/GSE	6.9	47.8%	6.6	45.2%	2.5	17.4%	0.1	1.3%
Corporate	3.0	20.5%	3.0	20.7%	2.9	20.0%	2.7	23.6%
Certificate of Deposit	2.6	18.2%	2.4	16.4%	2.4	16.4%	2.7	23.0%
U.S. Treasury	1.6	11.2%	2.0	13.4%	6.4	43.4%	5.7	49.1%
Supra-Sov / Supra-Natl Agency	0.2	1.5%	0.2	1.5%	0.0	0.0%	0.0	0.0%
Federal Agency/CMO	0.1	0.8%	0.1	0.8%	0.1	0.8%	0.0	0.0%
Commercial Paper	0.0	0.0%	0.3	2.0%	0.3	2.0%	0.3	2.6%
Municipal	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.1	0.4%
Total	\$14.5	100.0%	\$14.7	100.0%	\$14.7	100.0%	\$11.5	100.0%

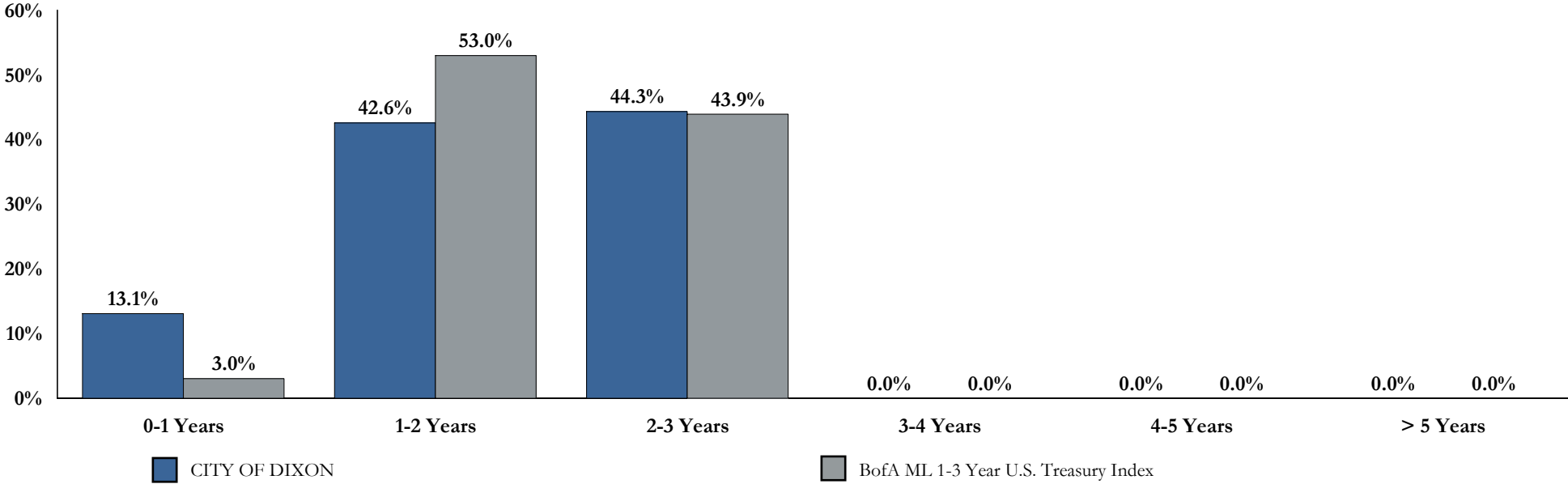


Detail may not add to total due to rounding.

Maturity Distribution

As of December 31, 2016

Portfolio/Benchmark	Yield at Market	Average Maturity	0-1 Years	1-2 Years	2-3 Years	3-4 Years	4-5 Years	>5 Years
CITY OF DIXON	1.36%	1.86 yrs	13.1%	42.6%	44.3%	0.0%	0.0%	0.0%
BofA ML 1-3 Year U.S. Treasury Index	1.18%	1.94 yrs	3.0%	53.0%	43.9%	0.0%	0.0%	0.0%



Issuer Distribution

As of December 31, 2016

Issuer	Market Value (\$)	% of Portfolio		
FEDERAL HOME LOAN BANKS	3,513,593	24.2%	Top 5 = 62.4%	Top 10 = 72.9%
FANNIE MAE	2,503,489	17.3%		
UNITED STATES TREASURY	1,623,754	11.2%		
FREDDIE MAC	1,028,537	7.1%		
PFIZER INC	378,097	2.6%		
TORONTO-DOMINION BANK	351,098	2.4%		
HSBC HOLDINGS PLC	350,010	2.4%		
SKANDINAVISKA ENSKIDA BANKEN AB	279,525	1.9%		
CISCO SYSTEMS INC	275,436	1.9%		
SVENSKA HANDELSBANKEN	275,154	1.9%		
EXXON MOBIL CORP	274,935	1.9%		
IBM CORP	274,375	1.9%		
BANK OF NEW YORK CO INC	270,114	1.9%		
CANADIAN IMPERIAL BANK OF COMMERCE	252,018	1.7%		
NORDEA BANK AB	252,018	1.7%		
US BANCORP	250,394	1.7%		
BANK OF NOVA SCOTIA	250,220	1.7%		
JP MORGAN CHASE & CO	249,977	1.7%		

Issuer	Market Value (\$)	% of Portfolio
RABOBANK NEDERLAND	249,973	1.7%
CHEVRON CORP	239,014	1.7%
APPLE INC	237,761	1.6%
ROYAL BANK OF CANADA	230,261	1.6%
INTL BANK OF RECONSTRUCTION AND DEV	215,330	1.5%
GOLDMAN SACHS GROUP INC	149,830	1.0%
AMERICAN HONDA FINANCE	138,332	1.0%
CATERPILLAR INC	120,038	0.8%
MICROSOFT CORP	98,655	0.7%
TOYOTA MOTOR CORP	74,092	0.5%
BERKSHIRE HATHAWAY INC	49,832	0.3%
AMERICAN EXPRESS CO	49,512	0.3%
Grand Total:	14,505,373	100.0%

Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
BUY									
10/3/16	10/5/16	125,000	3135G0P49	FNMA NOTES	1.00%	8/28/19	125,039.58	1.02%	
10/3/16	10/5/16	200,000	3130A9AE1	FHLB GLOBAL NOTE	0.87%	10/1/18	199,937.44	0.90%	
10/13/16	10/18/16	75,000	89236TDH5	TOYOTA MOTOR CORP NOTES	1.55%	10/18/19	74,962.50	1.57%	
10/26/16	10/31/16	50,000	0258M0EC9	AMERICAN EXPRESS CREDIT CORP	1.70%	10/30/19	49,940.50	1.74%	
11/14/16	11/21/16	80,000	717081EB5	PFIZER INC CORP NOTE	1.70%	12/15/19	79,942.40	1.72%	
12/1/16	12/5/16	250,000	13606A5Z7	CANADIAN IMPERIAL BANK NY CD	1.76%	11/30/18	249,805.00	1.78%	
12/1/16	12/5/16	250,000	65558LWA6	NORDEA BANK FINLAND NY CD	1.76%	11/30/18	250,000.00	1.74%	
12/1/16	12/5/16	650,000	912828G61	US TREASURY NOTES	1.50%	11/30/19	650,946.43	1.46%	
12/7/16	12/8/16	105,000	3130AAE46	FHLB NOTES	1.25%	1/16/19	104,995.80	1.25%	
12/8/16	12/13/16	150,000	38145GAJ9	GOLDMAN SACHS GROUP INC BONDS	2.30%	12/13/19	149,887.50	2.33%	
Total BUY		1,935,000					1,935,457.15		

INTEREST

10/1/16	10/1/16	500,000	3130A9AE1	FHLB GLOBAL NOTE	0.87%	10/1/18	425.35		
10/1/16	10/25/16	110,000	3136ASPX8	FNMA SERIES 2016-M9 ASQ2	1.78%	6/1/19	163.63		
10/3/16	10/3/16	0	MONEY0002	MONEY MARKET FUND			0.36		
10/9/16	10/9/16	500,000	3137EAEA3	FHLMC REFERENCE NOTE	0.75%	4/9/18	1,895.83		
10/21/16	10/21/16	250,000	21684BXH2	RABOBANK NEDERLAND NV CERT DEPOS	1.07%	4/21/17	1,337.50		
10/31/16	10/31/16	250,000	912828WD8	US TREASURY NOTES	1.25%	10/31/18	1,562.50		
10/31/16	10/31/16	60,000	912828WD8	US TREASURY NOTES	1.25%	10/31/18	375.00		
10/31/16	10/31/16	250,000	912828WD8	US TREASURY NOTES	1.25%	10/31/18	1,562.50		
11/1/16	11/1/16	0	MONEY0002	MONEY MARKET FUND			0.08		
11/1/16	11/25/16	110,000	3136ASPX8	FNMA SERIES 2016-M9 ASQ2	1.78%	6/1/19	163.63		
11/6/16	11/6/16	250,000	06417GAS7	BANK OF NOVA SCOTIA HOUSTON YCD	1.56%	11/6/17	1,950.00		

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
11/16/16	11/16/16	280,000	83050FBG5	SKANDINAVISKA ENSKILDA BANKEN NY CD	1.48%	11/16/17	4,201.56		
11/16/16	11/16/16	240,000	166764BH2	CHEVRON CORP NOTES	1.56%	5/16/19	1,873.20		
11/22/16	11/22/16	270,000	06406HDB2	BANK OF NEW YORK MELLON CORP (CALLABLE)	1.60%	5/22/18	2,160.00		
11/25/16	11/25/16	275,000	86958DH54	SVENSKA HANDELSBANKEN NY FLT' CERT DEPOS	1.37%	8/24/17	906.09		
11/26/16	11/26/16	270,000	65558LFA5	NORDEA BANK FINLAND NY CD	1.15%	5/26/17	1,604.25		
11/30/16	11/30/16	200,000	912828A34	US TREASURY NOTES	1.25%	11/30/18	1,250.00		
12/1/16	12/1/16	0	MONEY0002	MONEY MARKET FUND			0.57		
12/1/16	12/25/16	110,000	3136ASPX8	FNMA SERIES 2016-M9 ASQ2	1.78%	6/1/19	163.63		
12/3/16	12/3/16	300,000	717081DU4	PFIZER INC CORP NOTES	1.45%	6/3/19	2,175.00		
12/5/16	12/5/16	175,000	0258M0DM8	AMERICAN EXPRESS CREDIT CORP NOTES	1.12%	6/5/17	984.38		
12/15/16	12/15/16	150,000	17275RAU6	CISCO SYSTEMS INC CORP NOTE	1.65%	6/15/18	1,237.50		
12/15/16	12/15/16	98,000	263534BQ1	E.I. DU PONT DE NEMOURS GLOBAL NOTES	5.25%	12/15/16	2,572.50		
12/21/16	12/21/16	380,000	3130A8DB6	FHLB GLOBAL NOTE	1.12%	6/21/19	2,137.50		
12/21/16	12/21/16	250,000	3130A8DB6	FHLB GLOBAL NOTE	1.12%	6/21/19	1,406.25		
12/23/16	12/23/16	100,000	40434CAA3	HSBC USA INC	1.30%	6/23/17	650.00		
12/29/16	12/29/16	310,000	3130A8BD4	FEDERAL HOME LOAN BANKS AGCY	0.87%	6/29/18	1,356.25		
12/31/16	12/31/16	210,000	912828A75	US TREASURY NOTES	1.50%	12/31/18	1,575.00		
Total INTEREST		5,898,000					35,690.06		
MATURITY									
12/15/16	12/15/16	98,000	263534BQ1	E.I. DU PONT DE NEMOURS GLOBAL NOTES	5.25%	12/15/16	98,000.00		0.00
Total MATURITY		98,000					98,000.00		0.00
SELL									
10/3/16	10/5/16	300,000	06538BLG6	BANK OF TOKYO MITS UFJ LTD COMM PAPER	0.00%	11/16/16	299,776.00	0.64%	101.50
10/13/16	10/18/16	70,000	89236TCA1	TOYOTA MOTOR CREDIT CORP NOTE	1.45%	1/12/18	70,416.27	1.28%	185.53

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
10/18/16	10/18/16	5,000	912828UJ7	US TREASURY NOTES	0.87%	1/31/18	5,017.40	0.75%	29.04
10/26/16	10/31/16	50,000	0258M0DM8	AMERICAN EXPRESS CREDIT CORP NOTES	1.12%	6/5/17	50,253.13	1.04%	49.52
11/14/16	11/17/16	80,000	3130A9EP2	FHLB GLOBAL NOTES	1.00%	9/26/19	79,434.13	1.30%	(613.78)
12/1/16	12/5/16	600,000	912828UR9	US TREASURY NOTES	0.75%	2/28/18	599,412.12	0.99%	(881.79)
12/1/16	12/5/16	270,000	65558LFA5	NORDEA BANK FINLAND NY CD	1.15%	5/26/17	270,115.56	1.09%	55.18
12/1/16	12/5/16	285,000	912828UJ7	US TREASURY NOTES	0.87%	1/31/18	285,560.02	0.97%	777.55
12/7/16	12/8/16	100,000	912828A75	US TREASURY NOTES	1.50%	12/31/18	101,394.53	1.14%	168.43
12/8/16	12/13/16	175,000	0258M0DM8	AMERICAN EXPRESS CREDIT CORP NOTES	1.12%	6/5/17	174,977.25	1.20%	2.53
Total SELL		1,935,000					1,936,356.41		-126.29



Account Holdings



Managed Account Detail of Securities Held

For the Month Ending **December 31, 2016**

CITY OF DIXON

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 10/31/2013 1.250% 10/31/2018	912828WD8	60,000.00	AA+	Aaa	03/30/16	03/31/16	60,560.16	0.88	128.45	60,398.02	60,096.12
US TREASURY NOTES DTD 10/31/2013 1.250% 10/31/2018	912828WD8	250,000.00	AA+	Aaa	11/03/15	11/03/15	251,044.92	1.11	535.22	250,642.75	250,400.50
US TREASURY NOTES DTD 10/31/2013 1.250% 10/31/2018	912828WD8	250,000.00	AA+	Aaa	11/05/15	11/09/15	250,703.13	1.15	535.22	250,435.07	250,400.50
US TREASURY NOTES DTD 12/02/2013 1.250% 11/30/2018	912828A34	200,000.00	AA+	Aaa	11/20/15	11/23/15	200,007.81	1.25	219.78	200,005.07	200,289.00
US TREASURY NOTES DTD 12/31/2013 1.500% 12/31/2018	912828A75	210,000.00	AA+	Aaa	12/01/15	12/04/15	211,771.87	1.22	8.70	211,159.36	211,222.20
US TREASURY NOTES DTD 12/01/2014 1.500% 11/30/2019	912828G61	650,000.00	AA+	Aaa	12/01/16	12/05/16	650,812.50	1.46	857.14	650,792.75	651,345.50
Security Type Sub-Total		1,620,000.00					1,624,900.39	1.28	2,284.51	1,623,433.02	1,623,753.82
Supra-National Agency Bond / Note											
INTL BANK OF RECON AND DEV SN NOTE DTD 07/13/2016 0.875% 08/15/2019	459058FK4	220,000.00	AAA	Aaa	07/06/16	07/13/16	219,953.80	0.88	727.22	219,960.44	215,330.06
Security Type Sub-Total		220,000.00					219,953.80	0.88	727.22	219,960.44	215,330.06
Federal Agency Collateralized Mortgage Obligation											
FNMA SERIES 2016-M9 ASQ2 DTD 06/01/2016 1.785% 06/01/2019	3136ASPX8	110,000.00	AA+	Aaa	06/09/16	06/30/16	111,099.95	1.05	163.63	110,879.41	110,253.32
Security Type Sub-Total		110,000.00					111,099.95	1.05	163.63	110,879.41	110,253.32
Federal Agency Bond / Note											
FILMC REFERENCE NOTE DTD 04/07/2016 0.750% 04/09/2018	3137EAEA3	500,000.00	AA+	Aaa	04/06/16	04/07/16	499,215.00	0.83	854.17	499,500.60	498,155.00



Managed Account Detail of Securities Held

For the Month Ending **December 31, 2016**

CITY OF DIXON

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 AGCY DTD 05/27/2016 0.875% 06/29/2018	3130A8BD4	310,000.00	AA+	Aaa	05/26/16	05/27/16	309,252.90	0.99	15.07	309,463.59	308,922.13
FHLB NOTES DTD 07/08/2016 0.625% 08/07/2018	3130A8PK3	420,000.00	AA+	Aaa	07/21/16	07/22/16	418,139.40	0.84	1,050.00	418,539.20	416,661.84
FHLB NOTES DTD 07/08/2016 0.625% 08/07/2018	3130A8PK3	640,000.00	AA+	Aaa	08/12/16	08/15/16	637,708.80	0.81	1,600.00	638,143.90	634,913.28
FHLB GLOBAL NOTE DTD 08/26/2016 0.875% 10/01/2018	3130A9AE1	200,000.00	AA+	Aaa	10/03/16	10/05/16	199,918.00	0.90	437.50	199,927.80	198,899.40
FHLB GLOBAL NOTE DTD 08/26/2016 0.875% 10/01/2018	3130A9AE1	500,000.00	AA+	Aaa	08/25/16	08/26/16	499,660.00	0.91	1,093.75	499,715.25	497,248.50
FHLMC REFERENCE NOTE DTD 09/16/2016 0.875% 10/12/2018	3137EAED7	315,000.00	AA+	Aaa	09/15/16	09/16/16	314,864.55	0.90	803.91	314,883.67	313,287.98
FHLB NOTES DTD 12/08/2016 1.250% 01/16/2019	3130AAE46	105,000.00	AA+	Aaa	12/07/16	12/08/16	104,995.80	1.25	83.85	104,995.80	104,963.36
FNMA BENCHMARK NOTE DTD 02/23/2016 1.000% 02/26/2019	3135G0J53	450,000.00	AA+	Aaa	05/17/16	05/18/16	449,644.50	1.03	1,562.50	449,724.21	447,202.35
FNMA BENCHMARK NOTE DTD 02/23/2016 1.000% 02/26/2019	3135G0J53	500,000.00	AA+	Aaa	05/20/16	05/23/16	498,485.00	1.11	1,736.11	498,815.16	496,891.50
FNMA BENCHMARK NOTE DTD 02/23/2016 1.000% 02/26/2019	3135G0J53	540,000.00	AA+	Aaa	09/01/16	09/02/16	540,194.40	0.99	1,875.00	540,168.90	536,642.82
FHLB GLOBAL NOTE DTD 06/03/2016 1.125% 06/21/2019	3130A8DB6	250,000.00	AA+	Aaa	06/28/16	06/29/16	252,127.50	0.84	78.13	251,770.08	248,577.00
FHLB GLOBAL NOTE DTD 06/03/2016 1.125% 06/21/2019	3130A8DB6	380,000.00	AA+	Aaa	06/02/16	06/03/16	379,840.40	1.14	118.75	379,869.77	377,837.04
FHLMC REFERENCE NOTE DTD 07/20/2016 0.875% 07/19/2019	3137EAEB1	220,000.00	AA+	Aaa	07/19/16	07/20/16	219,467.60	0.96	860.90	219,546.09	217,094.02
FNMA BENCHMARK NOTE DTD 08/02/2016 0.875% 08/02/2019	3135G0N33	800,000.00	AA+	Aaa	07/29/16	08/02/16	798,656.00	0.93	2,897.22	798,839.27	788,887.20



Managed Account Detail of Securities Held

For the Month Ending **December 31, 2016**

CITY OF DIXON

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Federal Agency Bond / Note											
FHLB GLOBAL NOTE DTD 08/04/2016 0.875% 08/05/2019	3130A8Y72	300,000.00	AA+	Aaa	08/03/16	08/04/16	299,424.00	0.94	1,071.88	299,501.42	295,754.10
FNMA NOTES DTD 09/02/2016 1.000% 08/28/2019	3135G0P49	125,000.00	AA+	Aaa	10/03/16	10/05/16	124,925.00	1.02	413.19	124,931.21	123,611.38
FHLB GLOBAL NOTES DTD 09/09/2016 1.000% 09/26/2019	3130A9EP2	435,000.00	AA+	Aaa	09/08/16	09/09/16	434,621.55	1.03	1,147.92	434,659.26	429,816.54
Security Type Sub-Total		6,990,000.00					6,981,140.40	0.95	17,699.85	6,982,995.18	6,935,365.44
Corporate Note											
CISCO SYSTEMS INC GLOBAL NOTES DTD 03/03/2014 1.100% 03/03/2017	17275RAT9	125,000.00	AA-	A1	02/24/14	03/03/14	124,992.50	1.10	450.69	124,999.56	124,983.13
HSBC USA INC DTD 06/23/2014 1.300% 06/23/2017	40434CAA3	100,000.00	A	A2	06/16/14	06/23/14	99,848.00	1.35	28.89	99,975.38	99,970.80
CATERPILLAR FINANCIAL SE DTD 08/20/2014 1.250% 08/18/2017	14912L6D8	120,000.00	A	A3	08/13/14	08/20/14	119,940.00	1.27	554.17	119,987.18	120,037.92
IBM CORP NOTES DTD 02/06/2015 1.125% 02/06/2018	459200HZ7	275,000.00	AA-	Aa3	02/03/15	02/06/15	274,161.25	1.23	1,246.09	274,689.72	274,374.93
JP MORGAN CHASE CORP NOTES (CALLABLE) DTD 03/02/2015 1.700% 03/01/2018	46623EKD0	250,000.00	A-	A3	02/25/15	03/02/15	249,935.00	1.71	1,416.67	249,974.30	249,977.25
EXXON MOBIL CORP NOTES DTD 03/06/2015 1.305% 03/06/2018	30231GAL6	275,000.00	AA+	Aaa	03/04/15	03/06/15	275,000.00	1.31	1,146.41	275,000.00	274,934.83
BANK OF NEW YORK MELLON CORP (CALLABLE) DTD 05/29/2015 1.600% 05/22/2018	06406HDB2	270,000.00	A	A1	05/22/15	05/29/15	269,975.70	1.60	468.00	269,988.36	270,113.94
CISCO SYSTEMS INC CORP NOTE DTD 06/17/2015 1.650% 06/15/2018	17275RAU6	150,000.00	AA-	A1	06/10/15	06/17/15	149,974.50	1.66	110.00	149,987.42	150,452.55
BERKSHIRE HATHAWAY INC GLOBAL NOTES DTD 08/15/2016 1.150% 08/15/2018	084670BX5	30,000.00	AA	Aa2	08/08/16	08/15/16	29,996.40	1.16	130.33	29,997.07	29,849.43



Managed Account Detail of Securities Held

For the Month Ending **December 31, 2016**

CITY OF DIXON

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 HONDA FINANCE CORP NOTES DTD 02/23/2016 1.700% 02/22/2019	02665WBA8	60,000.00	A+	A1	02/18/16	02/23/16	59,988.00	1.71	365.50	59,991.36	59,754.24
APPLE INC CORP NOTES DTD 02/23/2016 1.700% 02/22/2019	037833BQ2	80,000.00	AA+	Aa1	02/16/16	02/23/16	79,986.40	1.71	483.56	79,990.22	80,151.52
BERKSHIRE HATHAWAY INC NOTES DTD 03/15/2016 1.700% 03/15/2019	084664CG4	20,000.00	AA	Aa2	03/08/16	03/15/16	19,984.80	1.73	100.11	19,988.75	19,982.28
CHEVRON CORP NOTES DTD 05/16/2016 1.561% 05/16/2019	166764BH2	240,000.00	AA-	Aa2	05/09/16	05/16/16	240,000.00	1.56	468.30	240,000.00	239,014.32
PFIZER INC CORP NOTES DTD 06/03/2016 1.450% 06/03/2019	717081DU4	300,000.00	AA	A1	06/21/16	06/24/16	300,861.00	1.35	338.33	300,711.99	298,172.70
AMERICAN HONDA FINANCE DTD 07/12/2016 1.200% 07/12/2019	02665WBE0	80,000.00	A+	A1	07/07/16	07/12/16	79,920.00	1.23	450.67	79,932.33	78,578.00
APPLE INC CORP NOTES DTD 08/04/2016 1.100% 08/02/2019	037833CB4	160,000.00	AA+	Aa1	07/28/16	08/04/16	159,840.00	1.13	718.67	159,861.52	157,609.60
MICROSOFT CORP NOTES DTD 08/08/2016 1.100% 08/08/2019	594918BN3	100,000.00	AAA	Aaa	08/01/16	08/08/16	99,897.00	1.14	436.94	99,910.45	98,655.30
TOYOTA MOTOR CORP NOTES DTD 10/18/2016 1.550% 10/18/2019	89236TDH5	75,000.00	AA-	Aa3	10/13/16	10/18/16	74,962.50	1.57	235.73	74,964.99	74,092.20
AMERICAN EXPRESS CREDIT CORP DTD 10/31/2016 1.700% 10/30/2019	0258M0EC9	50,000.00	A-	A2	10/26/16	10/31/16	49,940.50	1.74	144.03	49,943.79	49,511.90
GOLDMAN SACHS GROUP INC BONDS DTD 12/13/2016 2.300% 12/13/2019	38145GAJ9	150,000.00	BBB+	A3e	12/08/16	12/13/16	149,887.50	2.33	172.50	149,889.32	149,829.75
PFIZER INC CORP NOTE DTD 11/21/2016 1.700% 12/15/2019	717081EB5	80,000.00	AA	A1	11/14/16	11/21/16	79,942.40	1.72	151.11	79,944.51	79,924.56
Security Type Sub-Total		2,990,000.00					2,989,033.45	1.47	9,616.70	2,989,728.22	2,979,971.15
Certificate of Deposit											
RABOBANK NEDERLAND NV CERT DEPOS DTD 04/27/2015 1.070% 04/21/2017	21684BXH2	250,000.00	A-1	P-1	04/22/15	04/27/15	250,000.00	1.07	520.14	250,000.00	249,973.25



Managed Account Detail of Securities Held

For the Month Ending **December 31, 2016**

CITY OF DIXON

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											
SVENSKA HANDELSBANKEN NY FLT CERT DEPOS DTD 11/24/2015 1.375% 08/24/2017	86958DH54	275,000.00	A-1+	P-1	11/20/15	11/24/15	275,000.00	0.84	398.32	275,000.00	275,154.00
US BANK NA CINCINNATI (CALLABLE) CD DTD 09/11/2014 1.375% 09/11/2017	90333VPF1	250,000.00	AA-	Aa1	09/09/14	09/11/14	249,597.50	1.41	1,050.35	249,907.09	250,393.50
BANK OF NOVA SCOTIA HOUSTON YCD DTD 11/09/2015 1.560% 11/06/2017	06417GAS7	250,000.00	A+	Aa3	11/06/15	11/09/15	250,000.00	1.55	595.83	250,000.00	250,220.00
SKANDINAVISKA ENSKILDA BANKEN NY CD DTD 11/17/2015 1.480% 11/16/2017	83050FBG5	280,000.00	A-1	P-1	11/16/15	11/17/15	280,000.00	1.48	529.51	280,000.00	279,525.40
HSBC BANK USA NA CD DTD 11/18/2015 1.540% 11/17/2017	40428AR58	250,000.00	A-1+	P-1	11/17/15	11/18/15	250,000.00	1.54	4,384.72	250,000.00	250,038.75
ROYAL BANK OF CANADA NY CD DTD 03/15/2016 1.700% 03/09/2018	78009NZZ2	230,000.00	AA-	Aa3	03/11/16	03/15/16	230,000.00	1.69	1,216.44	230,000.00	230,261.05
TORONTO DOMINION BANK NY CD DTD 03/14/2016 1.720% 03/14/2018	89113E5E2	350,000.00	AA-	Aa1	03/14/16	03/16/16	350,000.00	1.72	4,899.61	350,000.00	351,098.49
CANADIAN IMPERIAL BANK NY CD DTD 12/05/2016 1.760% 11/30/2018	13606A5Z7	250,000.00	A+	Aa3	12/01/16	12/05/16	249,805.00	1.78	330.00	249,812.26	252,017.50
NORDEA BANK FINLAND NY CD DTD 12/05/2016 1.760% 11/30/2018	65558LWA6	250,000.00	AA-	Aa3	12/01/16	12/05/16	250,000.00	1.74	330.00	250,000.00	252,017.50
Security Type Sub-Total		2,635,000.00					2,634,402.50	1.48	14,254.92	2,634,719.35	2,640,699.44
Managed Account Sub-Total		14,565,000.00					14,560,530.49	1.19	44,746.83	14,561,715.62	14,505,373.23
Securities Sub-Total		\$14,565,000.00					\$14,560,530.49	1.19%	\$44,746.83	\$14,561,715.62	\$14,505,373.23
Accrued Interest											\$44,746.83
Total Investments											\$14,550,120.06

Important Disclosures

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

Glossary

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

Glossary

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