



CITY OF DIXON

Investment Performance Review For the Quarter Ended March 31, 2017

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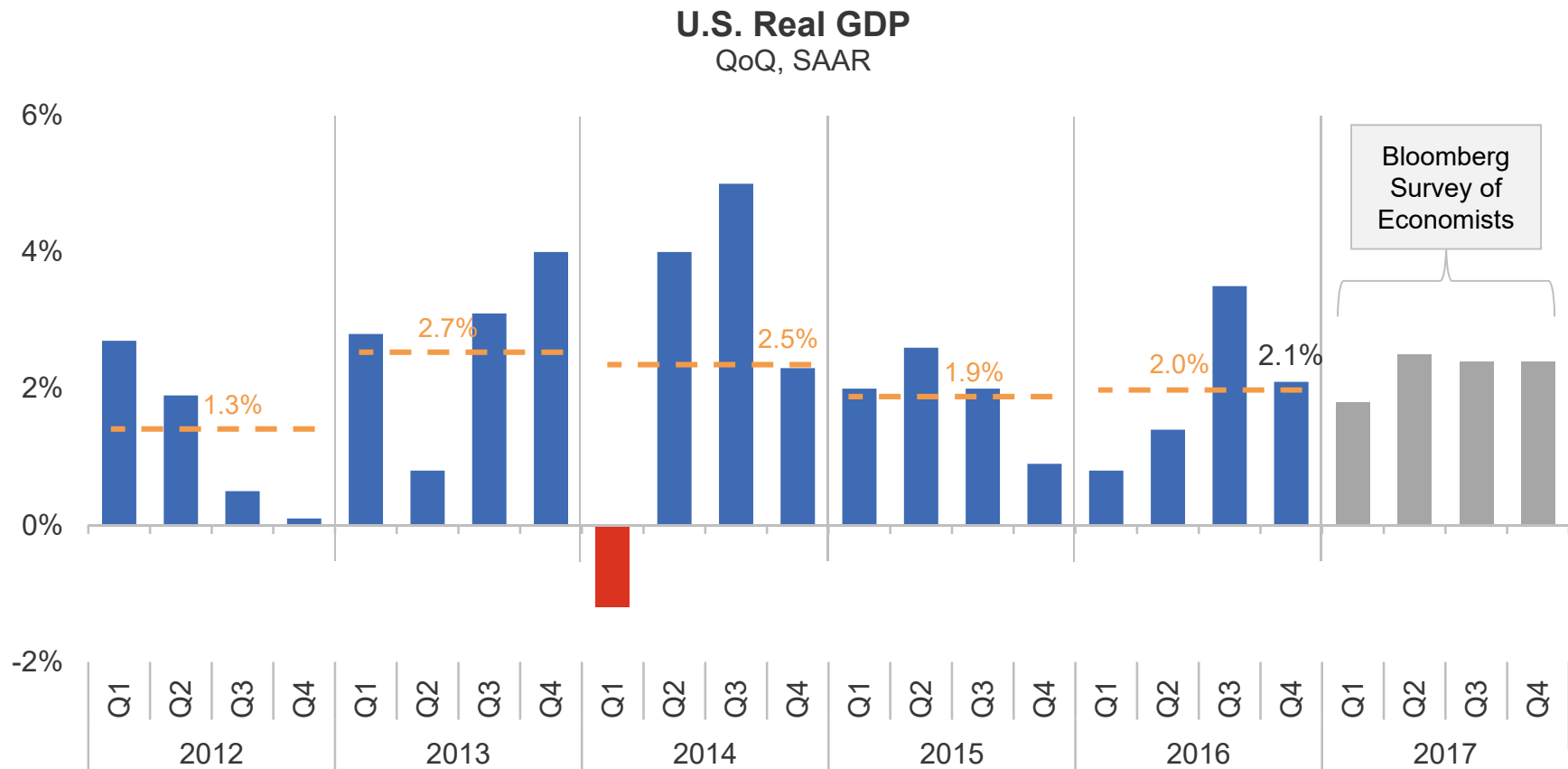
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Market Update

Moderate but Stable Growth

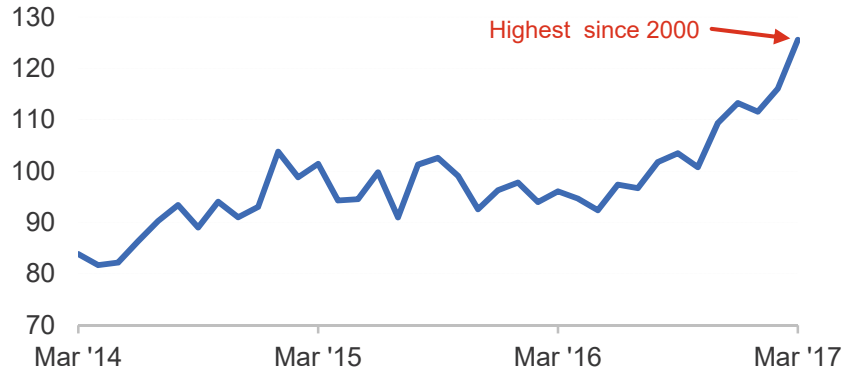
- Gross domestic product (GDP) grew 2.1% in the fourth quarter of 2016 (final estimate), ending the year with an average 2.0% rate of growth.
- A Bloomberg survey of economists project that GDP will increase at a rate of 2.3% for 2017.



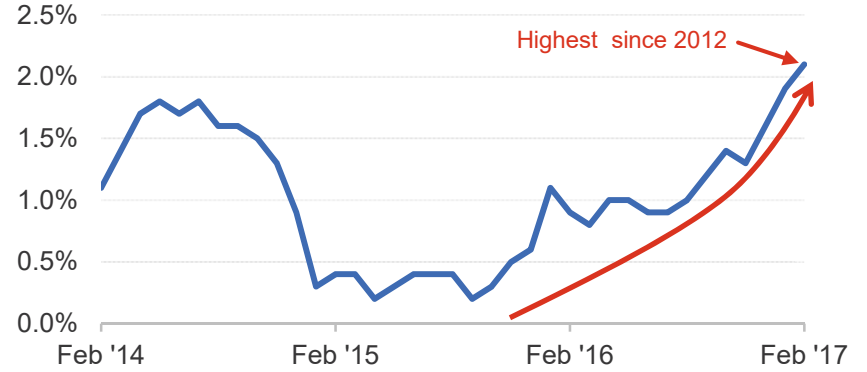
Source: Bloomberg, as of March 2017. SAAR is seasonally adjusted annualized rate.

The Sweet Spots of the U.S. Economy

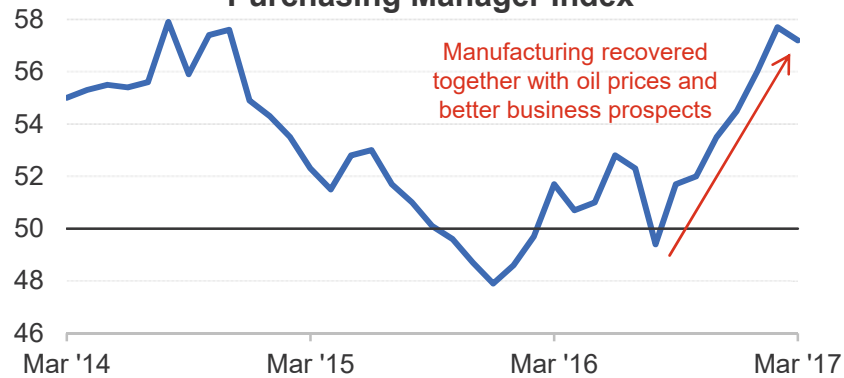
Consumer Confidence



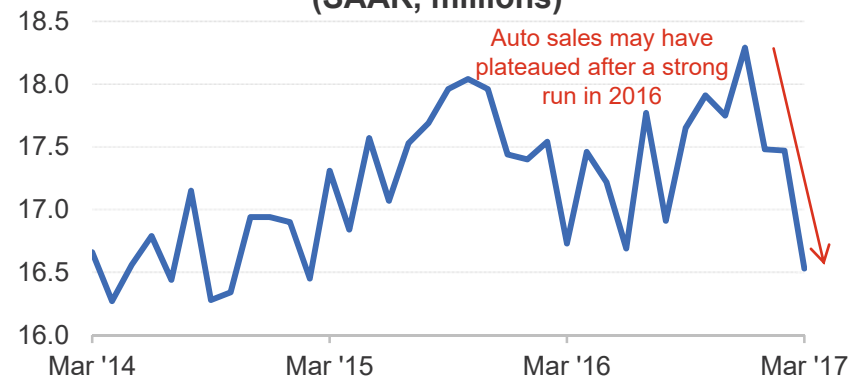
Personal Consumption Expenditure Price Index (YoY)



ISM Manufacturing Purchasing Manager Index



U.S. Auto Sales (SAAR, millions)

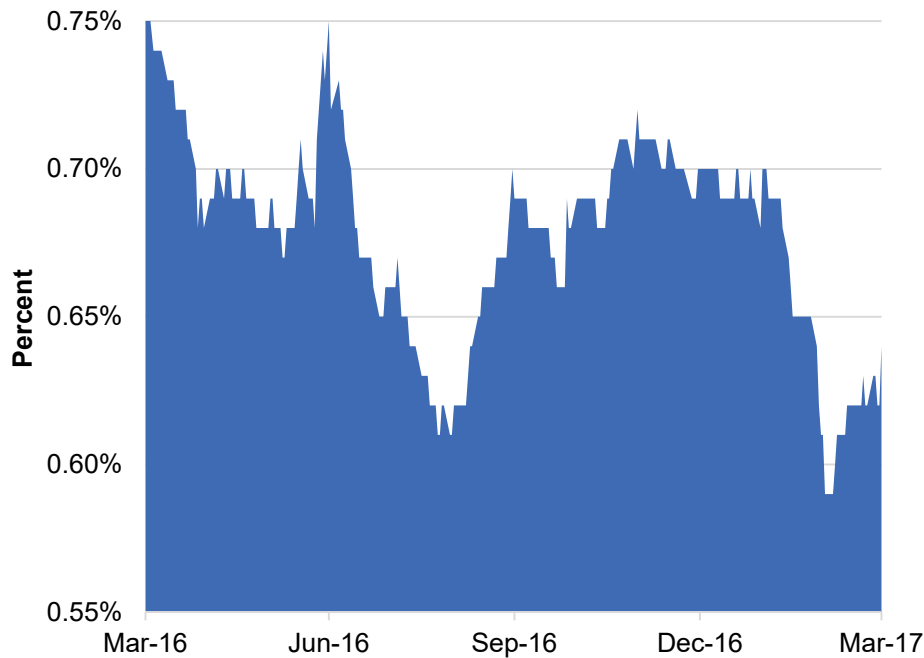


Source: Bloomberg, as of March 2017. SAAR is seasonally adjusted annualized rate.

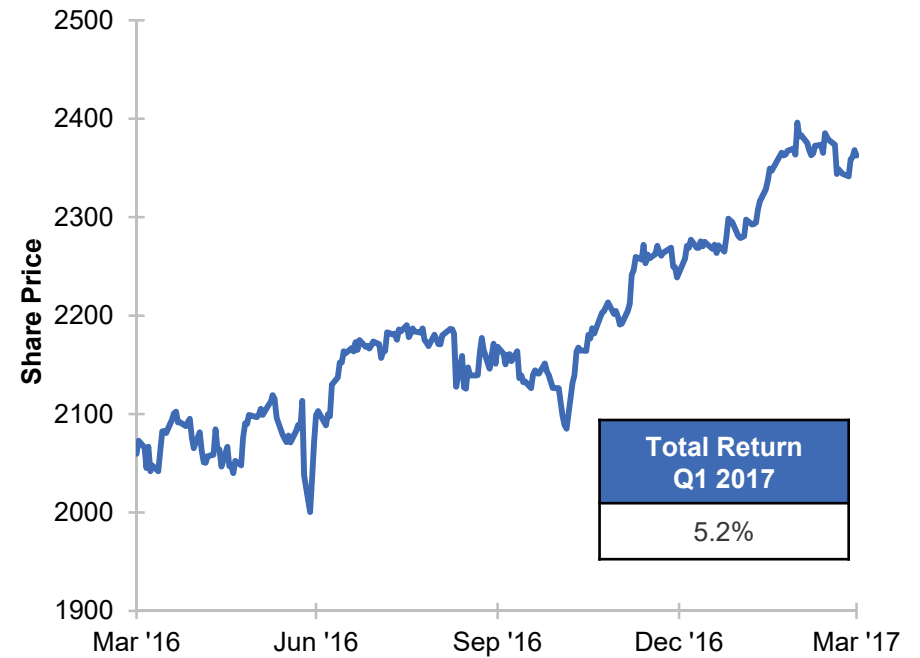
Corporate Sector Optimism

- Corporate markets reflected improving credit fundamentals and optimism related to anticipated pro-business policies such as corporate tax reform and deregulation.
- After tightening to their narrowest levels since 2014, corporate yield spreads began to drift wider toward the end of the quarter.

Yield Spread between 1-3 U.S. Treasury Index and 1-3 A-AAA Corporate Index*



S&P 500 Index



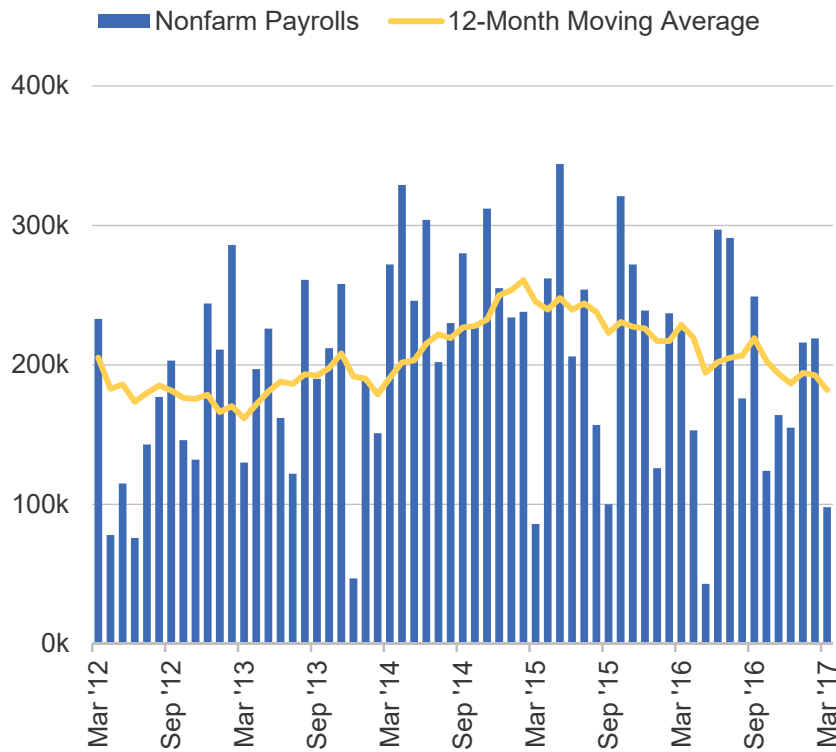
*Bank of America Merrill Lynch Indexes.

Source: Bloomberg, as of 03/31/17.

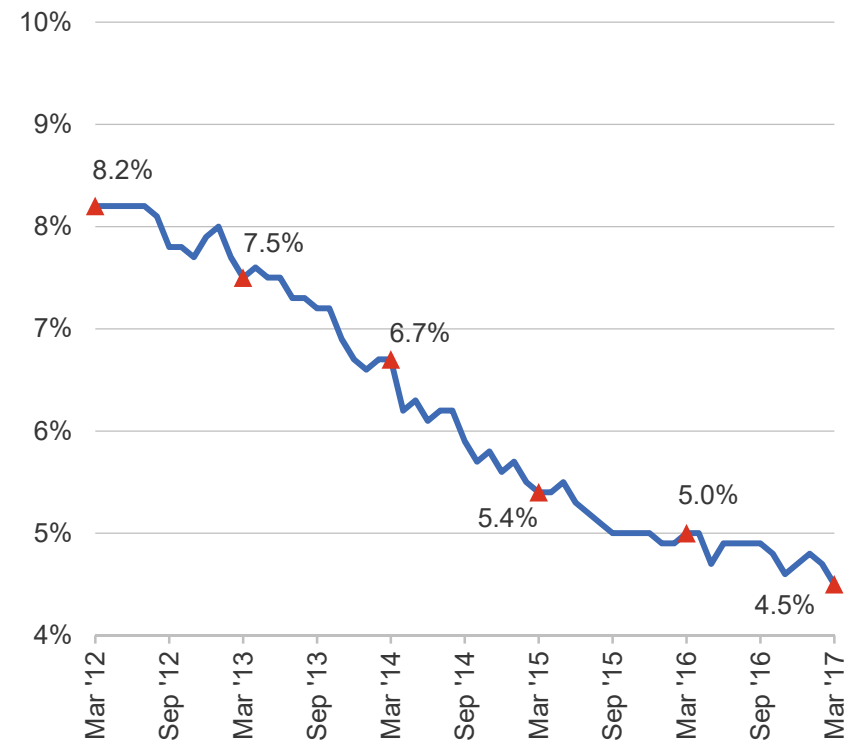
Labor Market

- The U.S. labor market created 98,000 jobs in March, below expectations of 180,000. Total jobs added during the first quarter were 533,000.
- The headline unemployment rate fell to 4.5% while the U-6 rate, which includes under-employed and discouraged workers, dropped to 8.9%, the lowest since 2007.
- The growth rate of average hourly earnings—an important gauge of wage growth—averaged 2.7% over the past 12 months.

Monthly Change in Nonfarm Payrolls



Unemployment Rate



Source: Bloomberg, as of 03/31/17.

Federal Open Market Committee (FOMC) Statement Highlight – March 15

- The committee expects that economic conditions will evolve in a manner that will warrant **gradual increases in the federal funds rate**.

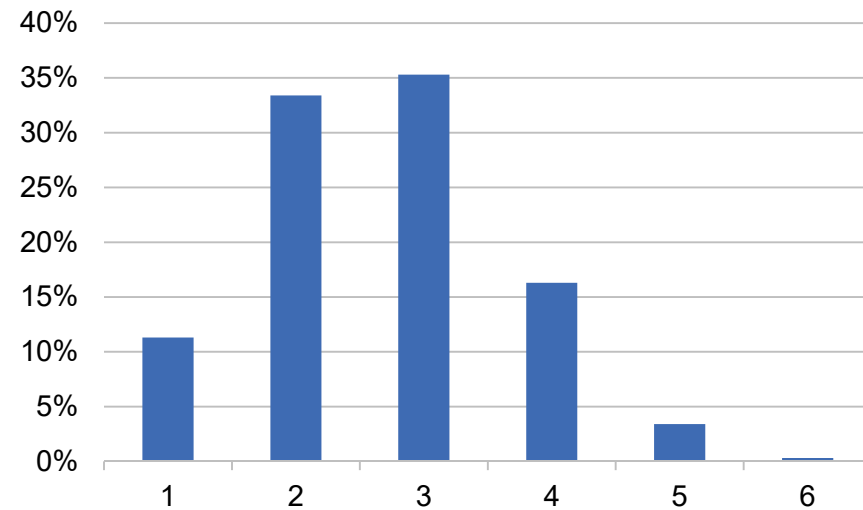
Probability of Another Fed Rate Hike

Meeting	3/31/17
5/3/17	13%
6/14/17	57%
7/26/17	63%
9/20/17	80%
11/1/17	82%
12/31/17	89%
1/31/18	89%

Projections for Fed Funds Rate by December 2017

FOMC Projection	1.375%
Fed Funds Futures Projection	1.255%

Total Number of Rate Hikes Expected in 2017

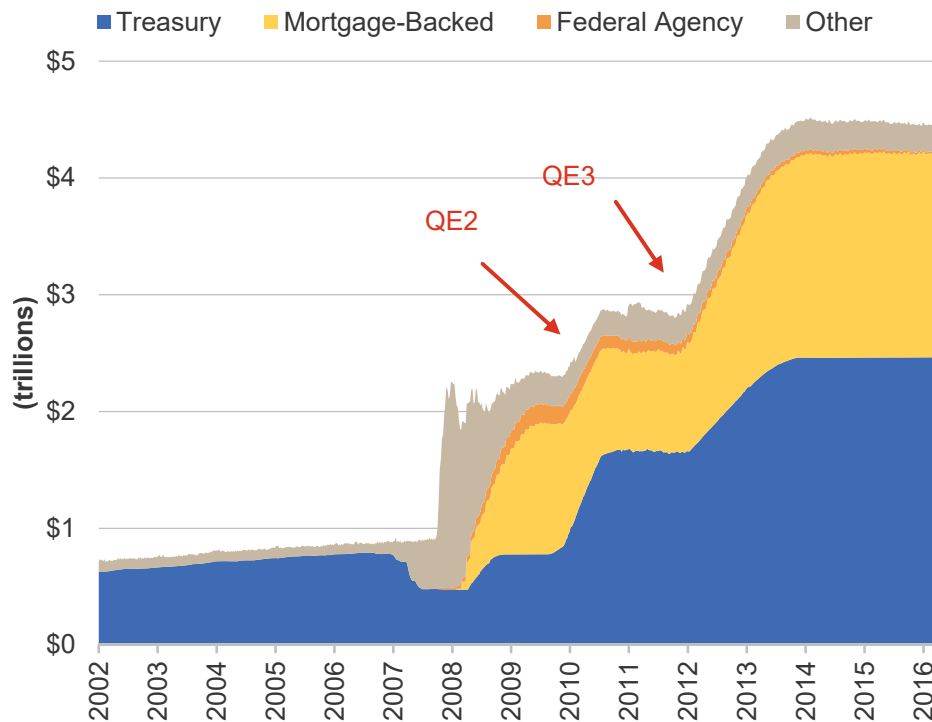


Source: Bloomberg and Federal Reserve, as of 03/31/17.

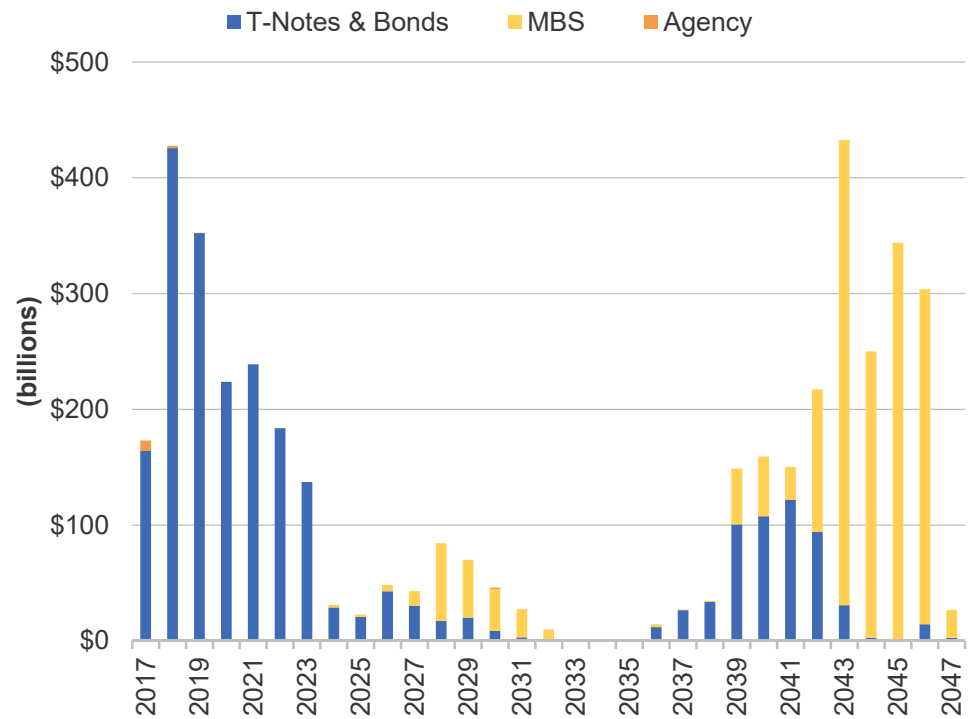
FOMC Meeting Focus: Fed's Balance Sheet

- After multiple rounds of quantitative easing, the Federal Reserve's balance sheet has swelled from under \$1 trillion to approximately \$4.5 trillion.
- March meeting highlights: "participants agreed that reductions in the Federal Reserve's securities holdings should be gradual and predictable and accomplished primarily by phasing out reinvestments... Most participants anticipated that gradual increases in the federal funds rate would continue and judged that a change to the Committee's reinvestment policy would likely be appropriate later this year."

Total Balance Sheet Assets of the Federal Reserve



Maturity Distribution of Balance Sheet Assets

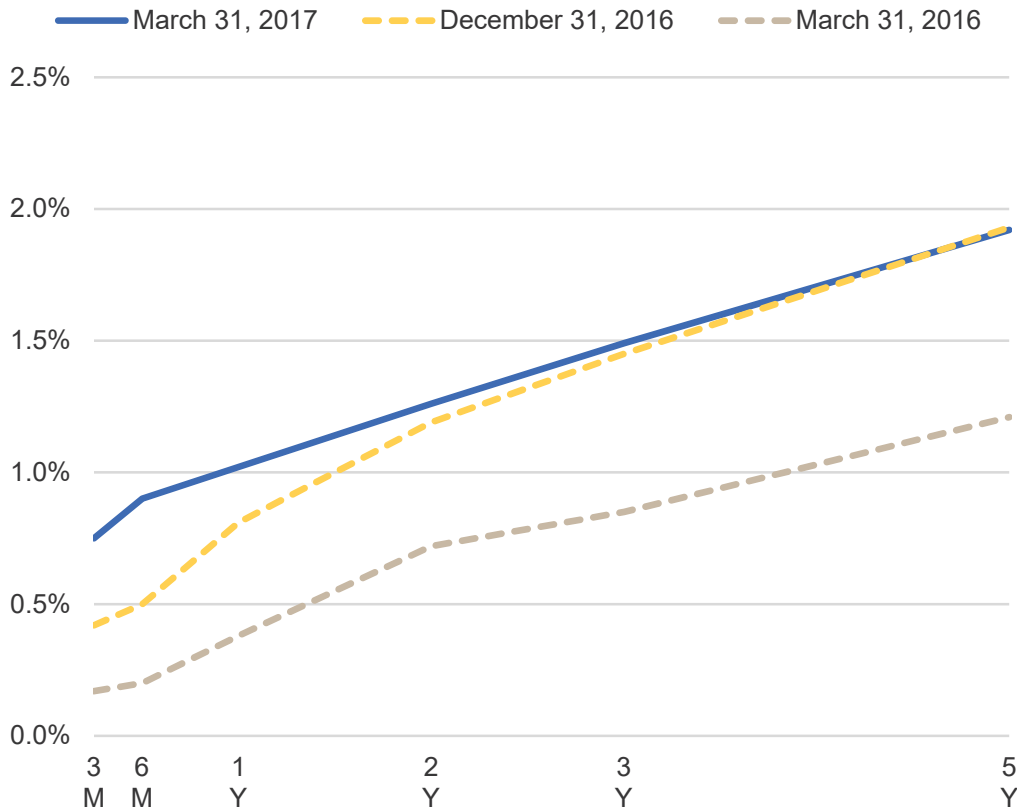


Source: The Federal Reserve, FRB of St. Louis, as of 03/29/17.

Flattening Yield Curve

- Yields remained range-bound at the beginning of the quarter before rising strongly in anticipation of the March FOMC rate hike. Yields on the short-end of the curve ended the quarter higher, reflecting the rate hike, while long-term yields generally held steady.

U.S. Treasury Yield Curve



Yield Curve History

Maturity	12/31/16	03/31/17	Change
1-Mo.	0.42	0.73	0.31
3-Mo.	0.50	0.75	0.25
6-Mo.	0.61	0.90	0.29
1-Yr.	0.81	1.02	0.21
2-Yr.	1.19	1.26	0.07
3-Yr.	1.45	1.49	0.04
5-Yr.	1.93	1.92	-0.01

Source: Bloomberg, as of 03/31/17.

Investment Strategy

Portfolio Recap

- ◆ Key drivers of market conditions in the first quarter included
 - Federal Reserve policy;
 - the inauguration of President Trump and the early rollout of various policies;
 - continued improvement in consumer confidence; and
 - further stock market appreciation.

- ◆ Yields remained within a narrow range through the first few months before rising strongly in anticipation of the March FOMC rate hike. Yields on the short end of the curve ended the quarter higher, reflecting the rate hike, while long-term yields declined alongside future inflation expectations.

- ◆ We maintained “neutral” durations through January and most of February as market conditions were consistent with an economic outlook for moderate growth. But, seeing that investors had become a bit too complacent about the potential for near-term Fed rate hikes, which resulted in rates being too low in our opinion, we shifted to a modestly short, more defensive posture in late February. Once a March rate hike became imminent, rates rose quickly. We were able to take advantage of the higher yields by extending duration just before the March 15 Fed meeting. Although the Fed raised rates, market yields fell after the meeting as the Fed’s accompanying statement implied a more gradual tightening path than anticipated.

- ◆ Federal agency yield spreads remained historically tight throughout the quarter as demand continued to outpace supply. We evaluated agency spreads across the yield curve and, where possible, took advantage of opportunities to
 - swap out of expensive agency holdings into U.S. Treasuries at similar yields;
 - purchase new issues that offered acceptable yield concessions, mostly in the 2-3 year maturity range; and
 - consider swap opportunities into supranationals.

- ◆ We maintained corporate allocations as the sector continued to provide incremental income and benefit from “roll-down.” We remain positive on the sector but, due to narrowing spread levels, approach the sector with more caution and selectivity. The corporate sector outperformed comparable-maturity Treasuries for the sixth straight quarter.

- ◆ Leading up to the effective date of significant money market fund reforms last October, yields on bank certificates of deposit (CDs) rose sharply in the second half of 2016. Although spreads narrowed somewhat after the March Fed rate hike, short-term credit instruments, like CDs, continued to offer excellent incremental yield opportunities.

Investment Strategy Outlook

- ◆ We anticipate the Fed to remain on track to make two additional rate hikes in 2017, matching the three hikes projected for 2017 by the Federal Open Market Committee's "dot plot." In addition, a potential reduction in the size of the Fed's balance sheet later in the year could have significant implications for the markets.
- ◆ As the market awaits clarity on policies proposed and enacted by the Trump administration, financial markets (both bonds and equities) may become more range-bound.
- ◆ Since yields are currently stable and we expect no action at the next FOMC meeting in May, we are targeting portfolio durations to closely match that of benchmarks. We will continue to revisit this position regularly, especially in light of the potential for higher yields later in the year. During 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 continue to remain historically narrow. As a result, our strategy will generally favor U.S. Treasuries over agencies unless specific issues offer identifiable value. Supranational issues may also offer opportunities in the space.
- ◆ Although yield spreads on corporate securities drifted wider at the end of the first quarter, they remain near multi-year lows. Identifying incremental return potential in the corporate bond sector requires careful relative value analysis. Improving corporate profits, as well as anticipated pro-business measures from the Trump administration, form a favorable backdrop for the credit sector.
- ◆ Our strategy favors broad allocation to various credit sectors, including corporate notes, negotiable bank CDs, and supranational securities.
- ◆ Yields on negotiable CDs continue to offer significant yield pickup relative to short-term government securities.
- ◆ We will continue to monitor incoming economic data, Fed policy, and sector relationships to identify market opportunities. This will include assessing the impact of additional policies put forth by the Trump administration.

Investment Performance Review

- The portfolio is in compliance with the Client's Investment Policy and the California Government Code.

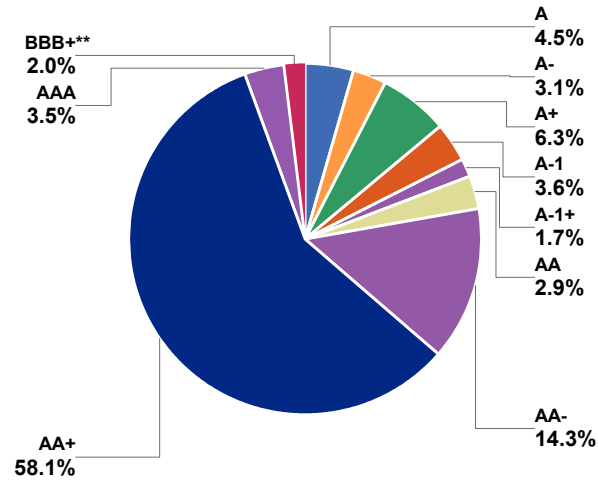
<u>Security Type</u> ¹	<u>Market Value as of March 31, 2017</u>	<u>% of Portfolio</u>	<u>Permitted by Policy</u>	<u>In Compliance</u>
U.S. Treasury	\$2,164,078	8%	100%	✓
Federal Agency/GSE	\$5,753,716	20%	100%	✓
Federal Agency/CMO	\$110,031	<1%	100%	✓
Negotiable CDs	\$2,935,404	10%	30%	✓
Corporate Notes	\$3,371,264	12%	30%	✓
Supra-National Agency	\$367,286	1%	30%	✓
CAMP	\$2,051,359	7%	\$5 million	✓
LAIF	\$11,753,209	41%	\$65 million	✓
Money Market Fund	\$17,681	<1%	20%	✓
Totals	\$28,524,027	100%		

Notes:

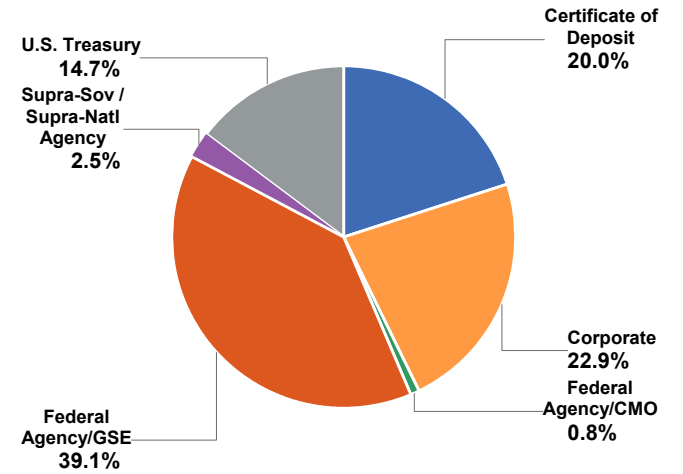
- End of quarter trade-date market values of portfolio holding, excluding accrued interest.

Portfolio Statistics	
As of March 31, 2017	
Par Value:	14,755,000
Total Market Value:	14,765,701
Security Market Value:	14,701,778
Accrued Interest:	46,241
Cash:	17,681
PFM	-
Amortized Cost:	14,744,426
Yield at Market:	1.45%
Yield at Cost:	1.33%
Effective Duration:	1.81 Years
Duration to Worst:	1.81 Years
Average Maturity:	1.85 Years
Average Credit: *	AA

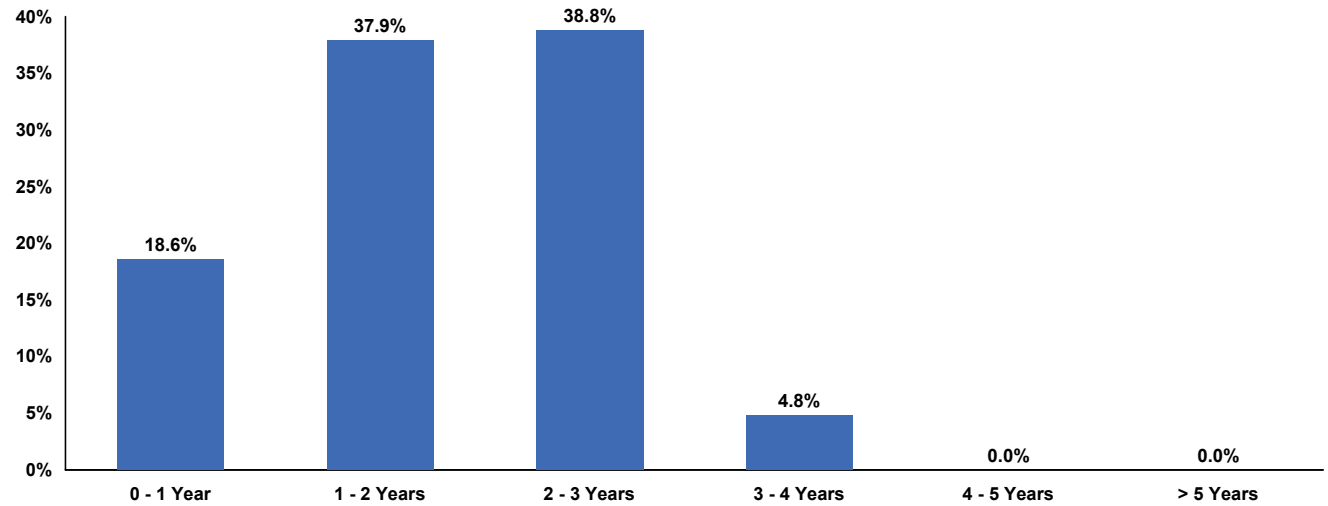
Credit Quality (S&P Ratings)



Sector Allocation



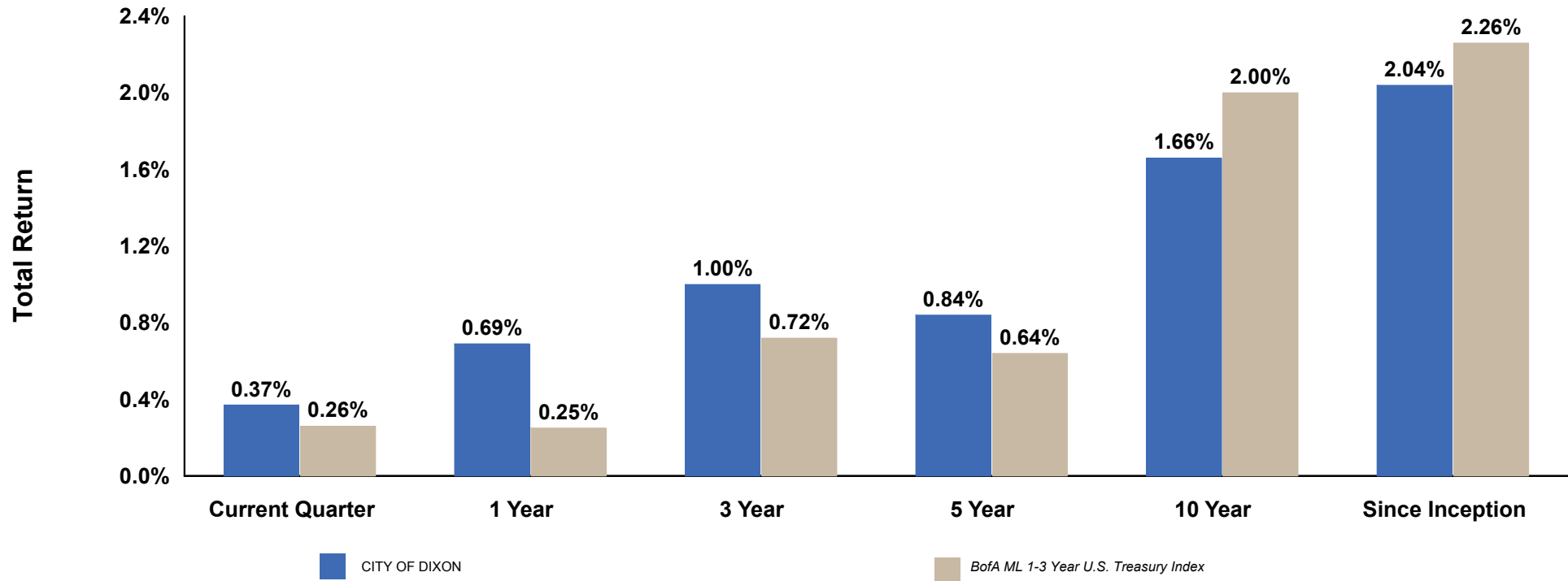
Maturity Distribution



* An average of each security's credit rating assigned a numeric value and adjusted for its relative weighting in the portfolio. **Holdings in Goldman Sachs Group Inc. Bonds, Citigroup Inc., & Morgan Stanley Corp. Bonds rated Baa1 or higher by Moody's.

Portfolio Performance (Total Return)

Portfolio/Benchmark	Effective Duration	Current Quarter	Annualized Return				Since Inception (09/30/10) **
			1 Year	3 Year	5 Year	10 Year	
CITY OF DIXON	1.81	0.37%	0.69%	1.00%	0.84%	-	0.91%
BofA ML 1-3 Year U.S. Treasury Index	1.82	0.26%	0.25%	0.72%	0.64%	-	0.69%
Difference		0.11%	0.44%	0.28%	0.20%	-	0.22%



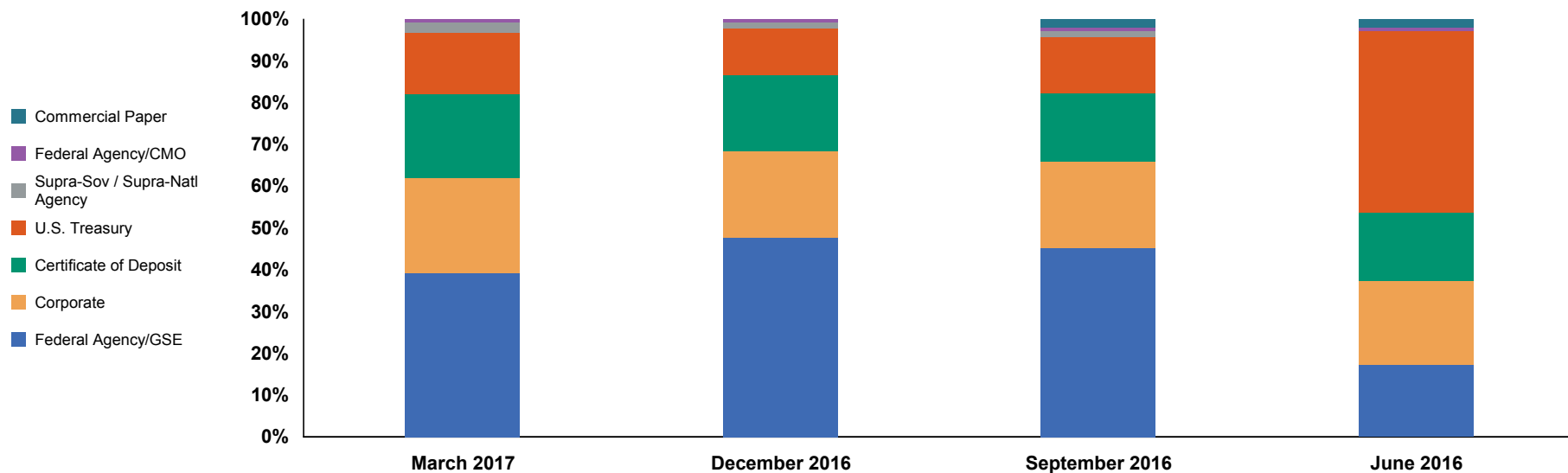
Portfolio performance is gross of fees unless otherwise indicated. **Since Inception performance is not shown for periods less than one year.

Portfolio Earnings*Quarter-Ended March 31, 2017*

	Market Value Basis	Accrual (Amortized Cost) Basis
Beginning Value (12/31/2016)	\$14,505,373.23	\$14,561,715.62
Net Purchases/Sales	\$187,017.98	\$187,017.98
Change in Value	\$9,387.24	(\$4,307.59)
Ending Value (03/31/2017)	\$14,701,778.45	\$14,744,426.01
Interest Earned	\$45,742.33	\$45,742.33
Portfolio Earnings	\$55,129.57	\$41,434.74

Sector Allocation

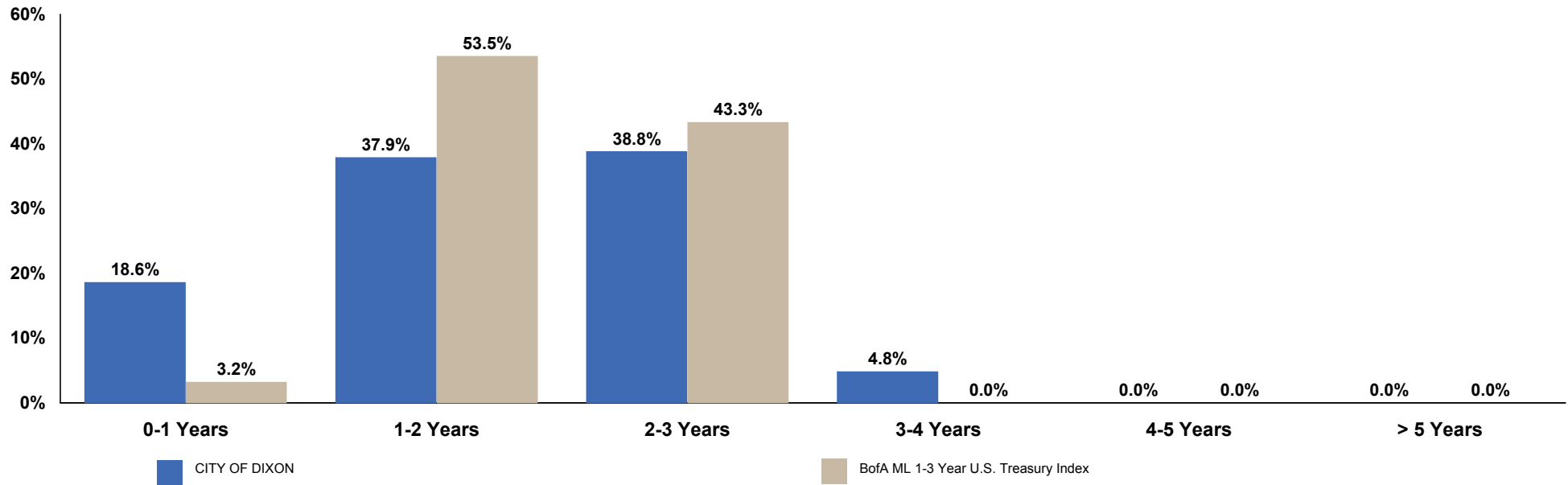
Sector	March 31, 2017		December 31, 2016		September 30, 2016		June 30, 2016	
	MV (\$MM)	% of Total	MV (\$MM)	% of Total	MV (\$MM)	% of Total	MV (\$MM)	% of Total
Federal Agency/GSE	5.8	39.1%	6.9	47.8%	6.6	45.2%	2.5	17.4%
Corporate	3.4	22.9%	3.0	20.5%	3.0	20.7%	2.9	20.0%
Certificate of Deposit	2.9	20.0%	2.6	18.2%	2.4	16.4%	2.4	16.4%
U.S. Treasury	2.2	14.7%	1.6	11.2%	2.0	13.4%	6.4	43.4%
Supra-Sov / Supra-Natl Agency	0.4	2.5%	0.2	1.5%	0.2	1.5%	0.0	0.0%
Federal Agency/CMO	0.1	0.8%	0.1	0.8%	0.1	0.8%	0.1	0.8%
Commercial Paper	0.0	0.0%	0.0	0.0%	0.3	2.0%	0.3	2.0%
Total	\$14.7	100.0%	\$14.5	100.0%	\$14.7	100.0%	\$14.7	100.0%



Detail may not add to total due to rounding.

Maturity Distribution
As of March 31, 2017

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	1.45%	1.85 yrs	18.6%	37.9%	38.8%	4.8%	0.0%	0.0%
BofA ML 1-3 Year U.S. Treasury Index	1.27%	1.94 yrs	3.2%	53.5%	43.3%	0.0%	0.0%	0.0%



Issuer Distribution

As of March 31, 2017

Issuer	Market Value (\$)	% of Portfolio
FANNIE MAE	2,723,051	18.5%
FEDERAL HOME LOAN BANKS	2,610,077	17.8%
UNITED STATES TREASURY	2,164,078	14.7%
FREDDIE MAC	530,619	3.6%
PFIZER INC	378,490	2.6%
TORONTO-DOMINION BANK	350,820	2.4%
HSBC HOLDINGS PLC	350,122	2.4%
BANK OF MONTREAL	292,003	2.0%
SKANDINAVISKA ENSKIDA BANKEN AB	279,800	1.9%
SVENSKA HANDELSBANKEN	279,233	1.9%
EXXON MOBIL CORP	274,780	1.9%
IBM CORP	274,618	1.9%
BANK OF NEW YORK CO INC	269,950	1.8%
CANADIAN IMPERIAL BANK OF COMMERCE	251,384	1.7%
NORDEA BANK AB	251,384	1.7%
JP MORGAN CHASE & CO	250,539	1.7%
US BANCORP	250,319	1.7%
BANK OF NOVA SCOTIA	250,019	1.7%

Top 5 = 57.2%

Top 10 = 67.7%

Issuer	Market Value (\$)	% of Portfolio
RABOBANK NEDERLAND	250,019	1.7%
CHEVRON CORP	239,210	1.6%
APPLE INC	238,416	1.6%
ROYAL BANK OF CANADA	230,280	1.6%
INTL BANK OF RECONSTRUCTION AND DEV	216,519	1.5%
BB&T CORPORATION	151,531	1.0%
INTL BANK OR RECONSTRUCTION AND DEV	150,767	1.0%
CISCO SYSTEMS INC	150,481	1.0%
GOLDMAN SACHS GROUP INC	150,092	1.0%
MICROSOFT CORP	149,063	1.0%
DEERE & COMPANY	140,229	1.0%
AMERICAN HONDA FINANCE	138,858	0.9%
CATERPILLAR INC	120,028	0.8%
TOYOTA MOTOR CORP	74,389	0.5%
MORGAN STANLEY	70,668	0.5%
CITIGROUP INC	70,299	0.5%
BERKSHIRE HATHAWAY INC	49,884	0.3%
AMERICAN EXPRESS CO	49,695	0.3%
THE WALT DISNEY CORPORATION	30,067	0.2%
Grand Total:	14,701,778	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									
1/3/17	1/5/17	500,000	912828H52	US TREASURY NOTES	1.25%	1/31/20	498,659.98	1.52%	
1/3/17	1/6/17	80,000	24422ETM1	JOHN DEERE CAPITAL CORP	1.65%	10/15/18	79,948.00	1.69%	
1/4/17	1/10/17	70,000	172967LF6	CITIGROUP INC	2.45%	1/10/20	69,972.00	2.46%	
1/10/17	1/12/17	280,000	86958JHB8	SVENSKA HANDELSBANKEN NY LT CD	1.89%	1/10/19	280,000.00	1.91%	
1/30/17	2/6/17	50,000	594918BV5	MICROSOFT CORP	1.85%	2/6/20	49,966.50	1.87%	
1/31/17	2/3/17	70,000	61747YDW2	MORGAN STANLEY CORP BONDS	2.65%	1/27/20	70,636.42	2.35%	
2/2/17	2/7/17	150,000	05531FAS2	BB&T CORP NOTE	2.45%	1/15/20	151,709.58	2.10%	
2/8/17	2/9/17	290,000	06427KRC3	BANK OF MONTREAL CHICAGO CERT DEPOS	1.88%	2/7/19	290,000.00	1.90%	
2/24/17	2/28/17	220,000	3135G0T29	FNMA NOTES	1.50%	2/28/20	219,859.20	1.52%	
3/1/17	3/6/17	30,000	25468PDP8	WALT DISNEY COMPANY CORP NOTES	1.95%	3/4/20	29,992.20	1.96%	
3/10/17	3/15/17	60,000	24422ETQ2	JOHN DEERE CAPITAL CORP CORP NOTES	2.20%	3/13/20	59,953.20	2.23%	
3/14/17	3/21/17	150,000	459058FZ1	INTL BK RECON & DEVELOP NOTES	1.87%	4/21/20	149,869.50	1.90%	
3/15/17	3/17/17	560,000	912828UV0	US TREASURY NOTES	1.12%	3/31/20	553,348.32	1.70%	
3/16/17	3/21/17	150,000	46625HKA7	JPMORGAN CHASE & CO (CALLABLE)	2.25%	1/23/20	150,623.25	2.23%	
Total BUY		2,660,000					2,654,538.15		
INTEREST									
1/1/17	1/25/17	110,000	3136ASPX8	FNMA SERIES 2016-M9 ASQ2	1.78%	6/1/19	163.63		
1/3/17	1/3/17	0	MONEY0002	MONEY MARKET FUND			9.86		
1/12/17	1/12/17	80,000	02665WBE0	AMERICAN HONDA FINANCE	1.20%	7/12/19	480.00		
1/16/17	1/16/17	105,000	3130AAE46	FHLB NOTES	1.25%	1/16/19	138.54		
1/19/17	1/19/17	220,000	3137EAEB1	FHLMC REFERENCE NOTE	0.87%	7/19/19	957.15		
1/31/17	1/31/17	500,000	912828H52	US TREASURY NOTES	1.25%	1/31/20	3,125.00		
2/1/17	2/1/17	0	MONEY0002	MONEY MARKET FUND			29.41		

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
2/1/17	2/25/17	110,000	3136ASPX8	FNMA SERIES 2016-M9 ASQ2	1.78%	6/1/19	163.63		
2/2/17	2/2/17	800,000	3135G0N33	FNMA BENCHMARK NOTE	0.87%	8/2/19	3,500.00		
2/4/17	2/4/17	160,000	037833CB4	APPLE INC CORP NOTES	1.10%	8/2/19	880.00		
2/5/17	2/5/17	300,000	3130A8Y72	FHLB GLOBAL NOTE	0.87%	8/5/19	1,319.79		
2/6/17	2/6/17	275,000	459200HZ7	IBM CORP NOTES	1.12%	2/6/18	1,546.88		
2/7/17	2/7/17	420,000	3130A8PK3	FHLB NOTES	0.62%	8/7/18	1,312.50		
2/7/17	2/7/17	640,000	3130A8PK3	FHLB NOTES	0.62%	8/7/18	2,000.00		
2/8/17	2/8/17	100,000	594918BN3	MICROSOFT CORP NOTES	1.10%	8/8/19	550.00		
2/15/17	2/15/17	220,000	459058FK4	INTL BANK OF RECON AND DEV SN NOTE	0.87%	8/15/19	963.60		
2/15/17	2/15/17	30,000	084670BX5	BERKSHIRE HATHAWAY INC GLOBAL NOTES	1.15%	8/15/18	172.50		
2/18/17	2/18/17	120,000	14912L6D8	CATERPILLAR FINANCIAL SE	1.25%	8/18/17	750.00		
2/22/17	2/22/17	60,000	02665WBA8	AMERICAN HONDA FINANCE CORP NOTES	1.70%	2/22/19	510.00		
2/23/17	2/23/17	80,000	037833BQ2	APPLE INC CORP NOTES	1.70%	2/22/19	680.00		
2/26/17	2/26/17	450,000	3135G0J53	FNMA BENCHMARK NOTE	1.00%	2/26/19	2,250.00		
2/26/17	2/26/17	500,000	3135G0J53	FNMA BENCHMARK NOTE	1.00%	2/26/19	2,500.00		
2/26/17	2/26/17	540,000	3135G0J53	FNMA BENCHMARK NOTE	1.00%	2/26/19	2,700.00		
2/28/17	2/28/17	125,000	3135G0P49	FNMA NOTES	1.00%	8/28/19	611.11		
3/1/17	3/1/17	0	MONEY0002	MONEY MARKET FUND			7.80		
3/1/17	3/1/17	250,000	46623EKD0	JP MORGAN CHASE CORP NOTES (CALLABLE)	1.70%	3/1/18	2,125.00		
3/1/17	3/25/17	110,000	3136ASPX8	FNMA SERIES 2016-M9 ASQ2	1.78%	6/1/19	163.63		
3/6/17	3/6/17	275,000	30231GAL6	EXXON MOBIL CORP NOTES	1.30%	3/6/18	1,794.38		
3/9/17	3/9/17	230,000	78009NZZ2	ROYAL BANK OF CANADA NY CD	1.70%	3/9/18	1,955.00		
3/11/17	3/11/17	250,000	90333VPF1	US BANK NA CINCINNATI (CALLABLE) CD	1.37%	9/11/17	1,718.75		
3/14/17	3/14/17	350,000	89113E5E2	TORONTO DOMINION BANK NY CD	1.72%	3/14/18	6,070.17		
3/15/17	3/15/17	20,000	084664CG4	BERKSHIRE HATHAWAY INC NOTES	1.70%	3/15/19	170.00		
3/26/17	3/26/17	435,000	3130A9EP2	FHLB GLOBAL NOTES	1.00%	9/26/19	2,175.00		
3/31/17	3/31/17	560,000	912828UV0	US TREASURY NOTES	1.12%	3/31/20	3,150.00		
Total INTEREST		8,425,000					46,643.33		

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
SELL									
1/3/17	1/5/17	125,000	17275RAT9	CISCO SYSTEMS INC GLOBAL NOTES	1.10%	3/3/17	125,517.22	0.84%	51.66
1/3/17	1/5/17	250,000	3137EAEA3	FHLMC REFERENCE NOTE	0.75%	4/9/18	249,397.92	1.09%	(802.47)
1/4/17	1/10/17	70,000	912828G61	US TREASURY NOTES	1.50%	11/30/19	70,178.43	1.47%	(24.50)
1/5/17	1/5/17	250,000	3137EAEA3	FHLMC REFERENCE NOTE	0.75%	4/9/18	249,482.92	1.06%	(717.47)
1/10/17	1/12/17	275,000	86958DH54	SVENSKA HANDELSBANKEN NY FLT CERT DEPOS	1.50%	8/24/17	275,897.35	1.15%	393.25
2/2/17	2/7/17	150,000	912828WD8	US TREASURY NOTES	1.25%	10/31/18	150,776.45	1.15%	(100.62)
2/8/17	2/9/17	210,000	3130A8BD4	FEDERAL HOME LOAN BANKS AGCY	0.87%	6/29/18	209,807.27	1.01%	(59.06)
2/24/17	2/28/17	220,000	912828H52	US TREASURY NOTES	1.25%	1/31/20	219,267.40	1.40%	740.81
3/3/17	3/6/17	10,000	912828WD8	US TREASURY NOTES	1.25%	10/31/18	10,043.51	1.25%	(23.25)
3/10/17	3/15/17	60,000	912828WD8	US TREASURY NOTES	1.25%	10/31/18	60,246.89	1.28%	(170.21)
3/14/17	3/21/17	100,000	3130A8BD4	FEDERAL HOME LOAN BANKS AGCY	0.87%	6/29/18	99,700.31	1.27%	(351.57)
3/15/17	3/17/17	180,000	3130A8PK3	FHLB NOTES	0.62%	8/7/18	178,409.60	1.32%	(1,261.89)
3/15/17	3/17/17	420,000	3130A8PK3	FHLB NOTES	0.62%	8/7/18	416,289.07	1.32%	(2,733.46)
3/16/17	3/21/17	150,000	46623EKD0	JP MORGAN CHASE CORP NOTES (CALLABLE)	1.70%	3/1/18	150,110.17	1.72%	(18.99)
Total SELL		2,470,000					2,465,124.51		-5,077.77

Account Holdings



Managed Account Detail of Securities Held

For the Month Ending **March 31, 2017**

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	30,000.00	AA+	Aaa	11/03/15	11/03/15	30,125.39	1.11	157.46	30,066.74	30,023.43
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	314.92	60,344.30	60,046.86
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	1,312.15	250,376.48	250,195.25
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	837.91	200,004.42	200,132.80
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	791.85	211,016.36	210,984.48
US TREASURY NOTES DTD 12/01/2014 1.500% 11/30/2019	912828G61	580,000.00	AA+	Aaa	12/01/16	12/05/16	580,725.00	1.46	2,915.93	580,648.61	580,974.40
US TREASURY NOTES DTD 02/02/2015 1.250% 01/31/2020	912828H52	280,000.00	AA+	Aaa	01/03/17	01/05/17	277,746.87	1.52	580.11	277,917.68	278,195.40
US TREASURY NOTES DTD 04/01/2013 1.125% 03/31/2020	912828UV0	560,000.00	AA+	Aaa	03/15/17	03/17/17	550,440.63	1.70	17.21	550,567.93	553,525.28
Security Type Sub-Total		2,170,000.00					2,162,080.86	1.43	6,927.54	2,160,942.52	2,164,077.90
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	245.97	219,964.17	216,519.38
INTL BK RECON & DEVELOP NOTES DTD 03/21/2017 1.875% 04/21/2020	459058FZ1	150,000.00	AAA	Aaa	03/14/17	03/21/17	149,869.50	1.90	78.13	149,870.70	150,766.80
Security Type Sub-Total		370,000.00					369,823.30	1.30	324.10	369,834.87	367,286.18
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	110,769.41	110,030.71



Managed Account Detail of Securities Held

For the Month Ending **March 31, 2017**

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
Security Type Sub-Total		110,000.00					111,099.95	1.05	163.63	110,769.41	110,030.71
Federal Agency Bond / Note											
FHLB NOTES DTD 07/08/2016 0.625% 08/07/2018	3130A8PK3	460,000.00	AA+	Aaa	08/12/16	08/15/16	458,353.20	0.81	431.25	458,873.34	456,508.14
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	875.00	199,938.05	198,805.00
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	2,187.50	499,755.61	497,012.50
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	1,492.97	314,900.07	313,292.07
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	273.44	104,996.13	104,899.62
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	437.50	449,755.92	447,058.80
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	486.11	498,951.28	496,732.00
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	525.00	540,149.53	536,470.56
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	781.25	251,592.59	248,600.00
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	1,187.50	379,882.79	377,872.00
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	385.00	219,590.13	217,326.78
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	1,147.22	798,950.31	789,616.00
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	408.33	299,548.96	296,128.20
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	107.64	124,937.56	123,672.13



Managed Account Detail of Securities Held

For the Month Ending **March 31, 2017**

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 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	60.42	434,689.97	430,251.54
FNMA NOTES DTD 02/28/2017 1.500% 02/28/2020	3135G0T29	220,000.00	AA+	Aaa	02/24/17	02/28/17	219,859.20	1.52	284.17	219,863.21	219,470.46

Security Type Sub-Total **5,800,000.00** **5,795,036.70** **0.99** **11,070.30** **5,796,375.45** **5,753,715.80**

Corporate Note											
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	353.89	99,988.26	99,976.40
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	179.17	119,992.25	120,028.44
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	472.66	274,760.09	274,618.30
JP MORGAN CHASE CORP NOTES (CALLABLE) DTD 03/02/2015 1.700% 03/01/2018	46623EKD0	100,000.00	A-	A3	02/25/15	03/02/15	99,974.00	1.71	141.67	99,991.90	100,022.40
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	249.22	275,000.00	274,780.28
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	1,548.00	269,990.43	269,950.05
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	728.75	149,989.56	150,481.05
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	44.08	29,997.52	29,849.04
JOHN DEERE CAPITAL CORP DTD 01/06/2017 1.650% 10/15/2018	24422ETM1	80,000.00	A	A2	01/03/17	01/06/17	79,948.00	1.69	311.67	79,954.33	80,056.56
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	110.50	59,992.35	59,934.66



Managed Account Detail of Securities Held

For the Month Ending **March 31, 2017**

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											
APPLE INC CORP NOTES DTD 02/23/2016 1.700% 02/22/2019	037833BO2	80,000.00	AA+	Aa1	02/16/16	02/23/16	79,986.40	1.71	143.56	79,991.34	80,316.80
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	15.11	19,990.00	20,034.60
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	1,404.90	240,000.00	239,209.92
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	1,425.83	300,639.52	298,558.50
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	210.67	79,938.93	78,923.36
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	278.67	159,874.74	158,099.04
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	161.94	99,918.94	98,907.90
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	526.35	74,968.05	74,389.43
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	356.53	49,948.64	49,695.45
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	1,035.00	149,898.43	150,091.50
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	491.11	79,949.27	79,931.20
CITIGROUP INC DTD 01/10/2017 2.450% 01/10/2020	172967LF6	70,000.00	BBB+	Baa1	01/04/17	01/10/17	69,972.00	2.46	385.88	69,974.04	70,299.11
BB&T CORP NOTE DTD 12/08/2014 2.450% 01/15/2020	05531FAS2	150,000.00	A-	A2	02/02/17	02/07/17	151,485.00	2.10	775.83	151,411.47	151,531.20
JPMORGAN CHASE & CO (CALLABLE) DTD 01/23/2015 2.250% 01/23/2020	46625HKA7	150,000.00	A-	A3	03/16/17	03/21/17	150,079.50	2.23	637.50	150,078.88	150,516.45



Managed Account Detail of Securities Held

For the Month Ending **March 31, 2017**

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											
MORGAN STANLEY CORP BONDS DTD 01/27/2015 2.650% 01/27/2020	61747YDW2	70,000.00	BBB+	A3	01/31/17	02/03/17	70,605.50	2.35	329.78	70,573.80	70,667.80
MICROSOFT CORP DTD 02/06/2017 1.850% 02/06/2020	594918BV5	50,000.00	AAA	Aaa	01/30/17	02/06/17	49,966.50	1.87	141.32	49,968.17	50,155.10
WALT DISNEY COMPANY CORP NOTES DTD 03/06/2017 1.950% 03/04/2020	25468PDP8	30,000.00	A	A2	03/01/17	03/06/17	29,992.20	1.96	40.63	29,992.37	30,067.14
JOHN DEERE CAPITAL CORP CORP NOTES DTD 03/15/2017 2.200% 03/13/2020	24422ETQ2	60,000.00	A	A2	03/10/17	03/15/17	59,953.20	2.23	58.67	59,953.87	60,171.96
Security Type Sub-Total		3,375,000.00					3,376,081.85	1.61	12,558.89	3,376,727.15	3,371,263.64

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	1,188.89	250,000.00	250,018.50
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	190.97	249,940.14	250,318.50
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	1,570.83	250,000.00	250,018.75
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	1,565.51	280,000.00	279,799.80
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	5,347.22	250,000.00	250,145.75
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	238.94	230,000.00	230,279.68
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	301.00	350,000.00	350,820.40
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	1,430.00	249,836.47	251,383.50
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	1,430.00	250,000.00	251,383.50



Managed Account Detail of Securities Held

For the Month Ending **March 31, 2017**

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 LT CD DTD 01/12/2017 1.890% 01/10/2019	86958JHB8	280,000.00	AA-	Aa2	01/10/17	01/12/17	280,000.00	1.91	1,161.30	280,000.00	279,232.52
BANK OF MONTREAL CHICAGO CERT DEPOS DTD 02/09/2017 1.880% 02/07/2019	06427KRC3	290,000.00	A+	Aa3	02/08/17	02/09/17	290,000.00	1.90	772.37	290,000.00	292,003.32
Security Type Sub-Total		2,930,000.00					2,929,402.50	1.62	15,197.03	2,929,776.61	2,935,404.22
Managed Account Sub-Total		14,755,000.00					14,743,525.16	1.33	46,241.49	14,744,426.01	14,701,778.45
Securities Sub-Total		\$14,755,000.00					\$14,743,525.16	1.33%	\$46,241.49	\$14,744,426.01	\$14,701,778.45
Accrued Interest											\$46,241.49
Total Investments											\$14,748,019.94

IMPORTANT DISCLOSURES

This material is based on information obtained from sources generally believed to be reliable and available to the public, however PFM Asset Management LLC cannot guarantee its accuracy, completeness or suitability. This material is for general information purposes only and is not intended to provide specific advice or a specific recommendation. All statements as to what will or may happen under certain circumstances are based on assumptions, some but not all of which are noted in the presentation. Assumptions may or may not be proven correct as actual events occur, and results may depend on events outside of your or our control. Changes in assumptions may have a material effect on results. Past performance does not necessarily reflect and is not a guaranty of future results. The information contained in this presentation is not an offer to purchase or sell any securities.

- 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.