

City of Rowlett, Texas



Investment Performance Review Quarter Ended September 30, 2015

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TAB I

Summary

- The U.S. economy continued its forward progress, but more recent economic data suggests it is slowing from the strong second-quarter pace.
- Weakness in emerging-market economies, most notably China, changed market psychology, triggering heightened volatility and significant downward pressure on equity markets worldwide.
- The Federal Open Market Committee (FOMC) chose not to raise the federal funds target rate at either of its two meetings during the quarter, most recently citing concern about “recent global economic and financial developments.” FOMC officials, however, continue to condition investors for a possible rate hike before year-end.

Economic Snapshot

- Concern over Greece’s financial state last quarter was quickly resolved, only to be superseded by growth concerns emanating from emerging market economies, especially China, Russia and Brazil. A slowdown in emerging markets also negatively impacted commodity, oil, and export-driven economies, such as Australia and Canada.
- Second-quarter gross domestic product (GDP) grew at a 3.9% annualized pace, a strong rebound from the first quarter’s lackluster growth. The surge was bolstered by strong consumer spending and a pickup in business investment and inventories.
- Job growth slowed in the second quarter — averaging 167,000 new jobs per month, which was down from 231,000 per month in the prior quarter — but the unemployment rate fell further to 5.1%, its lowest rate since April 2008. Wage growth remained subdued.

Interest Rates

- Long-term Treasury yields trended lower throughout the quarter, supported by low inflation, slowing global growth, and a hesitant FOMC. The yield on the 10-year U.S. Treasury fell 31 basis points (0.31%), ending the quarter just above 2.0%.

- Yields on shorter-term instruments (two years and under) initially moved in the opposite direction, rising to peaks in mid-September in anticipation of a near-term federal funds target rate increase. After the Fed announced it would leave rates unchanged, yields retreated. Short-term Treasury yields ended the quarter mostly lower by a few basis points, while money market instruments like commercial paper and bank certificates of deposit held on to most of their rate increases during the quarter.
- Global sovereign debt yields followed those in the U.S., with lower long-term rates and fractionally lower short-term yields.

Sector Performance

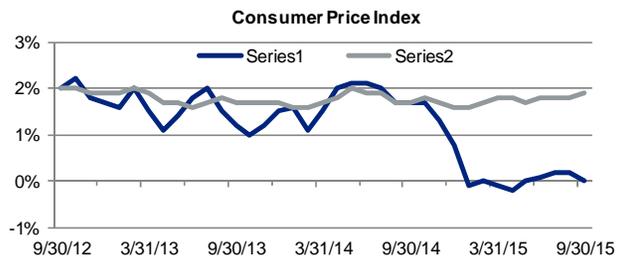
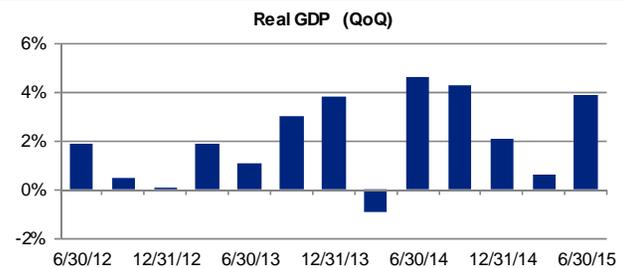
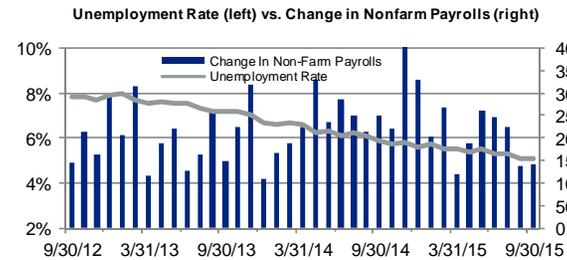
- U.S. Treasury benchmark indices generated strong returns as yields ended the quarter lower, providing price appreciation in addition to yield-based income. While this was true for maturities across the yield curve, longer maturities fared better due to their longer durations and more significant fall in rates.
- Federal Agency securities modestly outperformed comparable maturity Treasuries as yield spreads tightened modestly.
- Corporate yield spreads widened throughout the quarter, in some cases significantly. Returns were correlated with credit ratings. BBB-rated and high-yield issues performed poorly. A-rated issuers modestly underperformed government securities, while higher-rated issuers performed better.
- Mortgage-backed securities (MBS) underperformed comparable duration government securities as heightened volatility negatively impacted securities with imbedded optionality. This scenario has persisted for much of 2015.

Economic Snapshot

Labor Market		Latest	Jun 2015	Sep 2014
Unemployment Rate	Sep'15	5.1%	5.3%	5.9%
Change In Non-Farm Payrolls	Sep'15	142,000	245,000	250,000
Average Hourly Earnings (YoY)	Sep'15	2.2%	2.0%	2.0%
Personal Income (YoY)	Aug'15	4.2%	4.1%	4.5%
Initial Jobless Claims (week)	10/2/15	263,000	282,000	292,000

Growth				
Real GDP (QoQ SAAR)	2015Q2	3.9%	0.6% ¹	4.6% ²
GDP Personal Consumption (QoQ SAAR)	2015Q2	3.6%	1.8% ¹	3.8% ²
Retail Sales (YoY)	Sep'15	2.4%	1.8%	4.4%
ISM Manufacturing Survey (month)	Sep'15	50.2	53.5	56.1
Existing Home Sales SAAR (month)	Aug'15	5.31 mil.	5.48 mil.	5.10 mil.

Inflation / Prices				
Personal Consumption Expenditures (YoY)	Aug'15	0.3%	0.3%	1.5%
Consumer Price Index (YoY)	Aug'15	0.2%	0.1%	1.7%
Consumer Price Index Core (YoY)	Aug'15	1.8%	1.8%	1.7%
Crude Oil Futures (WTI, per barrel)	Sep 30	\$45.09	\$59.47	\$91.16
Gold Futures (oz.)	Sep 30	\$1,116	\$1,172	\$1,211



1. Data as of Second Quarter 2015

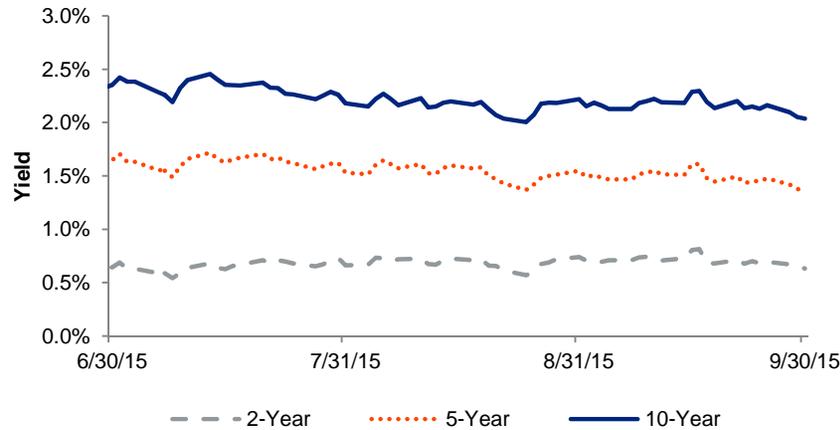
2. Data as of Third Quarter 2014

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

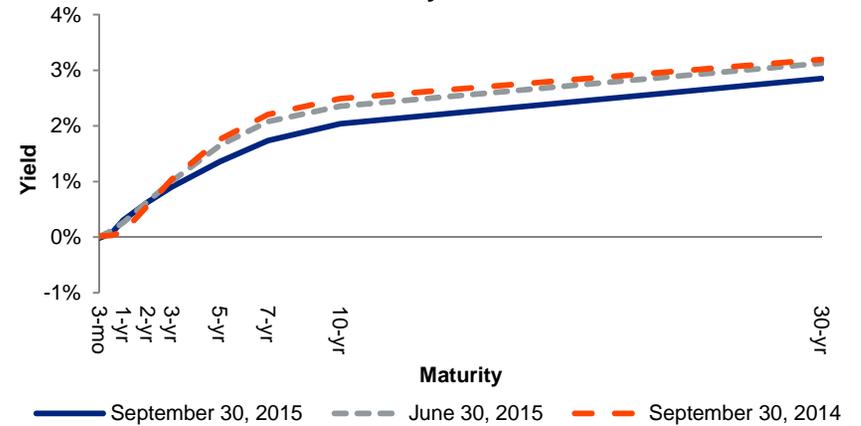
Source: Bloomberg

Investment Rate Overview

U.S. Treasury Note Yields



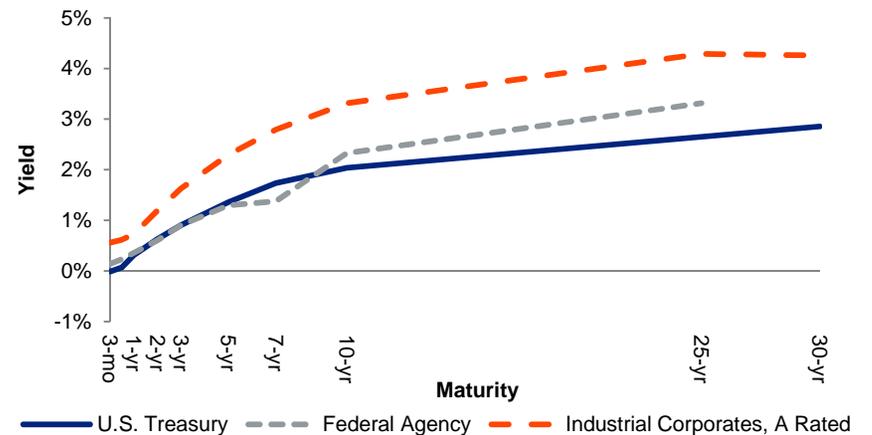
U.S. Treasury Yield Curve



U.S. Treasury Yields

Maturity	9/30/15	6/30/15	Change over Quarter	9/30/14	Change over Year
3-month	(0.02%)	0.01%	(0.03%)	0.02%	(0.04%)
1-year	0.31%	0.27%	0.04%	0.10%	0.21%
2-year	0.63%	0.65%	(0.02%)	0.57%	0.06%
5-year	1.36%	1.65%	(0.29%)	1.76%	(0.40%)
10-year	2.04%	2.35%	(0.31%)	2.49%	(0.45%)
30-year	2.85%	3.12%	(0.27%)	3.20%	(0.35%)

Yield Curves as of 9/30/2015



Source: Bloomberg

BofA Merrill Lynch Index Returns

	As of 9/30/2015		Returns for Periods ended 9/30/2015		
	Duration	Yield	3 Month	1 Year	3 Years
1-3 Year Indices					
U.S. Treasury	1.87	0.63%	0.31%	1.16%	0.67%
Federal Agency	1.64	0.70%	0.36%	1.29%	0.77%
U.S. Corporates, A-AAA rated	1.98	1.53%	0.36%	1.37%	1.38%
Agency MBS (0 to 3 years)	1.92	1.58%	0.35%	1.11%	0.77%
Municipals	1.87	0.74%	0.57%	0.85%	0.88%
1-5 Year Indices					
U.S. Treasury	2.71	0.87%	0.70%	2.15%	0.91%
Federal Agency	2.07	0.86%	0.58%	1.90%	0.98%
U.S. Corporates, A-AAA rated	2.76	1.83%	0.61%	2.18%	1.83%
Agency MBS (0 to 5 years)	3.40	2.10%	0.69%	2.23%	1.55%
Municipals	2.58	1.01%	0.78%	1.09%	1.18%
Master Indices (Maturities 1 Year or Greater)					
U.S. Treasury	6.20	1.42%	1.90%	4.10%	1.38%
Federal Agency	3.68	1.29%	1.05%	2.93%	1.35%
U.S. Corporates, A-AAA rated	6.70	2.88%	1.23%	2.82%	2.27%
Agency MBS (0 to 30 years)	4.34	2.39%	1.31%	3.34%	1.93%
Municipals	6.93	2.38%	1.70%	3.16%	2.94%

Returns for periods greater than one year are annualized

Source: BofA Merrill Lynch Indices

Disclosures

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TAB II

Executive Summary

PORTFOLIO STRATEGY

- The City's Pooled Funds and Long Term Pooled Fund Portfolios are of high credit quality and invested in TexPool, U.S. Treasury, Federal Agency, and high quality commercial paper securities.
- The Long Term Pooled Fund Portfolio's quarterly total return performance of 0.22%, underperformed the benchmark's performance of 0.31% by 0.09%. After keeping the duration of portfolio close to the duration of benchmark earlier in the year, during the third quarter PFMAM moved the portfolio's duration shorter than the benchmark in anticipation of a Fed rate hike some time before the end of this year. The shorter duration strategy is more conservative and helps mitigate the impact that rising rates have on the portfolio's market value, however, it resulted in the portfolio underperforming the benchmark by giving up yield in the longer end of the yield curve.
- The Pooled Funds Portfolio continues to provide the City with favorable yield relative to the benchmark. At quarter end, the portfolio had a Yield to Maturity at Cost of 0.39%, exceeding the Yield of its benchmark the TexPool by 30 basis points (0.30%).
- Treasury yields moved up and down in response to evolving economic conditions, tracking in part (i) the strength of global economy, (ii) the persistent low inflation environment, and (iii) the expectations for a Fed rate hike. Low inflation and tepid economic data, both in the U.S. and abroad, pushed longer-term yields lower. Yields on securities with maturities of two years or less, the part of the curve that is most dependent on Federal Reserve policy, moved up in advance of the September FOMC meeting, but quickly reversed after the "no hike" decision. The end result was that the quarter ended with generally lower yields and a flatter yield curve than at the beginning of the quarter.
- The FOMC continues to monitor economic progress towards its dual objectives of full employment and price stability. It recently added an acknowledgement that global economic instability has the potential to affect Fed policy. Because this creates a new level of uncertainty about the timing and pace of future rate hikes, our strategy may need to adapt to changing conditions throughout the fourth quarter. At present, we believe the Fed will raise rates in late 2015 or early 2016, and the subsequent pace of rate increases will likely be gradual and prolonged. If this occurs as expected, it is likely that rates on the shorter end of the curve will again rise ahead of upcoming FOMC meetings, while longer maturities will remain range bound in response to tempered global growth and dampened inflation expectations.
- PFM will continue to navigate the market environment with a keen focus on relative value sector analysis, prudent duration management, and efficient yield curve placement. While producing strong investment returns remains a priority, it is secondary to maintaining safety and liquidity, particularly in the current environment where we expect yields to trend higher.

Summary Portfolio Statistics

<u>Amortized Cost and Market Value</u> <u>Account Name</u>	<u>Amortized Cost^{1,2,3}</u> <u>September 30, 2015</u>	<u>Amortized Cost^{1,2,3}</u> <u>June 30, 2015</u>	<u>Market Value^{1,2,3}</u> <u>September 30, 2015</u>	<u>Market Value^{1,2,3}</u> <u>June 30, 2015</u>	<u>Duration (Years)</u> <u>September 30, 2015</u>
Pooled Funds	\$2,197,493.24	\$3,495,138.00	\$2,197,620.70	\$3,495,195.90	0.290
Long Term Pooled Fund	13,611,068.76	13,607,581.86	13,653,862.15	13,646,761.76	1.420
TexPool	19,751,578.58	13,389,906.14	19,751,578.58	15,400,710.76	0.003
Total	\$35,560,140.58	\$30,492,626.00	\$35,603,061.43	\$32,542,668.42	0.564

<u>Yields</u> <u>Account Name</u>	<u>Yield to Maturity</u> <u>at Cost⁴</u> <u>September 30, 2015</u>	<u>Yield to Maturity</u> <u>at Cost⁴</u> <u>June 30, 2015</u>	<u>Yield to Maturity</u> <u>at Market</u> <u>September 30, 2015</u>	<u>Yield to Maturity</u> <u>at Market</u> <u>June 30, 2015</u>	<u>Duration (Years)</u> <u>June 30, 2015</u>
Pooled Funds	0.39%	0.37%	0.33%	0.29%	0.360
Long Term Pooled Fund	0.78%	0.78%	0.56%	0.58%	1.670
TexPool ⁵	0.09%	0.06%	0.09%	0.06%	0.003
Weighted Average YTM	0.37%	0.42%	0.28%	0.30%	0.740

Monthly Interest earnings YTD^{6,7}

October 2014	\$36,599.01	April 2015	\$6,275.16
November 2014	\$19,783.63	May 2015	\$4,971.75
December 2014	(\$28,907.00)	June 2015	\$13,759.35
January 2015	\$52,987.54	July 2015	\$7,584.01
February 2015	(\$18,481.25)	August 2015	(4,492.07)
March 2015	\$19,376.19	September 2015	29,061.31

Total Fiscal Year Net Earnings \$138,517.63

Notes:

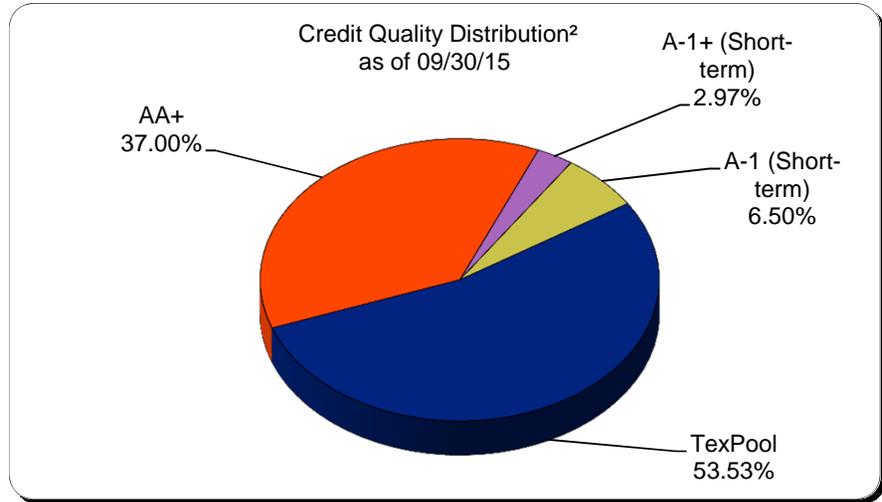
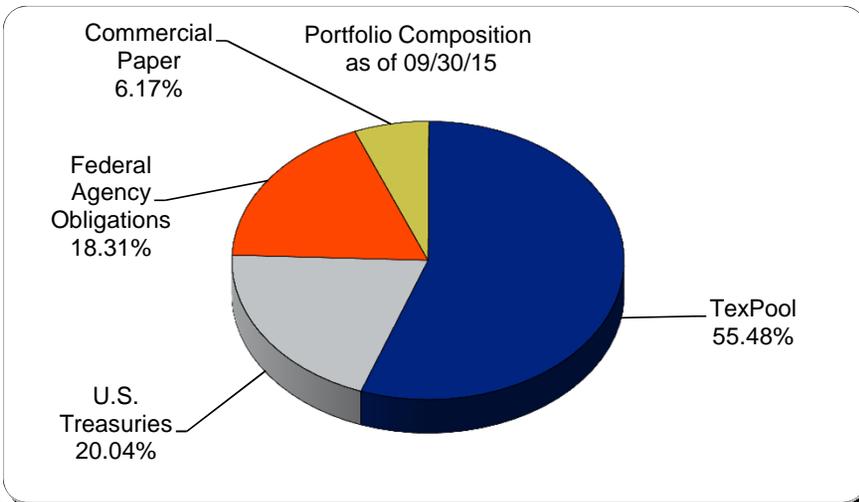
1. On a trade-date basis, including accrued interest.
2. In order to comply with GASB accrual accounting reporting requirements; forward settling trades are included in the monthly balances.
3. Excludes any money market fund/cash balances held in custodian account.
4. Past performance is not indicative of future results.
5. TexPool yield is obtained from www.texpool.com.
6. Earnings are calculated on a cash basis and are subject to the receipt of coupon payments, maturities within the portfolio, and money market fund balances.
7. Earnings are net of fees.

Summary Portfolio Amortized Cost and Market Value Analysis

MONEY MARKET FUNDS					6/30/2015	6/30/2015	6/30/2015	9/30/2015	9/30/2015	9/30/2015	CHANGE IN
CUSIP	DESCRIPTION	PAR	COUPON	MATURITY DATE	ACCRUED INTEREST	AMORTIZED COST	MARKET VALUE	ACCRUED INTEREST	AMORTIZED COST	MARKET VALUE	MARKET VALUE
TEXPOOL	TEXPOOL				\$0.00	\$13,389,906.14	\$13,389,906.14	\$0.00	\$19,751,578.58	\$19,751,578.58	47.51%
					\$0.00	\$13,389,906.14	\$13,389,906.14	\$0.00	\$19,751,578.58	\$19,751,578.58	47.51%
TOTAL					\$0.00	\$13,389,906.14	\$13,389,906.14	\$0.00	\$19,751,578.58	\$19,751,578.58	47.51%
POOLED FUNDS											
COMMERCIAL PAPER											
46640QUH2	JP MORGAN SECURITIES LLC COMM PAPER	1,300,000	0.000	07/17/15	0.00	\$1,299,809.33	\$1,299,911.60	\$0.00	\$0.00	\$0.00	0.00%
06538CZ46	BANK OF TOKYO MITSUBISHI COMM PAPER	1,100,000	0.000	12/04/15	0.00	1,098,188.67	1,098,325.80	0.00	1,099,256.90	1,099,523.70	0.11%
89233GBS4	TOYOTA MOTOR CREDIT CORP COMM PAPER	1,100,000	0.000	02/26/16	0.00	1,097,140.00	1,096,958.50	0.00	1,098,236.34	1,098,097.00	0.10%
		\$3,500,000			\$0.00	\$3,495,138.00	\$3,495,195.90	\$0.00	\$2,197,493.24	\$2,197,620.70	-37.12%
TOTAL		\$3,500,000			\$0.00	\$3,495,138.00	\$3,495,195.90	\$0.00	\$2,197,493.24	\$2,197,620.70	-37.125%
LONG TERM POOLED FUND											
FED AGY BOND/NOTE											
3133834R9	FEDERAL HOME LOAN BANK GLOBAL NOTES	2,000,000	0.375	06/24/16	145.83	\$1,996,187.44	\$1,999,864.00	\$2,020.83	\$1,997,158.06	\$1,998,082.00	-0.09%
3137EADS5	FHLMC NOTES	2,000,000	0.875	10/14/16	3,743.06	2,001,548.06	2,011,208.00	8,118.06	2,001,248.56	2,008,570.00	-0.13%
3137EADU0	FHLMC REFERENCE NOTE	2,500,000	0.500	01/27/17	5,729.17	2,495,569.30	2,497,065.00	2,222.22	2,496,272.40	2,499,520.00	0.10%
		\$6,500,000			\$9,618.06	\$6,493,304.80	\$6,508,137.00	\$12,361.11	\$6,494,679.02	\$6,506,172.00	-0.03%
US TSY BOND/NOTE											
912828RU6	US TREASURY NOTES	\$1,500,000	0.875	11/30/2016	\$1,111.68	\$1,502,559.24	\$1,508,788.50	\$4,410.86	\$1,502,106.51	\$1,507,597.50	-0.08%
912828SC5	US TREASURY NOTES	1,595,000	0.875	1/31/2017	5,821.53	1,595,950.29	1,603,847.47	2,351.32	1,595,800.16	1,603,265.29	-0.04%
912828WP1	US TREASURY NOTES	1,510,000	0.875	6/15/2017	577.60	1,509,226.52	1,516,841.81	3,898.77	1,509,325.23	1,517,334.07	0.03%
912828UU2	US TREASURY NOTES	2,500,000	0.750	3/31/2018	4,713.11	2,484,699.03	2,487,305.00	51.23	2,486,084.55	2,496,420.00	0.37%
		\$3,095,000			\$12,223.92	\$7,092,435.08	\$7,116,782.78	\$10,712.18	\$7,093,316.45	\$7,124,616.86	0.11%
TOTAL		\$9,595,000			\$21,841.98	\$13,585,739.88	\$13,624,919.78	\$23,073.29	\$13,587,995.47	\$13,630,788.86	0.043%
TOTAL PORTFOLIO		\$13,095,000			\$21,841.98	\$30,470,784.02	\$30,510,021.82	\$23,073.29	\$35,537,067.29	\$35,579,988.14	16.62%

Summary Portfolio Composition and Credit Quality Characteristics

<u>Security Type¹</u>	<u>September 30, 2015</u>	<u>% of Portfolio</u>	<u>June 30, 2015</u>	<u>% of Portfolio</u>
U.S. Treasuries	\$7,135,329.04	20.0%	\$7,129,006.70	4.4%
Federal Agencies	6,518,533.11	18.3%	6,517,755.06	49.1%
Commercial Paper	2,197,620.70	6.2%	3,495,195.90	0.0%
Certificates of Deposit	0.00	0.0%	0.00	0.0%
Bankers Acceptances	0.00	0.0%	0.00	0.0%
Repurchase Agreements	0.00	0.0%	0.00	0.0%
Municipal Obligations	0.00	0.0%	0.00	0.0%
Corporate Notes/Bonds	0.00	0.0%	0.00	0.0%
Mortgage Backed	0.00	0.00%	0.00	0.0%
TexPool	19,751,578.58	55.5%	13,389,906.14	46.5%
Totals	\$35,603,061.43	100.0%	\$30,531,863.80	100.0%

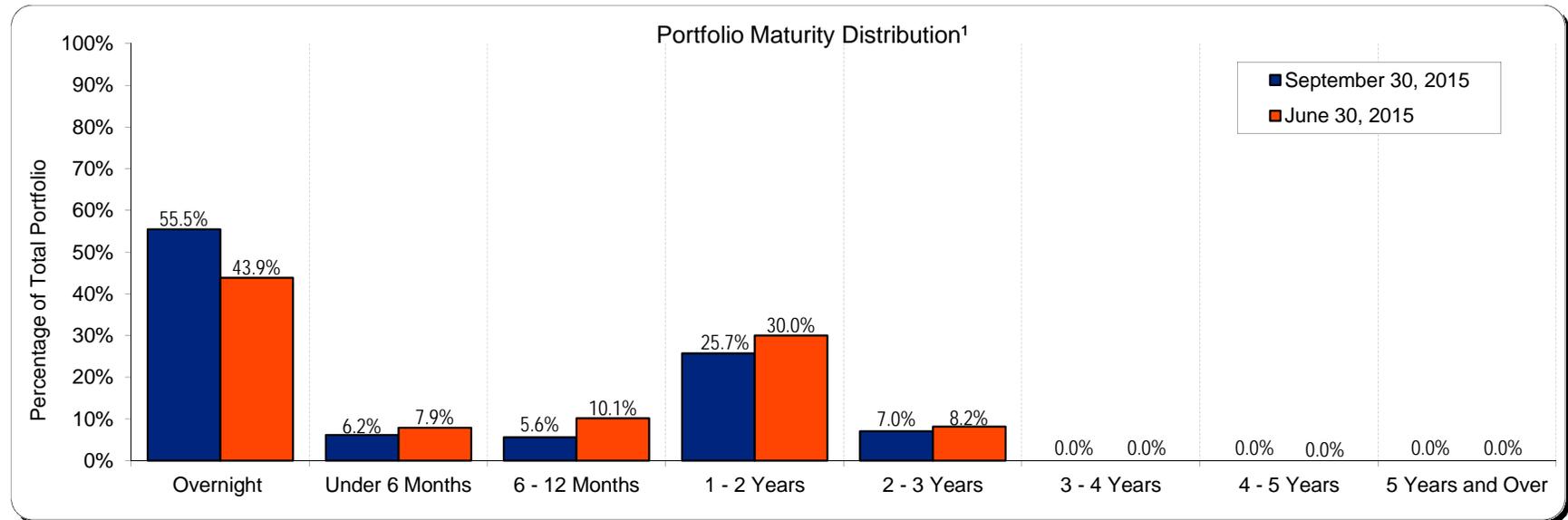


Notes:

1. End of quarter trade-date market values of portfolio holdings, including accrued interest.
2. Credit rating of securities held in portfolio, exclusive of money market fund/LGIP. Standard & Poor's is the source of the credit ratings.

Summary Portfolio Maturity Distribution

<u>Maturity Distribution¹</u>	<u>September 30, 2015</u>	<u>June 30, 2015</u>
Overnight (Money Market Fund)	\$19,751,578.58	\$13,389,906.14
Under 6 Months	2,197,620.70	2,398,237.40
6 - 12 Months	2,000,102.83	3,096,968.33
1 - 2 Years	9,157,288.09	9,154,733.82
2 - 3 Years	2,496,471.23	2,492,018.11
3 - 4 Years	0.00	0.00
4 - 5 Years	0.00	0.00
5 Years and Over	0.00	0.00
Totals	\$35,603,061.43	\$30,531,863.80



Notes:

1. Callable securities in portfolio are included in the maturity distribution analysis to their stated maturity date, although they may be called prior to maturity.

Summary Portfolio General Ledger Entries¹

Earnings Calculation		Market Value Basis	Source Document
7/31/2015			
July Market Value		25,256,216.25	1 Account Summary Page
July Accrued Interest		16,370.31	2 Account Summary Page
Less (Purchases & Deposits)		(3,406,565.78)	3 Security Transactions & Interest
Less Purchased Interest			4 Security Transactions & Interest
Add (Sales, Maturities, Paydowns, Withdrawals)		8,660,282.86	5 Security Transactions & Interest
Add Interest Receipts		14,263.73	6 Security Transactions & Interest
Less June Market Value		(30,510,021.82)	7 Account Summary Page
Less June Accrued Interest		(21,841.98)	8 Account Summary Page
Earnings		8,703.57	

Change in Investment Market Value	(5,253,805.57)	(1 - 7)
Change in Accrued Interest	(5,471.67)	(2 - 8)
Change in Cash	5,267,980.81	(sum 3 thru 6)

Investment Entries			
<i>To Record Investment Activity</i>	Debit	Credit	Source Document
Cash	5,253,717.08		Security Transactions & Interest
Investments		5,253,805.57	Amortization/Accretion
Investment Income	88.49		Earnings
To record investment income/changes			
Cash	14,263.73		Security Transactions & Interest
Accrued Interest		5,471.67	Accrued Interest Difference
Investment Income		8,792.06	Earnings
To record interest income/changes			

Notes:

1. Earnings are calculated using Market Value. This includes unrealized gains and losses, and income.

Summary Portfolio General Ledger Entries¹

Earnings Calculation		Market Value Basis	Source Document
8/31/2015			
August Market Value		36,062,824.87	1 Account Summary Page
August Accrued Interest		24,489.86	2 Account Summary Page
Less (Purchases & Deposits)		(16,532,325.32)	3 Security Transactions & Interest
Less Purchased Interest			4 Security Transactions & Interest
Add (Sales, Maturities, Paydowns, Withdrawals)		5,713,978.77	5 Security Transactions & Interest
Add Interest Receipts		852.62	6 Security Transactions & Interest
Less July Market Value		(25,256,868.76)	7 Account Summary Page
Less July Accrued Interest		(16,370.31)	8 Account Summary Page
Earnings		(3,418.27)	

Change in Investment Market Value	10,805,956.11	(1 - 7)
Change in Accrued Interest	8,119.55	(2 - 8)
Change in Cash	(10,817,493.93)	(sum 3 thru 6)

Investment Entries			
<i>To Record Investment Activity</i>			
	Debit	Credit	Source Document
Cash		10,818,346.55	Security Transactions & Interest
Investments	10,805,956.11		Amortization/Accretion
Investment Income	12,390.44		Earnings
To record investment income/changes			
Cash	852.62		Security Transactions & Interest
Accrued Interest	8,119.55		Accrued Interest Difference
Investment Income		8,972.17	Earnings
To record interest income/changes			

Notes:

1. Earnings are calculated using Market Value. This includes unrealized gains and losses, and income.

Summary Portfolio General Ledger Entries¹

Earnings Calculation		
9/30/2015	Market Value Basis	Source Document
September Market Value	35,578,617.17	1 Account Summary Page
September Accrued Interest	23,073.29	2 Account Summary Page
Less (Purchases & Deposits)	(494,168.02)	3 Security Transactions & Interest
Less Purchased Interest		4 Security Transactions & Interest
Add (Sales, Maturities, Paydowns, Withdrawals)	1,000,000.00	5 Security Transactions & Interest
Add Interest Receipts	10,745.98	6 Security Transactions & Interest
Less August Market Value	(36,063,677.49)	7 Account Summary Page
Less August Accrued Interest	(24,489.86)	8 Account Summary Page
Earnings	30,101.07	

Change in Investment Market Value	(485,060.32)	(1 - 7)
Change in Accrued Interest	(1,416.57)	(2 - 8)
Change in Cash	516,577.96	(sum 3 thru 6)

Investment Entries			
<i>To Record Investment Activity</i>	Debit	Credit	Source Document
Cash	505,831.98		Security Transactions & Interest
Investments		485,060.32	Amortization/Accretion
Investment Income		20,771.66	Earnings
To record investment income/changes			
Cash	10,745.98		Security Transactions & Interest
Accrued Interest		1,416.57	Accrued Interest Difference
Investment Income		9,329.41	Earnings
To record interest income/changes			

Notes:

1. Earnings are calculated using Market Value. This includes unrealized gains and losses, and income.

Pooled Funds Portfolio Statistics

<u>Account Name</u>	Amortized Cost^{1,2,3} September 30, 2015	Amortized Cost ^{1,2,3} June 30, 2015	Market Value^{1,2,3} September 30, 2015	Market Value ^{1,2,3} June 30, 2015	Duration (Years) September 30, 2015
Pooled Funds	\$2,197,493.24	\$3,495,138.00	\$2,197,620.70	\$3,495,195.90	0.29

<u>Account Name</u>	Yield to Maturity at Cost⁴ September 30, 2015	Yield to Maturity at Cost ⁴ June 30, 2015	Yield to Maturity at Market September 30, 2015	Yield to Maturity at Market June 30, 2015	Duration (Years) June 30, 2015
Pooled Funds	0.39%	0.37%	0.33%	0.29%	0.36

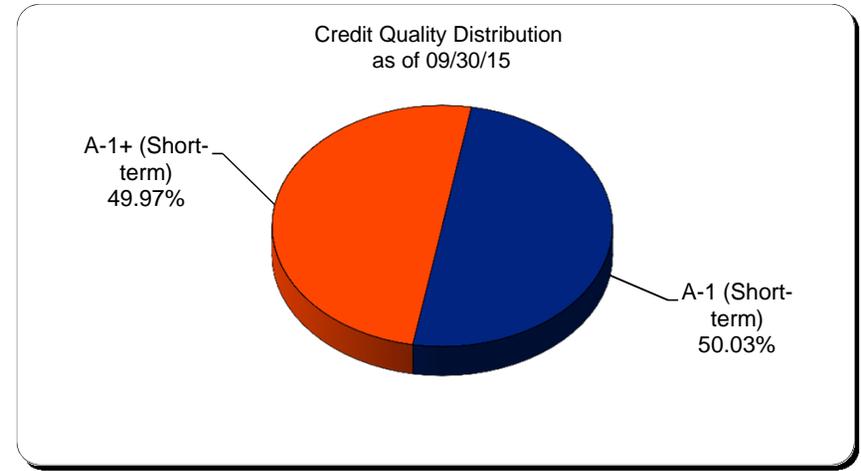
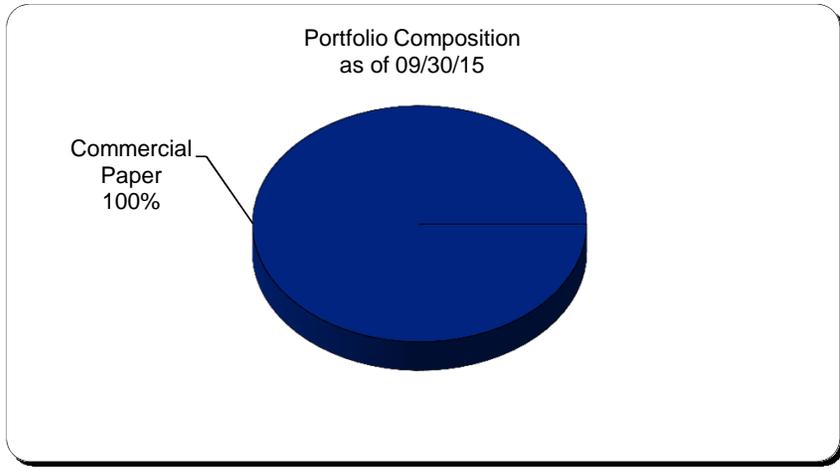
<u>Benchmarks⁵</u>	September 30, 2015	June 30, 2015
TexPool ⁶	0.09%	0.06%

Notes:

1. On a trade-date basis, including accrued interest.
2. In order to comply with GASB accrual accounting reporting requirements; forward settling trades are included in the monthly balances.
3. Excludes any money market fund/cash balances held in custodian account.
4. Past performance is not indicative of future results.
5. Yields presented on an annualized basis as of September 30, 2015.
6. TexPool yield is obtained from www.texpool.com.

Pooled Funds Portfolio Composition and Credit Quality Characteristics

<u>Security Type¹</u>	<u>September 30, 2015</u>	<u>% of Portfolio</u>	<u>June 30, 2015</u>	<u>% of Portfolio</u>
U.S. Treasuries	\$0.00	0.00%	\$0.00	0.00%
Federal Agencies	0.00	0.00%	0.00	0.00%
Commercial Paper	2,197,620.70	100.00%	3,495,195.90	100.00%
Commercial Paper - TLGP	0.00	0.00%	0.00	0.00%
Certificates of Deposit	0.00	0.00%	0.00	0.00%
Bankers Acceptances	0.00	0.00%	0.00	0.00%
Repurchase Agreements	0.00	0.00%	0.00	0.00%
Municipal Obligations	0.00	0.00%	0.00	0.00%
Corporate Notes/Bonds	0.00	0.00%	0.00	0.00%
Mortgage Backed	0.00	0.00%	0.00	0.00%
Money Market Fund/Cash	0.00	0.00%	0.00	0.00%
Totals	\$2,197,620.70	100.00%	\$3,495,195.90	100.00%

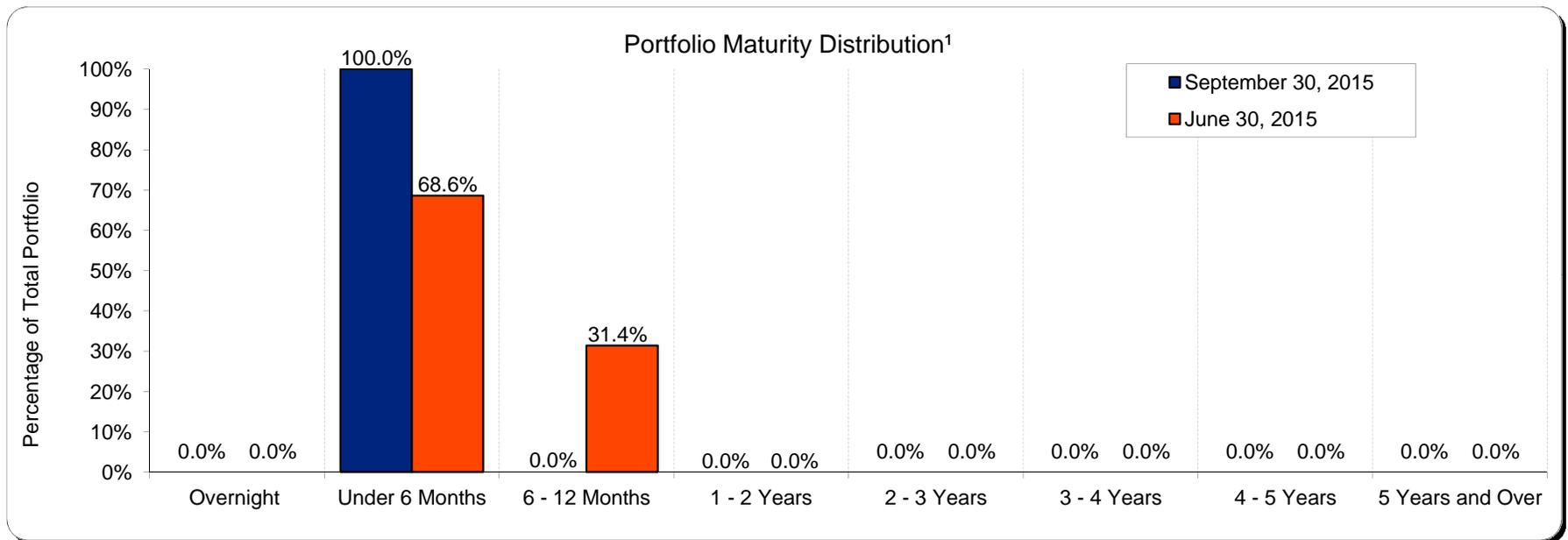


Notes:

1. End of quarter trade-date market values of portfolio holdings, including accrued interest.
2. Credit rating of securities held in portfolio, exclusive of money market fund/LGIP. Standard & Poor's is the source of the credit ratings.

Pooled Funds Portfolio Maturity Distribution

<u>Maturity Distribution¹</u>	<u>September 30, 2015</u>	<u>June 30, 2015</u>
Overnight (Money Market Fund)	\$0.00	\$0.00
Under 6 Months	2,197,620.70	2,398,237.40
6 - 12 Months	0.00	1,096,958.50
1 - 2 Years	0.00	0.00
2 - 3 Years	0.00	0.00
3 - 4 Years	0.00	0.00
4 - 5 Years	0.00	0.00
5 Years and Over	0.00	0.00
Totals	\$2,197,620.70	\$3,495,195.90



Notes:

1. Callable securities in portfolio are included in the maturity distribution analysis to their stated maturity date, although they may be called prior to maturity.

Long Term Pooled Fund Portfolio Performance

Total Portfolio Value ¹	September 30, 2015	June 30, 2015
Market Value	\$13,653,862.15	\$13,646,761.76
Amortized Cost	\$13,611,068.76	\$13,607,581.86

Total Return ^{2,3,4,5}	Quarterly Return September 30, 2015	Last 12 Months	Last 2 Years	Last 5 Years	Last 7 Years	Since Inception June 30, 2006
Long Term Pooled Fund	0.22%	0.98%	0.80%	0.72%	1.51%	2.49%
Merrill Lynch 1-3 Year U.S. Treasury Note Index	0.31%	1.16%	0.83%	0.76%	1.39%	2.55%

Effective Duration(Years) ^{4,5}	September 30, 2015	June 30, 2015	Yields	September 30, 2015	June 30, 2015
Long Term Pooled Fund	1.42	1.67	Yield at Market	0.56%	0.58%
Merrill Lynch 1-3 Year U.S. Treasury Note Index	1.79	1.80	Yield at Cost	0.78%	0.78%
Portfolio Duration % of Benchmark Duration	80%	93%			

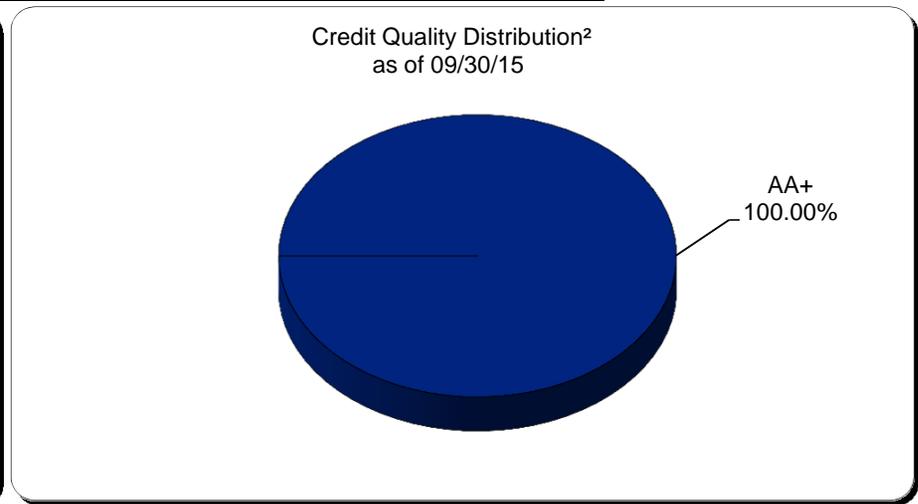
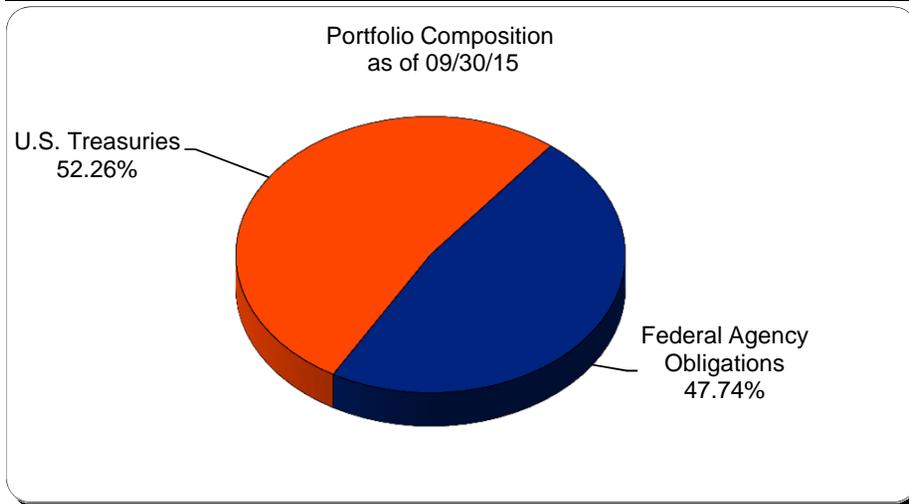


Notes:

1. In order to comply with GASB accrual accounting reporting requirements; forward settling trades are included in the monthly balances. End of quarter trade-date market values of portfolio holdings, including accrued interest.
2. Performance on trade date basis, gross (i.e., before fees), is in accordance with The CFA Institute's Global Investment Performance Standards (GIPS). Quarterly returns are presented on an unannualized basis. Returns presented for 12 months or longer are presented on an annual basis. Past performance is not indicative of future results.
3. Since Inception the benchmark has been the Merrill Lynch 1-3 Year U.S. Treasury Note.
4. Merrill Lynch Indices provided by Bloomberg Financial Markets.
5. Excludes money market fund/cash in performance and duration computations.

Long Term Pooled Fund Portfolio Composition and Credit Quality Characteristics

<u>Security Type¹</u>	<u>September 30, 2015</u>	<u>% of Portfolio</u>	<u>June 30, 2015</u>	<u>% of Portfolio</u>
U.S. Treasuries	\$7,135,329.04	52.3%	\$7,129,006.70	52.2%
Federal Agencies	6,518,533.11	47.7%	6,517,755.06	47.8%
Commercial Paper	0.00	0.0%	0.00	0.0%
Certificates of Deposit	0.00	0.0%	0.00	0.0%
Bankers Acceptances	0.00	0.0%	0.00	0.0%
Repurchase Agreements	0.00	0.0%	0.00	0.0%
Municipal Obligations	0.00	0.0%	0.00	0.0%
Corporate Notes/Bonds	0.00	0.0%	0.00	0.0%
Mortgage Backed	0.00	0.0%	0.00	0.0%
Money Market Fund/Cash	0.00	0.0%	0.00	0.0%
Totals	\$13,653,862.15	100.0%	\$13,646,761.76	100.0%

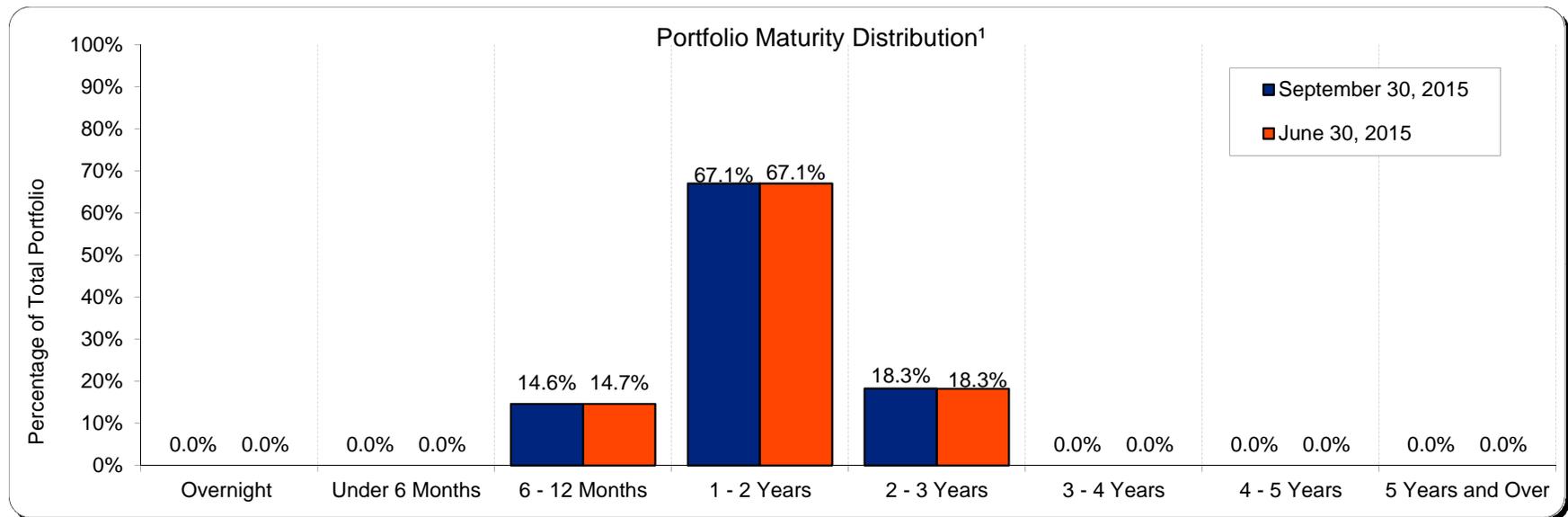


Notes:

1. End of quarter trade-date market values of portfolio holdings, including accrued interest.
2. Credit rating of securities held in portfolio, exclusive of money market fund/LGIP. Standard & Poor's is the source of the credit ratings.

Long Term Pooled Fund Portfolio Maturity Distribution

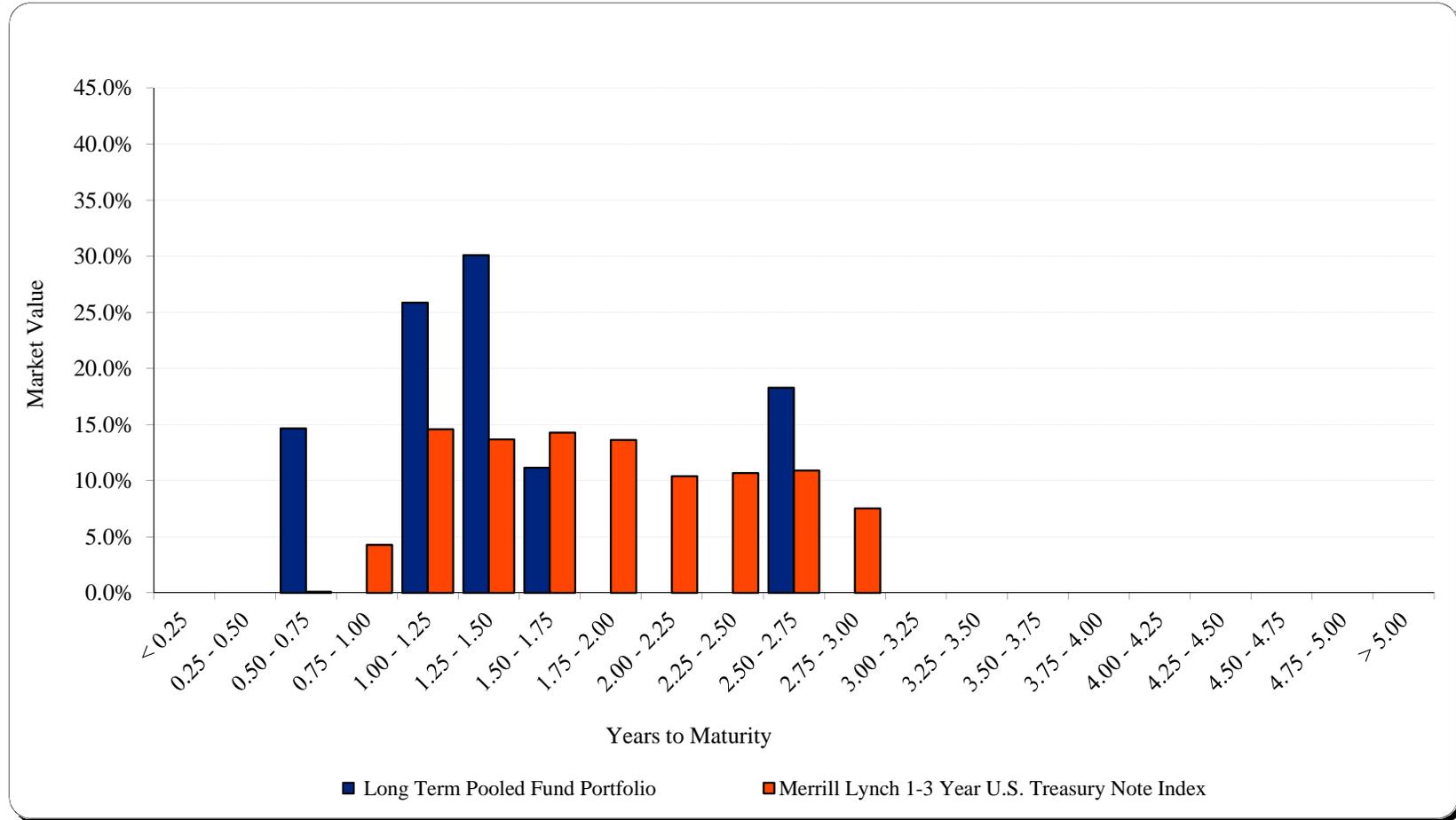
<u>Maturity Distribution¹</u>	<u>September 30, 2015</u>	<u>June 30, 2015</u>
Overnight (Money Market Fund)	\$0.00	\$0.00
Under 6 Months	0.00	0.00
6 - 12 Months	2,000,102.83	2,000,009.83
1 - 2 Years	9,157,288.09	9,154,733.82
2 - 3 Years	2,496,471.23	2,492,018.11
3 - 4 Years	0.00	0.00
4 - 5 Years	0.00	0.00
5 Years and Over	0.00	0.00
Totals	\$13,653,862.15	\$13,646,761.76



Notes:

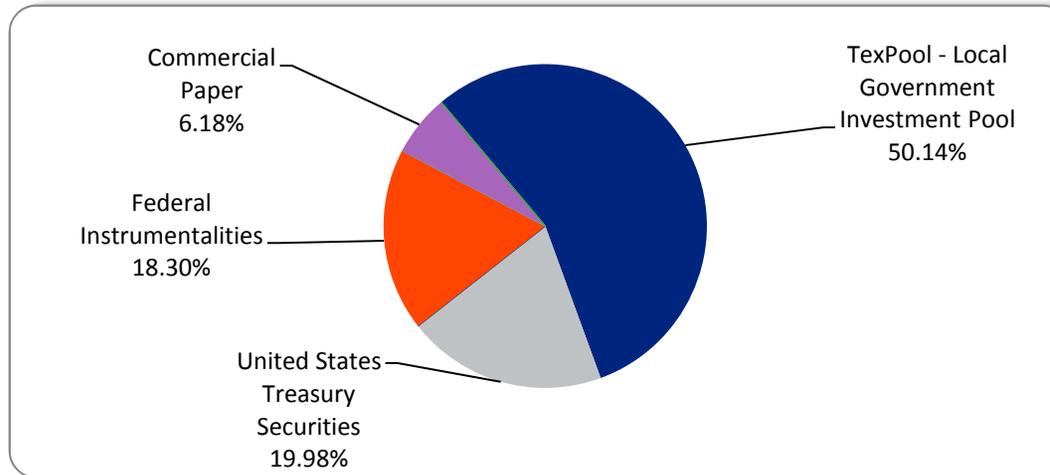
1. Callable securities in portfolio are included in the maturity distribution analysis to their stated maturity date, although they may be called prior to maturity.

Long Term Pooled Fund Portfolio Maturity Distribution versus the Benchmark¹



Notes:

1. Due to the nature of the security, Mortgage-Backed Securities are represented based on their average life maturity rather than their final maturity.



Security Type ¹	Amortized Cost (Includes Interest)	Allocation Percentage	Notes	Permitted by Policy	In Compliance
TexStar - Local Government Investment Pool	-	0.00%		100%	YES
TexPool - Local Government Investment Pool	19,751,578.58	55.54%		100%	YES
United States Treasury Securities	7,104,028.63	19.98%		100%	YES
United States Government Agency Securities	-	0.00%		100%	YES
Federal Instrumentalities	6,507,040.13	18.30%	2	100%	YES
Mortgage-Backed Securities	-	0.00%	2,3	20%	YES
Certificates of Deposit	-	0.00%		20%	YES
Repurchase Agreements	-	0.00%		20%	YES
Commercial Paper	2,197,493.24	6.18%		25%	YES
Corporate Notes TLGP - FDIC Insured	-	0.00%		50%	YES
Bankers' Acceptances	-	0.00%		25%	YES
State and/or Local Government Debt	-	0.00%		25%	YES
Fixed Income Money Market Mutual Funds	-	0.00%		50%	YES

Notes:

1. End of month trade-date amortized cost of portfolio holdings, including accrued interest.
2. The combined total of Federal Instrumentalities and Mortgage Backed Securities can not be more than 100%. The combined total as of September 30, 2015 is 18.30%.
3. The Investment Policy does allow for Government and Federal Agency mortgage backed securities (MBS'). Which is limited to GNMA, FHLMC, and FNMA mortgage backed securities. GNMA securities have the full faith and credit of the United States Treasury. As of September 6, 2008, FHLMC and FNMA have been under conservatorship with the United States Treasury. PFM has imposed an internal maximum allocation limit of 20% in MBS'. PFM will notify the City prior to adding MBS' to the portfolio.

Individual Issuer Breakdown	Amortized Cost (Includes Interest)	Allocation Percentage	Notes	Permitted by Policy	In Compliance
Government National Mortgage Association (GNMA)	-	0.00%		40%	YES
Federal Farm Credit Bank (FFCB)	-	0.00%		40%	YES
Federal Home Loan Bank (FHLB)	1,999,178.89	5.62%		40%	YES
Federal National Mortgage Association (FNMA)	-	0.00%		40%	YES
Federal Home Loan Mortgage Corporation (FHLMC)	4,507,861.24	12.68%		40%	YES
Bank of Tokyo Mitsubishi, Inc. Commercial Paper	1,099,256.90	3.09%		5%	YES
Toyota Motor Corporation Commercial Paper	1,098,236.34	3.09%		5%	YES

Investment Officer's Certification

This report is prepared for City of Rowlett (the "City") in accordance with Chapter 2256 of the Public Funds Investment Act ("PFIA"). Section 2256.023(a) of the PFIA states that "Not less than quarterly, the investment officer shall prepare and submit to the governing body of the entity a written report of the investment transactions for all funds covered by this chapter for the preceding reporting period." This report which covers the month ended September 30, 2015, is signed by the City's investment officers and includes the disclosures required in the PFIA.

The investment portfolio complied with the PFIA and the City's approved Investment Policy and Strategy throughout the month. All investment transactions made in the City's portfolio during this month were made on behalf of the City and were made in full compliance with the PFIA and the City's approved Investment Policy.

Kim Galvin, CGFO, MPA, Director of Financial Services

Wendy Badgett, Assistant Director of Financial Services

TAB III

Insert Month End Statement here to complete the report.

In consideration of the safety and security of our client's sensitive information, PFM Asset Management's compliance department does not allow the inclusion of month end statements in any electronic communication including this version of the quarterly performance report.

Statements are available online at **www.pfm.com** login and click on the link to "Monthly Statements" on the left side of the screen.

The most current statements are always available to the client online, however they can only be accessed with the designated username and password.

TAB IV