City of Galveston, Texas

Review of Investment Performance
Quarter Ended September 30, 2016

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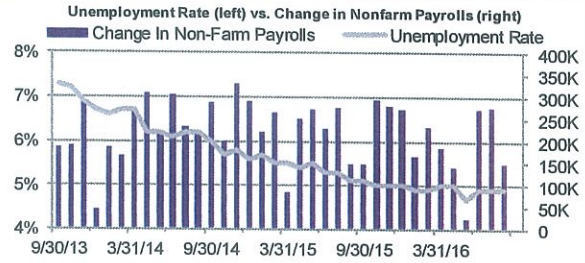
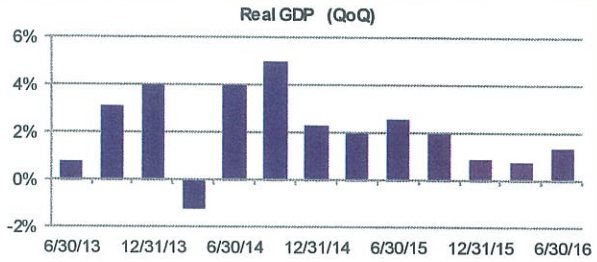
Economic Snapshot

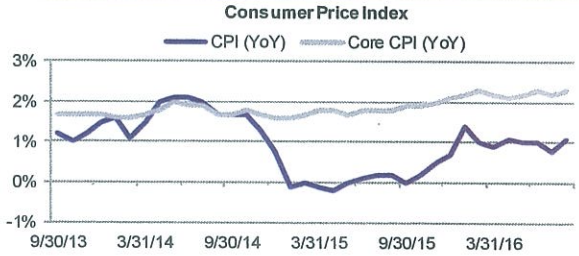
Labor Market		Latest	Jun 2016	Sep 2015
Unemployment Rate	Aug'16	4.9%	4.9%	5.1%
Change In Non-Farm Payrolls	Aug'16	151,000	271,000	149,000
Average Hourly Earnings (YoY)	Aug'16	2.4%	2.6%	2.4%
Personal Income (YoY)	Aug'16	3.1%	3.1%	4.0%
Initial Jobless Claims (week)	9/23/16	254,000	270,000	277,000



Growth				
Real GDP (QoQ SAAR)	2016Q2	1.4%	0.8%[1]	2.6%[2]
GDP Personal Consumption (QoQ SAAR)	2016Q2	4.3%	1.6%[1]	2.9%[2]
Retail Sales (YoY)	Aug'16	1.9%	2.8%	2.1%
ISM Manufacturing Survey (month)	Aug'16	49.4	53.2	50.0
Existing Home Sales SAAR (month)	Aug'16	5.33 mil.	5.57 mil.	5.44 mil.



Inflation / Prices				
Personal Consumption Expenditures (YoY)	Aug'16	1.0%	0.9%	0.2%
Consumer Price Index (YoY)	Aug'16	1.1%	1.0%	0.0%
Consumer Price Index Core (YoY)	Aug'16	2.3%	2.3%	1.9%
Crude Oil Futures (WTI, per barrel)	Sep 30	$48.24	$48.33	$45.09
Gold Futures (oz.)	Sep 30	$1,313	$1,321	$1,116

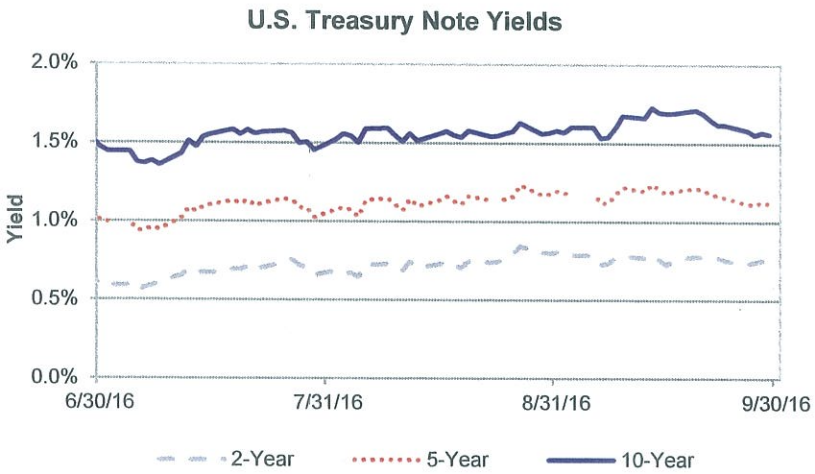


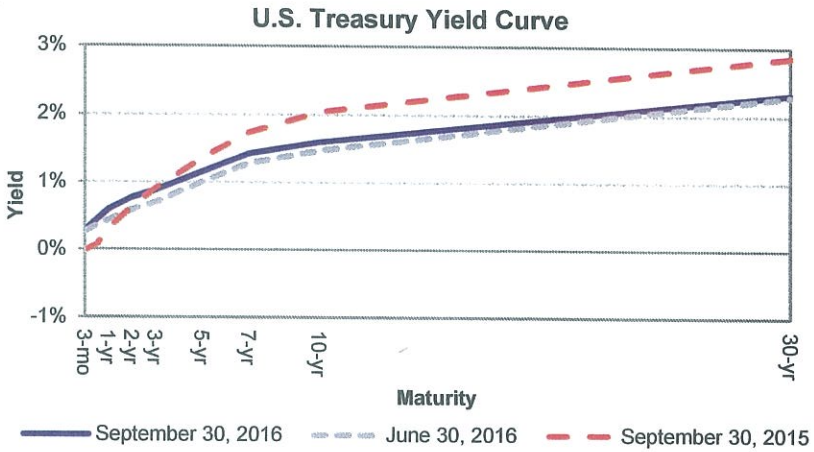
1. Data as of First Quarter 2016 *2. Data as of Second Quarter 2015*

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

Source: Bloomberg

Interest Rate Overview

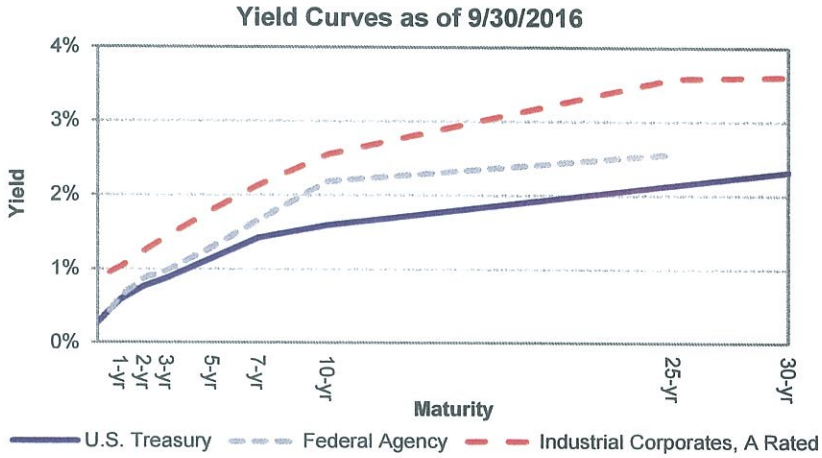




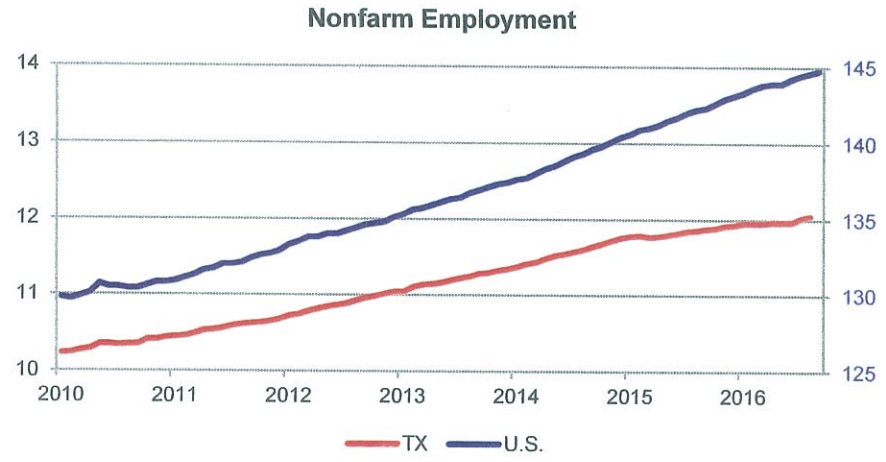
U.S. Treasury Yields

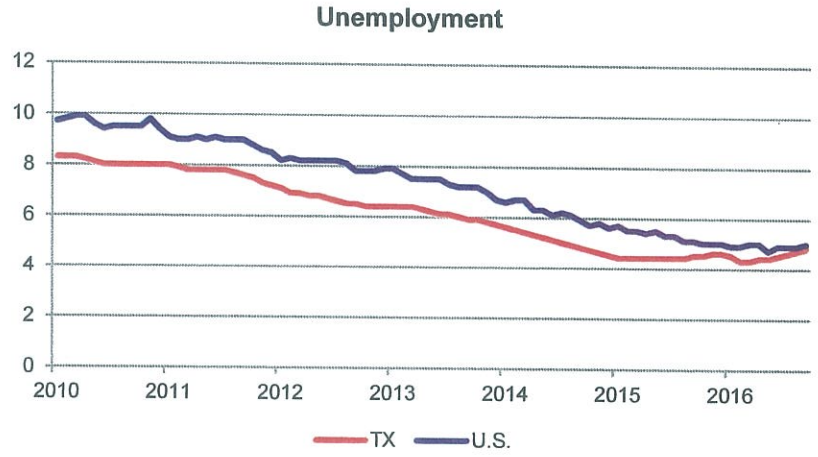
Maturity	9/30/16	6/30/16	Change over Quarter	9/30/15	Change over Year
3-month	0.28%	0.26%	0.02%	(0.02%)	0.30%
1-year	0.59%	0.44%	0.15%	0.31%	0.28%
2-year	0.76%	0.58%	0.18%	0.63%	0.13%
5-year	1.15%	1.00%	0.15%	1.36%	(0.21%)
10-year	1.60%	1.47%	0.13%	2.04%	(0.44%)
30-year	2.32%	2.29%	0.03%	2.85%	(0.53%)

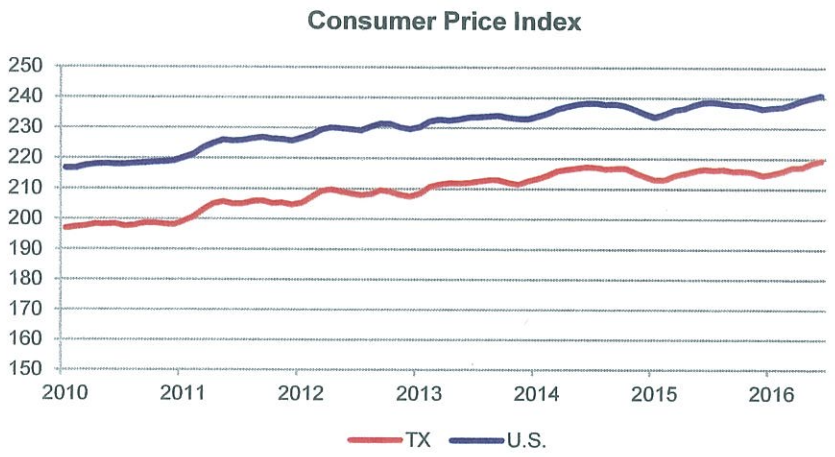
Source: Bloomberg

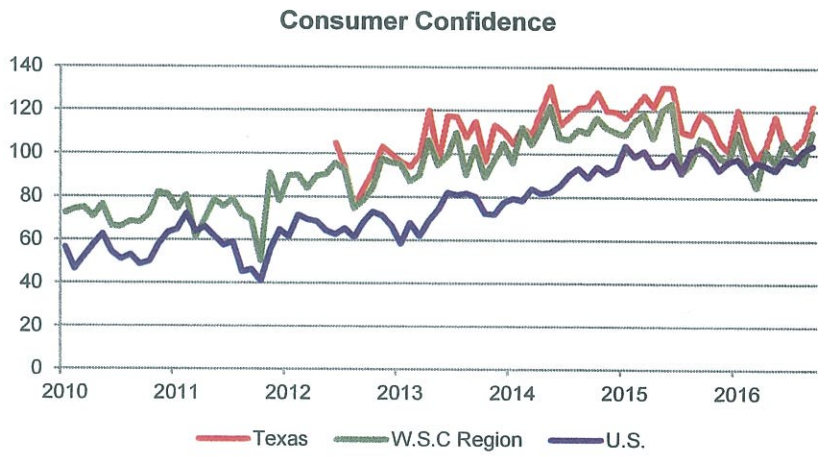


Texas Economic Indicators









Source: Texas Workforce Commission; U.S. Bureau of Labor Statistics; The Conference Board

Portfolio Summary

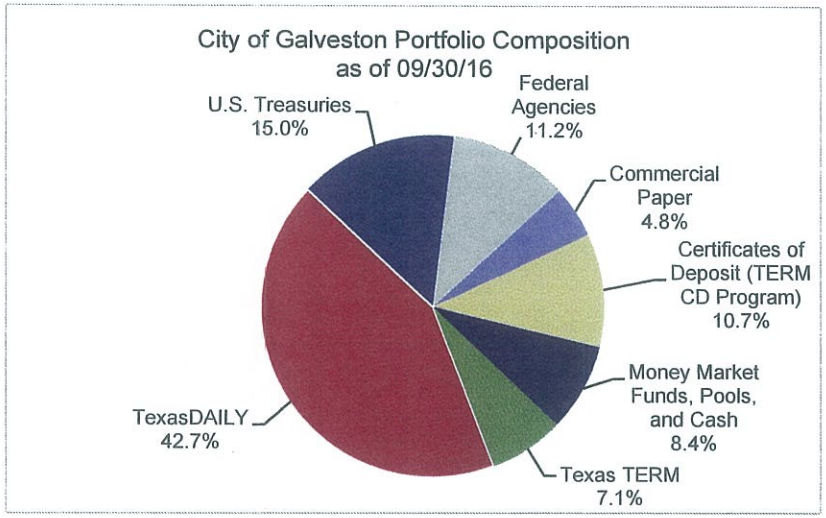
Combined Funds	September 30, 2016	June 30, 2016	Change
Combined Funds (Market Value)	**$102,752,372.45**	$98,402,862.62	$4,349,509.83
Combined Funds (Book Value)	**$102,693,208.77**	$98,304,314.25	$4,388,894.52
Unrealized Gain/ Loss	**$59,163.68**	$98,548.37	($39,384.69)
Accrued Interest	**$65,249.42**	$31,513.78	$33,735.64
Portfolio WAM	**140 days**	151 days	

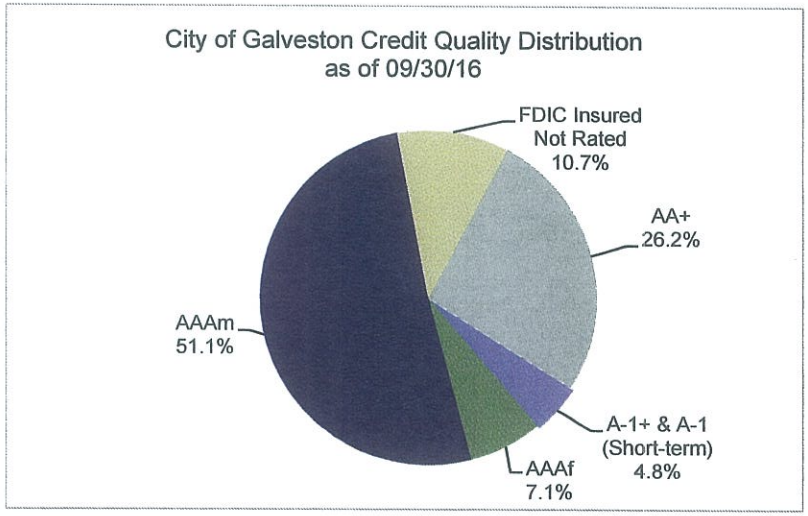
Combined Funds

- The portfolio is primarily invested in U.S. Treasury, Federal Agency securities, Commercial Paper, and FDIC Insured Certificates of Deposit with pool and bank deposits. Overall, the portfolio provides significant liquidity and maintains a high credit quality.
- The portfolio complies with Texas statutes and the City's investment policy.
- Bank Account / Pool Balances (as of 09/30/2016):
  - TexasDAILY: $43,936,292.94
  - Frost Sweep: $ 6,882,000.00
  - TexPOOL: $ 1,703,186.51
  - BofA Demand: $ 42,677.94
- PFMAM continues to monitor the market for opportunities to invest current pool balances in securities with longer maturities.
- We will continue to work closely with the City to make investment recommendations based on the City's cash flow needs and liquidity requirements.

Composite Portfolio Composition and Credit Quality

Security Type[1]	September 30, 2016	% of Portfolio[2]	June 30, 2016	% of Portfolio[2]	Permitted by Investment Policy
U.S. Treasuries	**$15,443,794.03**	**15.0%**	$15,474,101.53	15.7%	90%
Federal Agencies	**$11,540,380.45**	**11.2%**	$6,522,024.48	6.6%	90%
* Commercial Paper	**$4,967,290.00**	**4.8%**	$0.00	0.0%	35%
Certificates of Deposit (TERM CD Program)	**$11,052,000.00**	**10.7%**	$15,516,000.00	15.8%	50%
Money Market Funds, Pools, and Cash (Frost Sweep, TexPOOL, BofA Demand)	**$8,627,864.45**	**8.4%**	$6,137,581.40	6.2%	100%
Texas TERM	**$7,250,000.00**	**7.1%**	$18,000,000.00	18.3%	100%
TexasDAILY	**$43,936,292.94**	**42.7%**	$36,784,668.99	37.4%	100%
Totals	**$102,817,621.87**	**100.0%**	**$98,434,376.40**	**100.0%**	



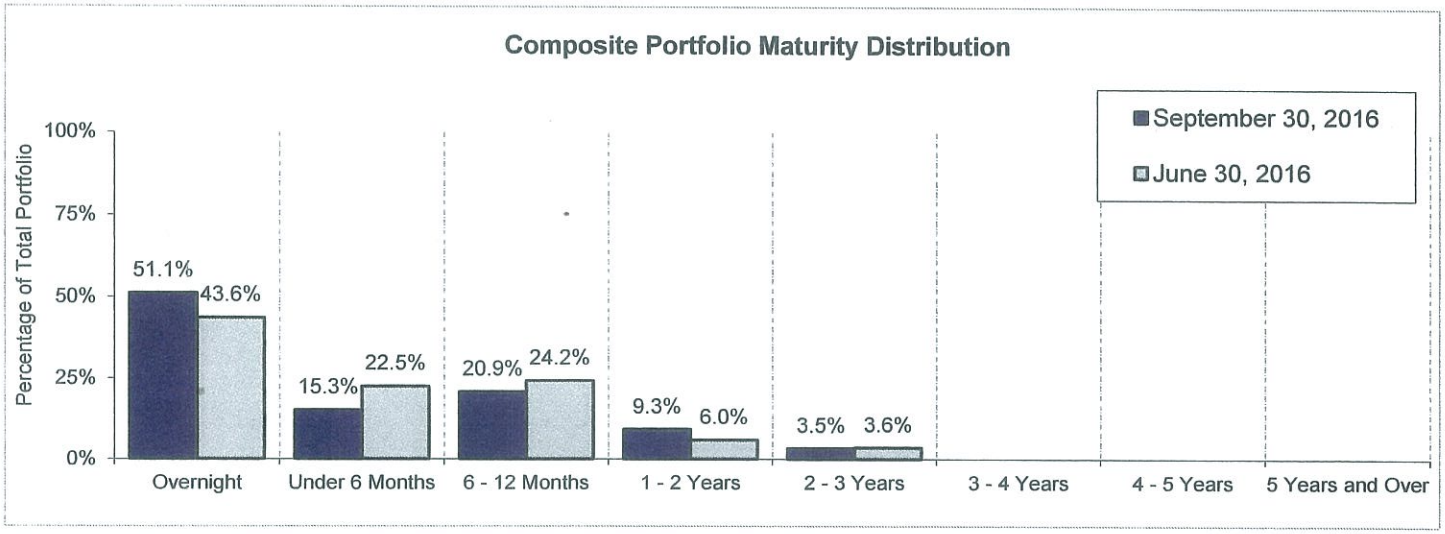


Notes:
1. End of quarter trade-date market values of portfolio holdings, including accrued interest
2. Percentages may not add up to 100% due to rounding.

*Purchases made out of compliance with City's policy

Composite Portfolio Maturity Distribution

Maturity Distribution	September 30, 2016	June 30, 2016
Overnight	**$52,564,157.39**	$42,922,250.39
Under 6 Months	**15,693,947.06**	22,186,427.81
6 - 12 Months	**21,470,784.73**	23,844,115.75
1 - 2 Years	**9,520,613.91**	5,893,265.85
2 - 3 Years	**3,568,118.78**	3,588,316.60
3 - 4 Years	**0.00**	0.00
4 - 5 Years	**0.00**	0.00
5 Years and Over	**0.00**	0.00
	$102,817,621.87	**$98,434,376.40**



TexasTERM Holdings

Settlement Date	Term Description	Investment Amount	Maturity Date	Value at Maturity	Rate
7/6/2016	TERM - TexasTERM EE 1217	750,000.00	12/6/2016	752,420.75	0.77%
6/7/2016	TERM - TexasTERM DD 1216	1,000,000.00	12/30/2016	1,004,402.19	0.78%
7/21/2016	TERM - TexasTERM EE 1217	$500,000.00	1/19/2017	$502,044.38	0.82%
5/5/2016	TERM - TexasTERM EE 1217	$1,000,000.00	1/30/2017	$1,006,213.70	0.84%
5/10/2016	TERM - TexasTERM EE 1217	$1,000,000.00	2/3/2017	$1,006,190.68	0.84%
5/25/2016	TERM - TexasTERM EE 1217	$1,000,000.00	2/17/2017	$1,006,314.52	0.86%
6/1/2016	TERM - TexasTERM EE 1217	$1,000,000.00	2/24/2017	$1,006,094.25	0.83%
6/21/2016	TERM - TexasTERM EE 1217	$1,000,000.00	3/17/2017	$1,006,190.68	0.84%
	TexasTERM	**$7,250,000.00**		**$7,289,871.15**	**0.82%**
11/9/2015	CD - First Capital Bank, TN	$248,000.00	10/4/2016	$249,681.64	0.75%
5/10/2016	CD - Landmark Community Bank, TN	$248,000.00	10/7/2016	$248,764.38	0.75%
11/2/2015	CD - Crestmark Bank, MI	$248,000.00	11/1/2016	$249,860.00	0.75%
11/2/2015	CD - Sonabank, VA	$248,000.00	11/1/2016	$249,736.00	0.70%
11/2/2015	CD - Plus International Bank, FL	$247,000.00	11/1/2016	$249,099.50	0.85%
11/2/2015	CD - Valley National Bank, Ok, OK	$248,000.00	11/1/2016	$249,934.40	0.78%
11/30/2015	CD - Solera National Bank, CO	$247,000.00	11/29/2016	$249,099.50	0.85%
11/30/2015	CD - Us Metro Bank, CA	$248,000.00	11/29/2016	$249,909.60	0.77%
12/9/2015	CD - Pacific Alliance Bank, CA	$247,000.00	12/8/2016	$249,198.30	0.89%
12/9/2015	CD - Kansas State Bank Of Manhattan, KS	$247,000.00	12/8/2016	$249,371.20	0.96%
12/18/2015	CD - T Bank, TX	$247,000.00	12/19/2016	$249,607.71	1.05%
12/18/2015	CD - Prudential Savings Bank, PA	$247,000.00	12/19/2016	$249,483.53	1.00%
1/25/2016	CD - American National Bank Of Minnesota, MN	$247,000.00	1/25/2017	$249,600.61	1.05%
1/25/2016	CD - Industrial & Commercial Bank Of China Usa, NY	$247,000.00	1/25/2017	$249,476.77	1.00%
4/3/2014	CD - Bank Leumi Usa, NY	$242,000.00	4/3/2017	$249,266.63	1.00%
4/3/2014	CD - Continental Bank, UT	$246,000.00	4/3/2017	$249,693.37	0.50%
4/3/2014	CD - Providence Bank (Fka Community First Bank, IL	$243,000.00	4/3/2017	$249,566.99	0.90%
4/3/2014	CD - Great Midwest Bank,Ssb, WI	$243,000.00	4/3/2017	$249,202.16	0.85%
4/3/2014	CD - Citizens Trust Bank, GA	$247,000.00	4/3/2017	$249,966.71	0.40%
4/3/2014	CD - Dakota Community Bank & Trust, N.A., ND	$245,000.00	4/3/2017	$249,414.03	0.60%
4/3/2014	CD - Coatesville Savings Bank, PA	$242,000.00	4/3/2017	$249,266.63	1.00%
4/3/2014	CD - California Pacific Bank, CA	$246,000.00	4/3/2017	$249,693.37	0.50%

TexasTERM Holdings

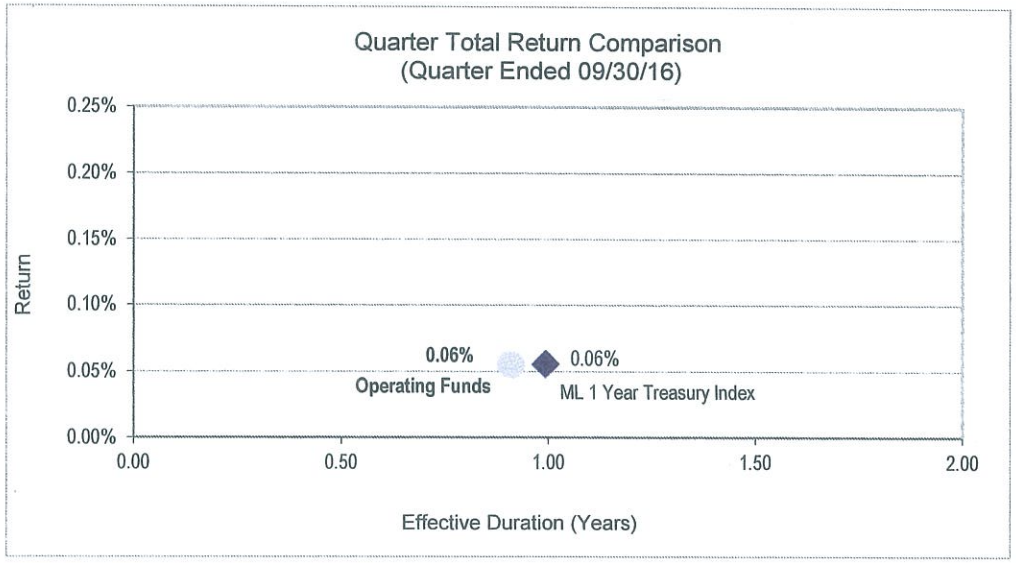
Settlement Date	Term Description	Investment Amount	Maturity Date	Value at Maturity	Rate
4/4/2014	CD - Sutton Bank, OH	$245,000.00	4/4/2017	$249,119.76	0.56%
4/4/2014	CD - Dmb Community Bank, WI	$245,000.00	4/4/2017	$249,414.03	0.60%
4/4/2014	CD - Mifflinburg Bank & Trust Company, PA	$245,000.00	4/4/2017	$249,046.19	0.55%
4/4/2014	CD - Stratford State Bank, WI	$245,000.00	4/4/2017	$249,119.76	0.56%
4/4/2014	CD - Fresno First Bank, CA	$245,000.00	4/4/2017	$249,119.76	0.56%
4/4/2014	CD - Farmers & Merchants State Bank, SD	$242,000.00	4/4/2017	$249,266.63	1.00%
4/4/2014	CD - First Central Bank, NE	$245,000.00	4/4/2017	$249,119.76	0.56%
4/4/2014	CD - Seaside National Bank & Trust, FL	$244,000.00	4/4/2017	$249,055.41	0.69%
4/4/2014	CD - Caldwell Bank & Trust Company, LA	$244,000.00	4/4/2017	$249,495.01	0.75%
4/10/2014	CD - First Utah Bank, UT	$244,000.00	4/11/2017	$249,206.69	0.71%
4/10/2014	CD - Wolverine Bank, Fsb, MI	$242,000.00	4/11/2017	$249,273.26	1.00%
4/10/2014	CD - Spring Bank (Formerly Checkspring Bank), NY	$242,000.00	4/11/2017	$249,273.26	1.00%
4/10/2014	CD - Centerbank, OH	$242,000.00	4/11/2017	$249,636.92	1.05%
4/10/2014	CD - City National Bank Of Taylor (The), TX	$243,000.00	4/11/2017	$249,572.98	0.90%
4/15/2014	CD - Community Resource Bank, MN	$245,000.00	4/17/2017	$249,790.59	0.65%
5/6/2016	CD - Affiliated Bank, TX	$247,000.00	4/21/2017	$249,486.92	1.05%
5/10/2016	CD - Pacific Western Bank (Acquired Security Pacific Bank, Los Angeles)	$247,000.00	5/10/2017	$249,470.00	1.00%
5/18/2016	CD - Bank Of The West, CA	$247,000.00	5/18/2017	$249,470.00	1.00%
5/18/2016	CD - Fieldpoint Private Bank & Trust, CT	$247,000.00	5/18/2017	$249,470.00	1.00%
5/18/2016	CD - Modern Bank, N.A., NY	$247,000.00	5/18/2017	$249,741.70	1.11%
6/23/2016	CD - First Home Bank, FL	$247,000.00	6/23/2017	$249,717.00	1.10%
6/27/2016	CD - Bank Of The Ozarks, AR	$247,000.00	6/27/2017	$249,445.30	0.99%
7/6/2016	CD - Franklin Synergy Bank, TN	$247,000.00	7/6/2017	$249,717.00	1.10%
	Total TERM CD Program	**$11,052,000.00**		**$11,224,920.96**	**0.83%**

Operating Funds Portfolio Performance

Total Return[1,2,3,4,5]	Quarter Ended September 30, 2016	Last 12 Months	Last 3 Years	Last 5 Years	Since Inception
City Of Galveston Operating Funds	**0.06%**	**0.85%**	**0.66%**	**0.53%**	**0.49%**
Merrill Lynch 1 Year Treasury Index	0.06%	0.54%	0.35%	0.33%	0.36%

Duration	September 30, 2016	June 30, 2016	Yields	September 30, 2016	June 30, 2016
City Of Galveston Operating Funds	**0.99**	**1.22**	Yield at Market	**0.73%**	0.55%
Merrill Lynch 1 Year Treasury Index	0.91	0.83	Yield on Cost	**0.90%**	0.86%

Combined Funds Portfolio Yield[6] **0.65%**



Notes:

1. Performance on trade date basis, gross-of-fees, in accordance with the CFA Institute's Global Investment Performance Standards.
2. Merrill Lynch Indices provided by Bloomberg Financial Markets.
3. The total returns shown for periods longer than a year are the annualized returns for the stated period. Performance numbers for periods under a year are presented on a periodic basis.
4. Since inception performance is calculated from October 1, 2010 to present quarter end date.
5. Does not include money market funds or cash equivalents in yield, performance, or duration computations.
6. Weighted average yield at cost of Composite Portfolio. Includes Operating Funds, Reserve Funds, TexasTERM, TexasTERM CDs, TexasDAILY, TexPool, Frost Sweep Balances.

PFM

Consolidated Summary Statement

Account Statement

For the Month Ending **September 30, 2016**

CITY OF GALVESTON

Portfolio Summary

Portfolio Holdings	Cash Dividends and Income	Closing Market Value
PFM Managed Account	13,750.00	31,886,215.06
Total	**$13,750.00**	**$31,886,215.06**

Investment Allocation

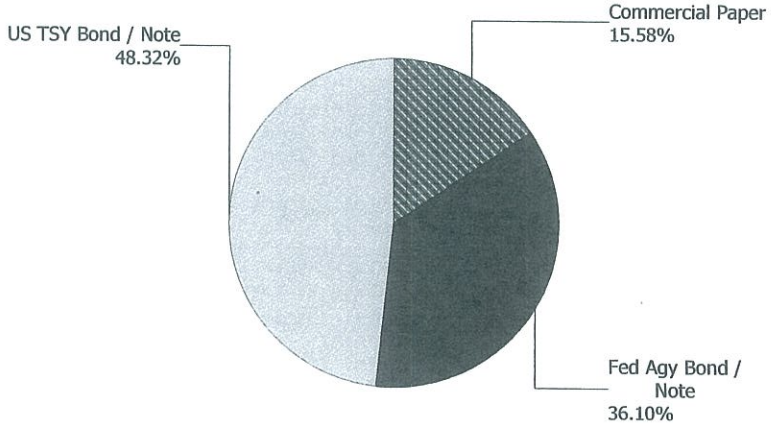
Investment Type	Closing Market Value	Percent
Commercial Paper *	4,967,290.00	15.58
Federal Agency Bond / Note	11,509,383.05	36.10
U.S. Treasury Bond / Note	15,409,542.01	48.32
Total	**$31,886,215.06**	**100.00%**

Maturity Distribution (Fixed Income Holdings)

Portfolio Holdings	Closing Market Value	Percent
Under 30 days	1,250,216.25	3.92
31 to 60 days	1,250,575.00	3.92
61 to 90 days	0.00	0.00
91 to 180 days	2,468,053.67	7.74
181 days to 1 year	13,856,514.86	43.46
1 to 2 years	11,521,796.30	36.13
2 to 3 years	1,539,058.98	4.83
3 to 4 years	0.00	0.00
4 to 5 years	0.00	0.00
Over 5 years	0.00	0.00
Total	**$31,886,215.06**	**100.00%**

Weighted Average Days to Maturity **365**

Sector Allocation



*Purchases made out of compliance with City's policy

Consolidated Summary Statement

CITY OF GALVESTON

Account Number	Account Name	Opening Market Value	Purchases / Deposits	Redemptions / Sales/ Maturities	Unsettled Trades	Change in Value	Closing Market Value	Cash Dividends and Income
30110000	CITY OF GALVESTON OPERATING FUNDS	29,871,135.89	0.00	0.00	0.00	10,939.17	29,882,075.06	13,750.00
30110200	CITY OF GALVESTON RESERVE FUND	2,003,828.00	0.00	0.00	0.00	312.00	2,004,140.00	0.00
Total		**$31,874,963.89**	**$0.00**	**$0.00**	**$0.00**	**$11,251.17**	**$31,886,215.06**	**$13,750.00**

Managed Account Summary Statement

For the Month Ending **September 30, 2016**

CITY OF GALVESTON OPERATING FUNDS - 30110000

Transaction Summary - Managed Account

Opening Market Value	**$29,871,135.89**
Maturities/Calls	0.00
Principal Dispositions	0.00
Principal Acquisitions	0.00
Unsettled Trades	0.00
Change in Current Value	10,939.17
Closing Market Value	**$29,882,075.06**

Cash Transactions Summary - Managed Account

Maturities/Calls	0.00
Sale Proceeds	0.00
Coupon/Interest/Dividend Income	13,750.00
Principal Payments	0.00
Security Purchases	0.00
Net Cash Contribution	(13,750.00)
Reconciling Transactions	0.00

Earnings Reconciliation (Cash Basis) - Managed Account

Interest/Dividends/Coupons Received	13,750.00
Less Purchased Interest Related to Interest/Coupons	0.00
Plus Net Realized Gains/Losses	0.00
Total Cash Basis Earnings	**$13,750.00**

Cash Balance

Closing Cash Balance	**$0.00**

Earnings Reconciliation (Accrual Basis)

	Total
Ending Amortized Value of Securities	29,827,725.58
Ending Accrued Interest	60,470.21
Plus Proceeds from Sales	0.00
Plus Proceeds of Maturities/Calls/Principal Payments	0.00
Plus Coupons/Dividends Received	13,750.00
Less Cost of New Purchases	0.00
Less Beginning Amortized Value of Securities	(29,823,839.68)
Less Beginning Accrued Interest	(55,853.68)
Total Accrual Basis Earnings	**$22,252.43**

Portfolio Summary and Statistics

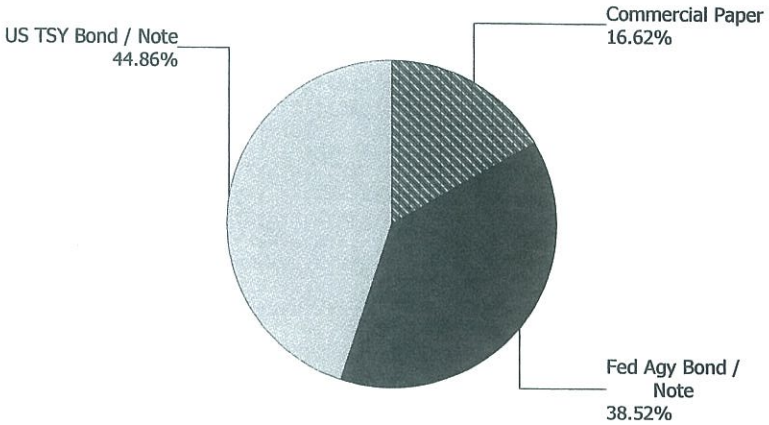
For the Month Ending **September 30, 2016**

CITY OF GALVESTON OPERATING FUNDS - 30110000

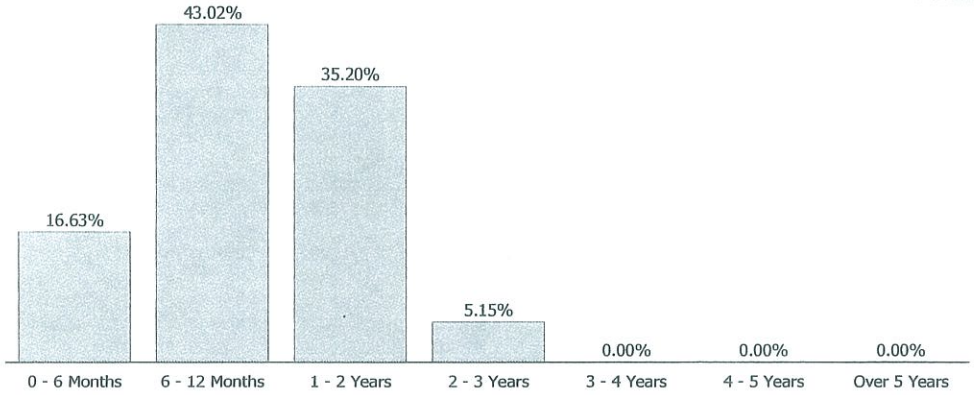
Account Summary

Description	Par Value	Market Value	Percent
U.S. Treasury Bond / Note	13,360,000.00	13,405,402.01	44.86
Federal Agency Bond / Note	11,500,000.00	11,509,383.05	38.52
Commercial Paper *	5,000,000.00	4,967,290.00	16.62
Managed Account Sub-Total	**29,860,000.00**	**29,882,075.06**	**100.00%**
Accrued Interest		60,470.21	
Total Portfolio	**29,860,000.00**	**29,942,545.27**	
Unsettled Trades	**0.00**	**0.00**	

Sector Allocation



Maturity Distribution



Characteristics

Yield to Maturity at Cost	0.90%
Yield to Maturity at Market	0.73%
Duration to Worst	0.99
Weighted Average Days to Maturity	366

*Purchases made out of compliance with City's policy

Managed Account Issuer Summary

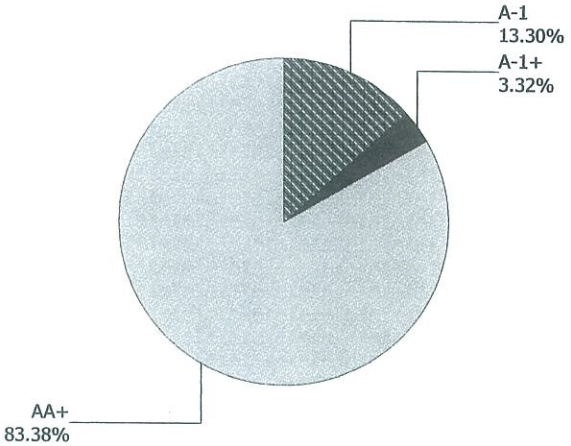
For the Month Ending **September 30, 2016**

CITY OF GALVESTON OPERATING FUNDS - 30110000

Issuer Summary

Issuer	Market Value of Holdings	Percent
BANK OF MONTREAL	992,826.00	3.32
BNP PARIBAS	992,073.00	3.32
FEDERAL HOME LOAN BANKS	6,555,069.60	21.94
FREDDIE MAC	4,954,313.45	16.58
JP MORGAN CHASE & CO	993,473.00	3.32
MITSUBISHI UFJ FINANCIAL GROUP INC	995,906.00	3.33
TOYOTA MOTOR CORP	993,012.00	3.32
UNITED STATES TREASURY	13,405,402.01	44.87
Total	**$29,882,075.06**	**100.00%**

Credit Quality (S&P Ratings)



Managed Account Detail of Securities Held

For the Month Ending **September 30, 2016**

CITY OF GALVESTON OPERATING FUNDS - 30110000

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 01/03/2012 0.875% 12/31/2016	912828RX0	1,470,000.00	AA+	Aaa	06/11/14	06/12/14	1,476,775.78	0.69	3,250.58	1,470,661.90	1,472,147.67
US TREASURY NOTES DTD 05/15/2014 0.875% 05/15/2017	912828WH9	1,500,000.00	AA+	Aaa	06/11/14	06/12/14	1,499,941.41	0.88	4,957.54	1,499,987.81	1,503,046.50
US TREASURY NOTES DTD 05/15/2014 0.875% 05/15/2017	912828WH9	2,000,000.00	AA+	Aaa	05/22/14	05/23/14	2,005,312.50	0.78	6,610.05	2,001,120.08	2,004,062.00
US TREASURY NOTES DTD 08/31/2012 0.625% 08/31/2017	912828TM2	1,365,000.00	AA+	Aaa	02/25/15	02/26/15	1,357,908.40	0.84	730.58	1,362,395.28	1,364,627.36
US TREASURY NOTES DTD 01/31/2013 0.875% 01/31/2018	912828UJ7	1,500,000.00	AA+	Aaa	02/25/15	02/26/15	1,495,957.03	0.97	2,211.28	1,498,148.63	1,503,163.50
US TREASURY NOTES DTD 04/30/2013 0.625% 04/30/2018	912828UZ1	2,000,000.00	AA+	Aaa	07/13/15	07/14/15	1,979,687.50	0.99	5,230.98	1,988,445.50	1,996,718.00
US TREASURY NOTES DTD 09/30/2011 1.375% 09/30/2018	912828RH5	2,000,000.00	AA+	Aaa	11/04/15	11/06/15	2,013,671.88	1.13	75.55	2,009,471.72	2,022,578.00
US TREASURY NOTES DTD 12/02/2013 1.250% 11/30/2018	912828A34	1,525,000.00	AA+	Aaa	12/02/15	12/07/15	1,525,953.13	1.23	6,406.25	1,525,696.04	1,539,058.98
Security Type Sub-Total		**13,360,000.00**					**13,355,207.63**	**0.95**	**29,472.81**	**13,355,926.96**	**13,405,402.01**
Federal Agency Bond / Note											
FHLMC NOTES DTD 08/16/2013 0.875% 10/14/2016	3137EADS5	1,250,000.00	AA+	Aaa	02/25/15	02/26/15	1,256,412.50	0.56	5,073.78	1,250,142.25	1,250,216.25
FHLB NOTES DTD 11/17/2014 0.625% 11/23/2016	3130A3J70	1,250,000.00	AA+	Aaa	02/25/15	02/26/15	1,250,725.00	0.59	2,777.78	1,250,060.46	1,250,575.00
FEDERAL HOME LOAN BANK GLOBAL NOTES DTD 05/04/2012 1.000% 06/21/2017	313379DD8	2,000,000.00	AA+	Aaa	07/13/15	07/14/15	2,009,860.00	0.74	5,555.56	2,003,694.22	2,005,730.00
FREDDIE MAC GLOBAL NOTES DTD 05/14/2012 1.000% 06/29/2017	3137EADH9	2,000,000.00	AA+	Aaa	07/13/15	07/14/15	2,009,920.00	0.74	5,111.11	2,003,787.38	2,005,634.00
FHLB NOTES DTD 11/20/2015 1.000% 12/19/2017	3130A6SW8	1,700,000.00	AA+	Aaa	08/15/16	08/16/16	1,705,780.00	0.74	4,816.67	1,705,244.43	1,705,001.40

Managed Account Detail of Securities Held

For the Month Ending **September 30, 2016**

CITY OF GALVESTON OPERATING FUNDS - 30110000

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											
FHLMC REFERENCE NOTE DTD 04/07/2016 0.750% 04/09/2018	3137EAEA3	1,700,000.00	AA+	Aaa	08/15/16	08/16/16	1,698,674.00	0.80	6,162.50	1,698,776.14	1,698,463.20
FHLB NOTES DTD 07/08/2016 0.625% 08/07/2018	3130A8PK3	1,600,000.00	AA+	Aaa	08/15/16	08/16/16	1,593,728.00	0.83	1,500.00	1,594,122.61	1,593,763.20
Security Type Sub-Total		**11,500,000.00**					**11,525,099.50**	**0.73**	**30,997.40**	**11,505,827.49**	**11,509,383.05**
* **Commercial Paper**											
BANK OF TOKYO MITSUBISHI COMM PAPER -- 0.000% 02/15/2017	06538BPF4	1,000,000.00	A-1	P-1	08/15/16	08/16/16	994,001.67	1.19	0.00	995,509.45	995,906.00
BNP PARIBAS NY BRANCH COMM PAPER -- 0.000% 05/12/2017	09659BSC5	1,000,000.00	A-1	P-1	08/15/16	08/16/16	989,912.50	1.36	0.00	991,637.50	992,073.00
TOYOTA MOTOR CREDIT CORP COMM PAPER -- 0.000% 05/12/2017	89233GSC1	1,000,000.00	A-1+	P-1	08/15/16	08/16/16	991,780.56	1.11	0.00	993,186.11	993,012.00
JP MORGAN SECURITIES LLC COMM PAPER -- 0.000% 05/12/2017	46640PSC8	1,000,000.00	A-1	P-1	08/15/16	08/16/16	991,930.00	1.09	0.00	993,310.00	993,473.00
BANK OF MONTREAL CHICAGO COMM PAPER -- 0.000% 05/12/2017	06366GSC4	1,000,000.00	A-1	P-1	08/17/16	08/18/16	990,814.33	1.25	0.00	992,328.07	992,826.00
Security Type Sub-Total		**5,000,000.00**					**4,958,439.06**	**1.20**	**0.00**	**4,965,971.13**	**4,967,290.00**
Managed Account Sub-Total		**29,860,000.00**					**29,838,746.19**	**0.90**	**60,470.21**	**29,827,725.58**	**29,882,075.06**
Securities Sub-Total		**$29,860,000.00**					**$29,838,746.19**	**0.90%**	**$60,470.21**	**$29,827,725.58**	**$29,882,075.06**
Accrued Interest											**$60,470.21**
Total Investments											**$29,942,545.27**

*Purchases made out of compliance with City's policy

Managed Account Fair Market Value & Analytics

For the Month Ending **September 30, 2016**

CITY OF GALVESTON OPERATING FUNDS - 30110000

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	Broker	Next Call Date	Market Price	Market Value	Unreal G/L On Cost	Unreal G/L Amort Cost	Effective Duration	Duration to Worst	YTM at Mkt
U.S. Treasury Bond / Note											
US TREASURY NOTES DTD 01/03/2012 0.875% 12/31/2016	912828RX0	1,470,000.00	RBS_SEC		100.15	1,472,147.67	(4,628.11)	1,485.77	0.25	0.25	0.29
US TREASURY NOTES DTD 05/15/2014 0.875% 05/15/2017	912828WH9	1,500,000.00	MORGANST		100.20	1,503,046.50	3,105.09	3,058.69	0.62	0.62	0.55
US TREASURY NOTES DTD 05/15/2014 0.875% 05/15/2017	912828WH9	2,000,000.00	BARCLAYS		100.20	2,004,062.00	(1,250.50)	2,941.92	0.62	0.62	0.55
US TREASURY NOTES DTD 08/31/2012 0.625% 08/31/2017	912828TM2	1,365,000.00	MERRILL		99.97	1,364,627.36	6,718.96	2,232.08	0.91	0.91	0.65
US TREASURY NOTES DTD 01/31/2013 0.875% 01/31/2018	912828UJ7	1,500,000.00	CITIGRP		100.21	1,503,163.50	7,206.47	5,014.87	1.32	1.32	0.72
US TREASURY NOTES DTD 04/30/2013 0.625% 04/30/2018	912828UZ1	2,000,000.00	CITIGRP		99.84	1,996,718.00	17,030.50	8,272.50	1.57	1.57	0.73
US TREASURY NOTES DTD 09/30/2011 1.375% 09/30/2018	912828RH5	2,000,000.00	CITIGRP		101.13	2,022,578.00	8,906.12	13,106.28	1.97	1.97	0.80
US TREASURY NOTES DTD 12/02/2013 1.250% 11/30/2018	912828A34	1,525,000.00	BNP PARI		100.92	1,539,058.98	13,105.85	13,362.94	2.13	2.13	0.82
Security Type Sub-Total		**13,360,000.00**				**13,405,402.01**	**50,194.38**	**49,475.05**	**1.21**	**1.21**	**0.65**
Federal Agency Bond / Note											
FHLMC NOTES DTD 08/16/2013 0.875% 10/14/2016	3137EADS5	1,250,000.00	GOLDMAN		100.02	1,250,216.25	(6,196.25)	74.00	0.04	0.04	0.43
FHLB NOTES DTD 11/17/2014 0.625% 11/23/2016	3130A3J70	1,250,000.00	WELLSFAR		100.05	1,250,575.00	(150.00)	514.54	0.15	0.15	0.31
FEDERAL HOME LOAN BANK GLOBAL NOTES DTD 05/04/2012 1.000% 06/21/2017	313379DD8	2,000,000.00	BMO		100.29	2,005,730.00	(4,130.00)	2,035.78	0.72	0.72	0.60
FREDDIE MAC GLOBAL NOTES DTD 05/14/2012 1.000% 06/29/2017	3137EADH9	2,000,000.00	BNP PARI		100.28	2,005,634.00	(4,286.00)	1,846.62	0.74	0.74	0.62
FHLB NOTES DTD 11/20/2015 1.000% 12/19/2017	3130A6SW8	1,700,000.00	MORGANST		100.29	1,705,001.40	(778.60)	(243.03)	1.21	1.21	0.76
FHLMC REFERENCE NOTE DTD 04/07/2016 0.750% 04/09/2018	3137EAEA3	1,700,000.00	NOMURA		99.91	1,698,463.20	(210.80)	(312.94)	1.51	1.51	0.81

Managed Account Fair Market Value & Analytics

For the Month Ending **September 30, 2016**

CITY OF GALVESTON OPERATING FUNDS - 30110000

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	Broker	Next Call Date	Market Price	Market Value	Unreal G/L On Cost	Unreal G/L Amort Cost	Effective Duration	Duration to Worst	YTM at Mkt
Federal Agency Bond / Note											
FHLB NOTES DTD 07/08/2016 0.625% 08/07/2018	3130A8PK3	1,600,000.00	RBS_SEC		99.61	1,593,763.20	35.20	(359.41)	1.84	1.84	0.84
Security Type Sub-Total		**11,500,000.00**				**11,509,383.05**	**(15,716.45)**	**3,555.56**	**0.93**	**0.93**	**0.64**
* **Commercial Paper**											
BANK OF TOKYO MITSUBISHI COMM PAPER -- 0.000% 02/15/2017	06538BPF4	1,000,000.00	BTM_DIR		99.59	995,906.00	1,904.33	396.55	0.38	0.38	1.07
BNP PARIBAS NY BRANCH COMM PAPER -- 0.000% 05/12/2017	09659BSC5	1,000,000.00	BNP PARI		99.21	992,073.00	2,160.50	435.50	0.61	0.61	1.28
TOYOTA MOTOR CREDIT CORP COMM PAPER -- 0.000% 05/12/2017	89233GSC1	1,000,000.00	TOYOTA		99.30	993,012.00	1,231.44	(174.11)	0.61	0.61	1.13
JP MORGAN SECURITIES LLC COMM PAPER -- 0.000% 05/12/2017	46640PSC8	1,000,000.00	JPMCHASE		99.35	993,473.00	1,543.00	163.00	0.61	0.61	1.06
BANK OF MONTREAL CHICAGO COMM PAPER -- 0.000% 05/12/2017	06366GSC4	1,000,000.00	BMO		99.28	992,826.00	2,011.67	497.93	0.61	0.61	1.16
Security Type Sub-Total		**5,000,000.00**				**4,967,290.00**	**8,850.94**	**1,318.87**	**0.56**	**0.56**	**1.14**
Managed Account Sub-Total		**29,860,000.00**				**29,882,075.06**	**43,328.87**	**54,349.48**	**0.99**	**0.99**	**0.73**
Securities Sub-Total		**$29,860,000.00**				**$29,882,075.06**	**$43,328.87**	**$54,349.48**	**0.99**	**0.99**	**0.73%**
Accrued Interest						**$60,470.21**					
Total Investments						**$29,942,545.27**					

*Purchases made out of compliance with City's policy

Managed Account Security Transactions & Interest

For the Month Ending **September 30, 2016**

CITY OF GALVESTON OPERATING FUNDS - 30110000

Transaction Type Trade	Settle	Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
INTEREST										
09/30/16	09/30/16	US TREASURY NOTES DTD 09/30/2011 1.375% 09/30/2018	912828RH5	2,000,000.00	0.00	13,750.00	13,750.00			
Transaction Type Sub-Total				**2,000,000.00**	**0.00**	**13,750.00**	**13,750.00**			
Managed Account Sub-Total					**0.00**	**13,750.00**	**13,750.00**			
Total Security Transactions					**$0.00**	**$13,750.00**	**$13,750.00**			

Managed Account Summary Statement

For the Month Ending **September 30, 2016**

CITY OF GALVESTON RESERVE FUND - 30110200

Transaction Summary - Managed Account

Opening Market Value	**$2,003,828.00**
Maturities/Calls	0.00
Principal Dispositions	0.00
Principal Acquisitions	0.00
Unsettled Trades	0.00
Change in Current Value	312.00
Closing Market Value	**$2,004,140.00**

Cash Transactions Summary - Managed Account

Maturities/Calls	0.00
Sale Proceeds	0.00
Coupon/Interest/Dividend Income	0.00
Principal Payments	0.00
Security Purchases	0.00
Net Cash Contribution	0.00
Reconciling Transactions	0.00

Earnings Reconciliation (Cash Basis) - Managed Account

Interest/Dividends/Coupons Received	0.00
Less Purchased Interest Related to Interest/Coupons	0.00
Plus Net Realized Gains/Losses	0.00
Total Cash Basis Earnings	**$0.00**

Cash Balance

Closing Cash Balance	**$0.00**

Earnings Reconciliation (Accrual Basis)

	Total
Ending Amortized Value of Securities	1,999,325.80
Ending Accrued Interest	4,779.21
Plus Proceeds from Sales	0.00
Plus Proceeds of Maturities/Calls/Principal Payments	0.00
Plus Coupons/Dividends Received	0.00
Less Cost of New Purchases	0.00
Less Beginning Amortized Value of Securities	(1,999,323.78)
Less Beginning Accrued Interest	(3,352.58)
Total Accrual Basis Earnings	**$1,428.65**

Portfolio Summary and Statistics

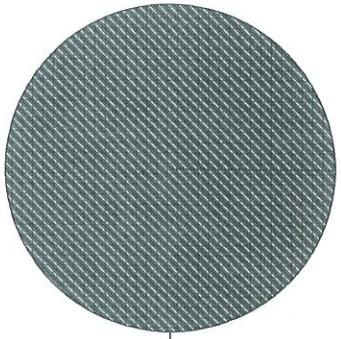
For the Month Ending **September 30, 2016**

CITY OF GALVESTON RESERVE FUND - 30110200

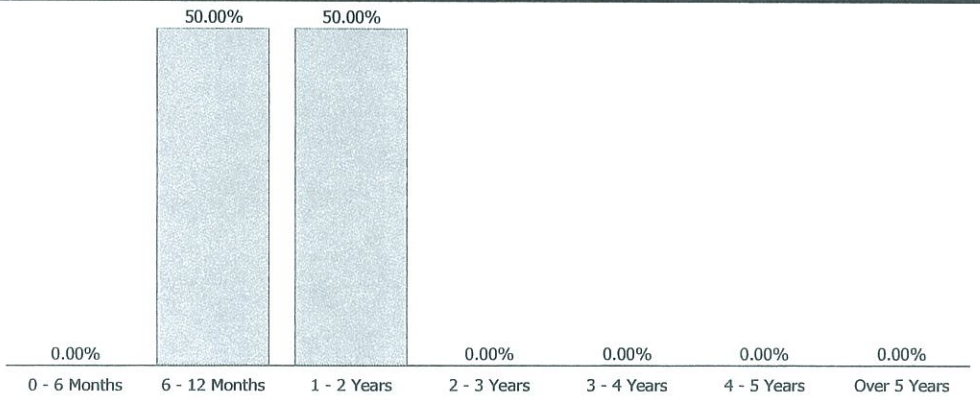
Account Summary

Description	Par Value	Market Value	Percent
U.S. Treasury Bond / Note	2,000,000.00	2,004,140.00	100.00
Managed Account Sub-Total	**2,000,000.00**	**2,004,140.00**	**100.00%**
Accrued Interest		4,779.21	
Total Portfolio	**2,000,000.00**	**2,008,919.21**	
Unsettled Trades	**0.00**	**0.00**	

Sector Allocation



Maturity Distribution



Characteristics

Yield to Maturity at Cost	0.88%
Yield to Maturity at Market	0.63%
Duration to Worst	0.97
Weighted Average Days to Maturity	358

Managed Account Issuer Summary

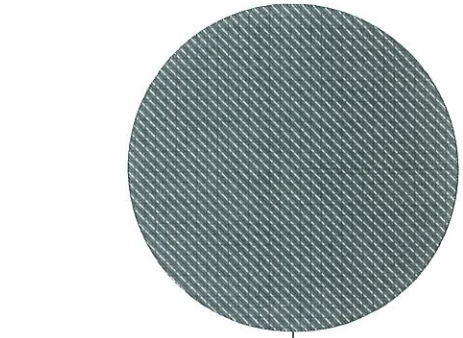
For the Month Ending **September 30, 2016**

CITY OF GALVESTON RESERVE FUND - 30110200

Issuer Summary

Issuer	Market Value of Holdings	Percent
UNITED STATES TREASURY	2,004,140.00	100.00
Total	**$2,004,140.00**	**100.00%**

Credit Quality (S&P Ratings)



Managed Account Detail of Securities Held

For the Month Ending **September 30, 2016**

CITY OF GALVESTON RESERVE FUND - 30110200

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 05/15/2014 0.875% 05/15/2017	912828WH9	1,000,000.00	AA+	Aaa	05/22/14	05/23/14	1,002,656.25	0.78	3,305.03	1,000,560.04	1,002,031.00
US TREASURY NOTES DTD 01/31/2013 0.875% 01/31/2018	912828UJ7	1,000,000.00	AA+	Aaa	02/25/15	02/26/15	997,304.69	0.97	1,474.18	998,765.76	1,002,109.00
Security Type Sub-Total		**2,000,000.00**					**1,999,960.94**	**0.88**	**4,779.21**	**1,999,325.80**	**2,004,140.00**
Managed Account Sub-Total		**2,000,000.00**					**1,999,960.94**	**0.88**	**4,779.21**	**1,999,325.80**	**2,004,140.00**
Securities Sub-Total		**$2,000,000.00**					**$1,999,960.94**	**0.88%**	**$4,779.21**	**$1,999,325.80**	**$2,004,140.00**
Accrued Interest											**$4,779.21**
Total Investments											**$2,008,919.21**

Managed Account Fair Market Value & Analytics

For the Month Ending **September 30, 2016**

CITY OF GALVESTON RESERVE FUND - 30110200

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	Broker	Next Call Date	Market Price	Market Value	Unreal G/L On Cost	Unreal G/L Amort Cost	Effective Duration	Duration to Worst	YTM at Mkt
U.S. Treasury Bond / Note											
US TREASURY NOTES DTD 05/15/2014 0.875% 05/15/2017	912828WH9	1,000,000.00	BARCLAYS		100.20	1,002,031.00	(625.25)	1,470.96	0.62	0.62	0.55
US TREASURY NOTES DTD 01/31/2013 0.875% 01/31/2018	912828UJ7	1,000,000.00	CITIGRP		100.21	1,002,109.00	4,804.31	3,343.24	1.32	1.32	0.72
Security Type Sub-Total		**2,000,000.00**				**2,004,140.00**	**4,179.06**	**4,814.20**	**0.97**	**0.97**	**0.63**
Managed Account Sub-Total		**2,000,000.00**				**2,004,140.00**	**4,179.06**	**4,814.20**	**0.97**	**0.97**	**0.63**
Securities Sub-Total		**$2,000,000.00**				**$2,004,140.00**	**$4,179.06**	**$4,814.20**	**0.97**	**0.97**	**0.63%**
Accrued Interest						**$4,779.21**					
Total Investments						**$2,008,919.21**					

Quarterly Investment Report
Certification

This report has been examined by the Investment Committee of the City of Galveston. Information presented in this report to the City Council represents an accurate description of the City's investment activity for the quarter ending September 30, 2016. This report meets all reporting requirements specified by the Public Funds Investment Act and the Investment Policy of the City of Galveston. *

Michael W. Loftin
Assistant City Manager Finance
City of Galveston

for Brian Maxwell
City Manager
City of Galveston

Barry Baughier
Sr. Managing Consultant
PFM Asset Management LLC

Dated: 1/11/17

*Including the addition of direct purchases of Commercial Paper as shown on page 5 of the Managed Account Detail of Securities Held report and its subsequent correction.