



School District of Lake County



Investment Performance Review For the Quarter Ended December 31, 2017

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Tab I

QUARTERLY MARKET SUMMARY

SUMMARY

- The fourth quarter came to a close with an exclamation point from Washington, as lawmakers agreed on an historic tax cut bill. The tax overhaul is projected to provide an economic boost, for at least the near term, as the top corporate tax rate was slashed from 35% to 21% and personal tax levels were reduced across the board. While the long term impact is yet to be determined, immediate market reaction has been positive.
- True to their “dot plot” forecasts, the Federal Open Market Committee (FOMC or Fed) raised the federal funds target rate by a quarter of a percent to a range of 1.25% to 1.50% at its December meeting. This marked the third time in calendar year 2017 that the Fed raised rates. The FOMC also provided projections that include three more expected hikes in 2018. Across the pond, the United Kingdom bumped its overnight rate back up to 0.50%, following a temporary cut to 0.25% following the 2016 Brexit vote.
- Early 2018 will see a changeover at the Fed as Chair Janet Yellen will be replaced by Jerome Powell. As an existing Federal Reserve board member, Mr. Powell is viewed as a “Republican version of Yellen” and someone who is likely to follow a similar path for modest tightening of monetary policy amid stubbornly low inflation. Perhaps in contrast, he has voiced a preference for tailoring regulations to relieve the burden on smaller community banks.
- While bond yields generally increased over the quarter, so did equity prices. The S&P 500 Index returned 6.6% for the quarter, setting multiple new record highs. The Dow Jones Industrial Average crossed both 23,000 and 24,000, levels never before breached, while the NASDAQ finished the year up over 30%.

ECONOMIC SNAPSHOT

- The U.S. economy notched back-to-back quarters of solid growth with GDP increasing at a 3.2% real rate for the third quarter, following a second quarter tally of 3.1%. 2017 capped the 8th straight year of recovery from the 2008-09 Great Recession – the third longest expansion of the past century. Initial fourth quarter estimates are for growth in the 2.5% to 3% range, with consumer spending and business investment fueling the growth.
- The U.S. labor market remained strong, with the unemployment rate holding at a 15-year low of 4.1% during the quarter. Although job gains in December were disappointing, the economy added over 2 million net new jobs in 2017. At the same time, the labor force participation rate improved modestly, while wage growth over the past year was modest.
- Prices remained well contained, running below the Fed’s desired 2% target for core inflation. But, oil and other commodities like copper, rebounded in the 2nd half of the year.
- Outside of inflation, economic indicators have been strong: manufacturing,

services and consumer confidence indexes reached multi-year highs, housing markets strengthened further and positive real GDP growth across the globe serve as positive backdrop for the new year.

INTEREST RATES

- Shorter-term Treasury yields (5 years and under) increased in the fourth quarter, largely on the run-up to the December FOMC rate hike. Long-term Treasury yields (10 years and longer) moved in the opposite direction, with the yield on a 30-year Treasury actually declining 12 basis points. This resulted in a much flatter yield curve.
- In the cash and money market segment, yields on Treasury maturities less than one year increased 30 to 45 basis points in lockstep with the Fed’s expected rate hike trajectory. The increase of shorter Treasury yields led the market; yield increases on short credit (commercial paper and certificates of deposit) did not initially keep up. The result was tighter short-term credit spreads that persisted through quarter-end.

SECTOR PERFORMANCE

- U.S. Treasury benchmark returns, with the exception of the longest maturity benchmarks, were negative for the fourth quarter, as investment income was not able to fully offset the adverse impact of increasing interest rates on fixed income prices.
- Federal agency securities performed in line with similar maturity Treasuries, as the sector’s narrow yield spreads provided little to no incremental income benefit, and relatively unchanged spreads over the quarter muted any additional excess return.
- Corporate yield spreads tightened further, as spreads in the sector reached new post-recession tightness. As a result, the corporate sector performed well in the quarter. Despite narrow spreads, corporate securities still offer risk-adjusted income pick-up. The sector is supported with a positive economic landscape and corporate fundamentals, and is poised for additional excess return potential over the near term.
- The mortgage backed securities (MBS) sector performed well in the fourth quarter, generally outperforming Treasury and federal agency benchmarks; but, excess returns varied based on specific security structure.
- High-quality asset-backed securities (ABS) also performed positively relative to Treasuries, as their yield spreads narrowed, and were near the top of the best performers for the quarter.
- Short-term commercial paper and bank CDs continued to offer incremental value relative to both short and intermediate-term government securities. The incremental yield advantage offered in these sectors is a valuable return attribute in the face of rising rates.

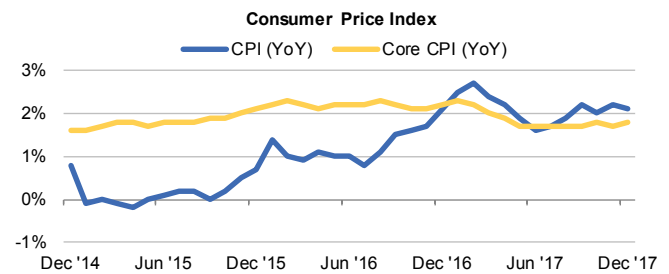
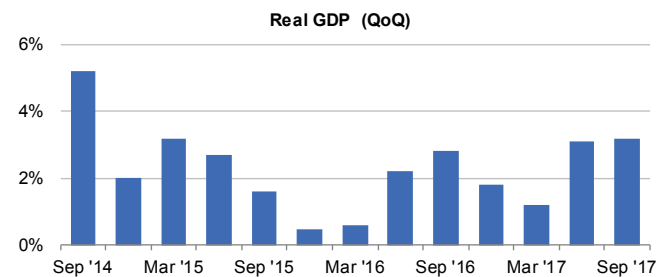
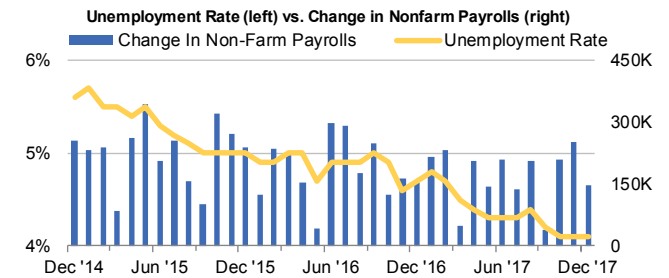
QUARTERLY MARKET SUMMARY

Economic Snapshot

| Labor Market | | Latest | Sep '17 | Dec '16 |
|-------------------------------|--------|---------|---------|---------|
| Unemployment Rate | Dec'17 | 4.1% | 4.2% | 4.7% |
| Change In Non-Farm Payrolls | Dec'17 | 148,000 | 38,000 | 155,000 |
| Average Hourly Earnings (YoY) | Dec'17 | 2.5% | 2.8% | 2.9% |
| Personal Income (YoY) | Nov'17 | 3.8% | 2.9% | 1.6% |
| Initial Jobless Claims (week) | 1/6/18 | 261,000 | 258,000 | 241,000 |

| Growth | | Latest | Sep '17 | Dec '16 |
|-------------------------------------|--------|-----------|-------------------|-------------------|
| Real GDP (QoQ SAAR) | 2017Q3 | 3.2% | 3.1% ¹ | 2.8% ² |
| GDP Personal Consumption (QoQ SAAR) | 2017Q3 | 2.2% | 3.3% ¹ | 2.8% ² |
| Retail Sales (YoY) | Dec'17 | 5.4% | 5.0% | 3.8% |
| ISM Manufacturing Survey (month) | Dec'17 | 59.7 | 60.8 | 54.5 |
| Existing Home Sales SAAR (month) | Nov'17 | 5.81 mil. | 5.37 mil. | 5.51 mil. |

| Inflation / Prices | | Latest | Sep '17 | Dec '16 |
|---|--------|---------|---------|---------|
| Personal Consumption Expenditures (YoY) | Nov'17 | 1.8% | 1.7% | 1.8% |
| Consumer Price Index (YoY) | Dec'17 | 2.1% | 2.2% | 2.1% |
| Consumer Price Index Core (YoY) | Dec'17 | 1.8% | 1.7% | 2.2% |
| Crude Oil Futures (WTI, per barrel) | Dec 31 | \$60.42 | \$51.67 | \$53.72 |
| Gold Futures (oz.) | Dec 31 | \$1,309 | \$1,282 | \$1,152 |



1. Data as of Second Quarter 2017.

2. Data as of Third Quarter 2016.

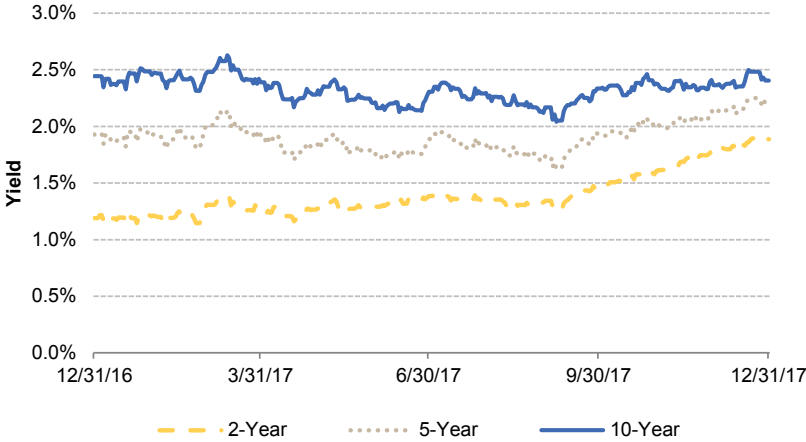
Note: YoY = year-over-year, QoQ = quarter over quarter, SAAR = seasonally adjusted annual rate, WTI = West Texas Intermediate crude oil.

Source: Bloomberg.

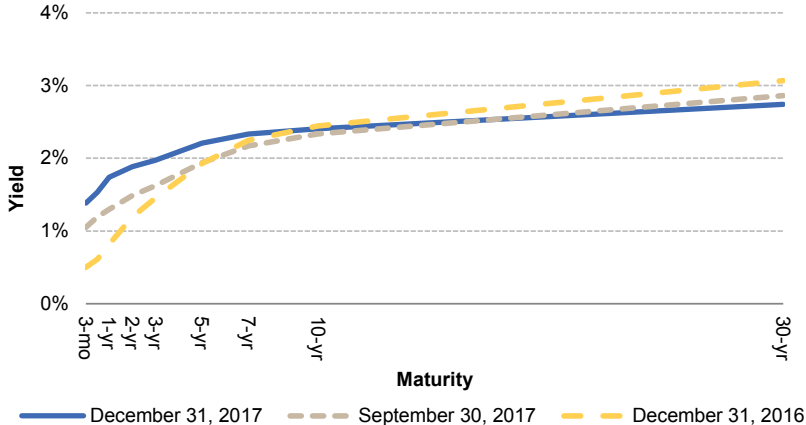
QUARTERLY MARKET SUMMARY

Interest Rate Overview

U.S. Treasury Note Yields



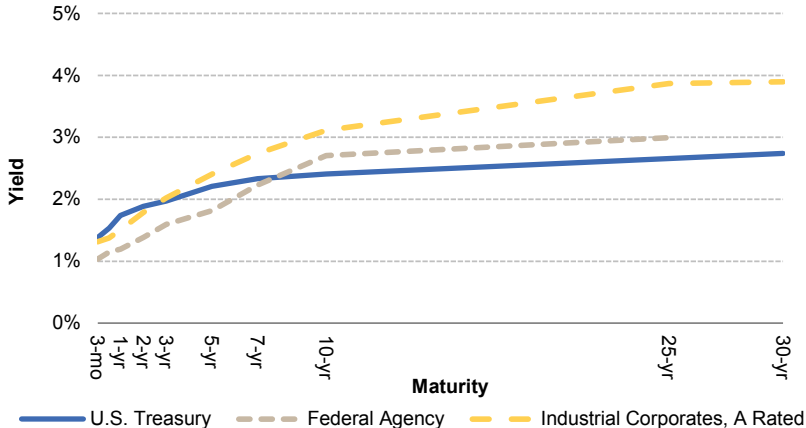
U.S. Treasury Yield Curve



U.S. Treasury Yields

| Maturity | Dec '17 | Sep '17 | Change over Quarter | Dec '16 | Change over Year |
|----------|---------|---------|---------------------|---------|------------------|
| 3-month | 1.38% | 1.05% | 0.33% | 0.50% | 0.88% |
| 1-year | 1.74% | 1.29% | 0.45% | 0.81% | 0.93% |
| 2-year | 1.89% | 1.49% | 0.40% | 1.19% | 0.70% |
| 5-year | 2.21% | 1.94% | 0.27% | 1.93% | 0.28% |
| 10-year | 2.41% | 2.33% | 0.08% | 2.45% | (0.04%) |
| 30-year | 2.74% | 2.86% | (0.12%) | 3.07% | (0.33%) |

Yield Curves as of 12/31/17



Source: Bloomberg.

BofA Merrill Lynch Index Returns

| December 31, 2017 | As of 12/31/17 | | Returns for Periods ended 12/31/17 | | |
|--|----------------|-------|------------------------------------|--------|---------|
| | Duration | Yield | 3 Month | 1 Year | 3 Years |
| 1-3 Year Indices | | | | | |
| U.S. Treasury | 1.80 | 1.88% | (0.25%) | 0.42% | 0.62% |
| Federal Agency | 1.73 | 1.96% | (0.19%) | 0.65% | 0.77% |
| U.S. Corporates, A-AAA rated | 1.84 | 2.29% | (0.05%) | 1.67% | 1.54% |
| Agency MBS (0 to 3 years) | 2.27 | 2.21% | 0.03% | 1.37% | 1.19% |
| Taxable Municipals | 1.55 | 2.45% | 0.06% | 2.15% | 1.99% |
| 1-5 Year Indices | | | | | |
| U.S. Treasury | 2.60 | 1.97% | (0.38%) | 0.65% | 0.90% |
| Federal Agency | 2.14 | 2.01% | (0.25%) | 0.86% | 0.98% |
| U.S. Corporates, A-AAA rated | 2.64 | 2.44% | (0.10%) | 2.24% | 1.98% |
| Agency MBS (0 to 5 years) | 3.22 | 2.51% | (0.11%) | 1.74% | 1.40% |
| Taxable Municipals | 2.24 | 2.53% | 0.05% | 2.10% | 2.40% |
| Master Indices (Maturities 1 Year or Greater) | | | | | |
| U.S. Treasury | 6.34 | 2.20% | 0.11% | 2.43% | 1.46% |
| Federal Agency | 3.90 | 2.19% | 0.00% | 2.15% | 1.54% |
| U.S. Corporates, A-AAA rated | 7.19 | 2.98% | 1.07% | 5.68% | 3.50% |
| Agency MBS (0 to 30 years) | 4.41 | 2.83% | 0.14% | 2.45% | 1.86% |
| Taxable Municipals | 10.87 | 3.63% | 2.34% | 10.12% | 5.17% |

Returns for periods greater than one year are annualized.

Source: BofA Merrill Lynch Indices.

QUARTERLY MARKET SUMMARY

DISCLOSURES

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Tab II

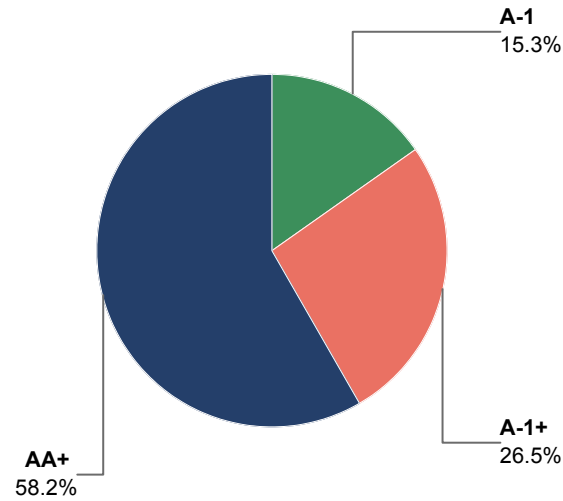
- The Portfolio is of high credit quality and invested in U.S. Treasury, federal agency, and commercial paper securities.
- The Impact Fee Portfolio provided the District with a yield to maturity at cost of 1.34%.
- In the quarter, economic data was generally favorable, the unemployment rate hovered near a 15-year low, inflation remained in check, and the Fed raised rates for a third time in 2017. At the same time, both consumer and business confidence remained high, and Congress passed large corporate and individual tax cuts.
- The strength of the U.S. economy coupled with the December Fed rate hike drove yields on all but the longest Treasuries higher in the quarter. As a result, fixed-income returns were generally muted for the quarter, but reinvestment opportunities became more attractive. As such, we generally employed a duration-neutral approach relative to benchmarks.
- Credit instruments and other “spread product” generated outperformance for the quarter relative to government securities. The primary driver of portfolio performance was diversification and asset allocation.
- Following a three-hike 2017, the dot plot released at the December 2017 FOMC meeting indicated an expectation for three more in 2018. As of year-end, the market-implied probability of a fed rate hike at the March 2018 FOMC meeting was 70%. Additionally, while incoming FOMC Chairman, Jerome Powell, is largely expected to continue the policy normalization path initiated by his predecessor, Janet Yellen, leadership changes have the potential for uncertainty.
- Generally, the economic themes that brought 2017 to a close will carry forward into 2018, including: moderate growth and job production, healthy personal consumption, and strong corporate fundamentals.

Portfolio Statistics

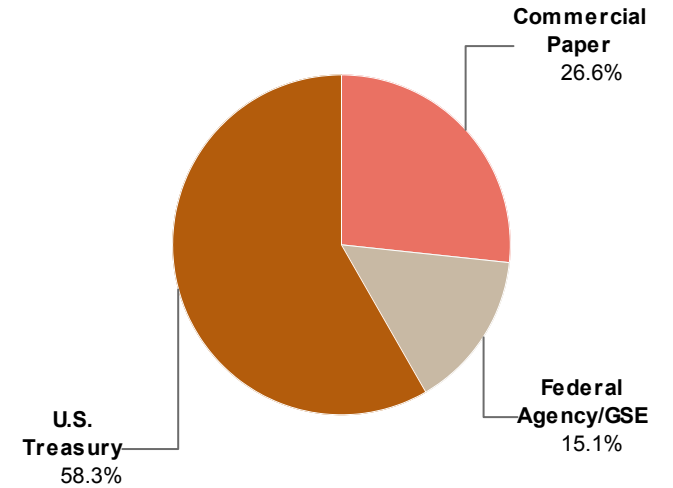
As of December 31, 2017

| | |
|-------------------------------|--------------|
| Par Value: | \$26,450,000 |
| Total Market Value: | \$26,539,682 |
| Security Market Value: | \$26,402,629 |
| Accrued Interest: | \$39,619 |
| Cash: | \$97,433 |
| Amortized Cost: | \$26,406,864 |
| Yield at Market: | 1.41% |
| Yield at Cost: | 1.34% |
| Effective Duration: | 0.23 Years |
| Duration to Worst: | 0.23 Years |
| Average Maturity: | 0.23 Years |
| Average Credit: * | AA |
| Benchmark Eff. Yield: | 1.25% |

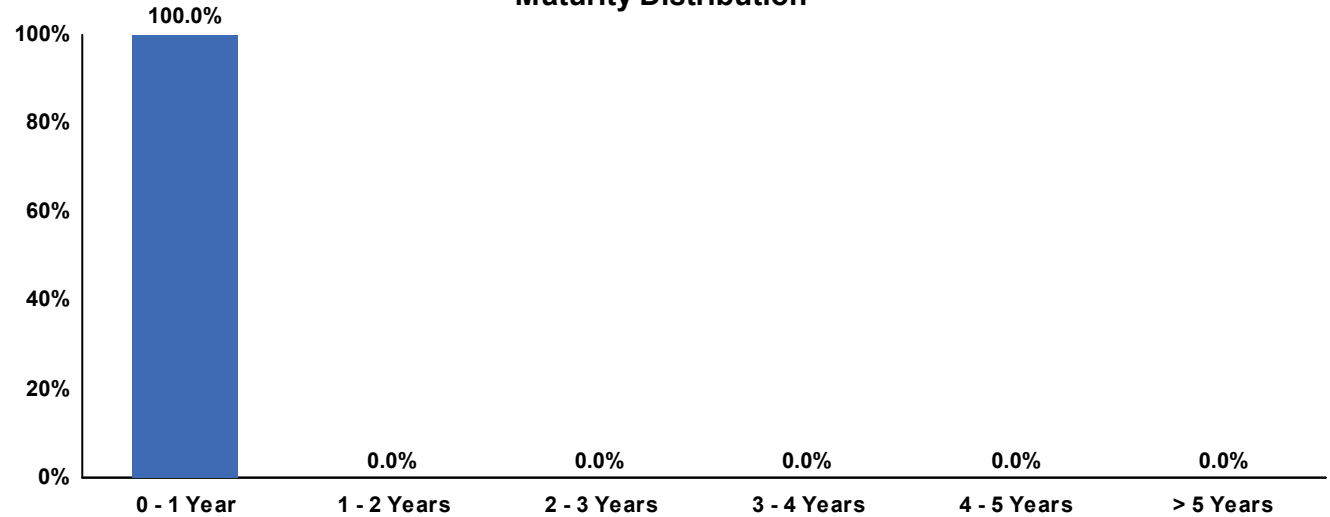
Credit Quality (S&P Ratings)



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.

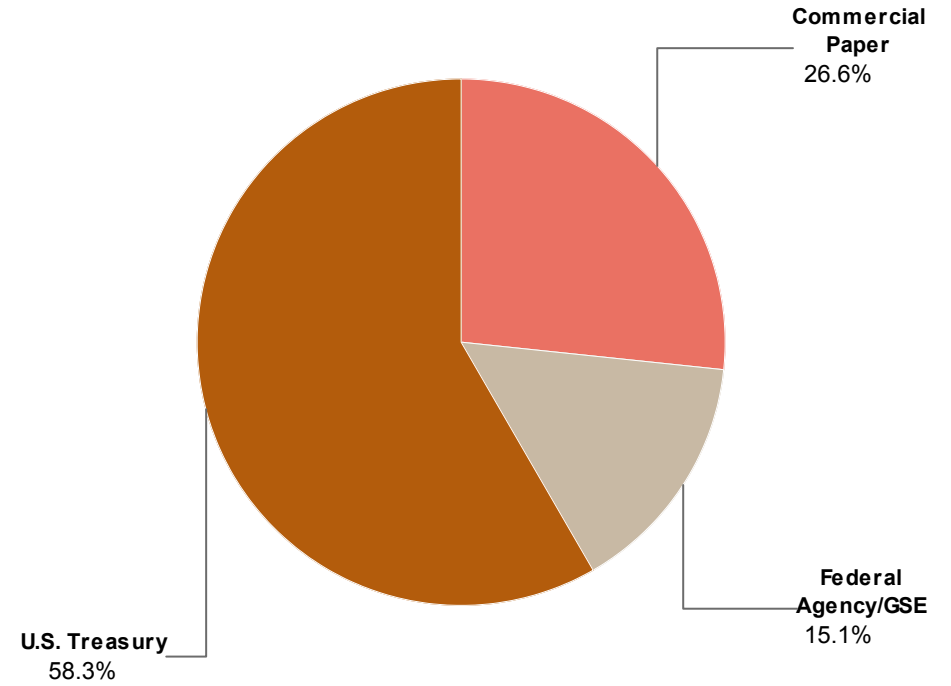
Portfolio Earnings

Quarter-Ended December 31, 2017

| | Market Value Basis | Accrual (Amortized Cost) Basis |
|-------------------------------------|---------------------------|---------------------------------------|
| Beginning Value (09/30/2017) | \$20,396,358.91 | \$20,396,636.43 |
| Net Purchases/Sales | \$5,962,710.57 | \$5,962,710.57 |
| Change in Value | \$43,559.98 | \$47,516.90 |
| Ending Value (12/31/2017) | \$26,402,629.46 | \$26,406,863.90 |
| Interest Earned | \$31,356.31 | \$31,356.31 |
| Portfolio Earnings | \$74,916.29 | \$78,873.21 |

Sector Allocation
As of December 31, 2017

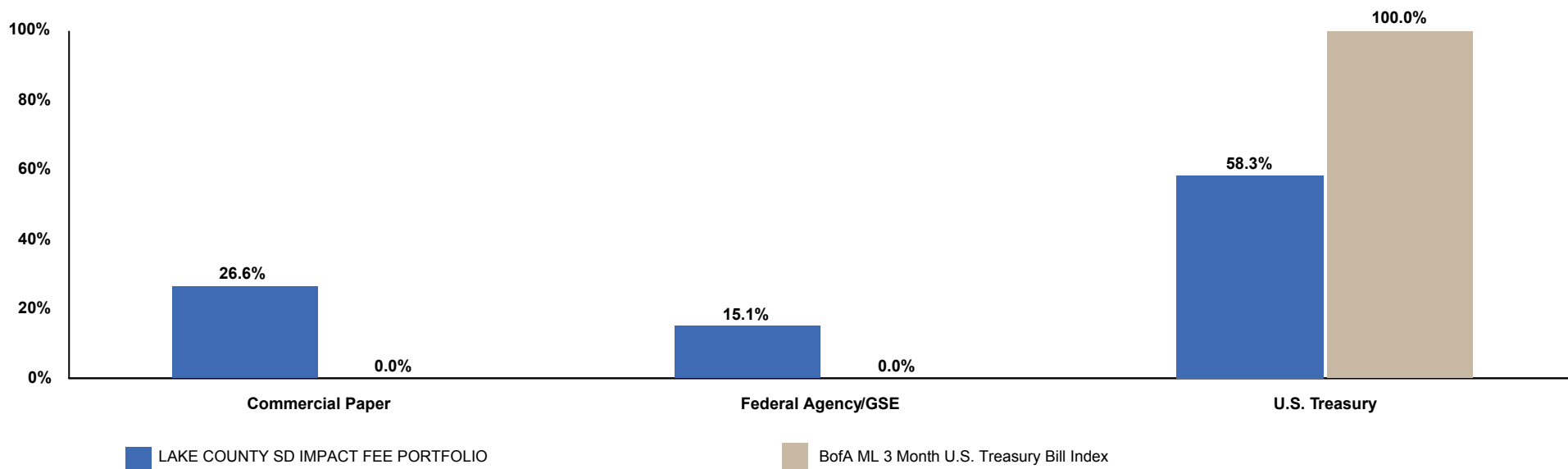
| Sector | Market Value (\$) | % of Portfolio |
|--------------------|---------------------|----------------|
| U.S. Treasury | 15,375,081 | 58.3% |
| Commercial Paper | 7,031,737 | 26.6% |
| Federal Agency/GSE | 3,995,812 | 15.1% |
| Total | \$26,402,629 | 100.0% |



Detail may not add to total due to rounding.

Sector Allocation
As of December 31, 2017

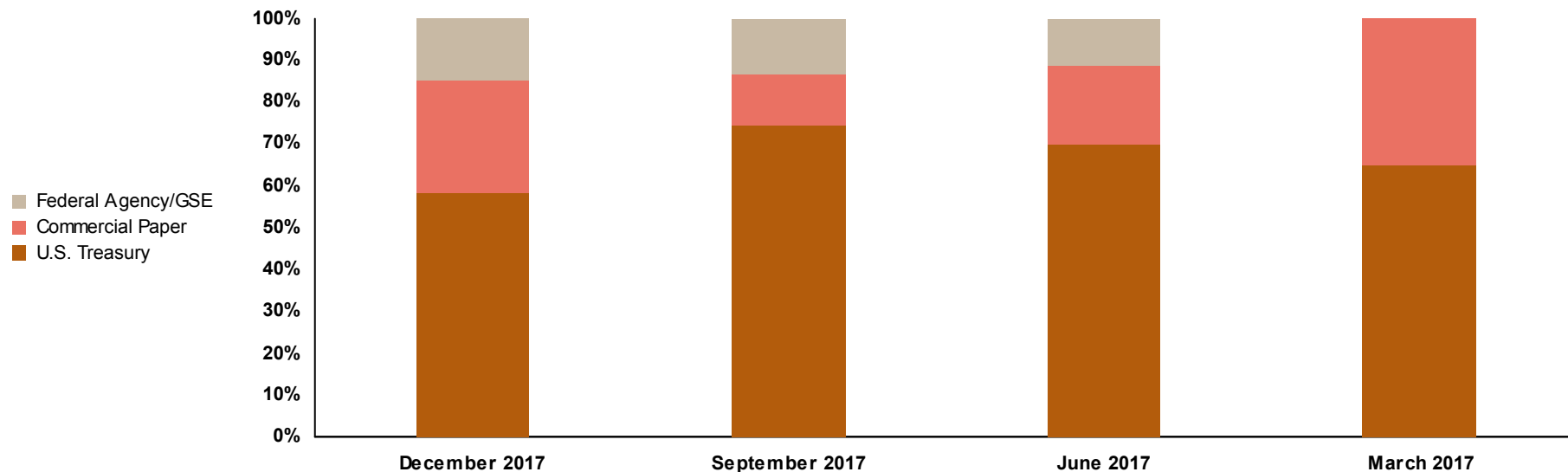
| Sector | Market Value (\$) | % of Portfolio | % of Benchmark |
|--------------------|---------------------|----------------|----------------|
| U.S. Treasury | 15,375,081 | 58.3% | 100.0% |
| Commercial Paper | 7,031,737 | 26.6% | - |
| Federal Agency/GSE | 3,995,812 | 15.1% | - |
| Total | \$26,402,629 | 100.0% | 100.0% |



Detail may not add to total due to rounding.

Sector Allocation

| Sector | December 31, 2017 | | September 30, 2017 | | June 30, 2017 | | March 31, 2017 | |
|--------------------|-------------------|---------------|--------------------|---------------|---------------|---------------|----------------|---------------|
| | MV (\$MM) | % of Total | MV (\$MM) | % of Total | MV (\$MM) | % of Total | MV (\$MM) | % of Total |
| U.S. Treasury | 15.4 | 58.3% | 15.2 | 74.4% | 18.3 | 69.6% | 17.0 | 64.9% |
| Commercial Paper | 7.0 | 26.6% | 2.5 | 12.4% | 5.0 | 19.0% | 9.2 | 35.1% |
| Federal Agency/GSE | 4.0 | 15.1% | 2.7 | 13.2% | 3.0 | 11.4% | 0.0 | 0.0% |
| Total | \$26.4 | 100.0% | \$20.4 | 100.0% | \$26.3 | 100.0% | \$26.3 | 100.0% |

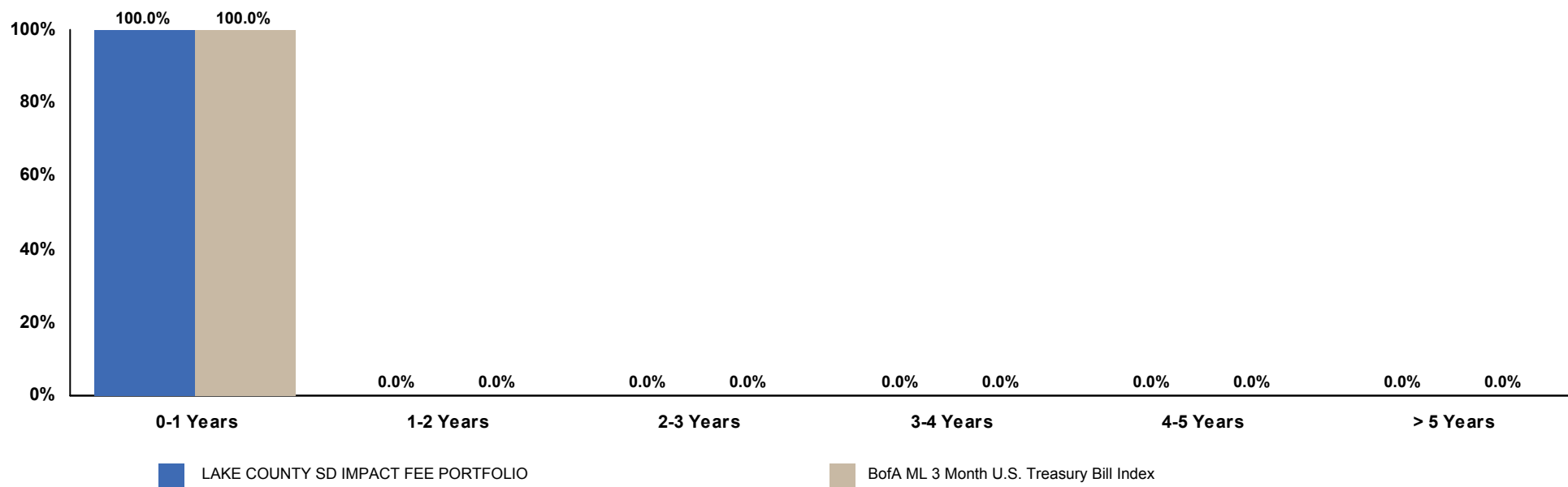


Detail may not add to total due to rounding.

Maturity Distribution

As of December 31, 2017

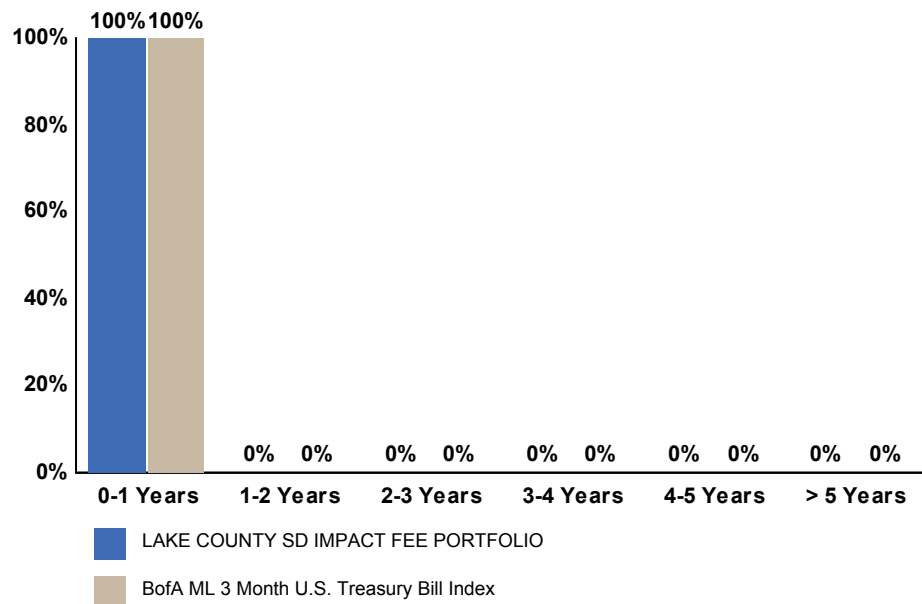
| Portfolio/Benchmark | Yield at Market | Average Maturity | 0-1 Years | 1-2 Years | 2-3 Years | 3-4 Years | 4-5 Years | >5 Years |
|--|-----------------|------------------|-----------|-----------|-----------|-----------|-----------|----------|
| LAKE COUNTY SD IMPACT FEE PORTFOLIO | 1.41% | 0.23 yrs | 100.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| BofA ML 3 Month U.S. Treasury Bill Index | 1.36% | 0.24 yrs | 100.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |



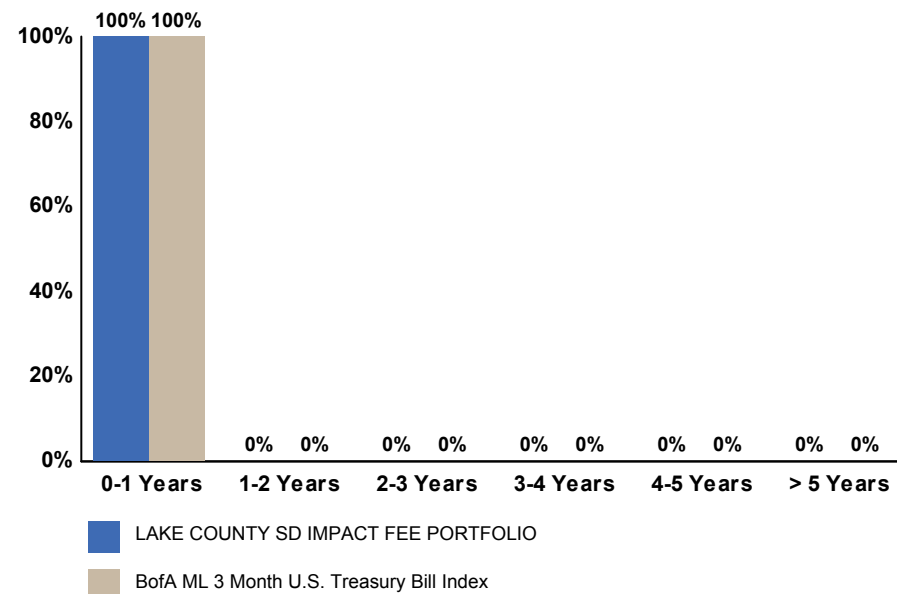
Duration Distribution
As of December 31, 2017

| Portfolio / Benchmark | Effective Duration | 0-1 YEARS | 1-2 YEARS | 2-3 YEARS | 3-4 YEARS | 4-5 YEARS | > 5 YEARS |
|--|--------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| LAKE COUNTY SD IMPACT FEE PORTFOLIO | 0.23 | 100.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| BofA ML 3 Month U.S. Treasury Bill Index | 0.16 | 100.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |

Distribution by Effective Duration



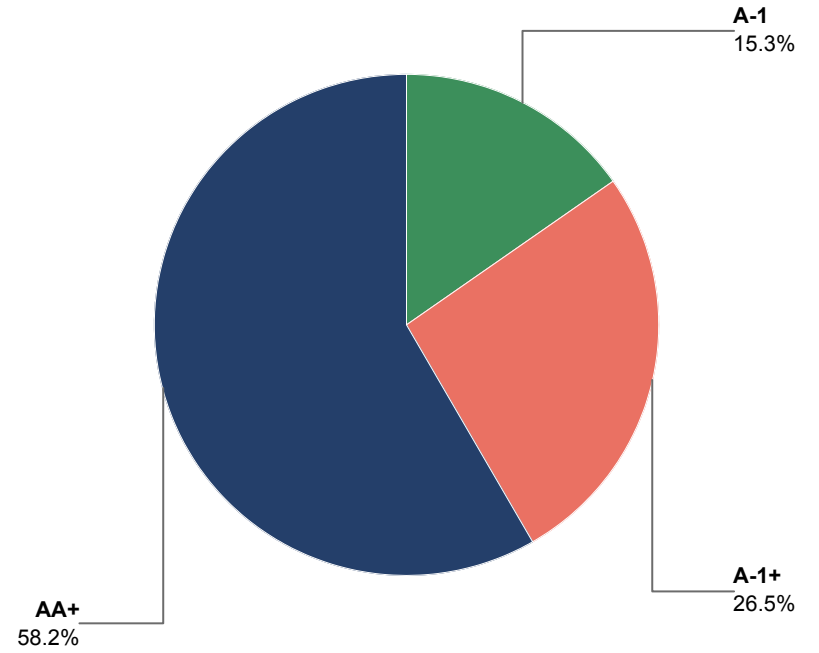
Contribution to Portfolio Duration



Credit Quality

As of December 31, 2017

| S&P Rating | Market Value (\$) | % of Portfolio |
|---------------|---------------------|----------------|
| AA+ | \$15,375,081 | 58.2% |
| A-1+ | \$6,988,951 | 26.5% |
| A-1 | \$4,038,598 | 15.3% |
| Totals | \$26,402,629 | 100.0% |



Detail may not add to total due to rounding.

Issuer Distribution
As of December 31, 2017

| Issuer | Market Value (\$) | % of Portfolio |
|------------------------------------|-------------------|----------------|
| UNITED STATES TREASURY | 15,375,081 | 58.2% |
| FEDERAL HOME LOAN BANKS | 3,995,812 | 15.1% |
| JP MORGAN CHASE & CO | 1,493,432 | 5.7% |
| DEXIA GROUP | 999,802 | 3.8% |
| BNP PARIBAS | 997,711 | 3.8% |
| EXXON MOBIL CORP | 997,577 | 3.8% |
| mitsubishi UFJ FINANCIAL GROUP INC | 997,564 | 3.8% |
| TOYOTA MOTOR CORP | 995,760 | 3.8% |
| CREDIT AGRICOLE SA | 549,891 | 2.1% |
| Grand Total: | 26,402,629 | 100.0% |

Sector/Issuer Distribution

As of December 31, 2017

| Sector / Issuer | Market Value (\$) | % of Sector | % of Total Portfolio |
|------------------------------------|-------------------|---------------|----------------------|
| Commercial Paper | | | |
| BNP PARIBAS | 997,711 | 14.2% | 3.8% |
| CREDIT AGRICOLE SA | 549,891 | 7.8% | 2.1% |
| DEXIA GROUP | 999,802 | 14.2% | 3.8% |
| EXXON MOBIL CORP | 997,577 | 14.2% | 3.8% |
| JP MORGAN CHASE & CO | 1,493,432 | 21.2% | 5.7% |
| MITSUBISHI UFJ FINANCIAL GROUP INC | 997,564 | 14.2% | 3.8% |
| TOYOTA MOTOR CORP | 995,760 | 14.2% | 3.8% |
| Sector Total | 7,031,737 | 100.0% | 26.6% |
| Federal Agency/GSE | | | |
| FEDERAL HOME LOAN BANKS | 3,995,812 | 100.0% | 15.1% |
| Sector Total | 3,995,812 | 100.0% | 15.1% |
| U.S. Treasury | | | |
| UNITED STATES TREASURY | 15,375,081 | 100.0% | 58.2% |
| Sector Total | 15,375,081 | 100.0% | 58.2% |
| Portfolio Total | 26,402,629 | 100.0% | 100.0% |

Quarterly Portfolio Transactions

| Trade Date | Settle Date | Par (\$) | CUSIP | Security Description | Coupon | Maturity Date | Transact Amt (\$) | Yield at Market | Realized G/L (BV) |
|------------------|-------------|-------------------|-----------|-------------------------------------|--------|---------------|----------------------|-----------------|-------------------|
| BUY | | | | | | | | | |
| 10/4/17 | 10/4/17 | 1,500,000 | 46640QD24 | JP MORGAN SECURITIES LLC COMM PAPER | 0.00% | 4/2/18 | 1,488,825.00 | 1.50% | |
| 10/4/17 | 10/5/17 | 1,000,000 | 25214PBV4 | DEXIA CREDIT LOCAL SA NY COMM PAPER | 0.00% | 3/6/18 | 994,257.78 | 1.37% | |
| 10/4/17 | 10/5/17 | 1,000,000 | 89233HD27 | TOYOTA MOTOR CREDIT CORP COMM PAPER | 0.00% | 4/2/18 | 992,840.00 | 1.45% | |
| 10/10/17 | 10/11/17 | 550,000 | 912828K25 | US TREASURY NOTES | 0.75% | 4/15/18 | 550,620.94 | 1.25% | |
| 10/10/17 | 10/11/17 | 1,000,000 | 912828H37 | US TREASURY N/B | 0.87% | 1/15/18 | 1,001,545.52 | 1.08% | |
| 11/8/17 | 11/9/17 | 1,250,000 | 912828R51 | US TREASURY NOTES | 0.87% | 5/31/18 | 1,251,520.88 | 1.35% | |
| 11/8/17 | 11/9/17 | 1,250,000 | 912828UR9 | US TREASURY NOTES | 0.75% | 2/28/18 | 1,249,859.73 | 1.26% | |
| 11/21/17 | 11/22/17 | 2,000,000 | 313385RX6 | FEDERAL HOME LOAN BANKS DISC NOTE | 0.00% | 1/17/18 | 1,996,188.89 | 1.23% | |
| 11/21/17 | 11/22/17 | 1,000,000 | 912828L40 | US TREASURY NOTES | 1.00% | 9/15/18 | 996,995.64 | 1.61% | |
| 11/21/17 | 11/22/17 | 1,000,000 | 912828Q45 | US TREASURY NOTES | 0.87% | 3/31/18 | 999,477.17 | 1.38% | |
| 11/29/17 | 11/30/17 | 2,000,000 | 912828WD8 | US TREASURY NOTES | 1.25% | 10/31/18 | 1,995,040.57 | 1.64% | |
| 11/29/17 | 11/30/17 | 2,000,000 | 313385ST4 | FED HOME LN DISCOUNT NT | 0.00% | 2/6/18 | 1,995,353.33 | 1.23% | |
| 11/29/17 | 11/30/17 | 3,000,000 | 912828UR9 | US TREASURY NOTES | 0.75% | 2/28/18 | 3,001,788.89 | 1.27% | |
| 12/27/17 | 12/28/17 | 1,500,000 | 912828UU2 | US TREASURY NOTES | 0.75% | 3/31/18 | 1,500,231.16 | 1.41% | |
| 12/28/17 | 12/28/17 | 1,000,000 | 30229BBT3 | EXXON MOBIL CORP COMM PAPER | 0.00% | 2/27/18 | 997,560.00 | 1.44% | |
| Total BUY | | 21,050,000 | | | | | 21,012,105.50 | | |

INTEREST

| | | | | | | | | | |
|----------|----------|-----------|-----------|-------------------|-------|----------|-----------|--|--|
| 10/2/17 | 10/2/17 | 0 | MONEY0002 | MONEY MARKET FUND | | | 2.80 | | |
| 10/15/17 | 10/15/17 | 550,000 | 912828K25 | US TREASURY NOTES | 0.75% | 4/15/18 | 2,062.50 | | |
| 10/18/17 | 10/18/17 | 0 | MONEY0002 | MONEY MARKET FUND | | | 45.22 | | |
| 11/1/17 | 11/1/17 | 0 | MONEY0002 | MONEY MARKET FUND | | | 1,242.79 | | |
| 11/8/17 | 11/8/17 | 0 | MONEY0002 | MONEY MARKET FUND | | | 46.71 | | |
| 11/15/17 | 11/15/17 | 4,995,000 | 912828G20 | US TREASURY NOTES | 0.87% | 11/15/17 | 21,853.13 | | |

LAKE COUNTY SD IMPACT FEE PORTFOLIO

Portfolio Activity

| Trade Date | Settle Date | Par (\$) | CUSIP | Security Description | Coupon | Maturity Date | Transact Amt (\$) | Yield at Market | Realized G/L (BV) |
|-----------------------|-------------|-------------------|-----------|-----------------------------------|--------|---------------|----------------------|-----------------|-------------------|
| 11/30/17 | 11/30/17 | 1,250,000 | 912828R51 | US TREASURY NOTES | 0.87% | 5/31/18 | 5,468.75 | | |
| 12/1/17 | 12/1/17 | 0 | MONEY0002 | MONEY MARKET FUND | | | 1,357.94 | | |
| 12/13/17 | 12/13/17 | 0 | MONEY0002 | MONEY MARKET FUND | | | 45.47 | | |
| 12/15/17 | 12/15/17 | 2,500,000 | 912828G79 | UNITED STATES TREASURY NOTES | 1.00% | 12/15/17 | 12,500.00 | | |
| Total INTEREST | | 9,295,000 | | | | | 44,625.31 | | |
| MATURITY | | | | | | | | | |
| 10/19/17 | 10/19/17 | 1,500,000 | 912796LY3 | US TREASURY BILL | 0.00% | 10/19/17 | 1,500,000.00 | | 0.00 |
| 11/15/17 | 11/15/17 | 4,995,000 | 912828G20 | US TREASURY NOTES | 0.87% | 11/15/17 | 4,995,000.00 | | 0.00 |
| 11/27/17 | 11/27/17 | 2,700,000 | 313385PU4 | FEDERAL HOME LOAN BANKS DISC NOTE | 0.00% | 11/27/17 | 2,700,000.00 | | 0.00 |
| 11/30/17 | 11/30/17 | 3,300,000 | 912796ME6 | UNITED STATES TREASURY BILL | 0.00% | 11/30/17 | 3,300,000.00 | | 0.00 |
| 12/15/17 | 12/15/17 | 2,500,000 | 912828G79 | UNITED STATES TREASURY NOTES | 1.00% | 12/15/17 | 2,500,000.00 | | 0.00 |
| Total MATURITY | | 14,995,000 | | | | | 14,995,000.00 | | 0.00 |
| SELL | | | | | | | | | |
| 11/9/17 | 11/9/17 | 30,000 | 912828G20 | US TREASURY NOTES | 0.87% | 11/15/17 | 30,126.97 | 0.87% | 1.05 |
| Total SELL | | 30,000 | | | | | 30,126.97 | | 1.05 |

Quarterly Portfolio Transactions

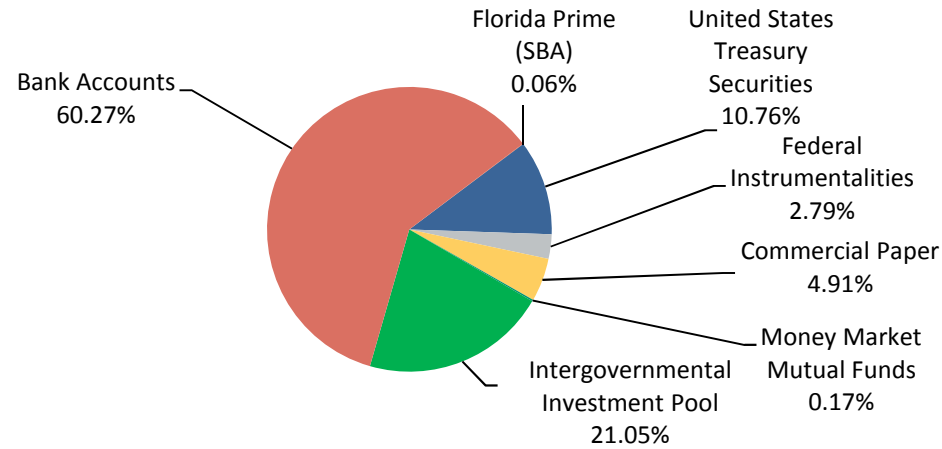
| Tran. Type | Trade Date | Settle Date | Par (\$) | CUSIP | Security Description | Coupon | Maturity Date | Transact Amt (\$) | Yield | Realized G/L (BV) |
|------------|------------|-------------|--------------|-----------|-------------------------------------|--------|---------------|-------------------|-------|-------------------|
| INTEREST | 10/2/17 | 10/2/17 | 0.00 | MONEY0002 | MONEY MARKET FUND | | | 2.80 | | |
| BUY | 10/4/17 | 10/4/17 | 1,500,000.00 | 46640QD24 | JP MORGAN SECURITIES LLC COMM PAPER | 0.00% | 4/2/18 | (1,488,825.00) | 1.50% | |
| BUY | 10/4/17 | 10/5/17 | 1,000,000.00 | 25214PBV4 | DEXIA CREDIT LOCAL SA NY COMM PAPER | 0.00% | 3/6/18 | (994,257.78) | 1.37% | |
| BUY | 10/4/17 | 10/5/17 | 1,000,000.00 | 89233HD27 | TOYOTA MOTOR CREDIT CORP COMM PAPER | 0.00% | 4/2/18 | (992,840.00) | 1.45% | |
| BUY | 10/10/17 | 10/11/17 | 550,000.00 | 912828K25 | US TREASURY NOTES | 0.75% | 4/15/18 | (550,620.94) | 1.25% | |
| BUY | 10/10/17 | 10/11/17 | 1,000,000.00 | 912828H37 | US TREASURY N/B | 0.87% | 1/15/18 | (1,001,545.52) | 1.08% | |
| INTEREST | 10/15/17 | 10/15/17 | 550,000.00 | 912828K25 | US TREASURY NOTES | 0.75% | 4/15/18 | 2,062.50 | | |
| INTEREST | 10/18/17 | 10/18/17 | 0.00 | MONEY0002 | MONEY MARKET FUND | | | 45.22 | | |
| MATURITY | 10/19/17 | 10/19/17 | 1,500,000.00 | 912796LY3 | US TREASURY BILL | 0.00% | 10/19/17 | 1,500,000.00 | | 0.00 |
| INTEREST | 11/1/17 | 11/1/17 | 0.00 | MONEY0002 | MONEY MARKET FUND | | | 1,242.79 | | |
| INTEREST | 11/8/17 | 11/8/17 | 0.00 | MONEY0002 | MONEY MARKET FUND | | | 46.71 | | |
| BUY | 11/8/17 | 11/9/17 | 1,250,000.00 | 912828R51 | US TREASURY NOTES | 0.87% | 5/31/18 | (1,251,520.88) | 1.35% | |
| BUY | 11/8/17 | 11/9/17 | 1,250,000.00 | 912828UR9 | US TREASURY NOTES | 0.75% | 2/28/18 | (1,249,859.73) | 1.26% | |
| SELL | 11/9/17 | 11/9/17 | 30,000.00 | 912828G20 | US TREASURY NOTES | 0.87% | 11/15/17 | 30,126.97 | 0.87% | 1.05 |
| INTEREST | 11/15/17 | 11/15/17 | 4,995,000.00 | 912828G20 | US TREASURY NOTES | 0.87% | 11/15/17 | 21,853.13 | | |
| MATURITY | 11/15/17 | 11/15/17 | 4,995,000.00 | 912828G20 | US TREASURY NOTES | 0.87% | 11/15/17 | 4,995,000.00 | | 0.00 |
| BUY | 11/21/17 | 11/22/17 | 2,000,000.00 | 313385RX6 | FEDERAL HOME LOAN BANKS DISC NOTE | 0.00% | 1/17/18 | (1,996,188.89) | 1.23% | |
| BUY | 11/21/17 | 11/22/17 | 1,000,000.00 | 912828L40 | US TREASURY NOTES | 1.00% | 9/15/18 | (996,995.64) | 1.61% | |
| BUY | 11/21/17 | 11/22/17 | 1,000,000.00 | 912828Q45 | US TREASURY NOTES | 0.87% | 3/31/18 | (999,477.17) | 1.38% | |
| MATURITY | 11/27/17 | 11/27/17 | 2,700,000.00 | 313385PU4 | FEDERAL HOME LOAN BANKS DISC NOTE | 0.00% | 11/27/17 | 2,700,000.00 | | 0.00 |

LAKE COUNTY SD IMPACT FEE PORTFOLIO

Portfolio Activity

| Tran. Type | Trade Date | Settle Date | Par (\$) | CUSIP | Security Description | Coupon | Maturity Date | Transact Amt (\$) | Yield | Realized G/L (BV) |
|---------------|------------|-------------|--------------|-----------|------------------------------|--------|---------------|-----------------------|-------|-------------------|
| BUY | 11/29/17 | 11/30/17 | 2,000,000.00 | 912828WD8 | US TREASURY NOTES | 1.25% | 10/31/18 | (1,995,040.57) | 1.64% | |
| BUY | 11/29/17 | 11/30/17 | 2,000,000.00 | 313385ST4 | FED HOME LN DISCOUNT NT | 0.00% | 2/6/18 | (1,995,353.33) | 1.23% | |
| BUY | 11/29/17 | 11/30/17 | 3,000,000.00 | 912828UR9 | US TREASURY NOTES | 0.75% | 2/28/18 | (3,001,788.89) | 1.27% | |
| INTEREST | 11/30/17 | 11/30/17 | 1,250,000.00 | 912828R51 | US TREASURY NOTES | 0.87% | 5/31/18 | 5,468.75 | | |
| MATURITY | 11/30/17 | 11/30/17 | 3,300,000.00 | 912796ME6 | UNITED STATES TREASURY BILL | 0.00% | 11/30/17 | 3,300,000.00 | | 0.00 |
| INTEREST | 12/1/17 | 12/1/17 | 0.00 | MONEY0002 | MONEY MARKET FUND | | | 1,357.94 | | |
| INTEREST | 12/13/17 | 12/13/17 | 0.00 | MONEY0002 | MONEY MARKET FUND | | | 45.47 | | |
| INTEREST | 12/15/17 | 12/15/17 | 2,500,000.00 | 912828G79 | UNITED STATES TREASURY NOTES | 1.00% | 12/15/17 | 12,500.00 | | |
| MATURITY | 12/15/17 | 12/15/17 | 2,500,000.00 | 912828G79 | UNITED STATES TREASURY NOTES | 1.00% | 12/15/17 | 2,500,000.00 | | 0.00 |
| BUY | 12/27/17 | 12/28/17 | 1,500,000.00 | 912828UU2 | US TREASURY NOTES | 0.75% | 3/31/18 | (1,500,231.16) | 1.41% | |
| BUY | 12/28/17 | 12/28/17 | 1,000,000.00 | 30229BBT3 | EXXON MOBIL CORP COMM PAPER | 0.00% | 2/27/18 | (997,560.00) | 1.44% | |
| TOTALS | | | | | | | | (5,942,353.22) | | 1.05 |

Tab III



| Security Type ¹ | Amortized Cost (Includes Interest) | Allocation Percentage | Notes | Permitted by Policy | In Compliance |
|--|---------------------------------------|--------------------------|-------|------------------------|------------------|
| Florida Prime (SBA) | 80,001.52 | 0.06% | | 25% | YES |
| United States Treasury Securities | 15,418,096.68 | 10.76% | | 100% | YES |
| United States Government Agency Securities | - | 0.00% | | 50% | YES |
| Federal Instrumentalities | 3,996,451.10 | 2.79% | 2 | 80% | YES |
| Mortgage-Backed Securities | - | 0.00% | 2 | 20% | YES |
| Certificates of Deposit or Savings Account | - | 0.00% | | 25% | YES |
| Repurchase Agreements | - | 0.00% | | 50% | YES |
| Commercial Paper | 7,031,935.42 | 4.91% | | 35% | YES |
| Corporate Notes | - | 0.00% | | 0% | YES |
| Bankers' Acceptances | - | 0.00% | | 35% | YES |
| State and/or Local Government Debt | - | 0.00% | | 20% | YES |
| Money Market Mutual Funds | 243,448.73 | 0.17% | | 50% | YES |
| Intergovernmental Investment Pool | 30,164,547.29 | 21.05% | | 25% | YES |
| Bank Accounts | 86,383,726.52 | 60.27% | | 100% | 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 80%. The combined total as of December 31, 2017 is 2.79%.

| Individual Issuer Breakdown¹ | Amortized Cost (Includes Interest) | Allocation Percentage | Notes | Permitted by Policy | In Compliance |
|---|---|----------------------------------|--------------|--------------------------------|--------------------------|
| Government National Mortgage Association (GNMA) | - | 0.00% | | 25% | YES |
| Federal Farm Credit Bank (FFCB) | - | 0.00% | | 40% | YES |
| Federal Home Loan Bank (FHLB) | 3,996,451.10 | 2.79% | | 40% | YES |
| Federal National Mortgage Association (FNMA) | - | 0.00% | | 40% | YES |
| Federal Home Loan Mortgage Corporation (FHLMC) | - | 0.00% | | 40% | YES |
| Bank of Tokyo Mitsubishi Commercial Paper | 997,988.33 | 0.70% | | 10% | YES |
| BNP Paribas Commercial Paper | 997,974.17 | 0.70% | | 10% | YES |
| Credit Agricole Commercial Paper | 549,960.28 | 0.38% | | 10% | YES |
| Dexia Credit Commercial Paper | 997,582.22 | 0.70% | | 10% | YES |
| JP Morgan Chase Commercial Paper | 1,494,350.42 | 1.04% | | 10% | YES |
| Toyota Motor Credit Commercial Paper | 996,360.00 | 0.70% | | 10% | YES |
| Exxon-Mobil Corporate Notes | 997,720.00 | 0.70% | | 10% | YES |
| Cash Balance | 86,383,726.52 | 60.27% | | 100% | YES |
| Florida Education Investment Trust Fund | 30,164,547.29 | 21.05% | | 25% | YES |
| Money Market Fund | 243,448.73 | 0.17% | | 25% | YES |

Notes:

1. End of month trade-date amortized cost of portfolio holdings, including accrued interest.

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 that 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 the 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 of 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 and 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 (i.e., coupon payments and maturity proceeds) occurs on a non-business day, the funds are exchanged on the next business day.
- **TRADE DATE:** The date on which the transaction occurred; however, the final consummation of the security transaction and payment has not yet taken place.
- **UNSETTLED TRADE:** A trade which has been executed; however, the final consummation of the security transaction and payment has not yet taken place.
- **U.S. TREASURY:** The department of the U.S. government that issues Treasury securities.
- **YIELD:** The rate of return based on the current market value, the annual interest receipts, maturity value, and the time period remaining until maturity, stated as a percentage on an annualized basis.
- **YTM AT COST:** The yield to maturity at cost is the expected rate of return based on the original cost, the annual interest receipts, maturity value, and the time period from purchase date to maturity, stated as a percentage on an annualized basis.
- **YTM AT MARKET:** The yield to maturity at market is the rate of return based on the current market value, the annual interest receipts, maturity value, and the time period remaining until maturity, stated as a percentage on an annualized basis.