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GARCIA HAMILTON & ASSOCIATES, L.P.

November 22, 2016

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Lois Towey
City of Ormond Beach
22 South Beach Street
Ormond Beach, FL 32174

Dear Ms. Towey:

We have enclosed performance for the City of Ormond Beach Police Officers' Pension Trust Fund for the period ending September 30, 2016. Relevant indices have been included for comparison purposes.

The Federal Reserve opted to wait for "further evidence" of economic improvement and decided to keep the federal funds rate unchanged at the FOMC meeting in September. Despite the lack of action, the FOMC statement appeared to send a message that the probability of a rate hike this year has increased. The press release indicated that the risks to economic growth are now "roughly balanced," and the majority of committee members project at least one rate hike by the end of the year. In the economy, measures of core inflation continued to inch higher, and the Consumer Confidence Index hit a nine-year high on optimism about the labor market.

The 10-year Treasury yield increased 11 basis points to end the quarter at 1.60%. The 2-year yield rose 17 basis points to 0.76% while the yield of the 30-year Treasury increased 2 basis points to 2.33%. These moves caused the 2-30 year yield spread to flatten to 157 basis points.

With the marginal rise in rates, the bond market had only a modest positive return this quarter with a return of 0.46% for the Barclays Capital Aggregate Index and a return of 0.16% on the Barclays Capital Intermediate Government/Credit Index. Spread product was a contributor to the market's performance as all four of the spread sectors delivered positive excess return. The corporate sector was the leader this quarter with 173 basis points of excess return followed by the mortgage-backed securities sector with 64 basis points of excess return. The agency sector and the asset-backed securities sector followed suit with excess returns of 44 basis points and 26 basis points, respectively. Thus, the Barclays Capital Aggregate Index had a positive excess return this quarter of 68 basis points.

We maintained a marginally shorter duration than the benchmark index in anticipation of a rise in short-to-intermediate rates. In the near term, we expect short-to-intermediate term rates to rise leading to a flatter yield curve.

Please do not hesitate to contact us if you have any questions or comments.

Sincerely,



Janna Hamilton
Partner

Enclosures



GARCIA HAMILTON & ASSOCIATES

Portfolio Review
**CITY OF ORMOND BEACH POLICE OFFICERS' PENSION TRUST FUND-FIXED
(325000393) ormondpf**

September 30, 2016

Client Use Only

See disclosures for other relevant information.

We urge you to compare account statements that you receive from us with the account statements that you receive from your custodian.



GARCIA HAMILTON & ASSOCIATES
CITY OF ORMOND BEACH POLICE OFFICERS' PENSION TRUST FUND-FIXED
(3250000393) ormondpf
September 30, 2016

PORTFOLIO COMPOSITION	<u>Market Value</u>	<u>Pct. Assets</u>	<u>Yield</u>	CHANGE IN PORTFOLIO	
EQUITIES	0.00	0.0	0.0	Portfolio Value on 03-31-01	7,533,666.42
FIXED INCOME	8,962,769.06	97.7	1.5	Accrued Interest	24,119.59
CASH & EQUIVALENTS	208,016.85	2.3	0.1	Net Additions/Withdrawals	2,218,081.35
				Net Transfers	-4,750,890.94
				Realized Gains/Losses	-141,817.74
				Unrealized Gains/Losses	298,339.45
				Income Received	3,980,805.81
				Change in Accrued Interest	8,481.98
				Portfolio Value on 09-30-16	9,138,184.35
				Accrued Interest	32,601.57
Total	9,170,785.91	100.0	1.5		9,170,785.91

TIME WEIGHTED RETURN

	<u>Quarter</u>	<u>Year To Date</u>	<u>Fiscal 09-30-15 YTD</u>	<u>Annualized Last 3 Years</u>	<u>Annualized Last 5 Years</u>	<u>Annualized Inception 03-31-01 To Date</u>
Account	0.2	4.6	4.0	4.1	4.5	N/A
FIXED INCOME	0.2	4.7	4.0	4.1	4.6	5.7
Barclays Capital Int Gov/Credit	0.2	4.2	3.5	2.8	2.4	4.4

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Note: Account inception 3/31/01 with balanced mandate.
Effective 10/1/03 mandate changed to fixed income.

Past performance is no guarantee of future results.



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PORTFOLIO SUMMARY
CITY OF ORMOND BEACH POLICE OFFICERS' PENSION TRUST FUND-FIXED
(3250000393) ormondpf
September 30, 2016

Security Type	Total Cost	Market Value	Pct. Assets	Yield	Est. Annual Income
FIXED INCOME					
CORPORATE BONDS	2,571,483.69	2,580,744.57	28.1	2.7	90,135.55
GOVERNMENT BONDS					
TREASURY	1,075,854.51	1,087,969.28	11.9	1.5	21,081.25
AGENCY - NONCALLABLE	3,379,461.16	3,383,635.13	36.9	0.6	21,881.47
GOVERNMENT BONDS	4,455,315.67	4,471,604.41	48.8	0.8	42,962.72
MORTGAGE-BACKED SECURITIES-FNMA	657,014.12	657,117.52	7.2	1.8	32,064.42
MORTGAGE-BACKED SECURITIES-FHLMC	1,219,290.91	1,220,700.99	13.3	1.8	57,574.95
Accrued Interest		32,601.57	0.4		
	8,903,104.39	8,962,769.06	97.7	1.5	222,737.63
CASH & EQUIVALENTS					
CASH & EQUIVALENTS	208,016.85	208,016.85	2.3	0.1	249.62
	208,016.85	208,016.85	2.3	0.1	249.62
TOTAL PORTFOLIO	9,111,121.24	9,170,785.91	100.0	1.5	222,987.25

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GARCIA HAMILTON & ASSOCIATES
 PORTFOLIO APPRAISAL
CITY OF ORMOND BEACH POLICE OFFICERS' PENSION TRUST FUND-FIXED
(325000393) ormondpf
 September 30, 2016

Quantity	Security	Unit Cost	Total Cost	Price	Market Value	Pct. Assets	Unit Income	Annual Income	Yield
CORPORATE BONDS									
295,000	American Express Floater 1.906% Due 09-14-20	101.94	300,723.00	101.58	299,649.49	3.3	1.906	5,622.05	1.5
325,000	Metlife Inc. 4.368% Due 09-15-23	109.56	356,072.79	110.82	360,158.50	3.9	4.368	14,196.00	2.7
320,000	JP Morgan Chase 3.875% Due 02-01-24	108.33	346,667.50	107.83	345,056.32	3.8	3.875	12,400.00	2.7
70,000	Wyeth LLC 6.450% Due 02-01-24	124.85	87,395.70	126.59	88,612.72	1.0	6.450	4,515.00	2.5
335,000	Morgan Stanley 3.875% Due 04-29-24	105.45	353,246.55	106.95	358,278.81	3.9	3.875	12,981.25	2.8
335,000	Goldman Sachs 3.850% Due 07-08-24	105.74	354,227.90	106.17	355,683.23	3.9	3.850	12,897.50	3.0
330,000	Aflac Inc. 3.625% Due 11-15-24	107.13	353,525.45	107.54	354,875.07	3.9	3.625	11,962.50	2.6
65,000	Berkshire Hathaway 3.125% Due 03-15-26	103.41	67,216.50	105.11	68,318.90	0.7	3.125	2,031.25	2.5
330,000	Wells Fargo Sub 4.100% Due 06-03-26	106.79	352,408.30	106.09	350,111.52	3.8	4.100	13,530.00	3.4
	Accrued Interest				20,964.05	0.2			
			2,571,483.69		2,601,708.62	28.4		90,135.55	2.7
GOVERNMENT BONDS									
TREASURY									
985,000	U S Treasury 2.000% Due 02-15-25	102.32	1,007,838.10	103.55	1,020,013.79	11.1	2.000	19,700.00	1.5
65,000	U S Treasury 2.125% Due 05-15-25	104.64	68,016.41	104.55	67,955.48	0.7	2.125	1,381.25	1.6
	Accrued Interest				2,980.47	0.0			
			1,075,854.51		1,090,949.75	11.9		21,081.25	1.5
AGENCY - NONCALLABLE									
695,000	FHLB Floater 0.752% Due 08-09-17	100.00	695,010.88	100.18	696,276.02	7.6	0.752	5,226.40	0.5
500,000	FHLB Floater 0.568% Due 09-05-17	100.01	500,069.78	100.06	500,305.00	5.5	0.568	2,840.00	0.5
175,000	FHLB Floater 0.598% Due 12-05-17	100.02	175,029.35	100.09	175,151.55	1.9	0.598	1,046.50	0.5
220,000	FHLB Floater 0.596% Due 12-07-17	100.01	220,019.80	100.09	220,190.30	2.4	0.596	1,311.20	0.5
305,000	FFCB Floater 0.550% Due 01-08-18	99.81	304,418.85	100.02	305,061.30	3.3	0.550	1,676.16	0.5

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Quantity	Security	Unit Cost	Total Cost	Price	Market Value	Pct. Assets	Unit Income	Annual Income	Yield
385,000	FNMA Floater 0.811% Due 03-21-18	100.03	385,101.71	100.29	386,121.89	4.2	0.811	3,121.08	0.6
175,000	FFCB Floater 0.694% Due 03-26-18	100.02	175,038.50	100.19	175,335.30	1.9	0.694	1,214.50	0.6
470,000	FFCB Floater 0.555% Due 05-17-18	99.95	469,745.29	99.97	469,841.14	5.1	0.555	2,606.43	0.6
455,000	FFCB Floater 0.624% Due 05-25-18	100.01	455,027.00	100.08	455,352.62	5.0	0.624	2,839.20	0.6
	Accrued Interest				1,436.10	0.0			
			3,379,461.16		3,385,071.23	36.9		21,881.47	0.6
	GOVERNMENT BONDS Total		4,455,315.67		4,476,020.98	48.8		42,962.72	0.8
MORTGAGE-BACKED SECURITIES-FNMA									
1,490,000.00	FNMA Pool #944122 5.500% Due 07-01-22	108.37	141,308.90	108.10	140,952.59	1.5	5.500	7,171.43	2.0
163,090.00	FNMA Pool #AL7638 5.500% Due 01-01-24	108.80	131,220.97	108.08	130,356.35	1.4	5.500	6,633.60	1.3
555,000.00	FNMA Pool #MA0472 5.000% Due 07-01-30	110.60	124,625.19	111.32	125,442.51	1.4	5.000	5,634.07	1.9
4,475,000.00	FNMA Pool #745418 5.500% Due 04-01-36	113.20	259,859.05	113.42	260,366.07	2.8	5.500	12,625.31	1.8
	Accrued Interest				2,582.97	0.0			
			657,014.12		659,700.49	7.2		32,064.42	1.8
MORTGAGE-BACKED SECURITIES-FHLMC									
395,000.00	FHLMC Pool #G15718 5.500% Due 12-01-24	108.05	334,175.69	107.30	331,881.16	3.6	5.500	17,010.82	1.6
510,000.00	FHLMC Pool #G15743 5.000% Due 06-01-26	107.01	439,535.86	106.94	439,234.98	4.8	5.000	20,536.71	1.5
200,000.00	FHLMC Pool #G30892 5.500% Due 04-01-30	111.56	195,423.96	112.14	196,444.33	2.1	5.500	9,634.35	2.0
330,000.00	FHLMC Pool #G60134 4.500% Due 06-01-36	108.31	250,155.40	109.60	253,140.52	2.8	4.500	10,393.07	2.5
	Accrued Interest				4,637.98	0.1			
			1,219,290.91		1,225,338.97	13.4		57,574.95	1.8
CASH & EQUIVALENTS									
	Regions Trust Cash Sweep		208,016.85		208,016.85	2.3	0.120	249.62	0.1
			208,016.85		208,016.85	2.3		249.62	0.1
TOTAL PORTFOLIO			9,111,121.24		9,170,785.91	100.0		222,987.25	1.5

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PURCHASE AND SALE
CITY OF ORMOND BEACH POLICE OFFICERS' PENSION TRUST
FUND-FIXED
(3250000393) ormondpf
From 07-01-16 To 09-30-16

Trade Date	Settle Date	Quantity	Security	Unit Price	Amount
PURCHASES					
07-11-2016	07-14-2016	165,000	Aflac Inc. 3.625% Due 11-15-24	108.71	179,364.90
08-18-2016	08-23-2016	85,000	Aflac Inc. 3.625% Due 11-15-24	108.38	92,122.15
09-01-2016	09-07-2016	295,000	American Express Floater 1.906% Due 09-14-20	101.94	300,723.00
08-12-2016	08-16-2016	130,000	FFCB Floater 0.555% Due 05-17-18	99.89	129,850.78
07-22-2016	07-26-2016	223,252.33	FHLMC Pool #G15743 5.000% Due 06-01-26	106.84	238,531.16
07-18-2016	07-21-2016	85,000	Goldman Sachs 3.850% Due 07-08-24	106.50	90,523.30
07-05-2016	07-08-2016	165,000	JP Morgan Chase 3.875% Due 02-01-24	109.31	180,366.45
07-06-2016	07-11-2016	145,000	Metlife Inc. 4.368% Due 09-15-23	111.83	162,159.30
08-08-2016	08-11-2016	90,000	Metlife Inc. 4.368% Due 09-15-23	110.65	99,583.20
07-19-2016	07-22-2016	80,000	Morgan Stanley 3.875% Due 04-29-24	106.76	85,405.60
09-30-2016	10-04-2016	65,000	U S Treasury 2.125% Due 05-15-25	104.64	68,016.41
07-01-2016	07-07-2016	85,000	Wells Fargo Sub 4.100% Due 06-03-26	108.15	91,928.35
07-14-2016	07-19-2016	75,000	Wells Fargo Sub 4.100% Due 06-03-26	108.12	81,089.25
					1,799,663.85
SALES					
08-31-2016	09-06-2016	85,000	Apple Inc 3.450% Due 05-06-24	108.71	92,406.05

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PURCHASE AND SALE
CITY OF ORMOND BEACH POLICE OFFICERS' PENSION TRUST
FUND-FIXED
(3250000393) ormondpf
From 07-01-16 To 09-30-16

Trade Date	Settle Date	Quantity	Security	Unit Price	Amount
09-02-2016	09-08-2016	95,000	Florida Power & Light NEE 3.250% Due 06-01-24	107.02	101,671.85
09-09-2016	09-14-2016	85,000	IBM Corp 3.625% Due 02-12-24	108.47	92,203.75
08-24-2016	08-29-2016	75,000	MidAmerican Energy 3.500% Due 10-15-24	109.36	82,022.25
07-01-2016	07-06-2016	80,000	U S Treasury 2.750% Due 02-15-24	110.51	88,406.25
07-05-2016	07-07-2016	95,000	U S Treasury 2.250% Due 11-15-24	107.54	102,162.11
07-05-2016	07-07-2016	75,000	U S Treasury 2.750% Due 02-15-24	111.12	83,343.75
07-06-2016	07-08-2016	155,000	U S Treasury 2.250% Due 11-15-24	107.41	166,491.80
07-08-2016	07-12-2016	45,000	U S Treasury 2.250% Due 11-15-24	107.35	48,308.20
07-11-2016	07-13-2016	165,000	U S Treasury 2.250% Due 11-15-24	107.05	176,640.23
07-12-2016	07-14-2016	50,000	U S Treasury 2.250% Due 11-15-24	106.48	53,242.19
07-14-2016	07-18-2016	75,000	U S Treasury 2.250% Due 11-15-24	106.23	79,675.78
07-15-2016	07-19-2016	50,000	U S Treasury 2.250% Due 11-15-24	105.71	52,855.47
07-18-2016	07-20-2016	85,000	U S Treasury 2.250% Due 11-15-24	105.80	89,927.34
07-19-2016	07-21-2016	85,000	U S Treasury 2.250% Due 11-15-24	106.07	90,159.77
07-25-2016	07-27-2016	70,000	U S Treasury 2.250% Due 11-15-24	105.88	74,117.97
08-08-2016	08-10-2016	50,000	U S Treasury 2.000% Due 02-15-25	103.73	51,867.19
08-08-2016	08-10-2016	95,000	U S Treasury 2.000% Due 02-15-25	103.76	98,573.63

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(3250000393) ormondpf
From 07-01-16 To 09-30-16

Trade Date	Settle Date	Quantity	Security	Unit Price	Amount
08-18-2016	08-22-2016	90,000	U S Treasury 2.000% Due 02-15-25	103.97	93,571.88
08-24-2016	08-26-2016	55,000	U S Treasury 2.000% Due 02-15-25	103.80	57,088.28
					1,774,735.74
PRINCIPAL PAYDOWNS					
07-01-2016	07-01-2016	10,351.54	FHLMC Pool #G15718 5.500% Due 12-01-24	100.00	10,351.54
08-01-2016	08-01-2016	9,400.18	FHLMC Pool #G15718 5.500% Due 12-01-24	100.00	9,400.18
09-01-2016	09-01-2016	10,523.81	FHLMC Pool #G15718 5.500% Due 12-01-24	100.00	10,523.81
07-01-2016	07-01-2016	6,876.85	FHLMC Pool #G15743 5.000% Due 06-01-26	100.00	6,876.85
08-01-2016	08-01-2016	13,254.42	FHLMC Pool #G15743 5.000% Due 06-01-26	100.00	13,254.42
09-01-2016	09-01-2016	13,929.46	FHLMC Pool #G15743 5.000% Due 06-01-26	100.00	13,929.46
07-01-2016	07-01-2016	4,642.27	FHLMC Pool #G30892 5.500% Due 04-01-30	100.00	4,642.27
08-01-2016	08-01-2016	4,014.88	FHLMC Pool #G30892 5.500% Due 04-01-30	100.00	4,014.88
09-01-2016	09-01-2016	2,943.16	FHLMC Pool #G30892 5.500% Due 04-01-30	100.00	2,943.16
07-01-2016	07-01-2016	7,682.98	FHLMC Pool #G60134 4.500% Due 06-01-36	100.00	7,682.98
08-01-2016	08-01-2016	6,618.19	FHLMC Pool #G60134 4.500% Due 06-01-36	100.00	6,618.19
09-01-2016	09-01-2016	6,537.62	FHLMC Pool #G60134 4.500% Due 06-01-36	100.00	6,537.62
07-01-2016	07-01-2016	5,407.28	FNMA Pool #745418 5.500% Due 04-01-36	100.00	5,407.28

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FUND-FIXED
(3250000393) ormondpf
From 07-01-16 To 09-30-16

Trade Date	Settle Date	Quantity	Security	Unit Price	Amount
08-01-2016	08-01-2016	5,261.79	FNMA Pool #745418 5.500% Due 04-01-36	100.00	5,261.79
09-01-2016	09-01-2016	5,580.50	FNMA Pool #745418 5.500% Due 04-01-36	100.00	5,580.50
07-01-2016	07-01-2016	1,307.67	FNMA Pool #944122 5.500% Due 07-01-22	100.00	1,307.67
07-01-2016	07-01-2016	699.88	FNMA Pool #944122 5.500% Due 07-01-22	100.00	699.88
08-01-2016	08-01-2016	4,353.28	FNMA Pool #944122 5.500% Due 07-01-22	100.00	4,353.28
08-01-2016	08-01-2016	2,329.94	FNMA Pool #944122 5.500% Due 07-01-22	100.00	2,329.94
09-01-2016	09-01-2016	1,337.43	FNMA Pool #944122 5.500% Due 07-01-22	100.00	1,337.43
09-01-2016	09-01-2016	715.82	FNMA Pool #944122 5.500% Due 07-01-22	100.00	715.82
07-01-2016	07-01-2016	3,352.01	FNMA Pool #AL7638 5.500% Due 01-01-24	100.00	3,352.01
08-01-2016	08-01-2016	3,693.84	FNMA Pool #AL7638 5.500% Due 01-01-24	100.00	3,693.84
09-01-2016	09-01-2016	2,963.16	FNMA Pool #AL7638 5.500% Due 01-01-24	100.00	2,963.16
07-01-2016	07-01-2016	2,541.10	FNMA Pool #MA0472 5.000% Due 07-01-30	100.00	2,541.09
08-01-2016	08-01-2016	2,282.68	FNMA Pool #MA0472 5.000% Due 07-01-30	100.00	2,282.68
09-01-2016	09-01-2016	1,649.52	FNMA Pool #MA0472 5.000% Due 07-01-30	100.00	1,649.53
					140,251.26

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Client Report Disclosures

PERFORMANCE DATA

Performance data represents historically achieved results for a client's portfolio(s), and is no guarantee of future performance. The market or economic conditions during this period may or may not be repeated. There may be differences between the performance shown and the performance results achieved by any other client retaining Garcia Hamilton for the same investment strategy. Benchmark results are shown for comparison purposes only. The benchmark represents an unmanaged portfolio with characteristics which are similar to the portfolio(s). The returns of the benchmark do not include any transaction costs, management fees or other costs. The holdings in the client's portfolio(s) may differ significantly from the securities that comprise the benchmark shown. The benchmark has been selected by the client as an appropriate benchmark with which to compare the performance of the portfolio(s).