

GH&A

GARCIA HAMILTON & ASSOCIATES, L.P.

November 22, 2016

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

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HOUSTON, TX 77010-4035
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Dear Ms. Towey:

We have enclosed performance for the City of Ormond Beach Firefighters' 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 FIREFIGHTERS' PENSION TRUST FUND-FIXED (3250000231)
ormondff**

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 FIREFIGHTERS' PENSION TRUST FUND-FIXED (3250000231)
ormondff
September 30, 2016

PORTFOLIO COMPOSITION	Market Value	Pct. Assets	Yield	CHANGE IN PORTFOLIO	
EQUITIES	0.00	0.0	0.0	Portfolio Value on 03-31-01	4,674,237.96
FIXED INCOME	7,367,776.02	96.9	1.6	Accrued Interest	14,911.66
CASH & EQUIVALENTS	234,444.61	3.1	0.1	Net Additions/Withdrawals	3,075,943.21
				Net Transfers	-3,367,218.95
				Realized Gains/Losses	-95,573.31
				Unrealized Gains/Losses	217,789.20
				Income Received	3,069,597.13
				Change in Accrued Interest	12,533.74
				Portfolio Value on 09-30-16	7,574,775.24
				Accrued Interest	27,445.39
Total	7,602,220.63	100.0	1.5		7,602,220.63

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	0.3	4.6	3.9	4.1	4.6	N/A
FIXED INCOME	0.3	4.7	4.0	4.2	4.7	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.



GARCIA HAMILTON & ASSOCIATES
PORTFOLIO SUMMARY
CITY OF ORMOND BEACH FIREFIGHTERS' PENSION TRUST FUND-FIXED
(3250000231)
ormondff
September 30, 2016

<u>Security Type</u>	<u>Total Cost</u>	<u>Market Value</u>	<u>Pct. Assets</u>	<u>Yield</u>	<u>Est. Annual Income</u>
FIXED INCOME					
CORPORATE BONDS	2,136,449.97	2,143,767.92	28.2	2.6	73,751.77
GOVERNMENT BONDS					
TREASURY	820,225.76	829,132.14	10.9	1.5	16,087.50
AGENCY - NONCALLABLE	2,645,737.57	2,648,847.31	34.8	0.6	18,029.59
GOVERNMENT BONDS	3,465,963.33	3,477,979.45	45.7	0.8	34,117.09
MORTGAGE-BACKED SECURITIES-FNMA	646,938.60	646,054.32	8.5	1.8	31,275.83
MORTGAGE-BACKED SECURITIES-FHLMC	1,068,967.27	1,072,528.94	14.1	1.9	49,985.80
Accrued Interest		27,445.39	0.4		
	7,318,319.17	7,367,776.02	96.9	1.6	189,130.49
CASH & EQUIVALENTS					
CASH & EQUIVALENTS	234,444.61	234,444.61	3.1	0.1	281.33
	234,444.61	234,444.61	3.1	0.1	281.33
TOTAL PORTFOLIO	7,552,763.78	7,602,220.63	100.0	1.5	189,411.82

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GARCIA HAMILTON & ASSOCIATES
 PORTFOLIO APPRAISAL
CITY OF ORMOND BEACH FIREFIGHTERS' PENSION TRUST FUND-FIXED (3250000231)
ormondff
 September 30, 2016

Quantity	Security	Unit Cost	Total Cost	Price	Market Value	Pct. Assets	Unit Income	Annual Income	Yield
CORPORATE BONDS									
265,000	American Express Floater 1.555% Due 05-26-20	100.69	266,825.85	100.49	266,298.50	3.5	1.555	4,121.92	1.4
270,000	Metlife Inc. 4.368% Due 09-15-23	109.66	296,093.79	110.82	299,208.60	3.9	4.368	11,793.60	2.7
270,000	JP Morgan Chase 3.875% Due 02-01-24	108.39	292,644.15	107.83	291,141.27	3.8	3.875	10,462.50	2.7
65,000	Wyeth LLC 6.450% Due 02-01-24	124.85	81,153.15	126.59	82,283.24	1.1	6.450	4,192.50	2.5
280,000	Morgan Stanley 3.875% Due 04-29-24	105.47	295,304.80	106.95	299,456.92	3.9	3.875	10,850.00	2.8
280,000	Goldman Sachs 3.850% Due 07-08-24	105.65	295,825.95	106.17	297,287.48	3.9	3.850	10,780.00	3.0
270,000	Aflac Inc. 3.625% Due 11-15-24	107.23	289,517.10	107.54	290,352.33	3.8	3.625	9,787.50	2.6
55,000	Berkshire Hathaway 3.125% Due 03-15-26	103.41	56,875.50	105.11	57,808.30	0.8	3.125	1,718.75	2.5
245,000	Wells Fargo Sub 4.100% Due 06-03-26	107.02	262,209.68	106.09	259,931.28	3.4	4.100	10,045.00	3.4
	Accrued Interest				17,306.90	0.2			
			2,136,449.97		2,161,074.82	28.4		73,751.77	2.6
GOVERNMENT BONDS									
TREASURY									
730,000	U S Treasury 2.000% Due 02-15-25	102.33	746,977.32	103.55	755,949.31	9.9	2.000	14,600.00	1.5
70,000	U S Treasury 2.125% Due 05-15-25	104.64	73,248.44	104.55	73,182.83	1.0	2.125	1,487.50	1.6
	Accrued Interest				2,382.81	0.0			
			820,225.76		831,514.95	10.9		16,087.50	1.5
AGENCY - NONCALLABLE									
675,000	FHLB Floater 0.752% Due 08-09-17	100.00	675,000.09	100.18	676,239.30	8.9	0.752	5,076.00	0.5
235,000	FHLB Floater 0.568% Due 09-05-17	100.01	235,032.67	100.06	235,143.35	3.1	0.568	1,334.80	0.5
315,000	FHLMC Floater 0.571% Due 11-13-17	100.00	315,000.00	100.02	315,069.61	4.1	0.571	1,797.61	0.6
185,000	FHLB Floater 0.598% Due 12-05-17	100.02	185,031.02	100.09	185,160.21	2.4	0.598	1,106.30	0.5
190,000	FHLB Floater 0.596% Due 12-07-17	100.01	190,017.10	100.09	190,164.35	2.5	0.596	1,132.40	0.5

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CITY OF ORMOND BEACH FIREFIGHTERS' PENSION TRUST FUND-FIXED (3250000231)
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 September 30, 2016

Quantity	Security	Unit Cost	Total Cost	Price	Market Value	Pct. Assets	Unit Income	Annual Income	Yield
520,000	FNMA Floater 0.811% Due 03-21-18	100.12	520,601.09	100.29	521,515.28	6.9	0.811	4,215.48	0.6
130,000	FFCB Floater 0.694% Due 03-26-18	100.02	130,028.60	100.19	130,249.08	1.7	0.694	902.20	0.6
395,000	FFCB Floater 0.624% Due 05-25-18	100.01	395,027.00	100.08	395,306.12	5.2	0.624	2,464.80	0.6
	Accrued Interest				1,209.60	0.0			
			2,645,737.57		2,650,056.91	34.9		18,029.59	0.6
	GOVERNMENT BONDS Total		3,465,963.33		3,481,571.86	45.8		34,117.09	0.8
MORTGAGE-BACKED SECURITIES-FNMA									
1,239,047.00	FNMA Pool #890042 5.500% Due 07-01-22	107.42	66,225.37	107.52	66,291.22	0.9	5.500	3,390.95	2.0
985,000.00	FNMA Pool #AD0662 5.500% Due 01-01-25	109.53	81,644.53	108.78	81,086.03	1.1	5.500	4,099.81	2.2
230,000.00	FNMA Pool #AL8215 5.000% Due 06-01-26	107.75	211,917.19	107.27	210,965.29	2.8	5.000	9,833.74	1.6
4,945,000.00	FNMA Pool #745418 5.500% Due 04-01-36	113.20	287,151.51	113.42	287,711.78	3.8	5.500	13,951.32	1.8
	Accrued Interest				2,519.44	0.0			
			646,938.60		648,573.76	8.5		31,275.83	1.8
MORTGAGE-BACKED SECURITIES-FHLMC									
145,000.00	FHLMC Pool #G15718 5.500% Due 12-01-24	108.05	122,672.10	107.30	121,829.80	1.6	5.500	6,244.48	1.6
360,000.00	FHLMC Pool #G15743 5.000% Due 06-01-26	107.19	310,768.69	106.94	310,048.21	4.1	5.000	14,496.50	1.5
375,000.00	FHLMC Pool #G30892 5.500% Due 04-01-30	111.56	366,419.94	112.14	368,333.12	4.8	5.500	18,064.40	2.0
355,000.00	FHLMC Pool #G60134 4.500% Due 06-01-36	108.31	269,106.54	109.60	272,317.81	3.6	4.500	11,180.42	2.5
	Accrued Interest				4,026.63	0.1			
			1,068,967.27		1,076,555.58	14.2		49,985.80	1.9
CASH & EQUIVALENTS									
	Regions Trust Cash Sweep		234,444.61		234,444.61	3.1	0.120	281.33	0.1
			234,444.61		234,444.61	3.1		281.33	0.1
TOTAL PORTFOLIO			7,552,763.78		7,602,220.63	100.0		189,411.82	1.5

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GARCIA HAMILTON & ASSOCIATES
PURCHASE AND SALE
CITY OF ORMOND BEACH FIREFIGHTERS' PENSION TRUST
FUND-FIXED (3250000231)
ormondff
From 07-01-16 To 09-30-16

Trade Date	Settle Date	Quantity	Security	Unit Price	Amount
PURCHASES					
07-11-2016	07-14-2016	120,000	Aflac Inc. 3.625% Due 11-15-24	108.71	130,447.20
08-18-2016	08-23-2016	90,000	Aflac Inc. 3.625% Due 11-15-24	108.38	97,541.10
08-17-2016	08-22-2016	265,000	American Express Floater 1.555% Due 05-26-20	100.69	266,825.85
07-25-2016	07-27-2016	55,000	FHLB Floater 0.752% Due 08-09-17	99.98	54,986.80
07-08-2016	07-12-2016	60,000	FNMA Floater 0.811% Due 03-21-18	100.01	60,005.78
09-29-2016	10-03-2016	160,000	FNMA Floater 0.811% Due 03-21-18	100.32	160,516.06
07-18-2016	07-21-2016	65,000	Goldman Sachs 3.850% Due 07-08-24	106.50	69,223.70
07-05-2016	07-08-2016	145,000	JP Morgan Chase 3.875% Due 02-01-24	109.31	158,503.85
07-06-2016	07-11-2016	125,000	Metlife Inc. 4.368% Due 09-15-23	111.83	139,792.50
08-08-2016	08-11-2016	75,000	Metlife Inc. 4.368% Due 09-15-23	110.65	82,986.00
07-19-2016	07-22-2016	70,000	Morgan Stanley 3.875% Due 04-29-24	106.76	74,729.90
09-30-2016	10-04-2016	70,000	U S Treasury 2.125% Due 05-15-25	104.64	73,248.44
07-01-2016	07-07-2016	70,000	Wells Fargo Sub 4.100% Due 06-03-26	108.15	75,705.70
07-14-2016	07-19-2016	55,000	Wells Fargo Sub 4.100% Due 06-03-26	108.12	59,465.45
					1,503,978.33

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PURCHASE AND SALE
CITY OF ORMOND BEACH FIREFIGHTERS' PENSION TRUST
FUND-FIXED (3250000231)
ormondff
From 07-01-16 To 09-30-16

Trade Date	Settle Date	Quantity	Security	Unit Price	Amount
SALES					
08-31-2016	09-06-2016	65,000	Apple Inc 3.450% Due 05-06-24	108.71	70,663.45
09-01-2016	09-07-2016	80,000	Florida Power & Light NEE 3.250% Due 06-01-24	107.34	85,875.20
09-06-2016	09-09-2016	85,000	IBM Corp 3.625% Due 02-12-24	109.62	93,175.30
08-24-2016	08-29-2016	60,000	MidAmerican Energy 3.500% Due 10-15-24	109.36	65,617.80
07-01-2016	07-06-2016	70,000	U S Treasury 2.750% Due 02-15-24	110.51	77,355.47
07-05-2016	07-07-2016	145,000	U S Treasury 2.750% Due 02-15-24	111.12	161,131.25
07-06-2016	07-08-2016	125,000	U S Treasury 2.750% Due 02-15-24	110.98	138,730.47
07-08-2016	07-12-2016	50,000	U S Treasury 2.750% Due 02-15-24	110.84	55,421.88
07-11-2016	07-13-2016	120,000	U S Treasury 2.250% Due 11-15-24	107.05	128,465.62
07-12-2016	07-14-2016	40,000	U S Treasury 2.750% Due 02-15-24	110.05	44,018.75
07-14-2016	07-18-2016	55,000	U S Treasury 2.250% Due 11-15-24	106.23	58,428.91
07-15-2016	07-19-2016	40,000	U S Treasury 2.750% Due 02-15-24	109.31	43,725.00
07-18-2016	07-20-2016	50,000	U S Treasury 2.750% Due 02-15-24	109.44	54,720.70
07-19-2016	07-21-2016	55,000	U S Treasury 2.750% Due 02-15-24	109.69	60,328.13
07-20-2016	07-22-2016	50,000	U S Treasury 2.000% Due 02-15-25	103.84	51,921.88
08-01-2016	08-03-2016	35,000	U S Treasury 2.000% Due 02-15-25	104.42	36,547.66
08-08-2016	08-10-2016	80,000	U S Treasury 2.000% Due 02-15-25	103.76	83,009.37

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FUND-FIXED (3250000231)
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From 07-01-16 To 09-30-16

Trade Date	Settle Date	Quantity	Security	Unit Price	Amount
08-18-2016	08-22-2016	95,000	U S Treasury 2.000% Due 02-15-25	103.97	98,770.31
08-23-2016	08-25-2016	55,000	U S Treasury 2.000% Due 02-15-25	104.04	57,221.48
09-26-2016	09-29-2016	20,000	Wells Fargo Sub 4.100% Due 06-03-26	107.18	21,435.60
					1,486,564.23
PRINCIPAL PAYDOWNS					
07-01-2016	07-01-2016	3,799.93	FHLMC Pool #G15718 5.500% Due 12-01-24	100.00	3,799.93
08-01-2016	08-01-2016	3,450.70	FHLMC Pool #G15718 5.500% Due 12-01-24	100.00	3,450.70
09-01-2016	09-01-2016	3,863.17	FHLMC Pool #G15718 5.500% Due 12-01-24	100.00	3,863.17
07-01-2016	07-01-2016	9,902.66	FHLMC Pool #G15743 5.000% Due 06-01-26	100.00	9,902.66
08-01-2016	08-01-2016	9,356.06	FHLMC Pool #G15743 5.000% Due 06-01-26	100.00	9,356.06
09-01-2016	09-01-2016	9,832.56	FHLMC Pool #G15743 5.000% Due 06-01-26	100.00	9,832.56
07-01-2016	07-01-2016	8,704.26	FHLMC Pool #G30892 5.500% Due 04-01-30	100.00	8,704.26
08-01-2016	08-01-2016	7,527.91	FHLMC Pool #G30892 5.500% Due 04-01-30	100.00	7,527.91
09-01-2016	09-01-2016	5,518.42	FHLMC Pool #G30892 5.500% Due 04-01-30	100.00	5,518.42
07-01-2016	07-01-2016	8,265.03	FHLMC Pool #G60134 4.500% Due 06-01-36	100.00	8,265.03
08-01-2016	08-01-2016	7,119.57	FHLMC Pool #G60134 4.500% Due 06-01-36	100.00	7,119.57
09-01-2016	09-01-2016	7,032.89	FHLMC Pool #G60134 4.500% Due 06-01-36	100.00	7,032.89

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FUND-FIXED (3250000231)
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From 07-01-16 To 09-30-16

Trade Date	Settle Date	Quantity	Security	Unit Price	Amount
07-01-2016	07-01-2016	5,975.19	FNMA Pool #745418 5.500% Due 04-01-36	100.00	5,975.19
08-01-2016	08-01-2016	5,814.43	FNMA Pool #745418 5.500% Due 04-01-36	100.00	5,814.43
09-01-2016	09-01-2016	6,166.61	FNMA Pool #745418 5.500% Due 04-01-36	100.00	6,166.61
07-01-2016	07-01-2016	410.76	FNMA Pool #890042 5.500% Due 07-01-22	100.00	410.76
07-01-2016	07-01-2016	2,074.58	FNMA Pool #890042 5.500% Due 07-01-22	100.00	2,074.58
08-01-2016	08-01-2016	262.13	FNMA Pool #890042 5.500% Due 07-01-22	100.00	262.13
08-01-2016	08-01-2016	1,323.91	FNMA Pool #890042 5.500% Due 07-01-22	100.00	1,323.91
09-01-2016	09-01-2016	322.80	FNMA Pool #890042 5.500% Due 07-01-22	100.00	322.80
09-01-2016	09-01-2016	1,630.31	FNMA Pool #890042 5.500% Due 07-01-22	100.00	1,630.31
07-01-2016	07-01-2016	638.80	FNMA Pool #AD0662 5.500% Due 01-01-25	100.00	638.80
07-01-2016	07-01-2016	1,680.09	FNMA Pool #AD0662 5.500% Due 01-01-25	100.00	1,680.09
08-01-2016	08-01-2016	591.77	FNMA Pool #AD0662 5.500% Due 01-01-25	100.00	591.77
08-01-2016	08-01-2016	1,556.39	FNMA Pool #AD0662 5.500% Due 01-01-25	100.00	1,556.39
09-01-2016	09-01-2016	577.42	FNMA Pool #AD0662 5.500% Due 01-01-25	100.00	577.42
09-01-2016	09-01-2016	1,518.66	FNMA Pool #AD0662 5.500% Due 01-01-25	100.00	1,518.66
07-01-2016	07-01-2016	5,698.90	FNMA Pool #AL8215 5.000% Due 06-01-26	100.00	5,698.90
08-01-2016	08-01-2016	5,294.26	FNMA Pool #AL8215 5.000% Due 06-01-26	100.00	5,294.26

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Trade Date	Settle Date	Quantity	Security	Unit Price	Amount
09-01-2016	09-01-2016	5,420.81	FNMA Pool #AL8215 5.000% Due 06-01-26	100.00	5,420.81
					131,330.98

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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).