

GH&A

GARCIA HAMILTON & ASSOCIATES, L.P.

May 2, 2017

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

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Dear Ms. Towey:

We have enclosed performance for the City of Ormond Beach General Employees' Pension Trust Plan for the period ending March 31, 2017. Relevant indices have been included for comparison purposes.

At the March FOMC meeting, the Committee voted to raise the fed funds rate range by 25 basis points from 0.50%-0.75% to 0.75%-1.00%. The Fed was pleased with the gains in the labor market and inflation we have seen this year as the change in Nonfarm payrolls was above expectations and measures of inflation have moved toward their 2% target. The rate hike was widely expected, but the markets were relieved the FOMC statement and projections of future hikes were not as bearish as some had feared. Additionally, the markets regarded the new administration's inability to repeal and replace the Affordable Care Act as a sign the President's economic agenda may be more difficult to enact than previously believed, which caused yields to move off of the peaks they had reached earlier in March.

The 10-year Treasury yield started the year at 2.44%, reached an intra-day peak of 2.63% prior to the March FOMC rate decision, but it declined from there and finished the quarter at 2.39%. The 2-year yield increased 6 basis points to 1.25% while the yield of the 30-year Treasury declined 5 basis points to 3.02%. These moves caused the 2-30 year yield spread to flatten to 177 basis points.

With the modest decline in longer term rates, the bond market experienced a positive return of 0.82% for the Bloomberg Barclays Aggregate Index and a return on the Bloomberg Barclays Intermediate Government Credit Index of 0.78% this quarter. Spread product was generally a positive contributor this quarter as three of the four spread sectors delivered positive excess return. The agency sector was the leader this quarter with 60 basis points of excess return. The corporate sector and asset-backed securities sector followed with 38 basis points and 22 basis points of excess return, respectively. The mortgage-backed securities sector was the laggard with -17 basis points of excess return. Thus, the Bloomberg Barclays Aggregate Index had 11 basis points of excess return this quarter.

We shortened our duration and are now only marginally longer than the benchmark index. However, we maintained our "barbell" positioning in anticipation of a flatter yield curve.

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

Sincerely,



Janna Hamilton
Partner

JH/bmc
Enclosure



GARCIA HAMILTON & ASSOCIATES

Portfolio Review
CITY OF ORMOND BEACH GENERAL EMPLOYEES' PENSION PLAN-FIXED (3250000311)
ormondgf

March 31, 2017

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 GENERAL EMPLOYEES' PENSION PLAN-FIXED (3250000311)
ormondgf
 March 31, 2017

PORTFOLIO COMPOSITION	Market Value	Pct. Assets	Yield	CHANGE IN PORTFOLIO	
EQUITIES	0.00	0.0	0.0	Portfolio Value on 03-31-01	10,873,145.62
FIXED INCOME	13,901,890.81	98.6	1.9	Accrued Interest	34,905.86
CASH & EQUIVALENTS	201,780.78	1.4	0.1	Net Additions/Withdrawals	3,787,705.90
				Net Transfers	-6,459,088.35
				Realized Gains/Losses	-301,743.66
				Unrealized Gains/Losses	247,856.33
				Income Received	5,905,993.02
				Change in Accrued Interest	14,896.87
				Portfolio Value on 03-31-17	14,053,868.86
				Accrued Interest	49,802.73
Total	14,103,671.59	100.0	1.9		14,103,671.59

TIME WEIGHTED RETURN - GROSS OF FEES

	Quarter	Fiscal 09-30-16 YTD	Annualized Last 3 Years	Annualized Last 5 Years	Annualized Last 10 Years	Annualized Inception 03-31-01 To Date
Account	0.8	-0.8	2.8	3.4	5.5	N/A
FIXED INCOME	0.8	-0.8	2.8	3.5	5.6	5.5
Bloomberg Barclays Int Gov/Credit	0.8	-1.3	2.0	1.9	3.8	4.2

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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 GENERAL EMPLOYEES' PENSION PLAN-FIXED
(3250000311)
ormondgf
March 31, 2017

<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	2,713,135.96	2,662,752.46	18.9	2.6	74,968.97
GOVERNMENT BONDS					
TREASURY	5,461,782.58	5,419,465.80	38.4	2.3	105,025.00
AGENCY - NONCALLABLE	3,547,517.65	3,552,921.23	25.2	0.8	37,634.40
GOVERNMENT BONDS	9,009,300.23	8,972,387.03	63.6	1.7	142,659.40
MORTGAGE-BACKED SECURITIES-FNMA	1,167,773.84	1,154,011.84	8.2	1.8	55,652.11
MORTGAGE-BACKED SECURITIES-FHLMC	1,075,185.17	1,062,936.74	7.5	2.1	47,627.68
Accrued Interest		49,802.73	0.4		
	13,965,395.21	13,901,890.81	98.6	1.9	320,908.16
CASH & EQUIVALENTS					
CASH & EQUIVALENTS	201,780.78	201,780.78	1.4	0.1	242.14
	201,780.78	201,780.78	1.4	0.1	242.14
TOTAL PORTFOLIO	14,167,175.99	14,103,671.59	100.0	1.9	321,150.29

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GARCIA HAMILTON & ASSOCIATES
 PORTFOLIO APPRAISAL
 CITY OF ORMOND BEACH GENERAL EMPLOYEES' PENSION PLAN-FIXED (3250000311)
 ormondgf
 March 31, 2017

Quantity	Security	Unit Cost	Total Cost	Price	Market Value	Pct. Assets	Unit Income	Annual Income	Yield
CORPORATE BONDS									
420,000	Apple Inc. Floater 1.174% Due 08-02-19	100.03	420,113.40	100.10	420,440.16	3.0	1.174	4,929.62	1.1
195,000	American Express Floater 1.782% Due 05-26-20	100.69	196,343.55	100.88	196,708.39	1.4	1.782	3,475.54	1.5
245,000	State Street Floater 1.952% Due 08-18-20	102.05	250,032.30	101.90	249,658.43	1.8	1.952	4,783.21	1.4
315,000	American Express Floater 2.171% Due 09-14-20	101.88	320,916.75	101.60	320,049.76	2.3	2.171	6,839.34	1.7
170,000	JP Morgan 3.875% Due 02-01-24	108.29	184,086.77	103.95	176,709.56	1.3	3.875	6,587.50	3.2
115,000	Morgan Stanley 3.875% Due 04-29-24	105.19	120,964.77	102.91	118,350.64	0.8	3.875	4,456.25	3.4
385,000	Aflac Inc. 3.625% Due 11-15-24	107.04	412,090.89	103.03	396,684.75	2.8	3.625	13,956.25	3.2
115,000	Berkshire Hathaway 3.125% Due 03-15-26	103.41	118,921.50	99.90	114,889.94	0.8	3.125	3,593.75	3.1
375,000	Wells Fargo Sub 4.100% Due 06-03-26	106.99	401,223.24	102.10	382,870.87	2.7	4.100	15,375.00	3.8
285,000	Goldman Sachs 3.850% Due 01-26-27	101.21	288,442.80	100.49	286,389.94	2.0	3.850	10,972.50	3.8
	Accrued Interest				17,490.53	0.1			
			2,713,135.96		2,680,243.00	19.0		74,968.97	2.6
GOVERNMENT BONDS									
TREASURY									
1,210,000	U S Treasury 2.000% Due 02-15-25	102.30	1,237,878.33	97.79	1,183,295.30	8.4	2.000	24,200.00	2.3
1,800,000	U S Treasury 2.125% Due 05-15-25	99.59	1,792,538.54	98.49	1,772,859.60	12.6	2.125	38,250.00	2.3
2,620,000	U S Treasury 1.625% Due 02-15-26	92.80	2,431,365.72	94.02	2,463,310.90	17.5	1.625	42,575.00	2.4
	Accrued Interest				22,486.46	0.2			
			5,461,782.58		5,441,952.26	38.6		105,025.00	2.3
AGENCY - NONCALLABLE									
435,000	FHLB Floater 1.032% Due 08-25-17	100.03	435,119.19	100.13	435,583.33	3.1	1.032	4,489.20	0.7
265,000	FHLB Floater 0.904% Due 12-07-17	100.01	265,023.85	100.18	265,467.19	1.9	0.904	2,395.60	0.6
1,005,000	FNMA Floater 1.102% Due 03-21-18	100.11	1,006,066.09	100.20	1,007,027.08	7.1	1.102	11,072.89	0.9
460,000	FFCB Floater 1.142% Due 03-26-18	100.02	460,101.20	100.33	461,497.76	3.3	1.142	5,251.68	0.8
840,000	FFCB Floater 1.072% Due 05-25-18	100.01	840,053.00	100.27	842,264.64	6.0	1.072	9,002.03	0.8
315,000	FFCB Floater 0.923% Due 04-03-19	100.00	315,000.00	99.93	314,781.39	2.2	0.923	2,906.76	1.0

GARCIA HAMILTON & ASSOCIATES
 PORTFOLIO APPRAISAL
 CITY OF ORMOND BEACH GENERAL EMPLOYEES' PENSION PLAN-FIXED (325000311)
 ormondgf
 March 31, 2017

Quantity	Security	Unit Cost	Total Cost	Price	Market Value	Pct. Assets	Unit Income	Annual Income	Yield
225,000	FFCB Floater 1.118% Due 05-16-19 Accrued Interest	100.51	226,154.32	100.58	226,299.82	1.6	1.118	2,516.24	0.8
					1,219.08	0.0			
			3,547,517.65		3,554,140.31	25.2		37,634.40	0.8
	GOVERNMENT BONDS Total		9,009,300.23		8,996,092.58	63.8		142,659.40	1.7
MORTGAGE-BACKED SECURITIES-FNMA									
220,320.00	FNMA Pool #AL7638 5.500% Due 01-01-24	108.80	147,655.29	106.29	144,257.12	1.0	5.500	7,464.41	1.3
290,000.00	FNMA Pool #AL7883 5.000% Due 06-01-26	107.14	205,576.20	106.90	205,110.67	1.5	5.000	9,593.76	1.8
950,000.00	FNMA Pool #AL0289 5.000% Due 05-01-31	110.53	292,843.06	109.38	289,798.22	2.1	5.000	13,247.07	2.0
10,380,000.00	FNMA Pool #745418 5.500% Due 04-01-36 Accrued Interest	113.20	521,699.28	111.72	514,845.83	3.7	5.500	25,346.88	1.8
					4,637.68	0.0			
			1,167,773.84		1,158,649.52	8.2		55,652.11	1.8
MORTGAGE-BACKED SECURITIES-FHLMC									
320,000.00	FHLMC Pool #G15718 5.500% Due 12-01-24	108.05	222,995.34	105.94	218,651.14	1.6	5.500	11,351.32	1.6
250,000.00	FHLMC Pool #G15743 5.000% Due 06-01-26	107.19	175,914.72	105.88	173,770.51	1.2	5.000	8,205.93	1.5
1,055,000.00	FHLMC Pool #G60134 4.500% Due 06-01-36 Accrued Interest	108.41	676,275.11	107.49	670,515.09	4.8	4.500	28,070.42	2.5
					3,968.97	0.0			
			1,075,185.17		1,066,905.71	7.6		47,627.68	2.1
CASH & EQUIVALENTS									
	Regions Trust Cash Sweep		201,780.78		201,780.78	1.4	0.120	242.14	0.1
			201,780.78		201,780.78	1.4		242.14	0.1
TOTAL PORTFOLIO			14,167,175.99		14,103,671.59	100.0		321,150.29	1.9

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GARCIA HAMILTON & ASSOCIATES
PURCHASE AND SALE
CITY OF ORMOND BEACH GENERAL EMPLOYEES' PENSION
PLAN-FIXED (3250000311)
ormondgf
From 01-01-17 To 03-31-17

Trade Date	Settle Date	Quantity	Security	Unit Price	Amount
PURCHASES					
02-13-2017	02-16-2017	140,000	Apple Inc. Floater 1.174% Due 08-02-19	100.11	140,155.40
03-22-2017	03-27-2017	225,000	FFCB Floater 1.118% Due 05-16-19	100.51	226,154.32
03-29-2017	04-03-2017	315,000	FFCB Floater 0.923% Due 04-03-19	100.00	315,000.00
02-28-2017	03-03-2017	285,000	Goldman Sachs 3.850% Due 01-26-27	101.21	288,442.80
03-07-2017	03-10-2017	245,000	State Street Floater 1.952% Due 08-18-20	102.05	250,032.30
01-03-2017	01-05-2017	110,000	U S Treasury 1.625% Due 02-15-26	93.17	102,489.06
01-12-2017	01-17-2017	125,000	U S Treasury 1.625% Due 02-15-26	94.45	118,066.41
01-31-2017	02-03-2017	75,000	U S Treasury 1.625% Due 02-15-26	93.50	70,125.00
02-15-2017	02-17-2017	60,000	U S Treasury 1.625% Due 02-15-26	92.95	55,771.88
03-01-2017	03-06-2017	140,000	U S Treasury 1.625% Due 02-15-26	93.34	130,681.25
03-02-2017	03-07-2017	245,000	U S Treasury 1.625% Due 02-15-26	93.11	228,117.97
03-03-2017	03-08-2017	110,000	U S Treasury 1.625% Due 02-15-26	93.17	102,489.06
03-07-2017	03-09-2017	90,000	U S Treasury 1.625% Due 02-15-26	93.02	83,714.06
03-07-2017	03-10-2017	110,000	U S Treasury 1.625% Due 02-15-26	92.97	102,265.63
03-13-2017	03-15-2017	90,000	U S Treasury 1.625% Due 02-15-26	92.30	83,067.19
					2,296,572.33

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GARCIA HAMILTON & ASSOCIATES
PURCHASE AND SALE
CITY OF ORMOND BEACH GENERAL EMPLOYEES' PENSION
PLAN-FIXED (3250000311)
ormondgf
From 01-01-17 To 03-31-17

Trade Date	Settle Date	Quantity	Security	Unit Price	Amount
SALES					
03-03-2017	03-08-2017	120,000	Aflac Inc. 3.625% Due 11-15-24	102.74	123,290.40
01-03-2017	01-05-2017	70,000	FHLB Floater 0.904% Due 12-07-17	100.10	70,069.30
01-09-2017	01-11-2017	31,693.16	FHLMC Pool #G12444 6.000% Due 10-01-21	107.05	33,926.54
01-09-2017	01-11-2017	130,439.11	FHLMC Pool #G12444 6.000% Due 10-01-21	107.05	139,630.98
03-08-2017	03-10-2017	28,401.92	FNMA Pool #889716 5.500% Due 10-01-22	106.25	30,177.04
03-08-2017	03-10-2017	175,471.95	FNMA Pool #889716 5.500% Due 10-01-22	106.25	186,438.93
02-28-2017	03-03-2017	275,000	Goldman Sachs 3.850% Due 07-08-24	102.89	282,936.50
03-07-2017	03-10-2017	135,000	JP Morgan 3.875% Due 02-01-24	103.52	139,754.70
03-02-2017	03-07-2017	365,000	Metlife Inc. 4.368% Due 09-15-23	107.06	390,783.60
03-01-2017	03-06-2017	185,000	Morgan Stanley 3.875% Due 04-29-24	103.04	190,622.15
03-27-2017	03-30-2017	65,000	Morgan Stanley 3.875% Due 04-29-24	102.93	66,906.45
03-22-2017	03-24-2017	55,000	U S Treasury 2.125% Due 05-15-25	98.52	54,183.59
03-27-2017	03-29-2017	100,000	U S Treasury 2.000% Due 02-15-25	97.91	97,914.06
03-29-2017	03-31-2017	115,000	U S Treasury 2.000% Due 02-15-25	97.75	112,412.50
03-31-2017	04-04-2017	185,000	U S Treasury 1.625% Due 02-15-26	93.84	173,610.94
					2,092,657.68

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GARCIA HAMILTON & ASSOCIATES
PURCHASE AND SALE
CITY OF ORMOND BEACH GENERAL EMPLOYEES' PENSION
PLAN-FIXED (3250000311)
ormondgf
From 01-01-17 To 03-31-17

Trade Date	Settle Date	Quantity	Security	Unit Price	Amount
PRINCIPAL PAYDOWNS					
01-01-2017	01-01-2017	1,118.24	FHLMC Pool #G12444 6.000% Due 10-01-21	100.00	1,118.24
01-01-2017	01-01-2017	4,602.31	FHLMC Pool #G12444 6.000% Due 10-01-21	100.00	4,602.31
01-01-2017	01-01-2017	7,360.78	FHLMC Pool #G15718 5.500% Due 12-01-24	100.00	7,360.78
02-01-2017	02-01-2017	7,259.89	FHLMC Pool #G15718 5.500% Due 12-01-24	100.00	7,259.89
03-01-2017	03-01-2017	6,398.16	FHLMC Pool #G15718 5.500% Due 12-01-24	100.00	6,398.16
01-01-2017	01-01-2017	6,291.08	FHLMC Pool #G15743 5.000% Due 06-01-26	100.00	6,291.08
02-01-2017	02-01-2017	5,752.77	FHLMC Pool #G15743 5.000% Due 06-01-26	100.00	5,752.77
03-01-2017	03-01-2017	5,851.31	FHLMC Pool #G15743 5.000% Due 06-01-26	100.00	5,851.31
01-01-2017	01-01-2017	22,139.96	FHLMC Pool #G60134 4.500% Due 06-01-36	100.00	22,139.96
02-01-2017	02-01-2017	18,194.54	FHLMC Pool #G60134 4.500% Due 06-01-36	100.00	18,194.54
03-01-2017	03-01-2017	16,370.12	FHLMC Pool #G60134 4.500% Due 06-01-36	100.00	16,370.12
01-01-2017	01-01-2017	13,324.91	FNMA Pool #745418 5.500% Due 04-01-36	100.00	13,324.91
02-01-2017	02-01-2017	12,887.81	FNMA Pool #745418 5.500% Due 04-01-36	100.00	12,887.81
03-01-2017	03-01-2017	8,667.09	FNMA Pool #745418 5.500% Due 04-01-36	100.00	8,667.09
01-01-2017	01-01-2017	975.79	FNMA Pool #889716 5.500% Due 10-01-22	100.00	975.79
01-01-2017	01-01-2017	6,028.63	FNMA Pool #889716 5.500% Due 10-01-22	100.00	6,028.63
02-01-2017	02-01-2017	973.86	FNMA Pool #889716 5.500% Due 10-01-22	100.00	973.86

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PURCHASE AND SALE
CITY OF ORMOND BEACH GENERAL EMPLOYEES' PENSION
PLAN-FIXED (3250000311)
ormondgf
 From 01-01-17 To 03-31-17

Trade Date	Settle Date	Quantity	Security	Unit Price	Amount
02-01-2017	02-01-2017	6,016.71	FNMA Pool #889716 5.500% Due 10-01-22	100.00	6,016.71
03-01-2017	03-01-2017	927.73	FNMA Pool #889716 5.500% Due 10-01-22	100.00	927.73
03-01-2017	03-01-2017	5,731.69	FNMA Pool #889716 5.500% Due 10-01-22	100.00	5,731.69
01-01-2017	01-01-2017	6,458.30	FNMA Pool #AL0289 5.000% Due 05-01-31	100.00	6,458.30
02-01-2017	02-01-2017	1,456.34	FNMA Pool #AL0289 5.000% Due 05-01-31	100.00	1,456.34
03-01-2017	03-01-2017	9,007.35	FNMA Pool #AL0289 5.000% Due 05-01-31	100.00	9,007.35
01-01-2017	01-01-2017	4,368.13	FNMA Pool #AL7638 5.500% Due 01-01-24	100.00	4,368.13
02-01-2017	02-01-2017	4,080.03	FNMA Pool #AL7638 5.500% Due 01-01-24	100.00	4,080.03
03-01-2017	03-01-2017	4,738.07	FNMA Pool #AL7638 5.500% Due 01-01-24	100.00	4,738.07
01-01-2017	01-01-2017	5,575.50	FNMA Pool #AL7883 5.000% Due 06-01-26	100.00	5,575.50
02-01-2017	02-01-2017	5,444.91	FNMA Pool #AL7883 5.000% Due 06-01-26	100.00	5,444.91
03-01-2017	03-01-2017	5,013.46	FNMA Pool #AL7883 5.000% Due 06-01-26	100.00	5,013.46
					203,015.47

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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).