







Town of Fountain Hills Quarterly Investment Review Quarter Ended June 30, 2013

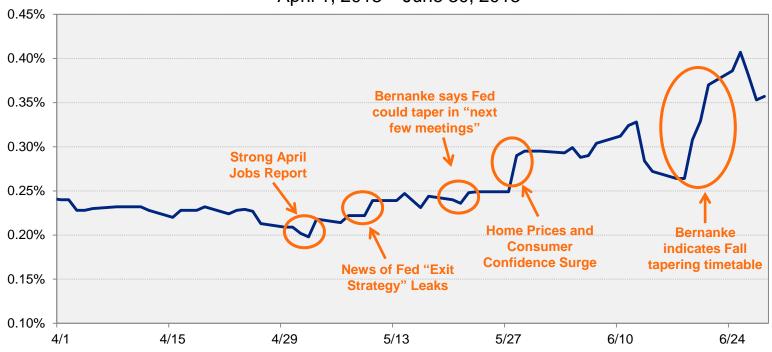


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Second Quarter Market Movers

 Interest rates rose significantly during the quarter, driven by positive economic news and FOMC indications that a reduction, and eventual end, to their asset purchase program was likely to occur earlier than the market had originally anticipated.



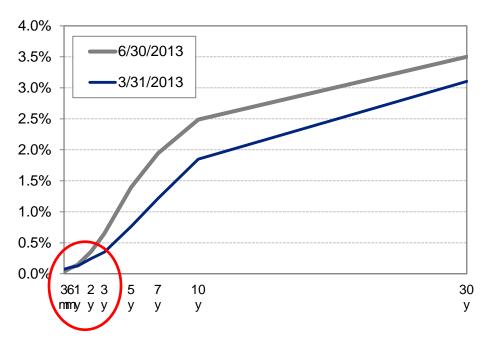


Source: Bloomberg

Yield Curve Steepened

- Yields on maturities two years and shorter moved only modestly, as they remain anchored to the Fed's near-zero short-term rate policy, which is not expected to change for another year or two.
 - A 1-year Treasury changed by only a few basis points, while the 2-year Treasury ended the quarter at 0.36%, up just 12 basis points (0.12%) for the quarter.

Quarterly Changes to Treasury Yield Curve



Maturity	March 31, 2013	June 30, 2013	Yield Change
1M	0.03	0.01	(0.02)
3M	0.07	0.03	(0.04)
6M	0.10	0.09	(0.01)
1Y	0.12	0.15	0.02
2Y	0.24	0.36	0.12
3Y	0.35	0.65	0.30
5Y	0.77	1.39	0.62
7Y	1.22	1.94	0.72
10Y	1.85	2.48	0.64
30Y	3.10	3.49	0.39

Source: Bloomberg

Portfolio Recap

- The portfolio complies with the Arizona Revised Statues and the Fountain Hills investment policy. The portfolio is well diversified among U.S. Treasury and Federal Agency securities and among issuers.
- The second quarter started with interest rates well entrenched within long-standing ranges, U.S. economic conditions improving at a modest pace, and the Federal Reserve (Fed) purchasing \$85 billion of long-term Treasuries and agency mortgage-backed securities (MBS) per month. As conditions appeared relatively stable, the strategy at the beginning of the quarter was to remain slightly short of duration targets relative to benchmarks and to emphasize "spread product," including agencies, corporates, and in some cases, municipals, bank certificates of deposit, and mortgage-backed securities.
- During the early part of the second quarter, rates fell to 2013 lows and yield spreads continued their narrowing trend, with both enhancing return.
- Conditions began to reverse in May, in part due to what seemed like a rather innocuous comment by Fed Chairman Bernanke about possible tapering of Fed bond purchases in the Q&A portion of his testimony to the Joint Economic Committee of Congress. Rates moved higher, but in a normal and orderly fashion within the existing trading ranges. At that point, the impact on Treasuries was negative, but contained, and spread movements on agency and corporate debt were minimal. 2-year, 5-year and 10-year Treasuries had risen by 6, 25 and 28 basis points (0.06%, 0.25%, 0.28%), respectively, from March 31 to May 31. As rates approached the upper end of their recent ranges, we modestly extended maturities to capture higher yields and to position portfolios closer to benchmark durations.
- Conditions deteriorated quickly in June, after Bernanke laid out a more definitive plan to curtail bond purchases later this year. By
 quarter end, longer-term yields had surged further, with the 5-year Treasury reaching 1.40% and the 10-year reaching 2.49%—
 the highest levels since August 2011. The scale and pace of the rate spike in late June had elements of panic and surprised most
 investors. Massive selling and deleveraging in certain market sectors caused liquidity to dry up, which further affected market
 prices.
- Yields on maturities two years and shorter moved only modestly, as they remain anchored to the Fed's near-zero short-term rate policy, which is not expected to change for another year or two. A 1-year Treasury changed by only a few basis points, while the 2-year Treasury ended the quarter at 0.36%, up just 12 basis points (0.12%) for the quarter.
- Contrary to historical correlations, as rates rose, yield spreads also widened across all sectors, including agencies, corporates, municipals and MBS. Asset classes with optionality, like callable agencies, also suffered duration extension, an undesirable consequence of rising rates. The higher yields and diversification benefits of investing in a broad range of asset classes were temporarily overwhelmed by spread widening, which caused most sectors to underperform Treasuries for the quarter.

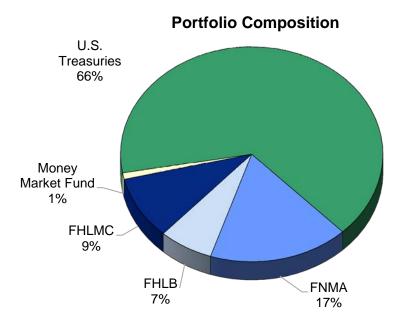
• Results across all segments of the bond market were negative, with longer maturities and higher-risk sectors suffering the most.

Portfolio Strategy

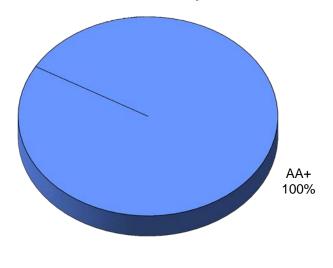
- After the second quarter's quantum leap in yields, and the associated widening in yield spreads, there is reason to believe that
 the adjustment process has run its course for now. After one more surge following the July 5 release of June's strong payroll
 gains, Treasury yields seem to have found a base at current levels. Yield spreads have also begun to retrace some of their
 second quarter widening.
- The second quarter adjustment process has presented investors with a much steeper yield curve, which offers the ability to enhance return through "roll-down"—the natural tendency of bonds to appreciate as time passes and their maturity shortens. Although longer maturities have greater market risk, they also offer higher yields and greater roll-down potential.
- With bond yields probably in a new, higher trading range, there may be value in longer-term purchases at current levels. However, the large negative returns in the second quarter and the heightened level of volatility, gives us pause. We prefer to be cautious until the market settles down and shows clearer signs of stabilization. The duration strategy beginning in the third quarter will be modestly defensive.
- We find value in longer agencies, when compared to Treasuries, as yield spreads are wider than levels seen earlier this year.
- Increased market volatility makes floating-rate and callable structures attractive.
- Risk management will remain a key aspect of our overall approach under volatile market conditions. In particular, ensuring adequate liquidity will be an important element of the strategy, so as not to have to sell into adverse market conditions. Furthermore, given wider differences between bid prices and offering prices in most sectors (the "bid/ask spread"), we will likely carry more Treasuries than usual to provide additional flexibility to adjust portfolio composition or duration as opportunities arise.
- As always, we seek to maximize value through careful and prudent active management. The strategy will remain flexible and may change in response to changes in interest rates, economic data, or our market outlook.

Portfolio Composition and Credit Quality Characteristics

Security Type ^{1,2}	June 30, 2013	% of Portfolio	March 31, 2013	% of Portfolio	Permitted by Policy
U.S. Treasuries	\$9,917,979.93	66%	\$8,087,009.35	53%	100%
Federal Agencies	\$5,056,063.95	33%	\$7,019,856.14	46%	100%
FNMA	\$2,611,937.42	17%	\$2,827,930.60	19%	-
FHLB	\$1,011,734.42	7%	\$1,018,193.92	7%	-
FHLMC	\$1,432,392.11	9%	\$3,173,731.62	21%	-
Money Market Fund	\$146,380.85	1%	\$36,673.61	0%	
Totals	\$15,120,424.73	100%	\$15,143,539.10	100%	



Portfolio Credit Quality Distribution



Ratings by Standard & Poor's

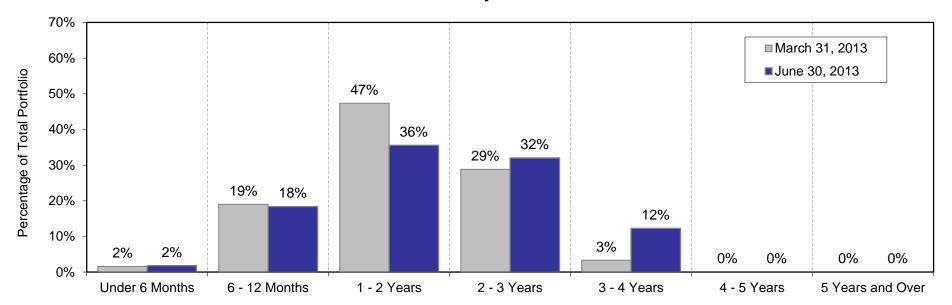
^{1.} End of quarter trade-date market values of portfolio holdings, including accrued interest.

^{2.} Incpetion date is 10/3/11.

Portfolio Maturity Distribution

Maturity Distribution ¹	<u>June 30, 2013</u>	March 31, 2013
Under 6 Months	\$271,553.16	\$237,530.65
6 - 12 Months	\$2,779,397.28	\$2,874,012.07
1 - 2 Years	\$5,377,059.27	\$7,167,794.74
2 - 3 Years	\$4,835,462.32	\$4,361,722.51
3 - 4 Years	\$1,856,952.70	\$502,479.13
4 - 5 Years	\$0.00	\$0.00
5 Years and Over	\$0.00	\$0.00
Totals	\$15,120,424.73	\$15,143,539.10

Portfolio Maturity Distribution



^{1.} Callable securities, if any, in portfolio are included in the maturity distribution analysis to their stated maturity date, although they may be called prior to maturity.

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Extended Duration and Captured Higher Yields

- In mid-May we began realigning the portfolio's duration with the benchmark as rates rose and took advantage of higher investment rates.
- Started May with duration at 94% of the benchmark. Due to the duration extension trades, the portfolio ended May at 107% of the benchmark. The duration returned to 100% of the benchmark duration in June.



Source: Bloomberg

Treasury Sector Extension Purchases

- As the yield curve remained steep, we sold shorter maturing securities and reinvested the proceeds in 3-year Treasuries.
- Treasury purchases helped portfolio performance during the quarter as rates in this sector rose less overall compared to any other fixed-income sector.

Trade Date	Transaction	Security	Maturity	Par Value (millions)	Yield	Realized G/L
5/10/13	Buy	U.S. Treasury	6/30/16	\$0.50	0.41%	-
5/10/13	Sell	FHLMC Notes	10/30/13	\$0.35	0.12%	\$543
5/10/13	Sell	FNMA Notes	9/23/13	\$0.20	0.10%	\$231
5/22/13	Buy	U.S. Treasury	6/30/16	\$0.48	0.44%	-
5/22/13	Sell	FHLMC Notes	10/30/13	\$0.53	0.11%	\$794
5/28/13	Buy	U.S. Treasury	6/30/16	\$0.75	0.53%	-
5/28/13	Sell	FHLMC Notes	2/25/14	\$0.85	0.14%	\$2,818

Large Rate Increase Led to Negative Market Returns

The sharp rise in interest rates depressed market returns.

2-Year Treasury

Index

- Yields and prices of fixed-income instruments are inversely related.
- Magnitude of rate increases led to negative market returns.
- Longer-term investments were impacted more than shorter-term investments.



3-Year Treasury

Index

Source: BofA Merrill Lynch Bond Indices

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5-Year Treasury

Index

10-Year Treasury

Index

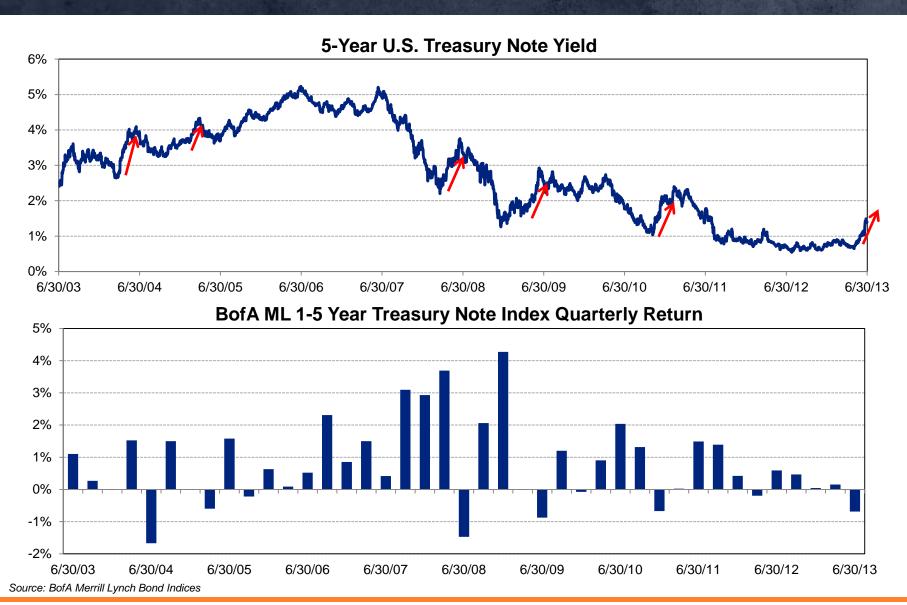
Returns Were Depressed Across all Sectors and Maturities

	As of 6/	30/2013	Returns for Periods ended 6/30/2013		
	Duration	Yield	3 Month	1 Year	3 Years
1-3 Year Indices					
U.S. Treasury	1.89	0.37%	(0.10%)	0.33%	0.82%
Federal Agency	1.80	0.48%	(0.13%)	0.34%	0.97%
U.S. Corporates, A-AAA rated	1.99	1.20%	(0.22%)	2.16%	2.63%
Agency MBS (0 to 3 years)	1.69	1.67%	(1.00%)	(0.40%)	1.75%
Municipals	1.77	0.70%	(0.16%)	0.62%	1.27%
1-5 Year Indices					
U.S. Treasury	2.72	0.66%	(0.67%)	(0.03%)	1.44%
Federal Agency	2.61	0.81%	(0.74%)	0.01%	1.28%
U.S. Corporates, A-AAA rated	2.91	1.70%	(1.09%)	2.19%	3.40%
Agency MBS (0 to 5 years)	3.06	2.66%	(1.37%)	(0.60%)	2.46%
Municipals	2.51	1.04%	(0.61%)	0.53%	1.86%
Master Indices (Maturities 1	ear or Greate	er)			
U.S. Treasury	5.78	1.40%	(2.21%)	(2.00%)	3.03%
Federal Agency	4.01	1.34%	(1.97%)	(0.90%)	2.12%
U.S. Corporates, A-AAA rated	6.57	2.96%	(3.12%)	0.89%	5.08%
Agency MBS	4.61	2.96%	(1.92%)	(1.15%)	2.52%
Municipals	7.81	3.21%	(3.33%)	0.10%	4.66%

Returns for periods greater than one year are annualized

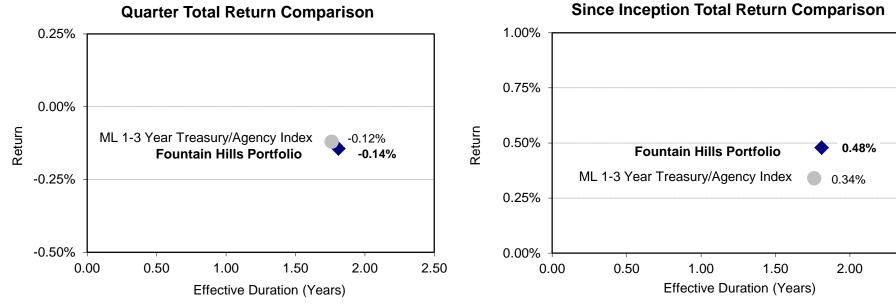
Source: BofA Merrill Lynch Bond Indices

Returns Follow Market Rates



Portfolio Performance

Total Return ^{1,2,3,4}	Quarter Ended June 30, 2013	Past 6 Months	Past 12 Months	Since Inception	
Fountain Hills Portfolio	-0.14%	-0.03%	0.32%	0.48%	
ML 1-3 Year Treasury/Agency Index	-0.12%	0.00%	0.33%	0.34%	
Effective Duration	June 30, 2013	March 31, 2013	<u>Yields</u>	June 30, 2013	March 31, 2013
Fountain Hills Portfolio	1.81	1.75	Yield at Market	0.39%	0.26%
ML 1-3 Year Treasury/Agency Index	1.80	1.76	Yield on Cost	0.45%	0.46%



- 1. Performance on trade date basis, gross (i.e., before fees), in accordance with the CFA Institute's Global Investment Performance Standards (GIPS).
- 2. Merrill Lynch Indices provided by Bloomberg Financial Markets.
- 3. Quarterly returns are presented on an unannualized basis. Performance numbers for periods greater than one year are presented on an annualized basis.

4. Inception date is 10/3/11.

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2.50

Second Quarter Total Return Detail

 Although the portfolio's total return was -0.14% during the second quarter, the portfolio's total return, minus unrealized gains/losses, was 0.14% for the same time period.

Calculating Return in Dollars



Components of Dollar Return

Realized Gain/Loss: \$4,386 Realized

Net Interest Income: +\$17,181 Return

Realized Dollar Return: \$21,567→ +0.14%

Unrealized Gain/Loss: - \$43,431

Total Return -\$21,864

Calculating Average Balance

Beginning Market Value + Accrued Interest
Time-Weighted Distributions
Time- Weighted Contributions
Time Weighted Average Balance

\$15,143,539
\$962
\$15,142,577







Managed Account Detail of Securities Held

TOWN OF FOUNTAIN HILLS, OPERATING FUNDS											
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 03/15/2011 1.250% 03/15/2014	912828PZ7	1,000,000.00	AA+	Aaa	10/03/11	10/03/11	1,021,992.19	0.35	3,668.48	1,006,359.03	1,007,734.00
US TREASURY NOTES DTD 05/16/2011 1.000% 05/15/2014	912828QM5	750,000.00	AA+	Aaa	03/27/12	03/29/12	759,902.34	0.38	957.88	754,066.37	755,302.50
US TREASURY NOTES DTD 12/15/2011 0.250% 12/15/2014	912828RV4	725,000.00	AA+	Aaa	01/05/12	01/06/12	722,167.97	0.38	79.23	723,593.24	725,169.65
US TREASURY NOTES DTD 02/01/2010 2.250% 01/31/2015	912828MH0	250,000.00	AA+	Aaa	01/24/12	01/25/12	263,837.89	0.40	2,346.34	257,282.37	257,783.25
US TREASURY NOTES DTD 02/15/2012 0.250% 02/15/2015	912828SE1	750,000.00	AA+	Aaa	02/22/12	02/27/12	746,103.52	0.43	704.42	747,860.93	749,560.50
US TREASURY NOTES DTD 03/15/2012 0.375% 03/15/2015	912828SK7	300,000.00	AA+	Aaa	03/13/12	03/15/12	298,992.19	0.49	330.16	299,424.96	300,351.56
US TREASURY NOTES DTD 03/15/2012 0.375% 03/15/2015	912828SK7	1,000,000.00	AA+	Aaa	06/27/12	06/28/12	999,218.75	0.40	1,100.54	999,508.21	1,001,171.88
US TREASURY NOTES DTD 08/02/2010 1.750% 07/31/2015	912828NP1	450,000.00	AA+	Aaa	08/21/12	08/22/12	467,525.39	0.42	3,284.88	462,437.10	462,726.45
US TREASURY NOTES DTD 08/02/2010 1.750% 07/31/2015	912828NP1	850,000.00	AA+	Aaa	09/06/12	09/10/12	884,664.06	0.33	6,204.77	875,028.50	874,038.85
US TREASURY NOTES DTD 11/30/2010 1.375% 11/30/2015	912828PJ3	625,000.00	AA+	Aaa	11/29/12	12/05/12	644,018.55	0.35	727.89	640,397.29	638,281.25
US TREASURY NOTES DTD 11/30/2010 1.375% 11/30/2015	912828PJ3	640,000.00	AA+	Aaa	11/01/12	11/05/12	658,950.00	0.40	745.36	654,936.57	653,600.00
US TREASURY NOTES DTD 01/31/2011 2.000% 01/31/2016	912828PS3	115,000.00	AA+	Aaa	01/30/13	02/04/13	120,327.73	0.44	959.39	119,607.88	119,339.41
US TREASURY NOTES DTD 05/02/2011 2.000% 04/30/2016	912828OF0	475,000.00	AA+	Aaa	03/27/13	03/28/13	498,638.67	0.38	1,600.54	496,663.61	493,258.05
US TREASURY NOTES DTD 06/30/2009 3.250% 06/30/2016	912828KZ2	475,000.00	AA+	Aaa	05/22/13	05/24/13	516,024.41	0.44	41.95	514,647.32	511,292.85







Managed Account Detail of Securities Held

TOWN OF FOUNTAIN HILLS, O	OPERATING	FUNDS									
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 06/30/2009 3.250% 06/30/2016	912828KZ2	500,000.00	AA+	Aaa	05/10/13	05/15/13	544,140.63	0.41	44.16	542,321.15	538,203.00
US TREASURY NOTES DTD 06/30/2009 3.250% 06/30/2016	912828KZ2	750,000.00	AA+	Aaa	05/24/13	05/31/13	812,402.34	0.53	66.24	810,685.52	807,304.50
Security Type Sub-Total		9,655,000.00)				9,958,906.63	0.40	22,862.23	9,904,820.05	9,895,117.70
Federal Agency Bond / Note											
FREDDIE MAC GLOBAL NOTES DTD 09/19/2011 0.375% 10/30/2013	3137EACX5	125,000.00	AA+	Aaa	10/03/11	10/04/11	124,796.25	0.45	79.43	124,967.38	125,092.88
FEDERAL HOME LOAN BANK GLOBAL NOTES DTD 04/15/2011 1.375% 05/28/2014	313373JR4	1,000,000.00	AA+	Aaa	10/03/11	10/03/11	1,021,120.00	0.57	1,260.42	1,007,267.56	1,010,474.00
FNMA NOTES DTD 07/18/2011 0.875% 08/28/2014	3135G0BY8	750,000.00	AA+	Aaa	10/03/11	10/03/11	754,860.00	0.65	2,205.73	751,953.35	755,273.25
FNMA GLOBAL NOTES DTD 10/26/2009 2.625% 11/20/2014	31398AZV7	700,000.00	AA+	Aaa	10/03/11	10/03/11	741,846.00	0.69	2,092.71	718,638.98	722,719.90
FREDDIE MAC GLOBAL NOTES DTD 10/06/2011 0.750% 11/25/2014	3137EACY3	850,000.00	AA+	Aaa	05/31/12	06/01/12	855,202.00	0.50	637.50	852,940.49	855,532.65
FREDDIE MAC GLOBAL NOTES DTD 07/11/2012 0.500% 08/28/2015	3134G3ZA1	450,000.00	AA+	Aaa	07/30/12	07/31/12	450,525.15	0.46	756.25	450,369.58	450,293.40
FANNIE MAE GLOBAL NOTES DTD 11/16/2012 0.375% 12/21/2015	3135G0SB0	375,000.00	AA+	Aaa	11/14/12	11/16/12	374,126.25	0.45	39.06	374,301.50	372,905.25
FANNIE MAE GLOBAL NOTES DTD 02/15/2013 0.500% 03/30/2016	3135G0VA8	300,000.00	AA+	Aaa	03/12/13	03/13/13	300,141.00	0.48	379.17	300,127.16	298,318.80
FANNIE MAE GLOBAL NOTES DTD 02/15/2013 0.500% 03/30/2016	3135G0VA8	460,000.00	AA+	Aaa	02/14/13	02/15/13	459,475.60	0.54	581.39	459,538.30	457,422.16
Security Type Sub-Total		5,010,000.00)				5,082,092.25	0.56	8,031.66	5,040,104.30	5,048,032.29
Managed Account Sub-Total		14,665,000.00)				15,040,998.88	0.45	30,893.89	14,944,924.35	14,943,149.99

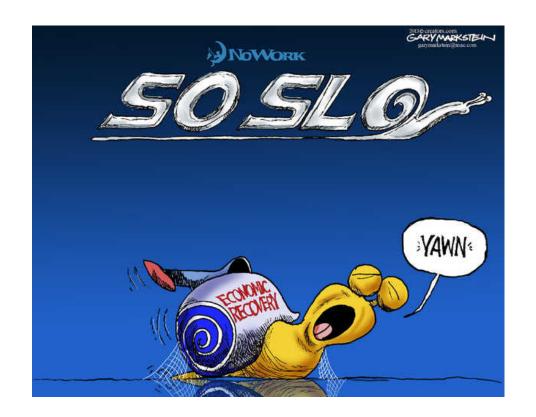




Managed Account Detail of Securities Held

For the Month Ending June 30, 2013

TOWN OF FOUNTAIN HILLS	S, OPERATING FUNDS				
Securities Sub-Total	\$14,665,000.00	\$15,040,998.88 0.45%	\$30,893.89	\$14,944,924.35	\$14,943,149.99
Accrued Interest					\$30,893.89
Total Investments					\$14 974 043 88



Economic Update

Economic Summary

Economic Conditions

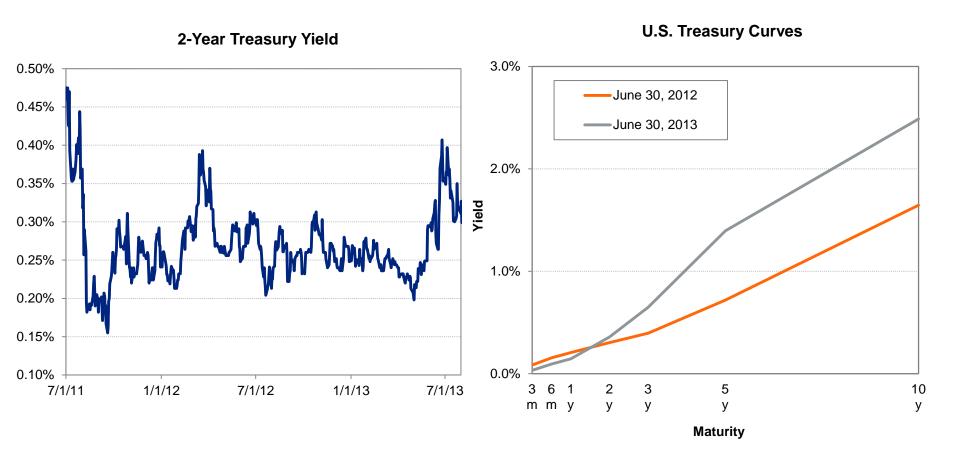
- The slow pace of the economic recovery remains a concern with the three most recent quarters of GDP below 2%.
- U.S. job creation pulls back in July, accompanied by a slight downward revision for the prior two
 months; unemployment rate falls to 7.4%.
- FOMC acknowledges concern over the pace of economic growth and below target inflation readings.
- Euro zone economy posts growth.

Market Reaction

- Treasury yields continued their upward momentum in early July before retreating back towards the middle of the new, higher trading ranges established in the latter part of June.
- Market volatility subsides as participants further digest the impact and potential timing of a reduction in FOMC bond purchases.
- Yield spreads tighten marginally across the board.
- Domestic equity markets regain vigor to reach new highs.

Interest Rates Surge to Highest Levels in Almost Two Years

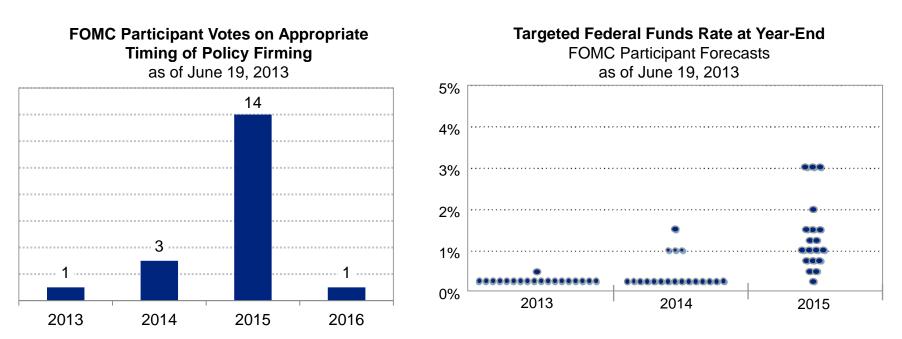
 Interest rates began higher in May on speculation the Fed could taper quantitative easing before the end of the year. Rates continued to move up in June on further speculation as well as positive economic data.



Source: Bloomberg

Fed Rate Guidance Indicates Continued Low Rates Through at Least 2015

• Since unemployment remains at uncomfortably high levels, and inflation remains at low levels, the Federal Reserve is still expected to keep interest rates low until 2015. However, in the Fed's June release they indicated that bond purchases are likely to taper near the end of 2013.

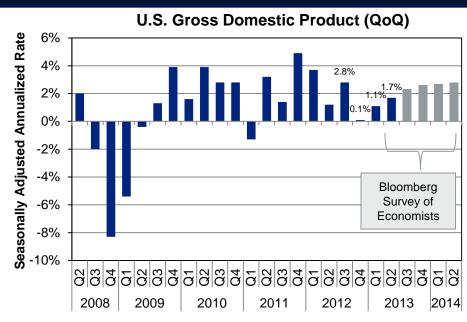


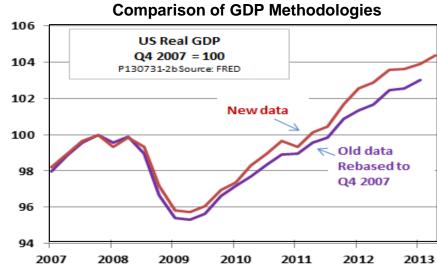
Individual FOMC participant's judgment of the appropriate level of the target federal funds rate at the end of the specified calendar year.

Source: Federal Reserve Open Market Committee.

Economic Growth Remains "Modest"

- GDP grew at a modest 1.7% in the second quarter.
- In July, BEA revised the GDP calculation methodology (historical data revised).
- Major methodological changes:
 - Data based on new set of sector inputoutput benchmarks.
 - Spending on intellectual property categorized as investment.
 - Measurement changes of banking services, pension contributions, and alternative energy installations.
 - Higher emphasis on intangible outputs such as Entertainment and R&D.



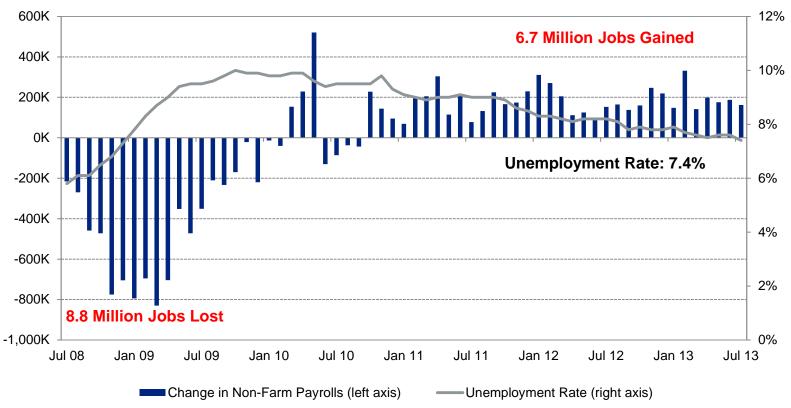


Source: Bureau Of Economic Analysis

Slow Employment Growth Remains a Concern

- July's creation of 162,000 net new jobs and the downward revision of the prior two months missed general market expectations.
- The Unemployment Rate fell to 7.4% due to the impact of fewer people seeking full-time employment.

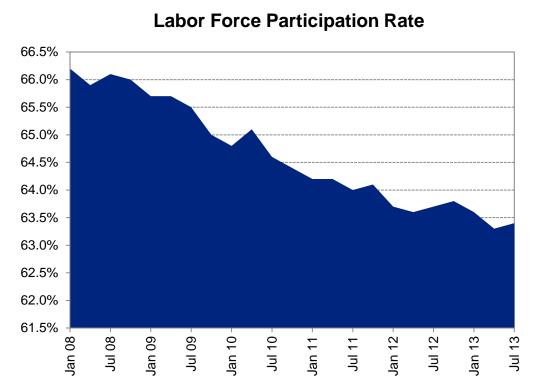


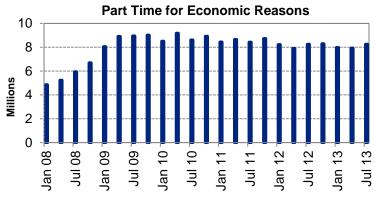


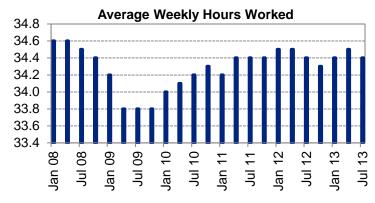
Source: Bureau of Labor Statistics

New Employment Landscape?

- The post-recession labor market has been characterized by a shrinking labor force due to an aging workforce and increases in discouraged workers (those no longer searching for a job).
- There has been an increase in part-time jobs and a decrease in hours worked caused by a fewer number of entry level jobs and employers adjusting to new Healthcare legislation.





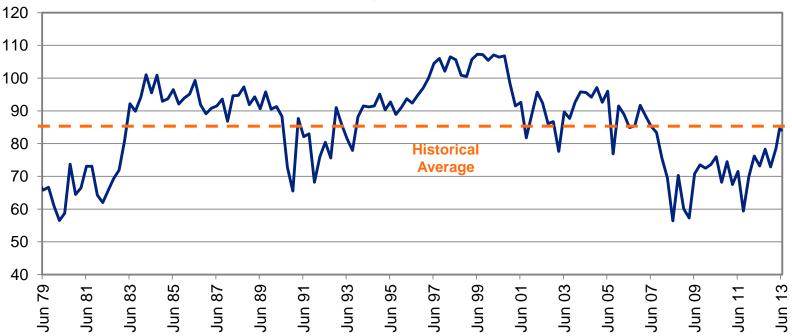


Source: Bloomberg, Bureau of Labor and Statistics

Improvement in Consumer Confidence Continues

- While the level of consumer confidence has steadily increased, the index has only recently returned to its historical level, four years after the technical end of the recession.
- Consumer confidence is considered a positive indicator of the direction of the economy as approximately 70% of GDP growth is attributed to Consumer Spending.



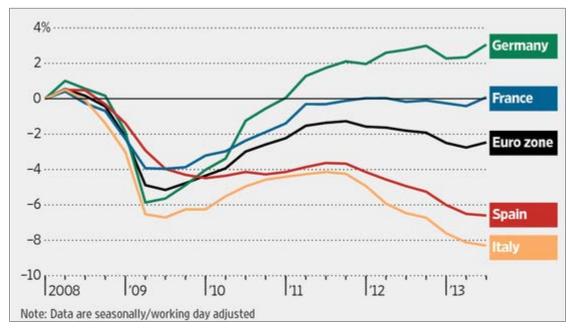


Source: University of Michigan Survey Research Center, Bloomberg

Return to Growth in Euro Zone

- The euro zone experienced GDP growth for the first time in 6 quarters at an annualized rate of 1.1%.
- Improvement was led by Germany and France. Spain, Italy and Greece's economies contracted again, but at a slower pace. Portugal was a surprise, posting 1.1% expansion.
- Headwinds to European recovery: continuing budget austerity, lack of affordable bank loans, rising unemployment and weak household incomes, and lack of investment by companies.

Euro Zone GDPFirst Quarter 2008 – Second Quarter 2013



Source: Eurostat and Wall Street Journal

Detroit Files for Bankruptcy

- July 18: Detroit becomes largest municipality to file for Chapter 9 bankruptcy protection.
 - Chapter 9 refers to the section of the bankruptcy code related to municipal bankruptcy.
 - Fewer than 500 municipalities have qualified for bankruptcy under Chapter 9.
- Causes of Bankruptcy:
 - Significant population decrease.
 - Decline of a major industry and public revenues.
 - Disabling levels of obligations to pensioners and other contracts.
- \$18 billion of debt: A federal judge will ultimately decide how much the city has to pay its creditors.
 - Chapter 9 requires that a city prove to be "insolvent" before it can go through bankruptcy proceedings.
 - Federal bailout unlikely.
- Detroit's bankruptcy not a surprise to the market or credit rating agencies.

\$5.7-\$b.4 BILLION
Other liabilities

\$3.5 BILLION
Underfunded pension liabilities

\$3.5 BILLION
Underfunded pension liabilities

\$5.7-\$b.4 BILLION
Other post-employment benefits (health-care costs for retired workers)

\$479.3 MILLION
Secured general obligation debt

\$5.7-\$b.4 BILLION
Other post-employment benefits (health-care costs for retired workers)

\$1.43 BILLION
Pension-related Certificates of Obligation (bonds issued to pay into pension funds when the city didn't have the money)



Sources: State of Michigan, City of Detroit, Governing Magazine, Huffington Post

Challenges On the Horizon....

- Reduction of Fed stimulus measures
- End of Chairman Ben Bernanke's term
- U.S. expected to reach debt ceiling limit in September
- Impact of on-going sequester cuts
- Rising food and fuel prices
- Unrest in the Middle East (Egypt, Syria, Libya, Iran)
- Continued weakness in Asian and European economies













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