City of Rowlett, Texas

Investment Performance Review
Quarter Ended December 31, 2014

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Summary

- The fourth-quarter markets were characterized by heightened volatility, a continued strengthening of the U.S. dollar, and soaring U.S. equity markets, which reached new all-time highs.
- Globally, economic growth patterns diverged during the quarter, with the U.S. strengthening while other areas of the developed world (such as Europe and Japan) struggled with stagnation.
- Oil prices plummeted as global demand slowed, while the supply of oil continued to climb as a result of strong domestic output combined with the Organization of Petroleum Exporting Countries' (OPEC's) decision not to reduce the pace of its oil production.

Economic Snapshot

- Third-quarter gross domestic product (GDP) grew at 5%, reflecting increases in personal consumption expenditures, exports, and federal, state, and local government spending, among other factors.
- The U.S. labor market continued to improve, as the unemployment rate fell from 5.9% in September to 5.6% in December. The business services, retail, transportation, healthcare, and manufacturing sectors all saw job gains.
- The housing market had a lackluster quarter as both new- and existing-home sales fell and home price increases slowed to just 4.5% year over year through October 2014, compared to an increase of 10.9% in the prior year.
- The Consumer Price Index, which measures inflation, fell 0.3% in November, marking its largest decline since December 2008. Lower oil prices were a major contributor to the falling prices.

Interest Rates

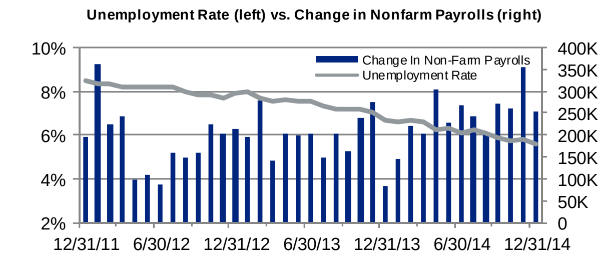
- The Federal Open Market Committee (FOMC) rephrased its "considerable time" language in its statement released after its December meeting, saying that it would be "patient" when normalizing monetary policy after taking extraordinary steps to support economic recovery after the financial crisis.
- The yield curve flattened over the quarter as short and intermediate rates rose, while longer maturities continued to see downward pressure. The two-year Treasury reached 0.7%, a three-year high, in late December. The 10-year Treasury ended the year at 2.2%, down from 2.5% at the beginning of the fourth quarter and 3% at the beginning of 2014.

Sector Performance

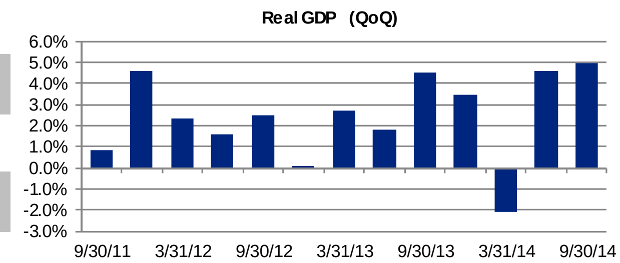
- Fixed-income market performance for the quarter depended on both maturity and sector.
- In short/intermediate maturities, the steep yield curve provided enough income and "roll down" to offset a slight increase in interest rates during the quarter. In the aggregate, these market dynamics helped to produce modest positive returns that essentially mirrored initial yields.
- Longer-duration investments were the strongest performers as they continued to benefit from falling long-term rates.
- Shorter-duration Agency spreads reversed the temporary widening that occurred in the third quarter and returned to historically tight levels. As a result, Agencies with shorter maturities performed better relative to Treasuries than Agencies with longer maturities.
- Corporate spreads widened modestly; however, their higher yields provided enough extra earnings to produce performance generally on par with Treasuries.
- Mortgage-backed securities had a strong quarter, while municipals lagged Treasuries significantly in all maturity ranges.
- Yields on money market securities, especially those with maturities greater than six months, rose notably towards the end of the quarter, reflecting an expected hike in the federal funds rate in the late spring of 2015.

Economic Snapshot

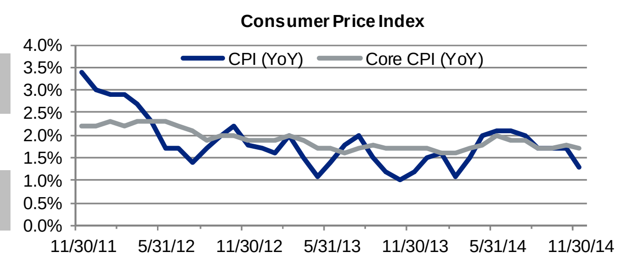
Labor Market		Latest	Sep 2014	Dec 2013
Unemployment Rate	Dec'14	5.6%	5.9%	6.7%
Change In Non-Farm Payrolls	Dec'14	252,000	271,000	84,000
Average Hourly Earnings (YoY)	Dec'14	1.7%	2.0%	1.9%
Personal Income (YoY)	Nov14	4.2%	3.6%	-2.1%
Initial Jobless Claims (week)	Jan 02	294,000	288,000	344,000



Growth				
Real GDP (QoQ SAAR)	2014Q3	5.0%	4.6%[1]	3.5%[2]
GDP Personal Consumption (QoQ SAAR)	2014Q3	3.2%	2.5%[1]	3.7%[2]
Retail Sales (YoY)	Nov14	5.1%	4.6%	3.4%
ISM Manufacturing Survey (month)	Dec'14	55.5	56.6	56.5
Existing Home Sales SAAR (month)	Nov14	4.93 mil.	5.18 mil.	4.87 mil.



Inflation / Prices				
Personal Consumption Expenditures (YoY)	Nov14	1.2%	1.4%	1.2%
Consumer Price Index (YoY)	Nov14	1.3%	1.7%	1.5%
Consumer Price Index Core (YoY)	Nov14	1.7%	1.7%	1.7%
Crude Oil Futures (WTI, per barrel)	Dec 31	$53.27	$91.16	$98.42
Gold Futures (oz.)	Dec 31	$1,184	$1,211	$1,202

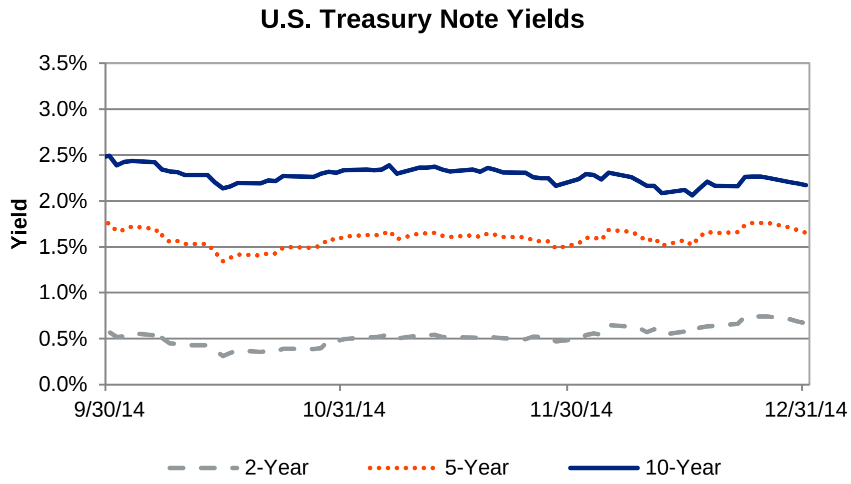


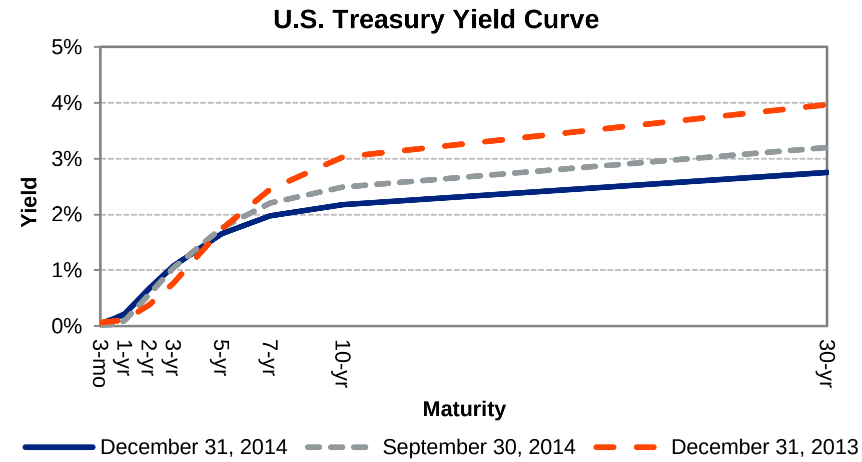
1. Data as of Second Quarter 2014 *2. Data as of Fourth Quarter 2013*

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

Source: Bloomberg

Investment Rate Overview

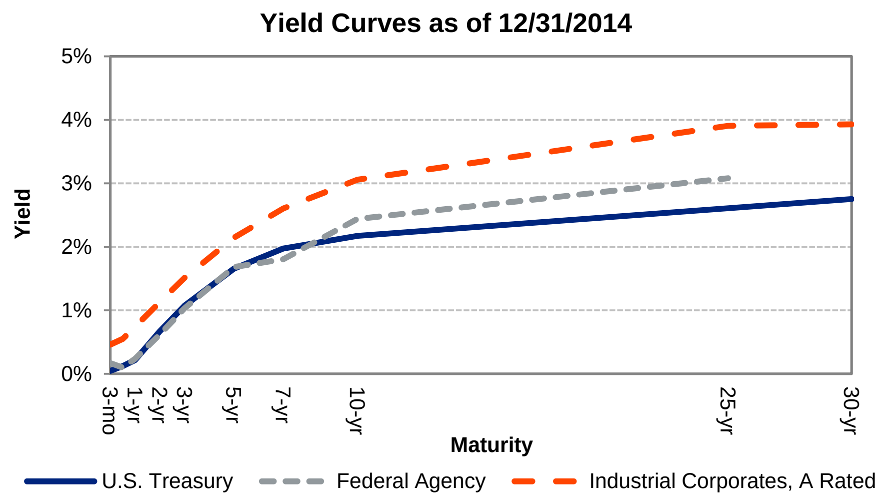




U.S. Treasury Yields

Maturity	12/31/14	9/30/14	Change over Quarter	12/31/13	Change over Year
3-month	0.04%	0.02%	0.02%	0.07%	(0.03%)
1-year	0.22%	0.10%	0.12%	0.11%	0.11%
2-year	0.67%	0.57%	0.10%	0.38%	0.29%
5-year	1.65%	1.76%	(0.11%)	1.74%	(0.09%)
10-year	2.17%	2.49%	(0.32%)	3.03%	(0.86%)
30-year	2.75%	3.20%	(0.45%)	3.97%	(1.22%)

Source: Bloomberg



BofA Merrill Lynch Index Returns

	As of 12/31/2014		Returns for Periods ended 12/31/2014		
	Duration	**Yield**	**3 Month**	**1 Year**	**3 Years**
1-3 Year Indices					
U.S. Treasury	1.89	0.67%	0.17%	0.62%	0.47%
Federal Agency	1.87	0.80%	0.22%	0.70%	0.66%
U.S. Corporates, A-AAA rated	1.98	1.34%	0.15%	1.08%	2.16%
Agency MBS (0 to 3 years)	1.94	1.29%	0.42%	1.08%	1.18%
Municipals	1.79	0.67%	0.01%	0.72%	0.94%
1-5 Year Indices					
U.S. Treasury	2.69	0.98%	0.49%	1.24%	0.65%
Federal Agency	2.35	1.01%	0.42%	1.30%	0.90%
U.S. Corporates, A-AAA rated	2.79	1.73%	0.49%	2.12%	3.02%
Agency MBS (0 to 5 years)	3.23	2.03%	1.16%	3.90%	2.12%
Municipals	2.57	0.96%	(0.02%)	1.30%	1.39%
Master Indices (Maturities 1 Year or Greater)					
U.S. Treasury	6.13	1.52%	2.28%	6.02%	1.54%
Federal Agency	3.94	1.42%	1.25%	4.04%	1.53%
U.S. Corporates, A-AAA rated	6.87	2.73%	2.05%	7.34%	4.77%
Agency MBS (0 to 30 years)	4.00	2.30%	1.79%	6.07%	2.37%
Municipals	6.85	2.41%	1.33%	9.78%	4.56%

Returns for periods greater than one year are annualized

Source: BofA Merrill Lynch Indices

Source: BofA Merrill Lynch Indices

Disclosures

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TAB II

Executive Summary

PORTFOLIO STRATEGY

- The City's Pooled Funds and Long Term Pooled Fund Portfolios are of high credit quality and invested in TexPool, U.S. Treasury, Federal Agency, and high quality commercial paper securities.

- The Long Term Pooled Fund Portfolio's quarterly total return performance of 0.19%, outperformed the benchmark's performance of 0.17% by 0.02%. Over the past year, the Portfolio earned 0.66%, versus 0.62% for the benchmark.

- The Pooled Funds Portfolio continues to provide the City with favorable yield relative to the benchmark. At quarter end, the portfolio had a Yield to Maturity at Cost of 0.25%, exceeding the Yield of its benchmark the TexPool by 21 basis points (0.21%).

- U.S. Treasury yields experienced heightened volatility in the fourth quarter as market participants continued to balance the convergence of an improving domestic economy, declining global growth prospects, deflationary pressures, and varying stages of support from central banks around the world. Shorter maturities (under 3 years) ended the quarter modestly higher, while longer maturities continued to trend lower causing the yield curve to flatten.

- While the broader yield curve flattened further in the fourth quarter, the shorter end of the yield curve (under 5 years) remained near historically steep levels; increasing the relative attractiveness of longer duration investments.

- We expect that the new year will see a continuation of the narrative that dominated the latter half of 2014: the response of central banks to improving domestic economic data contrasted against the headwinds of global uncertainty. Additionally, the recent plummet of oil prices, combined with a strengthening US Dollar have injected a new dynamic to the global inflationary outlook and its impact on market volatility and geopolitical risks.

- We continue to closely monitor the movements of the FOMC as it remains a significant, but uncertain market force. While the market generally expects the Fed to finally raise rates in 2015, the Committee has stated its intention to be "patient in beginning to normalize the stance of monetary policy," which means the timing and pace of future rate hikes is still uncertain. As we have for much of the past year, we start the year with a modestly conservative and defensive duration posture to reflect that uncertainty.

- PFM will continue to navigate the market environment with a keen focus on relative value sector analysis, prudent duration management, and efficient yield curve placement. While producing strong investment returns remains a priority, it is secondary to maintaining safety and liquidity, particularly in the current environment where we expect yields to trend higher.

Summary Portfolio Statistics

Amortized Cost and Market Value Account Name	Amortized Cost[1,2,3] December 31, 2014	Amortized Cost[1,2,3] September 30, 2014	Market Value[1,2,3] December 31, 2014	Market Value[1,2,3] September 30, 2014	Duration (Years) December 31, 2014
Pooled Funds	**$5,894,492.09**	$5,897,276.99	**$5,895,463.70**	$5,898,064.60	**0.350**
Long Term Pooled Fund	**13,621,399.45**	13,629,228.11	**13,638,244.88**	13,642,350.84	**1.670**
TexPool	**11,339,136.63**	12,847,287.33	**11,339,136.63**	12,847,287.33	**0.003**
Total	**$30,855,028.17**	$32,373,792.43	**$30,872,845.21**	$32,387,702.77	**0.806**

Yields Account Name	Yield to Maturity at Cost[4] December 31, 2014	Yield to Maturity at Cost[4] September 30, 2014	Yield to Maturity at Market December 31, 2014	Yield to Maturity at Market September 30, 2014	Duration (Years) September 30, 2014
Pooled Funds	**0.25%**	0.25%	**0.20%**	0.15%	0.210
Long Term Pooled Fund	**0.67%**	0.67%	**0.60%**	0.62%	1.920
TexPool[5]	**0.04%**	0.03%	**0.04%**	0.03%	0.003
Weighted Average YTM	**0.36%**	0.34%	**0.32%**	0.30%	0.848

Monthly Interest earnings YTD[6, 7]

October 2013	**$36,599.01**	April 2014	
November 2013	**$19,783.63**	May 2014	
December 2013	**(28,907.00)**	June 2014	
January 2014		July 2014	
February 2014		August 2014	
March 2014		September 2014	

Total Fiscal Year Net Earnings **$27,475.64**

Notes:

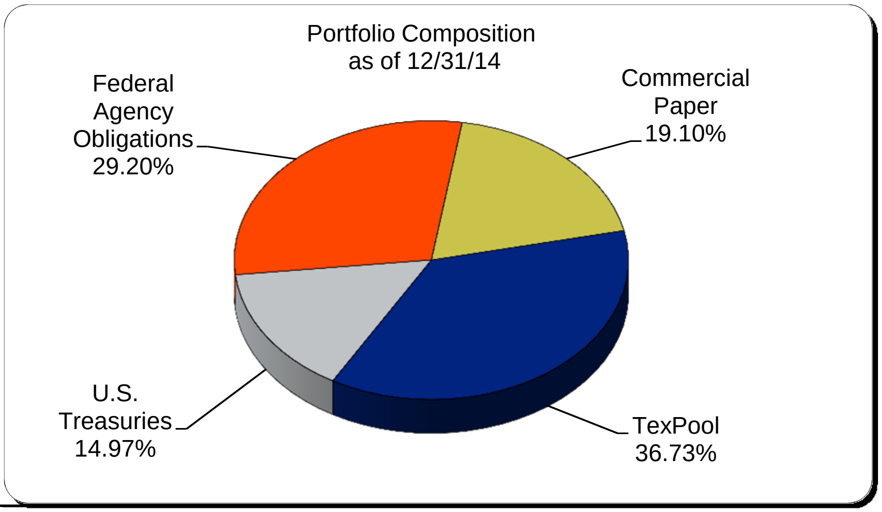
1. On a trade-date basis, including accrued interest.
2. In order to comply with GASB accrual accounting reporting requirements; forward settling trades are included in the monthly balances.
3. Excludes any money market fund/cash balances held in custodian account.
4. Past performance is not indicative of future results.
5. TexPool yield is obtained from www.texpool.com.
6. Earnings are calculated on a cash basis and are subject to the receipt of coupon payments, maturities within the portfolio, and money market fund balances.
7. Earnings are net of fees.

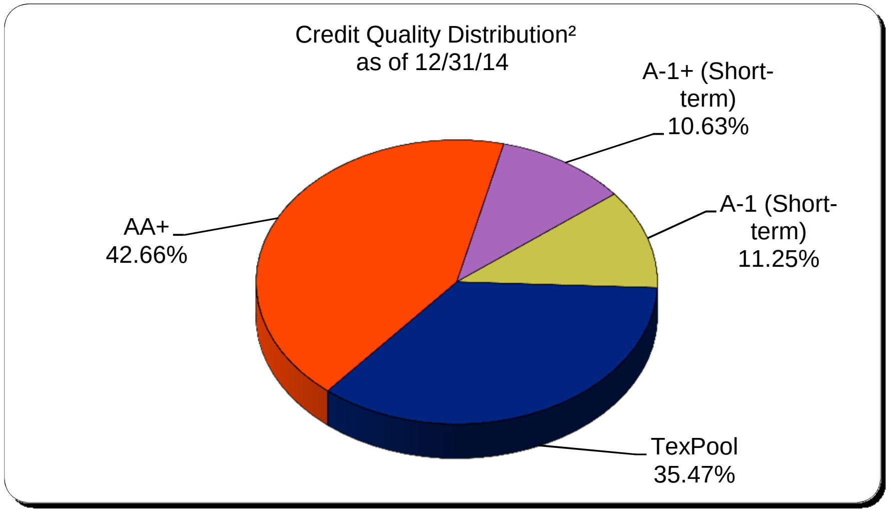
Summary Portfolio Amortized Cost and Market Value Analysis

CUSIP	DESCRIPTION	PAR	COUPON	MATURITY DATE	9/30/2014 ACCRUED INTEREST	9/30/2014 AMORTIZED COST	9/30/2014 MARKET VALUE	12/31/2014 ACCRUED INTEREST	12/31/2014 AMORTIZED COST	12/31/2014 MARKET VALUE	CHANGE IN MARKET VALUE
MONEY MARKET FUNDS											
TEXPOOL	TEXPOOL				$0.00	$12,847,287.33	$12,847,287.33	$0.00	$11,339,136.63	$11,339,136.63	-11.74%
					$0.00	$12,847,287.33	$12,847,287.33	$0.00	$11,339,136.63	$11,339,136.63	-11.74%
TOTAL					**$0.00**	**$12,847,287.33**	**$12,847,287.33**	**$0.00**	**$11,339,136.63**	**$11,339,136.63**	**-11.74%**
POOLED FUNDS											
COMMERCIAL PAPER											
46640QKH3	JP MORGAN SECURITIES LLC COMM PAPER	$1,300,000.00	0.000	10/17/14	0.00	1,299,797.77	1,299,896.00	0.00	1,297,652.42	1,298,355.50	-0.12%
89233HT12	TOYOTA MOTOR CREDIT CORP COMM	1,200,000	0.000	06/01/15	0.00	0.00	0.00	0.00	1,198,842.34	1,198,981.20	0.00%
06538CMG3	BANK OF TOKYO MITSUBISHI COMM PAPER	1,200,000	0.000	12/16/14	0.00	1,199,417.33	1,199,510.40	0.00	1,199,457.34	1,199,475.60	0.00%
90262DT13	UBS FINANCE DELAWARE LLC COMM PAPER	1,000,000	0.000	06/01/15	0.00	0.00	0.00	0.00	998,993.33	998,895.00	0.00%
89233HM27	TOYOTA MOTOR CREDIT CORP COMM	2,200,000	0.000	12/02/14	0.00	2,199,128.56	2,199,645.80	0.00	0.00	0.00	0.00%
36959JQA4	GENERAL ELEC CAP CORP COMM PAPER	1,200,000	0.000	03/10/15	0.00	1,198,933.33	1,199,012.40	0.00	1,199,546.66	1,199,756.40	0.06%
		$8,100,000			$0.00	$5,897,276.99	$5,898,064.60	$0.00	$5,894,492.09	$5,895,463.70	-0.04%
TOTAL		**$8,100,000**			**$0.00**	**$5,897,276.99**	**$5,898,064.60**	**$0.00**	**$5,894,492.09**	**$5,895,463.70**	**-0.044%**
LONG TERM POOLED FUND											
FED AGY BOND/NOTE											
3135G0VA8	FANNIE MAE GLOBAL NOTES	$1,000,000.00	0.500	03/30/16	$13.89	$1,001,428.10	$1,000,765.00	$1,263.89	$1,001,190.12	$1,001,000.00	0.02%
3135G0VA8	FANNIE MAE GLOBAL NOTES	2,000,000	0.500	03/30/16	27.78	1,999,212.14	2,001,530.00	2,527.78	1,999,343.36	2,002,000.00	0.02%
3137EADQ9	FREDDIE MAC GLOBAL NOTES	2,000,000	0.500	05/13/16	3,833.33	1,998,951.62	2,001,106.00	1,333.33	1,999,113.16	2,000,704.00	-0.02%
3133834R9	FEDERAL HOME LOAN BANK GLOBAL NOTES	2,000,000	0.375	06/24/16	2,020.83	1,993,286.14	1,995,904.00	145.83	1,994,251.48	1,995,112.00	-0.04%
3137EADS5	FHLMC NOTES	2,000,000	0.875	10/14/16	8,118.06	2,002,443.76	2,008,412.00	3,743.06	2,002,145.66	2,007,456.00	-0.05%
		$9,000,000			$14,013.89	$8,995,321.76	$9,007,717.00	$9,013.89	$8,996,043.78	$9,006,272.00	-0.02%
US TSY BOND/NOTE											
912828SC5	US TREASURY NOTES	$1,595,000.00	0.875	1/31/2017	$2,351.32	$1,596,395.39	$1,597,990.63	$5,840.39	$1,596,247.10	$1,599,611.15	0.10%
912828RU6	US TREASURY NOTES	1,500,000	0.875	11/30/2016	4,410.86	1,503,902.00	1,505,507.81	1,153.85	1,503,451.20	1,506,562.50	0.07%
912828WP1	US TREASURY NOTES	1,510,000	0.009	6/15/2017	3,898.77	1,508,934.12	1,506,460.56	617.07	1,509,032.17	1,509,174.03	0.18%
		$3,095,000			$10,660.95	$4,609,231.51	$4,609,959.00	$7,611.31	$4,608,730.47	$4,615,347.68	0.12%
TOTAL		**$12,095,000**			**$24,674.84**	**$13,604,553.27**	**$13,617,676.00**	**$16,625.20**	**$13,604,774.25**	**$13,621,619.68**	**0.029%**
TOTAL PORTFOLIO		**$20,195,000**			**$24,674.84**	**$32,349,117.59**	**$32,363,027.93**	**$16,625.20**	**$30,838,402.97**	**$30,856,220.01**	**-4.66%**

Summary Portfolio Composition and Credit Quality Characteristics

Security Type[1]	December 31, 2014	% of Portfolio	September 30, 2014	% of Portfolio
U.S. Treasuries	**$4,622,958.99**	**15.0%**	$4,620,619.95	4.4%
Federal Agencies	**9,015,285.89**	**29.2%**	9,021,730.89	49.1%
Commercial Paper	**5,895,463.70**	**19.1%**	5,898,064.60	0.0%
Certificates of Deposit	**0.00**	**0.0%**	0.00	0.0%
Bankers Acceptances	**0.00**	**0.0%**	0.00	0.0%
Repurchase Agreements	**0.00**	**0.0%**	0.00	0.0%
Municipal Obligations	**0.00**	**0.0%**	0.00	0.0%
Corporate Notes/Bonds	**0.00**	**0.0%**	0.00	0.0%
Mortgage Backed	**0.00**	**0.00%**	0.00	0.0%
TexPool	**11,339,136.63**	**36.7%**	12,847,287.33	46.5%
Totals	**$30,872,845.21**	**100.0%**	$32,387,702.77	100.0%



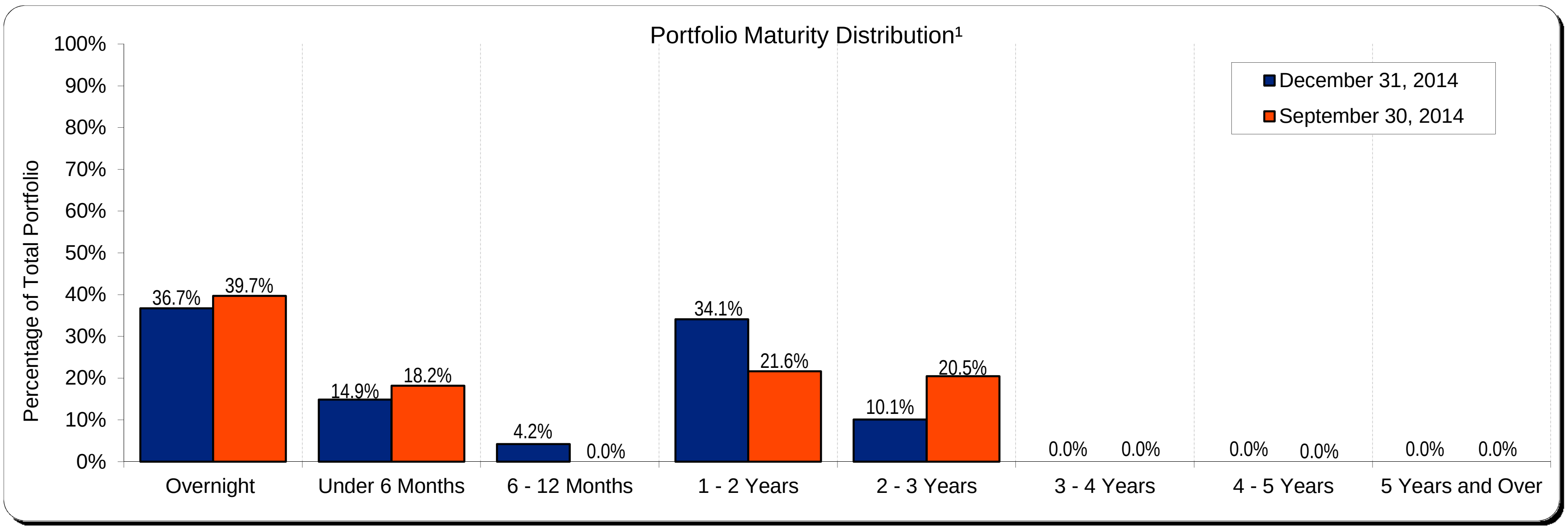


Notes:

1. End of quarter trade-date market values of portfolio holdings, including accrued interest.
2. Credit rating of securities held in portfolio, exclusive of money market fund/LGIP. Standard & Poor's is the source of the credit ratings.

Summary Portfolio Maturity Distribution

Maturity Distribution[1]	December 31, 2014	September 30, 2014
Overnight (Money Market Fund)	**$11,339,136.63**	$12,847,287.33
Under 6 Months	**4,597,108.20**	5,898,064.60
6 - 12 Months	**1,298,355.50**	0.00
1 - 2 Years	**10,523,002.24**	7,005,200.83
2 - 3 Years	**3,115,242.64**	6,637,150.01
3 - 4 Years	**0.00**	0.00
4 - 5 Years	**0.00**	0.00
5 Years and Over	**0.00**	0.00
Totals	**$30,872,845.21**	$32,387,702.77



Notes:

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

Summary Portfolio General Ledger Entries[1]

Earnings Calculation

10/31/2014	Market Value Basis	Source Document
October Market Value	32,852,774.18	1 Account Summary Page
October Accrued Interest	23,497.95	2 Account Summary Page
Less (Purchases & Deposits)	(1,759,701.93)	3 Security Transactions & Interest
Less Purchased Interest	-	4 Security Transactions & Interest
Add (Sales, Maturities, Paydowns, Withdrawals)	1,300,000.00	5 Security Transactions & Interest
Add Interest Receipts	9,049.64	6 Security Transactions & Interest
Less September Market Value	(32,363,027.93)	7 Account Summary Page
Less September Accrued Interest	(24,674.84)	8 Account Summary Page
Earnings	37,917.07	
Change in Investment Market Value	**489,746.25**	(1 - 7)
Change in Accrued Interest	**(1,176.89)**	(2 - 8)
Change in Cash	**(450,652.29)**	(sum 3 thru 6)

Investment Entries

To Record Investment Activity	Debit	Credit	Source Document
Cash		459,701.93	Security Transactions & Interest
Investments	489,746.25		Amortization/Accretion
Investment Income		30,044.32	Earnings
	To record investment income/changes		
Cash	9,049.64		Security Transactions & Interest
Accrued Interest		1,176.89	Accrued Interest Difference
Investment Income		7,872.75	Earnings
	To record interest income/changes		

Notes:

1. Earnings are calculated using Market Value. This includes unrealized gains and losses, and income.

Summary Portfolio General Ledger Entries[1]

Earnings Calculation

11/30/2014	Market Value Basis	Source Document
November Market Value	30,434,301.14	1 Account Summary Page
November Accrued Interest	19,398.84	2 Account Summary Page
Less (Purchases & Deposits)	(567,896.34)	3 Security Transactions & Interest
Less Purchased Interest	-	4 Security Transactions & Interest
Add (Sales, Maturities, Paydowns, Withdrawals)	3,000,000.00	5 Security Transactions & Interest
Add Interest Receipts	11,835.58	6 Security Transactions & Interest
Less October Market Value	(32,853,073.82)	7 Account Summary Page
Less October Accrued Interest	(23,497.95)	8 Account Summary Page
Earnings	21,067.45	
Change in Investment Market Value	**-2,418,772.68**	(1 - 7)
Change in Accrued Interest	**(4,099.11)**	(2 - 8)
Change in Cash	**2,443,939.24**	(sum 3 thru 6)

Investment Entries

To Record Investment Activity	Debit	Credit	Source Document
Cash	2,432,103.66		Security Transactions & Interest
Investments		2,418,772.68	Amortization/Accretion
Investment Income		13,330.98	Earnings
	To record investment income/changes		
Cash	11,835.58		Security Transactions & Interest
Accrued Interest		4,099.11	Accrued Interest Difference
Investment Income		7,736.47	Earnings
	To record interest income/changes		

Notes:

1. Earnings are calculated using Market Value. This includes unrealized gains and losses, and income.

Summary Portfolio General Ledger Entries[1]

Earnings Calculation

12/31/2014	Market Value Basis	Source Document
December Market Value	30,855,822.80	1 Account Summary Page
December Accrued Interest	16,625.20	2 Account Summary Page
Less (Purchases & Deposits)	(3,856,809.26)	3 Security Transactions & Interest
Less Purchased Interest	-	4 Security Transactions & Interest
Add (Sales, Maturities, Paydowns, Withdrawals)	3,400,000.00	5 Security Transactions & Interest
Add Interest Receipts	10,753.46	6 Security Transactions & Interest
Less November Market Value	(30,434,574.22)	7 Account Summary Page
Less November Accrued Interest	(19,398.84)	8 Account Summary Page
Earnings	(27,580.86)	
Change in Investment Market Value	**421,248.58**	(1 - 7)
Change in Accrued Interest	**(2,773.64)**	(2 - 8)
Change in Cash	**(446,055.80)**	(sum 3 thru 6)

Investment Entries

To Record Investment Activity	Debit	Credit	Source Document
Cash		456,809.26	Security Transactions & Interest
Investments	421,248.58		Amortization/Accretion
Investment Income	35,560.68		Earnings
	To record investment income/changes		
Cash	10,753.46		Security Transactions & Interest
Accrued Interest		2,773.64	Accrued Interest Difference
Investment Income		7,979.82	Earnings
	To record interest income/changes		

Notes:

1. Earnings are calculated using Market Value. This includes unrealized gains and losses, and income.

Pooled Funds Portfolio Statistics

Account Name	Amortized Cost[1,2,3] December 31, 2014	Amortized Cost[1,2,3] September 30, 2014	Market Value[1,2,3] December 31, 2014	Market Value[1,2,3] September 30, 2014	Duration (Years) December 31, 2014
Pooled Funds	**$5,894,492.09**	$5,897,276.99	**$5,895,463.70**	$5,898,064.60	**0.35**

Account Name	Yield to Maturity at Cost[4] December 31, 2014	Yield to Maturity at Cost[4] September 30, 2014	Yield to Maturity at Market December 31, 2014	Yield to Maturity at Market September 30, 2014	Duration (Years) September 30, 2014
Pooled Funds	**0.25%**	0.25%	**0.20%**	0.15%	0.21

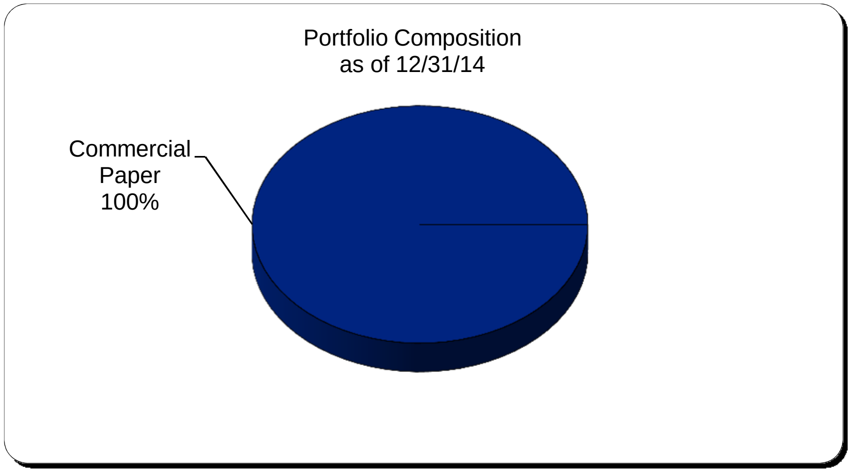
Benchmarks[5]	December 31, 2014	September 30, 2014
TexPool[6]	**0.04%**	0.03%

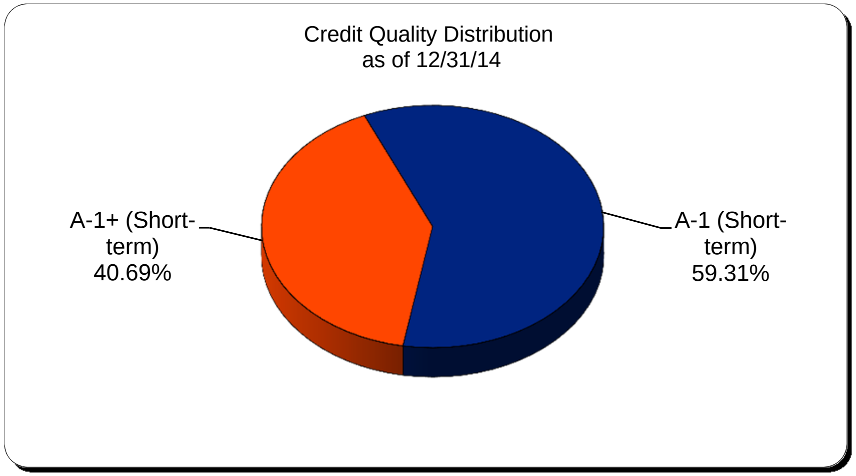
Notes:

1. On a trade-date basis, including accrued interest.
2. In order to comply with GASB accrual accounting reporting requirements; forward settling trades are included in the monthly balances.
3. Excludes any money market fund/cash balances held in custodian account.
4. Past performance is not indicative of future results.
5. Yields presented on an annualized basis as of December 31, 2014.
6. TexPool yield is obtained from www.texpool.com.

Pooled Funds Portfolio Composition and Credit Quality Characteristics

Security Type[1]	December 31, 2014	% of Portfolio	September 30, 2014	% of Portfolio
U.S. Treasuries	**$0.00**	**0.00%**	$0.00	0.00%
Federal Agencies	**0.00**	**0.00%**	0.00	0.00%
Commercial Paper	**5,895,463.70**	**100.00%**	5,898,064.60	100.00%
Commercial Paper - TLGP	**0.00**	**0.00%**	0.00	0.00%
Certificates of Deposit	**0.00**	**0.00%**	0.00	0.00%
Bankers Acceptances	**0.00**	**0.00%**	0.00	0.00%
Repurchase Agreements	**0.00**	**0.00%**	0.00	0.00%
Municipal Obligations	**0.00**	**0.00%**	0.00	0.00%
Corporate Notes/Bonds	**0.00**	**0.00%**	0.00	0.00%
Mortgage Backed	**0.00**	**0.00%**	0.00	0.00%
Money Market Fund/Cash	**0.00**	**0.00%**	0.00	0.00%
Totals	**$5,895,463.70**	**100.00%**	$5,898,064.60	100.00%



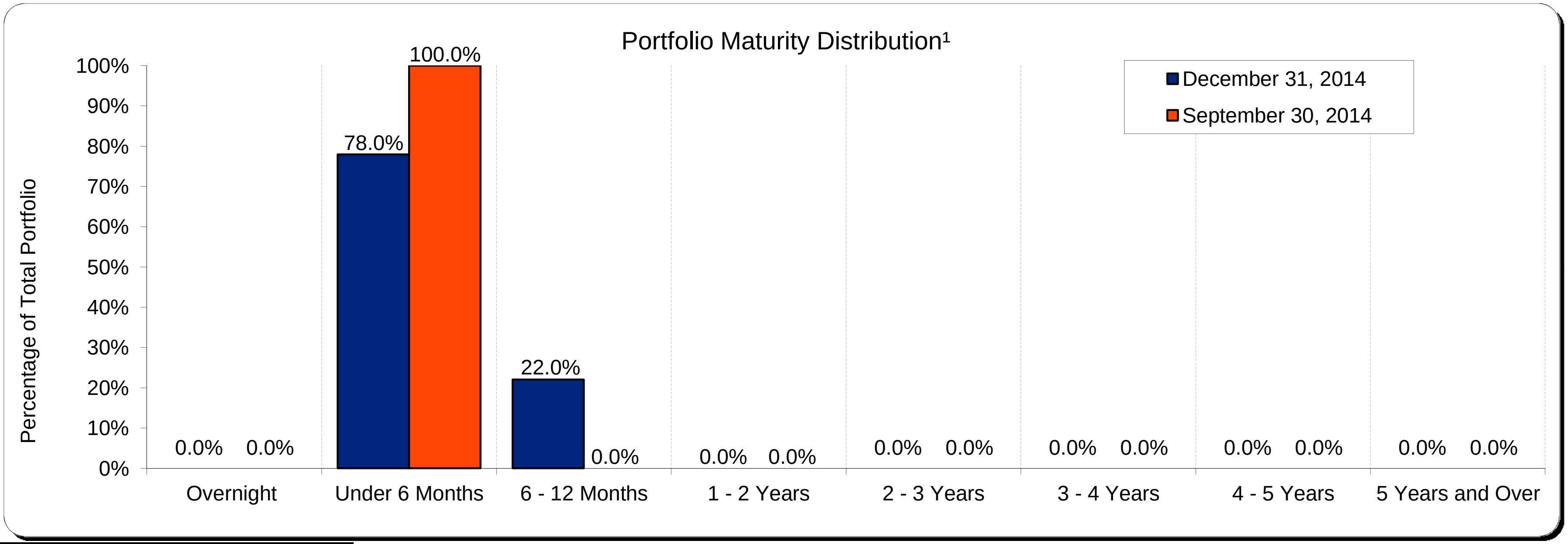


Notes:

1. End of quarter trade-date market values of portfolio holdings, including accrued interest.
2. Credit rating of securities held in portfolio, exclusive of money market fund/LGIP. Standard & Poor's is the source of the credit ratings.

Pooled Funds Portfolio Maturity Distribution

Maturity Distribution[1]	December 31, 2014	September 30, 2014
Overnight (Money Market Fund)	**$0.00**	$0.00
Under 6 Months	**4,597,108.20**	5,898,064.60
6 - 12 Months	**1,298,355.50**	0.00
1 - 2 Years	**0.00**	0.00
2 - 3 Years	**0.00**	0.00
3 - 4 Years	**0.00**	0.00
4 - 5 Years	**0.00**	0.00
5 Years and Over	**0.00**	0.00
Totals	**$5,895,463.70**	$5,898,064.60



Notes:

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

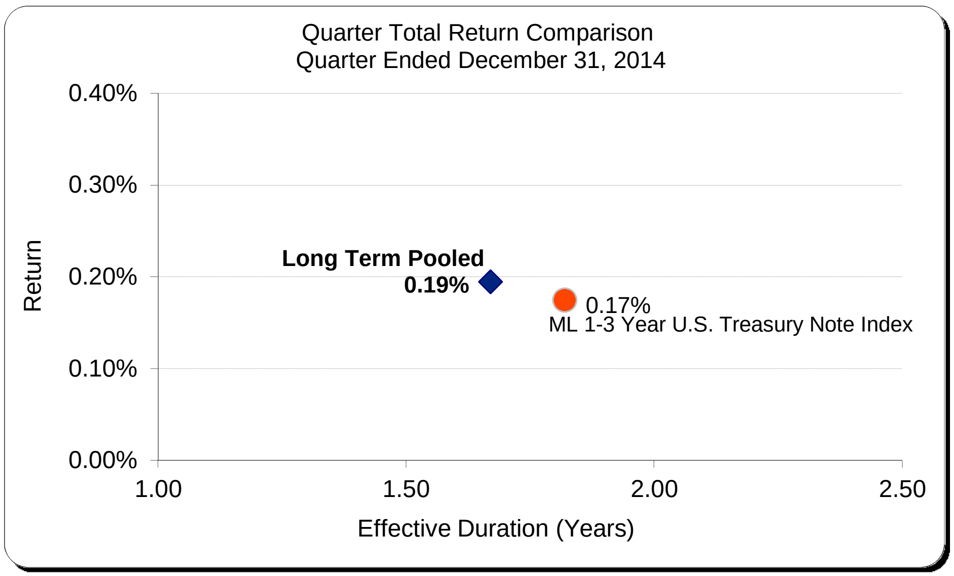
Long Term Pooled Fund Portfolio Performance

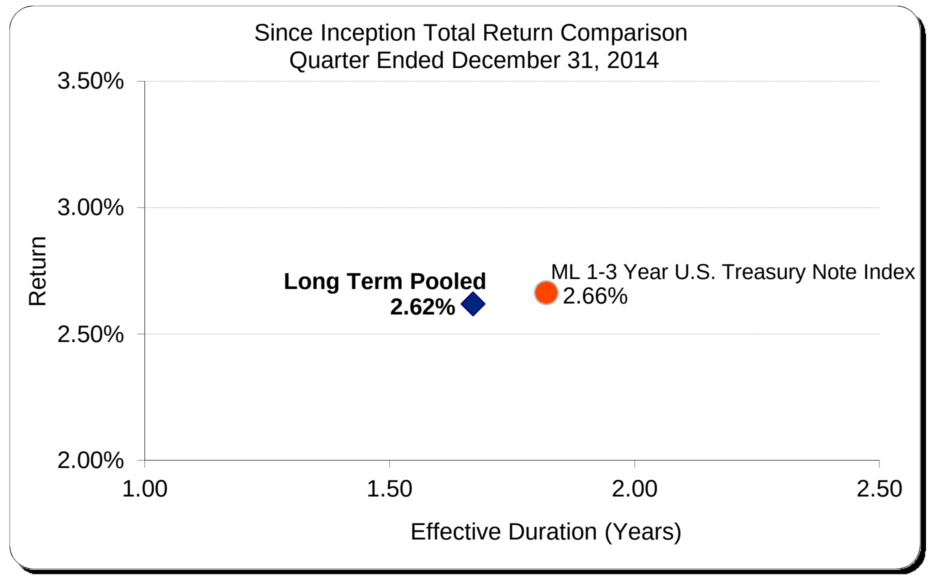
Total Portfolio Value[1]	December 31, 2014	September 30, 2014
Market Value	**$13,638,244.88**	$13,642,350.84
Amortized Cost	**$13,621,399.45**	$13,629,228.11

Total Return[2,3,4,5]	Quarterly Return December 31, 2014	Last 12 Months	Last 2 Years	Last 5 Years	Last 7 Years	Since Inception June 30, 2006
Long Term Pooled Fund	**0.19%**	**0.66%**	**0.50%**	**0.99%**	**1.85%**	**2.62%**
Merrill Lynch 1-3 Year U.S. Treasury Note Index	0.17%	**0.62%**	**0.49%**	1.06%	1.79%	2.66%

Effective Duration(Years)[4,5]	December 31, 2014	September 30, 2014
Long Term Pooled Fund	**1.67**	**1.92**
Merrill Lynch 1-3 Year U.S. Treasury Note Index	1.82	1.84
Portfolio Duration % of Benchmark Duration	92%	104%

Yields	December 31, 2014	September 30, 2014
Yield at Market	**0.60%**	0.62%
Yield at Cost	**0.67%**	0.67%





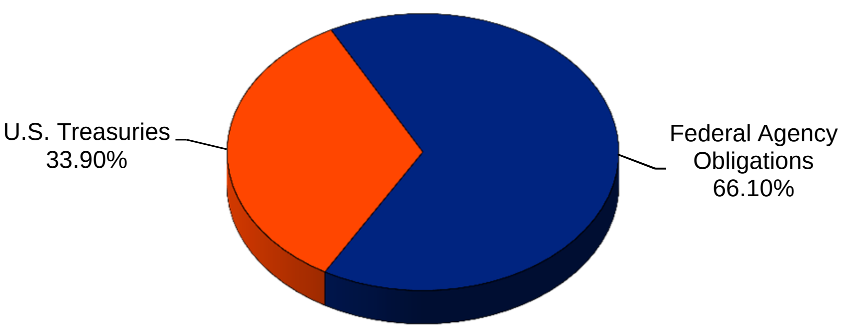
Notes:

1. In order to comply with GASB accrual accounting reporting requirements; forward settling trades are included in the monthly balances. End of quarter trade-date market values of portfolio holdings, including accrued interest.
2. Performance on trade date basis, gross (i.e., before fees), is in accordance with The CFA Institute's Global Investment Performance Standards (GIPS). Quarterly returns are presented on an unannualized basis. Returns presented for 12 months or longer are presented on an annual basis. Past performance is not indicative of future results.
3. Since Inception the benchmark has been the Merrill Lynch 1-3 Year U.S. Treasury Note.
4. Merrill Lynch Indices provided by Bloomberg Financial Markets.
5. Excludes money market fund/cash in performance and duration computations.

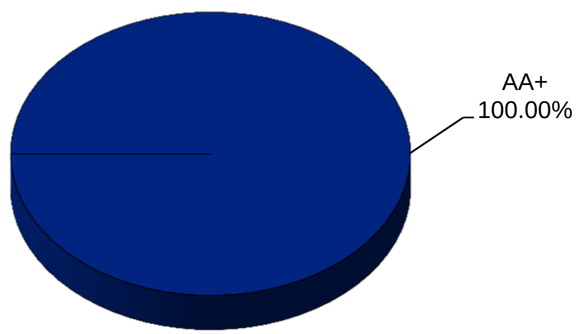
Long Term Pooled Fund Portfolio Composition and Credit Quality Characteristics

Security Type[1]	December 31, 2014	% of Portfolio	September 30, 2014	% of Portfolio
U.S. Treasuries	**$4,622,958.99**	**33.9%**	$4,620,619.95	33.9%
Federal Agencies	**9,015,285.89**	**66.1%**	9,021,730.89	66.1%
Commercial Paper	**0.00**	**0.0%**	0.00	0.0%
Certificates of Deposit	**0.00**	**0.0%**	0.00	0.0%
Bankers Acceptances	**0.00**	**0.0%**	0.00	0.0%
Repurchase Agreements	**0.00**	**0.0%**	0.00	0.0%
Municipal Obligations	**0.00**	**0.0%**	0.00	0.0%
Corporate Notes/Bonds	**0.00**	**0.0%**	0.00	0.0%
Mortgage Backed	**0.00**	**0.0%**	0.00	0.0%
Money Market Fund/Cash	**0.00**	**0.0%**	0.00	0.0%
Totals	**$13,638,244.88**	**100.0%**	$13,642,350.84	100.0%

Portfolio Composition
as of 12/31/14



Credit Quality Distribution[2]
as of 12/31/14

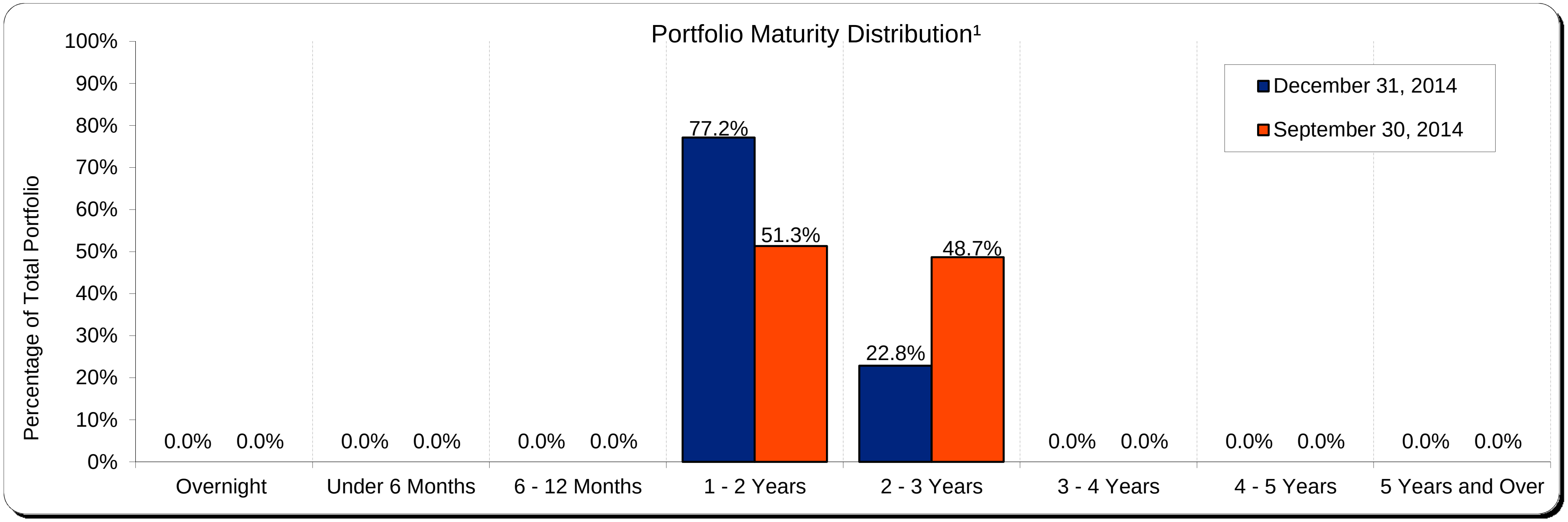


Notes:

1. End of quarter trade-date market values of portfolio holdings, including accrued interest.
2. Credit rating of securities held in portfolio, exclusive of money market fund/LGIP. Standard & Poor's is the source of the credit ratings.

Long Term Pooled Fund Portfolio Maturity Distribution

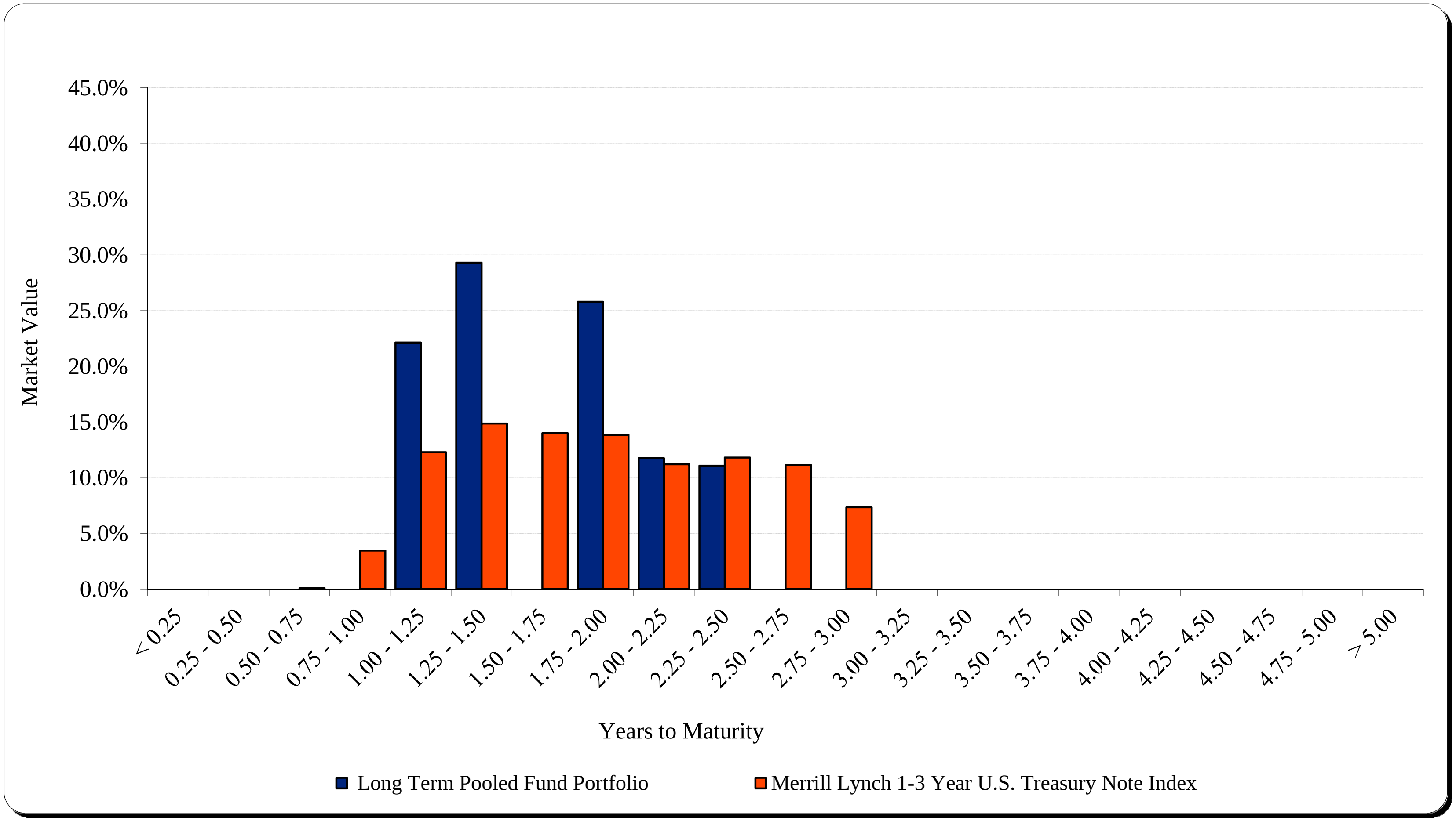
Maturity Distribution[1]	December 31, 2014	September 30, 2014
Overnight (Money Market Fund)	**$0.00**	$0.00
Under 6 Months	**0.00**	0.00
6 - 12 Months	**0.00**	0.00
1 - 2 Years	**10,523,002.24**	7,005,200.83
2 - 3 Years	**3,115,242.64**	6,637,150.01
3 - 4 Years	**0.00**	0.00
4 - 5 Years	**0.00**	0.00
5 Years and Over	**0.00**	0.00
Totals	**$13,638,244.88**	$13,642,350.84



Notes:

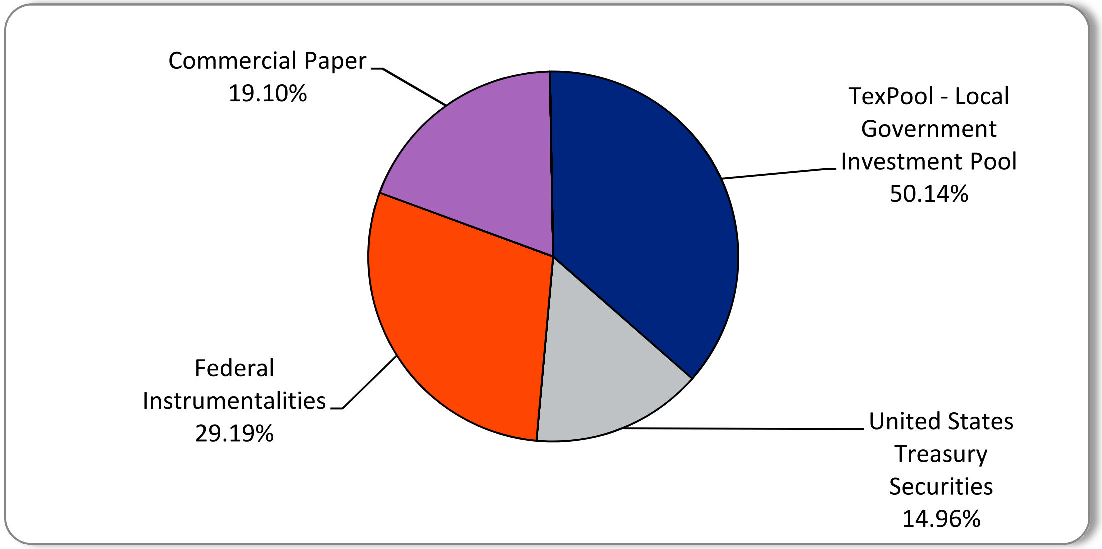
1. Callable securities in portfolio are included in the maturity distribution analysis to their stated maturity date, although they may be called prior to maturity.

Long Term Pooled Fund Portfolio Maturity Distribution versus the Benchmark[1]



Notes:

1. Due to the nature of the security, Mortgage-Backed Securities are represented based on their average life maturity rather than their final maturity.



Security Type[1]	Amortized Cost (Includes Interest)	Allocation Percentage	Notes	Permitted by Policy	In Compliance
TexStar - Local Government Investment Pool	-	0.00%		**100%**	YES
TexPool - Local Government Investment Pool	11,339,136.63	36.75%		**100%**	YES
United States Treasury Securities	4,616,341.78	14.96%		**100%**	YES
United States Government Agency Securities	-	0.00%		**100%**	YES
Federal Instrumentalities	9,005,057.67	29.19%	2	**100%**	YES
Mortgage-Backed Securities	-	0.00%	2,3	**20%**	YES
Certificates of Deposit	-	0.00%		**20%**	YES
Repurchase Agreements	-	0.00%		**20%**	YES
Commercial Paper	5,894,492.09	19.10%		**25%**	YES
Corporate Notes TLGP - FDIC Insured	-	0.00%		**50%**	YES
Bankers' Acceptances	-	0.00%		**25%**	YES
State and/or Local Government Debt	-	0.00%		**25%**	YES
Fixed Income Money Market Mutual Funds	-	0.00%		**50%**	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 100%. The combined total as of December 31, 2014 is 29.19%.
3. The Investment Policy does allow for Government and Federal Agency mortgage backed securities (MBS'). Which is limited to GNMA, FHLMC, and FNMA mortgage backed securities. GNMA securities have the full faith and credit of the United States Treasury. As of September 6, 2008, FHLMC and FNMA have been under conservatorship with the United States Treasury. PFM has imposed an internal maximum allocation limit of 20% in MBS'. PFM will notify the City prior to adding MBS' to the portfolio.

Individual Issuer Breakdown	Amortized Cost (Includes Interest)	Allocation Percentage	Notes	Permitted by Policy	In Compliance
Government National Mortgage Association (GNMA)	-	0.00%		**40%**	YES
Federal Farm Credit Bank (FFCB)	-	0.00%		**40%**	YES
Federal Home Loan Bank (FHLB)	1,994,397.31	6.46%		**40%**	YES
Federal National Mortgage Association (FNMA)	3,004,325.15	9.74%		**40%**	YES
Federal Home Loan Mortgage Corporation (FHLMC)	4,006,335.21	12.98%		**40%**	YES
JP Morgan Securities Commercial Paper	1,297,652.42	4.21%		**5%**	YES
General Electric Commercial Paper	1,199,546.66	3.89%		**5%**	YES
Toyota Commercial Paper	1,198,842.34	3.89%		**5%**	YES
UBS Finance Commercial Paper	998,993.33	3.24%		**5%**	YES
Bank of Tokyo Mitsubishi Commercial Paper	1,199,457.34	3.89%		**5%**	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 100%. The combined total as of December 31, 2014 is 29.19%.
3. The Investment Policy does allow for Government and Federal Agency mortgage backed securities (MBS'). Which is limited to GNMA, FHLMC, and FNMA mortgage backed securities. GNMA securities have the full faith and credit of the United States Treasury. As of September 6, 2008, FHLMC and FNMA have been under conservatorship with the United States Treasury. PFM has imposed an internal maximum allocation limit of 20% in MBS'. PFM will notify the City prior to adding MBS' to the portfolio.

Investment Officer's Certification

This report is prepared for City of Rowlett (the "City") in accordance with Chapter 2256 of the Public Funds Investment Act ("PFIA"). Section 2256.023(a) of the PFIA states that "Not less than quarterly, the investment officer shall prepare and submit to the governing body of the entity a written report of the investment transactions for all funds covered by this chapter for the preceding reporting period." This report which covers the month ended December 31, 2014, is signed by the City's investment officers and includes the disclosures required in the PFIA.

The investment portfolio complied with the PFIA and the City's approved Investment Policy and Strategy throughout the month. All investment transactions made in the City's portfolio during this month were made on behalf of the City and were made in full compliance with the PFIA and the City's approved Investment Policy.

Alan Guard, Chief Financial Officer

Wendy Badgett, Assistant Finance Director

TAB III

Insert Month End Statement here to complete the report.

In consideration of the safety and security of our client's sensitive information, PFM Asset Management's compliance department does not allow the inclusion of month end statements in any electronic communication including this version of the quarterly performance report.

Statements are available online at **www.pfm.com** login and click on the link to "Monthly Statements" on the left side of the screen.

The most current statements are always available to the client online, however they can only be accessed with the designated username and password.

TAB IV