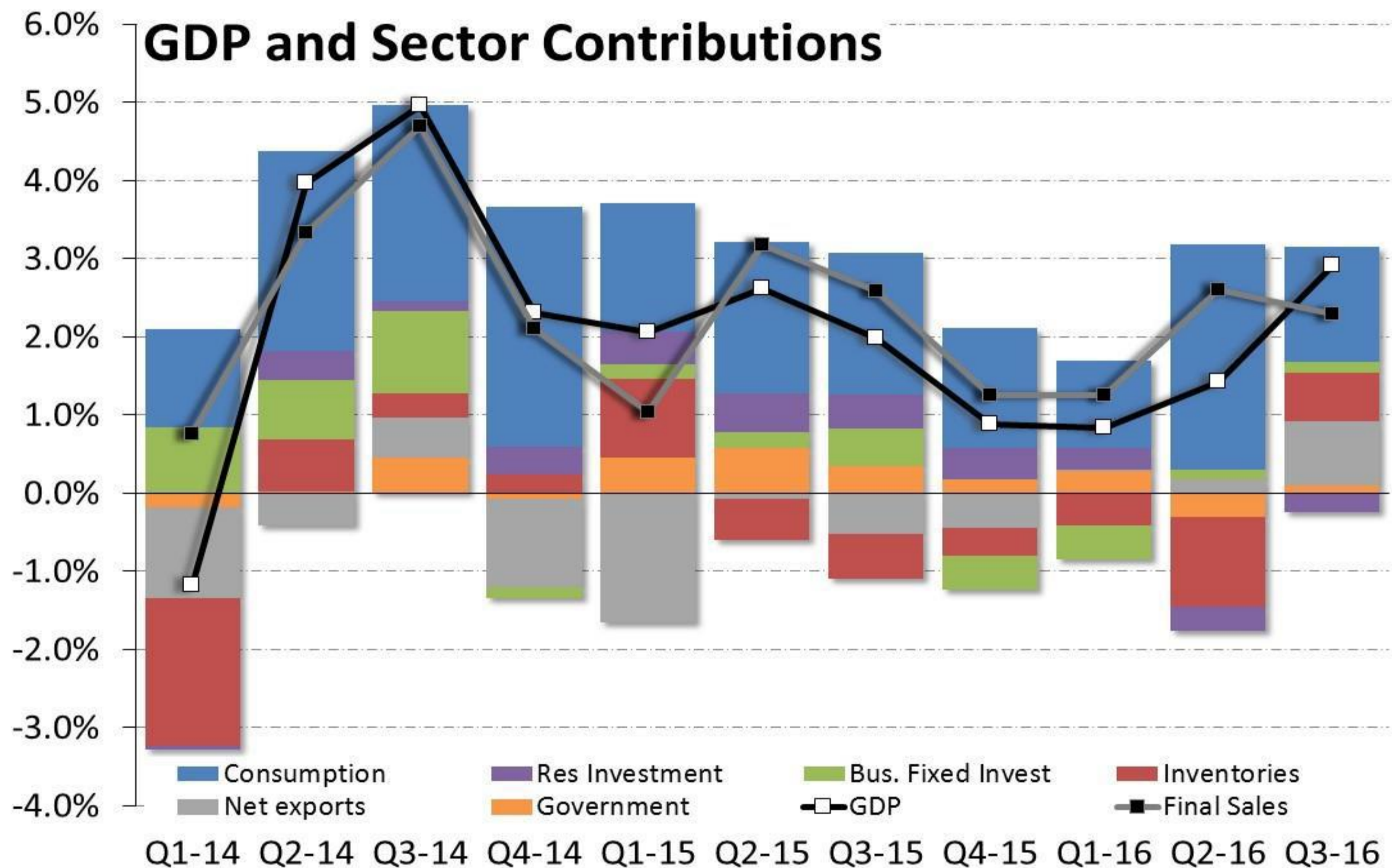


# **3Q16 Investment Results for the Management Committee**

**12-14-16**

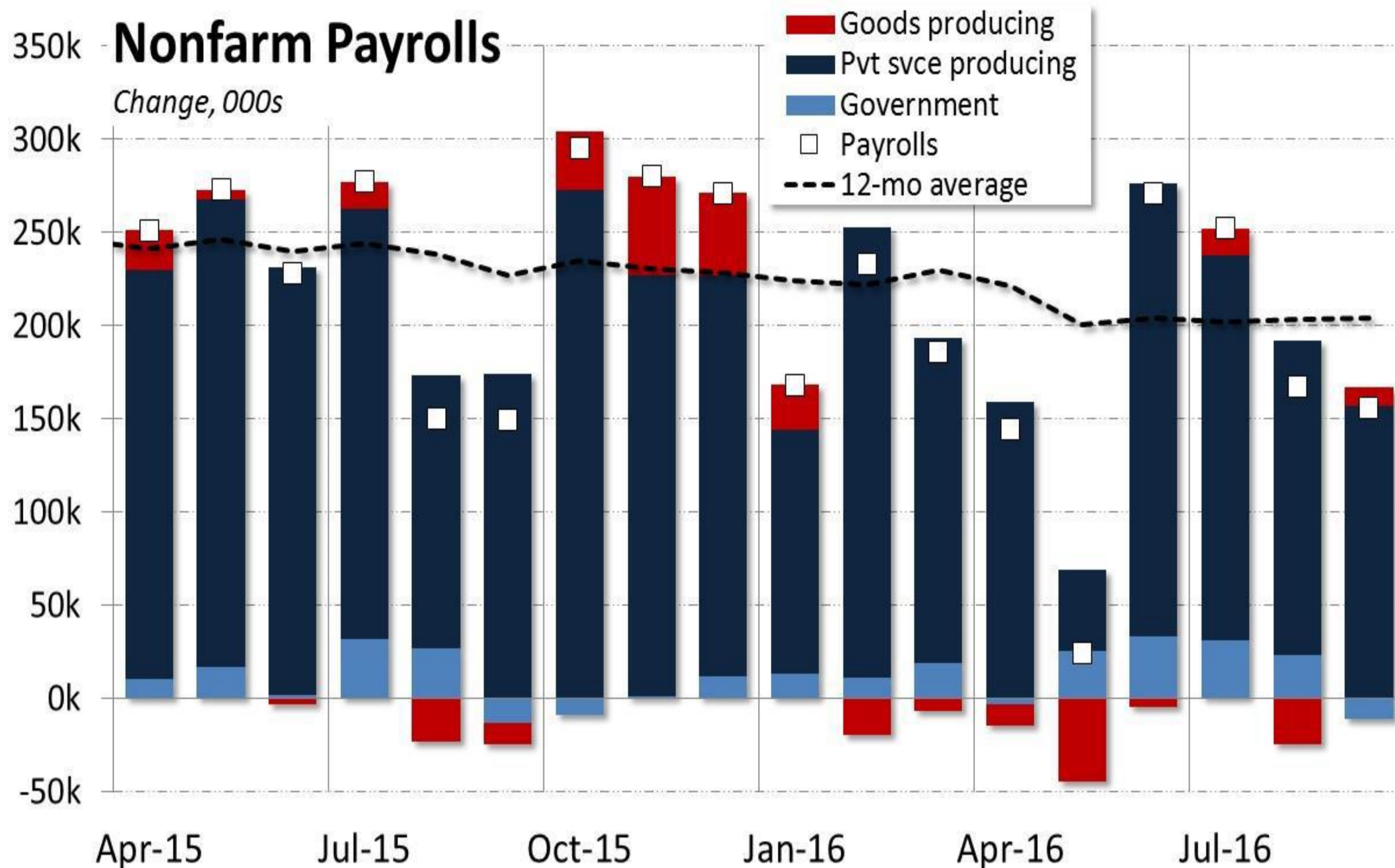
# Economic Review: Real GDP



Source: Bureau of Economic Analysis and FTN Financial

Source: Bureau of Economic Analysis and FTN Financial

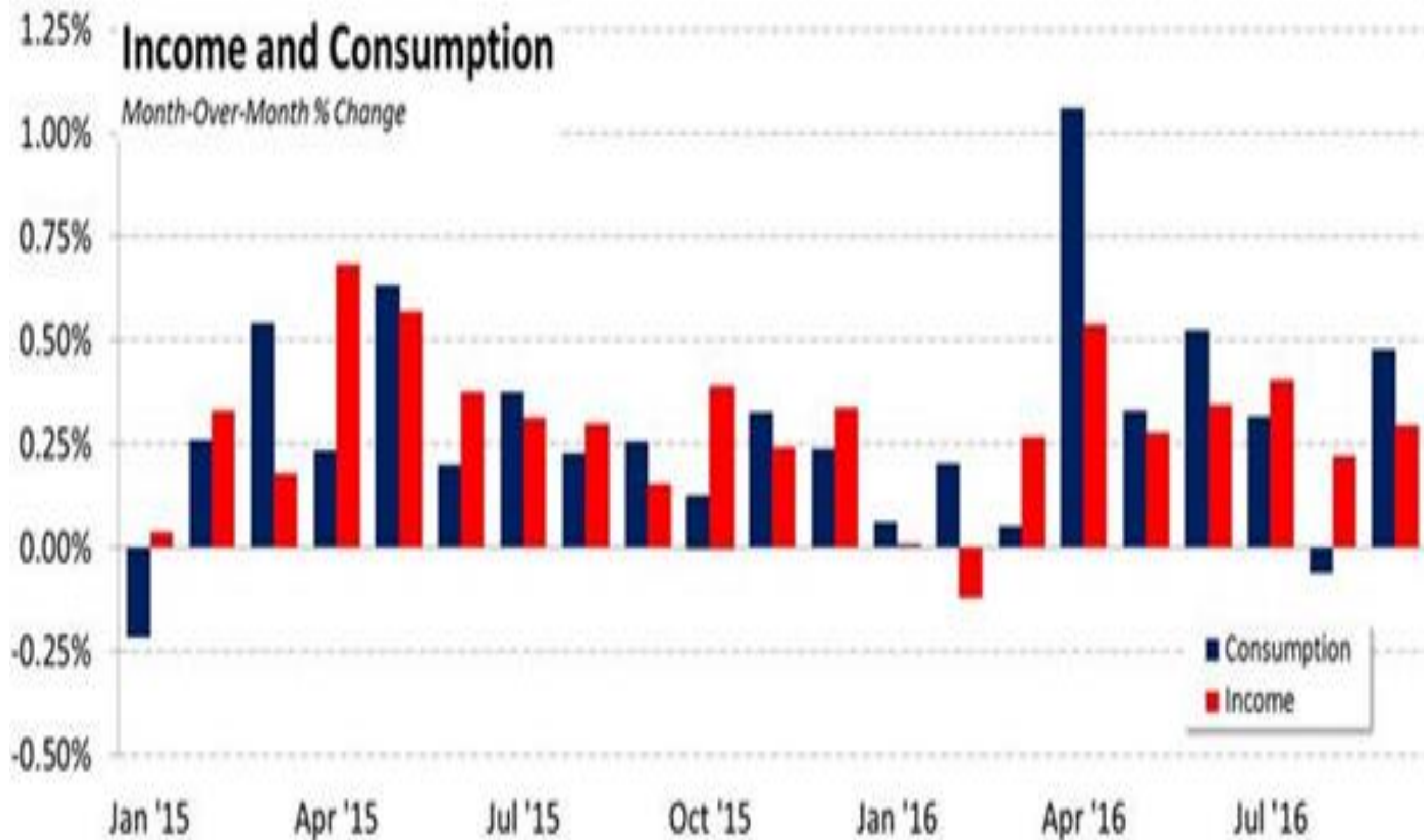
# US Nonfarm Payrolls



Source: Bureau of Labor Statistics and FTN Financial

Source: Bureau of Labor Statistics and FTN Financial

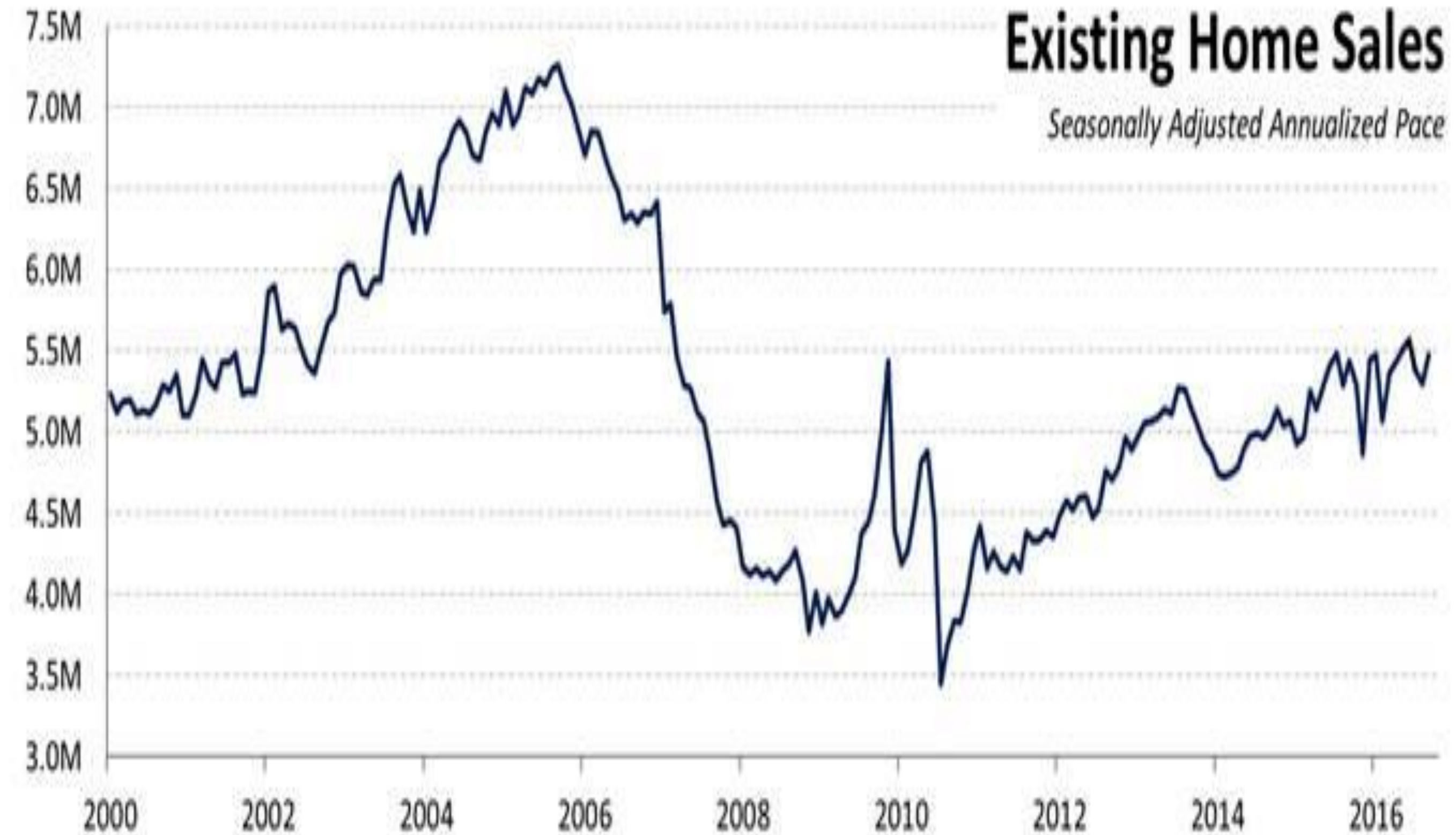
# Income and Consumption



Source: Bureau of Economic Analysis

Source: Bureau of Economic Analysis

# Existing Home Sales



Source: National Assoc. of Realtors

Source: National Assoc. Of Realtors

# New Home Sales

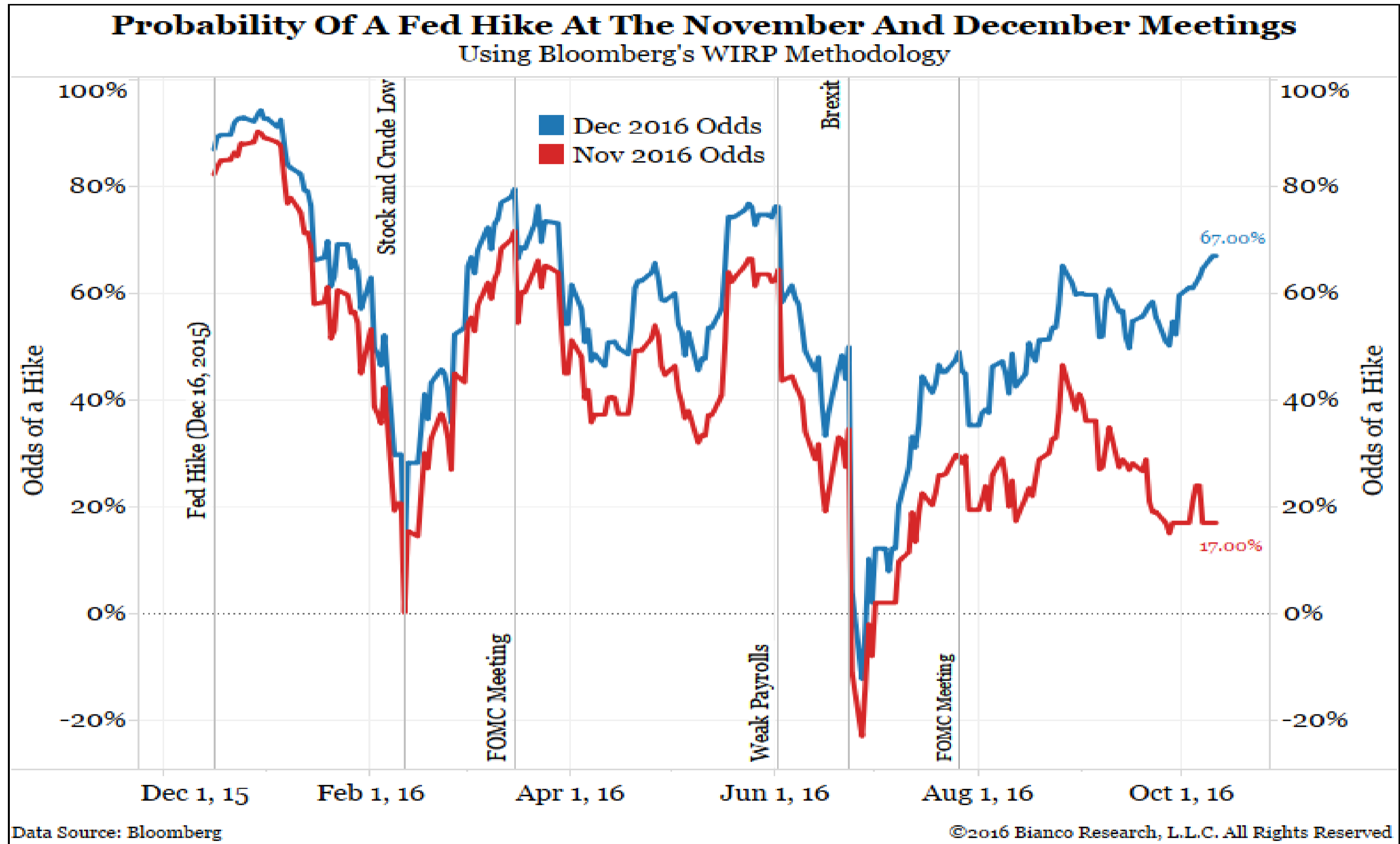
**New Home Sales**  
*Seasonally Adjusted Annualized Pace*



Source: U.S. Census Bureau

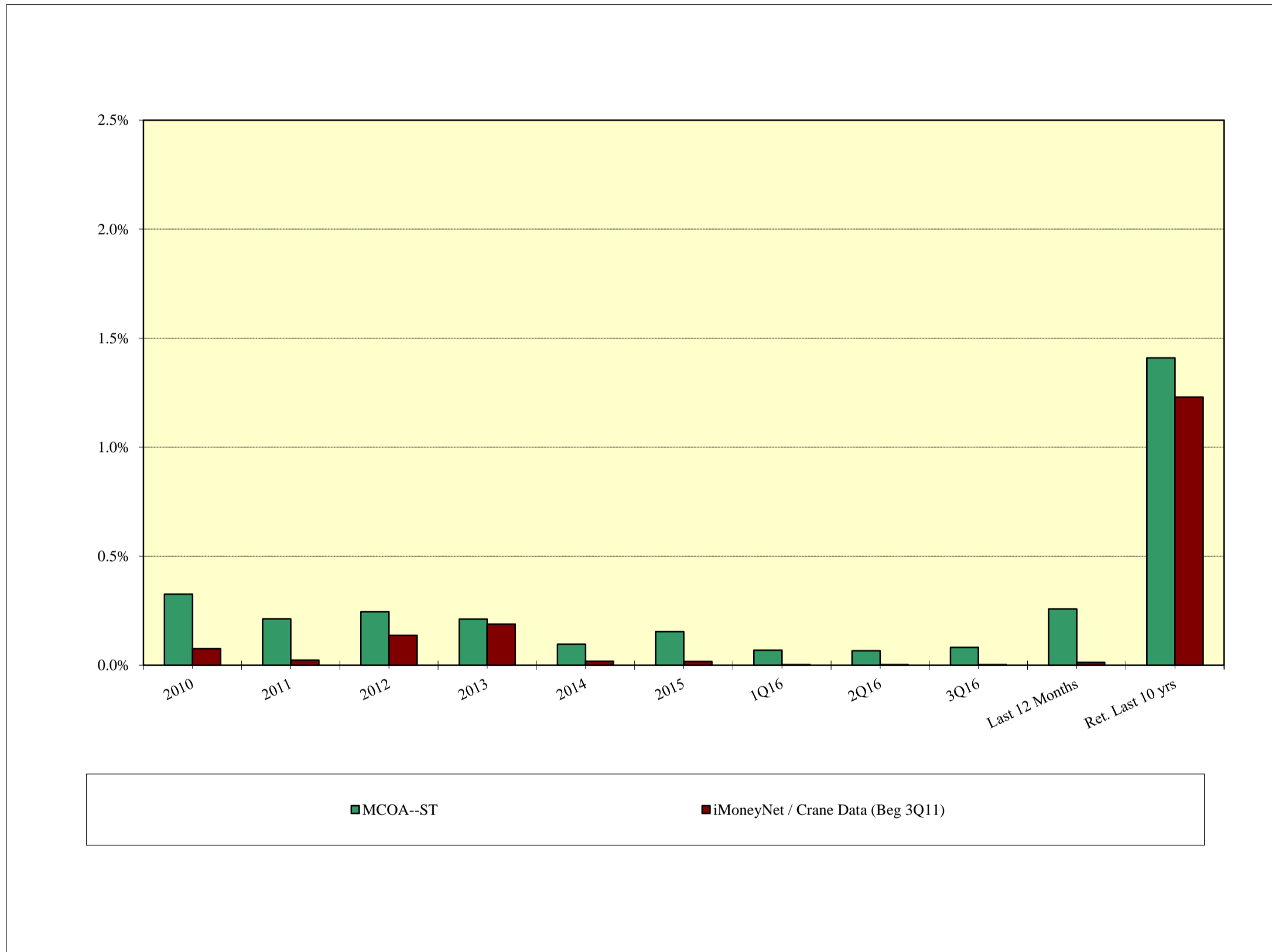
Source: U.S. Census Bureau

# Fed Rate Hike Probability



Source: Bloomberg

# Total Return, ST Portfolio



- +5 bps (above) Index in 3Q16
- +18 bps/year ave. over the last 10 years

Source: Metropolitan Council, Bloomberg



# Total Return, LT Portfolio



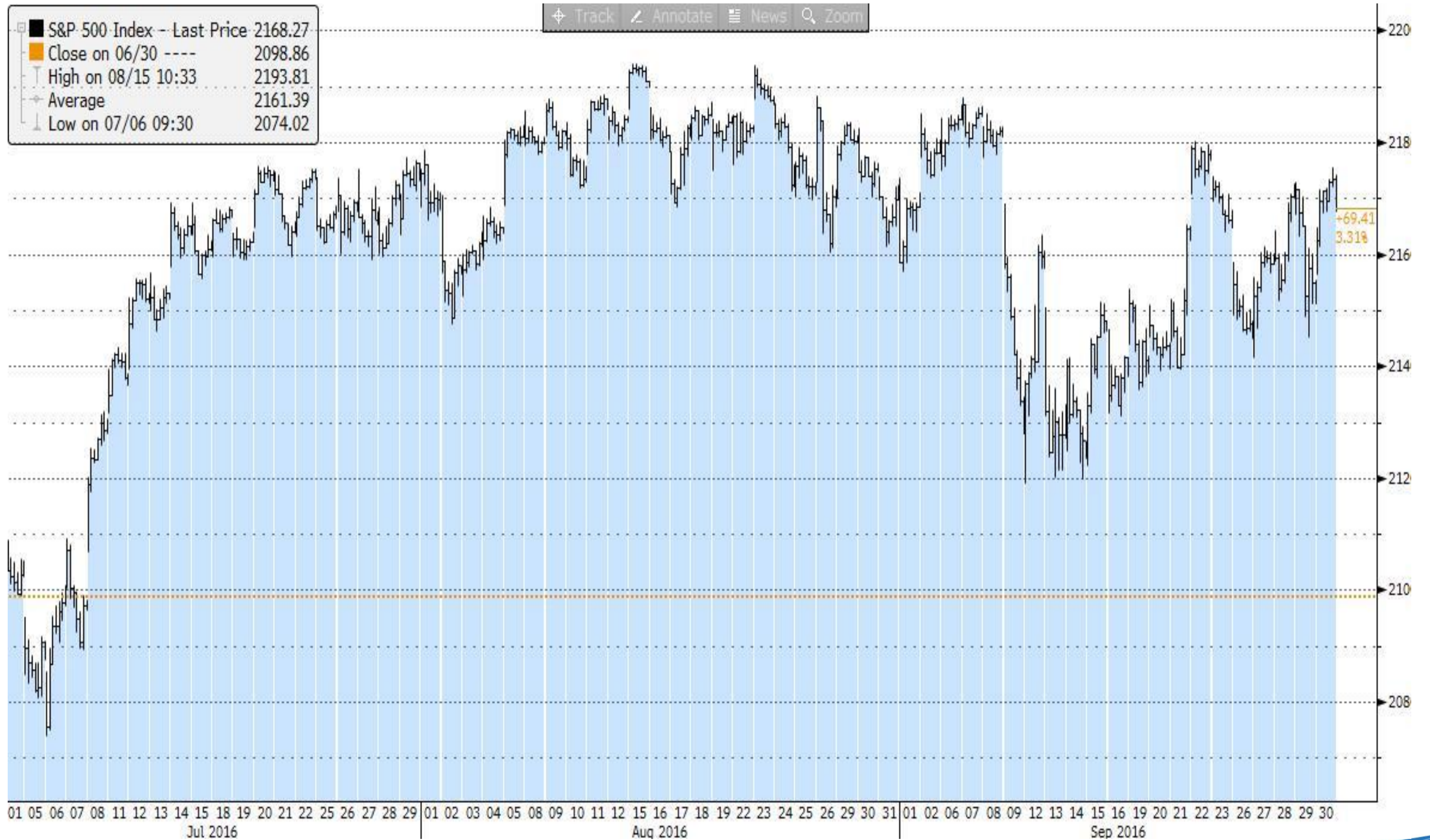
- 12 bps (above) Index in 3Q16
- +30 bps/year ave. over the last 10 years

Source: Metropolitan Council, Bloomberg

# Investment Plans for Long-term Portfolio

- Use cash balances to maintain effective duration within a range of 2 - 6.
- Cash can be utilized to purchase high yielding securities should rates rise in the near future.
- With lower yields, a lot of activity in 3Q16 with bonds being called.

# S&P 500 Index



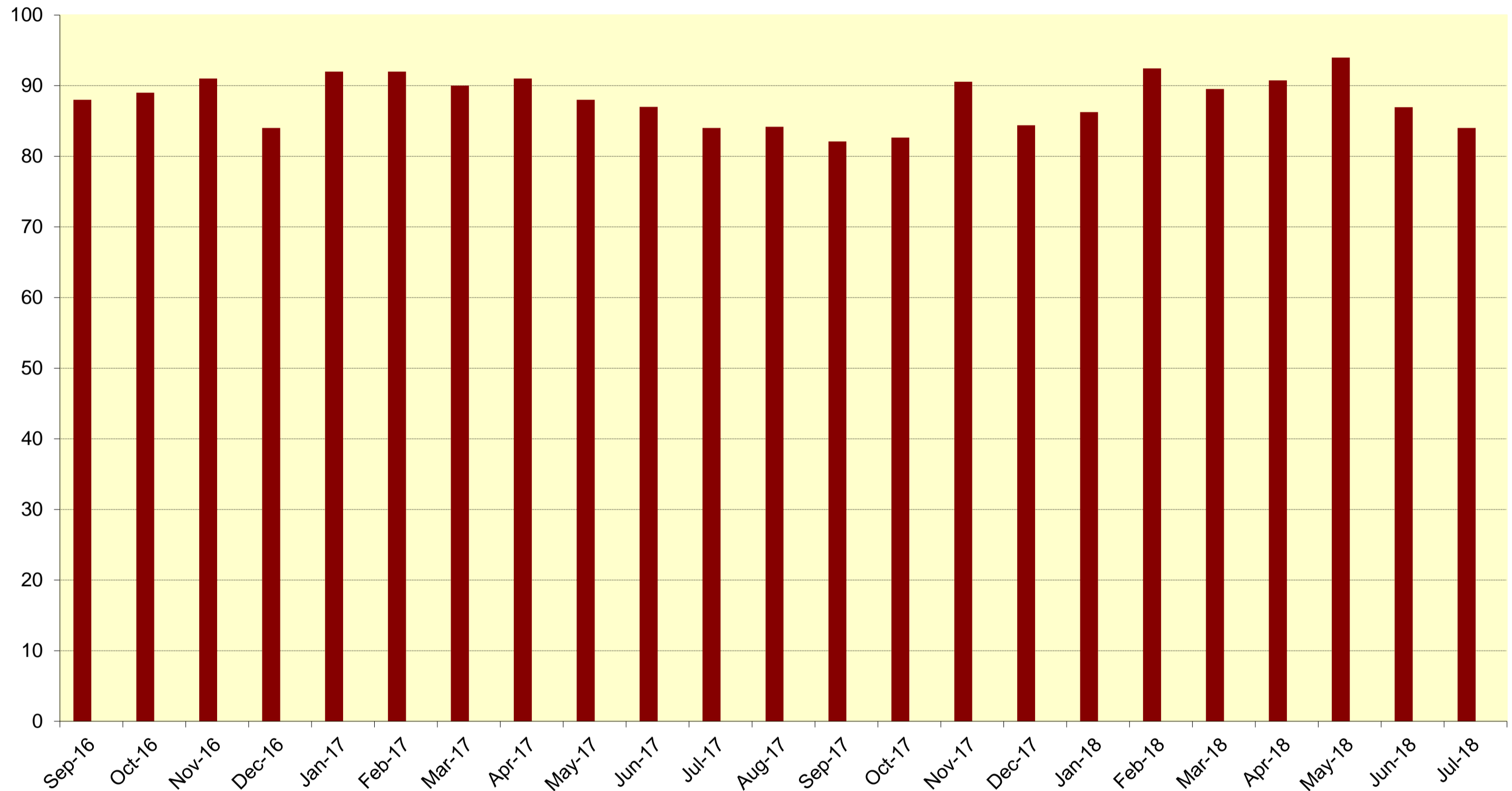
Source: Bloomberg

# OPEB 3Q16 Port Results

- OPEB @ 3.48% ; S&P 500 Index @ 3.86%
- 3Q16 unrealized gain is \$ 7.5M

			<u>Total</u>
• Value:	12-31-15:	\$207.4 MM	
	Internal 12-31-15:	\$ 10.9 MM	\$218.3 MM
	03-31-16:	\$210.2 MM	
	Internal 03-31-16:	\$ 11.3 MM	\$221.5 MM
	06-30-16:	\$214.9 MM	
	Internal 06-30-16:	\$ 9.9 MM	\$224.8 MM
	09-30-16:	\$222.4 MM	
	Internal 09-30-16:	\$ 12.0 MM	\$234.4 MM

# Diesel Hedging Program



Source: Metropolitan Council

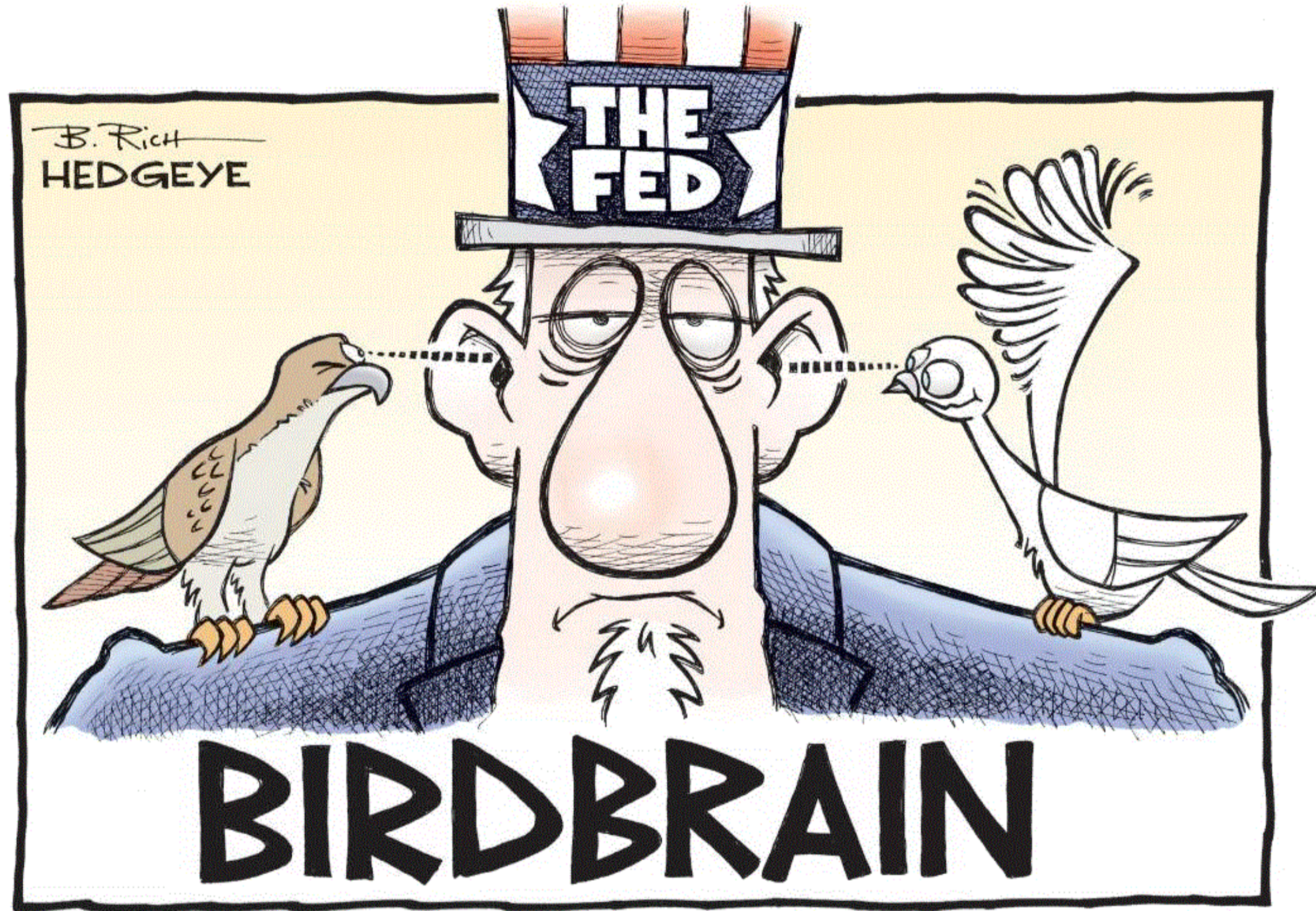
# Crude Oil: What's Happening



Source: Bloomberg

Source: New York Mercantile Exchange

# What Will the Fed Do?



Source: Bianco Research

# Questions

