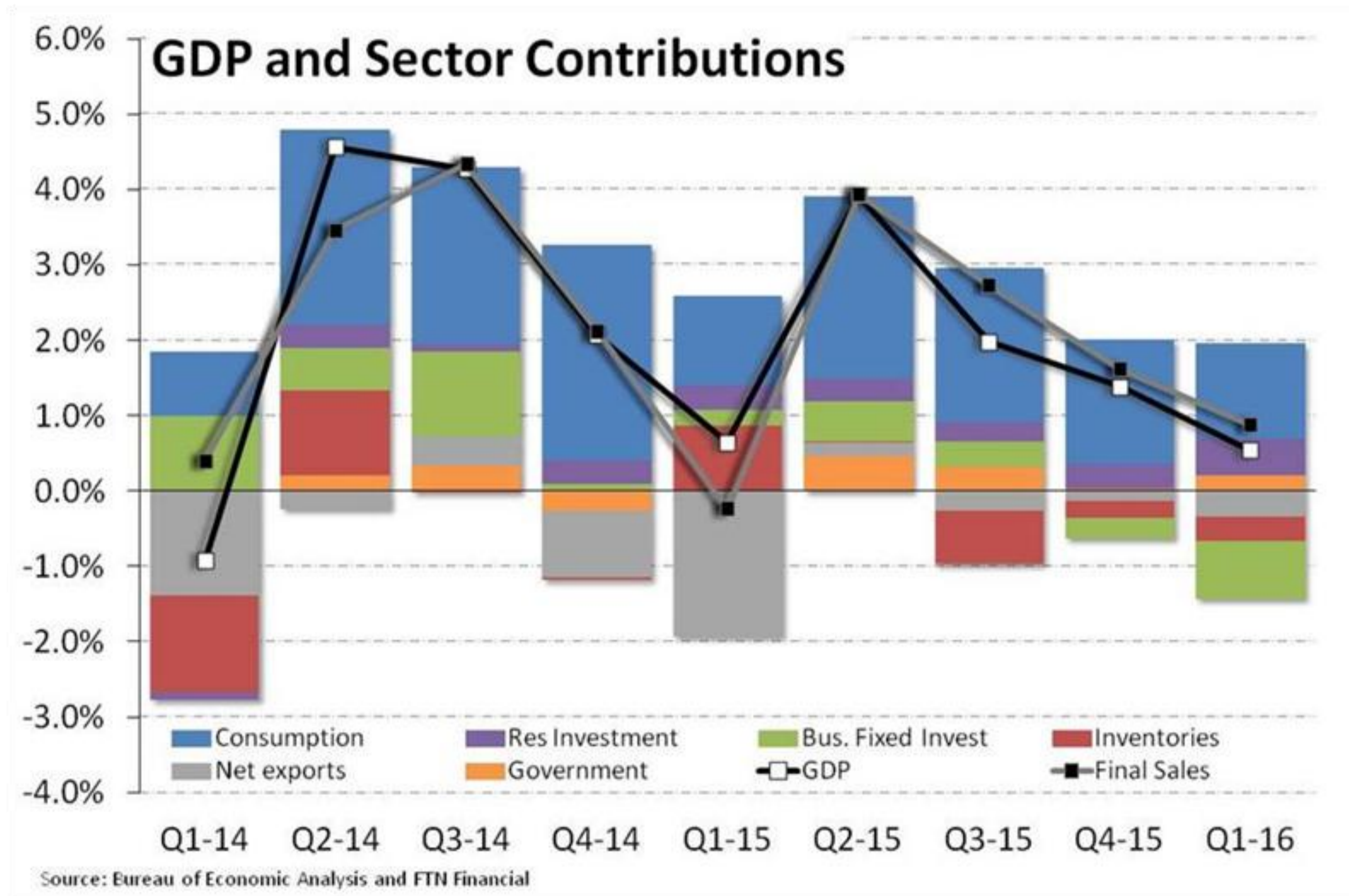


# **1Q16 Investment Results for the Management Committee**

**5-25-16**

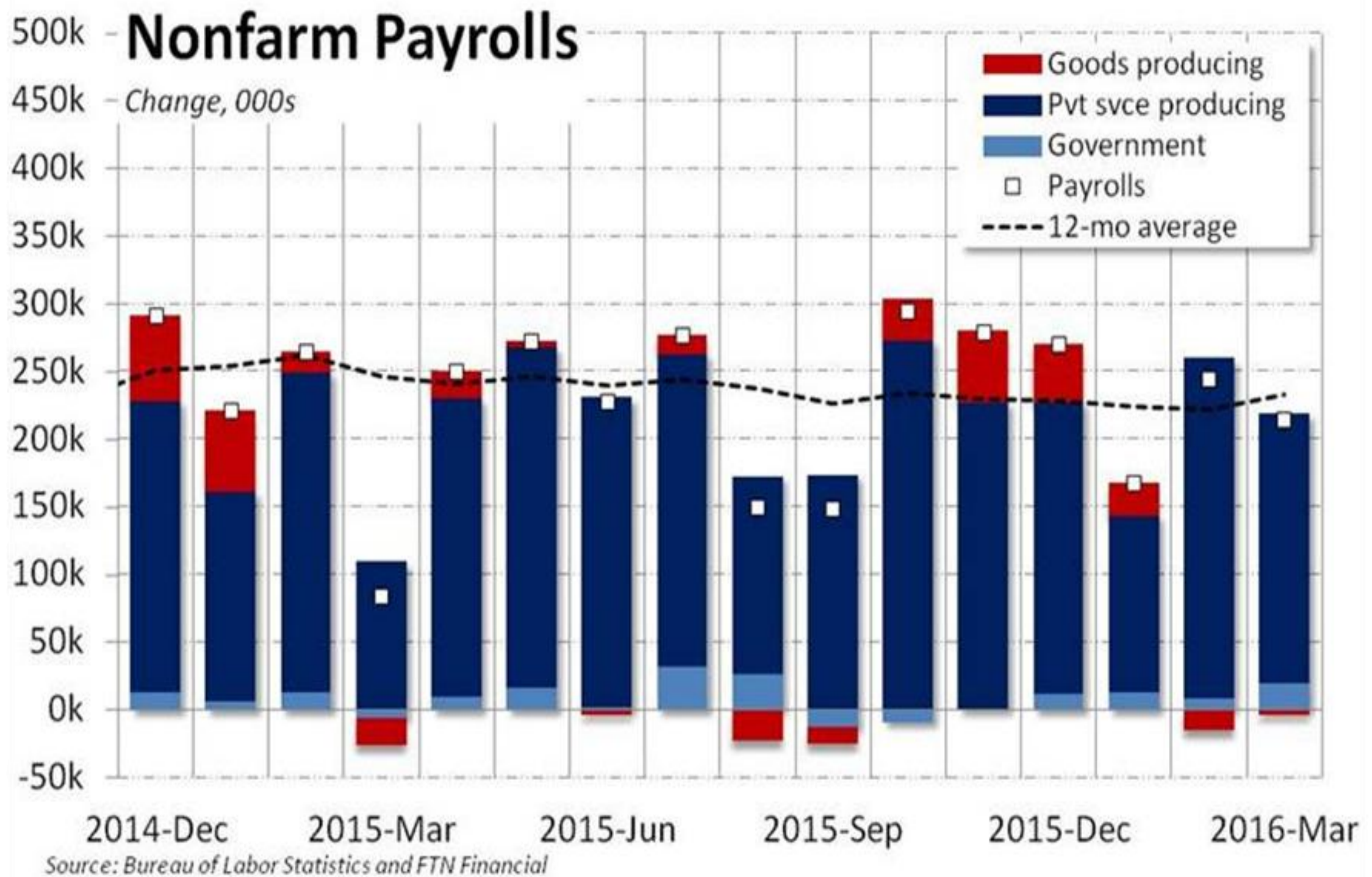
# Economic Review: Real GDP



Source: Bureau of Economic Analysis and FTN Financial

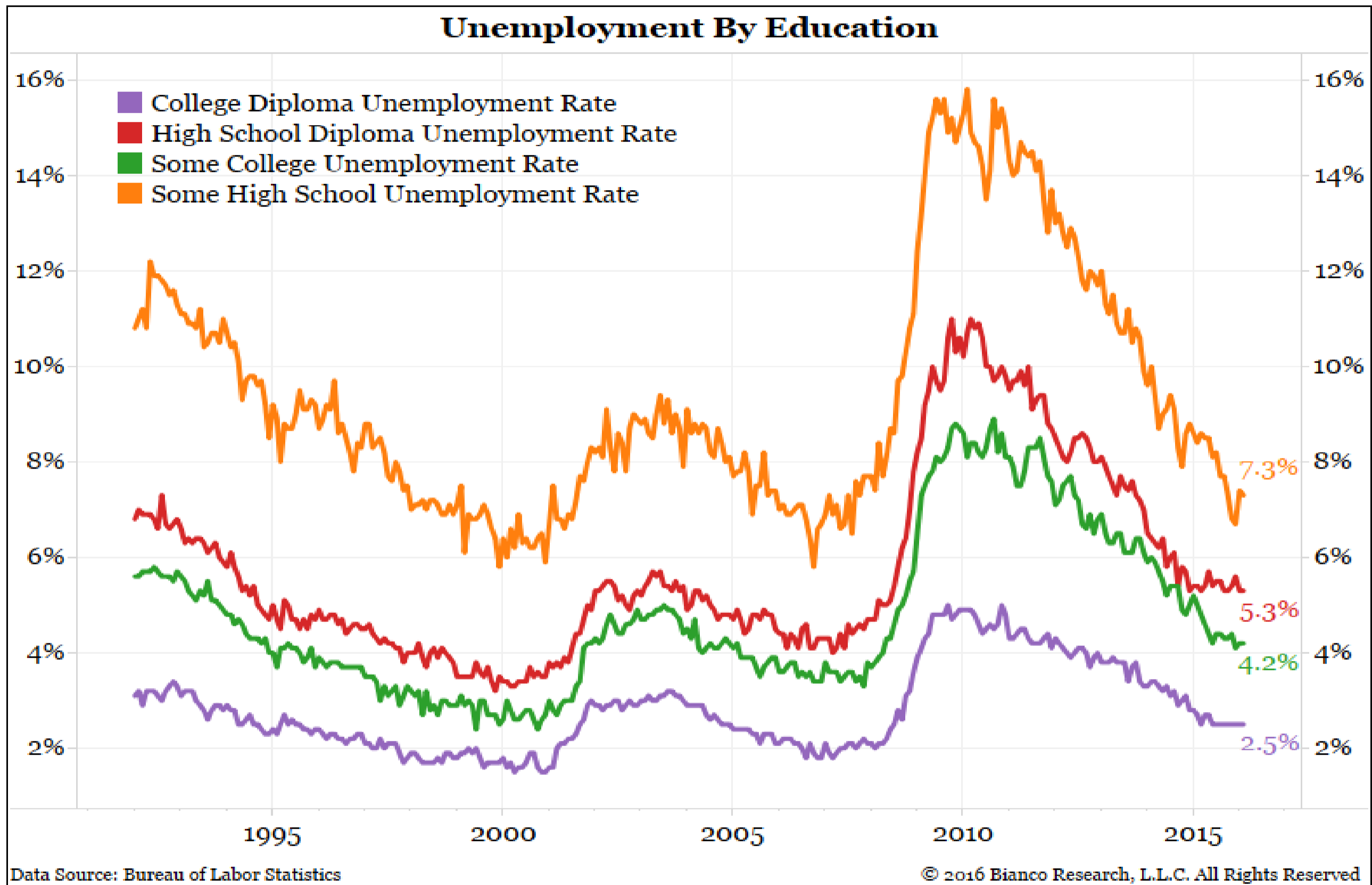


# US Nonfarm Payroll



Source: Bureau of Labor Statistics and FTN Financial

# Unemployment By Education



Source: Bureau of Labor Statistics



# Homeowner Affordability

## Can you afford a home in your city?

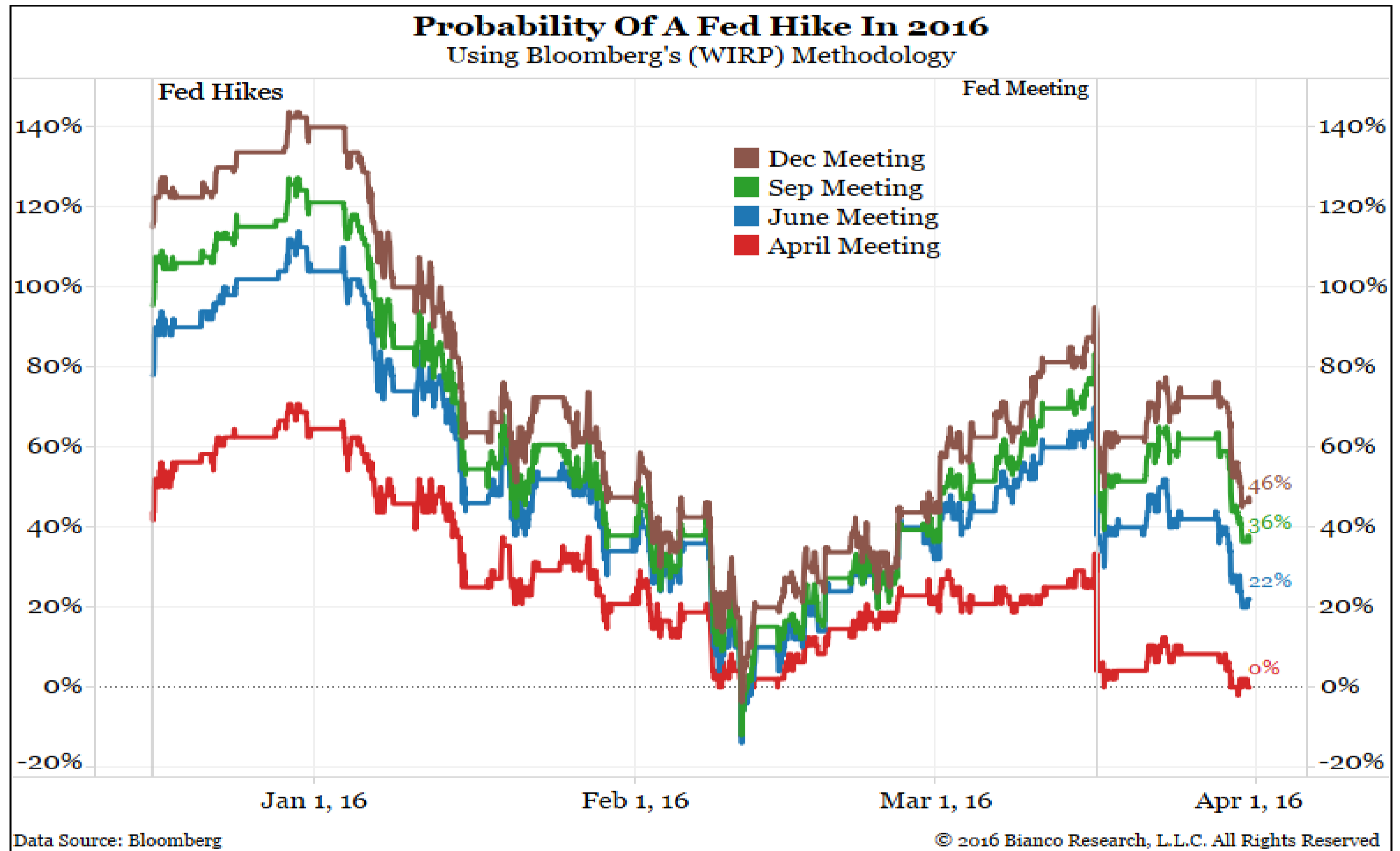
Salary needed to afford the principal, interest, taxes and insurance payments on a median-priced home



Source: HSH.com

Source: HSH.com

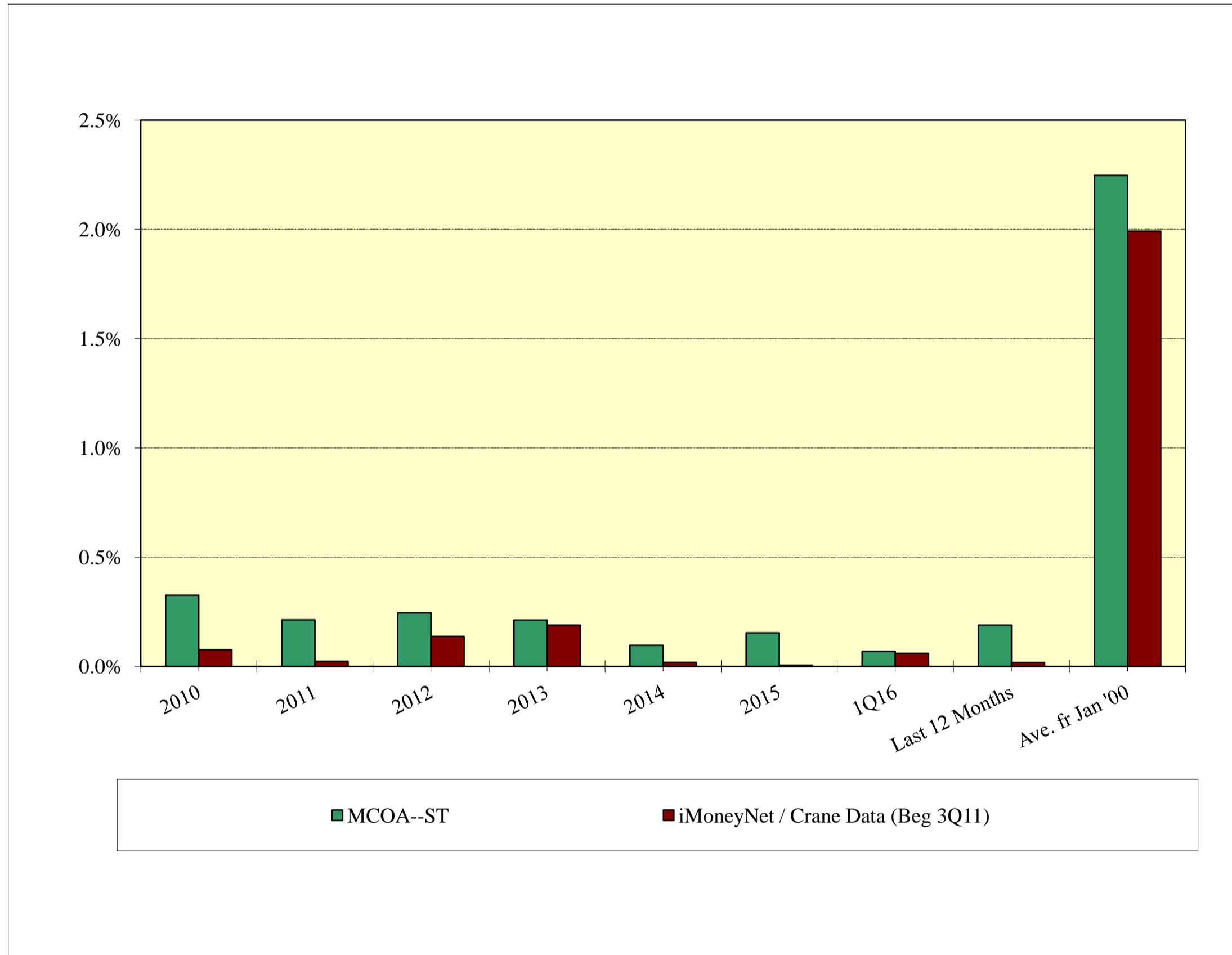
# Fed Rate Hike Probability



Source: Bloomberg



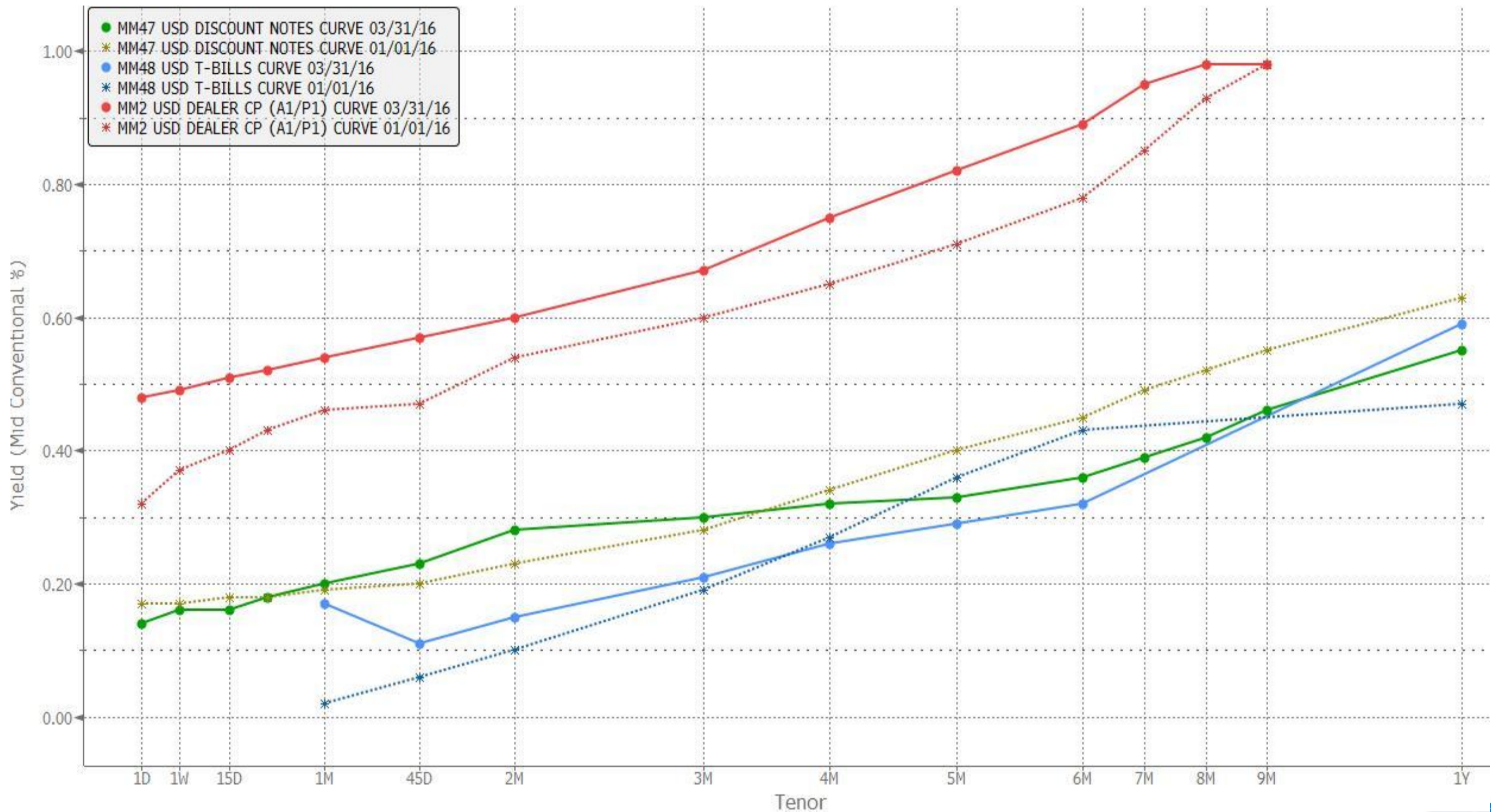
# Total Return, ST Portfolio



- +1 bps (above) Index in 1Q16
- +26 bps/year ave. over index since inception

Source: Metropolitan Council, Bloomberg

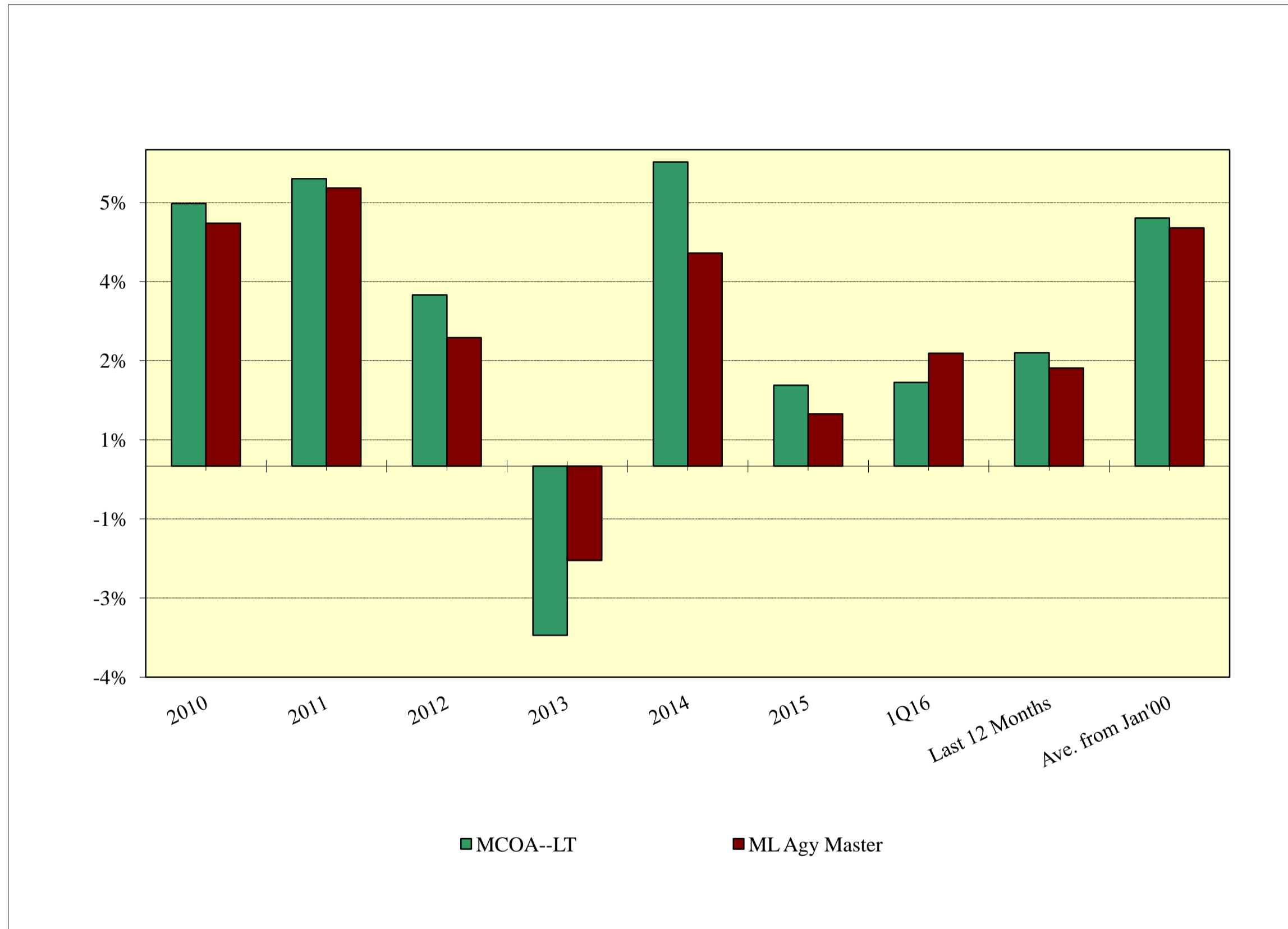
# US Short rates have remained at stable, low levels



Source: Bloomberg



# Total Return, LT Portfolio



- -55 bps (below) Index in 1Q16
- +19 bps/year ave. over index since inception

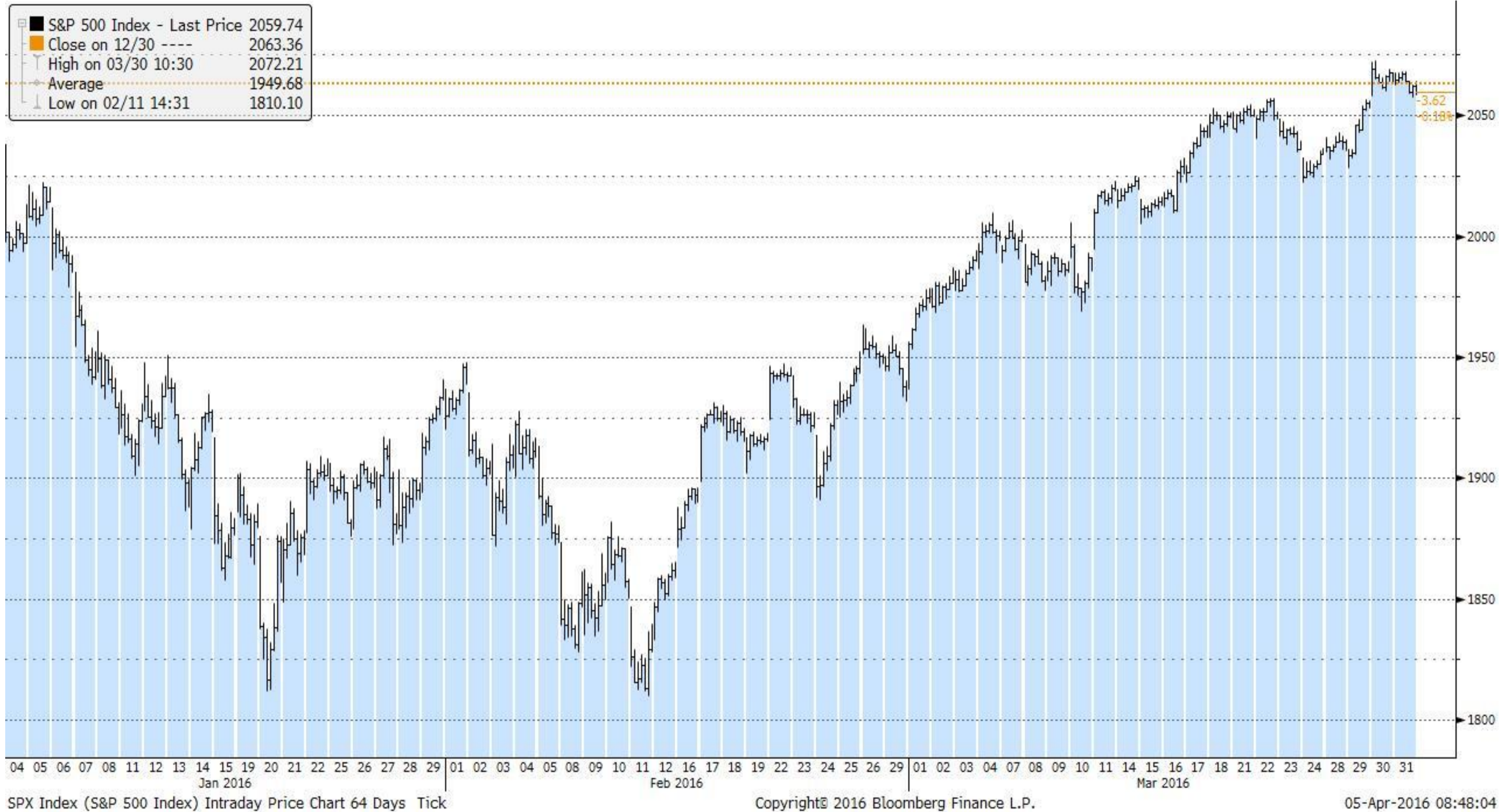
Source: Metropolitan Council, Bloomberg

# 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 1Q16 with bonds being called.



# S&P 500 Index



Source: Bloomberg



# OPEB 1Q16 Port Results

- OPEB @ 1.36% ; S&P 500 Index @ 1.36%

- 1Q16 unrealized gain is \$ 2.8M

- Value: 06-30-15: \$ 206.6 MM

09-30-15: \$ 193.4 MM

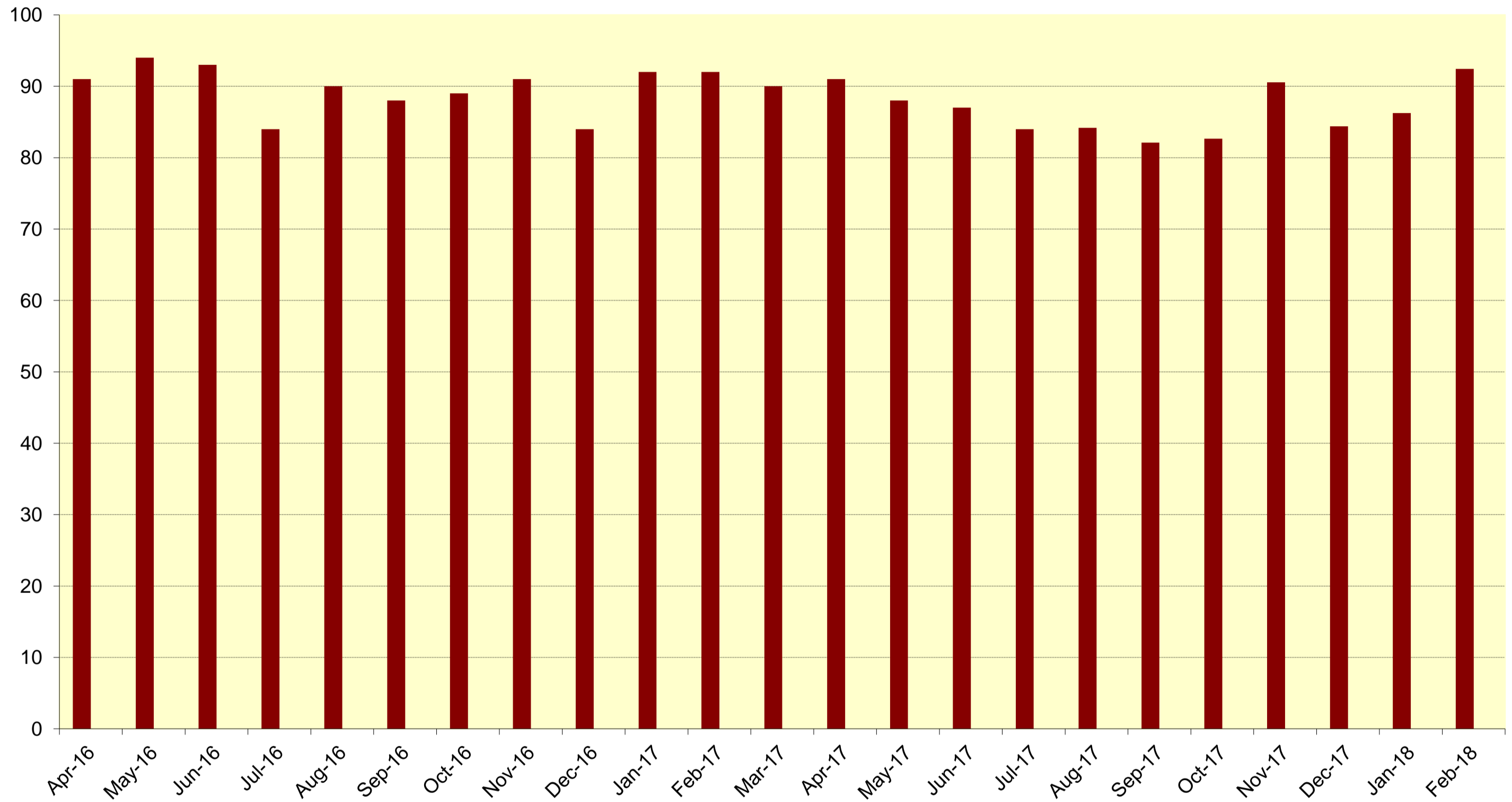
12-31-15: \$ 207.4 MM

03-31-16: \$ 210.2 MM

Internal Cash 03-31-16: \$ 11.3 MM

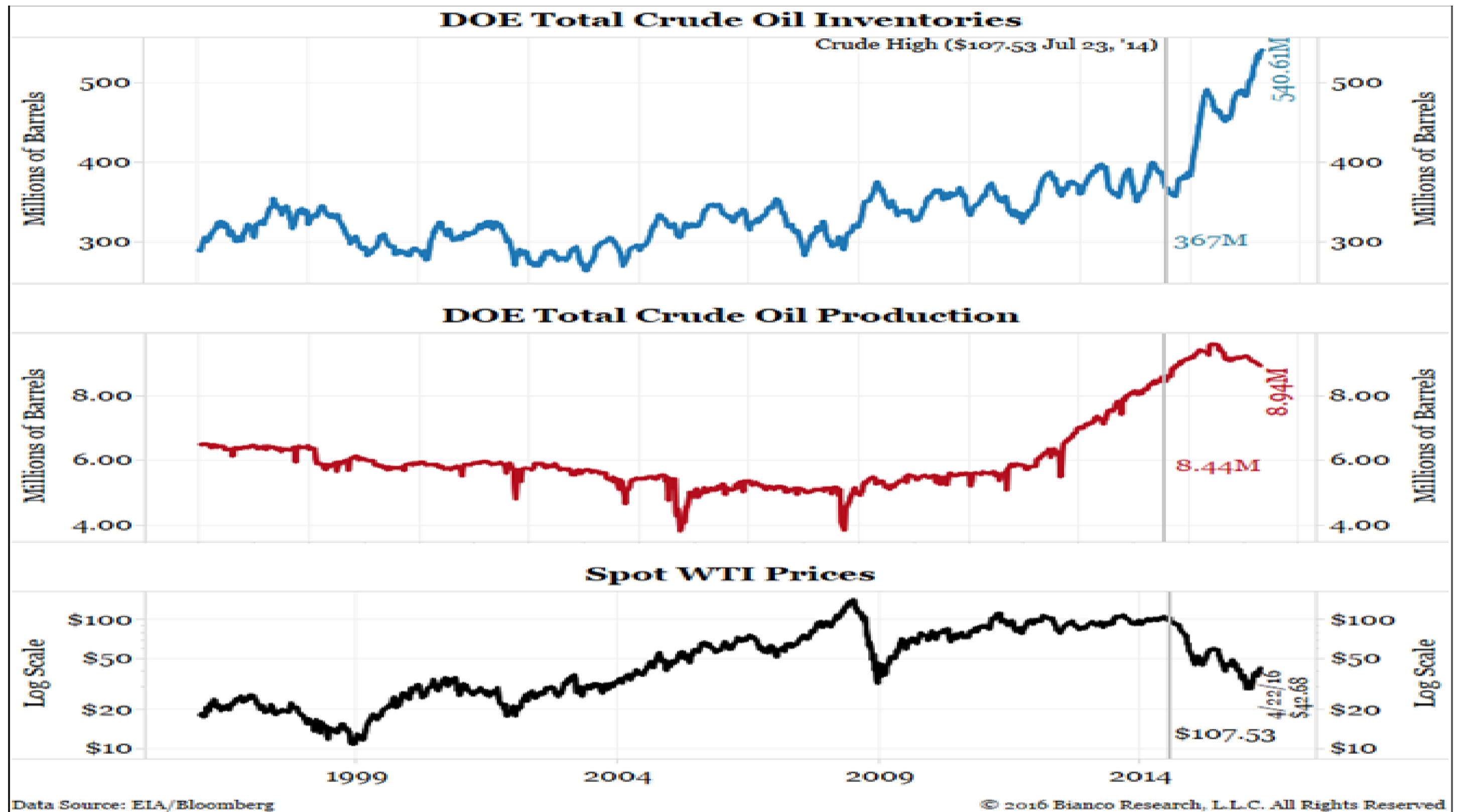


# Diesel Hedging Program



Source: Metropolitan Council

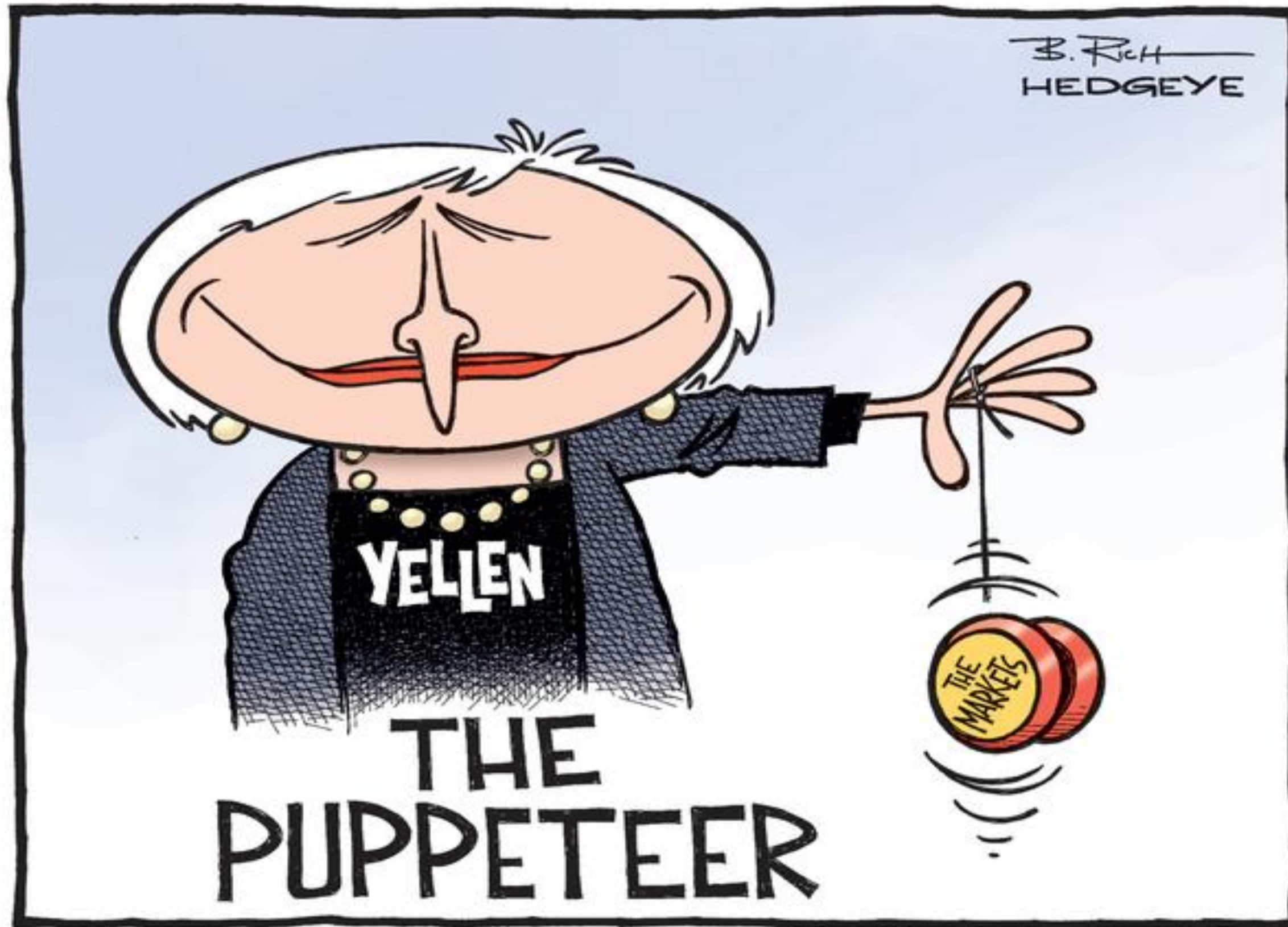
# Brent Crude Oil: What's Happening



Source: Bianco Research



# What Will the Fed Do?



Source: Bianco Research

# Questions

