

**Gurtin**

Municipal Bond  
Management

# Sample Portfolio Review

# Sample Portfolio Credit Summary

## Portfolio Review at a Glance

Market Value Inc. Accrued Income	\$1,513,452
Average External Credit Rating	AA-
Average Gurtin Credit Rating	A
Minimum External Credit Rating	Ba1
Minimum Gurtin Credit Rating	BBB-
Average Effective Duration	4.31
# of Credit Sell Recommendations	
<b># Social Advancement Ineligible</b>	
% of Credit Sell Recommendations	
<b>% Social Advancement Ineligible</b>	

## Gurtin Credit Sells

No Recommended Credit Sells

## External Credit Rating Breakdown

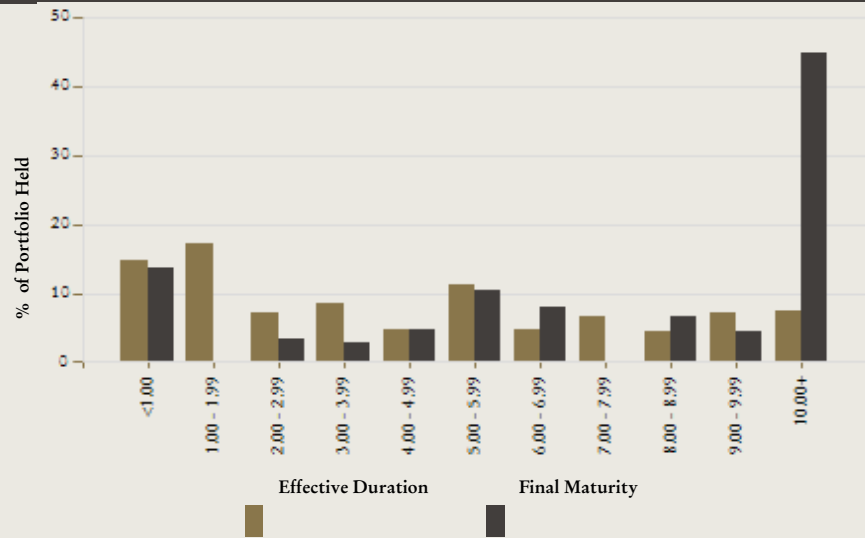
Credit Rating	# of Holdings	Market Value	% of Portfolio
AAA	3	213,593	14.29
AA+	2	146,541	9.75
AA	3	282,352	18.87
AA-	6	414,257	27.50
A+	2	73,208	4.87
A	3	209,505	14.04
A-	1	89,371	5.92
BBB+	1	71,579	4.76
BBB	-	-	-
BBB-	-	-	-
< BBB-	-	-	-
NR	-	-	-
<b>Total</b>	<b>21</b>	<b>1,500,406</b>	<b>100.00</b>

## Gurtin Credit Research Breakdown

Research Rating	# of Holdings	Market Value	% of Portfolio
Strong Hold	2	204,771	13.71
Hold	18	1,286,813	85.71
Opportunistic Sell	-	-	-
Sell	-	-	-
Aggressive Sell	-	-	-
Not Rated	-	-	-
<b>Total Bonds</b>	<b>20</b>	<b>1,491,584</b>	<b>99.42</b>
Cash	1	8,822	0.58
<b>Total</b>	<b>21</b>	<b>1,500,406</b>	<b>100.00</b>

# Sample Portfolio Structure Summary

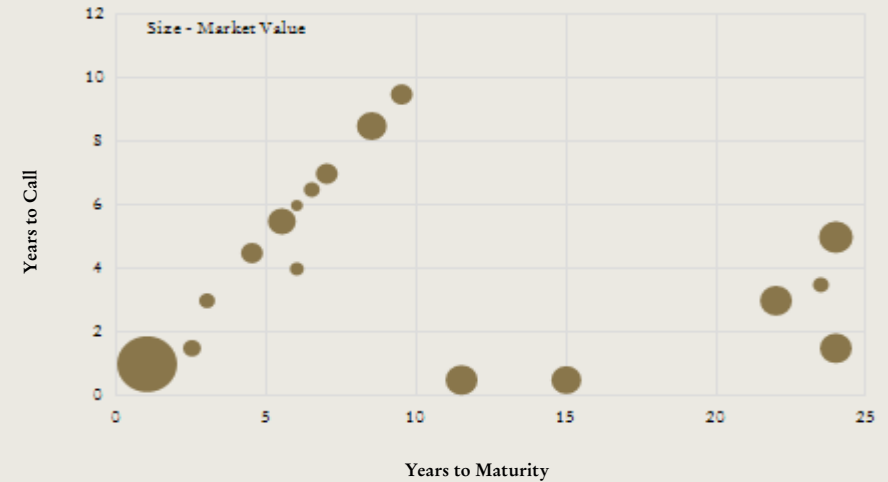
## Effective Duration and Final Maturity Distribution



## Income and Duration

Average Coupon	Yield to Maturity	Yield to Worst	Modified Duration	Effective Duration
4.03	2.92	0.58	8.38	4.31

## Portfolio Structure



## Sensitivity Analysis (Next 12 Months)

Yield Change (bps)	Total Return	Market Value	Effective Duration
50	0.10	1,514,965	4.78
100	-2.17	1,480,658	4.77
150	-4.44	1,446,213	4.68
200	-6.69	1,412,253	4.63
300	-11.12	1,345,155	4.52

Note: For parallel shifts, the sensitivity analysis assumes that the relevant treasury or municipal spot curve is shifted by the number of basis points shown. For non-parallel shifts, the sensitivity analysis assumes that the relevant treasury or municipal spot curve reverts toward the historical spot curve in which its overall level changes by the number of basis points shown. The level refers to the average of the three month, two year, and ten year yields, while the historical spot curve refers to the 20 year historical average spot curve calculated using the period 1991-2010. For both parallel and non-parallel shifts, if the resulting spot curve has rates below zero, the curve is modified so that all knot points which are still positive remain the same, while all other knot points are instead shifted downward by a percentage equal to the percentage change of the smallest knot point which still remained positive after the shift. The curve is then re-interpolated so that the resulting spot curve retains a natural shape.

Disclosure: The hypothetical sensitivity analysis is based on an internal calculation which simulates the effect that the specified change in interest rates will have on total return over a one year period. Interest rate changes are applied to either the Treasury yield curve or an internally derived option-free version of the MMD yield curve obtained from Thomson-Reuters, as appropriate. For benchmarks, an instantaneous simulation is used, meaning that the change in the yield curve happens instantly, the portfolio is perfectly rebalanced at the end of the simulation, and both coupon and principal payments are reinvested at the beginning portfolio yield adjusted according to changes in the yield curve. For accounts, an aged simulation is used, meaning that changes in the yield curve occur gradually during the simulation, securities naturally age over time, coupon payments are reinvested at the beginning portfolio yield adjusted according to changes in the yield curve, and principal payments are re-invested into new securities based upon the portfolio's strategy and changes in the yield curve. There is no assurance that the strategy will return similar to or in line with what is shown above, or generate any level of returns. See end disclosures for more information.

# Sample Analysis of Portfolio Diversification

## Top 10 Sector Breakdown

	# of Holdings	Market Value	% of Portfolio
Essential Service Enterprise	3	228,447	15.24
GO & GO Linked - School District	4	213,908	14.22
Prerefunded / ETM	2	204,771	13.71
Not-For-Profit Health Care	2	203,039	13.52
Tax Allocation/Special Assessment District	2	157,982	10.54
GO & GO Linked - State	2	152,694	10.17
Special District	2	146,541	9.75
Airport & Port Enterprise	1	71,579	4.76
Higher Education	1	68,840	4.58
Other	2	52,604	3.51
<b>Total</b>	<b>21</b>	<b>1,500,406</b>	<b>100.00</b>

## Top 10 State Breakdown

	# of Holdings	Market Value	% of Portfolio
State	8	605,773	40.32
State	4	349,177	23.29
State	1	109,785	7.36
State	1	93,254	6.16
State	1	71,579	4.76
State	1	69,544	4.66
State	1	68,840	4.58
State	1	48,289	3.25
State	1	43,782	2.92
Other	2	40,382	2.70
<b>Total</b>	<b>21</b>	<b>1,500,406</b>	<b>100.00</b>

## Top 10 Obligor Breakdown

	# of Holdings	Market Value	% of Portfolio
United States Treasury (Prerefunded/ETM)	2	204,771	13.71
Park District	2	146,541	9.75
Health	1	109,785	7.36
Sanitation District	1	106,885	7.14
School District	1	105,924	7.07
State	1	104,405	6.92
Health	1	93,254	6.16
Agency	1	89,371	5.92
City	1	71,579	4.76
Other	10	467,892	31.21
<b>Total</b>	<b>21</b>	<b>1,500,406</b>	<b>100.00</b>



# Sample Individual Credit and Purpose Analysis

Gurtin Rating	Issuer	Obligor	Sector	Security	External Rating	Gurtin Rating	State	% Portfolio Held (MV)
XXXXXXXXXX								
Strong Hold	PARK	Obligor Name	Prerefunded / Escrowed to Maturity	U.S. Government General Obligation	Aaa/AA+/AAA	AAA	State	11.59

**Security Description:**

The bonds are secured by an irrevocably pledged escrow that is funded with U.S. treasury securities held in deposit.

**Gurtin Credit Research Commentary:**

The rating is based on this security being a full faith and credit obligation of the U.S. Government.

**Information on Pre-refunded Bonds:**

Pre-refunded bonds are bonds that an obligor has refunded for interest rate savings but the bonds have not yet reached their callable dates. While the original bonds remain outstanding, the repayment mechanism changes. The obligor issues new bonds to create an escrow account, typically invested in U.S. Treasuries, that will be used to repay the pre-refunded bonds. Therefore, in evaluating the credit quality of the bonds, we look to the Treasuries for security. However, when determining the suitability of pre-refunded bonds for the Social Advancement strategy, we perform the same review as we would for any other bonds and examine the underlying obligor and use of proceeds to verify whether this use meets the criteria of the strategy.

**Bond Purpose:**

This bond is eligible for the General Social Advancement strategy, as well as the Infrastructure Social Advancement Strategy.

Parks and Recreation Facilities: Bond proceeds were used for improvements to parks and recreation facilities, including public parks, playgrounds, community centers, or other recreation facilities.

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Strong Hold	INFRASTRUCTURE	Obligor Name	Prerefunded / Escrowed to Maturity	U.S. Government General Obligation	Aaa/AA+/AAA	AAA	State	2.11
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**Security Description:**

The bonds are secured by an irrevocably pledged escrow that is funded with U.S. treasury securities held in deposit.

**Gurtin Credit Research Commentary:**

The rating is based on this security being a full faith and credit obligation of the U.S. Government.

**Information on Pre-refunded Bonds:**

Pre-refunded bonds are bonds that an obligor has refunded for interest rate savings but the bonds have not yet reached their callable dates. While the original bonds remain outstanding, the repayment mechanism changes. The obligor issues new bonds to create an escrow account, typically invested in U.S. Treasuries, that will be used to repay the pre-refunded bonds. Therefore, in evaluating the credit quality of the bonds, we look to the Treasuries for security. However, when determining the suitability of pre-refunded bonds for the Social Advancement strategy, we perform the same review as we would for any other bonds and examine the underlying obligor and use of proceeds to verify whether this use meets the criteria of the strategy.

**Bond Purpose:**

This bond is eligible for the General Social Advancement strategy, as well as the Infrastructure Social Advancement Strategy.

Road Improvements: Bond proceeds were used for improvements to road and bridge infrastructure, and may have been used for public transit purposes.

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Hold	UTILITY	Obligor Name	Essential Service Enterprise	Special Assessment	NR/AA-/NR	A+	State	3.44
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**Security Description:**

The bonds are secured by special assessments levied on all parcels of property within the Utility's service area.

**Gurtin Credit Research Commentary:**

Affluent service area: The Utility benefits from a highly affluent customer base which provides a measure of comfort that any necessary rate increases will be affordable.

Healthy liquidity: The Utility's liquidity provides a strong cushion for operations and debt service payments.

Large service area: The System benefits from a relatively large and diverse service area. The substantial array of commercial interests presents a diverse set of top rate payers.

Solid debt service coverage: The Utility's financial position is strong and characterized by robust debt service coverage which allows an ample cushion against unexpected future volatility.

**Bond Purpose:**

This bond is eligible for the General Social Advancement strategy, as well as the Environment and Infrastructure Social Advancement Strategies.

Sewer Improvements: Bond proceeds were used for improvements to and maintenance of the community's sewer system, which could encompass upgrades to sewage treatment plants, separation of sanitary and storm sewers, improvements to sewer lines, and other sewer infrastructure projects. Environmental benefits include reductions in untreated sewage contaminating local waterways and communities, fewer air pollutants and biosolids generated during the wastewater treatment process, and more efficient energy use.

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Hold	CITY	Obligor Name	GO & GO Linked - City	Lease/COP	NR/A+/NR	BBB+	State	2.92
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**Security Description:**

The bonds are secured by lease rental payments made by the City, subject to annual appropriation.

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**Gurtin Credit Research Commentary:**

The rating is based on the City's growing tax base favorably located within the City's metropolitan area, a satisfactory financial position, and a debt burden that while above average remains manageable.

**Bond Purpose:**

This bond is eligible for the General Social Advancement strategy, as well as the Infrastructure Social Advancement Strategy.

Parks and Recreation Facilities: Bond proceeds were used for improvements to parks and recreation facilities, including public parks, playgrounds, community centers, or other recreation facilities.

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Hold	UTILITY	Obligor Name	Essential Service Enterprise	Sewer Revenue	Aa2/AA-/NR	A	State	4.66
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**Security Description:**

The bonds are secured by a pledge on the gross revenues derived from a special Clean Water Surcharge placed on each customer's bill.

**Gurtin Credit Research Commentary:**

The rating is based on the strong mechanics of the security pledge. The bonds are secured by a special Clean Water Surcharge that is placed on each customer's bill and paid directly to the District. The proceeds from this surcharge must be used to pay debt service prior to any other use. Coverage is currently very strong and management has indicated that they tend to raise the rate in future years, as more debt is issued, in order to keep coverage at strong levels.

**Bond Purpose:**

This bond is eligible for the General Social Advancement strategy, as well as the Environment Social Advancement Strategy.

Water and Sewer Improvements: Bond proceeds were used for improvements to and maintenance of the community's water and sewer system, which could include upgrades to water and wastewater treatment plants, water and wastewater distribution and collection lines, and other water or sewer infrastructure. Environmental benefits include reductions in untreated sewage and contaminants in local waterways and communities, elimination of harmful pollutants in drinking water, and improved energy efficiency.

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Hold	AGENCY	Obligor Name	Tax Allocation/Special Assessment District	Tax Allocation	NR/A-/NR	BBB	State	5.92
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**Security Description:**

The bonds are secured by the Tax Increment District's pledge of incremental property tax dollars that are generated by a specific development area within the City that often only encompasses a small portion of the City's overall tax base. Incremental values

**Gurtin Credit Research Commentary:**

Adequate debt service coverage: The Project Area is generating special tax revenues which produce satisfactory cushion to cover near term debt service coverage and adequate cushion for maximum annual debt service. This provides bondholders with sufficient cushion should delinquency levels increase.

Concerns with the Redevelopment Agency debt: The rating is based on ongoing concerns surrounding tax allocation debt in the State following the State's decision to dissolve all redevelopment agencies (RDAs). The legal structure and framework behind successor agencies' assumption of redevelopment agencies' previous obligations, including debt repayment, is still uncertain for bondholders. Additionally, the dissolution eliminated RDA cash reserves, removing the RDAs' cushion should revenues fall short or come late (counties collect the pledged revenues and distribute them to RDAs). Last, the sector as a whole suffers from inadequate disclosure.

Large tax base: The Project Area's tax base is large and provides ample incremental valuation over the base year, which means there is significant cushion for valuation loss before credit issues would arise.

Significant taxpayer concentration: The District has significant taxpayer concentration which increases the risk that delinquencies by a small group of taxpayers could lead to an inability to meet debt service payments.

**Bond Purpose:**

This bond is eligible for the General Social Advancement strategy, as well as the Infrastructure Social Advancement Strategy.

Parks and Recreation Facilities: Bond proceeds were used to create or improve park and open spaces within the redevelopment district.

Various Municipal Infrastructure Projects: Bond proceeds were used to finance a variety of streetscape improvement projects.

Water and Sewer Improvements: Bond proceeds were used for stormwater, sewer and other utility improvement projects.

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Hold	PARK	Obligor Name	Special District	General Obligation	Ba1/AA+/AA-	A	State	2.60
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**Security Description:**

The bonds are secured by the District's general obligation tax pledge. The District pledges its full faith, credit and taxing powers without limitation as to rate or amount on all taxable property within the District.

**Gurtin Credit Research Commentary:**

The rating is based on the district's substantial and diverse tax base. The District is a legally separate and distinct political entity from the City. Though the City does have involvement in approving board members, the Park District's budget is not subject to City oversight, nor is there a mechanism to allow the City to remove board members once empanelled. The District's balance sheet is strong and liquid. Though its pension position is an area of continual analysis given sharp declines in its funded ratio and litigation surrounding recent reforms, we note that the District has been very active in attempting to negotiate a settlement. Additionally, the size of the District's pension contributions relative to its total budget size, we believe is affordable based on current information. We view as credit strength the District's existence as a single purpose entity that has significant latitude in adjusting fees and its cost structure.

**Bond Purpose:**

This bond is eligible for the General Social Advancement strategy, as well as the Infrastructure Social Advancement Strategy.

Parks and Recreation Facilities: Bond proceeds were used for improvements to parks and recreation facilities, including public parks, playgrounds, community centers, or other recreation facilities.

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Hold	SCHOOL	Obligor Name	GO & GO Linked - School District	General Obligation	A1/NR/NR	A	State	1.95
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**Security Description:**

The bonds are secured by the District's general obligation pledge. The District pledges its full faith, credit and taxing powers without limitation as to rate or amount on all taxable property within the District.

**Gurtin Credit Research Commentary:**

The rating is based on the District's average economic base, low debt levels and healthy balance sheet. Constraining the rating is a moderate level of exposure to the State for operating funding.

**Bond Purpose:**

This bond is eligible for the General Social Advancement strategy, as well as the Education and Infrastructure Social Advancement Strategies.

K-12 School District: Bond proceeds were used for capital infrastructure improvements within the district, which covers grades K-12. Projects typically include construction or renovation of school buildings, facility upgrades for energy efficiency or modernization projects, or building additions.

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Hold	STATE	Obligor Name	GO & GO Linked - State	General Obligation	Aa3/A+/AA-	A+	State	3.25
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**Security Description:**

The bonds are secured by the State's general obligation pledge. The State pledges its full faith, credit and taxing authority as bondholder security.

**Gurtin Credit Research Commentary:**

The rating is based on the credit strengths inherent in all states, including wide sovereign powers to generate revenue and moderate expenditures and an inability to file for bankruptcy or liquidate. The rating additionally incorporates the Commonwealth's strained financial position, which is expected to remain under stress due to ongoing structural imbalance in the Commonwealth's budget and reliance on one-time revenue boosts to fill budgetary gaps. The Commonwealth has a history of late budgets and faced a lengthy budgetary impasse in the most recent fiscal year, reflecting entrenched political positions and the magnitude of the long-term fiscal problems the Commonwealth continues to face, including weakly-funded pensions and stagnant tax revenues. The Commonwealth has been grappling with sharp increases in required pension contributions and additionally faces growth in its other major expenditures that outpaces annual revenue growth.

**Bond Purpose:**

This bond is eligible for the General Social Advancement strategy, as well as the Environment and Infrastructure Social Advancement Strategies.

Water and Sewer Improvements: Bond proceeds were used for improvements to and maintenance of the community's water and sewer system, which could include upgrades to water and wastewater treatment plants, water and wastewater distribution and collection lines, and other water or sewer infrastructure. Environmental benefits include reductions in untreated sewage and contaminants in local waterways and communities, elimination of harmful pollutants in drinking water, and improved energy efficiency.

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Hold	AIRPORT	Obligor Name	Airport & Port Enterprise	Airport Revenue	Baa1/BBB+/NR	BBB-	State	4.76
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**Security Description:**

The bonds are secured by the Airport's senior lien general revenues pledge. Revenues include amounts received from the operation of the Airport, including revenues derived under lease and use agreements with signatory airlines and other non-Airlines rentals,

**Gurtin Credit Research Commentary:**

The rating is based on the Airport's small enplanement base which has seen a decent recovery from the great recession, average but improved cash position, above average debt levels, significant competition from Another Airport, average debt service coverage, and a diverse carrier base.

**Bond Purpose:**

This bond is eligible for the General Social Advancement strategy, as well as the Infrastructure Social Advancement Strategy.

Airport Improvements: Bond proceeds were used for airport facility infrastructure improvements. Projects typically include construction or renovation of airport terminals, landing areas, runways, and related facilities.

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Hold	SCHOOL	Obligor Name	GO & GO Linked - School District	General Obligation	NR/A/NR	A	State	2.06
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**Security Description:**

The bonds are secured by the District's general obligation pledge. The District pledges its full faith, credit and taxing powers without limitation as to rate or amount on all taxable property within the District.

**Gurtin Credit Research Commentary:**

Below average demographics: The District's demographic profile is below average with resident wealth levels that slightly lag both national and state averages.

Manageable debt burden: The District's debt burden is affordable, as is the percentage of its budget devoted to debt service.

Satisfactory financial operations: The District's financial position is satisfactory, and budgetary expectations indicate it will remain so in the near term.

**Bond Purpose:**

This bond is eligible for the General Social Advancement strategy, as well as the Education and Infrastructure Social Advancement Strategies.

K-12 School District: Bond proceeds were used for capital infrastructure improvements within the district, which covers grades K-12. Projects typically include construction or renovation of school buildings, facility upgrades for energy efficiency or modernization projects, or building additions.

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Hold	AUTHORITY	Obligor Name	Tax Allocation/Special Assessment District	Special Tax (Mello-Roos) - Subordinate	NR/A/NR	A	State	4.62
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**Security Description:**

The bonds are secured by the District's pledge of assessment revenues that are generated on a per parcel basis (as opposed to being tied to property value).

**Gurtin Credit Research Commentary:**

Large tax base: The Project Area's tax base is large and provides ample incremental valuation over the base year, which means there is significant cushion for valuation loss before credit issues would arise.

Modest delinquency rate: The District benefits from a track record of modest overall tax delinquencies which we view as a positive credit asset.

Stable tax base: The Project Area benefits from a large and very stable tax base.

Strong demographic profile: The District benefits from its strong demographic profile which is characterized by stable population trends and resident income levels that exceed state and national norms.

**Bond Purpose:**

This bond is eligible for the General Social Advancement strategy, as well as the Education and Infrastructure Social Advancement Strategies.

K-12 School District: Bond proceeds were used for capital infrastructure improvements within the district, which covers grades K-12. Projects typically include construction or renovation of school buildings, facility upgrades for energy efficiency or modernization projects, or building additions.

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Hold	HIGHER EDUCATION	Obligor Name	Higher Education	Lease/COP	NR/AA-/AA-	A	State	4.58
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**Security Description:**

The bonds are secured by lease rental payments made by the University, subject to annual appropriation.

**Gurtin Credit Research Commentary:**

The rating is based on the strength of a master lease program that covers nearly all public higher education institutions in the State. The leases are secured by appropriations of the individual campuses, but the State provides significant oversight during the budgeting process and anticipates that annual debt service payments will be paid from State higher education allotments.

**Bond Purpose:**

This bond is eligible for the General Social Advancement strategy, as well as the Education and Infrastructure Social Advancement Strategies.

Higher Education: Bond proceeds were used for capital infrastructure improvements at the college or university. Projects typically include construction or renovation of university buildings, facility upgrades for energy efficiency or modernization projects, or addition of infrastructure that improves the university's ability to deliver its education mission.

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Hold	STATE	Obligor Name	GO & GO Linked - State	General Obligation	Aa3/AA-/AA-	AA	State	6.92
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**Security Description:**

The bonds are secured by the State's general obligation pledge. The State pledges its full faith, credit and taxing authority as bondholder security.

**Gurtin Credit Research Commentary:**

The rating is based on the credit strength provided the State's structure as a state. The State's credit strength (like all other states) lies in its sovereign ability to generate revenue. States have wide powers to tax, reduce expenditures and push problems onto local governments. Also, fundamental to the rating is the State's enormous tax base and diversified economy. Following voter approval in November 2012 for temporarily higher tax rates (which have subsequently been renewed by voters) and significant expenditure reductions, the State has produced significant budget surpluses in recent years which have helped rebuild liquidity and rainy day reserves. While revenue growth has slowed, the State's rainy day fund is sized to provide significant near term flexibility against any volatility. Bondholders will remain protected by their place in line behind only K-12 education spending leaving ample resources to service the debt. The State demonstrated the ability to eventually find resolutions to budget impasses in recent years and protected bondholders throughout.

**Bond Purpose:**

This bond is eligible for the General Social Advancement strategy, as well as the Education and Infrastructure Social Advancement Strategies.

Higher Education: Bond proceeds were used for capital infrastructure improvements at the college or university. Projects typically include construction or renovation of university buildings, facility upgrades for energy efficiency or modernization projects, or addition of infrastructure that improves the university's ability to deliver its education mission.

K-12 School District: Bond proceeds were used for capital infrastructure improvements within the district, which covers grades K-12. Projects typically include construction or renovation of school buildings, facility upgrades for energy efficiency or modernization projects, or building additions.

Road Improvements: Bond proceeds were used for improvements to road infrastructure.

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Hold	HEALTH	Obligor Name	Not-For-Profit Health Care	Hospital Revenue	Aa3/AA-/AA-	A	State	6.16
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**Security Description:**

The bonds are secured by the net revenues of the specific obligated group of the Hospital System which may exclude certain facilities within the System. The net revenues are derived from all operating fees and charges net of the operating costs of the system.

**Gurtin Credit Research Commentary:**

The rating is based on the Hospital's diverse operations spread across 7 different states and a number of different affiliates in many of those states. The Hospital continues to see cash on hand increase providing a strong fiscal cushion.

**Bond Purpose:**

This bond is eligible for the General Social Advancement strategy.

Health Care Clinics or Hospitals: Bond proceeds were used for construction of or improvements to health care and hospitals in the community.

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Hold	UTILITY	Obligor Name	Essential Service Enterprise	Sewer Revenue	Aa3/AA-/AA-	A-	State	7.14
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**Security Description:**

The bonds are secured by the net revenues of the Utility. Revenues include charges and fees related to the operation of the sewer system after the payment of operating expenditures and net of depreciation and payments in lieu of taxes.

**Gurtin Credit Research Commentary:**

Consent decree likely to pressure debt levels: The System has entered into a consent decree with the federal government to alleviate sewer overflow issues. The decree requires the System to undertake a massive amount of capital spending in coming years. We anticipate future borrowing needs will lead to elevated leverage ratios and may diminish the System's financial profile.

Derivative exposure: The Utility has elevated exposure to variable rate debt and derivative agreements which comprise over 50% of its debt portfolio. Posing additional near term risk, the Utility is relatively close to triggering collateral posting obligations which would serve to drain liquidity.

Analysis ID 4929

For more information, contact us at: 858-436-2200 / [www.Gurtin.com](http://www.Gurtin.com) / [advisoryservices@gurtin.com](mailto:advisoryservices@gurtin.com) / [@followGurtin](https://twitter.com/followGurtin)



Healthy liquidity: The Utility's liquidity provides a strong cushion for operations and debt service payments.

Volatile debt service coverage: The Utility's debt service coverage, though adequate now, has been highly variable in recent years. We anticipate that additional borrowing in the near term will serve to depress coverage in coming years.

**Bond Purpose:**

This bond is eligible for the General Social Advancement strategy, as well as the Environment and Infrastructure Social Advancement Strategies.

Sewer Improvements: Bond proceeds were used for improvements to and maintenance of the community's sewer system, which could encompass upgrades to sewage treatment plants, separation of sanitary and storm sewers, improvements to sewer lines, and other sewer infrastructure projects. Environmental benefits include reductions in untreated sewage contaminating local waterways and communities, fewer air pollutants and biosolids generated during the wastewater treatment process, and more efficient energy use.

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Hold	PARK	Obligor Name	Special District	General Obligation	Ba1/AA+/AA-	A	State	7.15
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**Security Description:**

The bonds are secured by the District's general obligation tax pledge. The District pledges its full faith, credit and taxing powers without limitation as to rate or amount on all taxable property within the District.

**Gurtin Credit Research Commentary:**

The rating is based on the district's substantial and diverse tax base. The District is a legally separate and distinct political entity from the City. Though the City does have involvement in approving board members, the Park District's budget is not subject to City oversight, nor is there a mechanism to allow the City to remove board members once empanelled. The District's balance sheet is strong and liquid. Though its pension position is an area of continual analysis given sharp declines in its funded ratio and litigation surrounding recent reforms, we note that the District has been very active in attempting to negotiate a settlement. Additionally, the size of the District's pension contributions relative to its total budget size, we believe is affordable based on current information. We view as credit strength the District's existence as a single purpose entity that has significant latitude in adjusting fees and its cost structure.

**Bond Purpose:**

This bond is eligible for the General Social Advancement strategy.

Parks and Recreation Facilities: Bond proceeds were used for improvements to parks and recreation facilities, including the construction of new harbor and marina facilities and improvements to existing facilities.

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Hold	SCHOOL	Obligor Name	GO & GO Linked - School District	General Obligation	Aa3/NR/NR	A	State	3.14
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**Security Description:**

The bonds are secured by the District's general obligation pledge. The District pledges its full faith, credit and taxing powers without limitation as to rate or amount on all taxable property within the District.

**Gurtin Credit Research Commentary:**

Elevated pension liability: The District has above average annual required pension contributions as a percent of overall expenditures.

Manageable debt burden: The District's debt burden is currently manageable but on the higher side for this sector. Additional debt may put pressure on the District's finances.

Satisfactory financial operations: The District's financial position is currently satisfactory, however budgetary expectations indicate it may deteriorate in the future.

Weak demographic profile: The District's demographic profile is weak, with resident wealth levels that fall well below state and national averages.

**Bond Purpose:**

This bond is eligible for the General Social Advancement strategy, as well as the Education and Infrastructure Social Advancement Strategies.

K-12 School District: Bond proceeds were used for capital infrastructure improvements within the district, which covers grades K-12. Projects typically include construction or renovation of school buildings, facility upgrades for energy efficiency or modernization projects, or building additions.

XXXXXXXXXX

Hold	SCHOOL	Obligor Name	GO & GO Linked - School District	Lease/COP	NR/AA/NR	A+	State	7.07
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**Security Description:**

The bonds are secured by lease rental payments made by the District, subject to abatement, and any insurance proceeds or condemnation awards received by the Trustee in the event of abatement.

**Gurtin Credit Research Commentary:**

Declining financial reserves: District financial reserves have been declining in recent years though they remain at adequate levels.

Relatively stable enrollment: District enrollment has remained relatively stable in recent years.

Solid demographic profile: The District's demographic profile is solid with resident wealth levels that exceed state and national norms.

**Bond Purpose:**

This bond is eligible for the General Social Advancement strategy, as well as the Education and Infrastructure Social Advancement Strategies.

K-12 School District: Bond proceeds were used for capital infrastructure improvements within the district, including the construction of a new middle school athletics complex.

XXXXXXXXXX

Hold	HEALTH	Obligor Name	Not-For-Profit Health Care	Hospital Revenue	A2/A/NR	A-	State	7.36
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**Security Description:**

The bonds are secured by the net revenues of the specific obligated group of the Hospital System which may exclude certain facilities within the System. The net revenues are derived from all operating fees and charges net of the operating costs of the system.

**Gurtin Credit Research Commentary:**

History of strong operating performance: The Hospital has a proven track record of posting strong operating margins which we anticipate will continue in the near term given its recent focus on cost reduction.

Multi-asset system covers multiple markets: The System owns multiple assets throughout the State, providing a diversity of revenues. We believe this diverse exposure provides some flexibility and ability to withstand deterioration in a single asset.

Satisfactory liquidity: The Hospital's liquidity is satisfactory, with cash reserves that are below levels held by its peers but should still provide an adequate degree of cushion against volatility.

**Bond Purpose:**

This bond is eligible for the General Social Advancement strategy.

Health Care Clinics or Hospitals: Bond proceeds were used for construction of or improvements to health care and hospitals in the community.

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CASH

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0.58

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# Sample Individual Structure Analysis

Cusip	Issuer	Obligor	State	Par Value	Coupon	Maturity	Call Date	Market Value w/o Accrued Income	Accrued Income	Yield to Maturity	Yield to Worst	Mod Dur	Eff Dur	% Portfolio Held (MV)
XXXXXXXXXX	PARK	Obligor Name	State	165,000	5.00	11/15/2018		173,210.40	2,245.83	0.91	0.91	1.19	1.18	11.59
XXXXXXXXXX	INFRASTRUCTURE	Obligor Name	State	30,000	5.00	11/15/2018		31,560.30	408.33	0.74	0.74	1.19	1.18	2.11
XXXXXXXXXX	UTILITY	Obligor Name	State	50,000	3.10	8/1/2020	8/1/2019	52,018.50	94.72	1.69	0.99	2.81	1.88	3.44
XXXXXXXXXX	CITY	Obligor Name	State	40,000	4.00	3/1/2021		43,782.40	466.67	1.25	1.25	3.28	3.26	2.92
XXXXXXXXXX	UTILITY	Obligor Name	State	60,000	5.00	11/1/2022		69,543.60	933.33	1.78	1.78	4.58	4.57	4.66
XXXXXXXXXX	AGENCY	Obligor Name	State	75,000	5.00	8/1/2023		89,370.75	229.17	1.60	1.60	5.23	5.21	5.92
XXXXXXXXXX	PARK	Obligor Name	State	35,000	5.00	1/1/2024	1/1/2022	39,143.30	252.78	2.94	2.14	5.46	3.93	2.60
XXXXXXXXXX	SCHOOL	Obligor Name	State	25,000	5.00	1/30/2024		29,425.25	79.86	2.05	2.05	5.59	5.58	1.95
XXXXXXXXXX	STATE	Obligor Name	State	40,000	5.00	9/15/2024		48,289.20	877.78	1.86	1.86	5.98	5.97	3.25
XXXXXXXXXX	AIRPORT	Obligor Name	State	60,000	5.00	1/1/2025		71,578.80	433.33	2.15	2.15	6.25	6.25	4.76
XXXXXXXXXX	SCHOOL	Obligor Name	State	25,000	5.00	8/1/2026		31,109.00	76.39	2.00	2.00	7.42	7.40	2.06
XXXXXXXXXX	AUTHORITY	Obligor Name	State	55,000	5.25	9/1/2026		68,611.40	1,379.58	2.21	2.21	7.28	7.27	4.62
XXXXXXXXXX	HIGHER EDUCATION	Obligor Name	State	60,000	4.00	6/1/2027		68,840.40	546.67	2.31	2.31	8.15	8.14	4.58
XXXXXXXXXX	STATE	Obligor Name	State	100,000	5.50	8/1/2029	8/1/2018	104,405.00	336.11	5.01	0.78	8.74	0.92	6.92
XXXXXXXXXX	HEALTH	Obligor Name	State	100,000	1.70	11/15/2032	11/15/2017	93,254.00	36.98	2.22	2.54	10.96	(0.86)	6.16
XXXXXXXXXX	UTILITY	Obligor Name	State	105,000	5.00	12/1/2036	9/23/2017	106,884.75	1,195.83	4.85	(15.54)	12.22	0.08	7.14
XXXXXXXXXX	PARK	Obligor Name	State	100,000	5.25	1/1/2040	1/1/2021	107,398.00	758.33	4.71	2.92	13.33	9.66	7.15
XXXXXXXXXX	SCHOOL	Obligor Name	State	200,000	0.00	8/1/2041	8/1/2021	47,450.00	0.00	6.10	1.59	23.23	3.92	3.14
XXXXXXXXXX	SCHOOL	Obligor Name	State	100,000	5.00	12/1/2041	6/1/2019	105,924.00	1,138.89	4.59	1.60	14.14	2.63	7.07
XXXXXXXXXX	HEALTH	Obligor Name	State	100,000	5.00	5/1/2042	5/1/2023	109,785.00	1,555.56	4.35	3.11	14.41	12.12	7.36
CASH				8,822	0.00	8/23/2017		8,822.00	0.00	0.00	0.00	0.00	0.00	0.58
				<b>1,533,822</b>	<b>4.03</b>	<b>11.91</b>		<b>1,500,406.05</b>	<b>13,046.14</b>	<b>2.92</b>	<b>0.58</b>	<b>8.38</b>	<b>4.31</b>	<b>100.00</b>

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The hypothetical sensitivity analysis is based on an internal calculation which simulates the effect that the specified change in interest rates will have on total return over a one year period. Municipal yields are MMD yields obtained from Thomson-Reuters, from which an option-free yield curve is then derived and interpolated using an internal calculation. These calculations can be used to construct simulations which can be either aged or instantaneous, while changes in the option-free yield curve can be either parallel or non-parallel. In an instantaneous simulation, the change in the yield curve happens instantly, the portfolio is perfectly rebalanced at the end of the simulation, and both coupon and principal payments are reinvested at the beginning portfolio yield adjusted according to changes in the yield curve. In an aged simulation, changes in the yield curve occur gradually during the simulation, securities naturally age over time, coupon payments are reinvested at the beginning portfolio yield adjusted according to changes in the yield curve, and principal payments are re-invested into new securities based upon the portfolio's strategy and changes in the yield curve. Parallel simulations feature ending yield curves derived by applying the specified shift in basis points to the entirety of the underlying spot curve, with the restriction that the spot curve is not allowed to become negative which is achieved by only applying the full shift to those rates which remain positive and then taking an appropriate fraction of the remaining rates. Nonparallel simulations feature ending yield curves which are derived by first calculating the historical average option-free yield curve over the 20 year period from 1991-2010, and then applying a mean reversion factor to the current underlying spot curve. There is no assurance that the strategy will return similar to or in line with what is shown above, or generate any level of returns.

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