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FORM ADV PART 2 BROCHURE

This brochure provides information about the qualifications and business practices of PFM Asset Management LLC. If you have any questions about the contents of this brochure, please contact us at pfmamrequest@pfm.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about PFM Asset Management LLC is also available on the SEC's website at www.adviserinfo.sec.gov. The searchable IARD/CRD number for PFM Asset Management LLC is 122141.

PFM Asset Management LLC is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

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Advisory Business

Form ADV Part 2A, Item 4

THIS SECTION IS REQUIRED. YOU MAY NOT OMIT THIS HEADING. You must answer each item. If an item is not applicable, you must state that it is not applicable.

A. Describe your advisory firm, including how long you have been in business. Identify your principal owner(s).

PFM Asset Management (PFMAM) is a Delaware limited liability company. We provide investment advice and portfolio management services for governmental and not-for-profit organizations, corporations, pension funds and other institutions. Through our predecessor, Public Financial Management, Inc., we have been providing these services since 1980. We are organized under a holding company structure in which PFM I, LLC is our ultimate parent company.

The following persons own 25% or more of PFMAM:

ICV/PFM Co-Investors, LLC

ICV Partners II L.P.

B. Describe the types of advisory services you offer. If you hold yourself out as specializing in a particular type of advisory service, such as financial planning, quantitative analysis, or market timing, explain the nature of that service in greater detail. If you provide investment advice only with respect to limited types of investments, explain the type of investment advice you offer, and disclose that your advice is limited to those types of investments.

ADVISORY SERVICES

1. Discretionary Advice

We offer discretionary advisory services for government and other institutional investors who invest in fixed income and multi-asset class strategies. When a client gives us investment discretion, we then have the authority to determine, without obtaining their specific approval, (1) the specific securities to be bought and sold, (2) the amount of securities to be bought and sold and (3) the broker or dealer through which the securities are bought or sold. These decisions are subject to limitations of state law and any other restrictions in the contract with our client, or in our client's written investment policies.

Under these types of engagements, we provide clients with advice on buying and selling fixed-income securities. Examples of these securities include U.S. Treasury securities, Federal Agency securities, high grade corporate obligations and money market instruments. We buy and sell these securities to meet the investment objectives and cash flow requirements of each of our individual clients.

We manage some fixed income portfolios on a total return basis and others using a liability-driven strategy that seeks to match liabilities such as bond-funded construction draws, to the cash flows from a portfolio of fixed-income securities.

For some of our clients, including trusts, pension plans, endowments, foundations, other post employment benefits (OPEB) plans or other similar asset pools, we may serve as a discretionary manager to invest a client's assets in multiple types of investments. Generally these accounts include a variety of asset classes, which may include domestic equity, international equity, fixed income, and other alternative asset classes.

We provide multi-asset class investment services in two forms. One form is a wrap fee program known as the Managed Accounts Program (MAP), where we charge a single fee to include investment advisory, third-party custodial and administrative services. We are no longer marketing MAP to new clients. The other is a general

discretionary form where we unbundle some of the service fees, which allows the client to separately negotiate these fees. In each of these two forms, we work with the client to determine a target asset allocation based on a variety of risk and return characteristics which we review with the client. We then implement the asset allocation either by buying shares of mutual funds and/or pooled funds or other investment vehicles or by selecting separate account managers who will manage specific asset classes and/or strategies.

We will communicate the method of asset allocation execution to the client through a written investment strategy. These clients give us authority to re-allocate assets and to change, eliminate or add managers or investments within the scope of the investment strategy.

For certain clients, we may serve as a "manager of managers." As a manager of managers, we will assist our clients in selecting and monitoring minority, women-owned and emerging managers as sub-advisers to manage the client's portfolio. Generally, we provide each investment sub-adviser with a particular investment mandate for managing a portion of the client's investment portfolio.

As the manager of managers, we have discretion to make the initial selection of the investment sub-advisers. We also provide ongoing periodic monitoring services by evaluating and re-evaluating the investment sub-adviser's portfolio management philosophy, policies, processes, controls, personnel, and investment performance. These clients generally give us authority to change, drop or add investment sub-advisers. Usually, the client also allows us to allocate and re-allocate portions of the investment portfolios to different investment sub-advisers. The client generally gives the investment sub-advisers both investment and brokerage discretion in managing its portion of the portfolio. We give these clients periodic reports on the investment performance of the various investment sub-advisers and the portfolio as a whole.

We do not take custody of the assets of clients for whom we provide discretionary advice, but the client generally allows us to give instructions to the client's custodian in connection with transactions executed in the client's portfolio.

2. Services to Registered Investment Companies and Local Government Investment Pools

Among the clients who use our discretionary advice are a registered investment company and a number of local government investment pools. We also provide administration and transfer agent services for these clients.

3. Nondiscretionary Advice

We also provide advice on a nondiscretionary basis where we offer clients investment recommendations, subject to their specific approval and further execution instructions. This situation arises where our client makes trades directly or specifically approves our purchase or sale of specific securities, including certificates of deposit and other fixed rate investments.

4. Consulting Services

We also provide investment consulting services to:

- public, Taft-Hartley and corporate pension funds;
- hospital endowments and foundations;
- trusts;
- OPEB plans; and
- other similar institutional investors.

For these clients we may:

- develop investment policies;
- analyze investment portfolio risk;
- review investment sector allocation; and

- analyze investment performance.

We also provide services consisting of overseeing a client's portfolio where we have not been given authority to buy or sell securities in the portfolio. We typically begin these services by assessing the client's investment objectives, time horizon and risk tolerance. Using this information, we then will propose asset allocation models within the investment guidelines which the client gives us. We may also assist in writing an investment policy which provides details about the objectives, diversification, quality, and performance measurement of the portfolio. We also make recommendations on the selection of money managers, pooled trusts or mutual funds to carry out the client's investment strategy. Once our client puts the investment policy into place, we report quarterly to the client on the investment performance. We also report on whether an investment manager chosen follows its particular style, and whether our client's portfolio complies with its investment policy.

We also provide consulting services to OPEB plans. These services involve financial reporting, analyzing cash flow implications of different funding strategies, and other matters relating to the OPEB benefits and funding arrangements. Often we perform these services by cooperating with our client's other professional advisors, such as the client's accountant or actuary.

5. Structured Products

We also provide analytical services in designing portfolios in connection with advance refundings of municipal bonds and the investment of bond proceeds. Under these engagements we arrange for purchases of specific securities that are generally government obligations or guaranteed investment contracts. On our client's behalf, we arrange these purchases by obtaining bids on a competitive basis or by negotiating on behalf of our client. We also provide advice on the structuring of interest rate swaps and commodity swaps which may be associated with municipal debt transactions.

C. Explain whether (and, if so, how) you tailor your advisory services to the individual needs of clients. Explain whether clients may impose restrictions on investing in certain securities or types of securities.

We tailor our advisory services taking into account following factors:

- the services that the client has requested;
- the client's investment objective;
- the client's time horizon; and
- risk tolerance.

We perform our duties as the client's investment manager pursuant to an investment advisory agreement with the client. In this agreement, a client may impose additional restrictions on the types of securities in which we can invest, or on the maturity of securities. We adhere to any investment restrictions provided by the client.

D. If you participate in wrap fee programs by providing portfolio management services, (1) describe the differences, if any, between how you manage wrap fee accounts and how you manage other accounts, and (2) explain that you receive a portion of the wrap fee for your services.

Not applicable.

E. If you manage client assets, disclose the amount of client assets you manage on a discretionary basis and the amount of client assets you manage on a non-discretionary basis. Disclose the date "as of" which you calculated the amounts.

As of December 31, 2010, the amount of client assets we managed on a discretionary basis was \$40,367,800,000 and the amount we managed on a nondiscretionary basis was \$2,318,700,000. In addition, as of December 31, 2010, we provided investment consulting services with respect to assets in the amount of \$18,013,200,000.

Fees and Compensation

Form ADV Part 2A, Item 5

THIS SECTION IS REQUIRED. YOU MAY NOT OMIT THIS HEADING. You must answer each item. If an item is not applicable, you must state that it is not applicable.

A. Describe how you are compensated for your advisory services. Provide your fee schedule. Disclose whether the fees are negotiable.

GENERAL

The fees we charge to our advisory clients may differ depending upon a number of factors including the types of investments permitted, the personnel providing the advisory services, the particular strategy, the size of portfolio being managed, the relationship with the client, and service requirements associated with the account. Fees may also differ based on account type (e.g., a commingled, pooled account or a separate individual portfolio account). Fees are negotiable so one client with similar investment objectives or goals may be paying a higher fee than another client. We do not require any client to pay fees prior to our performance of our services.

1. Discretionary Advice

We generally receive compensation for fixed income portfolio management based on a percentage of assets we manage. We receive this compensation after a service is provided, and we bill in arrears on a monthly basis. As a general guideline, we receive the following fees for investment advisory services for fixed income accounts:

Assets Under Management	Annual Rate
• First \$25,000,000	0.25%
• Assets in excess of \$25,000,000	0.15%

Some clients may receive lower fees than this, based on the size of the accounts.

We use the following fee structure a general guideline for MAP, which is no longer open to new clients:

Assets Under Management	Annual Rate
• First \$5,000,000	1.00%
• Next \$5,000,000	0.85%
• Next \$10,000,000	0.75%
• Assets in excess of \$20,000,000	0.60%

These MAP fees include the following services: asset management, investment advisory and custodial. However, the MAP fee does not include front or back-end fees for the mutual or pooled funds we select, any taxes or fees of attorneys, accountants, auditors or other professionals advising the client.

As a general guideline for the multi-asset class management discretionary form, we receive the following fees for investment advisory services:

Assets Under Management	Annual Rate
• First \$10,000,000	0.45%
• Next \$10,000,000	0.35%
• Next \$30,000,000	0.25%
• Next \$50,000,000	0.20%
• Assets in excess of \$100,000,000	0.15%

If we accept an account with less than \$1,000,000 in assets, we may charge a minimum fee. However, when a fee for an account, as calculated above, exceeds the minimum fee, the calculated fee calculated above applies, rather than the minimum fee.

From time to time, we create marketing names for the general discretionary form of program. An example is the Commonwealth of Virginia OPEB Management Program ("COMP"). Under these marketing programs, we may offer fee discounts based on the total assets under our management.

For manager of manager agreements, we may charge a fee structure based on a percentage of assets under management, or a fixed fee. If we base our fee on a percentage of assets under management, the following is a general guideline for these services:

Assets Under Management	Annual Rate
• First \$50,000,000	0.70%
• Next \$50,000,000	0.65%
• Assets in excess of \$100,000,000	0.60%

A portion of the fee for multi-asset class management may be used to compensate the sub-advisers.

2. Registered Investment Companies and Pools

The compensation we receive for the investment services we provide to the registered investment company and local government investment pools varies by program. Typically the fee schedule includes various breakpoints depending on asset levels, as well as fee caps or waivers which can be triggered by the overall expense ratio of the pool.

We also receive compensation for providing administrative and transfer agent services to the registered investment company shareholders and to investors in all but one of the local government investment pools. We also provide cash management related advisory and administrative services to investors in some of these funds. We generally provide these administrative, transfer agent and cash management consulting services as an integral part of our investment advisory services, and the fees we receive for these services usually are included as a component of the fees we receive for investment advisory services.

3. Nondiscretionary Advice

We generally charge fixed fees for these services, depending upon the services that the client requests, and the complexity of the services. We offer nondiscretionary advice on certificate of deposit and fixed rate investment programs, which are designed to provide clients a fixed rate to a targeted maturity. Fees typically may range up to 0.25% per annum of the cost of the investment purchased by our clients. Under the certificate of deposit and fixed rate programs, we provide clients with the option to set aside moneys in client accounts to be paid to us after we have performed the service.

4. Consulting Services

We also provide services consisting of overseeing a client's portfolio, though we have not been given authority to buy or sell securities in the portfolio. We generally charge fixed fees for these services. We base the amount of the fee the scope and complexity of the services we offer.

For full-service investment consulting services, we generally charge clients either a fixed fee or a fee that is based on a percentage of assets. We negotiate fixed fees based on the size of the portfolio, complexity, and scope of services which our client wants us to perform. As a general guideline, we charge asset based fees in a range from 0.05% to 0.30% annually, based on the three characteristics listed above. From time to time, we charge hourly fees for these types of services.

For OPEB plan consulting services and reports we provide to OPEB plans, we will negotiate a fixed fee

generally in the range of \$10,000 to \$20,000, depending on the specifics of the services we agree to provide.

5. Structured Products

In these types of transactions, we usually negotiate and charge a fixed fee. The client may pay the fee, or it may instruct the investment contract counterparty in writing to pay our fee on the client's behalf. We and our clients agree upon a fee for each one of these engagements and the fee is a function of the size and complexity of the engagement. As a general guideline, the typical fee for investment of municipal bond proceeds in a structured investment, or for swaps and escrow restructuring supervisory services, is less than .05% of the notional amount of a swap or the yield of escrow securities or guaranteed investment contract which we arrange to obtain on behalf of the client. We also provide periodic valuations of interest rate swaps for clients. The fee for this service is a fixed annual fee that depends on the complexity of the swap to be valued and the frequency of valuation.

6. Other Fees

Because we tailor our services to the individual needs of a client, we may offer clients more than one of the services mentioned above. In addition, we may also provide investment advice through services not mentioned above, such as assisting our clients with a one-time purchase or sale of securities or treasury consulting services. The fees we charge are negotiable and vary depending upon the particular services we perform and the complexity and extent of the work we provide. All fees are payable to us only after we perform the services.

B. Describe whether you deduct fees from clients' assets or bill clients for fees incurred. If clients may select either method, disclose this fact. Explain how often you bill clients or deduct your fees.

Under the majority of our investment advisory engagements, clients authorize us to deduct fees from their assets under management after notice to them. Under some engagements, we bill the client for our fees. The method of payment of our fees is subject to negotiation, and clients have the ability to choose to allow us to deduct our fee from the assets we are managing or for us to bill them. For most of our accounts, we deduct fees or bill clients monthly in arrears. Under some client contracts, we deduct our fees or bill the client quarterly. For some services, we bill the client on a one-time basis only when we complete the service.

C. Describe any other types of fees or expenses clients may pay in connection with your advisory services, such as custodian fees or mutual fund expenses. Disclose that clients will incur brokerage and other transaction costs, and direct clients to the section(s) of your brochure that discuss brokerage.

For services we provide, other than those under our Managed Accounts Program (MAP), clients are responsible for their own custody and legal fees and taxes, if any. For the services we provide under our MAP, we charge clients a wrap fee. The wrap fee covers payment of fees payable to the portfolio managers of the funds we choose for our MAP and the fee we pay to the custodian for MAP for custodial and administrative services. The portion of the wrap fee paid to portfolio managers of mutual funds generally is in the form of the expense ratios and is deducted automatically from the assets invested in the funds. We receive the remainder of the wrap fee, and apply a portion of the fee to pay the custodian pursuant to agreements between the custodian and us.

D. If your clients either may or must pay your fees in advance, disclose this fact. Explain how a client may obtain a refund of a pre-paid fee if the advisory contract is terminated before the end of the billing period. Explain how you will determine the amount of the refund.

We do not require our clients to pay our fees in advance. Because we deduct or bill our fees only after we perform our service, we do not receive pre-paid fees. Accordingly, there are no pre-paid fees which would be subject to a refund to our client. When an account terminates with us, our final fee installment is based on the number of days in the final billing period, and the fee is pro-rated, if applicable.

E. If you or any of your supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds, disclose this fact

and respond to Items [5.E.1](#), [5.E.2](#), [5.E.3](#) and [5.E.4](#).

We have a wholly-owned subsidiary, PFM Fund Distributors, Inc., which is a broker-dealer under the Securities Exchange Act of 1934. PFM Fund Distributors, Inc. serves as exclusive distributor of shares of a registered investment company and local government investment pools (Pooled Funds) for which we serve as investment adviser and/or administrator and we receive fees from this arrangement.

[1. Explain that this practice presents a conflict of interest and gives you or your supervised persons an incentive to recommend investment products based on the compensation received, rather than on a client's needs. Describe generally how you address conflicts that arise, including your procedures for disclosing the conflicts to clients. If you primarily recommend mutual funds, disclose whether you will recommend "no-load" funds.](#)

If our client invests in a Pooled Fund, we disclose this relationship to the client, through this Form ADV, Part 2A and the offering statement for the Pooled Fund. In addition, if we have an investment advisory arrangement with a client to manage a separate account, our investment advisory agreement with the client provides that if we invest client assets in a Pooled Fund, we will not take these assets into account for purposes of calculating our fees under the client's investment advisory agreement.

[2. Explain that clients have the option to purchase investment products that you recommend through other brokers or agents that are not affiliated with you.](#)

For securities we recommend other than Pooled Funds, PFM Fund Distributors, Inc. does not act as distributor, so the client has the option of using another broker or dealer.

[3. If more than 50% of your revenue from advisory clients results from commissions and other compensation for the sale of investment products you recommend to your clients, including asset-based distribution fees from the sale of mutual funds, disclose that commissions provide your primary or, if applicable, your exclusive compensation.](#)

Not applicable.

[4. If you charge advisory fees in addition to commissions or markups, disclose whether you reduce your advisory fees to offset the commissions or markups.](#)

Not applicable, as described in Item 5.E.1. above.

Performance-Based Fees and Side-By-Side Management

Form ADV Part 2A, Item 6

THIS SECTION IS REQUIRED. YOU MAY NOT OMIT THIS HEADING. You must answer each item. If an item is not applicable, you must state that it is not applicable.

If you or any of your supervised persons accepts performance-based fees – that is, fees based on a share of capital gains on or capital appreciation of the assets of a client (such as a client that is a hedge fund or other pooled investment vehicle) – disclose this fact. If you or any of your supervised persons manage both accounts that are charged a performance-based fee and accounts that are charged another type of fee, such as an hourly or flat fee or an asset-based fee, disclose this fact. Explain the conflicts of interest that you or your supervised persons face by managing these accounts at the same time, including that you or your supervised persons have an incentive to favor accounts for which you or your supervised persons receive a performance-based fee, and describe generally how you address these conflicts.

In very rare instances, we enter into advisory agreements under which the client pays us a fee, part of which is performance based. For example, we have entered into agreements where the client pays us a bonus to the extent that the performance of the portfolio we manage exceeds a predetermined benchmark, measured over a designated period of time. We manage both accounts that are charged a performance-based fee as described above and accounts which are charged other fees, typically a percentage of the value of assets managed. To address any concern that we may have an incentive to favor certain investment opportunities for a performance-based account, we follow written procedures designed to allocate trades on an equitable basis considering the investment objectives of the account and without regard to whether an account has a performance-based fee. Accounts with the common objectives and permitted investments should receive a fair allocation of trades over time.

Types of Clients

Form ADV Part 2A, Item 7

THIS SECTION IS REQUIRED. YOU MAY NOT OMIT THIS HEADING. You must answer each item. If an item is not applicable, you must state that it is not applicable.

Describe the types of clients to whom you generally provide investment advice, such as individuals, trusts, investment companies, or pension plans. If you have any requirements for opening or maintaining an account, such as a minimum account size, disclose the requirements.

PFMAM provides investment advisory services to state and local governments and their agencies, local government investment pools, non-profit organizations, pension and OPEB funds and other institutional clients.

If we accept a Managed Accounts Program (MAP) account or a multi-asset class management (MACM) general discretionary account with less than \$1,000,000 in assets, we may charge a minimum fee. However, when a fee for such a MAP account or MACM account, as calculated according to the applicable schedule in Item 5.A.1. above, exceeds the minimum fee, the fee calculated according to the schedule applies, rather than the minimum fee. Certain of the portfolios of the local government investment pools and short term certificate of deposit purchase programs for which we serve as administrator and/or investment advisor have minimum investment requirements of between approximately \$50,000 and \$1,000,000. Other than these minimum fee requirements, there are no other requirements for opening or maintaining the account.

Methods of Analysis, Investment Strategies and Risk of Loss

Form ADV Part 2A, Item 8

THIS SECTION IS REQUIRED. YOU MAY NOT OMIT THIS HEADING. You must answer each item. If an item is not applicable, you must state that it is not applicable.

A. Describe the methods of analysis and investment strategies you use in formulating investment advice or managing assets. Explain that investing in securities involves risk of loss that clients should be prepared to bear.

1. Fixed-Income Portfolios

We provide fixed-income investment management services to government and other institutional clients. We use a variety of analysis as well as internal and external data sources to perform market research and analysis. External sources include newspapers, magazines, books, governmental bulletins, research releases prepared by others and other publications. We also collect information from clients to determine their liquidity requirements, risk tolerances and any other policies or procedures that guide the investment of the client's assets.

Within the investment objectives and other requirements of the particular client, for clients whose objectives are measured by total return or income, our investment approach emphasizes the use of active management strategies that seek to add value while limiting market and credit risk, as follows. For liability-driven investment portfolios, such as those funded with bond proceeds and used to pay project costs, we identify securities whose cash flows are expected to meet a draw schedule and we modify the portfolio as the draw schedule changes or as investment opportunities present themselves, although in the latter case the draw schedule is considered when making modifications.

We practice a Top-Down and Bottom-Up approach in our investment process. A client's investment policy determines characteristics of the portfolio such as what type of investments are permitted, the maximum allocation of each security type within the portfolio, the maximum maturity of each security and the duration of the overall portfolio, as well as the benchmark against which the performance of the portfolio will be measured.

Once these characteristics have been established, we utilize the Top-Down approach as a guide in determining the appropriate duration and sector allocation for the portfolio in relation to the benchmark and market expectations. We start with a macro view of the economy which seeks to identify major trends in growth and inflation and major risks to our outlook. We then identify overall objectives for portfolio duration and allocation among investment types. The following describes our Investment Strategy:

- Disciplined decision making process;
- Duration positioning to manage risk: generally slightly short of relevant benchmarks, policy of no more than +/- 25%, which protects the market value of the portfolio;
- Seeks out relative value through spread analysis, yield curve positioning, sector weightings and duration management;
- Adds over 80% of value from the above factors; and
- Does not employ market timing or make significant duration bets.

We also employ a Bottom-Up approach, where we look at the value of an individual security and the credit quality to determine if it is safe and appropriate for our clients' portfolios.

We specialize in managing short and intermediate-term fixed-income assets of governmental entities, so we have tailored our research capabilities and resources to this area of the market. Our portfolio managers and analytical team have access to four major on-line market trading systems, Bloomberg, MarketAxess, Reuters, and TradeWeb. These systems provide active market quotes, including real-time Bloomberg and TradeWeb securities pricing services. We also have access to news from Dow Jones, the Associated Press, Bloomberg

News, and several specialized wire services. In addition, we speak daily to approximately 30 major government securities dealers and receive market information from them that assists us in identifying specific market opportunities.

We supplement these external systems and data sources with proprietary trading tools, which we have developed.

For example, our Duration Model analyzes the optimal portfolio duration for a given target duration and duration band based on current interest rates, yield curve, and interest rate trends.

Our Cross Spread Analyzer assimilates and compares the yields on every available Treasury note, Treasury bill and Federal Agency issue available in the market. It quickly displays current relationships as well as recent trading ranges, making identification of investment or swap opportunities immediate from a vast amount of raw data.

After factoring in a conservative posture which ensures that cash flow requirements are met, we will position a portfolio's duration to take advantage of expected interest rate movements: positioning with a shorter bias when we expect rates to rise and longer when we expect rates to fall. We establish a duration (or average maturity) target for the portfolios based on our macro view of the economy and the financial markets, the type of funds, cash-flow analysis and benchmark chosen by our clients. We add value by re-balancing the portfolio to take advantage of market opportunities and in anticipation of interest rate movements. Duration limits are established by our investment committee and provided to and re-evaluated with our clients' staff on a regular basis as a management and oversight tool.

Further, within the duration target for the portfolio, we add value to a portfolio through asset allocation strategies which involve curve placement (maturity), sector selection (security type), spread analysis and issue selection (individual issuer). Our overall view of the economy provides the context for selecting maturities which represent the best relative value along the yield curve and the highest potential for enhanced return by "rolling down the curve" and for selecting specific securities within a sector. We think there is a significant opportunity to enhance earnings with a strategy that focuses on the selection of securities based on relative value. Sectors are selected which represent the best relative value based on our sector outlook and historical sector spreads. Investments other than Treasuries are purchased when spreads are wide and avoided or swapped out when spreads are narrow. Our portfolio managers and traders are assigned to specific market sectors in order to monitor products and opportunities and these responsibilities run across all portfolios. Individual issues are selected based on our assessment of issuer quality and rating, credit trends, issue structure and liquidity.

Portfolios are generally diversified by security type and maturity to avoid a significant investment in a single issuer and to accommodate varying cash flow needs to provide periodic liquidity. We perform extensive proprietary analysis on the yield curve to identify "cheap" areas of the curve, and to evaluate a variety of portfolio structures. Using the results of this analysis, our portfolios are frequently over-weighted in certain maturities, and are structured in either a "bullet", "barbell" or "laddered" construct to provide optimal performance.

Our fixed income strategies, like all investment strategies, involve certain risks. For portfolios whose investments are limited to obligations of the U.S government we believe the risk of default is minimal; for those invested in obligations of Federal agencies, we believe the risk is nearly as low as it is for direct obligations of the U.S. government. Portfolios whose investments include corporate and municipal obligations are subject to the risk that an issuer will fail to pay principal or interest on a timely basis. We attempt to minimize these risks by purchasing high grade bonds and by diversifying portfolio holdings. Portfolios are also subject to interest rate risk. This is because the market value of securities changes as interest rates change, with a rise in rates reducing market values and a decline in rates increasing market values. Changes in interest rates affect longer-maturity securities more than they affect shorter maturity securities. We manage this risk by varying the duration of portfolios whose objectives are measured by total return or income in accordance with our outlook for interest rates and by establishing duration bands for these portfolios. Nonetheless, investors should expect to experience interest rate volatility in short-term fixed income portfolios and total return volatility which can

include unrealized losses in excess of periodic income in intermediate and longer-term portfolios.

Although the investment strategies we employ do not involve significant or unusual risk beyond that of the general domestic fixed-income markets, investors need to recognize that investing in securities involves a risk of loss that you, as an investor, should be prepared to bear. Past performance is not a guarantee of future returns.

2. Multi-Asset Class Asset Management (Discretionary and Nondiscretionary Accounts)

We use a consistent approach to multi-asset class accounts as it pertains to portfolio planning, risk assessment, asset allocation determination, manager selection, and performance reporting. The primary difference between the two types of accounts relates to who provides direction relating to the allocation of assets to separate account managers and the execution of mutual fund buy and sell transactions. For discretionary accounts, we are authorized to instruct the custodian to rebalance the portfolio, move assets between separate account managers and/or to buy or sell mutual fund holdings. For nondiscretionary accounts, we may make a recommendation relating to the investment of assets, but the client has final authority to direct the custodian to take any investment action. In neither instance, do we take custody of client assets.

We believe that the asset allocation decision is the most important factor in determining the expected investment return between two different portfolios. Therefore, rigorous adherence to a disciplined process is critical in determining the amounts that will ultimately be allocated to equities, fixed income and other investments. The process we utilize concentrates on:

Engaging in a Portfolio Planning Survey. We review a detailed portfolio planning survey with the client. We design the survey to facilitate a discussion on all of the asset classes to determine which should be permitted in the final overall allocation. This survey highlights a client's goals, objectives, cash flow projections, risk tolerance, ability to withstand losses, view of the economy and the markets. The survey also documents the level of expectations so that everyone understands the goals that have been set for the investment of the assets.

Compiling Capital Market Assumptions. Compiling these assumptions involves a comprehensive and ongoing process where our assumptions are developed for long term returns (five to ten years) in a wide range of asset classes. The assumptions have three main inputs: historical asset class returns, Wall Street / Investment Industry projections and our Investment Committee projections.

We firmly believe that any assumptions for future asset class returns must first look at how those asset classes performed in the past. We look at many different asset classes across differing time periods from 1972 to the present. Using software developed by Ibbotson Associates, we assess returns from several full market cycles but have the capability to go further back in time based on the inception of the proper index. We also want to see what the investment professionals at major investment firms think about how various asset classes will do in the future. Finally, our own team of investment professionals makes projections using their experience and expertise. This produces preliminary projections for the various asset classes. At this stage our Investment Committee reviews and discusses these projections and determines the final assumptions that are used in our asset allocation modeling.

Structuring Asset Allocation Models. We then process the information from the portfolio planning survey and the capital market assumptions to design a series of asset allocation models. We use a state of the art modeling program developed by Ibbotson Associates to assist in our asset allocation process. Each model uses the latest historical data on asset class investment returns, volatility and correlation with other asset classes along with capital market assumptions made by us to determine a set of "optimal" portfolio options.

Selecting an Appropriate Asset Mix. We run series of tests on each model to determine the probability of achieving the desired investment objective under different market scenarios. However, a client's existing funding requirements may override the more subjective "tolerance for loss". The client then has a better understanding of the band of possibilities associated with each asset allocation model and is better equipped to

select the one particular model that best meets the client's expectations set forth in the portfolio planning survey.

Managing Client Expectations. We provide our clients with the set of allocation models based on several different risk/reward scenarios. As factors change, a re-optimization of the portfolio may be required. By establishing formal policies and objectives and reviewing the asset allocation process, we and our client may expect fewer unpleasant surprises and higher levels of investment performance than would otherwise be achieved in a passive investment strategy.

Rebalancing. We evaluate a client's portfolio regularly to determine the need for rebalancing. We establish target levels for each asset class in the planning stages along with a minimum/ maximum range. These parameters are stated in the client's investment policy statement and are illustrated in the quarterly reports. We have invested heavily in software that allows our staff to monitor compliance of a client's portfolios.

Ongoing Monitoring. We will monitor a client's asset allocation, as well as the portfolio's money managers/mutual funds through detailed analysis and our proprietary manager ranking system, on an ongoing basis. We continually evaluate the economy, financial markets, and correlation of asset classes to make sure a client's asset allocations are appropriate, as well as rebalance the portfolio if necessary. We regularly interview managers and visit their operations to ensure that they remain the most appropriate vehicle for our client's investments. Strategic allocation decisions, rebalancing, and re-evaluating managers are all part of the ongoing monitoring process.

Performance Reporting. We provide performance reporting on a quarterly basis. Each client will receive a report containing its own performance measures allowing the client to review its plan and its investment managers' performance versus the established benchmark, while monitoring cash flows and other financial indicators. We include review of the economy, financial markets, and our investment strategy in this report to give our client insight into the economy, financial markets, and how investments are being managed. We will also host quarterly conference calls / meetings to give a client a better understanding by hearing from the people who are making the asset allocation and investment manager decisions.

Investment Manager Selection. We select managers by starting with a large universe of managers to identify well-qualified firms for our searches. We accomplish this through analyzing various quantitative and qualitative metrics. Under no circumstances does a financial arrangement exist between us and the managers we utilize in client portfolios.

Our goal is to have primary and secondary managers in place for each of the classes we track. This eliminates the time consuming task of doing manager searches when a manager change in the portfolio becomes necessary.

In analyzing managers, we start with a total universe of 19,500 investment products, which includes:

- 1,500 managers;
- 5,500 separate accounts; and
- 14,000 mutual funds.

We then determine manager investment style through statistical analysis. For our quantitative analysis, we examine risk/return characteristics including:

- Alpha;
- Beta;
- Information ratio;
- Number of negative quarters;
- Sharpe ratio;
- Standard deviation;
- Trailing calendar year performance;

- Trailing 1, 3 and 5 year performance;
- Worst 4 quarters; and
- Worst quarter.

We then identify managers who outperform their peer group on a consistent basis, and examine the volatility of a manager's performance.

For managers meeting quantitative screens, we then engage in a qualitative review including:

- Interviews with managers to learn more about the firm, personnel and process;
- Performance of written reviews on managers;
- Assignment of manager scores based on sub-categories;
- Firm background and structure;
- Investment team/management experience;
- Investment process;
- Performance (multiple measures);
- Risk/volatility; and
- Determination if manager can repeat performance.

Ongoing Monitoring. Once we validate or implement an investment strategy, we rigorously monitor manager activity for changes in strategy, performance, personnel, or ownership structure. As part of our ongoing client service, we constantly update our clients with memoranda regarding changes within the managers and details of our actions or recommendations. If we feel the need to make changes to the current managers, and if the client gives us the discretion to do so, our staff will be responsible for implementing the needed changes. If we do not have discretion, we will make a recommendation to the client to direct the manager change.

Our dedicated research group uses "best-of-breed" software in conducting manager research and asset allocation. We have made significant investments in both purchasing and building the necessary infrastructure to provide the research group the best possible tools available. Software used by the research group includes: eVestment Alliance, Encorr developed by Ibbotson Associates, PARIS from Investment Metrics, as well as an internally built database which the research group uses to track formal manager reviews as well as ongoing communications with the managers. In addition, as part of our performance and attribution reporting system (PARIS), we are able to tap into a database consisting of over \$1.8 trillion in institutional assets to compare and contrast our client's portfolios and managers. These databases provide us a starting point for the manager search process. If we do not have discretion, we will make a recommendation to the client to direct the manager change.

We utilize an extensive summary of money managers by asset class currently maintained in the eVestment Alliance database, which provides our manager research team with a starting point in the manager search process. In addition to the nearly 10,000 investment products in eVestment Alliance, we also have access to another 10,000 investment products through various other databases, such as Morningstar and a database maintained by Investment Metrics, providing us with a total universe of roughly 19,500 investment products.

The eVestment Alliance, Morningstar, and Investment Metrics databases are purchased externally, however we also maintain an in house manager research database to help refine our search process and house information regarding our own research and investment manager due diligence. It is important to note that, unlike many other investment consulting firms, we do not accept and fees or remunerations from investment managers that wish to be maintained in our database.

Our ranking system is the following: 1 – Superior; 2 – Satisfactory; 3 – Watch List; 4 – Probation; and 5 – Termination.

We place a manager or fund on the watch list a result of lagging performance, poor risk metrics and/or qualitative issues, among other things. Removal from the watch list is typically based on several quarters of improved performance against peers and an appropriate benchmark or remediation of other issues. If

problems endure, probation is a subsequent step in the process of reviewing managers. Ultimately, if the problem persists, our Investment Committee approves a termination recommendation is approved by the Investment Committee.

We closely review our investment managers to ensure we receive the best possible performance for our clients. We aim to identify organizational problems before they negatively impact client returns.

Although the investment strategies we employ do not involve significant or unusual risk beyond that of the general markets for equities, fixed income and other investments we recommend, investors need to recognize that investing in securities involves a risk of loss that you, as an investor, should be prepared to bear. Past performance is not a guarantee of future returns.

B. For each significant investment strategy or method of analysis you use, explain the material risks involved. If the method of analysis or strategy involves significant or unusual risks, discuss these risks in detail. If your primary strategy involves frequent trading of securities, explain how frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

1. Fixed-Income Portfolios

The risk of our Top-Down strategy is that our macro view of the economy and financial markets is wrong and we position a portfolio's duration or sector allocation in a manner that is not optimal. We seek to manage this risk by limiting variations from agreed duration or maturity targets for total return and income-based portfolios and by diversifying holdings among security types. For liability-driven investment portfolios, we seek to minimize market risk by matching approximately portfolio cash flows with expected draws.

The risk of our Bottom-Up strategies is that securities that we include in a portfolio because they are perceived to have relative value may later lose value when compared with other securities. We seek to manage this risk by careful and systematic analysis of relative values and by performing credit analysis on issuers of securities we recommend.

Frequent trading of securities can create higher overall transaction costs and these will reduce portfolio income. We do manage portfolios actively and we seek to minimize trading costs by recommending liquid issues that are actively traded in the markets and by utilizing competitive bidding wherever feasible.

2. Multi-Asset Class Asset Management (Discretionary and Nondiscretionary Accounts)

Investing in cash, fixed income, and equity funds through separate account managers, mutual funds or ETFs involves a certain degree of risk. Each asset class has its own idiosyncratic risk and return characteristics. In modeling portfolios for our clients, we assess the individual characteristics of asset classes, from a historic and forward looking point of view, to optimize the best blend given the client's investment objectives and tolerance for risk. The range of probabilities examines extreme conditions (worst loss, maximum drawdown) over rolling one, five and ten year periods from a historic standpoint (losses for portfolios with heavy allocations of equities can be large in extreme market conditions as evidenced by the global financial crisis of 2008. Portfolios with heavy concentration of equities experienced losses of up to 30% or more during the worst period of peak to trough returns). The analysis also provides a 90% probability analysis of future geometric returns and minimum and maximum investment returns for one, five and ten year periods. Because our clients' investment time horizon typically exceed five years, this form of analysis gives them a context for the range of possibilities of investment returns at the total fund level and the individual asset class level.

A higher overall equity allocation approved by the client will result in the assumption of a greater degree of risk. The annual standard deviation for equities falls in 17 – 22% range, and for fixed income 6% so clients learn to expect wide potential volatility of returns from each individual asset class in any one given year.

C. If you recommend primarily a particular type of security, explain the material risks involved. If the type of security involves significant or unusual risks, discuss these risks in detail.

1. Fixed-Income Portfolios

We generally limit our investment recommendations to high quality fixed-income investments. We believe that investments in U.S. government obligations present minimal risk of default; those in Federal agencies present risks that are nearly as low, and those in corporate and municipal obligations present some added credit risk. Mortgage-backed securities present risks of uncertain timing of cash flow. In order to manage risks we seek to diversify portfolio holdings and we limit our investments in corporate and municipal obligations to those that are high grade.

2. Multi-Asset Class Asset Management (Discretionary and Nondiscretionary Accounts)

The securities used to execute the investment strategies we employ in this segment are typically mutual funds along with some separate account managers who buy and sell individual securities. The securities and strategies we utilize do not typically involve significant or unusual risks beyond those of the international and domestic equity and fixed income markets, publicly traded real estate, other pooled inflation hedging strategies, and cash-like investments, investors need to recognize that investing in securities involves a risk of loss that you, as an investor, should be prepared to bear. In order to manage the risks inherent in these markets, we employ a diversified approach, blending equity, fixed income, and cash oriented securities, in a manner that meets the client's risk tolerance; the risk of long term losses is reduced. Past performance is not a guarantee of future returns.

Disciplinary Information

Form ADV Part 2A, Item 9

THIS SECTION IS REQUIRED. YOU MAY NOT OMIT THIS HEADING. You must answer each item. If an item is not applicable, you must state that it is not applicable.

If there are legal or disciplinary events that are material to a client's or prospective client's evaluation of your advisory business or the integrity of your management, disclose all material facts regarding those events.

Items 9.A, 9.B, and 9.C list specific legal and disciplinary events presumed to be material for this Item. If your advisory firm or a management person has been involved in one of these events, you must disclose it under this Item for ten years following the date of the event, unless (1) the event was resolved in your or the management person's favor, or was reversed, suspended or vacated, or (2) you have rebutted the presumption of materiality to determine that the event is not material (see Note below). For purposes of calculating this ten-year period, the "date" of an event is the date that the final order, judgment, or decree was entered, or the date that any rights of appeal from preliminary orders, judgments or decrees lapsed.

Items 9.A, 9.B, and 9.C do not contain an exclusive list of material disciplinary events. If your advisory firm or a management person has been involved in a legal or disciplinary event that is not listed in Items 9.A, 9.B, or 9.C, but nonetheless is material to a client's or prospective client's evaluation of your advisory business or the integrity of its management, you must disclose the event. Similarly, even if more than ten years have passed since the date of the event, you must disclose the event if it is so serious that it remains material to a client's or prospective client's evaluation.

A. A criminal or civil action in a domestic, foreign or military court of competent jurisdiction in which your firm or a management person

1. was convicted of, or pled guilty or nolo contendere ("no contest") to (a) any felony; (b) a misdemeanor that involved investments or an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion; or (c) a conspiracy to commit any of these offenses;

Not applicable.

2. is the named subject of a pending criminal proceeding that involves an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses;

Not applicable.

3. was found to have been involved in a violation of an investment-related statute or regulation; or

Not applicable.

4. was the subject of any order, judgment, or decree permanently or temporarily enjoining, or otherwise limiting, your firm or a management person from engaging in any investment-related activity, or from violating any investment-related statute, rule, or order.

Not applicable.

B. An administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority in which your firm or a management person

1. was found to have caused an investment-related business to lose its authorization to do business; or

Not applicable.

2. was found to have been involved in a violation of an investment-related statute or regulation and was the subject of an order by the agency or authority

(a) denying, suspending, or revoking the authorization of your firm or a management person to act in an investment-related business;

Not applicable.

(b) barring or suspending your firm's or a management person's association with an investment-related business;

Not applicable.

(c) otherwise significantly limiting your firm's or a management person's investment-related activities; or

Not applicable.

(d) imposing a civil money penalty of more than \$2,500 on your firm or a management person.

Not applicable.

C. A self-regulatory organization (SRO) proceeding in which your firm or a management person

Not applicable.

1. was found to have caused an investment-related business to lose its authorization to do business; or

Not applicable.

2. was found to have been involved in a violation of the SRO's rules and was: (i) barred or suspended from membership or from association with other members, or was expelled from membership; (ii) otherwise significantly limited from investment-related activities; or (iii) fined more than \$2,500.

Not applicable.

Other Financial Industry Activities and Affiliations

Form ADV Part 2A, Item 10

THIS SECTION IS REQUIRED. YOU MAY NOT OMIT THIS HEADING. You must answer each item. If an item is not applicable, you must state that it is not applicable.

A. If you or any of your management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer, disclose this fact.

Our wholly-owned subsidiary, PFM Fund Distributors, Inc. (PFMFD), is registered as a broker-dealer under the Securities Exchange Act of 1934. Its sole activities are to serve as distributor to the registered investment company and local government investment pools for which we serve as investment adviser and/or administrator. One of the managers of our company, Martin Margolis, is a registered principal of PFMFD.

B. If you or any of your management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities, disclose this fact.

Not applicable.

C. Describe any relationship or arrangement that is material to your advisory business or to your clients that you or any of your management persons have with any related person listed below. Identify the related person and if the relationship or arrangement creates a material conflict of interest with clients, describe the nature of the conflict and how you address it.

1. broker-dealer, municipal securities dealer, or government securities dealer or broker
2. investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund)
3. other investment adviser or financial planner
4. futures commission merchant, commodity pool operator, or commodity trading advisor
5. banking or thrift institution
6. accountant or accounting firm
7. lawyer or law firm
8. insurance company or agency
9. pension consultant
10. real estate broker or dealer
11. sponsor or syndicator of limited partnerships.

1. Our wholly-owned subsidiary, PFM Fund Distributors, Inc. (PFMFD), serves as exclusive distributor to a registered investment company and local government investment pools (Pooled Funds) for which we serve as investment adviser and/or administrator. If our client invests in a Pooled Fund, we disclose this relationship to the client, through the Form ADV Part 2A and the offering statement for the Pooled Fund. In addition, our investment advisory agreement with the client provides that if we invest client assets in a Pooled Fund, we will not take these assets into account for purposes of calculating our fees under the client's investment advisory agreement.

2. We serve as administrator and investment adviser to PFM Funds, a diversified, open-end management registered investment company offering money market funds to governmental entities and other institutional investors. Our wholly-owned subsidiary, PFM Fund Distributors, Inc., serves as distributor for PFM Funds. We also serve as administrator and/or investment adviser to the following local government investment pools:

- California Asset Management Trust (CAMP);
- Florida Education Investment Trust Fund (FEITF) (adviser and distributor only);
- Illinois Institutional Investors Trust (IIIT);

- Illinois Park District Liquid Asset Fund Plus (IPDLAF+);
- Massachusetts Finance Development Agency Short-Term Asset Reserve Fund (MassSTAR);
- Michigan Liquid Asset Fund Plus (MILAF+);
- Minnesota Association of Governments Investing for Counties (MAGIC);
- Minnesota School District Liquid Asset Fund Plus (MSDLAF+);
- Missouri Securities Investment Program (MOSIP);
- Nebraska Liquid Asset Fund (NLAF);
- New Jersey Asset & Rebate Management Program (NJ/ARM);
- Pennsylvania Local Government Investment Trust (PLGIT);
- TexasTERM Local Government Investment Pool (TexasTERM); and
- Wyoming Government Investment Fund (WGIF).

PFMFD serves as distributor to all of these pools except for WGIF. For a further description of this relationship, please refer to Item 10.1.C. above.

Items 3 through 11 are not applicable.

D. If you recommend or select other investment advisers for your clients and you receive compensation directly or indirectly from those advisers that creates a material conflict of interest, or if you have other business relationships with those advisers that create a material conflict of interest, describe these practices and discuss the material conflicts of interest these practices create and how you address them.

We have no arrangements with other investment advisers who compensate us directly or indirectly. As a matter of policy and practice, we do not accept any fees, commissions or other forms of compensation from any underlying money managers or other professionals affiliated with our client's account.

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Form ADV Part 2A, Item 11

THIS SECTION IS REQUIRED. YOU MAY NOT OMIT THIS HEADING. You must answer each item. If an item is not applicable, you must state that it is not applicable.

A. If you are an SEC-registered adviser, briefly describe your code of ethics adopted pursuant to [SEC rule 204A-1](#) or similar state rules. Explain that you will provide a copy of your code of ethics to any client or prospective client upon request.

Under Rule 204A-1 of the Investment Advisers Act of 1940, our employees are subject to our Code of Ethics (Code). Compliance with the Code is a condition of employment for all of our employees.

This Code sets out general ethical standards applicable to our employees. Employees are expected to maintain the highest ethical standards, embody a business culture that supports actions based on what is right rather than expediency, deal fairly with clients and one another, protect confidential information and seek guidance about ethical questions. More specifically with respect to advisory activities, the Code requires that whenever our personnel act in a fiduciary capacity, we will endeavor to consistently put the client's interest ahead of the firm's. We will disclose actual and potential meaningful conflicts of interest. We will manage actual conflicts in accordance with applicable regulatory and legal standards. If applicable regulatory and legal standards do not permit management of a conflict, we will seek to avoid the conflict. We will not engage in fraudulent, deceptive or manipulative conduct with respect to clients. We will act with appropriate care, skill and diligence.

Advisory personnel are required to know when we are acting as a fiduciary with respect to the work they are doing. If we are acting as a fiduciary, they are expected to comply with all fiduciary standards which apply to us in performing their duties. In addition, they must also put the client's interest ahead of their own personal interest. An employee's fiduciary duty is a personal obligation. While advisory personnel may rely upon subordinates to perform many tasks that are part of their responsibilities, they are personally responsible for fiduciary obligations even if carried out through subordinates.

In general, the Code expresses our recognition of our responsibilities to the public, clients and professional associates. Our Code also contains various reporting, disclosure and approval requirements regarding employees' personal securities transactions. The Code requires that our employees whom we deem to be "Access Persons" must report all personal securities transactions, including transactions in mutual funds advised by us, to our Chief Compliance Officer, or to the person he designates. We prohibit our Access Persons from participating in initial public offerings unless our Chief Compliance Officer gives his approval. We also prohibit our employees from purchasing any municipal securities within 60 days of their issue date, if our affiliate, Public Financial Management, Inc., served as financial advisor for the bond issue.

You can receive a copy of our Code by contacting us at One Keystone Plaza, Suite 300, North Front & Market Streets, Harrisburg, PA 17101, by calling 717-231-6200 or by emailing pfmamrequest@pfm.com.

B. If you or a related person recommends to clients, or buys or sells for client accounts, securities in which you or a related person has a material financial interest, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.

Examples: (1) You or a related person, as principal, buys securities from (or sells securities to) your clients; (2) you or a related person acts as general partner in a partnership in which you solicit client investments; or (3) you or a related person acts as an investment adviser to an investment company that you recommend to clients.

Our wholly-owned subsidiary, PFM Fund Distributors, Inc., serves as distributor to a registered investment company and local government investment pools (Pooled Fund) for which we serve as investment adviser and/or administrator. If our client invests in a Pooled Fund, we disclose this relationship to the client, through

this Form ADV Part 2A and the Pooled Fund's offering document. In addition, our investment advisory agreement with the client provides that if we invest the client's assets in a Pooled Fund, we will not take these assets into account for purposes of calculating our fees under the agreement.

C. If you or a related person invests in the same securities (or related securities, e.g., warrants, options or futures) that you or a related person recommends to clients, describe your practice and discuss the conflicts of interest this presents and generally how you address the conflicts that arise in connection with personal trading.

On infrequent occasions, our employees may invest in securities that coincidentally we also recommend for purchase or sale in our client accounts. The fixed-income and multi-asset class management securities we recommend for purchase and sale are of the type which the Securities and Exchange Commission has expressly recognized as presenting little opportunity for the type of improper trading which compliance with the Code of Ethics reporting requirements is designed to uncover. Further, our employees are subject to our Code of Ethics described in Item 11.A. above, and because our personnel are acting in a fiduciary capacity, we endeavor to put the client's interests ahead of the firm's with respect to the purchase and sale of securities.

D. If you or a related person recommends securities to clients, or buys or sells securities for client accounts, at or about the same time that you or a related person buys or sells the same securities for your own (or the related person's own) account, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.

On infrequent occasions, our personnel may buy or sell a security for their own accounts, which coincidentally is being purchased or sold for the accounts of our clients. The fixed-income and multi-asset class management securities we recommend for purchase and sale are of the type which the Securities and Exchange Commission has expressly recognized as presenting little opportunity for the type of improper trading which compliance with the Code of Ethics reporting requirements is designed to uncover. As noted above, whenever our personnel act in a fiduciary capacity, we will endeavor to consistently put the client's interest ahead of the firm's.

Brokerage Practices

Form ADV Part 2A, Item 12

THIS SECTION IS REQUIRED. YOU MAY NOT OMIT THIS HEADING. You must answer each item. If an item is not applicable, you must state that it is not applicable.

A. Describe the factors that you consider in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

1. Research and Other Soft Dollar Benefits. If you receive research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions ("soft dollar benefits"), disclose your practices and discuss the conflicts of interest they create.

We generally exercise brokerage discretion as follows: if a client provides us with an approved list of brokers and dealers, we place all orders for the purchase or sale of securities for the client's account with brokers or dealers which the client selects from the list. Under these circumstances, the client and the broker or dealer determines the commission rates. Typically, our clients allow us to choose the broker or dealer to execute the trades. In these situations, we deal with brokers and dealers whom we determine to be major market makers for the types of securities purchased or sold.

The factors that we may consider in selecting or recommending a particular broker or dealer include: Our knowledge of negotiated commission rates currently available and other current transaction costs; the nature of the portfolio transaction; the size of the transaction; the desired timing of the trade; the activity existing and expected in the market for the particular transaction; confidentiality; the execution, clearance and settlement capabilities of the firms; the availability of research and research related services provided through such firms (as discussed below); our knowledge of the financial stability of the firms; and our knowledge of actual or apparent operational problems of firms. Given these factors, our clients may pay transaction costs in excess of that which another firm might have charged for effecting the same transaction. Reviews are conducted periodically of the allocation among firms to review the transaction costs that clients are charged.

We receive competitive bids or offers for securities sales and purchases whenever feasible and use electronic trading platforms for a majority of trades to facilitate market access and in an effort to minimize transaction costs.

When we select or recommend a firm that executes orders or is a party to portfolio transactions, relevant factors taken into consideration may also include whether that firm has furnished research and research related products and/or services. We receive a broad range of research services, including information on the economy, industries, groups of securities and individual companies, statistical information, market data, accounting and tax law interpretations, political developments, pricing and appraisal services, credit analysis, risk measurement analysis, performance analysis and other information which may affect the economy and/or security prices. Research services may be received in the form of written reports, periodicals, investment seminars, software, and electronic access to, and telephone contacts and personal meeting with, security analysts, economists, government representatives, and corporate and industry spokespersons. They also may consist of computer databases. In some cases, research services may be generated by third parties in exchange for directing brokerage business to the firm. Currently, as a matter of policy, we do not enter into any third party or proprietary soft dollar arrangements where a broker-dealer provides research services in exchange for an expectation of receiving a certain dollar amount of commissions.

From time to time some of these brokers offer us market commentary and data and statistical research reports as to factors which may influence market price movements. We believe that this information improves the quality of our investment and trading decisions for the benefit of all of our clients. We obtain express authorization from our client to consider direct brokerage factors (efficiency of execution and commission) in selecting a broker or dealer, and to consider the furnishing of statistical research and other information services by the broker or dealer. It is possible that the use of any these particular brokerage firms may result from time

to time in a less favorable price for a particular transaction than if we canvassed a broader range of brokers. However, we believe that the practice of taking into account the furnishing of market information is reasonable in light of our position as a regular, and generally exclusive, investment adviser for our institutional clients. We have no agreement, understanding or other arrangement, either internal or with brokers and/or dealers, which would influence the allocation of securities transactions among brokers and/or dealers.

a. Explain that when you use client brokerage commissions (or markups or markdowns) to obtain research or other products or services, you receive a benefit because you do not have to produce or pay for the research, products or services.

As explained in Item 12.A.1. above, we do not use client brokerage commissions (or markups or markdowns) to obtain research or other products or services.

b. Disclose that you may have an incentive to select or recommend a broker-dealer based on your interest in receiving the research or other products or services, rather than on your clients' interest in receiving most favorable execution.

We obtain express authorization from our client to consider direct brokerage factors (efficiency of execution and commission) in selecting a broker or dealer, and to consider the furnishing of statistical research and other information services by the broker or dealer. It is possible that the use of any of these particular brokerage firms may result from time to time in a less favorable price for a particular transaction than if we canvassed a broader range of brokers. However, we believe that the practice of taking into account the furnishing of market information is reasonable in light of our position as a regular, and generally exclusive, investment adviser for our institutional clients.

For fixed income securities, we seek to minimize the effect, if any, of research on the transaction costs by using competitive bids and offers and involving major market makers wherever feasible.

For multi-asset class management strategies, we do not exercise discretion in the selection of brokers or dealers to effect transactions. We typically rely on the client's direction on the selection of the broker or dealer.

c. If you may cause clients to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up), disclose this fact.

Our clients provide us with express authorization to consider direct brokerage factors (efficiency of execution and commission) in selecting a broker or dealer, and to consider the furnishing of statistical research and other information services by the broker or dealer. It is possible that the use of any of these particular brokerage firms may result from time to time in a less favorable price for a particular transaction than if we canvassed a different broker. Currently, as a matter of policy, we do not enter into any soft dollar arrangements where a broker-dealer provides us with soft dollar benefits in exchange for charging commissions (or markups or markdowns) higher than those charged by other broker-dealers.

d. Disclose whether you use soft dollar benefits to service all of your clients' accounts or only those that paid for the benefits. Disclose whether you seek to allocate soft dollar benefits to client accounts proportionately to the soft dollar credits the accounts generate.

We believe the market commentary and data and statistical research reports we receive improves the quality of our investment and trading decisions for the benefit of all of our clients.

e. Describe the types of products and services you or any of your related persons acquired with client brokerage commissions (or markups or markdowns) within your last fiscal year.

Not applicable.

f. Explain the procedures you used during your last fiscal year to direct client transactions to a particular broker-dealer in return for soft dollar benefits you received.

Not applicable.

2. Brokerage for Client Referrals. If you consider, in selecting or recommending broker-dealers, whether you or a related person receives client referrals from a broker-dealer or third party, disclose this practice and discuss the conflicts of interest it creates.

a. Disclose that you may have an incentive to select or recommend a broker-dealer based on your interest in receiving client referrals, rather than on your clients' interest in receiving most favorable execution.

Not applicable.

b. Explain the procedures you used during your last fiscal year to direct client transactions to a particular broker-dealer in return for client referrals.

Not applicable.

3. Directed Brokerage.

a. If you routinely recommend, request or require that a client direct you to execute transactions through a specified broker-dealer, describe your practice or policy. Explain that not all advisers require their clients to direct brokerage. If you and the broker-dealer are affiliates or have another economic relationship that creates a material conflict of interest, describe the relationship and discuss the conflicts of interest it presents. Explain that by directing brokerage you may be unable to achieve most favorable execution of client transactions, and that this practice may cost clients more money.

As a matter of policy, we do not recommend, request or require a client to direct us to execute transactions through a specified broker-dealer.

b. If you permit a client to direct brokerage, describe your practice. If applicable, explain that you may be unable to achieve most favorable execution of client transactions. Explain that directing brokerage may cost clients more money. For example, in a directed brokerage account, the client may pay higher brokerage commissions because you may not be able to aggregate orders to reduce transaction costs, or the client may receive less favorable prices.

If a client provides us with an approved list of brokers and dealers, we place all orders for the purchase or sale of securities for the client's account with brokers or dealers which the client selects from the list. Under these circumstances, the client and the broker or dealer determines the commission rates. Because the client and the broker or dealer determines the commission rate, there is no ability on our part to achieve the most favorable execution of the transaction.

B. Discuss whether and under what conditions you aggregate the purchase or sale of securities for various client accounts. If you do not aggregate orders when you have the opportunity to do so, explain your practice and describe the costs to clients of not aggregating.

We may cause securities transactions to be executed for a client's account concurrently with authorizations to purchase or sell the same securities for other accounts we manage. It is our policy to aggregate the purchase or sale of securities for various client accounts. Each client participating in an aggregate transaction will participate at the same price. We normally allocate pro rata the securities to the participating client accounts in proportion to the size of the orders placed for each account, to the extent that we can. We may increase or decrease the amount of securities allocated to a client if necessary to avoid odd-lots in a particular security.

Review of Accounts

Form ADV Part 2A, Item 13

THIS SECTION IS REQUIRED. YOU MAY NOT OMIT THIS HEADING. You must answer each item. If an item is not applicable, you must state that it is not applicable.

A. Indicate whether you periodically review client accounts or financial plans. If you do, describe the frequency and nature of the review, and the titles of the supervised persons who conduct the review.

We review our short term fixed income accounts daily. We generally review securities portfolios with a longer time horizon weekly. Investment committees consisting of senior portfolio managers, senior research staff and our chief investment officer meet approximately monthly to assess economic and market conditions and set overall direction for portfolio managers.

We monitor the performance of investment consulting accounts for pension and similar plans and investment sub-advisers in a manager of managers account on at least a monthly basis to determine whether the assets or investment sub-advisers are performing in line with expectations and are meeting the individual needs of the clients. On a quarterly basis, we value the assets in these accounts and compare the asset allocation of the portfolio to the target allocation. At that time, we will recommend to the client any material asset allocation adjustments or changes in investment sub-advisers. For these accounts, at least annually we consult with our client and conduct a review of the client's objectives and risk tolerance, and make any necessary changes to the asset allocation mix within the portfolio.

We monitor the performance of multi-asset class accounts, including our Managed Accounts Program (MAP), on at least a quarterly basis to determine whether the underlying investments selected are performing in line with expectations and are meeting the needs of the individual client. We provide our multi-asset class clients a quarterly analysis of the performance of the underlying funds in which the client's assets are invested and of any reallocation of assets among these underlying funds. At least annually, we will consult with the client to determine whether there are reasons to revise the client's target investment strategy. The custodian of our multi-asset class portfolio clients, including our MAP clients, provides each client with a monthly statement of account detailing the client's month-end balances and any transactions which occurred during the month. We review such statements monthly to determine whether transactions executed by the custodian are in agreement with any instructions which we or the client provided.

B. If you review client accounts on other than a periodic basis, describe the factors that trigger a review.

Sudden changes in financial market conditions, general economic conditions, and/or the movement of a particular portfolio security through a price support or resistance level may trigger a review. Accounts are reviewed by a principal or a portfolio manager in consultation with one of our principals. Normally, we sequence account reviews in a manner that provides for first review of the accounts that have the greatest potential exposure to the effects of the event which triggers the review.

C. Describe the content and indicate the frequency of regular reports you provide to clients regarding their accounts. State whether these reports are written.

We furnish monthly account summaries to each fixed income portfolio client with assets under continuous management. The summaries include details of all transactions and holdings at the end of the period. We also provide account summaries on a daily basis on the Internet. We may also provide an investment advice memorandum upon advising and/or completing any transaction. Pursuant to our investment advisory agreements, we may also provide quarterly performance and economic reviews for some clients. For multi-asset class portfolio clients, including clients in our Managed Accounts Program, the Program's custodian provides monthly statements of accounts and we provide quarterly performance reports.

Client Referrals and Other Compensation

Form ADV Part 2A, Item 14

THIS SECTION IS REQUIRED. YOU MAY NOT OMIT THIS HEADING. You must answer each item. If an item is not applicable, you must state that it is not applicable.

A. If someone who is not a client provides an economic benefit to you for providing investment advice or other advisory services to your clients, generally describe the arrangement, explain the conflicts of interest, and describe how you address the conflicts of interest. For purposes of this Item, economic benefits include any sales awards or other prizes.

Not applicable.

B. If you or a related person directly or indirectly compensates any person who is not your supervised person for client referrals, describe the arrangement and the compensation.

We have arrangements with third parties who serve as solicitors for our investment advisory services. These solicitors may help us by identifying clients that might benefit from our services, introducing our personnel to these potential clients and attending meetings to explain our services. We pay these solicitors a fee for these services under terms of their contracts with us. Under the arrangements we generally pay the solicitor a percentage of the investment advisory fee payable to us by the client, or a flat monthly fee. These solicitors are not our employees. We assume this fee as an overall cost of our business and we do not charge any differential or adjust our fees charged to specific clients where a solicitor is involved.

Custody

Form ADV Part 2A, Item 15

THIS SECTION IS REQUIRED. YOU MAY NOT OMIT THIS HEADING. You must answer each item. If an item is not applicable, you must state that it is not applicable.

If you have custody of client funds or securities and a qualified custodian sends quarterly, or more frequent, account statements directly to your clients, explain that clients will receive account statements from the broker-dealer, bank or other qualified custodian and that clients should carefully review those statements. If your clients also receive account statements from you, your explanation must include a statement urging clients to compare the account statements they receive from the qualified custodian with those they receive from you.

We do not have custody of client funds or securities.

Investment Discretion

Form ADV Part 2A, Item 16

THIS SECTION IS REQUIRED. YOU MAY NOT OMIT THIS HEADING. You must answer each item. If an item is not applicable, you must state that it is not applicable.

If you accept discretionary authority to manage securities accounts on behalf of clients, disclose this fact and describe any limitations clients may (or customarily do) place on this authority. Describe the procedures you follow before you assume this authority (e.g., execution of a power of attorney).

We offer discretionary advisory services with respect to a client's investable assets. When a client gives us investment discretion, we then have the authority to determine, without obtaining their specific approval, (1) the specific securities to be bought and sold, (2) the amount of securities to be bought and sold and (3) the broker or dealer through which the securities are bought or sold. These decisions are subject to limitations of state law and any other restrictions in the contract with our client, or in our client's investment policies. Our clients typically grant us discretionary authority in the investment advisory agreement which we enter into with the clients.

Many of our clients have developed their own investment policies, which contain restrictions on the types and credit quality of investments. We agree contractually to follow those guidelines. In addition, many of our clients are subject to state investment statutes, which we comply with.

Voting Client Securities

Form ADV Part 2A, Item 17

THIS SECTION IS REQUIRED. YOU MAY NOT OMIT THIS HEADING. You must answer each item. If an item is not applicable, you must state that it is not applicable.

A. If you have, or will accept, authority to vote client securities, briefly describe your voting policies and procedures, including those adopted pursuant to [SEC rule 206\(4\)-6](#). Describe whether (and, if so, how) your clients can direct your vote in a particular solicitation. Describe how you address conflicts of interest between you and your clients with respect to voting their securities. Describe how clients may obtain information from you about how you voted their securities. Explain to clients that they may obtain a copy of your proxy voting policies and procedures upon request.

We provide to certain of our clients discretionary investment advice on securities which are mutual funds. These mutual funds send us proxies which we vote on behalf of these discretionary clients, if they have given us the authorization to vote them. We also occasionally receive consent requests. Generally, we arrange for our portfolio manager overseeing the client's investments to be responsible for making all proxy voting decisions. We seek to vote proxy proposals, consents or resolutions in a manner that serves the best interests of our clients. When reviewing whether a proposed action would be in our client's best interests, we take into account the following factors:

- The impact on the valuation of securities;
- The anticipated costs and benefits associated with the proposal;
- An increase or decrease in costs, particularly management fees, of investment in the securities;
- The effect on liquidity; and
- Customary industry and business practices.

In reviewing proxy issues of the type described below, we will apply the following general principles:

- With respect to an election of directors, we will typically vote in favor of the management-proposed slate of directors, unless there is a proxy contest for seats on the board of a portfolio fund or other important reasons for withholding votes for directors. We may abstain if there is insufficient information about the nominees disclosed in the proxy statement.
- Similarly, we will also generally support management's recommendation for the appointment of auditors, unless there are reasons for us to question the independence or performance of the nominees.
- We will vote in accordance with management's recommendations on issues that are technical and administrative in nature, such as changes to increase the number of directors or to adopt term limits. However, we review and vote on a case-by-case basis any non-routine proposals which are likely to affect the structure and operation of the portfolio company. Examples of these types of proposals include any limitations on shareholder rights, or those which have a material economic effect on the company.
- We will generally vote in favor of proposals that give shareholders a greater vote in the affairs of the company and oppose any measure that seeks to limit those rights.
- We also support proposals promoting transparency and accountability within a company to ensure that the directors fulfill their obligations to shareholders.
- We review proposals that result in an increase of compensation to investment advisors and other service providers of portfolio mutual funds on a case-by-case basis, with particular emphasis on the

relative performance of the fund.

- We also review proposals relating to executive compensation plans to ensure that the long-term interests of management and shareholders are properly aligned.
- We generally oppose proposals to give shareholders the right to vote on executive compensation.

These policies are not exhaustive due to the variety of proxy voting issues that we may be required to consider.

With the exception of a client's shareholdings in a registered investment company and certain local government investment pools for which we provide services, a conflict of interest between us, and a client whose investments are managed by us, is unlikely. We are the investment advisor to a federally registered money market investment company and to several local government investment pools (Pooled Funds). We receive no investment advisory fee from a client respecting client assets which we invest in Pooled Funds. In regard to the voting of securities in Pooled Funds for which we are the investment advisor (or where it would appear that we have an interest), we apply the following principles:

- If the proposal relates to the matters in which the outcome does not directly affect us, we will follow our general voting policies.
- If the proxy proposal relates to a transaction which directly affects us, or otherwise requires a case-by-case determination by us under our voting policies, we will seek the advice either of the managers of the client or of a qualified, independent third party, and we will submit the proxy statement to them. We will then follow the decision of our client's management or the recommendation of the third party in voting the proxy.

We maintain records relating to all proxy voting for 5 years. We will provide to any client information as to how we voted proxies for securities in the client's account. Our Proxy Voting Policy is available upon request by contacting us at One Keystone Plaza, Suite 300, North Front & Market Streets, Harrisburg, PA 17101, by calling 717-231-6200 or by emailing pfmamrequest@pfm.com.

B. If you do not have authority to vote client securities, disclose this fact. Explain whether clients will receive their proxies or other solicitations directly from their custodian or a transfer agent or from you, and discuss whether (and, if so, how) clients can contact you with questions about a particular solicitation.

Under certain of our engagements, we do not assume the responsibility for voting proxies on client securities. The clients make arrangements to receive proxies from their custodian. In the event that we receive a proxy and we do not have authority to vote it, we forward it to our client. Clients may contact the portfolio manager for their account if they have questions about a particular solicitation.

Financial Information

Form ADV Part 2A, Item 18

THIS SECTION IS REQUIRED. YOU MAY NOT OMIT THIS HEADING. You must answer each item. If an item is not applicable, you must state that it is not applicable.

A. If you require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, include a balance sheet for your most recent fiscal year.

1. The balance sheet must be prepared in accordance with generally accepted accounting principles, audited by an independent public accountant, and accompanied by a note stating the principles used to prepare it, the basis of securities included, and any other explanations required for clarity.

Not applicable.

2. Show parenthetically the market or fair value of securities included at cost.

Not applicable.

3. Qualifications of the independent public accountant and any accompanying independent public accountant's report must conform to [Article 2 of SEC Regulation S-X](#).

Not applicable.

B. If you have discretionary authority or custody of client funds or securities, or you require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, disclose any financial condition that is reasonably likely to impair your ability to meet contractual commitments to clients.

Not applicable.

C. If you have been the subject of a bankruptcy petition at any time during the past ten years, disclose this fact, the date the petition was first brought, and the current status.

If you are registering or are registered with one or more state securities authorities, you must respond to the following additional Item.

Not applicable.

PFM Asset Management LLC

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3/31/2011

FORM ADV PART 2 APPENDIX 1 WRAP FEE PROGRAM BROCHURE

This wrap fee program brochure provides information about the qualifications and business practices of PFM Asset Management LLC. If you have any questions about the contents of this brochure, please contact us at pfmamrequest@pfm.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about PFM Asset Management LLC is also available on the SEC's website at www.adviserinfo.sec.gov. The searchable IARD/CRD number for PFM Asset Management LLC is 122141.

PFM Asset Management LLC is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

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Services, Fees and Compensation

Form ADV Part 2A, Appendix 1, Item 4

THIS SECTION IS REQUIRED. YOU MAY NOT OMIT THIS HEADING. You must answer each item. If an item is not applicable, you must state that it is not applicable.

A. Describe the services, including the types of portfolio management services, provided under each program. Indicate the wrap fee charged for each program or, if fees vary according to a schedule, provide your fee schedule. Indicate whether fees are negotiable and identify the portion of the total fee, or the range of fees, paid to portfolio managers.

INTRODUCTION

PFM Asset Management LLC (PFMAM), a Delaware limited liability company, sponsors a wrap fee program called the Managed Accounts Program (the Program) under which investment advice, custody services, and other administrative services are provided to you for an all-inclusive wrap fee (Wrap Fee). The Program will offer you access to a variety of investment managers through mutual funds or other investment vehicles (Portfolio Managers) suitable for implementing an investment strategy. We will assist you in developing or updating an investment policy, developing an asset allocation, and implementing the investment strategy. We will manage your account (Account) on a discretionary basis and select the Portfolio Managers with which your Account will be invested and in what amounts. We will use a questionnaire to be completed by you (the Portfolio Planning Survey) to determine your eligibility for the Program and to determine the investment strategy in which your Account should be invested. If your Account relates to an other post employment benefit (OPEB) plan or trust, we will also assist you with pre-funding structuring advice for a consulting fee as described in below.

U.S. Bank National Association (the Custodian) will provide custody of securities and cash balances, and certain record keeping, reporting and administrative services to and/or on behalf of you, which may include execution, clearance and settlement of securities transactions, and benefit payment services for retirement plans.

PROGRAM SERVICES

The following describes the Program and the services offered to you if you participate in the Program. Each participant in the Program is responsible only for the performance of its Program-related duties and not for those of any other participant.

1. For OPEB: Pre-Funding Consulting

If you plan to use the Program for OPEB assets, we will work with you to develop a comprehensive report detailing a variety of funding scenarios (Scenarios) that include potential budget and cash flow implications of the Scenarios and compare them to one another. The Scenarios may include sample debt funding, cash flow funding and lump sum funding alternatives and Scenarios that include combinations of these funding alternatives. We will also help you identify the appropriate means to hold and invest your OPEB assets. These alternatives may include pay as you go funding, dedicated fund balances, and a variety of trust alternatives. Finally, the report will provide examples of asset allocations for the account. The investment alternatives will include probabilities for meeting different investment rates of return based on historical performance.

In addition to the comprehensive report, we may upon request provide you with introductions to other professional service providers (e.g., actuaries, attorneys). We will not be compensated for these introductions, nor will you be required to utilize services of these providers.

2. Selecting a Portfolio Manager

We have selected certain Portfolio Managers for inclusion in the Program. Before including them in the Program, we screen the Portfolio Managers based on a variety of criteria, utilizing third-party resources, information provided by the Portfolio Managers and our own information and analysis. Once selected for the Program, we monitor Portfolio Managers using the same criteria. We may terminate a Portfolio Manager from the Program in our discretion if the Portfolio Manager's investment performance fails to meet our expectations or if we identify a material change in the Portfolio Manager's investment style or capabilities.

We may add additional Portfolio Managers, which may include Portfolio Managers with different fees and/or different strategies (including multi-discipline strategies), to the Program at any time.

We will work with you to prepare an investment policy statement (the Investment Policy Statement) and an asset allocation study which we will use in managing your Account. Your completed Portfolio Planning Survey gives us important information about your Account's circumstances, investment objectives and risk/return characteristics (collectively, Fund Information). We will evaluate your Portfolio Planning Survey, Investment Policy Statement and asset allocation study results for suitability with the Program. We then will determine whether to accept your Account based on your Fund Information and any other factors we deem appropriate. Once we have approved your Portfolio Planning Survey, we will manage the assets in your Account on a discretionary basis.

You will have a separate Account and Account number for each plan or fund.

We will assist you in completing the Portfolio Planning Survey. We also will furnish you with the other materials relating to the Program, including Part 2 of our Form ADV. The Form ADV describes the investment advisory services we offer and other related information.

You will be notified if it is determined that you are not eligible to participate in the Program or that your Fund Information is inconsistent with the Program and its corresponding investment strategies.

3. Your Portfolio Manager and the Management of Your Account

We will assist you in opening your Account, will review your Investment Policy Statement and the results of your Portfolio Planning Survey, and will buy and sell and trade for your risk the assets in your Account in accordance with the terms stated in your Investment Advisory Agreement with us. We will have the discretion to manage your Account (*i.e.*, to act on your behalf without prior consultation with you). You may, however, impose reasonable restrictions on our management of your Account. For example, you may specify certain asset classes or sub-asset classes that you do not want us to acquire for your Account. We will determine whether any restriction you request is reasonable. You will not be permitted to engage directly in transactions for your Account under the Program.

The Custodian will execute and clear trades and act as the custodian for your Account. You will have access to your Account and receive information about your Account as set forth below.

If you wish to transfer any of your assets out of the Program, you should contact us or the Custodian and we or the Custodian will advise you about how to transfer assets.

Under the Program, except as otherwise specifically waived or agreed to by you, you retain the following rights to the same extent as if you held the assets in an account outside of the Program: (a) the right to withdraw securities or cash from your Account; (b) the right to vote, or delegate the authority to vote, the securities in your Account; (c) the right to be provided in a timely manner with written trade confirmations for all securities transactions in your Account, and all other documents required by law to be given to security holders; and (d) the right to proceed directly against an issuer of any security in your Account and not be obligated to join any other person or client of the Program as a condition of bringing a proceeding.

You should promptly notify us in writing if you want to revise your answers in the Portfolio Planning Survey, if you want to impose any reasonable restrictions, or modify any existing restrictions, on the management of your Account, or if there have otherwise been any material changes in your Fund Information. At least annually, we

will contact you to change or confirm existing investment objectives. We will have personnel who are knowledgeable about your Account reasonably available to you on an ongoing basis for consultation.

4. Account Information and Reporting

The Custodian will furnish you (or someone you designate) with a monthly Account statement showing holdings and all securities transactions in your Account and a quarterly Account review. In the Custody Agreement, you will authorize the Custodian to send us duplicate copies of trade confirmations, Account statements and reviews and any other applicable Account information. At a web site operated by the Custodian, you will be able to see trading history, positions and executions of trades online as of the prior business day.

We calculate the rate of return performance for your Account using data provided by the Custodian, and we report such performance to you quarterly. We calculate your Account's rate of return performance in a manner consistent with the Global Investment Performance Standards (GIPS) of the CFA Institute, unless otherwise indicated. In reviewing, compiling and analyzing Portfolio Manager performance as it relates to the Program, we, among other things, compare the data collected on the Portfolio Manager to indices and benchmarks. We will periodically review the performance of the mutual funds or other investment vehicles in which your assets are invested. We will prepare and distribute Program level performance reports which address the performance of these funds.

PROGRAM FEE

For the services provided by the Portfolio Managers, the Custodian and us, you will be charged a Wrap Fee in accordance with the schedule below. The fee is negotiable.

	Annual Rate
First \$5,000,000 of assets	1.00%
Next \$5,000,000	0.85%
Next \$10,000,000	0.75%
Assets in excess of \$20,000,000	0.60%

This schedule applies only to Accounts having assets of \$1,000,000 or more; if and for so long as such assets are less than \$1,000,000, the Wrap Fees will be at an annual rate of 1.25%, unless a minimum flat advisory fee is negotiated, instead of a wrap fee at this increased annual rate.

The Wrap Fee will be charged on the net market value of assets in your Account as determined by the Custodian on the last day of the month. The Wrap Fee will compensate us and cover the costs of Portfolio Managers, custody and certain other Program costs.

The underlying investment options of the Program will generally be mutual funds. The mutual fund Portfolio Managers will be compensated by the respective mutual funds at fees that are included in the mutual funds' expense ratio. Where offered and available to the Program, we will select institutionally priced share classes of funds. Clients will not be separately billed for these services. It is anticipated that the weighted average expense ratio for all mutual funds in the Program will be in the range of 0.35% to 0.50%.

The portion of the total fees retained by us will generally range from 0.65% to 0.15%. We are compensated for investment consulting, selection and monitoring of investment options, Program administration and marketing, client services, and other related duties.

From our portion of the Wrap Fee we will pay the fee of the Custodian for custody and benefit payment services. These services are provided by U.S. Bank National Association. Fees for these services will range between 0.05% and 0.25%.

The Wrap Fee will be charged on a calendar month basis, in arrears. The portion of the Wrap Fee paid to Portfolio Managers of mutual funds will be in the form of the expense ratios and is deducted automatically from the assets invested in the funds. We receive the remainder of the Wrap Fee from which we pay the Custodian

pursuant to our agreements with the Custodian.

The Investment Advisory Agreement between you and us will authorize us to deduct, unless otherwise instructed by you, the monthly Wrap Fee (and all other charges payable under the Program) from the assets in your Account, retain a portion as our fee and distribute the fees that are due to the Portfolio Managers (for vehicles other than mutual funds) and the Custodian. You authorize us, if necessary, to liquidate assets in your Account in order to make cash available for such payments. We will select the assets to be liquidated.

The monthly Wrap Fee payments will be charged on the Account's net market value as determined by the Custodian on the last business day of the month. For each addition to, or withdrawal from, your Account, the Wrap Fee payment will be adjusted in the next month. We may modify the Wrap Fee Schedule upon 30 days' prior written notice to you.

Fee Adjustments for OPEB Accounts

With respect to OPEB funds, we may provide Pre-Funding Consulting for a flat fee ranging from \$10,000 to \$20,000. If you engage us to provide the ongoing Account management services and you fund the Account with at least \$5,000,000 in initial funding, we may reimburse the Account for the initial flat fee in equal installments over the first year of the Account's existence. However, if the Account falls below \$5,000,000 in funding during the first year, the reimbursement will be discontinued.

B. Explain that the program may cost the client more or less than purchasing such services separately and describe the factors that bear upon the relative cost of the program, such as the cost of the services if provided separately and the trading activity in the client's account.

Your Portfolio Managers will receive compensation as a result of your participation in the Program. This compensation comes in the form of the mutual fund's expense ratio and is not billed separately by the Program. The amount of your Portfolio Managers' compensation may be more or less than the amount your Portfolio Managers would receive if you paid separately for investment advice, brokerage and other services similar to the services provided to you under the Program.

The Wrap Fee charged to you in the Program may be more or less than the cost of separately purchasing services similar to the Program's services, as in an arrangement involving a separate fee for investment advice and a separate fee for custody services. Generally, the factors that bear upon the relative costs of an investment program include the assets managed, the costs of the specific services provided and the amount of trading activity in an account.

C. Describe any fees that the client may pay in addition to the wrap fee, and describe the circumstances under which clients may pay these fees, including, if applicable, mutual fund expenses and mark-ups, markdowns, or spreads paid to market makers.

The Wrap Fee includes all fees and charges by the Portfolio Managers, the Custodian and us for services in connection with the Program (including investment management fees payable to Portfolio Managers, brokerage commissions, quarterly and annual report charges, and custodial charges, if applicable) except for charges, if any, related to redemption of mutual fund shares that are paid to the fund and not incorporated into its expense ratio, certain fees, such as front-end or back-end sales charges, or certain charges associated with securities transactions imposed by regulatory authorities. The Wrap Fee does not include fees related to actuarial, accounting, trustee, auditing or legal services required by your Account or any other charges imposed by law.

D. If the person recommending the wrap fee program to the client receives compensation as a result of the client's participation in the program, disclose this fact. Explain, if applicable, that the amount of this compensation may be more than what the person would receive if the client participated in your other programs or paid separately for investment advice, brokerage, and other services. Explain that the person, therefore, may have a financial incentive to recommend the wrap fee program over other programs or services. Describe the types of advisory services you offer. If you hold yourself out as specializing in a particular type of advisory service, such as financial planning, quantitative analysis, or market timing, explain the nature of that service in

greater detail. If you provide investment advice only with respect to limited types of investments, explain the type of investment advice you offer, and disclose that your advice is limited to those types of investments.

Not applicable, as we are no longer marketing the Program.

Account Requirements and Types of Clients

Form ADV Part 2A, Appendix 1, Item 5

THIS SECTION IS REQUIRED. YOU MAY NOT OMIT THIS HEADING. You must answer each item. If an item is not applicable, you must state that it is not applicable.

If a wrap fee program imposes any requirements to open or maintain an account, such as a minimum account size, disclose these requirements. If there is a minimum amount for assets placed with each portfolio manager as well as a minimum account size for participation in the wrap fee program, disclose and explain these requirements. To the extent applicable to your wrap fee program clients, describe the types of clients to whom you generally provide investment advice, such as individuals, trusts, investment companies, or pension plans.

We will use your Portfolio Planning Survey to determine whether you are eligible for the Program and which Program asset allocation would be suitable for your Account. The Program is open to all of our clients (assuming they satisfy the minimum account size eligibility criteria described below) and is intended for pension, endowment, foundation, trust, OPEB and other long-term accounts. To participate in the Program, you must complete a Portfolio Planning Survey and sign an Investment Advisory Agreement and a Custody Agreement. The terms of your Investment Advisory Agreement and Custody Agreement will govern your participation in the Program. You should read carefully all of the Program materials and information before deciding to join the Program.

You must fund your Program Account with at least \$100,000. You may add assets to or withdraw assets from your Account. However, if a withdrawal at any time causes your Account to have a value of less than \$100,000, we may close your Account at our discretion.

Portfolio Manager Selection and Evaluation

Form ADV Part 2A, appendix 1, Item 6

THIS SECTION IS REQUIRED. YOU MAY NOT OMIT THIS HEADING. You must answer each item. If an item is not applicable, you must state that it is not applicable.

A. Describe how you select and review portfolio managers, your basis for recommending or selecting portfolio managers for particular clients, and your criteria for replacing or recommending the replacement of portfolio managers for the program and for particular clients.

We have selected certain Portfolio Managers for inclusion in the Program. Before including them in the Program, we screen the Portfolio Managers based on a variety of criteria, utilizing third-party resources, information provided by the Portfolio Managers and our own information and analysis. Once we have selected Portfolio Managers for the Program, we monitor them using the same criteria. We may terminate a Portfolio Manager from the Program in our discretion if the Portfolio Manager's investment performance fails to meet our expectations or if we identify a material change in the Portfolio Manager's investment style or capabilities.

We may add additional Portfolio Managers, which may include Portfolio Managers with different fees and/or different strategies (including multi-discipline strategies), to the Program at any time.

1. Describe any standards you use to calculate portfolio manager performance, such as industry standards or standards used solely by you.

We calculate the rate of return performance for your Account using data provided by the Custodian, and we report the performance to you quarterly. We will periodically review the performance of the mutual funds or other investment vehicles in which your assets are invested. We will prepare and distribute Program level performance reports which address the performance of these funds. We calculate your Account's rate of return performance in a manner consistent with the Global Investment Performance Standards (GIPS) of the CFA Institute, unless otherwise indicated.

2. Indicate whether you review, or whether any third-party reviews, performance information to determine or verify its accuracy or its compliance with presentation standards. If so, briefly describe the nature of the review and the name of any third party conducting the review.

In reviewing, compiling and analyzing Portfolio Manager performance as it relates to the Program, we, among other things, compare the data collected on the Portfolio Manager to indices and benchmarks.

3. If applicable, explain that neither you nor a third-party reviews portfolio manager performance information, and/or that performance information may not be calculated on a uniform and consistent basis.

Not applicable.

B. Disclose whether any of your related persons act as a portfolio manager for a wrap fee program described in the wrap fee program brochure. Explain the conflicts of interest that you face because of this arrangement and describe how you address these conflicts of interest. Disclose whether related person portfolio managers are subject to the same selection and review as the other portfolio managers that participate in the wrap fee program. If they are not, describe how you select and review related person portfolio managers.

We do not act as a Portfolio Manager for the Program.

C. If you, or any of your supervised persons covered under your investment adviser registration, act as a portfolio manager for a wrap fee program described in the wrap fee program brochure, respond to Items 4.B, 4.C, 4.D (Advisory Business), 6 (Performance-Based Fees and Side-By-Side Management), 8.A (Methods of Analysis, Investment Strategies and Risk of Loss) and 17 (Voting Client Securities) of Part 2A of Form ADV. you or any of your supervised persons accepts performance-based fees – that is, fees based on a share of capital

gains on or capital appreciation of the assets of a client (such as a client that is a hedge fund or other pooled investment vehicle) – disclose this fact. If you or any of your supervised persons manage both accounts that are charged a performance-based fee and accounts that are charged another type of fee, such as an hourly or flat fee or an asset-based fee, disclose this fact. Explain the conflicts of interest that you or your supervised persons face by managing these accounts at the same time, including that you or your supervised persons have an incentive to favor accounts for which you or your supervised persons receive a performance-based fee, and describe generally how you address these conflicts.

Advisory Business

Part2A Items 4.B.:

Describe the types of advisory services you offer. If you hold yourself out as specializing in a particular type of advisory service, such as financial planning, quantitative analysis, or market timing, explain the nature of that service in greater detail. If you provide investment advice only with respect to limited types of investments, explain the type of investment advice you offer, and disclose that your advice is limited to those types of investments.

Not applicable.

Part2A Items 4.C.:

Explain whether (and, if so, how) you tailor your advisory services to the individual needs of clients. Explain whether clients may impose restrictions on investing in certain securities or types of securities.

Not applicable.

Part2A Items 4.D.:

If you participate in wrap fee programs by providing portfolio management services, (1) describe the differences, if any, between how you manage wrap fee accounts and how you manage other accounts, and (2) explain that you receive a portion of the wrap fee for your services.

Not applicable.

Performance-Based Fees and Side-By-Side Management

Part2A Item 6:

If you or any of your supervised persons accepts performance-based fees – that is, fees based on a share of capital gains on or capital appreciation of the assets of a client (such as a client that is a hedge fund or other pooled investment vehicle) – disclose this fact. If you or any of your supervised persons manage both accounts that are charged a performance-based fee and accounts that are charged another type of fee, such as an hourly or flat fee or an asset-based fee, disclose this fact. Explain the conflicts of interest that you or your supervised persons face by managing these accounts at the same time, including that you or your supervised persons have an incentive to favor accounts for which you or your supervised persons receive a performance-based fee, and describe generally how you address these conflicts.

Not applicable.

Methods of Analysis, Investment Strategies and Risk of Loss

Part2A Item 8.A.:

Describe the methods of analysis and investment strategies you use in formulating investment advice or managing assets. Explain that investing in securities involves risk of loss that clients should be prepared to bear.

Not applicable.

Voting Client Securities

Part2A Item17:

If you have, or will accept, authority to vote client securities, briefly describe your voting policies and procedures, including those adopted pursuant to [SEC rule 206\(4\)-6](#). Describe whether (and, if so, how) your

clients can direct your vote in a particular solicitation. Describe how you address conflicts of interest between you and your clients with respect to voting their securities. Describe how clients may obtain information from you about how you voted their securities. Explain to clients that they may obtain a copy of your proxy voting policies and procedures upon request.

Not applicable.

If you do not have authority to vote client securities, disclose this fact. Explain whether clients will receive their proxies or other solicitations directly from their custodian or a transfer agent or from you, and discuss whether (and, if so, how) clients can contact you with questions about a particular solicitation.

Not applicable.

Client Information Provided to Portfolio Managers

Form ADV Part 2A, Appendix 1, Item 7

THIS SECTION IS REQUIRED. YOU MAY NOT OMIT THIS HEADING. You must answer each item. If an item is not applicable, you must state that it is not applicable.

Describe the information about clients that you communicate to the clients' portfolio managers, and how often or under what circumstances you provide updated information.

We do not communicate information about you to the managers of the mutual funds utilized by the Program. Unless you request otherwise, the Custodian will provide the mutual fund managers with your name and address.

Client Contact with Portfolio Managers

Form ADV Part 2A, Appendix 1, Item 8

THIS SECTION IS REQUIRED. YOU MAY NOT OMIT THIS HEADING. You must answer each item. If an item is not applicable, you must state that it is not applicable.

Explain any restrictions placed on clients' ability to contact and consult with their portfolio managers.

For investments in the Program made in mutual funds, the investment policies of the respective fund are as described in its prospectus and other documents that govern the fund's activities. There is no restriction on your ability to contact Portfolio Managers; however, the Portfolio Managers of mutual funds are not able to change their fundamental investment strategies and must manage the mutual fund portfolio according to its own policies.

Additional Information

Form ADV Part 2A, Appendix 1, Item 9

THIS SECTION IS REQUIRED. YOU MAY NOT OMIT THIS HEADING. You must answer each item. If an item is not applicable, you must state that it is not applicable.

A. Respond to Item 9 (Disciplinary Information) and Item 10 (Other Financial Industry Activities and Affiliations) of Part 2A of Form ADV.

Disciplinary Information

Part 2A Item 9:

If there are legal or disciplinary events that are material to a client's or prospective client's evaluation of your advisory business or the integrity of your management, disclose all material facts regarding those events.

Items 9.A, 9.B, and 9.C list specific legal and disciplinary events presumed to be material for this Item. If your advisory firm or a management person has been involved in one of these events, you must disclose it under this Item for ten years following the date of the event, unless (1) the event was resolved in your or the management person's favor, or was reversed, suspended or vacated, or (2) you have rebutted the presumption of materiality to determine that the event is not material (see Note below). For purposes of calculating this ten-year period, the "date" of an event is the date that the final order, judgment, or decree was entered, or the date that any rights of appeal from preliminary orders, judgments or decrees lapsed.

Items 9.A, 9.B, and 9.C do not contain an exclusive list of material disciplinary events. If your advisory firm or a management person has been involved in a legal or disciplinary event that is not listed in Items 9.A, 9.B, or 9.C, but nonetheless is material to a client's or prospective client's evaluation of your advisory business or the integrity of its management, you must disclose the event. Similarly, even if more than ten years have passed since the date of the event, you must disclose the event if it is so serious that it remains material to a client's or prospective client's evaluation.

A. A criminal or civil action in a domestic, foreign or military court of competent jurisdiction in which your firm or a management person

1. was convicted of, or pled guilty or nolo contendere ("no contest") to (a) any felony; (b) a misdemeanor that involved investments or an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion; or (c) a conspiracy to commit any of these offenses;

Not applicable.

2. is the named subject of a pending criminal proceeding that involves an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses;

Not applicable.

3. was found to have been involved in a violation of an investment-related statute or regulation; or

Not applicable.

4. was the subject of any order, judgment, or decree permanently or temporarily enjoining, or otherwise limiting, your firm or a management person from engaging in any investment-related activity, or from violating any investment-related statute, rule, or order.

Not applicable.

B. An administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority in which your firm or a management person

1. was found to have caused an investment-related business to lose its authorization to do business; or

Not applicable.

2. was found to have been involved in a violation of an investment-related statute or regulation and was the subject of an order by the agency or authority

(a) denying, suspending, or revoking the authorization of your firm or a management person to act in an investment-related business;

Not applicable.

(b) barring or suspending your firm's or a management person's association with an investment-related business;

Not applicable.

(c) otherwise significantly limiting your firm's or a management person's investment-related activities; or

Not applicable.

(d) imposing a civil money penalty of more than \$2,500 on your firm or a management person.

Not applicable.

C. A self-regulatory organization (SRO) proceeding in which your firm or a management person

Not applicable.

1. was found to have caused an investment-related business to lose its authorization to do business; or

Not applicable.

2. was found to have been involved in a violation of the SRO's rules and was: (i) barred or suspended from membership or from association with other members, or was expelled from membership;

(ii) otherwise significantly limited from investment-related activities; or (iii) fined more than \$2,500.

Note: You may, under certain circumstances, rebut the presumption that a disciplinary event is material. If an event is immaterial, you are not required to disclose it. When you review a legal or disciplinary event involving your firm or a management person to determine whether it is appropriate to rebut the presumption of materiality, you should consider all of the following factors: (1) the proximity of the person involved in the disciplinary event to the advisory function; (2) the nature of the infraction that led to the disciplinary event; (3) the severity of the disciplinary sanction; and (4) the time elapsed since the date of the disciplinary event. If you conclude that the materiality presumption has been overcome, you must prepare and maintain a file memorandum of your determination in your records. See [SEC rule 204-2\(a\)\(14\)\(iii\)](#).

Not applicable.

Other Financial Industry Activities and Affiliations

Part 2A Item 10:

A. If you or any of your management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer, disclose this fact.

Our wholly-owned subsidiary, PFM Fund Distributors, Inc., is registered as a broker-dealer under the Securities Exchange Act of 1934. Its sole activities are to serve as distributor to the registered investment company and local government investment pools for which we serve as investment adviser and/or administrator.

B. If you or any of your management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities, disclose this fact.

Not applicable.

C. Describe any relationship or arrangement that is material to your advisory business or to your clients that you or any of your management persons have with any related person listed below. Identify the related person and if the relationship or arrangement creates a material conflict of interest with clients, describe the nature of the conflict and how you address it.

1. broker-dealer, municipal securities dealer, or government securities dealer or broker
2. investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund)
3. other investment adviser or financial planner
4. futures commission merchant, commodity pool operator, or commodity trading advisor
5. banking or thrift institution
6. accountant or accounting firm
7. lawyer or law firm
8. insurance company or agency
9. pension consultant
10. real estate broker or dealer
11. sponsor or syndicator of limited partnerships.

1. Our wholly-owned subsidiary, PFM Fund Distributors, Inc. (PFMFD), serves as exclusive distributor to a registered investment company and local government investment pools (Pooled Funds) for which we serve as investment adviser and/or administrator. If our client invests in a Pooled Fund, we disclose this relationship to the client, through the Form ADV Part 2A and the offering statement for the Pooled Fund. In addition, our investment advisory agreement with the client provides that if we invest client assets in a Pooled Fund, we will not take these assets into account for purposes of calculating our fees under the client's investment advisory agreement. Therefore, we do not receive any additional compensation if we invest client assets in a Pooled Fund.

2. We serve as administrator and investment adviser to PFM Funds, a diversified, open-end management registered investment company offering money market funds to governmental entities and other institutional investors. Our wholly-owned subsidiary, PFM Fund Distributors, Inc., serves as distributor for PFM Funds. We also serve as administrator and/or investment adviser to the following local government investment pools:

- California Asset Management Trust (CAMP);
- Florida Education Investment Trust Fund (FEITF) (adviser and distributor only);
- Illinois Institutional Investors Trust (IIIT);
- Illinois Park District Liquid Asset Fund Plus (IPDLAF+);
- Massachusetts Finance Development Agency Short-Term Asset Reserve Fund (MassSTAR);
- Michigan Liquid Asset Fund Plus (MILAF+);
- Minnesota Association of Governments Investing for Counties (MAGIC);
- Minnesota School District Liquid Asset Fund Plus (MSDLAF+);
- Missouri Securities Investment Program (MOSIP);

- Nebraska Liquid Asset Fund (NLAF);
- New Jersey Asset & Rebate Management Program (NJ/ARM);
- Pennsylvania Local Government Investment Trust (PLGIT);
- TexasTERM Local Government Investment Pool (TexasTERM); and
- Wyoming Government Investment Fund (WGIF).

PFMFD serves as distributor to all of these pools except for WGIF.

Items 3 through 11 are not applicable.

D. If you recommend or select other investment advisers for your clients and you receive compensation directly or indirectly from those advisers that creates a material conflict of interest, or if you have other business relationships with those advisers that create a material conflict of interest, describe these practices and discuss the material conflicts of interest these practices create and how you address them.

We have no arrangements with other investment advisers who compensate us directly or indirectly. As a matter of policy and practice, we do not accept any fees, commissions or other forms of compensation from any underlying money managers or other professionals affiliated with our client's account.

B. Respond to Items 11 (Code of Ethics, Participation or Interest in Client Transactions and Personal Trading), 13 (Review of Accounts), 14 (Client Referrals and Other Compensation), and 18 (Financial Information) of Part 2A of Form ADV, as applicable to your wrap fee clients.

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Form ADV Part 1, Item 11:

A. If you are an SEC-registered adviser, briefly describe your code of ethics adopted pursuant to [SEC rule 204A-1](#) or similar state rules. Explain that you will provide a copy of your code of ethics to any client or prospective client upon request.

Under Rule 204A-1 of the Investment Advisers Act of 1940, our employees are subject to our Code of Ethics (Code). Compliance with the Code is a condition of employment for all of our employees.

This Code sets out general ethical standards applicable to our employees. Employees are expected to maintain the highest ethical standards, embody a business culture that supports actions based on what is right rather than expediency, deal fairly with clients and one another, protect confidential information and seek guidance about ethical questions. More specifically with respect to advisory activities, the Code requires that whenever our personnel act in a fiduciary capacity, we will endeavor to consistently put the client's interest ahead of the firm's. We will disclose actual and potential meaningful conflicts of interest. We will manage actual conflicts in accordance with applicable regulatory and legal standards. If applicable regulatory and legal standards do not permit management of a conflict, we will seek to avoid the conflict. We will not engage in fraudulent, deceptive or manipulative conduct with respect to clients. We will act with appropriate care, skill and diligence.

Advisory personnel are required to know when we are acting as a fiduciary with respect to the work they are doing. If we are acting as a fiduciary, they are expected to comply with all fiduciary standards which apply to us in performing their duties. In addition, they must also put the client's interest ahead of their own personal interest. An employee's fiduciary duty is a personal obligation. While advisory personnel may rely upon subordinates to perform many tasks that are part of their responsibilities, they are personally responsible for fiduciary obligations even if carried out through subordinates.

In general, the Code expresses our recognition of our responsibilities to the public, clients and professional associates. Our Code also contains various reporting, disclosure and approval requirements regarding employees' personal securities transactions. The Code requires that our employees whom we deem are "Access Persons" must report all personal securities transactions, including transactions in mutual funds advised by us, to our Chief Compliance Officer, or to the person he designates. We prohibit our Access Persons from participating in initial public offerings unless our Chief Compliance Officer gives his approval. We

also prohibit our employees from purchasing any municipal securities within 60 days of their issue date, if our affiliate, Public Financial Management, Inc., served as financial advisor for the bond issue.

You can receive a copy of our Code by contacting us at One Keystone Plaza, Suite 300, North Front & Market Streets, Harrisburg, PA 17101, by calling 717-231-6200 or by emailing pfmamrequest@pfm.com.

B. If you or a related person recommends to clients, or buys or sells for client accounts, securities in which you or a related person has a material financial interest, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.

Our wholly-owned subsidiary, PFM Fund Distributors, Inc., serves as distributor to a registered investment company and local government investment pools (Pooled Fund) for which we serve as investment adviser and/or administrator. If our client invests in a Pooled Fund, we disclose this relationship to the client, through the Form ADV Part 2A and the Pooled Fund's offering document. In addition, our investment advisory agreement with the client provides that if we invest the client's assets in a Pooled Fund, we will not take these assets into account for purposes of calculating our fees under the agreement.

C. If you or a related person invests in the same securities (or related securities, e.g., warrants, options or futures) that you or a related person recommends to clients, describe your practice and discuss the conflicts of interest this presents and generally how you address the conflicts that arise in connection with personal trading.

On infrequent occasions, our employees may invest in securities that coincidentally we also recommend for purchase or sale in our client accounts. The fixed-income and multi-asset class management securities we recommend for purchase and sale are of the type which the Securities and Exchange Commission has expressly recognized as presenting little opportunity for the type of improper trading which compliance with the Code of Ethics reporting requirements is designed to uncover. Further, our employees are subject to our Code of Ethics described in Item 11.A. above, and because our personnel are acting in a fiduciary capacity, we endeavor to put the client's interests ahead of the firm's with respect to the purchase and sale of securities.

D. If you or a related person recommends securities to clients, or buys or sells securities for client accounts, at or about the same time that you or a related person buys or sells the same securities for your own (or the related person's own) account, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.

On infrequent occasions, our personnel may buy or sell a security for their own accounts, which coincidentally is being purchased or sold by other of our personnel for client accounts. The fixed-income and multi-asset class management securities we recommend for purchase and sale are of the type which the Securities and Exchange Commission has expressly recognized as presenting little opportunity for the type of improper trading which compliance with the Code of Ethics reporting requirements is designed to uncover. As noted above, whenever our personnel acts in a fiduciary capacity, we will endeavor to consistently put the client's interest ahead of the firm's.

Advisory personnel are required to know when we are acting as a fiduciary with respect to the work they are doing. If they are, they are expected to comply with all fiduciary standards applicable to the firm in performing their duties.

Review of Accounts

Form ADV Part 1, Item 13:

A. Indicate whether you periodically review client accounts or financial plans. If you do, describe the frequency and nature of the review, and the titles of the supervised persons who conduct the review.

Investment committees consisting of senior portfolio managers, senior research staff and our chief investment officer meet approximately monthly to assess economic and market conditions and set overall direction for portfolio managers.

We monitor the performance of multi-asset class accounts, including our Program Accounts, on at least a quarterly basis to determine whether the underlying investments selected are performing in line with expectations and are meeting the needs of the individual client. We provide our multi-asset class clients a quarterly analysis of the performance of the underlying funds in which the client's assets are invested and of any reallocation of assets among these underlying funds. At least annually, we will consult with the client to determine whether there are reasons to revise the client's target investment strategy. The custodian of our multi-asset class portfolio clients, including our Program clients, provides each client with a monthly statement of account detailing the client's month-end balances and any transactions which occurred during the month. We review such statements monthly to determine whether transactions executed by the custodian are in agreement with any instructions which we or the client provided.

B. If you review client accounts on other than a periodic basis, describe the factors that trigger a review.

Sudden changes in financial market conditions, general economic conditions, and/or the movement of a particular portfolio security through a price support or resistance level may trigger a review. Accounts are reviewed by a principal or a portfolio manager in consultation with one of our principals. Normally, we sequence account reviews in a manner that provides for first review of the accounts that have the greatest potential exposure to the effects of the event which triggers the review.

C. Describe the content and indicate the frequency of regular reports you provide to clients regarding their accounts. State whether these reports are written.

For Program clients, the Custodian provides monthly statements of accounts and we provide quarterly performance reports.

Client Referrals and Other Compensation

Form ADV Part 1, Item 14:

A. If someone who is not a client provides an economic benefit to you for providing investment advice or other advisory services to your clients, generally describe the arrangement, explain the conflicts of interest, and describe how you address the conflicts of interest. For purposes of this Item, economic benefits include any sales awards or other prizes.

Not applicable.

B. If you or a related person directly or indirectly compensates any person who is not your supervised person for client referrals, describe the arrangement and the compensation.

We have arrangements with third parties who serve as solicitors for our investment advisory services. These solicitors may help us by identifying clients that might benefit from our services, introducing our personnel to these potential clients and attending meetings to explain our services. We pay these solicitors a fee for these services under terms of their contracts with us. Under the arrangements we generally pay the solicitor a percentage of the investment advisory fee payable to us by the client, or a flat monthly fee. These solicitors are not our employees. We assume this fee as an overall cost of our business and we do not charge any differential or adjust our fees charged to specific clients where a solicitor is involved.

Financial Information

Form ADV Part 1, Item 18:

A. If you require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, include a balance sheet for your most recent fiscal year.

1. The balance sheet must be prepared in accordance with generally accepted accounting principles, audited by an independent public accountant, and accompanied by a note stating the principles used to prepare it, the basis of securities included, and any other explanations required for clarity.

Not applicable.

2. Show parenthetically the market or fair value of securities included at cost.

Not applicable.

3. Qualifications of the independent public accountant and any accompanying independent public accountant's report must conform to [Article 2 of SEC Regulation S-X](#).

Not applicable.

[B. If you have discretionary authority or custody of client funds or securities, or you require or solicit prepayment of more than \\$1,200 in fees per client, six months or more in advance, disclose any financial condition that is reasonably likely to impair your ability to meet contractual commitments to clients.](#)

Not applicable.

C. If you have been the subject of a bankruptcy petition at any time during the past ten years, disclose this fact, the date the petition was first brought, and the current status.

Not applicable.