ECONOMIC OUTLOOK & PORTFOLIO REVIEW

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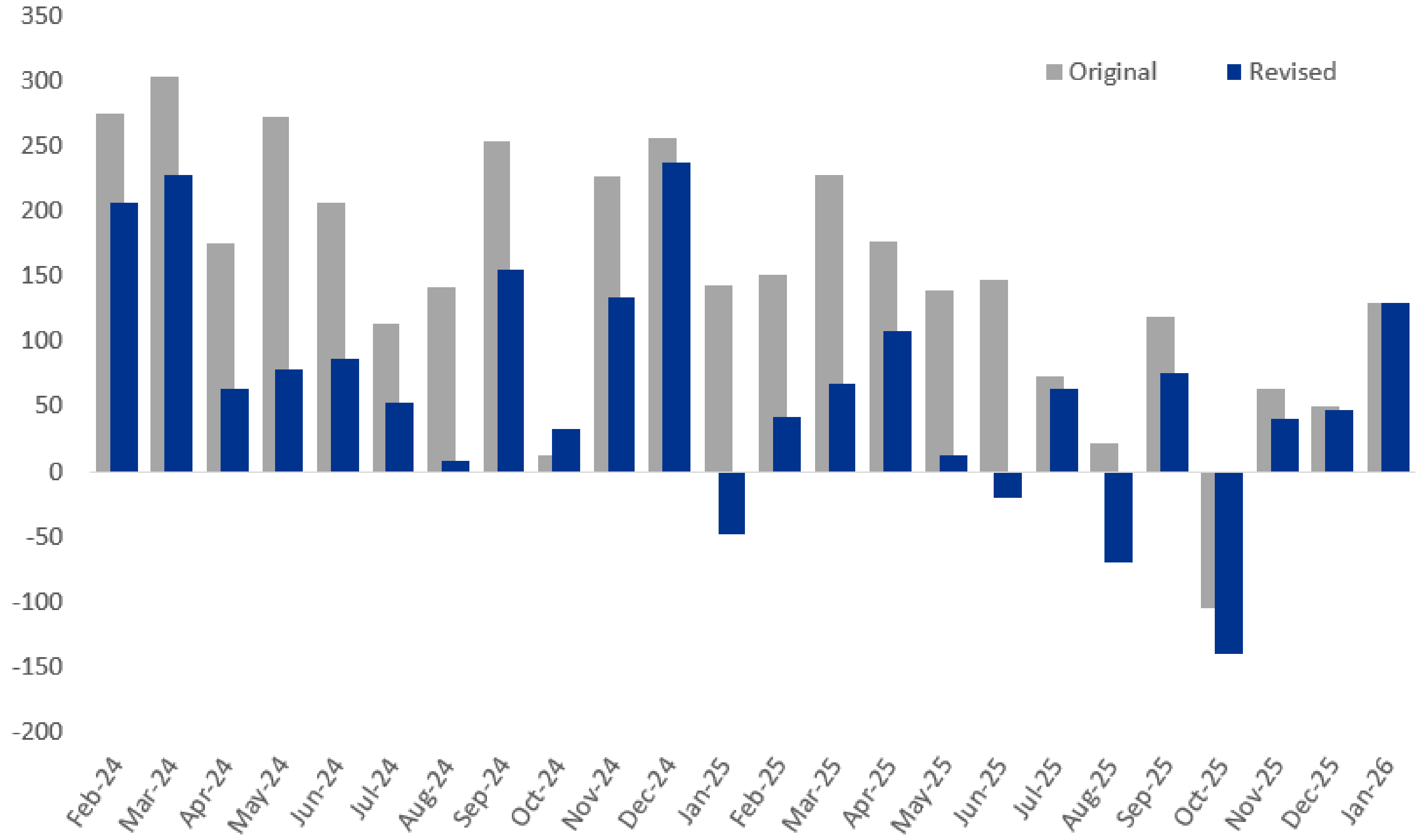
EVENTS DRIVING THE MARKET

- Supreme Court strikes down reciprocal tariffs.
- The Fed is on pause until …June or July?
- Job growth appeared to pick up in January, but payroll growth for all of 2025 was revised *sharply lower*.
- Inflation continues to move lower, driven largely by receding shelter costs.
- GDP growth faded in Q4, mainly due to a drop in government spending associated with the shutdown.
- The rapid advancement of A.I. has amplified economic uncertainty and expanded the range of possible outcomes.

EMPLOYMENT NON-FARM PAYROLLS TOTAL CHANGE (In Thousands)

- The January employment report from the BLS showed +130k increase in nonfarm payrolls (doubling forecasts).
- However, the massive annual revision lowered the average payroll gain in 2025 to just +15k, the weakest job growth outside of recession since 2003.
- Manufacturing payrolls increased for the first time since April (up +5k) and there were +33k construction jobs added.
- The unemployment rate dropped from 4.4% to 4.3%. Two months ago, it had reached a four-year high of 4.6%.



Source: Bureau of Labor Statistics

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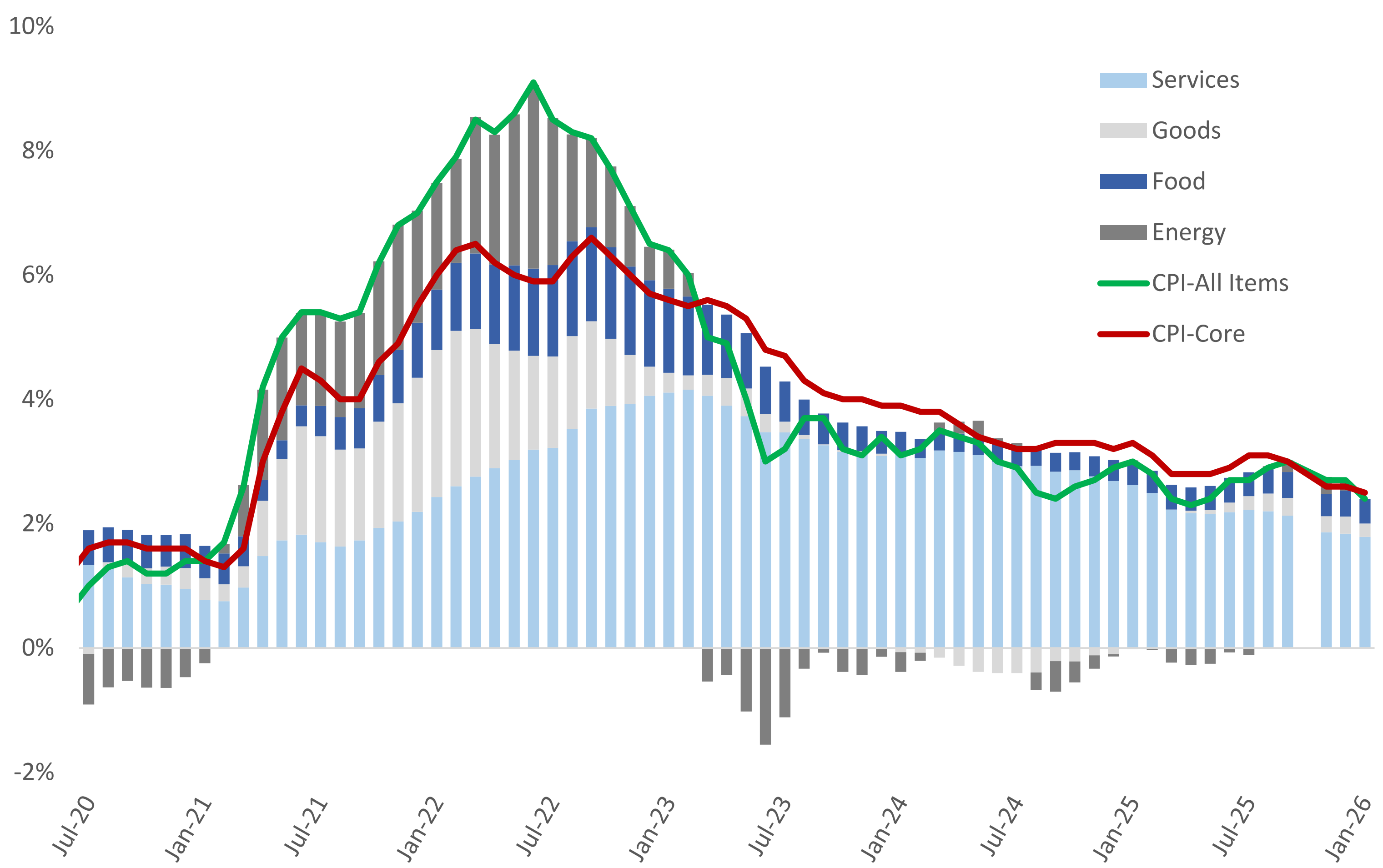
CONSUMER PRICE INDEX (Year-over-Year % Change)

- The overall consumer price index (CPI) rose by just +0.2% in January and +2.4% year-over-year, both numbers a tenth of a point below the median forecast. *The annual rate of consumer inflation has fallen dramatically since September, when the headline reached +3.0%.*
- Core CPI, which excludes food and energy prices, matched the median forecast with a +0.3% January increase. This helped drive the annual core rate down to +2.5%, *the lowest since March 2021*.
- Shelter costs have gradually declined over the past three years and are the primary reason why consumer inflation has eased.



Source: Bureau of Labor Statistics

BOND YIELDS – 2 YEAR TREASURY NOTE YIELD

Source: Bloomberg

U.S. Treasuries

6-month	~~3.82%~~	~~3.68%~~	~~3.63%~~	3.62%
12-month	~~3.69%~~	~~3.59%~~	~~3.52%~~	3.50%
24-month	~~3.60%~~	~~3.56%~~	~~3.60%~~	3.48%
36-month	~~3.61%~~	~~3.58%~~	~~3.67%~~	3.50%

Overnight Investment Pools (2/19/26)

Fl. Prime	~~4.17%~~	~~4.11%~~	~~3.91%~~	3.86%
Fl. Trust	~~4.07%~~	~~4.08%~~	~~3.73%~~	3.75%
Fl. Class	~~4.05%~~	~~3.97%~~	~~3.78%~~	3.77%
Fl. Safe	~~4.02%~~	~~3.95%~~	~~3.72%~~	3.74%
Fl. STAR	~~4.01%~~	~~3.93%~~	~~3.71%~~	3.70%

Florida QPD Savings

- Multiple banks at 2.25% to 3.75%

NOTES AND RECOMMENDATIONS

- Upcoming Maturities:
  - *Feb 25 - $10.9 mm PALM @ 4.41%*
  - *Mar 13 - $10 mm FHLB @ 4.34%*

- Recent Transactions
  - *$20 mm City National CD to July 2027 @ 3.60%*
  - *$15 mm Treasury-note to May 2028 @ 3.52%*
  - *$20 mm Treasury-note to June 2028 @ 3.52%*
  - *$15 mm Treasury-note to July 2028 @ 3.53%*

- Recommended Purchases
  - *$11 mm PALM reinvest to Feb 2027 @ 3.70% est.*
  - *$10 mm PALM investment to Mar 2027 @ 3.70% est.*

*Expenses to be paid from **Florida Prime***

Motion to implement recommendations of our financial advisor based on the report submitted today and recommend the Clerk implement said Board recommendations.

PORTFOLIO SNAPSHOT (JANUARY 31, 2026…PROJECTED FEB)

	Janauary 31 Portfolio			Proposed	Projected Feb Portfolio		
Cash Equivalents	Allocation	Current %	Policy Limit Deviation	Invest / (Divest)	Allocation	Proposed %	Policy Limit Deviation
Bank QPD Funds	62,917,892	6.2%	-93.8%	-	62,917,892	6.2%	-93.8%
Florida Prime	193,659,961	19.2%	-10.8%	(70,000,000)	123,659,961	12.3%	-17.7%
Other Cash Pools	23,683,892	2.4%	-24.5%	-	23,683,892	2.4%	-24.5%
Total Liquid Funds	280,261,745	27.8%		(70,000,000)	210,261,745	20.9%	
Investments							
Treasuries	322,712,300	32.0%	-68.0%	50,000,000	372,712,300	37.0%	-63.0%
Agencies	155,285,797	15.4%	-64.6%	-	155,285,797	15.4%	-64.6%
MBS	683,949	0.1%	-29.9%	-	683,949	0.1%	-29.9%
Fixed Term Pool (PALM)	132,195,926	13.1%	-24.5%	-	132,195,926	13.1%	-24.5%
Repos	-	0.0%	0.0%	-	-	0.0%	0.0%
Munis	-	0.0%	-20.0%	-	-	0.0%	-20.0%
Corporates	-	0.0%	-10.0%	-	-	0.0%	-10.0%
Commercial Paper	-	0.0%	-20.0%	-	-	0.0%	-20.0%
CDs	116,219,056	11.5%	-13.5%	20,000,000	136,219,056	13.5%	-11.5%
Total Investments	727,097,028	72.2%		70,000,000	797,097,028	79.1%	
Total Portfolio	1,007,358,773	100.0%			1,007,358,773	100.0%	
Avg Portolio Maturity in days (as of 1/31)		325		(Projected February ...		384	

Portfolio by Maturity

	Current		*Proposed **	
	Portfolio %	WA Yield	Portfolio %	WA Yield
Less than 90 days	32.0%	3.90%	27.0%	3.92%
3 - 12 months	28.8%	4.20%	26.8%	4.18%
Beyond 12 months	39.2%	3.99%	46.1%	3.92%
Total	100.0%	4.02%	100.0%	3.99%

** Proposed portfolio %.*

Portfolio Stats 1/31/26

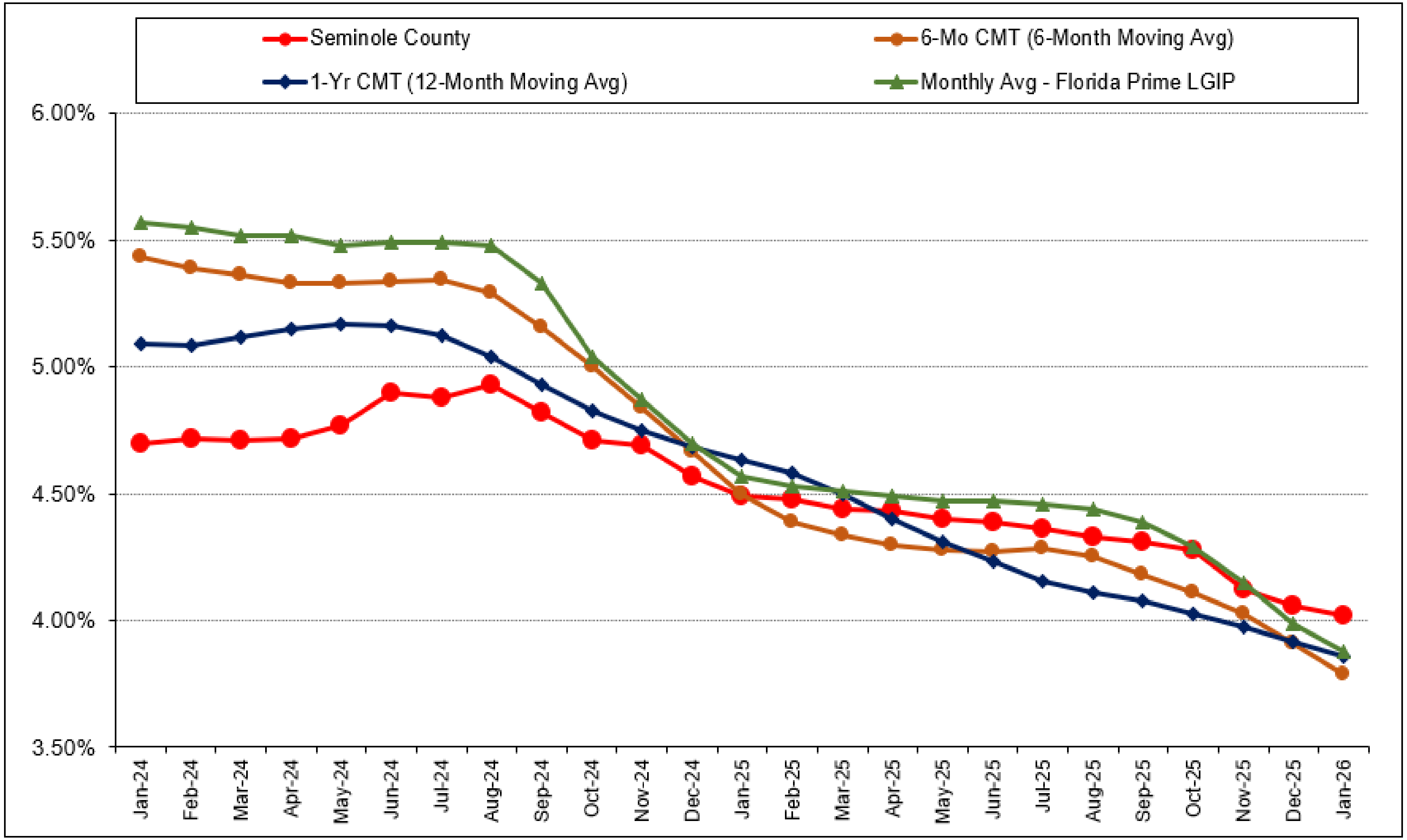
- Avg. maturity: 325 days
- Avg. yield: 4.02%
- Fixed/Floating: 72% / 28%
- <90 days $323 mm

Portfolio Stats 2/28/26

- Avg. maturity: 384 days
- Avg. yield: 3.99%
- Fixed/Floating: 79% / 21%
- <90 days $272 mm

BENCHMARK COMPARISON 1/31/2026

	Seminole County	6-Mo CMT (6-Month Moving Avg)	1-Yr CMT (12-Month Moving Avg)	Monthly Avg - Florida Prime LGIP
Jan-24	4.70%	5.43%	5.09%	5.57%
Feb-24	4.72%	5.39%	5.09%	5.55%
Mar-24	4.71%	5.36%	5.12%	5.52%
Apr-24	4.72%	5.33%	5.15%	5.52%
May-24	4.77%	5.33%	5.17%	5.48%
Jun-24	4.90%	5.34%	5.16%	5.49%
Jul-24	4.88%	5.34%	5.12%	5.49%
Aug-24	4.93%	5.29%	5.04%	5.48%
Sep-24	4.82%	5.16%	4.93%	5.33%
Oct-24	4.71%	5.00%	4.82%	5.04%
Nov-24	4.69%	4.84%	4.75%	4.87%
Dec-24	4.57%	4.66%	4.69%	4.70%
Jan-25	4.49%	4.50%	4.64%	4.57%
Feb-25	4.48%	4.39%	4.58%	4.53%
Mar-25	4.44%	4.34%	4.50%	4.51%
Apr-25	4.43%	4.30%	4.40%	4.49%
May-25	4.40%	4.28%	4.31%	4.47%
Jun-25	4.39%	4.27%	4.23%	4.47%
Jul-25	4.36%	4.28%	4.16%	4.46%
Aug-25	4.33%	4.25%	4.11%	4.44%
Sep-25	4.31%	4.18%	4.08%	4.39%
Oct-25	4.28%	4.11%	4.03%	4.29%
Nov-25	4.12%	4.02%	3.97%	4.15%
Dec-25	4.06%	3.91%	3.91%	3.99%
Jan-26	4.02%	3.79%	3.86%	3.88%



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