

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF  
REGISTERED MANAGEMENT INVESTMENT COMPANY

Investment Company Act file number: 811-05631

Lee Financial Mutual Fund, Inc.

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(Exact name of registrant as specified in charter)

3113 Olu Street  
Honolulu, HI 96816-1425

-----  
(Address of principal executive offices) (Zip code)

Nancy P. O'Hara  
Drinker Biddle & Reath LLP  
One Logan Square  
Suite #2000  
Philadelphia, PA 19103-6996

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(Name and address of agent for service)

(808) 988-8088

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Registrant's telephone number, including area code

Date of fiscal year end: September 30

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Date of reporting period: December 31, 2016

**Item 1. Schedule of Investments.**

The Registrant's schedules of investments pursuant to Rule 30b1-5 under the Investment Company Act of 1940, as amended (the "1940 Act"), is as follows:

**HAWAII MUNICIPAL FUND****SCHEDULE OF INVESTMENTS**

**December 31, 2016 (Unaudited)**

<u>Par Value</u>		<u>Value (Note 1 (A))</u>
	<b><u>HAWAII MUNICIPAL BONDS – 92.25%</u></b>	
	<b>Hawaii State</b>	
	<b>General Obligation Bonds – 5.79%</b>	
\$ 2,000,000	5.000%, 10/01/24	\$ 2,387,000
2,000,000	4.000%, 10/01/26	2,217,560
940,000	5.000%, 11/01/28	1,096,482
470,000	5.000%, 11/01/28	536,289
1,000,000	5.000%, 08/01/29	1,160,250
2,000,000	5.000%, 08/01/30	<u>2,313,080</u>
		<u>9,710,661</u>
	<b>Airport Systems Revenue Bonds – 7.71%</b>	
1,000,000	5.000%, 07/01/24	1,095,290
665,000	5.250%, 07/01/26	739,979
8,780,000	5.250%, 07/01/27	9,763,623
1,200,000	5.250%, 07/01/28	<u>1,333,584</u>
		<u>12,932,476</u>
	<b>Certificates of Participation–State Office Buildings – 2.87%</b>	
3,700,000	5.000%, 05/01/17	3,747,915
500,000	4.000%, 05/01/19	526,885
500,000	4.000%, 05/01/20	<u>533,975</u>
		<u>4,808,775</u>
	<b>Department of Budget &amp; Finance Special Purpose Revenue Bonds</b>	
	<b>Hawaiian Electric Company, Inc. – 7.60%</b>	
5,000,000	4.650%, 03/01/37	4,916,200
7,200,000	6.500%, 07/01/39	<u>7,846,992</u>
		<u>12,763,192</u>
	<b>Hawaii Pacific Health – 5.00%</b>	
775,000	4.625%, 07/01/21	842,131
6,000,000	5.500%, 07/01/40	6,483,000
200,000	5.750%, 07/01/40	222,366
750,000	5.500%, 07/01/43	<u>837,780</u>
		<u>8,385,277</u>
	<b>Hawaii Mid-Pacific Institute – 2.22%</b>	
2,085,000	5.000%, 01/01/26	2,088,857
1,635,000	4.625%, 01/01/36	<u>1,635,213</u>
		<u>3,724,070</u>

*See accompanying notes to schedule of investments.*

# HAWAII MUNICIPAL FUND

## SCHEDULE OF INVESTMENTS – (Continued)

December 31, 2016 (Unaudited)

<u>Par Value</u>		<u>Value (Note 1 (A))</u>
	<b>Kahala Nui – 5.69%</b>	
\$ 500,000	5.000%, 11/15/21	\$ 555,900
1,200,000	5.000%, 11/15/27	1,291,296
3,200,000	5.125%, 11/15/32	3,412,096
4,055,000	5.250%, 11/15/37	<u>4,297,732</u>
		<u>9,557,024</u>
	<b>Queen’s Health Systems – 4.44%</b>	
2,000,000	5.000%, 07/01/23	2,330,340
1,000,000	5.000%, 07/01/25	1,194,370
3,500,000	5.000%, 07/01/35	<u>3,934,630</u>
		<u>7,459,340</u>
	<b>Department of Hawaiian Home Lands – 2.57%</b>	
1,000,000	5.875%, 04/01/34	1,077,770
3,000,000	6.000%, 04/01/39	<u>3,227,790</u>
		<u>4,305,560</u>
	<b>Hawaiian Home Lands – COP Kapolei – 3.61%</b>	
950,000	4.125%, 11/01/23	951,910
5,100,000	5.000%, 11/01/31	<u>5,113,515</u>
		<u>6,065,425</u>
	<b>Department of Transportation Airports COP – 4.73%</b>	
1,000,000	5.000%, 08/01/23	1,139,580
1,420,000	5.250%, 08/01/24	1,628,413
2,570,000	5.250%, 08/01/26	2,925,688
1,000,000	5.000%, 08/01/27	1,114,680
1,025,000	5.000%, 08/01/28	<u>1,136,756</u>
		<u>7,945,117</u>
	<b>Harbor Capital Improvements Revenue Bonds – 2.19%</b>	
1,665,000	5.375%, 01/01/17	1,665,000
2,005,000	5.250%, 01/01/21	<u>2,005,000</u>
		<u>3,670,000</u>

# HAWAII MUNICIPAL FUND

## SCHEDULE OF INVESTMENTS – (Continued)

December 31, 2016 (Unaudited)

<u>Par Value</u>		<u>Value (Note 1 (A))</u>
	<b>Hawaii Health Systems – 0.30%<sup>1</sup></b>	
\$ 616,000	4.700%, 02/15/19	\$ <u>498,960</u>
	<b>Highway Revenue – 4.38%</b>	
1,640,000	5.000%, 01/01/26	1,880,047
1,500,000	5.000%, 01/01/27	1,770,375
2,065,000	5.000%, 01/01/33	2,389,618
1,000,000	4.000%, 01/01/35	1,049,140
250,000	4.000%, 01/01/36	<u>261,252</u>
		<u>7,350,432</u>
	<b>Housing Authority</b>	
	<b>HFDC Rental Housing System Revenue Bonds – 3.77%</b>	
810,000	4.750%, 07/01/22	846,725
600,000	4.750%, 07/01/23	625,368
895,000	5.000%, 07/01/24	935,973
100,000	5.000%, 07/01/25	104,407
990,000	6.000%, 07/01/26	1,056,785
1,055,000	6.000%, 07/01/27	1,126,044
785,000	6.000%, 07/01/28	836,983
750,000	6.000%, 07/01/29	<u>799,110</u>
		<u>6,331,395</u>
	<b>HFDC Multi-Family-Kuhio Park– 3.46%</b>	
2,430,000	4.750%, 10/01/27	2,598,982
3,000,000	4.950%, 04/01/29	<u>3,214,410</u>
		<u>5,813,392</u>
	<b>HFDC Multi-Family-Iwilei Apartments– 2.31%</b>	
150,000	3.300%, 01/01/26	153,561
3,620,000	3.750%, 01/01/31	<u>3,725,016</u>
		<u>3,878,577</u>
	<b>HFDC Multi-Family-Kooloaula Apartments– 2.23%</b>	
195,000	3.125%, 09/01/22	197,576
3,435,000	4.000%, 09/01/33	<u>3,549,660</u>
		<u>3,747,236</u>

# HAWAII MUNICIPAL FUND

## SCHEDULE OF INVESTMENTS – (Continued)

December 31, 2016 (Unaudited)

<u>Par Value</u>		<u>Value (Note 1 (A))</u>
	<b>University of Hawaii - Revenue Bonds – 1.82%</b>	
\$ 1,000,000	5.000%, 10/01/18	\$ 1,063,570
1,000,000	5.000%, 10/01/19	1,089,610
275,000	5.000%, 10/01/30	320,634
500,000	5.000%, 10/01/34	<u>573,040</u>
		<u>3,046,854</u>
	<b>Honolulu City &amp; County General Obligation Bonds – 4.96%</b>	
455,000	5.000%, 09/01/20	496,919
1,000,000	5.000%, 10/01/25	1,206,460
700,000	5.000%, 08/01/26	796,236
2,700,000	5.000%, 10/01/29	3,185,028
800,000	5.000%, 10/01/31	934,888
500,000	5.000%, 11/01/33	566,740
1,000,000	5.000%, 10/01/35	<u>1,145,250</u>
		<u>8,331,521</u>
	<b>Multi-Family – Waipahu – 1.05%</b>	
1,760,000	6.900%, 06/20/35	<u>1,767,075</u>
	<b>Water System Revenue Bonds Board of Water Supply – 3.08%</b>	
2,000,000	5.000%, 07/01/29	2,345,520
2,500,000	5.000%, 07/01/32	<u>2,821,425</u>
		<u>5,166,945</u>
	<b>Wastewater System Revenue Bonds – 5.79%</b>	
2,000,000	5.000%, 07/01/24	2,355,980
1,750,000	5.000%, 07/01/26	2,093,105
1,000,000	5.000%, 07/01/26	1,200,300
2,000,000	5.000%, 07/01/32	2,315,660
1,520,000	5.000%, 07/01/36	<u>1,749,094</u>
		<u>9,714,139</u>
	<b>Kauai County General Obligation Bonds – 1.32%</b>	
400,000	3.125%, 08/01/23	418,656
770,000	5.000%, 08/01/24	870,439
880,000	3.625%, 08/01/25	<u>921,738</u>
		<u>2,210,833</u>

See accompanying notes to schedule of investments.

# HAWAII MUNICIPAL FUND

## SCHEDULE OF INVESTMENTS – (Continued)

December 31, 2016 (Unaudited)

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<u>Par Value</u>		<u>Value (Note 1 (A))</u>
	<b>Kukuiula Development – 2.00%</b>	
\$ 1,090,000	5.625%, 05/15/33	\$ 1,098,175
2,250,000	5.750%, 05/15/42	<u>2,263,208</u>
		<u>3,361,383</u>
	<b>Maui County</b>	
	<b>General Obligation Bonds – 1.36%</b>	
1,000,000	5.000%, 09/01/23	1,179,910
1,000,000	4.000%, 09/01/28	<u>1,105,410</u>
		<u>2,285,320</u>
	<b>Total Hawaii Municipal Bonds (Cost \$151,841,235)</b>	<u>\$154,830,979</u>
	<b><u>PRE-REFUNDED<sup>2</sup></u></b>	
	<b><u>HAWAII MUNICIPAL BONDS – 5.73%</u></b>	
	<b>Hawaii County</b>	
	<b>General Obligation Bonds – 1.90%</b>	
\$ 1,755,000	5.000%, 07/15/21	\$ 1,855,649
1,210,000	5.000%, 03/01/25	<u>1,336,082</u>
		<u>3,191,731</u>
	<b>Hawaii State</b>	
	<b>General Obligation Bonds – 3.83%</b>	
190,000	5.000%, 12/01/22	217,461
190,000	5.000%, 12/01/23	217,461
2,340,000	5.000%, 06/01/25	2,536,232
1,660,000	5.000%, 06/01/25	1,801,266
1,535,000	5.000%, 05/01/27	1,612,088
45,000	5.000%, 05/01/27	<u>47,290</u>
		<u>6,431,798</u>
	<b>Total Pre-Refunded Hawaii Municipal Bonds (Cost \$9,381,177)</b>	<u>\$ 9,623,529</u>

# HAWAII MUNICIPAL FUND

## SCHEDULE OF INVESTMENTS – (Continued)

December 31, 2016 (Unaudited)

<u>Par Value</u>	<u>Value</u> <u>(Note 1 (A))</u>
<b><u>PRE-REFUNDED<sup>2</sup></u></b>	
<b><u>VIRGIN ISLANDS MUNICIPAL BONDS - 0.02%</u></b>	
<b>Virgin Islands</b>	
<b>Public Finance Authority, Series A - 0.02%</b>	
\$ 30,000	\$ 32,086
	7.300%, 10/01/18
<b>Total Pre-Refunded Virgin Islands Municipal Bonds (Cost \$29,888)</b>	
	\$ 32,086
<b>Total Investments (Cost \$161,252,300) (a)</b>	
	98.00%
<b>Other Assets Less Liabilities</b>	
	<u>2.00%</u>
	\$ 164,486,594
<b>Net Assets</b>	
	<u>100.00%</u>
	<u>\$ 167,839,714</u>

(a) Aggregate cost for federal income tax purposes is \$161,252,300.

At December 31, 2016, unrealized appreciation (depreciation) of securities for federal income tax purposes is as follows:

Gross unrealized appreciation	\$ 4,785,884
Gross unrealized (depreciation)	<u>(1,551,590)</u>
<b>Net unrealized appreciation</b>	<u>\$ 3,234,294</u>

<sup>1</sup> The Hawaii Health Systems municipal bond issue is in default. (See Note 2)

<sup>2</sup> Pre-Refunded bonds are bonds for which U.S. Government Obligations usually have been placed in escrow to retire the bonds at their earliest call date.

# HAWAII MUNICIPAL FUND

## NOTES TO SCHEDULE OF INVESTMENTS

December 31, 2016 (Unaudited)

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### (1) ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Hawaii Municipal Fund (*“Fund”*) is a series of Lee Financial Mutual Fund, Inc. which is registered under the Investment Company Act of 1940, as a non-diversified open-end management investment company. Lee Financial Mutual Fund, Inc. currently has one investment portfolio, the Fund which is currently offering one Class of Shares: Investor Shares.

#### (A) SECURITY VALUATION

Portfolio securities, that are fixed income securities, are valued by an independent pricing service using methodologies that it believes are appropriate, including actual market transactions, mean between bid and ask prices, broker-dealer supplied valuations, matrix pricing, or other electronic data processing techniques designed to identify market values for such securities, in accordance with procedures established in good faith by the Board of Directors. Securities with remaining maturities of 60 days or less are valued on the amortized cost basis as reflecting fair value. Securities for which market quotations are not readily available or for which available prices are suspect will be valued at “fair value” using methods determined in good faith by or at the direction of the Board of Directors. For these purposes, “fair value” means the price that the Investment Manager reasonably expects the Fund could receive from an arm’s-length buyer upon the current sale of the securities within seven (7) days, after considering all appropriate factors and indications of value available to them. Such value will be cost if the Investment Manager determines such valuation is appropriate after considering a multitude of factors in accordance with established procedures.

The Fund utilizes various methods to measure the fair value of most of its investments on a recurring basis. U.S. generally accepted accounting principles (“GAAP”) establishes a hierarchy that prioritizes inputs to valuation methods. The three levels of inputs are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that the Fund has the ability to access.

Level 2 – Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument on an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.

Level 3 – Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available, representing the Fund’s own assumptions about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3.



# HAWAII MUNICIPAL FUND

## NOTES TO SCHEDULE OF INVESTMENTS – (Continued)

December 31, 2016 (Unaudited)

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The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety, is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Changes in valuation techniques may result in transfers in/out changing an investment's assigned level within the hierarchy.

The following is a description of the valuation techniques applied to the Fund's major categories of financial instruments measured at fair value on a recurring basis:

Municipal bonds are categorized in Level 2 of the fair value hierarchy.

The following is a summary of the inputs used in valuing the Fund's investments, as of December 31, 2016. The inputs or methodology used for valuing securities are not necessarily an indication of the risks associated with investing in those securities.

Valuation Inputs at Reporting Date:

Description	Level 1	Level 2	Level 3	Total
Municipal Bonds	\$-0-	\$163,987,634	\$498,960	\$164,486,594

There were no transfers in to and out of Levels 1 and 2 during the current period presented.

The following is a reconciliation of Level 3 assets for which significant unobservable inputs were used to determine fair value during the course of the December 31, 2016 period.

### Hawaii Health Systems at Value

Balance as of	Realized gain (loss)	Change in unrealized appreciation (depreciation)	Purchases (Sales)	Transfers in and/or (out) of Level 3	Balance as of
<u>09/30/2016</u>					<u>12/31/2016</u>
\$498,960	\$-0-	\$-0-	\$-0-	\$-0-	\$498,960

## (2) SUBSEQUENT EVENTS DISCLOSURE

The Fund's management has evaluated events and transactions that occurred subsequent to December 31, 2016 for potential recognition or disclosure.

The Hawaii Health Systems bond is in default because the issuer defaulted on its most recent scheduled interest and principal payments. The Fund is pursuing the issuer and paying agent to obtain the payments owed to the Fund. At December 31, 2016 the Hawaii Health Systems bond was valued as a Level 3 security at \$498,960 which represented 0.30% of the Fund's net assets. On February 1, 2017 the bond was valued at \$246,400. This security will continue to be fair valued as a Level 3 security until this matter is resolved.

For additional information on the Fund's policy regarding valuation of investments and other significant accounting policies, please refer to the Fund's most recent Semi-Annual or Annual Report.

**Item 2. Controls and Procedures.**

(a) Based on an evaluation of the disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940), the disclosure controls and procedures as of a date within 90 days prior to the filing date of this Form N-Q (the "Report"), are reasonably designed to ensure that information required to be disclosed by the Registrant in the Report is recorded, processed, summarized and reported by the filing date, including ensuring that information required to be disclosed in the Report is accumulated and communicated to the Registrant's management, including the Registrant's principal executive officer and principal financial officer. Based on such evaluation, the Registrant's Principal Executive Officer and Principal Financial Officer have determined that the disclosure controls and procedures are effective.

(b) There were no changes in the Registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the Investment Company Act of 1940) that occurred during the Registrant's last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting.

**Item 3. Exhibits.**

Separate certifications for each principal executive officer and principal financial officer of the Registrant as required by Rule 30a-2(a) under the Act (17 CFR 270.30a-2(a)) are attached hereto as Exhibit 99.CERT.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Lee Financial Mutual Fund, Inc.

By: /s/ Terrence K.H. Lee

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Terrence K.H. Lee, President and CEO

Date: February 8, 2017  
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Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

By: /s/ Terrence K.H. Lee

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Terrence K.H. Lee, President and CEO

Date: February 8, 2017  
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By: /s/ Nora B. Foley

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Nora B. Foley, Treasurer

Date: February 8, 2017  
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I, Terrence K.H. Lee, certify that:

1. I have reviewed this report on Form N-Q of Lee Financial Mutual Fund, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the schedules of investments included in this report fairly present in all material respects the investments of the registrant as of the end of the fiscal quarter for which the report is filed;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940) and internal control over financial reporting (as defined in Rule 30a-3(d) under the Investment Company Act of 1940) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of a date within 90 days prior to the filing date of this report, based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 8, 2017

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/s/ Terrence K.H. Lee

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Terrence K.H. Lee  
President and CEO

I, Nora B. Foley, certify that:

1. I have reviewed this report on Form N-Q of Lee Financial Mutual Fund, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the schedules of investments included in this report fairly present in all material respects the investments of the registrant as of the end of the fiscal quarter for which the report is filed;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940) and internal control over financial reporting (as defined in Rule 30a-3(d) under the Investment Company Act of 1940) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of a date within 90 days prior to the filing date of this report, based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 8, 2017

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/s/ Nora B. Foley

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Nora B. Foley  
Treasurer