

*Finance Department  
Tel. (510) 494-4610  
Fax (510) 494-4611*

**Date:** January 3, 2018  
**To:** Mayor and City Council  
**From:** David Persselin, Finance Director  
**Subject:** Cash and Investments Report – September 2017  
Debt Report – September 2017

The following information concerning cash and investments is hereby transmitted to the City Council:

*Cash & Investments*

- Narrative and Highlights
- Summary of Cash and Investments
- Investment Performance
- Investment Rate Performance
- Investments Compared to Limits
- Investment Summary
- Investment Activity
- Detail of Cash and Investments, Petty Cash and Cash with Fiscal Agents

*Debt*

- Debt Policy Compliance and Recent Financing Activities
- Debt Obligations
- Summary of Debt Balances, Interest Rates and Activities

The treasurer's report has been prepared to comply with state regulations contained in Government Code Section 53646. Detailed information is provided on all investments and monies held by fiscal agents.

I verify that all investment activities since the last report have been made in full compliance with the City's investment policy, which has been approved by the City Council. The Treasurer's cash management program provides sufficient liquidity to meet expenditures for the next six months.

This report is available on the City's internet site.

David Persselin  
Finance Director

**CITY OF FREMONT  
NARRATIVES AND HIGHLIGHTS  
September 2017**

***EXECUTIVE SUMMARY***

City liquidity needs were met in September and investment categories were well within the allowed percentages under California law and the City investment policy (see page 5 for component percentages).

The overall portfolio month end yield increased from 1.62% last month to 1.64% this month. The yield for the same month last year was 1.38%. The LAIF (State of California Local Agency Investment Funds) apportionment yield of 1.11% was 0.53% lower than the City's average month end yield. (See the portfolio-benchmark comparative yield graph on page 5.) The California Asset Management Program yield was 1.14%. The Federal Reserve Open Market Committee federal funds rate target remained in the range of 1.00%-1.25%. The two-year U.S. Treasury Note yield increased from 1.33% to 1.47% and the five-year U.S. Treasury Note yield increased from 1.70% to 1.92%.

***CHANGES IN CASH AND INVESTMENT POOLED BALANCES (Pages 3, 3.1, and 3.2)***

Pooled cash and investment balances decreased by \$4.3 million during September to a total of \$290.0 million. Pooled cash and investment balances were \$22.0 million higher than the \$267.9 million on hand last year. Compared to August, cash decreased in the General Fund by \$722 thousand, in the Capital Improvement Funds by \$1.4 million, and in the Internal Service Funds by \$1.1 million. All the remaining funds combined netted a decrease of \$1.1 million. General Fund cash flows were as follows:

<u>Inflows:</u>	<u>Millions</u>	<u>Totals (Millions)</u>
Property tax	2.7	
Sales and use tax	6.0	
Business license fees	0.8	
Transient occupancy tax	0.7	
Other revenues	0.4	
Transfers-in	<u>1.1</u>	\$11.7
<u>Outflows:</u>		
Payroll	\$ 9.2	
Supplies, services, and other	1.2	
Internal service allocations	1.2	
Transfers-out	<u>0.8</u>	<u>(12.4)</u>
Net General Fund cash decrease		<u>(\$ 0.7)</u>

*Other Fund changes greater than \$1 million*

1. The Capital Improvement Funds decreased by \$1.4 million due to payments made on slurry, cape and seal projects.

2. The Internal Service Funds decreased \$1.1 million as a result of payments made on fire apparatus.

### ***CHANGES IN THE PORTFOLIO FAIR MARKET VALUE ADJUSTMENT (Page 3)***

The City periodically adjusts its investment carrying value to fair market value to comply with governmental accounting standards. Market Prices are supplied by PFM Asset Management. The graph entitled *Interest Compared to Interest plus Fair Value Adjustments* on page 4 shows the impact of unrealized gains/(losses) on the actual interest revenue.

The September negative month end estimated valuation adjustment of \$985 thousand increased by \$870 thousand from the prior month. Valuations for the portfolio taken as a whole are shown in Chart 2 on page 3 for 2015, 2016, and 2017.

### ***INVESTMENT ACTIVITY AND INTEREST RATE PERFORMANCE (Pages 4, 5 and 6)***

Money market and pooled funds account percentages of the pooled portfolio increased from 29.2% to 33% compared to last year. These short term investments will help the City to more rapidly reallocate its portfolio if interest rates begin to rise from their current low levels. LAIF appears to remain safe and its yield of 1.11% remains significantly better than other investments of one year or less.

Current month interest income of \$253 thousand, exclusive of the fair value adjustment, was \$221 thousand more than the prior month. Accrued interest (earned but not yet received) related to City investments at the end of September 2017 was \$748 thousand.

This month, \$14.5 million of available funds were newly invested at an average rate of 0.96% (659 day average maturity), compared to \$16.0 million at 1.80% (1191 days) in August, and \$13.1 million at 1.34% (1606 days) in the same month one year ago. (See page 7) The City did not enter into any repurchase or reverse repurchase agreements during the month.

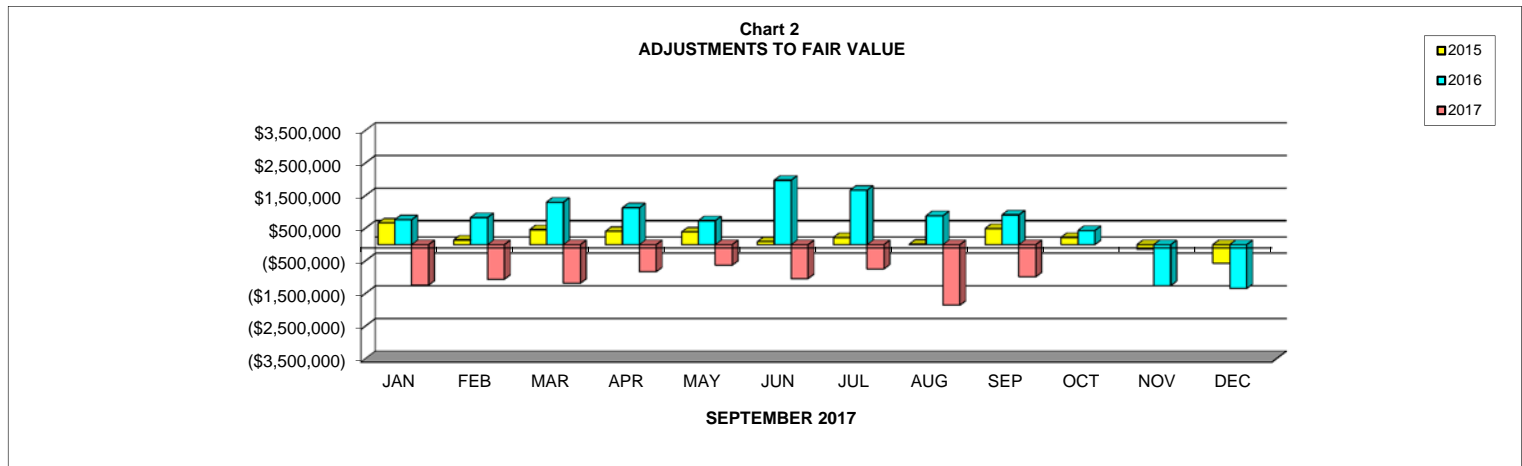
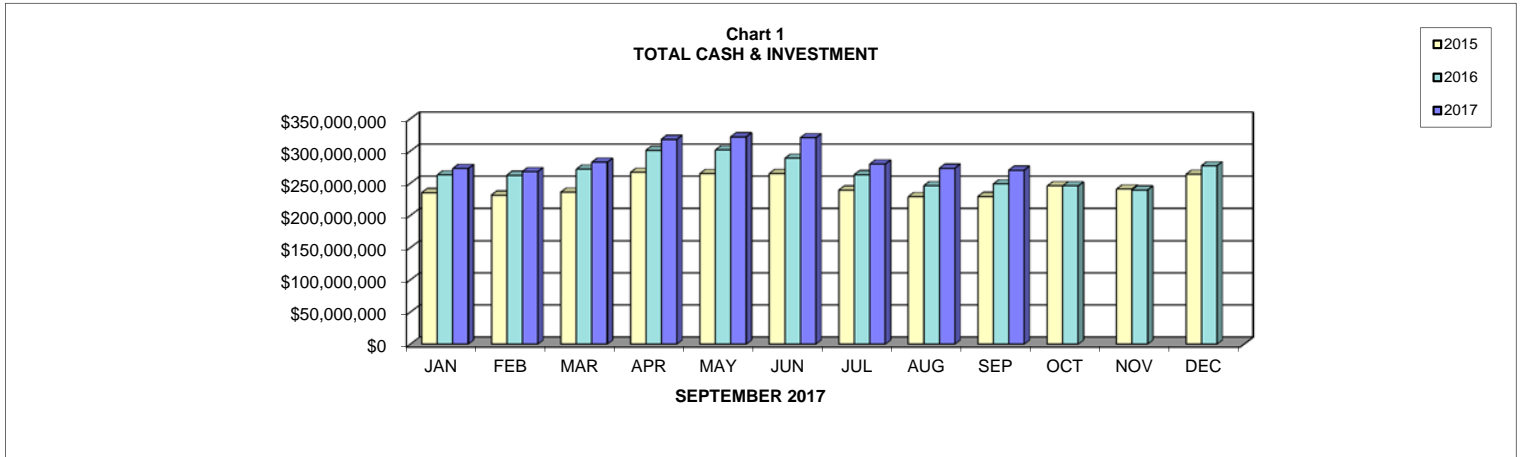
The dollar weighted-average portfolio life decreased by 5 days compared to last month and was a decrease of 60 days from the prior year. The dollar weighted-average portfolio life only uses maturity dates and does not take early calls into account so it overstates the actual expected portfolio life. However, the statistic is a useful trend indicator.

### ***THE YIELD CURVE (Page 6)***

Page 6 compares U.S. Treasury bill and note yield curves at the end of September 2017, August 2017, and September 2016. The U.S. Treasury yield curve and comparable yield curves for other types of investments retained their “normal-curve” shape and are expected to do so for at least the next year. Interest rates for U.S. Treasuries of about six months and less remain near zero percent.

**SUMMARY OF CASH AND INVESTMENTS - TOTAL CITY  
WITH COMPARISON**

	Current Month <i>09/30/2017</i>	Prior Month <i>08/31/2017</i>	Prior Year <i>09/30/2016</i>	Change from Prior Month <i>09/17 to 08/17</i>	Change from Prior Year <i>09/17 to 09/16</i>
<b>CASH AND INVESTMENTS - TOTAL CITY</b>					
<b>INVESTMENTS CITY POOL</b>					
Investment in Securities at Cost	\$ 182,902,786	\$ 176,744,160	\$ 185,907,734	\$ 6,158,626	\$ (3,004,948)
Adjustments to Fair Value (Chart 2)	(984,667)	(1,854,203)	913,220	869,536	(1,897,887)
State of California Local Agency Investment Funds (LAIF)	65,000,000	65,000,000	60,000,000	-	5,000,000
California Asset Management Program	23,398,929	33,365,503	2,080,783	(9,966,574)	21,318,146
<b>Subtotal - Investments (City Pool)</b>	<u>270,317,048</u>	<u>273,255,460</u>	<u>248,901,737</u>	<u>(2,938,412)</u>	<u>21,415,311</u>
Impound and Other Cash	762,150	1,512,693	130,757	(750,543)	631,393
General Checking Account	18,894,279	19,515,716	18,898,853	(621,437)	(4,574)
<b>Total - Cash and Investments (Chart 1)</b>	<u>289,973,477</u>	<u>294,283,869</u>	<u>267,931,347</u>	<u>(4,310,392)</u>	<u>22,042,130</u>
<b>PETTY CASH</b>	25,860	32,304	32,304	(6,444)	(6,444)
<b>CASH WITH FISCAL AGENTS</b>	<u>7,424,520</u>	<u>12,275,039</u>	<u>16,409,922</u>	<u>(4,850,519)</u>	<u>(8,985,402)</u>
<b>GRAND TOTAL - CASH AND INVESTMENTS, PETTY CASH &amp; CASH WITH FISCAL AGENTS</b>	<u>\$ 297,423,857</u>	<u>\$ 306,591,212</u>	<u>\$ 284,373,573</u>	<u>\$ (9,167,355)</u>	<u>\$ 13,050,284</u>



**SUMMARY OF CASH AND INVESTMENTS BY FUND  
WITH COMPARISON**

	Current Month <i>09/30/2017</i>	Prior Month <i>08/31/2017</i>	Prior Year <i>09/30/2016</i>	Change from Prior Month <i>09/17 to 08/17</i>	Change from Prior Year <i>09/17 to 09/16</i>
<b>CASH AND INVESTMENT BALANCES BY FUND</b>					
General Fund	\$ (10,520,076)	\$ (9,797,640)	\$ 6,972,443	\$ (722,436)	\$ (17,492,519)
Capital Improvement Funds	71,386,120	72,841,035	63,831,384	(1,454,915)	7,554,736
Park Benefit & Impact Fee Funds	73,444,259	72,697,588	60,589,942	746,671	12,854,317
Internal Service Funds	23,307,661	24,374,590	22,058,514	(1,066,929)	1,249,147
Housing Funds	46,866,187	47,445,896	24,752,869	(579,709)	22,113,318
Development Cost Center Funds	18,380,637	17,574,571	16,876,460	806,066	1,504,177
Traffic Impact Fee Funds	12,239,148	12,539,029	17,226,858	(299,881)	(4,987,710)
Recreation Fund	10,022,186	10,700,286	10,165,234	(678,100)	(143,048)
Gas Tax Funds	8,009,920	8,602,542	10,652,099	(592,622)	(2,642,179)
Local Improvement Districts	8,802,516	8,775,284	7,980,069	27,232	822,447
Integrated Waste Management Fund	6,885,590	6,971,389	7,289,030	(85,799)	(403,440)
Other Agency Funds	2,950,505	2,920,806	2,435,597	29,699	514,908
Low and Moderate Income Housing Asset Fund	6,226,953	6,244,408	5,389,151	(17,455)	837,802
Community Assistance	6,591,608	6,883,991	4,817,589	(292,383)	1,774,019
County Roads Measure B Fund	2,621,642	3,125,572	2,584,785	(503,930)	36,857
Other Funds	2,093,483	1,749,085	1,289,137	344,398	804,346
Family Resource Center	-	(15,552)	1,123,969	15,552	(1,123,969)
Police Grants	(120,434)	(83,300)	691,597	(37,134)	(812,031)
Urban Runoff Funds	378,581	470,301	817,857	(91,720)	(439,276)
General Obligation Bond - Fire	406,991	263,988	386,763	143,003	20,228
<b>Total - Cash and Investments</b>	<u>289,973,477</u>	<u>294,283,869</u>	<u>267,931,347</u>	<u>(4,310,392)</u>	<u>22,042,130</u>
<b>PETTY CASH</b>	<u>25,860</u>	<u>32,304</u>	<u>32,304</u>	<u>(6,444)</u>	<u>(6,444)</u>
<b>CASH WITH FISCAL AGENTS</b>					
Local Improvement District Trust Accounts	5,069,136	7,372,071	5,044,604	(2,302,935)	24,532
Other Agency Trust Accounts	443	441	3,234,114	2	(3,233,671)
Lease Revenue Bonds	305,765	228,410	-	77,355	305,765
Lease Financing	2,049,176	4,674,117	8,131,204	(2,624,941)	(6,082,028)
<b>Total - Cash with Fiscal Agents</b>	<u>7,424,520</u>	<u>12,275,039</u>	<u>16,409,922</u>	<u>(4,850,519)</u>	<u>(8,985,402)</u>
<b>GRAND TOTAL - CASH &amp; INVESTMENTS, PETTY CASH AND CASH WITH FISCAL AGENT</b>	<u>\$ 297,423,857</u>	<u>\$ 306,591,212</u>	<u>\$ 284,373,573</u>	<u>\$ (9,167,355)</u>	<u>\$ 13,050,284</u>

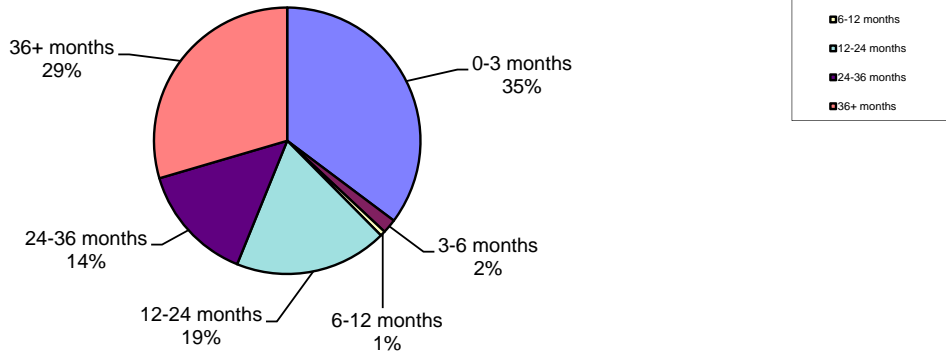
**CITY OF FREMONT**  
**Summary of Cash and Investments by Funds**

**Cash Balance**

Cash & Investments August 2017	\$ 294,283,869
Receipts for the month of September 2017	16,703,811
Disbursements for the month of September 2017	(21,883,739)
September 2017 Fair Value Adjustment	869,536
<b>Total Cash &amp; Investments September 2017</b>	<b><u>\$ 289,973,477</u></b>

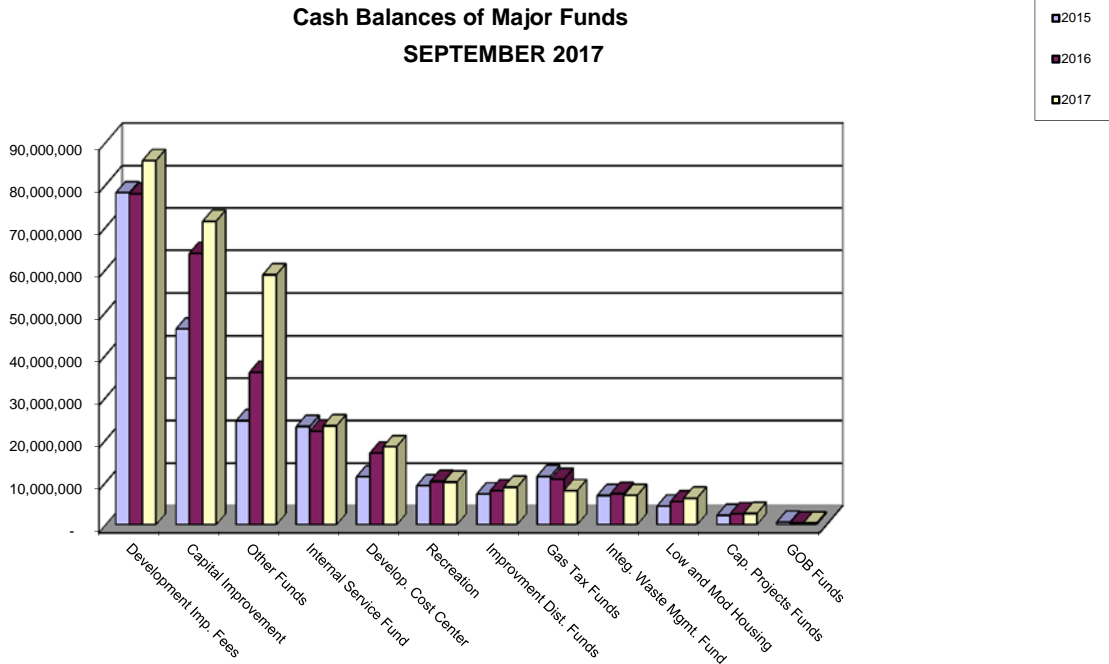
Cash & Investments City Pool	\$ 270,317,048
Cash & Investments, Impound and Other Cash	762,150
Bank of America Checking Account	18,894,279
<b>Total Cash &amp; Investments September 2017</b>	<b><u>\$ 289,973,477</u></b>

**Maturity Schedule by Percentage \***  
**SEPTEMBER 2017**



\* Subject to bond call provisions

**Cash Balances of Major Funds**  
**SEPTEMBER 2017**



**INVESTMENT PERFORMANCE  
WITH COMPARISON  
CITY POOLED INVESTMENTS**

	<b>Current Month</b> <i>09/30/2017</i>	<b>Prior Month</b> <i>08/31/2017</i>	<b>Prior Year</b> <i>09/30/2016</i>	<b>Change from Prior Month</b> <i>09/17 to 08/17</i>	<b>Change from Prior Year</b> <i>09/17 to 09/16</i>
<b>INVESTMENT YIELD</b>					
State Pool	1.11%	1.09%	0.64%	0.02%	0.47%
California Asset Management Program	1.14%	1.14%	0.63%	0.00%	0.51%
City of Fremont - End of Month	1.64%	1.62%	1.38%	0.02%	0.26%
City of Fremont - Fiscal Year to Date	1.61%	1.59%	1.39%	0.02%	0.22%

**AVERAGE LIFE OF PORTFOLIO (In Days)**

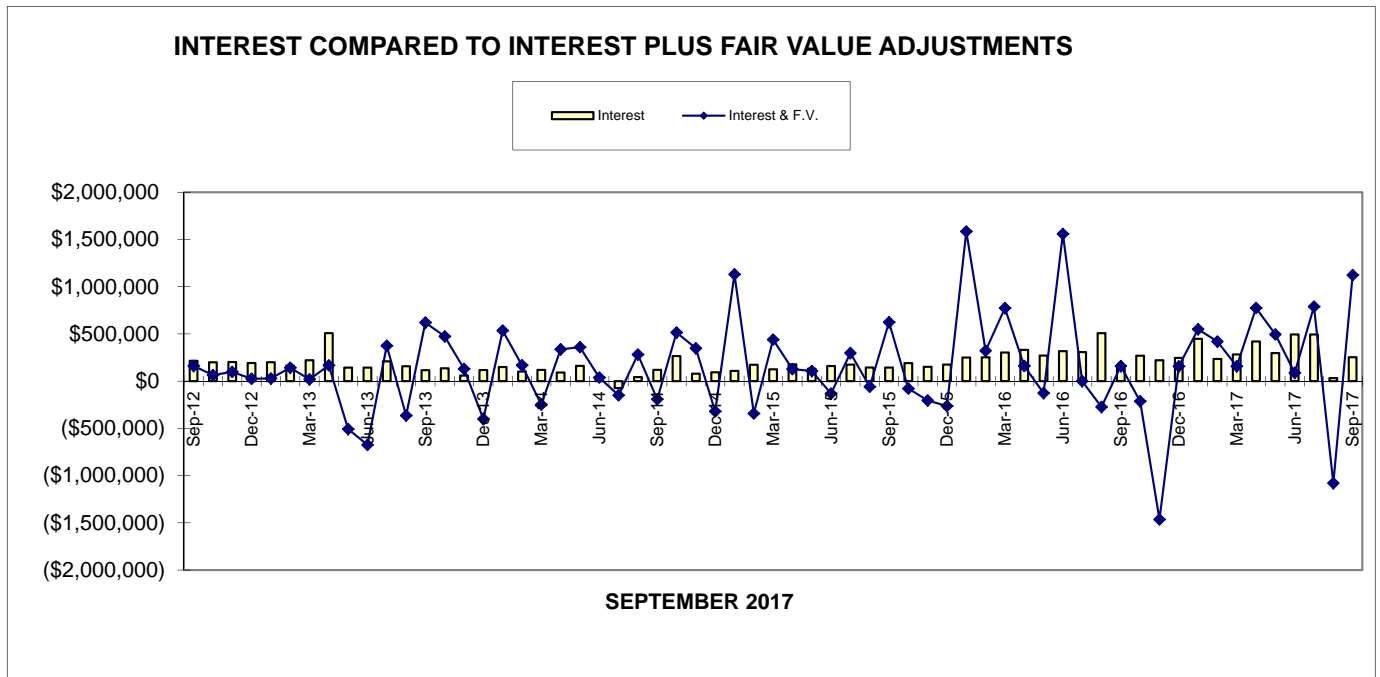
State Pool	190	179	165	11	25
City of Fremont	657	662	717	(5)	(60)

**EARNINGS CURRENT MONTH**

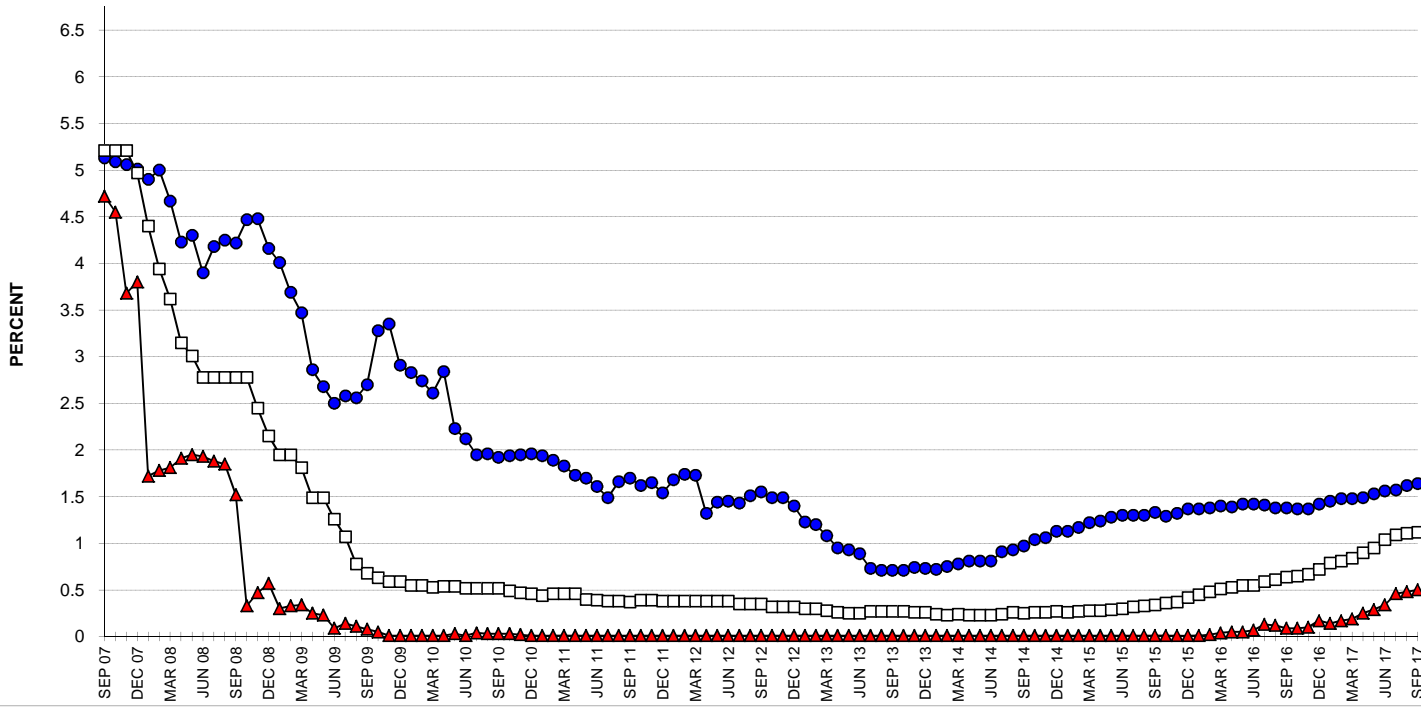
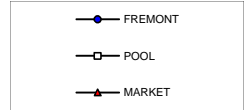
<b>INTEREST EARNINGS (DISTRIBUTED)</b>					
General, Capital and Grant Funds	\$ 245,958	\$ 30,999	\$ 127,638	\$ 214,959	\$ 118,320
Local Improvement Districts	7,116	890	3,818	6,226	3,298
<b>Total</b>	<b>253,074</b>	<b>31,889</b>	<b>131,456</b>	<b>221,185</b>	<b>121,618</b>
<b>FAIR VALUE ADJUSTMENTS</b>	<b>869,536</b>	<b>(1,111,609)</b>	<b>28,209</b>	<b>1,981,145</b>	<b>841,327</b>
<b>TOTAL INTEREST EARNINGS</b>	<b>\$ 1,122,610</b>	<b>\$ (1,079,720)</b>	<b>\$ 159,665</b>	<b>\$ 2,202,330</b>	<b>\$ 962,945</b>

**FISCAL YEAR TO DATE EARNINGS**

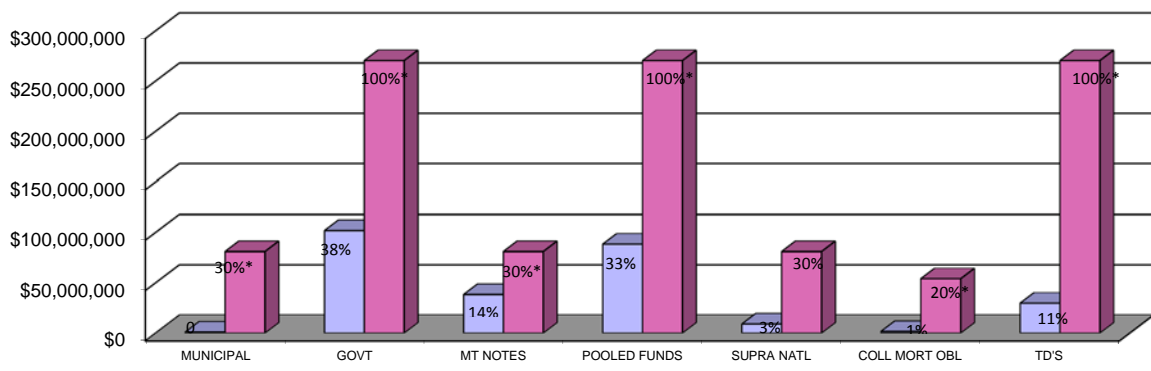
General, Capital and Grant Funds	\$ 806,149	\$ (284,720)	\$ (172,862)	\$ 1,090,869	\$ 979,011
Local Improvement Districts	25,836	(5,905)	58,432	31,741	(32,596)
<b>Total</b>	<b>\$ 831,985</b>	<b>\$ (290,625)</b>	<b>\$ (114,430)</b>	<b>\$ 1,122,610</b>	<b>\$ 946,415</b>



### INTEREST RATE PERFORMANCE SEPTEMBER 2017



### INVESTMENTS COMPARED TO LIMITS SEPTEMBER 2017

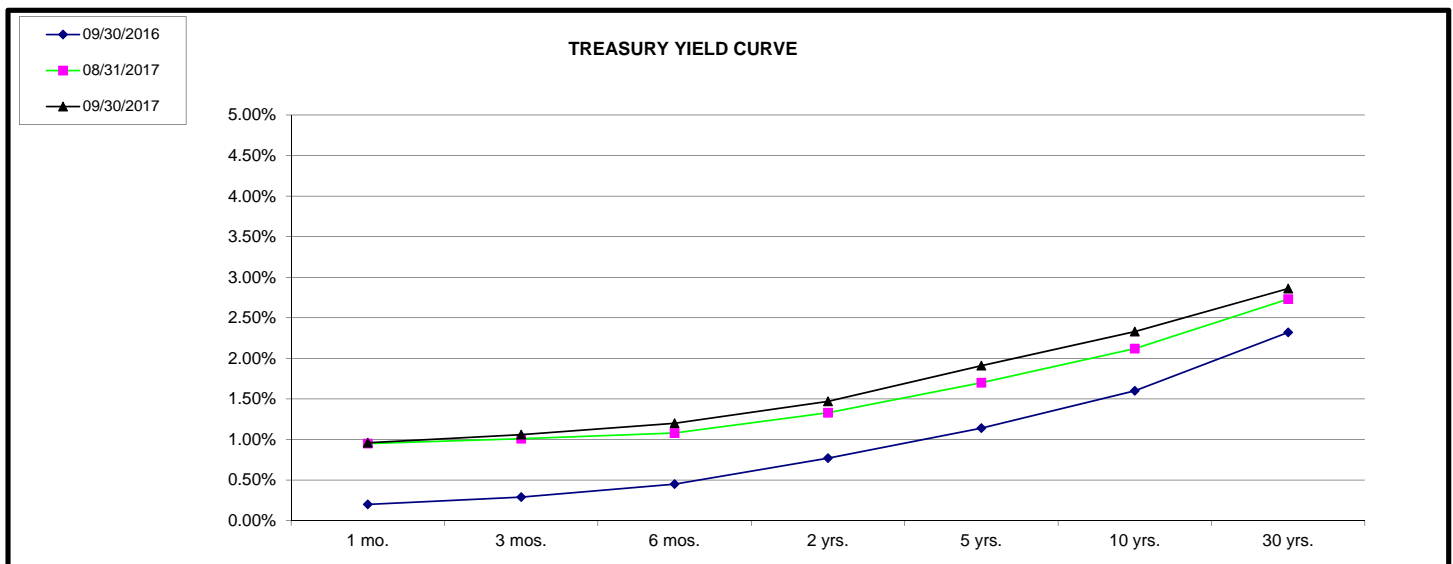


\*Limit represents maximum allowable percentage portion of portfolio.



## INVESTMENT ACTIVITY SEPTEMBER 2017

DATE	REDEMPTION POOLS /			PURCHASES POOLS /			AVG. RATE	AVG. MAT. DAYS
	SECURITIES	MONEY MARKET	TOTAL	SECURITIES	MONEY MARKET	TOTAL		
09/01/2017	\$0.00	\$0.00	\$0.00	\$0.00	\$33,425.87	33,425.87	0.01%	1
09/07/2017	(1,139,381.25)	(5,000,000.00)	(6,139,381.25)	1,119,059.20	-	1,119,059.20	1.85%	1093
09/08/2017	(1,573,359.37)	-	(1,573,359.37)	1,496,895.00	-	1,496,895.00	1.80%	1231
09/11/2017	(999,570.31)	-	(999,570.31)	-	-	-	-	-
09/12/2017	-	-	-	998,820.00	-	998,820.00	2.15%	1822
09/18/2017	-	(5,000,000.00)	(5,000,000.00)	-	-	-	-	-
09/19/2017	(3,051,914.06)	-	(3,051,914.06)	2,992,800.00	-	2,992,800.00	1.56%	1089
09/21/2017	(710,803.53)	-	(710,803.53)	-	-	-	-	-
09/27/2017	-	-	-	1,700,000.00	-	1,700,000.00	2.07%	708
09/28/2017	(861,621.09)	-	(861,621.09)	866,124.50	-	866,124.50	2.75%	1646
09/30/2017	-	-	-	-	5,321,576.77	5,321,576.77	0.01%	1
<b>TOTAL 09/17</b>	<b>(\$8,336,649.61)</b>	<b>(\$10,000,000.00)</b>	<b>(\$18,336,649.61)</b>	<b>\$9,173,698.70</b>	<b>\$5,355,002.64</b>	<b>\$14,528,701.34</b>	<b>0.96%</b>	<b>659</b>
<b>TOTAL 08/17</b>	<b>(\$16,528,203.71)</b>	<b>(\$5,000,000.00)</b>	<b>(\$21,528,203.71)</b>	<b>\$15,975,418.23</b>	<b>\$55,560.25</b>	<b>\$16,033,150.74</b>	<b>1.80%</b>	<b>1191</b>
<b>TOTAL 09/16</b>	<b>(\$10,378,108.34)</b>	<b>\$0.00</b>	<b>(\$10,378,108.34)</b>	<b>\$10,580,804.90</b>	<b>\$2,493,195.96</b>	<b>\$13,074,000.86</b>	<b>1.34%</b>	<b>1606</b>



Graph Source: US Treasury - Daily Treasury Yield Curve Rates, September 30, 2017

**DETAIL OF CASH AND INVESTMENT, PETTY CASH AND CASH WITH FISCAL AGENTS  
SEPTEMBER 2017**

LD.#	SECURITY LISTING	FACE RATE	MATURITY DATE	PURCHASE YIELD	PAR	ORIGINAL COST	MARKET VALUE	ACCRUED INTEREST	CREDIT RATING	CREDIT RATING
<b>GENERAL CITY INVESTMENTS</b>										
<b>CORPORATE NOTES - ISSUER</b>										
46625HJR2	JP MORGAN CHASE & CO	2.35%	01/28/19	2.16%	\$ 2,450,000.00	\$ 2,469,208.00	\$ 2,468,318.65	\$ 10,075.63	A-	A3
17275RAR3	CISCO SYSTEMS	2.13%	03/01/19	1.90%	1,143,000.00	1,153,858.50	1,151,628.51	2,024.06	AA-	A1
02665WAH4	AMERICAN HONDA FINANCE	2.25%	08/15/19	2.29%	2,450,000.00	2,445,467.50	2,469,440.75	7,043.75	A+	A1
12189TBC7	BURLINGTON NORTH CORP	4.70%	10/01/19	1.47%	800,000.00	883,120.00	844,891.20	18,800.00	A	A3
38145GAJ9	GOLDMAN SACHS GROUP INC	2.30%	12/13/19	2.33%	1,700,000.00	1,698,725.00	1,707,347.40	11,730.00	BBB+	A3
94974BGF1	WELLS FARGO & COMPANY	2.15%	01/30/20	2.00%	1,000,000.00	1,006,990.00	1,002,710.00	3,643.06	A	A2
94974BGF1	WELLS FARGO & COMPANY	2.15%	01/30/20	2.11%	1,000,000.00	1,001,590.00	1,002,710.00	3,643.06	A	A2
89236TCF0	TOYOTA MOTOR CREDIT	2.15%	03/12/20	1.96%	800,000.00	807,104.00	803,838.40	907.78	AA-	Aa3
437076B04	HOME DEPOT INC	1.80%	06/05/20	1.82%	705,000.00	704,591.10	705,515.36	4,089.00	A	A2
25468PDU7	WALT DISNEY COMPANY	1.80%	06/05/20	1.84%	1,000,000.00	998,840.00	998,730.00	5,750.00	A+	A2
46625HLW8	JP MORGAN CHASE & CO	2.75%	06/23/20	2.49%	1,000,000.00	1,011,320.00	1,018,867.00	7,486.11	A-	A3
94974BGM6	WELLS FARGO & COMPANY	2.60%	07/22/20	2.48%	450,000.00	452,524.50	456,316.20	2,242.50	A	A2
94974BGM6	WELLS FARGO & COMPANY	2.60%	07/22/20	2.31%	1,000,000.00	1,013,030.00	1,014,036.00	4,983.33	A	A2
06406HDD8	BNY MELLON CORP	2.60%	08/17/20	2.21%	1,000,000.00	1,017,630.00	1,014,828.00	3,177.78	A	A1
14913Q2A6	Caterpillar	1.85%	09/04/20	1.88%	1,120,000.00	1,119,059.20	1,114,832.32	1,381.33	A	A3
713448DC9	PEPSICO	2.15%	10/14/20	2.09%	1,250,000.00	1,253,400.00	1,260,195.00	12,467.01	A+	A1
44932HAB9	IBM Credit	1.80%	01/20/21	1.86%	1,500,000.00	1,496,895.00	1,490,520.00	1,725.00	A+	A1
882508AY0	TEXAS INSTRUMENTS INC	2.75%	03/12/21	2.12%	320,000.00	327,292.80	327,343.68	464.44	A+	A1
61746BEA0	MORGAN STANLEY CORP	2.50%	04/21/21	2.36%	850,000.00	855,440.00	852,752.30	9,444.44	BBB+	A3
06406FAB9	BANK OF NEW YORK MELLON CORP.	2.05%	05/03/21	2.00%	1,000,000.00	1,002,130.00	995,502.00	8,427.78	A	A1
0258M0EB1	AMERICAN EXPRESS CREDIT	2.25%	05/05/21	2.13%	850,000.00	854,649.50	848,760.70	7,756.25	A-	A2
05531FAV5	BRANCH BANKING & TRUST	2.05%	05/10/21	2.06%	850,000.00	849,439.00	846,566.00	6,824.79	A-	A2
857477AV5	STATE STREET	1.95%	05/19/21	2.04%	460,000.00	458,045.00	456,914.32	3,289.00	A	A1
68389XBK0	ORACLE CORP	1.90%	09/15/21	2.44%	1,045,000.00	1,020,432.05	1,037,374.64	882.44	AA-	A1
713448DL9	PEPSICO INC	1.70%	10/06/21	2.34%	925,000.00	899,044.50	911,145.35	7,644.10	A+	A1
20030NBV2	COMCAST CORP	1.63%	01/15/22	2.65%	850,000.00	809,939.50	828,459.30	2,915.97	A-	A3
91159HHP8	US BANCORP	2.62%	01/24/22	2.55%	1,000,000.00	1,003,430.00	1,013,939.00	4,885.42	A+	A1
037833AY6	APPLE INC	2.15%	02/09/22	2.18%	1,000,000.00	998,660.00	998,335.00	3,105.56	AA+	Aa1
594918BA1	MICROSOFT CORP	2.38%	02/12/22	2.27%	850,000.00	853,927.00	857,725.65	2,747.74	AAA	Aaa
0258M0EG0	AMERICAN EXPRESS CREDIT	2.70%	03/03/22	2.49%	675,000.00	680,805.00	683,030.48	1,417.50	A-	A2
25468PDC6	WALT DISNEY COMPANY	2.45%	03/04/22	2.44%	575,000.00	575,184.00	581,721.75	1,056.56	A+	A2
05531FAX1	BB&T Corporation	2.75%	04/01/22	2.30%	850,000.00	866,124.50	865,889.05	12,336.81	A-	A2
458140BB5	INTEL CORP	2.35%	05/11/22	2.22%	1,000,000.00	1,005,870.00	1,007,141.00	9,138.89	A+	A1
68389XB00	ORACLE CORP	2.50%	05/15/22	2.19%	1,000,000.00	1,013,490.00	1,014,695.00	9,444.44	AA-	A1
911312BC9	UNITED PARCEL SERVICE	2.35%	05/16/22	2.11%	1,000,000.00	1,010,920.00	1,007,919.00	8,812.50	A+	A1
459200HG9	IBM CORP	1.87%	08/01/22	2.24%	1,750,000.00	1,719,550.00	1,710,628.50	5,468.75	A+	A1
89236TEC5	Toyota	2.15%	09/08/22	2.18%	1,000,000.00	998,820.00	988,912.00	1,373.61	AA-	Aa3
	SUBTOTAL				38,218,000.00	38,336,545.65	38,359,479.51	208,606.39		
<b>FEDERAL AGENCY BOND / NOTE - BROKER</b>										
3135G0J53	FNMA - JP MORGAN SECURITIES INC	1.00%	02/26/19	1.00%	500,000.00	498,820.00	496,816.50	486.11	AA+	Aaa
3137EADZ9	FMCN - TD SECURITIES (USA) LLC	1.12%	04/15/19	0.86%	3,050,000.00	3,068,361.00	3,034,509.05	15,821.88	AA+	Aaa
3135G0N33	FNMA - GOLDMAN SACHS	0.87%	08/02/19	0.93%	4,250,000.00	4,242,860.00	4,199,888.25	6,094.62	AA+	Aaa
3130A8Y72	FHLB - WELLS FARGO SECURITIES LLC	0.87%	08/05/19	0.94%	2,875,000.00	2,869,480.00	2,840,985.88	3,913.19	AA+	Aaa
3135G0P49	FNMA - GOLDMAN SACHS & CO	1.00%	08/28/19	1.05%	3,400,000.00	3,394,696.00	3,366,686.80	3,116.67	AA+	Aaa
3130AA3R7	FHLB - MERRILL LYNCH	1.37%	11/15/19	1.38%	3,685,000.00	3,684,152.45	3,672,224.11	19,141.53	AA+	Aaa
3135G0YZ2	FNMA - MORGAN STANLEY DEAN WITTER	1.75%	11/26/19	1.62%	2,000,000.00	2,012,900.00	2,007,600.00	12,152.78	AA+	Aaa
3135G0T29	FNMA - JP MORGAN SECURITIES INC	1.50%	02/28/20	1.52%	3,700,000.00	3,697,632.00	3,691,201.40	5,087.50	AA+	Aaa
3130A8QS5	FHLB - KEYBANC CAPITAL MARKETS	1.12%	07/14/21	1.16%	1,450,000.00	1,446,926.00	1,416,458.60	3,489.06	AA+	Aaa
3130A8QS5	FHLB - TD SECURITIES LLC	1.13%	07/14/21	1.25%	4,225,000.00	4,199,307.78	4,127,267.30	10,166.41	AA+	Aaa
3135G0N82	FNMA - TD SECURITIES (USA) LLC	1.25%	08/17/21	1.32%	415,000.00	413,580.29	406,081.65	634.03	AA+	Aaa
3135G0N82	FNMA - CITIGROUP GLOBAL MARKETS INC	1.25%	08/17/21	1.33%	1,335,000.00	1,329,593.25	1,306,310.85	2,039.58	AA+	Aaa
	SUBTOTAL				30,885,000.00	30,858,308.77	30,566,030.39	82,143.36		
<b>FEDERAL AGENCY COLLATERALIZED MORTGAGE OBLIGATION</b>										
3136AMKW8	MERRILL LYNCH - FNMA Series 2015-M1-ASQ2	1.63%	02/01/18	1.26%	272,324.89	275,046.10	272,125.66	369.00	AA+	Aaa
3136ANJY4	GOLDMAN SACHS - FNMA Series 2015-M7 ASQ2	1.55%	04/01/18	0.83%	256,485.09	259,049.02	256,349.26	331.29	AA+	Aaa
3136AQS51	GOLDMAN SACHS - FNMA Series 2015-M15 ASQ2	1.90%	01/01/19	1.20%	346,096.94	349,557.88	346,435.84	547.43	AA+	Aaa
3136AQDQ0	MORGAN STANLEY - FNMA Series 2015-M13 ASQ2	1.65%	09/01/19	1.08%	843,030.31	851,472.33	842,522.81	1,156.36	AA+	Aaa
	SUBTOTAL				1,717,937.23	1,735,125.33	1,717,433.57	2,404.08		
<b>US TREASURY NOTES - BROKER</b>										
912828D23	CITIGROUP	1.63%	04/30/19	1.06%	2,190,000.00	2,219,941.41	2,196,158.28	14,892.60	AA+	Aaa
912828WL0	MORGAN STANLEY	1.50%	05/31/19	1.06%	2,420,000.00	2,446,468.75	2,422,269.96	12,199.18	AA+	Aaa
912828UQ1	MERRILL LYNCH	1.25%	02/29/20	1.55%	335,000.00	330,812.50	332,670.75	358.60	AA+	Aaa
912828J84	CITIGROUP	1.38%	03/31/20	1.04%	325,000.00	328,986.33	323,489.40	12.28	AA+	Aaa
912828J84	CITIGROUP	1.38%	03/31/20	1.04%	455,000.00	460,794.14	452,885.16	17.19	AA+	Aaa
912828J84	CITIGROUP	1.38%	03/31/20	1.04%	1,010,000.00	1,021,480.86	1,005,305.52	38.15	AA+	Aaa
912828VP2	MERRILL LYNCH	2.00%	07/31/20	1.58%	1,000,000.00	1,018,867.19	1,010,859.00	3,369.57	AA+	Aaa
912828VV9	CITIGROUP	2.13%	08/31/20	1.74%	700,000.00	727,289.06	710,035.20	1,273.83	AA+	Aaa
912828VV9	MORGAN STANLEY	2.13%	08/31/20	1.74%	1,180,000.00	1,200,419.53	1,196,916.48	2,147.31	AA+	Aaa
912828WC0	MERRILL LYNCH	1.75%	10/31/20	1.35%	4,050,000.00	4,124,988.28	4,062,182.40	29,659.65	AA+	Aaa
912828PC8	HSBC	2.63%	11/15/20	1.21%	2,560,000.00	2,718,800.00	2,635,299.84	25,382.61	AA+	Aaa
912828A42	MERRILL LYNCH	2.00%	11/30/20	1.38%	375,000.00	385,708.01	378,793.88	2,520.49	AA+	Aaa
912828A83	MERRILL LYNCH	2.38%	12/31/20	1.28%	2,550,000.00	2,678,097.66	2,605,582.35	15,305.20	AA+	Aaa
912828N48	MORGAN STANLEY	1.75%	12/31/20	1.36%	3,075,000.00	3,127,851.56	3,080,765.63	13,599.35	AA+	Aaa
912828N89	CITIGROUP	1.38%	01/31/21	1.35%	2,500,000.00	2,502,636.72	2,473,535.00	5,791.44	AA+	Aaa
912828B90	MORGAN STANLEY	2.00%	02/28/21	0.92%	875,000.00	875,000.00	883,407.88	1,498.62	AA+	Aaa
912828Q37	CITIGROUP	1.25%	03/31/21	0.98%	1,415,000.00	1,433,019.14	1,392,061.44	48.59	AA+	Aaa
912828WN6	BARCLAYS	2.00%	05/31/21	1.22%	3,500,000.00	3,518,867.19	3,531,171.00	23,524.59	AA+	Aaa
912828WN6	HSBC	2.00%	05/31/21	1.22%	4,950,000.00	5,127,890.63	4,994,084.70	33,270.49	AA+	Aaa
912828D72	HSB SECURITIES (USA) Inc	2.00%	08/31/21	1.21%	1,400,000.00	1,452,554.69	1,411,156.60	2,397.79	AA+	Aaa
912828D72	HSBC	2.00%	08/31/21	1.21%	5,450,000.00	5,466,179.69	5,493,431.05	9,334.25	AA+	Aaa
912828T67	MERRILL LYNCH	1.25%	10/31/21	2.11%	655,000.00	630,181.64	640,364.68	3,426.29	AA+	Aaa
912828F96	CITIGROUP	2.00%	10/31/21	1.64%	3,400,000.00	3,448,476.56	3,424,439.20	28,456.52	AA+	Aaa
912828G87	BARCLAYS	2.13%	12/31/21	1.72%	7,250,000.00	7,377,441.41	7,331,845.25	38,934.75	AA+	Aaa
912828V72	BARCLAYS	1.88%	01/31/22	1.88%	700,000.00	699,699.22	700,355.60	2,211.28	AA+	Aaa
	SUBTOTAL				54,320,000.00	55,365,245.14	54,689,066.25	269,670.14		
<b>MUNICIPAL BONDS</b>										
91412GUV5	UNIVERSITY OF CALIFORNIA TAXABLE REV BONDS									

**DETAIL OF CASH AND INVESTMENT, PETTY CASH AND CASH WITH FISCAL AGENTS  
SEPTEMBER 2017**

LD.#	SECURITY LISTING	FACE RATE	MATURITY DATE	PURCHASE YIELD	PAR	ORIGINAL COST	MARKET VALUE	ACCRUED INTEREST	CREDIT RATING	CREDIT RATING
<b>GENERAL CITY INVESTMENTS (CONTINUED)</b>										
<b>ASSET-BACKED SECURITY / COLLATERALIZED MTG OBLIGATION - BROKER</b>										
89237CAD3	TOYOTA ABS 2015-B A3	1.27%	05/15/19	1.27%	549,111.32	549,081.61	548,808.87	309.94	AAA	Aaa
14314EAB7	CARMAX ABS 2016-3 A2A	1.17%	08/15/19	1.18%	440,114.37	440,078.45	439,797.22	228.86	AAA	NR
65477UAC4	NISSAN ABS 2015-A A3	1.05%	10/15/19	1.06%	353,952.53	353,878.13	353,412.12	165.18	NR	Aaa
34530VAD1	FORD ABS 2015-B A3	1.16%	11/15/19	1.16%	283,186.17	283,159.98	282,836.12	146.00	NR	Aaa
43814NAC9	HONDA ABS 2016-1 A3	1.22%	12/18/19	1.23%	352,879.73	352,829.58	352,085.47	155.46	AAA	NR
34530YAD5	FORD ABS 2015-C A3	1.41%	02/15/20	1.42%	385,649.21	385,574.16	385,491.44	241.67	AAA	Aaa
89237KAD5	TOYOTA ABS 2016-A A3	1.25%	03/15/20	1.25%	355,000.00	354,979.87	354,226.95	197.22	AAA	Aaa
65475WAD0	NISSAN ABS 2015-B A3	1.34%	03/15/20	1.34%	473,474.17	473,436.52	472,930.05	281.98	NR	Aaa
47788NAC2	JOHN DEERE ABS 2016-B-A3	1.25%	06/15/20	1.25%	365,000.00	364,970.95	363,453.50	202.78	NR	Aaa
02007LAC6	ALLY ABS 2016-3 A3	1.44%	08/15/20	1.44%	600,000.00	599,941.74	599,270.22	384.00	AAA	Aaa
44930UAD8	HYUNDAI ABS 2016-A A3	1.56%	09/15/20	1.57%	95,000.00	94,981.57	94,903.53	65.87	AAA	Aaa
34532EAD7	FORD ABS 2016-B A3	1.33%	10/15/20	1.33%	230,000.00	229,978.20	229,300.25	135.96	Aaa	NR
65478WAD7	NISSAN ABS 2016-C A3	1.18%	01/15/21	1.18%	320,000.00	319,969.41	317,695.90	167.82	NR	Aaa
17305EGAD7	CCCIT ABS 2017-A2-A2	1.74%	01/17/21	1.75%	1,450,000.00	1,449,722.33	1,451,391.42	5,186.17	AAA	Aaa
89238MAD0	TOYOTA ABS 2017-A A3	1.73%	02/15/21	1.74%	310,000.00	309,963.51	309,803.99	238.36	AAA	Aaa
44891EAC3	HYUNDAI ABS 2016-B A3	1.29%	04/15/21	1.30%	880,000.00	879,881.55	873,170.50	504.53	AAA	Aaa
34531EAD8	FORD ABS 2017-A A3	1.67%	06/15/21	1.67%	475,000.00	474,998.24	474,253.63	352.56	NR	Aaa
44931PAD8	HAROT ABS 2017-A A3	1.76%	08/15/21	1.76%	430,000.00	429,965.21	429,741.96	336.36	AAA	NR
43811BAC8	HYUNDAI ABS 2017-2 A3	1.68%	08/15/21	1.68%	1,500,000.00	1,499,870.25	1,496,987.10	1,120.00	AAA	Aaa
47788BAD6	JOHN DEERE ABS 2017-B A3	1.82%	10/15/21	1.82%	600,000.00	599,955.08	599,604.90	485.33	NR	Aaa
89237RAD0	TOYOTA ABS 2017-C A3	1.78%	11/15/21	2.00%	250,000.00	249,980.08	249,823.63	197.78	AAA	Aaa
02582JHG8	AMXCA 2017-4 A	1.64%	12/15/21	1.65%	560,000.00	559,910.29	559,326.71	408.18	AAA	NR
	SUBTOTAL				11,258,367.50	11,257,107.71	11,238,315.48	11,512.01		
<b>CERTIFICATES OF DEPOSIT</b>										
78009NZ22	ROYAL BANK OF CANADA NY	1.70%	03/09/18	1.70%	3,400,000.00	3,400,000.00	3,404,692.00	3,532.22	A-1+	P-1
13606ASZ7	CANADIAN IMPERIAL BANK NY	1.76%	11/30/18	1.80%	3,400,000.00	3,397,348.00	3,408,571.40	20,112.89	A+	A1
65558LWAD6	NORDEA BANK FINLAND NY	1.76%	11/30/18	1.76%	3,400,000.00	3,400,000.00	3,408,571.40	20,611.56	AA-	Aa3
06427KRC3	BANK OF MONTREAL CHICAGO	1.88%	02/07/19	1.88%	2,500,000.00	2,500,000.00	2,510,142.50	7,050.00	A+	A1
06417GUE6	BANK OF NOVA SCOTIA	1.91%	04/05/19	1.91%	3,400,000.00	3,400,000.00	3,395,576.60	32,109.22	A+	A1
86563YVNO	SUMITOMO MITSUI BANK NY	2.05%	05/03/19	2.05%	2,450,000.00	2,450,000.00	2,454,581.50	20,508.54	A	A1
83050FXT3	SKANDINAV ENSKILDA BK NY	1.84%	08/02/19	1.85%	3,400,000.00	3,398,674.00	3,396,906.00	10,079.11	A+	Aa3
96121TA43	WESTPAC BANKING CORP	2.05%	08/03/20	2.05%	2,660,000.00	2,660,000.00	2,672,885.04	8,179.50	AA-	Aa3
06539RGM3	Mitsubishi UFJ Financial Group	2.07%	09/25/19	2.07%	1,700,000.00	1,700,000.00	1,699,459.40	391.00	A+	A1
	SUBTOTAL				26,310,000.00	26,306,022.00	26,351,385.84	122,574.04		
<b>SUPRA-NATIONAL AGENCY BOND / NOTE</b>										
458182DX7	INTER-AMERICAN DEVELOPMENT BANK SN	1.00%	05/13/19	1.10%	2,380,000.00	2,372,860.00	2,355,136.14	9,123.33	AAA	Aaa
459058FS7	INTL BK RECON & DEVELOPMENT	1.12%	11/27/19	1.43%	1,750,000.00	1,735,847.67	1,729,871.50	6,781.25	AAA	Aaa
459058GA5	INTL BK RECON & DEVELOPMENT	1.62%	09/04/20	1.63%	2,000,000.00	1,999,580.00	1,992,104.00	2,888.89	AAA	Aaa
45905UP32	Intl Bank of Reconstruction and Dev	1.56%	09/12/20	1.64%	3,000,000.00	2,992,800.00	2,974,425.00	1,561.00	AAA	Aaa
	SUBTOTAL				9,130,000.00	9,100,887.67	9,051,536.64	20,354.47		
<b>ADJUST INVESTMENTS FROM AMORTIZED COST TO FAIR VALUE</b>										
						(984,667.39)				
<b>TOTAL INVESTMENTS PFM ASSET MANAGEMENT</b>					<b>172,959,304.73</b>	<b>173,096,541.88</b>	<b>173,096,541.88</b>	<b>720,899.63</b>		
<b>TIME DEPOSITS - ISSUER</b>										
1413714	HERITAGE BANK OF COMMERCE	0.50%	12/14/17	0.50%	500,000.00	500,000.00	498,310.04	120.39		
273941000	FREMONT BANK	0.50%	12/29/17	0.50%	1,000,000.00	1,000,000.00	995,841.17	27.78		
272111000	FREMONT BANK	0.50%	12/31/17	0.50%	1,000,000.00	1,000,000.00	995,732.18	13.70		
1414442	HERITAGE BANK OF COMMERCE	0.60%	05/01/18	0.60%	1,000,000.00	1,000,000.00	993,822.38	410.96		
	SUBTOTAL				3,500,000.00	3,500,000.00	3,483,805.77	572.83		
<b>MONEY MARKET ACCOUNTS</b>										
5080200	MMA/BANK OF AMERICA SWEEP ACCOUNT	0.87%	Daily	0.87%	5,321,576.77	5,321,576.77	5,321,576.77	1,099.06		
					5,321,576.77	5,321,576.77	5,321,576.77	1,099.06		
<b>POOLED INVESTMENT FUNDS</b>										
6037-001	CAMP (California Asset Management Program)	1.13%	Daily	1.13%	23,424,596.69	23,398,928.94	23,424,596.69	25,667.75		
98-01-318	LAIF (State of California Local Agency Investment Funds)	1.09%	Daily	1.09%	65,000,000.00	65,000,000.00	65,000,000.00	-		
	SUBTOTAL				88,424,596.69	88,398,928.94	88,424,596.69	25,667.75		
<b>TOTAL GENERAL CITY INVESTMENTS</b>					<b>\$ 270,205,478.19</b>	<b>270,317,047.59</b>	<b>\$ 270,326,521.11</b>	<b>\$ 748,239.27</b>		
<b>MORGAN STANLEY GOVT INSTL SWEEP ACCOUNT</b>						<b>728,043.36</b>				
<b>BANK OF AMERICA CHECKING ACCOUNT</b>						<b>18,894,278.76</b>				SH
<b>POLICE-NARCOTIC(SACMCTF FLASH FUNDS) BOFA</b>						<b>33,607.02</b>				
<b>POLICE-BAIL ACCOUNT/ BOFA</b>						<b>500.00</b>				
<b>TOTAL CASH &amp; INVESTMENTS</b>						<b>289,973,476.73</b>				
<b>PETTY CASH</b>										
	CITY MANAGER (12001)					500.00				
	FINANCE (14000)					2,750.00				
	HUMAN RESOURCES (15000)					200.00				
	POLICE CHIEF'S OFF (21010)					7,000.00				
	POLICE ADMINISTRATION (21020)					7,400.00				
	POLICE INVESTIGATIVE SERVICES-BAIL (21999)					200.00				
	ANIMAL CONTROL (21910)					500.00				
	YOUTH & FAMILY SERVICES-PETTY CASH (53410, 10853990)					270.00				
	SENIOR CENTER #186 (53310)					250.00				
	RECREATION ADMIN #189 (61002)					2,000.00				
	RECR REGISTRATION #189 (61003)					200.00				
	SPORTS TENNIS CENTER #189 (61022)					175.00				
	RECR WATER PARK #189 (61011)					500.00				
	RECREATION SNACK BARS #189 (00000)					3,500.00				
	PKS BOAT RENTAL #189 (61047)					375.00				
	FRC SUPPORT SVC PRG (530304)					40.00				
	TOTAL CITY PETTY CASH					<b>25,860.00</b>				
<b>CASH WITH FISCAL AGENTS</b>										
<b>LOCAL IMPROVEMENT/ COMMUNITY FACILITY DISTRICTS</b>										
515408	2015 CFD#1 (PACIFIC COMMONS) RESERVE FUND - BNY	0.00%		0.0000%		5,042,288.29				
515409	2015 CFD#1 (PACIFIC COMMONS) BOND FUND - BNY	0.00%		0.0000%		52.07				
515437	2015 CFD#1 (PACIFIC COMMONS) SPECTAX FUND - BNY	0.00%		0.0000%		1,006.08				
515439	2015 CFD#1 (PACIFIC COMMONS) IMPROVEMENT FUND - BNY	0.00%		0.0000%		25,787.48				
515454	2015 CFD#1 (PACIFIC COMMONS) ESCROW FUND - BNY	0.00%		0.0000%		2.00				
						<b>5,069,135.92</b>				

**DETAIL OF CASH AND INVESTMENT, PETTY CASH AND CASH WITH FISCAL AGENTS  
SEPTEMBER 2017**

<b>I.D. #</b>	<b>SECURITY LISTING</b>	<b>FACE RATE</b>	<b>MATURITY DATE</b>	<b>PURCHASE YIELD</b>	<b>PAR</b>	<b>ORIGINAL COST</b>	<b>MARKET VALUE</b>	<b>ACCRUED INTEREST</b>	<b>CREDIT RATING</b>	<b>CREDIT RATING</b>
<b>CASH WITH FISCAL AGENTS (CONTINUED)</b>										
<b>CERTIFICATES OF PARTICIPATION/GO BONDS</b>										
6711981500	2012 - FIXED COP, SERIES A - FEE ACCOUNT - Union Bank					1.00				
6711981501	2012 - FIXED COP, SERIES A - LEASE PMT FUND - Union Bank	0.59%		0.5900%		441.70				
6711981502	2012 - FIXED COP, SERIES A - RESERVE FUND - Union Bank	0.00%		0.0000%		1.00				
						443.70				
<b>LEASE REVENUE BONDS</b>										
6712196601	2017A - VRD LRB PROJECT REVENUE FUND- Union Bank	0.60%		0.6000%		748.56				
6712196604	2017A - VRD LRB PROJECT COI FUND- Union Bank	0.60%		0.6000%		2,943.69				
6712196605	2017A - VRD LRB PROJECT FUND- Union Bank	0.06%		0.0600%		209,718.67				
657936	2017B - LRB COI FUND- BNY	0.14%		0.1400%		92,353.62				
						305,764.54				
<b>LEASE FINANCING</b>										
743930	2016 - ENERGY & WATER EFFICIENCY LEASE - ESCROW FUND - BNY	0.01%		0.0100%		2,049,175.87				
<b>TOTAL CASH WITH FISCAL AGENTS</b>						<b>7,424,520.03</b>				
<b>GRAND TOTAL</b>						<b>\$ 297,423,856.76</b>				

**NARRATIVE AND HIGHLIGHTS  
DEBT FINANCING ACTIVITIES  
September 30, 2017**

This quarterly narrative summarizes the various forms of debt issued by the City and the Fremont Public Financing Authority. The report also recaps the financing and debt management activities that occurred between July 1, 2017 and September 30, 2017 pertaining to those entities.

***DEBT POLICY COMPLIANCE AND RECENT FINANCING ACTIVITIES***

All debts were administered in compliance with the City of Fremont Debt Management Policy. All scheduled principal and interest payments were made when due. The City remained in compliance with all of its bond covenants throughout the quarter.

***City of Fremont 2017 General Obligation Refunding Bonds (Election of 2002)***

On July 11, 2017, the City Council adopted a resolution authorizing the issuance of City of Fremont 2017 General Obligation Refunding Bonds (Election of 2002) (the “2017 GO Bonds”). The \$12,215,000 2017 GO Bonds were sold on a competitive basis to J.P. Morgan on August 10, 2017 and the sale closed on August 23, 2017. The proceeds of the 2017 GO Bonds were used to current refund all of the City’s 2009 General Obligation Bonds (the “2009 GO Bonds”). Debt service on the 2017 GO Bonds is payable from ad valorem taxes levied upon all property subject to taxation by the City.

2017 GO Bonds net proceeds and cash remaining in the debt service fund of the 2009 GO Bonds were used to establish an irrevocable refunding deposit for the refunded bonds on the date of issuance of the 2017 GO Bonds. The refunding deposit provided for the principal, call premium and accrued interest through the date of redemption for the refunded COPs. The 2009 GO Bonds maturing on and after August 1, 2018, in the amount of \$13,375,000 were redeemed on August 23, 2017.

This refunding generated approximately \$3,919,000 of aggregate debt service savings (net of available funds) and \$3,024,000 of net economic gain, representing 22.6% of the refunded debt. The 2017 GO Bonds bear interest at fixed rates ranging from 3.00% to 5.00% and have a final maturity date of August 1, 2038.

***Fremont Public Financing Authority Lease Revenue Bonds, Series 2017B (2017 Fixed Rate Refinancing Project)***

On July 11, 2017, the City Council adopted a resolution authorizing the issuance of Fremont Public Financing Authority Lease Revenue Bonds, Series 2017B (2017 Fixed Rate Refinancing Project) (the “2017B Bonds”). The \$19,725,000 2017B Bonds were sold on a competitive basis to Morgan Stanley on August 8, 2017 and the sale closed on August 22, 2017. The proceeds of the 2017B Bonds were used to current refund all of the Authority’s Series 2008 Certificates of Participation (the “2008 COPs”). The leased assets consist of Fire Stations 1, 4, 10, and 11, and the lease payments are payable from general revenues of the City.

2017B Bonds net proceeds and cash remaining in the debt service and debt service reserve funds of the 2008 COPs were used to establish a refunding escrow for the refunded COPs on the date of issuance of the 2017B Bonds. The refunding escrow provided for the principal, call premium and accrued interest through the date of redemption for the refunded COPs. The 2008 COPs maturing on and after August 1, 2018, in the amount of \$22,820,000 were redeemed on August 22, 2017.

This refunding generated approximately \$6,990,000 of aggregate debt service savings (net of available funds) and \$4,907,000 of net economic gain, representing 21.5% of the refunded debt. The 2017B Bonds bear interest at fixed rates ranging from 3.00% to 5.00% and have a final maturity date of October 1, 2038.

## ***DEBT OBLIGATIONS***

The City and the Authority issue the following types of long-term obligations to acquire or improve capital assets:

- ***General Obligation Bonds.*** General obligation (GO) bonds are secured by the City's obligation to annually levy ad valorem taxes on all taxable properties within the City in an amount necessary to pay debt service. Following voter approval in 2002, GO bonds were issued in 2003, 2005, and 2009 to build or improve City public safety facilities. The 2003 GO bonds were refunded with the issuance of the 2012 General Obligation Refunding Bonds, the 2005 GO bonds were refunded with the issuance of the 2013 General Obligation Refunding Bonds, and the 2009 GO bonds were refunded with the issuance of the 2017 General Obligation Refunding Bonds.
- ***General Fund Lease Obligations (Lease Revenue Bonds/Certificates of Participation (COPs)/Lease Financing).*** Lease obligations entitle investors to receive payments from an underlying financing lease between the City and the Fremont Public Financing Authority or another corporate entity. The Authority uses the lease revenue received from the City to pay principal and interest on the lease obligations.

The City has two outstanding series of lease revenue bonds, the 2017A Lease Revenue Bonds and the 2017B Lease Revenue Bonds, and one outstanding series of COPs issued in 2012. These bonds and COPs were issued to finance or refinance the acquisition or construction of various capital assets including building improvements and fire equipment. The City also used lease financing in 2016 to pay for a package of energy and water efficiency measures, including the installation of energy-saving LED streetlights throughout the City. The 2012 COPs, the 2016 lease financing, and the 2017B Bonds bear interest at fixed rates, while the 2017A Bonds bear interest at a variable rate that is reset on a monthly basis. The lease payments and associated financing costs are payable from the General Fund, although a portion of the lease payments associated with the 2017A Bonds are paid from rental revenue of tenants at the Family Resource Center.

- ***Special Assessment and Special Tax Bonds.*** These land-secured debts do not burden the City's general taxing authority; instead, a special assessment or special tax is levied on the county tax roll against each parcel in a local improvement district (LID) or

community facilities district (CFD). Payment of the special assessment or special tax is secured by a lien on the property within the LID or CFD.

Special tax bonds to finance the acquisition of public improvements within CFD No. 1 (Pacific Commons) were issued in 2001 and 2005, and subsequently refinanced with the issuance of the City of Fremont CFD No. 1 (Pacific Commons) Special Tax Bonds, Series 2015. The Series 2015 Bonds also financed the reimbursement of additional public improvements. A Facilities Special Tax is levied annually on each parcel within CFD No. 1 to pay debt service on the Series 2015 Bonds.

The City may also issue short-term financing instruments to meet cash-flow needs or provide interim financing prior to issuance of long-term obligations:

- ***Tax and Revenue Anticipation Notes*** – Tax and Revenue Anticipation Notes (TRANs) are issued to address the intra-year cash flow mis-match between the receipt of property tax revenues (installments paid in March and April) and monthly cash outflows to meet payroll, vendor, and other payment obligations. TRANs are typically issued near the beginning of a fiscal year and repaid during the same fiscal year as property tax and other revenues become available. The City has not issued TRANs since FY 2009/10.

## ***SUMMARY OF DEBT BALANCES, INTEREST RATES AND ACTIVITIES***

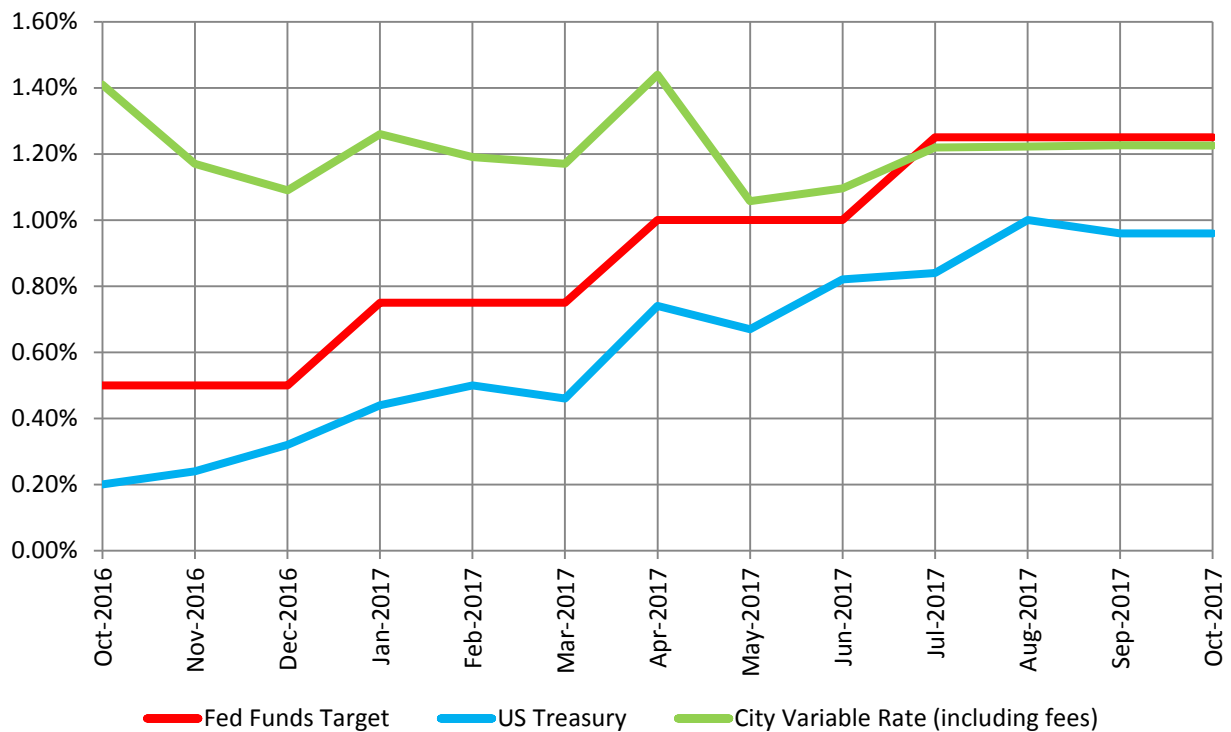
The following schedule of outstanding debt shows for each debt issue the final maturity, range of interest rates, and changes in amounts outstanding during the quarter.

	<b>Interest Rates</b>	<b>Amounts Outstanding 6/30/2017</b>	<b>Incurred or Issued</b>	<b>Satisfied or Matured and Net Decreases</b>	<b>Amounts Outstanding 9/30/2017</b>
<b>General Obligation Bonds</b>					
2009 Fire Safety Bonds Maturity - 08/01/2038	4.00-5.125%	\$ 13,760,000	\$ -	\$ (13,760,000)	\$ -
2012 Fire Safety Bonds Maturity - 08/01/2032	3.00-3.25%	6,775,000	-	(335,000)	6,440,000
2013 Fire Safety Bonds Maturity - 08/01/2034	4.00-4.50%	19,820,000	-	(790,000)	19,030,000
2017 Fire Safety Bonds Maturity - 08/01/2038	3.00-5.00%	-	12,215,000	-	12,215,000
<b>Total General Obligation Bonds</b>		<b>40,355,000</b>	<b>12,215,000</b>	<b>(14,885,000)</b>	<b>37,685,000</b>
<b>General Fund Lease Obligations</b>					
2008 Certificates of Participation Maturity - 08/01/2038	4.00-5.30%	23,455,000	-	(23,455,000)	-
2012A Certificates of Participation Maturity - 08/01/2025	3.00-4.00%	8,905,000	-	(865,000)	8,040,000
2016 Energy Efficiency Financing Maturity - 02/01/2027	2.01%	9,100,000	-	(413,078)	8,686,922
2017A Lease Revenue Bonds Maturity - 08/01/2038	Variable	85,205,000	-	(3,640,000)	81,565,000
2017B Lease Revenue Bonds Maturity - 10/01/2038	3.00-5.00%	-	19,725,000	-	19,725,000
<b>Total General Fund Lease Obligations</b>		<b>126,665,000</b>	<b>19,725,000</b>	<b>(28,373,078)</b>	<b>118,016,922</b>
<b>Total City Long-term Debt</b>		<b>\$ 167,020,000</b>	<b>\$ 31,940,000</b>	<b>\$ (43,258,078)</b>	<b>\$ 155,701,922</b>
<b>Special Tax Bonds</b>					
<b>Community Facilities District No. 1 (Pacific Commons)</b>					
2015 Special Tax Bonds Maturity - 09/01/2045	3.50-5.00%	\$ 79,450,000	\$ -	\$ (405,000)	\$ 79,045,000
<b>Total Special Tax Bonds</b>		<b>\$ 79,450,000</b>	<b>\$ -</b>	<b>\$ (405,000)</b>	<b>\$ 79,045,000</b>



The City’s 2017A Lease Revenue Bonds bear interest at a rate equal to 70% of the one-month London Interbank Offered Rate (LIBOR) plus an “applicable spread”, currently 0.36%, reset on a monthly basis. LIBOR is the average interest rate charged on borrowings among each of the leading banks in the City of London. It is the primary global benchmark for short-term interest rates and is published each business day by Thomson Reuters.

The graph below compares the interest rates paid by the City on its variable rate debt issues over the last twelve months with the average market rate for one-month maturity U.S. Treasury securities and the Federal Reserve Open Market Committee (FOMC) Fed Funds target rate. Short-term interest rates generally follow the Fed Funds target, with the U.S. Treasury rate somewhat below and corporate rates (like LIBOR) somewhat above.



During the quarter, the FOMC maintained the Fed Funds target at a range of 1.00%-1.25%.