

*Finance Department  
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**Date:** January 29, 2018  
**To:** Mayor and City Council  
**From:** David Persselin, Finance Director  
**Subject:** Cash and Investments Report – December 2017  
Debt Report – December 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.

  
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David Persselin  
Finance Director

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

***EXECUTIVE SUMMARY***

City liquidity needs were met in December 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 remained at 1.72% this month. The yield for the same month last year was 1.42%. The LAIF (State of California Local Agency Investment Funds) apportionment yield of 1.24% was 0.48% lower than the City's average month end yield. (See the portfolio-benchmark comparative yield graph on page 5.) The CAMP (California Asset Management Program) yield was 1.29%. The Federal Reserve Open Market Committee federal funds rate target increased from the range of 1.00%-1.25% to 1.25%-1.50%. The two-year U.S. Treasury Note yield increased from 1.78% to 1.89% and the five-year U.S. Treasury Note yield increased from 2.14% to 2.2%.

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

Pooled cash and investment balances increased by \$35.8 million during December to a total of \$311.7 million. Pooled cash and investment balances were \$21.9 million higher than the \$289.8 million on hand last year. Compared to November, cash increased in the General Fund by \$34.2 million, in the Local Improvement District Funds by \$2.9 million, and in the General Obligation Funds by \$1.5 million. Cash decreased in the Low and Moderate Income Housing Asset Fund by \$1.5 million. All the remaining funds combined netted a decrease of \$1.3 million. General Fund cash flows were as follows:

<u>Inflows:</u>	<u>Millions</u>	<u>Totals (Millions)</u>
Property tax	\$43.9	
Sales and use tax	0.2	
Business license fees	0.4	
Franchises	0.3	
Transient occupancy tax	0.2	
Other revenues	2.0	
Transfers-in	<u>0.8</u>	\$47.8
<u>Outflows:</u>		
Payroll	\$10.4	
Supplies, services, and other	1.5	
Internal service allocations	1.2	
Transfers-out	<u>0.5</u>	<u>(13.6)</u>
Net General Fund cash increase		<u>\$ 34.2</u>

*Other Fund changes greater than \$1 million*

1. The Local Improvement District Funds increased by \$2.9 million due to the receipt of Special Assessments from the County.
2. The General Obligation Funds increased by \$1.5 million due to the receipt of Property Taxes from the County.
3. The Low and Moderate Income Housing Asset Fund decreased by \$1.5 million as a result of loan payments made to Eden Housing.

***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 December negative month end estimated valuation adjustment of \$2.1 million decreased by \$232 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 37.0% to 38.0% compared to last year. These highly liquid investments enable the City to meet its near-term operating needs and reserve requirements. The yield of the LAIF and CAMP investment pools is roughly equivalent to that of a one-month U.S. Treasury bill.

Current month interest income of \$258 thousand, exclusive of the fair value adjustment, was \$40 thousand less than the prior month. Accrued interest (earned but not yet received) related to City investments at the end of December 2017 was \$734 thousand.

This month, \$43.9 million of available funds were newly invested at an average rate of 0.14% (118 day average maturity), compared to \$8.9 million at 2.08% (1281 days) in November, and \$51.5 million at 0.53% (317 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 95 days compared to last month and was a decrease of 43 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 December 2017, November 2017, and December 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.

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

	<b>Current Month 12/31/2017</b>	<b>Prior Month 11/30/2017</b>	<b>Prior Year 12/31/2016</b>	<b>Change from Prior Month 12/17 to 11/17</b>	<b>Change from Prior Year 12/17 to 12/16</b>
<b>CASH AND INVESTMENTS - TOTAL CITY</b>					
<b>INVESTMENTS CITY POOL</b>					
Investment in Securities at Cost	\$ 187,198,021	\$ 177,945,950	\$ 180,389,331	\$ 9,252,071	\$ 6,808,690
Adjustments to Fair Value (Chart 2)	(2,115,079)	(1,883,293)	(1,344,367)	(231,786)	(770,712)
State of California Local Agency Investment Funds (LAIF)	65,000,000	65,000,000	64,999,067	-	933
California Asset Management Program	48,467,331	18,447,836	33,085,830	30,019,495	15,381,501
<b>Subtotal - Investments (City Pool)</b>	<u>298,550,273</u>	<u>259,510,493</u>	<u>277,129,861</u>	<u>39,039,780</u>	<u>21,420,412</u>
Impound and Other Cash	1,233,257	892,021	349,067	341,236	884,190
General Checking Account	11,904,447	15,523,345	12,285,430	(3,618,898)	(380,983)
<b>Total - Cash and Investments (Chart 1)</b>	<u>311,687,977</u>	<u>275,925,859</u>	<u>289,764,358</u>	<u>35,762,118</u>	<u>21,923,619</u>
<b>PETTY CASH</b>	25,860	25,860	25,860	-	-
<b>CASH WITH FISCAL AGENTS</b>	<u>6,213,612</u>	<u>6,722,467</u>	<u>12,937,492</u>	<u>(508,855)</u>	<u>(6,723,880)</u>
<b>GRAND TOTAL - CASH AND INVESTMENTS, PETTY CASH &amp; CASH WITH FISCAL AGENTS</b>	<u>\$ 317,927,449</u>	<u>\$ 282,674,186</u>	<u>\$ 302,727,710</u>	<u>\$ 35,253,263</u>	<u>\$ 15,199,739</u>

Chart 1  
TOTAL CASH & INVESTMENT

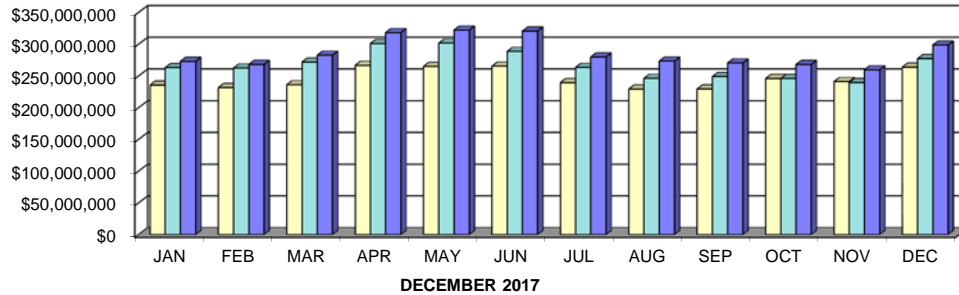
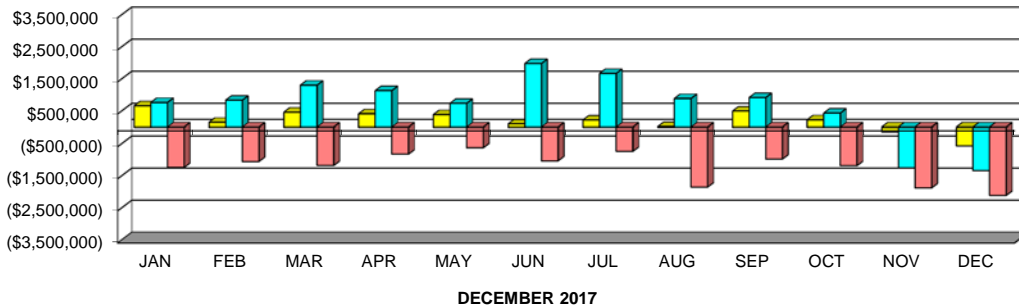


Chart 2  
ADJUSTMENTS TO FAIR VALUE



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

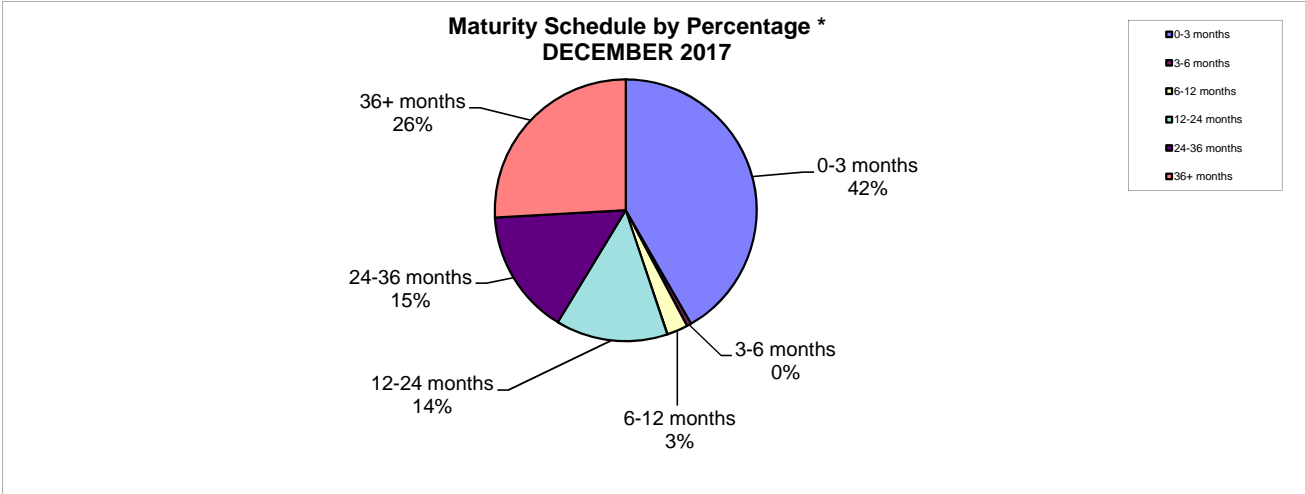
	Current Month <i>12/31/2017</i>	Prior Month <i>11/30/2017</i>	Prior Year <i>12/31/2016</i>	Change from Prior Month <i>12/17 to 11/17</i>	Change from Prior Year <i>12/17 to 12/16</i>
<b>CASH AND INVESTMENT BALANCES BY FUND</b>					
General Fund	\$ 13,980,873	\$ (20,198,501)	\$ 14,946,082	\$ 34,179,374	\$ (965,209)
Capital Improvement Funds	71,316,563	71,398,589	65,644,964	(82,026)	5,671,599
Park Benefit & Impact Fee Funds	72,882,464	72,878,344	61,674,023	4,120	11,208,441
Internal Service Funds	23,610,365	23,297,487	22,666,647	312,878	943,718
Housing Funds	43,228,360	43,381,324	31,443,909	(152,964)	11,784,451
Development Cost Center Funds	19,137,074	19,155,230	17,604,419	(18,156)	1,532,655
Traffic Impact Fee Funds	11,256,531	11,613,487	13,860,080	(356,956)	(2,603,549)
Recreation Fund	9,567,920	10,183,379	9,409,771	(615,459)	158,149
Gas Tax Funds	7,425,914	7,388,127	8,130,992	37,787	(705,078)
Local Improvement Districts	11,470,068	8,539,562	10,634,408	2,930,506	835,660
Integrated Waste Management Fund	7,087,274	6,712,280	7,535,742	374,994	(448,468)
Other Agency Funds	3,258,847	3,221,105	6,970,733	37,742	(3,711,886)
Low and Moderate Income Housing Asset Fund	5,179,341	6,703,310	5,339,619	(1,523,969)	(160,278)
Community Assistance	5,945,442	6,617,509	3,834,748	(672,067)	2,110,694
County Roads Measure B Fund	2,131,026	2,912,229	3,548,671	(781,203)	(1,417,645)
Other Funds	1,631,923	1,607,595	2,314,641	24,328	(682,718)
Family Resource Center	-	-	1,117,790	-	(1,117,790)
Police Grants	229,954	211,867	119,271	18,087	110,683
Urban Runoff Funds	431,564	(120,361)	1,087,706	551,925	(656,142)
General Obligation Bond - Fire	1,916,474	423,297	1,880,142	1,493,177	36,332
<b>Total - Cash and Investments</b>	<u>311,687,977</u>	<u>275,925,859</u>	<u>289,764,358</u>	<u>35,762,118</u>	<u>21,923,619</u>
<b>PETTY CASH</b>	<u>25,860</u>	<u>25,860</u>	<u>25,860</u>	<u>-</u>	<u>-</u>
<b>CASH WITH FISCAL AGENTS</b>					
Local Improvement District Trust Accounts	5,080,229	5,076,422	5,046,654	3,807	33,575
Other Agency Trust Accounts	445	444	3,235,794	1	(3,235,349)
Lease Revenue Bonds	219,522	219,349	-	173	219,522
Lease Financing	913,416	1,426,252	4,655,044	(512,836)	(3,741,628)
<b>Total - Cash with Fiscal Agents</b>	<u>6,213,612</u>	<u>6,722,467</u>	<u>12,937,492</u>	<u>(508,855)</u>	<u>(6,723,880)</u>
<b>GRAND TOTAL - CASH &amp; INVESTMENTS, PETTY CASH AND CASH WITH FISCAL AGENT</b>	<u>\$ 317,927,449</u>	<u>\$ 282,674,186</u>	<u>\$ 302,727,710</u>	<u>\$ 35,253,263</u>	<u>\$ 15,199,739</u>

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

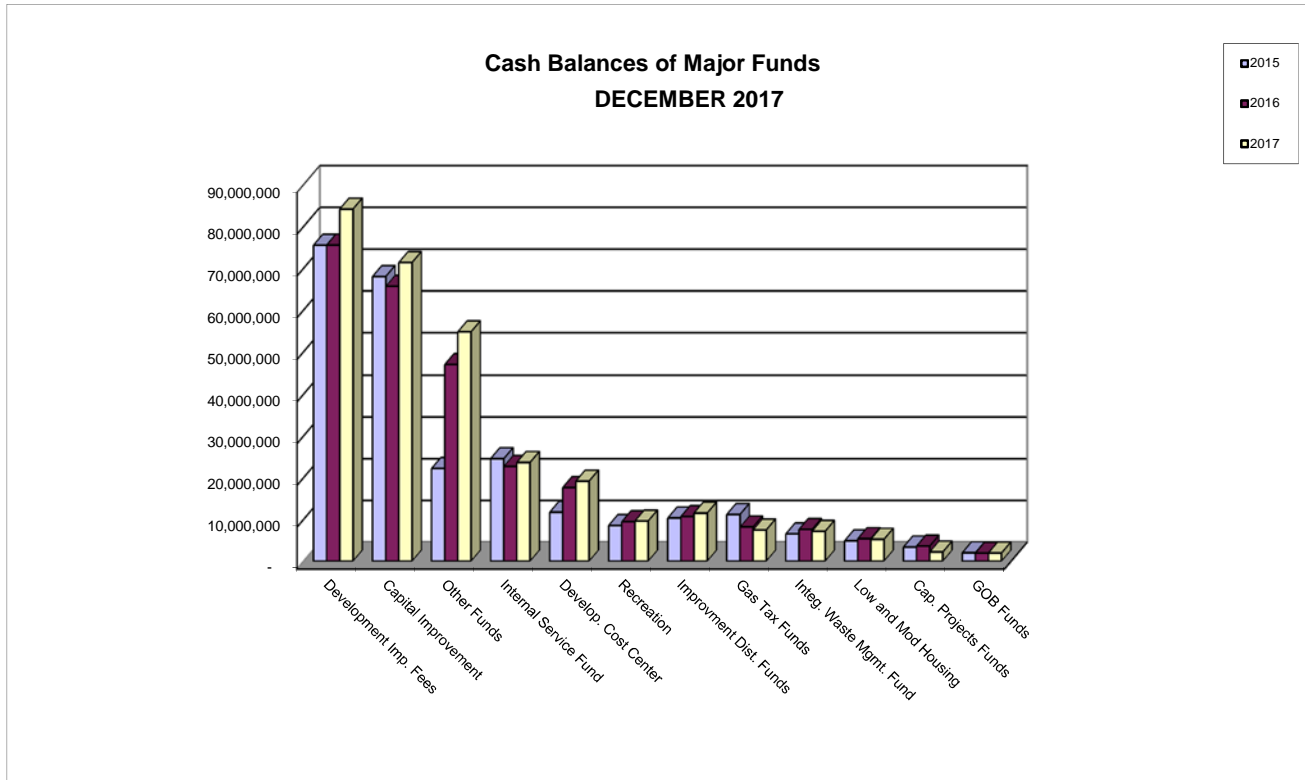
**Cash Balance**

Cash & Investments November 2017	\$ 275,925,859
Receipts for the month of December 2017	15,768,300
Disbursements for the month of December 2017	20,686,903
December 2017 Fair Value Adjustment	(693,085)
<b>Total Cash &amp; Investments December 2017</b>	<b><u>\$ 311,687,977</u></b>

Cash & Investments City Pool	\$ 298,550,273
Cash & Investments, Impound and Other Cash	1,233,257
Bank of America Checking Account	11,904,447
<b>Total Cash &amp; Investments December 2017</b>	<b><u>\$ 311,687,977</u></b>



\* Subject to bond call provisions



**INVESTMENT PERFORMANCE  
WITH COMPARISON  
CITY POOLED INVESTMENTS**

	Current Month 12/31/2017	Prior Month 11/30/2017	Prior Year 12/31/2016	Change from Prior Month 12/17 to 11/17	Change from Prior Year 12/17 to 12/16
<b>INVESTMENT YIELD</b>					
State Pool	1.24%	1.17%	0.72%	0.07%	0.52%
California Asset Management Program	1.29%	1.20%	0.72%	0.09%	0.57%
City of Fremont - End of Month	1.72%	1.72%	1.42%	0.00%	0.30%
City of Fremont - Fiscal Year to Date	1.66%	1.65%	1.39%	0.01%	0.27%

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

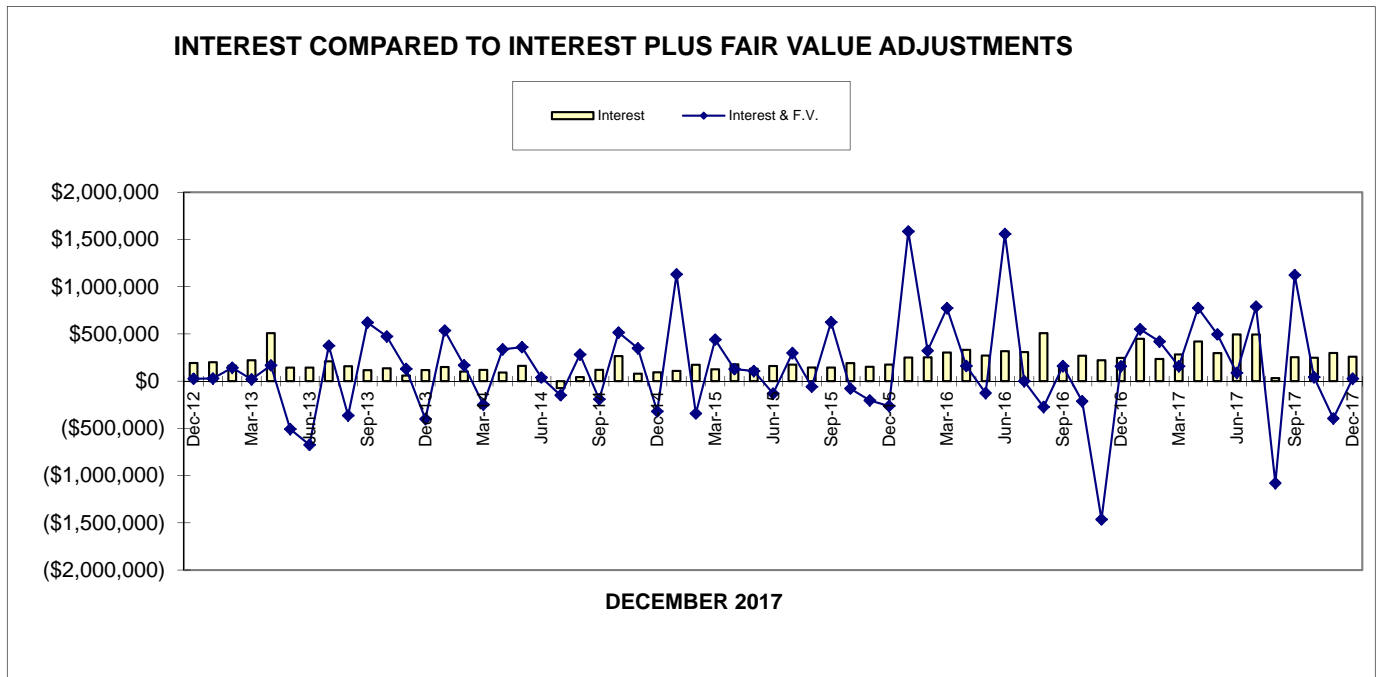
State Pool	186	180	171	6	15
City of Fremont	590	685	633	(95)	(43)

**EARNINGS CURRENT MONTH**

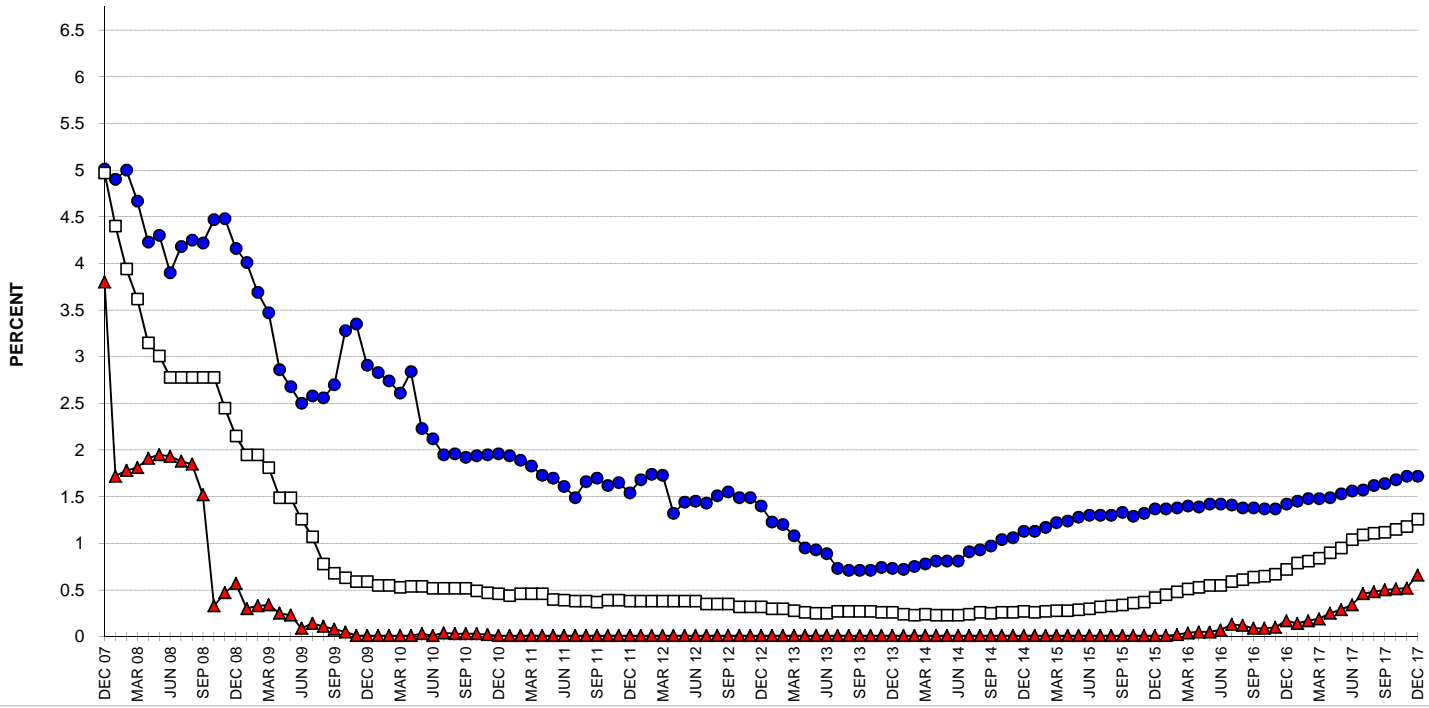
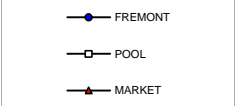
<b>INTEREST EARNINGS (DISTRIBUTED)</b>					
General, Capital and Grant Funds	\$ 250,222	\$ 289,703	\$ 237,992	\$ (39,481)	\$ 12,230
Local Improvement Districts	7,942	8,261	8,040	(319)	(98)
Total	<u>258,164</u>	<u>297,964</u>	<u>246,032</u>	<u>(39,800)</u>	<u>12,132</u>
<b>FAIR VALUE ADJUSTMENTS</b>	<u>(231,786)</u>	<u>(693,085)</u>	<u>(89,372)</u>	<u>461,299</u>	<u>(142,414)</u>
<b>TOTAL INTEREST EARNINGS</b>	<u>\$ 26,378</u>	<u>\$ (395,121)</u>	<u>\$ 156,660</u>	<u>\$ 421,499</u>	<u>\$ (130,282)</u>

**FISCAL YEAR TO DATE EARNINGS**

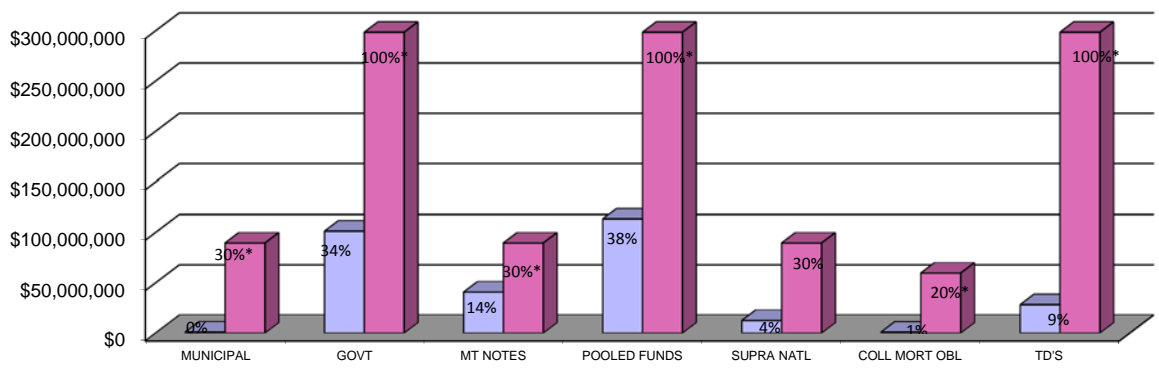
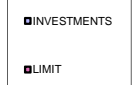
General, Capital and Grant Funds	\$ 488,866	\$ 462,080	\$ (1,591,229)	\$ 26,786	\$ 2,080,095
Local Improvement Districts	16,623	17,031	(44,123)	(408)	60,746
Total	<u>\$ 505,489</u>	<u>\$ 479,111</u>	<u>\$ (1,635,352)</u>	<u>\$ 26,378</u>	<u>\$ 2,140,841</u>



### INTEREST RATE PERFORMANCE DECEMBER 2017



### INVESTMENTS COMPARED TO LIMITS DECEMBER 2017

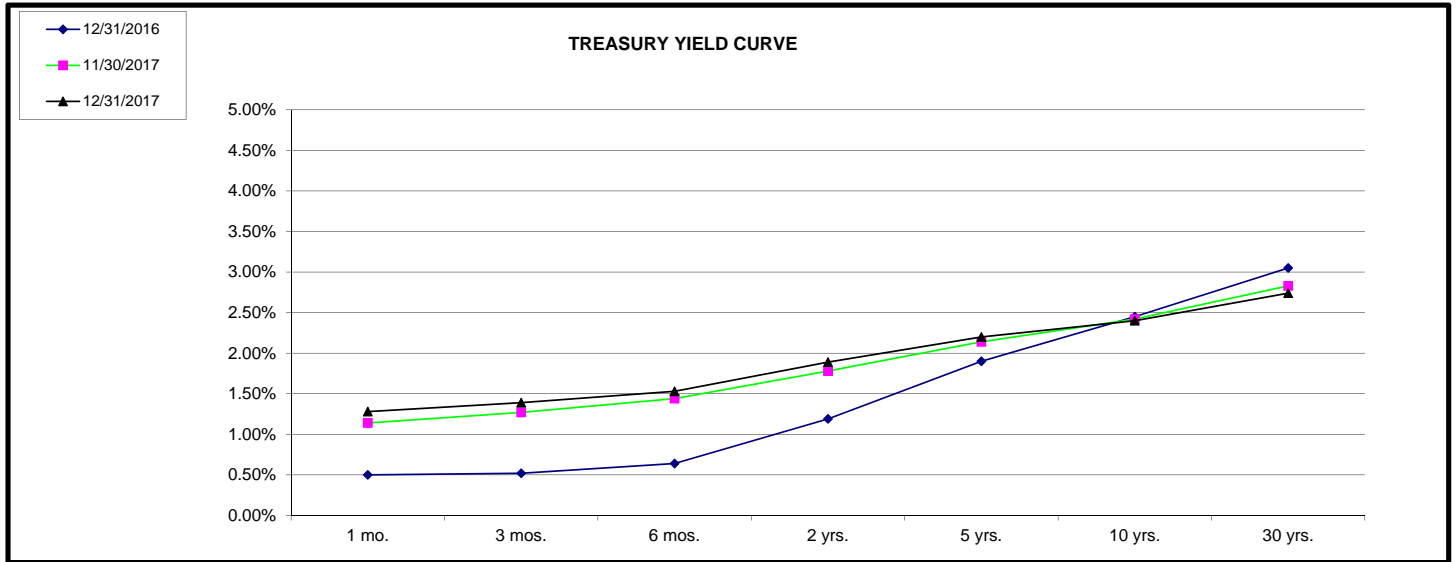


\*Limit represents maximum allowable percentage portion of portfolio.



## INVESTMENT ACTIVITY DECEMBER 2017

DATE	REDEMPTION POOLS /			PURCHASES POOLS /			AVG. RATE	AVG. MAT. DAYS
	SECURITIES	MONEY MARKET	TOTAL	SECURITIES	MONEY MARKET	TOTAL		
12/01/2017	\$0.00	\$0.00	\$0.00	\$0.00	\$19,495.11	19,495.11	0.01%	1
12/05/2017	(2,469,208.00)	-	(2,469,208.00)	2,972,343.75	-	2,972,343.75	1.88%	1730
12/15/2017	-	(500,000.00)	(500,000.00)	-	-	-	-	-
12/20/2017	-	-	-	-	30,000,000.00	30,000,000.00	0.01%	1
12/25/2017	(654,133.68)	-	(654,133.68)	-	-	-	-	-
12/29/2017	-	(1,000,000.00)	(1,000,000.00)	-	-	-	-	-
12/31/2017	-	-	-	-	10,903,069.00	10,903,069.00	0.01%	1
<b>TOTAL 12/17</b>	<b>(\$3,123,341.68)</b>	<b>(\$1,500,000.00)</b>	<b>(\$4,623,341.68)</b>	<b>\$2,972,343.75</b>	<b>\$40,922,564.11</b>	<b>\$43,894,907.86</b>	<b>0.14%</b>	<b>118</b>
<b>TOTAL 11/17</b>	<b>(\$8,296,564.57)</b>	<b>(\$8,326,751.17)</b>	<b>(\$16,623,315.74)</b>	<b>\$8,868,088.91</b>	<b>\$23,239.51</b>	<b>\$8,891,328.42</b>	<b>2.08%</b>	<b>1281</b>
<b>TOTAL 12/16</b>	<b>(\$13,867,210.09)</b>	<b>\$0.00</b>	<b>(\$13,867,210.09)</b>	<b>\$13,962,252.69</b>	<b>\$37,569,971.25</b>	<b>\$51,532,223.94</b>	<b>0.53%</b>	<b>317</b>



Graph Source: US Treasury - Daily Treasury Yield Curve Rates, December 31, 2017



**DETAIL OF CASH AND INVESTMENT, PETTY CASH AND CASH WITH FISCAL AGENTS  
DECEMBER 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%	352,839.47	352,820.38	352,411.26	199.16	AAA	Aaa
14314EAB7	CARMAX ABS 2016-3 A2A	1.17%	08/15/19	1.18%	257,460.93	257,439.92	257,154.96	133.88	AAA	NR
65477UAC4	NISSAN ABS 2015-A A3	1.05%	10/15/19	1.06%	243,846.85	243,795.59	243,368.79	113.80	NR	Aaa
34530VAD1	FORD ABS 2015-B A3	1.16%	11/15/19	1.16%	195,529.82	195,511.73	195,142.16	100.81	NR	Aaa
43814NAC9	HONDA ABS 2016-1 A3	1.22%	12/18/19	1.23%	277,185.28	277,145.89	276,152.90	122.12	AAA	NR
34530YAD5	FORD ABS 2015-C A3	1.41%	02/15/20	1.42%	287,895.26	287,637.27	287,169.00	180.29	AAA	Aaa
89237KAD5	TOYOTA ABS 2016-A A3	1.25%	03/15/20	1.25%	297,474.65	297,457.78	296,334.76	165.26	AAA	Aaa
65475WAD0	NISSAN ABS 2015-B A3	1.34%	03/15/20	1.34%	372,350.85	372,321.23	371,315.83	221.76	NR	Aaa
47788NAC2	JOHN DEERE ABS 2016-B-A3	1.25%	06/15/20	1.25%	365,000.00	364,970.95	362,734.98	202.78	NR	Aaa
02007LAC6	ALLY ABS 2016-3 A3	1.44%	08/15/20	1.44%	563,144.99	563,090.31	561,626.81	360.41	AAA	Aaa
44930JAD8	HYUNDAI ABS 2016-A A3	1.56%	09/15/20	1.57%	95,000.00	94,981.57	94,723.24	65.87	AAA	Aaa
34532EAD7	FORD ABS 2016-B A3	1.33%	10/15/20	1.33%	230,000.00	229,978.20	228,921.02	135.96	Aaa	NR
65478WAD7	NISSAN ABS 2016-C A3	1.18%	01/15/21	1.18%	320,000.00	319,969.41	316,706.21	167.82	NR	Aaa
17305EG7	CCOIT ABS 2017-A2-A2	1.74%	01/17/21	1.75%	1,450,000.00	1,449,722.33	1,446,765.20	11,493.67	AAA	Aaa
89238MAD0	TOYOTA ABS 2017-A A3	1.73%	02/15/21	1.74%	310,000.00	309,963.51	308,465.35	238.36	AAA	Aaa
44891EAC3	HYUNDAI ABS 2016-B A3	1.29%	04/15/21	1.30%	880,000.00	879,881.55	870,650.88	504.53	AAA	Aaa
34531EAD8	FORD ABS 2017-A A3	1.67%	06/15/21	1.67%	475,000.00	474,998.24	472,028.02	352.56	NR	Aaa
44931PAD8	HAROT ABS 2017-A A3	1.76%	08/15/21	1.76%	430,000.00	429,965.21	427,737.64	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	1,487,487.75	1,120.00	AAA	Aaa
47788BAD6	JOHN DEERE ABS 2017-B A3	1.82%	10/15/21	1.82%	600,000.00	599,956.08	595,522.74	485.33	NR	Aaa
89237RAD0	TOYOTA ABS 2017-C A3	1.78%	11/15/21	2.00%	250,000.00	249,980.08	248,131.68	197.78	AAA	Aaa
02582JHG8	AMXCA 2017-4 A	1.64%	12/15/21	1.65%	560,000.00	559,910.29	557,103.62	408.18	AAA	NR
89238KAD4	Toyota Auto Receivables	1.93%	01/15/22	2.26%	635,000.00	634,941.45	631,254.07	544.69	AAA	Aaa
02007YAC8	Ally Auto Receivables Trust	1.99%	03/15/22	1.99%	1,370,000.00	1,369,893.69	1,365,598.19	1,211.69	AAA	Aaa
34532AAD5	Ford Credit Auto Owner Trust	2.01%	03/15/22	2.02%	1,765,000.00	1,764,681.77	1,759,824.67	1,576.73	AAA	NR
	<b>SUBTOTAL</b>				<b>14,082,526.10</b>	<b>14,080,884.68</b>	<b>14,014,331.63</b>	<b>20,639.80</b>		
<b>CERTIFICATES OF DEPOSIT</b>										
13606A5Z7	CANADIAN IMPERIAL BANK NY	1.76%	11/30/18	1.80%	3,400,000.00	3,397,348.00	3,392,822.60	5,152.89	A-1	P-1
65558LWA6	NORDEA BANK FINLAND NY	1.76%	11/30/18	1.76%	3,400,000.00	3,400,000.00	3,402,108.00	5,319.11	A-1+	P-1
06427KRC3	BANK OF MONTREAL CHICAGO	1.88%	02/07/19	1.88%	2,500,000.00	2,500,000.00	2,503,082.50	18,800.00	A+	A1
064176UE6	BANK OF NOVA SCOTIA	1.91%	04/05/19	1.91%	3,400,000.00	3,400,000.00	3,387,692.00	15,874.22	A+	A1
86563YVNO	SUMITOMO MITSUI BANK NY	2.05%	-05/03/19	2.05%	2,450,000.00	2,450,000.00	2,448,324.20	8,231.32	A	A1
83050FTX3	SKANDINAV ENSKILDA BK NY	1.84%	08/02/19	1.85%	3,400,000.00	3,398,674.00	3,356,342.50	26,066.67	A+	Aa3
06539RGM3	Mitsubishi UFJ Financial Group	2.07%	09/25/19	2.07%	1,700,000.00	1,700,000.00	1,692,045.70	9,384.00	A	A1
96121T4A3	WESTPAC BANKING CORP	2.05%	08/03/20	2.05%	2,660,000.00	2,660,000.00	2,655,584.40	21,812.00	AA-	Aa3
87019U6D6	Swedbank	2.27%	11/16/20	2.30%	3,400,000.00	3,400,000.00	3,381,633.20	9,647.50	AA-	Aa3
	<b>SUBTOTAL</b>				<b>26,310,000.00</b>	<b>26,306,022.00</b>	<b>26,219,645.10</b>	<b>120,287.71</b>		
<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	2,349,854.92	3,173.33	AAA	Aaa
459058FS7	INTL BK RECON & DEVELOPMENT	1.12%	11/27/19	1.49%	1,750,000.00	1,735,647.67	1,720,794.25	1,859.38	AAA	Aaa
459058GA5	INTL BK RECON & DEVELOPMENT	1.62%	09/04/20	1.63%	2,000,000.00	1,999,580.00	1,974,862.00	11,013.89	AAA	Aaa
45905UP32	Intl Bank of Reconstruction and Dev	1.56%	09/12/20	1.64%	3,000,000.00	2,992,800.00	2,946,510.00	13,268.50	AAA	Aaa
4581XOCD8	Inter-American Development Bank	2.13%	11/09/20	1.81%	3,500,000.00	3,532,441.86	3,502,957.50	10,743.06	AAA	Aaa
	<b>SUBTOTAL</b>				<b>12,630,000.00</b>	<b>12,633,329.53</b>	<b>12,494,978.67</b>	<b>40,058.16</b>		
<b>ADJUST INVESTMENTS FROM AMORTIZED COST TO FAIR VALUE</b>										
						(2,115,078.95)				
<b>TOTAL INVESTMENTS PFM ASSET MANAGEMENT</b>					<b>173,335,991.93</b>	<b>172,179,872.81</b>	<b>172,179,872.81</b>	<b>693,809.83</b>		
<b>TIME DEPOSITS - ISSUER</b>										
273941000	FREMONT BANK	0.50%	12/29/17	0.50%	1,000,000.00	1,000,000.00	1,000,000.00	112.60		
1414442	HERITAGE BANK OF COMMERCE	0.60%	05/01/18	0.60%	1,000,000.00	1,000,000.00	991,127.07	509.89		
	<b>SUBTOTAL</b>				<b>2,000,000.00</b>	<b>2,000,000.00</b>	<b>1,991,127.07</b>	<b>622.49</b>		
<b>MONEY MARKET ACCOUNTS</b>										
5080200	MMA/BANK OF AMERICA SWEEP ACCOUNT	0.87%	Daily	0.87%	10,903,069.00	10,903,069.00	10,903,069.00	6,050.76		
					<b>10,903,069.00</b>	<b>10,903,069.00</b>	<b>10,903,069.00</b>	<b>6,050.76</b>		
<b>POOLED INVESTMENT FUNDS</b>										
6037-001	CAMP (California Asset Management Program)	1.13%	Daily	1.13%	48,467,331.31	48,467,331.31	48,467,331.31	33,725.70		
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	-		
	<b>SUBTOTAL</b>				<b>113,467,331.31</b>	<b>113,467,331.31</b>	<b>113,467,331.31</b>	<b>33,725.70</b>		
<b>TOTAL GENERAL CITY INVESTMENTS</b>					<b>\$ 299,706,392.24</b>	<b>\$ 298,550,273.12</b>	<b>\$ 298,541,400.19</b>	<b>\$ 734,208.78</b>		
<b>MORGAN STANLEY GOVT INSTL SWEEP ACCOUNT</b>						<b>1,199,138.65</b>				
<b>BANK OF AMERICA CHECKING ACCOUNT</b>						<b>11,904,446.81</b>				
<b>POLICE-NARCOTIC(SACMCTF FLASH FUND)/ BOFA</b>						<b>33,618.26</b>				
<b>POLICE-BAIL ACCOUNT/ BOFA</b>						<b>500.00</b>				
<b>TOTAL CASH &amp; INVESTMENTS</b>						<b>311,687,976.84</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				
	ANIMAL CONTROL (21910)					500.00				
	POLICE INVESTIGATIVE SERVICES-BAIL (21999)					200.00				
	YOUTH & FAMILY SERVICES-PETTY CASH (53410, 10853990)					270.00				
	FRC SUPPORT SVC PRG (530304)					40.00				
	SENIOR CENTER #186 (53310)					250.00				
	RECREATION SNACK BARS #189 (00000)					3,500.00				
	RECREATION ADMIN #189 (61002)					2,000.00				
	RECR REGISTRATION #189 (61003)					200.00				
	RECR WATER PARK #189 (61011)					500.00				
	SPORTS TENNIS CENTER #189 (61022)					175.00				
	PKS BOAT RENTAL #189 (61047)					375.00				
	<b>TOTAL CITY PETTY CASH</b>					<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%		5,053,325.06				
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%		25,843.98				

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

<b>ID.#</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>
515454	2015 CFD#1 (PACIFIC COMMONS) ESCROW FUND - BNY	0.00%		0.0000%		2.00				
						5,080,229.19				
<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%		442.61				
6711981502	2012 - FIXED COP, SERIES A - RESERVE FUND - Union Bank	0.00%		0.0000%		1.00				
						444.61				
<b>LEASE REVENUE BONDS</b>										
6712196601	2017A - LRB REVENUE FUND- Union Bank	0.60%		0.6000%		4,190.36				
6712196605	2017A - LRB PROJECT FUND- Union Bank	0.06%		0.0600%		209,719.51				
657936	2017B - LRB COI FUND- BNY	0.14%		0.1400%		5,586.35				
657938	2017B - BOND FUND-BNY					20.02				
657939	2017B - INTEREST ACCOUNT-BNY					6.36				
						219,522.60				
<b>LEASE FINANCING</b>										
743930	2016 - ENERGY & WATER EFFICIENCY LEASE - ESCROW FUND - BNY	0.01%		0.0100%		913,416.05				
	<b>TOTAL CASH WITH FISCAL AGENTS</b>					<b>6,213,612.45</b>				
	<b>GRAND TOTAL</b>					<b>\$ 317,927,449.29</b>				

**NARRATIVE AND HIGHLIGHTS  
DEBT FINANCING ACTIVITIES  
December 31, 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 October 1, 2017 and December 31, 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.

On October 10, 2017, the City received a \$1 million interest-free loan from PG&E to offset a portion of the cost of converting the City's streetlights to energy-saving LEDs. The City will make 44 monthly payments under the PG&E On-Bill Financing program, with the first payment in November 2017.

Staff anticipated this loan from PG&E when it completed the 2016 Energy Efficiency Financing, and the financing agreement provides for a prepayment of up to \$1 million. Accordingly, the PG&E loan proceeds will be applied to reduce the 2016 Energy Efficiency Financing principal amount on the next semi-annual payment date of February 1, 2018. Since the 2016 Energy Efficiency Financing bears interest at 2.01% and the PG&E loan is interest-free, the prepayment is expected to save the City over \$100,000 in interest costs over the remaining term of the financing.

***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.

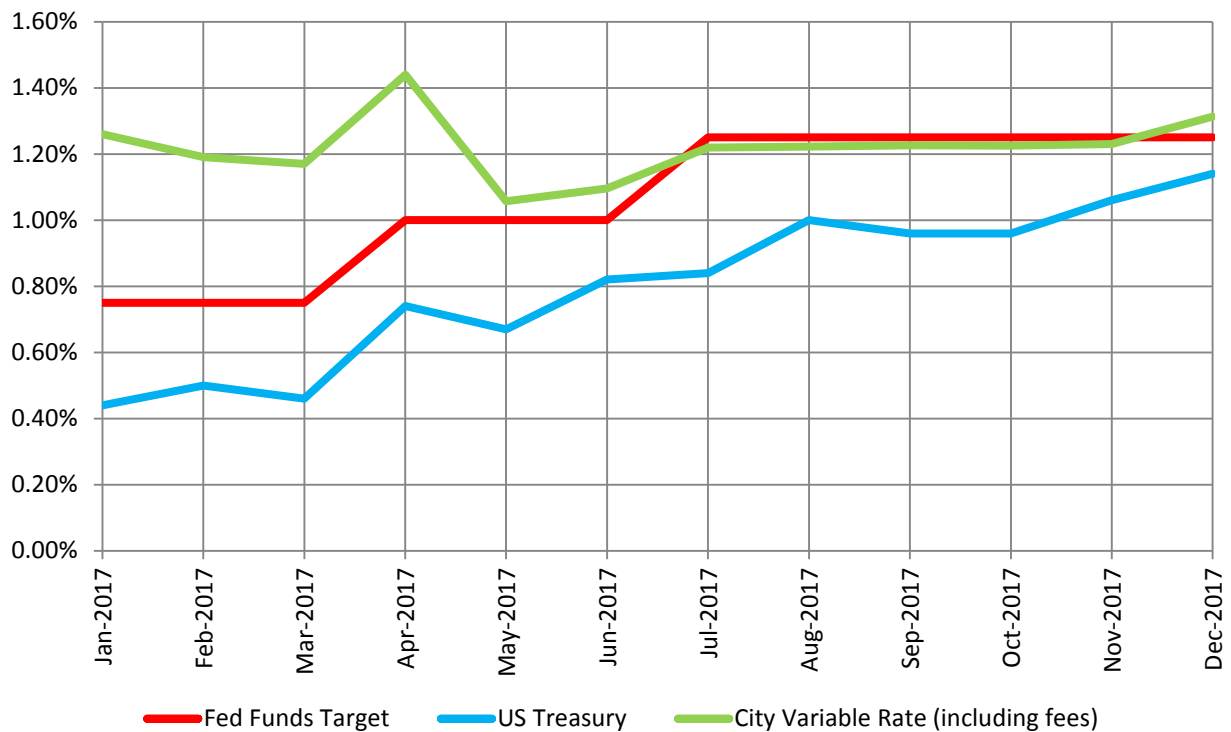
## ***SUMMARY OF DEBT BALANCES, INTEREST RATES AND ACTIVITIES***

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 9/30/2017</b>	<b>Incurred or Issued</b>	<b>Satisfied or Matured and Net Decreases</b>	<b>Amounts Outstanding 12/31/2017</b>
<b>General Obligation Bonds</b>					
2012 Fire Safety Bonds Maturity - 08/01/2032	3.00-3.25%	\$ 6,440,000	\$ -	\$ -	\$ 6,440,000
2013 Fire Safety Bonds Maturity - 08/01/2034	4.00-4.50%	19,030,000	-	-	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>37,685,000</b>	<b>-</b>	<b>-</b>	<b>37,685,000</b>
<b>General Fund Lease Obligations</b>					
2012A Certificates of Participation Maturity - 08/01/2025	3.00-4.00%	8,040,000	-	-	8,040,000
2016 Energy Efficiency Financing Maturity - 02/01/2027	2.01%	8,686,922	-	-	8,686,922
2017A Lease Revenue Bonds Maturity - 08/01/2038	Variable	81,565,000	-	-	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>118,016,922</b>	<b>-</b>	<b>-</b>	<b>118,016,922</b>
<b>General Fund Loans</b>					
2017 PG&E On-Bill Financing Program Maturity - 06/01/2021	0.00%	-	1,000,000	(45,455)	954,545
<b>Total City Long-term Debt</b>		<b>\$ 155,701,922</b>	<b>\$ 1,000,000</b>	<b>\$ (45,455)</b>	<b>\$ 156,656,467</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%	\$ 79,045,000	\$ -	\$ -	\$ 79,045,000
<b>Total Special Tax Bonds</b>		<b>\$ 79,045,000</b>	<b>\$ -</b>	<b>\$ -</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.



In December, the FOMC increased the Fed Funds target from a range of 1.00%-1.25% to 1.25%-1.50%.