



Finance Department

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June 4, 2019

Treasurer's Cash and Investment Report as of December 31, 2018

This report has been prepared in accordance with the City's Statement of Investment Policy, effective July 1, 2018.

Introduction

The City of Fremont provides services to the community funded through taxes, fees and charges, grants, and loans. To the extent that cash generated from those revenue sources is not immediately needed to pay for services, Section 53601 of the California Government Code (the "Government Code") gives the City Council the authority to purchase a variety of investment instruments. The City Council, in turn, may delegate that authority to the City's Treasurer for one-year periods, with the requirement that the Treasurer report monthly on investment transactions.

To guide the Treasurer's investment activities, the City Council annually adopts a Statement of Investment Policy (the "Investment Policy") which establishes that:

It is the policy of the City of Fremont to invest public funds in a prudent manner which will provide the highest yield consistent with the maximum security and preservation of invested principal, while meeting the daily cash flow demands of the City, and conforming to all applicable federal, state and local statutes governing the investment of public funds.

The Investment Policy applies to all financial assets of the City. However, in accordance with the Government Code, investment of bond proceeds is governed by the provisions of the related bond indentures or resolutions.

As established by the Government Code and re-affirmed in the City's Investment Policy, the objectives for investing and managing public funds and their order of priority are:

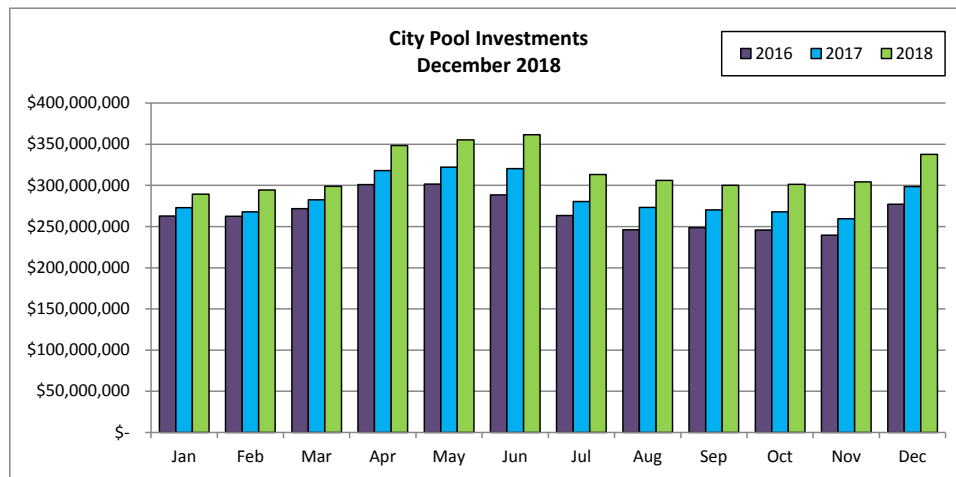
- **Safety** of principal;
- **Liquidity** sufficient to meet the City's payment obligations; and
- **Yield** consistent with a market rate of return.

The following sections of this Treasurer's Cash and Investment Report provide an overview of the City's cash and investment portfolio and describe how the City's investment program is designed to meet the policy objectives by managing the composition of the investment portfolio, conducting periodic cash flow analyses, and benchmarking portfolio performance. A detailed listing of the portfolio is included as an attachment.

Portfolio Overview

The following table and bar graph summarizes the City’s current cash and investment holdings by investment category and shows how those holdings have changed over the last month and last year.

	Current Month 12/31/2018	Prior Month 11/30/2018	Prior Year 12/31/2017	Change from Prior Month 11/18 to 12/18	Change from Prior Year 12/17 to 12/18
City Pool Investments					
Investment in Securities at Cost	\$ 177,081,769	\$ 176,272,741	\$ 176,294,952	\$ 809,028	\$ 786,817
Money Market - BlackRock	10,153,705	7,553,310	10,903,069	2,600,395	(749,364)
Money Market - Morgan Stanley	908,765	2,451,168	1,199,139	(1,542,404)	(290,374)
LAIF	65,000,000	65,000,000	65,000,000	-	-
CAMP	86,811,235	56,661,533	48,467,331	30,149,702	38,343,903
Fair Value Adjustment	(2,191,175)	(3,610,056)	(2,115,079)	1,418,881	(76,096)
Total City Pool Investments	337,764,298	304,328,695	299,749,412	33,435,603	38,014,886
City Checking Accounts	11,352,599	12,469,961	11,904,947	(1,117,362)	(552,348)
Petty Cash	25,860	25,860	25,860	-	-
Total Cash and Pool Investments	349,142,757	316,824,516	311,680,219	32,318,241	37,462,539
Cash with Fiscal Agents	7,233,958	7,198,091	8,248,883	35,867	(1,014,925)
Total City Cash and Investments	\$ 356,376,716	\$ 324,022,608	\$ 319,929,102	\$ 32,354,108	\$ 36,447,614

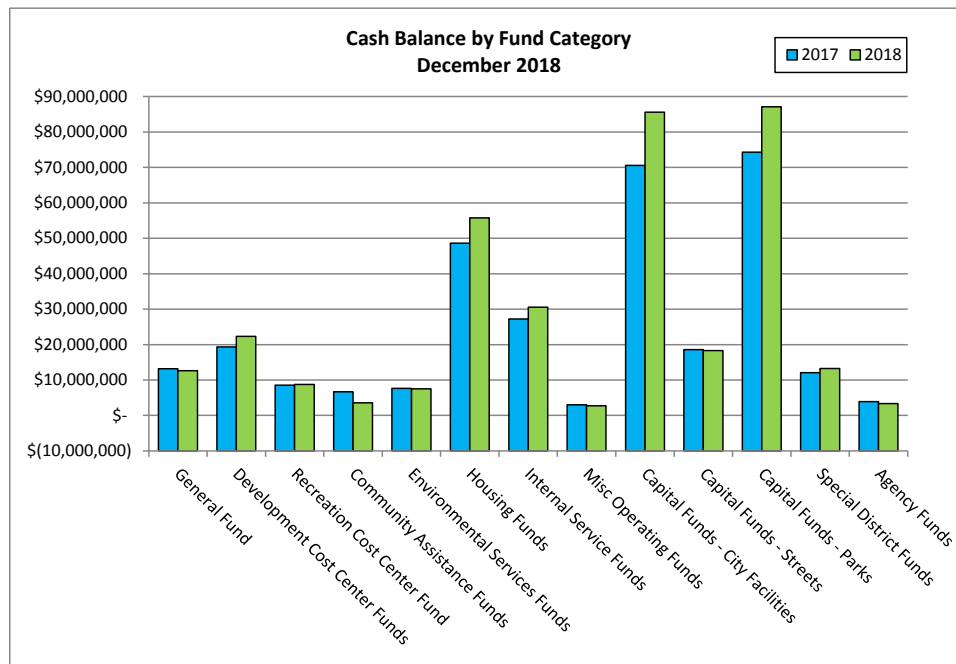


The change in value of the City’s cash and pool investments from the previous month is composed of: cash receipts from taxes, fees, grants, and loans; disbursements for payroll and benefits, vendor and contractor payments, debt service payments, and community grants and loans; and the change in the fair value adjustment. The following table summarizes these changes in value.

November 2018 Cash and Pool Investments	\$316,824,516
Cash Receipts	65,173,338
Cash Disbursements	(34,273,979)
Change in Fair Value Adjustment	1,418,881
December 2018 Cash and Pool Investments	\$349,142,757

The City’s cash and investment holdings represent the aggregation of the cash balances in the City’s various funds, petty cash, and cash held by the City’s fiscal agent banks related to special districts, bond proceeds, and escrows. The following table and graph show how the City’s cash and investment holdings are allocated among the City’s various fund categories and fiscal agent accounts.

	<u>Current Month</u> <u>12/31/2018</u>	<u>Prior Month</u> <u>11/30/2018</u>	<u>Prior Year</u> <u>12/31/2017</u>	<u>Change from</u> <u>Prior Month</u> <u>11/18 to 12/18</u>	<u>Change from</u> <u>Prior Year</u> <u>12/17 to 12/18</u>
Cash and Pool Investments by Fund Category					
General Fund	\$ 12,600,114	\$ 4,637,895	\$ 13,180,009	\$ 7,962,219	\$ (579,895)
Development Cost Center Funds	22,317,884	22,443,578	19,345,294	(125,694)	2,972,590
Recreation Cost Center Fund	8,782,860	9,191,185	8,566,503	(408,325)	216,357
Community Assistance Funds	3,579,235	5,923,420	6,683,276	(2,344,185)	(3,104,041)
Environmental Services Funds	7,525,254	6,223,758	7,629,745	1,301,495	(104,491)
Housing Funds	55,722,883	63,199,200	48,602,975	(7,476,316)	7,119,908
Internal Service Funds	30,534,764	31,857,661	27,253,700	(1,322,896)	3,281,064
Misc Operating Funds	2,716,658	1,928,046	3,006,341	788,613	(289,683)
Capital Funds - City Facilities	85,575,303	56,314,396	70,578,509	29,260,907	14,996,794
Capital Funds - Streets	18,299,122	20,818,096	18,601,725	(2,518,973)	(302,603)
Capital Funds - Parks	87,108,819	84,709,622	74,323,176	2,399,197	12,785,643
Special District Funds	13,229,560	9,848,937	12,092,077	3,380,623	1,137,483
Agency Funds	3,341,475	3,338,780	3,931,968	2,695	(590,493)
Subtotal	351,333,932	320,434,573	313,795,298	30,899,359	37,538,634
Fair Value Adjustment	(2,191,175)	(3,610,056)	(2,115,079)	1,418,881	(76,096)
Total Cash and Pool Investments	349,142,757	316,824,516	311,680,219	32,318,241	37,462,538
Cash with Fiscal Agents					
Agency Fund Checking Accounts	61,220	34,212	33,618	27,009	27,602
Lease Financing Trust Accounts	213,792	213,424	1,133,383	368	(919,591)
Community Facilities District Accounts	5,161,246	5,152,832	5,080,229	8,414	81,017
Pollution Remediation Escrow	1,797,700	1,797,624	2,001,653	76	(203,953)
Total Cash with Fiscal Agents	7,233,958	7,198,091	8,248,883	35,867	(1,014,925)
Total City Cash and Investments	\$ 356,376,716	\$ 324,022,608	\$ 319,929,102	\$ 32,354,108	\$ 36,447,613



The amounts shown in the preceding tables by investment category or fund category represent the value of the City’s cash and investment holdings on the basis of their cost. The market value of these holdings, also referred to as the “fair value,” represents the amount the City would receive if it were to sell its investments at the current market price. At any point in time, the difference between the market value and the cost basis, referred to as the “fair value adjustment,” represents the unrecognized gain or loss on the portfolio. Although unrecognized gains or losses have no impact on investment earnings, governmental accounting standards require that the fair value adjustment be incorporated into the City’s financial reporting. To the extent that the City actually sells investments prior to maturity, it recognizes the gains or losses and allocates them by fund as part of its investment earnings.

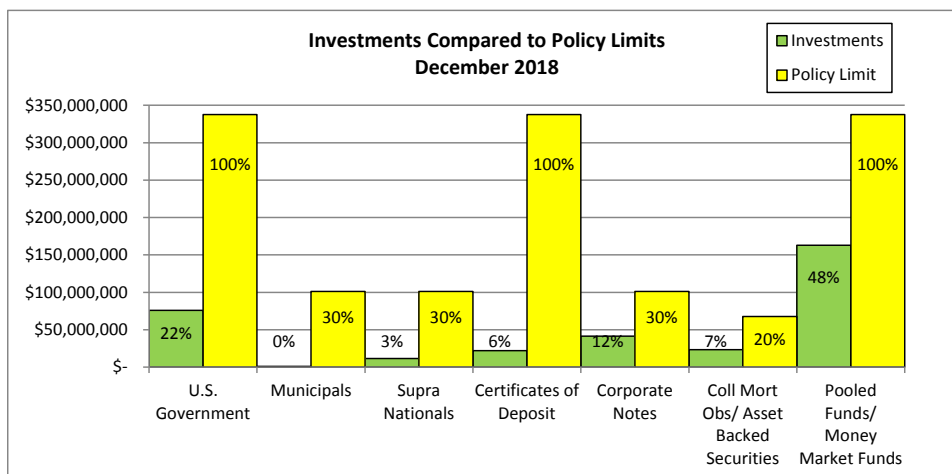
Investment Activity

A summary of current month investment activity is provided in the table below.

Date	Redemption			Purchases			Average Rate	Average Maturity (days)
	Securities	Pools/ Money Market Funds	Total	Securities	Pools/ Money Market Funds	Total		
12/06/18	\$ (4,414,867)	\$ -	\$ (4,414,867)	\$ 898,665	\$ -	\$ 898,665	2.80%	1,469
12/07/18	-	-	-	4,776,953	-	4,776,953	1.75%	1,621
12/17/18	-	-	-	834,998	-	834,998	3.20%	1,657
12/18/18	(286,721)	-	(286,721)	-	30,000,000	30,000,000	2.46%	41
12/29/18	(1,000,000)	-	(1,000,000)	-	2,600,395	2,600,395	1.51%	33
12/30/18	-	(1,542,404)	(1,542,404)	-	-	-	-	-
12/31/18	-	-	-	-	149,702	149,702	2.46%	41
Total 12/18	\$ (5,701,588)	\$ (1,542,404)	\$ (7,243,992)	\$ 6,510,616	\$ 32,750,097	\$ 39,260,713	2.33%	300

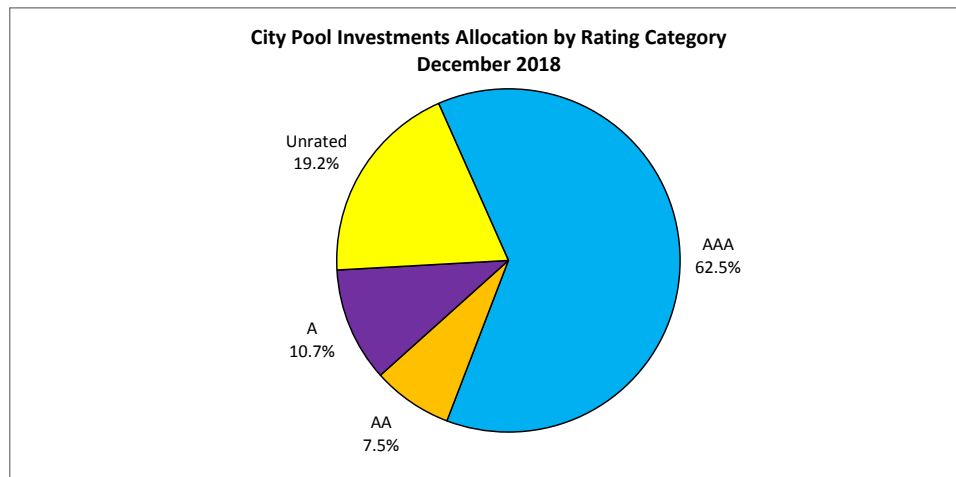
Safety: Allowable Investments and Portfolio Composition

The Government Code specifically identifies investment instruments that may be used by California local agencies, and the City’s Investment Policy incorporates these into its section on authorized and suitable investments. Because these authorized investments are restricted to instruments issued or guaranteed by the federal government, other public agencies, banks, or highly-rated corporations, the risk that the issuer will fail to pay scheduled interest or repay principal when due (“credit risk”) is limited. The Government Code and Investment Policy do not allow the City to purchase ownership shares in private or public corporations, real estate, or other physical assets for investment purposes. Additionally, the City Council has imposed a ban on investments in securities issued by firms whose general business activities are classified as “Energy - Oil, Gas & Coal” according to the Bloomberg Industry Classification System.



To further reduce credit risk, the Government Code and Investment Policy impose 20%, 25%, or 30% maximum portfolio holding limits on specific instrument types, and a 5% maximum on instruments issued by any individual non-federal public agency, bank, or corporation.

The credit-worthiness of corporate and public-agency investment instruments is measured on ratings scales developed by nationally recognized securities rating organizations (NRSROs) such as Standard & Poor’s and Moody’s Investors Service. The City’s Investment Policy requires that certain types of investments be rated in at least the third-highest rating category (“A” category), or in one of the two highest short-term rating categories (“A-1” or “A-1+”) in the case of certain short-term investments.



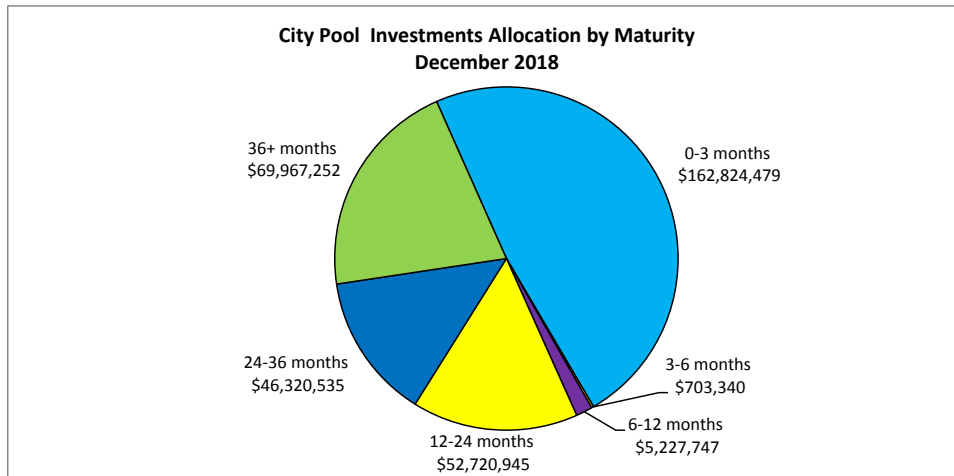
To assist the City in purchasing appropriate investment instruments, monitoring the credit quality of City investments, and achieving a market rate of return, the City has engaged PFM Asset Management LLC (“PFM”) to manage a portion of the investment portfolio. As discussed in more detail elsewhere, PFM actively manages the portion of the investment portfolio that exceeds the City’s near-term liquidity needs (the “Core Portfolio”). The City holds the remaining balance of the portfolio in highly liquid investments such as the State of California Local Agency Investment Fund (“LAIF”), the California Asset Management Program (“CAMP”), and government agency money market funds.

Liquidity: Investment Maturities and Cash Flow Analysis

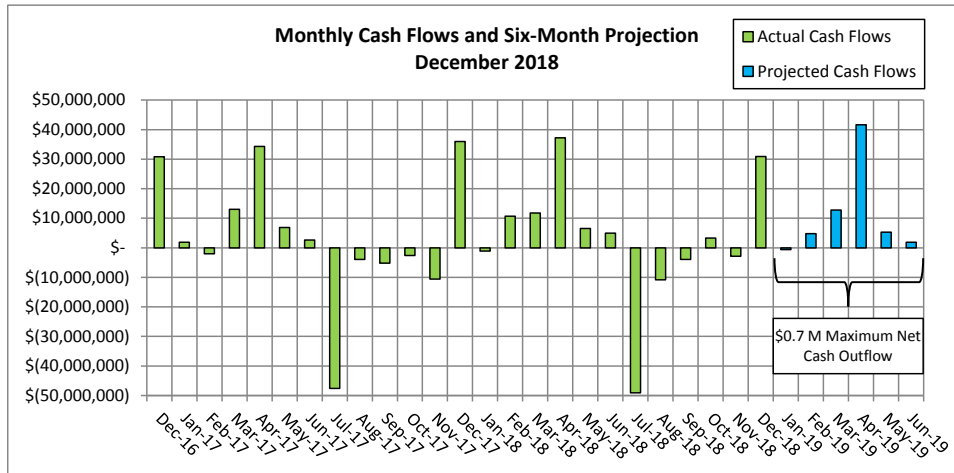
The Investment Policy specifies that “the City’s investment portfolio shall remain sufficiently liquid to enable the City to meet all operating requirements which might be reasonably anticipated.” Accordingly, the City has divided its investment portfolio into a portfolio of highly-liquid and short-term investments managed by City staff (the “Liquidity Portfolio”) and the Core Portfolio of longer-term investments managed by PFM.

<u>City Pool Investments</u>	<u>Current Month 12/31/2018</u>
Liquidity Portfolio	\$161,964,940
Core Portfolio	177,990,533
Fair Value Adjustment	(2,191,175)
Total City Pool Investments	\$337,764,298

Appropriate sizing of the Liquidity Portfolio is a key risk management tool, as a lack of liquid assets could necessitate the sale of securities in the Core Portfolio under unfavorable market conditions and lead to a loss of principal. However, allocating too much of the investment portfolio to highly liquid short-term instruments could deprive the City of the higher interest earnings generated from the Core Portfolio’s longer-term investments.



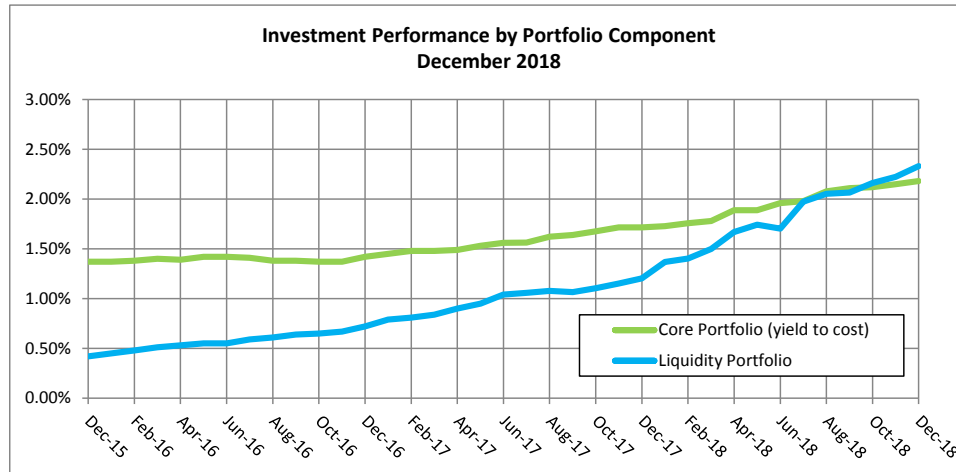
Annually, City staff and PFM review and analyze historical monthly cash flow data. In months when revenue (primarily property tax) exceeds expenditures, cash balances increase, and in months when expenditures exceed revenue, cash balances decrease. In a typical fiscal year, the maximum cumulative net cash outflow occurs in November, the month before the first installment of property tax, and the maximum cumulative net cash inflow occurs after the second installment of property tax in April. The City’s Liquidity Portfolio is sized to cover at least the maximum projected cumulative net monthly cash outflow over the following year (approximately \$50 million) plus an additional balance equivalent to the contingency reserve requirements of the various operating funds (another \$50 million). The remaining portion of the investment portfolio constitutes the Core Portfolio.



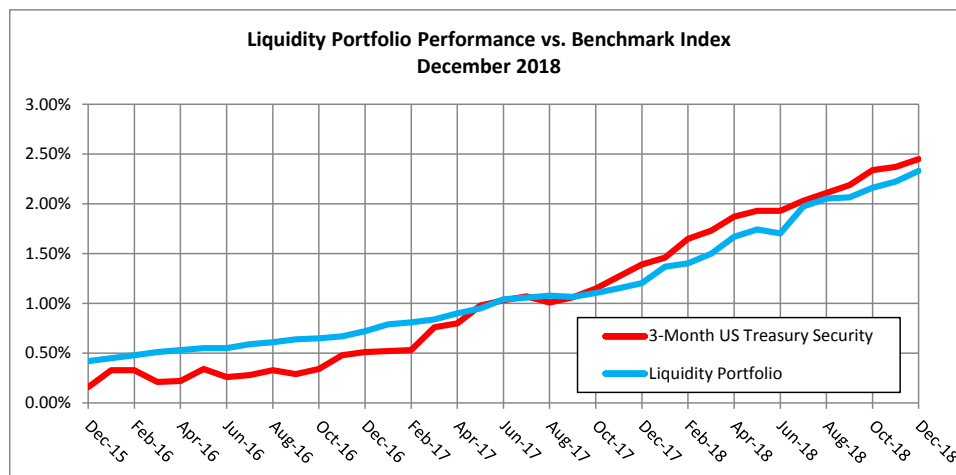
The City’s Liquidity Portfolio currently provides sufficient liquidity to meet the City’s payment obligations for the next six months.

Yield: Portfolio Performance

The performance objective specified in the City’s Investment Policy is to obtain a market rate of return, taking into account the allowable investments and the liquidity needs of the portfolio. As noted in the previous section, the City’s portfolio has been divided into two components (Liquidity and Core), each with significantly different cash flow characteristics and investment horizon. In general, the Liquidity Portfolio, composed of short-term investments held in LAIF and CAMP, will reflect market changes much more rapidly than the Core Portfolio.



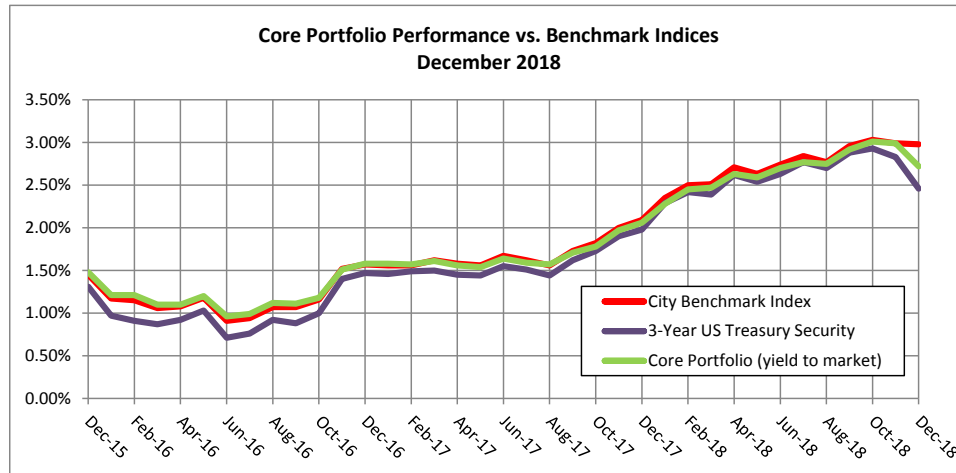
The Liquidity Portfolio is invested in LAIF, CAMP, and a money market account, with an additional amount held in the City’s checking account. LAIF, CAMP, and the money market account are pooled funds, meaning that a large number of investors have combined their cash holdings for investment purposes. Because pool participants have at least somewhat dissimilar cash flow requirements, the pooled portfolio can be invested in relatively longer-term securities with higher yields, while maintaining next-day funds availability for each participant. Although the funds held in this portfolio component generally have next-day or same-day availability, the average maturity of the pooled investments constituting the City’s Liquidity Portfolio is approximately 90 days. Accordingly, the Liquidity Portfolio is benchmarked against the yield on the 3-month U.S. Treasury security, with the expectation that its yield will generally track the benchmark.



The Core Portfolio, actively managed by PFM, is designed to take advantage of the full range of allowable investments with maturities generally ranging from one to five years. Active management results in the periodic reallocation of the portfolio among asset classes and maturities in response to

changes in the capital markets and opportunities to increase total return (the combination of gains in market value and interest earnings).

The Core Portfolio is benchmarked against the Bank of America Merrill Lynch 1-5 Year U.S. Corporate & Government A-AAA Index (the “BAML Index”). As the Core Portfolio and the BAML Index both have an average maturity of approximately three years, but take advantage of the full range of allowable investments, we expect them to out-perform the 3-year U.S. Treasury security.



The following table summarizes the investment yields and average maturities of the City’s investment portfolio components, along with the comparable-maturity U.S. Treasury securities. Also shown are the monthly investment earnings (including realized gains and losses) and aggregate year-to-date earnings.

	<u>Current Month</u> <u>12/31/2018</u>	<u>Prior Month</u> <u>11/30/2018</u>	<u>Prior Year</u> <u>12/31/2017</u>	<u>Change from</u> <u>Prior Month</u> <u>11/18 to 12/18</u>	<u>Change from</u> <u>Prior Year</u> <u>12/17 to 12/18</u>
Investment Yield					
Liquidity Portfolio	2.33%	2.22%	1.20%	0.11%	1.13%
U.S. Treasury - 3 Month	2.45%	2.37%	1.39%	0.08%	1.06%
Core Portfolio (yield at market)	2.72%	2.99%	2.06%	-0.27%	0.66%
U.S. Treasury - 3 Year	2.46%	2.83%	1.98%	-0.37%	0.48%
Core Portfolio (yield at cost)	2.18%	2.15%	1.72%	0.03%	0.47%
Average Maturity of Investments (in days)					
Liquidity Portfolio	101	122	146	(21)	(45)
Core Portfolio	963	944	1,024	19	(61)
Current Month Earnings					
Governmental Funds	\$ 406,187	\$ 378,156	\$ 249,335	\$ 28,031	\$ 156,853
Agency Funds	13,470	13,129	8,829	341	4,641
Total Current Month Earnings	<u>\$ 419,657</u>	<u>\$ 391,285</u>	<u>\$ 258,164</u>	<u>\$ 28,372</u>	<u>\$ 161,493</u>
Fiscal Year to Date Earnings					
Governmental Funds	\$ 2,267,520	\$ 1,861,333	\$ 1,532,575	\$ 406,187	\$ 734,946
Agency Funds	79,611	66,141	49,894	13,470	29,717
Total Year to Date Earnings	<u>\$ 2,347,131</u>	<u>\$ 1,927,474</u>	<u>\$ 1,582,469</u>	<u>\$ 419,657</u>	<u>\$ 764,663</u>

Certifications and Attachments

In accordance with the requirements of the Investment Policy, as Finance Director/Treasurer I certify to the following:

- All investment activities since the last report have been made in full compliance with the Investment Policy.
- The City will meet its expenditure requirements for the next six months.

The tables and charts included in the body of this report provide an overview of the City's cash and investment holdings. The attachments include a complete description of the portfolio, including the types of investments, issuers, maturity dates, par values and current market values, as well as the Quarterly Debt Report.

This report is available at the City's website on the Financial Reports page:
<https://www.fremont.gov/1593/Financial-Reports>.

If you have any questions, please contact me at (510) 494-4610.



David Persselin
Finance Director/Treasurer

City of Fremont Treasurer's Report
Cash and Investment Portfolio - December 31, 2018

Portfolio	CUSIP/ Account	Issuer/Institution	Par Amount	Coupon	Maturity	Original Cost/ Balance	Yield	Market Value	Accrued Interest	S&P Rating	Moody's Rating
Core	911312BC9	United Parcel Service	1,000,000.00	2.35%	05/16/22	1,010,920.00	2.12%	975,657.00	2,937.50	A+	A1
Core	09247XAJ0	Blackrock	855,000.00	3.38%	06/01/22	853,879.95	3.41%	861,374.03	2,404.69	AA-	Aa3
Core	459200HG9	IBM Corp	1,750,000.00	1.88%	08/01/22	1,719,550.00	2.25%	1,652,075.25	13,671.88	A	A1
Core	89236TEC5	Toyota	1,000,000.00	2.15%	09/08/22	998,820.00	2.18%	957,716.00	6,748.61	AA-	Aa3
Core	92826CAC6	Visa, Inc.	920,000.00	2.80%	12/14/22	898,665.20	3.42%	908,457.68	1,216.44	AA-	A1
Core	06051GGE3	Bank of America	1,500,000.00	3.12%	01/20/23	1,486,785.00	3.32%	1,474,755.00	20,956.83	A-	A3
Core	38141GWM2	Goldman Sachs	1,700,000.00	2.91%	07/24/23	1,644,087.00	3.63%	1,619,379.20	21,537.35	BBB+	A3
		Subtotal	42,200,000.00			42,078,668.50		41,329,783.87	250,441.39		
Negotiable Certificates of Deposit											
Core	86563YVNO	Sumitomo Mitsui Financial Group Inc	705,000.00	2.05%	05/03/19	705,000.00	2.05%	703,339.73	2,288.31	A-1	P-1
Core	83050FTX3	Skandinaviska Enskilda Banken	3,400,000.00	1.84%	08/02/19	3,398,674.00	1.85%	3,381,004.20	26,414.20	A-1	P-1
Core	22549LFR1	Credit Suisse New York	1,000,000.00	2.67%	02/07/20	1,000,000.00	2.67%	998,289.00	23,955.83	A	A1
Core	65590ASN7	Nordea Bank	3,400,000.00	2.72%	02/20/20	3,400,000.00	2.72%	3,397,932.80	33,652.44	AA-	Aa3
Core	13606BVF0	Canadian Imperial Bank of Commerce	2,675,000.00	2.74%	04/10/20	2,675,000.00	2.78%	2,679,970.15	17,356.50	A+	Aa2
Core	06417GU22	Bank of Nova Scotia	3,000,000.00	3.08%	06/05/20	2,998,860.00	3.10%	3,008,772.00	6,673.33	A+	Aa2
Core	96121TA43	Westpac Banking Corp	2,660,000.00	2.05%	08/03/20	2,660,000.00	2.05%	2,623,919.76	21,812.00	AA-	Aa3
Core	86565BPC9	Sumitomo Mitsui Financial Group Inc	1,745,000.00	3.39%	10/16/20	1,742,626.80	3.46%	1,757,385.27	11,995.42	A	A1
Core	87019U6D6	Swedbank	3,400,000.00	2.27%	11/16/20	3,400,000.00	2.30%	3,335,529.20	9,861.89	AA-	Aa2
		Subtotal	21,985,000.00			21,980,160.80		21,885,792.11	154,009.92		
Collateralized Mortgage Obligations											
Core	3136AQSW1	Federal National Mortgage Association	12,477.23	1.90%	01/01/19	12,602.00	1.20%	12,451.16	19.74	AA+	Aaa
Core	3136AQDQ0	Federal National Mortgage Association	75,991.26	1.65%	09/01/19	76,752.22	1.08%	75,530.84	104.23	AA+	Aaa
Core	3136B1XP4	Federal National Mortgage Association	987,923.72	3.56%	09/25/21	1,007,574.51	2.27%	999,019.98	2,930.84	AA+	Aaa
Core	3137BM6P6	Federal Home Loan Mortgage Corp	875,000.00	3.09%	08/25/22	882,451.17	2.61%	879,283.39	2,253.13	AA+	Aaa
Core	3137FKK39	Federal Home Loan Mortgage Corp	835,000.00	3.20%	07/01/23	834,997.50	3.11%	839,957.90	2,228.75	AA+	Aaa
		Subtotal	2,786,392.21			2,814,377.40		2,806,243.27	7,536.69		
Asset-Backed Securities											
Core	43814NAC9	Honda Auto Receivables	44,112.13	1.22%	12/18/19	44,105.86	1.23%	44,011.06	19.43	AAA	NR
Core	65475WAD0	Nissan Auto Receivables	43,159.85	1.34%	03/15/20	43,156.42	1.34%	43,104.89	25.70	NR	Aaa
Core	89237KAD5	Toyota Auto Receivables	65,537.78	1.25%	03/15/20	65,534.06	1.25%	65,332.40	36.41	AAA	Aaa
Core	47788NAC2	John Deere Owner Trust	139,178.72	1.25%	06/15/20	139,167.64	1.25%	138,546.71	77.32	NR	Aaa
Core	02007LAC6	Ally Auto Receivables Trust	143,381.40	1.44%	08/15/20	143,367.48	1.44%	142,869.60	91.76	AAA	Aaa
Core	44930UAD8	Hyundai Auto Receivables	37,747.99	1.56%	09/15/20	37,740.67	1.57%	37,605.97	26.17	AAA	Aaa
Core	34532EAD7	Ford Credit Auto Owner Trust	80,101.48	1.33%	10/15/20	80,093.88	1.33%	79,734.03	47.35	AAA	NR
Core	65478WAD7	Nissan Auto Receivables	192,045.19	1.18%	01/15/21	192,026.83	1.18%	190,243.25	100.72	NR	Aaa
Core	89238MAD0	Toyota Auto Receivables	278,696.09	1.73%	02/15/21	278,663.29	1.74%	276,710.24	214.29	AAA	Aaa
Core	44891EAC3	Hyundai Auto Receivables	687,221.35	1.29%	04/15/21	687,128.85	1.30%	680,557.50	394.01	AAA	Aaa
Core	34531EAD8	Ford Credit Auto Owner Trust	436,462.07	1.67%	06/15/21	436,460.45	1.67%	433,043.61	323.95	NR	Aaa
Core	44931PAD8	Hyundai Auto Receivables	430,000.00	1.76%	08/15/21	429,965.21	1.76%	425,755.21	336.36	AAA	NR
Core	43811BAC8	Honda Auto Receivables	1,500,000.00	1.68%	08/15/21	1,499,870.25	1.68%	1,484,490.15	1,120.00	AAA	Aaa
Core	47788BAD6	John Deere Owner Trust	600,000.00	1.82%	10/15/21	599,956.08	1.82%	593,221.08	485.33	NR	Aaa
Core	89237RAD0	Toyota Auto Receivables	250,000.00	1.78%	11/15/21	249,980.08	2.00%	246,429.95	197.78	AAA	Aaa
Core	02582JHG8	American Express Credit	560,000.00	1.64%	12/15/21	559,910.29	1.65%	557,384.63	408.18	AAA	NR
Core	89238KAD4	Toyota Auto Receivables	635,000.00	1.93%	01/15/22	634,941.45	2.26%	626,152.80	544.69	AAA	Aaa
Core	02007YAC8	Ally Auto Receivables Trust	1,370,000.00	1.99%	03/15/22	1,369,893.69	1.99%	1,356,360.55	1,211.69	AAA	Aaa
Core	34532AAD5	Ford Credit Auto Owner Trust	1,765,000.00	2.01%	03/15/22	1,764,681.77	2.02%	1,744,233.01	1,576.73	AAA	NR
Core	05522RCW6	Bank of America	1,500,000.00	1.95%	08/15/22	1,476,210.94	2.73%	1,482,097.05	1,300.00	NR	Aaa
Core	02582JHQ6	American Express Credit	850,000.00	2.67%	10/17/22	849,901.32	2.68%	846,691.38	1,008.67	NR	Aaa
Core	89231AAD3	Toyota Auto Receivables	1,715,000.00	3.02%	12/15/22	1,714,694.90	3.03%	1,717,842.44	2,301.91	AAA	Aaa
Core	58772RAD6	Mercedes-Benz Auto Receivables	1,045,000.00	3.03%	01/15/23	1,044,959.87	3.03%	1,046,884.24	1,407.27	AAA	Aaa
Core	02007JAC1	Ally Auto Receivables Trust	2,000,000.00	3.00%	01/15/23	1,999,863.20	3.09%	1,998,358.80	2,666.67	AAA	Aaa
Core	17305EGK5	Citibank Credit Card Issuance	3,580,000.00	2.49%	01/20/23	3,540,424.22	2.97%	3,551,131.24	39,866.28	NR	Aaa
Core	36255JAD6	GM Financial	775,000.00	3.02%	05/16/23	774,819.27	3.03%	777,758.46	975.21	AAA	NR
		Subtotal	20,722,644.05			20,657,517.97		20,586,550.25	56,763.88		
Money Market Funds											
Liquidity	TFFXX	BlackRock	10,153,705.24	1.51%	Daily	10,153,705.24	1.51%	10,153,705.24	15,922.23	AAAm	Aaa-mf
Core	X9USD MOR3	Morgan Stanley	908,764.69	2.50%	Daily	908,764.69	2.50%	908,764.69	-	AAAm	Aaa-mf
		Subtotal	11,062,469.93			11,062,469.93		11,062,469.93	15,922.23		
Government Investment Pools											
Liquidity	98-01-318	Local Agency Investment Fund	65,000,000.00	2.29%	Daily	65,000,000.00	2.29%	64,938,323.26	-	NR	NR
Liquidity	6037-001	California Asset Management Program	86,811,234.55	2.46%	Daily	86,811,234.55	2.46%	86,811,234.55	-	AAAm	NR
		Subtotal	151,811,234.55			151,811,234.55		151,749,557.81	-		
Total City Investments			\$ 340,437,740.74			\$ 339,955,473.18		\$ 337,764,297.92	\$ 819,059.55		

Unrecognized Gain/(Loss): \$ (2,191,175.27)

City of Fremont Treasurer's Report
Cash and Investment Portfolio - December 31, 2018

Portfolio	CUSIP/ Account	Issuer/Institution	Par Amount	Coupon	Maturity	Original Cost/ Balance	Yield	Market Value	Accrued Interest	S&P Rating	Moody's Rating
City Investments by Portfolio											
	Core Portfolio					\$ 177,990,533.39					
	Liquidity Portfolio					161,964,939.79					
	Unrecognized Gain/(Loss)					(2,191,175.27)					
		Subtotal				337,764,297.91					
Checking Accounts											
	General City	Bank of America				11,352,099.18	0.00%				
	Police Bail	Bank of America				500.00	0.00%				
		Subtotal				11,352,599.18					
Petty Cash											
	001-12001	City Manager's Office				500.00					
	001-14000	Finance Administration				2,750.00					
	001-15000	Human Resources				200.00					
	001-21010	Police Chief's Office				7,000.00					
	001-21110	Police Administration				7,400.00					
	001-21910	Animal Shelter				500.00					
	001-21999	Police Investigative Services - Bail				200.00					
	102-53410	Youth Service Center				270.00					
	108-53990	Family Resource Center				40.00					
	186-53310	Senior Center				250.00					
	189-00000	Recreation Snack Bars				3,500.00					
	189-61002	Recreation Administration				2,000.00					
	189-61003	Recreation Registration				200.00					
	189-61011	Water Park				500.00					
	189-61022	Tennis Center				175.00					
	189-61047	Boat Rental				375.00					
		Subtotal				25,860.00					
Total City Cash and Investments						\$ 349,142,757.09					
Cash with Fiscal Agents											
Agency Fund Checking Accounts											
	SACMCTF JPA	Bank of America				23,691.07					
	FRC Corp.	Heritage Bank				37,529.16					
		Subtotal				61,220.23					
Lease Financing Trust Accounts											
2012A Certificates of Participation - MUFG Union Bank											
	6711981501	Lease Payment Fund				964.86	2.49%				
2017A Lease Revenue Bonds - MUFG Union Bank											
	6712196601	Revenue Fund				2,825.42	2.49%				
	6712196605	Project Fund				209,719.51	2.49%				
2017B Lease Revenue Bonds - Bank of New York											
	657938	Bond Fund				282.17	2.53%				
	657939	Interest Account				-	0.00%				
		Subtotal				213,791.96					
Community Facilities District Accounts											
2015 CFD 1 Special Tax Bonds - Bank of New York											
	515408	Reserve Fund				5,133,097.99	2.14%				
	515409	Bonds Fund				52.07	0.00%				
	515437	Special Tax Fund				1,842.01	0.00%				
	515439	Improvements Fund				26,252.16	2.15%				
	515454	Escrow Fund				2.00	0.00%				
		Subtotal				5,161,246.23					
Pollution Remediation Escrow											
Centerville USD Pollution Remediation Escrow - Heritage Bank											
	1894716230	Escrow Account				1,797,700.00	0.05%				
		Subtotal				1,797,700.00					
Total Cash with Fiscal Agents						\$ 7,233,958.42					
Grand Total						\$ 356,376,715.51					



Finance Department

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June 4, 2019

Quarterly Debt Report as of December 31, 2018

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 September 30, 2018 and December 31, 2018 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.

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.

- **General Fund Loans.** The City received a \$1 million interest-free loan from PG&E in October 2017 to offset a portion of the cost of converting the City's streetlights to energy-saving LEDs. Staff anticipated this loan from PG&E when it completed the 2016 Energy Efficiency Financing, and the PG&E loan proceeds were applied to reduce the 2016 Energy Efficiency Financing principal amount.
- **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.

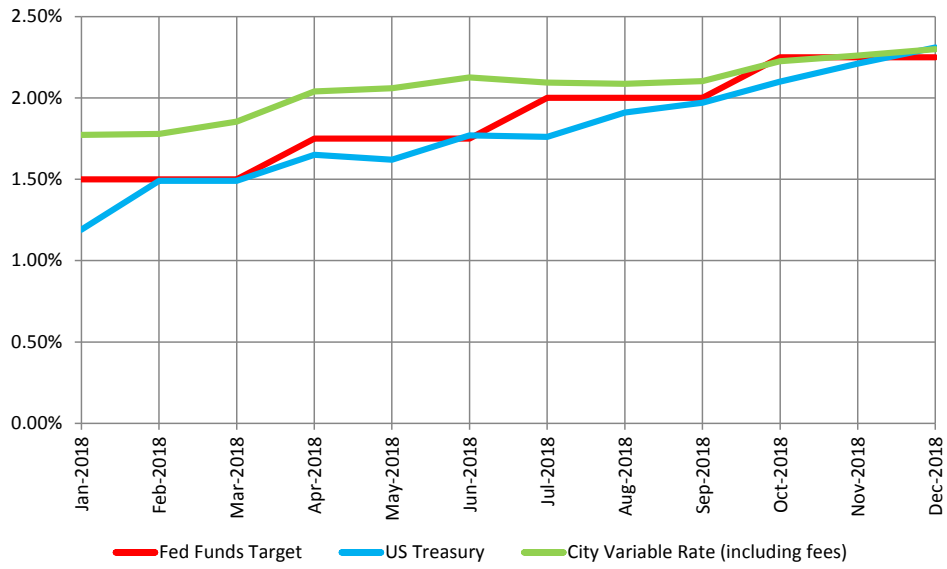
Summary of Debt Balances, Interest Rates and Activities

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.

	Interest Rates	Amounts Outstanding 9/30/2018	Incurred or Issued	Satisfied or Matured and Net Decreases	Amounts Outstanding 12/31/2018
General Obligation Bonds					
2012 Fire Safety Bonds Maturity - 08/01/2032	3.00-3.25%	\$ 6,095,000	\$ -	\$ -	\$ 6,095,000
2013 Fire Safety Bonds Maturity - 08/01/2034	4.00-4.50%	18,210,000	-	-	18,210,000
2017 Fire Safety Bonds Maturity - 08/01/2038	3.00-5.00%	11,845,000	-	-	11,845,000
Total General Obligation Bonds		36,150,000	-	-	36,150,000
General Fund Lease Obligations					
2012A Certificates of Participation Maturity - 08/01/2025	3.00-4.00%	7,155,000	-	-	7,155,000
2016 Energy Efficiency Financing Maturity - 02/01/2027	2.01%	6,899,229	-	-	6,899,229
2017A Lease Revenue Bonds Maturity - 08/01/2038	Variable	77,815,000	-	-	77,815,000
2017B Lease Revenue Bonds Maturity - 10/01/2038	3.00-5.00%	19,725,000	-	(565,000)	19,160,000
Total General Fund Lease Obligations		111,594,229	-	(565,000)	111,029,229
General Fund Loans					
2017 PG&E On-Bill Financing Program Maturity - 06/01/2021	0.00%	750,000	-	(68,182)	681,818
Total City Long-term Debt		\$ 148,494,229	\$ -	\$ (633,182)	\$ 147,861,047
Special Tax Bonds					
Community Facilities District No. 1 (Pacific Commons)					
2015 Special Tax Bonds Maturity - 09/01/2045	3.50-5.00%	\$ 78,545,000	\$ -	\$ -	\$ 78,545,000
Total Special Tax Bonds		\$ 78,545,000	\$ -	\$ -	\$ 78,545,000

The City's 2017A Lease Revenue Bonds bear interest at a rate equal to approximately 80% of the one-month London Interbank Offered Rate (LIBOR) plus an "applicable spread", currently 0.42%, 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 2017A Lease Revenue Bonds 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. All rates shown are as of the first of the month. 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 2.00%-2.25% to 2.25%-2.50%.