BENICIA CITY COUNCIL
CITY COUNCIL MEETING AGENDA

Benicia City Hall, 250 East L Street
January 7, 2020
7:00 PM

Call To Order

1. **Closed Session (6:30 P.M.)**

1.A - CONFERENCE WITH LEGAL COUNSEL-ANTICIPATED LITIGATION
Significant exposure to litigation pursuant to Government Code Section 54956.9(d)(2):
Number of potential cases: 1

2. **Convene Open Session (7:00 P.M.)**

3. **Roll Call**

4. **Pledge Of Allegiance**

5. **Reference To The Fundamental Rights Of The Public**

A plaque stating the fundamental rights of each member of the public is posted at the entrance to this meeting room per section 4.04.030 of the City of Benicia's Open Government Ordinance.

6. **Announcements**

6.A - ANNOUNCEMENTS FROM CLOSED SESSION, IF ANY

6.B - MAYOR'S OFFICE HOURS

Mayor Patterson will maintain an open office every Monday (except holidays) in the Mayor's office of City Hall from 6:00 to 7:00 p.m. No appointment is necessary. Other meeting times may be scheduled through City Hall by calling 707-746-4200.

6.C - OPENINGS ON BOARDS AND COMMISSIONS

- Community Sustainability Commission
  2 Full Terms, Expiring July 31, 2023

- Open Government Commission
  1 Partial Term, Expiring July 31, 2021

7. **Proclamations**

7.A - KAI RUSH AND BENJI RYUIJIN

Proclamation - Rush and Ryuijin App Challenge

8. **Appointments**

None

9. **Presentations**

9.A - UPDATE ON HOUSING (Interim Community Development Director)

Over the last several years, the Benicia Planning Division has worked to comply with the State of California's legislative changes to increase housing production. These efforts have resulted in amendments to the City's Municipal Code and the adoption of new local policies. Beginning in 2020, housing will be a primary area of focus for the Planning Division due to the upcoming 6th Cycle Housing Element Update, grant-funded planning activities, and a rapidly evolving climate of State housing policy. This report and presentation are provided for the Council's consideration in advance of a study session in early 2020 and public hearings on specific housing policy items, yet to be scheduled. The presentation also provides a summary of the breadth of housing issues confronting the City.

This information session will be presented in three main parts. The first part will provide background on the State's housing crisis and an overview of the themes found in State legislation recently passed as a response to the housing crisis. The second portion of the information session will highlight Benicia's progress in implementing new housing policy that is compliant with State law. The final portion of the information session will provide an overview of upcoming housing-related initiatives in Benicia, including the 6th Cycle Housing Element Update (2023-2030).

Recommendation:
Receive the informational update provided in the report and staff presentation. No action is requested at this time.

Staff Report - Housing Information Session 2

10. Adoption Of Agenda

11. Opportunity For Public Comments

This portion of the meeting is reserved for persons wishing to address the Council on any matter not on the agenda that is within the subject matter jurisdiction of the City Council. State law prohibits the City Council from responding to or acting upon matters not listed on the agenda. Each speaker has a maximum of five minutes for public comment. If others have already expressed your position, you may simply indicate that you agree with a previous speaker. If appropriate, a spokesperson may present the views of your entire group. Speakers may not make personal attacks on council members, staff or members of the public, or make comments which are slanderous or which may invade an individual's personal privacy.

12. Written Comment

13. Public Comment

14. Consent Calendar

Items listed on the Consent Calendar are considered routine and will be enacted, approved or adopted by one motion unless a request for removal or explanation is received from a Council Member, Staff or member of the public. Items removed from the Consent Calendar shall be considered immediately following the adoption of the Consent Calendar.

14.A - FY2018-19 QUARTERLY INVESTMENT REPORTS (Finance Director)

The Quarterly Investment Reports for Fiscal Year 2018-19 are in compliance with the City's Investment Policy and California Law. Additionally, the City has adequate investments to meet its expenditure needs for the next six months. These reports have been reviewed by the City Treasurer.

Recommendation:
Review and file the Quarterly Investment Reports for Fiscal Year 2018-19 (Attachments 1-4).

Staff Report - Investment Reports FY2018-19

1. 1st Quarter FY2018-19 Investment Report

2. 2nd Quarter FY2018-19 Investment Report

3. 3rd Quarter FY2018-19 Investment Report

4. 4th Quarter FY2018-19 Investment Report

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14.B - APPROVAL TO WAIVE THE READING OF ALL ORDINANCES INTRODUCED OR ADOPTED PURSUANT TO THIS AGENDA (City Attorney)

15. Business Items

15.A - PARKS, LANDSCAPE & LIGHTING ASSESSMENT DISTRICT AND PARKS, TRAILS & OPEN SPACE MASTER PLAN (Public Works Director and Parks & Community Services Director)

The City's Landscape & Lighting Assessment District (LLAD) assessment rates have not increased since the creation of the district in the 1970s, and the district is currently subsidized by the General Fund. Meanwhile, the capital program included in the City's 1997 Parks, Trails & Open Space Master Plan sunset in 2010. At its September 24, 2019 study session, City Council directed staff to bring back a recommendation for a process to update the LLAD to a Citywide Parks, Landscape & Lighting Assessment District (PLLAD) formed in conjunction with an update to the City's 1997 Parks, Trails & Open Space Master Plan.

Recommendation:
Adopt the following:

1. A resolution allocating $150,000 for Citywide PLLAD formation (Attachment 1), to be planned around a full maintenance funding scenario as described in Scenario 2, including the associated Proposition 218 ballot process.

2. A resolution allocating $250,000 for an update to the City's 1997 Parks, Trails & Open Space Master Plan (Attachment 2).

Staff Report - PLLAD and PTOS Master Plan Update

1. Resolution - Citywide Parks, Landscape & Lighting Assessment District Update

2. Resolution - Parks, Trails & Open Space Master Plan Update

15.B - BENICIA OPEN GOVERNMENT COMMISSION'S PROPOSED AMENDMENTS TO BMC CHAPTERS 1.36 (VOLUNTARY CODE OF FAIR CAMPAIGN PRACTICES), 1.40 (DISCLOSURE OF CONTRIBUTIONS AND EXPENDITURES IN CANDIDATE AND BALLOT MEASURE ELECTIONS) AND 1.42 (CONTRIBUTION AND VOLUNTARY SPENDING LIMITS) (City Attorney)

On January 15, 2019, the City Council directed the Open Government Commission to consider possible updates and amendments to the City's campaign-related laws and regulations. The Benicia Open Government Commission ("OGC") proposed various amendments to the Benicia Municipal Code ("BMC") Chapters 1.36 (Voluntary Code of Fair Campaign Practices), 1.40 (Disclosure of Contributions and Expenditures in Candidate and Ballot Measure Elections) and 1.42 (Contribution and Voluntary Spending Limits).

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Recommendation:
Discuss each of the OGC's proposed amendments to BMC Chapters 1.36, 1.40 and 1.42 and provide direction to the City Attorney as to whether and which amendments should be initiated and brought back before the City Council in a first reading of an ordinance.

Staff Report - Open Government Committee Recommendations

1. Open Government Commission 10-21-19 Staff Report

2. Open Government Commission Draft Minutes 10-21-19

15.C - CITY APPOINTMENTS SUBCOMMITTEE (City Manager)

The term for the City Appointments Subcommittee is one year. The term for current member Council Member Campbell has expired. The City Council is being asked to fill this vacancy with either Council Member Young or Council Member Largaespada. The term will expire December 31, 2020.

Recommendation:
Appoint, by motion, Council Member Young or Council Member Largaespada to the City Appointments Subcommittee term ending December 31, 2020.

Staff Report - City Appointments Subcomittee

16. Adjournment (9:30 P.M.)

Public Participation

The Benicia City Council and its Boards and Commissions welcome public participation.

Pursuant to the Brown Act, each public agency must provide the public with an opportunity to speak on any matter within the subject matter jurisdiction of the agency and which is not on the agency's agenda for that meeting. The City Council allows speakers to speak on non-agendized matters under public comment, and on agendized items at the time the agenda item is addressed at the meeting. Comments are limited to no more than five minutes per speaker. By law, no action may be taken on any item raised during the public comment period although informational answers to questions may be given and matters may be referred to staff for placement on a future agenda of the City Council.

Should you have material you wish to enter into the record, please submit it to the City Manager.

Disabled Access or Special Needs

In compliance with the Americans with Disabilities Act (ADA) and to accommodate any special needs, if you need special assistance to participate in this meeting, please contact Alan Shear, the ADA Coordinator, at (707) 746-4200. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to the meeting.

Meeting Procedures

All items listed on this agenda are for Council discussion and/or action. In accordance with the Brown Act, each item is listed and includes, where appropriate, further description of the item and/or a recommended action. The posting of a recommended action does not limit, or necessarily indicate, what action may be taken by the City Council.

Pursuant to Government Code Section 65009, if you challenge a decision of the City Council in court, you may be limited to raising only those issues you or someone else raised at the public hearing described in this notice, or in written correspondence delivered to the City Council at, or prior to, the public hearing. You may also be limited by the ninety (90) day statute of limitations in which to challenge in court certain administrative decisions and orders (Code of Civil Procedure 1094.6) to file and serve a petition for administrative writ of mandate challenging any final City decisions regarding planning or zoning.

The decision of the City Council is final as of the date of its decision unless judicial review is initiated pursuant to California Code of Civil Procedures Section 1094.5. Any such petition for judicial review is subject to the provisions of California Code of Civil Procedure Section 1094.6.

Public Records

The agenda packet for this meeting is available at the City Manager's Office and the Benicia Public Library during regular working hours. To the extent feasible, the packet is also available on the City's web page at www.ci.benicia.ca.us under the heading "Agendas and Minutes." Public records related to an open session agenda item that are distributed after the agenda packet is prepared are available before the meeting at the

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City Manager's Office located at 250 East L Street, Benicia, or at the meeting held in the Council Chambers. If you wish to submit written information on an agenda item, please submit to the City Clerk as soon as possible so that it may be distributed to the City Council. A complete proceeding of each meeting is also recorded and available through the City Clerk's Office.

Contact Your Council Members

If you would like to contact the Mayor or a Council Member, please call the number listed below to leave a voicemail message.

Mayor Patterson: 746-4213
Vice Mayor Strawbridge: 746-4213
Council Member Campbell: 746-4213
Council Member Young: 746-4213
Council Member Largaespada: 746-4213

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P R O C L A M A T I O N

IN RECOGNITION OF

Kai Rush and Benji Ryuijin

WHEREAS, Kai Rush and Benji Ryuijin are Benicia High School students in Benicia, California; and

WHEREAS, Kai and Benji created an App titled "Space Trace" which teaches children twelve different constellations in the night sky; and

WHEREAS, Kai and Benji participated in Congressmember Thompson's Fifth Congressional District 2019 App Challenge: and

WHEREAS, Kai and Benji were selected by a group of local technology experts as the winners of the App Challenge; and

WHEREAS, Kai and Benji's App will be on display throughout the year in the U.S. Capitol and featured on the United States House of Representatives web site proudly representing the United States, the Fifth District and the City of Benicia; and

NOW, THEREFORE BE IT RESOLVED THAT I, Elizabeth Patterson, Mayor of the City of Benicia, on behalf of the City Council, do hereby congratulate Kai Rush and Benji Ryuijin on winning Congressmember Thompson's 2019 App Challenge and wish them luck with their future endeavors.

_____

Elizabeth Patterson, Mayor
January 7, 2020

AGENDA ITEM
CITY COUNCIL MEETING DATE – JANUARY 7, 2020
PRESENTATION

TO : City Manager

FROM : Interim Community Development Director

SUBJECT : **UPDATE ON HOUSING**

EXECUTIVE SUMMARY:
Over the last several years, the Benicia Planning Division has worked to comply with the State of California's legislative changes to increase housing production. These efforts have resulted in amendments to the City's Municipal Code and the adoption of new local policies. Beginning in 2020, housing will be a primary area of focus for the Planning Division due to the upcoming 6th Cycle Housing Element Update, grant-funded planning activities, and a rapidly evolving climate of State housing policy. This report and presentation are provided for the Council's consideration in advance of a study session in early 2020 and public hearings on specific housing policy items, yet to be scheduled. The presentation also provides a summary of the breadth of housing issues confronting the City.

This information session will be presented in three main parts. The first part will provide background on the State's housing crisis and an overview of the themes found in State legislation recently passed as a response to the housing crisis. The second portion of the information session will highlight Benicia's progress in implementing new housing policy that is compliant with State law. The final portion of the information session will provide an overview of upcoming housing-related initiatives in Benicia, including the 6th Cycle Housing Element Update (2023-2030).

RECOMMENDATION:
Receive the informational update provided in the report and staff presentation. No action is requested at this time.

BUDGET INFORMATION:
Receiving the presentation has no fiscal impact.

BACKGROUND:
The State of California is currently in the grips of a housing supply and affordability crisis that is affecting households, communities and regions statewide. Household income has not kept pace with increasing rents and housing prices; additionally, the production of new housing units has not kept pace with population and demand. In response, the State has passed a number of new

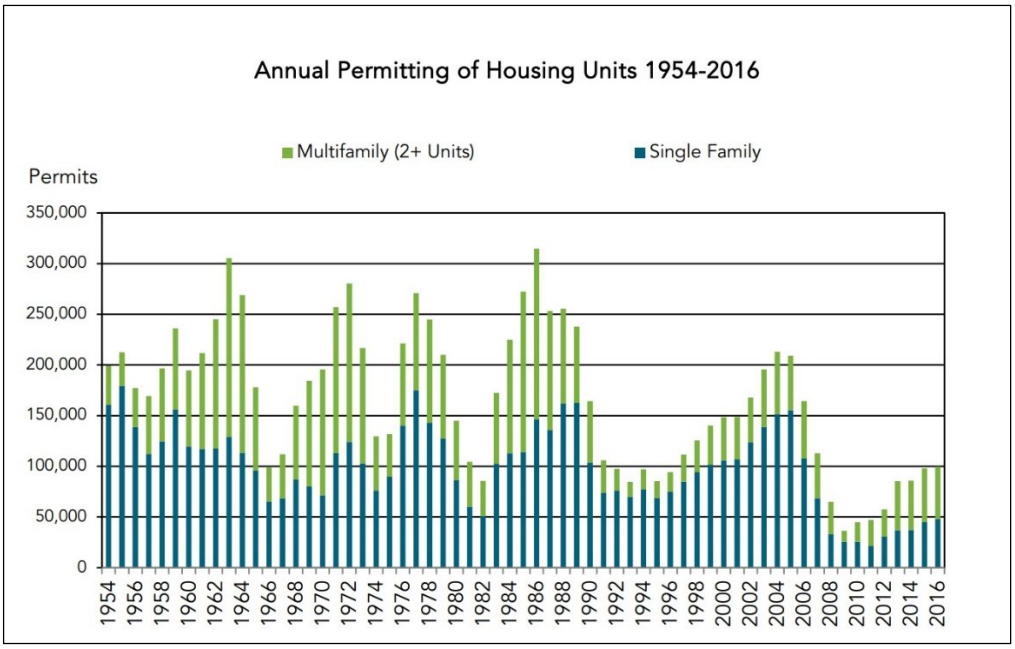
housing laws – including 15 new bills in 2019 alone – to address known constraints. These efforts, in addition to local and regional actions, are intended to increase the production of housing to levels necessary to support the State's current and growing population.

Trends in Population and Housing

The State's continual increase in population has led to a demand for housing that has outweighed the supply of homes. This lack of supply is greatly impacting housing affordability, particularly in the large metropolitan areas.

In 1900, California was home to fewer than 2 million people; by 1950 the population had reached 10 million, and since that time the population has almost quadrupled to 39 million people. In the post-war era, from 1955-1990, more than 200,000 homes were built annually statewide; however, beginning in 1990, housing production dropped significantly. Although the Department of Housing and Community Development (HCD) estimates that about 180,000 units are needed each year to keep up with housing demand from 2015-2025, in the last decade the state has seen an average growth of only 80,000 units per year. The recent housing production levels have been at or below the levels found during various 20th century periods of *recession.* The lag in housing production has been observed locally: Solano County only permitted 37.5% of the number of housing units allocated to it by the State for the period between 2003 and 2014.

Figure 1 – California HCD Chart, Annual Permitting of Housing Units 1954-2016



Homeownership rates in California are at their lowest since the 1940's, meaning that a greater proportion of households are renters. Of California's almost 6 million renter households, more than half pay at least 30% of their income toward rent, the recommended allocation towards housing, and nearly a third of these households pay more than 50% of their income in rent.

Solano County's housing supply is more affordable than other Bay Area counties; however, a 2016 HCD report[1] found that those benefits can be offset by high transportation costs due to the commute distance to job centers. Further, the cost of housing in Solano County, and Benicia in particular, continues to increase. Data supplied by the rental listing companies Zillow and Rent Jungle independently show that per-month rental costs for an average rental unit[2] in Benicia increased more than 70% between 2011 and 2019.

Housing supply and affordability constraints may be particularly pronounced for seniors in the coming years. As the baby boomer generation continues to move towards retirement age, the California Department of Finance projects the over-65 population is expected to grow statewide by more than four million people by 2030. Additionally, the American Community Survey estimates[3] report that California seniors have an average (median) personal income below $25,000. In combination, these social trends are likely to result in an increased need for affordable housing options, and for specialized housing types, such as independent and accessible living, memory care, and other supportive facilities.

State Policy Themes

The State Legislature has passed a significant amount of housing legislation in response to California's housing crisis. Recent legislation efforts include the 2019 Housing Package, a collection of 18 bills aimed at streamlining development, increasing accountability for complying with housing laws, and providing ongoing funding to create and preserve affordable homes, which will become effective on January 1, 2020. Given the magnitude and complexity of the housing legislation, the primary focus of the state policy portion of this information session is to familiarize the Council with the overall themes of recent housing legislation from the past few years. We will provide greater detail on aspects of recent legislation that will directly inform the Planning Division's future work, shown in the chart below.

Legislation Theme	Examples of Bills passed		
	2017	2018	2019
Changes in the State's regulations for reviewing and approving Accessory Dwelling Units			AB 68 AB 881 AB 587 SB 13 AB 671
The use of objective planning standards	SB 35		AB 68 SB 330
Grant funds for efforts to increase the State's affordable housing supply	SB 2		AB 68 SB 330

[1] California's Housing Future: Challenges and Opportunities Final Statewide Housing Assessment 2025, California Department of Housing and Community Development.
[2] Units in multifamily developments, average of units with any number of bedrooms
[3] Disability Characteristics 2011-2015 American Community Survey 5-year estimates.

Changes to how General Plan Housing Elements are regulated		SB 828	AB 101

Two key themes that characterize recent housing legislation are streamlined approval processes and objective planning standards.

- Ministerial permitting, otherwise known as by-right permitting, means that a proposal is reviewed and approved at the staff level, concurrently or just preceding issuance of a building permit, if it meets adopted zoning regulations and objective planning standards. This type of permit review involves no exercise of discretion, nor any public hearing process, and is intended to increase the predictability and speed of permitting.
- Objective planning standards are measurable standards used to evaluate a proposal, and involve no personal or subjective judgement by a public official. These standards are available to both the applicant and the public, and can be verified by reference to known benchmarks or criteria (for example: setbacks, height limitations, proportional requirements for landscaping, parking, etc.)

It is widely understood that discretionary review processes can increase the cost of housing and delay, or even prevent, new housing from being built. Predictable processes and objective standards provide more certainty during the development process by removing subjective opinions that are hard to predict, and by facilitating the development of plans that accurately meet City standards earlier in the planning review process. Recent housing legislation has incorporated these themes across scales, including permitting for accessory dwelling units (ADUs) and multi-family housing (e.g., SB35 and Housing Accountability Act).

Housing Policy Updates in Benicia

The City has been diligent in updating its Municipal Code and planning documents to comply with changes in California law, including ongoing implementation of the 2015-2022 certified Housing Element. Key updates include:

- Emergency Shelter and Supportive Living Ordinance (2014)
- Reasonable Accommodations Ordinance (2014)
- Density Bonus Ordinance (2016)
- Accessory Dwelling Units Ordinance (2018)
- Objective Planning Standards for Mixed Use and Multi-Family Housing (2019)

Accessory Dwelling Units

The California State Legislature has passed new bills aimed at simplifying the development of Accessory Dwelling Units (ADUs) in each of the past four years. These changes have allowed for ADUs on all residentially-zoned lots with only ministerial review. In response to the state legislation, the City of Benicia adopted an updated Accessory Dwelling Unit (ADU) ordinance in January 2019 with revisions that included: ministerial review for all ADUs, including those within historic districts; a streamlined permitting process for conversion of existing structures into ADUs; and, exemptions from certain on-site parking requirements for ADUs within one-half

mile of public transit, within a converted structure, or within a historic district. The adoption of these updated regulations has coincided with an increase in the number of ADU applications submitted to the City of Benicia. In 2018, the City issued permits for three ADUs. In 2019, the City has issued building permits for eight ADUs, and two additional ADUs are currently in review for building permits.

The Planning Division is currently working on amendments to the Accessory Dwelling Unit ordinance in response to City Council direction, additional public feedback, and recent state legislation. Future revisions to these standards are expected to include: the quality of living space found in an above ground floor garage ADU (e.g., dormer requirements, allowable height), setbacks, and other comments from architects on the previously adopted regulations.

Objective Planning Standards
Objective Planning Standards apply to all future mixed-use and multi-family projects, but they are most vital for projects that can only be permitted ministerially, in accordance with State law. Objective Planning Standards were adopted by City Council on July 16, 2019, with the intention of establishing baseline standards for the City while Staff worked with the public to further refine specific standards. In advance of these refinements, the Planning Division consulted with community members representing interests in historic preservation, sustainability, housing affordability, architectural design, and business. Additional community meetings are planned for early 2020, and it is anticipated that the revised Standards will be brought to the Historic Preservation Review Commission and Planning Commission for public hearing, followed by City Council adoption, later in 2020.

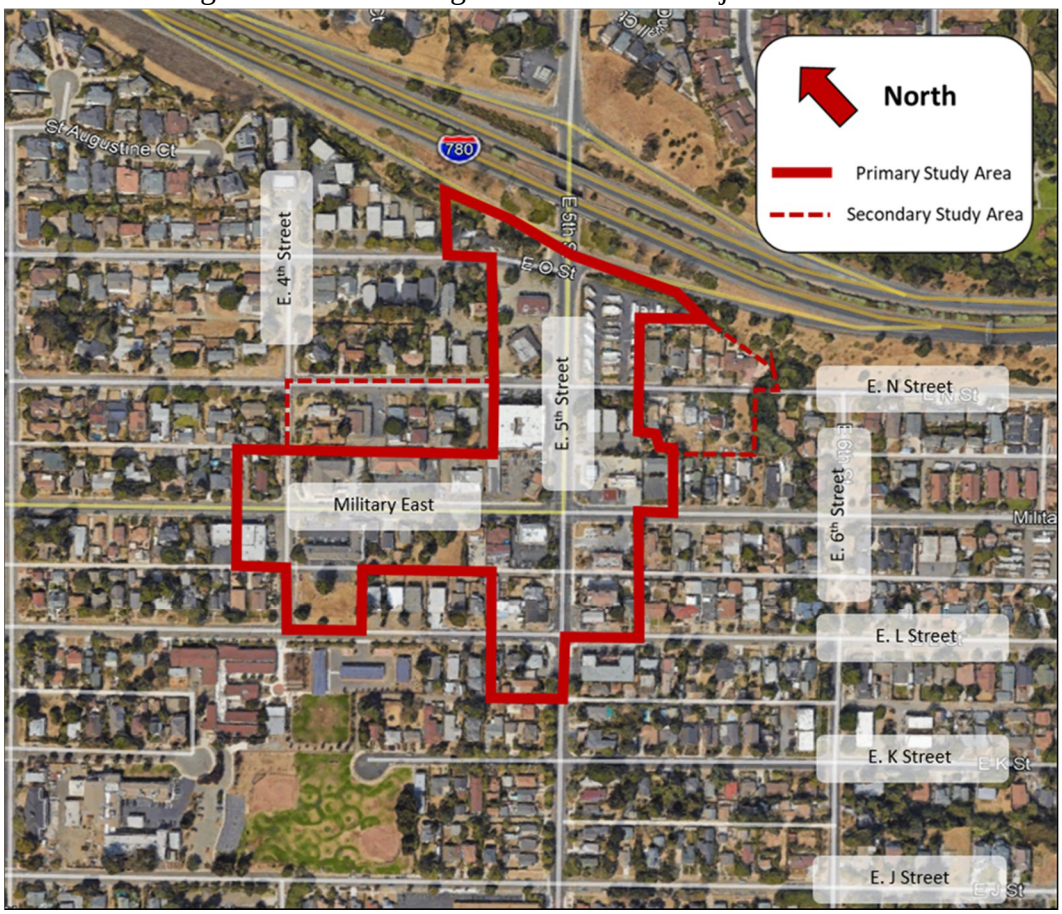
Upcoming Activities
In addition to the efforts underway to update the ADU ordinance and Objective Planning Standards, the Planning Division's upcoming workload includes two major initiatives: a proposed mixed-use rezone of Military East and East 5th Street, and the Housing Element update.

Mixed-Use Rezone (Senate Bill 2)
Following the Planning Commission's recommendation and the City Council's authorization in November 2019 (Resolution No. 19-111), the City of Benicia has applied for $160,000 of non-competitive grant funding from the State of California through Senate Bill 2 (SB2). The City proposes to use the SB2 funds for designation of a new mixed-use zone district that allows by-right mixed use or multi-family housing production for eligible projects, subject to objective zoning and design standards. The proposed project area encompasses approximately 13.5 acres of an existing commercial corridor at the intersection of Military East and East Fifth Street. See Figure 2 below.

The study area is conceptual and may be modified, reduced or expanded as the City collects community input and embarks on the development of the zone district. Both a primary and secondary study area are delineated to differentiate between the primary focus area, which is an existing commercial corridor, and neighboring parcels that are not commercial but may be

studied for potential inclusion. The deadline for grant expenditures is June 2022, so the Planning Division will begin working on this project and conducting outreach in 2020.

Figure 2 – Aerial Image of SB 2 Grant Project Location



6th Cycle Housing Element and Regional Housing Needs Allocation (RHNA)

Every eight years Benicia is required by the State to update the City's adopted Housing Element in the General Plan. In addition to annual reports, the Housing Element update is an opportunity for the City to evaluate progress made on housing-related goals and adjust the policies and programs according to anticipated future growth. The 6th Cycle Housing Element will address housing growth from 2022-2030 and must be adopted by January 2023.

Future housing need is first calculated by the State, then allocated regionally, and then further distributed to the local level so that all Cities and Counties can plan for housing need. Staff expects that the City of Benicia will receive its Regional Housing Needs Allocation (RHNA) in Winter of 2020, following a sub-regional process of allocation among Solano County jurisdictions.

RHNA is measured in units and is broken down by income level into four categories: Very Low-Income (31-50% Area Median Income [AMI]), Low-Income (51-80% AMI), Moderate-Income (80-120% AMI) and Above Moderate-Income (120% AMI and above). During the 2015-2023 (5th Cycle) Housing Element, the City received a RHNA allocation of 327 housing units. Figures 2 and 3 show how the allocation was broken down by income level. The income brackets that these units are intended to accommodate vary based on the Area Median Income for Solano County (calculated annually) and the number of individuals in a family (Figure 4). The City has not seen construction of 327 units since 2015, but there is no penalty for that because RHNA numbers are established for planning purposes.

Figure 3 – 5th Cycle Regional Housing Needs Allocation (in Units)

	Very Low-Income	Low-Income	Moderate-Income	Above Moderate-Income	Total
Current Regional Housing Needs Allocation	94	54	56	123	327

Figure 4 – 5th Cycle Regional Housing Needs Allocation

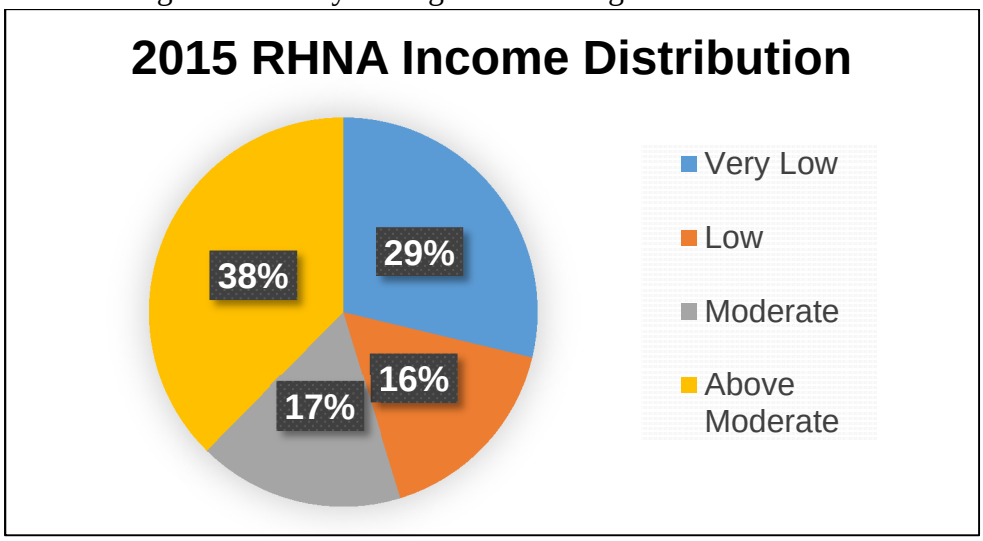


Figure 5 – 2019 Area Median Income (AMI) in Solano County

County	Income Category	Number of Persons in Household							
		1	2	3	4	5	6	7	8
Last page instructs how to use income limits to determine applicant eligibility and calculate affordable housing cost and rent									
Solano County	Extremely Low	18000	20600	23150	25750	30170	34590	39010	43430
	Very Low Income	30000	34300	38600	42850	46300	49750	53150	56600
Area Median Income:	Low Income	48000	54850	61700	68550	74050	79550	85050	90500
$85,700	**Median Income**	60000	68550	77150	**85700**	92550	99400	106250	113100
	Moderate Income	72000	82300	92550	102850	111100	119300	127550	135750

Due to the housing shortage in the Bay Area, discussed above, it is anticipated that the City of Benicia's RHNA allocation for the 6th Cycle Housing Element, along with other jurisdictions, will be up to 2-3 times that of last Housing Element. The City will be responsible for identifying and, if necessary, rezoning adequate parcels to accommodate these units. Additionally, new laws have been passed (Assembly Bill 1397 and Senate Bill 166) which could exclude parcels that were previously used to satisfy the RHNA from being used again and make it advantageous for cities to identify parcels available for housing above and beyond what is initially required for the RHNA. At this point, the City has not completed a parcel inventory to determine the potential shortfall in housing sites in comparison to the RHNA; this would be completed as part of the upcoming Housing Element planning process.

Concurrent General Plan Updates

Senate Bill 1035 requires that the Safety Element of the General Plan be updated concurrently with any Housing Element updates. The update must address specific measures, goals, and information pertaining to seismic risk, flooding, wildland and urban fires, evacuation routes, and other environmental safety concerns. This information may be incorporated into the Local Hazard Mitigation Plan (LHMP) and adopted by reference into the General Plan. The Safety Element update and LHMP update must both be adopted by May 14, 2022.

Senate Bill 1000 requires that Environmental Justice goals and policies in the General Plan be updated every time two or more General Plan Elements are being concurrently updated. During the 6th Cycle Housing Element, both the Housing and Safety Elements will be updated so it is necessary to address environmental justice. Because Benicia does not currently have any environmental justice goals in the General Plan, identifying disadvantaged communities and creating goals and policies to address any existing inequities will also be a part of the Housing Element Update.

Solano Housing Investment Partnership (SolHIP)

The Solano Transportation Authority (STA) has established a countywide partnership to fund shared tools for housing production and planning through the SolHIP Program. The program will provide technical assistance, planning resources, and assistance in developing funding and implementation strategies for each participating agency. Program activities will begin in 2020 and could include an inventory of potential housing sites and housing-related grant assistance to support housing planning and production priorities.

AB 101 – Housing Trailer Bill

The Housing Trailer Bill established a process for distributing housing-related planning grant funds to jurisdictions in 2020 and in the future. The Bill also establishes a penalty system for jurisdictions that do not comply with the State's Housing Element requirements. Beginning in 2021, housing-related funding available through AB 101 will be allocated with preference toward jurisdictions that have a certified Housing Element and "pro-housing" policies. Such policies could include financial incentives to support housing production, reduced parking requirements, increased by-right permit approval processes for housing, Accessory Dwelling

Unit (ADU) ordinances, reductions to housing application processing times, Workforce Housing Opportunity Zones, etc. Additionally, on January 1, 2021, the Attorney General will begin notifying cities if their Housing Element is insufficient. After one year, fines of $10,000-$100,000 may be assessed every month until any insufficiencies are rectified.
This year only, AB 101 provides substantial funding for the Local Government Planning Support Grants Program, a new grant program to be administered by the Department of Housing and Community Development (HCD). The Local Government Planning Support Grants Program will be used to help implement the Sixth Cycle of the Regional Housing Needs Assessment (RHNA), covering the planning period of January 1, 2019 to August 31, 2027. This funding will be used to assist local jurisdictions in implementing planning activities that will streamline and promote housing production. Based on population, Benicia is eligible for $150,000, to be distributed on an over-the-counter basis for qualifying projects. An additional $25.5 million from AB 101 will be allocated by the Association of Bay Area Governments (ABAG) across their nine county area with the same spending goal. The City may also choose to pursue these funds on a competitive basis. At this time, the City is awaiting distribution of the Notice of Funding Availability (NOFA) and has not yet determined a project scope for use of the funds.

NEXT STEPS:
This informational update is provided to inform the Council of future planning activities and policy proposals that will be brought forward in 2020 and beyond. The Council is not being asked to take any action at this time. A housing study session, as well as additional updates, will be provided as appropriate to inform the Council and the community of important housing policies and legislative changes, as well as ongoing Planning Division activities.

ALTERNATIVE ACTIONS:
The Council is not being asked to take action at this time.

General Plan	Housing Element Policy 1.01 – "The City shall facilitate the production of housing that is affordable to people with a wide range of incomes."
	Housing Element Policy 2.03 – "Maintain an adequate supply of residential land in appropriate land use designations and zoning categories to accommodate the City's regional housing needs allocation"
	Housing Element Policy 2.04 – "Disperse affordable housing throughout the City to avoid concentration in any one part of the City."
	Housing Element Policy 4.02 – "Limit the conversion of residential structures to non-residential uses and affordable units to market-rate."
	General Plan Policy 2.1.7 – "The City shall promote compact urban development within the UGB [Urban Growth Boundary]"

CEQA Analysis	CEQA analysis is not applicable because no action is being taken.

For more information contact: Suzanne Thorsen, Principal Planner
Phone: 707.746.4382
E-mail: sthorsen@ci.benicia.ca.us

AGENDA ITEM
CITY COUNCIL MEETING DATE – JANUARY 7, 2020
CONSENT CALENDAR

TO : City Manager

FROM : Finance Director

SUBJECT : **FY2018-19 QUARTERLY INVESTMENT REPORTS**

EXECUTIVE SUMMARY:
The Quarterly Investment Reports for Fiscal Year 2018-19 are in compliance with the City's Investment Policy and California Law. Additionally, the City has adequate investments to meet its expenditure needs for the next six months. These reports have been reviewed by the City Treasurer.

RECOMMENDATION:
Review and file the Quarterly Investment Reports for Fiscal Year 2018-19 (Attachments 1-4).

BUDGET INFORMATION:
The interest earnings from the investment reports have been reported in the appropriate fiscal year's budget.

BACKGROUND:
The City is required to submit investment reports to the City Council on a quarterly basis. The four quarterly investment reports for the fiscal year ended June 30, 2019 have been completed. Similar to the audit report for Fiscal Year 2017-18, these investment reports have been delayed due to the implementation of a new Enterprise Resource Planning software. Also, staff vacancies in key positions delayed the investment reports.

The City's investment portfolio consists of cash balances in checking accounts (less outstanding checks), Local Agency Investment Fund, treasury bills, federal agency notes, corporate notes, certificates of deposits and trustee accounts, which manage the installment payments and reserves for bonds issued by the City.

The City has adequate investments to meet its expenditure requirements for the next six months. In addition, the City's investment portfolio is in compliance with Government Code Sections 53600 et seq. and the City's Investment Policy.

CITY MISSION
"SERVING AND ENHANCING OUR COMMUNITY WITH CARE, COMMITMENT AND PRIDE."

The attached schedules identify the City's investments by purchase date, maturity date, type of investment, issuer of investment, cost, current yield and yield to maturity. The market value information is provided by US Bank and Public Financial Management (PFM).

NEXT STEPS:
N/A

ALTERNATIVE ACTIONS:
None

General Plan	Goal 1: Creating a sustainable community in Benicia.

Strategic Plan	Strategy Issue #3: Strengthening Economic and Fiscal Conditions
	Strategy Issue #4: Manage City finance prudently

CEQA Analysis	The Investment Report is exempt from the California Environmental Quality Act (CEQA) Guidelines Section 15061(b)(3), the "general rule" exemption which states that where it can be seen with certainty that there is no possibility the activity in question may have a significant effect on the environment, the activity is exempt from CEQA. The City has determined that the proposed changes will not have an impact on the environment and therefore are exempt from CEQA under the general rule.

ATTACHMENTS:
1. 1st Quarter FY2018-19 Investment Report
2. 2nd Quarter FY2018-19 Investment Report
3. 3rd Quarter FY2018-19 Investment Report
4. 4th Quarter FY2018-19 Investment Report

For more information contact: Cindy Mosser, Finance Director
Phone: 707.746.4217
E-mail: cmosser@ci.benicia.ca.us

City of Benicia
Investment Report
As of September 30, 2018

Type of Investment	Name of Issuer	Purchase Date	Maturity Date	Current Yield	Yield to Maturity	Par Value	Cost of Investment	Current Market Value
L.A.I.F.	L.A.I.F.			2.160%		$ 25,718,102.63	$ 25,718,102.63	$ 25,662,356.17
Checking	Well Fargo			0.400%		6,997,830.89	6,997,830.89	6,997,830.89
Money Market	PFM Funds - Govt Select			0.000%		67,687.04	67,687.04	67,687.04
Subtotal						32,783,620.56	32,783,620.56	32,727,874.10
Up to 6 Months								
Commercial Paper	BNP Paribas NY	23-Jan-18	19-Oct-18	0.000%	2.070%	550,000.00	541,616.17	549,304.25
Cert of Deposit	Svenska Handelsbanken	12-Jan-17	10-Jan-19	1.890%	1.910%	575,000.00	575,000.00	573,516.50
Commercial Paper	Credit Agricole CIB NY	9-Aug-18	4-Feb-19	0.000%	2.450%	700,000.00	691,577.06	693,937.30
Corporate Note	Johnson & Johnson	1-Mar-16	1-Mar-19	1.130%	1.130%	135,000.00	134,983.80	134,272.35
Commercial Paper	Dexia Credit Local SA	26-Jun-18	18-Mar-19	0.000%	2.550%	700,000.00	687,118.06	691,744.20
Subtotal						2,660,000.00	2,630,295.09	2,642,774.60
6 Months to 1 Year								
Commercial Paper	MUFG Bank Ltd/NY	20-Jul-18	16-Apr-19	0.000%	2.620%	800,000.00	784,580.00	788,528.80
US Obligation	FHLMC	28-Apr-16	1-Jul-19	1.790%	1.100%	72,272.84	72,993.83	71,735.51
US Obligation	FHLMC	20-Jul-16	19-Jul-19	0.890%	0.960%	150,000.00	149,637.00	148,026.60
Cert of Deposit	Skandinav Enskilda	4-Aug-17	2-Aug-19	1.850%	1.850%	550,000.00	549,785.50	546,436.00
US Obligation	FHLB	4-Aug-16	5-Aug-19	0.890%	0.940%	700,000.00	698,656.00	689,935.40
US Obligation	Freddie Mac Notes	19-Jul-17	15-Aug-19	1.390%	1.450%	375,000.00	374,448.75	371,091.00
US Obligation	FNMA Notes	2-Sep-16	28-Aug-19	1.010%	1.050%	600,000.00	599,064.00	591,352.20
US Obligation	FNMA	30-Oct-15	1-Sep-19	1.650%	1.080%	48,113.35	48,595.15	47,930.33
US Obligation	FHLB Global Notes	9-Sep-16	26-Sep-19	1.020%	1.030%	130,000.00	129,886.90	127,894.00
US Obligation	US Treasury	30-Apr-15	30-Sep-19	1.020%	1.310%	100,000.00	98,667.97	98,375.00
Subtotal						3,525,386.19	3,506,315.10	3,481,304.84
1 Year to 2 Years								
US Obligation	FHLB Notes	13-Oct-17	21-Oct-19	1.520%	1.590%	300,000.00	299,469.00	296,384.70
Corporate Note	General Electric	25-Mar-15	8-Jan-20	5.350%	2.050%	350,000.00	404,715.50	360,111.85
Corporate Note	Microsoft	6-Feb-17	6-Feb-20	1.870%	1.870%	250,000.00	249,832.50	246,967.50
Cert of Deposit	Nordea Bank AB NY	22-Feb-18	20-Feb-20	2.730%	2.720%	550,000.00	550,000.00	547,727.95
US Obligation	FNMA Notes	28-Feb-17	28-Feb-20	1.530%	1.520%	500,000.00	499,680.00	491,449.00
US Obligation	US Treasury	9-Nov-15	29-Feb-20	1.280%	1.570%	300,000.00	296,050.78	293,765.70

City of Benicia
Investment Report
As of September 30, 2018

Type of Investment	Name of Issuer	Purchase Date	Maturity Date	Current Yield	Yield to Maturity	Par Value	Cost of Investment	Current Market Value
Cert of Deposit	UBS AG Stamford	6-Mar-18	2-Mar-20	2.890%	2.930%	475,000.00	475,000.00	476,137.15
Corporate Note	Chevron Corp Notes	3-Mar-17	3-Mar-20	2.020%	1.990%	375,000.00	375,000.00	370,329.00
US Obligation	FHLMC	20-Apr-17	20-Apr-20	1.400%	1.490%	575,000.00	573,033.50	562,735.25
Corporate Note	Apple Inc Bonds	11-May-17	11-May-20	1.830%	1.840%	275,000.00	274,719.50	270,397.05
US Obligation	FNMA Notes	1-Aug-17	30-Jul-20	1.530%	1.600%	550,000.00	548,333.50	537,482.00
US Obligation	US Treasury	6-May-16	31-Jul-20	2.030%	1.170%	600,000.00	620,531.25	591,398.40
US Obligation	US Treasury	31-Mar-16	31-Jul-20	2.030%	1.230%	25,000.00	25,813.48	24,641.60
Cert of Deposit	Westpac Banking	7-Aug-17	3-Aug-20	2.080%	2.050%	490,000.00	490,000.00	482,966.54
Cert of Deposit	Bank of Montreal Chicago	3-Aug-18	3-Aug-20	3.190%	3.230%	500,000.00	500,000.00	499,358.50
US Obligation	US Treasury	2-Sep-16	31-Aug-20	1.410%	1.090%	450,000.00	455,009.77	437,941.35
US Obligation	US Treasury	12-Jul-16	31-Aug-20	1.410%	0.890%	750,000.00	764,853.52	729,902.25
US Obligation	FHLB Notes	8-Sep-17	28-Sep-20	1.410%	1.480%	280,000.00	279,101.20	272,116.60
US Obligation	FHLMC Notes	29-Sep-17	29-Sep-20	1.660%	1.690%	370,000.00	369,330.30	361,449.30
Subtotal						7,965,000.00	8,050,473.80	7,853,261.69
2 Years to 3 Years								
Corporate Note	Procter & Gamble Co	25-Oct-17	23-Oct-20	1.940%	1.950%	85,000.00	84,869.95	83,175.73
Cert of Deposit	Swedbank CD	17-Nov-17	16-Nov-20	2.320%	2.300%	550,000.00	550,000.00	539,175.45
US Obligation	FHLMC Notes	15-Nov-17	17-Nov-20	1.910%	1.910%	550,000.00	549,472.00	539,012.10
Corporate Note	Wal-Mart Stores Inc.	20-Oct-17	15-Dec-20	1.940%	1.950%	560,000.00	559,188.00	548,080.40
US Obligation	US Treasury	5-Aug-16	31-Dec-20	1.790%	1.020%	350,000.00	361,005.86	341,687.50
US Obligation	US Treasury	5-Oct-16	28-Feb-21	2.040%	1.160%	300,000.00	310,839.84	293,988.30
US Obligation	US Treasury	5-Jan-17	30-Apr-21	1.430%	1.860%	825,000.00	808,628.91	794,578.13
US Obligation	US Treasury	17-Mar-17	31-May-21	1.430%	2.020%	875,000.00	852,270.51	841,504.13
US Obligation	Fannie Mae Notes	25-Jun-18	22-Jun-21	2.760%	2.760%	400,000.00	399,908.00	398,068.40
Corporate Note	Oracle Corp Bonds	1-Jun-17	8-Jul-21	2.820%	2.060%	350,000.00	360,178.00	347,252.15
US Obligation	FHLB Global Note	15-Jul-16	14-Jul-21	1.180%	1.250%	550,000.00	546,655.45	524,451.40
US Obligation	Freddie Mac Notes	27-Aug-18	27-Aug-21	2.910%	2.900%	570,000.00	570,000.00	567,292.50
US Obligation	US Treasury	11-Jul-17	31-Aug-21	2.050%	1.850%	750,000.00	754,541.02	731,660.25
US Obligation	US Treasury	29-Jun-17	31-Aug-21	2.050%	1.730%	900,000.00	909,808.59	877,992.30

City of Benicia
Investment Report
As of September 30, 2018

Type of Investment	Name of Issuer	Purchase Date	Maturity Date	Current Yield	Yield to Maturity	Par Value	Cost of Investment	Current Market Value
US Obligation	US Treasury	5-Dec-16	31-Aug-21	2.050%	1.930%	900,000.00	902,707.03	877,992.30
Corporate Note	3M Company	14-Sep-18	14-Sep-21	3.010%	3.070%	190,000.00	189,610.50	189,677.19
US Obligation	FHLB Notes	20-Sep-18	20-Sep-21	3.010%	3.000%	550,000.00	550,000.00	548,766.35
US Obligation	FNA 2018-M5 A2	30-Apr-18	25-Sep-21	3.530%	2.270%	174,658.71	178,132.85	176,306.27
Subtotal						9,429,658.71	9,437,816.51	9,220,660.85
3 Years to 5 Years								
US Obligation	US Treasury	3-Aug-17	31-Oct-21	1.310%	1.720%	400,000.00	392,328.13	380,734.40
US Obligation	US Treasury	31-Aug-17	31-Oct-21	1.310%	1.640%	700,000.00	688,953.13	666,285.20
US Obligation	US Treasury	7-May-18	30-Apr-22	1.940%	2.730%	700,000.00	677,632.81	675,418.10
US Obligation	US Treasury	3-Nov-17	30-Apr-22	1.940%	1.960%	900,000.00	896,765.63	868,394.70
US Obligation	US Treasury	4-Jan-18	30-Apr-22	1.940%	2.180%	750,000.00	740,478.52	723,662.25
US Obligation	US Treasury	6-Jul-18	30-Apr-22	1.940%	2.690%	650,000.00	630,804.69	627,173.95
Corporate Note	JP Morgan Chase & Co	28-Jun-18	18-Jun-22	3.510%	3.470%	275,000.00	275,459.25	275,285.45
US Obligation	US Treasury	7-Sep-18	15-Aug-22	1.710%	2.760%	550,000.00	526,925.78	523,853.55
US Obligation	FHLMC	9-Apr-18	25-Aug-22	3.100%	2.610%	150,000.00	151,277.34	149,503.79
Corporate Note	Toyota Motor Credit Corp	12-Sep-17	8-Sep-22	2.250%	2.180%	425,000.00	424,498.50	405,311.45
Subtotal						5,500,000.00	5,405,123.78	5,295,622.84
Total (before fiscal agent accounts)						$ 61,863,665.46	$ 61,813,644.84	$ 61,221,498.92
Fiscal Agent Accounts							2,672,710.11	2,672,710.11
TOTAL INVESTMENT PORTFOLIO							$ 64,486,354.95	$ 63,894,209.03

WEIGHTED AVERAGE MATURITY OF THE INVESTMENT PORTFOLIO 1.04 Years

Mark to Market $ (592,145.92)

The City of Benicia complies with Government Code Sections 53600 et seq. and the City's Investment Policy. The source of market value is US Bank. The City has the ability to meet expenditure requirements for the next six months. This report to the best of my knowledge, is accurate representation of the City of Benicia's investments.

Cindy Mosser, Finance Director

Kenneth Paulk, City Treasurer

City of Benicia
Investment Report Totals - September 30, 2018
Reconciliation - PFM and City Reports

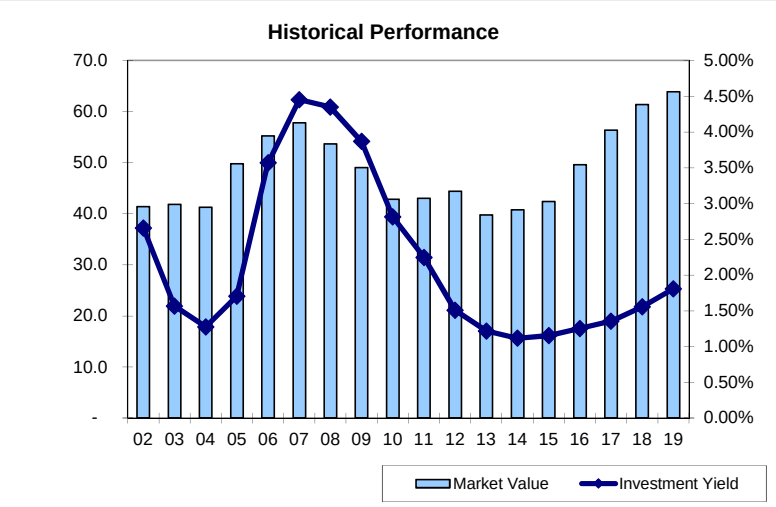
	Amount
Total Market Value Balance - City report	63,894,209
Less: LAIF	(25,662,356)
Wells Fargo Checking account	(6,997,831)
Fiscal Agent accounts	(2,672,710)
Total Market Value	28,561,312

Total Market Value - PFM Report	28,665,508
Less: Accrued Interest	(104,196)
Total Market Value	28,561,312

City of Benicia
Historical Portfolio Comparison

Market Value (Millions)					
Fiscal Year / Quarter	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Annual Average
2002	39.3	41.5	40.3	44.6	41.4
2003	39.7	43.4	39.5	44.8	41.8
2004	39.3	42.8	41.1	41.8	41.3
2005	38.7	53.8	50.0	56.6	49.8
2006	46.9	54.9	55.1	64.3	55.3
2007	57.4	59.3	54.4	60.1	57.8
2008	51.9	54.7	51.4	56.8	53.7
2009	48.1	52.1	47.3	48.7	49.1
2010	42.6	43.7	39.4	45.7	42.9
2011	37.6	46.2	35.7	52.6	43.0
2012	46.6	45.7	40.2	45.0	44.4
2013	39.2	41.3	36.1	42.4	39.8
2014	37.9	41.8	39.0	44.4	40.8
2015	38.5	42.2	42.2	46.8	42.4
2016	46.0	49.8	48.7	53.8	49.6
2017	51.8	54.5	54.5	64.7	56.4
2018	53.3	61.2	61.4	69.5	61.4
2019	63.9				63.9

Investment Yield					
Fiscal Year / Quarter	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Annual Average
02	3.62%	2.72%	2.27%	2.01%	2.66%
03	1.90%	1.61%	1.41%	1.34%	1.57%
04	1.38%	1.28%	1.24%	1.20%	1.28%
05	1.31%	1.43%	1.74%	2.33%	1.70%
06	2.52%	3.76%	3.84%	4.16%	3.57%
07	4.34%	4.44%	4.46%	4.57%	4.45%
08	4.56%	4.48%	4.20%	4.15%	4.35%
09	4.01%	4.07%	4.03%	3.36%	3.87%
10	3.17%	2.83%	2.65%	2.60%	2.81%
11	2.51%	2.38%	2.15%	1.95%	2.25%
12	1.76%	1.64%	1.43%	1.21%	1.51%
13	1.22%	1.26%	1.20%	1.18%	1.21%
14	1.15%	1.17%	1.09%	1.05%	1.12%
15	1.07%	1.10%	1.21%	1.23%	1.15%
16	1.26%	1.27%	1.24%	1.23%	1.25%
17	1.25%	1.32%	1.40%	1.45%	1.35%
18	1.46%	1.50%	1.56%	1.71%	1.56%
19	1.81%				1.81%



Investment Earnings - Dollars						
Fiscal Year / Quarter	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Mark to Market *	Annual Average
2008	319,769	789,398	474,720	327,578	403,879	578,836
2009	275,114	580,504	577,776	469,555	267,309	542,565
2010	299,040	294,913	226,519	289,374	(196,842)	228,251
2011	267,030	235,311	165,343	162,677	(352,938)	119,356
2012	46,173	132,626	130,494	131,294	(47,338)	98,312
2013	88,542	100,933	79,202	89,351	(327,648)	7,595
2014	99,460	45,980	55,704	66,838	122,842	97,706
2015	59,337	48,308	95,462	53,594	79,771	84,118
2016	91,488	21,146	110,223	213,872	299,843	184,143
2017	(86,271)	80,006	157,424	46,161	(426,326)	(57,252)
2018	199,310	100,972	205,660	182,967	(417,713)	67,799
2019	269,056	*Not available*				269,056

* Mark to market is the difference between current year minus prior year's mark to market gain or loss.

CITY OF BENICIA RESERVES

Investment Performance Review
For the Quarter Ended September 30, 2018

Client Management Team

Monique Spyke, Managing Director
Izac Chyou, Senior Managing Consultant

PFM Asset Management LLC

50 California Street, Suite 2300
San Francisco, CA 94111
415-982-5544

213 Market Street
Harrisburg, PA 17101-2141
717-232-2723

Investment Performance Review

Portfolio Recap

- We positioned portfolios with a defensive duration posture for the majority of the past two quarters in light of the Fed's impact on short-term rates. This has benefited portfolio returns as yields across the curve approached new highs for this cycle. Because the yield curve is so flat, holding shorter maturities resulted in very little yield concession. On balance, the tradeoff between slightly lower yields (by being short of the benchmark) and being less exposed to the negative market value impact of the rise in rates during the quarter (from a shorter duration) generally resulted in outperformance vs. benchmarks.

- After a weaker Q2, strong economic fundamentals gave investors confidence in corporate and other non-government sectors. Most investment-grade sectors contributed positive excess returns (returns in excess of similar-duration Treasuries) to fixed-income portfolios for the quarter.
  - As has been the case for some time, federal agency yield spreads remained extremely narrow throughout the quarter. We generally underweighted agencies in favor of U.S. Treasuries or other sectors.
  - After adding to supranational allocations in the first half of the year, a sharp decline in issuance caused yield spreads to narrow, reducing their attractiveness. The result was a strong performance for the sector but few new opportunities.
  - In the corporate sector, strong economic tailwinds created a favorable investment landscape. Corporate returns dominated their government counterparts, adding significant value to portfolios in Q3.
  - After providing several consecutive quarters of incremental income relative to short-term government alternatives, yield spreads on commercial paper and negotiable bank certificates of deposit grinded to 12-month tights. Our strategy in Q3 was to be more selective with regard to issuer/maturity and wait for the next Fed rate hike (which occurred September 26) before reassessing value in short credit instruments.
  - Our view of mortgage-backed securities (MBS) remained cautious. As such, our allocations to MBS were generally small and focused on structures with limited extension risk such as shorter maturity pass-throughs and collateralized mortgage obligations (CMOs), agency-backed commercial mortgage-backed securities (CMBS), and MBS with higher coupons, all of which carry less downside risk in a rising rate environment.

Sector Allocation and Compliance

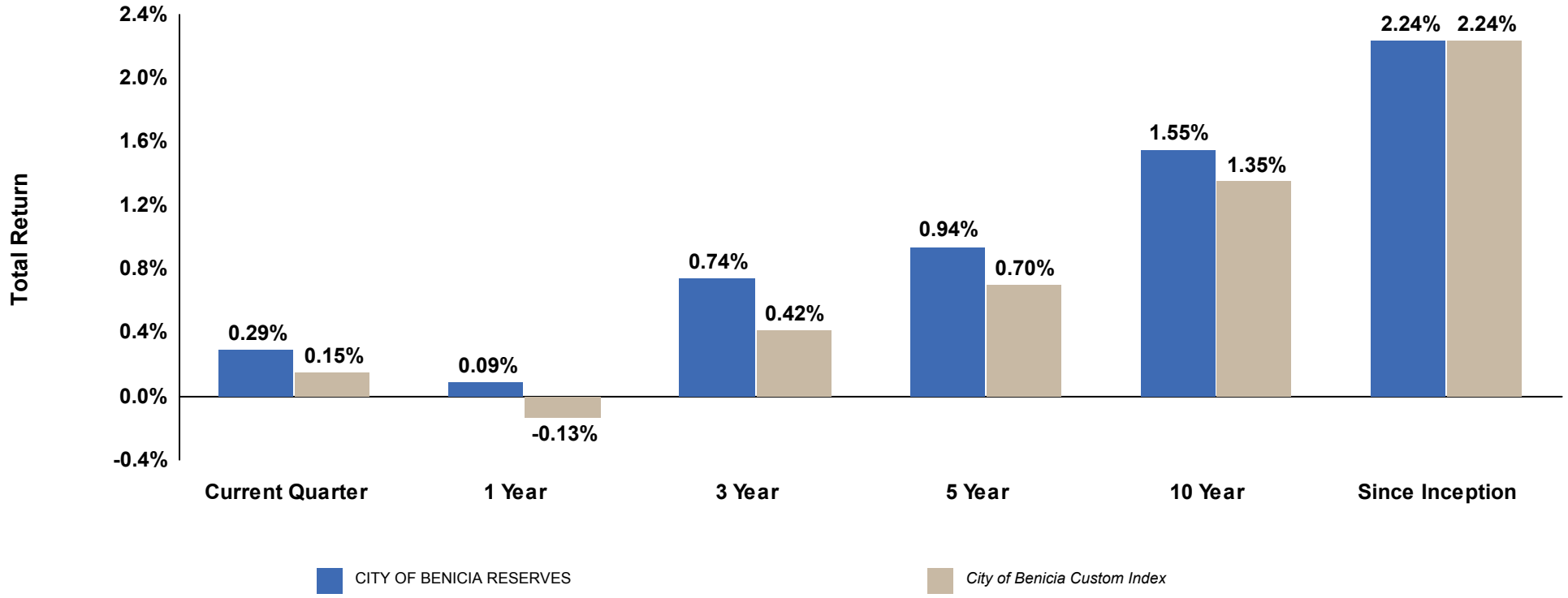
- The portfolio is in compliance with the City's Investment Policy and the California Government Code.

Security Type	Market Value	% of Portfolio	% Change vs. 6/30/18	Permitted by Policy	In Compliance
U.S. Treasury	$11,400,949	38.1%	-0.2%	100%	✓
Federal Agency	$7,027,507	23.5%	+1.2%	100%	✓
Federal Agency CMOs	$445,476	1.5%	+1.4%	100%	✓
Negotiable CDs	$3,665,318	12.3%	-0.7%	30%	✓
Corporate Notes	$3,230,860	10.8%	+0.1%	30%	✓
Commercial Paper	$2,723,515	9.1%	+0.9%	25%	✓
Securities Sub-Total	**$28,493,625**	**95.3%**			
Accrued Interest	$104,196				
Securities Total	**$28,597,821**				
PFM Funds	$67,687	4.7%	+0.4%	20%	✓
Total Investments	**$28,665,508**	**100.0%**			

As of 9/30/2018. Detail may not add to total due to rounding.

Portfolio Performance* (Total Return)

Portfolio/Benchmark	Effective Duration	Current Quarter	1 Year	Annualized Return 3 Year	5 Year	10 Year	Since Inception (12/31/05) **
CITY OF BENICIA RESERVES	1.98	0.29%	0.09%	0.74%	0.94%	1.55%	2.24%
City of Benicia Custom Index	*2.09*	*0.15%*	*-0.13%*	*0.42%*	*0.70%*	*1.35%*	*2.24%*
Difference		0.14%	0.22%	0.32%	0.24%	0.20%	0.00%



*Portfolio performance is gross of fees unless otherwise indicated. **Since Inception performance is not shown for periods less than one year.

Portfolio Earnings

Quarter-Ended September 30, 2018

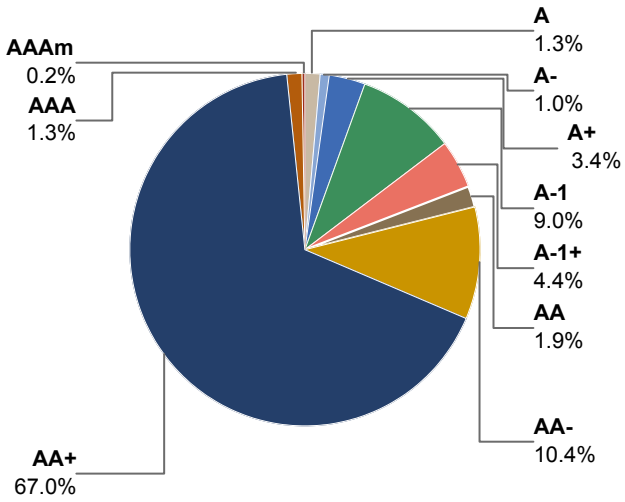
	Market Value Basis	Accrual (Amortized Cost) Basis
Beginning Value (06/30/2018)	$28,458,378.78	$28,945,113.18
Net Purchases/Sales	$142,612.12	$142,612.12
Change in Value	($39,679.04)	($17,099.27)
Ending Value (09/30/2018)	$28,561,311.86	$29,070,626.03
Interest Earned	$122,189.59	$122,189.59
Portfolio Earnings	$82,510.55	$105,090.32

Portfolio Statistics

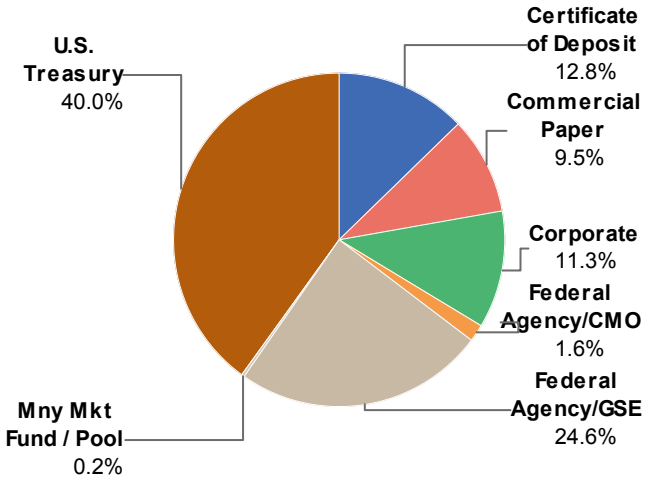
As of September 30, 2018

Par Value:	$29,147,732
Total Market Value:	$28,665,508
Security Market Value:	$28,493,625
Accrued Interest:	$104,196
Cash:	-
PFM Funds	$67,687
Amortized Cost:	$29,070,626
Yield at Market:	2.84%
Yield at Cost:	1.98%
Effective Duration:	1.98 Years
Duration to Worst:	2.00 Years
Average Maturity:	2.10 Years
Average Credit: *	AA

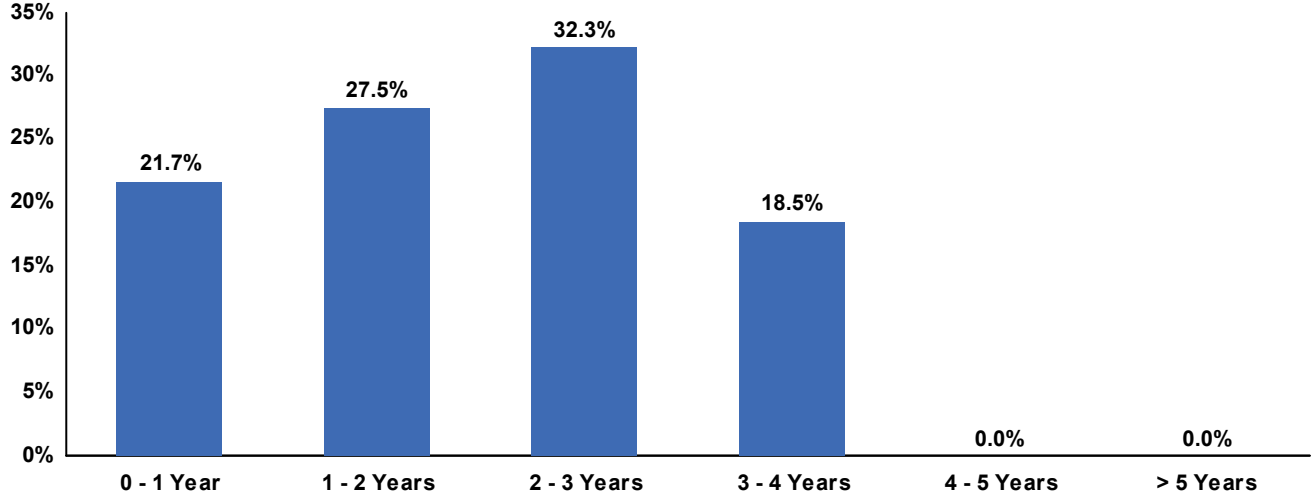
Credit Quality (S&P Ratings)



Sector Allocation



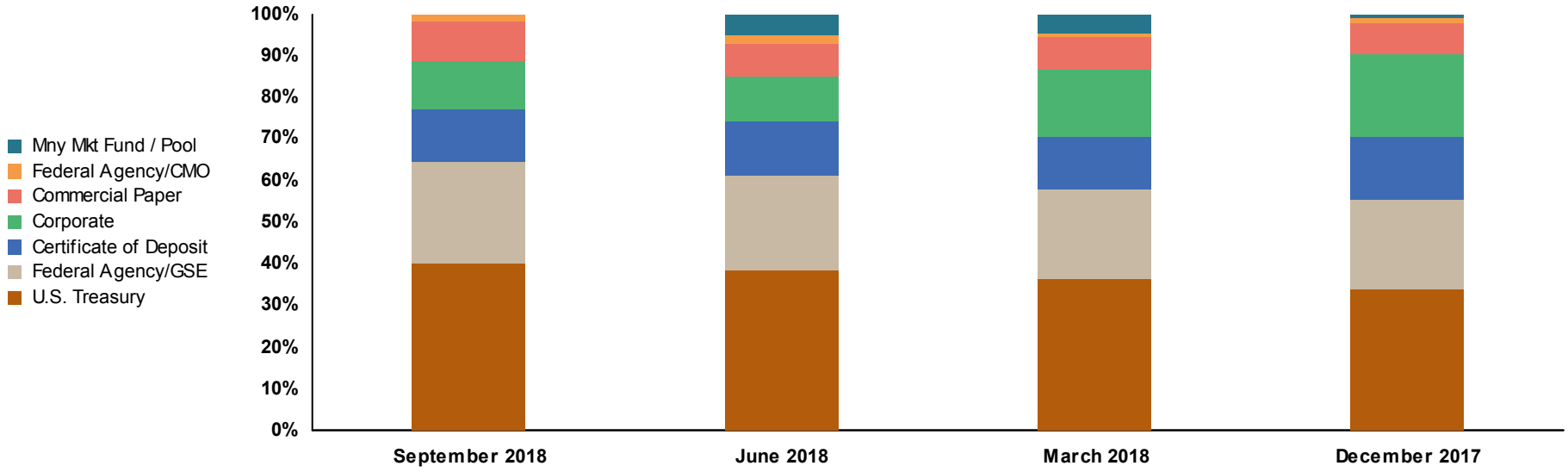
Maturity Distribution



*An average of each security's credit rating assigned a numeric value and adjusted for its relative weighting in the portfolio.

Sector Allocation

Sector	September 30, 2018 MV ($MM)	September 30, 2018 % of Total	June 30, 2018 MV ($MM)	June 30, 2018 % of Total	March 31, 2018 MV ($MM)	March 31, 2018 % of Total	December 31, 2017 MV ($MM)	December 31, 2017 % of Total
U.S. Treasury	11.4	40.0%	10.9	38.4%	10.3	36.1%	9.7	33.9%
Federal Agency/GSE	7.0	24.6%	6.5	22.8%	6.1	21.4%	6.1	21.5%
Certificate of Deposit	3.7	12.8%	3.7	13.0%	3.7	13.1%	4.4	15.3%
Corporate	3.2	11.3%	3.0	10.7%	4.6	16.2%	5.5	19.5%
Commercial Paper	2.7	9.5%	2.3	8.2%	2.2	7.7%	2.2	7.7%
Federal Agency/CMO	0.4	1.6%	0.5	1.9%	0.2	0.8%	0.3	1.1%
Mny Mkt Fund / Pool	0.1	0.2%	1.4	5.0%	1.3	4.7%	0.3	1.0%
Total	**$28.6**	**100.0%**	**$28.5**	**100.0%**	**$28.4**	**100.0%**	**$28.4**	**100.0%**

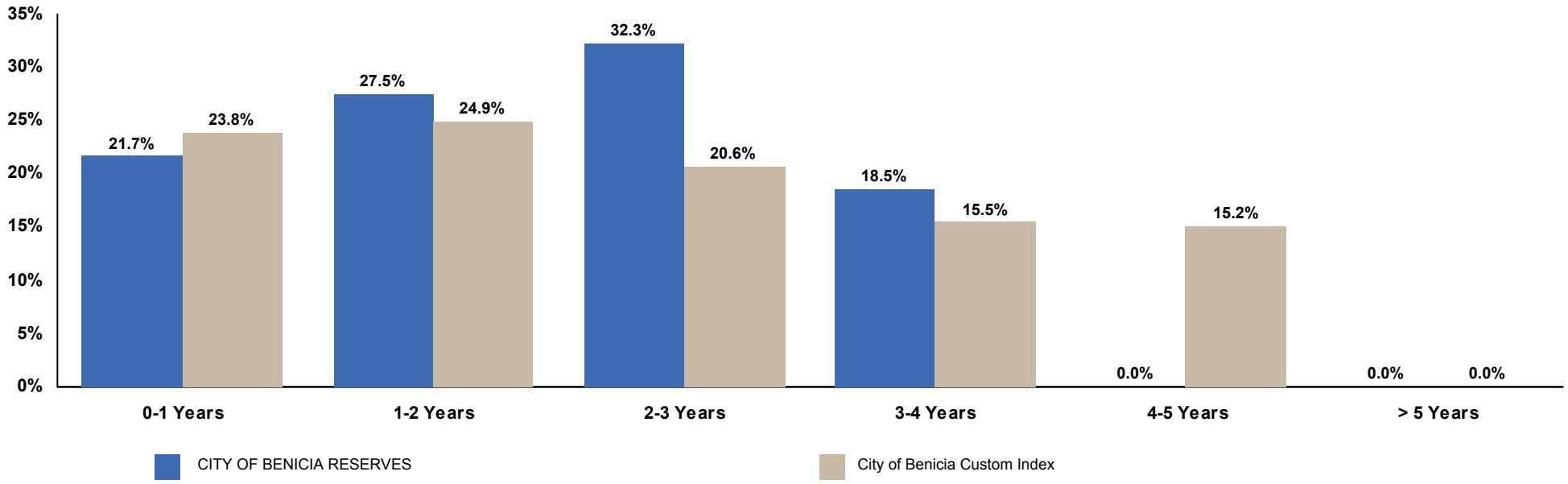


Detail may not add to total due to rounding.

Maturity Distribution

As of September 30, 2018

Portfolio/Benchmark	Yield at Market	Average Maturity	0-1 Years	1-2 Years	2-3 Years	3-4 Years	4-5 Years	>5 Years
CITY OF BENICIA RESERVES	2.84%	2.10 yrs	21.7%	27.5%	32.3%	18.5%	0.0%	0.0%
City of Benicia Custom Index	*2.76%*	*2.26 yrs*	*23.8%*	*24.9%*	*20.6%*	*15.5%*	*15.2%*	*0.0%*



Sector/Issuer Distribution

As of September 30, 2018

Sector / Issuer	Market Value ($)	% of Sector	% of Total Portfolio
Certificate of Deposit			
BANK OF MONTREAL	499,359	13.6%	1.7%
NORDEA BANK AB	547,728	14.9%	1.9%
SKANDINAVISKA ENSKILDA BANKEN AB	546,436	14.9%	1.9%
SVENSKA HANDELSBANKEN AB	573,517	15.6%	2.0%
SWEDBANK AB	539,175	14.7%	1.9%
UBS AG	476,137	13.0%	1.7%
WESTPAC BANKING CORP	482,967	13.2%	1.7%
Sector Total	**3,665,318**	**100.0%**	**12.8%**
Commercial Paper			
BNP PARIBAS	549,304	20.2%	1.9%
CREDIT AGRICOLE SA	693,937	25.5%	2.4%
DEXIA GROUP	691,744	25.4%	2.4%
MITSUBISHI UFJ FINANCIAL GROUP INC	788,529	29.0%	2.8%
Sector Total	**2,723,515**	**100.0%**	**9.5%**
Corporate			
3M COMPANY	189,677	5.9%	0.7%
APPLE INC	270,397	8.4%	0.9%
CHEVRON CORPORATION	370,329	11.5%	1.3%

Sector / Issuer	Market Value ($)	% of Sector	% of Total Portfolio
GENERAL ELECTRIC CO	360,112	11.1%	1.3%
JOHNSON & JOHNSON	134,272	4.2%	0.5%
JP MORGAN CHASE & CO	275,285	8.5%	1.0%
MICROSOFT CORP	246,968	7.6%	0.9%
ORACLE CORP	347,252	10.7%	1.2%
PROCTER & GAMBLE CO	83,176	2.6%	0.3%
TOYOTA MOTOR CORP	405,311	12.5%	1.4%
WAL-MART STORES INC	548,080	17.0%	1.9%
Sector Total	**3,230,860**	**100.0%**	**11.3%**
Federal Agency/CMO			
FANNIE MAE	224,237	50.3%	0.8%
FREDDIE MAC	221,239	49.7%	0.8%
Sector Total	**445,476**	**100.0%**	**1.6%**
Federal Agency/GSE			
FANNIE MAE	2,018,352	28.7%	7.1%
FEDERAL HOME LOAN BANKS	2,459,548	35.0%	8.6%
FREDDIE MAC	2,549,607	36.3%	8.9%
Sector Total	**7,027,507**	**100.0%**	**24.6%**
Mny Mkt Fund / Pool			
PFM FUNDS - GOVT SELECT, INSTL CL	67,687	100.0%	0.2%

Sector / Issuer	Market Value ($)	% of Sector	% of Total Portfolio
Sector Total	**67,687**	**100.0%**	**0.2%**
U.S. Treasury			
UNITED STATES TREASURY	11,400,949	100.0%	39.9%
Sector Total	**11,400,949**	**100.0%**	**39.9%**
Portfolio Total	**28,561,312**	**100.0%**	**100.0%**

Investment Strategy Outlook

- Over the past several quarters, we have maintained constructive strategic views on spread products (non-government investments); however, we are cognizant of potential headwinds that could surface towards year-end. While diversification away from U.S. Treasury securities has added significant value over the last several quarters, very narrow spreads across most investment-grade sectors give us reason to turn a bit more cautious.

- Our outlook for each of the major investment-grade fixed income sectors are as follows:
  - Federal agency securities remain expensive as most maturities offer less than five basis points of incremental yield relative to U.S. Treasuries. We will continue to reduce agency exposure where spreads are tight, seeking better value in other sectors. As an alternative, we may selectively add callable agency issues because we view them as providing better value in today's market in addition to favorable diversification and income benefits.
  - Corporate sector earnings remain solid, fundamentals are stable, and the domestic backdrop is strong, all of which support credit spreads. However, increased balance sheet leverage, headwinds from tariffs, merger and acquisition uncertainty, and higher short-term yields may be headwinds for future performance. In conjunction with tight spreads, we plan to be more selective and defensive with corporate positioning. Our preference continues to favor financials and select industrial issuers with stronger balance sheets and fair valuations, which we think can better withstand the current phase of the credit cycle.
  - In conjunction with our slightly defensive credit posture, asset-backed securities (ABS) offer attractive incremental income compared to government security alternatives. Further, where allocations to the corporate sector are trimmed, we may seek to reinvest a portion of those assets in AAA-rated ABS.
  - Short-term money market investors continue to reap the rewards of current monetary policy tightening. In addition, increased projections for U.S. Treasury debt issuance over the next several quarters may continue to pressure short-term yields higher in both the government and short-term credit spaces.
  - As the Fed continues to reduce its holdings of mortgage-backed securities (MBS), the sector is exposed to potential spread pressures through Q4. As a result, we will maintain allocations to the sector, with new additions focused only on specific structures that limit interest rate sensitivity and provide more stable cash flows.

Transactions and Account Holdings

Quarterly Portfolio Transactions

Trade Date	Settle Date	Par ($)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt ($)	Yield at Market	Realized G/L (BV)
BUY									
7/3/18	7/6/18	650,000	912828X47	US TREASURY NOTES	1.87%	4/30/22	633,023.61	2.69%	
7/20/18	7/20/18	800,000	62479MRG0	MUFG BANK LTD/NY COMM PAPER	0.00%	4/16/19	784,580.00	2.62%	
8/1/18	8/3/18	500,000	06370REU9	BANK OF MONTREAL CHICAGO CERT DEPOS	3.19%	8/3/20	500,000.00	3.23%	
8/8/18	8/9/18	700,000	22533UP49	CREDIT AGRICOLE CIB NY COMM PAPER	0.00%	2/4/19	691,577.06	2.45%	
8/22/18	8/27/18	570,000	3134GSWC5	FREDDIE MAC NOTES (CALLABLE)	2.90%	8/27/21	570,000.00	2.90%	
9/5/18	9/7/18	550,000	912828TJ9	US TREASURY NOTES	1.62%	8/15/22	527,484.37	2.76%	
9/11/18	9/14/18	190,000	88579YBA8	3M COMPANY	3.00%	9/14/21	189,610.50	3.07%	
9/13/18	9/20/18	550,000	3130AEXV7	FEDERAL HOME LOAN BANKS NOTES (CALLABLE)	3.00%	9/20/21	550,000.00	3.00%	
Total BUY		**4,510,000**					**4,446,275.54**		
INTEREST									
7/1/18	7/25/18	83,283	3136AQDQ0	FANNIE MAE SERIES 2015-M13 ASQ2	1.64%	9/1/19	121.84		
7/1/18	7/25/18	150,000	3137BM6P6	FHLMC MULTIFAMILY STRUCTURED P POOL	3.09%	8/25/22	386.25		
7/1/18	7/25/18	185,000	3136B1XP4	FNA 2018-M5 A2	3.56%	9/25/21	548.83		
7/1/18	7/25/18	126,847	3137BNN26	FHLMC SERIES KP03 A2	1.78%	7/1/19	188.16		
7/8/18	7/8/18	350,000	36962G4J0	GENERAL ELECTRIC CAP CORP NOTES	5.50%	1/8/20	9,625.00		
7/8/18	7/8/18	350,000	68389XBA2	ORACLE CORP BONDS	2.80%	7/8/21	4,900.00		
7/10/18	7/10/18	575,000	86958JHB8	SVENSKA HANDELSBANKEN NY CD	1.89%	1/10/19	5,463.94		
7/14/18	7/14/18	550,000	3130A8QS5	FHLB GLOBAL NOTE	1.12%	7/14/21	3,093.75		
7/19/18	7/19/18	150,000	3137EAEB1	FHLMC REFERENCE NOTE	0.87%	7/19/19	656.25		
7/30/18	7/30/18	550,000	3135G0T60	FNMA NOTES	1.50%	7/30/20	4,125.00		
7/31/18	7/31/18	600,000	912828VP2	US TREASURY NOTES	2.00%	7/31/20	6,000.00		
7/31/18	7/31/18	25,000	912828VP2	US TREASURY NOTES	2.00%	7/31/20	250.00		
8/1/18	8/25/18	126,604	3137BNN26	FHLMC SERIES KP03 A2	1.78%	7/1/19	187.80		

CITY OF BENICIA RESERVES

Portfolio Activity

Trade Date	Settle Date	Par ($)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt ($)	Yield at Market	Realized G/L (BV)
8/1/18	8/25/18	82,159	3136AQDQ0	FANNIE MAE SERIES 2015-M13 ASQ2	1.64%	9/1/19	112.69		
8/1/18	8/25/18	185,000	3136B1XP4	FNA 2018-M5 A2	3.56%	9/25/21	567.55		
8/1/18	8/25/18	150,000	3137BM6P6	FHLMC MULTIFAMILY STRUCTURED P POOL	3.09%	8/25/22	386.25		
8/2/18	8/2/18	550,000	83050FXT3	SKANDINAV ENSKILDA BANKEN NY CD	1.84%	8/2/19	5,088.11		
8/5/18	8/5/18	700,000	3130A8Y72	FHLB GLOBAL NOTE	0.87%	8/5/19	3,062.50		
8/6/18	8/6/18	250,000	594918BV5	MICROSOFT CORP NOTES	1.85%	2/6/20	2,312.50		
8/7/18	8/7/18	490,000	96121T4A3	WESTPAC BANKING CORP NY CD	2.05%	8/3/20	5,022.50		
8/15/18	8/15/18	375,000	3137EAEH8	FREDDIE MAC NOTES	1.37%	8/15/19	2,578.13		
8/20/18	8/20/18	550,000	65590ASN7	NORDEA BANK AB NY CD	2.72%	2/20/20	7,396.89		
8/28/18	8/28/18	500,000	3135G0T29	FNMA NOTES	1.50%	2/28/20	3,750.00		
8/28/18	8/28/18	600,000	3135G0P49	FNMA NOTES	1.00%	8/28/19	3,000.00		
8/31/18	8/31/18	900,000	912828D72	US TREASURY NOTES	2.00%	8/31/21	9,000.00		
8/31/18	8/31/18	300,000	912828UQ1	US TREASURY NOTES	1.25%	2/29/20	1,875.00		
8/31/18	8/31/18	300,000	912828B90	US TREASURY NOTES	2.00%	2/28/21	3,000.00		
8/31/18	8/31/18	425,000	912828L32	US TREASURY NOTES	1.37%	8/31/20	2,921.88		
8/31/18	8/31/18	450,000	912828L32	US TREASURY NOTES	1.37%	8/31/20	3,093.75		
8/31/18	8/31/18	800,000	912828L32	US TREASURY NOTES	1.37%	8/31/20	5,500.00		
8/31/18	8/31/18	1,000,000	912828D72	US TREASURY NOTES	2.00%	8/31/21	10,000.00		
8/31/18	8/31/18	750,000	912828D72	US TREASURY NOTES	2.00%	8/31/21	7,500.00		
8/31/18	8/31/18	75,000	912828L32	US TREASURY NOTES	1.37%	8/31/20	515.62		
9/1/18	9/1/18	135,000	478160BR4	JOHNSON & JOHNSON CORP NOTES	1.12%	3/1/19	759.38		
9/1/18	9/25/18	55,917	3136AQDQ0	FANNIE MAE SERIES 2015-M13 ASQ2	1.64%	9/1/19	76.70		
9/1/18	9/25/18	119,432	3137BNN26	FHLMC SERIES KP03 A2	1.78%	7/1/19	177.16		
9/1/18	9/25/18	179,714	3136B1XP4	FNA 2018-M5 A2	3.56%	9/25/21	542.78		
9/1/18	9/25/18	150,000	3137BM6P6	FHLMC MULTIFAMILY STRUCTURED P POOL	3.09%	8/25/22	386.25		
9/3/18	9/3/18	375,000	166764BP4	CHEVRON CORP NOTES	1.99%	3/3/20	3,733.13		
9/4/18	9/4/18	475,000	90275DHG8	UBS AG STAMFORD CT LT CD	2.90%	3/2/20	6,964.03		
9/8/18	9/8/18	425,000	89236TEC5	TOYOTA MOTOR CREDIT CORP	2.15%	9/8/22	4,568.75		
9/26/18	9/26/18	130,000	3130A9EP2	FHLB GLOBAL NOTES	1.00%	9/26/19	650.00		
9/28/18	9/28/18	280,000	3130ACE26	FHLB NOTES	1.37%	9/28/20	1,925.00		

Trade Date	Settle Date	Par ($)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt ($)	Yield at Market	Realized G/L (BV)
9/29/18	9/29/18	370,000	3137EAEJ4	FHLMC NOTES	1.62%	9/29/20	3,006.25		
9/30/18	9/30/18	100,000	912828TR1	US TREASURY NOTES	1.00%	9/30/19	500.00		
Total INTEREST		**16,048,956**					**135,519.62**		
MATURITY									
7/20/18	7/20/18	550,000	06538CGL9	MUFG BANK LTD/NY COMM PAPER	0.00%	7/20/18	550,000.00		0.00
8/8/18	8/8/18	550,000	22533UH89	CREDIT AGRICOLE CIB NY COMM PAPER	0.00%	8/8/18	550,000.00		0.00
Total MATURITY		**1,100,000**					**1,100,000.00**		**0.00**
PAYDOWNS									
7/1/18	7/25/18	1,124	3136AQDQ0	FANNIE MAE SERIES 2015-M13 ASQ2	1.64%	9/1/19	1,123.74		0.00
7/1/18	7/25/18	243	3137BNN26	FHLMC SERIES KP03 A2	1.78%	7/1/19	243.04		0.00
8/1/18	8/25/18	26,242	3136AQDQ0	FANNIE MAE SERIES 2015-M13 ASQ2	1.64%	9/1/19	26,241.74		0.00
8/1/18	8/25/18	5,286	3136B1XP4	FNA 2018-M5 A2	3.56%	9/25/21	5,285.93		0.00
8/1/18	8/25/18	7,172	3137BNN26	FHLMC SERIES KP03 A2	1.78%	7/1/19	7,171.93		0.00
9/1/18	9/25/18	7,804	3136AQDQ0	FANNIE MAE SERIES 2015-M13 ASQ2	1.64%	9/1/19	7,803.83		0.00
9/1/18	9/25/18	5,055	3136B1XP4	FNA 2018-M5 A2	3.56%	9/25/21	5,055.36		0.00
9/1/18	9/25/18	47,159	3137BNN26	FHLMC SERIES KP03 A2	1.78%	7/1/19	47,159.17		0.00
Total PAYDOWNS		**100,085**					**100,084.74**		**0.00**
SELL									
8/1/18	8/3/18	550,000	06427KRC3	BANK OF MONTREAL CHICAGO CERT DEPOS	1.88%	2/7/19	553,325.25	2.43%	(1,729.86)
8/22/18	8/27/18	570,000	3130A9EP2	FHLB GLOBAL NOTES	1.00%	9/26/19	563,430.43	2.48%	(8,782.58)
9/11/18	9/14/18	100,000	912828D72	US TREASURY NOTES	2.00%	8/31/21	97,757.04	2.82%	(2,512.38)

CITY OF BENICIA RESERVES

Portfolio Activity

Trade Date	Settle Date	Par ($)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt ($)	Yield at Market	Realized G/L (BV)
9/13/18	9/20/18	425,000	912828L32	US TREASURY NOTES	1.37%	8/31/20	414,233.02	2.76%	(14,750.08)
9/13/18	9/20/18	50,000	912828L32	US TREASURY NOTES	1.37%	8/31/20	48,733.29	2.76%	(1,774.87)
9/13/18	9/20/18	75,000	912828L32	US TREASURY NOTES	1.37%	8/31/20	73,099.95	2.76%	(2,007.59)
Total SELL		**1,770,000**					**1,750,578.98**		**-31,557.36**

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
U.S. Treasury Bond / Note											
US TREASURY NOTES DTD 10/01/2012 1.000% 09/30/2019	912828TR1	100,000.00	AA+	Aaa	4/28/2015	4/30/2015	98,667.97	1.31	2.75	99,692.63	98,375.00
US TREASURY NOTES DTD 02/28/2013 1.250% 02/29/2020	912828UQ1	300,000.00	AA+	Aaa	11/5/2015	11/9/2015	296,050.78	1.57	321.13	298,674.78	293,765.70
US TREASURY NOTES DTD 07/31/2013 2.000% 07/31/2020	912828VP2	25,000.00	AA+	Aaa	3/30/2016	3/31/2016	25,813.48	1.23	84.24	25,348.95	24,641.60
US TREASURY NOTES DTD 07/31/2013 2.000% 07/31/2020	912828VP2	600,000.00	AA+	Aaa	5/3/2016	5/6/2016	620,531.25	1.17	2,021.74	609,001.48	591,398.40
US TREASURY NOTES DTD 08/31/2015 1.375% 08/31/2020	912828L32	450,000.00	AA+	Aaa	9/1/2016	9/2/2016	455,009.77	1.09	529.87	452,427.89	437,941.35
US TREASURY NOTES DTD 08/31/2015 1.375% 08/31/2020	912828L32	750,000.00	AA+	Aaa	7/7/2016	7/12/2016	764,853.52	0.89	883.11	756,943.28	729,902.25
US TREASURY NOTES DTD 12/31/2015 1.750% 12/31/2020	912828N48	350,000.00	AA+	Aaa	8/2/2016	8/5/2016	361,005.86	1.02	1,547.89	355,679.70	341,687.50
US TREASURY NOTES DTD 02/28/2014 2.000% 02/28/2021	912828B90	300,000.00	AA+	Aaa	10/3/2016	10/5/2016	310,839.84	1.16	513.81	306,011.86	293,988.30
US TREASURY NOTES DTD 05/02/2016 1.375% 04/30/2021	912828Q78	825,000.00	AA+	Aaa	1/3/2017	1/5/2017	808,628.91	1.86	4,747.11	815,060.18	794,578.13
US TREASURY NOTES DTD 05/31/2016 1.375% 05/31/2021	912828R77	875,000.00	AA+	Aaa	3/15/2017	3/17/2017	852,270.51	2.02	4,043.29	860,389.29	841,504.13
US TREASURY NOTES DTD 09/02/2014 2.000% 08/31/2021	912828D72	900,000.00	AA+	Aaa	12/1/2016	12/5/2016	902,707.03	1.93	1,541.44	901,701.86	877,992.30
US TREASURY NOTES DTD 09/02/2014 2.000% 08/31/2021	912828D72	900,000.00	AA+	Aaa	6/27/2017	6/29/2017	909,808.59	1.73	1,541.44	906,932.33	877,992.30
US TREASURY NOTES DTD 09/02/2014 2.000% 08/31/2021	912828D72	750,000.00	AA+	Aaa	7/6/2017	7/11/2017	754,541.02	1.85	1,284.53	753,238.12	731,660.25
US TREASURY NOTES DTD 10/31/2016 1.250% 10/31/2021	912828T67	700,000.00	AA+	Aaa	8/30/2017	8/31/2017	688,953.13	1.64	3,661.68	691,759.93	666,285.20
US TREASURY NOTES DTD 10/31/2016 1.250% 10/31/2021	912828T67	400,000.00	AA+	Aaa	8/1/2017	8/3/2017	392,328.13	1.72	2,092.39	394,374.10	380,734.40

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
U.S. Treasury Bond / Note											
US TREASURY NOTES DTD 05/01/2017 1.875% 04/30/2022	912828X47	750,000.00	AA+	Aaa	1/3/2018	1/4/2018	740,478.52	2.18	5,884.85	742,052.40	723,662.25
US TREASURY NOTES DTD 05/01/2017 1.875% 04/30/2022	912828X47	900,000.00	AA+	Aaa	11/2/2017	11/3/2017	896,765.63	1.96	7,061.82	897,399.13	868,394.70
US TREASURY NOTES DTD 05/01/2017 1.875% 04/30/2022	912828X47	650,000.00	AA+	Aaa	7/3/2018	7/6/2018	630,804.69	2.69	5,100.20	631,944.89	627,173.95
US TREASURY NOTES DTD 05/01/2017 1.875% 04/30/2022	912828X47	700,000.00	AA+	Aaa	5/3/2018	5/7/2018	677,632.81	2.73	5,492.53	679,773.42	675,418.10
US TREASURY NOTES DTD 08/15/2012 1.625% 08/15/2022	912828TJ9	550,000.00	AA+	Aaa	9/5/2018	9/7/2018	526,925.78	2.76	1,141.47	527,290.36	523,853.55
Security Type Sub-Total		**11,775,000.00**					**11,714,617.22**	**1.83**	**49,497.29**	**11,705,696.58**	**11,400,949.36**
Federal Agency Collateralized Mortgage Obligation											
FHLMC SERIES KP03 A2 DTD 04/01/2016 1.780% 07/01/2019	3137BNN26	72,272.84	AA+	Aaa	4/15/2016	4/28/2016	72,993.83	1.10	107.20	72,359.57	71,735.51
FANNIE MAE SERIES 2015-M13 ASQ2 DTD 10/01/2015 1.646% 09/01/2019	3136AQDQ0	48,113.35	AA+	Aaa	10/7/2015	10/30/2015	48,595.15	1.08	66.00	48,177.26	47,930.33
FNA 2018-M5 A2 DTD 04/01/2018 3.560% 09/25/2021	3136B1XP4	174,658.71	AA+	Aaa	4/11/2018	4/30/2018	178,132.85	2.27	518.15	177,751.97	176,306.27
FHLMC MULTIFAMILY STRUCTURED P POOL DTD 12/01/2015 3.090% 08/25/2022	3137BM6P6	150,000.00	AA+	Aaa	4/4/2018	4/9/2018	151,277.34	2.61	386.25	151,119.30	149,503.79
Security Type Sub-Total		**445,044.90**					**450,999.17**	**2.07**	**1,077.60**	**449,408.10**	**445,475.90**
Federal Agency Bond / Note											
FHLMC REFERENCE NOTE DTD 07/20/2016 0.875% 07/19/2019	3137EAEB1	150,000.00	AA+	Aaa	7/19/2016	7/20/2016	149,637.00	0.96	262.50	149,902.13	148,026.60
FHLB GLOBAL NOTE DTD 08/04/2016 0.875% 08/05/2019	3130A8Y72	700,000.00	AA+	Aaa	8/3/2016	8/4/2016	698,656.00	0.94	952.78	699,618.31	689,935.40

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Corporate Note											
JOHNSON & JOHNSON CORP NOTES DTD 03/01/2016 1.125% 03/01/2019	478160BR4	135,000.00	AAA	Aaa	2/26/2016	3/1/2016	134,983.80	1.13	126.56	134,997.72	134,272.35
GENERAL ELECTRIC CAP CORP NOTES DTD 01/08/2010 5.500% 01/08/2020	36962G4J0	350,000.00	A	A2	3/20/2015	3/25/2015	404,715.50	2.05	4,438.19	365,033.49	360,111.85
MICROSOFT CORP NOTES DTD 02/06/2017 1.850% 02/06/2020	594918BV5	250,000.00	AAA	Aaa	1/30/2017	2/6/2017	249,832.50	1.87	706.60	249,923.65	246,967.50
CHEVRON CORP NOTES DTD 03/03/2017 1.991% 03/03/2020	166764BP4	375,000.00	AA-	Aa2	2/28/2017	3/3/2017	375,000.00	1.99	580.71	375,000.00	370,329.00
APPLE INC BONDS DTD 05/11/2017 1.800% 05/11/2020	037833CS7	275,000.00	AA+	Aa1	5/4/2017	5/11/2017	274,719.50	1.84	1,925.00	274,847.49	270,397.05
THE PROCTER & GAMBLE CO CORP NOTES DTD 10/25/2017 1.900% 10/23/2020	742718FA2	85,000.00	AA-	Aa3	10/23/2017	10/25/2017	84,869.95	1.95	708.81	84,909.66	83,175.73
WAL-MART STORES INC CORP NOTE DTD 10/20/2017 1.900% 12/15/2020	931142EA7	560,000.00	AA	Aa2	10/11/2017	10/20/2017	559,188.00	1.95	3,132.89	559,423.07	548,080.40
ORACLE CORP BONDS DTD 07/08/2014 2.800% 07/08/2021	68389XBA2	350,000.00	AA-	A1	5/26/2017	6/1/2017	360,178.00	2.06	2,259.44	356,964.83	347,252.15
3M COMPANY DTD 09/14/2018 3.000% 09/14/2021	88579YBA8	190,000.00	AA-	A1	9/11/2018	9/14/2018	189,610.50	3.07	269.17	189,616.40	189,677.19
JPMORGAN CHASE & CO CORP NOTES DTD 06/18/2018 3.514% 06/18/2022	46647PAS5	275,000.00	A-	A3	6/26/2018	6/28/2018	275,459.25	3.47	2,764.83	275,432.20	275,285.45
TOYOTA MOTOR CREDIT CORP DTD 09/08/2017 2.150% 09/08/2022	89236TEC5	425,000.00	AA-	Aa3	9/8/2017	9/12/2017	424,498.50	2.18	583.78	424,600.33	405,311.45
Security Type Sub-Total		**3,270,000.00**					**3,333,055.50**	**2.15**	**17,495.98**	**3,290,748.84**	**3,230,860.12**
Commercial Paper											

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Commercial Paper											
BNP PARIBAS NY BRANCH COMM PAPER DTD 01/22/2018 0.000% 10/19/2018	09659CKK3	550,000.00	A-1	P-1	1/22/2018	1/23/2018	541,616.17	2.07	0.00	549,439.00	549,304.25
CREDIT AGRICOLE CIB NY COMM PAPER DTD 08/08/2018 0.000% 02/04/2019	22533UP49	700,000.00	A-1	P-1	8/8/2018	8/9/2018	691,577.06	2.45	0.00	694,071.00	693,937.30
DEXIA CREDIT LOCAL SA NY COMM PAPER DTD 06/25/2018 0.000% 03/18/2019	25214PJB0	700,000.00	A-1+	P-1	6/25/2018	6/26/2018	687,118.06	2.55	0.00	691,833.33	691,744.20
MUFG BANK LTD/NY COMM PAPER DTD 07/20/2018 0.000% 04/16/2019	62479MRG0	800,000.00	A-1	P-1	7/20/2018	7/20/2018	784,580.00	2.62	0.00	788,749.11	788,528.80
Security Type Sub-Total		**2,750,000.00**					**2,704,891.29**	**2.45**	**0.00**	**2,724,092.44**	**2,723,514.55**
Certificate of Deposit											
SVENSKA HANDELSBANKEN NY CD DTD 01/12/2017 1.890% 01/10/2019	86958JHB8	575,000.00	A-1+	P-1	1/10/2017	1/12/2017	575,000.00	1.91	2,505.56	575,000.00	573,516.50
SKANDINAV ENSKILDA BANKEN NY CD DTD 08/04/2017 1.840% 08/02/2019	83050FXT3	550,000.00	A-1	P-1	8/3/2017	8/4/2017	549,785.50	1.85	1,686.67	549,910.14	546,436.00
NORDEA BANK AB NY CD DTD 02/22/2018 2.720% 02/20/2020	65590ASN7	550,000.00	AA-	Aa3	2/20/2018	2/22/2018	550,000.00	2.72	1,703.78	550,000.00	547,727.95
UBS AG STAMFORD CT LT CD DTD 03/06/2018 2.900% 03/02/2020	90275DHG8	475,000.00	A+	Aa2	3/2/2018	3/6/2018	475,000.00	2.93	1,033.13	475,000.00	476,137.15
BANK OF MONTREAL CHICAGO CERT DEPOS DTD 08/03/2018 3.190% 08/03/2020	06370REU9	500,000.00	A+	Aa2	8/1/2018	8/3/2018	500,000.00	3.23	2,614.03	500,000.00	499,358.50
WESTPAC BANKING CORP NY CD DTD 08/07/2017 2.050% 08/03/2020	96121T4A3	490,000.00	AA-	Aa3	8/3/2017	8/7/2017	490,000.00	2.05	1,506.75	490,000.00	482,966.54
SWEDBANK (NEW YORK) CERT DEPOS DTD 11/17/2017 2.270% 11/16/2020	87019U6D6	550,000.00	AA-	Aa2	11/16/2017	11/17/2017	550,000.00	2.30	4,785.92	550,000.00	539,175.45

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Security Type Sub-Total		**3,690,000.00**					**3,689,785.50**	**2.41**	**15,835.84**	**3,689,910.14**	**3,665,318.09**
Managed Account Sub Total		**29,080,044.90**					**29,030,024.28**	**1.98**	**104,196.30**	**29,002,938.99**	**28,493,624.82**
Money Market Mutual Fund											
PFM Funds - Govt Select, Instl Cl		67,687.04	AAAm	NR			67,687.04		0.00	67,687.04	67,687.04
Money Market Sub Total		**67,687.04**					**67,687.04**		**0.00**	**67,687.04**	**67,687.04**
Securities Sub-Total		**$29,147,731.94**					**$29,097,711.32**	**1.98%**	**$104,196.30**	**$29,070,626.03**	**$28,561,311.86**
Accrued Interest											**$104,196.30**
Total Investments											**$28,665,508.16**

Bolded items are forward settling trades.

Appendix/Market Update

QUARTERLY MARKET SUMMARY

SUMMARY

- U.S. growth remained healthy in the third quarter as the unemployment rate hit historical lows, confidence rose further and stocks surged. This occurred despite ongoing concerns about a trade war with China, a disorderly Brexit, Italian budget concerns, Iran sanctions, a Turkish debt crisis and other geopolitical risks.
- Positive domestic economic data included strong readings on the labor market, auto sales, industrial production, manufacturing and service sector purchasing manager surveys and consumer sentiment. On the weaker side, residential housing has slowed due to escalating prices and higher mortgage rates. Broad measures of inflation also moderated a bit during the quarter. Lastly, the twin deficits – the federal budget deficit and trade deficit – both portend long-term imbalances that could be problematic for sustainable long-term growth of the U.S. economy.
- Amid strong economic fundamentals, the Federal Reserve (Fed) stayed the course, raising the federal funds rate by 0.25% to a new target range of 2.00% to 2.25%. Despite the removal of longstanding language from the Federal Open Market Committee (FOMC) statement that previously characterized the stance of monetary policy as “accommodative,” updated FOMC forecasts indicated an additional 0.25% hike is expected in December, followed by two to four more hikes in 2019.
- The S&P 500 Index (S&P) soared by 7.7% during the quarter, lifting the year-to-date (YTD) return to 10.6%. But, prices may have gotten ahead of themselves, increasing the risk of a near-term pullback. International indices also posted healthy gains, despite a few struggling emerging market (EM) economies.

ECONOMIC SNAPSHOT

- Real gross domestic product (GDP) in the U.S. grew at an annualized rate of 4.2% in the second quarter, the fastest pace since 2014. Growth in the third quarter is expected to slow a bit, but remains healthy.
- U.S. labor market conditions remained strong during the quarter. The U.S. economy has added an average of more than 200,000 jobs per month this year, and the unemployment rate dropped to a 48-year low of 3.7%. Although there are a record number of job openings in the U.S., strong employment reports continue to suggest that the job market remains tight.
- On the inflation front, many gauges are now at or near the Fed’s 2% target. While job growth is solid, wage growth has been slower than in previous expansionary cycles, as companies continue to resist raising wages. Tariffs could, however, push prices higher as a result of the increased cost of raw materials and growing supply bottlenecks. Rising oil prices may nudge overall prices higher in coming quarters.

INTEREST RATES

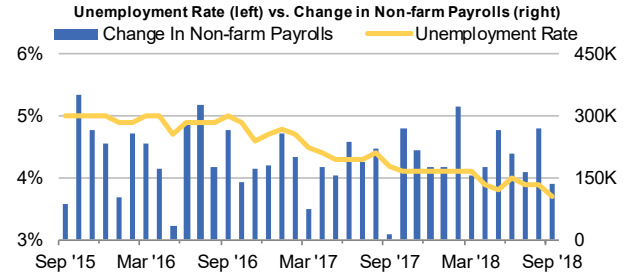
- U.S. Treasury yields rose by 20-30 basis points (bps) (0.20% to 0.30%) in the quarter, with short-term yields outpacing longer-term yields. For example, the yield on the two-year Treasury note rose 29 bps to 2.82%, while the yield on the 10-year note rose 20 bps to end the quarter at 3.06%. The result was a flatter yield curve over the quarter, but the pace of flattening moderated near quarter-end.
- The yield curve remains very flat from a historical perspective (less incentive for investors to increase maturity). The yield difference between 10-year and two-year U.S. Treasury notes ended the quarter at 24 bps (0.24%), only 8 bps off of the decade low. While a flattening curve is not a foolproof indicator of future recession, it is one of many signals investors look at for indications of the future economy.
- As a result of rising yields, shorter Treasury indices outperformed longer-maturity ones. Although longer maturities provided higher yields, the small incremental benefit due to a flat yield curve was not sufficient to offset the adverse impact on market values due to increasing yields. For example, the three-month Treasury bill index generated a return of 0.49% for the quarter, while the five- and 10-year Treasury returned -0.26% and -1.1%, respectively.

SECTOR PERFORMANCE

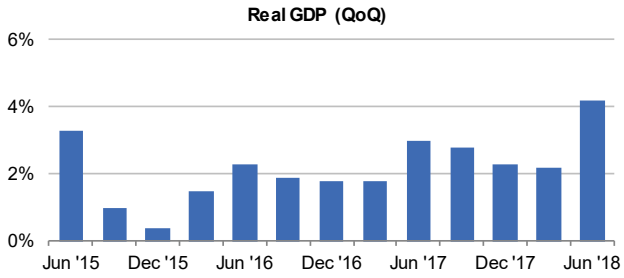
- Although Treasury returns were muted by rising rates during the quarter, diversification into other sectors added value as most other investment-grade (IG), fixed-income asset classes outperformed Treasuries. Corporates and asset-backed securities (ABS) performed well, generating strong, positive excess returns.
- Despite very narrow spreads available in the federal agency sector, returns in the sector generated excess returns near double digits for the third quarter. Because of their incremental yield and shorter durations, callable agencies accounted for the majority of the excess returns from the sector.
- Supranational securities performed well, as the combination of tighter spreads and incremental income led to the sector posting attractive returns relative to both Treasuries and agencies.
- The corporate sector benefitted the most from incremental income, posting attractive excess returns for the third quarter. Record earnings, stable credit fundamentals and a generally positive economic environment continued to serve as tailwinds to the sector. Specifically, one- to three-year BBB-rated corporate issuers were one of the best-performing segments of the IG market during the third quarter.
- Similarly, AAA-rated ABS were a positive contributor to performance for the third quarter, posting excess returns on average in the 25-30 bps range.
- Mortgage-backed securities (MBS) generated positive excess returns for the second consecutive quarter, despite still being in the red YTD. Longer was better for the third quarter, as 30-year collateral pools outperformed their 15-year counterparts. Meanwhile, agency-backed commercial MBS (CMBS) was the best segment of the securitized asset class, as these structures are less sensitive to increasing interest rates.
- Commercial paper and certificate of deposit yield spreads grinded to one-year lows over the quarter. As a result, short-term credit instruments now look more expensive relative to U.S. Treasuries. Still, they offer incrementally higher yields relative to similar-maturity government alternatives.

Economic Snapshot

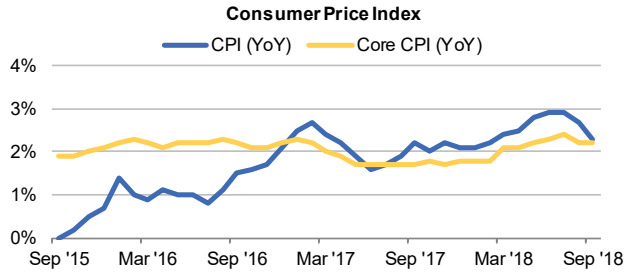
Labor Market		Latest	Jun '18	Sep '17
Unemployment Rate	Sep'18	3.7%	4.0%	4.2%
Change In Non-farm Payrolls	Sep'18	134,000	208,000	14,000
Average Hourly Earnings (YoY)	Sep'18	2.8%	2.8%	2.8%
Personal Income (YoY)	Aug'18	4.7%	4.9%	4.6%
Initial Jobless Claims (week)	10/6/18	214,000	232,000	254,000



Growth				
Real GDP (QoQ SAAR)	2018Q2	4.2%	2.2%[1]	3.0%[2]
GDP Personal Consumption (QoQ SAAR)	2018Q2	3.8%	0.5%[1]	2.9%[2]
Retail Sales (YoY)	Sep'18	4.7%	6.1%	5.2%
ISM Manufacturing Survey (month)	Sep'18	59.8	60.2	60.2
Existing Home Sales SAAR (month)	Aug'18	5.34 mil.	5.38 mil.	5.37 mil.



Inflation / Prices				
Personal Consumption Expenditures (YoY)	Aug'18	2.2%	2.3%	1.8%
Consumer Price Index (YoY)	Sep'18	2.3%	2.9%	2.2%
Consumer Price Index Core (YoY)	Sep'18	2.2%	2.3%	1.7%
Crude Oil Futures (WTI, per barrel)	Sep 30	$73.25	$74.15	$51.67
Gold Futures (oz.)	Sep 30	$1,192	$1,255	$1,282

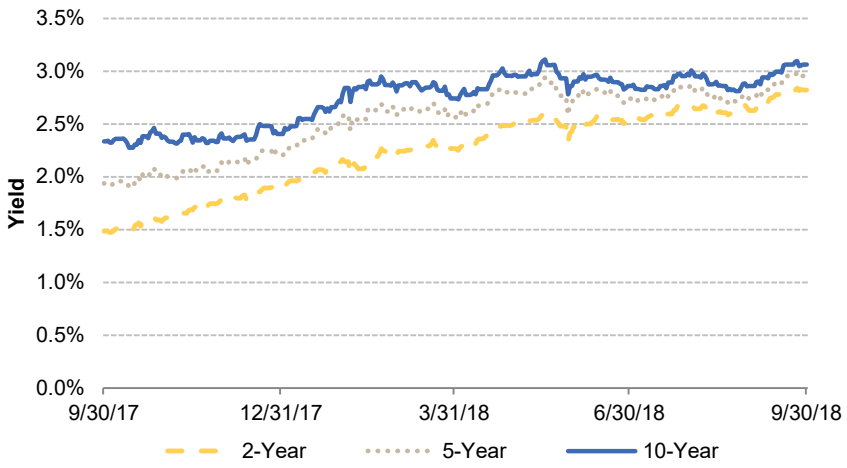


1. Data as of First Quarter 2018.
2. Data as of Second Quarter 2017.
Note: YoY = year-over-year, QoQ = quarter over quarter, SAAR = seasonally adjusted annual rate, WTI = West Texas Intermediate crude oil.
Source: Bloomberg.

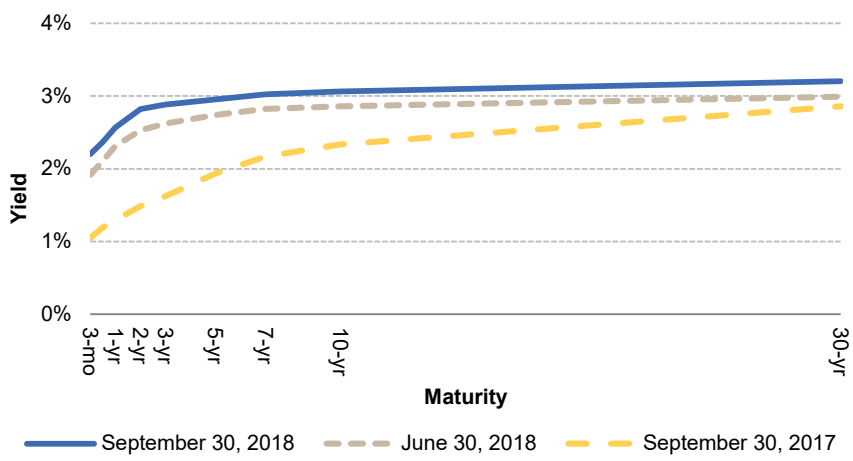
QUARTERLY MARKET SUMMARY

Interest Rate Overview

U.S. Treasury Note Yields



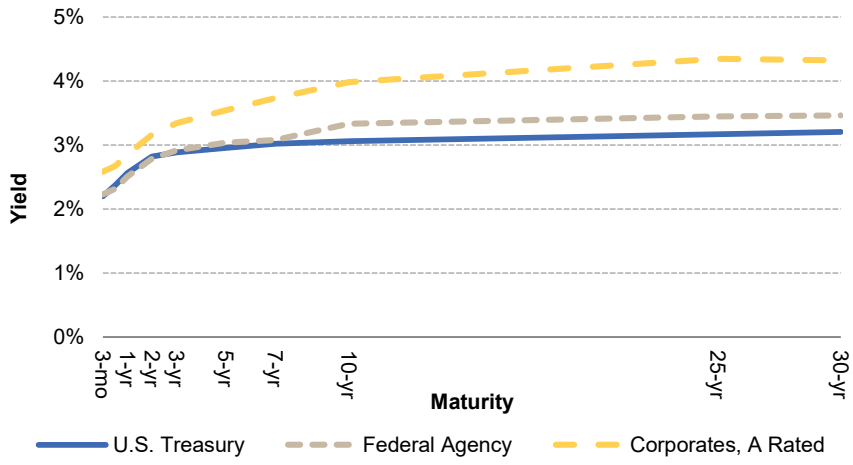
U.S. Treasury Yield Curve



U.S. Treasury Yields

Maturity	Sep '18	Jun '18	Change Over Quarter	Sep '17	Change Over Year
3-month	2.20%	1.92%	0.28%	1.05%	1.15%
1-year	2.57%	2.31%	0.26%	1.29%	1.28%
2-year	2.82%	2.53%	0.29%	1.49%	1.33%
5-year	2.95%	2.74%	0.21%	1.94%	1.01%
10-year	3.06%	2.86%	0.20%	2.33%	0.73%
30-year	3.21%	2.99%	0.22%	2.86%	0.35%

Yield Curves as of 9/30/18



Source: Bloomberg.

QUARTERLY MARKET SUMMARY

ICE BofAML Index Returns

	As of 9/30/18		Returns for Periods ended 9/30/18		
September 30, 2018	**Duration**	**Yield**	**3 Month**	**1 Year**	**3 Years**
1-3 Year Indices					
U.S. Treasury	1.81	2.80%	0.19%	0.04%	0.38%
Federal Agency	1.69	2.80%	0.32%	0.34%	0.59%
U.S. Corporates, A-AAA-rated	1.83	3.21%	0.67%	0.67%	1.38%
Agency MBS (0 to 3 years)	4.53	3.45%	(0.37%)	(0.38%)	0.82%
Taxable Municipals	1.80	3.06%	0.60%	1.32%	2.14%
1-5 Year Indices					
U.S. Treasury	2.58	2.85%	0.05%	(0.58%)	0.29%
Federal Agency	2.03	2.84%	0.26%	0.03%	0.59%
U.S. Corporates, A-AAA-rated	2.59	3.35%	0.66%	0.06%	1.47%
Agency MBS (0 to 5 years)	3.65	3.30%	0.11%	(0.82%)	0.81%
Taxable Municipals	2.41	3.38%	0.57%	1.08%	2.15%
Master Indices (Maturities 1 Year or Greater)					
U.S. Treasury	6.13	2.95%	(0.66%)	(1.64%)	0.28%
Federal Agency	3.89	2.99%	(0.01%)	(0.56%)	0.80%
U.S. Corporates, A-AAA-rated	6.82	3.79%	0.67%	(1.29%)	2.43%
Agency MBS (0 to 30 years)	5.11	3.56%	(0.12%)	(0.88%)	1.00%
Taxable Municipals	10.33	4.19%	(0.67%)	(0.38%)	4.67%

Returns for periods greater than one year are annualized.

Source: ICE BofAML Indices.

IMPORTANT DISCLOSURES

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- Market values that include accrued interest are derived from closing bid prices as of the last business day of the month as supplied by Interactive Data, Bloomberg, or Telerate. Where prices are not available from generally recognized sources, the securities are priced using a yield based matrix system to arrive at an estimated market value.
- In accordance with generally accepted accounting principles, information is presented on a trade date basis; forward settling purchases are included in the monthly balances, and forward settling sales are excluded.
- Performance is presented in accordance with the CFA Institute's Global Investment Performance Standards (GIPS). Unless otherwise noted, performance is shown gross of fees. Quarterly returns are presented on an unannualized basis. Returns for periods greater than one year are presented on an annualized basis. Past performance is not indicative of future returns.
- Bank of America/Merrill Lynch Indices provided by Bloomberg Financial Markets.
- Money market fund/cash balances are included in performance and duration computations.
- Standard & Poor's is the source of the credit ratings. Distribution of credit rating is exclusive of money market fund/LGIP holdings.
- Callable securities in the portfolio are included in the maturity distribution analysis to their stated maturity date, although, they may be called prior to maturity.
- MBS maturities are represented by expected average life.

GLOSSARY

- **ACCRUED INTEREST:** Interest that is due on a bond or other fixed-income security since the last interest payment was made.
- **AGENCIES:** Federal agency securities and/or Government-sponsored enterprises.
- **AMORTIZED COST:** The original cost of the principal of the security is adjusted for the amount of the periodic reduction of any discount or premium from the purchase date until the date of the report. Discount or premium with respect to short-term securities (those with less than one year to maturity at time of issuance) is amortized on a straight-line basis. Such discount or premium with respect to longer-term securities is amortized using the constant yield basis.
- **BANKERS' ACCEPTANCE:** A draft or bill or exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill as well as the insurer.
- **COMMERCIAL PAPER:** An unsecured obligation issued by a corporation or bank to finance its short-term credit needs, such as accounts receivable and inventory.
- **CONTRIBUTION TO DURATION:** Represents each sector or maturity range's relative contribution to the overall duration of the portfolio measured as a percentage weighting. Since duration is a key measure of interest rate sensitivity, the contribution to duration measures the relative amount or contribution of that sector or maturity range to the total rate sensitivity of the portfolio.
- **DURATION TO WORST:** A measure of the sensitivity of a security's price to a change in interest rates, stated in years, computed from cash flows to the maturity date or to the put date, whichever results in the highest yield to the investor.
- **EFFECTIVE DURATION:** A measure of the sensitivity of a security's price to a change in interest rates, stated in years.
- **EFFECTIVE YIELD:** The total yield an investor receives in relation to the nominal yield or coupon of a bond. Effective yield takes into account the power of compounding on investment returns, while nominal yield does not.
- **FDIC:** Federal Deposit Insurance Corporation. A federal agency that insures bank deposits to a specified amount.
- **INTEREST RATE:** Interest per year divided by principal amount and expressed as a percentage.
- **MARKET VALUE:** The value that would be received or paid for an investment in an orderly transaction between market participants at the measurement date.
- **MATURITY:** The date upon which the principal or stated value of an investment becomes due and payable.
- **NEGOTIABLE CERTIFICATES OF DEPOSIT:** A CD with a very large denomination, usually $1 million or more, that can be traded in secondary markets.
- **PAR VALUE:** The nominal dollar face amount of a security.

GLOSSARY

- **PASS-THROUGH SECURITY:** A security representing pooled debt obligations that passes income from debtors to its shareholders. The most common type is the mortgage-backed security.
- **REPURCHASE AGREEMENTS:** A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date.
- **SETTLE DATE:** The date on which the transaction is settled and monies/securities are exchanged. If the settle date of the transaction (i.e., coupon payments and maturity proceeds) occurs on a non-business day, the funds are exchanged on the next business day.
- **TRADE DATE:** The date on which the transaction occurred; however, the final consummation of the security transaction and payment has not yet taken place.
- **UNSETTLED TRADE:** A trade which has been executed; however, the final consummation of the security transaction and payment has not yet taken place.
- **U.S. TREASURY:** The department of the U.S. government that issues Treasury securities.
- **YIELD:** The rate of return based on the current market value, the annual interest receipts, maturity value, and the time period remaining until maturity, stated as a percentage on an annualized basis.
- **YTM AT COST:** The yield to maturity at cost is the expected rate of return based on the original cost, the annual interest receipts, maturity value, and the time period from purchase date to maturity, stated as a percentage on an annualized basis.
- **YTM AT MARKET:** The yield to maturity at market is the rate of return based on the current market value, the annual interest receipts, maturity value, and the time period remaining until maturity, stated as a percentage on an annualized basis.

DISCLOSURES

PFM is the marketing name for a group of affiliated companies providing a range of services. All services are provided through separate agreements with each company. This material is for general information purposes only and is not intended to provide specific advice or a specific recommendation.

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City of Benicia
Investment Report
As of December 31, 2018

Type of Investment	Name of Issuer	Purchase Date	Maturity Date	Current Yield	Yield to Maturity	Par Value	Cost of Investment	Current Market Value
On Demand								
L.A.I.F.	L.A.I.F.			2.400%		$ 36,873,217.02	$ 36,873,217.02	$ 36,838,229.02
Checking	Well Fargo			0.400%		4,800,002.58	4,800,002.58	4,800,002.58
Money Market	PFM Funds - Govt Select			0.000%		104,182.74	104,182.74	104,182.74
Subtotal						41,777,402.34	41,777,402.34	41,742,414.34
Up to 6 Months								
Cert of Deposit	Svenska Handelsbanken	12-Jan-17	10-Jan-19	1.890%	1.910%	575,000.00	575,000.00	574,913.75
Commercial Paper	Credit Agricole CIB NY	9-Aug-18	4-Feb-19	0.000%	2.450%	700,000.00	691,577.06	698,276.60
Corporate Note	Johnson & Johnson	1-Mar-16	1-Mar-19	1.130%	1.130%	135,000.00	134,983.80	134,644.55
Commercial Paper	Dexia Credit Local SA	26-Jun-18	18-Mar-19	0.000%	2.550%	700,000.00	687,118.06	696,047.10
Subtotal						2,110,000.00	2,088,678.92	2,103,882.00
6 Months to 1 Year								
Commercial Paper	MUFG Bank Ltd/NY	20-Jul-18	16-Apr-19	0.000%	2.620%	800,000.00	784,580.00	793,364.80
US Obligation	FHLMC	28-Apr-16	1-Jul-19	1.790%	1.100%	65,350.88	66,002.81	64,947.70
Cert of Deposit	Skandinav Enskilda	4-Aug-17	2-Aug-19	1.850%	1.850%	550,000.00	549,785.50	546,927.15
US Obligation	FNMA	30-Oct-15	1-Sep-19	1.650%	1.080%	16,738.13	16,905.75	16,636.72
US Obligation	FHLB Global Notes	9-Sep-16	26-Sep-19	1.020%	1.030%	130,000.00	129,886.90	128,428.04
Subtotal						1,562,089.01	1,547,160.96	1,550,304.41
1 Year to 2 Years								
US Obligation	FHLB Notes	13-Oct-17	21-Oct-19	1.520%	1.590%	150,000.00	149,734.50	148,602.75
Corporate Note	General Electric	25-Mar-15	8-Jan-20	5.350%	2.050%	350,000.00	404,715.50	354,123.00
Corporate Note	Microsoft	6-Feb-17	6-Feb-20	1.870%	1.870%	250,000.00	249,832.50	248,185.75
Cert of Deposit	Nordea Bank AB NY	22-Feb-18	20-Feb-20	2.730%	2.720%	550,000.00	550,000.00	549,665.60
US Obligation	FNMA Notes	28-Feb-17	28-Feb-20	1.530%	1.520%	500,000.00	499,680.00	494,309.00
US Obligation	US Treasury	9-Nov-15	29-Feb-20	1.280%	1.570%	300,000.00	296,050.78	295,382.70
Cert of Deposit	UBS AG Stamford	6-Mar-18	2-Mar-20	2.890%	2.930%	475,000.00	475,000.00	475,268.85
Corporate Note	Chevron Corp Notes	3-Mar-17	3-Mar-20	2.020%	1.990%	375,000.00	375,000.00	371,664.00
US Obligation	FHLMC	20-Apr-17	20-Apr-20	1.400%	1.490%	575,000.00	573,033.50	566,295.65
Corporate Note	Apple Inc Bonds	11-May-17	11-May-20	1.830%	1.840%	275,000.00	274,719.50	271,535.83
US Obligation	FNMA Notes	1-Aug-17	30-Jul-20	1.530%	1.600%	550,000.00	548,333.50	540,905.75
Cert of Deposit	Westpac Banking	7-Aug-17	3-Aug-20	2.080%	2.050%	490,000.00	490,000.00	483,353.64
Cert of Deposit	Bank of Montreal Chicago	3-Aug-18	3-Aug-20	3.190%	3.230%	500,000.00	500,000.00	499,417.50

City of Benicia
Investment Report
As of December 31, 2018

Type of Investment	Name of Issuer	Purchase Date	Maturity Date	Current Yield	Yield to Maturity	Par Value	Cost of Investment	Current Market Value
US Obligation	US Treasury	2-Sep-16	31-Aug-20	1.410%	1.090%	450,000.00	455,009.77	441,509.85
US Obligation	US Treasury	12-Jul-16	31-Aug-20	1.410%	0.890%	750,000.00	764,853.52	735,849.75
US Obligation	FHLB Notes	8-Sep-17	28-Sep-20	1.410%	1.480%	280,000.00	279,101.20	274,338.40
US Obligation	FHLMC Notes	29-Sep-17	29-Sep-20	1.660%	1.690%	370,000.00	369,330.30	364,207.65
Corporate Note	Procter & Gamble Co	25-Oct-17	23-Oct-20	1.940%	1.950%	85,000.00	84,869.95	83,765.63
Cert of Deposit	Swedbank CD	17-Nov-17	16-Nov-20	2.320%	2.300%	550,000.00	550,000.00	539,570.90
US Obligation	FHLMC Notes	15-Nov-17	17-Nov-20	1.910%	1.910%	550,000.00	549,472.00	543,151.40
Corporate Note	Wal-Mart Stores Inc.	20-Oct-17	15-Dec-20	1.940%	1.950%	560,000.00	559,188.00	551,214.72
Subtotal						8,935,000.00	8,997,924.52	8,832,318.32
2 Years to 3 Years								
US Obligation	US Treasury	5-Aug-16	31-Dec-20	1.790%	1.020%	350,000.00	361,005.86	345,009.70
US Obligation	US Treasury	5-Oct-16	28-Feb-21	2.040%	1.160%	300,000.00	310,839.84	296,882.70
US Obligation	US Treasury	5-Jan-17	30-Apr-21	1.430%	1.860%	825,000.00	808,628.91	804,632.40
US Obligation	US Treasury	17-Mar-17	31-May-21	1.430%	2.020%	875,000.00	852,270.51	852,509.88
US Obligation	Fannie Mae Notes	25-Jun-18	22-Jun-21	2.760%	2.760%	400,000.00	399,908.00	402,244.40
Corporate Note	Oracle Corp Bonds	1-Jun-17	8-Jul-21	2.820%	2.060%	350,000.00	360,178.00	348,302.85
US Obligation	FHLB Global Note	15-Jul-16	14-Jul-21	1.180%	1.250%	550,000.00	546,655.45	531,170.20
US Obligation	Freddie Mac Notes	27-Aug-18	27-Aug-21	2.910%	2.900%	570,000.00	570,000.00	569,997.72
US Obligation	US Treasury	11-Jul-17	31-Aug-21	2.050%	1.850%	750,000.00	754,541.02	740,683.50
US Obligation	US Treasury	29-Jun-17	31-Aug-21	2.050%	1.730%	900,000.00	909,808.59	888,820.20
US Obligation	US Treasury	5-Dec-16	31-Aug-21	2.050%	1.930%	350,000.00	351,052.73	345,652.30
US Obligation	FHLB Notes	20-Sep-18	20-Sep-21	3.010%	3.000%	550,000.00	550,000.00	551,373.90
US Obligation	FNA 2018-M5 A2	30-Apr-18	25-Sep-21	3.530%	2.270%	156,210.16	159,317.33	157,964.72
US Obligation	FHLB Notes	12-Oct-18	12-Oct-21	3.000%	3.020%	550,000.00	549,642.50	557,015.80
Corporate Note	American Express	6-Nov-18	5-Nov-21	3.700%	3.710%	110,000.00	109,975.80	110,988.24
Corporate Note	American Express	14-Nov-18	5-Nov-21	3.700%	3.690%	165,000.00	165,067.65	166,482.36
Corporate Note	Citigroup	14-Nov-18	8-Dec-21	2.900%	3.680%	275,000.00	268,829.00	270,552.70
US Obligation	US Treasury	3-Aug-17	31-Oct-21	1.310%	1.720%	400,000.00	392,328.13	386,656.40
US Obligation	US Treasury	31-Aug-17	31-Oct-21	1.310%	1.640%	700,000.00	688,953.13	676,648.70
Subtotal						9,126,210.16	9,109,002.45	9,003,588.67
3 Years to 5 Years								
Corporate Note	US Bancorp	13-Dec-18	24-Jan-22	2.625%	3.460%	500,000.00	487,825.00	492,402.50
US Obligation	US Treasury	7-May-18	30-Apr-22	1.940%	2.730%	700,000.00	677,632.81	686,601.30

City of Benicia
Investment Report
As of December 31, 2018

Type of Investment	Name of Issuer	Purchase Date	Maturity Date	Current Yield	Yield to Maturity	Par Value	Cost of Investment	Current Market Value
US Obligation	US Treasury	3-Nov-17	30-Apr-22	1.940%	1.960%	900,000.00	896,765.63	882,773.10
US Obligation	US Treasury	4-Jan-18	30-Apr-22	1.940%	2.180%	750,000.00	740,478.52	735,644.25
US Obligation	US Treasury	6-Jul-18	30-Apr-22	1.940%	2.690%	650,000.00	630,804.69	637,558.35
Corporate Note	Morgan Stanley	8-Nov-18	19-May-22	2.750%	3.780%	275,000.00	265,743.50	267,542.28
Corporate Note	JP Morgan Chase & Co	28-Jun-18	18-Jun-22	3.510%	3.470%	275,000.00	275,459.25	275,622.33
US Obligation	FHLMC	9-Apr-18	25-Aug-22	3.100%	2.610%	150,000.00	151,277.34	150,734.30
Corporate Note	Toyota Motor Credit Corp	12-Sep-17	8-Sep-22	2.250%	2.180%	425,000.00	424,498.50	407,029.30
Asset Backed	HART 2018-B A3	12-Dec-18	15-Dec-22	3.200%	3.480%	110,000.00	109,998.68	110,622.16
US Obligation	FHMS	17-Dec-18	1-Jul-23	3.203%	3.110%	150,000.00	149,999.55	150,890.64
Corporate Note	Goldman Sachs Group Inc	8-Nov-18	31-Oct-22	2.876%	3.620%	275,000.00	267,462.25	267,082.48
Corporate Note	Bank of America	13-Nov-18	11-Jan-23	3.300%	3.920%	275,000.00	268,501.75	270,836.23
Asset Backed	HAROT 2018-4 A3	28-Nov-18	15-Jan-23	3.160%	3.170%	475,000.00	474,928.99	477,256.68
Corporate Note	JP Morgan Chase & Co	7-Nov-18	15-Jan-23	2.972%	3.770%	275,000.00	266,541.00	268,119.23
Asset Backed	VALET	21-Nov-18	20-Apr-23	3.250%	3.250%	425,000.00	424,982.15	428,520.74
Corporate Note	Bank of NY Mellon	24-Dec-18	28-Apr-23	3.500%	3.530%	500,000.00	499,425.00	501,500.50
Asset Backed	NAORT	12-Dec-18	15-Jun-23	3.220%	3.530%	275,000.00	274,947.31	276,979.15
Subtotal						7,385,000.00	7,287,271.92	7,287,715.52
Total (before fiscal agent accounts)						$ 70,895,701.51	$ 70,807,441.11	$ 70,520,223.26
Fiscal Agent Accounts							2,387,160.76	2,387,160.76
TOTAL INVESTMENT PORTFOLIO							$ 73,194,601.87	$ 72,907,384.02

WEIGHTED AVERAGE MATURITY OF THE INVESTMENT PORTFOLIO 0.97 Years

Mark to Market $ (287,217.85)

The City of Benicia complies with Government Code Sections 53600 et seq. and the City's Investment Policy. The source of market value is US Bank. The City has the ability to meet

Cindy Mosser, Finance Director

Kenneth Paulk, City Treasurer

City of Benicia
Investment Report Totals - December 31, 2018
Reconciliation - PFM and City Reports

	Amount
Total Market Value Balance - City report	72,907,384
Less: LAIF	(36,838,229)
Wells Fargo Checking account	(4,800,003)
Fiscal Agent accounts	(2,387,161)
Total Market Value	28,881,992

Total Market Value - PFM Report	29,028,306
Less: Accrued Interest	(146,315)
Total Market Value	28,881,992

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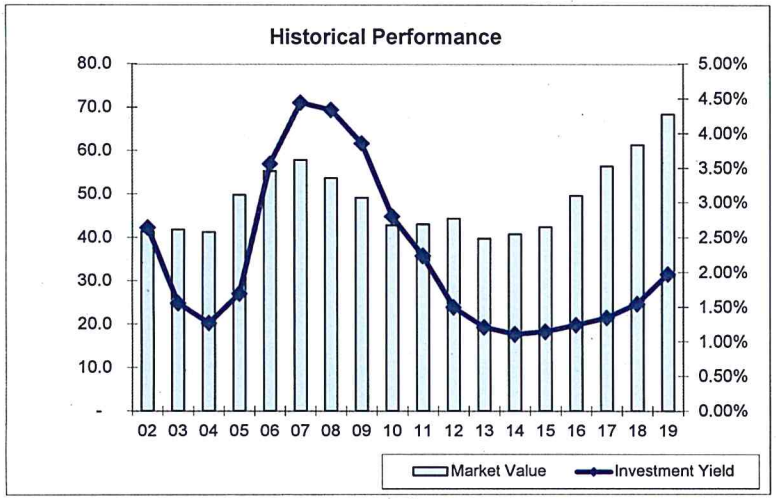
City of Benicia
Historical Portfolio Comparison

Market Value (Millions)					
Fiscal Year / Quarter	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Annual Average
2002	39.3	41.5	40.3	44.6	41.4
2003	39.7	43.4	39.5	44.8	41.8
2004	39.3	42.8	41.1	41.8	41.3
2005	38.7	53.8	50.0	56.6	49.8
2006	46.9	54.9	55.1	64.3	55.3
2007	57.4	59.3	54.4	60.1	57.8
2008	51.9	54.7	51.4	56.8	53.7
2009	48.1	52.1	47.3	48.7	49.1
2010	42.6	43.7	39.4	45.7	42.9
2011	37.6	46.2	35.7	52.6	43.0
2012	46.6	45.7	40.2	45.0	44.4
2013	39.2	41.3	36.1	42.4	39.8
2014	37.9	41.8	39.0	44.4	40.8
2015	38.5	42.2	42.2	46.8	42.4
2016	46.0	49.8	48.7	53.8	49.6
2017	51.8	54.5	54.5	64.7	56.4
2018	53.3	61.2	61.4	69.5	61.4
2019	63.9	72.9			68.4

Investment Yield					
Fiscal Year / Quarter	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Annual Average
02	3.62%	2.72%	2.27%	2.01%	2.66%
03	1.90%	1.61%	1.41%	1.34%	1.57%
04	1.38%	1.28%	1.24%	1.20%	1.28%
05	1.31%	1.43%	1.74%	2.33%	1.70%
06	2.52%	3.76%	3.84%	4.16%	3.57%
07	4.34%	4.44%	4.46%	4.57%	4.45%
08	4.56%	4.48%	4.20%	4.15%	4.35%
09	4.01%	4.07%	4.03%	3.36%	3.87%
10	3.17%	2.83%	2.65%	2.60%	2.81%
11	2.51%	2.38%	2.15%	1.95%	2.25%
12	1.76%	1.64%	1.43%	1.21%	1.51%
13	1.22%	1.26%	1.20%	1.18%	1.21%
14	1.15%	1.17%	1.09%	1.05%	1.12%
15	1.07%	1.10%	1.21%	1.23%	1.15%
16	1.26%	1.27%	1.24%	1.23%	1.25%
17	1.25%	1.32%	1.40%	1.45%	1.35%
18	1.46%	1.50%	1.56%	1.71%	1.56%
19	1.81%	2.16%			1.98%



Investment Earnings - Dollars						
Fiscal Year / Quarter	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Mark to Market *	Annual Average
2008	319,769	789,398	474,720	327,578	403,879	578,836
2009	275,114	580,504	577,776	469,555	267,309	542,565
2010	299,040	294,913	226,519	289,374	(196,842)	228,251
2011	267,030	235,311	165,343	162,677	(352,938)	119,356
2012	46,173	132,626	130,494	131,294	(47,338)	98,312
2013	88,542	100,933	79,202	89,351	(327,648)	7,595
2014	99,460	45,980	55,704	66,838	122,842	97,706
2015	59,337	48,308	95,462	53,594	79,771	84,118
2016	91,488	21,146	110,223	213,872	299,843	184,143
2017	(86,271)	80,006	157,424	46,161	(426,326)	(57,252)
2018	199,310	100,972	205,660	182,967	(417,713)	67,799
2019	269,056	191,625	*Not Available*			230,340

* Mark to market is the difference between current year minus prior year's mark to market gain or loss.

CITY OF BENICIA RESERVES

Investment Performance Review

For the Quarter Ended December 31, 2018

Client Management Team

Izac Chyou, Senior Managing Consultant

PFM Asset Management LLC

50 California Street, Suite 2300
San Francisco, CA 94111
415-982-5544

213 Market Street
Harrisburg, PA 17101-2141
717-232-2723

Investment Strategy & Portfolio Review

Portfolio Recap

- Investors gravitated toward lower-risk assets through the final months of 2018 as volatility surged, stocks lost their footing, credit spreads widened, and the belly of the curve (maturities between one and five years) began trading at rates lower than shorter- and longer-term securities (maturities one year or less and maturities greater than five years). U.S. Treasury yields reversed course during the quarter as maturities beyond one year declined 30 – 40 basis points (0.30% to 0.40%).

- For the past several quarters we have positioned the portfolio with a duration less than that of the benchmark. This benefited the portfolio for most of 2018 as the Federal Reserve raised rates, and yields across the curve increased. However, in the fourth quarter, sudden shifts in market sentiment caused interest rates to fall, which eroded some of those benefits, negatively impacting portfolio performance versus the benchmark. At the same time, the declines in longer-term yields positively impacted the portfolio's absolute performance.
  - US. Treasury yields fell across the curve resulting in outperformance of U.S. Treasuries versus other sectors during the fourth quarter. We still see value in other spread sectors but have maintained a considerable allocation to U.S. Treasuries.
  - The federal agency sector generated positive returns for the fourth quarter, adding to the overall performance of the portfolio, while underperforming comparable U.S. Treasuries.
  - Corporates felt the pressure of wider spreads across all industries. As a result, the sector underperformed most fixed-income alternatives in the quarter. While portfolio allocations to the sector detracted from performance relative to the benchmark, our shift to a more defensive bias at the beginning of the quarter—favoring higher quality issuers, active selling of lower-yielding issues, and shorter durations—helped mitigate the underperformance.
  - We were able to add exposure to asset-backed securities (ABS) during the quarter. We continue to view ABS as a favorable sector that offers incremental income and enhanced credit quality. Although the sector generated returns that were less than those of similar-duration Treasuries, in the fourth quarter the AAA-rated ABS sector generated attractive relative performance compared to corporates.
  - After yields narrowed to 12-month lows in the third quarter, spreads on negotiable bank certificates of deposit and commercial paper issuers rebounded in the fourth quarter. As a result, the portfolio benefited from additional allocations to these high-quality, short-term credit instruments at attractive yields.
  - Mortgage-backed securities (MBS)—regardless of structure, coupon, and collateral type—generated returns less than Treasuries in the quarter. Although allocations to the sector detracted from performance relative to Treasury-only benchmarks, our cautious view of the sector helped limit overall risk to the portfolio.

Sector Allocation and Compliance

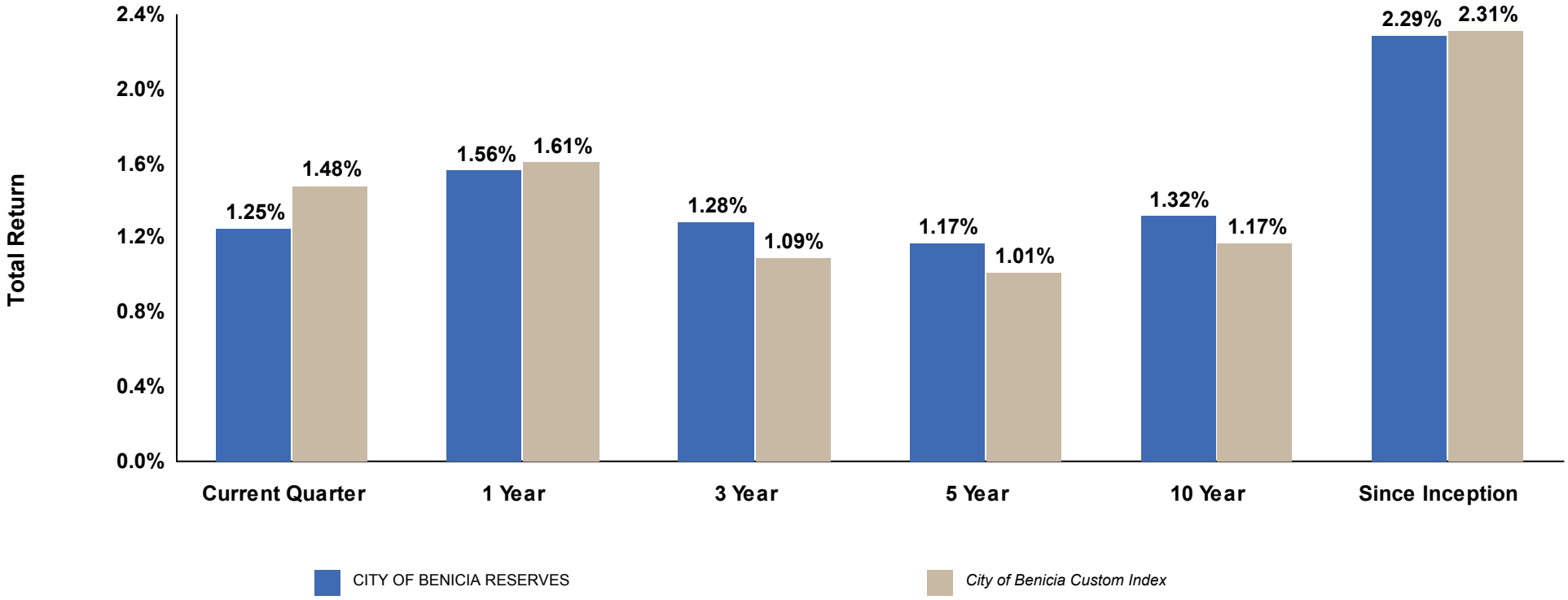
- The portfolio is in compliance with the City's Investment Policy and California Government Code.

Security Type	Market Value	% of Portfolio	% Change vs. 9/30/18	Permitted by Policy	In Compliance
U.S. Treasury	$9,752,815	33.8%	-6.1%	100%	✓
Federal Agency	$5,672,041	19.6%	-5.0%	100%	✓
Federal Agency CMOs	$541,174	1.9%	+0.3%	100%	✓
Negotiable CDs	$3,669,117	12.7%	-0.1%	30%	✓
Corporate Notes	$5,661,594	19.6%	+8.3%	30%	✓
Commercial Paper	$2,187,689	7.6%	-2.0%	25%	✓
Asset-Backed Securities	$1,293,379	4.5%	+4.5%	5%	✓
Securities Sub-Total	**$28,777,809**	**99.6%**			
Accrued Interest	$146,315				
Securities Total	**$28,924,124**				
PFM Funds	$104,183	0.4%	+0.1%	20%	✓
Total Investments	**$29,028,306**	**100.0%**			

Market values, excluding accrued interest. Detail may not add to total due to rounding. Current investment policy as of March 2018.

Portfolio Performance (Total Return)

Portfolio/Benchmark	Effective Duration	Current Quarter	1 Year	Annualized Return			
				3 Year	5 Year	10 Year	Since Inception (12/31/05)
CITY OF BENICIA RESERVES*	1.98	1.25%	1.56%	1.28%	1.17%	1.32%	2.29%
City of Benicia Custom Index	*2.09*	*1.48%*	*1.61%*	*1.09%*	*1.01%*	*1.17%*	*2.31%*
Difference		-0.23%	-0.05%	0.19%	0.16%	0.15%	-0.02%



**Portfolio performance is gross of fees unless otherwise indicated.*

Portfolio Earnings

Quarter-Ended December 31, 2018

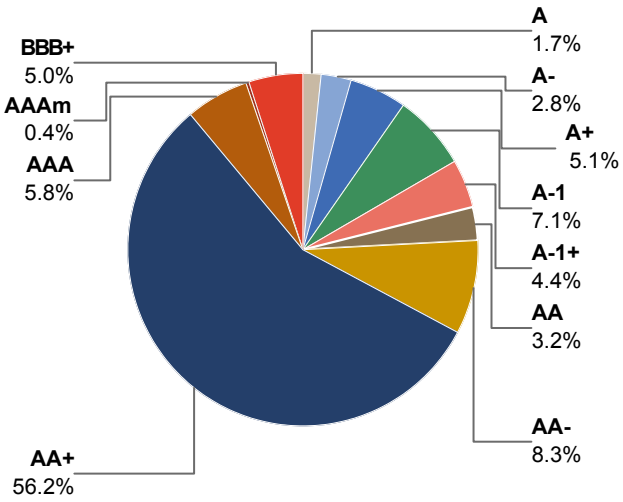
	Market Value Basis	Accrual (Amortized Cost) Basis
Beginning Value (09/30/2018)	$28,561,311.86	$29,070,626.03
Net Purchases/Sales	$97,834.38	$97,834.38
Change in Value	$222,845.40	($43,761.31)
Ending Value (12/31/2018)	$28,881,991.64	$29,124,699.10
Interest Earned	$136,427.81	$136,427.81
Portfolio Earnings	$359,273.21	$92,666.50

Portfolio Statistics

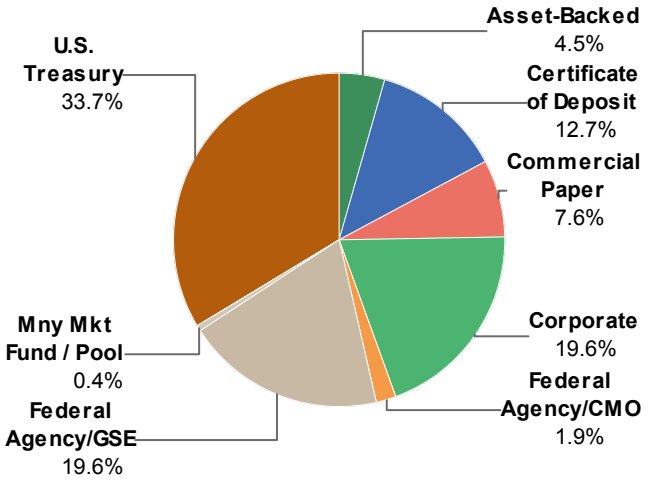
As of December 31, 2018

Par Value:	$29,222,482
Total Market Value:	$29,028,306
Security Market Value:	$28,777,809
Accrued Interest:	$146,315
Cash:	-
PFM Funds	$104,183
Amortized Cost:	$29,124,699
Yield at Market:	2.74%
Yield at Cost:	2.27%
Effective Duration:	1.98 Years
Duration to Worst:	1.94 Years
Average Maturity:	2.23 Years
Average Credit: *	AA

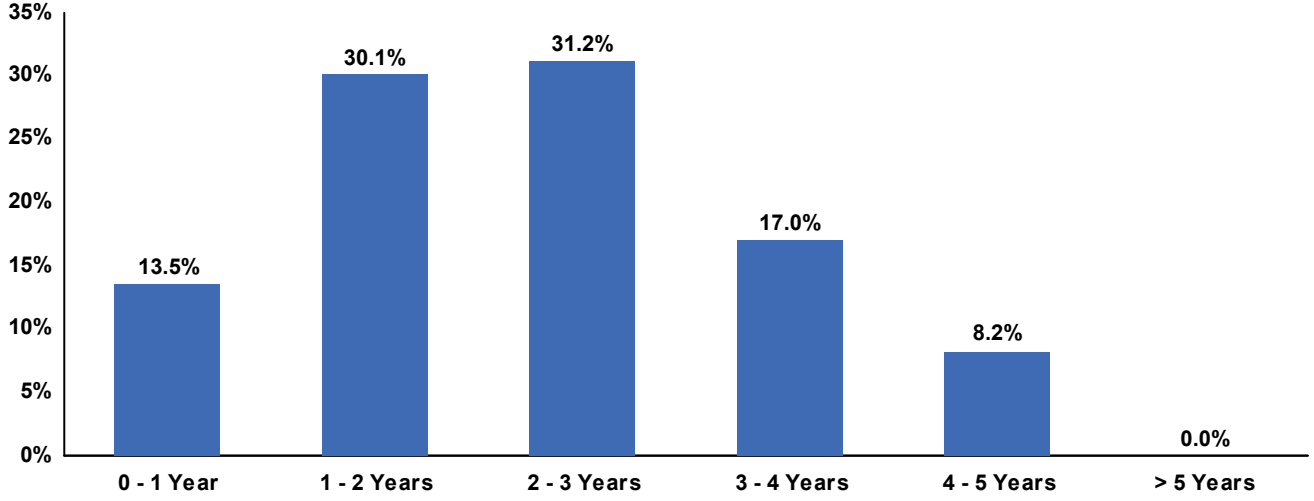
Credit Quality (S&P Ratings)



Sector Allocation



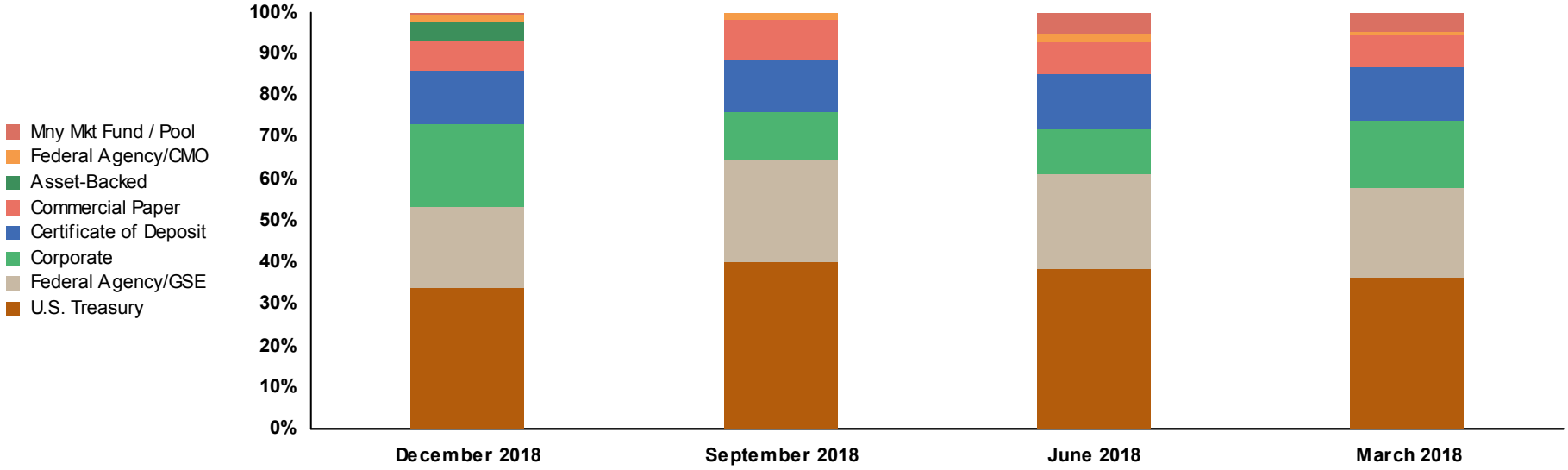
Maturity Distribution



*An average of each security's credit rating assigned a numeric value and adjusted for its relative weighting in the portfolio.
Securities held in the City's portfolio are in compliance with California Government Code and the City's investmetn policy dated March 2018.

Sector Allocation

Sector	December 31, 2018 MV ($MM)	December 31, 2018 % of Total	September 30, 2018 MV ($MM)	September 30, 2018 % of Total	June 30, 2018 MV ($MM)	June 30, 2018 % of Total	March 31, 2018 MV ($MM)	March 31, 2018 % of Total
U.S. Treasury	9.8	33.7%	11.4	40.0%	10.9	38.4%	10.3	36.1%
Federal Agency/GSE	5.7	19.6%	7.0	24.6%	6.5	22.8%	6.1	21.4%
Corporate	5.7	19.6%	3.2	11.3%	3.0	10.7%	4.6	16.2%
Certificate of Deposit	3.7	12.7%	3.7	12.8%	3.7	13.0%	3.7	13.1%
Commercial Paper	2.2	7.6%	2.7	9.5%	2.3	8.2%	2.2	7.7%
Asset-Backed	1.3	4.5%	0.0	0.0%	0.0	0.0%	0.0	0.0%
Federal Agency/CMO	0.5	1.9%	0.4	1.6%	0.5	1.9%	0.2	0.8%
Mny Mkt Fund / Pool	0.1	0.4%	0.1	0.2%	1.4	5.0%	1.3	4.7%
Total	**$28.9**	**100.0%**	**$28.6**	**100.0%**	**$28.5**	**100.0%**	**$28.4**	**100.0%**

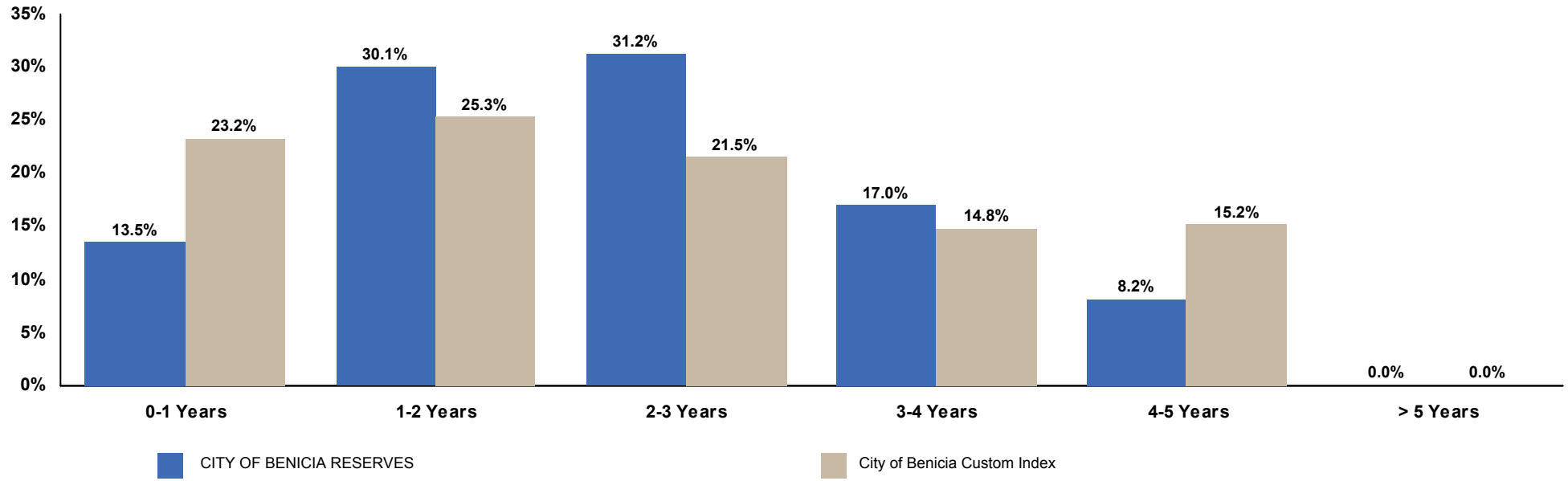


Detail may not add to total due to rounding.

Maturity Distribution

As of December 31, 2018

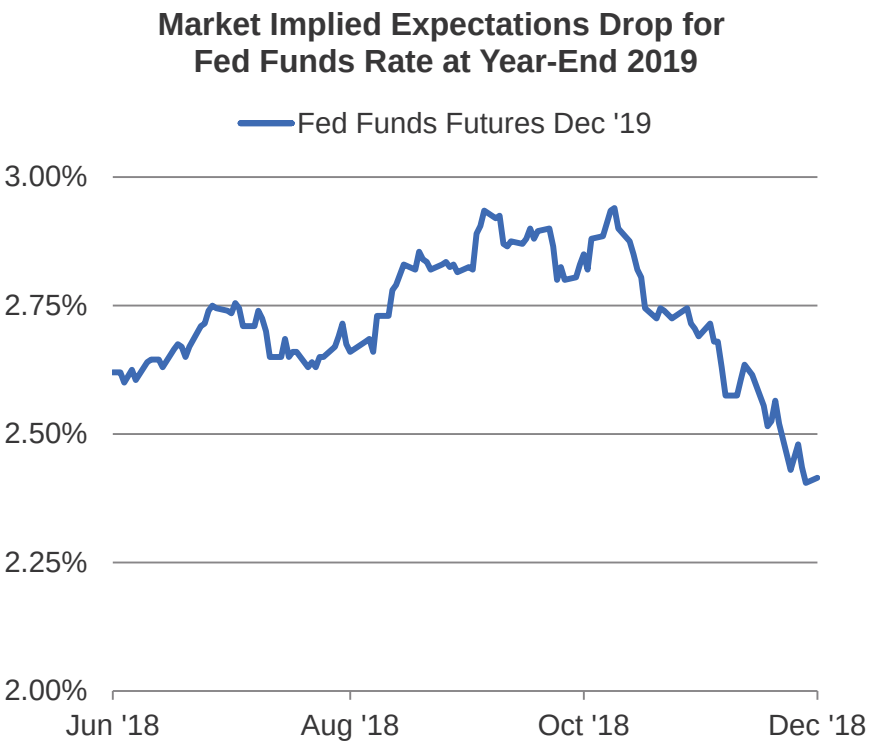
Portfolio/Benchmark	Yield at Market	Average Maturity	0-1 Years	1-2 Years	2-3 Years	3-4 Years	4-5 Years	>5 Years
CITY OF BENICIA RESERVES	2.74%	2.23 yrs	13.5%	30.1%	31.2%	17.0%	8.2%	0.0%
City of Benicia Custom Index	*2.52%*	*2.26 yrs*	*23.2%*	*25.3%*	*21.5%*	*14.8%*	*15.2%*	*0.0%*



Fed Expectations for 2019 Less Optimistic

- According to the Federal Open Market Committee meeting minutes from December, the Committee believes that risks to the economic outlook are roughly balanced, but it will continue to monitor global economic and financial developments and assess their implications for the economic outlook.
- The Committee has grown less optimistic regarding near-term economic growth as its December projections for 2019 real GDP and inflation have decreased from the prior quarter's expectations.

Indicator	2018		2019		Longer run	
	Sept.	Dec.	Sept.	Dec.	Sept.	Dec.
Real GDP (YoY)	3.1%	**3.0%**	2.5%	**2.3%**	1.8%	**1.9%**
Unemployment Rate	3.7%	3.7%	3.5%	3.5%	4.5%	**4.4%**
PCE Inflation (YoY)	2.1%	**1.9%**	2.0%	**1.9%**	2.0%	2.0%
Core PCE (YoY)	2.0%	**1.9%**	2.1%	**2.0%**	-	-
Federal Funds Rate (Median)	2.4%	2.4%	3.1%	2.9%	3.0%	2.8%



Source: Federal Reserve, Bloomberg as of 12/31/2018.

Investment Strategy Outlook

- While the path of future Fed rate hikes is less clear than in recent years, we expect future tightening (additional Fed rate hikes) to be modest. Further, political gridlock adds additional uncertainty. As a result, we will seek to increase portfolio duration to be more in line with (neutral to) the benchmark.

- Our outlooks for the major investment-grade fixed income sectors are as follows:
  - Federal agency spreads (incremental yield) remain very narrow as most maturities offer less than five basis points (0.05%) of incremental yield relative to U.S. Treasuries. We will continue to moderate use of agencies where yield differences are narrow, seeking better relative value in either Treasuries or other sectors. Callable agencies will continue to be evaluated, and, where analyses indicate strong value, we will seek to utilize these securities as portfolio diversifiers.
  - Supranational issuance is expected to increase during the first quarter of 2019. We will seek to take advantage of attractively priced new issues through the first several months of the year.
  - Although it appears that volatility may not dissipate quickly, the significant sell-off in the corporate sector (resulting in wider spreads) presents an opportunity to selectively add to the sector. We prefer high-quality, defensive issuers with a focus on one- to three-year maturities and continue to prefer financials (specifically domestic issuers) and to remain selective in industrial issuers.
  - Allocations to AAA-rated Asset-Backed Securities (ABS) will be maintained. The sector continues to offer attractive incremental income compared to government securities while also serving as a lower volatility credit alternative. Further, as issuance is expected to increase through the beginning of the year, opportunities may arise to add additional exposure.
  - The MBS sector has underperformed as spreads have widened. While certain structures (namely Collateralized Mortgage-Backed Securities) have been identified as an opportunity to add to the portfolio, our view of the overall sector remains cautious. Elevated volatility and the pace of global economic growth remain headwinds as well as the Fed's continued wind-down of its MBS holdings.
  - Short-term money market investors continue to reap the rewards of current monetary policy as the fed funds effective rate now nears two and a half percent. Short-term negotiable bank certificates of deposit and commercial paper have since normalized following very narrow yield differences at year-end, and once again provide an attractive, high-quality source of incremental income.

Issuer Distribution

Sector/Issuer Distribution

As of December 31, 2018

Sector / Issuer	Market Value ($)	% of Sector	% of Total Portfolio
Asset-Backed			
HONDA AUTO RECEIVABLES	477,257	36.9%	1.7%
HYUNDAI AUTO RECEIVABLES	110,622	8.6%	0.4%
NISSAN AUTO RECEIVABLES	276,979	21.4%	1.0%
VOLKSWAGEN OF AMERICA	428,521	33.1%	1.5%
Sector Total	**1,293,379**	**100.0%**	**4.5%**
Certificate of Deposit			
BANK OF MONTREAL	499,418	13.6%	1.7%
NORDEA BANK AB	549,666	15.0%	1.9%
SKANDINAVISKA ENSKILDA BANKEN AB	546,927	14.9%	1.9%
SVENSKA HANDELSBANKEN AB	574,914	15.7%	2.0%
SWEDBANK AB	539,571	14.7%	1.9%
UBS AG	475,269	13.0%	1.6%
WESTPAC BANKING CORP	483,354	13.2%	1.7%
Sector Total	**3,669,117**	**100.0%**	**12.7%**
Commercial Paper			
CREDIT AGRICOLE SA	698,277	31.9%	2.4%
DEXIA GROUP	696,047	31.8%	2.4%
MITSUBISHI UFJ FINANCIAL GROUP INC	793,365	36.3%	2.7%

Sector / Issuer	Market Value ($)	% of Sector	% of Total Portfolio
Sector Total	**2,187,689**	**100.0%**	**7.6%**
Corporate			
AMERICAN EXPRESS CO	277,471	4.9%	1.0%
APPLE INC	271,536	4.8%	0.9%
BANK OF AMERICA CO	270,836	4.8%	0.9%
CHEVRON CORPORATION	371,664	6.6%	1.3%
CITIGROUP INC	270,553	4.8%	0.9%
GENERAL ELECTRIC CO	354,123	6.3%	1.2%
GOLDMAN SACHS GROUP INC	267,082	4.7%	0.9%
JOHNSON & JOHNSON	134,645	2.4%	0.5%
JP MORGAN CHASE & CO	543,742	9.6%	1.9%
MICROSOFT CORP	248,186	4.4%	0.9%
MORGAN STANLEY	267,542	4.7%	0.9%
ORACLE CORP	348,303	6.2%	1.2%
PROCTER & GAMBLE CO	83,766	1.5%	0.3%
THE BANK OF NEW YORK MELLON CORPORATION	501,501	8.9%	1.7%
TOYOTA MOTOR CORP	407,029	7.2%	1.4%
US BANCORP	492,403	8.7%	1.7%
WAL-MART STORES INC	551,215	9.7%	1.9%
Sector Total	**5,661,594**	**100.0%**	**19.6%**
Federal Agency/CMO			
FANNIE MAE	174,601	32.3%	0.6%
FREDDIE MAC	366,573	67.7%	1.3%

Sector / Issuer	Market Value ($)	% of Sector	% of Total Portfolio
Sector Total	**541,174**	**100.0%**	**1.9%**
Federal Agency/GSE			
FANNIE MAE	1,437,459	25.3%	5.0%
FEDERAL HOME LOAN BANKS	2,190,929	38.6%	7.6%
FREDDIE MAC	2,043,652	36.0%	7.1%
Sector Total	**5,672,041**	**100.0%**	**19.6%**
Mny Mkt Fund / Pool			
PFM FUNDS - GOVT SELECT, INSTL CL	104,183	100.0%	0.4%
Sector Total	**104,183**	**100.0%**	**0.4%**
U.S. Treasury			
UNITED STATES TREASURY	9,752,815	100.0%	33.8%
Sector Total	**9,752,815**	**100.0%**	**33.8%**
Portfolio Total	**28,881,992**	**100.0%**	**100.0%**

Portfolio Transactions

Quarterly Portfolio Transactions

Trade Date	Settle Date	Par ($)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt ($)	Yield at Market	Realized G/L (BV)
BUY									
10/11/18	10/12/18	550,000	3130AF5B9	FEDERAL HOME LOAN BANKS NOTES	3.00%	10/12/21	549,642.50	3.02%	
11/1/18	11/6/18	110,000	025816BY4	AMERICAN EXPRESS CREDIT CORP NOTES	3.70%	11/5/21	109,975.80	3.71%	
11/5/18	11/7/18	275,000	48128BAB7	JPMORGAN CHASE & CO (CALLABLE) NOTES	2.97%	1/15/23	269,083.71	3.77%	
11/6/18	11/8/18	275,000	38148YAC2	GOLDMAN SACHS GROUP INC (CALLABLE) NOTES	2.87%	10/31/22	267,638.01	3.62%	
11/6/18	11/8/18	275,000	61744YAH1	MORGAN STANLEY CORP NOTES	2.75%	5/19/22	269,293.67	3.78%	
11/8/18	11/13/18	275,000	06051GEU9	BANK OF AMERICA CORP NOTE	3.30%	1/11/23	271,577.17	3.92%	
11/9/18	11/14/18	165,000	025816BY4	AMERICAN EXPRESS CREDIT CORP NOTES	3.70%	11/5/21	165,203.32	3.69%	
11/9/18	11/14/18	275,000	172967LC3	CITIGROUP INC CORP (CALLABLE) NOTE	2.90%	12/8/21	272,284.83	3.68%	
11/15/18	11/21/18	425,000	92869BAD4	VALET 2018-2 A3	3.25%	4/20/23	424,982.15	3.25%	
11/20/18	11/28/18	475,000	43815AAC6	HAROT 2018-4 A3	3.16%	1/15/23	474,928.99	3.17%	
12/4/18	12/12/18	275,000	65478NAD7	NAROT 2018-C A3	3.22%	6/15/23	274,947.31	3.53%	
12/4/18	12/12/18	110,000	44933AAC1	HART 2018-B A3	3.20%	12/15/22	109,998.68	3.48%	
12/7/18	12/17/18	150,000	3137FKK39	FHMS KP05 A	3.20%	7/1/23	150,213.08	3.11%	
12/11/18	12/13/18	500,000	91159HHP8	US BANCORP (CALLABLE) NOTES	2.62%	1/24/22	492,892.71	3.46%	
12/20/18	12/24/18	500,000	06406RAG2	BANK OF NY MELLON CORP	3.50%	4/28/23	502,147.22	3.53%	
Total BUY		**4,635,000**					**4,604,809.15**		
INTEREST									
10/1/18	10/25/18	174,659	3136B1XP4	FNA 2018-M5 A2	3.56%	9/25/21	536.84		
10/1/18	10/25/18	72,273	3137BNN26	FHLMC SERIES KP03 A2	1.78%	7/1/19	107.20		
10/1/18	10/25/18	48,113	3136AQDQ0	FANNIE MAE SERIES 2015-M13 ASQ2	1.64%	9/1/19	66.00		
10/1/18	10/25/18	150,000	3137BM6P6	FHLMC MULTIFAMILY STRUCTURED P POOL	3.09%	8/25/22	386.25		
10/20/18	10/20/18	575,000	3137EAEF2	FHLMC AGENCY NOTES	1.37%	4/20/20	3,953.13		
10/21/18	10/21/18	300,000	3130ACM92	FEDERAL HOME LOAN BANK NOTES	1.50%	10/21/19	2,250.00		

Trade Date	Settle Date	Par ($)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt ($)	Yield at Market	Realized G/L (BV)
10/23/18	10/23/18	85,000	742718FA2	THE PROCTER & GAMBLE CO CORP NOTES	1.90%	10/23/20	807.50		
10/31/18	10/31/18	825,000	912828Q78	US TREASURY NOTES	1.37%	4/30/21	5,671.88		
10/31/18	10/31/18	700,000	912828T67	US TREASURY NOTES	1.25%	10/31/21	4,375.00		
10/31/18	10/31/18	650,000	912828X47	US TREASURY NOTES	1.87%	4/30/22	6,093.75		
10/31/18	10/31/18	400,000	912828T67	US TREASURY NOTES	1.25%	10/31/21	2,500.00		
10/31/18	10/31/18	750,000	912828X47	US TREASURY NOTES	1.87%	4/30/22	7,031.25		
10/31/18	10/31/18	900,000	912828X47	US TREASURY NOTES	1.87%	4/30/22	8,437.50		
10/31/18	10/31/18	700,000	912828X47	US TREASURY NOTES	1.87%	4/30/22	6,562.50		
11/1/18	11/25/18	29,066	3136AQDQ0	FANNIE MAE SERIES 2015-M13 ASQ2	1.64%	9/1/19	39.87		
11/1/18	11/25/18	166,703	3136B1XP4	FNA 2018-M5 A2	3.56%	9/25/21	513.32		
11/1/18	11/25/18	150,000	3137BM6P6	FHLMC MULTIFAMILY STRUCTURED P POOL	3.09%	8/25/22	386.25		
11/1/18	11/25/18	72,129	3137BNN26	FHLMC SERIES KP03 A2	1.78%	7/1/19	106.99		
11/11/18	11/11/18	275,000	037833CS7	APPLE INC BONDS	1.80%	5/11/20	2,475.00		
11/16/18	11/16/18	550,000	87019U6D6	SWEDBANK (NEW YORK) CERT DEPOS	2.27%	11/16/20	6,381.22		
11/17/18	11/17/18	550,000	3137EAEK1	FHLMC NOTES	1.87%	11/17/20	5,156.25		
11/19/18	11/19/18	275,000	61744YAH1	MORGAN STANLEY CORP NOTES	2.75%	5/19/22	3,781.25		
11/30/18	11/30/18	875,000	912828R77	US TREASURY NOTES	1.37%	5/31/21	6,015.63		
12/1/18	12/25/18	65,484	3137BNN26	FHLMC SERIES KP03 A2	1.78%	7/1/19	97.14		
12/1/18	12/25/18	159,605	3136B1XP4	FNA 2018-M5 A2	3.56%	9/25/21	478.32		
12/1/18	12/25/18	150,000	3137BM6P6	FHLMC MULTIFAMILY STRUCTURED P POOL	3.09%	8/25/22	386.25		
12/1/18	12/25/18	18,321	3136AQDQ0	FANNIE MAE SERIES 2015-M13 ASQ2	1.64%	9/1/19	25.13		
12/8/18	12/8/18	275,000	172967LC3	CITIGROUP INC CORP (CALLABLE) NOTE	2.90%	12/8/21	3,987.50		
12/15/18	12/15/18	560,000	931142EA7	WAL-MART STORES INC CORP NOTE	1.90%	12/15/20	5,320.00		
12/15/18	12/15/18	475,000	43815AAC6	HAROT 2018-4 A3	3.16%	1/15/23	708.81		
12/18/18	12/18/18	275,000	46647PAS5	JPMORGAN CHASE & CO CORP NOTES	3.51%	6/18/22	4,831.75		
12/20/18	12/20/18	425,000	92869BAD4	VALET 2018-2 A3	3.25%	4/20/23	1,112.67		
12/22/18	12/22/18	400,000	3135G0U35	FANNIE MAE NOTES	2.75%	6/22/21	5,408.33		
12/31/18	12/31/18	350,000	912828N48	US TREASURY NOTES	1.75%	12/31/20	3,062.50		

Trade Date	Settle Date	Par ($)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt ($)	Yield at Market	Realized G/L (BV)
Total INTEREST		**12,426,353**					**99,052.98**		
MATURITY									
10/19/18	10/19/18	550,000	09659CKK3	BNP PARIBAS NY BRANCH COMM PAPER	0.00%	10/19/18	550,000.00		0.00
Total MATURITY		**550,000**					**550,000.00**		**0.00**
PAYDOWNS									
10/1/18	10/25/18	144	3137BNN26	FHLMC SERIES KP03 A2	1.78%	7/1/19	144.14		0.00
10/1/18	10/25/18	19,047	3136AQDQ0	FANNIE MAE SERIES 2015-M13 ASQ2	1.64%	9/1/19	19,047.02		0.00
10/1/18	10/25/18	7,956	3136B1XP4	FNA 2018-M5 A2	3.56%	9/25/21	7,956.14		0.00
11/1/18	11/25/18	6,645	3137BNN26	FHLMC SERIES KP03 A2	1.78%	7/1/19	6,644.56		0.00
11/1/18	11/25/18	7,098	3136B1XP4	FNA 2018-M5 A2	3.56%	9/25/21	7,097.61		0.00
11/1/18	11/25/18	10,745	3136AQDQ0	FANNIE MAE SERIES 2015-M13 ASQ2	1.64%	9/1/19	10,745.40		0.00
12/1/18	12/25/18	133	3137BNN26	FHLMC SERIES KP03 A2	1.78%	7/1/19	133.26		0.00
12/1/18	12/25/18	3,395	3136B1XP4	FNA 2018-M5 A2	3.56%	9/25/21	3,394.80		0.00
12/1/18	12/25/18	1,583	3136AQDQ0	FANNIE MAE SERIES 2015-M13 ASQ2	1.64%	9/1/19	1,582.80		0.00
Total PAYDOWNS		**56,746**					**56,745.73**		**0.00**
SELL									
10/11/18	10/12/18	550,000	912828D72	US TREASURY NOTES	2.00%	8/31/21	537,053.58	2.94%	(15,252.11)
11/7/18	11/8/18	550,000	912828TJ9	US TREASURY NOTES	1.62%	8/15/22	524,585.85	3.04%	(5,346.12)
11/9/18	11/14/18	150,000	3137EAEB1	FHLMC REFERENCE NOTE	0.87%	7/19/19	148,599.77	2.68%	(1,736.19)
11/9/18	11/14/18	190,000	88579YBA8	3M COMPANY	3.00%	9/14/21	190,127.30	3.16%	(454.02)
11/9/18	11/14/18	200,000	3130A8Y72	FHLB GLOBAL NOTE	0.87%	8/5/19	197,877.25	2.70%	(2,510.33)

For the Quarter Ended December 31, 2018

CITY OF BENICIA RESERVES

Portfolio Activity

Trade Date	Settle Date	Par ($)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt ($)	Yield at Market	Realized G/L (BV)
11/15/18	11/21/18	500,000	3130A8Y72	FHLB GLOBAL NOTE	0.87%	8/5/19	495,113.19	2.65%	(5,947.08)
11/20/18	11/28/18	375,000	3137EAEH8	FREDDIE MAC NOTES	1.37%	8/15/19	373,107.76	2.65%	(3,175.45)
12/4/18	12/12/18	275,000	3135G0P49	FNMA NOTES	1.00%	8/28/19	272,519.19	2.70%	(3,171.99)
12/6/18	12/17/18	150,000	3130ACM92	FEDERAL HOME LOAN BANK NOTES	1.50%	10/21/19	148,799.00	2.75%	(1,439.07)
12/11/18	12/13/18	25,000	912828VP2	US TREASURY NOTES	2.00%	7/31/20	24,867.01	2.80%	(627.95)
12/11/18	12/13/18	600,000	912828VP2	US TREASURY NOTES	2.00%	7/31/20	596,808.43	2.80%	(15,629.57)
12/20/18	12/24/18	100,000	912828TR1	US TREASURY NOTES	1.00%	9/30/19	98,991.33	2.65%	(1,005.71)
12/20/18	12/24/18	325,000	3135G0P49	FNMA NOTES	1.00%	8/28/19	322,301.42	2.73%	(3,629.46)
Total SELL		**3,990,000**					**3,930,751.08**		**-59,925.05**

Portfolio Holdings

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
U.S. Treasury Bond / Note											
US TREASURY NOTES DTD 02/28/2013 1.250% 02/29/2020	912828UQ1	300,000.00	AA+	Aaa	11/5/2015	11/9/2015	296,050.78	1.57	1,274.17	298,910.94	295,382.70
US TREASURY NOTES DTD 08/31/2015 1.375% 08/31/2020	912828L32	750,000.00	AA+	Aaa	7/7/2016	7/12/2016	764,853.52	0.89	3,503.97	756,027.89	735,849.75
US TREASURY NOTES DTD 08/31/2015 1.375% 08/31/2020	912828L32	450,000.00	AA+	Aaa	9/1/2016	9/2/2016	455,009.77	1.09	2,102.38	452,108.31	441,509.85
US TREASURY NOTES DTD 12/31/2015 1.750% 12/31/2020	912828N48	350,000.00	AA+	Aaa	8/2/2016	8/5/2016	361,005.86	1.02	16.92	355,054.82	345,009.70
US TREASURY NOTES DTD 02/28/2014 2.000% 02/28/2021	912828B90	300,000.00	AA+	Aaa	10/3/2016	10/5/2016	310,839.84	1.16	2,038.67	305,386.56	296,882.70
US TREASURY NOTES DTD 05/02/2016 1.375% 04/30/2021	912828Q78	825,000.00	AA+	Aaa	1/3/2017	1/5/2017	808,628.91	1.86	1,942.85	816,013.63	804,632.40
US TREASURY NOTES DTD 05/31/2016 1.375% 05/31/2021	912828R77	875,000.00	AA+	Aaa	3/15/2017	3/17/2017	852,270.51	2.02	1,057.69	861,736.58	852,509.88
US TREASURY NOTES DTD 09/02/2014 2.000% 08/31/2021	912828D72	350,000.00	AA+	Aaa	12/1/2016	12/5/2016	351,052.73	1.93	2,378.45	350,605.54	345,652.30
US TREASURY NOTES DTD 09/02/2014 2.000% 08/31/2021	912828D72	750,000.00	AA+	Aaa	7/6/2017	7/11/2017	754,541.02	1.85	5,096.69	752,962.38	740,683.50
US TREASURY NOTES DTD 09/02/2014 2.000% 08/31/2021	912828D72	900,000.00	AA+	Aaa	6/27/2017	6/29/2017	909,808.59	1.73	6,116.02	906,341.10	888,820.20
US TREASURY NOTES DTD 10/31/2016 1.250% 10/31/2021	912828T67	400,000.00	AA+	Aaa	8/1/2017	8/3/2017	392,328.13	1.72	856.35	394,824.90	386,656.40
US TREASURY NOTES DTD 10/31/2016 1.250% 10/31/2021	912828T67	700,000.00	AA+	Aaa	8/30/2017	8/31/2017	688,953.13	1.64	1,498.62	692,420.90	676,648.70
US TREASURY NOTES DTD 05/01/2017 1.875% 04/30/2022	912828X47	750,000.00	AA+	Aaa	1/3/2018	1/4/2018	740,478.52	2.18	2,408.49	742,593.89	735,644.25
US TREASURY NOTES DTD 05/01/2017 1.875% 04/30/2022	912828X47	650,000.00	AA+	Aaa	7/3/2018	7/6/2018	630,804.69	2.69	2,087.36	633,168.04	637,558.35
US TREASURY NOTES DTD 05/01/2017 1.875% 04/30/2022	912828X47	700,000.00	AA+	Aaa	5/3/2018	5/7/2018	677,632.81	2.73	2,247.93	681,139.77	686,601.30

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
U.S. Treasury Bond / Note											
US TREASURY NOTES DTD 05/01/2017 1.875% 04/30/2022	912828X47	900,000.00	AA+	Aaa	11/2/2017	11/3/2017	896,765.63	1.96	2,890.19	897,576.98	882,773.10
Security Type Sub-Total		**9,950,000.00**					**9,891,024.44**	**1.82**	**37,516.75**	**9,896,872.23**	**9,752,815.08**
Federal Agency Collateralized Mortgage Obligation											
FHLMC SERIES KP03 A2 DTD 04/01/2016 1.780% 07/01/2019	3137BNN26	65,350.88	AA+	Aaa	4/15/2016	4/28/2016	66,002.81	1.10	96.94	65,379.01	64,947.70
FANNIE MAE SERIES 2015-M13 ASQ2 DTD 10/01/2015 1.646% 09/01/2019	3136AQDQ0	16,738.13	AA+	Aaa	10/7/2015	10/30/2015	16,905.75	1.08	22.96	16,749.01	16,636.72
FNA 2018-M5 A2 DTD 04/01/2018 3.560% 09/25/2021	3136B1XP4	156,210.16	AA+	Aaa	4/11/2018	4/30/2018	159,317.33	2.27	463.42	158,727.71	157,964.70
FHLMC MULTIFAMILY STRUCTURED P POOL DTD 12/01/2015 3.090% 08/25/2022	3137BM6P6	150,000.00	AA+	Aaa	4/4/2018	4/9/2018	151,277.34	2.61	386.25	151,032.40	150,734.30
FHMS KP05 A DTD 12/01/2018 3.203% 07/01/2023	3137FKK39	150,000.00	AA+	Aaa	12/7/2018	12/17/2018	149,999.55	3.11	400.38	150,000.00	150,890.64
Security Type Sub-Total		**538,299.17**					**543,502.78**	**2.42**	**1,369.95**	**541,888.13**	**541,174.06**
Federal Agency Bond / Note											
FHLB GLOBAL NOTES DTD 09/09/2016 1.000% 09/26/2019	3130A9EP2	130,000.00	AA+	Aaa	9/8/2016	9/9/2016	129,886.90	1.03	343.06	129,972.33	128,428.04
FEDERAL HOME LOAN BANK NOTES DTD 10/13/2017 1.500% 10/21/2019	3130ACM92	150,000.00	AA+	Aaa	10/12/2017	10/13/2017	149,734.50	1.59	437.50	149,893.20	148,602.75
FNMA NOTES DTD 02/28/2017 1.500% 02/28/2020	3135G0T29	500,000.00	AA+	Aaa	2/24/2017	2/28/2017	499,680.00	1.52	2,562.50	499,874.76	494,309.00
FHLMC AGENCY NOTES DTD 04/20/2017 1.375% 04/20/2020	3137EAEF2	575,000.00	AA+	Aaa	4/19/2017	4/20/2017	573,033.50	1.49	1,559.29	574,135.54	566,295.65
FNMA NOTES DTD 08/01/2017 1.500% 07/30/2020	3135G0T60	550,000.00	AA+	Aaa	7/28/2017	8/1/2017	548,333.50	1.60	3,460.42	549,111.35	540,905.75

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Federal Agency Bond / Note											
FHLB NOTES DTD 09/08/2017 1.375% 09/28/2020	3130ACE26	280,000.00	AA+	Aaa	9/7/2017	9/8/2017	279,101.20	1.48	994.58	279,482.45	274,338.40
FHLMC NOTES DTD 09/29/2017 1.625% 09/29/2020	3137EAEJ4	370,000.00	AA+	Aaa	9/28/2017	9/29/2017	369,330.30	1.69	1,536.53	369,606.60	364,207.65
FHLMC NOTES DTD 11/15/2017 1.875% 11/17/2020	3137EAEK1	550,000.00	AA+	Aaa	11/14/2017	11/15/2017	549,472.00	1.91	1,260.42	549,666.51	543,151.40
FANNIE MAE NOTES DTD 06/25/2018 2.750% 06/22/2021	3135G0U35	400,000.00	AA+	Aaa	6/22/2018	6/25/2018	399,908.00	2.76	275.00	399,922.85	402,244.40
FHLB GLOBAL NOTE DTD 07/14/2016 1.125% 07/14/2021	3130A8QS5	550,000.00	AA+	Aaa	7/14/2016	7/15/2016	546,655.45	1.25	2,870.31	548,276.69	531,170.20
FREDDIE MAC NOTES (CALLABLE) DTD 08/27/2018 2.900% 08/27/2021	3134GSWC5	570,000.00	AA+	Aaa	8/22/2018	8/27/2018	570,000.00	2.90	5,693.67	570,000.00	569,997.72
FEDERAL HOME LOAN BANKS NOTES (CALLABLE) DTD 09/20/2018 3.000% 09/20/2021	3130AEXV7	550,000.00	AA+	Aaa	9/13/2018	9/20/2018	550,000.00	3.00	4,629.17	550,000.00	551,373.90
FEDERAL HOME LOAN BANKS NOTES DTD 10/12/2018 3.000% 10/12/2021	3130AF5B9	550,000.00	AA+	Aaa	10/11/2018	10/12/2018	549,642.50	3.02	3,620.83	549,667.68	557,015.80
Security Type Sub-Total		**5,725,000.00**					**5,714,777.85**	**2.05**	**29,243.28**	**5,719,609.96**	**5,672,040.66**
Corporate Note											
JOHNSON & JOHNSON CORP NOTES DTD 03/01/2016 1.125% 03/01/2019	478160BR4	135,000.00	AAA	Aaa	2/26/2016	3/1/2016	134,983.80	1.13	506.25	134,999.09	134,644.55
GENERAL ELECTRIC CAP CORP NOTES DTD 01/08/2010 5.500% 01/08/2020	36962G4J0	350,000.00	BBB+	Baa1	3/20/2015	3/25/2015	404,715.50	2.05	9,250.69	362,108.45	354,123.00
MICROSOFT CORP NOTES DTD 02/06/2017 1.850% 02/06/2020	594918BV5	250,000.00	AAA	Aaa	1/30/2017	2/6/2017	249,832.50	1.87	1,862.85	249,937.67	248,185.75
CHEVRON CORP NOTES DTD 03/03/2017 1.991% 03/03/2020	166764BP4	375,000.00	AA	Aa2	2/28/2017	3/3/2017	375,000.00	1.99	2,447.27	375,000.00	371,664.00

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Corporate Note											
APPLE INC BONDS DTD 05/11/2017 1.800% 05/11/2020	037833CS7	275,000.00	AA+	Aa1	5/4/2017	5/11/2017	274,719.50	1.84	687.50	274,870.87	271,535.83
THE PROCTER & GAMBLE CO CORP NOTES DTD 10/25/2017 1.900% 10/23/2020	742718FA2	85,000.00	AA-	Aa3	10/23/2017	10/25/2017	84,869.95	1.95	305.06	84,920.44	83,765.63
WAL-MART STORES INC CORP NOTE DTD 10/20/2017 1.900% 12/15/2020	931142EA7	560,000.00	AA	Aa2	10/11/2017	10/20/2017	559,188.00	1.95	472.89	559,487.15	551,214.72
ORACLE CORP BONDS DTD 07/08/2014 2.800% 07/08/2021	68389XBA2	350,000.00	AA-	A1	5/26/2017	6/1/2017	360,178.00	2.06	4,709.44	356,353.38	348,302.85
AMERICAN EXPRESS CREDIT CORP NOTES DTD 11/06/2018 3.700% 11/05/2021	025816BY4	165,000.00	BBB+	A3	11/9/2018	11/14/2018	165,067.65	3.69	932.71	165,065.05	166,482.36
AMERICAN EXPRESS CREDIT CORP NOTES DTD 11/06/2018 3.700% 11/05/2021	025816BY4	110,000.00	BBB+	A3	11/1/2018	11/6/2018	109,975.80	3.71	621.81	109,976.95	110,988.24
CITIGROUP INC CORP (CALLABLE) NOTE DTD 12/08/2016 2.900% 12/08/2021	172967LC3	275,000.00	BBB+	Baa1	11/9/2018	11/14/2018	268,829.00	3.68	509.51	269,082.90	270,552.70
US BANCORP (CALLABLE) NOTES DTD 01/24/2017 2.625% 01/24/2022	91159HHP8	500,000.00	A+	A1	12/11/2018	12/13/2018	487,825.00	3.46	5,723.96	488,014.81	492,402.50
MORGAN STANLEY CORP NOTES DTD 05/19/2017 2.750% 05/19/2022	61744YAH1	275,000.00	BBB+	A3	11/6/2018	11/8/2018	265,743.50	3.78	882.29	266,109.58	267,542.28
JPMORGAN CHASE & CO CORP NOTES DTD 06/18/2018 3.514% 06/18/2022	46647PAS5	275,000.00	A-	A2	6/26/2018	6/28/2018	275,459.25	3.47	348.96	275,405.80	275,622.33
TOYOTA MOTOR CREDIT CORP DTD 09/08/2017 2.150% 09/08/2022	89236TEC5	425,000.00	AA-	Aa3	9/8/2017	9/12/2017	424,498.50	2.18	2,868.16	424,624.75	407,029.30
GOLDMAN SACHS GROUP INC (CALLABLE) NOTES DTD 10/31/2017 2.876% 10/31/2022	38148YAC2	275,000.00	BBB+	A3	11/6/2018	11/8/2018	267,462.25	3.62	1,340.14	267,724.44	267,082.48
BANK OF AMERICA CORP NOTE DTD 01/11/2013 3.300% 01/11/2023	06051GEU9	275,000.00	A-	A3	11/8/2018	11/13/2018	268,501.75	3.92	4,285.42	268,701.89	270,836.23

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Corporate Note											
JPMORGAN CHASE & CO (CALLABLE) NOTES DTD 12/08/2016 2.972% 01/15/2023	48128BAB7	275,000.00	A-	A2	11/5/2018	11/7/2018	266,541.00	3.77	3,768.66	266,828.64	268,119.23
BANK OF NY MELLON CORP DTD 04/30/2018 3.500% 04/28/2023	06406RAG2	500,000.00	A	A1	12/20/2018	12/24/2018	499,425.00	3.53	3,062.50	499,428.26	501,500.50
Security Type Sub-Total		**5,730,000.00**					**5,742,815.95**	**2.81**	**44,586.07**	**5,698,640.12**	**5,661,594.48**
Commercial Paper											
CREDIT AGRICOLE CIB NY COMM PAPER DTD 08/08/2018 0.000% 02/04/2019	22533UP49	700,000.00	A-1	P-1	8/8/2018	8/9/2018	691,577.06	2.45	0.00	698,400.11	698,276.60
DEXIA CREDIT LOCAL SA NY COMM PAPER DTD 06/25/2018 0.000% 03/18/2019	25214PJB0	700,000.00	A-1+	P-1	6/25/2018	6/26/2018	687,118.06	2.55	0.00	696,305.55	696,047.10
MUFG BANK LTD/NY COMM PAPER DTD 07/20/2018 0.000% 04/16/2019	62479MRG0	800,000.00	A-1	P-1	7/20/2018	7/20/2018	784,580.00	2.62	0.00	794,003.34	793,364.80
Security Type Sub-Total		**2,200,000.00**					**2,163,275.12**	**2.54**	**0.00**	**2,188,709.00**	**2,187,688.50**
Certificate of Deposit											
SVENSKA HANDELSBANKEN NY CD DTD 01/12/2017 1.890% 01/10/2019	86958JHB8	575,000.00	A-1+	P-1	1/10/2017	1/12/2017	575,000.00	1.91	5,282.81	575,000.00	574,913.75
SKANDINAV ENSKILDA BANKEN NY CD DTD 08/04/2017 1.840% 08/02/2019	83050FXT3	550,000.00	A-1	P-1	8/3/2017	8/4/2017	549,785.50	1.85	4,272.89	549,937.24	546,927.15
NORDEA BANK AB NY CD DTD 02/22/2018 2.720% 02/20/2020	65590ASN7	550,000.00	AA-	Aa3	2/20/2018	2/22/2018	550,000.00	2.72	5,443.78	550,000.00	549,665.60
UBS AG STAMFORD CT LT CD DTD 03/06/2018 2.900% 03/02/2020	90275DHG8	475,000.00	A+	Aa2	3/2/2018	3/6/2018	475,000.00	2.93	4,553.40	475,000.00	475,268.85

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Certificate of Deposit											
WESTPAC BANKING CORP NY CD DTD 08/07/2017 2.050% 08/03/2020	96121T4A3	490,000.00	AA-	Aa3	8/3/2017	8/7/2017	490,000.00	2.05	4,018.00	490,000.00	483,353.64
BANK OF MONTREAL CHICAGO CERT DEPOS DTD 08/03/2018 3.190% 08/03/2020	06370REU9	500,000.00	A+	Aa2	8/1/2018	8/3/2018	500,000.00	3.23	6,690.14	500,000.00	499,417.50
SWEDBANK (NEW YORK) CERT DEPOS DTD 11/17/2017 2.270% 11/16/2020	87019U6D6	550,000.00	AA-	Aa2	11/16/2017	11/17/2017	550,000.00	2.30	1,595.31	550,000.00	539,570.90
Security Type Sub-Total		**3,690,000.00**					**3,689,785.50**	**2.41**	**31,856.33**	**3,689,937.24**	**3,669,117.39**
Asset-Backed Security / Collateralized Mortgage Obligation											
HART 2018-B A3 DTD 12/12/2018 3.200% 12/15/2022	44933AAC1	110,000.00	AAA	Aaa	12/4/2018	12/12/2018	109,998.68	3.48	185.78	109,998.72	110,622.16
HAROT 2018-4 A3 DTD 11/28/2018 3.160% 01/15/2023	43815AAC6	475,000.00	AAA	Aaa	11/20/2018	11/28/2018	474,928.99	3.17	667.11	474,930.34	477,256.68
VALET 2018-2 A3 DTD 11/21/2018 3.250% 04/20/2023	92869BAD4	425,000.00	AAA	Aaa	11/15/2018	11/21/2018	424,982.15	3.25	422.05	424,982.62	428,520.74
NAROT 2018-C A3 DTD 12/12/2018 3.220% 06/15/2023	65478NAD7	275,000.00	AAA	Aaa	12/4/2018	12/12/2018	274,947.31	3.53	467.35	274,948.00	276,979.15
Security Type Sub-Total		**1,285,000.00**					**1,284,857.13**	**3.30**	**1,742.29**	**1,284,859.68**	**1,293,378.73**
Managed Account Sub Total		**29,118,299.17**					**29,030,038.77**	**2.27**	**146,314.67**	**29,020,516.36**	**28,777,808.90**
Money Market Mutual Fund											
PFM Funds - Govt Select, Instl Cl		104,182.74	AAAm	NR			104,182.74		0.00	104,182.74	104,182.74
Money Market Sub Total		**104,182.74**					**104,182.74**		**0.00**	**104,182.74**	**104,182.74**

Securities Sub-Total	**$29,222,481.91**	**$29,134,221.51**	**2.27%**	**$146,314.67**	**$29,124,699.10**	**$28,881,991.64**
Accrued Interest						**$146,314.67**
Total Investments						**$29,028,306.31**

Bolded items are forward settling trades.

Appendix/Market Update

QUARTERLY MARKET SUMMARY

SUMMARY

- The fourth quarter was not for the faint of heart as markets experienced surging volatility, a worldwide equity sell-off, yield curve inversion, ongoing trade tensions and a partial government shutdown. Just as the New Year turned, however, a modicum of calm returned as stocks regained their footing amid the backdrop of stable U.S. economic prospects.
- The S&P 500 equity index plummeted 14% in the quarter, nearing bear market territory and erasing all gains for the year. International indices didn't fare any better, hampered by failing oil prices, rising protectionism and policy uncertainties.
- In response to the stock market sell-off and global turmoil, U.S. Treasury yields fell sharply and the yield curve partially inverted. While economists have so far shrugged off the yield curve flattening, and its typical interpretation as an early warning sign of an impending recession, weakening economic data emerging in both the U.S. and globally have added to the level of concern.
- The Federal Reserve (Fed) raised the federal funds target rate to a new range of 2.25% to 2.50% in December, the fourth rate increase in 2018. Unlike the well-choreographed path of rate hikes in 2018, the future direction of rates has become far less clear as the Fed appears to be recalibrating monetary policy by signaling a shift to a more "wait and see" and data-dependent approach. The Fed's December estimate was for two rate hikes in 2019, but the market expects none.
- The U.S. government ended the year embroiled in a partial shutdown that began on December 21. Six of 15 executive departments (representing about 75% of U.S. discretionary spending) are fully funded and operating normally. However, the departments of Agriculture, Commerce, Homeland Security, Housing and Urban Development, Justice, Interior, State, Transportation and Treasury are affected by the shutdown. Also affected are independent agencies, including the SEC and EPA. More than 800,000 federal employees and an estimated 4 million government contractors are affected. The White House Council of Economic Advisers estimated that gross domestic product (GDP) will be reduced by 0.13% for each week of the shutdown.

ECONOMIC SNAPSHOT

- U.S. real GDP grew at an annualized rate of 3.4% in the third quarter making the second and third quarters the best back-to-back quarters since 2014. The American consumer continued to drive strong third quarter growth that more than offset moderation in business investment and outright contraction in residential investment.
- U.S. labor market conditions remained healthy, providing the strongest evidence of continued growth of the U.S. economy. The economy added 762,000 new jobs in the fourth quarter, among the strongest quarters of the 9.5-year expansion. While the unemployment rate ticked higher to 3.9%, it was attributed to more workers entering the labor force, which is viewed as a positive sign.
- Inflation in the U.S. remained well contained, hovering around the Fed's 2% target. Nevertheless, inflation expectations weakened. While wage growth rose to match the expansion high, oil prices fell sharply, and home price growth slowed.

INTEREST RATES

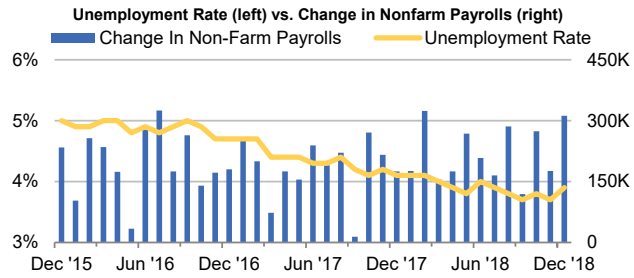
- The U.S. Treasury yield curve inverted between 2- and 5-year maturities for the first time since March 2007. Short-term yields moved higher to parallel the December Fed rate hike, but yields on longer maturities plunged by up to 44 basis points (0.44%) as the market reassessed the trajectory for the U.S. economy and its implication for future Fed action.
- As stock markets fell and volatility rose, credit spreads widened sharply, reflecting heightened risk and uncertainty. Yield spreads on investment-grade corporates rose 44 basis points (63%) while spreads on high yield bonds (those rated below BBB) rose by 210 basis points (66%). Despite wider spreads, corporate profits and underlying fundamentals remained reasonably healthy.

SECTOR PERFORMANCE

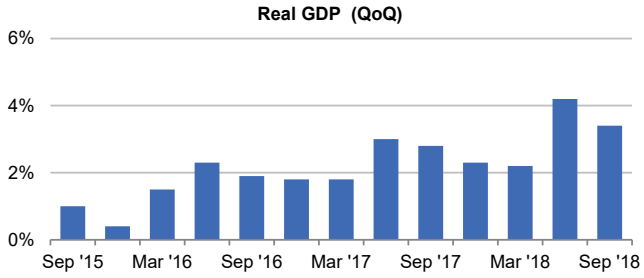
- Total returns in the bond market were strong across the board in the quarter as lower yields pushed prices higher, reversing what had been dismal bond market returns over the first three quarters of the year. While diversification typically boosts returns, fourth quarter performance was led by the U.S. Treasury sector as the flight to quality amid widespread market de-risking led to outperformance relative to most other investment-grade fixed income alternatives.
- As the long-end of the yield curve declined, it led to outperformance of longer maturities relative to shorter maturities. For example, the 3-month Treasury Bill Index generated 0.57% of total return for the quarter, while the 5-year and the 10-Year Treasury indices returned 1.49% and 2.21%, respectively.
- The federal agency sector inside of five years performed well due to a combination of limited issuance and relative immunity from the quarter's spread widening across the credit sectors. Relative performance deteriorated farther out the curve, as even modestly wider spreads negatively impacted longer maturities. Supranationals also posted positive excess returns for the quarter as spreads remained in narrow ranges.
- The investment-grade corporate sector suffered from the market environment in the fourth quarter. Corporates underperformed Treasuries as spreads widened sharply, with higher-quality issues generally outperforming lower-quality ones. Poor fourth quarter performance dragged down trailing 12-month figures as well, which resulted in corporates underperforming Treasuries for the year.
- AAA-rated asset backed securities (ABS) posted negative excess returns for the quarter as spreads widened, but ABS outperformed corporates by a wide margin. The higher quality and conservative structure of most ABS muted the impact of risk aversion on spread movements in the ABS sector.
- Mortgage-backed securities (MBS) generated negative excess returns for the third consecutive quarter. Increased volatility and negative convexity continued to hurt the sector. One bright spot, and one of our continued areas of emphasis, was the shorter agency-backed commercial mortgage-backed securities (CMBS), which was one the best performing slices of the MBS universe.

Economic Snapshot

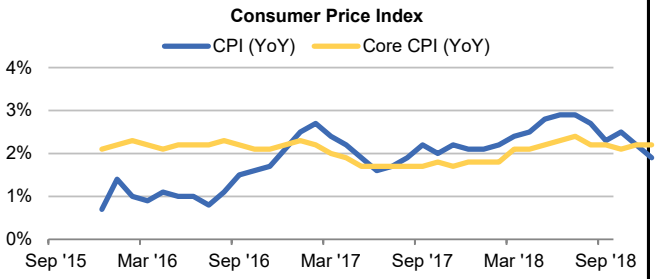
Labor Market		Latest	Sep '18	Dec '17
Unemployment Rate	Dec '18	3.9%	3.7%	4.1%
Change in Non-Farm Payrolls	Dec '18	312,000	119,000	175,000
Average Hourly Earnings (YoY)	Dec '18	3.2%	2.8%	2.7%
Personal Income (YoY)	Nov '18	4.2%	4.2%	4.6%
Initial Jobless Claims (week)	1/19/19	199,000	207,000	248,000



Growth				
Real GDP (QoQ SAAR)	2018Q3	3.4%	4.2%[1]	2.8%[2]
GDP Personal Consumption (QoQ, SAAR)	2018Q3	3.5%	3.8%[1]	2.2%[2]
Retail Sales (YoY)	Nov '18	4.2%	4.0%	5.3%
ISM Manufacturing Survey (month)	Dec '18	54.3	59.5	59.4
Existing Home Sales SAAR (month)	Dec '18	4.99 mil.	5.15 mil.	5.56 mil.



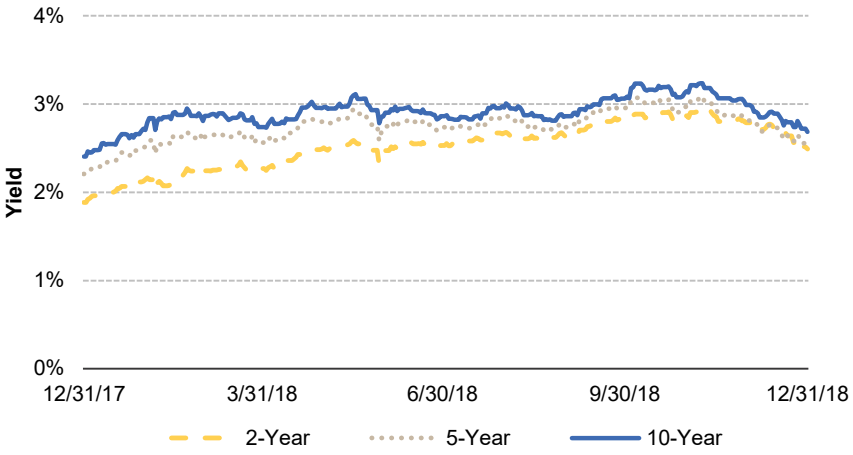
Inflation / Prices				
Personal Consumption Expenditures (YoY)	Nov '18	1.8%	2.0%	1.8%
Consumer Price Index (YoY)	Dec'18	1.9%	2.3%	2.1%
Consumer Price Index Core (YoY)	Dec '18	2.2%	2.2%	1.8%
Crude Oil Futures (WTI, per barrel)	12/31/18	$45.41	$73.25	$60.42
Gold Futures (oz.)	12/31/18	$1,281	$1,192	$1,309



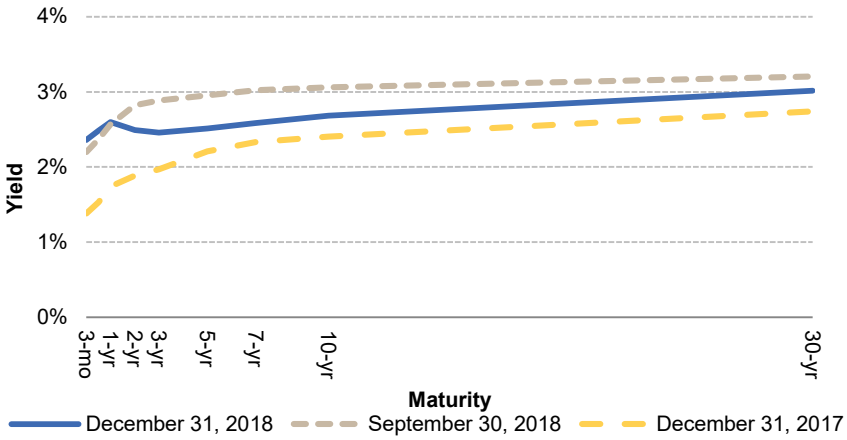
1. Data as of Second Quarter 2018.
2. Data as of Third Quarter 2017.
Note: YoY = year-over-year, QoQ = quarter-over-quarter, SAAR = seasonally adjusted annual rate, WTI = West Texas Intermediate crude oil. Source: Bloomberg.

Interest Rate Overview

U.S. Treasury Note Yields



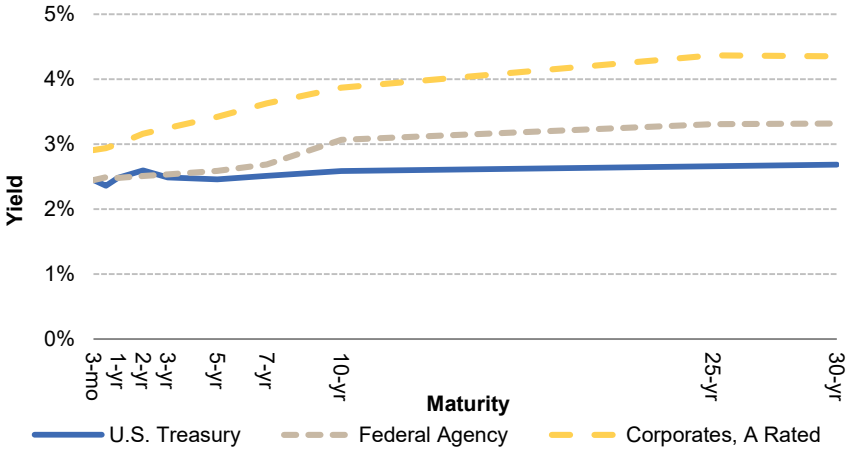
U.S. Treasury Yield Curve



U.S. Treasury Yields

Maturity	Dec '18	Sep '18	Change over Quarter	Dec '17	Change over Year
3-month	2.36%	2.20%	0.16%	1.38%	0.98%
1-year	2.60%	2.57%	0.03%	1.74%	0.86%
2-year	2.49%	2.82%	(0.33%)	1.89%	0.60%
5-year	2.51%	2.95%	(0.44%)	2.21%	0.30%
10-year	2.69%	3.06%	(0.37%)	2.41%	0.28%
30-year	3.02%	3.21%	(0.19%)	2.74%	0.28%

Yield Curves as of 12/31/18



Source: Bloomberg.

ICE BofAML Index Returns

	As of 12/31/18		Returns for Periods ended 12/31/18		
December 31, 2018	**Duration**	**Yield**	**3 Month**	**1 Year**	**3 Years**
1-3 Year Indices					
U.S. Treasury	1.87	2.53%	1.29%	1.58%	0.96%
Federal Agency	1.73	2.56%	1.24%	1.78%	1.13%
U.S. Corporates, A-AAA rated	1.84	3.22%	0.91%	1.64%	1.70%
Agency MBS (0 to 3 years)	4.32	3.19%	2.17%	1.75%	1.21%
Taxable Municipals	1.92	3.06%	1.06%	2.33%	2.31%
1-5 Year Indices					
U.S. Treasury	2.62	2.51%	1.72%	1.52%	1.08%
Federal Agency	2.04	2.56%	1.42%	1.71%	1.23%
U.S. Corporates, A-AAA rated	2.58	3.35%	1.00%	1.16%	1.86%
Agency MBS (0 to 5 years)	3.60	3.11%	1.54%	0.82%	1.27%
Taxable Municipals	2.42	3.33%	1.17%	2.22%	2.49%
Master Indices (Maturities 1 Year or Greater)					
U.S. Treasury	6.30	2.62%	2.60%	0.80%	1.45%
Federal Agency	4.03	2.72%	1.95%	1.37%	1.67%
U.S. Corporates, A-AAA rated	6.85	3.81%	0.66%	(1.69%)	2.69%
Agency MBS (0 to 30 years)	4.86	3.38%	2.04%	1.00%	1.70%
Taxable Municipals	10.42	4.11%	1.60%	(1.10%)	4.79%

Returns for periods greater than one year are annualized.

Source: ICE BofAML Indices.

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- Market values that include accrued interest are derived from closing bid prices as of the last business day of the month as supplied by Interactive Data, Bloomberg, or Telerate. Where prices are not available from generally recognized sources, the securities are priced using a yield based matrix system to arrive at estimated market value.
- In accordance with generally accepted accounting principles, information is presented on a trade date basis; forward settling purchases are included in the monthly balances, and forward settling sales are excluded.
- Performance is presented in accordance with the CFA Institute's Global Investment Performance Standards (GIPS). Unless otherwise noted, performance is shown gross of fees. Quarterly returns are presented on an unannualized basis. Returns for periods greater than one year are presented on an annualized basis. Past performance is not indicative of future returns.
- Bank of America/Merrill Lynch Indices provided by Bloomberg Financial Markets.
- Money market fund/cash balances are included in performance and duration computations.
- Standard & Poor's is the source of the credit ratings. Distribution of credit rating is exclusive of money market fund/LGIP holdings.
- Callable securities in the portfolio are included in the maturity distribution analysis to their stated maturity date, although, they may be called prior to maturity.
- MBS maturities are represented by expected average life.

GLOSSARY

- **ACCRUED INTEREST:** Interest that is due on a bond or other fixed-income security since the last interest payment was made.
- **AGENCIES:** Federal agency securities and/or Government-sponsored enterprises.
- **AMORTIZED COST:** The original cost of the principal of the security is adjusted for the amount of the periodic reduction of any discount or premium from the purchase date until the date of the report. Discount or premium with respect to short-term securities (those with less than one year to maturity at time of issuance) is amortized on a straight-line basis. Such discount or premium with respect to longer-term securities is amortized using the constant yield basis.
- **BANKERS' ACCEPTANCE:** A draft or bill or exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill as well as the insurer.
- **COMMERCIAL PAPER:** An unsecured obligation issued by a corporation or bank to finance its short-term credit needs, such as accounts receivable and inventory.
- **CONTRIBUTION TO DURATION:** Represents each sector or maturity range's relative contribution to the overall duration of the portfolio measured as a percentage weighting. Since duration is a key measure of interest rate sensitivity, the contribution to duration measures the relative amount or contribution of that sector or maturity range to the total rate sensitivity of the portfolio.
- **DURATION TO WORST:** A measure of the sensitivity of a security's price to a change in interest rates, stated in years, computed from cash flows to the maturity date or to the put date, whichever results in the highest yield to the investor.
- **EFFECTIVE DURATION:** A measure of the sensitivity of a security's price to a change in interest rates, stated in years.
- **EFFECTIVE YIELD:** The total yield an investor receives in relation to the nominal yield or coupon of a bond. Effective yield takes into account the power of compounding on investment returns, while nominal yield does not.
- **FDIC:** Federal Deposit Insurance Corporation. A federal agency that insures bank deposits to a specified amount.
- **INTEREST RATE:** Interest per year divided by principal amount and expressed as a percentage.
- **MARKET VALUE:** The value that would be received or paid for an investment in an orderly transaction between market participants at the measurement date.
- **MATURITY:** The date upon which the principal or stated value of an investment becomes due and payable.
- **NEGOTIABLE CERTIFICATES OF DEPOSIT:** A CD with a very large denomination, usually $1 million or more, that can be traded in secondary markets.
- **PAR VALUE:** The nominal dollar face amount of a security.

GLOSSARY

- **PASS-THROUGH SECURITY:** A security representing pooled debt obligations that passes income from debtors to its shareholders. The most common type is the mortgage-backed security.
- **REPURCHASE AGREEMENTS:** A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date.
- **SETTLE DATE:** The date on which the transaction is settled and monies/securities are exchanged. If the settle date of the transaction (i.e., coupon payments and maturity proceeds) occurs on a non-business day, the funds are exchanged on the next business day.
- **TRADE DATE:** The date on which the transaction occurred; however, the final consummation of the security transaction and payment has not yet taken place.
- **UNSETTLED TRADE:** A trade which has been executed; however, the final consummation of the security transaction and payment has not yet taken place.
- **U.S. TREASURY:** The department of the U.S. government that issues Treasury securities.
- **YIELD:** The rate of return based on the current market value, the annual interest receipts, maturity value, and the time period remaining until maturity, stated as a percentage on an annualized basis.
- **YTM AT COST:** The yield to maturity at cost is the expected rate of return based on the original cost, the annual interest receipts, maturity value, and the time period from purchase date to maturity, stated as a percentage on an annualized basis.
- **YTM AT MARKET:** The yield to maturity at market is the rate of return based on the current market value, the annual interest receipts, maturity value, and the time period remaining until maturity, stated as a percentage on an annualized basis.

City of Benicia
Investment Report
As of March 31, 2019

Type of Investment	Name of Issuer	Purchase Date	Maturity Date	Current Yield	Yield to Maturity	Par Value	Cost of Investment	Current Market Value
On Demand								
L.A.I.F.	L.A.I.F.			2.550%		$ 37,047,561.38	$ 37,047,561.38	$ 37,053,005.67
Checking	Well Fargo			0.400%		5,561,868.99	5,561,868.99	5,561,868.99
Money Market	PFM Funds - Govt Select			0.000%		1,339,541.71	1,339,541.71	1,339,541.71
Subtotal						43,948,972.08	43,948,972.08	43,954,416.37
Up to 6 Months								
Commercial Paper	MUFG Bank Ltd/NY	20-Jul-18	16-Apr-19	0.000%	2.620%	800,000.00	784,580.00	799,028.00
US Obligation	FHLMC	28-Apr-16	1-Jul-19	1.788%	1.100%	56,892.77	57,460.32	56,636.31
US Obligation	FNMA	30-Oct-15	1-Sep-19	1.652%	1.080%	10,902.98	11,012.16	10,864.87
US Obligation	FHLB Global Notes	9-Sep-16	26-Sep-19	1.007%	1.030%	130,000.00	129,886.90	129,096.50
US Obligation	FHLB Notes	13-Oct-17	21-Oct-19	1.508%	1.590%	150,000.00	149,734.50	149,203.95
Subtotal						1,147,795.75	1,132,673.88	1,144,829.63
6 Months to 1 Year								
Corporate Note	General Electric	25-Mar-15	8-Jan-20	5.383%	2.050%	350,000.00	404,715.50	357,590.80
Corporate Note	Microsoft	6-Feb-17	6-Feb-20	1.861%	1.870%	250,000.00	249,832.50	248,520.25
Cert of Deposit	Nordea Bank AB NY	22-Feb-18	20-Feb-20	2.730%	2.720%	550,000.00	550,000.00	551,219.35
US Obligation	US Treasury	9-Nov-15	29-Feb-20	1.263%	1.570%	190,000.00	187,498.83	188,003.48
Cert of Deposit	UBS AG Stamford	6-Mar-18	2-Mar-20	2.891%	2.930%	475,000.00	475,000.00	476,529.98
Corporate Note	Chevron Corp Notes	3-Mar-17	3-Mar-20	2.002%	1.990%	375,000.00	375,000.00	372,967.50
Subtotal						2,190,000.00	2,242,046.83	2,194,831.36
1 Year to 2 Years								
Corporate Note	Apple Inc Bonds	11-May-17	11-May-20	1.814%	1.840%	275,000.00	274,719.50	272,859.95
US Obligation	FNMA Notes	1-Aug-17	30-Jul-20	1.518%	1.600%	550,000.00	548,333.50	543,649.70
Cert of Deposit	Westpac Banking	7-Aug-17	3-Aug-20	2.062%	2.050%	490,000.00	490,000.00	487,251.59
Cert of Deposit	Bank of Montreal Chicago	3-Aug-18	3-Aug-20	3.175%	3.230%	500,000.00	500,000.00	502,375.00
US Obligation	US Treasury	2-Sep-16	31-Aug-20	1.395%	1.090%	450,000.00	455,009.77	443,672.10
US Obligation	US Treasury	12-Jul-16	31-Aug-20	1.395%	0.890%	750,000.00	764,853.52	739,453.50
US Obligation	FHLB Notes	8-Sep-17	28-Sep-20	1.396%	1.480%	280,000.00	279,101.20	275,813.44
US Obligation	FHLMC Notes	29-Sep-17	29-Sep-20	1.643%	1.690%	370,000.00	369,330.30	366,034.71
Corporate Note	Procter & Gamble Co	25-Oct-17	23-Oct-20	1.913%	1.950%	85,000.00	84,869.95	84,426.85
Cert of Deposit	Swedbank CD	17-Nov-17	16-Nov-20	2.288%	2.300%	550,000.00	550,000.00	545,697.90
US Obligation	FHLMC Notes	15-Nov-17	17-Nov-20	1.889%	1.910%	550,000.00	549,472.00	545,810.10
Corporate Note	Wal-Mart Stores Inc.	20-Oct-17	15-Dec-20	1.917%	1.950%	560,000.00	559,188.00	555,159.36
US Obligation	US Treasury	5-Aug-16	31-Dec-20	1.767%	1.020%	350,000.00	361,005.86	346,554.60
US Obligation	US Treasury	5-Oct-16	28-Feb-21	2.011%	1.160%	300,000.00	310,839.84	298,289.10
Subtotal						6,060,000.00	6,096,723.44	6,007,047.90

City of Benicia
Investment Report
As of March 31, 2019

Type of Investment	Name of Issuer	Purchase Date	Maturity Date	Current Yield	Yield to Maturity	Par Value	Cost of Investment	Current Market Value
2 Years to 3 Years								
US Obligation	US Treasury	5-Jan-17	30-Apr-21	2.037%	1.860%	825,000.00	808,628.91	809,918.18
US Obligation	US Treasury	17-Mar-17	31-May-21	1.402%	2.020%	875,000.00	852,270.51	858,423.13
US Obligation	Fannie Mae Notes	25-Jun-18	22-Jun-21	2.724%	2.760%	400,000.00	399,908.00	403,800.40
Corporate Note	Oracle Corp Bonds	1-Jun-17	8-Jul-21	2.820%	2.060%	350,000.00	360,178.00	351,436.75
US Obligation	FHLB Global Note	15-Jul-16	14-Jul-21	1.155%	1.250%	550,000.00	546,655.45	535,514.10
US Obligation	US Treasury	11-Jul-17	31-Aug-21	2.013%	1.850%	750,000.00	754,541.02	745,283.25
US Obligation	US Treasury	29-Jun-17	31-Aug-21	2.013%	1.730%	900,000.00	909,808.59	894,339.90
US Obligation	US Treasury	5-Dec-16	31-Aug-21	2.013%	1.930%	350,000.00	351,052.73	347,798.85
US Obligation	FHLB Notes	20-Sep-18	20-Sep-21	2.992%	3.000%	550,000.00	550,000.00	551,498.75
US Obligation	FNA 2018-M5 A2	30-Apr-18	25-Sep-21	3.516%	2.270%	141,945.61	144,769.04	143,734.86
US Obligation	FHLB Notes	12-Oct-18	12-Oct-21	2.949%	3.020%	550,000.00	549,642.50	559,472.10
Corporate Note	American Express	6-Nov-18	5-Nov-21	3.620%	3.710%	110,000.00	109,975.80	112,424.95
Corporate Note	American Express	14-Nov-18	5-Nov-21	3.620%	3.690%	165,000.00	165,067.65	168,637.43
Corporate Note	Citigroup	14-Nov-18	8-Dec-21	2.901%	3.680%	275,000.00	268,829.00	274,927.13
US Obligation	US Treasury	3-Aug-17	31-Oct-21	1.282%	1.720%	400,000.00	392,328.13	389,922.00
US Obligation	US Treasury	31-Aug-17	31-Oct-21	1.282%	1.640%	700,000.00	688,953.13	682,363.50
Corporate Note	John Deere Capital Corp	10-Jan-19	10-Jan-22	3.148%	3.230%	110,000.00	109,894.40	111,834.03
Corporate Note	US Bancorp	13-Dec-18	24-Jan-22	2.622%	3.460%	500,000.00	487,825.00	500,549.00
Cert of Deposit	MUFG Bank LTD/NT	28-Feb-19	25-Feb-22	2.946%	3.010%	300,000.00	300,000.00	303,503.43
Corporate Note	Paccar Financial Corp	1-Mar-19	1-Mar-22	2.828%	2.880%	100,000.00	99,912.00	100,788.60
Subtotal						8,901,945.61	8,850,239.86	8,846,170.34
3 Years to 5 Years								
US Obligation	US Treasury	7-May-18	30-Apr-22	1.895%	2.730%	700,000.00	677,632.81	692,453.30
US Obligation	US Treasury	3-Nov-17	30-Apr-22	1.895%	1.960%	900,000.00	896,765.63	890,297.10
US Obligation	US Treasury	4-Jan-18	30-Apr-22	1.895%	2.180%	750,000.00	740,478.52	741,914.25
US Obligation	US Treasury	6-Jul-18	30-Apr-22	1.895%	2.690%	650,000.00	630,804.69	642,992.35
Corporate Note	Morgan Stanley	8-Nov-18	19-May-22	2.767%	3.780%	275,000.00	265,743.50	273,337.90
Corporate Note	Branch Banking & Trust	18-Mar-19	20-Jun-22	3.032%	3.050%	275,000.00	274,991.75	276,603.80
US Obligation	FHLMC	9-Apr-18	25-Aug-22	3.046%	2.610%	150,000.00	151,277.34	152,179.55
Corporate Note	Toyota Motor Credit Corp	12-Sep-17	8-Sep-22	2.180%	2.180%	425,000.00	424,498.50	419,101.43
Asset Backed	HART 2018-B A3	12-Dec-18	15-Dec-22	3.166%	3.480%	110,000.00	109,998.68	111,189.08
US Obligation	US Treasury	10-Jan-19	31-Dec-22	2.134%	2.510%	1,100,000.00	1,084,144.53	1,095,487.80
US Obligation	US Treasury	31-Jan-19	31-Dec-22	2.134%	2.550%	700,000.00	688,898.44	697,128.60

City of Benicia
Investment Report
As of March 31, 2019

Type of Investment	Name of Issuer	Purchase Date	Maturity Date	Current Yield	Yield to Maturity	Par Value	Cost of Investment	Current Market Value
US Obligation	FHMS	17-Dec-18	1-Jul-23	3.173%	3.110%	133,940.81	133,940.41	135,192.94
Corporate Note	Goldman Sachs Group Inc	8-Nov-18	31-Oct-22	2.902%	3.620%	275,000.00	267,462.25	272,553.33
Corporate Note	Bank of America	13-Nov-18	11-Jan-23	3.259%	3.920%	275,000.00	268,501.75	278,491.40
Asset Backed	HAROT 2018-4 A3	28-Nov-18	15-Jan-23	3.125%	3.170%	475,000.00	474,928.99	480,264.47
Corporate Note	JP Morgan Chase & Co	7-Nov-18	15-Jan-23	2.973%	3.770%	275,000.00	266,541.00	274,885.05
Corporate Note	JP Morgan Chase & Co	22-Mar-19	1-Apr-23	3.188%	3.210%	225,000.00	225,000.00	226,354.05
Asset Backed	VALET	21-Nov-18	20-Apr-23	3.213%	3.250%	425,000.00	424,982.15	429,931.15
Corporate Note	Bank of NY Mellon	24-Dec-18	28-Apr-23	3.413%	3.530%	500,000.00	499,425.00	512,717.50
US Obligation	US Treasury	6-Mar-19	31-May-23	1.666%	2.530%	600,000.00	578,226.56	585,328.20
Asset Backed	NAORT	12-Dec-18	15-Jun-23	3.178%	3.530%	275,000.00	274,947.31	278,591.39
Corporate Note	PNC Bank NA	15-Feb-19	23-Jan-24	3.220%	3.340%	275,000.00	276,958.00	281,552.98
Subtotal						9,768,940.81	9,636,147.81	9,748,547.62
Total (before fiscal agent accounts)						$ 72,017,654.25	$ 71,906,803.90	$ 71,895,843.22
Fiscal Agent Accounts							2,395,517.51	2,395,517.51
TOTAL INVESTMENT PORTFOLIO							$ 74,302,321.41	$ 74,291,360.73

WEIGHTED AVERAGE MATURITY OF THE INVESTMENT PORTFOLIO 1.02 Years

Mark to Market $ (10,960.68)

The City of Benicia complies with Government Code Sections 53600 et seq. and the City's Investment Policy. The source of market value is US Bank. The City has the ability to meet expenditure requirements for the next six months. This report to the best of my knowledge, is accurate representation of the City of Benicia's investments.

Cindy Mosser, Finance Director

Kenneth Paulk, City Treasurer

City of Benicia
Investment Report Totals - March 31, 2019
Reconciliation - PFM and City Reports

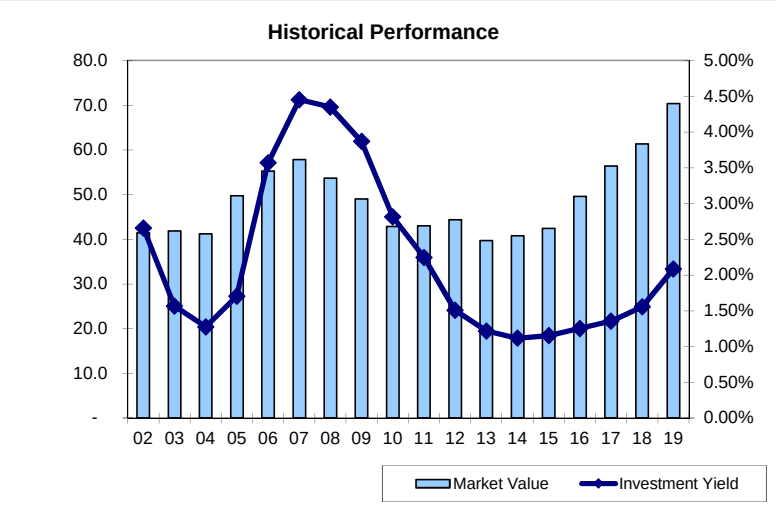
	Amount
Total Market Value Balance - City report	74,291,361
Less: LAIF	(37,053,006)
Wells Fargo Checking account	(5,561,869)
Fiscal Agent accounts	(2,395,518)
Total Market Value	29,280,969

Total Market Value - PFM Report	29,425,494
Less: Accrued Interest	(144,525)
Total Market Value	29,280,969

City of Benicia
Historical Portfolio Comparison

Market Value (Millions)					
Fiscal Year / Quarter	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Annual Average
2002	39.3	41.5	40.3	44.6	41.4
2003	39.7	43.4	39.5	44.8	41.8
2004	39.3	42.8	41.1	41.8	41.3
2005	38.7	53.8	50.0	56.6	49.8
2006	46.9	54.9	55.1	64.3	55.3
2007	57.4	59.3	54.4	60.1	57.8
2008	51.9	54.7	51.4	56.8	53.7
2009	48.1	52.1	47.3	48.7	49.1
2010	42.6	43.7	39.4	45.7	42.9
2011	37.6	46.2	35.7	52.6	43.0
2012	46.6	45.7	40.2	45.0	44.4
2013	39.2	41.3	36.1	42.4	39.8
2014	37.9	41.8	39.0	44.4	40.8
2015	38.5	42.2	42.2	46.8	42.4
2016	46.0	49.8	48.7	53.8	49.6
2017	51.8	54.5	54.5	64.7	56.4
2018	53.3	61.2	61.4	69.5	61.4
2019	63.9	72.9	74.3		70.4

Investment Yield					
Fiscal Year / Quarter	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Annual Average
02	3.62%	2.72%	2.27%	2.01%	2.66%
03	1.90%	1.61%	1.41%	1.34%	1.57%
04	1.38%	1.28%	1.24%	1.20%	1.28%
05	1.31%	1.43%	1.74%	2.33%	1.70%
06	2.52%	3.76%	3.84%	4.16%	3.57%
07	4.34%	4.44%	4.46%	4.57%	4.45%
08	4.56%	4.48%	4.20%	4.15%	4.35%
09	4.01%	4.07%	4.03%	3.36%	3.87%
10	3.17%	2.83%	2.65%	2.60%	2.81%
11	2.51%	2.38%	2.15%	1.95%	2.25%
12	1.76%	1.64%	1.43%	1.21%	1.51%
13	1.22%	1.26%	1.20%	1.18%	1.21%
14	1.15%	1.17%	1.09%	1.05%	1.12%
15	1.07%	1.10%	1.21%	1.23%	1.15%
16	1.26%	1.27%	1.24%	1.23%	1.25%
17	1.25%	1.32%	1.40%	1.45%	1.35%
18	1.46%	1.50%	1.56%	1.71%	1.56%
19	1.81%	2.16%	2.29%		2.09%



Investment Earnings - Dollars						
Fiscal Year / Quarter	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Mark to Market *	Annual Average
2008	319,769	789,398	474,720	327,578	403,879	578,836
2009	275,114	580,504	577,776	469,555	267,309	542,565
2010	299,040	294,913	226,519	289,374	(196,842)	228,251
2011	267,030	235,311	165,343	162,677	(352,938)	119,356
2012	46,173	132,626	130,494	131,294	(47,338)	98,312
2013	88,542	100,933	79,202	89,351	(327,648)	7,595
2014	99,460	45,980	55,704	66,838	122,842	97,706
2015	59,337	48,308	95,462	53,594	79,771	84,118
2016	91,488	21,146	110,223	213,872	299,843	184,143
2017	(86,271)	80,006	157,424	46,161	(426,326)	(57,252)
2018	199,310	100,972	205,660	182,967	(417,713)	67,799
2019	269,056	191,625	337,496	*Not Available*		266,059

* Mark to market is the difference between current year minus prior year's mark to market gain or loss.

CITY OF BENICIA RESERVES

Investment Performance Review
For the Quarter Ended March 31, 2019

Client Management Team

Monique Spyke, Managing Director

PFM Asset Management LLC

50 California Street, Suite 2300
San Francisco, CA 94111
415-982-5544

213 Market Street
Harrisburg, PA 17101-2141
717-232-2723

Investment Strategy & Portfolio Review

Portfolio Recap

- Continuing the trend from the fourth quarter of 2018, interest rates moved lower during the first quarter of 2019, as the Fed stated it has no plans for further rate action in 2019. However, in a strong reversal from the prior quarter, equity markets rebounded, credit spreads tightened and volatility decreased.
- U.S. Treasury yields with maturities beyond one year fell 20-30 basis points (0.20% to 0.30%). In the last week of the quarter, the 3-month to 10-year part of the yield curve inverted temporarily, renewing concerns about a possible recession.
- Our portfolio strategy included the following elements:
  - Because of the maturity of the current business cycle, slower growth prospects, and a Fed now on hold for further rate hikes, we removed our defensive bias with regard to portfolio duration (duration positioning short of the benchmark), a strategy that had been in place for much of 2017-18 while rates were rising. We are now targeting a duration that is in line with the benchmark.
  - Sector allocation strategy continued to favor broad diversification, generally including the widest range of permitted investments. While the fourth quarter flight to safer assets resulted in Treasuries being the best performing sector, the first quarter's rebound generated strong excess returns for the portfolio as most fixed income sectors outperformed similar duration Treasuries.
  - With agency spreads near historic lows, we continued to favor Treasuries in the government space.
  - After corporate yield spreads increased to their widest levels in over two years in the fourth quarter, we sought opportunities to add allocations in the sector as spreads moved tighter throughout the first quarter.

Sector Allocation & Compliance

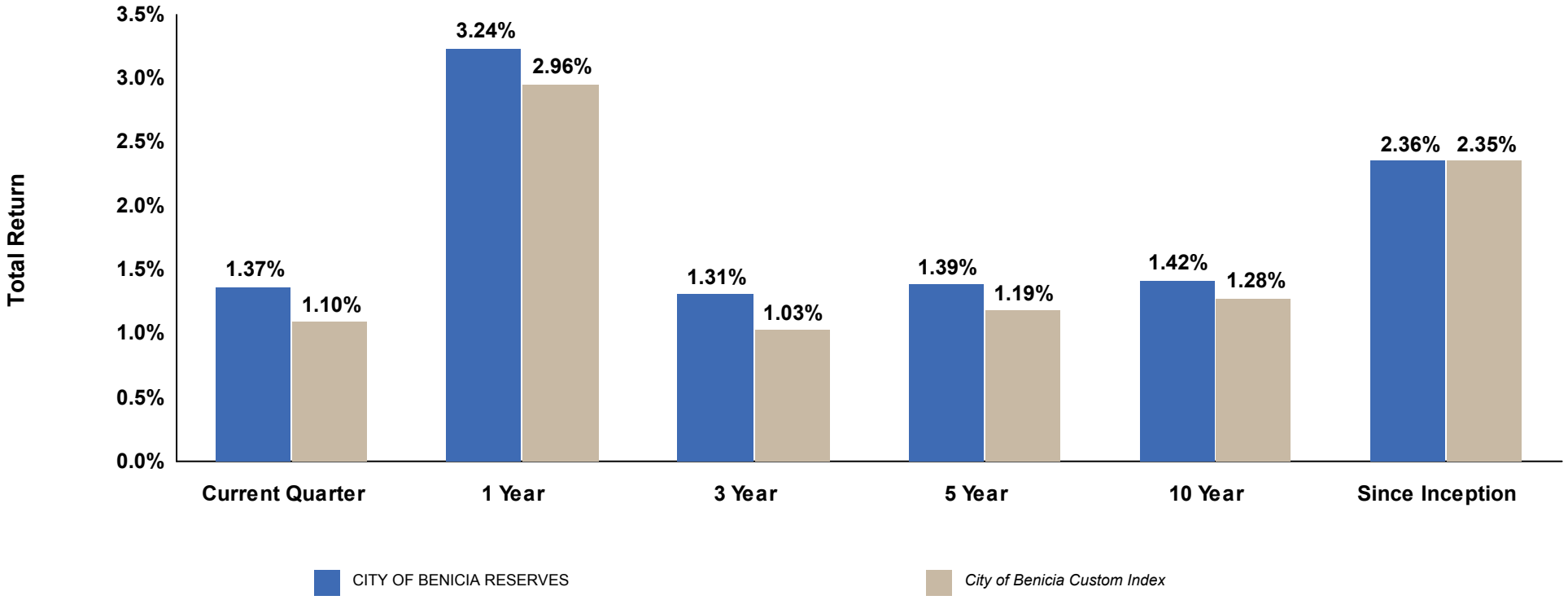
- The portfolio is in compliance with the City's Investment Policy and California Government Code.

Security Type	Market Value	% of Portfolio	% Change vs. 12/31/18	Permitted by Policy	In Compliance
U.S. Treasury	$12,089,623	41.3%	+7.5%	100%	✓
Federal Agency	$4,059,894	13.9%	-5.7%	100%	✓
Federal Agency CMOs	$498,609	1.7%	-0.2%	100%	✓
Negotiable CDs	$2,866,577	9.8%	-2.9%	30%	✓
Corporate Notes	$6,327,720	21.6%	+2.0%	30%	✓
Commercial Paper	$799,028	2.7%	-4.9%	25%	✓
Asset-Backed Securities	$1,299,976	4.4%	-0.1%	20%	✓
Securities Sub-Total	**$27,941,427**	**95.4%**			
Accrued Interest	$144,525				
Securities Total	**$28,085,952**				
Money Market Fund	$1,339,542	4.6%	+4.2%	20%	✓
Total Investments	**$29,425,494**	**100.0%**			

Market values, excluding accrued interest. Detail may not add to total due to rounding. Current investment policy as of March 2018.

Portfolio Performance (Total Return)

Portfolio/Benchmark	Effective Duration	Current Quarter	1 Year	Annualized Return 3 Year	5 Year	10 Year	Since Inception (12/31/05)
CITY OF BENICIA RESERVES	2.19	1.37%	3.24%	1.31%	1.39%	1.42%	2.36%
City of Benicia Custom Index	*2.09*	*1.10%*	*2.96%*	*1.03%*	*1.19%*	*1.28%*	*2.35%*
Difference		0.27%	0.28%	0.28%	0.20%	0.14%	0.01%



Portfolio performance is gross of fees unless otherwise indicated.

Portfolio Earnings

Quarter-Ended March 31, 2019

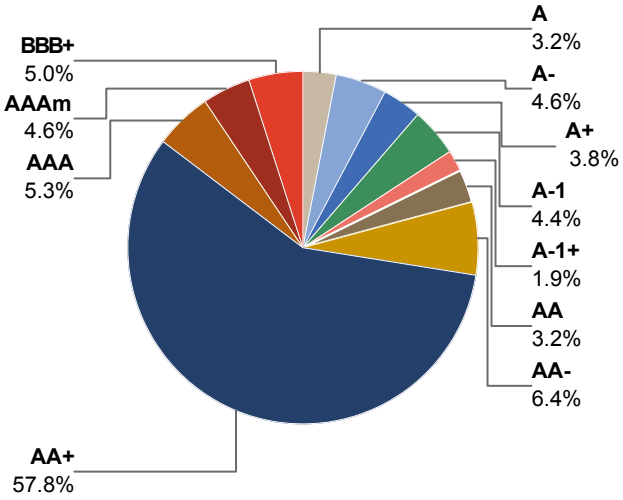
	Market Value Basis	Accrual (Amortized Cost) Basis
Beginning Value (12/31/2018)	$28,881,991.64	$29,124,699.10
Net Purchases/Sales	$154,975.32	$154,975.32
Change in Value	$244,001.60	$253.44
Ending Value (03/31/2019)	$29,280,968.56	$29,279,927.86
Interest Earned	$153,156.06	$153,156.06
Portfolio Earnings	$397,157.66	$153,409.50

Portfolio Statistics

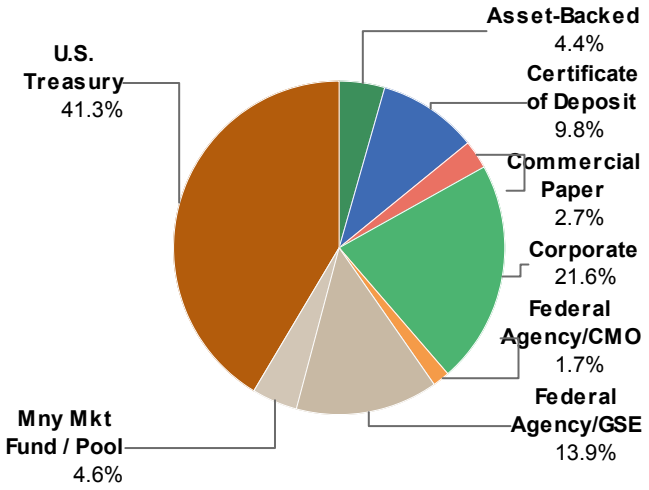
As of March 31, 2019

Par Value:	$29,408,224
Total Market Value:	$29,425,494
Security Market Value:	$27,941,427
Accrued Interest:	$144,525
Cash:	-
PFM Funds	$1,339,542
Amortized Cost:	$29,279,928
Yield at Market:	2.47%
Yield at Cost:	2.35%
Effective Duration:	2.19 Years
Duration to Worst:	2.18 Years
Average Maturity:	2.43 Years
Average Credit: *	AA

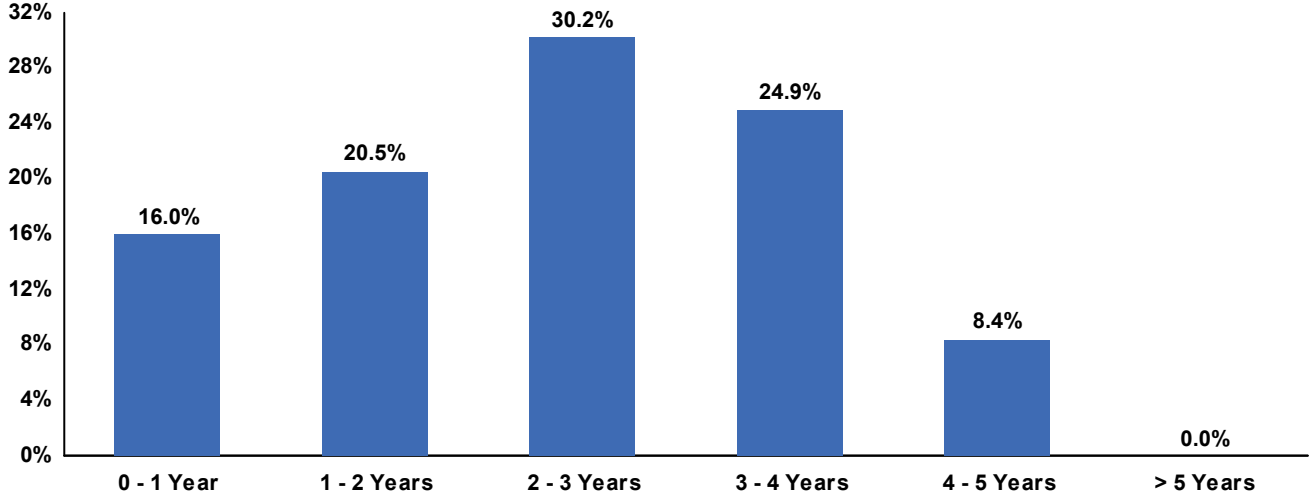
Credit Quality (S&P Ratings)**



Sector Allocation



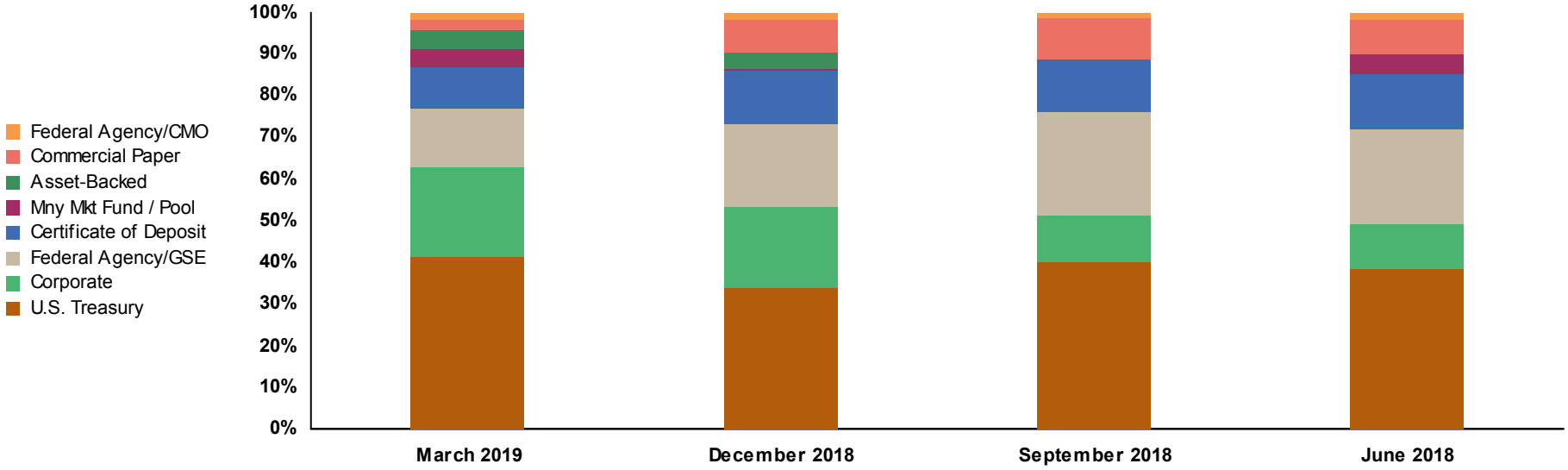
Maturity Distribution



*An average of each security's credit rating assigned a numeric value and adjusted for its relative weighting in the portfolio.
**Securities held in the City's portfolio are in compliance with California Government Code and the City's investmetn policy dated March 2018.

Sector Allocation

Sector	March 31, 2019 MV ($MM)	March 31, 2019 % of Total	December 31, 2018 MV ($MM)	December 31, 2018 % of Total	September 30, 2018 MV ($MM)	September 30, 2018 % of Total	June 30, 2018 MV ($MM)	June 30, 2018 % of Total
U.S. Treasury	12.1	41.3%	9.8	33.7%	11.4	40.0%	10.9	38.4%
Corporate	6.3	21.6%	5.7	19.6%	3.2	11.3%	3.0	10.7%
Federal Agency/GSE	4.1	13.9%	5.7	19.6%	7.0	24.6%	6.5	22.8%
Certificate of Deposit	2.9	9.8%	3.7	12.7%	3.7	12.8%	3.7	13.0%
Mny Mkt Fund / Pool	1.3	4.6%	0.1	0.4%	0.1	0.2%	1.4	5.0%
Asset-Backed	1.3	4.4%	1.3	4.5%	0.0	0.0%	0.0	0.0%
Commercial Paper	0.8	2.7%	2.2	7.6%	2.7	9.5%	2.3	8.2%
Federal Agency/CMO	0.5	1.7%	0.5	1.9%	0.4	1.6%	0.5	1.9%
Total	**$29.3**	**100.0%**	**$28.9**	**100.0%**	**$28.6**	**100.0%**	**$28.5**	**100.0%**

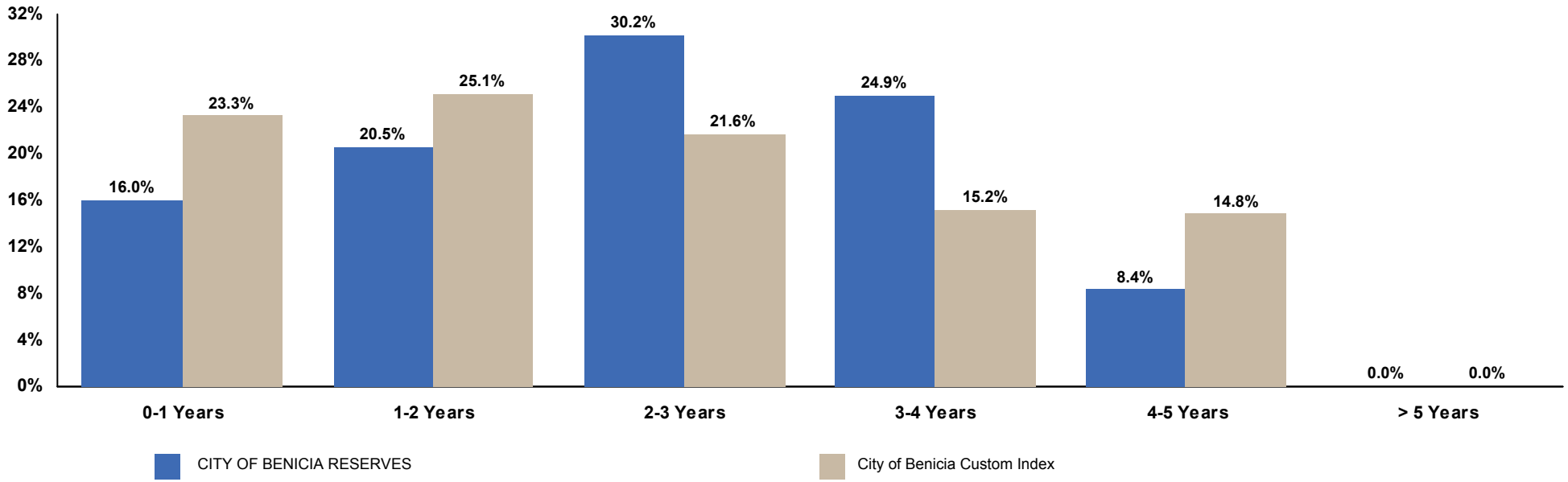


Detail may not add to total due to rounding.

Maturity Distribution

As of March 31, 2019

Portfolio/Benchmark	Yield at Market	Average Maturity	0-1 Years	1-2 Years	2-3 Years	3-4 Years	4-5 Years	>5 Years
CITY OF BENICIA RESERVES	2.47%	2.43 yrs	16.0%	20.5%	30.2%	24.9%	8.4%	0.0%
City of Benicia Custom Index	*2.33%*	*2.26 yrs*	*23.3%*	*25.1%*	*21.6%*	*15.2%*	*14.8%*	*0.0%*



Investment Strategy Outlook

- With the Fed on hold and the market's current outlook for lower future interest rates, we will maintain a neutral duration posture in the portfolio relative to the benchmark.
- As a result of the outlook for slower economic growth, we continue to recommend maintaining diversification among investment grade sectors with a tilt toward higher grade corporate bonds given their income-producing potential.
- Our outlook for each of the major investment-grade fixed-income sectors are as follows:
  - As federal agency spreads remain very tight, we expect agency purchases to be minimal, seeking better value in either Treasuries or other sectors. Given the inverted-to-flat yield curve, we will also evaluate callable agencies for their incremental yield.
  - In the corporate sector, yield spreads have narrowed, settling in around longer-term, post-recession historical averages. Although the Treasury yield curve is flat, the corporate spread curve remains positively sloped, offering value for extending maturities. But, given international growth concerns, we remain diligent in our issuer and security selection process.
  - Allocations to AAA-rated ABS will be maintained. The sector offers an attractive incremental income compared to similar duration government securities and continues to offer a defensive outlet relative to other credit instruments.
  - Short-term, high quality credit in the form of negotiable certificates of deposit and commercial paper offer good income potential, especially in light of the partially inverted Treasury yield curve.

Issuer Distribution

Sector/Issuer Distribution

As of March 31, 2019

Sector / Issuer	Market Value ($)	% of Sector	% of Total Portfolio
Asset-Backed			
HONDA AUTO RECEIVABLES	480,264	36.9%	1.6%
HYUNDAI AUTO RECEIVABLES	111,189	8.6%	0.4%
NISSAN AUTO RECEIVABLES	278,591	21.4%	1.0%
VOLKSWAGEN OF AMERICA	429,931	33.1%	1.5%
Sector Total	**1,299,976**	**100.0%**	**4.4%**
Certificate of Deposit			
BANK OF MONTREAL	502,375	17.5%	1.7%
MITSUBISHI UFJ FINANCIAL GROUP INC	303,503	10.6%	1.0%
NORDEA BANK AB	551,219	19.2%	1.9%
SWEDBANK AB	545,698	19.0%	1.9%
UBS AG	476,530	16.6%	1.6%
WESTPAC BANKING CORP	487,252	17.0%	1.7%
Sector Total	**2,866,577**	**100.0%**	**9.8%**
Commercial Paper			
MITSUBISHI UFJ FINANCIAL GROUP INC	799,028	100.0%	2.7%
Sector Total	**799,028**	**100.0%**	**2.7%**
Corporate			

Sector / Issuer	Market Value ($)	% of Sector	% of Total Portfolio
AMERICAN EXPRESS CO	281,062	4.4%	1.0%
APPLE INC	272,860	4.3%	0.9%
BANK OF AMERICA CO	278,491	4.4%	1.0%
BB&T CORPORATION	276,604	4.4%	0.9%
CHEVRON CORPORATION	372,968	5.9%	1.3%
CITIGROUP INC	274,927	4.3%	0.9%
DEERE & COMPANY	111,834	1.8%	0.4%
GENERAL ELECTRIC CO	357,591	5.7%	1.2%
GOLDMAN SACHS GROUP INC	272,553	4.3%	0.9%
JP MORGAN CHASE & CO	501,239	7.9%	1.7%
MICROSOFT CORP	248,520	3.9%	0.8%
MORGAN STANLEY	273,338	4.3%	0.9%
ORACLE CORP	351,437	5.6%	1.2%
PACCAR FINANCIAL CORP	100,789	1.6%	0.3%
PNC FINANCIAL SERVICES GROUP	281,553	4.4%	1.0%
PROCTER & GAMBLE CO	84,427	1.3%	0.3%
THE BANK OF NEW YORK MELLON CORPORATION	512,718	8.1%	1.8%
TOYOTA MOTOR CORP	419,101	6.6%	1.4%
US BANCORP	500,549	7.9%	1.7%
WAL-MART STORES INC	555,159	8.8%	1.9%
Sector Total	**6,327,720**	**100.0%**	**21.6%**
Federal Agency/CMO			
FANNIE MAE	154,600	31.0%	0.5%
FREDDIE MAC	344,009	69.0%	1.2%

Sector / Issuer	Market Value ($)	% of Sector	% of Total Portfolio
Sector Total	**498,609**	**100.0%**	**1.7%**
Federal Agency/GSE			
FANNIE MAE	947,450	23.3%	3.2%
FEDERAL HOME LOAN BANKS	2,200,599	54.2%	7.5%
FREDDIE MAC	911,845	22.5%	3.1%
Sector Total	**4,059,894**	**100.0%**	**13.9%**
Mny Mkt Fund / Pool			
PFM FUNDS - GOVT SELECT, INSTL CL	1,339,542	100.0%	4.6%
Sector Total	**1,339,542**	**100.0%**	**4.6%**
U.S. Treasury			
UNITED STATES TREASURY	12,089,623	100.0%	41.3%
Sector Total	**12,089,623**	**100.0%**	**41.3%**
Portfolio Total	**29,280,969**	**100.0%**	**100.0%**

Portfolio Transactions

Quarterly Portfolio Transactions

Trade Date	Settle Date	Par ($)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt ($)	Yield at Market	Realized G/L (BV)
BUY									
1/4/19	1/10/19	110,000	24422EUQ0	JOHN DEERE CAPITAL CORP CORP NOTES	3.20%	1/10/22	109,894.40	3.23%	
1/7/19	1/10/19	1,100,000	912828N30	US TREASURY NOTES	2.12%	12/31/22	1,084,790.25	2.51%	
1/30/19	1/31/19	700,000	912828N30	US TREASURY NOTES	2.12%	12/31/22	690,172.27	2.55%	
2/12/19	2/15/19	275,000	693475AV7	PNC BANK NA CORP NOTES	3.50%	1/23/24	277,546.19	3.34%	
2/22/19	3/1/19	100,000	69371RP75	PACCAR FINANCIAL CORP NOTE	2.85%	3/1/22	99,912.00	2.88%	
2/27/19	2/28/19	300,000	55379WZU3	MUFG BANK LTD/NY CERT DEPOS	2.98%	2/25/22	300,000.00	3.01%	
3/4/19	3/6/19	600,000	912828R69	US TREASURY N/B NOTES	1.62%	5/31/23	580,797.99	2.53%	
3/11/19	3/18/19	275,000	05531FBG7	BRANCH BANKING & TRUST CORP NOTES	3.05%	6/20/22	274,991.75	3.05%	
3/15/19	3/22/19	225,000	46647PBB1	JPMORGAN CHASE & CO BONDS	3.20%	4/1/23	225,000.00	3.21%	
Total BUY		**3,685,000**					**3,643,104.85**		
INTEREST									
1/1/19	1/25/19	65,351	3137BNN26	FHLMC SERIES KP03 A2	1.78%	7/1/19	96.94		
1/1/19	1/25/19	16,738	3136AQDQ0	FANNIE MAE SERIES 2015-M13 ASQ2	1.64%	9/1/19	22.96		
1/1/19	1/25/19	156,210	3136B1XP4	FNA 2018-M5 A2	3.56%	9/25/21	493.06		
1/1/19	1/25/19	150,000	3137FKK39	FHMS KP05 A	3.20%	7/1/23	400.38		
1/1/19	1/25/19	150,000	3137BM6P6	FHLMC SERIES K721 A2	3.09%	8/25/22	386.25		
1/8/19	1/8/19	350,000	68389XBA2	ORACLE CORP BONDS	2.80%	7/8/21	4,900.00		
1/8/19	1/8/19	350,000	36962G4J0	GENERAL ELECTRIC CAP CORP NOTES	5.50%	1/8/20	9,625.00		
1/10/19	1/10/19	575,000	86958JHB8	SVENSKA HANDELSBANKEN NY CD	1.89%	1/10/19	5,554.50		
1/11/19	1/11/19	275,000	06051GEU9	BANK OF AMERICA CORP NOTE	3.30%	1/11/23	4,537.50		
1/14/19	1/14/19	550,000	3130A8QS5	FHLB GLOBAL NOTE	1.12%	7/14/21	3,093.75		
1/15/19	1/15/19	475,000	43815AAC6	HAROT 2018-4 A3	3.16%	1/15/23	1,250.83		
1/15/19	1/15/19	110,000	44933AAC1	HART 2018-B A3	3.20%	12/15/22	322.67		

For the Quarter Ended March 31, 2019

CITY OF BENICIA RESERVES

Portfolio Activity

Trade Date	Settle Date	Par ($)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt ($)	Yield at Market	Realized G/L (BV)
1/15/19	1/15/19	275,000	65478NAD7	NAROT 2018-C A3	3.22%	6/15/23	811.71		
1/15/19	1/15/19	275,000	48128BAB7	JPMORGAN CHASE & CO (CALLABLE) NOTES	2.97%	1/15/23	4,086.50		
1/20/19	1/20/19	425,000	92869BAD4	VALET 2018-2 A3	3.25%	4/20/23	1,151.04		
1/24/19	1/24/19	500,000	91159HHP8	US BANCORP (CALLABLE) NOTES	2.62%	1/24/22	6,562.50		
1/30/19	1/30/19	550,000	3135G0T60	FNMA NOTES	1.50%	7/30/20	4,125.00		
2/1/19	2/25/19	149,759	3137FKK39	FHMS KP05 A	3.20%	7/1/23	399.73		
2/1/19	2/25/19	16,705	3136AQDQ0	FANNIE MAE SERIES 2015-M13 ASQ2	1.64%	9/1/19	22.91		
2/1/19	2/25/19	61,088	3137BNN26	FHLMC SERIES KP03 A2	1.78%	7/1/19	90.61		
2/1/19	2/25/19	150,000	3137BM6P6	FHLMC SERIES K721 A2	3.09%	8/25/22	386.25		
2/1/19	2/25/19	147,280	3136B1XP4	FNA 2018-M5 A2	3.56%	9/25/21	444.82		
2/4/19	2/4/19	550,000	83050FXT3	SKANDINAVISKA ENSKILDA BANKEN NY CD	1.84%	8/2/19	5,228.67		
2/6/19	2/6/19	250,000	594918BV5	MICROSOFT CORP NOTES	1.85%	2/6/20	2,312.50		
2/7/19	2/7/19	490,000	96121T4A3	WESTPAC BANKING CORP NY CD	2.05%	8/3/20	5,022.50		
2/15/19	2/15/19	110,000	44933AAC1	HART 2018-B A3	3.20%	12/15/22	293.33		
2/15/19	2/15/19	475,000	43815AAC6	HAROT 2018-4 A3	3.16%	1/15/23	1,250.83		
2/15/19	2/15/19	275,000	65478NAD7	NAROT 2018-C A3	3.22%	6/15/23	737.92		
2/20/19	2/20/19	550,000	65590ASN7	NORDEA BANK AB NY CD	2.72%	2/20/20	7,480.00		
2/20/19	2/20/19	425,000	92869BAD4	VALET 2018-2 A3	3.25%	4/20/23	1,151.04		
2/27/19	2/27/19	570,000	3134GSWC5	FREDDIE MAC NOTES (CALLED OMD 8/27/2021)	2.90%	2/27/19	8,265.00		
2/28/19	2/28/19	900,000	912828D72	US TREASURY NOTES	2.00%	8/31/21	9,000.00		
2/28/19	2/28/19	450,000	912828L32	US TREASURY NOTES	1.37%	8/31/20	3,093.75		
2/28/19	2/28/19	750,000	912828L32	US TREASURY NOTES	1.37%	8/31/20	5,156.25		
2/28/19	2/28/19	190,000	912828UQ1	US TREASURY NOTES	1.25%	2/29/20	1,187.50		
2/28/19	2/28/19	300,000	912828B90	US TREASURY NOTES	2.00%	2/28/21	3,000.00		
2/28/19	2/28/19	350,000	912828D72	US TREASURY NOTES	2.00%	8/31/21	3,500.00		
2/28/19	2/28/19	750,000	912828D72	US TREASURY NOTES	2.00%	8/31/21	7,500.00		
3/1/19	3/1/19	135,000	478160BR4	JOHNSON & JOHNSON CORP NOTES	1.12%	3/1/19	759.38		
3/1/19	3/25/19	150,000	3137BM6P6	FHLMC SERIES K721 A2	3.09%	8/25/22	386.25		
3/1/19	3/25/19	13,075	3136AQDQ0	FANNIE MAE SERIES 2015-M13 ASQ2	1.64%	9/1/19	17.93		
3/1/19	3/25/19	60,972	3137BNN26	FHLMC SERIES KP03 A2	1.78%	7/1/19	90.44		

Trade Date	Settle Date	Par ($)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt ($)	Yield at Market	Realized G/L (BV)
3/1/19	3/25/19	149,517	3137FKK39	FHMS KP05 A	3.20%	7/1/23	399.09		
3/1/19	3/25/19	144,832	3136B1XP4	FNA 2018-M5 A2	3.56%	9/25/21	438.28		
3/3/19	3/3/19	375,000	166764BP4	CHEVRON CORP NOTES	1.99%	3/3/20	3,733.13		
3/4/19	3/4/19	475,000	90275DHG8	UBS AG STAMFORD CT LT CD	2.90%	3/2/20	6,925.76		
3/8/19	3/8/19	425,000	89236TEC5	TOYOTA MOTOR CREDIT CORP NOTES	2.15%	9/8/22	4,568.75		
3/15/19	3/15/19	475,000	43815AAC6	HAROT 2018-4 A3	3.16%	1/15/23	1,250.83		
3/15/19	3/15/19	110,000	44933AAC1	HART 2018-B A3	3.20%	12/15/22	293.33		
3/15/19	3/15/19	275,000	65478NAD7	NAROT 2018-C A3	3.22%	6/15/23	737.92		
3/20/19	3/20/19	550,000	3130AEXV7	FEDERAL HOME LOAN BANKS NOTES (CALLABLE)	3.00%	9/20/21	8,250.00		
3/20/19	3/20/19	425,000	92869BAD4	VALET 2018-2 A3	3.25%	4/20/23	1,151.04		
3/26/19	3/26/19	130,000	3130A9EP2	FHLB GLOBAL NOTES	1.00%	9/26/19	650.00		
3/28/19	3/28/19	280,000	3130ACE26	FHLB NOTES	1.37%	9/28/20	1,925.00		
3/29/19	3/29/19	370,000	3137EAEJ4	FHLMC NOTES	1.62%	9/29/20	3,006.25		
Total INTEREST		**17,701,527**					**147,527.58**		

MATURITY

1/10/19	1/10/19	575,000	86958JHB8	SVENSKA HANDELSBANKEN NY CD	1.89%	1/10/19	575,000.00		0.00
2/4/19	2/4/19	700,000	22533UP49	CREDIT AGRICOLE CIB NY COMM PAPER	0.00%	2/4/19	700,000.00		0.00
2/27/19	2/27/19	570,000	3134GSWC5	FREDDIE MAC NOTES (CALLED OMD 8/27/2021)	2.90%	2/27/19	570,000.00		0.00
3/1/19	3/1/19	135,000	478160BR4	JOHNSON & JOHNSON CORP NOTES	1.12%	3/1/19	135,000.00		0.00
3/18/19	3/18/19	700,000	25214PJB0	DEXIA CREDIT LOCAL SA NY COMM PAPER	0.00%	3/18/19	700,000.00		0.00
Total MATURITY		**2,680,000**					**2,680,000.00**		**0.00**

PAYDOWNS

1/1/19	1/25/19	241	3137FKK39	FHMS KP05 A	3.20%	7/1/23	240.85		0.00
1/1/19	1/25/19	8,931	3136B1XP4	FNA 2018-M5 A2	3.56%	9/25/21	8,930.52		0.00

Trade Date	Settle Date	Par ($)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt ($)	Yield at Market	Realized G/L (BV)
1/1/19	1/25/19	33	3136AQDQ0	FANNIE MAE SERIES 2015-M13 ASQ2	1.64%	9/1/19	32.66		0.00
1/1/19	1/25/19	4,263	3137BNN26	FHLMC SERIES KP03 A2	1.78%	7/1/19	4,263.01		0.00
2/1/19	2/25/19	116	3137BNN26	FHLMC SERIES KP03 A2	1.78%	7/1/19	116.06		0.00
2/1/19	2/25/19	2,447	3136B1XP4	FNA 2018-M5 A2	3.56%	9/25/21	2,447.39		0.00
2/1/19	2/25/19	242	3137FKK39	FHMS KP05 A	3.20%	7/1/23	242.08		0.00
2/1/19	2/25/19	3,630	3136AQDQ0	FANNIE MAE SERIES 2015-M13 ASQ2	1.64%	9/1/19	3,630.48		0.00
3/1/19	3/25/19	15,576	3137FKK39	FHMS KP05 A	3.20%	7/1/23	15,576.26		0.00
3/1/19	3/25/19	4,079	3137BNN26	FHLMC SERIES KP03 A2	1.78%	7/1/19	4,079.04		0.00
3/1/19	3/25/19	2,172	3136AQDQ0	FANNIE MAE SERIES 2015-M13 ASQ2	1.64%	9/1/19	2,172.01		0.00
3/1/19	3/25/19	2,887	3136B1XP4	FNA 2018-M5 A2	3.56%	9/25/21	2,886.64		0.00
Total PAYDOWNS		**44,617**					**44,617.00**		**0.00**
SELL									
1/4/19	1/10/19	110,000	912828UQ1	US TREASURY NOTES	1.25%	2/29/20	108,881.46	2.57%	(1,229.07)
1/7/19	1/10/19	575,000	3137EAEF2	FHLMC AGENCY NOTES	1.37%	4/20/20	567,740.94	2.63%	(8,167.98)
1/7/19	1/10/19	500,000	3135G0T29	FNMA NOTES	1.50%	2/28/20	496,565.00	2.61%	(6,062.44)
2/7/19	2/11/19	550,000	83050FXT3	SKANDINAVISKA ENSKILDA BANKEN NY CD	1.84%	8/2/19	548,097.00	2.60%	(2,105.32)
3/15/19	3/22/19	275,000	46647PAS5	JPMORGAN CHASE & CO CORP NOTES	3.51%	6/18/22	280,292.50	3.18%	2,388.46
Total SELL		**2,010,000**					**2,001,576.90**		**-15,176.35**

Portfolio Holdings

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
U.S. Treasury Bond / Note											
US TREASURY NOTES DTD 02/28/2013 1.250% 02/29/2020	912828UQ1	190,000.00	AA+	Aaa	11/5/2015	11/9/2015	187,498.83	1.57	206.52	189,456.13	188,003.48
US TREASURY NOTES DTD 08/31/2015 1.375% 08/31/2020	912828L32	750,000.00	AA+	Aaa	7/7/2016	7/12/2016	764,853.52	0.89	896.74	755,136.20	739,453.50
US TREASURY NOTES DTD 08/31/2015 1.375% 08/31/2020	912828L32	450,000.00	AA+	Aaa	9/1/2016	9/2/2016	455,009.77	1.09	538.04	451,796.90	443,672.10
US TREASURY NOTES DTD 12/31/2015 1.750% 12/31/2020	912828N48	350,000.00	AA+	Aaa	8/2/2016	8/5/2016	361,005.86	1.02	1,539.71	354,430.38	346,554.60
US TREASURY NOTES DTD 02/28/2014 2.000% 02/28/2021	912828B90	300,000.00	AA+	Aaa	10/3/2016	10/5/2016	310,839.84	1.16	521.74	304,777.16	298,289.10
US TREASURY NOTES DTD 05/02/2016 1.375% 04/30/2021	912828Q78	825,000.00	AA+	Aaa	1/3/2017	1/5/2017	808,628.91	1.86	4,763.12	816,954.12	809,918.18
US TREASURY NOTES DTD 05/31/2016 1.375% 05/31/2021	912828R77	875,000.00	AA+	Aaa	3/15/2017	3/17/2017	852,270.51	2.02	4,032.45	863,067.97	858,423.13
US TREASURY NOTES DTD 09/02/2014 2.000% 08/31/2021	912828D72	750,000.00	AA+	Aaa	7/6/2017	7/11/2017	754,541.02	1.85	1,304.35	752,693.33	745,283.25
US TREASURY NOTES DTD 09/02/2014 2.000% 08/31/2021	912828D72	350,000.00	AA+	Aaa	12/1/2016	12/5/2016	351,052.73	1.93	608.70	350,550.60	347,798.85
US TREASURY NOTES DTD 09/02/2014 2.000% 08/31/2021	912828D72	900,000.00	AA+	Aaa	6/27/2017	6/29/2017	909,808.59	1.73	1,565.22	905,764.33	894,339.90
US TREASURY NOTES DTD 10/31/2016 1.250% 10/31/2021	912828T67	400,000.00	AA+	Aaa	8/1/2017	8/3/2017	392,328.13	1.72	2,099.45	395,269.49	389,922.00
US TREASURY NOTES DTD 10/31/2016 1.250% 10/31/2021	912828T67	700,000.00	AA+	Aaa	8/30/2017	8/31/2017	688,953.13	1.64	3,674.03	693,072.68	682,363.50
US TREASURY NOTES DTD 05/01/2017 1.875% 04/30/2022	912828X47	750,000.00	AA+	Aaa	1/3/2018	1/4/2018	740,478.52	2.18	5,904.70	743,128.29	741,914.25
US TREASURY NOTES DTD 05/01/2017 1.875% 04/30/2022	912828X47	900,000.00	AA+	Aaa	11/2/2017	11/3/2017	896,765.63	1.96	7,085.64	897,752.44	890,297.10
US TREASURY NOTES DTD 05/01/2017 1.875% 04/30/2022	912828X47	700,000.00	AA+	Aaa	5/3/2018	5/7/2018	677,632.81	2.73	5,511.05	682,489.05	692,453.30

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
U.S. Treasury Bond / Note											
US TREASURY NOTES DTD 05/01/2017 1.875% 04/30/2022	912828X47	650,000.00	AA+	Aaa	7/3/2018	7/6/2018	630,804.69	2.69	5,117.40	634,372.84	642,992.35
US TREASURY NOTES DTD 12/31/2015 2.125% 12/31/2022	912828N30	1,100,000.00	AA+	Aaa	1/7/2019	1/10/2019	1,084,144.53	2.51	5,876.04	1,085,000.77	1,095,487.80
US TREASURY NOTES DTD 12/31/2015 2.125% 12/31/2022	912828N30	700,000.00	AA+	Aaa	1/30/2019	1/31/2019	688,898.44	2.55	3,739.30	689,350.32	697,128.60
US TREASURY N/B NOTES DTD 05/31/2016 1.625% 05/31/2023	912828R69	600,000.00	AA+	Aaa	3/4/2019	3/6/2019	578,226.56	2.53	3,267.86	578,577.68	585,328.20
Security Type Sub-Total		**12,240,000.00**					**12,133,742.02**	**1.96**	**58,252.06**	**12,143,640.68**	**12,089,623.19**
Federal Agency Collateralized Mortgage Obligation											
FHLMC SERIES KP03 A2 DTD 04/01/2016 1.780% 07/01/2019	3137BNN26	56,892.77	AA+	Aaa	4/15/2016	4/28/2016	57,460.32	1.10	84.39	56,892.77	56,636.31
FANNIE MAE SERIES 2015-M13 ASQ2 DTD 10/01/2015 1.646% 09/01/2019	3136AQDQ0	10,902.98	AA+	Aaa	10/7/2015	10/30/2015	11,012.16	1.08	14.96	10,903.38	10,864.87
FNA 2018-M5 A2 DTD 04/01/2018 3.560% 09/25/2021	3136B1XP4	141,945.61	AA+	Aaa	4/11/2018	4/30/2018	144,769.04	2.27	421.11	144,006.82	143,734.86
FHLMC SERIES K721 A2 DTD 12/01/2015 3.090% 08/25/2022	3137BM6P6	150,000.00	AA+	Aaa	4/4/2018	4/9/2018	151,277.34	2.61	386.25	150,945.34	152,179.55
FHMS KP05 A DTD 12/01/2018 3.203% 07/01/2023	3137FKK39	133,940.81	AA+	Aaa	12/7/2018	12/17/2018	133,940.41	3.11	357.51	133,940.41	135,192.94
Security Type Sub-Total		**493,682.17**					**498,459.27**	**2.44**	**1,264.22**	**496,688.72**	**498,608.53**
Federal Agency Bond / Note											
FHLB GLOBAL NOTES DTD 09/09/2016 1.000% 09/26/2019	3130A9EP2	130,000.00	AA+	Aaa	9/8/2016	9/9/2016	129,886.90	1.03	18.06	129,981.70	129,096.50
FEDERAL HOME LOAN BANK NOTES DTD 10/13/2017 1.500% 10/21/2019	3130ACM92	150,000.00	AA+	Aaa	10/12/2017	10/13/2017	149,734.50	1.59	1,000.00	149,926.19	149,203.95

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Federal Agency Bond / Note											
FNMA NOTES DTD 08/01/2017 1.500% 07/30/2020	3135G0T60	550,000.00	AA+	Aaa	7/28/2017	8/1/2017	548,333.50	1.60	1,397.92	549,250.54	543,649.70
FHLB NOTES DTD 09/08/2017 1.375% 09/28/2020	3130ACE26	280,000.00	AA+	Aaa	9/7/2017	9/8/2017	279,101.20	1.48	32.08	279,555.82	275,813.44
FHLMC NOTES DTD 09/29/2017 1.625% 09/29/2020	3137EAEJ4	370,000.00	AA+	Aaa	9/28/2017	9/29/2017	369,330.30	1.69	33.40	369,662.18	366,034.71
FHLMC NOTES DTD 11/15/2017 1.875% 11/17/2020	3137EAEK1	550,000.00	AA+	Aaa	11/14/2017	11/15/2017	549,472.00	1.91	3,838.54	549,710.23	545,810.10
FANNIE MAE NOTES DTD 06/25/2018 2.750% 06/22/2021	3135G0U35	400,000.00	AA+	Aaa	6/22/2018	6/25/2018	399,908.00	2.76	3,025.00	399,930.43	403,800.40
FHLB GLOBAL NOTE DTD 07/14/2016 1.125% 07/14/2021	3130A8QS5	550,000.00	AA+	Aaa	7/14/2016	7/15/2016	546,655.45	1.25	1,323.44	548,444.34	535,514.10
FEDERAL HOME LOAN BANKS NOTES (CALLABLE) DTD 09/20/2018 3.000% 09/20/2021	3130AEXV7	550,000.00	AA+	Aaa	9/13/2018	9/20/2018	550,000.00	3.00	504.17	550,000.00	551,498.75
FEDERAL HOME LOAN BANKS NOTES DTD 10/12/2018 3.000% 10/12/2021	3130AF5B9	550,000.00	AA+	Aaa	10/11/2018	10/12/2018	549,642.50	3.02	7,745.83	549,696.37	559,472.10
Security Type Sub-Total		**4,080,000.00**					**4,072,064.35**	**2.08**	**18,918.44**	**4,076,157.80**	**4,059,893.75**
Corporate Note											
GENERAL ELECTRIC CAP CORP NOTES DTD 01/08/2010 5.500% 01/08/2020	36962G4J0	350,000.00	BBB+	Baa1	3/20/2015	3/25/2015	404,715.50	2.05	4,438.19	359,155.71	357,590.80
MICROSOFT CORP NOTES DTD 02/06/2017 1.850% 02/06/2020	594918BV5	250,000.00	AAA	Aaa	1/30/2017	2/6/2017	249,832.50	1.87	706.60	249,951.77	248,520.25
CHEVRON CORP NOTES DTD 03/03/2017 1.991% 03/03/2020	166764BP4	375,000.00	AA	Aa2	2/28/2017	3/3/2017	375,000.00	1.99	580.71	375,000.00	372,967.50
APPLE INC BONDS DTD 05/11/2017 1.800% 05/11/2020	037833CS7	275,000.00	AA+	Aa1	5/4/2017	5/11/2017	274,719.50	1.84	1,925.00	274,894.35	272,859.95

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Corporate Note											
THE PROCTER & GAMBLE CO CORP NOTES DTD 10/25/2017 1.900% 10/23/2020	742718FA2	85,000.00	AA-	Aa3	10/23/2017	10/25/2017	84,869.95	1.95	708.81	84,931.25	84,426.85
WAL-MART STORES INC CORP NOTE DTD 10/20/2017 1.900% 12/15/2020	931142EA7	560,000.00	AA	Aa2	10/11/2017	10/20/2017	559,188.00	1.95	3,132.89	559,551.74	555,159.36
ORACLE CORP BONDS DTD 07/08/2014 2.800% 07/08/2021	68389XBA2	350,000.00	AA-	A1	5/26/2017	6/1/2017	360,178.00	2.06	2,259.44	355,736.12	351,436.75
AMERICAN EXPRESS CREDIT CORP NOTES DTD 11/06/2018 3.700% 11/05/2021	025816BY4	165,000.00	BBB+	A3	11/9/2018	11/14/2018	165,067.65	3.69	2,458.96	165,060.08	168,637.43
AMERICAN EXPRESS CREDIT CORP NOTES DTD 11/06/2018 3.700% 11/05/2021	025816BY4	110,000.00	BBB+	A3	11/1/2018	11/6/2018	109,975.80	3.71	1,639.31	109,978.83	112,424.95
CITIGROUP INC CORP (CALLABLE) NOTE DTD 12/08/2016 2.900% 12/08/2021	172967LC3	275,000.00	BBB+	A3	11/9/2018	11/14/2018	268,829.00	3.68	2,503.26	269,563.57	274,927.13
JOHN DEERE CAPITAL CORP CORP NOTES DTD 01/10/2019 3.200% 01/10/2022	24422EUQ0	110,000.00	A	A2	1/4/2019	1/10/2019	109,894.40	3.23	792.00	109,902.01	111,834.03
US BANCORP (CALLABLE) NOTES DTD 01/24/2017 2.625% 01/24/2022	91159HHP8	500,000.00	A+	A1	12/11/2018	12/13/2018	487,825.00	3.46	2,442.71	488,954.99	500,549.00
PACCAR FINANCIAL CORP NOTE DTD 03/01/2019 2.850% 03/01/2022	69371RP75	100,000.00	A+	A1	2/22/2019	3/1/2019	99,912.00	2.88	237.50	99,914.36	100,788.60
MORGAN STANLEY CORP NOTES DTD 05/19/2017 2.750% 05/19/2022	61744YAH1	275,000.00	BBB+	A3	11/6/2018	11/8/2018	265,743.50	3.78	2,772.92	266,729.03	273,337.90
BRANCH BANKING & TRUST CORP NOTES DTD 03/18/2019 3.050% 06/20/2022	05531FBG7	275,000.00	A-	A2	3/11/2019	3/18/2019	274,991.75	3.05	302.88	274,991.75	276,603.80
TOYOTA MOTOR CREDIT CORP NOTES DTD 09/08/2017 2.150% 09/08/2022	89236TEC5	425,000.00	AA-	Aa3	9/8/2017	9/12/2017	424,498.50	2.18	583.78	424,649.23	419,101.43

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Corporate Note											
GOLDMAN SACHS GROUP INC (CALLABLE) NOTES DTD 10/31/2017 2.876% 10/31/2022	38148YAC2	275,000.00	BBB+	A3	11/6/2018	11/8/2018	267,462.25	3.62	3,317.39	268,169.66	272,553.33
BANK OF AMERICA CORP NOTE DTD 01/11/2013 3.300% 01/11/2023	06051GEU9	275,000.00	A-	A2	11/8/2018	11/13/2018	268,501.75	3.92	2,016.67	269,068.02	278,491.40
JPMORGAN CHASE & CO (CALLABLE) NOTES DTD 12/08/2016 2.972% 01/15/2023	48128BAB7	275,000.00	A-	A2	11/5/2018	11/7/2018	266,541.00	3.77	1,725.41	267,303.13	274,885.05
JPMORGAN CHASE & CO BONDS DTD 03/22/2019 3.207% 04/01/2023	46647PBB1	225,000.00	A-	A2	3/15/2019	3/22/2019	225,000.00	3.21	180.39	225,000.00	226,354.05
BANK OF NY MELLON CORP DTD 04/30/2018 3.500% 04/28/2023	06406RAG2	500,000.00	A	A1	12/20/2018	12/24/2018	499,425.00	3.53	7,437.50	499,470.09	512,717.50
PNC BANK NA CORP NOTES DTD 01/23/2019 3.500% 01/23/2024	693475AV7	275,000.00	A-	A3	2/12/2019	2/15/2019	276,958.00	3.34	1,818.06	276,912.18	281,552.98
Security Type Sub-Total		**6,305,000.00**					**6,319,129.05**	**2.88**	**43,980.38**	**6,274,887.87**	**6,327,720.04**
Commercial Paper											
MUFG BANK LTD/NY COMM PAPER DTD 07/20/2018 0.000% 04/16/2019	62479MRG0	800,000.00	A-1	P-1	7/20/2018	7/20/2018	784,580.00	2.62	0.00	799,143.34	799,028.00
Security Type Sub-Total		**800,000.00**					**784,580.00**	**2.62**	**0.00**	**799,143.34**	**799,028.00**
Certificate of Deposit											
NORDEA BANK AB NY CD DTD 02/22/2018 2.720% 02/20/2020	65590ASN7	550,000.00	A-1+	P-1	2/20/2018	2/22/2018	550,000.00	2.72	1,703.78	550,000.00	551,219.35
UBS AG STAMFORD CT LT CD DTD 03/06/2018 2.900% 03/02/2020	90275DHG8	475,000.00	A-1	P-1	3/2/2018	3/6/2018	475,000.00	2.93	1,071.39	475,000.00	476,529.98
WESTPAC BANKING CORP NY CD DTD 08/07/2017 2.050% 08/03/2020	96121T4A3	490,000.00	AA-	Aa3	8/3/2017	8/7/2017	490,000.00	2.05	1,506.75	490,000.00	487,251.59

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Certificate of Deposit											
BANK OF MONTREAL CHICAGO CERT DEPOS DTD 08/03/2018 3.190% 08/03/2020	06370REU9	500,000.00	A+	Aa2	8/1/2018	8/3/2018	500,000.00	3.23	10,677.64	500,000.00	502,375.00
SWEDBANK (NEW YORK) CERT DEPOS DTD 11/17/2017 2.270% 11/16/2020	87019U6D6	550,000.00	AA-	Aa2	11/16/2017	11/17/2017	550,000.00	2.30	4,716.56	550,000.00	545,697.90
MUFG BANK LTD/NY CERT DEPOS DTD 02/28/2019 2.980% 02/25/2022	55379WZU3	300,000.00	A	A1	2/27/2019	2/28/2019	300,000.00	3.01	794.67	300,000.00	303,503.43
Security Type Sub-Total		**2,865,000.00**					**2,865,000.00**	**2.68**	**20,470.79**	**2,865,000.00**	**2,866,577.25**
Asset-Backed Security											
HART 2018-B A3 DTD 12/12/2018 3.200% 12/15/2022	44933AAC1	110,000.00	AAA	Aaa	12/4/2018	12/12/2018	109,998.68	3.48	156.44	109,998.81	111,189.08
HAROT 2018-4 A3 DTD 11/28/2018 3.160% 01/15/2023	43815AAC6	475,000.00	AAA	Aaa	11/20/2018	11/28/2018	474,928.99	3.17	667.11	474,934.47	480,264.47
VALET 2018-2 A3 DTD 11/21/2018 3.250% 04/20/2023	92869BAD4	425,000.00	AAA	Aaa	11/15/2018	11/21/2018	424,982.15	3.25	422.05	424,983.59	429,931.15
NAROT 2018-C A3 DTD 12/12/2018 3.220% 06/15/2023	65478NAD7	275,000.00	AAA	Aaa	12/4/2018	12/12/2018	274,947.31	3.53	393.56	274,950.87	278,591.39
Security Type Sub-Total		**1,285,000.00**					**1,284,857.13**	**3.30**	**1,639.16**	**1,284,867.74**	**1,299,976.09**
Managed Account Sub Total		**28,068,682.17**					**27,957,831.82**	**2.35**	**144,525.05**	**27,940,386.15**	**27,941,426.85**
Money Market Mutual Fund											
PFM Funds - Govt Select, Instl Cl		1,339,541.71	AAAm	NR			1,339,541.71		0.00	1,339,541.71	1,339,541.71
Money Market Sub Total		**1,339,541.71**					**1,339,541.71**		**0.00**	**1,339,541.71**	**1,339,541.71**

Securities Sub-Total	**$29,408,223.88**	**$29,297,373.53**	**2.35%**	**$144,525.05**	**$29,279,927.86**	**$29,280,968.56**
Accrued Interest						**$144,525.05**
Total Investments						**$29,425,493.61**

Bolded items are forward settling trades.

Appendix/Market Update

For the Quarter Ended March 31, 2019

QUARTERLY MARKET SUMMARY

Fixed Income Management

SUMMARY

- U.S. economic conditions are characterized by: (1) moderating gross domestic product (GDP) growth as the impact of fiscal stimulus wanes; (2) continued strength in the labor market, with a low unemployment rate of 3.8%; (3) improving conditions in the housing market as mortgage rates have fallen and home price increases have moderated; and (4) potential imbalances, including a growing budget deficit, trade deficit, trade tensions, and challenges over border security funding.
- The strength and resiliency of the U.S. economy and capital markets were seemingly overshadowed by international affairs. Dominating the front page were the longest government shutdown in U.S. history, lingering U.S.-China trade disputes, and an increasingly awkward Brexit. Forecasts for global growth continue to be revised lower.
- As abrupt as the widespread risk-off sentiment was that enveloped the final three months of 2018, so too was the rebound to kick off 2019. Equity markets, credit spreads, and volatility all ended the quarter at about where they were six months ago.
- The Federal Reserve (Fed) left the federal funds target range unchanged at 2.25% to 2.50%. The Fed remains "on hold" while assessing global economic and financial developments and muted inflation pressures to determine what future adjustments to rates might be warranted. This stance shifted the market-implied probability for the next Fed move to be a rate cut rather than a rate hike.
- The S&P 500 Index rebounded strongly in the first quarter, generating a total return of 13.6%—the strongest start to a year since 1998. International indices generally were just as strong in local currencies; however, a modestly stronger dollar muted performance in U.S. dollar terms.

ECONOMIC SNAPSHOT

- Real GDP in the U.S. moderated to an annualized rate of 2.2% in the fourth quarter, following strong second quarter and third quarter figures of 4.2% and 3.4%, respectively. Growth of 3.0% for the year was the strongest calendar year since 2005.
- Strength in the labor market persists, reflected in a low unemployment rate, strong job growth, and jobless claims near multi-decade lows. Over the quarter, non-farm payrolls increased 541,000, below the 2018 quarterly average of 670,000, due largely to the weak February figure impacted by the government shutdown. The unemployment rate ended the quarter at 3.8%, while wage growth moderated a bit.
- U.S. inflation remained in the Fed's comfort zone as they aim to safeguard against runaway inflation, a risk that has yet to appear. Many gauges of price increases remain near the Fed's 2.0% target.
- Boosted by lower mortgage rates and slowing home price appreciation, housing sales have rebounded after waning for much of 2018. Manufacturing and consumer confidence gauges remained positive but have recently tapered. While consumer sentiment remains very high, the difference between future and current assessments of economic conditions indicates consumers are less optimistic about the future.

INTEREST RATES

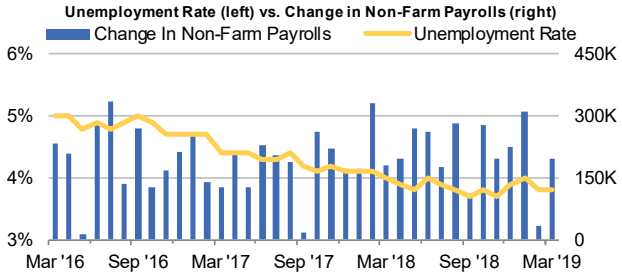
- U.S. Treasury yields fell, and the yield curve continued to flatten throughout the quarter as maturities beyond one year declined 20-30 basis points (bps) (0.20% to 0.30%). At quarter-end, the yield on a 3-Month Treasury bill stood at 2.38%, the 5-Year note was 2.23%, and the 10-Year note yielded 2.41%.
- For a brief, week-long stint just ahead of quarter-end, the yield spread between 3-Month and 10-Year Treasuries turned negative. Despite the historical interpretation as a recession indicator, other measures of market and economic conditions—such as credit spreads and jobless claims—don't portend a recession near-term.
- The rally in yields during the first quarter generated strong absolute returns for the majority of bond indices, with longer maturities outperforming shorter ones. For example, the 3-Month Treasury Bill Index generated 0.60% of total return, while the 5-Year and 10-Year Treasury Indices returned 1.88% and 3.10%, respectively.
- In short-term markets, money market investors continue to reap the benefits of overnight yields at a decade high. Although yields on short-term commercial paper and bank CDs moderated with the outlook for a patient Fed, yields remain attractive relative to those on short-term, or even intermediate-term, government securities.

SECTOR PERFORMANCE

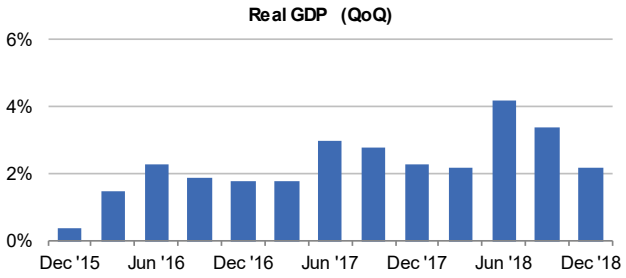
- Absolute returns were strong across the board in the first quarter. Diversification in non-Treasury sectors boosted returns, as most sectors tightened from the wider spreads experienced toward the end of 2018.
- Federal agency spreads stayed narrow during the first quarter—less than 5 bps for maturities inside of five years. However, the modest incremental yield relative to Treasuries generated slightly positive excess returns for the quarter. Callable structures slightly underperformed non-callable counterparts of similar maturity due to falling rates. Longer agency indices outperformed shorter indices on an absolute and excess return basis.
- Supranationals also performed well due to modestly higher incremental income and narrowing yield spreads. They can serve as a diversifier for government securities.
- Investment-grade (IG) corporates were one of the best performing fixed income sectors. With falling yields and narrowing yield spreads, longer durations and lower credit quality ruled the day, both on an absolute and excess return basis. By industry, energy and communications led, with utilities and consumer non-cyclicals lagging.
- AAA-rated asset-backed securities (ABS) also did well, providing attractive incremental income relative to government securities and lower-volatility access to the credit markets. ABS tend to outperform corporates in down markets, like in the fourth quarter, but underperform corporates in up markets, like in the first quarter. Over time, however, they have been additive to performance and diversification.
- With the market's "risk-on" reversal in the first quarter, mortgage-backed securities (MBS)—regardless of structure, coupon, and collateral type—generated positive excess returns. Agency-backed commercial mortgage-backed securities (CMBS) outperformed the majority of other agency-backed securitized investments.

Economic Snapshot

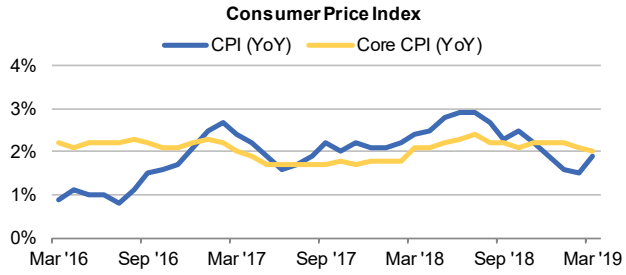
Labor Market	Latest		Dec '18	Mar '18
Unemployment Rate	Mar '19	3.8%	3.9%	4.0%
Change In Non-Farm Payrolls	Mar '19	196,000	227,000	182,000
Average Hourly Earnings (YoY)	Mar '19	3.2%	3.3%	2.8%
Personal Income (YoY)	Feb '19	4.2%	5.0%	4.3%
Initial Jobless Claims (week)	Apr 06	196,000	231,000	231,000



Growth				
Real GDP (QoQ SAAR)	2018 Q4	2.2%	3.4%[1]	2.3%[2]
GDP Personal Consumption (QoQ SAAR)	2018 Q4	2.5%	3.5%[1]	3.9%[2]
Retail Sales (YoY)	Feb '19	2.2%	1.6%	5.1%
ISM Manufacturing Survey (month)	Mar '19	55.3	54.3	59.3
Existing Home Sales SAAR (month)	Feb '19	5.51 mil.	5.00 mil.	5.51 mil.



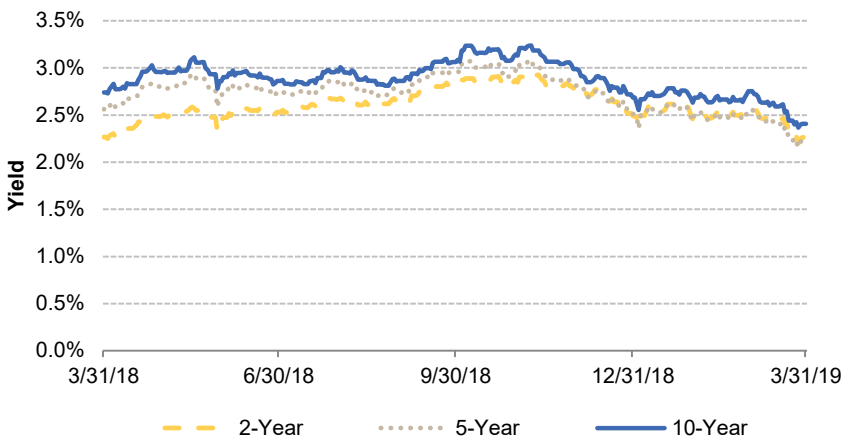
Inflation / Prices				
Personal Consumption Expenditures (YoY)	Jan '19	1.4%	1.8%	2.1%
Consumer Price Index (YoY)	Mar '19	1.9%	1.9%	2.4%
Consumer Price Index Core (YoY)	Mar '19	2.0%	2.2%	2.1%
Crude Oil Futures (WTI, per barrel)	Mar 31	$60.14	$45.41	$64.94
Gold Futures (oz.)	Mar 31	$1,293	$1,281	$1,323



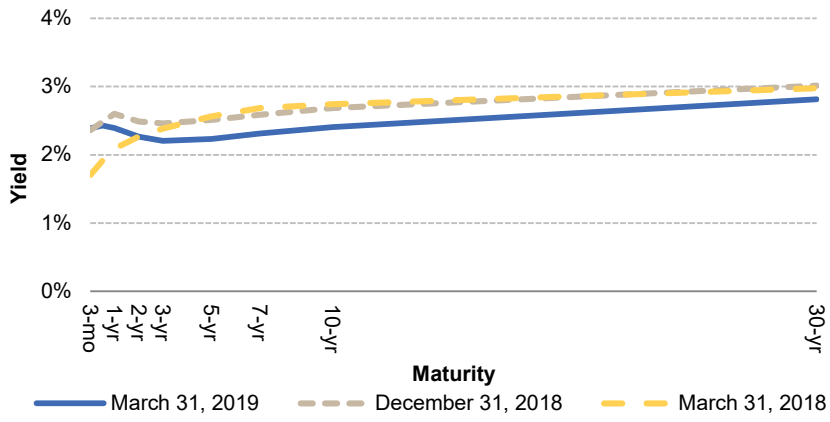
1. Data as of Third Quarter 2018.
2. Data as of Fourth Quarter 2017.
Note: YoY = year-over-year, QoQ = quarter over quarter, SAAR = seasonally adjusted annual rate, WTI = West Texas Intermediate crude oil.
Source: Bloomberg.

Interest Rate Overview

U.S. Treasury Note Yields



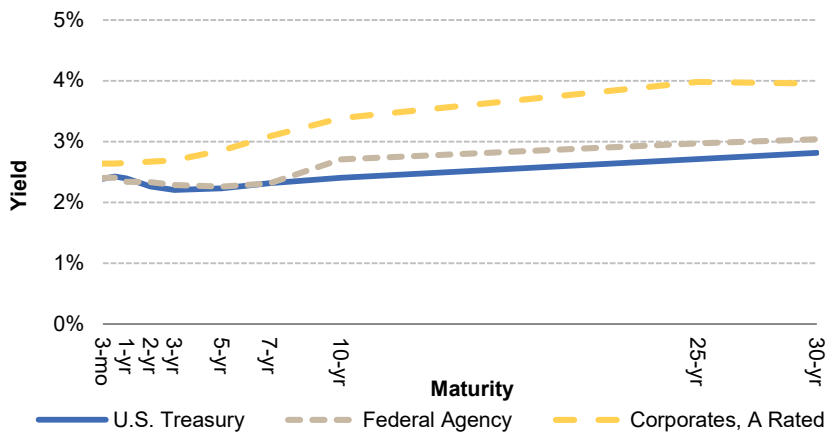
U.S. Treasury Yield Curve



U.S. Treasury Yields

Maturity	Mar '19	Dec '18	Change over Quarter	Mar '18	Change over Year
3-Month	2.38%	2.36%	0.03%	1.71%	0.68%
1-Year	2.39%	2.60%	(0.21%)	2.09%	0.30%
2-Year	2.26%	2.49%	(0.23%)	2.27%	(0.01%)
5-Year	2.23%	2.51%	(0.28%)	2.56%	(0.33%)
10-Year	2.41%	2.69%	(0.28%)	2.74%	(0.33%)
30-Year	2.82%	3.02%	(0.20%)	2.97%	(0.15%)

Yield Curves as of 3/31/19



Source: Bloomberg.

ICE BofAML Index Returns

	As of 3/31/19		Returns for Periods ended 3/31/19		
March 31, 2019	**Duration**	**Yield**	**3 Month**	**1 Year**	**3 Years**
1-3 Year Indices					
U.S. Treasury	1.87	2.32%	0.98%	2.72%	0.99%
Federal Agency	1.69	2.35%	0.97%	2.79%	1.17%
U.S. Corporates, A-AAA rated	1.90	2.76%	1.64%	3.73%	1.89%
Agency MBS (0 to 3 years)	3.97	2.87%	2.19%	3.98%	1.78%
Taxable Municipals	1.91	2.67%	1.51%	3.61%	2.51%
1-5 Year Indices					
U.S. Treasury	2.62	2.29%	1.22%	3.14%	0.97%
Federal Agency	1.98	2.33%	1.11%	3.03%	1.18%
U.S. Corporates, A-AAA rated	2.64	2.83%	2.27%	4.29%	2.05%
Agency MBS (0 to 5 years)	3.57	2.89%	1.95%	3.42%	1.43%
Taxable Municipals	2.40	2.91%	1.90%	4.03%	2.58%
Master Indices (Maturities 1 Year or Greater)					
U.S. Treasury	6.46	2.39%	2.18%	4.25%	1.07%
Federal Agency	4.09	2.48%	1.83%	3.77%	1.57%
U.S. Corporates, A-AAA rated	7.19	3.32%	4.44%	5.09%	2.94%
Agency MBS (0 to 30 years)	4.38	3.08%	2.27%	4.55%	1.81%
Taxable Municipals	10.57	3.73%	5.09%	5.77%	4.77%

Returns for periods greater than one year are annualized.

Source: ICE BofAML Indices.

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- In accordance with generally accepted accounting principles, information is presented on a trade date basis; forward settling purchases are included in the monthly balances, and forward settling sales are excluded.
- Performance is presented in accordance with the CFA Institute's Global Investment Performance Standards (GIPS). Unless otherwise noted, performance is shown gross of fees. Quarterly returns are presented on an unannualized basis. Returns for periods greater than one year are presented on an annualized basis. Past performance is not indicative of future returns.
- Bank of America/Merrill Lynch Indices provided by Bloomberg Financial Markets.
- Money market fund/cash balances are included in performance and duration computations.
- Standard & Poor's is the source of the credit ratings. Distribution of credit rating is exclusive of money market fund/LGIP holdings.
- Callable securities in the portfolio are included in the maturity distribution analysis to their stated maturity date, although, they may be called prior to maturity.
- MBS maturities are represented by expected average life.

GLOSSARY

- **ACCRUED INTEREST:** Interest that is due on a bond or other fixed income security since the last interest payment was made.
- **AGENCIES:** Federal agency securities and/or Government-sponsored enterprises.
- **AMORTIZED COST:** The original cost of the principal of the security is adjusted for the amount of the periodic reduction of any discount or premium from the purchase date until the date of the report. Discount or premium with respect to short-term securities (those with less than one year to maturity at time of issuance) is amortized on a straight line basis. Such discount or premium with respect to longer-term securities is amortized using the constant yield basis.
- **BANKERS' ACCEPTANCE:** A draft or bill or exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill as well as the insurer.
- **COMMERCIAL PAPER:** An unsecured obligation issued by a corporation or bank to finance its short-term credit needs, such as accounts receivable and inventory.
- **CONTRIBUTION TO DURATION:** Represents each sector or maturity range's relative contribution to the overall duration of the portfolio measured as a percentage weighting. Since duration is a key measure of interest rate sensitivity, the contribution to duration measures the relative amount or contribution of that sector or maturity range to the total rate sensitivity of the portfolio.
- **DURATION TO WORST:** A measure of the sensitivity of a security's price to a change in interest rates, stated in years, computed from cash flows to the maturity date or to the put date, whichever results in the highest yield to the investor.
- **EFFECTIVE DURATION:** A measure of the sensitivity of a security's price to a change in interest rates, stated in years.
- **EFFECTIVE YIELD:** The total yield an investor receives in relation to the nominal yield or coupon of a bond. Effective yield takes into account the power of compounding on investment returns, while nominal yield does not.
- **FDIC:** Federal Deposit Insurance Corporation. A federal agency that insures bank deposits to a specified amount.
- **INTEREST RATE:** Interest per year divided by principal amount and expressed as a percentage.
- **MARKET VALUE:** The value that would be received or paid for an investment in an orderly transaction between market participants at the measurement date.
- **MATURITY:** The date upon which the principal or stated value of an investment becomes due and payable.
- **NEGOTIABLE CERTIFICATES OF DEPOSIT:** A CD with a very large denomination, usually $1 million or more, that can be traded in secondary markets.
- **PAR VALUE:** The nominal dollar face amount of a security.

GLOSSARY

- **PASS THROUGH SECURITY:** A security representing pooled debt obligations that passes income from debtors to its shareholders. The most common type is the mortgage-backed security.
- **REPURCHASE AGREEMENTS:** A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date.
- **SETTLE DATE:** The date on which the transaction is settled and monies/securities are exchanged. If the settle date of the transaction (i.e., coupon payments and maturity proceeds) occurs on a non-business day, the funds are exchanged on the next business day.
- **TRADE DATE:** The date on which the transaction occurred; however, the final consummation of the security transaction and payment has not yet taken place.
- **UNSETTLED TRADE:** A trade which has been executed; however, the final consummation of the security transaction and payment has not yet taken place.
- **U.S. TREASURY:** The department of the U.S. government that issues Treasury securities.
- **YIELD:** The rate of return based on the current market value, the annual interest receipts, maturity value, and the time period remaining until maturity, stated as a percentage on an annualized basis.
- **YTM AT COST:** The yield to maturity at cost is the expected rate of return based on the original cost, the annual interest receipts, maturity value, and the time period from purchase date to maturity, stated as a percentage on an annualized basis.
- **YTM AT MARKET:** The yield to maturity at market is the rate of return based on the current market value, the annual interest receipts, maturity value, and the time period remaining until maturity, stated as a percentage on an annualized basis.

City of Benicia
Investment Report
As of June 30, 2019

Type of Investment	Name of Issuer	Purchase Date	Maturity Date	Current Yield	Yield to Maturity	Par Value	Cost of Investment	Current Market Value
On Demand								
L.A.I.F.	L.A.I.F.			2.570%		$ 45,280,001.26	$ 45,280,001.26	$ 45,357,511.11
Checking	Well Fargo			0.400%		6,135,142.38	6,135,142.38	6,135,142.38
Money Market	PFM Funds - Govt Select			0.000%		62,305.85	62,305.85	62,305.85
Subtotal						51,477,449.49	51,477,449.49	51,554,959.34
Up to 6 Months								
US Obligation	FHLMC	28-Apr-16	1-Jul-19	1.783%	1.100%	2,502.55	2,527.52	2,498.27
US Obligation	FNMA	30-Oct-15	1-Sep-19	1.649%	1.080%	453.14	457.68	452.30
US Obligation	FHLB Global Notes	9-Sep-16	26-Sep-19	1.003%	1.030%	130,000.00	129,886.90	129,622.74
US Obligation	FHLB Notes	13-Oct-17	21-Oct-19	1.503%	1.590%	150,000.00	149,734.50	149,676.30
Corporate Note	General Electric	25-Mar-15	8-Jan-20	5.423%	2.050%	350,000.00	404,715.50	354,972.45
Commercial Paper	MUFG Bank Ltd/NY	18-Apr-19	13-Jan-20	0.000%	2.670%	550,000.00	539,192.50	543,192.65
Commercial Paper	MUFG Bank Ltd/NY	7-May-19	31-Jan-20	0.000%	2.650%	325,000.00	318,685.97	320,652.80
Subtotal						1,507,955.69	1,545,200.57	1,501,067.51
6 Months to 1 Year								
Corporate Note	Microsoft	6-Feb-17	6-Feb-20	1.854%	1.870%	250,000.00	249,832.50	249,464.25
Cert of Deposit	Nordea Bank AB NY	22-Feb-18	20-Feb-20	2.730%	2.720%	550,000.00	550,000.00	551,976.15
US Obligation	US Treasury	9-Nov-15	29-Feb-20	1.257%	1.570%	190,000.00	187,498.83	189,005.54
Cert of Deposit	UBS AG Stamford	6-Mar-18	2-Mar-20	2.887%	2.930%	475,000.00	475,000.00	477,101.88
Corporate Note	Chevron Corp Notes	3-Mar-17	3-Mar-20	1.994%	1.990%	375,000.00	375,000.00	374,514.75
Corporate Note	Apple Inc Bonds	11-May-17	11-May-20	1.804%	1.840%	275,000.00	274,719.50	274,330.93
Subtotal						2,115,000.00	2,112,050.83	2,116,393.50
1 Year to 2 Years								
US Obligation	FNMA Notes	1-Aug-17	30-Jul-20	1.508%	1.600%	550,000.00	548,333.50	547,254.40
Cert of Deposit	Westpac Banking	7-Aug-17	3-Aug-20	2.053%	2.050%	490,000.00	490,000.00	489,315.47
Cert of Deposit	Bank of Montreal Chicago	3-Aug-18	3-Aug-20	3.168%	3.230%	500,000.00	500,000.00	503,477.00
US Obligation	US Treasury	2-Sep-16	31-Aug-20	1.384%	1.090%	450,000.00	455,009.77	447,222.60
US Obligation	US Treasury	12-Jul-16	31-Aug-20	1.384%	0.890%	750,000.00	764,853.52	745,371.00
US Obligation	FHLB Notes	8-Sep-17	28-Sep-20	1.384%	1.480%	280,000.00	279,101.20	278,150.88
US Obligation	FHLMC Notes	29-Sep-17	29-Sep-20	1.631%	1.690%	370,000.00	369,330.30	368,742.00
Corporate Note	Procter & Gamble Co	25-Oct-17	23-Oct-20	1.901%	1.950%	85,000.00	84,869.95	84,958.95
Cert of Deposit	Swedbank CD	17-Nov-17	16-Nov-20	2.277%	2.300%	550,000.00	550,000.00	548,378.60
US Obligation	FHLMC Notes	15-Nov-17	17-Nov-20	1.876%	1.910%	550,000.00	549,472.00	549,826.75
Corporate Note	Wal-Mart Stores Inc.	20-Oct-17	15-Dec-20	1.903%	1.950%	560,000.00	559,188.00	558,994.24
US Obligation	US Treasury	5-Aug-16	31-Dec-20	1.752%	1.020%	350,000.00	361,005.86	349,535.20
US Obligation	US Treasury	5-Oct-16	28-Feb-21	1.994%	1.160%	300,000.00	310,839.84	300,902.40
US Obligation	US Treasury	5-Jan-17	30-Apr-21	2.015%	1.860%	825,000.00	808,628.91	818,909.03

City of Benicia
Investment Report
As of June 30, 2019

Type of Investment	Name of Issuer	Purchase Date	Maturity Date	Current Yield	Yield to Maturity	Par Value	Cost of Investment	Current Market Value
US Obligation	US Treasury	17-Mar-17	31-May-21	1.385%	2.020%	875,000.00	852,270.51	868,437.50
US Obligation	Fannie Mae Notes	25-Jun-18	22-Jun-21	2.701%	2.760%	400,000.00	399,908.00	407,222.80
Subtotal						7,885,000.00	7,882,811.36	7,866,698.82
2 Years to 3 Years								
Corporate Note	Oracle Corp Bonds	1-Jun-17	8-Jul-21	2.820%	2.060%	350,000.00	360,178.00	354,749.50
US Obligation	FHLB Global Note	15-Jul-16	14-Jul-21	1.139%	1.250%	550,000.00	546,655.45	543,145.90
US Obligation	US Treasury	11-Jul-17	31-Aug-21	1.989%	1.850%	750,000.00	754,541.02	753,984.00
US Obligation	US Treasury	29-Jun-17	31-Aug-21	1.989%	1.730%	900,000.00	909,808.59	904,780.80
US Obligation	US Treasury	5-Dec-16	31-Aug-21	1.989%	1.930%	350,000.00	351,052.73	351,859.20
US Obligation	FHLB Notes	20-Sep-18	20-Sep-21	2.996%	3.000%	550,000.00	550,000.00	550,750.75
US Obligation	FNA 2018-M5 A2	30-Apr-18	25-Sep-21	3.491%	2.270%	136,783.47	139,504.22	139,471.17
US Obligation	FHLB Notes	12-Oct-18	12-Oct-21	2.922%	3.020%	550,000.00	549,642.50	564,649.80
Corporate Note	American Express	6-Nov-18	5-Nov-21	3.589%	3.710%	110,000.00	109,975.80	113,395.70
Corporate Note	American Express	14-Nov-18	5-Nov-21	3.589%	3.690%	165,000.00	165,067.65	170,093.55
Corporate Note	Citigroup	14-Nov-18	8-Dec-21	2.870%	3.680%	275,000.00	268,829.00	277,852.03
US Obligation	US Treasury	3-Aug-17	31-Oct-21	1.264%	1.720%	400,000.00	392,328.13	395,546.80
US Obligation	US Treasury	31-Aug-17	31-Oct-21	1.264%	1.640%	700,000.00	688,953.13	692,206.90
Corporate Note	John Deere Capital Corp	10-Jan-19	10-Jan-22	3.119%	3.230%	110,000.00	109,894.40	112,869.24
Corporate Note	US Bancorp	13-Dec-18	24-Jan-22	2.597%	3.460%	500,000.00	487,825.00	505,345.00
Cert of Deposit	MUFG Bank LTD/NT	28-Feb-19	25-Feb-22	2.908%	3.010%	300,000.00	300,000.00	307,424.58
Corporate Note	Paccar Financial Corp	1-Mar-19	1-Mar-22	2.798%	2.880%	100,000.00	99,912.00	101,857.60
US Obligation	US Treasury	7-May-18	30-Apr-22	1.867%	2.730%	700,000.00	677,632.81	702,816.10
US Obligation	US Treasury	3-Nov-17	30-Apr-22	1.867%	1.960%	900,000.00	896,765.63	903,620.70
US Obligation	US Treasury	4-Jan-18	30-Apr-22	1.867%	2.180%	750,000.00	740,478.52	753,017.25
US Obligation	US Treasury	6-Jul-18	30-Apr-22	1.867%	2.690%	650,000.00	630,804.69	652,614.95
Corporate Note	Morgan Stanley	8-Nov-18	19-May-22	2.721%	3.780%	275,000.00	265,743.50	277,885.03
Corporate Note	Branch Banking & Trust	18-Mar-19	20-Jun-22	2.986%	3.050%	275,000.00	274,991.75	280,902.88
Subtotal						10,346,783.47	10,270,584.52	10,410,839.43
3 Years to 5 Years								
US Obligation	FHLMC	9-Apr-18	25-Aug-22	3.011%	2.610%	150,000.00	151,277.34	153,926.06
Corporate Note	Toyota Motor Credit Corp	12-Sep-17	8-Sep-22	2.148%	2.180%	425,000.00	424,498.50	425,489.18
Asset Backed	HART 2018-B A3	12-Dec-18	15-Dec-22	3.142%	3.480%	110,000.00	109,998.68	112,026.04
US Obligation	US Treasury	10-Jan-19	31-Dec-22	2.096%	2.510%	1,100,000.00	1,084,144.53	1,114,996.30
US Obligation	US Treasury	31-Jan-19	31-Dec-22	2.096%	2.550%	700,000.00	688,898.44	709,543.10
US Obligation	FHMS	17-Dec-18	1-Jul-23	3.150%	3.110%	132,734.27	132,733.87	134,969.33
Corporate Note	Goldman Sachs Group Inc	8-Nov-18	31-Oct-22	2.852%	3.620%	275,000.00	267,462.25	277,275.35
Corporate Note	Bank of America	13-Nov-18	11-Jan-23	3.201%	3.920%	275,000.00	268,501.75	283,463.68

City of Benicia
Investment Report
As of June 30, 2019

Type of Investment	Name of Issuer	Purchase Date	Maturity Date	Current Yield	Yield to Maturity	Par Value	Cost of Investment	Current Market Value
Asset Backed	HAROT 2018-4 A3	28-Nov-18	15-Jan-23	3.101%	3.170%	475,000.00	474,928.99	484,027.33
Corporate Note	JP Morgan Chase & Co	7-Nov-18	15-Jan-23	2.929%	3.770%	275,000.00	266,541.00	278,991.08
Corporate Note	JP Morgan Chase & Co	22-Mar-19	1-Apr-23	3.142%	3.210%	225,000.00	225,000.00	229,632.30
Asset Backed	VALET	21-Nov-18	20-Apr-23	3.191%	3.250%	425,000.00	424,982.15	432,919.83
Corporate Note	Bank of NY Mellon	24-Dec-18	28-Apr-23	3.356%	3.530%	500,000.00	499,425.00	521,452.50
US Obligation	US Treasury	5-Apr-19	31-May-23	1.631%	2.320%	300,000.00	291,832.03	298,816.50
US Obligation	US Treasury	3-May-19	31-May-23	1.631%	2.250%	550,000.00	536,765.63	547,830.25
US Obligation	US Treasury	6-Mar-19	31-May-23	1.631%	2.530%	600,000.00	578,226.56	597,633.00
US Obligation	US Treasury	7-Jun-19	31-May-23	1.631%	1.830%	600,000.00	595,289.06	597,633.00
Asset Backed	NAORT	12-Dec-18	15-Jun-23	3.148%	3.530%	275,000.00	274,947.31	281,291.26
Corporate Note	PNC Bank NA	15-Feb-19	23-Jan-24	3.220%	3.340%	275,000.00	276,958.00	289,608.00
Subtotal						7,667,734.27	7,572,411.09	7,771,524.09
Total (before fiscal agent accounts)						$ 80,999,922.92	$ 80,860,507.86	$ 81,221,482.69
Fiscal Agent Accounts							1,973,642.54	1,973,642.54
TOTAL INVESTMENT PORTFOLIO							$ 82,834,150.40	$ 83,195,125.23

WEIGHTED AVERAGE MATURITY OF THE INVESTMENT PORTFOLIO 0.88 Years

Mark to Market $ 360,974.83

The City of Benicia complies with Government Code Sections 53600 et seq. and the City's Investment Policy. The source of market value is US Bank. The City has the ability to meet expenditure requirements for the next six months. This report to the best of my knowledge, is accurate representation of the City of Benicia's investments.

Cindy Mosser, Finance Director

Kenneth Paulk, City Treasurer

City of Benicia
Investment Report Totals - June 30, 2019
Reconciliation - PFM and City Reports

	Amount
Total Market Value Balance - City report	83,195,125
Less: LAIF	(45,357,511)
Wells Fargo Checking account	(6,135,142)
Fiscal Agent accounts	(1,973,643)
Total Market Value	29,728,829

Total Market Value - PFM Report	29,876,617
Less: Accrued Interest	(147,788)
Total Market Value	29,728,829

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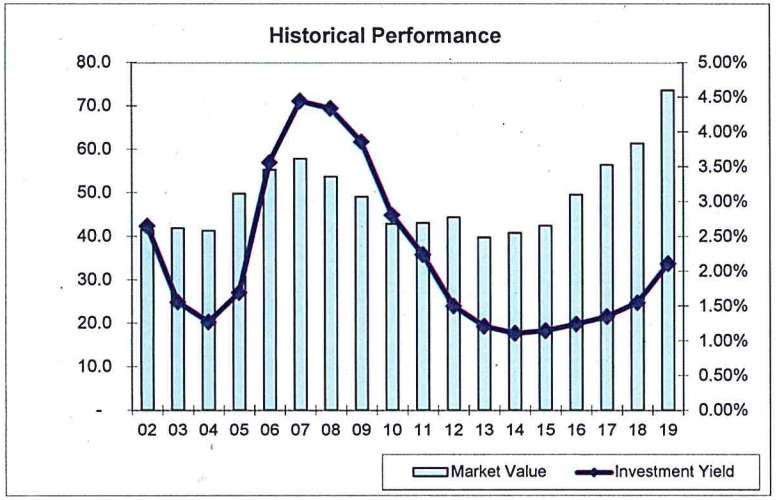
City of Benicia
Historical Portfolio Comparison

Market Value (Millions)					
Fiscal Year / Quarter	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Annual Average
2002	39.3	41.5	40.3	44.6	41.4
2003	39.7	43.4	39.5	44.8	41.8
2004	39.3	42.8	41.1	41.8	41.3
2005	38.7	53.8	50.0	56.6	49.8
2006	46.9	54.9	55.1	64.3	55.3
2007	57.4	59.3	54.4	60.1	57.8
2008	51.9	54.7	51.4	56.8	53.7
2009	48.1	52.1	47.3	48.7	49.1
2010	42.6	43.7	39.4	45.7	42.9
2011	37.6	46.2	35.7	52.6	43.0
2012	46.6	45.7	40.2	45.0	44.4
2013	39.2	41.3	36.1	42.4	39.8
2014	37.9	41.8	39.0	44.4	40.8
2015	38.5	42.2	42.2	46.8	42.4
2016	46.0	49.8	48.7	53.8	49.6
2017	51.8	54.5	54.5	64.7	56.4
2018	53.3	61.2	61.4	69.5	61.4
2019	63.9	72.9	74.3	83.2	73.6

Investment Yield					
Fiscal Year / Quarter	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Annual Average
02	3.62%	2.72%	2.27%	2.01%	2.66%
03	1.90%	1.61%	1.41%	1.34%	1.57%
04	1.38%	1.28%	1.24%	1.20%	1.28%
05	1.31%	1.43%	1.74%	2.33%	1.70%
06	2.52%	3.76%	3.84%	4.16%	3.57%
07	4.34%	4.44%	4.46%	4.57%	4.45%
08	4.56%	4.48%	4.20%	4.15%	4.35%
09	4.01%	4.07%	4.03%	3.36%	3.87%
10	3.17%	2.83%	2.65%	2.60%	2.81%
11	2.51%	2.38%	2.15%	1.95%	2.25%
12	1.76%	1.64%	1.43%	1.21%	1.51%
13	1.22%	1.26%	1.20%	1.18%	1.21%
14	1.15%	1.17%	1.09%	1.05%	1.12%
15	1.07%	1.10%	1.21%	1.23%	1.15%
16	1.26%	1.27%	1.24%	1.23%	1.25%
17	1.25%	1.32%	1.40%	1.45%	1.35%
18	1.46%	1.50%	1.56%	1.71%	1.56%
19	1.81%	2.16%	2.29%	2.22%	2.12%



Investment Earnings - Dollars						
Fiscal Year / Quarter	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Mark to Market *	Annual Average
2008	319,769	789,398	474,720	327,578	403,879	578,836
2009	275,114	580,504	577,776	469,555	267,309	542,565
2010	299,040	294,913	226,519	289,374	(196,842)	228,251
2011	267,030	235,311	165,343	162,677	(352,938)	119,356
2012	46,173	132,626	130,494	131,294	(47,338)	98,312
2013	88,542	100,933	79,202	89,351	(327,648)	7,595
2014	99,460	45,980	55,704	66,838	122,842	97,706
2015	59,337	48,308	95,462	53,594	79,771	84,118
2016	91,488	21,146	110,223	213,872	299,843	184,143
2017	(86,271)	80,006	157,424	46,161	(426,326)	(57,252)
2018	199,310	100,972	205,660	182,967	(417,713)	67,799
2019	269,056	191,625	337,496	380,431	942,832	530,360

* Mark to market is the difference between current year minus prior year's mark to market gain or loss.

CITY OF BENICIA RESERVES

Investment Performance Review
For the Quarter Ended June 30, 2019

Client Management Team

Monique Spyke, Managing Director

PFM Asset Management LLC

50 California Street, Suite 2300
San Francisco, CA 94111
415-982-5544

213 Market Street
Harrisburg, PA 17101-2141
717-232-2723

Investment Strategy & Portfolio Review

Portfolio Recap

- Interest rates plummeted in the second quarter, with yields on 2- to 5-year Treasury securities falling around 50 basis points (0.50%) to the lowest levels since 2017. Rates fell in response to slowing global growth expectations, weakness in manufacturing due to renewed trade disputes, low inflation, and expectations for multiple Fed rate cuts in the second half of the year. Much of the yield curve remains inverted, where longer-term yields are lower than short-term yields.
- U.S. equity markets reached new all-time highs in the quarter and credit-sensitive fixed income assets performed well despite elevated geopolitical risks and yield spreads on corporate bonds widening modestly over the quarter.
- Our strategy throughout the quarter included the following elements:
  - Broad diversification, generally including the widest range of permitted investments, which reduces the overall risk in the portfolio and provides the opportunity for better returns over the long term.
  - We maintained a portfolio duration in line with the benchmark. Maintaining a neutral duration—despite the inverted yield curve—drove strong market-value returns across most fixed-income sectors as market prices on fixed-income securities tend to rise as yields fall.
  - We continued to reduce federal agency allocations as their yields did not offer much value compared to treasury alternatives. Non-callable agencies generated small out-performance due to their modestly higher yields, but callable agencies underperformed as lower rates increased the likelihood of a call before maturity.
  - Corporate yield spreads remain tight by historical standards but widened briefly amid trade tensions. Corporates generated excess returns for the second consecutive quarter. We focused allocations on high quality issuers with relatively less exposure to international trade risks. We also had a slight preference for industrials over financials in the quarter.
  - Performance in the agency MBS sector was mixed for the second quarter, with agency CMBS outperforming pass-through securities.
  - Short-term commercial paper and negotiable bank CD yield spreads narrowed in the second quarter, reducing their overall attractiveness. By quarter-end, the money market yield curve was also inverted.

Sector Allocation & Compliance

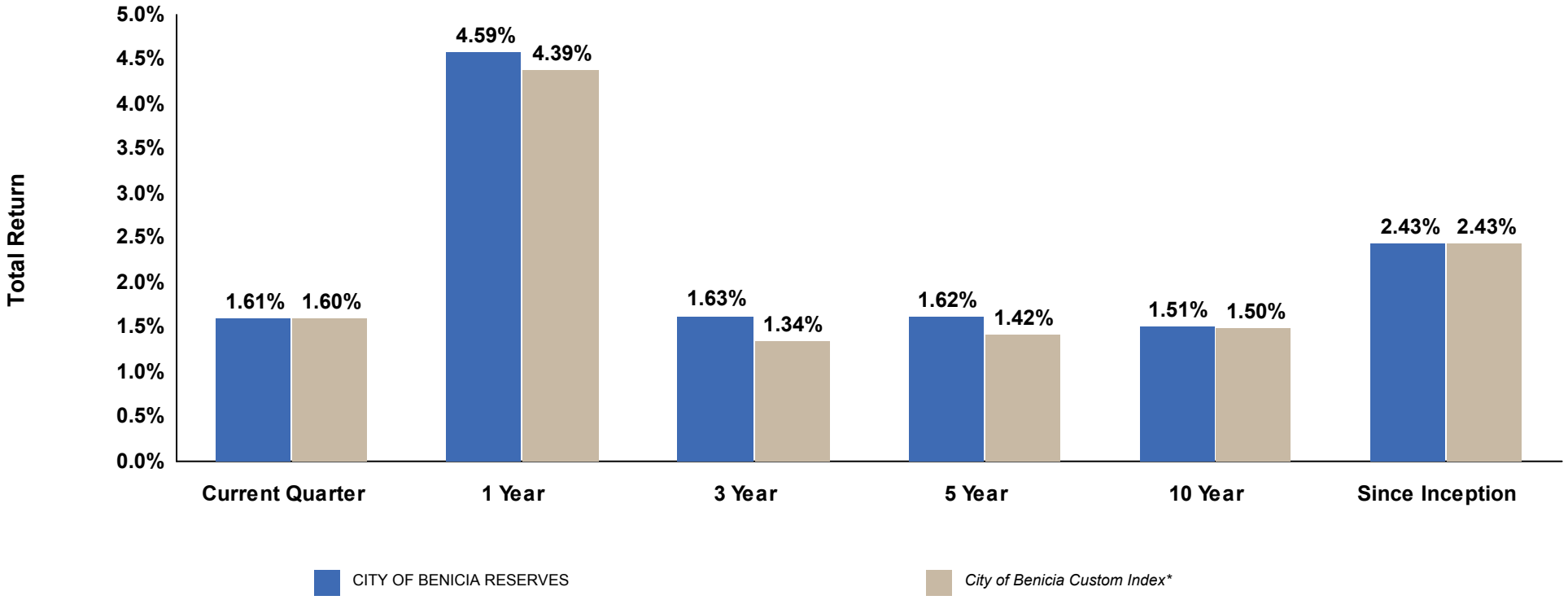
- The portfolio is in compliance with the Association's Investment Policy and California Government Code.

Security Type	Market Value	% of Portfolio	% Change vs. 6/30/19	Permitted by Policy	In Compliance
U.S. Treasury	$13,696,282	46.1%	+4.8%	100%	✓
Federal Agency	$4,089,042	13.8%	-0.1%	100%	✓
Federal Agency CMOs	$431,317	1.5%	-0.2%	100%	✓
Negotiable CDs	$2,877,674	9.7%	-0.1%	30%	✓
Corporate Notes	$6,398,098	21.5%	-0.1%	30%	✓
Commercial Paper	$863,845	2.9%	+0.2%	25%	✓
Asset-Backed Securities	$1,310,264	4.4%	-	20%	✓
Securities Sub-Total	**$29,666,523**	**99.8%**			
Accrued Interest	$147,788				
Securities Total	**$29,814,311**				
Money Market Fund	$62,306	0.2%	-4.4%	20%	✓
Total Investments	**$29,876,617**	**100.0%**			

Market values, excluding accrued interest. Detail may not add to total due to rounding. Current investment policy as of March 2018.

Portfolio Performance (Total Return)

Portfolio/Benchmark	Effective Duration	Current Quarter	1 Year	Annualized Return 3 Year	5 Year	10 Year	Since Inception (12/31/05)
CITY OF BENICIA RESERVES	2.07	1.61%	4.59%	1.63%	1.62%	1.51%	2.43%
City of Benicia Custom Index*	*2.10*	*1.60%*	*4.39%*	*1.34%*	*1.42%*	*1.50%*	*2.43%*
Difference		0.01%	0.20%	0.29%	0.20%	0.01%	0.00%



Portfolio performance is gross of fees unless otherwise indicated.
**The City's custom index was the ICE BofAML 1-3 Year U.S. Treasury Index before 6/30/2006. After 6/30/2006, the City's custom index became the ICE BofAML 0-5 Year U.S. Treasury Index.*

Portfolio Earnings

Quarter-Ended June 30, 2019

	Market Value Basis	Accrual (Amortized Cost) Basis
Beginning Value (03/31/2019)	$29,280,968.56	$29,279,927.86
Net Purchases/Sales	$133,320.59	$133,320.59
Change in Value	$314,540.05	$12,539.59
Ending Value (06/30/2019)	$29,728,829.20	$29,425,788.04
Interest Earned	$158,763.14	$158,763.14
Portfolio Earnings	$473,303.19	$171,302.73

For the Quarter Ended June 30, 2019

CITY OF BENICIA RESERVES

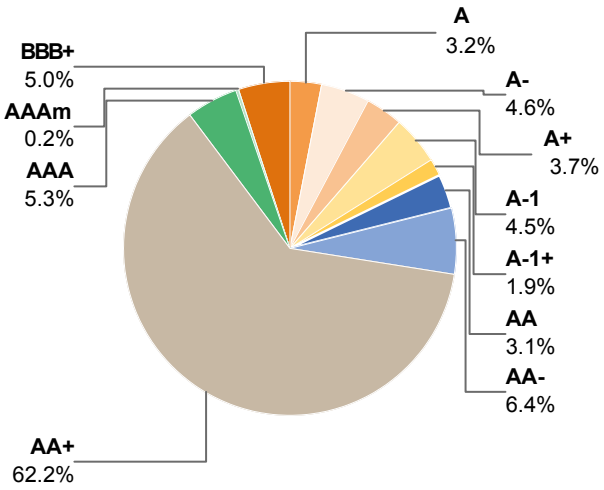
Portfolio Snapshot

Portfolio Statistics

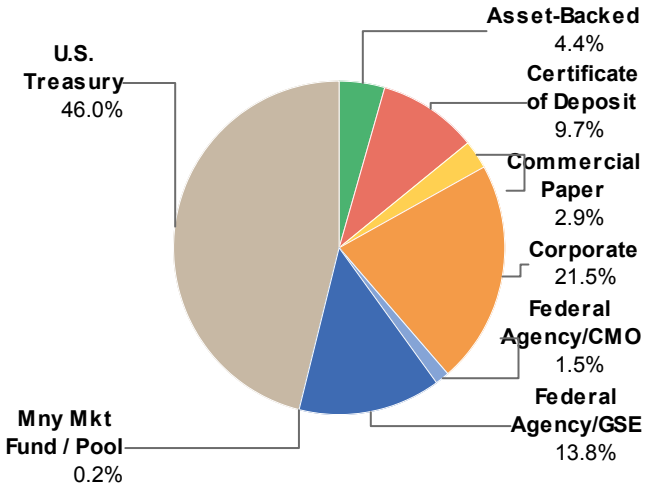
As of June 30, 2019

Par Value:	$29,584,779
Total Market Value:	$29,876,617
Security Market Value:	$29,666,523
Accrued Interest:	$147,788
Cash:	-
PFM Funds	$62,306
Amortized Cost:	$29,425,788
Yield at Market:	2.00%
Yield at Cost:	2.34%
Effective Duration:	2.07 Years
Duration to Worst:	2.06 Years
Average Maturity:	2.29 Years
Average Credit: *	AA

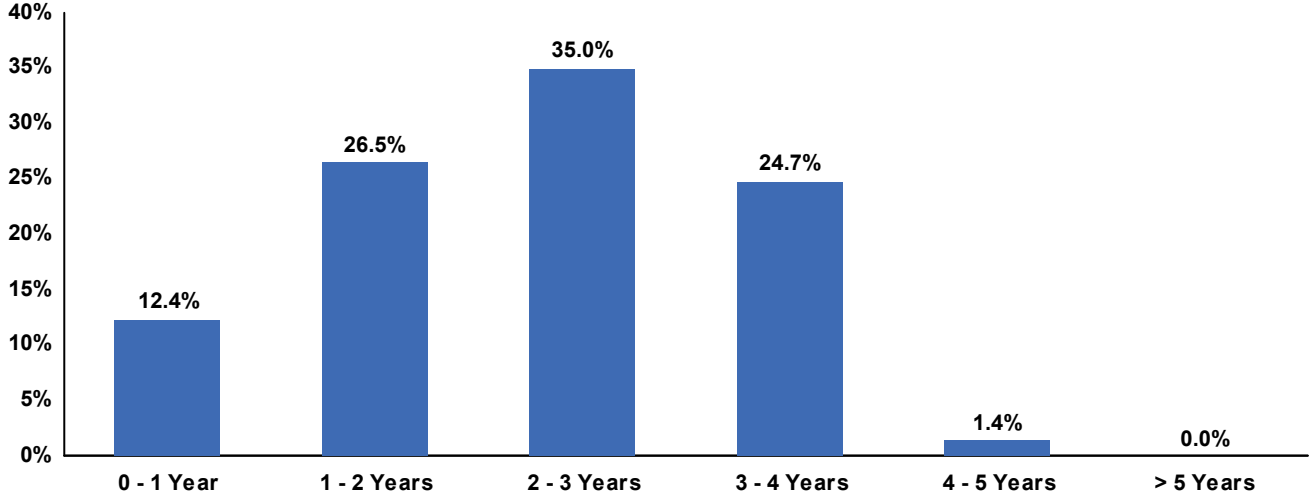
Credit Quality (S&P Ratings)**



Sector Allocation



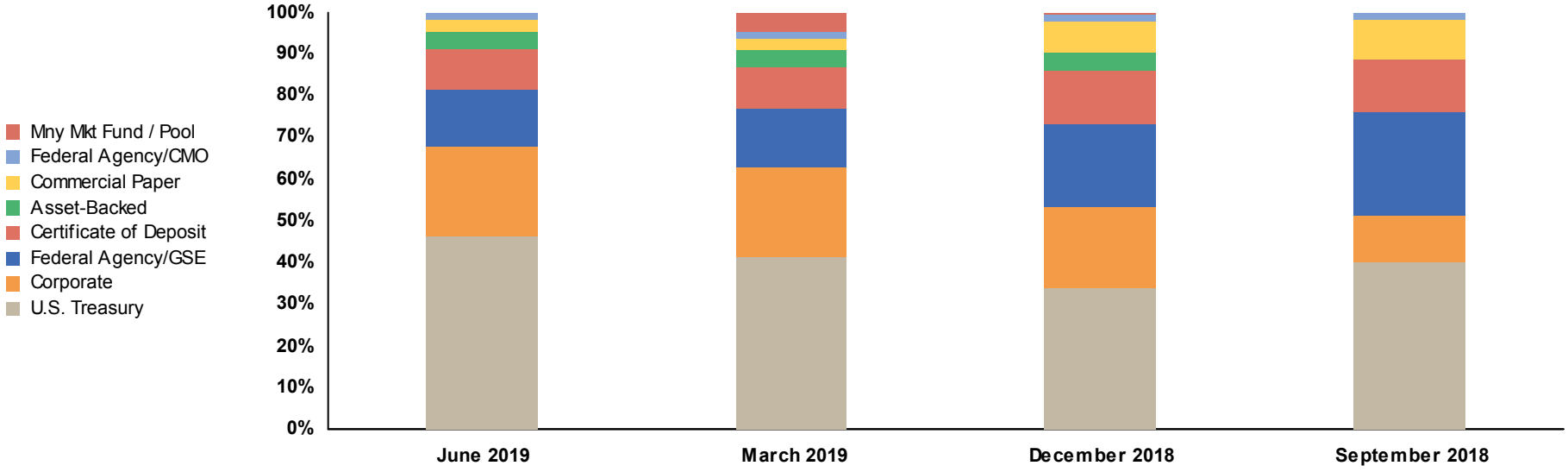
Maturity Distribution



**An average of each security's credit rating assigned a numeric value and adjusted for its relative weighting in the portfolio.*
***Securities held in the City's portfolio are in compliance with California Government Code and the City's investment policy dated March 2018.*

Sector Allocation

Sector	June 30, 2019 MV ($MM)	June 30, 2019 % of Total	March 31, 2019 MV ($MM)	March 31, 2019 % of Total	December 31, 2018 MV ($MM)	December 31, 2018 % of Total	September 30, 2018 MV ($MM)	September 30, 2018 % of Total
U.S. Treasury	13.7	46.0%	12.1	41.3%	9.8	33.7%	11.4	40.0%
Corporate	6.4	21.5%	6.3	21.6%	5.7	19.6%	3.2	11.3%
Federal Agency/GSE	4.1	13.8%	4.1	13.9%	5.7	19.6%	7.0	24.6%
Certificate of Deposit	2.9	9.7%	2.9	9.8%	3.7	12.7%	3.7	12.8%
Asset-Backed	1.3	4.4%	1.3	4.4%	1.3	4.5%	0.0	0.0%
Commercial Paper	0.9	2.9%	0.8	2.7%	2.2	7.6%	2.7	9.5%
Federal Agency/CMO	0.4	1.5%	0.5	1.7%	0.5	1.9%	0.4	1.6%
Mny Mkt Fund / Pool	0.1	0.2%	1.3	4.6%	0.1	0.4%	0.1	0.2%
Total	**$29.7**	**100.0%**	**$29.3**	**100.0%**	**$28.9**	**100.0%**	**$28.6**	**100.0%**

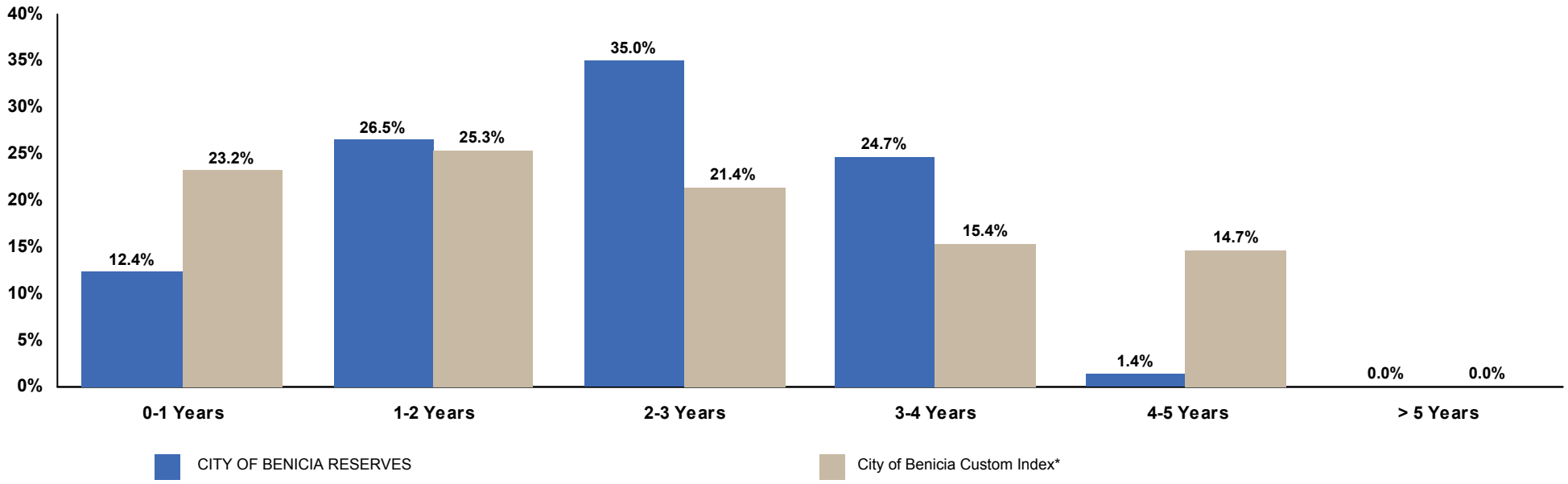


Detail may not add to total due to rounding.

Maturity Distribution

As of June 30, 2019

Portfolio/Benchmark	Yield at Market	Average Maturity	0-1 Years	1-2 Years	2-3 Years	3-4 Years	4-5 Years	>5 Years
CITY OF BENICIA RESERVES	2.00%	2.29 yrs	12.4%	26.5%	35.0%	24.7%	1.4%	0.0%
City of Benicia Custom Index*	*1.85%*	*2.26 yrs*	*23.2%*	*25.3%*	*21.4%*	*15.4%*	*14.7%*	*0.0%*



**The City's custom index was the ICE BofAML 1-3 Year U.S. Treasury Index before 6/30/2006. After 6/30/2006, the City's custom index became the ICE BofAML 0-5 Year U.S. Treasury Index.*

Investment Strategy Outlook

- While we expect U.S. and global economic growth to moderate in the second half of the year amid elevated risks to the economy, we do not believe a recession is imminent.
- The Fed has officially shifted its stance on monetary policy from “patient” to “appropriate,” and rates have continued to move lower. As such, our view is to continue to maintain a portfolio duration in line with the benchmark in order to minimize risk and optimize performance relative to the benchmark in the event yields continue to decline. While market-implied probabilities and economist surveys strongly suggest that the Fed will cut rates as early as July, the key questions of “when” and “how much” will drive our strategy over the rest of the year.
- Our outlook for each of the major investment-grade fixed-income sectors are as follows:
  - Federal agency spreads are very tight and we expect them to remain so. Although callable agency spreads are wider than they have been in a while, the sharp downward move in rates has reduced the likelihood of outperformance.
  - As a result of the Fed’s more accommodative stance and our positive view of the corporate sector, we will maintain corporate allocations and seek to modestly extend the duration of our allocations, while remaining diligent in our issuer and security selection process.
  - ABS spreads have recently widened back to levels that offer attractive incremental income compared to government and credit alternatives. We will seek to maintain allocations.
  - The decline in mortgage rates, increase in paydowns, and the Fed’s ongoing reduction in the holdings of agency MBS on their balance sheet are expected to continue. Our focus will be on specific structures, like agency CMBS, that offer incremental income and prepayment stability.
  - Historically tight spreads have also reduced the range of high-quality, short-term credit issues that offer adequate incremental income to warrant purchase. Careful maturity selection around Fed meeting expectations will be an important consideration going forward, particularly with both the Treasury and credit yield curves inverted.

Issuer Distribution

Sector/Issuer Distribution

As of June 30, 2019

Sector / Issuer	Market Value ($)	% of Sector	% of Total Portfolio
Asset-Backed			
HONDA AUTO RECEIVABLES	484,027	36.9%	1.6%
HYUNDAI AUTO RECEIVABLES	112,026	8.5%	0.4%
NISSAN AUTO RECEIVABLES	281,291	21.5%	0.9%
VOLKSWAGEN OF AMERICA	432,920	33.0%	1.5%
Sector Total	**1,310,264**	**100.0%**	**4.4%**
Certificate of Deposit			
BANK OF MONTREAL	503,477	17.5%	1.7%
MITSUBISHI UFJ FINANCIAL GROUP INC	307,425	10.7%	1.0%
NORDEA BANK AB	551,976	19.2%	1.9%
SWEDBANK AB	548,379	19.1%	1.8%
UBS AG	477,102	16.6%	1.6%
WESTPAC BANKING CORP	489,315	17.0%	1.6%
Sector Total	**2,877,674**	**100.0%**	**9.7%**
Commercial Paper			
MITSUBISHI UFJ FINANCIAL GROUP INC	863,845	100.0%	2.9%
Sector Total	**863,845**	**100.0%**	**2.9%**
Corporate			

Sector / Issuer	Market Value ($)	% of Sector	% of Total Portfolio
AMERICAN EXPRESS CO	283,489	4.4%	1.0%
APPLE INC	274,331	4.3%	0.9%
BANK OF AMERICA CO	283,464	4.4%	1.0%
BB&T CORPORATION	280,903	4.4%	0.9%
CHEVRON CORPORATION	374,515	5.9%	1.3%
CITIGROUP INC	277,852	4.3%	0.9%
DEERE & COMPANY	112,869	1.8%	0.4%
GENERAL ELECTRIC CO	354,972	5.5%	1.2%
GOLDMAN SACHS GROUP INC	277,275	4.3%	0.9%
JP MORGAN CHASE & CO	508,623	7.9%	1.7%
MICROSOFT CORP	249,464	3.9%	0.8%
MORGAN STANLEY	277,885	4.3%	0.9%
ORACLE CORP	354,750	5.5%	1.2%
PACCAR FINANCIAL CORP	101,858	1.6%	0.3%
PNC FINANCIAL SERVICES GROUP	289,608	4.5%	1.0%
PROCTER & GAMBLE CO	84,959	1.3%	0.3%
THE BANK OF NEW YORK MELLON CORPORATION	521,453	8.2%	1.8%
TOYOTA MOTOR CORP	425,489	6.7%	1.4%
US BANCORP	505,345	7.9%	1.7%
WAL-MART STORES INC	558,994	8.7%	1.9%
Sector Total	**6,398,098**	**100.0%**	**21.5%**
Federal Agency/CMO			
FANNIE MAE	139,923	32.4%	0.5%
FREDDIE MAC	291,394	67.6%	1.0%

Sector / Issuer	Market Value ($)	% of Sector	% of Total Portfolio
Sector Total	**431,317**	**100.0%**	**1.5%**
Federal Agency/GSE			
FANNIE MAE	954,477	23.3%	3.2%
FEDERAL HOME LOAN BANKS	2,215,996	54.2%	7.5%
FREDDIE MAC	918,569	22.5%	3.1%
Sector Total	**4,089,042**	**100.0%**	**13.8%**
Mny Mkt Fund / Pool			
PFM FUNDS - GOVT SELECT, INSTL CL	62,306	100.0%	0.2%
Sector Total	**62,306**	**100.0%**	**0.2%**
U.S. Treasury			
UNITED STATES TREASURY	13,696,282	100.0%	46.1%
Sector Total	**13,696,282**	**100.0%**	**46.1%**
Portfolio Total	**29,728,829**	**100.0%**	**100.0%**

Portfolio Transactions

Quarterly Portfolio Transactions

Trade Date	Settle Date	Par ($)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt ($)	Yield at Market	Realized G/L (BV)
BUY									
4/1/19	4/5/19	300,000	912828R69	US TREASURY N/B NOTES	1.62%	5/31/23	293,519.53	2.32%	
4/18/19	4/18/19	550,000	62479LAD7	MUFG BANK LTD/NY COMM PAPER	0.00%	1/13/20	539,192.50	2.67%	
5/1/19	5/3/19	550,000	912828R69	US TREASURY N/B NOTES	1.62%	5/31/23	540,546.88	2.25%	
5/7/19	5/7/19	325,000	62479LAX3	MUFG BANK LTD/NY COMM PAPER	0.00%	1/31/20	318,685.97	2.65%	
6/3/19	6/7/19	600,000	912828R69	US TREASURY N/B NOTES	1.62%	5/31/23	595,475.54	1.83%	
Total BUY		**2,325,000**					**2,287,420.42**		
INTEREST									
4/1/19	4/25/19	133,941	3137FKK39	FHMS KP05 A	3.20%	7/1/23	357.51		
4/1/19	4/25/19	150,000	3137BM6P6	FHLMC SERIES K721 A2	3.09%	8/25/22	386.25		
4/1/19	4/25/19	141,946	3136B1XP4	FNA 2018-M5 A2	3.56%	9/25/21	428.70		
4/1/19	4/25/19	56,893	3137BNN26	FHLMC SERIES KP03 A2	1.78%	7/1/19	84.39		
4/1/19	4/25/19	10,903	3136AQDQ0	FANNIE MAE SERIES 2015-M13 ASQ2	1.64%	9/1/19	14.96		
4/12/19	4/12/19	550,000	3130AF5B9	FEDERAL HOME LOAN BANKS NOTES	3.00%	10/12/21	8,250.00		
4/15/19	4/15/19	475,000	43815AAC6	HAROT 2018-4 A3	3.16%	1/15/23	1,250.83		
4/15/19	4/15/19	275,000	65478NAD7	NAROT 2018-C A3	3.22%	6/15/23	737.92		
4/15/19	4/15/19	110,000	44933AAC1	HART 2018-B A3	3.20%	12/15/22	293.33		
4/20/19	4/20/19	425,000	92869BAD4	VALET 2018-2 A3	3.25%	4/20/23	1,151.04		
4/21/19	4/21/19	150,000	3130ACM92	FEDERAL HOME LOAN BANK NOTES	1.50%	10/21/19	1,125.00		
4/23/19	4/23/19	85,000	742718FA2	THE PROCTER & GAMBLE CO CORP NOTES	1.90%	10/23/20	807.50		
4/28/19	4/28/19	500,000	06406RAG2	BANK OF NY MELLON CORP	3.50%	4/28/23	8,750.00		
4/30/19	4/30/19	900,000	912828X47	US TREASURY NOTES	1.87%	4/30/22	8,437.50		
4/30/19	4/30/19	825,000	912828Q78	US TREASURY NOTES	1.37%	4/30/21	5,671.88		
4/30/19	4/30/19	650,000	912828X47	US TREASURY NOTES	1.87%	4/30/22	6,093.75		

For the Quarter Ended June 30, 2019

CITY OF BENICIA RESERVES

Portfolio Activity

Trade Date	Settle Date	Par ($)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt ($)	Yield at Market	Realized G/L (BV)
4/30/19	4/30/19	750,000	912828X47	US TREASURY NOTES	1.87%	4/30/22	7,031.25		
4/30/19	4/30/19	700,000	912828T67	US TREASURY NOTES	1.25%	10/31/21	4,375.00		
4/30/19	4/30/19	700,000	912828X47	US TREASURY NOTES	1.87%	4/30/22	6,562.50		
4/30/19	4/30/19	400,000	912828T67	US TREASURY NOTES	1.25%	10/31/21	2,500.00		
4/30/19	4/30/19	275,000	38148YAC2	GOLDMAN SACHS GROUP INC (CALLABLE) NOTES	2.87%	10/31/22	3,954.50		
5/1/19	5/25/19	30,050	3137BNN26	FHLMC SERIES KP03 A2	1.78%	7/1/19	44.57		
5/1/19	5/25/19	8,226	3136AQDQ0	FANNIE MAE SERIES 2015-M13 ASQ2	1.64%	9/1/19	11.28		
5/1/19	5/25/19	139,228	3136B1XP4	FNA 2018-M5 A2	3.56%	9/25/21	420.08		
5/1/19	5/25/19	133,729	3137FKK39	FHMS KP05 A	3.20%	7/1/23	356.95		
5/1/19	5/25/19	150,000	3137BM6P6	FHLMC SERIES K721 A2	3.09%	8/25/22	386.25		
5/5/19	5/5/19	165,000	025816BY4	AMERICAN EXPRESS CREDIT CORP NOTES	3.70%	11/5/21	3,035.55		
5/5/19	5/5/19	110,000	025816BY4	AMERICAN EXPRESS CREDIT CORP NOTES	3.70%	11/5/21	2,023.69		
5/11/19	5/11/19	275,000	037833CS7	APPLE INC BONDS	1.80%	5/11/20	2,475.00		
5/15/19	5/15/19	110,000	44933AAC1	HART 2018-B A3	3.20%	12/15/22	293.33		
5/15/19	5/15/19	275,000	65478NAD7	NAROT 2018-C A3	3.22%	6/15/23	737.92		
5/15/19	5/15/19	475,000	43815AAC6	HAROT 2018-4 A3	3.16%	1/15/23	1,250.83		
5/16/19	5/16/19	550,000	87019U6D6	SWEDBANK (NEW YORK) CERT DEPOS	2.27%	11/16/20	6,277.18		
5/17/19	5/17/19	550,000	3137EAEK1	FHLMC NOTES	1.87%	11/17/20	5,156.25		
5/19/19	5/19/19	275,000	61744YAH1	MORGAN STANLEY CORP NOTES	2.75%	5/19/22	3,781.25		
5/20/19	5/20/19	425,000	92869BAD4	VALET 2018-2 A3	3.25%	4/20/23	1,151.04		
5/31/19	5/31/19	300,000	912828R69	US TREASURY N/B NOTES	1.62%	5/31/23	2,437.50		
5/31/19	5/31/19	875,000	912828R77	US TREASURY NOTES	1.37%	5/31/21	6,015.63		
5/31/19	5/31/19	550,000	912828R69	US TREASURY N/B NOTES	1.62%	5/31/23	4,468.75		
5/31/19	5/31/19	600,000	912828R69	US TREASURY N/B NOTES	1.62%	5/31/23	4,875.00		
6/1/19	6/25/19	2,511	3137BNN26	FHLMC SERIES KP03 A2	1.78%	7/1/19	3.72		
6/1/19	6/25/19	150,000	3137BM6P6	FHLMC SERIES K721 A2	3.09%	8/25/22	386.25		
6/1/19	6/25/19	137,277	3136B1XP4	FNA 2018-M5 A2	3.56%	9/25/21	407.82		
6/1/19	6/25/19	7,559	3136AQDQ0	FANNIE MAE SERIES 2015-M13 ASQ2	1.64%	9/1/19	10.37		
6/1/19	6/25/19	133,504	3137FKK39	FHMS KP05 A	3.20%	7/1/23	356.34		
6/8/19	6/8/19	275,000	172967LC3	CITIGROUP INC CORP (CALLABLE) NOTE	2.90%	12/8/21	3,987.50		

Trade Date	Settle Date	Par ($)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt ($)	Yield at Market	Realized G/L (BV)
6/15/19	6/15/19	475,000	43815AAC6	HAROT 2018-4 A3	3.16%	1/15/23	1,250.83		
6/15/19	6/15/19	560,000	931142EA7	WAL-MART STORES INC CORP NOTE	1.90%	12/15/20	5,320.00		
6/15/19	6/15/19	275,000	65478NAD7	NAROT 2018-C A3	3.22%	6/15/23	737.92		
6/15/19	6/15/19	110,000	44933AAC1	HART 2018-B A3	3.20%	12/15/22	293.33		
6/20/19	6/20/19	425,000	92869BAD4	VALET 2018-2 A3	3.25%	4/20/23	1,151.04		
6/20/19	6/20/19	275,000	05531FBG7	BRANCH BANKING & TRUST CORP NOTES	3.05%	6/20/22	2,143.47		
6/22/19	6/22/19	400,000	3135G0U35	FANNIE MAE NOTES	2.75%	6/22/21	5,500.00		
6/30/19	6/30/19	350,000	912828N48	US TREASURY NOTES	1.75%	12/31/20	3,062.50		
6/30/19	6/30/19	700,000	912828N30	US TREASURY NOTES	2.12%	12/31/22	7,437.50		
6/30/19	6/30/19	1,100,000	912828N30	US TREASURY NOTES	2.12%	12/31/22	11,687.50		
Total INTEREST		**19,635,766**					**157,197.95**		
MATURITY									
4/16/19	4/16/19	800,000	62479MRG0	MUFG BANK LTD/NY COMM PAPER	0.00%	4/16/19	800,000.00		0.00
Total MATURITY		**800,000**					**800,000.00**		**0.00**
PAYDOWNS									
4/1/19	4/25/19	211	3137FKK39	FHMS KP05 A	3.20%	7/1/23	211.37		0.00
4/1/19	4/25/19	2,718	3136B1XP4	FNA 2018-M5 A2	3.56%	9/25/21	2,717.60		0.00
4/1/19	4/25/19	26,843	3137BNN26	FHLMC SERIES KP03 A2	1.78%	7/1/19	26,843.03		0.00
4/1/19	4/25/19	2,677	3136AQDQ0	FANNIE MAE SERIES 2015-M13 ASQ2	1.64%	9/1/19	2,676.71		0.00
5/1/19	5/25/19	226	3137FKK39	FHMS KP05 A	3.20%	7/1/23	225.90		0.00
5/1/19	5/25/19	1,951	3136B1XP4	FNA 2018-M5 A2	3.56%	9/25/21	1,950.69		0.00
5/1/19	5/25/19	27,539	3137BNN26	FHLMC SERIES KP03 A2	1.78%	7/1/19	27,538.84		0.00
5/1/19	5/25/19	668	3136AQDQ0	FANNIE MAE SERIES 2015-M13 ASQ2	1.64%	9/1/19	667.72		0.00
6/1/19	6/25/19	8	3137BNN26	FHLMC SERIES KP03 A2	1.78%	7/1/19	8.35		0.00

For the Quarter Ended June 30, 2019

CITY OF BENICIA RESERVES

Portfolio Activity

Trade Date	Settle Date	Par ($)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt ($)	Yield at Market	Realized G/L (BV)
6/1/19	6/25/19	769	3137FKK39	FHMS KP05 A	3.20%	7/1/23	769.27		0.00
6/1/19	6/25/19	494	3136B1XP4	FNA 2018-M5 A2	3.56%	9/25/21	493.85		0.00
6/1/19	6/25/19	7,105	3136AQDQ0	FANNIE MAE SERIES 2015-M13 ASQ2	1.64%	9/1/19	7,105.41		0.00
Total PAYDOWNS		**71,209**					**71,208.74**		**0.00**

Portfolio Holdings

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
U.S. Treasury Bond / Note											
US TREASURY NOTES DTD 02/28/2013 1.250% 02/29/2020	912828UQ1	190,000.00	AA+	Aaa	11/5/2015	11/9/2015	187,498.83	1.57	793.82	189,602.80	189,005.54
US TREASURY NOTES DTD 08/31/2015 1.375% 08/31/2020	912828L32	450,000.00	AA+	Aaa	9/1/2016	9/2/2016	455,009.77	1.09	2,068.10	451,484.25	447,222.60
US TREASURY NOTES DTD 08/31/2015 1.375% 08/31/2020	912828L32	750,000.00	AA+	Aaa	7/7/2016	7/12/2016	764,853.52	0.89	3,446.84	754,241.58	745,371.00
US TREASURY NOTES DTD 12/31/2015 1.750% 12/31/2020	912828N48	350,000.00	AA+	Aaa	8/2/2016	8/5/2016	361,005.86	1.02	16.64	353,799.08	349,535.20
US TREASURY NOTES DTD 02/28/2014 2.000% 02/28/2021	912828B90	300,000.00	AA+	Aaa	10/3/2016	10/5/2016	310,839.84	1.16	2,005.43	304,165.23	300,902.40
US TREASURY NOTES DTD 05/02/2016 1.375% 04/30/2021	912828Q78	825,000.00	AA+	Aaa	1/3/2017	1/5/2017	808,628.91	1.86	1,911.18	817,900.41	818,909.03
US TREASURY NOTES DTD 05/31/2016 1.375% 05/31/2021	912828R77	875,000.00	AA+	Aaa	3/15/2017	3/17/2017	852,270.51	2.02	1,019.04	864,416.25	868,437.50
US TREASURY NOTES DTD 09/02/2014 2.000% 08/31/2021	912828D72	900,000.00	AA+	Aaa	6/27/2017	6/29/2017	909,808.59	1.73	6,016.30	905,184.09	904,780.80
US TREASURY NOTES DTD 09/02/2014 2.000% 08/31/2021	912828D72	750,000.00	AA+	Aaa	7/6/2017	7/11/2017	754,541.02	1.85	5,013.59	752,422.55	753,984.00
US TREASURY NOTES DTD 09/02/2014 2.000% 08/31/2021	912828D72	350,000.00	AA+	Aaa	12/1/2016	12/5/2016	351,052.73	1.93	2,339.67	350,495.29	351,859.20
US TREASURY NOTES DTD 10/31/2016 1.250% 10/31/2021	912828T67	400,000.00	AA+	Aaa	8/1/2017	8/3/2017	392,328.13	1.72	842.39	395,716.61	395,546.80
US TREASURY NOTES DTD 10/31/2016 1.250% 10/31/2021	912828T67	700,000.00	AA+	Aaa	8/30/2017	8/31/2017	688,953.13	1.64	1,474.18	693,728.01	692,206.90
US TREASURY NOTES DTD 05/01/2017 1.875% 04/30/2022	912828X47	750,000.00	AA+	Aaa	1/3/2018	1/4/2018	740,478.52	2.18	2,369.23	743,666.59	753,017.25
US TREASURY NOTES DTD 05/01/2017 1.875% 04/30/2022	912828X47	900,000.00	AA+	Aaa	11/2/2017	11/3/2017	896,765.63	1.96	2,843.07	897,929.05	903,620.70
US TREASURY NOTES DTD 05/01/2017 1.875% 04/30/2022	912828X47	700,000.00	AA+	Aaa	5/3/2018	5/7/2018	677,632.81	2.73	2,211.28	683,850.62	702,816.10

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
U.S. Treasury Bond / Note											
US TREASURY NOTES DTD 05/01/2017 1.875% 04/30/2022	912828X47	650,000.00	AA+	Aaa	7/3/2018	7/6/2018	630,804.69	2.69	2,053.33	635,588.51	652,614.95
US TREASURY NOTES DTD 12/31/2015 2.125% 12/31/2022	912828N30	700,000.00	AA+	Aaa	1/30/2019	1/31/2019	688,898.44	2.55	40.42	690,035.60	709,543.10
US TREASURY NOTES DTD 12/31/2015 2.125% 12/31/2022	912828N30	1,100,000.00	AA+	Aaa	1/7/2019	1/10/2019	1,084,144.53	2.51	63.52	1,085,962.65	1,114,996.30
US TREASURY N/B NOTES DTD 05/31/2016 1.625% 05/31/2023	912828R69	300,000.00	AA+	Aaa	4/1/2019	4/5/2019	291,832.03	2.32	412.91	292,283.84	298,816.50
US TREASURY N/B NOTES DTD 05/31/2016 1.625% 05/31/2023	912828R69	600,000.00	AA+	Aaa	3/4/2019	3/6/2019	578,226.56	2.53	825.82	579,805.44	597,633.00
US TREASURY N/B NOTES DTD 05/31/2016 1.625% 05/31/2023	912828R69	550,000.00	AA+	Aaa	5/1/2019	5/3/2019	536,765.63	2.25	757.00	537,272.02	547,830.25
US TREASURY N/B NOTES DTD 05/31/2016 1.625% 05/31/2023	912828R69	600,000.00	AA+	Aaa	6/3/2019	6/7/2019	595,289.06	1.83	825.82	595,364.31	597,633.00
Security Type Sub-Total		**13,690,000.00**					**13,557,628.74**	**1.98**	**39,349.58**	**13,574,914.78**	**13,696,282.12**
Federal Agency Collateralized Mortgage Obligation											
FHLMC SERIES KP03 A2 DTD 04/01/2016 1.780% 07/01/2019	3137BNN26	2,502.55	AA+	Aaa	4/15/2016	4/28/2016	2,527.52	1.10	3.71	2,502.55	2,498.27
FANNIE MAE SERIES 2015-M13 ASQ2 DTD 10/01/2015 1.646% 09/01/2019	3136AQDQ0	453.14	AA+	Aaa	10/7/2015	10/30/2015	457.68	1.08	0.62	453.14	452.30
FNA 2018-M5 A2 DTD 04/01/2018 3.560% 09/25/2021	3136B1XP4	136,783.47	AA+	Aaa	4/11/2018	4/30/2018	139,504.22	2.27	405.79	138,551.31	139,471.17
FHLMC SERIES K721 A2 DTD 12/01/2015 3.090% 08/25/2022	3137BM6P6	150,000.00	AA+	Aaa	4/4/2018	4/9/2018	151,277.34	2.61	386.25	150,858.12	153,926.06
FHMS KP05 A DTD 12/01/2018 3.203% 07/01/2023	3137FKK39	132,734.27	AA+	Aaa	12/7/2018	12/17/2018	132,733.87	3.11	354.29	132,733.87	134,969.33
Security Type Sub-Total		**422,473.43**					**426,500.63**	**2.65**	**1,150.66**	**425,098.99**	**431,317.13**

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Federal Agency Bond / Note											
FHLB GLOBAL NOTES DTD 09/09/2016 1.000% 09/26/2019	3130A9EP2	130,000.00	AA+	Aaa	9/8/2016	9/9/2016	129,886.90	1.03	343.06	129,991.11	129,622.74
FEDERAL HOME LOAN BANK NOTES DTD 10/13/2017 1.500% 10/21/2019	3130ACM92	150,000.00	AA+	Aaa	10/12/2017	10/13/2017	149,734.50	1.59	437.50	149,959.37	149,676.30
FNMA NOTES DTD 08/01/2017 1.500% 07/30/2020	3135G0T60	550,000.00	AA+	Aaa	7/28/2017	8/1/2017	548,333.50	1.60	3,460.42	549,390.09	547,254.40
FHLB NOTES DTD 09/08/2017 1.375% 09/28/2020	3130ACE26	280,000.00	AA+	Aaa	9/7/2017	9/8/2017	279,101.20	1.48	994.58	279,629.71	278,150.88
FHLMC NOTES DTD 09/29/2017 1.625% 09/29/2020	3137EAEJ4	370,000.00	AA+	Aaa	9/28/2017	9/29/2017	369,330.30	1.69	1,536.53	369,718.22	368,742.00
FHLMC NOTES DTD 11/15/2017 1.875% 11/17/2020	3137EAEK1	550,000.00	AA+	Aaa	11/14/2017	11/15/2017	549,472.00	1.91	1,260.42	549,754.17	549,826.75
FANNIE MAE NOTES DTD 06/25/2018 2.750% 06/22/2021	3135G0U35	400,000.00	AA+	Aaa	6/22/2018	6/25/2018	399,908.00	2.76	275.00	399,938.02	407,222.80
FHLB GLOBAL NOTE DTD 07/14/2016 1.125% 07/14/2021	3130A8QS5	550,000.00	AA+	Aaa	7/14/2016	7/15/2016	546,655.45	1.25	2,870.31	548,612.15	543,145.90
FEDERAL HOME LOAN BANKS NOTES (CALLABLE) DTD 09/20/2018 3.000% 09/20/2021	3130AEXV7	550,000.00	AA+	Aaa	9/13/2018	9/20/2018	550,000.00	3.00	4,629.17	550,000.00	550,750.75
FEDERAL HOME LOAN BANKS NOTES DTD 10/12/2018 3.000% 10/12/2021	3130AF5B9	550,000.00	AA+	Aaa	10/11/2018	10/12/2018	549,642.50	3.02	3,620.83	549,725.43	564,649.80
Security Type Sub-Total		**4,080,000.00**					**4,072,064.35**	**2.08**	**19,427.82**	**4,076,718.27**	**4,089,042.32**
Corporate Note											
GENERAL ELECTRIC CAP CORP NOTES DTD 01/08/2010 5.500% 01/08/2020	36962G4J0	350,000.00	BBB+	Baa1	3/20/2015	3/25/2015	404,715.50	2.05	9,250.69	356,200.65	354,972.45
MICROSOFT CORP NOTES DTD 02/06/2017 1.850% 02/06/2020	594918BV5	250,000.00	AAA	Aaa	1/30/2017	2/6/2017	249,832.50	1.87	1,862.85	249,965.93	249,464.25

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Corporate Note											
CHEVRON CORP NOTES DTD 03/03/2017 1.991% 03/03/2020	166764BP4	375,000.00	AA	Aa2	2/28/2017	3/3/2017	375,000.00	1.99	2,447.27	375,000.00	374,514.75
APPLE INC BONDS DTD 05/11/2017 1.800% 05/11/2020	037833CS7	275,000.00	AA+	Aa1	5/4/2017	5/11/2017	274,719.50	1.84	687.50	274,917.95	274,330.93
THE PROCTER & GAMBLE CO CORP NOTES DTD 10/25/2017 1.900% 10/23/2020	742718FA2	85,000.00	AA-	Aa3	10/23/2017	10/25/2017	84,869.95	1.95	305.06	84,942.13	84,958.95
WAL-MART STORES INC CORP NOTE DTD 10/20/2017 1.900% 12/15/2020	931142EA7	560,000.00	AA	Aa2	10/11/2017	10/20/2017	559,188.00	1.95	472.89	559,616.44	558,994.24
ORACLE CORP BONDS DTD 07/08/2014 2.800% 07/08/2021	68389XBA2	350,000.00	AA-	A1	5/26/2017	6/1/2017	360,178.00	2.06	4,709.44	355,118.38	354,749.50
AMERICAN EXPRESS CREDIT CORP NOTES DTD 11/06/2018 3.700% 11/05/2021	025816BY4	110,000.00	BBB+	A3	11/1/2018	11/6/2018	109,975.80	3.71	633.11	109,980.77	113,395.70
AMERICAN EXPRESS CREDIT CORP NOTES DTD 11/06/2018 3.700% 11/05/2021	025816BY4	165,000.00	BBB+	A3	11/9/2018	11/14/2018	165,067.65	3.69	949.67	165,054.72	170,093.55
CITIGROUP INC CORP (CALLABLE) NOTE DTD 12/08/2016 2.900% 12/08/2021	172967LC3	275,000.00	BBB+	A3	11/9/2018	11/14/2018	268,829.00	3.68	509.51	270,046.50	277,852.03
JOHN DEERE CAPITAL CORP CORP NOTES DTD 01/10/2019 3.200% 01/10/2022	24422EUQ0	110,000.00	A	A2	1/4/2019	1/10/2019	109,894.40	3.23	1,672.00	109,910.46	112,869.24
US BANCORP (CALLABLE) NOTES DTD 01/24/2017 2.625% 01/24/2022	91159HHP8	500,000.00	A+	A1	12/11/2018	12/13/2018	487,825.00	3.46	5,723.96	489,892.11	505,345.00
PACCAR FINANCIAL CORP NOTE DTD 03/01/2019 2.850% 03/01/2022	69371RP75	100,000.00	A+	A1	2/22/2019	3/1/2019	99,912.00	2.88	950.00	99,921.43	101,857.60
MORGAN STANLEY CORP NOTES DTD 05/19/2017 2.750% 05/19/2022	61744YAH1	275,000.00	BBB+	A3	11/6/2018	11/8/2018	265,743.50	3.78	882.29	267,353.95	277,885.03
BRANCH BANKING & TRUST CORP NOTES DTD 03/18/2019 3.050% 06/20/2022	05531FBG7	275,000.00	A-	A2	3/11/2019	3/18/2019	274,991.75	3.05	256.28	274,991.75	280,902.88

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Corporate Note											
TOYOTA MOTOR CREDIT CORP NOTES DTD 09/08/2017 2.150% 09/08/2022	89236TEC5	425,000.00	AA-	Aa3	9/8/2017	9/12/2017	424,498.50	2.18	2,868.16	424,673.92	425,489.18
GOLDMAN SACHS GROUP INC (CALLABLE) NOTES DTD 10/31/2017 2.876% 10/31/2022	38148YAC2	275,000.00	BBB+	A3	11/6/2018	11/8/2018	267,462.25	3.62	1,340.14	268,619.68	277,275.35
BANK OF AMERICA CORP NOTE DTD 01/11/2013 3.300% 01/11/2023	06051GEU9	275,000.00	A-	A2	11/8/2018	11/13/2018	268,501.75	3.92	4,285.42	269,433.00	283,463.68
JPMORGAN CHASE & CO (CALLABLE) NOTES DTD 12/08/2016 2.972% 01/15/2023	48128BAB7	275,000.00	A-	A2	11/5/2018	11/7/2018	266,541.00	3.77	3,768.66	267,776.71	278,991.08
JPMORGAN CHASE & CO BONDS DTD 03/22/2019 3.207% 04/01/2023	46647PBB1	225,000.00	A-	A2	3/15/2019	3/22/2019	225,000.00	3.21	1,984.33	225,000.00	229,632.30
BANK OF NY MELLON CORP DTD 04/30/2018 3.500% 04/28/2023	06406RAG2	500,000.00	A	A1	12/20/2018	12/24/2018	499,425.00	3.53	3,062.50	499,503.91	521,452.50
PNC BANK NA CORP NOTES DTD 01/23/2019 3.500% 01/23/2024	693475AV7	275,000.00	A-	A3	2/12/2019	2/15/2019	276,958.00	3.34	4,224.31	276,822.52	289,608.00
Security Type Sub-Total		**6,305,000.00**					**6,319,129.05**	**2.88**	**52,846.04**	**6,274,742.91**	**6,398,098.19**
Commercial Paper											
MUFG BANK LTD/NY COMM PAPER DTD 04/18/2019 0.000% 01/13/2020	62479LAD7	550,000.00	A-1	P-1	4/18/2019	4/18/2019	539,192.50	2.67	0.00	542,154.56	543,192.65
MUFG BANK LTD/NY COMM PAPER DTD 05/06/2019 0.000% 01/31/2020	62479LAX3	325,000.00	A-1	P-1	5/7/2019	5/7/2019	318,685.97	2.65	0.00	319,976.94	320,652.80
Security Type Sub-Total		**875,000.00**					**857,878.47**	**2.66**	**0.00**	**862,131.50**	**863,845.45**
Certificate of Deposit											
NORDEA BANK AB NY CD DTD 02/22/2018 2.720% 02/20/2020	65590ASN7	550,000.00	A-1+	P-1	2/20/2018	2/22/2018	550,000.00	2.72	5,443.78	550,000.00	551,976.15

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Certificate of Deposit											
UBS AG STAMFORD CT LT CD DTD 03/06/2018 2.900% 03/02/2020	90275DHG8	475,000.00	A-1	P-1	3/2/2018	3/6/2018	475,000.00	2.93	4,553.40	475,000.00	477,101.88
BANK OF MONTREAL CHICAGO CERT DEPOS DTD 08/03/2018 3.190% 08/03/2020	06370REU9	500,000.00	A+	Aa2	8/1/2018	8/3/2018	500,000.00	3.23	14,709.44	500,000.00	503,477.00
WESTPAC BANKING CORP NY CD DTD 08/07/2017 2.050% 08/03/2020	96121T4A3	490,000.00	AA-	Aa3	8/3/2017	8/7/2017	490,000.00	2.05	4,018.00	490,000.00	489,315.47
SWEDBANK (NEW YORK) CERT DEPOS DTD 11/17/2017 2.270% 11/16/2020	87019U6D6	550,000.00	AA-	Aa2	11/16/2017	11/17/2017	550,000.00	2.30	1,595.31	550,000.00	548,378.60
MUFG BANK LTD/NY CERT DEPOS DTD 02/28/2019 2.980% 02/25/2022	55379WZU3	300,000.00	A	A1	2/27/2019	2/28/2019	300,000.00	3.01	3,054.50	300,000.00	307,424.58
Security Type Sub-Total		**2,865,000.00**					**2,865,000.00**	**2.68**	**33,374.43**	**2,865,000.00**	**2,877,673.68**
Asset-Backed Security											
HART 2018-B A3 DTD 12/12/2018 3.200% 12/15/2022	44933AAC1	110,000.00	AAA	Aaa	12/4/2018	12/12/2018	109,998.68	3.48	156.44	109,998.89	112,026.04
HAROT 2018-4 A3 DTD 11/28/2018 3.160% 01/15/2023	43815AAC6	475,000.00	AAA	Aaa	11/20/2018	11/28/2018	474,928.99	3.17	667.11	474,938.62	484,027.33
VALET 2018-2 A3 DTD 11/21/2018 3.250% 04/20/2023	92869BAD4	425,000.00	AAA	Aaa	11/15/2018	11/21/2018	424,982.15	3.25	422.05	424,984.56	432,919.83
NAROT 2018-C A3 DTD 12/12/2018 3.220% 06/15/2023	65478NAD7	275,000.00	AAA	Aaa	12/4/2018	12/12/2018	274,947.31	3.53	393.56	274,953.67	281,291.26
Security Type Sub-Total		**1,285,000.00**					**1,284,857.13**	**3.30**	**1,639.16**	**1,284,875.74**	**1,310,264.46**
Managed Account Sub Total		**29,522,473.43**					**29,383,058.37**	**2.34**	**147,787.69**	**29,363,482.19**	**29,666,523.35**
Money Market Mutual Fund											
PFM Funds - Govt Select, Instl Cl		62,305.85	AAAm	NR			62,305.85		0.00	62,305.85	62,305.

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Money Market Sub Total		**62,305.85**					**62,305.85**		**0.00**	**62,305.85**	**62,305.85**
Securities Sub-Total		**$29,584,779.28**					**$29,445,364.22**	**2.34%**	**$147,787.69**	**$29,425,788.04**	**$29,728,829.20**
Accrued Interest											**$147,787.69**
Total Investments											**$29,876,616.89**

Bolded items are forward settling trades.

Appendix/Market Update

QUARTERLY MARKET SUMMARY

SUMMARY

- The second quarter saw plunging interest rates, surging equity prices, mixed economic data and increasing global growth concerns. While few economists expect the decade-long U.S. expansion to end soon, the Federal Reserve's (Fed) cautionary tone set the stage for rate cuts in the second half of the year.
- U.S. economic conditions are characterized by: (1) solid gross domestic product (GDP) growth in Q1, but more tempered expectations for Q2; (2) strong job growth, with a low unemployment rate of 3.7%; (3) softening inflation pressures; and (4) increased downside risks, including a slowdown in manufacturing, weaker business investments and protracted trade wars.
- At its June meeting, the Federal Open Market Committee (FOMC) maintained the overnight fed funds rate at a target range of 2.25%-2.50%, but acknowledged soft business investment, declining market-based inflation measures and increased uncertainty to the outlook. In their latest assessment of monetary policy, nearly half of respondents viewed two rate cuts as appropriate by year-end. In subsequent communications, Fed chair Jerome Powell all but assured a first preemptive rate cut will occur at the Fed's next meeting on July 30-31.
- Equity investors seemed to rejoice in the Fed's more dovish stance. By quarter-end, domestic equity markets had reversed losses from May and reached new record highs. The S&P 500 returned 4.3% for the quarter and is now up 17.3% for the year – the best first half of a year since 1997.

ECONOMIC SNAPSHOT

- U.S. GDP grew 3.1% in Q1, up from 2.2% in Q4. Growth was driven by an unexpected improvement in net exports and outsized growth in inventories, factors that are not likely to be sustained. But consumer spending, which makes up more than two thirds of total economic output, increased at a slower pace relative to prior quarters. Forecasts for Q2 are substantially lower – generally in the 1.5% to 2.0% range.
- The U.S. labor market remained strong, with average job growth of 172,000 per month in 2019, compared with average gains of 223,000 in 2018. The unemployment rate stood at 3.7% in June, near a 49-year low, as the economy remains at what is considered "full employment." Wages also rose, but at a modest 3.1% growth rate over the past year.
- Inflation continued to be tame. The Consumer Price Index (CPI) rose 1.6% over the past year, while the Fed's preferred inflation gauge, the Core Personal Consumption Expenditure (PCE) Price Index, excluding food and energy prices, also rose 1.6% over the past year, below the Fed's target of 2%.
- Recent manufacturing data weakened in the face of slowing global demand. The most recent Institute for Supply Management (ISM) manufacturing survey fell to a 30-month low, while new orders for manufactured goods have fallen in three of the past four months. Conversely, consumer confidence remains near all-time highs, while retail sales rebounded from weakness in Q1.

INTEREST RATES

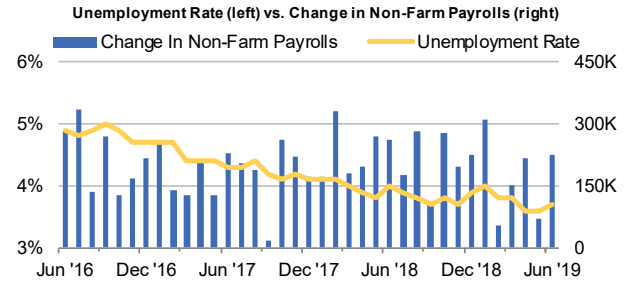
- U.S. Treasury yields fell for a third consecutive quarter, with maturities beyond one year falling 40 to 50 basis points (bps). The yield on most longer Treasury maturities are now near 18-month lows. At quarter-end, the yield on a 3-month Treasury bill stood at 2.09%, the 2-year note was 1.76%, the 5-year was 1.77% and the 10-year yielded 2.01%.
- The yield curve reached its greatest level of inversion since 2007, as the spread between the 10-year and 3-month Treasuries reached -28 bps, although it finished the quarter narrower as short-term rates trended lower in expectation of rate cuts.
- Money market yield curves for Treasury bills and commercial paper are also now inverted, reflecting the market's expectation for lower Fed policy rates in the term. However, yields on short-term commercial paper and bank certificates of deposit remain attractive versus short-term government securities, despite the inverted curve.

SECTOR PERFORMANCE

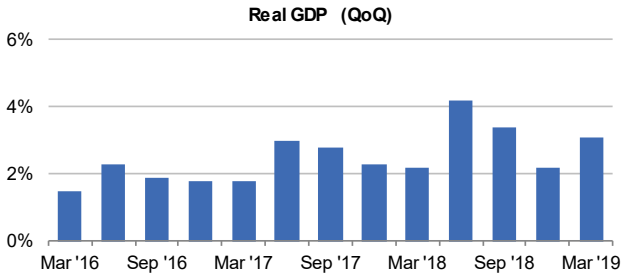
- Absolute returns were very strong in Q2 as lower yields pushed prices higher. Treasury benchmarks posted some of their strongest quarterly returns in three years. The increasing yield curve inversion further boosted the returns of longer duration instruments, outperforming shorter-maturity counterparts. For example, the 3-month Treasury bill index returned 0.64% for the quarter, while 5-year and 10-year Treasury indices returned 2.81% and 4.23%, respectively.
- Federal agency returns underperformed similar-duration Treasury securities for the quarter, as agency yield spreads continued to trade at very narrow levels. Callable agencies underperformed non-callable structures by a wider margin as the large downward move in yields increased the likelihood of call, limiting price appreciation.
- Modest incremental income on supranational debt compared to federal agencies helped buoy modest positive relative performance over the quarter. Despite the historically tight level of yield spreads, the sector served as a portfolio diversifier and performance enhancer relative to Treasuries and agencies over the past year.
- Following superb performance in Q1, investment-grade corporates continued to be one of the best performing sectors in Q2. Despite intra-quarter spread volatility, the incremental income from the sector-supported positive excess returns – returns in excess of Treasuries adjusted to similar duration. For the second consecutive quarter, lower-quality credits outperformed higher-quality issues as risk appetite held firm.
- AAA-rated asset-backed securities (ABS) were modestly additive to performance for the quarter, despite spreads bouncing off 10-year lows in June. Within ABS, fixed-rate dominated floating rate structures and credit card collateral outpaced auto loans.
- The continued drop in rates pressured mortgage-backed securities (MBS) in Q2, resulting in underperformance and strongly negative excess returns. The decline in mortgage rates triggered expected increases in principal prepayments, generally a negative for the sector. On the flip side, agency-backed commercial mortgage-b[illegible] securities (CMBS) generated positive excess returns in back-to-back quarters, as these structures have less prepayment variability and interest rate sensitivity.

Economic Snapshot

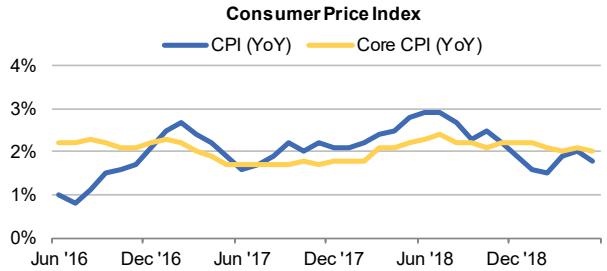
Labor Market	Latest		Mar '19	Jun '18
Unemployment Rate	Jun '19	3.7%	3.8%	4.0%
Change In Non-Farm Payrolls	Jun '19	224,000	153,000	262,000
Average Hourly Earnings (YoY)	Jun '19	3.1%	3.2%	2.9%
Personal Income (YoY)	May '19	4.1%	3.5%	4.6%
Initial Jobless Claims (week)	Jun '19	221,000	204,000	229,000



Growth				
Real GDP (QoQ SAAR)	2019Q1	3.1%	2.2%[1]	2.2%[2]
GDP Personal Consumption (QoQ SAAR)	2019Q1	0.9%	2.5%[1]	0.5%[2]
Retail Sales (YoY)	May '19	2.9%	3.8%	6.1%
ISM Manufacturing Survey (month)	Jun '19	51.7	55.3	60.0
Existing Home Sales SAAR (month)	May '19	5.34 mil.	5.21 mil.	5.39 mil.



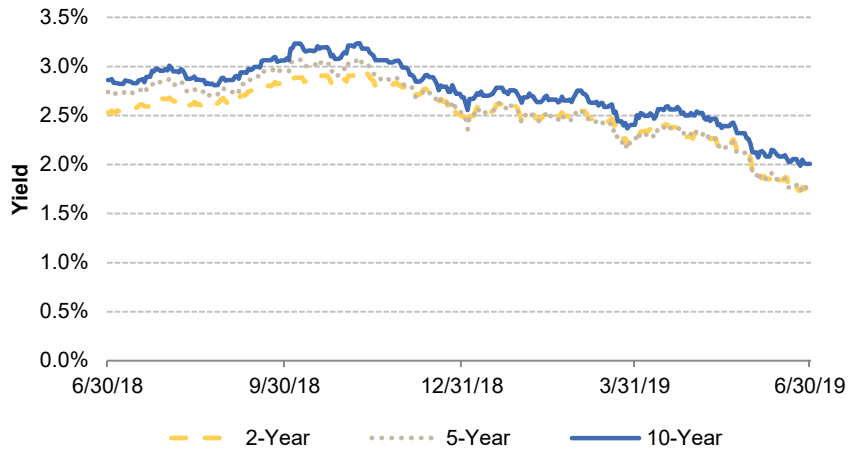
Inflation / Prices				
Personal Consumption Expenditures (YoY)	May '19	1.5%	1.5%	2.3%
Consumer Price Index (YoY)	May '19	1.8%	1.9%	2.9%
Consumer Price Index Core (YoY)	May '19	2.0%	2.0%	2.3%
Crude Oil Futures (WTI, per barrel)	Jun '19	$58.47	$60.14	$74.15
Gold Futures (oz.)	Jun '19	$1,414	$1,293	$1,255



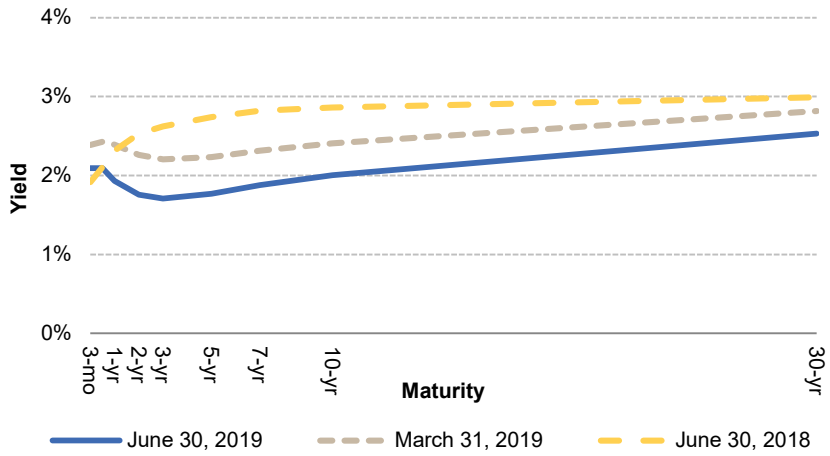
1. Data as of Fourth Quarter 2018.
2. Data as of First Quarter 2018.
Note: YoY = year-over-year, QoQ = quarter-over-quarter, SAAR = seasonally adjusted annual rate, WTI = West Texas Intermediate crude oil.
Source: Bloomberg.

Interest Rate Overview

U.S. Treasury Note Yields



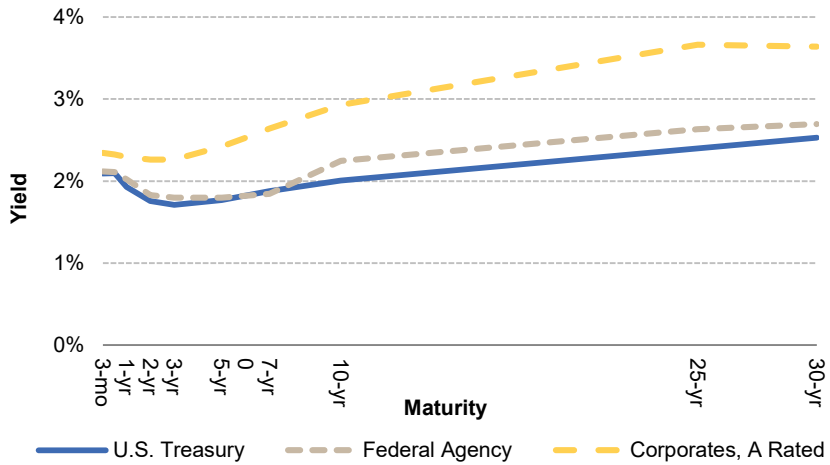
U.S. Treasury Yield Curve



U.S. Treasury Yields

Maturity	Jun '19	Mar '19	Change over Quarter	Jun '18	Change over Year
3-Month	2.09%	2.39%	(0.30%)	1.92%	0.17%
1-Year	1.93%	2.39%	(0.46%)	2.31%	(0.38%)
2-Year	1.76%	2.26%	(0.50%)	2.53%	(0.77%)
5-Year	1.77%	2.23%	(0.46%)	2.74%	(0.97%)
10-Year	2.01%	2.41%	(0.40%)	2.86%	(0.85%)
30-Year	2.53%	2.82%	(0.29%)	2.99%	(0.46%)

Yield Curves as of 3/31/19



Source: Bloomberg.

ICE BofAML Index Returns

June 30, 2019	Duration (As of 6/30/19)	Yield (As of 6/30/19)	3 Month (Returns for Periods ended 6/30/19)	1 Year (Returns for Periods ended 6/30/19)	3 Years (Returns for Periods ended 6/30/19)
1-3 Year Indices					
U.S. Treasury	1.87	1.80%	1.44%	3.96%	1.29%
Federal Agency	1.54	1.83%	1.30%	3.88%	1.46%
U.S. Corporates, A-AAA rated	1.87	2.30%	1.54%	4.84%	2.13%
Agency MBS (0 to 3 years)	3.57	2.63%	1.59%	5.69%	2.10%
Taxable Municipals	1.77	2.19%	1.52%	4.77%	2.56%
1-5 Year Indices					
U.S. Treasury	2.63	1.77%	1.82%	4.89%	1.31%
Federal Agency	1.83	1.80%	1.44%	4.30%	1.46%
U.S. Corporates, A-AAA rated	2.65	2.36%	2.01%	6.06%	2.34%
Agency MBS (0 to 5 years)	3.18	2.68%	1.86%	5.56%	1.71%
Taxable Municipals	2.22	2.43%	1.38%	5.11%	2.45%
Master Indices (Maturities 1 Year or Greater)					
U.S. Treasury	6.64	1.94%	3.06%	7.33%	1.34%
Federal Agency	4.04	1.98%	2.32%	6.20%	1.89%
U.S. Corporates, A-AAA rated	7.46	2.87%	4.04%	10.11%	3.32%
Agency MBS (0 to 30 years)	3.83	2.75%	2.01%	6.32%	2.10%
Taxable Municipals	10.83	3.34%	4.99%	11.36%	4.38%

Returns for periods greater than one year are annualized.
Source: ICE BofAML Indices.

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- Market values that include accrued interest are derived from closing bid prices as of the last business day of the month as supplied by Interactive Data, Bloomberg, or Telerate. Where prices are not available from generally recognized sources, the securities are priced using a yield based matrix system to arrive at an estimated market value.
- In accordance with generally accepted accounting principles, information is presented on a trade date basis; forward settling purchases are included in the monthly balances, and forward settling sales are excluded.
- Performance is presented in accordance with the CFA Institute's Global Investment Performance Standards (GIPS). Unless otherwise noted, performance is shown gross of fees. Quarterly returns are presented on an unannualized basis. Returns for periods greater than one year are presented on an annualized basis. Past performance is not indicative of future returns.
- Bank of America/Merrill Lynch Indices provided by Bloomberg Financial Markets.
- Money market fund/cash balances are included in performance and duration computations.
- Standard & Poor's is the source of the credit ratings. Distribution of credit rating is exclusive of money market fund/LGIP holdings.
- Callable securities in the portfolio are included in the maturity distribution analysis to their stated maturity date, although, they may be called prior to maturity.
- MBS maturities are represented by expected average life.

GLOSSARY

- **ACCRUED INTEREST:** Interest that is due on a bond or other fixed income security since the last interest payment was made.
- **AGENCIES:** Federal agency securities and/or Government-sponsored enterprises.
- **AMORTIZED COST:** The original cost of the principal of the security is adjusted for the amount of the periodic reduction of any discount or premium from the purchase date until the date of the report. Discount or premium with respect to short-term securities (those with less than one year to maturity at time of issuance) is amortized on a straight line basis. Such discount or premium with respect to longer-term securities is amortized using the constant yield basis.
- **BANKERS' ACCEPTANCE:** A draft or bill or exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill as well as the insurer.
- **COMMERCIAL PAPER:** An unsecured obligation issued by a corporation or bank to finance its short-term credit needs, such as accounts receivable and inventory.
- **CONTRIBUTION TO DURATION:** Represents each sector or maturity range's relative contribution to the overall duration of the portfolio measured as a percentage weighting. Since duration is a key measure of interest rate sensitivity, the contribution to duration measures the relative amount or contribution of that sector or maturity range to the total rate sensitivity of the portfolio.
- **DURATION TO WORST:** A measure of the sensitivity of a security's price to a change in interest rates, stated in years, computed from cash flows to the maturity date or to the put date, whichever results in the highest yield to the investor.
- **EFFECTIVE DURATION:** A measure of the sensitivity of a security's price to a change in interest rates, stated in years.
- **EFFECTIVE YIELD:** The total yield an investor receives in relation to the nominal yield or coupon of a bond. Effective yield takes into account the power of compounding on investment returns, while nominal yield does not.
- **FDIC:** Federal Deposit Insurance Corporation. A federal agency that insures bank deposits to a specified amount.
- **INTEREST RATE:** Interest per year divided by principal amount and expressed as a percentage.
- **MARKET VALUE:** The value that would be received or paid for an investment in an orderly transaction between market participants at the measurement date.
- **MATURITY:** The date upon which the principal or stated value of an investment becomes due and payable.
- **NEGOTIABLE CERTIFICATES OF DEPOSIT:** A CD with a very large denomination, usually $1 million or more, that can be traded in secondary markets.
- **PAR VALUE:** The nominal dollar face amount of a security.

GLOSSARY

- **PASS THROUGH SECURITY:** A security representing pooled debt obligations that passes income from debtors to its shareholders. The most common type is the mortgage-backed security.
- **REPURCHASE AGREEMENTS:** A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date.
- **SETTLE DATE:** The date on which the transaction is settled and monies/securities are exchanged. If the settle date of the transaction (i.e., coupon payments and maturity proceeds) occurs on a non-business day, the funds are exchanged on the next business day.
- **TRADE DATE:** The date on which the transaction occurred; however, the final consummation of the security transaction and payment has not yet taken place.
- **UNSETTLED TRADE:** A trade which has been executed; however, the final consummation of the security transaction and payment has not yet taken place.
- **U.S. TREASURY:** The department of the U.S. government that issues Treasury securities.
- **YIELD:** The rate of return based on the current market value, the annual interest receipts, maturity value, and the time period remaining until maturity, stated as a percentage on an annualized basis.
- **YTM AT COST:** The yield to maturity at cost is the expected rate of return based on the original cost, the annual interest receipts, maturity value, and the time period from purchase date to maturity, stated as a percentage on an annualized basis.
- **YTM AT MARKET:** The yield to maturity at market is the rate of return based on the current market value, the annual interest receipts, maturity value, and the time period remaining until maturity, stated as a percentage on an annualized basis.

AGENDA ITEM
CITY COUNCIL MEETING DATE – JANUARY 7, 2020
BUSINESS ITEMS

TO : City Manager

FROM : Parks & Community Services Director
Public Works Director

SUBJECT : **PARKS, LANDSCAPE & LIGHTING ASSESSMENT DISTRICT AND PARKS, TRAILS & OPEN SPACE MASTER PLAN**

EXECUTIVE SUMMARY:

The City's Landscape & Lighting Assessment District (LLAD) assessment rates have not increased since the creation of the district in the 1970s, and the district is currently subsidized by the General Fund. Meanwhile, the capital program included in the City's 1997 Parks, Trails & Open Space Master Plan sunset in 2010. At its September 24, 2019 study session, City Council directed staff to bring back a recommendation for a process to update the LLAD to a Citywide Parks, Landscape & Lighting Assessment District (PLLAD) formed in conjunction with an update to the City's 1997 Parks, Trails & Open Space Master Plan.

RECOMMENDATION:

Adopt the following:

1. A resolution allocating $150,000 for Citywide PLLAD formation (Attachment 1), to be planned around a full maintenance funding scenario as described in Scenario 2, including the associated Proposition 218 ballot process.

2. A resolution allocating $250,000 for an update to the City's 1997 Parks, Trails & Open Space Master Plan (Attachment 2).

BUDGET INFORMATION:

The Citywide Parks, Landscape & Lighting Assessment District formation and Proposition 218 ballot process have been estimated to cost $150,000. The update of the 1997 Parks, Trails & Open Space Master Plan has been estimated to cost $250,000. Staff recommend allocating funding for both projects from the General Fund's unassigned fund balance.

CITY MISSION
"SERVING AND ENHANCING OUR COMMUNITY WITH CARE, COMMITMENT AND PRIDE."

BACKGROUND:

Landscape & Lighting Assessment District

The City's current Landscape and Lighting Assessment District (LLAD) was originally formed in the late 1970s to provide a dedicated source of funds for the ongoing maintenance and operations of certain landscape and lighting improvements installed within the Southampton area. Since that time, the City has annexed additional areas to the LLAD through the creation of benefit zones. The City's LLAD currently has five separate benefit zones: Residential, Fleetside Industrial Park, Goodyear Road, East 2nd Street, and Columbus Parkway. Currently, the following infrastructure is included in the LLAD:

- 7 parks (Community Park, Jack London Park, Skillman Park, Waters End Park, Park Solano, Channing Circle Park, and Gateway Park)
- Medians on E. 2nd Street, Rose Drive, and Columbus Parkway
- Industrial Way and Goodyear Road street landscapes
- Several small landscaped areas throughout downtown
- 440 street lights

Approximately 20% of the parcels (2,214 of 11,000) within the City are being assessed under the LLAD. Street landscape and park maintenance activities that are not included in the current LLAD are primarily funded by the General Fund. Should a Citywide PLLAD be created, it would include all City parks, street lights, and street landscapes, including the following existing infrastructure:

- 28 parks
- 25 median and street landscapes
- 16 public access areas
- 2,358 street lights

Trails, open space, and bikeway network improvements would also be eligible for inclusion in the PLLAD.

The City has not increased assessments within the LLAD for inflation or needed maintenance improvements since the 1996 passage of Proposition 218, the "Right to Vote on Taxes Act," which requires voter approval prior to imposition or increase of general taxes, assessments, and certain user fees. As a result, the City has deferred needed improvements to match the available LLAD revenues. In more recent years, the City has allocated General Fund revenues to several zones within the LLAD in order to maintain minimal services and utilities, at a level of service that is substantially inadequate to maintain LLAD infrastructure long term. The General Fund contribution will continue to increase as the cost of utilities and maintenance grows and LLAD infrastructure continues to decline.

Council Direction for Updating the Landscape & Lighting Assessment District

City Council identified the update of the Landscape & Lighting Assessment District and associated Parks, Trails & Open Space Master Plan update as a priority in the FY 2019-20 Work Plan that Council approved on July 16, 2019.

At its September 24, 2019 study session, City Council was provided three options to restructure the LLAD to address the current budget shortfall. Council was unanimous in directing staff to return at a later date with additional information regarding the formation of a possible new Citywide Parks, Landscape and Lighting Assessment District (PLLAD), with a concurrent update of the City's 1997 Parks, Trails & Open Space Master Plan.

The formation of a Citywide PLLAD would mean that assessments would be levied on all parcels in the City in proportion to the special benefit they receive from the improvements and services provided. The total amount to be assessed would be approved by the City Council, subject to the approval of property owners as required by Proposition 218. An escalation factor would allow for future assessment increases.

Parks, Trails & Open Space Master Plan

Staff recognize the critical importance of developing a capital improvement program to protect and enhance the public street light system, landscaping and park assets throughout the City. The majority of the acreage and infrastructure included in the current LLAD, and the proposed Citywide PLLAD, is within the City's park system. Most of Benicia's parks were built in the 1980s or earlier and now have infrastructure that is in need of renovation or replacement. The City's 1997 Parks, Trails & Open Space Master Plan (PTOS MP) was intended to provide a vision for the City's system of parks, trails and open spaces, including a capital program that ran through the year 2010. Budget reductions caused by the Great Recession significantly impacted the City's ability to move capital projects, leading to a situation in which we now have a large backlog of capital projects but no system-wide guidance regarding cost estimates and phasing.

Staff anticipate that a range of parks and street landscaping capital projects will be necessary over the next 20 years. Preliminary existing conditions analysis indicates several miles of asphalt pathway in need of reconstruction, 4,000 City trees in need of regular maintenance, dozens of acres of shrubs and groundcover in need of renovation, multiple picnic areas and playgrounds in need of renovation, and several parking lots in need of repaving, among a range of other capital investments that will be needed in the next generation to maintain existing infrastructure. Staff also see targeted opportunities for new park and trail infrastructure, and to reconfigure existing landscapes with low-water, low-maintenance designs. Recently planned projects, such as low water street landscape improvements on E. 2nd Street and Rose Drive, and the Waterfront Park Master Plan, would be ready to implement in the early years of the Citywide LLAD assessment. The PTOS MP update process will enable staff to work with qualified consultants to evaluate existing park and landscape infrastructure, engage the community and user groups around needs and desires, and guide decisions about where to expand or reduce park infrastructure investments. A primary focus of the update to the 1997 PTOS MP will be to provide a Capital Improvement Plan that will guide phasing and budgeting of capital replacement and other park infrastructure investments.

Updating the PTOS MP at the same time as the Citywide PLLAD is formed is expected to improve the outcomes of both processes. Engaging the community in the PTOS MP update will give the community an opportunity to understand many of the benefits that could be derived from increased PLLAD funding, help identify an appropriate PLLAD rate, and greatly increase the likelihood of a successful Proposition 218 process. The update of the PTOS MP will provide the primary road map for future PLLAD investments. Clear direction on future PLLAD funding will enable the City to right size our park system so that we are able to maintain and reinvest in the park system in a fiscally sustainable way.

Parks, Landscape & Lighting Assessment District Costs and Funding Scenarios

LLAD assessments generate over $400,000 in annual revenue based on a fixed assessment for residential parcels and varying assessments for commercial and industrial parcels. The City currently subsidizes the LLAD with General Fund support, which provides for a minimal level of maintenance that has led to a substantial maintenance and capital investment backlog. In addition, approximately $2.6 million in General Fund support funds Citywide maintenance of parks, medians, and streetscapes outside of the LLAD.

One purpose of creating the Citywide PLLAD is to equitably assess all benefitting parcels within the City and to ensure adequate funding to maintain and reinvest in the City's park system, street landscapes, and street lighting. It's worth noting that public parcels, including those owned by the City and Benicia Unified School District, would also be assessed in a Citywide PLLAD. Three preliminary scenarios have been developed to help guide Council's deliberations regarding the possible funding level for a new Citywide PLLAD:

- **Scenario 1 – Maintain the current LLAD with no changes:** The LLAD would continue to assess 2,214 parcels, with the City's other approximately 8,786 parcels not assessed. Maintenance would continue at the current levels, the capital investment backlog would continue to grow, and the LLAD would require an ongoing General Fund subsidy that would be expected to continue to grow with each budget cycle. Street light capital replacement would not be funded. General Fund support for Citywide parks and landscape maintenance would continue.

- **Scenario 2 – Assess all the approximately 11,000 parcels within the City to fully fund maintenance:** This scenario represents a Citywide Parks, Landscape & Lighting Assessment District in which full-service maintenance levels are funded solely through PLLAD assessments, but capital reinvestment is not. The current $250,000 annual General Fund subsidy would no longer be required to maintain the PLLAD. A portion of the approximately $2.6 million of General Fund support currently provided for Citywide parks and landscape maintenance could be used to fund assessments on City-owned parcels, which would be assessed in the same way as all other parcels in the City. The remaining General Fund support would be available for capital reinvestment in parks, landscapes, and lighting.

- **Scenario 3 – Assess all the approximately 11,000 parcels within the City to fully fund maintenance and capital investment:** This scenario represents a Citywide Parks, Landscape & Lighting Assessment District, in which full-service maintenance levels and full capital reinvestment are funded solely through PLLAD assessments. A portion of the current approximately $2.6 million of General Fund support for Citywide parks and landscape maintenance could be used to fund assessments on City-owned parcels, with the balance freed up for other General Fund purposes.

TIMING:
Staff have concluded that moving the Citywide Parks, Landscape & Lighting Assessment District formation and Parks, Trails & Open Space Master Plan update processes concurrently will improve the outcomes of both projects. The PLLAD can only be updated effective July of any year, and staff have determined that it would not be feasible to complete the PTOS MP update prior to a 2021 Proposition 218 ballot. Staff therefore recommend scheduling the Proposition 218 ballot for PLLAD formation for 2022. This will enable staff to complete the PTOS MP update prior to the Proposition 218 ballot process, which will ensure robust community engagement around the plan elements that would be funded through the 218 ballot process.

NEXT STEPS:
Should Council choose to fund the PLLAD update and Proposition 218 Process, an RFP would be released, and a consultant would be hired in the spring of 2020. Community outreach would be conducted from late 2020 through early 2021, with the Engineer's Report to be completed in late 2021. The Proposition 218 ballot process would then be completed in spring 2022. Should the Proposition 218 ballot process be successful, the new district would be effective as of July 2022.

Should Council choose to fund the Parks, Trails & Open Space Master Plan update, a consultant would be hired in the spring of 2020. Public engagement efforts would be focused in late 2020 through fall 2021, with plan adoption tentatively slated for spring 2022. The timeline, implementation plan, and public outreach plan would be refined following consultant team selection, with additional opportunities for City Council to provide direction at project initiation, mid-process, and at plan adoption.

ALTERNATIVE ACTIONS:
Council could direct staff to plan for Scenario 1 or 3, as presented above, or for a variation of Scenario 2. If Council were to choose Scenario 1, the current LLAD would require ongoing General Fund subsidies.

General Plan	Goal 2:28: Improve and maintain public facilities and services.
	Goal 2.4: Ensure that development pays its own way.
	Program 2.4.A: Monitor development to ensure it does not overburden the City's infrastructure.

Strategic Plan	Strategic Issue #2: Protecting and Enhancing the Environment
	Strategic Issue #3: Strengthening Economic and Fiscal Conditions
	Strategic Issue #4: Preserving and Enhancing Infrastructure

CEQA Analysis	Landscaping and lighting district assessments are exempt from the California Environmental Quality Act (CEQA) under Guidelines Selection 15378 (b) (4), because government fiscal activities, which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment, is not considered a project.

ATTACHMENTS:

1. Resolution – Citywide Parks, Landscape & Lighting District Update
2. Resolution – Parks, Trails & Open Space Master Plan Update

For more information contact:

William Tarbox, Public Works Director
Phone: 707.746.4240
E-mail: Wtarbox@ci.benicia.ca.us

Mike Dotson, Parks and Community Services Director
Phone: 707.746.4285
E-mail: mdotson@ci.benicia.ca.us

RESOLUTION NO. 20-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BENICIA ALLOCATING $150,000 FROM THE GENERAL FUND'S UNASSIGNED FUND BALANCE TO FUND CONSULTANT SUPPORT FOR THE UPDATE OF THE LANDSCAPE & LIGHTING ASSESSMENT DISTRICT TO A CITYWIDE PARKS, LANDSCAPE & LIGHTING ASSESSMENT DISCTRICT, INCLUDING PUBLIC OUTREACH AND THE PROPOSITION 218 BALLOT PROCESS

WHEREAS, the City's current Landscape and Lighting Assessment District was originally formed in the late 1970s; and

WHEREAS, Landscape & Lighting Assessment District revenues have remained flat since the 1980s; and

WHEREAS, the City's costs to maintain the Landscape & Lighting Assessment District have continued to increase, and maintenance levels have continued to decline even as General Fund support has increased; and

WHEREAS, revenues have been insufficient to support capital reinvestment, Landscape & Lighting Assessment District infrastructure has declined substantially, and deferred maintenance and capital project needs continue to grow; and

WHEREAS, City Council identified the update of the Landscape & Lighting Assessment District as a priority in the FY 2019-20 Work Plan that City Council approved on July 16, 2019; and

WHEREAS, at its September 24, 2019 Study Session, City Council expressed its desire to update the current Landscape & Lighting Assessment District to a Citywide Parks, Landscape & Lighting Assessment District; and

WHEREAS, Citywide Parks, Landscape & Lighting District formation requires specialized technical expertise and public engagement; and

WHEREAS, City staff does not have the resources to perform this work in-house; and

WHEREAS, City staff recommends hiring a consultant to support the update of the current Landscape & Lighting Assessment District to a Citywide Parks, Landscape & Lighting Assessment District, including associated public outreach and engagement and the Proposition 218 ballot process.

NOW, THEREFORE, BE IT RESOLVED THAT the City Council of the City of Benicia does hereby allocate $150,000 from the General Fund's unassigned fund balance for an update to the current Landscape & Lighting Assessment District to a Citywide Parks, Landscape & Lighting District, including public outreach and engagement and a potential Proposition 218 ballot process.

*****

On motion of Council Member , seconded by Council Member , the above resolution was adopted by the City Council of the City of Benicia at a regular meeting of said Council held on the 7th day of January, 2020 by the following vote:

Ayes:

Noes:

Absent:

_____
Elizabeth Patterson, Mayor

Attest:

_____
Lisa Wolfe, City Clerk

_____
Date

RESOLUTION NO. 20-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BENICIA ALLOCATING $250,000 FROM THE GENERAL FUND'S UNASSIGNED FUND BALANCE TO FUND THE UPDATE OF THE CITY'S 1997 PARKS, TRAILS & OPEN SPACE MASTER PLAN

WHEREAS, the City Council approved the Parks, Trails & Open Space Master Plan in 1997; and

WHEREAS, the intent of the City's 1997 Parks, Trails & Open Space Master Plan was to provide a vision for the City's system of parks, trails and open spaces through the year 2010; and

WHEREAS, there is a need to update the 1997 Parks, Trails & Open Space Master Plan in order to estimate costs, prioritize a range of capital projects that will be needed in the City's system of parks, trails and open spaces, and to right-size long-term capital plans to match anticipated revenue; and

WHEREAS, City Council identified the update of the Landscape & Lighting Assessment District and associated Parks, Trails & Open Space Master Plan update as a priority in the FY 2019-20 Work Plan that City Council approved on July 16, 2019; and

WHEREAS, at its September 24, 2019 Study Session, City Council expressed its desire to update the current Landscape & Lighting Assessment District to a Citywide Parks, Landscape & Lighting Assessment District that would be formed in conjunction with an update to the City's 1997 Parks, Trails & Open Space Master Plan; and

WHEREAS, the Parks, Trails & Open Space Mater Plan update would enable robust public engagement that could also support the concurrent formation of a Citywide Parks, Landscape & Lighting Assessment District; and

WHEREAS, the Parks, Trails & Open Space Master Plan update requires specialized planning, design, and public engagement expertise; and

WHEREAS, City staff does not have the resources to perform this work in-house; and

WHEREAS, staff recommends hiring a consultant team to support the update of the 1997 Parks, Trails & Open Space Master Plan.

NOW, THEREFORE, BE IT RESOLVED THAT the City Council of the City of Benicia does hereby allocate $250,000 from the General Fund's unassigned fund balance for an update to the 1997 Parks, Trails & Open Space Master Plan.

*****

On motion of Council Member , seconded by Council Member , the above resolution was adopted by the City Council of the City of Benicia at a regular meeting of said Council held on the 7th day of January, 2020 by the following vote:

Ayes:

Noes:

Absent:

_____
Elizabeth Patterson, Mayor

Attest:

_____
Lisa Wolfe, City Clerk

_____
Date

AGENDA ITEM
CITY COUNCIL MEETING DATE – JANUARY 7, 2020
BUSINESS ITEMS

TO: City Manager

FROM: City Attorney

SUBJECT: **BENICIA OPEN GOVERNMENT COMMISSION'S PROPOSED AMENDMENTS TO BMC CHAPTERS 1.36 (VOLUNTARY CODE OF FAIR CAMPAIGN PRACTICES), 1.40 (DISCLOSURE OF CONTRIBUTIONS AND EXPENDITURES IN CANDIDATE AND BALLOT MEASURE ELECTIONS) AND 1.42 (CONTRIBUTION AND VOLUNTARY SPENDING LIMITS)**

EXECUTIVE SUMMARY:
On January 15, 2019, the City Council directed the Open Government Commission to consider possible updates and amendments to the City's campaign-related laws and regulations. The Benicia Open Government Commission ("OGC") proposed various amendments to the Benicia Municipal Code ("BMC") Chapters 1.36 (Voluntary Code of Fair Campaign Practices), 1.40 (Disclosure of Contributions and Expenditures in Candidate and Ballot Measure Elections) and 1.42 (Contribution and Voluntary Spending Limits).

RECOMMENDATION:
Discuss each of the OGC's proposed amendments to BMC Chapters 1.36, 1.40 and 1.42 and provide direction to the City Attorney as to whether and which amendments should be initiated and brought back before the City Council in a first reading of an ordinance.

BUDGET INFORMATION:
No financial or budgetary impacts.

BACKGROUND:
On January 15, 2019, the City Council directed the OGC to consider possible updates and amendments to the City's campaign-related laws and regulations. The City Council further recommended the creation of an Ad Hoc Committee to evaluate potential amendments. The Ad Hoc Committee met over a series of months to evaluate the City's existing laws and regulations regarding campaign practices, expenditures and spending limits.

On October 21, 2019, the OGC convened to finalize proposed amendments regarding the City's campaign regulations. The staff report and draft minutes from this meeting are attached hereto, as Attachments 1 & 2. A summary of the OGC's recommendations and a brief analysis of each

recommendation follows. Where the City Attorney's office does not recommend a particular amendment, that has been noted.

OGC Recommended Amendments to Chapter 1.36 (Voluntary Code of Fair Campaign Practices)

- **Provide an enforcement mechanism for BMC Section 1.36.010(F) which requires that candidates conduct civil, issue-oriented campaigns and provide opponents the opportunity to respond to claims about their positions or qualifications.** *Amendment not recommended by City Attorney.*

  The City cannot expressly require a candidate to comply with the Voluntary Code of Fair Campaign Practices, including section 1.36.010(F), as candidates for public office have a right to pursue independent campaign strategies. For this reason, the City Attorney's office does not recommend this amendment. However, the City may consider reinforcing this policy by restating the policy in the recitals for a campaign ordinance should one come back to the Council for first reading.

- **Clarify that all campaign-related ordinances apply to recalls and initiatives.**

  This recommendation would involve an amendment to BMC Chapters 1.36, 1.40 and 1.42 to add a section to each chapter entitled "Application." This section would specify that the chapter applies to election campaigns for Mayor and City Council, citizen initiatives, recalls, and other City ballot measures.

OGC Recommended Amendments to Chapter 1.40 (Disclosure of Contributions and Expenditures in Candidate and Ballot Measure Elections)

- **Require Mayor and City Council candidates to disclose their top three financial contributors.**

  This recommendation would involve an amendment to BMC 1.40.030 to add a requirement that candidates for Mayor and City Council file, along with their pre-election and post-election statements, a disclosure of their top three financial contributors during their election campaign. The amendment would include an internal definition of "top financial contributor" (or like term) and would specify that there is no minimum or maximum financial contribution required to be a "top financial contributor."

- **Add regulations regarding "push polls."**

  This recommendation would involve amendments to BMC 1.40 to add a section entitled "Push Polls." The section would include the following:

  - **Definition of "push poll"**

    "A telephone or electronic 'push poll' is an expenditure as defined under the Political Reform Act of 1974. A 'push poll' is a paid telephone survey or series of telephone surveys that prefaces a question regarding support or opposition for a candidate on the basis of an untrue statement, and the survey is primarily for the purpose of suppressing or changing the voting of the call recipient. This definition does not prohibit generally accepted scientific polling research."

- **Requirement for disclosure of push polls within 24 hours after completion of poll.**
- **Requirement for disclosure of push poll script and questions asked during poll.**

  These two amendments would require the person, entity, committee or candidate sponsoring or implementing a push poll to submit a disclosure statement with the City Clerk within 24 hours of the completion of a push poll that (1) declares that a push poll has been implemented, and (2) provides the script and questions utilized in the push poll.

- **Require unions and membership organizations to disclose (1) whether Mayor and City Council endorsements were voted upon by all of union or membership organization's members and (2) any questions provided by union or membership organization to candidates.** *Amendment not recommended by City Attorney.*

  The City Attorney's office does not recommend this amendment because it could run afoul of various constitutionally protected interests.

<u>Recommended Amendments to Chapter 1.42 (Contribution and Voluntary Spending Limits)</u>

- **Prohibit public officials and employees of the City from using City resources to support or oppose candidates or ballot measures.** *Amendment not recommended by City Attorney or OGC.*

  Pursuant to State law, public agencies may use public funds to publish a fair presentation of facts regarding an election matter; however public agencies are prohibited from using public funds for materials or activities that reasonably are characterized as campaign materials or activities. Cal. Gov't Code § 85300 (no public officer shall expend and no candidate shall accept public money for the purpose of seeking elected office); *Vargas v. City of Salinas*, 46 Cal.4th 1 (2009). A determination on what constitutes informational versus campaign materials and activities is generally a question of fact for the courts; it is not a question for a public agency to answer or determine. In light of this, we do not recommend an amendment that attempts to restate the State law on this nuanced matter.

- **Prohibit City officials and City employees from using social media for campaign purposes if the public official's or employee's City title is used.** *Amendment not recommended by City Attorney or OGC.*

  Insomuch as this recommendation seeks to limit the use of a public official's or public employee's official title for campaign purposes, the State fully occupies such a regulation because, as explained above, State law establishes limitations on use of public funds for campaign purposes. For the reasons set forth above, we do not recommend an amendment that restates the State law on this nuanced matter.

- **Add an option for the OGC to sponsor an additional Mayoral and City Council candidates' forum if requested, around the date that mail-in ballots are issued to voters.**

This recommendation would involve an amendment to BMC section 1.42.110 to add that the OGC may, pursuant to a request from any member of the public, sponsor an additional candidate forum during the weeks preceding or following the issuance of mail-in ballots.

- **Add a provision requiring the posting of a video of all candidate forums within the next business day of the forum's date.** *"Next business day" portion of amendment not recommended by City Attorney.*

  This recommendation would involve an amendment to BMC section 1.42.110 to add a provision requiring the posting of a video feed of all candidate forums sponsored by the OGC to be posted on the City's website. The portion of this proposed amendment requiring posting "within the next business day" is inconsistent with the City Council's recent amendments to BMC Chapter 4.08 (Public Access to Meetings.) Chapter 4.08 provides that if a "visual recording is made of a meeting, the recording shall be posted on the city's website as soon as reasonably possible unless there is a software or hardware failure, but no later than 48 hours after the recording is made." In light of this, we recommend striking the portion of the recommendation regarding "next business day," and instead allowing Chapter 4.08 to govern the timing of the posting of the video.

<u>Other Recommendations by Adhoc Committee that OGC did not Recommend</u>

- **Amendments to State Form 460 – Financial Disclosures.** *Amendment not recommended by City Attorney or OGC.*

  State Form 460 cannot be amended, nor can the City require that filers include in their Form 460 filings with the State, additional information beyond that requested and required of Form 460. In light of this, we do not recommend this amendment.

NEXT STEPS:
Provide direction to the City Attorney as to whether and which amendments should be initiated and brought back before the City Council in a first reading of an ordinance.

ALTERNATIVE ACTIONS:
Direct City Attorney to make certain changes and/or amendments to the OGC's recommendations.

General Plan	N/A

Strategic Plan	N/A

CEQA Analysis	N/A

ATTACHMENTS:

1. Open Government Commission 10-21-19 Staff Report
2. Open Government Commission Draft Minutes 10-21-19

For more information contact: Benjamin Stock, City Attorney
Phone: 415-755-2600
E-mail: bstock@ci.benicia.ca.us

AGENDA ITEM
OPEN GOVERNMENT COMMISSION MEETING

ACTION ITEM

DATE: October 21, 2019

TO: Open Government Commission

FROM: City Attorney

SUBJECT: **AD HOC COMMITTEE'S PROPOSED REVISIONS TO CAMPAIGN-RELATED ORDINANCES**

EXECUTIVE SUMMARY:
The Benicia Municipal Code contains three campaign-related ordinances, which can be found in Chapters 1.36, 1.40, and 1.42. At the City Council's request, the Open Government Commission formed an ad hoc committee to review and analyze the ordinances to see what, if any, updates could and/or should be made. Having completed its analysis, the Committee now reports its findings and recommendations to the Open Government Commission.

RECOMMENDATION: Review and discuss the Committee's proposed revisions to the above-listed ordinances. The Commissioners may: 1) accept the Committee's recommendations in whole or in part; 2) give directions for revisions; or 3) take no action

BACKGROUND: At its January 15, 2019 meeting, the City Council gave direction to pursue updates to the City's campaign ordinances and requested that the Open Government Commission create an ad hoc group to consider these updates. On March 6, 2019, the Commission formed its ad hoc committee, which included two Commissioners, one League of Women Voter Representative and four other community members who applied. The Ad Hoc Committee met regularly to consider revisions to the ordinances based on the Council's direction and based on public comments made during the January 15th meeting. The Committee has now completed its work and submits its recommendations to the Commission for its consideration.

Attachments:
1. Committee's table of proposed revisions

Open Government Commission Ad Hoc Committee to Review Benicia's Campaign Ordinances

[Benicia Municipal Code (BMC) Campaign Ordinances:

BMC Chapter 1.36 Voluntary Code of Fair Campaign Practices

BMC Chapter 1.40 Disclosure of Contributions and Expenditures in Candidate and Ballot Measures

BMC Chapter 1.42 Contributions and Voluntary Spending Limits]

Recommendations

	Areas to Consider per City Council Mtg. on 1/15/19	Related BMC Chapter	Ad Hoc Comments/Explanatory Notes
No. 1	Additional Candidates' Forum held earlier in voting season, if requested, timed around date mail-in ballots issued to voters (early October)	BMC Chap. 1.42.110	Would be In addition to a Candidates' Forum generally held, if requested, in the last weekend prior to the general election's date
No.2	Candidates' Forum must be shown /posted within dthe next business day of the Forum's date	BMC Chap. 1.42.110	Add: "The commission shall request that the City post a video of the Forum within "the next business day of the Forum's date."
No. 3	Add definition of "push poll"	BMC Chap. 1.40.020	Proposed definition: "A telephone or electronic "push poll" is an expenditure as defined under the Political Reform Act of 1974 as amended (Government Code Sections 82000 through 82005). Push polls include those to persuade voters to vote for or against candidates or issues, including a political opinion poll that is meant to inform a representative sample of voters about whether to support or oppose particular candidates or issues, and/or which messages to use in doing so."
No. 4	Require disclosure of push polls within 24 hours after completed	BMC Chap. 1.40.041.A.	Add language @ third line after "or city council": "or conducts a push poll as defined herein,"
No. 5	Require disclosure of push poll script and questions asked	(a) BMC Chaps. 1.40.030.A. and B.; (b) 140.040 and 140.041	(a) Add to last sentence in A. and B. after "activity and payments": ", including push polls"; (b) add at end of each section: ", including expenditures related to push polls."

Recommendations

	Areas to Consider per City Council Mtg. on 1/15/19	BMC Chapter	Comments
No. 6	Require candidates to sign to comply with BMC Chap. 136 Voluntary Code of Fair Campaign Practices	BMC Chap. 1.36	City cannot require candidates to sign. But, City should enforce Chapter 1.36.010, paragraph F, which assigns responsibility to candidates to conduct civil, issue-oriented campaigns and to provide opponents opportunity to respond to claims about their positions or qualifications.
No. 7	Require candidates to disclose top 3 financial contributors	BMC Chap. 1.40.030; 1.40.040;1.40.041;1.40.042; and, 1.40.060.	Add after "activity and payments" in each section: "including the names of the candidate's top three (3) donors."
No. 8	Reduce contributions threshold amounts from $1,000 (existing) to $100	BMC Chaps. 1.40.041 and 1.40.042	Keep $1,000 threshold. FPPC Form 460 already requires candidates to report contributions of $100 through $999, as well as $1,000 and up.
No. 9	Clarify that campaign ordinances apply to recalls and initiatives	BMC Chaps. 1.36, 1.40, and 1.42	Add "recalls, initiatives, or in support or opposition of ballot measures" @ 1.36.020.A, 1.40.020 (new sentence), and 1.42.020 (new 3. under "Qualified campaign expenditure" means)

No. 10	Prohibit public officials or employees of the City from using City resources to support or oppose candidates or ballot measures	New Ordinance 4.16.065	Title: "Prohibition of use of public resources for political activities. Sec. A.: "No public official or employee shall use or authorize use of city funds, services, facilities, supplies, or equipment to support or oppose the election of a candidate, or to support of oppose the approval or rejection of a ballot measure, by the voters." Sec. B.: "Any public official or employee who knowingly or willfully violates this section shall be personally liable in a civil action brought by the city attorney for the total amount of city funds expended."
No. 11	Amend City's proposed Ordinance 4.16.120 (regulating City officers use of social media accounts and web sites for campaign purposes) to include mass emails	BMC Chap. 4.16.120 (pending)	Add language that includes personal social media accounts of City officials and employees if the official's or employee's City title is used

Recommendations

	Areas to Consider per City Council Mtg. on 1/15/19	BMC Chapter	Comments
No. 12	Amend Form 460 financial disclosure form to include every employer of a contributor		Form 460 is a state form. Can a City require add'l information to be included on a state form? No.
No. 13	Require membership organization to disclose if its endorsement was voted upon by all of its members, and to publish questions to candidates seeking endorsement	BMC Chap. 1.40.042, new section B.3.	Add language: "For endorsements received by a candidate from a membership organization, the information provided shall disclose if the endorsement was voted upon by all of the organization's members, and also shall include the questions asked by the organization to candidates.
No. 14	**Additional Committee Recommendation:** Public Funding of Campaigns		City Council should request OGC to review (a)whether Benicia should consider public funding of campaigns, (b) examples of other municipalities that have encacted public funding of campaigns, and (c) pros and cons of a Benicia ordinance for public funding of campaigns.

No. 15	**Additional Committee Recommendation:** Election Security	Recommendations (a) and (b) from Election Systems & Software, a major voing machine vendor, presented to Congress on 6/10/19. Recommendation (c) from Association for Computing Machinery, presented to the Federal Election Assistance Commission.	To ensure the highest level of accountability, security, and integrity in our elections, and maintain public confidence in the electoral process, City Council should adopt a resolution requesting Solano County Registrar of Voters to mandate (a) paper trails for all votes as an anti-hacking protection and (b) secureity testing of voting equipment by outside researchers, and to prohibit internet connections from all voting equipment .

DRAFT MINUTES

BENICIA OPEN GOVERNMENT COMMISSION
OPEN GOVERNMENT COMMISSION AGENDA

Commission Room
October 21, 2019
6:00 PM

MINUTES

1. **Called To Order 6:04 pm**

2. **Roll Call**

Present: Chair Silveria, Vice Chair Bartolomew, Commissioner Foley
Absent: Sergeant At Arms Fullington

3. **Pledge Of Allegiance**

4. **Reference To The Fundamental Rights Of Public**

A plaque stating the Fundamental Rights of each member of the public is posted at the entrance to the Commission Room per Section 4.04.030 of City of Benicia Ordinance No. 05-6 (Open Government Ordinance).

5. **Announcements/Presentations**

None

6. **Adoption Of Agenda**

MOTION: Commissioner Foley, SECONDED: Bartholomew
Ayes: Chair Silveria, Vice Chair Bartholomew, Commissioner Foley
Noes: None

7. **Opportunity For Public Comment**

A. WRITTEN - None
B. PUBLIC COMMENT - None

8. **Consent Calendar**

APPROVAL OF THE AUGUST 26, 2019 MINUTES

Recommended Action: Approve the minutes of the August 26, 2019 meeting.
Correct spelling of Ralph Dennis' name.
MOTION: Vice Chair Bartholomew, SECOND Commissioner Foley
Ayes: Chair Silveria, Vice Chair Bartholomew, Commissioner Foley
Noes: None

9. **Information Items**

None

10. **Public Hearings**

None

11. **Action Items**

11.A AD HOC COMMITTEE'S PROPOSED REVISIONS TO CAMPAIGN-RELATED ORDINANCES

Public Comment:
Mr. Ralph Dennis asked if there was a memo to the OGC from City Attorney Ben Stock and asked if it was public.
City Attorney Stock reviewed each item one by one and discussed them.

1. No legal implementations, would just update the ordinance. All agreed.
2. Council changed chapter 4.08, we already do this within 48 hours unless technical difficulties. Recommend do move forward – All agreed.
3. Ad Hoc Recommendation: Stock - Challenge of defining a 'Push Poll'. Scientific polls (however defined) are protected. Fales misleading polls are what could be prohibited. A better definition that better captures the concerns.
   -Redefine the definition.
   -Bartholomew – the Ad Hoc Committee definition was too vague, City Attorney Stock will propose a definition that will work.
   'Quote'. All agreed.
   Mr. Martin Apple asked if automated included Social Media. No.
4. No legal implementations. All agreed.
5. Require disclosure of push poll and questions asked. No legal issue, Stock 'Applies to all people, not just independent expenditure camp. All agreed, City Attorney's Office to come up with more specific wording.
6. 'Responsibility to issue responsible campaign. Concern we have a voluntary agree, but we cannot enforce under a voluntary agreement. We can send them a letter, but no enforcement. Let it stand – All agreed.
   - Gayle Vaughan, League of Women Voters. Can we force all candidates have to sign and agree to be civil and compliant? City Attorney Stock advised we cannot compel them.
   7. Top 3 donors. No legal issues.
   Commissioner Foley asked, 'if you are asking them to disclose the top 3 candidates, how does this change this?' City Attorney Stock advised that it will all be complied for you. All agreed.
   8. Strike this recommendation. All agreed.
   9. All campaign codes apply: May not want to have this apply to recalls, the person being recalled has a lot of resources on the other side.
   Commissioner Foley: 'Is it clear as it is now?' City Attorney Stock, 'Not a legal issue, a policy issue'. – Leave as is – All agreed
   10. City Resources: City Attorney Stock – this is already state law. – Commission accepts State Law, recommend no ordinance be changed. – All agreed
   11. Same as above.
   12. State form 460 – Do not recommend – All agreed

13. Membership – CA Stock – Potential first amendment issue. Concerns that asking members how they voted could violate the first amendment. VC Bart – request CA we should try and work this language and propose new lang. all agreed.

Motion to approve the Ad Hoc OGC proposed revision as amended in discussion and agreed upon as a consensus in meeting.

MOTION: Vice Chair Bartholomew SECOND: Commissioner Foley
Ayes: Chair Silveria, Vice Chair Bartholomew, Commissioner Foley
Noes: None

To go to council in December

Thanks were extended to the Ad Hoc Committee Members.

14/15 were out of the scope of what the Council asked the Ad Hoc OGC.

12. **Complaint/Petition Hearing**
None

13. **Comments From Commission Members**
Foley: Extended thanks to the Ad Hoc Committee.

14. **Future Agenda Items**
None

15. **Next Meeting**
TBS

16. **Adjournment**
Adjourned 6:38 Pm

AGENDA ITEM
CITY COUNCIL MEETING DATE – JANUARY 7, 2020
BUSINESS ITEMS

TO : City Council

FROM : City Manager

SUBJECT : **CITY APPOINTMENTS SUBCOMMITTEE**

EXECUTIVE SUMMARY:
The term for the City Appointments Subcommittee is one year. The term for current member Council Member Campbell has expired. The City Council is being asked to fill this vacancy with either Council Member Young or Council Member Largaespada. The term will expire December 31, 2020.

RECOMMENDATION:
Appoint, by motion, Council Member Young or Council Member Largaespada to the City Appointments Subcommittee to term ending December 31, 2020.

BUDGET INFORMATION:
This action has no impact on the budget.

BACKGROUND:
The City Council Rules of Procedure provide for a one-year term for members of the City Appointments Subcommittee. The terms of the members are staggered, with Vice Mayor Strawbridge's term ending July 31, 2020. To continue to comply with the City Council Rules of Procedure, staff is recommending either Council Member Young or Council Member Largaespada be appointed for the full one year term starting January 2020.

The City Council's Rules on the City Appointments Subcommittee

1. A two-member subcommittee appointed by the Mayor, which will rotate among council members with one new appointee each year, shall be appointed to interview applicants for all boards, commissions and committees, unless otherwise provided for by statute, ordinance or resolution. One member of the City Council subcommittee shall be appointed in January of each year and one member appointed in July of each year, each for a one-year term.

2. Each term of the subcommittee will be filled by Council Members who did not serve on the committee during the prior term unless the Council Member is unable or unwilling to serve on the subcommittee.

CITY MISSION
"SERVING AND ENHANCING OUR COMMUNITY WITH CARE, COMMITMENT AND PRIDE."

3. The subcommittee shall interview the applicants using standardized questions for all applicants, particularized questions for the particular board or commission, and any other appropriate questions. The subcommittee shall recommend one applicant to the Mayor for each vacancy and the Mayor may make the appointment from the recommended applicant. The subcommittee shall provide comments to the Mayor on why they recommended the applicant. If the Mayor finds the recommendation acceptable, the comments shall be included in the agenda packet as part of the paperwork for the appointment.

4. If the applicant is not acceptable to the Mayor, the subcommittee shall recommend an additional applicant until an appointment is made by the Mayor, which shall be subject to final approval by the Council. The City Clerk shall call for the vote in the following order: subcommittee members, remaining council members, and the Mayor.

5. If, at any point during this process, only one qualified applicant is available, the subcommittee may choose to make a single recommendation.

6. If the subcommittee is unable to recommend applicants due to lack of qualified applicants, then the Mayor may elect to interview the available applicants and/or direct staff to conduct additional outreach efforts to fill the opening.

7. The names of the proposed appointees shall be posted five (5) working days prior to the appointment being made.

8. For appointments to a board or commission where state law provides for appointment by the Council as a whole, any Council Member may nominate a person for appointment. The Council shall then vote on the nominee at the following Council meeting.

9. If desired by the member, members of the Council who are not on the subcommittee may interview any or all of the applicants. These members shall use care not to violate the Brown Act by disclosing the information they learn from the interviews prior to the meeting where appointments are scheduled to be made.

NEXT STEPS:
After appointment, the subcommittee shall continue interviewing applicants to fill the vacancies on boards and commissions.

ALTERNATIVE ACTIONS:
Do not appoint Council Member Young or Council Member Largaespada.

General Plan	Goal 2.28: Improve and maintain public facilities and services

Strategic Plan	Strategic Issue #1: Protecting Community Health and Safety

CEQA Analysis	Committee appointments made by Councilmembers are not subject to the California Environmental Quality Act under Guidelines Section 15378 (b)(5) because organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment do not constitute a project.

ATTACHMENT(S):
None

For more information contact: Lorie Tinfow, City Manager
Phone: 707.746.4200
E-mail: ltinfow@ci.benicia.ca.us