

SPECIAL FINANCIAL COMMISSION MEETING

Wednesday, May 15, 2019 - 6:00 P.M.
Hillview Community Center, Room #2
97 Hillview Avenue, Los Altos, California

ESTABLISH QUORUM

PLEDGE OF ALLEGIANCE

PUBLIC COMMENTS

Members of the audience may bring to the Commission's attention any item that is not on the agenda. Please complete a "Request to Speak" form and submit it to the Staff Liaison. Speakers are generally given two or three minutes, at the discretion of the Chair. Please be advised that, by law, the Commission is unable to discuss or take action on issues presented during the Public Comment Period. According to State Law (also known as "the Brown Act") items must first be noticed on the agenda before any discussion or action.

ITEMS FOR CONSIDERATION/ACTION

1. Approve minutes of the regular meeting of April 15, 2019
2. Review the Investment Performance as of March 31, 2019
3. Accept the Proposed FY 2019-20 and FY 2020-21 Operating Budgets and Proposed Five-year FY 2020-24 Capital Improvement Plan

INFORMATIONAL ITEMS

4. Cost Allocation Plan & User Fee Study

COMMISSIONERS' REPORTS AND COMMENTS

POTENTIAL FUTURE AGENDA ITEMS

ADJOURNMENT

SPECIAL NOTICES TO PUBLIC

In compliance with the Americans with Disabilities Act, the City of Los Altos will make reasonable arrangements to ensure accessibility to this meeting. If you need special assistance to participate in this meeting, please contact the City Clerk at least 48 hours prior to the meeting at (650) 947-2720.

Agendas, Staff Reports and some associated documents for Financial Commission items may be viewed on the Internet at <http://www.losaltosca.gov/meetings>.

If you wish to provide written materials, please provide the Commission Staff Liaison with **10 copies** of any document that you would like to submit to the Commissioners in order for it to become part of the public record.

For other questions regarding the meeting proceedings, please contact the City Clerk at (650) 947-2720.

MINUTES OF THE REGULAR MEETING OF THE FINANCIAL COMMISSION OF THE CITY OF LOS ALTOS, HELD ON MONDAY, APRIL 15, 2019, AT 6:00 P.M. AT HILLVIEW COMMUNITY CENTER – ROOM #2, 97 HILLVIEW AVENUE LOS ALTOS, CALIFORNIA

ROLL CALL

PRESENT: Chair Kalkat, Vice Chair McClatchie (Arrived 6:10 PM), Commissioners, Marek, Kalbach, and Richmond

ABSENT: Commissioners Martin and Roat

PUBLIC COMMENTS

1. Divestment Policy Request

Cheryl Leaden with Green Town Los Altos provided public comment on divesting from investments in fossil fuel companies and financial institutions that invest in fossil fuel companies. Cheryl noted the surrounding cities of Mountain View, Palo Alto, and Sunnyvale have incorporated divestment policies.

The commission would like to revisit this item during the next review of the City’s Investment Policy in 2020.

ITEMS FOR CONSIDERATION/ACTION

1. Approved minutes of the regular meeting of March 18, 2019

Action: Upon a motion by Commissioner Richmond seconded by Commissioner Kalbach the Commission approved the minutes of the meeting of March 18, 2019 by the following vote: AYES: Kalkat, McClatchie, Marek, Kalbach, and Richmond; NOES: None; ABSTAIN: None; ABSENT: Martin and Roat

2. Recommend the updated City of Los Altos Investment Policy be moved forward for City Council approval

Action: Upon a motion by Commissioner Kalbach seconded by Commissioner Richmond the Commission Recommend the updated City of Los Altos Investment Policy be moved forward for City Council approval with the following changes by the following vote: AYES: Kalkat, McClatchie, Marek, Kalbach, and Richmond; NOES: None; ABSTAIN: None; ABSENT: Martin and Roat

Changes:

Summary of current changes

Security Type	California Government Code	City’s Approved 2018 Policy	2019 PFMAM Recommendations	2019 Financial Commission
Supranationals	5 years 30% of portfolio “AA” rated	AAA rated 10% of portfolio	AAA rated 30% of portfolio	AAA rated 20% of portfolio 10% of portfolio

INFORMATIONAL ITEMS

3. FY 2019-20 & FY 2020-21 Budget & 5-Year Capital Improvement Plan Update
Administrative Services Director Etman provided a status on the 2-year budget and 5-year CIP Plan. Staff is currently developing the budget for the 2-year budget cycle and the 5-year CIP Plan which is scheduled to go before Council in the first meeting of June 2019. This year's 2-year budget will tie in performance outcomes and performance measures.

COMMISSION AND STAFF REPORTS AND DIRECTIONS ON FUTURE AGENDA ITEMS

4. Meeting with the Mayor
Chair Kalkat reported that he attended a special meeting with the Commission Chairs on Tuesday, March 19, 2019 at 6:00 PM in the Community Meeting Chambers (1 N. San Antonio Road). There was a roundtable discussion about what each commission does and what they are focusing on this year.

The mayor would like to see more commissions at City Council meetings providing their expertise on agenda items. Chair Kalkat shared that himself and other Commissioner feel conflicted commenting on agenda items because there is not a distinction between speaking as citizens versus speaking as commissioners. Commissions would prefer formal invitation to attend City Council meetings as commissioners so there isn't ambiguity.

Additionally, the Mayor would like to have a recurring meeting with all Commission Chairs every six months.

5. Review and update the City's Financial Policy
Administrative Services Director Etman provided the Financial Commission with a copy of the City's Financial Policy that was last updated in April 2015. Administrative Services Director Etman asked the commission to review it and recommended the Financial Policy be added as an item to the June 2019 Financial Commission Meeting.

ADJOURNMENT

Chair Kalkat adjourned the meeting at 7:20 PM.



CONSENT CALENDAR

Agenda Item # X

AGENDA REPORT SUMMARY

Meeting Date: June 11, 2019

Subject: Quarterly Investment Portfolio Report – Quarter Ended March 31, 2019

Prepared by: Sharif Etman, Administrative Services Director

Approved by: Chris Jordan, City Manager

Attachment(s):

1. Portfolio Mix Charts
2. Investment Policy Compliance Chart
3. Investment Performance Review Quarter Ended March 31, 2019

Initiated by:

Staff

Fiscal Impact:

None

Environmental Review:

Not applicable

Policy Question(s) for Council Consideration:

- None

Summary:

- This report presents the status of the City's investment portfolio through March 31, 2019. The reporting model has been developed in coordination with PFM Asset Management LLC (PFM), the City's investment portfolio managers.

Staff Recommendation:

Receive the Investment Portfolio Report through March 31, 2019



Subject: Quarterly Investment Portfolio Report – Quarter Ended March 31, 2019

Purpose

These quarterly reports are presented to both the City Council and the Financial Commission to keep both bodies apprised as to the status of the City’s investment holding and demonstrate compliance with the City’s Investment Policy.

Background

A review of the Investment Portfolio Report Quarter Ended March 31, 2019 was presented and discussed by the Financial Commission. The Financial Commission reviewed the Quarterly Investment Portfolio Report ending March 31, 2019 with the following comments and approved the

Discussion/Analysis

The summary provided below presents the sum total of all City investment holdings. The City’s portfolio book value, excluding operating cash and bond holdings as of March 31, 2019, was \$76,051,201.

As of March 31, 2019, 5.7% of the City’s portfolio was placed in Federal Agency Securities (Fannie Mae, Federal Home Loan Bank, Federal Home Loan Mortgage and Federal Farm Credit), 11.5% in Asset-Backed Securities, 4.4% in Supra-National Agency Bond, 30.1% in US Treasuries, and 16.6% in medium-term corporate Notes and Commercial Paper, 9.5% in Certificate of Deposits, with the balance of 22.1% in LAIF. This portfolio mix is illustrated as part of Attachment 1.

Full compliance with the City’s Investment Policy is monitored closely and on a per trade basis as illustrated in Attachment 2. In accordance with California Government Code 53646(b)(3), the City of Los Altos has the ability to meet its pool expenditure requirements for the next six months.

As part of these quarterly updates, a status report is prepared by PFM which is included as Attachment 3: Investment Performance Review for the Quarter Ended March 31, 2019. It is important to note that this report highlights the performance of City investments that fall outside its liquid holdings with LAIF. This has been intentionally crafted to isolate the performance of the City’s independently managed investments. The total return of the portfolio since inception is 0.99%, which is highlighted on page 11, of the PFM Investment Review Report (Attachment 3).

Options

1. Receive the Investment Portfolio Report Quarter Ended March 31, 2019

Advantages: None

Disadvantages: None



Subject: Quarterly Investment Portfolio Report – Quarter Ended March 31, 2019

2. Do not receive the Investment Portfolio Report Quarter Ended March 31, 2019

Advantages: None

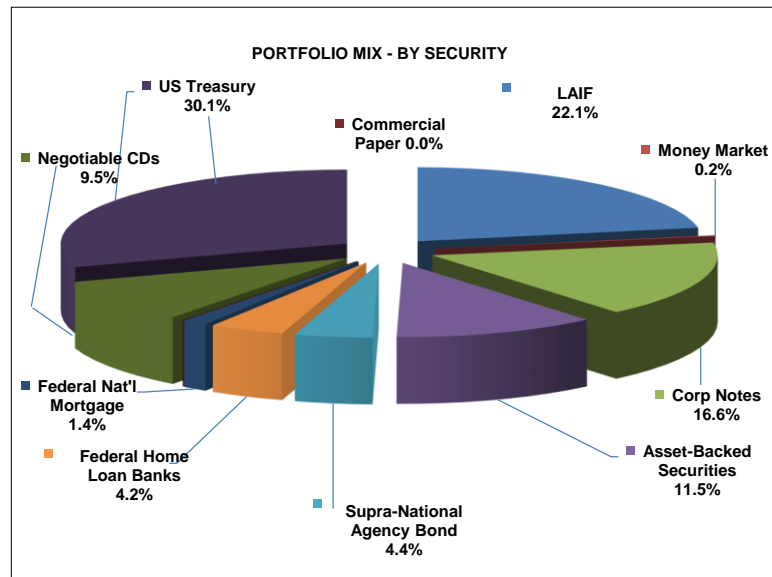
Disadvantages: None

Recommendation

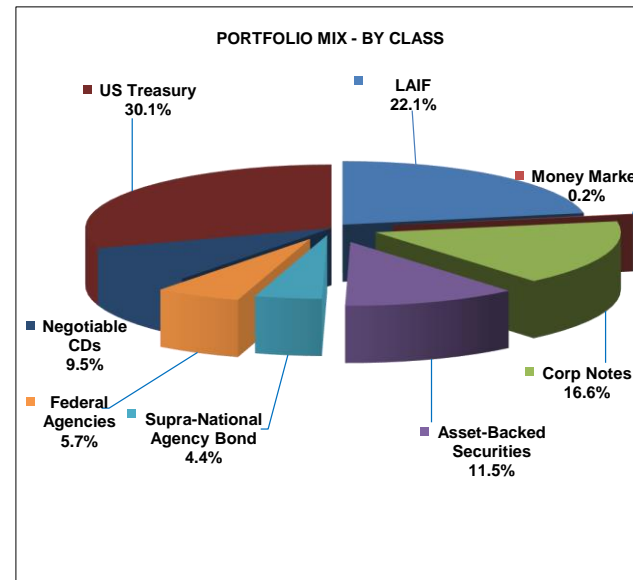
The staff recommends Option 1.

**Attachment 1
Portfolio Mix Charts
March 2019**

Security Type	% of Total	Portfolio Mix By Security
LAIF	22.1%	16,788,369
Money Market	0.2%	121,123
Corp Notes	16.6%	12,655,000
Asset-Backed Securities	11.5%	8,720,870
Supra-National Agency Bond	4.4%	3,335,000
Federal Home Loan Banks	4.2%	3,225,839
Federal Nat'l Mortgage	1.4%	1,075,000
Commercial Paper	0.0%	-
Negotiable CDs	9.5%	7,215,000
US Treasury	30.1%	22,915,000
	100%	76,051,201



Security Type	% of Total	Portfolio Mix Par Value	Market Value
LAIF	22.1%	16,788,369	16,788,369
Money Market	0.2%	121,123	121,123
Corp Notes	16.6%	12,655,000	12,664,296
Asset-Backed Securities	11.5%	8,720,870	8,743,261
Supra-National Agency Bond	4.4%	3,335,000	3,332,989
Federal Agencies	5.7%	4,300,839	4,326,778
Negotiable CDs	9.5%	7,215,000	7,239,334
US Treasury	30.1%	22,915,000	22,877,733
	100%	76,051,201	76,093,883
Corp Notes		12,655,000	12,664,296
Asset-Backed Securities		8,720,870	8,743,261
Supra-National Agency Bond		3,335,000	3,332,989
US Treasury/Agencies		27,215,839	27,204,511
Negotiable CDs		7,215,000	7,239,334
Accrued Interest		-	318,906
		59,141,709	59,503,297
Margin Over (Under) Par			361,588



Attachment 2
Investment Policy Compliance Chart
March 2019

City Investment	% Mix	Par Value	Earliest Term	City Policy Term Limitation	City Policy \$ Limitation	City Policy % Limitation	CAPACITY	% Compliance Yes/No	Term Compliance Yes/No
LAIF	22%	16,788,369	03/31/19	No Term	65,000,000	100%	48,211,631	Yes	N/A
Money Market	0%	121,123	03/31/19	Overnight		20%	15,089,117	Yes	N/A
Corp Notes	17%	12,655,000	09/23/16	5 Years		30%	10,160,360	Yes	Yes
Asset-Backed Securities	11%	8,720,870	01/25/17	5 Years		20%	6,489,370	Yes	Yes
Supra-National Agency Bond	4%	3,335,000	08/22/17	5 Years		10%	4,270,120	Yes	Yes
Federal Agencies	6%	4,300,839	09/01/17	5 Years		100%	71,750,362	Yes	Yes
Commercial Paper	0%	-	03/31/19	270 Days		25%	19,012,800	Yes	N/A
Negotiable CDs	9%	7,215,000	05/04/17	3 Years		30%	15,600,360	Yes	Yes
US Treasury	30%	22,915,000	12/05/16	5 Years		100%	53,136,201	Yes	Yes
	<u>100%</u>	<u>76,051,201</u>							



CITY OF LOS ALTOS

Investment Performance Review For the Quarter Ended March 31, 2019

Client Management Team

Monique Spyke, Managing Director

Izac Chyou, Senior Managing Consultant

PFM Asset Management LLC

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Market Update

QUARTERLY MARKET SUMMARY

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.

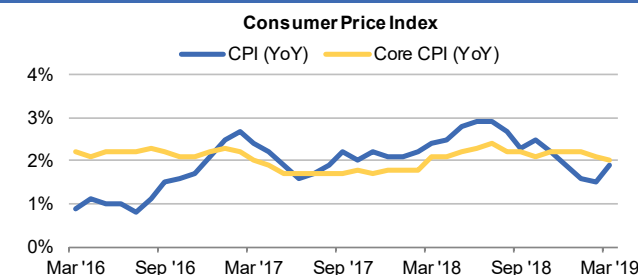
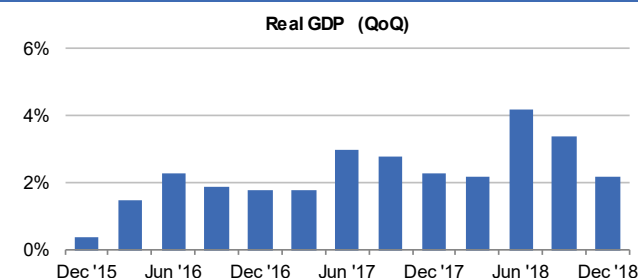
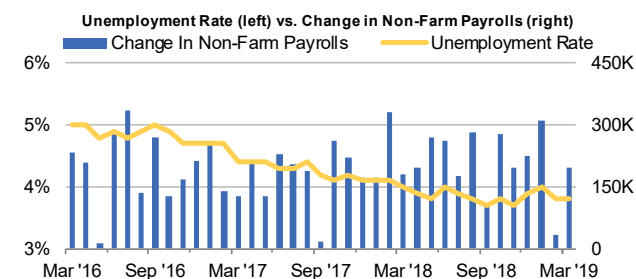
QUARTERLY MARKET SUMMARY

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		Latest	Dec '18	Mar '18
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		Latest	Dec '18	Mar '18
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.

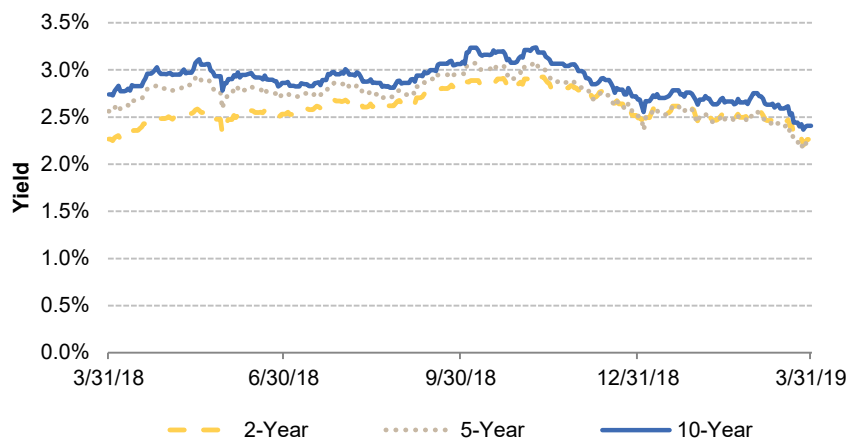
Note: YoY = year-over-year, QoQ = quarter over quarter, SAAR = seasonally adjusted annual rate, WTI = West Texas Intermediate crude oil.

Source: Bloomberg.

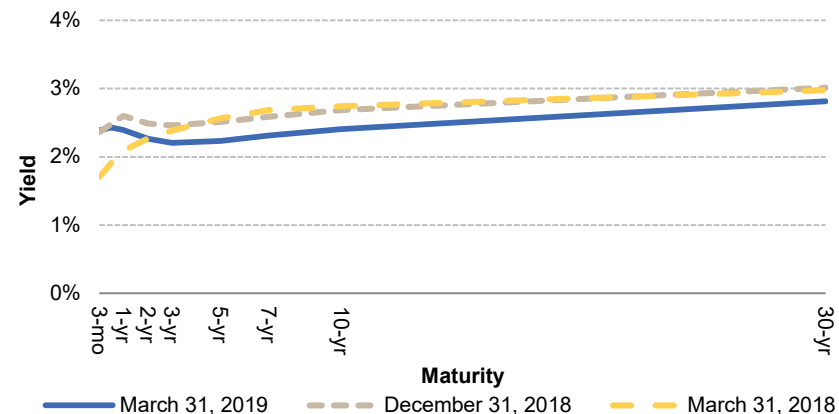
QUARTERLY MARKET SUMMARY

Interest Rate Overview

U.S. Treasury Note Yields



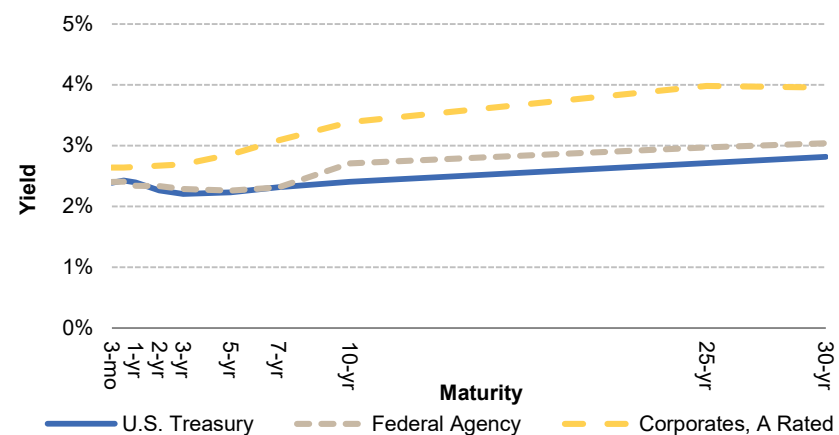
U.S. Treasury Yield Curve



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.

QUARTERLY MARKET SUMMARY

ICE BofAML Index Returns

March 31, 2019	As of 3/31/19		Returns for Periods ended 3/31/19		
	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.

QUARTERLY MARKET SUMMARY

DISCLOSURES

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Investment Strategy & Portfolio Review

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	\$22,877,733	38.6%	+7.7%	100%	✓
Federal Agency	\$3,266,058	5.5%	+0.5%	100%	✓
Federal Agency CMOs	\$1,060,720	1.8%	+0.3%	100%	✓
Supranationals	\$3,332,989	5.6%	-1.4%	10%	✓
Negotiable CDs	\$7,239,334	12.2%	-3.6%	30%	✓
Corporate Notes	\$12,664,296	21.4%	-2.1%	30%	✓
Asset-Backed Securities	\$8,743,261	14.7%	-1.3%	20%	✓
Securities Sub-Total	\$59,184,391	99.8%			
Accrued Interest	\$318,906				
Securities Total	\$59,503,297				
Money Market Fund	\$121,123	0.2%	-0.1%	20%	✓
Total Investments	\$59,624,421	100.0%			

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

Portfolio Recap

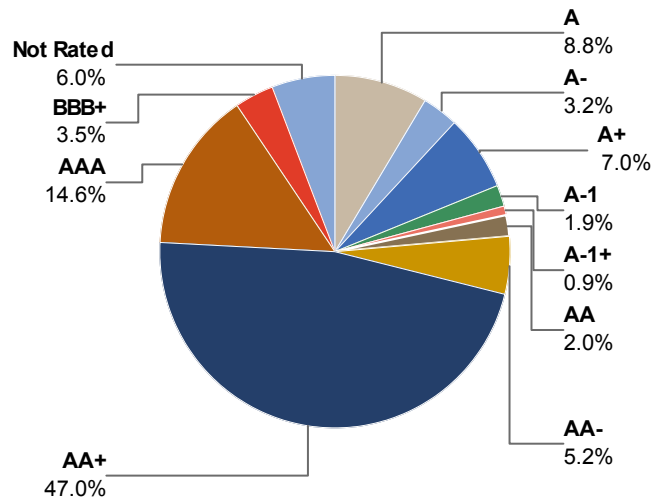
- Continuing the trend from the fourth quarter of 2018, interest rates moved lower during the first quarter of 2019, as the Fed stated it has no plans for further rate action in 2019. However, in a strong reversal from the prior quarter, equity markets rebounded, credit spreads tightened, and volatility 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. We found some value in agencies, primarily with new issues that offered wider than average yield spreads.

Portfolio Statistics

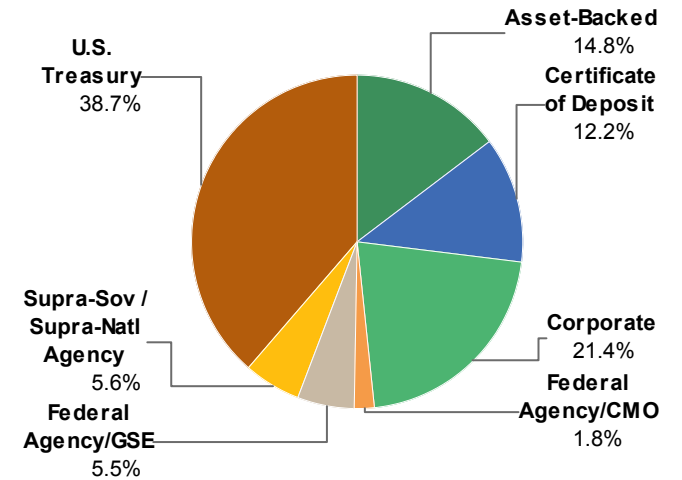
As of March 31, 2019

Par Value:	\$59,141,709
Total Market Value:	\$59,624,421
Security Market Value:	\$59,184,391
Accrued Interest:	\$318,906
Cash:	\$121,123
Amortized Cost:	\$59,003,250
Yield at Market:	2.45%
Yield at Cost:	2.54%
Effective Duration:	1.85 Years
Duration to Worst:	1.91 Years
Average Maturity:	2.23 Years
Average Credit: *	AA

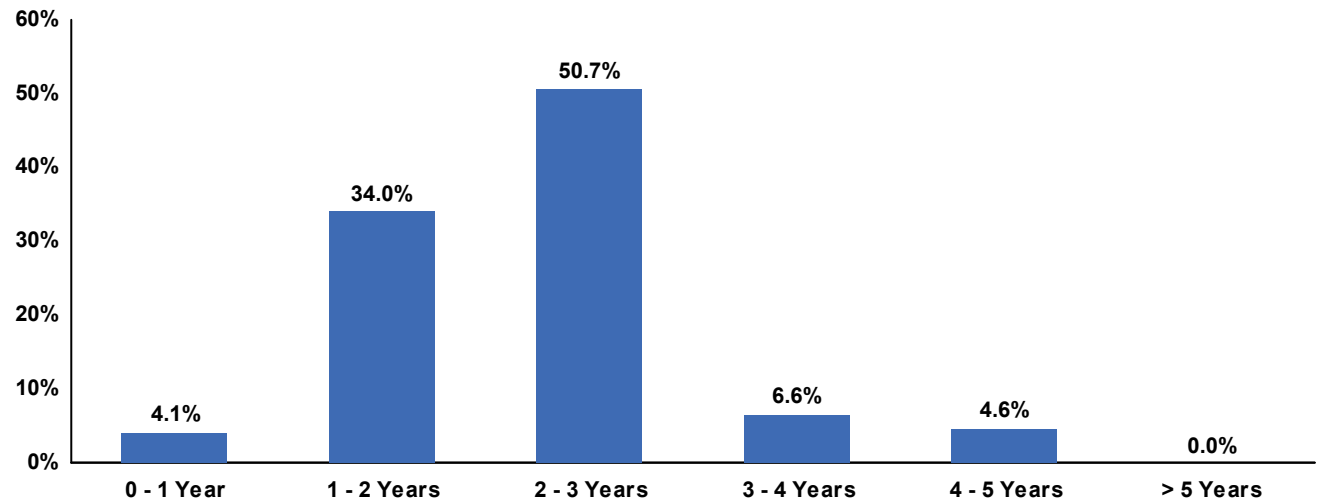
Credit Quality (S&P Ratings)**



Sector Allocation



Maturity Distribution

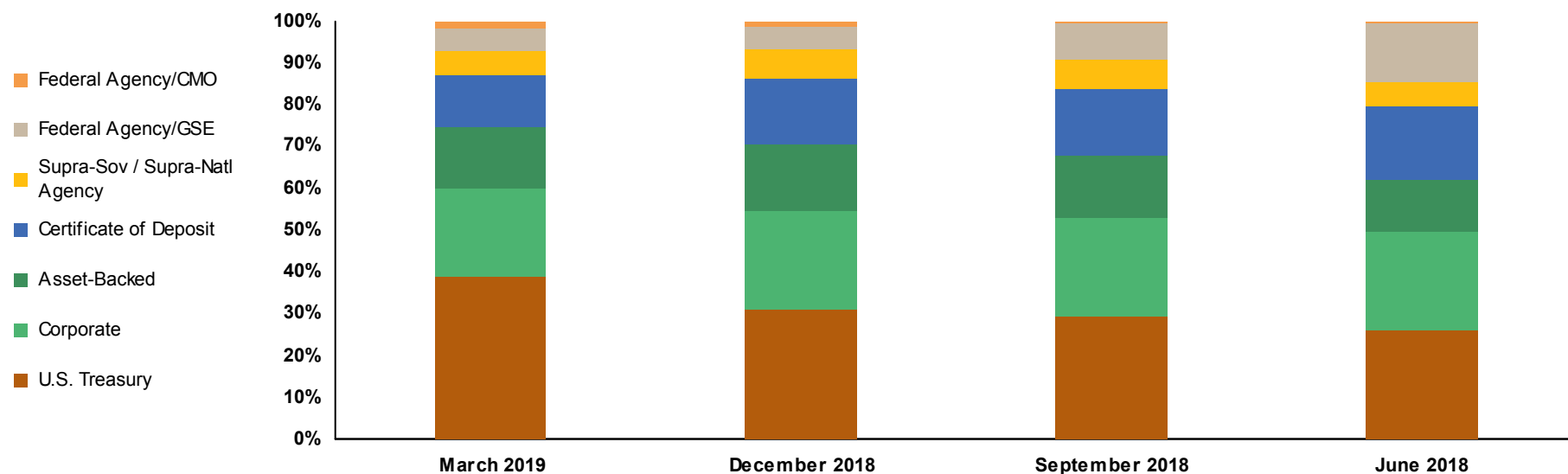


* An average of each security's credit rating assigned a numeric value and adjusted for its relative weighting in the portfolio.

**Securities held in the City's portfolio are in compliance with California Government Code and the City's investment policy dated June 2018.

Sector Allocation

Sector	March 31, 2019		December 31, 2018		September 30, 2018		June 30, 2018	
	MV (\$MM)	% of Total	MV (\$MM)	% of Total	MV (\$MM)	% of Total	MV (\$MM)	% of Total
U.S. Treasury	22.9	38.7%	16.9	30.9%	15.8	29.3%	14.0	26.1%
Corporate	12.7	21.4%	12.8	23.5%	12.7	23.5%	12.6	23.4%
Asset-Backed	8.7	14.8%	8.8	16.1%	8.0	14.9%	6.7	12.4%
Certificate of Deposit	7.2	12.2%	8.6	15.9%	8.6	16.0%	9.5	17.7%
Supra-Sov / Supra-Natl Agency	3.3	5.6%	3.9	7.1%	3.8	7.1%	3.0	5.7%
Federal Agency/GSE	3.3	5.5%	2.7	5.0%	4.6	8.5%	7.5	14.0%
Federal Agency/CMO	1.1	1.8%	0.8	1.5%	0.4	0.7%	0.4	0.7%
Total	\$59.2	100.0%	\$54.5	100.0%	\$54.0	100.0%	\$53.8	100.0%

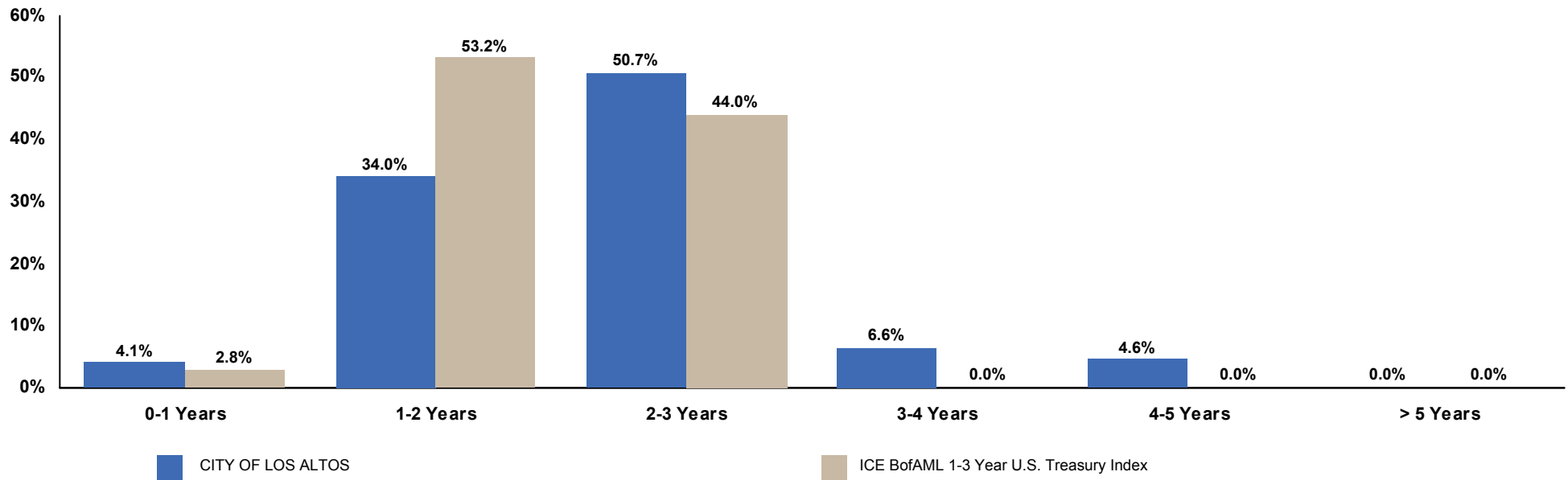


Detail may not add to total due to rounding.

Maturity Distribution

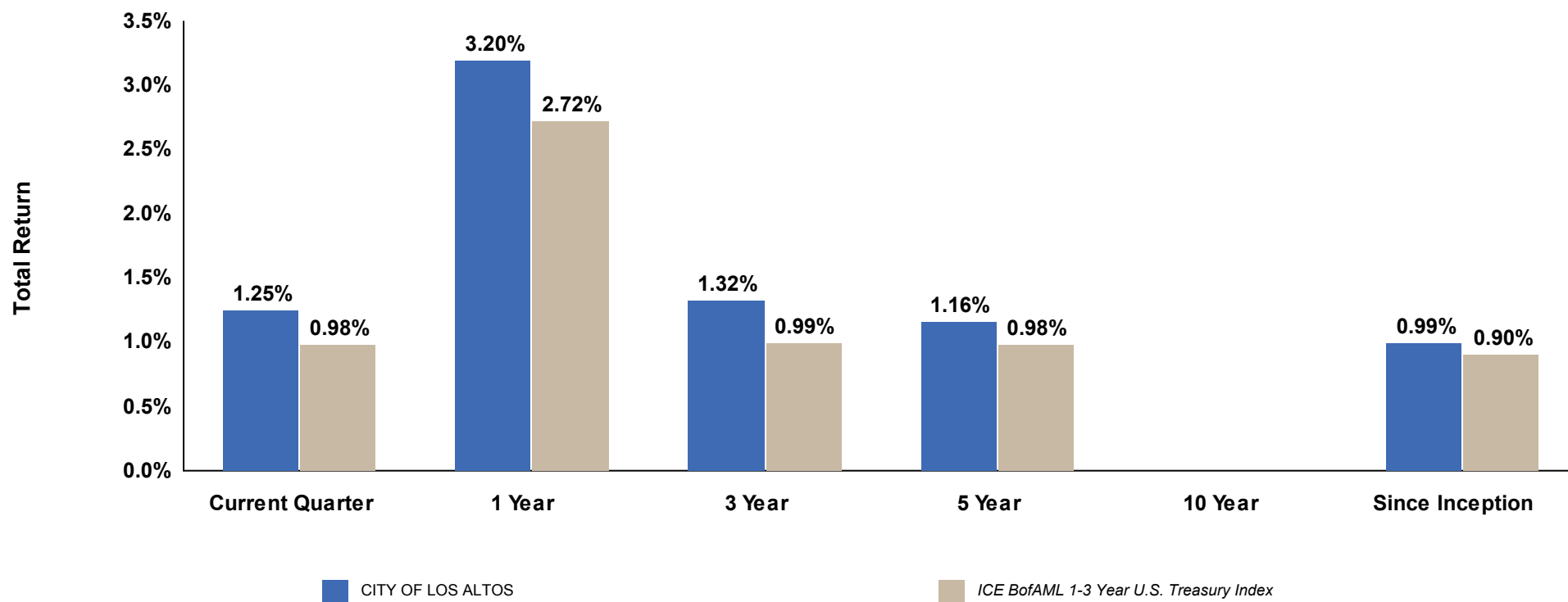
As of March 31, 2019

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 LOS ALTOS	2.45%	2.23 yrs	4.1%	34.0%	50.7%	6.6%	4.6%	0.0%
ICE BofAML 1-3 Year U.S. Treasury Index	2.32%	1.94 yrs	2.8%	53.2%	44.0%	0.0%	0.0%	0.0%



Portfolio Performance (Total Return)

Portfolio/Benchmark	Effective Duration	Current Quarter	Annualized Return				Since Inception (06/30/10)
			1 Year	3 Year	5 Year	10 Year	
CITY OF LOS ALTOS	1.85	1.25%	3.20%	1.32%	1.16%	-	0.99%
ICE BofAML 1-3 Year U.S. Treasury Index	1.81	0.98%	2.72%	0.99%	0.98%	-	0.90%
Difference		0.27%	0.48%	0.33%	0.18%	-	0.09%



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)	\$54,466,379.54	\$54,760,098.05
Net Purchases/Sales	\$4,331,790.24	\$4,331,790.24
Change in Value	\$386,221.14	(\$88,638.46)
Ending Value (03/31/2019)	\$59,184,390.92	\$59,003,249.83
Interest Earned	\$337,048.68	\$337,048.68
Portfolio Earnings	\$723,269.82	\$248,410.22

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 supranationals, we will wait for the expected increase in supply to drive spreads wider. Until then, we will generally remain on the sidelines.
 - 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.
 - Agency MBS and CMBS continue to be an alternative to other government sectors for its incremental income potential. Our analysis focuses on the expected performance of various structures and collateral types to identifying value.
 - Short-term, high quality credit in the form of negotiable certificates of deposit 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			
ALLY AUTO RECEIVABLES TRUST	799,631	9.1%	1.4%
AMERICAN EXPRESS CO	305,240	3.5%	0.5%
BANK OF AMERICA CO	273,312	3.1%	0.5%
BMW FINANCIAL SERVICES NA LLC	115,981	1.3%	0.2%
CARMAX AUTO OWNER TRUST	537,223	6.1%	0.9%
CITIGROUP INC	274,602	3.1%	0.5%
FORD CREDIT AUTO LEASE TRUST	231,740	2.7%	0.4%
FORD CREDIT AUTO OWNER TRUST	772,012	8.8%	1.3%
GM FINANCIAL AUTO LEASING TRUST	171,185	2.0%	0.3%
GM FINANCIAL SECURITIZED TERM	554,372	6.3%	0.9%
HONDA AUTO RECEIVABLES	640,843	7.3%	1.1%
HYUNDAI AUTO RECEIVABLES	493,091	5.6%	0.8%
JOHN DEERE OWNER TRUST	333,882	3.8%	0.6%
MERCEDES-BENZ AUTO LEASE TRUST	523,645	6.0%	0.9%
MERCEDES-BENZ AUTO RECEIVABLES	352,676	4.0%	0.6%
NISSAN AUTO LEASE TRUST	206,591	2.4%	0.3%
NISSAN AUTO RECEIVABLES	786,723	9.0%	1.3%
TOYOTA MOTOR CORP	965,872	11.0%	1.6%
VOLKSWAGEN OF AMERICA	404,641	4.6%	0.7%
Sector Total	8,743,261	100.0%	14.8%

Sector / Issuer	Market Value (\$)	% of Sector	% of Total Portfolio
Certificate of Deposit			
BANK OF MONTREAL	552,613	7.6%	0.9%
BANK OF NOVA SCOTIA	553,850	7.7%	0.9%
CANADIAN IMPERIAL BANK OF COMMERCE	551,380	7.6%	0.9%
CREDIT AGRICOLE SA	551,172	7.6%	0.9%
CREDIT SUISSE GROUP	550,622	7.6%	0.9%
MITSUBISHI UFJ FINANCIAL GROUP INC	604,498	8.4%	1.0%
NORDEA BANK AB	551,219	7.6%	0.9%
ROYAL BANK OF CANADA	709,238	9.8%	1.2%
SUMITOMO MITSUI FINANCIAL GROUP INC	557,686	7.7%	0.9%
SWEDBANK AB	545,698	7.5%	0.9%
UBS AG	551,772	7.6%	0.9%
WESTPAC BANKING CORP	959,587	13.3%	1.6%
Sector Total	7,239,334	100.0%	12.2%
Corporate			
3M COMPANY	328,226	2.6%	0.6%
AMERICAN EXPRESS CO	652,577	5.2%	1.1%
AMERICAN HONDA FINANCE	558,385	4.4%	0.9%
APPLE INC	327,620	2.6%	0.6%
BANK OF AMERICA CO	544,884	4.3%	0.9%
BB&T CORPORATION	601,977	4.8%	1.0%
CATERPILLAR INC	557,124	4.4%	0.9%
CHARLES SCHWAB	273,387	2.2%	0.5%
CITIGROUP INC	299,921	2.4%	0.5%

Sector / Issuer	Market Value (\$)	% of Sector	% of Total Portfolio
DEERE & COMPANY	705,252	5.6%	1.2%
EXXON MOBIL CORP	274,994	2.2%	0.5%
GENERAL DYNAMICS CORP	331,092	2.6%	0.6%
GOLDMAN SACHS GROUP INC	648,356	5.1%	1.1%
HERSHEY COMPANY	207,045	1.6%	0.3%
HOME DEPOT INC	158,519	1.3%	0.3%
HSBC HOLDINGS PLC	194,429	1.5%	0.3%
INTEL CORPORATION	248,054	2.0%	0.4%
JOHNSON & JOHNSON	114,128	0.9%	0.2%
JP MORGAN CHASE & CO	653,445	5.2%	1.1%
MERCK & CO INC	274,545	2.2%	0.5%
MORGAN STANLEY	546,423	4.3%	0.9%
NATIONAL RURAL UTILITIES CO FINANCE CORP	231,179	1.8%	0.4%
PACCAR FINANCIAL CORP	475,291	3.8%	0.8%
PFIZER INC	521,977	4.1%	0.9%
THE BANK OF NEW YORK MELLON CORPORATION	547,708	4.3%	0.9%
THE WALT DISNEY CORPORATION	584,729	4.6%	1.0%
TOYOTA MOTOR CORP	399,362	3.2%	0.7%
UNILEVER PLC	551,942	4.4%	0.9%
UNITED PARCEL SERVICE INC	317,172	2.5%	0.5%
VISA INC	149,340	1.2%	0.3%
WAL-MART STORES INC	385,215	3.0%	0.7%
Sector Total	12,664,296	100.0%	21.4%
Federal Agency/CMO			

Sector / Issuer	Market Value (\$)	% of Sector	% of Total Portfolio
FANNIE MAE	295,239	27.8%	0.5%
FREDDIE MAC	765,481	72.2%	1.3%
Sector Total	1,060,720	100.0%	1.8%
Federal Agency/GSE			
FANNIE MAE	2,172,544	66.5%	3.7%
FEDERAL HOME LOAN BANKS	1,093,514	33.5%	1.8%
Sector Total	3,266,058	100.0%	5.5%
Supra-Sov / Supra-Natl Agency			
INTER-AMERICAN DEVELOPMENT BANK	1,160,395	34.8%	2.0%
INTERNATIONAL FINANCE CORPORATION	549,886	16.5%	0.9%
INTL BANK OF RECONSTRUCTION AND DEV	1,622,708	48.7%	2.7%
Sector Total	3,332,989	100.0%	5.6%
U.S. Treasury			
UNITED STATES TREASURY	22,877,733	100.0%	38.7%
Sector Total	22,877,733	100.0%	38.7%
Portfolio Total	59,184,391	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									
1/7/19	1/9/19	2,375,000	912828V72	US TREASURY NOTES	1.87%	1/31/22	2,351,371.01	2.50%	
1/8/19	1/16/19	305,000	36256XAD4	GMCAR 2019-1 A3	2.97%	11/16/23	304,966.24	2.97%	
1/9/19	1/11/19	550,000	3135G0U92	FANNIE MAE NOTES	2.62%	1/11/22	549,604.00	2.65%	
1/14/19	1/16/19	275,000	58933YAQ8	MERCK & CO INC CORP NOTES	2.35%	2/10/22	272,690.92	2.99%	
1/29/19	1/31/19	1,550,000	9128285V8	UNITED STATES TREASURY NOTES	2.50%	1/15/22	1,549,472.48	2.55%	
1/29/19	1/31/19	550,000	3135G0U92	FANNIE MAE NOTES	2.62%	1/11/22	550,945.08	2.62%	
2/4/19	2/4/19	2,000,000	912828WG1	US TREASURY NOTES	2.25%	4/30/21	1,999,511.83	2.54%	
2/4/19	2/4/19	2,000,000	9128285V8	UNITED STATES TREASURY NOTES	2.50%	1/15/22	2,001,434.31	2.52%	
2/5/19	2/13/19	295,000	65479KAD2	NAROT 2019-A A3	2.90%	10/15/23	294,955.31	2.91%	
2/5/19	2/13/19	160,000	02004WAC5	ALLYA 2019-1 A3	2.91%	9/15/23	159,980.67	3.13%	
2/8/19	2/11/19	1,200,000	9128284P2	US TREASURY N/B NOTES	2.62%	5/15/21	1,212,298.09	2.45%	
2/12/19	2/22/19	190,000	88579YBF7	3M COMPANY BONDS	2.75%	3/1/22	189,910.70	2.77%	
2/13/19	2/15/19	300,000	38141GWC4	GOLDMAN SACHS GROUP INC (CALLABLE) NOTE	3.00%	4/26/22	299,431.00	3.36%	
2/19/19	2/22/19	550,000	025816CB3	AMERICAN EXPRESS CO CORP NOTES	3.00%	2/22/21	549,450.00	3.05%	
2/19/19	2/27/19	170,000	43814WAC9	HAROT 2019-1 A3	2.83%	3/20/23	169,995.44	2.83%	
2/22/19	3/1/19	130,000	69371RP75	PACCAR FINANCIAL CORP NOTE	2.85%	3/1/22	129,885.60	2.88%	
2/27/19	2/28/19	600,000	55379WZT6	MUFG BANK LTD/NY CERT DEPOS	2.97%	2/26/21	600,000.00	2.99%	
3/1/19	3/5/19	1,950,000	9128286C9	UNITED STATES TREASURY NOTES	2.50%	2/15/22	1,950,291.22	2.54%	
3/4/19	3/11/19	175,000	717081ER0	PFIZER INC CORP BONDS	2.80%	3/11/22	174,989.50	2.80%	
3/11/19	3/18/19	500,000	05531FBG7	BRANCH BANKING & TRUST CORP NOTES	3.05%	6/20/22	499,985.00	3.05%	
3/13/19	3/15/19	300,000	172967LC3	CITIGROUP INC CORP (CALLABLE) NOTE	2.90%	12/8/21	301,423.17	3.02%	
3/13/19	3/18/19	300,000	3137BLUR7	FHLMC MULTIFAMILY STRUCTURED P	2.71%	6/25/22	300,011.53	2.68%	
3/15/19	3/22/19	600,000	46647PBB1	JPMORGAN CHASE & CO BONDS	3.20%	4/1/23	600,000.00	3.21%	
Total BUY		17,025,000					17,012,603.10		

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
INTEREST									
1/1/19	1/25/19	320,864	3136B1XP4	FNA 2018-M5 A2	3.56%	9/25/21	1,012.78		
1/1/19	1/25/19	265,000	3137FKK39	FHMS KP05 A	3.20%	7/1/23	707.33		
1/1/19	1/25/19	225,000	3137FKK70	FHMS KJ23 A1	3.17%	3/1/22	595.13		
1/2/19	1/2/19	0	MONEY0002	MONEY MARKET FUND			271.45		
1/8/19	1/8/19	205,000	24422ETZ2	JOHN DEERE CAPITAL CORP NOTES	2.35%	1/8/21	2,408.75		
1/10/19	1/10/19	550,000	13606BVF0	CANADIAN IMP BK COMM NY FLT CERT DEPOS	3.18%	4/10/20	3,955.58		
1/10/19	1/10/19	550,000	22532XHT8	CREDIT AGRICOLE CIB NY FLT CERT DEPOS	3.25%	4/10/20	4,053.97		
1/15/19	1/15/19	520,000	58769LAC6	MBALT 2018-B A3	3.21%	9/15/21	1,391.00		
1/15/19	1/15/19	130,000	47788CAC6	JDOT 2018-A A3	2.66%	4/15/22	288.17		
1/15/19	1/15/19	450,000	89190BAD0	TOYOTA ABS 2017-B A3	1.76%	7/15/21	660.00		
1/15/19	1/15/19	250,000	654747AD6	NISSAN ABS 2017-A A3	1.74%	8/15/21	362.50		
1/15/19	1/15/19	205,000	65478BAD3	NISSAN AUTO LEASE TRUST	3.25%	9/15/21	555.21		
1/15/19	1/15/19	76,929	02007PAC7	ALLY ABS 2017-1 A3	1.70%	6/15/21	108.98		
1/15/19	1/15/19	275,000	05522RCW6	BANK OF AMERICA ABS 2017-A1 A1	1.95%	8/15/22	446.88		
1/15/19	1/15/19	79,263	47787XAC1	JOHN DEERE ABS 2017-A A3	1.78%	4/15/21	117.57		
1/15/19	1/15/19	260,000	14313FAD1	CARMAX AUTO OWNER TRUST	3.13%	6/15/23	678.17		
1/15/19	1/15/19	205,000	44931PAD8	HYUNDAI ABS 2017-A A3	1.76%	8/15/21	300.67		
1/15/19	1/15/19	375,000	02004VAC7	ALLYA 2018-2 A3	2.92%	11/15/22	912.50		
1/15/19	1/15/19	92,698	14314RAH5	CARMX 2017-4 A2A	1.80%	4/15/21	139.05		
1/15/19	1/15/19	230,000	44932GAD7	HYUNDAI ABS 2017-B A3	1.77%	1/15/22	339.25		
1/15/19	1/15/19	90,000	44891KAD7	HART 2018-A A3	2.79%	7/15/22	209.25		
1/15/19	1/15/19	190,000	02582JHG8	AMERICAN EXPRESS ABS 2017-4 A	1.64%	12/15/21	259.67		
1/15/19	1/15/19	55,082	12636WAB2	CNH 2017-A A2	1.64%	7/15/20	75.28		
1/15/19	1/15/19	107,882	89238MAD0	TOYOTA ABS 2017-A A3	1.73%	2/15/21	155.53		
1/15/19	1/15/19	350,000	58772RAD6	MBART 2018-1 A3	3.03%	1/15/23	883.75		
1/15/19	1/15/19	235,000	43814UAC3	HAROT 2018-1 A3	2.64%	2/15/22	517.00		
1/15/19	1/15/19	465,000	89238TAD5	TAOT 2018-B A3	2.96%	9/15/22	1,147.00		
1/15/19	1/15/19	280,255	34531EAD8	FORD ABS 2017-A A3	1.67%	6/15/21	390.02		

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	34532AAD5	FORDO 2017-C A3	2.01%	3/15/22	460.63		
1/15/19	1/15/19	275,000	34528FAD0	FORDO 2018-A A3	3.03%	11/15/22	694.38		
1/15/19	1/15/19	145,000	47788BAD6	JOHN DEERE ABS 2017-B A3	1.82%	10/15/21	219.92		
1/15/19	1/15/19	210,000	14315EAC4	CARMAX AUTO OWNER TRUST	3.36%	9/15/23	588.00		
1/15/19	1/15/19	305,000	02582JHQ6	AMXCA 2018-1 A	2.67%	10/17/22	678.63		
1/15/19	1/15/19	230,000	34531LAD2	FORDL 2018-B A3	3.19%	12/15/21	611.42		
1/15/19	1/15/19	275,000	65478GAD2	NISSAN ABS 2017-B A3	1.75%	10/15/21	401.04		
1/15/19	1/15/19	332,270	02007HAC5	ALLY ABS 2017-2 A3	1.78%	8/15/21	492.87		
1/16/19	1/16/19	245,000	36255JAD6	GMCAR 2018-3 A3	3.02%	5/16/23	616.58		
1/18/19	1/18/19	95,000	43814UAG4	HAROT 2018-2 A3	3.01%	5/18/22	238.29		
1/18/19	1/18/19	140,000	43814PAC4	HAROT 2017-3 A3	1.79%	9/18/21	208.83		
1/20/19	1/20/19	170,000	36256GAD1	GMALT 2018-3 A3	3.18%	6/20/21	450.50		
1/20/19	1/20/19	230,000	02665WBT7	AMERICAN HONDA FINANCE CORP NOTES	1.95%	7/20/20	2,242.50		
1/20/19	1/20/19	400,000	92869BAD4	VALET 2018-2 A3	3.25%	4/20/23	1,083.33		
1/20/19	1/20/19	275,000	17305EGK5	CCCIT 2018-A1 A1	2.49%	1/20/23	3,423.75		
1/20/19	1/20/19	115,000	05586CAC8	BMWLT 2018-1 A3	3.26%	7/20/21	312.42		
1/21/19	1/21/19	180,745	43814TAC6	HONDA ABS 2017-1 A3	1.72%	7/21/21	259.07		
1/23/19	1/23/19	500,000	46625HKA7	JPMORGAN CHASE & CO (CALLABLE)	2.25%	1/23/20	5,625.00		
1/23/19	1/23/19	200,000	38141GWP5	GOLDMAN SACHS GROUP INC CORP NOTE	1.95%	7/23/19	1,950.00		
1/23/19	1/23/19	0	459058GH0	INTL BANK OF RECONSTRUCTION AND DEV NOTE	2.75%	7/23/21	10,880.00		
1/30/19	1/30/19	1,075,000	3135G0T60	FNMA NOTES	1.50%	7/30/20	8,062.50		
1/31/19	1/31/19	2,375,000	912828V72	US TREASURY NOTES	1.87%	1/31/22	22,265.63		
1/31/19	1/31/19	950,000	912828XM7	US TREASURY NOTES	1.62%	7/31/20	7,718.75		
1/31/19	1/31/19	1,500,000	912828N89	US TREASURY NOTES	1.37%	1/31/21	10,312.50		
1/31/19	1/31/19	285,000	912828H52	US TREASURY NOTES	1.25%	1/31/20	1,781.25		
2/1/19	2/1/19	0	MONEY0002	MONEY MARKET FUND			637.90		
2/1/19	2/1/19	100,000	05531FAZ6	BRANCH BANKING & TRUST (CALLABLE) NOTES	2.15%	2/1/21	1,075.00		
2/1/19	2/25/19	224,324	3137FKK70	FHMS KJ23 A1	3.17%	3/1/22	593.34		
2/1/19	2/25/19	302,520	3136B1XP4	FNA 2018-M5 A2	3.56%	9/25/21	913.69		
2/1/19	2/25/19	264,575	3137FKK39	FHMS KP05 A	3.20%	7/1/23	706.19		

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
2/4/19	2/4/19	1,075,000	83050FXT3	SKANDINAVISKA ENSKILDA BANKEN NY CD	1.84%	8/2/19	10,219.67		
2/7/19	2/7/19	965,000	96121T4A3	WESTPAC BANKING CORP NY CD	2.05%	8/3/20	9,891.25		
2/10/19	2/10/19	275,000	58933YQAQ8	MERCK & CO INC CORP NOTES	2.35%	2/10/22	3,231.25		
2/15/19	2/15/19	261,153	34531EAD8	FORD ABS 2017-A A3	1.67%	6/15/21	363.44		
2/15/19	2/15/19	145,000	47788BAD6	JOHN DEERE ABS 2017-B A3	1.82%	10/15/21	219.92		
2/15/19	2/15/19	16,146	12636WAB2	CNH 2017-A A2	1.64%	7/15/20	22.07		
2/15/19	2/15/19	249,328	654747AD6	NISSAN ABS 2017-A A3	1.74%	8/15/21	361.53		
2/15/19	2/15/19	99,555	89238MAD0	TOYOTA ABS 2017-A A3	1.73%	2/15/21	143.53		
2/15/19	2/15/19	625,000	9128284W7	US TREASURY NOTES	2.75%	8/15/21	8,593.75		
2/15/19	2/15/19	82,272	14314RAH5	CARMX 2017-4 A2A	1.80%	4/15/21	123.41		
2/15/19	2/15/19	260,000	14313FAD1	CARMAX AUTO OWNER TRUST	3.13%	6/15/23	678.17		
2/15/19	2/15/19	350,000	58772RAD6	MBART 2018-1 A3	3.03%	1/15/23	883.75		
2/15/19	2/15/19	465,000	89238TAD5	TAOT 2018-B A3	2.96%	9/15/22	1,147.00		
2/15/19	2/15/19	230,000	44932GAD7	HYUNDAI ABS 2017-B A3	1.77%	1/15/22	339.25		
2/15/19	2/15/19	205,000	65478BAD3	NISSAN AUTO LEASE TRUST	3.25%	9/15/21	555.21		
2/15/19	2/15/19	130,000	47788CAC6	JDOT 2018-A A3	2.66%	4/15/22	288.17		
2/15/19	2/15/19	235,000	43814UAC3	HAROT 2018-1 A3	2.64%	2/15/22	517.00		
2/15/19	2/15/19	275,000	65478GAD2	NISSAN ABS 2017-B A3	1.75%	10/15/21	401.04		
2/15/19	2/15/19	520,000	58769LAC6	MBALT 2018-B A3	3.21%	9/15/21	1,391.00		
2/15/19	2/15/19	275,000	05522RCW6	BANK OF AMERICA ABS 2017-A1 A1	1.95%	8/15/22	446.88		
2/15/19	2/15/19	375,000	02004VAC7	ALLYA 2018-2 A3	2.92%	11/15/22	912.50		
2/15/19	2/15/19	275,000	34528FAD0	FORDO 2018-A A3	3.03%	11/15/22	694.38		
2/15/19	2/15/19	875,000	9128284W7	US TREASURY NOTES	2.75%	8/15/21	12,031.25		
2/15/19	2/15/19	450,000	89190BAD0	TOYOTA ABS 2017-B A3	1.76%	7/15/21	660.00		
2/15/19	2/15/19	275,000	34532AAD5	FORDO 2017-C A3	2.01%	3/15/22	460.63		
2/15/19	2/15/19	201,789	44931PAD8	HYUNDAI ABS 2017-A A3	1.76%	8/15/21	295.96		
2/15/19	2/15/19	72,673	47787XAC1	JOHN DEERE ABS 2017-A A3	1.78%	4/15/21	107.80		
2/15/19	2/15/19	230,000	34531LAD2	FORDL 2018-B A3	3.19%	12/15/21	611.42		
2/15/19	2/15/19	90,000	44891KAD7	HART 2018-A A3	2.79%	7/15/22	209.25		
2/15/19	2/15/19	210,000	14315EAC4	CARMAX AUTO OWNER TRUST	3.36%	9/15/23	588.00		

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
2/15/19	2/15/19	308,447	02007HAC5	ALLY ABS 2017-2 A3	1.78%	8/15/21	457.53		
2/15/19	2/15/19	305,000	02582JHQ6	AMXCA 2018-1 A	2.67%	10/17/22	678.63		
2/16/19	2/16/19	245,000	36255JAD6	GMCAR 2018-3 A3	3.02%	5/16/23	616.58		
2/16/19	2/16/19	305,000	36256XAD4	GMCAR 2019-1 A3	2.97%	11/16/23	830.36		
2/18/19	2/18/19	95,000	43814UAG4	HAROT 2018-2 A3	3.01%	5/18/22	238.29		
2/18/19	2/18/19	140,000	43814PAC4	HAROT 2017-3 A3	1.79%	9/18/21	208.83		
2/20/19	2/20/19	170,000	36256GAD1	GMALT 2018-3 A3	3.18%	6/20/21	450.50		
2/20/19	2/20/19	400,000	92869BAD4	VALET 2018-2 A3	3.25%	4/20/23	1,083.33		
2/20/19	2/20/19	115,000	05586CAC8	BMWLT 2018-1 A3	3.26%	7/20/21	312.42		
2/20/19	2/20/19	550,000	65590ASN7	NORDEA BANK AB NY CD	2.72%	2/20/20	7,480.00		
2/24/19	2/24/19	475,000	06406HCZ0	BNY MELLON (CALLABLE) CORP NOTE	2.15%	2/24/20	5,106.25		
3/1/19	3/1/19	50,000	46625HQJ2	JP MORGAN CHASE & CO CORP NT (CALLABLE)	2.55%	3/1/21	637.50		
3/1/19	3/1/19	0	MONEY0002	MONEY MARKET FUND			1,127.86		
3/1/19	3/1/19	190,000	69371RN93	PACCAR FINANCIAL CORP NOTES	2.80%	3/1/21	2,660.00		
3/1/19	3/1/19	155,000	437076BV3	HOME DEPOT INC	3.25%	3/1/22	1,189.41		
3/1/19	3/25/19	264,147	3137FKK39	FHMS KP05 A	3.20%	7/1/23	705.05		
3/1/19	3/25/19	297,493	3136B1XP4	FNA 2018-M5 A2	3.56%	9/25/21	900.25		
3/1/19	3/25/19	223,644	3137FKK70	FHMS KJ23 A1	3.17%	3/1/22	591.54		
3/4/19	3/4/19	550,000	90275DHG8	UBS AG STAMFORD CT LT CD	2.90%	3/2/20	8,019.31		
3/4/19	3/4/19	90,000	25468PDP8	WALT DISNEY COMPANY CORP NOTES	1.95%	3/4/20	877.50		
3/4/19	3/4/19	275,000	459058GA5	INTL BANK OF RECON AND DEV GLOBAL NOTES	1.62%	9/4/20	2,235.75		
3/4/19	3/4/19	410,000	14913Q2A6	CATERPILLAR FINL SERVICE NOTE	1.85%	9/4/20	3,792.50		
3/5/19	3/5/19	195,000	40428HPR7	HSBC USA INC NOTES	2.35%	3/5/20	2,291.25		
3/6/19	3/6/19	275,000	30231GAJ1	EXXON MOBIL CORP (CALLABLE) NOTE	2.39%	3/6/22	3,295.88		
3/7/19	3/7/19	150,000	14913Q2N8	CATERPILLAR FINANCIAL SERVICES CORP CORP	3.15%	9/7/21	2,362.50		
3/9/19	3/9/19	550,000	45950VLQ7	INTERNATIONAL FINANCE CORPORATION NOTE	2.63%	3/9/21	7,249.00		
3/12/19	2/28/19	550,000	45905UP32	INTL BANK OF RECONSTRUCTION AND DEV NOTE	1.56%	9/12/20	4,295.50		
3/12/19	3/12/19	400,000	24422EUD9	JOHN DEERE CAPITAL CORP NOTES	2.87%	3/12/21	5,750.00		
3/14/19	3/14/19	135,000	88579YBA8	3M COMPANY	3.00%	9/14/21	2,025.00		
3/14/19	3/14/19	100,000	0258M0DX4	AMERICAN EXP (CALLABLE) CREDIT CORP NOTE	2.60%	9/14/20	1,300.00		

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
3/15/19	3/15/19	350,000	58772RAD6	MBART 2018-1 A3	3.03%	1/15/23	883.75		
3/15/19	3/15/19	230,000	34531LAD2	FORDL 2018-B A3	3.19%	12/15/21	611.42		
3/15/19	3/15/19	275,000	65478GAD2	NISSAN ABS 2017-B A3	1.75%	10/15/21	401.04		
3/15/19	3/15/19	130,000	47788CAC6	JDOT 2018-A A3	2.66%	4/15/22	288.17		
3/15/19	3/15/19	235,000	43814UAC3	HAROT 2018-1 A3	2.64%	2/15/22	517.00		
3/15/19	3/15/19	305,000	02582JHQ6	AMXCA 2018-1 A	2.67%	10/17/22	678.63		
3/15/19	3/15/19	375,000	02004VAC7	ALLYA 2018-2 A3	2.92%	11/15/22	912.50		
3/15/19	3/15/19	145,000	47788BAD6	JOHN DEERE ABS 2017-B A3	1.82%	10/15/21	219.92		
3/15/19	3/15/19	284,796	02007HAC5	ALLY ABS 2017-2 A3	1.78%	8/15/21	422.45		
3/15/19	3/15/19	520,000	58769LAC6	MBALT 2018-B A3	3.21%	9/15/21	1,391.00		
3/15/19	3/15/19	160,000	02004WAC5	ALLYA 2019-1 A3	2.91%	9/15/23	413.87		
3/15/19	3/15/19	275,000	05522RCW6	BANK OF AMERICA ABS 2017-A1 A1	1.95%	8/15/22	446.88		
3/15/19	3/15/19	465,000	89238TAD5	TAOT 2018-B A3	2.96%	9/15/22	1,147.00		
3/15/19	3/15/19	188,568	44931PAD8	HYUNDAI ABS 2017-A A3	1.76%	8/15/21	276.57		
3/15/19	3/15/19	275,000	34532AAD5	FORDO 2017-C A3	2.01%	3/15/22	460.63		
3/15/19	3/15/19	230,000	63743HER9	NATIONAL RURAL UTIL COOP NOTE	2.90%	3/15/21	3,335.00		
3/15/19	3/15/19	230,000	44932GAD7	HYUNDAI ABS 2017-B A3	1.77%	1/15/22	339.25		
3/15/19	3/15/19	64,753	47787XAC1	JOHN DEERE ABS 2017-A A3	1.78%	4/15/21	96.05		
3/15/19	3/15/19	275,000	34528FAD0	FORDO 2018-A A3	3.03%	11/15/22	694.38		
3/15/19	3/15/19	446,558	89190BAD0	TOYOTA ABS 2017-B A3	1.76%	7/15/21	654.95		
3/15/19	3/15/19	90,000	44891KAD7	HART 2018-A A3	2.79%	7/15/22	209.25		
3/15/19	3/15/19	232,732	654747AD6	NISSAN ABS 2017-A A3	1.74%	8/15/21	337.46		
3/15/19	3/15/19	91,106	89238MAD0	TOYOTA ABS 2017-A A3	1.73%	2/15/21	131.35		
3/15/19	3/15/19	340,000	717081EM1	PFIZER INC CORP NOTE	3.00%	9/15/21	5,326.67		
3/15/19	3/15/19	205,000	65478BAD3	NISSAN AUTO LEASE TRUST	3.25%	9/15/21	555.21		
3/15/19	3/15/19	210,000	14315EAC4	CARMAX AUTO OWNER TRUST	3.36%	9/15/23	588.00		
3/15/19	3/15/19	295,000	65479KAD2	NAROT 2019-A A3	2.90%	10/15/23	760.44		
3/15/19	3/15/19	71,416	14314RAH5	CARMX 2017-4 A2A	1.80%	4/15/21	107.12		
3/15/19	3/15/19	240,854	34531EAD8	FORD ABS 2017-A A3	1.67%	6/15/21	335.19		
3/15/19	3/15/19	260,000	14313FAD1	CARMAX AUTO OWNER TRUST	3.13%	6/15/23	678.17		

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
3/16/19	3/16/19	245,000	36255JAD6	GMCAR 2018-3 A3	3.02%	5/16/23	616.58		
3/16/19	3/16/19	305,000	36256XAD4	GMCAR 2019-1 A3	2.97%	11/16/23	754.88		
3/18/19	3/18/19	170,000	43814WAC9	HAROT 2019-1 A3	2.83%	3/20/23	280.64		
3/18/19	3/18/19	95,000	43814UAG4	HAROT 2018-2 A3	3.01%	5/18/22	238.29		
3/18/19	3/18/19	140,000	43814PAC4	HAROT 2017-3 A3	1.79%	9/18/21	208.83		
3/20/19	3/20/19	115,000	05586CAC8	BMWLT 2018-1 A3	3.26%	7/20/21	312.42		
3/20/19	3/20/19	170,000	36256GAD1	GMALT 2018-3 A3	3.18%	6/20/21	450.50		
3/20/19	3/20/19	400,000	92869BAD4	VALET 2018-2 A3	3.25%	4/20/23	1,083.33		
3/22/19	3/22/19	550,000	904764AZ0	UNILEVER CAPITAL CORP NOTES	2.75%	3/22/21	7,562.50		
Total INTEREST		46,159,838					268,330.64		

PAYDOWNS

1/1/19	1/25/19	426	3137FKK39	FHMS KP05 A	3.20%	7/1/23	425.50		0.00
1/1/19	1/25/19	676	3137FKK70	FHMS KJ23 A1	3.17%	3/1/22	676.40		0.00
1/1/19	1/25/19	18,344	3136B1XP4	FNA 2018-M5 A2	3.56%	9/25/21	18,343.78		0.00
1/15/19	1/15/19	23,823	02007HAC5	ALLY ABS 2017-2 A3	1.78%	8/15/21	23,822.72		0.00
1/15/19	1/15/19	672	654747AD6	NISSAN ABS 2017-A A3	1.74%	8/15/21	672.38		0.00
1/15/19	1/15/19	8,327	89238MAD0	TOYOTA ABS 2017-A A3	1.73%	2/15/21	8,326.96		0.00
1/15/19	1/15/19	3,211	44931PAD8	HYUNDAI ABS 2017-A A3	1.76%	8/15/21	3,211.33		0.00
1/15/19	1/15/19	6,590	47787XAC1	JOHN DEERE ABS 2017-A A3	1.78%	4/15/21	6,589.84		0.00
1/15/19	1/15/19	10,426	14314RAH5	CARMX 2017-4 A2A	1.80%	4/15/21	10,426.11		0.00
1/15/19	1/15/19	5,979	02007PAC7	ALLY ABS 2017-1 A3	1.70%	6/15/21	5,978.75		0.00
1/15/19	1/15/19	38,936	12636WAB2	CNH 2017-A A2	1.64%	7/15/20	38,936.18		0.00
1/15/19	1/15/19	19,101	34531EAD8	FORD ABS 2017-A A3	1.67%	6/15/21	19,101.48		0.00
1/21/19	1/21/19	11,936	43814TAC6	HONDA ABS 2017-1 A3	1.72%	7/21/21	11,936.12		0.00
2/1/19	2/25/19	5,027	3136B1XP4	FNA 2018-M5 A2	3.56%	9/25/21	5,027.08		0.00
2/1/19	2/25/19	680	3137FKK70	FHMS KJ23 A1	3.17%	3/1/22	679.61		0.00
2/1/19	2/25/19	428	3137FKK39	FHMS KP05 A	3.20%	7/1/23	427.68		0.00

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
2/15/19	2/15/19	20,300	34531EAD8	FORD ABS 2017-A A3	1.67%	6/15/21	20,299.61		0.00
2/15/19	2/15/19	23,651	02007HAC5	ALLY ABS 2017-2 A3	1.78%	8/15/21	23,650.71		0.00
2/15/19	2/15/19	16,146	12636WAB2	CNH 2017-A A2	1.64%	7/15/20	16,146.30		0.00
2/15/19	2/15/19	13,221	44931PAD8	HYUNDAI ABS 2017-A A3	1.76%	8/15/21	13,220.57		0.00
2/15/19	2/15/19	8,449	89238MAD0	TOYOTA ABS 2017-A A3	1.73%	2/15/21	8,449.00		0.00
2/15/19	2/15/19	3,442	89190BAD0	TOYOTA ABS 2017-B A3	1.76%	7/15/21	3,442.14		0.00
2/15/19	2/15/19	10,855	14314RAH5	CARMX 2017-4 A2A	1.80%	4/15/21	10,855.45		0.00
2/15/19	2/15/19	7,920	47787XAC1	JOHN DEERE ABS 2017-A A3	1.78%	4/15/21	7,919.81		0.00
2/15/19	2/15/19	16,596	654747AD6	NISSAN ABS 2017-A A3	1.74%	8/15/21	16,595.85		0.00
3/1/19	3/25/19	5,929	3136B1XP4	FNA 2018-M5 A2	3.56%	9/25/21	5,929.30		0.00
3/1/19	3/25/19	998	3137FKK70	FHMS KJ23 A1	3.17%	3/1/22	998.01		0.00
3/1/19	3/25/19	27,518	3137FKK39	FHMS KP05 A	3.20%	7/1/23	27,518.06		0.00
3/15/19	3/15/19	21,653	02007HAC5	ALLY ABS 2017-2 A3	1.78%	8/15/21	21,652.57		0.00
3/15/19	3/15/19	12,838	44931PAD8	HYUNDAI ABS 2017-A A3	1.76%	8/15/21	12,837.56		0.00
3/15/19	3/15/19	17,980	34531EAD8	FORD ABS 2017-A A3	1.67%	6/15/21	17,979.76		0.00
3/15/19	3/15/19	10,291	14314RAH5	CARMX 2017-4 A2A	1.80%	4/15/21	10,291.31		0.00
3/15/19	3/15/19	4,721	47787XAC1	JOHN DEERE ABS 2017-A A3	1.78%	4/15/21	4,720.69		0.00
3/15/19	3/15/19	29,880	89190BAD0	TOYOTA ABS 2017-B A3	1.76%	7/15/21	29,879.61		0.00
3/15/19	3/15/19	7,726	89238MAD0	TOYOTA ABS 2017-A A3	1.73%	2/15/21	7,725.65		0.00
3/15/19	3/15/19	14,827	654747AD6	NISSAN ABS 2017-A A3	1.74%	8/15/21	14,826.69		0.00
Total PAYDOWNS		429,521					429,520.57		0.00

SELL

1/7/19	1/9/19	550,000	459058FS7	INTL BANK OF RECON AND DEV GLOBAL NOTES	1.12%	11/27/19	543,011.52	2.74%	(5,845.22)
1/7/19	1/9/19	1,660,000	912828G61	US TREASURY NOTES	1.50%	11/30/19	1,646,525.32	2.62%	(16,995.85)
1/8/19	1/15/19	200,000	912828H52	US TREASURY NOTES	1.25%	1/31/20	198,352.24	2.61%	(2,239.43)
1/9/19	1/11/19	550,000	912828H52	US TREASURY NOTES	1.25%	1/31/20	545,308.00	2.61%	(6,228.80)
1/14/19	1/16/19	75,000	912828H52	US TREASURY NOTES	1.25%	1/31/20	74,416.87	2.57%	(808.09)

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
1/14/19	1/16/19	200,000	17275RBG6	CISCO SYSTEMS INC CORP NOTES	1.40%	9/20/19	199,044.22	2.79%	(1,907.70)
1/29/19	1/31/19	425,000	86563YVNO	SUMITOMO MITSUI BANK NY CD	2.05%	5/3/19	426,470.50	2.21%	(683.42)
1/29/19	1/31/19	285,000	912828H52	US TREASURY NOTES	1.25%	1/31/20	281,214.84	2.60%	(3,034.22)
1/29/19	1/31/19	50,000	912828J50	US TREASURY NOTES	1.37%	2/29/20	49,644.09	2.60%	(538.63)
1/29/19	1/31/19	325,000	166764BP4	CHEVRON CORP NOTES	1.99%	3/3/20	325,086.20	2.73%	(2,574.00)
1/29/19	1/31/19	275,000	912828J50	US TREASURY NOTES	1.37%	2/29/20	273,042.49	2.60%	(3,551.01)
1/29/19	1/31/19	600,000	3135G0T29	FNMA NOTES	1.50%	2/28/20	596,709.00	2.62%	(6,976.06)
2/4/19	2/6/19	70,950	02007PAC7	ALLY ABS 2017-1 A3	1.70%	6/15/21	70,624.25	1.98%	(393.13)
2/4/19	2/6/19	200,000	17305EGH2	CCCIT 2017-A9 A9	1.80%	9/20/21	200,203.75	2.23%	(1,146.07)
2/4/19	2/6/19	168,809	43814TAC6	HONDA ABS 2017-1 A3	1.72%	7/21/21	167,716.74	2.19%	(1,206.15)
2/4/19	2/6/19	190,000	02582JHG8	AMERICAN EXPRESS ABS 2017-4 A	1.64%	12/15/21	189,632.55	1.84%	(529.63)
2/7/19	2/11/19	1,075,000	83050FXT3	SKANDINAVISKA ENSKILDA BANKEN NY CD	1.84%	8/2/19	1,071,280.50	2.60%	(4,114.95)
2/13/19	2/15/19	100,000	44932HAA1	IBM CREDIT CORP NOTE	1.62%	9/6/19	100,092.71	2.76%	(603.47)
2/13/19	2/15/19	200,000	38141GWP5	GOLDMAN SACHS GROUP INC CORP NOTE	1.95%	7/23/19	199,474.33	2.83%	(758.64)
2/13/19	2/19/19	100,000	44932HAA1	IBM CREDIT CORP NOTE	1.62%	9/6/19	100,140.76	2.73%	(573.89)
2/19/19	2/22/19	275,000	44932HAA1	IBM CREDIT CORP NOTE	1.62%	9/6/19	275,388.59	2.77%	(1,614.84)
2/20/19	2/22/19	450,000	0258M0EC9	AMERICAN EXPRESS CREDIT (CALLABLE) CORP	1.70%	10/30/19	449,063.50	2.79%	(2,441.61)
2/26/19	2/28/19	550,000	06539RGM3	MUFG BANK LTD/NY CERT DEPOS	2.07%	9/25/19	552,908.38	2.66%	(2,025.12)
2/27/19	3/1/19	25,000	912828K58	US TREASURY NOTES	1.37%	4/30/20	24,785.80	2.53%	(287.59)
3/1/19	3/5/19	1,975,000	912828K58	US TREASURY NOTES	1.37%	4/30/20	1,957,760.95	2.57%	(23,367.85)
3/5/19	3/7/19	235,000	437076BQ4	HOME DEPOT INC CORP NOTES	1.80%	6/5/20	233,559.45	2.68%	(2,464.14)
3/11/19	3/18/19	450,000	05531FAU7	BRANCH BANKING & TRUST (CALLABLE) CORP	2.62%	6/29/20	451,210.69	2.87%	(2,979.97)
3/11/19	3/15/19	50,000	46625HKA7	JPMORGAN CHASE & CO (CALLABLE)	2.25%	1/23/20	49,918.25	2.83%	(303.60)
3/13/19	3/15/19	300,000	46625HKA7	JPMORGAN CHASE & CO (CALLABLE)	2.25%	1/23/20	299,601.00	2.79%	(1,730.12)
3/13/19	3/18/19	100,000	9128286C9	UNITED STATES TREASURY NOTES	2.50%	2/15/22	100,432.84	2.42%	326.79
3/15/19	3/20/19	220,000	037833CS7	APPLE INC BONDS	1.80%	5/11/20	219,454.40	2.60%	(1,877.79)
3/15/19	3/20/19	225,000	89236TDU6	TOYOTA MOTOR CREDIT CORP	1.95%	4/17/20	225,350.44	2.59%	(1,476.47)
3/15/19	3/20/19	150,000	46625HKA7	JPMORGAN CHASE & CO (CALLABLE)	2.25%	1/23/20	149,869.88	2.78%	(839.36)

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
Total	SELL	12,304,759					12,247,295.05		-101,790.03

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 06/01/2015 1.500% 05/31/2020	912828XE5	725,000.00	AA+	Aaa	10/4/2017	10/5/2017	723,442.38	1.58	3,644.92	724,310.36	717,466.53
US TREASURY NOTES DTD 06/30/2015 1.625% 06/30/2020	912828XH8	2,200,000.00	AA+	Aaa	6/26/2017	6/28/2017	2,207,906.25	1.50	8,986.88	2,203,326.88	2,179,031.80
US TREASURY NOTES DTD 07/31/2015 1.625% 07/31/2020	912828XM7	950,000.00	AA+	Aaa	7/5/2017	7/7/2017	950,593.75	1.60	2,558.70	950,263.42	940,462.95
US TREASURY NOTES DTD 11/30/2015 1.625% 11/30/2020	912828M98	565,000.00	AA+	Aaa	11/1/2017	11/3/2017	562,550.19	1.77	3,077.23	563,658.44	558,422.84
US TREASURY NOTES DTD 12/31/2015 1.750% 12/31/2020	912828N48	800,000.00	AA+	Aaa	12/1/2017	12/5/2017	796,187.50	1.91	3,519.34	797,804.74	792,124.80
US TREASURY NOTES DTD 01/31/2016 1.375% 01/31/2021	912828N89	1,500,000.00	AA+	Aaa	1/2/2018	1/4/2018	1,470,000.00	2.05	3,418.51	1,481,879.09	1,474,687.50
US TREASURY NOTES DTD 04/30/2014 2.250% 04/30/2021	912828WG1	2,000,000.00	AA+	Aaa	2/4/2019	2/4/2019	1,987,578.13	2.54	18,895.03	1,988,437.36	1,998,594.00
US TREASURY N/B NOTES DTD 05/15/2018 2.625% 05/15/2021	9128284P2	1,200,000.00	AA+	Aaa	2/8/2019	2/11/2019	1,204,640.63	2.45	11,921.27	1,204,380.23	1,208,390.40
US TREASURY NOTES DTD 06/02/2014 2.000% 05/31/2021	912828WN6	1,650,000.00	AA+	Aaa	6/4/2018	6/6/2018	1,620,673.83	2.62	11,060.44	1,628,505.38	1,640,268.30
US TREASURY NOTES DTD 06/30/2014 2.125% 06/30/2021	912828WR7	975,000.00	AA+	Aaa	7/3/2018	7/6/2018	960,070.31	2.66	5,208.30	963,645.53	971,801.03
US TREASURY NOTES DTD 08/15/2018 2.750% 08/15/2021	9128284W7	625,000.00	AA+	Aaa	10/2/2018	10/4/2018	622,680.66	2.89	2,136.57	623,073.54	631,933.75
US TREASURY NOTES DTD 08/15/2018 2.750% 08/15/2021	9128284W7	875,000.00	AA+	Aaa	9/5/2018	9/7/2018	875,717.77	2.72	2,991.19	875,591.95	884,707.25
UNITED STATES TREASURY NOTES DTD 10/15/2018 2.875% 10/15/2021	9128285F3	1,075,000.00	AA+	Aaa	12/11/2018	12/12/2018	1,078,065.43	2.77	12,977.21	1,077,762.36	1,091,292.70
UNITED STATES TREASURY NOTES DTD 01/15/2019 2.500% 01/15/2022	9128285V8	1,550,000.00	AA+	Aaa	1/29/2019	1/31/2019	1,547,759.77	2.55	8,135.36	1,547,884.50	1,560,474.90
UNITED STATES TREASURY NOTES DTD 01/15/2019 2.500% 01/15/2022	9128285V8	2,000,000.00	AA+	Aaa	2/4/2019	2/4/2019	1,998,671.88	2.52	10,497.24	1,998,744.04	2,013,516.00

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
U.S. Treasury Bond / Note											
US TREASURY NOTES DTD 01/31/2017 1.875% 01/31/2022	912828V72	2,375,000.00	AA+	Aaa	1/7/2019	1/9/2019	2,331,767.58	2.50	7,380.87	2,334,866.23	2,350,972.13
UNITED STATES TREASURY NOTES DTD 02/15/2019 2.500% 02/15/2022	9128286C9	1,850,000.00	AA+	Aaa	3/1/2019	3/5/2019	1,847,976.56	2.54	5,749.31	1,848,027.96	1,863,586.40
Security Type Sub-Total		22,915,000.00					22,786,282.62	2.33	122,158.37	22,812,162.01	22,877,733.28
Supra-National Agency Bond / Note											
INTL BANK OF RECON AND DEV GLOBAL NOTES DTD 08/29/2017 1.625% 09/04/2020	459058GA5	275,000.00	AAA	Aaa	8/22/2017	8/29/2017	274,942.25	1.63	335.16	274,972.23	272,032.20
INTL BANK OF RECONSTRUCTION AND DEV NOTE DTD 09/19/2017 1.561% 09/12/2020	45905UP32	550,000.00	AAA	Aaa	9/12/2017	9/19/2017	548,680.00	1.64	453.12	549,350.79	542,940.20
INTER-AMERICAN DEVELOPMENT BANK DTD 11/08/2013 2.125% 11/09/2020	4581X0CD8	545,000.00	AAA	Aaa	10/2/2017	10/10/2017	550,051.66	1.81	4,568.16	547,669.18	542,350.76
INTERNATIONAL FINANCE CORPORATION NOTE DTD 03/16/2018 2.635% 03/09/2021	45950VLQ7	550,000.00	AAA	Aaa	3/9/2018	3/16/2018	549,587.50	2.66	885.65	549,726.86	549,886.15
INTER-AMERICAN DEVELOPMENT BANK NOTE DTD 04/19/2018 2.625% 04/19/2021	4581X0DB1	615,000.00	AAA	Aaa	4/12/2018	4/19/2018	613,647.00	2.70	7,264.69	614,063.86	618,044.25
INTL BANK OF RECONSTRUCTION AND DEV NOTE DTD 07/25/2018 2.750% 07/23/2021	459058GH0	800,000.00	AAA	Aaa	7/18/2018	7/25/2018	798,128.00	2.83	4,155.56	798,541.26	807,735.20
Security Type Sub-Total		3,335,000.00					3,335,036.41	2.32	17,662.34	3,334,324.18	3,332,988.76
Federal Agency Collateralized Mortgage Obligation											
FNA 2018-M5 A2 DTD 04/01/2018 3.560% 09/25/2021	3136B1XP4	291,563.96	AA+	Aaa	4/11/2018	4/30/2018	297,363.45	2.27	864.97	295,797.80	295,239.18

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 Collateralized Mortgage Obligation											
FHMS KJ23 A1 DTD 12/01/2018 3.174% 03/01/2022	3137FKK70	222,645.98	AA+	Aaa	12/7/2018	12/14/2018	222,644.21	3.05	588.90	222,644.20	225,532.34
FHLMC MULTIFAMILY STRUCTURED P DTD 11/01/2015 2.716% 06/25/2022	3137BLUR7	300,000.00	AA+	Aaa	3/13/2019	3/18/2019	299,626.76	2.68	679.00	299,628.12	301,107.30
FHMS KP05 A DTD 12/01/2018 3.203% 07/01/2023	3137FKK39	236,628.76	AA+	Aaa	12/7/2018	12/17/2018	236,628.05	3.11	631.60	236,628.05	238,840.86
Security Type Sub-Total		1,050,838.70					1,056,262.47	2.74	2,764.47	1,054,698.17	1,060,719.68
Federal Agency Bond / Note											
FNMA NOTES DTD 08/01/2017 1.500% 07/30/2020	3135G0T60	1,075,000.00	AA+	Aaa	8/31/2017	9/1/2017	1,075,279.50	1.49	2,732.29	1,075,130.94	1,062,588.05
FEDERAL HOME LOAN BANKS NOTES DTD 10/12/2018 3.000% 10/12/2021	3130AF5B9	1,075,000.00	AA+	Aaa	11/2/2018	11/6/2018	1,074,376.50	3.02	15,139.58	1,074,470.05	1,093,513.65
FANNIE MAE NOTES DTD 01/11/2019 2.625% 01/11/2022	3135G0U92	550,000.00	AA+	Aaa	1/9/2019	1/11/2019	549,604.00	2.65	3,208.33	549,632.37	554,978.05
FANNIE MAE NOTES DTD 01/11/2019 2.625% 01/11/2022	3135G0U92	550,000.00	AA+	Aaa	1/29/2019	1/31/2019	550,143.00	2.62	3,208.33	550,136.58	554,978.05
Security Type Sub-Total		3,250,000.00					3,249,403.00	2.39	24,288.53	3,249,369.94	3,266,057.80
Corporate Note											
BNY MELLON (CALLABLE) CORP NOTE DTD 02/24/2015 2.150% 02/24/2020	06406HCZ0	475,000.00	A	A1	3/29/2017	3/30/2017	476,695.75	2.02	1,049.62	475,502.68	472,890.53
WALT DISNEY COMPANY CORP NOTES DTD 03/06/2017 1.950% 03/04/2020	25468PDP8	90,000.00	A	A2	3/1/2017	3/6/2017	89,976.60	1.96	131.63	89,992.61	89,395.29
HSBC USA INC NOTES DTD 03/05/2015 2.350% 03/05/2020	40428HPR7	195,000.00	A	A2	3/27/2018	3/29/2018	192,515.70	3.03	330.96	193,791.34	194,429.43

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											
TOYOTA MOTOR CREDIT CORP DTD 04/17/2017 1.950% 04/17/2020	89236TDU6	100,000.00	AA-	Aa3	4/11/2017	4/17/2017	99,954.00	1.97	888.33	99,983.68	99,337.30
TOYOTA MOTOR CREDIT CORP DTD 04/17/2017 1.950% 04/17/2020	89236TDU6	150,000.00	AA-	Aa3	4/12/2017	4/17/2017	150,045.00	1.94	1,332.50	150,015.96	149,005.95
GOLDMAN SACHS GROUP INC CORP NOTES DTD 01/23/2015 2.600% 04/23/2020	38148LAA4	350,000.00	BBB+	A3	11/1/2017	11/3/2017	352,639.00	2.28	3,993.89	351,151.14	349,007.05
GENERAL DYNAMICS CORP DTD 05/11/2018 2.875% 05/11/2020	369550BA5	330,000.00	A+	A2	5/8/2018	5/11/2018	328,831.80	3.06	3,689.58	329,342.63	331,092.30
INTEL CORP NOTES DTD 05/11/2017 1.850% 05/11/2020	458140AZ3	250,000.00	A+	A1	5/8/2017	5/11/2017	249,905.00	1.86	1,798.61	249,964.21	248,053.75
WALT DISNEY COMPANY CORP NOTES DTD 06/06/2017 1.800% 06/05/2020	25468PDU7	500,000.00	A	A2	6/1/2017	6/6/2017	499,420.00	1.84	2,900.00	499,768.34	495,333.50
JOHN DEERE CAPITAL CORP NOTES DTD 06/22/2017 1.950% 06/22/2020	24422ETS8	100,000.00	A	A2	6/19/2017	6/22/2017	99,939.00	1.97	536.25	99,974.67	99,221.50
AMERICAN HONDA FINANCE CORP NOTES DTD 07/20/2017 1.950% 07/20/2020	02665WBT7	230,000.00	A	A2	7/17/2017	7/20/2017	229,767.70	1.98	884.54	229,897.48	227,683.21
CATERPILLAR FINL SERVICE NOTE DTD 09/07/2017 1.850% 09/04/2020	14913Q2A6	410,000.00	A	A3	9/5/2017	9/7/2017	409,655.60	1.88	568.88	409,833.45	405,396.11
AMERICAN EXP (CALLABLE) CREDIT CORP NOTE DTD 09/14/2015 2.600% 09/14/2020	0258M0DX4	100,000.00	A-	A2	3/5/2018	3/7/2018	99,144.00	2.95	122.78	99,499.02	99,827.00
JOHNSON & JOHNSON CORP NOTE DTD 11/10/2017 1.950% 11/10/2020	478160CH5	115,000.00	AAA	Aaa	11/8/2017	11/10/2017	114,876.95	1.99	878.31	114,933.14	114,127.96
APPLE INC DTD 11/13/2017 2.000% 11/13/2020	037833DJ6	330,000.00	AA+	Aa1	11/6/2017	11/13/2017	329,722.80	2.03	2,530.00	329,848.58	327,620.37
PACCAR FINANCIAL CORP NOTES DTD 11/13/2017 2.050% 11/13/2020	69371RN85	155,000.00	A+	A1	11/6/2017	11/13/2017	154,986.05	2.05	1,218.04	154,992.38	153,647.47

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											
VISA INC (CALLABLE) CORP NOTES DTD 12/14/2015 2.200% 12/14/2020	92826CAB8	150,000.00	AA-	A1	8/25/2017	8/30/2017	151,650.00	1.85	980.83	150,846.89	149,340.00
JOHN DEERE CAPITAL CORP NOTES DTD 01/08/2018 2.350% 01/08/2021	24422ETZ2	205,000.00	A	A2	1/3/2018	1/8/2018	204,893.40	2.37	1,110.70	204,936.24	204,109.48
BRANCH BANKING & TRUST (CALLABLE) NOTES DTD 10/26/2017 2.150% 02/01/2021	05531FAZ6	100,000.00	A-	A2	11/16/2017	11/20/2017	99,480.00	2.32	358.33	99,696.77	99,061.10
AMERICAN EXPRESS CO CORP NOTES DTD 02/22/2019 3.000% 02/22/2021	025816CB3	550,000.00	BBB+	A3	2/19/2019	2/22/2019	549,450.00	3.05	1,787.50	549,479.12	552,750.00
JP MORGAN CHASE & CO CORP NT (CALLABLE) DTD 03/01/2016 2.550% 03/01/2021	46625HQJ2	50,000.00	A-	A2	3/5/2018	3/7/2018	49,349.50	3.01	106.25	49,575.67	49,834.20
PACCAR FINANCIAL CORP NOTES DTD 02/27/2018 2.800% 03/01/2021	69371RN93	190,000.00	A+	A1	2/22/2018	2/27/2018	189,906.90	2.82	443.33	189,939.59	190,617.88
JOHN DEERE CAPITAL CORP NOTES DTD 03/13/2018 2.875% 03/12/2021	24422EUD9	400,000.00	A	A2	3/8/2018	3/13/2018	399,728.00	2.90	606.94	399,820.51	401,920.80
NATIONAL RURAL UTIL COOP NOTE DTD 02/26/2018 2.900% 03/15/2021	63743HER9	230,000.00	A	A2	2/21/2018	2/26/2018	229,744.70	2.94	296.44	229,832.39	231,178.52
UNILEVER CAPITAL CORP NOTES DTD 03/22/2018 2.750% 03/22/2021	904764AZ0	550,000.00	A+	A1	3/19/2018	3/22/2018	547,189.50	2.93	378.13	548,122.47	551,941.50
UNITED PARCEL SERVICE CORPORATE BOND DTD 11/14/2017 2.050% 04/01/2021	911312BP0	320,000.00	A+	A1	11/9/2017	11/14/2017	319,494.40	2.10	3,280.00	319,694.72	317,172.16
TOYOTA MOTOR CREDIT CORP NOTES DTD 04/13/2018 2.950% 04/13/2021	89236TEU5	150,000.00	AA-	Aa3	4/10/2018	4/13/2018	149,940.00	2.96	2,065.00	149,958.76	151,019.10
BANK OF NEW YORK MELLON CORP (CALLABLE) DTD 02/19/2016 2.500% 04/15/2021	06406FAA1	75,000.00	A	A1	2/14/2018	2/16/2018	74,024.25	2.93	864.58	74,362.02	74,817.75
MORGAN STANLEY CORP NOTES DTD 04/21/2016 2.500% 04/21/2021	61746BEA0	550,000.00	BBB+	A3	2/13/2018	2/15/2018	540,760.00	3.06	6,111.11	543,940.95	546,422.80

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											
HERSHEY COMPANY CORP NOTES DTD 05/10/2018 3.100% 05/15/2021	427866BA5	205,000.00	A	A1	5/3/2018	5/10/2018	204,858.55	3.12	2,400.78	204,898.59	207,044.67
CHARLES SCHWAB CORP NOTES DTD 05/22/2018 3.250% 05/21/2021	808513AW5	270,000.00	A	A2	5/17/2018	5/22/2018	269,991.90	3.25	3,168.75	269,994.00	273,386.61
WAL-MART STORES INC CORP NOTES DTD 06/27/2018 3.125% 06/23/2021	931142EJ8	380,000.00	AA	Aa2	6/20/2018	6/27/2018	379,981.00	3.13	3,232.64	379,984.93	385,215.12
CATERPILLAR FINANCIAL SERVICES CORP CORP DTD 09/07/2018 3.150% 09/07/2021	14913Q2N8	150,000.00	A	A3	9/4/2018	9/7/2018	149,884.50	3.18	315.00	149,905.51	151,728.15
3M COMPANY DTD 09/14/2018 3.000% 09/14/2021	88579YBA8	135,000.00	AA-	A1	9/11/2018	9/14/2018	134,723.25	3.07	191.25	134,771.89	136,568.16
PFIZER INC CORP NOTE DTD 09/07/2018 3.000% 09/15/2021	717081EM1	340,000.00	AA	A1	9/4/2018	9/7/2018	339,541.00	3.05	453.33	339,625.39	345,460.40
BANK OF AMERICA CORP (CALLABLE) DTD 09/18/2017 2.328% 10/01/2021	06051GGS2	550,000.00	A-	A2	11/27/2017	11/29/2017	547,409.50	2.46	6,402.00	548,291.19	544,884.45
CITIGROUP INC CORP (CALLABLE) NOTE DTD 12/08/2016 2.900% 12/08/2021	172967LC3	300,000.00	BBB+	A3	3/13/2019	3/15/2019	299,079.00	3.02	2,730.83	299,094.87	299,920.50
AMERICAN HONDA FINANCE CORP NOTES DTD 10/10/2018 3.375% 12/10/2021	02665WCP4	325,000.00	A	A2	10/3/2018	10/10/2018	324,844.00	3.39	3,382.03	324,857.68	330,702.13
MERCK & CO INC CORP NOTES DTD 02/10/2015 2.350% 02/10/2022	58933YAQ8	275,000.00	AA	A1	1/14/2019	1/16/2019	269,890.50	2.99	915.52	270,226.89	274,544.60
PACCAR FINANCIAL CORP NOTE DTD 03/01/2019 2.850% 03/01/2022	69371RP75	130,000.00	A+	A1	2/22/2019	3/1/2019	129,885.60	2.88	308.75	129,888.67	131,025.18
HOME DEPOT INC DTD 12/06/2018 3.250% 03/01/2022	437076BV3	155,000.00	A	A2	11/27/2018	12/6/2018	154,575.30	3.34	419.79	154,610.63	158,518.50
3M COMPANY BONDS DTD 02/22/2019 2.750% 03/01/2022	88579YBF7	190,000.00	AA-	A1	2/12/2019	2/22/2019	189,910.70	2.77	566.04	189,913.95	191,657.37

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											
EXXON MOBIL CORP (CALLABLE) NOTE DTD 03/06/2015 2.397% 03/06/2022	30231GAJ1	275,000.00	AA+	Aaa	11/26/2018	11/28/2018	266,651.00	3.38	457.76	267,487.92	274,993.68
PFIZER INC CORP BONDS DTD 03/11/2019 2.800% 03/11/2022	717081ER0	175,000.00	AA	A1	3/4/2019	3/11/2019	174,989.50	2.80	272.22	174,989.69	176,516.38
GOLDMAN SACHS GROUP INC (CALLABLE) NOTE DTD 01/26/2017 3.000% 04/26/2022	38141GWC4	300,000.00	BBB+	A3	2/13/2019	2/15/2019	296,706.00	3.36	3,875.00	296,836.63	299,349.30
BRANCH BANKING & TRUST CORP NOTES DTD 03/18/2019 3.050% 06/20/2022	05531FBG7	500,000.00	A-	A2	3/11/2019	3/18/2019	499,985.00	3.05	550.69	499,985.00	502,916.00
JPMORGAN CHASE & CO BONDS DTD 03/22/2019 3.207% 04/01/2023	46647PBB1	600,000.00	A-	A2	3/15/2019	3/22/2019	600,000.00	3.21	481.05	600,000.00	603,610.80
Security Type Sub-Total		12,655,000.00					12,616,591.90	2.71	71,366.49	12,624,060.84	12,664,296.01
Certificate of Deposit											
CREDIT SUISSE NEW YORK CERT DEPOS DTD 02/08/2018 2.670% 02/07/2020	22549LFR1	550,000.00	A-1	P-1	2/7/2018	2/8/2018	550,000.00	2.67	16,846.96	550,000.00	550,621.50
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	550,000.00	A-1	P-1	3/2/2018	3/6/2018	550,000.00	2.93	1,240.56	550,000.00	551,771.55
CANADIAN IMP BK COMM NY FLT CERT DEPOS DTD 04/10/2018 3.183% 04/10/2020	13606BVF0	550,000.00	A+	Aa2	4/6/2018	4/10/2018	550,000.00	2.78	3,938.34	550,000.00	551,379.95
CREDIT AGRICOLE CIB NY FLT CERT DEPOS DTD 04/10/2018 3.253% 04/10/2020	22532XHT8	550,000.00	A+	A1	4/6/2018	4/10/2018	550,000.00	2.85	4,024.97	550,000.00	551,171.50
BANK OF NOVA SCOTIA HOUSTON CD DTD 06/07/2018 3.080% 06/05/2020	06417GU22	550,000.00	A+	Aa2	6/5/2018	6/7/2018	549,791.00	3.10	5,458.44	549,874.70	553,850.00

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
Certificate of Deposit											
WESTPAC BANKING CORP NY CD DTD 08/07/2017 2.050% 08/03/2020	96121T4A3	965,000.00	AA-	Aa3	8/3/2017	8/7/2017	965,000.00	2.05	2,967.38	965,000.00	959,587.32
BANK OF MONTREAL CHICAGO CERT DEPOS DTD 08/03/2018 3.190% 08/03/2020	06370REU9	550,000.00	A+	Aa2	8/1/2018	8/3/2018	550,000.00	3.23	11,745.40	550,000.00	552,612.50
SUMITOMO MITSUI BANK NY CERT DEPOS DTD 10/18/2018 3.390% 10/16/2020	86565BPC9	550,000.00	A	A1	10/16/2018	10/18/2018	549,252.00	3.46	8,545.63	549,829.94	557,686.25
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 2.970% 02/26/2021	55379WZT6	600,000.00	A	A1	2/27/2019	2/28/2019	600,000.00	2.99	1,584.00	600,000.00	604,498.20
ROYAL BANK OF CANADA NY CD DTD 06/08/2018 3.240% 06/07/2021	78012UEE1	700,000.00	AA-	Aa2	6/7/2018	6/8/2018	700,000.00	3.24	7,182.00	700,000.00	709,237.90
Security Type Sub-Total		7,215,000.00					7,214,043.00	2.83	69,954.02	7,214,704.64	7,239,333.92
Asset-Backed Security											
TOYOTA ABS 2017-A A3 DTD 03/15/2017 1.730% 02/15/2021	89238MAD0	83,380.75	AAA	Aaa	3/7/2017	3/15/2017	83,370.94	1.74	64.11	83,375.92	82,983.23
JOHN DEERE ABS 2017-A A3 DTD 03/02/2017 1.780% 04/15/2021	47787XAC1	60,032.73	NR	Aaa	2/22/2017	3/2/2017	60,024.18	1.79	47.49	60,027.63	59,745.21
CARMX 2017-4 A2A DTD 10/25/2017 1.800% 04/15/2021	14314RAH5	61,125.15	AAA	NR	10/17/2017	10/25/2017	61,120.67	1.79	48.90	61,122.45	60,982.65
FORD ABS 2017-A A3 DTD 01/25/2017 1.670% 06/15/2021	34531EAD8	222,873.74	NR	Aaa	1/18/2017	1/25/2017	222,872.92	1.67	165.42	222,873.39	221,675.55
GMALT 2018-3 A3 DTD 09/26/2018 3.180% 06/20/2021	36256GAD1	170,000.00	AAA	Aaa	9/18/2018	9/26/2018	169,986.57	3.19	165.18	169,989.01	171,184.53
TOYOTA ABS 2017-B A3 DTD 05/17/2017 1.760% 07/15/2021	89190BAD0	416,678.25	AAA	Aaa	5/9/2017	5/17/2017	416,646.29	1.76	325.93	416,660.28	414,442.19

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
Asset-Backed Security											
BMWLT 2018-1 A3 DTD 10/17/2018 3.260% 07/20/2021	05586CAC8	115,000.00	AAA	Aaa	10/10/2018	10/17/2018	114,984.02	3.27	114.55	114,986.61	115,980.95
NISSAN ABS 2017-A A3 DTD 03/28/2017 1.740% 08/15/2021	654747AD6	217,905.08	NR	Aaa	3/21/2017	3/28/2017	217,882.01	1.74	168.51	217,890.84	216,725.30
HYUNDAI ABS 2017-A A3 DTD 03/29/2017 1.760% 08/15/2021	44931PAD8	175,730.54	AAA	NR	3/22/2017	3/29/2017	175,716.33	1.76	137.46	175,719.03	174,748.59
ALLY ABS 2017-2 A3 DTD 03/29/2017 1.780% 08/15/2021	02007HAC5	263,143.86	NR	Aaa	3/21/2017	3/29/2017	263,112.84	1.79	208.18	263,127.80	261,940.58
NISSAN AUTO LEASE TRUST DTD 10/24/2018 3.250% 09/15/2021	65478BAD3	205,000.00	AAA	Aaa	10/16/2018	10/24/2018	204,982.08	3.26	296.11	204,984.69	206,590.72
MBALT 2018-B A3 DTD 11/20/2018 3.210% 09/15/2021	58769LAC6	520,000.00	AAA	NR	11/15/2018	11/20/2018	519,988.35	3.51	741.87	519,988.35	523,644.63
HAROT 2017-3 A3 DTD 09/29/2017 1.790% 09/18/2021	43814PAC4	140,000.00	AAA	NR	9/25/2017	9/29/2017	139,984.84	1.94	90.49	139,990.38	139,086.72
JOHN DEERE ABS 2017-B A3 DTD 07/15/2017 1.820% 10/15/2021	47788BAD6	145,000.00	NR	Aaa	7/11/2017	7/18/2017	144,989.39	1.82	117.29	144,993.21	144,078.90
NISSAN ABS 2017-B A3 DTD 08/23/2017 1.750% 10/15/2021	65478GAD2	275,000.00	NR	Aaa	8/16/2017	8/23/2017	274,984.63	1.75	213.89	274,990.41	272,815.70
FORDL 2018-B A3 DTD 09/21/2018 3.190% 12/15/2021	34531LAD2	230,000.00	NR	Aaa	9/18/2018	9/21/2018	229,980.57	3.41	326.09	229,983.64	231,739.93
HYUNDAI ABS 2017-B A3 DTD 08/16/2017 1.770% 01/15/2022	44932GAD7	230,000.00	AAA	Aaa	8/9/2017	8/16/2017	229,960.14	1.78	180.93	229,974.41	228,117.80
HAROT 2018-1 A3 DTD 02/28/2018 2.640% 02/15/2022	43814UAC3	235,000.00	AAA	Aaa	2/22/2018	2/28/2018	234,969.61	2.65	275.73	234,977.61	235,125.54
FORDO 2017-C A3 DTD 11/21/2017 2.010% 03/15/2022	34532AAD5	275,000.00	AAA	NR	11/14/2017	11/21/2017	274,950.42	2.02	245.67	274,965.52	273,334.77
JDOT 2018-A A3 DTD 02/28/2018 2.660% 04/15/2022	47788CAC6	130,000.00	NR	Aaa	2/21/2018	2/28/2018	129,990.65	2.66	153.69	129,992.88	130,057.40
HAROT 2018-2 A3 DTD 05/30/2018 3.010% 05/18/2022	43814UAG4	95,000.00	AAA	NR	5/22/2018	5/30/2018	94,997.93	3.01	103.26	94,998.39	95,583.95

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
Asset-Backed Security											
HART 2018-A A3 DTD 04/18/2018 2.790% 07/15/2022	44891KAD7	90,000.00	AAA	Aaa	4/10/2018	4/18/2018	89,986.45	2.80	111.60	89,989.38	90,225.00
BANK OF AMERICA ABS 2017-A1 A1 DTD 03/30/2017 1.950% 08/15/2022	05522RCW6	275,000.00	NR	Aaa	6/11/2018	6/13/2018	270,638.67	2.73	238.33	271,378.50	273,311.58
TAOT 2018-B A3 DTD 05/16/2018 2.960% 09/15/2022	89238TAD5	465,000.00	AAA	Aaa	5/9/2018	5/16/2018	464,993.07	2.96	611.73	464,994.45	468,446.95
AMXCA 2018-1 A DTD 03/21/2018 2.670% 10/17/2022	02582JHQ6	305,000.00	NR	Aaa	3/14/2018	3/21/2018	304,964.59	2.68	361.93	304,972.29	305,239.70
FORDO 2018-A A3 DTD 05/22/2018 3.030% 11/15/2022	34528FAD0	275,000.00	AAA	NR	5/15/2018	5/22/2018	274,955.53	3.04	370.33	274,963.72	277,001.31
ALLYA 2018-2 A3 DTD 04/30/2018 2.920% 11/15/2022	02004VAC7	375,000.00	NR	Aaa	4/24/2018	4/30/2018	374,931.90	2.93	486.67	374,944.95	376,474.46
MBART 2018-1 A3 DTD 07/25/2018 3.030% 01/15/2023	58772RAD6	350,000.00	AAA	Aaa	7/17/2018	7/25/2018	349,986.56	3.03	471.33	349,988.68	352,676.24
CCCIT 2018-A1 A1 DTD 01/31/2018 2.490% 01/20/2023	17305EGK5	275,000.00	NR	Aaa	8/21/2018	8/23/2018	271,959.96	2.97	1,350.48	272,281.37	274,602.27
HAROT 2019-1 A3 DTD 02/27/2019 2.830% 03/20/2023	43814WAC9	170,000.00	AAA	NR	2/19/2019	2/27/2019	169,995.44	2.83	173.73	169,995.62	171,047.17
VALET 2018-2 A3 DTD 11/21/2018 3.250% 04/20/2023	92869BAD4	400,000.00	AAA	Aaa	11/15/2018	11/21/2018	399,983.20	3.25	397.22	399,984.55	404,641.08
GMCAR 2018-3 A3 DTD 07/18/2018 3.020% 05/16/2023	36255JAD6	245,000.00	AAA	NR	7/11/2018	7/18/2018	244,942.87	3.03	308.29	244,950.85	246,922.81
CARMAX AUTO OWNER TRUST DTD 07/25/2018 3.130% 06/15/2023	14313FAD1	260,000.00	AAA	NR	7/18/2018	7/25/2018	259,964.56	3.36	361.69	259,969.33	262,706.70
CARMAX AUTO OWNER TRUST DTD 10/24/2018 3.360% 09/15/2023	14315EAC4	210,000.00	AAA	NR	10/17/2018	10/24/2018	209,998.07	3.36	313.60	209,998.38	213,533.90
ALLYA 2019-1 A3 DTD 02/13/2019 2.910% 09/15/2023	02004WAC5	160,000.00	NR	Aaa	2/5/2019	2/13/2019	159,980.67	3.13	206.93	159,981.26	161,215.81
NAROT 2019-A A3 DTD 02/13/2019 2.900% 10/15/2023	65479KAD2	295,000.00	NR	Aaa	2/5/2019	2/13/2019	294,955.31	2.91	380.22	294,956.63	297,182.32

Managed Account Detail of Securities Held

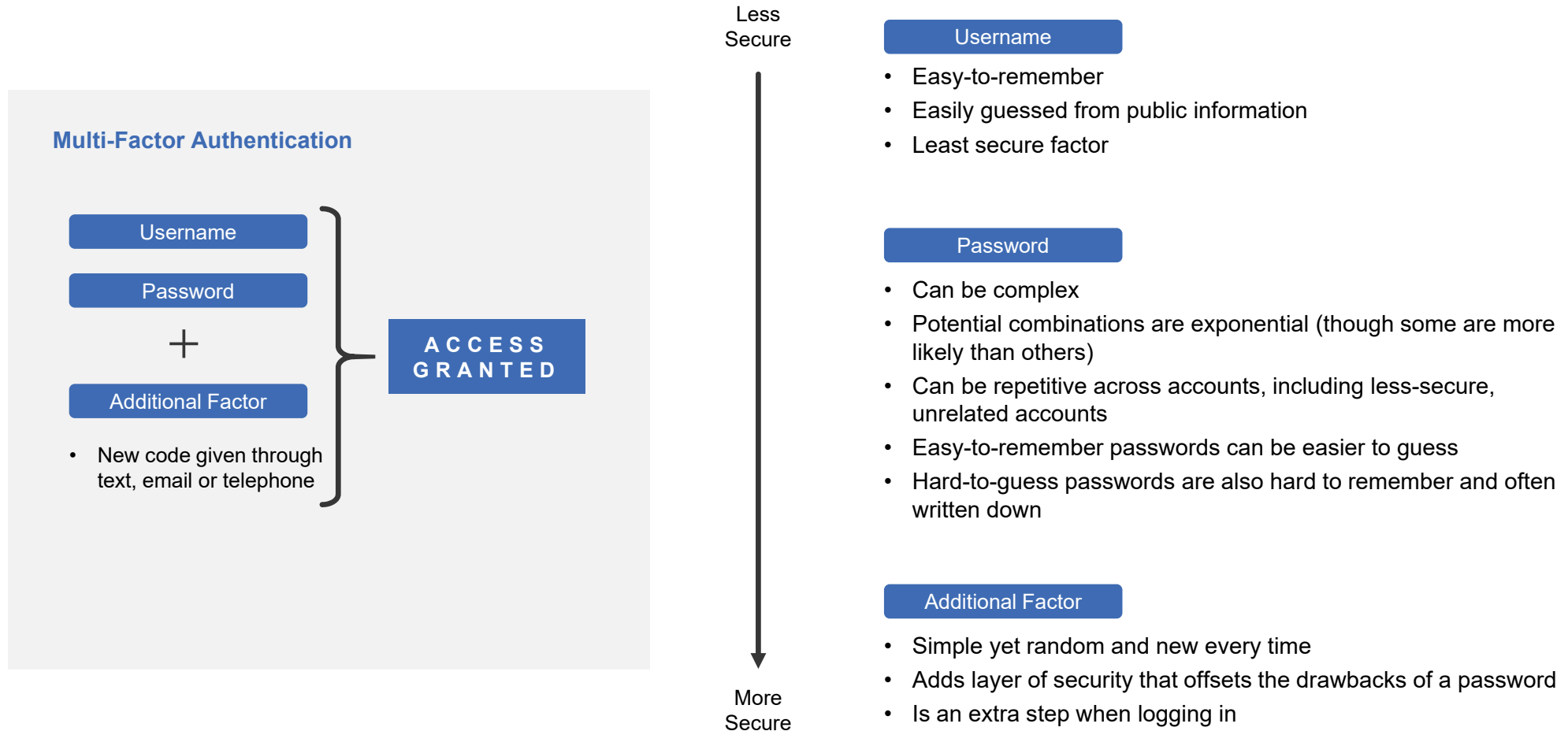
Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Asset-Backed Security											
GMCAR 2019-1 A3 DTD 01/16/2019 2.970% 11/16/2023	36256XAD4	305,000.00	NR	Aaa	1/8/2019	1/16/2019	304,966.24	2.97	377.44	304,967.64	307,449.33
Security Type Sub-Total		8,720,870.10					8,712,698.47	2.69	10,712.27	8,713,930.05	8,743,261.47
Managed Account Sub Total		59,141,708.80					58,970,317.87	2.54	318,906.49	59,003,249.83	59,184,390.92
Securities Sub-Total		\$59,141,708.80					\$58,970,317.87	2.54%	\$318,906.49	\$59,003,249.83	\$59,184,390.92
Accrued Interest											\$318,906.49
Total Investments											\$59,503,297.41

Bolded items are forward settling trades.

Multi-Factor Authentication

What is Multi-Factor Authentication?

Multi-Factor Authentication (MFA) is a protocol that requires verification factors to supplement a username and password. We are excited to offer MFA for EON. It is another step in our efforts to provide our clients with simple, secure and effective account access.



To learn more or enroll in MFA, please review the alert on the homepage of your EON account or select “Update Profile” and change your preferences. Please contact your client representative if you have any questions.

Why Use Multi-Factor Authentication?

1

It can protect against some of the most common types of attacks.

Hackers can leverage any public information, from personnel listings on websites to social media and compromised databases to guess a password or username. No firewall can prevent these types of attacks; only better processes.

3

It's simple to set up and easy to use.

Enrollment is simple and can be set up by following the instructions posted to your EON account under the EON Enhancements link, or by contacting PFM directly. Once enrolled in MFA, access to your online account(s) will only be granted after you successfully complete two measures of identity verification: (1) providing your username and password, and (2) entering the auto-generated one-time passcode.

2

It's a benefit of working with PFM.

We strongly encourage your participation as MFA is a safety feature designed to meet your individual needs.

Multi-Factor Authentication



Makes it difficult to impersonate a user or share login credentials



Requires multiple methods for determining a user's identity



Provides protection against cyber attacks and data breaches

To learn more or enroll in MFA, please review the alert on the homepage of your EON account or select "Update Profile" and change your preferences. Please contact your client representative if you have any questions.

IMPORTANT DISCLOSURES

This material is based on information obtained from sources generally believed to be reliable and available to the public; however, PFM Asset Management LLC cannot guarantee its accuracy, completeness or suitability. This material is for general information purposes only and is not intended to provide specific advice or a specific recommendation. All statements as to what will or may happen under certain circumstances are based on assumptions, some, but not all of which, are noted in the presentation. Assumptions may or may not be proven correct as actual events occur, and results may depend on events outside of your or our control. Changes in assumptions may have a material effect on results. Past performance does not necessarily reflect and is not a guaranty of future results. The information contained in this presentation is not an offer to purchase or sell any securities.

- 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 of 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.



DISCUSSION ITEMS

AGENDA ITEM #8

AGENDA REPORT SUMMARY

Meeting Date: May 14, 2019

Subject: Proposed FY 2019-20 and FY 2020-21 Operating Budgets and Proposed Five-year FY 2020-24 Capital Improvement Plan

Prepared by: Sharif Etman, Administrative Services Director

Approved by: Chris Jordan, City Manager

Attachment(s):

1. CIP Funding Summary by Funding Source
2. CIP Closed Projects for FY 2018-19
3. CIP Proposed Funding Changes
4. Defund CIP Projects
5. CIP Program Summary

Initiated by:

Staff

Previous Council Consideration:

None

Fiscal Impact:

The purpose of the study session is to review the proposed budget and has no fiscal impact.

Environmental Review:

Not applicable

Policy Question(s) for Council Consideration:

- Does the Council have any suggested modifications to the two-year Operating Budgets for FY 2019-20 and FY 2020-21?
- Does the Council have any suggested modifications to the prioritization of projects in the Proposed Five-year FY 2020-24 Capital Improvement Plan?

Summary:

- The Proposed two-year Operating Budgets are balanced and addresses all the current needs outlined by City Council and staff
- The Proposed Five-year FY 2020-24 Capital Improvement Plan includes 55 projects with a total budget of \$97.6M



Subject: Proposed FY 2019-20 and FY 2020-21 Operating Budgets and Proposed Five-year FY 2020-24 Capital Improvement Plan

Staff Recommendation:

Discuss the Proposed FY 2019-20 and FY 2020-21 Operating Budgets and Proposed Five-year FY 2020-24 Capital Improvement Plan and suggest modifications as desired by City Council



Subject: Proposed FY 2019-20 and FY 2020-21 Operating Budgets and Proposed Five-year FY 2020-24 Capital Improvement Plan

Purpose

To review and discuss the Proposed FY 2019-20 and FY 2020-21 Operating Budgets and Proposed Five-year FY 2020-24 Capital Improvement Plan.

Background

The City Manager proposes, and the City Council approves the operating budget and Capital Improvement Program budget. The approved budget serves as the annual plan and resource allocation that guides and ensures implementation of City Council policies and priorities. The budget implements the vision and direction for the range of services that meet the needs of the community.

Discussion/Analysis

The budget study session for the proposed operating budget and capital improvement program (CIP) budget is scheduled for Tuesday, May 14, 2019. The purpose of the study session is to focus on a broader and higher-level discussion for Council regarding our proposed operating and capital budgets and provide direction and feedback to staff. Accordingly, a summary of the operating budget is included with major themes / changes highlighted and the 5 Year CIP budget is attached (Attachments 1-5) with new and updated projects highlighted for discussion.

The final proposed budget will be presented to the Council at its regular meeting scheduled for June 11, 2019.

Optimism continues to be the theme of the next two-year proposed budget. Property tax, which accounts for over 50% of the City continues to grow at a record rate. Sales Tax, the next largest source of revenue is expected to remain flat. All other revenues have been adjusted accordingly.

For the current fiscal year, the projected revenue over expenditure amount is expected to be over \$5M. The proposed budget is balanced and projects a revenue over expenditure amount of approximately \$4.3M for FY 2019-20 and \$4.8M for FY 2020-21 (including transfers). These amounts are contingent on the continued growth of our property tax and spending within our proposed budget and essential to fund our CIP projects, unfunded liability payments and maintain proper reserve levels.

Proposed Operating Budgets

The FY 2019-20 and FY 2020-21 Proposed Operating Budgets are balanced and continue to highlight Council priorities while maintaining financial integrity. Highlights of the proposed operating budget include:



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General Fund Revenue

	2017/18 BUDGET	2017/18 ACTUAL	2018/19 BUDGET	2018/19 PROJECTED	2019/20 PROPOSED BUDGET	2020/21 PROPOSED BUDGET	FY 19/20 % Change Over 18/19
GENERAL FUND							
Property Tax	20,132,700	21,428,501	21,137,200	23,527,000	25,639,810	27,687,029	8%
Sales Tax	3,268,700	3,243,554	3,301,400	3,301,400	3,301,400	3,301,400	0%
Utility Users Tax	2,630,000	2,732,325	2,680,000	2,700,000	2,781,000	2,864,430	3%
Motor VLF	13,000	16,530	13,000	-	-	-	0%
Transient Occupancy Tax	2,626,500	3,072,982	2,705,300	3,000,000	3,360,000	3,764,400	11%
Business License Tax	500,000	547,065	500,000	500,000	510,000	520,200	2%
Construction Tax	185,000	165,900	190,600	190,600	190,600	190,600	0%
Documentary Transfer Tax	535,000	732,409	535,000	535,000	540,350	551,157	1%
Total Taxes	29,890,900	31,939,266	31,062,500	33,754,000	36,323,160	38,879,216	7%
Interest Income	195,000	229,110	210,000	350,000	362,900	381,045	4%
Rental Income	24,000	24,106	24,000	24,000	24,000	24,000	0%
Total Income	219,000	253,216	234,000	374,000	386,900	405,045	3%
Recreation Fees	2,176,000	2,021,371	2,239,000	2,100,000	1,477,000	1,477,000	-42%
Community Development Fees	2,880,200	3,282,530	2,880,200	3,623,600	3,623,600	3,623,600	0%
Franchise Fees	2,006,400	2,206,735	2,066,500	2,218,000	2,284,540	2,353,076	3%
Administrative Fees	918,500	915,800	918,500	918,500	918,500	918,500	0%
Police Fees	329,000	272,764	329,000	329,440	329,440	329,440	0%
Total Fees	8,310,100	8,699,200	8,433,200	9,189,540	8,633,080	8,701,616	-6%
Miscellaneous Revenue	130,400	232,847	130,400	130,400	131,476	116,876	1%
Total General Fund Revenue	38,550,400	41,124,529	39,860,100	43,447,940	45,474,616	48,102,754	12%



Subject: Proposed FY 2019-20 and FY 2020-21 Operating Budgets and Proposed Five-year FY 2020-24 Capital Improvement Plan

Revenue items of note are:

- Property Tax revenue continues to reach record growth levels and is budgeted for 8% growth over the prior year’s actuals.
- Sales Tax revenue is flat and may decrease slightly in the coming years.
- Transient Occupancy Tax (TOT) remains consistent with a 3% increase and estimated \$270K increase due to the 1% increase in the tax rate from 11% to 12%, effective July 1, 2019. The following year, another 1% percent increase to the TOT rate has been incorporated as well.
- Investment Income continues to increase due to the strong economy and prudent investments made by the City.
- Community Development Revenue increased by nearly \$750K from this current fiscal year compared to last year. For the next two fiscal years, revenue is expected to remain strong due to timing on ongoing projects and strong construction throughout the City.
- Recreation Department Revenue will experience an estimated \$600K decrease due to the construction of the new Community Center. This is an estimate and will vary depending on the timing of construction and timing and enrollment of programs offered.

We are currently completing a city-wide Cost Allocation Plan and User Fee Study that is anticipated to be brought to City Council for discussion in June. This User Fee Study will highlight all the fees that may be increased in order to capture current actual costs incurred by the City. The potential revenue increase to the City is anticipated to be in the hundreds of thousands of dollars annually. The last Cost Allocation Plan and User Fee Study approved by Council was five fiscal years ago.

General Fund Expenditures

GENERAL FUND	2016/17 ACTUAL	2017/18 ACTUAL	2018/19 BUDGET	2018/19 PROJECTED BUDGET	2019/20 PROPOSED BUDGET	2020/21 PROPOSED BUDGET	% Change over 2018/19
Expenditures							
Legislative	219,647	236,342	254,773	247,130	295,774	300,326	20%
Executive	1,676,685	1,724,474	2,676,949	2,676,949	2,645,622	2,835,615	-1%
Administrative Services	2,648,440	2,812,099	3,462,477	3,358,602	3,615,655	3,836,261	8%
Community Development	2,808,271	3,067,911	3,084,823	2,992,279	3,839,253	3,979,605	28%
Engineering	2,113,597	2,358,128	2,761,307	2,678,468	2,960,607	3,031,443	11%
Maintenance Services	5,008,797	5,538,385	5,480,907	5,316,480	5,614,983	5,909,261	6%
Public Safety	16,441,424	17,465,713	18,711,248	18,149,911	19,489,439	20,635,650	7%
Recreation and Community Services	2,342,772	2,509,279	2,773,792	2,690,578	2,665,910	2,790,719	-1%
Total General Fund Expenditures	33,259,633	35,712,331	39,206,276	38,110,396	41,127,243	43,318,880	8%



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Expenditure Items of note are:

- Legal Fees have increased significantly in the past year. The upcoming two-year budget reflects those increases accordingly.
- The total cost of crossing guards will be paid in full by the City of Los Altos. This equates to approximately \$60K in increased cost to the City.
- A Safe Routes to School Coordinator (contract position) is being proposed for upcoming budget. The cost is approximately \$60K per fiscal year.
- A Sustainability Coordinator position (\$170K) is being proposed for the following fiscal year. This unique position will 75% funded by Solid Waste Fees and 25% by General Fund.
- The Maintenance Services Department is now a standalone department within the City budget.

Proposed Five-year Capital Improvement Plan

The Proposed Five-year FY 2020-24 Capital Improvement Plan identifies current and future capital projects and their associated funding sources. The projects outlined in the first year are proposed for full funding with the future years presented for planning purposes only. The proposed plan includes 55 projects with a total budget of \$97.6M.

The Proposed Five-year FY 2020-24 Capital Improvement Plan includes three new projects, the replacement of ten vehicles, the de-funding of three projects, along with the updated budget of \$34.7M for the Los Altos Community Center.

The following are proposed additions to the capital improvement plan:

- Veterans Community Plaza Shade Structure - \$60K (in-Lieu Park Fund)
 - The proposed project will evaluate various options and potentially assist in the procurement of shade structures for the Veterans Community Plaza in downtown Los Altos.
- MSC Fuel Dispensing Station Overhead Canopy - \$260K (CIP)
 - The fuel dispensing island at the Municipal Services Center (MSC) has an above ground holding tank with a containment wall around it. The canopy is necessary to limit storm water entering the contained area and to provide cover for the fueling station to prevent excessive weathering of the electronic screens and keypads.
- Diamond Court Reconstruction - \$200K (\$100K Resident Contribution, \$100K CIP)
 - Diamond Court is a private street and the street pavement has been maintained by the residents in the past. Due to the lack of scheduled pavement maintenance, the condition of pavement at Diamond Court is deteriorating and needed a full depth section reconstruction treatment.



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The following three projects are proposed for de-funding:

- Santa Rita Ave Bike Blvd
- El Monte Walkway Improvement
- Bicycle Count Stations

The following capital improvement projects identified in the FY 2019-23 Capital Improvement Plan have been completed or anticipated to be completed in FY 2018-19:

- First Street Utility Undergrounding Phase 2
- Foothill Expressway Median Trees
- Downtown Vision
- Public Arts Master Plan
- First Street Resurfacing
- Arboretum Drive Speed Feedback Sign
- Los Altos Ave/W Portola Ave Crosswalk Improvements
- Covington Rd at Riverside Ave Pedestrian Improvements
- Springer Rd/Fremont Ave Pedestrian Improvements
- Grant Rd/Morton Ave Pedestrian Improvements
- Traffic Sign Battery Backup System
- Crosswalk Improvements at St. Joseph Ave and Deodora Dr
- South Sewer Replacement
- SCVWD Sewer Main

Vehicle Replacements although not part of the Five-year CIP, are funded out of the Capital and Equipment Fund and are summarized below. (\$920K)

- Marked Patrol Vehicles (3)
- Motorcycle (1)
- Admin Vehicle (1)
- Table and chairs for Grant Park
- Street Crew Cab Truck F-450
- Streets Supervisor Crew Cab GMC
- Parks Ford Utility
- Facilities Supervisor Truck (1)
- Parks Supervisor Truck (1)



Subject: Proposed FY 2019-20 and FY 2020-21 Operating Budgets and Proposed Five-year FY 2020-24 Capital Improvement Plan

Recommendation

The City Council should ask questions of staff and provide suggested modifications to the Proposed Budget, which is scheduled for final Council consideration on June 11, 2019

Proposed Five-Year FY 2020-24 Capital Improvement Program Summary

Project #	Project Name	Funding Sources	Prior Appropriations	2019/20 Budget	2020/21 Budget	2021/22 Budget	2022/23 Budget	2023/24 Budget	Total
Civic Facilities									
Parks and Trails									
CF-01009	Annual Pathway Rehabilitation	in-Lieu Park Fund	\$ 71,335	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 321,335
CF-01017	Annual Park Improvement Project	in-Lieu Park Fund	\$ 500,000	\$ 250,000	\$ 390,000	\$ 280,000	\$ 250,000	\$ 280,000	\$ 1,950,000
Buildings									
CF-01002	Los Altos Community Center Redevelopment	CIP	\$ 4,600,271	\$ 11,400,000	\$ 17,399,729				\$ 34,700,000
		in-Lieu Park Fund			\$ 1,300,000				
CF-01003	Annual Civic Facilities Improvement	CIP	\$ 2,734,276	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000	\$ 8,734,276
		Technology Fund		\$ 250,000					\$ 250,000
CF-01010	Annual ADA Improvements (Facilities)	CIP	\$ 300,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 675,000
CF-01011	City Hall Emergency Backup Power Generator	CIP	\$ 55,000		\$ 30,000				\$ 85,000
CF-01013	MSC Fuel-Dispensing Station Overhead Canopy	CIP				\$ 260,000			\$ 260,000
CF-01016	Waterline Backflow Preventers	CIP	\$ 173,671						\$ 173,671
CF-01018	MSC Parking Lot Resurfacing	CIP	\$ 300,000						\$ 300,000
CF-01019	Veterans Community Plaza Shade Structure	in-Lieu Park Fund	\$ 60,000						\$ 60,000
Community Development									
Infrastructure									
CD-01015	Lincoln Park Utility Undergrounding	CIP	\$ 25,000	\$ 200,000	\$ 200,000				\$ 225,000
CD-01017	First Street Streetscape Design -- Phase II	CIP	\$ 261,243						\$ 261,243

Project #	Project Name	Funding Sources	Prior Appropriations	2019/20 Budget	2020/21 Budget	2021/22 Budget	2022/23 Budget	2023/24 Budget	Total
TS-01018	Foothill Expressway Improvement between El Monte Ave & San Antonio Rd								
TS-01022	Annual Collector Street Traffic Calming	Traffic Impact Fees	\$ 629,505	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 879,505
TS-01030	El Monte/Springer Intersection Improvements	Traffic Impact Fees	\$ 311,000						\$ 311,000
TS-01037	San Antonio Road/West Portola Avenue Improvements (School Route Project)	Traffic Impact Fees	\$ 837,125	\$ -					\$ 837,125
TS-01038	El Monte Ave Sidewalk Gap Closure - Edith Ave to Almond Ave (School Route Project)	CIP	\$ 191,000						\$ 191,000
		CDBG	\$ 303,933	\$ 320,000					\$ 623,933
TS-01040	Fremont Ave/Truman Ave Intersection Improvements (School Route Project)	Traffic Impact Fees	\$ 40,000	\$ 10,000					\$ 50,000
TS-01041	Los Altos Ave/Santa Rita School Crossing Improvements (School Route Project)	CIP	\$ 40,000	\$ 10,000					\$ 50,000
TS-01049	Traffic Signal Control Upgrades	VRF-ITS	\$ 363,000						\$ 363,000
TS-01050	Carmel Terrace Sidewalk Gap Closure Project	CIP	\$ 350,000						\$ 350,000
TS-01051	University Ave/Milverton Rd Sidewalk Gap Closure Project	CIP	\$ 55,000						\$ 55,000

Project #	Project Name	Funding Sources	Prior Appropriations	2019/20 Budget	2020/21 Budget	2021/22 Budget	2022/23 Budget	2023/24 Budget	Total
TS-01052	Annual Bicycle/Pedestrian Access Improvements	CIP	\$ 350,000	\$ 350,000	\$ 350,000	\$ 350,000	\$ 350,000	\$ 350,000	\$ 2,100,000
		TDA Article III Grant	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 300,000
		Traffic Impact Fees	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 600,000
TS-01055	Fremont Ave Pedestrian Bridge Rehabilitation	CIP	\$ 250,000						\$ 250,000
TS-01057	In-Road Light System Maintenance	CIP	\$ 75,000						\$ 75,000
TS-01058	Intersection Access Barrier Removal	CDBG	\$ 280,000						\$ 280,000
TOTAL			\$ 22,813,948	\$ 18,162,000	\$ 23,916,729	\$ 5,200,000	\$ 4,910,000	\$ 4,940,000	\$ 79,942,677
Wastewater									
<i>Sewer</i>									
WW-01001	Annual Sewer System Repair Program	Sewer	\$ 1,437,313	\$ 610,000	\$ 610,000	\$ 610,000	\$ 610,000	\$ 610,000	\$ 4,487,313
WW-01002	Annual Structural Reach Replacement	Sewer	\$ 1,654,129	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000	\$ 5,654,129
WW-01003	Annual Root Foaming	Sewer	\$ 555,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 1,555,000
WW-01005	Annual CIPP Corrosion Replacement	Sewer	\$ 653,000	\$ 400,000	\$ 450,000	\$ 465,000	\$ 480,000	\$ 500,000	\$ 2,948,000
WW-01006	Annual Fats, Oils, Grease Program (FOG)	Sewer	\$ 292,464	\$ 62,000	\$ 64,000	\$ 66,000	\$ 68,000	\$ 70,000	\$ 622,464
WW-01008	Annual GIS Updates	Sewer	\$ 335,681	\$ 62,000	\$ 64,000	\$ 66,000	\$ 68,000	\$ 70,000	\$ 665,681
WW-01009	Sewer System Management Plan Update	Sewer	\$ 24,000		\$ 50,000		\$ 28,000		\$ 50,000
WW-01011	Sanitary Sewer Video Inspection	Sewer	\$ 380,000	\$ 400,000					\$ 780,000
TOTAL			\$ 5,307,588	\$ 2,534,000	\$ 2,238,000	\$ 2,207,000	\$ 2,226,000	\$ 2,250,000	\$ 16,762,588

Project #	Project Name	Funding Sources	Prior Appropriations	2019/20 Budget	2020/21 Budget	2021/22 Budget	2022/23 Budget	2023/24 Budget	Total
<i>Equipment Replacement</i>									
	Marked Patrol Vehicles (3)	Equipment Replacement Fund		\$ 145,000	\$ 145,000				\$ 290,000
	Motorcycle (1)	Equipment Replacement Fund		\$ 35,000					\$ 35,000
	Admin Vehicle (1)	Equipment Replacement Fund			\$ 65,000				\$ 65,000
	Tables and Chairs for Grant Park	Equipment Replacement Fund		\$ 10,000	\$ 10,000				\$ 20,000
	Streets Crew Cab Truck-F450	Equipment Replacement Fund		\$ 60,000					\$ 60,000
	Streets Supervisor Crew Cab GMC	Equipment Replacement Fund		\$ 45,000					\$ 45,000
	Parks Ford Utility	Equipment Replacement Fund		\$ 45,000					\$ 45,000
	Tire Machine and Balancer	Equipment Replacement Fund		\$ 12,000					\$ 12,000

Project #	Project Name	Funding Sources	Prior Appropriations	2019/20 Budget	2020/21 Budget	2021/22 Budget	2022/23 Budget	2023/24 Budget	Total
	Asphalt Reclaimer/Stablizer	Equipment Replacement Fund		\$ 150,000					\$ 150,000
	Facilities Supervisor Truck	Equipment Replacement Fund			\$ 33,000				\$ 33,000
	Parks Supervisor Truck	Equipment Replacement Fund			\$ 33,000				\$ 33,000
	Brake Lathe Machine	Equipment Replacement Fund			\$ 11,000				\$ 11,000
	Asphalt Spreader Box	Equipment Replacement Fund			\$ 120,000				\$ 120,000
TOTAL				\$ 502,000	\$ 417,000	\$ -	\$ -	\$ -	\$ 919,000
GRAND TOTAL			\$ 28,121,536	\$ 21,198,000	\$ 26,571,729	\$ 7,407,000	\$ 7,136,000	\$ 7,190,000	\$ 97,624,265

CIP Closed Projects

Summary of Savings by Fund

CIP	\$	1,111,577
Sewer	\$	547,214.37
	\$	1,658,791.60

Project #	Project Name	Funding Sources	Prior Appropriations	YTD Expenditures	ESTIMATED SAVINGS
CD-01007	First Street Utility Undergrounding Phase II	CIP	161,749	\$ 78,251	\$ 83,498.00
CD-01010	Foothill Expressway	CIP	\$ 49,500	\$ 17,218	\$ 32,281.87
CD-01013	Downtown Vision	CIP	\$ 330,000	\$ 323,691	\$ 6,308.53
CD-01016	Public Arts Master Plan	CIP	\$ 50,000	\$ 50,000	\$ -
TS-01002	First Street Resurfacing	CIP	\$ 280,030	\$ 116,306	\$ 280,030.00
TS-01039	Arboretum Drive Speed Feedback Sign	CIP	\$ 30,000	\$ 12,647	\$ 17,353.03
TS-01042	Los Altos Ave/W Portola Ave Crosswalk Improvements	CIP	\$ 125,822	\$ 86,444	\$ 39,378.30
TS-01045	Covington Rd at Riverside Ave Pedestrian Improvements	CIP	\$ 96,477	\$ 31,875	\$ 64,602.00
TS-01046	Springer Rd/Fremont Ave Pedestrian Improvements	CIP	\$ 157,697	\$ 37,340	\$ 120,357.00
TS-01047	Grant Rd/Morton Ave Pedestrian Improvements	CIP	\$ 119,483	\$ 28,829	\$ 90,654.00
TS-01053	Traffic Sign Battery Backup System	CIP	\$ 250,000	\$ 84,915	\$ 165,085.50
TS-01054	Crosswalk Improvements at St. Joseph Ave and Deodora Dr	CIP	\$ 237,706	\$ 25,677	\$ 212,029.00
WW-01004	South Sewer Replacement	Sewer	\$ 938,495	\$ 397,801	\$ 540,694.37
WW-01010	SCVWD Sewer Main	Sewer	\$ 81,881	\$ 75,361	\$ 6,520.00
					\$ 1,658,791.60

Proposed Five-Year FY 2020-24 Capital Improvement Program Summary

	2019/20	2020/21	2021/22	2022/23	Total Impact
Traffic Impact	\$ 35,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 110,000
Gas Tax	\$ 50,000	\$ (50,000)	\$ 50,000	\$ (50,000)	\$ -
In-Lieu Park	\$ (2,700,000)	\$ 140,000	\$ 30,000	\$ -	\$ (2,530,000)
Equipment Replacement	\$ 332,000	\$ -	\$ -	\$ -	\$ 332,000
CIP	\$ (529,700)	\$ 442,000	\$ 160,000	\$ 100,000	\$ 172,300
Sewer	\$ (14,000)	\$ 53,000	\$ 34,000	\$ 11,000	\$ 84,000
	\$ (2,826,700)	\$ 610,000	\$ 299,000	\$ 86,000	\$ (1,831,700)

Project #	Project Name	2019/20 Budget	2020/21 Budget	2021/22 Budget	2022/23 Budget	Total
Traffic Impact Fees						
TS-01007	Annual Neighborhood Traffic Management	\$ (25,000)	\$ (25,000)	\$ (25,000)	\$ (25,000)	\$ (100,000)
TS-01022	Annual Collector Street Traffic Calming	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 200,000
TS-01040	Fremont Ave/Truman Ave Intersection Improvements (School Route Project)	\$ 10,000				\$ 10,000
Traffic Impact Fees Total		\$ 35,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 110,000

Gas Tax Fund

TS-01009	Annual City Alley Resurfacing	\$ 50,000	\$ (50,000)	\$ 50,000	\$ (50,000)	
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In Lieu Park Fund

CF-01002	Los Altos Community Center Redevelopment	\$ (2,700,000)				\$ (2,700,000)
CF-01017	Annual Park Improvement		\$ 140,000	\$ 30,000		\$ 170,000
In Lieu Park Total		\$ (2,700,000)	\$ 140,000	\$ 30,000	\$ -	\$ (2,530,000)

Equipment Replacement

CD-01006	Police Records Management & Dispatch System	\$ 332,000				\$ 332,000
Equipment Replacement Total		\$ 332,000	\$ -	\$ -	\$ -	\$ 332,000

CIP Fund

CD-01015	Lincoln Park Utility Undergrounding		\$ 200,000	\$ (200,000)		\$ -
CD-01020	Climate Action Plan Implementation Program		\$ 50,000			\$ 50,000
CD-01021	Coomunity Chamber AV Equipment	\$ 180,000				\$ 180,000
CF-01018	Downtown Lighting Cabinet Replacement		\$ 87,000			\$ 87,000
CF-01011	City Hall Emergency Backup Power Generator		\$ 30,000			\$ 30,000
CF-01013	MSC Fuel-Dispensing Station Overhead Canopy			\$ 260,000		\$ 260,000
TS-01006	Annual Traffic Sign Replacement	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 100,000
TS-01013	Annual Transportation Enhancements	\$ 75,000	\$ 50,000	\$ 75,000	\$ 75,000	\$ 275,000
TS-01033	Miramonte Ave Path	\$ (581,200)				\$ (581,200)
TS-01036	Miramonte Ave/Berry Ave Intersection Improvements (School Route Project)	\$ (250,000)				\$ (250,000)
TS-01038	El Monte Ave Sidewalk Gap Closure - Edith Ave to Almond Ave (School Route Project)	\$ 320,000				\$ 320,000
TS-01041	Los Altos Ave/Santa Rita School Crossing Improvements (School Route Project)	\$ 10,000				\$ 10,000
TS-01043	Santa Rita Avenue Bike Boulevard (School Route Project)	\$ (65,000)				\$ (65,000)
TS-01044	El Monte Walkway Improvement (School Route Project)	\$ (200,500)				\$ (200,500)
TS-01048	Bicycle Count Stations (School Route Project)	\$ (143,000)				\$ (143,000)
TS-01059	Diamond Court Reconstruction	\$ 100,000				\$ 100,000
CIP Fund Totals		\$ (529,700)	\$ 442,000	\$ 160,000	\$ 100,000	\$ 172,300

Sewer Fund

WW-01003	Annual Root Foaming	\$ (81,000)	\$ (81,000)	\$ (81,000)	\$ (81,000)	\$ (324,000)
WW-01005	Annual CIPP Corrosion Replacement	\$ 67,000	\$ 110,000	\$ 115,000	\$ 120,000	\$ 412,000
WW-01009	Sewer System Management Plan Update		\$ 24,000		\$ (28,000)	\$ (4,000)
Sewer Fund Totals		\$ (14,000)	\$ 53,000	\$ 34,000	\$ 11,000	\$ 84,000

Defunding Projects

Projects	CIP	Downtown Parking	Traffic Impact Fee	Park-In- Lieu	TOTAL
Transportation- Pedestrian/Bicycle Safety					
Santa Rita Ave Bike Blvd	65,000				65,000
El Monte Walkway Improvement	200,500				200,500
Bicycle Count Stations	143,000				143,000
TOTAL	\$ 408,500	\$ -	\$ -	\$ -	\$ 408,500

Proposed Five-Year FY 2020-24 Capital Improvement Program Summary

Funding Source	Prior Appropriations	2019/20 Budget	2020/21 Budget	2021/22 Budget	2022/23 Budget	2023/24 Budget	Total Project Funding
CIP/General Fund	14,993,487	15,050,000	20,126,729	2,820,000	2,560,000	2,560,000	58,110,216
Community Development							
Block Grant	583,933	320,000	0	0	0	0	903,933
Equipment Replacement	228,331	834,000	417,000	0	0	0	1,479,331
Gas Tax	1,636,914	750,000	750,000	750,000	750,000	750,000	5,386,914
in-Lieu Park Fund	631,335	300,000	1,740,000	330,000	300,000	330,000	3,631,335
Measure B	0	550,000	550,000	550,000	550,000	550,000	2,750,000
Other Funding	336,000	600,000	500,000	500,000	500,000	500,000	2,936,000
Sewer Fund	5,307,588	2,534,000	2,238,000	2,207,000	2,226,000	2,250,000	16,762,588
TDA Article III Grant	50,000	50,000	50,000	50,000	50,000	50,000	300,000
Technology Reserve	847,199	0	0	0	0	0	847,199
Traffic Impact Fees	2,043,750	210,000	200,000	200,000	200,000	200,000	3,053,750
Vehicle Registration Fee	1,463,000	0	0	0	0	0	1,463,000
Total	\$ 28,121,536	\$ 21,198,000	\$ 26,571,729	\$ 7,407,000	\$ 7,136,000	\$ 7,190,000	\$ 97,624,265