INVESTMENT ADVISORY COMMITTEE AGENDA

Monday, July 23, 2018
10:00 AM

Executive Conference Room, Level Three
Brea Civic & Cultural Center, 1 Civic Center Circle, Brea, California

CHAIR: Mayor Pro Tem Christine Marick
ALTERNATE: Council Member Marty Simonoff

Materials related to an item on this agenda submitted to the Investment Advisory Committee after distribution of the agenda packet are available for public inspection in the third floor lobby of the Civic and Cultural Center at 1 Civic Center Circle, Brea, CA during normal business hours. Such documents may also be available on the City's website subject to staff's ability to post documents before the meeting.

CALL TO ORDER / ROLL CALL

1. Matters from the Audience

CONSENT

2. Approval of Action Minutes for April 23, 2018 Meeting

   Attachment

   Minutes

3. Monthly Report of Investments for the City of Brea for Period Ending June 30, 2018

   Attachment
   Attachment A

4. Monthly Report of Investments for the Successor Agency to the Brea Redevelopment Agency for Period Ending June 30, 2018

   Attachment
   Attachment A

NOTE: This agenda is subject to amendments up to 72 hours prior to the meeting date.

5. City of Brea/Successor Agency to the Brea Redevelopment Agency Statement of Investment Policy

Attachment
Draft Investment Policy

6. Review the Investment Policy Guidelines for the City of Brea's Employee Benefit Fund Pension Plan

Attachment
Draft Policy

7. Adoption of the City of Brea Resolution Authorizing Investment of Monies in the Local Agency Investment Fund (LAIF)

Attachment
Resolution

8. Adoption of the Successor Agency Resolution Authorizing Investment in the Local Agency Investment Fund for the Successor Agency to the Brea Redevelopment Agency

Attachment
Resolution

DISCUSSION

9. Review Quarterly Investment Report Period Ending June 30, 2018 from Chandler Asset Management - Presentation by Jeff Probst

Attachment
Investment Report

10. Review of PARS Post Employment Benefit Trust Investment Report for Period Ending June 30, 2018 - Presentation by PARS and HighMark Capital Management

Attachment
Report

NOTE: This agenda is subject to amendments up to 72 hours prior to the meeting date.

11. Schedule Next Meeting: October 22, 2018

cc: Mayor Glenn Parker
Council Member Cecilia Hupp
Council Member Steven Vargas

Special Accommodations

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk's Office at (714) 990-7757. Notification 48 hours prior to the meeting will enable City staff to make reasonable arrangements to ensure accessibility. (28 CFR 35.102.35.104 ADA Title II)

NOTE: This agenda is subject to amendments up to 72 hours prior to the meeting date.

Agenda Item 2.

City of Brea

INVESTMENT ADVISORY COMMITTEE COMMUNICATION

TO:	Honorable Chair and Committee Members
FROM:	Bill Gallardo, City Manager
DATE:	07/23/2018
SUBJECT:	Approval of Action Minutes for April 23, 2018 Meeting

Attachment

04-23-18 Minutes

Return to Agenda

INVESTMENT ADVISORY COMMITTEE MEETING MINUTES

Monday, April 23, 2018
10:00 AM
Executive Conference Room, Level Three
Brea Civic & Cultural Center, 1 Civic Center Circle, Brea, California

CALL TO ORDER / ROLL CALL

ATTENDEES: Christine Marick, Gary Terrazas, Rick Rios, Scott Fujioka, Ho-El Park, Cindy Russell, Faith Madrazo, Alicia Brenner, Ana Conrique

OTHER ATTENDEES: Bill Dennehy (Chandler), Shelly Henbest (Chandler)

1. Matters from the Audience – *None.*

CONSENT

2. Approval of Action Minutes for January 22, 2018 Meeting – *Receive and file.*
3. Monthly Report of Investments for the City of Brea for Period Ending March 31, 2018 – *Receive and file.*
4. Monthly Report of Investments for the Successor Agency to the Brea Redevelopment Agency for Period Ending March 31, 2018 – *Receive and file.*

DISCUSSION

5. Review Quarterly Investment Report Period Ending March 31, 2018 from Chandler Asset Management - Presentation by Bill Dennehy – *The Committee reviewed the quarterly report as presented and recommended forwarding to the City Council.*
6. Commission and Committee Attendance Policy Discussion – *The Committee discussed policy and no comments were received.*
7. Schedule Next Meeting: July 23, 2018

Meeting Adjourned: 10:40 a.m.

Return to Agenda

Agenda Item 3.

City of Brea

COUNCIL COMMUNICATION

TO: Honorable Mayor and City Council Members

FROM: Bill Gallardo, City Manager

DATE: 07/23/2018

SUBJECT: Monthly Report of Investments for the City of Brea for Period Ending June 30, 2018

RECOMMENDATION

Receive and file.

BACKGROUND/DISCUSSION

The Monthly Report of Investments is in accordance with Government Code Section 53607 and contains information on the investment activities for the month of June. Cash for day-to-day activities is deposited in the demand and interest-bearing checking accounts. The Local Agency Investment Fund (LAIF) is used for short term investment and functions like a savings account. The City's managed investment portfolio is for longer-term investments which are managed through Chandler Asset Management. Together, the short and long-term investment accounts represent the City's investment portfolio. Attachment A includes a Portfolio Summary, Holdings Report, Book Value Report and Compliance with Investment Policy Statement prepared by Chandler Asset Management for the invested funds. The book value is the cost, plus or minus amortization/accretion.

As of June 30, 2018, the total market value of the managed investment portfolio, including accrued interest, was $57,190,829.72 as compared to $57,194,910.65 at May 31, 2018. The weighted average investment yield for June 2018 was 1.93%, which was slightly higher from the prior month of 1.88%. The City's Local Agency Investment Fund (LAIF) had a total market value, including accrued interest of $21,075,459.34 at June 30, 2018. This brings the total value of the City's investment portfolio as of June 30, 2018 to $78,266,289.06, as compared to $78,238,391.97 at May 31, 2018.

Restricted cash and investments are held in the post-employment benefits trust account administered by PARS (PARS account) and managed by HighMark Capital and the City's various bond reserve accounts which are managed by Chandler Asset Management. Attachment A includes a monthly statement from US Bank for the PARS account as well as a portfolio report from Chandler Asset Management for each bond reserve account that is invested. As of June 30, 2018, the market value of the PARS account, including short-term cash and accrued interest was $7,297,622.54 as compared to $7,321,052.68 from the prior month. All other restricted cash investments (bond reserve accounts), including short-term cash and accrued interest was $7,224,045.39 in comparison to $6,733,935.73 from the prior month. In previous Monthly Reports of Investments, the City of Brea reported 2,106.5 shares of water common stock with Cal Domestic valued at $6,692,116.02 and 687.85 shares of Class A preferred stock. Based on guidance provided by the Governmental Accounting Standards Board (GASB) and the concurrence of the City's indepedent auditor, these assets have been reclassified as other non-current assets and water rights, respectively as opposed to Other Investments. These stocks represent water rights and/or entitle the City to access water as part of the overall operation of providing water service to the community as opposed to an investment instrument acquired and being held for the purpose of income or generating cash. Therefore, moving forward and beginning with the July 2018 Monthly Report of Investments, this information will no longer be included in the this report.

All City investments are GASB rated No. 1, where the custodian (The Bank of New York Mellon Trust Company, N.A.) acts as an agent of the City, and is not a counter party to the investment transaction, and all securities are held in the name of the City of Brea. The custodial account at Bank of New York and account records with Chandler Asset Management have been reconciled to par value for the month. The City of Brea has sufficient cash flow to meet its expected expenditures for the next six months.

FISCAL IMPACT/SUMMARY

During the month of June, the total value of the City’s investment portfolio increased by $27,897.09 This increase is primarily due to quarterly interest accured in the City's LAIF account. The City's PARS account decreased by $23,430.14 primarily due to market rate adjustments and the City's bond reserve accounts increased by $490,108.66 in preparation of debt service payments for the 2009, 2010 and 2014 Water Revenue Bonds that are due July 1, 2018.

RESPECTFULLY SUBMITTED:

William Gallardo, City Manager
Prepared by: Alicia Brenner, Senior Management Analyst
Concurrence: Cindy Russell, Administrative Services Director

Attachment

Attachment A

Return to Agenda

ATTACHMENT A

City of Brea

Cash and Investment Information

June 30, 2018

			Cost Value		Market Value*
Demand and Interest-Bearing Checking Accounts	Citizen's Bank	**$**	**2,839,042.51**	**$**	**2,839,042.51**
Local Agency Investment Fund	LAIF	**$**	**20,996,554.78**	**$**	**21,075,459.34**
Managed Investment Portfolio - CHANDLER	Chandler	**$**	**57,923,652.18**	**$**	**57,190,829.72**
PARS Post-Employment Benefits Trust**	US Bank	**$**	**6,725,220.78**	**$**	**7,297,622.54**
Fiscal Agent Cash & Investments**					
2005 Olinda Ranch Public Improvements Bonds (CFD 1997-1)	Chandler/BNY	$	456,682.12	$	448,928.05
2009 Water Revenue Bonds	Chandler/BNY	$	3,180,025.78	$	3,122,562.76
2009 Brea Plaza Public Improvements CFD Bonds (CFD 2008-2)	Chandler/BNY	$	674,905.84	$	674,905.84
2010 Water Revenue Bonds	Chandler/BNY	$	1,830,862.66	$	1,793,402.87
2010 Lease Revenue Bonds	Chandler/BNY	$	268,405.78	$	260,939.59
2011 Tax Allocation Bonds, Series B	Chandler/BNY	$	-	$	-
2014 Downtown Brea Public Improvements CFD Bonds	Chandler/BNY	$	163,771.59	$	163,771.59
2014 Water Revenue Bonds	Chandler/BNY	$	759,534.69	$	759,534.69
Sub-total - Fiscal Agent Cash & Investments		**$**	**7,334,188.46**	**$**	**7,224,045.39**
Report Grand Total		**$**	**95,818,658.71**	**$**	**95,626,999.50**

* Includes accrued interest on invested funds
** Reserve Fund

ATTACHMENT A

City of Brea
Cash and Investment Information
June 30, 2018

Fiscal Agent Cash & Investments Detail			Cost Value		Market Value
10103	2005 Olinda Ranch Public Improvements Bonds (CFD 1997-1) **- CHANDLER**	$	456,622.63	$	448,868.56
	Short-Term Treasury Funds - **BNY**	$	59.49	$	59.49
	Sub-total	**$**	**456,682.12**	**$**	**448,928.05**
10073	2009 Water Revenue Bonds - **CHANDLER**	$	1,942,544.96	$	1,885,081.94
	Short-Term Treasury Funds - **BNY**	$	1,237,480.82	$	1,237,480.82
		$	**3,180,025.78**	**$**	**3,122,562.76**
10118	2009 Brea Plaza Public Improvements CFD Bonds (CFD 2008-2) - **CHANDLER**	$	-	$	-
	Short-Term Treasury Funds - **BNY**	$	674,905.84	$	674,905.84
	Sub-total	**$**	**674,905.84**	**$**	**674,905.84**
10128	2010 Water Revenue Bonds - **CHANDLER**	$	1,366,944.64	$	1,329,484.85
	Short-Term Treasury Funds - **BNY**	$	463,918.02	$	463,918.02
	Sub-total	**$**	**1,830,862.66**	**$**	**1,793,402.87**
10129	2010 Lease Revenue Bonds - **CHANDLER**	$	265,980.01	$	258,513.82
	Short-Term Treasury Funds - **BNY**	$	2,425.77	$	2,425.77
	Sub-total	**$**	**268,405.78**	**$**	**260,939.59**
	2011 Tax Allocation Bonds, Series B - **CHANDLER**	$	-	$	-
	Short-Term Treasury Funds - **BNY**	$	-	$	-
	Sub-total	**$**	**-**	**$**	**-**
	2014 Downtown Brea Public Improvements CFD Bonds **- CHANDLER**	$	-	$	-
	Short-Term Treasury Funds - **BNY**	$	163,771.59	$	163,771.59
	Sub-total	**$**	**163,771.59**	**$**	**163,771.59**
	2014 Water Revenue Bonds - **CHANDLER**	$	-	$	-
	Short-Term Treasury Funds - **BNY**	$	759,534.69	$	759,534.69
	Sub-total	**$**	**759,534.69**	**$**	**759,534.69**
Report Grand Total		**$**	**7,334,188.46**	**$**	**7,224,045.39**

Portfolio Summary

As of 6/30/2018

ATTACHMENT A

PORTFOLIO CHARACTERISTICS

Average Duration	0.00
Average Coupon	1.90 %
Average Purchase YTM	1.90 %
Average Market YTM	1.90 %
Average S&P/Moody Rating	NR/NR
Average Final Maturity	0.00 yrs
Average Life	0.00 yrs

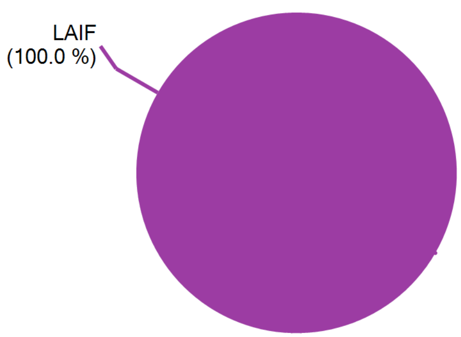
ACCOUNT SUMMARY

	Beg. Values as of 5/31/18	End Values as of 6/30/18
Market Value	20,996,555	20,996,555
Accrued Interest	46,927	78,905
Total Market Value	**21,043,481**	**21,075,459**
Income Earned	29,240	31,978
Cont/WD		0
Par	20,996,555	20,996,555
Book Value	20,996,555	20,996,555
Cost Value	20,996,555	20,996,555

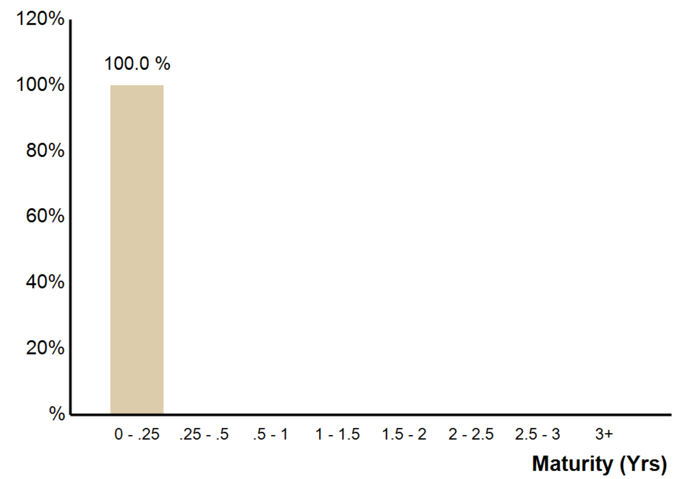
TOP ISSUERS

Issuer	**% Portfolio**
Local Agency Investment Fund	100.0 %
	100.0 %

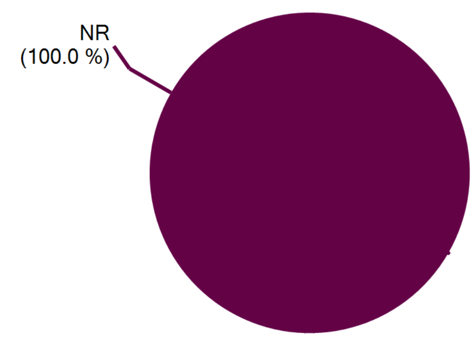
SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY (S&P)



PERFORMANCE REVIEW

Total Rate of Return As of 6/30/2018	**Current Month**	**Latest 3 Months**	**Year To Date**	**Annualized 1 Yr**	**Annualized 3 Yrs**	**Annualized 5 Yrs**	**Annualized 10 Yrs**	**Annualized 2/28/2012**	**Since 2/28/2012**
City of Brea Laif	0.15 %	0.51 %	0.81 %	1.36 %	0.84 %	0.60 %	N/A	N/A	N/A

Holdings Report

As of 6/30/18

ATTACHMENT A

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
LAIF									
90LAIF$00	Local Agency Investment Fund State Pool	20,996,554.78	Various 1.90 %	20,996,554.78 20,996,554.78	1.00 1.90 %	20,996,554.78 78,904.56	100.00 % 0.00	NR / NR NR	0.00 0.00
Total LAIF		**20,996,554.78**	**1.90 %**	**20,996,554.78 20,996,554.78**	**1.90 %**	**20,996,554.78 78,904.56**	**100.00 % 0.00**	**NR / NR NR**	**0.00 0.00**
TOTAL PORTFOLIO		**20,996,554.78**	**1.90 %**	**20,996,554.78 20,996,554.78**	**1.90 %**	**20,996,554.78 78,904.56**	**100.00 % 0.00**	**NR / NR NR**	**0.00 0.00**
TOTAL MARKET VALUE PLUS ACCRUED						**21,075,459.34**			

Transaction Ledger - no data for this time period

ATTACHMENT A

Income Earned

5/31/18 Thru 6/30/18

ATTACHMENT A

CUSIP	Security Description	Trade Date Settle Date Units	Book Value: Begin Book Value: Acq Book Value: Disp Book Value: End	Prior Accrued Inc. Received Ending Accrued Total Interest	Accr. Of Discount Amort. Of Premium Net Accret/Amort Income Earned	Unreal G/L Total Income
Local Agency Investment Fund						
90LAIF$00	Local Agency Investment Fund State Pool	 Various Various 20,996,554.78	20,996,554.78 0.00 0.00 20,996,554.78	46,926.54 0.00 78,904.56 31,978.02	0.00 0.00 0.00 31,978.02	0.00 31,978.02
TOTAL Local Agency Investment Fund		**20,996,554.78**	**20,996,554.78 0.00 0.00 20,996,554.78**	**46,926.54 0.00 78,904.56 31,978.02**	**0.00 0.00 0.00 31,978.02**	**0.00 31,978.02**
TOTAL PORTFOLIO		**20,996,554.78**	**20,996,554.78 0.00 0.00 20,996,554.78**	**46,926.54 0.00 78,904.56 31,978.02**	**0.00 0.00 0.00 31,978.02**	**0.00 31,978.02**

Cash Flow Report

From 06/30/2018

ATTACHMENT A

Payment Date	Transaction Type	CUSIP	Quantity	Security Description	Principal Amount	Income	Total Amount
07/16/2018	Dividend	90LAIF$00	1,613,453,994.78	Local Agency Investment Fund State Pool	0.00	78,369.68	78,369.68
Jul 2018					**0.00**	**78,369.68**	**78,369.68**
Total					**0.00**	**78,369.68**	**78,369.68**

Portfolio Summary

As of 6/30/2018

ATTACHMENT A

PORTFOLIO CHARACTERISTICS

Average Duration	2.38
Average Coupon	1.81 %
Average Purchase YTM	1.93 %
Average Market YTM	2.71 %
Average S&P/Moody Rating	AA/Aa2
Average Final Maturity	2.60 yrs
Average Life	2.48 yrs

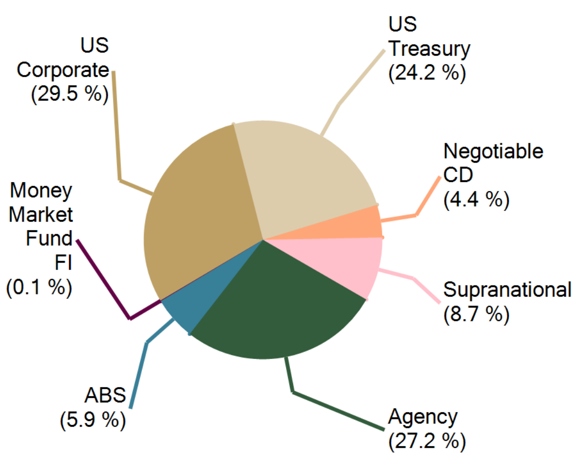
ACCOUNT SUMMARY

	Beg. Values as of 5/31/18	End Values as of 6/30/18
Market Value	56,926,597	56,888,233
Accrued Interest	268,314	302,596
Total Market Value	**57,194,911**	**57,190,830**
Income Earned	90,138	90,273
Cont/WD		0
Par	58,097,522	58,179,140
Book Value	57,922,927	57,977,946
Cost Value	57,872,014	57,923,652

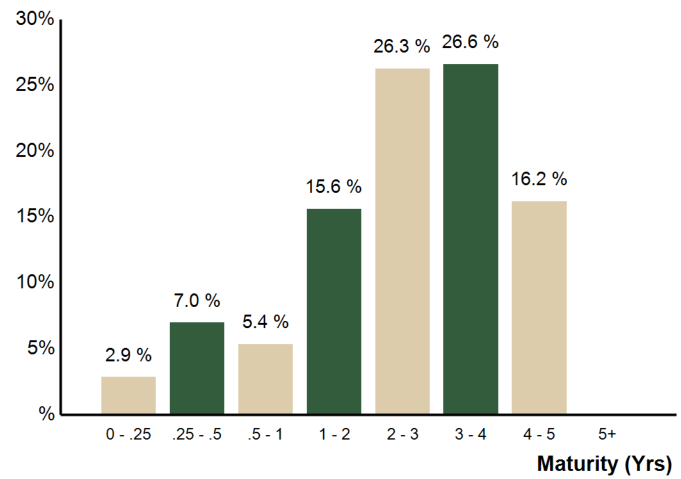
TOP ISSUERS

Issuer	% Portfolio
Government of United States	24.2 %
Federal National Mortgage Assoc	18.2 %
Inter-American Dev Bank	5.4 %
Federal Home Loan Mortgage Corp	5.0 %
Federal Home Loan Bank	4.0 %
Intl Bank Recon and Development	2.6 %
US Bancorp	1.9 %
Bank of Nova Scotia Houston	1.8 %
	63.1 %

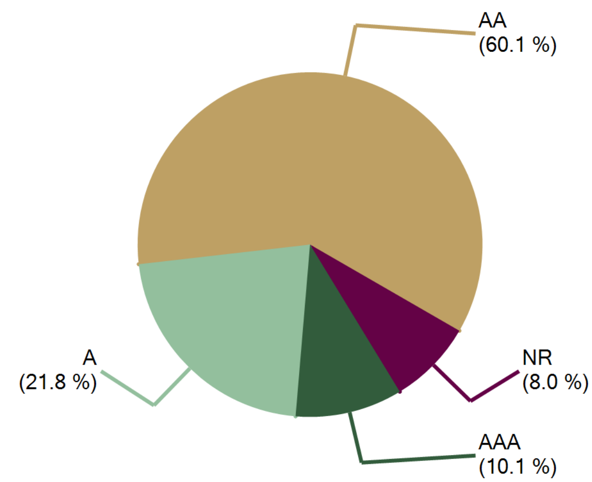
SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY (S&P)



PERFORMANCE REVIEW

Total Rate of Return As of 6/30/2018	Current Month	Latest 3 Months	Year To Date	1 Yr	Annualized 3 Yrs	Annualized 5 Yrs	Annualized 10 Yrs	Annualized 4/30/1996	Since 4/30/1996
City of Brea	-0.01 %	0.24 %	-0.17 %	-0.06 %	0.82 %	1.09 %	2.04 %	3.81 %	129.23 %
ICE BAML 1-5 Yr US Treasury/Agency Index*	0.00 %	0.13 %	-0.24 %	-0.33 %	0.51 %	0.82 %	1.80 %	3.44 %	111.44 %
ICE BAML 1-5 Yr US Issuers Corp/Govt Rtd AAA-A Idx	-0.02 %	0.15 %	-0.28 %	-0.28 %	0.64 %	0.96 %	1.94 %	N/A	N/A

*ICE BAML 1-Yr US Treasury Bill Index to 9/30/01,

City of Brea

June 30, 2018

COMPLIANCE WITH INVESTMENT POLICY

Assets managed by Chandler Asset Management are in full compliance with state law and with the Client's investment policy

Category	Standard	Comment
Treasury Issues	No limitations	Complies
US Agencies	25% per issuer	Complies
Supranationals	"AA" rated by a NRSRO; 15% maximum; 5% max per issuer	Complies*
Municipal Securities	5% max issuer	Complies
Banker's Acceptances	40% maximum; 5% max issuer; 180 days max maturity	Complies
Commercial Paper	A-1/P-1 by S&P and Moody's; 25% maximum; 5% max per issuer; 270 days max maturity	Complies
Certificates of Deposit(CDs)/ Time Deposits (TDs)	5% max issuer; FDIC Insured and/or Collateralized	Complies
Negotiable CDs	30% maximum; 5% max per issuer	Complies
Medium Term Notes	"A" rated or better by a NRSRO; 30% maximum; 5% max per issuer	Complies
Pass Through Securities, Asset-Backed Securities (ABS), CMOs	"AA" or higher by a NRSRO; "A" rated issuer by a NRSRO; 20% maximum (combined), 10% maximum (ABS); 5% max per issuer; CMOs must pass FFIEC test	Complies
Money Market Funds	Highest rating by two NRSROs; 20% maximum; 5% max per fund	Complies
LAIF	40%;<60%, with OCIP	Complies
OCIP	40%;<60%, with LAIF	Complies
Repurchase Agreements	5% max issuer; 1 year max maturity	Complies
Range notes	Prohibited	Complies
Interest-only strips	Prohibited	Complies
Zero interest accruals	Prohibited	Complies
Agency Callable notes	5% maximum	Complies
Max Per Issuer	5% per issuer for all non government issuers and agencies	Complies
Maximum Maturity	5 years	Complies

*IADB is in compliance on a consolidated portfolio basis.

City of Brea
Account #120

Reconciliation Summary

As of 6/30/2018

ATTACHMENT A

BOOK VALUE RECONCILIATION		
Beginning Book Value		**$57,922,926.67**
Acquisition		
+ Security Purchases	$2,162,972.72	
+ Money Market Fund Purchases	$1,851,023.08	
+ Money Market Contributions	$0.00	
+ Security Contributions	$0.00	
+ Security Transfers	$0.00	
Total Acquisitions		$4,013,995.80
Dispositions		
- Security Sales	$428,937.90	
- Money Market Fund Sales	$2,170,171.47	
- MMF Withdrawals	$0.00	
- Security Withdrawals	$0.00	
- Security Transfers	$0.00	
- Other Dispositions	$0.00	
- Maturites	$1,133,882.00	
- Calls	$0.00	
- Principal Paydowns	$229,233.32	
Total Dispositions		$3,962,224.69
Amortization/Accretion		
+/- Net Accretion	$4,219.53	
		$4,219.53
Gain/Loss on Dispositions		
+/- Realized Gain/Loss	($971.31)	
		($971.31)
Ending Book Value		**$57,977,946.00**

CASH TRANSACTION SUMMARY		
BEGINNING BALANCE		**$356,753.40**
Acquisition		
Contributions	$0.00	
Security Sale Proceeds	$428,937.90	
Accrued Interest Received	$46.58	
Interest Received	$52,229.42	
Dividend Received	$575.86	
Principal on Maturities	$1,133,882.00	
Interest on Maturities	$6,118.00	
Calls/Redemption (Principal)	$0.00	
Interest from Calls/Redemption	$0.00	
Principal Paydown	$229,233.32	
Total Acquisitions	$1,851,023.08	
Disposition		
Withdrawals	$0.00	
Security Purchase	$2,162,972.72	
Accrued Interest Paid	$7,198.75	
Total Dispositions	$2,170,171.47	
Ending Book Value		**$37,605.01**

City of Brea
Account #120

Holdings Report

As of 6/30/18

ATTACHMENT A

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
ABS									
43814RAB2	Honda Auto Receivables 2016-4 A2 1.04% Due 4/18/2019	41,956.41	10/18/2016 1.05 %	41,955.24 41,956.03	99.93 3.11 %	41,925.55 15.76	0.07 % (30.48)	NR / AAA AAA	0.80 0.04
89231LAB3	Toyota Auto Receivables Owner 2016-D 1.06% Due 5/15/2019	15,452.46	10/04/2016 1.07 %	15,451.22 15,452.04	99.93 9.14 %	15,442.39 7.28	0.03 % (9.65)	Aaa / AAA NR	0.87 0.03
43814TAB8	Honda Auto Receivables 2017-1 A2 1.42% Due 7/22/2019	77,976.23	03/21/2017 1.43 %	77,974.37 77,975.38	99.86 2.56 %	77,866.33 30.76	0.14 % (109.05)	Aaa / NR AAA	1.06 0.12
89238MAB4	Toyota Auto Receivables Owner 2017-A 1.42% Due 9/16/2019	140,803.80	03/07/2017 1.43 %	140,790.21 140,797.24	99.85 2.34 %	140,593.27 88.86	0.25 % (203.97)	Aaa / AAA NR	1.21 0.16
47787XAB3	John Deere Owner Trust 2017-A A2 1.5% Due 10/15/2019	108,364.12	02/22/2017 1.50 %	108,363.69 108,363.91	99.83 2.52 %	108,180.20 72.24	0.19 % (183.71)	Aaa / NR AAA	1.29 0.17
654747AB0	Nissan Auto Receivables 2017-A A2A 1.47% Due 1/15/2020	127,449.45	03/21/2017 1.47 %	127,448.80 127,449.09	99.73 2.57 %	127,107.35 83.27	0.22 % (341.74)	Aaa / NR AAA	1.55 0.24
47788MAC4	John Deere Owner Trust 2016-A A3 1.36% Due 4/15/2020	239,298.95	02/23/2016 1.37 %	239,261.28 239,282.58	99.55 2.62 %	238,219.66 144.64	0.42 % (1,062.92)	Aaa / NR AAA	1.79 0.36
47788BAB0	John Deere Owner Trust 2017-B A2A 1.59% Due 4/15/2020	116,233.71	07/11/2017 1.60 %	116,223.61 116,227.12	99.62 2.59 %	115,792.55 82.14	0.20 % (434.57)	Aaa / NR AAA	1.79 0.38
89238BAB8	Toyota Auto Receivables Owner 2018-A A2A 2.1% Due 10/15/2020	715,000.00	01/23/2018 2.12 %	714,926.93 714,938.10	99.63 2.62 %	712,325.16 667.33	1.25 % (2,612.94)	Aaa / AAA NR	2.30 0.73
654747AD6	Nissan Auto Receivables 2017-A A3 1.74% Due 8/16/2021	500,000.00	12/27/2017 2.10 %	496,816.41 497,258.18	98.62 2.88 %	493,091.00 362.50	0.86 % (4,167.18)	Aaa / NR AAA	3.13 1.22
43811BAC8	Honda Auto Receivables 2017-2 A3 1.68% Due 8/16/2021	450,000.00	04/27/2018 2.62 %	443,003.91 443,364.17	98.53 2.86 %	443,382.30 336.00	0.78 % 18.13	Aaa / AAA NR	3.13 1.26
47788BAD6	John Deere Owner Trust 2017-B A3 1.82% Due 10/15/2021	130,000.00	07/11/2017 1.83 %	129,990.48 129,992.62	98.55 2.88 %	128,111.36 105.16	0.22 % (1,881.26)	Aaa / NR AAA	3.30 1.38
47788CAC6	John Deere Owner Trust 2016-B A4 2.66% Due 4/18/2022	185,000.00	02/21/2018 2.68 %	184,986.70 184,987.78	99.49 2.95 %	184,048.91 218.71	0.32 % (938.87)	Aaa / NR AAA	3.80 1.85
02587AAJ3	American Express Credit 2017-1 1.93% Due 9/15/2022	550,000.00	06/21/2018 3.75 %	541,449.22 541,534.30	98.53 3.68 %	541,889.70 471.78	0.95 % 355.40	Aaa / NR AAA	4.21 0.85
Total ABS		**3,397,535.13**	**2.29 %**	**3,378,642.07** **3,379,578.54**	**2.90 %**	**3,367,975.73** **2,686.43**	**5.89 %** **(11,602.81)**	**Aaa / AAA** **AAA**	**2.75** **0.85**
AGENCY									
3135G0A78	FNMA Note 1.625% Due 1/21/2020	1,250,000.00	Various 1.46 %	1,260,040.40 1,253,167.10	98.67 2.50 %	1,233,321.25 9,027.78	2.17 % (19,845.85)	Aaa / AA+ AAA	1.56 1.52
3137EADR7	FHLMC Note 1.375% Due 5/1/2020	1,250,000.00	05/28/2015 1.52 %	1,241,437.50 1,246,811.08	97.94 2.53 %	1,224,273.75 2,864.58	2.15 % (22,537.33)	Aaa / AA+ AAA	1.84 1.79
3135G0D75	FNMA Note 1.5% Due 6/22/2020	1,030,000.00	Various 1.57 %	1,026,700.60 1,028,649.01	97.97 2.56 %	1,009,123.96 386.25	1.77 % (19,525.05)	Aaa / AA+ AAA	1.98 1.93
3137EAEK1	FHLMC Note 1.875% Due 11/17/2020	450,000.00	11/21/2017 1.96 %	448,833.97 449,070.17	98.15 2.68 %	441,684.45 1,031.25	0.77 % (7,385.72)	Aaa / AA+ AAA	2.39 2.30

City of Brea
Account #120

Holdings Report

As of 6/30/18

ATTACHMENT A

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
AGENCY									
3135G0F73	FNMA Note 1.5% Due 11/30/2020	1,225,000.00	12/16/2015 1.90 %	1,201,847.50 1,213,705.16	97.33 2.65 %	1,192,252.08 1,582.29	2.09 % (21,453.08)	Aaa / AA+ AAA	2.42 2.35
3130A7CV5	FHLB Note 1.375% Due 2/18/2021	1,070,000.00	02/17/2016 1.46 %	1,065,677.20 1,067,721.48	96.80 2.64 %	1,035,798.52 5,435.45	1.82 % (31,922.96)	Aaa / AA+ AAA	2.64 2.55
3135G0J20	FNMA Note 1.375% Due 2/26/2021	1,275,000.00	Various 1.46 %	1,269,953.70 1,272,237.83	96.76 2.64 %	1,233,752.48 6,087.24	2.17 % (38,485.35)	Aaa / AA+ AAA	2.66 2.57
3135G0K69	FNMA Note 1.25% Due 5/6/2021	400,000.00	05/27/2016 1.48 %	395,724.00 397,530.79	96.21 2.64 %	384,836.80 763.89	0.67 % (12,693.99)	Aaa / AA+ AAA	2.85 2.77
3135G0U35	FNMA Note 2.75% Due 6/22/2021	500,000.00	06/28/2018 2.70 %	500,740.00 500,738.64	100.09 2.72 %	500,444.00 229.17	0.88 % (294.64)	Aaa / NR AAA	2.98 2.84
3130A8QS5	FHLB Note 1.125% Due 7/14/2021	1,285,000.00	10/04/2016 1.33 %	1,273,126.60 1,277,441.10	95.69 2.61 %	1,229,639.63 6,706.09	2.16 % (47,801.47)	Aaa / AA+ AAA	3.04 2.94
3137EAEC9	FHLMC Note 1.125% Due 8/12/2021	1,250,000.00	08/30/2016 1.33 %	1,237,737.50 1,242,277.41	95.43 2.66 %	1,192,888.75 5,429.69	2.10 % (49,388.66)	Aaa / AA+ AAA	3.12 3.02
3135G0N82	FNMA Note 1.25% Due 8/17/2021	1,285,000.00	Various 1.29 %	1,282,305.71 1,283,270.28	95.68 2.70 %	1,229,462.30 5,978.82	2.16 % (53,807.98)	Aaa / AA+ AAA	3.13 3.02
3135G0S38	FNMA Note 2% Due 1/5/2022	1,350,000.00	04/25/2017 1.92 %	1,354,927.50 1,353,691.31	97.47 2.76 %	1,315,836.90 13,200.00	2.32 % (37,854.41)	Aaa / AA+ AAA	3.52 3.33
3135G0T45	FNMA Note 1.875% Due 4/5/2022	1,315,000.00	06/19/2017 1.88 %	1,314,801.44 1,314,844.10	96.95 2.73 %	1,274,867.52 5,890.10	2.24 % (39,976.58)	Aaa / AA+ AAA	3.77 3.58
3135G0T94	FNMA Note 2.375% Due 1/19/2023	1,000,000.00	03/14/2018 2.73 %	984,140.00 985,098.77	98.19 2.80 %	981,923.00 10,423.61	1.74 % (3,175.77)	Aaa / AA+ AAA	4.56 4.24
Total Agency		**15,935,000.00**	**1.68 %**	**15,857,993.62 15,886,254.23**	**2.65 %**	**15,480,105.39 75,036.21**	**27.20 % (406,148.84)**	**Aaa / AA+ AAA**	**2.84 2.72**
MONEY MARKET FUND FI									
316175884	Fidelity Institutional Money Market Fund 696	37,605.01	Various 1.50 %	37,605.01 37,605.01	1.00 1.50 %	37,605.01 0.00	0.07 % 0.00	Aaa / AAA NR	0.00 0.00
Total Money Market Fund FI		**37,605.01**	**1.50 %**	**37,605.01 37,605.01**	**1.50 %**	**37,605.01 0.00**	**0.07 % 0.00**	**Aaa / AAA NR**	**0.00 0.00**
NEGOTIABLE CD									
96121T3U0	Westpac Banking Corp Yankee CD 1.51% Due 7/20/2018	540,000.00	07/24/2017 1.51 %	539,998.65 539,999.93	100.00 1.51 %	539,999.93 7,814.25	0.96 % 0.00	P-1 / A-1+ F-1+	0.05 0.05
06417GXH6	Bank of Nova Scotia Yankee CD 1.57% Due 8/9/2018	1,040,000.00	08/08/2017 1.57 %	1,040,000.00 1,040,000.00	100.00 1.57 %	1,040,000.00 14,785.91	1.84 % 0.00	P-1 / A-1 NR	0.11 0.11
06371ETT4	Bank of Montreal Chicago Yankee CD 1.76% Due 11/7/2018	920,000.00	11/06/2017 1.76 %	920,000.00 920,000.00	100.00 1.76 %	920,000.00 10,614.76	1.63 % 0.00	P-1 / A-1 F-1+	0.36 0.35
Total Negotiable CD		**2,500,000.00**	**1.63 %**	**2,499,998.65 2,499,999.93**	**1.63 %**	**2,499,999.93 33,214.92**	**4.43 % 0.00**	**P-1 / A-1 F-1+**	**0.19 0.19**

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
SUPRANATIONAL									
459058ER0	Intl. Bank Recon & Development Note 1% Due 10/5/2018	1,460,000.00	09/30/2015 1.06 %	1,457,518.00 1,459,782.20	99.71 2.11 %	1,455,732.42 3,487.78	2.55 % (4,049.78)	Aaa / AAA AAA	0.27 0.26
4581X0CX4	Inter-American Dev Bank Note 1.625% Due 5/12/2020	1,065,000.00	04/05/2017 1.70 %	1,062,475.95 1,063,473.47	98.31 2.56 %	1,046,961.03 2,355.57	1.83 % (16,512.44)	Aaa / AAA AAA	1.87 1.82
45950KCM0	International Finance Corp Note 2.25% Due 1/25/2021	410,000.00	01/18/2018 2.35 %	408,794.60 408,967.27	98.81 2.73 %	405,136.17 3,997.50	0.72 % (3,831.10)	Aaa / AAA NR	2.58 2.45
4581X0CW6	Inter-American Dev Bank Note 2.125% Due 1/18/2022	1,275,000.00	01/10/2017 2.15 %	1,273,431.75 1,273,886.08	97.90 2.75 %	1,248,163.80 12,267.45	2.20 % (25,722.28)	Aaa / NR AAA	3.56 3.36
4581X0CZ9	Inter-American Dev Bank Note 1.75% Due 9/14/2022	800,000.00	Various 2.39 %	777,732.00 779,503.74	95.77 2.82 %	766,141.60 4,161.12	1.35 % (13,362.14)	NR / NR AAA	4.21 3.99
Total Supranational		**5,010,000.00**	**1.79 %**	**4,979,952.30 4,985,612.76**	**2.53 %**	**4,922,135.02 26,269.42**	**8.65 % (63,477.74)**	**Aaa / AAA AAA**	**2.25 2.14**
US CORPORATE									
02665WAC5	American Honda Finance Note 2.125% Due 10/10/2018	800,000.00	Various 1.90 %	807,073.15 800,477.07	99.91 2.43 %	799,296.81 3,825.01	1.40 % (1,180.26)	A2 / A+ NR	0.28 0.28
74005PBH6	Praxair Note 1.25% Due 11/7/2018	810,000.00	Various 1.67 %	797,684.40 808,850.66	99.53 2.59 %	806,185.71 1,518.75	1.41 % (2,664.95)	A2 / A NR	0.36 0.35
36962G7G3	General Electric Capital Corp Note 2.3% Due 1/14/2019	800,000.00	Various 2.27 %	800,569.30 800,128.88	99.77 2.72 %	798,191.21 8,535.55	1.41 % (1,937.67)	A2 / A A	0.54 0.53
17275RAR3	Cisco Systems Note 2.125% Due 3/1/2019	715,000.00	Various 2.04 %	717,853.05 715,380.63	99.75 2.50 %	713,210.36 5,064.58	1.26 % (2,170.27)	A1 / AA- NR	0.67 0.66
91159HHH6	US Bancorp Callable Note Cont 3/25/2019 2.2% Due 4/25/2019	700,000.00	Various 2.08 %	703,858.75 700,596.36	99.62 2.67 %	697,311.31 2,823.33	1.22 % (3,285.05)	A1 / A+ AA-	0.82 0.80
40434CAC9	HSBC USA Inc Note 2.25% Due 6/23/2019	800,000.00	06/20/2017 1.99 %	804,088.00 801,999.20	99.30 2.98 %	794,432.00 400.00	1.39 % (7,567.20)	A2 / A AA-	0.98 0.96
06406HCW7	Bank of New York Callable Note Cont 8/11/2019 2.3% Due 9/11/2019	705,000.00	Various 2.29 %	705,272.60 705,060.49	99.46 2.80 %	701,184.54 4,954.59	1.23 % (3,875.95)	A1 / A AA-	1.20 1.08
94974BGF1	Wells Fargo Corp Note 2.15% Due 1/30/2020	735,000.00	01/26/2015 2.17 %	734,204.40 734,747.75	98.60 3.06 %	724,688.69 6,628.27	1.28 % (10,059.06)	A2 / A- A+	1.59 1.53
22160KAG0	Costco Wholesale Corp Note 1.75% Due 2/15/2020	465,000.00	02/05/2015 1.77 %	464,511.75 464,841.00	98.42 2.75 %	457,663.23 3,074.17	0.81 % (7,177.77)	A1 / A+ A+	1.63 1.58
747525AD5	Qualcomm Inc Note 2.25% Due 5/20/2020	750,000.00	06/11/2015 2.49 %	741,693.75 746,820.55	98.53 3.06 %	738,942.76 1,921.88	1.30 % (7,877.79)	A1 / A NR	1.89 1.83
437076BQ4	Home Depot Note 1.8% Due 6/5/2020	330,000.00	05/24/2017 1.82 %	329,808.60 329,876.88	98.20 2.76 %	324,064.29 429.00	0.57 % (5,812.59)	A2 / A A	1.93 1.88
594918BG8	Microsoft Callable Note Cont. 10/03/20 2% Due 11/3/2020	325,000.00	10/29/2015 2.02 %	324,740.00 324,878.18	98.42 2.72 %	319,875.73 1,047.22	0.56 % (5,002.45)	Aaa / AAA AA+	2.35 2.18

City of Brea
Account #120

Holdings Report

As of 6/30/18

ATTACHMENT A

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
US CORPORATE									
00440EAT4	Chubb INA Holdings Inc Callable Note Cont 10/3/2020 2.3% Due 11/3/2020	800,000.00	02/06/2017 2.16 %	803,768.00 802,333.78	98.22 3.12 %	785,764.00 2,964.44	1.38 % (16,569.78)	A3 / A A	2.35 2.17
78012KKU0	Royal Bank of Canada Note 2.5% Due 1/19/2021	700,000.00	01/24/2018 2.64 %	697,130.00 697,541.13	98.24 3.22 %	687,708.00 7,875.00	1.22 % (9,833.13)	A1 / AA- AA	2.56 2.42
30231GAV4	Exxon Mobil Corp Callable Note Cont 2/1/2021 2.222% Due 3/1/2021	875,000.00	Various 1.97 %	884,992.10 880,570.87	98.16 2.94 %	858,895.63 6,480.83	1.51 % (21,675.24)	Aaa / AA+ NR	2.67 2.55
24422ESL4	John Deere Capital Corp Note 2.8% Due 3/4/2021	315,000.00	05/24/2017 2.12 %	322,663.95 320,449.55	99.17 3.13 %	312,373.22 2,866.50	0.55 % (8,076.33)	A2 / A A	2.68 2.54
369550BE7	General Dynamics Corp Note 3% Due 5/11/2021	410,000.00	05/08/2018 3.24 %	407,150.50 407,283.10	99.68 3.12 %	408,682.67 1,708.33	0.72 % 1,399.57	A2 / A+ NR	2.87 2.71
857477AV5	State Street Bank Note 1.95% Due 5/19/2021	440,000.00	05/16/2016 1.96 %	439,771.20 439,868.06	96.88 3.09 %	426,263.64 1,001.00	0.75 % (13,604.42)	A1 / A AA-	2.89 2.77
594918BP8	Microsoft Callable Note Cont 7/8/21 1.55% Due 8/8/2021	590,000.00	Various 1.57 %	589,298.90 589,564.60	95.89 2.94 %	565,755.13 3,632.60	1.00 % (23,809.47)	Aaa / AAA AA+	3.11 2.98
68389XBK0	Oracle Corp Callable Note Cont 8/01/21 1.9% Due 9/15/2021	804,000.00	11/29/2016 2.40 %	785,998.44 791,930.30	95.24 3.48 %	765,744.88 4,497.93	1.35 % (26,185.42)	A1 / AA- A+	3.21 3.05
89236TDP7	Toyota Motor Credit Corp Note 2.6% Due 1/11/2022	450,000.00	05/16/2018 3.34 %	438,612.75 438,988.34	97.95 3.22 %	440,781.75 5,525.00	0.78 % 1,793.41	Aa3 / AA- A	3.54 3.30
91159HHP8	US Bancorp Callable Cont 12/23/2021 2.625% Due 1/24/2022	390,000.00	01/19/2017 2.66 %	389,329.20 389,521.33	97.84 3.27 %	381,580.29 4,464.69	0.68 % (7,941.04)	A1 / A+ AA-	3.57 3.33
674599CK9	Occidental Petroleum Callable Note Cont 3/15/2022 2.6% Due 4/15/2022	700,000.00	06/18/2018 3.27 %	683,298.00 683,429.70	97.77 3.23 %	684,379.50 3,842.22	1.20 % 949.80	A3 / A A	3.79 3.56
69353RFE3	PNC Bank Callable Note Cont 6/28/2022 2.45% Due 7/28/2022	890,000.00	07/25/2017 2.45 %	889,919.90 889,934.73	96.53 3.37 %	859,074.28 9,267.13	1.52 % (30,860.45)	A2 / A A+	4.08 3.80
44932HAC7	IBM Credit Corp Note 2.2% Due 9/8/2022	700,000.00	11/29/2017 2.58 %	688,156.00 689,597.41	95.67 3.31 %	669,713.80 4,833.89	1.18 % (19,883.61)	A1 / A+ A+	4.19 3.93
48128BAB7	JP Morgan Chase & Co Callable Note 1X 1/15/2022 2.972% Due 1/15/2023	625,000.00	02/09/2018 3.19 %	618,968.75 619,431.92	97.40 3.60 %	608,725.00 8,565.14	1.08 % (10,706.92)	A3 / A- AA-	4.55 4.14
24422ETG4	John Deere Capital Corp Note 2.8% Due 3/6/2023	450,000.00	06/13/2018 3.44 %	437,485.50 437,601.58	97.57 3.36 %	439,085.25 4,025.00	0.77 % 1,483.67	A2 / A A	4.68 4.31
Total US Corporate		**17,074,000.00**	**2.32 %**	**17,007,900.94** **17,011,704.05**	**3.01 %**	**16,769,573.68** **111,772.05**	**29.52 %** **(242,130.37)**	**A1 / A+** **A+**	**2.29** **2.15**
US TREASURY									
912828VF4	US Treasury Note 1.375% Due 5/31/2020	650,000.00	Various 1.63 %	642,866.47 647,006.63	97.84 2.54 %	635,958.70 757.01	1.11 % (11,047.93)	Aaa / AA+ AAA	1.92 1.87
912828L32	US Treasury Note 1.375% Due 8/31/2020	1,250,000.00	09/29/2015 1.37 %	1,250,394.81 1,250,174.01	97.52 2.56 %	1,218,945.00 5,744.74	2.14 % (31,229.01)	Aaa / AA+ AAA	2.17 2.11

Holdings Report

As of 6/30/18

ATTACHMENT A

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
US TREASURY									
912828L99	US Treasury Note 1.375% Due 10/31/2020	800,000.00	11/23/2015 1.71 %	787,471.43 794,072.73	97.28 2.58 %	778,249.60 1,853.26	1.36 % (15,823.13)	Aaa / AA+ AAA	2.34 2.27
912828N89	US Treasury Note 1.375% Due 1/31/2021	1,300,000.00	03/09/2016 1.40 %	1,298,734.82 1,299,330.95	96.95 2.60 %	1,260,339.60 7,456.15	2.22 % (38,991.35)	Aaa / AA+ AAA	2.59 2.50
912828B90	US Treasury Note 2% Due 2/28/2021	1,250,000.00	04/26/2016 1.40 %	1,285,111.61 1,269,334.24	98.44 2.61 %	1,230,517.50 8,355.98	2.17 % (38,816.74)	Aaa / AA+ AAA	2.67 2.56
912828Q37	US Treasury Note 1.25% Due 3/31/2021	800,000.00	12/13/2016 1.81 %	781,471.43 788,136.04	96.41 2.61 %	771,312.80 2,513.66	1.35 % (16,823.24)	Aaa / AA+ AAA	2.75 2.67
912828T34	US Treasury Note 1.125% Due 9/30/2021	1,300,000.00	11/09/2016 1.48 %	1,278,016.07 1,285,380.99	95.28 2.65 %	1,238,604.90 3,676.23	2.17 % (46,776.09)	Aaa / AA+ AAA	3.25 3.15
912828F96	US Treasury Note 2% Due 10/31/2021	1,025,000.00	01/27/2017 1.94 %	1,027,686.05 1,026,885.65	97.91 2.66 %	1,003,538.55 3,453.80	1.76 % (23,347.10)	Aaa / AA+ AAA	3.34 3.19
912828J43	US Treasury Note 1.75% Due 2/28/2022	1,360,000.00	03/13/2017 2.14 %	1,335,407.68 1,341,830.74	96.76 2.68 %	1,315,959.12 7,954.89	2.31 % (25,871.62)	Aaa / AA+ AAA	3.67 3.50
912828XG0	US Treasury Note 2.125% Due 6/30/2022	1,100,000.00	08/15/2017 1.82 %	1,115,601.34 1,112,811.00	97.84 2.70 %	1,076,237.80 63.52	1.88 % (36,573.20)	Aaa / AA+ AAA	4.00 3.80
912828L24	US Treasury Note 1.875% Due 8/31/2022	1,000,000.00	09/26/2017 1.87 %	1,000,433.04 1,000,366.36	96.74 2.71 %	967,383.00 6,266.98	1.70 % (32,983.36)	Aaa / AA+ AAA	4.17 3.95
912828L57	US Treasury Note 1.75% Due 9/30/2022	1,240,000.00	10/17/2017 1.99 %	1,226,243.75 1,228,191.54	96.18 2.71 %	1,192,676.64 5,454.64	2.09 % (35,514.90)	Aaa / AA+ AAA	4.25 4.04
912828N30	US Treasury Note 2.125% Due 12/31/2022	1,150,000.00	01/25/2018 2.46 %	1,132,121.09 1,133,670.60	97.49 2.72 %	1,121,115.45 66.41	1.96 % (12,555.15)	Aaa / AA+ AAA	4.51 4.25
Total US Treasury		**14,225,000.00**	**1.77 %**	**14,161,559.59** **14,177,191.48**	**2.64 %**	**13,810,838.66** **53,617.27**	**24.24 %** **(366,352.82)**	**Aaa / AA+** **AAA**	**3.26** **3.12**
TOTAL PORTFOLIO		**58,179,140.14**	**1.93 %**	**57,923,652.18** **57,977,946.00**	**2.71 %**	**56,888,233.42** **302,596.30**	**100.00 %** **(1,089,712.58)**	**Aa2 / AA** **AAA**	**2.60** **2.38**
TOTAL MARKET VALUE PLUS ACCRUED						**57,190,829.72**			

City of Brea
Account #120

Book Value Report

As of 6/30/2018 12:00:00 AM

ATTACHMENT A

MIG	Book Value	12 Months or less	13 to 24 Months	25 to 60 Months	Total Holdings
ABS	$3,379,578.54	$1,693,960.29	$873,379.67	$812,238.58	$3,379,578.54
Agency	$15,886,254.23	$0.00	$3,528,627.19	$12,357,627.04	$15,886,254.23
Money Market Fund FI	$37,605.01	$37,605.01	$0.00	$0.00	$37,605.01
Negotiable CD	$2,499,999.93	$2,499,999.93	$0.00	$0.00	$2,499,999.93
Supranational	$4,985,612.76	$1,459,782.20	$1,063,473.47	$2,462,357.09	$4,985,612.76
US Corporate	$17,011,704.05	$4,627,432.80	$2,981,346.67	$9,402,924.58	$17,011,704.05
US Treasury	$14,177,191.48	$0.00	$647,006.63	$13,530,184.85	$14,177,191.48
Total	$57,977,946.00	$10,318,780.23	$9,093,833.63	$38,565,332.14	$57,977,946.00

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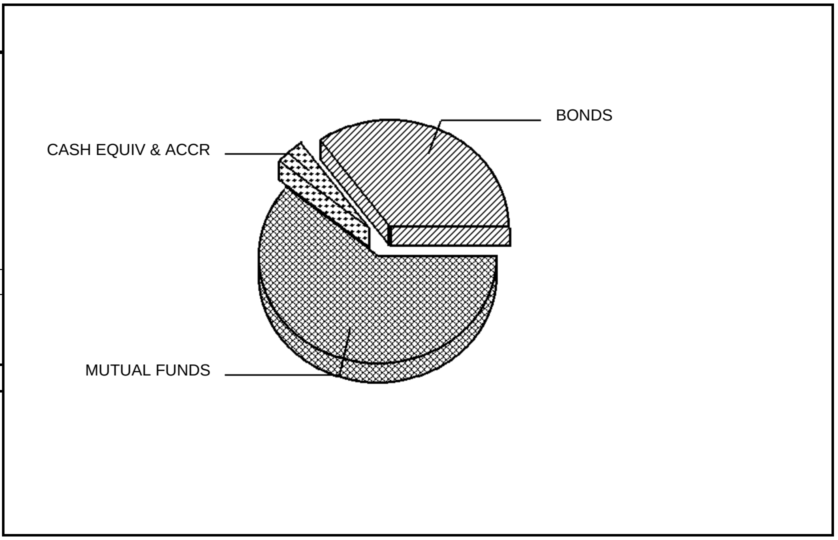
PARS/CITY OF BREA 115P
ACCOUNT 6746050800

ASSET SUMMARY

ASSETS	06/30/2018 MARKET	06/30/2018 BOOK VALUE	% OF MARKET
Cash And Equivalents	227,992.59	227,992.59	3.11
Corporate Issues	2,547,954.25	2,732,139.25	34.78
Mutual Funds-Equity	4,474,813.10	3,717,400.91	61.09
Mutual Funds-Fixed Income	46,862.60	47,688.00	0.64
Total Assets	**7,297,622.54**	**6,725,220.75**	**99.62**
Accrued Income	27,626.53	27,626.53	0.38
Grand Total	**7,325,249.07**	**6,752,847.28**	**100.00**

Estimated Annual Income **165,637.64**



ASSET DETAIL

DESCRIPTION	SHARES/ FACE AMOUNT	MARKET PRICE/UNIT	BOOK VALUE	UNREALIZED GAIN (LOSS) SINCE INCEPTION/ CURRENT PERIOD	ENDING ACCRUAL	YIELD ON MARKET
Cash And Equivalents						
Money Markets						
First Am Govt Ob Fd Cl Z 31846V567 Asset Minor Code 1	227,886.480	227,886.48 1.0000	227,886.48	.00 .00	304.72	1.78
Total Money Markets	**227,886.480**	**227,886.48**	**227,886.48**	**.00** **.00**	**304.72**	**1.78**
Cash						
Cash		106.11	106.11			
Total Cash	**.000**	**106.11**	**106.11**	**.00** **.00**	**.00**	**0.00**
Total Cash And Equivalents	**227,886.480**	**227,992.59**	**227,992.59**	**.00** **.00**	**304.72**	**1.78**
Corporate Issues						
Apple Inc 2.850% 2/23/23 Standard & Poors Rating: AA+ Moodys Rating: Aa1 037833BU3 Asset Minor Code 28	150,000.000	147,660.00 98.4400	158,403.00	- 10,743.00 - 867.00	1,520.00	2.90
Bank Ny Mellon Mtn 5.450% 5/15/19 Standard & Poors Rating: A Moodys Rating: A1 06406HBM0 Asset Minor Code 28	200,000.000	204,634.00 102.3170	223,052.00	- 18,418.00 - 680.00	1,392.78	5.33

ASSET DETAIL (continued)

DESCRIPTION	SHARES/ FACE AMOUNT	MARKET PRICE/UNIT	BOOK VALUE	UNREALIZED GAIN (LOSS) SINCE INCEPTION/ CURRENT PERIOD	ENDING ACCRUAL	YIELD ON MARKET
Cisco Systems Inc 2.900% 3/04/21 Standard & Poors Rating: AA- Moodys Rating: A1 17275RAP7 Asset Minor Code 28	200,000.000	199,360.00 99.6800	207,884.00	- 8,524.00 - 910.00	1,885.00	2.91
Gen Elec Cap Crp Mtn 6.000% 8/07/19 Standard & Poors Rating: A Moodys Rating: A2 36962G4D3 Asset Minor Code 28	175,000.000	180,939.50 103.3940	200,947.25	- 20,007.75 - 740.25	4,200.00	5.80
Gen Elec Cap Crp Mtn 5.500% 1/08/20 Standard & Poors Rating: A Moodys Rating: A2 36962G4J0 Asset Minor Code 28	200,000.000	207,310.00 103.6550	228,930.00	- 21,620.00 - 632.00	5,286.11	5.31
General Elec Cap Mtn 3.100% 1/09/23 Standard & Poors Rating: A Moodys Rating: A2 36962G6S8 Asset Minor Code 28	100,000.000	97,763.00 97.7630	106,031.00	- 8,268.00 - 862.00	1,481.11	3.17
Intercontinental 3.750% 12/01/25 Standard & Poors Rating: A Moodys Rating: A2 45866FAD6 Asset Minor Code 28	100,000.000	99,609.00 99.6090	104,231.00	- 4,622.00 - 434.00	312.50	3.76
Jp Morgan Chase Co 2.700% 5/18/23 Standard & Poors Rating: A- Moodys Rating: A3 46625HRL6 Asset Minor Code 28	75,000.000	72,000.00 96.0000	74,970.75	- 2,970.75 - 27.75	241.88	2.81
Kimberly Clark Corp 2.750% 2/15/26 Standard & Poors Rating: A Moodys Rating: A2 494368BU6 Asset Minor Code 28	100,000.000	93,994.00 93.9940	103,111.00	- 9,117.00 - 517.00	1,038.89	2.93

ASSET DETAIL (continued)

DESCRIPTION	SHARES/ FACE AMOUNT	MARKET PRICE/UNIT	BOOK VALUE	UNREALIZED GAIN (LOSS) SINCE INCEPTION/ CURRENT PERIOD	ENDING ACCRUAL	YIELD ON MARKET
Medtronic Inc 3.125% 3/15/22 Standard & Poors Rating: A Moodys Rating: A3 585055AX4 Asset Minor Code 28	200,000.000	198,488.00 99.2440	208,046.00	- 9,558.00 - 1,092.00	1,840.28	3.15
Mondelez Int 4.000% 2/01/24 Standard & Poors Rating: BBB Moodys Rating: Baa1 609207AB1 Asset Minor Code 28	100,000.000	100,850.00 100.8500	109,303.00	- 8,453.00 - 631.00	1,666.67	3.97
Nike Inc 2.375% 11/01/26 Standard & Poors Rating: AA- Moodys Rating: A1 654106AF0 Asset Minor Code 28	100,000.000	91,024.00 91.0240	94,613.00	- 3,589.00 - 1,251.00	395.83	2.61
Pepsico Inc 2.750% 4/30/25 Standard & Poors Rating: A+ Moodys Rating: A1 713448CT3 Asset Minor Code 28	75,000.000	71,634.75 95.5130	73,932.75	- 2,298.00 13.50	349.48	2.88
Suntrust Banks Inc 2.700% 1/27/22 Standard & Poors Rating: BBB+ Moodys Rating: Baa1 867914BM4 Asset Minor Code 28	75,000.000	73,074.00 97.4320	75,130.50	- 2,056.50 - 275.25	866.25	2.77
Verizon 5.150% 9/15/23 Standard & Poors Rating: BBB+ Moodys Rating: Baa1 92343VBR4 Asset Minor Code 28	200,000.000	212,700.00 106.3500	230,048.00	- 17,348.00 - 2,372.00	3,032.78	4.84
Visa Inc 2.200% 12/14/20 Standard & Poors Rating: A+ Moodys Rating: A1 92826CAB8 Asset Minor Code 28	200,000.000	196,752.00 98.3760	204,764.00	- 8,012.00 - 202.00	207.78	2.24

ASSET DETAIL (continued)

DESCRIPTION	SHARES/ FACE AMOUNT	MARKET PRICE/UNIT	BOOK VALUE	UNREALIZED GAIN (LOSS) SINCE INCEPTION/ CURRENT PERIOD	ENDING ACCRUAL	YIELD ON MARKET
Wells Fargo Mtn 3.300% 9/09/24 Standard & Poors Rating: A- Moodys Rating: A2 94974BGA2 Asset Minor Code 28	100,000.000	96,608.00 96.6080	103,890.00	- 7,282.00 - 165.00	1,026.67	3.42
Xto Energy Inc 6.500% 12/15/18 Standard & Poors Rating: AA+ Moodys Rating: Aaa 98385XAT3 Asset Minor Code 28	200,000.000	203,554.00 101.7770	224,852.00	- 21,298.00 - 1,102.00	577.78	6.39
Total Corporate Issues	**2,550,000.000**	**2,547,954.25**	**2,732,139.25**	**- 184,185.00** **- 12,746.75**	**27,321.79**	**3.99**

Mutual Funds

Mutual Funds-Equity

DESCRIPTION	SHARES/ FACE AMOUNT	MARKET PRICE/UNIT	BOOK VALUE	UNREALIZED GAIN (LOSS) SINCE INCEPTION/ CURRENT PERIOD	ENDING ACCRUAL	YIELD ON MARKET
Columbia Contrarian Core Fd Instl 19765P406 Asset Minor Code 98	13,535.615	347,459.24 25.6700	286,152.52	61,306.72 2,030.35	.00	0.95
Dodge & Cox International Stock Fund 256206103 Asset Minor Code 98	4,615.785	198,524.91 43.0100	167,877.56	30,647.35 - 3,554.16	.00	2.07
Dodge & Cox Stock Fund 256219106 Asset Minor Code 98	2,701.963	545,418.25 201.8600	472,318.55	73,099.70 6,133.45	.00	1.66
Harbor Capital Appreciaton Cl R 411512528 Asset Minor Code 98	2,729.205	210,257.95 77.0400	159,285.03	50,972.92 272.92	.00	0.21
Hartford Schroders Emerging Markets 41665H797 Asset Minor Code 98	18,961.686	296,560.77 15.6400	221,817.29	74,743.48 - 9,860.08	.00	0.98

ASSET DETAIL (continued)

DESCRIPTION	SHARES/ FACE AMOUNT	MARKET PRICE/UNIT	BOOK VALUE	UNREALIZED GAIN (LOSS) SINCE INCEPTION/ CURRENT PERIOD	ENDING ACCRUAL	YIELD ON MARKET
Ishares Russell Mid Cap Etf 464287499 Asset Minor Code 94	1,572.000	333,484.08 212.1400	267,586.34	65,897.74 2,185.08	.00	1.58
Mfs International Growth R6 552746356 Asset Minor Code 98	6,370.010	217,599.54 34.1600	168,325.23	49,274.31 - 637.00	.00	1.03
Nationwide Bailard Intl Equities R6 63868B815 Asset Minor Code 98	36,785.346	307,893.35 8.3700	274,455.74	33,437.61 - 13,610.57	.00	2.37
Price T Rowe Growth Stk Fd Inc 741479406 Asset Minor Code 98	3,023.988	208,564.45 68.9700	158,814.82	49,749.63 2,661.11	.00	0.38
T Rowe Price New Horizons Fund I 779562206 Asset Minor Code 98	5,800.152	351,257.21 60.5600	252,158.88	99,098.33 10,440.28	.00	0.00
Undiscovered Managers Behavioral 904504842 Asset Minor Code 98	6,078.062	440,355.59 72.4500	383,498.40	56,857.19 3,403.71	.00	1.05
Vanguard Growth & Income Adm Shs#593 921913208 Asset Minor Code 98	11,261.336	887,280.66 78.7900	775,301.76	111,978.90 - 3,153.18	.00	1.50
Vanguard Real Estate Etf 922908553 Asset Minor Code 94	1,598.000	130,157.10 81.4500	129,808.79	348.31 4,090.88	.00	4.37
Total Mutual Funds-Equity	**115,033.148**	**4,474,813.10**	**3,717,400.91**	**757,412.19** **402.79**	**.00**	**1.32**
Mutual Funds-Fixed Income						
Vanguard Short Term Invt Grade #539 922031836 Asset Minor Code 99	4,480.172	46,862.60 10.4600	47,688.00	- 825.40 - 89.60	.02	2.33

ASSET DETAIL (continued)

DESCRIPTION	SHARES/ FACE AMOUNT	MARKET PRICE/UNIT	BOOK VALUE	UNREALIZED GAIN (LOSS) SINCE INCEPTION/ CURRENT PERIOD	ENDING ACCRUAL	YIELD ON MARKET
Total Mutual Funds-Fixed Income	**4,480.172**	**46,862.60**	**47,688.00**	**- 825.40** **- 89.60**	**.02**	**2.33**
Total Mutual Funds	**119,513.320**	**4,521,675.70**	**3,765,088.91**	**756,586.79** **313.19**	**.02**	**1.33**
Total Assets	**2,897,399.800**	**7,297,622.54**	**6,725,220.75**	**572,401.79** **- 12,433.56**	**27,626.53**	**2.27**
Accrued Income	**.000**	**27,626.53**	**27,626.53**			
Grand Total	**2,897,399.800**	**7,325,249.07**	**6,752,847.28**			

ASSET DETAIL MESSAGES

Time of trade execution and trading party (if not disclosed) will be provided upon request.

Publicly traded assets are valued in accordance with market quotations or valuation methodologies from financial industry services believed by us to be reliable. Assets that are not publicly traded may be reflected at values from other external sources. Assets for which a current value is not available may be reflected at a previous value or as not valued, at par value, or at a nominal value. Values shown do not necessarily reflect prices at which assets could be bought or sold. Values are updated based on internal policy and may be updated less frequently than statement generation.

For further information, please contact your account manager or relationship manager.

Brea 05 CFD 97-1 Spec Tax Reserve Fund
Account #10103

Portfolio Summary

As of 6/30/2018

PORTFOLIO CHARACTERISTICS

Average Duration	2.73
Average Coupon	1.67 %
Average Purchase YTM	1.74 %
Average Market YTM	2.62 %
Average S&P/Moody Rating	AA+/Aaa
Average Final Maturity	2.85 yrs
Average Life	2.85 yrs

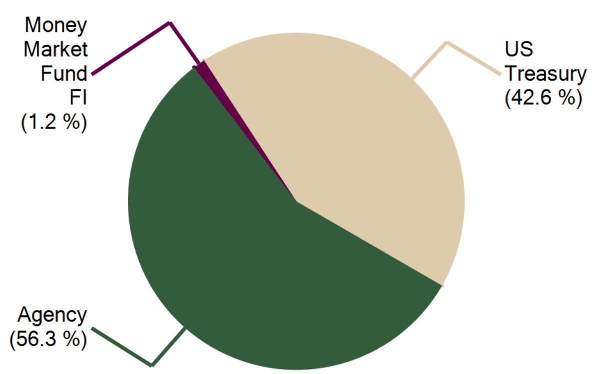
ACCOUNT SUMMARY

	Beg. Values as of 5/31/18	End Values as of 6/30/18
Market Value	447,288	446,894
Accrued Interest	1,546	1,975
Total Market Value	448,834	448,869
Income Earned	642	651
Cont/WD		0
Par	457,538	458,175
Book Value	457,215	457,201
Cost Value	456,638	456,623

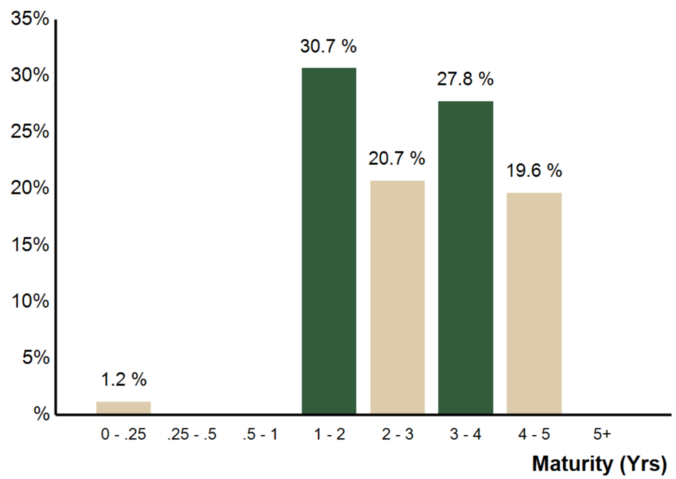
TOP ISSUERS

Issuer	% Portfolio
Government of United States	42.6 %
Federal National Mortgage Assoc	31.1 %
Federal Home Loan Bank	16.4 %
Federal Home Loan Mortgage Corp	8.8 %
AIM STIT-Treasury Portfolio	1.2 %
	100.0 %

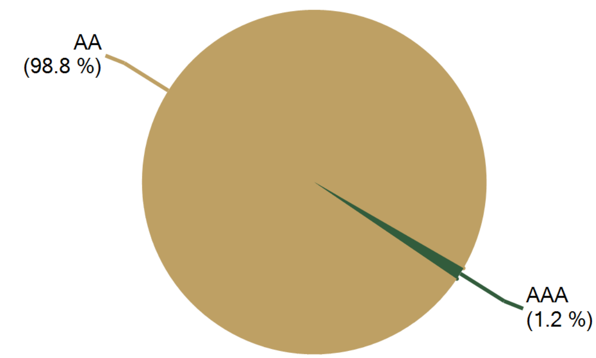
SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY (S&P)



PERFORMANCE REVIEW

Total Rate of Return As of 6/30/2018	Current Month	Latest 3 Months	Year To Date	1 Yr	Annualized 3 Yrs	5 Yrs	10 Yrs	11/30/2009	Since 11/30/2009
Brea 05 CFD 97-1 Spec Tax Reserve Fund	0.01 %	0.15 %	-0.36 %	-0.53 %	0.74 %	1.21 %	N/A	1.82 %	16.77 %
ICE BAML 3-Month US Treasury Bill Index	0.17 %	0.45 %	0.81 %	1.36 %	0.68 %	0.42 %	N/A	0.29 %	2.52 %

Brea 05 CDF 97-1 Spec Tax reserve Fund
Account #10103

Reconciliation Summary

As of 6/30/2018

ATTACHMENT A

BOOK VALUE RECONCILIATION		
Beginning Book Value		**$457,214.72**
Acquisition		
+ Security Purchases	$29,319.90	
+ Money Market Fund Purchases	$357.80	
+ Money Market Contributions	$0.00	
+ Security Contributions	$0.00	
+ Security Transfers	$0.00	
Total Acquisitions		$29,677.70
Dispositions		
- Security Sales	$26,757.54	
- Money Market Fund Sales	$2,720.67	
- MMF Withdrawals	$0.00	
- Security Withdrawals	$0.00	
- Security Transfers	$0.00	
- Other Dispositions	$0.00	
- Maturites	$0.00	
- Calls	$0.00	
- Principal Paydowns	$0.00	
Total Dispositions		$29,478.21
Amortization/Accretion		
+/- Net Accretion	$22.18	
		$22.18
Gain/Loss on Dispositions		
+/- Realized Gain/Loss	($235.41)	
		($235.41)
Ending Book Value		**$457,200.98**

CASH TRANSACTION SUMMARY		
BEGINNING BALANCE		**$7,538.05**
Acquisition		
Contributions	$0.00	
Security Sale Proceeds	$26,757.54	
Accrued Interest Received	$120.75	
Interest Received	$350.00	
Dividend Received	$7.80	
Principal on Maturities	$0.00	
Interest on Maturities	$0.00	
Calls/Redemption (Principal)	$0.00	
Interest from Calls/Redemption	$0.00	
Principal Paydown	$0.00	
Total Acquisitions	$27,236.09	
Disposition		
Withdrawals	$0.00	
Security Purchase	$29,319.90	
Accrued Interest Paid	$279.06	
Total Dispositions	$29,598.96	
Ending Book Value		**$5,175.18**

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
AGENCY									
3137EADM8	FHLMC Note 1.25% Due 10/2/2019	40,000.00	03/25/2015 1.40 %	39,735.60 39,926.65	98.48 2.49 %	39,392.24 123.61	8.80 % (534.41)	Aaa / AA+ AAA	1.26 1.23
313383HU8	FHLB Note 1.75% Due 6/12/2020	40,000.00	06/26/2015 1.87 %	39,779.20 39,913.14	98.37 2.61 %	39,349.08 36.94	8.77 % (564.06)	Aaa / AA+ NR	1.95 1.90
3130A7CV5	FHLB Note 1.375% Due 2/18/2021	35,000.00	03/11/2016 1.64 %	34,566.00 34,768.07	96.80 2.64 %	33,881.26 177.80	7.59 % (886.81)	Aaa / AA+ AAA	2.64 2.55
3135G0Q89	FNMA Note 1.375% Due 10/7/2021	43,000.00	10/27/2016 1.50 %	42,738.13 42,826.77	95.86 2.71 %	41,217.65 137.96	9.21 % (1,609.12)	Aaa / AA+ AAA	3.27 3.15
3135G0S38	FNMA Note 2% Due 1/5/2022	40,000.00	04/24/2017 1.92 %	40,142.40 40,106.61	97.47 2.76 %	38,987.76 391.11	8.77 % (1,118.85)	Aaa / AA+ AAA	3.52 3.33
3135G0T78	FNMA Note 2% Due 10/5/2022	30,000.00	01/09/2018 2.36 %	29,518.50 29,566.40	96.77 2.81 %	29,032.14 143.33	6.50 % (534.26)	Aaa / AA+ AAA	4.27 4.03
3135G0T94	FNMA Note 2.375% Due 1/19/2023	30,000.00	06/13/2018 2.91 %	29,319.90 29,326.78	98.19 2.80 %	29,457.69 312.71	6.63 % 130.91	Aaa / AA+ AAA	4.56 4.24
Total Agency		**258,000.00**	**1.89 %**	**255,799.73** **256,434.42**	**2.68 %**	**251,317.82** **1,323.46**	**56.28 %** **(5,116.60)**	**Aaa / AA+** **AAA**	**2.97** **2.83**
MONEY MARKET FUND FI									
825252109	Invesco Treasury MMFD Private Class	5,175.18	Various 0.60 %	5,175.18 5,175.18	1.00 0.60 %	5,175.18 0.00	1.15 % 0.00	Aaa / AAA AAA	0.00 0.00
Total Money Market Fund FI		**5,175.18**	**0.60 %**	**5,175.18** **5,175.18**	**0.60 %**	**5,175.18** **0.00**	**1.15 %** **0.00**	**Aaa / AAA** **AAA**	**0.00** **0.00**
US TREASURY									
912828UQ1	US Treasury Note 1.25% Due 2/29/2020	30,000.00	Various 1.46 %	29,709.47 29,900.17	97.95 2.51 %	29,385.94 125.34	6.57 % (514.23)	Aaa / AA+ AAA	1.67 1.63
912828UV0	US Treasury Note 1.125% Due 3/31/2020	30,000.00	05/07/2015 1.57 %	29,379.01 29,778.19	97.63 2.52 %	29,287.50 84.84	6.54 % (490.69)	Aaa / AA+ AAA	1.75 1.71
912828WC0	US Treasury Note 1.75% Due 10/31/2020	30,000.00	11/04/2015 1.63 %	30,166.51 30,077.95	98.13 2.58 %	29,438.67 88.45	6.58 % (639.28)	Aaa / AA+ AAA	2.34 2.26
912828WN6	US Treasury Note 2% Due 5/31/2021	30,000.00	07/11/2016 1.01 %	31,406.35 30,839.55	98.27 2.62 %	29,480.85 50.82	6.58 % (1,358.70)	Aaa / AA+ AAA	2.92 2.81
912828G53	US Treasury Note 1.875% Due 11/30/2021	35,000.00	01/18/2017 1.89 %	34,974.14 34,981.83	97.46 2.66 %	34,109.95 55.58	7.61 % (871.88)	Aaa / AA+ AAA	3.42 3.28
912828J43	US Treasury Note 1.75% Due 2/28/2022	10,000.00	04/24/2017 1.84 %	9,960.58 9,970.18	96.76 2.68 %	9,676.17 58.49	2.17 % (294.01)	Aaa / AA+ AAA	3.67 3.50

Holdings Report

As of 6/30/18

ATTACHMENT A

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
US TREASURY									
912828L24	US Treasury Note 1.875% Due 8/31/2022	30,000.00	09/18/2017 1.84 %	30,051.66 30,043.51	96.74 2.71 %	29,021.49 188.01	6.51 % (1,022.02)	Aaa / AA+ AAA	4.17 3.95
Total US Treasury		**195,000.00**	**1.59 %**	**195,647.72 195,591.38**	**2.60 %**	**190,400.57 651.53**	**42.56 % (5,190.81)**	**Aaa / AA+ AAA**	**2.78 2.67**
TOTAL PORTFOLIO		**458,175.18**	**1.74 %**	**456,622.63 457,200.98**	**2.62 %**	**446,893.57 1,974.99**	**100.00 % (10,307.41)**	**Aaa / AA+ AAA**	**2.85 2.73**
TOTAL MARKET VALUE PLUS ACCRUED						**448,868.56**			

Portfolio Summary

As of 6/30/2018

ATTACHMENT A

PORTFOLIO CHARACTERISTICS

Average Duration	2.65
Average Coupon	1.84 %
Average Purchase YTM	1.45 %
Average Market YTM	2.57 %
Average S&P/Moody Rating	AA+/Aaa
Average Final Maturity	2.77 yrs
Average Life	2.77 yrs

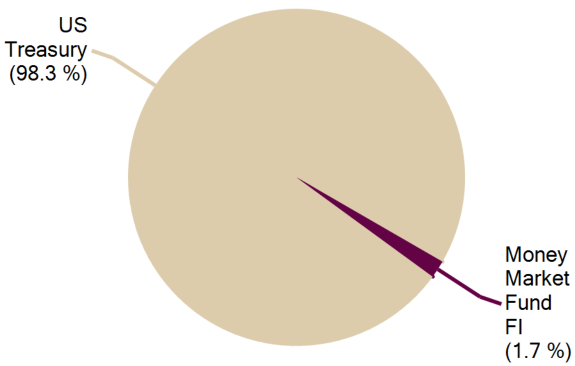
ACCOUNT SUMMARY

	Beg. Values as of 5/31/18	End Values as of 6/30/18
Market Value	1,877,612	1,877,107
Accrued Interest	6,375	7,975
Total Market Value	**1,883,987**	**1,885,082**
Income Earned	2,160	2,325
Cont/WD		0
Par	1,908,094	1,911,904
Book Value	1,928,759	1,929,483
Cost Value	1,941,216	1,942,545

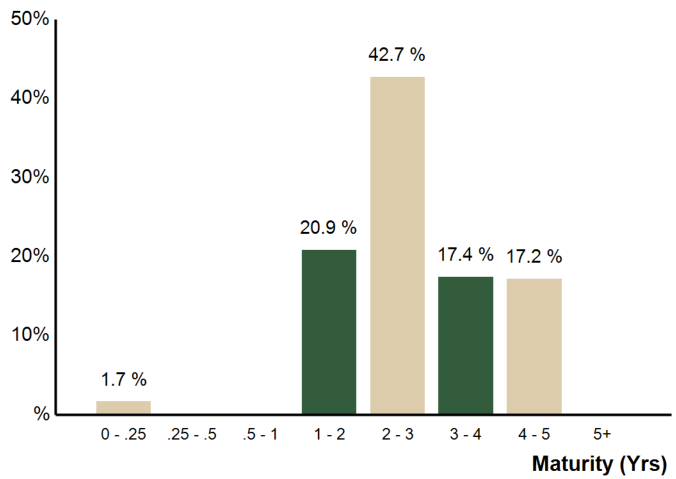
TOP ISSUERS

Issuer	% Portfolio
Government of United States	98.3 %
AIM STIT-Treasury Portfolio	1.7 %
	100.0 %

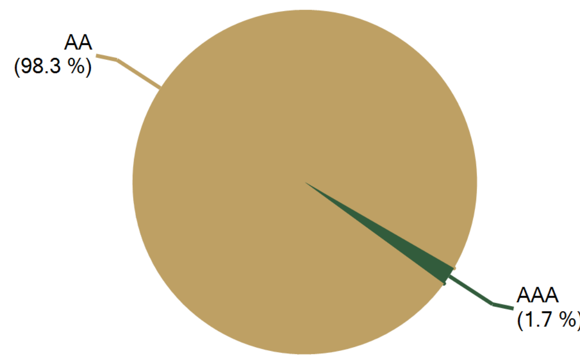
SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY (S&P)



PERFORMANCE REVIEW

Total Rate of Return As of 6/30/2018	Current Month	Latest 3 Months	Year To Date	1 Yr	Annualized 3 Yrs	5 Yrs	10 Yrs	6/30/2009	Since 6/30/2009
Brea 2009 Water Revenue Bond Reserve Fund	0.06 %	0.17 %	-0.31 %	-0.49 %	0.61 %	1.15 %	N/A	2.13 %	20.87 %
ICE BAML 3-Month US Treasury Bill Index	0.17 %	0.45 %	0.81 %	1.36 %	0.68 %	0.42 %	N/A	0.29 %	2.62 %

Reconciliation Summary

As of 6/30/2018

ATTACHMENT A

BOOK VALUE RECONCILIATION

Beginning Book Value		**$1,928,758.82**
Acquisition		
+ Security Purchases	$162,518.55	
+ Money Market Fund Purchases	$2,173.85	
+ Money Market Contributions	$0.00	
+ Security Contributions	$0.00	
+ Security Transfers	$0.00	
Total Acquisitions		$164,692.40
Dispositions		
- Security Sales	$0.00	
- Money Market Fund Sales	$163,363.84	
- MMF Withdrawals	$0.00	
- Security Withdrawals	$0.00	
- Security Transfers	$0.00	
- Other Dispositions	$0.00	
- Maturites	$0.00	
- Calls	$0.00	
- Principal Paydowns	$0.00	
Total Dispositions		$163,363.84
Amortization/Accretion		
+/- Net Accretion	($604.21)	
		($604.21)
Gain/Loss on Dispositions		
+/- Realized Gain/Loss	$0.00	
		$0.00
Ending Book Value		**$1,929,483.17**

CASH TRANSACTION SUMMARY

BEGINNING BALANCE		**$193,094.06**
Acquisition		
Contributions	$0.00	
Security Sale Proceeds	$0.00	
Accrued Interest Received	$0.00	
Interest Received	$1,959.38	
Dividend Received	$214.47	
Principal on Maturities	$0.00	
Interest on Maturities	$0.00	
Calls/Redemption (Principal)	$0.00	
Interest from Calls/Redemption	$0.00	
Principal Paydown	$0.00	
Total Acquisitions	$2,173.85	
Disposition		
Withdrawals	$0.00	
Security Purchase	$162,518.55	
Accrued Interest Paid	$845.29	
Total Dispositions	$163,363.84	
Ending Book Value		**$31,904.07**

Holdings Report

As of 6/30/18

ATTACHMENT A

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
MONEY MARKET FUND FI									
825252109	Invesco Treasury MMFD Private Class	31,904.07	Various 0.60 %	31,904.07 31,904.07	1.00 0.60 %	31,904.07 0.00	1.69 % 0.00	Aaa / AAA AAA	0.00 0.00
Total Money Market Fund FI		**31,904.07**	**0.60 %**	**31,904.07 31,904.07**	**0.60 %**	**31,904.07 0.00**	**1.69 % 0.00**	**Aaa / AAA AAA**	**0.00 0.00**
US TREASURY									
912828G61	US Treasury Note 1.5% Due 11/30/2019	165,000.00	08/24/2016 0.92 %	168,081.41 166,336.48	98.65 2.47 %	162,776.30 209.63	8.65 % (3,560.18)	Aaa / AA+ AAA	1.42 1.39
912828UQ1	US Treasury Note 1.25% Due 2/29/2020	135,000.00	Various 1.60 %	132,834.83 134,241.80	97.95 2.51 %	132,236.69 564.03	7.04 % (2,005.11)	Aaa / AA+ AAA	1.67 1.63
912828UV0	US Treasury Note 1.125% Due 3/31/2020	100,000.00	05/07/2015 1.57 %	97,930.02 99,260.64	97.63 2.52 %	97,625.00 282.79	5.19 % (1,635.64)	Aaa / AA+ AAA	1.75 1.71
912828XM7	US Treasury Note 1.625% Due 7/31/2020	165,000.00	08/24/2016 1.03 %	168,796.84 167,012.11	98.12 2.56 %	161,893.38 1,118.42	8.65 % (5,118.73)	Aaa / AA+ AAA	2.09 2.02
912828WC0	US Treasury Note 1.75% Due 10/31/2020	160,000.00	Various 1.46 %	161,991.55 161,056.78	98.13 2.58 %	157,006.24 471.74	8.35 % (4,050.54)	Aaa / AA+ AAA	2.34 2.26
912828A83	US Treasury Note 2.375% Due 12/31/2020	165,000.00	08/24/2016 1.08 %	174,062.66 170,212.88	99.48 2.59 %	164,142.83 10.65	8.71 % (6,070.05)	Aaa / AA+ AAA	2.51 2.41
912828B90	US Treasury Note 2% Due 2/28/2021	165,000.00	08/24/2016 1.10 %	171,516.76 168,847.58	98.44 2.61 %	162,428.31 1,102.99	8.68 % (6,419.27)	Aaa / AA+ AAA	2.67 2.56
912828WN6	US Treasury Note 2% Due 5/31/2021	160,000.00	Various 1.04 %	167,290.77 164,370.46	98.27 2.62 %	157,231.20 271.04	8.36 % (7,139.26)	Aaa / AA+ AAA	2.92 2.81
912828F21	US Treasury Note 2.125% Due 9/30/2021	170,000.00	10/27/2016 1.38 %	175,983.77 173,950.35	98.38 2.65 %	167,237.50 908.06	8.92 % (6,712.85)	Aaa / AA+ AAA	3.25 3.10
912828J43	US Treasury Note 1.75% Due 2/28/2022	165,000.00	04/24/2017 1.84 %	164,349.58 164,508.05	96.76 2.68 %	159,656.81 965.12	8.52 % (4,851.24)	Aaa / AA+ AAA	3.67 3.50
912828L24	US Treasury Note 1.875% Due 8/31/2022	165,000.00	09/18/2017 1.84 %	165,284.15 165,239.33	96.74 2.71 %	159,618.20 1,034.05	8.52 % (5,621.13)	Aaa / AA+ AAA	4.17 3.95
9128284D9	US Treasury Note 2.5% Due 3/31/2023	165,000.00	06/13/2018 2.84 %	162,518.55 162,542.64	99.00 2.73 %	163,350.00 1,036.89	8.72 % 807.36	Aaa / AA+ AAA	4.75 4.42
Total US Treasury		**1,880,000.00**	**1.46 %**	**1,910,640.89 1,897,579.10**	**2.61 %**	**1,845,202.46 7,975.41**	**98.31 % (52,376.64)**	**Aaa / AA+ AAA**	**2.82 2.70**
TOTAL PORTFOLIO		**1,911,904.07**	**1.45 %**	**1,942,544.96 1,929,483.17**	**2.57 %**	**1,877,106.53 7,975.41**	**100.00 % (52,376.64)**	**Aaa / AA+ AAA**	**2.77 2.65**
TOTAL MARKET VALUE PLUS ACCRUED						**1,885,081.94**			

Portfolio Summary

As of 6/30/2018

ATTACHMENT A

PORTFOLIO CHARACTERISTICS

Average Duration	2.84
Average Coupon	1.85 %
Average Purchase YTM	1.56 %
Average Market YTM	2.59 %
Average S&P/Moody Rating	AA+/Aaa
Average Final Maturity	2.98 yrs
Average Life	2.98 yrs

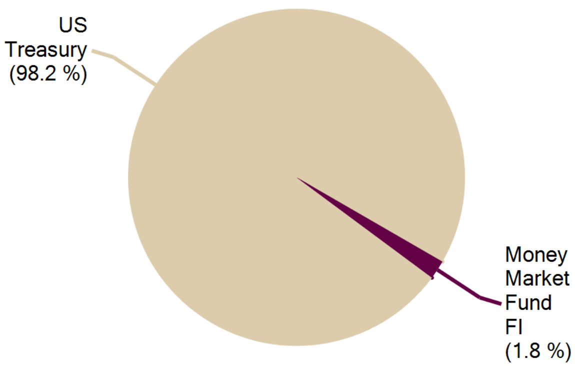
ACCOUNT SUMMARY

	Beg. Values as of 5/31/18	End Values as of 6/30/18
Market Value	1,323,601	1,324,024
Accrued Interest	5,523	5,460
Total Market Value	**1,329,124**	**1,329,485**
Income Earned	1,624	1,674
Cont/WD		0
Par	1,347,996	1,350,137
Book Value	1,360,608	1,359,707
Cost Value	1,368,681	1,366,945

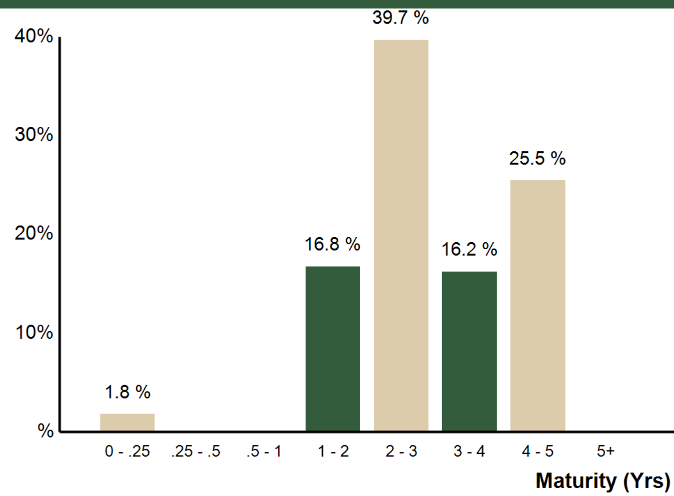
TOP ISSUERS

Issuer	% Portfolio
Government of United States	98.2 %
AIM STIT-Treasury Portfolio	1.8 %
	100.0 %

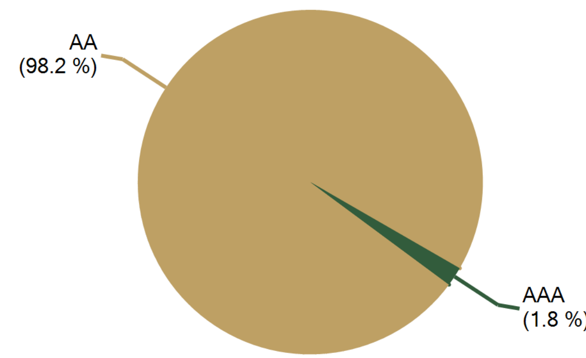
SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY (S&P)



PERFORMANCE REVIEW

Total Rate of Return As of 6/30/2018	Current Month	Latest 3 Months	Year To Date	1 Yr	Annualized 3 Yrs	Annualized 5 Yrs	Annualized 10 Yrs	Annualized 5/31/2010	Since 5/31/2010
Brea Water Revenue Bonds, Series B, Reserve Accoun	0.03 %	0.12 %	-0.40 %	-0.57 %	0.58 %	1.12 %	N/A	1.72 %	14.80 %
ICE BAML 3-Month US Treasury Bill Index	0.17 %	0.45 %	0.81 %	1.36 %	0.68 %	0.42 %	N/A	0.30 %	2.48 %

Brea Water Revenue Bonds, Series B, Reserve Account
Account #10128

Reconciliation Summary

As of 6/30/2018

ATTACHMENT A

BOOK VALUE RECONCILIATION		
Beginning Book Value		**$1,360,607.58**
Acquisition		
+ Security Purchases	$113,270.51	
+ Money Market Fund Purchases	$2,610.20	
+ Money Market Contributions	$0.00	
+ Security Contributions	$0.00	
+ Security Transfers	$0.00	
Total Acquisitions		$115,880.71
Dispositions		
- Security Sales	$113,324.41	
- Money Market Fund Sales	$469.26	
- MMF Withdrawals	$0.00	
- Security Withdrawals	$0.00	
- Security Transfers	$0.00	
- Other Dispositions	$0.00	
- Maturites	$0.00	
- Calls	$0.00	
- Principal Paydowns	$0.00	
Total Dispositions		$113,793.67
Amortization/Accretion		
+/- Net Accretion	($349.72)	
		($349.72)
Gain/Loss on Dispositions		
+/- Realized Gain/Loss	($2,637.71)	
		($2,637.71)
Ending Book Value		**$1,359,707.19**

CASH TRANSACTION SUMMARY		
BEGINNING BALANCE		**$21,995.74**
Acquisition		
Contributions	$0.00	
Security Sale Proceeds	$113,324.41	
Accrued Interest Received	$65.98	
Interest Received	$2,587.51	
Dividend Received	$22.69	
Principal on Maturities	$0.00	
Interest on Maturities	$0.00	
Calls/Redemption (Principal)	$0.00	
Interest from Calls/Redemption	$0.00	
Principal Paydown	$0.00	
Total Acquisitions	$116,000.59	
Disposition		
Withdrawals	$0.00	
Security Purchase	$113,270.51	
Accrued Interest Paid	$589.14	
Total Dispositions	$113,859.65	
Ending Book Value		**$24,136.68**

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
MONEY MARKET FUND FI									
825252109	Invesco Treasury MMFD Private Class	24,136.68	Various 0.60 %	24,136.68 24,136.68	1.00 0.60 %	24,136.68 0.00	1.82 % 0.00	Aaa / AAA AAA	0.00 0.00
Total Money Market Fund FI		**24,136.68**	**0.60 %**	**24,136.68 24,136.68**	**0.60 %**	**24,136.68 0.00**	**1.82 % 0.00**	**Aaa / AAA AAA**	**0.00 0.00**
US TREASURY									
912828UQ1	US Treasury Note 1.25% Due 2/29/2020	112,000.00	Various 1.40 %	111,138.03 111,724.36	97.95 2.51 %	109,707.48 467.94	8.29 % (2,016.88)	Aaa / AA+ AAA	1.67 1.63
912828UV0	US Treasury Note 1.125% Due 3/31/2020	115,000.00	Various 1.47 %	113,111.52 114,338.15	97.63 2.52 %	112,268.75 325.21	8.47 % (2,069.40)	Aaa / AA+ AAA	1.75 1.71
912828XM7	US Treasury Note 1.625% Due 7/31/2020	115,000.00	08/24/2016 1.03 %	117,646.28 116,402.38	98.12 2.56 %	112,834.78 779.51	8.55 % (3,567.60)	Aaa / AA+ AAA	2.09 2.02
912828WC0	US Treasury Note 1.75% Due 10/31/2020	88,000.00	11/04/2015 1.63 %	88,488.42 88,228.66	98.13 2.58 %	86,353.43 259.46	6.51 % (1,875.23)	Aaa / AA+ AAA	2.34 2.26
912828A83	US Treasury Note 2.375% Due 12/31/2020	115,000.00	08/24/2016 1.08 %	121,316.40 118,633.22	99.48 2.59 %	114,402.58 7.42	8.61 % (4,230.64)	Aaa / AA+ AAA	2.51 2.41
912828B90	US Treasury Note 2% Due 2/28/2021	115,000.00	08/24/2016 1.10 %	119,541.99 117,681.65	98.44 2.61 %	113,207.61 768.75	8.57 % (4,474.04)	Aaa / AA+ AAA	2.67 2.56
912828WN6	US Treasury Note 2% Due 5/31/2021	101,000.00	Various 1.03 %	105,664.79 103,790.78	98.27 2.62 %	99,252.19 171.09	7.48 % (4,538.59)	Aaa / AA+ AAA	2.92 2.81
912828F21	US Treasury Note 2.125% Due 9/30/2021	110,000.00	10/27/2016 1.38 %	113,871.85 112,556.11	98.38 2.65 %	108,212.50 587.57	8.18 % (4,343.61)	Aaa / AA+ AAA	3.25 3.10
912828J43	US Treasury Note 1.75% Due 2/28/2022	110,000.00	04/24/2017 1.84 %	109,566.38 109,672.03	96.76 2.68 %	106,437.87 643.41	8.05 % (3,234.16)	Aaa / AA+ AAA	3.67 3.50
912828L24	US Treasury Note 1.875% Due 8/31/2022	115,000.00	09/18/2017 1.84 %	115,198.04 115,166.81	96.74 2.71 %	111,249.05 720.70	8.42 % (3,917.76)	Aaa / AA+ AAA	4.17 3.95
912828N30	US Treasury Note 2.125% Due 12/31/2022	115,000.00	01/09/2018 2.31 %	113,993.75 114,089.06	97.49 2.72 %	112,111.55 6.64	8.43 % (1,977.51)	Aaa / AA+ AAA	4.51 4.25
9128284D9	US Treasury Note 2.5% Due 3/31/2023	115,000.00	06/13/2018 2.84 %	113,270.51 113,287.30	99.00 2.73 %	113,850.00 722.68	8.62 % 562.70	Aaa / AA+ AAA	4.75 4.42
Total US Treasury		**1,326,000.00**	**1.58 %**	**1,342,807.96 1,335,570.51**	**2.62 %**	**1,299,887.79 5,460.38**	**98.18 % (35,682.72)**	**Aaa / AA+ AAA**	**3.04 2.90**
TOTAL PORTFOLIO		**1,350,136.68**	**1.56 %**	**1,366,944.64 1,359,707.19**	**2.59 %**	**1,324,024.47 5,460.38**	**100.00 % (35,682.72)**	**Aaa / AA+ AAA**	**2.98 2.84**
TOTAL MARKET VALUE PLUS ACCRUED						**1,329,484.85**			

Brea Lease Revenue Bonds, Reserve Account
Account #10129

Portfolio Summary

As of 6/30/2018

ATTACHMENT A

PORTFOLIO CHARACTERISTICS

Average Duration	2.88
Average Coupon	1.88 %
Average Purchase YTM	1.57 %
Average Market YTM	2.60 %
Average S&P/Moody Rating	AA+/Aaa
Average Final Maturity	3.02 yrs
Average Life	3.02 yrs

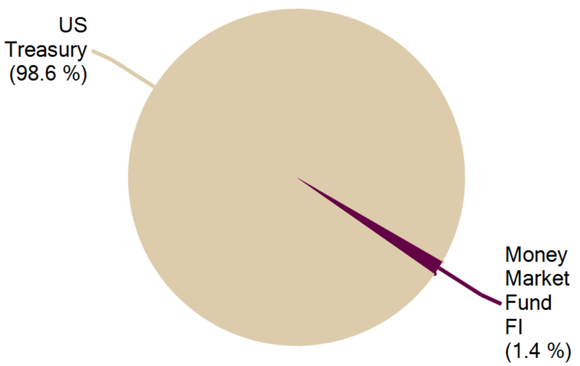
ACCOUNT SUMMARY

	Beg. Values as of 5/31/18	End Values as of 6/30/18
Market Value	257,381	257,428
Accrued Interest	1,065	1,085
Total Market Value	**258,446**	**258,514**
Income Earned	318	327
Cont/WD		0
Par	262,140	262,527
Book Value	264,731	264,532
Cost Value	266,335	265,980

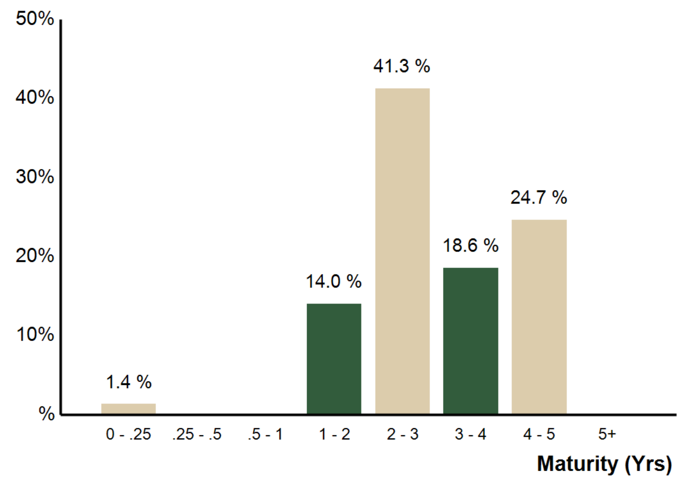
TOP ISSUERS

Issuer	% Portfolio
Government of United States	98.6 %
AIM STIT-Treasury Portfolio	1.4 %
	100.0 %

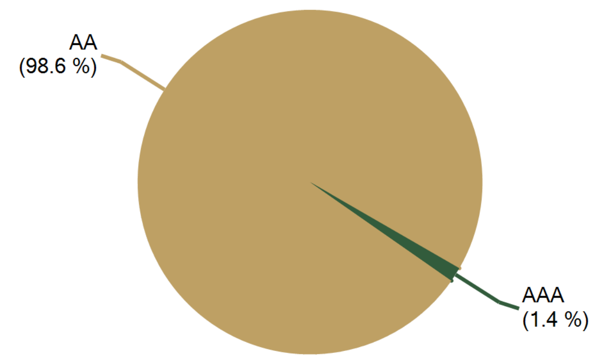
SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY (S&P)



PERFORMANCE REVIEW

Total Rate of Return As of 6/30/2018	Current Month	Latest 3 Months	Year To Date	Annualized 1 Yr	3 Yrs	5 Yrs	10 Yrs	5/31/2010	Since 5/31/2010
Brea Lease Revenue Bonds, Reserve Account	0.03 %	0.12 %	-0.41 %	-0.59 %	0.57 %	1.12 %	N/A	1.74 %	14.94 %
ICE BAML 3-Month US Treasury Bill Index	0.17 %	0.45 %	0.81 %	1.36 %	0.68 %	0.42 %	N/A	0.30 %	2.48 %

Reconciliation Summary

As of 6/30/2018

ATTACHMENT A

BOOK VALUE RECONCILIATION		
Beginning Book Value		**$264,730.61**
Acquisition		
+ Security Purchases	$21,669.14	
+ Money Market Fund Purchases	$476.85	
+ Money Market Contributions	$0.00	
+ Security Contributions	$0.00	
+ Security Transfers	$0.00	
Total Acquisitions		$22,145.99
Dispositions		
- Security Sales	$21,679.45	
- Money Market Fund Sales	$89.77	
- MMF Withdrawals	$0.00	
- Security Withdrawals	$0.00	
- Security Transfers	$0.00	
- Other Dispositions	$0.00	
- Maturites	$0.00	
- Calls	$0.00	
- Principal Paydowns	$0.00	
Total Dispositions		$21,769.22
Amortization/Accretion		
+/- Net Accretion	($71.01)	
		($71.01)
Gain/Loss on Dispositions		
+/- Realized Gain/Loss	($504.61)	
		($504.61)
Ending Book Value		**$264,531.76**

CASH TRANSACTION SUMMARY		
BEGINNING BALANCE		**$3,139.52**
Acquisition		
Contributions	$0.00	
Security Sale Proceeds	$21,679.45	
Accrued Interest Received	$12.62	
Interest Received	$473.75	
Dividend Received	$3.10	
Principal on Maturities	$0.00	
Interest on Maturities	$0.00	
Calls/Redemption (Principal)	$0.00	
Interest from Calls/Redemption	$0.00	
Principal Paydown	$0.00	
Total Acquisitions	$22,168.92	
Disposition		
Withdrawals	$0.00	
Security Purchase	$21,669.14	
Accrued Interest Paid	$112.70	
Total Dispositions	$21,781.84	
Ending Book Value		**$3,526.60**

Brea Lease Revenue Bonds, Reserve Account
Account #10129

Holdings Report

As of 6/30/18

ATTACHMENT A

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
MONEY MARKET FUND FI									
825252109	Invesco Treasury MMFD Private Class	3,526.60	Various 0.60 %	3,526.60 3,526.60	1.00 0.60 %	3,526.60 0.00	1.36 % 0.00	Aaa / AAA AAA	0.00 0.00
Total Money Market Fund FI		**3,526.60**	**0.60 %**	**3,526.60 3,526.60**	**0.60 %**	**3,526.60 0.00**	**1.36 % 0.00**	**Aaa / AAA AAA**	**0.00 0.00**
US TREASURY									
912828UQ1	US Treasury Note 1.25% Due 2/29/2020	20,000.00	Various 1.59 %	19,688.54 19,891.25	97.95 2.51 %	19,590.63 83.56	7.61 % (300.62)	Aaa / AA+ AAA	1.67 1.63
912828UV0	US Treasury Note 1.125% Due 3/31/2020	17,000.00	05/07/2015 1.57 %	16,648.10 16,874.31	97.63 2.52 %	16,596.25 48.07	6.44 % (278.06)	Aaa / AA+ AAA	1.75 1.71
912828XM7	US Treasury Note 1.625% Due 7/31/2020	22,000.00	08/24/2016 1.03 %	22,506.25 22,268.28	98.12 2.56 %	21,585.78 149.12	8.41 % (682.50)	Aaa / AA+ AAA	2.09 2.02
912828WC0	US Treasury Note 1.75% Due 10/31/2020	22,000.00	Various 1.45 %	22,276.59 22,146.90	98.13 2.58 %	21,588.36 64.87	8.38 % (558.54)	Aaa / AA+ AAA	2.34 2.26
912828A83	US Treasury Note 2.375% Due 12/31/2020	22,000.00	08/24/2016 1.08 %	23,208.35 22,695.05	99.48 2.59 %	21,885.71 1.42	8.47 % (809.34)	Aaa / AA+ AAA	2.51 2.41
912828B90	US Treasury Note 2% Due 2/28/2021	22,000.00	08/24/2016 1.10 %	22,868.90 22,513.01	98.44 2.61 %	21,657.11 147.07	8.43 % (855.90)	Aaa / AA+ AAA	2.67 2.56
912828WN6	US Treasury Note 2% Due 5/31/2021	20,000.00	07/11/2016 1.01 %	20,937.57 20,559.70	98.27 2.62 %	19,653.90 33.88	7.62 % (905.80)	Aaa / AA+ AAA	2.92 2.81
912828F21	US Treasury Note 2.125% Due 9/30/2021	25,000.00	10/27/2016 1.38 %	25,879.97 25,580.94	98.38 2.65 %	24,593.75 133.54	9.57 % (987.19)	Aaa / AA+ AAA	3.25 3.10
912828J43	US Treasury Note 1.75% Due 2/28/2022	24,000.00	04/24/2017 1.84 %	23,905.39 23,928.44	96.76 2.68 %	23,222.81 140.38	9.04 % (705.63)	Aaa / AA+ AAA	3.67 3.50
912828L24	US Treasury Note 1.875% Due 8/31/2022	23,000.00	09/18/2017 1.84 %	23,039.61 23,033.36	96.74 2.71 %	22,249.81 144.14	8.66 % (783.55)	Aaa / AA+ AAA	4.17 3.95
912828N30	US Treasury Note 2.125% Due 12/31/2022	20,000.00	01/09/2018 2.31 %	19,825.00 19,841.57	97.49 2.72 %	19,497.66 1.15	7.54 % (343.91)	Aaa / AA+ AAA	4.51 4.25
9128284D9	US Treasury Note 2.5% Due 3/31/2023	22,000.00	06/13/2018 2.84 %	21,669.14 21,672.35	99.00 2.73 %	21,780.00 138.25	8.48 % 107.65	Aaa / AA+ AAA	4.75 4.42
Total US Treasury		**259,000.00**	**1.58 %**	**262,453.41 261,005.16**	**2.63 %**	**253,901.77 1,085.45**	**98.64 % (7,103.39)**	**Aaa / AA+ AAA**	**3.06 2.92**
TOTAL PORTFOLIO		**262,526.60**	**1.57 %**	**265,980.01 264,531.76**	**2.60 %**	**257,428.37 1,085.45**	**100.00 % (7,103.39)**	**Aaa / AA+ AAA**	**3.02 2.88**
TOTAL MARKET VALUE PLUS ACCRUED						**258,513.82**			

Return to Agenda

Agenda Item 4.

City of Brea

COUNCIL COMMUNICATION

TO: Honorable Mayor and City Council Members

FROM: Bill Gallardo, City Manager

DATE: 07/23/2018

SUBJECT: Monthly Report of Investments for the Successor Agency to the Brea Redevelopment Agency for Period Ending June 30, 2018

RECOMMENDATION

Receive and file.

BACKGROUND/DISCUSSION

The Monthly Report of Investments is in accordance with Government Code Section 53607 and contains information on the investment activities for the month of June 2018. Funds received by the Successor Agency are typically spent within 3-6 months; therefore are not invested long-term. The Successor Agency's Local Agency Investment Fund (LAIF) is used for short-term investments and functions like a savings account until funds are required to meet expenditures needs. Attachment A includes a Portfolio Summary and Holdings Report prepared by Chandler Asset Management for the funds invested on behalf of the Successor Agency. As of June 30, 2018, the market value, including accrued interest on the Successor Agency's Local Agency Investment Fund (LAIF), was $1,127,526.02 in comparison to $1,125,816.28 at May 31, 2018. The Successor Agency to the Brea Redevelopment Agency has sufficient cash flow to meet its expected expenditures for the next six months.

The Successor Agency also has restricted (fiscal agent) cash and investment accounts related to its various bond reserve accounts which are managed by Chandler Asset Management. Attachment A includes a portfolio report from Chandler Asset Management for each bond reserve account that is invested. As of June 30, 2018, the market value of these funds, including short-term cash and accrued interest was $17,101,676.73 as compared to $17,076,589.33 as of May 31, 2018.

FISCAL IMPACT/SUMMARY

During the month of June, the total value of the Successor Agency to the Brea Redevelopment Agency's investment portfolio increased by $1,709.74 due to changes in market value. The total value of the restricted cash and investments increased by $25,087.40 primarily due to changes in market value.

RESPECTFULLY SUBMITTED:

William Gallardo, City Manager
Prepared by: Alicia Brenner, Senior Management Analyst
Concurrence: Cindy Russell, Administrative Services Director

Attachment

Attachment A

Return to Agenda

ATTACHMENT A

Successor Agency to the Brea Redevelopment Agency
Cash and Investment Information
June 30, 2018

			Cost Value	Market Value*
Demand and Interest-Bearing Checking Accounts		Citizen's Bank	**$ 1,020,532.17**	**$ 1,020,532.17**
Local Agency Investment Fund		LAIF	**$ 1,122,612.78**	**$ 1,127,526.02**
Fiscal Agent Cash & Investments				
2003	Tax Allocation Bonds	Chandler/BNY	$ 895.69	$ 895.69
2004	Brea Public Financing Authority Lease Revenue Bond	Chandler/BNY	$ 333,660.88	$ 333,660.88
2011	Tax Allocation Bonds, Series A	Chandler/BNY	$ 5,360,826.21	$ 5,355,779.30
2013	Tax Allocation Bonds	Chandler/BNY	$ 8,938,935.87	$ 8,938,935.87
2016	Tax Allocation Refunding Bonds, Series A & B	Chandler/BNY	$ 1,340,965.09	$ 1,340,965.09
2017	Tax Allocation Refunding Bonds, Series A & B	Chandler/BNY	$ 1,131,439.90	$ 1,131,439.90
	Sub-total - Fiscal Agent Cash & Investments		**$ 17,106,723.64**	**$ 17,101,676.73**
Grand Total			**$ 19,249,868.59**	**$ 19,249,734.92**

* Includes accrued interest on invested funds

Successor Agency to the Brea Redevelopment Agency
Cash and Investment Information
June 30, 2018

Fiscal Agent Cash & Investments Detail			**Cost Value**		**Market Value**
	2003 Tax Allocation Bonds **- CHANDLER**	$	-	$	-
	Short-Term Treasury Funds - **BNY**	$	895.69	$	895.69
	Sub-total	**$**	**895.69**	**$**	**895.69**
	2004 Brea Public Financing Authority Lease Revenue Bond **- CHANDLER**	$	-	$	-
	Short-Term Treasury Funds - **BNY**	$	333,660.88	$	333,660.88
	Sub-total	**$**	**333,660.88**	**$**	**333,660.88**
10156	2011 Tax Allocation Bonds, Series A - **CHANDLER**	$	-	$	-
	Short-Term Treasury Funds - **BNY**	$	5,360,826.21	$	5,355,779.30
	Sub-total	**$**	**5,360,826.21**	**$**	**5,355,779.30**
	2013 Tax Allocation Bonds - **CHANDLER**	$	-	$	-
	Short-Term Treasury Funds - **BNY**	$	8,938,935.87	$	8,938,935.87
	Sub-total	**$**	**8,938,935.87**	**$**	**8,938,935.87**
	2016 Tax Allocation Refunding Bonds, Series A & B - **CHANDLER**	$	-	$	-
	Short-Term Treasury Funds - **BNY**	$	1,340,965.09	$	1,340,965.09
	Sub-total	**$**	**1,340,965.09**	**$**	**1,340,965.09**
	2017 Tax Allocation Refunding Bonds, Series A & B - **CHANDLER**	$	-	$	-
	Short-Term Treasury Funds - **BNY**	$	1,131,439.90	$	1,131,439.90
	Sub-total	**$**	**1,131,439.90**	**$**	**1,131,439.90**
Report Grand Total		**$**	**17,106,723.64**	**$**	**17,101,676.73**

Portfolio Summary

As of 6/30/2018

ATTACHMENT A

PORTFOLIO CHARACTERISTICS

Average Duration	0.00
Average Coupon	1.90 %
Average Purchase YTM	1.90 %
Average Market YTM	1.90 %
Average S&P/Moody Rating	NR/NR
Average Final Maturity	0.00 yrs
Average Life	0.00 yrs

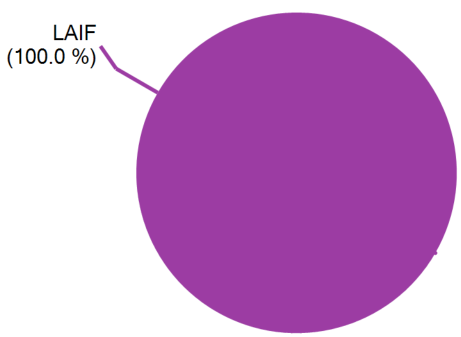
ACCOUNT SUMMARY

	Beg. Values as of 5/31/18	End Values as of 6/30/18
Market Value	1,122,613	1,122,613
Accrued Interest	3,203	4,913
Total Market Value	**1,125,816**	**1,127,526**
Income Earned	1,678	1,710
Cont/WD		0
Par	1,122,613	1,122,613
Book Value	1,122,613	1,122,613
Cost Value	1,122,613	1,122,613

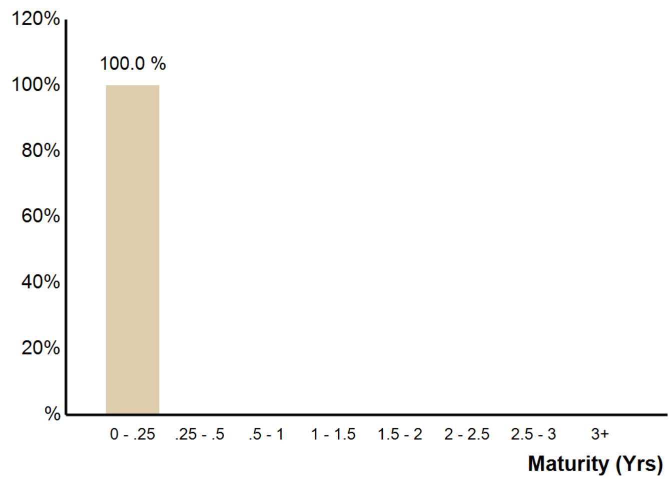
TOP ISSUERS

Issuer	% Portfolio
Local Agency Investment Fund	100.0 %
	100.0 %

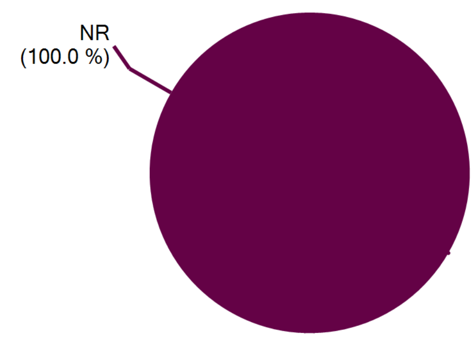
SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY (S&P)



Holdings Report

As of 6/30/18

ATTACHMENT A

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
LAIF									
90LAIF$00	Local Agency Investment Fund State Pool	1,122,612.78	Various 1.90 %	1,122,612.78 1,122,612.78	1.00 1.90 %	1,122,612.78 4,913.24	100.00 % 0.00	NR / NR NR	0.00 0.00
Total LAIF		**1,122,612.78**	**1.90 %**	**1,122,612.78** **1,122,612.78**	**1.90 %**	**1,122,612.78** **4,913.24**	**100.00 %** **0.00**	**NR / NR** **NR**	**0.00** **0.00**
TOTAL PORTFOLIO		**1,122,612.78**	**1.90 %**	**1,122,612.78** **1,122,612.78**	**1.90 %**	**1,122,612.78** **4,913.24**	**100.00 %** **0.00**	**NR / NR** **NR**	**0.00** **0.00**
TOTAL MARKET VALUE PLUS ACCRUED						**1,127,526.02**			

Transaction Ledger - no data for this time period

ATTACHMENT A

Income Earned

5/31/18 Thru 6/30/18

ATTACHMENT A

CUSIP	Security Description	Trade Date Settle Date Units	Book Value: Begin Book Value: Acq Book Value: Disp Book Value: End	Prior Accrued Inc. Received Ending Accrued Total Interest	Accr. Of Discount Amort. Of Premium Net Accret/Amort Income Earned	Unreal G/L Total Income
Local Agency Investment Fund						
90LAIF$00	Local Agency Investment Fund State Pool	 Various Various 1,122,612.78	1,122,612.78 0.00 0.00 1,122,612.78	3,203.50 0.00 4,913.24 1,709.74	0.00 0.00 0.00 1,709.74	 0.00 1,709.74
TOTAL Local Agency Investment Fund		**1,122,612.78**	**1,122,612.78 0.00 0.00 1,122,612.78**	**3,203.50 0.00 4,913.24 1,709.74**	**0.00 0.00 0.00 1,709.74**	**0.00 1,709.74**
TOTAL PORTFOLIO		**1,122,612.78**	**1,122,612.78 0.00 0.00 1,122,612.78**	**3,203.50 0.00 4,913.24 1,709.74**	**0.00 0.00 0.00 1,709.74**	**0.00 1,709.74**

Successor Agency to the Brea RDA LAIF
Account #10166

Cash Flow Report

From 06/30/2018

ATTACHMENT A

Payment Date	Transaction Type	CUSIP	Quantity	Security Description	Principal Amount	Income	Total Amount
07/16/2018	Dividend	90LAIF$00	102,095,343.18	Local Agency Investment Fund State Pool	0.00	4,910.60	4,910.60
Jul 2018					**0.00**	**4,910.60**	**4,910.60**
Total					**0.00**	**4,910.60**	**4,910.60**

Return to Agenda

Agenda Item 5.

City of Brea

COUNCIL COMMUNICATION

TO: Honorable Mayor and City Council Members

FROM: Bill Gallardo, City Manager

DATE: 07/23/2018

SUBJECT: City of Brea/Successor Agency to the Brea Redevelopment Agency Statement of Investment Policy

RECOMMENDATION

Approve the City of Brea/Successor Agency to the Brea Redevelopment Agency Statement of Investment Policy.

BACKGROUND/DISCUSSION

State law allows the City Council to annually adopt the Statement of Investment Policy. Thus, per the City's fiscal policies, "The City Treasurer will annually submit an investment policy to the City Council for review and adoption." The Investment Policy serves as a guideline for the investment of City and Successor Agency funds. The Brea Investment Advisory Committee annually reviews the Statement of Investment Policy for the City of Brea and the Successor Agency to the Brea Redevelopment Agency.

There have been no recent State Government code changes that are applicable and need to be reflected in the policy at this time. However, the Investment Advisory Committee (IAC), is recommending, based upon Staff's input, the following three (3) changes to the City's Investment Policy:

1. Under the section titled, "Investment Instruments," Staff recommends removing "Water rights/preferred stock/common stock of a private mutual water company."
2. Under the section titled, "Investment Advisory Committee - B. Composition of Committee, 2. City Council Member (selected by the City Council), Staff recommends adding "who serves as the Chair."
3. Under the section titled, "Investment Advisory Committee - B. Composition of Committee, 5. Staff recommends changing from two (2) to three (3) Brea Citizens (selected by the City Council with the City Treasurer as subcommittee members).

Regarding the first change, fee-title water rights are capital assets as opposed to investments and have been correctly reported as such since their acquisition which is consistent with the guidance provided by the Governmental Accounting Standards Board (GASB). Therefore, water rights should not be included in the City's Investment Policy. Additionally, based on the guidance provided by the GASB and concurrence of the City's auditor, Vavrinek, Trine, Day & Co., the Class "A" preferred stock and common stock in Cal Domestic Water Company have been classified as capital assets and an other non-current asset, respectively as opposed to Other Investments. These stocks represent water rights and/or entitle the City to access water as part of the overall operation of providing water service to the community as opposed to an investment instrument acquired and being held for the purpose of income or generating cash. Therefore, these should be removed from the City's Investment Policy.

The second and third changes involve aligning the Investment Policy with recent changes made by the City Council. On July 5, 2016, the City Council adopted Resolution 2016-055 which designates the City Council Member (selected by the City Council) as the Chair of the Investment Advisory Committee. In addition, on February 20, 2018, the City Council adopted Resolution No. 2018-011 which changed the at-large members selected by the City Council from two (2) to three (3).

COMMISSION/COMMITTEE RECOMMENDATION

On July 23, 2018 the Investment Advisory Committee reviewed the Investment Policy Guidelines and recommended...

FISCAL IMPACT/SUMMARY

There is no fiscal impact from the adoption of the Statement of Investment Policy.

RESPECTFULLY SUBMITTED:

William Gallardo, City Manager
Prepared by: Faith Madrazo, Revenue & Budget Manager
Concurrence: Cindy Russell, Administrative Services Director

Attachment

Draft Investment Policy

Return to Agenda

City Of Brea / Successor Agency to the Brea Redevelopment Agency

DRAFT

STATEMENT OF INVESTMENT POLICY

July 1, 2018

Purpose

This statement is intended to provide a guideline for the prudent investment of funds and to outline the policies for maximizing the efficiency of the City of Brea and Successor Agency to the Brea Redevelopment Agency ("City") cash management system. The ultimate goal is to enhance the economic status of the City while protecting its pooled funds. This investment policy has been prepared so as to be in conformance with all pertinent existing laws of the State of California for General Law cities.

Objective

The cash management system of the City is designed to accurately monitor and forecast expenditures and revenues, thus enabling the City to invest funds to the fullest extent possible. The City attempts to obtain a market rate of return without incurring undue risk to principal. The objectives of such investments are: 1) preserve capital, 2) maintain financial flexibility/liquidity, and 3) obtain a competitive rate of return on the City's investments.

Scope

This investment policy applies to the decisions and activities of the City with regard to investing the financial assets of all funds, including the following: General Fund, Special Revenue Funds, Assessment Funds, Enterprise Funds, Internal Service Funds, Capital Projects Funds, Debt Service Funds, Reserve Funds, Trust and Agency Funds, and any other funds that may be created from time to time. This policy does not apply retiree health care savings/trust/plan(s) or deferred compensation plans.

Investment Responsibility

Investments decisions of the City funds are the responsibility of the City Treasurer and Administrative Services Director, and shall comply with the Investment Policy of the City. These responsibilities include the authority to open accounts with banks, brokers and dealers and to establish safekeeping accounts or other arrangements for the custody of securities and to execute such documents as may be necessary.

Those authorized to execute transactions for the City include the: 1) City Treasurer, 2) Administrative Services Director, 3) Revenue and Budget Manager, and 4) those specifically deputized by the City Treasurer and Administrative Services Director with said authorization to be filed with the City Clerk. The City Treasurer and Administrative Services Director shall insure that an authorized person is available at all times to execute the City's investments. Investment managers, brokers and dealers are to be provided with a list of specified names of those persons authorized to execute transactions. The City Council may authorize the delegation of a portion of investments to an outside investment manager.

Reporting

The City Treasurer and Administrative Services Director shall be responsible for reporting the status of investments to the City Council and City Manager on a monthly basis. The Investment Advisory Committee will review the status of investments on a quarterly basis. Reports are to be submitted to the City Council and City Manager by the 3rd City Council meeting following the end of the reporting month. These reports shall include the type of investment, institution, face amount, market value, book value, interest rate, date of maturity, compliance to the investment policy, and a statement that denotes the ability to meet expenditure requirements for the next six months.

If the City has an outside Investment Manager, the Investment Manager shall periodically report on the activity and results of the funds being managed by the Investment Manager. Additionally, the Investment Manager shall notify the Investment Advisory Committee when investment portfolios demonstrate low performance, if any, which occurs between each periodic report.

Prudence
The standard of prudence to be applied by the City Treasurer, Administrative Services Director, Revenue and Budget Manager, and those specifically deputized by the City Treasurer and Administrative Services Director with said authorization to be filed with the City Clerk shall be the "prudent investor" standard, as defined under Government Code Section 53600.3 which states, "When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the City, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the City/Successor Agency to the Brea Redevelopment Agency. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law."

Ethics and Conflicts of Interest
Officers and employees involved in the City investment process shall refrain from personal business activity that could conflict with proper execution of the investment program or which could impair their ability to make impartial investment decisions. City employees and investment officials shall disclose any material financial interests in financial institutions that conduct business within the City, and they shall further disclose any personal financial/investment positions that could be related to the performance of the City's portfolio. City employees and officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the City.

Investment Instruments
Funds of the City may be invested in any instrument allowable under current legislation of the State of California (Government Code Section 53600 et sec.) so long as the investment is appropriate and consistent with this Investment Policy taking into consideration the City's investment objectives. Investment instruments may include:

- U.S. Treasury Obligations (Bills, Notes and Bonds)

- U.S. Government Agency Securities and Instrumentality's of Government Sponsored Corporations, including a maximum of 5% in callable bonds issued by such agencies
- Banker's Acceptances
- Commercial Paper
- Repurchase Agreements (requires a master repurchase agreement to be signed and on file with the bank or broker/dealer)
- Certificates of Deposit
- Negotiable Certificates of Deposit
- Passbook Savings Accounts
- Interest Bearing Checking Accounts
- Medium Term Corporate Notes
- Bank Money Market Accounts
- Local Agency Investment Fund (State Pool)
- County of Orange Investment Fund (County Pool)
- Other investments that are, or may become, legal investments through the State of California Government Code.
- ~~Water rights/preferred stock/common stock of a private mutual water company~~

Provisions of Government Code Section 53601 shall be adhered to at all times. This includes, but is not limited to, the following restrictions:

- Bankers Acceptances cannot exceed 40% of the portfolio nor exceed 180 days;
- Commercial Paper cannot exceed 25% of the portfolio. Commercial Paper must be rated P-1 (Moody's), A-1 (Standard & Poor's) and cannot exceed 270 days;
- Money Market Funds cannot exceed 20% of the portfolio;
- Medium Term Corporate Notes cannot exceed 30% of the portfolio and must carry a minimum A rating;
- Pass-through securities including Collateralized Mortgage Obligations cannot exceed 20% of the portfolio.
    - Collateralized Mortgage Obligations must pass the Federal Financial Institution Examination Council (FFIEC) liquidity test to be an eligible investment for the City
    - Asset Backed Securities are limited to a maximum of 10% of the portfolio at time of purchase
        - Maximum maturity of 5 years
        - Asset Backed Security must be rated AA or higher
        - Underlying issuer rating must meet the requirements of code (i.e. A3 or A- minimum)
- Supranational Securities must be rated AA or higher, cannot exceed 15% of the portfolio and no more than 5% of portfolio per issuer. The maximum maturity cannot exceed 5 years.
- Additionally, the City will use the guidelines established by the joint committee of the California Municipal Treasurers Association and the California Society of Municipal Finance Officers as the basis for investing in government investment pools.

For purposes of complying with legal investment limitations, the percentage references pertaining to the above refers to the maturity value of the portfolio at the time of purchase.

Prohibited Investments

The City shall not invest any funds in derivatives, inverse floaters, range notes, or interest-only strips that are derived from a pool of mortgages. The City shall not invest any funds in any security that could result in a zero interest accrual if held to maturity.

Collateralization

Collateralization shall be required on two types of investments: Certificates of deposit and repurchase (and reverse repurchase) agreements. A collateral agreement must be current and on file before any funds can be transferred for collateralized certificates of deposit.

Collateral shall be held by an independent third party with whom the City has a current written custodial agreement. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the City and retained. The right of collateral substitution is granted in accordance with the following requirements:

A. Certificates of Deposit
   1. Government securities used as collateral require one hundred and ten (110) percent of market value to the face amount of the deposit
   2. Promissory notes secured by first trust deeds used as collateral require one hundred and fifty (150) percent of market value to the face amount of the deposit
   3. Irrevocable letters of Credit issued by the Federal Home Loan Bank of San Francisco require one hundred and five (105) percent of market value to the face amount of the deposit

B. Repurchase and Reverse Repurchase Agreements
   1. Only U.S. Treasury securities or federal agency securities are acceptable collateral. All securities underlying repurchase agreements must be delivered to the City's custodian bank versus payment or be handled under a properly executed tri-party repurchase agreement. The total market value of all collateral for each repurchase agreement must equal or exceed one hundred and two (102) percent of the total dollar value of the money invested by the City for the term of the investment. For any repurchase agreement with a term of more than one (1) day, the value of the underlying securities must be reviewed on an ongoing basis according to market conditions. Market value must be calculated each time there is a substitution of collateral.
   2. The City or its trustee shall have perfected first security interest under the Uniform Commercial Code in all securities subject to a repurchase agreement.

Investment Criteria

Criteria for selecting investments and the order of priority are:

A. <u>Safety</u>

The safety and risk associated with an investment refers to the potential loss of principal, interest or a combination of these amounts. The City only operates in those investments that are considered very safe.

B. Liquidity

This refers to the ability to convert an investment into cash at any moment in time with a minimal chance of losing some portion of principal or interest. Liquidity is an important investment quality when there is an occasional need for funds. The potential fluctuations in market value and the expected future availability of reasonable bids in the market are to be important considerations when selecting an investment.

C. Yield

Yield is the potential dollar earnings an investment can provide and sometimes is described as the rate of return.

Diversification

The City will diversify the use of investment instruments to avoid incurring unreasonable risks inherent in over-investing in specific instruments, or individual financial institutions. In no case, without prior notification and approval from the City Council, shall the amount invested in one entity at the time of purchase exceed 5% of the total portfolio, with the following exceptions:

- U.S. Federal Government Agency Obligations of one specific entity cannot exceed 25% of the maturity value of the portfolio at the time of purchase.
- U.S. Treasury Obligations (Treasury Bills, Treasury Strips, Bonds, Notes) directly backed by the full faith and credit of the United States for payment of principal and interest shall not be subject to a maximum percentage of the portfolio.
- Approved State and County investment pools together cannot exceed 60% of the maturity value of the portfolio at the time of purchase, and no more than 40% of the maturity value at the time of purchase can be deposited in any one particular pool.

Investment Pools

The City Treasurer, Administrative Services Director and City Council have determined that use of investment pools is a practical investment option. The City will utilize guidelines established by the California Municipal Treasurers Association and California Society of Municipal Finance Officers to ensure the safety of investment pools which includes a thorough investigation of the pool/fund prior to investing, and on a continual basis. There shall be a questionnaire developed which will answer the following general questions:

- A description of eligible investment securities, and a written statement of investment policy and objectives.
- A description of interest calculations and how it is distributed, and how gains and losses are treated.
- A description of how the securities are safeguarded (including the settlement processes), and how often the securities are priced and the program audited.
- A description of who may invest in the program, how often, what size deposit and withdrawal are allowed.
- A schedule for receiving statements and portfolio listings.
- Are reserves, retained earnings, etc. utilized by the pool/fund?
- A fee schedule, and when and how is it assessed.
- Is the pool/fund eligible for bond proceeds and/or will it accept such proceeds?

Maturity Limitations

Every investment instrument purchased must have a term remaining to maturity of less than five years, unless the investment is for the Senior Low Cost Housing Subsidy Program, bond proceeds for the Reserve Fund, funded/capitalized interest fund; or the City Council has granted express authority to make that investment, either specifically or as part of an investment program approved by the City Council no more than three months prior to the investment. When possible, a minimum of 25% of the portfolio should be in maturities of one year or less.

Safekeeping and Custody

All security transactions, including collateral for repurchase agreements, entered into by the City shall be conducted on a delivery-versus-payment (DVP) basis which ensure that securities are deposited in an eligible financial institution prior to the release of funds. Securities shall be held by a third-party custodian designated by the City and evidenced by safekeeping receipts with a written custodial agreement. The only exception to the foregoing shall be depository accounts and securities purchases made with: LAIF, direct time certificates of deposit and money market mutual funds, since the purchased securities are not deliverable. Settlement instructions sent to the safekeeping agent shall require authorization.

Monthly trust statements are reconciled to the Investment Reports by the City's Accountant. The City's Accountant performs reconciliation of the monthly bank statements. The periodic review of the investment portfolio, including investment types, purchase price, market values, maturity dates, and investment yields as well as conformance to the stated investment policy will be performed by the Investment Advisory Committee.

Qualified Broker/Dealers

For those investments managed directly by the City, the City shall maintain a listing of broker/dealers that are approved by the Investment Advisory Committee for investment purposes. All broker/dealers who desire to bid for investment transactions must supply the City with the following information; a completed broker/dealer questionnaire, audited financial statements, proof of National Association of Security Dealers' certification, trading resolution, proof of California registration, and certification of having read the City of Brea's investment policy.

The Investment Advisory Committee will conduct an annual review of the qualified broker/dealers. The decision to add or subtract from the authorized list of broker/dealers will be based on many factors to include, but not limited to, products offered, service levels, references, etc. No single factor will determine the Committee's final decision. A current audited financial statement is required to be on file for each broker/dealer with which the City of Brea invests. The City's authorized brokers/dealers shall provide written confirmation of having read and understood the City's investment policy and that all investments recommended by them will be suitable for the City of Brea.

Monitoring and Adjusting the Portfolio

The City Treasurer and Administrative Services Director will routinely monitor the contents, performance and risk profile of the investment portfolio, the investment alternatives, and the relative values of competing investment instruments and will adjust the portfolio accordingly based on the approved Statement of Investment Policy on a quarterly basis. The City Council shall also bear a responsibility for monitoring the implementation of this policy and the safeguarding of the City's Treasury.

Performance Standards

The investment portfolio shall be designed to attain a market-average rate of return throughout budgetary and economic cycles, taking into account the City's risk constraints, the cash flow characteristics of the portfolio, and state and local laws, ordinances or resolutions that restrict investments.

The Treasurer and Administrative Services Director shall monitor and evaluate the portfolio's performance relative to market benchmark, which will be included in the Treasurer's monthly report. The Treasurer and Administrative Services Director shall select an appropriate, readily available index to use as a market benchmark.

Monthly Reporting

Monthly investment reports will be submitted by the City Treasurer and Administrative Services Director to the City Council. These reports will disclose, at a minimum, the following information about the characteristics of the City's portfolio:

A. An asset listing showing par value, cost and accurate and complete market value of each security, type of investment, issuer, and interest rate.
B. Monthly transactions for the period.
C. A one-page summary report that shows:
    1. Average maturity of the portfolio and modified duration of the portfolio;
    2. Maturity distribution of the portfolio;
    3. Average portfolio credit quality; and,
    4. Time-weighted total rate of return for the portfolio for the prior one month, three months, twelve months, year to date, and since inception compared to the City's market benchmark returns for the same periods;
D. A statement of compliance with investment policy, including a schedule of any transactions or holdings which do not comply with this policy or with the California Government Code, including a justification for their presence in the portfolio and a timetable for resolution.

E. A statement that the City has adequate funds to meet its cash flow requirements for the next six months.

Bond Funds/Arbitrage

The U.S. Tax Reform Act of 1986 requires the City to perform annual arbitrage calculations and rebate excess earnings from investments of proceeds of bond issues sold after the effective date of this law to the U.S. Treasury. This arbitrage calculation may be contracted with an outside source to provide the necessary technical assistance to comply with this regulation. Funds subject to the 1986 Tax Reform Act will be kept segregated from other funds and records will be kept in a fashion to facilitate the calculations. The City's investment position relative to the new arbitrage restrictions is to continue pursuing the maximum yield on applicable investments while ensuring the safety of capital and liquidity. It is a fiscally sound position to continue maximization of yield and to rebate excess earnings, if necessary.

Review and/or Modification

The City Treasurer and Investment Advisory Committee shall be responsible for reviewing and recommending modifications to the Statement of Investment Policy and submitting it to the City Council for approval on an annual basis. However, the City Treasurer and Administrative Services Director may, at any time, further restrict the investments approved for purchase as deemed appropriate.

Internal Controls

The City Treasurer and Administrative Services Director shall organize the investment function so that specific responsibility for the performance of duties is assigned with a clear line of authority and reporting. The functions of authorizing, executing and recording transactions, custody of investments and performing reconciliation's will be handled by separate persons to reduce the risk that anyone person is in a position to conceal errors or fraud in the normal course of duty. While no internal control system, however elaborate, can guarantee absolute assurance that the City's assets are safeguarded, it is the intent of the City's internal control system to provide reasonable assurance that management of the investment function meets the City's objectives. These internal controls shall be reviewed annually by the independent auditor who shall review and comment upon the content of this policy, the effectiveness of its implementation and applicable management controls with regard to its implementation and the safeguarding of the City's Treasury funds.

Investment Advisory Committee

An Investment Advisory Committee ("Committee") is established to review and make recommendations on the Investment Policy and investment strategy of the City of Brea/Successor Agency to the Brea Redevelopment Agency and to strengthen the internal control of the management of the City's funds. The following are the duties and responsibilities of the Committee:

A. Purpose
   1. To review and make recommendations on investment policy and investment strategy of the City of Brea/Successor Agency to the Brea Redevelopment Agency.
   2. To review the City's investments on a periodic basis and to recommend any exceptions and/or changes to the policy, to the City Council for review and approval.

B. Composition of Committee
   1. City Treasurer
   2. City Council Member, who serves as the Chair (selected by the City Council)
   3. Administrative Services Director
   4. Revenue and Budget Manager
   5. Three (3) Brea Citizens (selected by the City Council with the City Treasurer as subcommittee members)

C. Functions
   1. Annually (or as needed)
      a. To review and approve Statement of Investment Policy
      b. To review the financial condition and registrations of qualified broker/dealers (Only required when investments are managed by the City)

2. Monthly or Quarterly
    a. To review the City's investments
    b. To recommend any modifications to the Investment Policy
    c. To develop and carry out the ongoing investment strategy in accordance with the Investment Policy
    d. To provide a status report at a study session of the City Council as requested

The function of the Committee is not to inhibit the daily operation of the Administrative Services Department, but to provide policy guidelines within which to work on a day-to-day basis. By this, it is meant that each individual trade need not be approved by the Committee at the time it is transacted provided that it falls within the scope of the Statement of Investment Policy.

<u>Disclosure</u>

Members of the Committee shall be required to comply with the Fair Political Practices Act reporting requirements (Form 700) on an annual basis and submit filings to the City Clerk's Office.

SEGREGATION OF RESPONSIBILITIES
(External)

FUNCTION	RESPONSIBILITY
Develop formal Statement of Investment Policy	Administrative Services Director Revenue and Budget Manager
Recommend modifications to Investment Policy	City Treasurer Administrative Services Director Revenue and Budget Manager
Review formal Statement of Investment Policy and recommend a Council action	City Treasurer Investment Advisory Committee
Adopt formal Statement of Investment Policy	City Council
Select investments	Outside Investment Manager
Execute investment transactions and fax or email completed trade information to City	Outside Investment Manager
Review transactions for compliance with investment policy	City Treasurer, Administrative Services Director, or Revenue and Budget Manager
Investment verification (match broker confirmation to trade information provided by outside Investment Manager to City investment records)	Administrative Services Director, or Revenue and Budget Manager
Record investment transactions into City's accounting records	City Accountant
Reconcile investment records to accounting records and bank statements and report any variances to Administrative Services Director and City Treasurer	City Accountant
Security	Time Certificates of Deposit will be maintained in the City's vault in the care of the City Treasurer and Administrative Services Director. All other investment securities will be held in safekeeping in the trust department of the City's Depository Bank, or other third party custodian as designated by the City Treasurer or Administrative Services Director.

SEGREGATION OF RESPONSIBILITIES
(Internal)

FUNCTION	RESPONSIBILITY
Develop formal Statement of Investment Policy	City Treasurer Administrative Services Director Revenue and Budget Manager
Recommend modifications to Statement of Investment Policy	City Treasurer Administrative Services Director Revenue and Budget Manager Investment Advisory Committee
Review formal Statement of Investment Policy and recommend City Council action	Investment Advisory Committee
Annually review and adopt a formal Statement of Investment Policy	City Council
Select investments	Administrative Services Director, or Revenue and Budget Manager
Approve transactions	Administrative Services Director
Execute investment transactions	Administrative Services Director
Investment verification (match broker confirmation to City investment records)	Administrative Services Director, or Revenue and Budget Manager
Record investment transactions into City's accounting records	City Accountant
Reconcile investment records to accounting records and bank statements and report any variances to the Administrative Services Director	City Accountant
Security	Time Certificates of Deposit will be maintained in the City's vault in the care of the City Treasurer and Administrative Services Director. All other investment securities will be held in safekeeping in the trust department of the City's Depository Bank, or other third party custodian as designated by the City Treasurer or Administrative Services Director

GLOSSARY

AGENCIES: Federal agency securities and/or Government-sponsored enterprises.

ASKED: The price at which securities are offered.

BANKERS' ACCEPTANCE (BA): A draft or bill or exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

BENCHMARK: A comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investments.

BID: The price offered by a buyer of securities. (When you are selling securities, you ask for a bid.) See Offer.

BOOK VALUE: The value at which a debt security is shown on the holder's balance sheet. Book value is acquisition cost less amortization of premium or plus accretion of discount.

BROKER: A broker brings buyers and sellers together for a commission.

CALIFORNIA MUNICIPAL TREASURERS ASSOCIATION (CMTA): Is the professional society of active public treasurers of California counties, cities and special districts. It sets ethical standards for the treasury profession in state and local governments in California.

CALIFORNIA SOCIETY OF MUNICIPAL FINANCE OFFICERS (CSMFO): Is a professional association of state, county and local government finance officers in California. CSMFO is the statewide organization serving all of California municipal finance professionals, an affiliate of the nationwide Government Finance Officers Association (GFOA).

CERTIFICATE OF DEPOSIT (CD): A time deposit with a specific maturity evidenced by a Certificate. Large-denomination CD's are typically negotiable.

COLLATERAL: Securities, evidence of deposit or other property, which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

COMMERCIAL PAPER: An unsecured obligation issued by a corporation or bank to finance its short-term credit needs, such as accounts receivable and inventory.

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR): The official annual report of the *(entity).* It includes five combined statements for each individual fund and account group prepared in conformity with GAAP. It also includes supporting schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, extensive introductory material, and a detailed Statistical Section.

CORPORATE BOND: A debt security issued by corporation and sold to investors. The backing for the bond is usually the payment ability of the company, which is typically money to be earned from future operations.

COUPON: (a) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value. (b) A certificate attached to a bond evidencing interest due on a payment date.

DEALER: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

DEBENTURE: A bond secured only by the general credit of the issuer.

DELIVERY VERSUS PAYMENT: There are two methods of delivery of securities: delivery versus payment and delivery versus receipt. Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

DERIVATIVES: (1) Financial instruments whose return profile is linked to, or derived from, the movement of one or more underlying index or security, and may include a leveraging factor, or (2) financial contracts based upon notional amounts whose value is derived from an underlying index or security (interest rates, foreign exchange rates, equities or commodities).

DISCOUNT: The difference between the cost price of a security and its maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

DISCOUNT SECURITIES: Non-interest bearing money market instruments that are issued a discount and redeemed at maturity for full face value *(e.g., U.S. Treasury Bills.)*

DIVERSIFICATION: Dividing investment funds among a variety of securities offering independent returns.

DURATION: A measure of the sensitivity of the price (the value of principal) of a fixed-income investment to a change in interest rates. Duration is expressed as a number of years. Rising interest rates mean falling bond prices, while declining interest rates mean rising bond prices.

FEDERAL CREDIT AGENCIES: Agencies of the Federal government set up to supply credit to various classes of institutions and individuals, *e.g.*, S&L's, small business firms, students, farmers, farm cooperatives, and exporters.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC): A federal agency that insures bank deposits, currently up to $250,000 per entity.

FEDERAL FINANCIAL INSTITUTIONS EXAMINATION COUNCIL (FFIEC): The Council is a formal interagency body empowered to prescribe uniform principles, standards, and report forms for the federal examination of financial institutions by the Board of Governors of the Federal Reserve System (FRB), the Federal Deposit Insurance Corporation (FDIC), the National Credit Union Administration (NCUA), the Office of the Controller of the Currency (OCC) and the Consumer Financial Protection Bureau (CFPB), and to make recommendations to promote uniformity in the supervision of financial institutions.

FEDERAL FUNDS RATE: The rate of interest at which Fed funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

FEDERAL HOME LOAN BANKS (FHLB): Government sponsored wholesale banks (currently 12 regional banks), which lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions and insurance companies. The mission of the FHLBs is to liquefy the housing related assets of its members who must purchase stock in their district Bank.

FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA): FNMA, like GNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

FEDERAL OPEN MARKET COMMITTEE (FOMC): Consists of seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member, while the other Presidents serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money.

FEDERAL RESERVE SYSTEM: The central bank of the United States created by Congress and consisting of a seven member Board of Governors in Washington, D.C., 12 regional banks and about 5,700 commercial banks that are members of the system.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA or Ginnie Mae): Securities influencing the volume of bank credit guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations, and other institutions. Security holder is protected by full faith and credit of the U.S. Government. Ginnie Mae securities are backed by the FHA, VA or FHA mortgages. The term "pass-throughs" is often used to describe Ginnie Maes.

INTEREST: The amount earned while owning a debt security, generally calculated as a percentage of the principal amount.

INVERSE FLOATER: A bond or other type of debt whose coupon rate has an inverse relationship to a benchmark rate. An inverse floater adjusts its coupon payment as the interest rate changes. This investment is prohibited under in the City's and Successor Agency to the Brea Redevelopment Agency Investment Policy.

LIQUIDITY: A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

LOCAL GOVERNMENT INVESTMENT POOL (LGIP): The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.

MARKET VALUE: The price at which a security is trading and could presumably be purchased or sold.

MASTER REPURCHASE AGREEMENT: A written contract covering all future transactions between the parties to repurchase—reverse repurchase agreements that establishes each party's rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller borrower.

MATURITY: The date upon which the principal or stated value of an investment becomes due and payable.

MONEY MARKET: The market in which short-term debt instruments (bills, commercial paper, bankers' acceptances, etc.) are issued and traded.

OFFER: The price asked by a seller of securities. (When you are buying securities, you ask for an offer.) See Asked and Bid.

OPEN MARKET OPERATIONS: Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC in order to influence the volume of money and credit in the economy. Purchases inject reserves into the bank system and stimulate growth of money and credit; sales have the opposite effect. Open market operations are the Federal Reserve's most important and most flexible monetary policy tool.

PASSBOOK SAVINGS ACCOUNT: A savings account in which deposits and withdrawals are recorded in the depositor's passbook.

PASS-THOUGH SECURITY: A pool of fixed income securities backed by a package of assets (i.e. mortgages) where the holder receives the principal and interest payments.

PORTFOLIO: Collection of securities held by an investor.

PRIMARY DEALER: A group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC)-registered securities broker-dealers, banks, and a few unregulated firms.

PRINCIPAL: The face value or par value of an investment.

PRUDENT PERSON RULE: An investment standard. In some states the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the custody state—the so-called legal list. In other states the trustee may invest in a security if it is one which would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.

PRUDENT INVESTOR STANDARD: Is a standard defined under State Government Code Section 53600.3 that states when investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the City, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the City/Successor Agency to the Brea Redevelopment Agency. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law.

QUALIFIED PUBLIC DEPOSITORIES: A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has segregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

RATE OF RETURN: The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond the current income return.

REPURCHASE AGREEMENT (REPO): A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security “buyer” in effect lends the “seller” money for the period of the agreement, and the terms of the agreement are structured to compensate him for this.

REVERSE REPURCHASE AGREEMENT (REVERSE REPO): A reverse-repurchase agreement (reverse repo) involves an investor borrowing cash from a financial institution in exchange for securities. The investor agrees to repurchase the securities at a specified date for the same cash value plus an agreed upon interest rate. Although the transaction is similar to a repo, the purpose of entering into a reverse repo is quite different. While a repo is a straightforward investment of public funds, the reverse repo is a borrowing.

SAFEKEEPING: A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank’s vaults for protection.

SECONDARY MARKET: A market made for the purchase and sale of outstanding issues following the initial distribution.

SECURITIES & EXCHANGE COMMISSION: Agency created by Congress to protect investors in securities transactions by administering securities legislation.

SEC RULE 15(C)3-1: See Uniform Net Capital Rule.

STRUCTURED NOTES: Notes issued by Government Sponsored Enterprises (FHLB, FNMA, SLMA, etc.) and Corporations, which have imbedded options (e.g., call features, step-up coupons, floating rate coupons, derivative-based returns) into their debt structure. Their market performance is impacted by the fluctuation of interest rates, the volatility of the imbedded options and shifts in the shape of the yield curve.

TREASURY BILLS: A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

TREASURY BONDS: Long-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities of more than 10 years.

TREASURY NOTES: Medium-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities from two to 10 years.

UNIFORM NET CAPITAL RULE: Securities and Exchange Commission requirement that member firms as well as nonmember broker-dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

YIELD: The rate of annual income return on an investment, expressed as a percentage. (a) INCOME YIELD is obtained by dividing the current dollar income by the current market price for the security. (b) NET YIELD or YIELD TO MATURITY is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

Return to Agenda

Agenda Item 6.

City of Brea

COUNCIL COMMUNICATION

TO: Honorable Mayor and City Council Members

FROM: Bill Gallardo, City Manager

DATE: 07/23/2018

SUBJECT: Review the Investment Policy Guidelines for the City of Brea's Employee Benefit Fund Pension Plan

RECOMMENDATION

Review the Investment Policy Guidelines for the City of Brea's Employee Benefit Fund Pension Plan through Public Agency Retirement Services (PARS).

BACKGROUND/DISCUSSION

On November 17, 2015, the City Council approved participation within the Public Agencies Post-Employment Benefits Trust Program that established the City of Brea's Employee Benefit Fund Pension Plan ("Plan"). The Plan is administered by Public Agencies Retirement Services (PARS) to assist the City in "pre-funding" its pension obligations in an irrevocable Section 115 Trust account. Some of the benefits of participating in the program are summarized below:

- City maintains oversight of investment management and control over the risk tolerance level of the portfolio;
- Assets held in the PARS Section 115 Trust account allows for greater investment flexibility and risk diversification compared to the City's General Fund investments;
- Assets could be accessed to offset unexpected CalPERS rate increases (rate stabilization);
- Potential to improve an agency's bond rating; and
- Flexibility to access assets at any time as long as it is used to pay employer's pension obligations.

The investment strategies for these assets are defined within the City's Investment Policy Guidelines that were developed and evaluated by PARS, HighMark Capital Management (the Plan's Investment Advisory Firm) and the City's Investment Advisory Committee (IAC). The purpose of the Investment Policy Guidelines is to facilitate communication and confirm the City's investment objectives for the Plan. It also helps maintain a long-term perspective when market volatility is caused by short-term market movements. The policy also details the Plan's Trustee, the Investment Manager and the Investment Advisory Committee's roles and responsibilities.

On January 19, 2016, the City Council adopted the City's Investment Policy Guidelines for the Plan and confirmed the IAC's recommendation of selecting the "Balanced" Asset

Allocation Strategy of the five strategies offered by the Plan's Investment Advisory Firm, HighMark Capital Management. This strategy provides growth of principal and income on the long term horizon.

On April 24, 2017, the Investment Advisory Committee, including PARS and HighMark Capital Management, reviewed the Investment Policy Guidelines and recommended expanding the responsibilities of the Investment Manager to include *"Notifying City Treasurer, Administrative Services Director and Investment Advisory Committee when investment portfolios demonstrate low performance, if any, which occurs between each periodic report."*

These changes were incorporated as part of the 2016 and 2017 annual review of the Investment Policy Guidelines. No changes are recommended as part this review. The draft Investment Policy Guidelines is included as Attachment A.

COMMISSION/COMMITTEE RECOMMENDATION

On July 23, 2018, the Investment Advisory Committee reviewed the Investment Policy Guidelines and recommended…..

FISCAL IMPACT/SUMMARY

There is no fiscal impact for approving the Investment Policy Guidelines.

RESPECTFULLY SUBMITTED:

William Gallardo, City Manager
Prepared by: Alicia Brenner, Senior Management Analyst
Concurrence: Cindy Russell, Administrative Services Director

Attachment

Draft Policy

Return to Agenda

DRAFT

Investment Policy Guidelines

for the

City of Brea

Employee Benefits Fund Pension Plan

July, 2018

HighMark®
CAPITAL MANAGEMENT

Investment Policy Guidelines

Scope and Purpose

The purpose of these Investment Policy Guidelines is to:

- Facilitate the process of ongoing communication between the Plan Sponsor and its plan fiduciaries;
- Confirm the Plan's investment goals and objectives and management policies applicable to the investment portfolio identified below and obtained from the Plan Sponsor;
- Provide a framework to construct a well-diversified asset mix that can potentially be expected to meet the account's investment needs that is consistent with the account's investment objectives, liquidity considerations and risk tolerance;
- Identify any unique considerations that may restrict or limit the investment discretion of its designated investment managers;
- Help maintain a long-term perspective when market volatility is caused by short-term market movements.

Key Plan Sponsor Account Information as of August 2017

Plan Sponsor:	City of Brea
Governance:	Investment Advisory Committee for the City of Brea
Plan Name ("Plan"):	City of Brea Employee Benefit Fund Pension Plan
Trustee:	US Bank Contact: Sue Hughes, 949-224-7209 Susan.Hughes@usbank.com
Type of Account:	*Pension Plan*
Investment Manager:	US Bank, as discretionary trustee, has delegated investment management responsibilities to HighMark Capital Management, Inc. ("Investment Manager"), an SEC-registered investment adviser Contact: Keith Stribling, CFA, 949-553-2591 Keith.stribling@highmarkcapital.com

Investment Authority: Except as otherwise noted, the Trustee, US Bank, has delegated investment authority to HighMark Capital Management, an SEC-registered investment adviser. Investment Manager has full investment discretion over the managed assets in the account. Investment Manager is authorized to purchase, sell, exchange, invest, reinvest and manage the designated assets held in the account, all in accordance with account's investment objectives, without prior approval or subsequent approval of any other party(ies).

Investment Objectives and Constraints

The goal of the Plan's investment program is to provide a reasonable level of growth which, will result in sufficient assets to pay the present and future obligations of the Plan. The following objectives are intended to assist in achieving this goal:

- The Plan should seek to earn a return in excess of its policy benchmark over the life of the Plan.
- The Plan's assets will be managed on a total return basis which takes into consideration both investment income and capital appreciation. While the Plan Sponsor recognizes the importance of preservation of capital, it also adheres to the principle that varying degrees of investment risk are generally rewarded with compensating returns. To achieve these objectives, the Plan Sponsor allocates its assets (asset allocation) with a strategic perspective of the capital markets.

Investment Time Horizon:	Long-term
Anticipated Cash Flows:	Assets in the Plan will seek to mitigate the impact of future rate increases from CalPERS. Typically increases in rates come with a one-year advance warning, however this Plan may transfer assets to CalPERS at any time.
Investment Objective:	The primary objective is to maximize total Plan return, subject to the risk and quality constraints set forth herein. The investment objective the Plan Sponsor has selected is the **Balanced Objective**, which has a dual goal to seek growth of income and principal.
Risk Tolerance:	*Balanced* The account's risk tolerance has been rated moderate, which demonstrates that the account can accept price fluctuations to pursue its investment objectives.

Strategic Asset Allocation: The asset allocation ranges for this objective are listed below:

Strategic Asset Allocation Ranges		
Cash	Fixed Income	Equity
0-20%	30%-50%	50%-70%
Policy: 5%	Policy: 35%	Policy: 60%

Market conditions may cause the account's asset allocation to vary from the stated range from time to time. The Investment Manager will rebalance the portfolio no less than quarterly and/or when the actual weighting differs substantially from the strategic range, if appropriate and consistent with your objectives.

Security Guidelines:

Equities
With the exception of limitations and constraints described above, Investment Manager may allocate assets of the equity portion of the account among various market capitalizations (large, mid, small) and investment styles (value, growth). Further, Investment Manager may allocate assets among domestic, international developed and emerging market equity securities.

Total Equities	50%-70%
Equity Style	*Range*
Domestic Large Cap Equity	20%-50%
Domestic Mid Cap Equity	0%-15%
Domestic Small Cap Equity	0%-20%
International Equity (incl. Emerging Markets)	0%-20%
Real Estate Investment Trust (REIT)	0%-10%

Fixed Income
In the fixed income portion of the account, Investment Manager may allocate assets among various sectors and industries, as well as varying maturities and credit quality that are consistent with the overall goals and objectives of the portfolio.

Total Fixed Income	30%-50%

Eligible Investments

- Debt obligations of the U.S. Government, its agencies, and Government Sponsored Enterprises
- Mortgage-Backed Securities (MBS)
- Asset Backed Securities (ABS)
- Collateralized Mortgage Obligations (CMO)
- Commercial Mortgage-Backed Securities (CMBS)

- Corporate debt securities issued by U.S. or foreign entities including, but not limited to, limited partnerships, equipment trust certificates and enhanced equipment trust certificates

Quality
The portfolio will maintain a minimum weighted average quality of A- at all times. Individual securities shall have a minimum quality rating of Baa3 by Moody's or BBB- by Standard & Poor's (S&P).

Duration
The manager will maintain the portfolio duration within +/- 25% of the benchmark duration at all times.

Diversification
- Any individual issuer position size is to be less than 10% of the portfolio assets at time of purchase, with the exception of securities issued or guaranteed by the U.S. Government, its agencies, and Government Sponsored Enterprises
- High Yield will be managed with funds and/or ETF's at less than 5% of the total portfolio.

Performance Benchmarks:
The performance of the total Plan shall be measured over a three and five-year periods. These periods are considered sufficient to accommodate the market cycles experienced with investments. The performance shall be compared to the return of the total portfolio blended benchmark shown below.

Total Portfolio Blended Benchmark

32.00%	S&P500 Index
6.00%	Russell Mid Cap Index
9.00%	Russell 2000 Index
4.00%	MSCI Emerging Market Index
7.00%	MSCI EAFE Index
2.00%	Wilshire REIT
27.00%	BC US Aggregate Index
6.75%	ML 1-3 Year US Corp/Gov't
1.25%	US High Yield Master II
5.00%	Citi 1Mth T-Bill

Asset Class/Style Benchmarks

Over a market cycle, the long-term objective for each investment strategy is to add value to a market benchmark. The following are the benchmarks used to monitor each investment strategy:

Large Cap Equity	S&P 500 Index
Growth	S&P 500 Growth Index
Value	S&P 500 Value Index
Mid Cap Equity	Russell Mid Cap Index
Growth	Russell Mid Cap Growth
Value	Russell Mid Cap Value
Small Cap Equity	Russell 2000 Index
Growth	Russell 2000 Growth
Value	Russell 2000 Value
REITs	Wilshire REIT
International Equity	MSCI EAFE
Investment Grade Bonds	Barclays US Aggregate

Security Selection

Investment Manager may utilize a full range of investment vehicles when constructing the investment portfolio, including but not limited to individual securities, mutual funds, and exchange-traded funds. In addition, to the extent permissible, Investment Manager is authorized to invest in shares of mutual funds in which the Investment Manager serves as advisor or sub-adviser.

Investment Limitations:

The following investment transactions are prohibited:

- Direct investments in precious metals (precious metals mutual funds and exchange-traded funds are permissible).
- Venture Capital
- Short sales*
- Purchases of Letter Stock, Private Placements, or direct payments
- Leveraged Transactions*
- Commodities Transactions Puts, calls, straddles, or other option strategies*
- Purchases of real estate, with the exception of REITs
- Individual high yield or below investment grade rated bonds (high yield will be managed with funds and/or ETF's)
- Derivatives, with exception of ETFs*

**Permissible in diversified mutual funds and exchange-traded funds*

Duties and Responsibilities

Responsibilities of Plan Sponsor

The Investment Advisory Committee of the City of Brea is responsible for:

- Confirming in writing the accuracy of this Investment Policy Guidelines.
- Advising Trustee and Investment Manager of any change in the plan/account's financial situation, funding status, or cash flows, which could possibly necessitate a change to the account's overall risk tolerance, time horizon or liquidity requirements; and thus would dictate a change to the overall investment objective and goals for the account.

The City Treasurer and Administrative Services Director is responsible for:

- Monitoring and supervising all service vendors and investment options, including investment managers.
- Avoiding prohibited transactions and conflicts of interest.
- Providing quarterly investment reports to the City Council.

Responsibilities of Trustee

The plan Trustee is responsible for:

- Valuing the holdings.
- Collecting all income and dividends owed to the Plan.
- Settling all transactions (buy-sell orders).

Responsibilities of Investment Manager

The Investment Manager is responsible for:

- Assisting the Investment Advisory Committee with the development and maintenance of this Investment Policy Guidelines annually.
- Meeting with Investment Advisory Committee semi-annually to review portfolio structure, holdings, and performance.
- Meeting with City Council annually to review portfolio structure, holdings, and performance.
- Providing quarterly investment reports to the Investment Advisory Committee.
- Designing, recommending and implementing an appropriate asset allocation consistent with the investment objectives, time horizon, risk profile, guidelines and constraints outlined in this statement.
- Researching and monitoring investment advisers and investment vehicles.
- Purchasing, selling, and reinvesting in securities held in the account.
- Monitoring the performance of all selected assets.
- Notify Investment Advisory Committee when investment portfolios demonstrate low performance, if any, which occurs between each periodic report.
- Voting proxies, if applicable.
- Recommending changes to any of the above.
- Periodically reviewing the suitability of the investments, being available to meet with the committee at least once each year, and being available at such other times within reason at your request.
- Informing the committee if changes occur in personnel that are responsible for portfolio management or research.

Acknowledgement and Acceptance

I/We being the Plan Sponsor with responsibility for the account(s) held on behalf of the Plan Sponsor specified below, designate Investment Manager as having the investment discretion and management responsibility indicated in relation to all assets of the Plan or specified Account. If such designation is set forth in the Plan/trust, I/We hereby confirm such designation as Investment Manager.

I have read the Investment Policy Guidelines, and confirm the accuracy of it, including the terms and conditions under which the assets in this account are to be held, managed, and disposed of by Investment Manager. This Investment Policy Guidelines supersedes all previous versions of an Investment Policy Guidelines or investment objective instructions that may have been executed for this account.

____ Date:______________

Plan Sponsor: City of Brea

____ Date:______________

Investment Manager: Keith Stribling, CFA, Senior Portfolio Manager, (949) 553-2591

Return to Agenda

Agenda Item 7.

City of Brea

INVESTMENT ADVISORY COMMITTEE COMMUNICATION

TO: Honorable Chair and Committee Members

FROM: Bill Gallardo, City Manager

DATE: 07/23/2018

SUBJECT: Adoption of the City of Brea Resolution Authorizing Investment of Monies in the Local Agency Investment Fund (LAIF)

RECOMMENDATION

Adopt the resolution authorizing the City Treasurer and Administrative Services Director to invest monies on behalf of City of Brea in the State of California Treasurer's Office Local Agency Investment Fund (LAIF)

BACKGROUND/DISCUSSION

The City of Brea has been investing funds in the Local Agency Investment Fund (LAIF) since March 1, 1977. LAIF has proven to be a steady, consistent source for investment income, providing ready access to operating funds on an as-needed basis, in a manner similar to a money market fund for a private individual or family.

This program offers local agencies the opportunity to participate in a major portfolio, which invests hundreds of millions of dollars using the investment expertise of the Treasurer's Office investment staff at no additional cost to the taxpayer. The LAIF in-house management team is comprised of investment professionals.

Periodically, LAIF requests that participating agencies review and update authorizing documents, including the attached resolution authorizing investment of monies in the Local Agency Investment Fund for the City. This action allows both the City Treasurer and the Administrative Services Director to authorize appropriate personnel to deposit or withdraw monies in the Local Agency Investment Fund.

FISCAL IMPACT/SUMMARY

There is no fiscal impact from the adoption of the LAIF resolution.

RESPECTFULLY SUBMITTED

Bill Gallardo, City Manager
Prepared by: Faith Madrazo, Revenue & Budget Manager
Concurrence: Cindy Russell, Administrative Services Director

Attachment

Resolution

Return to Agenda

RESOLUTION NO. 2018-

A RESOLUTION OF THE COUNCIL OF THE CITY OF BREA AUTHORIZING PARTICIPATION IN THE LOCAL AGENCY INVESTMENT FUND

A. Recitals:

(i) The name of this agency is:
City of Brea
1 Civic Center Circle
Brea, California 92821

(ii) The Council of the City of Brea rescinds, in its entirety, Resolution 2005-74 and substitutes, therefore, this Resolution; and

(iii) Whereas pursuant to Chapter 730 of the statutes of 1976 Section 16429.1 was added to the California Goverment Code to create a Local Agency Investment Fund in the State Treasury for the deposit of money of a local agency for purposes of Investment by the State Treasurer; and

(iv) Whereas the Council of the City of Brea does hereby find that the deposit and withdrawal of money in the Local Agency Investment Fund in accordance with the provisions of Section 16429.1 of the Government Code for the purpose of investment as stated therein as in the best interests of the City of Brea;

B. Resolution:

NOW THEREFORE, be it resolved that the Council of the City of Brea does hereby authorize the deposit and withdrawal of City of Brea monies in the Local Agency Investment Fund in the State Treasury in accordance with the provisions of Section 16429.1 of the Government Code for the purpose of investment as stated herein, and verification by the State Treasurer's Office of all banking information provided in that regard.

Be it further resolved, that the following City of Brea officers or their successors in office shall be authorized to assign personnel in order to deposit or withdraw monies in the Local Agency Investment Fund:

City Treasurer, Richard Rios
Administrative Services Director, Cindy Russell

ADOPTED AND APPROVED this 21st day of August, 2018.

____
Mayor

I, Lillian Harris-Neal, City Clerk of the City of Brea, California, do hereby certify that the foregoing Resolution was adopted at a regular meeting of the City Council of the City of Brea on this 21st day of August, 2018 by the following vote:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

Dated: ______________________

____
City Clerk

Return to Agenda

Agenda Item 8.

City of Brea

INVESTMENT ADVISORY COMMITTEE COMMUNICATION

TO: Honorable Chair and Committee Members

FROM: Bill Gallardo, City Manager

DATE: 07/23/2018

SUBJECT: Adoption of the Successor Agency Resolution Authorizing Investment in the Local Agency Investment Fund for the Successor Agency to the Brea Redevelopment Agency

RECOMMENDATION

Adopt the resolution authorizing the City Treasurer and Administrative Services Director to invest monies on behalf of the Successor Agency to the Brea Redevelopment Agency in the State of California Treasurer's Office Local Agency Investment Fund (LAIF).

BACKGROUND/DISCUSSION

The City of Brea and the Brea Redevelopment Agency have been investing funds in LAIF since 1977. LAIF has proven to be a steady, consistent source of investment income providing ready access to operation funds on an as-needed basis, in a manner similar to a money market fund for a private individual or family.

The LAIF program offers local agencies the opportunity to participate in a major portfolio, which invests hundred of millions of dollars utilizing investment expertise of the Treasurer's Office investment staff at no additional cost to the taxpayer. The LAIF in-house management team is composed of experienced investment professionals.

On March 6, 2012 the City Council adopted City Resolution No. 2012-018 which authorized the investment of monies in the Local Agency Investment Fund (LAIF) for the Successor Agency to the Brea Redevelopment Agency. Staff wanted to be careful under the Dissolution Act for all California Redevelopment Agencies that it was not in violation of entering into a contract, so they chose to have the City Council adopt a City Resolution rather than a Successor Agency Resolution.

With a greater understanding of the Dissolution Act, Staff feels more comfortable with the adoption of the Successor Agency Resolution rather than a City Resolution for the investment of Successor Agency funds. This action does not qualify as an enforceable obligation.

Periodically, LAIF requests that participating agencies review and update authorizing documents, including the attached resolution authorizing investment of monies in the Local Agency Investment Fund for the Successor Agency. This action allows both the City Treasurer and Administrative Services Director to authorize appropriate personnel to deposit or withdraw monies in/from the Local Agency Investment Fund on behalf of the Successor Agency to the Brea Redevelopment Agency.

FISCAL IMPACT/SUMMARY

There is no fiscal impact from the adoption of the LAIF resolution.

RESPECTFULLY SUBMITTED

Bill Gallardo, City Manager
Prepared by: Faith Madrazo, Revenue and Budget Manager
Concurrence: Cindy Russell, Adminstrative Services Director

Attachment

Resolution

RESOLUTION NO. SA 2018

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BREA, AS SUCCESSOR AGENCY TO THE BREA REDVELOPMENT AGNECY AUTHORIZING INVESTMENT OF MONIES IN THE LOCAL AGENCY INVESTMENT FUND FOR THE SUCCESSOR AGENCY TO THE BREA REDEVELOPMENT AGENCY

A. RECITALS:

(i) Pursuant to Chapter 730 of the statutes of 1976 Section 16429.1 was added to the California Government Code to create a Local Agency Investment Fund in the State Treasury for the deposit of money of a local agency for purposes of investment by the State Treasurer; and

(ii) The City Council does hereby find that the deposit and withdrawal of money in the Local Agency Investment Fund in accordance with the provisions of Section 16429.1 of the Government Code for the purpose of investment as stated therein as in the best interests of the Successor Agency to the Brea Redevelopment Agency.

8. RESOLUTION:

NOW THEREFORE, the City Council of the City of Brea, as Successor Agency to the Brea Redevelopment Agency, does hereby find, determine and resolve as follows:

1. Authorize the deposit and withdrawal of Successor Agency to the Brea Redevelopment Agency monies in the Local Agency Investment Fund in the State Treasury in accordance with the provisions of Section 16429.1 of the Government Code for the purpose of investment as stated therein, and verification by the State Treasurer's Office of all banking information provided in that regard.

2. That the following City of Brea, as their successors in office, shall be authorized to assign personnel to order the deposit or withdrawal of monies in the Local Agency Investment Fund:

City Treasurer, Richard Rios
Administrative Services Director, Cindy Russell

APPROVED AND ADOPTED this 21st day of August, 2018.

Mayor

ATTEST:
City Clerk

I, Lillian Harris-Neal, City Clerk of the City of Brea, do hereby certify that the foregoing Resolution was adopted at a regular meeting of the City Council of the City of Brea, as the Successor Agency to the Brea Redevelopment Agency held on the 21st day of August, 2018, by the following vote:

AYES:	COUNCIL MEMBERS: None
NOES:	COUNCIL MEMBERS: None
ABSENT:	COUNCIL MEMBERS: None
ABSTAIN:	COUNCIL MEMBERS: None

Agenda Item 9.

City of Brea

COMMUNICATION

TO: Honorable Chair and Members

FROM: Bill Gallardo

DATE: 07/23/2018

SUBJECT: Review Quarterly Investment Report Period Ending June 30, 2018 from Chandler Asset Management - Presentation by Jeff Probst

Attachment

Investment Report

Return to Agenda

CHANDLER ASSET MANAGEMENT

Investment Report

City of Brea

Period Ending
June 30, 2018

Table of Contents

SECTION 1

Economic Update

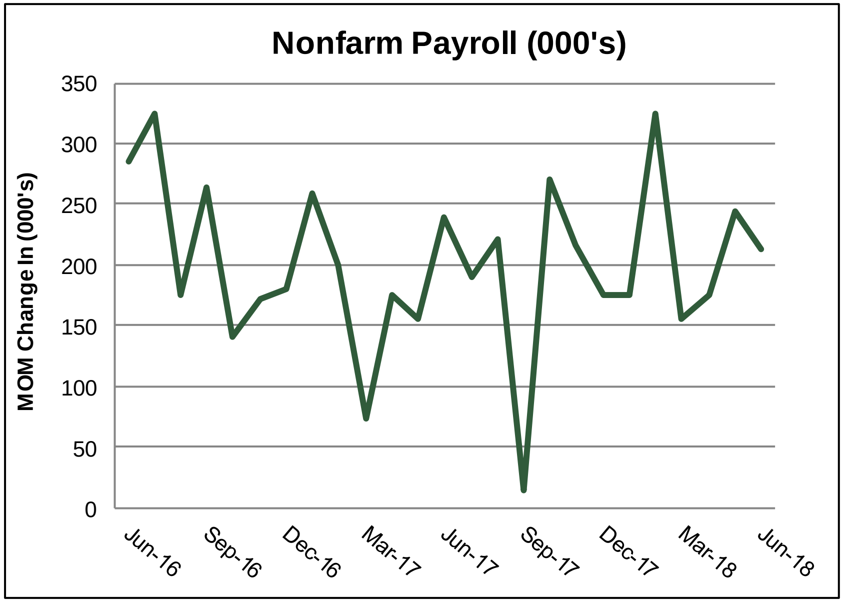
Economic Update

- As expected, the Federal Open Market Committee raised the fed funds target rate by 25 basis points to a range of 1.75%-2.00% at the June 13 meeting. Though the decision to hike the fed funds rate was widely anticipated, market participants generally interpreted the policy statement and summary of economic projections as being more hawkish than expected. The Fed signaled there could be a total of four rate hikes this year. However, we anticipate the impact of market dynamics related to a stronger US dollar, increased deficit-related Treasury issuance, and the continued roll-off of the Fed's balance sheet will cause financial conditions to tighten in the second half of this year and thus slow down the pace of future rate hikes. These factors, along with ongoing concerns about global trade, the potential for increased volatility sparked by the upcoming US midterm elections, and a shift toward less accommodative monetary policy by the European Central Bank, may cause the Fed to move more gradually. However, if we do not see signs of increased financial market tightening over the next 3-4 months, we think the Fed will move forward with two more rate hikes before year-end.

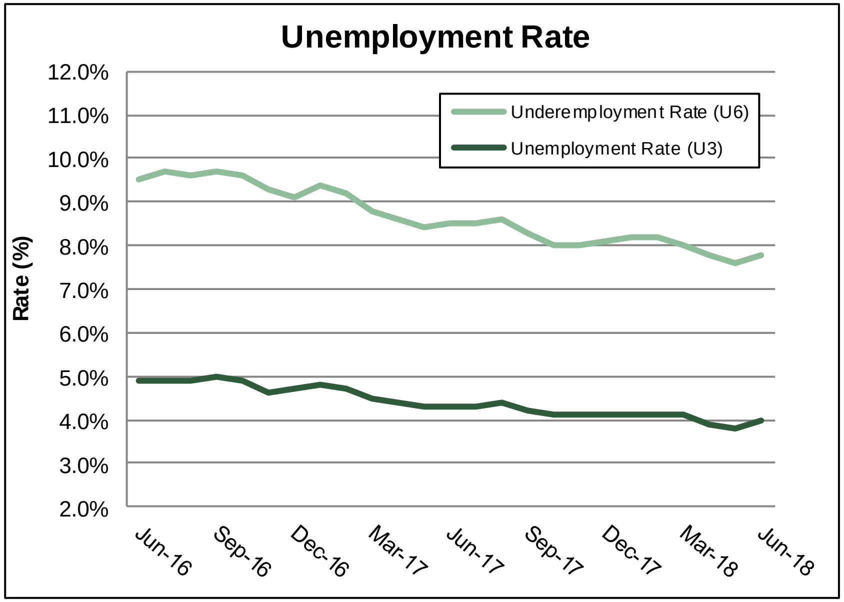
- We are forecasting GDP growth of about 2.5%-3.0% in 2018, which is in line with the Fed's forecast and the market consensus. This would equate to an increase over 2017 GDP growth of 2.3%. Overall, economic data remains favorable but predictive economic indicators suggest that economic growth is unlikely to accelerate in the second half of the year. The index of Leading Economic Indicators rose just 0.2% in May (below consensus) versus 0.4% in April and the Chicago Fed National Activity index dropped to -0.15 in May from +0.42 in April. Although the consensus forecast calls for GDP growth of 3.4% in the second quarter, economic growth is expected to decelerate to 3.0% and 2.6% in the third and fourth quarters, respectively.

- The Treasury yield curve continued to flatten in June. At month-end, the 2-year Treasury yield was up ten basis points to 2.52%, while the 10-year Treasury yield was essentially unchanged at 2.86%. The spread between 2- and 10-year Treasury yields narrowed to just 33 basis points at month-end. Over the past 20 years, the average spread between 2- and 10-year Treasuries has been about 140 basis points, with a median spread of roughly 150 basis points. We believe ongoing normalization of the Fed's balance sheet, along with increased issuance by the Treasury to fund the growing fiscal deficit, will help promote a steeper yield curve in the second half of this year.

Employment



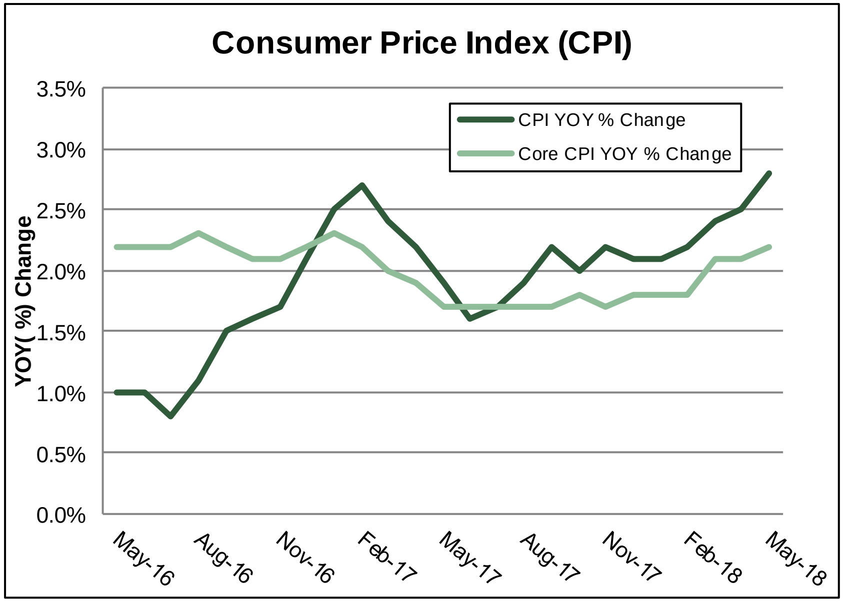
Source: US Department of Labor



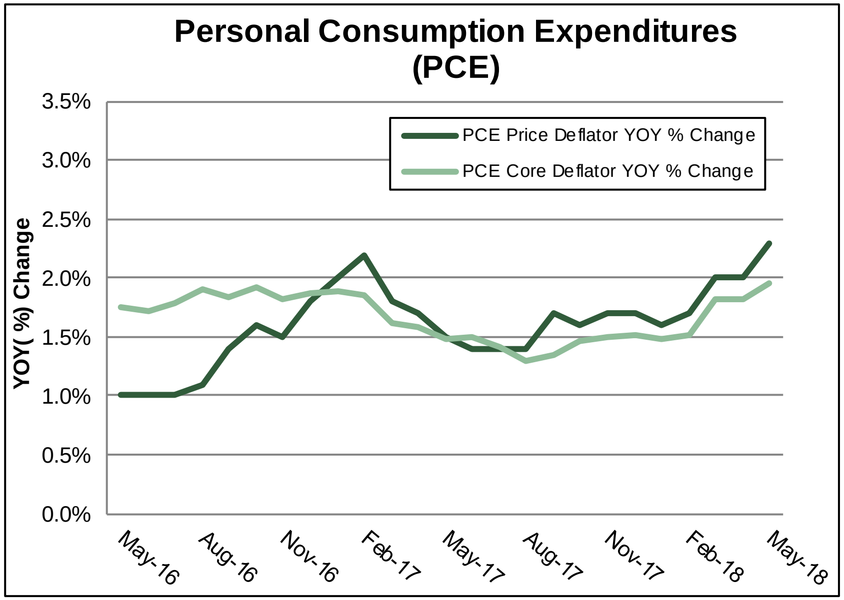
Source: US Department of Labor

The pace of hiring remained solid in June with non-farm payrolls increasing by 213,000, modestly above the 195,000 consensus estimate. The prior two months were also revised higher by a net 37,000. On a trailing three and six-month basis, payrolls increased by 211,000 and 215,000, respectively. The unemployment rate ticked higher by 0.2% to 4.0% and the labor force participation rate also increased by 0.2% to 62.9% as more people entered the workforce. A broader measure of unemployment called the U-6, which includes those who are marginally attached to the labor force and employed part time for economic reasons, increased by 0.2% to 7.8%. The average workweek remained unchanged at 34.5 hours. Average hourly earnings increased by 0.2% for the month and 2.7% on a year-over-year basis, a tenth lower on a month-over-month basis and unchanged on a year-over-year basis from the prior month.

Inflation



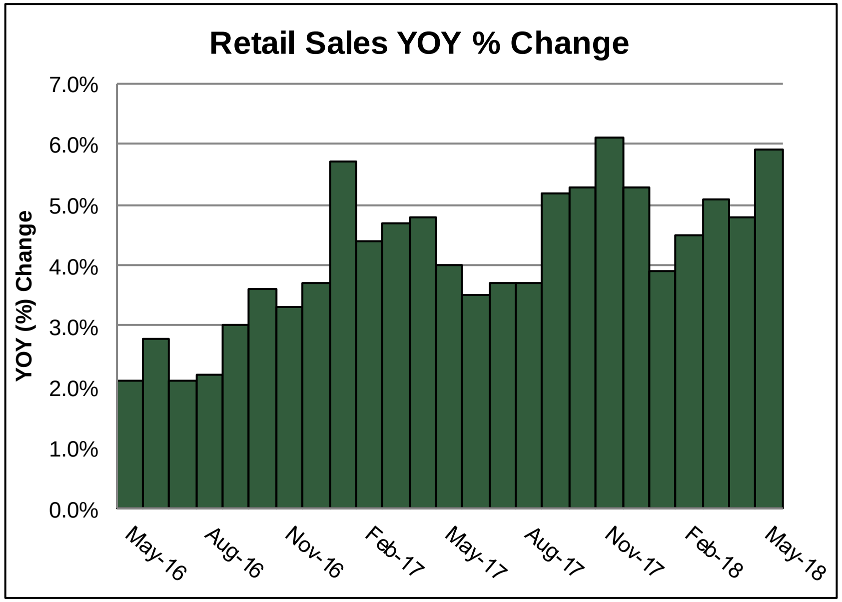
Source: US Department of Labor



Source: US Department of Labor

The Consumer Price Index (CPI) was up 2.8% year-over-year in May, up from 2.5% in April. Core CPI (CPI less food and energy) was up 2.2% year-over-year in May, up from 2.1% in April. The Personal Consumption Expenditures (PCE) index was up 2.3% year-over-year in May, versus 2.0% in April. Core PCE (excluding food and energy) was up 2.0% on a year-over-year basis in May, versus 1.8% in April. Core PCE inflation is now in line with the Fed's 2.0% target.

Consumer

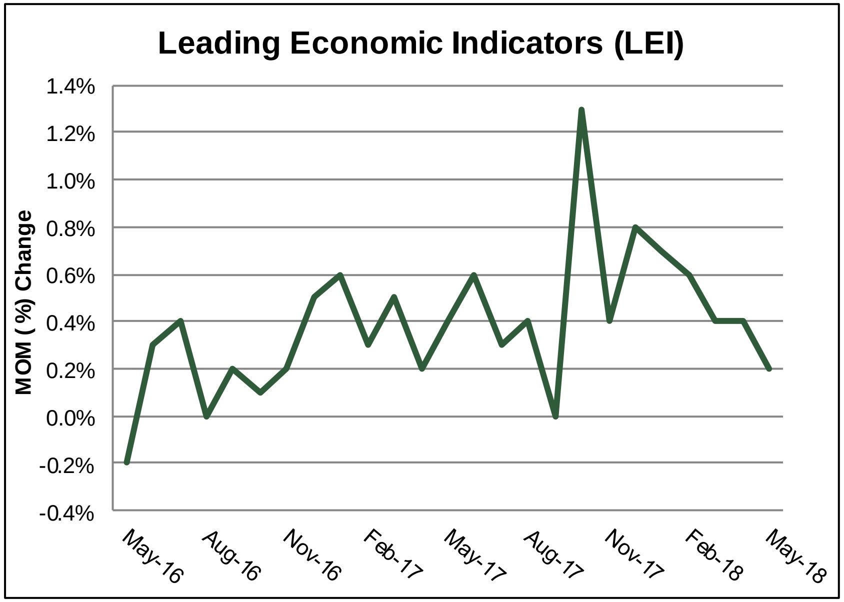


Source: US Department of Commerce

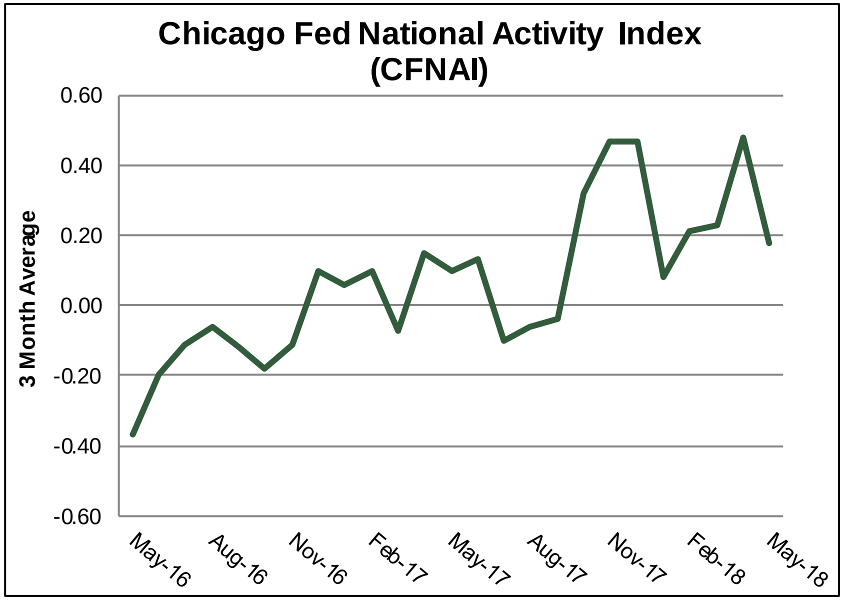
Source: The Conference Board

On a year-over-year basis, retail sales were up 5.9% in May, versus up 4.8% year-over-year in April. On a month-over-month basis, retail sales increased 0.8% in May, exceeding the consensus forecast of 0.4%, following an upwardly revised increase of 0.4% in April. The Consumer Confidence Index remains strong but eased slightly to 126.4 in June from 128.8 in May. Ongoing strength in the labor market continues to support consumer confidence and spending trends.

Economic Activity



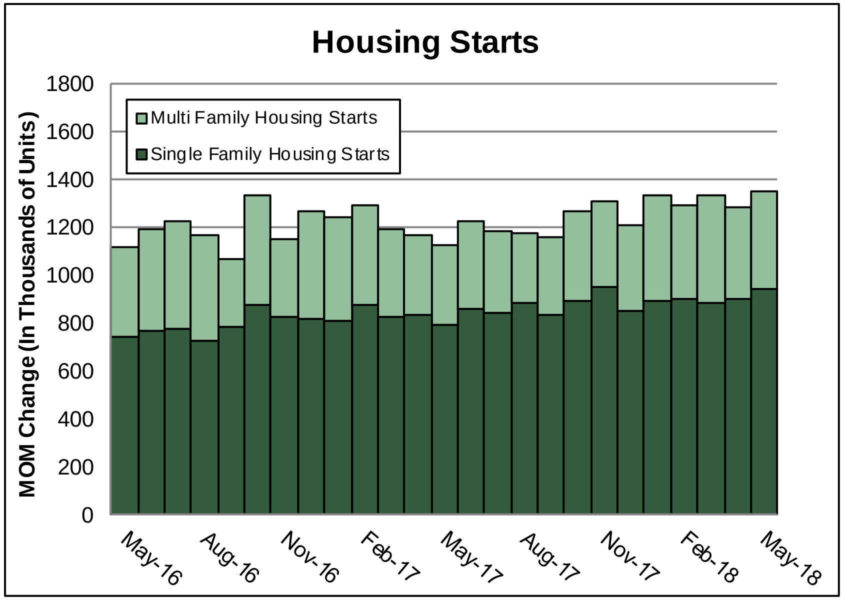
Source: The Conference Board



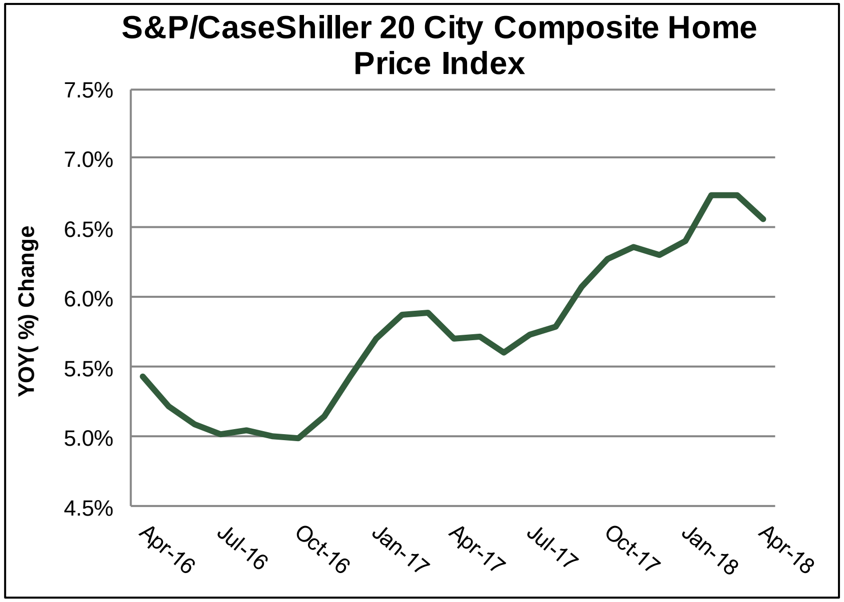
Source: Federal Reserve Bank of Chicago

The Index of Leading Economic Indicators (LEI) rose 0.2% in May, following a 0.4% increase in April. According to the Conference Board, the index still points to solid US economic growth. However, the Conference Board also noted the index has recently moderated which suggests economic growth is unlikely to accelerate. The Chicago Fed National Activity Index (CFNAI) decreased in May to -0.15. On a 3-month moving average basis, the index declined to 0.18 in May from 0.48 in April. The CFNAI suggests that the economy slowed in May. However, the index remains well above -0.70, which is the level associated with the beginning of a recession. Production indicators boosted the index in April but dragged down the index in May.

Housing



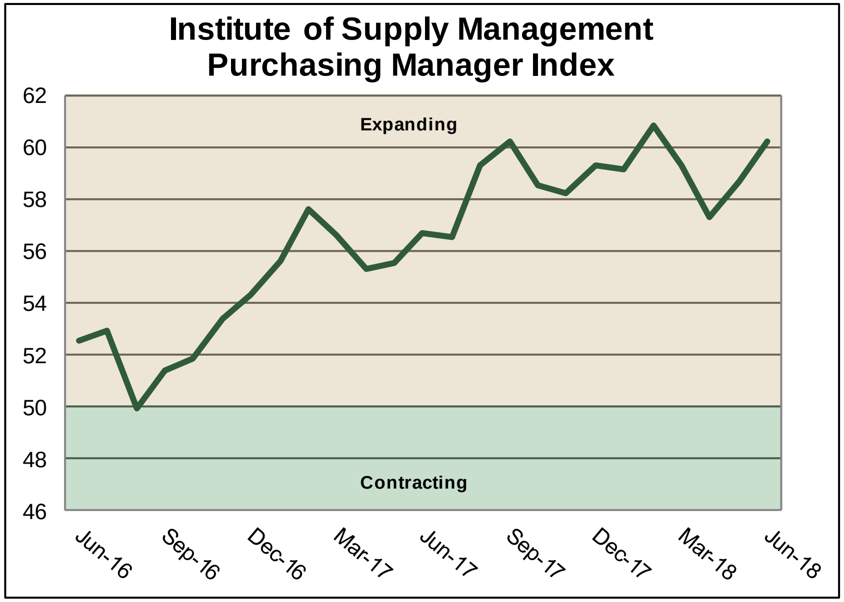
Source: US Census Bureau



Source: S&P

Total housing starts increased 5.0% in May. Single-family starts rose 3.9% while multi-family starts rose 7.5%. According to the Case-Shiller 20-City home price index, home prices were up 6.6% year-over-year in April, versus 6.7% in March. Home price appreciation has recently softened.

Manufacturing



Source: Institute for Supply Management

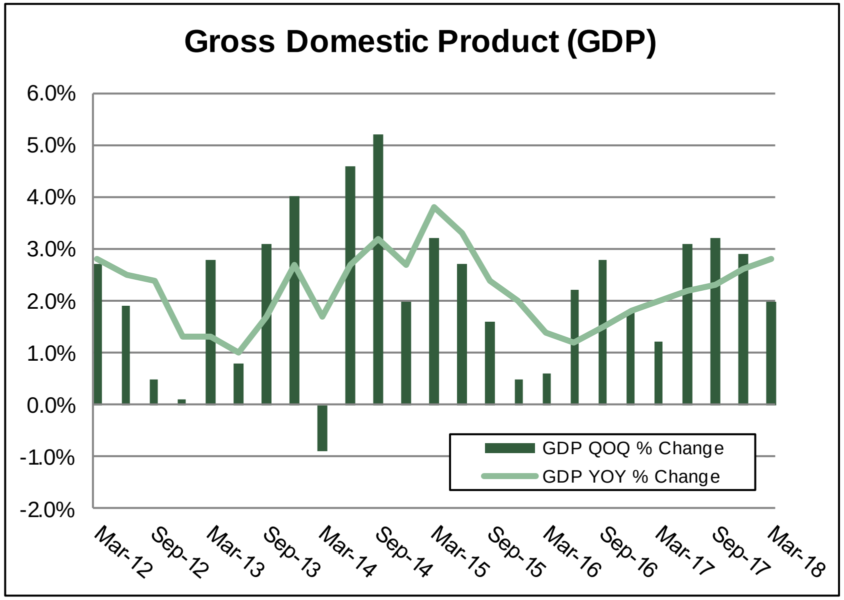
Source: Federal Reserve

The Institute for Supply Management (ISM) manufacturing index increased to 60.2 in June from 58.7 in May. A reading above 50.0 suggests the manufacturing sector is expanding. The Industrial Production index was up 3.5% year-over-year in May versus up 3.6% in April. On a month-over-month basis, the index declined 0.1% in May, below expectations of +0.1%, following an upwardly revised gain of 0.9% in April. The index was dragged down by a big drop in motor vehicles in the month. Capacity Utilization was 77.9% in May, down from 78.1% in April, indicating there is still excess capacity for growth.

Gross Domestic Product (GDP)

Components of GDP	6/17	9/17	12/17	3/18
Personal Consumption Expenditures	2.2%	1.5%	2.8%	0.6%
Gross Private Domestic Investment	0.6%	1.2%	0.8%	1.2%
Net Exports and Imports	0.2%	0.4%	-1.2%	0.0%
Federal Government Expenditures	0.1%	0.1%	0.2%	0.1%
State and Local (Consumption and Gross Investment)	-0.2%	0.0%	0.3%	0.1%
Total	3.1%	3.2%	2.9%	2.0%

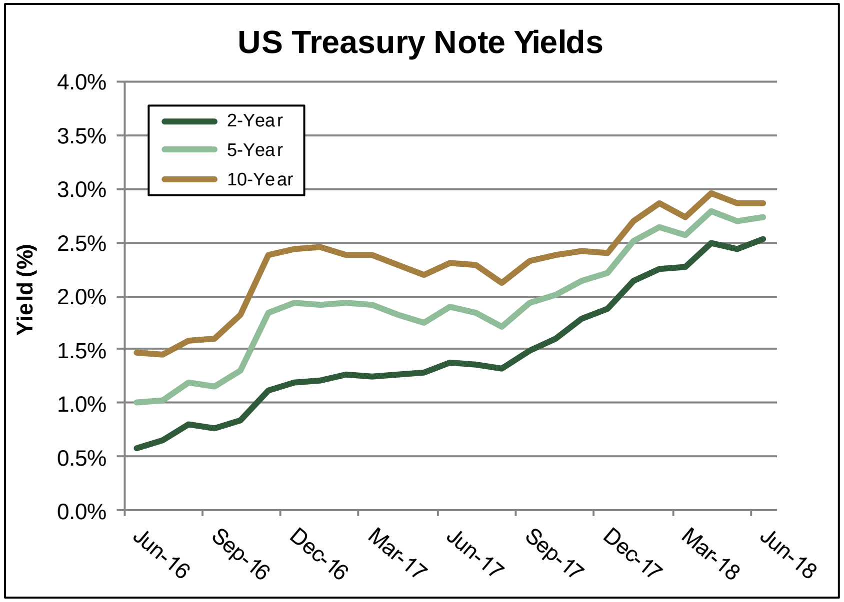
Source: US Department of Commerce



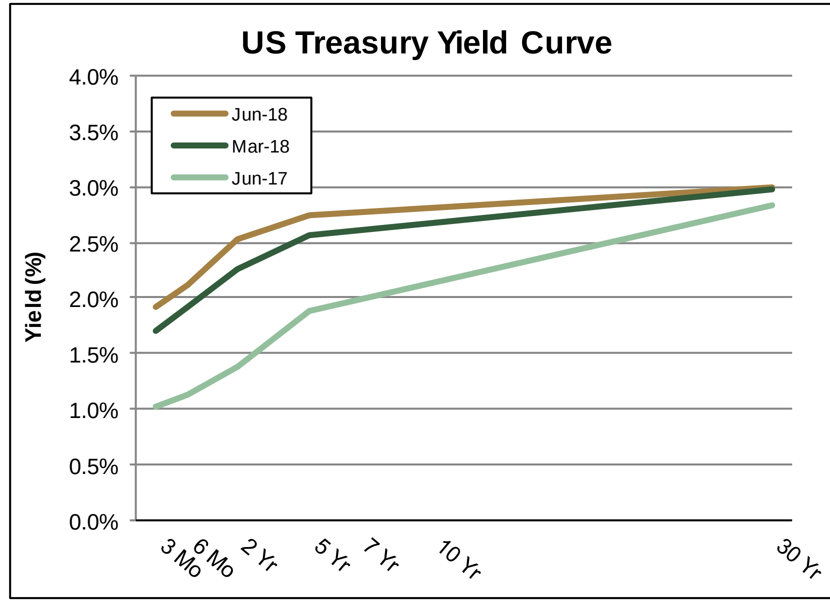
Source: US Department of Commerce

First quarter GDP growth was revised down again to 2.0% from 2.2%, according to the third estimate which was below expectations due to higher than expected inflation. Consumer spending was more subdued in the first quarter versus prior quarters but was still favorable. GDP growth is expected to be stronger in the second quarter and second half of the year, compared with the first quarter. We expect overall GDP growth of 2.5%-3.0% for the full year, driven by ongoing labor market strength and a tailwind from tax reform.

Bond Yields



Source: Bloomberg



Source: Bloomberg

On a year-over-year basis, the Treasury yield curve has flattened. Rate hikes by the Federal Reserve have put upward pressure on shorter-term rates, while supply and demand imbalances, technical factors, and subdued inflation expectations have kept longer rates relatively contained. The yield curve is currently quite flat by historical standards.

SECTION 2

Account Profile

Investment Objectives

The City of Brea and the Successor Agency to the Brea Redevelopment Agency's investment objectives, in order of priority, are to provide safety to ensure the preservation of capital in the overall portfolio, provide sufficient liquidity for cash needs and a market rate of return consistent with the investment program.

Chandler Asset Management Performance Objective

The performance objective for both accounts is to achieve a rate of return over a market cycle that equals or exceeds the return on a market index of similar duration and sector allocation.

Strategy

In order to achieve these objectives, the portfolio invests in high quality fixed income securities consistent with the investment policy and California Government Code.

Compliance

City of Brea

June 30, 2018

COMPLIANCE WITH INVESTMENT POLICY

Assets managed by Chandler Asset Management are in full compliance with state law and with the Client's investment policy

Category	Standard	Comment
Treasury Issues	No limitations	Complies
US Agencies	25% per issuer	Complies
Supranationals	"AA" rated by a NRSRO; 15% maximum; 5% max per issuer	Complies*
Municipal Securities	5% max issuer	Complies
Banker's Acceptances	40% maximum; 5% max issuer; 180 days max maturity	Complies
Commercial Paper	A-1/P-1 by S&P and Moody's; 25% maximum; 5% max per issuer; 270 days max maturity	Complies
Certificates of Deposit(CDs)/ Time Deposits (TDs)	5% max issuer; FDIC Insured and/or Collateralized	Complies
Negotiable CDs	30% maximum; 5% max per issuer	Complies
Medium Term Notes	"A" rated or better by a NRSRO; 30% maximum; 5% max per issuer	Complies
Pass Through Securities, Asset-Backed Securities (ABS), CMOs	"AA" or higher by a NRSRO; "A" rated issuer by a NRSRO; 20% maximum (combined), 10% maximum (ABS); 5% max per issuer; CMOs must pass FFIEC test	Complies
Money Market Funds	Highest rating by two NRSROs; 20% maximum; 5% max per fund	Complies
LAIF	40%;<60%, with OCIP	Complies
OCIP	40%;<60%, with LAIF	Complies
Repurchase Agreements	5% max issuer; 1 year max maturity	Complies
Range notes	Prohibited	Complies
Interest-only strips	Prohibited	Complies
Zero interest accruals	Prohibited	Complies
Agency Callable notes	5% maximum	Complies
Max Per Issuer	5% per issuer for all non government issuers and agencies	Complies
Maximum Maturity	5 years	Complies

*IADB is in compliance on a consolidated portfolio basis.

Portfolio Characteristics

City of Brea

	6/30/2018		3/31/2018
	Benchmark*	**Portfolio**	**Portfolio**
Average Maturity (yrs)	2.67	2.60	2.66
Modified Duration	2.55	2.38	2.46
Average Purchase Yield	n/a	1.93%	1.84%
Average Market Yield	2.58%	2.71%	2.51%
Average Quality**	AAA	AA/Aa2	AA/Aa2
Total Market Value		57,190,830	57,053,204

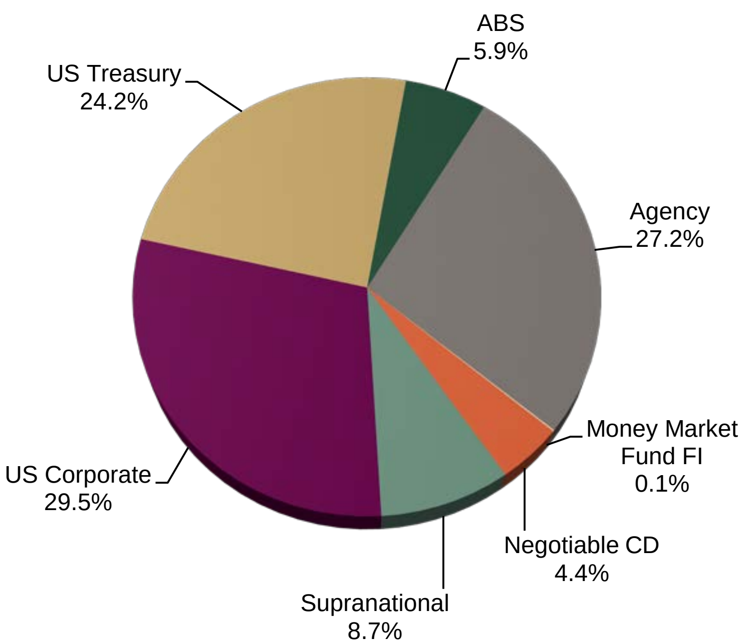
*ICE BAML 1-5 Yr US Treasury/Agency Index
**Benchmark is a blended rating of S&P, Moody's, and Fitch. Portfolio is S&P and Moody's respectively.

Multiple securities were purchased across the Agency, Asset Backed and Corporate sectors of the market to keep the portfolio structure in-line with Chandler objectives. The purchased securities ranged in maturity from May 2021 to March 2023. One security was sold and two matured to help facilitate the new holdings in the City's portfolio.

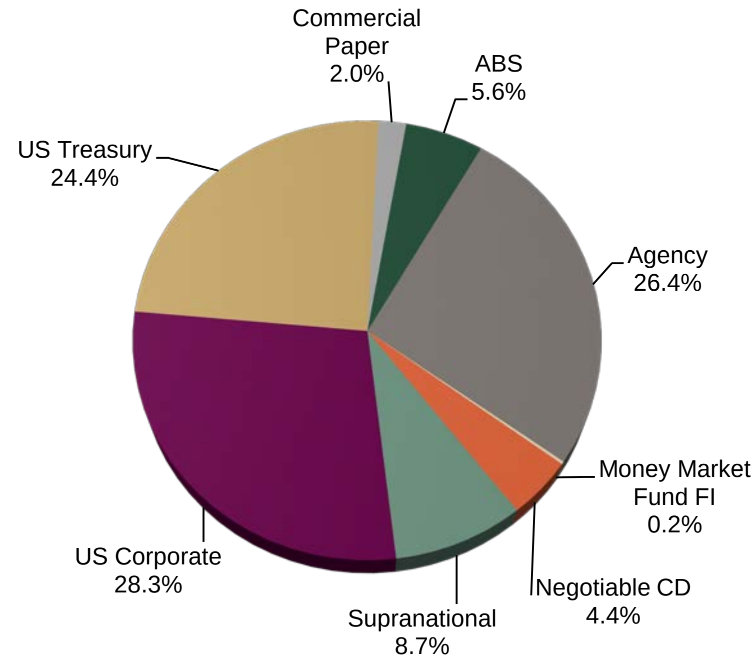
Sector Distribution

City of Brea

June 30, 2018



March 31, 2018



Issuers

City of Brea – Account #120 **As of 6/30/2018**

Issue Name	Investment Type	% Portfolio
Government of United States	US Treasury	24.24%
Federal National Mortgage Association	Agency	18.20%
Inter-American Dev Bank	Supranational	5.39%
Federal Home Loan Mortgage Corp	Agency	5.02%
Federal Home Loan Bank	Agency	3.98%
Intl Bank Recon and Development	Supranational	2.55%
US Bancorp	US Corporate	1.90%
Bank of Nova Scotia Houston	Negotiable CD	1.84%
Bank of Montreal Chicago	Negotiable CD	1.63%
Microsoft	US Corporate	1.56%
Toyota ABS	ABS	1.52%
PNC Financial Services Group	US Corporate	1.52%
Exxon Mobil Corp	US Corporate	1.51%
Praxair	US Corporate	1.41%
General Electric Co	US Corporate	1.41%
Honda Motor Corporation	US Corporate	1.40%
HSBC Holdings PLC	US Corporate	1.39%
Chubb Corporation	US Corporate	1.38%
John Deere ABS	ABS	1.36%
Oracle Corp	US Corporate	1.35%
Deere & Company	US Corporate	1.33%
Qualcomm Inc	US Corporate	1.30%
Wells Fargo Corp	US Corporate	1.28%
Cisco Systems	US Corporate	1.26%
Bank of New York	US Corporate	1.23%
Royal Bank of Canada	US Corporate	1.22%
Occidental Petroleum Corporation	US Corporate	1.20%
IBM Corp	US Corporate	1.18%
Nissan ABS	ABS	1.09%
JP Morgan Chase & Co	US Corporate	1.08%

Issuers

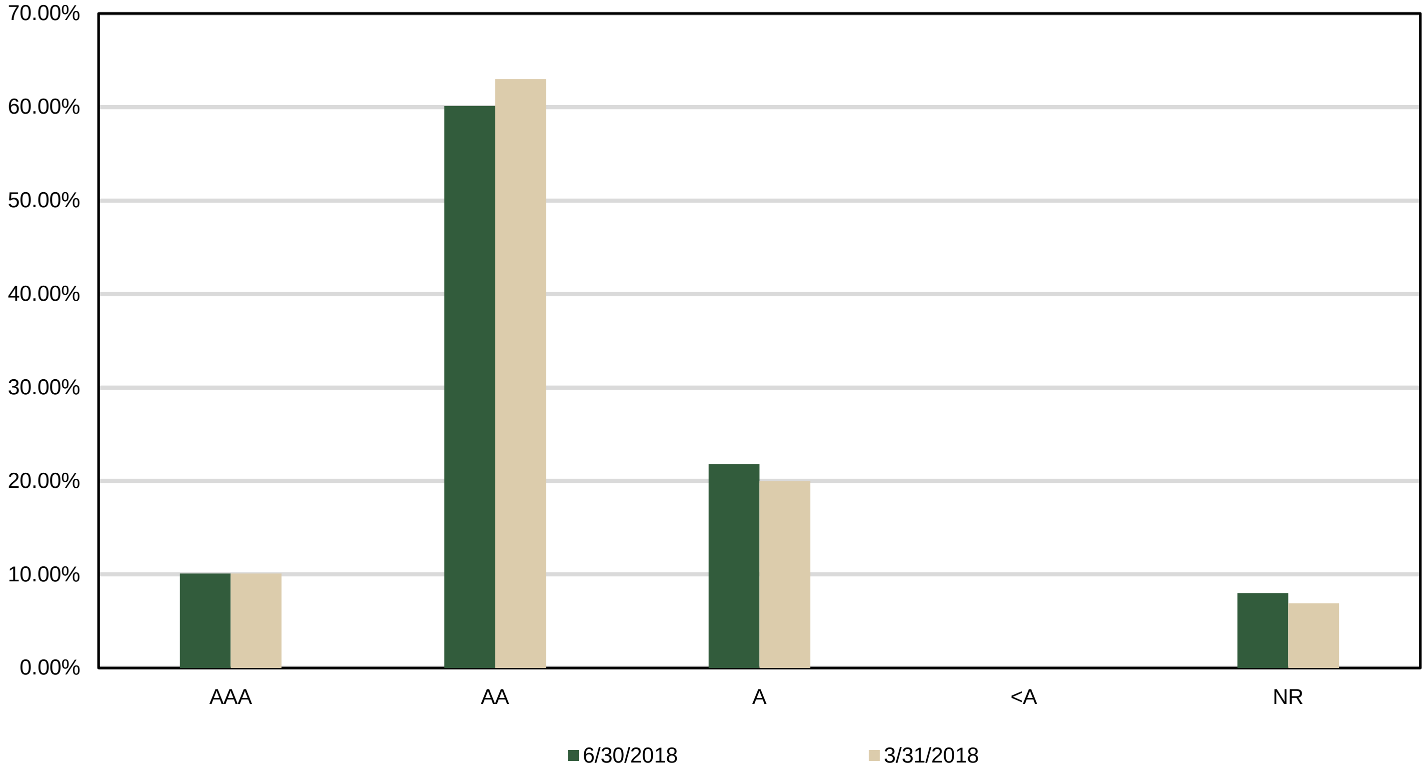
City of Brea – Account #120 **As of 6/30/2018**

Issue Name	Investment Type	% Portfolio
Honda ABS	ABS	0.99%
Westpac Banking Corp NY	Negotiable CD	0.96%
American Express ABS	ABS	0.95%
Costco Wholesale Corporation	US Corporate	0.81%
Toyota Motor Corp	US Corporate	0.78%
State Street Bank	US Corporate	0.75%
General Dynamics Corp	US Corporate	0.72%
International Finance Corp	Supranational	0.72%
Home Depot	US Corporate	0.57%
Fidelity Institutional Treasury Portfolio	Money Market Fund FI	0.07%
Total		**100.00%**

Quality Distribution

City of Brea

June 30, 2018 vs. March 31, 2018



	AAA	AA	A	<A	NR
06/30/18	10.1%	60.1%	21.8%	0.0%	8.0%
03/31/18	10.1%	63.0%	20.0%	0.0%	6.9%

Source: S&P Ratings

Sector Commentary

Agency

- Although spreads in the Agency sector remain expensive compared to the historical experience, valuations moved moderately wider during the quarter.
- Fannie Mae and Freddie Mac remain in conservatorship but there has recently been an uptick in the rhetoric out of Washington DC on legislation to ‘fix’ the Government Sponsored Enterprises (GSEs). No firm details have emerged but the Chandler team will remain focused on new legislative developments and the impact on spreads in the sector.

Investment Grade Credit

- Spreads moved wider during the quarter, particularly in June, coinciding with equity market volatility related to international trade disputes. In Chandler’s judgment, the adjustment in valuations are a welcome and healthy development for market participants.
- Several large new issue deals in June pushed highly rated corporate bonds wider during the month. Overall volume is running at nearly the same pace as last year.

Asset Backed

- Valuations in the sector remain attractive compared to other high quality alternatives. Chandler finds the shorter maturity tranches with approximately one to two year durations to be compelling investments in the current environment.
- Issuance trends in 2018 are poised to shift with additional supply in more esoteric issuers and less supply from the traditional players.

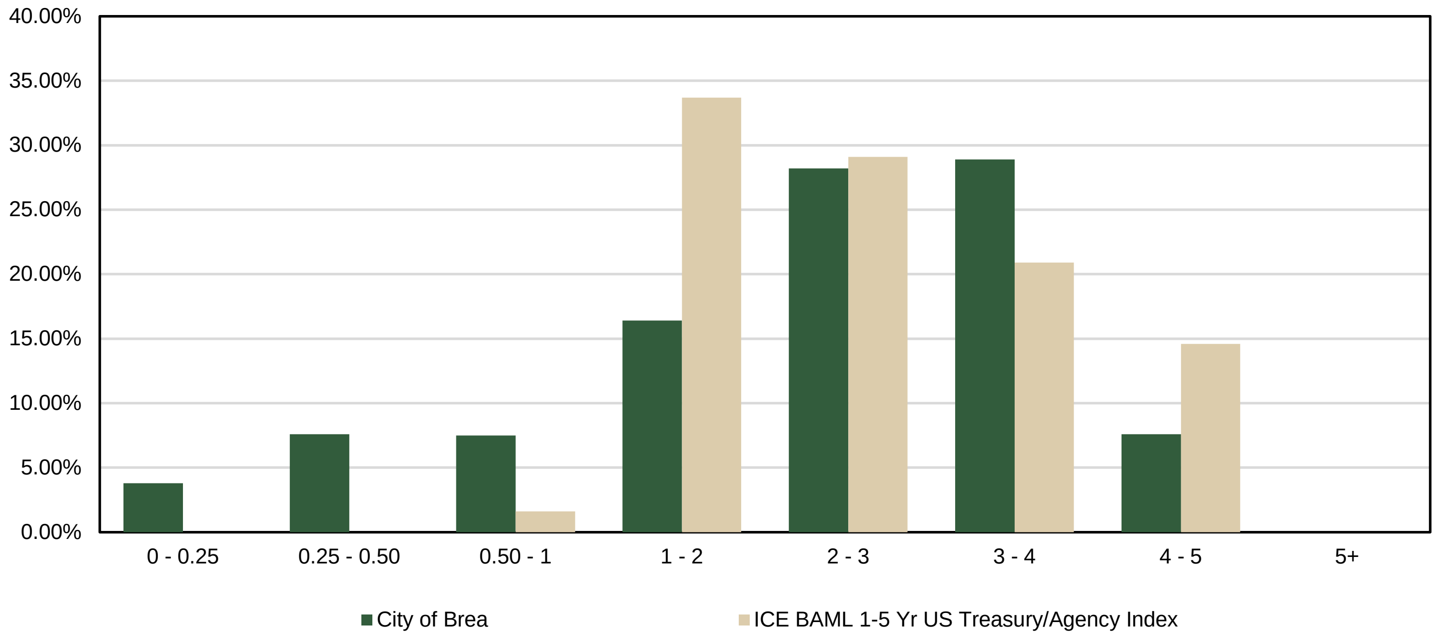
Municipal

- Supply peaked in December as issuers rushed to the market in anticipation of tax reform. However, net supply has tightened again as redemptions and calls far outpace new issuance.
- The reduction in the corporate tax rate from 35% to 21% could reduce corporate, bank, and insurance company demand for municipal securities.

Duration Distribution

City of Brea

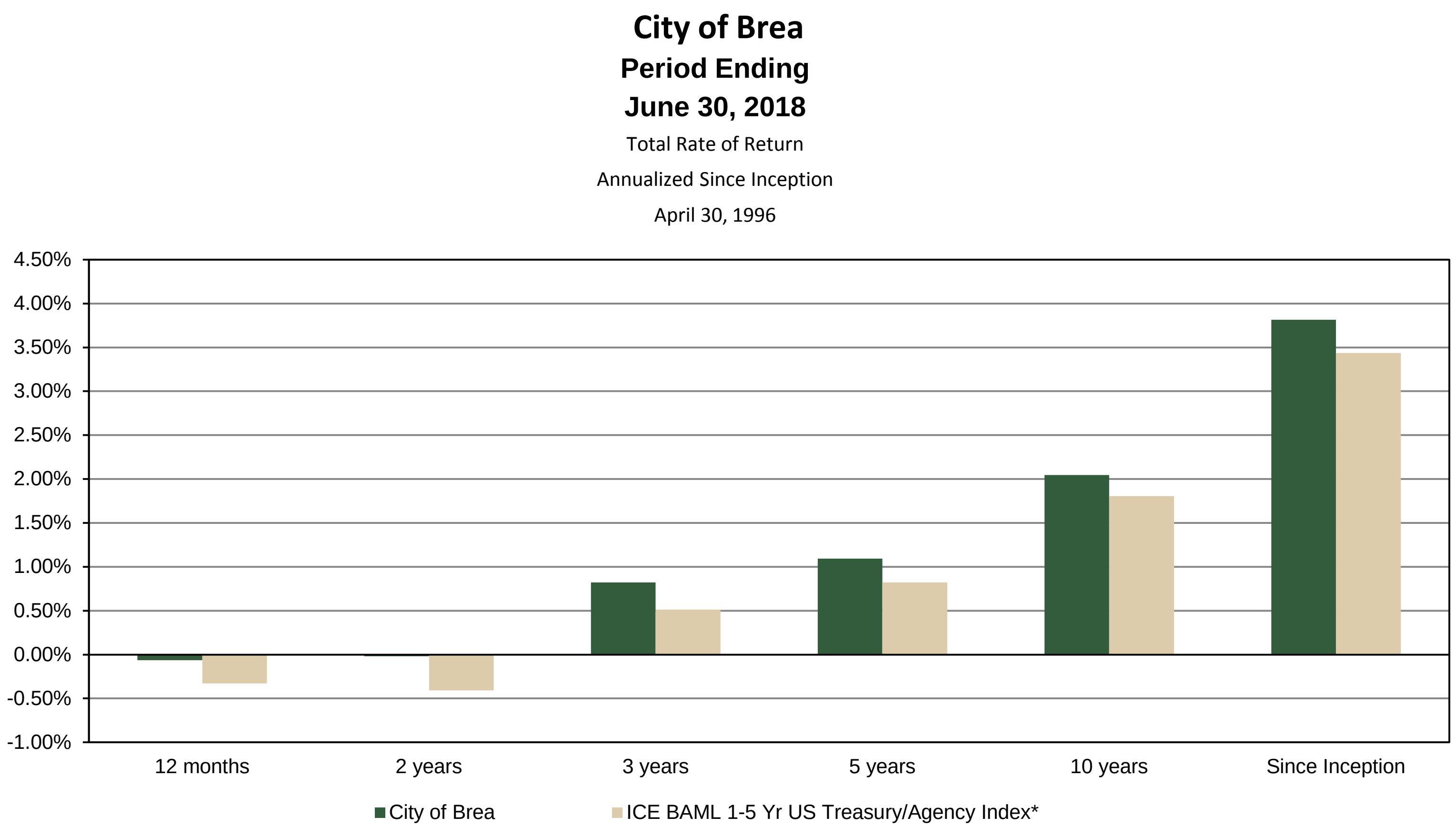
Portfolio Compared to the Benchmark as of June 30, 2018



	0 - 0.25	0.25 - 0.50	0.50 - 1	1 - 2	2 - 3	3 - 4	4 - 5	5+
Portfolio	3.8%	7.6%	7.5%	16.4%	28.2%	28.9%	7.6%	0.0%
Benchmark*	0.0%	0.0%	1.6%	33.7%	29.1%	20.9%	14.6%	0.0%

*ICE BAML 1-5 Yr US Treasury/Agency Index

Investment Performance



			Annualized				
	3 months	12 months	2 years	3 years	5 years	10 years	Since Inception
City of Brea	0.24%	-0.06%	-0.02%	0.82%	1.09%	2.04%	3.81%
ICE BAML 1-5 Yr US Treasury/Agency Index	0.13%	-0.33%	-0.41%	0.51%	0.82%	1.80%	3.44%

**ICE BAML 1-Yr US Treasury Bill Index to 9/30/01,*

Total rate of return: A measure of a portfolio's performance over time. It is the internal rate of return, which equates the beginning value of the portfolio with the ending value; it includes interest earnings, realized and unrealized gains and losses in the portfolio.

Portfolio Characteristics

City of Brea Laif

	6/30/2018	3/31/2018
	Portfolio	**Portfolio**
Average Maturity (yrs)	0.00	0.00
Modified Duration	0.00	0.00
Average Purchase Yield	1.90%	1.57%
Average Market Yield	1.90%	1.57%
Average Quality	NR/NR	NR/NR
Total Market Value	21,075,459	12,037,611

Portfolio Characteristics

Successor Agency to the Brea RDA LAIF

	6/30/2018	3/31/2018
	Portfolio	**Portfolio**
Average Maturity (yrs)	0.00	0.00
Modified Duration	0.00	0.00
Average Purchase Yield	1.90%	1.57%
Average Market Yield	1.90%	1.57%
Average Quality	NR/NR	NR/NR
Total Market Value	1,127,526	1,122,393

City of Brea Bond Reserve Funds
Portfolio Characteristics

Summary of Accounts Under Management

June 30, 2018

Name of Account	Average Maturity (Years)	Average Book Yield	Market Value	Average Quality
Brea 2009 Water Revenue Bond Reserve Fund	2.77	1.45%	1,885,082	AA+/Aaa
Brea 05 CDF 97-1 Spec Tax reserve Fund	2.85	1.74%	448,869	AA+/Aaa
Brea Water Revenue Bonds, Series B, Reserve Account	2.98	1.56%	1,329,485	AA+/Aaa
Brea Lease Revenue Bonds, Reserve Account	3.02	1.57%	258,514	AA+/Aaa
Brea CFD 2008 2 17 Reserve Fund	3.25	2.64%	670,452	AA+/Aaa
Total	**2.79**	**1.69%**	**$4,592,401**	

SECTION 3

Portfolio Holdings

Holdings Report

City of Brea - Account #120 — **For the Month Ending 6/30/2018**

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
ABS									
43814RAB2	Honda Auto Receivables 2016-4 A2 1.040% Due 04/18/2019	41,956.41	10/18/2016 1.05%	41,955.24 41,956.03	99.93 3.11%	41,925.55 15.76	0.07% (30.48)	NR / AAA AAA	0.80 0.04
89231LAB3	Toyota Auto Receivables Owner 2016-D 1.060% Due 05/15/2019	15,452.46	10/04/2016 1.07%	15,451.22 15,452.04	99.93 9.14%	15,442.39 7.28	0.03% (9.65)	Aaa / AAA NR	0.87 0.03
43814TAB8	Honda Auto Receivables 2017-1 A2 1.420% Due 07/22/2019	77,976.23	03/21/2017 1.43%	77,974.37 77,975.38	99.86 2.56%	77,866.33 30.76	0.14% (109.05)	Aaa / NR AAA	1.06 0.12
89238MAB4	Toyota Auto Receivables Owner 2017-A 1.420% Due 09/16/2019	140,803.80	03/07/2017 1.43%	140,790.21 140,797.24	99.85 2.34%	140,593.27 88.86	0.25% (203.97)	Aaa / AAA NR	1.21 0.16
47787XAB3	John Deere Owner Trust 2017-A A2 1.500% Due 10/15/2019	108,364.12	02/22/2017 1.50%	108,363.69 108,363.91	99.83 2.52%	108,180.20 72.24	0.19% (183.71)	Aaa / NR AAA	1.29 0.17
654747AB0	Nissan Auto Receivables 2017-A A2A 1.470% Due 01/15/2020	127,449.45	03/21/2017 1.47%	127,448.80 127,449.09	99.73 2.57%	127,107.35 83.27	0.22% (341.74)	Aaa / NR AAA	1.55 0.24
47788MAC4	John Deere Owner Trust 2016-A A3 1.360% Due 04/15/2020	239,298.95	02/23/2016 1.37%	239,261.28 239,282.58	99.55 2.62%	238,219.66 144.64	0.42% (1,062.92)	Aaa / NR AAA	1.79 0.36
47788BAB0	John Deere Owner Trust 2017-B A2A 1.590% Due 04/15/2020	116,233.71	07/11/2017 1.60%	116,223.61 116,227.12	99.62 2.59%	115,792.55 82.14	0.20% (434.57)	Aaa / NR AAA	1.79 0.38
89238BAB8	Toyota Auto Receivables Owner 2018-A A2A 2.100% Due 10/15/2020	715,000.00	01/23/2018 2.12%	714,926.93 714,938.10	99.63 2.62%	712,325.16 667.33	1.25% (2,612.94)	Aaa / AAA NR	2.30 0.73
654747AD6	Nissan Auto Receivables 2017-A A3 1.740% Due 08/16/2021	500,000.00	12/27/2017 2.10%	496,816.41 497,258.18	98.62 2.88%	493,091.00 362.50	0.86% (4,167.18)	Aaa / NR AAA	3.13 1.22
43811BAC8	Honda Auto Receivables 2017-2 A3 1.680% Due 08/16/2021	450,000.00	04/27/2018 2.62%	443,003.91 443,364.17	98.53 2.86%	443,382.30 336.00	0.78% 18.13	Aaa / AAA NR	3.13 1.26
47788BAD6	John Deere Owner Trust 2017-B A3 1.820% Due 10/15/2021	130,000.00	07/11/2017 1.83%	129,990.48 129,992.62	98.55 2.88%	128,111.36 105.16	0.22% (1,881.26)	Aaa / NR AAA	3.30 1.38
47788CAC6	John Deere Owner Trust 2016-B A4 2.660% Due 04/18/2022	185,000.00	02/21/2018 2.68%	184,986.70 184,987.78	99.49 2.95%	184,048.91 218.71	0.32% (938.87)	Aaa / NR AAA	3.80 1.85
02587AAJ3	American Express Credit 2017-1 1.930% Due 09/15/2022	550,000.00	06/21/2018 3.75%	541,449.22 541,534.30	98.53 3.68%	541,889.70 471.78	0.95% 355.40	Aaa / NR AAA	4.21 0.85
Total ABS		**3,397,535.13**	**2.29%**	**3,378,642.07** **3,379,578.54**	**2.90%**	**3,367,975.73** **2,686.43**	**5.89%** **(11,602.81)**	**Aaa / AAA** **Aaa**	**2.75** **0.85**
Agency									
3135G0A78	FNMA Note 1.625% Due 01/21/2020	1,250,000.00	Various 1.46%	1,260,040.40 1,253,167.10	98.67 2.50%	1,233,321.25 9,027.78	2.17% (19,845.85)	Aaa / AA+ AAA	1.56 1.52
3137EADR7	FHLMC Note 1.375% Due 05/01/2020	1,250,000.00	05/28/2015 1.52%	1,241,437.50 1,246,811.08	97.94 2.53%	1,224,273.75 2,864.58	2.15% (22,537.33)	Aaa / AA+ AAA	1.84 1.79
3135G0D75	FNMA Note 1.500% Due 06/22/2020	1,030,000.00	Various 1.57%	1,026,700.60 1,028,649.01	97.97 2.56%	1,009,123.96 386.25	1.77% (19,525.05)	Aaa / AA+ AAA	1.98 1.93
3137EAEK1	FHLMC Note 1.875% Due 11/17/2020	450,000.00	11/21/2017 1.96%	448,833.97 449,070.17	98.15 2.68%	441,684.45 1,031.25	0.77% (7,385.72)	Aaa / AA+ AAA	2.39 2.30

Holdings Report

City of Brea - Account #120 **For the Month Ending 6/30/2018**

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
3135G0F73	FNMA Note 1.500% Due 11/30/2020	1,225,000.00	12/16/2015 1.90%	1,201,847.50 1,213,705.16	97.33 2.65%	1,192,252.08 1,582.29	2.09% (21,453.08)	Aaa / AA+ AAA	2.42 2.35
3130A7CV5	FHLB Note 1.375% Due 02/18/2021	1,070,000.00	02/17/2016 1.46%	1,065,677.20 1,067,721.48	96.80 2.64%	1,035,798.52 5,435.45	1.82% (31,922.96)	Aaa / AA+ AAA	2.64 2.55
3135G0J20	FNMA Note 1.375% Due 02/26/2021	1,275,000.00	Various 1.46%	1,269,953.70 1,272,237.83	96.76 2.64%	1,233,752.48 6,087.24	2.17% (38,485.35)	Aaa / AA+ AAA	2.66 2.57
3135G0K69	FNMA Note 1.250% Due 05/06/2021	400,000.00	05/27/2016 1.48%	395,724.00 397,530.79	96.21 2.64%	384,836.80 763.89	0.67% (12,693.99)	Aaa / AA+ AAA	2.85 2.77
3135G0U35	FNMA Note 2.750% Due 06/22/2021	500,000.00	06/28/2018 2.70%	500,740.00 500,738.64	100.09 2.72%	500,444.00 229.17	0.88% (294.64)	Aaa / NR AAA	2.98 2.84
3130A8QS5	FHLB Note 1.125% Due 07/14/2021	1,285,000.00	10/04/2016 1.33%	1,273,126.60 1,277,441.10	95.69 2.61%	1,229,639.63 6,706.09	2.16% (47,801.47)	Aaa / AA+ AAA	3.04 2.94
3137EAEC9	FHLMC Note 1.125% Due 08/12/2021	1,250,000.00	08/30/2016 1.33%	1,237,737.50 1,242,277.41	95.43 2.66%	1,192,888.75 5,429.69	2.10% (49,388.66)	Aaa / AA+ AAA	3.12 3.02
3135G0N82	FNMA Note 1.250% Due 08/17/2021	1,285,000.00	Various 1.29%	1,282,305.71 1,283,270.28	95.68 2.70%	1,229,462.30 5,978.82	2.16% (53,807.98)	Aaa / AA+ AAA	3.13 3.02
3135G0S38	FNMA Note 2.000% Due 01/05/2022	1,350,000.00	04/25/2017 1.92%	1,354,927.50 1,353,691.31	97.47 2.76%	1,315,836.90 13,200.00	2.32% (37,854.41)	Aaa / AA+ AAA	3.52 3.33
3135G0T45	FNMA Note 1.875% Due 04/05/2022	1,315,000.00	06/19/2017 1.88%	1,314,801.44 1,314,844.10	96.95 2.73%	1,274,867.52 5,890.10	2.24% (39,976.58)	Aaa / AA+ AAA	3.77 3.58
3135G0T94	FNMA Note 2.375% Due 01/19/2023	1,000,000.00	03/14/2018 2.73%	984,140.00 985,098.77	98.19 2.80%	981,923.00 10,423.61	1.74% (3,175.77)	Aaa / AA+ AAA	4.56 4.24
Total Agency		**15,935,000.00**	**1.68%**	**15,857,993.62** **15,886,254.23**	**2.65%**	**15,480,105.39** **75,036.21**	**27.20%** **(406,148.84)**	**Aaa / AA+** **Aaa**	**2.84** **2.72**
Money Market Fund FI									
316175884	Fidelity Institutional Money Market Fund 696	37,605.01	Various 1.50%	37,605.01 37,605.01	1.00 1.50%	37,605.01 0.00	0.07% 0.00	Aaa / AAA NR	0.00 0.00
Total Money Market Fund FI		**37,605.01**	**1.50%**	**37,605.01** **37,605.01**	**1.50%**	**37,605.01** **0.00**	**0.07%** **0.00**	**Aaa / AAA** **NR**	**0.00** **0.00**
Negotiable CD									
96121T3U0	Westpac Banking Corp Yankee CD 1.510% Due 07/20/2018	540,000.00	07/24/2017 1.51%	539,998.65 539,999.93	100.00 1.51%	539,999.93 7,814.25	0.96% 0.00	P-1 / A-1+ F-1+	0.05 0.05
06417GXH6	Bank of Nova Scotia Yankee CD 1.570% Due 08/09/2018	1,040,000.00	08/08/2017 1.57%	1,040,000.00 1,040,000.00	100.00 1.57%	1,040,000.00 14,785.91	1.84% 0.00	P-1 / A-1 NR	0.11 0.11
06371ETT4	Bank of Montreal Chicago Yankee CD 1.760% Due 11/07/2018	920,000.00	11/06/2017 1.76%	920,000.00 920,000.00	100.00 1.76%	920,000.00 10,614.76	1.63% 0.00	P-1 / A-1 F-1+	0.36 0.35
Total Negotiable CD		**2,500,000.00**	**1.63%**	**2,499,998.65** **2,499,999.93**	**1.63%**	**2,499,999.93** **33,214.92**	**4.43%** **0.00**	**Aaa / AA+** **Aaa**	**0.19** **0.19**

Holdings Report

City of Brea - Account #120

For the Month Ending 6/30/2018

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
Supranational									
459058ER0	Intl. Bank Recon & Development Note 1.000% Due 10/05/2018	1,460,000.00	09/30/2015 1.06%	1,457,518.00 1,459,782.20	99.71 2.11%	1,455,732.42 3,487.78	2.55% (4,049.78)	Aaa / AAA AAA	0.27 0.26
4581X0CX4	Inter-American Dev Bank Note 1.625% Due 05/12/2020	1,065,000.00	04/05/2017 1.70%	1,062,475.95 1,063,473.47	98.31 2.56%	1,046,961.03 2,355.57	1.83% (16,512.44)	Aaa / AAA AAA	1.87 1.82
45950KCM0	International Finance Corp Note 2.250% Due 01/25/2021	410,000.00	01/18/2018 2.35%	408,794.60 408,967.27	98.81 2.73%	405,136.17 3,997.50	0.72% (3,831.10)	Aaa / AAA NR	2.58 2.45
4581X0CW6	Inter-American Dev Bank Note 2.125% Due 01/18/2022	1,275,000.00	01/10/2017 2.15%	1,273,431.75 1,273,886.08	97.90 2.75%	1,248,163.80 12,267.45	2.20% (25,722.28)	Aaa / NR AAA	3.56 3.36
4581X0CZ9	Inter-American Dev Bank Note 1.750% Due 09/14/2022	800,000.00	Various 2.39%	777,732.00 779,503.74	95.77 2.82%	766,141.60 4,161.12	1.35% (13,362.14)	NR / NR AAA	4.21 3.99
Total Supranational		**5,010,000.00**	**1.79%**	**4,979,952.30** **4,985,612.76**	**2.53%**	**4,922,135.02** **26,269.42**	**8.65%** **(63,477.74)**	**Aaa / AAA** **Aaa**	**2.25** **2.14**
US Corporate									
02665WAC5	American Honda Finance Note 2.125% Due 10/10/2018	800,000.00	Various 1.90%	807,073.15 800,477.07	99.91 2.43%	799,296.81 3,825.01	1.40% (1,180.26)	A2 / A+ NR	0.28 0.28
74005PBH6	Praxair Note 1.250% Due 11/07/2018	810,000.00	Various 1.67%	797,684.40 808,850.66	99.53 2.59%	806,185.71 1,518.75	1.41% (2,664.95)	A2 / A NR	0.36 0.35
36962G7G3	General Electric Capital Corp Note 2.300% Due 01/14/2019	800,000.00	Various 2.27%	800,569.30 800,128.88	99.77 2.72%	798,191.21 8,535.55	1.41% (1,937.67)	A2 / A A	0.54 0.53
17275RAR3	Cisco Systems Note 2.125% Due 03/01/2019	715,000.00	Various 2.04%	717,853.05 715,380.63	99.75 2.50%	713,210.36 5,064.58	1.26% (2,170.27)	A1 / AA- NR	0.67 0.66
91159HHH6	US Bancorp Callable Note Cont 3/25/2019 2.200% Due 04/25/2019	700,000.00	Various 2.08%	703,858.75 700,596.36	99.62 2.67%	697,311.31 2,823.33	1.22% (3,285.05)	A1 / A+ AA-	0.82 0.80
40434CAC9	HSBC USA Inc Note 2.250% Due 06/23/2019	800,000.00	06/20/2017 1.99%	804,088.00 801,999.20	99.30 2.98%	794,432.00 400.00	1.39% (7,567.20)	A2 / A AA-	0.98 0.96
06406HCW7	Bank of New York Callable Note Cont 8/11/2019 2.300% Due 09/11/2019	705,000.00	Various 2.29%	705,272.60 705,060.49	99.46 2.80%	701,184.54 4,954.59	1.23% (3,875.95)	A1 / A AA-	1.20 1.08
94974BGF1	Wells Fargo Corp Note 2.150% Due 01/30/2020	735,000.00	01/26/2015 2.17%	734,204.40 734,747.75	98.60 3.06%	724,688.69 6,628.27	1.28% (10,059.06)	A2 / A- A+	1.59 1.53
22160KAG0	Costco Wholesale Corp Note 1.750% Due 02/15/2020	465,000.00	02/05/2015 1.77%	464,511.75 464,841.00	98.42 2.75%	457,663.23 3,074.17	0.81% (7,177.77)	A1 / A+ A+	1.63 1.58
747525AD5	Qualcomm Inc Note 2.250% Due 05/20/2020	750,000.00	06/11/2015 2.49%	741,693.75 746,820.55	98.53 3.06%	738,942.76 1,921.88	1.30% (7,877.79)	A1 / A NR	1.89 1.83
437076BQ4	Home Depot Note 1.800% Due 06/05/2020	330,000.00	05/24/2017 1.82%	329,808.60 329,876.88	98.20 2.76%	324,064.29 429.00	0.57% (5,812.59)	A2 / A A	1.93 1.88
594918BG8	Microsoft Callable Note Cont. 10/03/20 2.000% Due 11/03/2020	325,000.00	10/29/2015 2.02%	324,740.00 324,878.18	98.42 2.72%	319,875.73 1,047.22	0.56% (5,002.45)	Aaa / AAA AA+	2.35 2.18
00440EAT4	Chubb INA Holdings Inc Callable Note Cont 10/3/2020 2.300% Due 11/03/2020	800,000.00	02/06/2017 2.16%	803,768.00 802,333.78	98.22 3.12%	785,764.00 2,964.44	1.38% (16,569.78)	A3 / A A	2.35 2.17

Holdings Report

City of Brea - Account #120

For the Month Ending 6/30/2018

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
78012KKU0	Royal Bank of Canada Note 2.500% Due 01/19/2021	700,000.00	01/24/2018 2.64%	697,130.00 697,541.13	98.24 3.22%	687,708.00 7,875.00	1.22% (9,833.13)	A1 / AA- AA	2.56 2.42
30231GAV4	Exxon Mobil Corp Callable Note Cont 2/1/2021 2.222% Due 03/01/2021	875,000.00	Various 1.97%	884,992.10 880,570.87	98.16 2.94%	858,895.63 6,480.83	1.51% (21,675.24)	Aaa / AA+ NR	2.67 2.55
24422ESL4	John Deere Capital Corp Note 2.800% Due 03/04/2021	315,000.00	05/24/2017 2.12%	322,663.95 320,449.55	99.17 3.13%	312,373.22 2,866.50	0.55% (8,076.33)	A2 / A A	2.68 2.54
369550BE7	General Dynamics Corp Note 3.000% Due 05/11/2021	410,000.00	05/08/2018 3.24%	407,150.50 407,283.10	99.68 3.12%	408,682.67 1,708.33	0.72% 1,399.57	A2 / A+ NR	2.87 2.71
857477AV5	State Street Bank Note 1.950% Due 05/19/2021	440,000.00	05/16/2016 1.96%	439,771.20 439,868.06	96.88 3.09%	426,263.64 1,001.00	0.75% (13,604.42)	A1 / A AA-	2.89 2.77
594918BP8	Microsoft Callable Note Cont 7/8/21 1.550% Due 08/08/2021	590,000.00	Various 1.57%	589,298.90 589,564.60	95.89 2.94%	565,755.13 3,632.60	1.00% (23,809.47)	Aaa / AAA AA+	3.11 2.98
68389XBK0	Oracle Corp Callable Note Cont 8/01/21 1.900% Due 09/15/2021	804,000.00	11/29/2016 2.40%	785,998.44 791,930.30	95.24 3.48%	765,744.88 4,497.93	1.35% (26,185.42)	A1 / AA- A+	3.21 3.05
89236TDP7	Toyota Motor Credit Corp Note 2.600% Due 01/11/2022	450,000.00	05/16/2018 3.34%	438,612.75 438,988.34	97.95 3.22%	440,781.75 5,525.00	0.78% 1,793.41	Aa3 / AA- A	3.54 3.30
91159HHP8	US Bancorp Callable Cont 12/23/2021 2.625% Due 01/24/2022	390,000.00	01/19/2017 2.66%	389,329.20 389,521.33	97.84 3.27%	381,580.29 4,464.69	0.68% (7,941.04)	A1 / A+ AA-	3.57 3.33
674599CK9	Occidental Petroleum Callable Note Cont 3/15/2022 2.600% Due 04/15/2022	700,000.00	06/18/2018 3.27%	683,298.00 683,429.70	97.77 3.23%	684,379.50 3,842.22	1.20% 949.80	A3 / A A	3.79 3.56
69353RFE3	PNC Bank Callable Note Cont 6/28/2022 2.450% Due 07/28/2022	890,000.00	07/25/2017 2.45%	889,919.90 889,934.73	96.53 3.37%	859,074.28 9,267.13	1.52% (30,860.45)	A2 / A A+	4.08 3.80
44932HAC7	IBM Credit Corp Note 2.200% Due 09/08/2022	700,000.00	11/29/2017 2.58%	688,156.00 689,597.41	95.67 3.31%	669,713.80 4,833.89	1.18% (19,883.61)	A1 / A+ A+	4.19 3.93
48128BAB7	JP Morgan Chase & Co Callable Note 1X 1/15/2022 2.972% Due 01/15/2023	625,000.00	02/09/2018 3.19%	618,968.75 619,431.92	97.40 3.60%	608,725.00 8,565.14	1.08% (10,706.92)	A3 / A- AA-	4.55 4.14
24422ETG4	John Deere Capital Corp Note 2.800% Due 03/06/2023	450,000.00	06/13/2018 3.44%	437,485.50 437,601.58	97.57 3.36%	439,085.25 4,025.00	0.77% 1,483.67	A2 / A A	4.68 4.31
Total US Corporate		**17,074,000.00**	**2.33%**	**17,007,900.94** **17,011,704.05**	**3.01%**	**16,769,573.68** **111,772.05**	**29.52%** **(242,130.37)**	**A1 / A+** **A+**	**2.29** **2.15**
US Treasury									
912828VF4	US Treasury Note 1.375% Due 05/31/2020	650,000.00	Various 1.63%	642,866.47 647,006.63	97.84 2.54%	635,958.70 757.01	1.11% (11,047.93)	Aaa / AA+ AAA	1.92 1.87
912828L32	US Treasury Note 1.375% Due 08/31/2020	1,250,000.00	09/29/2015 1.37%	1,250,394.81 1,250,174.01	97.52 2.56%	1,218,945.00 5,744.74	2.14% (31,229.01)	Aaa / AA+ AAA	2.17 2.11
912828L99	US Treasury Note 1.375% Due 10/31/2020	800,000.00	11/23/2015 1.71%	787,471.43 794,072.73	97.28 2.58%	778,249.60 1,853.26	1.36% (15,823.13)	Aaa / AA+ AAA	2.34 2.27
912828N89	US Treasury Note 1.375% Due 01/31/2021	1,300,000.00	03/09/2016 1.40%	1,298,734.82 1,299,330.95	96.95 2.60%	1,260,339.60 7,456.15	2.22% (38,991.35)	Aaa / AA+ AAA	2.59 2.50
912828B90	US Treasury Note 2.000% Due 02/28/2021	1,250,000.00	04/26/2016 1.40%	1,285,111.61 1,269,334.24	98.44 2.61%	1,230,517.50 8,355.98	2.17% (38,816.74)	Aaa / AA+ AAA	2.67 2.56

Holdings Report

City of Brea - Account #120

For the Month Ending 6/30/2018

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
912828Q37	US Treasury Note 1.250% Due 03/31/2021	800,000.00	12/13/2016 1.81%	781,471.43 788,136.04	96.41 2.61%	771,312.80 2,513.66	1.35% (16,823.24)	Aaa / AA+ AAA	2.75 2.67
912828T34	US Treasury Note 1.125% Due 09/30/2021	1,300,000.00	11/09/2016 1.48%	1,278,016.07 1,285,380.99	95.28 2.65%	1,238,604.90 3,676.23	2.17% (46,776.09)	Aaa / AA+ AAA	3.25 3.15
912828F96	US Treasury Note 2.000% Due 10/31/2021	1,025,000.00	01/27/2017 1.94%	1,027,686.05 1,026,885.65	97.91 2.66%	1,003,538.55 3,453.80	1.76% (23,347.10)	Aaa / AA+ AAA	3.34 3.19
912828J43	US Treasury Note 1.750% Due 02/28/2022	1,360,000.00	03/13/2017 2.14%	1,335,407.68 1,341,830.74	96.76 2.68%	1,315,959.12 7,954.89	2.31% (25,871.62)	Aaa / AA+ AAA	3.67 3.50
912828XG0	US Treasury Note 2.125% Due 06/30/2022	1,100,000.00	08/15/2017 1.82%	1,115,601.34 1,112,811.00	97.84 2.70%	1,076,237.80 63.52	1.88% (36,573.20)	Aaa / AA+ AAA	4.00 3.80
912828L24	US Treasury Note 1.875% Due 08/31/2022	1,000,000.00	09/26/2017 1.87%	1,000,433.04 1,000,366.36	96.74 2.71%	967,383.00 6,266.98	1.70% (32,983.36)	Aaa / AA+ AAA	4.17 3.95
912828L57	US Treasury Note 1.750% Due 09/30/2022	1,240,000.00	10/17/2017 1.99%	1,226,243.75 1,228,191.54	96.18 2.71%	1,192,676.64 5,454.64	2.09% (35,514.90)	Aaa / AA+ AAA	4.25 4.04
912828N30	US Treasury Note 2.125% Due 12/31/2022	1,150,000.00	01/25/2018 2.46%	1,132,121.09 1,133,670.60	97.49 2.72%	1,121,115.45 66.41	1.96% (12,555.15)	Aaa / AA+ AAA	4.51 4.25
Total US Treasury		**14,225,000.00**	**1.77%**	**14,161,559.59** **14,177,191.48**	**2.64%**	**13,810,838.66** **53,617.27**	**24.24%** **(366,352.82)**	**Aaa / AA+** **Aaa**	**3.26** **3.12**
TOTAL PORTFOLIO		**58,179,140.14**	**1.93%**	**57,923,652.18** **57,977,946.00**	**2.71%**	**56,888,233.42** **302,596.30**	**100.00%** **(1,089,712.58)**	**Aa2 / AA** **Aaa**	**2.60** **2.38**
TOTAL MARKET VALUE PLUS ACCRUALS						**57,190,829.72**			

Holdings Report

Brea 2009 Water Revenue Bond Reserve Fund - Account #10073

For the Month Ending 6/30/2018

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
Money Market Fund FI									
825252109	Invesco Treasury MMFD Private Class	31,904.07	Various 0.60%	31,904.07 31,904.07	1.00 0.60%	31,904.07 0.00	1.69% 0.00	Aaa / AAA AAA	0.00 0.00
Total Money Market Fund FI		**31,904.07**	**0.60%**	**31,904.07** **31,904.07**	**0.60%**	**31,904.07** **0.00**	**1.69%** **0.00**	**Aaa / AAA** **Aaa**	**0.00** **0.00**
US Treasury									
912828G61	US Treasury Note 1.500% Due 11/30/2019	165,000.00	08/24/2016 0.92%	168,081.41 166,336.48	98.65 2.47%	162,776.30 209.63	8.65% (3,560.18)	Aaa / AA+ AAA	1.42 1.39
912828UQ1	US Treasury Note 1.250% Due 02/29/2020	135,000.00	Various 1.60%	132,834.83 134,241.80	97.95 2.51%	132,236.69 564.03	7.04% (2,005.11)	Aaa / AA+ AAA	1.67 1.63
912828UV0	US Treasury Note 1.125% Due 03/31/2020	100,000.00	05/07/2015 1.57%	97,930.02 99,260.64	97.63 2.52%	97,625.00 282.79	5.19% (1,635.64)	Aaa / AA+ AAA	1.75 1.71
912828XM7	US Treasury Note 1.625% Due 07/31/2020	165,000.00	08/24/2016 1.03%	168,796.84 167,012.11	98.12 2.56%	161,893.38 1,118.42	8.65% (5,118.73)	Aaa / AA+ AAA	2.09 2.02
912828WC0	US Treasury Note 1.750% Due 10/31/2020	160,000.00	Various 1.46%	161,991.55 161,056.78	98.13 2.58%	157,006.24 471.74	8.35% (4,050.54)	Aaa / AA+ AAA	2.34 2.26
912828A83	US Treasury Note 2.375% Due 12/31/2020	165,000.00	08/24/2016 1.08%	174,062.66 170,212.88	99.48 2.59%	164,142.83 10.65	8.71% (6,070.05)	Aaa / AA+ AAA	2.51 2.41
912828B90	US Treasury Note 2.000% Due 02/28/2021	165,000.00	08/24/2016 1.10%	171,516.76 168,847.58	98.44 2.61%	162,428.31 1,102.99	8.68% (6,419.27)	Aaa / AA+ AAA	2.67 2.56
912828WN6	US Treasury Note 2.000% Due 05/31/2021	160,000.00	Various 1.04%	167,290.77 164,370.46	98.27 2.62%	157,231.20 271.04	8.36% (7,139.26)	Aaa / AA+ AAA	2.92 2.81
912828F21	US Treasury Note 2.125% Due 09/30/2021	170,000.00	10/27/2016 1.38%	175,983.77 173,950.35	98.38 2.65%	167,237.50 908.06	8.92% (6,712.85)	Aaa / AA+ AAA	3.25 3.10
912828J43	US Treasury Note 1.750% Due 02/28/2022	165,000.00	04/24/2017 1.84%	164,349.58 164,508.05	96.76 2.68%	159,656.81 965.12	8.52% (4,851.24)	Aaa / AA+ AAA	3.67 3.50
912828L24	US Treasury Note 1.875% Due 08/31/2022	165,000.00	09/18/2017 1.84%	165,284.15 165,239.33	96.74 2.71%	159,618.20 1,034.05	8.52% (5,621.13)	Aaa / AA+ AAA	4.17 3.95
9128284D9	US Treasury Note 2.500% Due 03/31/2023	165,000.00	06/13/2018 2.84%	162,518.55 162,542.64	99.00 2.73%	163,350.00 1,036.89	8.72% 807.36	Aaa / AA+ AAA	4.75 4.42
Total US Treasury		**1,880,000.00**	**1.47%**	**1,910,640.89** **1,897,579.10**	**2.61%**	**1,845,202.46** **7,975.41**	**98.31%** **(52,376.64)**	**Aaa / AA+** **Aaa**	**2.82** **2.70**
TOTAL PORTFOLIO		**1,911,904.07**	**1.45%**	**1,942,544.96** **1,929,483.17**	**2.57%**	**1,877,106.53** **7,975.41**	**100.00%** **(52,376.64)**	**Aaa / AA+** **Aaa**	**2.77** **2.65**
TOTAL MARKET VALUE PLUS ACCRUALS						**1,885,081.94**			

Holdings Report

Brea 05 CFD 97-1 Spec Tax Reserve Fund - Account #10103

For the Month Ending 6/30/2018

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
Agency									
3137EADM8	FHLMC Note 1.250% Due 10/02/2019	40,000.00	03/25/2015 1.40%	39,735.60 39,926.65	98.48 2.49%	39,392.24 123.61	8.80% (534.41)	Aaa / AA+ AAA	1.26 1.23
313383HU8	FHLB Note 1.750% Due 06/12/2020	40,000.00	06/26/2015 1.87%	39,779.20 39,913.14	98.37 2.61%	39,349.08 36.94	8.77% (564.06)	Aaa / AA+ NR	1.95 1.90
3130A7CV5	FHLB Note 1.375% Due 02/18/2021	35,000.00	03/11/2016 1.64%	34,566.00 34,768.07	96.80 2.64%	33,881.26 177.80	7.59% (886.81)	Aaa / AA+ AAA	2.64 2.55
3135G0Q89	FNMA Note 1.375% Due 10/07/2021	43,000.00	10/27/2016 1.50%	42,738.13 42,826.77	95.86 2.71%	41,217.65 137.96	9.21% (1,609.12)	Aaa / AA+ AAA	3.27 3.15
3135G0S38	FNMA Note 2.000% Due 01/05/2022	40,000.00	04/24/2017 1.92%	40,142.40 40,106.61	97.47 2.76%	38,987.76 391.11	8.77% (1,118.85)	Aaa / AA+ AAA	3.52 3.33
3135G0T78	FNMA Note 2.000% Due 10/05/2022	30,000.00	01/09/2018 2.36%	29,518.50 29,566.40	96.77 2.81%	29,032.14 143.33	6.50% (534.26)	Aaa / AA+ AAA	4.27 4.03
3135G0T94	FNMA Note 2.375% Due 01/19/2023	30,000.00	06/13/2018 2.91%	29,319.90 29,326.78	98.19 2.80%	29,457.69 312.71	6.63% 130.91	Aaa / AA+ AAA	4.56 4.24
Total Agency		**258,000.00**	**1.89%**	**255,799.73** **256,434.42**	**2.68%**	**251,317.82** **1,323.46**	**56.28%** **(5,116.60)**	**Aaa / AA+** **Aaa**	**2.97** **2.83**
Money Market Fund FI									
825252109	Invesco Treasury MMFD Private Class	5,175.18	Various 0.60%	5,175.18 5,175.18	1.00 0.60%	5,175.18 0.00	1.15% 0.00	Aaa / AAA AAA	0.00 0.00
Total Money Market Fund FI		**5,175.18**	**0.60%**	**5,175.18** **5,175.18**	**0.60%**	**5,175.18** **0.00**	**1.15%** **0.00**	**Aaa / AAA** **Aaa**	**0.00** **0.00**
US Treasury									
912828UQ1	US Treasury Note 1.250% Due 02/29/2020	30,000.00	Various 1.46%	29,709.47 29,900.17	97.95 2.51%	29,385.94 125.34	6.57% (514.23)	Aaa / AA+ AAA	1.67 1.63
912828UV0	US Treasury Note 1.125% Due 03/31/2020	30,000.00	05/07/2015 1.57%	29,379.01 29,778.19	97.63 2.52%	29,287.50 84.84	6.54% (490.69)	Aaa / AA+ AAA	1.75 1.71
912828WC0	US Treasury Note 1.750% Due 10/31/2020	30,000.00	11/04/2015 1.63%	30,166.51 30,077.95	98.13 2.58%	29,438.67 88.45	6.58% (639.28)	Aaa / AA+ AAA	2.34 2.26
912828WN6	US Treasury Note 2.000% Due 05/31/2021	30,000.00	07/11/2016 1.01%	31,406.35 30,839.55	98.27 2.62%	29,480.85 50.82	6.58% (1,358.70)	Aaa / AA+ AAA	2.92 2.81
912828G53	US Treasury Note 1.875% Due 11/30/2021	35,000.00	01/18/2017 1.89%	34,974.14 34,981.83	97.46 2.66%	34,109.95 55.58	7.61% (871.88)	Aaa / AA+ AAA	3.42 3.28
912828J43	US Treasury Note 1.750% Due 02/28/2022	10,000.00	04/24/2017 1.84%	9,960.58 9,970.18	96.76 2.68%	9,676.17 58.49	2.17% (294.01)	Aaa / AA+ AAA	3.67 3.50

Holdings Report

Brea 05 CFD 97-1 Spec Tax Reserve Fund - Account #10103

For the Month Ending 6/30/2018

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
912828L24	US Treasury Note 1.875% Due 08/31/2022	30,000.00	09/18/2017 1.84%	30,051.66 30,043.51	96.74 2.71%	29,021.49 188.01	6.51% (1,022.02)	Aaa / AA+ AAA	4.17 3.95
Total US Treasury		**195,000.00**	**1.59%**	**195,647.72** **195,591.38**	**2.60%**	**190,400.57** **651.53**	**42.56%** **(5,190.81)**	**Aaa / AA+** **Aaa**	**2.78** **2.67**
TOTAL PORTFOLIO		**458,175.18**	**1.75%**	**456,622.63** **457,200.98**	**2.62%**	**446,893.57** **1,974.99**	**100.00%** **(10,307.41)**	**Aaa / AA+** **Aaa**	**2.85** **2.73**
TOTAL MARKET VALUE PLUS ACCRUALS						**448,868.56**			

Holdings Report

Brea Water Revenue Bonds, Series B, Reserve Accoun - Account #10128 | **For the Month Ending 6/30/2018**

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
Money Market Fund FI									
825252109	Invesco Treasury MMFD Private Class	24,136.68	Various 0.60%	24,136.68 24,136.68	1.00 0.60%	24,136.68 0.00	1.82% 0.00	Aaa / AAA AAA	0.00 0.00
Total Money Market Fund FI		**24,136.68**	**0.60%**	**24,136.68 24,136.68**	**0.60%**	**24,136.68 0.00**	**1.82% 0.00**	**Aaa / AAA Aaa**	**0.00 0.00**
US Treasury									
912828UQ1	US Treasury Note 1.250% Due 02/29/2020	112,000.00	Various 1.40%	111,138.03 111,724.36	97.95 2.51%	109,707.48 467.94	8.29% (2,016.88)	Aaa / AA+ AAA	1.67 1.63
912828UV0	US Treasury Note 1.125% Due 03/31/2020	115,000.00	Various 1.47%	113,111.52 114,338.15	97.63 2.52%	112,268.75 325.21	8.47% (2,069.40)	Aaa / AA+ AAA	1.75 1.71
912828XM7	US Treasury Note 1.625% Due 07/31/2020	115,000.00	08/24/2016 1.03%	117,646.28 116,402.38	98.12 2.56%	112,834.78 779.51	8.55% (3,567.60)	Aaa / AA+ AAA	2.09 2.02
912828WC0	US Treasury Note 1.750% Due 10/31/2020	88,000.00	11/04/2015 1.63%	88,488.42 88,228.66	98.13 2.58%	86,353.43 259.46	6.51% (1,875.23)	Aaa / AA+ AAA	2.34 2.26
912828A83	US Treasury Note 2.375% Due 12/31/2020	115,000.00	08/24/2016 1.08%	121,316.40 118,633.22	99.48 2.59%	114,402.58 7.42	8.61% (4,230.64)	Aaa / AA+ AAA	2.51 2.41
912828B90	US Treasury Note 2.000% Due 02/28/2021	115,000.00	08/24/2016 1.10%	119,541.99 117,681.65	98.44 2.61%	113,207.61 768.75	8.57% (4,474.04)	Aaa / AA+ AAA	2.67 2.56
912828WN6	US Treasury Note 2.000% Due 05/31/2021	101,000.00	Various 1.03%	105,664.79 103,790.78	98.27 2.62%	99,252.19 171.09	7.48% (4,538.59)	Aaa / AA+ AAA	2.92 2.81
912828F21	US Treasury Note 2.125% Due 09/30/2021	110,000.00	10/27/2016 1.38%	113,871.85 112,556.11	98.38 2.65%	108,212.50 587.57	8.18% (4,343.61)	Aaa / AA+ AAA	3.25 3.10
912828J43	US Treasury Note 1.750% Due 02/28/2022	110,000.00	04/24/2017 1.84%	109,566.38 109,672.03	96.76 2.68%	106,437.87 643.41	8.05% (3,234.16)	Aaa / AA+ AAA	3.67 3.50
912828L24	US Treasury Note 1.875% Due 08/31/2022	115,000.00	09/18/2017 1.84%	115,198.04 115,166.81	96.74 2.71%	111,249.05 720.70	8.42% (3,917.76)	Aaa / AA+ AAA	4.17 3.95
912828N30	US Treasury Note 2.125% Due 12/31/2022	115,000.00	01/09/2018 2.31%	113,993.75 114,089.06	97.49 2.72%	112,111.55 6.64	8.43% (1,977.51)	Aaa / AA+ AAA	4.51 4.25
9128284D9	US Treasury Note 2.500% Due 03/31/2023	115,000.00	06/13/2018 2.84%	113,270.51 113,287.30	99.00 2.73%	113,850.00 722.68	8.62% 562.70	Aaa / AA+ AAA	4.75 4.42
Total US Treasury		**1,326,000.00**	**1.58%**	**1,342,807.96 1,335,570.51**	**2.62%**	**1,299,887.79 5,460.38**	**98.18% (35,682.72)**	**Aaa / AA+ Aaa**	**3.04 2.90**
TOTAL PORTFOLIO		**1,350,136.68**	**1.56%**	**1,366,944.64 1,359,707.19**	**2.59%**	**1,324,024.47 5,460.38**	**100.00% (35,682.72)**	**Aaa / AA+ Aaa**	**2.98 2.84**
TOTAL MARKET VALUE PLUS ACCRUALS						**1,329,484.85**			

Brea Lease Revenue Bonds, Reserve Account - Account #10129

For the Month Ending 6/30/2018

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
Money Market Fund FI									
825252109	Invesco Treasury MMFD Private Class	3,526.60	Various	3,526.60	1.00	3,526.60	1.36%	Aaa / AAA	0.00
			0.60%	3,526.60	0.60%	0.00	0.00	AAA	0.00
				3,526.60		**3,526.60**	**1.36%**	**Aaa / AAA**	**0.00**
Total Money Market Fund FI		**3,526.60**	**0.60%**	**3,526.60**	**0.60%**	**0.00**	**0.00**	**Aaa**	**0.00**
US Treasury									
912828UQ1	US Treasury Note	20,000.00	Various	19,688.54	97.95	19,590.63	7.61%	Aaa / AA+	1.67
	1.250% Due 02/29/2020		1.59%	19,891.25	2.51%	83.56	(300.62)	AAA	1.63
912828UV0	US Treasury Note	17,000.00	05/07/2015	16,648.10	97.63	16,596.25	6.44%	Aaa / AA+	1.75
	1.125% Due 03/31/2020		1.57%	16,874.31	2.52%	48.07	(278.06)	AAA	1.71
912828XM7	US Treasury Note	22,000.00	08/24/2016	22,506.25	98.12	21,585.78	8.41%	Aaa / AA+	2.09
	1.625% Due 07/31/2020		1.03%	22,268.28	2.56%	149.12	(682.50)	AAA	2.02
912828WC0	US Treasury Note	22,000.00	Various	22,276.59	98.13	21,588.36	8.38%	Aaa / AA+	2.34
	1.750% Due 10/31/2020		1.45%	22,146.90	2.58%	64.87	(558.54)	AAA	2.26
912828A83	US Treasury Note	22,000.00	08/24/2016	23,208.35	99.48	21,885.71	8.47%	Aaa / AA+	2.51
	2.375% Due 12/31/2020		1.08%	22,695.05	2.59%	1.42	(809.34)	AAA	2.41
912828B90	US Treasury Note	22,000.00	08/24/2016	22,868.90	98.44	21,657.11	8.43%	Aaa / AA+	2.67
	2.000% Due 02/28/2021		1.10%	22,513.01	2.61%	147.07	(855.90)	AAA	2.56
912828WN6	US Treasury Note	20,000.00	07/11/2016	20,937.57	98.27	19,653.90	7.62%	Aaa / AA+	2.92
	2.000% Due 05/31/2021		1.01%	20,559.70	2.62%	33.88	(905.80)	AAA	2.81
912828F21	US Treasury Note	25,000.00	10/27/2016	25,879.97	98.38	24,593.75	9.57%	Aaa / AA+	3.25
	2.125% Due 09/30/2021		1.38%	25,580.94	2.65%	133.54	(987.19)	AAA	3.10
912828J43	US Treasury Note	24,000.00	04/24/2017	23,905.39	96.76	23,222.81	9.04%	Aaa / AA+	3.67
	1.750% Due 02/28/2022		1.84%	23,928.44	2.68%	140.38	(705.63)	AAA	3.50
912828L24	US Treasury Note	23,000.00	09/18/2017	23,039.61	96.74	22,249.81	8.66%	Aaa / AA+	4.17
	1.875% Due 08/31/2022		1.84%	23,033.36	2.71%	144.14	(783.55)	AAA	3.95
912828N30	US Treasury Note	20,000.00	01/09/2018	19,825.00	97.49	19,497.66	7.54%	Aaa / AA+	4.51
	2.125% Due 12/31/2022		2.31%	19,841.57	2.72%	1.15	(343.91)	AAA	4.25
9128284D9	US Treasury Note	22,000.00	06/13/2018	21,669.14	99.00	21,780.00	8.48%	Aaa / AA+	4.75
	2.500% Due 03/31/2023		2.84%	21,672.35	2.73%	138.25	107.65	AAA	4.42
				262,453.41		**253,901.77**	**98.64%**	**Aaa / AA+**	**3.06**
Total US Treasury		**259,000.00**	**1.59%**	**261,005.16**	**2.63%**	**1,085.45**	**(7,103.39)**	**Aaa**	**2.92**
				265,980.01		**257,428.37**	**100.00%**	**Aaa / AA+**	**3.02**
TOTAL PORTFOLIO		**262,526.60**	**1.57%**	**264,531.76**	**2.60%**	**1,085.45**	**(7,103.39)**	**Aaa**	**2.88**
TOTAL MARKET VALUE PLUS ACCRUALS						**258,513.82**			

Holdings Report

City of Brea Laif - Account #10164

For the Month Ending 6/30/2018

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
LAIF									
90LAIF$00	Local Agency Investment Fund State Pool	20,996,554.78	Various 1.90%	20,996,554.78 20,996,554.78	1.00 1.90%	20,996,554.78 78,904.56	100.00% 0.00	NR / NR NR	0.00 0.00
Total LAIF		**20,996,554.78**	**1.90%**	**20,996,554.78 20,996,554.78**	**1.90%**	**20,996,554.78 78,904.56**	**100.00% 0.00**	**NR / NR NR**	**0.00 0.00**
TOTAL PORTFOLIO		**20,996,554.78**	**1.90%**	**20,996,554.78 20,996,554.78**	**1.90%**	**20,996,554.78 78,904.56**	**100.00% 0.00**	**NR / NR NR**	**0.00 0.00**
TOTAL MARKET VALUE PLUS ACCRUALS						**21,075,459.34**			

Holdings Report

Successor Agency to the Brea RDA LAIF - Account #10166

For the Month Ending 6/30/2018

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
LAIF									
90LAIF$00	Local Agency Investment Fund State Pool	1,122,612.78	Various 1.90%	1,122,612.78 1,122,612.78	1.00 1.90%	1,122,612.78 4,913.24	100.00% 0.00	NR / NR NR	0.00 0.00
Total LAIF		**1,122,612.78**	**1.90%**	**1,122,612.78 1,122,612.78**	**1.90%**	**1,122,612.78 4,913.24**	**100.00% 0.00**	**NR / NR NR**	**0.00 0.00**
TOTAL PORTFOLIO		**1,122,612.78**	**1.90%**	**1,122,612.78 1,122,612.78**	**1.90%**	**1,122,612.78 4,913.24**	**100.00% 0.00**	**NR / NR NR**	**0.00 0.00**
TOTAL MARKET VALUE PLUS ACCRUALS						**1,127,526.02**			

Holdings Report

Brea CFD 2008 2 17 Reserve Fund - Account #10600

For the Month Ending 6/30/2018

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
Money Market Fund FI									
825252109	Invesco Treasury MMFD Private Class	20,743.95	Various 0.60%	20,743.95 20,743.95	1.00 0.60%	20,743.95 0.00	3.09% 0.00	Aaa / AAA AAA	0.00 0.00
Total Money Market Fund FI		**20,743.95**	**0.60%**	**20,743.95** **20,743.95**	**0.60%**	**20,743.95** **0.00**	**3.09%** **0.00**	**Aaa / AAA** **Aaa**	**0.00** **0.00**
US Treasury									
912828UV0	US Treasury Note 1.125% Due 03/31/2020	110,000.00	06/13/2018 2.57%	107,232.81 107,304.52	97.63 2.52%	107,387.50 311.07	16.06% 82.98	Aaa / AA+ AAA	1.75 1.71
912828A83	US Treasury Note 2.375% Due 12/31/2020	110,000.00	06/28/2018 2.58%	109,467.19 109,468.35	99.48 2.59%	109,428.55 7.10	16.32% (39.80)	Aaa / AA+ AAA	2.51 2.41
912828F21	US Treasury Note 2.125% Due 09/30/2021	110,000.00	06/28/2018 2.64%	108,242.58 108,245.54	98.38 2.65%	108,212.50 587.57	16.23% (33.04)	Aaa / AA+ AAA	3.25 3.10
912828J43	US Treasury Note 1.750% Due 02/28/2022	110,000.00	06/13/2018 2.79%	105,986.72 106,037.07	96.76 2.68%	106,437.87 643.41	15.97% 400.80	Aaa / AA+ AAA	3.67 3.50
912828L24	US Treasury Note 1.875% Due 08/31/2022	110,000.00	06/13/2018 2.82%	105,887.89 105,933.31	96.74 2.71%	106,412.13 689.37	15.97% 478.82	Aaa / AA+ AAA	4.17 3.95
9128284D9	US Treasury Note 2.500% Due 03/31/2023	110,000.00	06/13/2018 2.84%	108,345.70 108,361.76	99.00 2.73%	108,900.00 691.26	16.35% 538.24	Aaa / AA+ AAA	4.75 4.42
Total US Treasury		**660,000.00**	**2.71%**	**645,162.89** **645,350.55**	**2.65%**	**646,778.55** **2,929.78**	**96.91%** **1,428.00**	**Aaa / AA+** **Aaa**	**3.35** **3.18**
TOTAL PORTFOLIO		**680,743.95**	**2.64%**	**665,906.84** **666,094.50**	**2.58%**	**667,522.50** **2,929.78**	**100.00%** **1,428.00**	**Aaa / AA+** **Aaa**	**3.25** **3.08**
TOTAL MARKET VALUE PLUS ACCRUALS						**670,452.28**			

SECTION 4

Transactions

Transaction Ledger

City of Brea - Account #120

March 31, 2018 through June 30, 2018

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
ACQUISITIONS										
Purchase	04/30/2018	43811BAC8	450,000.00	Honda Auto Receivables 2017-2 A3 1.68% Due: 08/16/2021	98.445	2.62%	443,003.91	315.00	443,318.91	0.00
Purchase	05/11/2018	369550BE7	410,000.00	General Dynamics Corp Note 3% Due: 05/11/2021	99.305	3.24%	407,150.50	0.00	407,150.50	0.00
Purchase	05/18/2018	89236TDP7	450,000.00	Toyota Motor Credit Corp Note 2.6% Due: 01/11/2022	97.470	3.34%	438,612.75	4,127.50	442,740.25	0.00
Purchase	06/15/2018	24422ETG4	450,000.00	John Deere Capital Corp Note 2.8% Due: 03/06/2023	97.219	3.44%	437,485.50	3,465.00	440,950.50	0.00
Purchase	06/20/2018	674599CK9	700,000.00	Occidental Petroleum Callable Note Cont 3/15/2022 2.6% Due: 04/15/2022	97.614	3.27%	683,298.00	3,286.11	686,584.11	0.00
Purchase	06/25/2018	02587AAJ3	550,000.00	American Express Credit 2017-1 1.93% Due: 09/15/2022	98.445	3.75%	541,449.22	294.86	541,744.08	0.00
Purchase	06/29/2018	3135G0U35	500,000.00	FNMA Note 2.75% Due: 06/22/2021	100.148	2.70%	500,740.00	152.78	500,892.78	0.00
	Subtotal		**3,510,000.00**				**3,451,739.88**	**11,641.25**	**3,463,381.13**	**0.00**
TOTAL ACQUISITIONS			**3,510,000.00**				**3,451,739.88**	**11,641.25**	**3,463,381.13**	**0.00**
DISPOSITIONS										
Sale	06/15/2018	24422ESF7	430,000.00	John Deere Capital Corp Note 1.95% Due: 12/13/2018	99.753	2.46%	428,937.90	46.58	428,984.48	-971.31
	Subtotal		**430,000.00**				**428,937.90**	**46.58**	**428,984.48**	**-971.31**
Maturity	05/03/2018	037833AJ9	810,000.00	Apple Inc Note 1% Due: 05/03/2018	100.000		810,000.00	0.00	810,000.00	0.00
Maturity	06/13/2018	06538CFD8	1,140,000.00	Bank of Tokyo Mitsubishi NY Discount CP 2.1% Due: 06/13/2018	99.463		1,133,882.00	6,118.00	1,140,000.00	0.00
	Subtotal		**1,950,000.00**				**1,943,882.00**	**6,118.00**	**1,950,000.00**	**0.00**
TOTAL DISPOSITIONS			**3,201,254.56**				**3,194,074.46**	**20,135.91**	**3,214,210.37**	**-971.31**

Disclosure

2018 Chandler Asset Management, Inc, An Independent Registered Investment Adviser.

Information contained herein is confidential. Prices are provided by IDC, an independent pricing source. In the event IDC does not provide a price or if the price provided is not reflective of fair market value, Chandler will obtain pricing from an alternative approved third party pricing source in accordance with our written valuation policy and procedures. Our valuation procedures are also disclosed in Item 5 of our Form ADV Part 2A.

Performance results are presented gross-of-fees and represent the client's Total Return. These results include the reinvestment of dividends and other earnings. Past performance may not be indicative of future results. Therefore, no current or prospective client should assume that future performance of any specific investment or investment strategy will be profitable or equal to past performance levels. All investment strategies have the potential for profit or loss. Economic factors, market conditions or changes in investment strategies, contributions or withdrawals may materially alter the performance and results of your portfolio.

Index returns assume reinvestment of all distributions. Historical performance results for investment indexes generally do not reflect the deduction of transaction and/or custodial charges or the deduction of an investment management fee, the incurrence of which would have the effect of decreasing historical performance results. It is not possible to invest directly in an index.

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Fixed income investments are subject to interest, credit and market risk. Interest rate risk: the value of fixed income investments will decline as interest rates rise. Credit risk: the possibility that the borrower may not be able to repay interest and principal. Low rated bonds generally have to pay higher interest rates to attract investors willing to take on greater risk. Market risk: the bond market in general could decline due to economic conditions, especially during periods of rising interest rates.

Agenda Item 10.

City of Brea

FINANCE COMMITTEE COMMUNICATION

FROM: Bill Gallardo

DATE: 07/23/2018

SUBJECT: Review of PARS Post Employment Benefit Trust Investment Report for Period Ending June 30, 2018 - Presentation by PARS and HighMark Capital Management

Attachment

Report

Return to Agenda

PUBLIC AGENCY RETIREMENT SERVICES | PARS

TRUSTED SOLUTIONS. LASTING RESULTS.

CITY OF BREA

Pension Rate Stabilization Program (PRSP) Client Review

July 23, 2018

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OPEB/PENSION PROGRAM TEAM

Trust Administrator & Consultant (PARS)	Trustee (U.S. Bank)	Investment Manager (HighMark Capital Management)
• Recordkeeping/sub-trust accounting • Actuarial coordination • Monitor contributions/process distributions • Monitor plan compliance • Ongoing client liaison	• Safeguard plan assets • Oversight protection • Plan fiduciary • Custodian of assets	• Investment sub-advisor to U.S. Bank • Open architecture • Investment strategy and asset allocation development • Investment policy assistance
Corporate Experience		
34 years (1984 – 2018)	**155 years** (1863 – 2018)	**99 years** (1919 – 2018)
Plans Under Administration		
1,600+ plans, 850+ public agencies, 430,000+ participants		
Dollars under Administration		
Over $2.9 billion	Over $4 trillion	Over $15.9 billion under management

PUBLIC AGENCY RETIREMENT SERVICES PARS
TRUSTED SOLUTIONS. LASTING RESULTS.

SUMMARY OF AGENCY'S PRSP PLAN

Type of Plan:	IRC Section 115 Irrevocable Exclusive Benefit Trust
Trustee Approach:	Discretionary
Plan Effective Date:	November 17, 2015
Plan Administrator:	Bill Gallardo - City Manager
Current Investment Strategy:	Balanced HighMark PLUS (Active) – Individual Acct - Selected on 01/20/2016
Initial Contribution:	February 19, 2016 – $2,000,000
Additional Contributions:	April 22, 2016 - $2,000,000
	June 17, 2016 - $2,000,000

PARS Plan: City of Brea

July 23, 2018

Presented by
Keith Stribling, CFA

HIGHMARK®
CAPITAL MANAGEMENT

DISCUSSION HIGHLIGHTS – City of Brea

Investment objective – Balanced

Asset Allocation: PARS/Balanced (As of 6/30/2018)

- Allocation Target – 61.30% stocks (50-70% range), 35.58% bonds (30-50% range), 3.12% cash (0-20% range)
- Large cap 30.13%, Mid-cap 4.57%, Small cap 10.84%, International 13.98%; REIT 1.78%

Performance: City of Brea

(as of 6/30/2018) gross of investment management fees, net of fund fees

- 3-months: 1.49%
- 6-months: .81%
- 1-Year: 7.91%
- ITD: 10.67%

- Fixed Income:
  - Credit risk generally outperformed
- Stocks:
  - Stocks are generally strong & active management has been outperforming

12-Month Changes

- Asset Allocation:
  - Re-established over weight to value style
  - Modest overweight to international
  - Removed Floating Rate Notes

DISCUSSION HIGHLIGHTS – City of Brea

Economic Review

- Trump and a Republican Congress – a new direction
- Changes in Fiscal policy – finally some inflation…but not much
- Interest rates
- Fed, a new chairman & monetary policy – gradual tightening cycle & addressing the balance sheet
- Strengthening US Economy supporting stocks
- Consumer well positioned
- International economies in recovery & continued QE abroad

2018 Outlook

- Real GDP growth
  - 2018E 2.5% - 3.1%;
  - 10-yr yield 2.75% - 3.25%
- Fed Funds 2.0% - 2.25%

Account Name: PARS/ CITY OF BREA PRSP

Account ID: xxxxxx0800

As of: June 30, 2018

Performance Report

	3 Months	Year to Date (6 Months)	1 Year	Inception to Date 02/01/2016
Cash Equivalents	.26	.57	1.04	.61
Total Fixed Income	.25	-.97	-.10	
BC US Aggregate Bd Index (USD)	*-.16*	*-1.62*	*-.40*	*1.29*
Total Equities	2.29	1.94	13.48	18.32
Large Cap Funds	3.60	3.13	15.40	18.75
S&P 500 Composite Index	*3.43*	*2.65*	*14.37*	*17.39*
Mid Cap Funds	2.78	2.31	12.25	16.92
Russell Midcap Index	*2.82*	*2.35*	*12.33*	*17.52*
Small Cap Funds	7.59	8.44	20.48	22.61
Russell 2000 Index (USD)	*7.75*	*7.66*	*17.57*	*22.77*
International Equity Funds	-4.76	-4.79	6.21	15.17
MSCI EAFE Index (Net)	*-1.24*	*-2.75*	*6.84*	*12.31*
MSCI EM Free Index (Net USD)	*-7.96*	*-6.66*	*8.20*	*19.04*
Real Estate - ETFs / Sctr Fds	8.90	-.14	3.07	
Wilshire REIT Index	*9.73*	*1.52*	*3.88*	*7.12*
Total Managed Portfolio	1.49	.81	7.91	10.67

Returns are gross of account level investment advisory fees and net of any fees including fees to manage mutual fund or exchange traded fund holdings. Returns for periods over one year are annualized. The information presented has been obtained from sources believed to be accurate and reliable. Past performance is not indicative of future returns. Securities are not FDIC insured have no bank guarantee and may lose value.

ASSET ALLOCATION- City of Brea

Current Asset Allocation	Weight	Ticker	Investment Vehicle	Market Value
Equity	**61.30%**		***Range: 50%-70%***	**$ 4,474,813.10**
Large Cap Core	4.76%	SMGIX	Columbia Contrarian Core Cl Z	$347,459.24
Large Cap Value	7.47%	DODGX	Dodge & Cox Stock Fund	$545,418.25
	12.15%	VGIAX	Vanguard Gro & Inc Admiral Shrs	$887,280.66
Large Cap Growth	2.88%	HNACX	Harbor CP Appre Rtrmt Cl	$210,257.95
	2.86%	PRUFX	T. Rowe Price Growth Stock Fund	$208,564.45
Mid Cap Core	4.57%	IWR	Ishares Russell Mid Cap Core ETF	$333,484.08
Small Cap Value	6.03%	UBVLX	Yndiscovered Mgrs Behavrl Val I	$440,355.59
Small Cap Growth	4.81%	PRJIX	T. Rowe Price New Horizons Fund	$351,257.21
International Core	4.22%	NWHMX	Nationwide Bailard Intl Eq I	$307,893.35
International Value	2.72%	DODFX	Dodge & Cox International Stock Fund	$198,524.91
International Growth	2.98%	MGRDX	MFS International Growth	$217,599.54
Emerging Markets	4.06%	HHHYX	Hartford Schroders Mkts Eq Cl Y	$296,560.77
REIT	1.78%	VNQ	Vanguard Real Estate ETF	$130,157.10
Fixed Income	**35.58%**		***Range: 30%-50%***	**$ 2,597,044.85**
Individual Fixed Income	34.94%		Corporate Bonds	$ 2,550,182.25
High Yield	0.64%	VFSUX	Vngrd St Term Invmt Grade ADM	$46,862.60
Cash	**3.12%**		***Range: 0%-20%***	**$ 227,886.48**
	3.12%	FGZXX	FIRST AMERN GOVT OBLIG FD CL Z	$227,886.48
TOTAL	**100.00%**			**7,299,744.43**

HIGHMARK® CAPITAL MANAGEMENT

ASSET ALLOCATION- City of Brea

Current Asset Allocation			Weight	Ticker	Investment Vehicle		Market Value
Fixed Income			**100.00%**		***Range: 30%-50%***		
1-3 yrs		46.76%					
	AA+		7.98%	XOM	XTO Energy	6.50% 12/15/18	$203,554.00
	A		8.02%	BK	Bank of New York	5.45% 05/15/19	$204,634.00
	AA+		7.10%	GE	GE Credit Corp	6.00% 8/07/19	$180,939.50
	AA+		8.13%	GE	GE Credit Corp	5.50% 01/08/20	$207,310.00
	AA-		7.82%	CSCO	Cisco Systems	2.90% 3/04/21	$199,360.00
	A+		7.72%	V	Visa Inc	2.20% 12/14/20	$196,752.00
3-5 yrs		23.10%					
	AA+		5.79%	AAPL	Apple	2.85% 02/23/23	$147,660.00
			3.83%	GE	GE Credit Corp	3.100% 1/09/23	$97,763.00
			2.82%	JPM	JP Morgan Chase & Co	2.70% 5/18/23	$72,000.00
			2.87%	STI	Suntrust Banks	2.700% 1/27/22	$73,074.00
	A		7.78%	MDT	Medtronic Inc	3.13% 03/15/22	$198,488.00
5-7 yrs		18.89%					
	BBB		3.95%	MDLZ	Mondelez Inc	4.0% 2/01/24	$100,850.00
			2.81%	PEP	Pepsico Inc	2.750% 4/30/25	$71,634.75
	BBB+		8.34%	VZ	Verizon Communications	5.15% 9/15/23	$212,700.00
	A		3.79%	WFC	Wells Fargo Corp	3.30% 9/09/24	$96,608.00
7-10 yrs		11.25%					
	A		3.99%	ICE	Intercontinental Exchange	3.75% 12/01/25	$101,837.00
	A		3.69%	KMB	Kimberly Clark	2.75% 2/15/26	$93,994.00
			3.57%	NKE	Nike Inc NT	2.375% 11/01/26	$91,024.00
TOTAL		**100.00%**					**2,550,182.25**

HIGHMARK®
CAPITAL MANAGEMENT

City of Brea

For Period Ending June 30, 2018

Fund Name	1-Month Return	3-Month Return	Year-to-Date	1-Year Return	3-Year Return	5-Year Return	10-Year Return
LARGE CAP EQUITY FUNDS							
Columbia Contrarian Core Inst	0.59	1.74	-0.73	8.94	9.49	12.48	10.58
Vanguard Growth & Income Adm	0.33	3.60	2.88	15.15	11.88	13.57	9.77
Harbor Capital Appreciation Retirement	0.13	6.36	10.99	29.31	15.34	18.17	12.37
T. Rowe Price Growth Stock I	1.29	5.91	10.00	23.10	15.70	17.73	12.26
Dodge & Cox Stock	1.48	2.76	0.96	11.85	10.95	12.81	9.70
S&P 500 TR USD	**0.62**	**3.43**	**2.65**	**14.37**	**11.93**	**13.42**	**10.17**
MID CAP EQUITY FUNDS							
iShares Russell Mid-Cap ETF	0.68	2.78	2.26	12.15	9.39	12.03	10.07
SMALL CAP EQUITY FUNDS							
Undiscovered Managers Behavioral Val L	0.78	7.02	3.60	14.31	11.43	12.88	14.41
T. Rowe Price New Horizons I	3.06	8.28	15.07	28.51	16.63	17.65	16.12
Russell 2000 TR USD	**0.72**	**7.75**	**7.66**	**17.57**	**10.96**	**12.46**	**10.60**
REAL ESTATE FUNDS							
Vanguard Real Estate ETF	4.14	8.83	-0.01	2.29	7.53	7.91	8.01

Fund Name	1-Month Return	3-Month Return	Year-to-Date	1-Year Return	3-Year Return	5-Year Return	10-Year Return
INTERNATIONAL EQUITY FUNDS							
Dodge & Cox International Stock	-1.76	-5.12	-7.15	0.50	2.06	5.78	3.68
Nationwide Bailard Intl Eqs R6	-3.69	-5.95	-5.95	3.24	2.91	6.33	2.41
MFS® International Growth R6	-0.29	2.37	1.15	12.33	9.43	8.27	5.33
MSCI EAFE NR USD	**-1.22**	**-1.24**	**-2.75**	**6.84**	**4.90**	**6.44**	**2.84**
Hartford Schroders Emerging Mkts Eq Y	-3.22	-8.38	-6.07	9.85	7.51	5.91	2.84
MSCI EM Free	**-4.15**	**-7.96**	**-6.66**	**8.20**	**5.60**	**5.01**	**2.26**
BOND FUNDS							
Nationwide Loomis Core Bond Instl Svc	-0.20	-0.35	-1.91	-0.94	1.52	2.14	4.01
PIMCO Total Return Instl	0.03	-0.44	-1.71	-0.12	2.10	2.49	4.85
Vanguard Short-Term Investment-Grade Adm	0.04	0.20	-0.32	0.22	1.59	1.83	2.81
PGIM Total Return Bond R6	0.04	-0.53	-1.88	0.59	3.15	3.75	5.74
BBgBarc US Agg Bond TR USD	**-0.12**	**-0.16**	**-1.62**	**-0.40**	**1.72**	**2.27**	**3.72**

Source: SEI Investments, Morningstar Investments

Returns less than one year are not annualized. Past performance is no indication of future results. The information presented has been obtained from sources believed to be accurate and reliable. Securities are not FDIC insured, have no bank guarantee and may lose value.