



FALLBROOK PUBLIC UTILITY DISTRICT  
MEETING OF THE FISCAL POLICY AND INSURANCE COMMITTEE

AGENDA

**PURSUANT TO WAIVERS TO CERTAIN BROWN ACT PROVISIONS UNDER EXECUTIVE ORDERS ISSUED BY GOVERNOR NEWSOM RELATED TO THE COVID-19 STATE OF EMERGENCY, THIS MEETING WILL BE CONDUCTED VIA TELECONFERENCE USING THE BELOW INFORMATION, AND THERE WILL BE NO PHYSICAL LOCATION FROM WHICH MEMBERS OF THE PUBLIC MAY PARTICIPATE.**

**INSTEAD MEMBERS OF THE PUBLIC ARE ENCOURAGED TO PARTICIPATE IN THE COMMITTEE MEETING VIA TELECONFERENCE USING THE BELOW CALL-IN AND WEBLINK INFORMATION**

**MEMBERS OF THE PUBLIC MAY ALSO SUBMIT PUBLIC COMMENTS AND COMMENTS ON AGENDA ITEMS IN ADVANCE IN ONE OF THE FOLLOWING WAYS:**

- BY EMAILING TO OUR BOARD SECRETARY AT LECKERT@FPUD.COM
- BY MAILING TO THE DISTRICT OFFICES AT 990 E. MISSION RD., FALLBROOK, CA 92028
- BY DEPOSITING THEM IN THE DISTRICT’S PAYMENT DROP BOX LOCATED AT 990 E. MISSION RD., FALLBROOK, CA 92028

**ALL COMMENTS SUBMITTED BY WHAT EVER MEANS MUST BE RECEIVED AT LEAST ONE HOUR IN ADVANCE OF THE MEETING. ALL COMMENTS WILL BE READ TO THE BOARD DURING THE APPROPRIATE PORTION OF THE MEETING. PLEASE KEEP ANY WRITTEN COMMENTS TO 3 MINUTES. THESE PUBLIC COMMENT PROCEDURES SUPERSEDE THE DISTRICT’S STANDARD PUBLIC COMMENT POLICIES AND PROCEDURES TO THE CONTRARY.**

**AUDIO CALL-IN +1 (408) 418-9388  
ACCESS CODE 126 029 5929  
AUDIO PASSWORD 93693844**

<https://fallbrookpublicutilitydistrict.my.webex.com/fallbrookpublicutilitydistrict.my/j.php?MTID=md51299d2ca55910fb3364e57bab4c4df>

**TUESDAY, AUGUST 11, 2020  
10:00 A.M.**

**FALLBROOK PUBLIC UTILITY DISTRICT  
990 E. MISSION RD., FALLBROOK, CA 92028  
PHONE: (760) 728-1125**

*If you have a disability and need an accommodation to participate in the meeting, please call the Secretary at (760) 999-2704 for assistance.*

**I. PRELIMINARY FUNCTIONS**

CALL TO ORDER / ROLL CALL

PUBLIC COMMENT

**II. ACTION / DISCUSSION ----- (ITEMS A – E)**

- A. QUARTERLY INVESTMENT PORTFOLIO PERFORMANCE REVIEW
- B. UPDATE ON POTENTIAL DEBT REFUNDING
- C. KICK-OFF THE UPDATE OF THE FINANCIAL PLAN
- D. PLANNING STUDIES
- E. BOARD BUDGET ADOPTION

**III. ADJOURNMENT OF MEETING**

\* \* \* \* \*

**DECLARATION OF POSTING**

I, Lauren Eckert, Executive Assistant/Board Secretary of the Fallbrook Public Utility District, do hereby declare that I posted a copy of the foregoing agenda in the glass case at the entrance of the District Office located at 990 East Mission Road, Fallbrook, California, at least 72 hours prior to the meeting in accordance with Government Code § 54954.2.

I, Lauren Eckert, further declare under penalty of perjury and under the laws of the State of California that the foregoing is true and correct.

August 6, 2020  
Dated / Fallbrook, CA

/s/ Lauren Eckert  
Executive Assistant/Board Secretary



# Fallbrook Public Utility District

## **Investment Performance Review For the Quarter Ended June 30, 2020**

Client Management Team

Sarah Meacham, Managing Director  
Richard Babbe, CCM, Senior Managing Consultant

PFM Asset Management LLC

601 South Figueroa, Suite 4500  
Los Angeles, CA 90017  
213-489-4075

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

## Key Themes

### Economic Conditions:

- Towards the end of the quarter, economic data rebound off its lows as the economy begins to reopen . However, increasing COVID case numbers are expected to dampen economic data in the coming months.
- While actions by the federal reserve and the federal government helped stabilize the economy and the financial markets, we are unlikely to see a sustained economic recovery until the underlying health crisis begins to improve.
- Following the plunge in the U.S. Treasury yield curve during the first quarter, yields were relatively stable over the second quarter.
- Yield spreads on all other asset classes retraced significantly from March's wide levels as unprecedented fiscal and monetary stimulus helped support the economy and financial markets

### Strategy Considerations:

- Interest rates are expected to remain low for an extended period. The economic forecasts from the federal reserve's June meeting suggest that the federal funds target rate will remain at its current level at least until the end of 2022.
- With interest rates falling sharply, the yields on pooled interest rates have lagged current interest rates levels providing an attractive investment alternative. However, yields on these investment pools will continue to fall as they adjust to current interest rate levels.
- The portfolio's current investments have performed well, but its important for the District to evaluate its liquidity needs and comfort level with purchasing longer-term investments at current interest rate levels.

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# Market Update

## COVID-19 Impact Update

### Health Pandemic

- Confirmed cases exceed 10 million worldwide
- U.S. is leading the world with roughly 25% of cases and deaths
- Recent surge in new U.S. case numbers threatens economic reopening



### Effects on the Economy

- Significant negative impact of lockdowns apparent in first and second quarter economic data
- Early signs of rebound have appeared as some states start to reopen

Limited  
Capacity

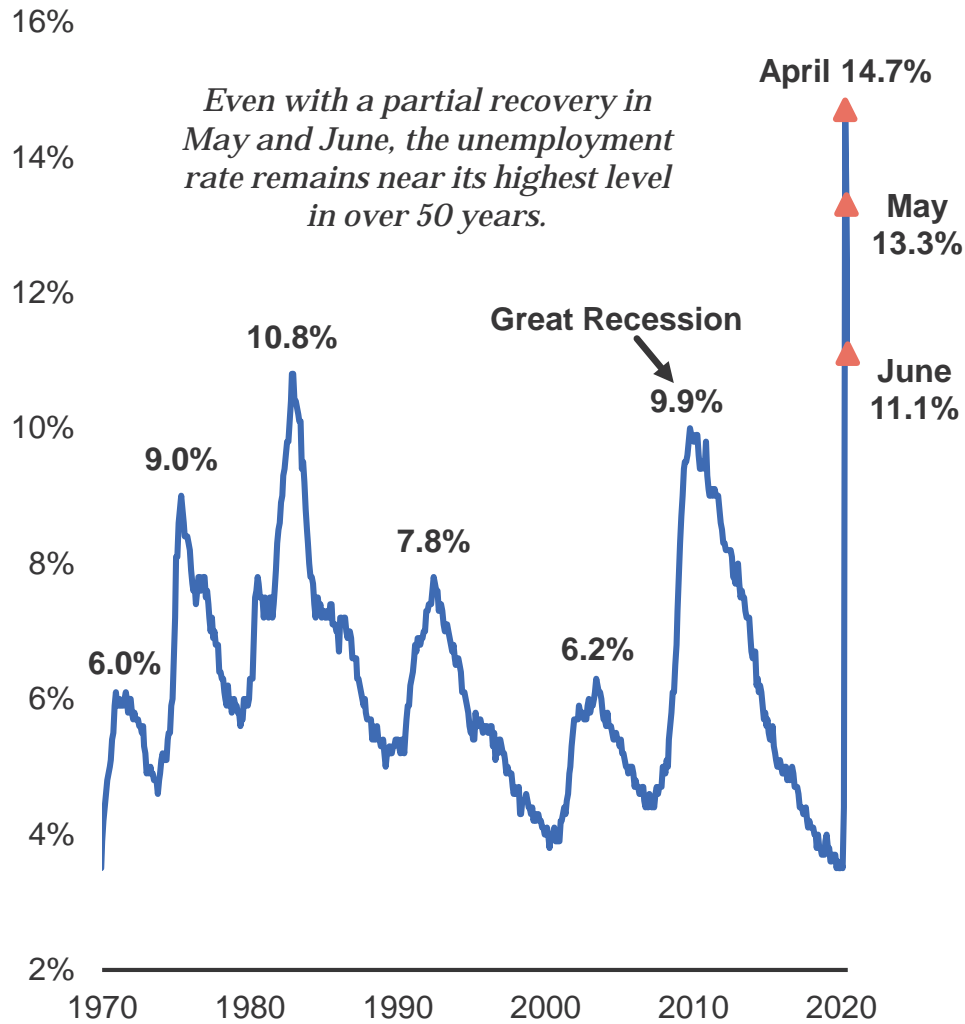
### Effects on the Financial Markets

- Yields remain very low and are not expected to move meaningfully over the near term
- Fed support stabilized the bond market and returned liquidity
- Equity markets substantially recovered in second quarter

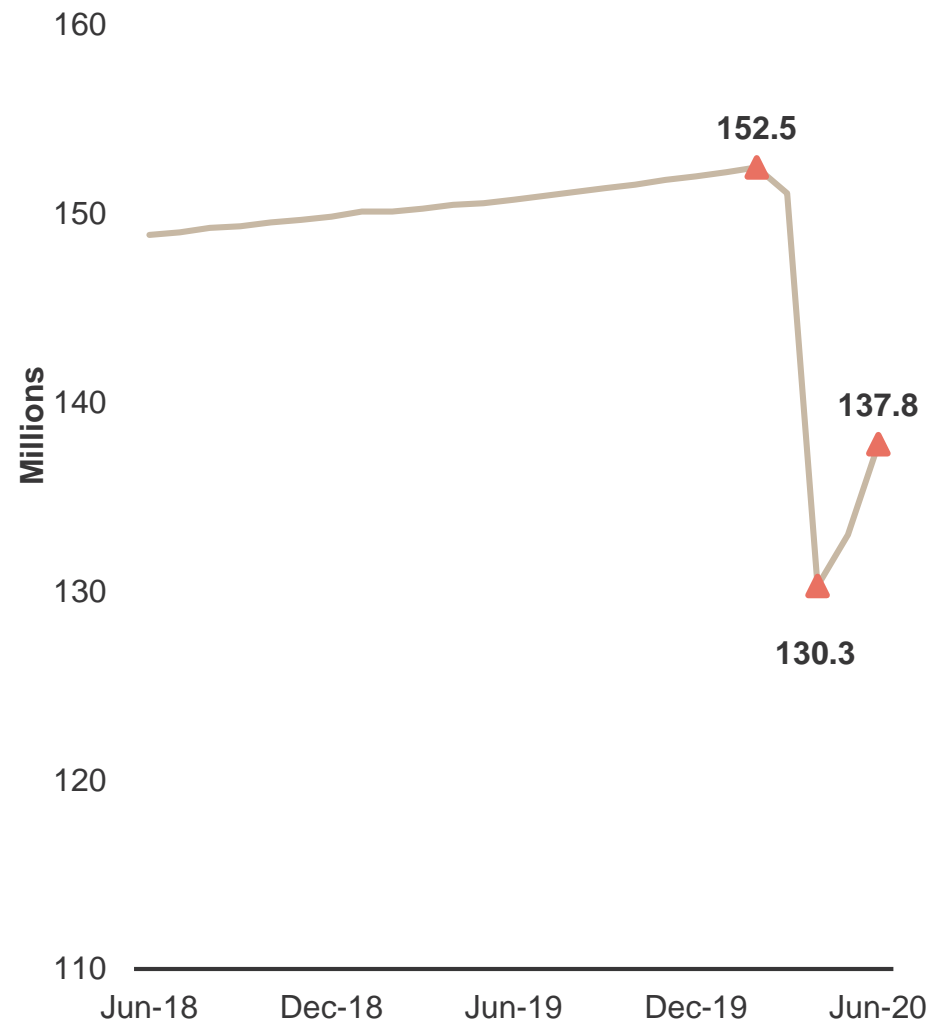


## Labor Market Struggling; Early Signs of Recovery Present

### Unemployment Rate



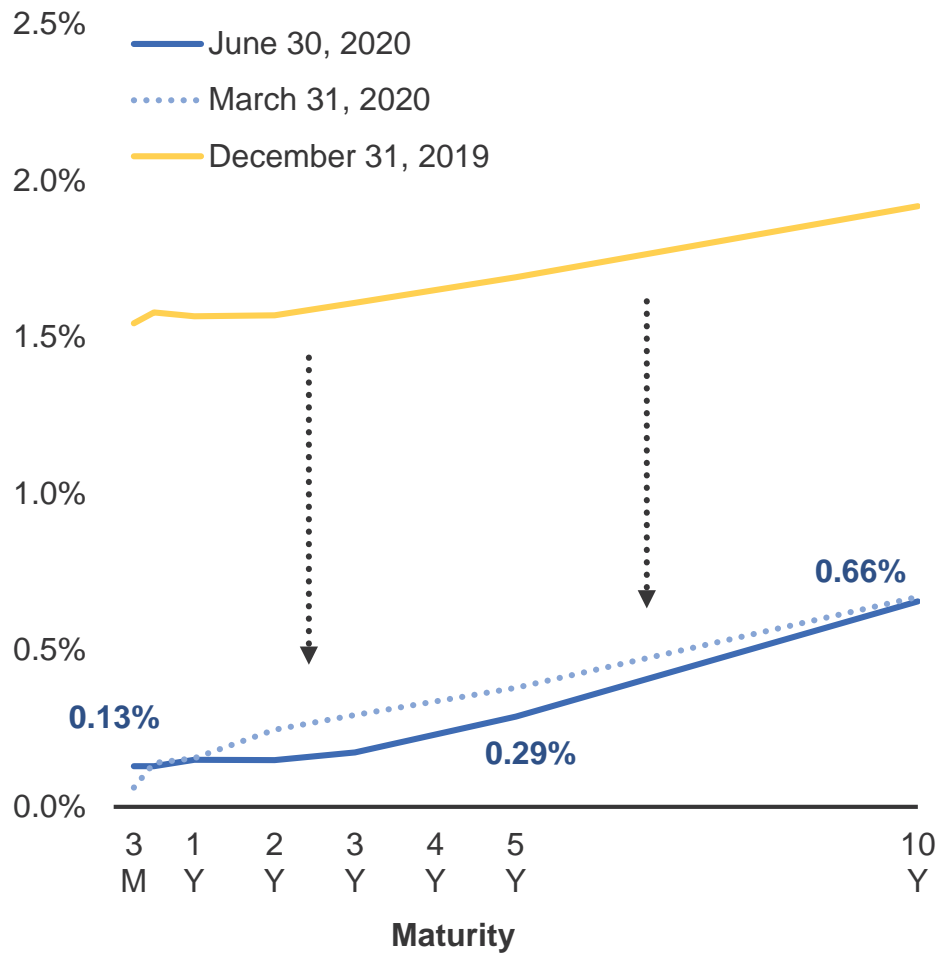
### Total Nonfarm Employment



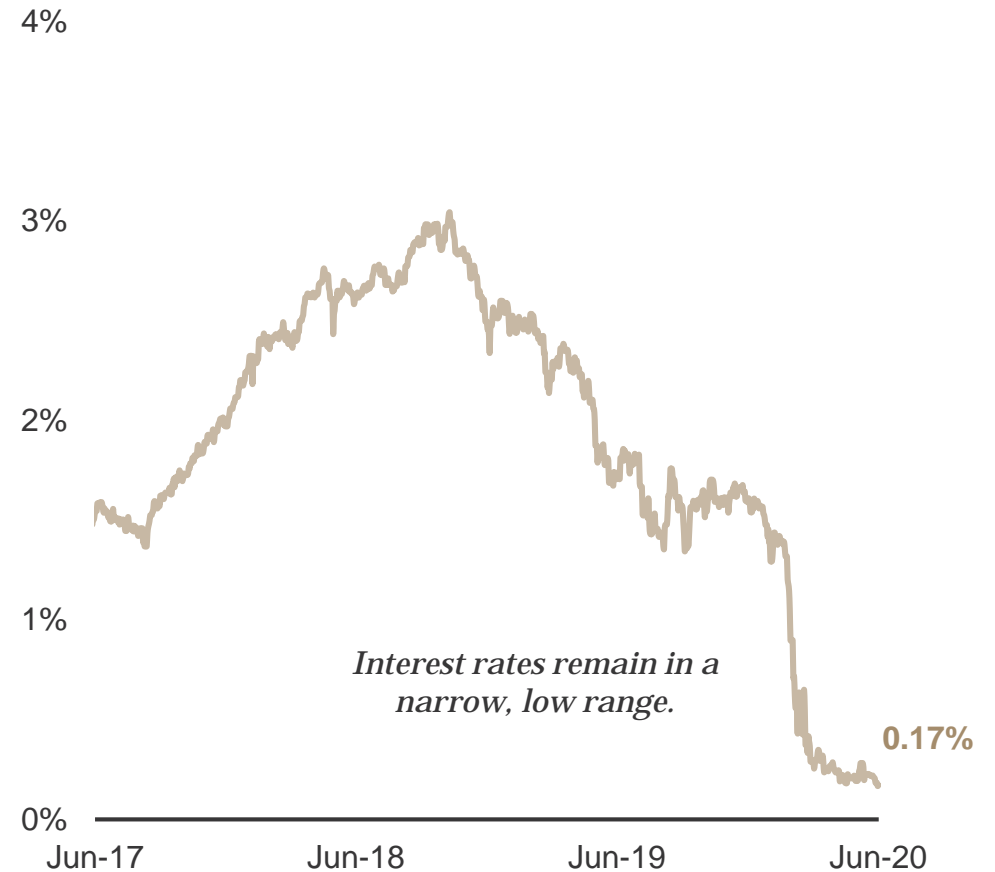
Source: Bloomberg, as of 6/30/2020. Data is seasonally adjusted.

## Interest Rates Traded in a Narrow Range During the Second Quarter

### US Treasury Yield Curve



### 3-Year Treasury Yield



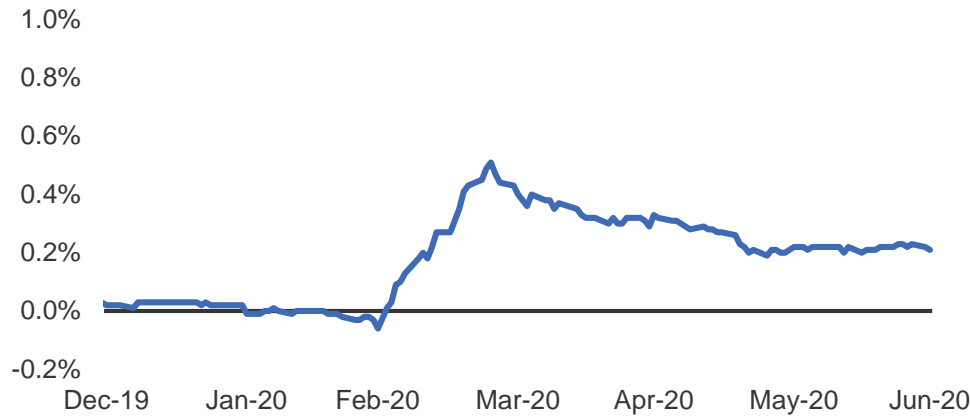
Source: Bloomberg, as of 6/30/2020.



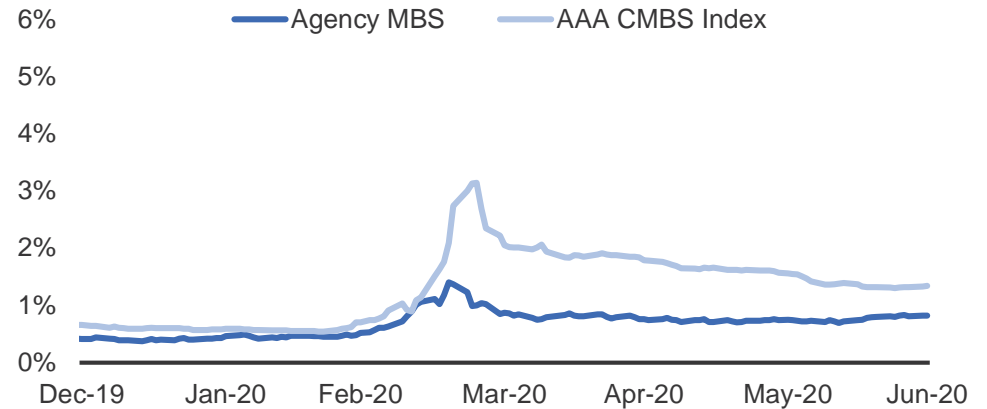
## Sector Spreads Tightened Significantly, Moving Toward Pre-COVID Levels

### 1-5 Year Indices

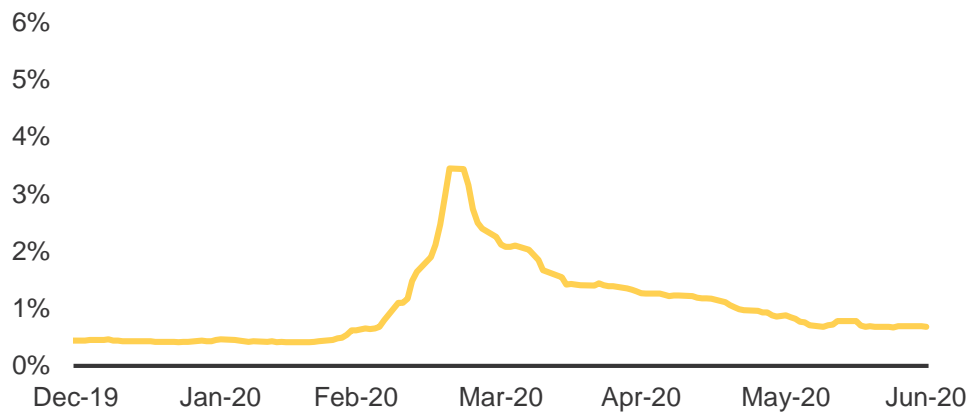
Federal Agency Yield Spreads



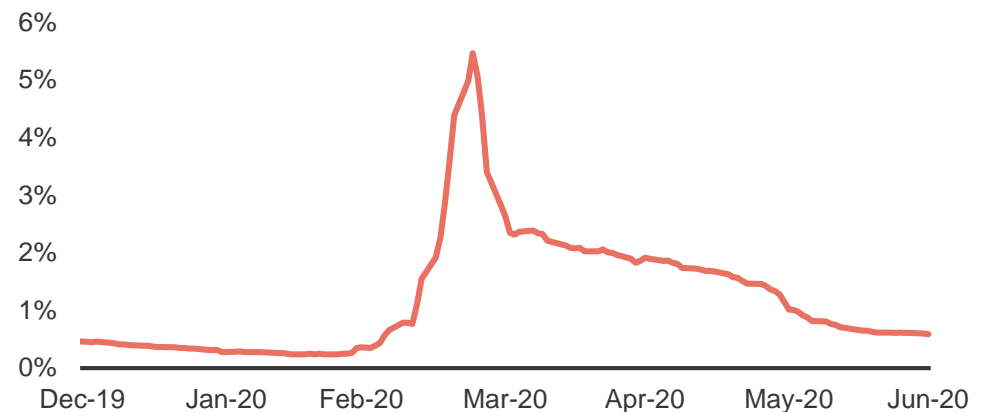
Mortgage-Backed Securities Yield Spreads



Corporate Notes A-AAA Yield Spreads



Asset-Backed Securities Yield Spreads



Source: ICE BofAML 1-5 year Indices via Bloomberg, MarketAxess, and PFM, as of 6/30/2020. Spreads on ABS and MBS are option-adjusted spreads of 0-5 year indices based on weighted average life; spreads on agencies are relative to comparable-maturity Treasuries. CMBS is Commercial Mortgage-Backed Securities.

## Yield Environment as of June 30, 2020

Maturity	Treasury	Federal Agency	AA Corporate	A Corporate
<b>3-Month</b>	0.12%	0.12%	0.13%	0.19%
<b>6-Month</b>	0.14%	0.13%	0.22%	0.30%
<b>1-Year</b>	0.15%	0.19%	0.32%	0.44%
<b>2-Year</b>	0.15%	0.22%	0.36%	0.50%
<b>3-Year</b>	0.18%	0.27%	0.46%	0.63%
<b>5-Year</b>	0.29%	0.46%	0.76%	0.95%

Source: Bloomberg BVAL yield curves for Treasury and Corporate. TradeWeb for Federal Agency yields. 3 and 6 month corporate yields from commercial paper; A-1+ for AA and A-1 for A. Yields are for indicative purposes only; actual yields may vary by issue.

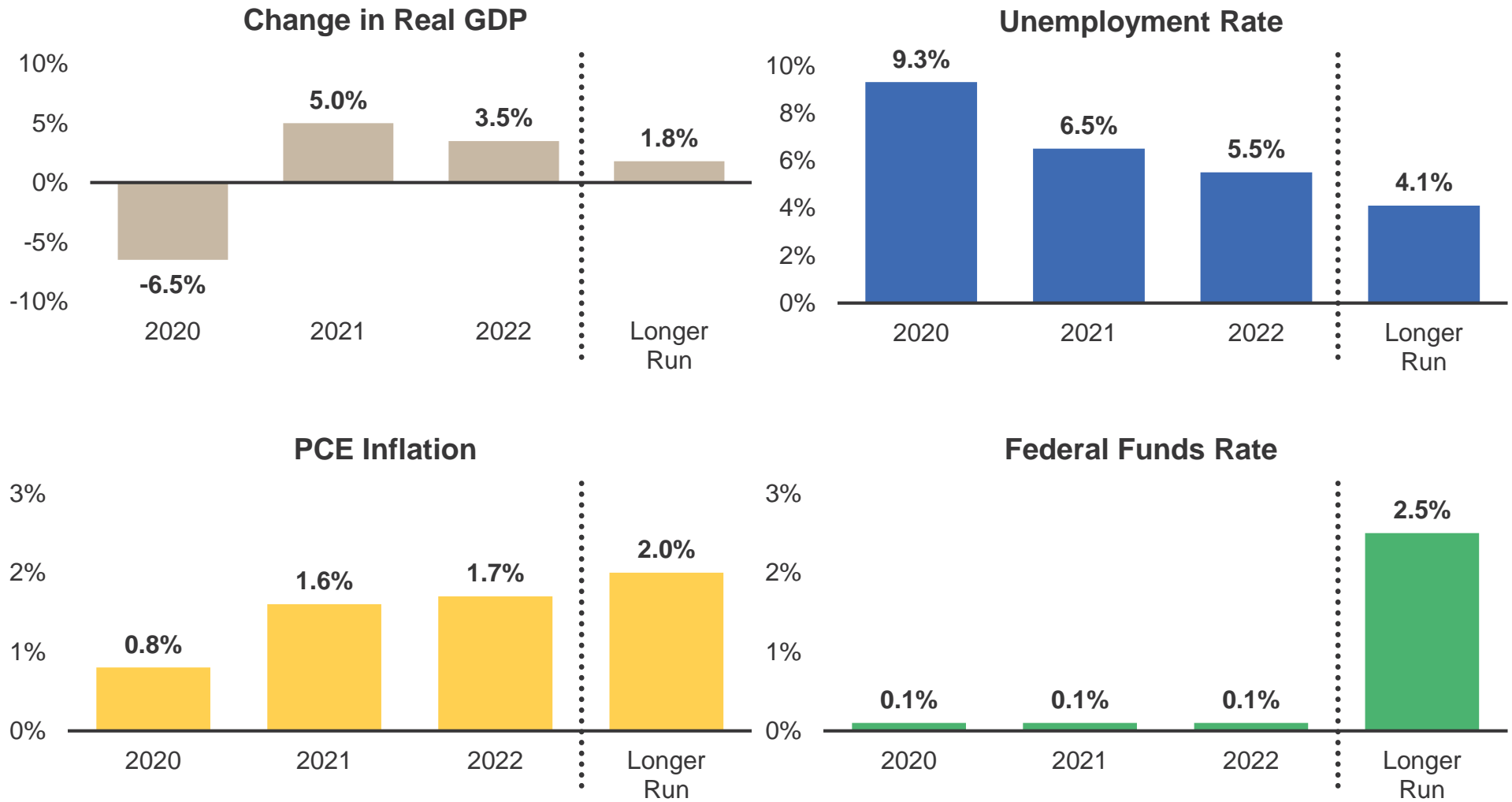
### Stocks Staged an Impressive Rebound in Second Quarter After Pandemic-Driven Sell-Off

#### S&P 500 Price Change



Source: Bloomberg, as of 6/30/2020.

## Fed's June Economic Projections Indicate Long Recovery Ahead



Source: Federal Reserve, economic projections as of June 2020.

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# Investment Strategy & Portfolio Review

## Sector Allocation & Compliances

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

Security Type	Market Value as of 6/30/20	% of Portfolio	% Change vs. 3/31/20	Permitted by Policy	In Compliance
U.S. Treasury	\$5,886,071	39.4%	-7.4%	100%	✓
Agency CMOs	\$113,090	0.8%	-0.1%	100%	✓
Municipal Obligations	\$173,174	1.2%	-0.2%	25%	✓
Asset-Backed Securities	\$775,366	5.2%	-1.2%	20%	✓
Negotiable CDs	\$281,958	1.9%	-0.4%	30%	✓
Corporate Notes	\$3,637,396	24.4%	-3.7%	30%	✓
<b>Securities Sub-Total</b>	<b>\$10,867,054</b>	<b>72.8%</b>			
Accrued Interest	\$53,204				
<b>Securities Total</b>	<b>\$10,920,258</b>				
San Diego Treasurer	\$15,430	0.1%	0.0%	100%	✓
LAIF	\$3,676,617	24.6%	24.6%	100%	✓
CAMP	\$0	0.0%	-12.0%	100%	✓
Money Market Fund	\$366,332	2.5%	0.4%	20%	✓
<b>Total Investments</b>	<b>\$14,978,637</b>	<b>100.0%</b>			

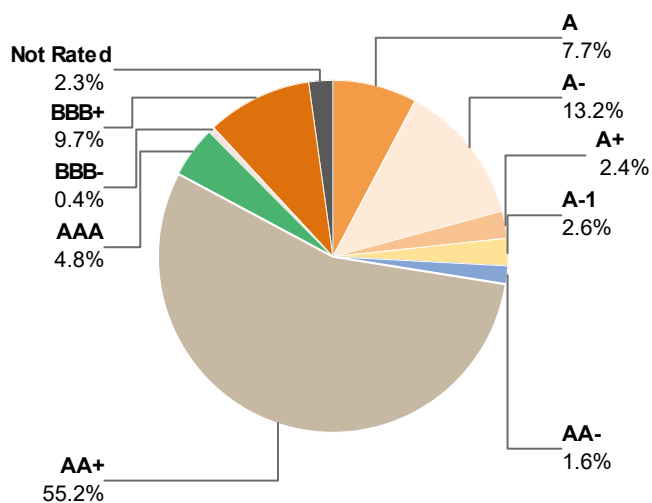
Market values, excluding accrued interest. Detail may not add to total due to rounding. Current Investment Policy as of February 2019.

**Portfolio Statistics**

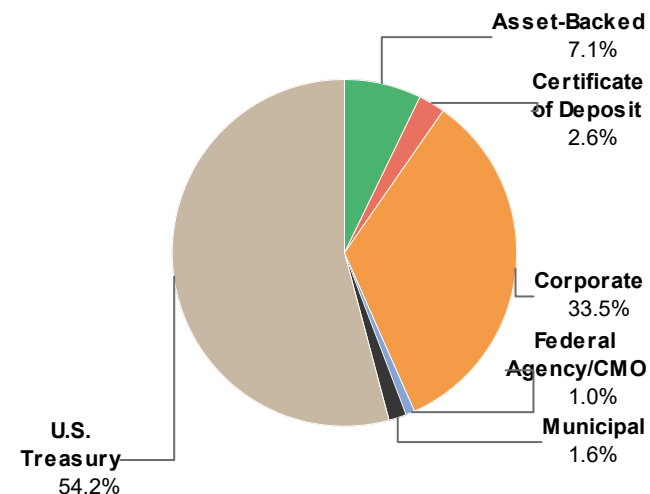
As of June 30, 2020

<b>Par Value:</b>	\$10,456,928
<b>Total Market Value:</b>	\$11,286,591
<b>Security Market Value:</b>	\$10,867,054
<b>Accrued Interest:</b>	\$53,204
<b>Cash:</b>	\$366,332
<b>Amortized Cost:</b>	\$10,466,394
<b>Yield at Market:</b>	0.55%
<b>Yield at Cost:</b>	2.21%
<b>Effective Duration:</b>	2.15 Years
<b>Average Maturity:</b>	2.37 Years
<b>Average Credit: *</b>	AA

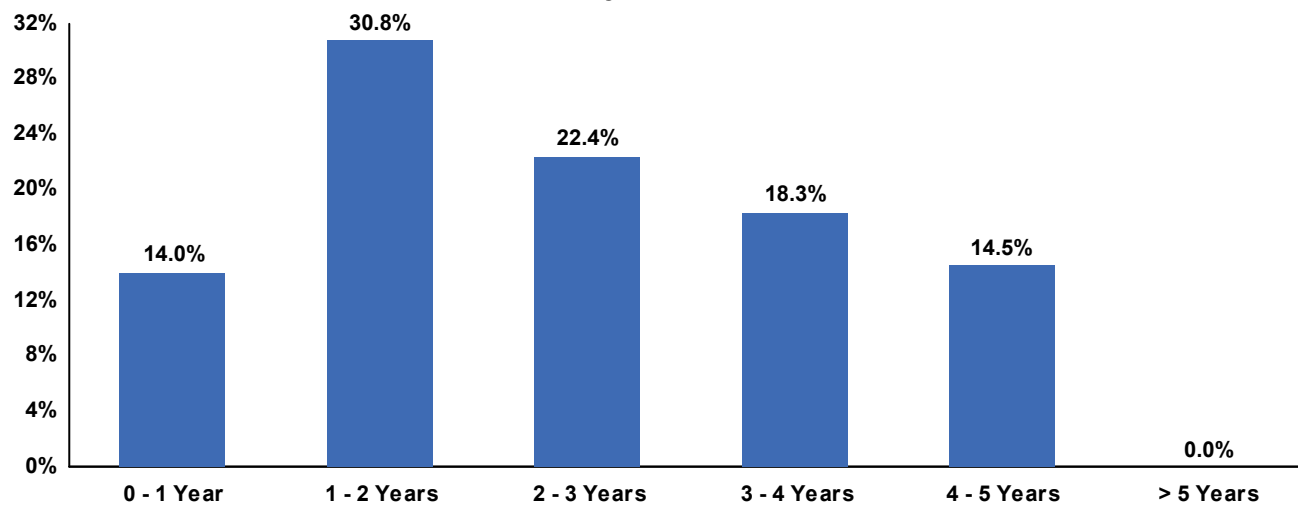
**Credit Quality (S&P Ratings)\*\***



**Sector Allocation**



**Maturity Distribution**

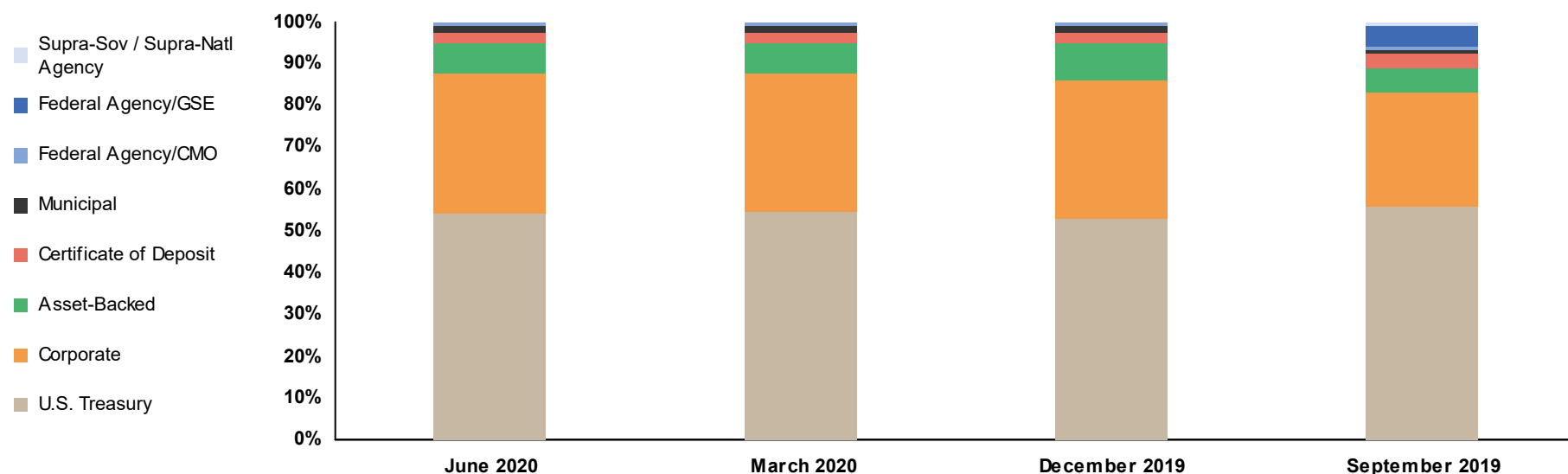


\* An average of each security's credit rating assigned a numeric value and adjusted for its relative weighting in the portfolio

\*\*Securities held in the District's Portfolio are in compliance with the rating requirements of the California Government Code and the District's Investment Policy..

### Sector Allocation

Sector	June 30, 2020		March 31, 2020		December 31, 2019		September 30, 2019	
	MV (\$MM)	% of Total	MV (\$MM)	% of Total	MV (\$MM)	% of Total	MV (\$MM)	% of Total
U.S. Treasury	5.9	54.2%	5.9	54.6%	5.7	52.9%	8.3	55.6%
Corporate	3.6	33.5%	3.5	32.7%	3.6	33.0%	4.1	27.2%
Asset-Backed	0.8	7.1%	0.8	7.4%	1.0	8.9%	0.9	5.8%
Certificate of Deposit	0.3	2.6%	0.3	2.6%	0.3	2.6%	0.5	3.6%
Municipal	0.2	1.6%	0.2	1.6%	0.2	1.6%	0.2	1.2%
Federal Agency/CMO	0.1	1.0%	0.1	1.1%	0.1	1.0%	0.1	0.8%
Federal Agency/GSE	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.7	4.9%
Supra-Sov / Supra-Natl Agency	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.1	0.9%
<b>Total</b>	<b>\$10.9</b>	<b>100.0%</b>	<b>\$10.8</b>	<b>100.0%</b>	<b>\$10.8</b>	<b>100.0%</b>	<b>\$14.9</b>	<b>100.0%</b>



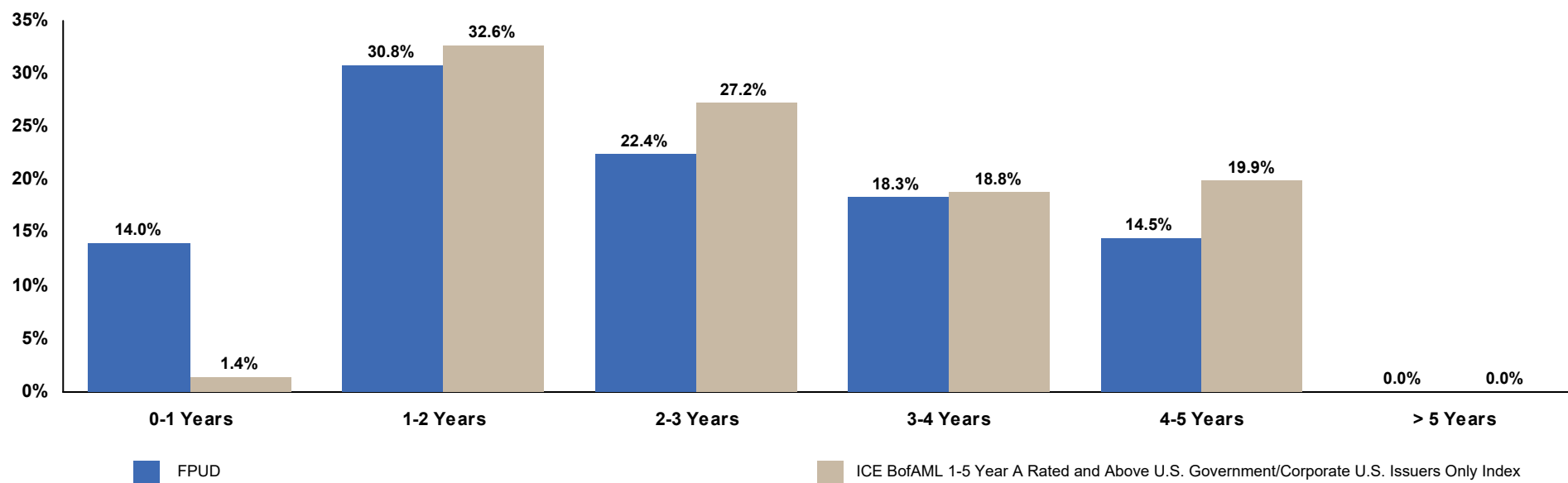
Detail may not add to total due to rounding.



**Maturity Distribution**

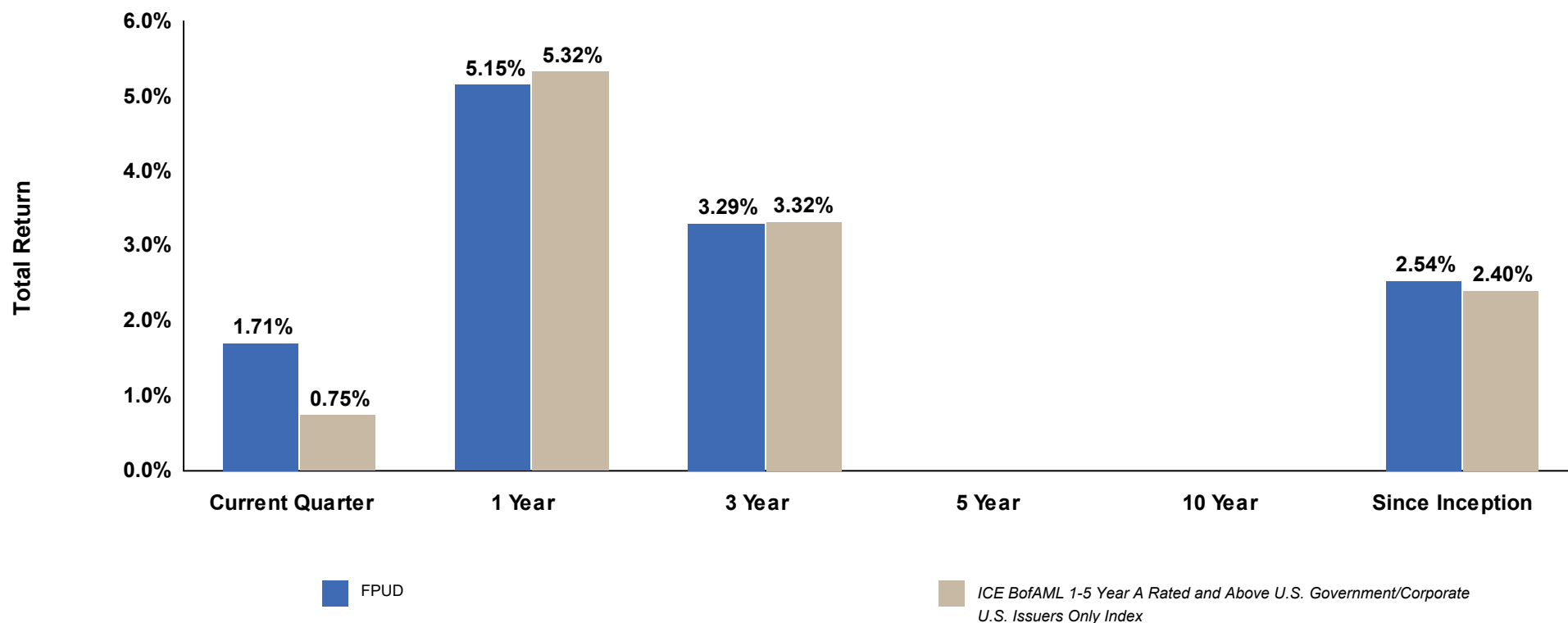
*As of June 30, 2020*

Portfolio/Benchmark	Yield at Market	Average Maturity	0-1 Years	1-2 Years	2-3 Years	3-4 Years	4-5 Years	>5 Years
FPUD	0.55%	2.37 yrs	14.0%	30.8%	22.4%	18.3%	14.5%	0.0%
ICE BofAML 1-5 Year A Rated and Above U.S. Government/Corporate U.S. Issuers Only Index	0.27%	2.77 yrs	1.4%	32.6%	27.2%	18.8%	19.9%	0.0%



**Portfolio Performance (Total Return)**

Portfolio/Benchmark	Effective Duration	Current Quarter	Annualized Return				Since Inception (06/30/16) **
			1 Year	3 Year	5 Year	10 Year	
FPUD	2.15	1.71%	5.15%	3.29%	-	-	2.54%
ICE BofAML 1-5 Year A Rated and Above U.S. Government/Corporate U.S. Issuers Only Index	2.58	0.75%	5.32%	3.32%	-	-	2.40%
Difference		0.96%	-0.17%	-0.03%	-	-	0.14%



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

**Portfolio Earnings**

*Quarter-Ended June 30, 2020*

	<b>Market Value Basis</b>	<b>Accrual (Amortized Cost) Basis</b>
<b>Beginning Value (03/31/2020)</b>	\$10,787,413.02	\$10,518,417.64
<b>Net Purchases/Sales</b>	(\$51,486.26)	(\$51,486.26)
<b>Change in Value</b>	\$131,126.92	(\$537.58)
<b>Ending Value (06/30/2020)</b>	\$10,867,053.68	\$10,466,393.80
<b>Interest Earned</b>	\$58,827.03	\$58,827.03
<b>Portfolio Earnings</b>	\$189,953.95	\$58,289.45

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# Issuer Distribution

## Issuer Distribution

As of June 30, 2020

Issuer	Market Value (\$)	% of Portfolio
UNITED STATES TREASURY	5,886,071	54.2%
TRUIST FIN CORP	564,022	5.2%
MORGAN STANLEY	493,388	4.5%
THE BANK OF NEW YORK MELLON CORPORATION	375,287	3.5%
GOLDMAN SACHS GROUP INC	294,353	2.7%
CAPITAL ONE FINANCIAL CORP	292,738	2.7%
SWEDBANK AB	281,958	2.6%
BANK OF AMERICA CO	230,626	2.1%
CALIFORNIA ST	173,174	1.6%
CHARLES SCHWAB	158,723	1.5%
CITIGROUP INC	158,365	1.5%
US BANCORP	154,065	1.4%
THE WALT DISNEY CORPORATION	150,141	1.4%
ABBOTT LABORATORIES	147,008	1.4%
IBM CORP	141,928	1.3%
HONDA AUTO RECEIVABLES	138,455	1.3%
DISCOVER FINANCIAL SERVICES	123,989	1.1%
FREDDIE MAC	113,090	1.0%

Top 5 = 70.1%

Top 10 = 80.5%

Issuer	Market Value (\$)	% of Portfolio
UNITED PARCEL SERVICE INC	111,403	1.0%
AMERICAN EXPRESS CO	108,602	1.0%
UNITEDHEALTH GROUP INC	106,060	1.0%
PNC FINANCIAL SERVICES GROUP	105,854	1.0%
CATERPILLAR INC	102,741	1.0%
WASTE MANAGEMENT INC	102,222	0.9%
NATIONAL RURAL UTILITIES CO FINANCE CORP	60,973	0.6%
MERCEDES-BENZ AUTO LEASE TRUST	60,910	0.6%
GM FINANCIAL SECURITIZED TERM	51,143	0.5%
JOHN DEERE OWNER TRUST	50,008	0.5%
BOEING COMPANY	45,407	0.4%
CAPITAL ONE PRIME AUTO REC TRUST	41,055	0.4%
AMERICAN HONDA FINANCE	26,228	0.2%
ALLY AUTO RECEIVABLES TRUST	17,068	0.2%
<b>Grand Total:</b>	<b>10,867,054</b>	<b>100.0%</b>

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# Portfolio Transactions

## Quarterly Portfolio Transactions

Tran. Type	Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield	Realized G/L (BV)
INTEREST	4/1/20	4/1/20	90,000.00	06051GGS2	BANK OF AMERICA CORP (CALLABLE)	2.32%	10/1/21	1,047.60		
INTEREST	4/1/20	4/1/20	0.00	MONEY0002	MONEY MARKET FUND			151.88		
INTEREST	4/1/20	4/1/20	300,000.00	05531FAX1	BB&T CORP (CALLABLE) NOTES	2.75%	4/1/22	4,125.00		
INTEREST	4/1/20	4/1/20	110,000.00	911312BP0	UNITED PARCEL SERVICE CORPORATE BOND	2.05%	4/1/21	1,127.50		
INTEREST	4/1/20	4/1/20	170,000.00	13063DGA0	CA ST TXBL GO BONDS	2.80%	4/1/21	2,380.00		
INTEREST	4/1/20	4/25/20	110,000.00	3137BM6P6	FHLMC SERIES K721 A2	3.09%	8/1/22	283.25		
INTEREST	4/15/20	4/15/20	21,724.93	47788CAC6	JDOT 2018-A A3	2.66%	4/15/22	48.16		
INTEREST	4/15/20	4/15/20	120,000.00	9128286M7	UNITED STATES TREASURY NOTES	2.25%	4/15/22	1,350.00		
INTEREST	4/15/20	4/15/20	29,599.48	02007FAC9	ALLY ABS 2017-4 A3	1.75%	12/15/21	43.17		
INTEREST	4/15/20	4/15/20	8,172.29	47788BAD6	JOHN DEERE ABS 2017-B A3	1.82%	10/15/21	12.39		
INTEREST	4/15/20	4/15/20	8,325.43	34531EAD8	FORD ABS 2017-A A3	1.67%	6/15/21	11.59		
INTEREST	4/15/20	4/15/20	60,000.00	58769QAC5	MBALT 2019-B A3	2.00%	10/17/22	100.00		
INTEREST	4/15/20	4/15/20	40,000.00	14042WAC4	COPAR 2019-1 A3	2.51%	11/15/23	83.67		
INTEREST	4/15/20	4/15/20	80,073.61	43814UAC3	HAROT 2018-1 A3	2.64%	2/15/22	176.16		
INTEREST	4/15/20	4/15/20	30,000.00	477870AC3	JDOT 2019-B A3	2.21%	12/15/23	55.25		
INTEREST	4/15/20	4/15/20	285,000.00	14041NFU0	COMET 2019-A2 A2	1.72%	8/15/24	408.50		
INTEREST	4/15/20	4/15/20	120,000.00	254683CM5	DCENT 2019-A3 A	1.89%	10/15/24	189.00		
MATURITY	4/15/20	4/15/20	518.12	47787XAC1	JOHN DEERE ABS 2017-A A3	1.78%	4/15/20	518.89		0.00
PAYDOWNS	4/15/20	4/15/20	1,725.01	47788BAD6	JOHN DEERE ABS 2017-B A3	1.82%	10/15/21	1,725.01		0.00
PAYDOWNS	4/15/20	4/15/20	6,753.43	43814UAC3	HAROT 2018-1 A3	2.64%	2/15/22	6,753.43		0.00



Tran. Type	Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield	Realized G/L (BV)
PAYDOWNS	4/15/20	4/15/20	2,040.18	47788CAC6	JDOT 2018-A A3	2.66%	4/15/22	2,040.18		0.00
PAYDOWNS	4/15/20	4/15/20	4,033.43	34531EAD8	FORD ABS 2017-A A3	1.67%	6/15/21	4,033.43		0.00
PAYDOWNS	4/15/20	4/15/20	4,755.43	02007FAC9	ALLY ABS 2017-4 A3	1.75%	12/15/21	4,755.43		0.00
INTEREST	4/16/20	4/16/20	50,000.00	36257PAD0	GM FINANCIAL SECURITIZED TERM	2.18%	4/16/24	90.83		
INTEREST	4/21/20	4/21/20	75,000.00	43815MAC0	HAROT 2019-2 A3	2.52%	6/21/23	157.50		
INTEREST	4/21/20	4/21/20	100,000.00	61746BEA0	MORGAN STANLEY CORP NOTES	2.50%	4/21/21	1,250.00		
INTEREST	4/25/20	4/25/20	290,000.00	38141GVU5	GOLDMAN SACHS GRP INC CORP NT (CALLABLE)	2.62%	4/25/21	3,806.25		
INTEREST	4/29/20	4/29/20	150,000.00	61746BDQ6	MORGAN STANLEY CORP NOTES	3.87%	4/29/24	2,906.25		
INTEREST	4/30/20	4/30/20	435,000.00	912828T67	US TREASURY NOTES	1.25%	10/31/21	2,718.75		
INTEREST	4/30/20	4/30/20	400,000.00	912828T91	US TREASURY NOTES	1.62%	10/31/23	3,250.00		
INTEREST	5/1/20	5/1/20	100,000.00	693475AY1	PNC BANK NA CORP NOTES	2.20%	11/1/24	1,100.00		
INTEREST	5/1/20	5/1/20	0.00	MONEY0002	MONEY MARKET FUND			46.00		
INTEREST	5/1/20	5/25/20	110,000.00	3137BM6P6	FHLMC SERIES K721 A2	3.09%	8/1/22	283.25		
INTEREST	5/10/20	5/10/20	250,000.00	05531FAV5	BRANCH BANKING & TRUST (CALLABLE) NOTE	2.05%	5/10/21	2,562.50		
INTEREST	5/15/20	5/15/20	60,000.00	58769QAC5	MBALT 2019-B A3	2.00%	10/17/22	100.00		
INTEREST	5/15/20	5/15/20	19,684.74	47788CAC6	JDOT 2018-A A3	2.66%	4/15/22	43.63		
INTEREST	5/15/20	5/15/20	24,844.05	02007FAC9	ALLY ABS 2017-4 A3	1.75%	12/15/21	36.23		
INTEREST	5/15/20	5/15/20	6,447.28	47788BAD6	JOHN DEERE ABS 2017-B A3	1.82%	10/15/21	9.78		
INTEREST	5/15/20	5/15/20	100,000.00	9128284P2	US TREASURY NOTES	2.62%	5/15/21	1,312.50		
INTEREST	5/15/20	5/15/20	285,000.00	14041NFU0	COMET 2019-A2 A2	1.72%	8/15/24	408.50		
INTEREST	5/15/20	5/15/20	120,000.00	254683CM5	DCENT 2019-A3 A	1.89%	10/15/24	189.00		
INTEREST	5/15/20	5/15/20	30,000.00	477870AC3	JDOT 2019-B A3	2.21%	12/15/23	55.25		

Tran. Type	Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield	Realized G/L (BV)
INTEREST	5/15/20	5/15/20	40,000.00	14042WAC4	COPAR 2019-1 A3	2.51%	11/15/23	83.67		
INTEREST	5/15/20	5/15/20	4,292.00	34531EAD8	FORD ABS 2017-A A3	1.67%	6/15/21	5.97		
INTEREST	5/15/20	5/15/20	73,320.19	43814UAC3	HAROT 2018-1 A3	2.64%	2/15/22	161.30		
PAYDOWNS	5/15/20	5/15/20	3,499.96	34531EAD8	FORD ABS 2017-A A3	1.67%	6/15/21	3,499.96		0.00
PAYDOWNS	5/15/20	5/15/20	6,262.44	43814UAC3	HAROT 2018-1 A3	2.64%	2/15/22	6,262.44		0.00
PAYDOWNS	5/15/20	5/15/20	2,423.06	47788CAC6	JDOT 2018-A A3	2.66%	4/15/22	2,423.06		0.00
PAYDOWNS	5/15/20	5/15/20	3,897.12	02007FAC9	ALLY ABS 2017-4 A3	1.75%	12/15/21	3,897.12		0.00
PAYDOWNS	5/15/20	5/15/20	1,848.21	47788BAD6	JOHN DEERE ABS 2017-B A3	1.82%	10/15/21	1,848.21		0.00
INTEREST	5/16/20	5/16/20	50,000.00	36257PAD0	GM FINANCIAL SECURITIZED TERM	2.18%	4/16/24	90.83		
INTEREST	5/17/20	5/17/20	95,000.00	14913Q2V0	CATERPILLAR FINL SERVICE CORP NOTES	2.85%	5/17/24	1,353.75		
INTEREST	5/17/20	5/17/20	220,000.00	61746BED4	MORGAN STANLEY BONDS	2.62%	11/17/21	2,887.50		
INTEREST	5/18/20	5/18/20	280,000.00	87019U6D6	SWEDBANK (NEW YORK) CERT DEPOS	2.27%	11/16/20	3,213.31		
INTEREST	5/21/20	5/21/20	75,000.00	43815MAC0	HAROT 2019-2 A3	2.52%	6/21/23	157.50		
INTEREST	5/30/20	5/30/20	135,000.00	002824BE9	ABBOTT LABORATORIES CORP NOTES	3.40%	11/30/23	2,295.00		
INTEREST	6/1/20	6/1/20	0.00	MONEY0002	MONEY MARKET FUND			29.76		
INTEREST	6/1/20	6/25/20	110,000.00	3137BM6P6	FHLMC SERIES K721 A2	3.09%	8/1/22	283.25		
INTEREST	6/15/20	6/15/20	60,000.00	58769QAC5	MBALT 2019-B A3	2.00%	10/17/22	100.00		
INTEREST	6/15/20	6/15/20	30,000.00	477870AC3	JDOT 2019-B A3	2.21%	12/15/23	55.25		
INTEREST	6/15/20	6/15/20	20,946.93	02007FAC9	ALLY ABS 2017-4 A3	1.75%	12/15/21	30.55		
INTEREST	6/15/20	6/15/20	67,057.75	43814UAC3	HAROT 2018-1 A3	2.64%	2/15/22	147.53		
INTEREST	6/15/20	6/15/20	40,000.00	14042WAC4	COPAR 2019-1 A3	2.51%	11/15/23	83.67		
INTEREST	6/15/20	6/15/20	285,000.00	14041NFU0	COMET 2019-A2 A2	1.72%	8/15/24	408.50		

FPUD

Portfolio Activity

Tran. Type	Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield	Realized G/L (BV)
INTEREST	6/15/20	6/15/20	17,261.68	47788CAC6	JDOT 2018-A A3	2.66%	4/15/22	38.26		
INTEREST	6/15/20	6/15/20	100,000.00	94106LBF5	WASTE MANAGEMENT INC CORP NOTES	2.95%	6/15/24	1,475.00		
INTEREST	6/15/20	6/15/20	4,599.07	47788BAD6	JOHN DEERE ABS 2017-B A3	1.82%	10/15/21	6.98		
INTEREST	6/15/20	6/15/20	792.04	34531EAD8	FORD ABS 2017-A A3	1.67%	6/15/21	1.10		
INTEREST	6/15/20	6/15/20	120,000.00	254683CM5	DCENT 2019-A3 A	1.89%	10/15/24	189.00		
PAYDOWNS	6/15/20	6/15/20	1,660.45	47788CAC6	JDOT 2018-A A3	2.66%	4/15/22	1,660.45		0.00
PAYDOWNS	6/15/20	6/15/20	975.84	47788BAD6	JOHN DEERE ABS 2017-B A3	1.82%	10/15/21	975.84		0.00
PAYDOWNS	6/15/20	6/15/20	3,910.12	02007FAC9	ALLY ABS 2017-4 A3	1.75%	12/15/21	3,910.12		0.00
PAYDOWNS	6/15/20	6/15/20	6,391.42	43814UAC3	HAROT 2018-1 A3	2.64%	2/15/22	6,391.42		0.00
PAYDOWNS	6/15/20	6/15/20	792.04	34531EAD8	FORD ABS 2017-A A3	1.67%	6/15/21	792.04		0.00
INTEREST	6/16/20	6/16/20	50,000.00	36257PAD0	GM FINANCIAL SECURITIZED TERM	2.18%	4/16/24	90.83		
INTEREST	6/21/20	6/21/20	75,000.00	43815MAC0	HAROT 2019-2 A3	2.52%	6/21/23	157.50		
INTEREST	6/27/20	6/27/20	25,000.00	02665WCZ2	AMERICAN HONDA FINANCE CORP NOTE	2.40%	6/27/24	300.00		
INTEREST	6/30/20	6/30/20	390,000.00	912828U81	US TREASURY NOTES	2.00%	12/31/21	3,900.00		
INTEREST	6/30/20	6/30/20	300,000.00	912828V23	US TREASURY NOTES	2.25%	12/31/23	3,375.00		
INTEREST	6/30/20	6/30/20	100,000.00	912828XX3	US TREASURY N/B NOTES	2.00%	6/30/24	1,000.00		
INTEREST	6/30/20	6/30/20	235,000.00	912828XW5	US TREASURY NOTES	1.75%	6/30/22	2,056.25		
INTEREST	6/30/20	6/30/20	200,000.00	912828N30	US TREASURY NOTES	2.12%	12/31/22	2,125.00		
<b>TOTALS</b>								<b>109,508.63</b>		<b>0.00</b>

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# Portfolio Holdings

## Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
<b>U.S. Treasury Bond / Note</b>											
US TREASURY NOTES DTD 05/15/2018 2.625% 05/15/2021	9128284P2	100,000.00	AA+	Aaa	4/30/2019	5/3/2019	100,695.31	2.27	335.26	100,297.59	102,125.00
US TREASURY NOTES DTD 08/01/2016 1.125% 07/31/2021	912828S76	175,000.00	AA+	Aaa	5/8/2017	5/10/2017	170,016.60	1.83	822.12	173,724.28	176,804.69
US TREASURY NOTES DTD 08/15/2018 2.750% 08/15/2021	9128284W7	235,000.00	AA+	Aaa	4/30/2019	5/3/2019	237,551.95	2.26	2,432.32	236,253.05	241,756.25
US TREASURY NOTES DTD 08/15/2018 2.750% 08/15/2021	9128284W7	115,000.00	AA+	Aaa	9/18/2019	9/19/2019	117,169.73	1.74	1,190.28	116,278.15	118,306.25
US TREASURY NOTES DTD 09/30/2014 2.125% 09/30/2021	912828F21	215,000.00	AA+	Aaa	9/24/2019	9/25/2019	216,822.46	1.70	1,148.43	216,129.13	220,207.04
US TREASURY NOTES DTD 10/31/2016 1.250% 10/31/2021	912828T67	190,000.00	AA+	Aaa	3/14/2017	3/16/2017	182,934.38	2.10	400.14	187,963.93	192,731.25
US TREASURY NOTES DTD 10/31/2016 1.250% 10/31/2021	912828T67	245,000.00	AA+	Aaa	8/30/2017	8/31/2017	241,152.73	1.64	515.96	243,768.97	248,521.88
US TREASURY NOTES DTD 01/03/2017 2.000% 12/31/2021	912828U81	390,000.00	AA+	Aaa	6/26/2017	6/28/2017	394,737.89	1.72	21.20	391,576.42	400,664.08
US TREASURY NOTES DTD 02/02/2015 1.500% 01/31/2022	912828H86	460,000.00	AA+	Aaa	7/5/2017	7/7/2017	452,435.16	1.88	2,881.32	457,375.65	469,631.25
UNITED STATES TREASURY NOTES DTD 04/15/2019 2.250% 04/15/2022	9128286M7	120,000.00	AA+	Aaa	5/10/2019	5/14/2019	120,117.19	2.22	568.03	120,071.72	124,462.50
US TREASURY NOTES DTD 06/30/2017 1.750% 06/30/2022	912828XW5	235,000.00	AA+	Aaa	9/1/2017	9/7/2017	235,330.47	1.72	11.18	235,137.12	242,417.19
US TREASURY NOTES DTD 07/31/2017 1.875% 07/31/2022	9128282P4	245,000.00	AA+	Aaa	1/2/2018	1/4/2018	241,363.28	2.22	1,918.27	243,343.97	253,728.12
US TREASURY NOTES DTD 07/31/2017 1.875% 07/31/2022	9128282P4	95,000.00	AA+	Aaa	12/4/2017	12/6/2017	93,883.01	2.14	743.82	94,500.05	98,384.38
US TREASURY NOTES DTD 07/31/2017 1.875% 07/31/2022	9128282P4	100,000.00	AA+	Aaa	2/26/2018	2/28/2018	97,101.56	2.57	782.97	98,635.18	103,562.50
US TREASURY NOTES DTD 09/30/2015 1.750% 09/30/2022	912828L57	75,000.00	AA+	Aaa	12/4/2017	12/6/2017	73,628.91	2.15	329.92	74,360.05	77,660.16

## Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
<b>U.S. Treasury Bond / Note</b>											
US TREASURY NOTES DTD 09/30/2015 1.750% 09/30/2022	912828L57	175,000.00	AA+	Aaa	3/23/2018	3/26/2018	168,697.27	2.60	769.81	171,862.01	181,207.04
US TREASURY NOTES DTD 12/31/2015 2.125% 12/31/2022	912828N30	200,000.00	AA+	Aaa	7/3/2018	7/6/2018	194,929.69	2.73	11.55	197,175.60	209,750.00
US TREASURY NOTES DTD 03/31/2016 1.500% 03/31/2023	912828Q29	750,000.00	AA+	Aaa	4/30/2019	5/3/2019	728,642.58	2.27	2,827.87	734,998.96	777,304.65
US TREASURY NOTES DTD 10/31/2016 1.625% 10/31/2023	912828T91	400,000.00	AA+	Aaa	4/30/2019	5/3/2019	388,859.37	2.28	1,095.11	391,742.91	419,000.00
US TREASURY NOTES DTD 01/03/2017 2.250% 12/31/2023	912828V23	300,000.00	AA+	Aaa	4/30/2019	5/3/2019	299,578.12	2.28	18.34	299,683.40	321,421.86
US TREASURY N/B DTD 03/31/2017 2.125% 03/31/2024	912828W71	145,000.00	AA+	Aaa	4/30/2019	5/3/2019	143,912.50	2.29	774.52	144,170.13	155,331.25
US TREASURY N/B NOTES DTD 06/30/2017 2.000% 06/30/2024	912828XX3	100,000.00	AA+	Aaa	7/1/2019	7/3/2019	101,074.22	1.77	5.43	100,859.85	107,031.25
UNITED STATES TREASURY NOTES DTD 07/31/2019 1.750% 07/31/2024	912828Y87	200,000.00	AA+	Aaa	12/2/2019	12/4/2019	200,695.31	1.67	1,461.54	200,609.47	212,312.50
US TREASURY NOTES DTD 10/02/2017 2.125% 09/30/2024	912828Y5	400,000.00	AA+	Aaa	10/31/2019	11/4/2019	410,578.13	1.56	2,136.61	409,161.42	431,750.00
<b>Security Type Sub-Total</b>		<b>5,665,000.00</b>					<b>5,611,907.82</b>	<b>2.04</b>	<b>23,202.00</b>	<b>5,639,679.01</b>	<b>5,886,071.09</b>
<b>Municipal Bond / Note</b>											
CA ST TXBL GO BONDS DTD 04/25/2018 2.800% 04/01/2021	13063DGA0	170,000.00	AA-	Aa2	4/18/2018	4/25/2018	170,006.80	2.80	1,190.00	170,001.74	173,173.90
<b>Security Type Sub-Total</b>		<b>170,000.00</b>					<b>170,006.80</b>	<b>2.80</b>	<b>1,190.00</b>	<b>170,001.74</b>	<b>173,173.90</b>
<b>Federal Agency Collateralized Mortgage Obligation</b>											
FHLMC SERIES K721 A2 DTD 12/01/2015 3.090% 08/01/2022	3137BM6P6	110,000.00	AA+	Aaa	4/4/2018	4/9/2018	110,936.72	2.88	283.25	110,452.60	113,089.55

## Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
<b>Security Type Sub-Total</b>		<b>110,000.00</b>					<b>110,936.72</b>	<b>2.88</b>	<b>283.25</b>	<b>110,452.60</b>	<b>113,089.55</b>
<b>Corporate Note</b>											
IBM CORP CORP NOTES DTD 02/06/2018 2.650% 02/05/2021	44932HAG8	140,000.00	A	A2	2/1/2018	2/6/2018	139,931.40	2.67	1,504.61	139,986.28	141,928.22
NATIONAL RURAL UTIL COOP NOTE DTD 02/26/2018 2.900% 03/15/2021	63743HER9	60,000.00	A	A2	2/21/2018	2/26/2018	59,933.40	2.94	512.33	59,984.62	60,973.14
UNITED PARCEL SERVICE CORPORATE BOND DTD 11/14/2017 2.050% 04/01/2021	911312BP0	110,000.00	A-	A2	11/9/2017	11/14/2017	109,826.20	2.10	563.75	109,958.66	111,402.94
MORGAN STANLEY CORP NOTES DTD 04/21/2016 2.500% 04/21/2021	61746BEA0	100,000.00	BBB+	A3	5/10/2016	5/13/2016	100,574.00	2.38	486.11	100,093.55	101,629.20
GOLDMAN SACHS GRP INC CORP NT (CALLABLE) DTD 04/25/2016 2.625% 04/25/2021	38141GVU5	290,000.00	BBB+	A3	8/10/2016	8/15/2016	296,693.20	2.11	1,395.63	291,061.84	294,352.90
BRANCH BANKING & TRUST (CALLABLE) NOTE DTD 05/10/2016 2.050% 05/10/2021	05531FAV5	250,000.00	A-	A3	5/10/2016	5/16/2016	249,835.00	2.06	726.04	249,971.62	253,131.50
BOEING CO NOTES DTD 07/31/2019 2.300% 08/01/2021	097023CL7	45,000.00	BBB-	Baa2	7/29/2019	7/31/2019	44,998.20	2.30	431.25	44,999.03	45,407.30
BANK OF AMERICA CORP (CALLABLE) DTD 09/18/2017 2.328% 10/01/2021	06051GGS2	90,000.00	A-	A2	9/13/2017	9/18/2017	90,000.00	2.33	523.80	90,000.00	90,362.61
MORGAN STANLEY BONDS DTD 11/17/2016 2.625% 11/17/2021	61746BED4	220,000.00	BBB+	A3	2/1/2017	2/3/2017	216,755.00	2.96	705.83	219,064.37	226,053.96
BANK OF AMERICA CORP CORP NOTES DTD 01/24/2012 5.700% 01/24/2022	06051GEM7	130,000.00	A-	A2	9/1/2017	9/7/2017	147,414.80	2.46	3,231.58	136,225.79	140,262.98
BB&T CORP (CALLABLE) NOTES DTD 03/21/2017 2.750% 04/01/2022	05531FAX1	300,000.00	A-	A3	4/3/2017	4/6/2017	302,265.00	2.59	2,062.50	300,769.34	310,890.90
BANK OF NY MELLON CORP NOTE DTD 01/29/2018 2.950% 01/29/2023	06406RAE7	200,000.00	A	A1	5/31/2019	6/4/2019	202,200.00	2.63	2,491.11	201,552.36	212,742.80

## Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
<b>Corporate Note</b>											
CITIGROUP INC CORP NOTES DTD 02/20/2013 3.375% 03/01/2023	172967GL9	150,000.00	BBB+	A3	5/3/2019	5/7/2019	151,960.50	3.01	1,687.50	151,368.41	158,365.05
UNITEDHEALTH GROUP INC CORP NOTES DTD 02/28/2013 2.875% 03/15/2023	91324PCC4	100,000.00	A+	A3	11/20/2019	11/22/2019	102,556.00	2.07	846.53	102,086.66	106,060.10
BANK OF NY MELLON CORP CORP NOTES DTD 08/13/2018 3.450% 08/11/2023	06406RAJ6	150,000.00	A	A1	5/3/2019	5/7/2019	153,492.00	2.87	2,012.50	152,547.79	162,544.20
ABBOTT LABORATORIES CORP NOTES DTD 11/22/2016 3.400% 11/30/2023	002824BE9	135,000.00	A-	A3	5/10/2019	5/14/2019	138,384.45	2.81	395.25	137,508.72	147,007.71
CHARLES SCHWAB CORP NOTES DTD 10/31/2018 3.550% 02/01/2024	808513AY1	145,000.00	A	A2	5/3/2019	5/7/2019	149,856.05	2.79	2,144.79	148,675.00	158,723.09
AMERICAN EXPRESS CO CORP NOTES DTD 02/22/2019 3.400% 02/22/2024	025816CC1	100,000.00	BBB+	A3	7/10/2019	7/12/2019	104,008.00	2.47	1,218.33	103,164.09	108,602.20
MORGAN STANLEY CORP NOTES DTD 04/28/2014 3.875% 04/29/2024	61746BDQ6	150,000.00	BBB+	A3	7/19/2019	7/23/2019	158,779.50	2.56	1,001.04	157,045.78	165,705.30
CATERPILLAR FINL SERVICE CORP NOTES DTD 05/17/2019 2.850% 05/17/2024	14913Q2V0	95,000.00	A	A3	7/1/2019	7/3/2019	97,265.75	2.33	330.92	96,802.42	102,740.51
WASTE MANAGEMENT INC CORP NOTES DTD 05/22/2019 2.950% 06/15/2024	94106LBF5	100,000.00	A-	Baa1	9/16/2019	9/18/2019	102,769.00	2.33	131.11	102,310.16	102,221.90
AMERICAN HONDA FINANCE CORP NOTE DTD 06/27/2019 2.400% 06/27/2024	02665WCZ2	25,000.00	A-	A3	7/12/2019	7/16/2019	24,871.50	2.51	6.67	24,896.45	26,227.78
US BANCORP DTD 07/29/2019 2.400% 07/30/2024	91159HHX1	145,000.00	A+	A1	7/30/2019	8/1/2019	144,870.95	2.42	1,459.67	144,894.64	154,064.53
WALT DISNEY COMPANY/THE DTD 09/06/2019 1.750% 08/30/2024	254687FK7	145,000.00	A-	A2	9/3/2019	9/6/2019	144,408.40	1.83	866.98	144,505.59	150,141.12



## Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
<b>Corporate Note</b>											
PNC BANK NA CORP NOTES DTD 11/01/2019 2.200% 11/01/2024	693475AY1	100,000.00	A-	A3	11/5/2019	11/8/2019	99,967.00	2.21	366.67	99,971.28	105,853.70
<b>Security Type Sub-Total</b>		<b>3,475,000.00</b>					<b>3,533,615.30</b>	<b>2.47</b>	<b>27,102.50</b>	<b>3,509,444.45</b>	<b>3,637,395.64</b>
<b>Certificate of Deposit</b>											
SWEDBANK (NEW YORK) CERT DEPOS DTD 11/17/2017 2.270% 11/16/2020	87019U6D6	280,000.00	A-1	P-1	11/16/2017	11/17/2017	280,000.00	2.27	776.84	280,000.00	281,957.76
<b>Security Type Sub-Total</b>		<b>280,000.00</b>					<b>280,000.00</b>	<b>2.27</b>	<b>776.84</b>	<b>280,000.00</b>	<b>281,957.76</b>
<b>Asset-Backed Security</b>											
JOHN DEERE ABS 2017-B A3 DTD 07/15/2017 1.820% 10/15/2021	47788BAD6	3,623.23	NR	Aaa	7/11/2017	7/18/2017	3,622.96	1.82	2.93	3,623.15	3,629.83
ALLY ABS 2017-4 A3 DTD 08/23/2017 1.750% 12/15/2021	02007FAC9	17,036.81	AAA	NR	8/15/2017	8/23/2017	17,036.59	1.75	13.25	17,036.74	17,067.86
HAROT 2018-1 A3 DTD 02/28/2018 2.640% 02/15/2022	43814UAC3	60,666.33	AAA	Aaa	2/22/2018	2/28/2018	60,658.49	2.64	71.18	60,663.11	61,204.24
JDOT 2018-A A3 DTD 02/28/2018 2.660% 04/15/2022	47788CAC6	15,601.23	NR	Aaa	2/21/2018	2/28/2018	15,600.11	2.66	18.44	15,600.74	15,720.61
MBALT 2019-B A3 DTD 11/20/2019 2.000% 10/17/2022	58769QAC5	60,000.00	AAA	NR	11/13/2019	11/20/2019	59,990.46	2.01	53.33	59,992.47	60,910.34
HAROT 2019-2 A3 DTD 05/29/2019 2.520% 06/21/2023	43815MAC0	75,000.00	NR	Aaa	5/21/2019	5/29/2019	74,997.20	2.52	52.50	74,997.95	77,250.78
COPAR 2019-1 A3 DTD 05/30/2019 2.510% 11/15/2023	14042WAC4	40,000.00	AAA	Aaa	5/21/2019	5/30/2019	39,991.90	2.51	44.62	39,993.88	41,055.01
JDOT 2019-B A3 DTD 07/24/2019 2.210% 12/15/2023	477870AC3	30,000.00	NR	Aaa	7/16/2019	7/24/2019	29,993.63	2.22	29.47	29,994.99	30,657.71
GM FINANCIAL SECURITIZED TERM DTD 07/24/2019 2.180% 04/16/2024	36257PAD0	50,000.00	AAA	NR	7/16/2019	7/24/2019	49,993.91	2.18	45.42	49,995.12	51,142.81

## Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
<b>Asset-Backed Security</b>											
COMET 2019-A2 A2 DTD 09/05/2019 1.720% 08/15/2024	14041NFU0	285,000.00	AAA	NR	8/28/2019	9/5/2019	284,928.24	1.73	217.87	284,940.16	292,737.75
DCENT 2019-A3 A DTD 10/31/2019 1.890% 10/15/2024	254683CM5	120,000.00	NR	Aaa	10/24/2019	10/31/2019	119,974.22	1.89	100.80	119,977.69	123,988.80
<b>Security Type Sub-Total</b>		<b>756,927.60</b>					<b>756,787.71</b>	<b>2.04</b>	<b>649.81</b>	<b>756,816.00</b>	<b>775,365.74</b>
<b>Managed Account Sub Total</b>		<b>10,456,927.60</b>					<b>10,463,254.35</b>	<b>2.21</b>	<b>53,204.40</b>	<b>10,466,393.80</b>	<b>10,867,053.68</b>
<b>Securities Sub-Total</b>		<b>\$10,456,927.60</b>					<b>\$10,463,254.35</b>	<b>2.21%</b>	<b>\$53,204.40</b>	<b>\$10,466,393.80</b>	<b>\$10,867,053.68</b>
<b>Accrued Interest</b>											<b>\$53,204.40</b>
<b>Total Investments</b>											<b>\$10,920,258.08</b>

Bolded items are forward settling trades.

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# Appendix

## IMPORTANT DISCLOSURES

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

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

## GLOSSARY

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

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## GLOSSARY

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

**M E M O**

**TO:** Fiscal Policy & Insurance Committee  
**FROM:** David Shank, Assistant General Manager/CFO  
**DATE:** August 11, 2020  
**SUBJECT:** Update on Potential Debt Refunding

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Purpose

Update the Fiscal Policy & Insurance (Committee) with the current estimated savings on refunding the Districts State Revolving Loan for the Waste Water Reclamation Plant Upgrade loan (the Loan).

Summary

Based upon current market conditions, the District could save just over \$1 million dollars on a present Value basis over the next 16 years by refinancing the Loan. The potential refunding does not change the maturity date of the Loan. The savings are realized due to the low interest rate environment. The refunding analysis is provided as Attachment A. It shows a summary of the proposed transaction including the value of bonds issued, debt refunded along and detail showing the cost of the transaction. The savings for each year is also shown on a chart by year. These are only estimates and the actual savings levels will depend on market conditions at the time the bonds are priced.

A draft refunding schedule is provided as Attachment B. While this schedule is aggressive, it does move the District quickly to market in an attempt to take advantage of the current interest rate environment.

Recommended Action

This item is for discussion only. No action is required.

# **Attachment A**



**Fallbrook Public Utility District**  
**SRF Loan Refinancing**  
**Preliminary Refinancing Analysis**  
**July 31, 2020**

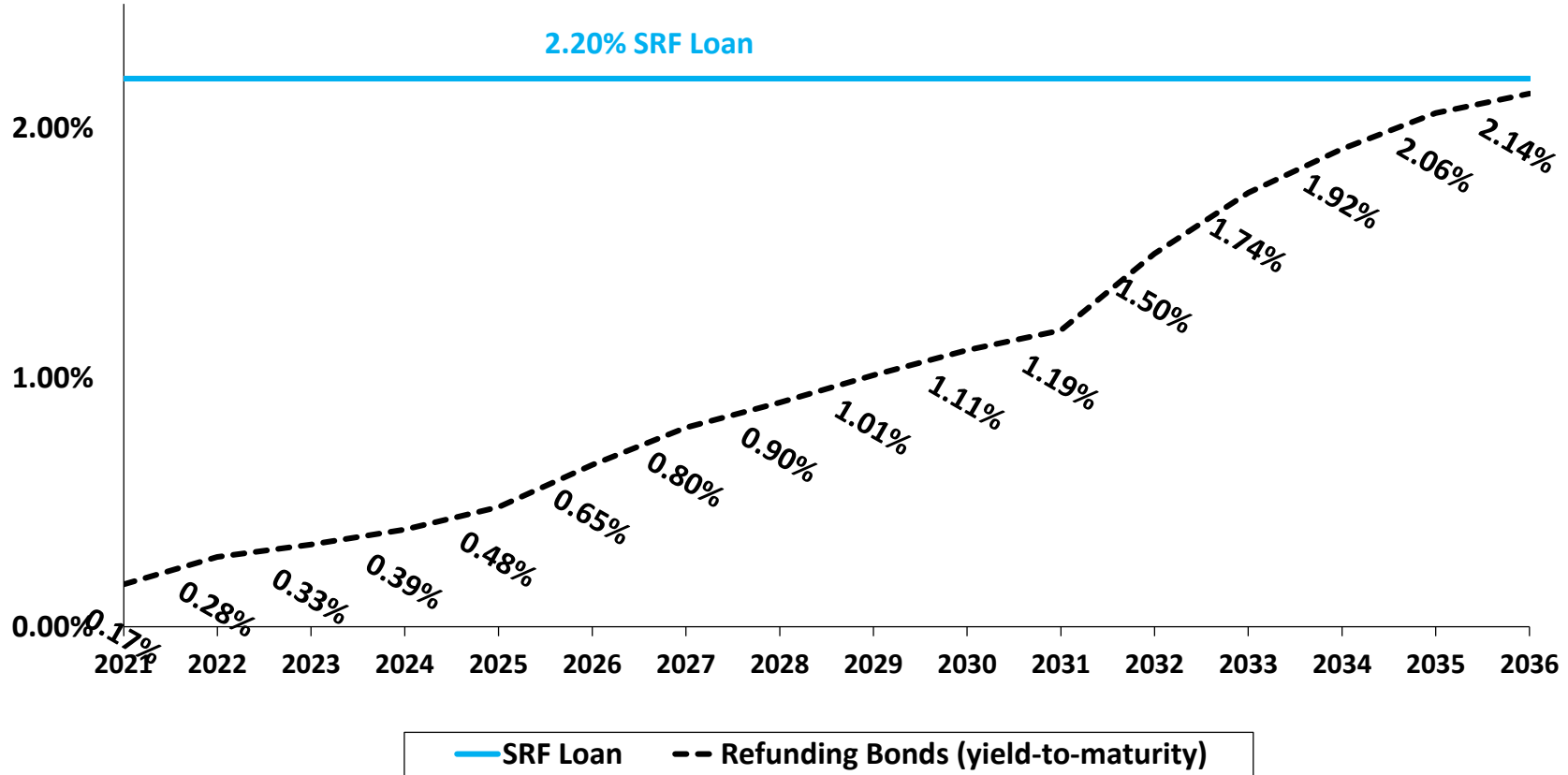
Prepared by Steven Gortler  
Telephone (415) 298-3319  
Email: [steven.gortler@att.net](mailto:steven.gortler@att.net)



## ***FPUD SRF Loan***

<b>Original SRF Loan Amount</b>	\$29,609,644
<b>Interest Rate</b>	2.20%
<b>Outstanding SRF Loan Amount</b>	\$24,668,471
<b>SRF Loan Final Maturity</b>	March 31, 2036

## Interest Rate Comparison: SRF Loan vs. Refunding Bonds



## *Estimated Debt Service Savings*

FYE 6/30	SRF Loan			Refunding Bonds			Debt Service Savings
	Principal	Interest	Total	Principal	Interest	Total	
2021	1,303,039	542,706	1,845,746	1,625,000	138,433	1,763,433	82,312
2022	1,331,706	514,039	1,845,746	1,000,000	765,600	1,765,600	80,146
2023	1,361,004	484,742	1,845,746	1,040,000	725,600	1,765,600	80,146
2024	1,390,946	454,800	1,845,746	1,080,000	684,000	1,764,000	81,746
2025	1,421,547	424,199	1,845,746	1,125,000	640,800	1,765,800	79,946
2026	1,452,821	392,925	1,845,746	1,170,000	595,800	1,765,800	79,946
2027	1,484,783	360,963	1,845,746	1,215,000	549,000	1,764,000	81,746
2028	1,517,448	328,298	1,845,746	1,265,000	500,400	1,765,400	80,346
2029	1,550,832	294,914	1,845,746	1,315,000	449,800	1,764,800	80,946
2030	1,584,950	260,796	1,845,746	1,365,000	397,200	1,762,200	83,546
2031	1,619,819	225,927	1,845,746	1,420,000	342,600	1,762,600	83,146
2032	1,655,455	190,291	1,845,746	1,480,000	285,800	1,765,800	79,946
2033	1,691,875	153,871	1,845,746	1,535,000	226,600	1,761,600	84,146
2034	1,729,096	116,649	1,845,746	1,600,000	165,200	1,765,200	80,546
2035	1,767,136	78,609	1,845,746	1,665,000	101,200	1,766,200	79,546
2036	1,806,013	39,732	1,845,746	1,730,000	34,600	1,764,600	81,146
	<b>24,668,471</b>	<b>4,863,461</b>	<b>29,531,932</b>	<b>21,630,000</b>	<b>6,602,633</b>	<b>28,232,633</b>	<b>1,299,298</b>



## *Estimated Net Present Value (NPV) Savings*

<b>Net Present Value (NPV) Savings</b>	<b>1,067,370</b>
Par Amount of Refunded Bonds	24,668,471
<b>NPV Savings / Refunded Par Amount</b>	<b>4.33%</b>



## *Estimated Sources & Uses of Funds*

### **Sources of Funds:**

Par Amount of Bonds	21,630,000
Net Original Issue Premium	<u>3,664,311</u>
<b>Total Sources</b>	<b>25,294,311</b>

### **Uses of Funds:**

SRF Loan Prepayment Fund	24,986,557
Estimated Costs of Issuance	<u>307,754</u>
<b>Total Uses</b>	<b>25,294,311</b>



## *Estimated Costs of Issuance*

<b>Service</b>	<b>Estimated Fee</b>
Credit Enhancement	
<i>Bond Insurance (25 bps)</i>	70,582
<i>Surety (1.00%)</i>	17,662
<b>Sub-Total</b>	<b>88,244</b>
Underwriter (\$4.00 per \$1,000)	86,520
Bond & Disclosure Counsel	60,000
Financial Advisor	30,000
Rating Agency	24,500
Utility Rate Consultant	7,500
Trustee & Counsel	6,000
Financial Printer	2,250
Bidding Platform	1,500
Advertising	1,000
Contingency	241
<b>Sub-Total</b>	<b>219,511</b>
<b>Total</b>	<b>307,754</b>

## **Attachment B**



## Proposed Financing Schedule Fallbrook Public Utility District Wastewater Revenue Refunding Bonds

August 2020						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23/30	24/31	25	26	27	28	29

September 2020						
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

October 2020						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

<b>Tue. Aug. 11</b>	Fiscal Policy Committee Meeting
<b>Mon. Aug. 24</b>	FPUD Board of Directors Meeting
<b>Fri. Aug. 28</b>	Draft Financing Documents distributed by Bond Counsel
<b>Week of Aug. 31</b>	Meeting and/or conference call to review draft Financing Documents
<b>Week of Sept. 7</b>	Submit requests for credit rating and bond insurance
<b>Week of Sept. 14</b>	Rating presentation
<b>Mon. Sept. 28</b>	Receive credit rating and bond insurance premium quotes FPUD Board of Directors meeting to approve Refinancing
<b>Week of Sept. 28</b>	Print, post and mail Preliminary Official Statement (POS)
<b>Week of Oct. 5</b>	Pre-sale marketing of Bonds
<b>Week of Oct. 12</b>	Bond pricing, subject to market conditions
<b>Wed. Oct. 28</b>	Bond closing and pre-payment of SRF Loan

MEMO

**TO:** Fiscal Policy & Insurance Committee  
**FROM:** David Shank, Assistant General Manager/CFO  
**DATE:** August 11, 2020  
**SUBJECT:** Kick-Off the Financial Plan Update

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Purpose

Engage the Fiscal Policy & Insurance (Committee) in an update of the District’s financial plan to identify the financial impacts of 1) the District’s potential detachment from San Diego County Water Authority and 2) the District’s potential of expansion of latent powers to provide additional services to the Community of Fallbrook.

Summary

The District has two applications before LAFCO that will have an impact on the District’s long term financial plan. In order to begin to prepare for future rate setting, it is important to begin the process of updating the financial plan to include potential impacts from proposed detachment from SDCWA and the activation of latent powers. To begin this process staff is looking for input and direction from the Committee to identify the full scope of this financial plan update. While this is not intended to be a rate and charge study, it is important to quantify the financial impacts of these two items and any other factors that are identified by the Committee and/or staff. The goal of this meeting is to outline the update and establish project milestones.

Recommended Action

This item is for discussion only. No action is required.