



MEETING DATE: 09/17/07  
ITEM NO. 4

COUNCIL AGENDA REPORT

DATE: September 3, 2007  
TO: MAYOR AND TOWN COUNCIL  
FROM: LINDA SPEICHER, TOWN TREASURER *LS*  
SUBJECT: TREASURER'S REPORT FOR JULY 2007

RECOMMENDATION:

Accept reports as attached.

DISCUSSION:

Attached for your review and acceptance is the Treasurer's report for the month of July 2007.

Prime remained steady during the period, with no foreseeable raises by the Federal Reserve on the horizon. The bond market started a phase of uncertainty due to the mortgage market issues. Rates overall dropped slightly.

Treasurer's funds dropped due to the purchase of the Verizon building on Los Gatos Blvd.

ENVIRONMENTAL ASSESSMENT:

Is not a project defined under CEQA, and no further action is required.

FISCAL IMPACT: None

Attachments: Treasurer's reports dated September 3, 2007

PREPARED BY: Linda L. Speicher, Town Treasurer *LS*

Reviewed by: *BS* Town Manager \_\_\_ Assistant Town Manager *AK* Town Attorney  
\_\_\_ Clerk *SC* Finance \_\_\_ Community Development Revised: 9/3/07 9:51 am

Distribution: Town Council; Town Manager; Finance Director

Meeting date: September 17, 2007

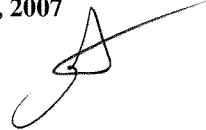
Item No:

**Town of Los Gatos  
Treasurer's Report  
for the month ended  
July 31, 2007**

**Submitted September 3, 2007**

by

**Linda L. Speicher**

A handwritten signature in black ink, appearing to be 'Linda L. Speicher', written over the printed name.

Distribution:      Town Clerk  
                         Town Manager  
                         Town Council





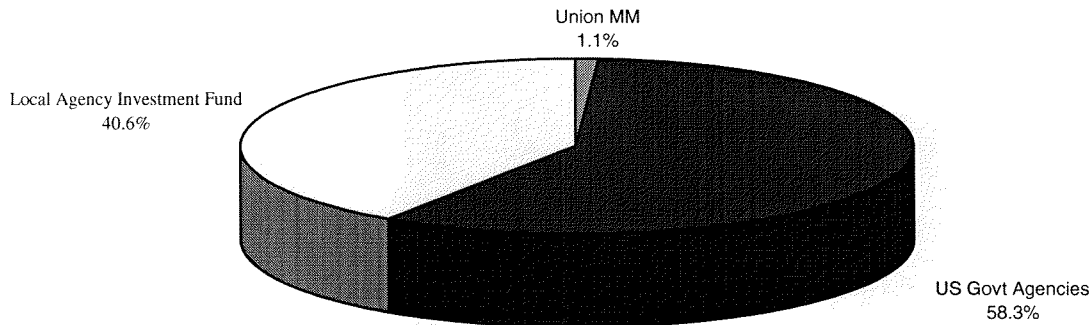
**Town of Los Gatos  
Portfolio Allocation & Treasurer's Fund Balances  
July 31, 2007**

|   | <u>Month</u>           | <u>YTD</u>             |
|---|------------------------|------------------------|
| Fund Balances - Beginning of Month/Period | \$73,499,683.31        | \$73,499,683.31        |
| Receipts                                  | 2,451,887.23           | 2,451,887.23           |
| Disbursements                             | (6,637,227.19)         | (6,637,227.19)         |
| Fund Balances - End of Month/Period       | <u>\$69,314,343.35</u> | <u>\$69,314,343.35</u> |

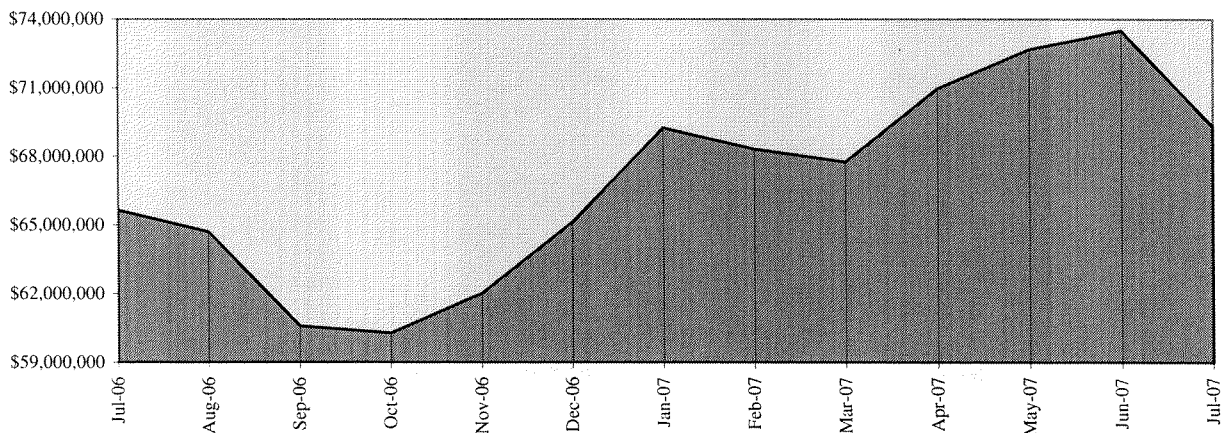
Portfolio Allocation:

|                                    |                            |
|------------------------------------|----------------------------|
| Union MM                           | \$713,433.66               |
| US Govt Agencies                   | 39,621,223.93              |
| Local Agency Investment Fund       | <u>27,599,009.96</u>       |
| Subtotal - Investments             | 67,933,667.55              |
| Reconciled Demand Deposit Balances | <u>1,380,675.80</u>        |
| <br>Total Treasurer's Fund         | <br><u>\$69,314,343.35</u> |

**Portfolio Investment Allocation**



**Treasurer's Fund Balances**



**Town of Los Gatos  
Non-Treasury Restricted Fund Balances  
July 31, 2007**

|  | <u>Previous<br/>Balance</u>  | <u>Deposits</u>            | <u>Interest</u>           | <u>Withdrawals</u>       | <u>Ending<br/>Balance</u>    |        |
|--|------------------------------|----------------------------|---------------------------|--------------------------|------------------------------|--------|
| Non-Treasury Funds:                                |                              |                            |                           |                          |                              |        |
| Downtown Parking District 12/20/02                 | \$255,022.38                 |                            | \$945.71                  |                          | \$255,968.09                 | Note 1 |
| Certificates of Participation Reserve Fund (Lot 4) | 258,067.15                   |                            | 955.26                    | 4,886.15                 | 254,136.26                   | Note 2 |
| Cert. of Participation Lease Payment Fund (Lot 4)  | 199,592.32                   | 24,153.97                  | 692.80                    |                          | 224,439.09                   | Note 3 |
| Cert. of Participation 2002 Series A Const. Fund   | 367,748.35                   |                            | 4,779.37                  | 0.09                     | 372,527.63                   | Note 4 |
| Cert. of Participation 2002 Series A Reserve Fund  | 771,508.45                   |                            | 2,834.53                  | 234.53                   | 774,108.45                   | Note 4 |
| Cert. Of Participation 2002 Series A Interest Fund | 6.84                         | 459,846.91                 | 0.00                      | 0.00                     | 459,853.75                   | Note 4 |
| Cert. Of Participation 2002 Series A COI Fund      | 0.00                         |                            | 0.00                      | 0.00                     | 0.00                         | Note 4 |
| <b>Total Restricted Funds:</b>                     | <u><b>\$1,851,945.49</b></u> | <u><b>\$484,000.88</b></u> | <u><b>\$10,207.67</b></u> | <u><b>\$5,120.77</b></u> | <u><b>\$2,341,033.27</b></u> |        |

These accounts are not part of the Treasurer's fund balances reported elsewhere in this report, as they are for separate and distinct entities.

**Note 1:** This account include redemption accounts set up for the repayment of interest and principal on outstanding bond coupons for Parking Assessment District '3', as well as Reserve Funds set up as required by the original Bond resolution.

**Note 2:** The reserve fund was a requirement of the original certificates of participation agreement when Lot 4 was built. It helps to guarantee payment of the lease payments should the Town not make payment.

**Note 3:** The lease payment fund receives the lease payments from the Town monthly for the lease of Lot 4. It holds the funds until payments on the certificates of participation are due semi-annually.

**Note 4:** The three funds for the Certificates of Participation 2002 Series A consist of construction funds which will be expended over the next few years, reserve funds which will guarantee the payment of lease payments, and a third fund for the disbursement of lease payments and initial delivery costs.

**Town of Los Gatos  
Statement of Interest Earned  
July 31, 2007**

|   | <b><u>Current<br/>Month</u></b> | <b><u>Fiscal<br/>Year to Date</u></b> |
|---|---------------------------------|---------------------------------------|
| Interest received from Investments                  | \$444,159.28                    | \$444,159.28                          |
| Add: Interest accrued at end of period (see page 5) | 482,210.06                      | 482,210.06                            |
| Less: Interest accrued at beginning of period       | <u>(638,512.99)</u>             | <u>(638,512.99)</u>                   |
| Interest earned on investments                      | <u>\$287,856.35</u>             | <u>\$287,856.35</u>                   |

**Town of Los Gatos**  
**Inactive Deposits by Institution**  
**Market to Cost Position Report**  
**July 31, 2007**

| Institution        | Security      | Deposit Date | Amortized Cost       | Maturity Date | Days Elapsed | Days to Maturity | Days Invested | Yield to Maturity | Interest Earned       | Interest Received     | Interest Accrued    |
|--------------------|---------------|--------------|----------------------|---------------|--------------|------------------|---------------|-------------------|-----------------------|-----------------------|---------------------|
| FHLMC              | Coupon Note   | 02/24/04     | 2,505,250.00         | 08/24/07      | 1253         | 24               | 1277          | 3.156%            | 271,422.77            | 241,500.00            | 29,922.77           |
| FHLMC              | Discount Note | 08/15/05     | 1,500,000.00         | 11/15/07      | 715          | 107              | 822           | 4.496%            | 132,108.49            | 101,250.00            | 30,858.49           |
| FNMA               | Coupon Note   | 07/01/05     | 984,074.54           | 12/15/07      | 760          | 137              | 897           | 3.807%            | 78,006.65             | 61,111.11             | 16,895.54           |
| FHLMC              | Discount Note | 08/15/05     | 999,700.00           | 02/15/08      | 715          | 199              | 914           | 4.513%            | 88,378.82             | 67,500.00             | 20,878.82           |
| USTreasury         | Note          | 05/12/06     | 1,986,562.50         | 03/31/08      | 445          | 244              | 689           | 5.000%            | 121,098.67            | 81,885.25             | 39,213.42           |
| FHLB               | Coupon Note   | 07/01/05     | 755,975.25           | 04/18/08      | 760          | 262              | 1022          | 3.803%            | 59,862.47             | 55,601.56             | 4,260.91            |
| USTreasury         | Note          | 06/15/06     | 1,990,312.50         | 05/31/08      | 411          | 305              | 716           | 5.135%            | 115,082.87            | 93,504.10             | 21,578.77           |
| USTreasury         | Note          | 07/19/06     | 738,281.25           | 02/15/09      | 377          | 565              | 942           | 5.157%            | 39,324.88             | 19,392.27             | 19,932.61           |
| FHLB               | Coupon Note   | 05/12/06     | 1,498,035.00         | 03/13/09      | 445          | 591              | 1036          | 5.298%            | 96,761.16             | 65,843.75             | 30,917.41           |
| USTreasury         | Note          | 05/15/06     | 1,992,343.75         | 05/15/09      | 442          | 654              | 1096          | 5.014%            | 120,970.09            | 97,500.00             | 23,470.09           |
| FHLB               | Coupon Note   | 06/15/06     | 1,493,400.00         | 06/12/09      | 411          | 682              | 1093          | 5.226%            | 87,880.90             | 78,093.75             | 9,787.15            |
| FFCB               | Coupon Note   | 07/19/06     | 723,562.50           | 07/17/09      | 377          | 717              | 1094          | 5.408%            | 40,416.73             | 30,765.62             | 9,651.11            |
| USTreasury         | Note          | 11/17/06     | 748,066.41           | 11/15/09      | 256          | 838              | 1094          | 4.734%            | 24,837.94             | 17,152.11             | 7,685.83            |
| ML Corp            | Note          | 04/10/07     | 976,150.00           | 02/08/10      | 112          | 923              | 1035          | 5.165%            | 15,470.77             |                       | 15,470.77           |
| USTreasury         | Note          | 10/19/06     | 976,406.25           | 04/15/10      | 285          | 989              | 1274          | 4.744%            | 36,168.23             | 19,560.44             | 16,607.79           |
| FHLB               | Coupon Note   | 05/18/07     | 1,574,842.50         | 04/16/10      | 74           | 990              | 1064          | 5.548%            | 17,713.83             |                       | 17,713.83           |
| FHLB               | Coupon Note   | 08/22/06     | 1,507,665.00         | 06/11/10      | 343          | 1046             | 1389          | 4.957%            | 70,230.38             | 57,000.00             | 13,230.38           |
| FHLB               | Coupon Note   | 01/12/07     | 1,487,205.00         | 08/10/10      | 200          | 1106             | 1306          | 4.960%            | 40,419.38             | 5,483.33              | 34,936.05           |
| USTreasury         | Note          | 05/31/07     | 737,226.56           | 10/15/10      | 61           | 1172             | 1233          | 4.801%            | 5,915.20              |                       | 5,915.20            |
| FNMA               | Coupon Note   | 05/09/07     | 998,200.00           | 11/08/10      | 83           | 1196             | 1279          | 5.250%            | 11,916.87             |                       | 11,916.87           |
| FNMA               | Discount Note | 09/29/06     | 1,516,485.00         | 04/15/11      | 305          | 1354             | 1659          | 4.874%            | 61,763.32             | 41,854.17             | 19,909.15           |
| FHLMC              | Coupon Note   | 12/28/06     | 1,522,350.00         | 07/20/11      | 215          | 1450             | 1665          | 5.375%            | 48,199.06             | 48,395.83             | (196.77)            |
| USTreasury         | Note          | 10/19/06     | 990,078.13           | 09/30/11      | 285          | 1522             | 1807          | 4.721%            | 36,496.86             | 20,151.10             | 16,345.76           |
| FFCB               | Coupon Note   | 02/22/07     | 986,080.00           | 12/08/11      | 159          | 1591             | 1750          | 4.959%            | 21,301.52             | 13,618.06             | 7,683.46            |
| FHLB               | Coupon Note   | 05/09/07     | 1,509,255.00         | 03/09/12      | 83           | 1683             | 1766          | 4.743%            | 16,278.00             |                       | 16,278.00           |
|                    |               |              |                      |               |              |                  |               |                   |                       |                       |                     |
| FHLB               | Coupon Note   | 06/24/03     | 672,825.60           | 11/15/07      | 1498         | 107              | 1605          | 2.257%            | 62,323.67             | 87,173.33             | (24,849.66)         |
| FNMA               | Coupon Note   | 06/24/03     | 299,475.00           | 12/24/07      | 1498         | 146              | 1644          | 2.528%            | 31,071.10             | 30,000.00             | 1,071.10            |
| FNMA               | Coupon Note   | 06/27/03     | 649,785.94           | 01/15/08      | 1495         | 168              | 1663          | 2.492%            | 66,323.38             | 82,923.50             | (16,600.12)         |
| FHLMC              | Coupon Note   | 09/30/04     | 198,630.00           | 02/25/08      | 1034         | 209              | 1243          | 3.462%            | 19,480.48             | 15,618.06             | 3,862.42            |
| FHLMC              | Coupon Note   | 06/26/03     | 657,396.09           | 03/15/08      | 1496         | 228              | 1724          | 2.294%            | 61,810.07             | 65,973.58             | (4,163.51)          |
| FHLB               | Coupon Note   | 06/30/03     | 286,162.50           | 04/15/08      | 1492         | 259              | 1751          | 2.633%            | 30,799.21             | 55,737.50             | (24,938.29)         |
| FHLB               | Coupon Note   | 06/26/03     | 661,764.30           | 05/13/08      | 1496         | 287              | 1783          | 2.507%            | 67,998.04             | 133,710.36            | (65,712.32)         |
| FHLMC MTN          | Coupon Note   | 06/30/03     | 228,298.00           | 06/13/08      | 1492         | 318              | 1810          | 2.894%            | 27,007.02             | 25,001.32             | 2,005.70            |
| FHLMC              | Coupon Note   | 06/24/03     | 500,000.00           | 06/18/08      | 1498         | 323              | 1821          | 2.750%            | 56,431.51             | 55,000.00             | 1,431.51            |
| FNMA               | Coupon Note   | 09/30/04     | 198,597.00           | 08/15/08      | 1034         | 381              | 1415          | 3.442%            | 19,364.72             | 15,437.50             | 3,927.22            |
| FNMA               | Coupon Note   | 11/16/04     | 199,216.00           | 09/15/08      | 987          | 412              | 1399          | 3.866%            | 20,826.22             | 17,479.17             | 3,347.05            |
| FNMA               | Coupon Note   | 01/19/05     | 248,157.50           | 09/15/08      | 923          | 412              | 1335          | 3.974%            | 24,938.14             | 20,208.33             | 4,729.81            |
| FNMA               | Coupon Note   | 11/16/04     | 199,552.00           | 11/17/08      | 987          | 475              | 1462          | 3.936%            | 21,239.07             | 19,396.53             | 1,842.54            |
| FHLMC              | Coupon Note   | 07/07/05     | 296,403.00           | 01/12/09      | 754          | 531              | 1285          | 4.313%            | 26,408.31             | 24,057.29             | 2,351.02            |
| FNMA               | Coupon Note   | 01/21/05     | 242,400.00           | 03/16/09      | 921          | 594              | 1515          | 3.930%            | 24,037.65             | 16,818.58             | 7,219.07            |
| FHLMC              | Coupon Note   | 06/17/05     | 300,198.00           | 07/30/09      | 774          | 730              | 1504          | 4.359%            | 27,748.71             | 27,817.71             | (69.00)             |
| FHLMC              | Coupon Note   | 08/01/05     | 298,332.00           | 07/30/09      | 729          | 730              | 1459          | 4.527%            | 26,973.98             | 26,213.54             | 760.44              |
| FHLMC              | Coupon Note   | 06/14/05     | 298,683.00           | 09/01/09      | 777          | 763              | 1540          | 4.237%            | 26,939.97             | 21,209.37             | 5,730.60            |
| FHLMC              | Coupon Note   | 01/21/05     | 149,686.50           | 09/01/09      | 921          | 763              | 1684          | 4.180%            | 15,787.95             | 13,062.50             | 2,725.45            |
| FHLMC              | Coupon Note   | 06/14/05     | 299,331.00           | 01/25/10      | 777          | 909              | 1686          | 4.431%            | 28,234.60             | 27,744.79             | 489.81              |
| Subtotal           |               |              | <u>39,582,400.57</u> |               |              |                  |               |                   |                       |                       |                     |
| Union MM           |               |              | 713,433.66           |               | 30           | 30               |               | 4.79%             | 2,808.78              |                       | 2,808.78            |
| Purchased Interest |               |              | 38,823.36            |               |              |                  |               |                   |                       |                       |                     |
| LAIF               | N/A           | 06/30/07     | 27,599,009.96        | 09/30/07      | 31           | 61               | 92            | 5.26%             | 133,377.07            |                       | 133,377.07          |
|                    |               |              |                      |               |              | <b>435</b>       |               | <b>4.82%</b>      | <b>\$2,479,955.47</b> | <b>\$1,997,745.41</b> | <b>\$482,210.06</b> |

| Maturity Profile | Amount                 | Percent        |
|------------------|------------------------|----------------|
| 0-1 year         | \$43,227,479.20        | 63.63%         |
| 1-2 years        | \$8,428,478.00         | 12.41%         |
| 2-3 years        | \$6,530,830.66         | 9.61%          |
| 3-5 years        | <u>\$9,746,879.69</u>  | <u>14.35%</u>  |
|                  | <u>\$67,933,667.55</u> | <u>100.00%</u> |

**Market to Cost Position Report**

| Institution        | Amortized Cost         | Market Value*          | Unrealized Gain (Loss) |
|--------------------|------------------------|------------------------|------------------------|
| Union Bank Assets  | \$39,582,400.57        | \$39,384,803.75        | (197,596.82)           |
| Union MM           | 713,433.66             | 713,433.66             | 0.00                   |
| Purchased Interest | 38,823.36              | 38,823.36              | 0.00                   |
| LAIF               | 27,599,009.96          | 27,599,009.96          | 0.00                   |
| Totals:            | <u>\$67,933,667.55</u> | <u>\$67,736,070.73</u> | <u>(\$197,596.82)</u>  |

\* Source: Treasury and Agency Obligations - Union Bank of California  
LAIF balances per Local Agency Investment Fund monthly statement.