




MEETING DATE: 03/02/09  
ITEM NO. 1

## COUNCIL AGENDA REPORT

DATE: February 25, 2009  
TO: MAYOR AND TOWN COUNCIL  
FROM: GREG LARSON, TOWN MANAGER   
SUBJECT: INVESTMENT REPORT FOR JANUARY 2009

### RECOMMENDATION:

Accept report as attached.

### DISCUSSION:

Attached for your review and acceptance is the Investment report for the month of January, 2009.

During the month of January one Freddie Mac note with a face value of \$300,000 matured, and a Fannie Mae note of \$1,250,000 was called. These funds, along with others that had been held in cash, were reinvested, as outlined in last months report, in short term Freddie Mac investments. In February funds of \$750,000 were invested into a Farm Bureau Credit note with a maturity of December, 2013 and a one time call of June, 2009. It is assumed that the note will be called in June and thus be a short term investment.

### ENVIRONMENTAL ASSESSMENT:

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

FISCAL IMPACT: None

Attachments: Investment report for the month of January, 2009

PREPARED BY:   
STEVE CONWAY  
Finance & Administrative Services Director

Reviewed by: \_\_\_ Town Manager PSJ Assistant Town Manager \_\_\_ Town Attorney  
\_\_\_ Clerk PSJ Finance \_\_\_ Community Development Revised: 2/26/09 2:41 pm

Reformatted: 5/30/02

Town of Los Gatos Investment Report  
for the month ended  
January 31, 2009

Prepared by  
Linda L. Speicher, Finance Project Manager  
February 25, 2009

**Town of Los Gatos  
Summary Investment Information  
January 31, 2009**

**Weighted Average Portfolio Yield:** **3.19%** **Weighted Average Maturity (days)** **368**

	<u><b>This Month</b></u>	<u><b>Last Month</b></u>	<u><b>One year ago</b></u>
<b>Portfolio Balance</b>	\$81,720,191	\$79,648,493	\$73,480,753

**Benchmarks/ References:**

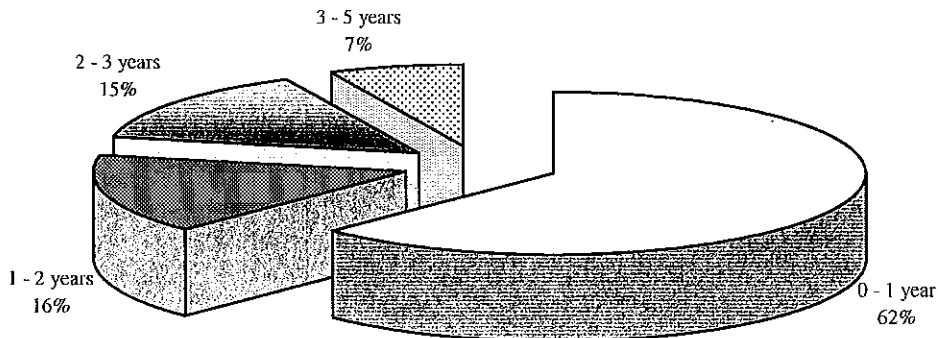
Town's Average Yield	3.19%	3.36%	4.56%
LAIF Yield for month	2.05%	2.35%	4.73%
3 mo. Treasury	0.15%	0.05%	2.39%
6 mo. Treasury	0.35%	0.25%	2.38%
2 yr. Treasury	0.93%	0.92%	2.24%
5 yr. Treasury (most recent)	1.82%	1.54%	2.91%
Prime rate	3.25%	3.25%	6.00%

**Most recent auctions of**

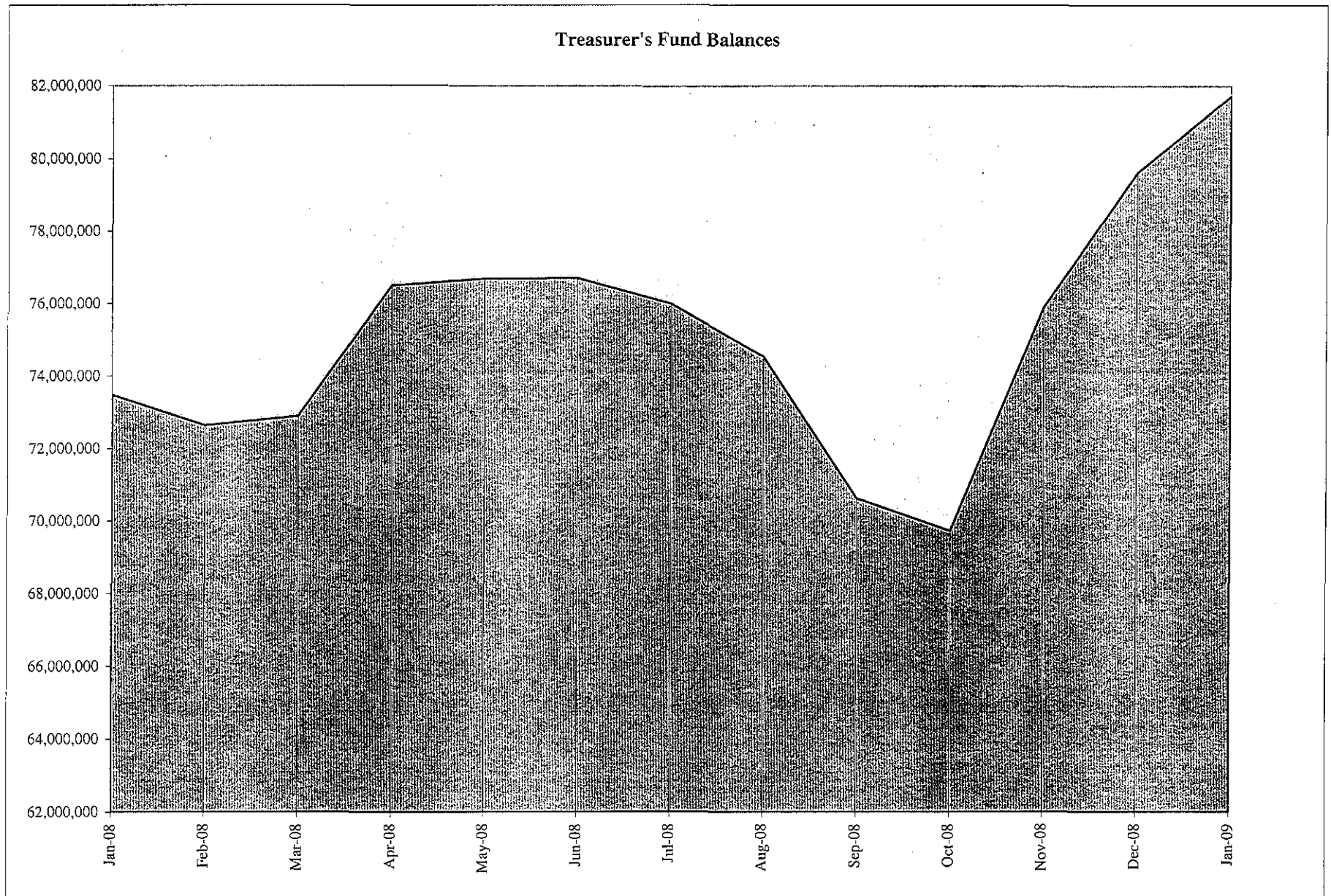
**Freddie Mac or Fannie Mae Reference Notes:**

3 yr. Fannie Mae (01/08/09)	2.01%
2 yr. Freddie Mac (01/08/09)	1.50%

**Portfolio Maturity Profile**



**Compliance:** The Town's investments are in compliance with the Town's investment policy dated May 1, 2008 and also in compliance with the requirements of Section 53601 of the California State Code. Based on the information available, the Town has sufficient funds to meet the cash demands for the next six months.



**Town of Los Gatos**  
**Non-Treasury Restricted Fund Balances**  
**January 31, 2009**

	<u>Previous Balance</u>	<u>Deposits</u>	<u>Interest</u>	<u>Withdrawals</u>	<u>Ending Balance</u>	
<b>Non-Treasury Funds:</b>						
Downtown Parking District 12/20/02	\$272,894.74		\$375.99		\$273,270.73	Note 1
Certificates of Participation Reserve Fund (Lot 4)	254,995.28		0.85		254,996.13	Note 2
Cert. of Participation Lease Payment Fund (Lot 4)	104,845.85	20,165.17	0.35		125,011.37	Note 3
Cert. of Participation 2002 Series A Const. Fund	146,448.13		1,732.05		148,180.18	Note 4
Cert. of Participation 2002 Series A Reserve Fund	687,784.89		48.17		687,833.06	Note 4
Cert. Of Participation 2002 Series A Interest Fund	109.51	216,437.85	0.00		216,547.36	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>	<b><u>\$1,467,078.40</u></b>	<b><u>\$236,603.02</u></b>	<b><u>\$2,157.41</u></b>	<b><u>\$0.00</u></b>	<b><u>\$1,705,838.83</u></b>	

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  
January 31, 2009

	<u>Current Month</u>	<u>Fiscal Year to Date</u>
Interest received from Investments	\$298,339.31	\$1,641,891.21
Add: Interest accrued at end of period (see page 5)	550,844.66	550,844.66
Less: Interest accrued at beginning of period	<u>(658,636.92)</u>	<u>(715,999.95)</u>
Interest earned on investments	<u>\$190,547.05</u>	<u>\$1,476,735.92</u>

Interest by Month

July 2008	225,065.95
August 2008	233,228.31
September 2008	212,244.77
October 2008	207,308.72
November 2008	199,698.92
December 2008	208,642.20
January 2009	190,547.05
February 2009	
March 2009	
April 2009	
May 2009	
June 2009	
	<u><u>1,476,735.92</u></u>

Town of Los Gatos  
Inactive Deposits by Institution  
Market to Cost Position Report  
January 31, 2009

Institution	Security	Deposit Date	Amortized Cost	Maturity Date	Days Elapsed	Days to Maturity	Days Invested	Yield to Maturity	Interest Earned	Interest Received	Interest Accrued
USTreasury	Note	07/19/06	738,281.25	02/15/09	927	15	942	5.157%	96,695.41	70,017.27	26,678.14
FHLB	Coupon Note	05/12/06	1,498,035.00	03/13/09	995	41	1036	5.298%	216,353.60	183,968.75	32,384.85
USTreasury	Note	05/15/06	1,992,343.75	05/15/09	992	104	1096	5.014%	271,498.48	243,750.00	27,748.48
FHLB	Coupon Note	06/15/06	1,493,400.00	06/12/09	961	132	1093	5.226%	205,483.08	196,218.75	9,264.33
FFCB	Coupon Note	07/19/06	723,562.50	07/17/09	927	167	1094	5.408%	99,380.14	77,171.87	22,208.27
FHLMC	Coupon Note	06/17/05	300,198.00	07/30/09	1324	180	1504	4.359%	47,466.78	47,505.21	(38.43)
FHLMC	Coupon Note	08/01/05	298,332.00	07/30/09	1279	180	1459	4.527%	47,324.72	45,901.04	1,423.68
USTreasury	Note	06/02/08	1,537,617.20	07/31/09	243	181	424	2.426%	24,834.33	11,244.85	13,589.48
FFCB	Coupon Note	04/02/08	2,010,820.00	08/04/09	304	185	489	2.286%	38,285.13	18,300.00	19,985.13
USTreasury	Note	03/25/08	1,024,062.50	09/15/09	312	227	539	1.709%	14,959.95	15,957.88	(997.93)
USTreasury	Note	11/17/06	748,066.41	11/15/09	806	288	1094	4.734%	78,200.69	69,183.36	9,017.33
USTreasury	Note	06/02/08	1,514,941.41	12/31/09	243	334	577	2.602%	26,243.18	28,125.00	(1,881.82)
FHLMC	Coupon Note	06/14/05	299,331.00	01/25/10	1327	359	1686	4.431%	48,220.48	47,432.29	788.19
ML Corp	Corporate Note	04/10/07	976,150.00	02/08/10	662	373	1035	5.165%	91,443.33	56,430.56	35,012.77
USTreasury	Note	06/24/08	739,921.88	02/28/10	221	393	614	2.819%	12,629.33	2,771.74	9,857.59
USTreasury	Note	10/19/06	976,406.25	04/15/10	835	439	1274	4.744%	105,966.56	79,560.44	26,406.12
FHLB	Coupon Note	08/22/06	1,507,665.00	06/11/10	893	496	1389	4.957%	182,844.70	175,125.00	7,719.70
FHLMC(1)	Coupon Note	01/06/09	1,015,090.00	07/23/10	25	538	563	2.625%	1,825.08	1,711.81	113.27
FHLB	Coupon Note	01/12/07	1,487,205.00	08/10/10	750	556	1306	4.960%	151,572.67	111,233.33	40,339.34
FFCB(2)	Coupon Note	09/15/08	1,500,000.00	09/15/10	138	592	730	3.300%	18,715.07		18,715.07
USTreasury	Note	05/31/07	737,226.56	10/15/10	611	622	1233	4.801%	59,249.00	43,806.35	15,442.65
FFCB	Coupon Note	12/07/07	2,032,140.00	11/08/10	421	646	1067	3.715%	87,076.64	79,072.22	8,004.42
FFCB	Coupon Note	01/18/07	756,922.50	01/18/11	744	717	1461	3.175%	48,986.37	26,250.00	22,736.37
FFCB	Coupon Note	11/28/07	2,062,000.00	02/18/11	430	748	1178	3.840%	93,281.49	70,416.67	22,864.82
FNMA	Discount Note	09/29/06	1,516,485.00	04/15/11	855	804	1659	4.874%	173,139.79	157,166.67	15,973.12
FHLMC(3)	Coupon Note	12/28/06	1,522,350.00	07/20/11	765	900	1665	5.375%	171,498.98	177,770.83	(6,271.85)
USTreasury	Note	10/19/06	990,078.13	09/30/11	835	972	1807	4.721%	106,929.39	87,651.10	19,278.29
FFCB	Coupon Note	12/12/07	2,025,080.00	11/21/11	416	1024	1440	4.000%	92,321.46	81,683.33	10,638.13
FFCB	Coupon Note	02/22/07	986,080.00	12/08/11	709	1041	1750	4.959%	94,986.01	82,993.06	11,992.95
FHLMC(4)	Coupon Note	01/06/09	2,006,250.00	12/23/11	25	1056	1081	3.268%	4,490.70		4,490.70
FHLB	Coupon Note	05/09/07	1,509,255.00	03/09/12	633	1133	1766	4.743%	124,144.25	100,000.00	24,144.25
FHLB	Coupon Note	11/29/07	2,038,360.00	08/15/12	429	1292	1721	4.170%	99,903.65	65,777.78	34,125.87
GE	Corporate Note	01/16/08	1,542,165.00	10/19/12	381	1357	1738	4.587%	73,840.00	59,718.75	14,121.25
Subtotal			42,105,821.34								
Union MM			808,123.34		30	30		0.11%	73.06		73.06
Purchased Interest			2,437.50								
LAIIF	N/A	12/31/08	31,670,708.11	03/31/09	31	59	90	2.05%	54,897.07		54,897.07
			\$74,587,090.29			368		3.19%	\$3,064,760.57	\$2,513,915.91	\$550,844.66

Maturity Profile	Amount	Percent
0-1 year	\$46,660,259.97	62.56%
1-2 years	\$11,728,727.19	15.72%
2-3 years	\$11,108,323.13	14.89%
3-5 years	\$5,089,780.00	6.82%
	\$74,587,090.29	100.00%

Market to Cost Position Report

Institution	Amortized Cost	Market Value*	Unrealized Gain (Loss)
Union Bank Assets	\$42,105,821.34	\$43,333,666.00	1,227,844.66
Union MM	808,123.34	808,123.34	0.00
Purchased Interest	2,437.50	2,437.50	0.00
LAIIF	31,670,708.11	31,670,708.11	0.00
Totals:	\$74,587,090.29	\$75,814,934.95	\$1,227,844.66

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

- (1) Callable once on 07/23/09  
(2) Callable once on 9/15/09  
(3) Callable once on 7/20/09  
(4) Callable once on 03/23/09