



**CITY COUNCIL
STAFF REPORT**

Agenda Item: I-2
Date: November 3, 2009
Department: Administrative &
Financial Services

AGENDA TITLE:

Quarterly Investments Report for Period Ending November 3, 2009

STAFF RECOMMENDATION:

Staff recommends that the City Council accept the Quarterly Investment Report for period ending September 30, 2009.

BACKGROUND:

The Government Code requires that the Treasurer's report on the City's investments be presented to the City Council on a quarterly basis.

SUMMARY:

Attached is the Quarterly Investment Report for investments held by the City of Orinda for the period ending September 30, 2009. The most notable issue related to this report is that the anticipated revenue from investments for Fiscal Year 2010 will be slightly lower than the budgeted figures. The decline in interest rates at LAIF combined with the anticipated sale of CIT Group shares is projected to cause a decrease in interest income of approximately \$50,000 across all funds.

While the laddered investments in the bond portfolio, which is in the custody of Fidelity, are held to maturity and are not affected greatly by market fluctuations during that time; the investments held in LAIF and purchases made after investments reach maturity are greatly affected by the market. At this time, the City will invest monies in short-term investments in order to maintain sufficient liquid assets. The anticipated loss in property tax revenue due to the State taking 8% has been eliminated by the securitization of the Prop 1A receivable.

FISCAL IMPACT:

There is no direct fiscal impact from this report.

ATTACHMENTS:

Attachment A: Quarterly Investment Report as of September 30, 2009

Respectfully submitted by,

Emily G. Hobby
Emily G. Hobby

Senior Accountant

Approved by:

A handwritten signature in black ink, appearing to read "Janet S. Keeter", written over a horizontal line.

Janet S. Keeter
City Manager

CITY OF ORINDA
QUARTERLY INVESTMENT REPORT
 Schedule of Investments
 as of September 30, 2009

MATURITY VALUE	INSTITUTION	CURRENT S&P RATING	COUPON RATE	ORIGINAL YIELD TO MATURITY	TOTAL COST	DATE OF TRADE	MATURITY DATE	ANNUAL INTEREST	MARKET VALUE
									1
Government Bonds									
500,000	U.S. Treasury Note	AAA	4.500%	4.396%	502,265.63	12/16/2005	11/15/2010	22,500	522,480.00
250,000	U.S. Treasury Note	AAA	4.750%	4.865%	248,755.00	7/10/2007	5/31/2012	11,875	272,832.50
250,000	U.S. Treasury Note	AAA	3.125%	2.980%	251,644.50	9/22/2008	8/31/2013	7,813	262,012.50
Corporate Bonds									
500,000	CIT Group Inc	CC	5.400%	6.000%	488,810.00	11/5/2007	2/13/2012	27,000	328,165.00
500,000	Goldman Sachs Group Inc	A	5.300%	5.150%	503,135.00	4/11/2007	2/14/2012	26,500	528,230.00
500,000	General Elec Cap Corp	AA+	6.000%	5.371%	513,425.00	7/10/2007	6/15/2012	30,000	535,510.00
500,000	General Electric Corp	AA+	5.000%	4.164%	517,705.00	5/7/2008	2/1/2013	25,000	527,450.00
250,000	General Electric Corp	AA+	5.000%	3.616%	262,089.00	4/20/2009	2/1/2013	12,500	263,725.00
500,000	ProtectiveLife Secd	AA-	4.500%	4.499%	500,005.00	3/3/2008	3/15/2013	22,500	492,790.00
250,000	Home Depot	BBB+	4.625%	5.000%	247,145.00	4/11/2007	8/15/2010	11,563	257,195.00
250,000	Home Depot	BBB+	5.200%	5.259%	249,375.00	6/5/2006	3/1/2011	13,000	259,712.50
250,000	HSBC Fin Corp	A	5.200%	5.200%	250,005.00	4/16/2007	4/15/2012	13,000	255,527.50
250,000	Berkshire Hathaway Fin Corp	NR	5.125%	3.612%	263,957.50	9/11/2008	9/15/2012	12,813	271,452.50
250,000	National Rural Utility Corp	A	4.400%	4.398%	250,005.00	3/3/2008	3/15/2013	11,000	258,257.50
250,000	CIT Group Inc.	CC	7.900%	7.899%	250,005.00	3/3/2008	3/15/2013	19,750	114,102.50

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250,000	Berkshire Hathaway Fin Corp	AAA	4.625%	3.399%	263,130.00	2/10/2009	10/15/2013	11,563	264,460.00
250,000	Johnson & Johnson	AAA	3.800%	2.274%	264,930.00	3/27/2009	5/15/2013	9,500	265,815.00
250,000	TIAA Global Markets	AAA	4.950%	4.157%	257,505.00	5/8/2009	7/15/2013	12,375	263,672.50
Cash & Equivalents									
0.76	Money Market		0.020%		0.76				0.76
8,796,179.56	Local Agency Investment Fund		0.750%		8,796,179.56				8,796,179.56
					<u>14,880,071.95</u>				
					<u>14,739,570.32</u>				

Weighted Average Yield From Purchase Date to Maturity: 3.59%

Weighted Average Yield From June 30, 2009 to Maturity: 3.27%

Unrealized Gain/(Loss) in Market Value: (\$140,502)

1 As reported by the Institution where the funds are held

2 Approximately \$0.23 million in funds invested in LAIF are Development Fees funds.
 Approximately \$1.19 million in funds invested in LAIF are Assessment District funds.
 Approximately \$0.64 million in funds invested in LAIF are Internal Services funds.
 Approximately \$1.04 million in funds invested in LAIF are specially designated funds.
 Approximately \$5.70 million in funds invested in LAIF are General Fund funds.

NOTE: In addition, the \$6.85 million invested in bonds and money market are General Fund funds.

I hereby certify that this report is in conformity with the City of Orinda's investment policy. The City's investments will provide sufficient cash to meet our expenditures for the next six months.

Janet S. Keeter
 City Manager

Emily G. Hobby
 Senior Accountant