

AGENDA

ROSSMOOR COMMUNITY SERVICES DISTRICT

INVESTMENT COMMITTEE MEETING

RUSH PARK
Administration Building
3001 Blume Drive
Rossmoor, California

Thursday, January 31, 2013
9:30 a.m.

A. ORGANIZATION

1. CALL TO ORDER: 9:30 a.m.
2. ROLL CALL: Directors Kalhert, Maynard
3. PLEDGE OF ALLEGIANCE
4. PRESENTATIONS-None

B. PUBLIC FORUM

Any person may address the members of the Budget Committee at this time upon any subject within the jurisdiction of the Investment Committee of the Rossmoor Community Services District.

C. REGULAR CALENDAR

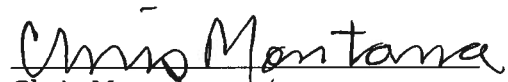
1. DISCUSSION WITH GENERAL MANAGER RE: REINVESTMENT OF MATURED INVESTMENT.

D. ADJOURNMENT

CERTIFICATION OF POSTING

I hereby certify that the attached Agenda for the January 31, 2013, 9:30 a.m. Investment Committee Meeting of the Rossmoor Community Services District was posted at least 24 hours prior to the time of the meeting.

ATTEST:


Chris Montana
General Manger

Date 1/29/2013

ROSSMOOR COMMUNITY SERVICES DISTRICT

AGENDA ITEM C-1

Date: January 31, 2013
To: Investment Committee
From: RCSD, General Manager
Subject: DISCUSSION WITH GENERAL MANAGER RE: REPORT ON DISTRICT INVESTMENT

RECOMMENDATION:

Review and make recommendations to the Board regarding the reinvestment of the District's maturing investment

BACKGROUND:

Board policy requires a meeting of the Committee and a report to the Board regarding the status of the District's investments whenever there is a pending or actual maturity of an investment. This update provides the latest information regarding matured investments.

In February, 2013, the GE Bond will mature in the amount of approximately \$102,581.

Currently, the best available rates quoted from Steve Almond, are between 1.02% for a 3-Year Corporate Bond and 0.85% for a 3-Year CD. However, Policy No. 3035 requires that CD investments maturity does not exceed 2 years.

Based on all of the above, it is the staff's recommendation that the investment of \$102,581 be housed in the District's LAIF account until the investment climate improves. The advantages of LAIF are as follows:

1. The investment is totally liquid, with no early withdrawal penalties.

2. It is safe (no loss of principal).
3. Its rate of return is 0.326% and requires no time commitment.

ATTACHMENTS:

1. Email from Steve Almond to Kathy Bell dated 01/28/2013 re:
Current CD and Bond rates.
2. Investment/Bank Balances as of January 1, 2013
3. LAIF Statement dated December 31, 2012
4. LAIF Performance Report and Rate as of December 2012
5. Policy No. 3035 Investment of District Funds.

Kathy Bell

From: Almond, Steve [SAlmond@sterneagee.com]
Sent: Monday, January 28, 2013 10:56 AM
To: Kathy Bell
Subject: FW: Pending Security purchase

See below...

Steve Almond
Financial Consultant
Arbitrage Management Group
4208 Lakeway Blvd.
Austin, TX 78734-5000
Direct: 512-413-3103
FAX: 512-608-6620
Tollfree: 888-297-6320
salmond@sterneagee.com

Securities offered through Sterne Agee Financial Services, Inc., a member of FINRA/SIPC.

From: Almond, Steve
Sent: Monday, January 28, 2013 11:22 AM
To: cbell@rossmoor-csd.org
Cc: htaboada@rossmoor-csd.org; gmmontana@rossmoor-csd.org
Subject: Pending Security purchase

Cathy,

Here's the best Corporate bonds and CDs in the 3 year maturity range. I would stay in this maturity area since current opinion is bond market rates will not be changing for some time. Most economist believe it will be at least 2 years before the feds BEGIN to increase rates.

Corporate bonds:

JP Morgan Chase due 03/2016 - 1.02% (rated A2/A)

Wachovia Bank due 03/2016 - 1.02% (rated A1/A+)

Certificate of Deposit:

Goldman Sacks due 02/2016 - .85%

Please give me a call with your questions. Thanks

Steve Almond
Financial Consultant
Arbitrage Management Group
4208 Lakeway Blvd.
Austin, TX 78734-5000
Direct: 512-413-3103
FAX: 512-608-6620
Tollfree: 888-297-6320
salmond@sterneagee.com

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Fund 10
January 1, 2013

CD or Bond	Amount of CD or Bond	Matures	Interest Rate
General Electric Co	\$102,581.00	2/1/2013	5.000%
LAIF	\$1,047,616.10		
Total Investments	\$1,150,197.10		
Bank Balance 1/1/2013	\$130,593.33		
Total Investments and Cash	\$1,280,790.43		

Investment Portfolio (IP)

Current:	By Maturity	% of IP	% of IP Policy Limit
	Up to 1 Year	8.92%	Unlimited
	More than 1 Year	0.00%	50%
	More than 2 Years	0.00%	25%
	LAIF	91.08%	Unlimited
*CD's have a 2 year limit.	By Investment Type	% of IP	% of IP Policy Limit
	*CD	0.00%	25%
	Bonds	8.92%	25%
	LAIF	91.08%	Unlimited

Status of Current Bond Investments as of January 2013

	Amount of Bond	December 2012	Gain/Loss
GE Bond	\$100,000	\$102,581	\$2,581
Total/Net	\$100,000	\$102,581	\$2,581

Fund 20 Reserve Account Fund 50 (Held at US Bank)

Reserve Account	Matures	Amount	Interest Rate
	Reserve Account	\$367,182.00	0.050%
Total		\$367,182.00	

Fund 30 Reserve Account Fund 45 (Held at US Bank)

Reserve Account	Matures	Amount	Interest Rate
	Reserve Account	\$47,000.00	0.050%
Total		\$47,000.00	

Local Agency Investment Fund
 P.O. Box 942809
 Sacramento, CA 94209-0001
 (916) 653-3001

<http://www.treasurer.ca.gov/pmia-laif/index.asp>

January 29, 2013

ROSSMOOR COMMUNITY SERVICES DISTRICT

PMIA Average Monthly Yields

GENERAL MANAGER
 3001 BLUME DRIVE
 ROSSMOOR, CA 90720

Account Number:

16-30-006

Tran Type Definitions

December 2012 Statement

Effective Date	Transaction Date	Tran Type	Confirm Number	Authorized Caller	Amount
12/27/2012	12/26/2012	RD	1382775	HENRY TABOADA	550,000.00

Account Summary

Total Deposit:	550,000.00	Beginning Balance:	497,616.10
Total Withdrawal:	0.00	Ending Balance:	1,047,616.10

Bill Lockyer, State Treasurer

Inside the State Treasurer's Office

Local Agency Investment Fund (LAIF)



PMIA Performance Report

Date	Daily Yield*	Quarter to Date Yield	Average Maturity (in days)
1/10/2013	0.31	0.31	231
1/11/2013	0.31	0.31	232
1/12/2013	0.31	0.31	232
1/13/2013	0.31	0.31	232
1/14/2013	0.31	0.31	230
1/15/2013	0.30	0.31	225
1/16/2013	0.30	0.31	225
1/17/2013	0.30	0.31	230
1/18/2013	0.29	0.31	239
1/19/2013	0.29	0.31	239
1/20/2013	0.29	0.31	239
1/21/2013	0.29	0.31	239
1/22/2013	0.29	0.31	239
1/23/2013	0.29	0.31	241

*Daily yield does not reflect capital gains or losses

LAIF Performance Report

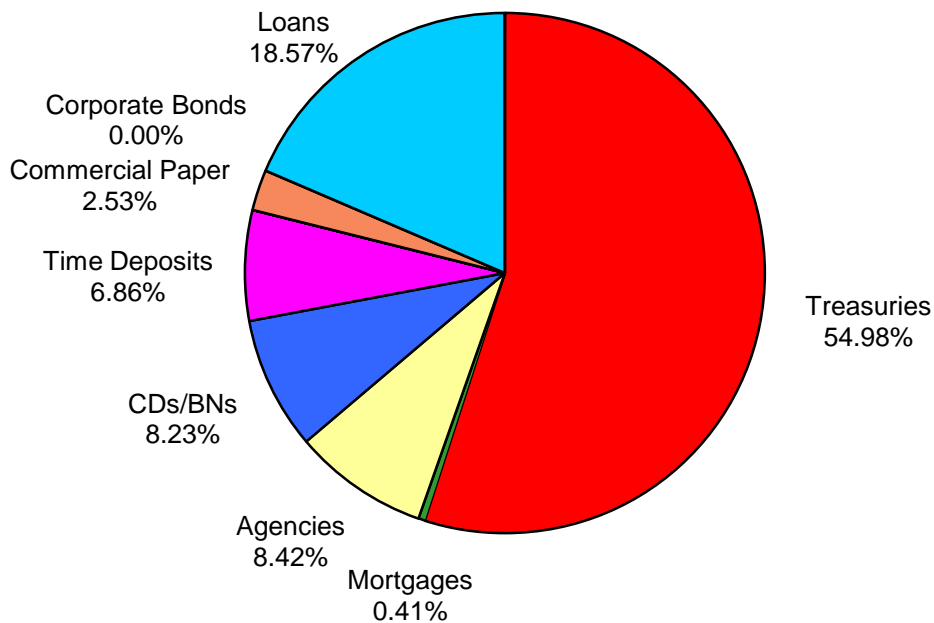
Quarter ending 12/31/2012

Apportionment Rate: 0.32%
 Earnings Ratio: .00000881899236296
 Fair Value Factor: 1.001127231
 Daily: 0.32%
 Quarter To Date: 0.33%
 Average Life: 208

PMIA Average Monthly Effective Yields

DECEMBER 2012 0.326%
 NOVEMBER 2012 0.324%
 OCTOBER 2012 0.340%

Pooled Money Investment Account Portfolio Composition \$63.2 Billion 12/31/12



Rossmoor Community Services District

Policy

No. 3035

INVESTMENT OF DISTRICT FUNDS

3035.00 Purpose: The purpose of this policy is to comply with the requirements of California Government Code Sections 53600 et. seq. and to provide clear guidance for the investment of surplus funds under the control but not required for the immediate needs of the Rossmoor Community Services District (RCSD); herein after, the District.

3035.10 Objectives: The objectives of the investment of the funds of the District is primarily to safeguard the principal of the funds under its control, secondarily, to meet the liquidity needs of the District and thirdly, to achieve a market rate of return consistent with California law.

3035.20 Responsibility: When investing public funds, the District is a trustee and therefore a fiduciary subject to the prudent investor standard. 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 District that a prudent person would exercise in the management of his or her own funds, not for speculation, but for investment, considering the probable safety of his or her capital, as well as the probable income to be derived.

3035.30 Investment Principles:

3035.31 The District shall invest all funds under its control that are not needed for its operations.

3035.32 The District shall have a diversified investment portfolio limited to the following types:

- a. United States Treasury Bills, Notes and Bonds.
- b. Federal Agency or United States Government sponsored enterprise obligations.
- c. Registered California State Bonds, Warrants or Treasury Notes.
- d. California Local Agency Investment Fund (LAIF).
- e. Orange County Treasury.
- f. Bonds or Notes of U.S. corporations rated "A" or better by Moody's or S&P, for terms not to exceed five years.
- g. Bankers Acceptances (Bills of Exchange, or Time Drafts), maturity not to exceed six months.
- h. Certificates of Deposit, maturity not to exceed two years.
- i. Mutual funds that consist solely of one of the following investment types noted above:
a., b.,c., or f.

3035.33 The District shall not invest more than fifty percent (50%) of its investment portfolio in securities that have a maturity of more than one year. No more than twenty-five percent (25%) of its portfolio shall be invested in securities that have a maturity of more than two years. No securities can be purchased with a maturity greater than five years, unless matched to a specific asset acquisition or approved by the Board.

3035.34 The District's investment strategy is to purchase securities with the intent of holding them until maturity. However, the District may sell a security prior to its maturity in order to improve the quality, liquidity or yield of the portfolio in response to market conditions or District needs.

3035.35 The transferring of investment funds will be carried out exclusively by use of telephonic or electronic wire transfers. Each entity with which the District does business shall receive, in writing, a listing which limits transfers of funds to preauthorized bank accounts only.

3035.36 The District shall maintain all funds needed for its operations within one month, together with all funds not then invested in accordance with Section 3035.32 in one or more checking accounts or savings accounts that are fully insured by FDIC in state or national banks, state or federal savings associations, or state or federal credit unions in California. Such funds may be in active deposits, inactive deposits, and/or interest bearing active deposits. The deposits cannot exceed the amount of the bank's, savings and loans', or credit union's paid up capital surplus. The funds may be in an account over \$100,000 if the FDIC limit is raised or if the bank, savings and loan or savings institution has collateralized the account by at least 110% in another bank or financial institution.

3035.37 The District may invest some or all its investment portfolio in the LAIF upon a recommendation of the Investment Committee and approval of the Board. The District shall invest no more than twenty-five percent (25%) of its investment portfolio in any one of the other types of investment as set forth in Section 3035.32 and shall not invest more than the FDIC limit (within the maturity date of the deposit/investment) in any one financial institution (bank, savings and loan, credit union), or U.S. corporation.

3035.38 All security transactions entered into by the District shall be conducted on delivery-versus payment (DVP) basis. All securities purchased or acquired shall be delivered to the District by book entry, physical delivery or by third party custodial agreement.

3035.39 The purchase of any investment shall be made either directly from the issuer or from an institution licensed by the state as a broker-dealer (as defined in Corporations Code Section 25004) or from a member of a federally regulated securities exchange, from a national or state-chartered bank, from a savings association or federal association (as defined in Financial Code Section 5102) or from a brokerage firm designated as a primary government dealer by the Federal Reserve Bank.

3035.40 Investment Committee: The Investment Committee is comprised of two Board members and the General Manager. Members are appointed by the President of the Board and shall meet quarterly (unless there are no new funds to invest or investments maturing during the quarter) to review current data concerning all deposit accounts and investments, to analyze the total balance, yield percentage, interest earned, maturity dates and other relevant information for each account and investment. The Investment Committee shall make recommendations specifying the investments to be made and amounts to be transferred to the appropriate accounts. The Investment Committee may consult with the District's auditor and/or other financial advisors as reasonably necessary to implement the District's investment objectives. Following a review by the Investment Committee, the General Manager shall provide a report to the Board of Directors at its next regular meeting, or at a special meeting, as appropriate, setting forth the

components and performance of the District's current investment portfolio, together with any recommendations made by the Investment Committee.

3035.50 Investment Portfolio: The District's investment portfolio is defined as all monies invested and any reserve funds, designated or undesignated, which are available for long or short term investment, and any operating capital in excess of three months of the District's operational needs.

3035.60 Board of Directors: Upon review of the Investment Committee's report and recommendations, the Board shall make a determination regarding such recommendations. Upon such determination, the officials authorized by Policy No. 4055, shall execute the appropriate documents to transfer funds as necessary and/or to authorize the financial institution to initiate the investment, except for electronic transfers made in accordance with Resolution No.10-06-08-01.

3035.70 Policy Review: This policy shall be reviewed by the Board annually, to determine if any changes are needed and to acknowledge that it has been reviewed.

Approved: Renumbering & Format - October 8, 2002
Adopted: August 12, 2003
Amended: July 11, 2006
Amended: May 8, 2007
Amended: November 11, 2008
Amended: January 13, 2009
Amended: April 14, 2009
Amended: August 10, 2010