



Agenda Item No. 11b.

Staff Report

Date: February 11, 2016
To: Mayor Katie Hoertkorn and Councilmembers
From: Joe Chinn, Town Manager
Subject: Investment Report for the Quarter Ended 12/31/15

Recommendation

The Council accepts investment report for quarter ended December 31, 2015.

Background and discussion

This report is provided as required by the investment policy approved by the Council on June 11, 2015. Current investments are consistent with the investment policy and are allowable under current California law. Investments are selected to meet the priority principals of the policy: safety, liquidity, and yield in respective order. Sufficient liquidity exists to fund operating and capital project requirements for the next six month.

Investment income for the operating fund was \$12,159 for the six months ended December 31, 2015. Cash in Wells Fargo and US Bank is for day to day operations and there is no return on these funds. LAIF funds are currently yielding .37%. CalTRUST has average annual returns of .12% for money market, .54% for short term funds, and .91% for medium term. The current RBC account consists primarily of taxable fixed income securities.

Fiscal, resource and timeline impacts

No financial impact from accepting this report.

Alternative actions

No alternative actions are suggested.

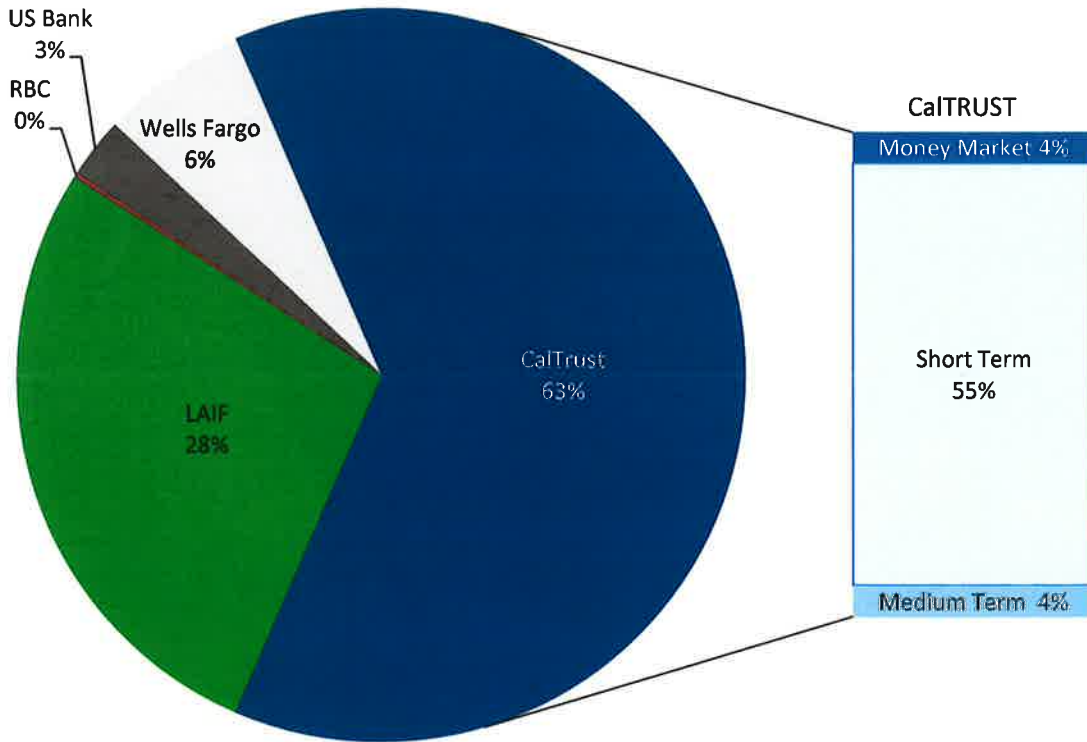
Environmental review (if applicable)

N/A

Attachments

- Summary of investment values and graph
- CalTRUST statement 12.31.15
- CalTRUST monthly market update
- LAIF statement 12.31.15
- LAIF performance report
- RBC summary statement 12.31.15
- U.S. Bank summary statement 12.31.15
- Wells Fargo summary statement 12.31.15

Investment Balances December 31, 2015		
CalTRUST money mkt	\$ 501,226.31	4%
CalTRUST short term	6,834,571.57	55%
CalTRUST medium term	502,887.60	4%
Total CalTRUST	7,838,685.48	63%
LAIF	3,418,907.08	28%
RBC	23,404.89	0%
US Bank	331,290.03	3%
Wells Fargo	805,493.10	6%
	<u>\$ 12,417,780.58</u>	<u>100%</u>





**TOWN OF ROSS
STATEMENT FOR PERIOD
December 01, 2015 - December 31, 2015**

The Heritage Money Market Fund - Select Class

Date	Transaction	Shares	Price Per Share	Amount	Average Cost NAV	Average Cost Amount	Realized Gain/Loss*
11/30/2015	BALANCE FORWARD	501,164.120	1.00	501,164.12	1.00	501,164.12	0.00
12/01/2015	INCOME DISTRIBUTION - NOVEMBER	62.190	1.00	62.19	1.00	62.19	0.00
12/31/2015	UNREALIZED GAIN (LOSS)	0.000		0.00		0.00	
12/31/2015	ENDING BALANCE	<u>501,226.310</u>	1.00	<u>501,226.31</u>		<u>501,226.31</u>	
	INCOME DISTRIBUTION PAID - NOVEMBER			0.00			
	INCOME ACCRUAL - DECEMBER			104.12			
	CUMULATIVE UNREALIZED GAIN (LOSS)			0.00			

* Please note that this information should not be construed as tax advice and it is recommended that you consult with a tax professional regarding your account.

CalTrust Short Term Fund

Date	Transaction	Shares	Price Per Share	Amount	Average Cost NAV	Average Cost Amount	Realized Gain/Loss*
11/30/2015	BALANCE FORWARD	582,615.537	10.02	5,837,807.68	10.02483286	5,840,623.38	
12/01/2015	INCOME DISTRIBUTION - NOVEMBER	258.746	10.02	2,592.63	10.02483071	2,592.63	0.00
12/23/2015	PURCHASE	99,900.100	10.01	1,000,000.00	10.02266075	1,000,000.00	0.00
12/31/2015	UNREALIZED GAIN (LOSS)	0.000		-5,828.74		0.00	
12/31/2015	ENDING BALANCE	<u>682,774.383</u>	10.01	<u>6,834,571.57</u>		<u>6,843,216.01</u>	
	INCOME DISTRIBUTION PAID - NOVEMBER			0.00			
	INCOME ACCRUAL - DECEMBER			2,867.18			
	CUMULATIVE UNREALIZED GAIN (LOSS)			-8,644.44			

* Please note that this information should not be construed as tax advice and it is recommended that you consult with a tax professional regarding your account.

CalTrust Medium Term Fund

Date	Transaction	Shares	Price Per Share	Amount	Average Cost NAV	Average Cost Amount	Realized Gain/Loss*
11/30/2015	BALANCE FORWARD	50,100.914	10.05	503,514.19	10.05013960	503,521.18	
12/01/2015	INCOME DISTRIBUTION - NOVEMBER	37.431	10.05	376.18	10.05013947	376.18	0.00
12/31/2015	UNREALIZED GAIN (LOSS)	0.000		-1,002.77		0.00	
12/31/2015	ENDING BALANCE	<u>50,138.345</u>	10.03	<u>502,887.60</u>		<u>503,897.36</u>	
	INCOME DISTRIBUTION PAID - NOVEMBER			0.00			
	INCOME ACCRUAL - DECEMBER			391.83			
	CUMULATIVE UNREALIZED GAIN (LOSS)			-1,009.78			

* Please note that this information should not be construed as tax advice and it is recommended that you consult with a tax professional regarding your account.

For Inquiries About Your Account, Contact:

Nottingham Investment Administration
116 South Franklin Street
Rocky Mount, NC 27804
Attention: CalTRUST Shareholder Services
Phone: 800.773.3863
Fax: 252-972-1908
Email: caltrustsupport@ncfunds.com

TOWN OF ROSS
TOWN OF ROSS
ATTN: JOE CHINN
PO BOX 320
ROSS, CA 94957

Seasons Greetings To All From CalTRUST

President's Perspective

New CalTRUST Government Money Market Fund Shows Strong Growth In First Two Months

The new CalTRUST Government Money Market Fund (MMF) has proven to be a popular addition to the CalTRUST fund lineup since its introduction in October. In just the first two months since its launch, the Government MMF has attracted over \$117 million in assets.

The CalTRUST Government MMF was introduced to provide local agency investors with an SEC-registered investment option with a stable value (stable \$1 share price), even after the full implementation of new SEC rules governing MMFs in October of 2016. In fact, the new CalTRUST Government MMF provides public agencies with all that they have asked for in a stable value option:

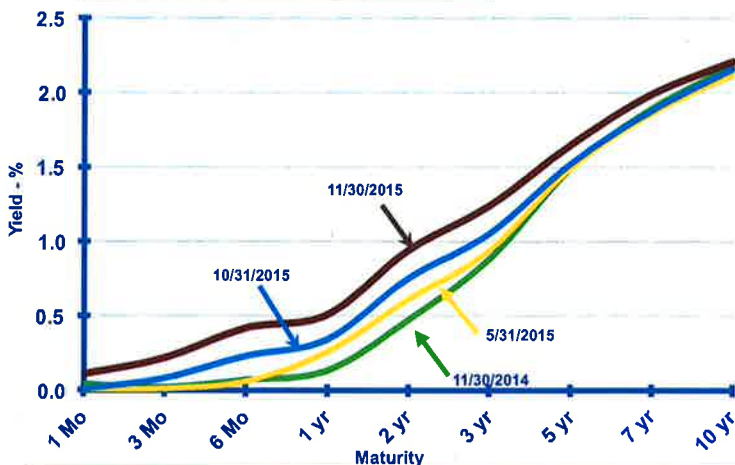
- A stable \$1.00 NAV, with no redemption gates or fees;
- Same-day liquidity for purchases and redemptions until 1 pm PT;
- "AAAm" and "Aaa-mf" ratings from S&P and Moody's, respectively;
- Highly competitive money market fund rates;
- Best available expense ratio in Select Class shares; and
- Full compliance with all provisions of Rule 2a-(7) governing SEC-registered MMFs.

For more information about the new CalTRUST Government MMF, or any of the other CalTRUST funds, please contact me by email at the address below, or contact:

Lyle Defenbaugh, Wells Fargo Asset Management 916-440-4890
Laura Labanieh, CSAC Finance Corporation 916-327-7500
Norman Coppinger, League of California Cities 916-658-8277
Neil McCormick, California Special Districts' Association 916-924-2732

Chuck Lameli, President of the CalTRUST Board of Trustees and Solano County Treasurer
calomeli@solanocounty.com

Treasury Yield Curve



CalTRUST Money Market Funds

Avg Annual Total Return (November 30, 2015)	1-year	3-year	5-year	10-year	Since Inception
CalTRUST Government MMF	0.02%	0.01%	0.01%	1.26%	3.36%
Lipper Instit Govt MMF Average	0.03%	0.01%	0.01%	1.21%	--
CalTRUST Heritage MMF	0.12%	0.09%	0.11%	1.45%	2.77%
Lipper Instit MMF Average	0.04%	0.03%	0.04%	1.32%	--

CalTRUST Portfolio Snapshot

(November 30, 2015)

	CalTRUST Short-Term		LAIF	CalTRUST Medium-Term		Merrill 1-3 Year Gov't & Corp "A" or Better
	Total Return	Yield Return	Yield Return	Yield Return	Total Return	
Distribution Yield ¹	0.54%		0.37%	0.91%		N/A
Effective Duration	0.51		N/A	1.72		1.88
Avg Maturity (yrs)	1.03		0.54	2.03		1.94
Returns:²						
One Month	-0.01%	0.04%	0.03%	0.07%	-0.12%	-0.20%
One Year	0.33%	0.47%	0.31%	0.81%	0.52%	0.52%
Three Year ³	0.38%	0.40%	0.27%	0.74%	0.56%	0.70%
Five Year ³	0.43%	0.44%	0.32%	0.91%	0.79%	0.92%
Ten Year ³	1.75%	1.72%	1.67%	2.24%	2.32%	2.67%
Since Inception ^{3,4}	1.85%	1.83%	1.77%	2.20%	2.28%	2.61%

- CalTRUST Short- and Medium-Term and LAIF yields are net of fees. The Merrill Index is unmanaged, and does not reflect any deduction for administrative fees or expenses.
- CalTRUST and LAIF returns are net of all investment advisor, administrative and program fees.
- Annualized.
- CalTRUST Short- and Medium-Term portfolios commenced operations February 13, 2005.

Financial Markets Update

A 'Low & Slow' Fed Approach to Rate Hikes Unlikely to Send Yields Sharply Higher

A few months ago, Brian Jacobsen, Aldo Ceccarelli, John Manley and James Kochan, all senior investment strategists at Wells Fargo Funds Management, LLC, looked at the Federal Reserve's likely "path to normal" and its likely effect on rates in the overall bonds market.

The first thing to keep in mind, they point out in their **Economic Analysis** (link), is that the Fed is starting from a lower base rate than ever before. In addition, repeated comments from Fed officials, particularly Fed Chair Janet Yellen and Stanley Fischer, strongly suggest that the Fed is unlikely to move in a straight and steady line; in other words, it's initial path will not only be "low and slow" but likely a "long and winding road". The upshot is that it could take three years or more to get the Fed funds rate from effectively 0% to 3.5%.

Most interestingly, they looked back at the behavior of the 10-year Treasury during the four most recent Fed tightening cycles. In each case, the 10-year rose prior to the first Fed rate hike, as investors anticipated the policy change in advance of Fed action; and with the exception of the 1999 cycle, the 10-year Treasury moved less than the Fed Funds rate. Moreover, in the last two cycles -- 1999 and 2004-06 -- the yield on the 10-year moved up more before the initial rate hike than after.

Given this history, they conclude, if the Fed is going to be more gradual this cycle than in the past, a rise in the Fed funds rate should not cause bond yields to spike sharply higher.

The CalTRUST Monthly Market Update is prepared monthly by the Investment Trust of California (CalTRUST) for participants in the CalTRUST Joint Powers Authority pooled investment program. The Newsletter is prepared solely for informational purposes and is not to be construed as the solicitation of an offer to sell or of an offer to buy any security, nor is it intended to constitute a recommendation for the purchase or sale of any security. The information contained herein is based upon data obtained from sources believed to be reliable, but is not guaranteed by us as being accurate and does not purport to be a complete summary of the available data. Additional data will be provided upon request. Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied, is made regarding future performance. Information, opinions and estimates contained in the Monthly Market Update reflect a judgment at its preparation date by CalTRUST and are subject to change without notice. The price, value of, and income from any securities or financial instruments issued by the entities mentioned in this Monthly Market Update may fall as well as rise.



BETTY T. YEE

California State Controller

LOCAL AGENCY INVESTMENT FUND
REMITTANCE ADVICE

Agency Name

ROSS

Account Number



As of 01/15/2016, your Local Agency Investment Fund account has been directly credited with the interest earned on your deposits for the quarter ending 12/31/2015.

Earnings Ratio		.00001006140492611
Interest Rate		0.37%
Dollar Day Total	\$	259,407,823.68
Quarter End Principal Balance	\$	3,418,907.08
Quarterly Interest Earned	\$	2,610.01



**JOHN CHIANG
TREASURER
STATE OF CALIFORNIA**



PMIA Performance Report

Date	Daily Yield*	Quarter to Date Yield	Average Maturity (in days)
12/31/15	0.43	0.38	179
01/01/16	0.43	0.43	178
01/02/16	0.43	0.43	178
01/03/16	0.43	0.43	178
01/04/16	0.44	0.43	185
01/05/16	0.44	0.43	184
01/06/16	0.44	0.43	184
01/07/16	0.44	0.44	185
01/08/16	0.45	0.44	186
01/09/16	0.45	0.44	186
01/10/16	0.45	0.44	186
01/11/16	0.45	0.44	184
01/12/16	0.45	0.44	184
01/13/16	0.45	0.44	183

*Daily yield does not reflect capital gains or losses

LAIF Performance Report

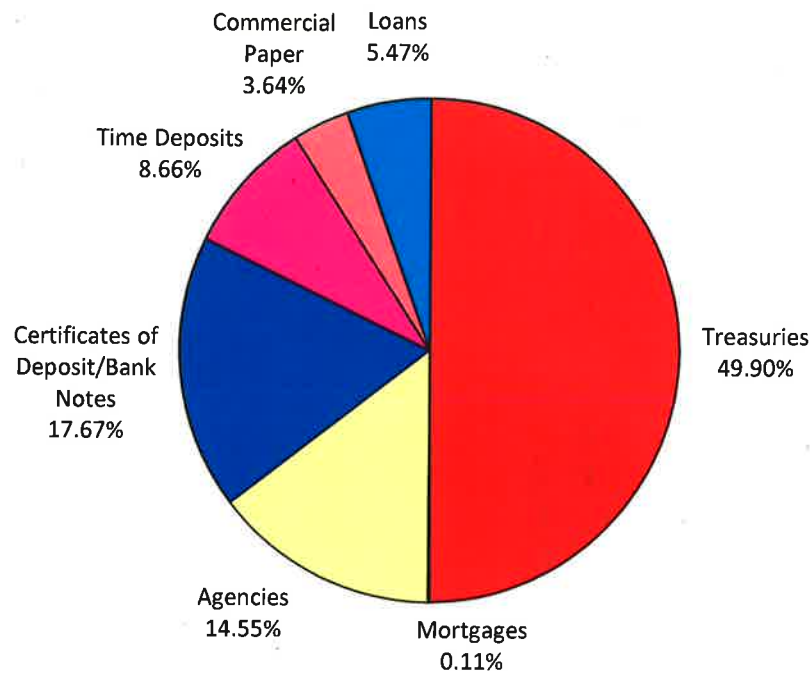
Quarter Ending 12/31/15

Apportionment Rate: 0.37%
 Earnings Ratio: 0.00001006140492611
 Fair Value Factor: 0.999186963
 Daily: 0.43%
 Quarter to Date: 0.38%
 Average Life: 179

PMIA Average Monthly Effective Yields

DEC 2015 0.400%
 NOV 2015 0.374%
 OCT 2015 0.357%

**Pooled Money Investment Account
Portfolio Composition
12/31/15
\$65.6 billion**





RBC Wealth Management

A division of RBC Capital Markets, LLC, Member NYSE/FINRA/SIPC.

TOWN OF ROSS
ATTN JOE CHINN
PO BOX 320
ROSS CA 94957-0320



YOUR INFORMATION

Government Account



ACCOUNT STATEMENT

DECEMBER 1, 2015 - DECEMBER 31, 2015



Account number:

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ACCOUNT VALUE SUMMARY

	THIS PERIOD	THIS YEAR
Beginning account value	\$23,334.82	\$48,883.70
Return of principal	1,557.74	26,308.78
Withdrawals	0.00	-26,495.84
Taxable Income	108.27	2,127.54
Change in asset value	-1,595.94	-27,419.29
Ending account value	\$23,404.89	\$23,404.89

TOTAL PORTFOLIO VALUE

Ending account value	\$23,404.89
Estimated accrued interest	99.31
Total portfolio value	\$23,504.20

Please see "About Your Statement" on page 2 for further information.



P.O. Box 1800
Saint Paul, Minnesota 55101-0800

5639 IMC Y ST01

Business Statement

Account Number: [REDACTED]

Statement Period:
Dec 1, 2015
through
Dec 31, 2015

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ROSS RECREATION
PO BOX 320
ROSS CA 94957-0320

To Contact U.S. Bank

Commercial Customer Service:

1-877-295-2509

Telecommunications Device for the Deaf:

1-800-685-5065

Internet:

usbank.com

NEWS FOR YOU

Price changes for U.S. Bank's Business Checking, Savings and Treasury Management Services are effective January 1, 2016. You can view revised pricing (only those prices that changed) at www.usbank.com/tmpricing beginning December 1, 2015. Please enter the Access Code listed below to view price changes that may apply. If you experience difficulty accessing this information, please contact Customer Service at the number listed in the upper right corner of this statement or by sending an email to Customer Service at commercialsupport@usbank.com.

Access Code: CF-22AB-53E9-B27C

INFORMATION YOU SHOULD KNOW

Notice: Effective January 1st, 2016 the returned deposited item fee will increase from \$8.00 to \$10.00. If you need more information or have questions, please stop into your local branch or call us at 800-673-3555.

Protecting your accounts is our highest priority. As a security precaution, we close Debit Cards and ATM Cards after 18 months of inactivity. Please call us with any questions at 800-673-3555.

GOLD BUSINESS CHECKING

U.S. Bank National Association

Account Summary

Member FDIC
Account Number [REDACTED]

	# Items	\$	
Beginning Balance on Dec 1			254,556.24
Customer Deposits	3		22,428.04
Other Deposits	27		54,855.55
Other Withdrawals	3		548.80-
Ending Balance on Dec 31, 2015		\$	331,290.03

Customer Deposits

Number	Date	Ref Number	Amount	Number	Date	Ref Number	Amount
	Dec 8	8357848419	10,256.04		Dec 22	8367503153	7,490.00
	Dec 17	8954382664	4,682.00				

Total Customer Deposits \$ 22,428.04

Other Deposits

Date	Description of Transaction	Ref Number	Amount
Dec 1	MERCH 8020745181	ROSS DEPOSIT	1,191.20
Dec 2	MERCH 8020745181	ROSS DEPOSIT	2,591.00
Dec 3	MERCH 8020745181	ROSS DEPOSIT	1,150.00
Dec 4	MERCH 8020745181	ROSS DEPOSIT	1,803.00
Dec 7	MERCH 8020745181	ROSS DEPOSIT	99.00
Dec 7	MERCH 8020745181	ROSS DEPOSIT	649.00
Dec 7	MERCH 8020745181	ROSS DEPOSIT	671.00
Dec 8	MERCH 8020745181	ROSS DEPOSIT	22,033.15
Dec 9	MERCH 8020745181	ROSS DEPOSIT	1,175.00
Dec 10	MERCH 8020745181	ROSS DEPOSIT	815.00
Dec 11	MERCH 8020745181	ROSS DEPOSIT	615.00
Dec 14	MERCH 8020745181	ROSS DEPOSIT	673.00

Business Checking - Public Funds

Account number: [REDACTED] ■ December 1, 2015 - December 31, 2015 ■ Page 1 of 7



TOWN OF ROSS
PO BOX 320
ROSS CA 94957-0320

Questions?

Available by phone 24 hours a day, 7 days a week:
Telecommunications Relay Services calls accepted

1-800-CALL-WELLS (1-800-225-5935)

TTY: 1-800-877-4833

En español: 1-877-337-7454

Online: wells Fargo.com/biz

Write: Wells Fargo Bank, N.A. (114)
P.O. Box 6995
Portland, OR 97228-6995

Your Business and Wells Fargo

Cash flow is one of the most critical components of success for a small or mid-sized business. Achieving a positive cash flow does not come by chance. Learn more about managing cash flow by visiting wells Fargo.com/biz.

Account options

A check mark in the box indicates you have these convenient services with your account(s). Go to wells Fargo.com/biz or call the number above if you have questions or if you would like to add new services.

- Business Online Banking
- Online Statements
- Business Bill Pay
- Business Spending Report
- Overdraft Protection

Activity summary

Beginning balance on 12/1	\$161,590.33
Deposits/Credits	3,360,395.26
Withdrawals/Debits	- 2,716,492.49
Ending balance on 12/31	\$805,493.10
 Average ledger balance this period	 \$1,180,569.51

Account number: [REDACTED]

TOWN OF ROSS

California account terms and conditions apply

For Direct Deposit use

Routing Number (RTN): [REDACTED]

For Wire Transfers use

Routing Number (RTN): [REDACTED]

Transaction history

Date	Check Number	Description	Deposits/ Credits	Withdrawals/ Debits	Ending daily balance
12/1		Crown Castle USA Cons Pay 151201 01450602 0004 Ross CA, Town of	1,520.68		
12/1		Apport St of CA Apsapports 112515 1683 Ross City Treasure	5,551.01		
12/1		Deposit	24,283.92		

Sheet Seq = 0044510
Sheet 00001 of 00004