

***MONTHLY***  
***INVESTMENT***  
***REPORT***

**JULY 31, 2006**

***MARCIA K. HULL***  
***NAPA COUNTY TREASURER-TAX COLLECTOR***



The Napa-Vallejo Waste Management Authority's (Authority) contract with Allied Waste Industries, Inc. (Allied) for operation of the Devlin Road Transfer Station (DRTS), transportation of the residual waste to landfill and landfill disposal terminates on June 30, 2007. HDR/Brown, Vence and Associates, Inc. (HDR/BVA) was retained by the Authority to assist in negotiations and procurement for provision of these services when the contract terminates.

HDR/BVA in consultation with the Authority Manager and Counsel decided to divide the new contract into two separate contracts; one for operations of the DRTS and transportation of residual waste to landfill and the second for landfill disposal capacity. HDR/BVA believes it is in the best interest of the Authority to separate the contracts to increase the incentive for landfill diversion in the DRTS operations contract. The contract division concept was presented to the Board Ad Hoc Committee and agreed upon. Two draft generic contracts (one for each service area) were then developed by HDR/BVA in consultation with the Authority Manager and Counsel.

HDR/BVA initiated the process by conducting discussions and negotiations with the Authority's existing contractor, Allied. HDR/BVA along with the Authority Manager and Counsel met with Allied representatives several times to negotiate contractual terms and pricing for the services required. HDR/BVA used contractual terms and pricing from other similar local transfer station projects to compare Allied's offer for operations of the DRTS and transport of residual waste. From these comparisons and subsequent discussions with Allied, it was determined that the Authority might be able to obtain more favorable terms through open solicitation. HDR/BVA along with the Authority Manager discussed the risks and opportunities of the option to prepare a competitive solicitation or Request for Proposals (RFP) to procure an operator for the DRTS with the Ad Hoc Committee. Based on the discussion, the Ad Hoc Committee preferred to move ahead with development of an RFP for procurement of the DRTS operator and residual waste transport to landfill.

Concurrently with preparation of the DRTS Operations RFP, HDR/BVA continued discussions and negotiations for Allied's provision of disposal capacity. HDR/BVA along with the Authority Manager and Counsel met with Allied several additional times to discuss contractual terms and pricing. During this same period HDR/BVA and the Authority Manager started conducting informal meetings with other disposal site operators to obtain information on available capacity in the region and associated pricing. These discussions revealed that the Authority might have the opportunity for more favorable terms from other disposal site operators, than was offered by Allied for continued use of Keller Canyon Landfill. Based on the information provided, the Ad Hoc committee expressed its preference for including a solicitation for disposal capacity in the RFP to procure an operator for the DRTS. Companies would be allowed to propose on either or both of the two service packages: 1) operation of the DRTS with delivery to the selected landfill(s) and 2) landfill disposal.

# COMPOSITION OF NAPA COUNTY TREASURY

Effective: JULY 31, 2006

Investment	Principal	% of Total
U.S. Treasuries and Agencies		
Federal Ag Mortgage Corp	\$ -	
Federal Home Loan Mortg Corp	\$ 53,175,000.00	
Federal Farm Credit Bank	\$ 95,000,000.00	
Federal Home Loan Bank	\$ 178,000,000.00	
Federal Nat'l. Mortg Assn	\$ 29,400,000.00	
US Treasury Notes	\$ -	
Student Loan Market Assn	\$ -	
Overnight Sweep	\$ -	
<b>Total, U.S. Treasuries and Agencies</b>	<b>\$ 355,575,000.00</b>	<b>94.09%</b>
Corporate Notes	\$ -	0.00%
Bankers Acceptances	\$ -	0.00%
Commercial Paper	\$ -	0.00%
LAIF	\$ 18,165,000.00	4.81%
Teeter Notes	\$ 3,984,038.44	1.05%
Time Deposits	\$ 200,000.00	0.05%
<b>Total of All Funds</b>	<b>\$ 377,924,038.44</b>	<b>100.00%</b>

## RELATIONSHIP TO POLICY

All investments are consistent with the County Investment Policy. There is sufficient liquidity to cover all anticipated cash flow needs for the pool participants for the next 6 months.

1. Safety - There are NO at risk investments in the portfolio.
2. Liquidity - 25.8% of the portfolio matures within 90 days.  
\$18,165,000.00 are available on a daily basis and \$349,922,974.35 could be liquidated at a profit.
3. Maximization - Interest maximization is consistent with safety, liquidity and cashflow considerations.

Investment vehicles used during the month of July 2006 were :  
Agencies of the Federal Government, Certificates of Deposit, LAIF and Teeter Notes.

The weighted average days to maturity was 556 days.  
There were no "when issued" trading nor were there any swaps of securities.  
No reverse repo's and no securites lending.

## SUMMARY

A comparison of the Investment Portfolios of July 2005 with that of July 2006 is as follows:

	July 2005	July 2006
Gov't. Securities & LAIF	344,988,160.16	373,740,000.00
Teeter Notes	1,097,839.27	3,984,038.44
Time Bank Deposits	200,000.00	200,000.00
	346,285,999.43	377,924,038.44
TOTAL	346,285,999.43	377,924,038.44

A comparison of interest received during the month of July 2005 with that of July 2006 is as follows:

	July 2005	July 2006
Interest on Gov't. Securities	738,010.67	879,966.22
Interest of LAIF	233,699.52	384,997.16
Interest on Teeter Notes	0.00	0.00
Interest on Time Deposits	0.00	0.00
Interest on Trust Account	0.00	0.00
	971,710.19	1,264,963.38
TOTAL	971,710.19	1,264,963.38

A comparison of the cumulative interest received in the period of July 1, 2005 thru June 30, 2006 with that of July 1, 2006 thru June 30, 2007.

	2005-06	2006-07
Interest on Gov't. Securities	738,010.67	879,966.22
Interest on LAIF	233,699.52	384,997.16
Interest on Teeter Notes	0.00	0.00
Interest on Time Deposits	0.00	0.00
Interest on Trust Account	0.00	0.00
	971,710.19	1,264,963.38
TOTAL	971,710.19	1,264,963.38

THE BANK OF  
NEW YORK  
TRUST  
COMPANY, N.A.

NAPA COUNTY TREASURER  
Account # 076407  
July 31, 2006

00006269

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SUMMARY OF ASSETS HELD	MARKET VALUE	BOOK COST	EST ANN INCOME	YLD-MKT	% A/C
FIXED INCOME INVESTMENTS	303,208,448.68	307,372,884.16	11,527,100.00	3.80	86.65
GOVERNMENT BONDS	303,208,448.68	307,372,884.16	11,527,100.00	3.80	86.65
U S AGENCIES	303,208,448.68	307,372,884.16	11,527,100.00	3.80	86.65
SHORT-TERM INVESTMENTS	46,714,525.67	46,585,073.61	1,803,423.75	3.86	13.35
CASH	.00	.00	.00		
ACCOUNT TOTALS	\$349,922,974.35	\$353,957,957.77	\$13,330,523.75	3.80%	100.00

\*\*ACCRUED INTEREST FOR THIS PERIOD IS \$3,613,538.71