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Case Sent to DA in Loudon Investigation

... continued from page 4

French said the investigation is complete, but added, "Our greatest frustration is that there are individuals who may have knowledge about the circumstances surrounding the papaverine, yet no one is talking." French also acknowledged ongoing concerns about unanswered questions regarding Loudon's death, saying "We have done everything we could in investigating the death. Sadly, this is a situation where we may never know some answers."

Anyone with any information on the case or on the source of the papaverine is still encouraged to contact the Orinda Police Department at (925) 284-5010. L.Borrowman

Life in LAMORINDA

Budd MacKenzie, a Man Consumed by his Passion for Freedom

By Sophie Braccini



Budd MacKenzie Photo courtesy of TIE

From the danger zones of Afghanistan to the comfort of his Lamorinda life, Budd MacKenzie is a tireless traveler working for reconstruction and long-term development. He is a man who wants to change the world; on a more modest scale, a man who wants to bring permanent development and freedom to men and women living in regions of Afghanistan where an uncommon journey has taken the man who was President of the Lafayette Chamber of Commerce in 2006 and 2003-2004 Lafayette Citizen of the Year. Over the past six years, his non-profit "Trust in Education" (TIE) has achieved results that would make any international NGO proud.

In 2004 TIE reached an agreement with the villagers of Lalander (16 miles south of Kabul) to construct a secular school for boys and girls.

Politically engaged, MacKenzie believes that no nation should topple another's government without taking on the reconstruction that follows. "Our commitment is clear," says MacKenzie. "Be part of the rebuilding effort."

MacKenzie's first cause in Afghanistan was educating women. "Even now in the villages I cannot talk directly to women, when I arrive they disappear to the back of the house," he says. MacKenzie confesses that there is no better way to appreciate women than having to deal only with men. The Afghan government has affirmed its objective of educating women, but in reality, when cuts are made it is to girls' education. Girls in school number about 1/3 of their male counterparts and most parents don't see the need for girls' education past the elementary level, if at all.

In Lalander and neighboring villages TIE pays for 27 full time teachers; more than half of the 839 students are girls and a new school has been built, with swing sets. All of this has been done with the cooperation and support of local leaders and the Afghan Department of Education. "One key to success is to in-

volve the villagers and their leaders in the process and to make the program transparent and verifiable," says MacKenzie.

The second cause is 'food-clothe-shelter.' "Once I got involved and after visiting Afghanistan, there was no pulling back," said MacKenzie. "Working for education is working for the future," he adds, "but these people have seen their country devastated, their economy ruined; it all has to be rebuilt." On these issues as well MacKenzie is working in partnership with local experts and authorities, while learning to avoid the risks of corruption.

Among other accomplishments, TIE has enabled the planting of over 22,000 fruit trees, has provided 300 sheep (5 per farmer for 60 farmers) through its microcredit program, has provided 5600 lbs of clothing, blankets and other items, funded the building of four bridges and has transferred the technology of a hydraulic ramp pump that does not require electricity or gas with the help of Solano Community College students. "The purpose is not to sprinkle emergency help, but to engage in a long term strategy of development


that will bring independence to these people," says MacKenzie.

Along the way MacKenzie and his team decided to support the Aschiana Project, a well organized and controlled program that sponsors Afghan street children and sends them back to school. For \$20 a month, parents commit to sending their child to school instead of the street. "Our permanent project managers in Kabul help follow up with every one of the kids, making sure they indeed go back to school," says MacKenzie.

MacKenzie gives regular talks to the community to present his results to those who have donated and raise the interest of new partners. His next speaking engagement is on September 9th at the Moraga Valley Presbyterian Church (MVPC) at 8:00 a.m. "I'd like many people to come and hear what has been done," says MacKenzie, "bring a friend, and ask questions, I'll be there just for that." MVPC is at 10 Moraga Lane and the event is opened to the public. A \$3 breakfast will be served. RSVP to Bob Prindle, 631-1142. For more information go to www.trusteducation.org.

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Lynn's Top Five LET'S TALK MUNIS (and we don't mean the buses!)

By Lynn Ballou, CFP, EA

Retirees and working investors alike are bemoaning the interest income they are earning (or should we say NOT earning) on their income oriented investments. With the recent Fed meeting just behind us calling for no interest rate hikes the rest of the year, this will continue to be true for the foreseeable future as we work our way through the government's plan for economic stimulus and recovery.

One bright spot has been the ability to earn a very decent after tax rate of return on a thoughtfully designed "Muni" Bond (Municipal Bond) laddered portfolio. To say that we could write an entire textbook on the intricacies of Muni Bonds is quite an understatement.

Since this is a column and not a textbook, (and here's where you are breathing a huge sigh of relief!) let's just focus on a few key points to consider before you begin adding them to your investment mix.

1) What are they: They are bonds issued by your state, local cities, counties and related municipalities, to raise money for projects. Typically each bond has a different reason for its existence, such as a bond that might be issued by a school district to improve its programs, or a bond that might be issued by a municipality to improve its water treatment plant. Each bond will have a coupon rate that is consistent with what the market will bear when that bond is issued. Maturities are often long-term, and interest is typically paid semi-annually (some only pay upon maturity). Many are non-callable, but be careful because a lot are also issued with an early call provision (meaning that the issuer requires you to redeem the bond prior to the stated maturity date). This allows the municipality to retire the bond early, sometimes at a premium but often at face value, or what is called "par." One of the risks to the bond owner is, if interest rates go down and the bond gets called, he or she may not be able to buy another bond at a comparable rate.

2) How can I buy them: Typically you buy Munis through your investment advisor or broker. Most often your advisor buys them in the secondary market. You can buy them in small or large quantities, depending on your purchasing power and your need for diversification. Another popular way to buy Munis is through a mutual fund. In a bond portfolio of your own individual holdings you can control the exact content, maturity dates, income and ultimately the maturity value of your portfolio. In a mutual fund you cannot, and your asset value will swing as interest rates rise and fall. However, the diversification offered

through a mutual fund is hard to replicate outside a fund, not to mention avoiding the job of buying and monitoring the bonds yourself!

3) Laddering: Many investors don't want all of their fixed income assets maturing at the same time. Picking maturity dates that reflect future personal needs or anticipated interest rate increases (or decreases) is a wise approach. For example, one investor with \$100,000 allocated to Muni bonds, might want the diversification of 4 bonds with a \$25,000 face value on each bond. Since they might be thinking of using that for their daughter's college education (let's say she starts school in 10 years), they might want one bond maturing in 10 years, another in 11, etc. Upon maturity of the bonds, you can choose to reinvest the proceeds into a new bond. The risk, however, is that there may not be bonds available that offer a comparable rate of return.

4) Safety: Many Muni bonds, especially those that are GO (general obligation) are considered to be among the highest grade (quality) fixed income investments available, aside from US Treasury bills and notes. US Treasury bills, notes and bonds are guaranteed by the US government as to the timely payment of principal and interest and, if held to maturity, offer a fixed rate of return and fixed principal value. Some Muni bonds are backed by policies written through insurance companies. The cost of this insurance will take a bit away from the yield, but might provide you with some important peace of mind and a back stop for loss of principal (but not interest) in the event of a Muni bond default (though very rare). Insurance only guarantees timely payment of principal and interest and does not eliminate market risk. Bonds are rated by independent agencies so you can have another sense of their credit worthiness. Of course none of these are absolute

guarantees.

5) After Tax Rate of Return: Most investors who buy Munis are interested in them because of the tax free income stream. These are investors who are typically in a fairly high combined state and federal income tax bracket. In this abnormally low interest rate environment a lot of investors in lower brackets are buying them, too, since they have recently been earning more than other types of fixed income investments. These investors need to be aware that when credit markets (and therefore interest rates) return to periods of normalcy, they may regret having locked in these lower rates of return for long periods of time. Although Munis can be sold daily in the secondary market, you still need to find a buyer and you can only sell them for their relative worth (based on maturity, safety and coupon rate) which may not be as much as what they were purchased for. Additionally, income from Muni bonds may be subject to alternative minimum tax.

For the right portfolio, when thoughtfully and carefully purchased, Muni bonds can offer an attractive tax-free income stream. If you aren't familiar with them yourself but would like to consider Muni bonds for your own portfolio, a trusted advisor can be invaluable.

On a different note, I've really appreciated your feedback about these columns. As I run into many of you around the community, you tell me that the focus on investments in these volatile economic times has been helpful. I'll devote a couple of additional columns to investments, and then there are some interesting estate and income tax planning issues we should chat about as well. Please let me know if there are other topics you'd like covered. Looking forward to seeing you around town!

Lynn Ballou is a Certified Financial Planner (CFP) and co-owner of Ballou Plum Wealth Advisors, LLC, a Registered Investment Advisory (RIA) firm in Lafayette. Lynn is also a Registered Principal and Branch Manager with LPL Financial (LPL). As such, she is required by securities regulations to add the following information to this column: The opinions voiced in this material are for general information only and not intended to provide specific advice or recommendation for any individual. Securities offered through LPL Financial, member FINRA/SIPC. Reach Lynn Ballou at lynn@ballouplum.com

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