



Treasurer's Report

April 13, 2010

TO: Honorable Mayor and Town Council
FROM: Roger Carroll, Treasurer/Finance Officer
DATE: April 1, 2010
RE: Monthly Treasurer's Report

RECOMMENDED ACTION:

Receive and file.

ISSUE STATEMENT AND DISCUSSION:

California Government Code and Town Municipal Code require monthly Treasurer's reports. The reports attached are as follows:

- Investment Policy Compliance Report - lists the types of investments allowable by the State and the Town and whether our investments comply.
- Quality Analysis Report - groups the investments by Moody Rating Group.
- Transaction Ledger Report – shows the purchases, sales, interest payments and redemptions during the report period.

Other Information

COMPLIANCE WITH INVESTMENT POLICY:

The Town is in compliance with its investment policy. The Lehman Brothers bonds have been downgraded to below investment level. The Town's investment policy does not require immediate liquidation of such bonds, but allows some discretion. As these bonds went suddenly from AA investment grade to below investment grade the day that Lehman Brother's declared bankruptcy, the majority of the resale value was gone before markets opened. Union bank is currently reporting the value of the \$500,000 par value bonds at \$97,500, but conservative estimates report that at liquidation in bankruptcy court, the bonds will return between \$210,000 at the low end and \$350,000 at the high end. The Treasurer recommends waiting for the bankruptcy proceedings.

The municipal code allows the Town to invest up to 30% of its portfolio in negotiable certificates of deposit. Because of the large payments made on capital projects over the past few months, the total portfolio has decreased causing the percentage of the

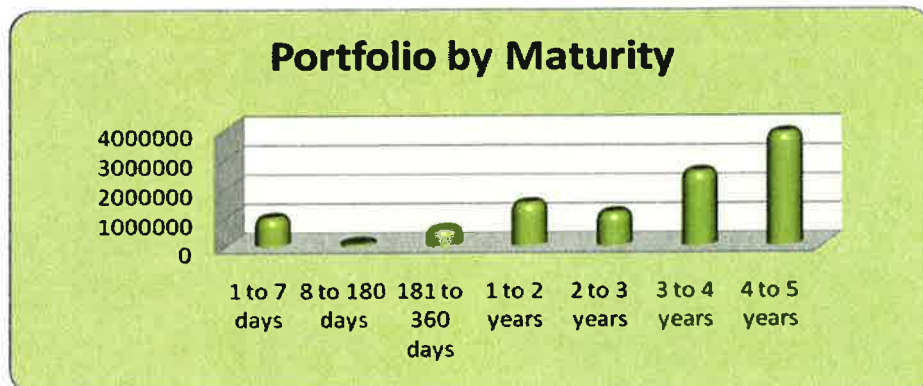
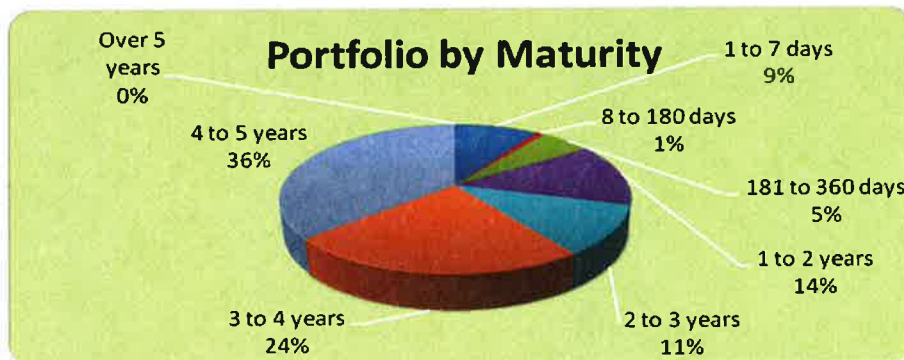
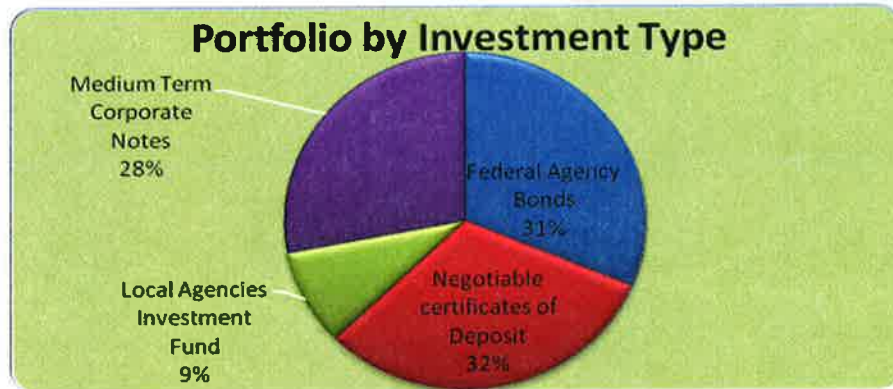
portfolio in CD's to increase above the 30% limit. The Town's investment policy does not require immediate divestment in this case because the proper percentages were complied with when the investments were purchased. This problem will correct on its own in April and May as two CD's mature. Additionally, all CD's are purchased within the FDIC insured range and none stand at risk.

Other Information

Benchmarks as of March 31, 2010:

Federal Lending Rate: 0.25%
 Two Year T-Bill Rate: 1.02%
 LAIF daily Rate 0.55%

Town of Loomis Weighted Average Rate, excluding LAIF investments: 3.89%
 Average Maturity is 3.04 years.



Strategy

The Treasurer's current practice is:

- Sell bonds with higher interest rates to capture the market gain before it evaporates, but only if replacement earnings plus the market gain exceed the current projected earnings.
- Approximate a "barbell" strategy by investing in higher earning investments in the four to five year maturity range, and shorter term investments to be in position for when rates start to climb in 2011.

POLICY AND/OR FINANCIAL IMPLICATIONS:

None.

Attachments: Investment Policy Compliance Report
Quality Analysis Report
Transaction Ledger Report

Town of Loomis
Investment Policy Compliance
with Government Code Standards, and the Town of Loomis Investment Plan Standards
As of March 31, 2010

Current Portfolio Balance: \$ 10,761,426

| Ca Government Code Section 53601 | Govt Code Maximum % | Loomis Maximum % | Loomis Actual % | Complies |
|---|---------------------------|------------------------|-----------------------|----------|
| a Bonds issued by Loomis | | 5.00% | | Yes |
| b Federal Treasury notes, bonds, bills | 100.00% | 100.00% | | Yes |
| c State agency bonds, etc | 100.00% | 50.00% | | Yes |
| d Local agency bonds, etc | 100.00% | 50.00% | | Yes |
| e Federal Agency Bonds | 100.00% | 100.00% | 31.37% | Yes |
| f Bankers Acceptances | 40.00% | 40.00% | | Yes |
| g Commercial Paper | 30.00% | 15.00% | | Yes |
| h Negotiable certificates of Deposit | 30.00% | 30.00% | 31.50% | No |
| l(1) Repurchase Agreements | 20.00% | 20.00% | | Yes |
| l(3) Reverse Repurchase Agreements | 20.00% | 20.00% | | Yes |
| Local Agencies Investment Fund | | 100.00% | 9.13% | Yes |
| h Time Deposits | 30.00% | 25.00% | | Yes |
| j Medium Term Corporate Notes | 30.00% | 30.00% | 28.00% | Yes |
| k Shares of Beneficial Interest | 20.00% | 0.00% | | Yes |
| l Local agency Certificates of Participation, security pledges, lease installments, etc. | | 0.00% | | Yes |
| m Local agency notes, bonds, etc. | | 0.00% | | Yes |
| n Mortgage pass through security bonds | 20.00% | 0.00% | | Yes |
| Total | | | 100.00% | |

| Target Share of Portfolio per Investment Policy | | | Actual % | Actual \$ |
|---|------------------|------------------|-------------|-------------------|
| Range | Not Less Than | Not More Than | | |
| 1 to 7 days | 5% | 70% | 9% | 982,341 |
| 8 to 180 days | 0% | 30% | 1% | 108,636 |
| 181 to 360 days | 0% | 30% | 6% | 599,000 |
| 1 to 2 years | 0% | 40% | 14% | 1,476,193 |
| 2 to 3 years | | 40% | 11% | 1,150,000 |
| 3 to 4 years | | 30% | 24% | 2,555,914 |
| 4 to 5 years | | 30% | 36% | 3,889,343 |
| Over 5 years | | 0% | 0% | |
| Total | | | | 10,761,426 |

Note: The Town holds \$500,000 in senior unsecured bonds in Lehman Brothers, which, due to bankruptcy have fallen below investment grade. See the narrative for further details.

Town of Loomis

Quality Analysis Report

| 3/31/2010 | | SETTLEMENT | NEXT | MATURITY | | DISCOUNT | BOOK | 7/31/2008 | UNREALIZED |
|------------------------------|-----------------------|------------|------------|-----------|------------|---------------|-------------|---------------|--------------|
| Cusip | NAME | RATE | DATE | COUPON | DATE | UNITS | OR PREMIUM | MARKET | MARKET |
| | | | | | | | | VALUE | GAIN/LOSS |
| 31331GRN1 | AGY FFCB | 2.900% | 4/15/2009 | 4/15/2010 | 4/7/2014 | 500,000.00 | (100.04) | 499,899.96 | 255.04 |
| 3133XWX95 | AGY FHLB | 2.750% | 3/25/2010 | 9/13/2010 | 3/13/2015 | 500,000.00 | (363.84) | 499,636.16 | (1,196.16) |
| 3133XW559 | AGY FHLB s/u | 1.000% | 2/10/2010 | 8/10/2010 | 2/10/2015 | 250,000.00 | (368.75) | 249,631.25 | (723.75) |
| 3128X9M80 | AGY FHLMC | 3.000% | 3/16/2010 | 9/16/2010 | 3/16/2015 | 500,000.00 | | 500,000.00 | (190.00) |
| 3128X9L81 | AGY FHLMC | 2.125% | 3/24/2010 | 9/24/2010 | 3/24/2015 | 250,000.00 | (368.75) | 249,631.25 | (2,278.75) |
| 31398AB68 | AGY FNMA | 2.750% | 12/29/2009 | 6/29/2010 | 12/29/2014 | 520,000.00 | (1,456.00) | 518,544.00 | (5.20) |
| 31398AVC3 | AGY FNMA | 3.150% | 3/11/2009 | 3/11/2010 | 2/18/2014 | 250,000.00 | (97.96) | 249,902.04 | 2,520.46 |
| 3136FJ3A7 | AGY FNMA s/u | 2.150% | 2/24/2010 | 8/24/2010 | 2/24/2015 | 250,000.00 | | 250,000.00 | 937.50 |
| 3136FJ3J8 | AGY FNMA s/u | 2.500% | 2/24/2010 | 8/24/2010 | 2/24/2015 | 250,000.00 | | 250,000.00 | 702.50 |
| 00759TM55 | CD Advanta Bnk | 4.950% | 10/29/2008 | 4/29/2010 | 10/29/2013 | 100,000.00 | | 100,000.00 | (57.00) |
| 02003MBQ6 | AA Alstate LF GLB | 5.375% | 5/1/2009 | 4/30/2010 | 4/30/2013 | 250,000.00 | | 250,000.00 | 22,337.50 |
| 02580VB33 | CD Amex Bank FSB | 5.000% | 11/26/2008 | 5/26/2010 | 11/26/2013 | 100,000.00 | | 100,000.00 | 8,606.00 |
| 02586TB22 | CD Amex Bank | 5.000% | 11/26/2008 | 5/26/2010 | 11/26/2013 | 100,000.00 | | 100,000.00 | 8,606.00 |
| 06740KCB1 | CD Barclays Bank | 3.200% | 10/14/2009 | 4/14/2010 | 10/14/2014 | 100,000.00 | | 100,000.00 | 1,506.00 |
| 094147AU9 | CD BLOOMFIELD ST BK | 3.750% | 5/5/2008 | 4/6/2010 | 5/6/2010 | 99,000.00 | | 99,000.00 | 262.35 |
| 05568PPD3 | CD BMW Bank | 3.550% | 3/31/2009 | 3/30/2010 | 3/31/2014 | 97,000.00 | | 97,000.00 | 3,465.81 |
| 14041AXS3 | CD CAP 1 | 4.400% | 1/24/2008 | 7/23/2010 | 1/23/2012 | 100,000.00 | | 100,000.00 | 5,179.00 |
| 14042EDU1 | CD CAP1 | 4.400% | 1/24/2008 | 7/23/2010 | 1/23/2012 | 100,000.00 | | 100,000.00 | 5,179.00 |
| 140653TS5 | CD CAPMARK BANK | 5.000% | 10/22/2008 | 4/22/2010 | 10/22/2013 | 100,000.00 | | 100,000.00 | 8,479.00 |
| 17284ADC9 | CD CIT Bank | 3.650% | 5/22/2009 | 5/22/2010 | 5/22/2014 | 100,000.00 | | 100,000.00 | 3,830.00 |
| 25469J5W5 | CD DISCOVER BANK | 3.550% | 5/20/2009 | 5/20/2010 | 5/20/2014 | 100,000.00 | | 100,000.00 | 1,365.00 |
| 254670RF1 | CD DISCOVER BANK | 2.900% | 11/12/2009 | 6/12/2010 | 11/12/2013 | 100,000.00 | | 100,000.00 | 3,447.00 |
| 25811LBV0 | CD Doral Bank | 3.050% | 3/30/2009 | 3/30/2010 | 3/30/2012 | 97,000.00 | | 97,000.00 | 2,651.01 |
| 29870UG29 | CD EUROBANK | 4.000% | 4/23/2008 | 4/25/2010 | 4/25/2011 | 100,000.00 | | 100,000.00 | 3,324.00 |
| 3191404X4 | CD Firstbank Highland | 3.400% | 5/20/2009 | 5/20/2010 | 5/20/2014 | 100,000.00 | | 100,000.00 | 2,864.00 |
| 337629K65 | CD Firstbank PR | 3.850% | 12/10/2008 | 4/12/2010 | 12/10/2010 | 100,000.00 | | 100,000.00 | 2,126.00 |
| 35039UBE3 | CD Foundation Bank | 3.300% | 2/27/2009 | 8/27/2010 | 2/27/2013 | 100,000.00 | | 100,000.00 | 387.00 |
| 36185ASE9 | CD GMAC BANK | 3.800% | 3/28/2008 | 4/29/2010 | 3/28/2011 | 100,000.00 | | 100,000.00 | 2,945.00 |
| 36160XFJ1 | CD GE Cap in dc | 3.500% | 4/30/2009 | 4/30/2010 | 4/30/2014 | 100,000.00 | | 100,000.00 | 3,309.00 |
| 36160XCH8 | CD GE Cap fin | 4.150% | 10/3/2008 | 4/4/2010 | 10/4/2010 | 100,000.00 | | 100,000.00 | 1,724.00 |
| 36159SHN4 | CD GE Money Bnk | 2.400% | 11/13/2009 | 5/13/2010 | 11/13/2012 | 100,000.00 | | 100,000.00 | 918.00 |
| 36159SEJ6 | CD GE Money Bnk | 4.750% | 12/18/2008 | 6/18/2010 | 12/18/2013 | 100,000.00 | | 100,000.00 | 7,806.00 |
| 36962G2L7 | AA GECC | 5.000% | 10/1/2007 | 4/7/2010 | 4/10/2012 | 250,000.00 | | 250,000.00 | 15,122.50 |
| 381426HR9 | CD GOLDMAN SACHS BAI | 4.450% | 4/30/2008 | 4/30/2010 | 4/30/2013 | 100,000.00 | | 100,000.00 | 6,250.00 |
| 38141GBU7 | A GOLDMAN SACHS | 6.600% | 1/15/2008 | 8/15/2010 | 1/15/2012 | 250,000.00 | 10,904.69 | 260,904.69 | 10,357.81 |
| 40429XUJ3 | AA- HSBC | 6.000% | 11/16/2009 | 4/15/2010 | 4/15/2013 | 250,000.00 | 16,137.02 | 266,137.02 | 265.48 |
| 45974VB31 | A1 AIG | 5.300% | 5/22/2007 | 5/1/2010 | 5/1/2012 | 250,000.00 | | 250,000.00 | (7,182.50) |
| 46625HHB9 | AA- JP Morgan | 4.750% | 5/26/2009 | 5/1/2010 | 5/1/2013 | 250,000.00 | 6,000.00 | 256,000.00 | 10,470.00 |
| 493065FQ4 | CD Key Bank | 4.700% | 10/1/2008 | 4/1/2010 | 10/1/2012 | 100,000.00 | | 100,000.00 | 6,660.00 |
| 52517PK59 | A2 LEHMAN BRO | 5.750% | 10/6/2006 | | 7/18/2011 | 500,000.00 | 10,554.78 | 510,554.78 | (394,304.78) |
| 59018YM40 | A2 MERIL LYNCH | 5.450% | 3/28/2008 | 4/5/2010 | 2/5/2013 | 250,000.00 | | 250,000.00 | 14,502.50 |
| 59156RAC2 | A2 MET LIFE | 6.125% | 6/8/2009 | 6/1/2010 | 12/1/2011 | 200,000.00 | 7,733.30 | 207,733.30 | 6,238.70 |
| 61747MQF1 | CD MORGAN STANLEY CC | 5.050% | 10/29/2008 | 4/29/2010 | 10/29/2013 | 100,000.00 | | 100,000.00 | 8,674.00 |
| 61746BCW4 | AA3 MORGAN STANLEY | 4.100% | 1/29/2010 | 7/26/2010 | 1/26/2015 | 275,000.00 | | 275,000.00 | (1,479.50) |
| 635349FE8 | CD NATL CITY BANK | 4.000% | 3/31/2008 | 4/2/2010 | 4/2/2012 | 100,000.00 | | 100,000.00 | 4,571.00 |
| 760310MP4 | CD Republic Bnk | 3.950% | 9/29/2008 | 4/1/2010 | 9/29/2010 | 100,000.00 | | 100,000.00 | 1,575.00 |
| 785907AV8 | CD Saehan Bank | 3.400% | 3/31/2009 | 3/27/2010 | 3/24/2014 | 97,000.00 | | 97,000.00 | 3,376.57 |
| 7954550HP3 | CD Sallie Mae Bk | 3.500% | 2/19/2009 | 8/19/2010 | 2/19/2014 | 100,000.00 | | 100,000.00 | 3,401.00 |
| 84603MD52 | CD Sovereign Bnk | 3.850% | 12/10/2008 | 6/10/2010 | 12/10/2010 | 100,000.00 | | 100,000.00 | 2,133.00 |
| 92979HFG6 | CD WACHOVIA BANK | 5.000% | 7/25/2008 | 7/25/2010 | 7/25/2013 | 100,000.00 | | 100,000.00 | 6,543.00 |
| 92977BQA2 | CD WACHOVIA BANK | 5.000% | 7/25/2008 | 7/25/2010 | 7/25/2013 | 100,000.00 | | 100,000.00 | 6,543.00 |
| 92976WBA3 | A WACHOVIA BANK | 5.700% | 3/19/2009 | 8/1/2010 | 8/1/2013 | 250,000.00 | (13,124.93) | 236,875.07 | 36,904.93 |
| 929781FF4 | CD WACHOVIA MTG | 5.000% | 7/25/2008 | 7/25/2010 | 7/25/2013 | 100,000.00 | | 100,000.00 | 6,543.00 |
| 95989QCL9 | CD WESTERNBANK | 4.000% | 4/23/2008 | 5/28/2010 | 4/25/2011 | 100,000.00 | | 100,000.00 | 3,324.00 |
| ACCRUED INT | AGY | | | | | 108,635.92 | | 108,635.92 | |
| Sub- total | | | | | | 9,743,635.92 | 35,449.52 | 9,779,085.44 | (149,229.98) |
| Balance on account with LAIF | | | | | | 982,340.99 | | 982,340.99 | |
| Total Portfolio | | | | | | 10,725,976.91 | | 10,761,426.43 | |

**Town of Looms
Transaction Ledger
3/01/10 to 3/31/10**

| <u>Trans Date</u> | <u>Quantity</u> | <u>Description</u> | <u>Price</u> | <u>Amount Int Purch/Sold</u> | <u>Premium/Gain (Discount)/(Loss)</u> |
|--------------------------------|-----------------|---|--------------|----------------------------------|---|
| 3/1/2010 Interest Received | 0.99 | Highmark Treas Fund 0.02% floating 7 day | 1.000 | 0.99 | 0.99 |
| 3/1/2010 Interest Received | 235.06 | Doral Bank 3.05% due 3/30/12 | 1.000 | 235.06 | 235.06 |
| 3/1/2010 Interest Received | 831.78 | Foundation Bank 3.3% due 2/27/13 | 1.000 | 831.78 | 831.78 |
| 3/1/2010 Interest Received | 12,875.00 | FNMA 5.15% due 8/27/12 | 1.000 | 12,875.00 | 12,875.00 |
| 3/1/2010 Sold Bond | 500,000.00 | FNMA 5.15% due 8/27/12 | 1.023 | 511,250.00 286.11 | 11,536.11 |
| 3/1/2010 Sold Bond | 500,000.00 | FHLB 5.0% due 10/1/12 | 1.026 | 512,812.50 10,416.67 | 23,229.17 |
| 3/2/2010 Interest Received | 360.55 | Key Bank 4.7% due 10/01/12 | 1.000 | 360.55 | 360.55 |
| 3/2/2010 Interest Received | 303.01 | Republic Bank 3.95% due 9/29/10 | 1.000 | 303.01 | 303.01 |
| 3/2/2010 Interest Received | 322.74 | GMAC Bank 3.8% due 3/28/11 | 1.000 | 322.74 | 322.74 |
| 3/10/2010 Interest Received | 284.79 | Bloomfield bank 3.75% due 5/06/10 | 1.000 | 284.79 | 284.79 |
| 3/11/2010 Interest Received | 295.34 | Firstbank PR 3.85% due 12/10/10 | 1.000 | 295.34 | 295.34 |
| 3/16/2010 Bond purchased | 500,000.00 | FHLMC 3.0% due 3/16/15 | 1.000 | 500,000.00 | 500,000.00 |
| 3/24/2010 Bond purchased | 250,000.00 | FHLMC 2.15% due 3/24/15 | 0.999 | 249,625.00 | 249,625.00 |
| 3/25/2010 Bond purchased | 500,000.00 | FHLB 2.75% due 3/13/15 | 0.999 | 499,630.00 | 499,630.00 |

| | | | | | |
|----------------------------------|----------|---|-------|----------|----------|
| 3/29/2010 Interest Received | 813.21 | Saehan bank 3.4% due 03/27/14 | 1.000 | 813.21 | 813.21 |
| 3/29/2010 Interest Correction | 10.96 | National City Bnk 4.00% due 04/12/12 | 1.000 | 10.96 | 10.96 |
| 3/30/2010 Interest Received | 291.51 | GMAC Bank 3.80% due 03/28/11 | 1.000 | 291.51 | 291.51 |
| 3/30/2010 Interest Received | 243.16 | Doral Bank 3.05% due 03/30/12 | 1.000 | 243.16 | 243.16 |
| 3/31/2010 Interest Received | 1,717.03 | BMW Bank 3.55% due 03/31/14 | 1.000 | 1,717.03 | 1,717.03 |

Local Agency Investment Fund

No Laif activity during March, 2010