



Treasurer's Report

February 9, 2010

TO: Honorable Mayor and Town Council
FROM: Roger Carroll, Treasurer/Finance Officer
DATE: February 2, 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

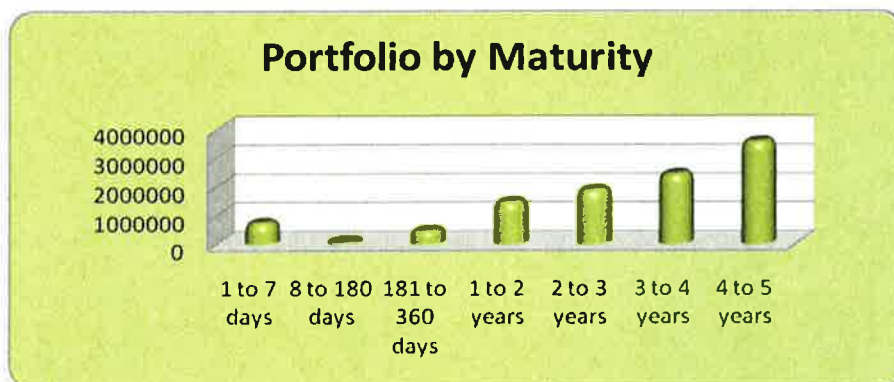
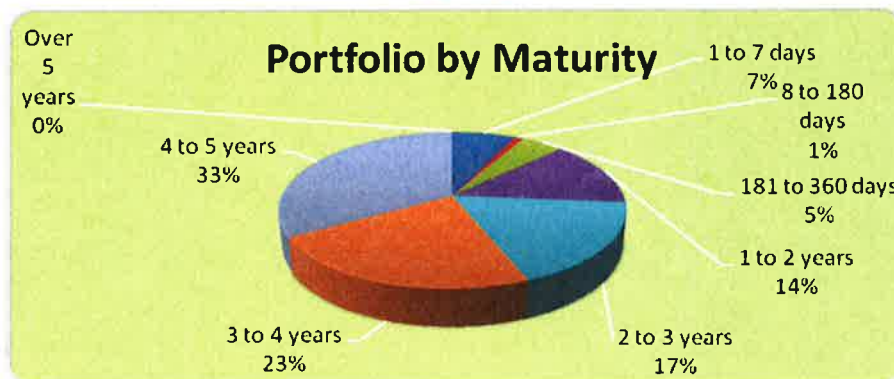
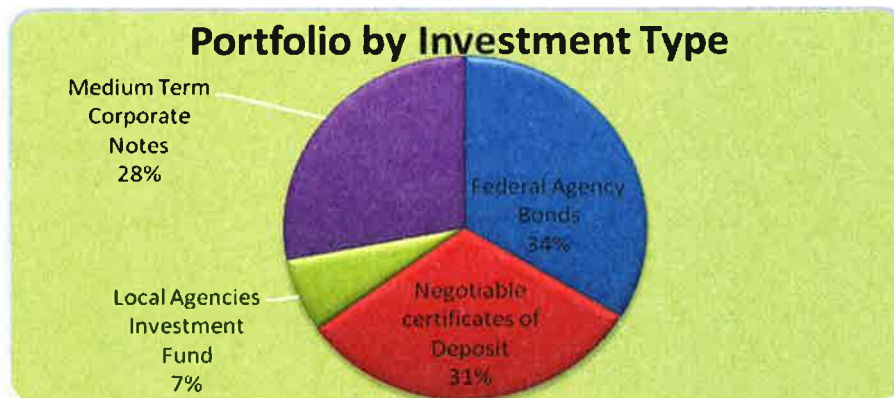
portfolio in CD's to increase above the 30% limit. The Town's investment policy does not require immediate divestment in this case because the proper percentages were complied with when the investments were purchased. This problem will correct on its own in February and May as two CD's mature. Additionally,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

Other Information

Benchmarks as of January 31, 2020:

Federal Lending Rate: 0.25%
 Two Year T-Bill Rate: 0.87%
 LAIF daily Rate 0.59%

Town of Loomis Weighted Average Rate, excluding LAIF investments: 4.05%
 Average Maturity is 3.03 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 January 31, 2010

Current Portfolio Balance: \$ 10,790,079

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%	33.62%	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%	31.42%	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%	7.02%	Yes
h	Time Deposits	30.00%	25.00%		Yes
j	Medium Term Corporate Notes	30.00%	30.00%	27.94%	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%	7%	757,341
8 to 180 days	0%	30%	1%	112,617
181 to 360 days	0%	30%	5%	499,000
1 to 2 years	0%	40%	14%	1,480,648
2 to 3 years		40%	18%	1,897,000
3 to 4 years		30%	23%	2,459,104
4 to 5 years		30%	33%	3,584,368
Over 5 years		0%	0%	
Total				10,790,079

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

1/31/2010			SETTLEMENT	NEXT	MATURITY		DISCOUNT	BOOK	7/31/2008	UNREALIZED
Cusip	NAME	RATE	DATE	COUPON	DATE	UNITS	OR PREMIUM	VALUE	MARKET	MARKET
									VALUE	GAIN/LOSS
31331GRN1	AGY FFCB	2.900%	4/15/2009	4/15/2010	4/7/2014	500,000.00	(104.20)	499,895.80	501,720.00	1,824.20
3133XSWG9	AGY FHLB	2.875%	2/5/2009	2/5/2010	2/5/2014	250,000.00		250,000.00	250,077.50	77.50
3133XMFZ9	AGY FHLB	5.000%	10/1/2007	4/1/2010	10/1/2012	500,000.00		500,000.00	514,845.00	14,845.00
3128X8G22	AGY FHLMC	2.850%	6/26/2009	5/12/2010	5/12/2014	250,000.00	(2,203.41)	247,796.59	250,210.00	2,413.41
3128X8HR6	AGY FHLMC	3.000%	2/13/2009	2/5/2010	2/4/2014	250,000.00	(102.12)	249,897.88	250,055.00	157.12
3128X8MY5	AGY FHLMC	3.250%	3/16/2009	3/3/2010	3/3/2014	500,000.00	(612.50)	499,387.50	501,245.00	1,857.50
31398AB68	AGY FNMA	2.750%	12/29/2009	6/29/2010	12/29/2014	520,000.00	(1,508.00)	518,492.00	517,727.60	(764.40)
31398AVC3	AGY FNMA	3.150%	3/11/2009	3/11/2010	2/18/2014	250,000.00	(102.12)	249,897.88	252,345.00	2,447.12
3136F8RZ0	AGY FNMA	5.150%	8/26/2007	2/27/2010	8/27/2012	500,000.00		500,000.00	513,125.00	13,125.00
00759TM55	CD Advanta Bnk	4.950%	10/29/2008	4/29/2010	10/29/2013	100,000.00		100,000.00	108,273.00	8,273.00
02003MBQ6	AA Alstate LF GLB	5.375%	5/1/2009	4/30/2010	4/30/2013	250,000.00		250,000.00	271,262.50	21,262.50
02580VB33	CD Amex Bank FSB	5.000%	11/26/2008	5/26/2010	11/26/2013	100,000.00		100,000.00	108,511.00	8,511.00
02586TB22	CD Amex Bank	5.000%	11/26/2008	5/26/2010	11/26/2013	100,000.00		100,000.00	108,511.00	8,511.00
06740KCB1	CD Barclays Bank	3.200%	10/14/2009	4/14/2010	10/14/2014	100,000.00		100,000.00	100,943.00	943.00
094147AU9	CD BLOOMFIELD ST BK	3.750%	5/5/2008	2/6/2010	5/6/2010	99,000.00		99,000.00	99,789.03	789.03
05568PPD3	CD BMW Bank	3.550%	3/31/2009	3/30/2010	3/31/2014	97,000.00		97,000.00	99,959.47	2,959.47
14041AXS3	CD CAP 1	4.400%	1/24/2008	1/23/2010	1/23/2012	100,000.00		100,000.00	105,282.00	5,282.00
14042EDU1	CD CAP1	4.400%	1/24/2008	1/23/2010	1/23/2012	100,000.00		100,000.00	105,282.00	5,282.00
140653TS5	CD CAPMARK BANK	5.000%	10/22/2008	4/22/2010	10/22/2013	100,000.00		100,000.00	108,434.00	8,434.00
17284ADC9	CD CIT Bank	3.650%	5/22/2009	5/22/2010	5/22/2014	100,000.00		100,000.00	103,321.00	3,321.00
25469J5W5	CD DISCOVER BANK	3.550%	5/20/2009	5/20/2010	5/20/2014	100,000.00		100,000.00	100,986.00	986.00
254670RF1	CD DISCOVER BANK	2.900%	11/12/2009	6/12/2010	11/12/2013	100,000.00		100,000.00	102,924.00	2,924.00
25811LBU0	CD Doral Bank	3.050%	3/30/2009	3/30/2010	3/30/2012	97,000.00		97,000.00	99,593.78	2,593.78
29870UG29	CD EUROBANK	4.000%	4/23/2008	4/25/2010	4/25/2011	100,000.00		100,000.00	103,652.00	3,652.00
3191404X4	CD Firstbank Highland	3.400%	5/20/2009	5/20/2010	5/20/2014	100,000.00		100,000.00	102,321.00	2,321.00
337629K65	CD Firstbank PR	3.850%	12/10/2008	2/12/2010	12/10/2010	100,000.00		100,000.00	102,614.00	2,614.00
35039UBE3	CD Foundation Bank	3.300%	2/27/2009	2/27/2010	2/27/2013	100,000.00		100,000.00	100,171.00	171.00
36185ASE9	CD GMAC BANK	3.800%	3/28/2008	3/1/2010	3/28/2011	100,000.00		100,000.00	103,308.00	3,308.00
36160XFJ1	CD GE Cap in dc	3.500%	4/30/2009	4/30/2010	4/30/2014	100,000.00		100,000.00	102,779.00	2,779.00
36160XCH8	CD GE Cap fin	4.150%	10/3/2008	4/4/2010	10/4/2010	100,000.00		100,000.00	102,264.00	2,264.00
36159SHN4	CD GE Money Bnk	2.400%	11/13/2009	5/13/2010	11/13/2012	100,000.00		100,000.00	100,526.00	526.00
36159SEI6	CD GE Money Bnk	4.750%	12/18/2008	6/18/2010	12/18/2013	100,000.00		100,000.00	107,642.00	7,642.00
36962G2L7	AA GECC	5.000%	10/1/2007	4/7/2010	4/10/2012	250,000.00		250,000.00	265,282.50	15,282.50
381426HR9	CD GOLDMAN SACHS BAI	4.450%	4/30/2008	4/30/2010	4/30/2013	100,000.00		100,000.00	106,238.00	6,238.00
38141GBU7	A GOLDMAN SACHS	6.600%	1/15/2008	2/15/2010	1/15/2012	250,000.00	11,586.89	261,586.89	272,475.00	10,888.11
40429XUJ3	AA- HSBC	6.000%	11/16/2009	4/15/2010	4/15/2013	250,000.00	16,662.26	266,662.26	265,750.00	(912.26)
45974VB31	A1 AIG	5.300%	5/22/2007	5/1/2010	5/1/2012	250,000.00		250,000.00	218,540.00	(31,460.00)
46625HHB9	AA- JP Morgan	4.750%	5/26/2009	5/1/2010	5/1/2013	250,000.00	6,240.00	256,240.00	268,460.00	12,220.00
49306SFQ4	CD Key Bank	4.700%	10/1/2008	2/1/2010	10/1/2012	100,000.00		100,000.00	106,669.00	6,669.00
52517PK59	A2 LEHMAN BRO	5.750%	10/6/2006		7/18/2011	500,000.00	10,554.78	510,554.78	104,375.00	(406,179.78)
59018YM40	A2 MERIL LYNCH	5.450%	3/28/2008	4/5/2010	2/5/2013	250,000.00		250,000.00	266,017.50	16,017.50
59156RAC2	A2 MET LIFE	6.125%	6/8/2009	6/1/2010	12/1/2011	200,000.00	8,506.64	208,506.64	216,522.00	8,015.36
61747MQF1	CD MORGAN STANLEY CI	5.050%	10/29/2008	4/29/2010	10/29/2013	100,000.00		100,000.00	108,627.00	8,627.00
61746BCW4	AA3 MORGAN STANLEY	4.100%	1/29/2010	7/26/2010	1/26/2015	275,000.00		275,000.00	273,545.25	(1,454.75)
635349FE8	CD NATL CITY BANK	4.000%	3/31/2008	4/2/2010	4/2/2012	100,000.00		100,000.00	104,658.00	4,658.00
760310MP4	CD Republic Bnk	3.950%	9/29/2008	2/1/2010	9/29/2010	100,000.00		100,000.00	102,113.00	2,113.00
785907AV8	CD Saehan Bank	3.400%	3/31/2009	3/27/2010	3/24/2014	97,000.00		97,000.00	99,876.05	2,876.05
7954550HP3	CD Sallie Mae Bk	3.500%	2/19/2009	2/19/2010	2/19/2014	100,000.00		100,000.00	102,953.00	2,953.00
84603MD52	CD Sovereign Bnk	3.850%	12/10/2008	6/10/2010	12/10/2010	100,000.00		100,000.00	102,604.00	2,604.00
92979HFG6	CD WACHOVIA BANK	5.000%	7/25/2008	1/25/2010	7/25/2013	100,000.00		100,000.00	108,219.00	8,219.00
92977BQA2	CD WACHOVIA BANK	5.000%	7/25/2008	1/25/2010	7/25/2013	100,000.00		100,000.00	108,219.00	8,219.00
92976WBA3	A WACHOVIA BANK	5.700%	3/19/2009	2/1/2010	8/1/2013	250,000.00	(13,798.03)	236,201.97	271,057.50	34,855.53
929781FF4	CD WACHOVIA MTG	5.000%	7/25/2008	2/25/2010	7/25/2013	100,000.00		100,000.00	108,219.00	8,219.00
95989QCL9	CD WESTERNBANK	4.000%	4/23/2008	5/28/2010	4/25/2011	100,000.00		100,000.00	103,652.00	3,652.00
ACCRUED INT	AGY					112,617.46		112,617.46		
Sub- total						9,997,617.46	35,120.19	10,032,737.65	9,783,770.68	(136,349.51)
Balance on account with LAIF						757,340.99		757,340.99	757,340.99	
Total Portfolio						10,754,958.45		10,790,078.64		

**Town of Looms
Transaction Ledger
1/01/10 to 1/31/10**

<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>
1/4/2010 Interest Received	0.01	Highmark Treas Fund 0.02% floating 7 day	1.000	0.01	0.01
1/5/2010 Interest Received	335.48	Republic Bank 3.95% due 9/29/10	1.000	335.48	335.48
1/5/2010 Interest Received	399.18	Key Bank 4.7% due 10/01/12	1.000	399.18	399.18
1/7/2010 Interest Received	315.31	Bloomfield bank 3.75% due 5/06/10	1.000	315.31	315.31
1/11/2010 Interest Received	7,031.25	Morgan Stanley 5.625% due 1/09/12	1.000	7,031.25	7,031.25
1/12/2010 Interest Received	326.99	Firstbank PR 3.85% due 12/10/10	1.000	326.99	326.99
1/15/2010 Interest Received	8,250.00	Goldman Sachs 6.6% due 1/15/12	1.000	8,250.00	8,250.00
1/25/2010 Interest Received	2,520.55	Wachovia Bank 5.0% due 7/25/13	1.000	2,520.55	2,520.55
1/25/2010 Interest Received	2,520.55	Wachovia Mtg 5.0% due 7/25/13	1.000	2,520.55	2,520.55
1/26/2010 Interest Received	2,520.55	Wachovia Mtg 5.0% due 7/25/13	1.000	2,520.55	2,520.55
1/26/2010 Interest Received	2,218.08	Capital One Bank 4.4% due 1/23/12	1.000	2,218.08	2,218.08
1/26/2010 Interest Received	2,218.08	Capital One C/D 4.4% due 1/23/12	1.000	2,218.08	2,218.08
1/29/2010 Interest Received	312.33	GMAC Bnk 3.8% 0 due 3/28/11	1.000	322.74	322.74
1/29/2010 Bond Called	250,000.00	FHLB 3.125% due 7/29/14	1.000	250,000.00 3,906.25	3,906.25

1/29/2010	250,000.00	Morgan Stanley	1.066	266,600.00	17,381.25
Bond Sold		5.625% due 1/09/12		781.25	
1/29/2010	275,000.00	Morgan Stanley	1.000	275,000.00	93.96
Bond Purchased		4.1% due 1/26/15		93.96	
Local Agency Investment Fund					
1/8/2010	(75,000.00)	Local Agency Investment	1.000	(75,000.00)	
Withdrawal		Fund State Pool			
1/15/2010	393.11	Local Agency Investment	1.000	393.11	
Quarterly Interest		Fund State Pool			
1/21/2010	625,000.00	Local Agency Investment	1.000	625,000.00	
Deposit		Fund State Pool			