



Treasurer's Report

January 12, 2010

TO: Honorable Mayor and Town Council
FROM: Roger Carroll, Treasurer/Finance Officer
DATE: January 4, 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

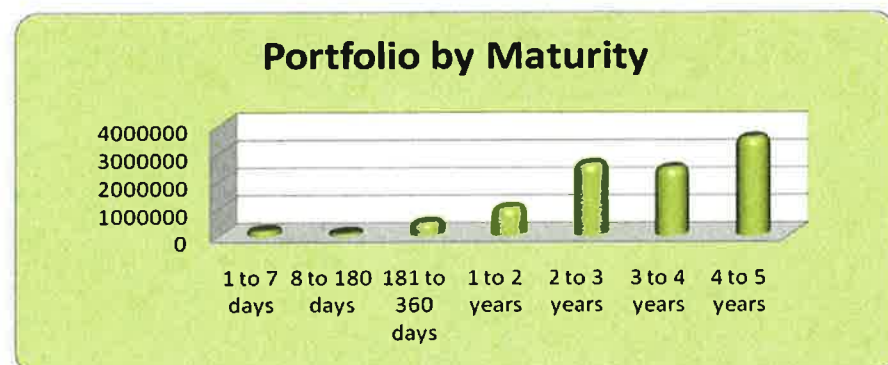
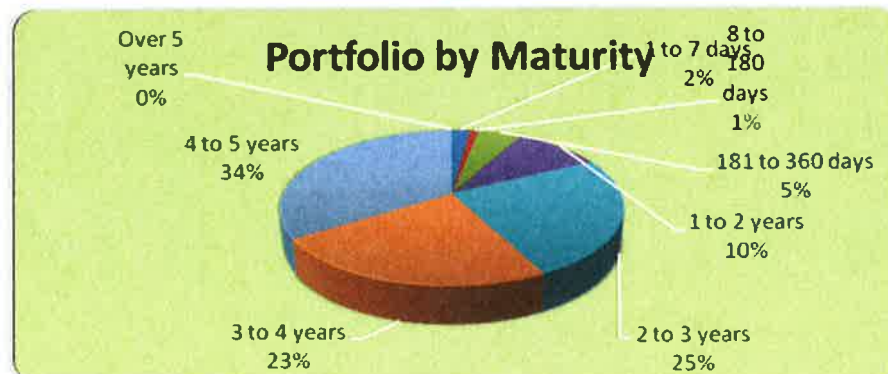
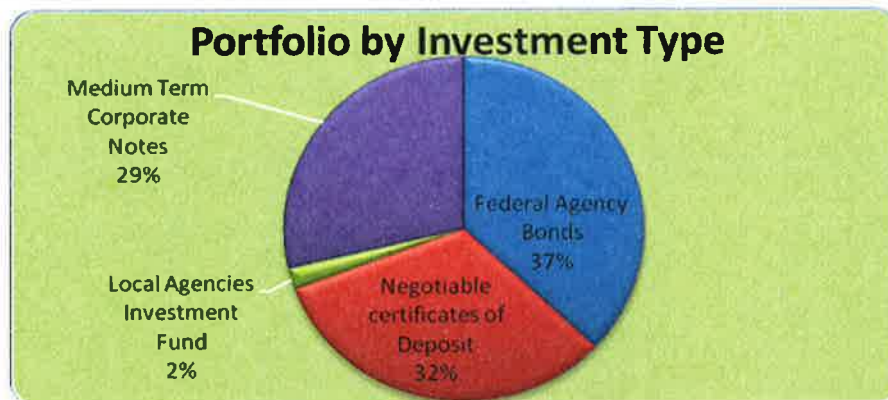
portfolio in CD's to increase above the 30% limit. The Town's investment policy does not require immediate divestment in this case because the proper percentages were complied with when the investments were purchased. This problem will correct on its own in February and May as two CD's mature. Additionally,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

Other Information

Benchmarks as of December 31, 2009:

Federal Lending Rate: 0.25%
 Two Year T-Bill Rate: 1.44%
 LAIF daily Rate 0.51%

Town of Loomis Weighted Average Rate, excluding LAIF investments: 4.09%
 Average Maturity is 3.21 years.



Strategy

The Treasurer's current practice is:

- Sell lower yielding bonds if they can be combined with sales of profitable bonds to protect the overall corpus of the portfolio.
- Reinvest in certificates of deposits at values below the federally insured levels and in Federal Agency bonds.

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 December 31, 2009

Current Portfolio Balance: \$ 10,466,759

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%	37.04%	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%	32.39%	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%	1.98%	Yes
h Time Deposits	30.00%	25.00%		Yes
j Medium Term Corporate Notes	30.00%	30.00%	28.59%	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%	2%	206,948
8 to 180 days	0%	30%	1%	112,338
181 to 360 days	0%	30%	5%	499,000
1 to 2 years	0%	40%	10%	1,019,448
2 to 3 years		40%	25%	2,611,280
3 to 4 years		30%	23%	2,459,150
4 to 5 years		30%	34%	3,558,595
Over 5 years		0%	0%	
Total				10,466,759

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
12/31/2009

Cusip	NAME	RATE	NEXT COUPON	MATURITY DATE	UNITS	DISCOUNT OR PREMIUM	BOOK VALUE	7/31/2008 MARKET VALUE	UNREALIZED MARKET GAIN/LOSS
31331GRN1	AGY FFCB	2.900%	4/15/2010	4/7/2014	500,000.00	(106.28)	499,893.72	499,065.00	(828.72)
3133XSWG9	AGY FHLB	2.875%	2/5/2010	2/5/2014	250,000.00		250,000.00	249,845.00	(155.00)
3133XU5X7	AGY FHLB	3.125%	1/29/2010	7/29/2014	250,000.00	(687.50)	249,312.50	249,687.50	375.00
3133XMFZ9	AGY FHLB	5.000%	4/1/2010	10/1/2012	500,000.00		500,000.00	516,095.00	16,095.00
3128X8G22	AGY FHLMC	2.850%	5/12/2010	5/12/2014	250,000.00	(2,245.78)	247,754.22	249,767.50	2,013.28
3128X8HR6	AGY FHLMC	3.000%	2/5/2010	2/4/2014	250,000.00	(102.12)	249,897.88	250,615.00	717.12
3128X8MY5	AGY FHLMC	3.250%	3/3/2010	3/3/2014	500,000.00	(625.00)	499,375.00	501,220.00	1,845.00
31398AB68	AGY FNMA	2.750%	6/29/2010	12/29/2014	520,000.00	(1,534.00)	518,466.00	513,988.80	(4,477.20)
31398AVC3	AGY FNMA	3.150%	3/11/2010	2/18/2014	250,000.00	(104.20)	249,895.80	250,470.00	574.20
3136F8RZ0	AGY FNMA	5.150%	2/27/2010	8/27/2012	500,000.00		500,000.00	514,690.00	14,690.00
00759TM55	CD Advanta Bnk	4.950%	4/29/2010	10/29/2013	100,000.00		100,000.00	106,789.00	6,789.00
02003MBQ6	AA Alstate LF GLB	5.375%	4/30/2010	4/30/2013	250,000.00		250,000.00	266,867.50	16,867.50
02580VBJ3	CD Amex Bank FSB	5.000%	5/26/2010	11/26/2013	100,000.00		100,000.00	107,014.00	7,014.00
02586TBJ2	CD Amex Bank	5.000%	5/26/2010	11/26/2013	100,000.00		100,000.00	107,014.00	7,014.00
06740KCB1	CD Barclays Bank	3.200%	4/14/2010	10/14/2014	100,000.00		100,000.00	99,574.00	(426.00)
094147AU9	CD BLOOMFIELD ST BK	3.750%	1/6/2010	5/6/2010	99,000.00		99,000.00	99,967.23	967.23
05568PPD3	CD BMW Bank	3.550%	3/30/2010	3/31/2014	97,000.00		97,000.00	98,478.28	1,478.28
14041AXS3	CD CAP 1	4.400%	1/23/2010	1/23/2012	100,000.00		100,000.00	104,307.00	4,307.00
14042EDU1	CD CAP1	4.400%	1/23/2010	1/23/2012	100,000.00		100,000.00	104,307.00	4,307.00
140653TS5	CD CAPMARK BANK	5.000%	4/22/2010	10/22/2013	100,000.00		100,000.00	106,956.00	6,956.00
17284ADC9	CD CIT Bank	3.650%	5/22/2010	5/22/2014	100,000.00		100,000.00	101,833.00	1,833.00
25469J5W5	CD DISCOVER BANK	3.550%	5/20/2010	5/20/2014	100,000.00		100,000.00	99,422.00	(578.00)
254670RF1	CD DISCOVER BANK	2.900%	6/12/2010	11/12/2013	100,000.00		100,000.00	101,432.00	1,432.00
25811LBV0	CD Doral Bank	3.050%	3/30/2010	3/30/2012	97,000.00		97,000.00	98,531.63	1,531.63
29870UG29	CD EUROBANK	4.000%	4/25/2010	4/25/2011	100,000.00		100,000.00	103,269.00	3,269.00
3191404X4	CD Firstbank Highland	3.400%	5/20/2010	5/20/2014	100,000.00		100,000.00	100,824.00	824.00
337629K65	CD Firstbank PR	3.850%	1/12/2010	12/10/2010	100,000.00		100,000.00	102,472.00	2,472.00
35039UBE3	CD Foundation Bank	3.300%	2/27/2010	2/27/2013	100,000.00		100,000.00	100,355.00	355.00
36185ASE9	CD GMAC BANK	3.800%	1/29/2010	3/28/2011	100,000.00		100,000.00	102,926.00	2,926.00
36160XFJ1	CD GE Cap in dc	3.500%	4/30/2010	4/30/2014	100,000.00		100,000.00	101,269.00	1,269.00
36160XCH8	CD GE Cap fin	4.150%	4/4/2010	10/4/2010	100,000.00		100,000.00	102,353.00	2,353.00
36159SHN4	CD GE Money Bnk	2.400%	5/13/2010	11/13/2012	100,000.00		100,000.00	99,358.00	(642.00)
36159SEJ6	CD GE Money Bnk	4.750%	6/18/2010	12/18/2013	100,000.00		100,000.00	106,126.00	6,126.00
36962G2L7	AA GECC	5.000%	4/7/2010	4/10/2012	250,000.00		250,000.00	263,332.50	13,332.50
381426HR9	CD GOLDMAN SACHS BAN	4.450%	4/30/2010	4/30/2013	100,000.00		100,000.00	104,978.00	4,978.00
38141GBU7	A GOLDMAN SACHS	6.600%	2/15/2010	1/15/2012	250,000.00	11,927.99	261,927.99	271,785.00	9,857.01
40429XUJ3	AA- HSBC	6.000%	4/15/2010	4/15/2013	250,000.00	16,924.88	266,924.88	257,692.50	(9,232.38)
45974VB31	A1 AIG	5.300%	5/1/2010	5/1/2012	250,000.00		250,000.00	212,355.00	(37,645.00)
46625HHB9	AA- JP Morgan	4.750%	5/1/2010	5/1/2013	250,000.00	6,360.00	256,360.00	263,880.00	7,520.00
49306SFQ4	CD Key Bank	4.700%	1/1/2010	10/1/2012	100,000.00		100,000.00	105,607.00	5,607.00
52517PK59	A2 LEHMAN BRO	5.750%	4/7/2010	7/18/2011	500,000.00	10,554.78	510,554.78	97,500.00	(413,054.78)
59018YM40	A2 MERIL LYNCH	5.450%	4/5/2010	2/5/2013	250,000.00		250,000.00	263,067.50	13,067.50
59156RAC2	A2 MET LIFE	6.125%	6/1/2010	12/1/2011	200,000.00	8,893.31	208,893.31	215,006.00	6,112.69
61746BCW4	AA3 MORGAN STANLEY	5.625%	2/9/2010	1/9/2012	250,000.00	2,352.46	252,352.46	263,830.00	11,477.54
61747MQF1	CD MORGAN STANLEY CD	5.050%	4/29/2010	10/29/2013	100,000.00		100,000.00	107,146.00	7,146.00
635349FE8	CD NATL CITY BANK	4.000%	4/2/2010	4/2/2012	100,000.00		100,000.00	103,624.00	3,624.00
76031OMP4	CD Republic Bnk	3.950%	1/1/2010	9/29/2010	100,000.00		100,000.00	102,176.00	2,176.00
785907AV8	CD Saehan Bank	3.400%	3/27/2010	3/24/2014	97,000.00		97,000.00	98,383.22	1,383.22
7954550HP3	CD Sallie Mae Bk	3.500%	2/19/2010	2/19/2014	100,000.00		100,000.00	101,400.00	1,400.00
84603MD52	CD Sovereign Bnk	3.850%	6/10/2010	2/10/2010	100,000.00		100,000.00	102,465.00	2,465.00
92979HFG6	CD WACHOVIA BANK	5.000%	1/25/2010	7/25/2013	100,000.00		100,000.00	106,789.00	6,789.00
92977BQA2	CD WACHOVIA BANK	5.000%	1/25/2010	7/25/2013	100,000.00		100,000.00	106,789.00	6,789.00
92976WBA3	A WACHOVIA BANK	5.700%	2/1/2010	8/1/2013	250,000.00	(14,134.58)	235,865.42	268,885.00	33,019.58
929781FF4	CD WACHOVIA BANK	5.000%	2/25/2010	7/25/2013	100,000.00		100,000.00	106,789.00	6,789.00
95989QCL9	CD WESTERNBANK	4.000%	5/28/2010	4/25/2011	100,000.00		100,000.00	103,269.00	3,269.00
ACCRUED INT	AGY				112,337.54		112,337.54		
Sub- total					10,222,337.54	37,473.96	10,259,811.50	9,943,637.16	(203,836.80)
Balance on account with LAIF					206,947.88		206,947.88	206,947.88	
Total Portfolio					10,429,285.42		10,466,759.38		

**Town of Looms
Transaction Ledger
12/01/09 to 12/31/09**

<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>
12/1/2009 Interest Received	1.17	Highmark Treas Fund 0.02% floating 7 day	1.000	1.17	1.17
12/1/2009 Interest Received	322.74	GMAC Bnk 3.8% 0 due 3/28/11	1.000	322.74	322.74
12/2/2009 Interest Received	324.66	Republic Bank 3.95% due 9/29/10	1.000	324.66	324.66
12/2/2009 Interest Received	386.30	Key Bank 4.7% due 10/01/12	1.000	386.30	386.30
12/3/2009 Interest Received	10,750.00	FNMA 4.3% due 12/03/12	1.000	10,750.00	10,750.00
12/3/2009 Bond Called	500,000.00	FFCB 3.0% due 5/28/14	1.000	500,000.00 208.33	208.33
12/8/2009 Interest Received	305.14	Bloomfield bank 3.75% due 5/06/10	1.000	305.14	305.14
12/10/2009 Interest Received	1,930.27	Soverign Bank 3.85% due 12/10/10	1.000	1,930.27	1,930.27
12/11/2009 Interest Received	316.44	Firstbank PR 3.85% due 12/10/10	1.000	316.44	316.44
12/16/2009 Bond Sold	250,000.00	HSBC 6.375% due 11/27/12	1.099	274,687.50 841.15	25,528.65
12/16/2009 Bond Purchased	250,000.00	HSBC 6.0% due 4/15/13	1.068	266,875.00 2,541.67	-
12/18/2009 Interest Received	2,381.51	GE Money Bank 4.75% due 12/18/13	1.000	2,381.51	2,381.51
12/24/2009 Bond Sold	500,000.00	FNMA 4.3% due 12/3/12	1.032	515,750.00 1,254.17	17,004.17
12/28/2009 Interest Received	822.24	SAEHAN Bank 3.4% due 3/27/14	1.000	822.24	822.24

12/29/2009	520,000.00	FNMA	0.997	518,440.00	518,440.00
Bond Purchased		2.75% due 12/29/14			
12/29/2009	312.33	GMAC Bnk	1.000	312.33	312.33
Interest Received		3.8% 0 due 3/28/11			
12/30/2009	243.16	Doral Bank	1.000	243.16	243.16
Interest Received		3.05% due 3/30/12		-	
Local Agency Investment Fund					
12/9/2009	425,000.00	Local Agency Investment	1.000	425,000.00	
Deposit		Fund State Pool			
12/15/2009	(100,000.00)	Local Agency Investment	1.000	(100,000.00)	
Withdrawal		Fund State Pool			
12/16/2009	(350,000.00)	Local Agency Investment	1.000	(350,000.00)	
Withdrawal		Fund State Pool			
12/29/2009	(50,000.00)	Local Agency Investment	1.000	(50,000.00)	
Withdrawal		Fund State Pool			