



# Treasurer's Report

May 10, 2011

---

**TO:** Honorable Mayor and Town Council  
**FROM:** Roger Carroll, Treasurer/Finance Officer  
**DATE:** May 3, 2011  
**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:**

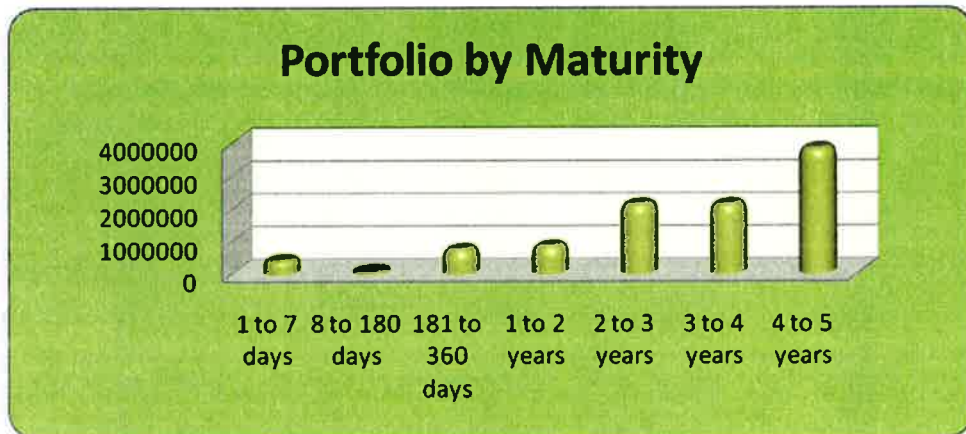
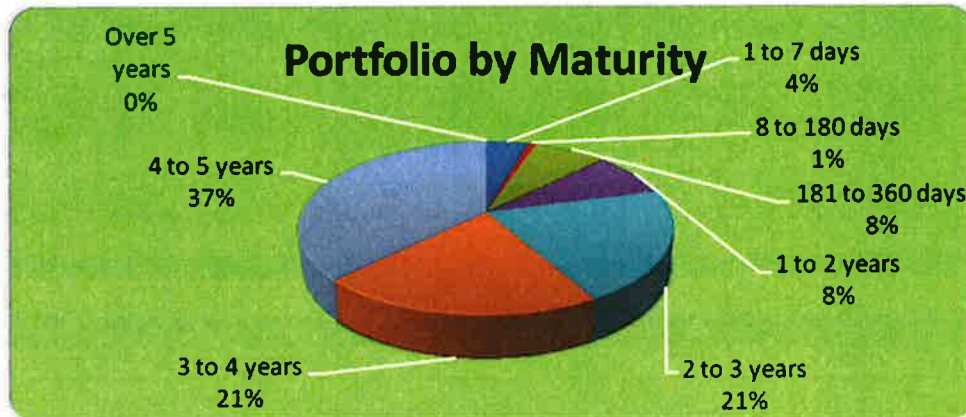
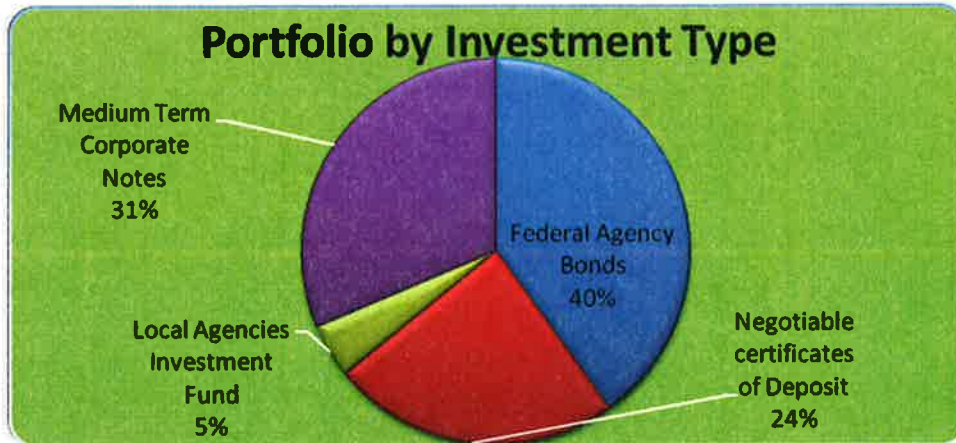
The Town is in compliance with its investment policy. The Lehman Brothers bonds have been downgraded to below investment level. The Town's investment policy does not require immediate liquidation of such bonds, but allows some discretion. As these bonds went suddenly from AA investment grade to below 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 \$127,500. The Treasurer recommends waiting for the bankruptcy proceedings.

## **Other Information**

Benchmarks as of April 30, 2011:

Federal Lending Rate: 0.25%  
Two Year T-Bill Rate: 0.60%  
LAIF daily Rate 0.49%

Town of Loomis Weighted Average Rate, excluding LAIF investments: 3.15%  
Average Maturity is 2.99 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 as rates start to climb.

## **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 April 30, 2011**

**Current Portfolio Balance: \$ 10,282,147**

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/local agency bonds, etc	100.00%	50.00%	6.82%	Yes
d Local agency bonds, etc	100.00%	50.00%		Yes
e Federal Agency Bonds	100.00%	100.00%	37.40%	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%	22.31%	Yes
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%	4.24%	Yes
h Time Deposits	30.00%	25.00%		Yes
j Medium Term Corporate Notes	30.00%	30.00%	29.22%	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%	0.00%		Yes
n Mortgage pass through security bonds	20.00%	0.00%		Yes
<b>Total</b>			100.00%	

Target Share of Portfolio per Investment Policy			Actual %	Actual \$
Range	Not Less Than	Not More Than		
1 to 7 days	5%	70%	4%	436,166
8 to 180 days	0%	30%	1%	94,548
181 to 360 days	0%	30%	7%	761,080
1 to 2 years	0%	40%	8%	862,723
2 to 3 years		40%	21%	2,144,751
3 to 4 years		30%	21%	2,146,063
4 to 5 years		30%	37%	3,836,816
Over 5 years		0%	0%	
<b>Total</b>				10,282,147

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  
4/30/2011

4/30/2011		SETTLEMENT	NEXT	MATURITY		DISCOUNT	BOOK	7/31/2008	UNREALIZED	
Cusip	NAME	RATE	DATE	COUPON	DATE	UNITS	OR PREMIUM	VALUE	MARKET	MARKET
								VALUE	VALUE	GAIN/LOSS
313371NW2	AGY FHLB	1.375%	12/28/2010	6/11/2011	12/11/2015	280,000.00	(9,669.36)	270,330.64	272,879.60	2,548.96
3133722L71	AGY FHLB	2.250%	12/28/2010	6/22/2011	12/22/2015	250,000.00	(466.68)	249,533.32	250,627.50	1,094.18
3133XWX95	AGY FHLB	2.750%	3/25/2010	9/13/2011	3/13/2015	500,000.00	(283.76)	499,716.24	521,015.00	21,298.76
3133XYU07	AGY FHLB s/u	1.250%	6/30/2010	6/30/2011	6/30/2015	500,000.00	(416.70)	499,583.30	500,705.00	1,121.70
3136FPC70	AGY FNMA	2.000%	1/24/2011	6/15/2011	12/15/2015	520,000.00	(3,154.68)	516,845.32	520,317.20	3,471.88
3136FPKY2	AGY FNMA	2.250%	3/30/2011	9/28/2011	3/28/2016	250,000.00	(2,876.25)	247,123.75	249,005.00	1,881.25
3136FP6L6	AGY FNMA	2.450%	2/22/2011	8/22/2011	2/22/2016	250,000.00	(1,781.25)	248,218.75	253,007.50	4,788.75
3136FP7B7	AGY FNMA	2.500%	3/30/2011	8/23/2011	2/23/2016	220,000.00		220,000.00	221,377.20	1,377.20
3136FMUD4	AGY FNMA	2.700%	5/26/2010	5/26/2011	5/26/2015	500,000.00		500,000.00	500,875.00	875.00
3136FM3D4	AGY FNMA s/u	1.500%	7/28/2010	7/28/2011	7/28/2015	500,000.00		500,000.00	501,440.00	1,440.00
13063BHY1	A1 CA RANS	3.000%	11/23/2010	6/28/2011	6/28/2011	250,000.00	525.00	250,525.00	250,890.00	365.00
4521518V8	A1 Illinois GOB	4.421%	8/3/2010	7/1/2011	1/1/2015	100,000.00		100,000.00	102,373.00	2,373.00
452151LC5	A1 Illinois GOB	4.050%	8/24/2010	6/1/2011	6/1/2015	150,000.00	805.98	150,805.98	151,080.00	274.02
913366ET3	A1 UCD	2.875%	11/18/2010	5/15/2011	5/15/2015	200,000.00		200,000.00	196,796.00	(3,204.00)
02003MBQ6	AA Alstate LF GLB	5.375%	5/1/2009	4/30/2011	4/30/2013	250,000.00		250,000.00	270,490.00	20,490.00
02004MD91	CD Ally Bank	2.150%	8/6/2010	8/6/2011	8/6/2014	100,000.00		100,000.00	101,219.00	1,219.00
02580VB3	CD Amex Bank FSB	5.000%	11/26/2008	5/26/2011	11/26/2013	100,000.00		100,000.00	108,806.00	8,806.00
02586TB2	CD Amex Bank	5.000%	11/26/2008	5/26/2011	11/26/2013	100,000.00		100,000.00	108,806.00	8,806.00
06740KCB1	CD Barclays Bank	3.200%	10/14/2009	5/14/2011	10/14/2014	100,000.00		100,000.00	104,227.00	4,227.00
05568PPD3	CD BMW Bank	3.550%	3/31/2009	9/30/2011	3/31/2014	97,000.00		97,000.00	102,300.08	5,300.08
140653T55	CD CAPMARK BANK	5.000%	10/22/2008	4/22/2011	10/22/2013	100,000.00		100,000.00	108,598.00	8,598.00
17284ADC9	CD CIT Bank	3.650%	5/22/2009	5/22/2011	5/22/2014	100,000.00		100,000.00	105,806.00	5,806.00
25469J5W5	CD DISCOVER BANK	3.550%	5/20/2009	5/20/2011	5/20/2014	100,000.00		100,000.00	103,537.00	3,537.00
254670RF1	CD DISCOVER BANK	2.900%	11/12/2009	6/12/2011	11/12/2013	100,000.00		100,000.00	105,511.00	5,511.00
25811LUH0	CD Doral Bank	2.150%	5/14/2010	5/14/2011	5/14/2013	100,000.00		100,000.00	101,859.00	1,859.00
3191404X4	CD Firstbank Highland	3.400%	5/20/2009	5/20/2011	5/20/2014	100,000.00		100,000.00	105,068.00	5,068.00
337629K65	CD Firstbank PR	2.150%	5/14/2010	5/14/2011	5/14/2013	100,000.00		100,000.00	101,859.00	1,859.00
36160XF1	CD GE Cap in dc	3.500%	4/30/2009	4/30/2011	4/30/2014	100,000.00		100,000.00	105,370.00	5,370.00
36159SQL8	CD GE Money Bnk	2.050%	8/6/2010	8/6/2011	8/6/2014	100,000.00		100,000.00	101,189.00	1,189.00
36159SHN4	CD GE Money Bnk	2.400%	11/13/2009	5/13/2011	11/13/2012	100,000.00		100,000.00	102,226.00	2,226.00
36159SEJ6	CD GE Money Bnk	4.750%	12/18/2008	6/18/2011	12/18/2013	100,000.00		100,000.00	108,313.00	8,313.00
36962G3Z5	AA GECC (F)	1.309%	8/3/2010	9/23/2011	9/23/2013	150,000.00	(3,689.25)	146,310.75	151,630.50	5,319.75
36962GK94	AA GECC (F)	0.569%	6/28/2010	9/15/2011	9/15/2014	100,000.00	(4,775.60)	95,224.40	98,778.00	3,553.60
38141EKF5	A GOLDMAN SACHS	0.583%	7/16/2010	8/22/2011	7/22/2015	250,000.00	(15,625.00)	234,375.00	243,952.50	9,577.50
381426HR9	CD GOLDMAN SACHS BAI	4.450%	4/30/2008	4/30/2012	4/30/2013	100,000.00		100,000.00	106,389.00	6,389.00
40429XUJ3	AA- HSBC	6.000%	11/16/2009	4/15/2012	4/15/2013	250,000.00	12,722.96	262,722.96	264,977.50	2,254.54
45974VB31	A1 AIG	5.300%	5/22/2007	5/1/2011	5/1/2012	250,000.00		250,000.00	255,312.50	5,312.50
46625HHB9	AA- JP Morgan	4.750%	5/26/2009	5/1/2011	5/1/2013	250,000.00	4,440.00	254,440.00	266,485.00	12,045.00
52517PK59	A2 LEHMAN BRO	5.750%	10/6/2006		7/18/2011	500,000.00	10,554.78	510,554.78	127,500.00	(383,054.78)
59018YM40	A2 MERIL LYNCH	5.450%	3/28/2008	4/5/2011	2/5/2013	250,000.00		250,000.00	266,087.50	16,087.50
61747MQF1	CD MORGAN STANLEY CF	5.050%	10/29/2008	6/29/2011	10/29/2013	100,000.00		100,000.00	108,762.00	8,762.00
61747YCL7	AA3 MORGAN STANLEY	4.100%	1/29/2010	8/26/2011	1/26/2015	275,000.00		275,000.00	284,839.50	9,839.50
785907AV8	CD Saehan Bank	3.400%	3/31/2009	8/27/2011	3/24/2014	97,000.00		97,000.00	102,233.15	5,233.15
7954550HP3	CD Sallie Mae Bk	3.500%	2/19/2009	8/19/2011	2/19/2014	100,000.00		100,000.00	105,239.00	5,239.00
92979HFG6	CD WACHOVIA BANK	5.000%	7/25/2008	7/25/2011	7/25/2013	100,000.00		100,000.00	106,900.00	6,900.00
92976GAC5	AA WACHOVIA BANK	0.666%	6/28/2010	8/3/2011	11/3/2014	500,000.00	(23,877.60)	476,122.40	491,105.00	14,982.60
92977BQA2	CD WACHOVIA BANK	5.000%	7/25/2008	7/25/2011	7/25/2013	100,000.00		100,000.00	106,900.00	6,900.00
929781FF4	CD WACHOVIA MTG	5.000%	7/25/2008	7/25/2011	7/25/2013	100,000.00		100,000.00	106,900.00	6,900.00
ACCRUED INT	AGY					94,547.96		94,547.96		
Sub- total						9,883,547.96	(37,567.41)	9,845,980.55	9,631,563.23	(119,869.36)
Balance on account with LAIF						436,166.25		436,166.25	436,166.25	
Total Portfolio						10,319,714.21		10,282,146.80		

**Town of Looms  
Transaction Ledger  
4/01/11 to 4/30/11**

<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>
4/1/2011 Interest Received	0.03	Highmark Treas Fund 0.01% floating 7 day	1.000	0.03	0.03
4/1/2011 Interest Received	1,717.03	BMW Bank 3.55% due 3/31/14	1.000	1,717.03	1,717.03
4/15/2011 Interest Received	1,595.62	Barclays Bank 3.2% due 10/14/14	1.000	1,595.62	1,595.62
4/15/2011 Interest Received	7,500.00	HSBC 6.0% due 4/15/13	1.000	7,500.00	7,500.00
4/15/2011 Interest Received	182.60	Doral Bank 2.15% due 5/14/13	1.000	182.60	182.60
4/15/2011 Interest Received	182.60	Firstbank PR 2.15% due 5/14/13	1.000	182.60	182.60
4/25/2011 Interest Received	2,493.15	Capmark Bank 5.0% due 10/22/13	1.000	2,493.15	2,493.15
4/27/2011 Interest Received	449.22	Goldman Sachs FR due 7/22/15	1.000	449.22	449.22
<b>Local Agency Investment Fund</b>					
4/14/2011 Withdrawal	(325,000.00)	Local Agency Investment Fund State Pool	1.000	(325,000.00)	
4/15/2011 Quarterly Interest	837.14	Local Agency Investment Fund State Pool	1.000	837.14	
4/27/2011 Withdrawal	(50,000.00)	Local Agency Investment Fund State Pool	1.000	(50,000.00)	