



# Treasurer's Report

October 12, 2010

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

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**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:**

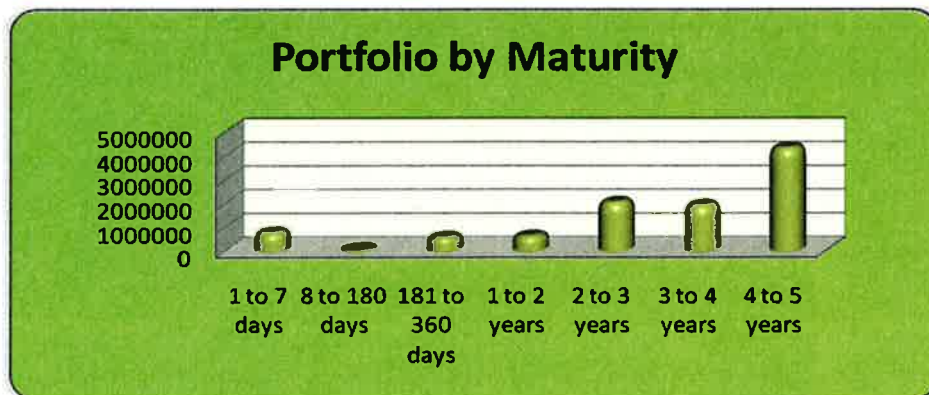
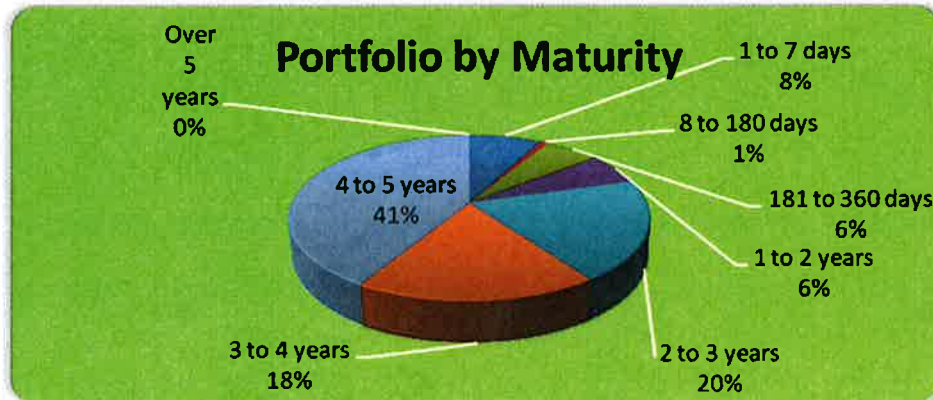
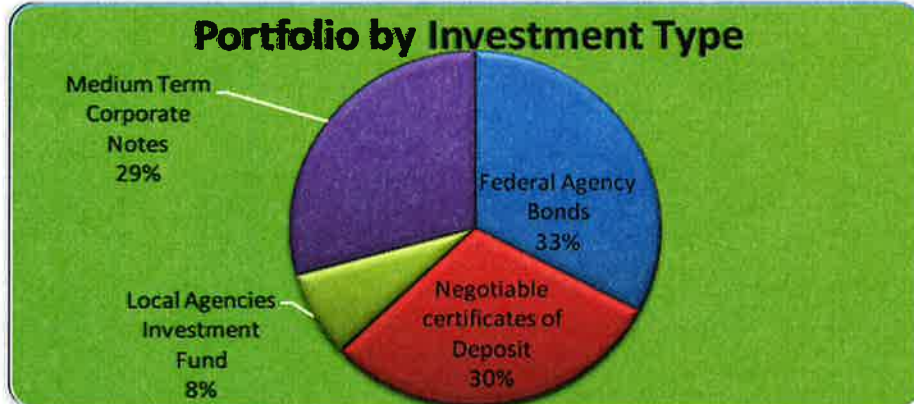
The Town is in compliance with its investment policy. The Lehman Brothers bonds have been downgraded to below investment level. The Town's investment policy does not require immediate liquidation of such bonds, but allows some discretion. As these bonds went suddenly from AA investment grade to below 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 \$110,625, 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.

## Other Information

Benchmarks as of September 30, 2010:

Federal Lending Rate: 0.25%  
 Two Year T-Bill Rate: 0.47%  
 LAIF daily Rate 0.42%

Town of Loomis Weighted Average Rate, excluding LAIF investments: 3.35%  
 Average Maturity is 3.17 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 late 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 September 30, 2010

**Current Portfolio Balance: \$ 10,505,752**

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%	2.39%	Yes
d Local agency bonds, etc	100.00%	50.00%		Yes
e Federal Agency Bonds	100.00%	100.00%	31.93%	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%	29.42%	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%	7.71%	Yes
h Time Deposits	30.00%	25.00%		Yes
j Medium Term Corporate Notes	30.00%	30.00%	28.55%	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
<b>Total</b>			<b>100.00%</b>	

Target Share of Portfolio per Investment Policy			Actual %	Actual \$
Range	Not Less Than	Not More Than		
1 to 7 days	5%	70%	8%	809,816
8 to 180 days	0%	30%	1%	87,026
181 to 360 days	0%	30%	6%	610,555
1 to 2 years	0%	40%	6%	647,000
2 to 3 years		40%	20%	2,065,230
3 to 4 years		30%	18%	1,938,282
4 to 5 years		30%	41%	4,347,843
Over 5 years		0%	0%	
<b>Total</b>				<b>10,505,752</b>

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  
9/30/2010

Cusip	NAME	RATE	SETTLEMENT DATE	NEXT COUPON	MATURITY DATE	UNITS	DISCOUNT OR PREMIUM	BOOK VALUE	7/31/2008 MARKET VALUE	UNREALIZED MARKET GAIN/LOSS
3133XWX95	AGY FHLB	2.750%	3/25/2010	3/13/2011	3/13/2015	500,000.00	(326.88)	499,673.12	527,655.00	27,981.88
3133XYKs3	AGY FHLB	2.875%	6/3/2010	12/3/2010	6/3/2015	250,000.00		250,000.00	250,860.00	860.00
3133XYU07	AGY FHLB s/u	1.000%	6/30/2010	12/30/2010	6/30/2015	500,000.00	(475.01)	499,524.99	500,940.00	1,415.01
3133F4PM7	AGY FHLMC s/u	2.000%	5/18/2010	9/15/2010	3/15/2015	250,000.00		250,000.00	251,932.50	1,932.50
3136FMUD4	AGY FNMA	2.700%	5/26/2010	11/26/2010	5/26/2015	500,000.00		500,000.00	506,720.00	6,720.00
31398AB68	AGY FNMA	2.750%	12/29/2009	12/29/2010	12/29/2014	520,000.00	(1,300.00)	518,700.00	522,761.20	4,061.20
31398AVC3	AGY FNMA	3.150%	3/11/2009	3/11/2010	2/18/2014	250,000.00	(85.48)	249,914.52	252,187.50	2,272.98
3136FM3D4	AGY FNMA s/u	1.500%	7/28/2010	1/28/2011	7/28/2015	500,000.00		500,000.00	502,970.00	2,970.00
4521518V8	A1 Illinois GOB	4.421%	8/3/2010	1/1/2011	1/1/2015	100,000.00		100,000.00	104,216.00	4,216.00
452151LC5	A1 Illinois GOB	4.050%	8/24/2010	12/1/2010	6/1/2015	150,000.00	921.06	150,921.06	154,531.50	3,610.44
02003MBQ6	AA Alstate LF GLB	5.375%	5/1/2009	10/30/2010	4/30/2013	250,000.00		250,000.00	276,277.50	26,277.50
02004MD91	CD Ally Bank	2.150%	8/6/2010	2/6/2011	8/6/2014	100,000.00		100,000.00	100,091.00	91.00
02580VB93	CD Amex Bank FSB	5.000%	11/26/2008	11/26/2010	11/26/2013	100,000.00		100,000.00	109,628.00	9,628.00
02586TBJ2	CD Amex Bank	5.000%	11/26/2008	11/26/2010	11/26/2013	100,000.00		100,000.00	109,628.00	9,628.00
06740KCB1	CD Barclays Bank	3.200%	10/14/2009	10/14/2010	10/14/2014	100,000.00		100,000.00	103,619.00	3,619.00
05568PPD3	CD BMW Bank	3.550%	3/31/2009	9/30/2010	3/31/2014	97,000.00		97,000.00	102,040.12	5,040.12
14041AXS3	CD CAP 1	4.400%	1/24/2008	7/23/2010	1/23/2012	100,000.00		100,000.00	104,585.00	4,585.00
14042EDU1	CD CAP1	4.400%	1/24/2008	7/23/2010	1/23/2012	100,000.00		100,000.00	104,585.00	4,585.00
140653T55	CD CAPMARK BANK	5.000%	10/22/2008	10/22/2010	10/22/2013	100,000.00		100,000.00	109,501.00	9,501.00
17284ADC9	CD CIT Bank	3.650%	5/22/2009	11/22/2010	5/22/2014	100,000.00		100,000.00	105,490.00	5,490.00
173702GU9	CD Citizens Bank	2.000%	8/18/2010	9/18/2010	2/18/2014	100,000.00		100,000.00	100,201.00	201.00
25469J5W5	CD DISCOVER BANK	3.550%	5/20/2009	11/20/2010	5/20/2014	100,000.00		100,000.00	103,273.00	3,273.00
254670RF1	CD DISCOVER BANK	2.900%	11/12/2009	12/12/2010	11/12/2013	100,000.00		100,000.00	105,145.00	5,145.00
25811LBV0	CD Doral Bank	3.050%	3/30/2009	7/30/2010	3/30/2012	97,000.00		97,000.00	99,999.24	2,999.24
25811LUH0	CD Doral Bank	2.150%	5/14/2010	10/14/2010	5/14/2013	100,000.00		100,000.00	101,507.00	1,507.00
3191404X4	CD Firstbank Highland	3.400%	5/20/2009	11/20/2010	5/20/2014	100,000.00		100,000.00	104,624.00	4,624.00
337629K65	CD Firstbank PR	2.150%	5/14/2010	10/14/2010	5/14/2013	100,000.00		100,000.00	101,507.00	1,507.00
35039UBE3	CD Foundation Bank	3.300%	2/27/2009	8/27/2010	2/27/2013	100,000.00		100,000.00	100,405.00	405.00
36185ASE9	CD GMAC BANK	3.800%	3/28/2008	10/29/2010	3/28/2011	100,000.00		100,000.00	101,585.00	1,585.00
36160XFJ1	CD GE Cap in dc	3.500%	4/30/2009	10/30/2010	4/30/2014	100,000.00		100,000.00	104,995.00	4,995.00
36159SQL8	CD GE Money Bnk	2.050%	8/6/2010	2/6/2011	8/6/2014	100,000.00		100,000.00	100,055.00	55.00
36159SHN4	CD GE Money Bnk	2.400%	11/13/2009	11/13/2010	11/13/2012	100,000.00		100,000.00	102,251.00	2,251.00
36159SEJ6	CD GE Money Bnk	4.750%	12/18/2008	12/18/2010	12/18/2013	100,000.00		100,000.00	108,944.00	8,944.00
36962GK94	AA GECC (F)	1.538%	8/3/2010	9/23/2010	9/23/2013	150,000.00	(4,611.50)	145,388.50	149,781.00	4,392.50
36962GK94	AA GECC (F)	0.553%	6/28/2010	9/15/2010	9/15/2014	100,000.00	(5,632.68)	94,367.32	95,846.00	1,478.68
38141EKFS	A GOLDMAN SACHS	0.807%	7/16/2010	7/22/2010	7/22/2015	250,000.00	(17,812.50)	232,187.50	234,970.00	2,782.50
381426HR9	CD GOLDMAN SACHS BAI	4.450%	4/30/2008	10/30/2010	4/30/2013	100,000.00		100,000.00	107,294.00	7,294.00
40429XUJ3	AA- HSBC	6.000%	11/16/2009	10/15/2010	4/15/2013	250,000.00	14,561.30	264,561.30	269,485.00	4,923.70
45974VB31	A1 AIG	5.300%	5/22/2007	11/1/2010	5/1/2012	250,000.00		250,000.00	250,625.00	625.00
46625HHB9	AA- JP Morgan	4.750%	5/26/2009	11/1/2010	5/1/2013	250,000.00	5,280.00	255,280.00	271,135.00	15,855.00
49306SFQ4	CD Key Bank	4.700%	10/1/2008	10/1/2010	10/1/2012	100,000.00		100,000.00	106,770.00	6,770.00
52517PK59	A2 LEHMAN BRO	5.750%	10/6/2006		7/18/2011	500,000.00	10,554.78	510,554.78	110,625.00	(399,929.78)
59018YM40	A2 MERIL LYNCH	5.450%	3/28/2008	10/5/2010	2/5/2013	250,000.00		250,000.00	268,485.00	18,485.00
61747MQF1	CD MORGAN STANLEY CC	5.050%	10/29/2008	12/29/2010	10/29/2013	100,000.00		100,000.00	109,677.00	9,677.00
61746BCW4	AA3 MORGAN STANLEY	4.100%	1/29/2010	7/26/2010	1/26/2015	275,000.00		275,000.00	284,110.75	9,110.75
635349FE8	CD NATL CITY BANK	4.000%	3/31/2008	10/2/2010	4/2/2012	100,000.00		100,000.00	104,502.00	4,502.00
785907AV8	CD Saehan Bank	3.400%	3/31/2009	7/27/2010	3/24/2014	97,000.00		97,000.00	101,972.22	4,972.22
7954550HP3	CD Sallie Mae Bk	3.500%	2/19/2009	8/19/2010	2/19/2014	100,000.00		100,000.00	105,050.00	5,050.00
92979HFG6	CD WACHOVIA BANK	5.000%	7/25/2008	7/25/2010	7/25/2013	100,000.00		100,000.00	107,684.00	7,684.00
92976GAC5	AA WACHOVIA BANK	0.815%	6/28/2010	8/3/2010	11/3/2014	500,000.00	(28,163.28)	471,836.72	478,100.00	6,263.28
92977BQA2	CD WACHOVIA BANK	5.000%	7/25/2008	7/25/2010	7/25/2013	100,000.00		100,000.00	107,684.00	7,684.00
929781FF4	CD WACHOVIA MTG	5.000%	7/25/2008	8/25/2010	7/25/2013	100,000.00		100,000.00	107,684.00	7,684.00
ACCRUED INT	AGY					87,025.83		87,025.83		
Sub- total						9,723,025.83	(27,090.19)	9,695,935.64	9,506,189.53	(102,720.28)
Balance on account with LAIF						809,816.31		809,816.31	809,816.31	
Total Portfolio						10,532,842.14		10,505,751.95		

Town of Looms  
Transaction Ledger  
9/01/10 to 9/30/10

<u>Trans Date</u>	<u>Quantity</u>	<u>Description</u>	<u>Price</u>	<u>Amount</u> <u>Int Purch/Sold</u>	<u>Premium/Gain</u> <u>(Discount)/(Loss)</u>
<u>Trans Type</u>					
9/1/2010 Interest Received	0.10	Highmark Treas Fund 0.01% floating 7 day	1.000	0.10	0.10
9/1/2010 Interest Received	399.18	Key Bank 4.7% due 10/01/12	1.000	399.18	399.18
9/13/2010 Interest Received	8,402.78	FHLB 2.75% due 3/13/15	1.000	8,402.78	8,402.78
9/14/2010 Interest Received	182.60	Firstbank PR 2.15% due 5/14/13	1.000	182.60	182.60
9/14/2010 Interest Received	182.60	Doral Bank 2.15% due 5/14/15	1.000	182.60 -	182.60
9/15/2010 Interest Received	203.69	GECC 1.53838% due 9/23/13	1.000	203.69 -	203.69
9/16/2010 Interest received	2,652.78	FHLMC SU 2.0% due 3/15/15	1.000	2,652.78	2,652.78
9/21/2010 Interest received	169.86	Citizens Bank 2.0% due 2/18/1	1.000	169.86	169.86
9/24/2010 Bond Called	250,000.00	FHLMC su 2.125% due 3/24/15	1.000	250,000.00 2,656.25	2,656.25
9/24/2010 Interest Received	589.71	GECC FR 1.53838% due 9/23/13	1.000	589.71	589.71
9/28/2010 Interest Received	831.28	Saehan Bank 3.4% due 3/27/14	1.000	831.28	831.28
9/29/2010 Interest Received	322.74	GMAC Bank 3.8% due 3/28/11	1.000	322.74	322.74

**Local Agency Investment Fund**

8/4/2010 Withdrawal	(50,000.00)	Local Agency Investment Fund State Pool	1.000	(50,000.00)	
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8/19/2010 Withdrawal	(50,000.00)	Local Agency Investment Fund State Pool	1.000	(50,000.00)
8/26/2010 Deposit	300,000.00	Local Agency Investment Fund State Pool	1.000	300,000.00
8/19/2010 Withdrawal	(250,000.00)	Local Agency Investment Fund State Pool	1.000	(250,000.00)