



# Treasurer's Report

September 14, 2010

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

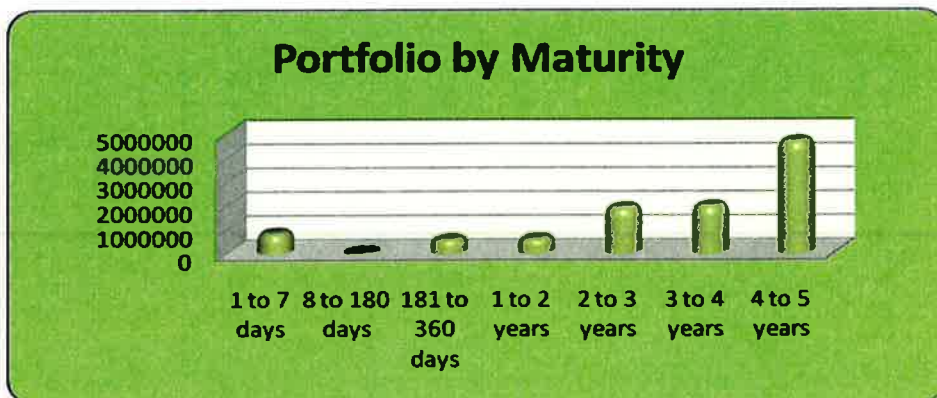
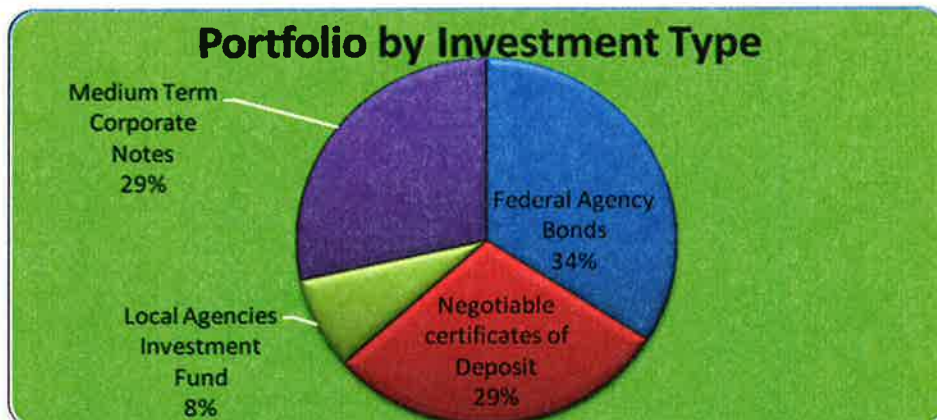
The Town is in compliance with its investment policy. The Lehman Brothers bonds have been downgraded to below investment level. The Town's investment policy does not require immediate liquidation of such bonds, but allows some discretion. As these bonds went suddenly from AA investment grade to below 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 \$105,000, 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 August 31, 2010:

Federal Lending Rate: 0.25%  
 Two Year T-Bill Rate: 0.47%  
 LAIF daily Rate 0.51%

Town of Loomis Weighted Average Rate, excluding LAIF investments: 3.35%  
 Average Maturity is 3.28 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 August 31, 2010

**Current Portfolio Balance: \$ 10,797,254**

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%	2.32%	Yes
d Local agency bonds, etc	100.00%	50.00%		Yes
e Federal Agency Bonds	100.00%	100.00%	33.32%	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%	28.63%	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%	7.96%	Yes
h Time Deposits	30.00%	25.00%		Yes
j Medium Term Corporate Notes	30.00%	30.00%	27.77%	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%	859,816
8 to 180 days	0%	30%	1%	79,688
181 to 360 days	0%	30%	6%	610,555
1 to 2 years	0%	40%	6%	647,000
2 to 3 years		40%	18%	1,920,224
3 to 4 years		30%	18%	1,989,169
4 to 5 years		30%	43%	4,690,802
Over 5 years		0%	0%	
<b>Total</b>				<b>10,797,254</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  
8/31/2010

Cusip	NAME	RATE	GL	ACT	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%	10951	000	3/25/2010	9/13/2010	3/13/2015	500,000.00	(333.04)	499,666.96	526,405.00	26,738.04
3133XYKs3	AGY FHLB	2.875%	10951	100	6/3/2010	12/3/2010	6/3/2015	250,000.00		250,000.00	251,327.50	1,327.50
3133XYUJ7	AGY FHLB s/u	1.000%	10948	100	6/30/2010	12/30/2010	6/30/2015	500,000.00	(483.34)	499,516.66	500,940.00	1,423.34
3133F4PM7	AGY FHLMC s/u	2.000%	10950	100	5/18/2010	9/15/2010	3/15/2015	250,000.00		250,000.00	252,262.50	2,262.50
3128X9L81	AGY FHLMC	2.125%	10950	000	3/24/2010	9/24/2010	3/24/2015	250,000.00	(337.50)	249,662.50	250,290.00	627.50
3136FMUD4	AGY FNMA	2.700%	10960	100	5/26/2010	11/26/2010	5/26/2015	500,000.00		500,000.00	507,500.00	7,500.00
31398AB68	AGY FNMA	2.750%	10879	000	12/29/2009	12/29/2010	12/29/2014	520,000.00	(1,326.00)	518,674.00	523,900.00	5,226.00
31398AVC3	AA Alstate LF GLB	3.150%	10863	000	3/11/2009	3/11/2010	2/18/2014	250,000.00	(87.56)	249,912.44	252,735.00	2,822.56
3136FM3D4	AGY FNMA s/u	1.500%	10946	100	7/28/2010	1/28/2011	7/28/2015	500,000.00		500,000.00	502,655.00	2,655.00
4521518V8	A1 Illinois GOB	4.421%	10980	000	8/3/2010	1/1/2011	1/1/2015	100,000.00		100,000.00	101,753.00	1,753.00
452151LC5	A1 Illinois GOB	4.050%	10980	100	8/24/2010	12/1/2010	6/1/2015	150,000.00	937.50	150,937.50	150,486.00	(451.50)
02003MBC6	AA Alstate LF GLB	5.375%	10870	000	5/1/2009	10/30/2010	4/30/2013	250,000.00		250,000.00	275,985.00	25,985.00
02004MD91	CD Ally Bank	2.150%	10880	000	8/6/2010	2/6/2011	8/6/2014	100,000.00		100,000.00	99,702.00	(298.00)
02580VBj3	CD Amex Bank FSB	5.000%	10848	000	11/26/2008	11/26/2010	11/26/2013	100,000.00		100,000.00	109,175.00	9,175.00
02586TBJ2	CD Amex Bank	5.000%	10847	000	11/26/2008	11/26/2010	11/26/2013	100,000.00		100,000.00	109,175.00	9,175.00
06740KAC3	CD Barclays Bank	3.200%	10817	000	10/14/2009	10/14/2010	10/14/2014	100,000.00		100,000.00	103,342.00	3,342.00
05568PPD3	CD BMW Bank	3.550%	10866	000	3/31/2009	9/30/2010	3/31/2014	97,000.00		97,000.00	101,561.91	4,561.91
14041AXS3	CD CAP 1	4.400%	10825	000	1/24/2008	7/23/2010	1/23/2012	100,000.00		100,000.00	104,752.00	4,752.00
14042EDU1	CD CAP1	4.400%	10826	000	1/24/2008	7/23/2010	1/23/2012	100,000.00		100,000.00	104,752.00	4,752.00
140653T55	CD CAPMARK BANK	5.000%	10844	000	10/22/2008	10/22/2010	10/22/2013	100,000.00		100,000.00	109,041.00	9,041.00
17284ADC9	CD CIT Bank	3.650%	10868	000	5/22/2009	11/22/2010	5/22/2014	100,000.00		100,000.00	105,081.00	5,081.00
173702GU9	CD Citizens Bank	2.000%	10881	000	8/18/2010	9/18/2010	2/18/2014	100,000.00		100,000.00	99,938.00	(62.00)
25469J5W5	CD DISCOVER BANK	3.550%	10829	000	5/20/2009	11/20/2010	5/20/2014	100,000.00		100,000.00	102,670.00	2,670.00
254670RF1	CD DISCOVER BANK	2.900%	10818	000	11/12/2009	12/12/2010	10/12/2013	100,000.00		100,000.00	104,725.00	4,725.00
25811LBV0	CD Doral Bank	3.050%	10853	000	3/30/2009	7/30/2010	3/30/2012	97,000.00		97,000.00	100,020.58	3,020.58
25811LUH0	CD Doral Bank	2.150%	10853	100	5/14/2010	9/14/2010	5/14/2013	100,000.00		100,000.00	100,996.00	996.00
3191404K4	CD Firstbank Highland	3.400%	10816	000	5/20/2009	11/20/2010	5/20/2014	100,000.00		100,000.00	104,194.00	4,194.00
337629K65	CD Firstbank PR	2.150%	10849	100	5/14/2010	9/14/2010	5/14/2013	100,000.00		100,000.00	100,996.00	996.00
35039UBE3	CD Foundation Bank	3.300%	10852	000	2/27/2009	8/27/2010	2/27/2013	100,000.00		100,000.00	100,645.00	645.00
36185ASE9	CD GMAC BANK	3.800%	10830	000	3/28/2008	9/29/2010	3/28/2011	100,000.00		100,000.00	101,839.00	1,839.00
36160XJF1	CD GE Cap in dc	3.500%	10841	000	4/30/2009	10/30/2010	4/30/2014	100,000.00		100,000.00	104,543.00	4,543.00
361595QL8	CD GE Money Bnk	2.050%	10819	100	8/6/2010	2/6/2011	8/6/2014	100,000.00		100,000.00	99,664.00	(336.00)
361595HM4	CD GE Money Bnk	2.400%	10819	000	11/13/2009	11/13/2010	11/13/2012	100,000.00		100,000.00	101,991.00	1,991.00
361595EJ6	CD GE Money Bnk	4.750%	10815	000	12/18/2008	12/18/10	12/18/2013	100,000.00		100,000.00	108,477.00	8,477.00
36962GK94	AA GECC (F)	1.538%	10970	200	8/3/2010	9/23/2010	9/23/2013	150,000.00	(4,743.25)	145,256.75	148,837.50	3,580.75
36962GK94	AA GECC (F)	0.797%	10970	100	6/28/2010	9/15/2010	9/15/2014	100,000.00	(5,755.12)	94,244.88	95,641.00	1,396.12
38141EKf5	A GOLDMAN SACHS	0.807%	10858	100	7/16/2010	7/22/2010	7/22/2015	250,000.00	(18,125.00)	231,875.00	234,190.00	2,315.00
381426HR9	CD GOLDMAN SACHS BAI	4.450%	10834	000	4/30/2008	10/30/2010	4/30/2013	100,000.00		100,000.00	106,977.00	6,977.00
40429XUJ3	AA- HSBC	6.000%	10854	000	11/16/2009	10/15/2010	4/15/2013	250,000.00	14,823.92	264,823.92	269,347.50	4,523.58
45974VBj1	A1 AIG	5.300%	10945	000	5/22/2007	11/1/2010	5/1/2012	250,000.00		250,000.00	243,125.00	(6,875.00)
46625HHB9	AA- JP Morgan	4.750%	10871	000	5/26/2009	11/1/2010	5/1/2013	250,000.00	5,400.00	255,400.00	271,000.00	15,600.00
493065FQ4	CD Key Bank	4.700%	10842	000	10/1/2008	9/1/2010	10/1/2012	100,000.00		100,000.00	106,751.00	6,751.00
52517PK59	A2 LEHMAN BRO	5.750%	10987	000	10/6/2006		7/18/2011	500,000.00	10,554.78	510,554.78	105,000.00	(405,554.78)
59018YM40	A2 MERIL LYNCH	5.450%	10862	000	3/28/2008	10/5/2010	2/5/2013	250,000.00		250,000.00	266,850.00	16,850.00
61747MQF1	CD MORGAN STANLEY CE	5.050%	10846	000	10/29/2008	12/29/2010	10/29/2013	100,000.00		100,000.00	109,222.00	9,222.00
61746BCW4	AA3 MORGAN STANLEY	4.100%	10942	000	1/29/2010	7/26/2010	1/26/2015	275,000.00		275,000.00	280,640.25	5,640.25
635349FE8	CD NATL CITY BANK	4.000%	10831	000	3/31/2008	10/2/2010	4/2/2012	100,000.00		100,000.00	104,586.00	4,586.00
785907AV8	CD Saehan Bank	3.400%	10867	000	3/31/2009	7/27/2010	3/24/2014	97,000.00		97,000.00	101,485.28	4,485.28
7954550HP3	CD Sallie Mae Bk	3.500%	10851	000	2/19/2009	8/19/2010	2/19/2014	100,000.00		100,000.00	104,515.00	4,515.00
92979HFG6	CD WACHOVIA BANK	5.000%	10837	000	7/25/2008	7/25/2010	7/25/2013	100,000.00		100,000.00	107,246.00	7,246.00
92976GAC5	AA WACHOVIA BANK	0.815%	10869	100	6/28/2010	8/3/2010	11/3/2014	500,000.00	(28,775.52)	471,224.48	477,720.00	6,495.52
92977BQA2	CD WACHOVIA BANK	5.000%	10838	000	7/25/2008	7/25/2010	7/25/2013	100,000.00		100,000.00	107,246.00	7,246.00
929781FF4	CD WACHOVIA MTG	5.000%	10839	000	7/25/2008	8/25/2010	7/25/2013	100,000.00		100,000.00	107,246.00	7,246.00
ACCRUED INT	AGY							79,688.02		79,688.02		
Sub- total								9,965,688.02	(28,250.13)	9,937,437.89	9,721,145.02	(136,604.85)
Balance on account with LAIF								859,816.31		859,816.31	859,816.31	
Total Portfolio								10,825,504.33		10,797,254.20		

**Town of Looms  
Transaction Ledger  
8/01/10 to 8/31/10**

<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>
8/2/2010 Interest Received	0.10	Highmark Treas Fund 0.01% floating 7 day	1.000	0.10	0.10
8/2/2010 Interest Received	243.16	Doral Bank 3.05% due 3/30/12	1.000	243.16	243.16
8/3/2010 Interest Received	399.18	Key Bank 4.7% due 10/01/12	1.000	399.18	399.18
8/3/2010 Bond Sold	250,000.00	GECC 5.0% due 4/10/12	1.055	263,750.00 3,923.61	17,673.61
8/3/2010 Bond Purchased	100,000.00	Illinois State GO Bonds 4.421% due 1/01/15	1.005	100,480.00 392.98	872.98
8/3/2010 Bond Purchased	150,000.00	GECC 1.53838% due 9/23/13	0.968	145,125.00 262.81	(4,612.19)
8/6/2010 CD Purchased	100,000.00	Ally Bank 2.15% due 8/06/14	1.000	100,000.00 -	-
8/6/2010 CD Purchased	100,000.00	GE Money bank 2.05% due 8/06/14	1.000	100,000.00 -	-
8/10/2010 Bond Called	250,000.00	FHLB su 1.0% due 2/10/15	1.000	250,000.00 781.25	781.25
8/13/2010 Interest Received	915.54	Wachovia Bank FR due 11/03/14	1.000	915.54	915.54
8/17/2010 Interest Received	182.60	Firstbank PR 2.15% due 5/14/13	1.000	182.60	182.60
8/17/2010 Interest Received	182.60	Doral Bank 2.15% due 5/14/15	1.000	182.60 -	182.60
8/18/2010 Interest Received	3,937.50	FNMA 3.15% due 2/18/14	1.000	3,937.50 -	-
8/18/2010 CD Purchased	100,000.00	Citizens Bnk 2.0% due 2/18/14	1.000	100,000.00 -	-

8/19/2010 Interest received	1,735.62	Sallie Mae Bank 3.5% due 2/19/14	1.000	1,735.62	1,735.62
8/24/2010 Bond Called	250,000.00	FNMA su 2.15% due 2/24/15	1.000	250,000.00 2,687.50	2,687.50
8/24/2010 Bond Called	250,000.00	FNMA su 2.5% due 2/24/15	1.000	250,000.00 3,125.00	3,125.00
8/30/2010 Interest Received	831.78	Foundation Bank 3.3% due 2/27/13	1.000	831.78	831.78
8/30/2010 Interest Received	322.74	GMAC Bank 3.8% due 3/28/11	1.000	322.74	322.74
8/31/2010 Interest Received	182.60	Doral Bank 3.05% due 3/30/12	1.000	182.60 -	182.60

**Local Agency Investment Fund**

8/4/2010 Withdrawal	(175,000.00)	Local Agency Investment Fund State Pool	1.000	(175,000.00)	
8/19/2010 Withdrawal	(300,000.00)	Local Agency Investment Fund State Pool	1.000	(300,000.00)	
8/26/2010 Deposit	500,000.00	Local Agency Investment Fund State Pool	1.000	500,000.00	