



Treasurer's Report

June 14, 2011

TO: Honorable Mayor and Town Council
FROM: Roger Carroll, Treasurer/Finance Officer
DATE: June 1, 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:

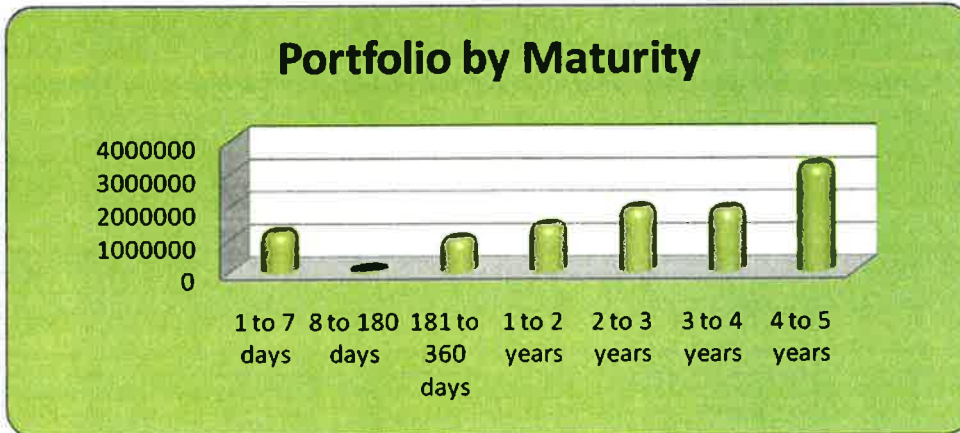
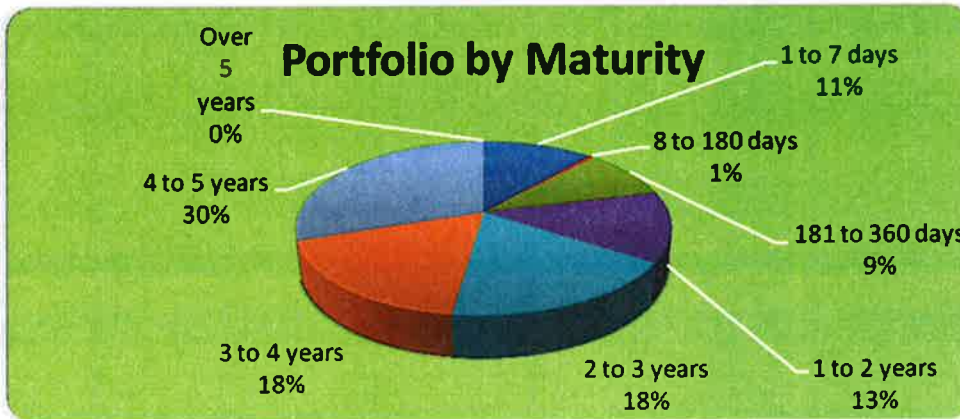
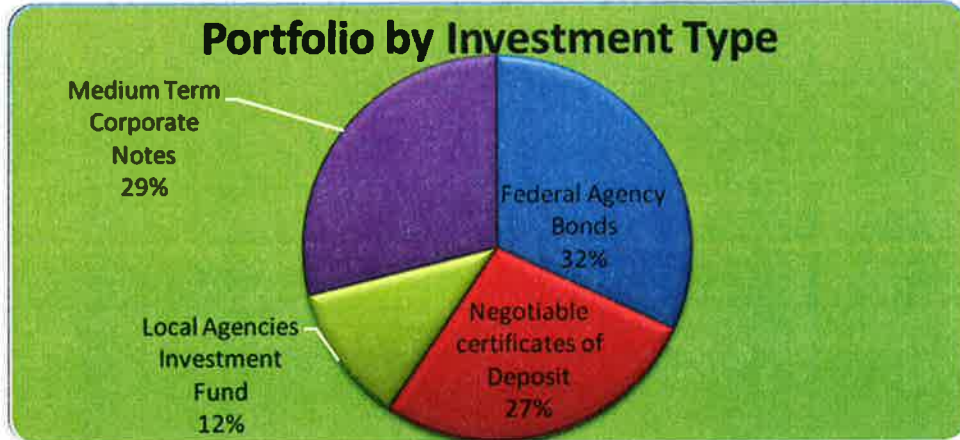
The Town is in compliance with its investment policy. The Lehman Brothers bonds have been downgraded to below investment level. The Town's investment policy does not require immediate liquidation of such bonds, but allows some discretion. As these bonds went suddenly from AA investment grade to below 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 \$130,000. The Treasurer recommends waiting for the bankruptcy proceedings.

Other Information

Benchmarks as of May 31, 2011:

Federal Lending Rate: 0.25%
Two Year T-Bill Rate: 0.46%
LAIF daily Rate 0.42%

Town of Loomis Weighted Average Rate, excluding LAIF investments: 3.09%
Average Maturity is 2.97 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 May 31, 2011

Current Portfolio Balance: \$ 10,801,408

| 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% | 6.21% | Yes |
| d Local agency bonds, etc | 100.00% | 50.00% | | Yes |
| e Federal Agency Bonds | 100.00% | 100.00% | 30.74% | 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% | 24.01% | 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% | 11.21% | Yes |
| h Time Deposits | 30.00% | 25.00% | | Yes |
| j Medium Term Corporate Notes | 30.00% | 30.00% | 27.83% | 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 |
| 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% | 11% | 1,211,166 |
| 8 to 180 days | 0% | 30% | 1% | 68,198 |
| 181 to 360 days | 0% | 30% | 9% | 1,010,817 |
| 1 to 2 years | 0% | 40% | 13% | 1,416,780 |
| 2 to 3 years | | 40% | 18% | 1,940,443 |
| 3 to 4 years | | 30% | 18% | 1,916,804 |
| 4 to 5 years | | 30% | 30% | 3,237,200 |
| Over 5 years | | 0% | 0% | |
| | Total | | | 10,801,408 |

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

| 5/31/2011 | | | SETTLEMENT | NEXT | MATURITY | | DISCOUNT | BOOK | 7/31/2008 | UNREALIZED |
|------------------------------|-----------------------|--------|------------|------------|------------|---------------|-------------|---------------|--------------|--------------|
| Cusip | NAME | RATE | DATE | COUPON | DATE | UNITS | OR PREMIUM | VALUE | MARKET | MARKET |
| | | | | | | | | | VALUE | GAIN/LOSS |
| 313371NW2 | AGY FHLB | 1.375% | 12/28/2010 | 6/11/2011 | 12/11/2015 | 280,000.00 | (9,496.70) | 270,503.30 | 275,226.00 | 4,722.70 |
| 3133722L71 | AGY FHLB | 2.250% | 12/28/2010 | 6/22/2011 | 12/22/2015 | 250,000.00 | (458.35) | 249,541.65 | 250,345.00 | 803.35 |
| 3133XWX95 | AGY FHLB | 2.750% | 3/25/2010 | 9/13/2011 | 3/13/2015 | 500,000.00 | (277.60) | 499,722.40 | 526,830.00 | 27,107.60 |
| 3133XYU07 | AGY FHLB s/u | 1.250% | 6/30/2010 | 6/30/2011 | 6/30/2015 | 500,000.00 | (408.37) | 499,591.63 | 500,335.00 | 743.37 |
| 3136FP70 | AGY FNMA | 2.000% | 1/24/2011 | 6/15/2011 | 12/15/2015 | 520,000.00 | (3,098.35) | 516,901.65 | 520,374.40 | 3,472.75 |
| 3136FPKY2 | AGY FNMA | 2.250% | 3/30/2011 | 9/28/2011 | 3/28/2016 | 250,000.00 | (2,827.50) | 247,172.50 | 250,372.50 | 3,200.00 |
| 3136FP6L6 | AGY FNMA | 2.450% | 2/22/2011 | 8/22/2011 | 2/22/2016 | 250,000.00 | (1,750.00) | 248,250.00 | 253,932.50 | 5,682.50 |
| 3136FP7B7 | AGY FNMA | 2.500% | 3/30/2011 | 8/23/2011 | 2/23/2016 | 220,000.00 | | 220,000.00 | 221,185.80 | 1,185.80 |
| 3136FM3D4 | AGY FNMA s/u | 1.500% | 7/28/2010 | 7/28/2011 | 7/28/2015 | 500,000.00 | | 500,000.00 | 501,215.00 | 1,215.00 |
| 13063BHY1 | A1 CA RANS | 3.000% | 11/23/2010 | 6/28/2011 | 6/28/2011 | 250,000.00 | 262.50 | 250,262.50 | 250,467.50 | 205.00 |
| 4521518V8 | A1 Illinois GOB | 4.421% | 8/3/2010 | 7/1/2011 | 1/1/2015 | 100,000.00 | | 100,000.00 | 103,615.00 | 3,615.00 |
| 452151LC5 | A1 Illinois GOB | 4.050% | 8/24/2010 | 6/1/2011 | 6/1/2015 | 150,000.00 | 789.54 | 150,789.54 | 153,444.00 | 2,654.46 |
| 913366ET3 | A1 UCD | 2.875% | 11/18/2010 | 5/15/2011 | 5/15/2015 | 170,000.00 | | 170,000.00 | 169,510.40 | (489.60) |
| 02003MBQ6 | AA Alstate LF GLB | 5.375% | 5/1/2009 | 4/30/2011 | 4/30/2013 | 250,000.00 | | 250,000.00 | 270,505.00 | 20,505.00 |
| 02004MD91 | CD Ally Bank | 2.150% | 8/6/2010 | 8/6/2011 | 8/6/2014 | 100,000.00 | | 100,000.00 | 101,352.00 | 1,352.00 |
| 02580VB3 | CD Amex Bank FSB | 5.000% | 11/26/2008 | 5/26/2011 | 11/26/2013 | 100,000.00 | | 100,000.00 | 108,635.00 | 8,635.00 |
| 02586TBJ2 | CD Amex Bank | 5.000% | 11/26/2008 | 5/26/2011 | 11/26/2013 | 100,000.00 | | 100,000.00 | 108,635.00 | 8,635.00 |
| 05155THC5 | CD Aurora Bank | 1.500% | 5/23/2011 | 11/23/2011 | 5/23/2014 | 200,000.00 | | 200,000.00 | 199,182.00 | (818.00) |
| 06740KCB1 | CD Barclays Bank | 3.200% | 10/14/2009 | 5/14/2011 | 10/14/2014 | 100,000.00 | | 100,000.00 | 104,303.00 | 4,303.00 |
| 05568PPD3 | CD BMW Bank | 3.550% | 3/31/2009 | 9/30/2011 | 3/31/2014 | 97,000.00 | | 97,000.00 | 102,249.64 | 5,249.64 |
| 140653TS5 | CD CAPMARK BANK | 5.000% | 10/22/2008 | 4/22/2011 | 10/22/2013 | 100,000.00 | | 100,000.00 | 108,424.00 | 8,424.00 |
| 17284ADC9 | CD CIT Bank | 3.650% | 5/22/2009 | 5/22/2011 | 5/22/2014 | 100,000.00 | | 100,000.00 | 105,804.00 | 5,804.00 |
| 17284ARS9 | CD CIT Bank SLC | 2.250% | 5/27/2011 | 11/11/2011 | 5/11/2016 | 100,000.00 | (238.02) | 99,761.98 | 99,116.00 | (645.98) |
| 25469J5W5 | CD DISCOVER BANK | 3.550% | 5/20/2009 | 5/20/2011 | 5/20/2014 | 100,000.00 | | 100,000.00 | 103,526.00 | 3,526.00 |
| 254670RF1 | CD DISCOVER BANK | 2.900% | 11/12/2009 | 6/12/2011 | 11/12/2013 | 100,000.00 | | 100,000.00 | 105,512.00 | 5,512.00 |
| 25811LUH0 | CD Doral Bank | 2.150% | 5/14/2010 | 6/14/2011 | 5/14/2013 | 100,000.00 | | 100,000.00 | 101,880.00 | 1,880.00 |
| 3191404X4 | CD Firstbank Highland | 3.400% | 5/20/2009 | 5/20/2011 | 5/20/2014 | 100,000.00 | | 100,000.00 | 105,079.00 | 5,079.00 |
| 337629K65 | CD Firstbank PR | 2.150% | 5/14/2010 | 6/14/2011 | 5/14/2013 | 100,000.00 | | 100,000.00 | 101,880.00 | 1,880.00 |
| 36160XFJ1 | CD GE Cap in dc | 3.500% | 4/30/2009 | 4/30/2011 | 4/30/2014 | 100,000.00 | | 100,000.00 | 105,329.00 | 5,329.00 |
| 36159SQL8 | CD GE Money Bnk | 2.050% | 8/6/2010 | 8/6/2011 | 8/6/2014 | 100,000.00 | | 100,000.00 | 101,323.00 | 1,323.00 |
| 36159SHN4 | CD GE Money Bnk | 2.400% | 11/13/2009 | 5/13/2011 | 11/13/2012 | 100,000.00 | | 100,000.00 | 102,176.00 | 2,176.00 |
| 36159SEJ6 | CD GE Money Bnk | 4.750% | 12/18/2008 | 6/18/2011 | 12/18/2013 | 100,000.00 | | 100,000.00 | 108,149.00 | 8,149.00 |
| 36962G3Z5 | AA GECC (F) | 1.309% | 8/3/2010 | 9/23/2011 | 9/23/2013 | 150,000.00 | (3,557.50) | 146,442.50 | 151,543.50 | 5,101.00 |
| 36962GK94 | AA GECC (F) | 0.569% | 6/28/2010 | 9/15/2011 | 9/15/2014 | 100,000.00 | (4,653.16) | 95,346.84 | 98,485.00 | 3,138.16 |
| 38141EKF5 | A GOLDMAN SACHS | 0.583% | 7/16/2010 | 8/22/2011 | 7/22/2015 | 250,000.00 | (15,312.50) | 234,687.50 | 240,032.50 | 5,345.00 |
| 381426HR9 | CD GOLDMAN SACHS BAI | 4.450% | 4/30/2008 | 4/30/2012 | 4/30/2013 | 100,000.00 | | 100,000.00 | 106,230.00 | 6,230.00 |
| 40429XUJ3 | AA- HSBC | 6.000% | 11/16/2009 | 4/15/2012 | 4/15/2013 | 250,000.00 | 12,460.34 | 262,460.34 | 265,072.50 | 2,612.16 |
| 45974VB31 | A1 AIG | 5.300% | 5/22/2007 | 5/1/2011 | 5/1/2012 | 250,000.00 | | 250,000.00 | 256,250.00 | 6,250.00 |
| 46625HHB9 | AA- JP Morgan | 4.750% | 5/26/2009 | 5/1/2011 | 5/1/2013 | 250,000.00 | 4,320.00 | 254,320.00 | 266,677.50 | 12,357.50 |
| 52517PK59 | A2 LEHMAN BRO | 5.750% | 10/6/2006 | | 7/18/2011 | 500,000.00 | 10,554.78 | 510,554.78 | 130,000.00 | (380,554.78) |
| 59018YM40 | A2 MERIL LYNCH | 5.450% | 3/28/2008 | 4/5/2011 | 2/5/2013 | 250,000.00 | | 250,000.00 | 266,137.50 | 16,137.50 |
| 61747MQF1 | CD MORGAN STANLEY CF | 5.050% | 10/29/2008 | 6/29/2011 | 10/29/2013 | 100,000.00 | | 100,000.00 | 108,585.00 | 8,585.00 |
| 61747YCL7 | AA3 MORGAN STANLEY | 4.100% | 1/29/2010 | 8/26/2011 | 1/26/2015 | 275,000.00 | | 275,000.00 | 286,459.25 | 11,459.25 |
| 785907AV8 | CD Saehan Bank | 3.400% | 3/31/2009 | 8/27/2011 | 3/24/2014 | 97,000.00 | | 97,000.00 | 102,183.68 | 5,183.68 |
| 7954550HP3 | CD Sallie Mae Bk | 3.500% | 2/19/2009 | 8/19/2011 | 2/19/2014 | 100,000.00 | | 100,000.00 | 105,184.00 | 5,184.00 |
| 92979HFG6 | CD WACHOVIA BANK | 5.000% | 7/25/2008 | 7/25/2011 | 7/25/2013 | 100,000.00 | | 100,000.00 | 106,746.00 | 6,746.00 |
| 92976GAC5 | AA WACHOVIA BANK | 0.652% | 6/28/2010 | 8/3/2011 | 11/3/2014 | 500,000.00 | (23,265.36) | 476,734.64 | 491,490.00 | 14,755.36 |
| 92977BQA2 | CD WACHOVIA BANK | 5.000% | 7/25/2008 | 7/25/2011 | 7/25/2013 | 100,000.00 | | 100,000.00 | 106,746.00 | 6,746.00 |
| 929781FF4 | CD WACHOVIA MTG | 5.000% | 7/25/2008 | 7/25/2011 | 7/25/2013 | 100,000.00 | | 100,000.00 | 106,746.00 | 6,746.00 |
| ACCRUED INT | AGY | | | | | 68,198.38 | | 68,198.38 | | |
| Sub- total | | | | | | 9,627,198.38 | (36,956.25) | 9,590,242.13 | 9,414,481.17 | (107,562.58) |
| Balance on account with LAIF | | | | | | 1,211,166.25 | | 1,211,166.25 | 1,211,166.25 | |
| Total Portfolio | | | | | | 10,838,364.63 | | 10,801,408.38 | | |

**Town of Looms
Transaction Ledger
5/01/11 to 5/31/11**

| <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> |
|--------------------------------|-----------------|---|--------------|----------------------------------|---|
| 5/1/2011 Interest Received | - | Highmark Treas Fund 0.01% floating 7 day | 1.000 | - | - |
| 5/2/2011 Interest Received | 2,518.08 | Morgan Stanley 5.05% due 10/29/13 | 1.000 | 2,518.08 | 2,518.08 |
| 5/2/2011 Interest Received | 6,625.00 | AIG 5.3% due 5/1/12 | 1.000 | 6,625.00 | 6,625.00 |
| 5/2/2011 Interest Received | 5,937.50 | JP Morgan Chase 4.75% due 5/1/13 | 1.000 | 5,937.50 | 5,937.50 |
| 5/3/2011 Interest Received | 6,718.75 | Allstate 5.375% due 4/30/13 | 1.000 | 6,718.75 | 6,718.75 |
| 5/3/2011 Interest Received | 1,745.21 | GE Cap Fin 3.5% due 4/30/14 | 1.000 | 1,745.21 | 1,745.21 |
| 5/3/2011 Interest Received | 2,218.90 | Goldman Sac Bank 4.45% due 4/30/13 | 1.000 | 2,218.90 | 2,218.90 |
| 5/4/2011 Interest Received | 853.53 | Wachovia Bank F/R% due 11/3/14 | 1.000 | 853.53 | 853.53 |
| 5/13/2011 Interest Received | 1,438.08 | Discover Bank 2.9% due 11/12/13 | 1.000 | 1,438.08 | 1,438.08 |
| 5/16/2011 Interest Received | 1,190.14 | GE Money Bank 2.4% due 11/13/12 | 1.000 | 1,190.14 | 1,190.14 |
| 5/16/2011 Partial Call | 30,000.00 | UCD Rev Bonds 2.875% due 5/15/15 | 1.000 | 30,000.00 2,827.08 | 2,827.08 |
| 5/17/2011 Interest Received | 176.71 | Doral Bank 2.15% due 5/14/13 | 1.000 | 176.71 - | 176.71 |
| 5/17/2011 Interest Received | 176.71 | Firstbank PR 2.15% due 5/14/13 | 1.000 | 176.71 | 176.71 |
| 5/23/2011 Interest Received | 1,686.03 | Firstbank Highland 3.55% due 5/20/14 | 1.000 | 1,686.03 | 1,686.03 |

| | | | | | |
|--------------------------------|------------|--|-------|------------------------|------------|
| 5/23/2011 Interest Received | 1,760.41 | Discover Bank 3.55% due 5/20/14 | 1.000 | 1,760.41 | 1,760.41 |
| 5/23/2011 CD Purchase | 200,000.00 | Aurora Bank 1.5% due 5/23/14 | 1.000 | 200,000.00 - | 200,000.00 |
| 5/24/2011 Interest Received | 1,810.00 | CIT Bank 3.65% due 5/22/14 | 1.000 | 1,810.00 - | 1,810.00 |
| 5/26/2011 Full Call | 500,000.00 | FNMA 2.75% due 5/26/15 | 1.000 | 500,000.00 6,750.00 | 6,750.00 |
| 5/27/2011 Interest Received | 2,479.45 | American Express Bank 5.0% due 11/26/13 | 1.000 | 2,479.45 - | 2,479.45 |
| 5/27/2011 Interest Received | 2,479.45 | Amex Bank 5.0% due 11/26/13 | 1.000 | 2,479.45 - | 2,479.45 |
| 5/27/2011 Bond Purchase | 100,000.00 | CIT Salt Lake 2.2% due 5/11/16 | 0.998 | 99,761.98 98.63 | 99,761.98 |

Local Agency Investment Fund

| | | | | | |
|-------------------------|--------------|--|-------|--------------|--|
| 5/16/2011 Deposit | 300,000.00 | Local Agency Investment Fund State Pool | 1.000 | 300,000.00 | |
| 5/20/2011 Deposit | 600,000.00 | Local Agency Investment Fund State Pool | 1.000 | 600,000.00 | |
| 5/26/2011 Withdrawal | (125,000.00) | Local Agency Investment Fund State Pool | 1.000 | (125,000.00) | |