



# Treasurer's Report

August 9, 2011

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**TO:** Honorable Mayor and Town Council  
**FROM:** Roger Carroll, Treasurer/Finance Officer  
**DATE:** August 2, 2011  
**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:**

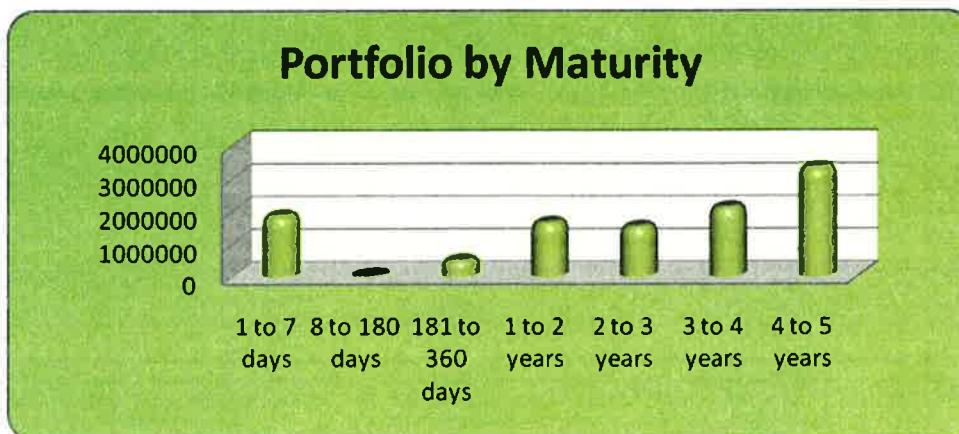
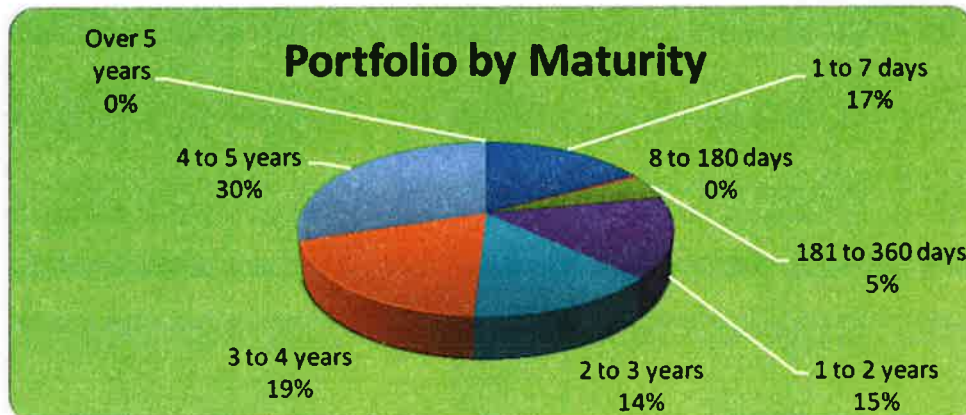
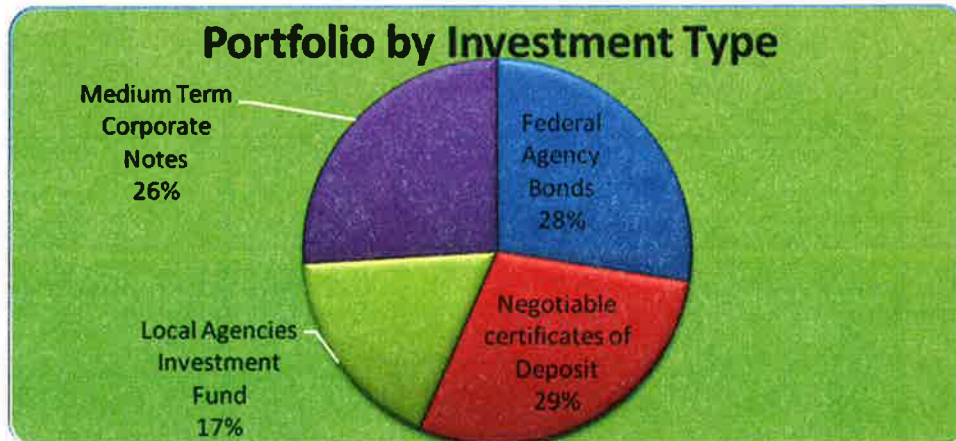
The Town is in compliance with its investment policy. The Lehman Brothers bonds have been downgraded to below investment level. The Town's investment policy does not require immediate liquidation of such bonds, but allows some discretion. As these bonds went suddenly from AA investment grade to below 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 \$133,125. The Treasurer recommends waiting for completion of the bankruptcy proceedings.

### **Other Information**

Benchmarks as of July 30, 2011:

Federal Lending Rate: 0.25%  
Two Year T-Bill Rate: 0.36%  
LAIF daily Rate 0.40%

Town of Loomis Weighted Average Rate, excluding LAIF investments: 2.96%  
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 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 July 31, 2011**

**Current Portfolio Balance: \$ 11,079,227**

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%	3.80%	Yes
d Local agency bonds, etc	100.00%	50.00%		Yes
e Federal Agency Bonds	100.00%	100.00%	26.50%	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%	27.92%	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%	16.82%	Yes
h Time Deposits	30.00%	25.00%		Yes
j Medium Term Corporate Notes	30.00%	30.00%	24.96%	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%	17%	1,863,357
8 to 180 days	0%	30%	1%	55,701
181 to 360 days	0%	30%	5%	510,555
1 to 2 years	0%	40%	15%	1,666,015
2 to 3 years		40%	14%	1,540,706
3 to 4 years		30%	19%	2,126,396
4 to 5 years		30%	30%	3,316,498
Over 5 years		0%	0%	
<b>Total</b>				11,079,227

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

7/31/2011			SETTLEMENT	NEXT	MATURITY		DISCOUNT	BOOK	7/31/2008	UNREALIZED
Cusip	NAME	RATE	DATE	COUPON	DATE	UNITS	OR PREMIUM	VALUE	MARKET	MARKET
									VALUE	GAIN/LOSS
31331KNJ5	AGY FFCB	2.140%	6/15/2011	12/12/2011	6/15/2016	250,000.00		250,000.00	251,270.00	1,270.00
31331J538	AGY FFCB	1.850%	7/28/2011	1/21/2012	7/21/2016	250,000.00	(750.00)	249,250.00	248,992.50	(257.50)
313371NW2	AGY FHLB	1.375%	12/28/2010	12/11/2001	12/11/2015	280,000.00	(9,151.38)	270,848.62	278,490.80	7,642.18
313374AH3	AGY FHLB	2.200%	6/30/2011	12/30/2011	6/30/2016	250,000.00		250,000.00	250,445.00	445.00
3133722L7	AGY FHLB	2.250%	12/28/2010	12/22/2011	12/22/2015	142,857.14	(249.26)	142,607.88	142,875.71	267.83
3133XWX95	AGY FHLB	2.750%	3/25/2010	9/13/2011	3/13/2015	500,000.00	(265.28)	499,734.72	527,095.00	27,360.28
3136FRWL3	AGY FNMA	1.125%	7/28/2011	10/6/2011	10/6/2014	250,000.00		250,000.00	250,332.50	332.50
3136FRUM3	AGY FNMA	2.000%	6/29/2011	12/29/2011	6/29/2016	250,000.00		250,000.00	251,217.50	1,217.50
3136FP6L6	AGY FNMA	2.450%	2/22/2011	8/22/2011	2/22/2016	250,000.00	(1,687.50)	248,312.50	253,125.00	4,812.50
3136FP7B7	AGY FNMA	2.500%	3/30/2011	8/23/2011	2/23/2016	220,000.00		220,000.00	220,310.20	310.20
3136FRDTS	AGY FNMA s/u	1.500%	6/30/2011	12/30/2011	6/30/2016	250,000.00		250,000.00	250,525.00	525.00
4521518V8	A1 Illinois GOB	4.421%	8/3/2010	7/1/2011	1/1/2015	100,000.00		100,000.00	103,815.00	3,815.00
452151LC5	A1 Illinois GOB	4.050%	8/24/2010	12/1/2011	6/1/2015	150,000.00	756.66	150,756.66	152,334.00	1,577.34
913366ET3	A1 UCD	2.875%	11/18/2010	1/15/2011	5/15/2015	170,000.00		170,000.00	172,206.60	2,206.60
02003MBQ6	AA Alstate LF GLB	5.375%	5/1/2009	10/30/2011	4/30/2013	250,000.00		250,000.00	269,267.50	19,267.50
02005QQD8	CD Ally Bank	2.150%	6/2/2011	12/2/2011	6/2/2016	250,000.00		250,000.00	248,247.50	(1,752.50)
02580VBJ3	CD Amex Bank FSB	5.000%	11/26/2008	11/26/2011	11/26/2013	100,000.00		100,000.00	108,254.00	8,254.00
02586TBJ2	CD Amex Bank	5.000%	11/26/2008	11/26/2011	11/26/2013	100,000.00		100,000.00	108,254.00	8,254.00
05155THC5	CD Aurora Bank	1.500%	5/23/2011	11/23/2011	5/23/2014	200,000.00		200,000.00	199,578.00	(422.00)
06740KCB1	CD Barclays Bank	3.200%	10/14/2009	11/14/2011	10/14/2014	100,000.00		100,000.00	104,402.00	4,402.00
05568PPD3	CD BMW Bank	3.550%	3/31/2009	9/30/2011	3/31/2014	97,000.00		97,000.00	102,113.84	5,113.84
140653TS5	CD CAPMARK BANK	5.000%	10/22/2008	10/22/2011	10/22/2013	100,000.00		100,000.00	108,027.00	8,027.00
17284ADC9	CD CIT Bank	3.650%	5/22/2009	11/22/2011	5/22/2014	100,000.00		100,000.00	105,666.00	5,666.00
17284ARS9	CD CIT Bank SLC	2.250%	5/27/2011	11/11/2011	5/11/2016	100,000.00	(230.08)	99,769.92	99,353.00	(416.92)
254670F49	CD DISCOVER BANK	2.150%	6/3/2011	12/1/2011	5/31/2016	150,000.00		150,000.00	148,960.50	(1,039.50)
25469J5W5	CD DISCOVER BANK	3.550%	5/20/2009	11/20/2011	5/20/2014	100,000.00		100,000.00	105,389.00	5,389.00
25811LUH0	CD Doral Bank	2.150%	5/14/2010	8/14/2011	5/14/2013	100,000.00		100,000.00	101,893.00	1,893.00
3191404X4	CD Firstbank Highland	3.400%	5/20/2009	11/20/2011	5/20/2014	100,000.00		100,000.00	104,980.00	4,980.00
337629K65	CD Firstbank PR	2.150%	5/14/2010	8/14/2011	5/14/2013	100,000.00		100,000.00	101,893.00	1,893.00
36160XFJ1	CD GE Cap Fin inc	3.500%	4/30/2009	10/30/2011	4/30/2014	100,000.00		100,000.00	105,207.00	5,207.00
36160XR7	CD GE Cap Fin inc	1.800%	6/10/2011	12/10/2011	6/10/2015	150,000.00		150,000.00	149,206.50	(793.50)
361595QL8	CD GE Money Bnk	2.050%	8/6/2010	8/6/2011	8/6/2014	100,000.00		100,000.00	101,542.00	1,542.00
361595HN4	CD GE Money Bnk	2.400%	11/13/2009	11/13/2011	11/13/2012	50,000.00		50,000.00	51,004.50	1,004.50
361595JE6	CD GE Money Bnk	4.750%	12/18/2008	12/18/2011	12/18/2013	100,000.00		100,000.00	107,810.00	7,810.00
36962G3Z5	AA GECC (F)	1.246%	8/3/2010	9/23/2011	9/23/2013	150,000.00	(3,294.00)	146,706.00	151,756.50	5,050.50
36962GK94	AA GECC (F)	0.505%	6/28/2010	9/15/2011	9/15/2014	100,000.00	(4,408.28)	95,591.72	97,988.00	2,396.28
38141EKF5	A GOLDMAN SACHS	0.561%	7/16/2010	8/22/2011	7/22/2015	250,000.00	(14,687.50)	235,312.50	238,555.00	3,242.50
381426HR9	CD GOLDMAN SACHS BAI	4.450%	4/30/2008	10/30/2011	4/30/2013	100,000.00		100,000.00	105,862.00	5,862.00
40429XUJ3	AA- HSBC	6.000%	11/16/2009	10/15/2011	4/15/2013	250,000.00	11,935.10	261,935.10	262,682.50	747.40
46625HHB9	AA- JP Morgan	4.750%	5/26/2009	11/1/2011	5/1/2013	250,000.00	4,080.00	254,080.00	265,030.00	10,950.00
52517PK59	A2 LEHMAN BRO	5.750%	10/6/2006		7/18/2011	500,000.00	10,554.78	510,554.78	133,125.00	(377,429.78)
59012YG43	CD Merrick Bank	2.000%	6/15/2011	8/15/2011	6/15/2016	200,000.00		200,000.00	198,482.00	(1,518.00)
59018YM40	A2 MERIL LYNCH	5.450%	3/28/2008	10/5/2011	2/5/2013	250,000.00		250,000.00	263,107.50	13,107.50
61747MQF1	CD MORGAN STANLEY CI	5.050%	10/29/2008	10/29/2011	10/29/2013	100,000.00		100,000.00	108,183.00	8,183.00
61747YCL7	AA3 MORGAN STANLEY	4.100%	1/29/2010	8/26/2011	1/26/2015	275,000.00		275,000.00	282,788.00	7,788.00
785907AV8	CD Saehan Bank	3.400%	3/31/2009	8/27/2011	3/24/2014	97,000.00		97,000.00	102,001.32	5,001.32
7954550HP3	CD Sallie Mae Bk	3.500%	2/19/2009	8/19/2011	2/19/2014	100,000.00		100,000.00	105,037.00	5,037.00
92979HFG6	CD WACHOVIA BANK	5.000%	7/25/2008	7/25/2011	7/25/2013	100,000.00		100,000.00	106,408.00	6,408.00
92977BQA2	CD WACHOVIA BANK	5.000%	7/25/2008	7/25/2011	7/25/2013	100,000.00		100,000.00	106,408.00	6,408.00
92976GAF8	AA WACHOVIA Bank	0.578%	7/6/2011	9/15/2016	3/15/2016	250,000.00	(13,495.38)	236,504.62	235,785.00	(719.62)
929781FF4	CD WACHOVIA MTG	5.000%	7/25/2008	7/25/2011	7/25/2013	100,000.00		100,000.00	106,408.00	6,408.00
949746QU8	AA Wells Fargo	3.676%	7/6/2011	9/15/2016	6/15/2016	240,000.00	9,204.00	249,204.00	252,093.60	2,889.60
ACCRUED INT	AGY					55,701.48		55,701.48		
Sub- total						9,227,558.62	(11,688.12)	9,215,870.50	9,005,783.57	(154,385.45)
Balance on account with LAIF						1,863,356.66		1,863,356.66	1,863,356.66	
Total Portfolio						11,090,915.28		11,079,227.16		

**Town of Looms  
Transaction Ledger  
7/01/11 to 7/31/11**

<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>
7/1/2011 Interest Received	0.35	Highmark Treas Fund 0.01% floating 7 day	1.000	0.35	0.35
7/1/2011 Interest Received	2,210.50	Illinois St GO 4.421% due 1/1/15	1.000	2,210.50	2,210.50
7/6/2011 Bond Purchased	250,000.00	Wachovia Bnk FR due 3/15/16	0.945	236,250.00 84.15	236,250.00
7/6/2011 Bond Sold	477,346.88	Wachovia Bnk FR due 11/03/14	0.975	487,500.00 580.67	10,733.79
7/6/2011 Bond Purchased	250,000.00	Wells Fargo 5.2% due 6/15/16	1.039	259,750.00 2,720.24	259,750.00
7/14/2011 Interest Received	176.71	Doral Bank 2.15% due 5/14/13	1.000	182.60 -	182.60
7/14/2011 Interest Received	176.71	Firstbank PR 2.15% due 5/14/13	1.000	182.60	182.60
7/15/2011 Interest Received	328.77	Merrick Bank 2.0% due 5/15/16	1.000	328.77 -	328.77
7/25/2011 Interest Received	407.06	Goldman FR due 7/22/15	1.000	407.06 -	407.06
7/26/2011 Interest Received	5,637.50	Morgan Stanley 4.1% due 1/26/15	1.000	5,637.50 -	5,637.50
7/27/2011 Interest Received	2,479.45	Wachovia Bank 5.0% due 7/25/13	1.000	2,479.45 -	2,479.45
7/27/2011 Interest Received	2,479.45	Wachovia Bank 5.0% due 7/25/13	1.000	2,479.45 -	2,479.45
7/27/2011 Interest Received	2,479.45	Wachovia Mtg 5.0% due 7/25/13	1.000	2,479.45 -	2,479.45
7/28/2011 Bonds Called	500,000.00	FNMA 1.5% s/u due 7/28/15	1.000	500,000.00 3,750.00	3,750.00

7/28/2011	250,000.00	FFCB	0.997	249,250.00	249,250.00
Bond Purchase		1.85% due 7/21/16		89.93	
7/28/2011	250,000.00	FNMA	1.000	250,000.00	250,000.00
Bond Purchase		1.25% due 10/6/14		171.88	

**Local Agency Investment Fund**

7/8/2011	200,000.00	Local Agency Investment	1.000	200,000.00	
Deposit		Fund State Pool			
7/14/2011	1,068.41	Local Agency Investment	1.000	1,068.41	
Qtrly Interest		Fund State Pool			
7/15/2011	(150,000.00)	Local Agency Investment	1.000	(150,000.00)	
Withdrawal		Fund State Pool			
7/29/2011	100,000.00	Local Agency Investment	1.000	100,000.00	
Deposit		Fund State Pool			