



# CITY OF SANTA BARBARA

## COUNCIL AGENDA REPORT

**AGENDA DATE:** January 27, 2015

**TO:** Mayor and Councilmembers

**FROM:** Treasury Division, Finance Department

**SUBJECT:** December 31, 2014, Investment Report And December 31, 2014, Fiscal Agent Report

**RECOMMENDATION:** That Council:

- A. Accept the December 31, 2014, Investment Report; and
- B. Accept the December 31, 2014, Fiscal Agent Report.

**DISCUSSION:**

On a quarterly basis, staff submits a comprehensive report on the City’s portfolio and related activity pursuant to the City’s Annual Statement of Investment Policy. The current report covers the investment activity for the period of October through December 2014.

While short term Treasury yields were higher at the end of the quarter, longer term yields were significantly lower as shown in the table to the right. The change in Treasury yields ranged from a decrease of 46 basis points on the 30-year Treasury note to an

U.S. Treasury Market					
	9/30/2014	10/31/2014	11/30/2014	12/31/2014	Cumulative Change
3 Month	0.02%	0.01%	0.02%	0.04%	0.02%
6 Month	0.03%	0.05%	0.07%	0.12%	0.09%
1 Year	0.13%	0.11%	1.30%	0.25%	0.12%
2 Year	0.58%	0.50%	0.47%	0.67%	0.09%
3 Year	1.07%	0.95%	0.88%	1.10%	0.03%
4 Year	1.40%	1.29%	1.16%	1.36%	-0.04%
5 Year	1.78%	1.62%	1.49%	1.65%	-0.13%
10 Year	2.52%	2.35%	2.18%	2.17%	-0.35%
30 Year	3.21%	3.07%	2.89%	2.75%	-0.46%
LAIF	0.24%	0.25%	0.25%	0.25%	0.01%

increase of 12 basis points on the 1-year Treasury note. Longer term maturities saw the largest declines in Treasury yield, and the 5 year note decreased by 13 basis points by the end of the quarter.

**Investment Activity**

As shown in the Investment Activity table on the next page, the City invested \$9 million during the quarter. The purchases consisted of \$6 million in “AAA” rated Federal Agency callable securities, \$2 million in “AAA” rated Federal Agency bullets, and \$1

million in Federal Deposit Insurance Corporation (FDIC) insured bank Certificate of Deposits (CD's). The purchases replaced \$12 million in Federal Agency securities that were called, and \$2 million in Federal Agency securities that matured over the quarter. In addition, the portfolio also received \$136,785 in a semi-annual principal payment on the Airport promissory note at the end of December. The outstanding balance on the Airport promissory note is \$5.200 million.

Issuer	Face Amount	Purchase Date	Final Maturity	Call Date	Yield To Call	Yield To Maturity
<i>Purchases:</i>						
GE Capital Bank (GECB)	\$ 250,000	10/17/14	10/17/19	-	-	2.000%
Federal Home Loan Bank (FHLB)	2,000,000	10/22/14	11/18/16	-	-	0.500%
American Express Bank (AMXBK)	250,000	10/23/14	10/23/19	-	-	2.200%
Goldman Sachs Bank USA (GSB)	250,000	10/29/14	10/29/19	-	-	2.150%
Capital One Bank USA NA (COB)	250,000	10/29/14	10/29/19	-	-	1.900%
Federal Home Loan Mortgage Corp (FHLMC)	2,000,000	11/26/14	11/26/19	02/26/15	2.000%	2.000%
Federal Home Loan Bank (FHLB)	2,000,000	11/26/14	11/26/19	05/26/15	1.500%	2.102%
Federal Farm Credit Bank (FFCB)	2,000,000	12/16/14	12/16/19	12/16/15	2.000%	2.000%
	\$ 9,000,000					
<i>Calls:</i>						
Federal Home Loan Mortgage Corp (FHLMC)	\$ 2,000,000	07/24/12	07/24/17	10/24/14	1.125%	1.125%
Federal Home Loan Mortgage Corp (FHLMC)	2,000,000	04/24/14	04/24/19	10/24/14	2.100%	2.100%
Federal Home Loan Mortgage Corp (FHLMC)	2,000,000	07/28/14	04/28/17	10/28/14	1.000%	1.000%
Federal Home Loan Mortgage Corp (FHLMC)	1,000,000	11/26/13	11/26/18	11/26/14	1.000%	1.793%
Federal Home Loan Bank (FHLB)	2,000,000	05/28/14	05/28/19	11/28/14	1.375%	2.288%
Federal Home Loan Bank (FHLB)	2,000,000	09/30/14	09/30/19	12/30/14	2.100%	2.100%
Federal Home Loan Mortgage Corp (FHLMC)	1,000,000	12/31/13	12/31/18	12/31/14	1.825%	1.825%
	\$ 12,000,000					
<i>Maturities:</i>						
Federal National Mortgage Association (FNMA)	\$ 2,000,000	11/17/10	11/17/14	-	-	1.300%
Airport Promissory Note - Partial Redemption	136,785	07/14/09	06/30/29	-	-	4.195%
	\$ 2,136,785					

### Summary of Cash and Investments

The book rate of return, or portfolio yield, measures the rate of return of actual earnings generated from the portfolio. As shown in the table to the right, during the quarter, the City's book rate of return decreased by 0.4 basis points from 1.177 percent at September 30, 2014 to 1.173 percent at December 31, 2014.

Mo. Ended	Yield	Days to Maturity
9/30/2014	1.177%	893
10/31/2014	1.182%	876
11/30/2014	1.179%	867
12/31/2014	1.173%	841

The portfolio's average days to maturity, including the long-term Airport promissory note, decreased by 52 days from 893 to 841 days. Excluding the Airport note, the portfolio's average days to maturity is 699 days, reflecting reinvestment of maturities and calls during the quarter in the one-to-five year range in accordance with the City's Annual Statement of Investment Policy. The Annual Statement of Investment Policy requires that the average days to maturity on the portfolio not exceed 2.5 years, excluding any investments with a final maturity longer than 5 years that were separately authorized by Council, such as the Airport promissory note.

The average LAIF rate at which the City earned interest for funds invested was at 0.25 percent for the quarter ended December 31, 2014, which was down from last quarter by

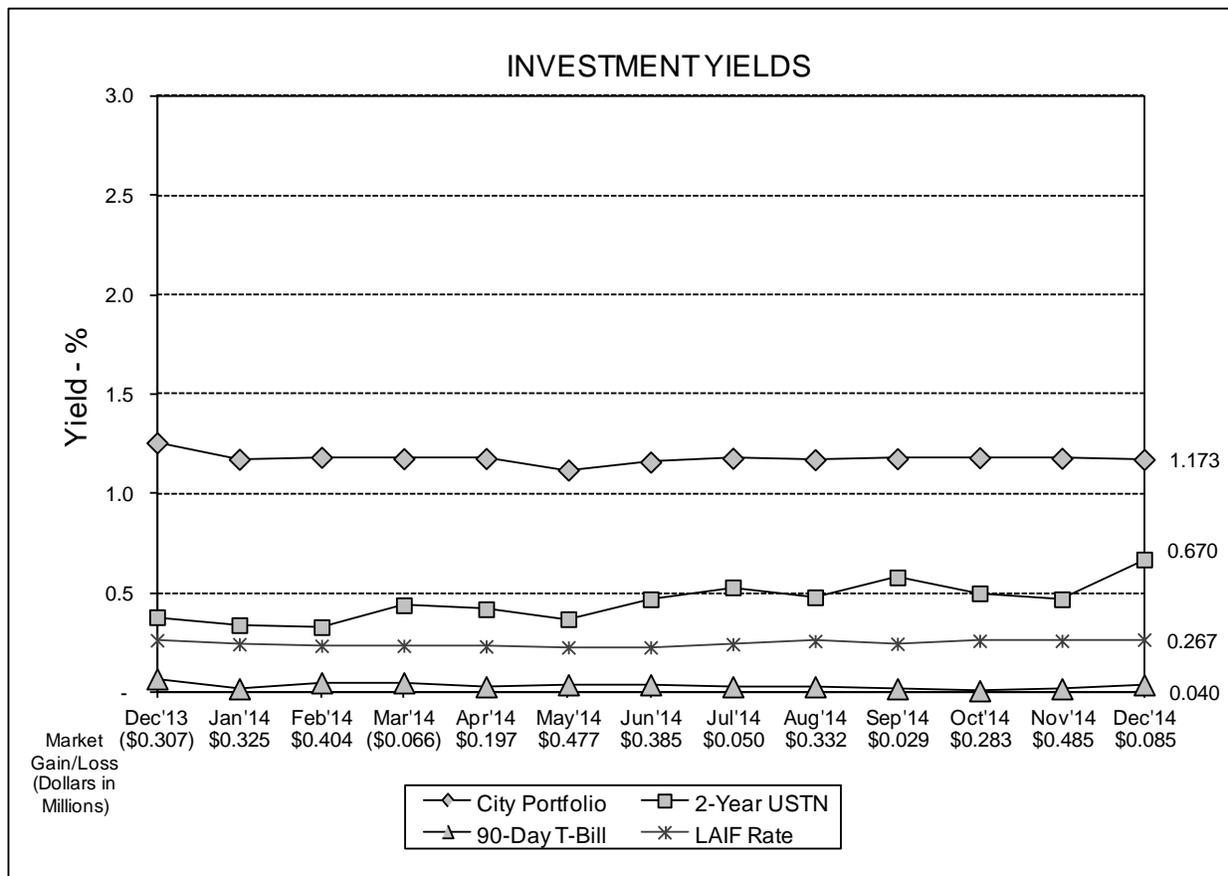
1 basis point. The City's LAIF holdings at the end of the quarter were \$24 million. Staff expects to reinvest a portion of the LAIF balances in fixed-term or callable securities during the next quarter.

### Credit Quality on Corporate Notes

There were no credit quality changes to the four corporate issuers of the medium-term notes held in the portfolio (i.e., Berkshire Hathaway Financial, Inc., General Electric Capital Corp, Proctor & Gamble, and Toyota Motor Credit), and the ratings of all corporate notes remain within the City's Investment Policy guidelines of "A" or better.

### Portfolio Market Gains/Losses

As shown in the Investment Yields chart below, the City's portfolio continues to significantly outperform the three benchmark measures (the 90-day T-Bill, 2-year T-Note and LAIF). At December 31, 2014, the portfolio had an overall unrealized market gain of \$0.085 million.



On a quarterly basis, staff reports the five securities with the largest percentage of unrealized losses as shown in the table below. However, because securities in the City's portfolio are held to maturity, no market losses would be realized.

Issuer	Face Amount	Maturity	\$ Mkt Change	% Mkt Change
FEDERAL NATL MORTGAGE ASSN	\$2,000,000	02/05/18	-\$22,780	-1.14%
FEDERAL HOME LOAN BANK	\$4,000,000	01/16/18	-\$43,960	-1.10%
FEDERAL NATL MORTGAGE ASSN	\$3,000,000	01/30/18	-\$32,550	-1.09%
FEDERAL NATL MORTGAGE ASSN	\$2,000,000	12/12/17	-\$20,500	-1.03%
CAPITAL ONE BANK USA NA	\$250,000	10/29/19	-\$2,468	-0.99%

On a quarterly basis, staff also reports all securities with monthly market declines of greater than 1 percent compared to the prior month. There were no securities in the portfolio with a market decline of greater than 1 percent compared to the prior month.

### **Additional Reporting Requirements**

The following confirmations are made pursuant to California Code Sections 53600 et seq.: (1) the City's portfolio as of December 31, 2014, is in compliance with the City's Statement of Investment Policy; and (2) there are sufficient funds available to meet the City's expenditure requirements for the next six months.

### **Fiscal Agent Investments**

In addition to reporting requirements for public agency portfolios, a description of any of the agency's investments under the management of contracted parties is also required on a quarterly basis. Attachment 2 includes bond funds and the police and fire service retirement fund as of December 31, 2014.

**ATTACHMENTS:** 1. December 31, 2014, Investment Report  
 2. December 31, 2014, Fiscal Agent Report

**PREPARED BY:** Julie Nemes, Treasury Manager

**SUBMITTED BY:** Robert Samario, Acting Assistant City Administrator

**APPROVED BY:** City Administrator's Office

**CITY OF SANTA BARBARA**  
**Activity and Interest Report**  
December 31, 2014

**INVESTMENT ACTIVITY****PURCHASES OR DEPOSITS**

12/8 LAIF Deposit - City	\$ 2,000,000
12/16 Federal Farm Credit Bank (FFCB)	2,000,000
<b>Total</b>	<b>\$ 4,000,000</b>

**SALES, MATURITIES, CALLS OR WITHDRAWALS**

12/30 Federal Home Loan Bank (FHLB) - Call	\$ (2,000,000)
12/31 Federal Home Loan Mortgage Corp (FHLMC) - Call	(1,000,000)
12/31 Airport Promissory Note - Partial Redemption	(136,785)
<b>Total</b>	<b>\$ (3,136,785)</b>

**ACTIVITY TOTAL**

**\$ 863,215**

**INVESTMENT INCOME****POOLED INVESTMENTS**

Interest Earned on Investments	\$ 163,847
Amortization	(10,881)
<b>Total</b>	<b>\$ 152,966</b>

**INCOME TOTAL**

**\$ 152,966**

**CITY OF SANTA BARBARA**  
**Summary of Cash and Investments**  
**December 31, 2014**

**ENDING BALANCE AS OF NOVEMBER 30, 2014**

Description	Book Value	Yield to Maturity (365 days)	Percent of Portfolio	Average Days to Maturity
MUFG Union Bank NA Checking Account	\$ 20,615,892	0.400%	12.12%	1
State of California LAIF	22,000,000	0.261%	12.93%	1
Certificates of Deposit	9,000,000	1.311%	5.29%	784
Treasury Securities	10,179,889	0.458%	5.98%	487
Federal Agency Issues - Coupon	90,994,313	1.371%	53.48%	1,080
Corporate/Medium Term Notes	12,022,448	1.910%	7.07%	732
	<u>164,812,541</u>	<u>1.081%</u>	<u>96.86%</u>	<u>723</u>
SB Airport Promissory Note	5,336,967	4.195%	3.14%	5,325
Totals and Averages	<u>\$ 170,149,508</u>	<u>1.179%</u>	<u>100.00%</u>	<u>867</u>
<b>Total Cash and Investments</b>	<b><u>\$ 170,149,508</u></b>			

**NET CASH AND INVESTMENT ACTIVITY FOR DECEMBER 2014**      **\$ (1,832,946)**

**ENDING BALANCE AS OF DECEMBER 31, 2014**

Description	Book Value	Yield to Maturity (365 days)	Percent of Portfolio	Average Days to Maturity
MUFG Union Bank NA Checking Account	\$ 17,930,613	0.400%	10.65%	1 (1)
State of California LAIF	24,000,000	0.267%	14.26%	1 (2)
Certificates of Deposit	9,000,000	1.311%	5.35%	753
Treasury Securities	10,169,223	0.458%	6.04%	456
Federal Agency Issues - Coupon	89,995,530	1.363%	53.47%	1,046
Corporate/Medium Term Notes	12,021,015	1.910%	7.14%	702
	<u>163,116,380</u>	<u>1.077%</u>	<u>96.91%</u>	<u>699</u>
SB Airport Promissory Note	5,200,182	4.195%	3.09%	5,294
Totals and Averages	<u>\$ 168,316,562</u>	<u>1.173%</u>	<u>100.00%</u>	<u>841</u>
<b>Total Cash and Investments</b>	<b><u>\$ 168,316,562</u></b>			

Note:

- (1) Interest earnings allowance is provided at the rate of 0.400% by MUFG Union Bank, N.A. to help offset banking fees.
- (2) The average life of the LAIF portfolio as of December 31, 2014 is 200 days.

**CITY OF SANTA BARBARA**

**Investment Portfolio**

**December 31, 2014**

DESCRIPTION	PURCHASE DATE	MATURITY DATE	QUALITY RATING MOODY'S	S & P	STATED RATE	YIELD AT 365	FACE VALUE	BOOK VALUE	MARKET VALUE	BOOK GAIN/(LOSS)	COMMENTS
<b>LOCAL AGENCY INVESTMENT FUNDS</b>											
LOCAL AGENCY INVESTMENT FUND	-	-	-	-	0.267	0.267	24,000,000.00	24,000,000.00	24,000,000.00	0.00	
<b>Subtotal, LAIF</b>							24,000,000.00	24,000,000.00	24,000,000.00	0.00	
<b>CERTIFICATES OF DEPOSIT</b>											
AMERICAN EXPRESS BANK FSB	10/23/14	10/23/19	-	-	2.200	2.200	250,000.00	250,000.00	247,605.00	(2,395.00)	FDIC Certificate 35328
CAPITAL ONE BANK USA NA	10/29/14	10/29/19	-	-	1.900	1.900	250,000.00	250,000.00	247,532.50	(2,467.50)	FDIC Certificate 33954
GE CAPITAL BANK	10/17/14	10/17/19	-	-	2.000	2.000	250,000.00	250,000.00	247,535.00	(2,465.00)	FDIC Certificate 33778
GOLDMAN SACHS BANK USA	10/29/14	10/29/19	-	-	2.150	2.150	250,000.00	250,000.00	247,547.50	(2,452.50)	FDIC Certificate 33124
MONTECITO BANK & TRUST	11/18/13	11/18/15	-	-	0.600	0.600	2,000,000.00	2,000,000.00	2,000,000.00	0.00	
UNION BANK	08/31/12	08/31/15	-	-	1.230	1.247	2,000,000.00	2,000,000.00	2,000,000.00	0.00	
UNION BANK	08/31/12	08/31/17	-	-	1.490	1.511	4,000,000.00	4,000,000.00	4,000,000.00	0.00	
<b>Subtotal, Certificates of deposit</b>							9,000,000.00	9,000,000.00	8,990,220.00	(9,780.00)	
<b>TREASURY SECURITIES - COUPON</b>											
U S TREASURY NOTE	10/25/12	03/15/15	Aaa	AA+	0.375	0.342	2,000,000.00	2,000,130.96	2,001,260.00	1,129.04	
U S TREASURY NOTE	10/25/12	10/31/15	Aaa	AA+	1.250	0.397	2,000,000.00	2,014,061.22	2,016,100.00	2,038.78	
U S TREASURY NOTE	02/22/13	05/15/16	Aaa	AA+	5.125	0.442	2,000,000.00	2,127,201.83	2,128,120.00	918.17	
U S TREASURY NOTE	02/22/13	08/31/16	Aaa	AA+	1.000	0.502	2,000,000.00	2,016,399.69	2,015,000.00	(1,399.69)	
U S TREASURY NOTE	02/22/13	02/28/17	Aaa	AA+	0.875	0.607	2,000,000.00	2,011,428.94	2,004,840.00	(6,588.94)	
<b>Subtotal, Treasury Securities</b>							10,000,000.00	10,169,222.64	10,165,320.00	(3,902.64)	
<b>FEDERAL AGENCY ISSUES - COUPON</b>											
FED AGRICULTURAL MTG CORP	10/03/13	10/03/18	-	-	1.720	1.720	2,000,000.00	2,000,000.00	2,014,820.00	14,820.00	
FED AGRICULTURAL MTG CORP	12/12/13	12/12/18	-	-	1.705	1.705	2,000,000.00	2,000,000.00	2,030,460.00	30,460.00	
FEDERAL FARM CREDIT BANK	07/09/14	07/09/18	Aaa	AA+	1.470	1.470	2,000,000.00	2,000,000.00	1,993,280.00	(6,720.00)	Callable 07/09/15, then continuous
FEDERAL FARM CREDIT BANK	08/15/12	08/15/17	Aaa	AA+	0.980	0.980	2,000,000.00	2,000,000.00	1,988,140.00	(11,860.00)	Callable, continuous
FEDERAL FARM CREDIT BANK	09/18/13	09/18/17	Aaa	AA+	1.550	1.550	2,000,000.00	2,000,000.00	2,022,180.00	22,180.00	
FEDERAL FARM CREDIT BANK	02/16/11	02/16/16	Aaa	AA+	2.570	2.570	2,000,000.00	2,000,000.00	2,048,940.00	48,940.00	
FEDERAL FARM CREDIT BANK	07/17/13	07/17/17	Aaa	AA+	1.300	1.300	2,000,000.00	2,000,000.00	2,011,620.00	11,620.00	
FEDERAL FARM CREDIT BANK	12/16/14	12/16/19	Aaa	AA+	2.000	2.000	2,000,000.00	2,000,000.00	1,997,000.00	(3,000.00)	Callable 12/16/15, then continuous
FEDERAL HOME LOAN BANK	09/13/13	09/14/18	Aaa	AA+	2.000	1.910	2,000,000.00	2,006,320.83	2,044,540.00	38,219.17	
FEDERAL HOME LOAN BANK	04/17/14	04/17/17	Aaa	AA+	1.000	1.000	2,000,000.00	2,000,000.00	1,995,220.00	(4,780.00)	Callable, 04/17/15 once
FEDERAL HOME LOAN BANK	01/16/13	01/16/18	Aaa	AA+	1.000	1.000	4,000,000.00	4,000,000.00	3,956,040.00	(43,960.00)	Callable 01/16/15, then qtrly
FEDERAL HOME LOAN BANK	01/17/14	04/17/18	Aaa	AA+	1.480	1.480	2,000,000.00	2,000,000.00	2,014,580.00	14,580.00	
FEDERAL HOME LOAN BANK	06/26/14	06/26/19	Aaa	AA+	1.250	2.062	2,000,000.00	2,000,000.00	1,999,260.00	(740.00)	SU 1.25%-6% Call 03/26/15, then qtrly
FEDERAL HOME LOAN BANK	11/26/14	11/26/19	Aaa	AA+	1.500	2.102	2,000,000.00	2,000,000.00	1,997,440.00	(2,560.00)	SU 1.5%-5% Call 05/26/15, then qtrly
FEDERAL HOME LOAN BANK	06/27/13	06/27/18	Aaa	AA+	1.250	1.493	2,000,000.00	2,000,000.00	1,995,400.00	(4,600.00)	SU 1.125%-2.5% Call 03/27/15, then qtrly
FEDERAL HOME LOAN BANK	04/15/14	04/15/19	Aaa	AA+	2.070	2.070	1,000,000.00	1,000,000.00	1,000,150.00	150.00	Callable, continuous
FEDERAL HOME LOAN BANK	05/22/14	05/22/17	Aaa	AA+	1.000	1.000	2,000,000.00	2,000,000.00	1,992,140.00	(7,860.00)	Callable, continuous
FEDERAL HOME LOAN BANK	02/09/11	01/29/15	Aaa	AA+	1.750	1.750	2,000,000.00	2,000,000.00	2,002,400.00	2,400.00	
FEDERAL HOME LOAN BANK	04/15/11	05/27/15	Aaa	AA+	2.000	2.000	2,000,000.00	2,000,000.00	2,014,640.00	14,640.00	
FEDERAL HOME LOAN BANK	12/16/13	12/14/18	Aaa	AA+	1.750	1.650	2,000,000.00	2,007,550.29	2,019,240.00	11,689.71	
FEDERAL HOME LOAN BANK	06/18/14	06/09/17	Aaa	AA+	1.000	1.003	2,000,000.00	1,999,836.04	1,998,160.00	(1,676.04)	
FEDERAL HOME LOAN BANK	10/22/14	11/18/16	Aaa	AA+	0.750	0.500	2,000,000.00	2,009,329.17	1,997,120.00	(12,209.17)	

**CITY OF SANTA BARBARA**

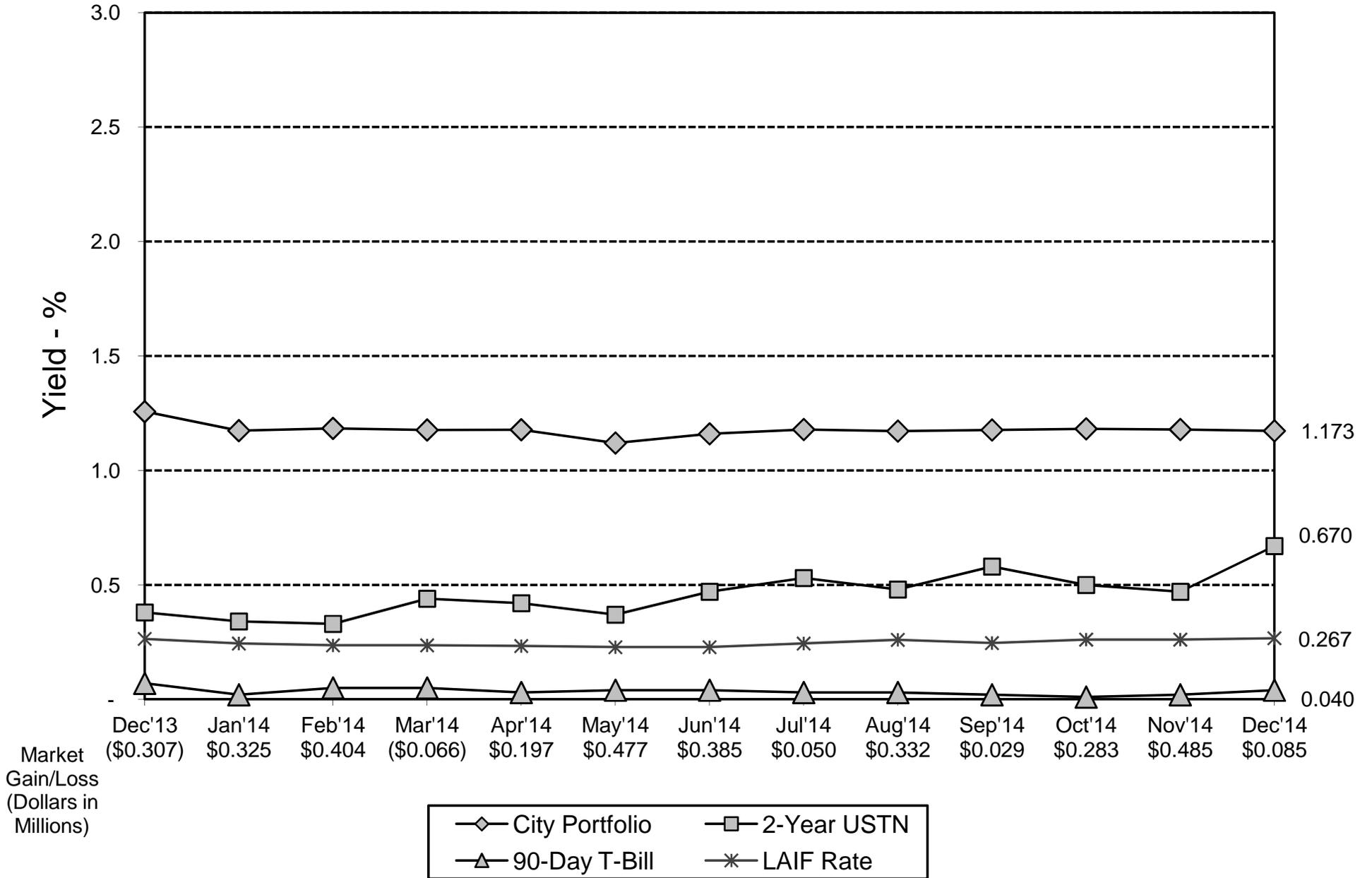
**Investment Portfolio**

**December 31, 2014**

DESCRIPTION	PURCHASE DATE	MATURITY DATE	QUALITY RATING MOODY'S	S & P	STATED RATE	YIELD AT 365	FACE VALUE	BOOK VALUE	MARKET VALUE	BOOK GAIN/(LOSS)	COMMENTS
FEDERAL HOME LOAN MTG CORP	06/26/13	06/26/18	Aaa	AA+	1.400	1.400	2,000,000.00	2,000,000.00	1,989,360.00	(10,640.00)	Callable 03/26/15, then qtrly
FEDERAL HOME LOAN MTG CORP	12/18/13	12/18/18	Aaa	AA+	1.500	1.839	1,000,000.00	1,000,000.00	1,001,960.00	1,960.00	SU 1.5%-2.75% Call 03/18/15, then qtrly
FEDERAL HOME LOAN MTG CORP	04/23/12	04/17/15	Aaa	AA+	0.500	0.534	2,000,000.00	1,999,800.63	2,001,900.00	2,099.37	
FEDERAL HOME LOAN MTG CORP	06/30/14	06/30/17	Aaa	AA+	1.000	1.000	2,000,000.00	2,000,000.00	1,999,500.00	(500.00)	Callable 06/30/15, once
FEDERAL HOME LOAN MTG CORP	09/12/12	09/12/17	Aaa	AA+	1.000	1.000	2,000,000.00	2,000,000.00	1,988,000.00	(12,000.00)	Callable 03/12/15, then qtrly
FEDERAL HOME LOAN MTG CORP	01/16/13	01/16/18	Aaa	AA+	1.050	1.050	4,000,000.00	4,000,000.00	3,983,440.00	(16,560.00)	Callable 01/16/15, then qtrly
FEDERAL HOME LOAN MTG CORP	11/26/14	11/26/19	Aaa	AA+	2.000	2.000	2,000,000.00	2,000,000.00	2,000,520.00	520.00	Callable 02/26/15, then qtrly
FEDERAL HOME LOAN MTG CORP	06/26/13	06/26/18	Aaa	AA+	1.500	1.500	2,000,000.00	2,000,000.00	1,992,780.00	(7,220.00)	Callable 03/26/15, then qtrly
FEDERAL HOME LOAN MTG CORP	11/20/13	09/29/17	Aaa	AA+	1.000	1.030	1,000,000.00	999,189.11	997,800.00	(1,389.11)	
FEDERAL NATL MORTGAGE ASSN	01/30/13	01/30/18	Aaa	AA+	1.030	1.030	3,000,000.00	3,000,000.00	2,967,450.00	(32,550.00)	Callable 01/30/15, then qtrly
FEDERAL NATL MORTGAGE ASSN	12/12/12	12/12/17	Aaa	AA+	1.000	1.000	2,000,000.00	2,000,000.00	1,979,500.00	(20,500.00)	Callable 03/12/15, then qtrly
FEDERAL NATL MORTGAGE ASSN	06/19/13	12/19/16	Aaa	AA+	0.750	0.750	2,000,000.00	2,000,000.00	1,994,760.00	(5,240.00)	Callable 03/19/15, then qtrly
FEDERAL NATL MORTGAGE ASSN	11/15/13	10/26/17	Aaa	AA+	0.875	1.062	2,000,000.00	1,989,700.00	1,983,100.00	(6,600.00)	
FEDERAL NATL MORTGAGE ASSN	12/11/13	11/27/18	Aaa	AA+	1.625	1.606	2,000,000.00	2,001,417.02	2,009,620.00	8,202.98	
FEDERAL NATL MORTGAGE ASSN	11/08/12	11/08/17	Aaa	AA+	1.000	1.000	2,000,000.00	2,000,000.00	1,981,960.00	(18,040.00)	Callable 02/08/15, then qtrly
FEDERAL NATL MORTGAGE ASSN	11/08/12	11/08/17	Aaa	AA+	1.000	1.000	2,000,000.00	2,000,000.00	1,981,960.00	(18,040.00)	Callable 02/08/15, then qtrly
FEDERAL NATL MORTGAGE ASSN	12/26/12	12/26/17	Aaa	AA+	1.000	1.000	4,000,000.00	4,000,000.00	3,967,040.00	(32,960.00)	Callable 03/26/15, then qtrly
FEDERAL NATL MORTGAGE ASSN	09/21/10	09/21/15	Aaa	AA+	2.000	2.000	2,000,000.00	2,000,000.00	2,025,060.00	25,060.00	
FEDERAL NATL MORTGAGE ASSN	12/10/10	10/26/15	Aaa	AA+	1.625	2.067	2,000,000.00	1,993,139.07	2,022,760.00	29,620.93	
FEDERAL NATL MORTGAGE ASSN	02/05/13	02/05/18	Aaa	AA+	1.000	1.000	2,000,000.00	2,000,000.00	1,977,220.00	(22,780.00)	Callable 02/05/15, then qtrly
FEDERAL NATL MORTGAGE ASSN	11/20/13	10/26/17	Aaa	AA+	0.875	1.070	<u>2,000,000.00</u>	<u>1,989,247.88</u>	<u>1,983,100.00</u>	<u>(6,147.88)</u>	
<b>Subtotal, Federal Agencies</b>							<u>90,000,000.00</u>	<u>89,995,530.04</u>	<u>89,961,560.00</u>	<u>(33,970.04)</u>	
<b>CORPORATE/MEDIUM TERM NOTES</b>											
BERKSHIRE HATHAWAY FIN	12/15/10	12/15/15	Aa2	AA	2.450	2.530	2,000,000.00	1,998,566.67	2,035,980.00	37,413.33	
BERKSHIRE HATHAWAY INC	11/29/13	02/09/18	Aa2	AA	1.550	1.550	2,000,000.00	2,000,000.00	1,999,020.00	(980.00)	
GENERAL ELECTRIC CAPITAL CORP	11/10/10	11/09/15	A1	AA+	2.250	2.250	2,000,000.00	2,000,000.00	2,027,440.00	27,440.00	
GENERAL ELECTRIC CAPITAL CORP	01/14/14	01/14/19	A1	AA+	2.300	2.250	2,000,000.00	2,003,793.94	2,031,920.00	28,126.06	
PROCTOR & GAMBLE	09/20/11	11/15/15	Aa3	AA-	1.800	1.085	2,000,000.00	2,012,160.94	2,022,800.00	10,639.06	
TOYOTA MOTOR CREDIT	09/26/11	09/15/16	Aa3	AA-	2.000	1.800	<u>2,000,000.00</u>	<u>2,006,493.50</u>	<u>2,036,260.00</u>	<u>29,766.50</u>	
<b>Subtotal, Corporate Securities</b>							<u>12,000,000.00</u>	<u>12,021,015.05</u>	<u>12,153,420.00</u>	<u>132,404.95</u>	
<b>SB AIRPORT PROMISSORY NOTE (LT)</b>											
SANTA BARBARA AIRPORT	07/14/09	06/30/29	-	-	3.500	4.195	<u>5,200,181.75</u>	<u>5,200,181.75</u>	<u>5,200,181.75</u>	<u>0.00</u>	
<b>Subtotal, SBA Note</b>							<u>5,200,181.75</u>	<u>5,200,181.75</u>	<u>5,200,181.75</u>	<u>0.00</u>	
<b>CHECKING ACCOUNT</b>											
MUFG UNION BANK NA CHKNG ACCNT	-	-	-	-	0.400	0.400	<u>17,930,612.61</u>	<u>17,930,612.61</u>	<u>17,930,612.61</u>	<u>0.00</u>	
<b>Subtotal, Checking Account</b>							<u>17,930,612.61</u>	<u>17,930,612.61</u>	<u>17,930,612.61</u>	<u>0.00</u>	
<b>TOTALS</b>							<u>168,130,794.36</u>	<u>168,316,562.09</u>	<u>168,401,314.36</u>	<u>84,752.27</u>	

Market values have been obtained from the City's safekeeping agent, MUFG Union Bank NA - The Private Bank (UBTPB). UBTPB uses Interactive Data Pricing Service, Bloomberg and DTC.

# INVESTMENT YIELDS



**CITY OF SANTA BARBARA  
Fiscal Agent Investments  
December 31, 2014**

	CASH & CASH EQUIVALENTS Book & Market	Guaranteed Investment Contracts (GIC) Book & Market	STOCKS		BONDS		US GOVT & AGENCIES		TOTALS	
			Book	Market	Book	Market	Book	Market	Book	Market
<b>BOND FUNDS</b>										
<i>RESERVE FUNDS</i>										
2004 RDA - Housing Bonds	42,503.15	-	-	-	-	-	-	-	42,503.15	42,503.15
2002 Municipal Improvement - Refunding COPS	26,070.38	547,530.00	-	-	-	-	-	-	573,600.38	573,600.38
2011 Water - Safe Drinking Water State Loan	458,991.13	-	-	-	-	-	-	-	458,991.13	458,991.13
2013 Water - Refunding COPS	22,316.80	428,069.44	-	-	-	-	636,099.18	641,555.20	1,086,485.42	1,091,941.44
2004 Sewer - Revenue Bonds	46,147.97	1,357,140.00	-	-	-	-	-	-	1,403,287.97	1,403,287.97
2009 Airport - Revenue Bonds	1,232,608.55	-	-	-	-	-	3,046,279.36	3,053,522.85	4,278,887.91	4,286,131.40
2014 Waterfront - Refunding Bonds	4,440.01	581,455.74	-	-	-	-	-	-	585,895.75	585,895.75
Subtotal, Reserve Funds	1,833,077.99	2,914,195.18	-	-	-	-	3,682,378.54	3,695,078.05	8,429,651.71	8,442,351.22
<i>PROJECT FUNDS</i>										
2001 RDA Bonds	2,366,742.60	-	-	-	-	-	-	-	2,366,742.60	2,366,742.60
2003 RDA Bonds	8,508,501.74	-	-	-	-	-	-	-	8,508,501.74	8,508,501.74
Subtotal, Project Funds	10,875,244.34	-	-	-	-	-	-	-	10,875,244.34	10,875,244.34
<b>SUBTOTAL BOND FUNDS</b>	<b>12,708,322.33</b>	<b>2,914,195.18</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,682,378.54</b>	<b>3,695,078.05</b>	<b>19,304,896.05</b>	<b>19,317,595.56</b>
<b>POLICE/FIRE - SVC RETIREMENT FUND</b>										
Police/Fire Funds	52,047.33	-	137,534.15	246,493.18	219,676.71	230,921.50	-	-	409,258.19	529,462.01
	52,047.33	-	137,534.15	246,493.18	219,676.71	230,921.50	-	-	409,258.19	529,462.01
<b>TOTAL FISCAL AGENT INVESTMENTS</b>	<b>12,760,369.66</b>	<b>2,914,195.18</b>	<b>137,534.15</b>	<b>246,493.18</b>	<b>219,676.71</b>	<b>230,921.50</b>	<b>3,682,378.54</b>	<b>3,695,078.05</b>	<b>19,714,154.24</b>	<b>19,847,057.57</b>

## Notes:

- (1) Cash & cash equivalents include money market funds.  
(2) Market values have been obtained from the following trustees: US Bank and MUFG Union Bank, N.A. - The Private Bank