



# CITY OF SANTA BARBARA

## COUNCIL AGENDA REPORT

**AGENDA DATE:** Aug 14, 2012  
**TO:** Mayor and Councilmembers  
**FROM:** Treasury Division, Finance Department  
**SUBJECT:** July 2012 Investment Report

**RECOMMENDATION:**

That Council accept the July 2012 Investment Report.

**DISCUSSION:**

The attached investment report includes Investment Activity, Interest Revenue, a Summary of Cash and Investments, and Investment Portfolio detail as of July 31, 2012.

**ATTACHMENT:** July 2012 Investment Report  
**PREPARED BY:** Jill Taura, Treasury Manager  
**SUBMITTED BY:** Robert Samario, Finance Director  
**APPROVED BY:** City Administrator's Office

**CITY OF SANTA BARBARA**  
**Activity and Interest Report**  
**July 31, 2012**

**INVESTMENT ACTIVITY**

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**PURCHASES OR DEPOSITS**

7/17 LAIF Deposit - City	\$ 5,000,000
7/24 Federal Home Loan Mortgage Corp (FHLMC)	<u>2,000,000</u>
<b>Total</b>	<b>\$ 7,000,000</b>

**SALES, MATURITIES, CALLS OR WITHDRAWALS**

7/3 Federal Home Loan Mortgage Corp (FHLMC) - Call	\$ (2,000,000)
7/5 LAIF Withdrawal - City	(2,000,000)
7/12 LAIF Withdrawal - City	(2,000,000)
7/12 LAIF Withdrawal - RDAS	(2,300,000)
7/19 Federal Home Loan Mortgage Corp (FHLMC) - Call	(2,000,000)
7/25 LAIF Withdrawal - City	<u>(2,000,000)</u>
<b>Total</b>	<b>\$ (12,300,000)</b>

**ACTIVITY TOTAL**

**\$ (5,300,000)**

**INVESTMENT INCOME**

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**POOLED INVESTMENTS**

Interest Earned on Investments	\$ 200,651
Amortization	(11,722)
Interest on SBB&T Accounts	<u>375</u>
<b>Total</b>	<b>\$ 189,304</b>

**REDEVELOPMENT SUCCESSOR AGENCY INVESTMENTS**

Interest Earned on Investments (LAIF)	<u>\$ 2,156</u>
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**INCOME TOTAL**

**\$ 191,459**

**CITY OF SANTA BARBARA**  
**Summary of Cash and Investments**  
**July 31, 2012**

**ENDING BALANCE AS OF JUNE 30, 2012**

<u>Description</u>	<u>Book Value</u>	<u>Yield to Maturity (365 days)</u>	<u>Percent of Portfolio</u>	<u>Average Days to Maturity</u>
State of California LAIF	\$ 54,000,000	0.358%	32.23%	1
Certificates of Deposit	2,000,000	0.800%	1.19%	505
Federal Agency Issues - Coupon	95,697,605	1.641%	57.12%	1,109
Corporate/Medium Term Notes	10,057,845	1.948%	6.00%	1,163
	<u>161,755,451</u>	<u>1.221%</u>	<u>96.54%</u>	<u>735</u>
SB Airport Promissory Note	5,789,184	7.000%	3.46%	6,208
Totals and Averages	<u>\$ 167,544,635</u>	<u>1.421%</u>	<u>100.00%</u>	<u>924</u>
SBB&T Money Market Account	4,418,786			
<b>Total Cash and Investments</b>	<b><u>\$ 171,963,421</u></b>			

**NET CASH AND INVESTMENT ACTIVITY FOR JULY 2012**                    **\$ (6,861,434)**

**ENDING BALANCE AS OF JULY 31, 2012**

<u>Description</u>	<u>Book Value</u>	<u>Yield to Maturity (365 days)</u>	<u>Percent of Portfolio</u>	<u>Average Days to Maturity</u>
State of California LAIF	\$ 50,700,000	0.360%	31.25%	1 (1)
Certificates of Deposit	2,000,000	0.800%	1.23%	474
Federal Agency Issues - Coupon	93,687,237	1.634%	57.75%	1,075
Corporate/Medium Term Notes	10,056,491	1.949%	6.20%	1,132
	<u>156,443,728</u>	<u>1.231%</u>	<u>96.43%</u>	<u>723</u>
SB Airport Promissory Note	5,789,184	7.000%	3.57%	6,177
Totals and Averages	<u>\$ 162,232,913</u>	<u>1.436%</u>	<u>100.00%</u>	<u>918</u>
SBB&T Money Market Account	2,869,074			
<b>Total Cash and Investments</b>	<b><u>\$ 165,101,987</u></b>			

Note:

(1) The average life of the LAIF portfolio as of July 31, 2012 is 243 days.

**CITY OF SANTA BARBARA**

**Investment Portfolio**

**July 31, 2012**

DESCRIPTION	PURCHASE	MATURITY	QUALITY RATING		STATED	YIELD AT	FACE	BOOK	MARKET	BOOK	COMMENTS
	DATE	DATE	MOODY'S	S & P							
<b>LOCAL AGENCY INVESTMENT FUNDS</b>											
LOCAL AGENCY INVESTMENT FUND	-	-	-	-	0.360	0.360	44,000,000.00	44,000,000.00	44,000,000.00	0.00	
LOCAL AGENCY INV FUND/RDAS	-	-	-	-	0.360	0.360	6,700,000.00	6,700,000.00	6,700,000.00	0.00	
<b>Subtotal, LAIF</b>							50,700,000.00	50,700,000.00	50,700,000.00	0.00	
<b>CERTIFICATES OF DEPOSIT</b>											
MONTECITO BANK & TRUST	11/18/11	11/18/13	-	-	0.800	0.800	2,000,000.00	2,000,000.00	2,000,000.00	0.00	
<b>Subtotal, Certificates of deposit</b>							2,000,000.00	2,000,000.00	2,000,000.00	0.00	
<b>FEDERAL AGENCY ISSUES - COUPON</b>											
FEDERAL FARM CREDIT BANK	02/10/11	02/10/14	Aaa	AA+	1.375	1.375	2,000,000.00	2,000,000.00	2,034,300.00	34,300.00	
FEDERAL FARM CREDIT BANK	03/01/12	03/01/17	Aaa	AA+	1.260	1.260	2,000,000.00	2,000,000.00	2,009,000.00	9,000.00	Callable 03/01/13, then cont.
FEDERAL FARM CREDIT BANK	03/05/09	03/04/13	Aaa	AA+	2.600	2.600	2,000,000.00	2,000,000.00	2,028,420.00	28,420.00	
FEDERAL FARM CREDIT BANK	05/08/09	04/08/13	Aaa	AA+	2.200	2.200	2,000,000.00	2,000,000.00	2,027,480.00	27,480.00	
FEDERAL FARM CREDIT BANK	02/16/11	02/16/16	Aaa	AA+	2.570	2.570	2,000,000.00	2,000,000.00	2,143,200.00	143,200.00	
FEDERAL HOME LOAN BANK	04/15/10	10/15/13	Aaa	AA+	2.000	2.000	2,000,000.00	2,000,000.00	2,042,560.00	42,560.00	
FEDERAL HOME LOAN BANK	08/05/10	09/12/14	Aaa	AA+	1.375	1.375	2,000,000.00	2,000,000.00	2,044,800.00	44,800.00	
FEDERAL HOME LOAN BANK	09/17/09	12/13/13	Aaa	AA+	3.125	2.440	2,000,000.00	2,017,670.17	2,078,540.00	60,869.83	
FEDERAL HOME LOAN BANK	01/15/10	10/30/12	Aaa	AA+	1.700	1.700	2,000,000.00	2,000,000.00	2,007,740.00	7,740.00	
FEDERAL HOME LOAN BANK	04/05/10	11/29/13	Aaa	AA+	2.000	2.000	2,000,000.00	2,000,000.00	2,046,600.00	46,600.00	
FEDERAL HOME LOAN BANK	06/29/10	10/29/12	Aaa	AA+	1.125	1.125	2,000,000.00	2,000,000.00	2,004,840.00	4,840.00	
FEDERAL HOME LOAN BANK	05/28/10	05/28/15	Aaa	AA+	2.000	2.653	2,000,000.00	2,000,000.00	2,010,560.00	10,560.00	SU 3.35%, Callable 11/28/12, once
FEDERAL HOME LOAN BANK	09/26/11	08/28/13	Aaa	AA+	1.000	0.381	1,000,000.00	1,006,627.10	1,008,320.00	1,692.90	
FEDERAL HOME LOAN BANK	09/17/09	09/13/13	Aaa	AA+	4.375	2.272	2,000,000.00	2,044,656.71	2,092,520.00	47,863.29	
FEDERAL HOME LOAN BANK	02/22/10	12/13/13	Aaa	AA+	3.125	2.130	2,000,000.00	2,025,974.44	2,078,540.00	52,565.56	
FEDERAL HOME LOAN BANK	02/09/11	01/29/15	Aaa	AA+	1.750	1.750	2,000,000.00	2,000,000.00	2,068,740.00	68,740.00	
FEDERAL HOME LOAN BANK	04/15/11	05/27/15	Aaa	AA+	2.000	2.000	2,000,000.00	2,000,000.00	2,089,140.00	89,140.00	
FEDERAL HOME LOAN BANK	09/26/11	10/30/13	Aaa	AA+	2.000	0.400	1,500,000.00	1,529,780.49	1,532,955.00	3,174.51	
FEDERAL HOME LOAN MTG CORP	03/28/12	03/28/17	Aaa	AA+	1.210	1.210	2,000,000.00	2,000,000.00	2,006,940.00	6,940.00	Callable 03/28/13, once
FEDERAL HOME LOAN MTG CORP	09/03/09	09/21/12	Aaa	AA+	2.125	1.699	2,000,000.00	2,001,147.54	2,005,560.00	4,412.46	
FEDERAL HOME LOAN MTG CORP	01/06/11	02/25/14	Aaa	AA+	1.375	1.375	2,000,000.00	2,000,000.00	2,034,380.00	34,380.00	
FEDERAL HOME LOAN MTG CORP	03/28/12	03/28/17	Aaa	AA+	1.350	1.350	2,000,000.00	2,000,000.00	2,033,340.00	33,340.00	Callable 03/28/14, once
FEDERAL HOME LOAN MTG CORP	09/28/11	09/28/16	Aaa	AA+	1.400	1.400	2,000,000.00	2,000,000.00	2,003,440.00	3,440.00	Callable 09/28/12, once
FEDERAL HOME LOAN MTG CORP	02/21/12	02/21/17	Aaa	AA+	1.300	1.300	2,000,000.00	2,000,000.00	2,024,960.00	24,960.00	Callable 02/21/14, once
FEDERAL HOME LOAN MTG CORP	04/23/12	04/17/15	Aaa	AA+	0.500	0.534	2,000,000.00	1,998,164.32	2,007,800.00	9,635.68	
FEDERAL HOME LOAN MTG CORP	06/12/12	06/12/17	Aaa	AA+	1.250	1.250	2,000,000.00	2,000,000.00	2,005,720.00	5,720.00	Callable 06/12/14, then qtrly
FEDERAL HOME LOAN MTG CORP	07/24/12	07/24/17	Aaa	AA+	1.125	1.125	2,000,000.00	2,000,000.00	2,007,780.00	7,780.00	Callable 07/24/13, then qtrly
FEDERAL HOME LOAN MTG CORP	05/24/12	05/24/17	Aaa	AA+	1.200	1.200	2,000,000.00	2,000,000.00	2,007,180.00	7,180.00	Callable 05/24/13, then qtrly

**CITY OF SANTA BARBARA**

**Investment Portfolio**

**July 31, 2012**

DESCRIPTION	PURCHASE	MATURITY	QUALITY RATING		STATED	YIELD AT	FACE	BOOK	MARKET	BOOK	COMMENTS
	DATE	DATE	MOODY'S	S & P							
FEDERAL HOME LOAN MTG CORP	06/09/09	08/17/12	Aaa	AA+	1.000	2.420	2,000,000.00	1,998,791.92	2,000,660.00	1,868.08	
FEDERAL HOME LOAN MTG CORP	02/11/11	04/02/14	Aaa	AA+	4.500	1.615	2,000,000.00	2,093,524.31	2,137,680.00	44,155.69	
FEDERAL HOME LOAN MTG CORP	06/07/12	06/07/17	Aaa	AA+	1.300	1.300	2,000,000.00	2,000,000.00	2,010,280.00	10,280.00	Callable 06/07/13, then qtrly
FEDERAL NATL MORTGAGE ASSN	09/28/11	09/28/16	Aaa	AA+	1.000	1.401	1,000,000.00	999,920.83	1,001,100.00	1,179.17	SU 1%-3%, Call 09/28/12, then qtrly
FEDERAL NATL MORTGAGE ASSN	11/09/11	11/09/16	Aaa	AA+	1.500	1.807	2,000,000.00	1,999,863.89	2,007,260.00	7,396.11	SU 1.5%-3.5%, Call 11/09/12, then qtrly
FEDERAL NATL MORTGAGE ASSN	12/28/11	12/28/16	Aaa	AA+	1.125	1.641	2,000,000.00	2,000,000.00	2,005,840.00	5,840.00	SU 2% Callable 12/28/12, then qtrly
FEDERAL NATL MORTGAGE ASSN	10/28/11	10/28/16	Aaa	AA+	1.500	1.521	2,000,000.00	1,998,758.33	2,026,640.00	27,881.67	Callable 10/28/13, once
FEDERAL NATL MORTGAGE ASSN	01/25/12	01/25/17	Aaa	AA+	1.000	1.256	2,000,000.00	1,999,516.67	2,008,120.00	8,603.33	SU 1.5%, Callable 01/25/13, then qtrly
FEDERAL NATL MORTGAGE ASSN	08/10/10	08/10/15	Aaa	AA+	2.000	2.055	2,000,000.00	1,999,935.00	2,002,020.00	2,085.00	Callable 08/10/12, once
FEDERAL NATL MORTGAGE ASSN	11/17/10	11/17/14	Aaa	AA+	1.300	1.300	2,000,000.00	2,000,000.00	2,045,480.00	45,480.00	
FEDERAL NATL MORTGAGE ASSN	06/27/11	06/27/16	Aaa	AA+	2.000	2.000	2,000,000.00	2,000,000.00	2,024,740.00	24,740.00	Callable 06/27/13, once
FEDERAL NATL MORTGAGE ASSN	04/12/12	04/12/17	Aaa	AA+	1.400	1.400	2,000,000.00	2,000,000.00	2,014,160.00	14,160.00	Callable 04/12/13, then qtrly
FEDERAL NATL MORTGAGE ASSN	12/28/11	12/28/16	Aaa	AA+	1.625	1.625	2,000,000.00	2,000,000.00	2,010,320.00	10,320.00	Callable 12/28/12, once
FEDERAL NATL MORTGAGE ASSN	03/28/12	03/28/17	Aaa	AA+	1.125	1.332	2,000,000.00	2,000,000.00	2,011,960.00	11,960.00	SU 1.125%-2.25%, Call 03/28/13, 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	2,098,700.00	98,700.00	
FEDERAL NATL MORTGAGE ASSN	12/10/10	10/26/15	Aaa	AA+	1.625	2.067	2,000,000.00	1,972,905.13	2,082,180.00	109,274.87	
FEDERAL NATL MORTGAGE ASSN	04/18/11	04/18/16	Aaa	AA+	2.500	2.500	2,000,000.00	2,000,000.00	2,029,520.00	29,520.00	Callable 04/18/13, once
FEDERAL NATL MORTGAGE ASSN	01/30/12	01/30/17	Aaa	AA+	1.300	1.300	2,000,000.00	2,000,000.00	2,009,980.00	9,980.00	Callable 01/30/13, then qtrly
FEDERAL NATL MORTGAGE ASSN	04/24/12	04/24/17	Aaa	AA+	1.500	1.500	2,000,000.00	2,000,000.00	2,005,680.00	5,680.00	Callable 10/24/12, then qtrly
FEDERAL NATL MORTGAGE ASSN	06/01/12	05/29/15	Aaa	AA+	0.650	0.650	2,000,000.00	2,000,000.00	2,003,580.00	3,580.00	Callable 05/29/13, once
<b>Subtotal, Federal Agencies</b>							<b>93,500,000.00</b>	<b>93,687,236.85</b>	<b>95,021,255.00</b>	<b>1,334,018.15</b>	
<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	1,994,941.67	2,108,700.00	113,758.33	
GENERAL ELECTRIC CAPITAL CORP	11/10/10	11/09/15	A1	AA+	2.250	2.250	2,000,000.00	2,000,000.00	2,057,960.00	57,960.00	
GENERAL ELECTRIC CAPITAL CORP	01/07/11	01/07/14	A1	AA+	2.100	2.100	2,000,000.00	2,000,000.00	2,034,560.00	34,560.00	
PROCTOR & GAMBLE	09/20/11	11/15/15	Aa3	AA-	1.800	1.085	2,000,000.00	2,045,855.25	2,073,920.00	28,064.75	
TOYOTA MOTOR CREDIT	09/26/11	09/15/16	Aa3	AA-	2.000	1.800	2,000,000.00	2,015,694.40	2,074,120.00	58,425.60	
<b>Subtotal, Corporate Securities</b>							<b>10,000,000.00</b>	<b>10,056,491.32</b>	<b>10,349,260.00</b>	<b>292,768.68</b>	
<b>SB AIRPORT PROMISSORY NOTE (LT)</b>											
SANTA BARBARA AIRPORT	07/14/09	06/30/29	-	-	7.000	7.000	5,789,184.34	5,789,184.34	5,789,184.34	0.00	
<b>Subtotal, SBA Note</b>							<b>5,789,184.34</b>	<b>5,789,184.34</b>	<b>5,789,184.34</b>	<b>0.00</b>	
<b>TOTALS</b>							<b>161,989,184.34</b>	<b>162,232,912.51</b>	<b>163,859,699.34</b>	<b>1,626,786.83</b>	

Market values have been obtained from the City's safekeeping agent, Santa Barbara Bank and Trust (SBB&T). SBB&T uses Interactive Data Pricing Service, Bloomberg and DTC.