



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: June 26, 2012

TO: Mayor and Councilmembers

FROM: Treasury Division, Finance Department

SUBJECT: May 2012 Investment Report

RECOMMENDATION:

That Council accept the May 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 May 31, 2012.

ATTACHMENT: May 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
May 31, 2012

INVESTMENT ACTIVITY

PURCHASES OR DEPOSITS

5/4 LAIF Deposit - City	\$ 3,000,000
5/10 LAIF Deposit - City	3,000,000
5/14 LAIF Deposit - City	2,000,000
5/24 Federal Home Loan Mortgage Corp (FHLMC)	2,000,000
5/29 LAIF Deposit - City	<u>10,000,000</u>
Total	\$ 20,000,000

SALES, MATURITIES, CALLS OR WITHDRAWALS

5/2 LAIF Withdrawal - City	\$ (4,000,000)
5/9 Federal Home Loan Mortgage Corp (FHLMC) - Call	(2,000,000)
5/16 LAIF Withdrawal - City	(4,000,000)
5/23 Federal Farm Credit Bank (FFCB) - Call	(2,000,000)
5/30 LAIF Withdrawal - City	(6,000,000)
5/31 LAIF Withdrawal - City	<u>(3,000,000)</u>
Total	\$ (21,000,000)

ACTIVITY TOTAL

\$ (1,000,000)

INVESTMENT INCOME

POOLED INVESTMENTS

INTEREST INCOME

Interest Earned on Investments	\$ 220,887
Amortization	(14,888)
Interest on SBB&T Accounts	<u>276</u>
Total	\$ 206,275

REDEVELOPMENT SUCCESSOR AGENCY INVESTMENTS

Interest Earned on Investments (LAIF)	<u>\$ 2,775</u>
---------------------------------------	-----------------

INCOME TOTAL

\$ 209,050

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

ENDING BALANCE AS OF APRIL 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	\$ 45,000,000	0.367%	26.57%	1
Certificates of Deposit	2,000,000	0.800%	1.18%	566
Federal Agency Issues - Coupon	106,422,246	1.689%	62.84%	1,124
Corporate/Medium Term Notes	<u>10,060,554</u>	<u>1.948%</u>	<u>5.94%</u>	<u>1,224</u>
	163,482,800	1.330%	96.53%	814
SB Airport Promissory Note	<u>5,877,335</u>	<u>7.000%</u>	<u>3.47%</u>	<u>6,269</u>
Totals and Averages	<u>\$ 169,360,135</u>	<u>1.527%</u>	<u>100.00%</u>	<u>1,004</u>
SBB&T Money Market Account	4,065,195			
Total Cash and Investments	<u>\$ 173,425,330</u>			

NET CASH AND INVESTMENT ACTIVITY FOR MAY 2012 **\$ 4,411,273**

ENDING BALANCE AS OF MAY 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	\$ 46,000,000	0.363%	27.32%	1 (1)
Certificates of Deposit	2,000,000	0.800%	1.19%	535
Federal Agency Issues - Coupon	104,408,712	1.671%	62.02%	1,093
Corporate/Medium Term Notes	<u>10,059,200</u>	<u>1.948%</u>	<u>5.98%</u>	<u>1,193</u>
	162,467,912	1.307%	96.51%	783
SB Airport Promissory Note	<u>5,877,335</u>	<u>7.000%</u>	<u>3.49%</u>	<u>6,238</u>
Totals and Averages	<u>\$ 168,345,246</u>	<u>1.506%</u>	<u>100.00%</u>	<u>974</u>
SBB&T Money Market Account	9,491,357			
Total Cash and Investments	<u>\$ 177,836,603</u>			

Note:

(1) The average life of the LAIF portfolio as of May 31, 2012 is 224 days.

CITY OF SANTA BARBARA

Investment Portfolio

May 31, 2012

DESCRIPTION	PURCHASE	MATURITY	QUALITY RATING		STATED	YIELD AT	FACE	BOOK	MARKET	BOOK	COMMENTS
	DATE	DATE	MOODY'S	S & P	RATE	365	VALUE	VALUE	VALUE	GAIN/(LOSS)	
LOCAL AGENCY INVESTMENT FUNDS											
LOCAL AGENCY INVESTMENT FUND	-	-	-	-	0.363	0.363	37,000,000.00	37,000,000.00	37,000,000.00	0.00	
LOCAL AGENCY INV FUND/RDAS	-	-	-	-	0.363	0.363	9,000,000.00	9,000,000.00	9,000,000.00	0.00	
Subtotal, LAIF							46,000,000.00	46,000,000.00	46,000,000.00	0.00	
CERTIFICATES OF DEPOSIT											
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	
Subtotal, Certificates of deposit							2,000,000.00	2,000,000.00	2,000,000.00	0.00	
FEDERAL AGENCY ISSUES - COUPON											
FEDERAL FARM CREDIT BANK	02/10/11	02/10/14	Aaa	AA+	1.375	1.375	2,000,000.00	2,000,000.00	2,033,860.00	33,860.00	
FEDERAL FARM CREDIT BANK	03/01/12	03/01/17	Aaa	AA+	1.260	1.260	2,000,000.00	2,000,000.00	2,008,760.00	8,760.00	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	2,036,420.00	36,420.00	
FEDERAL FARM CREDIT BANK	05/08/09	04/08/13	Aaa	AA+	2.200	2.200	2,000,000.00	2,000,000.00	2,033,980.00	33,980.00	
FEDERAL FARM CREDIT BANK	06/19/09	06/18/12	Aaa	AA+	2.125	2.125	2,000,000.00	2,000,000.00	2,001,880.00	1,880.00	
FEDERAL FARM CREDIT BANK	02/16/11	02/16/16	Aaa	AA+	2.570	2.570	2,000,000.00	2,000,000.00	2,136,500.00	136,500.00	
FEDERAL HOME LOAN BANK	03/04/09	06/08/12	Aaa	AA+	4.375	2.110	1,700,000.00	1,700,719.57	1,701,411.00	691.43	
FEDERAL HOME LOAN BANK	04/15/10	10/15/13	Aaa	AA+	2.000	2.000	2,000,000.00	2,000,000.00	2,047,640.00	47,640.00	
FEDERAL HOME LOAN BANK	08/05/10	09/12/14	Aaa	AA+	1.375	1.375	2,000,000.00	2,000,000.00	2,044,100.00	44,100.00	
FEDERAL HOME LOAN BANK	09/17/09	12/13/13	Aaa	AA+	3.125	2.440	2,000,000.00	2,019,825.07	2,087,020.00	67,194.93	
FEDERAL HOME LOAN BANK	01/15/10	10/30/12	Aaa	AA+	1.700	1.700	2,000,000.00	2,000,000.00	2,013,040.00	13,040.00	
FEDERAL HOME LOAN BANK	04/05/10	11/29/13	Aaa	AA+	2.000	2.000	2,000,000.00	2,000,000.00	2,051,420.00	51,420.00	
FEDERAL HOME LOAN BANK	06/29/10	10/29/12	Aaa	AA+	1.125	1.125	2,000,000.00	2,000,000.00	2,008,220.00	8,220.00	
FEDERAL HOME LOAN BANK	05/28/10	05/28/15	Aaa	AA+	2.000	2.653	2,000,000.00	2,000,000.00	2,015,460.00	15,460.00	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	1,007,654.55	1,009,320.00	1,665.45	
FEDERAL HOME LOAN BANK	09/17/09	09/13/13	Aaa	AA+	4.375	2.272	2,000,000.00	2,051,321.89	2,105,660.00	54,338.11	
FEDERAL HOME LOAN BANK	02/22/10	12/13/13	Aaa	AA+	3.125	2.130	2,000,000.00	2,029,142.06	2,087,020.00	57,877.94	
FEDERAL HOME LOAN BANK	03/26/10	06/08/12	Aaa	AA+	1.375	1.325	2,000,000.00	2,000,019.09	2,000,500.00	480.91	
FEDERAL HOME LOAN BANK	02/09/11	01/29/15	Aaa	AA+	1.750	1.750	2,000,000.00	2,000,000.00	2,067,200.00	67,200.00	
FEDERAL HOME LOAN BANK	04/15/11	05/27/15	Aaa	AA+	2.000	2.000	2,000,000.00	2,000,000.00	2,087,480.00	87,480.00	
FEDERAL HOME LOAN BANK	09/26/11	10/30/13	Aaa	AA+	2.000	0.400	1,500,000.00	1,533,760.07	1,536,705.00	2,944.93	
FEDERAL HOME LOAN BANK	02/28/12	02/28/17	Aaa	AA+	1.250	1.250	5,000,000.00	5,000,000.00	5,003,750.00	3,750.00	Callable 06/28/12, then monthly
FEDERAL HOME LOAN MTG CORP	10/19/11	10/19/16	Aaa	AA+	1.500	1.500	2,000,000.00	2,000,000.00	2,003,300.00	3,300.00	Callable 07/19/12, then qtrly
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	2,005,200.00	5,200.00	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	2,002,524.59	2,012,220.00	9,695.41	
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	2,035,960.00	35,960.00	
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	2,029,440.00	29,440.00	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	2,006,360.00	6,360.00	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	2,020,740.00	20,740.00	Callable 02/21/14, once

CITY OF SANTA BARBARA

Investment Portfolio

May 31, 2012

DESCRIPTION	PURCHASE DATE	MATURITY DATE	QUALITY RATING		STATED RATE	YIELD AT 365	FACE VALUE	BOOK VALUE	MARKET VALUE	BOOK GAIN/(LOSS)	COMMENTS
			MOODY'S	S & P							
FEDERAL HOME LOAN MTG CORP	04/23/12	04/17/15	Aaa	AA+	0.500	0.534	2,000,000.00	1,998,051.47	1,998,840.00	788.53	
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	1,999,500.00	(500.00)	Callable 05/24/13, then qtrly
FEDERAL HOME LOAN MTG CORP	06/09/09	08/17/12	Aaa	AA+	1.000	2.420	2,000,000.00	1,994,261.60	2,003,120.00	8,858.40	
FEDERAL HOME LOAN MTG CORP	02/11/11	04/02/14	Aaa	AA+	4.500	1.615	2,000,000.00	2,102,861.18	2,148,940.00	46,078.82	
FEDERAL HOME LOAN MTG CORP	10/03/11	10/03/16	Aaa	AA+	1.000	1.612	2,000,000.00	2,000,000.00	2,001,100.00	1,100.00	SU 2.25% Callable 07/03/12, then qtrly
FEDERAL NATL MORTGAGE ASSN	09/28/11	09/28/16	Aaa	AA+	1.000	1.401	1,000,000.00	999,837.50	1,001,880.00	2,042.50	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	1,999,780.56	2,011,120.00	11,339.44	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	2,006,680.00	6,680.00	SU 2% Callable 12/28/12, then qtrly
FEDERAL NATL MORTGAGE ASSN	06/07/11	03/07/16	Aaa	AA+	2.075	2.075	2,000,000.00	2,000,000.00	2,000,580.00	580.00	Callable 06/07/12, once
FEDERAL NATL MORTGAGE ASSN	09/28/11	09/28/16	Aaa	AA+	1.300	1.475	2,000,000.00	2,000,000.00	2,001,780.00	1,780.00	SU 1.3%-2.25%, Call 06/28/12, then qtrly
FEDERAL NATL MORTGAGE ASSN	10/28/11	10/28/16	Aaa	AA+	1.500	1.521	2,000,000.00	1,998,591.67	2,025,260.00	26,668.33	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	1,999,350.00	2,008,300.00	8,950.00	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	1,999,501.67	2,006,160.00	6,658.33	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	2,041,740.00	41,740.00	
FEDERAL NATL MORTGAGE ASSN	06/27/11	06/27/16	Aaa	AA+	2.000	2.000	2,000,000.00	2,000,000.00	2,028,560.00	28,560.00	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	2,013,500.00	13,500.00	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	2,012,460.00	12,460.00	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	2,011,300.00	11,300.00	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	2,085,980.00	85,980.00	
FEDERAL NATL MORTGAGE ASSN	12/10/10	10/26/15	Aaa	AA+	1.625	2.067	2,000,000.00	1,971,509.68	2,067,320.00	95,810.32	
FEDERAL NATL MORTGAGE ASSN	04/18/11	04/18/16	Aaa	AA+	2.500	2.500	2,000,000.00	2,000,000.00	2,035,860.00	35,860.00	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	2,010,560.00	10,560.00	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	2,008,140.00	8,140.00	Callable 10/24/12, then qtrly
Subtotal, Federal Agencies							<u>104,200,000.00</u>	<u>104,408,712.22</u>	<u>105,759,246.00</u>	<u>1,350,533.78</u>	
CORPORATE/MEDIUM TERM NOTES											
BERKSHIRE HATHAWAY FIN	12/15/10	12/15/15	Aa2	AA+	2.450	2.530	2,000,000.00	1,994,691.67	2,089,560.00	94,868.33	
GENERAL ELECTRIC CAPITAL CORP	11/10/10	11/09/15	A1	AA+	2.250	2.250	2,000,000.00	2,000,000.00	2,026,380.00	26,380.00	
GENERAL ELECTRIC CAPITAL CORP	01/07/11	01/07/14	A1	AA+	2.100	2.100	2,000,000.00	2,000,000.00	2,027,420.00	27,420.00	
PROCTOR & GAMBLE	09/20/11	11/15/15	Aa3	AA-	1.800	1.085	2,000,000.00	2,048,179.00	2,074,680.00	26,501.00	
TOYOTA MOTOR CREDIT	09/26/11	09/15/16	Aa3	AA-	2.000	1.800	2,000,000.00	2,016,328.94	2,037,100.00	20,771.06	
Subtotal, Corporate Securities							<u>10,000,000.00</u>	<u>10,059,199.61</u>	<u>10,255,140.00</u>	<u>195,940.39</u>	
SB AIRPORT PROMISSORY NOTE (LT)											
SANTA BARBARA AIRPORT	07/14/09	06/30/29	-	-	7.000	7.000	5,877,334.65	5,877,334.65	5,877,334.65	0.00	
Subtotal, SBA Note							<u>5,877,334.65</u>	<u>5,877,334.65</u>	<u>5,877,334.65</u>	<u>0.00</u>	
TOTALS							<u>168,077,334.65</u>	<u>168,345,246.48</u>	<u>169,891,720.65</u>	<u>1,546,474.17</u>	

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.