



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: September 27, 2016
TO: Mayor and Councilmembers
FROM: Treasury Division, Finance Department
SUBJECT: August 2016 Investment Report

RECOMMENDATION:

That Council accept the August 2016 Investment Report.

DISCUSSION:

The attached investment report includes Investment Activity, Interest Revenue, a Summary of Cash and Investments, and Investment Portfolio detail as of August 31, 2016.

ATTACHMENT: August 2016 Investment Report
PREPARED BY: Julie Nemes, Treasury Manager
SUBMITTED BY: Robert Samario, Finance Director
APPROVED BY: City Administrator's Office

CITY OF SANTA BARBARA
Activity and Interest Report
August 31, 2016

INVESTMENT ACTIVITY

PURCHASES OR DEPOSITS

| | |
|---|---------------------|
| 8/8 LAIF Deposit - City | \$ 6,000,000 |
| 8/16 Federal National Mortgage Association (FNMA) | <u>2,000,000</u> |
| Total | \$ 8,000,000 |

SALES, MATURITIES, CALLS OR WITHDRAWALS

| | |
|--|-----------------------|
| 8/24 Federal Home Loan Mortgage Corp (FHLMC) - Call | \$ (2,000,000) |
| 8/25 Federal National Mortgage Association (FNMA) - Call | (2,000,000) |
| 8/31 United States Treasury Note (USTN) - Maturity | <u>(2,000,000)</u> |
| Total | \$ (6,000,000) |

ACTIVITY TOTAL

\$ 2,000,000

INVESTMENT INCOME

POOLED INVESTMENTS

| | |
|--------------------------------|-------------------|
| Interest Earned on Investments | \$ 131,819 |
| Amortization | <u>(1,978)</u> |
| Total | \$ 129,842 |

INCOME TOTAL

\$ 129,842

ATTACHMENT

CITY OF SANTA BARBARA
Summary of Cash and Investments
August 31, 2016

ENDING BALANCE AS OF JULY 31, 2016

| Description | Book Value | Yield to Maturity (365 days) | Percent of Portfolio | Average Days to Maturity |
|-------------------------------------|------------------------------|------------------------------|----------------------|--------------------------|
| MUFG Union Bank NA Checking Account | \$ 20,539,585 | 0.400% | 14.23% | 1 |
| State of California LAIF | 44,000,000 | 0.588% | 30.49% | 1 |
| Certificates of Deposit | 7,000,000 | 1.644% | 4.85% | 672 |
| Treasury Securities | 4,003,866 | 0.554% | 2.77% | 121 |
| Federal Agency Issues - Coupon | 56,000,831 | 1.365% | 38.80% | 808 |
| Corporate/Medium Term Notes | 8,008,178 | 1.752% | 5.55% | 552 |
| | <u>139,552,459</u> | <u>0.991%</u> | <u>96.69%</u> | <u>394</u> |
| SB Airport Promissory Note | 4,775,296 | 4.195% | 3.31% | 4,716 |
| Totals and Averages | <u>\$ 144,327,755</u> | <u>1.097%</u> | <u>100.00%</u> | <u>537</u> |
| Total Cash and Investments | <u>\$ 144,327,755</u> | | | |

NET CASH AND INVESTMENT ACTIVITY FOR AUGUST 2016 **\$ 5,896,170**

ENDING BALANCE AS OF AUGUST 31, 2016

| Description | Book Value | Yield to Maturity (365 days) | Percent of Portfolio | Average Days to Maturity |
|-------------------------------------|------------------------------|------------------------------|----------------------|--------------------------|
| MUFG Union Bank NA Checking Account | \$ 24,437,733 | 0.400% | 16.27% | 1 (1) |
| State of California LAIF | 50,000,000 | 0.614% | 33.28% | 1 (2) |
| Certificates of Deposit | 7,000,000 | 1.644% | 4.66% | 641 |
| Treasury Securities | 2,002,607 | 0.607% | 1.33% | 180 |
| Federal Agency Issues - Coupon | 54,000,738 | 1.322% | 35.95% | 762 |
| Corporate/Medium Term Notes | 8,007,551 | 1.752% | 5.33% | 521 |
| | <u>145,448,629</u> | <u>0.953%</u> | <u>96.82%</u> | <u>345</u> |
| SB Airport Promissory Note | 4,775,296 | 4.195% | 3.18% | 4,685 |
| Totals and Averages | <u>\$ 150,223,925</u> | <u>1.056%</u> | <u>100.00%</u> | <u>483</u> |
| Total Cash and Investments | <u>\$ 150,223,925</u> | | | |

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 August 31, 2016 is 162 days.

CITY OF SANTA BARBARA

Investment Portfolio

August 31, 2016

| 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 | | | | | | | |
| LOCAL AGENCY INVESTMENT FUNDS | | | | | | | | | | | |
| LOCAL AGENCY INVESTMENT FUND | - | - | - | - | 0.614 | 0.614 | 50,000,000.00 | 50,000,000.00 | 50,000,000.00 | 0.00 | |
| Subtotal, LAIF | | | | | | | 50,000,000.00 | 50,000,000.00 | 50,000,000.00 | 0.00 | |
| CERTIFICATES OF DEPOSIT | | | | | | | | | | | |
| ALLY BANK | 09/24/15 | 09/25/17 | - | - | 1.250 | 1.250 | 250,000.00 | 250,000.00 | 251,140.00 | 1,140.00 | FDIC Certificate 57803 |
| AMERICAN EXPRESS BANK FSB | 10/23/14 | 10/23/19 | - | - | 2.200 | 2.200 | 250,000.00 | 250,000.00 | 257,352.50 | 7,352.50 | FDIC Certificate 35328 |
| AMERICAN EXPRESS CENTURION BK | 09/30/15 | 09/30/20 | - | - | 2.250 | 2.250 | 250,000.00 | 250,000.00 | 259,210.00 | 9,210.00 | FDIC Certificate 27471 |
| BMO HARRIS BANK NA | 09/30/15 | 09/29/17 | - | - | 1.100 | 1.100 | 250,000.00 | 250,000.00 | 251,122.50 | 1,122.50 | FDIC Certificate 16571 |
| BMW BK NORTH AMERICA | 09/30/15 | 09/30/20 | - | - | 2.200 | 2.200 | 250,000.00 | 250,000.00 | 259,220.00 | 9,220.00 | FDIC Certificate 35141 |
| CAPITAL ONE BANK USA NA | 10/29/14 | 10/29/19 | - | - | 1.900 | 1.900 | 250,000.00 | 250,000.00 | 257,405.00 | 7,405.00 | FDIC Certificate 33954 |
| CAPITAL ONE NA | 09/30/15 | 09/30/20 | - | - | 2.250 | 2.250 | 250,000.00 | 250,000.00 | 259,210.00 | 9,210.00 | FDIC Certificate 4297 |
| DISCOVER BANK | 09/30/15 | 09/30/20 | - | - | 2.300 | 2.300 | 250,000.00 | 250,000.00 | 260,207.50 | 10,207.50 | FDIC Certificate 5649 |
| EVERBANK | 09/30/15 | 09/29/17 | - | - | 1.100 | 1.100 | 250,000.00 | 250,000.00 | 251,122.50 | 1,122.50 | FDIC Certificate 34775 |
| GE CAPITAL BANK | 10/17/14 | 10/17/19 | - | - | 2.000 | 2.000 | 250,000.00 | 250,000.00 | 257,290.00 | 7,290.00 | FDIC Certificate 33778 |
| GOLDMAN SACHS BANK USA | 10/29/14 | 10/29/19 | - | - | 2.150 | 2.150 | 250,000.00 | 250,000.00 | 257,370.00 | 7,370.00 | FDIC Certificate 33124 |
| KEY BANK NA | 09/30/15 | 10/02/17 | - | - | 1.150 | 1.150 | 250,000.00 | 250,000.00 | 251,152.50 | 1,152.50 | FDIC Certificate 17534 |
| 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 | |
| Subtotal, Certificates of deposit | | | | | | | 7,000,000.00 | 7,000,000.00 | 7,071,802.50 | 71,802.50 | |
| TREASURY SECURITIES - COUPON | | | | | | | | | | | |
| U S TREASURY NOTE | 02/22/13 | 02/28/17 | Aaa | AA+ | 0.875 | 0.607 | 2,000,000.00 | 2,002,607.36 | 2,003,500.00 | 892.64 | |
| Subtotal, Treasury Securities | | | | | | | 2,000,000.00 | 2,002,607.36 | 2,003,500.00 | 892.64 | |
| FEDERAL AGENCY ISSUES - COUPON | | | | | | | | | | | |
| FED AGRICULTURAL MTG CORP | 10/03/13 | 10/03/18 | - | - | 1.720 | 1.720 | 2,000,000.00 | 2,000,000.00 | 2,029,840.00 | 29,840.00 | |
| FED AGRICULTURAL MTG CORP | 12/12/13 | 12/12/18 | - | - | 1.705 | 1.705 | 2,000,000.00 | 2,000,000.00 | 2,031,480.00 | 31,480.00 | |
| FEDERAL FARM CREDIT BANK | 09/18/13 | 09/18/17 | Aaa | AA+ | 1.550 | 1.550 | 2,000,000.00 | 2,000,000.00 | 2,015,700.00 | 15,700.00 | |
| FEDERAL FARM CREDIT BANK | 07/17/13 | 07/17/17 | Aaa | AA+ | 1.300 | 1.300 | 2,000,000.00 | 2,000,000.00 | 2,010,380.00 | 10,380.00 | |
| FEDERAL FARM CREDIT BANK | 06/24/15 | 06/24/19 | Aaa | AA+ | 1.520 | 1.520 | 2,000,000.00 | 2,000,000.00 | 2,025,840.00 | 25,840.00 | |
| FEDERAL HOME LOAN BANK | 09/13/13 | 09/14/18 | Aaa | AA+ | 2.000 | 1.910 | 2,000,000.00 | 2,003,475.75 | 2,042,600.00 | 39,124.25 | |
| FEDERAL HOME LOAN BANK | 01/17/14 | 04/17/18 | Aaa | AA+ | 1.480 | 1.480 | 2,000,000.00 | 2,000,000.00 | 2,019,180.00 | 19,180.00 | |
| FEDERAL HOME LOAN BANK | 01/26/16 | 04/26/19 | Aaa | AA+ | 1.500 | 1.500 | 2,000,000.00 | 2,000,000.00 | 2,003,640.00 | 3,640.00 | Callable 01/26/17, once |
| FEDERAL HOME LOAN BANK | 12/16/13 | 12/14/18 | Aaa | AA+ | 1.750 | 1.650 | 2,000,000.00 | 2,004,366.75 | 2,034,960.00 | 30,593.25 | |
| FEDERAL HOME LOAN BANK | 06/18/14 | 06/09/17 | Aaa | AA+ | 1.000 | 1.003 | 2,000,000.00 | 1,999,948.09 | 2,005,100.00 | 5,151.91 | |
| FEDERAL HOME LOAN BANK | 10/22/14 | 11/18/16 | Aaa | AA+ | 0.750 | 0.500 | 2,000,000.00 | 2,001,061.07 | 2,001,760.00 | 698.93 | |
| FEDERAL HOME LOAN MTG CORP | 06/30/16 | 06/30/21 | Aaa | AA+ | 1.875 | 1.875 | 2,000,000.00 | 2,000,000.00 | 2,000,320.00 | 320.00 | Callable 09/30/16, then qtrly |
| FEDERAL HOME LOAN MTG CORP | 11/20/13 | 09/29/17 | Aaa | AA+ | 1.000 | 1.030 | 1,000,000.00 | 999,681.56 | 1,002,870.00 | 3,188.44 | |
| FEDERAL NATL MORTGAGE ASSN | 01/30/13 | 01/30/18 | Aaa | AA+ | 1.030 | 1.030 | 3,000,000.00 | 3,000,000.00 | 2,996,760.00 | (3,240.00) | Callable 10/30/16, 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 | 2,000,100.00 | 100.00 | Callable 09/12/16, then qtrly |
| FEDERAL NATL MORTGAGE ASSN | 11/15/13 | 10/26/17 | Aaa | AA+ | 0.875 | 1.062 | 2,000,000.00 | 1,995,788.67 | 2,003,420.00 | 7,631.33 | |
| FEDERAL NATL MORTGAGE ASSN | 12/11/13 | 11/27/18 | Aaa | AA+ | 1.625 | 1.606 | 2,000,000.00 | 2,000,812.32 | 2,031,760.00 | 30,947.68 | |
| FEDERAL NATL MORTGAGE ASSN | 05/26/16 | 05/26/20 | Aaa | AA+ | 1.375 | 1.375 | 2,000,000.00 | 2,000,000.00 | 2,002,080.00 | 2,080.00 | Callable 05/26/17, once |

CITY OF SANTA BARBARA

Investment Portfolio

August 31, 2016

| DESCRIPTION | PURCHASE DATE | MATURITY DATE | QUALITY RATING MOODY'S | QUALITY RATING S & P | STATED RATE | YIELD AT 365 | FACE VALUE | BOOK VALUE | MARKET VALUE | BOOK GAIN/(LOSS) | COMMENTS |
|--|---------------|---------------|------------------------|----------------------|-------------|--------------|-----------------------|-----------------------|-----------------------|-------------------|---------------------------------------|
| FEDERAL NATL MORTGAGE ASSN | 08/16/16 | 08/16/21 | Aaa | AA+ | 1.500 | 1.500 | 2,000,000.00 | 2,000,000.00 | 1,990,420.00 | (9,580.00) | Callable 08/16/17, 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 | 4,000,400.00 | 400.00 | Callable 09/26/16, then qtrly |
| FEDERAL NATL MORTGAGE ASSN | 11/27/15 | 11/27/19 | Aaa | AA+ | 1.125 | 1.678 | 2,000,000.00 | 2,000,000.00 | 2,010,200.00 | 10,200.00 | SU 1.125%-2.250%, Call 11/27/17, once |
| FEDERAL NATL MORTGAGE ASSN | 07/26/16 | 07/26/19 | Aaa | AA+ | 1.125 | 1.125 | 2,000,000.00 | 2,000,000.00 | 1,994,860.00 | (5,140.00) | Callable 07/26/17, once |
| FEDERAL NATL MORTGAGE ASSN | 02/05/13 | 02/05/18 | Aaa | AA+ | 1.000 | 1.000 | 2,000,000.00 | 2,000,000.00 | 2,000,000.00 | 0.00 | Callable 11/05/16, then qtrly |
| FEDERAL NATL MORTGAGE ASSN | 11/20/13 | 10/26/17 | Aaa | AA+ | 0.875 | 1.070 | 2,000,000.00 | 1,995,603.81 | 2,003,420.00 | 7,816.19 | |
| FEDERAL NATL MORTGAGE ASSN | 11/27/15 | 11/28/18 | Aaa | AA+ | 1.200 | 1.200 | 2,000,000.00 | 2,000,000.00 | 2,001,620.00 | 1,620.00 | Callable 11/28/16, once |
| FEDERAL NATL MORTGAGE ASSN | 05/26/16 | 11/26/19 | Aaa | AA+ | 1.300 | 1.300 | 2,000,000.00 | 2,000,000.00 | 2,006,080.00 | 6,080.00 | Callable 05/26/17, once |
| Subtotal, Federal Agencies | | | | | | | <u>54,000,000.00</u> | <u>54,000,738.02</u> | <u>54,264,790.00</u> | <u>264,051.98</u> | |
| CORPORATE/MEDIUM TERM NOTES | | | | | | | | | | | |
| BERKSHIRE HATHAWAY INC | 11/29/13 | 02/09/18 | Aa2 | AA | 1.550 | 1.550 | 2,000,000.00 | 2,000,000.00 | 2,014,940.00 | 14,940.00 | |
| GENERAL ELECTRIC CAPITAL CORP | 01/14/14 | 01/14/19 | A1 | AA+ | 2.300 | 2.250 | 2,000,000.00 | 2,002,227.28 | 2,053,800.00 | 51,572.72 | |
| TOYOTA MOTOR CREDIT | 09/26/11 | 09/15/16 | Aa3 | AA- | 2.000 | 1.800 | 2,000,000.00 | 2,000,148.06 | 2,000,620.00 | 471.94 | |
| TOYOTA MOTOR CREDIT | 11/20/15 | 07/13/18 | Aa3 | AA- | 1.550 | 1.408 | 2,000,000.00 | 2,005,175.74 | 2,013,740.00 | 8,564.26 | |
| Subtotal, Corporate Securities | | | | | | | <u>8,000,000.00</u> | <u>8,007,551.08</u> | <u>8,083,100.00</u> | <u>75,548.92</u> | |
| SB AIRPORT PROMISSORY NOTE (LT) | | | | | | | | | | | |
| SANTA BARBARA AIRPORT | 07/14/09 | 06/30/29 | - | - | 3.500 | 4.195 | 4,775,295.56 | 4,775,295.56 | 4,775,295.56 | 0.00 | |
| Subtotal, SBA Note | | | | | | | <u>4,775,295.56</u> | <u>4,775,295.56</u> | <u>4,775,295.56</u> | <u>0.00</u> | |
| CHECKING ACCOUNT | | | | | | | | | | | |
| MUFG UNION BANK NA CHKNG ACCNT | - | - | - | - | 0.400 | 0.400 | 24,437,732.85 | 24,437,732.85 | 24,437,732.85 | 0.00 | |
| Subtotal, Checking Account | | | | | | | <u>24,437,732.85</u> | <u>24,437,732.85</u> | <u>24,437,732.85</u> | <u>0.00</u> | |
| TOTALS | | | | | | | <u>150,213,028.41</u> | <u>150,223,924.87</u> | <u>150,636,220.91</u> | <u>412,296.04</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.