



Agenda Item No. 2

File Code No. 260.02

CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: November 22, 2016
TO: Mayor and Councilmembers
FROM: Treasury Division, Finance Department
SUBJECT: October 2016 Investment Report

RECOMMENDATION:

That Council accept the October 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 October 31, 2016.

ATTACHMENT: October 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
 October 31, 2016

INVESTMENT ACTIVITY

PURCHASES OR DEPOSITS

10/12 Federal Home Loan Bank (FHLB)	\$ 2,000,000
10/26 LAIF Deposit - City	10,000,000
10/27 Federal Home Loan Mortgage Corp (FHLMC)	2,000,000
10/31 LAIF Deposit - City	3,000,000
Total	\$ 17,000,000

SALES, MATURITIES, CALLS OR WITHDRAWALS

10/3 Blackrock FedFund (TDDXX) - Sold	\$ (2,000,000)
10/19 LAIF Deposit - City	(6,000,000)
10/30 Federal National Mortgage Association (FNMA) - Maturity	(3,000,000)
Total	\$ (11,000,000)

ACTIVITY TOTAL

\$ 6,000,000

INVESTMENT INCOME

POOLED INVESTMENTS

Interest Earned on Investments	\$ 126,868
Amortization	(1,610)
Total	\$ 125,258

INCOME TOTAL

\$ 125,258

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

ENDING BALANCE AS OF SEPTEMBER 30, 2016

Description	Book Value	Yield to Maturity (365 days)	Percent of Portfolio	Average Days to Maturity
MUFG Union Bank NA Checking Account	\$ 10,871,176	0.400%	7.73%	1
State of California LAIF	50,000,000	0.634%	35.54%	1
Money Market Funds	2,000,000	0.120%	1.42%	1
Certificates of Deposit	7,000,000	1.644%	4.98%	611
Treasury Securities	2,002,173	0.607%	1.42%	150
Federal Agency Issues - Coupon	54,000,645	1.344%	38.39%	787
Corporate/Medium Term Notes	10,031,189	1.578%	7.13%	782
	<u>135,905,183</u>	<u>1.011%</u>	<u>96.61%</u>	<u>405</u>
SB Airport Promissory Note	4,775,296	4.195%	3.39%	4,655
Totals and Averages	\$ 140,680,479	1.119%	100.00%	549
UB Trust Cash	9,375			
Total Cash and Investments	\$ 140,689,854			

NET CASH AND INVESTMENT ACTIVITY FOR OCTOBER 2016 **\$ 14,698,389**

ENDING BALANCE AS OF OCTOBER 31, 2016

Description	Book Value	Yield to Maturity (365 days)	Percent of Portfolio	Average Days to Maturity
MUFG Union Bank NA Checking Account	\$ 19,580,550	0.400%	12.60%	1 (1)
State of California LAIF	57,000,000	0.654%	36.68%	1 (2)
Certificates of Deposit	7,000,000	1.644%	4.50%	580
Treasury Securities	2,001,724	0.607%	1.29%	119
Federal Agency Issues - Coupon	55,000,553	1.385%	35.40%	849
Corporate/Medium Term Notes	10,030,120	1.578%	6.45%	751
	<u>150,612,947</u>	<u>0.995%</u>	<u>96.93%</u>	<u>389</u>
SB Airport Promissory Note	4,775,296	4.195%	3.07%	4,624
Totals and Averages	\$ 155,388,243	1.093%	100.00%	519
Total Cash and Investments	\$ 155,388,243			

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 October 31, 2016 is 163 days.

CITY OF SANTA BARBARA

Investment Portfolio

October 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	-	-	-	-	0.654	0.654	57,000,000.00	57,000,000.00	57,000,000.00	0.00	
Subtotal, LAIF							57,000,000.00	57,000,000.00	57,000,000.00	0.00	
CERTIFICATES OF DEPOSIT											
ALLY BANK	09/24/15	09/25/17	-	-	1.250	1.250	250,000.00	250,000.00	251,127.50	1,127.50	FDIC Certificate 57803
AMERICAN EXPRESS BANK FSB	10/23/14	10/23/19	-	-	2.200	2.200	250,000.00	250,000.00	257,212.50	7,212.50	FDIC Certificate 35328
AMERICAN EXPRESS CENTURION BK	09/30/15	09/30/20	-	-	2.250	2.250	250,000.00	250,000.00	259,172.50	9,172.50	FDIC Certificate 27471
BMO HARRIS BANK NA	09/30/15	09/29/17	-	-	1.100	1.100	250,000.00	250,000.00	251,110.00	1,110.00	FDIC Certificate 16571
BMW BK NORTH AMERICA	09/30/15	09/30/20	-	-	2.200	2.200	250,000.00	250,000.00	259,182.50	9,182.50	FDIC Certificate 35141
CAPITAL ONE BANK USA NA	10/29/14	10/29/19	-	-	1.900	1.900	250,000.00	250,000.00	257,277.50	7,277.50	FDIC Certificate 33954
CAPITAL ONE NA	09/30/15	09/30/20	-	-	2.250	2.250	250,000.00	250,000.00	259,172.50	9,172.50	FDIC Certificate 4297
DISCOVER BANK	09/30/15	09/30/20	-	-	2.300	2.300	250,000.00	250,000.00	259,647.50	9,647.50	FDIC Certificate 5649
EVERBANK	09/30/15	09/29/17	-	-	1.100	1.100	250,000.00	250,000.00	250,905.00	905.00	FDIC Certificate 34775
GE CAPITAL BANK	10/17/14	10/17/19	-	-	2.000	2.000	250,000.00	250,000.00	257,137.50	7,137.50	FDIC Certificate 33778
GOLDMAN SACHS BANK USA	10/29/14	10/29/19	-	-	2.150	2.150	250,000.00	250,000.00	257,245.00	7,245.00	FDIC Certificate 33124
KEY BANK NA	09/30/15	10/02/17	-	-	1.150	1.150	250,000.00	250,000.00	251,125.00	1,125.00	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	7,070,315.00	70,315.00	
TREASURY SECURITIES - COUPON											
U S TREASURY NOTE	02/22/13	02/28/17	Aaa	AA+	0.875	0.607	2,000,000.00	2,001,723.76	2,003,580.00	1,856.24	
Subtotal, Treasury Securities							2,000,000.00	2,001,723.76	2,003,580.00	1,856.24	
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	2,026,880.00	26,880.00	
FED AGRICULTURAL MTG CORP	12/12/13	12/12/18	-	-	1.705	1.705	2,000,000.00	2,000,000.00	2,028,620.00	28,620.00	
FEDERAL FARM CREDIT BANK	09/18/13	09/18/17	Aaa	AA+	1.550	1.550	2,000,000.00	2,000,000.00	2,014,340.00	14,340.00	
FEDERAL FARM CREDIT BANK	07/17/13	07/17/17	Aaa	AA+	1.300	1.300	2,000,000.00	2,000,000.00	2,008,540.00	8,540.00	
FEDERAL FARM CREDIT BANK	06/24/15	06/24/19	Aaa	AA+	1.520	1.520	2,000,000.00	2,000,000.00	2,020,600.00	20,600.00	
FEDERAL HOME LOAN BANK	09/13/13	09/14/18	Aaa	AA+	2.000	1.910	2,000,000.00	2,003,191.24	2,036,660.00	33,468.76	
FEDERAL HOME LOAN BANK	01/17/14	04/17/18	Aaa	AA+	1.480	1.480	2,000,000.00	2,000,000.00	2,016,260.00	16,260.00	
FEDERAL HOME LOAN BANK	10/12/16	10/12/21	Aaa	AA+	1.700	1.700	2,000,000.00	2,000,000.00	1,990,140.00	(9,860.00)	Callable 01/12/17, then qtrly
FEDERAL HOME LOAN BANK	01/26/16	04/26/19	Aaa	AA+	1.500	1.500	2,000,000.00	2,000,000.00	2,001,860.00	1,860.00	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	2,004,048.40	2,032,260.00	28,211.60	
FEDERAL HOME LOAN BANK	06/18/14	06/09/17	Aaa	AA+	1.000	1.003	2,000,000.00	1,999,959.29	2,004,500.00	4,540.71	
FEDERAL HOME LOAN BANK	10/22/14	11/18/16	Aaa	AA+	0.750	0.500	2,000,000.00	2,000,234.26	2,000,440.00	205.74	
FEDERAL HOME LOAN MTG CORP	10/27/16	10/27/21	Aaa	AA+	1.400	1.657	2,000,000.00	2,000,000.00	1,994,100.00	(5,900.00)	SU 1.4%-3%, Call 04/27/17, then qtrly
FEDERAL HOME LOAN MTG CORP	11/20/13	09/29/17	Aaa	AA+	1.000	1.030	1,000,000.00	999,730.80	1,002,780.00	3,049.20	
FEDERAL HOME LOAN MTG CORP	09/29/16	09/29/21	Aaa	AA+	1.250	1.858	2,000,000.00	2,000,000.00	1,996,020.00	(3,980.00)	SU 1.25%-3.5% Call 03/29/17, then qtrly
FEDERAL NATL MORTGAGE ASSN	11/15/13	10/26/17	Aaa	AA+	0.875	1.062	2,000,000.00	1,996,397.54	2,003,300.00	6,902.46	
FEDERAL NATL MORTGAGE ASSN	12/11/13	11/27/18	Aaa	AA+	1.625	1.606	2,000,000.00	2,000,751.85	2,027,080.00	26,328.15	
FEDERAL NATL MORTGAGE ASSN	05/26/16	05/26/20	Aaa	AA+	1.375	1.375	2,000,000.00	2,000,000.00	2,000,320.00	320.00	Callable 05/26/17, once
FEDERAL NATL MORTGAGE ASSN	08/16/16	08/16/21	Aaa	AA+	1.500	1.500	2,000,000.00	2,000,000.00	1,979,960.00	(20,040.00)	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	4,000,720.00	720.00	Callable 12/26/16, 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	2,007,560.00	7,560.00	SU 1.125%-2.250%, Call 11/27/17, once

CITY OF SANTA BARBARA

Investment Portfolio

October 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	07/26/16	07/26/19	Aaa	AA+	1.125	1.125	2,000,000.00	2,000,000.00	1,990,720.00	(9,280.00)	Callable 07/26/17, once
FEDERAL NATL MORTGAGE ASSN	09/29/16	09/29/21	Aaa	AA+	1.600	1.600	2,000,000.00	2,000,000.00	1,983,060.00	(16,940.00)	Callable 03/29/17, then qtrly
FEDERAL NATL MORTGAGE ASSN	02/05/13	02/05/18	Aaa	AA+	1.000	1.000	2,000,000.00	2,000,000.00	1,999,120.00	(880.00)	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	1,996,239.41	2,003,300.00	7,060.59	
FEDERAL NATL MORTGAGE ASSN	11/27/15	11/28/18	Aaa	AA+	1.200	1.200	2,000,000.00	2,000,000.00	2,000,620.00	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	2,004,460.00	4,460.00	Callable 05/26/17, once
Subtotal, Federal Agencies							<u>55,000,000.00</u>	<u>55,000,552.79</u>	<u>55,174,220.00</u>	<u>173,667.21</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	2,009,120.00	9,120.00	
GENERAL ELECTRIC CAPITAL CORP	01/14/14	01/14/19	A1	AA-	2.300	2.250	2,000,000.00	2,002,070.61	2,042,400.00	40,329.39	
TOYOTA MOTOR CREDIT	11/20/15	07/13/18	Aa3	AA-	1.550	1.408	2,000,000.00	2,004,713.62	2,008,920.00	4,206.38	
TOYOTA MOTOR CREDIT	09/15/16	05/20/19	Aa3	AA-	1.400	1.307	2,000,000.00	2,004,647.38	1,996,060.00	(8,587.38)	
WELLS FARGO BANK NA	09/15/16	05/24/19	Aa2	AA-	1.750	1.377	2,000,000.00	2,018,688.61	2,007,780.00	(10,908.61)	
Subtotal, Corporate Securities							<u>10,000,000.00</u>	<u>10,030,120.22</u>	<u>10,064,280.00</u>	<u>34,159.78</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	19,580,550.47	19,580,550.47	19,580,550.47	0.00	
Subtotal, Checking Account							<u>19,580,550.47</u>	<u>19,580,550.47</u>	<u>19,580,550.47</u>	<u>0.00</u>	
TOTALS							<u>155,355,846.03</u>	<u>155,388,242.80</u>	<u>155,668,241.03</u>	<u>279,998.23</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.