



# CITY OF SANTA BARBARA

## COUNCIL AGENDA REPORT

**AGENDA DATE:** June 27, 2017  
**TO:** Mayor and Councilmembers  
**FROM:** Treasury Division, Finance Department  
**SUBJECT:** May 2017 Investment Report

**RECOMMENDATION:**

That Council accept the May 2017 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, 2017.

**ATTACHMENT:** May 2017 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**  
 May 31, 2017

**INVESTMENT ACTIVITY**

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**PURCHASES OR DEPOSITS**

5/3 Federal Farm Credit Bank (FFCB)	\$ 2,000,000
5/23 LAIF Deposit - City	9,000,000
5/25 Federal Home Loan Mortgage Corp (FHLMC)	2,000,000
5/26 Federal Home Loan Bank (FHLB)	2,000,000
<b>Total</b>	<b>\$ 15,000,000</b>

**SALES, MATURITIES, CALLS OR WITHDRAWALS**

5/10 LAIF Withdrawal - City	\$ (5,000,000)
5/17 Federal Home Loan Mortgage Corp (FHLMC) - Call	(2,000,000)
5/25 Federal Home Loan Mortgage Corp (FHLMC) - Call	(2,000,000)
<b>Total</b>	<b>\$ (9,000,000)</b>

**ACTIVITY TOTAL**

\$ 6,000,000

**INVESTMENT INCOME**

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**POOLED INVESTMENTS**

Interest Earned on Investments	\$ 197,514
Amortization	(362)
<b>Total</b>	<b>\$ 197,151</b>

**INCOME TOTAL**

\$ 197,151

**CITY OF SANTA BARBARA**  
**Summary of Cash and Investments**  
**May 31, 2017**

**ENDING BALANCE AS OF APRIL 30, 2017**

Description	Book Value	Yield to Maturity (365 days)	Percent of Portfolio	Average Days to Maturity
MUFG Union Bank NA Checking Account	\$ 12,970,509	0.400%	7.26%	1
State of California LAIF	61,000,000	0.884%	34.15%	1
Certificates of Deposit	7,000,000	1.644%	3.92%	399
Treasury Securities	1,984,857	1.610%	1.11%	1,218
Federal Agency Issues - Coupon	81,002,243	1.640%	45.35%	1,032
Corporate/Medium Term Notes	10,023,709	1.578%	5.61%	570
	<u>173,981,317</u>	<u>1.279%</u>	<u>97.41%</u>	<u>544</u>
SB Airport Promissory Note	4,628,681	4.195%	2.59%	4,443
Totals and Averages	<u>\$ 178,609,999</u>	<u>1.354%</u>	<u>100.00%</u>	<u>645</u>
<b>Total Cash and Investments</b>	<b><u>\$ 178,609,999</u></b>			

**NET CASH AND INVESTMENT ACTIVITY FOR MAY 2017** **\$ 10,783,166**

**ENDING BALANCE AS OF MAY 31, 2017**

Description	Book Value	Yield to Maturity (365 days)	Percent of Portfolio	Average Days to Maturity
MUFG Union Bank NA Checking Account	\$ 17,754,037	0.400%	9.37%	1 (1)
State of California LAIF	65,000,000	0.925%	34.32%	1 (2)
Certificates of Deposit	7,000,000	1.644%	3.70%	368
Treasury Securities	1,985,242	1.610%	1.05%	1,187
Federal Agency Issues - Coupon	83,002,564	1.615%	43.83%	998
Corporate/Medium Term Notes	10,022,640	1.578%	5.29%	539
	<u>184,764,484</u>	<u>1.255%</u>	<u>97.56%</u>	<u>505</u>
SB Airport Promissory Note	4,628,681	4.195%	2.44%	4,412
Totals and Averages	<u>\$ 189,393,165</u>	<u>1.326%</u>	<u>100.00%</u>	<u>600</u>
<b>Total Cash and Investments</b>	<b><u>\$ 189,393,165</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 May 31, 2017 is 186 days.

**CITY OF SANTA BARBARA**

**Investment Portfolio**

**May 31, 2017**

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							
<b>LOCAL AGENCY INVESTMENT FUNDS</b>											
LOCAL AGENCY INVESTMENT FUND	-	-	-	-	0.925	0.925	65,000,000.00	65,000,000.00	65,000,000.00	0.00	
<b>Subtotal, LAIF</b>							65,000,000.00	65,000,000.00	65,000,000.00	0.00	
<b>CERTIFICATES OF DEPOSIT</b>											
ALLY BANK	09/24/15	09/25/17	-	-	1.250	1.250	250,000.00	250,000.00	250,215.00	215.00	FDIC Certificate 57803
AMERICAN EXPRESS BANK FSB	10/23/14	10/23/19	-	-	2.200	2.200	250,000.00	250,000.00	252,552.50	2,552.50	FDIC Certificate 35328
AMERICAN EXPRESS CENTURION BK	09/30/15	09/30/20	-	-	2.250	2.250	250,000.00	250,000.00	252,880.00	2,880.00	FDIC Certificate 27471
BMO HARRIS BANK NA	09/30/15	09/29/17	-	-	1.100	1.100	250,000.00	250,000.00	250,207.50	207.50	FDIC Certificate 16571
BMW BK NORTH AMERICA	09/30/15	09/30/20	-	-	2.200	2.200	250,000.00	250,000.00	252,882.50	2,882.50	FDIC Certificate 35141
CAPITAL ONE BANK USA NA	10/29/14	10/29/19	-	-	1.900	1.900	250,000.00	250,000.00	252,550.00	2,550.00	FDIC Certificate 33954
CAPITAL ONE NA	09/30/15	09/30/20	-	-	2.250	2.250	250,000.00	250,000.00	252,880.00	2,880.00	FDIC Certificate 4297
DISCOVER BANK	09/30/15	09/30/20	-	-	2.300	2.300	250,000.00	250,000.00	253,282.50	3,282.50	FDIC Certificate 5649
EVERBANK	09/30/15	09/29/17	-	-	1.100	1.100	250,000.00	250,000.00	250,132.50	132.50	FDIC Certificate 34775
GE CAPITAL BANK	10/17/14	10/17/19	-	-	2.000	2.000	250,000.00	250,000.00	252,512.50	2,512.50	FDIC Certificate 33778
GOLDMAN SACHS BANK USA	10/29/14	10/29/19	-	-	2.150	2.150	250,000.00	250,000.00	252,540.00	2,540.00	FDIC Certificate 33124
KEY BANK NA	09/30/15	10/02/17	-	-	1.150	1.150	250,000.00	250,000.00	250,220.00	220.00	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	
<b>Subtotal, Certificates of deposit</b>							7,000,000.00	7,000,000.00	7,022,855.00	22,855.00	
<b>TREASURY SECURITIES - COUPON</b>											
U S TREASURY NOTE	02/01/17	08/31/20	Aaa	AA+	1.375	1.610	2,000,000.00	1,985,241.97	1,991,800.00	6,558.03	
<b>Subtotal, Treasury Securities</b>							2,000,000.00	1,985,241.97	1,991,800.00	6,558.03	
<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	2,012,220.00	12,220.00	
FED AGRICULTURAL MTG CORP	12/12/13	12/12/18	-	-	1.705	1.705	2,000,000.00	2,000,000.00	2,013,440.00	13,440.00	
FED AGRICULTURAL MTG CORP	01/17/17	01/17/20	-	-	1.675	1.675	2,000,000.00	2,000,000.00	2,000,780.00	780.00	Callable 01/17/18, then semi annual
FED AGRICULTURAL MTG CORP	12/29/16	01/15/21	-	-	2.000	2.000	2,000,000.00	2,000,000.00	2,021,380.00	21,380.00	
FEDERAL FARM CREDIT BANK	04/13/17	04/13/20	Aaa	AA+	1.550	1.550	2,000,000.00	2,000,000.00	2,001,140.00	1,140.00	
FEDERAL FARM CREDIT BANK	09/18/13	09/18/17	Aaa	AA+	1.550	1.550	2,000,000.00	2,000,000.00	2,003,500.00	3,500.00	
FEDERAL FARM CREDIT BANK	05/03/17	05/03/21	Aaa	AA+	1.750	1.750	2,000,000.00	2,000,000.00	2,003,380.00	3,380.00	
FEDERAL FARM CREDIT BANK	07/17/13	07/17/17	Aaa	AA+	1.300	1.300	2,000,000.00	2,000,000.00	2,000,860.00	860.00	
FEDERAL FARM CREDIT BANK	06/24/15	06/24/19	Aaa	AA+	1.520	1.520	2,000,000.00	2,000,000.00	2,004,700.00	4,700.00	
FEDERAL FARM CREDIT BANK	12/12/16	12/12/19	Aaa	AA+	1.450	1.450	2,000,000.00	2,000,000.00	1,999,580.00	(420.00)	
FEDERAL HOME LOAN BANK	09/13/13	09/14/18	Aaa	AA+	2.000	1.910	2,000,000.00	2,002,195.46	2,018,720.00	16,524.54	
FEDERAL HOME LOAN BANK	01/17/14	04/17/18	Aaa	AA+	1.480	1.480	2,000,000.00	2,000,000.00	2,004,400.00	4,400.00	
FEDERAL HOME LOAN BANK	10/12/16	10/12/21	Aaa	AA+	1.700	1.700	2,000,000.00	2,000,000.00	1,968,720.00	(31,280.00)	Callable 07/12/17, then qtrly
FEDERAL HOME LOAN BANK	11/23/16	11/23/21	Aaa	AA+	1.650	1.650	2,000,000.00	2,000,000.00	1,975,360.00	(24,640.00)	Callable 08/23/17, then qtrly
FEDERAL HOME LOAN BANK	12/28/16	12/28/21	Aaa	AA+	1.625	2.351	2,000,000.00	2,000,000.00	2,000,080.00	80.00	SU 1.625%-3.75%, Call 06/28/17, then qtrly
FEDERAL HOME LOAN BANK	05/26/17	05/26/20	Aaa	AA+	1.600	1.600	2,000,000.00	2,000,000.00	2,004,200.00	4,200.00	
FEDERAL HOME LOAN BANK	12/16/13	12/14/18	Aaa	AA+	1.750	1.650	2,000,000.00	2,002,934.16	2,013,760.00	10,825.84	
FEDERAL HOME LOAN BANK	06/18/14	06/09/17	Aaa	AA+	1.000	1.003	2,000,000.00	1,999,998.51	2,000,040.00	41.49	
FEDERAL HOME LOAN BANK	12/15/16	06/15/20	Aaa	AA+	1.500	1.500	2,000,000.00	2,000,000.00	1,989,100.00	(10,900.00)	Callable 12/15/17, once
FEDERAL HOME LOAN BANK	11/22/16	11/22/21	Aaa	AA+	1.750	1.750	2,000,000.00	2,000,000.00	1,991,680.00	(8,320.00)	

**CITY OF SANTA BARBARA**

**Investment Portfolio**

**May 31, 2017**

DESCRIPTION	PURCHASE	MATURITY	QUALITY RATING		STATED	YIELD AT	FACE	BOOK	MARKET	BOOK	COMMENTS
	DATE	DATE	MOODY'S	S & P							
FEDERAL HOME LOAN MTG CORP	05/25/17	05/25/22	Aaa	AA+	2.050	2.050	2,000,000.00	2,000,000.00	2,000,420.00	420.00	Callable 05/25/18, once
FEDERAL HOME LOAN MTG CORP	12/30/16	12/30/21	Aaa	AA+	2.050	2.050	2,000,000.00	2,000,000.00	2,000,040.00	40.00	Callable 06/30/17, then qtrly
FEDERAL HOME LOAN MTG CORP	01/17/17	01/17/20	Aaa	AA+	1.500	1.500	2,000,000.00	2,000,000.00	2,002,600.00	2,600.00	
FEDERAL HOME LOAN MTG CORP	02/28/17	02/25/19	Aaa	AA+	1.400	1.400	2,000,000.00	2,000,000.00	1,998,860.00	(1,140.00)	Callable 08/25/17, then qtrly
FEDERAL HOME LOAN MTG CORP	02/27/17	11/27/20	Aaa	AA+	1.850	1.850	2,000,000.00	2,000,000.00	2,003,840.00	3,840.00	Callable 11/27/17, once
FEDERAL HOME LOAN MTG CORP	03/16/17	09/16/21	Aaa	AA+	2.000	2.000	2,000,000.00	2,000,000.00	2,000,960.00	960.00	Callable 03/16/18, once
FEDERAL HOME LOAN MTG CORP	04/27/17	07/27/21	Aaa	AA+	1.800	1.800	2,000,000.00	2,000,000.00	1,997,940.00	(2,060.00)	Callable 07/27/18, once
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	1,963,000.00	(37,000.00)	SU 1.4%-3%, Call 07/27/17, then qtrly
FEDERAL HOME LOAN MTG CORP	01/26/17	01/26/22	Aaa	AA+	2.200	2.200	2,000,000.00	2,000,000.00	2,001,480.00	1,480.00	Callable 01/26/18, then qtrly
FEDERAL HOME LOAN MTG CORP	03/29/17	03/29/21	Aaa	AA+	2.000	2.000	2,000,000.00	2,000,000.00	2,007,660.00	7,660.00	Callable 03/29/18, once
FEDERAL HOME LOAN MTG CORP	11/20/13	09/29/17	Aaa	AA+	1.000	1.030	1,000,000.00	999,903.15	999,810.00	(93.15)	
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	1,980,280.00	(19,720.00)	SU 1.25%-3.5% Call 06/29/17, then qtrly
FEDERAL NATL MORTGAGE ASSN	11/15/13	10/26/17	Aaa	AA+	0.875	1.062	2,000,000.00	1,998,528.57	1,998,180.00	(348.57)	
FEDERAL NATL MORTGAGE ASSN	12/11/13	11/27/18	Aaa	AA+	1.625	1.606	2,000,000.00	2,000,540.20	2,009,940.00	9,399.80	
FEDERAL NATL MORTGAGE ASSN	05/26/16	05/26/20	Aaa	AA+	1.375	1.375	2,000,000.00	2,000,000.00	1,975,540.00	(24,460.00)	
FEDERAL NATL MORTGAGE ASSN	08/16/16	08/16/21	Aaa	AA+	1.500	1.500	2,000,000.00	2,000,000.00	1,951,700.00	(48,300.00)	Callable 08/16/17, 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	1,994,840.00	(5,160.00)	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	1,985,880.00	(14,120.00)	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	1,964,540.00	(35,460.00)	Callable 06/29/17, 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	1,994,440.00	(5,560.00)	Callable 08/05/17, then qtrly
FEDERAL NATL MORTGAGE ASSN	11/20/13	10/26/17	Aaa	AA+	0.875	1.070	2,000,000.00	1,998,463.98	1,998,180.00	(283.98)	
FEDERAL NATL MORTGAGE ASSN	05/26/16	11/26/19	Aaa	AA+	1.300	1.300	2,000,000.00	2,000,000.00	1,990,040.00	(9,960.00)	
<b>Subtotal, Federal Agencies</b>							<u>83,000,000.00</u>	<u>83,002,564.03</u>	<u>82,847,210.00</u>	<u>(155,354.03)</u>	
<b>CORPORATE/MEDIUM TERM NOTES</b>											
BERKSHIRE HATHAWAY INC	11/29/13	02/09/18	Aa2	AA	1.550	1.550	2,000,000.00	2,000,000.00	2,003,080.00	3,080.00	
GENERAL ELECTRIC CAPITAL CORP	01/14/14	01/14/19	A1	AA-	2.300	2.250	2,000,000.00	2,001,522.28	2,023,500.00	21,977.72	
TOYOTA MOTOR CREDIT	11/20/15	07/13/18	Aa3	AA-	1.550	1.408	2,000,000.00	2,003,096.20	2,002,280.00	(816.20)	
TOYOTA MOTOR CREDIT	09/15/16	05/20/19	Aa3	AA-	1.400	1.307	2,000,000.00	2,003,585.41	1,989,580.00	(14,005.41)	
WELLS FARGO BANK NA	09/15/16	05/24/19	Aa2	AA-	1.750	1.377	2,000,000.00	2,014,436.59	1,997,680.00	(16,756.59)	
<b>Subtotal, Corporate Securities</b>							<u>10,000,000.00</u>	<u>10,022,640.48</u>	<u>10,016,120.00</u>	<u>(6,520.48)</u>	
<b>SB AIRPORT PROMISSORY NOTE (LT)</b>											
SANTA BARBARA AIRPORT	07/14/09	06/30/29	-	-	3.500	4.195	4,628,681.16	4,628,681.16	4,628,681.16	0.00	
<b>Subtotal, SBA Note</b>							<u>4,628,681.16</u>	<u>4,628,681.16</u>	<u>4,628,681.16</u>	<u>0.00</u>	
<b>CHECKING ACCOUNT</b>											
MUFG UNION BANK NA CHKNG ACCNT	-	-	-	-	0.400	0.400	17,754,037.38	17,754,037.38	17,754,037.38	0.00	
<b>Subtotal, Checking Account</b>							<u>17,754,037.38</u>	<u>17,754,037.38</u>	<u>17,754,037.38</u>	<u>0.00</u>	
<b>TOTALS</b>							<u>189,382,718.54</u>	<u>189,393,165.02</u>	<u>189,260,703.54</u>	<u>(132,461.48)</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.