



# CITY OF SANTA BARBARA

## COUNCIL AGENDA REPORT

**AGENDA DATE:** September 29, 2015  
**TO:** Mayor and Councilmembers  
**FROM:** Treasury Division, Finance Department  
**SUBJECT:** August 2015 Investment Report

**RECOMMENDATION:**

That Council accept the August 2015 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, 2015.

**ATTACHMENT:** August 2015 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, 2015**

**INVESTMENT ACTIVITY**

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**PURCHASES OR DEPOSITS**

8/24 Federal Home Loan Mortgage Corp (FHLMC)	\$ 2,000,000
<b>Total</b>	<b>\$ 2,000,000</b>

**SALES, MATURITIES, CALLS OR WITHDRAWALS**

8/26 Federal Home Loan Bank (FHLB) - Call	\$ (2,000,000)
8/31 Union Bank CD (UBCD) - Maturity	(2,000,000)
<b>Total</b>	<b>\$ (4,000,000)</b>

**ACTIVITY TOTAL**

**\$ (2,000,000)**

**INVESTMENT INCOME**

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**POOLED INVESTMENTS**

Interest Earned on Investments	\$ 160,278
Amortization	(11,438)
<b>Total</b>	<b>\$ 148,841</b>

**INCOME TOTAL**

**\$ 148,841**

**CITY OF SANTA BARBARA**  
**Summary of Cash and Investments**  
**August 31, 2015**

**ENDING BALANCE AS OF JULY 31, 2015**

Description	Book Value	Yield to Maturity (365 days)	Percent of Portfolio	Average Days to Maturity
MUFG Union Bank NA Checking Account	\$ 19,415,684	0.400%	12.32%	1
State of California LAIF	26,000,000	0.320%	16.50%	1
Certificates of Deposit	9,000,000	1.311%	5.71%	541
Treasury Securities	8,096,531	0.487%	5.14%	338
Federal Agency Issues - Coupon	77,999,965	1.410%	49.50%	983
Corporate/Medium Term Notes	12,010,988	1.911%	7.62%	490
	<u>152,523,167</u>	<u>1.080%</u>	<u>96.79%</u>	<u>591</u>
SB Airport Promissory Note	5,061,003	4.195%	3.21%	5,082
Totals and Averages	<u>\$ 157,584,170</u>	<u>1.180%</u>	<u>100.00%</u>	<u>736</u>
<b>Total Cash and Investments</b>	<b><u>\$ 157,584,170</u></b>			

**NET CASH AND INVESTMENT ACTIVITY FOR AUGUST 2015**                      **\$ (4,335,488)**

**ENDING BALANCE AS OF AUGUST 31, 2015**

Description	Book Value	Yield to Maturity (365 days)	Percent of Portfolio	Average Days to Maturity
MUFG Union Bank NA Checking Account	\$ 17,091,634	0.400%	11.15%	1 (1)
State of California LAIF	26,000,000	0.330%	16.97%	1 (2)
Certificates of Deposit	7,000,000	1.329%	4.57%	656
Treasury Securities	8,085,920	0.487%	5.28%	307
Federal Agency Issues - Coupon	78,000,570	1.407%	50.90%	959
Corporate/Medium Term Notes	12,009,555	1.911%	7.84%	459
	<u>148,187,679</u>	<u>1.089%</u>	<u>96.70%</u>	<u>590</u>
SB Airport Promissory Note	5,061,003	4.195%	3.30%	5,051
Totals and Averages	<u>\$ 153,248,682</u>	<u>1.191%</u>	<u>100.00%</u>	<u>737</u>
<b>Total Cash and Investments</b>	<b><u>\$ 153,248,682</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 August 31, 2015 is 216 days.

**CITY OF SANTA BARBARA**

**Investment Portfolio**

**August 31, 2015**

DESCRIPTION	PURCHASE DATE	MATURITY DATE	QUALITY RATING MOODY'S	S & P	STATED RATE	YIELD AT 365	FACE VALUE	BOOK VALUE	MARKET VALUE	BOOK GAIN/(LOSS)	COMMENTS
<b>LOCAL AGENCY INVESTMENT FUNDS</b>											
LOCAL AGENCY INVESTMENT FUND	-	-	-	-	0.330	0.330	26,000,000.00	26,000,000.00	26,000,000.00	0.00	
<b>Subtotal, LAIF</b>							26,000,000.00	26,000,000.00	26,000,000.00	0.00	
<b>CERTIFICATES OF DEPOSIT</b>											
AMERICAN EXPRESS BANK FSB	10/23/14	10/23/19	-	-	2.200	2.200	250,000.00	250,000.00	250,032.50	32.50	FDIC Certificate 35328
CAPITAL ONE BANK USA NA	10/29/14	10/29/19	-	-	1.900	1.900	250,000.00	250,000.00	249,995.00	(5.00)	FDIC Certificate 33954
GE CAPITAL BANK	10/17/14	10/17/19	-	-	2.000	2.000	250,000.00	250,000.00	249,977.50	(22.50)	FDIC Certificate 33778
GOLDMAN SACHS BANK USA	10/29/14	10/29/19	-	-	2.150	2.150	250,000.00	250,000.00	249,992.50	(7.50)	FDIC Certificate 33124
MONTECITO BANK & TRUST	11/18/13	11/18/15	-	-	0.600	0.600	2,000,000.00	2,000,000.00	2,000,000.00	0.00	
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	6,999,997.50	(2.50)	
<b>TREASURY SECURITIES - COUPON</b>											
U S TREASURY NOTE	10/25/12	10/31/15	Aaa	AA+	1.250	0.397	2,000,000.00	2,002,784.40	2,003,900.00	1,115.60	
U S TREASURY NOTE	02/22/13	05/15/16	Aaa	AA+	5.125	0.442	2,000,000.00	2,065,381.74	2,066,960.00	1,578.26	
U S TREASURY NOTE	02/22/13	08/31/16	Aaa	AA+	1.000	0.502	2,000,000.00	2,009,845.21	2,010,960.00	1,114.79	
U S TREASURY NOTE	02/22/13	02/28/17	Aaa	AA+	0.875	0.607	2,000,000.00	2,007,909.00	2,007,740.00	(169.00)	
<b>Subtotal, Treasury Securities</b>							8,000,000.00	8,085,920.35	8,089,560.00	3,639.65	
<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	2,018,780.00	18,780.00	
FED AGRICULTURAL MTG CORP	12/12/13	12/12/18	-	-	1.705	1.705	2,000,000.00	2,000,000.00	2,031,980.00	31,980.00	
FEDERAL FARM CREDIT BANK	01/22/15	07/22/19	Aaa	AA+	1.720	1.720	2,000,000.00	2,000,000.00	1,996,720.00	(3,280.00)	Callable, continuous
FEDERAL FARM CREDIT BANK	01/22/15	01/22/19	Aaa	AA+	1.480	1.480	2,000,000.00	2,000,000.00	1,996,400.00	(3,600.00)	Callable 01/22/16, then continuous
FEDERAL FARM CREDIT BANK	08/15/12	08/15/17	Aaa	AA+	0.980	0.980	2,000,000.00	2,000,000.00	1,997,040.00	(2,960.00)	Callable, continuous
FEDERAL FARM CREDIT BANK	09/18/13	09/18/17	Aaa	AA+	1.550	1.550	2,000,000.00	2,000,000.00	2,025,660.00	25,660.00	
FEDERAL FARM CREDIT BANK	12/16/14	12/16/19	Aaa	AA+	2.000	2.000	2,000,000.00	2,000,000.00	2,006,840.00	6,840.00	Callable 12/16/15, then continuous
FEDERAL FARM CREDIT BANK	02/11/15	02/11/19	Aaa	AA+	1.520	1.520	2,000,000.00	2,000,000.00	1,996,380.00	(3,620.00)	Callable 02/11/16, then continuous
FEDERAL FARM CREDIT BANK	02/16/11	02/16/16	Aaa	AA+	2.570	2.570	2,000,000.00	2,000,000.00	2,020,700.00	20,700.00	
FEDERAL FARM CREDIT BANK	07/17/13	07/17/17	Aaa	AA+	1.300	1.300	2,000,000.00	2,000,000.00	2,017,780.00	17,780.00	
FEDERAL FARM CREDIT BANK	06/24/15	06/24/19	Aaa	AA+	1.520	1.520	2,000,000.00	2,000,000.00	2,011,920.00	11,920.00	
FEDERAL HOME LOAN BANK	09/13/13	09/14/18	Aaa	AA+	2.000	1.910	2,000,000.00	2,005,182.80	2,046,160.00	40,977.20	
FEDERAL HOME LOAN BANK	01/16/13	01/16/18	Aaa	AA+	1.000	1.000	4,000,000.00	4,000,000.00	3,985,440.00	(14,560.00)	Callable 10/16/15, then qtrly
FEDERAL HOME LOAN BANK	01/17/14	04/17/18	Aaa	AA+	1.480	1.480	2,000,000.00	2,000,000.00	2,021,020.00	21,020.00	
FEDERAL HOME LOAN BANK	06/29/15	06/29/18	Aaa	AA+	1.170	1.170	2,000,000.00	2,000,000.00	1,996,980.00	(3,020.00)	Callable 06/29/16, once
FEDERAL HOME LOAN BANK	06/26/14	06/26/19	Aaa	AA+	1.250	2.062	2,000,000.00	2,000,000.00	2,001,460.00	1,460.00	SU 1.25%-6% Call 09/26/15, then qtrly
FEDERAL HOME LOAN BANK	12/16/13	12/14/18	Aaa	AA+	1.750	1.650	2,000,000.00	2,006,276.87	2,034,680.00	28,403.13	
FEDERAL HOME LOAN BANK	06/18/14	06/09/17	Aaa	AA+	1.000	1.003	2,000,000.00	1,999,880.86	2,006,480.00	6,599.14	
FEDERAL HOME LOAN BANK	10/22/14	11/18/16	Aaa	AA+	0.750	0.500	2,000,000.00	2,006,021.93	2,005,720.00	(301.93)	
FEDERAL HOME LOAN MTG CORP	06/30/15	06/25/20	Aaa	AA+	1.800	2.070	2,000,000.00	2,000,000.00	2,002,140.00	2,140.00	SU 1.8%-3.5% Call 09/25/15, then qtrly
FEDERAL HOME LOAN MTG CORP	09/12/12	09/12/17	Aaa	AA+	1.000	1.000	2,000,000.00	2,000,000.00	1,998,180.00	(1,820.00)	Callable 09/12/15, then qtrly
FEDERAL HOME LOAN MTG CORP	01/16/13	01/16/18	Aaa	AA+	1.050	1.050	4,000,000.00	4,000,000.00	4,001,240.00	1,240.00	Callable 10/16/15, then qtrly
FEDERAL HOME LOAN MTG CORP	08/24/15	08/24/20	Aaa	AA+	2.000	2.000	2,000,000.00	2,000,000.00	2,001,480.00	1,480.00	Callable 08/24/16, then qtrly
FEDERAL HOME LOAN MTG CORP	11/20/13	09/29/17	Aaa	AA+	1.000	1.030	1,000,000.00	999,386.09	1,002,470.00	3,083.91	

**CITY OF SANTA BARBARA**

**Investment Portfolio**

**August 31, 2015**

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	01/30/13	01/30/18	Aaa	AA+	1.030	1.030	3,000,000.00	3,000,000.00	3,003,210.00	3,210.00	Callable 10/30/15, 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	1,994,300.00	(5,700.00)	Callable 09/12/15, then qtrly
FEDERAL NATL MORTGAGE ASSN	11/15/13	10/26/17	Aaa	AA+	0.875	1.062	2,000,000.00	1,992,135.47	2,001,900.00	9,764.53	
FEDERAL NATL MORTGAGE ASSN	12/11/13	11/27/18	Aaa	AA+	1.625	1.606	2,000,000.00	2,001,175.14	2,025,100.00	23,924.86	
FEDERAL NATL MORTGAGE ASSN	11/08/12	11/08/17	Aaa	AA+	1.000	1.000	2,000,000.00	2,000,000.00	1,995,380.00	(4,620.00)	Callable 11/08/15, then qtrly
FEDERAL NATL MORTGAGE ASSN	11/08/12	11/08/17	Aaa	AA+	1.000	1.000	2,000,000.00	2,000,000.00	1,995,380.00	(4,620.00)	Callable 11/08/15, 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	4,001,080.00	1,080.00	Callable 09/26/15, 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	2,002,140.00	2,140.00	
FEDERAL NATL MORTGAGE ASSN	12/10/10	10/26/15	Aaa	AA+	1.625	2.067	2,000,000.00	1,998,720.84	2,004,560.00	5,839.16	
FEDERAL NATL MORTGAGE ASSN	02/05/13	02/05/18	Aaa	AA+	1.000	1.000	2,000,000.00	2,000,000.00	1,991,800.00	(8,200.00)	Callable 11/05/15, then qtrly
FEDERAL NATL MORTGAGE ASSN	11/20/13	10/26/17	Aaa	AA+	0.875	1.070	2,000,000.00	1,991,790.25	2,001,900.00	10,109.75	
FEDERAL NATL MORTGAGE ASSN	06/30/15	06/30/20	Aaa	AA+	2.000	2.000	<u>2,000,000.00</u>	<u>2,000,000.00</u>	<u>2,006,220.00</u>	<u>6,220.00</u>	Callable 06/30/16, then qtrly
<b>Subtotal, Federal Agencies</b>							<u>78,000,000.00</u>	<u>78,000,570.25</u>	<u>78,246,620.00</u>	<u>246,049.75</u>	
<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	1,999,566.67	2,011,540.00	11,973.33	
BERKSHIRE HATHAWAY INC	11/29/13	02/09/18	Aa2	AA	1.550	1.550	2,000,000.00	2,000,000.00	2,003,440.00	3,440.00	
GENERAL ELECTRIC CAPITAL CORP	11/10/10	11/09/15	A1	AA+	2.250	2.250	2,000,000.00	2,000,000.00	2,006,800.00	6,800.00	
GENERAL ELECTRIC CAPITAL CORP	01/14/14	01/14/19	A1	AA+	2.300	2.250	2,000,000.00	2,003,167.28	2,020,960.00	17,792.72	
PROCTOR & GAMBLE	09/20/11	11/15/15	Aa3	AA-	1.800	1.085	2,000,000.00	2,002,865.95	2,005,580.00	2,714.05	
TOYOTA MOTOR CREDIT	09/26/11	09/15/16	Aa3	AA-	2.000	1.800	<u>2,000,000.00</u>	<u>2,003,955.33</u>	<u>2,024,380.00</u>	<u>20,424.67</u>	
<b>Subtotal, Corporate Securities</b>							<u>12,000,000.00</u>	<u>12,009,555.23</u>	<u>12,072,700.00</u>	<u>63,144.77</u>	
<b>SB AIRPORT PROMISSORY NOTE (LT)</b>											
SANTA BARBARA AIRPORT	07/14/09	06/30/29	-	-	3.500	4.195	<u>5,061,002.86</u>	<u>5,061,002.86</u>	<u>5,061,002.86</u>	<u>0.00</u>	
<b>Subtotal, SBA Note</b>							<u>5,061,002.86</u>	<u>5,061,002.86</u>	<u>5,061,002.86</u>	<u>0.00</u>	
<b>CHECKING ACCOUNT</b>											
MUFG UNION BANK NA CHKNG ACCNT	-	-	-	-	0.400	0.400	<u>17,091,633.50</u>	<u>17,091,633.50</u>	<u>17,091,633.50</u>	<u>0.00</u>	
<b>Subtotal, Checking Account</b>							<u>17,091,633.50</u>	<u>17,091,633.50</u>	<u>17,091,633.50</u>	<u>0.00</u>	
<b>TOTALS</b>							<u>153,152,636.36</u>	<u>153,248,682.19</u>	<u>153,561,513.86</u>	<u>312,831.67</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.