



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: January 28, 2014

TO: Mayor and Councilmembers

FROM: Treasury Division, Finance Department

SUBJECT: December 31, 2013, Investment Report And December 31, 2013, Fiscal Agent Report

RECOMMENDATION: That Council:

- A. Accept the December 31, 2013, Investment Report; and
- B. Accept the December 31, 2013, Fiscal Agent Report.

DISCUSSION:

On a quarterly basis, staff submits a comprehensive report on the City’s portfolio and related activity pursuant to the City’s Annual Statement of Investment Policy. The current report covers the investment activity for the period of October through December 2013.

As shown in the table to the right, all Treasury yields across the table increased from 3 basis points on the 1-year Treasury note to 40 basis points on the 10-year Treasury note. Longer term maturities saw significant increases in Treasury yield, while the 2-year note and below all increased only slightly by the end of the quarter.

U.S. Treasury Market					
	9/30/2013	10/31/2013	11/30/2013	12/31/2013	Cumulative Change
3 Month	0.02%	0.04%	0.06%	0.07%	0.05%
6 Month	0.04%	0.08%	0.11%	0.10%	0.06%
1 Year	0.10%	0.10%	0.13%	0.13%	0.03%
2 Year	0.33%	0.31%	0.28%	0.38%	0.05%
3 Year	0.63%	0.57%	0.56%	0.78%	0.15%
4 Year	1.00%	0.95%	0.96%	1.25%	0.25%
5 Year	1.39%	1.31%	1.37%	1.75%	0.36%
10 Year	2.64%	2.75%	2.75%	3.04%	0.40%
30 Year	3.69%	3.63%	3.82%	3.96%	0.27%
LAIF	0.26%	0.26%	0.26%	0.26%	0.00%

Investment Activity

As shown in the Investment Activity table below, the City invested \$21 million during the quarter. The purchases consisted of \$4 million in “AAA” rated Federal Agency callable securities, \$13 million in “AAA” rated Federal Agency bullets, \$2 million in a certificate of deposit, and \$2 million in “AA” rated corporate notes (Berkshire Hathaway Inc). The purchases replaced \$9.5 million in Federal Agency securities that matured, \$2 million in Federal Agency securities that were called, and \$2 million in a certificate of deposit that matured over the quarter. In addition, the portfolio also received \$132,120 in a semi-annual principal payment on the Airport promissory note at the end of December. The outstanding balance on the Airport promissory note is \$5.471 million.

Issuer	Face Amount	Purchase Date	Final Maturity	Call Date	Yield To Call	Yield To Maturity
<i>Purchases:</i>						
Federal Agricultural Mortgage Corp (FAMCA)	\$ 2,000,000	10/03/13	10/03/18	-	-	1.720%
Federal National Mortgage Association (FNMA)	1,000,000	11/13/13	11/13/18	05/13/14	0.625%	1.857%
Federal National Mortgage Association (FNMA)	2,000,000	11/15/13	10/26/17	-	-	1.062%
Montecito Bank & Trust CD (MBTCD)	2,000,000	11/18/13	11/18/15	-	-	0.600%
Federal National Mortgage Association (FNMA)	2,000,000	11/20/13	10/26/17	-	-	1.070%
Federal Home Loan Mortgage Corp (FHLMC)	1,000,000	11/20/13	09/29/17	-	-	1.030%
Federal Home Loan Mortgage Corp (FHLMC)	1,000,000	11/26/13	11/26/18	11/26/14	1.000%	1.793%
Berkshire Hathaway Inc. (BRK)	2,000,000	11/29/13	02/09/18	-	-	1.550%
Federal National Mortgage Association (FNMA)	2,000,000	12/11/13	11/27/18	-	-	1.606%
Federal Agricultural Mortgage Corp (FAMCA)	2,000,000	12/12/13	12/12/18	-	-	1.705%
Federal Home Loan Bank (FHLB)	2,000,000	12/16/13	12/14/18	-	-	1.650%
Federal Home Loan Mortgage Corp (FHLMC)	1,000,000	12/18/13	12/18/18	06/18/14	1.500%	1.839%
Federal Home Loan Mortgage Corp (FHLMC)	1,000,000	12/31/13	12/31/18	12/31/14	1.825%	1.825%
	\$ 21,000,000					
<i>Calls:</i>						
Federal National Mortgage Association (FNMA)	\$ 2,000,000	10/28/11	10/28/16	10/28/13	1.551%	1.521%
	\$ 2,000,000					
<i>Maturities:</i>						
Federal Home Loan Bank (FHLB)	\$ 2,000,000	04/15/10	10/15/13	-	-	2.000%
Federal Home Loan Bank (FHLB)	1,500,000	09/26/11	10/30/13	-	-	0.400%
Montecito Bank & Trust CD (MBTCD)	2,000,000	11/18/11	11/18/13	-	-	0.800%
Federal Home Loan Bank (FHLB)	2,000,000	04/05/10	11/29/13	-	-	2.000%
Federal Home Loan Bank (FHLB)	2,000,000	09/17/09	12/13/13	-	-	2.440%
Federal Home Loan Bank (FHLB)	2,000,000	02/22/10	12/13/13	-	-	2.130%
Airport Promissory Note - Partial Redemption	132,120	07/14/09	06/30/29	-	-	4.195%
	\$ 11,632,120					

Summary of Cash and Investments

The book rate of return, or portfolio yield, measures the rate of return of actual earnings generated from the portfolio. As shown in the table to the right, during the quarter, the City’s book rate of return increased by 0.2 basis points from 1.255 percent at September 30, 2013 to 1.257 percent at December 31, 2013.

Mo. Ended	Yield	Days to Maturity
9/30/2013	1.255%	1024
10/31/2013	1.227%	999
11/30/2013	1.257%	1066
12/31/2013	1.257%	1108

The portfolio’s average days to maturity, including the long-term Airport promissory note, increased by 84 days from 1024 to 1108 days. Excluding the Airport note, the portfolio’s average days to maturity is 947 days, reflecting reinvestment of maturities and calls during the quarter in the one-to-five year range in accordance with the City’s

Annual Statement of Investment Policy. The Annual Statement of Investment Policy requires that the average days to maturity on the portfolio not exceed 2.5 years, excluding any investments with a final maturity longer than 5 years that were separately authorized by Council, such as the Airport promissory note.

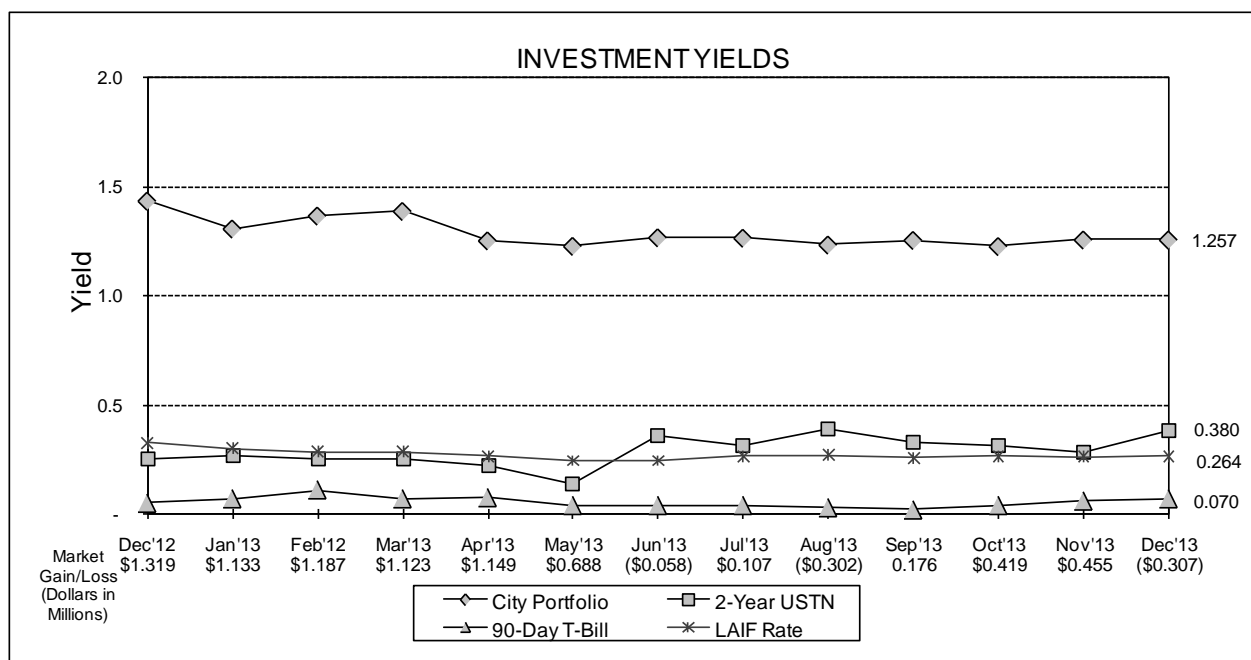
The average LAIF rate at which the City earned interest for funds invested was at 0.26 percent for the quarter ended December 31, 2013, which was equal to last quarter's rate. The City's LAIF holdings at the end of the quarter were \$27 million. Staff expects to reinvest a portion of the LAIF balances in fixed-term or callable securities during the next quarter.

Credit Quality on Corporate Notes

There were no credit quality changes to the four corporate issuers of the medium-term notes held in the portfolio (i.e., Berkshire Hathaway Financial, General Electric Capital Corp, Proctor & Gamble, and Toyota Motor Credit), and the ratings of all corporate notes remain within the City's Investment Policy guidelines of "A" or better.

Portfolio Market Gains/Losses

As shown in the Investment Yields chart below, the City's portfolio continues to significantly outperform the three benchmark measures (the 90-day T-Bill, 2-year T-Note and LAIF). The City's portfolio reflected a market loss at December 31st as a result of the increase in market yields during the quarter compared to the yields on securities currently held in the portfolio. At December 31, 2013, the portfolio had an overall unrealized market loss of \$0.307 million.



On a quarterly basis, staff reports the five securities with the largest percentage of unrealized losses as shown in the table below. However, because securities in the City's portfolio are held to maturity, no market losses would be realized.

Issuer	Face Amount	Maturity	\$ Mkt Change	% Mkt Change
FEDERAL NATL MORTGAGE ASSN	\$2,000,000	02/05/18	-\$45,740	-2.29%
FEDERAL NATL MORTGAGE ASSN	\$4,000,000	12/26/17	-\$88,000	-2.20%
FEDERAL NATL MORTGAGE ASSN	\$3,000,000	01/30/18	-\$65,760	-2.19%
FEDERAL HOME LOAN BANK	\$4,000,000	01/16/18	-\$86,760	-2.17%
FEDERAL HOME LOAN MTG CORP	\$2,000,000	06/26/18	-\$40,820	-2.04%

On a quarterly basis, staff also reports all securities with monthly market declines of greater than 1 percent compared to the prior month. There were 12 securities in the portfolio with a market decline of greater than 1 percent compared to the prior month.

Issuer	Face Amount	Maturity	Nov-Dec Mkt Change (\$)	Nov-Dec Mkt Change (%)	% Mkt Gain/(Loss) at 12.31.13
FEDERAL HOME LOAN BANK	\$2,000,000	09/14/18	-\$28,480	-1.40%	0.22%
FED AGRICULTURAL MTG CORP	\$2,000,000	10/03/18	-\$26,660	-1.33%	-1.03%
FEDERAL NATL MORTGAGE ASSN	\$2,000,000	10/26/17	-\$25,540	-1.28%	-1.01%
FEDERAL NATL MORTGAGE ASSN	\$2,000,000	10/26/17	-\$25,540	-1.28%	-0.98%
FEDERAL HOME LOAN MTG CORP	\$2,000,000	07/25/18	-\$25,580	-1.28%	-1.30%
FEDERAL HOME LOAN MTG CORP	\$2,000,000	06/26/18	-\$22,140	-1.12%	-2.04%
FEDERAL NATL MORTGAGE ASSN	\$2,000,000	02/05/18	-\$21,540	-1.09%	-2.29%
FEDERAL HOME LOAN BANK	\$4,000,000	01/16/18	-\$41,640	-1.05%	-2.17%
FEDERAL HOME LOAN MTG CORP	\$4,000,000	01/16/18	-\$41,360	-1.04%	-2.03%
FEDERAL NATL MORTGAGE ASSN	\$4,000,000	12/26/17	-\$41,000	-1.04%	-2.20%
FEDERAL HOME LOAN BANK	\$2,000,000	07/17/18	-\$20,660	-1.03%	-0.83%
FEDERAL NATL MORTGAGE ASSN	\$3,000,000	01/30/18	-\$30,330	-1.02%	-2.19%

Additional Reporting Requirements

The following confirmations are made pursuant to California Code Sections 53600 et seq.: (1) the City's portfolio as of December 31, 2013, is in compliance with the City's Statement of Investment Policy; and (2) there are sufficient funds available to meet the City's expenditure requirements for the next six months.

Fiscal Agent Investments

In addition to reporting requirements for public agency portfolios, a description of any of the agency's investments under the management of contracted parties is also required on a quarterly basis. Attachment 2 includes bond funds and the police and fire service retirement fund as of December 31, 2013.

ATTACHMENTS: 1. December 31, 2013, Investment Report
2. December 31, 2013, Fiscal Agent Report

PREPARED BY: Genie Wilson, Treasury Manager

SUBMITTED BY: Robert Samario, Finance Director

APPROVED BY: City Administrator's Office

CITY OF SANTA BARBARA
Activity and Interest Report
December 31, 2013

INVESTMENT ACTIVITY

PURCHASES OR DEPOSITS

12/3 LAIF Deposit - City	\$ 2,000,000
12/11 Federal National Mortgage Association (FNMA)	2,000,000
12/12 Federal Agricultural Mortgage Corp (FAMCA)	2,000,000
12/12 LAIF Deposit - City	2,000,000
12/16 Federal Home Loan Bank (FHLB)	2,000,000
12/16 LAIF Deposit - City	3,000,000
12/18 Federal Home Loan Mortgage Corp (FHLMC)	1,000,000
12/24 LAIF Deposit - City	8,000,000
12/31 Federal Home Loan Mortgage Corp (FHLMC)	1,000,000
Total	\$ 23,000,000

SALES, MATURITIES, CALLS OR WITHDRAWALS

12/11 LAIF Withdrawal - City	\$ (8,000,000)
12/13 Federal Home Loan Bank (FHLB) - Maturity	(2,000,000)
12/13 Federal Home Loan Bank (FHLB) - Maturity	(2,000,000)
12/13 LAIF Withdrawal - City	(2,000,000)
12/18 LAIF Withdrawal - City	(4,000,000)
12/26 LAIF Withdrawal - City	(2,000,000)
12/31 Airport Promissory Note - Partial Redemption	(132,120)
Total	\$ (20,132,120)

ACTIVITY TOTAL

\$ 2,867,880

INVESTMENT INCOME

POOLED INVESTMENTS

Interest Earned on Investments	\$ 176,047
Amortization	(16,594)
Total	\$ 159,453

INCOME TOTAL

\$ 159,453

CITY OF SANTA BARBARA
Summary of Cash and Investments
December 31, 2013

ENDING BALANCE AS OF NOVEMBER 30, 2013

<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	\$ 28,000,000	0.265%	17.84%	1
Certificates of Deposit	8,000,000	1.217%	5.10%	1,023
Treasury Securities - Coupon	10,305,471	0.458%	6.57%	852
Federal Agency Issues - Coupon	92,980,928	1.390%	59.25%	1,171
Corporate/Medium Term Notes	<u>12,034,825</u>	<u>1.884%</u>	<u>7.67%</u>	<u>792</u>
	151,321,224	1.149%	96.43%	895
SB Airport Promissory Note	<u>5,603,520</u>	<u>4.195%</u>	<u>3.57%</u>	<u>5,690</u>
Totals and Averages	<u>\$ 156,924,744</u>	<u>1.257%</u>	<u>100.00%</u>	<u>1,066</u>
UB Checking Account	4,491,590			
UB Trust Money Market Account	<u>6,000</u>			
Total Cash and Investments	<u>\$ 161,422,334</u>			

NET CASH AND INVESTMENT ACTIVITY FOR DECEMBER 2013 **\$ 2,794,397**

ENDING BALANCE AS OF DECEMBER 31, 2013

<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	\$ 27,000,000	0.264%	16.90%	1 (1)
Certificates of Deposit	8,000,000	1.217%	5.01%	992
Treasury Securities - Coupon	10,294,806	0.458%	6.44%	821
Federal Agency Issues - Coupon	96,987,694	1.378%	60.70%	1,243
Corporate/Medium Term Notes	<u>12,033,471</u>	<u>1.884%</u>	<u>7.53%</u>	<u>761</u>
	154,315,970	1.153%	96.58%	947
SB Airport Promissory Note	<u>5,471,399</u>	<u>4.195%</u>	<u>3.42%</u>	<u>5,659</u>
Totals and Averages	<u>\$ 159,787,370</u>	<u>1.257%</u>	<u>100.00%</u>	<u>1,108</u>
UB Checking Account	4,429,362			
Total Cash and Investments	<u>\$ 164,216,731</u>			

(1) The average life of the LAIF portfolio as of December 31, 2013 is 209 days.

CITY OF SANTA BARBARA
Investment Portfolio
December 31, 2013

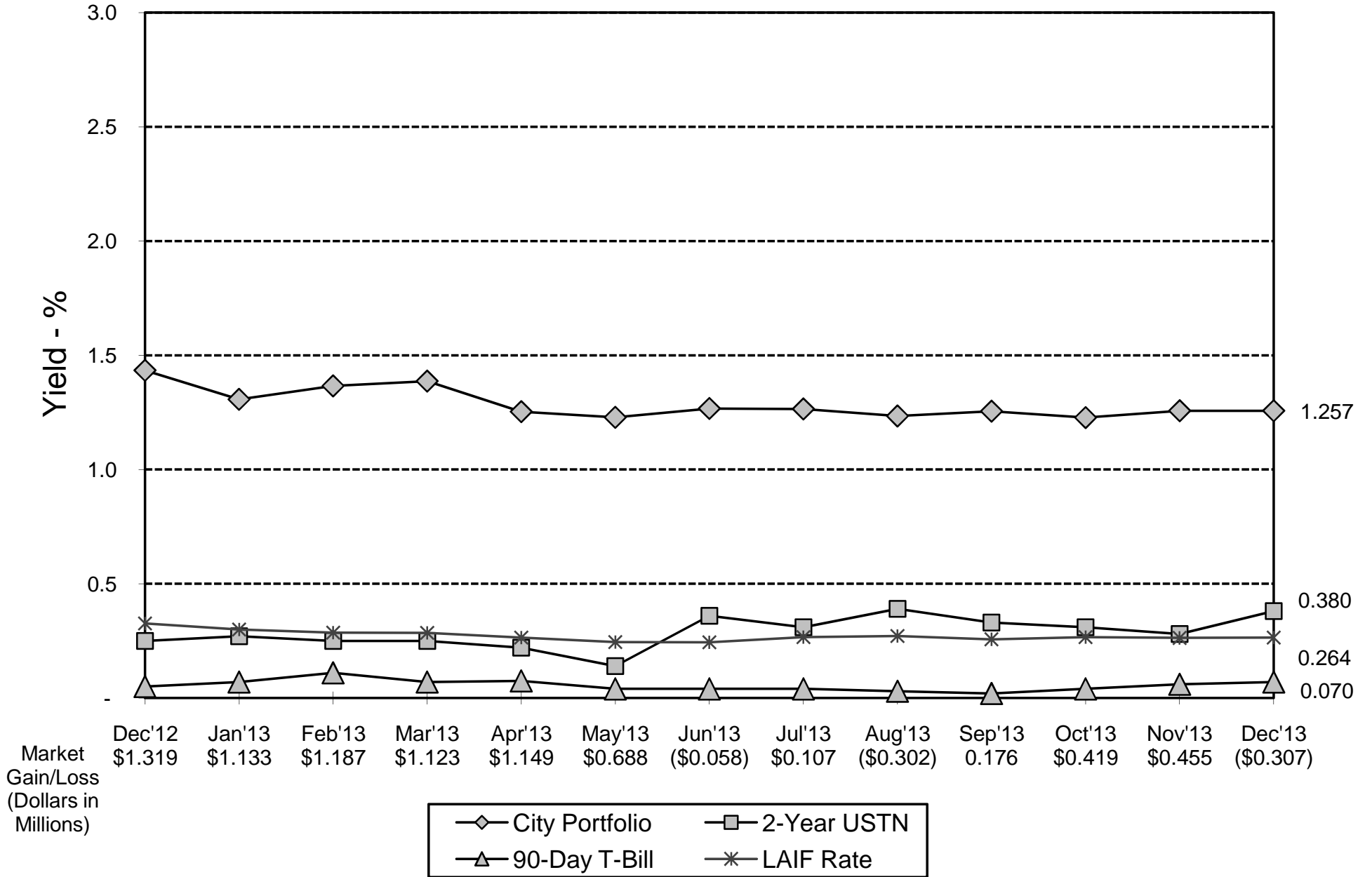
DESCRIPTION	PURCHASE DATE	MATURITY DATE	QUALITY RATING		STATED RATE	YIELD AT 365	FACE VALUE	BOOK VALUE	MARKET VALUE	BOOK GAIN/(LOSS)	COMMENTS
LOCAL AGENCY INVESTMENT FUNDS											
LOCAL AGENCY INVESTMENT FUND	-	-	-	-	0.264	0.264	27,000,000.00	27,000,000.00	27,000,000.00	0.00	
Subtotal, LAIF							27,000,000.00	27,000,000.00	27,000,000.00	0.00	
CERTIFICATES OF DEPOSIT											
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	08/31/15	-	-	1.230	1.247	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	
Subtotal, Certificates of deposit							8,000,000.00	8,000,000.00	8,000,000.00	0.00	
TREASURY SECURITIES - COUPON											
U S TREASURY NOTE	10/25/12	03/15/15	Aaa	AA+	0.375	0.342	2,000,000.00	2,000,785.73	2,004,140.00	3,354.27	
U S TREASURY NOTE	10/25/12	10/31/15	Aaa	AA+	1.250	0.397	2,000,000.00	2,030,999.66	2,033,120.00	2,120.34	
U S TREASURY NOTE	02/22/13	05/15/16	Aaa	AA+	5.125	0.442	2,000,000.00	2,220,059.16	2,216,400.00	(3,659.16)	
U S TREASURY NOTE	02/22/13	08/31/16	Aaa	AA+	1.000	0.502	2,000,000.00	2,026,244.90	2,018,760.00	(7,484.90)	
U S TREASURY NOTE	02/22/13	02/28/17	Aaa	AA+	0.875	0.607	2,000,000.00	2,016,716.09	1,999,840.00	(16,876.09)	
Subtotal, Treasury Securities							10,000,000.00	10,294,805.54	10,272,260.00	(22,545.54)	
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	1,979,420.00	(20,580.00)	
FED AGRICULTURAL MTG CORP	12/12/13	12/12/18	-	-	1.705	1.705	2,000,000.00	2,000,000.00	1,978,340.00	(21,660.00)	
FEDERAL FARM CREDIT BANK	02/10/11	02/10/14	Aaa	AA+	1.375	1.375	2,000,000.00	2,000,000.00	2,002,620.00	2,620.00	
FEDERAL FARM CREDIT BANK	08/15/12	08/15/17	Aaa	AA+	0.980	0.980	2,000,000.00	2,000,000.00	1,985,920.00	(14,080.00)	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	2,020,480.00	20,480.00	
FEDERAL FARM CREDIT BANK	02/16/11	02/16/16	Aaa	AA+	2.570	2.570	2,000,000.00	2,000,000.00	2,089,080.00	89,080.00	
FEDERAL FARM CREDIT BANK	07/17/13	07/17/17	Aaa	AA+	1.300	1.300	2,000,000.00	2,000,000.00	2,012,100.00	12,100.00	
FEDERAL HOME LOAN BANK	08/05/10	09/12/14	Aaa	AA+	1.375	1.375	2,000,000.00	2,000,000.00	2,016,800.00	16,800.00	
FEDERAL HOME LOAN BANK	09/13/13	09/14/18	Aaa	AA+	2.000	1.910	2,000,000.00	2,008,027.88	2,012,460.00	4,432.12	
FEDERAL HOME LOAN BANK	01/16/13	01/16/18	Aaa	AA+	1.000	1.000	4,000,000.00	4,000,000.00	3,913,240.00	(86,760.00)	Callable 01/16/14, then qtrly
FEDERAL HOME LOAN BANK	07/17/13	07/17/18	Aaa	AA+	1.750	1.750	2,000,000.00	2,000,000.00	1,983,500.00	(16,500.00)	Callable 01/17/14, then qtrly
FEDERAL HOME LOAN BANK	06/27/13	06/27/18	Aaa	AA+	1.250	1.493	2,000,000.00	2,000,000.00	1,973,520.00	(26,480.00)	SU 1.125%-2.5% Call 03/27/14, then qtrly
FEDERAL HOME LOAN BANK	02/09/11	01/29/15	Aaa	AA+	1.750	1.750	2,000,000.00	2,000,000.00	2,032,980.00	32,980.00	
FEDERAL HOME LOAN BANK	04/15/11	05/27/15	Aaa	AA+	2.000	2.000	2,000,000.00	2,000,000.00	2,047,260.00	47,260.00	
FEDERAL HOME LOAN BANK	12/16/13	12/14/18	Aaa	AA+	1.750	1.650	2,000,000.00	2,009,460.41	1,984,220.00	(25,240.41)	
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	2,003,660.00	3,660.00	
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	2,005,000.00	5,000.00	Callable 03/28/14, once
FEDERAL HOME LOAN MTG CORP	06/26/13	06/26/18	Aaa	AA+	1.400	1.400	2,000,000.00	2,000,000.00	1,959,180.00	(40,820.00)	Callable 03/26/14, then qtrly
FEDERAL HOME LOAN MTG CORP	07/25/13	07/25/18	Aaa	AA+	1.800	1.800	2,000,000.00	2,000,000.00	1,974,100.00	(25,900.00)	Callable 07/25/14, once
FEDERAL HOME LOAN MTG CORP	12/18/13	12/18/18	Aaa	AA+	1.500	1.839	1,000,000.00	1,000,000.00	987,060.00	(12,940.00)	SU 1.5%-2.75% Call 06/18/14, then qtrly
FEDERAL HOME LOAN MTG CORP	12/31/13	12/31/18	Aaa	AA+	1.825	1.825	1,000,000.00	1,000,000.00	993,780.00	(6,220.00)	Callable 12/31/14, 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	2,003,000.00	3,000.00	Callable 02/21/14, once
FEDERAL HOME LOAN MTG CORP	04/23/12	04/17/15	Aaa	AA+	0.500	0.534	2,000,000.00	1,999,123.54	2,006,540.00	7,416.46	
FEDERAL HOME LOAN MTG CORP	06/12/12	06/12/17	Aaa	AA+	1.250	1.250	2,000,000.00	2,000,000.00	1,998,840.00	(1,160.00)	Callable 06/12/14, then qtrly

CITY OF SANTA BARBARA
Investment Portfolio
December 31, 2013

DESCRIPTION	PURCHASE	MATURITY	QUALITY RATING		STATED	YIELD AT	FACE	BOOK	MARKET	BOOK	COMMENTS
	DATE	DATE	MOODY'S	S & P							
FEDERAL HOME LOAN MTG CORP	07/24/12	07/24/17	Aaa	AA+	1.125	1.125	2,000,000.00	2,000,000.00	1,988,300.00	(11,700.00)	Callable 01/24/14, 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	1,974,140.00	(25,860.00)	Callable 03/12/14, 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	3,918,920.00	(81,080.00)	Callable 01/16/14, then qtrly
FEDERAL HOME LOAN MTG CORP	11/26/13	11/26/18	Aaa	AA+	1.000	1.793	1,000,000.00	1,000,000.00	990,610.00	(9,390.00)	SU 1%-2% Callable 11/26/14, once
FEDERAL HOME LOAN MTG CORP	02/11/11	04/02/14	Aaa	AA+	4.500	1.615	2,000,000.00	2,014,160.92	2,021,420.00	7,259.08	
FEDERAL HOME LOAN MTG CORP	06/26/13	06/26/18	Aaa	AA+	1.500	1.500	2,000,000.00	2,000,000.00	1,983,460.00	(16,540.00)	Callable 03/26/14, then qtrly
FEDERAL HOME LOAN MTG CORP	11/20/13	09/29/17	Aaa	AA+	1.000	1.030	1,000,000.00	998,893.65	988,290.00	(10,603.65)	
FEDERAL NATL MORTGAGE ASSN	01/30/13	01/30/18	Aaa	AA+	1.030	1.030	3,000,000.00	3,000,000.00	2,934,240.00	(65,760.00)	Callable 01/30/14, then qtrly
FEDERAL NATL MORTGAGE ASSN	11/17/10	11/17/14	Aaa	AA+	1.300	1.300	2,000,000.00	2,000,000.00	2,019,480.00	19,480.00	
FEDERAL NATL MORTGAGE ASSN	08/28/12	08/28/17	Aaa	AA+	1.150	1.150	2,000,000.00	2,000,000.00	1,987,460.00	(12,540.00)	Callable 02/28/14, 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	1,959,700.00	(40,300.00)	Callable 03/12/14, then qtrly
FEDERAL NATL MORTGAGE ASSN	06/19/13	12/19/16	Aaa	AA+	0.750	0.750	2,000,000.00	2,000,000.00	1,994,740.00	(5,260.00)	Callable 03/19/14, then qtrly
FEDERAL NATL MORTGAGE ASSN	07/30/13	07/30/18	Aaa	AA+	1.000	1.896	1,000,000.00	1,000,000.00	1,000,650.00	650.00	SU 1%-2% Callable 01/30/14, once
FEDERAL NATL MORTGAGE ASSN	11/15/13	10/26/17	Aaa	AA+	0.875	1.062	2,000,000.00	1,986,046.80	1,965,980.00	(20,066.80)	
FEDERAL NATL MORTGAGE ASSN	12/11/13	11/27/18	Aaa	AA+	1.625	1.606	2,000,000.00	2,001,779.84	1,983,320.00	(18,459.84)	
FEDERAL NATL MORTGAGE ASSN	11/08/12	11/08/17	Aaa	AA+	1.000	1.000	2,000,000.00	2,000,000.00	1,964,660.00	(35,340.00)	Callable 02/08/14, 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	1,964,660.00	(35,340.00)	Callable 02/08/14, 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	3,912,000.00	(88,000.00)	Callable 03/26/14, then qtrly
FEDERAL NATL MORTGAGE ASSN	07/10/13	07/10/18	Aaa	AA+	1.700	1.700	2,000,000.00	2,000,000.00	1,988,600.00	(11,400.00)	Callable 07/10/14, 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	2,055,000.00	55,000.00	
FEDERAL NATL MORTGAGE ASSN	12/10/10	10/26/15	Aaa	AA+	1.625	2.067	2,000,000.00	1,984,766.40	2,043,700.00	58,933.60	
FEDERAL NATL MORTGAGE ASSN	02/05/13	02/05/18	Aaa	AA+	1.000	1.000	2,000,000.00	2,000,000.00	1,954,260.00	(45,740.00)	Callable 02/05/15, then qtrly
FEDERAL NATL MORTGAGE ASSN	11/13/13	11/13/18	Aaa	AA+	0.625	1.857	1,000,000.00	1,000,000.00	999,350.00	(650.00)	SU 2% Callable 05/13/14, once
FEDERAL NATL MORTGAGE ASSN	11/20/13	10/26/17	Aaa	AA+	0.875	1.070	2,000,000.00	1,985,434.32	1,965,980.00	(19,454.32)	
Subtotal, Federal Agencies							97,000,000.00	96,987,693.76	96,522,020.00	(465,673.76)	
CORPORATE/MEDIUM TERM NOTES											
BERKSHIRE HATHAWAY FIN	12/15/10	12/15/15	Aa2	AA	2.450	2.530	2,000,000.00	1,997,066.67	2,072,660.00	75,593.33	
BERKSHIRE HATHAWAY INC	11/29/13	02/09/18	Aa2	AA	1.550	1.550	2,000,000.00	2,000,000.00	1,977,480.00	(22,520.00)	
GENERAL ELECTRIC CAPITAL CORP	11/10/10	11/09/15	A1	AA+	2.250	2.250	2,000,000.00	2,000,000.00	2,061,220.00	61,220.00	
GENERAL ELECTRIC CAPITAL CORP	01/07/11	01/07/14	A1	AA+	2.100	2.100	2,000,000.00	2,000,000.00	2,000,380.00	380.00	
PROCTOR & GAMBLE	09/20/11	11/15/15	Aa3	AA-	1.800	1.085	2,000,000.00	2,026,103.41	2,046,220.00	20,116.59	
TOYOTA MOTOR CREDIT	09/26/11	09/15/16	Aa3	AA-	2.000	1.800	2,000,000.00	2,010,300.77	2,057,220.00	46,919.23	
Subtotal, Corporate Securities							12,000,000.00	12,033,470.85	12,215,180.00	181,709.15	
SB AIRPORT PROMISSORY NOTE (LT)											
SANTA BARBARA AIRPORT	07/14/09	06/30/29	-	-	3.500	4.195	5,471,399.48	5,471,399.48	5,471,399.48	0.00	
Subtotal, SBA Note							5,471,399.48	5,471,399.48	5,471,399.48	0.00	
TOTALS							159,471,399.48	159,787,369.63	159,480,859.48	(306,510.15)	

Market values have been obtained from the City's safekeeping agent, Union Bank The Private Bank (UBTPB). UBTPB uses Interactive Data Pricing Service, Bloomberg and DTC.

INVESTMENT YIELDS



**CITY OF SANTA BARBARA
Fiscal Agent Investments
December 31, 2013**

	CASH & CASH EQUIVALENTS Book & Market	Guaranteed Investment Contracts (GIC) Book & Market	STOCKS		BONDS		US GOVT & AGENCIES		TOTALS	
			Book	Market	Book	Market	Book	Market	Book	Market
BOND FUNDS										
<i>RESERVE FUNDS</i>										
2004 RDA - Housing Bonds	51,682.50	-	-	-	-	-	-	-	51,682.50	51,682.50
2002 Municipal Improvement - Refunding COPs	18,130.96	547,530.00	-	-	-	-	-	-	565,660.96	565,660.96
2011 Water - Safe Drinking Water State Loan	367,098.28	-	-	-	-	-	-	-	367,098.28	367,098.28
2009 Airport - Revenue Bonds	4,249,166.20	-	-	-	-	-	-	-	4,249,166.20	4,249,166.20
2002 Waterfront - Refunding COPs	2.99	1,393,262.50	-	-	-	-	-	-	1,393,265.49	1,393,265.49
Subtotal, Reserve Funds	<u>4,686,080.93</u>	<u>1,940,792.50</u>	-	-	-	-	-	-	<u>6,626,873.43</u>	<u>6,626,873.43</u>
<i>PROJECT FUNDS</i>										
2001 RDA Bonds	2,366,274.13	-	-	-	-	-	-	-	2,366,274.13	2,366,274.13
2003 RDA Bonds	8,506,816.24	-	-	-	-	-	-	-	8,506,816.24	8,506,816.24
2013 Water - Refunding COPS	663,296.52	428,069.44	-	-	-	-	-	-	1,091,365.96	1,091,365.96
2004 Sewer - Revenue Bonds	915,499.50	1,357,140.00	-	-	-	-	-	-	2,272,639.50	2,272,639.50
Subtotal, Project Funds	<u>12,451,886.39</u>	<u>1,785,209.44</u>	-	-	-	-	-	-	<u>14,237,095.83</u>	<u>14,237,095.83</u>
SUBTOTAL BOND FUNDS	17,137,967.32	3,726,001.94	-	-	-	-	-	-	20,863,969.26	20,863,969.26
POLICE/FIRE - SVC RETIREMENT FUND										
Police/Fire Funds	53,157.76	-	173,759.91	284,375.35	215,277.66	219,150.70	-	-	442,195.33	556,683.81
	<u>53,157.76</u>	-	<u>173,759.91</u>	<u>284,375.35</u>	<u>215,277.66</u>	<u>219,150.70</u>	-	-	<u>442,195.33</u>	<u>556,683.81</u>
TOTAL FISCAL AGENT INVESTMENTS	<u>17,191,125.08</u>	<u>3,726,001.94</u>	<u>173,759.91</u>	<u>284,375.35</u>	<u>215,277.66</u>	<u>219,150.70</u>	<u>-</u>	<u>-</u>	<u>21,306,164.59</u>	<u>21,420,653.07</u>

- Notes:
- (1) Cash & cash equivalents include money market funds.
 - (2) Market values have been obtained from the following trustees: US Bank, Bank of New York and Union Bank N.A.