



# CITY OF SANTA BARBARA

## COUNCIL AGENDA REPORT

**AGENDA DATE:** July 30, 2013  
**TO:** Mayor and Councilmembers  
**FROM:** Treasury Division, Finance Department  
**SUBJECT:** June 30, 2013, Investment Report And June 30, 2013, Fiscal Agent Report

**RECOMMENDATION:** That Council:

- A. Accept the June 30, 2013, Investment Report; and
- B. Accept the June 30, 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 April through June 2013.

During the second quarter 2013, there was a very slight increase in investment rates but overall market rates remain extraordinarily low.

As shown in the table to the right, yields on Treasury notes with a maturity of greater than 6 months were slightly higher during the quarter. Longer term maturities saw the highest increases, although the increases were modest. Yields for most of the shorter

U.S. Treasury Market					
	3/31/2013	4/30/2013	5/31/2013	6/30/2013	Cumulative Change
3 Month	0.07%	0.05%	0.05%	0.04%	-0.03%
6 Month	0.11%	0.09%	0.07%	0.10%	-0.01%
1 Year	0.14%	0.11%	0.14%	0.15%	0.01%
2 Year	0.25%	0.22%	0.30%	0.36%	0.11%
3 Year	0.36%	0.32%	0.52%	0.66%	0.30%
4 Year	0.56%	0.49%	0.75%	1.02%	0.46%
5 Year	0.77%	0.68%	1.05%	1.41%	0.64%
10 Year	1.87%	1.70%	2.16%	2.52%	0.65%
30 Year	3.10%	2.88%	3.30%	3.52%	0.42%
LAIF	0.28%	0.24%	0.24%	0.24%	-0.04%

term Treasuries remained the same. The Federal Reserve chairman, Ben Bernanke, expects yields will remain at these exceptionally low levels at least through the end of 2014, but more likely now into calendar year 2015.

### Investment Activity

As shown in the Investment Activity table below, the City invested \$8 million in “AAA” rated Federal Agency callable securities. The purchases replaced a portion of \$16 million in securities that matured or were called by issuers during the quarter before the final maturity date. In addition, the portfolio also received \$94,428.81 in a semi-annual principal payment on the Airport promissory note at the end of June. The outstanding balance on the Airport promissory note is \$5.604 million.

Issuer	Face Amount	Purchase Date	Final Maturity	Call Date	Yield To Call	Yield To Maturity
<i>Purchases:</i>						
Federal National Mortgage Association (FNMA)	\$ 2,000,000	06/19/13	12/19/16	12/19/13	0.750%	0.750%
Federal Home Loan Mortgage Corp (FHLMC)	2,000,000	06/26/13	06/26/18	09/26/13	1.400%	1.400%
Federal Home Loan Mortgage Corp (FHLMC)	2,000,000	06/26/13	06/26/18	09/26/13	1.500%	1.500%
Federal Home Loan Bank (FHLB)	2,000,000	06/27/13	06/27/18	09/27/13	1.250%	1.493%
	\$ 8,000,000					
<i>Calls:</i>						
Federal National Mortgage Association (FNMA)	\$ 2,000,000	04/12/12	04/12/17	04/12/13	1.400%	1.400%
Federal National Mortgage Association (FNMA)	2,000,000	04/18/11	04/18/16	04/18/13	2.500%	2.500%
Federal Farm Credit Bank (FFCB)	2,000,000	09/13/12	09/13/17	05/09/13	1.020%	1.020%
Federal Home Loan Mortgage Corp (FHLMC)	2,000,000	05/24/12	05/24/17	05/24/13	1.200%	1.200%
Federal National Mortgage Association (FNMA)	2,000,000	06/01/12	05/29/15	05/29/13	0.650%	0.650%
Federal Home Loan Mortgage Corp (FHLMC)	2,000,000	06/07/12	06/07/17	06/07/13	1.300%	1.300%
Federal National Mortgage Association (FNMA)	2,000,000	06/27/11	06/27/16	06/27/13	2.000%	2.000%
	\$ 14,000,000					
<i>Maturities:</i>						
Federal Farm Credit Bank (FFCB)	\$ 2,000,000	05/08/09	04/08/13	-	-	2.200%
Airport Promissory Note - Partial Redemption	94,429	07/14/09	06/30/29	-	-	7.000%
	\$ 2,094,429					

### 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 decreased by 12.0 basis points from 1.387 percent at March 31, 2013 to 1.267 percent at June 30, 2013. The book rate of return will continue to decline through the attrition of higher-yielding securities and reinvestment at the current market rates at historic lows.

Mo. Ended	Yield	Days to Maturity
3/31/2013	1.387%	1086
4/30/2013	1.253%	970
5/31/2013	1.228%	906
6/30/2013	1.267%	959

The portfolio’s average days to maturity, including the long-term Airport promissory note, decreased by 127 days from 1086 to 959 days. Excluding the Airport note, the portfolio’s average days to maturity is 774 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 912 days, 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 0.24 percent for the quarter ended June 30, 2013, down four basis points from last quarter. The City's LAIF holdings at the end of the quarter were \$38 million. Staff expects to reinvest a portion of the LAIF balances in fixed-term or callable securities during the next quarter.

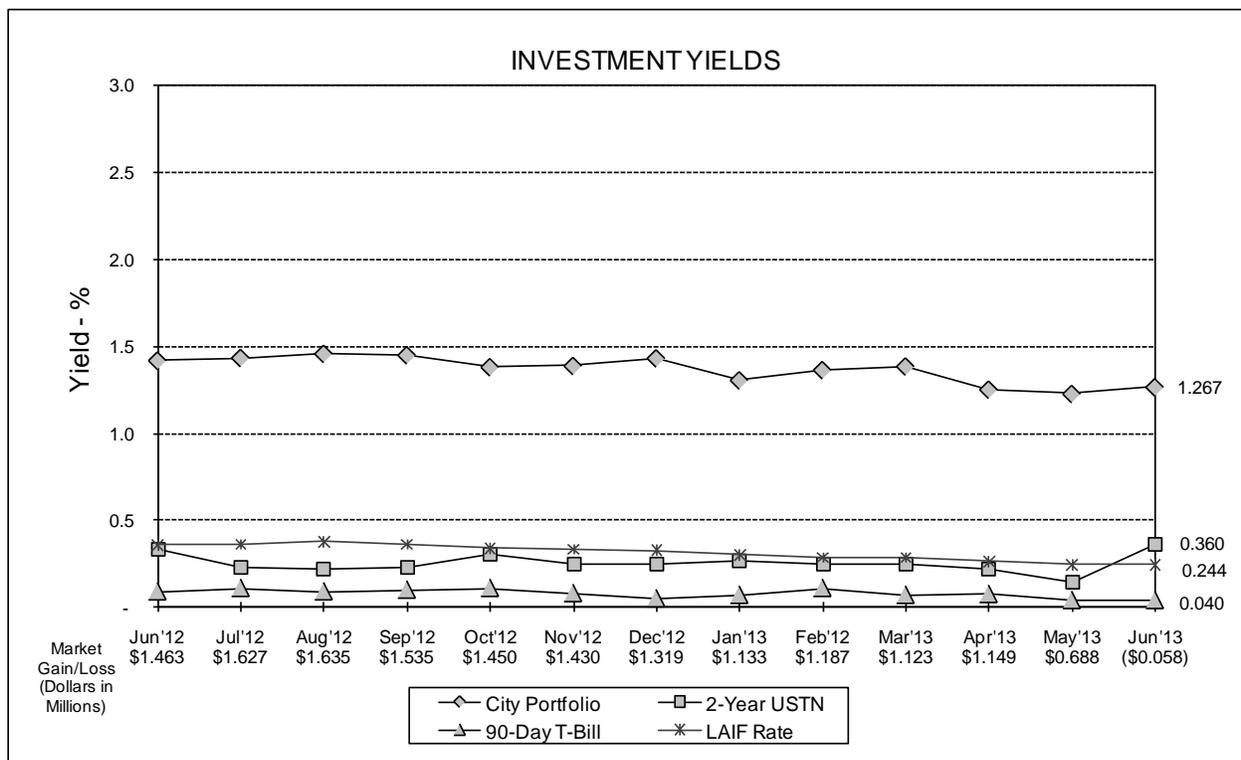
### Credit Quality on Corporate Notes

During the quarter, Standard & Poor's downgraded Berkshire Hathaway Financial (BERK) corporate rating by one notch to "AA" from "AA+", citing the lower credit rating better reflects their view of BERK's dependence on its core insurance operations for most of its dividends. The downgrade followed a release of Standard & Poor's revised Insurers Rating and Group Rating Methodology on May 7, 2013. Despite the downgrade, BERK's corporate rating remains above the City's minimum guidelines of "A" or better. The City's investment portfolio includes a \$2M BERK corporate note which matures December 15, 2015

There were no other changes to the three other corporate issuers of the medium-term notes held in the portfolio (i.e., 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-



Council Agenda Report

June 30, 2013, Investment Report And June 30, 2013, Fiscal Agent Report

July 30, 2013

Page 4

Note and LAIF). The City's portfolio reflected a very minimal market loss at June 30<sup>th</sup> as a result of the modest increase in market yields during the quarter compared to the yields on securities currently held in the portfolio. At June 30, 2013, the portfolio had an overall unrealized market loss of \$0.058 million.

On a quarterly basis, staff reports the five securities with the largest percentage of unrealized losses when comparing book value to market value. There were five securities trading below purchase price at the end of the quarter. Market losses occur when current market yields rise above the yields on securities held in the portfolio. 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	-\$47,600	-2.38%
FEDERAL NATL MORTGAGE ASSN	\$4,000,000	12/26/17	-\$93,600	-2.34%
FEDERAL NATL MORTGAGE ASSN	\$3,000,000	01/30/18	-\$68,400	-2.28%
FEDERAL HOME LOAN BANK	\$4,000,000	01/16/18	-\$88,800	-2.22%
FEDERAL NATL MORTGAGE ASSN	\$2,000,000	12/12/17	-\$44,000	-2.20%

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 fourteen securities in the portfolio with a market decline of greater than 1 percent compared to the prior month.

Issuer	Face Amount	Maturity	May-Jun Mkt Change (\$)	May-Jun Mkt Change (%)	% Mkt Gain/(Loss) at 6.30.13
FEDERAL NATL MORTGAGE ASSN	\$2,000,000	02/05/18	-\$33,140	-1.67%	-2.38%
FEDERAL NATL MORTGAGE ASSN	\$3,000,000	01/30/18	-\$47,190	-1.58%	-2.28%
FEDERAL NATL MORTGAGE ASSN	\$4,000,000	12/26/17	-\$61,120	-1.54%	-2.34%
FEDERAL NATL MORTGAGE ASSN	\$2,000,000	12/12/17	-\$29,900	-1.51%	-2.20%
FEDERAL NATL MORTGAGE ASSN	\$2,000,000	11/08/17	-\$28,880	-1.45%	-2.08%
FEDERAL NATL MORTGAGE ASSN	\$2,000,000	11/08/17	-\$28,880	-1.45%	-2.08%
FEDERAL HOME LOAN BANK	\$4,000,000	01/16/18	-\$53,600	-1.35%	-2.22%
FEDERAL HOME LOAN MTG CORP	\$4,000,000	01/16/18	-\$52,800	-1.33%	-2.06%
FEDERAL NATL MORTGAGE ASSN	\$2,000,000	08/28/17	-\$25,300	-1.26%	-1.07%
FEDERAL FARM CREDIT BANK	\$2,000,000	08/15/17	-\$24,900	-1.25%	-1.40%
FEDERAL HOME LOAN MTG CORP	\$2,000,000	09/12/17	-\$23,900	-1.20%	-1.78%
FEDERAL HOME LOAN MTG CORP	\$2,000,000	07/24/17	-\$22,300	-1.12%	-1.18%
TOYOTA MOTOR CREDIT	\$2,000,000	09/15/16	-\$21,700	-1.05%	1.39%
FEDERAL HOME LOAN MTG CORP	\$2,000,000	06/12/17	-\$20,700	-1.03%	-0.64%

### **Additional Reporting Requirements**

The following confirmations are made pursuant to California Code Sections 53600 et seq.: (1) the City's portfolio as of June 30, 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 June 30, 2013.

**ATTACHMENTS:** 1. June 30, 2013, Investment Report  
2. June 30, 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**  
**June 30, 2013**

**INVESTMENT ACTIVITY**

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**PURCHASES OR DEPOSITS**

6/10 LAIF Deposit - City	\$ 4,000,000
6/19 Federal National Mortgage Association (FNMA)	2,000,000
6/26 Federal Home Loan Mortgage Corp (FHLMC)	2,000,000
6/26 Federal Home Loan Mortgage Corp (FHLMC)	2,000,000
6/27 Federal Home Loan Bank (FHLB)	2,000,000
<b>Total</b>	<b>\$ 12,000,000</b>

**SALES, MATURITIES, CALLS OR WITHDRAWALS**

6/6 LAIF Withdrawal - City	\$ (3,000,000)
6/7 Federal Home Loan Mortgage Corp (FHLMC) - Call	(2,000,000)
6/12 LAIF Withdrawal - City	(2,000,000)
6/18 LAIF Withdrawal - City	(1,500,000)
6/25 LAIF Withdrawal - City	(4,500,000)
6/27 Federal National Mortgage Association (FNMA) - Call	(2,000,000)
6/27 LAIF Withdrawal - City	(1,000,000)
6/30 Airport Promissory Note - Partial Redemption	(94,429)
<b>Total</b>	<b>\$ (16,094,429)</b>

**ACTIVITY TOTAL**

**\$ (4,094,429)**

**INVESTMENT INCOME**

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**POOLED INVESTMENTS**

Interest Earned on Investments	\$ 184,038
Amortization	(24,004)
Interest on UB Accounts	0
<b>Total</b>	<b>\$ 160,034</b>

**INCOME TOTAL**

**\$ 160,034**



**CITY OF SANTA BARBARA**  
**Investment Portfolio**  
**June 30, 2013**

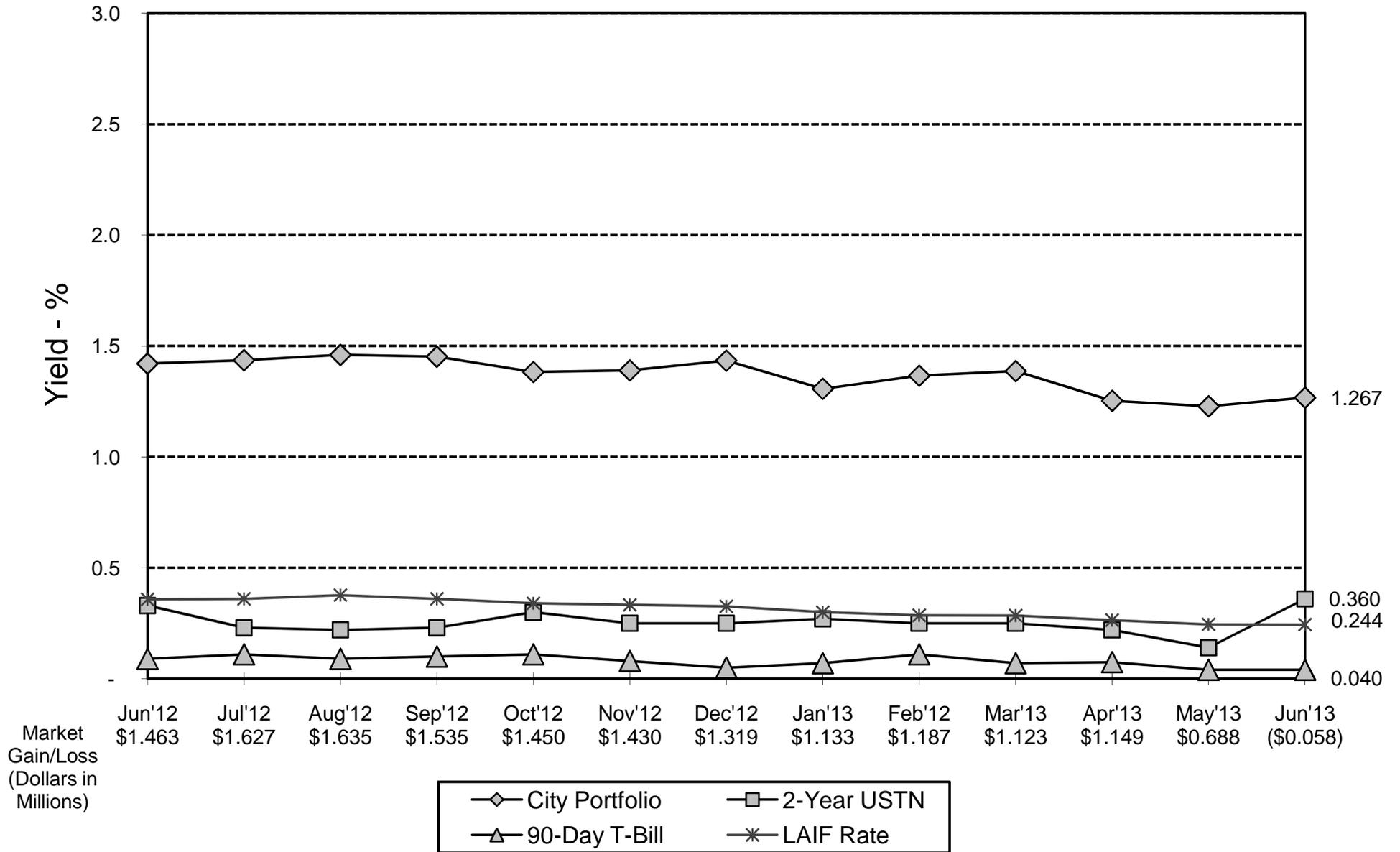
DESCRIPTION	PURCHASE DATE	MATURITY DATE	QUALITY RATING		STATED RATE	YIELD AT 365	FACE VALUE	BOOK VALUE	MARKET VALUE	BOOK GAIN/(LOSS)	COMMENTS
	DATE	DATE	MOODY'S	S & P							
<b>LOCAL AGENCY INVESTMENT FUNDS</b>											
LOCAL AGENCY INVESTMENT FUND	-	-	-	-	0.244	0.244	38,000,000.00	38,000,000.00	38,000,000.00	0.00	
<b>Subtotal, LAIF</b>							38,000,000.00	38,000,000.00	38,000,000.00	0.00	
<b>CERTIFICATES OF DEPOSIT</b>											
MONTECITO BANK & TRUST	11/18/11	11/18/13	-	-	0.800	0.800	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	
<b>Subtotal, Certificates of deposit</b>							8,000,000.00	8,000,000.00	8,000,000.00	0.00	
<b>TREASURY SECURITIES - COUPON</b>											
U S TREASURY NOTE	10/25/12	03/15/15	Aaa	AA+	0.375	0.342	2,000,000.00	2,001,115.82	2,002,400.00	1,284.18	
U S TREASURY NOTE	10/25/12	10/31/15	Aaa	AA+	1.250	0.397	2,000,000.00	2,039,538.49	2,036,800.00	(2,738.49)	
U S TREASURY NOTE	02/22/13	05/15/16	Aaa	AA+	5.125	0.442	2,000,000.00	2,266,869.43	2,256,200.00	(10,669.43)	
U S TREASURY NOTE	02/22/13	08/31/16	Aaa	AA+	1.000	0.502	2,000,000.00	2,031,207.96	2,015,400.00	(15,807.96)	
U S TREASURY NOTE	02/22/13	02/28/17	Aaa	AA+	0.875	0.607	2,000,000.00	2,019,381.39	1,995,000.00	(24,381.39)	
<b>Subtotal, Treasury Securities</b>							10,000,000.00	10,358,113.09	10,305,800.00	(52,313.09)	
<b>FEDERAL AGENCY ISSUES - COUPON</b>											
FEDERAL FARM CREDIT BANK	02/10/11	02/10/14	Aaa	AA+	1.375	1.375	2,000,000.00	2,000,000.00	2,014,200.00	14,200.00	
FEDERAL FARM CREDIT BANK	08/15/12	08/15/17	Aaa	AA+	0.980	0.980	2,000,000.00	2,000,000.00	1,972,000.00	(28,000.00)	Callable 08/15/13, then cont.
FEDERAL FARM CREDIT BANK	02/16/11	02/16/16	Aaa	AA+	2.570	2.570	2,000,000.00	2,000,000.00	2,098,200.00	98,200.00	
FEDERAL HOME LOAN BANK	04/15/10	10/15/13	Aaa	AA+	2.000	2.000	2,000,000.00	2,000,000.00	2,010,800.00	10,800.00	
FEDERAL HOME LOAN BANK	08/05/10	09/12/14	Aaa	AA+	1.375	1.375	2,000,000.00	2,000,000.00	2,026,600.00	26,600.00	
FEDERAL HOME LOAN BANK	09/17/09	12/13/13	Aaa	AA+	3.125	2.440	2,000,000.00	2,005,818.23	2,026,800.00	20,981.77	
FEDERAL HOME LOAN BANK	04/05/10	11/29/13	Aaa	AA+	2.000	2.000	2,000,000.00	2,000,000.00	2,015,200.00	15,200.00	
FEDERAL HOME LOAN BANK	01/16/13	01/16/18	Aaa	AA+	1.000	1.000	4,000,000.00	4,000,000.00	3,911,200.00	(88,800.00)	Callable 07/16/13, then qtrly
FEDERAL HOME LOAN BANK	09/26/11	08/28/13	Aaa	AA+	1.000	0.381	1,000,000.00	1,000,976.08	1,001,400.00	423.92	
FEDERAL HOME LOAN BANK	06/27/13	06/27/18	Aaa	AA+	1.250	1.493	2,000,000.00	2,000,000.00	1,968,400.00	(31,600.00)	SU 1.125%-2.5% Call 09/27/13, then qtrly
FEDERAL HOME LOAN BANK	09/17/09	09/13/13	Aaa	AA+	4.375	2.272	2,000,000.00	2,007,998.22	2,017,000.00	9,001.78	
FEDERAL HOME LOAN BANK	02/22/10	12/13/13	Aaa	AA+	3.125	2.130	2,000,000.00	2,008,552.56	2,026,800.00	18,247.44	
FEDERAL HOME LOAN BANK	02/09/11	01/29/15	Aaa	AA+	1.750	1.750	2,000,000.00	2,000,000.00	2,044,800.00	44,800.00	
FEDERAL HOME LOAN BANK	04/15/11	05/27/15	Aaa	AA+	2.000	2.000	2,000,000.00	2,000,000.00	2,061,400.00	61,400.00	
FEDERAL HOME LOAN BANK	09/26/11	10/30/13	Aaa	AA+	2.000	0.400	1,500,000.00	1,507,892.82	1,509,150.00	1,257.18	
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	2,015,200.00	15,200.00	
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	2,009,800.00	9,800.00	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	1,961,200.00	(38,800.00)	Callable 09/26/13, then qtrly
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	2,008,000.00	8,000.00	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	1,998,784.99	2,004,800.00	6,015.01	
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	1,987,200.00	(12,800.00)	Callable 06/12/14, then qtrly
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	1,976,400.00	(23,600.00)	Callable 07/24/13, then qtrly

**CITY OF SANTA BARBARA**  
**Investment Portfolio**  
**June 30, 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	09/12/12	09/12/17	Aaa	AA+	1.000	1.000	2,000,000.00	2,000,000.00	1,964,400.00	(35,600.00)	Callable 09/12/13, 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	3,917,600.00	(82,400.00)	Callable 07/16/13, then qtrly
FEDERAL HOME LOAN MTG CORP	02/11/11	04/02/14	Aaa	AA+	4.500	1.615	2,000,000.00	2,042,171.53	2,063,200.00	21,028.47	
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	1,965,000.00	(35,000.00)	Callable 09/26/13, then qtrly
FEDERAL NATL MORTGAGE ASSN	10/28/11	10/28/16	Aaa	AA+	1.500	1.521	2,000,000.00	1,999,675.00	2,006,800.00	7,125.00	Callable 10/28/13, once
FEDERAL NATL MORTGAGE ASSN	01/30/13	01/30/18	Aaa	AA+	1.030	1.030	3,000,000.00	3,000,000.00	2,931,600.00	(68,400.00)	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	2,027,000.00	27,000.00	
FEDERAL NATL MORTGAGE ASSN	08/28/12	08/28/17	Aaa	AA+	1.150	1.150	2,000,000.00	2,000,000.00	1,978,600.00	(21,400.00)	Callable 08/28/13, 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	1,956,000.00	(44,000.00)	Callable 06/12/13, 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	1,981,800.00	(18,200.00)	Callable 12/19/13, 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	1,958,400.00	(41,600.00)	Callable 08/08/13, 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	1,958,400.00	(41,600.00)	Callable 08/08/13, 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	3,906,400.00	(93,600.00)	Callable 12/26/13, 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	2,065,600.00	65,600.00	
FEDERAL NATL MORTGAGE ASSN	12/10/10	10/26/15	Aaa	AA+	1.625	2.067	2,000,000.00	1,980,580.07	2,049,600.00	69,019.93	
FEDERAL NATL MORTGAGE ASSN	02/05/13	02/05/18	Aaa	AA+	1.000	1.000	2,000,000.00	2,000,000.00	1,952,400.00	(47,600.00)	Callable 02/05/15, then qtrly
<b>Subtotal, Federal Agencies</b>							<b>81,500,000.00</b>	<b>81,552,449.50</b>	<b>81,349,350.00</b>	<b>(203,099.50)</b>	
<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	1,996,316.67	2,079,800.00	83,483.33	
GENERAL ELECTRIC CAPITAL CORP	11/10/10	11/09/15	A1	AA+	2.250	2.250	2,000,000.00	2,000,000.00	2,049,400.00	49,400.00	
GENERAL ELECTRIC CAPITAL CORP	01/07/11	01/07/14	A1	AA+	2.100	2.100	2,000,000.00	2,000,000.00	2,017,400.00	17,400.00	
PROCTOR & GAMBLE	09/20/11	11/15/15	Aa3	AA-	1.800	1.085	2,000,000.00	2,033,074.65	2,051,400.00	18,325.35	
TOYOTA MOTOR CREDIT	09/26/11	09/15/16	Aa3	AA-	2.000	1.800	2,000,000.00	2,012,204.40	2,040,200.00	27,995.60	
<b>Subtotal, Corporate Securities</b>							<b>10,000,000.00</b>	<b>10,041,595.72</b>	<b>10,238,200.00</b>	<b>196,604.28</b>	
<b>SB AIRPORT PROMISSORY NOTE (LT)</b>											
SANTA BARBARA AIRPORT	07/14/09	06/30/29	-	-	7.000	7.000	5,603,519.96	5,603,519.96	5,603,519.96	0.00	
<b>Subtotal, SBA Note</b>							<b>5,603,519.96</b>	<b>5,603,519.96</b>	<b>5,603,519.96</b>	<b>0.00</b>	
<b>TOTALS</b>							<b>153,103,519.96</b>	<b>153,555,678.27</b>	<b>153,496,869.96</b>	<b>(58,808.31)</b>	

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  
June 30, 2012**

	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
<b>BOND FUNDS</b>										
<i>RESERVE FUNDS</i>										
2004 RDA - Housing Bonds	580,135.21	-	-	-	-	-	-	-	580,135.21	580,135.21
2002 Municipal Improvement - Refunding COPs	13,639.01	547,530.00	-	-	-	-	-	-	561,169.01	561,169.01
1994 Water - Revenue Bonds	-	-	-	-	-	-	-	-	-	-
2002 Water - Refunding COPs	-	-	-	-	-	-	-	-	-	-
2009 Airport Bonds	5,168,895.10	-	-	-	-	-	-	-	5,168,895.10	5,168,895.10
2002 Waterfront - Refunding COPs	1,012.31	1,393,262.50	-	-	-	-	-	-	1,394,274.81	1,394,274.81
Subtotal, Reserve Funds	<u>5,763,681.63</u>	<u>1,940,792.50</u>	-	-	-	-	-	-	<u>7,704,474.13</u>	<u>7,704,474.13</u>
<i>PROJECT FUNDS</i>										
2001 RDA Bonds	2,366,155.28	-	-	-	-	-	-	-	2,366,155.28	2,366,155.28
2003 RDA Bonds	8,506,389.35	-	-	-	-	-	-	-	8,506,389.35	8,506,389.35
2013 Water - Refunding COPS	662,669.72	428,069.44	-	-	-	-	-	-	1,090,739.16	1,090,739.16
2004 Sewer - Revenue Bonds	1,737,888.45	1,357,140.00	-	-	-	-	-	-	3,095,028.45	3,095,028.45
Subtotal, Project Funds	<u>13,273,102.80</u>	<u>1,785,209.44</u>	-	-	-	-	-	-	<u>15,058,312.24</u>	<u>15,058,312.24</u>
<b>SUBTOTAL BOND FUNDS</b>	<b><u>19,036,784.43</u></b>	<b><u>3,726,001.94</u></b>	-	-	-	-	-	-	<b><u>22,762,786.37</u></b>	<b><u>22,762,786.37</u></b>
<b>POLICE/FIRE - SVC RETIREMENT FUND</b>										
Police/Fire Funds	33,258.99	-	173,759.91	258,414.37	265,941.66	271,776.05	-	-	472,960.56	563,449.41
	<u>33,258.99</u>	-	<u>173,759.91</u>	<u>258,414.37</u>	<u>265,941.66</u>	<u>271,776.05</u>	-	-	<u>472,960.56</u>	<u>563,449.41</u>
<b>TOTAL FISCAL AGENT INVESTMENTS</b>	<b><u>19,070,043.42</u></b>	<b><u>3,726,001.94</u></b>	<b><u>173,759.91</u></b>	<b><u>258,414.37</u></b>	<b><u>265,941.66</u></b>	<b><u>271,776.05</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>23,235,746.93</u></b>	<b><u>23,326,235.78</u></b>

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.