



Agenda Item No. \_\_\_\_\_

File Code No. 260.02

# CITY OF SANTA BARBARA

## COUNCIL AGENDA REPORT

**AGENDA DATE:** August 24, 2010  
**TO:** Mayor and Councilmembers  
**FROM:** Treasury Division, Finance Department  
**SUBJECT:** July 2010 Investment Report

**RECOMMENDATION:**

That Council accept the July 2010 Investment Report.

**DISCUSSION:**

The attached investment report includes Investment Activity, Interest Revenue, a Summary of Cash and Investments, and Investment Portfolio detail as of July 31, 2010.

**ATTACHMENT:** July 2010 Investment Report  
**PREPARED BY:** Jill Taura, Treasury Manager  
**SUBMITTED BY:** Robert Samario, Finance Director  
**APPROVED BY:** City Administrator's Office

**CITY OF SANTA BARBARA**  
**Activity and Interest Report**  
**July 31, 2010**

**INVESTMENT ACTIVITY**

**PURCHASES OR DEPOSITS**

7/7 LAIF Deposit - City	\$ 1,000,000
7/7 Federal National Mortgage Association (FNMA)	2,000,000
7/14 Federal Home Loan Bank (FHLB)	2,000,000
7/21 LAIF Deposit - City	2,000,000
7/26 LAIF Deposit - City	1,000,000
7/27 LAIF Deposit - City	1,000,000
7/30 LAIF Deposit - City	2,000,000
<b>Total</b>	<b>\$ 11,000,000</b>

**SALES, MATURITIES, CALLS OR WITHDRAWALS**

7/1 LAIF Withdrawal - City	\$ (5,500,000)
7/6 Federal Home Loan Mortgage Corp (FHLMC) - Maturity	(2,000,000)
7/15 LAIF Withdrawal - City	(5,000,000)
7/19 LAIF Withdrawal - City	(1,000,000)
7/20 LAIF Withdrawal - City	(3,000,000)
7/29 LAIF Withdrawal - City	(2,000,000)
7/30 LAIF Withdrawal - RDA	(1,000,000)
7/30 Federal Home Loan Bank (FHLB) - Maturity	(2,000,000)
7/30 Federal Home Loan Mortgage Corp (FHLMC) - Call	(2,000,000)
<b>Total</b>	<b>\$ (23,500,000)</b>

**ACTIVITY TOTAL**

**\$ (12,500,000)**

**INTEREST REVENUE**

**POOLED INVESTMENTS**

Interest Earned on Investments	\$ 302,127
Amortization	(3,251)
SBB&T Sweep Account Interest	395
SBB&T Trust Account Money Market Interest	4
<b>Total</b>	<b>\$ 299,274</b>

**RDA INVESTMENTS**

Interest Earned on Investments (LAIF)	<b><u>\$ 9,569</u></b>
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**TOTAL INTEREST EARNED**

**\$ 308,843**

**CITY OF SANTA BARBARA**  
**Summary of Cash and Investments**  
**July 31, 2010**

**ENDING BALANCE AS OF JUN 30, 2010**

Description	Book Value	Yield to Maturity (365 days)	Percent of Portfolio	Average Days to Maturity
State of California LAIF	\$ 48,500,000	0.490%	29.29%	1
Certificates of Deposit	4,000,000	1.500%	2.42%	323
Federal Agency Issues - Coupon	100,952,206	2.786%	60.97%	937
Corporate/Medium Term Notes	6,007,299	5.120%	3.63%	157
	<u>159,459,505</u>	<u>2.143%</u>	<u>96.31%</u>	<u>608</u>
SB Airport Promissory Note	6,124,300	7.000%	3.70%	6,939
Totals and Averages	<u>\$ 165,583,805</u>	<u>2.323%</u>	<u>100.00%</u>	<u>842</u>
SBB&T Money Market Account	1,129,787			
<b>Total Cash and Investments</b>	<b><u>\$ 166,713,591</u></b>			

**NET CASH AND INVESTMENT ACTIVITY FOR JULY 2010**                     **\$ (9,284,556)**

**ENDING BALANCE AS OF JUL 31, 2010**

Description	Book Value	Yield to Maturity (365 days)	Percent of Portfolio	Average Days to Maturity
State of California LAIF	\$ 38,000,000	0.520%	24.82%	1 (1)
Certificates of Deposit	4,000,000	1.500%	2.61%	292
Federal Agency Issues - Coupon	98,949,330	2.686%	64.64%	980
Corporate/Medium Term Notes	6,006,924	5.120%	3.92%	126
	<u>146,956,254</u>	<u>2.193%</u>	<u>95.99%</u>	<u>673</u>
SB Airport Promissory Note	6,124,300	7.000%	4.00%	6,908
Totals and Averages	<u>\$ 153,080,553</u>	<u>2.385%</u>	<u>100.00%</u>	<u>922</u>
SBB&T Money Market Account	4,348,482			
<b>Total Cash and Investments</b>	<b><u>\$ 157,429,035</u></b>			

Note:

(1) The average life of the LAIF portfolio as of July 31, 2010 is 199 days.

**CITY OF SANTA BARBARA**  
**Investment Portfolio**  
**July 31, 2010**

DESCRIPTION	PURCHASE	MATURITY	QUALITY RATING		STATED	YIELD AT	FACE	BOOK	MARKET	BOOK	COMMENTS
	DATE	DATE	MOODY'S	S & P							
<b>LOCAL AGENCY INVESTMENT FUNDS</b>											
LOCAL AGENCY INVESTMENT FUND	-	-	-	-	0.520	0.520	17,500,000.00	17,500,000.00	17,500,000.00	0.00	
LOCAL AGENCY INV FUND/RDA	-	-	-	-	0.520	0.520	20,500,000.00	20,500,000.00	20,500,000.00	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	11/18/09	11/18/10	-	-	1.250	1.250	2,000,000.00	2,000,000.00	2,000,000.00	0.00	
MONTECITO BANK & TRUST	11/18/09	11/18/11	-	-	1.750	1.750	2,000,000.00	2,000,000.00	2,000,000.00	0.00	
<b>Subtotal, Certificates of deposit</b>							4,000,000.00	4,000,000.00	4,000,000.00	0.00	
<b>FEDERAL AGENCY ISSUES - COUPON</b>											
FEDERAL FARM CREDIT BANK	03/06/09	04/24/12	Aaa	AAA	2.250	2.120	2,000,000.00	2,004,341.12	2,057,190.00	52,848.88	
FEDERAL FARM CREDIT BANK	10/14/09	10/14/14	Aaa	AAA	2.875	2.875	2,000,000.00	2,000,000.00	2,011,260.00	11,260.00	Callable 10/14/10, then cont.
FEDERAL FARM CREDIT BANK	11/07/06	01/18/11	Aaa	AAA	5.750	5.000	2,000,000.00	2,006,187.07	2,051,260.00	45,072.93	
FEDERAL FARM CREDIT BANK	01/29/07	08/25/10	Aaa	AAA	4.750	5.111	2,000,000.00	1,999,563.67	2,005,620.00	6,056.33	
FEDERAL FARM CREDIT BANK	03/04/09	01/17/12	Aaa	AAA	2.000	2.002	2,000,000.00	2,000,000.00	2,044,690.00	44,690.00	
FEDERAL FARM CREDIT BANK	03/05/09	03/04/13	Aaa	AAA	2.600	2.600	2,000,000.00	2,000,000.00	2,088,130.00	88,130.00	
FEDERAL FARM CREDIT BANK	05/08/09	04/08/13	Aaa	AAA	2.200	2.200	2,000,000.00	2,000,000.00	2,068,750.00	68,750.00	
FEDERAL FARM CREDIT BANK	06/19/09	06/18/12	Aaa	AAA	2.125	2.125	2,000,000.00	2,000,000.00	2,056,560.00	56,560.00	
FEDERAL FARM CREDIT BANK	09/30/09	10/03/11	Aaa	AAA	1.125	1.125	2,000,000.00	2,000,000.00	2,015,000.00	15,000.00	
FEDERAL FARM CREDIT BANK	12/01/09	12/01/14	Aaa	AAA	2.840	2.840	2,000,000.00	2,000,000.00	2,018,120.00	18,120.00	Callable 12/01/10, then cont.
FEDERAL FARM CREDIT BANK	01/13/10	01/13/15	Aaa	AAA	3.180	3.180	2,000,000.00	2,000,000.00	2,027,190.00	27,190.00	Callable 1/13/11, then cont.
FEDERAL FARM CREDIT BANK	04/30/10	04/09/15	Aaa	AAA	2.900	2.916	2,000,000.00	1,998,677.88	2,071,560.00	72,882.12	Callable 4/9/12, once
FEDERAL HOME LOAN BANK	05/22/07	06/10/11	Aaa	AAA	5.250	5.005	2,000,000.00	2,003,751.23	2,081,570.00	77,818.77	
FEDERAL HOME LOAN BANK	07/09/07	02/15/11	Aaa	AAA	4.000	5.308	2,000,000.00	1,987,306.17	2,040,000.00	52,693.83	
FEDERAL HOME LOAN BANK	03/04/09	06/08/12	Aaa	AAA	4.375	2.110	1,700,000.00	1,768,565.21	1,804,397.00	35,831.79	
FEDERAL HOME LOAN BANK	04/15/10	10/15/13	Aaa	AAA	2.000	2.000	2,000,000.00	2,000,000.00	2,060,320.00	60,320.00	
FEDERAL HOME LOAN BANK	06/30/09	06/30/14	Aaa	AAA	2.000	3.733	2,000,000.00	2,000,000.00	2,034,070.00	34,070.00	SU 5%, Callable 6/30/11, once
FEDERAL HOME LOAN BANK	09/17/09	12/13/13	Aaa	AAA	3.125	2.440	2,000,000.00	2,043,528.95	2,133,440.00	89,911.05	
FEDERAL HOME LOAN BANK	01/15/10	10/30/12	Aaa	AAA	1.700	1.700	2,000,000.00	2,000,000.00	2,041,870.00	41,870.00	
FEDERAL HOME LOAN BANK	03/30/10	09/30/13	Aaa	AAA	2.000	2.000	2,000,000.00	2,000,000.00	2,022,810.00	22,810.00	Callable 3/30/11, once
FEDERAL HOME LOAN BANK	04/05/10	11/29/13	Aaa	AAA	2.000	2.000	2,000,000.00	2,000,000.00	2,059,690.00	59,690.00	
FEDERAL HOME LOAN BANK	06/29/10	10/29/12	Aaa	AAA	1.125	1.125	2,000,000.00	2,000,000.00	2,016,250.00	16,250.00	
FEDERAL HOME LOAN BANK	09/14/06	09/29/10	Aaa	AAA	5.125	5.070	1,000,000.00	1,000,074.94	1,007,655.00	7,580.06	
FEDERAL HOME LOAN BANK	05/23/08	06/10/11	Aaa	AAA	3.125	3.520	2,000,000.00	1,993,594.66	2,043,440.00	49,845.34	
FEDERAL HOME LOAN BANK	05/28/10	05/28/15	Aaa	AAA	2.000	2.653	2,000,000.00	2,000,000.00	2,049,370.00	49,370.00	SU 3.35%, Callable 11/28/12, once
FEDERAL HOME LOAN BANK	06/16/08	12/10/10	Aaa	AAA	3.250	3.800	2,000,000.00	1,996,259.87	2,021,570.00	25,310.13	

**CITY OF SANTA BARBARA**  
**Investment Portfolio**  
**July 31, 2010**

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 HOME LOAN BANK	09/17/09	09/13/13	Aaa	AAA	4.375	2.272	2,000,000.00	2,124,638.89	2,205,940.00	81,301.11	
FEDERAL HOME LOAN BANK	02/22/10	12/13/13	Aaa	AAA	3.125	2.130	2,000,000.00	2,063,985.82	2,133,440.00	69,454.18	
FEDERAL HOME LOAN BANK	03/26/10	06/08/12	Aaa	AAA	1.375	1.325	2,000,000.00	2,001,819.09	2,027,820.00	26,000.91	
FEDERAL HOME LOAN BANK	07/14/10	07/14/15	Aaa	AAA	2.000	2.336	2,000,000.00	2,000,000.00	2,023,130.00	23,130.00	SU 2.0% - 3.5% Call 7/14/11, then qtrly
FEDERAL HOME LOAN BANK	06/30/10	06/30/14	Aaa	AAA	1.125	2.277	2,000,000.00	2,000,000.00	2,015,630.00	15,630.00	SU 3% callable 12/30/2011, once
FEDERAL HOME LOAN MTG CORP	04/08/09	04/08/13	Aaa	AAA	2.500	2.526	2,000,000.00	1,999,313.89	2,027,700.00	28,386.11	Callable 4/08/11, once
FEDERAL HOME LOAN MTG CORP	05/19/09	11/19/12	Aaa	AAA	2.170	2.170	2,000,000.00	2,000,000.00	2,025,720.00	25,720.00	Callable 5/19/11, once
FEDERAL HOME LOAN MTG CORP	09/03/09	09/21/12	Aaa	AAA	2.125	1.699	2,000,000.00	2,017,672.13	2,059,690.00	42,017.87	
FEDERAL HOME LOAN MTG CORP	05/13/09	05/13/13	Aaa	AAA	2.400	2.400	2,000,000.00	2,000,000.00	2,030,160.00	30,160.00	Callable 5/13/11, once
FEDERAL HOME LOAN MTG CORP	10/28/09	10/28/14	Aaa	AAA	3.000	3.000	2,000,000.00	2,000,000.00	2,013,000.00	13,000.00	Callable 10/28/10, then qtrly
FEDERAL HOME LOAN MTG CORP	06/09/09	08/17/12	Aaa	AAA	1.000	2.420	2,000,000.00	1,944,428.15	2,007,420.00	62,991.85	
FEDERAL HOME LOAN MTG CORP	03/26/10	04/25/12	Aaa	AAA	1.125	1.197	1,000,000.00	998,767.00	1,009,280.00	10,513.00	
FEDERAL HOME LOAN MTG CORP	05/22/07	09/17/10	Aaa	AAA	3.880	5.015	2,000,000.00	1,997,353.94	2,009,040.00	11,686.06	
FEDERAL HOME LOAN MTG CORP	04/29/09	10/29/12	Aaa	AAA	2.250	2.250	2,000,000.00	2,000,000.00	2,008,940.00	8,940.00	Callable 10/29/10, once
FEDERAL HOME LOAN MTG CORP	06/30/10	06/30/15	Aaa	AAA	2.000	2.914	2,000,000.00	2,000,000.00	2,027,760.00	27,760.00	SU 2.0%-4.5%, Call 6/30/11, annual
FEDERAL NATL MORTGAGE ASSN	03/18/09	09/18/12	Aaa	AAA	2.500	2.500	2,000,000.00	2,000,000.00	2,026,880.00	26,880.00	Callable 3/18/11, once
FEDERAL NATL MORTGAGE ASSN	03/23/09	03/23/12	Aaa	AAA	2.000	2.491	2,000,000.00	2,000,000.00	2,003,760.00	3,760.00	SU 3%, Callable 9/23/10, once
FEDERAL NATL MORTGAGE ASSN	09/09/09	09/09/14	Aaa	AAA	3.250	3.250	2,000,000.00	2,000,000.00	2,006,260.00	6,260.00	Callable 9/09/10, once
FEDERAL NATL MORTGAGE ASSN	03/16/10	09/16/13	Aaa	AAA	2.100	2.130	2,000,000.00	1,999,500.00	2,003,760.00	4,260.00	Callable 9/16/10, once
FEDERAL NATL MORTGAGE ASSN	07/07/10	07/07/15	Aaa	AAA	2.350	2.350	2,000,000.00	2,000,000.00	2,021,250.00	21,250.00	Callable 7/7/2011, once
FEDERAL NATL MORTGAGE ASSN	04/15/10	07/15/13	Aaa	AAA	2.000	2.000	2,000,000.00	2,000,000.00	2,006,260.00	6,260.00	Callable 10/15/10, once
FEDERAL NATL MORTGAGE ASSN	05/24/10	06/24/13	Aaa	AAA	2.000	2.000	2,000,000.00	2,000,000.00	2,021,250.00	21,250.00	Callable 6/24/11, once
FEDERAL NATL MORTGAGE ASSN	02/27/09	02/24/12	Aaa	AAA	2.250	2.250	2,000,000.00	2,000,000.00	2,020,310.00	20,310.00	Callable 2/24/11, once
FEDERAL NATL MORTGAGE ASSN	03/09/10	03/09/15	Aaa	AAA	3.000	3.000	1,000,000.00	1,000,000.00	1,002,810.00	2,810.00	Callable 9/09/10, once
FEDERAL NATL MORTGAGE ASSN	05/19/10	05/19/15	Aaa	AAA	3.125	3.125	2,000,000.00	2,000,000.00	2,015,310.00	15,310.00	Callable 11/19/10, then qtrly
<b>Subtotal, Federal Agencies</b>							<b>98,700,000.00</b>	<b>98,949,329.68</b>	<b>100,684,302.00</b>	<b>1,734,972.32</b>	
<b>CORPORATE/MEDIUM TERM NOTES</b>											
GENERAL ELECTRIC CAPITAL CORP	01/10/07	02/22/11	Aa2	AA+	6.125	5.100	2,000,000.00	2,010,188.34	2,058,920.00	48,731.66	
WELLS FARGO & CO.	05/30/07	01/12/11	A1	AA-	4.875	5.260	2,000,000.00	1,996,886.34	2,036,820.00	39,933.66	
WELLS FARGO & CO.	10/10/06	08/09/10	A1	AA-	4.625	5.000	2,000,000.00	1,999,849.27	2,001,340.00	1,490.73	
<b>Subtotal, Corporate Securities</b>							<b>6,000,000.00</b>	<b>6,006,923.95</b>	<b>6,097,080.00</b>	<b>90,156.05</b>	
<b>SB AIRPORT PROMISSORY NOTE (LT)</b>											
SANTA BARBARA AIRPORT	07/14/09	06/30/29	-	-	7.000	7.000	6,124,299.81	6,124,299.81	6,124,299.81	0.00	
<b>Subtotal, SBA Note</b>							<b>6,124,299.81</b>	<b>6,124,299.81</b>	<b>6,124,299.81</b>	<b>0.00</b>	
<b>TOTALS</b>							<b>152,824,299.81</b>	<b>153,080,553.44</b>	<b>154,905,681.81</b>	<b>1,825,128.37</b>	

Market values have been obtained from the City's safekeeping agent, Santa Barbara Bank and Trust (SBB&T). SBB&T uses Interactive Data Pricing Service, Bloomberg and DTC.