



# CITY OF SANTA BARBARA

## COUNCIL AGENDA REPORT

**AGENDA DATE:** August 25, 2009  
**TO:** Mayor and Councilmembers  
**FROM:** Treasury Division, Finance Department  
**SUBJECT:** July 2009 Investment Report

**RECOMMENDATION:**

That Council accept the July 2009 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, 2009.

**ATTACHMENT:** July 2009 Investment Report  
**SUBMITTED BY:** Robert D. Peirson, Finance Director  
**APPROVED BY:** City Administrator's Office

**CITY OF SANTA BARBARA**  
**Activity and Interest Report**  
**July 31, 2009**

**INVESTMENT ACTIVITY**

**PURCHASES OR DEPOSITS**

07/01	LAIF Deposit/City	\$ 1,000,000
07/06	LAIF Deposit/City	1,000,000
07/08	LAIF Deposit/City	1,500,000
07/13	LAIF Deposit/City	1,000,000
07/16	Federal Home Loan Mortgage Corp. (FHLMC)	2,000,000
07/21	LAIF Deposit/City	2,000,000
07/22	LAIF Deposit/City	1,000,000
07/27	LAIF Deposit/City	1,000,000
07/30	Federal Home Loan Bank (FHLB)	2,000,000
	<b>Total</b>	<b>\$ 12,500,000</b>

**SALES, MATURITIES, CALLS OR WITHDRAWALS**

07/02	LAIF Withdrawal/City	\$ (2,000,000)
07/10	LAIF Withdrawal/City	(1,500,000)
07/14	Santa Barbara Airport Promissory Note - Principal Paydown	(500,000)
07/15	Federal Home Loan Bank (FHLB) Call	(2,000,000)
07/16	LAIF Withdrawal/City	(1,000,000)
07/20	LAIF Withdrawal/City	(3,000,000)
07/21	Federal Home Loan Bank (FHLB) Call	(2,000,000)
07/24	LAIF Withdrawal/City	(1,000,000)
07/30	LAIF Withdrawal/City	(5,500,000)
07/31	LAIF Withdrawal/City	(500,000)
	<b>Total</b>	<b>\$ (19,000,000)</b>

**ACTIVITY TOTAL**

**\$ (6,500,000)**

**INTEREST REVENUE**

**POOLED INVESTMENTS**

Interest Earned on Investments	\$ 383,521
Amortization	11,696
SBB&T Sweep Account Interest	178
<b>Total</b>	<b>\$ 395,396</b>

**RDA INVESTMENTS**

Interest Earned on Investments (LAIF)	<b>\$ 21,670</b>
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**TOTAL INTEREST EARNED**

**\$ 417,065**

**CITY OF SANTA BARBARA**  
**Summary of Cash and Investments**  
**July 31, 2009**

**ENDING BALANCE AS OF JUNE 30, 2009**

Description	Book Value	Yield to Maturity (365 days)	Percent of Portfolio	Average Days to Maturity
State of California LAIF	\$ 56,100,000	1.396%	33.18%	1
Certificates of Deposit	2,000,000	2.500%	1.18%	140
Federal Agency Issues - Coupon	90,945,659	3.634%	53.78%	812
Corporate/Medium Term Notes	12,253,595	4.878%	7.25%	347
SB Airport Promissory Note	7,800,000	6.500%	4.61%	13
Totals and Averages	<u>\$ 169,099,254</u>	<u>3.101%</u>	<u>100.00%</u>	<u>465</u>
SBB&T Money Market Account	5,245,369			
<b>Total Cash and Investments</b>	<b><u>\$ 174,344,622</u></b>			

**NET CASH AND INVESTMENT ACTIVITY FOR JULY 2009**                                **\$ (9,335,449)**

**ENDING BALANCE AS OF JULY 31, 2009**

Description	Book Value	Yield to Maturity (365 days)	Percent of Portfolio	Average Days to Maturity
State of California LAIF	\$ 50,100,000	1.040%	30.81%	1 (1)
Certificates of Deposit	2,000,000	2.500%	1.23%	109
Federal Agency Issues - Coupon	90,956,242	3.578%	55.93%	800
Corporate/Medium Term Notes	12,254,708	4.878%	7.54%	316
SB Airport Promissory Note	7,300,000	7.000%	4.49%	7,273
Totals and Averages	<u>\$ 162,610,950</u>	<u>3.034%</u>	<u>100.00%</u>	<u>799</u>
SBB&T Money Market Account	2,398,223			
<b>Total Cash and Investments</b>	<b><u>\$ 165,009,173</u></b>			

Note:

(1) The average life of the LAIF portfolio as of July 31, 2009 is 188 days.

**CITY OF SANTA BARBARA**  
**Investment Portfolio**  
**July 31, 2009**

DESCRIPTION	PURCHASE	MATURITY	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	-	-	-	-	1.040	1.040	26,000,000.00	26,000,000.00	26,000,000.00	0.00	
LOCAL AGENCY INV FUND/RDA	-	-	-	-	1.040	1.040	24,100,000.00	24,100,000.00	24,100,000.00	0.00	
<b>Subtotal, LAIF</b>							50,100,000.00	50,100,000.00	50,100,000.00	0.00	
<b>CERTIFICATES OF DEPOSIT</b>											
MONTECITO BANK & TRUST	11/18/08	11/18/09	-	-	2.500	2.500	2,000,000.00	2,000,000.00	2,000,000.00	0.00	
<b>Subtotal, Certificates of deposit</b>							2,000,000.00	2,000,000.00	2,000,000.00	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	2,006,849.63	2,028,130.00	21,280.37	
FEDERAL FARM CREDIT BANK	08/17/06	08/17/09	Aaa	AAA	5.125	5.150	2,000,000.00	1,999,979.56	2,003,760.00	3,780.44	
FEDERAL FARM CREDIT BANK	11/07/06	01/18/11	Aaa	AAA	5.750	5.000	2,000,000.00	2,019,524.46	2,142,190.00	122,665.54	
FEDERAL FARM CREDIT BANK	01/29/07	08/25/10	Aaa	AAA	4.750	5.111	2,000,000.00	1,993,018.72	2,086,570.00	93,551.28	
FEDERAL FARM CREDIT BANK	02/01/08	02/01/13	Aaa	AAA	3.790	3.790	2,000,000.00	2,000,000.00	2,026,880.00	26,880.00	Callable 2/01/10, then cont.
FEDERAL FARM CREDIT BANK	03/04/09	03/02/12	Aaa	AAA	2.370	2.370	2,000,000.00	2,000,000.00	2,011,570.00	11,570.00	Callable 3/02/10, then cont.
FEDERAL FARM CREDIT BANK	03/04/09	01/17/12	Aaa	AAA	2.000	2.000	2,000,000.00	2,000,000.00	2,021,250.00	21,250.00	
FEDERAL FARM CREDIT BANK	03/05/09	03/04/13	Aaa	AAA	2.600	2.600	2,000,000.00	2,000,000.00	2,021,250.00	21,250.00	
FEDERAL FARM CREDIT BANK	05/08/09	04/08/13	Aaa	AAA	2.200	2.200	2,000,000.00	2,000,000.00	1,988,750.00	(11,250.00)	
FEDERAL FARM CREDIT BANK	06/19/09	06/18/12	Aaa	AAA	2.125	2.125	2,000,000.00	2,000,000.00	2,013,130.00	13,130.00	
FEDERAL HOME LOAN BANK	10/25/06	02/12/10	Aaa	AAA	3.875	5.117	1,000,000.00	993,998.06	1,018,440.00	24,441.94	
FEDERAL HOME LOAN BANK	12/18/06	11/03/09	Aaa	AAA	3.500	4.834	2,000,000.00	1,993,697.78	2,015,620.00	21,922.22	
FEDERAL HOME LOAN BANK	05/22/07	06/10/11	Aaa	AAA	5.250	5.005	2,000,000.00	2,008,121.60	2,144,060.00	135,938.40	
FEDERAL HOME LOAN BANK	07/09/07	02/15/11	Aaa	AAA	4.000	5.308	2,000,000.00	1,963,750.62	2,093,750.00	129,999.38	
FEDERAL HOME LOAN BANK	07/09/07	03/12/10	Aaa	AAA	5.000	5.268	1,000,000.00	998,455.52	1,027,970.00	29,514.48	
FEDERAL HOME LOAN BANK	02/26/09	02/24/14	Aaa	AAA	3.250	3.261	2,000,000.00	1,999,432.96	2,001,250.00	1,817.04	Callable 2/24/10, then qtrly
FEDERAL HOME LOAN BANK	03/04/09	06/08/12	Aaa	AAA	4.375	2.110	1,700,000.00	1,805,571.93	1,811,299.00	5,727.07	
FEDERAL HOME LOAN BANK	06/30/09	06/30/14	Aaa	AAA	2.000	2.000	2,000,000.00	2,000,000.00	1,995,320.00	(4,680.00)	StrNt, Callable 6/30/11, once
FEDERAL HOME LOAN BANK	07/16/09	07/16/12	Aaa	AAA	2.200	2.200	2,000,000.00	2,000,000.00	1,995,010.00	(4,990.00)	Callable 10/16/09, once
FEDERAL HOME LOAN BANK	09/14/06	09/29/10	Aaa	AAA	5.125	5.070	1,000,000.00	1,000,540.10	1,049,375.00	48,834.90	
FEDERAL HOME LOAN BANK	05/23/08	06/10/11	Aaa	AAA	3.125	3.520	2,000,000.00	1,986,132.12	2,063,440.00	77,307.88	
FEDERAL HOME LOAN BANK	09/25/08	08/18/09	Aaa	AAA	3.750	3.231	2,000,000.00	2,000,476.84	2,003,120.00	2,643.16	
FEDERAL HOME LOAN BANK	10/18/06	09/11/09	Aaa	AAA	5.250	5.060	1,000,000.00	1,000,188.30	1,005,000.00	4,811.70	
FEDERAL HOME LOAN BANK	11/07/06	10/26/09	Aaa	AAA	5.000	5.000	2,345,000.00	2,344,996.27	2,370,654.30	25,658.03	
FEDERAL HOME LOAN BANK	11/08/06	07/30/10	Aaa	AAA	5.000	5.010	2,000,000.00	1,999,775.29	2,086,570.00	86,794.71	
FEDERAL HOME LOAN BANK	12/18/06	06/22/10	Aaa	AAA	4.500	4.825	2,000,000.00	1,994,722.80	2,069,690.00	74,967.20	
FEDERAL HOME LOAN BANK	06/18/07	03/12/10	Aaa	AAA	4.875	5.382	2,000,000.00	1,994,250.41	2,054,070.00	59,819.59	
FEDERAL HOME LOAN BANK	06/16/08	12/10/10	Aaa	AAA	3.250	3.800	2,000,000.00	1,985,822.28	2,064,380.00	78,557.72	

**CITY OF SANTA BARBARA**  
**Investment Portfolio**  
**July 31, 2009**

DESCRIPTION	PURCHASE	MATURITY	QUALITY RATING		STATED	YIELD AT	FACE	BOOK	MARKET	BOOK	COMMENTS
	DATE	DATE	MOODY'S	S & P							
FEDERAL HOME LOAN BANK	09/25/08	09/25/09	Aaa	AAA	3.250	3.250	2,000,000.00	2,000,000.00	2,008,760.00	8,760.00	
FEDERAL HOME LOAN MTG CORP	04/08/09	04/08/13	Aaa	AAA	2.500	2.526	2,000,000.00	1,998,313.89	1,996,960.00	(1,353.89)	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	1,999,680.00	(320.00)	Callable 5/19/11, once
FEDERAL HOME LOAN MTG CORP	03/24/09	03/24/14	Aaa	AAA	3.500	3.500	2,000,000.00	2,000,000.00	1,995,940.00	(4,060.00)	Callable quarterly
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	1,999,600.00	(400.00)	Callable 5/13/11, once
FEDERAL HOME LOAN MTG CORP	09/14/06	09/01/09	Aaa	AAA	4.125	5.070	1,000,000.00	999,276.57	1,002,800.00	3,523.43	
FEDERAL HOME LOAN MTG CORP	05/29/07	07/06/10	Aaa	AAA	4.500	5.070	2,000,000.00	1,990,264.91	2,069,600.00	79,335.09	
FEDERAL HOME LOAN MTG CORP	10/15/07	10/15/12	Aaa	AAA	5.050	5.050	2,000,000.00	2,000,000.00	2,018,180.00	18,180.00	Callable 10/15/09, once
FEDERAL HOME LOAN MTG CORP	07/30/09	01/30/13	Aaa	AAA	2.350	2.350	2,000,000.00	2,000,000.00	1,990,580.00	(9,420.00)	Callable 7/30/10, once
FEDERAL HOME LOAN MTG CORP	06/09/09	08/17/12	Aaa	AAA	1.000	2.420	2,000,000.00	1,917,246.27	1,943,200.00	25,953.73	
FEDERAL HOME LOAN MTG CORP	01/29/07	01/25/10	Aaa	AAA	4.375	5.122	2,000,000.00	1,993,382.83	2,037,500.00	44,117.17	
FEDERAL HOME LOAN MTG CORP	05/22/07	09/17/10	Aaa	AAA	3.880	5.015	2,000,000.00	1,976,645.66	2,068,940.00	92,294.34	
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	2,007,180.00	7,180.00	Callable 10/29/10, once
FEDERAL NATL MORTGAGE ASSN	03/18/09	09/18/12	Aaa	AAA	2.500	2.500	2,000,000.00	2,000,000.00	2,025,630.00	25,630.00	Callable 3/18/11, once
FEDERAL NATL MORTGAGE ASSN	03/23/09	03/23/12	Aaa	AAA	2.000	2.000	2,000,000.00	2,000,000.00	2,010,000.00	10,000.00	StrNt, Callable 9/23/10, once
FEDERAL NATL MORTGAGE ASSN	05/04/09	05/04/12	Aaa	AAA	2.150	2.185	2,000,000.00	1,998,483.33	2,000,630.00	2,146.67	Callable 5/04/10, once
FEDERAL NATL MORTGAGE ASSN	04/27/06	04/20/10	Aaa	AAA	4.750	5.270	2,000,000.00	1,993,323.48	2,059,070.00	65,746.52	
FEDERAL NATL MORTGAGE ASSN	02/27/09	02/24/12	Aaa	AAA	2.250	2.250	2,000,000.00	2,000,000.00	2,018,130.00	18,130.00	Callable 2/24/11, once
FEDERAL NATL MORTGAGE ASSN	05/20/09	11/20/12	Aaa	AAA	2.250	2.250	2,000,000.00	2,000,000.00	1,992,820.00	(7,180.00)	Callable 5/20/10, once
FEDERAL NATL MORTGAGE ASSN	03/05/08	03/05/13	Aaa	AAA	4.100	4.100	2,000,000.00	2,000,000.00	2,041,570.00	41,570.00	Callable 3/05/10, once
<b>Subtotal, Federal Agencies</b>							<u>91,045,000.00</u>	<u>90,956,242.19</u>	<u>92,499,268.30</u>	<u>1,543,026.11</u>	
<b>CORPORATE/MEDIUM TERM NOTES</b>											
BERKSHIRE HATHAWAY FIN	01/15/08	01/15/10	Aa2	AAA	4.125	3.630	2,250,000.00	2,254,848.25	2,287,552.50	32,704.25	
GENERAL ELECTRIC CAPITAL CORP	01/10/07	02/22/11	Aa2	AA+	6.125	5.100	2,000,000.00	2,028,436.11	2,104,460.00	76,023.89	
GENERAL ELECTRIC CAPITAL CORP	08/15/06	09/15/09	Aa2	AA+	4.625	5.300	2,000,000.00	1,998,492.90	2,008,220.00	9,727.10	
TOYOTA MOTOR CREDIT	10/19/06	03/15/10	Aa1	AA	4.250	5.140	2,000,000.00	1,989,940.10	2,036,080.00	46,139.90	
WELLS FARGO & CO.	05/30/07	01/12/11	A1	AA-	4.875	5.260	2,000,000.00	1,989,924.13	2,074,120.00	84,195.87	
WELLS FARGO & CO.	10/10/06	08/09/10	A1	AA-	4.625	5.000	2,000,000.00	1,993,066.65	2,053,560.00	60,493.35	
<b>Subtotal, Corporate Securities</b>							<u>12,250,000.00</u>	<u>12,254,708.14</u>	<u>12,563,992.50</u>	<u>309,284.36</u>	
<b>SB AIRPORT PROMISSORY NOTE (LT)</b>											
SANTA BARBARA AIRPORT	07/14/09	06/30/29	-	-	7.000	7.000	7,300,000.00	7,300,000.00	7,300,000.00	0.00	
<b>Subtotal, SBA Note</b>							<u>7,300,000.00</u>	<u>7,300,000.00</u>	<u>7,300,000.00</u>	<u>0.00</u>	
<b>TOTALS</b>							<u>162,695,000.00</u>	<u>162,610,950.33</u>	<u>164,463,260.80</u>	<u>1,852,310.47</u>	

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.