



# CITY OF SANTA BARBARA

## COUNCIL AGENDA REPORT

**AGENDA DATE:** September 25, 2012  
**TO:** Mayor and Councilmembers  
**FROM:** Treasury Division, Finance Department  
**SUBJECT:** August 2012 Investment Report

**RECOMMENDATION:**

That Council accept the August 2012 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, 2012.

**ATTACHMENT:** August 2012 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**  
**August 31, 2012**

**INVESTMENT ACTIVITY**

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**PURCHASES OR DEPOSITS**

8/15 Federal Farm Credit Bank (FFCB)	\$ 2,000,000
8/16 LAIF Deposit - City	1,000,000
8/21 LAIF Deposit - City	2,000,000
8/28 Federal Home Loan Mortgage Corp (FHLMC)	2,000,000
8/28 Federal National Mortgage Association (FNMA)	2,000,000
8/31 Santa Barbara Bank & Trust CD (SBBTCD)	2,000,000
8/31 Santa Barbara Bank & Trust CD (SBBTCD)	4,000,000
<b>Total</b>	<b>\$ 15,000,000</b>

**SALES, MATURITIES, CALLS OR WITHDRAWALS**

8/8 LAIF Withdrawal - City	\$ (1,000,000)
8/10 Federal National Mortgage Association (FNMA) - Call	(2,000,000)
8/17 Federal Home Loan Mortgage Corp (FHLMC) - Maturity	(2,000,000)
8/27 LAIF Withdrawal - City	(4,000,000)
8/31 LAIF Withdrawal - City	(6,000,000)
<b>Total</b>	<b>\$ (15,000,000)</b>

**ACTIVITY TOTAL**

**\$ -**

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**INVESTMENT INCOME**

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**POOLED INVESTMENTS**

Interest Earned on Investments	\$ 199,659
Amortization	(12,931)
Interest on SBB&T Accounts	423
<b>Total</b>	<b>\$ 187,150</b>

**REDEVELOPMENT SUCCESSOR AGENCY INVESTMENTS**

Interest Earned on Investments (LAIF)	<b>\$ 2,145</b>
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**INCOME TOTAL**

**\$ 189,295**

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**CITY OF SANTA BARBARA**  
**Summary of Cash and Investments**  
**August 31, 2012**

**ENDING BALANCE AS OF JULY 31, 2012**

Description	Book Value	Yield to Maturity (365 days)	Percent of Portfolio	Average Days to Maturity
State of California LAIF	\$ 50,700,000	0.360%	31.25%	1 (1)
Certificates of Deposit	2,000,000	0.800%	1.23%	474
Federal Agency Issues - Coupon	93,687,237	1.634%	57.75%	1,075
Corporate/Medium Term Notes	<u>10,056,491</u>	<u>1.949%</u>	<u>6.20%</u>	<u>1,132</u>
	156,443,728	1.231%	96.43%	723
SB Airport Promissory Note	<u>5,789,184</u>	<u>7.000%</u>	<u>3.57%</u>	<u>6,177</u>
Totals and Averages	<u>\$ 162,232,913</u>	<u>1.436%</u>	<u>100.00%</u>	<u>918</u>
SBB&T Money Market Account	2,869,074			
<b>Total Cash and Investments</b>	<b><u>\$ 165,101,987</u></b>			

**NET CASH AND INVESTMENT ACTIVITY FOR AUGUST 2012**                     **\$ 1,894,129**

**ENDING BALANCE AS OF AUGUST 31, 2012**

Description	Book Value	Yield to Maturity (365 days)	Percent of Portfolio	Average Days to Maturity
State of California LAIF	\$ 42,700,000	0.377%	26.32%	1 (1)
Certificates of Deposit	8,000,000	1.267%	4.93%	1,297
Federal Agency Issues - Coupon	95,675,660	1.572%	58.98%	1,114
Corporate/Medium Term Notes	<u>10,055,137</u>	<u>1.949%</u>	<u>6.20%</u>	<u>1,101</u>
	156,430,797	1.254%	96.43%	819
SB Airport Promissory Note	<u>5,789,184</u>	<u>7.000%</u>	<u>3.57%</u>	<u>6,146</u>
Totals and Averages	<u>\$ 162,219,981</u>	<u>1.460%</u>	<u>100.00%</u>	<u>1,009</u>
SBB&T Money Market Account	4,776,134			
<b>Total Cash and Investments</b>	<b><u>\$ 166,996,116</u></b>			

Note:

(1) The average life of the LAIF portfolio as of August 31, 2012 is 257 days.

**CITY OF SANTA BARBARA**

**Investment Portfolio**

**August 31, 2012**

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	-	-	-	-	0.377	0.377	36,000,000.00	36,000,000.00	36,000,000.00	0.00	
LOCAL AGENCY INV FUND/RDAS	-	-	-	-	0.377	0.377	6,700,000.00	6,700,000.00	6,700,000.00	0.00	
<b>Subtotal, LAIF</b>							<b>42,700,000.00</b>	<b>42,700,000.00</b>	<b>42,700,000.00</b>	<b>0.00</b>	
<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	
SANTA BARBARA BANK & TRUST	08/31/12	08/31/15	-	-	1.230	1.247	2,000,000.00	2,000,000.00	2,000,000.00	0.00	
SANTA BARBARA BANK & TRUST	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>							<b>8,000,000.00</b>	<b>8,000,000.00</b>	<b>8,000,000.00</b>	<b>0.00</b>	
<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	2,032,740.00	32,740.00	
FEDERAL FARM CREDIT BANK	03/01/12	03/01/17	Aaa	AA+	1.260	1.260	2,000,000.00	2,000,000.00	2,009,200.00	9,200.00	Callable 03/01/13, then cont.
FEDERAL FARM CREDIT BANK	08/15/12	08/15/17	Aaa	AA+	0.980	0.980	2,000,000.00	2,000,000.00	2,008,640.00	8,640.00	Callable 08/15/13, then cont.
FEDERAL FARM CREDIT BANK	03/05/09	03/04/13	Aaa	AA+	2.600	2.600	2,000,000.00	2,000,000.00	2,024,520.00	24,520.00	
FEDERAL FARM CREDIT BANK	05/08/09	04/08/13	Aaa	AA+	2.200	2.200	2,000,000.00	2,000,000.00	2,024,060.00	24,060.00	
FEDERAL FARM CREDIT BANK	02/16/11	02/16/16	Aaa	AA+	2.570	2.570	2,000,000.00	2,000,000.00	2,143,160.00	143,160.00	
FEDERAL HOME LOAN BANK	04/15/10	10/15/13	Aaa	AA+	2.000	2.000	2,000,000.00	2,000,000.00	2,040,160.00	40,160.00	
FEDERAL HOME LOAN BANK	08/05/10	09/12/14	Aaa	AA+	1.375	1.375	2,000,000.00	2,000,000.00	2,044,560.00	44,560.00	
FEDERAL HOME LOAN BANK	09/17/09	12/13/13	Aaa	AA+	3.125	2.440	2,000,000.00	2,016,592.72	2,074,260.00	57,667.28	
FEDERAL HOME LOAN BANK	01/15/10	10/30/12	Aaa	AA+	1.700	1.700	2,000,000.00	2,000,000.00	2,004,920.00	4,920.00	
FEDERAL HOME LOAN BANK	04/05/10	11/29/13	Aaa	AA+	2.000	2.000	2,000,000.00	2,000,000.00	2,044,320.00	44,320.00	
FEDERAL HOME LOAN BANK	06/29/10	10/29/12	Aaa	AA+	1.125	1.125	2,000,000.00	2,000,000.00	2,003,080.00	3,080.00	
FEDERAL HOME LOAN BANK	05/28/10	05/28/15	Aaa	AA+	2.000	2.653	2,000,000.00	2,000,000.00	2,007,880.00	7,880.00	SU 3.35%, Callable 11/28/12, once
FEDERAL HOME LOAN BANK	09/26/11	08/28/13	Aaa	AA+	1.000	0.381	1,000,000.00	1,006,113.37	1,008,050.00	1,936.63	
FEDERAL HOME LOAN BANK	09/17/09	09/13/13	Aaa	AA+	4.375	2.272	2,000,000.00	2,041,324.12	2,085,720.00	44,395.88	
FEDERAL HOME LOAN BANK	02/22/10	12/13/13	Aaa	AA+	3.125	2.130	2,000,000.00	2,024,390.63	2,074,260.00	49,869.37	
FEDERAL HOME LOAN BANK	02/09/11	01/29/15	Aaa	AA+	1.750	1.750	2,000,000.00	2,000,000.00	2,068,260.00	68,260.00	
FEDERAL HOME LOAN BANK	04/15/11	05/27/15	Aaa	AA+	2.000	2.000	2,000,000.00	2,000,000.00	2,089,120.00	89,120.00	
FEDERAL HOME LOAN BANK	09/26/11	10/30/13	Aaa	AA+	2.000	0.400	1,500,000.00	1,527,790.70	1,531,185.00	3,394.30	
FEDERAL HOME LOAN MTG CORP	03/28/12	03/28/17	Aaa	AA+	1.210	1.210	2,000,000.00	2,000,000.00	2,007,260.00	7,260.00	Callable 03/28/13, once
FEDERAL HOME LOAN MTG CORP	09/03/09	09/21/12	Aaa	AA+	2.125	1.699	2,000,000.00	2,000,459.02	2,001,900.00	1,440.98	
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	2,033,140.00	33,140.00	
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	2,035,120.00	35,120.00	Callable 03/28/14, once
FEDERAL HOME LOAN MTG CORP	09/28/11	09/28/16	Aaa	AA+	1.400	1.400	2,000,000.00	2,000,000.00	2,001,580.00	1,580.00	Callable 09/28/12, 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	2,027,020.00	27,020.00	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	1,998,220.74	2,007,560.00	9,339.26	
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	2,012,000.00	12,000.00	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	2,009,320.00	9,320.00	Callable 07/24/13, then qtrly

**CITY OF SANTA BARBARA**

**Investment Portfolio**

**August 31, 2012**

DESCRIPTION	PURCHASE	MATURITY	QUALITY RATING		STATED	YIELD AT	FACE	BOOK	MARKET	BOOK	COMMENTS
	DATE	DATE	MOODY'S	S & P							
FEDERAL HOME LOAN MTG CORP	05/24/12	05/24/17	Aaa	AA+	1.200	1.200	2,000,000.00	2,000,000.00	2,008,080.00	8,080.00	Callable 05/24/13, then qtrly
FEDERAL HOME LOAN MTG CORP	08/28/12	08/28/17	Aaa	AA+	1.030	1.030	2,000,000.00	2,000,000.00	2,005,180.00	5,180.00	Callable 02/28/13, then qtrly
FEDERAL HOME LOAN MTG CORP	02/11/11	04/02/14	Aaa	AA+	4.500	1.615	2,000,000.00	2,088,855.88	2,130,800.00	41,944.12	
FEDERAL HOME LOAN MTG CORP	06/07/12	06/07/17	Aaa	AA+	1.300	1.300	2,000,000.00	2,000,000.00	2,011,560.00	11,560.00	Callable 06/07/13, then qtrly
FEDERAL NATL MORTGAGE ASSN	09/28/11	09/28/16	Aaa	AA+	1.000	1.401	1,000,000.00	999,962.50	1,000,540.00	577.50	SU 1%-3%, Call 09/28/12, then qtrly
FEDERAL NATL MORTGAGE ASSN	11/09/11	11/09/16	Aaa	AA+	1.500	1.807	2,000,000.00	1,999,905.56	2,005,260.00	5,354.44	SU 1.5%-3.5%, Call 11/09/12, then qtrly
FEDERAL NATL MORTGAGE ASSN	12/28/11	12/28/16	Aaa	AA+	1.125	1.641	2,000,000.00	2,000,000.00	2,005,360.00	5,360.00	SU 2% Callable 12/28/12, then qtrly
FEDERAL NATL MORTGAGE ASSN	10/28/11	10/28/16	Aaa	AA+	1.500	1.521	2,000,000.00	1,998,841.67	2,028,260.00	29,418.33	Callable 10/28/13, once
FEDERAL NATL MORTGAGE ASSN	01/25/12	01/25/17	Aaa	AA+	1.000	1.256	2,000,000.00	1,999,600.00	2,007,640.00	8,040.00	SU 1.5%, Callable 01/25/13, 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	2,044,120.00	44,120.00	
FEDERAL NATL MORTGAGE ASSN	06/27/11	06/27/16	Aaa	AA+	2.000	2.000	2,000,000.00	2,000,000.00	2,022,600.00	22,600.00	Callable 06/27/13, once
FEDERAL NATL MORTGAGE ASSN	08/28/12	08/28/17	Aaa	AA+	1.150	1.150	2,000,000.00	2,000,000.00	2,012,060.00	12,060.00	Callable 08/28/13, then qtrly
FEDERAL NATL MORTGAGE ASSN	04/12/12	04/12/17	Aaa	AA+	1.400	1.400	2,000,000.00	2,000,000.00	2,014,280.00	14,280.00	Callable 04/12/13, then qtrly
FEDERAL NATL MORTGAGE ASSN	12/28/11	12/28/16	Aaa	AA+	1.625	1.625	2,000,000.00	2,000,000.00	2,008,840.00	8,840.00	Callable 12/28/12, once
FEDERAL NATL MORTGAGE ASSN	03/28/12	03/28/17	Aaa	AA+	1.125	1.332	2,000,000.00	2,000,000.00	2,012,020.00	12,020.00	SU 1.125%-2.25%, Call 03/28/13, 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	2,098,320.00	98,320.00	
FEDERAL NATL MORTGAGE ASSN	12/10/10	10/26/15	Aaa	AA+	1.625	2.067	2,000,000.00	1,973,602.85	2,082,540.00	108,937.15	
FEDERAL NATL MORTGAGE ASSN	04/18/11	04/18/16	Aaa	AA+	2.500	2.500	2,000,000.00	2,000,000.00	2,026,320.00	26,320.00	Callable 04/18/13, once
FEDERAL NATL MORTGAGE ASSN	01/30/12	01/30/17	Aaa	AA+	1.300	1.300	2,000,000.00	2,000,000.00	2,009,480.00	9,480.00	Callable 01/30/13, then qtrly
FEDERAL NATL MORTGAGE ASSN	04/24/12	04/24/17	Aaa	AA+	1.500	1.500	2,000,000.00	2,000,000.00	2,003,740.00	3,740.00	Callable 10/24/12, then qtrly
FEDERAL NATL MORTGAGE ASSN	06/01/12	05/29/15	Aaa	AA+	0.650	0.650	2,000,000.00	2,000,000.00	2,003,520.00	3,520.00	Callable 05/29/13, once
<b>Subtotal, Federal Agencies</b>							<b>95,500,000.00</b>	<b>95,675,659.76</b>	<b>96,993,515.00</b>	<b>1,317,855.24</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	1,995,066.67	2,106,920.00	111,853.33	
GENERAL ELECTRIC CAPITAL CORP	11/10/10	11/09/15	A1	AA+	2.250	2.250	2,000,000.00	2,000,000.00	2,068,820.00	68,820.00	
GENERAL ELECTRIC CAPITAL CORP	01/07/11	01/07/14	A1	AA+	2.100	2.100	2,000,000.00	2,000,000.00	2,039,640.00	39,640.00	
PROCTOR & GAMBLE	09/20/11	11/15/15	Aa3	AA-	1.800	1.085	2,000,000.00	2,044,693.38	2,072,980.00	28,286.62	
TOYOTA MOTOR CREDIT	09/26/11	09/15/16	Aa3	AA-	2.000	1.800	2,000,000.00	2,015,377.13	2,083,860.00	68,482.87	
<b>Subtotal, Corporate Securities</b>							<b>10,000,000.00</b>	<b>10,055,137.18</b>	<b>10,372,220.00</b>	<b>317,082.82</b>	
<b>SB AIRPORT PROMISSORY NOTE (LT)</b>											
SANTA BARBARA AIRPORT	07/14/09	06/30/29	-	-	7.000	7.000	5,789,184.34	5,789,184.34	5,789,184.34	0.00	
<b>Subtotal, SBA Note</b>							<b>5,789,184.34</b>	<b>5,789,184.34</b>	<b>5,789,184.34</b>	<b>0.00</b>	
<b>TOTALS</b>							<b>161,989,184.34</b>	<b>162,219,981.28</b>	<b>163,854,919.34</b>	<b>1,634,938.06</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.