



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: November 20, 2012
TO: Mayor and Councilmembers
FROM: Treasury Division, Finance Department
SUBJECT: October 2012 Investment Report

RECOMMENDATION:

That Council accept the October 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 October 31, 2012.

ATTACHMENT: October 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
October 31, 2012

INVESTMENT ACTIVITY

PURCHASES OR DEPOSITS

10/1 LAIF Deposit - City	\$ 4,500,000
10/5 LAIF Deposit - City	1,500,000
10/11 LAIF Deposit - City	2,500,000
10/25 United States Treasury Note (USTN)	2,000,000
10/25 United States Treasury Note (USTN)	2,000,000
10/30 LAIF Deposit - City	4,500,000
Total	\$ 17,000,000

SALES, MATURITIES, CALLS OR WITHDRAWALS

10/3 LAIF Withdrawal - City	\$ (3,500,000)
10/9 LAIF Withdrawal - City	(2,000,000)
10/24 LAIF Withdrawal - City	(2,000,000)
10/24 Federal National Mortgage Association (FNMA) - Call	(2,000,000)
10/29 Federal Home Loan Bank (FHLB) - Maturity	(2,000,000)
10/30 Federal Home Loan Bank (FHLB) - Maturity	(2,000,000)
Total	\$ (13,500,000)

ACTIVITY TOTAL

\$ 3,500,000

INVESTMENT INCOME

POOLED INVESTMENTS

Interest Earned on Investments	\$ 201,041
Amortization	(13,895)
Interest on SBB&T Accounts	305
Total	\$ 187,451

REDEVELOPMENT SUCCESSOR AGENCY INVESTMENTS

Interest Earned on Investments (LAIF)	\$ 1,737
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INCOME TOTAL

\$ 189,188

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

ENDING BALANCE AS OF SEPTEMBER 30, 2012

<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	\$ 41,200,000	0.360%	25.80%	1
Certificates of Deposit	8,000,000	1.267%	5.01%	1,267
Federal Agency Issues - Coupon	94,663,035	1.551%	59.27%	1,126
Corporate/Medium Term Notes	<u>10,053,783</u>	<u>1.949%</u>	<u>6.30%</u>	<u>1,071</u>
	153,916,818	1.243%	96.38%	829
SB Airport Promissory Note	<u>5,789,184</u>	<u>7.000%</u>	<u>3.62%</u>	<u>6,116</u>
Totals and Averages	<u>\$ 159,706,002</u>	<u>1.452%</u>	<u>100.00%</u>	<u>1,020</u>
SBB&T Money Market Account	5,719,763			
Total Cash and Investments	<u>\$ 165,425,765</u>			

NET CASH AND INVESTMENT ACTIVITY FOR OCTOBER 2012 **\$ 5,422,944**

ENDING BALANCE AS OF OCTOBER 31, 2012

<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	\$ 46,700,000	0.340%	28.61%	1 (1)
Certificates of Deposit	8,000,000	1.267%	4.90%	1,236
Treasury Securities - Coupon	4,052,319	0.370%	2.48%	980
Federal Agency Issues - Coupon	88,650,832	1.558%	54.31%	1,132
Corporate/Medium Term Notes	<u>10,052,429</u>	<u>1.949%</u>	<u>6.16%</u>	<u>1,040</u>
	157,455,579	1.176%	96.45%	792
SB Airport Promissory Note	<u>5,789,184</u>	<u>7.000%</u>	<u>3.55%</u>	<u>6,085</u>
Totals and Averages	<u>\$ 163,244,764</u>	<u>1.383%</u>	<u>100.00%</u>	<u>980</u>
SBB&T Money Market Account	7,603,945			
Total Cash and Investments	<u>\$ 170,848,709</u>			

(1) The average life of the LAIF portfolio as of October 31, 2012 is 229 days.

CITY OF SANTA BARBARA

Investment Portfolio

October 31, 2012

DESCRIPTION	PURCHASE	MATURITY	QUALITY RATING		STATED	YIELD AT	FACE	BOOK	MARKET	BOOK	COMMENTS
	DATE	DATE	MOODY'S	S & P							
LOCAL AGENCY INVESTMENT FUNDS											
LOCAL AGENCY INVESTMENT FUND	-	-	-	-	0.340	0.340	40,000,000.00	40,000,000.00	40,000,000.00	0.00	
LOCAL AGENCY INV FUND/RDAS	-	-	-	-	0.340	0.340	6,700,000.00	6,700,000.00	6,700,000.00	0.00	
Subtotal, LAIF							<u>46,700,000.00</u>	<u>46,700,000.00</u>	<u>46,700,000.00</u>	<u>0.00</u>	
CERTIFICATES OF DEPOSIT											
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	
Subtotal, Certificates of deposit							<u>8,000,000.00</u>	<u>8,000,000.00</u>	<u>8,000,000.00</u>	<u>0.00</u>	
TREASURY SECURITIES - COUPON											
U S TREASURY NOTE	10/25/12	10/31/15	Aaa	AA+	1.250	0.397	2,000,000.00	2,050,768.90	2,051,720.00	951.10	
U S TREASURY NOTE	10/25/12	03/15/15	Aaa	AA+	0.375	0.342	2,000,000.00	2,001,549.94	2,002,360.00	810.06	
Subtotal, Federal Agencies							<u>4,000,000.00</u>	<u>4,052,318.84</u>	<u>4,054,080.00</u>	<u>1,761.16</u>	
FEDERAL AGENCY ISSUES - COUPON											
FEDERAL FARM CREDIT BANK	02/10/11	02/10/14	Aaa	AA+	1.375	1.375	2,000,000.00	2,000,000.00	2,028,900.00	28,900.00	
FEDERAL FARM CREDIT BANK	03/01/12	03/01/17	Aaa	AA+	1.260	1.260	2,000,000.00	2,000,000.00	2,006,320.00	6,320.00	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	2,005,940.00	5,940.00	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	2,016,840.00	16,840.00	
FEDERAL FARM CREDIT BANK	05/08/09	04/08/13	Aaa	AA+	2.200	2.200	2,000,000.00	2,000,000.00	2,017,960.00	17,960.00	
FEDERAL FARM CREDIT BANK	02/16/11	02/16/16	Aaa	AA+	2.570	2.570	2,000,000.00	2,000,000.00	2,136,660.00	136,660.00	
FEDERAL FARM CREDIT BANK	09/13/12	09/13/17	Aaa	AA+	1.020	1.020	2,000,000.00	2,000,000.00	1,998,960.00	(1,040.00)	Callable 12/13/12, then cont.
FEDERAL HOME LOAN BANK	04/15/10	10/15/13	Aaa	AA+	2.000	2.000	2,000,000.00	2,000,000.00	2,034,560.00	34,560.00	
FEDERAL HOME LOAN BANK	08/05/10	09/12/14	Aaa	AA+	1.375	1.375	2,000,000.00	2,000,000.00	2,039,780.00	39,780.00	
FEDERAL HOME LOAN BANK	09/17/09	12/13/13	Aaa	AA+	3.125	2.440	2,000,000.00	2,014,437.82	2,064,920.00	50,482.18	
FEDERAL HOME LOAN BANK	04/05/10	11/29/13	Aaa	AA+	2.000	2.000	2,000,000.00	2,000,000.00	2,038,580.00	38,580.00	
FEDERAL HOME LOAN BANK	05/28/10	05/28/15	Aaa	AA+	2.000	2.653	2,000,000.00	2,000,000.00	2,002,620.00	2,620.00	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	1,005,085.91	1,006,750.00	1,664.09	
FEDERAL HOME LOAN BANK	09/17/09	09/13/13	Aaa	AA+	4.375	2.272	2,000,000.00	2,034,658.94	2,072,540.00	37,881.06	
FEDERAL HOME LOAN BANK	02/22/10	12/13/13	Aaa	AA+	3.125	2.130	2,000,000.00	2,021,223.02	2,064,920.00	43,696.98	
FEDERAL HOME LOAN BANK	02/09/11	01/29/15	Aaa	AA+	1.750	1.750	2,000,000.00	2,000,000.00	2,063,020.00	63,020.00	
FEDERAL HOME LOAN BANK	04/15/11	05/27/15	Aaa	AA+	2.000	2.000	2,000,000.00	2,000,000.00	2,083,080.00	83,080.00	
FEDERAL HOME LOAN BANK	09/26/11	10/30/13	Aaa	AA+	2.000	0.400	1,500,000.00	1,523,811.13	1,526,970.00	3,158.87	
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	2,005,100.00	5,100.00	Callable 03/28/13, once
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	2,028,900.00	28,900.00	
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	2,030,400.00	30,400.00	Callable 03/28/14, 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	2,023,020.00	23,020.00	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	1,998,333.59	2,006,560.00	8,226.41	

CITY OF SANTA BARBARA

Investment Portfolio

October 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	06/12/12	06/12/17	Aaa	AA+	1.250	1.250	2,000,000.00	2,000,000.00	2,019,520.00	19,520.00	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	2,007,200.00	7,200.00	Callable 07/24/13, then qtrly
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	2,006,020.00	6,020.00	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	2,003,980.00	3,980.00	Callable 02/28/13, 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	1,999,900.00	(100.00)	Callable 09/12/13, then qtrly
FEDERAL HOME LOAN MTG CORP	02/11/11	04/02/14	Aaa	AA+	4.500	1.615	2,000,000.00	2,079,519.01	2,116,860.00	37,340.99	
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	2,008,960.00	8,960.00	Callable 06/07/13, then qtrly
FEDERAL NATL MORTGAGE ASSN	11/09/11	11/09/16	Aaa	AA+	1.500	1.807	2,000,000.00	1,999,988.89	2,007,960.00	7,971.11	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	2,002,860.00	2,860.00	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	1,999,008.33	2,024,020.00	25,011.67	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	1,999,766.67	2,004,820.00	5,053.33	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	2,039,940.00	39,940.00	
FEDERAL NATL MORTGAGE ASSN	06/27/11	06/27/16	Aaa	AA+	2.000	2.000	2,000,000.00	2,000,000.00	2,018,060.00	18,060.00	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	2,010,700.00	10,700.00	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	2,010,900.00	10,900.00	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	2,004,600.00	4,600.00	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	2,009,200.00	9,200.00	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	2,091,140.00	91,140.00	
FEDERAL NATL MORTGAGE ASSN	12/10/10	10/26/15	Aaa	AA+	1.625	2.067	2,000,000.00	1,974,998.29	2,071,260.00	96,261.71	
FEDERAL NATL MORTGAGE ASSN	04/18/11	04/18/16	Aaa	AA+	2.500	2.500	2,000,000.00	2,000,000.00	2,019,760.00	19,760.00	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	2,005,940.00	5,940.00	Callable 01/30/13, 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	2,002,940.00	2,940.00	Callable 05/29/13, once
Subtotal, Federal Agencies							<u>88,500,000.00</u>	<u>88,650,831.60</u>	<u>89,789,840.00</u>	<u>1,139,008.40</u>	
CORPORATE/MEDIUM TERM NOTES											
BERKSHIRE HATHAWAY FIN	12/15/10	12/15/15	Aa2	AA+	2.450	2.530	2,000,000.00	1,995,316.67	2,105,620.00	110,303.33	
GENERAL ELECTRIC CAPITAL CORP	11/10/10	11/09/15	A1	AA+	2.250	2.250	2,000,000.00	2,000,000.00	2,070,340.00	70,340.00	
GENERAL ELECTRIC CAPITAL CORP	01/07/11	01/07/14	A1	AA+	2.100	2.100	2,000,000.00	2,000,000.00	2,036,280.00	36,280.00	
PROCTOR & GAMBLE	09/20/11	11/15/15	Aa3	AA-	1.800	1.085	2,000,000.00	2,042,369.63	2,076,180.00	33,810.37	
TOYOTA MOTOR CREDIT	09/26/11	09/15/16	Aa3	AA-	2.000	1.800	2,000,000.00	2,014,742.58	2,073,620.00	58,877.42	
Subtotal, Corporate Securities							<u>10,000,000.00</u>	<u>10,052,428.88</u>	<u>10,362,040.00</u>	<u>309,611.12</u>	
SB AIRPORT PROMISSORY NOTE (LT)											
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	
Subtotal, SBA Note							<u>5,789,184.34</u>	<u>5,789,184.34</u>	<u>5,789,184.34</u>	<u>0.00</u>	
TOTALS							<u>162,989,184.34</u>	<u>163,244,763.66</u>	<u>164,695,144.34</u>	<u>1,450,380.68</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.