

**CITY OF SANTA BARBARA**  
**Activity and Interest Report**  
September 30, 2014

**INVESTMENT ACTIVITY****PURCHASES OR DEPOSITS**

|                                    |                     |
|------------------------------------|---------------------|
| 9/4 LAIF Deposit - City            | \$ 2,000,000        |
| 9/30 Federal Home Loan Bank (FHLB) | <u>2,000,000</u>    |
| <b>Total</b>                       | <b>\$ 4,000,000</b> |

**SALES, MATURITIES, CALLS OR WITHDRAWALS**

|   |                       |
|---|-----------------------|
| 9/12 Federal Home Loan Bank (FHLB) - Maturity | \$ (2,000,000)        |
| 9/29 LAIF Withdrawal - City                   | <u>(2,000,000)</u>    |
| <b>Total</b>                                  | <b>\$ (4,000,000)</b> |

**ACTIVITY TOTAL**

\$ -

**INVESTMENT INCOME****POOLED INVESTMENTS**

|                                |                   |
|--------------------------------|-------------------|
| Interest Earned on Investments | \$ 161,773        |
| Amortization                   | <u>(10,013)</u>   |
| <b>Total</b>                   | <b>\$ 151,760</b> |

**INCOME TOTAL**

\$ 151,760

**CITY OF SANTA BARBARA**  
**Summary of Cash and Investments**  
**September 30, 2014**

**ENDING BALANCE AS OF AUGUST 31, 2014**

| Description                       | Book Value                   | Yield to Maturity (365 days) | Percent of Portfolio | Average Days to Maturity |
|-----------------------------------|------------------------------|------------------------------|----------------------|--------------------------|
| Union Bank Checking Account       | \$ 19,582,629                | 0.400%                       | 11.18%               | 1                        |
| State of California LAIF          | 24,000,000                   | 0.260%                       | 13.70%               | 1                        |
| Certificates of Deposit           | 8,000,000                    | 1.217%                       | 4.57%                | 749                      |
| Treasury Securities               | 10,211,198                   | 0.458%                       | 5.83%                | 578                      |
| Federal Agency Issues - Coupon    | 95,979,346                   | 1.370%                       | 54.80%               | 1,106                    |
| Corporate/Medium Term Notes       | 12,026,745                   | 1.910%                       | 6.87%                | 823                      |
|                                   | <u>169,799,917</u>           | <u>1.077%</u>                | <u>96.95%</u>        | <u>754</u>               |
| SB Airport Promissory Note        | 5,336,967                    | 4.195%                       | 3.05%                | 5,416                    |
| Totals and Averages               | <u>\$ 175,136,884</u>        | <u>1.172%</u>                | <u>100.00%</u>       | <u>896</u>               |
| <b>Total Cash and Investments</b> | <b><u>\$ 175,136,884</u></b> |                              |                      |                          |

**NET CASH AND INVESTMENT ACTIVITY FOR SEPTEMBER 2014**      **\$ 361,978**

**ENDING BALANCE AS OF SEPTEMBER 30, 2014**

| Description                       | Book Value                   | Yield to Maturity (365 days) | Percent of Portfolio | Average Days to Maturity |
|-----------------------------------|------------------------------|------------------------------|----------------------|--------------------------|
| Union Bank Checking Account       | \$ 19,954,619                | 0.400%                       | 11.37%               | 1 (1)                    |
| State of California LAIF          | 24,000,000                   | 0.246%                       | 13.68%               | 1 (2)                    |
| Certificates of Deposit           | 8,000,000                    | 1.217%                       | 4.56%                | 719                      |
| Treasury Securities               | 10,200,876                   | 0.458%                       | 5.81%                | 548                      |
| Federal Agency Issues - Coupon    | 95,981,087                   | 1.385%                       | 54.69%               | 1,115                    |
| Corporate/Medium Term Notes       | 12,025,312                   | 1.910%                       | 6.85%                | 793                      |
|                                   | <u>170,161,895</u>           | <u>1.082%</u>                | <u>96.96%</u>        | <u>752</u>               |
| SB Airport Promissory Note        | 5,336,967                    | 4.195%                       | 3.04%                | 5,386                    |
| Totals and Averages               | <u>\$ 175,498,862</u>        | <u>1.177%</u>                | <u>100.00%</u>       | <u>893</u>               |
| <b>Total Cash and Investments</b> | <b><u>\$ 175,498,862</u></b> |                              |                      |                          |

Note:

- (1) Interest earnings allowance is provided at the rate of 0.400% by MUFG Union Bank, N.A. to help offset banking fees.  
(2) The average life of the LAIF portfolio as of September 30, 2014 is 232 days.

CITY OF SANTA BARBARA

Investment Portfolio  
September 30, 2014

| DESCRIPTION                              | PURCHASE DATE | MATURITY DATE | QUALITY RATING |       | STATED RATE | YIELD AT 365 | FACE VALUE    | BOOK VALUE    | MARKET VALUE  | BOOK GAIN/(LOSS) | COMMENTS                                 |
|--|---------------|---------------|----------------|-------|-------------|--------------|---------------|---------------|---------------|------------------|--|
|  |               |               | MOODY'S        | S & P |             |              |               |               |               |                  |  |
| <b>LOCAL AGENCY INVESTMENT FUNDS</b>     |               |               |                |       |             |              |               |               |               |                  |  |
| LOCAL AGENCY INVESTMENT FUND             | -             | -             | -              | -     | 0.246       | 0.246        | 24,000,000.00 | 24,000,000.00 | 24,000,000.00 | 0.00             |  |
| <b>Subtotal, LAIF</b>                    |               |               |                |       |             |              | 24,000,000.00 | 24,000,000.00 | 24,000,000.00 | 0.00             |  |
| <b>CERTIFICATES OF DEPOSIT</b>           |               |               |                |       |             |              |               |               |               |                  |  |
| MONTECITO BANK & TRUST                   | 11/18/13      | 11/18/15      | -              | -     | 0.600       | 0.600        | 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  | 2,000,296.00  | 2,002,960.00  | 2,664.00         |  |
| U S TREASURY NOTE                        | 10/25/12      | 10/31/15      | Aaa            | AA+   | 1.250       | 0.397        | 2,000,000.00  | 2,018,330.64  | 2,023,280.00  | 4,949.36         |  |
| U S TREASURY NOTE                        | 02/22/13      | 05/15/16      | Aaa            | AA+   | 5.125       | 0.442        | 2,000,000.00  | 2,150,606.96  | 2,151,800.00  | 1,193.04         |  |
| U S TREASURY NOTE                        | 02/22/13      | 08/31/16      | Aaa            | AA+   | 1.000       | 0.502        | 2,000,000.00  | 2,018,881.22  | 2,016,260.00  | (2,621.22)       |  |
| U S TREASURY NOTE                        | 02/22/13      | 02/28/17      | Aaa            | AA+   | 0.875       | 0.607        | 2,000,000.00  | 2,012,761.59  | 2,002,040.00  | (10,721.59)      |  |
| <b>Subtotal, Treasury Securities</b>     |               |               |                |       |             |              | 10,000,000.00 | 10,200,876.41 | 10,196,340.00 | (4,536.41)       |  |
| <b>FEDERAL AGENCY ISSUES - COUPON</b>    |               |               |                |       |             |              |               |               |               |                  |  |
| FED AGRICULTURAL MTG CORP                | 10/03/13      | 10/03/18      | -              | -     | 1.720       | 1.720        | 2,000,000.00  | 2,000,000.00  | 2,005,800.00  | 5,800.00         |  |
| FED AGRICULTURAL MTG CORP                | 12/12/13      | 12/12/18      | -              | -     | 1.705       | 1.705        | 2,000,000.00  | 2,000,000.00  | 2,016,420.00  | 16,420.00        |  |
| FEDERAL FARM CREDIT BANK                 | 07/09/14      | 07/09/18      | Aaa            | AA+   | 1.470       | 1.470        | 2,000,000.00  | 2,000,000.00  | 1,989,560.00  | (10,440.00)      | Callable 07/09/15, then continuous       |
| FEDERAL FARM CREDIT BANK                 | 08/15/12      | 08/15/17      | Aaa            | AA+   | 0.980       | 0.980        | 2,000,000.00  | 2,000,000.00  | 1,992,960.00  | (7,040.00)       | Callable, continuous                     |
| FEDERAL FARM CREDIT BANK                 | 09/18/13      | 09/18/17      | Aaa            | AA+   | 1.550       | 1.550        | 2,000,000.00  | 2,000,000.00  | 2,026,140.00  | 26,140.00        |  |
| FEDERAL FARM CREDIT BANK                 | 02/16/11      | 02/16/16      | Aaa            | AA+   | 2.570       | 2.570        | 2,000,000.00  | 2,000,000.00  | 2,054,860.00  | 54,860.00        |  |
| FEDERAL FARM CREDIT BANK                 | 07/17/13      | 07/17/17      | Aaa            | AA+   | 1.300       | 1.300        | 2,000,000.00  | 2,000,000.00  | 2,012,740.00  | 12,740.00        |  |
| FEDERAL HOME LOAN BANK                   | 09/13/13      | 09/14/18      | Aaa            | AA+   | 2.000       | 1.910        | 2,000,000.00  | 2,006,747.60  | 2,029,240.00  | 22,492.40        |  |
| FEDERAL HOME LOAN BANK                   | 04/17/14      | 04/17/17      | Aaa            | AA+   | 1.000       | 1.000        | 2,000,000.00  | 2,000,000.00  | 1,999,240.00  | (760.00)         | Callable, 04/17/15 once                  |
| FEDERAL HOME LOAN BANK                   | 01/16/13      | 01/16/18      | Aaa            | AA+   | 1.000       | 1.000        | 4,000,000.00  | 4,000,000.00  | 3,953,080.00  | (46,920.00)      | Callable 10/16/14, then qtrly            |
| FEDERAL HOME LOAN BANK                   | 01/17/14      | 04/17/18      | Aaa            | AA+   | 1.480       | 1.480        | 2,000,000.00  | 2,000,000.00  | 2,003,200.00  | 3,200.00         |  |
| FEDERAL HOME LOAN BANK                   | 09/30/14      | 09/30/19      | Aaa            | AA+   | 2.100       | 2.100        | 2,000,000.00  | 2,000,000.00  | 1,996,560.00  | (3,440.00)       | Callable 12/30/14, then qtrly            |
| FEDERAL HOME LOAN BANK                   | 05/28/14      | 05/28/19      | Aaa            | AA+   | 1.375       | 2.288        | 2,000,000.00  | 2,000,000.00  | 1,994,640.00  | (5,360.00)       | SU 1.375%-6% Call 11/28/14, then qtrly   |
| FEDERAL HOME LOAN BANK                   | 06/26/14      | 06/26/19      | Aaa            | AA+   | 1.250       | 2.062        | 2,000,000.00  | 1,998,111.11  | 1,998,300.00  | 188.89           | SU 1.25%-6% Call 12/26/14, then qtrly    |
| FEDERAL HOME LOAN BANK                   | 06/27/13      | 06/27/18      | Aaa            | AA+   | 1.250       | 1.493        | 2,000,000.00  | 2,000,000.00  | 1,989,460.00  | (10,540.00)      | SU 1.125%-2.5% Call 12/27/14, then qtrly |
| FEDERAL HOME LOAN BANK                   | 04/15/14      | 04/15/19      | Aaa            | AA+   | 2.070       | 2.070        | 1,000,000.00  | 1,000,000.00  | 998,060.00    | (1,940.00)       | Callable, continuous                     |
| FEDERAL HOME LOAN BANK                   | 05/22/14      | 05/22/17      | Aaa            | AA+   | 1.000       | 1.000        | 2,000,000.00  | 2,000,000.00  | 1,992,740.00  | (7,260.00)       | Callable, continuous                     |
| FEDERAL HOME LOAN BANK                   | 02/09/11      | 01/29/15      | Aaa            | AA+   | 1.750       | 1.750        | 2,000,000.00  | 2,000,000.00  | 2,010,520.00  | 10,520.00        |  |
| FEDERAL HOME LOAN BANK                   | 04/15/11      | 05/27/15      | Aaa            | AA+   | 2.000       | 2.000        | 2,000,000.00  | 2,000,000.00  | 2,024,200.00  | 24,200.00        |  |
| FEDERAL HOME LOAN BANK                   | 12/16/13      | 12/14/18      | Aaa            | AA+   | 1.750       | 1.650        | 2,000,000.00  | 2,008,027.82  | 2,003,060.00  | (4,967.82)       |  |
| FEDERAL HOME LOAN BANK                   | 06/18/14      | 06/09/17      | Aaa            | AA+   | 1.000       | 1.003        | 2,000,000.00  | 1,999,819.23  | 2,002,140.00  | 2,320.77         |  |
| 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  | 1,983,480.00  | (16,520.00)      | Callable 12/26/14, then qtrly            |
| FEDERAL HOME LOAN MTG CORP               | 12/18/13      | 12/18/18      | Aaa            | AA+   | 1.500       | 1.839        | 1,000,000.00  | 1,000,000.00  | 1,001,910.00  | 1,910.00         | SU 1.5%-2.75% Call 12/18/14, then qtrly  |
| FEDERAL HOME LOAN MTG CORP               | 12/31/13      | 12/31/18      | Aaa            | AA+   | 1.825       | 1.825        | 1,000,000.00  | 1,000,000.00  | 1,003,420.00  | 3,420.00         | Callable 12/31/14, once                  |
| FEDERAL HOME LOAN MTG CORP               | 04/23/12      | 04/17/15      | Aaa            | AA+   | 0.500       | 0.534        | 2,000,000.00  | 1,999,631.36  | 2,004,340.00  | 4,708.64         |  |
| 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  | 1,997,000.00  | (3,000.00)       | Callable 10/24/14, then qtrly            |
| FEDERAL HOME LOAN MTG CORP               | 04/24/14      | 04/24/19      | Aaa            | AA+   | 2.100       | 2.100        | 2,000,000.00  | 2,000,000.00  | 2,002,440.00  | 2,440.00         | Callable 10/24/14, then qtrly            |

## CITY OF SANTA BARBARA

## Investment Portfolio

September 30, 2014

| DESCRIPTION                            | PURCHASE | MATURITY | QUALITY RATING |       | STATED | YIELD AT | FACE           | BOOK           | MARKET         | BOOK         | COMMENTS                         |
|--|----------|----------|----------------|-------|--------|----------|----------------|----------------|----------------|--------------|----------------------------------|
|  | DATE     | DATE     | MOODY'S        | S & P |        |          |                |                |                |              |                                  |
| FEDERAL HOME LOAN MTG CORP             | 06/30/14 | 06/30/17 | Aaa            | AA+   | 1.000  | 1.000    | 2,000,000.00   | 2,000,000.00   | 1,995,420.00   | (4,580.00)   | Callable 06/30/15, once          |
| 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   | 1,993,540.00   | (6,460.00)   | Callable 12/12/14, 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   | 3,979,000.00   | (21,000.00)  | Callable 10/16/14, then qtrly    |
| FEDERAL HOME LOAN MTG CORP             | 11/26/13 | 11/26/18 | Aaa            | AA+   | 1.000  | 1.793    | 1,000,000.00   | 1,000,000.00   | 1,001,380.00   | 1,380.00     | SU 1%-2% Callable 11/26/14, once |
| FEDERAL HOME LOAN MTG CORP             | 07/28/14 | 04/28/17 | Aaa            | AA+   | 1.000  | 1.000    | 2,000,000.00   | 2,000,000.00   | 1,998,640.00   | (1,360.00)   | Callable 10/28/14, then qtrly    |
| 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   | 1,995,560.00   | (4,440.00)   | Callable 12/26/14, then qtrly    |
| FEDERAL HOME LOAN MTG CORP             | 11/20/13 | 09/29/17 | Aaa            | AA+   | 1.000  | 1.030    | 1,000,000.00   | 999,115.25     | 995,490.00     | (3,625.25)   |                                  |
| FEDERAL NATL MORTGAGE ASSN             | 01/30/13 | 01/30/18 | Aaa            | AA+   | 1.030  | 1.030    | 3,000,000.00   | 3,000,000.00   | 2,959,560.00   | (40,440.00)  | Callable 10/30/14, 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   | 2,003,160.00   | 3,160.00     |                                  |
| FEDERAL NATL MORTGAGE ASSN             | 12/12/12 | 12/12/17 | Aaa            | AA+   | 1.000  | 1.000    | 2,000,000.00   | 2,000,000.00   | 1,974,960.00   | (25,040.00)  | Callable 12/12/14, 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   | 1,993,880.00   | (6,120.00)   | Callable 12/19/14, then qtrly    |
| FEDERAL NATL MORTGAGE ASSN             | 11/15/13 | 10/26/17 | Aaa            | AA+   | 0.875  | 1.062    | 2,000,000.00   | 1,988,786.70   | 1,981,020.00   | (7,766.70)   |                                  |
| FEDERAL NATL MORTGAGE ASSN             | 12/11/13 | 11/27/18 | Aaa            | AA+   | 1.625  | 1.606    | 2,000,000.00   | 2,001,507.73   | 1,995,860.00   | (5,647.73)   |                                  |
| FEDERAL NATL MORTGAGE ASSN             | 11/08/12 | 11/08/17 | Aaa            | AA+   | 1.000  | 1.000    | 2,000,000.00   | 2,000,000.00   | 1,977,500.00   | (22,500.00)  | Callable 11/08/14, 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   | 1,977,500.00   | (22,500.00)  | Callable 11/08/14, 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   | 3,944,160.00   | (55,840.00)  | Callable 12/26/14, 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   | 2,035,120.00   | 35,120.00    |                                  |
| FEDERAL NATL MORTGAGE ASSN             | 12/10/10 | 10/26/15 | Aaa            | AA+   | 1.625  | 2.067    | 2,000,000.00   | 1,991,045.90   | 2,030,100.00   | 39,054.10    |                                  |
| FEDERAL NATL MORTGAGE ASSN             | 02/05/13 | 02/05/18 | Aaa            | AA+   | 1.000  | 1.000    | 2,000,000.00   | 2,000,000.00   | 1,971,740.00   | (28,260.00)  | Callable 02/05/15, then qtrly    |
| FEDERAL NATL MORTGAGE ASSN             | 11/20/13 | 10/26/17 | Aaa            | AA+   | 0.875  | 1.070    | 2,000,000.00   | 1,988,294.49   | 1,981,020.00   | (7,274.49)   |                                  |
| <b>Subtotal, Federal Agencies</b>      |          |          |                |       |        |          | 96,000,000.00  | 95,981,087.19  | 95,870,120.00  | (110,967.19) |                                  |
| <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   | 1,998,191.67   | 2,046,520.00   | 48,328.33    |                                  |
| BERKSHIRE HATHAWAY INC                 | 11/29/13 | 02/09/18 | Aa2            | AA    | 1.550  | 1.550    | 2,000,000.00   | 2,000,000.00   | 1,995,960.00   | (4,040.00)   |                                  |
| GENERAL ELECTRIC CAPITAL CORP          | 11/10/10 | 11/09/15 | A1             | AA+   | 2.250  | 2.250    | 2,000,000.00   | 2,000,000.00   | 2,035,200.00   | 35,200.00    |                                  |
| GENERAL ELECTRIC CAPITAL CORP          | 01/14/14 | 01/14/19 | A1             | AA+   | 2.300  | 2.250    | 2,000,000.00   | 2,004,028.94   | 2,019,720.00   | 15,691.06    |                                  |
| PROCTOR & GAMBLE                       | 09/20/11 | 11/15/15 | Aa3            | AA-   | 1.800  | 1.085    | 2,000,000.00   | 2,015,646.56   | 2,030,100.00   | 14,453.44    |                                  |
| TOYOTA MOTOR CREDIT                    | 09/26/11 | 09/15/16 | Aa3            | AA-   | 2.000  | 1.800    | 2,000,000.00   | 2,007,445.32   | 2,041,880.00   | 34,434.68    |                                  |
| <b>Subtotal, Corporate Securities</b>  |          |          |                |       |        |          | 12,000,000.00  | 12,025,312.49  | 12,169,380.00  | 144,067.51   |                                  |
| <b>SB AIRPORT PROMISSORY NOTE (LT)</b> |          |          |                |       |        |          |                |                |                |              |                                  |
| SANTA BARBARA AIRPORT                  | 07/14/09 | 06/30/29 | -              | -     | 3.500  | 4.195    | 5,336,966.90   | 5,336,966.90   | 5,336,966.90   | 0.00         |                                  |
| <b>Subtotal, SBA Note</b>              |          |          |                |       |        |          | 5,336,966.90   | 5,336,966.90   | 5,336,966.90   | 0.00         |                                  |
| <b>CHECKING ACCOUNT</b>                |          |          |                |       |        |          |                |                |                |              |                                  |
| Union Bank Checking Account            | -        | -        | -              | -     | 0.400  | 0.400    | 19,954,618.95  | 19,954,618.95  | 19,954,618.95  | 0.00         |                                  |
| <b>Subtotal, Checking Account</b>      |          |          |                |       |        |          | 19,954,618.95  | 19,954,618.95  | 19,954,618.95  | 0.00         |                                  |
| <b>TOTALS</b>                          |          |          |                |       |        |          | 175,291,585.85 | 175,498,861.94 | 175,527,425.85 | 28,563.91    |                                  |

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

