



# CITY OF SANTA BARBARA

## COUNCIL AGENDA REPORT

**AGENDA DATE:** September 6, 2016

**TO:** Mayor and Councilmembers

**FROM:** Treasury Division, Finance Department

**SUBJECT:** July 2016 Investment Report

**RECOMMENDATION:**

That Council accept the July 2016 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, 2016.

**ATTACHMENT:** July 2016 Investment Report

**PREPARED BY:** Julie Nemes, Treasury Manager

**SUBMITTED BY:** Robert Samario, Finance Director

**APPROVED BY:** City Administrator's Office

**CITY OF SANTA BARBARA**  
**Activity and Interest Report**  
July 31, 2016

**INVESTMENT ACTIVITY**

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**PURCHASES OR DEPOSITS**

7/26 Federal National Mortgage Association (FNMA)	\$ 2,000,000
<b>Total</b>	<b>\$ 2,000,000</b>

**SALES, MATURITIES, CALLS OR WITHDRAWALS**

7/22 LAIF Withdrawal - City	\$ (6,000,000)
7/29 Federal Home Loan Mortgage Corp (FHLMC) - Call	(2,000,000)
7/29 Federal Home Loan Mortgage Corp (FHLMC) - Call	(2,000,000)
7/29 Federal National Mortgage Association (FNMA) - Call	(2,000,000)
<b>Total</b>	<b>\$ (12,000,000)</b>

**ACTIVITY TOTAL**

**\$ (10,000,000)**

**INVESTMENT INCOME**

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**POOLED INVESTMENTS**

Interest Earned on Investments	\$ 134,722
Amortization	(2,004)
<b>Total</b>	<b>\$ 132,717</b>

**INCOME TOTAL**

**\$ 132,717**

**CITY OF SANTA BARBARA**  
**Summary of Cash and Investments**  
**July 31, 2016**

**ENDING BALANCE AS OF JUNE 30, 2016**

<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>
MUFG Union Bank NA Checking Account	\$ 21,715,062	0.400%	13.96%	1
State of California LAIF	50,000,000	0.576%	32.15%	1
Certificates of Deposit	7,000,000	1.644%	4.50%	703
Treasury Securities	4,005,151	0.554%	2.58%	152
Federal Agency Issues - Coupon	60,000,923	1.417%	38.58%	892
Corporate/Medium Term Notes	<u>8,008,804</u>	<u>1.752%</u>	<u>5.15%</u>	<u>583</u>
	150,729,940	0.997%	96.93%	423
 SB Airport Promissory Note	 <u>4,775,296</u>	 <u>4.195%</u>	 <u>3.07%</u>	 <u>4,747</u>
Totals and Averages	<b><u>\$ 155,505,236</u></b>	<b><u>1.095%</u></b>	<b><u>100.00%</u></b>	<b><u>556</u></b>
 <b>Total Cash and Investments</b>	 <b><u>\$ 155,505,236</u></b>			

**NET CASH AND INVESTMENT ACTIVITY FOR JULY 2016** **\$ (11,177,481)**

**ENDING BALANCE AS OF JULY 31, 2016**

<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>
MUFG Union Bank NA Checking Account	\$ 20,539,585	0.400%	14.23%	1 (1)
State of California LAIF	44,000,000	0.588%	30.49%	1 (2)
Certificates of Deposit	7,000,000	1.644%	4.85%	672
Treasury Securities	4,003,866	0.554%	2.77%	121
Federal Agency Issues - Coupon	56,000,831	1.365%	38.80%	808
Corporate/Medium Term Notes	<u>8,008,178</u>	<u>1.752%</u>	<u>5.55%</u>	<u>552</u>
	139,552,459	0.991%	96.69%	394
 SB Airport Promissory Note	 <u>4,775,296</u>	 <u>4.195%</u>	 <u>3.31%</u>	 <u>4,716</u>
Totals and Averages	<b><u>\$ 144,327,755</u></b>	<b><u>1.097%</u></b>	<b><u>100.00%</u></b>	<b><u>537</u></b>
 <b>Total Cash and Investments</b>	 <b><u>\$ 144,327,755</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 July 31, 2016 is 169 days.

**CITY OF SANTA BARBARA**

**Investment Portfolio**

**July 31, 2016**

DESCRIPTION	PURCHASE DATE	MATURITY DATE	QUALITY RATING MOODY'S	S & P	STATED RATE	YIELD AT 365	FACE VALUE	BOOK VALUE	MARKET VALUE	BOOK GAIN/(LOSS)	COMMENTS
<b>LOCAL AGENCY INVESTMENT FUNDS</b>											
LOCAL AGENCY INVESTMENT FUND	-	-	-	-	0.588	0.588	44,000,000.00	44,000,000.00	44,000,000.00	0.00	
<b>Subtotal, LAIF</b>							44,000,000.00	44,000,000.00	44,000,000.00	0.00	
<b>CERTIFICATES OF DEPOSIT</b>											
ALLY BANK	09/24/15	09/25/17	-	-	1.250	1.250	250,000.00	250,000.00	251,190.00	1,190.00	FDIC Certificate 57803
AMERICAN EXPRESS BANK FSB	10/23/14	10/23/19	-	-	2.200	2.200	250,000.00	250,000.00	257,422.50	7,422.50	FDIC Certificate 35328
AMERICAN EXPRESS CENTURION BK	09/30/15	09/30/20	-	-	2.250	2.250	250,000.00	250,000.00	259,227.50	9,227.50	FDIC Certificate 27471
BMO HARRIS BANK NA	09/30/15	09/29/17	-	-	1.100	1.100	250,000.00	250,000.00	251,167.50	1,167.50	FDIC Certificate 16571
BMW BK NORTH AMERICA	09/30/15	09/30/20	-	-	2.200	2.200	250,000.00	250,000.00	259,237.50	9,237.50	FDIC Certificate 35141
CAPITAL ONE BANK USA NA	10/29/14	10/29/19	-	-	1.900	1.900	250,000.00	250,000.00	257,475.00	7,475.00	FDIC Certificate 33954
CAPITAL ONE NA	09/30/15	09/30/20	-	-	2.250	2.250	250,000.00	250,000.00	259,227.50	9,227.50	FDIC Certificate 4297
DISCOVER BANK	09/30/15	09/30/20	-	-	2.300	2.300	250,000.00	250,000.00	260,247.50	10,247.50	FDIC Certificate 5649
EVERBANK	09/30/15	09/29/17	-	-	1.100	1.100	250,000.00	250,000.00	251,167.50	1,167.50	FDIC Certificate 34775
GE CAPITAL BANK	10/17/14	10/17/19	-	-	2.000	2.000	250,000.00	250,000.00	257,357.50	7,357.50	FDIC Certificate 33778
GOLDMAN SACHS BANK USA	10/29/14	10/29/19	-	-	2.150	2.150	250,000.00	250,000.00	257,440.00	7,440.00	FDIC Certificate 33124
KEY BANK NA	09/30/15	10/02/17	-	-	1.150	1.150	250,000.00	250,000.00	251,200.00	1,200.00	FDIC Certificate 17534
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>							7,000,000.00	7,000,000.00	7,072,360.00	72,360.00	
<b>TREASURY SECURITIES - COUPON</b>											
U S TREASURY NOTE	02/22/13	08/31/16	Aaa	AA+	1.000	0.502	2,000,000.00	2,000,809.20	2,001,320.00	510.80	
U S TREASURY NOTE	02/22/13	02/28/17	Aaa	AA+	0.875	0.607	2,000,000.00	2,003,056.41	2,004,720.00	1,663.59	
<b>Subtotal, Treasury Securities</b>							4,000,000.00	4,003,865.61	4,006,040.00	2,174.39	
<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	2,036,640.00	36,640.00	
FED AGRICULTURAL MTG CORP	12/12/13	12/12/18	-	-	1.705	1.705	2,000,000.00	2,000,000.00	2,038,740.00	38,740.00	
FEDERAL FARM CREDIT BANK	09/18/13	09/18/17	Aaa	AA+	1.550	1.550	2,000,000.00	2,000,000.00	2,019,880.00	19,880.00	
FEDERAL FARM CREDIT BANK	07/17/13	07/17/17	Aaa	AA+	1.300	1.300	2,000,000.00	2,000,000.00	2,012,560.00	12,560.00	
FEDERAL FARM CREDIT BANK	06/24/15	06/24/19	Aaa	AA+	1.520	1.520	2,000,000.00	2,000,000.00	2,034,060.00	34,060.00	
FEDERAL HOME LOAN BANK	09/13/13	09/14/18	Aaa	AA+	2.000	1.910	2,000,000.00	2,003,618.00	2,048,540.00	44,922.00	
FEDERAL HOME LOAN BANK	01/17/14	04/17/18	Aaa	AA+	1.480	1.480	2,000,000.00	2,000,000.00	2,024,940.00	24,940.00	
FEDERAL HOME LOAN BANK	01/26/16	04/26/19	Aaa	AA+	1.500	1.500	2,000,000.00	2,000,000.00	2,005,740.00	5,740.00	Callable 01/26/17, once
FEDERAL HOME LOAN BANK	12/16/13	12/14/18	Aaa	AA+	1.750	1.650	2,000,000.00	2,004,525.93	2,041,600.00	37,074.07	
FEDERAL HOME LOAN BANK	06/18/14	06/09/17	Aaa	AA+	1.000	1.003	2,000,000.00	1,999,942.48	2,005,780.00	5,837.52	
FEDERAL HOME LOAN BANK	10/22/14	11/18/16	Aaa	AA+	0.750	0.500	2,000,000.00	2,001,474.48	2,002,040.00	565.52	
FEDERAL HOME LOAN MTG CORP	08/24/15	08/24/20	Aaa	AA+	2.000	2.000	2,000,000.00	2,000,000.00	2,001,380.00	1,380.00	Callable 08/24/16, then qtrly
FEDERAL HOME LOAN MTG CORP	06/30/16	06/30/21	Aaa	AA+	1.875	1.875	2,000,000.00	2,000,000.00	2,001,120.00	1,120.00	Callable 09/30/16, then qtrly
FEDERAL HOME LOAN MTG CORP	11/20/13	09/29/17	Aaa	AA+	1.000	1.030	1,000,000.00	999,656.93	1,003,580.00	3,923.07	
FEDERAL NATL MORTGAGE ASSN	01/30/13	01/30/18	Aaa	AA+	1.030	1.030	3,000,000.00	3,000,000.00	3,000,330.00	330.00	Callable 10/30/16, then qtrly
FEDERAL NATL MORTGAGE ASSN	12/12/12	12/12/17	Aaa	AA+	1.000	1.000	2,000,000.00	2,000,000.00	2,000,620.00	620.00	Callable 09/12/16, then qtrly
FEDERAL NATL MORTGAGE ASSN	11/15/13	10/26/17	Aaa	AA+	0.875	1.062	2,000,000.00	1,995,484.24	2,004,340.00	8,855.76	

**CITY OF SANTA BARBARA**

**Investment Portfolio**

**July 31, 2016**

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 NATL MORTGAGE ASSN	12/11/13	11/27/18	Aaa	AA+	1.625	1.606	2,000,000.00	2,000,842.55	2,037,640.00	36,797.45	
FEDERAL NATL MORTGAGE ASSN	05/26/16	05/26/20	Aaa	AA+	1.375	1.375	2,000,000.00	2,000,000.00	2,004,960.00	4,960.00	Callable 05/26/17, once
FEDERAL NATL MORTGAGE ASSN	11/30/15	11/25/20	Aaa	AA+	1.000	2.015	2,000,000.00	2,000,000.00	2,000,240.00	240.00	SU 1%-2.2% Call 08/25/16, once
FEDERAL NATL MORTGAGE ASSN	12/26/12	12/26/17	Aaa	AA+	1.000	1.000	4,000,000.00	4,000,000.00	4,001,600.00	1,600.00	Callable 09/26/16, then qtrly
FEDERAL NATL MORTGAGE ASSN	11/27/15	11/27/19	Aaa	AA+	1.125	1.678	2,000,000.00	2,000,000.00	2,014,300.00	14,300.00	SU 1.125%-2.250%, Call 11/27/17, once
FEDERAL NATL MORTGAGE ASSN	07/26/16	07/26/19	Aaa	AA+	1.125	1.125	2,000,000.00	2,000,000.00	2,000,980.00	980.00	Callable 07/26/17, once
FEDERAL NATL MORTGAGE ASSN	02/05/13	02/05/18	Aaa	AA+	1.000	1.000	2,000,000.00	2,000,000.00	2,000,640.00	640.00	Callable 08/05/16, then qtrly
FEDERAL NATL MORTGAGE ASSN	11/20/13	10/26/17	Aaa	AA+	0.875	1.070	2,000,000.00	1,995,286.02	2,004,340.00	9,053.98	
FEDERAL NATL MORTGAGE ASSN	11/27/15	11/28/18	Aaa	AA+	1.200	1.200	2,000,000.00	2,000,000.00	2,002,880.00	2,880.00	Callable 11/28/16, once
FEDERAL NATL MORTGAGE ASSN	05/26/16	11/26/19	Aaa	AA+	1.300	1.300	2,000,000.00	2,000,000.00	2,004,280.00	4,280.00	Callable 05/26/17, once
<b>Subtotal, Federal Agencies</b>							<u>56,000,000.00</u>	<u>56,000,830.63</u>	<u>56,353,750.00</u>	<u>352,919.37</u>	
<b>CORPORATE/MEDIUM TERM NOTES</b>											
BERKSHIRE HATHAWAY INC	11/29/13	02/09/18	Aa2	AA	1.550	1.550	2,000,000.00	2,000,000.00	2,018,780.00	18,780.00	
GENERAL ELECTRIC CAPITAL CORP	01/14/14	01/14/19	A1	AA+	2.300	2.250	2,000,000.00	2,002,305.61	2,061,360.00	59,054.39	
TOYOTA MOTOR CREDIT	09/26/11	09/15/16	Aa3	AA-	2.000	1.800	2,000,000.00	2,000,465.33	2,003,000.00	2,534.67	
TOYOTA MOTOR CREDIT	11/20/15	07/13/18	Aa3	AA-	1.550	1.408	<u>2,000,000.00</u>	<u>2,005,406.80</u>	<u>2,018,200.00</u>	<u>12,793.20</u>	
<b>Subtotal, Corporate Securities</b>							<u>8,000,000.00</u>	<u>8,008,177.74</u>	<u>8,101,340.00</u>	<u>93,162.26</u>	
<b>SB AIRPORT PROMISSORY NOTE (LT)</b>											
SANTA BARBARA AIRPORT	07/14/09	06/30/29	-	-	3.500	4.195	<u>4,775,295.56</u>	<u>4,775,295.56</u>	<u>4,775,295.56</u>	<u>0.00</u>	
<b>Subtotal, SBA Note</b>							<u>4,775,295.56</u>	<u>4,775,295.56</u>	<u>4,775,295.56</u>	<u>0.00</u>	
<b>CHECKING ACCOUNT</b>											
MUFG UNION BANK NA CHKNG ACCNT	-	-	-	-	0.400	0.400	<u>20,539,584.96</u>	<u>20,539,584.96</u>	<u>20,539,584.96</u>	<u>0.00</u>	
<b>Subtotal, Checking Account</b>							<u>20,539,584.96</u>	<u>20,539,584.96</u>	<u>20,539,584.96</u>	<u>0.00</u>	
<b>TOTALS</b>							<u>144,314,880.52</u>	<u>144,327,754.50</u>	<u>144,848,370.52</u>	<u>520,616.02</u>	

Market values have been obtained from the City's safekeeping agent, MUFG Union Bank NA - The Private Bank (UBTPB). UBTPB uses Interactive Data Pricing Service, Bloomberg and DTC.