



# CITY OF SANTA BARBARA

## COUNCIL AGENDA REPORT

**AGENDA DATE:** March 30, 2010  
**TO:** Mayor and Councilmembers  
**FROM:** Treasury Division, Finance Department  
**SUBJECT:** February 2010 Investment Report

**RECOMMENDATION:**

That Council accept the February 2010 Investment Report.

**DISCUSSION:**

The attached investment report includes Investment Activity, Interest Revenue, a Summary of Cash and Investments, and Investment Portfolio detail as of February 28, 2010.

**ATTACHMENT:** February 2010 Investment Report  
**PREPARED BY:** Jill Taura, Treasury Manager  
**SUBMITTED BY:** Robert Samario, Interim Finance Director  
**APPROVED BY:** City Administrator's Office

**CITY OF SANTA BARBARA**  
**Activity and Interest Report**  
**February 28, 2010**

**INVESTMENT ACTIVITY**

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**PURCHASES OR DEPOSITS**

2/1 LAIF Deposit - City	\$ 3,000,000
2/3 LAIF Deposit - City	1,000,000
2/12 Federal Home Loan Bank (FHLB)	2,000,000
2/22 Federal Home Loan Bank (FHLB)	2,000,000
2/24 LAIF Deposit - City	2,000,000
2/26 LAIF Deposit - City	2,000,000
<b>Total</b>	<b>\$ 12,000,000</b>

**SALES, MATURITIES, CALLS OR WITHDRAWALS**

2/1 Federal Farm Credit Bank (FFCB) - Call	\$ (2,000,000)
2/4 LAIF Withdrawal - City	(1,000,000)
2/11 LAIF Withdrawal - City	(5,000,000)
2/12 Federal Home Loan Bank (FHLB) - Maturity	(1,000,000)
2/24 Federal Home Loan Bank (FHLB) - Call	(2,000,000)
2/25 LAIF Withdrawal - RDA	(6,600,000)
2/26 Federal Home Loan Mortgage Corp (FHLMC) - Call	(2,000,000)
<b>Total</b>	<b>\$ (19,600,000)</b>

**ACTIVITY TOTAL**

**\$ (7,600,000)**

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**INTEREST REVENUE**

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**POOLED INVESTMENTS**

Interest Earned on Investments	\$ 338,955
Amortization	2,811
SBB&T Sweep Account Interest	102
<b>Total</b>	<b>\$ 341,868</b>

**RDA INVESTMENTS**

Interest Earned on Investments (LAIF)	<b>\$ 11,651</b>
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**TOTAL INTEREST EARNED**

**\$ 353,519**

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**CITY OF SANTA BARBARA**  
**Summary of Cash and Investments**  
**February 28, 2010**

**ENDING BALANCE AS OF JANUARY 31, 2010**

Description	Book Value	Yield to Maturity (365 days)	Percent of Portfolio	Average Days to Maturity
State of California LAIF	\$ 52,600,000	0.558%	30.81%	1
Certificates of Deposit	4,000,000	1.500%	2.34%	473
Federal Agency Issues - Coupon	98,886,319	3.187%	57.93%	940
Corporate/Medium Term Notes	8,007,199	5.125%	4.69%	241
	<u>163,493,519</u>	<u>2.395%</u>	<u>95.77%</u>	<u>592</u>
SB Airport Promissory Note	7,213,661	7.000%	4.23%	7,089
Totals and Averages	<u>\$ 170,707,180</u>	<u>2.590%</u>	<u>100.00%</u>	<u>867</u>
SBB&T Money Market Account	2,869,929			
<b>Total Cash and Investments</b>	<b><u>\$ 173,577,109</u></b>			

**NET CASH AND INVESTMENT ACTIVITY FOR FEBRUARY 2010**      **\$ (8,187,056)**

**ENDING BALANCE AS OF FEBRUARY 28, 2010**

Description	Book Value	Yield to Maturity (365 days)	Percent of Portfolio	Average Days to Maturity
State of California LAIF	\$ 48,000,000	0.530%	29.42%	1 (1)
Certificates of Deposit	4,000,000	1.500%	2.45%	445
Federal Agency Issues - Coupon	95,958,539	3.164%	58.81%	921
Corporate/Medium Term Notes	8,008,171	5.125%	4.91%	213
	<u>155,966,710</u>	<u>2.411%</u>	<u>95.59%</u>	<u>589</u>
SB Airport Promissory Note	7,213,661	7.000%	4.42%	7,061
Totals and Averages	<u>\$ 163,180,371</u>	<u>2.614%</u>	<u>100.00%</u>	<u>875</u>
SBB&T Money Market Account	2,209,682			
<b>Total Cash and Investments</b>	<b><u>\$ 165,390,053</u></b>			

Note:

(1) The average life of the LAIF portfolio as of February 28, 2010 is 200 days .

**CITY OF SANTA BARBARA**  
**Investment Portfolio**  
**February 28, 2010**

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
<b>LOCAL AGENCY INVESTMENT FUNDS</b>											
LOCAL AGENCY INVESTMENT FUND	-	-	-	-	0.530	0.530	25,000,000.00	25,000,000.00	25,000,000.00	0.00	
LOCAL AGENCY INV FUND/RDA	-	-	-	-	0.530	0.530	23,000,000.00	23,000,000.00	23,000,000.00	0.00	
<b>Subtotal, LAIF</b>							48,000,000.00	48,000,000.00	48,000,000.00	0.00	
<b>CERTIFICATES OF DEPOSIT</b>											
MONTECITO BANK & TRUST	11/18/09	11/18/10	-	-	1.250	1.250	2,000,000.00	2,000,000.00	2,000,000.00	0.00	
MONTECITO BANK & TRUST	11/18/09	11/18/11	-	-	1.750	1.750	2,000,000.00	2,000,000.00	2,000,000.00	0.00	
<b>Subtotal, Certificates of deposit</b>							4,000,000.00	4,000,000.00	4,000,000.00	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	2,005,386.33	2,050,010.00	44,623.67	
FEDERAL FARM CREDIT BANK	10/14/09	10/14/14	Aaa	AAA	2.875	2.875	2,000,000.00	2,000,000.00	2,015,940.00	15,940.00	Callable 10/14/10, then cont.
FEDERAL FARM CREDIT BANK	11/07/06	01/18/11	Aaa	AAA	5.750	5.000	2,000,000.00	2,011,744.32	2,095,000.00	83,255.68	
FEDERAL FARM CREDIT BANK	01/29/07	08/25/10	Aaa	AAA	4.750	5.111	2,000,000.00	1,996,836.61	2,044,380.00	47,543.39	
FEDERAL FARM CREDIT BANK	03/04/09	03/02/12	Aaa	AAA	2.370	2.370	2,000,000.00	2,000,000.00	2,000,000.00	0.00	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	2,039,690.00	39,690.00	
FEDERAL FARM CREDIT BANK	03/05/09	03/04/13	Aaa	AAA	2.600	2.600	2,000,000.00	2,000,000.00	2,066,560.00	66,560.00	
FEDERAL FARM CREDIT BANK	05/08/09	04/08/13	Aaa	AAA	2.200	2.200	2,000,000.00	2,000,000.00	2,040,320.00	40,320.00	
FEDERAL FARM CREDIT BANK	06/19/09	06/18/12	Aaa	AAA	2.125	2.125	2,000,000.00	2,000,000.00	2,044,370.00	44,370.00	
FEDERAL FARM CREDIT BANK	09/30/09	10/03/11	Aaa	AAA	1.125	1.125	2,000,000.00	2,000,000.00	2,008,130.00	8,130.00	
FEDERAL FARM CREDIT BANK	12/01/09	12/01/14	Aaa	AAA	2.840	2.840	2,000,000.00	2,000,000.00	2,011,570.00	11,570.00	Callable 12/01/10, then cont.
FEDERAL FARM CREDIT BANK	01/13/10	01/13/15	Aaa	AAA	3.180	3.180	2,000,000.00	2,000,000.00	2,028,440.00	28,440.00	Callable 1/13/11, then cont.
FEDERAL HOME LOAN BANK	05/22/07	06/10/11	Aaa	AAA	5.250	5.005	2,000,000.00	2,005,572.22	2,114,380.00	108,807.78	
FEDERAL HOME LOAN BANK	07/09/07	02/15/11	Aaa	AAA	4.000	5.308	2,000,000.00	1,977,491.36	2,068,440.00	90,948.64	
FEDERAL HOME LOAN BANK	07/09/07	03/12/10	Aaa	AAA	5.000	5.268	1,000,000.00	999,923.13	1,001,560.00	1,636.87	
FEDERAL HOME LOAN BANK	03/04/09	06/08/12	Aaa	AAA	4.375	2.110	1,700,000.00	1,783,984.68	1,808,910.50	24,925.82	
FEDERAL HOME LOAN BANK	06/30/09	06/30/14	Aaa	AAA	2.000	3.733	2,000,000.00	2,000,000.00	2,037,500.00	37,500.00	StrNt, Callable 6/30/11, once
FEDERAL HOME LOAN BANK	09/30/09	09/30/14	Aaa	AAA	2.000	3.448	2,000,000.00	2,000,000.00	2,002,810.00	2,810.00	StrNt, Callable 12/30/09, qtrly
FEDERAL HOME LOAN BANK	09/17/09	12/13/13	Aaa	AAA	3.125	2.440	2,000,000.00	2,048,916.19	2,077,500.00	28,583.81	
FEDERAL HOME LOAN BANK	01/15/10	10/30/12	Aaa	AAA	1.700	1.700	2,000,000.00	2,000,000.00	2,018,750.00	18,750.00	
FEDERAL HOME LOAN BANK	02/12/10	02/12/15	Aaa	AAA	3.000	3.022	2,000,000.00	1,998,422.22	2,007,190.00	8,767.78	Callable 5/12/10, then cont.
FEDERAL HOME LOAN BANK	09/14/06	09/29/10	Aaa	AAA	5.125	5.070	1,000,000.00	1,000,268.76	1,027,345.00	27,076.24	
FEDERAL HOME LOAN BANK	05/23/08	06/10/11	Aaa	AAA	3.125	3.520	2,000,000.00	1,990,485.27	2,058,130.00	67,644.73	
FEDERAL HOME LOAN BANK	11/08/06	07/30/10	Aaa	AAA	5.000	5.010	2,000,000.00	1,999,906.74	2,040,310.00	40,403.26	
FEDERAL HOME LOAN BANK	12/18/06	06/22/10	Aaa	AAA	4.500	4.825	2,000,000.00	1,998,175.17	2,027,190.00	29,014.83	
FEDERAL HOME LOAN BANK	06/18/07	03/12/10	Aaa	AAA	4.875	5.382	2,000,000.00	1,999,713.82	2,003,120.00	3,406.18	
FEDERAL HOME LOAN BANK	06/16/08	12/10/10	Aaa	AAA	3.250	3.800	2,000,000.00	1,991,910.87	2,044,070.00	52,159.13	

**CITY OF SANTA BARBARA**  
**Investment Portfolio**  
**February 28, 2010**

DESCRIPTION	PURCHASE	MATURITY	QUALITY RATING		STATED	YIELD AT	FACE	BOOK	MARKET	BOOK	COMMENTS
	DATE	DATE	MOODY'S	S & P							
FEDERAL HOME LOAN BANK	09/17/09	09/13/13	Aaa	AAA	4.375	2.272	2,000,000.00	2,141,301.84	2,172,500.00	31,198.16	
FEDERAL HOME LOAN BANK	02/22/10	12/13/13	Aaa	AAA	3.125	2.130	2,000,000.00	2,071,904.86	2,077,500.00	5,595.14	
FEDERAL HOME LOAN MTG CORP	04/08/09	04/08/13	Aaa	AAA	2.500	2.526	2,000,000.00	1,998,897.22	2,019,040.00	20,142.78	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	2,031,540.00	31,540.00	Callable 5/19/11, once
FEDERAL HOME LOAN MTG CORP	09/03/09	09/21/12	Aaa	AAA	2.125	1.699	2,000,000.00	2,021,114.75	2,041,870.00	20,755.25	
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	2,037,740.00	37,740.00	Callable 5/13/11, once
FEDERAL HOME LOAN MTG CORP	05/29/07	07/06/10	Aaa	AAA	4.500	5.070	2,000,000.00	1,996,367.50	2,029,480.00	33,112.50	
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	2,014,020.00	14,020.00	Callable 7/30/10, once
FEDERAL HOME LOAN MTG CORP	10/28/09	10/28/14	Aaa	AAA	3.000	3.000	2,000,000.00	2,000,000.00	2,014,540.00	14,540.00	Callable 10/28/10, then qtrly
FEDERAL HOME LOAN MTG CORP	06/09/09	08/17/12	Aaa	AAA	1.000	2.420	2,000,000.00	1,933,102.37	1,986,900.00	53,797.63	
FEDERAL HOME LOAN MTG CORP	05/22/07	09/17/10	Aaa	AAA	3.880	5.015	2,000,000.00	1,988,725.49	2,038,480.00	49,754.51	
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	2,023,920.00	23,920.00	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	2,040,000.00	40,000.00	Callable 3/18/11, once
FEDERAL NATL MORTGAGE ASSN	03/23/09	03/23/12	Aaa	AAA	2.000	2.491	2,000,000.00	2,000,000.00	2,014,690.00	14,690.00	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	1,999,650.00	2,005,940.00	6,290.00	Callable 5/04/10, once
FEDERAL NATL MORTGAGE ASSN	09/09/09	09/09/14	Aaa	AAA	3.250	3.250	2,000,000.00	2,000,000.00	2,027,810.00	27,810.00	Callable 9/09/10, once
FEDERAL NATL MORTGAGE ASSN	12/30/09	12/30/14	Aaa	AAA	3.000	3.000	2,000,000.00	2,000,000.00	2,008,760.00	8,760.00	Callable 6/30/10, then qtrly
FEDERAL NATL MORTGAGE ASSN	04/27/06	04/20/10	Aaa	AAA	4.750	5.270	2,000,000.00	1,998,736.87	2,012,190.00	13,453.13	
FEDERAL NATL MORTGAGE ASSN	02/27/09	02/24/12	Aaa	AAA	2.250	2.250	2,000,000.00	2,000,000.00	2,033,750.00	33,750.00	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	2,006,880.00	6,880.00	Callable 5/20/10, once
FEDERAL NATL MORTGAGE ASSN	10/29/09	10/29/14	Aaa	AAA	2.250	3.304	2,000,000.00	2,000,000.00	2,006,880.00	6,880.00	StrNt, Callable 4/29/10 cont.
FEDERAL NATL MORTGAGE ASSN	03/05/08	03/05/13	Aaa	AAA	4.100	4.100	2,000,000.00	2,000,000.00	2,000,620.00	620.00	Callable 3/05/10, once
<b>Subtotal, Federal Agencies</b>							<u>95,700,000.00</u>	<u>95,958,538.59</u>	<u>97,426,665.50</u>	<u>1,468,126.91</u>	
<b>CORPORATE/MEDIUM TERM NOTES</b>											
GENERAL ELECTRIC CAPITAL CORP	01/10/07	02/22/11	Aa2	AA+	6.125	5.100	2,000,000.00	2,017,791.58	2,104,200.00	86,408.42	
TOYOTA MOTOR CREDIT	10/19/06	03/15/10	Aa1	AA	4.250	5.140	2,000,000.00	1,999,371.26	2,002,660.00	3,288.74	
WELLS FARGO & CO.	05/30/07	01/12/11	A1	AA-	4.875	5.260	2,000,000.00	1,993,985.42	2,079,500.00	85,514.58	
WELLS FARGO & CO.	10/10/06	08/09/10	A1	AA-	4.625	5.000	2,000,000.00	1,997,023.18	2,036,600.00	39,576.82	
<b>Subtotal, Corporate Securities</b>							<u>8,000,000.00</u>	<u>8,008,171.44</u>	<u>8,222,960.00</u>	<u>214,788.56</u>	
<b>SB AIRPORT PROMISSORY NOTE (LT)</b>											
SANTA BARBARA AIRPORT	07/14/09	06/30/29	-	-	7.000	7.000	<u>7,213,660.84</u>	<u>7,213,660.84</u>	<u>7,213,660.84</u>	<u>0.00</u>	
<b>Subtotal, SBA Note</b>							<u>7,213,660.84</u>	<u>7,213,660.84</u>	<u>7,213,660.84</u>	<u>0.00</u>	
<b>TOTALS</b>							<u>162,913,660.84</u>	<u>163,180,370.87</u>	<u>164,863,286.34</u>	<u>1,682,915.47</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.