



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: October 30, 2012

TO: Mayor and Councilmembers

FROM: Treasury Division, Finance Department

SUBJECT: September 30, 2012, Investment Report and September 30, 2012, Fiscal Agent Report

RECOMMENDATION: That Council:

- A. Accept the September 30, 2012, Investment Report; and
- B. Accept the September 30, 2012, Fiscal Agent Report.

DISCUSSION:

On a quarterly basis, staff submits a comprehensive report on the City's portfolio and related activity pursuant to the City's Annual Statement of Investment Policy. The current report covers the investment activity for the period of July through September 2012.

Financial markets posted double digits gains through September 30, 2012 as the U.S. economy continued its recovery, despite constraints on global growth in Europe and China. During the quarter, several important factors served to bolster investor confidence. These included strong U.S. corporate earnings reports, the commitment by European central banks to preserve the euro, and the Federal Reserve's announcement of a round of third quantitative easing.

In the third quarter, the Dow Jones Industrial Average (DJIA) index, which measures stocks from 30 industrial "blue-chip" companies, increased 5.02 percent from the previous quarter; the S&P 500, composed of 500 "large-cap" companies across various sectors, increased 6.35 percent; and the NASDAQ Composite, which largely measures technology stocks, was up 6.50 percent.

The Consumer Price Index (CPI-U) is a general measure of inflation showing the average change in prices of goods and services purchased by households over time. The 12-month change in CPI-U increased 2.0 percent in September primarily due to increase in the gasoline index and other major energy indexes.

As shown in the table to the right, Treasury yields were slightly lower during the quarter, hovering at historically low levels. Federal Reserve interest forecasts anticipate that yields will remain at these exceptionally low levels at least through the end of 2014. The State of California's Local Agency Investment Fund (LAIF) rate decreased slightly, by 1 basis point, during the quarter.

U.S. Treasury Market					
	6/30/2012	7/31/2012	8/31/2012	9/30/2012	Cumulative Change
3 Month	0.09%	0.11%	0.09%	0.10%	0.01%
6 Month	0.16%	0.14%	0.14%	0.14%	-0.02%
1 Year	0.21%	0.16%	1.60%	0.17%	-0.04%
2 Year	0.33%	0.23%	0.22%	0.23%	-0.10%
3 Year	0.41%	0.30%	0.30%	0.31%	-0.10%
4 Year	0.56%	0.43%	0.44%	0.47%	-0.09%
5 Year	0.72%	0.60%	0.59%	0.62%	-0.10%
10 Year	1.67%	1.51%	1.57%	1.65%	-0.02%
30 Year	2.76%	2.56%	2.68%	2.82%	0.06%
LAIF	0.36%	0.35%	0.35%	0.35%	-0.01%

Investment Activity

As shown in the Investment Activity table on the next page, the City invested \$12 million in "AAA" rated Federal Agency callable securities. The City also purchased 2 Certificates of Deposits, totaling \$6 million, from Santa Barbara Bank & Trust. The purchases replaced \$13 million in securities that matured or were called by issuers before the final maturity date and drew down a portion of the City's deposits in the Local Agency Investment Fund (LAIF), the State's managed investment pool. Over the quarter, \$9 million of Federal Agency securities were called, and \$4 million in securities matured.

Issuer	Face Amount	Purchase Date	Final Maturity	Call Date	Yield To Call	Yield To Maturity
<i>Purchases:</i>						
Federal Home Loan Mortgage Corp (FHLMC)	\$ 2,000,000	07/24/12	07/24/17	07/24/13	1.125%	1.125%
Federal Farm Credit Bank (FFCB)	2,000,000	08/15/12	08/15/17	08/15/13	0.980%	0.980%
Federal Home Loan Mortgage Corp (FHLMC)	2,000,000	08/28/12	08/28/17	02/28/13	1.030%	1.030%
Federal National Mortgage Association (FNMA)	2,000,000	08/28/12	08/28/17	08/28/13	1.150%	1.150%
Santa Barbara Bank & Trust CD (SBBTCD)	2,000,000	08/31/12	08/31/15	-	-	1.247%
Santa Barbara Bank & Trust CD (SBBTCD)	4,000,000	08/31/12	08/31/17	-	-	1.511%
Federal Home Loan Mortgage Corp (FHLMC)	2,000,000	09/12/12	09/12/17	09/12/13	1.000%	1.000%
Federal Farm Credit Bank (FFCB)	2,000,000	09/13/12	09/13/17	12/13/12	1.020%	1.020%
	\$ 18,000,000					
<i>Calls:</i>						
Federal Home Loan Mortgage Corp (FHLMC)	\$ 2,000,000	10/03/11	10/03/16	07/03/12	1.000%	1.612%
Federal Home Loan Mortgage Corp (FHLMC)	2,000,000	10/19/11	10/19/16	07/19/12	1.500%	1.500%
Federal National Mortgage Association (FNMA)	2,000,000	08/10/10	08/10/15	08/10/12	2.133%	2.055%
Federal National Mortgage Association (FNMA)	1,000,000	09/28/11	09/28/16	09/28/12	1.050%	1.401%
Federal Home Loan Mortgage Corp (FHLMC)	2,000,000	09/28/11	09/28/16	09/28/12	1.400%	1.400%
	\$ 9,000,000					
<i>Maturities:</i>						
Federal Home Loan Mortgage Corp (FHLMC)	\$ 2,000,000	06/09/09	08/17/12	-	-	2.420%
Federal Home Loan Mortgage Corp (FHLMC)	2,000,000	09/03/09	09/21/12	-	-	1.699%
	\$ 4,000,000					

Summary of Cash and Investments

As shown in the table to the right, the book rate of return, or portfolio yield, measures the rate of return of actual earnings generated from the portfolio. During the quarter, the City's book rate of return increased by 3.1 basis points from 1.421 percent at June 30, 2012 to 1.452 percent at September 30, 2012. The book rate of return will continue to decline through the attrition of higher-yielding securities and reinvestment at current, historically low market rates.

Mo. Ended	Yield	Days to Maturity
6/30/2012	1.421%	924
7/31/2012	1.436%	918
8/31/2012	1.460%	1,009
9/30/2012	1.452%	1,020

The portfolio's average days to maturity, including the long-term Airport promissory note, increased by 96 days from 924 to 1,020 days. Excluding the Airport note, the portfolio's average days to maturity is 829 days, reflecting reinvestment of maturities and calls during the quarter in the one-to-five year range in accordance with the City's Annual Statement of Investment Policy. The Annual Statement of Investment Policy requires that the average days to maturity on the portfolio not exceed 912 days, excluding any investments with a final maturity longer than 5 years that were separately authorized by Council, such as the Airport promissory note.

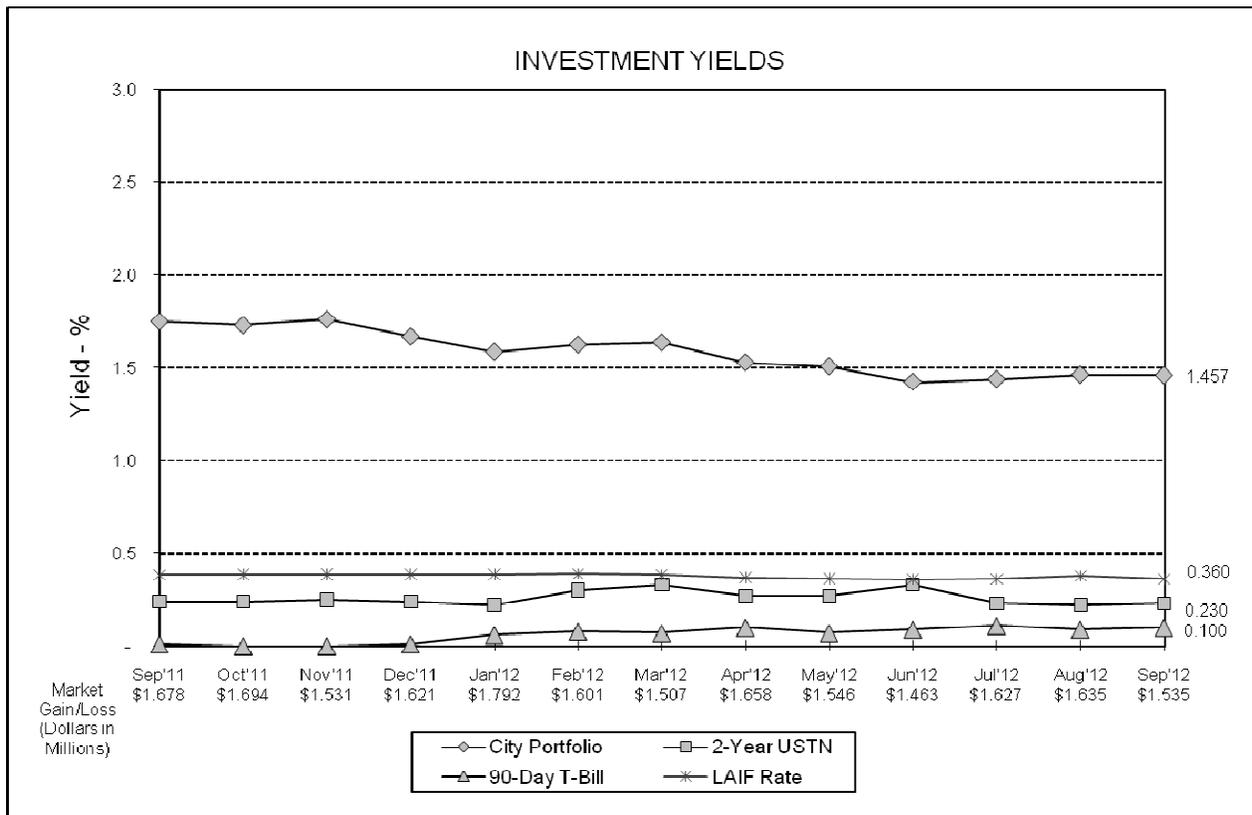
The average rate at which the City earned interest for funds invested was at 0.35 percent for the quarter ended September 30, 2012. The City's LAIF holdings at the end of the quarter were \$34.5 million and the Redevelopment Successor Agency LAIF holdings were \$6.7 million for a total of \$41.2 million. Staff expects to reinvest a portion of the LAIF balances in fixed-term or callable securities during the next quarter.

Credit Quality on Corporate Notes

There were no changes to the corporate issuers of the medium-term notes held in the portfolio (i.e., Berkshire Hathaway Financial, General Electric Capital Corp., Proctor & Gamble, and Toyota Motor Credit) and the ratings of all corporate notes remain within the City's Investment Policy guidelines of "A" or better.

Portfolio Market Gains/Losses

As shown in the Investment Yields chart below, the City's portfolio continues to significantly outperform the three benchmark measures (the 90-day T-Bill, 2-year T-Note and LAIF). Overall, the portfolio also reflects unrealized market gains during the quarter due to lower market yields compared to the yields on securities currently held in the portfolio. At September 30, 2012, the portfolio had an overall unrealized market gain of \$1.535 million.



On a quarterly basis, staff reports the five securities with the largest percentage of unrealized losses when comparing book value to market value. There were no securities trading below purchase price at the end of the quarter. Market losses occur when current market yields rise above the yields on securities held in the portfolio. However, because securities in the City's portfolio are held to maturity, no market losses would be realized.

On a quarterly basis, staff also reports all securities with monthly market declines of greater than 1 percent compared to the prior month. There were no securities in the portfolio with a market decline of greater than 1 percent compared to the prior month.

The following confirmations are made pursuant to California Code Sections 53600 et seq.: (1) the City's portfolio as of September 30, 2012, is in compliance with the City's Statement of Investment Policy; and (2) there are sufficient funds available to meet the City's expenditure requirements for the next six months.

Fiscal Agent Investments

In addition to reporting requirements for public agency portfolios, a description of any of the agency's investments under the management of contracted parties is also required on a quarterly basis. Attachment 2 includes bond funds and the police and fire service

retirement fund as of September 30, 2012.

ATTACHMENTS: 1. September 30, 2012, Investment Report
2. September 30, 2012, Fiscal Agent 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
September 30, 2012

INVESTMENT ACTIVITY

PURCHASES OR DEPOSITS

9/12 Federal Home Loan Mortgage Corp (FHLMC)	\$ 2,000,000
9/13 Federal Farm Credit Bank (FFCB)	2,000,000
9/24 LAIF Deposit - City	2,000,000
9/26 LAIF Deposit - City	1,000,000
9/27 LAIF Deposit - City	1,500,000
Total	\$ 8,500,000

SALES, MATURITIES, CALLS OR WITHDRAWALS

9/11 LAIF Withdrawal - City	\$ (2,000,000)
9/12 LAIF Withdrawal - City	(2,000,000)
9/19 LAIF Withdrawal - City	(2,000,000)
9/21 Federal Home Loan Mortgage Corp (FHLMC) - Maturity	(2,000,000)
9/28 Federal National Mortgage Association (FNMA) - Call	(1,000,000)
9/28 Federal Home Loan Mortgage Corp (FHLMC) - Call	(2,000,000)
Total	\$ (11,000,000)

ACTIVITY TOTAL

\$ (2,500,000)

INVESTMENT INCOME

POOLED INVESTMENTS

Interest Earned on Investments	\$ 205,281
Amortization	(13,979)
Interest on SBB&T Accounts	514
Total	\$ 191,816

REDEVELOPMENT SUCCESSOR AGENCY INVESTMENTS

Interest Earned on Investments (LAIF)	\$ 1,982
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INCOME TOTAL

\$ 193,798

CITY OF SANTA BARBARA

Investment Portfolio

September 30, 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	-	-	-	-	0.360	0.360	34,500,000.00	34,500,000.00	34,500,000.00	0.00	
LOCAL AGENCY INV FUND/RDAS	-	-	-	-	0.360	0.360	6,700,000.00	6,700,000.00	6,700,000.00	0.00	
Subtotal, LAIF							41,200,000.00	41,200,000.00	41,200,000.00	0.00	
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							8,000,000.00	8,000,000.00	8,000,000.00	0.00	
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	2,031,000.00	31,000.00	
FEDERAL FARM CREDIT BANK	03/01/12	03/01/17	Aaa	AA+	1.260	1.260	2,000,000.00	2,000,000.00	2,008,320.00	8,320.00	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	2,008,400.00	8,400.00	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	2,020,920.00	20,920.00	
FEDERAL FARM CREDIT BANK	05/08/09	04/08/13	Aaa	AA+	2.200	2.200	2,000,000.00	2,000,000.00	2,021,140.00	21,140.00	
FEDERAL FARM CREDIT BANK	02/16/11	02/16/16	Aaa	AA+	2.570	2.570	2,000,000.00	2,000,000.00	2,139,960.00	139,960.00	
FEDERAL FARM CREDIT BANK	09/13/12	09/13/17	Aaa	AA+	1.020	1.020	2,000,000.00	2,000,000.00	2,001,680.00	1,680.00	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	2,037,580.00	37,580.00	
FEDERAL HOME LOAN BANK	08/05/10	09/12/14	Aaa	AA+	1.375	1.375	2,000,000.00	2,000,000.00	2,043,600.00	43,600.00	
FEDERAL HOME LOAN BANK	09/17/09	12/13/13	Aaa	AA+	3.125	2.440	2,000,000.00	2,015,515.27	2,070,040.00	54,524.73	
FEDERAL HOME LOAN BANK	01/15/10	10/30/12	Aaa	AA+	1.700	1.700	2,000,000.00	2,000,000.00	2,002,480.00	2,480.00	
FEDERAL HOME LOAN BANK	04/05/10	11/29/13	Aaa	AA+	2.000	2.000	2,000,000.00	2,000,000.00	2,041,780.00	41,780.00	
FEDERAL HOME LOAN BANK	06/29/10	10/29/12	Aaa	AA+	1.125	1.125	2,000,000.00	2,000,000.00	2,001,500.00	1,500.00	
FEDERAL HOME LOAN BANK	05/28/10	05/28/15	Aaa	AA+	2.000	2.653	2,000,000.00	2,000,000.00	2,005,420.00	5,420.00	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	1,005,599.64	1,007,520.00	1,920.36	
FEDERAL HOME LOAN BANK	09/17/09	09/13/13	Aaa	AA+	4.375	2.272	2,000,000.00	2,037,991.53	2,079,600.00	41,608.47	
FEDERAL HOME LOAN BANK	02/22/10	12/13/13	Aaa	AA+	3.125	2.130	2,000,000.00	2,022,806.83	2,070,040.00	47,233.17	
FEDERAL HOME LOAN BANK	02/09/11	01/29/15	Aaa	AA+	1.750	1.750	2,000,000.00	2,000,000.00	2,067,120.00	67,120.00	
FEDERAL HOME LOAN BANK	04/15/11	05/27/15	Aaa	AA+	2.000	2.000	2,000,000.00	2,000,000.00	2,087,480.00	87,480.00	
FEDERAL HOME LOAN BANK	09/26/11	10/30/13	Aaa	AA+	2.000	0.400	1,500,000.00	1,525,800.92	1,529,265.00	3,464.08	
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	2,005,120.00	5,120.00	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	2,031,400.00	31,400.00	
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	2,031,160.00	31,160.00	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	2,022,920.00	22,920.00	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	1,998,277.17	2,006,880.00	8,602.83	
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	2,007,820.00	7,820.00	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	2,008,220.00	8,220.00	Callable 07/24/13, then qtrly

CITY OF SANTA BARBARA

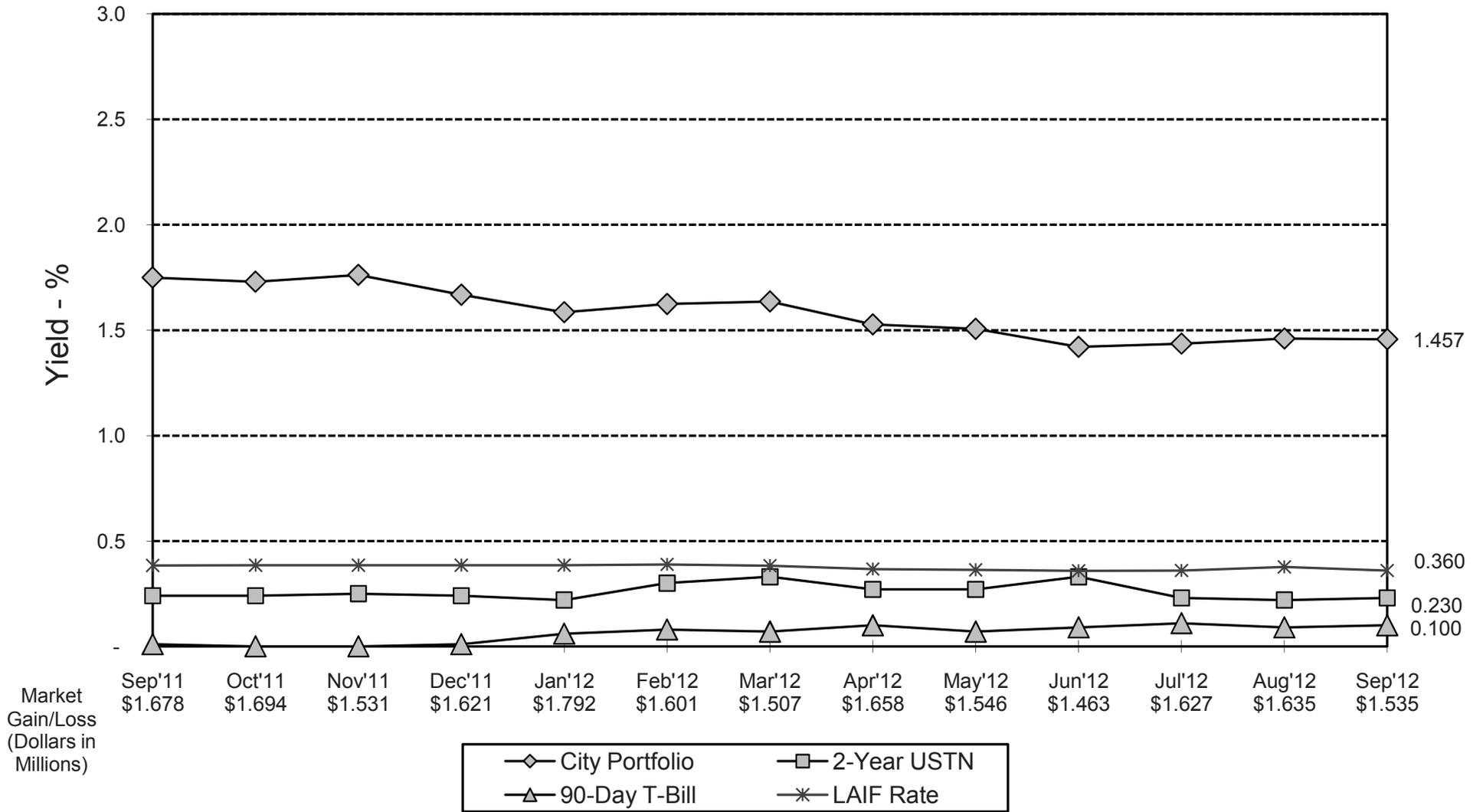
Investment Portfolio

September 30, 2012

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							
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	2,006,880.00	6,880.00	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	2,003,860.00	3,860.00	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	2,001,940.00	1,940.00	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	2,084,187.44	2,124,580.00	40,392.56	
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	2,009,480.00	9,480.00	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	1,999,947.22	2,003,060.00	3,112.78	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	2,004,140.00	4,140.00	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	1,998,925.00	2,026,460.00	27,535.00	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	1,999,683.33	2,006,400.00	6,716.67	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	2,042,660.00	42,660.00	
FEDERAL NATL MORTGAGE ASSN	06/27/11	06/27/16	Aaa	AA+	2.000	2.000	2,000,000.00	2,000,000.00	2,020,440.00	20,440.00	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	2,011,040.00	11,040.00	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	2,012,700.00	12,700.00	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	2,006,800.00	6,800.00	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	2,010,720.00	10,720.00	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	2,095,460.00	95,460.00	
FEDERAL NATL MORTGAGE ASSN	12/10/10	10/26/15	Aaa	AA+	1.625	2.067	2,000,000.00	1,974,300.57	2,074,680.00	100,379.43	
FEDERAL NATL MORTGAGE ASSN	04/18/11	04/18/16	Aaa	AA+	2.500	2.500	2,000,000.00	2,000,000.00	2,023,160.00	23,160.00	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	2,007,780.00	7,780.00	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	2,001,740.00	1,740.00	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	2,003,140.00	3,140.00	Callable 05/29/13, once
Subtotal, Federal Agencies							<u>94,500,000.00</u>	<u>94,663,034.92</u>	<u>95,885,485.00</u>	<u>1,222,450.08</u>	
CORPORATE/MEDIUM TERM NOTES											
BERKSHIRE HATHAWAY FIN	12/15/10	12/15/15	Aa2	AA+	2.450	2.530	2,000,000.00	1,995,191.67	2,106,780.00	111,588.33	
GENERAL ELECTRIC CAPITAL CORP	11/10/10	11/09/15	A1	AA+	2.250	2.250	2,000,000.00	2,000,000.00	2,071,260.00	71,260.00	
GENERAL ELECTRIC CAPITAL CORP	01/07/11	01/07/14	A1	AA+	2.100	2.100	2,000,000.00	2,000,000.00	2,036,620.00	36,620.00	
PROCTOR & GAMBLE	09/20/11	11/15/15	Aa3	AA-	1.800	1.085	2,000,000.00	2,043,531.51	2,073,480.00	29,948.49	
TOYOTA MOTOR CREDIT	09/26/11	09/15/16	Aa3	AA-	2.000	1.800	2,000,000.00	2,015,059.85	2,077,900.00	62,840.15	
Subtotal, Corporate Securities							<u>10,000,000.00</u>	<u>10,053,783.03</u>	<u>10,366,040.00</u>	<u>312,256.97</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>159,489,184.34</u>	<u>159,706,002.29</u>	<u>161,240,709.34</u>	<u>1,534,707.05</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.

INVESTMENT YIELDS



**CITY OF SANTA BARBARA
Fiscal Agent Investments
September 30, 2012**

	CASH & CASH EQUIVALENTS Book & Market	Guaranteed Investment Contracts (GIC) Book & Market	STOCKS		BONDS		US GOVT & AGENCIES		TOTALS	
			Book	Market	Book	Market	Book	Market	Book	Market
BOND FUNDS										
<i>RESERVE FUNDS</i>										
2004 RDA - Housing Bonds	1.51	-	-	-	-	-	-	-	1.51	1.51
2002 Municipal Improvement - Refunding COPs	6,694.79	547,530.00	-	-	-	-	-	-	554,224.79	554,224.79
2002 Water - Refunding COPs	8,794.13	1,088,268.76	-	-	-	-	-	-	1,097,062.89	1,097,062.89
1994 Water - Revenue Bonds	19,907.87	757,680.00	-	-	-	-	-	-	777,587.87	777,587.87
2002 Waterfront - Reference COPs	936,610.53	1,393,262.50	-	-	-	-	-	-	2,329,873.03	2,329,873.03
1992 Seismic - Safety Bonds	-	-	-	-	-	-	-	-	-	-
Subtotal, Reserve Funds	972,008.83	3,786,741.26	-	-	-	-	-	-	4,758,750.09	4,758,750.09
<i>PROJECT FUNDS</i>										
2001 RDA Bonds	2,365,978.21	-	-	-	-	-	-	-	2,365,978.21	2,365,978.21
2003 RDA Bonds	8,505,752.22	-	-	-	-	-	-	-	8,505,752.22	8,505,752.22
2004 Sewer Revenue Bonds	1,863,377.15	1,357,140.00	-	-	-	-	-	-	3,220,517.15	3,220,517.15
2009 Airport Bonds	4,647,885.05	-	-	-	-	-	-	-	4,647,885.05	4,647,885.05
Subtotal, Project Funds	17,382,992.63	1,357,140.00	-	-	-	-	-	-	18,740,132.63	18,740,132.63
Subtotal Bond Funds	18,355,001.46	5,143,881.26	-	-	-	-	-	-	23,498,882.72	23,498,882.72
POLICE/FIRE - SVC RETIREMENT FUND										
Police/Fire Funds	62,401.22	-	197,024.05	267,996.46	264,764.62	267,016.15	-	-	524,189.89	597,413.83
	62,401.22	-	197,024.05	267,996.46	264,764.62	267,016.15	-	-	524,189.89	597,413.83
TOTAL FISCAL AGENT INVESTMENTS	18,417,402.68	5,143,881.26	197,024.05	267,996.46	264,764.62	267,016.15	-	-	24,023,072.61	24,096,296.55

- Notes:
(1) Cash & cash equivalents include money market funds.
(2) Market values have been obtained from the following trustees: US Bank, Bank of New York and Santa Barbara Bank & Trust