



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: January 29, 2013
TO: Mayor and Councilmembers
FROM: Treasury Division, Finance Department
SUBJECT: December 31, 2012, Investment Report And December 31, 2012, Fiscal Agent Report

RECOMMENDATION: That Council:

- A. Accept the December 31, 2012, Investment Report; and
- B. Accept the December 31, 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 October through December 2012.

At December 31, 2012, financial markets posted solid gains for the year, despite modest equity losses during the fourth quarter. Negative investor sentiment was strongest during November prior to the presidential elections and again in December due to uncertainty over the "Fiscal Cliff" set to occur in January 2013.

The "Fiscal Cliff" refers to a series of federal tax increases under the expiring 2010 Tax Relief Act, coupled with required federal spending cuts under the Budget Control Act of 2011. The combined impact of these two events would have negative consequences for the economy by lowering personal income through income and payroll tax increases, increasing corporate taxes due to expiring tax credits, and likely resulting in an increase in unemployment. National unemployment remained unchanged at 7.8 percent in December.

In the fourth quarter, the Dow Jones Industrial Average (DJIA) index, measuring the stock performance of 30 industrial "blue-chip" companies, decreased 1.74 percent from the previous quarter, but increased 10.24 percent for the year. The S&P 500, composed of 500 "large-cap" companies across various sectors, decreased 0.38 percent from the previous quarter, but increased 16.0 percent for the year. The NASDAQ Composite, which largely measures technology stocks, was down 3.1 percent for the quarter, but up 15.91 percent for the year.

Council Agenda Report

December 31, 2012, Investment Report And December 31, 2012, Fiscal Agent Report

January 29, 2013

Page 2

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 1.7 percent in December, down slightly from the 2.0 percent increase at the end of last quarter. The December increase was due to increases in most major indexes, most notably prices in food and shelter, which offset a decline in the gasoline index.

As shown in the table to the right, yields on Treasury notes with a maturity of greater than one year were slightly higher during the quarter. Longer term maturities saw the highest increases, although the increases were modest. Yields on shorter term Treasuries declined only slightly. Federal Reserve interest forecasts anticipate that yields will remain at these exceptionally low levels at least through the end of 2014, but more likely now into calendar year 2015. The State of California's Local Agency Investment Fund (LAIF) yield decreased slightly, by 3 basis points, by the end of the quarter.

U.S. Treasury Market					
	9/30/2012	10/31/2012	11/30/2012	12/31/2012	Cumulative Change
3 Month	0.10%	0.11%	0.08%	0.05%	-0.05%
6 Month	0.14%	0.16%	1.30%	0.11%	-0.03%
1 Year	0.17%	0.18%	1.80%	0.16%	-0.01%
2 Year	0.23%	0.30%	0.25%	0.25%	0.02%
3 Year	0.31%	0.38%	0.34%	0.36%	0.05%
4 Year	0.47%	0.55%	0.47%	0.54%	0.07%
5 Year	0.62%	0.72%	0.61%	0.72%	0.10%
10 Year	1.65%	1.72%	1.62%	1.78%	0.13%
30 Year	2.82%	2.85%	2.81%	2.95%	0.13%
LAIF	0.35%	0.32%	0.32%	0.32%	-0.03%

Investment Activity

As shown in the Investment Activity table below, the City invested \$10 million in "AAA" rated Federal Agency callable securities. The City also purchased two United States Treasury Notes totaling \$4 million. The purchases replaced \$14 million in securities that matured or were called by issuers during the quarter before the final maturity date. In

Issuer	Face Amount	Purchase Date	Final Maturity	Call Date	Yield To Call	Yield To Maturity
<i>Purchases:</i>						
United States Treasury Note (USTN)	\$ 2,000,000	10/25/12	10/31/15	-	-	0.397%
United States Treasury Note (USTN)	2,000,000	10/25/12	03/15/15	-	-	0.342%
Federal National Mortgage Association (FNMA)	2,000,000	11/08/12	11/08/17	05/08/13	1.000%	1.000%
Federal National Mortgage Association (FNMA)	2,000,000	11/08/12	11/08/17	05/08/13	1.000%	1.000%
Federal National Mortgage Association (FNMA)	2,000,000	12/12/12	12/12/17	06/12/13	1.000%	1.000%
Federal National Mortgage Association (FNMA)	4,000,000	12/26/12	12/26/17	12/26/13	1.000%	1.000%
	\$ 14,000,000					
<i>Calls:</i>						
Federal National Mortgage Association (FNMA)	\$ 2,000,000	04/24/12	04/24/17	10/24/12	1.500%	1.500%
Federal National Mortgage Association (FNMA)	2,000,000	11/09/11	11/09/16	11/09/12	1.525%	1.807%
Federal Home Loan Bank (FHLB)	2,000,000	05/28/10	05/28/15	11/28/12	2.000%	2.653%
Federal National Mortgage Association (FNMA)	2,000,000	12/28/11	12/28/16	12/28/12	1.125%	1.641%
Federal National Mortgage Association (FNMA)	2,000,000	12/28/11	12/28/16	12/28/12	1.625%	1.625%
	\$ 10,000,000					
<i>Maturities:</i>						
Federal Home Loan Bank (FHLB)	\$ 2,000,000	06/29/10	10/29/12	-	-	1.125%
Federal Home Loan Bank (FHLB)	2,000,000	01/15/10	10/30/12	-	-	1.700%
Airport Promissory Note - Partial Redemption	91,236	07/14/09	06/30/29	-	-	7.000%
	\$ 4,091,236					

addition, the portfolio also received \$91,236 in a semi-annual principal payment on the Airport promissory note at the end of December. The outstanding balance on the Airport promissory note is \$5.698 million.

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 decreased by 1.8 basis points from 1.452 percent at September 30, 2012 to 1.434 percent at December 31, 2012. The book rate of return will continue to decline through the attrition of higher-yielding securities and reinvestment at the current market rates at historic lows.

Mo. Ended	Yield	Days to Maturity
9/30/2012	1.452%	1020
10/31/2012	1.383%	980
11/30/2012	1.390%	1011
12/31/2012	1.434%	1072

The portfolio’s average days to maturity, including the long-term Airport promissory note, increased by 52 days from 1020 to 1072 days. Excluding the Airport note, the portfolio’s average days to maturity is 876 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.

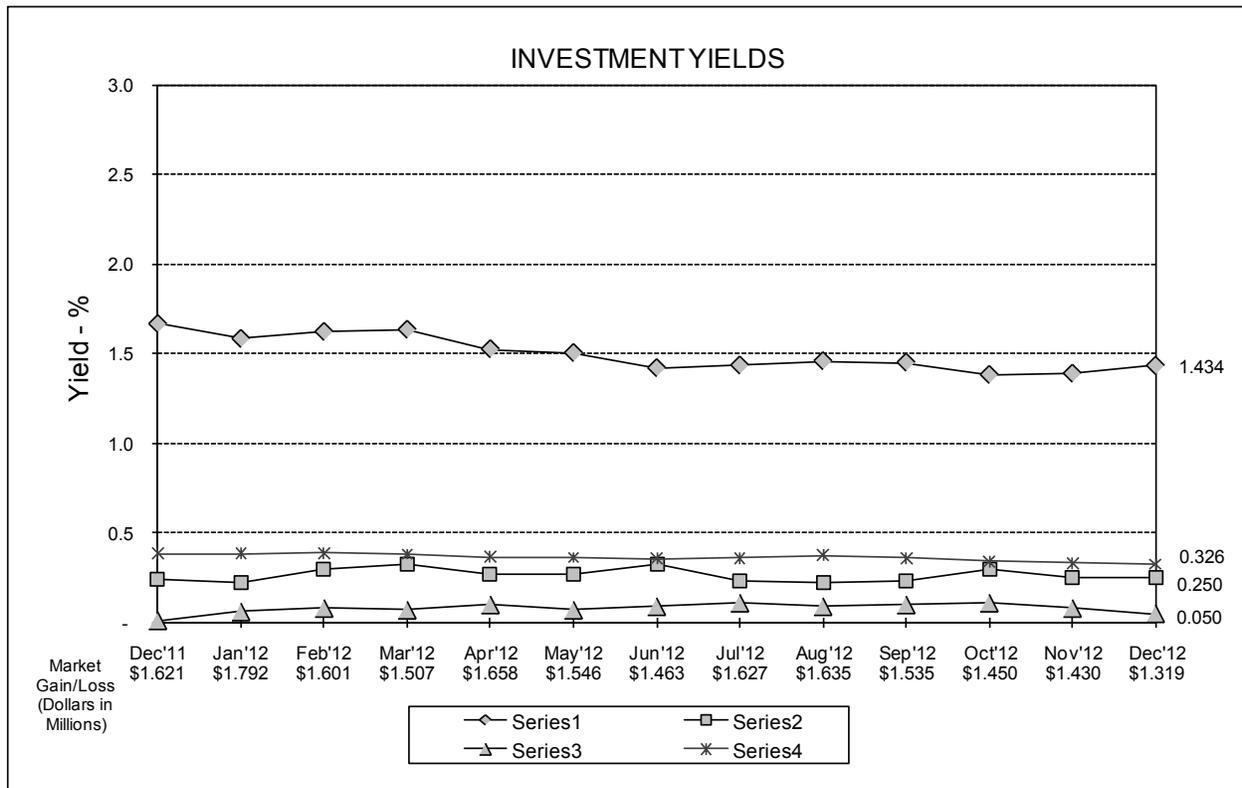
The average LAIF rate at which the City earned interest for funds invested was at 0.32 percent for the quarter ended December 31, 2012, down three basis points. The City’s LAIF holdings at the end of the quarter were \$24 million and the Redevelopment Successor Agency LAIF holdings were \$6.7 million for a total of \$30.7 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 on the next page, 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 December 31, 2012, the portfolio had an overall unrealized market gain of \$1.319 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 only two 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.

Issuer	Face Amount	Maturity	\$ Mkt Change	% Mkt Change
FEDERAL NATL MORTGAGE ASSN	\$2,000,000	03/28/17	-\$1,860	-0.09%
FEDERAL NATL MORTGAGE ASSN	\$2,000,000	04/12/17	-\$200	-0.01%

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 December 31, 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 December 31, 2012.

ATTACHMENTS: 1. December 31, 2012, Investment Report
2. December 31, 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
December 31, 2012

INVESTMENT ACTIVITY

PURCHASES OR DEPOSITS

12/5 LAIF Deposit - City	\$ 2,000,000
12/12 Federal National Mortgage Association (FNMA)	2,000,000
12/26 Federal National Mortgage Association (FNMA)	<u>4,000,000</u>
Total	\$ 8,000,000

SALES, MATURITIES, CALLS OR WITHDRAWALS

12/12 LAIF Withdrawal - City	\$ (2,000,000)
12/13 LAIF Withdrawal - City	(3,000,000)
12/20 LAIF Withdrawal - City	(7,000,000)
12/28 Federal National Mortgage Association (FNMA) - Call	(2,000,000)
12/28 Federal National Mortgage Association (FNMA) - Call	(2,000,000)
12/31 Airport Promissory Note - Partial Redemption	<u>(91,236)</u>
Total	\$ (16,091,236)

ACTIVITY TOTAL

\$ (8,091,236)

INVESTMENT INCOME

POOLED INVESTMENTS

Interest Earned on Investments	\$ 194,236
Amortization	(15,093)
Interest on SBB&T Accounts	<u>1,002</u>
Total	\$ 180,144

REDEVELOPMENT SUCCESSOR AGENCY INVESTMENTS

Interest Earned on Investments (LAIF)	<u>\$ 1,855</u>
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INCOME TOTAL

\$ 181,999

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

ENDING BALANCE AS OF NOVEMBER 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	\$ 40,700,000	0.333%	25.89%	1
Certificates of Deposit	8,000,000	1.267%	5.09%	1,206
Treasury Securities - Coupon	4,050,873	0.370%	2.58%	950
Federal Agency Issues - Coupon	88,638,598	1.503%	56.38%	1,131
Corporate/Medium Term Notes	<u>10,051,075</u>	<u>1.949%</u>	<u>6.39%</u>	<u>1,010</u>
	151,440,545	1.175%	96.32%	818
SB Airport Promissory Note	<u>5,789,184</u>	<u>7.000%</u>	<u>3.68%</u>	<u>6,055</u>
Totals and Averages	<u>\$ 157,229,730</u>	<u>1.390%</u>	<u>100.00%</u>	<u>1,011</u>
SBB&T Money Market Account	<u>6,322,014</u>			
Total Cash and Investments	<u>\$ 163,551,744</u>			

NET CASH AND INVESTMENT ACTIVITY FOR DECEMBER 2012 **\$ (870,148)**

ENDING BALANCE AS OF DECEMBER 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	\$ 30,700,000	0.326%	20.59%	1 (1)
Certificates of Deposit	8,000,000	1.267%	5.36%	1,175
Treasury Securities - Coupon	4,049,379	0.370%	2.72%	919
Federal Agency Issues - Coupon	90,626,353	1.464%	60.77%	1,132
Corporate/Medium Term Notes	<u>10,049,721</u>	<u>1.949%</u>	<u>6.74%</u>	<u>979</u>
	143,425,452	1.213%	96.17%	876
SB Airport Promissory Note	<u>5,697,949</u>	<u>7.000%</u>	<u>3.82%</u>	<u>6,024</u>
Totals and Averages	<u>\$ 149,123,401</u>	<u>1.434%</u>	<u>100.00%</u>	<u>1,072</u>
SBB&T Money Market Account	<u>13,558,195</u>			
Total Cash and Investments	<u>\$ 162,681,596</u>			

(1) The average life of the LAIF portfolio as of December 31, 2012 is 208 days.

CITY OF SANTA BARBARA

Investment Portfolio

December 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	-	-	-	-	0.326	0.326	24,000,000.00	24,000,000.00	24,000,000.00	0.00	
LOCAL AGENCY INV FUND/RDAS	-	-	-	-	0.326	0.326	6,700,000.00	6,700,000.00	6,700,000.00	0.00	
Subtotal, LAIF							30,700,000.00	30,700,000.00	30,700,000.00	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	
TREASURY SECURITIES - COUPON											
U S TREASURY NOTE	10/25/12	10/31/15	Aaa	AA+	1.250	0.397	2,000,000.00	2,047,938.10	2,051,100.00	3,161.90	
U S TREASURY NOTE	10/25/12	03/15/15	Aaa	AA+	0.375	0.342	2,000,000.00	2,001,440.51	2,004,380.00	2,939.49	
Subtotal, Treasury Securities							4,000,000.00	4,049,378.61	4,055,480.00	6,101.39	
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	2,026,600.00	26,600.00	
FEDERAL FARM CREDIT BANK	03/01/12	03/01/17	Aaa	AA+	1.260	1.260	2,000,000.00	2,000,000.00	2,003,960.00	3,960.00	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	2,007,720.00	7,720.00	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	2,008,640.00	8,640.00	
FEDERAL FARM CREDIT BANK	05/08/09	04/08/13	Aaa	AA+	2.200	2.200	2,000,000.00	2,000,000.00	2,011,220.00	11,220.00	
FEDERAL FARM CREDIT BANK	02/16/11	02/16/16	Aaa	AA+	2.570	2.570	2,000,000.00	2,000,000.00	2,132,900.00	132,900.00	
FEDERAL FARM CREDIT BANK	09/13/12	09/13/17	Aaa	AA+	1.020	1.020	2,000,000.00	2,000,000.00	2,000,160.00	160.00	Callable, continuous
FEDERAL HOME LOAN BANK	04/15/10	10/15/13	Aaa	AA+	2.000	2.000	2,000,000.00	2,000,000.00	2,028,980.00	28,980.00	
FEDERAL HOME LOAN BANK	08/05/10	09/12/14	Aaa	AA+	1.375	1.375	2,000,000.00	2,000,000.00	2,038,060.00	38,060.00	
FEDERAL HOME LOAN BANK	09/17/09	12/13/13	Aaa	AA+	3.125	2.440	2,000,000.00	2,012,282.92	2,056,200.00	43,917.08	
FEDERAL HOME LOAN BANK	04/05/10	11/29/13	Aaa	AA+	2.000	2.000	2,000,000.00	2,000,000.00	2,033,480.00	33,480.00	
FEDERAL HOME LOAN BANK	09/26/11	08/28/13	Aaa	AA+	1.000	0.381	1,000,000.00	1,004,058.45	1,005,550.00	1,491.55	
FEDERAL HOME LOAN BANK	09/17/09	09/13/13	Aaa	AA+	4.375	2.272	2,000,000.00	2,027,993.76	2,058,780.00	30,786.24	
FEDERAL HOME LOAN BANK	02/22/10	12/13/13	Aaa	AA+	3.125	2.130	2,000,000.00	2,018,055.40	2,056,200.00	38,144.60	
FEDERAL HOME LOAN BANK	02/09/11	01/29/15	Aaa	AA+	1.750	1.750	2,000,000.00	2,000,000.00	2,060,260.00	60,260.00	
FEDERAL HOME LOAN BANK	04/15/11	05/27/15	Aaa	AA+	2.000	2.000	2,000,000.00	2,000,000.00	2,080,120.00	80,120.00	
FEDERAL HOME LOAN BANK	09/26/11	10/30/13	Aaa	AA+	2.000	0.400	1,500,000.00	1,519,831.55	1,522,890.00	3,058.45	
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	2,004,080.00	4,080.00	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	2,026,880.00	26,880.00	
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	2,030,480.00	30,480.00	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	2,023,180.00	23,180.00	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	1,998,446.44	2,008,180.00	9,733.56	

CITY OF SANTA BARBARA

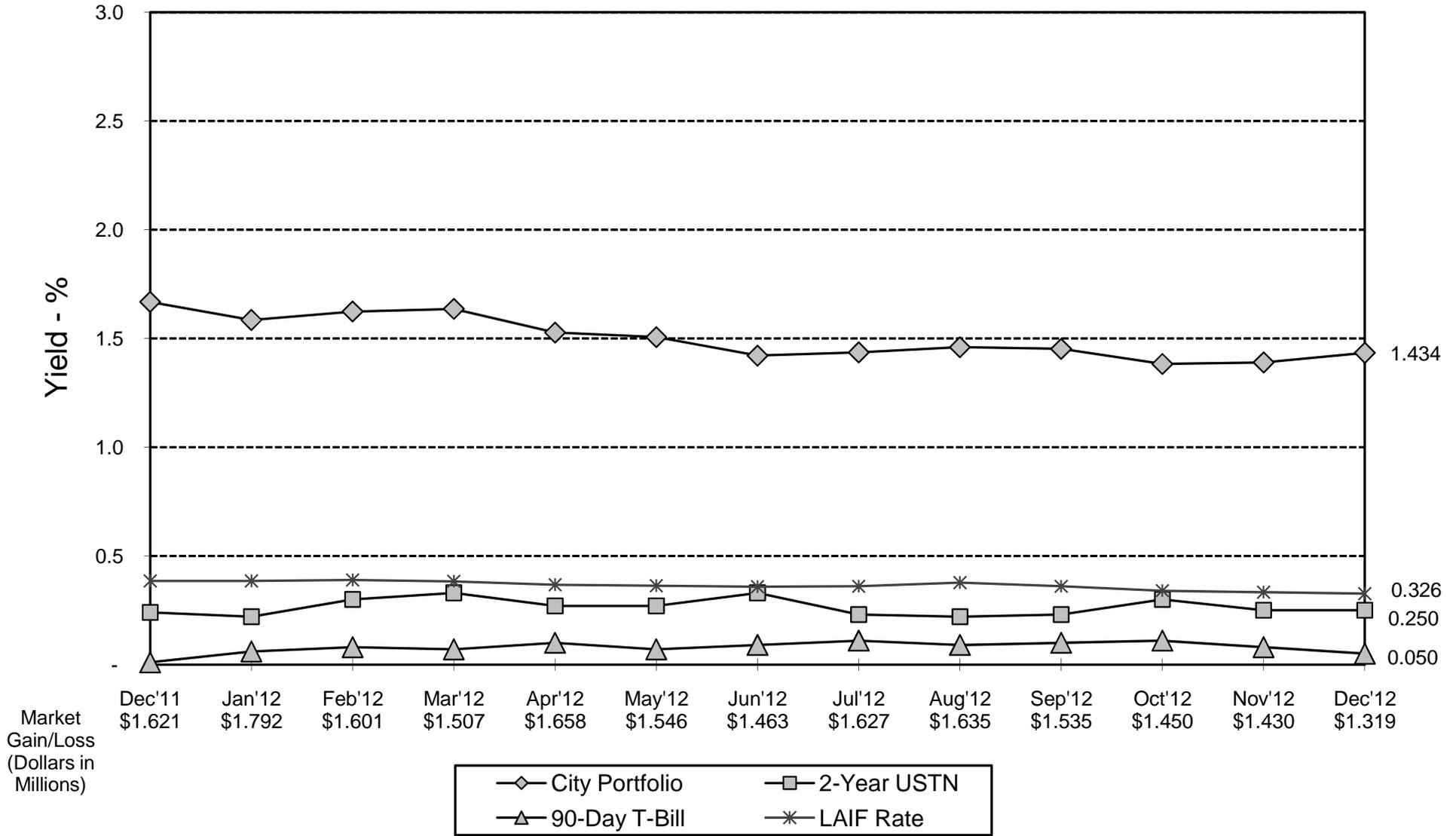
Investment Portfolio

December 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	2,022,040.00	22,040.00	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	2,007,620.00	7,620.00	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	2,005,880.00	5,880.00	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	2,003,060.00	3,060.00	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	2,005,680.00	5,680.00	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	2,070,182.14	2,104,840.00	34,657.86	
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	2,008,220.00	8,220.00	Callable 06/07/13, then qtrly
FEDERAL NATL MORTGAGE ASSN	10/28/11	10/28/16	Aaa	AA+	1.500	1.521	2,000,000.00	1,999,175.00	2,020,860.00	21,685.00	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	1,999,933.33	2,001,100.00	1,166.67	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	2,038,780.00	38,780.00	
FEDERAL NATL MORTGAGE ASSN	06/27/11	06/27/16	Aaa	AA+	2.000	2.000	2,000,000.00	2,000,000.00	2,013,940.00	13,940.00	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	2,010,500.00	10,500.00	Callable 08/28/13, 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	2,001,060.00	1,060.00	Callable 06/12/13, 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	1,999,800.00	(200.00)	Callable 04/12/13, 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	2,002,000.00	2,000.00	Callable 05/08/13, 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	2,002,000.00	2,000.00	Callable 05/08/13, then qtrly
FEDERAL NATL MORTGAGE ASSN	03/28/12	03/28/17	Aaa	AA+	1.125	1.332	2,000,000.00	2,000,000.00	1,998,140.00	(1,860.00)	SU 1.125%-2.25%, Call 03/28/13, 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	4,000,360.00	360.00	Callable 12/26/13, 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	2,088,840.00	88,840.00	
FEDERAL NATL MORTGAGE ASSN	12/10/10	10/26/15	Aaa	AA+	1.625	2.067	2,000,000.00	1,976,393.74	2,070,460.00	94,066.26	
FEDERAL NATL MORTGAGE ASSN	04/18/11	04/18/16	Aaa	AA+	2.500	2.500	2,000,000.00	2,000,000.00	2,013,000.00	13,000.00	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	2,001,780.00	1,780.00	Callable 01/30/13, then qtrly
FEDERAL NATL MORTGAGE ASSN	06/01/12	05/29/15	Aaa	AA+	0.650	0.650	<u>2,000,000.00</u>	<u>2,000,000.00</u>	<u>2,002,920.00</u>	<u>2,920.00</u>	Callable 05/29/13, once
Subtotal, Federal Agencies							<u>90,500,000.00</u>	<u>90,626,352.73</u>	<u>91,647,400.00</u>	<u>1,021,047.27</u>	
CORPORATE/MEDIUM TERM NOTES											
BERKSHIRE HATHAWAY FIN	12/15/10	12/15/15	Aa2	AA+	2.450	2.530	2,000,000.00	1,995,566.67	2,102,560.00	106,993.33	
GENERAL ELECTRIC CAPITAL CORP	11/10/10	11/09/15	A1	AA+	2.250	2.250	2,000,000.00	2,000,000.00	2,065,420.00	65,420.00	
GENERAL ELECTRIC CAPITAL CORP	01/07/11	01/07/14	A1	AA+	2.100	2.100	2,000,000.00	2,000,000.00	2,032,820.00	32,820.00	
PROCTOR & GAMBLE	09/20/11	11/15/15	Aa3	AA-	1.800	1.085	2,000,000.00	2,040,045.89	2,067,460.00	27,414.11	
TOYOTA MOTOR CREDIT	09/26/11	09/15/16	Aa3	AA-	2.000	1.800	<u>2,000,000.00</u>	<u>2,014,108.04</u>	<u>2,073,500.00</u>	<u>59,391.96</u>	
Subtotal, Corporate Securities							<u>10,000,000.00</u>	<u>10,049,720.60</u>	<u>10,341,760.00</u>	<u>292,039.40</u>	
SB AIRPORT PROMISSORY NOTE (LT)											
SANTA BARBARA AIRPORT	07/14/09	06/30/29	-	-	7.000	7.000	<u>5,697,948.77</u>	<u>5,697,948.77</u>	<u>5,697,948.77</u>	<u>0.00</u>	
Subtotal, SBA Note							<u>5,697,948.77</u>	<u>5,697,948.77</u>	<u>5,697,948.77</u>	<u>0.00</u>	
TOTALS							<u>148,897,948.77</u>	<u>149,123,400.71</u>	<u>150,442,588.77</u>	<u>1,319,188.06</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
December 31, 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	60,134.01	-	-	-	-	-	-	-	60,134.01	60,134.01
2002 Municipal Improvement - Refunding COPs	13,920.39	547,530.00	-	-	-	-	-	-	561,450.39	561,450.39
2002 Water - Refunding COPs	24,277.30	1,088,268.76	-	-	-	-	-	-	1,112,546.06	1,112,546.06
1994 Water - Revenue Bonds	19,907.87	757,680.00	-	-	-	-	-	-	777,587.87	777,587.87
2002 Waterfront - Reference COPs	207.44	1,393,262.50	-	-	-	-	-	-	1,393,469.94	1,393,469.94
Subtotal, Reserve Funds	118,447.01	3,786,741.26	-	-	-	-	-	-	3,905,188.27	3,905,188.27
<i>PROJECT FUNDS</i>										
2001 RDA Bonds	2,366,037.23	-	-	-	-	-	-	-	2,366,037.23	2,366,037.23
2003 RDA Bonds	8,505,964.59	-	-	-	-	-	-	-	8,505,964.59	8,505,964.59
2004 Sewer Revenue Bonds	1,842,118.18	1,357,140.00	-	-	-	-	-	-	3,199,258.18	3,199,258.18
2009 Airport Bonds	4,474,212.00	-	-	-	-	-	-	-	4,474,212.00	4,474,212.00
Subtotal, Project Funds	17,188,332.00	1,357,140.00	-	-	-	-	-	-	18,545,472.00	18,545,472.00
Subtotal Bond Funds	17,306,779.01	5,143,881.26	-	-	-	-	-	-	22,450,660.27	22,450,660.27
POLICE/FIRE - SVC RETIREMENT FUND										
Police/Fire Funds	43,019.39	-	197,024.05	265,950.35	264,208.62	265,202.95	-	-	504,252.06	574,172.69
	43,019.39	-	197,024.05	265,950.35	264,208.62	265,202.95	-	-	504,252.06	574,172.69
TOTAL FISCAL AGENT INVESTMENTS	<u>17,349,798.40</u>	<u>5,143,881.26</u>	<u>197,024.05</u>	<u>265,950.35</u>	<u>264,208.62</u>	<u>265,202.95</u>	<u>-</u>	<u>-</u>	<u>22,954,912.33</u>	<u>23,024,832.96</u>

- 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