



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: October 26, 2010

TO: Mayor and Councilmembers

FROM: Treasury Division, Finance Department

SUBJECT: September 30, 2010, Investment Report And September 30, 2010, Fiscal Agent Report

RECOMMENDATION: That Council:

- A. Accept the September 30, 2010, Investment Report; and
- B. Accept the September 30, 2010, 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 July through September 2010.

Financial markets posted gains over the September quarter corresponding to an easing of concerns over a double-dip recession and economic data suggesting a stabilizing economy and gradual economic growth. The Dow Jones Industrial Average (DJIA) index, which measures stocks from 30 industrial "blue-chip" companies, was up 11.13 percent from the previous quarter; S&P 500, composed of 500 "large-cap" companies across various sectors, was up 11.29 percent; and NASDAQ, which largely measures technology stocks, was up 12.3 percent.

Fueling the favorable results in financial markets in September, the Federal Reserve Bank's Open Market Committee announced that it "is prepared to provide additional accommodation if needed to support the economic recovery and to return inflation, over time, to levels consistent with its mandate." The Federal Reserve Bank's Open Market Committee held the federal funds rate unchanged at a target range of 0-1/4 percent over the quarter in continued efforts to spur growth in the economy.

The Consumer Price Index (CPI) is a general measure of inflation showing the average change over time in prices of goods and services purchased by households. The seasonally adjusted CPI for all items was up for the third straight month in September, rising 0.1 percent due to increases in food and energy index items. This was lower than expected and supports the Fed's concern that inflation is "too low". Core prices, excluding food and energy, were flat in September. Economists remain concerned about the possibility of deflation with low CPI growth and continued high unemployment levels. With figures released in early September, unemployment was at 9.6%

Treasury yields were lower at the end of the quarter as shown in the table to the right. Investors continued to demand the safety of U.S. Treasuries, driving prices higher and yields lower. Longer term yields on

U.S. Treasury Market					
	6/30/2010	7/31/2010	8/31/2010	9/30/2010	Cumulative Change
3 Month	0.17%	0.15%	0.13%	0.15%	-0.02%
6 Month	0.22%	0.20%	0.19%	0.19%	-0.03%
1 Year	0.30%	0.28%	0.23%	0.25%	-0.05%
2 Year	0.60%	0.55%	0.47%	0.42%	-0.18%
3 Year	0.96%	0.83%	0.70%	0.63%	-0.33%
4 Year	1.37%	1.22%	1.01%	0.95%	-0.42%
5 Year	1.78%	1.60%	1.33%	1.26%	-0.52%
10 Year	2.93%	2.91%	2.47%	2.51%	-0.42%
30 Year	3.89%	3.99%	3.52%	3.68%	-0.21%
LAIF	0.56%	0.51%	0.51%	0.51%	-0.05%

Treasury notes were lower, ranging from a decline of 5 basis points on the 1-year Treasury note to a decline of 52 basis points on the 5-year Treasury note over the quarter. This flattening of the yield curve is consistent with investor expectations of a long and gradual economic recovery.

Investment Activity

As shown in the table below, the City invested \$14 million during the quarter. The purchases consisted of \$12 million in "AAA" rated Federal Agency callable securities and \$2 million in "AAA" rated Federal Agency bullets (non-callable securities). During the quarter, \$9 million of "AAA" rated Federal Agency securities were called and \$11 million securities matured.

Issuer	Face Amount	Purchase Date	Final Maturity	Call Date	Yield To Call	Yield To Maturity
<i>Purchases:</i>						
Federal National Mortgage Association (FNMA)	2,000,000	07/07/10	07/07/15	07/07/11	2.350%	2.350%
Federal Home Loan Bank (FHLB)	2,000,000	07/14/10	07/14/15	07/14/11	2.000%	2.336%
Federal Home Loan Bank (FHLB)	2,000,000	08/05/10	09/12/14	-	-	1.375%
Federal National Mortgage Association (FNMA)	2,000,000	08/05/10	08/05/15	08/05/11	2.125%	2.125%
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)	2,000,000	09/09/10	09/09/15	09/09/11	1.951%	1.871%
Federal National Mortgage Association (FNMA)	2,000,000	09/21/10	09/21/15	03/21/11	2.000%	2.000%
	14,000,000					
<i>Calls:</i>						
Federal Home Loan Mortgage Corp (FHLMC)	2,000,000	07/30/09	01/30/13	07/30/10	2.350%	2.350%
Federal National Mortgage Association (FNMA)	2,000,000	09/09/09	09/09/14	09/09/10	3.250%	3.250%
Federal National Mortgage Association (FNMA)	1,000,000	03/09/10	03/09/15	09/09/10	3.000%	3.000%
Federal National Mortgage Association (FNMA)	2,000,000	03/16/10	09/16/13	09/16/10	2.302%	2.130%
Federal National Mortgage Association (FNMA)	2,000,000	03/23/09	03/23/12	09/23/10	2.000%	2.491%
	9,000,000					
<i>Maturities:</i>						
Federal Home Loan Mortgage Corp (FHLMC)	2,000,000	05/29/07	07/06/10	-	-	5.070%
Federal Home Loan Bank (FHLB)	2,000,000	11/08/06	07/30/10	-	-	5.010%
Wells Fargo & Co. (WFC)	2,000,000	10/10/06	08/09/10	-	-	5.000%
Federal Farm Credit Bank (FFCB)	2,000,000	01/29/07	08/25/10	-	-	5.111%
Federal Home Loan Mortgage Corp (FHLMC)	2,000,000	05/22/07	09/17/10	-	-	5.015%
Federal Home Loan Bank (FHLB)	1,000,000	09/14/06	09/29/10	-	-	5.070%
	11,000,000					

The weighted average yield to maturity measures the average yield for securities with varying interest rates to help provide a measure of the future rate of return on the investment portfolio. The weighted average yield to maturity on the quarter's purchases totaled 2.016 percent, compared to 3.946 percent on the quarter's called and matured investments, reflecting the low interest rate environment.

The average rate at which the City earned interest at the Local Agency Investment Fund (LAIF), the State's managed investment pool, was 0.51 percent for the quarter ended September 30, 2010. Staff expects to reinvest a portion of the City's LAIF balances in short-term or callable securities during the next quarter.

Summary of Cash and Investments

The book rate of return, or portfolio yield, measures the percent return of actual interest earnings generated from the portfolio. During the quarter, the City's book rate of return decreased by 18.5 basis points from 2.323 percent at June 30, 2010 to 2.138 percent at September 30, 2010. The book rate of return continues

Mo. Ended	Yield	Days to Maturity
06/30/2010	2.323%	842
07/31/2010	2.385%	922
08/31/2010	2.329%	972
09/30/2010	2.138%	925

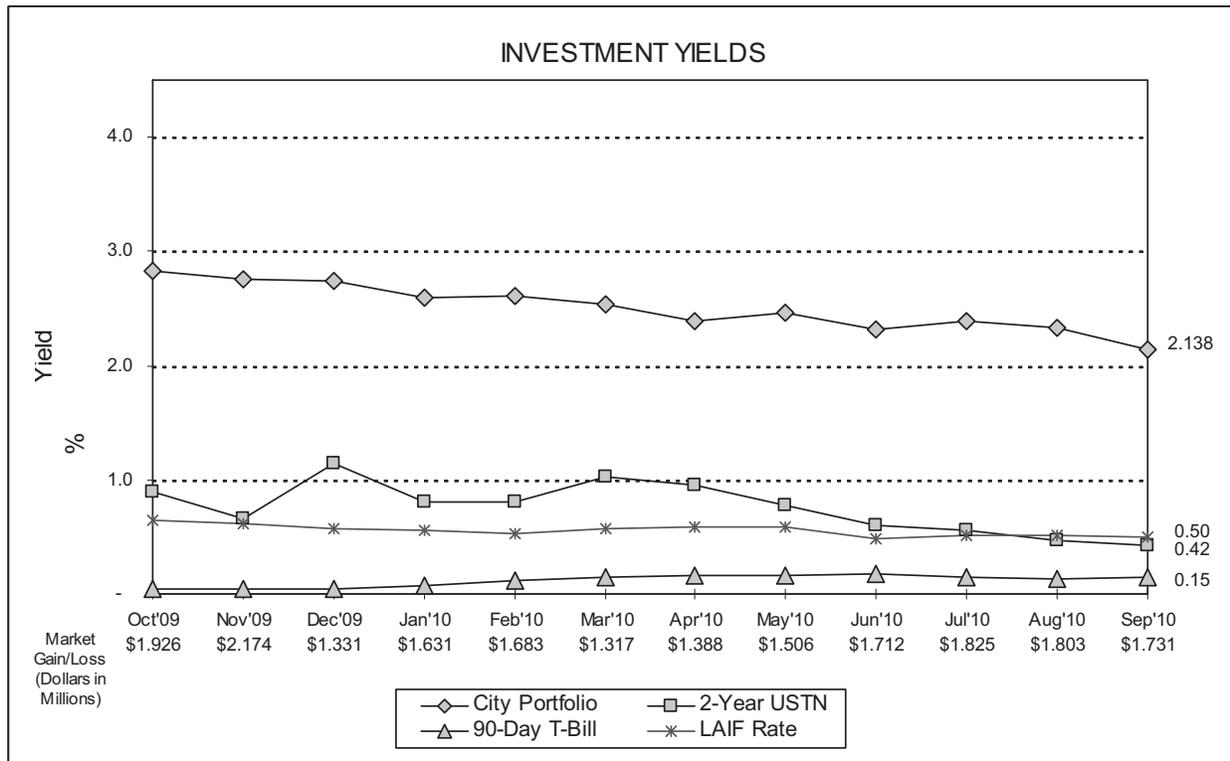
to decline through the attrition of higher-yielding securities, and reinvestment at considerably lower market rates. The portfolio's average days to maturity increased by 83 days from 842 to 925 days which includes the 20-year Airport promissory note authorized by Council in July 2009. The portfolio's average days to maturity excluding the Airport note is 682 days, reflecting reinvestment of maturities and calls during the quarter in the one to five year range for regular day-to-day investment activities in accordance with the City's Annual Statement of Investment Policy.

Credit Quality on Corporate Notes

Over the quarter ended September 30, 2010, there were no credit quality changes to the two corporate issuers of the medium-term notes held in the portfolio (i.e., General Electric Capital Corp and Wells Fargo & Company). All ratings remain within the City's Investment Policy guidelines of "A" or better.

Portfolio Market Gains/Losses

As shown on the Investment Yields 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). The portfolio also reflects unrealized market gains during the quarter due to lower market yields compared to the yields on securities held in the portfolio. At September 30, 2010, the portfolio had an unrealized market gain of \$1.731 million.



On a quarterly basis, staff reports the five securities with the largest percentage of unrealized losses. There were no securities trading below purchase price at the end of the quarter.

The following confirmations are made pursuant to California Code Sections 53600 et seq.: (1) the City's portfolio as of September 30, 2010 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, 2010.

- ATTACHMENTS:**
1. September 30, 2010, Investment Report
 2. September 30, 2010, 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, 2010

INVESTMENT ACTIVITY

PURCHASES OR DEPOSITS

9/9 Federal National Mortgage Association (FNMA)	\$ 2,000,000
9/15 LAIF Deposit - City	1,500,000
9/16 LAIF Deposit - City	1,500,000
9/20 LAIF Deposit - City	1,000,000
9/21 Federal National Mortgage Association (FNMA)	2,000,000
9/21 LAIF Deposit - City	1,000,000
9/24 LAIF Deposit - City	2,000,000
9/28 LAIF Deposit - City	2,000,000
9/30 LAIF Deposit - City	1,500,000
Total	\$ 14,500,000

SALES, MATURITIES, CALLS OR WITHDRAWALS

9/9 LAIF Withdrawal - City	\$ (1,000,000)
9/9 Federal National Mortgage Association (FNMA) - Call	(2,000,000)
9/9 Federal National Mortgage Association (FNMA) - Call	(1,000,000)
9/16 Federal National Mortgage Association (FNMA) - Call	(2,000,000)
9/17 Federal Home Loan Mortgage Corp (FHLMC) - Maturity	(2,000,000)
9/23 Federal National Mortgage Association (FNMA) - Call	(2,000,000)
9/29 Federal Home Loan Bank (FHLB) - Maturity	(1,000,000)
Total	\$ (11,000,000)

ACTIVITY TOTAL

\$ 3,500,000

INTEREST REVENUE

POOLED INVESTMENTS

Interest Earned on Investments	\$ 276,747
Amortization	(5,156)
SBB&T Sweep Account Interest	265
Total	\$ 271,856

RDA INVESTMENTS

Interest Earned on Investments (LAIF)	\$ 6,201
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TOTAL INTEREST EARNED

\$ 278,057

CITY OF SANTA BARBARA
Summary of Cash and Investments
September 30, 2010

ENDING BALANCE AS OF AUGUST 31, 2010

Description	Book Value	Yield to Maturity (365 days)	Percent of Portfolio	Average Days to Maturity
State of California LAIF	\$ 35,000,000	0.513%	23.02%	1 (1)
Certificates of Deposit	4,000,000	1.500%	2.63%	261
Federal Agency Issues - Coupon	102,941,133	2.590%	67.69%	1,010
Corporate/Medium Term Notes	4,006,134	5.180%	2.63%	154
	<u>145,947,267</u>	<u>2.133%</u>	<u>95.97%</u>	<u>724</u>
SB Airport Promissory Note	6,124,300	7.000%	4.03%	6,877
Totals and Averages	<u>\$ 152,071,567</u>	<u>2.329%</u>	<u>100.00%</u>	<u>972</u>
SBB&T Money Market Account	3,212,215			
Total Cash and Investments	<u>\$ 155,283,782</u>			

NET CASH AND INVESTMENT ACTIVITY FOR SEPTEMBER 2010 **\$ 2,199,001**

ENDING BALANCE AS OF SEPTEMBER 30, 2010

Description	Book Value	Yield to Maturity (365 days)	Percent of Portfolio	Average Days to Maturity
State of California LAIF	\$ 44,500,000	0.503%	28.61%	1 (1)
Certificates of Deposit	4,000,000	1.500%	2.57%	231
Federal Agency Issues - Coupon	96,934,917	2.482%	62.31%	1,036
Corporate/Medium Term Notes	4,005,194	5.180%	2.57%	124
	<u>149,440,111</u>	<u>1.939%</u>	<u>96.06%</u>	<u>682</u>
SB Airport Promissory Note	6,124,300	7.000%	3.94%	6,847
Totals and Averages	<u>\$ 155,564,411</u>	<u>2.138%</u>	<u>100.00%</u>	<u>925</u>
SBB&T Money Market Account	1,918,372			
Total Cash and Investments	<u>\$ 157,482,783</u>			

Note:

(1) The average life of the LAIF portfolio as of September 30, 2010 is 185 days .

CITY OF SANTA BARBARA
Investment Portfolio
September 30, 2010

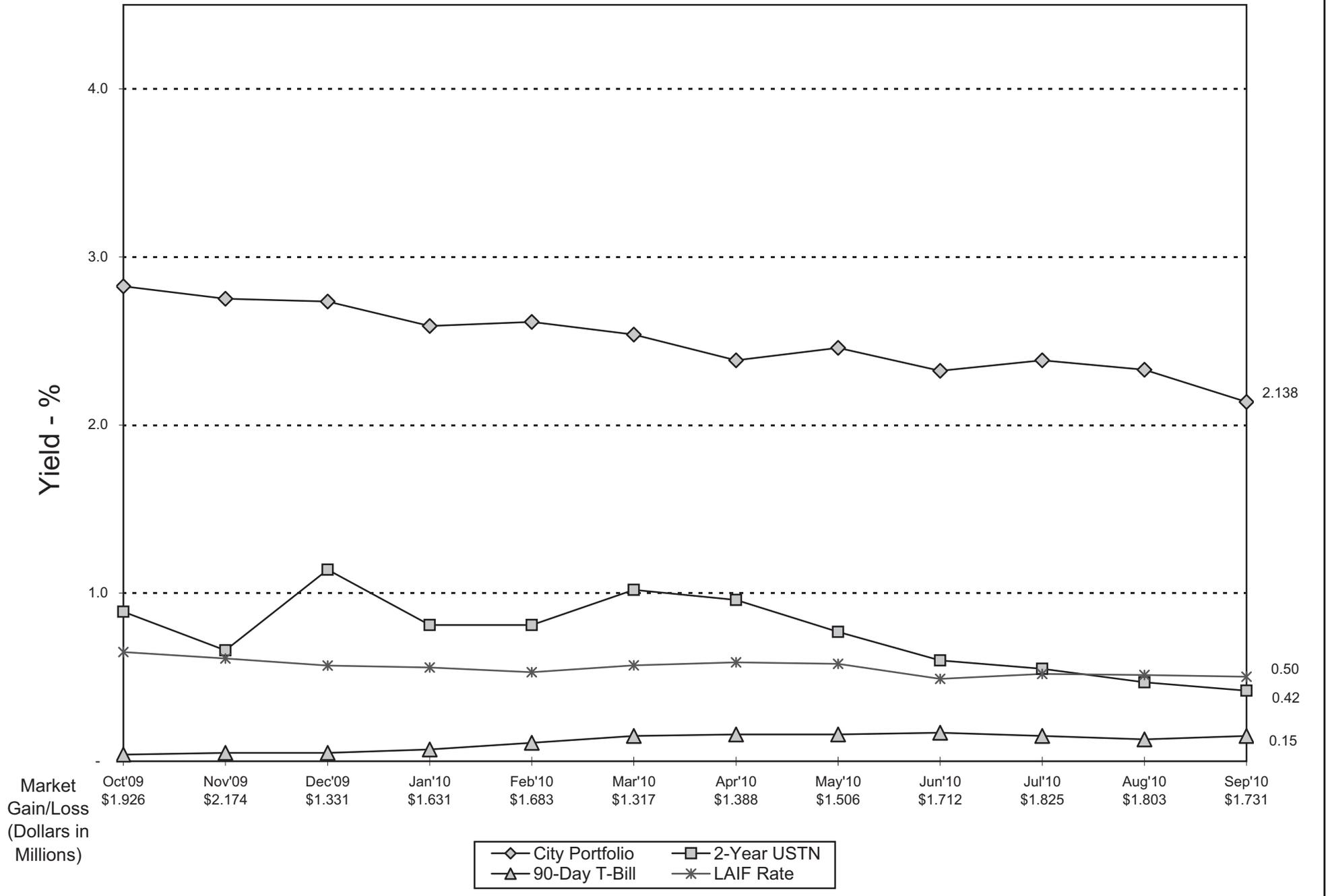
DESCRIPTION	PURCHASE DATE	MATURITY DATE	QUALITY RATING MOODY'S	QUALITY RATING S & P	STATED RATE	YIELD AT 365	FACE VALUE	BOOK VALUE	MARKET VALUE	BOOK GAIN/(LOSS)	COMMENTS
LOCAL AGENCY INVESTMENT FUNDS											
LOCAL AGENCY INVESTMENT FUND	-	-	-	-	0.503	0.503	29,500,000.00	29,500,000.00	29,500,000.00	0.00	
LOCAL AGENCY INV FUND/RDA	-	-	-	-	0.503	0.503	15,000,000.00	15,000,000.00	15,000,000.00	0.00	
Subtotal, LAIF							44,500,000.00	44,500,000.00	44,500,000.00	0.00	
CERTIFICATES OF DEPOSIT											
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	
Subtotal, Certificates of deposit							4,000,000.00	4,000,000.00	4,000,000.00	0.00	
FEDERAL AGENCY ISSUES - COUPON											
FEDERAL FARM CREDIT BANK	03/06/09	04/24/12	Aaa	AAA	2.250	2.120	2,000,000.00	2,003,923.03	2,054,380.00	50,456.97	
FEDERAL FARM CREDIT BANK	10/14/09	10/14/14	Aaa	AAA	2.875	2.875	2,000,000.00	2,000,000.00	2,001,880.00	1,880.00	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	2,003,964.17	2,033,120.00	29,155.83	
FEDERAL FARM CREDIT BANK	03/04/09	01/17/12	Aaa	AAA	2.000	2.002	2,000,000.00	2,000,000.00	2,041,250.00	41,250.00	
FEDERAL FARM CREDIT BANK	03/05/09	03/04/13	Aaa	AAA	2.600	2.600	2,000,000.00	2,000,000.00	2,090,940.00	90,940.00	
FEDERAL FARM CREDIT BANK	05/08/09	04/08/13	Aaa	AAA	2.200	2.200	2,000,000.00	2,000,000.00	2,073,130.00	73,130.00	
FEDERAL FARM CREDIT BANK	06/19/09	06/18/12	Aaa	AAA	2.125	2.125	2,000,000.00	2,000,000.00	2,054,690.00	54,690.00	
FEDERAL FARM CREDIT BANK	09/30/09	10/03/11	Aaa	AAA	1.125	1.125	2,000,000.00	2,000,000.00	2,014,380.00	14,380.00	
FEDERAL FARM CREDIT BANK	12/01/09	12/01/14	Aaa	AAA	2.840	2.840	2,000,000.00	2,000,000.00	2,008,120.00	8,120.00	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	2,016,570.00	16,570.00	Callable 01/13/11, then cont.
FEDERAL FARM CREDIT BANK	04/30/10	04/09/15	Aaa	AAA	2.900	2.916	2,000,000.00	1,998,808.35	2,070,630.00	71,821.65	Callable 04/09/12, once
FEDERAL HOME LOAN BANK	05/22/07	06/10/11	Aaa	AAA	5.250	5.005	2,000,000.00	2,003,022.84	2,065,940.00	62,917.16	
FEDERAL HOME LOAN BANK	07/09/07	02/15/11	Aaa	AAA	4.000	5.308	2,000,000.00	1,991,232.10	2,028,440.00	37,207.90	
FEDERAL HOME LOAN BANK	03/04/09	06/08/12	Aaa	AAA	4.375	2.110	1,700,000.00	1,762,397.43	1,799,611.50	37,214.07	
FEDERAL HOME LOAN BANK	04/15/10	10/15/13	Aaa	AAA	2.000	2.000	2,000,000.00	2,000,000.00	2,070,940.00	70,940.00	
FEDERAL HOME LOAN BANK	08/05/10	09/12/14	Aaa	AAA	1.375	1.375	2,000,000.00	2,000,000.00	2,016,880.00	16,880.00	
FEDERAL HOME LOAN BANK	06/30/09	06/30/14	Aaa	AAA	2.000	3.733	2,000,000.00	2,000,000.00	2,012,190.00	12,190.00	SU 5%, Callable 06/30/11, once
FEDERAL HOME LOAN BANK	09/17/09	12/13/13	Aaa	AAA	3.125	2.440	2,000,000.00	2,041,374.05	2,137,190.00	95,815.95	
FEDERAL HOME LOAN BANK	01/15/10	10/30/12	Aaa	AAA	1.700	1.700	2,000,000.00	2,000,000.00	2,047,190.00	47,190.00	
FEDERAL HOME LOAN BANK	03/30/10	09/30/13	Aaa	AAA	2.000	2.000	2,000,000.00	2,000,000.00	2,016,260.00	16,260.00	Callable 03/30/11, once
FEDERAL HOME LOAN BANK	04/05/10	11/29/13	Aaa	AAA	2.000	2.000	2,000,000.00	2,000,000.00	2,070,940.00	70,940.00	
FEDERAL HOME LOAN BANK	06/29/10	10/29/12	Aaa	AAA	1.125	1.125	2,000,000.00	2,000,000.00	2,023,440.00	23,440.00	
FEDERAL HOME LOAN BANK	05/23/08	06/10/11	Aaa	AAA	3.125	3.520	2,000,000.00	1,994,838.41	2,035,310.00	40,471.59	
FEDERAL HOME LOAN BANK	05/28/10	05/28/15	Aaa	AAA	2.000	2.653	2,000,000.00	2,000,000.00	2,053,440.00	53,440.00	SU 3.35%, Callable 11/28/12, once
FEDERAL HOME LOAN BANK	06/16/08	12/10/10	Aaa	AAA	3.250	3.800	2,000,000.00	1,997,999.46	2,011,570.00	13,570.54	
FEDERAL HOME LOAN BANK	09/17/09	09/13/13	Aaa	AAA	4.375	2.272	2,000,000.00	2,117,973.70	2,209,060.00	91,086.30	

CITY OF SANTA BARBARA
Investment Portfolio
September 30, 2010

DESCRIPTION	PURCHASE	MATURITY	QUALITY RATING		STATED	YIELD AT	FACE	BOOK	MARKET	BOOK	COMMENTS
	DATE	DATE	MOODY'S	S & P							
FEDERAL HOME LOAN BANK	02/22/10	12/13/13	Aaa	AAA	3.125	2.130	2,000,000.00	2,060,818.21	2,137,190.00	76,371.79	
FEDERAL HOME LOAN BANK	03/26/10	06/08/12	Aaa	AAA	1.375	1.325	2,000,000.00	2,001,655.45	2,030,320.00	28,664.55	
FEDERAL HOME LOAN BANK	07/14/10	07/14/15	Aaa	AAA	2.000	2.336	2,000,000.00	2,000,000.00	2,025,310.00	25,310.00	SU 2.0%-3.5% Call 07/14/11, then q
FEDERAL HOME LOAN BANK	06/30/10	06/30/14	Aaa	AAA	1.125	2.277	2,000,000.00	2,000,000.00	2,019,380.00	19,380.00	SU 3% callable 12/30/11, once
FEDERAL HOME LOAN MTG CORP	04/08/09	04/08/13	Aaa	AAA	2.500	2.526	2,000,000.00	1,999,480.56	2,021,180.00	21,699.44	Callable 04/08/11, 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	2,021,700.00	21,700.00	Callable 05/19/11, once
FEDERAL HOME LOAN MTG CORP	09/03/09	09/21/12	Aaa	AAA	2.125	1.699	2,000,000.00	2,016,295.08	2,063,440.00	47,144.92	
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	2,023,740.00	23,740.00	Callable 05/13/11, 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	2,003,960.00	3,960.00	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	1,948,958.47	2,013,940.00	64,981.53	
FEDERAL HOME LOAN MTG CORP	03/26/10	04/25/12	Aaa	AAA	1.125	1.197	1,000,000.00	998,885.55	1,010,470.00	11,584.45	
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	2,003,000.00	3,000.00	Callable 10/29/10, once
FEDERAL HOME LOAN MTG CORP	06/30/10	06/30/15	Aaa	AAA	2.000	2.914	2,000,000.00	2,000,000.00	2,023,320.00	23,320.00	SU 2.0%-4.5%, Call 06/30/11, annua
FEDERAL NATL MORTGAGE ASSN	03/18/09	09/18/12	Aaa	AAA	2.500	2.500	2,000,000.00	2,000,000.00	2,020,310.00	20,310.00	Callable 03/18/11, once
FEDERAL NATL MORTGAGE ASSN	07/07/10	07/07/15	Aaa	AAA	2.350	2.350	2,000,000.00	2,000,000.00	2,024,690.00	24,690.00	Callable 07/07/11, once
FEDERAL NATL MORTGAGE ASSN	04/15/10	07/15/13	Aaa	AAA	2.000	2.000	2,000,000.00	2,000,000.00	2,001,260.00	1,260.00	Callable 10/15/10, once
FEDERAL NATL MORTGAGE ASSN	05/24/10	06/24/13	Aaa	AAA	2.000	2.000	2,000,000.00	2,000,000.00	2,017,190.00	17,190.00	Callable 06/24/11, once
FEDERAL NATL MORTGAGE ASSN	08/10/10	08/10/15	Aaa	AAA	2.000	2.055	2,000,000.00	1,995,168.33	2,030,940.00	35,771.67	Callable 08/10/12, once
FEDERAL NATL MORTGAGE ASSN	02/27/09	02/24/12	Aaa	AAA	2.250	2.250	2,000,000.00	2,000,000.00	2,014,070.00	14,070.00	Callable 02/24/11, once
FEDERAL NATL MORTGAGE ASSN	08/05/10	08/05/15	Aaa	AAA	2.125	2.125	2,000,000.00	2,000,000.00	2,024,070.00	24,070.00	Callable 08/05/11, once
FEDERAL NATL MORTGAGE ASSN	09/09/10	09/09/15	Aaa	AAA	1.850	1.871	2,000,000.00	1,998,122.22	2,000,620.00	2,497.78	Callable 09/09/11, once
FEDERAL NATL MORTGAGE ASSN	05/19/10	05/19/15	Aaa	AAA	3.125	3.125	2,000,000.00	2,000,000.00	2,006,880.00	6,880.00	Callable 11/19/10, then qtrly
FEDERAL NATL MORTGAGE ASSN	09/21/10	09/21/15	Aaa	AAA	2.000	2.000	2,000,000.00	2,000,000.00	2,007,500.00	7,500.00	Callable 03/21/11, once
Subtotal, Federal Agencies							96,700,000.00	96,934,917.41	98,601,971.50	1,667,054.09	
CORPORATE/MEDIUM TERM NOTES											
GENERAL ELECTRIC CAPITAL CORP	01/10/07	02/22/11	Aa2	AA+	6.125	5.100	2,000,000.00	2,007,147.04	2,044,940.00	37,792.96	
WELLS FARGO & CO.	05/30/07	01/12/11	A1	AA-	4.875	5.260	2,000,000.00	1,998,046.71	2,024,280.00	26,233.29	
Subtotal, Corporate Securities							4,000,000.00	4,005,193.75	4,069,220.00	64,026.25	
SB AIRPORT PROMISSORY NOTE (LT)											
SANTA BARBARA AIRPORT	07/14/09	06/30/29	-	-	7.000	7.000	6,124,299.81	6,124,299.81	6,124,299.81	0.00	
Subtotal, SBA Note							6,124,299.81	6,124,299.81	6,124,299.81	0.00	
TOTALS							155,324,299.81	155,564,410.97	157,295,491.31	1,731,080.34	

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, 2010

	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	-	-	-	-	-	-	-	-	-	-	-
2002 Municipal Improvement - Refunding COPs	6,709.27	547,530.00	-	-	-	-	-	-	554,239.27	554,239.27	554,239.27
2002 Water - Refunding COPs	9,206.92	1,088,268.76	-	-	-	-	-	-	1,097,475.68	1,097,475.68	1,097,475.68
1994 Water - Revenue Bonds	20,011.55	757,680.00	-	-	-	-	-	-	777,691.55	777,691.55	777,691.55
2002 Waterfront - Reference COPs	919,323.71	1,393,262.50	-	-	-	-	-	-	2,312,586.21	2,312,586.21	2,312,586.21
1992 Seismic - Safety Bonds	87,465.19	-	-	-	-	-	-	-	87,465.19	87,465.19	87,465.19
Subtotal, Reserve Funds	<u>1,042,716.64</u>	<u>3,786,741.26</u>	-	-	-	-	-	-	<u>4,829,457.90</u>	<u>4,829,457.90</u>	<u>4,829,457.90</u>
<i>PROJECT FUNDS</i>											
2001 RDA Bonds	3,224,157.15	-	-	-	-	-	-	-	3,224,157.15	3,224,157.15	3,224,157.15
2003 RDA Bonds	13,908,794.72	-	-	-	-	-	-	-	13,908,794.72	13,908,794.72	13,908,794.72
2004 Sewer Revenue Bonds	2,998,403.75	1,357,140.00	-	-	-	-	-	-	4,355,543.75	4,355,543.75	4,355,543.75
2009 Airport Bonds	<u>29,075,174.57</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,100,000.00</u>	<u>3,216,343.00</u>	<u>32,175,174.57</u>	<u>32,291,517.57</u>	<u>32,291,517.57</u>
Subtotal, Project Funds	<u>49,206,530.19</u>	<u>1,357,140.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,100,000.00</u>	<u>3,216,343.00</u>	<u>53,663,670.19</u>	<u>53,780,013.19</u>	<u>53,780,013.19</u>
Subtotal Bond Funds	<u>50,249,246.83</u>	<u>5,143,881.26</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,100,000.00</u>	<u>3,216,343.00</u>	<u>58,493,128.09</u>	<u>58,609,471.09</u>	<u>58,609,471.09</u>
POLICE/FIRE - SVC RETIREMENT FUND											
Police/Fire Funds	87,270.11	-	234,610.67	250,653.89	371,474.70	371,212.05	-	-	693,355.48	709,136.05	709,136.05
	<u>87,270.11</u>	<u>-</u>	<u>234,610.67</u>	<u>250,653.89</u>	<u>371,474.70</u>	<u>371,212.05</u>	<u>-</u>	<u>-</u>	<u>693,355.48</u>	<u>709,136.05</u>	<u>709,136.05</u>
TOTAL FISCAL AGENT INVESTMENTS	<u><u>50,336,516.94</u></u>	<u><u>5,143,881.26</u></u>	<u><u>234,610.67</u></u>	<u><u>250,653.89</u></u>	<u><u>371,474.70</u></u>	<u><u>371,212.05</u></u>	<u><u>3,100,000.00</u></u>	<u><u>3,216,343.00</u></u>	<u><u>59,186,483.57</u></u>	<u><u>59,318,607.14</u></u>	<u><u>59,318,607.14</u></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