



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: January 25, 2011

TO: Mayor and Councilmembers

FROM: Treasury Division, Finance Department

SUBJECT: December 31, 2010, Investment Report And December 31, 2010, Fiscal Agent Report

RECOMMENDATION: That Council:

- A. Accept the December 31, 2010, Investment Report; and
- B. Accept the December 31, 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 October through December 2010.

Financial markets posted gains for the year corresponding to the avoidance of a double dip recession and a stabilizing economy, including strong corporate earnings and renewed consumer spending. The Dow Jones Industrial Average (DJIA) index, which measures stocks from 30 industrial "blue-chip" companies, was up 14.06 percent from the previous December quarter in 2009 and the S&P 500, composed of 500 "large-cap" companies across various sectors, was up 14.06 percent for the year.

In November, faced with continuing high unemployment, very low inflation and fears of deflation, the Federal Reserve Bank announced the quantitative easing program, or QE2. Under QE2, the Fed will purchase \$600 billion in Treasuries through June 2011 in an effort to keep interest rates low, spur economic growth, and return the inflation rate to the target of 2 percent. The Federal Reserve Bank's Open Market Committee also maintained the federal funds rate at a target range of 0-1/4 percent and indicated that the rate will likely be held low for an extended period of time.

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 fourth straight month in December, rising 0.5 percent. The December CPI also showed increases in the food, energy, recreation, used cars/trucks, household items, and airline fares indexes. While most

indexes increased at least moderately over the last 12 months, several indexes turned downward including new vehicles and apparel. National unemployment remained high through the end of 2010 at 9.4 percent, showing only a slight decline of 0.2 percent from the September 2010 quarter end.

Treasury note yields were higher by the end of the quarter, as shown in the table to the right, ranging from a slight increase of only 1 basis point on the 1-year Treasury note to an increase of 75 basis points on the 5-year Treasury note. Investors continued to demand the safety of U.S. Treasuries, driving prices higher and yields lower.

U.S. Treasury Market					
	9/30/2010	10/31/2010	11/30/2010	12/31/2010	Cumulative Change
3 Month	0.15%	0.11%	0.16%	0.13%	-0.02%
6 Month	0.19%	0.16%	0.20%	0.18%	-0.01%
1 Year	0.25%	0.20%	0.25%	0.26%	0.01%
2 Year	0.42%	0.34%	0.46%	0.59%	0.17%
3 Year	0.63%	0.49%	0.71%	0.99%	0.36%
4 Year	0.95%	0.83%	1.09%	1.50%	0.55%
5 Year	1.26%	1.17%	1.48%	2.01%	0.75%
10 Year	2.51%	2.60%	2.80%	3.30%	0.79%
30 Year	3.68%	3.98%	4.11%	4.34%	0.66%
LAIF	0.51%	0.46%	0.46%	0.46%	-0.05%

Investment Activity

As shown in the table below, the City invested \$26 million during the quarter. The purchases consisted of \$20 million in "AAA" rated Federal Agency callable securities, \$2 million in "AAA" rated Federal Agency bullets (non-callable securities), and \$4 million in

Issuer	Face Amount	Purchase Date	Final Maturity	Call Date	Yield To Call	Yield To Maturity
<i>Purchases:</i>						
Federal Farm Credit Bank (FFCB)	2,000,000	10/28/10	10/28/15	10/28/11	1.540%	1.540%
Federal National Mortgage Association (FNMA)	2,000,000	11/17/10	11/17/14	05/17/11	1.300%	1.300%
General Electric Capital Corporation (GECC)	2,000,000	11/10/10	11/09/15	-	-	2.250%
Federal Farm Credit Bank (FFCB)	2,000,000	11/23/10	11/23/15	05/23/12	2.000%	2.000%
Federal Home Loan Mortgage Corp (FHLMC)	2,000,000	11/23/10	11/23/15	11/23/11	2.207%	1.845%
Federal Farm Credit Bank (FFCB)	2,000,000	12/10/10	12/08/14	12/08/11	2.139%	1.662%
Federal National Mortgage Association (FNMA)	2,000,000	12/10/10	10/26/15	-	-	2.067%
Federal National Mortgage Association (FNMA)	2,000,000	12/15/10	12/15/15	06/15/11	2.000%	2.000%
Federal Home Loan Mortgage Corp (FHLMC)	2,000,000	12/15/10	12/15/15	03/15/11	2.100%	2.100%
Federal Farm Credit Bank (FFCB)	2,000,000	12/15/10	12/15/15	12/15/11	2.480%	2.480%
Berkshire Hathaway Fin (BERK)	2,000,000	12/15/10	12/15/15	-	-	2.530%
Federal National Mortgage Association (FNMA)	2,000,000	12/28/10	12/28/15	12/28/11	2.051%	2.011%
Federal Home Loan Bank (FHLB)	2,000,000	12/28/10	07/28/14	07/28/11	0.650%	1.816%
	26,000,000					
<i>Calls:</i>						
Federal Farm Credit Bank (FFCB)	2,000,000	10/14/09	10/14/14	10/14/10	2.875%	2.875%
Federal National Mortgage Association (FNMA)	2,000,000	04/15/10	07/15/13	10/15/10	2.000%	2.000%
Federal Home Loan Mortgage Corp (FHLMC)	2,000,000	10/28/09	10/28/14	10/28/10	3.000%	3.000%
Federal Home Loan Mortgage Corp (FHLMC)	2,000,000	04/29/09	10/29/12	10/29/10	2.250%	2.250%
Federal National Mortgage Association (FNMA)	2,000,000	05/19/10	05/19/15	11/19/10	3.125%	3.125%
Federal Farm Credit Bank (FFCB)	2,000,000	12/01/09	12/01/14	12/01/10	2.840%	2.840%
	12,000,000					
<i>Maturities:</i>						
Montecito Bank & Trust Certificate of Deposit (MONT)	2,000,000	11/18/09	11/18/10	-	-	1.250%
Federal Home Loan Bank (FHLB)	2,000,000	06/16/08	12/10/10	-	-	3.800%
Airport Promissory Note - Semi-annual Principal	79,507	07/14/09	06/30/29	-	-	7.000%
	4,079,507					

“AA+” rated corporate notes (General Electric Capital Corporation and Berkshire Hathaway Financial). During the quarter, \$12 million of “AAA” rated Federal Agency securities were called and \$4 million securities matured. In addition, the portfolio also received \$79,507 in a semi-annual principal payment on the Airport promissory note at the end of December.

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 1.969 percent, compared to 2.643 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 0.46 percent for the quarter ended December 31, 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 6.3 basis points from 2.138 percent at September 30, 2010 to 2.075 percent at December 31, 2010. The book rate of return continues 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 75 days from 925 to 1,000 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 778 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.

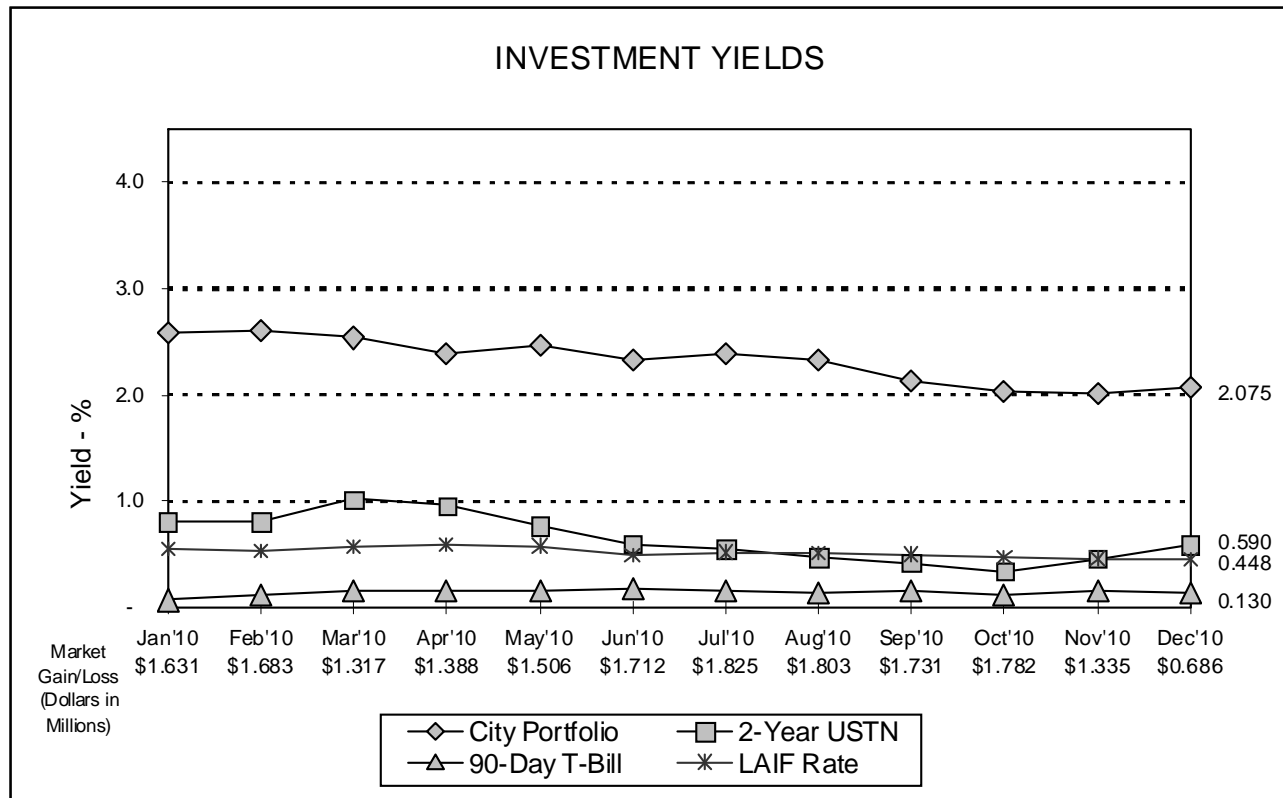
Mo. Ended	Yield	Days to Maturity
09/30/2010	2.138%	925
10/31/2010	2.034%	864
11/30/2010	2.020%	891
12/31/2010	2.075%	1000

Credit Quality on Corporate Notes

Over the quarter ended December 31, 2010, there were no credit quality changes to the three corporate issuers of the medium-term notes held in the portfolio (i.e., General Electric Capital Corp, Berkshire Hathaway Financial, 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 December 31, the overall portfolio had an unrealized market gain of \$0.686 million.



On a quarterly basis, staff reports the five securities with the largest percentage of unrealized losses when comparing book value to market value at the end of the quarter. Note, however, since securities in the portfolio are held to maturity, no market losses will be realized.

Issuer	Face Amount	Maturity	\$ Mkt Change	% Mkt Change
GENERAL ELECTRIC CAPITAL CORP	\$2,000,000	11/09/15	-\$77,300	-3.87%
FEDERAL HOME LOAN MTG CORP	\$2,000,000	11/23/15	-\$45,030	-2.26%
FEDERAL NATL MORTGAGE ASSN	\$2,000,000	12/28/15	-\$43,278	-2.16%
FEDERAL FARM CREDIT BANK	\$2,000,000	10/28/15	-\$42,540	-2.13%
FEDERAL NATL MORTGAGE ASSN	\$2,000,000	09/09/15	-\$37,342	-1.87%

On a quarterly basis, staff also reports all securities with monthly market declines of greater than 1 percent compared to the prior month. As shown on the table on the next page, there are 9 securities reported at December 31 due to the rise in Treasury yields causing a corresponding decline in market value. Although these securities show both monthly market declines and unrealized book-to-market losses, the securities will be held to maturity and no market losses will be realized.

Issuer	Face Amount	Maturity	Nov-Dec Mkt Change (\$)	Nov-Dec Mkt Change (%)	% Mkt Gain/(Loss) at 12.31.10
FEDERAL HOME LOAN MTG CORP	\$2,000,000	11/23/15	-\$42,360	-2.13%	-2.26%
FEDERAL NATL MORTGAGE ASSN	\$2,000,000	09/09/15	-\$38,410	-1.92%	-1.87%
FEDERAL FARM CREDIT BANK	\$2,000,000	10/28/15	-\$36,300	-1.82%	-2.13%
FEDERAL FARM CREDIT BANK	\$2,000,000	11/23/15	-\$36,050	-1.80%	-1.66%
FEDERAL NATL MORTGAGE ASSN	\$2,000,000	08/10/15	-\$35,370	-1.76%	-0.90%
FEDERAL NATL MORTGAGE ASSN	\$2,000,000	08/05/15	-\$29,700	-1.48%	-0.84%
FEDERAL NATL MORTGAGE ASSN	\$2,000,000	09/21/15	-\$29,060	-1.45%	-1.19%
FEDERAL NATL MORTGAGE ASSN	\$2,000,000	11/17/14	-\$24,980	-1.25%	-1.59%
FEDERAL HOME LOAN BANK	\$2,000,000	09/12/14	-\$22,630	-1.12%	-0.26%

The following confirmations are made pursuant to California Code Sections 53600 et seq.: (1) the City's portfolio as of December 31, 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 December 31, 2010.

ATTACHMENTS: 1. December 31, 2010 Investment Report
 2. December 31, 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
December 31, 2010

INVESTMENT ACTIVITY

PURCHASES OR DEPOSITS

12/10 Federal Farm Credit Bank (FFCB)	\$ 2,000,000
12/10 Federal National Mortgage Association (FNMA)	2,000,000
12/15 Federal National Mortgage Association (FNMA)	2,000,000
12/15 Federal Home Loan Mortgage Corp (FHLMC)	2,000,000
12/15 Federal Farm Credit Bank (FFCB)	2,000,000
12/15 Berkshire Hathaway Fin (BERK)	2,000,000
12/28 LAIF Deposit - City	10,000,000
12/28 Federal National Mortgage Association (FNMA)	2,000,000
12/28 Federal Home Loan Bank (FHLB)	2,000,000
Total	\$ 26,000,000

SALES, MATURITIES, CALLS OR WITHDRAWALS

12/1 Federal Farm Credit Bank (FFCB) - Call	\$ (2,000,000)
12/3 LAIF Withdrawal - City	(1,000,000)
12/8 LAIF Withdrawal - City	(1,000,000)
12/9 LAIF Withdrawal - City	(1,000,000)
12/10 Federal Home Loan Bank (FHLB) - Maturity	(2,000,000)
12/14 LAIF Withdrawal - City	(8,000,000)
12/16 LAIF Withdrawal - City	(7,000,000)
12/17 LAIF Withdrawal - City	(1,000,000)
12/31 Santa Barbara Airport Promissory Note - Principal Paydown	(79,507)
Total	\$ (23,079,507)

ACTIVITY TOTAL

\$ 2,920,493

INTEREST REVENUE

POOLED INVESTMENTS

Interest Earned on Investments	\$ 260,863
Amortization	(4,724)
SBB&T Sweep Account Interest	592
Total	\$ 256,730

RDA INVESTMENTS

Interest Earned on Investments (LAIF)	\$ 5,707
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TOTAL INTEREST EARNED

\$ 262,438

CITY OF SANTA BARBARA
Summary of Cash and Investments
December 31, 2010

ENDING BALANCE AS OF NOVEMBER 30, 2010

Description	Book Value	Yield to Maturity (365 days)	Percent of Portfolio	Average Days to Maturity
State of California LAIF	\$ 50,500,000	0.460%	31.65%	1
Certificates of Deposit	2,000,000	1.750%	1.25%	352
Federal Agency Issues - Coupon	94,915,674	2.396%	59.49%	1,011
Corporate/Medium Term Notes	6,003,313	4.204%	3.76%	643
	<u>153,418,987</u>	<u>1.821%</u>	<u>96.15%</u>	<u>656</u>
SB Airport Promissory Note	6,124,300	7.000%	3.84%	6,786
Totals and Averages	<u>\$ 159,543,286</u>	<u>2.020%</u>	<u>100.00%</u>	<u>891</u>
SBB&T Money Market Account	3,233,813			
Total Cash and Investments	<u>\$ 162,777,100</u>			

NET CASH AND INVESTMENT ACTIVITY FOR DECEMBER 2010 **\$ 3,643,787**

ENDING BALANCE AS OF DECEMBER 31, 2010

Description	Book Value	Yield to Maturity (365 days)	Percent of Portfolio	Average Days to Maturity
State of California LAIF	\$ 41,500,000	0.448%	25.55%	1 (1)
Certificates of Deposit	2,000,000	1.750%	1.23%	321
Federal Agency Issues - Coupon	104,857,483	2.310%	64.57%	1,084
Corporate/Medium Term Notes	7,994,939	3.787%	4.92%	910
	<u>156,352,422</u>	<u>1.884%</u>	<u>96.27%</u>	<u>778</u>
SB Airport Promissory Note	6,044,793	7.000%	3.72%	6,755
Totals and Averages	<u>\$ 162,397,215</u>	<u>2.075%</u>	<u>100.00%</u>	<u>1,000</u>
SBB&T Money Market Account	4,023,672			
Total Cash and Investments	<u>\$ 166,420,887</u>			

Note:

(1) The average life of the LAIF portfolio as of December 31, 2010 is 215 days .

CITY OF SANTA BARBARA
Investment Portfolio
December 31, 2010

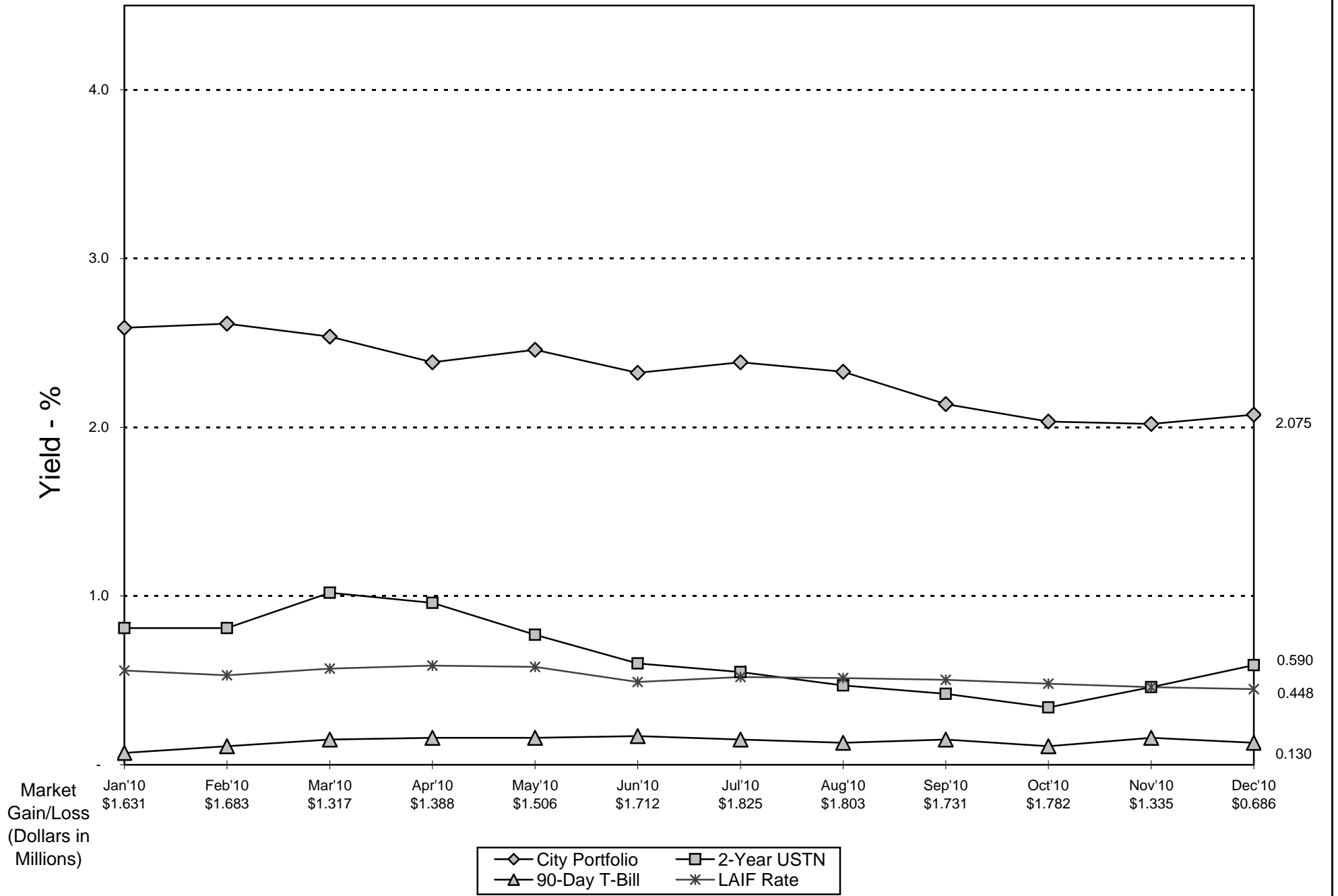
DESCRIPTION	PURCHASE	MATURITY	QUALITY RATING		STATED	YIELD AT	FACE	BOOK	MARKET	BOOK	COMMENTS
	DATE	DATE	MOODY'S	S & P							
LOCAL AGENCY INVESTMENT FUNDS											
LOCAL AGENCY INVESTMENT FUND	-	-	-	-	0.448	0.448	26,500,000.00	26,500,000.00	26,500,000.00	0.00	
LOCAL AGENCY INV FUND/RDA	-	-	-	-	0.448	0.448	15,000,000.00	15,000,000.00	15,000,000.00	0.00	
Subtotal, LAIF							41,500,000.00	41,500,000.00	41,500,000.00	0.00	
CERTIFICATES OF DEPOSIT											
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							2,000,000.00	2,000,000.00	2,000,000.00	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	2,003,295.90	2,045,840.00	42,544.10	
FEDERAL FARM CREDIT BANK	10/28/10	10/28/15	Aaa	AAA	1.540	1.540	2,000,000.00	2,000,000.00	1,957,460.00	(42,540.00)	Callable 10/28/11, then cont.
FEDERAL FARM CREDIT BANK	12/10/10	12/08/14	Aaa	AAA	1.500	1.662	2,000,000.00	1,988,233.24	1,996,460.00	8,226.76	Callable 12/08/11, then cont.
FEDERAL FARM CREDIT BANK	12/15/10	12/15/15	Aaa	AAA	2.480	2.480	2,000,000.00	2,000,000.00	1,991,650.00	(8,350.00)	Callable 12/15/11, then cont.
FEDERAL FARM CREDIT BANK	11/07/06	01/18/11	Aaa	AAA	5.750	5.000	2,000,000.00	2,000,629.82	2,004,380.00	3,750.18	
FEDERAL FARM CREDIT BANK	03/04/09	01/17/12	Aaa	AAA	2.000	2.002	2,000,000.00	2,000,000.00	2,033,320.00	33,320.00	
FEDERAL FARM CREDIT BANK	03/05/09	03/04/13	Aaa	AAA	2.600	2.600	2,000,000.00	2,000,000.00	2,079,420.00	79,420.00	
FEDERAL FARM CREDIT BANK	05/08/09	04/08/13	Aaa	AAA	2.200	2.200	2,000,000.00	2,000,000.00	2,062,860.00	62,860.00	
FEDERAL FARM CREDIT BANK	06/19/09	06/18/12	Aaa	AAA	2.125	2.125	2,000,000.00	2,000,000.00	2,046,610.00	46,610.00	
FEDERAL FARM CREDIT BANK	09/30/09	10/03/11	Aaa	AAA	1.125	1.125	2,000,000.00	2,000,000.00	2,010,420.00	10,420.00	
FEDERAL FARM CREDIT BANK	01/13/10	01/13/15	Aaa	AAA	3.180	3.180	2,000,000.00	2,000,000.00	2,001,710.00	1,710.00	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	1,999,004.06	2,026,130.00	27,125.94	Callable 04/09/12, once
FEDERAL FARM CREDIT BANK	11/23/10	11/23/15	Aaa	AAA	2.000	2.000	2,000,000.00	2,000,000.00	1,966,770.00	(33,230.00)	Callable 05/23/12, then cont.
FEDERAL HOME LOAN BANK	05/22/07	06/10/11	Aaa	AAA	5.250	5.005	2,000,000.00	2,001,930.25	2,042,340.00	40,409.75	
FEDERAL HOME LOAN BANK	07/09/07	02/15/11	Aaa	AAA	4.000	5.308	2,000,000.00	1,997,120.99	2,008,750.00	11,629.01	
FEDERAL HOME LOAN BANK	03/04/09	06/08/12	Aaa	AAA	4.375	2.110	1,700,000.00	1,753,145.75	1,784,107.50	30,961.75	
FEDERAL HOME LOAN BANK	04/15/10	10/15/13	Aaa	AAA	2.000	2.000	2,000,000.00	2,000,000.00	2,052,010.00	52,010.00	
FEDERAL HOME LOAN BANK	08/05/10	09/12/14	Aaa	AAA	1.375	1.375	2,000,000.00	2,000,000.00	1,994,870.00	(5,130.00)	
FEDERAL HOME LOAN BANK	12/28/10	07/28/14	Aaa	AAA	0.650	1.816	2,000,000.00	2,000,000.00	2,007,290.00	7,290.00	SU 2.05% Callable 07/28/11, once
FEDERAL HOME LOAN BANK	06/30/09	06/30/14	Aaa	AAA	2.000	3.733	2,000,000.00	2,000,000.00	2,009,750.00	9,750.00	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	2,038,141.70	2,111,380.00	73,238.30	
FEDERAL HOME LOAN BANK	01/15/10	10/30/12	Aaa	AAA	1.700	1.700	2,000,000.00	2,000,000.00	2,039,520.00	39,520.00	
FEDERAL HOME LOAN BANK	03/30/10	09/30/13	Aaa	AAA	2.000	2.000	2,000,000.00	2,000,000.00	2,007,560.00	7,560.00	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	2,050,990.00	50,990.00	
FEDERAL HOME LOAN BANK	06/29/10	10/29/12	Aaa	AAA	1.125	1.125	2,000,000.00	2,000,000.00	2,018,720.00	18,720.00	
FEDERAL HOME LOAN BANK	05/23/08	06/10/11	Aaa	AAA	3.125	3.520	2,000,000.00	1,996,704.05	2,023,170.00	26,465.95	
FEDERAL HOME LOAN BANK	05/28/10	05/28/15	Aaa	AAA	2.000	2.653	2,000,000.00	2,000,000.00	2,040,270.00	40,270.00	SU 3.35%, Callable 11/28/12, once
FEDERAL HOME LOAN BANK	09/17/09	09/13/13	Aaa	AAA	4.375	2.272	2,000,000.00	2,107,975.93	2,178,350.00	70,374.07	
FEDERAL HOME LOAN BANK	02/22/10	12/13/13	Aaa	AAA	3.125	2.130	2,000,000.00	2,056,066.78	2,111,380.00	55,313.22	

CITY OF SANTA BARBARA
Investment Portfolio
December 31, 2010

DESCRIPTION	PURCHASE	MATURITY	QUALITY RATING		STATED	YIELD AT	FACE	BOOK	MARKET	BOOK	COMMENTS
	DATE	DATE	MOODY'S	S & P							
FEDERAL HOME LOAN BANK	03/26/10	06/08/12	Aaa	AAA	1.375	1.325	2,000,000.00	2,001,410.00	2,025,440.00	24,030.00	
FEDERAL HOME LOAN BANK	07/14/10	07/14/15	Aaa	AAA	2.000	2.336	2,000,000.00	2,000,000.00	2,013,230.00	13,230.00	SU 2.0%-3.5% Call 07/14/11, then qtrly
FEDERAL HOME LOAN BANK	06/30/10	06/30/14	Aaa	AAA	1.125	2.277	2,000,000.00	2,000,000.00	2,019,530.00	19,530.00	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	1,999,730.56	2,011,020.00	11,289.44	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	2,013,420.00	13,420.00	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	2,014,229.51	2,052,060.00	37,830.49	
FEDERAL HOME LOAN MTG CORP	11/23/10	11/23/15	Aaa	AAA	1.750	1.845	2,000,000.00	1,991,950.00	1,946,920.00	(45,030.00)	Callable 11/23/11, once
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	2,014,180.00	14,180.00	Callable 05/13/11, once
FEDERAL HOME LOAN MTG CORP	12/15/10	12/15/15	Aaa	AAA	2.100	2.100	2,000,000.00	2,000,000.00	1,983,720.00	(16,280.00)	Callable 03/15/11, then qtrly
FEDERAL HOME LOAN MTG CORP	06/09/09	08/17/12	Aaa	AAA	1.000	2.420	2,000,000.00	1,955,753.94	2,009,760.00	54,006.06	
FEDERAL HOME LOAN MTG CORP	03/26/10	04/25/12	Aaa	AAA	1.125	1.197	1,000,000.00	999,063.39	1,008,290.00	9,226.61	
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	2,018,080.00	18,080.00	SU 2.0%-4.5%, Call 06/30/11, annually
FEDERAL NATL MORTGAGE ASSN	03/18/09	09/18/12	Aaa	AAA	2.500	2.500	2,000,000.00	2,000,000.00	2,009,340.00	9,340.00	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	2,008,700.00	8,700.00	Callable 07/07/11, 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	2,011,660.00	11,660.00	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	1,995,818.33	1,977,760.00	(18,058.33)	Callable 08/10/12, once
FEDERAL NATL MORTGAGE ASSN	11/17/10	11/17/14	Aaa	AAA	1.300	1.300	2,000,000.00	2,000,000.00	1,968,150.00	(31,850.00)	Callable 05/17/11, once
FEDERAL NATL MORTGAGE ASSN	12/28/10	12/28/15	Aaa	AAA	2.000	2.011	2,000,000.00	1,999,008.33	1,955,730.00	(43,278.33)	Callable 12/28/11, 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	2,004,950.00	4,950.00	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	1,983,110.00	(16,890.00)	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	1,998,622.22	1,961,280.00	(37,342.22)	Callable 09/09/11, once
FEDERAL NATL MORTGAGE ASSN	12/15/10	12/15/15	Aaa	AAA	2.000	2.000	2,000,000.00	2,000,000.00	1,983,860.00	(16,140.00)	Callable 06/15/11, once
FEDERAL NATL MORTGAGE ASSN	09/21/10	09/21/15	Aaa	AAA	2.000	2.000	2,000,000.00	2,000,000.00	1,976,250.00	(23,750.00)	Callable 03/21/11, once
FEDERAL NATL MORTGAGE ASSN	12/10/10	10/26/15	Aaa	AAA	1.625	2.067	2,000,000.00	1,959,648.41	1,951,600.00	(8,048.41)	
Subtotal, Federal Agencies							<u>104,700,000.00</u>	<u>104,857,483.16</u>	<u>105,611,527.50</u>	<u>754,044.34</u>	
CORPORATE/MEDIUM TERM NOTES											
BERKSHIRE HATHAWAY FIN	12/15/10	12/15/15	Aa2	AA+	2.450	2.530	2,000,000.00	1,992,566.67	1,987,720.00	(4,846.67)	
GENERAL ELECTRIC CAPITAL CORP	01/10/07	02/22/11	Aa2	AA+	6.125	5.100	2,000,000.00	2,002,585.10	2,014,660.00	12,074.90	
GENERAL ELECTRIC CAPITAL CORP	11/10/10	11/09/15	Aa2	AA+	2.250	2.250	2,000,000.00	2,000,000.00	1,922,700.00	(77,300.00)	
WELLS FARGO & CO.	05/30/07	01/12/11	A1	AA-	4.875	5.260	2,000,000.00	1,999,787.27	2,001,500.00	1,712.73	
Subtotal, Corporate Securities							<u>8,000,000.00</u>	<u>7,994,939.04</u>	<u>7,926,580.00</u>	<u>(68,359.04)</u>	
SB AIRPORT PROMISSORY NOTE (LT)											
SANTA BARBARA AIRPORT	07/14/09	06/30/29	-	-	7.000	7.000	6,044,793.28	6,044,793.28	6,044,793.28	0.00	
Subtotal, SBA Note							<u>6,044,793.28</u>	<u>6,044,793.28</u>	<u>6,044,793.28</u>	<u>0.00</u>	
TOTALS							<u>162,244,793.28</u>	<u>162,397,215.48</u>	<u>163,082,900.78</u>	<u>685,685.30</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, 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	75,057.50	-	-	-	-	-	-	-	-	75,057.50	75,057.50
2002 Municipal Improvement - Refunding COPs	13,954.67	547,530.00	-	-	-	-	-	-	-	561,484.67	561,484.67
2002 Water - Refunding COPs	24,732.49	1,088,268.76	-	-	-	-	-	-	-	1,113,001.25	1,113,001.25
1994 Water - Revenue Bonds	20,012.29	757,680.00	-	-	-	-	-	-	-	777,692.29	777,692.29
2002 Waterfront - Reference COPs	439.33	1,393,262.50	-	-	-	-	-	-	-	1,393,701.83	1,393,701.83
1992 Seismic - Safety Bonds	87,465.19	-	-	-	-	-	-	-	-	87,465.19	87,465.19
Subtotal, Reserve Funds	221,661.47	3,786,741.26	-	-	-	-	-	-	-	4,008,402.73	4,008,402.73
<i>PROJECT FUNDS</i>											
2001 RDA Bonds	2,643,701.81	-	-	-	-	-	-	-	-	2,643,701.81	2,643,701.81
2003 RDA Bonds	13,035,128.54	-	-	-	-	-	-	-	-	13,035,128.54	13,035,128.54
2004 Sewer Revenue Bonds	2,730,146.27	1,357,140.00	-	-	-	-	-	-	-	4,087,286.27	4,087,286.27
2009 Airport Bonds	23,586,374.94	-	-	-	-	-	3,100,000.00	3,195,883.00	-	26,686,374.94	26,782,257.94
Subtotal, Project Funds	41,995,351.56	1,357,140.00	-	-	-	-	3,100,000.00	3,195,883.00	-	46,452,491.56	46,548,374.56
Subtotal Bond Funds	42,217,013.03	5,143,881.26	-	-	-	-	3,100,000.00	3,195,883.00	-	50,460,894.29	50,556,777.29
POLICE/FIRE - SVC RETIREMENT FUND											
Police/Fire Funds	60,186.09	-	235,837.83	269,877.83	371,136.20	365,884.60	-	-	-	667,160.12	695,948.52
	60,186.09	-	235,837.83	269,877.83	371,136.20	365,884.60	-	-	-	667,160.12	695,948.52
TOTAL FISCAL AGENT INVESTMENTS	<u>42,277,199.12</u>	<u>5,143,881.26</u>	<u>235,837.83</u>	<u>269,877.83</u>	<u>371,136.20</u>	<u>365,884.60</u>	<u>3,100,000.00</u>	<u>3,195,883.00</u>	<u>-</u>	<u>51,128,054.41</u>	<u>51,252,725.81</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