



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: October 27, 2009
TO: Mayor and Councilmembers
FROM: Treasury Division, Finance Department
SUBJECT: September 30, 2009, Investment Report And September 30, 2009, Fiscal Agent Report

RECOMMENDATION: That Council:

- A. Accept the September 30, 2009, Investment Report; and
- B. Accept the September 30, 2009, Fiscal Agent Report.

DISCUSSION:

The City’s investment reporting schedule requires staff to submit a comprehensive report on the City portfolio on a quarterly basis. This report covers investment activity for July through September, 2009.

According to estimates released by the Bureau of Economic Analysis, real gross domestic product (GDP), the broadest measure of the health of the U.S. economy, decreased at an annual rate of 0.7 percent during the second calendar quarter of 2009 after a 6.4 percent annual decrease for first quarter of 2009. Negative GDP indicates declines in exports, consumer spending, and business investments. However, the second quarter decline indicates a slowing of the contraction of the U.S. economy.

Mixed signals of an economic recovery continued throughout the third quarter. Financial markets rallied for the seventh straight month since March 9th lows due to signs of improvement in the economy and corporate earnings. Each of the major indexes posted 15 percent gains or better during the quarter.

As shown in the table to the right, Treasury yields moved lower during the quarter despite large amounts of Treasury debt coming to market again this quarter to the fund the massive federal bailout programs and stimulus packages. While an increase in the supply of Treasuries in the market generally acts to push prices

U.S. Treasury Market					
	6/30/2009	7/31/2009	8/31/2009	9/30/2009	Cumulative Change
3 Month	0.19%	0.18%	0.13%	0.11%	-0.08%
6 Month	0.34%	0.25%	0.22%	0.17%	-0.17%
1 Year	0.48%	0.47%	0.41%	0.38%	-0.10%
2 Year	1.11%	1.11%	0.97%	0.94%	-0.17%
3 Year	1.62%	1.59%	1.47%	1.42%	-0.20%
4 Year	2.09%	2.05%	1.93%	1.87%	-0.22%
5 Year	2.55%	2.51%	2.39%	2.31%	-0.24%
10 Year	3.53%	3.48%	3.40%	3.31%	-0.22%
30 Year	4.33%	4.30%	4.18%	4.05%	-0.28%
LAIF	1.38%	1.04%	0.93%	0.75%	-0.63%

down and yields higher, investor demand for safety kept prices high and yields lower this quarter.

Although September consumer spending results have not been released yet, a 2.7 percent increase in August consumer spending was spurred by high gas prices, back-to-school purchases, and the federal "Cash for Clunkers" (Car Allowance Rebate System, or CARS) program which spiked automobile sales from multi-decade lows. Still, during the quarter retail sales overall remained well below sales in July and August 2008, but at the highest levels since October 2008.

Unemployment rose to a record high of 9.7 percent by September 30, up from 9.5 percent at June 30, which had marked the highest level of unemployment in twenty-six years at the time. Also, recent data on sales of existing homes in the third quarter showed an unexpected decline. The commercial real-estate market continued to deteriorate, with the trend likely to continue in the near term.

The Consumer Price Index (CPI) is a general measure of inflation showing the average change in prices over time of goods and services purchased by households. Both the seasonally adjusted CPI-U for all items increased 0.2 percent in September, after a 0.4 percent rise in August due to increases in gasoline prices. Excluding food and energy costs, the core index also climbed 0.2 percent after increasing 0.1 percent in each of the previous two months.

During the third quarter, the federal funds rate remained unchanged at a target range of 0-1/4 percent. At its September meeting, the Federal Reserve Bank's Open Market Committee reiterated its commitment to keep rates exceptionally low for an extended period.

Investment Activity

As shown in the table on the next page, the City invested \$20.0 million during the quarter. The purchases consisted of "AAA" rated Federal Agency securities, of which \$12.0 million are callable, and \$8.0 million are bullets. \$6.0 million of "AAA" rated Federal Agency securities were called during the quarter, and maturities for the quarter totaled \$10.5 million. The weighted average yield to maturity on the quarter's purchases totaled 2.61 percent, compared to that of 4.078 percent on the quarter's called and matured investments. The rate at which the City earned interest at LAIF was 0.9 percent for the quarter ended September 30, 2009. Staff expects to reinvest a portion of the City's LAIF balances in short-term securities during the next quarter.

Council Agenda Report
 September 30, 2009, Investment Report And September 30, 2009, Fiscal Agent Report
 October 27, 2009
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Issuer	Face Amount	Purchase Date	Final Maturity	Call Date	Yield To Call	Yield To Maturity
<i>Purchases:</i>						
Federal Home Loan Bank (FHLB)	\$ 2,000,000	07/16/09	07/16/12	10/16/09	2.200%	2.200%
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 Assn. (FNMA)	2,000,000	08/20/09	08/20/14	11/20/09	3.727%	3.636%
Federal Home Loan Mortgage Corp. (FHLMC)	2,000,000	08/26/09	08/26/14	02/26/10	3.625%	3.625%
Federal Home Loan Mortgage Corp. (FHLMC)	2,000,000	09/03/09	09/21/12	-	-	1.699%
Federal National Mortgage Assn. (FNMA)	2,000,000	09/09/09	09/09/14	09/09/10	3.250%	3.250%
Federal Home Loan Bank (FHLB)	2,000,000	09/17/09	09/13/13	-	-	2.272%
Federal Home Loan Bank (FHLB)	2,000,000	09/17/09	12/13/13	-	-	2.440%
Federal Farm Credit Bank (FFCB)	2,000,000	09/30/09	10/03/11	-	-	1.125%
Federal Home Loan Bank (FHLB)	2,000,000	09/30/09	09/30/14	12/30/09	2.000%	3.500%
<i>Total Purchases</i>	\$ 20,000,000					
<i>Calls:</i>						
Federal Home Loan Bank (FHLB)	\$ 2,000,000	10/15/08	07/15/11	07/15/09	4.000%	4.002%
Federal Home Loan Bank (FHLB)	2,000,000	04/21/08	10/21/11	07/21/09	3.125%	3.125%
Federal Home Loan Mortgage Corp. (FHLMC)	2,000,000	03/24/09	03/24/14	09/24/09	3.500%	3.500%
<i>Total Calls</i>	\$ 6,000,000					
<i>Maturities:</i>						
Airport Promissory Note - Partial Redemption	\$ 500,000	07/14/09	06/30/29	-	-	7.000%
Federal Farm Credit Bank (FFCB)	2,000,000	08/17/06	08/17/09	-	-	5.150%
Federal Home Loan Bank (FHLB)	2,000,000	09/25/08	08/18/09	-	-	3.231%
Federal Home Loan Mortgage Corp. (FHLMC)	1,000,000	09/14/06	09/01/09	-	-	5.070%
Federal Home Loan Bank (FHLB)	1,000,000	10/18/06	09/11/09	-	-	5.060%
General Electric Capital Corp. (GECC)	2,000,000	08/15/06	09/15/09	-	-	5.300%
Federal Home Loan Bank (FHLB)	2,000,000	09/25/08	09/25/09	-	-	3.250%
<i>Total Maturities</i>	\$ 10,500,000					

Summary of Cash and Investments

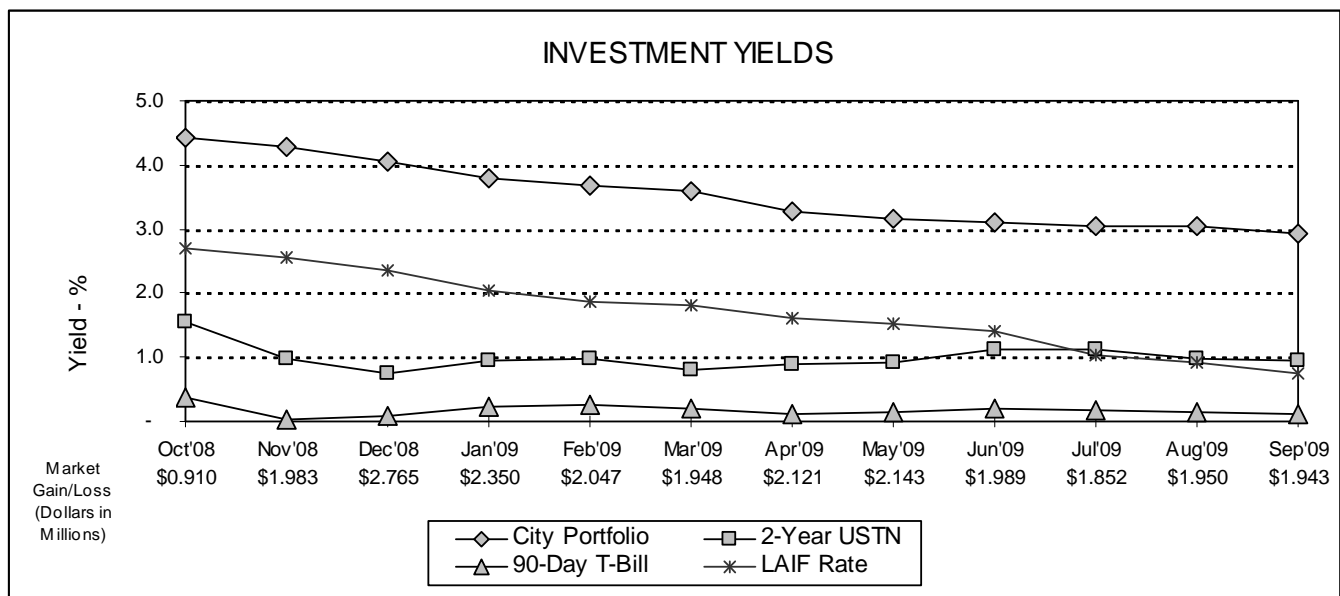
During the quarter, the City's book rate of return decreased by 18.2 basis points from 3.101 percent at June 30, 2009 to 2.919 percent at September 30, 2009. The portfolio yield continues to decline through the attrition of higher-yielding securities, and reinvestment at considerably lower market rates. The portfolio's average days to maturity increased by 447 days from 465 to 912 days due to the addition of the 20-year Airport promissory note into the portfolio in July 2009, authorized by Council action on April 14, 2009. The portfolio's average days to maturity excluding the Airport note is 607 days, reflecting reinvestment of maturities and calls during the quarter in the two to five year range.

Mo. Ended	Yield	Days to Maturity
6/30/2009	3.101%	465
7/31/2009	3.034%	799
8/31/2009	3.044%	846
9/30/2009	2.919%	912

Credit Quality on Corporate Notes

Over the quarter ended September 30, 2009, there were no credit quality changes to the four corporate issuers of the medium-term notes held in the portfolio (i.e., Berkshire Hathaway Financial, General Electric Capital Corp, Toyota Motor Credit, 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 below, the City's portfolio continued to reflect unrealized market gains during the quarter due to the low interest rate environment. At September 30, the portfolio had an unrealized market gain of \$1.943 million.

On a quarterly basis, staff reports the five securities with the largest percentage of unrealized losses. At September 30, 2009 there were only two securities with unrealized losses as shown in the table below. However, since securities in the portfolio are held to maturity, no market loss will be realized. There were no securities with market decline of greater than 1 percent compared to the prior month.

Issuer	Face Amount	Maturity	\$ Mkt Loss	% Mkt Loss
Federal Farm Credit Bank	\$ 2,000,000	10/03/11	\$6,560	0.33%
Federal Home Loan Bank	\$ 2,000,000	09/30/14	\$1,560	0.08%

Additional Reporting Requirements

The following confirmations are made pursuant to California Code Sections 53600 et seq.: (1) the City's portfolio as of September 30, 2009 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, 2009.

ATTACHMENTS: 1. September 30, 2009, Investment Report
2. September 30, 2009, Fiscal Agent Report

PREPARED BY: Jill Taura, Treasury Manager

SUBMITTED BY: Robert Samario, Interim Finance Director

APPROVED BY: City Administrator's Office

CITY OF SANTA BARBARA
Activity and Interest Report
September 30, 2009

INVESTMENT ACTIVITY

PURCHASES OR DEPOSITS

09/01	LAIF Deposit/City	\$ 2,000,000
09/03	Federal Home Loan Mortgage Corp. (FHLMC)	2,000,000
09/04	LAIF Deposit/City	2,000,000
09/08	LAIF Deposit/City	1,000,000
09/09	Federal National Mortgage Assn. (FNMA)	2,000,000
09/15	LAIF Deposit/City	2,000,000
09/17	Federal Home Loan Bank (FHLB)	2,000,000
09/17	Federal Home Loan Bank (FHLB)	2,000,000
09/21	LAIF Deposit/City	1,000,000
09/23	LAIF Deposit/City	3,000,000
09/30	Federal Home Loan Bank (FHLB)	2,000,000
09/30	Federal Farm Credit Bank (FFCB)	2,000,000
	Total	\$ 23,000,000

SALES, MATURITIES, CALLS OR WITHDRAWALS

09/01	Federal Home Loan Mortgage Corp. (FHLMC) Maturity	\$ (1,000,000)
09/02	LAIF Withdrawal/City	(2,500,000)
09/09	LAIF Withdrawal/City	(1,000,000)
09/10	LAIF Withdrawal/City	(2,000,000)
09/11	Federal Home Loan Bank (FHLB) Maturity	(1,000,000)
09/15	General Electric Capital Corp. (GECC) Maturity	(2,000,000)
09/17	LAIF Withdrawal/City	(6,000,000)
09/24	Federal Home Loan Mortgage Corp. (FHLMC) Call	(2,000,000)
09/25	Federal Home Loan Bank (FHLB) Maturity	(2,000,000)
09/30	LAIF Withdrawal/City	(2,500,000)
09/30	LAIF Withdrawal/RDA	(1,000,000)
	Total	\$ (23,000,000)

ACTIVITY TOTAL

\$ -

INTEREST REVENUE

POOLED INVESTMENTS

Interest Earned on Investments	\$ 366,642
Amortization	8,788
SBB&T Sweep Account Interest	68
Total	\$ 375,499

RDA INVESTMENTS

Interest Earned on Investments (LAIF)	\$ 14,219
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TOTAL INTEREST EARNED

\$ 389,718

CITY OF SANTA BARBARA
Summary of Cash and Investments
September 30, 2009

ENDING BALANCE AS OF AUGUST 31, 2009

Description	Book Value	Yield to Maturity (365 days)	Percent of Portfolio	Average Days to Maturity
State of California LAIF	\$ 45,600,000	0.925%	28.84%	1
Certificates of Deposit	2,000,000	2.500%	1.26%	78
Federal Agency Issues - Coupon	90,966,234	3.553%	57.53%	849
Corporate/Medium Term Notes	12,255,821	4.879%	7.75%	285
	<u>150,822,055</u>	<u>2.852%</u>	<u>95.38%</u>	<u>537</u>
SB Airport Promissory Note	7,300,000	7.000%	4.62%	7,242
Totals and Averages	<u>\$ 158,122,055</u>	<u>3.034%</u>	<u>100.00%</u>	<u>846</u>
SBB&T Money Market Account	3,214,338			
Total Cash and Investments	<u>\$ 161,336,392</u>			

NET CASH AND INVESTMENT ACTIVITY FOR SEPTEMBER 2009 **\$ (179,052)**

ENDING BALANCE AS OF SEPTEMBER 30, 2009

Description	Book Value	Yield to Maturity (365 days)	Percent of Portfolio	Average Days to Maturity
State of California LAIF	\$ 41,600,000	0.750%	26.27%	1 (1)
Certificates of Deposit	2,000,000	2.500%	1.26%	48
Federal Agency Issues - Coupon	97,213,984	3.351%	61.38%	910
Corporate/Medium Term Notes	10,256,386	4.797%	6.48%	307
	<u>151,070,369</u>	<u>2.722%</u>	<u>95.39%</u>	<u>607</u>
SB Airport Promissory Note	7,300,000	7.000%	4.61%	7,212
Totals and Averages	<u>\$ 158,370,369</u>	<u>3.044%</u>	<u>100.00%</u>	<u>912</u>
SBB&T Money Market Account	2,786,971			
Total Cash and Investments	<u>\$ 161,157,340</u>			

Note:

(1) The average life of the LAIF portfolio as of September 30, 2009 is 234 days .

CITY OF SANTA BARBARA
Investment Portfolio
September 30, 2009

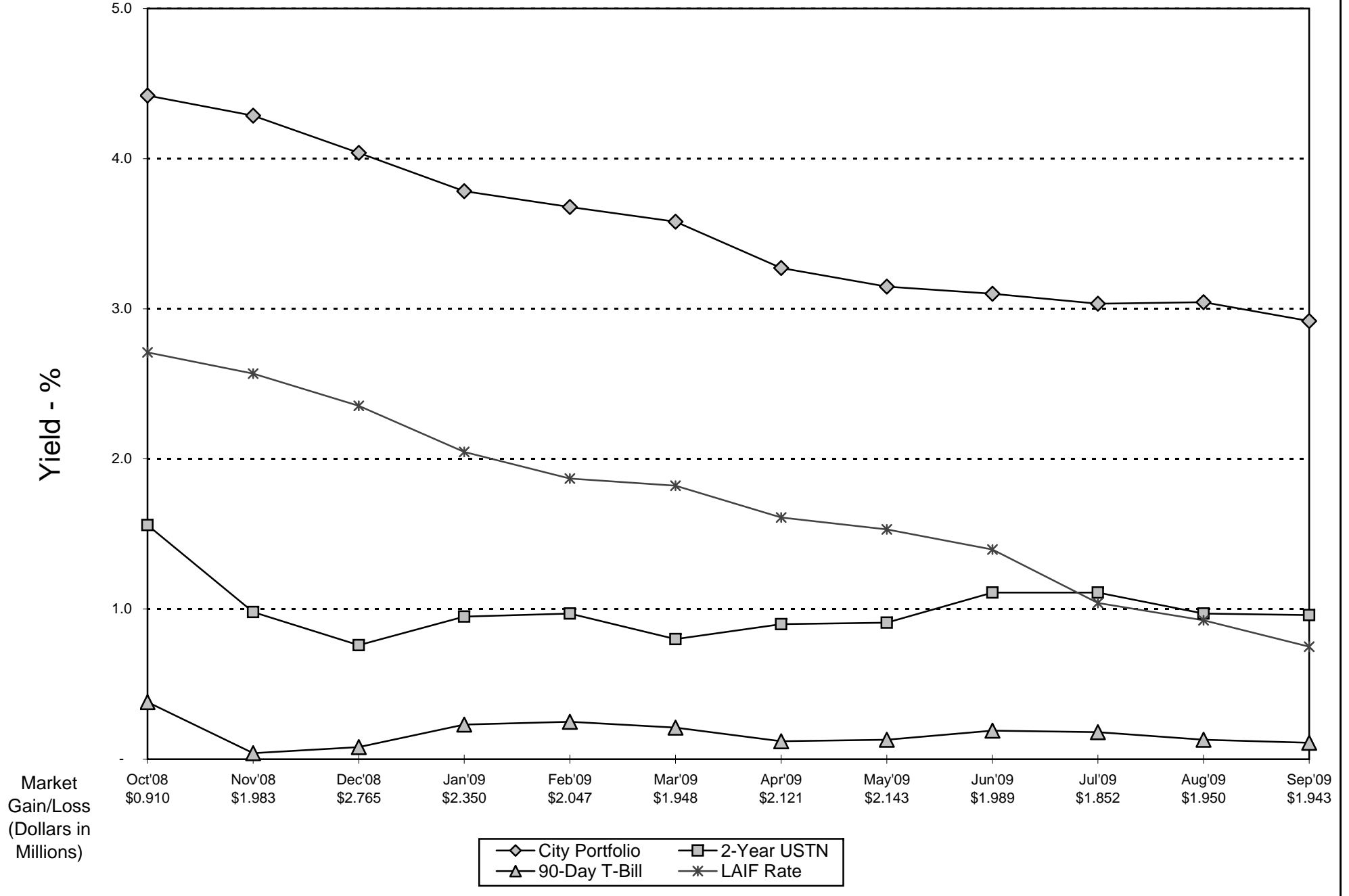
DESCRIPTION	PURCHASE DATE	MATURITY DATE	QUALITY RATING MOODY'S	QUALITY RATING S & P	STATED RATE	YIELD AT 365	FACE VALUE	BOOK VALUE	MARKET VALUE	BOOK GAIN/(LOSS)	COMMENTS
LOCAL AGENCY INVESTMENT FUNDS											
LOCAL AGENCY INVESTMENT FUND	-	-	-	-	0.750	0.750	19,500,000.00	19,500,000.00	19,500,000.00	0.00	
LOCAL AGENCY INV FUND/RDA	-	-	-	-	0.750	0.750	22,100,000.00	22,100,000.00	22,100,000.00	0.00	
Subtotal, LAIF							41,600,000.00	41,600,000.00	41,600,000.00	0.00	
CERTIFICATES OF DEPOSIT											
MONTECITO BANK & TRUST	11/18/08	11/18/09	-	-	2.500	2.500	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	2,006,431.54	2,035,010.00	28,578.46	
FEDERAL FARM CREDIT BANK	11/07/06	01/18/11	Aaa	AAA	5.750	5.000	2,000,000.00	2,017,301.56	2,130,630.00	113,328.44	
FEDERAL FARM CREDIT BANK	01/29/07	08/25/10	Aaa	AAA	4.750	5.111	2,000,000.00	1,994,109.55	2,076,570.00	82,460.45	
FEDERAL FARM CREDIT BANK	02/01/08	02/01/13	Aaa	AAA	3.790	3.790	2,000,000.00	2,000,000.00	2,021,570.00	21,570.00	Callable 2/01/10, then cont.
FEDERAL FARM CREDIT BANK	03/04/09	03/02/12	Aaa	AAA	2.370	2.370	2,000,000.00	2,000,000.00	2,013,440.00	13,440.00	Callable 3/02/10, then cont.
FEDERAL FARM CREDIT BANK	03/04/09	01/17/12	Aaa	AAA	2.000	2.000	2,000,000.00	2,000,000.00	2,028,130.00	28,130.00	
FEDERAL FARM CREDIT BANK	03/05/09	03/04/13	Aaa	AAA	2.600	2.600	2,000,000.00	2,000,000.00	2,036,560.00	36,560.00	
FEDERAL FARM CREDIT BANK	05/08/09	04/08/13	Aaa	AAA	2.200	2.200	2,000,000.00	2,000,000.00	2,007,190.00	7,190.00	
FEDERAL FARM CREDIT BANK	06/19/09	06/18/12	Aaa	AAA	2.125	2.125	2,000,000.00	2,000,000.00	2,021,250.00	21,250.00	
FEDERAL FARM CREDIT BANK	09/30/09	10/03/11	Aaa	AAA	1.125	1.125	2,000,000.00	2,000,000.00	1,993,440.00	(6,560.00)	
FEDERAL HOME LOAN BANK	10/25/06	02/12/10	Aaa	AAA	3.875	5.117	1,000,000.00	995,883.49	1,013,130.00	17,246.51	
FEDERAL HOME LOAN BANK	12/18/06	11/03/09	Aaa	AAA	3.500	4.834	2,000,000.00	1,997,807.92	2,005,620.00	7,812.08	
FEDERAL HOME LOAN BANK	05/22/07	06/10/11	Aaa	AAA	5.250	5.005	2,000,000.00	2,007,393.21	2,143,440.00	136,046.79	
FEDERAL HOME LOAN BANK	07/09/07	02/15/11	Aaa	AAA	4.000	5.308	2,000,000.00	1,967,676.54	2,090,630.00	122,953.46	
FEDERAL HOME LOAN BANK	07/09/07	03/12/10	Aaa	AAA	5.000	5.268	1,000,000.00	998,874.84	1,021,095.00	22,220.16	
FEDERAL HOME LOAN BANK	02/26/09	02/24/14	Aaa	AAA	3.250	3.261	2,000,000.00	1,999,600.56	2,016,570.00	16,969.44	Callable 2/24/10, then qtrly
FEDERAL HOME LOAN BANK	03/04/09	06/08/12	Aaa	AAA	4.375	2.110	1,700,000.00	1,799,404.14	1,819,799.00	20,394.86	
FEDERAL HOME LOAN BANK	06/30/09	06/30/14	Aaa	AAA	2.000	2.000	2,000,000.00	2,000,000.00	2,020,940.00	20,940.00	StrNt, Callable 6/30/11, once
FEDERAL HOME LOAN BANK	07/16/09	07/16/12	Aaa	AAA	2.200	2.200	2,000,000.00	2,000,000.00	2,001,260.00	1,260.00	Callable 10/16/09, once
FEDERAL HOME LOAN BANK	09/30/09	09/30/14	Aaa	AAA	2.000	2.000	2,000,000.00	2,000,000.00	1,998,440.00	(1,560.00)	StrNt, Callable 12/30/09, qtrly
FEDERAL HOME LOAN BANK	09/17/09	12/13/13	Aaa	AAA	3.125	2.440	2,000,000.00	2,054,303.44	2,063,440.00	9,136.56	
FEDERAL HOME LOAN BANK	09/14/06	09/29/10	Aaa	AAA	5.125	5.070	1,000,000.00	1,000,462.57	1,044,220.00	43,757.43	
FEDERAL HOME LOAN BANK	05/23/08	06/10/11	Aaa	AAA	3.125	3.520	2,000,000.00	1,987,375.88	2,069,060.00	81,684.12	
FEDERAL HOME LOAN BANK	11/07/06	10/26/09	Aaa	AAA	5.000	5.000	2,345,000.00	2,344,998.90	2,352,703.33	7,704.43	
FEDERAL HOME LOAN BANK	11/08/06	07/30/10	Aaa	AAA	5.000	5.010	2,000,000.00	1,999,812.85	2,075,310.00	75,497.15	
FEDERAL HOME LOAN BANK	12/18/06	06/22/10	Aaa	AAA	4.500	4.825	2,000,000.00	1,995,709.19	2,059,690.00	63,980.81	
FEDERAL HOME LOAN BANK	06/18/07	03/12/10	Aaa	AAA	4.875	5.382	2,000,000.00	1,995,811.38	2,040,940.00	45,128.62	
FEDERAL HOME LOAN BANK	06/16/08	12/10/10	Aaa	AAA	3.250	3.800	2,000,000.00	1,987,561.88	2,061,250.00	73,688.12	

CITY OF SANTA BARBARA
Investment Portfolio
September 30, 2009

DESCRIPTION	PURCHASE	MATURITY	QUALITY RATING		STATED	YIELD AT	FACE	BOOK	MARKET	BOOK	COMMENTS
	DATE	DATE	MOODY'S	S & P	RATE	365	VALUE	VALUE	VALUE	GAIN/(LOSS)	
FEDERAL HOME LOAN BANK	09/17/09	09/13/13	Aaa	AAA	4.375	2.272	2,000,000.00	2,157,964.79	2,165,940.00	7,975.21	
FEDERAL HOME LOAN MTG CORP	04/08/09	04/08/13	Aaa	AAA	2.500	2.526	2,000,000.00	1,998,480.56	2,014,740.00	16,259.44	Callable 4/08/11, once
FEDERAL HOME LOAN MTG CORP	05/19/09	11/19/12	Aaa	AAA	2.170	2.170	2,000,000.00	2,000,000.00	2,014,120.00	14,120.00	Callable 5/19/11, once
FEDERAL HOME LOAN MTG CORP	09/03/09	09/21/12	Aaa	AAA	2.125	1.699	2,000,000.00	2,024,557.38	2,026,870.00	2,312.62	
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	2,018,360.00	18,360.00	Callable 5/13/11, once
FEDERAL HOME LOAN MTG CORP	08/26/09	08/26/14	Aaa	AAA	3.625	3.625	2,000,000.00	2,000,000.00	2,013,040.00	13,040.00	Callable 2/26/10, then qtrly
FEDERAL HOME LOAN MTG CORP	05/29/07	07/06/10	Aaa	AAA	4.500	5.070	2,000,000.00	1,992,008.50	2,060,160.00	68,151.50	
FEDERAL HOME LOAN MTG CORP	10/15/07	10/15/12	Aaa	AAA	5.050	5.050	2,000,000.00	2,000,000.00	2,003,520.00	3,520.00	Callable 10/15/09, once
FEDERAL HOME LOAN MTG CORP	07/30/09	01/30/13	Aaa	AAA	2.350	2.350	2,000,000.00	2,000,000.00	2,006,640.00	6,640.00	Callable 7/30/10, once
FEDERAL HOME LOAN MTG CORP	06/09/09	08/17/12	Aaa	AAA	1.000	2.420	2,000,000.00	1,921,776.59	1,959,520.00	37,743.41	
FEDERAL HOME LOAN MTG CORP	01/29/07	01/25/10	Aaa	AAA	4.375	5.122	2,000,000.00	1,995,664.61	2,025,180.00	29,515.39	
FEDERAL HOME LOAN MTG CORP	05/22/07	09/17/10	Aaa	AAA	3.880	5.015	2,000,000.00	1,980,097.04	2,062,320.00	82,222.96	
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	2,020,640.00	20,640.00	Callable 10/29/10, once
FEDERAL NATL MORTGAGE ASSN	03/18/09	09/18/12	Aaa	AAA	2.500	2.500	2,000,000.00	2,000,000.00	2,036,250.00	36,250.00	Callable 3/18/11, once
FEDERAL NATL MORTGAGE ASSN	03/23/09	03/23/12	Aaa	AAA	2.000	2.000	2,000,000.00	2,000,000.00	2,019,690.00	19,690.00	StrNt, Callable 9/23/10, once
FEDERAL NATL MORTGAGE ASSN	05/04/09	05/04/12	Aaa	AAA	2.150	2.185	2,000,000.00	1,998,816.67	2,014,070.00	15,253.33	Callable 5/04/10, once
FEDERAL NATL MORTGAGE ASSN	09/09/09	09/09/14	Aaa	AAA	3.250	3.250	2,000,000.00	2,000,000.00	2,017,500.00	17,500.00	Callable 9/09/10, once
FEDERAL NATL MORTGAGE ASSN	04/27/06	04/20/10	Aaa	AAA	4.750	5.270	2,000,000.00	1,994,870.16	2,047,500.00	52,629.84	
FEDERAL NATL MORTGAGE ASSN	02/27/09	02/24/12	Aaa	AAA	2.250	2.250	2,000,000.00	2,000,000.00	2,031,880.00	31,880.00	Callable 2/24/11, once
FEDERAL NATL MORTGAGE ASSN	05/20/09	11/20/12	Aaa	AAA	2.250	2.250	2,000,000.00	2,000,000.00	2,007,190.00	7,190.00	Callable 5/20/10, once
FEDERAL NATL MORTGAGE ASSN	08/20/09	08/20/14	Aaa	AAA	3.625	3.636	2,000,000.00	1,999,227.78	2,008,760.00	9,532.22	Callable 11/20/09, then qtrly
FEDERAL NATL MORTGAGE ASSN	03/05/08	03/05/13	Aaa	AAA	4.100	4.100	2,000,000.00	2,000,000.00	2,032,500.00	32,500.00	Callable 3/05/10, once
Subtotal, Federal Agencies							97,045,000.00	97,213,983.52	98,867,717.33	1,653,733.81	
CORPORATE/MEDIUM TERM NOTES											
BERKSHIRE HATHAWAY FIN	01/15/08	01/15/10	Aa2	AAA	4.125	3.630	2,250,000.00	2,253,074.50	2,277,630.00	24,555.50	
GENERAL ELECTRIC CAPITAL CORP	01/10/07	02/22/11	Aa2	AA+	6.125	5.100	2,000,000.00	2,025,394.82	2,110,300.00	84,905.18	
TOYOTA MOTOR CREDIT	10/19/06	03/15/10	Aa1	AA	4.250	5.140	2,000,000.00	1,992,634.71	2,026,180.00	33,545.29	
WELLS FARGO & CO.	05/30/07	01/12/11	A1	AA-	4.875	5.260	2,000,000.00	1,991,084.50	2,065,620.00	74,535.50	
WELLS FARGO & CO.	10/10/06	08/09/10	A1	AA-	4.625	5.000	2,000,000.00	1,994,197.08	2,065,760.00	71,562.92	
Subtotal, Corporate Securities							10,250,000.00	10,256,385.61	10,545,490.00	289,104.39	
SB AIRPORT PROMISSORY NOTE (LT)											
SANTA BARBARA AIRPORT	07/14/09	06/30/29	-	-	7.000	7.000	7,300,000.00	7,300,000.00	7,300,000.00	0.00	
Subtotal, SBA Note							7,300,000.00	7,300,000.00	7,300,000.00	0.00	
TOTALS							158,195,000.00	158,370,369.13	160,313,207.33	1,942,838.20	

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, 2009**

	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	215.61	-	-	-	-	-	-	-	215.61	215.61
2002 Municipal Improvement - Refunding COPs	6,749.58	547,530.00	-	-	-	-	-	-	554,279.58	554,279.58
2002 Water - Refunding COPs	8,638.53	1,088,268.76	-	-	-	-	-	-	1,096,907.29	1,096,907.29
1994 Water - Revenue Bonds	20,020.19	757,680.00	-	-	-	-	-	-	777,700.19	777,700.19
2002 Waterfront - Reference COPs	988,272.18	1,393,262.50	-	-	-	-	-	-	2,381,534.68	2,381,534.68
1992 Seismic - Safety Bonds	87,465.19	-	-	-	-	-	-	-	87,465.19	87,465.19
Subtotal, Reserve Funds	1,111,361.28	3,786,741.26	-	-	-	-	-	-	4,898,102.54	4,898,102.54
<i>PROJECT FUNDS</i>										
2001 RDA Bonds	3,488,628.68	-	-	-	-	-	-	-	3,488,628.68	3,488,628.68
2003 RDA Bonds	20,497,473.14	-	-	-	-	-	-	-	20,497,473.14	20,497,473.14
2004 Sewer Revenue Bonds	3,238,346.85	1,357,140.00	-	-	-	-	-	-	4,595,486.85	4,595,486.85
2009 Airport Bonds	42,810,029.94	-	-	-	-	-	3,100,000.00	3,101,767.00	45,910,029.94	45,911,796.94
Subtotal, Project Funds	70,034,478.61	1,357,140.00	-	-	-	-	3,100,000.00	3,101,767.00	74,491,618.61	74,493,385.61
Subtotal Bond Funds	71,145,839.89	5,143,881.26	-	-	-	-	3,100,000.00	3,101,767.00	79,389,721.15	79,391,488.15
POLICE/FIRE - SVC RETIREMENT FUND										
Police/Fire Funds	78,163.74	-	198,251.47	237,414.02	-	-	-	-	276,415.21	315,577.76
	78,163.74	-	198,251.47	237,414.02	-	-	-	-	276,415.21	315,577.76
TOTAL FISCAL AGENT INVESTMENTS	<u>71,224,003.63</u>	<u>5,143,881.26</u>	<u>198,251.47</u>	<u>237,414.02</u>	<u>-</u>	<u>-</u>	<u>3,100,000.00</u>	<u>3,101,767.00</u>	<u>79,666,136.36</u>	<u>79,707,065.91</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