

**CITY OF SANTA BARBARA**  
**Activity and Interest Report**  
 January 31, 2012

**INVESTMENT ACTIVITY**

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**PURCHASES OR DEPOSITS**

|   |                      |
|---|----------------------|
| 1/3 LAIF Deposit - City                           | \$ 7,000,000         |
| 1/5 LAIF Deposit - City                           | 1,000,000            |
| 1/25 Federal National Mortgage Association (FNMA) | 2,000,000            |
| 1/30 Federal National Mortgage Association (FNMA) | 2,000,000            |
| <b>Total</b>                                      | <b>\$ 12,000,000</b> |

**SALES, MATURITIES, CALLS OR WITHDRAWALS**

|  |                       |
|--|-----------------------|
| 1/5 Federal National Mortgage Association (FNMA) - Call  | \$ (2,000,000)        |
| 1/17 Federal Farm Credit Bank (FFCB) - Maturity          | (2,000,000)           |
| 1/19 Federal National Mortgage Association (FNMA) - Call | (1,000,000)           |
| <b>Total</b>   | <b>\$ (5,000,000)</b> |

**ACTIVITY TOTAL**

**\$ 7,000,000**

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**INTEREST REVENUE**

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**POOLED INVESTMENTS**

|                                |                   |
|--------------------------------|-------------------|
| Interest Earned on Investments | \$ 241,741        |
| Amortization                   | (21,497)          |
| Interest on SBB&T Accounts     | 298               |
| <b>Total</b>                   | <b>\$ 220,543</b> |

**TOTAL INTEREST EARNED**

**\$ 220,543**

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

**ENDING BALANCE AS OF DECEMBER 31, 2011**

| <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          | \$ 42,000,000                | 0.385%                              | 25.75%                      | 1                               |
| Certificates of Deposit           | 2,000,000                    | 0.800%                              | 1.23%                       | 687                             |
| Federal Agency Issues - Coupon    | 100,979,651                  | 1.894%                              | 61.92%                      | 1,063                           |
| Corporate/Medium Term Notes       | <u>12,226,654</u>            | <u>1.780%</u>                       | <u>7.50%</u>                | <u>1,239</u>                    |
|                                   | 157,206,305                  | 1.468%                              | 96.40%                      | 788                             |
| SB Airport Promissory Note        | <u>5,877,335</u>             | <u>7.000%</u>                       | <u>3.60%</u>                | <u>6,390</u>                    |
| Totals and Averages               | <u>\$ 163,083,639</u>        | <u>1.668%</u>                       | <u>100.00%</u>              | <u>990</u>                      |
| SBB&T Money Market Account        | <u>7,958,912</u>             |                                     |                             |                                 |
| <b>Total Cash and Investments</b> | <b><u>\$ 171,042,551</u></b> |                                     |                             |                                 |

**NET CASH AND INVESTMENT ACTIVITY FOR JANUARY 2012**      **\$ 5,866,614**

**ENDING BALANCE AS OF JANUARY 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          | \$ 50,000,000                | 0.385%                              | 29.40%                      | 1 (1)                           |
| Certificates of Deposit           | 2,000,000                    | 0.800%                              | 1.18%                       | 656                             |
| Federal Agency Issues - Coupon    | 99,965,076                   | 1.859%                              | 58.78%                      | 1,067                           |
| Corporate/Medium Term Notes       | <u>12,218,732</u>            | <u>1.781%</u>                       | <u>7.18%</u>                | <u>1,209</u>                    |
|                                   | 164,183,808                  | 1.391%                              | 96.54%                      | 748                             |
| SB Airport Promissory Note        | <u>5,877,335</u>             | <u>7.000%</u>                       | <u>3.46%</u>                | <u>6,359</u>                    |
| Totals and Averages               | <u>\$ 170,061,143</u>        | <u>1.585%</u>                       | <u>100.00%</u>              | <u>942</u>                      |
| SBB&T Money Market Account        | <u>6,848,022</u>             |                                     |                             |                                 |
| <b>Total Cash and Investments</b> | <b><u>\$ 176,909,165</u></b> |                                     |                             |                                 |

Note:

(1) The average life of the LAIF portfolio as of January 31, 2012 is 245 days.

**CITY OF SANTA BARBARA**  
**Investment Portfolio**  
**January 31, 2012**

| DESCRIPTION                              | PURCHASE DATE | MATURITY DATE | QUALITY RATING |       | STATED RATE | YIELD AT 365 | FACE VALUE    | BOOK VALUE    | MARKET VALUE  | BOOK GAIN/(LOSS) | COMMENTS                          |
|--|---------------|---------------|----------------|-------|-------------|--------------|---------------|---------------|---------------|------------------|-----------------------------------|
|  |               |               | MOODY'S        | S & P |             |              |               |               |               |                  |                                   |
| <b>LOCAL AGENCY INVESTMENT FUNDS</b>     |               |               |                |       |             |              |               |               |               |                  |                                   |
| LOCAL AGENCY INVESTMENT FUND             | -             | -             | -              | -     | 0.385       | 0.385        | 50,000,000.00 | 50,000,000.00 | 50,000,000.00 | 0.00             |                                   |
| LOCAL AGENCY INV FUND/RDA                | -             | -             | -              | -     | 0.385       | 0.385        | 0.00          | 0.00          | 0.00          | 0.00             |                                   |
| <b>Subtotal, LAIF</b>                    |               |               |                |       |             |              | 50,000,000.00 | 50,000,000.00 | 50,000,000.00 | 0.00             |                                   |
| <b>CERTIFICATES OF DEPOSIT</b>           |               |               |                |       |             |              |               |               |               |                  |                                   |
| 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             |                                   |
| <b>Subtotal, Certificates of deposit</b> |               |               |                |       |             |              | 2,000,000.00  | 2,000,000.00  | 2,000,000.00  | 0.00             |                                   |
| <b>FEDERAL AGENCY ISSUES - COUPON</b>    |               |               |                |       |             |              |               |               |               |                  |                                   |
| FEDERAL FARM CREDIT BANK                 | 03/06/09      | 04/24/12      | Aaa            | AA+   | 2.250       | 2.120        | 2,000,000.00  | 2,000,578.35  | 2,009,880.00  | 9,301.65         |                                   |
| FEDERAL FARM CREDIT BANK                 | 02/02/11      | 02/02/15      | Aaa            | AA+   | 2.000       | 2.000        | 1,500,000.00  | 1,500,000.00  | 1,500,060.00  | 60.00            | Callable 02/02/12, then cont.     |
| FEDERAL FARM CREDIT BANK                 | 02/10/11      | 02/10/14      | Aaa            | AA+   | 1.375       | 1.375        | 2,000,000.00  | 2,000,000.00  | 2,042,240.00  | 42,240.00        |                                   |
| FEDERAL FARM CREDIT BANK                 | 03/09/11      | 03/09/16      | Aaa            | AA+   | 2.600       | 2.621        | 2,000,000.00  | 1,999,788.89  | 2,005,100.00  | 5,311.11         | Callable 03/09/12, 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  | 2,051,840.00  | 51,840.00        |                                   |
| FEDERAL FARM CREDIT BANK                 | 05/08/09      | 04/08/13      | Aaa            | AA+   | 2.200       | 2.200        | 2,000,000.00  | 2,000,000.00  | 2,046,440.00  | 46,440.00        |                                   |
| FEDERAL FARM CREDIT BANK                 | 06/19/09      | 06/18/12      | Aaa            | AA+   | 2.125       | 2.125        | 2,000,000.00  | 2,000,000.00  | 2,015,440.00  | 15,440.00        |                                   |
| FEDERAL FARM CREDIT BANK                 | 04/30/10      | 04/09/15      | Aaa            | AA+   | 2.900       | 2.916        | 2,000,000.00  | 1,999,852.13  | 2,006,920.00  | 7,067.87         | Callable 04/09/12, once           |
| FEDERAL FARM CREDIT BANK                 | 11/23/10      | 11/23/15      | Aaa            | AA+   | 2.000       | 2.000        | 2,000,000.00  | 2,000,000.00  | 2,009,960.00  | 9,960.00         | Callable 05/23/12, then cont.     |
| FEDERAL FARM CREDIT BANK                 | 02/16/11      | 02/16/16      | Aaa            | AA+   | 2.570       | 2.570        | 2,000,000.00  | 2,000,000.00  | 2,140,840.00  | 140,840.00       |                                   |
| FEDERAL HOME LOAN BANK                   | 03/04/09      | 06/08/12      | Aaa            | AA+   | 4.375       | 2.110        | 1,700,000.00  | 1,713,055.15  | 1,725,840.00  | 12,784.85        |                                   |
| FEDERAL HOME LOAN BANK                   | 04/15/10      | 10/15/13      | Aaa            | AA+   | 2.000       | 2.000        | 2,000,000.00  | 2,000,000.00  | 2,056,780.00  | 56,780.00        |                                   |
| FEDERAL HOME LOAN BANK                   | 08/05/10      | 09/12/14      | Aaa            | AA+   | 1.375       | 1.375        | 2,000,000.00  | 2,000,000.00  | 2,049,060.00  | 49,060.00        |                                   |
| FEDERAL HOME LOAN BANK                   | 09/17/09      | 12/13/13      | Aaa            | AA+   | 3.125       | 2.440        | 2,000,000.00  | 2,024,134.86  | 2,103,200.00  | 79,065.14        |                                   |
| FEDERAL HOME LOAN BANK                   | 01/15/10      | 10/30/12      | Aaa            | AA+   | 1.700       | 1.700        | 2,000,000.00  | 2,000,000.00  | 2,023,060.00  | 23,060.00        |                                   |
| FEDERAL HOME LOAN BANK                   | 04/05/10      | 11/29/13      | Aaa            | AA+   | 2.000       | 2.000        | 2,000,000.00  | 2,000,000.00  | 2,060,280.00  | 60,280.00        |                                   |
| FEDERAL HOME LOAN BANK                   | 06/29/10      | 10/29/12      | Aaa            | AA+   | 1.125       | 1.125        | 2,000,000.00  | 2,000,000.00  | 2,014,440.00  | 14,440.00        |                                   |
| FEDERAL HOME LOAN BANK                   | 05/28/10      | 05/28/15      | Aaa            | AA+   | 2.000       | 2.653        | 2,000,000.00  | 2,000,000.00  | 2,024,820.00  | 24,820.00        | SU 3.35%, Callable 11/28/12, once |
| FEDERAL HOME LOAN BANK                   | 09/26/11      | 08/28/13      | Aaa            | AA+   | 1.000       | 0.381        | 1,000,000.00  | 1,009,709.47  | 1,010,720.00  | 1,010.53         |                                   |
| FEDERAL HOME LOAN BANK                   | 09/17/09      | 09/13/13      | Aaa            | AA+   | 4.375       | 2.272        | 2,000,000.00  | 2,064,652.26  | 2,130,700.00  | 66,047.74        |                                   |
| FEDERAL HOME LOAN BANK                   | 02/22/10      | 12/13/13      | Aaa            | AA+   | 3.125       | 2.130        | 2,000,000.00  | 2,035,477.29  | 2,103,200.00  | 67,722.71        |                                   |
| FEDERAL HOME LOAN BANK                   | 03/26/10      | 06/08/12      | Aaa            | AA+   | 1.375       | 1.325        | 2,000,000.00  | 2,000,346.36  | 2,009,240.00  | 8,893.64         |                                   |
| FEDERAL HOME LOAN BANK                   | 02/09/11      | 01/29/15      | Aaa            | AA+   | 1.750       | 1.750        | 2,000,000.00  | 2,000,000.00  | 2,073,360.00  | 73,360.00        |                                   |
| FEDERAL HOME LOAN BANK                   | 04/15/11      | 05/27/15      | Aaa            | AA+   | 2.000       | 2.000        | 2,000,000.00  | 2,000,000.00  | 2,089,540.00  | 89,540.00        |                                   |
| FEDERAL HOME LOAN BANK                   | 09/26/11      | 10/30/13      | Aaa            | AA+   | 2.000       | 0.400        | 1,500,000.00  | 1,541,719.22  | 1,543,485.00  | 1,765.78         |                                   |
| FEDERAL HOME LOAN MTG CORP               | 10/19/11      | 10/19/16      | Aaa            | AA+   | 1.500       | 1.500        | 2,000,000.00  | 2,000,000.00  | 2,009,040.00  | 9,040.00         | Callable 07/19/12, then qtrly     |
| FEDERAL HOME LOAN MTG CORP               | 09/03/09      | 09/21/12      | Aaa            | AA+   | 2.125       | 1.699        | 2,000,000.00  | 2,005,278.69  | 2,025,400.00  | 20,121.31        |                                   |
| 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  | 2,033,220.00  | 33,220.00        |                                   |
| FEDERAL HOME LOAN MTG CORP               | 11/09/11      | 11/09/16      | Aaa            | AA+   | 1.800       | 1.800        | 2,000,000.00  | 2,000,000.00  | 2,007,140.00  | 7,140.00         | Callable 05/09/12, then qtrly     |

**CITY OF SANTA BARBARA**  
**Investment Portfolio**  
**January 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             | 09/28/11 | 09/28/16 | Aaa            | AA+   | 1.400  | 1.400    | 2,000,000.00          | 2,000,000.00          | 2,009,360.00          | 9,360.00            | Callable 09/28/12, once                  |
| FEDERAL HOME LOAN MTG CORP             | 06/09/09 | 08/17/12 | Aaa            | AA+   | 1.000  | 2.420    | 2,000,000.00          | 1,985,200.98          | 2,008,080.00          | 22,879.02           |  |
| FEDERAL HOME LOAN MTG CORP             | 03/26/10 | 04/25/12 | Aaa            | AA+   | 1.125  | 1.197    | 1,000,000.00          | 999,834.02            | 1,002,410.00          | 2,575.98            |  |
| FEDERAL HOME LOAN MTG CORP             | 02/11/11 | 04/02/14 | Aaa            | AA+   | 4.500  | 1.615    | 2,000,000.00          | 2,121,534.92          | 2,169,340.00          | 47,805.08           |  |
| FEDERAL HOME LOAN MTG CORP             | 10/03/11 | 10/03/16 | Aaa            | AA+   | 1.000  | 1.612    | 2,000,000.00          | 2,000,000.00          | 2,001,340.00          | 1,340.00            | SU 2.25% Callable 04/03/12, then qtrly   |
| FEDERAL NATL MORTGAGE ASSN             | 09/28/11 | 09/28/16 | Aaa            | AA+   | 1.000  | 1.401    | 1,000,000.00          | 999,670.83            | 1,005,420.00          | 5,749.17            | SU 1%-3%, Call 09/28/12, then qtrly      |
| FEDERAL NATL MORTGAGE ASSN             | 11/09/11 | 11/09/16 | Aaa            | AA+   | 1.500  | 1.807    | 2,000,000.00          | 1,999,613.89          | 2,014,860.00          | 15,246.11           | SU 1.5%-3.5%, Call 11/09/12, then qtrly  |
| FEDERAL NATL MORTGAGE ASSN             | 12/28/11 | 12/28/16 | Aaa            | AA+   | 1.125  | 1.641    | 2,000,000.00          | 2,000,000.00          | 2,004,980.00          | 4,980.00            | SU 2% Callable 12/28/12, then qtrly      |
| FEDERAL NATL MORTGAGE ASSN             | 02/17/11 | 02/17/16 | Aaa            | AA+   | 2.500  | 2.500    | 2,000,000.00          | 2,000,000.00          | 2,002,100.00          | 2,100.00            | Callable 02/17/12, once                  |
| FEDERAL NATL MORTGAGE ASSN             | 06/07/11 | 03/07/16 | Aaa            | AA+   | 2.075  | 2.075    | 2,000,000.00          | 2,000,000.00          | 2,012,140.00          | 12,140.00           | Callable 06/07/12, once                  |
| FEDERAL NATL MORTGAGE ASSN             | 09/28/11 | 09/28/16 | Aaa            | AA+   | 1.300  | 1.475    | 2,000,000.00          | 2,000,000.00          | 2,003,320.00          | 3,320.00            | SU 1.3%-2.25%, Call 03/28/12, then qtrly |
| FEDERAL NATL MORTGAGE ASSN             | 10/28/11 | 10/28/16 | Aaa            | AA+   | 1.500  | 1.521    | 2,000,000.00          | 1,998,258.33          | 2,016,020.00          | 17,761.67           | 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          | 1,999,016.67          | 2,006,280.00          | 7,263.33            | SU 1.5%, Callable 01/25/13, then qtrly   |
| FEDERAL NATL MORTGAGE ASSN             | 08/10/10 | 08/10/15 | Aaa            | AA+   | 2.000  | 2.055    | 2,000,000.00          | 1,998,635.00          | 2,016,300.00          | 17,665.00           | Callable 08/10/12, once                  |
| FEDERAL NATL MORTGAGE ASSN             | 11/17/10 | 11/17/14 | Aaa            | AA+   | 1.300  | 1.300    | 2,000,000.00          | 2,000,000.00          | 2,042,080.00          | 42,080.00           |  |
| FEDERAL NATL MORTGAGE ASSN             | 04/11/11 | 04/11/16 | Aaa            | AA+   | 2.500  | 2.500    | 2,000,000.00          | 2,000,000.00          | 2,008,420.00          | 8,420.00            | Callable 04/11/12, once                  |
| FEDERAL NATL MORTGAGE ASSN             | 06/27/11 | 06/27/16 | Aaa            | AA+   | 2.000  | 2.000    | 2,000,000.00          | 2,000,000.00          | 2,033,000.00          | 33,000.00           | Callable 06/27/13, once                  |
| FEDERAL NATL MORTGAGE ASSN             | 12/28/11 | 12/28/16 | Aaa            | AA+   | 1.625  | 1.625    | 2,000,000.00          | 2,000,000.00          | 2,013,460.00          | 13,460.00           | Callable 12/28/12, once                  |
| FEDERAL NATL MORTGAGE ASSN             | 09/21/10 | 09/21/15 | Aaa            | AA+   | 2.000  | 2.000    | 2,000,000.00          | 2,000,000.00          | 2,086,180.00          | 86,180.00           |  |
| FEDERAL NATL MORTGAGE ASSN             | 12/10/10 | 10/26/15 | Aaa            | AA+   | 1.625  | 2.067    | 2,000,000.00          | 1,968,718.79          | 2,072,320.00          | 103,601.21          |  |
| FEDERAL NATL MORTGAGE ASSN             | 04/18/11 | 04/18/16 | Aaa            | AA+   | 2.500  | 2.500    | 2,000,000.00          | 2,000,000.00          | 2,050,220.00          | 50,220.00           | Callable 04/18/13, once                  |
| FEDERAL NATL MORTGAGE ASSN             | 06/29/11 | 12/29/14 | Aaa            | AA+   | 1.300  | 1.300    | 2,000,000.00          | 2,000,000.00          | 2,002,760.00          | 2,760.00            | Callable 03/29/12, once                  |
| FEDERAL NATL MORTGAGE ASSN             | 01/30/12 | 01/30/17 | Aaa            | AA+   | 1.300  | 1.300    | <u>2,000,000.00</u>   | <u>2,000,000.00</u>   | <u>2,005,040.00</u>   | <u>5,040.00</u>     | Callable 01/30/13, then qtrly            |
| <b>Subtotal, Federal Agencies</b>      |          |          |                |       |        |          | <u>99,700,000.00</u>  | <u>99,965,076.10</u>  | <u>101,506,675.00</u> | <u>1,541,598.90</u> |  |
| <b>CORPORATE/MEDIUM TERM NOTES</b>     |          |          |                |       |        |          |                       |                       |                       |                     |  |
| BERKSHIRE HATHAWAY FIN                 | 12/15/10 | 12/15/15 | Aa2            | AA+   | 2.450  | 2.530    | 2,000,000.00          | 1,994,191.67          | 2,097,420.00          | 103,228.33          |  |
| GENERAL ELECTRIC CAPITAL CORP          | 11/10/10 | 11/09/15 | Aa2            | AA+   | 2.250  | 2.250    | 2,000,000.00          | 2,000,000.00          | 2,055,600.00          | 55,600.00           |  |
| GENERAL ELECTRIC CAPITAL CORP          | 01/07/11 | 01/07/14 | Aa2            | AA+   | 2.100  | 2.100    | 2,000,000.00          | 2,000,000.00          | 2,036,160.00          | 36,160.00           |  |
| PRES & FELLOWS OF HARVARD COLL         | 07/12/11 | 01/15/14 | Aaa            | AAA   | 5.000  | 1.000    | 2,000,000.00          | 2,154,115.97          | 2,167,900.00          | 13,784.03           | Callable 03/12/12                        |
| PROCTOR & GAMBLE                       | 09/20/11 | 11/15/15 | Aa3            | AA-   | 1.800  | 1.085    | 2,000,000.00          | 2,052,826.49          | 2,078,340.00          | 25,513.51           |  |
| TOYOTA MOTOR CREDIT                    | 09/26/11 | 09/15/16 | Aa3            | AA-   | 2.000  | 1.800    | <u>2,000,000.00</u>   | <u>2,017,598.03</u>   | <u>2,034,460.00</u>   | <u>16,861.97</u>    |  |
| <b>Subtotal, Corporate Securities</b>  |          |          |                |       |        |          | <u>12,000,000.00</u>  | <u>12,218,732.16</u>  | <u>12,469,880.00</u>  | <u>251,147.84</u>   |  |
| <b>SB AIRPORT PROMISSORY NOTE (LT)</b> |          |          |                |       |        |          |                       |                       |                       |                     |  |
| SANTA BARBARA AIRPORT                  | 07/14/09 | 06/30/29 | -              | -     | 7.000  | 7.000    | <u>5,877,334.65</u>   | <u>5,877,334.65</u>   | <u>5,877,334.65</u>   | <u>0.00</u>         |  |
| <b>Subtotal, SBA Note</b>              |          |          |                |       |        |          | <u>5,877,334.65</u>   | <u>5,877,334.65</u>   | <u>5,877,334.65</u>   | <u>0.00</u>         |  |
| <b>TOTALS</b>                          |          |          |                |       |        |          | <u>169,577,334.65</u> | <u>170,061,142.91</u> | <u>171,853,889.65</u> | <u>1,792,746.74</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.