

**CITY OF SANTA BARBARA**  
**Activity and Interest Report**  
September 30, 2012

**INVESTMENT ACTIVITY**

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**PURCHASES OR DEPOSITS**

9/12 Federal Home Loan Mortgage Corp (FHLMC)	\$ 2,000,000
9/13 Federal Farm Credit Bank (FFCB)	2,000,000
9/24 LAIF Deposit - City	2,000,000
9/26 LAIF Deposit - City	1,000,000
9/27 LAIF Deposit - City	1,500,000
<b>Total</b>	<b>\$ 8,500,000</b>

**SALES, MATURITIES, CALLS OR WITHDRAWALS**

9/11 LAIF Withdrawal - City	\$ (2,000,000)
9/12 LAIF Withdrawal - City	(2,000,000)
9/19 LAIF Withdrawal - City	(2,000,000)
9/21 Federal Home Loan Mortgage Corp (FHLMC) - Maturity	(2,000,000)
9/28 Federal National Mortgage Association (FNMA) - Call	(1,000,000)
9/28 Federal Home Loan Mortgage Corp (FHLMC) - Call	(2,000,000)
<b>Total</b>	<b>\$ (11,000,000)</b>

**ACTIVITY TOTAL**

**\$ (2,500,000)**

**INVESTMENT INCOME**

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**POOLED INVESTMENTS**

Interest Earned on Investments	\$ 205,281
Amortization	(13,979)
Interest on SBB&T Accounts	514
<b>Total</b>	<b>\$ 191,816</b>

**REDEVELOPMENT SUCCESSOR AGENCY INVESTMENTS**

Interest Earned on Investments (LAIF)	<b><u>\$ 1,982</u></b>
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**INCOME TOTAL**

**\$ 193,798**

**CITY OF SANTA BARBARA**  
**Summary of Cash and Investments**  
**September 30, 2012**

**ENDING BALANCE AS OF AUGUST 31, 2012**

Description	Book Value	Yield to Maturity (365 days)	Percent of Portfolio	Average Days to Maturity
State of California LAIF	\$ 42,700,000	0.377%	26.32%	1
Certificates of Deposit	8,000,000	1.267%	4.93%	1,297
Federal Agency Issues - Coupon	95,675,660	1.572%	58.98%	1,114
Corporate/Medium Term Notes	<u>10,055,137</u>	<u>1.949%</u>	<u>6.20%</u>	<u>1,101</u>
	156,430,797	1.254%	96.43%	819
SB Airport Promissory Note	<u>5,789,184</u>	<u>7.000%</u>	<u>3.57%</u>	<u>6,146</u>
Totals and Averages	<u>\$ 162,219,981</u>	<u>1.460%</u>	<u>100.00%</u>	<u>1,009</u>
SBB&T Money Market Account	4,776,134			
<b>Total Cash and Investments</b>	<b><u>\$ 166,996,116</u></b>			

**NET CASH AND INVESTMENT ACTIVITY FOR SEPTEMBER 2012**      **\$ (1,570,351)**

**ENDING BALANCE AS OF SEPTEMBER 30, 2012**

Description	Book Value	Yield to Maturity (365 days)	Percent of Portfolio	Average Days to Maturity
State of California LAIF	\$ 41,200,000	0.360%	25.80%	1 (1)
Certificates of Deposit	8,000,000	1.267%	5.01%	1,267
Federal Agency Issues - Coupon	94,663,035	1.551%	59.27%	1,126
Corporate/Medium Term Notes	<u>10,053,783</u>	<u>1.949%</u>	<u>6.30%</u>	<u>1,071</u>
	153,916,818	1.243%	96.38%	829
SB Airport Promissory Note	<u>5,789,184</u>	<u>7.000%</u>	<u>3.62%</u>	<u>6,116</u>
Totals and Averages	<u>\$ 159,706,002</u>	<u>1.452%</u>	<u>100.00%</u>	<u>1,020</u>
SBB&T Money Market Account	5,719,763			
<b>Total Cash and Investments</b>	<b><u>\$ 165,425,765</u></b>			

Note:

(1) The average life of the LAIF portfolio as of September 30, 2012 is 242 days.

**CITY OF SANTA BARBARA**

**Investment Portfolio**

**September 30, 2012**

DESCRIPTION	PURCHASE	MATURITY	QUALITY RATING		STATED	YIELD AT	FACE	BOOK	MARKET	BOOK	COMMENTS
	DATE	DATE	MOODY'S	S & P							
<b>LOCAL AGENCY INVESTMENT FUNDS</b>											
LOCAL AGENCY INVESTMENT FUND	-	-	-	-	0.360	0.360	34,500,000.00	34,500,000.00	34,500,000.00	0.00	
LOCAL AGENCY INV FUND/RDAS	-	-	-	-	0.360	0.360	6,700,000.00	6,700,000.00	6,700,000.00	0.00	
<b>Subtotal, LAIF</b>							41,200,000.00	41,200,000.00	41,200,000.00	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	
SANTA BARBARA BANK & TRUST	08/31/12	08/31/15	-	-	1.230	1.247	2,000,000.00	2,000,000.00	2,000,000.00	0.00	
SANTA BARBARA BANK & TRUST	08/31/12	08/31/17	-	-	1.490	1.511	4,000,000.00	4,000,000.00	4,000,000.00	0.00	
<b>Subtotal, Certificates of deposit</b>							8,000,000.00	8,000,000.00	8,000,000.00	0.00	
<b>FEDERAL AGENCY ISSUES - COUPON</b>											
FEDERAL FARM CREDIT BANK	02/10/11	02/10/14	Aaa	AA+	1.375	1.375	2,000,000.00	2,000,000.00	2,031,000.00	31,000.00	
FEDERAL FARM CREDIT BANK	03/01/12	03/01/17	Aaa	AA+	1.260	1.260	2,000,000.00	2,000,000.00	2,008,320.00	8,320.00	Callable 03/01/13, then cont.
FEDERAL FARM CREDIT BANK	08/15/12	08/15/17	Aaa	AA+	0.980	0.980	2,000,000.00	2,000,000.00	2,008,400.00	8,400.00	Callable 08/15/13, then cont.
FEDERAL FARM CREDIT BANK	03/05/09	03/04/13	Aaa	AA+	2.600	2.600	2,000,000.00	2,000,000.00	2,020,920.00	20,920.00	
FEDERAL FARM CREDIT BANK	05/08/09	04/08/13	Aaa	AA+	2.200	2.200	2,000,000.00	2,000,000.00	2,021,140.00	21,140.00	
FEDERAL FARM CREDIT BANK	02/16/11	02/16/16	Aaa	AA+	2.570	2.570	2,000,000.00	2,000,000.00	2,139,960.00	139,960.00	
FEDERAL FARM CREDIT BANK	09/13/12	09/13/17	Aaa	AA+	1.020	1.020	2,000,000.00	2,000,000.00	2,001,680.00	1,680.00	Callable 12/13/12, then cont.
FEDERAL HOME LOAN BANK	04/15/10	10/15/13	Aaa	AA+	2.000	2.000	2,000,000.00	2,000,000.00	2,037,580.00	37,580.00	
FEDERAL HOME LOAN BANK	08/05/10	09/12/14	Aaa	AA+	1.375	1.375	2,000,000.00	2,000,000.00	2,043,600.00	43,600.00	
FEDERAL HOME LOAN BANK	09/17/09	12/13/13	Aaa	AA+	3.125	2.440	2,000,000.00	2,015,515.27	2,070,040.00	54,524.73	
FEDERAL HOME LOAN BANK	01/15/10	10/30/12	Aaa	AA+	1.700	1.700	2,000,000.00	2,000,000.00	2,002,480.00	2,480.00	
FEDERAL HOME LOAN BANK	04/05/10	11/29/13	Aaa	AA+	2.000	2.000	2,000,000.00	2,000,000.00	2,041,780.00	41,780.00	
FEDERAL HOME LOAN BANK	06/29/10	10/29/12	Aaa	AA+	1.125	1.125	2,000,000.00	2,000,000.00	2,001,500.00	1,500.00	
FEDERAL HOME LOAN BANK	05/28/10	05/28/15	Aaa	AA+	2.000	2.653	2,000,000.00	2,000,000.00	2,005,420.00	5,420.00	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	1,005,599.64	1,007,520.00	1,920.36	
FEDERAL HOME LOAN BANK	09/17/09	09/13/13	Aaa	AA+	4.375	2.272	2,000,000.00	2,037,991.53	2,079,600.00	41,608.47	
FEDERAL HOME LOAN BANK	02/22/10	12/13/13	Aaa	AA+	3.125	2.130	2,000,000.00	2,022,806.83	2,070,040.00	47,233.17	
FEDERAL HOME LOAN BANK	02/09/11	01/29/15	Aaa	AA+	1.750	1.750	2,000,000.00	2,000,000.00	2,067,120.00	67,120.00	
FEDERAL HOME LOAN BANK	04/15/11	05/27/15	Aaa	AA+	2.000	2.000	2,000,000.00	2,000,000.00	2,087,480.00	87,480.00	
FEDERAL HOME LOAN BANK	09/26/11	10/30/13	Aaa	AA+	2.000	0.400	1,500,000.00	1,525,800.92	1,529,265.00	3,464.08	
FEDERAL HOME LOAN MTG CORP	03/28/12	03/28/17	Aaa	AA+	1.210	1.210	2,000,000.00	2,000,000.00	2,005,120.00	5,120.00	Callable 03/28/13, once
FEDERAL HOME LOAN MTG CORP	01/06/11	02/25/14	Aaa	AA+	1.375	1.375	2,000,000.00	2,000,000.00	2,031,400.00	31,400.00	
FEDERAL HOME LOAN MTG CORP	03/28/12	03/28/17	Aaa	AA+	1.350	1.350	2,000,000.00	2,000,000.00	2,031,160.00	31,160.00	Callable 03/28/14, once
FEDERAL HOME LOAN MTG CORP	02/21/12	02/21/17	Aaa	AA+	1.300	1.300	2,000,000.00	2,000,000.00	2,022,920.00	22,920.00	Callable 02/21/14, once
FEDERAL HOME LOAN MTG CORP	04/23/12	04/17/15	Aaa	AA+	0.500	0.534	2,000,000.00	1,998,277.17	2,006,880.00	8,602.83	
FEDERAL HOME LOAN MTG CORP	06/12/12	06/12/17	Aaa	AA+	1.250	1.250	2,000,000.00	2,000,000.00	2,007,820.00	7,820.00	Callable 06/12/14, then qtrly
FEDERAL HOME LOAN MTG CORP	07/24/12	07/24/17	Aaa	AA+	1.125	1.125	2,000,000.00	2,000,000.00	2,008,220.00	8,220.00	Callable 07/24/13, then qtrly

**CITY OF SANTA BARBARA**

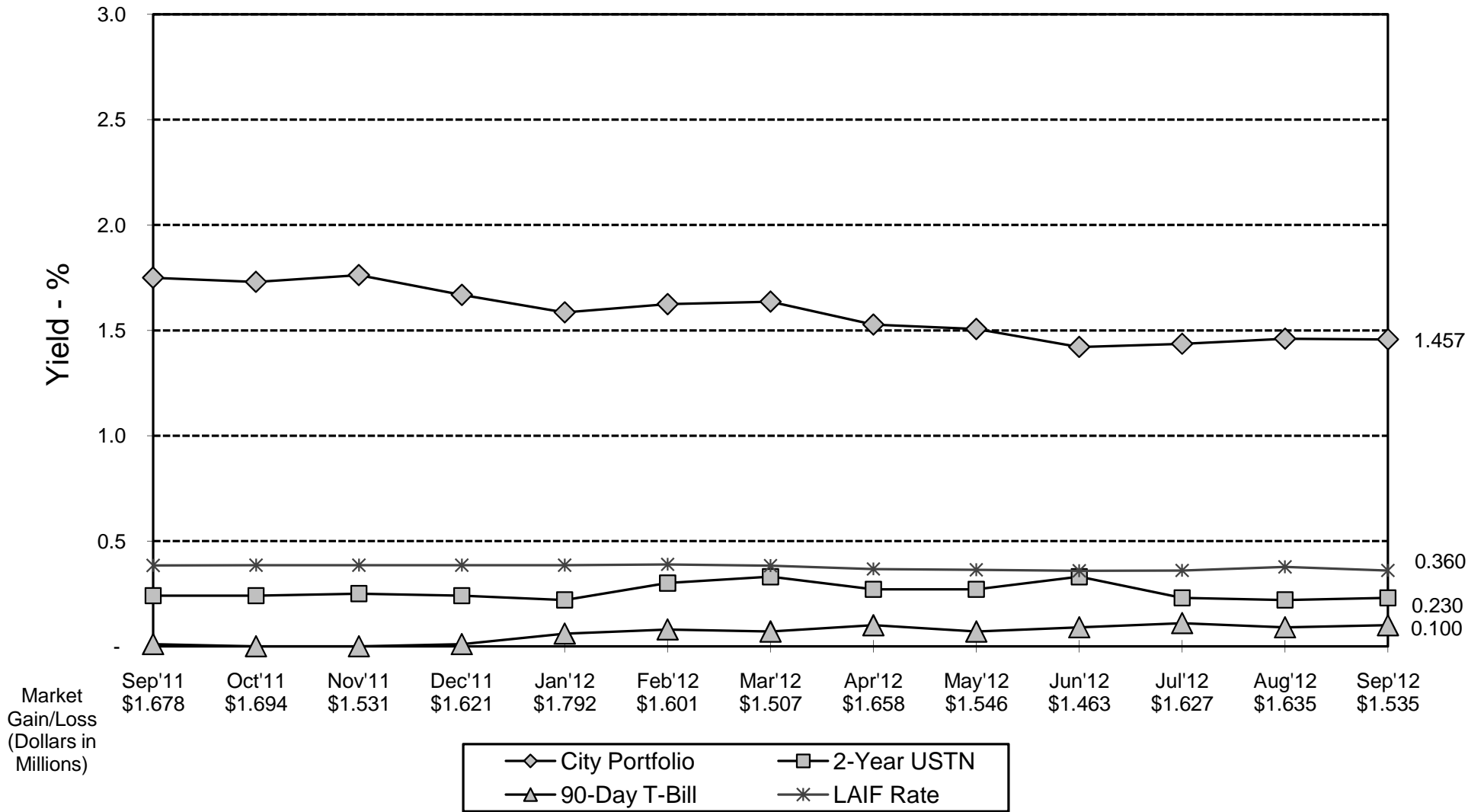
**Investment Portfolio**

**September 30, 2012**

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
FEDERAL HOME LOAN MTG CORP	05/24/12	05/24/17	Aaa	AA+	1.200	1.200	2,000,000.00	2,000,000.00	2,006,880.00	6,880.00	Callable 05/24/13, then qtrly
FEDERAL HOME LOAN MTG CORP	08/28/12	08/28/17	Aaa	AA+	1.030	1.030	2,000,000.00	2,000,000.00	2,003,860.00	3,860.00	Callable 02/28/13, then qtrly
FEDERAL HOME LOAN MTG CORP	09/12/12	09/12/17	Aaa	AA+	1.000	1.000	2,000,000.00	2,000,000.00	2,001,940.00	1,940.00	Callable 09/12/13, then qtrly
FEDERAL HOME LOAN MTG CORP	02/11/11	04/02/14	Aaa	AA+	4.500	1.615	2,000,000.00	2,084,187.44	2,124,580.00	40,392.56	
FEDERAL HOME LOAN MTG CORP	06/07/12	06/07/17	Aaa	AA+	1.300	1.300	2,000,000.00	2,000,000.00	2,009,480.00	9,480.00	Callable 06/07/13, then qtrly
FEDERAL NATL MORTGAGE ASSN	11/09/11	11/09/16	Aaa	AA+	1.500	1.807	2,000,000.00	1,999,947.22	2,003,060.00	3,112.78	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	2,004,140.00	4,140.00	SU 2% Callable 12/28/12, then qtrly
FEDERAL NATL MORTGAGE ASSN	10/28/11	10/28/16	Aaa	AA+	1.500	1.521	2,000,000.00	1,998,925.00	2,026,460.00	27,535.00	Callable 10/28/13, once
FEDERAL NATL MORTGAGE ASSN	01/25/12	01/25/17	Aaa	AA+	1.000	1.256	2,000,000.00	1,999,683.33	2,006,400.00	6,716.67	SU 1.5%, Callable 01/25/13, then qtrly
FEDERAL NATL MORTGAGE ASSN	11/17/10	11/17/14	Aaa	AA+	1.300	1.300	2,000,000.00	2,000,000.00	2,042,660.00	42,660.00	
FEDERAL NATL MORTGAGE ASSN	06/27/11	06/27/16	Aaa	AA+	2.000	2.000	2,000,000.00	2,000,000.00	2,020,440.00	20,440.00	Callable 06/27/13, once
FEDERAL NATL MORTGAGE ASSN	08/28/12	08/28/17	Aaa	AA+	1.150	1.150	2,000,000.00	2,000,000.00	2,011,040.00	11,040.00	Callable 08/28/13, then qtrly
FEDERAL NATL MORTGAGE ASSN	04/12/12	04/12/17	Aaa	AA+	1.400	1.400	2,000,000.00	2,000,000.00	2,012,700.00	12,700.00	Callable 04/12/13, then qtrly
FEDERAL NATL MORTGAGE ASSN	12/28/11	12/28/16	Aaa	AA+	1.625	1.625	2,000,000.00	2,000,000.00	2,006,800.00	6,800.00	Callable 12/28/12, once
FEDERAL NATL MORTGAGE ASSN	03/28/12	03/28/17	Aaa	AA+	1.125	1.332	2,000,000.00	2,000,000.00	2,010,720.00	10,720.00	SU 1.125%-2.25%, Call 03/28/13, then qtrly
FEDERAL NATL MORTGAGE ASSN	09/21/10	09/21/15	Aaa	AA+	2.000	2.000	2,000,000.00	2,000,000.00	2,095,460.00	95,460.00	
FEDERAL NATL MORTGAGE ASSN	12/10/10	10/26/15	Aaa	AA+	1.625	2.067	2,000,000.00	1,974,300.57	2,074,680.00	100,379.43	
FEDERAL NATL MORTGAGE ASSN	04/18/11	04/18/16	Aaa	AA+	2.500	2.500	2,000,000.00	2,000,000.00	2,023,160.00	23,160.00	Callable 04/18/13, once
FEDERAL NATL MORTGAGE ASSN	01/30/12	01/30/17	Aaa	AA+	1.300	1.300	2,000,000.00	2,000,000.00	2,007,780.00	7,780.00	Callable 01/30/13, then qtrly
FEDERAL NATL MORTGAGE ASSN	04/24/12	04/24/17	Aaa	AA+	1.500	1.500	2,000,000.00	2,000,000.00	2,001,740.00	1,740.00	Callable 10/24/12, then qtrly
FEDERAL NATL MORTGAGE ASSN	06/01/12	05/29/15	Aaa	AA+	0.650	0.650	2,000,000.00	2,000,000.00	2,003,140.00	3,140.00	Callable 05/29/13, once
<b>Subtotal, Federal Agencies</b>							<u>94,500,000.00</u>	<u>94,663,034.92</u>	<u>95,885,485.00</u>	<u>1,222,450.08</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	1,995,191.67	2,106,780.00	111,588.33	
GENERAL ELECTRIC CAPITAL CORP	11/10/10	11/09/15	A1	AA+	2.250	2.250	2,000,000.00	2,000,000.00	2,071,260.00	71,260.00	
GENERAL ELECTRIC CAPITAL CORP	01/07/11	01/07/14	A1	AA+	2.100	2.100	2,000,000.00	2,000,000.00	2,036,620.00	36,620.00	
PROCTOR & GAMBLE	09/20/11	11/15/15	Aa3	AA-	1.800	1.085	2,000,000.00	2,043,531.51	2,073,480.00	29,948.49	
TOYOTA MOTOR CREDIT	09/26/11	09/15/16	Aa3	AA-	2.000	1.800	2,000,000.00	2,015,059.85	2,077,900.00	62,840.15	
<b>Subtotal, Corporate Securities</b>							<u>10,000,000.00</u>	<u>10,053,783.03</u>	<u>10,366,040.00</u>	<u>312,256.97</u>	
<b>SB AIRPORT PROMISSORY NOTE (LT)</b>											
SANTA BARBARA AIRPORT	07/14/09	06/30/29	-	-	7.000	7.000	5,789,184.34	5,789,184.34	5,789,184.34	0.00	
<b>Subtotal, SBA Note</b>							<u>5,789,184.34</u>	<u>5,789,184.34</u>	<u>5,789,184.34</u>	<u>0.00</u>	
<b>TOTALS</b>							<u>159,489,184.34</u>	<u>159,706,002.29</u>	<u>161,240,709.34</u>	<u>1,534,707.05</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  
September 30, 2012**

	CASH & CASH EQUIVALENTS Book & Market	Guaranteed Investment Contracts (GIC) Book & Market	STOCKS		BONDS		US GOVT & AGENCIES		TOTALS		
			Book	Market	Book	Market	Book	Market	Book	Market	
<b>BOND FUNDS</b>											
<i>RESERVE FUNDS</i>											
2004 RDA - Housing Bonds	1.51	-	-	-	-	-	-	-	-	1.51	1.51
2002 Municipal Improvement - Refunding COPs	6,694.79	547,530.00	-	-	-	-	-	-	-	554,224.79	554,224.79
2002 Water - Refunding COPs	8,794.13	1,088,268.76	-	-	-	-	-	-	-	1,097,062.89	1,097,062.89
1994 Water - Revenue Bonds	19,907.87	757,680.00	-	-	-	-	-	-	-	777,587.87	777,587.87
2002 Waterfront - Reference COPs	936,610.53	1,393,262.50	-	-	-	-	-	-	-	2,329,873.03	2,329,873.03
1992 Seismic - Safety Bonds	-	-	-	-	-	-	-	-	-	-	-
Subtotal, Reserve Funds	972,008.83	3,786,741.26	-	-	-	-	-	-	-	4,758,750.09	4,758,750.09
<i>PROJECT FUNDS</i>											
2001 RDA Bonds	2,365,978.21	-	-	-	-	-	-	-	-	2,365,978.21	2,365,978.21
2003 RDA Bonds	8,505,752.22	-	-	-	-	-	-	-	-	8,505,752.22	8,505,752.22
2004 Sewer Revenue Bonds	1,863,377.15	1,357,140.00	-	-	-	-	-	-	-	3,220,517.15	3,220,517.15
2009 Airport Bonds	4,647,885.05	-	-	-	-	-	-	-	-	4,647,885.05	4,647,885.05
Subtotal, Project Funds	17,382,992.63	1,357,140.00	-	-	-	-	-	-	-	18,740,132.63	18,740,132.63
Subtotal Bond Funds	18,355,001.46	5,143,881.26	-	-	-	-	-	-	-	23,498,882.72	23,498,882.72
<b>POLICE/FIRE - SVC RETIREMENT FUND</b>											
Police/Fire Funds	62,401.22	-	197,024.05	267,996.46	264,764.62	267,016.15	-	-	-	524,189.89	597,413.83
	62,401.22	-	197,024.05	267,996.46	264,764.62	267,016.15	-	-	-	524,189.89	597,413.83
<b>TOTAL FISCAL AGENT INVESTMENTS</b>	<b>18,417,402.68</b>	<b>5,143,881.26</b>	<b>197,024.05</b>	<b>267,996.46</b>	<b>264,764.62</b>	<b>267,016.15</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24,023,072.61</b>	<b>24,096,296.55</b>

- 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