



# CITY OF SANTA BARBARA

## COUNCIL AGENDA REPORT

**AGENDA DATE:** November 13, 2007

**TO:** Mayor and Councilmembers

**FROM:** Treasury Division, Finance Department

**SUBJECT:** September 30, 2007, Investment Report And September 30, 2007, Fiscal Agent Report

**RECOMMENDATION:** That Council:

- A. Accept the September 30, 2007, Investment Report; and
- B. Accept the September 30, 2007, Fiscal Agent Report.

### DISCUSSION:

The City's investment reporting schedule requires staff to submit a report on the City portfolio on a quarterly basis. Therefore, this report will cover investment activity for July through September, 2007.

During the third calendar quarter, the interest rate environment continued to be very unsettled due to the turmoil in the mortgage market. As expected, the Federal Reserve Bank's Open Market Committee lowered the Federal Funds Rate on September 18, 2007 to 4.75% from 5.25%, although the 50 basis point reduction (0.50%) was larger than some observers had predicted. At the same time, the Fed lowered the Discount Rate 50 basis points, to 5.25% from 5.75%. The Fed had previously lowered the Discount Rate on August 17<sup>th</sup> by 50 basis points to 5.75% from 6.25%. All of these interest rate reductions were intended to ease the "credit crunch" brought on by the turmoil in the mortgage loan sector.

### Investment Activity

As shown in the table on the next page, the City invested \$3 million during the quarter all of which were "AAA" rated, non-callable Federal Agency securities. The \$11 million of maturities consisted of \$10 million of "AAA" rated Federal Agency securities and a

U.S. Treasury Market					
	6/30/2007	7/31/2007	8/31/2007	9/30/2007	Cumulative Change
3 Month	4.80%	4.94%	4.11%	3.80%	-1.00%
6 Month	4.93%	4.96%	4.20%	4.07%	-0.86%
1 Year	4.99%	4.76%	4.35%	4.04%	-0.95%
2 Year	4.86%	4.48%	4.13%	3.98%	-0.88%
3 Year	4.88%	4.47%	4.15%	4.02%	-0.86%
5 Year	4.92%	4.54%	4.24%	4.24%	-0.68%
10 Year	5.02%	4.74%	4.53%	4.59%	-0.43%
30 Year	5.11%	4.90%	4.82%	4.84%	-0.27%
LAIF	5.24%	5.25%	5.25%	5.25%	0.01%

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\$1 million U.S. Treasury Note. As shown in the table above, the LAIF yield in September was 5.25%, still more than U.S. Treasuries and Federal Agencies. However, in order to protect the portfolio from declining interest rates, staff expects to continue reinvesting in the two to five-year range during the next quarter.

Issuer	Face Amount	Purchase Date	Final Maturity	Call Date	Yield To Call	Yield To Maturity
<i>Purchases:</i>						
Federal Home Loan Bank (FHLB)	\$ 1,000,000	07/09/07	03/12/10	-	-	5.268%
Federal Home Loan Bank (FHLB)	2,000,000	07/09/07	02/15/11	-	-	5.308%
	<b>\$ 3,000,000</b>					
<i>Maturities:</i>						
Federal National Mortgage Assn. (FNMA)	\$ 1,000,000	11/03/04	07/15/07	-	-	3.010%
Federal Home Loan Bank (FHLB)	1,000,000	04/27/04	07/27/07	-	-	3.001%
US Treasury Note (USTN)	1,000,000	08/02/05	07/31/07	-	-	4.000%
Federal Home Loan Bank (FHLB)	2,000,000	12/31/03	08/15/07	-	-	3.040%
Federal Home Loan Bank (FHLB)	2,000,000	09/24/04	08/15/07	-	-	3.050%
Federal Home Loan Bank (FHLB)	1,000,000	11/03/04	08/15/07	-	-	3.050%
Federal Home Loan Bank (FHLB)	1,000,000	02/27/04	08/27/07	-	-	3.375%
Federal Home Loan Bank (FHLB)	2,000,000	05/10/05	09/28/07	-	-	4.010%
	<b>\$ 11,000,000</b>					

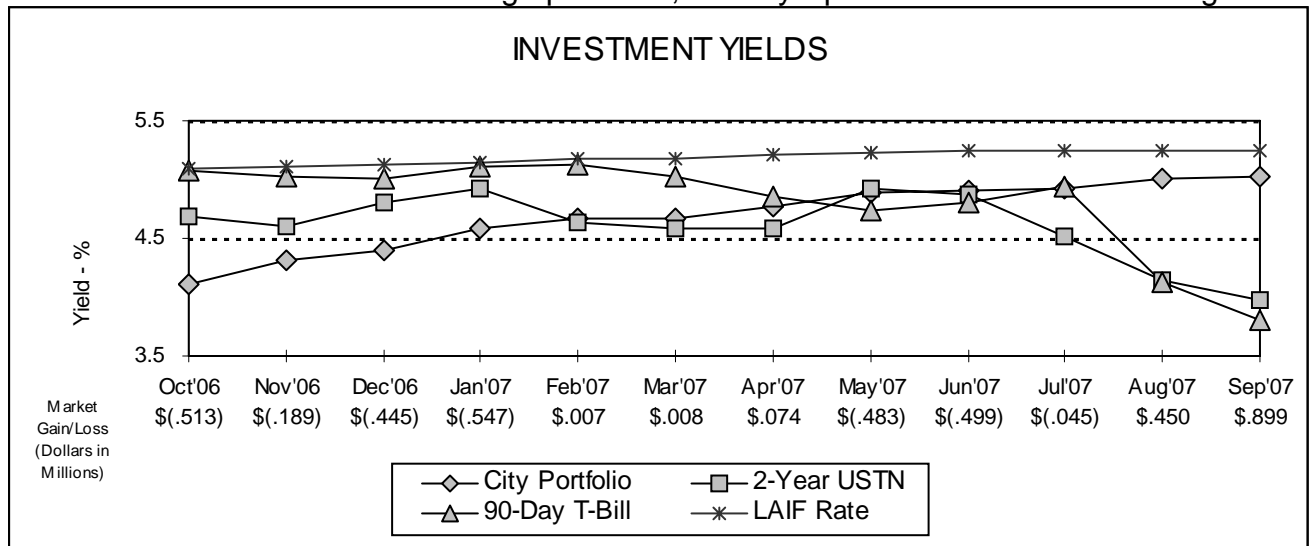
**Summary of Cash and Investments**

During the quarter, the City's book rate of return increased 12.4 basis points, from 4.904% at June 30, 2007 to 5.028% at September 30, 2007. The average days to maturity decreased from 594 to 568.

Mo. Ended	Yield	Days to Maturity
6/30/2007	4.904%	594
7/31/2007	4.930%	614
8/31/2007	5.013%	590
9/30/2007	5.028%	568

**Portfolio Market Gains/Losses**

As shown on the Investment Yields graph below, the City's portfolio reflected a market gain at



September 30th. As a result of the decrease in market yields during the quarter, the market gain on the portfolio at September 30<sup>th</sup> was the largest portfolio market gain in the last three years.

The table below reflects securities with a market loss of 3% and/or the five securities with the largest percentage unrealized losses. All of the securities shown on the table are "AAA"-rated securities with unrealized market losses only because they were purchased at yields lower than the current market.

Issuer	Face Amount	Maturity	\$ Mkt Loss	% Mkt Loss
Federal Home Loan Bank	\$1,000,000	07/14/08	\$5,465	0.55%
Federal National Mortgage Assn.	\$2,000,000	02/25/08	\$8,120	0.41%
Federal Home Loan Bank	\$2,000,000	11/15/07	\$4,866	0.24%
Wells Fargo & Co.	\$2,000,000	08/15/08	\$4,585	0.23%
Federal Home Loan Bank	\$1,000,000	11/23/07	\$2,190	0.22%

**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, 2007 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, 2007.

**ATTACHMENTS:**

1. September 30, 2007, Investment Report
2. September 30, 2007, Fiscal Agent Report

**SUBMITTED BY:** Robert Peirson, Finance Director

**APPROVED BY:** City Administrator's Office

**CITY OF SANTA BARBARA**  
**Activity and Interest Report**  
**September 30, 2007**

**INVESTMENT ACTIVITY**

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**PURCHASES OR DEPOSITS**

9/06	LAIF Deposit/City	\$ 1,000,000
9/18	LAIF Deposit/City	1,500,000
9/24	LAIF Deposit/City	1,000,000
	<b>Totals</b>	<b>\$ 3,500,000</b>

**SALES, MATURITIES, CALLS OR WITHDRAWALS**

9/14	LAIF Withdrawal/City	\$ (1,500,000)
9/14	LAIF Withdrawal/RDA	(500,000)
9/28	Federal Home Loan Bank (FHLB) Maturity	(2,000,000)
	<b>Totals</b>	<b>\$ (4,000,000)</b>

**ACTIVITY TOTAL**

**\$ (500,000)**

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**INTEREST REVENUE**

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**POOLED INVESTMENTS**

Interest Earned on Investments	\$ 542,216
Amortization	40,004
SBB&T Sweep Account Interest	8,357
SBB&T Trust Account M/M Interest	1,187
<b>Totals</b>	<b>\$ 591,764</b>

**RDA INVESTMENTS**

Interest Earned on Investments (LAIF)	<b>\$ 59,188</b>
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**TOTAL INTEREST EARNED**

**\$ 650,952**

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**CITY OF SANTA BARBARA**  
**Summary of Cash and Investments**  
**September 30, 2007**

**ENDING BALANCE AS OF AUGUST 31, 2007**

<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	\$ 29,500,000	5.250%	19.21%	1
Certificates of Deposit	2,000,000	5.000%	1.30%	444
Treasury Securities - Coupon	3,955,569	4.753%	2.58%	578
Federal Agency Issues - Coupon	101,246,150	4.939%	65.93%	725
Corporate/Medium Term Notes	16,870,526	5.103%	10.99%	830
Totals and Averages	<u>\$ 153,572,244</u>	<u>5.013%</u>	<u>100.00%</u>	<u>590</u>
SBB&T Money Market Account	3,007,121			
<b>Total Cash and Investments</b>	<b><u>\$ 156,579,366</u></b>			

**NET CASH AND INVESTMENT ACTIVITY FOR SEPTEMBER 2007**      **\$ (25,282)**

**ENDING BALANCE AS OF SEPTEMBER 30, 2007**

<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	\$ 31,000,000	5.250%	20.25%	1 (1)
Certificates of Deposit	2,000,000	5.000%	1.31%	414
Treasury Securities - Coupon	3,958,038	4.753%	2.59%	548
Federal Agency Issues - Coupon	99,277,288	4.958%	64.84%	709
Corporate/Medium Term Notes	16,876,923	5.103%	11.02%	800
Totals and Averages	<u>\$ 153,112,249</u>	<u>5.028%</u>	<u>100.00%</u>	<u>568</u>
SBB&T Money Market Account	3,441,835			
<b>Total Cash and Investments</b>	<b><u>\$ 156,554,084</u></b>			

Note:

(1) The average life of the LAIF portfolio as of September 30, 2007 is 207 days .

**CITY OF SANTA BARBARA**  
**Investment Portfolio**  
**September 30, 2007**

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	-	-	-	-	5.250	5.250	17,500,000.00	17,500,000.00	17,500,000.00	0.00	
LOCAL AGENCY INV FUND/RDA	-	-	-	-	5.250	5.250	13,500,000.00	13,500,000.00	13,500,000.00	0.00	
<b>Subtotal, LAIF</b>							<u>31,000,000.00</u>	<u>31,000,000.00</u>	<u>31,000,000.00</u>	<u>0.00</u>	
<b>CERTIFICATES OF DEPOSIT</b>											
MONTECITO BANK & TRUST	11/18/06	11/18/08	-	-	5.000	5.000	2,000,000.00	2,000,000.00	2,000,000.00	0.00	
<b>Subtotal, Certificates of deposit</b>							<u>2,000,000.00</u>	<u>2,000,000.00</u>	<u>2,000,000.00</u>	<u>0.00</u>	
<b>TREASURY SECURITIES - COUPON</b>											
U S TREASURY NOTE	05/19/06	05/15/09	Aaa	AAA	4.875	5.000	2,000,000.00	1,996,273.02	2,029,220.00	32,946.98	
U S TREASURY NOTE	02/01/06	02/15/09	Aaa	AAA	3.000	4.501	2,000,000.00	1,961,765.20	1,974,220.00	12,454.80	
<b>Subtotal, Treasury Securities</b>							<u>4,000,000.00</u>	<u>3,958,038.22</u>	<u>4,003,440.00</u>	<u>45,401.78</u>	
<b>FEDERAL AGENCY ISSUES - COUPON</b>											
FEDERAL FARM CREDIT BANK	11/04/05	10/24/07	Aaa	AAA	4.500	4.650	1,000,000.00	999,908.97	999,690.00	(218.97)	
FEDERAL FARM CREDIT BANK	03/07/06	04/15/09	Aaa	AAA	4.125	5.000	2,000,000.00	1,975,292.99	1,991,250.00	15,957.01	
FEDERAL FARM CREDIT BANK	08/17/06	08/17/09	Aaa	AAA	5.125	5.150	2,000,000.00	1,999,136.22	2,026,560.00	27,423.78	
FEDERAL FARM CREDIT BANK	11/07/06	01/18/11	Aaa	AAA	5.750	5.000	2,000,000.00	2,043,976.35	2,081,560.00	37,583.65	
FEDERAL FARM CREDIT BANK	06/02/06	02/18/09	Aaa	AAA	5.260	5.280	2,000,000.00	1,999,551.89	2,021,250.00	21,698.11	
FEDERAL FARM CREDIT BANK	08/28/06	12/17/08	Aaa	AAA	3.700	5.170	2,000,000.00	1,966,771.44	1,981,250.00	14,478.56	
FEDERAL FARM CREDIT BANK	01/29/07	08/25/10	Aaa	AAA	4.750	5.111	2,000,000.00	1,981,019.66	2,017,510.00	36,490.34	
FEDERAL FARM CREDIT BANK	01/29/07	01/22/09	Aaa	AAA	5.010	5.150	2,000,000.00	1,996,538.51	2,013,130.00	16,591.49	
FEDERAL HOME LOAN BANK	10/25/06	02/12/10	Aaa	AAA	3.875	5.117	1,000,000.00	973,258.38	988,435.00	15,176.62	
FEDERAL HOME LOAN BANK	12/18/06	11/03/09	Aaa	AAA	3.500	4.834	2,000,000.00	1,948,486.18	1,964,060.00	15,573.82	
FEDERAL HOME LOAN BANK	05/22/07	06/10/11	Aaa	AAA	5.250	5.005	2,000,000.00	2,016,133.95	2,051,250.00	35,116.05	
FEDERAL HOME LOAN BANK	07/09/07	02/15/11	Aaa	AAA	4.000	5.308	2,000,000.00	1,920,565.43	1,972,820.00	52,254.57	
FEDERAL HOME LOAN BANK	07/09/07	03/12/10	Aaa	AAA	5.000	5.268	1,000,000.00	993,843.06	1,013,755.00	19,911.94	
FEDERAL HOME LOAN BANK	05/18/07	05/15/12	Aaa	AAA	5.500	5.523	2,000,000.00	1,998,745.10	2,010,310.00	11,564.90	Callable to maturity
FEDERAL HOME LOAN BANK	09/14/06	09/29/10	Aaa	AAA	5.125	5.070	1,000,000.00	1,001,392.88	1,018,595.00	17,202.12	
FEDERAL HOME LOAN BANK	12/18/06	04/21/08	Aaa	AAA	3.450	5.021	2,000,000.00	1,983,287.78	1,985,000.00	1,712.22	
FEDERAL HOME LOAN BANK	05/10/07	11/10/10	Aaa	AAA	5.125	5.125	2,000,000.00	2,000,000.00	2,011,880.00	11,880.00	Callable 11/10/2008 once
FEDERAL HOME LOAN BANK	05/21/07	06/12/09	Aaa	AAA	5.250	5.000	2,000,000.00	2,007,899.30	2,026,560.00	18,660.70	
FEDERAL HOME LOAN BANK	04/30/04	10/30/07	Aaa	AAA	3.410	3.410	1,000,000.00	1,000,000.00	998,750.00	(1,250.00)	Callable to maturity
FEDERAL HOME LOAN BANK	11/23/04	11/23/07	Aaa	AAA	3.440	3.440	1,000,000.00	1,000,000.00	997,810.00	(2,190.00)	Callable to maturity
FEDERAL HOME LOAN BANK	01/14/05	07/14/08	Aaa	AAA	4.000	4.000	1,000,000.00	1,000,000.00	994,535.00	(5,465.00)	Callable to maturity
FEDERAL HOME LOAN BANK	01/05/05	11/15/07	Aaa	AAA	3.500	3.536	2,000,000.00	1,999,915.42	1,996,260.00	(3,655.42)	
FEDERAL HOME LOAN BANK	03/11/05	11/15/07	Aaa	AAA	3.500	4.026	1,000,000.00	999,394.77	998,130.00	(1,264.77)	

**CITY OF SANTA BARBARA**  
**Investment Portfolio**  
**September 30, 2007**

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	02/17/06	02/17/11	Aaa	AAA	5.020	5.020	2,000,000.00	2,000,000.00	2,013,750.00	13,750.00	Callable 2/17/2009 once
FEDERAL HOME LOAN BANK	04/28/06	04/28/10	Aaa	AAA	5.400	5.400	2,000,000.00	2,000,000.00	2,009,690.00	9,690.00	Callable 4/28/2008 once
FEDERAL HOME LOAN BANK	09/08/06	09/08/09	Aaa	AAA	5.250	5.250	1,000,000.00	1,000,000.00	1,006,720.00	6,720.00	Callable 9/08/2008 once
FEDERAL HOME LOAN BANK	04/15/04	11/15/07	Aaa	AAA	3.500	3.010	2,000,000.00	2,001,126.19	1,996,260.00	(4,866.19)	
FEDERAL HOME LOAN BANK	10/27/05	10/27/08	Aaa	AAA	5.000	5.000	2,000,000.00	2,000,000.00	2,000,620.00	620.00	Callable to maturity
FEDERAL HOME LOAN BANK	03/24/06	09/23/08	Aaa	AAA	5.520	5.015	1,000,000.00	1,004,585.01	1,009,375.00	4,789.99	
FEDERAL HOME LOAN BANK	06/02/06	12/12/08	Aaa	AAA	4.750	5.270	1,000,000.00	994,231.23	1,002,815.00	8,583.77	
FEDERAL HOME LOAN BANK	06/23/06	06/30/08	Aaa	AAA	3.000	5.500	2,000,000.00	1,965,085.50	1,975,310.00	10,224.50	
FEDERAL HOME LOAN BANK	08/18/06	08/18/10	Aaa	AAA	5.470	5.470	2,000,000.00	2,000,000.00	2,015,940.00	15,940.00	Callable 8/18/2008 once
FEDERAL HOME LOAN BANK	10/18/06	09/11/09	Aaa	AAA	5.250	5.060	1,000,000.00	1,003,295.30	1,016,095.00	12,799.70	
FEDERAL HOME LOAN BANK	11/07/06	10/26/09	Aaa	AAA	5.000	5.000	2,345,000.00	2,344,967.31	2,373,949.03	28,981.72	
FEDERAL HOME LOAN BANK	11/08/06	03/24/08	Aaa	AAA	3.150	5.140	2,000,000.00	1,981,737.34	1,983,760.00	2,022.66	
FEDERAL HOME LOAN BANK	11/08/06	07/30/10	Aaa	AAA	5.000	5.010	2,000,000.00	1,999,362.18	2,030,630.00	31,267.82	
FEDERAL HOME LOAN BANK	12/06/06	12/12/08	Aaa	AAA	5.000	4.700	2,000,000.00	2,006,649.04	2,011,250.00	4,600.96	
FEDERAL HOME LOAN BANK	12/18/06	06/22/10	Aaa	AAA	4.500	4.825	2,000,000.00	1,983,872.48	2,004,370.00	20,497.52	
FEDERAL HOME LOAN BANK	12/29/06	09/12/08	Aaa	AAA	5.000	5.000	2,000,000.00	1,999,911.00	2,007,500.00	7,589.00	
FEDERAL HOME LOAN BANK	05/21/07	05/15/09	Aaa	AAA	4.250	5.005	1,450,000.00	1,433,277.48	1,446,375.00	13,097.52	
FEDERAL HOME LOAN BANK	06/18/07	03/12/10	Aaa	AAA	4.875	5.382	2,000,000.00	1,977,079.67	2,021,870.00	44,790.33	
FEDERAL HOME LOAN MTG CORP	06/16/06	06/02/08	Aaa	AAA	4.350	5.370	2,000,000.00	1,987,185.35	1,994,240.00	7,054.65	
FEDERAL HOME LOAN MTG CORP	09/14/06	09/01/09	Aaa	AAA	4.125	5.070	1,000,000.00	983,361.11	994,990.00	11,628.89	
FEDERAL HOME LOAN MTG CORP	11/30/06	11/14/11	Aaa	AAA	5.350	5.250	2,000,000.00	2,004,900.11	2,017,560.00	12,659.89	Callable 11/14/2008 once
FEDERAL HOME LOAN MTG CORP	05/29/07	07/06/10	Aaa	AAA	4.500	5.070	2,000,000.00	1,971,085.32	2,003,720.00	32,634.68	
FEDERAL HOME LOAN MTG CORP	09/08/06	09/08/11	Aaa	AAA	5.500	5.500	1,000,000.00	1,000,000.00	1,009,190.00	9,190.00	Callable 9/08/2008 once
FEDERAL HOME LOAN MTG CORP	01/29/07	01/25/10	Aaa	AAA	4.375	5.122	2,000,000.00	1,968,283.20	1,998,380.00	30,096.80	
FEDERAL HOME LOAN MTG CORP	04/20/07	04/20/12	Aaa	AAA	5.250	5.250	2,000,000.00	2,000,000.00	2,019,400.00	19,400.00	Callable 4/20/2009 once
FEDERAL HOME LOAN MTG CORP	05/22/07	09/17/10	Aaa	AAA	3.880	5.015	2,000,000.00	1,938,680.47	1,969,780.00	31,099.53	
FEDERAL NATL MORTGAGE ASSN	02/25/05	02/25/08	Aaa	AAA	4.000	4.000	2,000,000.00	2,000,000.00	1,991,880.00	(8,120.00)	Callable to maturity
FEDERAL NATL MORTGAGE ASSN	01/18/06	01/18/11	Aaa	AAA	5.100	5.130	1,000,000.00	999,806.81	1,001,720.00	1,913.19	Callable 1/18/2008 once
FEDERAL NATL MORTGAGE ASSN	04/27/06	04/20/10	Aaa	AAA	4.750	5.270	2,000,000.00	1,976,309.94	2,016,250.00	39,940.06	
FEDERAL NATL MORTGAGE ASSN	12/29/06	12/28/09	Aaa	AAA	5.250	5.275	2,000,000.00	1,999,665.57	2,003,760.00	4,094.43	Callable 12/28/2007 once
FEDERAL NATL MORTGAGE ASSN	01/12/07	02/24/09	Aaa	AAA	3.740	5.000	2,000,000.00	1,966,915.54	1,980,940.00	14,024.46	
FEDERAL NATL MORTGAGE ASSN	04/17/07	03/06/09	Aaa	AAA	4.625	5.001	2,000,000.00	1,989,791.02	2,005,000.00	15,208.98	
FEDERAL NATL MORTGAGE ASSN	08/15/05	02/15/08	Aaa	AAA	4.530	4.530	1,000,000.00	1,000,000.00	998,285.00	(1,715.00)	Callable to maturity
FEDERAL NATL MORTGAGE ASSN	01/26/06	01/18/08	Aaa	AAA	3.800	4.655	2,000,000.00	1,995,195.52	1,993,440.00	(1,755.52)	
FEDERAL NATL MORTGAGE ASSN	05/21/07	11/03/08	Aaa	AAA	4.900	5.100	2,000,000.00	1,995,809.66	2,007,810.00	12,000.34	
<b>Subtotal, Federal Agencies</b>							<b>99,795,000.00</b>	<b>99,277,287.63</b>	<b>100,092,974.03</b>	<b>815,686.40</b>	

**CORPORATE/MEDIUM TERM NOTES**

**CITY OF SANTA BARBARA**  
**Investment Portfolio**  
**September 30, 2007**

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
GENERAL ELECTRIC CAPITAL CORP	01/10/07	02/22/11	Aaa	AAA	6.125	5.100	2,000,000.00	2,061,890.36	2,061,100.00	(790.36)	
GENERAL ELECTRIC CAPITAL CORP	08/15/06	09/15/09	Aaa	AAA	4.625	5.300	2,000,000.00	1,975,886.41	1,987,060.00	11,173.59	
GENERAL ELECTRIC CAPITAL CORP	02/10/06	06/15/09	Aaa	AAA	4.000	5.000	1,000,000.00	984,446.18	983,900.00	(546.18)	
GENERAL ELECTRIC CAPITAL CORP	04/17/07	06/15/09	Aaa	AAA	3.250	5.060	2,000,000.00	1,942,135.63	1,943,680.00	1,544.37	
TOYOTA MOTOR CREDIT	02/28/06	12/15/08	Aaa	AAA	5.500	5.016	2,000,000.00	2,010,688.38	2,009,940.00	(748.38)	
TOYOTA MOTOR CREDIT	10/19/06	03/15/10	Aaa	AAA	4.250	5.140	2,000,000.00	1,960,299.31	1,989,960.00	29,660.69	
WELLS FARGO & CO.	02/13/06	08/15/08	Aa1	AA+	4.000	5.000	2,000,000.00	1,983,784.79	1,979,200.00	(4,584.79)	
WELLS FARGO & CO.	05/30/07	01/12/11	Aa1	AA+	4.875	5.260	2,000,000.00	1,977,160.08	1,981,180.00	4,019.92	
WELLS FARGO & CO.	10/10/06	08/09/10	Aa1	AA+	4.625	5.000	2,000,000.00	1,980,631.82	1,979,040.00	(1,591.82)	
<b>Subtotal, Corporate Securities</b>							17,000,000.00	16,876,922.96	16,915,060.00	38,137.04	
<b>TOTALS</b>								153,795,000.00	153,112,248.81	154,011,474.03	899,225.22

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.



**CITY OF SANTA BARBARA**  
**Fiscal Agent Investments**  
**September 30, 2007**

	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>										
2002 Municipal Improvement - Refunding COPs	7,694.58	547,530.00	-	-	-	-	-	-	555,224.58	555,224.58
2002 Water - Refunding COPs	10,496.37	1,088,268.76	-	-	-	-	-	-	1,098,765.13	1,098,765.13
1994 Water - Revenue Bonds	20,851.08	757,680.00	-	-	-	-	-	-	778,531.08	778,531.08
2002 Waterfront - Reference COPs	970,727.91	1,393,262.50	-	-	-	-	-	-	2,363,990.41	2,363,990.41
1992 Seismic - Safety Bonds	94,391.19	-	-	-	-	-	-	-	94,391.19	94,391.19
1995 RDA Refunding - Tax Allocation Bonds	706,339.17	-	-	-	-	-	-	-	706,339.17	706,339.17
Subtotal, Reserve Funds	1,810,500.30	3,786,741.26	-	-	-	-	-	-	5,597,241.56	5,597,241.56
<i>PROJECT FUNDS</i>										
2001 RDA Bonds	27.05	4,424,771.39	-	-	-	-	-	-	4,424,798.44	4,424,798.44
2003 RDA Bonds	3,591.18	26,668,625.41	-	-	-	-	-	-	26,672,216.59	26,672,216.59
2004 RDA Housing	283.04	-	-	-	-	-	-	-	283.04	283.04
2004 Sewer Revenue Bonds	5,892,577.57	1,357,140.00	-	-	-	-	-	-	7,249,717.57	7,249,717.57
Subtotal, Project Funds	5,896,478.84	32,450,536.80	-	-	-	-	-	-	38,347,015.64	38,347,015.64
Subtotal Bond Funds	7,706,979.14	36,237,278.06	-	-	-	-	-	-	43,944,257.20	43,944,257.20
<b>POLICE/FIRE - SVC RETIREMENT FUND</b>										
Police/Fire Funds	116,483.56	-	231,083.19	333,062.20	25,330.00	24,750.00	119,726.56	119,356.10	492,623.31	593,651.86
	116,483.56	-	231,083.19	333,062.20	25,330.00	24,750.00	119,726.56	119,356.10	492,623.31	593,651.86
<b>TOTAL FISCAL AGENT INVESTMENTS</b>	<u>7,823,462.70</u>	<u>36,237,278.06</u>	<u>231,083.19</u>	<u>333,062.20</u>	<u>25,330.00</u>	<u>24,750.00</u>	<u>119,726.56</u>	<u>119,356.10</u>	<u>44,436,880.51</u>	<u>44,537,909.06</u>

Notes:

- (1) Cash & cash equivalents include money market funds.
- (2) Market values have been obtained from the following trustees: U S Bank, Bank of New York and Santa Barbara Bank & Trust