

**CITY OF SANTA BARBARA**  
**Activity and Interest Report**  
**December 31, 2008**

**INVESTMENT ACTIVITY**

**PURCHASES OR DEPOSITS**

12/01	LAIF Deposit/City	\$ 1,000,000
12/12	LAIF Deposit/City	3,500,000
12/15	LAIF Deposit/City	2,000,000
12/16	LAIF Deposit/City	1,500,000
12/22	LAIF Deposit/City	1,000,000
12/23	LAIF Deposit/City	8,000,000
12/23	LAIF Deposit/RDA	7,500,000
12/30	LAIF Deposit/City	2,500,000
	<b>Total</b>	<b>\$ 27,000,000</b>

**SALES, MATURITIES, CALLS OR WITHDRAWALS**

12/04	LAIF Withdrawal/City	\$ (2,500,000)
12/05	LAIF Withdrawal/City	(1,500,000)
12/10	LAIF Withdrawal/City	(1,200,000)
12/12	Federal Home Loan Bank (FHLB) Maturity	(1,000,000)
12/12	Federal Home Loan Bank (FHLB) Maturity	(2,000,000)
12/15	Toyota Motor Credit Maturity	(2,000,000)
12/17	Federal Farm Credit Bank (FFCB) Maturity	(2,000,000)
12/18	LAIF Withdrawal/City	(4,000,000)
12/31	LAIF Withdrawal/City	(2,400,000)
	<b>Total</b>	<b>\$ (18,600,000)</b>

**ACTIVITY TOTAL**

**\$ 8,400,000**

**INTEREST REVENUE**

**POOLED INVESTMENTS**

Interest Earned on Investments	\$ 499,238
Amortization	24,740
SBB&T Sweep Account Interest	60
SBB&T Trust Account M/M Interest	289
<b>Total</b>	<b>\$ 524,328</b>

**RDA INVESTMENTS**

Interest Earned on Investments (LAIF)	<b>\$ 37,725</b>
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**TOTAL INTEREST EARNED**

**\$ 562,053**

**CITY OF SANTA BARBARA**  
**Summary of Cash and Investments**  
**December 31, 2008**

**ENDING BALANCE AS OF NOVEMBER 30, 2008**

<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	\$ 33,200,000	2.568%	20.65%	1
Certificates of Deposit	2,000,000	2.500%	1.24%	352
Treasury Securities - Coupon	3,993,184	4.751%	2.48%	121
Federal Agency Issues - Coupon	96,569,412	4.603%	60.06%	758
Corporate/Medium Term Notes	17,222,954	4.921%	10.71%	433
SB Airport Promissory Note	7,800,000	6.500%	4.85%	31
Totals and Averages	<u>\$ 160,785,550</u>	4.286%	100.00%	511
SBB&T Money Market Account	2,648,562			
<b>Total Cash and Investments</b>	<b><u>\$ 163,434,112</u></b>			

**NET CASH AND INVESTMENT ACTIVITY FOR DECEMBER 2008**      **\$ 7,533,180**

**ENDING BALANCE AS OF DECEMBER 31, 2008**

<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	\$ 48,600,000	2.353%	28.72%	1 (1)
Certificates of Deposit	2,000,000	2.500%	1.18%	321
Treasury Securities - Coupon	3,995,736	4.751%	2.36%	90
Federal Agency Issues - Coupon	91,587,246	4.581%	54.13%	767
Corporate/Medium Term Notes	15,227,309	4.909%	9.00%	457
SB Airport Promissory Note	7,800,000	6.500%	4.61%	180
Totals and Averages	<u>\$ 169,210,290</u>	4.038%	100.00%	471
SBB&T Money Market Account	1,757,001			
<b>Total Cash and Investments</b>	<b><u>\$ 170,967,292</u></b>			

Note:

(1) The average life of the LAIF portfolio as of December 31, 2008 is 223 days .

**CITY OF SANTA BARBARA**  
**Investment Portfolio**  
**December 31, 2008**

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
<b>LOCAL AGENCY INVESTMENT FUNDS</b>											
LOCAL AGENCY INVESTMENT FUND	-	-	-	-	2.353	2.353	24,400,000.00	24,400,000.00	24,400,000.00	0.00	
LOCAL AGENCY INV FUND/RDA	-	-	-	-	2.353	2.353	24,200,000.00	24,200,000.00	24,200,000.00	0.00	
<b>Subtotal, LAIF</b>							<b>48,600,000.00</b>	<b>48,600,000.00</b>	<b>48,600,000.00</b>	<b>0.00</b>	
<b>CERTIFICATES OF DEPOSIT</b>											
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	
<b>Subtotal, Certificates of deposit</b>							<b>2,000,000.00</b>	<b>2,000,000.00</b>	<b>2,000,000.00</b>	<b>0.00</b>	
<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	1,999,156.39	2,034,920.00	35,763.61	
U S TREASURY NOTE	02/01/06	02/15/09	Aaa	AAA	3.000	4.501	2,000,000.00	1,996,579.39	2,007,190.00	10,610.61	
<b>Subtotal, Treasury Securities</b>							<b>4,000,000.00</b>	<b>3,995,735.78</b>	<b>4,042,110.00</b>	<b>46,374.22</b>	
<b>FEDERAL AGENCY ISSUES - COUPON</b>											
FEDERAL FARM CREDIT BANK	03/07/06	04/15/09	Aaa	AAA	4.125	5.000	2,000,000.00	1,995,361.86	2,021,880.00	26,518.14	
FEDERAL FARM CREDIT BANK	08/17/06	08/17/09	Aaa	AAA	5.125	5.150	2,000,000.00	1,999,711.22	2,057,810.00	58,098.78	
FEDERAL FARM CREDIT BANK	11/07/06	01/18/11	Aaa	AAA	5.750	5.000	2,000,000.00	2,027,304.61	2,182,190.00	154,885.39	
FEDERAL FARM CREDIT BANK	06/02/06	02/18/09	Aaa	AAA	5.260	5.280	2,000,000.00	1,999,957.62	2,012,500.00	12,542.38	
FEDERAL FARM CREDIT BANK	01/29/07	08/25/10	Aaa	AAA	4.750	5.111	2,000,000.00	1,989,200.84	2,122,820.00	133,619.16	
FEDERAL FARM CREDIT BANK	01/29/07	01/22/09	Aaa	AAA	5.010	5.150	2,000,000.00	1,999,845.67	2,005,000.00	5,154.33	
FEDERAL FARM CREDIT BANK	02/01/08	02/01/13	Aaa	AAA	3.790	3.790	2,000,000.00	2,000,000.00	2,030,000.00	30,000.00	Callable 2/01/10, then cont.
FEDERAL HOME LOAN BANK	10/25/06	02/12/10	Aaa	AAA	3.875	5.117	1,000,000.00	987,399.07	1,034,845.00	47,445.93	
FEDERAL HOME LOAN BANK	12/18/06	11/03/09	Aaa	AAA	3.500	4.834	2,000,000.00	1,979,312.27	2,047,190.00	67,877.73	
FEDERAL HOME LOAN BANK	05/22/07	06/10/11	Aaa	AAA	5.250	5.005	2,000,000.00	2,010,670.99	2,190,940.00	180,269.01	
FEDERAL HOME LOAN BANK	07/09/07	02/15/11	Aaa	AAA	4.000	5.308	2,000,000.00	1,950,009.88	2,114,690.00	164,680.12	
FEDERAL HOME LOAN BANK	07/09/07	03/12/10	Aaa	AAA	5.000	5.268	1,000,000.00	996,987.92	1,050,315.00	53,327.08	
FEDERAL HOME LOAN BANK	02/13/08	02/13/13	Aaa	AAA	3.850	4.001	2,000,000.00	2,000,000.00	2,000,620.00	620.00	Continuously callable
FEDERAL HOME LOAN BANK	09/14/06	09/29/10	Aaa	AAA	5.125	5.070	1,000,000.00	1,000,811.44	1,067,970.00	67,158.56	
FEDERAL HOME LOAN BANK	05/21/07	06/12/09	Aaa	AAA	5.250	5.000	2,000,000.00	2,002,081.48	2,043,440.00	41,358.52	
FEDERAL HOME LOAN BANK	04/02/08	04/02/13	Aaa	AAA	4.150	4.150	2,000,000.00	2,000,000.00	2,000,000.00	0.00	Callable 1/02/09, then qtrly
FEDERAL HOME LOAN BANK	04/21/08	10/21/11	Aaa	AAA	3.125	3.125	2,000,000.00	2,000,000.00	2,024,690.00	24,690.00	Callable 7/21/09, once
FEDERAL HOME LOAN BANK	04/22/08	04/22/13	Aaa	AAA	4.000	4.112	2,000,000.00	1,996,916.67	2,010,940.00	14,023.33	Callable 4/22/09, then qtrly
FEDERAL HOME LOAN BANK	05/23/08	06/10/11	Aaa	AAA	3.125	3.520	2,000,000.00	1,981,778.98	2,075,940.00	94,161.02	
FEDERAL HOME LOAN BANK	09/25/08	08/18/09	Aaa	AAA	3.750	3.231	2,000,000.00	2,006,367.24	2,040,940.00	34,572.76	
FEDERAL HOME LOAN BANK	02/17/06	02/17/11	Aaa	AAA	5.020	5.020	2,000,000.00	2,000,000.00	2,010,620.00	10,620.00	Callable 2/17/09, once
FEDERAL HOME LOAN BANK	10/01/08	03/30/09	Aaa	AAA	3.580	3.520	2,000,000.00	2,000,293.35	2,016,260.00	15,966.65	
FEDERAL HOME LOAN BANK	10/18/06	09/11/09	Aaa	AAA	5.250	5.060	1,000,000.00	1,001,176.89	1,031,875.00	30,698.11	
FEDERAL HOME LOAN BANK	11/07/06	10/26/09	Aaa	AAA	5.000	5.000	2,345,000.00	2,344,987.06	2,429,279.30	84,292.24	

**CITY OF SANTA BARBARA**  
**Investment Portfolio**  
**December 31, 2008**

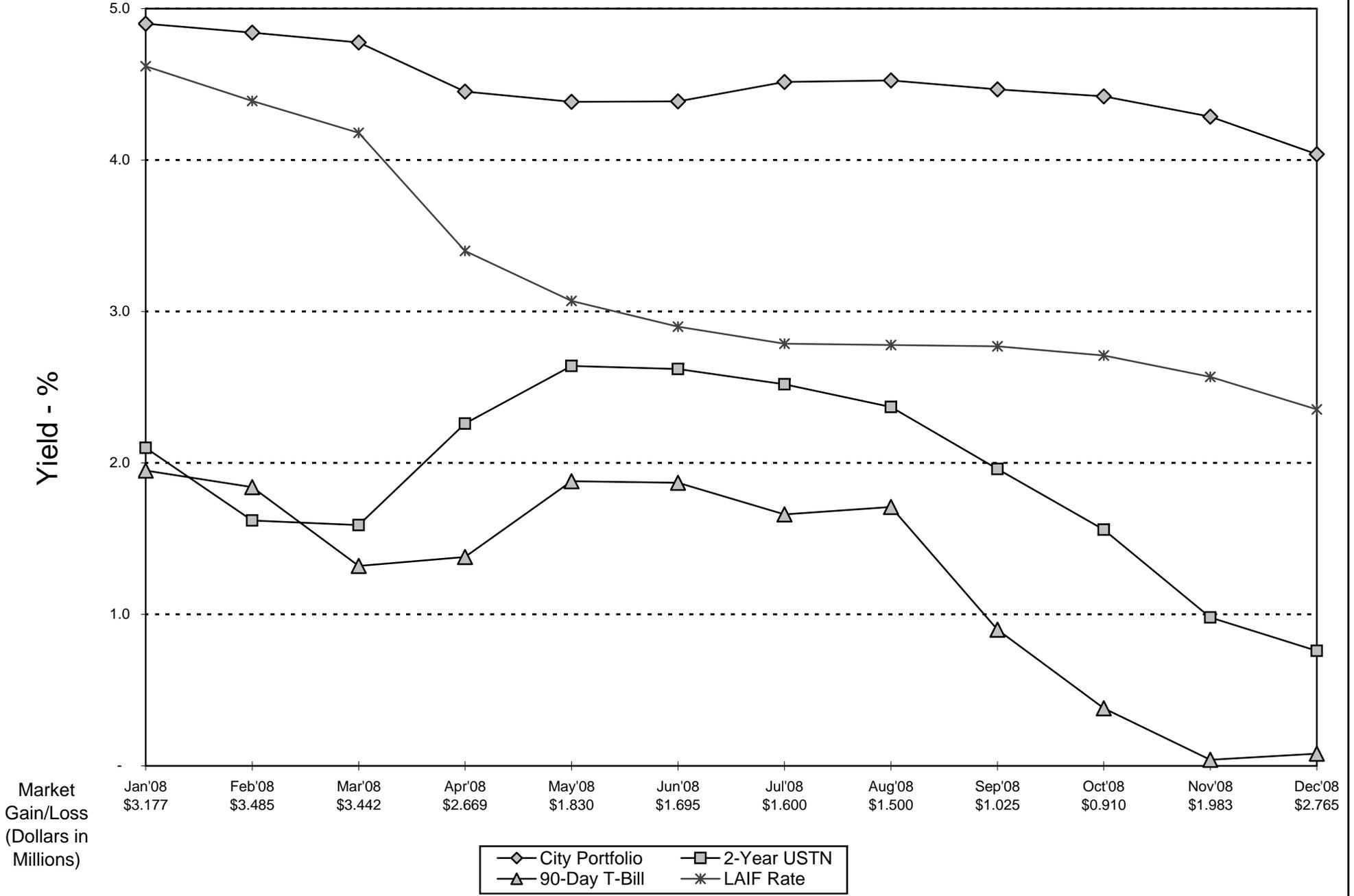
DESCRIPTION	PURCHASE DATE	MATURITY DATE	QUALITY RATING		STATED RATE	YIELD AT 365	FACE VALUE	BOOK VALUE	MARKET VALUE	BOOK GAIN/(LOSS)	COMMENTS
			MOODY'S	S & P							
FEDERAL HOME LOAN BANK	11/08/06	07/30/10	Aaa	AAA	5.000	5.010	2,000,000.00	1,999,643.85	2,127,190.00	127,546.15	
FEDERAL HOME LOAN BANK	12/18/06	06/22/10	Aaa	AAA	4.500	4.825	2,000,000.00	1,991,270.43	2,106,250.00	114,979.57	
FEDERAL HOME LOAN BANK	05/21/07	05/15/09	Aaa	AAA	4.250	5.005	1,450,000.00	1,446,162.98	1,471,300.50	25,137.52	
FEDERAL HOME LOAN BANK	06/18/07	03/12/10	Aaa	AAA	4.875	5.382	2,000,000.00	1,988,786.99	2,098,130.00	109,343.01	
FEDERAL HOME LOAN BANK	05/22/08	05/22/13	Aaa	AAA	4.350	4.350	2,000,000.00	2,000,000.00	2,023,760.00	23,760.00	Callable 05/22/09, then qtrly
FEDERAL HOME LOAN BANK	06/16/08	12/10/10	Aaa	AAA	3.250	3.800	2,000,000.00	1,979,733.69	2,076,560.00	96,826.31	
FEDERAL HOME LOAN BANK	09/25/08	09/25/09	Aaa	AAA	3.250	3.250	2,000,000.00	2,000,000.00	2,039,690.00	39,690.00	
FEDERAL HOME LOAN BANK	10/15/08	07/15/11	Aaa	AAA	4.000	4.002	2,000,000.00	2,000,000.00	2,026,260.00	26,260.00	Callable 7/15/09, once
FEDERAL HOME LOAN MTG CORP	03/26/08	03/26/13	Aaa	AAA	4.200	4.200	2,000,000.00	2,000,000.00	2,002,840.00	2,840.00	Callable 3/26/09, then qtrly
FEDERAL HOME LOAN MTG CORP	04/16/08	04/16/13	Aaa	AAA	4.000	4.000	2,000,000.00	2,000,000.00	2,002,120.00	2,120.00	Callable quarterly
FEDERAL HOME LOAN MTG CORP	09/14/06	09/01/09	Aaa	AAA	4.125	5.070	1,000,000.00	994,212.56	1,021,610.00	27,397.44	
FEDERAL HOME LOAN MTG CORP	05/29/07	07/06/10	Aaa	AAA	4.500	5.070	2,000,000.00	1,984,162.31	2,098,440.00	114,277.69	
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	2,056,780.00	56,780.00	Callable 10/15/09, once
FEDERAL HOME LOAN MTG CORP	04/02/08	04/02/12	Aaa	AAA	3.375	3.375	2,000,000.00	2,000,000.00	2,011,600.00	11,600.00	Callable 4/02/09, once
FEDERAL HOME LOAN MTG CORP	06/04/08	06/04/13	Aaa	AAA	4.550	4.550	5,000,000.00	5,000,000.00	5,028,350.00	28,350.00	Callable quarterly
FEDERAL HOME LOAN MTG CORP	01/29/07	01/25/10	Aaa	AAA	4.375	5.122	2,000,000.00	1,985,396.58	2,067,180.00	81,783.42	
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	2,024,960.00	24,960.00	Callable 4/20/09, once
FEDERAL HOME LOAN MTG CORP	05/22/07	09/17/10	Aaa	AAA	3.880	5.015	2,000,000.00	1,964,565.82	2,089,680.00	125,114.18	
FEDERAL HOME LOAN MTG CORP	01/09/08	01/09/12	Aaa	AAA	4.250	4.250	2,000,000.00	2,000,000.00	2,001,280.00	1,280.00	Callable 1/09/09, then qtrly
FEDERAL NATL MORTGAGE ASSN	04/27/06	04/20/10	Aaa	AAA	4.750	5.270	2,000,000.00	1,987,910.08	2,095,000.00	107,089.92	
FEDERAL NATL MORTGAGE ASSN	01/12/07	02/24/09	Aaa	AAA	3.740	5.000	2,000,000.00	1,996,513.96	2,009,380.00	12,866.04	
FEDERAL NATL MORTGAGE ASSN	04/17/07	03/06/09	Aaa	AAA	4.625	5.001	2,000,000.00	1,998,711.49	2,015,000.00	16,288.51	
FEDERAL NATL MORTGAGE ASSN	03/05/08	03/05/13	Aaa	AAA	4.100	4.100	2,000,000.00	2,000,000.00	2,047,500.00	47,500.00	Callable 3/05/10, once
<b>Subtotal, Federal Agencies</b>							<b>91,795,000.00</b>	<b>91,587,245.80</b>	<b>94,163,614.80</b>	<b>2,576,369.00</b>	
<b>CORPORATE/MEDIUM TERM NOTES</b>											
BERKSHIRE HATHAWAY FIN	01/15/08	01/15/10	Aaa	AAA	4.125	3.630	2,250,000.00	2,261,056.37	2,273,085.00	12,028.63	
GENERAL ELECTRIC CAPITAL CORP	01/10/07	02/22/11	Aaa	AAA	6.125	5.100	2,000,000.00	2,039,080.65	2,070,000.00	30,919.35	
GENERAL ELECTRIC CAPITAL CORP	08/15/06	09/15/09	Aaa	AAA	4.625	5.300	2,000,000.00	1,991,299.93	2,022,580.00	31,280.07	
GENERAL ELECTRIC CAPITAL CORP	02/10/06	06/15/09	Aaa	AAA	4.000	5.000	1,000,000.00	995,845.56	1,001,750.00	5,904.44	
GENERAL ELECTRIC CAPITAL CORP	04/17/07	06/15/09	Aaa	AAA	3.250	5.060	2,000,000.00	1,984,544.37	1,994,900.00	10,355.63	
TOYOTA MOTOR CREDIT	10/19/06	03/15/10	Aaa	AAA	4.250	5.140	2,000,000.00	1,980,508.94	1,998,280.00	17,771.06	
WELLS FARGO & CO.	05/30/07	01/12/11	Aa1	AA	4.875	5.260	2,000,000.00	1,985,862.84	2,000,080.00	14,217.16	
WELLS FARGO & CO.	10/10/06	08/09/10	Aa1	AA	4.625	5.000	2,000,000.00	1,989,110.11	2,009,200.00	20,089.89	
<b>Subtotal, Corporate Securities</b>							<b>15,250,000.00</b>	<b>15,227,308.77</b>	<b>15,369,875.00</b>	<b>142,566.23</b>	
<b>SB AIRPORT PROMISSORY NOTE</b>											
SANTA BARBARA AIRPORT	07/01/08	06/30/09	-	-	6.500	6.500	7,800,000.00	7,800,000.00	7,800,000.00	0.00	

**CITY OF SANTA BARBARA  
Investment Portfolio  
December 31, 2008**

DESCRIPTION	PURCHASE DATE	MATURITY DATE	QUALITY RATING MOODY'S S & P	STATED RATE	YIELD AT 365	FACE VALUE	BOOK VALUE	MARKET VALUE	BOOK GAIN/(LOSS)	COMMENTS
<b>Subtotal, SBA Note</b>						7,800,000.00	7,800,000.00	7,800,000.00	0.00	
<b>TOTALS</b>						169,445,000.00	169,210,290.35	171,975,599.80	2,765,309.45	

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, 2008**

	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	205.43	-	-	-	-	-	-	-	205.43	205.43
2002 Municipal Improvement - Refunding COPs	14,170.75	547,530.00	-	-	-	-	-	-	561,700.75	561,700.75
2002 Water - Refunding COPs	24,632.24	1,088,268.76	-	-	-	-	-	-	1,112,901.00	1,112,901.00
1994 Water - Revenue Bonds	20,327.02	757,680.00	-	-	-	-	-	-	778,007.02	778,007.02
2002 Waterfront - Reference COPs	441.48	1,393,262.50	-	-	-	-	-	-	1,393,703.98	1,393,703.98
1992 Seismic - Safety Bonds	88,114.16	-	-	-	-	-	-	-	88,114.16	88,114.16
Subtotal, Reserve Funds	147,891.08	3,786,741.26	-	-	-	-	-	-	3,934,632.34	3,934,632.34
<i>PROJECT FUNDS</i>										
2001 RDA Bonds	3,512,581.99	-	-	-	-	-	-	-	3,512,581.99	3,512,581.99
2003 RDA Bonds	71.92	24,924,593.30	-	-	-	-	-	-	24,924,665.22	24,924,665.22
2004 Sewer Revenue Bonds	4,811,521.54	1,357,140.00	-	-	-	-	-	-	6,168,661.54	6,168,661.54
Subtotal, Project Funds	8,324,175.45	26,281,733.30	-	-	-	-	-	-	34,605,908.75	34,605,908.75
Subtotal Bond Funds	8,472,066.53	30,068,474.56	-	-	-	-	-	-	38,540,541.09	38,540,541.09
<b>POLICE/FIRE - SVC RETIREMENT FUND</b>										
Police/Fire Funds	76,216.72	-	215,947.05	235,802.15	-	-	80,900.00	80,287.60	373,063.77	392,306.47
	76,216.72	-	215,947.05	235,802.15	-	-	80,900.00	80,287.60	373,063.77	392,306.47
<b>TOTAL FISCAL AGENT INVESTMENTS</b>	<u>8,548,283.25</u>	<u>30,068,474.56</u>	<u>215,947.05</u>	<u>235,802.15</u>	<u>-</u>	<u>-</u>	<u>80,900.00</u>	<u>80,287.60</u>	<u>38,913,604.86</u>	<u>38,932,847.56</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