

CITY OF SANTA BARBARA
Activity and Interest Report
June 30, 2010

INVESTMENT ACTIVITY

PURCHASES OR DEPOSITS

| | |
|--|----------------------|
| 6/7 LAIF Deposit - City | \$ 2,000,000 |
| 6/8 LAIF Deposit - City | 1,000,000 |
| 6/10 LAIF Deposit - City | 1,000,000 |
| 6/14 LAIF Deposit - City | 1,000,000 |
| 6/22 LAIF Deposit - City | 3,000,000 |
| 6/29 Federal Home Loan Bank (FHLB) | 2,000,000 |
| 6/30 LAIF Deposit - City | 1,000,000 |
| 6/30 Federal Home Loan Bank (FHLB) | 2,000,000 |
| 6/30 Federal Home Loan Mortgage Corp (FHLMC) | 2,000,000 |
| Total | \$ 15,000,000 |

SALES, MATURITIES, CALLS OR WITHDRAWALS

| | |
|--|------------------------|
| 6/1 LAIF Withdrawal - City | \$ (3,000,000) |
| 6/3 LAIF Withdrawal - City | (2,500,000) |
| 6/4 Federal Home Loan Bank (FHLB) - Partial Call | (1,333,333) |
| 6/15 Federal Home Loan Bank (FHLB) - Call | (666,667) |
| 6/16 Federal Home Loan Mortgage Corp (FHLMC) - Call | (2,000,000) |
| 6/17 LAIF Withdrawal - City | (2,000,000) |
| 6/22 Federal Home Loan Bank (FHLB) - Maturity | (2,000,000) |
| 6/30 Federal National Mortgage Association (FNMA) - Call | (2,000,000) |
| 6/30 Santa Barbara Airport Promissory Note - Principal Paydown | (1,089,361) |
| Total | \$ (16,589,361) |

ACTIVITY TOTAL

\$ (1,589,361)

INTEREST REVENUE

POOLED INVESTMENTS

| | |
|--------------------------------|-------------------|
| Interest Earned on Investments | \$ 317,630 |
| Amortization | (2,179) |
| SBB&T Sweep Account Interest | 136 |
| Total | \$ 315,587 |

RDA INVESTMENTS

| | |
|---------------------------------------|-----------------|
| Interest Earned on Investments (LAIF) | \$ 8,659 |
|---------------------------------------|-----------------|

TOTAL INTEREST EARNED

\$ 324,245

CITY OF SANTA BARBARA
Investment Portfolio
June 30, 2010

| 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 | | | | | | | |
| LOCAL AGENCY INVESTMENT FUNDS | | | | | | | | | | | |
| LOCAL AGENCY INVESTMENT FUND | - | - | - | - | 0.490 | 0.490 | 27,000,000.00 | 27,000,000.00 | 27,000,000.00 | 0.00 | |
| LOCAL AGENCY INV FUND/RDA | - | - | - | - | 0.490 | 0.490 | 21,500,000.00 | 21,500,000.00 | 21,500,000.00 | 0.00 | |
| Subtotal, LAIF | | | | | | | 48,500,000.00 | 48,500,000.00 | 48,500,000.00 | 0.00 | |
| CERTIFICATES OF DEPOSIT | | | | | | | | | | | |
| MONTECITO BANK & TRUST | 11/18/09 | 11/18/10 | - | - | 1.250 | 1.250 | 2,000,000.00 | 2,000,000.00 | 2,000,000.00 | 0.00 | |
| MONTECITO BANK & TRUST | 11/18/09 | 11/18/11 | - | - | 1.750 | 1.750 | 2,000,000.00 | 2,000,000.00 | 2,000,000.00 | 0.00 | |
| Subtotal, Certificates of deposit | | | | | | | 4,000,000.00 | 4,000,000.00 | 4,000,000.00 | 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 | 2,004,550.16 | 2,057,190.00 | 52,639.84 | |
| FEDERAL FARM CREDIT BANK | 10/14/09 | 10/14/14 | Aaa | AAA | 2.875 | 2.875 | 2,000,000.00 | 2,000,000.00 | 2,015,620.00 | 15,620.00 | Callable 10/14/10, then cont. |
| FEDERAL FARM CREDIT BANK | 11/07/06 | 01/18/11 | Aaa | AAA | 5.750 | 5.000 | 2,000,000.00 | 2,007,298.52 | 2,059,690.00 | 52,391.48 | |
| FEDERAL FARM CREDIT BANK | 01/29/07 | 08/25/10 | Aaa | AAA | 4.750 | 5.111 | 2,000,000.00 | 1,999,018.26 | 2,013,760.00 | 14,741.74 | |
| FEDERAL FARM CREDIT BANK | 03/04/09 | 01/17/12 | Aaa | AAA | 2.000 | 2.002 | 2,000,000.00 | 2,000,000.00 | 2,043,440.00 | 43,440.00 | |
| FEDERAL FARM CREDIT BANK | 03/05/09 | 03/04/13 | Aaa | AAA | 2.600 | 2.600 | 2,000,000.00 | 2,000,000.00 | 2,080,010.00 | 80,010.00 | |
| FEDERAL FARM CREDIT BANK | 05/08/09 | 04/08/13 | Aaa | AAA | 2.200 | 2.200 | 2,000,000.00 | 2,000,000.00 | 2,058,440.00 | 58,440.00 | |
| FEDERAL FARM CREDIT BANK | 06/19/09 | 06/18/12 | Aaa | AAA | 2.125 | 2.125 | 2,000,000.00 | 2,000,000.00 | 2,054,690.00 | 54,690.00 | |
| FEDERAL FARM CREDIT BANK | 09/30/09 | 10/03/11 | Aaa | AAA | 1.125 | 1.125 | 2,000,000.00 | 2,000,000.00 | 2,013,130.00 | 13,130.00 | |
| FEDERAL FARM CREDIT BANK | 12/01/09 | 12/01/14 | Aaa | AAA | 2.840 | 2.840 | 2,000,000.00 | 2,000,000.00 | 2,021,880.00 | 21,880.00 | Callable 12/01/10, then cont. |
| FEDERAL FARM CREDIT BANK | 01/13/10 | 01/13/15 | Aaa | AAA | 3.180 | 3.180 | 2,000,000.00 | 2,000,000.00 | 2,030,940.00 | 30,940.00 | Callable 1/13/11, then cont. |
| FEDERAL FARM CREDIT BANK | 04/30/10 | 04/09/15 | Aaa | AAA | 2.900 | 2.916 | 2,000,000.00 | 1,998,612.65 | 2,057,820.00 | 59,207.35 | Callable 4/9/12, once |
| FEDERAL HOME LOAN BANK | 05/22/07 | 06/10/11 | Aaa | AAA | 5.250 | 5.005 | 2,000,000.00 | 2,004,115.43 | 2,087,190.00 | 83,074.57 | |
| FEDERAL HOME LOAN BANK | 07/09/07 | 02/15/11 | Aaa | AAA | 4.000 | 5.308 | 2,000,000.00 | 1,985,343.21 | 2,045,310.00 | 59,966.79 | |
| FEDERAL HOME LOAN BANK | 03/04/09 | 06/08/12 | Aaa | AAA | 4.375 | 2.110 | 1,700,000.00 | 1,771,649.11 | 1,805,451.00 | 33,801.89 | |
| FEDERAL HOME LOAN BANK | 04/15/10 | 10/15/13 | Aaa | AAA | 2.000 | 2.000 | 2,000,000.00 | 2,000,000.00 | 2,042,820.00 | 42,820.00 | |
| FEDERAL HOME LOAN BANK | 06/30/09 | 06/30/14 | Aaa | AAA | 2.000 | 3.733 | 2,000,000.00 | 2,000,000.00 | 2,034,070.00 | 34,070.00 | SU 5%, Callable 6/30/11, once |
| FEDERAL HOME LOAN BANK | 09/17/09 | 12/13/13 | Aaa | AAA | 3.125 | 2.440 | 2,000,000.00 | 2,044,606.40 | 2,115,630.00 | 71,023.60 | |
| FEDERAL HOME LOAN BANK | 01/15/10 | 10/30/12 | Aaa | AAA | 1.700 | 1.700 | 2,000,000.00 | 2,000,000.00 | 2,037,820.00 | 37,820.00 | |
| FEDERAL HOME LOAN BANK | 03/30/10 | 09/30/13 | Aaa | AAA | 2.000 | 2.000 | 2,000,000.00 | 2,000,000.00 | 2,024,070.00 | 24,070.00 | Callable 3/30/11, once |
| FEDERAL HOME LOAN BANK | 04/05/10 | 11/29/13 | Aaa | AAA | 2.000 | 2.000 | 2,000,000.00 | 2,000,000.00 | 2,040,630.00 | 40,630.00 | |
| FEDERAL HOME LOAN BANK | 06/29/10 | 10/29/12 | Aaa | AAA | 1.125 | 1.125 | 2,000,000.00 | 2,000,000.00 | 2,011,250.00 | 11,250.00 | |
| FEDERAL HOME LOAN BANK | 09/14/06 | 09/29/10 | Aaa | AAA | 5.125 | 5.070 | 1,000,000.00 | 1,000,113.70 | 1,011,720.00 | 11,606.30 | |
| FEDERAL HOME LOAN BANK | 05/23/08 | 06/10/11 | Aaa | AAA | 3.125 | 3.520 | 2,000,000.00 | 1,992,972.78 | 2,045,630.00 | 52,657.22 | |
| FEDERAL HOME LOAN BANK | 05/28/10 | 05/28/15 | Aaa | AAA | 2.000 | 2.653 | 2,000,000.00 | 2,000,000.00 | 2,028,130.00 | 28,130.00 | SU 3.35%, Callable 11/28/12, once |
| FEDERAL HOME LOAN BANK | 11/08/06 | 07/30/10 | Aaa | AAA | 5.000 | 5.010 | 2,000,000.00 | 1,999,981.85 | 2,007,500.00 | 7,518.15 | |
| FEDERAL HOME LOAN BANK | 06/16/08 | 12/10/10 | Aaa | AAA | 3.250 | 3.800 | 2,000,000.00 | 1,995,390.07 | 2,026,260.00 | 30,869.93 | |

CITY OF SANTA BARBARA
Investment Portfolio
June 30, 2010

| DESCRIPTION | PURCHASE | MATURITY | QUALITY RATING | | STATED | YIELD AT | FACE | BOOK | MARKET | BOOK | COMMENTS |
|--|----------|----------|----------------|-------|--------|----------|----------------|----------------|----------------|--------------|------------------------------------|
| | DATE | DATE | MOODY'S | S & P | | | | | | | |
| FEDERAL HOME LOAN BANK | 09/17/09 | 09/13/13 | Aaa | AAA | 4.375 | 2.272 | 2,000,000.00 | 2,127,971.48 | 2,192,820.00 | 64,848.52 | |
| FEDERAL HOME LOAN BANK | 02/22/10 | 12/13/13 | Aaa | AAA | 3.125 | 2.130 | 2,000,000.00 | 2,065,569.63 | 2,115,630.00 | 50,060.37 | |
| FEDERAL HOME LOAN BANK | 03/26/10 | 06/08/12 | Aaa | AAA | 1.375 | 1.325 | 2,000,000.00 | 2,001,900.91 | 2,024,690.00 | 22,789.09 | |
| FEDERAL HOME LOAN BANK | 06/30/10 | 06/30/14 | Aaa | AAA | 1.125 | 2.277 | 2,000,000.00 | 2,000,000.00 | 1,998,620.00 | (1,380.00) | SU 3% callable 12/30/2011, once |
| FEDERAL HOME LOAN MTG CORP | 04/08/09 | 04/08/13 | Aaa | AAA | 2.500 | 2.526 | 2,000,000.00 | 1,999,230.56 | 2,030,660.00 | 31,429.44 | 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 | 2,027,560.00 | 27,560.00 | 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 | 2,018,360.66 | 2,057,510.00 | 39,149.34 | |
| 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 | 2,032,740.00 | 32,740.00 | Callable 5/13/11, once |
| FEDERAL HOME LOAN MTG CORP | 05/29/07 | 07/06/10 | Aaa | AAA | 4.500 | 5.070 | 2,000,000.00 | 1,999,854.70 | 2,001,180.00 | 1,325.30 | |
| 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 | 2,002,640.00 | 2,640.00 | Callable 7/30/10, once |
| FEDERAL HOME LOAN MTG CORP | 10/28/09 | 10/28/14 | Aaa | AAA | 3.000 | 3.000 | 2,000,000.00 | 2,000,000.00 | 2,016,980.00 | 16,980.00 | Callable 10/28/10, then qtrly |
| FEDERAL HOME LOAN MTG CORP | 06/09/09 | 08/17/12 | Aaa | AAA | 1.000 | 2.420 | 2,000,000.00 | 1,942,163.00 | 2,003,640.00 | 61,477.00 | |
| FEDERAL HOME LOAN MTG CORP | 03/26/10 | 04/25/12 | Aaa | AAA | 1.125 | 1.197 | 1,000,000.00 | 998,707.72 | 1,007,790.00 | 9,082.28 | |
| FEDERAL HOME LOAN MTG CORP | 05/22/07 | 09/17/10 | Aaa | AAA | 3.880 | 5.015 | 2,000,000.00 | 1,995,628.25 | 2,015,100.00 | 19,471.75 | |
| 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 | 2,011,920.00 | 11,920.00 | Callable 10/29/10, once |
| FEDERAL HOME LOAN MTG CORP | 06/30/10 | 06/30/15 | Aaa | AAA | 2.000 | 2.914 | 2,000,000.00 | 2,000,000.00 | 2,019,560.00 | 19,560.00 | SU 2.0%-4.5%, Call 6/30/11, annual |
| FEDERAL NATL MORTGAGE ASSN | 03/18/09 | 09/18/12 | Aaa | AAA | 2.500 | 2.500 | 2,000,000.00 | 2,000,000.00 | 2,029,380.00 | 29,380.00 | Callable 3/18/11, once |
| FEDERAL NATL MORTGAGE ASSN | 03/23/09 | 03/23/12 | Aaa | AAA | 2.000 | 2.491 | 2,000,000.00 | 2,000,000.00 | 2,005,620.00 | 5,620.00 | SU 3%, Callable 9/23/10, 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 | 2,011,260.00 | 11,260.00 | Callable 9/09/10, once |
| FEDERAL NATL MORTGAGE ASSN | 03/16/10 | 09/16/13 | Aaa | AAA | 2.100 | 2.130 | 2,000,000.00 | 1,999,166.67 | 2,006,880.00 | 7,713.33 | Callable 9/16/10, once |
| FEDERAL NATL MORTGAGE ASSN | 04/15/10 | 07/15/13 | Aaa | AAA | 2.000 | 2.000 | 2,000,000.00 | 2,000,000.00 | 2,008,760.00 | 8,760.00 | Callable 10/15/10, once |
| FEDERAL NATL MORTGAGE ASSN | 05/24/10 | 06/24/13 | Aaa | AAA | 2.000 | 2.000 | 2,000,000.00 | 2,000,000.00 | 2,021,880.00 | 21,880.00 | Callable 6/24/11, once |
| FEDERAL NATL MORTGAGE ASSN | 02/27/09 | 02/24/12 | Aaa | AAA | 2.250 | 2.250 | 2,000,000.00 | 2,000,000.00 | 2,022,190.00 | 22,190.00 | Callable 2/24/11, once |
| FEDERAL NATL MORTGAGE ASSN | 03/09/10 | 03/09/15 | Aaa | AAA | 3.000 | 3.000 | 1,000,000.00 | 1,000,000.00 | 1,004,690.00 | 4,690.00 | Callable 9/09/10, once |
| FEDERAL NATL MORTGAGE ASSN | 05/19/10 | 05/19/15 | Aaa | AAA | 3.125 | 3.125 | 2,000,000.00 | 2,000,000.00 | 2,018,120.00 | 18,120.00 | Callable 11/19/10, then qtrly |
| Subtotal, Federal Agencies | | | | | | | 100,700,000.00 | 100,952,205.72 | 102,557,911.00 | 1,605,705.28 | |
| CORPORATE/MEDIUM TERM NOTES | | | | | | | | | | | |
| GENERAL ELECTRIC CAPITAL CORP | 01/10/07 | 02/22/11 | Aa2 | AA+ | 6.125 | 5.100 | 2,000,000.00 | 2,011,708.99 | 2,064,280.00 | 52,571.01 | |
| WELLS FARGO & CO. | 05/30/07 | 01/12/11 | A1 | AA- | 4.875 | 5.260 | 2,000,000.00 | 1,996,306.16 | 2,041,080.00 | 44,773.84 | |
| WELLS FARGO & CO. | 10/10/06 | 08/09/10 | A1 | AA- | 4.625 | 5.000 | 2,000,000.00 | 1,999,284.06 | 2,008,020.00 | 8,735.94 | |
| Subtotal, Corporate Securities | | | | | | | 6,000,000.00 | 6,007,299.21 | 6,113,380.00 | 106,080.79 | |
| SB AIRPORT PROMISSORY NOTE (LT) | | | | | | | | | | | |
| SANTA BARBARA AIRPORT | 07/14/09 | 06/30/29 | - | - | 7.000 | 7.000 | 6,124,299.81 | 6,124,299.81 | 6,124,299.81 | 0.00 | |
| Subtotal, SBA Note | | | | | | | 6,124,299.81 | 6,124,299.81 | 6,124,299.81 | 0.00 | |
| TOTALS | | | | | | | 165,324,299.81 | 165,583,804.74 | 167,295,590.81 | 1,711,786.07 | |

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
June 30, 2010**

| | 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 | 561,537.50 | - | - | - | - | - | - | - | 561,537.50 | 561,537.50 |
| 2002 Municipal Improvement - Refunding COPs | 14,078.10 | 547,530.00 | - | - | - | - | - | - | 561,608.10 | 561,608.10 |
| 2002 Water - Refunding COPs | 23,486.91 | 1,088,268.76 | - | - | - | - | - | - | 1,111,755.67 | 1,111,755.67 |
| 1994 Water - Revenue Bonds | 19,698.48 | 757,680.00 | - | - | - | - | - | - | 777,378.48 | 777,378.48 |
| 2002 Waterfront - Reference COPs | 438.10 | 1,393,262.50 | - | - | - | - | - | - | 1,393,700.60 | 1,393,700.60 |
| 1992 Seismic - Safety Bonds | 87,465.19 | - | - | - | - | - | - | - | 87,465.19 | 87,465.19 |
| Subtotal, Reserve Funds | 706,704.28 | 3,786,741.26 | - | - | - | - | - | - | 4,493,445.54 | 4,493,445.54 |
| <i>PROJECT FUNDS</i> | | | | | | | | | | |
| 2001 RDA Bonds | 3,453,516.07 | - | - | - | - | - | - | - | 3,453,516.07 | 3,453,516.07 |
| 2003 RDA Bonds | 15,034,781.21 | - | - | - | - | - | - | - | 15,034,781.21 | 15,034,781.21 |
| 2004 Sewer Revenue Bonds | 2,978,879.89 | 1,357,140.00 | - | - | - | - | - | - | 4,336,019.89 | 4,336,019.89 |
| 2009 Airport Bonds | 32,380,757.21 | - | - | - | - | - | 3,100,000.00 | 3,202,052.00 | 35,480,757.21 | 35,582,809.21 |
| Subtotal, Project Funds | 53,847,934.38 | 1,357,140.00 | - | - | - | - | 3,100,000.00 | 3,202,052.00 | 58,305,074.38 | 58,407,126.38 |
| Subtotal Bond Funds | 54,554,638.66 | 5,143,881.26 | - | - | - | - | 3,100,000.00 | 3,202,052.00 | 62,798,519.92 | 62,900,571.92 |
| POLICE/FIRE - SVC RETIREMENT FUND | | | | | | | | | | |
| Police/Fire Funds | 33,506.50 | - | 196,150.77 | 192,372.22 | - | - | - | - | 229,657.27 | 225,878.72 |
| | 33,506.50 | - | 196,150.77 | 192,372.22 | - | - | - | - | 229,657.27 | 225,878.72 |
| TOTAL FISCAL AGENT INVESTMENTS | <u>54,588,145.16</u> | <u>5,143,881.26</u> | <u>196,150.77</u> | <u>192,372.22</u> | <u>-</u> | <u>-</u> | <u>3,100,000.00</u> | <u>3,202,052.00</u> | <u>63,028,177.19</u> | <u>63,126,450.64</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