



**OVERVIEW OF DEVELOPMENTS IN THE FINANCIAL
MARKETS AND QUARTERLY INVESTMENT REPORT AND
ANNUAL INTEREST RATE SWAP EVALUATION FOR
THE PERIOD ENDING JUNE 30, 2013**

File Number 8000180

Introduction

Staff provides quarterly briefings intended to keep the Board of Directors informed about the latest developments in the financial markets, the economy, sales tax revenues, the strategies being explored and implemented to minimize possible impacts to the *TransNet* Program, and a quarterly report on investments as required per Board Policy No. 003: Investment Policy.

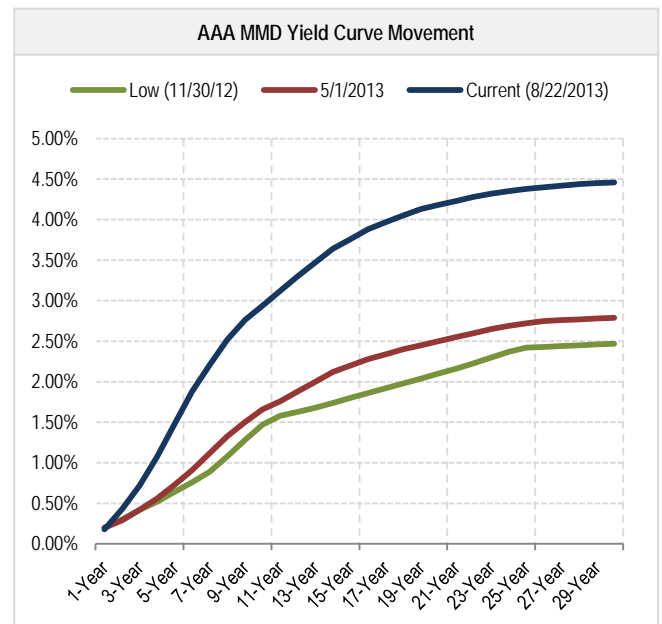
In addition, Board Policy No. 032: San Diego County Regional Transportation Commission Interest Rate Swap Policy, requires that a written description of the swaps and an evaluation of the risks associated with outstanding interest rate swaps be presented to the Board on an annual basis.

Discussion

Market Review and Update

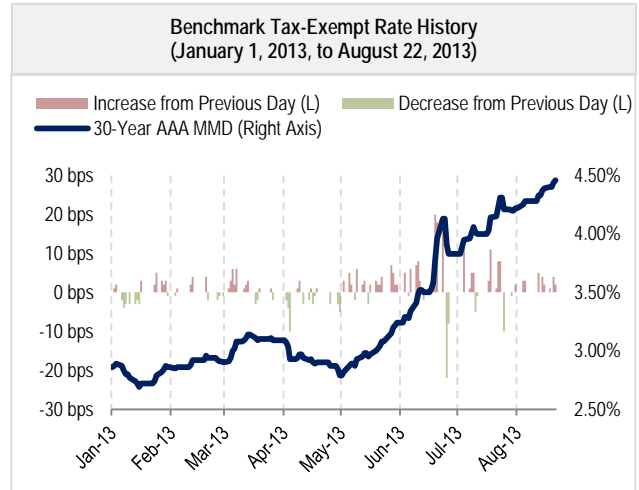
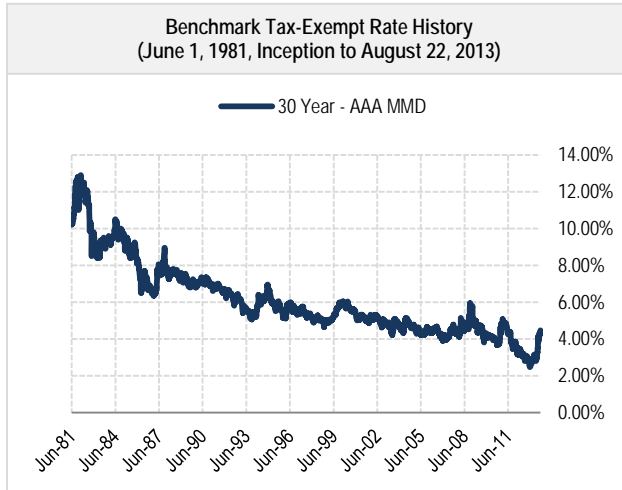
Overview

Interest rates trended higher for much of the second quarter of calendar year 2013, particularly in May and June as a result of the Federal Reserve suggesting it would begin tapering its quantitative easing policies by pulling back the Fed's \$85 billion per month of Treasury and mortgage-backed-security purchases if the economy continues to improve. Since May 2013, the 2-, 10-, and 30-year AAA MMD (Municipal Market Data) benchmark rates have increased about 14 basis points (bps), 128 bps, and 167 bps, respectively.¹ These increases have brought interest rates to their five-year averages. The movement on the intermediate and long-end of the yield curve has been greater than that on the short-end, resulting in a steeper yield curve as shown in the graph to the right.



¹ Data through August 22, 2013.

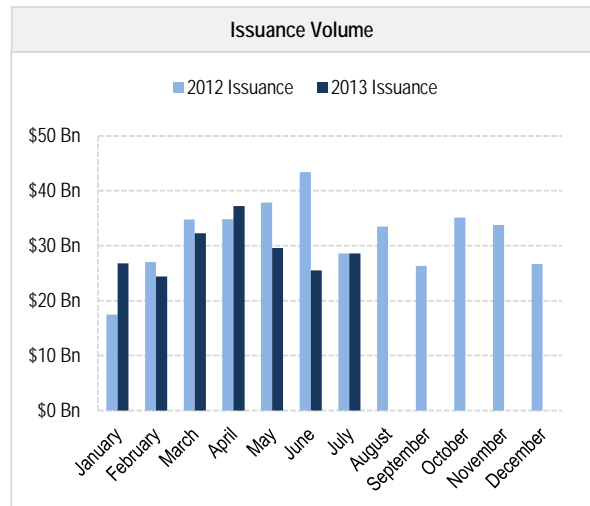
In addition, headline risks concerning Detroit’s record filing bankruptcy, Chicago’s three-notch downgrade from Moody’s, and Puerto Rico’s credit quality concerns, as well as municipal bond funds experiencing substantial outflows over the past several weeks, have contributed to market volatility.



Municipal Market Supply²

Long-term municipal bond issuance volume in the second quarter of calendar year 2013 decreased by 20.5 percent, to \$92.3 billion in 3,049 issues against \$116.2 billion in 3,581 issues through the same period in 2012. Refunding issuance was down 40 percent, to \$29.5 billion from \$49.7 billion in the second quarter of 2012. New money issuance, similarly, was down 11.6 percent, to \$38.5 billion from \$43.6 billion in the second quarter of 2012. For the transportation sector, volume decreased 36 percent, with issuance of \$9.5 billion in the second quarter of 2013.

In July 2013, bond issuance volume decreased slightly, to \$28.4 billion against \$28.6 billion in July 2012. Refunding volume plunged almost 50 percent in July from a year earlier.



Interest Rate Forecasts

The volatility through the second quarter of calendar year 2013 saw significant rises in intermediate to long-term interest rates and lower increases on the short end of the yield curve. The Federal Open Market Committee (FOMC) met twice during the second quarter of 2013 and affirmed its commitment to a zero interest rate policy for short-term and overnight rates. The Federal Reserve has stated that it is appropriate to keep the federal funds rate exceptionally low (in the 0.00 percent to 0.25 percent range) at least as long as the unemployment rate remains above

² Issuance data from Thomson Reuters, compiled by The Bond Buyer.

6.5 percent and inflation remains no more than half a percentage point above the FOMC's 2 percent longer-run goal. These low short-term rates are expected to persist into 2015.

On the longer end of the curve, the tax-exempt and U.S. Treasury markets weakened significantly due to the prospect of the Fed slowing its \$85 billion per month of Treasury and mortgage-backed-security purchases. If the economy stays on track, asset purchases could begin to wind down starting this fall and be discontinued by mid-2014. Despite all the prospective changes, officials at the Fed have tried to calm investors by emphasizing that bond purchases will not halt until the economy strengthens.

The table below provides an average of interest rate forecasts by industry professionals. These are surveyed and compiled by Bloomberg. As noted, the 10-year U.S. Treasury rate is forecast to increase 0.25 percent to 3.14 percent by the third quarter of calendar year 2014. The 30-year U.S. Treasury is forecast to increase to 4.11 percent by the third quarter of calendar year 2014, an increase of 0.24 percent. These increases in long-term rates over the next 12 months are expected to be coupled with continued low rates in the short-term. This will continue to support relatively low long-term borrowing rates for SANDAG, while creating challenges for SANDAG short-term investments.

The Street's Interest Rate Forecast ³													
30-Year UST							2-Year UST						
08/22/13: 3.87%							08/22/13: 0.39%						
Forecast	Q3 13	Q4 13	Q1 14	Q2 14	Q3 14	Q4 14	Forecast	Q3 13	Q4 13	Q1 14	Q2 14	Q3 14	Q4 14
Average	3.69%	3.73%	3.88%	3.99%	4.11%	4.18%	Average	0.35%	0.44%	0.54%	0.67%	0.78%	0.88%
10-Year UST							3M LIBOR						
08/22/13: 2.89%							08/22/13: 0.26%						
Forecast	Q3 13	Q4 13	Q1 14	Q2 14	Q3 14	Q4 14	Forecast	Q3 13	Q4 13	Q1 14	Q2 14	Q3 14	Q4 14
Average	2.63%	2.72%	2.87%	3.01 %	3.14%	3.23%	Average	0.29%	0.30%	0.32%	0.33%	0.38%	0.44%

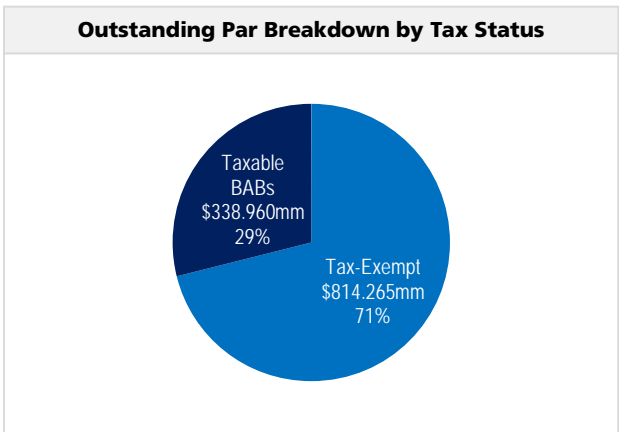
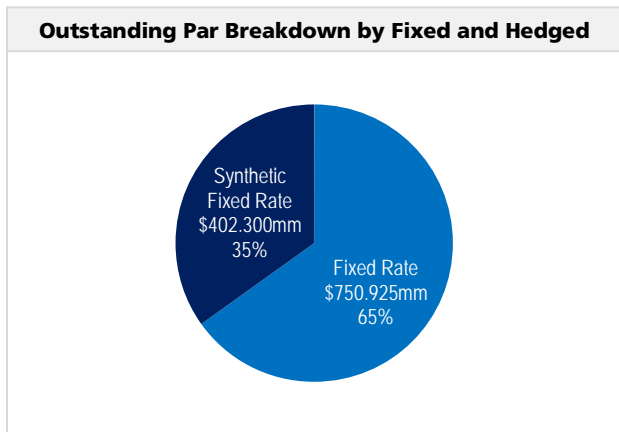
Debt Portfolio Overview and Update

Outstanding Debt Overview

SANDAG has \$1.15 billion of outstanding long-term debt, consisting of the Series 2008 variable-rate bonds, the 2010 Series A taxable Build America Bonds (BABs), the 2010 Series B tax-exempt fixed-rate bonds, and the 2012 Series A tax-exempt fixed-rate bonds. Of the total debt portfolio, 35 percent consists of synthetic fixed-rate bonds (variable-rate bonds hedged with fixed-payer interest rate swaps) and the remaining 65 percent are fixed-rate bonds. A summary of the outstanding bonds is tabulated and graphically presented on the next page.

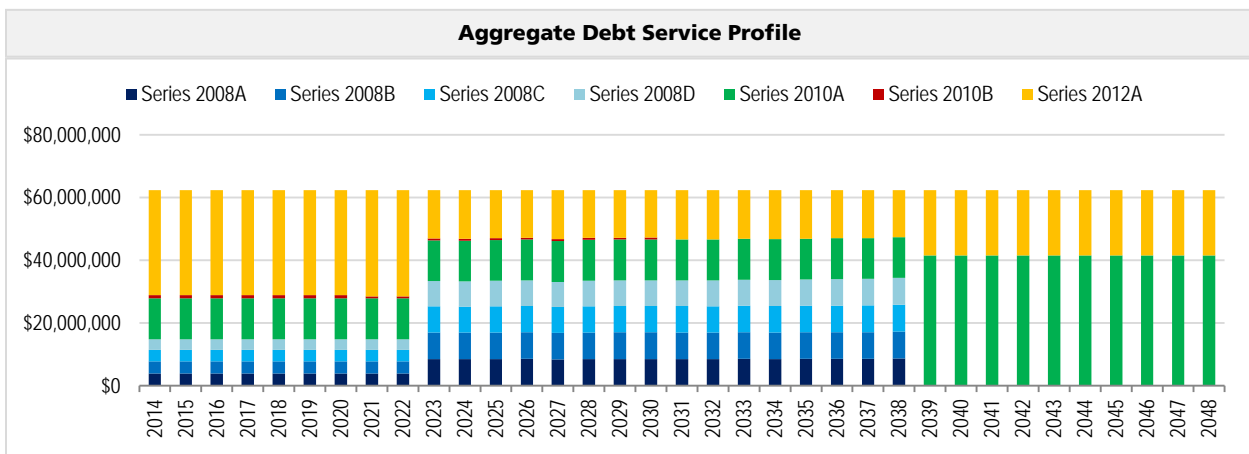
³ Bloomberg Survey as of August 22, 2013

Summary of Outstanding Debt						
Series	Tax Status	Coupon Type	Original Issue Size	Outstanding Par	Call Option	Final Maturity
2008A	Tax-Exempt	Variable-Rate	\$150,000,000	\$100,575,000	Current	4/1/2038
2008B	Tax-Exempt	Variable-Rate	\$150,000,000	\$100,575,000	Current	4/1/2038
2008C	Tax-Exempt	Variable-Rate	\$150,000,000	\$100,575,000	Current	4/1/2038
2008D	Tax-Exempt	Variable-Rate	\$150,000,000	\$100,575,000	Current	4/1/2038
2010A	Taxable BABs	Fixed-Rate	\$338,960,000	\$338,960,000	Make-Whole	4/1/2048
2010B	Tax-Exempt	Fixed-Rate	\$11,040,000	\$9,440,000	4/1/2020	4/1/2030
2012A	Tax-Exempt	Fixed-Rate	\$420,585,000	\$402,525,000	4/1/2022	4/1/2048
				\$1,153,225,000		



Debt Service and Coverage

As seen in the figure below, SANDAG has an aggregate level debt service profile with approximately \$62.3 million in debt service per year through FY 2048. Debt service coverage, using actual sales tax receipts for FY 2013, is 3.97 (i.e., for every \$1.00 of debt service, SANDAG is expected receive \$3.97 of sales tax revenue, providing ample coverage).



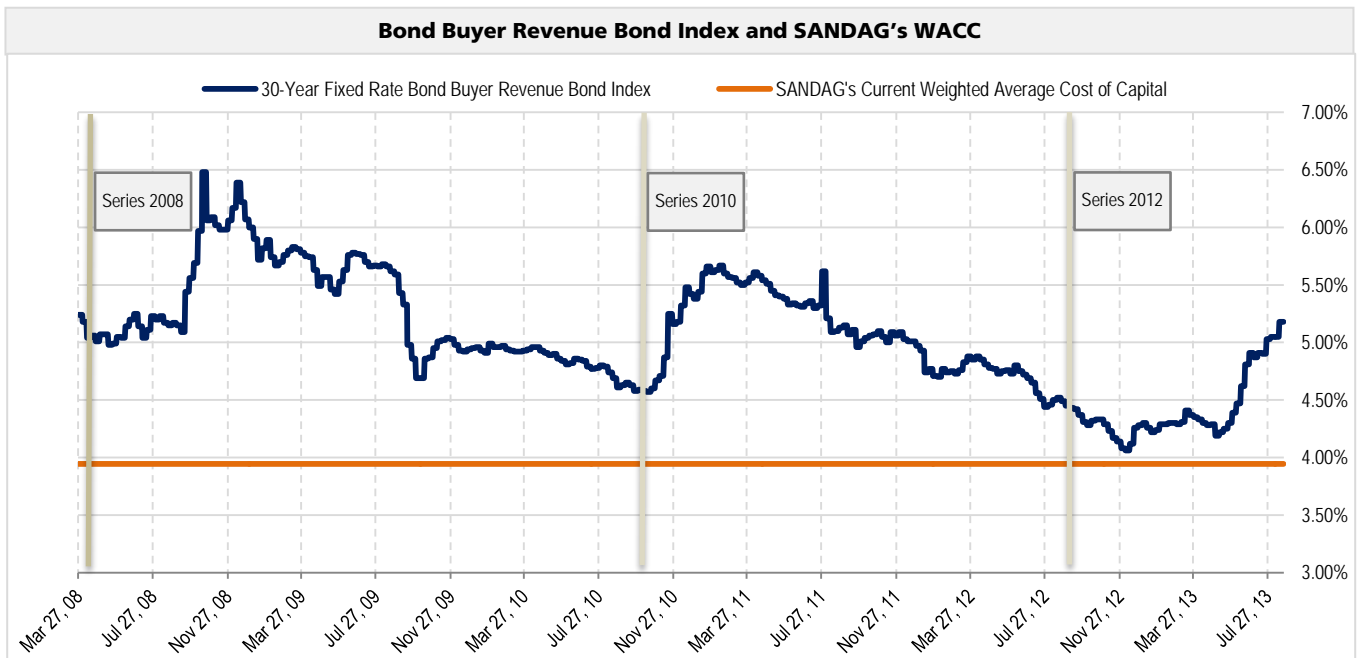
Recent Variable-Rate Demand Bond Performance

SANDAG has \$402.3 million of outstanding variable-rate demand bonds (VRDBs) (Series 2008 A, B, C, and D), as shown below. These VRDBs are backed by Standby Bond Purchase Agreements (SBPAs) from certain financial institutions. The interest rate on these bonds resets weekly through a remarketing process. SANDAG VRDBs have been trading well, with their interest rate resets at or below the Securities Industry and Financial Markets Association (SIFMA) Index (the benchmark short-term municipal index) resets. On average, SANDAG VRDBs have reset at a rate of 0.12 percent to 0.13 percent since September 29, 2011.

SANDAG Series 2008ABCD VRDB Resets Since September 29, 2011					
Series	SBPA Provider	Remarketing Agent	Reset Average	SIFMA Average	Spread to SIFMA
2008A	JP Morgan Chase Bank NA	Barclays Capital Inc.	0.13%	0.14%	-1 bps
2008B	JP Morgan Chase Bank NA	Goldman Sachs & Company	0.13%	0.14%	-1 bps
2008C	Mizuho Corporate Bank	J.P. Morgan Securities LLC	0.13%	0.14%	-1 bps
2008D	State Street/CALSTRS	E.J. De La Rosa & Company	0.12%	0.14%	-2 bps

Cost of Capital

SANDAG has a very attractive weighted average cost of capital (WACC) of 3.96 percent. This cost can vary based upon swap performance and the cost of liquidity to support the variable-rate debt.



The 2008A-D bonds with the current swap rate and associated fees provide a cost of capital equal to 4.30 percent. The 2010A bonds were issued as taxable Build America Bonds and have a borrowing cost of 3.89 percent. The 2010B tax-exempt bonds have a borrowing cost of 3.14 percent. The most recent 2012A bonds were sold at an all-in cost of 3.72 percent. Taken together, SANDAG has issued approximately \$1.19 billion in bonds, to accelerate project delivery, for a WACC of 3.96 percent.

SANDAG's WACC Calculations					
Series	Par Post '12 Refunding	Swap Rate	SBPA Fee	Remarketing Agent Fee	Cost of Capital
2008A	\$100,575,000	3.8165%	0.560%	0.06%	4.4365%
2008B	\$100,575,000	3.8165%	0.560%	0.06%	4.4365%
2008C1	\$67,050,000	3.8165%	0.475%	0.06%	4.3515%
2008C2	\$33,525,000	3.4100%	0.475%	0.06%	3.9450%
2008D	\$100,575,000	3.4100%	0.650%	0.06%	4.1200%
2008 Weighted Avg.					4.3023%
Series	Original Par	-	-	-	All-in TIC
2010A	\$338,960,000	-	-	-	3.8871%
2010B	\$11,040,000	-	-	-	3.1434%
2012A	\$420,585,000	-	-	-	3.7167%
Total Weighted Avg.					3.9614%

Commercial Paper

In addition to the long-term debt, SANDAG has a short-term commercial paper program supported by a Letter of Credit from Union Bank. The commercial program is authorized at \$75 million, with \$33.9 million outstanding, and the paper was most recently remarketed out 91 days at a rate of 13 basis points.

Quarterly Investment Data

Included with this quarterly finance report through June 30, 2013, are: a summary of portfolio balances by institution (Attachment 1); a detail of portfolio balances by account (Attachment 2); and a detail of portfolio balances by investment type (Attachment 3); for all money under the direction or care of SANDAG, including funds of the San Diego County Regional Transportation Commission (RTC), SourcePoint, and the Automated Regional Justice Information System (ARJIS).

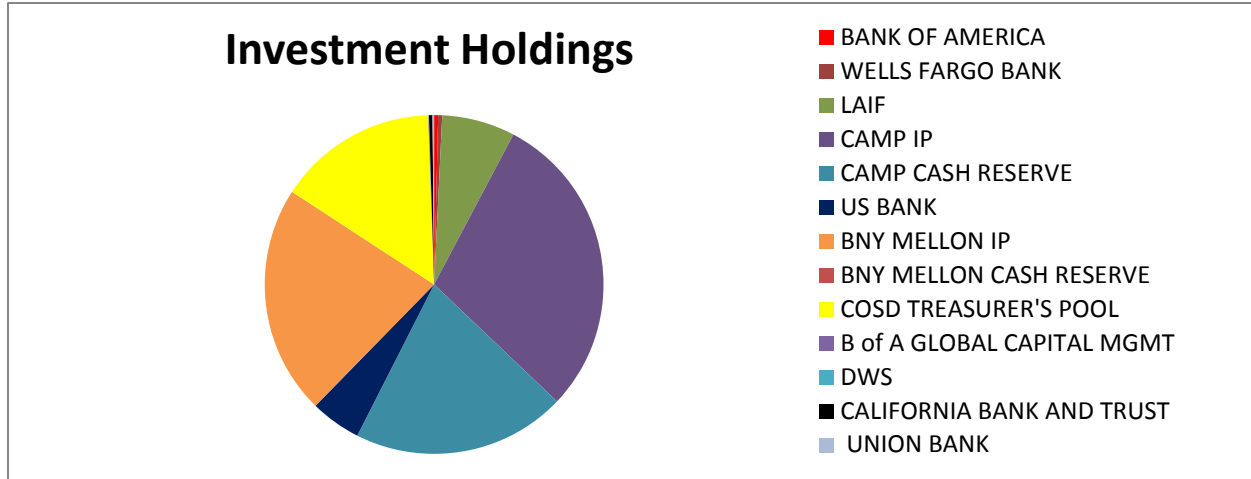
As of June 30, 2013, a total of \$697.3 million was held by SANDAG in a number of investment accounts, in comparison to \$757.3 million held in the previous quarter. The \$60 million decrease during the quarter is primarily due to the timing of *TransNet* sales tax receipts, *TransNet* debt service payments, *TransNet* allocation payments to other local governmental agencies, and the use of *TransNet* bond proceeds to fund current projects.

Approximately \$2.7 million was held in eight Bank of America accounts and \$2.7 million in two Wells Fargo accounts at the end of the quarter. Funds in these accounts are used for operating purposes. Approximately \$691.9 million was invested in nine institutions, as follows:

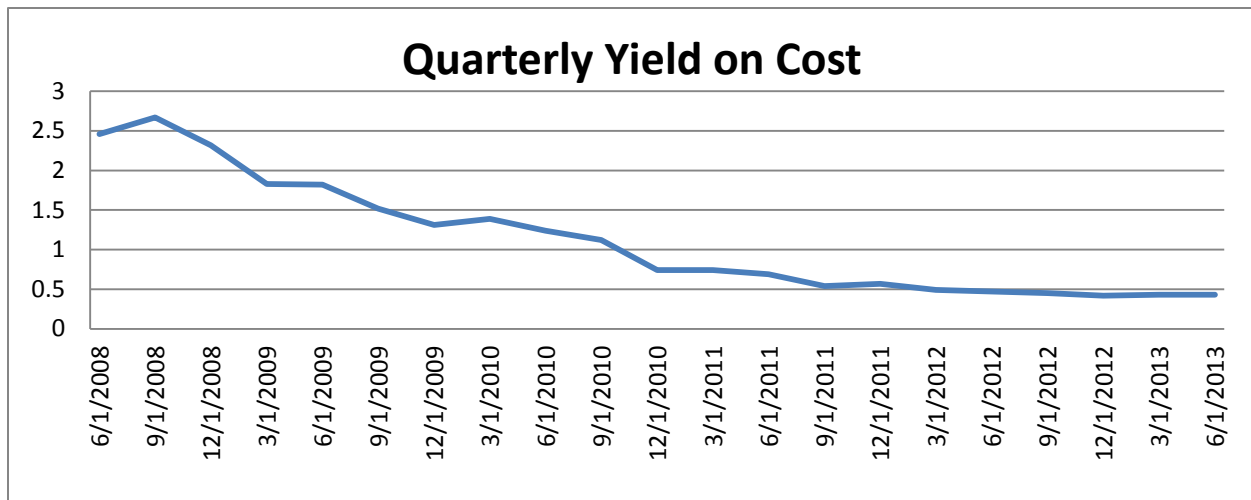
1. *State of California Local Agency Investment Fund (LAIF)* – State law allows local agencies (RTC and SANDAG) to invest up to \$50 million per agency in LAIF. These funds hold excess operating funds for RTC and SANDAG. A total of approximately \$48.7 million was invested in LAIF, of which RTC held approximately \$47.8 million of sales tax funds, and SANDAG held \$954,811. These funds are highly liquid, and funds may be accessed easily for immediate operating needs.
2. *California Asset Management Program (CAMP)* – These are funds administered by one of the two SANDAG financial advisors, PFM Asset Management LLC. The Cash Reserve Portfolio, totaling \$204.8 million, is used for the investment of the 2008, 2010, and 2012 *TransNet* bond proceeds and *TransNet* sales tax funds not yet paid for *TransNet* approved projects. In addition, CAMP uses the Individual Portfolio, totaling \$142 million, for the investment of the 2008, 2010, and 2012 *TransNet* bond proceeds needed for payment in the short-term, and excess operating funds for Interstate 15 FasTrak®, State Route 125 (SR 125), ARJIS, and *TransNet* sales tax funds not yet paid to other local governmental agencies.
3. *US Bank* – These funds, totaling approximately \$33.8 million, were held by US Bank, Trustee for bond debt service payments and payment of interest on the short-term Commercial Paper Program, as part of the *TransNet* Program, and for the toll revenues of the SR 125 franchise. Of this balance, \$31.8 million of the investments held by US Bank is invested in North County Transit District auction rate securities purchased with commercial paper.
4. *The Bank of New York Mellon* – These are funds administered by one of the two SANDAG financial advisors, Cutwater Asset Management. The Individual Portfolio, totaling \$152.2 million, and the Cash Reserve Portfolio, totaling \$264,502, are used for the investment of excess *TransNet* sales tax revenue not yet paid for *TransNet*-approved projects.
5. *San Diego County Treasurer's Pooled Money Fund* – These funds, totaling \$106.4 million, were held by the San Diego's County Treasurer's Pooled Money Fund. The funds consist of the SourcePoint Cash Reserve Fund for the City of Santee, ARJIS, SANDAG Service Authority for Freeway Emergencies, *TransNet* sales tax revenues, and *TransNet* 2012 bond proceeds.
6. *BofA Funds* – These funds are invested in treasury reserves capital shares funds managed by BofA Global Capital Management, a division of Bank of America Corporation. These also are highly liquid and may be used for immediate cash needs. There was a total of \$277,295 for Coronado Bridge Toll Funds held in trust by SANDAG that was invested in this mutual fund.
7. *DWS Money Market Series Institutional Funds* – This institution holds the funds received by SANDAG from the California Department of Boating and Waterways. There was a total of \$268,551 in this mutual fund.
8. *California Bank and Trust* – There was approximately \$2.3 million on deposit with California Bank and Trust pursuant to capital project escrow retention agreements with various contractors.

9. *Union Bank* – Approximately \$1.1 million was on deposit with Union Bank pursuant to capital project escrow retention agreements with contractors.

The chart below provides a snapshot of the investment holding locations at June 30, 2013.



As shown in the chart below, as of June 30, 2013, the yield on cost of the portfolio was 0.43 percent, with a weighted average maturity of 423 days, in comparison to 0.43 percent and 416 days in the prior quarter.



The Finance Department has continued to implement the Board’s investment objectives of safety, liquidity, and return on investment for the SANDAG investment portfolio. These will continue to be important investment objectives for the future.

Annual Interest Rate Swap Policy Report: Description and Evaluation of Risks for Outstanding Interest Rate Swaps

The following describes the interest rate swaps and evaluates the risks for the interest rate swaps in which RTC currently participates.

2008 Interest Rate Swaps

1. *Objective of the interest rate swaps.* On November 22, 2005, RTC entered into three forward interest rate swaps for \$200 million each in order to hedge the interest rate risk associated with future variable-rate revenue bonds expected to be issued in 2008 by “locking in” a fixed interest rate. The intention in entering into the swaps was to lock in a relatively low cost of funds on a substantial portion of the *TransNet* Early Action Program. The VRDBs were issued on March 27, 2008. On May 23, 2012, \$151.5 million of the outstanding variable-rate bonds were refunded with fixed-rate bonds and the associated interest rate swaps were terminated. The purpose of this transaction was to reduce variable rate exposure and swap counterparty risk at no additional cost to RTC. The current notional amounts of the swaps are, following the refunding described above, \$134.1 million each, totaling \$402.3 million.
2. *Terms.* Under two of the three swaps, RTC pays the counterparties a fixed payment of 3.8165 percent and receives a variable payment based on 65 percent of one-month LIBOR for 10 years. In the tenth year, the swaps will convert to the SIFMA Municipal Bond Index for the remaining 20 years, paid monthly. Under the third swap, RTC pays the counterparty a fixed payment of 3.41 percent and receives a variable payment based on 65 percent of LIBOR for the 30-year period. While the 2013 – 2022 maturities have been converted to fixed-rate bonds, the remaining maturities of the variable-rate bonds, through 2038, match the maturity dates and amounts of the remaining interest rate swaps through 2038. The variable rates paid on the 2008 bonds are expected to match the variable rates received on the swaps over the term of the bonds and swaps.
3. *Fair Values.* Because interest rates have declined since execution of the swaps, the swaps had a total negative fair value of \$66,451,015 as of June 30, 2013. The Bank of America swaps had negative fair values of \$25,592,081 and \$20,429,467 (one swap was initially held by Bank of America and one swap transferred from Merrill Lynch to Bank of America due to the acquisition of Merrill Lynch by Bank of America); and the Goldman Sachs Mitsui Marine Derivative Products swap had a negative fair value of \$20,429,467. The fair values of the derivatives were estimated by an independent third-party based on mid-market levels as of the close of business on June 30, 2013. The fair values take into consideration the prevailing interest rate environment and the specific terms and conditions of the swaps.
4. *Credit Risk.* This is the risk that the counterparty will fail to perform under the terms of the agreement. As of June 30, 2013, RTC was not exposed to credit risk on these swaps because they had negative fair values. However, should interest rates change and the fair values of the swaps become positive, RTC would be exposed to credit risk in the amount of the swaps’ fair values. Favorable credit ratings of the counterparties (Bank of America and Goldman Sachs Mitsui Marine Derivative Products) mitigate this risk. As of June 30, 2013, Bank of America was rated A3 by Moody’s and A by Standard & Poor’s, and Goldman Sachs Mitsui Marine Derivative Products was rated Aa2 by Moody’s and AAA by Standard and Poor’s. The ratings are monitored by staff on a weekly basis. In addition, the fair value of the swaps will be fully collateralized by the counterparty with cash or United States government securities if the counterparty’s credit quality falls below a rating of Baa2 by Moody’s or BBB by Standard & Poor’s. Collateral would be posted with a third-party custodian.
5. *Basis Risk.* This is the risk of a mismatch between the variable rate received from the counterparty and the variable rate paid on the variable-rate debt issued in 2008. RTC is exposed

to basis risk should the floating rate that it receives on a swap be less than the actual variable rate RTC pays on the bonds. Depending on the magnitude and duration of any basis risk shortfall, the effective fixed rate on the debt will vary. Based on historical experience, the expectation is that the payments received under the agreements will approximate the expected bond payments over the 30-year term of the swaps. Due to the favorable market conditions during FY 2013, RTC was not exposed to basis risk since the variable rate received from the counterparty, which is 65 percent of LIBOR, was more than the variable rate RTC paid on the bonds. This savings for FY 2013 was \$18,722 as compared to a negative of \$1,029,325 in FY 2012.

6. *Termination Risk and Termination Payments.* This is the risk that the transaction is terminated in a market dictating a termination payment by RTC. RTC can terminate the swap at the fair value by providing notice to the counterparty, while the counterparty may only terminate the swap upon certain termination events under the terms of the agreement. RTC or the counterparties may terminate the swap if the other party fails to perform under the terms of the contracts, such as the failure to make swap payments. If the swap is terminated, the VRDBs would no longer be hedged. Given the negative fair value of June 30, 2013, RTC was not in a favorable termination position relative to the market. RTC effectively reduced the ongoing termination risk by refunding \$151.5 million in VRDBs and terminating the same amount of the outstanding interest rate swaps in June 2012 under favorable market conditions with low fixed rates. Refunding additional maturities and terminating more of the interest rate swaps would have led to a net increase in debt service under a fixed-rate structure, which was contrary to RTC's programmatic objectives. Consequently, the reduced amount of VRDBs and interest rate swaps was left in place.
7. *Reset Rates Paid and Received by RTC.* The weekly variable interest rates paid on the 2008 *TransNet* bonds by RTC to the bondholders for the period July 1, 2012, through June 30, 2013, ranged from 0.05 percent to 0.24 percent for Barclays Bank; 0.04 percent to 0.28 percent for Goldman, Sachs & Co.; 0.05 percent to 0.23 percent for J.P. Morgan Securities, Inc.; and 0.05 percent to 0.24 percent for EJ De La Rosa.

Fixed rates paid by RTC to the swap provider counterparties were 3.41 percent to Bank of America for one of the swaps, 3.8165 percent to Bank of America for another one of the swaps, and 3.8165 percent to Goldman Sachs Mitsui Marine Derivative Products. Sixty-five percent (65 percent) of LIBOR received by RTC from the swap provider counterparties ranged from 0.12596 percent to 0.15971 percent during the same time period.

8. *Actual Debt Service Requirements versus the Projected Debt Service on the Swap Transaction.* For the fiscal year ending June 30, 2013, Bank of America actual debt service was \$4,558,287 versus projected debt service of \$4,572,810 for one of the swaps, and was \$5,118,069 versus projected debt service of \$5,117,926 for the other Bank of America swap; and Goldman Sachs Mitsui Marine Derivative Products actual debt service was \$5,113,585 versus projected debt service of \$5,117,926 for its swap. In total, actual debt service was \$14,789,941 versus projected debt service of \$14,808,663, which resulted in a savings of variable rate payments received from the swap counterparties as compared to the variable rate payments made on the bonds in the amount of \$18,722 for FY 2013. Over the life of the swaps from the issuance of the bonds through June 30, 2013, the cumulative excess of variable rate payments made on the bonds as compared to the variable rate payments received from the swap counterparties is \$4,430,239. This means that the net variable rates RTC is paying on the 2008 *TransNet* bonds is more than

the variable rate RTC is receiving, and these rates were originally intended to offset and net to zero. Regardless, the debt program remains cost-effective in comparison to issuing fixed-rate bonds in March 2008.

The total net cost of the program includes liquidity facilities with JP Morgan (Series A and B), Mizuho Corporate Bank, Ltd (Series C), and State Street Bank and Trust Company and California State Teachers' Retirement Fund (Series D). The SBPA cost for the Series A and B bonds is 56 basis points, the Series C bonds is 47.5 basis points, and the SBPA cost for the Series D bonds is 65 basis points.

2018 Basis Rate Swaps Overlay to the 2008 Interest Rate Swaps

1. *Objective of the Basis Rate Swaps.* On March 19, 2009, RTC entered into a SIFMA versus LIBOR floating-to-floating or "basis" swap. The combination of the Basis Swaps and the existing 2008 Interest Rate Swaps effectively amended the existing swaps without having to change the existing floating-to-fixed interest rate swaps. This overlay allowed RTC to bid out the new transaction to a group of potential counterparties without changing the existing 2008 Interest Rate Swaps. RTC was able to enter into a new transaction with Barclays Bank PLC to overlay the terms under two of the 2008 Interest Rate Swaps, with an expected benefit to RTC of a substantial reduction in the cost of debt after 2018.
2. *Terms.* The initial notional amounts of the swaps are \$156.6 million each. Under two of the 2008 Interest Rate Swaps, RTC pays the counterparties a fixed payment of 3.8165 percent and receives 65 percent of LIBOR (through April 2018), and thereafter receives the SIFMA index. The 2018 Basis Rate Swaps overlay these two 2008 Interest Rate Swaps with a payment of the SIFMA index and a receipt of 107.4 percent of LIBOR for the last 20 years of the swap (April 2018 to April 2038).
3. *Fair Values.* The swaps had a total combined positive fair value of \$18,307,130 as of June 30, 2013. The fair values of the derivatives were estimated by an independent third-party based on mid-market levels as of the close of business on June 30, 2013. The fair values take into consideration the prevailing interest rate environment and the specific terms and conditions of the swaps.
4. *Credit Risk.* This is the risk that the counterparty will fail to perform under the terms of the agreements. As of June 30, 2013, RTC was exposed to credit risk on these swaps in the amount of \$18,307,130, which is the fair value of the derivatives. However, should interest rates change and the fair value of the swaps become negative, RTC would not be exposed to any credit risk. The favorable credit rating of the counterparty mitigates this risk. As of June 30, 2013, the swap counterparty, Barclays Bank PLC, was rated A2 by Moody's and A+ by Standard & Poor's.
5. *Basis Risk.* This is the risk of a mismatch between the variable rate received from the counterparty and the variable rate paid on the variable-rate debt issued in 2008. RTC is exposed to basis risk should the floating rate that it receives on a swap be less than the actual variable rate RTC pays on the bonds. Depending on the magnitude and duration of any basis risk shortfall, the effective fixed rate on the debt will vary. Based on current and historical experience, staff expects the overlay of the SIFMA to LIBOR Basis Rate Swaps to significantly reduce the costs of financing after 2018, assuming a return to normal, or even near to normal trading relationships.

6. *Termination Risk and Termination Payments.* This is the risk that the transaction is terminated in a market dictating a termination payment by RTC. RTC can terminate a swap at the fair market value by providing notice to the counterparty, while the counterparty only may terminate the swap upon certain termination events under the terms of the agreement. Given the positive fair value at June 30, 2013, RTC was in a favorable termination position relative to the market.

SANDAG Board Policy No. 032: The San Diego County Regional Transportation Commission Interest Rate Swap Policy requires a contingency plan to either replace the swaps or fund the termination payments, if any, in the event one or more outstanding swaps are terminated. Should a swap be terminated, the excellent credit rating of SANDAG would allow it to assign the swap to another counterparty. Alternatively, if a swap is terminated and it has a negative fair value, RTC could use *TransNet* sales tax receipts to fund the termination payment.

Certifications

The Director of Finance reports that this investment portfolio, together with the authorized short-term Commercial Paper program, will provide the necessary liquidity to meet the expenditure requirements of SANDAG, RTC, ARJIS, and SourcePoint for the next six months. This portfolio is in compliance with state law and Board Policy No. 003: Investment Policy.

The Director of Finance reports that there has not been any material event involving outstanding swap agreements, nor has there been any default by a swap counterparty or counterparty termination.

The Local Economy and Sales Tax Revenues

Three important trends have emerged locally that have led to positive gains in the economy, providing a solid foundation for a continuation in the growth of taxable sales. First is the growth in new jobs. According to the California Employment Development Department, for the second year in a row, the rate of local job growth is outpacing the nation; through July 2013 the San Diego region has added more than 19,000 new jobs. Second, the pace of job growth combined with slow labor force growth has pushed the unemployment rate down to 7.8 percent from 9.5 percent recorded in July 2012. Third, the average price of a house, according to the Case-Shiller Home Price Index, has risen nearly 20 percent over the past year, driven by a growing demand on a depleted inventory of units for sale. Despite some concerns early in the year over the possible impacts of sequestration, the local economy, for the most part, seems to have shrugged it off. All three of these trends are improving the financial condition of households in the region, which if the trends continue, would lead to similar to slightly higher rates of growth in taxable retail sales during the coming year as experienced during the previous year. During FY 2013, *TransNet* sales tax revenue increased 4.34 percent compared to FY 2012.

Although the local economy seems to be moving progressively forward and most economists are expecting the second half of this year to be better than the first half, with the growth in gross domestic product (GDP) averaging 2.5 percent from 1.5 percent during the first half of the year, there are some broader concerns that could affect this trend. One is the actions of the Federal Reserve and its decision on whether to begin to taper the Quantitative Easing (QE) Program, designed to keep mid- to long-term interest rates low. Most public discussions concerning reducing the QE Program have unexpectedly sent shock waves into the financial markets, increasing uncertainty and sending interest rates higher. Some economists have expressed concern that the

spike in interest rates could dampen the turnaround currently underway in the housing market. This reaction has forced the Fed to re-think its plan to taper QE. The civil conflict in Syria has now become an international problem due to the use of chemical weapons, sending the price of commodities such as oil up sharply. (As a rule of thumb, for every \$10 rise in the price per barrel of oil, GDP growth slows by 0.5 percent.)

In addition to these emerging concerns, the national and local economies have not yet fully recovered from the effects of the Great Recession. Most economists believe it will require additional time to repair the damage caused by the Great Recession; for example, the consensus expects 2014 to look more like the second half of 2013, with growth in GDP staying at or above 2.5 percent. Even with this expected improvement, the unemployment rate is projected to stay above pre-recession levels through 2015. The transition to more normal rates of economic growth will produce needed jobs and eventually bring down the unemployment rate. If the trends to a more robust economy continue, it will mean that SANDAG will face a different market when it receives construction bids for future projects. Material costs will likely rise and the number of bidders per project may be reduced. Both trends would likely push the cost of projects up.

Through the first quarter of FY 2014, sales tax revenue received from the State Board of Equalization was approximately 6.1 percent higher than revenue received during the same period last year. The positive growth in sales tax receipts is consistent with the SANDAG expectation that revenue increases will occur as the economy begins to experience increased job growth, which has occurred nationwide and locally over the past two-plus fiscal years. However, each year since the end of the recession, the rate of growth in sales tax revenue has been less than the previous year. This trend of smaller growth rates indicates that the economy may not be out of the woods yet, and likely faces challenges during the next couple of years. The SANDAG forecast of sales tax revenue growth of 5.0 percent for FY 2014 reflects this expected longer recovery period.

GARY L. GALLEGOS
Executive Director

Attachments: 1. SANDAG Summary of Portfolio Balances (by Institution) as of June 30, 2013
2. SANDAG Detail of Portfolio Balances (by Account) as of June 30, 2013
3. SANDAG Detail of Portfolio Balances (by Investment Type) as of June 30, 2013

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SANDAG
Summary of Portfolio Balances (by Institution)
as of June 30, 2013

Institution	Book Value	Percent of Portfolio	Market Value	Market Price	Unrealized Gain/(Loss)	Yield on Cost	Wtd. Avg. Days to Maturity
BANK OF AMERICA	\$ 2,665,181	0.38%	\$ 2,665,181	100.00%	\$ -	0.15%	1
WELLS FARGO BANK	2,670,595	0.38%	2,670,595	100.00%	-	N/A	1
STATE OF CALIFORNIA LOCAL AGENCY INVESTMENT FUND (LAIF)	48,696,729	6.95%	48,710,032	100.00%	13,304	0.24%	278 **
CALIFORNIA ASSET MANAGEMENT PROGRAM (CAMP) INDIVIDUAL PORTFOLIO	205,955,031	29.40%	204,766,415	99.42%	(1,188,615)	0.38%	426
CALIFORNIA ASSET MANAGEMENT PROGRAM (CAMP) CASH RESERVE PORTFOLIO	141,992,130	20.26%	141,992,130	100.00%	-	0.10%	37 **
US BANK	33,761,730	4.82%	33,761,377	100.00%	(353)	0.18%	30
THE BANK OF NEW YORK (BNY) MELLON INDIVIDUAL PORTFOLIO	154,076,064	22.00%	152,197,422	98.78%	(1,878,642)	0.88%	958
THE BANK OF NEW YORK (BNY) MELLON CASH RESERVE PORTFOLIO	264,502	0.04%	264,502	100.00%	-	0.01%	1
SAN DIEGO COUNTY TREASURER'S POOLED MONEY FUND	106,474,543	15.20%	106,374,543	100.00%	(100,000)	0.44%	393 **
BANK of AMERICA GLOBAL CAPITAL MANAGEMENT	277,295	0.04%	277,295	100.00%	-	0.01%	51 **
DWS MONEY MARKET SERIES INSTITUTIONAL FUNDS	268,551	0.04%	268,551	100.00%	-	0.06%	45 **
CALIFORNIA BANK AND TRUST	2,294,906	0.33%	2,294,906	100.00%	-	N/A	1
UNION BANK	1,075,601	0.15%	1,075,601	100.00%	-	N/A	1
TOTAL	\$ 700,472,855	100.00%	\$ 697,318,549	99.55%	\$ (3,154,306)	0.43%	423

** Although average days to maturity is greater than one day, funds are available at par the same day.

Summary of Portfolio Balances (by Agency)

Agency	Book Value	Percent of Portfolio	Market Value	Market Price	Unrealized Gain/(Loss)	Yield on Cost	Wtd. Avg. Days to Maturity
SANDAG FUNDS	\$ 33,253,544	4.75%	\$ 33,249,453	99.99%	\$ (4,091)	0.17%	83
ARJIS FUNDS (Automated Regional Justice Information System)	3,636,935	0.52%	3,634,935	99.95%	(2,000)	0.33%	273
SOURCEPOINT FUNDS	599,506	0.09%	598,506	99.83%	(1,000)	0.40%	330
CORONADO BRIDGE TOLL FUNDS	277,295	0.04%	277,295	100.00%	-	0.01%	51
RTC FUNDS (San Diego County Regional Transportation Commission)	662,705,576	94.61%	659,558,361	99.53%	(3,147,215)	0.43%	441
TOTAL	\$ 700,472,855	100.00%	\$ 697,318,549	99.55%	\$ (3,154,306)	0.43%	423

SANDAG
Detail of Portfolio Balances (by Account)
as of June 30, 2013

Institution / Account	Book Value	Percent of Portfolio	Market Value	Market Price	Unrealized Gain/(Loss)	Yield on Cost	Wtd. Avg. Days to Maturity
BANK OF AMERICA:							
Checking - <i>TransNet</i> Sales Tax (RTC)	\$ 480,099	0.07%	\$ 480,099	100.00%	\$ -	N/A	1
Checking - SANDAG General	626,744	0.09%	626,744	100.00%	-	N/A	1
Checking - SANDAG Flexible Spending Acct (FSA)	62,594	0.01%	62,594	100.00%	-	N/A	1
Checking - SANDAG Interstate 15 (I-15) FasTrak®	509,945	0.07%	509,945	100.00%	-	N/A	1
Checking - SANDAG SAFE Program Acct	781,307	0.11%	781,307	100.00%	-	N/A	1
Checking - SourcePoint	8,191	0.00%	8,191	100.00%	-	N/A	1
Checking - ARJIS	108,615	0.02%	108,615	100.00%	-	N/A	1
Money Market - SourcePoint	87,684	0.01%	87,684	100.00%	-	0.15%	1
TOTAL BANK OF AMERICA	\$ 2,665,181	0.38%	\$ 2,665,181	100.00%	\$ -	0.15%	1
WELLS FARGO BANK:							
Checking - SR125 Payment Account	\$ 2,423,015	0.35%	\$ 2,423,015	100.00%	\$ -	N/A	1
Checking - SR125 Collection Account	247,579	0.04%	247,579	100.00%	-	N/A	1
TOTAL WELLS FARGO BANK	\$ 2,670,595	0.38%	\$ 2,670,595	100.00%	\$ -	N/A	1
STATE OF CA LOCAL AGENCY INVESTMENT FUND (LAIF):							
<i>TransNet</i> (RTC)	\$ 47,742,178	6.82%	\$ 47,755,221	100.00%	\$ 13,043	0.24%	278
SANDAG	954,551	0.14%	954,812	100.00%	261	0.24%	278
TOTAL LAIF	\$ 48,696,729	6.95%	\$ 48,710,032	100.00%	\$ 13,304	0.24%	278 **
CALIFORNIA ASSET MANAGEMENT PROGRAM (CAMP):							
INDIVIDUAL PORTFOLIO:							
<i>TransNet</i> Sales Tax (RTC)	\$ 110,714,767	15.81%	\$ 109,516,109	98.92%	\$(1,198,657)	0.46%	682
<i>TransNet</i> 2008 Bond Proceeds A/B/C/D Reserve Fund (RTC)	17,145,449	2.45%	17,142,582	99.98%	(2,868)	0.44%	487
<i>TransNet</i> 2010 Bond Proceeds (RTC)	673,729	0.10%	625,928	92.91%	(47,801)	1.00%	89
<i>TransNet</i> 2012 Bond Proceeds (RTC)	77,421,085	11.05%	77,481,795	100.08%	60,710	0.26%	53

SANDAG
Detail of Portfolio Balances (by Account)
as of June 30, 2013

Institution / Account	Book Value	Percent of Portfolio	Market Value	Market Price	Unrealized Gain/(Loss)	Yield on Cost	Wtd. Avg. Days to Maturity
TOTAL INDIVIDUAL PORTFOLIO	\$ 205,955,031	29.40%	\$ 204,766,415	99.42%	\$(1,188,615)	0.38%	426
CASH RESERVE PORTFOLIO:							
I-15 FasTrak®	\$ 618,797	0.09%	\$ 618,797	100.00%	\$ -	0.10%	37
ARJIS	1,106,145	0.16%	1,106,145	100.00%	-	0.10%	37
California Coastal Commission	1,151,204	0.16%	1,151,204	100.00%	-	0.10%	37
SANDAG SR -125	1,844,383	0.26%	1,844,383	100.00%	-	0.10%	37
SANDAG Toll Road Project Maint	15,406,798	2.20%	15,406,798	100.00%	-	0.10%	37
2008 Bond Series A/B/C/D Reserve Fund (RTC)	57,407	0.01%	57,407	100.00%	-	0.18%	37
2008 Bond Series A - Principal (RTC)	67	0.00%	67	100.00%	-	0.10%	37
2008 Bond Series B - Principal (RTC)	67	0.00%	67	100.00%	-	0.10%	37
2008 Bond Series C - Principal (RTC)	67	0.00%	67	100.00%	-	0.10%	37
2008 Bond Series D - Principal (RTC)	67	0.00%	67	100.00%	-	0.10%	37
2010 Bond Series B - Project (RTC)	231,506	0.03%	231,506	100.00%	-	0.10%	37
2010 Bond Series A - San Marcos Fund (RTC)	16,921,502	2.42%	16,921,502	100.00%	-	0.10%	37
2010 Bond Series B - Principal (RTC)	147,582	0.02%	147,582	100.00%	-	0.10%	37
2010 Bond Series B - Interest (RTC)	95,670	0.01%	95,670	100.00%	-	0.10%	37
2010 Bond Series A - Interest (RTC)	5,010,650	0.72%	5,010,650	100.00%	-	0.10%	37
2012 Bond Series A - Project (RTC)	76,581,207	10.93%	76,581,207	100.00%	-	0.10%	37
2012 Bond Series A - Interest (RTC)	4,764,196	0.68%	4,764,196	100.00%	-	0.10%	37
2012 Bond Series A - Principal (RTC)	3,624,975	0.52%	3,624,975	100.00%	-	0.10%	37
2010 Bond Series A - Solana Beach Fund (RTC)	5,467,100	0.78%	5,467,100	100.00%	-	0.10%	37
2008 Sales Tax Account - <i>TransNet</i> Extension (RTC)	7,752,072	1.11%	7,752,072	100.00%	-	0.10%	37
Wetland Mitigation <i>TransNet</i> Sales Tax (RTC)	290,623	0.04%	290,623	100.00%	-	0.10%	37
Sage Hill Endowment (RTC)	920,045	0.13%	920,045	100.00%	-	0.10%	37
TOTAL CASH RESERVE PORTFOLIO	\$ 141,992,130	20.26%	\$ 141,992,130	100.00%	\$ -	0.10%	37 **
TOTAL CAMP	\$ 347,947,160	49.66%	\$ 346,758,545	99.66%	\$(1,188,615)	0.27%	267

SANDAG
Detail of Portfolio Balances (by Account)
as of June 30, 2013

Institution / Account	Book Value	Percent of Portfolio	Market Value	Market Price	Unrealized Gain/(Loss)	Yield on Cost	Wtd. Avg. Days to Maturity
US BANK:							
MCCarthy Building Cos/SANDAG Escrow Fund	\$ 8,319	0.00%	\$ 8,319	100.00%	\$ -	0.01%	1
MCCarthy Building Cos/SANDAG Escrow Fund	50,038	0.01%	49,685	99.29%	(353)	0.50%	1
SANDAG - Toll Road Project Revenue Fund	69,000	0.01%	69,000	100.00%	-	0.05%	1
SANDAG - Toll Road Project Capital Expenditure Reserve	354,338	0.05%	354,338	100.00%	-	0.05%	1
SANDAG - Toll Road Project Expense Fund - TIFIA Note Expense Acct	10,004	0.00%	10,004	100.00%	-	0.05%	1
SANDAG - Toll Road Project Senior Obligation Debt Service - Interest	300	0.00%	300	100.00%	-	0.05%	1
SANDAG - Toll Road Project Senior Obligation Debt Service - Principal	9	0.00%	9	100.00%	-	0.00%	1
SANDAG - Toll Road Project Major Maintenance Reserve	15	0.00%	15	100.00%	-	0.07%	1
SANDAG - Toll Road Proj First Subord Obl TransNet Payment	138	0.00%	138	100.00%	-	0.05%	1
SANDAG - Toll Road Project SANDAG Distribution	1	0.00%	1	100.00%	-	0.00%	1
2008 Bond Series A/B/C/D Main Interest (RTC)	1,251,538	0.18%	1,251,538	100.00%	-	0.04%	1
Commercial Paper Series B - NCTD Interest (RTC)	239,018	0.03%	239,018	100.00%	-	0.04%	1
NCTD Certificates of Participation	31,775,000	4.54%	31,775,000	100.00%	-	0.19%	32
2010 Bonds Series A - Project Fund - San Marcos	470	0.00%	470	100.00%	-	0.04%	1
2010 Bonds Series A - Project Fund - Solana Beach	119	0.00%	119	100.00%	-	0.04%	1
2010 Bonds Series A & B Project Fund	0	0.00%	0	100.00%	-	0.00%	1
2012 Bonds Series A - Project Fund	2	0.00%	2	100.00%	-	0.00%	1
Sales Tax Revenue CP Notes Series B Interest (RTC)	2,921	0.00%	2,921	100.00%	-	0.00%	1
Sales Tax Revenue CP Notes Series B Principal (RTC)	499	0.00%	499	100.00%	-	0.00%	1
TOTAL US BANK	\$ 33,761,730	4.82%	\$ 33,761,377	100.00%	\$ (353)	0.18%	30
THE BANK OF NEW YORK MELLON:							
INDIVIDUAL PORTFOLIO:							
TransNet Extension (RTC)	\$ 154,076,064	22.00%	\$ 152,197,422	98.78%	\$(1,878,642)	0.88%	958
TOTAL INDIVIDUAL PORTFOLIO	\$ 154,076,064	22.00%	\$ 152,197,422	98.78%	\$(1,878,642)	0.88%	958

SANDAG
Detail of Portfolio Balances (by Account)
as of June 30, 2013

Institution / Account	Book Value	Percent of Portfolio	Market Value	Market Price	Unrealized Gain/(Loss)	Yield on Cost	Wtd. Avg. Days to Maturity
CASH RESERVE:							
TransNet Extension (RTC)	\$ 264,502	0.04%	\$ 264,502	100.00%	\$ -	0.01%	1
TOTAL CASH RESERVE	\$ 264,502	0.04%	\$ 264,502	100.00%	\$ -	0.01%	1
TOTAL THE BANK OF NEW YORK MELLON	\$ 154,340,566	22.03%	\$ 152,461,924	98.78%	\$(1,878,642)	0.88%	957
SAN DIEGO COUNTY TREASURER'S POOLED MONEY FUND:							
SourcePoint Cash Reserve Fund	\$ 503,630	0.07%	\$ 502,630	100.00%	\$ (1,000)	0.44%	393
TransNet Extension (RTC)	48,903,271	6.98%	48,857,271	100.00%	(46,000)	0.44%	393
ARJIS	2,422,175	0.35%	2,420,175	100.00%	(2,000)	0.44%	393
TransNet 2012 Bond Proceeds (RTC)	50,150,061	7.16%	50,103,061	100.00%	(47,000)	0.44%	393
SANDAG SAFE Program	4,495,405	0.64%	4,491,405	100.00%	(4,000)	0.44%	393
TOTAL SAN DIEGO COUNTY TREASURER'S POOLED MONEY FUND	\$ 106,474,543	15.20%	\$ 106,374,543	100.00%	\$ (100,000)	0.44%	393 **
BofA FUNDS (BANK OF AMERICA CORPORATION):							
TREASURY RESERVES CAPITAL SHARES FUND:							
Coronado Bridge Toll Funds	\$ 277,295	0.04%	\$ 277,295	100.00%	\$ -	0.01%	51
TOTAL BOFA FUNDS (BANK OF AMERICA CORPORATION)	\$ 277,295	0.04%	\$ 277,295	100.00%	\$ -	0.01%	51 **
DWS MONEY MARKET SERIES INSTITUTIONAL FUNDS:							
California Boating & Waterways	\$ 268,551	0.04%	\$ 268,551	100.00%	\$ -	0.06%	45 **
TOTAL DWS MONEY MARKET SERIES INSTITUTIONAL FUNDS	\$ 268,551	0.04%	\$ 268,551	100.00%	\$ -	0.06%	45
CALIFORNIA BANK AND TRUST							
Capital Project Retention Accounts	\$ 2,294,906	0.33%	\$ 2,294,906	100.00%	\$ -	N/A	1
TOTAL CALIFORNIA BANK AND TRUST	\$ 2,294,906	0.33%	\$ 2,294,906	100.00%	\$ -	N/A	1

SANDAG
Detail of Portfolio Balances (by Account)
as of June 30, 2013

Institution / Account	Book Value	Percent of Portfolio	Market Value	Market Price	Unrealized Gain/(Loss)	Yield on Cost	Wtd. Avg. Days to Maturity
UNION BANK							
Capital Project Retention Accounts	\$ 1,075,601	0.15%	\$ 1,075,601	100.00%	\$ -	N/A	1
TOTAL UNION BANK	\$ 1,075,601	0.15%	\$ 1,075,601	100.00%	\$ -	N/A	1
TOTAL	\$ 700,472,855	100.00%	\$ 697,318,549	99.55%	\$(3,154,306)	0.43%	423

Legend:

Automated Regional Justice Information System (ARJIS)

Commercial Paper (CP)

State of California Local Agency Investment Fund (LAIF)

North County Transit District (NCTD)

San Diego County Regional Transportation Commission (RTC)

** Although average days to maturity is greater than one day, funds are available at par the same day.

SANDAG
Detail of Portfolio Balances (by Investment Type)
as of June 30, 2013

Investment	Purchase Date	Maturity Date	Book Value	Market Value	Unrealized Gain / (Loss)	Par Value	Yield on Cost	Wtd. Avg. Days to Maturity
Cash and cash equivalents:								
Demand deposits:								
Checking - TransNet Sales Tax (RTC)	N/A	N/A	\$ 480,099	\$ 480,099	\$ -	N/A	N/A	1
Checking - SANDAG General	N/A	N/A	626,744	626,744	-	N/A	N/A	1
Checking - SANDAG Flexible Spending Acct (FSA)	N/A	N/A	62,594	62,594	-	N/A	N/A	1
Checking - SANDAG Interstate 15 (I-15) FasTrak®	N/A	N/A	509,945	509,945	-	N/A	N/A	1
Checking - SANDAG SAFE Program Acct	N/A	N/A	781,307	781,307	-	N/A	N/A	1
Checking - SR125 Payment Account	N/A	N/A	2,423,015	2,423,015	-	N/A	N/A	1
Checking - SR125 Collection Account	N/A	N/A	247,579	247,579	-	N/A	N/A	1
Checking - SourcePoint	N/A	N/A	8,191	8,191	-	N/A	N/A	1
Checking - ARJIS	N/A	N/A	108,615	108,615	-	N/A	N/A	1
Capital Project Retention Accounts	N/A	N/A	3,370,507	3,370,507	-	N/A	N/A	1
Total demand deposits			\$ 8,618,598	\$ 8,618,598	\$ -	N/A	N/A	1
Money market accounts and funds:								
Money Market - McCarthy Building Co/SANDAG Escrow Fund	N/A	N/A	\$ 8,319	\$ 8,319	\$ -	N/A	0.01%	1
Money Market - McCarthy Building Co/SANDAG Escrow Fund	N/A	N/A	50,038	49,685	(353)	N/A	0.50%	1
Money Market - SANDAG Toll Road Project Revenue Fund	N/A	N/A	69,000	69,000	-	N/A	0.05%	1
Money Market - SANDAG Toll Road Project Cap Exp Reserve	N/A	N/A	354,338	354,338	-	N/A	0.05%	1
Money Market - SANDAG Toll Road Project TIFIA Note Expense	N/A	N/A	10,004	10,004	-	N/A	0.05%	1
Money Market - SANDAG Toll Road Project Sr. Oblig. D/S - Int.	N/A	N/A	300	300	-	N/A	0.05%	1
Money Market - SANDAG Toll Road Project Sr. Oblig. D/S - Princ.	N/A	N/A	9	9	-	N/A	0.00%	1
Money Market - SANDAG Toll Road Project Major Maint. Reserv	N/A	N/A	15	15	-	N/A	0.07%	1
Money Market - SANDAG Toll Road Project 1st Su. Obl TNet Pym	N/A	N/A	138	138	-	N/A	0.05%	1
Money Market - SANDAG Toll Road Project SANDAG Distributor	N/A	N/A	1	1	-	N/A	0.00%	1
San Diego County Treasurer's Pooled Fund - SourcePoint	N/A	N/A	503,630	502,630	(1,000)	N/A	0.44%	393
San Diego County Treasurer's Pooled Money Fund (RTC)	N/A	N/A	48,903,271	48,857,271	(46,000)	N/A	0.44%	393
San Diego County Treasurer's Pooled Money Fund (ARJIS)	N/A	N/A	2,422,175	2,420,175	(2,000)	N/A	0.44%	393
San Diego County Treasurer's Pooled Money Fund (RTC)	N/A	N/A	50,150,061	50,103,061	(47,000)	N/A	0.44%	393
San Diego County Treasurer's Pooled Money Fund -SAFE Program	N/A	N/A	4,495,405	4,491,405	(4,000)	N/A	0.44%	393
Money Market - RTC (2008 Bond Main Interest)	N/A	N/A	1,251,538	1,251,538	-	N/A	0.04%	1
Money Market - RTC (CP Series B - NCTD Interest)	N/A	N/A	239,018	239,018	-	N/A	0.04%	1
Money Market - RTC (2010 Bond - San Marcos Project)	N/A	N/A	470	470	-	N/A	0.04%	1

SANDAG
Detail of Portfolio Balances (by Investment Type)
as of June 30, 2013

Investment	Purchase	Maturity	Book Value	Market Value	Unrealized	Par Value	Yield	Wtd. Avg.
	Date	Date			Gain / (Loss)		on Cost	Days to Maturity
Money Market - RTC (2010 Bond - Solana Beach Project)	N/A	N/A	119	119	-	N/A	0.04%	1
Money Market - RTC (2010 Bond - Project)	N/A	N/A	2	2	-	N/A	0.00%	1
Money Market - RTC (CP Interest Payment)	N/A	N/A	2,921	2,921	-	N/A	0.00%	1
Money Market - RTC (CP Principal Payment)	N/A	N/A	499	499	-	N/A	0.00%	1
Money Market - SourcePoint	N/A	N/A	87,684	87,684	-	N/A	0.15%	1
BofA Treasury Res Cap Shares - Coronado Bridge Toll Funds	N/A	N/A	277,295	277,295	-	N/A	0.01%	51
DWS Money Mrkt Srs Institution - CA Boating & Waterways	N/A	N/A	268,551	268,551	-	N/A	0.06%	45
CAMP Cash Reserve Portfolio - ARJIS	N/A	N/A	1,106,145	1,106,145	-	N/A	0.10%	37
CAMP Cash Res Portf - CA Coastal Commission	N/A	N/A	1,151,204	1,151,204	-	N/A	0.10%	37
CAMP Cash Reserve Port - SANDAG SR-125	N/A	N/A	1,844,383	1,844,383	-	N/A	0.10%	37
CAMP Cash Reserve Portfolio - SANDAG SR-125	N/A	N/A	15,406,798	15,406,798	-	N/A	0.10%	37
CAMP Cash Reserve Portfolio - I-15 FasTrak®	N/A	N/A	618,797	618,797	-	N/A	0.10%	37
CAMP Cash Reserve Portfolio (RTC) - 2008 Bond Reserve	N/A	N/A	57,407	57,407	-	N/A	0.10%	37
CAMP Cash Reserve Portfolio (RTC) - 2008 Bond Ser A Principal	N/A	N/A	67	67	-	N/A	0.10%	37
CAMP Cash Reserve Portfolio (RTC) - 2008 Bond Ser B Principal	N/A	N/A	67	67	-	N/A	0.10%	37
CAMP Cash Reserve Portfolio (RTC) - 2008 Bond Ser C Principal	N/A	N/A	67	67	-	N/A	0.10%	37
CAMP Cash Reserve Portfolio (RTC) - 2008 Bond Ser D Principal	N/A	N/A	67	67	-	N/A	0.10%	37
CAMP Cash Reserve Portfolio (RTC) - 2010 Bond Ser B Project	N/A	N/A	231,506	231,506	-	N/A	0.10%	37
CAMP Cash Reserve Portfolio (RTC) - 2010 Bond Ser A San Marco	N/A	N/A	16,921,502	16,921,502	-	N/A	0.10%	37
CAMP Cash Reserve Portfolio (RTC) - 2010 Bond Ser B Principal	N/A	N/A	147,582	147,582	-	N/A	0.10%	37
CAMP Cash Reserve Portfolio (RTC) - 2010 Bond Ser B Interest	N/A	N/A	95,670	95,670	-	N/A	0.10%	37
CAMP Cash Reserve Portfolio (RTC) - 2010 Bond Ser A Interest	N/A	N/A	5,010,650	5,010,650	-	N/A	0.10%	37
CAMP Cash Reserve Portfolio (RTC) - 2012 Bond Project	N/A	N/A	76,581,207	76,581,207	-	N/A	0.10%	37
CAMP Cash Reserve Portfolio (RTC) - 2012 Bond Interest	N/A	N/A	4,764,196	4,764,196	-	N/A	0.10%	37
CAMP Cash Reserve Portfolio (RTC) - 2012 Bond Principal	N/A	N/A	3,624,975	3,624,975	-	N/A	0.10%	37
CAMP Cash Reserve Portfolio (RTC) - 2010 Bond Ser A Solana Bcf	N/A	N/A	5,467,100	5,467,100	-	N/A	0.10%	37
CAMP Cash Reserve Portfolio (RTC) - Sales Tax	N/A	N/A	7,752,072	7,752,072	-	N/A	0.10%	37
CAMP Cash Reserve Portfolio - Wetland Mitigation (RTC)	N/A	N/A	290,623	290,623	-	N/A	0.10%	37
CAMP Cash Reserve Portfolio - Sage Hill Endowment (RTC)	N/A	N/A	920,045	920,045	-	N/A	0.10%	37
BNY Mellon Cash Reserve TransNet Extension (RTC)	N/A	N/A	264,502	264,502	-	N/A	0.01%	1
Total money market accounts and funds			\$ 251,351,434	\$ 251,251,081	\$ (100,353)	N/A	0.24%	187
Total cash and cash equivalents			\$ 259,970,032	\$ 259,869,679	\$ (100,353)	N/A	N/A	181

SANDAG
Detail of Portfolio Balances (by Investment Type)
as of June 30, 2013

Investment	Purchase Date	Maturity Date	Book Value	Market Value	Unrealized Gain / (Loss)	Par Value	Yield on Cost	Wtd. Avg. Days to Maturity
Investments:								
State of CA Local Agency Investment Fund:								
LAIF - TransNet (RTC)	N/A	N/A	\$ 47,742,178	\$ 47,755,221	\$ 13,043	N/A	0.24%	278
LAIF - SANDAG	N/A	N/A	954,551	954,812	261	N/A	0.24%	278
Total State of CA Local Agency Investment Fund			\$ 48,696,729	\$ 48,710,033	\$ 13,304	N/A	0.24%	278
U.S. Agencies:								
Fannie Mae Global Notes	06/13/2012	10/30/2014	\$ 17,145,449	\$ 17,142,582	\$ (2,868)	\$ 17,070,000	0.44%	487
FHLMC Global Reference Notes	12/03/2010	09/27/2013	673,729	625,928	(47,801)	620,000	1.00%	89
Federal Home Loan Bank Global Notes	06/14/2012	07/11/2013	7,507,395	7,500,435	(6,960)	7,500,000	0.26%	11
US Treasury Notes	10/26/2012	07/31/2014	1,560,537	1,563,717	3,179	1,565,000	0.29%	396
US Treasury Notes	02/23/2012	10/31/2014	4,787,275	4,679,748	(107,528)	4,550,000	0.42%	488
US Treasury Notes	05/22/2012	11/15/2014	2,497,758	2,405,400	(92,358)	2,280,000	0.38%	503
US Treasury Notes	01/26/2012	01/31/2015	4,944,322	4,830,858	(113,464)	4,685,000	0.40%	580
US Treasury Notes	01/27/2012	01/31/2015	4,994,166	4,866,948	(127,218)	4,720,000	0.31%	580
US Treasury Notes	06/29/2012	01/31/2015	6,797,344	6,686,898	(110,446)	6,485,000	0.38%	580
US Treasury Notes	04/29/2013	02/15/2015	5,541,136	5,500,995	(40,141)	5,190,000	0.23%	595
US Treasury Notes	03/14/2012	02/28/2015	733,008	719,026	(13,982)	695,000	0.51%	608
US Treasury Notes	10/09/2012	04/30/2015	1,911,742	1,881,339	(30,402)	1,810,000	0.29%	669
US Treasury Notes	07/31/2012	05/15/2015	1,989,703	1,926,984	(62,719)	1,800,000	0.33%	684
US Treasury Notes	11/06/2012	05/31/2015	6,690,500	6,616,998	(73,502)	6,400,000	0.35%	700
US Treasury Notes	11/30/2012	11/15/2015	4,656,592	4,543,279	(113,313)	4,150,000	0.35%	868
US Treasury Notes	04/11/2013	04/30/2016	598,678	591,910	(6,768)	570,000	0.34%	1,035
US Treasury Notes	05/31/2013	05/31/2016	1,554,785	1,547,109	(7,676)	1,500,000	0.52%	1,066
US Treasury Notes	05/28/2013	06/30/2016	1,113,446	1,103,316	(10,130)	1,025,000	0.44%	1,096
US Treasury Notes	05/15/2013	06/30/2016	3,483,125	3,444,499	(38,626)	3,200,000	0.40%	1,096
Federal Home Loan Bank Global Notes	02/07/2012	01/29/2014	1,371,808	1,371,378	(430)	1,370,000	0.31%	213
FNMA Global Notes	11/23/2011	05/15/2014	1,713,275	1,672,562	(40,713)	1,640,000	0.68%	319
FNMA Notes	09/21/2012	08/28/2014	5,042,146	5,025,085	(17,061)	4,990,000	0.33%	424
Freddie Mac Global Notes	09/30/2011	09/22/2014	1,963,920	1,971,442	7,522	1,960,000	0.68%	449
Freddie Mac Global Notes	08/31/2011	09/22/2014	10,052,400	10,058,380	5,980	10,000,000	0.58%	449
Freddie Mac (Callable) Global Notes	04/30/2013	04/29/2015	2,465,000	2,460,748	(4,252)	2,465,000	0.32%	668
Fannie Mae Global Notes	04/19/2012	05/27/2015	2,836,778	2,849,640	12,862	2,845,000	0.59%	696

SANDAG
Detail of Portfolio Balances (by Investment Type)
as of June 30, 2013

Investment	Purchase	Maturity	Book Value	Market Value	Unrealized	Par Value	Yield	Wtd. Avg.
	Date	Date			Gain / (Loss)		on Cost	Days to Maturity
FHLMC Global Reference Notes	04/04/2013	07/17/2015	2,445,699	2,419,281	(26,419)	2,240,000	0.34%	747
FHLMC Global Reference Notes	04/05/2013	07/17/2015	2,773,680	2,743,291	(30,389)	2,540,000	0.33%	747
FNMA Notes (Callable)	08/07/2012	08/07/2015	6,969,303	6,957,907	(11,396)	6,970,000	0.50%	768
Freddie Mac Global Notes	07/31/2012	08/28/2015	2,402,784	2,401,565	(1,219)	2,400,000	0.46%	789
Fannie Mae Global Notes	11/16/2012	12/21/2015	1,795,806	1,789,945	(5,861)	1,800,000	0.45%	904
US Treasury	08/22/2011	08/15/2014	3,012,891	3,009,726	(3,165)	3,000,000	0.35%	411
US Treasury	08/26/2011	10/31/2015	3,066,797	3,054,609	(12,188)	3,000,000	0.71%	853
US Treasury	08/12/2011	07/31/2016	3,078,750	3,070,548	(8,202)	3,000,000	0.96%	1,127
FNMA	07/28/2011	08/09/2013	1,998,100	2,000,760	2,660	2,000,000	0.55%	40
FNMA	07/09/2010	08/20/2013	2,999,370	3,004,407	5,037	3,000,000	1.26%	51
FNMA	09/21/2010	09/17/2013	3,000,000	3,006,234	6,234	3,000,000	1.13%	79
FHLB	03/16/2012	02/28/2014	2,021,220	2,007,414	(13,806)	2,000,000	0.45%	243
FNMA	10/21/2010	04/21/2014	3,007,500	3,021,027	13,527	3,000,000	1.25%	295
FHLMC	04/01/2011	04/29/2014	2,989,920	3,028,017	38,097	3,000,000	1.46%	303
FHLMC	09/16/2011	08/20/2014	3,037,470	3,024,618	(12,852)	3,000,000	0.57%	416
FHLMC	10/17/2011	08/20/2014	3,020,010	3,024,618	4,608	3,000,000	0.76%	416
FNMA	07/29/2011	09/08/2014	2,030,524	2,025,450	(5,074)	2,000,000	1.00%	435
FNMA	08/04/2011	09/08/2014	2,041,940	2,025,450	(16,490)	2,000,000	0.81%	435
FHLB	08/11/2011	06/12/2015	2,156,240	2,096,240	(60,000)	2,000,000	0.80%	712
FNMA	09/09/2011	09/09/2015	2,500,000	2,503,095	3,095	2,500,000	1.00%	801
FNMA	03/19/2012	10/26/2015	1,282,750	1,280,989	(1,761)	1,250,000	0.88%	848
FNMA	03/11/2013	03/11/2016	3,016,770	3,001,668	(15,102)	3,000,000	0.38%	985
FHLMC	03/14/2012	03/14/2016	2,000,000	2,007,866	7,866	2,000,000	1.00%	988
FNMA	06/29/2012	05/23/2016	3,008,550	2,999,046	(9,504)	3,000,000	0.72%	1,058
FHLMC	08/14/2012	09/28/2016	3,021,750	2,989,914	(31,836)	3,000,000	0.60%	1,186
FNMA	05/14/2013	11/14/2016	7,750,000	7,642,601	(107,400)	7,750,000	0.55%	1,233
FHLMC	01/27/2012	12/19/2016	1,521,150	1,509,036	(12,114)	1,500,000	1.00%	1,268
FHLMC	01/23/2012	01/23/2017	2,062,000	2,023,092	(38,908)	2,000,000	0.69%	1,303
FHLMC	02/28/2012	02/28/2017	4,000,000	4,010,948	10,948	4,000,000	0.75%	1,339
FHLMC	08/06/2012	05/12/2017	511,200	500,650	(10,550)	500,000	0.77%	1,412
FHLMC	07/31/2012	06/29/2017	3,025,650	2,973,087	(52,563)	3,000,000	0.82%	1,460
FHLMC	08/24/2012	08/08/2017	3,046,800	3,005,439	(41,361)	3,000,000	0.36%	1,500
FHLMC	11/07/2012	08/14/2017	3,039,870	3,006,081	(33,789)	3,000,000	0.27%	1,506

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Detail of Portfolio Balances (by Investment Type)
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Investment	Purchase	Maturity	Book Value	Market Value	Unrealized	Par Value	Yield	Wtd. Avg.
	Date	Date			Gain / (Loss)		on Cost	Days to Maturity
FHLMC	12/31/2012	08/14/2017	3,032,250	3,006,081	(26,169)	3,000,000	0.26%	1,506
FHLMC	01/11/2013	08/14/2017	3,536,295	3,507,095	(29,201)	3,500,000	0.24%	1,506
FNMA	11/30/2012	09/20/2017	3,508,400	3,420,795	(87,605)	3,500,000	0.70%	1,543
FNMA	12/05/2012	09/20/2017	1,002,750	977,370	(25,380)	1,000,000	0.65%	1,543
FNMA	02/26/2013	09/20/2017	4,004,000	3,909,480	(94,520)	4,000,000	0.82%	1,543
FHLMC	01/30/2013	01/12/2018	4,931,800	4,841,040	(90,760)	5,000,000	1.03%	1,657
Farmer Mac	01/25/2013	01/24/2018	2,499,375	2,431,523	(67,853)	2,500,000	0.94%	1,669
FHLMC	02/26/2013	02/07/2018	2,470,712	2,436,516	(34,196)	2,455,000	0.67%	1,683
FNMA	02/22/2013	02/08/2018	1,989,480	1,941,770	(47,710)	2,000,000	0.98%	1,684
FHLB	03/18/2013	03/09/2018	254,980	248,795	(6,185)	250,000	0.96%	1,713
FNMA	05/29/2013	03/13/2018	3,033,720	2,981,379	(52,341)	3,000,000	0.87%	1,717
FNMA	06/14/2013	04/03/2018	2,968,800	2,942,979	(25,821)	3,000,000	1.35%	1,738
Total U.S. Agencies			\$ 231,493,074	\$ 229,396,645	\$ (2,096,429)	\$ 226,740,000	0.58%	810
Corporate Medium Term Notes:								
General Electric Capital Corp Global Notes	03/19/2013	09/15/2014	\$ 2,583,779	\$ 2,551,349	\$ (32,429)	\$ 2,435,000	0.62%	442
Walt Disney Co Global Notes	11/30/2012	12/01/2015	382,132	383,233	1,101	385,000	0.70%	884
Berkshire Hathaway Finc Corp Note	02/11/2013	02/11/2016	549,951	547,398	(2,553)	550,000	0.80%	956
Caterpillar Financial SE Notes	02/28/2013	02/26/2016	649,194	644,002	(5,192)	650,000	0.74%	971
PepsiCo Inc Global Notes	02/28/2013	02/26/2016	709,752	704,553	(5,199)	710,000	0.71%	971
JPMorgan Chase & Co Global Notes	02/26/2013	02/26/2016	1,997,580	1,970,636	(26,944)	2,000,000	1.17%	971
Apple Inc Global Notes	05/03/2013	05/03/2016	998,190	989,261	(8,929)	1,000,000	0.51%	1038
IBM Corp Global Notes (Ex-Callable)	05/07/2013	05/06/2016	2,742,245	2,711,209	(31,037)	2,750,000	0.55%	1041
Toyota Motor Credit Corp	05/17/2013	05/17/2016	1,099,549	1,094,271	(5,278)	1,100,000	0.81%	1052
Pfizer Inc Global Notes	06/06/2013	01/15/2017	2,695,680	2,669,949	(25,731)	2,700,000	0.95%	1295
CME Group Inc	08/05/2011	08/01/2013	2,176,100	2,007,654	(168,446)	2,000,000	0.92%	32
Bank of New York	08/26/2010	08/27/2013	1,113,140	1,007,105	(106,035)	1,000,000	1.27%	58
Berkshire Hathaway Fin Corp	10/04/2010	10/15/2013	1,101,590	1,011,817	(89,773)	1,000,000	1.20%	107
Berkshire Hathaway Fin Corp	01/04/2012	10/15/2013	154,712	146,713	(7,999)	145,000	0.83%	107
New York Life Global	09/08/2010	12/13/2013	1,623,296	1,609,882	(13,414)	1,600,000	1.39%	166
Wal-Mart	12/17/2010	02/03/2014	3,109,437	3,046,314	(63,123)	3,000,000	1.80%	218
Met Life Inc.	03/16/2012	04/04/2014	2,513,315	2,515,628	2,313	2,500,000	0.92%	278
Google Inc.	05/23/2011	05/19/2014	2,999,130	3,021,834	22,704	3,000,000	1.26%	323

SANDAG
Detail of Portfolio Balances (by Investment Type)
as of June 30, 2013

Investment	Purchase Date	Maturity Date	Book Value	Market Value	Unrealized Gain / (Loss)	Par Value	Yield on Cost	Wtd. Avg. Days to Maturity
GE Capital	10/16/2012	01/09/2015	1,029,240	1,019,574	(9,666)	1,000,000	0.82%	558
Berkshire Hathaway Fin Corp	01/26/2012	01/15/2015	4,474,400	4,257,276	(217,124)	4,000,000	0.80%	564
IBM Corp	02/07/2012	02/06/2015	3,002,220	2,997,231	(4,989)	3,000,000	0.53%	586
New York Life Global	03/21/2012	05/04/2015	1,324,665	1,307,602	(17,063)	1,255,000	1.18%	673
GE Capital	12/23/2011	06/29/2015	1,053,750	1,043,291	(10,459)	1,000,000	1.91%	729
Wal-Mart	01/19/2012	07/08/2015	1,049,330	1,032,199	(17,131)	1,000,000	0.81%	738
US Bancorp	10/29/2010	07/27/2015	3,082,440	3,090,102	7,662	3,000,000	1.84%	757
GE Capital	12/23/2011	09/21/2015	1,472,581	1,452,660	(19,921)	1,360,000	2.07%	813
Procter & Gamble	09/20/2011	11/15/2015	2,055,280	2,051,148	(4,132)	2,000,000	1.12%	868
Google Inc.	10/16/2012	05/19/2016	1,053,370	1,033,284	(20,086)	1,000,000	0.62%	1,054
Procter & Gamble	12/23/2011	08/15/2016	1,145,143	1,145,857	714	1,132,000	1.19%	1,141
Procter & Gamble	12/23/2011	08/15/2016	734,429	734,887	458	726,000	1.19%	1,141
Mississippi Power Co	12/18/2012	10/15/2016	2,104,080	2,073,838	(30,242)	2,000,000	0.96%	1,203
PepsiCo Inc	02/19/2013	08/13/2017	3,004,200	2,934,768	(69,432)	3,000,000	1.22%	1,505
Philip Morris Int'l	12/18/2012	08/21/2017	999,720	971,625	(28,095)	1,000,000	1.13%	1,513
Wal-Mart	05/31/2013	02/15/2018	720,498	702,628	(17,870)	600,000	1.38%	1,691
Wal-Mart	04/16/2013	04/11/2018	500,215	485,055	(15,160)	500,000	1.12%	1,746
Total Corporate Medium Notes			\$ 58,004,331	\$ 56,965,832	\$ (1,038,499)	\$ 56,098,000	1.08%	748
Commercial Paper:								
Rabobank USA Fin Corp Comm Paper	02/22/2013	07/11/2013	\$ 9,990,733	\$ 9,999,610	\$ 8,877	\$ 10,000,000	0.24%	11
Nordea North America Inc Comm Paper	02/22/2013	07/23/2013	9,990,143	9,999,210	9,067	10,000,000	0.24%	23
General Elec Cap Corp Comm Paper	02/22/2013	08/21/2013	9,988,000	9,998,950	10,950	10,000,000	0.24%	52
BNP Paribas Finance Inc Comm Paper	03/25/2013	08/22/2013	9,987,500	9,996,950	9,450	10,000,000	0.30%	53
UBS Finance Delaware LLC Comm Paper	03/25/2013	08/22/2013	9,988,750	9,997,460	8,710	10,000,000	0.27%	53
HSBC USA Inc Comm Paper	03/25/2013	10/07/2013	9,985,300	9,994,770	9,470	10,000,000	0.27%	99
Toyota Motor Credit Corp Comm Paper	02/22/2013	10/21/2013	9,983,264	9,994,410	11,146	10,000,000	0.25%	113
Total Commercial Paper			\$ 69,913,690	\$ 69,981,360	\$ 67,670	\$ 70,000,000	0.26%	58
Municipal Bonds/Notes:								
CA ST Dept of Water Rev Bonds	09/27/2012	12/01/2015	\$ 620,000	\$ 620,000	\$ -	\$ 620,000	0.65%	884
Total Municipal Bonds/Notes			\$ 620,000	\$ 620,000	\$ -	\$ 620,000	0.65%	884

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Detail of Portfolio Balances (by Investment Type)
as of June 30, 2013

Investment	Purchase Date	Maturity Date	Book Value	Market Value	Unrealized Gain / (Loss)	Par Value	Yield on Cost	Wtd. Avg. Days to Maturity
Certificates of Participation:								
North County Transit District Certificates of Participation	04/24/2013	07/30/2013	\$ 31,775,000	\$ 31,775,000	\$ -	\$ 31,775,000	0.19%	32
Total Certificates of Participation			\$ 31,775,000	\$ 31,775,000	\$ -	\$ 31,775,000	0.19%	32
Total investments			\$ 440,502,823	\$ 437,448,870	\$ (3,053,953)	N/A	0.53%	566
Total Portfolio:			\$ 700,472,855	\$ 697,318,549	\$ (3,154,306)	N/A	0.43%	423

Legend:

- Automated Regional Justice Information System (ARJIS)
- Commercial Paper (CP)
- State of California Local Agency Investment Fund (LAIF)
- North County Transit District (NCTD)
- San Diego County Regional Transportation Commission (RTC)