



BOARD OF DIRECTORS
SEPTEMBER 26, 2014

ACTION REQUESTED - **INFORMATION**

OVERVIEW OF DEVELOPMENTS IN THE FINANCIAL
MARKETS AND QUARTERLY INVESTMENT REPORT
AND ANNUAL INTEREST RATE SWAP EVALUATION
FOR THE PERIOD ENDING JUNE 30, 2014

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, and 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

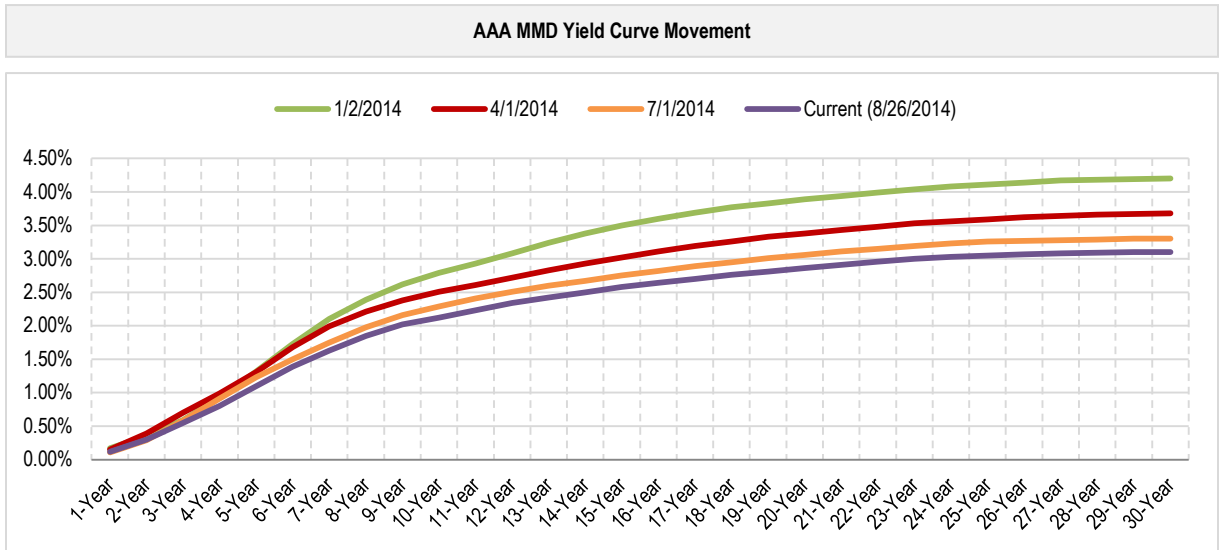
Market Review and Update

Overview

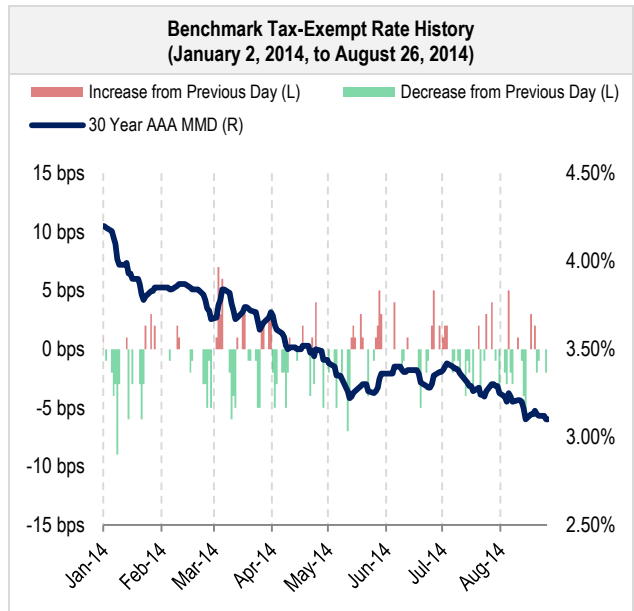
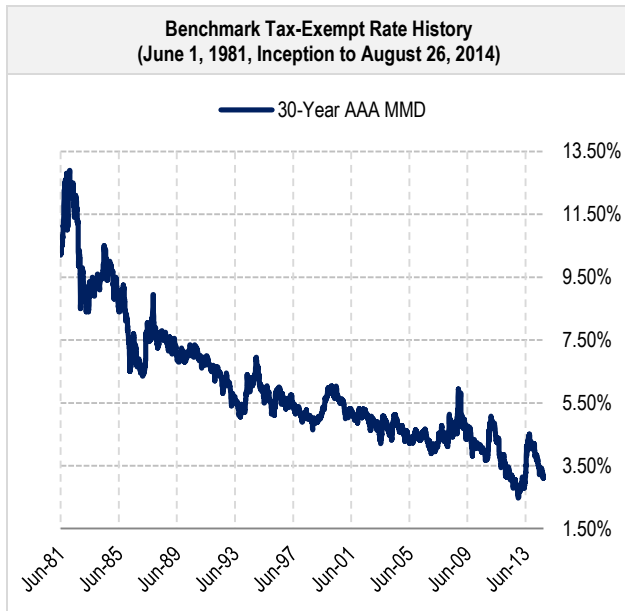
The first quarter of 2014 saw declining intermediate- and long-term interest rates in the municipal market as a result of positive muni market technicals – i.e., low, new issue supply coupled with an improving demand picture. Benchmark tax-exempt rates remain below their long-term averages across the yield curve.

In March 2014, the Federal Open Market Committee (FOMC) announced it would continue the \$10 billion per month tapering of its Quantitative Easing Program. FOMC Chairwoman Janet Yellen’s statement that the Federal Reserve may raise rates around six months after the end of the asset purchase program in the last quarter of 2014 led to increased interest rates on the front-end of the yield curve; offsetting this was low muni bond supply and increased demand that reduced intermediate and long-term rates. As a result, the benchmark AAA MMD yield curve has flattened; however, the yield curve remains steep.

2014 AAA MMD Rate Movements			
Maturity	1/2/2014	8/20/2014	Δ 1/2 – 8/20
1-Year	0.17%	0.11%	-0.06%
10-Year	2.79%	2.14%	-0.65%
30-Year	4.20%	3.15%	-1.05%
2014 AAA MMD Rate Movements			
Maturity	1/2/2014	4/28/2014	Δ 1/2 – 4/28
3-Year	0.59%	0.62%	+0.03%
10-Year	2.79%	2.28%	-0.51%
30-Year	4.20%	3.48%	-0.72%



SANDAG sold \$350 million in tax-exempt, fixed-rate bonds on August 20, 2014, in an extremely attractive interest rate environment. During the week leading to the pricing date, interest rates were near their lowest points of 2014, with a decrease of 6 basis points (bps) to 105 bps throughout the curve from the beginning of the year. SANDAG was able to close on the transaction at an attractive all-in cost of 3.85 percent for a 34-year final maturity, with certain maturities outperforming their respective municipal benchmark rates.

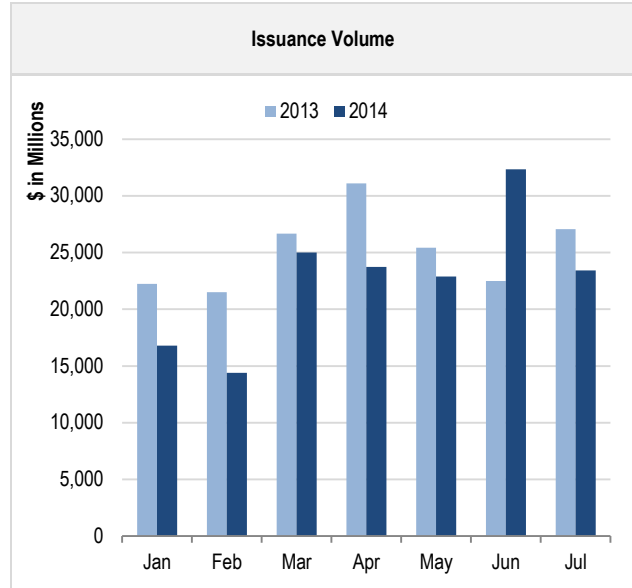


Municipal Market Supply¹

In July 2014, municipal bond issuances volume decreased by 13.5 percent to \$23.4 billion against \$27.1 billion in July 2013.

Long-term municipal bond issuance volume in the second quarter of calendar year 2014 decreased by 1.7 percent to \$77.7 billion in 2,761 issues against \$79.0 billion in 3,139 issues through the same period in 2013.

As of July 2014, refunding volume decreased 20.1 percent to \$53.2 billion from \$66.6 billion, and new-money volume decreased slightly by 0.3 percent, to \$74.8 billion from \$75.0 billion, in 2013. Following the trend of refinancings and new financings slowing for many sectors, investment in the transportation sector decreased slightly. The transportation sector's issuance volume to date decreased slightly by 2.2 percent from a year earlier.



During SANDAG's bond issuance during the week of August 18, 2014, municipal supply was relatively low. The market sold approximately \$5 billion of bonds, of which SANDAG's \$350 million bond sale was the largest transaction. Coupled with two AAA ratings from both Standard and Poor's (S&P) and Fitch, SANDAG's deal was very attractive to investors in a low-supply and high-demand market. SANDAG's \$350 million bond issuance was over-subscribed by 2.8x. This high demand allowed SANDAG to lower yields and improve the final borrowing cost through the negotiated sale process.

Interest Rate Forecasts

The FOMC met six times during the year and confirmed that tapering will continue as scheduled at \$10 billion per month, and that zero interest rate policy would continue for a considerable time after the asset purchase program ends. However, despite the uncertainty, policy makers suggested that the rate hikes could begin in early/mid-2015.

The table below provides an average of interest rate forecasts by industry professionals. These are surveyed and compiled by Bloomberg. The 30-year U.S. Treasury is forecast to increase to 3.73 percent by the fourth quarter of calendar year 2014. As noted, the 10-year U.S. Treasury rate is forecast to increase to 2.94 percent by the fourth quarter of calendar year 2014. The two-year U.S. Treasury is forecasted to increase to 0.76 percent by the fourth quarter of 2014. Increases to the Federal Funds Target Rate are expected by some industry professionals to begin in the second quarter of 2015. This will continue to support relatively low long-term borrowing rates for SANDAG, while possibly creating opportunities for SANDAG's short-term investments in 2015.

¹ Issuance data from Thomson Reuters, compiled by The Bond Buyer.

The Street's Interest Rate Forecast ²							
Forecast	8/26/2014	Q3 14	Q4 14	Q1 15	Q2 15	Q3 15	Q4 15
30-Year UST	3.16%	3.52%	3.73%	3.89%	4.05%	4.18%	4.26%
10-Year UST	2.40%	2.75%	2.94%	3.11%	3.28%	3.42%	3.57%
2-Year UST	0.50%	0.60%	0.76%	0.96%	1.21%	1.48%	1.76%
3M LIBOR	0.24%	0.27%	0.32%	0.40%	0.58%	0.85%	1.14%
Fed Funds Target Rate	0.25%	0.25%	0.25%	0.25%	0.38%	0.63%	1.00%

Debt Portfolio Overview and Update

2014 Series A Bonds

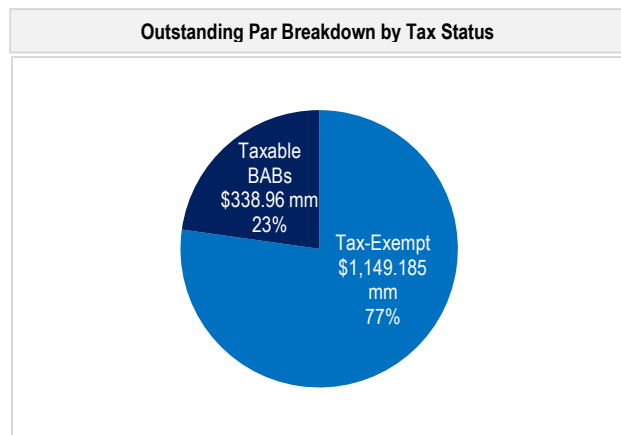
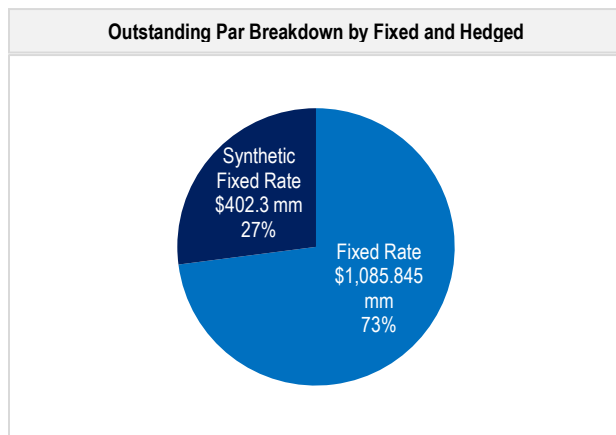
On August 20, 2014, SANDAG successfully sold \$350 million of tax-exempt, fixed-rate bonds in a negotiated sale. Due to market conditions and investor demand, SANDAG bonds sold at a premium, which generated total project funds of \$404 million. The bonds are structured as level debt service and will be repaid at approximately \$21.76 million annually through FY 2048. Amortization of principal on the bonds begins on April 1, 2016, with the final maturity on April 1, 2048, in line with SANDAG's existing debt. Series 2014A was sold at an attractive all-in cost of 3.85 percent. Of the \$404 million in total proceeds generated, \$42.7 million will be used to repay the Commercial Paper Program and the remaining proceeds will go to fund high-priority regional transportation projects outlined in its *TransNet* Early Action Program.

Outstanding Debt Overview

Following the 2014 bond issuance, SANDAG has \$1.49 billion of outstanding long-term debt, consisting of the Series 2008 variable-rate bonds, the 2010 Series A taxable Build America Bonds, the 2010 Series B tax-exempt fixed-rate bonds, the 2012 Series A tax-exempt fixed-rate bonds, and the recently issued 2014 Series A tax-exempt fixed-rate bonds. Of the total debt portfolio, 27 percent consists of synthetic, fixed-rate bonds (variable-rate bonds hedged with fixed-payer interest rate swaps) and the remaining 73 percent are fixed-rate bonds. A summary of the outstanding bonds is tabulated and graphically presented below.

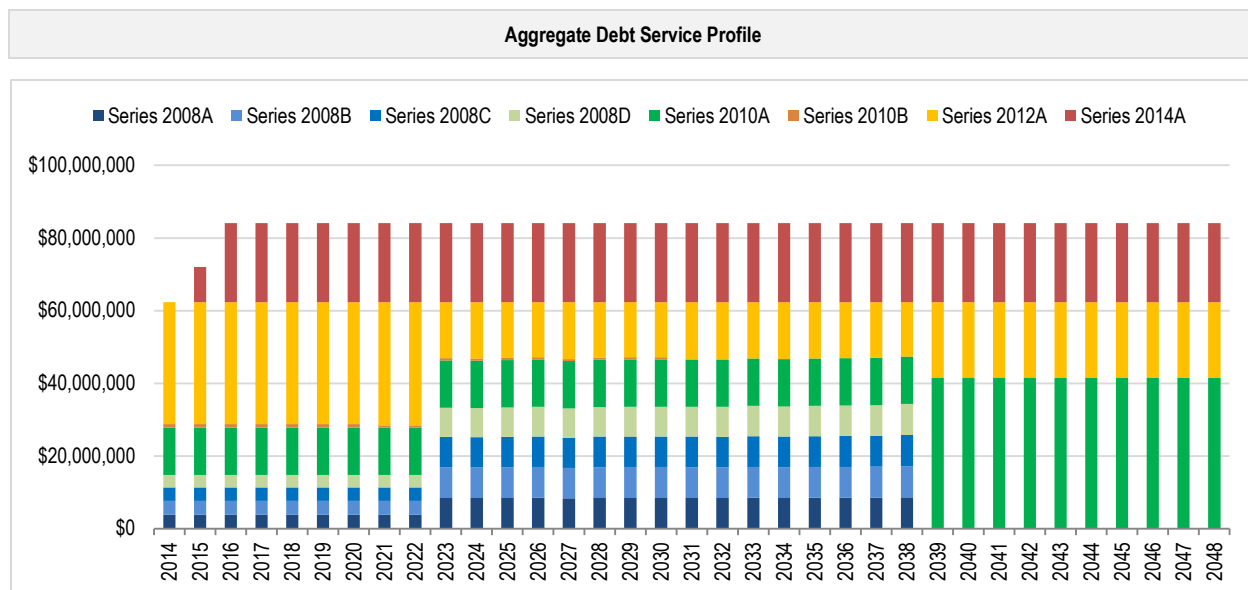
² Bloomberg survey compilation as of August 26, 2014

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	\$8,850,000	4/1/2020	4/1/2030
2012A	Tax-Exempt	Fixed-Rate	\$420,585,000	\$388,035,000	4/1/2022	4/1/2048
2014A	Tax-Exempt	Fixed-Rate	\$350,000,000	\$350,000,000	4/1/2024	4/1/2048
Total				\$1,488,145,000		



Debt Service and Coverage

As seen in the figure below, SANDAG has an aggregate level debt service profile with approximately \$84.1 million in debt service per year through FY 2048, including the newly issued Series 2014A. Debt service coverage, using sales tax receipts of \$260.2 million for the last 12 months through August 2014, is 3.09 times. For every \$1.00 of debt service, SANDAG received \$3.09 of sales tax revenue, providing ample coverage.



This high debt service coverage, together with the level annual debt service payment and fairly conservative debt portfolio, are critical factors that support SANDAG’s AAA ratings from Fitch and S&P.

Recent Variable-Rate Demand Bond and Swap Mark-to-Market Performance

SANDAG has \$402.3 million of outstanding variable-rate demand bonds (Series 2008 A, B, C, and D), as shown below. These variable-rate demand bonds (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 0.10 percent to 0.11 percent since September 29, 2011.

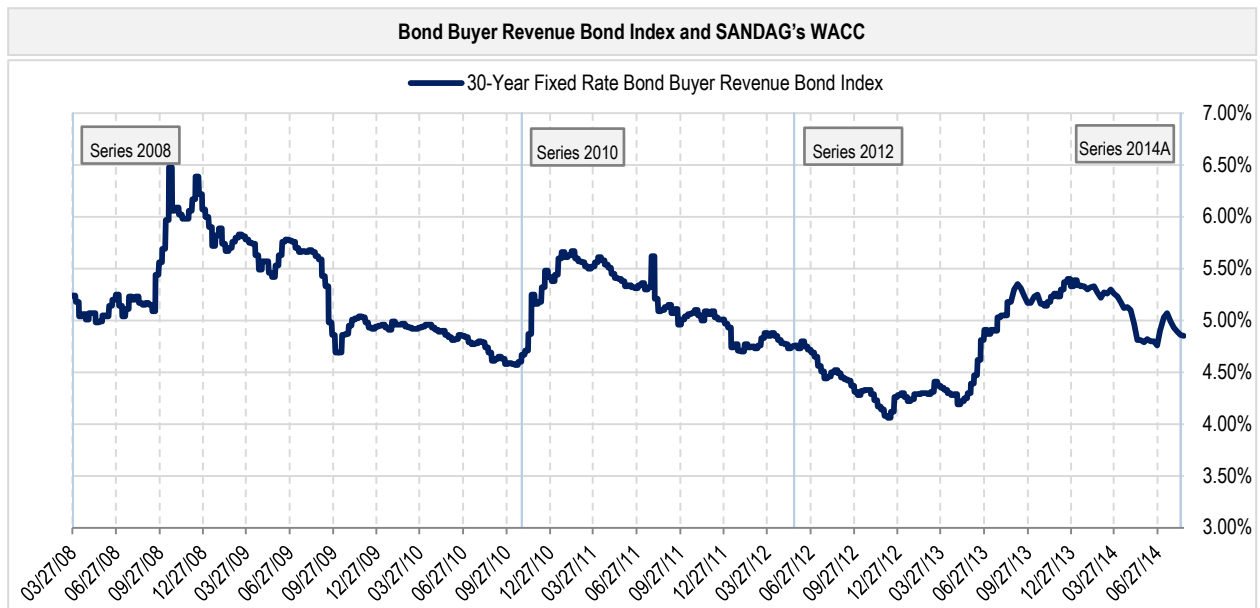
SANDAG Series 2008ABCD VRDB Resets Since September 29, 2011					
Series	SBPA Provider	Remarketing Agent	Reset Average	SIFMA Average	Spread to SIFMA
2008A	JP Morgan Chase Bank NA	Barclays Capital Inc.	0.10%	0.11%	-1 bps
2008B	JP Morgan Chase Bank NA	Goldman Sachs & Company	0.11%	0.11%	0 bps
2008C	Mizuho Corporate Bank	J.P. Morgan Securities LLC	0.10%	0.11%	-1 bps
2008D	State Street/CALSTRS	E.J. De La Rosa & Company	0.10%	0.11%	-1 bps

SANDAG also has \$402.3 million of fixed-payer interest rate swaps outstanding (listed below), the purpose of which is to hedge the interest rate variability associated with the \$402.3 million of variable-rate bonds. Additionally, SANDAG has \$313.2 million of basis swaps outstanding. Under the basis swaps, which become effective on April 1, 2018, when the existing fixed-payer swaps were originally scheduled to convert from London Interbank Offered Rate (LIBOR) to SIFMA-based indices, SANDAG will pay its counterparty a floating interest rate payment based upon the SIFMA Index and will receive a floating payment based upon 107.4 percent of 3-month LIBOR. The market value of the SANDAG swap portfolio changes with interest rate fluctuations. The mark-to-market valuation, as of August 22, 2014, is approximately (\$60,357,249); meaning SANDAG would need to pay approximately \$60.4 million to terminate the entire swap portfolio in the current market. However, the swaps are performing as expected and currently there are no reasons that SANDAG would terminate the swaps. On an annual basis and in accordance with Board Policy No. 032, an annual written description of the swaps and an evaluation of the risks associated with outstanding interest rate swaps are presented to the Board for review.

Swap Portfolio Overview								
Associated Series	SANDAG Pays	SANDAG Receives	Trade Date	Effective Date	Maturity Date	MTM Value (As of 8/22/14)	Notional Outstanding	Bank Counterparty
Series 2008	3.8165%	65% of USD-LIBOR 'til 04/18; SIFMA Swap Index thereafter	05/23/2012	05/23/2012	04/01/2038	(\$24,245,848)	\$134,100,000	Bank of America, N.A. (A2/A/A)
Series 2008	3.8165%	65% of USD-LIBOR 'til 04/18; SIFMA Swap Index thereafter	05/23/2012	05/23/2012	04/01/2038	(\$24,245,848)	\$134,100,000	Goldman Sachs Mitsui Marine Derivative Products, L.P. (Aa2/AAA/)
Series 2008	3.4100%	65% of USD-LIBOR	05/23/2012	05/23/2012	04/01/2038	(\$28,600,283)	\$134,100,000	Bank of America, N.A. (A2/A/A)
Total Fixed Payer Swaps						(\$77,091,979)	\$402,300,000	
Series 2008	SIFMA Swap Index	107.4% of 3 Month LIBOR	03/19/2009	04/01/2018	04/01/2038	\$8,367,365	\$156,600,000	Barclays Bank PLC (A2/A/A)
Series 2008	SIFMA Swap Index	107.4% of 3 Month LIBOR	03/19/2009	04/01/2018	04/01/2038	\$8,367,365	\$156,600,000	Barclays Bank PLC (A2/A/A)
Total Index Conversion Swaps						\$16,734,730	\$313,200,000	
Total Combined						(\$60,357,249)	\$715,500,000	

Cost of Capital

SANDAG has a very attractive weighted average cost of capital (WACC) of 3.90 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 4.18 percent. SANDAG staff, with the assistance of its financial adviser, Public Financial Management (PFM), negotiated lower SBPA fees on the Series 2008A and Series 2008B Bonds with JP Morgan in February 2014; and in September 2014 is closing on a renewal of the Series 2008C SBPA at a lower fee with Mizuho. 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 2012A bonds were sold at an all-in cost of 3.72 percent and the most recent Series 2014A bonds were sold at an all-in cost of 3.85 percent. Taken together, SANDAG has issued approximately \$1.52 billion in bonds, to accelerate project delivery, for a weighted average cost of 3.90 percent.

SANDAG's WACC Calculations					
<i>Synthetic Fixed Rate:</i>					
Series	Par Post '12 Refunding	Swap Rate	SBPA Fee	Remarketing Agent Fee	Cost of Capital
2008A	\$100,575,000	3.8165%	0.390%	0.06%	4.2665%
2008B	\$100,575,000	3.8165%	0.390%	0.06%	4.2665%
2008C1	\$67,050,000	3.8165%	0.320%	0.06%	4.1965%
2008C2	\$33,525,000	3.4100%	0.320%	0.06%	3.7900%
2008D	\$100,575,000	3.4100%	0.650%	0.06%	4.1200%
2008 Weighted Avg.					4.1785%
<i>Fixed Rate:</i>					
Series	Original Par	-	-	-	All-in TIC
2010A	\$338,960,000	-	-	-	3.8871%
2010B	\$11,040,000	-	-	-	3.1434%
2012A	\$420,585,000	-	-	-	3.7167%
2014A	\$350,000,000	-	-	-	3.8507%
Total Weighted Avg.					3.9033%

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 Paper Program was authorized at \$75 million and has a current outstanding balance of \$75 million as of August 31, 2014. The paper was most recently remarketed out 38 days at a rate of 9 basis points in anticipation of the \$42.725 million repayment scheduled for September 10, 2014, from the recent Series 2014A issuance.

Looking Ahead

There is no other new money bond transaction expected to take place in FY 2015; however, staff continues to look at the Transportation Infrastructure Finance and Innovation Act (TIFIA) Program, in addition to other borrowing tools, as a potential future financing option. SANDAG and its advisors will continue to monitor the municipal bond market and identify opportunities that best allow SANDAG to meet its financing needs and objectives.

Quarterly Investment Data

Included with this quarterly finance report through June 30, 2014, 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, 2014, a total of \$558.2 million was held by SANDAG in a number of investment accounts, in comparison to \$587.3 million held in the previous quarter. The \$29.1 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* to fund current projects in advance of the 2014 Bond issuance.³

Approximately \$6.3 million was held in eight Bank of America accounts and \$1.7 million in two Wells Fargo accounts at the end of the quarter. Funds in these accounts are used for operating purposes. Approximately \$550.2 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 the RTC and SANDAG. A total of approximately \$53.2 million was invested in LAIF, of which the RTC held approximately \$48.3 million of sales tax funds and SANDAG held \$4.9 million. 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 (PFM). The Cash Reserve Portfolio, totaling \$107.8 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 \$127.9 million, for the investment of the

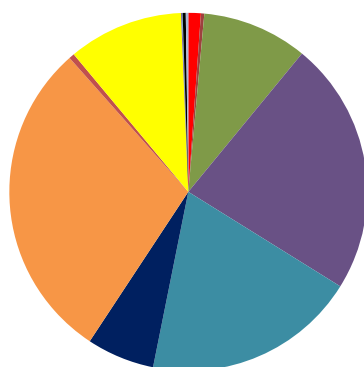
³ Due to rounding, the numbers below may not tie to the attached detail of investments.

2012 *TransNet* bond proceeds needed for payment in the short term, and excess operating funds for Interstate 15 FasTrak®, State Route 125, ARJIS, Coronado Bridge Toll Funds, and *TransNet* sales tax funds not yet paid to other local governmental agencies.

3. *US Bank* – These funds, totaling approximately \$34.2 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 State Route 125 franchise. Of this balance, \$30.6 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 \$162.8 million, and the Cash Reserve Portfolio, totaling \$2.8 million, 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 \$58.1 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. *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 \$268,693 in this mutual fund.
7. *California Bank and Trust* – There was approximately \$1.6 million on deposit with California Bank and Trust pursuant to capital project escrow retention agreements with various contractors.
8. *California Bank of Commerce* – There was approximately \$547,287 on deposit with California Bank of Commerce to capital project escrow retention agreements with a contractor.
9. *Union Bank* – Approximately \$1.3 million was on deposit with Union Bank pursuant to capital project escrow retention agreements with contractors.

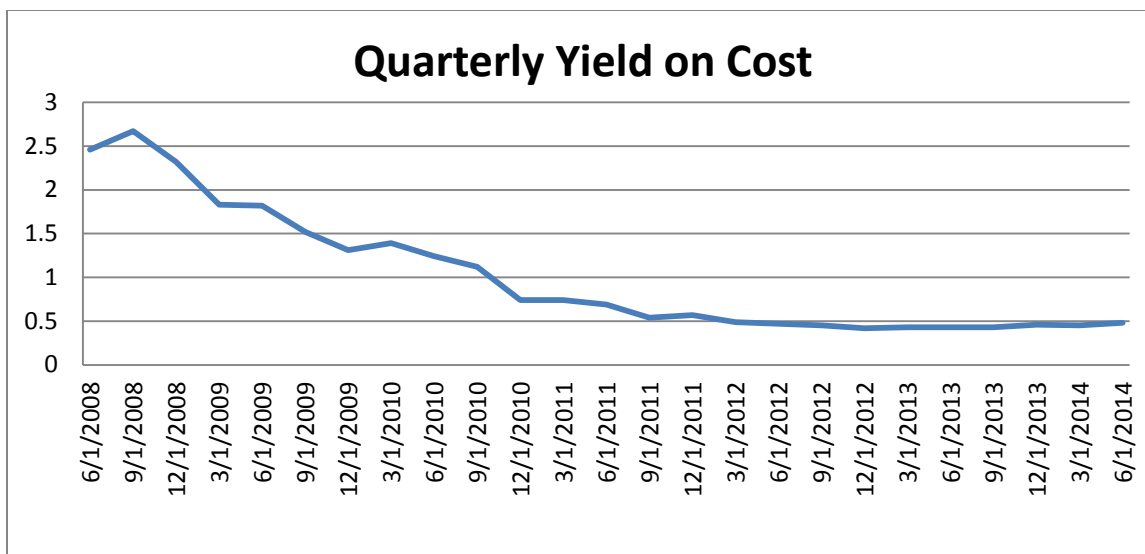
The chart below provides a snapshot of the investment holding locations at June 30, 2014.

Investment Holdings



- BANK OF AMERICA
- WELLS FARGO BANK
- LAIF
- CAMP IP
- CAMP CASH RESERVE
- US BANK
- BNY MELLON IP
- BNY MELLON CASH RESERVE
- COSD TREASURER'S POOL
- CALIFORNIA BANK OF COMMERCE
- DWS
- CALIFORNIA BANK AND TRUST
- UNION BANK

As shown in the chart below, as of June 30, 2014, the yield on cost of the portfolio was 0.48 percent, with a weighted average maturity of 430 days, in comparison to 0.45 percent and 419 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 the RTC currently participates.

2008 Interest Rate Swaps

1. ***Objective of the interest rate swaps.*** On November 22, 2005, the 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 the 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, the 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, the 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 \$69,367,480 as of June 30, 2014. The Bank of America swaps had negative fair values of \$26,854,940 and \$21,256,270 (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 \$21,256,270. 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, 2014. 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, 2014, the 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, the 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, 2014, Bank of America was rated A2 by Moody's and A by S&P, 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 U.S. government securities if the counterparty's credit quality falls below a rating of Baa2 by Moody's or BBB by S&P. 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. The RTC is exposed to basis risk should the floating rate that it receives on a swap be less than the actual variable rate the 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 2014, the 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 that the RTC paid on the bonds.
6. *Termination Risk and Termination Payments.* This is the risk that the transaction is terminated in a market dictating a termination payment by the RTC. The RTC can terminate the swap at the fair 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. The 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, 2014, the RTC was not in a favorable termination position relative to the market. The 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 the 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 the RTC.* The weekly variable interest rates paid on the 2008 *TransNet* bonds by the RTC to the bondholders for the period July 1, 2013, through June 30, 2014, ranged from 0.02 percent to 0.11 percent for Barclays Bank; 0.02 percent to 0.13 percent for Goldman, Sachs & Co.; 0.02 percent to 0.12 percent for J.P. Morgan Securities, Inc.; and 0.02 percent to 0.11 percent for EJ De La Rosa.

Fixed rates paid by the 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 %) of LIBOR received by the RTC from the swap provider counterparties ranged from 0.09815 percent to 0.12678 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, 2014, Bank of America actual debt service was \$4,456,081 versus projected debt service of \$4,572,810 for one of the swaps, and was \$5,011,465 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 \$5,012,843 versus projected debt service of \$5,117,926 for its swap. In total, actual debt service was \$14,480,389 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 \$328,274 for FY 2014. Over the life of the swaps from the issuance of the bonds through June 30, 2014, the cumulative excess of variable rate payments made on the bonds as compared to the variable rate payments received from the swap counterparties is \$4,111,490. This means that the net variable rates that the RTC is paying on the 2008 *TransNet* bonds is more than the variable rate that the 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 39 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, the 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 the RTC to bid out the new transaction to a group of potential counterparties without changing the existing 2008 Interest Rate Swaps. The 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 the 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, the 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 \$16,507,177 as of June 30, 2014. 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, 2014. 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, 2014, the RTC was exposed to credit risk on these swaps in the amount of \$16,507,177, which is the fair value of the derivatives. However, should interest rates change and the fair value of the swaps become negative, the RTC would not be exposed to any credit risk. The favorable credit rating of the counterparty mitigates this risk. As of June 30, 2014, 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. The 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 the RTC. The 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, 2014, the RTC was in a favorable termination position relative to the market.

SANDAG Board Policy No. 032 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, the 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.

National and Local Economic Trends and TransNet Sales Tax Revenues

The U.S. economy began 2014 by losing ground; Gross Domestic Product (GDP) declined -2.1 percent during the first quarter compared to the previous quarter, according to the third and final estimate from the U.S. Department of Commerce Bureau of Economic Analysis. Most economists expected a weak quarter due in part to severe winter weather, but the size of the slowdown surprised everyone. In addition to harsh weather, the fall in net exports knocked 1.7 percentage points off GDP growth and fewer goods produced allowed inventories to decline, subtracting an additional 1.2 percentage points off of GDP. Most economists are expecting the economy to gradually pick up speed as the year progresses, similar to 2013, which also started off with a weak first quarter. However, the size of the first quarter decline will likely keep the GDP growth rate for 2014 at about 2 percent and below both the previous two years. What the U.S. economy has not been able to achieve since the end of the Great Recession is consistent growth at a level equal to or above the historical average growth rate of 3.2 percent annually. Currently, the consensus forecasts expect the U.S. economy to achieve an annual GDP growth rate above 3 percent in 2015.

Unlike GDP, employment growth is slowly increasing and becoming more consistent. Nationwide, payroll job growth for 2013 averaged about 194,000 jobs per month, higher than the previous year's average of 186,000 per month, and through July of 2014 monthly job growth is on track to average 220,000. The additional job growth also helped reduce the unemployment rate. The annual average unemployment rate fell to 7.4 percent in 2013 from 8.1 percent for 2012 and is on track to average 6.2 percent during the second quarter of 2014, a decline from the 6.7 percent recorded during the first quarter. The continued decline in the unemployment rate during the past few years has been a pleasant surprise, both nationwide and locally, given that job growth has continued to be slow considering the magnitude of jobs lost during the recession. The decline in the national and local unemployment rate came as a result of both job gains as well as a shrinking labor force. Since the start of the Great Recession (December 2007), the nation's labor force participation rate has declined nearly 4 percentage points, reducing the labor force by nearly six million people – meaning that job growth and people leaving the labor force contributed equally to the decline in the unemployment rate. In addition, the makeup of those unemployed is different for this most recent recovery, for example, the median length of time people remain unemployed continues at a record seven months. Also, more than 30 percent of the people without jobs have been unemployed for one year or longer, leading to growing concerns about their ability to reenter the labor force.

Additional concerns about the recovery include weakness in wage rate growth and the average number of hours worked; these trends, combined with the types of jobs (part-time, temporary with low pay) that have been created since the end of the recession, have contributed to keeping the economy's growth rate below its long-term trend. Through July 2014 the rate of growth in personal spending and personal income are just keeping pace with rates of inflation. This, in turn has led to little to no real growth in consumer spending, which makes up more than 70 percent of the economy and is a primary driver of sales tax revenue. Continued weakness in personal spending and

income could result in slower GDP growth, unless consumers increase consumption supported by spending down their savings and/or taking on debt.

Although the national economy continues to display a surge and slow down pattern of growth, locally, the employment growth trends have been more robust and consistent. Over the past two years the Employment Development Department, which is responsible for tracking employment trends in the state, has adjusted their preliminary job growth numbers up significantly; during 2012 and 2013, the local economy added nearly 33,000 payroll jobs each year yielding an increase of about 2.6 percent each year, far above the 1.6 percent for the nation. In addition, with the added job growth, the local unemployment rate has declined to 6.6 percent as of July 2014, a decline of nearly 1.5 percentage points from July 2013. The pickup in job growth led to a decline in the local unemployment rate (not seasonally adjusted) to 5.8 percent in May 2014, which was the first time the local unemployment rate fell below the nation's since the start of the Great Recession.

The level of job growth also helps determine consumer spending and in turn sales taxes collected. Over the past two years the local job growth has led to a more stable rate of growth in taxable retail sales and sales taxes collected. SANDAG expected sales tax revenue region-wide to increase by 5 percent during FY 2014, close to the actual 5.2 percent increase recorded. However, in addition to the slow growth in personal income and consumption, there are trends under way that have created a heightened level of uncertainty, including the increasing global economic headwinds from slowing economic growth in Europe and Asia, the uptick in civil unrest in multiple places, and the chance that the Federal Reserve will push short-term interest rates higher in early 2015. In light of these trends and uncertainty, SANDAG is forecasting a 4 percent growth in sales tax revenue for FY 2015, about 1 percentage point below FY 2014.

GARY L. GALLEGOS
Executive Director

Attachments: 1. SANDAG Summary of Portfolio Balances (by Institution) as of June 30, 2014
 2. SANDAG Detail of Portfolio Balances (by Account) as of June 30, 2014
 3. SANDAG Detail of Portfolio Balances (by Investment Type) as of June 30, 2014

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SANDAG
Summary of Portfolio Balances (by Institution)
as of June 30, 2014

Institution	Book Value	Percent of Portfolio	Market Value	Market Price	Unrealized Gain/(Loss)	Yield on Cost	Wtd. Avg. Days to Maturity
BANK OF AMERICA	\$ 6,287,061	1.12%	\$ 6,287,061	100.00%	\$ -	0.15%	1
WELLS FARGO BANK	1,687,379	0.30%	1,687,379	100.00%	-	N/A	1
STATE OF CALIFORNIA LOCAL AGENCY INVESTMENT FUND (LAIF)	53,151,751	9.49%	53,167,630	100.00%	15,880	0.23%	232 **
CALIFORNIA ASSET MANAGEMENT PROGRAM (CAMP) INDIVIDUAL PORTFOLIO	128,405,724	22.93%	127,863,821	99.58%	(541,903)	0.58%	604
CALIFORNIA ASSET MANAGEMENT PROGRAM (CAMP) CASH RESERVE PORTFOLIO	107,767,188	19.24%	107,767,188	100.00%	-	0.06%	41 **
US BANK	34,166,658	6.10%	34,160,944	99.98%	(5,714)	0.11%	37
THE BANK OF NEW YORK (BNY) MELLON INDIVIDUAL PORTFOLIO	164,030,854	29.29%	162,830,390	99.27%	(1,200,464)	0.85%	757
THE BANK OF NEW YORK (BNY) MELLON CASH RESERVE PORTFOLIO	2,767,632	0.49%	2,767,632	100.00%	-	0.01%	1
SAN DIEGO COUNTY TREASURER'S POOLED MONEY FUND	58,059,220	10.37%	58,065,220	100.00%	6,000	0.43%	366 **
DWS MONEY MARKET SERIES INSTITUTIONAL FUNDS	268,693	0.05%	268,693	100.00%	-	0.04%	38 **
CALIFORNIA BANK AND TRUST	1,571,542	0.28%	1,571,542	100.00%	-	0.10%	1
CALIFORNIA BANK OF COMMERCE	547,287	0.10%	547,287	100.00%	-	0.45%	1
UNION BANK	1,262,843	0.23%	1,262,843	100.00%	-	0.05%	1
TOTAL	\$ 559,973,830	100.00%	\$ 558,247,629	99.69%	\$ (1,726,201)	0.48%	430

** 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	\$ 54,349,209	9.71%	\$ 54,345,948	99.99%	\$ (3,261)	0.15%	92
ARJIS FUNDS (Automated Regional Justice Information System)	5,523,776	0.99%	5,523,776	100.00%	-	0.23%	182
SOURCEPOINT FUNDS	657,496	0.12%	657,496	100.00%	-	0.38%	281
CORONADO BRIDGE TOLL FUNDS	277,424	0.05%	277,424	100.00%	-	0.06%	41
RTC FUNDS (San Diego County Regional Transportation Commission)	499,165,926	89.14%	497,442,985	99.65%	(1,722,941)	0.51%	470
TOTAL	\$ 559,973,830	100.00%	\$ 558,247,629	99.69%	\$ (1,726,201)	0.48%	430

Note: In addition to the funds held above, there is \$4,750 petty cash held at SANDAG.

SANDAG
Detail of Portfolio Balances (by Account)
as of June 30, 2014

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)	\$ 1,629,770	0.29%	\$ 1,629,770	100.00%	\$ -	N/A	1
Checking - SANDAG General	3,369,281	0.60%	3,369,281	100.00%	-	N/A	1
Checking - SANDAG Flexible Spending Acct (FSA)	54,539	0.01%	54,539	100.00%	-	N/A	1
Checking - SANDAG Interstate 15 (I-15) FasTrak®	675,391	0.12%	675,391	100.00%	-	N/A	1
Checking - SANDAG SAFE Program Acct	190,035	0.03%	190,035	100.00%	-	N/A	1
Checking - SourcePoint	34,263	0.01%	34,263	100.00%	-	N/A	1
Checking - ARJIS	215,822	0.04%	215,822	100.00%	-	N/A	1
Money Market - SourcePoint	117,960	0.02%	117,960	100.00%	-	0.15%	1
TOTAL BANK OF AMERICA	\$ 6,287,061	1.12%	\$ 6,287,061	100.00%	\$ -	0.15%	1
WELLS FARGO BANK:							
Checking - SR125 Payment Account	\$ 1,338,262	0.24%	\$ 1,338,262	100.00%	\$ -	N/A	1
Checking - SR125 Collection Account	349,117	0.06%	349,117	100.00%	-	N/A	1
TOTAL WELLS FARGO BANK	\$ 1,687,379	0.30%	\$ 1,687,379	100.00%	\$ -	N/A	1
STATE OF CA LOCAL AGENCY INVESTMENT FUND (LAIF):							
<i>TransNet</i> (RTC)	\$ 48,289,606	8.62%	\$ 48,304,032	100.00%	\$ 14,427	0.23%	232
SANDAG	4,862,145	0.87%	4,863,597	100.00%	1,453	0.23%	232
TOTAL LAIF	\$ 53,151,751	9.49%	\$ 53,167,630	100.00%	\$ 15,880	0.23%	232 **
CALIFORNIA ASSET MANAGEMENT PROGRAM (CAMP):							
INDIVIDUAL PORTFOLIO:							
<i>TransNet</i> Sales Tax (RTC)	\$ 110,384,105	19.71%	\$ 109,909,879	99.57%	\$ (474,226)	0.61%	680
<i>TransNet</i> 2008 Bond Proceeds A/B/C/D Reserve Fund (RTC)	17,145,449	3.06%	17,101,323	99.74%	(44,126)	0.44%	122
Sage Hill Endowment (RTC)	876,169	0.16%	852,618	97.31%	(23,551)	0.41%	472
TOTAL INDIVIDUAL PORTFOLIO	\$ 128,405,724	22.93%	\$ 127,863,821	99.58%	\$ (541,903)	0.58%	604

SANDAG
Detail of Portfolio Balances (by Account)
as of June 30, 2014

Institution / Account	Book Value	Percent of Portfolio	Market Value	Market Price	Unrealized Gain/(Loss)	Yield on Cost	Wtd. Avg. Days to Maturity
CASH RESERVE PORTFOLIO:							
I-15 FasTrak®	\$ 619,213	0.11%	\$ 619,213	100.00%	\$ -	0.06%	41
ARJIS	2,877,881	0.51%	2,877,881	100.00%	-	0.06%	41
California Coastal Commission	1,283,804	0.23%	1,283,804	100.00%	-	0.06%	41
SANDAG SR -125	1,845,624	0.33%	1,845,624	100.00%	-	0.06%	41
SANDAG Toll Road Project Maint	20,746,638	3.70%	20,746,638	100.00%	-	0.06%	41
Coronado Bridge Toll Funds	277,424	0.05%	277,424	100.00%	-	0.06%	41
SANDAG Toll Road Extraordinary Reserve	7,404,064	1.32%	7,404,064	100.00%	-	0.06%	41
2008 Bond Series A/B/C/D Reserve Fund (RTC)	88,965	0.02%	88,965	100.00%	-	0.06%	41
2008 Bond Series A - Principal (RTC)	1	0.00%	1	100.00%	-	0.06%	41
2008 Bond Series B - Principal (RTC)	1	0.00%	1	100.00%	-	0.06%	41
2008 Bond Series C - Principal (RTC)	1	0.00%	1	100.00%	-	0.06%	41
2008 Bond Series D - Principal (RTC)	1	0.00%	1	100.00%	-	0.06%	41
2010 Bond Series B - Principal (RTC)	155,037	0.03%	155,037	100.00%	-	0.06%	41
2010 Bond Series B - Interest (RTC)	89,751	0.02%	89,751	100.00%	-	0.06%	41
2010 Bond Series A - Interest (RTC)	5,009,775	0.89%	5,009,775	100.00%	-	0.06%	41
2012 Bond Series A - Project (RTC)	45	0.00%	45	100.00%	-	0.06%	41
2012 Bond Series A - Interest (RTC)	4,667,116	0.83%	4,667,116	100.00%	-	0.06%	41
2012 Bond Series A - Principal (RTC)	3,718,439	0.66%	3,718,439	100.00%	-	0.06%	41
2008 Sales Tax Account - <i>TransNet</i> Extension (RTC)	58,628,861	10.47%	58,628,861	100.00%	-	0.06%	41
Wetland Mitigation <i>TransNet</i> Sales Tax (RTC)	290,818	0.05%	290,818	100.00%	-	0.06%	41
Sage Hill Endowment (RTC)	63,731	0.01%	63,731	100.00%	-	0.06%	41
TOTAL CASH RESERVE PORTFOLIO	\$ 107,767,188	19.24%	\$ 107,767,188	100.00%	\$ -	0.06%	41 **
TOTAL CAMP	\$ 236,172,912	42.17%	\$ 235,631,009	99.77%	\$ (541,903)	0.34%	347

SANDAG
Detail of Portfolio Balances (by Account)
as of June 30, 2014

Institution / Account	Book Value	Percent of Portfolio	Market Value	Market Price	Unrealized Gain/(Loss)	Yield on Cost	Wtd. Avg. Days to Maturity
US BANK:							
Capital Project Retention Account	\$ 10,322	0.00%	\$ 10,325	100.03%	\$ 3	0.01%	1
Capital Project Retention Account	107,836	0.02%	108,544	100.66%	708	1.12%	1,032
Capital Project Retention Account	164,909	0.03%	158,484	96.10%	(6,426)	4.97%	1,173
SANDAG - Toll Road Project Revenue	251,000	0.04%	251,000	100.00%	-	0.05%	1
SANDAG - Toll Road Project Capital Expenditure Reserve	354,514	0.06%	354,514	100.00%	-	0.05%	1
SANDAG - Toll Road Project Expense Fund - TIFIA Note Expense Acct	10,009	0.00%	10,009	100.00%	-	0.05%	1
SANDAG - Toll Road Project Senior Obligation Debt Service - Interest	663	0.00%	663	100.00%	-	0.05%	1
SANDAG - Toll Road Project Senior Obligation Debt Service - Principal	64	0.00%	64	100.00%	-	0.05%	1
SANDAG - Toll Road Proj First Subord Obl TransNet Payment	260	0.00%	260	100.00%	-	0.05%	1
SANDAG - Toll Road Project SANDAG Distribution	1,000,040	0.18%	1,000,040	100.00%	-	0.05%	1
2008 Bond Series A/B/C/D Main Interest (RTC)	1,237,580	0.22%	1,237,580	100.00%	-	0.03%	1
Commercial Paper Series B - NCTD Interest (RTC)	234,458	0.04%	234,458	100.00%	-	0.03%	1
NCTD Certificates of Participation	30,575,000	5.46%	30,575,000	100.00%	-	0.09%	32
Sales Tax Revenue CP Notes Series B Interest (RTC)	1,593	0.00%	1,593	100.00%	-	0.00%	1
Sales Tax Revenue CP Notes Series B Principal (RTC)	218,411	0.04%	218,411	100.00%	-	0.00%	1
TOTAL US BANK	\$ 34,166,658	6.10%	\$ 34,160,944	99.98%	\$ (5,714)	0.11%	37

SANDAG
Detail of Portfolio Balances (by Account)
as of June 30, 2014

Institution / Account	Book Value	Percent of Portfolio	Market Value	Market Price	Unrealized Gain/(Loss)	Yield on Cost	Wtd. Avg. Days to Maturity
THE BANK OF NEW YORK MELLON:							
INDIVIDUAL PORTFOLIO:							
<i>TransNet</i> Extension (RTC)	\$ 164,030,854	29.29%	\$ 162,830,390	99.27%	\$ (1,200,464)	0.85%	757
TOTAL INDIVIDUAL PORTFOLIO	\$ 164,030,854	29.29%	\$ 162,830,390	99.27%	\$ (1,200,464)	0.85%	757
CASH RESERVE:							
<i>TransNet</i> Extension (RTC)	\$ 2,767,632	0.49%	\$ 2,767,632	100.00%	\$ -	0.01%	1
TOTAL CASH RESERVE	\$ 2,767,632	0.49%	\$ 2,767,632	100.00%	\$ -	0.01%	1
TOTAL THE BANK OF NEW YORK MELLON	\$ 166,798,487	29.79%	\$ 165,598,022	99.28%	\$ (1,200,464)	0.84%	745
SAN DIEGO COUNTY TREASURER'S POOLED MONEY FUND:							
SourcePoint Cash Reserve Fund	\$ 505,273	0.09%	\$ 505,273	100.00%	\$ -	0.43%	366
<i>TransNet</i> Extension (RTC)	49,062,756	8.76%	49,067,756	100.00%	5,000	0.43%	366
ARJIS	2,430,074	0.43%	2,430,074	100.00%	-	0.43%	366
SANDAG SAFE Program	6,061,117	1.08%	6,062,117	100.00%	1,000	0.43%	366
TOTAL SAN DIEGO COUNTY TREASURER'S POOLED MONEY FUND	\$ 58,059,220	10.37%	\$ 58,065,220	100.00%	\$ 6,000	0.43%	366 **
DWS MONEY MARKET SERIES INSTITUTIONAL FUNDS:							
California Boating & Waterways	\$ 268,693	0.05%	\$ 268,693	100.00%	\$ -	0.04%	38 **
TOTAL DWS MONEY MARKET SERIES INSTITUTIONAL FUNDS	\$ 268,693	0.05%	\$ 268,693	100.00%	\$ -	0.04%	38
CALIFORNIA BANK AND TRUST							
Capital Project Retention Accounts	\$ 1,571,542	0.28%	\$ 1,571,542	100.00%	\$ -	0.10%	1
TOTAL CALIFORNIA BANK AND TRUST	\$ 1,571,542	0.28%	\$ 1,571,542	100.00%	\$ -	0.10%	1

SANDAG
Detail of Portfolio Balances (by Account)
as of June 30, 2014

Institution / Account	Book Value	Percent of Portfolio	Market Value	Market Price	Unrealized Gain/(Loss)	Yield on Cost	Wtd. Avg. Days to Maturity
CALIFORNIA BANK OF COMMERCE							
Capital Project Retention Account	\$ 547,287	0.10%	\$ 547,287	100.00%	\$ -	0.45%	1
TOTAL CALIFORNIA BANK OF COMMERCE	\$ 547,287	0.10%	\$ 547,287	100.00%	\$ -	0.45%	1
UNION BANK							
Capital Project Retention Accounts	\$ 1,262,843	0.23%	\$ 1,262,843	100.00%	\$ -	0.05%	1
TOTAL UNION BANK	\$ 1,262,843	0.23%	\$ 1,262,843	100.00%	\$ -	0.05%	1
TOTAL	\$ 559,973,830	100.00%	\$ 558,247,629	99.69%	\$ (1,726,201)	0.48%	430

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, 2014

Investment	Purchase Date	Maturity Date	Book Value	Market Value	Unrealized Gain / (Loss)	Par Value	S&P Rating	Moody's Rating	Yield on Cost	Wtd. Avg.	
										Days to Maturity	
Cash and cash equivalents:											
Demand deposits:											
Checking - TransNet Sales Tax (RTC)	N/A	N/A	\$ 1,629,770	\$ 1,629,770	\$ -	N/A	NR	NR	N/A	1	1450450629
Checking - SANDAG General	N/A	N/A	3,369,281	3,369,281	-	N/A	NR	NR	N/A	1	1450155120
Checking - SANDAG Flexible Spending Acct (FSA)	N/A	N/A	54,539	54,539	-	N/A	NR	NR	N/A	1	1453207558
Checking - SANDAG Interstate 15 (I-15) FasTrak®	N/A	N/A	675,391	675,391	-	N/A	NR	NR	N/A	1	1431780530
Checking - SANDAG SAFE Program Acct	N/A	N/A	190,035	190,035	-	N/A	NR	NR	N/A	1	1453320837
Checking - SR125 Payment Account	N/A	N/A	1,338,262	1,338,262	-	N/A	NR	NR	N/A	1	4125504977
Checking - SR125 Collection Account	N/A	N/A	349,117	349,117	-	N/A	NR	NR	N/A	1	4125504985
Checking - SourcePoint	N/A	N/A	34,263	34,263	-	N/A	NR	NR	N/A	1	1459626907
Checking - ARJIS	N/A	N/A	215,822	215,822	-	N/A	NR	NR	N/A	1	1459142778
Total demand deposits			\$ 7,856,480	\$ 7,856,480	\$ -	N/A			N/A	1	
Money market accounts and funds:											
Money Market - Capital Project Retention Account	N/A	N/A	\$ 10,322	\$ 10,325	\$ 3	N/A	NR	NR	0.01%	1	133890033
Money Market - Capital Project Retention Account	N/A	N/A	1,571,542	1,571,542	-	N/A	NR	NR	0.10%	1	CA Bank and Trust - retention accts
Money Market - Capital Project Retention Account	N/A	N/A	1,262,843	1,262,843	-	N/A	NR	NR	0.05%	1	Union Bank - retention acct
Money Market - Capital Project Retention Account	N/A	N/A	547,287	547,287	-	N/A	NR	NR	0.45%	1	Bank of Commerce - retention acct
Money Market - SANDAG Toll Road Project Revenue Fund	N/A	N/A	251,000	251,000	-	N/A	NR	NR	0.05%	1	156412000
Money Market - SANDAG Toll Road Project Cap Exp Reserve	N/A	N/A	354,514	354,514	-	N/A	NR	NR	0.05%	1	156412004
Money Market - SANDAG Toll Road Project TIFIA Note Expense	N/A	N/A	10,009	10,009	-	N/A	NR	NR	0.05%	1	156412008
Money Market - SANDAG Toll Road Project Sr. Oblig. D/S - Interest	N/A	N/A	663	663	-	N/A	NR	NR	0.05%	1	156412010
Money Market - SANDAG Toll Road Project Sr. Oblig. D/S - Princ.	N/A	N/A	64	64	-	N/A	NR	NR	0.05%	1	156412012
Money Market - SANDAG Toll Road Project 1st Sub Obl TNet Pymt	N/A	N/A	260	260	-	N/A	NR	NR	0.05%	1	156142018
Money Market - SANDAG Toll Road Project SANDAG Distribution	N/A	N/A	1,000,040	1,000,040	-	N/A	NR	NR	0.05%	1	156412024
San Diego County Treasurer's Pooled Money Fund (SourcePoint)	N/A	N/A	505,273	505,273	-	N/A	AAAf / S1		0.43%	366	44056
San Diego County Treasurer's Pooled Money Fund (RTC)	N/A	N/A	49,062,756	49,067,756	5,000	N/A	AAAf / S1		0.43%	366	44058
San Diego County Treasurer's Pooled Money Fund (ARJIS)	N/A	N/A	2,430,074	2,430,074	-	N/A	AAAf / S1		0.43%	366	44059
San Diego County Treasurer's Pooled Money Fund (SAFE)	N/A	N/A	6,061,117	6,062,117	1,000	N/A	AAAf / S1		0.43%	366	44568
Money Market - RTC (2008 Bond - Main Interest)	N/A	N/A	1,237,580	1,237,580	-	N/A	NR	NR	0.03%	1	122565014
Money Market - RTC (CP Series B - NCTD)	N/A	N/A	234,458	234,458	-	N/A	NR	NR	0.03%	1	122565015
Money Market - RTC (CP Interest Payment)	N/A	N/A	1,593	1,593	-	N/A	NR	NR	0.00%	1	791735001
Money Market - RTC (CP Principal Payment)	N/A	N/A	218,411	218,411	-	N/A	NR	NR	0.00%	1	791735001
Money Market - SourcePoint	N/A	N/A	117,960	117,960	-	N/A	NR	NR	0.15%	1	1450052040
DWS Money Mkt Srs Institution - CA Boating & Waterways	N/A	N/A	268,693	268,693	-	N/A	AAAm	Aaa-mf	0.04%	38	2403-02300001099-6
CAMP Cash Reserve Portfolio (ARJIS)	N/A	N/A	2,877,881	2,877,881	-	N/A	AAAm	NR	0.06%	41	579-00
CAMP Cash Reserve Portfolio - CA Coastal Commission	N/A	N/A	1,283,804	1,283,804	-	N/A	AAAm	NR	0.06%	41	602-00
CAMP Cash Reserve Portfolio (SANDAG SR-125)	N/A	N/A	1,845,624	1,845,624	-	N/A	AAAm	NR	0.06%	41	602-02
CAMP Cash Reserve Portfolio (SANDAG SR-125) - Project Maint	N/A	N/A	20,746,638	20,746,638	-	N/A	AAAm	NR	0.06%	41	602-03
CAMP Cash Reserve Portfolio - Coronado Bridge Toll Funds	N/A	N/A	277,424	277,424	-	N/A	AAAm	NR	0.06%	41	602-04
CAMP Cash Reserve Portfolio (SANDAG SR-125) - Extraordinary Reserve	N/A	N/A	7,404,064	7,404,064	-	N/A	AAAm	NR	0.06%	41	602-05
CAMP Cash Reserve Portfolio (I-15 FasTrak®)	N/A	N/A	619,213	619,213	-	N/A	AAAm	NR	0.06%	41	5-30
CAMP Cash Reserve Portfolio (RTC) - 2008 Bond Reserve	N/A	N/A	88,965	88,965	-	N/A	AAAm	NR	0.06%	41	5-37
CAMP Cash Reserve Portfolio (RTC) - 2008 Bond Ser A Principal	N/A	N/A	1	1	-	N/A	AAAm	NR	0.06%	41	5-38
CAMP Cash Reserve Portfolio (RTC) - 2008 Bond Ser B Principal	N/A	N/A	1	1	-	N/A	AAAm	NR	0.06%	41	5-39
CAMP Cash Reserve Portfolio (RTC) - 2008 Bond Ser C Principal	N/A	N/A	1	1	-	N/A	AAAm	NR	0.06%	41	5-40
CAMP Cash Reserve Portfolio (RTC) - 2008 Bond Ser D Principal	N/A	N/A	1	1	-	N/A	AAAm	NR	0.06%	41	5-41
CAMP Cash Reserve Portfolio (RTC) - 2010 Bond Ser B Principal	N/A	N/A	155,037	155,037	-	N/A	AAAm	NR	0.06%	41	5-46
CAMP Cash Reserve Portfolio (RTC) - 2010 Bond Ser B Interest	N/A	N/A	89,751	89,751	-	N/A	AAAm	NR	0.06%	41	5-47
CAMP Cash Reserve Portfolio (RTC) - 2010 Bond Ser A Interest	N/A	N/A	5,009,775	5,009,775	-	N/A	AAAm	NR	0.06%	41	5-49
CAMP Cash Reserve Portfolio (RTC) - 2012 Bond Project	N/A	N/A	45	45	-	N/A	AAAm	NR	0.06%	41	5-50

SANDAG
Detail of Portfolio Balances (by Investment Type)
as of June 30, 2014

Investment	Purchase Date	Maturity Date	Book Value	Market Value	Unrealized Gain / (Loss)	Par Value	S&P Rating	Moody's Rating	Yield on Cost	Wtd. Avg.	
										Days to Maturity	
CAMP Cash Reserve Portfolio (RTC) - 2012 Bond Interest	N/A	N/A	4,667,116	4,667,116	-	N/A	AAAm	NR	0.06%	41	5-51
CAMP Cash Reserve Portfolio (RTC) - 2012 Bond Principal	N/A	N/A	3,718,439	3,718,439	-	N/A	AAAm	NR	0.06%	41	5-52
CAMP Cash Reserve Portfolio (RTC) - Sales Tax	N/A	N/A	58,628,861	58,628,861	-	N/A	AAAm	NR	0.06%	41	595-00
CAMP Cash Reserve Portfolio - Wetland Mitigation (RTC)	N/A	N/A	290,818	290,818	-	N/A	AAAm	NR	0.06%	41	595-01
CAMP Cash Reserve Portfolio - Sage Hill Endowment (RTC)	N/A	N/A	63,731	63,731	-	N/A	AAAm	NR	0.06%	41	595-02
BNY Mellon Cash Reserve <i>TransNet</i> Extension (RTC)	N/A	N/A	2,767,632	2,767,632	-	N/A	NR	NR	0.01%	1	503098
Total money market accounts and funds			\$ 175,681,278	\$ 175,687,280	\$ 6,003	N/A			0.19%	146	
Total cash and cash equivalents			\$ 183,537,757	\$ 183,543,760	\$ 6,003	N/A			N/A	140	
Investments:											
State of CA Local Agency Investment Fund:											
LAIF - <i>TransNet</i> (RTC)	N/A	N/A	\$ 48,289,606	\$ 48,304,032	\$ 14,427	N/A	NR	NR	0.23%	232	8037006
LAIF - SANDAG	N/A	N/A	4,862,145	4,863,597	1,453	N/A	NR	NR	0.23%	232	8037008
Total State of CA Local Agency Investment Fund			\$ 53,151,751	\$ 53,167,630	\$ 15,880	N/A			0.23%	232	
U.S. Agencies:											
Fannie Mae Global Notes	06/13/2012	10/30/2014	\$ 17,145,449	\$ 17,101,323	\$ (44,125)	\$ 17,070,000	AA+	Aaa	0.44%	122	12512456
FNMA	09/30/2013	04/27/2017	107,836	108,544	708	108,000	AA+	AAA	1.12%	1,032	133890033
US Treasury Notes	02/07/2014	07/31/2015	4,194,012	4,170,791	(23,221)	4,100,000	AA+	Aaa	0.20%	396	12512454
US Treasury Notes	11/30/2012	11/15/2015	1,262,329	1,191,006	(71,323)	1,125,000	AA+	Aaa	0.35%	503	12512454
US Treasury Notes	04/11/2013	04/30/2016	598,678	586,788	(11,890)	570,000	AA+	Aaa	0.34%	670	12512454
US Treasury Notes	04/11/2014	05/31/2016	359,434	358,859	(574)	350,000	AA+	Aaa	0.48%	701	12512454
US Treasury Notes	05/31/2013	05/31/2016	777,393	768,984	(8,409)	750,000	AA+	Aaa	0.52%	701	12512454
US Treasury Notes	05/15/2013	06/30/2016	1,278,960	1,240,268	(38,692)	1,175,000	AA+	Aaa	0.40%	731	12512454
US Treasury Notes	06/05/2014	07/31/2016	4,090,625	4,083,124	(7,501)	4,000,000	AA+	Aaa	0.44%	762	12512454
US Treasury Notes	02/07/2014	07/31/2016	4,203,301	4,185,202	(18,099)	4,100,000	AA+	Aaa	0.48%	762	12512454
US Treasury Notes	08/30/2013	08/31/2016	1,649,033	1,656,912	7,879	1,640,000	AA+	Aaa	0.81%	793	12512454
US Treasury Notes	02/28/2014	09/30/2016	5,954,813	5,907,563	(47,250)	5,600,000	AA+	Aaa	0.53%	823	12512454
US Treasury Notes	06/05/2014	10/31/2016	4,043,281	4,037,500	(5,781)	4,000,000	AA+	Aaa	0.55%	854	12512454
US Treasury Notes	12/03/2013	11/30/2016	2,734,030	2,726,726	(7,304)	2,710,000	AA+	Aaa	0.58%	884	12512454
US Treasury Notes	11/01/2013	11/30/2016	5,636,486	5,564,717	(71,769)	5,295,000	AA+	Aaa	0.63%	884	12512454
US Treasury Notes	06/05/2014	05/31/2017	3,549,640	3,546,292	(3,348)	3,570,000	AA+	Aaa	0.82%	1,066	12512454
FHLMC Global Reference Notes	04/05/2013	07/17/2015	1,823,640	1,742,949	(80,691)	1,670,000	AA+	Aaa	0.33%	382	12512454
FHLMC Global Reference Notes	04/04/2013	07/17/2015	2,445,699	2,337,848	(107,852)	2,240,000	AA+	Aaa	0.34%	382	12512454
Federal Home Loan Bank Global Notes	08/09/2013	08/28/2015	1,384,945	1,388,000	3,055	1,385,000	AA+	Aaa	0.38%	424	12512454
Freddie Mac Global Notes	07/31/2012	08/28/2015	2,402,784	2,408,239	5,455	2,400,000	AA+	Aaa	0.46%	424	12512454
FHLB (callable) Global Notes	12/30/2013	12/30/2015	3,348,995	3,350,422	1,427	3,350,000	AA+	Aaa	0.39%	548	12512454
Federal Home Loan Bank Global Notes	03/18/2014	02/19/2016	2,800,028	2,800,190	162	2,800,000	AA+	Aaa	0.37%	599	12512454
Federal Home Loan Bank Global Notes	02/07/2014	02/19/2016	4,100,246	4,100,279	33	4,100,000	AA+	Aaa	0.37%	599	12512454
Fannie Mae Global Notes	08/30/2013	03/30/2016	3,729,750	3,756,390	26,640	3,750,000	AA+	Aaa	0.71%	639	12512454
FNMA Notes	10/03/2013	09/28/2016	1,451,459	1,450,978	(481)	1,430,000	AA+	Aaa	0.74%	821	12512454
FNMA Notes	10/03/2013	09/28/2016	1,542,466	1,542,298	(167)	1,520,000	AA+	Aaa	0.75%	821	12512454
FEDERAL HOME LOAN BANKS (CALLABLE)	04/04/2014	03/27/2017	2,107,914	2,106,859	(1,055)	2,085,000	AA+	Aaa	1.25%	1,001	12512454
FHLB GLOBAL NOTE (CALLABLE)	04/28/2014	04/28/2017	621,827	621,803	(24)	615,000	AA+	Aaa	1.25%	1,033	12512454
Fannie Mae Global Notes	09/20/2013	10/15/2015	876,169	852,618	(23,551)	810,000	AA+	Aaa	0.41%	472	12512455
US Treasury	08/26/2011	10/31/2015	1,788,965	1,774,609	(14,356)	1,750,000	AA+	Aaa	0.71%	488	503098
US Treasury	04/22/2014	05/31/2016	5,647,813	5,638,787	(9,026)	5,500,000	AA+	Aaa	0.47%	701	503098
US Treasury	08/12/2011	07/31/2016	3,078,750	3,062,109	(16,641)	3,000,000	AA+	Aaa	0.96%	762	503098
US Treasury	05/23/2014	11/15/2016	3,003,281	3,000,468	(2,813)	3,000,000	AA+	Aaa	0.58%	868	503098
US Treasury	06/03/2014	11/15/2016	1,401,094	1,400,218	(875)	1,400,000	AA+	Aaa	0.59%	868	503098
US Treasury	06/06/2014	03/31/2017	3,020,625	3,017,343	(3,282)	3,000,000	AA+	Aaa	0.75%	1,005	503098

SANDAG
Detail of Portfolio Balances (by Investment Type)
as of June 30, 2014

Investment	Purchase Date	Maturity Date	Book Value	Market Value	Unrealized Gain / (Loss)	Par Value	S&P Rating	Moody's Rating	Yield on Cost	Wtd. Avg.	
										Days to Maturity	
Private Expt Fdg Corp (PEFCO)	09/10/2013	10/15/2014	2,604,255	2,546,943	(57,312)	2,526,000	AA+	Aaa	0.22%	107	503098
Private Expt Fdg Corp (PEFCO)	09/18/2013	05/15/2015	2,624,886	2,547,249	(77,637)	2,455,000	AA+	Aaa	0.36%	319	503098
Private Expt Fdg Corp (PEFCO)	08/21/2013	02/15/2017	3,023,010	3,038,049	15,039	3,000,000	AA+	Aaa	1.15%	961	503098
FHLMC	09/16/2011	08/20/2014	3,037,470	3,003,669	(33,801)	3,000,000	AA+	Aaa	0.57%	51	503098
FHLMC	10/17/2011	08/20/2014	3,020,010	3,003,669	(16,341)	3,000,000	AA+	Aaa	0.76%	51	503098
FNMA	07/29/2011	09/08/2014	2,030,524	2,005,172	(25,352)	2,000,000	AA+	Aaa	1.00%	70	503098
FNMA	08/04/2011	09/08/2014	2,041,940	2,005,172	(36,768)	2,000,000	AA+	Aaa	0.81%	70	503098
FHLB	08/11/2011	06/12/2015	2,156,240	2,050,908	(105,332)	2,000,000	AA+	Aaa	0.80%	347	503098
FHLMC	08/19/2013	08/19/2015	9,505,510	9,503,952	(1,558)	9,500,000	AA+	Aaa	0.44%	415	503098
FNMA	03/19/2012	10/26/2015	1,282,750	1,272,176	(10,574)	1,250,000	AA+	Aaa	0.88%	483	503098
FNMA	03/11/2013	03/11/2016	3,016,770	3,002,991	(13,779)	3,000,000	AA+	Aaa	0.38%	620	503098
FNMA	03/28/2014	07/05/2016	2,986,530	2,985,579	(951)	3,000,000	AA+	Aaa	0.57%	736	503098
FFCB	03/14/2014	09/23/2016	2,005,300	2,004,122	(1,178)	2,000,000	AA-	Aaa	0.58%	816	503098
FNMA	05/14/2013	11/14/2016	7,750,000	7,713,195	(36,805)	7,750,000	AA+	Aaa	0.55%	868	503098
FHLB	04/22/2014	12/09/2016	5,625,180	5,619,185	(5,995)	5,500,000	AA+	Aaa	0.75%	893	503098
FHLMC	01/27/2012	12/19/2016	1,521,150	1,505,240	(15,911)	1,500,000	AA+	Aaa	1.00%	903	503098
FHLB	10/15/2013	03/10/2017	3,183,360	3,207,024	23,664	3,200,000	AA+	Aaa	1.03%	984	503098
FHLMC	08/06/2012	05/12/2017	511,200	505,664	(5,536)	500,000	AA+	Aaa	0.77%	1,047	503098
FHLMC	07/31/2012	06/29/2017	3,025,650	3,006,018	(19,632)	3,000,000	AA+	Aaa	0.82%	1,095	503098
FHLB	03/31/2014	09/13/2017	1,999,400	2,005,982	6,582	2,000,000	AA+	Aaa	1.36%	1,171	503098
FNMA	11/30/2012	09/20/2017	3,508,400	3,490,893	(17,507)	3,500,000	AA+	Aaa	1.00%	1,178	503098
FNMA	12/05/2012	09/20/2017	1,002,750	997,398	(5,352)	1,000,000	AA+	Aaa	1.00%	1,178	503098
FNMA	02/26/2013	09/20/2017	4,004,000	3,989,592	(14,408)	4,000,000	AA+	Aaa	1.00%	1,178	503098
FHLMC	03/27/2014	09/27/2017	2,000,000	1,996,668	(3,332)	2,000,000	AA+	Aaa	1.15%	1,185	503098
FHLMC	01/30/2013	01/12/2018	4,931,800	4,924,370	(7,430)	5,000,000	AA+	Aaa	1.03%	1,292	503098
FAMCA	01/25/2013	01/24/2018	2,499,375	2,486,005	(13,370)	2,500,000	AA+	Aaa	0.94%	1,304	503098
FHLMC	02/26/2013	02/07/2018	2,470,712	2,462,282	(8,430)	2,455,000	AA+	Aaa	1.35%	1,318	503098
FNMA	02/22/2013	02/08/2018	1,989,480	1,969,656	(19,824)	2,000,000	AA+	Aaa	0.98%	1,319	503098
FHLB	03/18/2013	03/09/2018	254,980	250,761	(4,220)	250,000	AA+	Aaa	0.96%	1,348	503098
FNMA	05/29/2013	03/13/2018	3,033,720	3,015,732	(17,988)	3,000,000	AA+	Aaa	0.87%	1,352	503098
FNMA	07/22/2013	03/13/2018	400,760	402,098	1,338	400,000	AA+	Aaa	1.38%	1,352	503098
FNMA	08/09/2013	03/13/2018	600,300	603,146	2,846	600,000	AA+	Aaa	1.47%	1,352	503098
FNMA	06/14/2013	04/03/2018	2,968,800	2,964,021	(4,779)	3,000,000	AA+	Aaa	1.35%	1,373	503098
Total U.S. Agencies			\$ 196,777,959	\$ 195,671,585	\$ (1,106,373)	\$ 193,854,000			0.67%	716	
Corporate Medium Term Notes:											
Gen Electric Cap Corp	07/29/2013	09/15/2017	\$ 164,909	\$ 158,484	\$ (6,426)	\$ 140,000	AA+	A1	4.97%	1,173	133890033
Walt Disney Co Global Notes	11/30/2012	12/01/2015	382,132	385,383	3,251	385,000	A	A2	0.70%	519	12512454
Cisco Systems Inc Global Notes	11/08/2013	02/22/2016	2,304,806	2,242,533	(62,273)	2,075,000	AA-	A1	0.62%	602	12512454
Cisco Systems Inc Global Notes	12/20/2013	02/22/2016	2,309,868	2,258,745	(51,123)	2,090,000	AA-	A1	0.62%	602	12512454
Caterpillar Financial SE Notes	02/28/2013	02/26/2016	649,194	650,698	1,504	650,000	A	A2	0.74%	606	12512454
PepsiCo Inc Global Notes	02/28/2013	02/26/2016	709,752	711,695	1,943	710,000	A-	A1	0.71%	606	12512454
JPMorgan Chase & Co Global Notes	02/26/2013	02/26/2016	1,997,580	2,009,408	11,828	2,000,000	A	A3	1.17%	606	12512454
Apple Inc Global Notes	05/03/2013	05/03/2016	638,842	638,639	(203)	640,000	AA+	Aa1	0.51%	673	12512454
IBM Corp Global Notes (Ex-Callable)	05/07/2013	05/06/2016	2,742,245	2,744,736	2,491	2,750,000	AA-	Aa3	0.55%	676	12512454
Toyota Motor Credit Corp	05/17/2013	05/17/2016	1,099,549	1,106,059	6,510	1,100,000	AA-	Aa3	0.81%	687	12512454
Chevron Corp Global Notes	11/21/2013	06/24/2016	3,529,410	3,529,357	(53)	3,507,000	AA	Aa1	0.64%	725	12512454
General Electric Capital Corp (Floating)	07/12/2013	07/12/2016	2,240,000	2,260,332	20,332	2,240,000	AA+	A1	0.93%	743	12512454
Wells Fargo and Company	07/29/2013	07/20/2016	769,261	776,647	7,387	770,000	A+	A2	1.28%	751	12512454
Berkshire Hathaway Fin Global Notes	10/15/2013	08/15/2016	499,050	502,684	3,634	500,000	AA	Aa2	1.02%	777	12512454
Berkshire Hathaway Fin Global Notes	08/15/2013	08/15/2016	1,419,247	1,427,621	8,374	1,420,000	AA	Aa2	0.97%	777	12512454

SANDAG
Detail of Portfolio Balances (by Investment Type)
as of June 30, 2014

Investment	Purchase Date	Maturity Date	Book Value	Market Value	Unrealized Gain / (Loss)	Par Value	S&P Rating	Moody's Rating	Yield on Cost	Wtd. Avg.	
										Days to Maturity	
American Honda Finance Global Notes	10/10/2013	10/07/2016	1,165,928	1,176,880	10,951	1,170,000	A+	A1	1.24%	830	12512454
Coca-Cola Co/The Global Notes	11/01/2013	11/01/2016	524,396	524,522	126	525,000	AA	Aa3	0.79%	855	12512454
Berkshire Hathaway Fin (FLT) Global Notes	01/10/2014	01/10/2017	900,000	900,227	227	900,000	AA	Aa2	0.39%	925	12512454
Pfizer Inc Global Notes	06/03/2013	01/15/2017	2,695,680	2,701,242	5,562	2,700,000	AA	A1	0.95%	930	12512454
PepsiCo Corp Notes	02/28/2014	02/22/2017	1,493,296	1,492,997	(299)	1,495,000	A-	A1	0.99%	968	12512454
Wal-Mart Stores Inc Corp Notes	04/22/2014	04/21/2017	524,921	526,135	1,213	525,000	AA	Aa2	1.01%	1,026	12512454
Apple Inc Corp Note	05/06/2014	05/05/2017	2,098,887	2,102,835	3,948	2,100,000	AA+	Aa1	1.07%	1,040	12512454
Toyota Motor Credit Corp Note	05/16/2014	05/16/2017	779,587	781,392	1,806	780,000	AA-	Aa3	1.14%	1,051	12512454
The Walt Disney Corporation Corp Note	06/02/2014	05/30/2017	1,192,849	1,190,674	(2,175)	1,195,000	A	A2	0.94%	1,065	12512454
GE Capital	10/16/2012	01/09/2015	1,029,240	1,009,830	(19,410)	1,000,000	AA+	A1	0.82%	193	503098
Berkshire Hathaway Fin Corp	01/26/2012	01/15/2015	4,474,400	4,099,008	(375,392)	4,000,000	AA	Aa2	0.80%	199	503098
IBM Corp	02/07/2012	02/06/2015	3,002,220	3,006,156	3,936	3,000,000	AA-	Aa3	0.53%	221	503098
Pfizer, Inc.	12/06/2013	03/15/2015	1,062,320	1,034,367	(27,953)	1,000,000	AA	A1	0.44%	319	503098
GE Capital	12/23/2011	06/29/2015	1,053,750	1,031,295	(22,455)	1,000,000	AA+	A1	1.91%	364	503098
Wells Fargo	01/24/2014	07/01/2015	2,029,400	2,022,478	(6,922)	2,000,000	A+	A2	0.47%	366	503098
Wal-Mart	01/19/2012	07/08/2015	1,049,330	1,020,139	(29,191)	1,000,000	AA	Aa2	0.81%	373	503098
US Bancorp	10/29/2010	07/27/2015	3,082,440	3,067,140	(15,300)	3,000,000	A+	A1	1.84%	392	503098
GE Capital	12/23/2011	09/21/2015	1,472,581	1,422,302	(50,279)	1,360,000	AA+	A1	2.07%	448	503098
Procter & Gamble	09/20/2011	11/15/2015	2,055,280	2,038,520	(16,760)	2,000,000	AA-	Aa3	1.12%	503	503098
Google Inc.	10/16/2012	05/19/2016	1,053,370	1,030,128	(23,242)	1,000,000	AA	Aa2	0.62%	689	503098
Wells Fargo	04/29/2014	07/20/2016	3,030,540	3,025,656	(4,884)	3,000,000	A+	A2	0.79%	751	503098
Procter & Gamble	12/23/2011	08/15/2016	1,145,143	1,150,469	5,326	1,132,000	AA-	Aa3	1.19%	777	503098
Procter & Gamble	12/23/2011	08/15/2016	734,429	737,845	3,416	726,000	AA-	Aa3	1.19%	777	503098
The Coca-Cola Company	03/04/2014	09/01/2016	2,519,948	2,507,325	(12,622)	2,450,000	AA	Aa3	0.64%	793	503098
Toyota Motor Credit	10/04/2013	01/12/2017	5,420,085	5,428,102	8,017	5,285,000	AA-	Aa3	1.25%	927	503098
Apple Inc.	05/28/2014	05/05/2017	3,011,340	3,003,600	(7,740)	3,000,000	AA+	Aa1	0.92%	1,040	503098
PepsiCo Inc	02/19/2013	08/13/2017	3,004,200	3,009,414	5,214	3,000,000	A-	A1	1.22%	1,140	503098

SANDAG
Detail of Portfolio Balances (by Investment Type)
as of June 30, 2014

Investment	Purchase Date	Maturity Date	Unrealized			S&P Rating	Moody's Rating	Yield on Cost	Wtd. Avg. Days to Maturity		
			Book Value	Market Value	Gain / (Loss)						Par Value
Philip Morris Int'l	12/18/2012	08/21/2017	999,720	996,873	(2,847)	1,000,000	A	A2	1.13%	1,148	503098
IBM Corp	02/03/2014	09/14/2017	3,107,673	3,075,646	(32,027)	2,700,000	AA-	Aa3	1.40%	1,172	503098
Wal-Mart	05/31/2013	02/15/2018	720,498	691,630	(28,868)	600,000	AA	Aa2	1.38%	1,326	503098
Wal-Mart	04/16/2013	04/11/2018	500,215	493,270	(6,946)	500,000	AA	Aa2	1.12%	1,381	503098
Apple Inc.	08/05/2013	05/03/2018	1,925,040	1,955,672	30,632	2,000,000	AA+	Aa1	1.83%	1,403	503098
Total Corporate Medium Notes			\$ 80,314,548	\$ 79,656,787	\$ (657,762)	\$ 78,120,000			1.00%	741	
Commercial Paper:											
Bank of Tokyo Mitsu UFJ Ltd Comm Paper	05/02/2014	08/01/2014	\$ 2,798,514	\$ 2,799,577	\$ 1,064	\$ 2,800,000	A-1	P-1	0.21%	32	12512454
BNP Paribas Finance Inc Comm Paper	02/07/2014	11/03/2014	2,790,585	2,797,687	7,102	2,800,000	A-1	P-1	0.45%	126	12512454
JP Morgan Securities LLC Comm Paper	05/06/2014	11/03/2014	2,796,762	2,798,118	1,356	2,800,000	A-1	P-1	0.23%	126	12512454
ING Funding Comm Paper	04/22/2014	10/22/2014	2,995,425	2,997,891	2,466	3,000,000	A-1	P-1	0.30%	114	503098
ING Funding Comm Paper	05/02/2014	11/03/2014	2,995,529	2,997,522	1,993	3,000,000	A-1	P-1	0.29%	126	503098
Total Commercial Paper			\$ 14,376,815	\$ 14,390,796	\$ 13,981	\$ 14,400,000			0.30%	105	
Municipal Bonds/Notes:											
University of Cal Txbi Revenue Bonds	10/02/2013	05/15/2015	\$ 620,000	\$ 620,849	\$ 849	\$ 620,000	AA	Aa2	0.53%	319	12512454
CA ST Dept of Water Rev Bonds	09/27/2012	12/01/2015	620,000	621,221	1,221	620,000	AAA	Aa1	0.65%	519	12512454
Total Municipal Bonds/Notes			\$ 1,240,000	\$ 1,242,071	\$ 2,071	\$ 1,240,000			0.59%	419	
Certificates of Participation:											
North County Transit District Certificates of Participation	05/01/2014	08/01/2014	\$ 30,575,000	\$ 30,575,000	\$ -	\$ 30,575,000	N/R	A1,A2	0.09%	32	122565015
Total Certificates of Participation			\$ 30,575,000	\$ 30,575,000	\$ -	\$ 30,575,000			0.09%	32	
Total investments			\$ 376,436,073	\$ 374,703,868	\$ (1,732,204)	N/A			0.62%	572	
Total Portfolio:			\$ 559,973,830	\$ 558,247,629	\$ (1,726,201)	N/A			0.48%	430	

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)