



BOARD OF DIRECTORS  
SEPTEMBER 23, 2016

ACTION REQUESTED – INFORMATION

**OVERVIEW OF DEVELOPMENTS IN THE FINANCIAL MARKETS, QUARTERLY FINANCE REPORT AND ANNUAL INTEREST RATE SWAP EVALUATION - FOR THE PERIOD ENDING JUNE 30, 2016**

File Number 8000180

**Introduction**

Staff provides quarterly reports 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. This report also provides an annual report and evaluation of all outstanding interest rate swaps.

**Discussion**

**Market Review and Update**

**Overview**

Throughout 2016, financial markets have been volatile due to economic and political uncertainties. On June 23, 2016, the United Kingdom voted to leave the European

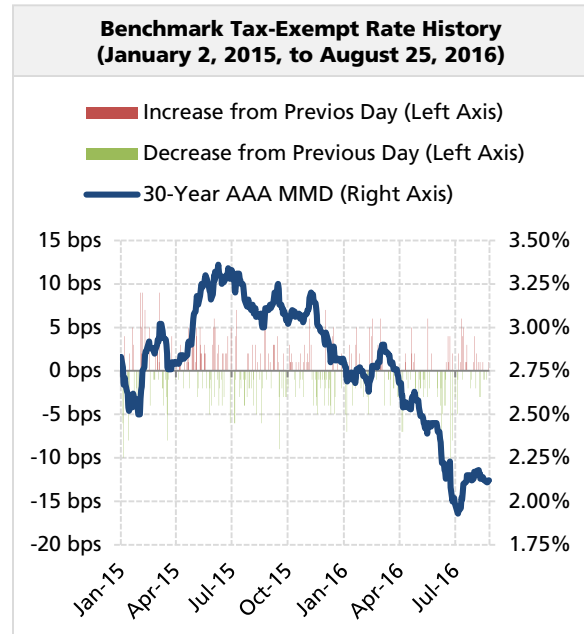
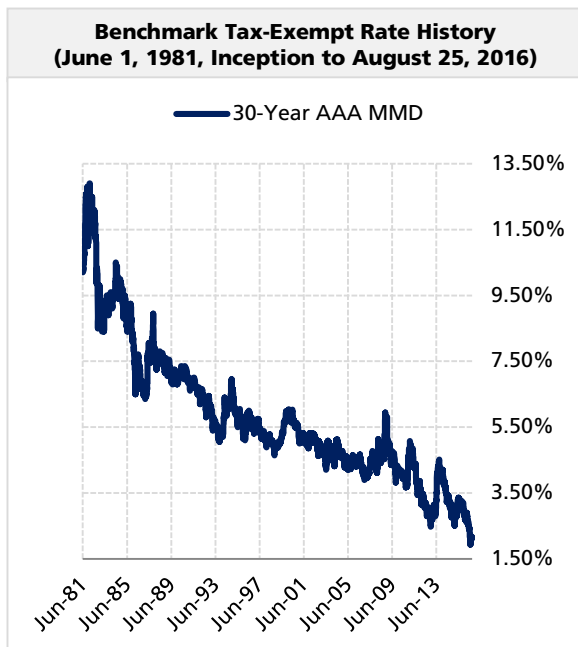
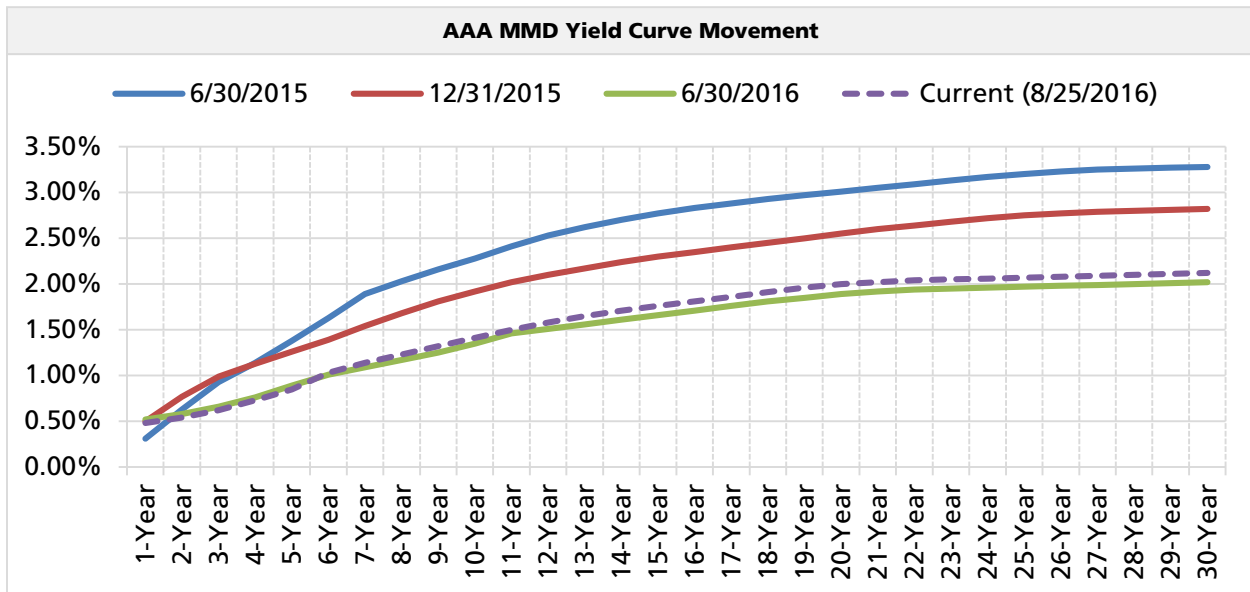
Maturity	AAA MMD Rate Movements					
	6/30/2015	9/30/2015	12/31/2015	3/31/2016	6/30/2016	8/25/2016
3-Year	0.93%	0.79%	0.99%	0.81%	0.66%	0.62%
5-Year	1.38%	1.27%	1.26%	1.07%	0.89%	0.85%
10-Year	2.28%	2.03%	1.92%	1.70%	1.35%	1.41%
20-Year	3.01%	2.80%	2.55%	2.44%	1.89%	2.00%
30-Year	3.28%	3.04%	2.82%	2.69%	2.02%	2.12%

Union (“Brexit”). Given that polling prior to the vote indicated that the Brexit referendum was unlikely to pass, investors were shocked at the results and began moving from equities to fixed income securities, driving down rates. In the two trading days following the Brexit, the Standard & Poor’s (S&P) declined 5.34 percent to 2,000.54 – its lowest point since mid-March. Since then, the S&P has rebounded as concerns about the Brexit’s near-term impact on the U.S. economy subsided. The S&P is up 6.68 percent for the year.

Domestically, U.S. Gross Domestic Product (GDP) grew at a disappointing 1.1 percent in the second quarter. Although personal consumption grew at a healthy 4.4 percent, fixed investment continues to hold back GDP growth. Following a disappointing May jobs report in which employers added only 38,000 jobs, the job market rebounded as employers added 292,000 and 255,000 jobs in June and July,

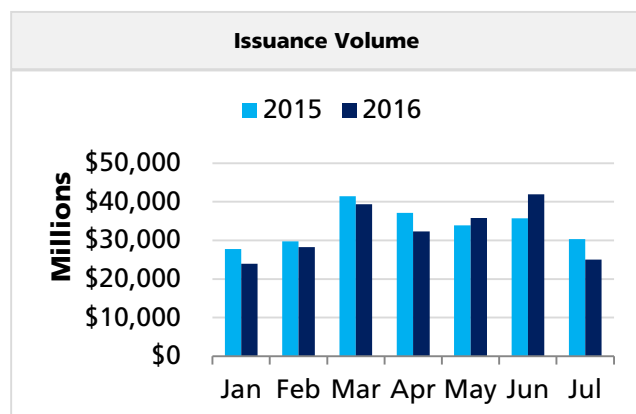
respectively. With these mixed results, the Federal Open Market Committee (FOMC) has voted against a rate increase at each of its 2016 meetings to date.

The combination of the short-term shock from the Brexit referendum vote and continued uncertainty regarding the health of the global and domestic economies has created a historically low municipal interest rate environment. In the immediate aftermath of the Brexit, investors' strong demand for fixed income securities drove down bond rates. On July 6, 2016, the 30-year AAA Municipal Market Data (MMD) reached 1.93 percent – its lowest point in history. Rates have since increased and are now near pre-Brexit levels. Despite this, the current 30-year AAA MMD is 2.12 percent, down 0.65 percent since the start of the year. Still very low, this rate has been lower only 0.29 percent of the time since the inception of the index.



## Municipal Market Supply<sup>1</sup>

Through July, municipal bond supply was down 3.9 percent to \$226.7 billion in 2016 compared to \$236 billion in 2015. This remains a significant amount of supply for the year. Approximately 42.1 percent is due to refunding existing bonds, while 37.6 percent is from issuing new money bonds. The remainder is attributable to combined new money and refunding transactions. The transportation sector's issuance volume is \$22.1 billion, up 7.6 percent compared to 2015.



## Interest Rate Forecasts

After raising the federal funds target rate at their December 2015 meeting, FOMC officials have voted against raising rates at each of their five meetings in 2016. Inflation remains below the FOMC's target rate of 2 percent and has been a primary factor preventing a rate hike. However, on August 26, 2016, at the Kansas City Federal Reserve Bank's annual economic symposium, Chairwoman Janet Yellen indicated that the strengthening labor market could lead to a possible rate increase as soon as the FOMC's September meeting.

The table below provides an average of interest rate forecasts by industry professionals. These are surveyed and compiled by Bloomberg. As noted, the ten-year U.S. Treasury rate is forecast to increase to 1.63 percent by the fourth quarter of calendar year 2016. The 30-year U.S. Treasury rate is forecast to increase to 2.46 percent by the fourth quarter of calendar year 2016. The two-year U.S. Treasury rate is forecasted to increase to 0.78 percent by the fourth quarter of 2016. Each of these levels are lower than what was forecasted at the time of the last Board update.

The Street's Interest Rate Forecast <sup>2</sup>							
Forecast	8/25/16	Q3 16	Q4 16	Q1 17	Q2 17	Q3 17	Q4 17
<b>30-Year UST</b>	<b>2.29%</b>	2.32%	2.46%	2.60%	2.72%	2.79%	2.91%
<b>10-Year UST</b>	<b>1.63%</b>	1.54%	1.63%	1.7%	1.93%	2.06%	2.19%
<b>2-Year UST</b>	<b>0.84%</b>	0.70%	0.78%	0.93%	1.07%	1.24%	1.42%
<b>3M LIBOR</b>	<b>0.83%</b>	0.72%	0.79%	0.88%	1.02%	1.18%	1.41%
<b>Fed Funds Target Rate Upper Bound</b>	<b>0.50%</b>	0.55%	0.70%	0.80%	0.95%	1.00%	1.25%
<b>Fed Funds Target Rate Lower Bound</b>	<b>0.25%</b>	0.28%	0.43%	0.52%	0.67%	0.76%	0.97%

<sup>1</sup> Issuance data from Thomson Reuters

<sup>2</sup> Bloomberg survey compilation as of August 25, 2016

## Debt Portfolio Overview and Update

### 2016 Series A Bonds

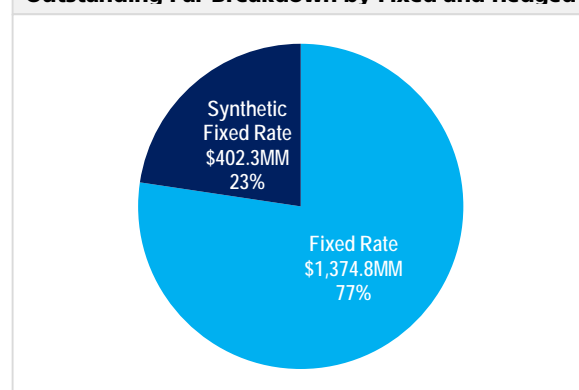
On August 3, 2016, SANDAG successfully sold \$325 million of tax-exempt, fixed-rate bonds in a negotiated sale. Due to market conditions and investor demand, SANDAG's bonds sold at a premium which generated total project funds of \$402.6 million. The bonds are structured as level debt service and will be repaid at approximately \$20.7 million annually through FY 2048. Amortization of principal on the bonds begins on April 1, 2017, with the final maturity on April 1, 2048, in line with SANDAG's existing debt. Series 2016A was sold at an attractive all-in cost of 3.29 percent. Of the \$402.6 million in total proceeds generated, \$46.4 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 the *TransNet* Early Action Program.

### Outstanding Debt Overview

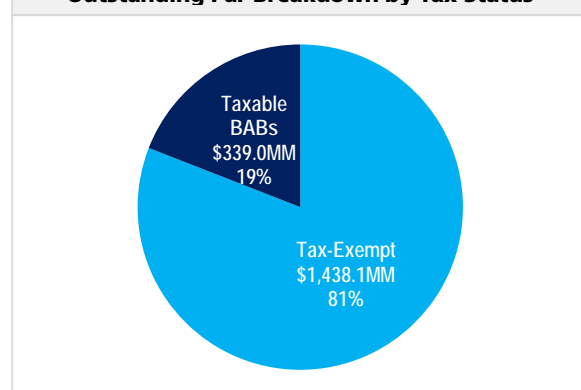
Following the 2016 bond issuance, SANDAG has \$1.78 billion of outstanding long-term debt, consisting of the Series 2008 variable-rate bonds, the 2010 Series A taxable Build America Bonds, the 2010 Series B tax-exempt fixed-rate bonds, the 2012 Series A tax-exempt fixed-rate bonds, and the 2014 Series A tax-exempt fixed-rate bonds. Of the total debt portfolio, 23 percent consists of synthetic fixed-rate bonds (variable-rate bonds hedged with fixed-payer interest rate swaps) and the remaining 77 percent are fixed-rate bonds. A summary of the outstanding bonds is tabulated and graphically presented below.

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	\$7,590,000	4/1/2020	4/1/2030
2012A	Tax-Exempt	Fixed-Rate	\$420,585,000	\$357,695,000	4/1/2022	4/1/2048
2014A	Tax-Exempt	Fixed-Rate	\$350,000,000	\$345,540,000	4/1/2024	4/1/2048
2016A	Tax-Exempt	Fixed-Rate	\$325,000,000	\$325,000,000	4/1/2026	4/1/2048
<b>Total</b>				<b>\$1,777,085,000</b>		

Outstanding Par Breakdown by Fixed and Hedged



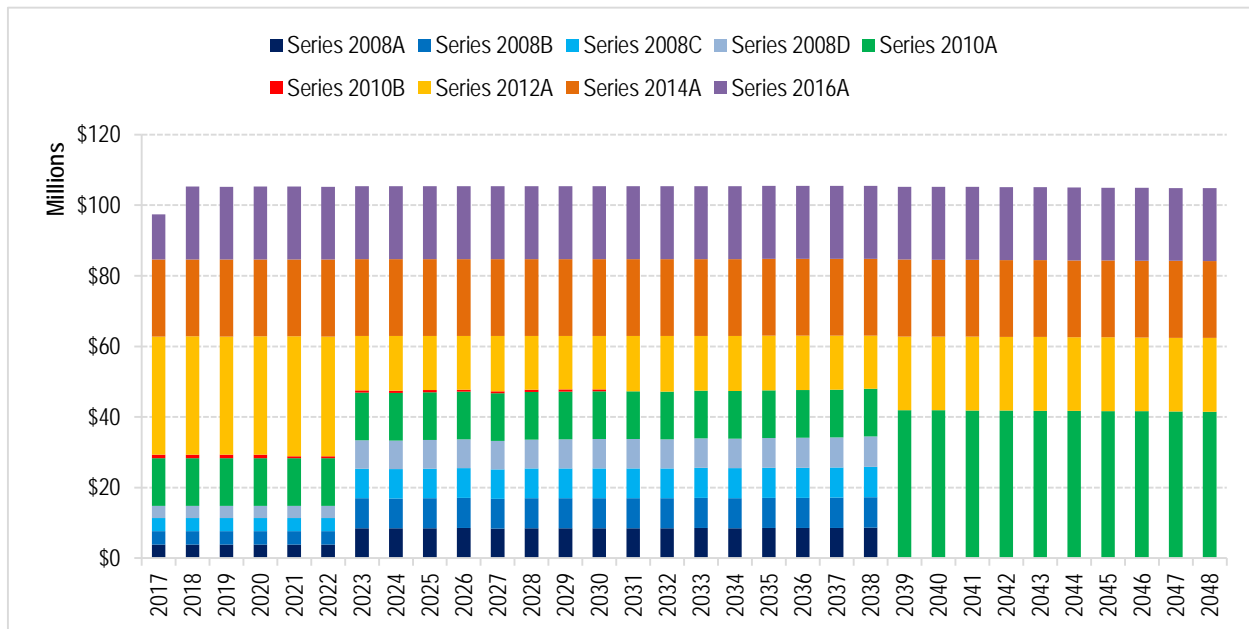
Outstanding Par Breakdown by Tax Status



## Debt Service and Coverage

As seen in the figure below, SANDAG has an aggregate level debt service profile with approximately \$105.3 million in debt service per year through FY 2048. Debt service coverage as of August 31, 2016, using sales tax receipts of \$275.5 million for FY 2016, is 2.63 times. For every \$1.00 of debt service, SANDAG received \$2.63 of sales tax revenue providing ample coverage. This high debt service coverage, together with the level annual debt service payment, the fairly conservative debt portfolio, and a well-managed program are critical factors that support the SANDAG triple-A ratings from Fitch and S&P.

**Aggregate Debt Service Profile**



## 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 (SBPA) from certain financial institutions. The interest rate on these bonds resets weekly through a remarketing process.

Most recently, the Securities Industry and Financial Markets Association (SIFMA) Index (the benchmark short-term municipal index) reset to 0.56 percent on August 24, 2016. This is relatively high compared to the 1-Month London Interbank Offered Rate (LIBOR). Usually equal to 70 percent of the 1-Month LIBOR, SIFMA is now upwards of 100 percent of the 1-Month LIBOR following its latest reset. This is due to investors moving dollars out of tax-exempt money market mutual funds in an attempt to comply with new Net Asset Value rules, which become effective in October. Even with SIFMA increasing, SANDAG VRDBs continue to trade well compared to this benchmark.

<b>SANDAG Series 2008ABCD VRDB Resets Since December 31, 2015</b>					
<b>Series</b>	<b>SBPA Provider</b>	<b>Remarketing Agent</b>	<b>Reset Average</b>	<b>SIFMA Average</b>	<b>Spread to SIFMA</b>
2008A	J.P. Morgan Chase Bank NA	Barclays Capital Inc.	0.27%	0.28%	-1 bps
2008B	J.P. Morgan Chase Bank NA	Goldman Sachs & Company	0.28%	0.28%	0 bps
2008C	Mizuho Corporate Bank	J.P. Morgan Securities LLC	0.28%	0.28%	0 bps
2008D	State Street	Stifel, Nicolaus & Company Inc.	0.28%	0.28%	0 bps

SANDAG also has \$402.3 million of fixed-payer interest rate swaps outstanding, 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 originally were scheduled to convert from the LIBOR to the 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 three-month LIBOR. The market value of the SANDAG swap portfolio changes with interest rate fluctuations. The mark-to-market valuation, as of August 25, 2016, is approximately (\$122,592,388); meaning SANDAG would need to pay approximately \$122.6 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. Additionally, SANDAG is not required to post collateral under the swap agreements.

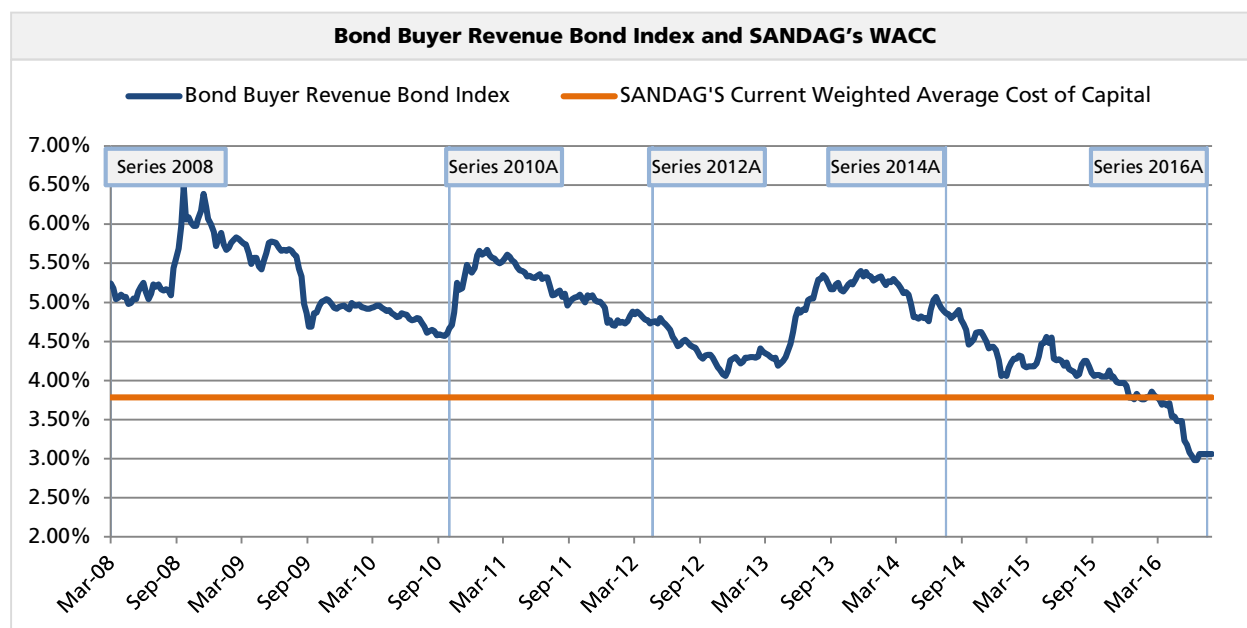
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Swap Portfolio Overview								
Associated Series	SANDAG Pays	SANDAG Receives	Trade Date	Effective Date	Maturity Date	MTM Value (As of 8/25/16)	Notional Outstanding	Bank Counterparty
Series 2008	3.8165%	65% of USD-LIBOR 'til 04/18; SIFMA Swap Index thereafter	05/23/12	05/23/12	04/01/2038	(\$46,491,853)	\$134,100,000	Bank of America, N.A. (A1/A/A+)
Series 2008	3.8165%	65% of USD-LIBOR 'til 04/18; SIFMA Swap Index thereafter	05/23/12	05/23/12	04/01/2038	(\$46,491,853)	\$134,100,000	Goldman Sachs Mitsui Marine Derivative Products, L.P. (Aa2/AA+/)
Series 2008	3.4100%	65% of USD-LIBOR	05/23/12	05/23/12	04/01/2038	(\$44,103,999)	\$134,100,000	Bank of America, N.A. (A1/A/A+)
<b>Total Fixed Payer Swaps</b>						<b>(\$137,087,704)</b>	<b>\$402,300,000</b>	
Series 2008	SIFMA Swap Index	107.4% of 3 Month LIBOR	03/19/09	04/01/18	04/01/2038	\$7,247,658	\$156,600,000	Barclays Bank PLC (A2/A-/A)
Series 2008	SIFMA Swap Index	107.4% of 3 Month LIBOR	03/19/09	04/01/18	04/01/2038	\$7,247,658	\$156,600,000	Barclays Bank PLC (A2/A-/A)
<b>Total Index Conversion Swaps</b>						<b>\$14,495,316</b>	<b>\$313,200,000</b>	
<b>Total Combined</b>						<b>(\$122,592,388)</b>	<b>\$715,500,000</b>	

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## Cost of Capital

SANDAG has a very attractive weighted average cost of capital (WACC) of 3.78 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 4.10 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 2012A and 2014A bonds were sold at an all-in cost of 3.72 percent and 3.85 percent, respectively. The most recent Series 2016A bonds were sold at an all-in cost of 3.29 percent. Taken together, SANDAG has issued approximately \$1.89 billion in bonds, to accelerate project delivery, for a weighted average cost of 3.78 percent.

<b>SANDAG's WACC Calculations</b>					
<b>Synthetic Fixed Rate:</b>					
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%	0.340%	0.06%	3.8100%
<b>2008 Weighted Avg.</b>					<b>4.1010%</b>
<b>Fixed Rate:</b>					
Series	Original Par	-	-	-	All-in TIC
2010A	\$338,960,000	-	-	-	3.8871%
2010B	\$11,040,000	-	-	-	3.1434%



SANDAG's WACC Calculations					
2012A	\$420,585,000	-	-	-	3.7167%
2014A	\$350,000,000	-	-	-	3.8507%
2016A	\$325,000,000	-	-	-	3.2947%
<b>Total Weighted Avg.</b>					<b>3.7832%</b>

### **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 \$100 million and has a current outstanding balance of \$27.23 million as of September 1, 2016. The paper was most recently remarketed out 43 days at a rate of 49 basis points.

SANDAG staff recently negotiated a one-year extension of the commercial paper program's Letter of Credit with Union Bank. The Letter of Credit now expires in September 2017.

### **Looking Ahead**

SANDAG and its financing team continue to make progress in discussions and preparation of a formal application for a Federal Transportation Infrastructure Finance and Innovation Act (TIFIA) loan to support the Mid-Coast Project. SANDAG provided TIFIA staff with a revised plan in June. TIFIA currently is reviewing the updated plan and intends to take SANDAG's request to credit committee in September. Following its credit committee, TIFIA may invite SANDAG to formally apply this fall. The TIFIA loan currently is expected to be successfully executed in the first or second quarter of 2017.

### **Quarterly Investment Data**

Included with this quarterly finance report through June 30, 2016, 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, 2016, a total of \$661.3 million was held by SANDAG in a number of investment accounts, in comparison to \$705.4 million held in the previous quarter. The \$44.1 million decrease during the quarter primarily is 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 and commercial paper proceeds to fund current projects.<sup>3</sup>

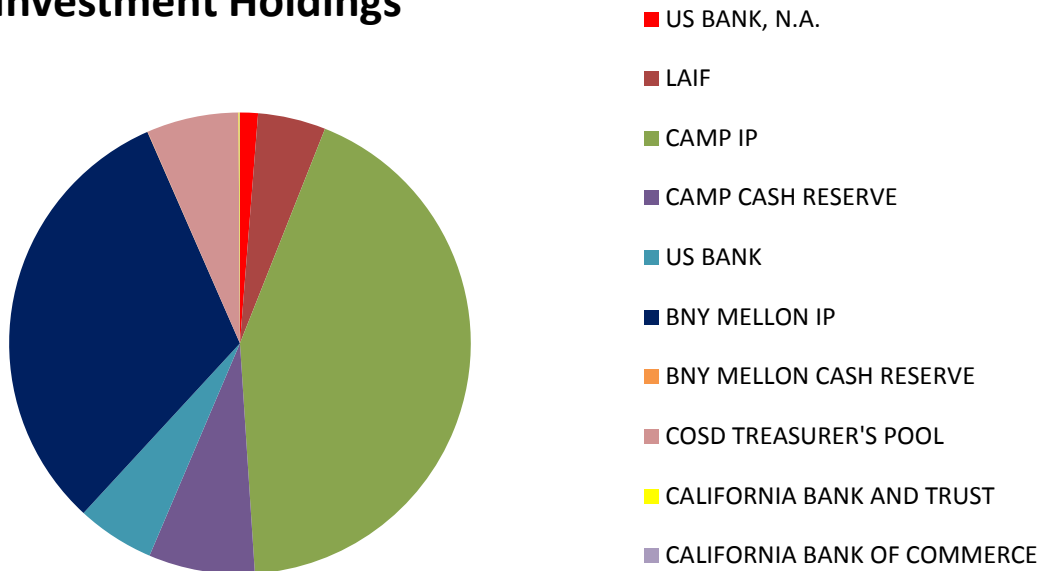
Approximately \$8.3 million was held in nine U.S. Bank, N.A. accounts at the end of the quarter. Funds in these accounts are used for operating purposes. Approximately \$653 million was invested in seven institutions, as follows:

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

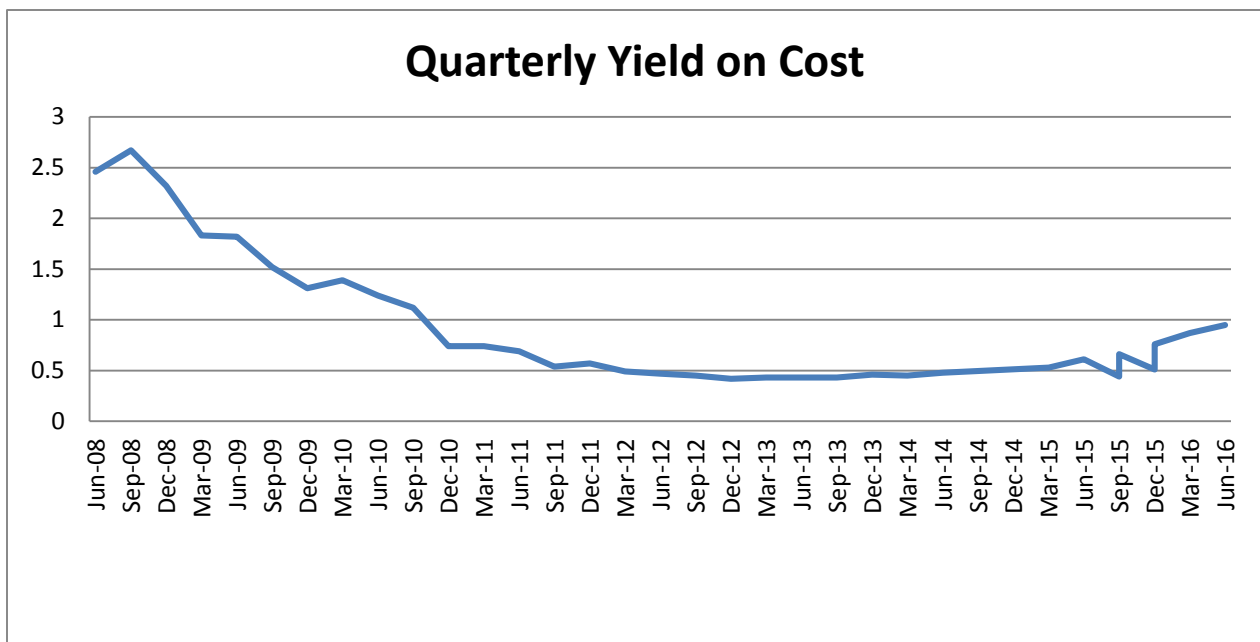
1. *State of California Local Agency Investment Fund (LAIF)* – State law allows local agencies (RTC and SANDAG) to invest up to \$65 million per agency in LAIF. These funds hold excess operating funds for the RTC and SANDAG. A total of approximately \$31.4 million was invested in LAIF, of which the RTC held approximately \$23.9 million of sales tax funds and SANDAG held \$7.5 million. These funds are highly liquid and 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. The Cash Reserve Portfolio, totaling \$49.2 million, is used for the investment of the 2008 bond reserves, the 2008, 2010, 2012 and 2014 bond investments for future principal and interest payments, and excess operating funds for Interstate 15 *FasTrak*®, State Route 125 (SR 125), ARJIS, Coronado Bridge Toll Funds, and *TransNet* sales tax funds not yet paid to other local governmental agencies. In addition, CAMP uses the Individual Portfolio, totaling \$284.1 million, for the investment of SR 125 reserves for future projects; the 2008 *TransNet* bond proceeds; the 2008, 2010, 2012, and 2014 bond investments for future principal and interest payments; and *TransNet* sales tax funds not yet paid to other local governmental agencies.
3. *U.S. Bank* – These funds, totaling approximately \$36 million, were held by U.S. Bank, Trustee for bond debt service payments and payment of interest on the short-term Commercial Paper Program, as part of the *TransNet* Program, for the toll revenues of the State Route 125 franchise, and for retention held through the completion of projects. Of this balance, \$28.1 million of the investments held by U.S. 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 \$208.8 million, and the Cash Reserve Portfolio, totaling \$178,431, 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 \$42.6 million, were held by the San Diego County Treasurer's Pooled Money Fund. The funds consist of the SourcePoint Cash Reserve Fund for the City of Santee, ARJIS, the SANDAG Service Authority for Freeway Emergencies, SourcePoint, Interstate 15 *FasTrak*, and *TransNet* sales tax revenues.
6. *California Bank and Trust* – There was \$461,477 on deposit with California Bank and Trust pursuant to capital project escrow retention agreements with various contractors.
7. *California Bank of Commerce* – There was \$180,153 on deposit with California Bank of Commerce pursuant to capital project escrow retention agreements with a contractor.

The chart below provides a snapshot of the investment holding locations as of June 30, 2016.

## Investment Holdings



As shown in the chart below, as of June 30, 2016, the yield on cost of the portfolio was 0.95 percent, with a weighted average maturity of 514 days, in comparison to 0.87 percent and 450 days in the prior quarter.



The Finance Department has continued to implement the Board of Directors 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**

On an annual basis and in accordance with Board Policy No. 032: San Diego County Regional Transportation Commission Interest Rate Swap Policy, 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.

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.** In 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 of the RTC 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 in March 2008.

On May 23, 2012, the RTC refunded \$151.5 million of the outstanding VRDBs with fixed rate bonds and terminated the associated interest rate swaps. The low fixed municipal interest rates at that time provided the opportunity for the RTC to refund the 2013 – 2022 maturities of the Series 2008 variable rate bonds (\$151.5 million in par) and terminate the associated swaps (also equal to \$151.5 million in notional amount) without increasing annual debt service. The purpose of this transaction was to reduce variable rate exposure and swap counterparty risk at no additional cost to the Commission. The current notional amounts of the swaps are, following the refunding described above, \$134.1 million each, totaling \$402.3 million.

2. **Fair Values.** Because interest rates have declined since execution of the swaps, the swaps had a total negative fair value of \$126,316,554 as of June 30, 2016. The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2016, classified by type for the year ended are as follows:

	Classification	Fair Value at June 30, 2016		Bond Series
		Amount	Notional	
Cash Flow Hedges:				
Bank of America	Debt	(\$41,275,526)	\$134,100,000	A&B
Goldman Sachs	Debt	(\$42,520,514)	\$134,100,000	B&C
Bank of America	Debt	(\$42,520,514)	\$134,100,000	C&D

3. **Objective and Terms of hedging derivative instruments.** The following table displays the objective and terms of the RTC’s hedging derivative instruments outstanding at June 30, 2016, along with the credit rating of the associated counterparty (amounts in thousands).

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, 2016. The fair values take into

consideration the prevailing interest rate environment and the specific terms and conditions of the swaps.

Type	Objective	Notional Amount	Effective Date	Maturity Date	Terms	Counterparty Credit Rating Moody's/S&P
Pay-fixed interest rate swap	Hedge of changes in cash flows on the 2008 Series A and B bonds	\$134,100,000	5/23/2012	4/1/2038	Pay 3.8165%; received 65% of USD-LIBOR	A1/A
Pay-fixed interest rate swap	Hedge of changes in cash flows on the 2008 Series B and C bonds	\$134,100,000	5/23/2012	4/1/2038	Pay 3.8165%; received 65% of USD-LIBOR	Aa2/AA-
Pay-fixed interest rate swap	Hedge of changes in cash flows on the 2008 Series C and D bonds	\$134,100,000	5/23/2012	4/1/2038	Pay 3.41%; received 65% of USD-LIBOR	A1/A

4. **Credit Risk.** This is the risk that the counterparty will fail to perform under the terms of the agreement. As of June 30, 2016, 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, 2016, Bank of America was rated A1 by Moody's and A by the S&P, and Goldman Sachs Mitsui Marine Derivative Products was rated Aa2 by Moody's and AA- by the S&P. 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 the 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 2016, 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, 2016, 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. **Rollover risk.** This is the risk that maturity of the hedging derivative instruments is shorter than the maturity of the associated debt leaving the RTC unprotected in the future. When these swaps terminate, or in the case of a termination option, if the counterparty exercises its option, the Commission will be re-exposed to the risks being hedged by the swaps. The Commission is exposed to rollover risk on the swaps only in the event of a failure to perform under the terms of the contracts by the Commission or counterparty.
8. **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, 2015, through June 30, 2016, ranged from 0.01 percent to 0.42 percent for Barclays Bank; 0.01 percent to 0.41 percent for Goldman, Sachs & Co.; 0.01 percent to 0.46 percent for J.P. Morgan Securities, Inc.; and 0.01 percent to 0.41 percent for Stifel.

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 of LIBOR received by the RTC from the swap provider counterparties ranged from 0.12129 percent to 0.29682 percent during the same time period.

9. **Actual Debt Service Requirements versus the Projected Debt Service on the Swap Transaction.** For the fiscal year ending June 30, 2016, Bank of America actual debt service was \$4,444,319 versus projected debt service of \$4,572,810 for one of the swaps, and was \$4,986,863 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 \$4,991,021 versus projected debt service of \$5,117,926 for its swap. In total, actual debt service was \$14,422,203 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 \$386,460 for FY 2016. Over the life of the swaps from the issuance of the bonds through June 30, 2016, the cumulative excess of variable rate payments made on the bonds as compared to the variable rate payments received from the swap counterparties is \$3,541,492. 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 originally were 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 (Series D). SBPA costs at year-end for the Series A and B bonds is 39 basis points, the Series C bonds is 32 basis points, and the SBPA cost for the Series D bonds is 34 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 \$10,825,187 as of June 30, 2016. 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, 2016. 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, 2016, the RTC was exposed to credit risk on these swaps in the amount of \$10,825,187, 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, 2016, 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.
- 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, 2016, 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.

### ***The Local Economy and Sales Tax Revenues***

The U.S. economy's growth in 2016 is similar to that of 2015. The growth rate estimate for the nation's total value of goods and services produced, GDP, rose at an annual rate of 0.8 percent during the first quarter of 2016, and 1.1 percent in the second quarter. This slow economic growth has forced most forecasters to keep their economic growth estimates for the full year at 2 percent or lower, which would be slightly down from the 2.6 percent growth achieved in 2015.

The slow economic growth has been attributed primarily not to poor domestic conditions, but to troublesome international issues, such as Brexit and sluggish Eurozone performance, slowing or negative growth in emerging economies, and continued or escalating strife in the Middle East.

To achieve a more robust GDP growth rate requires more jobs in total, more jobs of a higher quality, and more higher paying jobs than have been created over this past year. During 2015, job growth averaged 230,000 new jobs per month, continuing an unprecedented streak of positive monthly job growth dating back to October 2010. Over 2.7 million jobs were created nationwide during 2015 (a growth rate of about 2%). The increase in the rate of job production during 2014 pushed the unemployment rate down to 4.9 percent in the first half of 2015, nearly the same level as before the start of the Great Recession.

Locally, the increase in jobs was a tick below the national rate. The San Diego region recorded 23,445 new payroll jobs in 2015, a rise of 1.6 percent. Also, the local unemployment rate dropped during 2015, falling to 4.7 percent, below the national level. The local unemployment rate fell further during the first quarter of 2016, to 4.2 percent, but has crept up recently (to 5.2%) as the labor force has increased locally; this is a positive sign, as it indicates more workers actively seeking employment. Wage growth has been sluggish to nonexistent during the recovery, but reports in the last several months have suggested that wages are starting to trend upwards.

The improved trend for job growth is dampened by lingering concerns about the volatility of economic growth and political stability globally. Additional concerns related to weakness in wage growth and the average number of hours worked linger, but recent signs have been positive, though wage gains since 2008 have primarily accrued to high earners. These trends, combined with the types of jobs (mainly lower-paying) that have been created since the end of the recession, have contributed to keeping real per-capita disposable income almost stagnant for the past decade, and only rising slowly in the previous two years. This in turn, has led to weak growth in consumer spending, which makes up more than 70 percent of the economy and is a primary driver of sales tax



revenue. While personal consumption expenditures have driven recent GDP gains, private investment and government expenditures have been flat. Additional economic headwinds are expected from the slowing of economic growth globally and in turn, the effect on the trade value of the dollar. Most of the United States' major trading partners continue to experience slower economic growth, including China, Japan, Europe, Mexico, Brazil, and Russia, and in turn, the trade value of the dollar is rising making U.S. goods in these markets more expensive and reducing U.S. exports, which provides a drag on the national economy.

These economic headwinds and volatility, as well as some potential structural changes, are affecting consumer spending habits. Locally, for example, taxable retail sales over the last four quarters (July 2015-June 2016) have increased 2.6 percent which is below the 3.5 percent expected, but also lower than other regions in California. Much of the local slowdown is from the reduction in gas prices and relatively weak auto sales, which are slowing again after robust post-recession recovery. Gas prices have seemed to stabilize at a low level in the last two-quarters, and the trend away from brick-and-mortar retail to online, as well as reduced cross-border retail activity from the decline in the Peso have been a drag on local retail sales. In light of the decline in the unemployment rate, increase in labor force, and small uptick in wages since last year, taxable sales could be expected to pick up as consumer confidence and economic status improve, pulling the overall trend closer to the expected 3.5 percent increase expected for FY 2016.

GARY L. GALLEGOS  
Executive Director

Attachments:    1. SANDAG Summary of Portfolio Balances (by Institution) as of June 30, 2016  
                  2. SANDAG Detail of Portfolio Balances (by Account) as of June 30, 2016  
                  3. SANDAG Detail of Portfolio Balances (by Investment Type) as of June 30, 2016

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**SANDAG**  
**Summary of Portfolio Balances (by Institution)**  
**as of June 30, 2016**

Institution	Book Value	Percent of Portfolio	Market Value	Market Price	Unrealized Gain/(Loss)	Yield on Cost	Wtd. Avg. Days to Maturity
US BANK, N.A.	\$ 8,304,043.97	1.26%	\$ 8,304,043.97	100.00%	\$ -	N/A	1
STATE OF CALIFORNIA LOCAL AGENCY INVESTMENT FUND (LAIF)	31,420,839.51	4.76%	31,440,358.83	100.00%	19,519.32	0.58%	167 **
CALIFORNIA ASSET MANAGEMENT PROGRAM (CAMP) INDIVIDUAL PORTFOLIC	283,146,220.85	42.92%	284,086,050.21	100.33%	939,829.36	1.07%	651
CALIFORNIA ASSET MANAGEMENT PROGRAM (CAMP) CASH RESERVE PORTFO	49,201,750.54	7.46%	49,201,750.54	100.00%	-	0.51%	45 **
US BANK	36,004,538.00	5.46%	36,004,538.00	100.00%	-	0.40%	4
THE BANK OF NEW YORK (BNY) MELLON INDIVIDUAL PORTFOLIO	208,347,940.22	31.58%	208,846,459.58	100.24%	498,519.36	1.09%	643
THE BANK OF NEW YORK (BNY) MELLON CASH RESERVE PORTFOLIO	178,431.56	0.03%	178,431.56	100.00%	-	0.00%	1
SAN DIEGO COUNTY TREASURER'S POOLED MONEY FUND	42,549,576.29	6.45%	42,606,576.29	100.00%	57,000.00	0.85%	310 **
CALIFORNIA BANK AND TRUST	461,477.51	0.07%	461,477.51	100.00%	-	0.06%	1
CALIFORNIA BANK OF COMMERCE	180,153.68	0.03%	180,153.68	100.00%	-	0.25%	1
<b>TOTAL</b>	<u>\$659,794,972.13</u>	<u>100.00%</u>	<u>\$661,309,840.17</u>	<u>100.23%</u>	<u>\$1,514,868.04</u>	<u>0.95%</u>	<u>514</u>

\*\* 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	\$ 96,733,774.42	14.66%	\$ 96,647,693.75	99.91%	\$ (86,080.67)	0.67%	255
ARJIS FUNDS (Automated Regional Justice Information System)	6,087,909.85	0.92%	6,090,909.85	100.05%	3,000.00	0.65%	150
SOURCEPOINT FUNDS	222,621.38	0.03%	224,621.38	100.90%	2,000.00	0.85%	236
CORONADO BRIDGE TOLL FUNDS	273,934.34	0.04%	273,934.34	100.00%	-	0.51%	45
RTC FUNDS (San Diego County Regional Transportation Commission)	556,476,732.14	84.33%	558,072,680.85	100.29%	1,595,948.71	1.01%	563
<b>TOTAL</b>	<u>\$659,794,972.13</u>	<u>100.00%</u>	<u>\$661,309,840.17</u>	<u>100.23%</u>	<u>\$1,514,868.04</u>	<u>0.95%</u>	<u>514</u>

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, 2016**

Institution / Account	Book Value	Percent of Portfolio	Market Value	Market Price	Unrealized Gain/(Loss)	Yield on Cost	Wtd. Avg. Days to Maturity
<b>US BANK, N.A.:</b>							
Checking - TransNet Sales Tax (RTC)	\$ 1,007,892.81	0.15%	\$ 1,007,892.81	100.00%	\$ -	N/A	1
Checking - SANDAG General	4,366,561.77	0.66%	4,366,561.77	100.00%	-	N/A	1
Checking - SANDAG Flexible Spending Acct (FSA)	64,696.70	0.01%	64,696.70	100.00%	-	N/A	1
Checking - SANDAG Interstate 15 (I-15) FasTrak ®	703,328.17	0.11%	703,328.17	100.00%	-	N/A	1
Checking - SANDAG SAFE Program Acct	253,991.43	0.04%	253,991.43	100.00%	-	N/A	1
Checking - SourcePoint	53,665.66	0.01%	53,665.66	100.00%	-	N/A	1
Checking - ARJIS	291,003.27	0.04%	291,003.27	100.00%	-	N/A	1
Checking - State Route 125 (SR 125) Payment Account	1,447,440.18	0.22%	1,447,440.18	100.00%	-	N/A	1
Checking - SR 125 Collection Account	115,463.98	0.02%	115,463.98	100.00%	-	N/A	1
<b>TOTAL US BANK, N.A.</b>	<b>\$ 8,304,043.97</b>	<b>1.26%</b>	<b>\$ 8,304,043.97</b>	<b>100.00%</b>	<b>\$ -</b>	<b>N/A</b>	<b>1</b>
<b>STATE OF CA LOCAL AGENCY INVESTMENT FUND (LAIF):</b>							
TransNet (RTC)	\$ 23,928,790.93	3.63%	\$ 23,943,656.02	100.00%	\$ 14,865.09	0.58%	167
SANDAG	7,492,048.58	1.14%	7,496,702.81	100.00%	4,654.23	0.58%	167
<b>TOTAL LAIF</b>	<b>\$ 31,420,839.51</b>	<b>4.76%</b>	<b>\$ 31,440,358.83</b>	<b>100.00%</b>	<b>\$ 19,519.32</b>	<b>0.58%</b>	<b>167 **</b>
<b>CALIFORNIA ASSET MANAGEMENT PROGRAM (CAMP):</b>							
<b>INDIVIDUAL PORTFOLIO:</b>							
TransNet Sales Tax (RTC)	\$ 222,214,349.00	33.68%	\$ 223,226,897.86	100.46%	\$ 1,012,548.86	1.15%	719
TransNet 2008 Bond Proceeds A/B/C/D Reserve Fund (RTC)	17,026,529.47	2.58%	17,050,529.61	100.14%	24,000.14	0.73%	291
TransNet 2010 Bond Proceeds Series B Principal (RTC)	109,370.43	0.02%	109,576.56	100.19%	206.13	0.68%	273
TransNet 2012 Bond Proceeds Series A Principal (RTC)	2,714,375.30	0.41%	2,719,490.87	100.19%	5,115.57	0.68%	273
TransNet 2014 Bond Proceeds Series A Principal (RTC)	765,593.03	0.12%	767,035.89	100.19%	1,442.86	0.68%	273
Sage Hill Endowment (RTC)	824,043.00	0.12%	825,293.70	100.15%	1,250.70	0.68%	483
SANDAG Toll Rd Project Major Main Reserve Acct	29,562,375.30	4.48%	29,475,175.77	99.71%	(87,199.53)	0.80%	442
SANDAG Toll Rd Project Extraordinary Reserve Acct	9,929,585.32	1.50%	9,912,049.95	99.82%	(17,535.37)	0.90%	528
<b>TOTAL INDIVIDUAL PORTFOLIO</b>	<b>\$ 283,146,220.85</b>	<b>42.91%</b>	<b>\$ 284,086,050.21</b>	<b>100.33%</b>	<b>\$ 939,829.36</b>	<b>1.07%</b>	<b>651</b>
<b>CASH RESERVE PORTFOLIO:</b>							
I-15 FasTrak	\$ 621,494.42	0.09%	\$ 621,494.42	100.00%	\$ -	0.51%	45
ARJIS	3,344,046.22	0.51%	3,344,046.22	100.00%	-	0.51%	45
California Coastal Commission	1,160,376.16	0.18%	1,160,376.16	100.00%	-	0.51%	45
SANDAG SR 125	1,852,423.44	0.28%	1,852,423.44	100.00%	-	0.51%	45
SANDAG Toll Road Project Maint	15,602,026.71	2.36%	15,602,026.71	100.00%	-	0.51%	45
Coronado Bridge Toll Funds	273,934.34	0.04%	273,934.34	100.00%	-	0.51%	45
SANDAG Toll Road Extraordinary Reserve	3,295,893.61	0.50%	3,295,893.61	100.00%	-	0.51%	45
SANDAG Shoreline Management Account	155,834.85	0.02%	155,834.85	100.00%	-	0.51%	45
2008 Bond Series A/B/C/D Reserve Fund (RTC)	152,414.67	0.02%	152,414.67	100.00%	-	0.51%	45
2008 Bond Series A - Principal (RTC)	1.00	0.00%	1.00	100.00%	-	0.51%	45

**SANDAG**  
**Detail of Portfolio Balances (by Account)**  
as of June 30, 2016

Institution / Account	Book Value	Percent of Portfolio	Market Value	Market Price	Unrealized Gain/(Loss)	Yield on Cost	Wtd. Avg. Days to Maturity
2008 Bond Series B - Principal (RTC)	1.00	0.00%	1.00	100.00%	-	0.51%	45
2008 Bond Series C - Principal (RTC)	1.00	0.00%	1.00	100.00%	-	0.51%	45
2008 Bond Series D - Principal (RTC)	1.00	0.00%	1.00	100.00%	-	0.51%	45
2010 Bond Series B - Principal (RTC)	57,097.01	0.01%	57,097.01	100.00%	-	0.51%	45
2010 Bond Series B - Interest (RTC)	77,168.07	0.01%	77,168.07	100.00%	-	0.51%	45
2010 Bond Series A - Interest (RTC)	5,016,267.81	0.76%	5,016,267.81	100.00%	-	0.51%	45
2012 Bond Series A - Interest (RTC)	4,330,688.52	0.66%	4,330,688.52	100.00%	-	0.51%	45
2012 Bond Series A - Principal (RTC)	1,355,193.48	0.21%	1,355,193.48	100.00%	-	0.51%	45
2008 Sales Tax Account - <i>TransNet</i> Extension (RTC)	3,720,341.78	0.56%	3,720,341.78	100.00%	-	0.51%	45
Wetland Mitigation <i>TransNet</i> Sales Tax (RTC)	291,889.51	0.04%	291,889.51	100.00%	-	0.51%	45
Sage Hill Endowment (RTC)	1,872.61	0.00%	1,872.61	100.00%	-	0.51%	45
2014 Bond Series A - Principal (RTC)	383,485.76	0.06%	383,485.76	100.00%	-	0.51%	45
2014 Bond Series A - Interest (RTC)	4,299,016.10	0.65%	4,299,016.10	100.00%	-	0.51%	45
2014 Bond Series A Project Del Mar Fund (RTC)	794,013.23	0.12%	794,013.23	100.00%	-	0.51%	45
2014 Bond Series A Project Santee Fund (RTC)	2,416,268.24	0.37%	2,416,268.24	100.00%	-	0.51%	45
<b>TOTAL CASH RESERVE PORTFOLIO</b>	<b>\$ 49,201,750.54</b>	<b>7.46%</b>	<b>\$ 49,201,750.54</b>	<b>100.00%</b>	<b>\$ -</b>	<b>0.51%</b>	<b>45 **</b>
<b>TOTAL CAMP</b>	<b>\$ 332,347,971.39</b>	<b>50.37%</b>	<b>\$ 333,287,800.75</b>	<b>100.28%</b>	<b>\$ 939,829.36</b>	<b>0.99%</b>	<b>562</b>
<b>US BANK:</b>							
Capital Project Retention Account	\$ 1,724,747.46	0.26%	\$ 1,724,747.46	100.00%	\$ -	0.10%	1
SANDAG - Toll Road Project Revenue	3,142,732.07	0.48%	3,142,732.07	100.00%	-	0.10%	1
SANDAG - Toll Road Project Capital Expenditure Reserve	354,902.38	0.05%	354,902.38	100.00%	-	0.10%	1
SANDAG - Toll Road Project Expense Fund - TIFIA Note Expense Acct	10,019.63	0.00%	10,019.63	100.00%	-	0.10%	1
SANDAG - Toll Road Project Senior Obligation Debt Service - Interest	1,452.72	0.00%	1,452.72	100.00%	-	0.10%	1
SANDAG - Toll Road Project Senior Obligation Debt Service - Principal	173.00	0.00%	173.00	100.00%	-	0.10%	1
SANDAG - Toll Road Proj First Subord Obl <i>TransNet</i> Payment	507.22	0.00%	507.22	100.00%	-	0.10%	1
SANDAG - Toll Road Project SANDAG Distribution	1,001,131.78	0.15%	1,001,131.78	100.00%	-	0.10%	1
2008 Bond Series A/B/C/D Main Interest (RTC)	1,313,934.04	0.20%	1,313,934.04	100.00%	-	0.10%	1
Commercial Paper Series B - NCTD Interest (RTC)	241,475.92	0.04%	241,475.92	100.00%	-	0.10%	1
NCTD Certificates of Participation	28,075,000.00	4.26%	28,075,000.00	100.00%	-	0.47%	5
Sales Tax Revenue CP Notes Series B Interest (RTC)	49,905.00	0.01%	49,905.00	100.00%	-	0.00%	1
Sales Tax Revenue CP Notes Series B Principal (RTC)	87,811.44	0.01%	87,811.44	100.00%	-	0.00%	1
Custody Account (RTC)	745.34	0.00%	745.34	100.00%	-	0.10%	1
<b>TOTAL US BANK</b>	<b>\$ 36,004,538.00</b>	<b>5.46%</b>	<b>\$ 36,004,538.00</b>	<b>100.00%</b>	<b>\$ -</b>	<b>0.40%</b>	<b>4</b>
<b>THE BANK OF NEW YORK MELLON:</b>							
<b>INDIVIDUAL PORTFOLIO:</b>							
<i>TransNet</i> Extension (RTC)	\$ 208,347,940.22	31.58%	\$ 208,846,459.58	100.24%	\$ 498,519.36	1.09%	643
<b>TOTAL INDIVIDUAL PORTFOLIO</b>	<b>\$ 208,347,940.22</b>	<b>31.58%</b>	<b>\$ 208,846,459.58</b>	<b>100.24%</b>	<b>\$ 498,519.36</b>	<b>1.09%</b>	<b>643</b>

**SANDAG**  
**Detail of Portfolio Balances (by Account)**  
as of June 30, 2016

Institution / Account	Book Value	Percent of Portfolio	Market Value	Market Price	Unrealized Gain/(Loss)	Yield on Cost	Wtd. Avg. Days to Maturity
<b>CASH RESERVE:</b>							
<i>TransNet</i> Extension (RTC)	\$ 178,431.56	0.03%	\$ 178,431.56	100.00%	\$ -	0.00%	1
<b>TOTAL CASH RESERVE</b>	<b>\$ 178,431.56</b>	<b>0.03%</b>	<b>\$ 178,431.56</b>	<b>100.00%</b>	<b>\$ -</b>	<b>0.00%</b>	<b>1</b>
<b>TOTAL THE BANK OF NEW YORK MELLON</b>	<b>\$ 208,526,371.78</b>	<b>31.60%</b>	<b>\$ 209,024,891.14</b>	<b>100.24%</b>	<b>\$ 498,519.36</b>	<b>1.09%</b>	<b>642</b>
<b>SAN DIEGO COUNTY TREASURER'S POOLED MONEY FUND:</b>							
SourcePoint Cash Reserve Fund	\$ 168,955.72	0.03%	\$ 168,955.72	100.00%	\$ -	0.85%	310
SourcePoint Cash Reserve Fund	-	0.00%	2,000.00	100.00%	2,000.00	0.85%	310
SANDAG I-15 <i>FasTrak</i>	4,960,537.12	0.75%	4,965,537.12	100.00%	5,000.00	0.85%	310
<i>TransNet</i> Extension (RTC)	26,694,823.86	4.05%	26,732,823.86	100.00%	38,000.00	0.85%	310
ARJIS	2,452,860.36	0.37%	2,455,860.36	100.00%	3,000.00	0.85%	310
SANDAG SAFE Program	8,272,399.23	1.25%	8,281,399.23	100.00%	9,000.00	0.85%	310
<b>TOTAL SAN DIEGO COUNTY TREASURER'S POOLED MONEY FUND</b>	<b>\$ 42,549,576.29</b>	<b>6.45%</b>	<b>\$ 42,606,576.29</b>	<b>100.00%</b>	<b>\$ 57,000.00</b>	<b>0.85%</b>	<b>310 **</b>
<b>CALIFORNIA BANK AND TRUST:</b>							
Capital Project Retention Accounts	\$ 461,477.51	0.07%	\$ 461,477.51	100.00%	\$ -	0.06%	1
<b>TOTAL CALIFORNIA BANK AND TRUST</b>	<b>\$ 461,477.51</b>	<b>0.07%</b>	<b>\$ 461,477.51</b>	<b>100.00%</b>	<b>\$ -</b>	<b>0.06%</b>	<b>1</b>
<b>CALIFORNIA BANK OF COMMERCE:</b>							
Capital Project Retention Account	\$ 180,153.68	0.03%	\$ 180,153.68	100.00%	\$ -	0.25%	1
<b>TOTAL CALIFORNIA BANK OF COMMERCE</b>	<b>\$ 180,153.68</b>	<b>0.03%</b>	<b>\$ 180,153.68</b>	<b>100.00%</b>	<b>\$ -</b>	<b>0.25%</b>	<b>1</b>
<b>TOTAL</b>	<b>\$659,794,972.13</b>	<b>100.00%</b>	<b>\$661,309,840.17</b>	<b>100.23%</b>	<b>\$ 1,514,868.04</b>	<b>0.95%</b>	<b>514</b>

*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, 2016**

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
<b>Cash and cash equivalents:</b>										
<b>Demand deposits:</b>										
Checking - TransNet Sales Tax (RTC)	N/A	N/A	\$ 1,007,892.81	\$ 1,007,892.81	\$ -	N/A	NR	NR	N/A	1
Checking - SANDAG General	N/A	N/A	4,366,561.77	4,366,561.77	-	N/A	NR	NR	N/A	1
Checking - SANDAG Flexible Spending Acct (FSA)	N/A	N/A	64,696.70	64,696.70	-	N/A	NR	NR	N/A	1
Checking - SANDAG Interstate 15 (I-15) FasTrak ®	N/A	N/A	703,328.17	703,328.17	-	N/A	NR	NR	N/A	1
Checking - SANDAG SAFE Program Acct	N/A	N/A	253,991.43	253,991.43	-	N/A	NR	NR	N/A	1
Checking - SourcePoint	N/A	N/A	53,665.66	53,665.66	-	N/A	NR	NR	N/A	1
Checking - ARJIS	N/A	N/A	291,003.27	291,003.27	-	N/A	NR	NR	N/A	1
Checking - State Route 125 (SR 125) Payment Account	N/A	N/A	1,447,440.18	1,447,440.18	-	N/A	NR	NR	N/A	1
Checking - SR 125 Collection Account	N/A	N/A	115,463.98	115,463.98	-	N/A	NR	NR	N/A	1
<b>Total demand deposits</b>			<b>\$ 8,304,043.97</b>	<b>\$ 8,304,043.97</b>	<b>\$ -</b>	<b>N/A</b>			<b>N/A</b>	<b>1</b>
<b>Money market accounts and funds:</b>										
Money Market - Capital Project Retention Account	N/A	N/A	\$ 461,477.51	\$ 461,477.51	\$ -	N/A	NR	NR	0.06%	1
Money Market - Capital Project Retention Account	N/A	N/A	180,153.68	180,153.68	-	N/A	NR	NR	0.25%	1
Money Market - Capital Project Retention Account	N/A	N/A	1,724,747.46	1,724,747.46	-	N/A	NR	NR	0.10%	1
Money Market - SANDAG Toll Road Project Revenue Fund	N/A	N/A	3,142,732.07	3,142,732.07	-	N/A	NR	NR	0.10%	1
Money Market - SANDAG Toll Road Project Cap Exp Reserve	N/A	N/A	354,902.38	354,902.38	-	N/A	NR	NR	0.10%	1
Money Market - SANDAG Toll Road Project TIFIA Note Expense	N/A	N/A	10,019.63	10,019.63	-	N/A	NR	NR	0.10%	1
Money Market - SANDAG Toll Road Project Sr. Oblig. D/S - Interest	N/A	N/A	1,452.72	1,452.72	-	N/A	NR	NR	0.10%	1
Money Market - SANDAG Toll Road Project Sr. Oblig. D/S - Princ.	N/A	N/A	173.00	173.00	-	N/A	NR	NR	0.10%	1
Money Market - SANDAG Toll Road Project 1st Sub Obl TNet Pymt	N/A	N/A	507.22	507.22	-	N/A	NR	NR	0.10%	1
Money Market - SANDAG Toll Road Project SANDAG Distribution	N/A	N/A	1,001,131.78	1,001,131.78	-	N/A	NR	NR	0.10%	1
San Diego County Treasurer's Pooled Money Fund (SourcePoint)	N/A	N/A	168,955.72	168,955.72	-	N/A	AAAf / S1	NR	0.85%	310
San Diego County Treasurer's Pooled Money Fund (SourcePoint)	N/A	N/A	-	2,000.00	2,000.00	N/A	AAAf / S1	NR	0.85%	310
San Diego County Treasurer's Pooled Money Fund (I-15 FasTrak ®)	N/A	N/A	4,960,537.12	4,965,537.12	5,000.00	N/A	AAAf / S1	NR	0.85%	310
San Diego County Treasurer's Pooled Money Fund (RTC)	N/A	N/A	26,694,823.86	26,732,823.86	38,000.00	N/A	AAAf / S1	NR	0.85%	310
San Diego County Treasurer's Pooled Money Fund (ARJIS)	N/A	N/A	2,452,860.36	2,455,860.36	3,000.00	N/A	AAAf / S1	NR	0.85%	310
San Diego County Treasurer's Pooled Money Fund (SAFE)	N/A	N/A	8,272,399.23	8,281,399.23	9,000.00	N/A	AAAf / S1	NR	0.85%	310
Money Market - RTC (2008 Bond - Main Interest)	N/A	N/A	1,313,934.04	1,313,934.04	-	N/A	NR	NR	0.10%	1
Money Market - RTC (CP Series B - NCTD)	N/A	N/A	241,475.92	241,475.92	-	N/A	NR	NR	0.10%	1
Money Market - RTC (CP Notes Ser B Interest)	N/A	N/A	49,905.00	49,905.00	-	N/A	NR	NR	0.00%	1
Money Market - RTC (CP Ser B Principal)	N/A	N/A	87,811.44	87,811.44	-	N/A	NR	NR	0.00%	1
Money Market - RTC (Custody Account)	N/A	N/A	745.34	745.34	-	N/A	NR	NR	0.10%	1
CAMP Cash Reserve Portfolio (ARJIS)	N/A	N/A	3,344,046.22	3,344,046.22	-	N/A	AAAm	NR	0.51%	45
CAMP Cash Reserve Portfolio - CA Coastal Commission	N/A	N/A	1,160,376.16	1,160,376.16	-	N/A	AAAm	NR	0.51%	45
CAMP Cash Reserve Portfolio (SANDAG SR 125)	N/A	N/A	1,852,423.44	1,852,423.44	-	N/A	AAAm	NR	0.51%	45
CAMP Cash Reserve Portfolio (SANDAG SR 125) - Project Maint	N/A	N/A	15,602,026.71	15,602,026.71	-	N/A	AAAm	NR	0.51%	45
CAMP Cash Reserve Portfolio - Coronado Bridge Toll Funds	N/A	N/A	273,934.34	273,934.34	-	N/A	AAAm	NR	0.51%	45
CAMP Cash Reserve Portfolio (SANDAG SR 125) - Extraordinary Reserv	N/A	N/A	3,295,893.61	3,295,893.61	-	N/A	AAAm	NR	0.51%	45

**SANDAG**  
**Detail of Portfolio Balances (by Investment Type)**  
as of June 30, 2016

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 - SANDAG Shoreline Management Accc	N/A	N/A	155,834.85	155,834.85	-	N/A	AAAm	NR	0.51%	45
CAMP Cash Reserve Portfolio (I-15 FasTrak @)	N/A	N/A	621,494.42	621,494.42	-	N/A	AAAm	NR	0.51%	45
CAMP Cash Reserve Portfolio (RTC) - 2008 Bond Reserve	N/A	N/A	152,414.67	152,414.67	-	N/A	AAAm	NR	0.51%	45
CAMP Cash Reserve Portfolio (RTC) - 2008 Bond Ser A Principal	N/A	N/A	1.00	1.00	-	N/A	AAAm	NR	0.51%	45
CAMP Cash Reserve Portfolio (RTC) - 2008 Bond Ser B Principal	N/A	N/A	1.00	1.00	-	N/A	AAAm	NR	0.51%	45
CAMP Cash Reserve Portfolio (RTC) - 2008 Bond Ser C Principal	N/A	N/A	1.00	1.00	-	N/A	AAAm	NR	0.51%	45
CAMP Cash Reserve Portfolio (RTC) - 2008 Bond Ser D Principal	N/A	N/A	1.00	1.00	-	N/A	AAAm	NR	0.51%	45
CAMP Cash Reserve Portfolio (RTC) - 2010 Bond Ser B Principal	N/A	N/A	57,097.01	57,097.01	-	N/A	AAAm	NR	0.51%	45
CAMP Cash Reserve Portfolio (RTC) - 2010 Bond Ser B Interest	N/A	N/A	77,168.07	77,168.07	-	N/A	AAAm	NR	0.51%	45
CAMP Cash Reserve Portfolio (RTC) - 2010 Bond Ser A Interest	N/A	N/A	5,016,267.81	5,016,267.81	-	N/A	AAAm	NR	0.51%	45
CAMP Cash Reserve Portfolio (RTC) - 2012 Bond Interest	N/A	N/A	4,330,688.52	4,330,688.52	-	N/A	AAAm	NR	0.51%	45
CAMP Cash Reserve Portfolio (RTC) - 2012 Bond Principal	N/A	N/A	1,355,193.48	1,355,193.48	-	N/A	AAAm	NR	0.51%	45
CAMP Cash Reserve Portfolio (RTC) - Sales Tax	N/A	N/A	3,720,341.78	3,720,341.78	-	N/A	AAAm	NR	0.51%	45
CAMP Cash Reserve Portfolio - Wetland Mitigation (RTC)	N/A	N/A	291,889.51	291,889.51	-	N/A	AAAm	NR	0.51%	45
CAMP Cash Reserve Portfolio - Sage Hill Endowment (RTC)	N/A	N/A	1,872.61	1,872.61	-	N/A	AAAm	NR	0.51%	45
CAMP Cash Reserve Portfolio (RTC) - 2014 Bond Ser A Principal	N/A	N/A	383,485.76	383,485.76	-	N/A	AAAm	NR	0.51%	45
CAMP Cash Reserve Portfolio (RTC) - 2014 Bond Ser A Interest	N/A	N/A	4,299,016.10	4,299,016.10	-	N/A	AAAm	NR	0.51%	45
CAMP Cash Reserve Portfolio (RTC) - 2014 Bond Ser A Proj Del Mar	N/A	N/A	794,013.23	794,013.23	-	N/A	AAAm	NR	0.51%	45
CAMP Cash Reserve Portfolio (RTC) - 2014 Bond Ser A Proj Santee	N/A	N/A	2,416,268.24	2,416,268.24	-	N/A	AAAm	NR	0.51%	45
BNY Mellon Cash Reserve TransNet Extension (RTC)	N/A	N/A	178,431.56	178,431.56	-	N/A	NR	NR	0.00%	1
<b>Total money market accounts and funds</b>			<b>\$ 100,500,927.58</b>	<b>\$100,557,927.58</b>	<b>\$ 57,000.00</b>	<b>N/A</b>			<b>0.62%</b>	<b>153</b>
<b>Total cash and cash equivalents</b>			<b>\$ 108,804,971.55</b>	<b>\$108,861,971.55</b>	<b>\$ 57,000.00</b>	<b>N/A</b>			<b>N/A</b>	<b>142</b>
<b>Investments:</b>										
<b>State of CA Local Agency Investment Fund:</b>										
LAIF - TransNet (RTC)	N/A	N/A	\$ 23,928,790.93	\$ 23,943,656.02	\$ 14,865.09	N/A	NR	NR	0.58%	167
LAIF - SANDAG	N/A	N/A	7,492,048.58	7,496,702.81	4,654.23	N/A	NR	NR	0.58%	167
<b>Total State of CA Local Agency Investment Fund</b>			<b>\$ 31,420,839.51</b>	<b>\$ 31,440,358.83</b>	<b>\$ 19,519.32</b>	<b>N/A</b>			<b>0.58%</b>	<b>167</b>
<b>U.S. Agencies:</b>										
US Treasury Notes	11/09/2015	03/31/2017	\$ 11,502,430.86	\$ 11,497,520.96	\$ (4,909.90)	\$ 11,455,000.00	AA+	Aaa	0.70%	274
US Treasury Notes	11/09/2015	09/30/2017	3,832,404.30	3,853,611.30	21,207.00	3,850,000.00	AA+	Aaa	0.87%	457
Federal Home Loan Banks Disc Note	05/31/2016	03/30/2017	109,370.43	109,576.56	206.13	110,000.00	A-1+	P-1	0.68%	273
Federal Home Loan Banks Disc Note	05/31/2016	03/30/2017	2,714,375.30	2,719,490.87	5,115.57	2,730,000.00	A-1+	P-1	0.68%	273
Federal Home Loan Banks Disc Note	05/31/2016	03/30/2017	765,593.03	767,035.89	1,442.86	770,000.00	A-1+	P-1	0.68%	273
FNMA Notes	06/23/2015	09/28/2016	2,392,443.90	2,374,694.97	(17,748.93)	2,370,000.00	AA+	Aaa	0.50%	90
FHLMC Notes	07/11/2014	10/14/2016	1,991,068.20	1,982,522.52	(8,545.68)	1,980,000.00	AA+	Aaa	0.62%	106
FHLB Notes	06/23/2015	11/23/2016	2,401,896.00	2,401,288.80	(607.20)	2,400,000.00	AA+	Aaa	0.57%	146
Fannie Mae Global Notes	07/11/2014	01/30/2017	2,673,844.80	2,651,935.44	(21,909.36)	2,640,000.00	AA+	Aaa	0.74%	214
Freddie Mac Global Notes	06/17/2016	07/28/2017	1,505,415.00	1,506,418.50	1,003.50	1,500,000.00	AA+	Aaa	0.67%	393

**SANDAG**  
**Detail of Portfolio Balances (by Investment Type)**  
as of June 30, 2016

Investment	Purchase Date	Maturity Date	Market Value		Unrealized	Par Value	S&P Rating	Moody's Rating	Yield on Cost	Wtd. Avg.
			Book Value	Market Value	Gain / (Loss)					Days to Maturity
Fannie Mae Global Notes	06/17/2016	10/26/2017	1,503,960.00	1,505,223.00	1,263.00	1,500,000.00	AA+	Aaa	0.68%	483
Fannie Mae Global Notes	06/17/2016	02/08/2018	1,504,530.00	1,507,648.50	3,118.50	1,500,000.00	AA+	Aaa	0.69%	588
FNMA Benchmark Note	06/17/2016	10/19/2018	1,510,755.00	1,513,782.00	3,027.00	1,500,000.00	AA+	Aaa	0.81%	841
FNMA Benchmark Note	06/17/2016	01/28/2019	1,521,135.00	1,521,649.50	514.50	1,500,000.00	AA+	Aaa	0.83%	942
Fannie Mae Global Notes	07/11/2014	01/30/2017	2,638,135.60	2,616,777.21	(21,358.39)	2,605,000.00	AA+	Aaa	0.74%	214
Federal Home Loan Banks Agcy	06/17/2016	06/29/2018	500,850.00	502,001.50	1,151.50	500,000.00	AA+	Aaa	0.79%	729
FNMA Notes	06/17/2016	07/20/2018	503,715.00	504,399.50	684.50	500,000.00	AA+	Aaa	0.77%	750
FNMA Benchmark Note	06/17/2016	10/19/2018	503,585.00	504,594.00	1,009.00	500,000.00	AA+	Aaa	0.81%	841
FNMA Benchmark Note	06/17/2016	01/28/2019	507,045.00	507,216.50	171.50	500,000.00	AA+	Aaa	0.83%	942
FHLMC Notes	06/17/2016	03/27/2019	538,870.00	539,838.00	968.00	500,000.00	AA+	Aaa	0.90%	1,000
Freddie Mac Notes	12/10/2015	05/30/2019	722,900.75	734,660.36	11,759.61	715,000.00	AA+	Aaa	1.42%	1,064
US Treasury Notes	07/11/2014	06/30/2017	1,254,142.97	1,262,904.30	8,761.33	1,260,000.00	AA+	Aaa	0.91%	365
FHLB Notes	07/23/2015	08/28/2017	2,080,329.60	2,088,346.43	8,016.83	2,085,000.00	AA+	Aaa	0.86%	424
FNMA Notes	04/28/2015	09/27/2017	6,533,865.00	6,529,757.00	(4,108.00)	6,500,000.00	AA+	Aaa	0.78%	454
FHLB Notes	02/17/2016	03/19/2018	6,497,985.00	6,522,860.50	24,875.50	6,500,000.00	AA+	Aaa	0.89%	627
FNMA Note	03/02/2016	03/28/2018	5,284,410.00	5,313,225.39	28,815.39	5,295,000.00	AA+	Aaa	0.97%	636
Federal Home Loan Banks Agcy	05/26/2016	06/29/2018	4,868,239.20	4,899,534.64	31,295.44	4,880,000.00	AA+	Aaa	0.99%	729
FNMA Notes	03/02/2016	12/14/2018	8,009,200.00	8,072,728.00	63,528.00	8,000,000.00	AA+	Aaa	1.08%	897
FNMA Benchmark Note	02/19/2016	02/26/2019	3,990,560.00	4,019,680.00	29,120.00	4,000,000.00	AA+	Aaa	1.08%	971
FNMA Benchmark Note	05/03/2016	02/26/2019	2,086,920.43	2,095,258.20	8,337.77	2,085,000.00	AA+	Aaa	0.97%	971
FHLMC Notes	03/02/2016	03/27/2019	2,156,300.00	2,159,352.00	3,052.00	2,000,000.00	AA+	Aaa	1.15%	1,000
FHLB Global Note	06/02/2016	06/21/2019	13,564,300.60	13,695,888.89	131,588.29	13,570,000.00	AA+	Aaa	1.14%	1,086
FNMA Series	01/15/2015	02/01/2018	912,852.30	911,091.57	(1,760.73)	903,820.87	AA+	Aaa	1.26%	581
FNMA Series	04/15/2015	04/01/2018	1,035,246.31	1,033,307.93	(1,938.38)	1,025,000.00	AA+	Aaa	0.83%	640
FNMA Series	11/06/2015	01/01/2019	989,799.90	994,133.85	4,333.95	980,000.00	AA+	Aaa	1.20%	915
FHLMC	04/15/2016	03/01/2019	1,533,990.76	1,537,742.08	3,751.32	1,518,814.76	AA+	Aaa	0.99%	974
FNMA Series	06/09/2016	06/01/2019	2,979,498.53	2,988,398.09	8,899.56	2,950,000.00	AA+	Aaa	1.05%	1,066
Fannie Mae	10/07/2015	09/01/2019	2,055,378.29	2,056,895.99	1,517.70	2,035,000.00	AA+	Aaa	1.08%	1,158
US Treasury Notes	11/24/2014	08/31/2017	1,404,332.23	1,416,270.67	11,938.44	1,415,000.00	AA+	Aaa	0.90%	427
US Treasury Notes	02/01/2016	10/31/2017	5,796,148.44	5,814,047.60	17,899.16	5,800,000.00	AA+	Aaa	0.79%	488
US Treasury Notes	03/30/2015	12/31/2017	2,881,646.09	2,897,563.13	15,917.04	2,890,000.00	AA+	Aaa	0.86%	549
US Treasury Notes	07/01/2015	07/31/2018	4,240,457.03	4,238,854.70	(1,602.33)	4,100,000.00	AA+	Aaa	1.11%	761
US Treasury Notes	12/02/2015	09/15/2018	13,792,652.34	13,962,531.25	169,878.91	13,850,000.00	AA+	Aaa	1.15%	807
US Treasury Notes	10/08/2015	09/30/2018	8,399,983.59	8,432,058.29	32,074.70	8,295,000.00	AA+	Aaa	0.94%	822
US Treasury Notes	11/05/2015	10/31/2018	5,110,125.78	5,165,652.37	55,526.59	5,095,000.00	AA+	Aaa	1.15%	853
US Treasury Notes	01/06/2016	12/31/2018	4,411,171.88	4,477,858.00	66,686.12	4,400,000.00	AA+	Aaa	1.29%	914
US Treasury Notes	05/26/2016	04/15/2019	497,890.62	502,383.00	4,492.38	500,000.00	AA+	Aaa	1.02%	1,019
US Treasury Notes	06/27/2016	04/30/2019	14,875,527.34	14,870,431.50	(5,095.84)	14,500,000.00	AA+	Aaa	0.70%	1,034
US Treasury Notes	03/30/2016	05/31/2019	746,656.64	751,594.83	4,938.19	735,000.00	AA+	Aaa	0.99%	1,065
FHLB Notes	10/15/2015	10/26/2017	824,043.00	825,293.70	1,250.70	825,000.00	AA+	Aaa	0.68%	483
Federal Home Loan Bank	09/24/2015	04/24/2018	4,010,720.00	4,021,360.00	10,640.00	4,000,000.00	AA+	Aaa	0.89%	663



**SANDAG**  
**Detail of Portfolio Balances (by Investment Type)**  
as of June 30, 2016

Investment	Purchase Date	Maturity Date	Book Value		Unrealized		S&P Rating	Moody's Rating	Yield on Cost	Wtd. Avg.
			Book Value	Market Value	Gain / (Loss)	Par Value				Days to Maturity
Fannie Mae (Callable)	11/27/2012	09/20/2017	3,508,400.00	3,516,499.00	8,099.00	3,500,000.00	AA+	Aaa	1.00%	447
Fannie Mae (Callable)	02/04/2012	09/20/2017	1,002,750.00	1,004,714.00	1,964.00	1,000,000.00	AA+	Aaa	1.00%	447
Fannie Mae (Callable)	02/25/2013	09/20/2017	4,004,000.00	4,018,856.00	14,856.00	4,000,000.00	AA+	Aaa	1.00%	447
Fannie Mae	11/12/2015	10/26/2017	2,997,900.00	3,010,446.00	12,546.00	3,000,000.00	AA+	Aaa	0.91%	483
Freddie Mac	01/28/2013	01/12/2018	4,931,800.00	5,008,570.00	76,770.00	5,000,000.00	AA+	Aaa	1.03%	561
Farmer Mac	01/22/2013	01/24/2018	2,499,375.00	2,508,925.00	9,550.00	2,500,000.00	AA+	Aaa	0.94%	573
Federal Farm Credit Bank	05/26/2015	05/21/2018	4,989,850.00	5,029,700.00	39,850.00	5,000,000.00	AA+	Aaa	1.07%	690
Federal Farm Credit Bank	08/31/2015	01/30/2019	4,004,520.00	4,051,760.00	47,240.00	4,000,000.00	AA+	Aaa	1.29%	944
Federal Home Loan Bank	12/12/2014	12/08/2017	2,002,160.00	2,013,700.00	11,540.00	2,000,000.00	AA+	Aaa	1.09%	526
Fannie Mae (Callable)	05/02/2013	11/14/2016	7,750,000.00	7,753,875.00	3,875.00	7,750,000.00	AA+	Aaa	0.55%	137
Freddie Mac (Callable)	02/25/2013	02/07/2018	2,470,712.00	2,479,770.95	9,058.95	2,455,000.00	AA+	Aaa	1.35%	587
Freddie Mac	05/25/2016	04/15/2019	6,994,820.00	7,059,479.00	64,659.00	7,000,000.00	AA+	Aaa	1.15%	1,019
Federal Home Loan Bank	04/21/2014	12/09/2016	5,625,180.00	5,527,439.50	(97,740.50)	5,500,000.00	AA+	Aaa	0.75%	162
Freddie Mac (Callable)	03/23/2015	12/29/2017	5,000,000.00	5,032,500.00	32,500.00	5,000,000.00	AA+	Aaa	1.05%	547
Freddie Mac (Callable)	04/22/2016	10/28/2019	5,000,000.00	5,012,250.00	12,250.00	5,000,000.00	AA+	Aaa	1.25%	1,215
Federal Farm Credit Bank	06/11/2015	06/01/2018	4,983,750.00	5,033,000.00	49,250.00	5,000,000.00	AA+	Aaa	1.21%	701
Freddie Mac (Callable)	04/25/2016	01/28/2019	4,993,250.00	5,004,550.00	11,300.00	5,000,000.00	AA+	Aaa	1.20%	942
Federal Home Loan Bank	03/15/2013	03/09/2018	254,980.00	252,915.50	(2,064.50)	250,000.00	AA+	Aaa	0.96%	617
Federal Home Loan Bank	06/10/2015	03/09/2018	2,012,440.00	2,023,324.00	10,884.00	2,000,000.00	AA+	Aaa	1.14%	617
Federal Farm Credit Bank	09/23/2015	08/28/2017	4,001,760.00	4,005,640.00	3,880.00	4,000,000.00	AA+	Aaa	0.76%	424
Federal Farm Credit Bank (Callable)	05/09/2016	05/16/2019	5,500,000.00	5,508,030.00	8,030.00	5,500,000.00	AA+	Aaa	1.17%	1,050
Federal Farm Credit Bank	06/15/2015	12/11/2017	4,491,585.00	4,515,165.00	23,580.00	4,500,000.00	AA+	Aaa	0.98%	529
Federal Home Loan Bank	04/22/2016	03/08/2019	5,057,500.00	5,090,820.00	33,320.00	5,000,000.00	AA+	Aaa	1.09%	981
Fannie Mae	05/26/2015	11/27/2018	5,576,230.00	5,617,078.50	40,848.50	5,500,000.00	AA+	Aaa	1.22%	880
Federal Home Loan Bank	10/08/2013	03/10/2017	3,183,360.00	3,209,152.00	25,792.00	3,200,000.00	AA+	Aaa	1.03%	253
Federal Home Loan Bank	10/09/2015	09/14/2018	5,017,550.00	5,044,650.00	27,100.00	5,000,000.00	AA+	Aaa	1.00%	806
Federal Home Loan Bank	10/21/2015	09/14/2018	3,015,210.00	3,026,790.00	11,580.00	3,000,000.00	AA+	Aaa	0.95%	806
Federal Home Loan Bank	10/21/2015	09/14/2018	1,256,400.00	1,261,162.50	4,762.50	1,250,000.00	AA+	Aaa	0.94%	806
Federal Home Loan Bank	08/20/2015	10/30/2018	4,994,550.00	5,044,000.00	49,450.00	5,000,000.00	AA+	Aaa	1.16%	852
Freddie Mac	09/23/2015	11/17/2017	4,968,054.00	4,833,119.20	(134,934.80)	4,550,000.00	AA+	Aaa	0.78%	505
Fannie Mae (Callable)	10/20/2015	02/25/2019	4,024,800.00	4,055,760.00	30,960.00	4,000,000.00	AA+	Aaa	1.11%	970
Fannie Mae	02/15/2013	02/08/2018	1,989,480.00	2,010,198.00	20,718.00	2,000,000.00	AA+	Aaa	0.98%	588
USA Treasury	06/11/2015	01/31/2019	4,974,218.75	5,073,830.00	99,611.25	5,000,000.00	AA+	Aaa	1.40%	945
USA Treasury	06/05/2014	03/31/2017	3,020,625.00	3,011,136.00	(9,489.00)	3,000,000.00	AA+	Aaa	0.75%	274
USA Treasury	12/16/2015	03/31/2017	2,504,101.56	2,509,280.00	5,178.44	2,500,000.00	AA+	Aaa	0.87%	274
USA Treasury	03/23/2015	06/30/2017	2,502,734.38	2,505,762.50	3,028.12	2,500,000.00	AA+	Aaa	0.70%	365
USA Treasury	10/28/2015	06/30/2017	1,755,126.95	1,754,033.75	(1,093.20)	1,750,000.00	AA+	Aaa	0.57%	365
USA Treasury	06/11/2015	06/15/2018	4,996,093.75	5,050,195.00	54,101.25	5,000,000.00	AA+	Aaa	1.15%	715
USA Treasury	01/11/2016	07/31/2018	4,529,003.91	4,570,663.50	41,659.59	4,500,000.00	AA+	Aaa	1.12%	761
<b>Total U.S. Agencies</b>			<b>\$ 327,052,967.34</b>	<b>\$ 328,417,629.68</b>	<b>\$ 1,364,662.34</b>	<b>\$ 325,322,636</b>			<b>0.97%</b>	<b>691</b>

**SANDAG**  
**Detail of Portfolio Balances (by Investment Type)**  
as of June 30, 2016

Investment	Purchase Date	Maturity Date	Market Value		Unrealized Gain / (Loss)	Par Value	S&P Rating	Moody's Rating	Yield on Cost	Wtd. Avg.
			Book Value	Market Value						Days to Maturity
<b>Corporate Medium Term Notes:</b>										
Bank of New York Mellon	07/10/2014	07/28/2016	\$ 1,978,982.40	\$ 1,921,895.04	\$ (57,087.36)	\$ 1,920,000.00	A	A1	0.78%	28
Caterpillar Financial SE	06/17/2016	08/18/2017	1,504,800.00	1,504,231.50	(568.50)	1,500,000.00	A	A2	0.97%	414
Wells Fargo & Company Corp Notes	06/17/2016	09/08/2017	1,506,030.00	1,504,615.50	(1,414.50)	1,500,000.00	A	A2	1.07%	435
Merck & Co Inc Corp Notes	06/17/2016	01/31/2018	1,505,910.00	1,506,034.50	124.50	1,500,000.00	AA	A1	0.85%	580
JP Morgan Chase Corp Notes (Callable)	06/17/2016	03/01/2018	1,507,110.00	1,508,305.50	1,195.50	1,500,000.00	A-	A3	1.42%	609
Coca-Cola Co Global Note	06/17/2016	04/01/2018	1,507,590.00	1,510,414.50	2,824.50	1,500,000.00	AA-	Aa3	0.86%	640
Microsoft Corp Notes	06/17/2016	11/03/2018	1,509,285.00	1,513,623.00	4,338.00	1,500,000.00	AAA	Aaa	1.03%	856
Wal-Mart Stores Inc	06/17/2016	12/15/2018	1,537,620.00	1,540,893.00	3,273.00	1,500,000.00	AA	Aa2	0.93%	898
Bank Of New York Mellon	07/10/2014	07/28/2016	211,297.60	205,202.34	(6,095.26)	205,000.00	A	A1	0.78%	28
Bank Of New York Mellon	07/11/2014	07/28/2016	536,338.40	520,513.24	(15,825.16)	520,000.00	A	A1	0.74%	28
Wells Fargo & Company Corp Notes	06/17/2016	09/08/2017	502,010.00	501,538.50	(471.50)	500,000.00	A	A2	1.07%	435
Merck & Co Inc Corp Notes	06/17/2016	01/31/2018	501,970.00	502,011.50	41.50	500,000.00	AA	A1	0.85%	580
JP Morgan Chase Corp Notes (Callable)	06/17/2016	03/01/2018	502,370.00	502,768.50	398.50	500,000.00	A-	A3	1.42%	609
The Walt Disney Corp	06/17/2016	09/17/2018	506,355.00	507,624.50	1,269.50	500,000.00	A	A2	0.92%	809
Apple Inc Corp Note	04/29/2014	05/05/2017	2,098,887.00	2,104,947.60	6,060.60	2,100,000.00	AA+	Aa1	1.07%	309
US Bancorp (Callable)	11/24/2014	05/15/2017	3,238,688.00	3,215,321.60	(23,366.40)	3,200,000.00	A+	A1	1.15%	319
The Walt Disney Corporation Corp Note	05/28/2014	05/30/2017	1,192,849.00	1,196,750.68	3,901.68	1,195,000.00	A	A2	0.94%	334
Toyota Motor Credit Corp Note	01/07/2015	01/12/2018	299,589.00	302,187.30	2,598.30	300,000.00	AA-	Aa3	1.50%	561
Toyota Motor Credit Corp Note	03/30/2015	01/12/2018	2,515,650.00	2,518,227.50	2,577.50	2,500,000.00	AA-	Aa3	1.22%	561
JP Morgan Chase & Co Notes	02/05/2016	01/15/2018	1,444,667.40	1,433,092.48	(11,574.92)	1,340,000.00	A-	A3	1.86%	564
Wachovia Corp Notes	03/30/2015	02/01/2018	3,916,850.00	3,745,808.50	(171,041.50)	3,500,000.00	A	A2	1.44%	581
IBM Corp Notes	02/03/2015	02/06/2018	4,237,037.50	4,268,292.00	31,254.50	4,250,000.00	AA-	Aa3	1.23%	586
Exxon Mobil Corp Notes	03/04/2015	03/06/2018	3,450,000.00	3,476,923.80	26,923.80	3,450,000.00	AA+	Aaa	1.31%	614
American Honda Finance Corp Notes	03/10/2015	03/13/2018	2,531,603.10	2,559,822.72	28,219.62	2,535,000.00	A+	A1	1.55%	621
Pepsico, Inc Corp Notes	04/27/2015	04/30/2018	714,914.20	718,822.39	3,908.19	715,000.00	A	A1	1.25%	669
Bank Of New York Mellon Corp (Callable)	05/22/2015	05/22/2018	4,424,601.75	4,469,028.75	44,427.00	4,425,000.00	A	A1	1.60%	691
Cisco Systems Inc Corp Note	06/10/2015	06/15/2018	4,769,189.10	4,832,019.54	62,830.44	4,770,000.00	AA-	A1	1.66%	715
Toyota Motor Credit Corp	07/08/2015	07/13/2018	829,294.50	837,977.96	8,683.46	830,000.00	AA-	Aa3	1.58%	743
American Express Crd Crp Nt (Callable)	02/05/2016	07/31/2018	3,496,290.00	3,531,027.50	34,737.50	3,500,000.00	A-	A2	1.84%	761
John Deere Capital Corp Note	09/08/2015	08/10/2018	3,736,334.80	3,793,975.68	57,640.88	3,740,000.00	A	A2	1.79%	771
American Exp Credit Corp Nt (Callable)	10/29/2015	11/05/2018	1,059,904.60	1,071,277.34	11,372.74	1,060,000.00	A-	A2	1.88%	858
John Deere Capital Corp Note	01/05/2016	01/08/2019	949,943.00	971,062.45	21,119.45	950,000.00	A	A2	1.95%	922
Toyota Motor Credit Corp	02/16/2016	02/19/2019	699,916.00	708,947.40	9,031.40	700,000.00	AA-	Aa3	1.70%	964
American Honda Finance Corp Notes	02/18/2016	02/22/2019	1,144,771.00	1,164,800.49	20,029.49	1,145,000.00	A+	A1	1.71%	967
Berkshire Hathaway Inc Notes	03/08/2016	03/15/2019	839,361.60	853,723.08	14,361.48	840,000.00	AA	Aa2	1.73%	988
Berkshire Hathaway	06/11/2015	08/15/2018	5,081,575.00	5,110,440.00	28,865.00	5,000,000.00	AA	Aa2	1.47%	776
Microsoft Corp	07/06/2015	12/06/2018	5,060,450.00	5,087,120.00	26,670.00	5,000,000.00	AAA	Aaa	1.26%	889
Wells Fargo & Company	07/20/2015	09/08/2017	4,008,120.00	4,012,308.00	4,188.00	4,000,000.00	A	A2	1.30%	435
Apple Inc	05/22/2014	05/05/2017	3,011,340.00	3,007,068.00	(4,272.00)	3,000,000.00	AA+	Aa1	0.92%	309
Pfizer Inc	06/20/2016	06/03/2019	4,012,200.00	4,033,300.00	21,100.00	4,000,000.00	AA	A1	1.34%	1,068

**SANDAG**  
**Detail of Portfolio Balances (by Investment Type)**  
as of June 30, 2016

Investment	Purchase Date	Maturity Date			Unrealized Gain / (Loss)	Par Value	S&P Rating	Moody's Rating	Yield on Cost	Wtd. Avg.
			Book Value	Market Value						Days to Maturity
Pfizer Inc	06/20/2016	06/03/2019	2,006,100.00	2,016,650.00	10,550.00	2,000,000.00	AA	A1	1.34%	1,068
IBM Corp	01/30/2014	09/14/2017	3,107,673.00	2,852,242.20	(255,430.80)	2,700,000.00	AA-	Aa3	1.40%	441
The Coca-Cola Co	02/27/2014	09/01/2016	2,519,947.50	2,454,503.10	(65,444.40)	2,450,000.00	AA-	Aa3	0.64%	63
IBM Corp	02/04/2015	02/06/2018	2,993,400.00	3,012,912.00	19,512.00	3,000,000.00	AA-	Aa3	1.20%	586
Pepsico Inc	02/13/2013	08/13/2017	3,004,200.00	3,013,791.00	9,591.00	3,000,000.00	A	A1	1.22%	409
Wal-Mart Stores Inc	04/11/2013	04/11/2018	500,215.00	502,532.50	2,317.50	500,000.00	AA	Aa2	1.12%	650
Wal-Mart Stores Inc	09/18/2015	04/11/2018	1,798,470.00	1,809,117.00	10,647.00	1,800,000.00	AA	Aa2	1.16%	650
Toyota Motor Credit Corp	10/01/2013	01/12/2017	5,420,084.60	5,319,349.86	(100,734.74)	5,285,000.00	AA-	Aa3	1.25%	196
Apple Inc	07/31/2013	05/03/2018	1,925,040.00	2,004,922.00	79,882.00	2,000,000.00	AA+	Aa1	1.83%	672
Caterpillar Finl Service	11/13/2015	11/13/2018	2,006,560.00	2,024,078.00	17,518.00	2,000,000.00	A	A2	1.69%	866
American Express Credit	09/30/2014	06/05/2017	4,970,500.00	4,999,315.00	28,815.00	5,000,000.00	A-	A2	1.35%	340
<b>Total Corporate Medium Notes</b>			<b>\$ 114,333,885.05</b>	<b>\$ 114,283,356.54</b>	<b>\$ (50,528.51)</b>	<b>\$ 112,925,000.00</b>			<b>1.33%</b>	<b>595</b>
<b>Commercial Paper:</b>										
JP Morgan Securities LLC Comm Paper	11/04/2015	07/28/2016	845,792.02	849,730.55	3,938.53	850,000.00	A-1	P-1	0.67%	28
Toyota Motor Credit Corp Comm Paper	11/04/2015	07/29/2016	845,902.29	849,666.80	3,764.51	850,000.00	A-1+	P-1	0.65%	29
<b>Total Commercial Paper</b>			<b>\$ 1,691,694.31</b>	<b>\$ 1,699,397.35</b>	<b>\$ 7,703.04</b>	<b>\$ 1,700,000.00</b>			<b>0.66%</b>	<b>28</b>
<b>Municipal Bonds/Notes:</b>										
MS St Txbl Go Bonds	02/04/2015	10/01/2017	\$ 230,000.00	\$ 231,044.20	\$ 1,044.20	\$ 230,000.00	AA	Aa2	1.09%	458
<b>Total Municipal Bonds/Notes</b>			<b>\$ 230,000.00</b>	<b>\$ 231,044.20</b>	<b>\$ 1,044.20</b>	<b>\$ 230,000.00</b>			<b>1.09%</b>	<b>458</b>

**SANDAG**  
**Detail of Portfolio Balances (by Investment Type)**  
as of June 30, 2016

Investment	Purchase Date	Maturity Date	Book Value		Market Value		Unrealized		S&P Rating	Moody's Rating	Yield on Cost	Wtd. Avg. Days to Maturity
			Book Value	Market Value	Gain / (Loss)	Par Value						
<b>Certificates of Deposits:</b>												
Svenska Handelsbanken NY Flt Cert Deposit	11/20/2015	08/24/2017	\$ 5,000,000.00	\$ 5,002,500.00	\$ 2,500.00	\$ 5,000,000.00	A-1+	P-1	0.84%	420		
HSBC Bank USA NA Floating Cert Deposit	11/17/2015	11/17/2017	5,540,000.00	5,550,332.10	10,332.10	5,540,000.00	A-1+	P-1	0.97%	505		
Canadian Imperial Bank NY YCD	04/06/2015	04/06/2017	4,450,000.00	4,451,023.50	1,023.50	4,450,000.00	A-1	P-1	1.01%	280		
BMO Harris Bank NA CD	10/22/2015	04/24/2017	5,540,000.00	5,550,498.30	10,498.30	5,540,000.00	A-1	Aa3	1.01%	298		
Nordea Bank Finland NY CD	05/27/2015	05/26/2017	4,320,000.00	4,322,160.00	2,160.00	4,320,000.00	AA-	Aa3	1.15%	330		
US Bank NA Cincinnati CD (Callable)	09/09/2014	09/11/2017	2,790,500.05	2,804,357.66	13,857.61	2,795,000.00	AA-	Aa1	1.41%	438		
Bank Of Nova Scotia Houston YCD	11/06/2015	11/06/2017	5,540,000.00	5,568,641.80	28,641.80	5,540,000.00	A-1	P-1	1.55%	494		
Skandinaviska Enskilda Banken NY CD	11/16/2015	11/16/2017	5,500,000.00	5,505,830.00	5,830.00	5,500,000.00	A-1	P-1	1.48%	504		
Royal Bank Of Canada NY CD	03/11/2016	03/09/2018	3,325,000.00	3,350,918.38	25,918.38	3,325,000.00	AA-	Aa3	1.69%	617		
Toronto Dominion Bank NY CD	03/14/2016	03/14/2018	2,560,000.00	2,559,846.40	(153.60)	2,560,000.00	AA-	Aa1	1.72%	622		
<b>Total Certificates of Deposits</b>			<b>\$ 44,565,500.05</b>	<b>\$ 44,666,108.14</b>	<b>\$ 100,608.09</b>	<b>\$ 44,570,000.00</b>			<b>1.24%</b>	<b>440</b>		
<b>Asset-Backed Security:</b>												
USAA Auto Owner Trust	10/20/2014	12/15/2017	\$ 527,074.82	\$ 526,711.02	\$ (363.78)	\$ 526,951.33	AAA	Aaa	0.55%	533		
Toyota ABS	02/24/2015	07/15/2017	358,333.90	358,288.92	(44.98)	358,337.30	AAA	Aaa	0.71%	380		
Toyota ABS	02/23/2016	03/15/2020	1,579,910.41	1,586,080.63	6,170.22	1,580,000.00	AAA	Aaa	1.25%	1,354		
Hyundai ABS	03/22/2016	09/15/2020	659,871.96	665,372.47	5,500.51	660,000.00	AAA	Aaa	1.57%	1,538		
Nissan ABS	04/18/2016	01/15/2021	494,923.23	498,520.84	3,597.61	495,000.00	NR	Aaa	1.33%	1,660		
<b>Total Asset-Backed Security</b>			<b>\$ 3,620,114.32</b>	<b>\$ 3,634,973.88</b>	<b>\$ 14,859.56</b>	<b>\$ 3,620,288.63</b>			<b>1.16%</b>	<b>1,215</b>		
<b>Certificates of Participation:</b>												
North County Transit District Certificates of Participation	05/11/2016	07/05/2016	\$ 28,075,000.00	\$ 28,075,000.00	\$ -	\$ 28,075,000.00	NR	A1	0.47%	5		
<b>Total Certificates of Participation</b>			<b>\$ 28,075,000.00</b>	<b>\$ 28,075,000.00</b>	<b>\$ -</b>	<b>\$ 28,075,000.00</b>			<b>0.47%</b>	<b>5</b>		
<b>Total investments</b>			<b>\$ 550,990,000.58</b>	<b>\$ 552,447,868.62</b>	<b>\$ 1,457,868.04</b>	<b>N/A</b>			<b>1.02%</b>	<b>588</b>		
<b>Total Portfolio:</b>			<b>\$ 659,794,972.13</b>	<b>\$ 661,309,840.17</b>	<b>\$ 1,514,868.04</b>	<b>N/A</b>			<b>0.95%</b>	<b>514</b>		

*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)