



BOARD OF DIRECTORS  
SEPTEMBER 22, 2017

**ACTION REQUESTED: INFORMATION**

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OVERVIEW OF DEVELOPMENTS IN THE FINANCIAL  
MARKETS, QUARTERLY FINANCE REPORT, AND  
ANNUAL INTEREST RATE SWAP EVALUATION  
FOR THE PERIOD ENDING JUNE 30, 2017

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.

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***

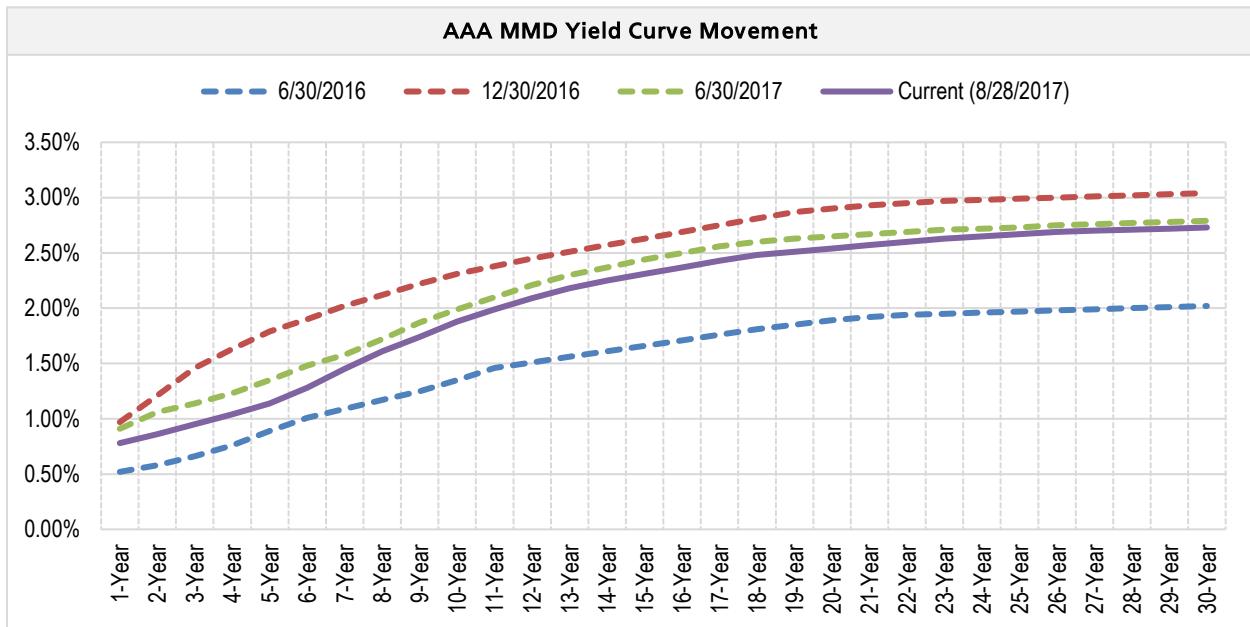
Economic data from the first half of 2017 indicates that the world economy is moving past the effects of the financial crisis. For the first time since 2007, all 45 countries tracked by the Organization for Economic Cooperation and Development (OECD) are expected to experience economic growth this year. Thirty-three of the countries are expecting growth to accelerate. Estimates indicate that the Eurozone economy grew at 2.5 percent, the U.S. economy grew at 2.6 percent, and the Japanese economy grew at 4 percent for the second quarter. Furthermore, developed economies are seeing consumers return to pre-recession spending habits. This continued growth could provide central banks with more justification to raise interest rates.

Although inflation continues to run below the Federal Open Market Committee's (FOMC) target of 2 percent, FOMC officials voted to raise the target federal funds rate by 0.25 percent at the June meeting. Chairwoman Janet Yellen cited strengthening economic growth and employment as justification for the hike. She attributed decelerating inflation to transitory factors. Projection materials released following the June meeting show that FOMC officials expect at least one more rate hike this year.

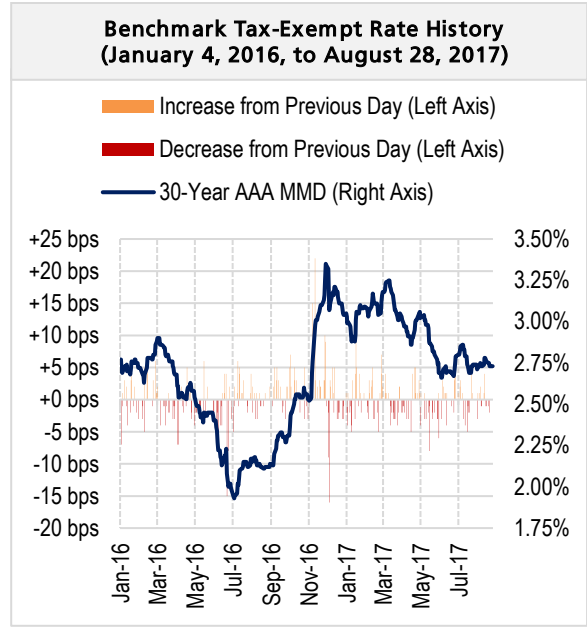
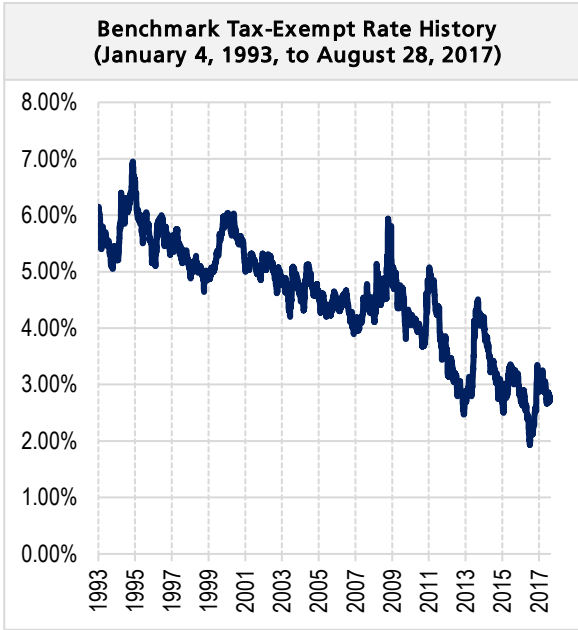
Following its July meeting, the FOMC announced plans to gradually reduce its \$4.5 trillion balance sheet. The Federal Reserve's balance sheet grew during the financial crisis as it purchased securities to lower long-term borrowing rates. The Federal Reserve will decrease its reinvestment of principal

repayments by \$10 billion per month and will increase in steps of \$10 billion per month at quarterly intervals until it reaches \$50 billion per month. The specific timetable is expected to be announced as soon as September 19-20 (the next meeting).

In the aftermath of the election, the AAA Municipal Market Data (MMD) index (industry-accepted index for tax-exempt bonds) experienced double-digit increases across the yield curve as investors moved to the equity markets in anticipation of the Trump administration’s pro-growth policies. However, the market has stabilized as investors have begun to wonder if this administration can implement these policies amid political obstacles. The current 30-year AAA MMD bond yield is 2.73 percent.

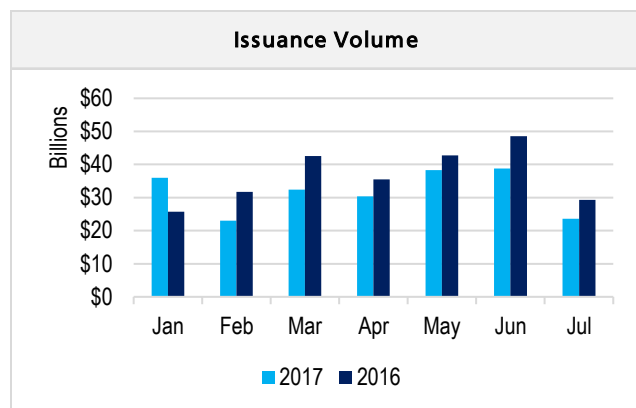


Maturity	6/30/2016	12/30/2016	6/30/2017	8/28/2017
3-Year	0.66%	1.46%	1.14%	0.95%
5-Year	0.89%	1.79%	1.35%	1.14%
10-Year	1.35%	2.31%	1.99%	1.88%
20-Year	1.89%	2.90%	2.65%	2.54%
30-Year	2.02%	3.04%	2.79%	2.73%



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

Through July, the total tax-exempt municipal bond supply is \$222.4 billion, down 13.2 percent from 2016. The drop in issuance is driven by a decline in refinancings. In 2016, refinancings were nearly half of all bond transactions, measured by par amount. In 2017, refinancings constitute little more than one quarter of all transactions. Because issuers refinanced so much outstanding debt in 2016, there have been fewer opportunities to do so in 2017.



## Interest Rate Forecasts

At its June 2017 meeting, the FOMC voted to raise the target federal funds rate range by 0.25 percent, the second time in 2017. FOMC officials cited solid job growth for the year, continually declining unemployment, increased household spending, and business fixed investment as factors supporting the rate hike. Based on projection materials released with the June statement, 12 of 16 FOMC officials anticipate at least one more rate hike in 2017. Additionally, FOMC officials indicated they will begin to unwind the FOMC's \$4.5 trillion balance sheet of bond holdings resulting from its response to the financial crisis.

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 (UST) rate is forecast to increase to 2.52 percent by the fourth quarter of 2017. The 30-year UST rate is forecast to increase to 3.11 percent by the fourth quarter of 2017. The two-year UST rate is forecast to increase to 1.63 percent by the fourth quarter of 2017.

The Street's Interest Rate Forecast <sup>2</sup>							
Forecast	8/28/17	Q3 17	Q4 17	Q1 18	Q2 18	Q3 18	Q4 18
30-Year UST	2.76%	2.96%	3.11%	3.22%	3.33%	3.41%	3.52%
10-Year UST	2.16%	2.36%	2.52%	2.64%	2.74%	2.84%	3.01%
2-Year UST	1.33%	1.48%	1.63%	1.78%	1.95%	2.10%	2.28%
3M London Interbank Offered Rate (LIBOR)	1.32%	1.31%	1.54%	1.69%	1.90%	2.07%	2.24%
Federal Funds Target Rate Upper Bound	1.25%	1.25%	1.50%	1.60%	1.85%	1.95%	2.10%
Federal Funds Target Rate Lower Bound	1.00%	1.00%	1.24%	1.37%	1.58%	1.72%	1.86%

<sup>1</sup> Issuance data from The Bond Buyer

<sup>2</sup> Bloomberg survey compilation as of August 28, 2017

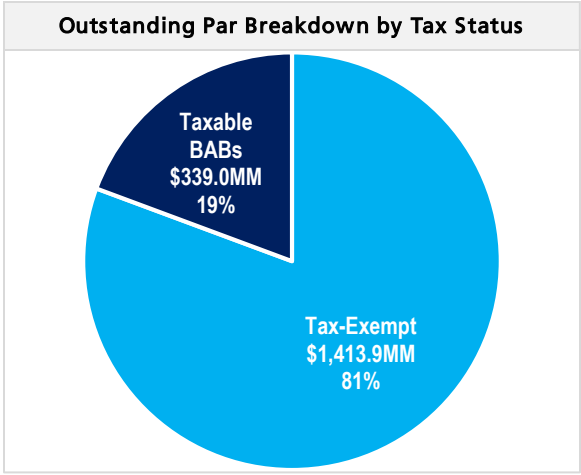
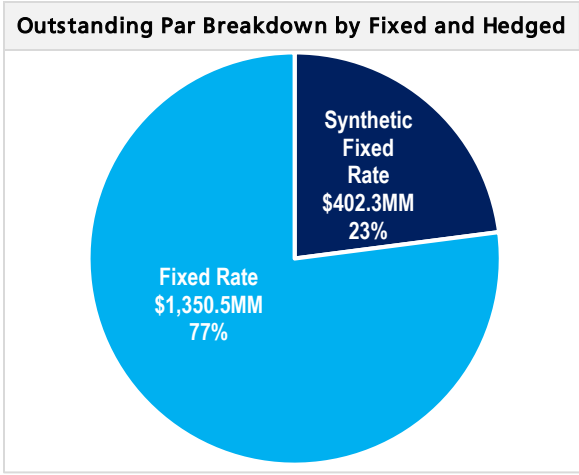
## Debt Portfolio Overview and Update

### Outstanding Debt Overview

In June, SANDAG closed a \$537.5 million Transportation Infrastructure Finance and Innovation Act (TIFIA) loan with the U.S. Department of Transportation. The loan will finance a portion of the Mid-Coast Corridor Transit Project that will connect the Old Town Transit Center in Downtown San Diego to the University City area. The loan has an interest rate of 2.72 percent and matures in 2045. Currently, the loan is undrawn and does not represent an obligation of SANDAG at this time. The plan of finance for the Mid-Coast Corridor Transit Project assumes the TIFIA loan is drawn in FY 2021, at which point it will be repayable from a third lien on *TransNet* revenues that is subordinate to SANDAG's outstanding bonds and commercial paper. As a third lien commitment, the loan does not impact SANDAG's senior lien ratings which remain triple-A as rated by S&P and Fitch.

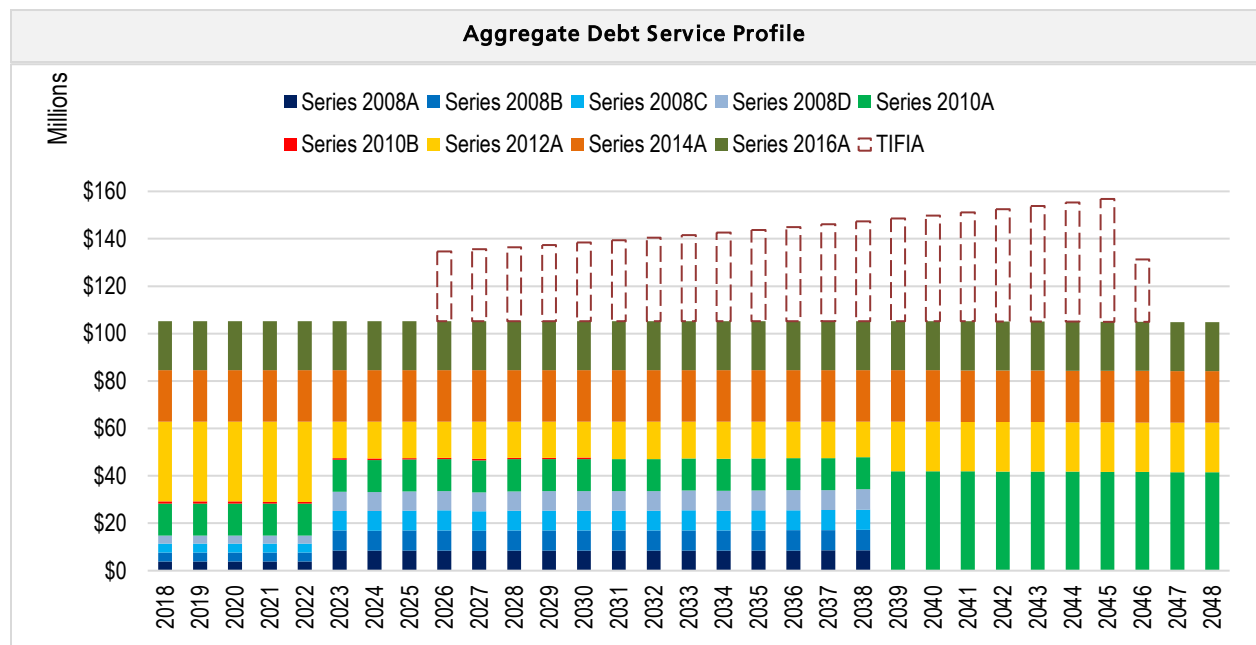
While the TIFIA loan remains undrawn, SANDAG has \$1.75 billion of outstanding long-term debt. Of the total debt portfolio, 23 percent consists of synthetic fixed-rate bonds (variable-rate bonds hedged with fixed-payer interest rate swaps), and the remaining 77 percent are fixed-rate bonds. A summary 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	\$6,925,000	4/1/2020	4/1/2030
2012A	Tax-Exempt	Fixed-Rate	\$420,585,000	\$341,455,000	4/1/2022	4/1/2048
2014A	Tax-Exempt	Fixed-Rate	\$350,000,000	\$340,950,000	4/1/2024	4/1/2048
2016A	Tax-Exempt	Fixed-Rate	\$325,000,000	\$322,235,000	4/1/2026	4/1/2048
<b>Total</b>				<b>\$1,752,825,000</b>		
Summary of TIFIA Loan Commitment						
Series	Tax Status	Coupon Type	Original Issue Size	Outstanding Par	Call Option	Final Maturity
TIFIA	Taxable	Fixed-Rate	\$537,484,439	\$537,484,439	Anytime	10/1/2045
<b>Total with Loan Commitment</b>				<b>\$2,290,309,439</b>		



### Debt Service and Coverage

As previously stated, SANDAG's TIFIA loan is repayable from a third lien that is subordinate to the outstanding bonds (which are on the senior lien) and the existing commercial paper (which is on the subordinate lien). As a result, senior lien debt service remains level in aggregate at about \$105.3 million annually. Assuming SANDAG draws on the TIFIA loan as expected to complete the Mid-Coast Corridor Transit Project, SANDAG's aggregate debt service will peak at \$163.6 million in FY 2045. Debt service coverage, using sales tax receipts for the last 12 months ended June 30, 2017, is 2.71 times on the senior lien, supporting SANDAG's triple-A ratings.



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

SANDAG has \$402.3 million of outstanding variable-rate demand bonds (VRDBs) (Series 2008A, B, C, and D), as shown below. These VRDBs are backed by standby bond purchase agreements (SBPAs) from certain financial institutions. The bonds trade against the Securities Industry and Financial Markets Association (SIFMA) benchmark index. The interest rate on these bonds resets weekly through a remarketing process.

Throughout 2017, SIFMA has risen following each of the Federal Reserve's rate hikes. The increases, however, have been followed by steady declines. As a result, SIFMA most recently reset to 0.78 percent. SANDAG's VRDBs continue to trade well compared to SIFMA.

<b>SANDAG Series 2008A–D 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	JPMorgan Chase Bank, N.A.	Barclays Capital Inc.	0.53%	0.56%	-3 basis points (bps)
2008B	JPMorgan Chase Bank, N.A.	Goldman, Sachs & Company	0.54%	0.56%	-2 bps
2008C	Mizuho Corporate Bank, Ltd.	JPMorgan Securities LLC	0.54%	0.56%	-2 bps
2008D	State Street	Stifel, Nicolaus & Company, Inc.	0.54%	0.56%	-2 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 were originally scheduled to convert from the London Interbank Offered Rate (LIBOR) to the SIFMA-based indices, SANDAG will pay its counterparty a floating interest rate payment based on the SIFMA index and will receive a floating payment based on 107.4 percent of three-month LIBOR. The market value of the SANDAG swap portfolio changes with interest rate fluctuations. The mark-to-market (MTM) valuation is (\$78,912,557), meaning SANDAG would need to pay approximately \$79 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 8/28/2017)	Notional Outstanding	Bank Counterparty
Series 2008	3.8165%	65% of USD-LIBOR until 4/2018; SIFMA Swap Index thereafter	5/23/2012	5/23/2012	4/1/2038	(\$32,267,227)	\$134,100,000	Bank of America, N.A. (A1/A+/A+)
Series 2008	3.8165%	65% of USD-LIBOR until 4/2018; SIFMA Swap Index thereafter	5/23/2012	5/23/2012	4/1/2038	(\$32,267,227)	\$134,100,000	Goldman Sachs Mitsui Marine Derivative Products, L.P. (Aa2/AA-)
Series 2008	3.4100%	65% of USD-LIBOR	5/23/2012	5/23/2012	4/1/2038	(\$32,279,673)	\$134,100,000	Bank of America, N.A. (A1/A+/A+)
<b>Total Fixed-Payer Swaps</b>						<b>(\$96,814,127)</b>	<b>\$402,300,000</b>	
Series 2008	SIFMA Swap Index	107.4% of 3 month USD-LIBOR	3/19/2009	4/1/2018	4/1/2038	\$8,950,785	\$156,600,000	Barclays Bank PLC (A1/A-/A)
Series 2008	SIFMA Swap Index	107.4% of 3 month USD-LIBOR	3/19/2009	4/1/2018	4/1/2038	\$8,950,785	\$156,600,000	Barclays Bank PLC (A1/A-/A)
<b>Total Index Conversion Swaps</b>						<b>\$17,901,570</b>	<b>\$313,200,000</b>	
<b>Total Combined</b>						<b>(\$78,912,557)</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 on 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 4.1 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, 2014A, and 2016A bonds were sold at an all-in cost of 3.72 percent, 3.85 percent, and 3.29 percent, respectively. Taken together, SANDAG has issued approximately \$1.85 billion in long-term debt, to accelerate project delivery, for a weighted average cost of 3.78 percent.

SANDAG's WACC Calculations					
<b><i>Synthetic Fixed Rate:</i></b>					
Series	Par Post 2012 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 Average</b>					<b>4.1010%</b>
<b><i>Fixed Rate:</i></b>					
Series	Original Par	-	-	-	All-in True Interest Cost
2010A	\$338,960,000	-	-	-	3.8871%
2010B	\$11,040,000	-	-	-	3.1434%
2012A	\$420,585,000	-	-	-	3.7167%
2014A	\$350,000,000	-	-	-	3.8507%
2016A	\$325,000,000	-	-	-	3.2947%
<b>Total Weighted Average Without TIFIA Loan</b>					<b>3.7794%</b>
TIFIA	\$537,484,439	-	-	-	2.7200%
<b>Total Weighted Average With TIFIA Loan</b>					<b>3.5407%</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 \$26.8 million as of August 31, 2017. The paper was most recently remarketed out 37 days at a rate of 82 bps. The Letter of Credit expires in September 2017, and SANDAG staff is in the process of extending this facility for one year with the existing provider, Union Bank.

## *Looking Ahead*

The SANDAG Board of Directors is scheduled to consider the refunding of the outstanding TIFIA and Commission loans in relation to State Route 125 South Bay Expressway (SR 125) at the September 22 meeting. If approved, the outstanding TIFIA and Commission loans would be retired with publicly sold toll-revenue bonds for the purpose of reducing debt service costs associated with SR 125.

Additionally, the SBPA (i.e., the “liquidity facility”) with Mizuho Corporate Bank, Ltd. expires on November 10, 2017. Staff has solicited and is reviewing proposals to replace that agreement with a new facility. Appropriate documents are anticipated to be brought before the Board of Directors for consideration in October.

Lastly, a plan of finance update is scheduled to be provided to the Board of Directors in September. In addition to updating cost and revenue estimates, the update will include estimates of potential Senate Bill 1 (Beall) (SB 1) revenues from formula and competitive programs that would support further implementation of the *TransNet* Program. Specific funding proposals will be prepared throughout FY 2018, as the state agencies issue calls for projects for each of the individual SB 1 programs.

## **Quarterly Investment Data**

Included with this quarterly finance report through June 30, 2017, 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, 2017, a total of \$799.7 million was held by SANDAG in a number of investment accounts, in comparison to \$976.3 million held in the previous quarter. The \$176.6 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 proceeds to fund current projects.<sup>3</sup>

Approximately \$6.4 million was held in nine U.S. Bank, N.A. accounts at the end of the quarter, which are used for operating purposes. Approximately \$793.3 million was invested in seven institutions, as follows:

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 \$44 million was invested in LAIF, of which the RTC held the majority at \$26.2 million (sales tax funds) and SANDAG held \$17.8 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 investment managers, PFM Asset Management, LLC. The Cash Reserve Portfolio, totaling \$210.5 million, is used for the investment of the 2008 bond reserves; the 2008, 2010,

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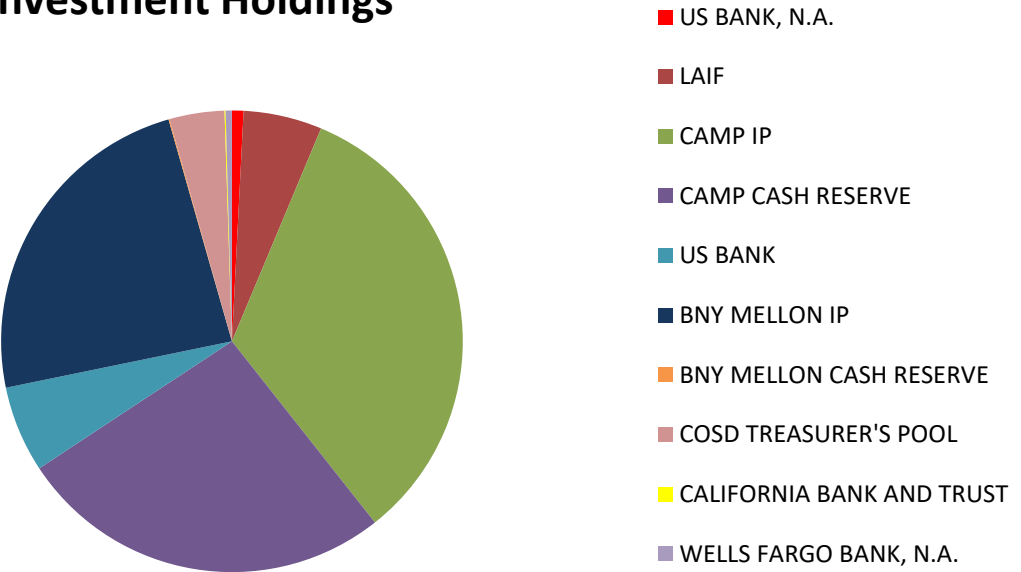
<sup>3</sup> Due to rounding, the numbers below may not tie to the attached detail of investments.

2012, 2014, and 2016 bond investments for future principal and interest payments; 2016 *TransNet* bond proceeds; and excess operating funds for Interstate 15 *FasTrak*®, SR 125, ARJIS, Coronado Bridge Toll Funds, and *TransNet* sales tax funds not yet paid for *TransNet*-approved projects. In addition, CAMP uses the Individual Portfolio, totaling \$265 million, for the investment of SR 125 reserves for future projects; the 2008 and 2016 *TransNet* bond proceeds; the 2008, 2010, 2012, 2014, and 2016 bond investments for future principal and interest payments; and *TransNet* sales tax funds not yet paid to other local governmental agencies.

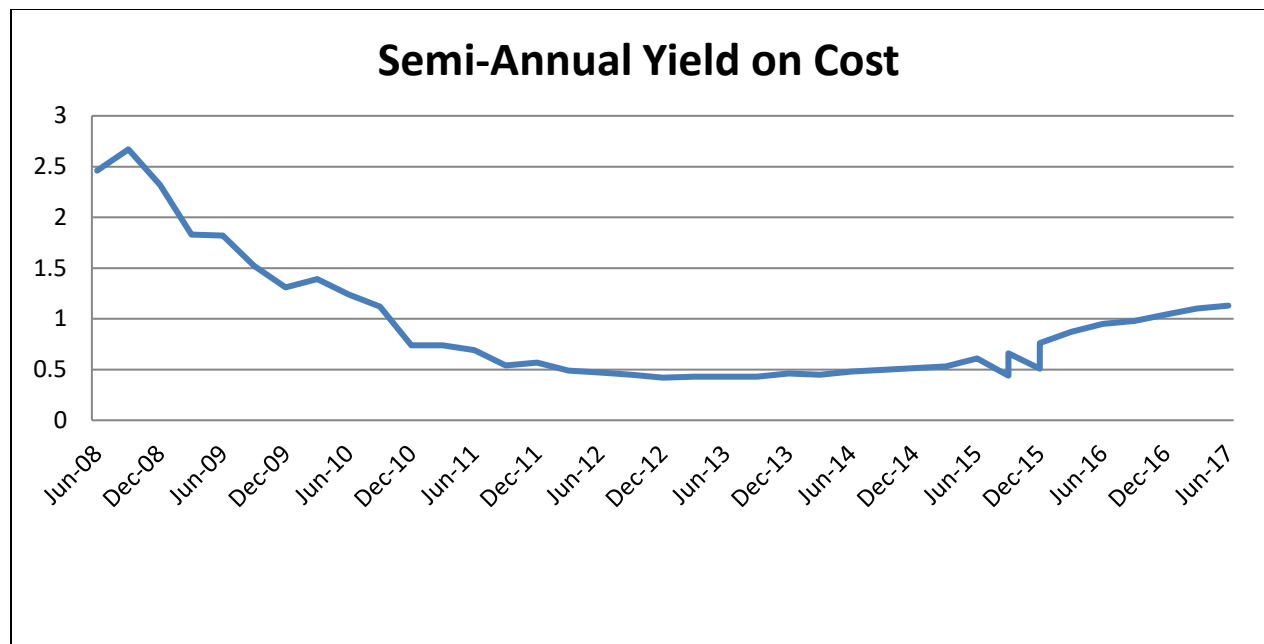
3. *U.S. Bank* – These funds, totaling approximately \$48.3 million, were held by U.S. Bank, Trustee for bond debt service payments and payment of interest on the short-term Commercial Paper Program, as part of the *TransNet* Program; for toll revenues of the SR 125 franchise; and for retention held through the completion of projects. Of this balance, \$26.8 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 investment managers, Cutwater Asset Management Corp. The Individual Portfolio, totaling \$190 million, and the Cash Reserve Portfolio, totaling \$593,933, 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 \$30.7 million, were held by the San Diego County Treasurer’s Pooled Money Fund. The funds consist of ARJIS, SANDAG Service Authority for Freeway Emergencies, SourcePoint, Interstate 15 *FasTrak*, *TransNet* sales tax revenues, and 2016 *TransNet* bond proceeds.
6. *California Bank and Trust* – There was \$598,818 on deposit with California Bank and Trust pursuant to capital project escrow retention agreements with various contractors.
7. Wells Fargo Bank, N.A. – These funds are administered by PFM Asset Management, LLC, the administrator for SANDAG’s Internal Revenue Code (IRC) Section 115 Trust Account. These funds total approximately \$3.5 million and are savings for future pension costs.

The chart below provides a snapshot of the investment holding locations as of June 30, 2017.

### Investment Holdings



As shown in the chart on the next page, as of June 30, 2017, the yield on cost of the portfolio was 1.13 percent, with a weighted average maturity of 352 days, in comparison to 1.1 percent and 378 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, 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 valued at \$200 million each in order to hedge the interest rate risk associated with future variable-rate demand 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 RTC. 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 \$87,152,013 as of June 30, 2017. The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2017, classified by type for the year ended are as follows:

	Classification	Fair Value at June 30, 2017		Bond Series
		Amount	Notional	
Cash Flow Hedges:				
Bank of America	Debt	(\$29,181,323)	\$134,100,000	A&B
Goldman Sachs Mitsui Marine Derivative Products	Debt	(\$28,985,345)	\$134,100,000	B&C
Bank of America	Debt	(\$28,985,345)	\$134,100,000	C&D

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, 2017. The fair values take into consideration the prevailing interest rate environment and the specific terms and conditions of the swaps.

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, 2017, along with the credit rating of the associated counterparty (amounts in thousands).

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	Aa2/AAA
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/AAA
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	Aa2/AAA

4. **Credit Risk.** This is the risk that the counterparty will fail to perform under the terms of the agreement. As of June 30, 2017, 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, 2017, both Bank of America and Goldman Sachs Mitsui Marine Derivative Products were rated Aa2 by Moody's and AAA 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 unfavorable market conditions during FY 2017, the RTC was exposed to basis risk since the variable rate received from the counterparty, which is 65 percent of LIBOR, was less than the variable rate 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, 2017, 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.

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 RTC will be re-exposed to the risks being hedged by the swaps. The RTC 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 RTC 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, 2016, through June 30, 2017, ranged from 0.37 percent to 0.89 percent for Barclays Bank; 0.37 percent to 0.9 percent for Goldman, Sachs & Co.; 0.4 percent to 0.92 percent for J.P. Morgan Securities, Inc.; and 0.37 percent to 0.9 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 0.29682 percent to 0.64675 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, 2017, Bank of America actual debt service was \$4,822,836 versus projected debt service of \$4,572,810 for one of the swaps, and was \$5,357,887 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 \$5,375,207 versus projected debt service of \$5,117,926 for its swap. In total, actual debt service was \$15,555,931 versus projected debt service of \$14,808,663, which resulted in an excess of variable rate payments made on the bonds as compared to the variable rate payments received from the swap counterparties in the amount of \$747,268 for FY 2017. Over the life of the swaps from the issuance of the bonds through June 30, 2017, the cumulative excess of variable rate payments made on the bonds as compared to the variable rate payments received from the swap counterparties is \$4,288,759. 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; these rates originally were intended to offset and net to zero.

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 \$17,231,120 as of June 30, 2017. 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, 2017. 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, 2017, the RTC was exposed to credit risk on these swaps in the amount of \$17,231,120, 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, 2017, the swap counterparty, Barclays Bank PLC, was rated A1 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, 2017, 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 the RTC 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 Director of Finance reports that there has not been any material event involving outstanding swap agreements, nor has there been any default by a swap counterparty or counterparty termination.



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

The world has entered a period of greater political uncertainty. The impact on global economic growth and business performance, however, has been mixed so far. The U.S. economy seems to be experiencing shaking off the uncertainty, with robust business fundamentals leading to stronger business confidence; the FOMC moved its Gross Domestic Product (GDP) growth forecast for 2017 up a tick to 2.2 percent (from 2.1%) at their June meeting, and second-quarter data indicated growth at rate of 3 percent (though the effects of hurricane Harvey may blunt third-quarter growth). About 1.4 million jobs have been created in the U.S. economy during the first 8 months of 2017, continuing an unprecedented streak of job creation dating back to October 2010.

Wage growth grew 2.5 percent in the last year, as a tighter labor market has begun to move incomes up after a long period of stagnation, though wage gains since 2008 primarily have accrued to high earners. These trends, combined with the types of jobs (primarily 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 past two years. This, in turn, has led to some 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 relatively flat. Europe and Japan also are experiencing, somewhat surprisingly, stronger internal growth dynamics, including in formerly troubled economies such as Spain. In addition, global trade has recently picked up from low levels. The OECD, in its June report, projects 3.5 percent global growth in 2017—which is a notch up from earlier projections.

In light of the increased business confidence, the continued decline in the unemployment rate, slight 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. *TransNet* revenues have increased 3.3 percent over the last four quarters, beating the California state average of 2.1 percent.

KIM KAWADA  
Chief Deputy Executive Director

Attachments: 1. SANDAG Summary of Portfolio Balances (by Institution) as of June 30, 2017  
2. SANDAG Detail of Portfolio Balances (by Account) as of June 30, 2017  
3. SANDAG Detail of Portfolio Balances (by Investment Type) as of June 30, 2017

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**SANDAG**  
**Summary of Portfolio Balances (by Institution)**  
as of June 30, 2017

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.	\$ 6,433,525.00	0.80%	\$ 6,433,525.00	100.00%	\$ -	N/A	1
STATE OF CALIFORNIA LOCAL AGENCY INVESTMENT FUND	44,024,066.59	5.49%	43,977,430.62	100.00%	(46,635.97)	1.03%	194 **
CALIFORNIA ASSET MANAGEMENT PROGRAM (CAMP) INDIVIDUAL PORTFOLIO	265,909,665.79	33.14%	265,003,557.67	99.66%	(906,108.12)	1.28%	570
CAMP CASH RESERVE PORTFOLIO	210,500,394.49	26.24%	210,500,394.49	100.00%	-	1.05%	49 **
US BANK	48,340,838.71	6.03%	48,340,838.71	100.00%	-	0.72%	23
THE BANK OF NEW YORK (BNY) MELLON INDIVIDUAL PORTFOLIO	191,550,479.58	23.88%	190,033,526.30	99.21%	(1,516,953.28)	1.21%	516
BNY MELLON CASH RESERVE PORTFOLIO	593,933.74	0.07%	593,933.74	100.00%	-	0.00%	1
SAN DIEGO COUNTY TREASURER'S POOLED MONEY FUND	30,818,088.21	3.84%	30,713,088.21	100.00%	(105,000.00)	1.28%	417 **
CALIFORNIA BANK AND TRUST	598,818.19	0.07%	598,818.19	100.00%	-	0.05%	1
WELLS FARGO BANK, N.A.	3,500,232.49	0.44%	3,500,232.45	100.00%	(0.04)	0.81%	1
<b>TOTAL</b>	<b>\$ 802,270,042.79</b>	<b>100.00%</b>	<b>\$ 799,695,345.38</b>	<b>99.68%</b>	<b>\$ (2,574,697.41)</b>	<b>1.13%</b>	<b>352</b>

\*\* 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	\$ 145,319,320.56	18.11%	\$ 145,021,705.88	99.80%	\$ (297,614.68)	0.95%	170
AUTOMATED REGIONAL JUSTICE INFORMATION SYSTEM FUNDS	7,403,824.73	0.92%	7,395,824.73	99.89%	(8,000.00)	1.13%	170
SOURCEPOINT FUNDS	218,570.18	0.03%	217,570.18	99.54%	(1,000.00)	1.28%	325
CORONADO BRIDGE TOLL FUNDS	276,088.39	0.03%	276,088.39	100.00%	-	1.05%	49
SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION FUNDS	649,052,238.93	80.89%	646,784,156.20	99.65%	(2,268,082.73)	1.19%	396
<b>TOTAL</b>	<b>\$ 802,270,042.79</b>	<b>100.00%</b>	<b>\$ 799,695,345.38</b>	<b>99.68%</b>	<b>\$ (2,574,697.41)</b>	<b>1.13%</b>	<b>352</b>

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, 2017**

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 - <i>TransNet</i> Sales Tax (RTC)	\$ 861,529.81	0.11%	\$ 861,529.81	100.00%	\$ -	N/A	1
Checking - SANDAG General	2,651,326.79	0.33%	2,651,326.79	100.00%	-	N/A	1
Checking - SANDAG Flexible Spending Acct (FSA)	74,891.24	0.01%	74,891.24	100.00%	-	N/A	1
Checking - SANDAG Interstate 15 (I-15) <i>FasTrak</i> ®	1,087,564.94	0.14%	1,087,564.94	100.00%	-	N/A	1
Checking - SANDAG SAFE Program Acct	494,413.59	0.06%	494,413.59	100.00%	-	N/A	1
Checking - SourcePoint	48,141.63	0.01%	48,141.63	100.00%	-	N/A	1
Checking - ARJIS	204,490.46	0.03%	204,490.46	100.00%	-	N/A	1
Checking - State Route 125 (SR 125) Payment Account	875,280.19	0.11%	875,280.19	100.00%	-	N/A	1
Checking - State Route 125 (SR 125) Collection Account	135,886.35	0.02%	135,886.35	100.00%	-	N/A	1
<b>TOTAL US BANK, N.A.</b>	<b>\$ 6,433,525.00</b>	<b>0.80%</b>	<b>\$ 6,433,525.00</b>	<b>100.00%</b>	<b>\$ -</b>	<b>N/A</b>	<b>1</b>
<b>STATE OF CA LOCAL AGENCY INVESTMENT FUND (LAIF):</b>							
<i>TransNet</i> (RTC)	\$ 26,185,900.19	3.26%	\$ 26,158,160.71	100.00%	\$ (27,739.48)	1.03%	194
SANDAG	17,838,166.40	2.22%	17,819,269.91	100.00%	(18,896.49)	1.03%	194
<b>TOTAL LAIF</b>	<b>\$ 44,024,066.59</b>	<b>5.49%</b>	<b>\$ 43,977,430.62</b>	<b>100.00%</b>	<b>\$ (46,635.97)</b>	<b>1.03%</b>	<b>194 **</b>
<b>CALIFORNIA ASSET MANAGEMENT PROGRAM (CAMP):</b>							
<b>INDIVIDUAL PORTFOLIO:</b>							
<i>TransNet</i> Sales Tax (RTC)	\$ 196,852,129.06	24.54%	\$ 196,325,450.33	99.73%	\$ (526,678.73)	1.39%	675
<i>TransNet</i> 2008 Bond Proceeds A/B/C/D Reserve Fund (RTC)	16,357,927.11	2.04%	16,305,680.47	99.68%	(52,246.64)	1.12%	302
<i>TransNet</i> 2016 Bond Proceeds Series A Project (RTC)	28,461,755.87	3.55%	28,318,577.54	99.50%	(143,178.33)	0.95%	221
Sage Hill Endowment (RTC)	824,043.00	0.10%	823,756.73	99.97%	(286.27)	0.68%	118
SANDAG Toll Rd Project Major Main Reserve Acct	18,124,140.00	2.26%	17,995,156.50	99.29%	(128,983.50)	0.90%	275
SANDAG Toll Rd Project Extraordinary Reserve Acct	5,289,670.75	0.66%	5,234,936.10	98.97%	(54,734.65)	0.99%	424
<b>TOTAL INDIVIDUAL PORTFOLIO</b>	<b>\$ 265,909,665.79</b>	<b>33.14%</b>	<b>\$ 265,003,557.67</b>	<b>99.66%</b>	<b>\$ (906,108.12)</b>	<b>1.28%</b>	<b>570</b>

**SANDAG**  
**Detail of Portfolio Balances (by Account)**  
as of June 30, 2017

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 PORTFOLIO:</b>							
I-15 FasTrak	\$ 626,381.51	0.08%	\$ 626,381.51	100.00%	-	1.05%	49
ARJIS	4,725,091.69	0.59%	4,725,091.69	100.00%	-	1.05%	49
California Coastal Commission	1,267,688.81	0.16%	1,267,688.81	100.00%	-	1.05%	49
SANDAG SR 125	1,866,989.80	0.23%	1,866,989.80	100.00%	-	1.05%	49
SANDAG Toll Road Project Maint	38,302,037.21	4.77%	38,302,037.21	100.00%	-	1.05%	49
Coronado Bridge Toll Funds	276,088.39	0.03%	276,088.39	100.00%	-	1.05%	49
SANDAG Toll Road Extraordinary Reserve	7,342,751.89	0.92%	7,342,751.89	100.00%	-	1.05%	49
SANDAG Shoreline Management Account	162,926.32	0.02%	162,926.32	100.00%	-	1.05%	49
2008 Bond Series A/B/C/D Reserve Fund (RTC)	845,979.46	0.11%	845,979.46	100.00%	-	1.05%	49
2008 Bond Series A - Principal (RTC)	1.00	0.00%	1.00	100.00%	-	1.05%	49
2008 Bond Series B - Principal (RTC)	1.00	0.00%	1.00	100.00%	-	1.05%	49
2008 Bond Series C - Principal (RTC)	1.00	0.00%	1.00	100.00%	-	1.05%	49
2008 Bond Series D - Principal (RTC)	1.00	0.00%	1.00	100.00%	-	1.05%	49
2010 Bond Series B - Principal (RTC)	173,093.06	0.02%	173,093.06	100.00%	-	1.05%	49
2010 Bond Series B - Interest (RTC)	70,621.39	0.01%	70,621.39	100.00%	-	1.05%	49
2010 Bond Series A - Interest (RTC)	5,022,218.86	0.63%	5,022,218.86	100.00%	-	1.05%	49
2012 Bond Series A - Interest (RTC)	4,132,296.84	0.52%	4,132,296.84	100.00%	-	1.05%	49
2012 Bond Series A - Principal (RTC)	4,280,420.55	0.53%	4,280,420.55	100.00%	-	1.05%	49
2008 Sales Tax Account - TransNet Extension (RTC)	2,685,662.92	0.33%	2,685,662.92	100.00%	-	1.05%	49
Wetland Mitigation TransNet Sales Tax (RTC)	294,184.77	0.04%	294,184.77	100.00%	-	1.05%	49
Sage Hill Endowment (RTC)	6,591.52	0.00%	6,591.52	100.00%	-	1.05%	49
2014 Bond Series A - Principal (RTC)	1,209,644.19	0.15%	1,209,644.19	100.00%	-	1.05%	49
2014 Bond Series A - Interest (RTC)	4,246,684.65	0.53%	4,246,684.65	100.00%	-	1.05%	49
2014 Bond Series A Project Del Mar Fund (RTC)	598,147.94	0.07%	598,147.94	100.00%	-	1.05%	49
2014 Bond Series A Project Santee Fund (RTC)	457,398.06	0.06%	457,398.06	100.00%	-	1.05%	49
2016 Bond Series A Principal Account (RTC)	1,142,104.84	0.14%	1,142,104.84	100.00%	-	1.05%	49
2016 Bond Series A Interest Account (RTC)	4,040,037.97	0.50%	4,040,037.97	100.00%	-	1.05%	49
2016 Bond Series A Project Account (RTC)	126,725,347.85	15.80%	126,725,347.85	100.00%	-	1.05%	49
<b>TOTAL CASH RESERVE PORTFOLIO</b>	<b>\$ 210,500,394.49</b>	<b>26.24%</b>	<b>\$ 210,500,394.49</b>	<b>100.00%</b>	<b>\$ -</b>	<b>1.05%</b>	<b>49 **</b>
<b>TOTAL CAMP</b>	<b>\$ 476,410,060.28</b>	<b>59.38%</b>	<b>\$ 475,503,952.16</b>	<b>99.81%</b>	<b>\$ -</b>	<b>1.18%</b>	<b>339</b>

**SANDAG**  
**Detail of Portfolio Balances (by Account)**  
as of June 30, 2017

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:</b>							
Capital Project Retention Account	\$ 8,801,557.84	1.10%	\$ 8,801,557.84	100.00%	\$ -	0.15%	1
SANDAG - Toll Road Project Revenue	7,089,354.89	0.88%	7,089,354.89	100.00%	-	0.20%	1
SANDAG - Toll Road Project Operating/Maintenance Reserve Acct	3.95	0.00%	3.95	100.00%	-	0.25%	1
SANDAG - Toll Road Project Capital Expenditure Reserve	355,172.40	0.04%	355,172.40	100.00%	-	0.20%	1
SANDAG - Toll Road Project Expense Fund - TIFIA Note Expense Acct	10,032.49	0.00%	10,032.49	100.00%	-	0.20%	1
SANDAG - Toll Road Project Senior Obligation Debt Service - Interest	2,507.62	0.00%	2,507.62	100.00%	-	0.20%	1
SANDAG - Toll Road Project Senior Obligation Debt Service - Principal	344.26	0.00%	344.26	100.00%	-	0.20%	1
SANDAG - Toll Road Project Major Maintenance Reserve Acct	0.02	0.00%	0.02	100.00%	-	0.00%	1
SANDAG - Toll Road Project Extraordinary Reserve Acct	0.01	0.00%	0.01	100.00%	-	0.00%	1
SANDAG - Toll Road Proj First Subord Obl <i>TransNet</i> Payment	772.09	0.00%	772.09	100.00%	-	0.20%	1
SANDAG - Toll Road Project SANDAG Distribution	1,002,417.31	0.12%	1,002,417.31	100.00%	-	0.20%	1
2008 Revenue Bond Series A Interest (RTC)	0.11	0.00%	0.11	100.00%	-	0.00%	1
2008 Bond Series A/B/C/D Main Interest (RTC)	1,324,781.41	0.17%	1,324,781.41	100.00%	-	0.20%	1
Commercial Paper Series B - NCTD Interest (RTC)	252,278.13	0.03%	252,278.13	100.00%	-	0.20%	1
NCTD Certificates of Participation	26,750,000.00	3.33%	26,750,000.00	100.00%	-	0.92%	40
Custody Account (RTC)	2,751,616.18	0.34%	2,751,616.18	100.00%	-	0.66%	1
<b>TOTAL US BANK</b>	<b>\$ 48,340,838.71</b>	<b>6.03%</b>	<b>\$ 48,340,838.71</b>	<b>100.00%</b>	<b>\$ -</b>	<b>0.72%</b>	<b>23</b>
<b>THE BANK OF NEW YORK MELLON:</b>							
<b>INDIVIDUAL PORTFOLIO:</b>							
<i>TransNet</i> Extension (RTC)	\$ 191,550,479.58	23.88%	\$ 190,033,526.30	99.21%	\$ (1,516,953.28)	1.21%	516
<b>TOTAL INDIVIDUAL PORTFOLIO</b>	<b>\$ 191,550,479.58</b>	<b>23.88%</b>	<b>\$ 190,033,526.30</b>	<b>99.21%</b>	<b>\$ (1,516,953.28)</b>	<b>1.21%</b>	<b>516</b>
<b>CASH RESERVE:</b>							
<i>TransNet</i> Extension (RTC)	\$ 593,933.74	0.07%	\$ 593,933.74	100.00%	\$ -	0.00%	1
<b>TOTAL CASH RESERVE</b>	<b>\$ 593,933.74</b>	<b>0.07%</b>	<b>\$ 593,933.74</b>	<b>100.00%</b>	<b>\$ -</b>	<b>0.00%</b>	<b>1</b>
<b>TOTAL THE BANK OF NEW YORK MELLON</b>	<b>\$ 192,144,413.32</b>	<b>23.95%</b>	<b>\$ 190,627,460.04</b>	<b>99.21%</b>	<b>\$ (1,516,953.28)</b>	<b>1.21%</b>	<b>515</b>

**SANDAG**  
**Detail of Portfolio Balances (by Account)**  
**as of June 30, 2017**

Institution / Account	Book Value	Percent of Portfolio	Market Value	Market Price	Unrealized Gain/(Loss)	Yield on Cost	Wtd. Avg. Days to Maturity
<b>SAN DIEGO COUNTY TREASURER'S POOLED MONEY FUND:</b>							
SourcePoint Cash Reserve Fund	\$ 170,428.55	0.02%	\$ 169,428.55	100.00%	\$ (1,000.00)	1.28%	417
SANDAG I-15 FasTrak	19,041,827.85	2.37%	18,976,827.85	100.00%	(65,000.00)	1.28%	417
TransNet Extension (RTC)	355,425.87	0.04%	354,425.87	100.00%	(1,000.00)	1.28%	417
ARJIS	2,474,242.58	0.31%	2,466,242.58	100.00%	(8,000.00)	1.28%	417
SANDAG SAFE Program	8,776,163.36	1.09%	8,746,163.36	100.00%	(30,000.00)	1.28%	417
<b>TOTAL SAN DIEGO COUNTY TREASURER'S POOLED MONEY FUND</b>	<b>\$ 30,818,088.21</b>	<b>3.84%</b>	<b>\$ 30,713,088.21</b>	<b>100.00%</b>	<b>\$ (105,000.00)</b>	<b>1.28%</b>	<b>417 **</b>
<b>CALIFORNIA BANK AND TRUST:</b>							
Capital Project Retention Accounts	\$ 598,818.19	0.07%	\$ 598,818.19	100.00%	\$ -	0.05%	1
<b>TOTAL CALIFORNIA BANK AND TRUST</b>	<b>\$ 598,818.19</b>	<b>0.07%</b>	<b>\$ 598,818.19</b>	<b>100.00%</b>	<b>\$ -</b>	<b>0.05%</b>	<b>1</b>
<b>WELLS FARGO BANK, N.A.:</b>							
SANDAG Section 115 Pension Trust	\$ 3,500,232.49	0.44%	\$ 3,500,232.45	100.00%	\$ (0.04)	0.81%	1
<b>TOTAL WELLS FARGO BANK, N.A.</b>	<b>\$ 3,500,232.49</b>	<b>0.44%</b>	<b>\$ 3,500,232.45</b>	<b>100.00%</b>	<b>\$ (0.04)</b>	<b>0.81%</b>	<b>1</b>
<b>TOTAL</b>	<b>\$ 802,270,042.79</b>	<b>100.00%</b>	<b>\$ 799,695,345.38</b>	<b>99.68%</b>	<b>\$ (2,574,697.41)</b>	<b>1.13%</b>	<b>352</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, 2017**

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	\$ 861,529.81	\$ 861,529.81	\$ -	N/A	NR	NR	N/A	1
Checking - SANDAG General	N/A	N/A	2,651,326.79	2,651,326.79	-	N/A	NR	NR	N/A	1
Checking - SANDAG Flexible Spending Acct (FSA)	N/A	N/A	74,891.24	74,891.24	-	N/A	NR	NR	N/A	1
Checking - SANDAG Interstate 15 (I-15) FasTrak®	N/A	N/A	1,087,564.94	1,087,564.94	-	N/A	NR	NR	N/A	1
Checking - SANDAG SAFE Program Acct	N/A	N/A	494,413.59	494,413.59	-	N/A	NR	NR	N/A	1
Checking - SourcePoint	N/A	N/A	48,141.63	48,141.63	-	N/A	NR	NR	N/A	1
Checking - ARJIS	N/A	N/A	204,490.46	204,490.46	-	N/A	NR	NR	N/A	1
Checking - State Route 125 (SR 125) Payment Account	N/A	N/A	875,280.19	875,280.19	-	N/A	NR	NR	N/A	1
Checking - SR 125 Collection Account	N/A	N/A	135,886.35	135,886.35	-	N/A	NR	NR	N/A	1
<b>Total demand deposits</b>			<b>\$ 6,433,525.00</b>	<b>\$ 6,433,525.00</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	\$ 598,818.19	\$ 598,818.19	\$ -	N/A	NR	NR	0.05%	1
Money Market - Capital Project Retention Account	N/A	N/A	8,801,557.84	8,801,557.84	-	N/A	NR	NR	0.15%	1
Money Market - SANDAG Toll Road Project Revenue Fund	N/A	N/A	7,089,354.89	7,089,354.89	-	N/A	NR	NR	0.20%	1
Money Market - SANDAG Toll Road Project Operating/Maint Reserve	N/A	N/A	3.95	3.95	-	N/A	NR	NR	0.25%	1
Money Market - SANDAG Toll Road Project Cap Exp Reserve	N/A	N/A	355,172.40	355,172.40	-	N/A	NR	NR	0.20%	1
Money Market - SANDAG Toll Road Project TIFIA Note Expense	N/A	N/A	10,032.49	10,032.49	-	N/A	NR	NR	0.20%	1
Money Market - SANDAG Toll Road Project Sr. Oblig. D/S - Interest	N/A	N/A	2,507.62	2,507.62	-	N/A	NR	NR	0.20%	1
Money Market - SANDAG Toll Road Project Sr. Oblig. D/S - Princ.	N/A	N/A	344.26	344.26	-	N/A	NR	NR	0.20%	1
Money Market - SANDAG Toll Road Project Major Maintenance Reserve Fur	N/A	N/A	0.02	0.02	-	N/A	NR	NR	0.00%	1
Money Market - SANDAG Toll Road Project Extraordinary Reserve Fund	N/A	N/A	0.01	0.01	-	N/A	NR	NR	0.00%	1
Money Market - SANDAG Toll Road Project 1st Sub Obl TNet Pymt	N/A	N/A	772.09	772.09	-	N/A	NR	NR	0.20%	1
Money Market - SANDAG Toll Road Project SANDAG Distribution	N/A	N/A	1,002,417.31	1,002,417.31	-	N/A	NR	NR	0.20%	1
San Diego County Treasurer's Pooled Money Fund (SourcePoint)	N/A	N/A	170,428.55	169,428.55	(1,000.00)	N/A	NR	NR	1.28%	417 *
San Diego County Treasurer's Pooled Money Fund (I-15 FasTrak®)	N/A	N/A	19,041,827.85	18,976,827.85	(65,000.00)	N/A	NR	NR	1.28%	417 *
San Diego County Treasurer's Pooled Money Fund (RTC)	N/A	N/A	355,425.87	354,425.87	(1,000.00)	N/A	NR	NR	1.28%	417 *
San Diego County Treasurer's Pooled Money Fund (ARJIS)	N/A	N/A	2,474,242.58	2,466,242.58	(8,000.00)	N/A	NR	NR	1.28%	417 *
San Diego County Treasurer's Pooled Money Fund (SAFE)	N/A	N/A	8,776,163.36	8,746,163.36	(30,000.00)	N/A	NR	NR	1.28%	417 *
Money Market - RTC (2008 Revenue Bond Series B Interest)	N/A	N/A	0.11	0.11	-	N/A	NR	NR	0.00%	1
Money Market - RTC (2008 Bond - Main Interest)	N/A	N/A	1,324,781.41	1,324,781.41	-	N/A	NR	NR	0.20%	1
Money Market - RTC (CP Series B - NCTD)	N/A	N/A	252,278.13	252,278.13	-	N/A	NR	NR	0.20%	1
Money Market - RTC (CUSTody Account)	N/A	N/A	2,751,616.18	2,751,616.18	-	N/A	NR	NR	0.66%	1
CAMP Cash Reserve Portfolio (ARJIS)	N/A	N/A	4,725,091.69	4,725,091.69	-	N/A	AAAm	NR	1.05%	49
CAMP Cash Reserve Portfolio - CA Coastal Commission	N/A	N/A	1,267,688.81	1,267,688.81	-	N/A	AAAm	NR	1.05%	49
CAMP Cash Reserve Portfolio (SANDAG SR 125)	N/A	N/A	1,866,989.80	1,866,989.80	-	N/A	AAAm	NR	1.05%	49
CAMP Cash Reserve Portfolio (SANDAG SR 125) - Project Maint	N/A	N/A	38,302,037.21	38,302,037.21	-	N/A	AAAm	NR	1.05%	49
CAMP Cash Reserve Portfolio - Coronado Bridge Toll Funds	N/A	N/A	276,088.39	276,088.39	-	N/A	AAAm	NR	1.05%	49
CAMP Cash Reserve Portfolio (SANDAG SR 125) - Extraordinary Reserve	N/A	N/A	7,342,751.89	7,342,751.89	-	N/A	AAAm	NR	1.05%	49
CAMP Cash Reserve Portfolio - SANDAG Shoreline Management Account	N/A	N/A	162,926.32	162,926.32	-	N/A	AAAm	NR	1.05%	49
CAMP Cash Reserve Portfolio (I-15 FasTrak®)	N/A	N/A	626,381.51	626,381.51	-	N/A	AAAm	NR	1.05%	49
CAMP Cash Reserve Portfolio (RTC) - 2008 Bond Reserve	N/A	N/A	845,979.46	845,979.46	-	N/A	AAAm	NR	1.05%	49

**SANDAG**  
**Detail of Portfolio Balances (by Investment Type)**  
**as of June 30, 2017**

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) - 2008 Bond Ser A Principal	N/A	N/A	1.00	1.00	-	N/A	AAAm	NR	1.05%	49
CAMP Cash Reserve Portfolio (RTC) - 2008 Bond Ser B Principal	N/A	N/A	1.00	1.00	-	N/A	AAAm	NR	1.05%	49
CAMP Cash Reserve Portfolio (RTC) - 2008 Bond Ser C Principal	N/A	N/A	1.00	1.00	-	N/A	AAAm	NR	1.05%	49
CAMP Cash Reserve Portfolio (RTC) - 2008 Bond Ser D Principal	N/A	N/A	1.00	1.00	-	N/A	AAAm	NR	1.05%	49
CAMP Cash Reserve Portfolio (RTC) - 2010 Bond Ser B Principal	N/A	N/A	173,093.06	173,093.06	-	N/A	AAAm	NR	1.05%	49
CAMP Cash Reserve Portfolio (RTC) - 2010 Bond Ser B Interest	N/A	N/A	70,621.39	70,621.39	-	N/A	AAAm	NR	1.05%	49
CAMP Cash Reserve Portfolio (RTC) - 2010 Bond Ser A Interest	N/A	N/A	5,022,218.86	5,022,218.86	-	N/A	AAAm	NR	1.05%	49
CAMP Cash Reserve Portfolio (RTC) - 2012 Bond Interest	N/A	N/A	4,132,296.84	4,132,296.84	-	N/A	AAAm	NR	1.05%	49
CAMP Cash Reserve Portfolio (RTC) - 2012 Bond Principal	N/A	N/A	4,280,420.55	4,280,420.55	-	N/A	AAAm	NR	1.05%	49
CAMP Cash Reserve Portfolio (RTC) - Sales Tax	N/A	N/A	2,685,662.92	2,685,662.92	-	N/A	AAAm	NR	1.05%	49
CAMP Cash Reserve Portfolio - Wetland Mitigation (RTC)	N/A	N/A	294,184.77	294,184.77	-	N/A	AAAm	NR	1.05%	49
CAMP Cash Reserve Portfolio - Sage Hill Endowment (RTC)	N/A	N/A	6,591.52	6,591.52	-	N/A	AAAm	NR	1.05%	49
CAMP Cash Reserve Portfolio (RTC) - 2014 Bond Ser A Principal	N/A	N/A	1,209,644.19	1,209,644.19	-	N/A	AAAm	NR	1.05%	49
CAMP Cash Reserve Portfolio (RTC) - 2014 Bond Ser A Interest	N/A	N/A	4,246,684.65	4,246,684.65	-	N/A	AAAm	NR	1.05%	49
CAMP Cash Reserve Portfolio (RTC) - 2014 Bond Ser A Proj Del Mar	N/A	N/A	598,147.94	598,147.94	-	N/A	AAAm	NR	1.05%	49
CAMP Cash Reserve Portfolio (RTC) - 2014 Bond Ser A Proj Santee	N/A	N/A	457,398.06	457,398.06	-	N/A	AAAm	NR	1.05%	49
CAMP Cash Reserve Portfolio (RTC) - 2016 Series A Principal	N/A	N/A	1,142,104.84	1,142,104.84	-	N/A	AAAm	NR	1.05%	49
CAMP Cash Reserve Portfolio (RTC) - 2016 Series A Interest	N/A	N/A	4,040,037.97	4,040,037.97	-	N/A	AAAm	NR	1.05%	49
CAMP Cash Reserve Portfolio (RTC) - 2016 Bond Series A Project	N/A	N/A	126,725,347.85	126,725,347.85	-	N/A	AAAm	NR	1.05%	49
BNY Mellon Cash Reserve <i>TransNet</i> Extension (RTC)	N/A	N/A	593,933.74	593,933.74	-	N/A	NR	NR	0.00%	1
Wells Fargo Advantage Govt MM Fund	N/A	N/A	3,500,232.49	3,500,232.45	(0.04)	N/A	NR	NR	0.81%	1
<b>Total money market accounts and funds</b>			<b>\$ 267,602,305.83</b>	<b>\$ 267,497,305.79</b>	<b>\$ (105,000.04)</b>	<b>N/A</b>			<b>1.00%</b>	<b>87</b>
<b>Total cash and cash equivalents</b>			<b>\$ 274,035,830.83</b>	<b>\$ 273,930,830.79</b>	<b>\$ (105,000.04)</b>	<b>N/A</b>			<b>N/A</b>	<b>85</b>
<b>Investments:</b>										
<b>State of CA Local Agency Investment Fund:</b>										
LAIF - <i>TransNet</i> (RTC)	N/A	N/A	\$ 26,185,900.19	\$ 26,158,160.71	\$ (27,739.48)	N/A	NR	NR	1.03%	194
LAIF - SANDAG	N/A	N/A	17,838,166.40	17,819,269.91	(18,896.49)	N/A	NR	NR	1.03%	194
<b>Total State of CA Local Agency Investment Fund</b>			<b>\$ 44,024,066.59</b>	<b>\$ 43,977,430.62</b>	<b>\$ (46,635.97)</b>	<b>N/A</b>			<b>1.03%</b>	<b>194</b>
<b>U.S. Agencies:</b>										
US Treasury Notes	11/15/2016	03/31/2018	\$ 7,463,637.50	\$ 7,452,241.72	\$ (11,395.78)	\$ 7,480,000.00	AA+	Aaa	0.91%	274
FHLMC Notes	12/09/2016	03/27/2019	3,816,066.30	3,760,829.10	(55,237.20)	3,615,000.00	AA+	Aaa	1.28%	635
FNMA Benchmark Note	06/17/2016	10/19/2018	1,510,755.00	1,495,335.00	(15,420.00)	1,500,000.00	AA+	Aaa	0.81%	476
FNMA Benchmark Note	06/17/2016	01/28/2019	1,521,135.00	1,499,794.50	(21,340.50)	1,500,000.00	AA+	Aaa	0.83%	577
Fannie Mae Global Notes	06/17/2016	10/26/2017	1,503,960.00	1,498,941.00	(5,019.00)	1,500,000.00	AA+	Aaa	0.68%	118
Fannie Mae Global Notes	06/17/2016	02/08/2018	1,504,530.00	1,497,073.50	(7,456.50)	1,500,000.00	AA+	Aaa	0.69%	223
Freddie Mac Global Notes	06/17/2016	07/28/2017	1,505,415.00	1,499,947.50	(5,467.50)	1,500,000.00	AA+	Aaa	0.67%	28
Federal Home Loan Banks Agcy	06/17/2016	06/29/2018	500,850.00	497,910.00	(2,940.00)	500,000.00	AA+	Aaa	0.79%	364
FNMA Notes	06/17/2016	07/20/2018	503,715.00	498,988.50	(4,726.50)	500,000.00	AA+	Aaa	0.76%	385
FNMA Benchmark Note	06/17/2016	10/19/2018	503,585.00	498,445.00	(5,140.00)	500,000.00	AA+	Aaa	0.81%	476
FNMA Benchmark Note	06/17/2016	01/28/2019	507,045.00	499,931.50	(7,113.50)	500,000.00	AA+	Aaa	0.83%	577
FHLMC Notes	06/17/2016	03/27/2019	538,870.00	520,170.00	(18,700.00)	500,000.00	AA+	Aaa	0.90%	635



**SANDAG**  
**Detail of Portfolio Balances (by Investment Type)**  
**as of June 30, 2017**

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
Freddie Mac Notes	12/10/2015	05/30/2019	722,900.75	719,819.10	(3,081.65)	715,000.00	AA+	Aaa	1.42%	699
US Treasury Notes	06/27/2016	04/30/2019	3,698,363.86	3,620,631.28	(77,732.58)	3,605,000.00	AA+	Aaa	0.70%	669
US Treasury Notes	03/15/2017	09/30/2020	5,909,755.08	5,965,393.78	55,638.70	6,010,000.00	AA+	Aaa	1.86%	1,188
US Treasury Notes	01/06/2016	12/31/2018	4,411,171.88	4,401,720.40	(9,451.48)	4,400,000.00	AA+	Aaa	1.29%	549
FNMA	01/15/2015	02/01/2018	597,468.52	591,292.37	(6,176.15)	591,557.39	AA+	Aaa	1.26%	216
FNMA	04/15/2015	04/01/2018	962,615.50	952,068.64	(10,546.86)	953,088.06	AA+	Aaa	0.83%	275
Fannie Mae	10/07/2015	09/01/2019	1,843,144	1824486.35	(18,658)	1,824,869.94	AA+	Aaa	1.08%	793
FNMA	11/06/2015	01/01/2019	989,799.90	980,523.52	(9,276.38)	980,000.00	AA+	Aaa	1.20%	550
FNMA	06/09/2016	06/01/2019	2,141,850.69	2,122,921.80	(18,928.89)	2,120,645.29	AA+	Aaa	1.05%	701
FHLB Global Note	06/02/2016	06/21/2019	12,604,703.80	12,539,157.02	(65,546.78)	12,610,000.00	AA+	Aaa	1.14%	721
Federal Home Loan Bank Agency	04/05/2017	03/18/2019	1,100,704.00	1,099,518.20	(1,185.80)	1,100,000.00	AA+	Aaa	1.34%	626
FNMA Notes	03/02/2016	12/14/2018	8,009,200.00	7,971,592.00	(37,608.00)	8,000,000.00	AA+	Aaa	1.08%	532
FNMA Benchmark Note	02/19/2016	02/26/2019	3,990,560.00	3,973,300.00	(17,260.00)	4,000,000.00	AA+	Aaa	1.08%	606
FNMA Benchmark Note	05/03/2016	02/26/2019	2,086,920.43	2,071,082.63	(15,837.80)	2,085,000.00	AA+	Aaa	0.97%	606
FNMA Benchmark Note	07/06/2016	02/26/2019	5,435,370.00	5,363,955.00	(71,415.00)	5,400,000.00	AA+	Aaa	0.75%	606
FNMA Benchmark Note	07/29/2016	08/02/2019	6,529,012.80	6,461,376.12	(67,636.68)	6,540,000.00	AA+	Aaa	0.93%	763
FNMA Notes	08/31/2016	08/28/2019	7,887,676.00	7,822,817.00	(64,859.00)	7,900,000.00	AA+	Aaa	1.05%	789
FNMA Notes	10/03/2016	08/28/2019	3,717,768.00	3,683,655.60	(34,112.40)	3,720,000.00	AA+	Aaa	1.02%	789
Fannie Mae Global Notes	01/03/2017	10/24/2019	4,155,357.75	4,168,302.02	12,944.27	4,215,000.00	AA+	Aaa	1.52%	846
FNMA Notes	02/24/2017	02/28/2020	1,718,899.20	1,715,491.88	(3,407.32)	1,720,000.00	AA+	Aaa	1.52%	973
FNMA Notes	03/02/2017	02/28/2020	6,562,776.00	6,582,701.40	19,925.40	6,600,000.00	AA+	Aaa	1.69%	973
FHLMC Notes	03/02/2016	03/27/2019	2,156,300.00	2,080,680.00	(75,620.00)	2,000,000.00	AA+	Aaa	1.15%	635
FHLMC Reference Note	07/19/2016	07/19/2019	5,721,121.30	5,666,656.01	(54,465.29)	5,735,000.00	AA+	Aaa	0.96%	749
FHLMC Reference Note	10/03/2016	07/19/2019	3,488,590.00	3,458,290.50	(30,299.50)	3,500,000.00	AA+	Aaa	0.99%	749
FHLMC Reference Note	09/15/2016	10/12/2018	5,092,809.15	5,063,940.88	(28,868.27)	5,095,000.00	AA+	Aaa	0.90%	469
Freddie Mac Agency Note	04/03/2017	01/17/2020	7,720,983.00	7,718,511.00	(2,472.00)	7,725,000.00	AA+	Aaa	1.52%	931
FHLMC Agency Notes	04/19/2017	04/20/2020	5,291,839.80	5,278,591.35	(13,248.45)	5,310,000.00	AA+	Aaa	1.49%	1,025
FHLB Notes	10/15/2015	10/26/2017	824,043.00	823,756.73	(286.27)	825,000.00	AA+	Aaa	0.68%	118
Federal National Mortgage Association	11/12/2015	10/26/2017	2,997,900.00	2,997,882.00	(18.00)	3,000,000.00	AA+	Aaa	0.91%	118
Federal Home Loan Mortgage Corp	09/23/2015	11/17/2017	4,968,054.00	4,617,808.65	(350,245.35)	4,550,000.00	AA+	Aaa	0.78%	140
Federal Farm Credit Bank	06/15/2015	12/11/2017	4,491,585.00	4,497,075.00	5,490.00	4,500,000.00	AA+	Aaa	0.98%	164
Federal Home Loan Mortgage Corp (Callable)	03/23/2015	12/29/2017	5,000,000.00	4,996,800.00	(3,200.00)	5,000,000.00	AA+	Aaa	1.05%	182
Federal Home Loan Mortgage Corp	01/28/2013	01/12/2018	4,931,800.00	4,988,405.00	56,605.00	5,000,000.00	AA+	Aaa	1.03%	196
Federal Agricultural Mortgage Corp	01/22/2013	01/24/2018	2,499,375.00	2,497,575.00	(1,800.00)	2,500,000.00	AA+	Aaa	0.94%	208
Federal Home Loan Mortgage Corp	02/25/2013	02/07/2018	2,470,712.00	2,456,276.60	(14,435.40)	2,455,000.00	AA+	Aaa	1.35%	222
Federal National Mortgage Association (Callable)	02/15/2013	02/08/2018	1,989,480.00	1,996,098.00	6,618.00	2,000,000.00	AA+	Aaa	0.98%	223
Federal Home Loan Bank	03/15/2013	03/09/2018	254,980.00	250,250.25	(4,729.75)	250,000.00	AA+	Aaa	0.96%	252
Federal Home Loan Bank	06/10/2015	03/09/2018	2,012,440.00	2,002,002.00	(10,438.00)	2,000,000.00	AA+	Aaa	1.14%	252
Federal Home Loan Bank	09/24/2015	04/24/2018	4,010,720.00	3,991,040.00	(19,680.00)	4,000,000.00	AA+	Aaa	0.89%	298
Federal Home Loan Bank	05/26/2015	05/21/2018	4,989,850.00	4,987,450.00	(2,400.00)	5,000,000.00	AA+	Aaa	1.07%	325
Federal Farm Credit Bank	06/11/2015	06/01/2018	4,983,750.00	4,991,450.00	7,700.00	5,000,000.00	AA+	Aaa	1.21%	336
Federal Home Loan Bank	10/09/2015	09/14/2018	5,017,550.00	4,984,600.00	(32,950.00)	5,000,000.00	AA+	Aaa	1.00%	441
Federal Home Loan Bank	10/21/2015	09/14/2018	3,015,210.00	2,990,760.00	(24,450.00)	3,000,000.00	AA+	Aaa	0.95%	441
Federal Home Loan Bank	10/21/2015	09/14/2018	1,256,400.00	1,246,150.00	(10,250.00)	1,250,000.00	AA+	Aaa	0.94%	441

**SANDAG**  
**Detail of Portfolio Balances (by Investment Type)**  
**as of June 30, 2017**

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
Federal Home Loan Bank	08/20/2015	10/30/2018	4,994,550.00	4,983,350.00	(11,200.00)	5,000,000.00	AA+	Aaa	1.16%	487
Federal National Mortgage Association	05/26/2015	11/27/2018	5,576,230.00	5,518,799.00	(57,431.00)	5,500,000.00	AA+	Aaa	1.22%	515
Federal Home Loan Mortgage Corp (Callable)	04/25/2016	01/28/2019	4,993,250.00	4,974,250.00	(19,000.00)	5,000,000.00	AA+	Aaa	1.20%	577
Federal Farm Credit Bank	08/31/2015	01/30/2019	4,004,520.00	3,995,200.00	(9,320.00)	4,000,000.00	AA+	Aaa	1.29%	579
Federal National Mortgage Association (Callable)	10/20/2015	02/25/2019	4,024,800.00	3,980,120.00	(44,680.00)	4,000,000.00	AA+	Aaa	1.11%	605
Federal Home Loan Bank	04/22/2016	03/08/2019	5,057,500.00	5,006,140.00	(51,360.00)	5,000,000.00	AA+	Aaa	1.09%	616
Federal Home Loan Mortgage Corp	05/25/2016	04/15/2019	6,994,820.00	6,968,549.00	(26,271.00)	7,000,000.00	AA+	Aaa	1.15%	654
Federal Farm Credit Bank (Callable)	05/09/2016	05/16/2019	5,500,000.00	5,469,860.00	(30,140.00)	5,500,000.00	AA+	Aaa	1.17%	685
Federal Home Loan Mortgage Corp (Callable)	04/22/2016	10/28/2019	5,000,000.00	4,970,600.00	(29,400.00)	5,000,000.00	AA+	Aaa	1.25%	850
Federal National Mortgage Association (Callable)	10/03/2016	03/30/2020	5,097,450.00	5,022,072.00	(75,378.00)	5,100,000.00	AA+	Aaa	1.26%	1,004
Int'L Bank For Recon And Development	04/07/2017	04/21/2020	5,025,900.00	5,025,455.00	(445.00)	5,000,000.00	AAA	Aaa	1.70%	1,026
Federal Home Loan Mortgage Corp (Callable)	10/03/2016	07/06/2020	5,498,625.00	5,436,640.00	(61,985.00)	5,500,000.00	AA+	Aaa	1.38%	1,102
United States Treasury Note/Bond	01/11/2016	07/31/2018	4,529,003.91	4,503,865.50	(25,138.41)	4,500,000.00	AA+	Aaa	1.12%	396
United States Treasury Note/Bond	06/11/2015	01/31/2019	4,974,218.75	4,991,210.00	16,991.25	5,000,000.00	AA+	Aaa	1.40%	580
United States Treasury Note/Bond	03/08/2017	06/15/2019	3,652,449.22	3,663,865.80	11,416.58	3,700,000.00	AA+	Aaa	1.45%	715
United States Treasury Note/Bond	10/13/2016	09/30/2019	4,998,437.50	4,953,515.00	(44,922.50)	5,000,000.00	AA+	Aaa	1.01%	822
United States Treasury Note/Bond	10/13/2016	12/31/2019	4,810,125.00	4,760,438.40	(49,686.60)	4,800,000.00	AA+	Aaa	1.06%	914
<b>Total U.S. Agencies</b>			<b>\$ 276,372,953.60</b>	<b>\$ 274,657,392.10</b>	<b>\$ (1,715,561.50)</b>	<b>\$ 275,480,161</b>			<b>1.14%</b>	<b>613</b>
<b>Corporate Medium Term Notes:</b>										
Chevron Corp (Callable) Global Notes	08/17/2016	12/05/2017	\$ 1,742,862.87	\$ 1,739,986.74	\$ (2,876.13)	\$ 1,741,000.00	AA-	Aa2	1.02%	158
Chevron Corp Note	08/18/2016	11/15/2017	5,324,062.00	5,300,572.40	(23,489.60)	5,300,000.00	AA-	Aa2	0.97%	138
Coca-Cola Co Global Note	08/24/2016	04/01/2018	7,120,093.00	7,087,404.60	(32,688.40)	7,100,000.00	AA-	Aa3	0.97%	275
Exxon Mobil Corp Notes	08/24/2016	03/01/2018	3,424,582.00	3,400,605.20	(23,976.80)	3,400,000.00	AA+	Aaa	0.95%	244
Exxon Mobil Corp Notes	08/17/2016	03/01/2018	2,718,549.00	2,700,480.60	(18,068.40)	2,700,000.00	AA+	Aaa	0.98%	244
Exxon Mobil Corp Notes	08/19/2016	03/01/2018	1,006,970.00	1,000,178.00	(6,792.00)	1,000,000.00	AA+	Aaa	0.98%	244
IBM Corp Notes	08/18/2016	02/06/2018	7,124,637.00	7,089,350.00	(35,287.00)	7,100,000.00	A+	A1	0.88%	221
Caterpillar Financial Se	06/17/2016	08/18/2017	1,504,800.00	1,499,697.00	(5,103.00)	1,500,000.00	A	A3	0.97%	49
Coca-Cola Co Global Note	06/17/2016	04/01/2018	1,507,590.00	1,497,339.00	(10,251.00)	1,500,000.00	AA-	Aa3	0.86%	275
JP Morgan Chase Corp Notes (Callable)	06/17/2016	03/01/2018	1,507,110.00	1,500,517.50	(6,592.50)	1,500,000.00	A-	A3	1.42%	244
Merck & Co Inc Corp Notes	06/17/2016	01/31/2018	1,505,910.00	1,498,570.50	(7,339.50)	1,500,000.00	AA	A1	0.85%	215
Microsoft Corp Notes	06/17/2016	11/03/2018	1,509,285.00	1,497,616.50	(11,668.50)	1,500,000.00	AAA	Aaa	1.03%	491
Wal-Mart Stores Inc	06/17/2016	12/15/2018	1,537,620.00	1,510,233.00	(27,387.00)	1,500,000.00	AA	Aa2	0.92%	533
Wells Fargo & Company Corp Notes	06/17/2016	09/08/2017	1,506,030.00	1,500,091.50	(5,938.50)	1,500,000.00	A	A2	1.06%	70
The Walt Disney Corp	06/17/2016	09/17/2018	506,355.00	499,945.50	(6,409.50)	500,000.00	A+	A2	0.92%	444
JP Morgan Chase Corp Notes (Callable)	06/17/2016	03/01/2018	502,370.00	500,172.50	(2,197.50)	500,000.00	A-	A3	1.42%	244
Merck & Co Inc Corp Notes	06/17/2016	01/31/2018	501,970.00	499,523.50	(2,446.50)	500,000.00	AA	A1	0.85%	215
Wells Fargo & Company Corp Notes	06/17/2016	09/08/2017	502,010.00	500,030.50	(1,979.50)	500,000.00	A	A2	1.06%	70
American Express Crd Crp Nt (Callable)	02/05/2016	07/31/2018	3,496,290.00	3,500,833.00	4,543.00	3,500,000.00	A-	A2	1.84%	396
American Exp Credit Corp Nt (Callable)	10/29/2015	11/05/2018	1,059,904.60	1,061,650.42	1,745.82	1,060,000.00	A-	A2	1.88%	493
American Honda Finance Corp Notes	02/18/2016	02/22/2019	1,144,771.00	1,146,285.84	1,514.84	1,145,000.00	A+	A1	1.71%	602
Apple Inc Bonds	02/02/2017	02/07/2020	3,503,282.55	3,513,804.56	10,522.01	3,505,000.00	AA+	Aa1	1.92%	952
Berkshire Hathaway Inc Notes	03/08/2016	03/15/2019	839,361.60	841,996.68	2,635.08	840,000.00	AA	Aa2	1.73%	623
Berkshire Hathaway Inc Corporate Notes	08/08/2016	08/15/2019	959,068.80	953,030.40	(6,038.40)	960,000.00	AA	Aa2	1.33%	776

**SANDAG**  
**Detail of Portfolio Balances (by Investment Type)**  
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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
Chevron Corp Corp Notes	02/28/2017	02/28/2019	1,470,000.00	1,471,027.53	1,027.53	1,470,000.00	AA-	Aa2	1.69%	608
John Deere Capital Corp Note	09/08/2015	08/10/2018	3,736,334.80	3,747,839.04	11,504.24	3,740,000.00	A	A2	1.78%	406
John Deere Capital Corp Note	01/05/2016	01/08/2019	949,943.00	953,747.75	3,804.75	950,000.00	A	A2	1.95%	557
Home Depot Inc Corp Notes	05/24/2017	06/05/2020	1,044,393.90	1,045,477.57	1,083.67	1,045,000.00	A	A2	1.82%	1,071
IBM Corp Notes	02/03/2015	02/06/2018	4,237,037.50	4,243,625.00	6,587.50	4,250,000.00	A+	A1	1.23%	221
JP Morgan Chase & Co	01/03/2017	01/28/2019	1,354,338.00	1,350,204.10	(4,133.90)	1,340,000.00	A-	A3	1.82%	577
Pepsico, Inc Corp Notes	04/27/2015	04/30/2018	714,914.20	713,833.12	(1,081.08)	715,000.00	A+	A1	1.25%	304
Toyota Motor Credit Corp	07/08/2015	07/13/2018	829,294.50	831,447.52	2,153.02	830,000.00	AA-	Aa3	1.58%	378
Toyota Motor Credit Corp	02/16/2016	02/19/2019	699,916.00	700,831.60	915.60	700,000.00	AA-	Aa3	1.70%	599
Toyota Motor Credit Corp	04/11/2017	04/17/2020	2,039,061.60	2,039,369.64	308.04	2,040,000.00	AA-	Aa3	1.97%	1,022
Wells Fargo & Co	02/01/2017	01/30/2020	3,626,203.30	3,644,345.59	18,142.29	3,635,000.00	A	A2	2.23%	944
Pepsico Inc	02/13/2013	08/13/2017	3,004,200.00	2,999,268.00	(4,932.00)	3,000,000.00	A+	A1	1.22%	44
Wells Fargo	07/20/2015	09/08/2017	4,008,120.00	4,000,244.00	(7,876.00)	4,000,000.00	A	A2	1.30%	70
International Business Machines Corp	01/30/2014	09/14/2017	3,107,673.00	2,723,241.60	(384,431.40)	2,700,000.00	A+	A1	1.40%	76
International Business Machines Corp	02/04/2015	02/06/2018	2,993,400.00	2,995,500.00	2,100.00	3,000,000.00	A+	A1	1.20%	221
Wal-Mart Stores Inc	04/11/2013	04/11/2018	500,215.00	498,963.50	(1,251.50)	500,000.00	AA	Aa2	1.12%	285
Wal-Mart Stores Inc	09/18/2015	04/11/2018	1,798,470.00	1,796,268.60	(2,201.40)	1,800,000.00	AA	Aa2	1.16%	285
Apple Inc	07/31/2013	05/03/2018	1,925,040.00	1,992,750.00	67,710.00	2,000,000.00	AA+	Aa1	1.83%	307
Berkshire Hathaway Finance Corp	06/11/2015	08/15/2018	5,081,575.00	5,024,070.00	(57,505.00)	5,000,000.00	AA	Aa2	1.47%	411
Caterpillar Financial Services	11/13/2015	11/13/2018	2,006,560.00	2,004,160.00	(2,400.00)	2,000,000.00	A	A3	1.69%	501
Microsoft Corp	07/06/2015	12/06/2018	5,060,450.00	5,012,390.00	(48,060.00)	5,000,000.00	AAA	Aaa	1.26%	524
Exxon Mobil Corp (Callable)	08/04/2016	03/15/2019	8,142,400.00	8,031,568.00	(110,832.00)	8,000,000.00	AA+	Aaa	1.12%	623
Caterpillar Financial Services	08/31/2016	05/18/2019	2,243,091.20	2,221,598.40	(21,492.80)	2,240,000.00	A	A3	1.30%	687
Pfizer Inc	06/20/2016	06/03/2019	4,012,200.00	3,984,208.00	(27,992.00)	4,000,000.00	AA	A1	1.34%	703
Pfizer Inc	06/20/2016	06/03/2019	2,006,100.00	1,992,104.00	(13,996.00)	2,000,000.00	AA	A1	1.34%	703
Toyota Motor Credit	06/20/2016	07/18/2019	6,039,300.00	6,041,640.00	2,340.00	6,000,000.00	AA-	Aa3	1.86%	748
<b>Total Corporate Medium Notes</b>			<b>\$ 124,685,715.42</b>	<b>\$ 123,899,638.00</b>	<b>\$ (786,077.42)</b>	<b>\$ 123,806,000.00</b>			<b>1.34%</b>	<b>424</b>
<b>Commercial Paper:</b>										
Bank Of Tokyo Mitsubishi UFJ Comm Paper	04/06/2017	10/10/2017	\$ 843,851.67	\$ 846,917.05	\$ 3,065.38	\$ 850,000.00	A-1	P-1	1.41%	102
Bnp Paribas NY Branch Comm Paper	04/11/2017	10/10/2017	844,370.64	846,956.15	2,585.51	850,000.00	A-1	P-1	1.32%	102
Credit Agricole Cib NY Comm Paper	04/12/2017	10/10/2017	844,444.31	846,917.05	2,472.74	850,000.00	A-1	P-1	1.31%	102
ING (US) Funding LLC Comm Paper	05/23/2017	09/22/2017	856,473.52	857,497.40	1,023.88	860,000.00	A-1	P-1	1.23%	84
Jp Morgan Securities LLC Comm Paper	04/06/2017	10/06/2017	844,296.50	847,135.50	2,839.00	850,000.00	A-1	P-1	1.33%	98
Toyota Motor Credit Corp Comm Paper	04/06/2017	10/11/2017	844,786.67	847,186.50	2,399.83	850,000.00	A-1+	P-1	1.21%	103
BNP Paribas NY Branch Comm Paper	03/17/2017	12/12/2017	2,077,883.50	2,086,620.90	8,737.40	2,100,000.00	A-1	P-1	1.44%	165
<b>Total Commercial Paper</b>			<b>\$ 7,156,106.81</b>	<b>\$ 7,179,230.55</b>	<b>\$ 23,123.74</b>	<b>\$ 7,210,000.00</b>			<b>1.34%</b>	<b>118</b>
<b>Municipal Bonds/Notes:</b>										
MS ST Txbll Go Bonds	02/04/2015	10/01/2017	\$ 230,000.00	\$ 229,960.90	\$ (39.10)	\$ 230,000.00	AA	Aa2	1.09%	93
<b>Total Municipal Bonds/Notes</b>			<b>\$ 230,000.00</b>	<b>\$ 229,960.90</b>	<b>\$ (39.10)</b>	<b>\$ 230,000.00</b>			<b>1.09%</b>	<b>93</b>
<b>Certificates of Deposits:</b>										
Bank Of Nova Scotia Houston Lt CD	04/05/2017	04/05/2019	\$ 4,440,000.00	\$ 4,437,384.84	\$ (2,615.16)	\$ 4,440,000.00	A+	A1	1.91%	644

**SANDAG**  
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										Days to Maturity
Bank Of Montreal Chicago Cert Deposit	02/08/2017	02/07/2019	5,000,000.00	5,029,065.00	29,065.00	5,000,000.00	A+	Aa3	1.90%	587
Canadian Imperial Bank NY CD	12/01/2016	11/30/2018	4,421,548.50	4,443,536.33	21,987.83	4,425,000.00	A+	Aa3	1.78%	518
HSBC Bank USA NA Floating Cert Depos	11/17/2015	11/17/2017	5,540,000.00	5,551,955.32	11,955.32	5,540,000.00	AA-	Aa2	0.97%	140
Nordea Bank Finland NY CD	12/01/2016	11/30/2018	4,320,000.00	4,338,096.48	18,096.48	4,320,000.00	AA-	Aa3	1.74%	518
Royal Bank Of Canada NY CD	03/11/2016	03/09/2018	3,325,000.00	3,331,041.53	6,041.53	3,325,000.00	AA-	Aa3	1.69%	252
Skandinaviska Enskilda Banken NY CD	11/16/2015	11/16/2017	5,500,000.00	5,497,607.50	(2,392.50)	5,500,000.00	A+	Aa3	1.48%	139
Svenska Handelsbanken NY Lt CD	01/10/2017	01/10/2019	5,000,000.00	4,986,420.00	(13,580.00)	5,000,000.00	AA-	Aa2	1.91%	559
Toronto Dominion Bank NY CD	03/14/2016	03/14/2018	2,560,000.00	2,566,151.68	6,151.68	2,560,000.00	AA-	Aa1	1.72%	257
<b>Total Certificates of Deposits</b>			<b>\$ 40,106,548.50</b>	<b>\$ 40,181,258.68</b>	<b>\$ 74,710.18</b>	<b>\$ 40,110,000.00</b>			<b>1.66%</b>	<b>403</b>
<b>Asset-Backed Security:</b>										
Ally	03/21/2017	08/15/2021	\$ 799,905.68	\$ 800,171.44	\$ 265.76	\$ 800,000.00	NR	Aaa	1.79%	1,507
Ally	01/24/2017	06/15/2021	769,932.70	769,128.13	(804.57)	770,000.00	AAA	Aaa	1.70%	1,446
CNH ABS	09/13/2016	02/15/2020	1,169,610.45	1,168,238.37	(1,372.08)	1,169,716.89	AAA	Aaa	1.27%	960
Harot	03/21/2017	07/21/2021	459,972.63	460,292.74	320.11	460,000.00	NR	Aaa	1.72%	1,482
Hyundai Auto Receivables Trust	09/14/2016	04/15/2021	1,099,851.94	1,090,879.24	(8,972.70)	1,100,000.00	AAA	Aaa	1.30%	1,385
Hyundai ABS	03/22/2016	09/15/2020	659,871.96	659,751.58	(120.38)	660,000.00	AAA	Aaa	1.57%	1,173
Hart	03/22/2017	08/15/2021	429,965.21	430,099.46	134.25	430,000.00	AAA	NR	1.76%	1,507
JDOT	02/22/2017	04/15/2021	529,924.53	530,607.33	682.80	530,000.00	NR	Aaa	1.79%	1,385
Nissan ABS	04/18/2016	01/15/2021	494,923.23	492,851.35	(2,071.88)	495,000.00	NR	Aaa	1.33%	1,295
Toyota ABS	02/23/2016	03/15/2020	1,579,910.41	1,575,953.30	(3,957.11)	1,580,000.00	AAA	Aaa	1.25%	989
Toyota ABS	08/01/2016	08/15/2020	659,982.31	656,305.65	(3,676.66)	660,000.00	AAA	Aaa	1.14%	1,142
Taot	03/07/2017	02/15/2021	254,969.99	255,325.15	355.16	255,000.00	AAA	Aaa	1.74%	1,326
<b>Total Asset-Backed Security</b>			<b>\$ 8,908,821.04</b>	<b>\$ 8,889,603.74</b>	<b>\$ (19,217.30)</b>	<b>\$ 8,909,716.89</b>			<b>1.46%</b>	<b>1,246</b>
<b>Certificates of Participation:</b>										
North County Transit District Certificates of Participation	05/05/2017	08/09/2017	\$ 26,750,000.00	\$ 26,750,000.00	\$ -	\$ 26,750,000.00	NR	A1	0.92%	40
<b>Total Certificates of Participation</b>			<b>\$ 26,750,000.00</b>	<b>\$ 26,750,000.00</b>	<b>\$ -</b>	<b>\$ 26,750,000.00</b>			<b>0.92%</b>	<b>40</b>
<b>Total investments</b>			<b>\$ 528,234,211.96</b>	<b>\$ 525,764,514.59</b>	<b>\$ (2,469,697.37)</b>	<b>N/A</b>			<b>1.22%</b>	<b>492</b>
<b>Total Portfolio:</b>			<b>\$ 802,270,042.79</b>	<b>\$ 799,695,345.38</b>	<b>\$ (2,574,697.41)</b>	<b>N/A</b>			<b>1.13%</b>	<b>352</b>

\* San Diego County Treasurer's Pooled Money Fund is rated by Fitch with a rating of AAAf/S1 at June 30, 2017

*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)