

Overview of Developments in the Financial Markets, Quarterly Finance Report as of June 30, 2022

Overview

Staff provides quarterly briefings on the latest developments in the financial markets, economy, sales tax revenues, and the strategies being explored and implemented to minimize possible impacts to the TransNet Program; and a quarterly report on investments as required per [SANDAG Board Policy No. 003](#).

In addition, [SANDAG Board Policy No. 032](#) requires an annual presentation to the Board of Directors, which includes a written description of the interest rate swaps and an evaluation of the risks associated with outstanding swaps.

Key Considerations

- After dropping 2.1% in FY 2020, sales tax revenue collection surged in FY 2021 registering a 9.2% increase. FY 2022 saw an unprecedented 21.5% increase over FY 2021, with revenues topping \$405 million. In the first two months of FY 2023, revenues are running 8.9% over the previous year.
- Senior lien maximum annual debt service coverage, using sales tax receipts of \$407.2 million for the 12 months ending July 31, 2022, is 3.82 times. Meaning, for every \$1 of senior lien debt service, SANDAG received \$3.82 of sales tax revenue providing ample coverage, supporting SANDAG senior lien triple-A ratings.
- The interest rate swaps continue to perform as expected, and there has not been any material event involving outstanding swap agreements, nor has there been any default by a swap counterparty or counterparty termination.

André Douzjian, Chief Financial Officer

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Attachments:

1. Financial Market Review
2. Local Economy and Sales Tax Revenue
3. Investment and Debt Portfolio
4. *TransNet* Extension Quarterly Report
5. Interest Rate Swap Report

Action: **Information**

Staff will present an update on the latest developments in the financial markets, economy, sales tax revenues, and strategies being explored and implemented to minimize possible impacts to the TransNet Program.

Fiscal Impact:

Senior lien debt service coverage remains strong at 3.82 times, providing ample coverage and supporting triple-A ratings.

Schedule/Scope Impact:

The San Diego economy has bounced back almost fully from the COVID-19 recession, having regained virtually all the jobs lost to the pandemic, despite a chaotic reshuffling of employment.

Market Review and Update

Overview

The second quarter of 2022 was dominated with rising inflation concerns. CPI for the months of May and June continued to climb higher, moving up to 8.6% and 9.1%, respectively.

The Federal Reserve has already raised benchmark short-term borrowing rates by 2.25% this year, with an additional increase of 1.0% expected before the year end. While such an aggressive tightening should be the key to bringing down inflation, currently running at over 40-year highs in the US, investors fear that it will also tip the economy into a recession.

Interest Rates

- **Treasury Rates:** Short-term treasury rates (industry accepted benchmark for taxable bonds) have been increasing since the beginning of the year in anticipation of the multiple Fed rate hikes in 2022. Long-term rates also increased on account of broader economic concern. Portions of the yield curve have become inverted which could be indicative of a recession.
- **Municipal Market Rates:** The AAA MMD rates (the industry accepted benchmark for tax-exempt rates) have been increasing with the short-end having shot up in recent weeks from 1.38% end of July to 2.15% in mid-August. The 30-year rate has been volatile in the third quarter of 2022 having swung from a low of 2.78% to a peak of 3.38%.
- **Fed Funds Rate:** The Fed made another rate hike of 0.75% at the July FOMC meeting, on the heels of the earlier 0.75% just a month earlier in June. The current target range is set at 2.25% to 2.50%. Market consensus is that there will be an overall increase of another 1.0% by the end of the year.

Municipal Market Supply-Demand Dynamics: Tax-exempt municipal bond issuance was 15%-20% lower in June and July of 2022 relative to 2021. Investor demand weakened over the quarter as yields continued to rise.

Equity Markets: Domestic equity markets have recently been positive with sentiments boosted by signs that inflation is peaking, prompting markets to speculate that the Fed might ease interest-rate hike soon. Recent comments from the Fed have called that into question, introducing additional volatility into the equity markets. Year-to-date the S&P is down 10.2%, the Dow is down 7.09% and the Nasdaq is down 16.61%.

U.S. Economy

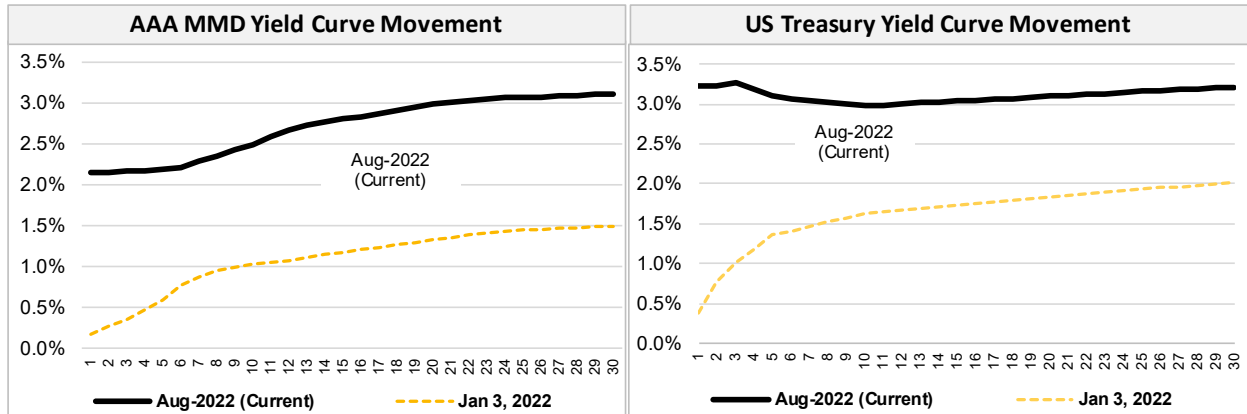
- **Jobs and Unemployment:** The Initial Jobless Claims have increased since April. For the week ended August 6, jobless claims registered at 262,000. That said, the unemployment rate remained low in July at 3.5%
- **GDP:** Real GDP decreased at an annual rate of 1.6% in the first quarter and an estimated 0.9% in the second quarter and *technically* entering a recession.
- **Personal Spending:** As the economy's key driver, personal spending continued to increase by 1.1% in June, in line with the gradual increase all year long in 2022.
- **Manufacturing and Service data:** The Markit U.S. Composite Purchasing Managers Index in the past quarter showed expansion in both the manufacturing and services sector but was down in July 2022 which marks the first contraction in private sector business since

June 2020. Although a regional index it is significant to note that the New York Empire State Manufacturing Index posted its second largest monthly decline in August 2022.

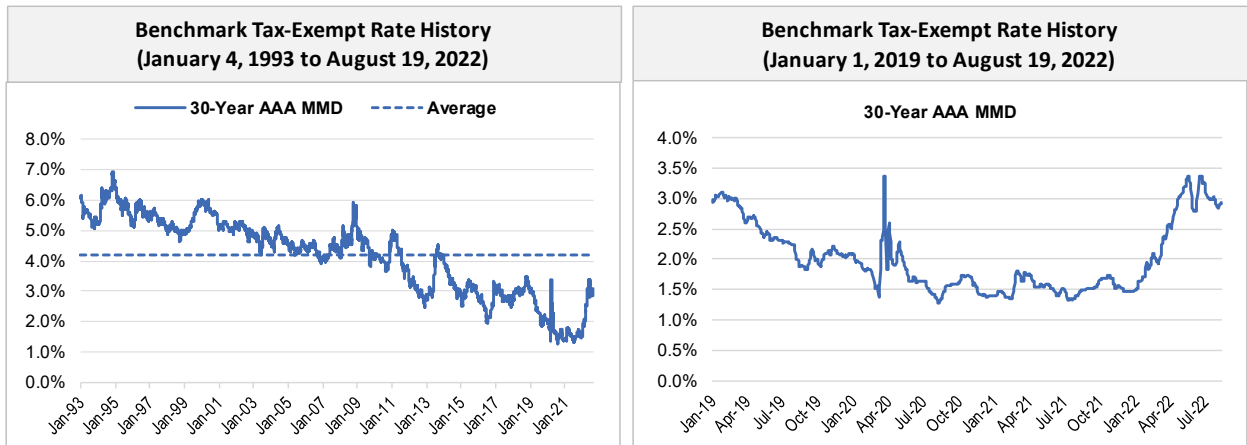
- Consumer Sentiment: Preliminary estimates of the University of Michigan Consumer Confidence Index dropped to 51.5 in July 2022, its lowest level ever but recovered slightly in August 2022 to 55.1. The consumer sentiment is being impacted by inflation and oil prices, higher interest rates and fears of a recession.

Long-Term Tax-Exempt and Taxable Interest Rates

The AAA Municipal Market Data (MMD) rates have risen significantly in 2022 thus far. The two charts below show current interest rates in comparison to where they were at the beginning of the year. As seen in the chart, the AAA MMD yield curve is entirely above 2.0% – rising by 1.40% to 1.98% across the curve since the beginning of the year. U.S. Treasury rates also rose in response to the July rate hike and in anticipation of future rate hikes. Long-term treasury rates increased by about 1.2% between January 3, 2022, and August 12, 2022, but the short-term rates increased by much more - over 2.0% - resulting in an “inverted” yield curve.



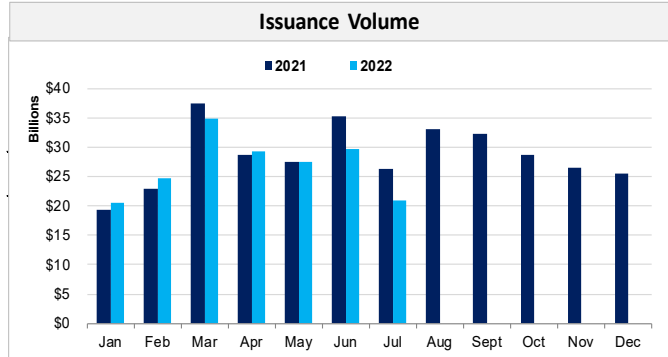
The current 30-year AAA MMD bond yield is 2.11%, which is 1.61% or 161 basis point (bps) higher than it was at the beginning of the year but is still lower than its historic average of 4.17% as seen in the chart below. In general, rates are low compared to historic levels but are on the rise.



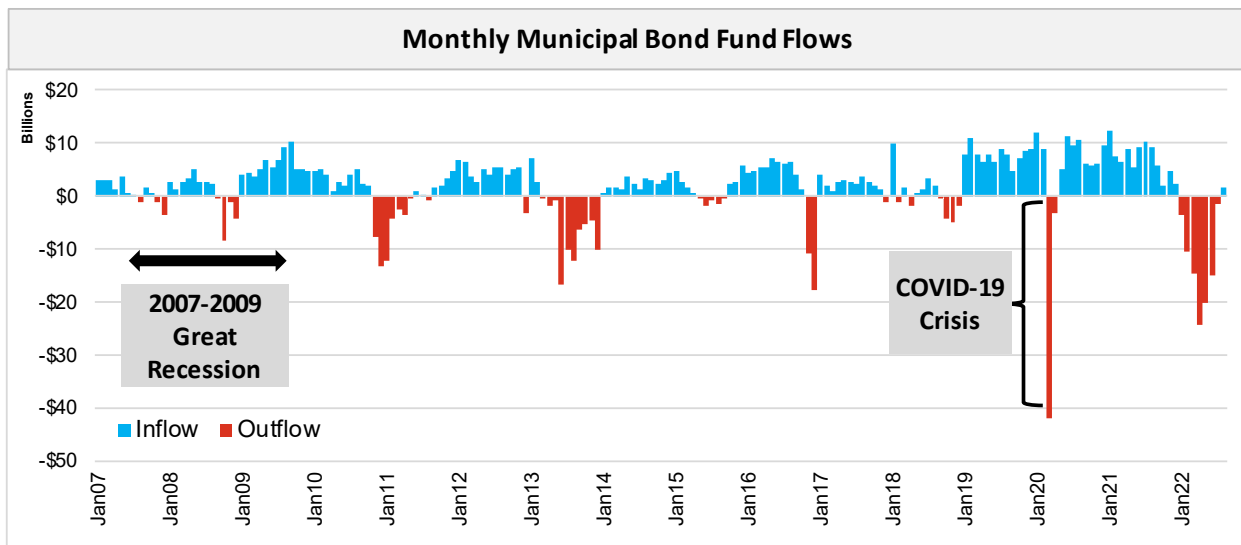
Municipal Market Supply and Demand

As yields continued to rise, tax-exempt issuance through July 2022 was \$187.3 billion, 5.0% lower than in 2021. The combined taxable and tax-exempt issuance volume of \$236.4 billion through July 2022 was 13.0% lower than the 2021 volume. A majority of the decline is attributable to drop in taxable issuance.

As treasury yields rose in 2022, many taxable advance refundings went out-of-the-money and many of the more compelling advance refundings have already been executed in 2019-2021. Higher rates and volatility in 2022 also caused issuers to defer discretionary projects and related borrowings.



Mutual funds are one of the largest investors in municipal bonds and the net inflow or net outflow from mutual funds is indicative of demand for municipal bonds. Municipal bond funds have seen seven consecutive months of outflows indicative of falling investor demand as yields rise. However, there were inflows for the first two weeks of August which could mean some stability in demand.



Credit Spreads

The bond markets have been volatile in 2022 with some widening in credit spreads. The secondary bond market has been flooded with “bids wanted” lists as many large investors offloaded bonds, creating a “shadow supply” that competes with primary market offerings. While new transactions continue to be executed, it is a challenging environment and issuers have had to provide spread concessions in order to attract investors.

Inflation and expected Fed actions, fears of a recession, stock market declines, stressed supply chain, ongoing pandemic and new variants, among other domestic and global concerns may continue to pose some challenges in 2022.

Interest Rate Forecasts

The Fed increased the target rate at the July FOMC meeting and the dot-plot indicates at least four more rate hikes for the remaining year of 2022. The Fed initially indicated that it may slow the pace of rate increases acknowledging the risks of over-tightening. That is a topic of ongoing debate among Fed officials, leading to market volatility as investors attempt to understand how quickly and severely the Fed will act in the coming months.

The next table provides an average of interest rate forecasts by industry professionals. These are surveyed and compiled by Bloomberg. In light of the Fed's statement, the market now expects additional rate hikes in 2022 and in 2023. The anticipated rate hikes have already been priced into short-term rates for the most part. Therefore, the two-year U.S. Treasury rate is forecasted to increase by a mere 0.07% to 3.31% by end of 2022. The ten-year U.S. Treasury rate is forecasted to increase slightly by 0.07% to 3.06% by the end of 2022. The 30-year U.S. Treasury rate is also forecast to increase slightly by 0.02% to 3.24% by the end of 2022.

The Street's Interest Rate Forecast											
Forecast	8/19/2022	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24	Q3 24	Q4 24
30-Year UST	3.22%	3.17 %	3.24 %	3.25 %	3.24 %	3.21 %	3.20 %	3.28 %	3.26 %	3.30 %	3.22 %
10-Year UST	2.98%	2.99 %	3.06 %	3.06 %	3.03 %	2.96 %	2.92 %	3.10 %	3.07 %	3.09 %	3.02 %
2-Year UST	3.24%	3.21 %	3.31 %	3.26 %	3.16 %	2.99 %	2.92 %	2.98 %	2.90 %	2.86 %	2.75 %
3M Secured Overnight Financing Rate	2.83%	2.83 %	3.36 %	3.53 %	3.55 %	3.38 %	3.25 %	3.16 %	3.08 %	3.02 %	2.95 %
Federal Funds Target Rate Upper Bound	2.50%	3.05 %	3.60 %	3.70 %	3.65 %	3.45 %	3.35 %	3.10 %	3.00 %	2.90 %	2.80 %
Federal Funds Target Rate Lower Bound	2.25%	2.80 %	3.34 %	3.43 %	3.39 %	3.21 %	3.11 %	2.86 %	2.73 %	2.63 %	2.54 %

Local Economy and Sales Tax Revenues

The San Diego economy has bounced back almost fully from the COVID-19 recession, having regained virtually all the jobs lost to the pandemic, despite a chaotic reshuffling of employment. The unemployment rate of 3.1% in July, below its pre-COVID levels of 3.2%, with labor force participation also essentially back to pre-COVID levels. As elsewhere in the country, local companies are facing labor shortages as workers shop for better opportunities.

After dropping 2.1% in FY 2020, sales tax revenue collection surged in FY 2021 registering a 9.2% increase. And FY 2022 saw an unprecedented 21.5% increase over FY 2021, with revenues topping \$405 million. In the first two months of FY 2023, revenues are running 8.9% over the previous year. Revenues benefited from robust spending on taxable items as a result of public income support (stimulus checks, child tax credits, and supplemental unemployment benefits), the fast recovery in jobs, and the shift to spending on taxable goods and away from services due to COVID-related restrictions. Inflation has also increased revenues, as some items (e.g., gasoline) have not seen sales volume increases, but still generate more revenue; SANDAG estimates this effect accounts for about 20% of the jump in recent months.

As robust as the recovery has been, the risks now are mostly on the downside. High inflation (created by strong consumer demand, rising commodity prices due to the war in Ukraine, supply-chain issues, and worker shortages) has been particularly worrisome. Though indications are that inflationary pressures are easing, both inflation and the government's response of interest rate hikes are weakening consumer confidence.

Healthy economic fundamentals and some continued inflation are expected to result in 5% sales tax collection growth through FY 2023. While the risk of a recession is present, an extremely healthy job market, coupled with a return to pre-COVID activity and spending patterns (particularly in Tourism) make a recession far from certain. While the national GDP has declined in both Q1 and Q2 (a rule of thumb for a recession), the declines have largely been a result of reduced government spending and inventory reductions. An increase in unemployment of 0.5% (another recession rule of thumb), has not materialized, with the job market continuing to move in the right direction.

The following tables provide a breakdown of sales tax collected, with a comparison by month for the past two fiscal years and the annual revenue beginning in FY 2009 (first year of the *TransNet* Extension Ordinance):

	<u>FY 2022</u>	<u>FY 2023</u>		<u>Annual Revenue</u>
July	\$43,209,697	\$44,478,683	FY 2009	\$221,991,360
August	\$24,271,096	\$28,995,480	FY 2010	\$204,191,748
September	\$32,823,354		FY 2011	\$221,304,014
October	\$38,064,769		FY 2012	\$236,947,113
November	\$28,370,272		FY 2013	\$247,221,162
December	\$33,611,034		FY 2014	\$260,114,931
January	\$32,787,727		FY 2015	\$268,840,549
February	\$40,232,661		FY 2016	\$275,500,023
March	\$31,621,084		FY 2017	\$284,456,260
April	\$31,161,228		FY 2018	\$294,501,324
May	\$36,034,028		FY 2019	\$312,303,669
June	\$33,374,188		FY 2020	\$305,851,214
TOTAL	\$405,921,138	\$73,474,163	FY 2021	\$333,998,568
			FY 2022	\$405,921,138
			FY 2023	\$73,474,163
			TOTAL	\$3,946,617,235

SANDAG Debt Portfolio Overview

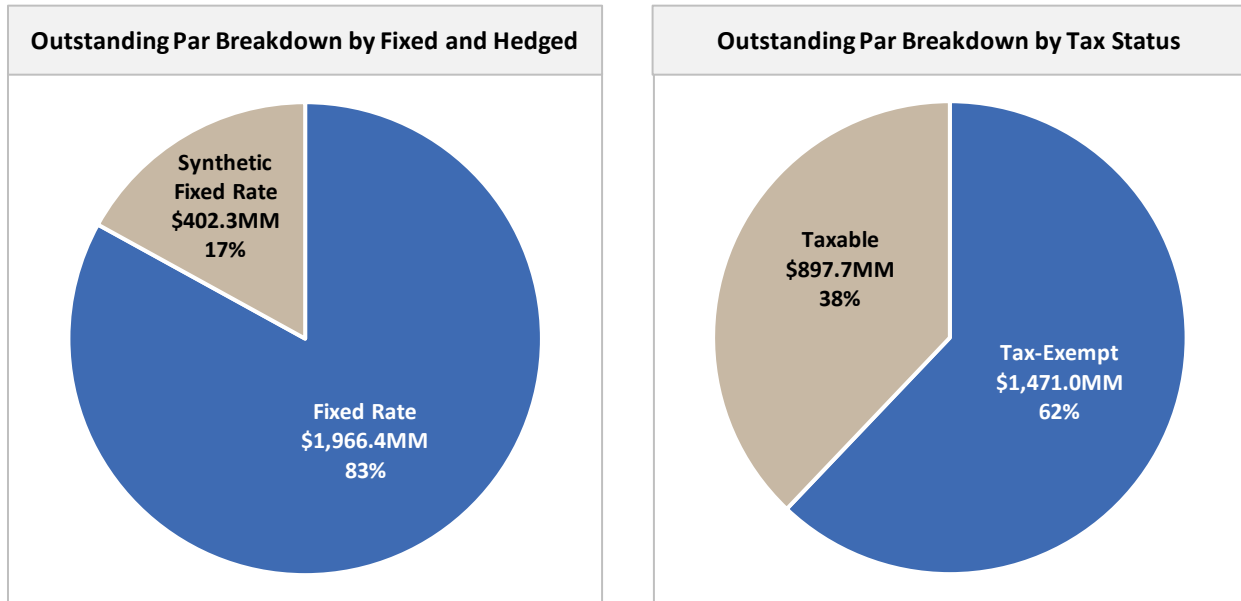
Commission Outstanding Debt Overview

SANDAG, serving as the San Diego County Regional Transportation Commission, has \$2.37 billion of outstanding long-term debt. The TIFIA loan is undrawn and does not represent an obligation of SANDAG at this time. However, SANDAG expects to draw on the TIFIA loan to retire the 2021A Notes in the next 60 days. 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	Fixed Rate	\$338,960,000	\$338,960,000	Make-Whole	4/1/2048
2014A	Tax-Exempt	Fixed Rate	\$350,000,000	\$12,615,000	4/1/2024	4/1/2024
2016A	Tax-Exempt	Fixed Rate	\$325,000,000	\$297,075,000	4/1/2026	4/1/2048
2019A	Taxable	Fixed Rate	\$442,620,000	\$442,620,000	4/1/2030	4/1/2048
2020A	Taxable	Fixed Rate	\$74,820,000	\$71,660,000	4/1/2030	4/1/2048
2021A	Taxable	Fixed Rate	\$149,840,000	\$149,840,000	4/1/2031	4/1/2048
2021B	Tax-Exempt	Fixed Rate	\$116,150,000	\$116,150,000	4/1/2031	4/1/2039
2021A Notes	Tax-Exempt	Fixed Rate	\$537,480,000	\$537,480,000	Non-Callable	10/1/2022
Total			\$3,355,455,000	\$2,368,700,000		
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	\$0	Anytime	10/1/2045
Total with Loan Commitment				\$2,368,700,000		

* The TIFIA loan will be drawn to retire the 2021A Notes. The simultaneous draw on the TIFIA loan and the retirement of the 2021A Notes will have an offsetting impact and will not increase the number of total obligations outstanding.

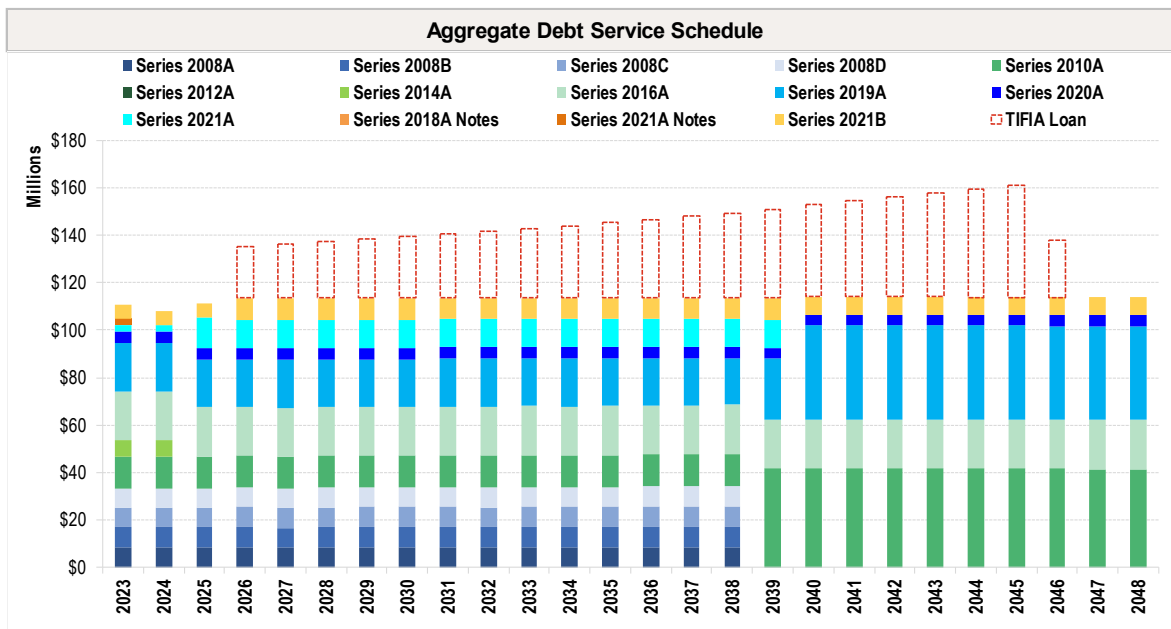
Of the total debt portfolio, 17% consists of synthetic, fixed-rate bonds (variable-rate bonds hedged with fixed-payer interest rate swaps), and the remaining 83% are fixed-rate bonds.



Debt Service and Coverage

SANDAG has debt obligations on three separate lien levels, providing different priority of sales tax payment to investors based on their respective lien level. Senior lien obligations are paid first, followed by subordinate lien obligations and then junior subordinate lien obligations (i.e., TIFIA loan). This three-tiered lien structure has been developed by SANDAG to maximize program capacity, keep senior lien ratings as high as possible, and minimize borrowing costs.

The TIFIA loan is repayable from a third lien that is subordinate to the senior lien bonds, the 2021B Bonds, the 2021A Notes, the commercial paper notes, and the SANDAG's revolving credit facility. In general, SANDAG has a level debt service profile with senior lien annual debt service ranging from \$102.4 million to \$106.7 million per year through FY 2048.



The aggregate senior and subordinate lien debt service ranges from \$108.2 million to \$114.1 million. Assuming SANDAG draws on the TIFIA loan as expected to complete the Mid-Coast Corridor Transit Project, SANDAG aggregate debt service will peak at \$161.2 million in FY 2045.

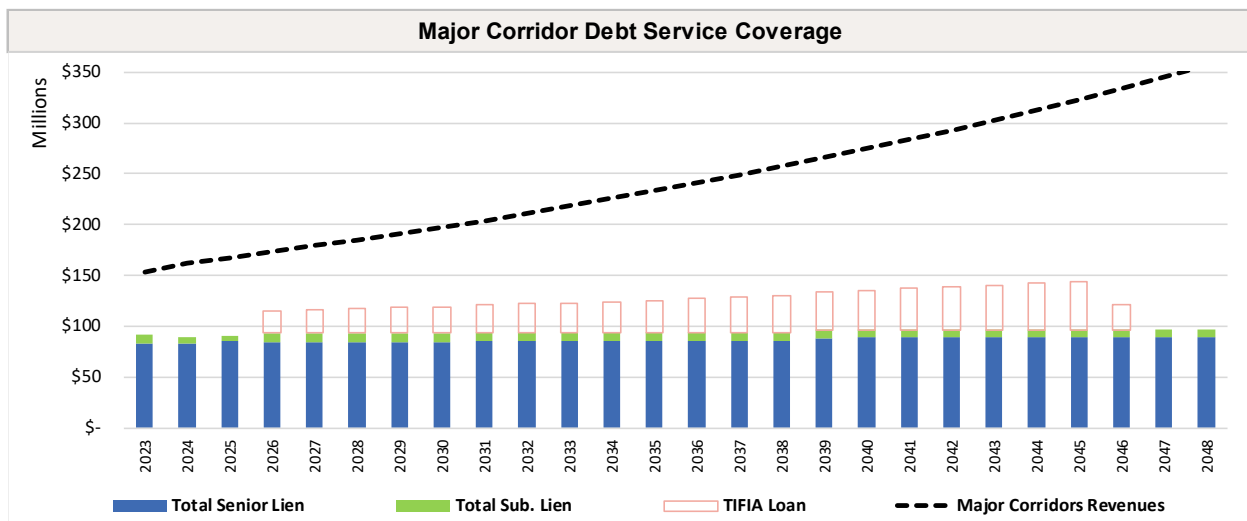
Senior lien debt service coverage, using sales tax receipts of \$407.2 million for the 12 months ending July 31, 2022, is 3.82 times. Meaning, for every \$1 of senior lien debt service, SANDAG received \$3.82 of sales tax revenue providing ample coverage, supporting SANDAG senior lien triple-A ratings. Total coverage, when comparing the annual revenues for the 12 months ending July 31, 2022, to peak debt service (including assumed debt service on the undrawn TIFIA loan) in FY 2045, is 2.33 times.

Major Corridors Coverage

In accordance with the *TransNet* Ordinance, the Major Corridors subprogram receives 38% of *TransNet* revenues after allocations for administrative and ITOC expenses. Major Corridors is the most capital-intensive program, funding various projects, including the Mid-Coast Corridor Transit Project. Costs associated with these projects can and have been funded with tax-exempt bonds. SANDAG Board Policy No. 036: San Diego County Regional Transportation Commission Debt Policy, dictates that the Major Corridors subprogram (and other *TransNet* subprograms) maintain an annual debt service coverage ratio of at least 1 times, meaning that for every \$1 of *TransNet* revenue, there is no more than \$1 of debt service allocated to the subprogram in any given year. Board Policy No. 036, Section 2.3, states as follows:

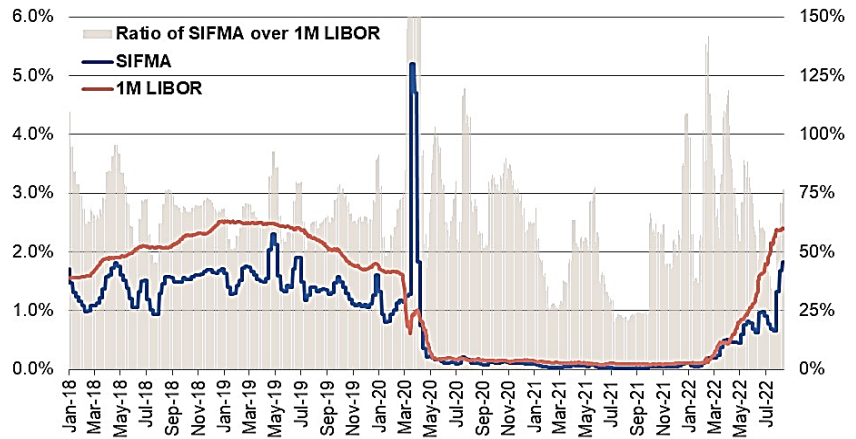
2.3 Borrowing requirements are determined for each eligible sub-program and debt service is allocated to each sub-program based upon its pro rata share of bond proceeds. It is the general principal for the TransNet Plan of Finance that the annual debt service for each sub-program be less than the annual sales tax revenue allocated to a sub-program on an annual basis. This 1.0 times program debt service coverage requirement ensures that no single sub-program incurs more debt than it can afford.

For planning purposes, debt service has been structured using a forecast of sales tax receipts. Based on this forecast, coverage in the Major Corridors Program is estimated at 1.65 times in FY 2023. Based on that revenue forecast, annual coverage is projected to dip to 1.49 times when the TIFIA loan begins to amortize in FY 2026. The TIFIA debt service structure in the Major Corridors Program increases over time, in anticipation of increase in sales tax revenue.



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 from certain financial institutions. The interest rates on these bonds reset weekly through a remarketing process. As a performance measure, the bonds are compared to the Securities Industry and Financial Markets Association (SIFMA) benchmark index.



SIFMA is a variable rate index that resets weekly and, as such, can be volatile reacting to near-term market conditions. SIFMA dropped to near-zero levels in the aftermath of COVID mirroring the Fed rate cuts in March 2020. As the Fed reversed course and increased rates to counter inflation, SIFMA followed suit. The SIFMA rate has increased to 1.83% as of August 12, 2022, or 77% of the 1-Month LIBOR. SANDAG VRDBs continued to trade well compared to SIFMA. Rise in SIFMA is effectively hedged by SANDAG’s interest rate swaps as most recently demonstrated during March 2020 when SIFMA spiked to 5.2% for a short period.

SANDAG Series 2008A–D VRDB Resets Since December 31, 2015					
Series	SBPA Provider	Remarketing Agent	Reset Average	SIFMA Average	Spread to SIFMA
2008A	JPMorgan Chase Bank, N.A.	Barclays Capital Inc.	0.67%	0.77%	-10 bps
2008B	JPMorgan Chase Bank, N.A.	Goldman, Sachs & Company	0.67%	0.77%	-10 bps
2008C	Bank of America, N.A.	JPMorgan Securities LLC	0.67%	0.77%	-10 bps
2008D	State Street	Stifel, Nicolaus & Company, Inc.	0.66%	0.77%	-11 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 \$268.2 million of basis swaps outstanding. Under the basis swaps, which became effective on April 1, 2018, SANDAG pays its counterparty a floating interest rate payment based on the SIFMA index and receives a floating payment based on 107.4% of three-month LIBOR. The market value of the SANDAG swap portfolio changes with interest rate fluctuations. The mark-to-market (MTM) valuation as of August 12, 2022, is negative \$30,833,0312; meaning SANDAG would need to pay approximately \$ 30.83 million to terminate the entire swap portfolio in the current market. The swaps are performing as expected. Additionally, SANDAG is not required to post collateral under the swap agreements.

Swap Portfolio Overview								
Associated Series	SANDAG Pays	SANDAG Receives	Trade Date	Effective Date	Maturity Date	MTM Value (As of 8/12/2022)	Notional Outstanding	Bank Counterparty
	3.8165%	65% of USD-LIBOR until 4/2018; SIFMA Swap Index thereafter	5/23/2012	5/23/2012	4/1/2038	(\$16,516,267)	\$134,100,000	Bank of America, N.A. (Aa2/A+/AA)
Series 2008	3.8165%	65% of USD-LIBOR until 4/2018; SIFMA Swap Index thereafter	5/23/2012	5/23/2012	4/1/2038	(\$14,841,911)	\$134,100,000	Goldman Sachs Mitsui Marine Derivative Products, L.P. (Aa2/AA-/NA)
	3.4100%	65% of USD-LIBOR	5/23/2012	5/23/2012	4/1/2038	(\$14,841,911)	\$134,100,000	Bank of America, N.A. (Aa2/A+/AA)
Series 2008						(\$46,200,089)	\$402,300,000	
	SIFMA Swap Index	107.4% of 3-month USD-LIBOR	3/19/2009	4/1/2018	4/1/2038	\$7,683,528	\$134,100,000	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	\$7,683,528	\$134,100,000	Barclays Bank PLC (A1/A/A+)
						\$15,367,056	\$268,200,000	
Total Fixed-Payer Swaps						(\$30,833,033)	\$670,500,000	

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Cost of Capital

SANDAG has a very attractive weighted average cost of capital (WACC) of 2.74%. 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%. The 2010A bonds were issued as taxable Build America Bonds and have a borrowing cost of 3.89%. The 2012A, 2014A, 2016A, and 2020A bonds were issued at an all-in cost of 3.72%, 3.85%, 3.29%, and 2.62% respectively. The 2019A refunding bonds that refunded a part of 2012A and 2014A bonds were issued at an all-in cost of 3.19%. The taxable 2021A bonds refunded a portion of the remaining 2014A bonds were issued at an all-in cost of 2.21%. The tax-exempt 2021B bonds raised new money funding as well as refunded a portion of the 2014A bonds and issued at an all-in cost of 2.71%. The 2021A Short-Term Notes have a borrowing cost of 0.31%. Taken together, SANDAG has issued over \$2.0 billion in long-term debt to accelerate project delivery and for refunding, for a WACC of 2.74%.

SANDAGs WACC Calculations					
Synthetic Fixed Rate:					
Series	Par Post 2012 Refunding	Swap Rate	SBPA Fee	Remarketing Agent Fee	Cost of Capital
2008A	\$100,575,000	3.8165%	0.400%	0.06%	4.2765%
2008B	\$100,575,000	3.8165%	0.400%	0.06%	4.2765%
2008C1	\$67,050,000	3.8165%	0.300%	0.06%	4.1765%
2008C2	\$33,525,000	3.4100%	0.300%	0.06%	3.7700%
2008D	\$100,575,000	3.4100%	0.340%	0.06%	3.8100%
2008 Weighted Average					4.1010%
Fixed Rate:					
Series	Par Post 2021 Refunding	-	-	-	All-in True Interest Cost
2010A	\$338,960,000	-	-	-	3.8871%
2012A	\$59,635,000	-	-	-	3.7167%
2014A	\$24,055,000	-	-	-	3.8507%
2016A	\$325,000,000	-	-	-	3.2947%
2019A	\$442,620,000	-	-	-	3.1890%
2020A	\$74,820,000	-	-	-	2.6226%
2021A	\$149,840,000	-	-	-	2.2136%
2021B	\$116,150,000	-	-	-	2.7146%
2021A Notes	\$537,480,000	-	-	-	0.3123%
Total Weighted Average Without TIFIA Loan					2.7420 %

Credit Ratings

SANDAG's debt secured by *TransNet* sales tax revenues is rated by Standard and Poor's (S&P) and Fitch as shown here. The ratings were most recently reviewed and confirmed in June 2022.

SANDAG Ratings (<i>TransNet</i>)		
Lien	S&P	Fitch
Senior Lien	AAA/Stable	AAA/Stable
Subordinate Lien Notes	AA/Stable	AA/Stable
Third Lien TIFIA Loan	A+/Stable	A/Stable

Commercial Paper and Revolving Credit Facility

In addition to the long-term debt, SANDAG has a short-term Commercial Paper Program supported by a Letter of Credit (LOC) from Bank of America Merrill Lynch. The Commercial Paper Program was authorized at \$100 million and has a current outstanding balance of \$48.6 million as of July 15, 2022, when it was remarketed out 48 days, at a rate of 1.25%. The supporting LOC is in place through August 2024 at an annual cost of 0.30%.

In March 2022, SANDAG established a new Revolving Credit Agreement with U.S. Bank National Association in the amount not-to-exceed \$100 million. This drawdown facility will provide SANDAG with additional flexibility to manage short-term cash flow needs when capital expenses are incurred prior to the receipt of federal and state grant funds. The facility has a term of 3.5 years, a commitment fee of 0.20%, and a variable interest rate of SIFMA plus 0.34% on any outstanding balance.

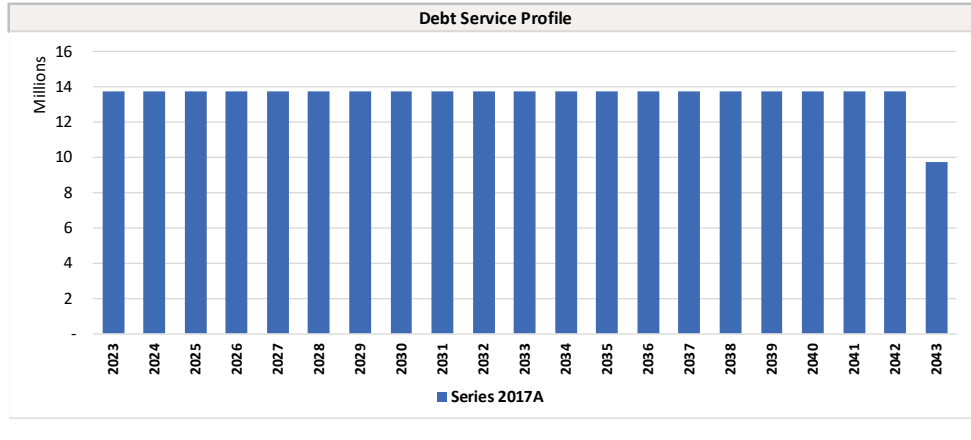
SANDAG: Debt Portfolio Overview and Update

SANDAG has debt outstanding in conjunction with the South Bay Expressway toll road as well as the Mid-Coast Corridor Transit Project as summarized in the table below.

Summary of Outstanding Debt						
South Bay Expressway						
Series	Tax Status	Coupon Type	Original Par	Outstanding Par	Call Date	Final Maturity
2017A	Tax-Exempt	Fixed-Rate	\$194,140,000	172,445,000	7/1/2027	7/1/2042
Mid-Coast Corridor Transit Project						
Series	Tax Status	Coupon Type	Original Par	Outstanding Par	Call Date	Final Maturity
2019A	Tax-Exempt	Fixed-Rate	\$210,000,000	\$210,000,000	one year before maturity	11/15/2026
2019B	Tax-Exempt	Fixed-Rate	\$12,000,000	\$125,000,000	NA (turbo redemption)	11/15/2027
Total				\$335,000,000		0

South Bay Expressway

The SANDAG debt portfolio for South Bay Expressway (SBX) is comprised of a single bond series. In November 2017, SANDAG issued Toll Revenue First Senior Lien Bonds, 2017 Series A to refinance indebtedness incurred with the acquisition of SBX. The bonds are secured from the toll revenues generated on SBX, net of operating expenses. As of July 1, 2022, the debt outstanding is \$172.4 million. An annual debt service chart is provided presented below.



The annual payment on the bonds is level at about \$13.8 million through final maturity in FY 2043. Based on annual net toll revenues of \$18.7 million for FY 2021, the coverage on future maximum annual debt service payment was 1.36 times. This is owing to the lower traffic and revenue in FY 2021 due to COVID-19 pandemic. However, with a contribution from reserves, permitted under the bond indenture, SANDAG was able to satisfy the 1.5x Rate Covenant for FY 2021. SANDAG staff is in the process of finalizing the net revenue calculation for FY 2022 and it is expected that the Rate Covenant has been satisfied.

In January 2022, S&P revised their outlook on these bonds to stable from negative on account of traffic recovery to near-pre-pandemic levels in recent months. S&P also recognized the prospect for additional traffic growth due to the opening of new southern connectors to Route 905 and SR-11 as of mid-December 2021. For those reasons, along with the restoration of collecting violation fines, debt service coverage by net revenues is expected to improve and supports the stable outlook.

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Mid-Coast Corridor Transit Project

SANDAG issued \$335 million Capital Grant Receipts Revenue Bonds, Series 2019A and Series 2019B in August 2019 to provide funding for the Mid-Coast project. A summary of the outstanding debt is provided in the table above. The bonds are secured solely by future grants under the Full Funding Grant Agreement (FFGA) with the Federal Transit Administration (FTA) signed in 2016. A schedule of grants in the FFGA, detailed below, provides for a commitment of \$100 million annually starting 2016 through 2026. To date SANDAG has received \$627.7 million of the total \$1.043 billion committed under the FFGA. A majority of the remaining grant receipts have been pledged for the repayment of the bonds.

FFGA Grant Receipts (Received and Anticipated)			
Federal FY	Original Grant Commitment	Grants Received	Grants Anticipated
2016	\$100,000,000	\$100,000,000	-
2017	\$125,000,000	\$50,000,000	-
2018	\$100,000,000	\$180,024,740	-
2019	\$100,000,000	\$100,000,000	-
2020	\$100,000,000	\$100,000,000	-
2021	\$100,000,000	\$97,710,967	-
2022	\$100,000,000	-	\$174,272,731
2023	\$100,000,000	-	\$100,000,000
2024	\$100,000,000	-	\$100,000,000
2025	\$100,000,000	-	\$41,371,562
2026	\$18,380,000	-	-
Total	\$1,043,380,000	\$627,735,707	\$415,644,293
Total Debt Outstanding			\$335,000,000

The bonds have a stated maturity schedule that is conservative. The first principal payment is scheduled for November 15, 2023, with interest-only payment until then. Should future grants installments be received as scheduled in the FFGA, SANDAG has the option to call the bonds early. Series 2019B also has certain turbo redemption provisions that cause excess grant revenues to be automatically applied to redeeming bonds early. While the average life based on the stated maturity schedule is 6.7 year, the bonds are expected to be repaid a couple years sooner with an average life of 4.6 years. Furthermore, SANDAG achieved a very attractive rate of interest on the bonds. The cost of capital or the all-in true interest cost (TIC) on the bonds is 1.91% under the stated case but could end up being as low as 1.57% if grants arrive on schedule and the debt is retired sooner, as in the expected case.

The bonds and the structure achieved an investment grade “A-” rating from S&P along with a stable outlook. The outlook on debt supported by federal grants was not affected due to the COVID-19 related S&P outlook revisions in March and April.

Looking Ahead

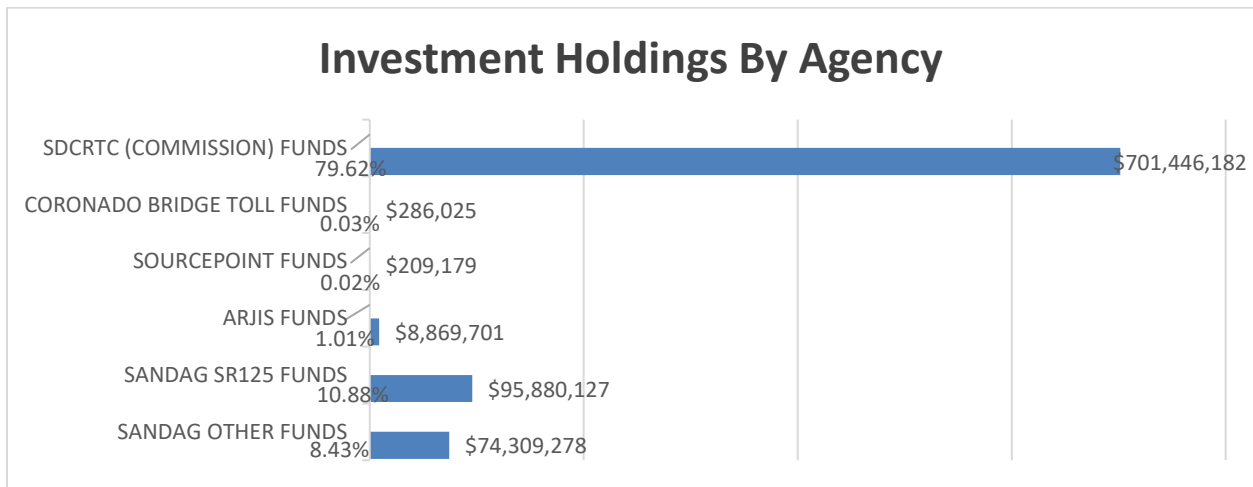
SANDAG took advantage of low rates in 2021 to refund bonds, extend the TIFIA note and refinance the TIFIA loan. SANDAG also set up a \$100 million revolving credit facility earlier this year to supplement the CP program and provide additional funding flexibility to deliver its sizeable capital plan. A majority of the upcoming project needs are anticipated to be funded from grants and local dollars on a pay-go basis. SANDAG does not anticipate any financings needs in the near-to-medium term.

Quarterly Investment Data

Included with this quarterly finance report through June 30, 2022, are a Detail of Portfolio Balances (by Account); and a Detail of Portfolio Balances (by Investment Type) for all money under the direction or care of SANDAG, including funds of the Commission, SourcePoint, and the Automated Regional Justice Information System (ARJIS).

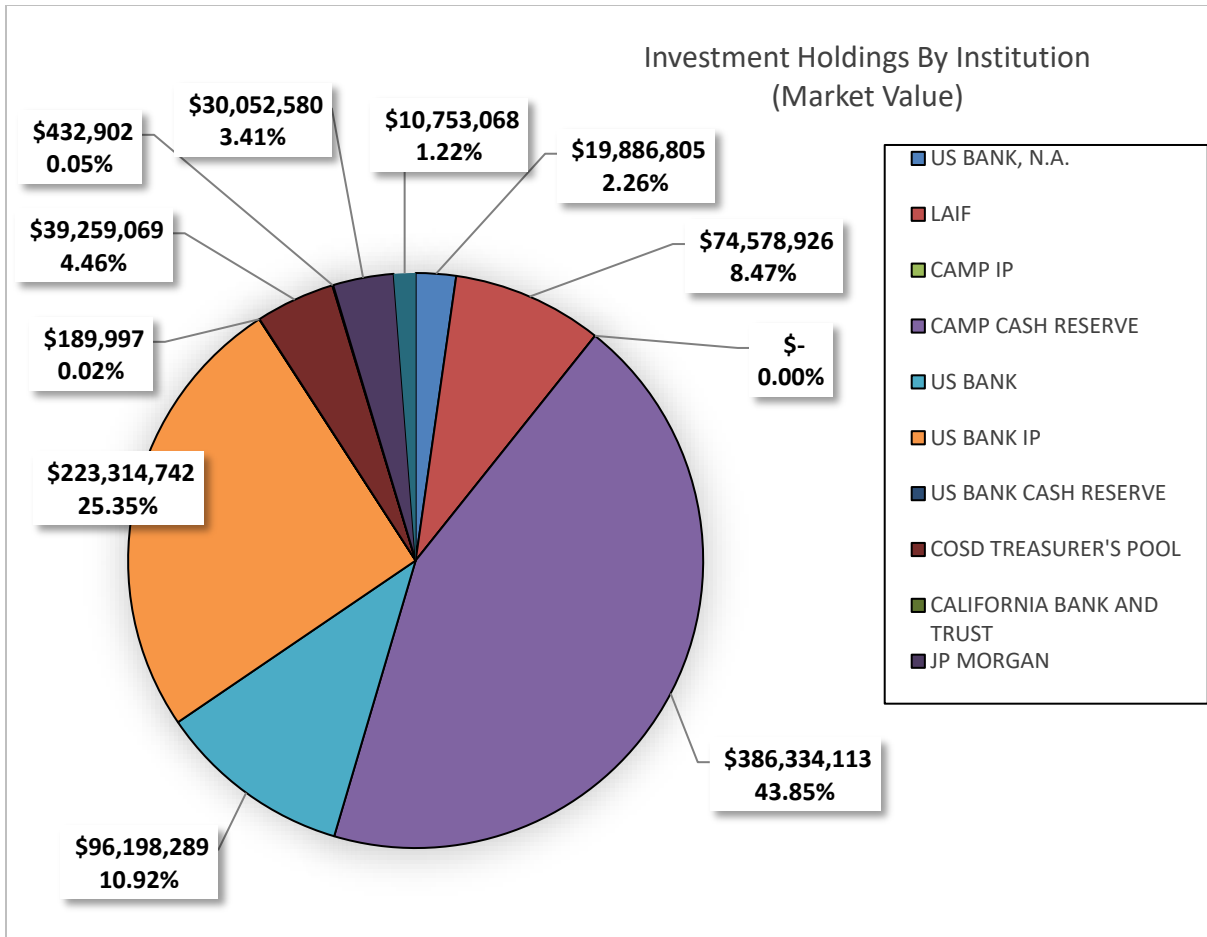
As of June 30, 2022, a total of \$881.0 million was held by SANDAG in a number of investment accounts, in comparison to \$964.1 billion held in the previous quarter. The \$83.1 million decrease during the quarter is primarily due to the payment of debt service obligations in the month of April.¹

The chart below provides a summary of the holdings by Agency.



Approximately \$19.89 million was held in nine U.S. Bank, N.A. accounts at the end of the quarter, which are used for operating purposes. Approximately \$861.1 million was invested in seven institutions.

¹ Due to rounding, the numbers below may not tie to the attached detail of investments.



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.

Certifications

The Chief Financial Officer 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, the Commission, ARJIS, and SourcePoint for the next six months. This portfolio is in compliance with state law and SANDAG Board Policy No. 003: Investment Policy.

The Chief Financial Officer 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.

SANDAG
Summary of Portfolio Balances (by Institution)
as of June 30, 2022

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.	\$ 19,886,805.21	2.23%	\$ 19,886,805.21	100.00%	\$ -	N/A	1
STATE OF CALIFORNIA LOCAL AGENCY INVESTMENT FUND	74,578,925.99	8.38%	74,578,925.99	100.00%	-	0.99%	311
CAMP CASH RESERVE PORTFOLIO	386,334,113.18	43.39%	386,334,113.18	100.00%	-	1.14%	28
US BANK TRUST	96,198,288.85	10.80%	96,198,288.85	100.00%	-	0.33%	1
US BANK INDIVIDUAL PORTFOLIO	231,735,679.10	26.02%	223,314,742.11	96.37%	(8,420,936.99)	1.29%	630
US BANK CASH RESERVE PORTFOLIO	189,997.11	0.02%	189,997.11	100.00%	-	0.00%	1
SAN DIEGO COUNTY TREASURER'S POOLED MONEY FUND	39,259,069.42	4.41%	39,259,069.42	100.00%	-	1.25%	551
JP MORGAN	30,068,589.35	3.38%	30,052,580.04	99.95%	(16,009.31)	1.13%	19
CALIFORNIA BANK AND TRUST	432,902.49	0.05%	432,902.49	100.00%	-	N/A	1
PRINCIPAL CUSTODY SOLUTIONS	11,751,375.05	1.32%	10,753,067.55	91.50%	(998,307.50)	3.83%	1
TOTAL	\$ 890,435,745.75	100.00%	\$ 881,000,491.95	98.94%	\$ (9,435,253.80)	1.12%	224

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	\$ 171,187,712.58	19.23%	\$ 170,189,405.08	99.42%	\$ (998,307.50)	0.97%	51
AUTOMATED REGIONAL JUSTICE INFORMATION SYSTEM FUNDS	8,869,701.01	1.00%	8,869,701.01	100.00%	-	1.14%	24
SOURCEPOINT FUNDS	209,178.86	0.02%	209,178.86	100.00%	-	1.25%	484
CORONADO BRIDGE TOLL FUNDS	286,024.56	0.03%	286,024.56	100.00%	-	1.14%	28
SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION FUNDS	709,883,128.74	79.72%	701,446,182.44	98.81%	(8,436,946.30)	1.15%	268
TOTAL	\$ 890,435,745.75	100.00%	\$ 881,000,491.95	98.94%	\$ (9,435,253.80)	1.12%	224

Note: In addition to the funds held above, there is \$4,977.66 petty cash held at SANDAG.

SANDAG
Detail of Portfolio Balances (by Account)
as of June 30, 2022

Institution / Account	Book Value	Percent of Portfolio	Market Value	Market Price	Unrealized Gain/(Loss)	Yield on Cost	Wtd Avg. Days to Maturity
US BANK, N.A.:							
Checking - (ARJIS)	\$ 1,411,860.87	0.16%	\$ 1,411,860.87	100.00%	\$ -	N/A	1
Checking - (RTC) TransNet Sales Tax	845,659.45	0.09%	845,659.45	100.00%	-	N/A	1
Checking - (SANDAG) Flexible Spending Acct (FSA)	11,188.34	0.00%	11,188.34	100.00%	-	N/A	1
Checking - (SANDAG) General	7,630,084.65	0.86%	7,630,084.65	100.00%	-	N/A	1
Checking - (SANDAG) Interstate 15 (I-15) FasTrak®	3,115,575.69	0.35%	3,115,575.69	100.00%	-	N/A	1
Checking - (SANDAG) Refund Account Common	194,354.63	0.02%	194,354.63	100.00%	-	N/A	1
Checking - (SANDAG) Revenue Account Common	2,858,070.42	0.32%	2,858,070.42	100.00%	-	N/A	1
Checking - (SANDAG) SAFE Program Account	608,702.89	0.07%	608,702.89	100.00%	-	N/A	1
Checking - (SANDAG) State Route 125 (SR-125) Collection Account	53,759.77	0.01%	53,759.77	100.00%	-	N/A	1
Checking - (SANDAG) State Route 125 (SR-125) Payment Account	3,132,029.98	0.35%	3,132,029.98	100.00%	-	N/A	1
Checking - (SourcePoint)	25,518.52	0.00%	25,518.52	100.00%	-	N/A	1
TOTAL US BANK, N.A.	\$ 19,886,805.21	2.23%	\$ 19,886,805.21	100.00%	\$ -	N/A	1
STATE OF CA LOCAL AGENCY INVESTMENT FUND (LAIF):							
(RTC) TransNet	\$ 74,500,070.91	8.37%	\$ 74,500,070.91	100.00%	\$ -	0.99%	311
(SANDAG)	78,855.08	0.01%	78,855.08	100.00%	-	0.99%	311
TOTAL LAIF	\$ 74,578,925.99	8.38%	\$ 74,578,925.99	100.00%	\$ -	0.99%	311
CALIFORNIA ASSET MANAGEMENT PROGRAM (CAMP):							
CASH RESERVE PORTFOLIO:							
(ARJIS)	\$ 7,457,840.14	0.84%	\$ 7,457,840.14	100.00%	\$ -	1.14%	28
(RTC) 2008 Bond Series A - Principal	1,163,384.72	0.13%	1,163,384.72	100.00%	-	1.14%	28
(RTC) 2008 Bond Series B - Principal	1,163,384.72	0.13%	1,163,384.72	100.00%	-	1.14%	28
(RTC) 2008 Bond Series C - Principal	1,163,384.72	0.13%	1,163,384.72	100.00%	-	1.14%	28
(RTC) 2008 Bond Series D - Principal	1,163,384.72	0.13%	1,163,384.72	100.00%	-	1.14%	28
(RTC) 2008 Cap Proj DSRF Release	17,192,150.67	1.93%	17,192,150.67	100.00%	-	1.14%	28
(RTC) 2008 Sales Tax Account - TransNet Extension	205,166,637.75	23.04%	205,166,637.75	100.00%	-	1.14%	28
(RTC) 2010 Bond Series A - Interest	5,013,857.35	0.56%	5,013,857.35	100.00%	-	1.14%	28
(RTC) 2014 Bond Series A Interest	2,403,763.55	0.27%	2,403,763.55	100.00%	-	1.14%	28
(RTC) 2014 Bond Series A Principal	1,540,225.32	0.17%	1,540,225.32	100.00%	-	1.14%	28
(RTC) 2016 Bond Series A Interest	3,717,077.33	0.42%	3,717,077.33	100.00%	-	1.14%	28
(RTC) 2016 Bond Series A Principal	1,453,923.71	0.16%	1,453,923.71	100.00%	-	1.14%	28
(RTC) 2020 Bond Series A Interest	849,768.45	0.10%	849,768.45	100.00%	-	1.14%	28
(RTC) 2020 Bond Series A Principal	426,673.99	0.05%	426,673.99	100.00%	-	1.14%	28
(RTC) Custody Account	15,578.59	0.00%	15,578.59	100.00%	-	1.14%	28
(RTC) Sage Hill Endowment	879,706.92	0.10%	879,706.92	100.00%	-	1.14%	28
(RTC) TransNet Program Reserve	56,440,897.30	6.34%	56,440,897.30	100.00%	-	1.14%	28
(RTC) Wetland Mitigation TransNet Sales Tax	312,148.51	0.04%	312,148.51	100.00%	-	1.14%	28
(SANDAG) 2019 Series AB Cap- I Fund	101,534.44	0.01%	101,534.44	100.00%	-	1.14%	28
(SANDAG) 2019 Series AB DSR Fund	12,779,966.45	1.44%	12,779,966.45	100.00%	-	1.14%	28
(SANDAG) California Coastal Commission	1,057,284.93	0.12%	1,057,284.93	100.00%	-	1.14%	28
(SANDAG) Coronado Bridge Toll Funds	286,024.56	0.03%	286,024.56	100.00%	-	1.14%	28
(SANDAG) El Portal Project	3,172,736.24	0.36%	3,172,736.24	100.00%	-	1.14%	28

Institution / Account	Book Value	Percent of Portfolio	Market Value	Market Price	Unrealized Gain/(Loss)	Yield on Cost	Wtd Avg. Days to Maturity
(SANDAG) I-15 FasTrak®	664,630.13	0.07%	664,630.13	100.00%	-	1.14%	28
(SANDAG) SR 125	1,980,993.44	0.22%	1,980,993.44	100.00%	-	1.14%	28
(SANDAG) SR 125	33,659,504.21	3.78%	33,659,504.21	100.00%	-	1.14%	28
(SANDAG) SR 125	24,934,775.27	2.80%	24,934,775.27	100.00%	-	1.14%	28
(SANDAG) Shoreline Management	172,875.05	0.02%	172,875.05	100.00%	-	1.14%	28
TOTAL CASH RESERVE PORTFOLIO	\$ 386,334,113.18	43.39%	\$ 386,334,113.18	100.00%	\$ -	1.14%	28
TOTAL CAMP	\$ 386,334,113.18	43.39%	\$ 386,334,113.18	100.00%	\$ -	1.14%	28
US BANK TRUST:							
Money Market - (RTC) 2008 Bond Series A/B/C/D Main Interest	2,150,382.80	0.24%	\$ 2,150,382.80	100.00%	\$ -	0.00%	1
Money Market - (RTC) 2019 Bond Series A Principal	1,608,841.91	0.18%	1,608,841.91	100.00%	-	0.86%	1
Money Market - (RTC) 2019 Revenue Bond Series A Interest	3,404,548.67	0.38%	3,404,548.67	100.00%	-	0.86%	1
Money Market - (RTC) 2021 Revenue Bond Series A COI	0.02	0.00%	0.02	100.00%	-	0.00%	1
Money Market - (RTC) 2021 Revenue Bond Series A Interest	742,100.50	0.08%	742,100.50	100.00%	-	1.01%	1
Money Market - (RTC) 2021 Revenue Bond Series B COI	0.01	0.00%	0.01	100.00%	-	0.00%	1
Money Market - (RTC) 2021 Revenue Bond Series B Interest	1,452,020.06	0.16%	1,452,020.06	100.00%	-	1.01%	1
Money Market - (RTC) 2021 Revenue Bond Series B Project Fund	39.95	0.00%	39.95	100.00%	-	1.00%	1
Money Market - (RTC) 2021A Short-term Notes COI	0.03	0.00%	0.03	100.00%	-	0.00%	1
Money Market - (RTC) 2021A Short-term Notes Interest	11,939,825.13	1.34%	11,939,825.13	100.00%	-	1.01%	1
Money Market - (RTC) 2022 Subordinate Sales Tax Revenue Interest	3,285.23	0.00%	3,285.23	100.00%	-	1.30%	1
Money Market - (RTC) 2022 Subordinate Sales Tax Revenue Revolving Notes COI	1,079.06	0.00%	1,079.06	100.00%	-	1.30%	1
Money Market - (RTC) 2022 Subordinate Sales Tax Revenue Revolving Notes Project Fund	868,538.83	0.10%	868,538.83	100.00%	-	1.30%	1
Money Market - (RTC) Commercial Paper Notes Series B Interest	61,610.36	0.01%	61,610.36	100.00%	-	0.86%	1
Money Market - (RTC) Commercial Paper Notes Series B Principal	1,967,458.14	0.22%	1,967,458.14	100.00%	-	0.86%	1
Money Market - (RTC) Commercial Paper Series B - NCTD Interest	254,488.72	0.03%	254,488.72	100.00%	-	0.00%	1
Money Market - (SANDAG) Grant Receipt 2019 AB Grant Receipts Construction	566.82	0.00%	566.82	100.00%	-	1.26%	1
Money Market - (SANDAG) Grant Receipt 2019 AB Interest	105,930.16	0.01%	105,930.16	100.00%	-	1.26%	1
Money Market - (SANDAG) SB Expressway 2017 Series A Capex	2,000,000.00	0.22%	2,000,000.00	100.00%	-	0.00%	1
Money Market - (SANDAG) SB Expressway 2017 Series A Maint Reserve	427,001.29	0.05%	427,001.29	100.00%	-	0.00%	1
Money Market - (SANDAG) SR 125 2017 Bond Series A	4,035,606.80	0.45%	4,035,606.80	100.00%	-	0.00%	1
Money Market - (SANDAG) SR 125 2017 Bond Series A Interest	4,526,770.23	0.51%	4,526,770.23	100.00%	-	0.00%	1
Money Market - (SANDAG) SR 125 2017 Bond Series A Principal	5,036,747.58	0.57%	5,036,747.58	100.00%	-	0.00%	1
Money Market - (SANDAG) SR 125 2017 Bond Series A Reserve	13,761,006.49	1.55%	13,761,006.49	100.00%	-	0.00%	1
Money Market - (SANDAG) SR 125 FasTrak Customer Prepaid Fund	2,331,932.42	0.26%	2,331,932.42	100.00%	-	0.00%	1
Certificates of Participation - (RTC) North County Transit District	20,450,000.00	2.30%	20,450,000.00	100.00%	-	0.51%	3
Capital Project Retention Accounts	19,068,507.64	2.14%	19,068,507.64	100.00%	-	N/A	1
TOTAL US BANK TRUST	\$ 96,198,288.85	10.80%	\$ 96,198,288.85	100.00%	\$ -	0.33%	1
US BANK:							
INDIVIDUAL PORTFOLIO:							
(RTC) TransNet Extension	\$ 231,735,679.10	26.02%	\$ 223,314,742.11	96.37%	\$ (8,420,936.99)	1.29%	630
TOTAL INDIVIDUAL PORTFOLIO	\$ 231,735,679.10	26.02%	\$ 223,314,742.11	96.37%	\$ (8,420,936.99)	1.29%	630
CASH RESERVE:							
(RTC) TransNet Extension	\$ 189,997.11	0.02%	\$ 189,997.11	100.00%	\$ -	0.00%	1

Institution / Account	Book Value	Percent of Portfolio	Market Value	Market Price	Unrealized Gain/(Loss)	Yield on Cost	Wtd Avg. Days to Maturity
TOTAL CASH RESERVE	\$ 189,997.11	0.02%	\$ 189,997.11	100.00%	\$ -	0.00%	1
TOTAL US BANK	\$ 231,925,676.21	26.05%	\$ 223,504,739.22	96.37%	\$ (8,420,936.99)	1.29%	629
SAN DIEGO COUNTY TREASURER'S POOLED MONEY FUND:							
San Diego County Treasurer's Pooled Money Fund - (RTC) 2020 Bonds	\$ 16,411,390.27	1.84%	\$ 16,411,390.27	100.00%	\$ -	1.25%	551
San Diego County Treasurer's Pooled Money Fund - (RTC) 2021 Bonds	11,161,574.81	1.25%	11,161,574.81	100.00%	-	1.25%	551
San Diego County Treasurer's Pooled Money Fund - (SANDAG) I-15 FasTrak®	4,431,646.44	0.50%	4,431,646.44	100.00%	-	1.25%	551
San Diego County Treasurer's Pooled Money Fund - (SANDAG) SAFE Program	7,070,797.56	0.79%	7,070,797.56	100.00%	-	1.25%	551
San Diego County Treasurer's Pooled Money Fund - (SourcePoint)	183,660.34	0.02%	183,660.34	100.00%	-	1.25%	551
TOTAL SAN DIEGO COUNTY TREASURER'S POOLED MONEY FUND	\$ 39,259,069.42	4.41%	\$ 39,259,069.42	100.00%	\$ -	1.25%	551
JP MORGAN:							
(RTC) JPMorgan Prime Money Market Fund	\$ 20,046,544.89	2.25%	\$ 20,034,540.05	99.94%	\$ (12,004.84)	1.12%	22
(RTC) Morgan Stanley Institutional Liquidity Funds: Prime Portfolio	10,022,044.46	1.13%	10,018,039.99	99.96%	(4,004.47)	1.15%	12
TOTAL JP MORGAN	\$ 30,068,589.35	3.38%	\$ 30,052,580.04	99.95%	\$ (16,009.31)	1.13%	19
CALIFORNIA BANK AND TRUST:							
Capital Project Retention Accounts	\$ 432,902.49	0.05%	\$ 432,902.49	100.00%	\$ -	N/A	1
TOTAL CALIFORNIA BANK AND TRUST	\$ 432,902.49	0.05%	\$ 432,902.49	100.00%	\$ -	N/A	1
PRINCIPAL CUSTODY SOLUTIONS:							
(SANDAG) Section 115 Pension Trust	\$ 11,751,375.05	1.32%	\$ 10,753,067.55	91.50%	\$ (998,307.50)	3.83%	1
TOTAL PRINCIPAL CUSTODY SOLUTIONS	\$ 11,751,375.05	1.32%	\$ 10,753,067.55	91.50%	\$ (998,307.50)	3.83%	1
TOTAL	\$ 890,435,745.75	100.00%	\$ 881,000,491.95	98.94%	\$ (9,435,253.80)	1.12%	224

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)

SANDAG
Detail of Portfolio Balances (by Investment Type)
as of June 30, 2022

Investment	Trade Date	Maturity Date	Book Value	Market Value	Unrealized Gain/(Loss)	Par Value	S&P Rating	Moody's Rating	Fitch Rating	Yield on Cost	Wtd. Avg. Days to Maturity
Cash and cash equivalents:											
Demand deposits:											
(ARJIS)	N/A	N/A	\$ 1,411,860.87	\$ 1,411,860.87	\$ -	N/A	NR	NR	NR	N/A	1
(RTC) TransNet Sales Tax	N/A	N/A	845,659.45	845,659.45	-	N/A	NR	NR	NR	N/A	1
(SANDAG) Flexible Spending Acct (FSA)	N/A	N/A	11,188.34	11,188.34	-	N/A	NR	NR	NR	N/A	1
(SANDAG) General	N/A	N/A	7,630,084.65	7,630,084.65	-	N/A	NR	NR	NR	N/A	1
(SANDAG) Interstate 15 (I-15) FasTrak®	N/A	N/A	3,115,575.69	3,115,575.69	-	N/A	NR	NR	NR	N/A	1
(SANDAG) Refund Account Common	N/A	N/A	194,354.63	194,354.63	-	N/A	NR	NR	NR	N/A	1
(SANDAG) Revenue Account Common	N/A	N/A	2,858,070.42	2,858,070.42	-	N/A	NR	NR	NR	N/A	1
(SANDAG) SAFE Program Account	N/A	N/A	608,702.89	608,702.89	-	N/A	NR	NR	NR	N/A	1
(SANDAG) State Route 125 (SR-125) Collection Account	N/A	N/A	53,759.77	53,759.77	-	N/A	NR	NR	NR	N/A	1
(SANDAG) State Route 125 (SR-125) Payment Account	N/A	N/A	3,132,029.98	3,132,029.98	-	N/A	NR	NR	NR	N/A	1
(SourcePoint)	N/A	N/A	25,518.52	25,518.52	-	N/A	NR	NR	NR	N/A	1
Total demand deposits			\$ 19,886,805.21	\$ 19,886,805.21	\$ -	\$ -				N/A	1
Money market accounts and funds:											
CAMP Cash Reserve Portfolio - (ARJIS)	N/A	N/A	\$ 7,457,840.14	\$ 7,457,840.14	\$ -	N/A	AAAm	NR	NR	1.14%	28
CAMP Cash Reserve Portfolio - (RTC) 2008 Bond Series A - Principal	N/A	N/A	1,163,384.72	1,163,384.72	-	N/A	AAAm	NR	NR	1.14%	28
CAMP Cash Reserve Portfolio - (RTC) 2008 Bond Series B - Principal	N/A	N/A	1,163,384.72	1,163,384.72	-	N/A	AAAm	NR	NR	1.14%	28
CAMP Cash Reserve Portfolio - (RTC) 2008 Bond Series C - Principal	N/A	N/A	1,163,384.72	1,163,384.72	-	N/A	AAAm	NR	NR	1.14%	28
CAMP Cash Reserve Portfolio - (RTC) 2008 Bond Series D - Principal	N/A	N/A	1,163,384.72	1,163,384.72	-	N/A	AAAm	NR	NR	1.14%	28
CAMP Cash Reserve Portfolio - (RTC) 2008 Cap Proj DSRF Release	N/A	N/A	17,192,150.67	17,192,150.67	-	N/A	AAAm	NR	NR	1.14%	28
CAMP Cash Reserve Portfolio - (RTC) 2008 Sales Tax Account - TransNet Extension	N/A	N/A	205,166,637.75	205,166,637.75	-	N/A	AAAm	NR	NR	1.14%	28
CAMP Cash Reserve Portfolio - (RTC) 2010 Bond Series A - Interest	N/A	N/A	5,013,857.35	5,013,857.35	-	N/A	AAAm	NR	NR	1.14%	28
CAMP Cash Reserve Portfolio - (RTC) 2014 Bond Series A Interest	N/A	N/A	2,403,763.55	2,403,763.55	-	N/A	AAAm	NR	NR	1.14%	28
CAMP Cash Reserve Portfolio - (RTC) 2014 Bond Series A Principal	N/A	N/A	1,540,225.32	1,540,225.32	-	N/A	AAAm	NR	NR	1.14%	28
CAMP Cash Reserve Portfolio - (RTC) 2016 Bond Series A Interest	N/A	N/A	3,717,077.33	3,717,077.33	-	N/A	AAAm	NR	NR	1.14%	28
CAMP Cash Reserve Portfolio - (RTC) 2016 Bond Series A Principal	N/A	N/A	1,453,923.71	1,453,923.71	-	N/A	AAAm	NR	NR	1.14%	28
CAMP Cash Reserve Portfolio - (RTC) 2020 Bond Series A Interest	N/A	N/A	849,768.45	849,768.45	-	N/A	AAAm	NR	NR	1.14%	28
CAMP Cash Reserve Portfolio - (RTC) 2020 Bond Series A Principal	N/A	N/A	426,673.99	426,673.99	-	N/A	AAAm	NR	NR	1.14%	28
CAMP Cash Reserve Portfolio - (RTC) Custody Account	N/A	N/A	15,578.59	15,578.59	-	N/A	AAAm	NR	NR	1.14%	28
CAMP Cash Reserve Portfolio - (RTC) Sage Hill Endowment	N/A	N/A	879,706.92	879,706.92	-	N/A	AAAm	NR	NR	1.14%	28
CAMP Cash Reserve Portfolio - (RTC) TransNet Program Reserve	N/A	N/A	56,440,897.30	56,440,897.30	-	N/A	AAAm	NR	NR	1.14%	28
CAMP Cash Reserve Portfolio - (RTC) Wetland Mitigation TransNet Sales Tax	N/A	N/A	312,148.51	312,148.51	-	N/A	AAAm	NR	NR	1.14%	28
CAMP Cash Reserve Portfolio - (SANDAG) 2019 Series AB Cap-I Fund	N/A	N/A	101,534.44	101,534.44	-	N/A	AAAm	NR	NR	1.14%	28
CAMP Cash Reserve Portfolio - (SANDAG) 2019 Series AB DSR Fund	N/A	N/A	12,779,966.45	12,779,966.45	-	N/A	AAAm	NR	NR	1.14%	28
CAMP Cash Reserve Portfolio - (SANDAG) California Coastal Commission	N/A	N/A	1,057,284.93	1,057,284.93	-	N/A	AAAm	NR	NR	1.14%	28
CAMP Cash Reserve Portfolio - (SANDAG) Coronado Bridge Toll Funds	N/A	N/A	286,024.56	286,024.56	-	N/A	AAAm	NR	NR	1.14%	28
CAMP Cash Reserve Portfolio - (SANDAG) El Portal Project	N/A	N/A	3,172,736.24	3,172,736.24	-	N/A	AAAm	NR	NR	1.14%	28
CAMP Cash Reserve Portfolio - (SANDAG) I-15 FasTrak®	N/A	N/A	664,630.13	664,630.13	-	N/A	AAAm	NR	NR	1.14%	28
CAMP Cash Reserve Portfolio - (SANDAG) SANDAG Shoreline Management	N/A	N/A	172,875.05	172,875.05	-	N/A	AAAm	NR	NR	1.14%	28
CAMP Cash Reserve Portfolio - (SANDAG) SR 125	N/A	N/A	1,980,993.44	1,980,993.44	-	N/A	AAAm	NR	NR	1.14%	28
CAMP Cash Reserve Portfolio - (SANDAG) SR 125	N/A	N/A	33,659,504.21	33,659,504.21	-	N/A	AAAm	NR	NR	1.14%	28
CAMP Cash Reserve Portfolio - (SANDAG) SR 125	N/A	N/A	24,934,775.27	24,934,775.27	-	N/A	AAAm	NR	NR	1.14%	28
Money Market - (RTC) 2008 Bond Series A/B/C/D Main Interest	N/A	N/A	2,150,382.80	2,150,382.80	-	N/A	NR	NR	NR	0.00%	1
Money Market - (RTC) 2019 Bond Series A Principal	N/A	N/A	1,608,841.91	1,608,841.91	-	N/A	NR	NR	NR	0.86%	1
Money Market - (RTC) 2019 Revenue Bond Series A Interest	N/A	N/A	3,404,548.67	3,404,548.67	-	N/A	NR	NR	NR	0.86%	1
Money Market - (RTC) 2021 Revenue Bond Series A COI	N/A	N/A	0.02	0.02	-	N/A	NR	NR	NR	0.00%	1
Money Market - (RTC) 2021 Revenue Bond Series A Interest	N/A	N/A	742,100.50	742,100.50	-	N/A	NR	NR	NR	1.01%	1
Money Market - (RTC) 2021 Revenue Bond Series B COI	N/A	N/A	0.01	0.01	-	N/A	NR	NR	NR	0.00%	1
Money Market - (RTC) 2021 Revenue Bond Series B Interest	N/A	N/A	1,452,020.06	1,452,020.06	-	N/A	NR	NR	NR	1.01%	1
Money Market - (RTC) 2021 Revenue Bond Series B Project Fund	N/A	N/A	39.95	39.95	-	N/A	NR	NR	NR	1.00%	1
Money Market - (RTC) 2021A Short-term Notes COI	N/A	N/A	0.03	0.03	-	N/A	NR	NR	NR	0.00%	1
Money Market - (RTC) 2021A Short-term Notes Interest	N/A	N/A	11,939,825.13	11,939,825.13	-	N/A	NR	NR	NR	1.01%	1
Money Market - (RTC) 2022 Subordinate Sales Tax Revenue Interest	N/A	N/A	3,285.23	3,285.23	-	N/A	NR	NR	NR	1.30%	1
Money Market - (RTC) 2022 Subordinate Sales Tax Revenue Revolving Notes COI	N/A	N/A	1,079.06	1,079.06	-	N/A	NR	NR	NR	1.30%	1
Money Market - (RTC) 2022 Subordinate Sales Tax Revenue Revolving Notes Project Fund	N/A	N/A	868,538.83	868,538.83	-	N/A	NR	NR	NR	1.30%	1
Money Market - (RTC) Commercial Paper Notes Series B Interest	N/A	N/A	61,610.36	61,610.36	-	N/A	NR	NR	NR	0.86%	1
Money Market - (RTC) Commercial Paper Notes Series B Principal	N/A	N/A	1,967,458.14	1,967,458.14	-	N/A	NR	NR	NR	0.86%	1

Investment	Trade Date	Maturity Date	Book Value	Market Value	Unrealized Gain/(Loss)	Par Value	S&P Rating	Moody's Rating	Fitch Rating	Yield on Cost	Wtd. Avg. Days to Maturity
Money Market - (RTC) Commercial Paper Series B - NCTD Interest	N/A	N/A	254,488.72	254,488.72	-	N/A	NR	NR	NR	0.00%	1
Money Market - (SANDAG) Grant Receipt 2019 AB Grant Receipts Construction	N/A	N/A	566.82	566.82	-	N/A	NR	NR	NR	1.26%	1
Money Market - (SANDAG) Grant Receipt 2019 AB Interest	N/A	N/A	105,930.16	105,930.16	-	N/A	NR	NR	NR	1.26%	1
Money Market - (SANDAG) SB Expressway 2017 Series A Capex	N/A	N/A	2,000,000.00	2,000,000.00	-	N/A	NR	NR	NR	0.00%	1
Money Market - (SANDAG) SB Expressway 2017 Series A Maint Reserve	N/A	N/A	427,001.29	427,001.29	-	N/A	NR	NR	NR	0.00%	1
Money Market - (SANDAG) SR 125 2017 Bond Series A	N/A	N/A	4,035,606.80	4,035,606.80	-	N/A	NR	NR	NR	0.00%	1
Money Market - (SANDAG) SR 125 2017 Bond Series A Interest	N/A	N/A	4,526,770.23	4,526,770.23	-	N/A	NR	NR	NR	0.00%	1
Money Market - (SANDAG) SR 125 2017 Bond Series A Principal	N/A	N/A	5,036,747.58	5,036,747.58	-	N/A	NR	NR	NR	0.00%	1
Money Market - (SANDAG) SR 125 2017 Bond Series A Reserve	N/A	N/A	13,761,006.49	13,761,006.49	-	N/A	NR	NR	NR	0.00%	1
Money Market - (SANDAG) SR 125 FasTrak Customer Prepaid Fund	N/A	N/A	2,331,932.42	2,331,932.42	-	N/A	NR	NR	NR	0.00%	1
Principal Custody Solutions - (SANDAG) Section 115 Pension Trust	N/A	N/A	11,751,375.05	10,753,067.55	(998,307.50)	N/A	NR	NR	NR	3.83%	1
San Diego County Treasurer's Pooled Money Fund - (RTC) 2020 Bonds	N/A	N/A	16,411,390.27	16,411,390.27	-	N/A	NR	NR	AAAF/ S1	1.25%	551
San Diego County Treasurer's Pooled Money Fund - (RTC) 2021 Bonds	N/A	N/A	11,161,574.81	11,161,574.81	-	N/A	NR	NR	AAAF/ S1	1.25%	551
San Diego County Treasurer's Pooled Money Fund - (SANDAG) I-15 FasTrak®	N/A	N/A	4,431,646.44	4,431,646.44	-	N/A	NR	NR	AAAF/ S1	1.25%	551
San Diego County Treasurer's Pooled Money Fund - (SANDAG) SAFE Program	N/A	N/A	7,070,797.56	7,070,797.56	-	N/A	NR	NR	AAAF/ S1	1.25%	551
San Diego County Treasurer's Pooled Money Fund - (SourcePoint)	N/A	N/A	183,660.34	183,660.34	-	N/A	NR	NR	AAAF/ S1	1.25%	551
State of CA Local Agency Investment Fund (LAIF) - (RTC) TransNet	N/A	N/A	74,500,070.91	74,500,070.91	-	N/A	NR	NR	NR	0.99%	311
State of CA Local Agency Investment Fund (LAIF) - (SANDAG)	N/A	N/A	78,855.08	78,855.08	-	N/A	NR	NR	NR	0.99%	311
US Bank Cash Reserve Portfolio - (RTC) TransNet Extension	N/A	N/A	189,997.11	189,997.11	-	N/A	NR	NR	NR	0.00%	1
JP Morgan (RTC) JPMorgan Prime Money Market Fund	N/A	N/A	20,046,544.89	20,034,540.05	(12,004.84)	N/A	AAAm	Aaa-mf	AAAmmf	1.12%	22
JP Morgan (RTC) Morgan Stanley Institutional Liquidity Funds: Prime Portfolio	N/A	N/A	10,022,044.46	10,018,039.99	(4,004.47)	N/A	AAAm	Aaa-mf	AAAmmf	1.15%	12
Capital Project Retention Accounts - US Bank	N/A	N/A	19,068,507.64	19,068,507.64	-	N/A	NR	NR	NR	N/A	1
Capital Project Retention Accounts - CA Bank & Trust	N/A	N/A	432,902.49	432,902.49	-	N/A	NR	NR	NR	N/A	1
Total money market accounts and funds			\$ 618,363,261.44	\$ 617,348,944.63	\$ (1,014,316.81)	\$ -				1.07%	91
Total cash and cash equivalents			\$ 638,250,066.65	\$ 637,235,749.84	\$ (1,014,316.81)	N/A				1.07%	88
Investments:											
U.S. Agencies:											
FEDERAL FARM CREDIT BANK	04/11/2019	04/05/2023	\$ 6,968,500.00	\$ 6,979,561.89	\$ 11,061.89	\$ 7,000,000.00	AA+	Aaa	AAA	2.37%	279
FEDERAL FARM CREDIT BANK	08/27/2019	07/26/2024	6,615,310.00	6,362,575.38	(252,734.62)	6,500,000.00	AA+	Aaa	AAA	1.47%	757
FEDERAL FARM CREDIT BANK	09/17/2019	09/10/2024	5,079,870.00	4,894,650.85	(185,219.15)	5,000,000.00	AA+	Aaa	AAA	1.74%	803
FEDERAL FARM CREDIT BANK	10/16/2020	10/13/2023	5,794,200.00	5,607,160.27	(187,039.73)	5,800,000.00	AA+	Aaa	AAA	0.31%	470
FEDERAL FARM CREDIT BANK	05/15/2019	11/08/2023	6,022,560.00	5,953,292.16	(69,267.84)	6,000,000.00	AA+	Aaa	AAA	2.21%	496
FEDERAL FARM CREDIT BANK	06/24/2019	02/08/2023	5,082,900.00	4,993,050.65	(89,849.35)	5,000,000.00	AA+	Aaa	AAA	1.77%	223
FEDERAL FARM CREDIT BANK	09/28/2020	03/28/2024	5,995,500.00	5,729,124.60	(266,375.40)	6,000,000.00	AA+	Aaa	AAA	0.32%	637
FEDERAL HOME LOAN BANK	02/08/2021	02/10/2025	6,017,160.00	5,612,043.30	(405,116.70)	6,000,000.00	AA+	Aaa	-	0.21%	956
FEDERAL HOME LOAN BANK	06/24/2019	03/10/2023	5,063,453.47	4,983,970.90	(79,482.57)	5,000,000.00	AA+	Aaa	-	1.77%	253
FEDERAL HOME LOAN BANK	03/25/2019	12/09/2022	3,648,843.00	3,342,211.88	(306,631.12)	3,300,000.00	AA+	Aaa	-	2.25%	162
FEDERAL HOME LOAN MORTGAGE CORP	09/28/2020	03/29/2024	5,000,000.00	4,762,440.75	(237,559.25)	5,000,000.00	-	Aaa	AAA	0.35%	638
FEDERAL HOME LOAN MORTGAGE CORP	03/09/2021	05/15/2024	4,993,750.00	4,764,286.80	(229,463.20)	5,000,000.00	-	Aaa	AAA	0.40%	685
FEDERAL NATIONAL MORTGAGE ASSOCIATION	06/09/2021	01/07/2025	6,461,206.00	5,986,630.10	(474,575.90)	6,200,000.00	AA+	Aaa	AAA	0.44%	922
FEDERAL NATIONAL MORTGAGE ASSOCIATION	11/08/2019	07/02/2024	4,993,150.00	4,887,028.80	(106,121.20)	5,000,000.00	AA+	Aaa	AAA	1.78%	733
UNITED STATES TREASURY NOTE/BOND	04/06/2022	04/30/2025	4,657,812.50	4,640,429.70	(17,382.80)	5,000,000.00	AA+	Aaa	AAA	2.73%	1,035
UNITED STATES TREASURY NOTE/BOND	03/02/2022	07/31/2022	4,292,105.47	4,296,444.80	4,339.33	4,300,000.00	AA+	Aaa	AAA	0.57%	31
UNITED STATES TREASURY NOTE/BOND	06/23/2022	12/31/2025	5,184,328.13	5,194,792.98	10,464.85	5,700,000.00	AA+	Aaa	AAA	3.12%	1,280
UNITED STATES TREASURY NOTE/BOND	06/24/2019	05/31/2023	4,980,078.13	4,942,968.75	(37,109.38)	5,000,000.00	AA+	Aaa	AAA	1.73%	335
UNITED STATES TREASURY NOTE/BOND	06/13/2019	08/31/2023	3,925,794.65	3,926,093.76	299.11	4,000,000.00	AA+	Aaa	AAA	1.84%	427
UNITED STATES TREASURY NOTE/BOND	12/13/2021	09/15/2023	5,256,523.44	5,122,160.14	(134,363.30)	5,300,000.00	AA+	Aaa	AAA	0.60%	442
UNITED STATES TREASURY NOTE/BOND	06/24/2019	09/30/2023	4,235,500.00	4,216,519.54	(18,980.46)	4,300,000.00	AA+	Aaa	AAA	1.74%	457
UNITED STATES TREASURY NOTE/BOND	10/13/2021	10/31/2023	4,819,152.34	4,618,667.96	(200,484.38)	4,700,000.00	AA+	Aaa	AAA	0.38%	488
UNITED STATES TREASURY NOTE/BOND	01/11/2022	11/15/2023	4,793,164.06	4,673,808.62	(119,355.44)	4,850,000.00	AA+	Aaa	AAA	0.89%	503
UNITED STATES TREASURY NOTE/BOND	11/22/2021	11/30/2023	6,180,937.50	5,931,093.72	(249,843.78)	6,000,000.00	AA+	Aaa	AAA	0.61%	518
UNITED STATES TREASURY NOTE/BOND	09/27/2019	04/30/2024	5,091,423.00	4,912,695.30	(178,727.70)	5,000,000.00	AA+	Aaa	AAA	1.58%	670
UNITED STATES TREASURY NOTE/BOND	08/19/2021	11/30/2024	5,888.61	5,498.50	(390.11)	5,700.00	AA+	Aaa	AAA	0.48%	884
UNITED STATES TREASURY NOTE/BOND	09/08/2021	11/30/2024	6,093,593.75	5,691,425.79	(402,167.96)	5,900,000.00	AA+	Aaa	AAA	0.47%	884
UNITED STATES TREASURY NOTE/BOND	03/23/2022	12/15/2024	5,111,187.50	5,047,214.86	(63,972.64)	5,300,000.00	AA+	Aaa	AAA	2.36%	899
UNITED STATES TREASURY NOTE/BOND	09/13/2021	12/31/2024	5,727,323.11	5,330,273.41	(397,049.70)	5,500,000.00	AA+	Aaa	AAA	0.48%	915
UNITED STATES TREASURY NOTE/BOND	03/23/2022	01/31/2025	5,322,152.34	5,230,437.50	(91,714.84)	5,300,000.00	AA+	Aaa	AAA	2.35%	946
Total U.S. Agencies			\$ 153,413,367.00	\$ 148,638,553.66	\$ (4,774,813.34)	\$ 152,955,700.00				1.31%	626
Corporate Medium Term Notes:											
BANK OF AMERICA CORP	10/14/2020	12/20/2023	\$ 2,628,700.00	\$ 2,491,804.68	\$ (136,895.32)	\$ 2,500,000.00	A-	A2	AA-	0.61%	538
BANK OF AMERICA CORP	03/23/2021	10/24/2024	4,012,600.00	3,812,202.16	(200,397.84)	4,000,000.00	A-	A2	AA-	0.69%	847

Investment	Trade Date	Maturity Date	Book Value	Market Value	Unrealized Gain/(Loss)	Par Value	S&P Rating	Moody's Rating	Fitch Rating	Yield on Cost	Wtd. Avg. Days to Maturity
CATERPILLAR FINANCIAL SERVICES	05/16/2019	12/07/2023	3,121,890.00	3,016,934.85	(104,955.15)	3,000,000.00	A	A2	A	2.69%	525
CHEVRON CORP	05/10/2022	05/11/2025	5,719,560.00	5,689,237.50	(30,322.50)	6,000,000.00	AA-	Aa2	-	3.20%	1,046
CITIBANK	06/21/2021	01/23/2024	6,565,064.00	6,117,658.10	(447,405.90)	6,100,000.00	A+	Aa3	A+	0.67%	572
HONEYWELL INTERNATIONAL	11/08/2019	08/15/2024	2,933,756.00	2,848,044.73	(85,711.27)	2,900,000.00	A	A2	A	2.04%	777
INTERNATIONAL BUSINESS MACHINES CORP	09/04/2019	08/01/2023	5,156,295.10	4,903,538.25	(252,756.85)	4,895,000.00	A-	A3	-	1.95%	397
JP MORGAN CHASE & CO	08/18/2021	03/16/2024	5,019,250.00	4,890,706.75	(128,543.25)	5,000,000.00	A-	A2	AA-	0.45%	625
JP MORGAN CHASE & CO	02/12/2021	04/23/2024	3,739,435.00	3,489,240.62	(250,194.38)	3,500,000.00	A-	A2	AA-	0.41%	663
MICROSOFT CORP	07/18/2019	02/06/2024	6,043,518.00	5,830,925.67	(212,592.33)	5,850,000.00	AAA	Aaa	AAA	2.11%	586
PFIZER INC	09/30/2019	05/15/2024	4,036,968.00	3,805,445.36	(231,522.64)	3,800,000.00	A+	A2	A	1.98%	685
PNC BANK	02/07/2020	07/25/2023	3,185,370.00	3,008,146.89	(177,223.11)	3,000,000.00	A-	A3	A	1.95%	390
US BANCORP	01/20/2022	02/05/2024	5,208,050.00	4,988,617.15	(219,432.85)	5,000,000.00	A+	A2	A+	1.29%	585
WELLS FARGO AND CO	07/09/2020	06/02/2024	2,546,750.00	2,441,660.03	(105,089.97)	2,500,000.00	BBB+	A1	A+	0.99%	703
Total Corporate Medium Notes			\$ 59,917,206.10	\$ 57,334,162.74	\$ (2,583,043.36)	\$ 58,045,000.00				1.53%	645
Supra-National Agency Bond/Note											
INTL BANK FOR RECON AND DEVELOPMENT	03/08/2021	01/15/2025	\$ 6,229,560.00	\$ 5,791,669.56	\$ (437,890.44)	\$ 6,000,000.00	AAA	Aaa	-	0.62%	930
INTER-AMERICAN DEVELOPMENT BANK	04/15/2021	05/24/2023	6,739,396.00	6,556,017.00	(183,379.00)	6,700,000.00	AAA	Aaa	-	0.22%	328
INTER-AMERICAN DEVELOPMENT BANK	11/06/2020	02/21/2024	5,436,150.00	4,994,339.15	(441,810.85)	5,000,000.00	AAA	Aaa	AAA	0.32%	601
Total Supra-National Agency Bond/Notes			\$ 18,405,106.00	\$ 17,342,025.71	\$ (1,063,080.29)	\$ 17,700,000.00				0.38%	608
Certificates of Participation:											
(RTC) North County Transit District Certificates of Participation	03/04/2022	06/02/2022	\$ 20,450,000.00	\$ 20,450,000.00	\$ -	\$ 20,450,000.00	NR	A1	NR	0.51%	3
Total Certificates of Participation			\$ 20,450,000.00	\$ 20,450,000.00	\$ -	\$ 20,450,000.00				0.51%	3
Total investments			\$ 252,185,679.10	\$ 243,764,742.11	\$ (8,420,936.99)	\$ 249,150,700.00				1.23%	577
Total Portfolio:			\$ 890,435,745.75	\$ 881,000,491.95	\$ (9,435,253.80)	N/A				1.12%	224

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)

TransNet EXTENSION QUARTERLY REPORT

FISCAL YEAR: FY 2022 QUARTER: 4												
PROGRAM & RECIPIENT	TransNet Allocations					Fund Disbursements						
	Sales Tax Allocations ¹			Other Income ¹	Total Allocation	Program Disbursements ²			Debt Service ³			Total Disbursements
	This Quarter	FY to Date	Program to Date	Program to Date	Program to Date	This Quarter	FY to Date	Program to Date	This Quarter	FY to Date	Program to Date	Program to Date
SANDAG Admin	\$2,018,589	\$8,118,423	\$42,790,642	\$176,469	\$42,967,111	\$(2,276,957)	\$(8,076,957)	\$(42,518,445)	\$0	\$0	\$0	\$(42,518,445)
ITOC	\$105,385	\$421,541	\$3,801,888	\$48,790	\$3,850,678	\$0	\$0	\$(3,329,067)	\$0	\$0	\$0	\$(3,329,067)
Bicycle/Pedestrian/Neighborhood Safety	\$2,018,589	\$8,118,423	\$77,462,862	\$3,895,051	\$81,357,913	\$(12,813,073)	\$(26,086,324)	\$(164,909,221)	\$(1,328,902)	\$(5,345,007)	\$(15,473,265)	\$(180,382,486)
Major Corridor Capital Projects	\$36,779,015	\$147,919,845	\$1,424,653,319	\$(198,314,688)	\$1,226,338,631	\$(31,353,023)	\$(86,331,172)	\$(2,873,476,492)	\$(23,972,592)	\$(87,322,070)	\$(1,157,603,115)	\$(4,031,079,607)
Major Corridor Project EMP	\$4,258,623	\$17,127,561	\$164,959,858	\$152,606,186	\$317,566,044	\$(1,459,659)	\$(7,620,644)	\$(397,885,464)	\$(3,758,609)	\$(16,474,630)	\$(214,853,156)	\$(612,738,620)
Local Project EMP	\$1,742,164	\$7,006,730	\$67,483,578	\$3,094,860	\$70,578,438	\$(434,822)	\$(1,150,394)	\$(9,614,706)	\$0	\$0	\$(54)	\$(9,614,760)
Smart Growth Incentive Program	\$2,032,525	\$8,174,518	\$78,730,841	\$3,404,365	\$82,135,206	\$(255,176)	\$(1,702,654)	\$(45,930,395)	\$0	\$0	\$0	\$(45,930,395)
Local Streets and Roads												
City of Carlsbad	\$1,043,953	\$4,198,544	\$39,048,249	\$9,633,549	\$48,681,798	\$(743,170)	\$(1,550,791)	\$(25,842,828)	\$0	\$0	\$0	\$(25,842,828)
City of Chula Vista	\$2,091,440	\$8,411,581	\$77,904,076	\$5,129,157	\$83,033,233	\$(602,354)	\$(3,969,798)	\$(66,505,887)	\$0	\$0	\$0	\$(66,505,887)
City of Coronado	\$192,126	\$772,459	\$7,985,844	\$980,934	\$8,966,778	\$(379,072)	\$(479,580)	\$(6,364,906)	\$0	\$0	\$0	\$(6,364,906)
City of Del Mar	\$64,537	\$259,298	\$2,778,419	\$186,082	\$2,964,501	\$(9)	\$(18,156)	\$(4,865,980)	\$(48,206)	\$(166,425)	\$(2,057,761)	\$(6,923,741)
City of El Cajon	\$820,268	\$3,298,876	\$32,098,671	\$2,654,532	\$34,753,203	\$(384,134)	\$(1,310,120)	\$(27,145,324)	\$0	\$0	\$0	\$(27,145,324)
City of Encinitas	\$552,574	\$2,222,201	\$22,286,720	\$3,980,939	\$26,267,659	\$(401,543)	\$(3,018,293)	\$(24,912,509)	\$0	\$0	\$0	\$(24,912,509)
City of Escondido	\$1,250,864	\$5,030,749	\$47,851,841	\$5,887,703	\$53,739,544	\$(2,025,604)	\$(2,786,111)	\$(40,453,679)	\$0	\$0	\$0	\$(40,453,679)
City of Imperial Beach	\$238,753	\$959,999	\$9,508,963	\$571,508	\$10,080,471	\$(119,649)	\$(495,290)	\$(10,493,546)	\$(76,761)	\$(305,283)	\$(675,597)	\$(1,169,143)
City of La Mesa	\$518,617	\$2,085,626	\$20,714,151	\$3,431,605	\$24,145,756	\$(84)	\$(536,155)	\$(21,529,108)	\$(127,234)	\$(507,972)	\$(4,095,275)	\$(25,624,383)
City of Lemon Grove	\$233,134	\$937,397	\$9,497,657	\$637,683	\$10,135,340	\$(144,074)	\$(148,274)	\$(9,034,286)	\$(3)	\$(287)	\$(287)	\$(9,034,573)
City of National City	\$479,340	\$1,927,651	\$18,784,627	\$1,484,280	\$20,268,907	\$(1,462,577)	\$(1,471,899)	\$(18,307,754)	\$0	\$(4)	\$(8,233,113)	\$(26,540,867)
City of Oceanside	\$1,515,040	\$6,093,276	\$60,903,586	\$8,789,111	\$69,692,697	\$(249)	\$(15,703)	\$(60,534,244)	\$(262,355)	\$(921,733)	\$(4,271,402)	\$(64,805,646)
City of Poway	\$484,784	\$1,949,548	\$20,015,083	\$1,241,070	\$21,256,153	\$(145,642)	\$(749,833)	\$(18,253,464)	\$0	\$0	\$0	\$(18,253,464)
City of San Diego	\$11,438,169	\$46,004,502	\$434,582,197	\$27,805,182	\$462,387,379	\$(14,882,304)	\$(34,866,199)	\$(448,965,220)	\$(192,559)	\$(829,932)	\$(972,810)	\$(449,938,030)
City of San Marcos	\$757,806	\$3,047,650	\$28,700,170	\$3,798,425	\$32,498,595	\$(202,055)	\$(1,152,663)	\$(30,919,239)	\$(235,492)	\$(645,060)	\$(7,275,475)	\$(38,194,714)
City of Santee	\$471,692	\$1,896,888	\$19,167,737	\$1,199,456	\$20,367,193	\$(28,576)	\$(1,003,276)	\$(23,644,104)	\$(223,758)	\$(815,406)	\$(13,269,921)	\$(36,914,025)
City of Solana Beach	\$138,840	\$558,143	\$5,834,627	\$534,889	\$6,369,516	\$(21)	\$(66,159)	\$(8,246,618)	\$(81,171)	\$(217,754)	\$(2,581,765)	\$(10,828,383)

PROGRAM & RECIPIENT	TransNet Allocations					Fund Disbursements						
	Sales Tax Allocations			Other Income ¹	Total Allocation	Program Disbursements ²			Debt Service ³			Total Disbursements
	This Quarter	FY to Date	Program to Date	Program to Date	Program to Date	This Quarter	FY to Date	Program to Date	This Quarter	FY to Date	Program to Date	Program to Date
City of Vista	\$782,473	\$3,146,863	\$30,629,760	\$3,851,150	\$34,480,910	\$(2,500,127)	\$(2,943,780)	\$(30,773,532)	\$0	\$0	\$0	\$(30,773,532)
San Diego County	\$5,090,572	\$20,474,210	\$202,692,136	\$16,964,408	\$219,656,544	\$(1,050,840)	\$(1,077,717)	\$(152,860,107)	\$(304,141)	\$(1,288,501)	\$(23,842,120)	\$(176,702,227)
Total Local Streets and Roads	\$28,164,982	\$113,275,461	\$1,090,984,514	\$98,761,663	\$1,189,746,177	\$(25,072,084)	\$(57,659,797)	\$(1,029,652,335)	\$(1,551,680)	\$(5,698,357)	\$(67,275,526)	\$(1,096,927,861)
Transit Services												
MTS	\$10,994,814	\$44,219,569	\$425,106,908	\$660,917	\$425,767,825	\$(11,845,765)	\$(37,225,486)	\$(415,852,081)	\$0	\$0	\$0	\$(415,852,081)
NCTD	\$4,456,002	\$17,921,364	\$173,388,077	\$262,460	\$173,650,537	\$(6,996,731)	\$(18,159,223)	\$(171,637,016)	\$(1,138)	\$(69,186)	\$(1,701,149)	\$(173,338,165)
Senior Grant Program	\$519,020	\$2,087,421	\$20,104,483	\$180,108	\$20,284,591	\$(366,291)	\$(1,167,412)	\$(18,571,508)	\$0	\$0	\$0	\$(18,571,508)
Total Transit Services	\$15,969,836	\$64,228,354	\$618,599,468	\$1,103,485	\$619,702,953	\$(19,208,787)	\$(56,552,121)	\$(606,060,605)	\$(1,138)	\$(69,186)	\$(1,701,149)	\$(607,761,754)
New Major Corridor Transit Operations	\$7,839,737	\$31,530,283	\$303,676,102	\$16,175,104	\$319,851,206	\$(2,447,389)	\$(28,246,620)	\$(158,655,403)	\$0	\$0	\$0	\$(158,655,403)
TOTAL TRANSNET EXTENSION	\$100,929,445	\$405,921,139	\$3,873,143,072	\$80,951,285	\$3,954,094,357	\$(95,320,970)	\$(273,426,683)	\$(5,332,032,133)	\$(30,612,921)	\$(114,909,250)	\$(1,456,906,265)	\$(6,788,938,398)

Commercial Paper Program Activity

PROGRAM & RECIPIENT	Commercial Paper Disbursements	
	FY to Date	Program to Date
City of National City	\$0	\$(4,500,000)
City of Santee	\$0	\$(3,950,000)
NCTD	\$0	\$(34,000,000)
City of Imperial Beach	\$0	\$(1,807,000)
City of San Diego	\$0	\$(26,167,000)
City of La Mesa	\$0	\$(4,500,000)
City of Oceanside	\$0	\$(4,991,000)
City of Del Mar	\$0	\$(704,000)
Major Corridor Capital Projects	\$0	\$(99,899,679)
Major Corridor Project EMP	\$0	\$(16,052,321)
Total CP Disbursements	\$0	\$(196,571,000)

PROGRAM & RECIPIENT	Commercial Paper Program Availability			
	Prior Years	This Quarter	FY to Date	Program to Date
CP Program	\$100,000,000	\$0	\$0	\$100,000,000
NCTD	\$(21,750,000)	\$0	\$1,300,000	\$(20,450,000)
City of La Mesa	\$(1,417,000)	\$0	\$500,000	\$(917,000)
City of Oceanside	\$(2,819,000)	\$0	\$1,523,000	\$(1,296,000)
City of Imperial Beach	\$(1,335,000)	\$0	\$289,000	\$(1,046,000)
Major Corridor Capital Projects	\$0	\$0	\$0	\$0
City of San Diego	\$(26,167,000)	\$0	\$0	\$(26,167,000)
Major Corridor Project EMP	\$0	\$0	\$0	\$0
CP Outstanding	\$(53,488,000)			\$(49,876,000)
CP AVAILABLE FOR ISSUANCE	\$46,512,000			\$50,124,000

Other Activity				
PROGRAM & RECIPIENT	Sales Tax Revenue Transfers for EMP Debt Service Payments			
	Prior Years	This Quarter	FY to Date	Program to Date
Major Corridor Capital Projects	\$(151,839,904)	\$0	\$0	\$(151,839,904)
Major Corridor Project EMP	\$151,839,904	\$0	\$0	\$151,839,904
Total Other Activity	\$0	\$0	\$0	\$0

2008 ABCD Sales Tax Revenue Bond Activity - \$600,000,000				
PROGRAM & RECIPIENT	Bond Proceeds Disbursements ⁴			
	Prior Years	This Quarter	FY to Date	Program to Date
San Diego County	\$16,893,500	\$0	\$0	\$16,893,500
Major Corridor Capital Projects	\$392,721,119	\$0	\$0	\$392,721,119
Major Corridor Project EMP	\$45,517,182	\$0	\$0	\$45,517,182
<i>Total 2008 Bond Disbursement</i>	\$455,131,801	\$0	\$0	\$455,131,801

2010 A Sales Tax Revenue Bond Activity - \$338,960,000				
PROGRAM & RECIPIENT	Bond Proceeds Disbursements ⁵			
	Prior Years	This Quarter	FY to Date	Program to Date
City of San Marcos	\$15,253,815	\$0	\$0	\$15,253,815
City of Solana Beach	\$5,515,065	\$0	\$0	\$5,515,065
Major Corridor Capital Projects	\$276,292,690	\$0	\$0	\$276,292,690
Major Corridor Project EMP	\$43,419,140	\$0	\$0	\$43,419,140
<i>Total 2010 A Bond Disbursement</i>	\$340,480,710	\$0	\$0	\$340,480,710

2010 B Sales Tax Revenue Bond Activity - \$11,040,000				
PROGRAM & RECIPIENT	Bond Proceeds Disbursements ⁵			
	Prior Years	This Quarter	FY to Date	Program to Date
City of National City	\$3,383,956	\$0	\$0	\$3,383,956
City of Santee	\$8,519,844	\$0	\$0	\$8,519,844
<i>Total 2010 B Bond Disbursement</i>	\$11,903,800	\$0	\$0	\$11,903,800

2020 A Sales Tax Revenue Bond Activity - 74,820,000				
PROGRAM & RECIPIENT	Bond Proceeds Disbursements ⁶			
	Prior Years	This Quarter	FY to Date	Program to Date
Bike/Pedestrian	\$44,152,093	\$12,779,309	\$30,792,663	\$74,944,756
TOTAL TRANSNET EXTENSION	\$44,152,093	\$12,779,309	\$30,792,663	\$74,944,756

2021 B Sales Tax Revenue Bond Activity - \$116,150,000				
PROGRAM & RECIPIENT	Bond Proceeds Disbursements ⁶			
	Prior Years	This Quarter	FY to Date	Program to Date
Major Corridor Capital Projects	\$0.00	\$13,784,919	\$119,909,821	\$133,694,740
<->Total 2021 B Bond Disbursement	\$0.00	\$13,784,919	\$119,909,821	\$133,694,740

2012 A Sales Tax Revenue Bond Activity - \$420,585,000				
PROGRAM & RECIPIENT	Bond Proceeds Disbursements ^{4,5,6}			
	Prior Years	This Quarter	FY to Date	Program to Date
San Diego County	\$5,706,500	\$0	\$0	\$5,706,500
Major Corridor Capital Projects	\$444,770,201	\$0	\$0	\$444,770,201
Major Corridor Project EMP	\$26,812,066	\$0	\$0	\$26,812,066
<i>Total 2012 A Bond</i>	\$477,288,767	\$0	\$0	\$477,288,767

2014 A Sales Tax Revenue Bond Activity - \$350,000,000				
PROGRAM & RECIPIENT	Bond Proceeds Disbursements ^{5,6}			
	Prior Years	This Quarter	FY to Date	Program to Date
City of Del Mar	\$3,518,350	\$0	\$0	\$3,518,350
City of San Marcos	\$1,152,611	\$0	\$0	\$1,152,611
City of Santee	\$4,938,727	\$0	\$0	\$5,397,979
Major Corridor Capital Projects	\$343,906,117	\$0	\$0	\$343,906,117
Major Corridor Project EMP	\$52,162,768	\$0	\$0	\$52,162,768
<i>Total 2014 A Bond Disbursement</i>	\$405,678,573	\$0	\$0	\$406,137,825

2016 A Sales Tax Revenue Bond Activity - \$325,000,000				
PROGRAM & RECIPIENT	Bond Proceeds Disbursements ⁶			
	Prior Years	This Quarter	FY to Date	Program to Date
Bicycle/Pedestrian/Neighborhood Safety	\$31,224,192	\$0	\$0	\$31,224,192
Major Corridor Capital Projects	\$322,425,541	\$0	\$0	\$322,425,541
Major Corridor Project EMP	\$54,042,182	\$0	\$0	\$54,042,182
<i>Total 2016 A Bond Disbursement</i>	\$407,691,915	\$0	\$0	\$407,691,915

2018 A Sales Tax Revenue Bond Activity - \$537,480,000				
PROGRAM & RECIPIENT	Bond Proceeds Disbursements ⁶			
	Prior Years	This Quarter	FY to Date	Program to Date
Major Corridor Capital Projects	\$573,453,241	\$0	\$0	\$573,453,241
<i>Total 2018 A Bond Disbursement</i>	\$573,453,241	\$0	\$0	\$573,453,241

- FOOTNOTES:
1. *Other income includes interest revenue, transfers from TransNet I, other non-sales tax revenue, and the one-time swap of Major Corridor Sales Tax Revenue (to LSI Cities and County) for ARRA funds.*
 2. *Program Disbursements include payments to TransNet recipient agencies and program costs, including payments made for Early Action Projects in prior years, and return of funds.*
 3. *Debt Service includes principal and interest payments, including debt payments beginning in March 2008 upon issuance of the 2008 ABCD Sales Tax Revenue Bonds, and other debt service costs net of interest earnings.*
 4. *2008 Bond Proceeds have been fully disbursed, net of Reserve Requirement of \$17.1 million. The Program to Date total includes interest earnings. The 2008 Bonds were partially defeased with the issuance of the 2012 Bonds on June 14, 2012, thereby reducing the 2008 Bond Proceed Disbursement.*
 5. *2010, 2012, 2014, 2016, and 2018 Bond Proceeds have been fully disbursed and the Program to Date includes interest earnings.*
 6. *The 2012 Bond total includes a premium of \$55.8 million, the 2014 Bond total includes a premium of \$55.3 million, the 2016 Bond total includes a premium of \$78.8 million, the 2018 Bond includes a premium of \$31.6 million and the 2020 bond includes a premium of \$20 million.*
 7. *On March 25, 2021 the Commission issued \$265.9 million in 2021AB bonds of which \$170 million was used to refund the 2014A bonds. The bonds were issued at a premium of \$36 million with \$130 million in project funds available to be used on Major Corridor projects. No project funds as of June 30 have been expended.*

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

The Commission uses derivative instruments to hedge its exposure to changing interest rates through the use of interest rate swaps. An interest rate swap is the exchange of payments between the Commission and a counterparty in order to potentially obtain a lower cost of funding than traditional fixed rate bonds, or to hedge interest rate exposure. The Commission has entered into three pay-fixed, receive-variable interest rate swaps and two basis swaps to produce savings or to result in lower costs than what the Commission would have paid using fixed-rate debt over the life of the 2008 Series ABCD Bonds.

On an annual basis and in accordance with [SANDAG 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 of Directors for review.

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

2008 Interest Rate Swaps

Objectives. In 2005, the Commission 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 Commission 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 (EAP). The variable rate bonds were issued in March 2008.

On May 23, 2012, the Commission refunded \$151.5 million of the outstanding variable-rate bonds 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 Commission to refund the 2013 through 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.

Objective and terms of hedging derivative instruments. The following table displays the objective and terms of the Commission’s hedging derivative instruments outstanding at June 30, 2022, 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 SIFMA	Aa2/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 SIFMA	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	Aa2/A+

Fair values. The fair value balances and notional amount of the 2008 interest rate swap derivative instruments outstanding at June 30, 2022, are as follows:

	Changes in Fair Value		Fair Value at June 30, 2022		
	Classification	Amount	Classification	Amount	Notional
Cash flow hedges:					
Pay-fixed interest rate swaps	Deferred inflows	\$59,466,834	Debt	(\$40,379,064)	\$402,300,000

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, 2022. The fair values take into consideration the prevailing interest rate environment and the specific terms and conditions of the swaps.

Credit risk. This is the risk that the counterparty will fail to perform under the terms of the agreement. As of June 30, 2022, the Commission 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 Commission would be exposed to credit risk in the amount of the swaps' fair values. Favorable credit ratings of the counterparties, as shown in the table above, mitigate this risk. 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 Standard & Poor's. Collateral would be posted with a third-party custodian.

Interest rate risk. This is the risk that changes in market interest rates will adversely affect the net payment on the swaps. The Commission is exposed to interest rate risk on its swaps when LIBOR and/or SIFMA decreases causing the Commission net payment on swaps to increase.

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 Commission is exposed to basis risk should the floating rate that it receives on a swap be less than the actual variable rate the Commission 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 2019, the Commission was

exposed to basis risk since the variable rate received from the counterparty, was less than the variable rate the Commission paid on the bonds.

Termination risk and termination payments. This is the risk that the transaction is terminated in a market dictating a termination payment by the Commission. The Commission can terminate the swap at the fair value by providing notice to the counterparty, while the counterparty may only terminate the swap upon certain termination events under the terms of the agreement. The Commission 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 variable-rated demand bond (VRDBs) would no longer be hedged.

The Commission 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 May 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 Commission’s programmatic objectives. Consequently, the reduced amount of variable-rate bonds and interest rate swaps was left in place.

Rollover risk. This is the risk that maturity of the hedging derivative instruments is shorter than the maturity of the associated debt leaving the Commission 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.

Market access risk. This is the risk that the Commission will not be able to enter credit markets or that credit will become more costly. The Commission’s financial rating is tied to the credit strength of the sales tax revenue. The Commission is also exposed to market access risks caused by disruptions in the municipal bond market.

Reset rates paid and received by the Commission. The range of weekly variable interest rates paid on the 2008 *TransNet* bonds by the Commission to the bondholders for the period July 1, 2021, through June 30, 2022, are as follows:

Bondholder	Commission Pays	
	Weekly Reset Rates	
	Low	High
Barclays Bank	0.01%	0.82%
Goldman, Sachs & Co.	0.01%	0.85%
JP Morgan Securities, Inc.	0.01%	0.87%
Stifel, Nicolaus & Company	0.01%	0.85%

Fixed rates are paid by the Commission to the swap provider counterparties and 65% of LIBOR or SIFMA is received by the Commission from the swap provider counterparties.

The following table includes the range of LIBOR rates received for one swap and the range of SIFMA rates received for two swaps; and the fixed rate paid to the swap counterparties from July 1, 2021, through June 30, 2022.

Swap Counterparty	Commission Receives 65% LIBOR		Commission Receives SIFMA		Commission Pays
	Low	High	Low	High	Fixed
Bank of America	0.05355%	0.69011%			3.410%
Bank of America			0.02000%	0.81500%	3.8165%
Goldman Sachs Mitsui Marine Derivative Products			0.02000%	0.81500%	3.8165%

Actual debt service requirements versus the projected debt service on the swap transaction. For the fiscal year ending June 30, 2022, actual debt service was less than projected resulting in savings of variable-rate payments made on the bonds as compared to the variable-rate payments received from the swap in the amount of \$44,721:

Counterparty	Actual Debt Service	Projected Debt Service
Bank of America	\$ 4,587,481	\$ 4,572,810
Bank of America	5,087,146	5,117,926
Goldman Sachs Mitsui Marine Derivative Products	5,089,314	5,117,926
	<u>\$ 14,763,941</u>	<u>\$ 14,808,662</u>

Over the life of the swaps from the issuance of the bonds through June 30, 2022, the cumulative excess of the variable-rate payments made on the bonds as compared to the variable-rate payments received from the swap counterparties is \$2,430,773. This means that the net variable rates that the Commission is paying on the 2008 *TransNet* bonds is more than the variable rate that the Commission is receiving; these rates originally were intended to offset and net to zero.

The total net cost of the program includes liquidity facilities with J.P. Morgan (Series A and B), Bank of America, N.A. (Series C), and State Street Bank and Trust Company (Series D). Standby Bond Purchase Agreement (SBPA) costs at year end for the Series A and B bonds is 40 basis points, the Series C bonds is 30 basis points, and the SBPA cost for the Series D bonds is 35 basis points.

2018 basis rate swaps overlay to the 2008 interest rate swaps

Objective. On March 19, 2009, the Commission 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 Commission to bid out the new transaction to a group of potential counterparties without changing the existing 2008 Interest Rate Swaps. The Commission entered into a new transaction with Barclays Bank PLC (Barclays) to overlay the terms under two of the 2008 Interest Rate Swaps, with an expected benefit to the Commission of a substantial reduction in the cost of debt after the effective date of April 1, 2018.

Terms. The initial notional amounts of the swaps are \$156.6 million each. Under two of the 2008 Interest Rate Swaps, the Commission pays the counterparties a fixed payment of 3.8165% and receives 65% 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% of LIBOR for the last 20 years of the swap (April 2018 to April 2038).

Fair values. The swaps had a total combined positive fair value of \$13,347,326 at fiscal year-end. 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, 2022. The fair values take into consideration the prevailing interest rate environment and the specific terms and conditions of the swaps.

	Changes in Fair Value		Fair Value at June 30, 2022		
	Classification	Amount	Classification	Amount	Notional
Investment derivatives: Pay-floating Receive floating interest rate swaps	Investment revenue	\$2,336,967	Investment	\$13,347,326	\$268,200,000

Terms and fair value of investment derivative instruments

The following table displays the terms and fair value of the Commission's investment derivative instruments outstanding at June 30, 2022 along with the credit rating of the associated swap counterparty (amounts in thousands):

Variable Rate Paid	Variable Rate Received	Trade Date	Effective Date	Maturity Date	Fair Value	Notional Amount	Counterparty Credit Rating*
SIFMA Swap Index	107.4% of 3- month USD- LIBOR	3/19/2009	4/1/2018	4/1/2038	\$6,673,663	\$134,100,000	A1/A/A+
SIFMA Swap Index	107.4% of 3- month USD- LIBOR	3/19/2009	4/1/2018	4/1/2038	\$6,673,663	\$134,100,000	A1/A/A+

*Moody's/S&P/Fitch

Credit risk. This is the risk that the counterparty will fail to perform under the terms of the agreements. As of June 30, 2022, the Commission was exposed to credit risk on these swaps in the amount of \$13,347,326 which is the fair value of the derivatives net of collateral posted. However, should interest rates change and the fair value of the swaps become negative, the Commission would not be exposed to any credit risk. The favorable credit rating of the counterparty, as shown in the table above, mitigates this risk.

Collateral. To further mitigate credit risk, under terms of the International Swaps and Derivatives Association, Inc. (ISDA) Master Agreement, dated March 19, 2009, by and between the Commission and Barclays, upon a demand by either party, collateral may be posted by Barclays to the Commission's Trust account or returned to Barclays; dependent upon the valuation amount each day. Collateral can be posted on amounts over \$15,000,000 when the minimum daily valuation change is at least \$250,000. Interest earned on collateral held by the Commission is due to Barclays monthly. The Commission reports collateral holdings, including interest earned, as deposits payable. At June 30, 2022, there was \$15,578 reported as deposits payable.

Netting. Under terms of the ISDA Master Agreement, in respect of the same transaction, the Commission and Barclays may elect a net amount due and payable for the party with the larger aggregate amount over the smaller aggregate amount. The Commission and Barclays elected the netting option, which resulted in net receipts of \$994,839 by the Commission at year end.

Interest rate risk. This is the risk that changes in market interest rates will adversely affect the net payment on the swaps. The Commission is exposed to interest rate risk on its swaps when LIBOR decreases and/or SIFMA increases, causing the Commission net payment on the swaps to increase.

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 Commission is exposed to basis risk should the floating rate that it receives on a swap be less than the actual variable rate the Commission pays on the bonds. Depending on the magnitude and duration of any basis risk shortfall, the effective fixed rate on the debt will vary. Based on current and historical experience, staff expects the overlay of the SIFMA to LIBOR Basis Rate Swaps to significantly reduce the costs of financing after 2018, assuming a return to normal, or even near to normal trading relationships. During fiscal year 2022, the Commission was not exposed to basis risk since the variable rate received was more than the variable rate paid and amounted to \$994,839.

Termination risk and termination payments. This is the risk that the transaction is terminated in a market dictating a termination payment by the Commission. The Commission can terminate a swap at the fair market value by providing notice to the counterparty, while the counterparty may only terminate the swap upon certain termination events under the terms of the agreement. Given the positive fair value at June 30, 2022, the Commission was in a favorable termination position relative to the market.

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 Commission would allow it to assign the swap to another counterparty. Alternatively, if a swap is terminated and it has a negative fair value, the Commission 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, the Commission, ARJIS, and SourcePoint for the next six months. This portfolio is in compliance with state law and [SANDAG 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.

2022 SANDAG Diamond Awards Recipients

Overview

The SANDAG Diamond Awards recognizes employers in the San Diego region with outstanding commuter programs. The Board of Directors congratulates this year's list of Bronze, Silver, Gold, and Platinum tier Diamond Award recipients.

The SANDAG Employer Program works with employers to reduce traffic on the region's roadways by offering commuter programs that measurably reduce the number of employees driving alone to work. Diamond Award employers work side by side with SANDAG to promote sustainable transportation choices to their employees. The SANDAG Employer Program provides employers with specialized consulting services to develop customized commuter benefits that support their business goals and help the region achieve its goals for reducing vehicle miles traveled and greenhouse gas emissions.

Key Considerations

In FY 2022, 117 employers qualified for a Diamond Award and a record breaking 49 employers qualified for the highest tier of Platinum Awards. A complete list of 2022 Diamond Awards recipients is provided as Attachment 1.

Next Steps

Reducing traffic congestion by providing employees with commute alternatives to driving alone is a priority for SANDAG. Through the Employer Program, SANDAG will continue to work with employers of all sizes across the region to develop and implement successful commuter programs and become eligible for Diamond Awards recognition.

Antoinette Meier, Senior Director of Regional Planning

Key Staff Contact: Jennifer Williamson, (619) 699-1959, jennifer.williamson@sandag.org

Attachment: 1. 2022 Diamond Awards Recipients

Action: **Information**

The Board of Directors is asked to recognize the recipients of the 2022 Diamond Awards for their commitment to transportation choices that reduce regional traffic congestion and greenhouse gas emissions.

Fiscal Impact:

SANDAG Employer Program activities that led to this year's Diamond Awards recipients were approved in the FY 2022-2023 budget.

Schedule/Scope Impact:

A Diamond Awards recognition ceremony was held on October 21, 2022.