

Overview of Developments in the Financial Markets, Quarterly Finance Report as of June 30, 2023

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 Board Policy No. 003.

In addition, 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

- Through June 2023 of FY2023, sales tax revenue was 5.9% higher than FY2022 collections, with TransNet revenue totaling \$429.7 million.
- Senior lien maximum annual debt service coverage, using sales tax receipts of \$429.7 million for the 12 months ending June 30, 2023, is 4.02 times. Meaning, for every \$1 of senior lien debt service, SANDAG received \$4.02 of sales tax revenue providing ample coverage, supporting SANDAG senior lien triple-A ratings.
- National inflation has declined to 3.0% for the 12-month period ending in June 2023. Although down from 9.1% in June 2022, the Fed remains steadfast in reaching its 2% inflation target.
- Prior to June 30, 2023, the basis swaps were terminated. The remaining fixed payer swaps were terminated on a forward basis effective July 13, 2023 with accrued interest remaining until that time. Through July 13, the interest rate swaps continued to perform as expected, and without any material event involving outstanding swap agreements, nor any default by a swap counterparty or counterparty termination.

André Douzdjian, 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

Action: Information

This report provides 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 4.02 times, providing ample coverage and supporting triple-A ratings.

Schedule/Scope Impact:

With the Fed continuing cautiously toward its 2% target, economic forecasts are increasingly optimistic as predictions shift to either a short, shallow recession in 2024 or no recession at all.

Market Review and Update

Overview

As we move further into the year, strong economic indicators fuel the risk of reacceleration in inflation. The latest US consumer-price index report for July 2023 showed a slight uptick in inflation to 3.2%, after steadily declining from its peak of 9.1% in June 2022. The slight uptick is attributable mainly to the base effect from last July which was the first month in which inflation declined. The Federal Reserve acknowledges an abating inflation trend, however, notes that inflation remains elevated. Its Federal Funds Rate is currently at 5.25%-5.50% after raising rates three times in 2023 and raising rates seven times in 2022. Their current stance is that additional rate hikes could be required in 2023 to get a tighter leash on inflation.

Interest Rates

- **Treasury Rates:** There was high volatility in Treasury rates (industry accepted benchmark for taxable bonds) in 2022 and that remains the case thus far in 2023 as the market reacts to key economic indicators as well as the Fed's outlook and rate-hike plans as they become available. The 2-year treasury note is currently yielding 4.95%. Long-term treasury rates have also been volatile with the 10-year treasury currently yielding 4.26% and the 30-year treasury bond yielding 4.38%.
- **Municipal Market Rates:** The AAA MMD rates (the industry accepted benchmark for tax-exempt rates) have been inching back up to the peak October 2022 levels, the highest they have been in recent times. The 30-year rate currently at 3.82% is the highest it has been this year.
- **Fed Funds Rate:** The Fed made three rate hikes of 0.25% each, thus far in 2023, following seven consecutive increases at their 2022 meetings. The current target range is set at 5.25% to 5.50%. The latest release of the FOMC July meeting minutes indicate ongoing inflation pressure and possibility of additional rate hikes this year. The Fed dot-plot also indicates one more rate hike in 2023. But the market forecast diverges from the Fed anticipating no additional rate hikes this year and rate cuts starting early next year. The market has been more optimistic from the get-go and has had to revise expectations on several occasions to better align with the Fed forecast. This difference of opinion has been at the heart of interest rate volatility in the last 12-15 months.

Municipal Market Supply-Demand Dynamics: Bond funds continue to experience more outflows than inflows thus far in 2023. However, that is balanced by lower issuance volume year-to-date. Tax-exempt issuance through July declined by 10.0% relative to same period in 2022. The 2022 supply itself was 15.4% lower than 2021.

Equity Markets: Domestic equity markets have performed well during 2023, aligning with market assumption that the Fed will slow down the rate hikes in 2023 (which it did) and that the third rate hike in July will be the last one, thereby reducing the chance of a potential recession from overtightening. S&P 500 has lost 5% from its 2023 peak in July since the FOMC kept the door for additional rate hikes open at its last meeting. Despite the recent dip, S&P 500 is still 14% up year-to-date.

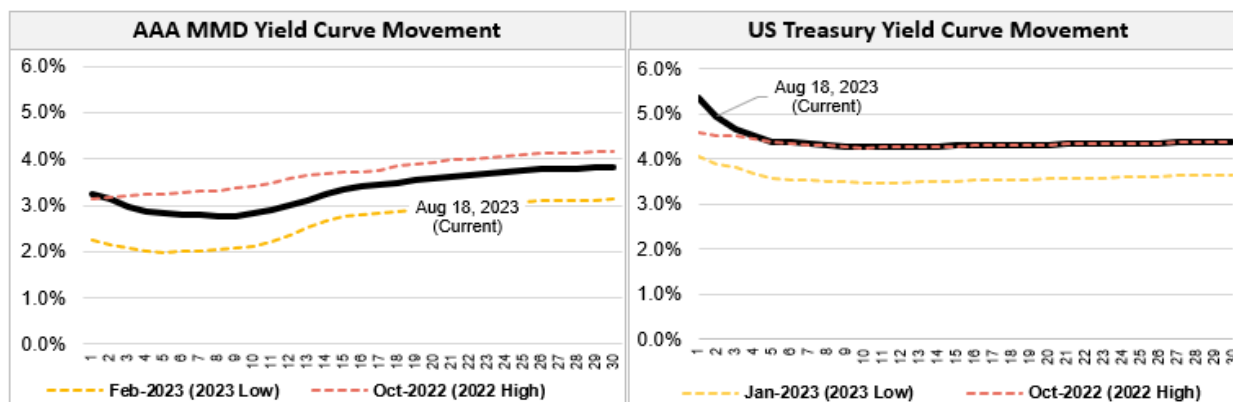
U.S. Economy

- **Jobs and Unemployment:** The Initial Jobless Claims were at 239,000 for the week ending August 12 which was 11,000 lower than the prior week. Despite remaining low at historical standards, claims remained sharply above July lows suggesting that the US labor market is starting to soften from stubbornly tight levels since the start of the year. The unemployment rate remained low in August at 3.5% and has been in that range all year.

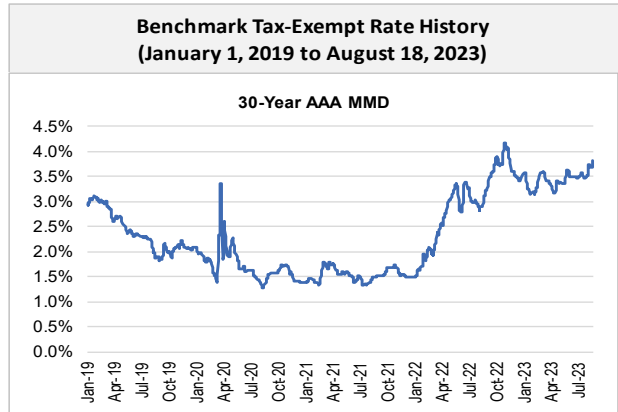
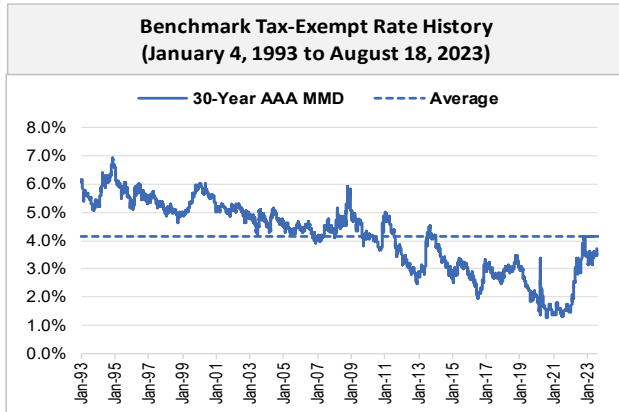
- GDP: Based on the advanced estimate for the quarter, real GDP increased at an annualized rate of 2.4% in the second quarter of 2023 after increasing 2.0% in the first quarter and significantly higher than market forecast of 1.8%.
- Personal Spending: As the economy’s key driver, personal spending has continued to increase with 0.6%, 0.2% and 0.5% increase in April, May and June 2023, respectively.
- Manufacturing and Service data: The Markit U.S. Composite Purchasing Managers Index (PMI) declined to 52 in July 2023 which is a slight decline from 53.2 in the prior month. A reading above 50 indicates expansion in business activity and vice versa. The composite PMI has been above 50 since March but driven mostly by the services sector, with the Manufacturing PMI reading hovering close to or below 50 since last December.
- Consumer Sentiment: After bottoming out in May 2023 at 57, the University of Michigan Consumer Confidence Index quickly rose to 71.6 in July 2023 which is a substantial improvement in consumer sentiment. Preliminary estimates for August 2023 is slightly lower at 71.2.

Long-Term Tax-Exempt and Taxable Interest Rates

The AAA Municipal Market Data (i.e., the “MMD” which is an industry standard index for tax-exempt municipal bond rates) rates rose significantly in 2022, peaking in October 2022. Rates have been volatile in 2023 in response to ongoing economic data release as well as ongoing disparity between market’s consensus and Fed’s outlook on future rate hikes. The two charts below show current yield curves in comparison to recent highs and lows over the last 12 months. As seen in the chart, the AAA MMD yield curve is 0.57% to 1.01% higher across the curve from its recent lows in February 2023. U.S. Treasury rates increased by about 0.71% to 0.95% across the board since January 2023. Long-term rates have increased back up to the October 2022 peak and the short-term rates are at the highest they have been in the recent past. Both the MMD yield curve as well as the U.S. Treasury curve continue to reflect significant “inversion” wherein short-term rates are higher than intermediate-to-long-term rates.

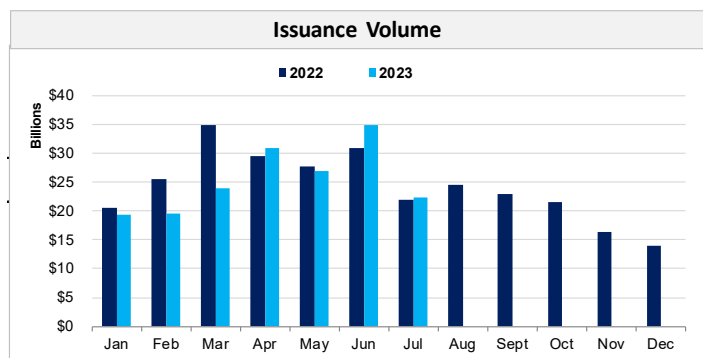


The current 30-year AAA MMD bond yield is 3.82%, which is 0.69% or 69 bps higher than its floor in early 2023, but is still lower than its historic average of 4.16% as seen in the chart below. In general, rates continue to be very volatile with 30 bps to 75 bps swings in either direction every few weeks.



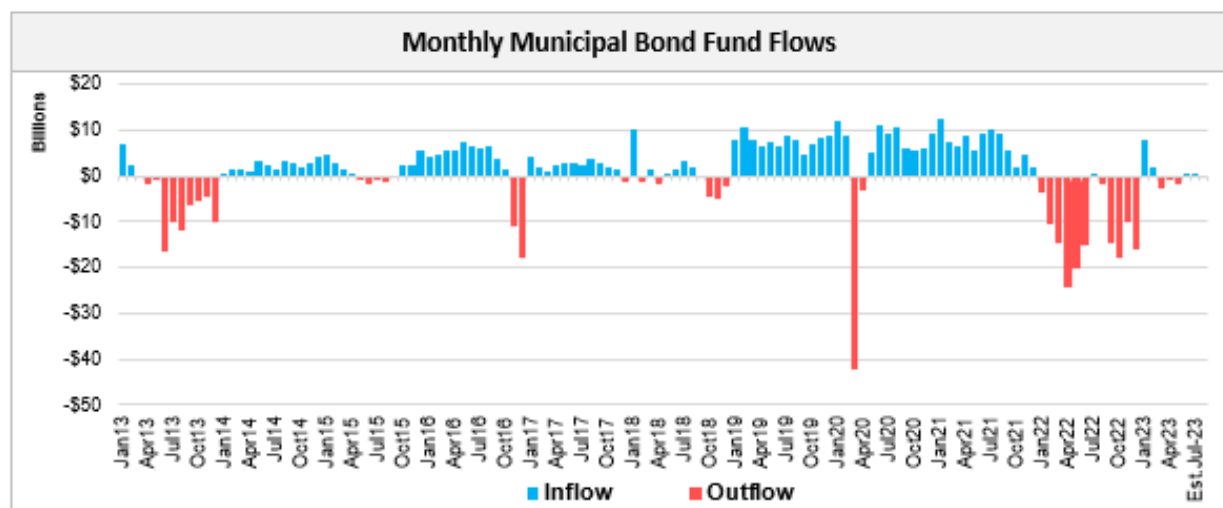
Municipal Market Supply and Demand

As volatility persists, tax-exempt issuance year-to-date in 2023 ended at \$177.6 billion, 10.0% lower than the same period in 2022. The combined taxable and tax-exempt issuance volume of \$206.8 billion so far in 2023 was 16.1% lower than the volume in the same period in 2022. The decline is attributable to increased rates and market volatility. Higher rates and persistent volatility in 2023 have caused issuers to defer new money borrowing. Refunding volume is also



lagging owing to a lot of the *advance* refundings that were executed in the 2019-2021 timeframe when taxable rates were very low, which otherwise would have been *current* refundings in 2022-2024 timeframe.

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 saw outflows in eleven of the twelve months in 2022, indicative of falling investor demand as yields rose throughout the year. 2023 started strong with positive inflows for January and February however investor sentiment have since weakened with outflows in four of the last six months.



Credit Spreads

Mirroring the movements in rates, credit spreads have also been volatile for the last couple years. Spreads widened significantly in the 12 months leading up to October 2022 but have since tightened. Favorable supply-demand dynamics, more specifically, record low issuance volume for 2023, has resulted in improved spreads and a favorable market for issuers.

Interest Rate Forecasts

The Fed increased the target rate for the third time in 2023 at their July meeting by 25 bps, following the 25 bps hike in February and April. These smaller rate hikes, relative to the 50 bps to 75 bps hikes last year, were in line with prior guidance that it may reduce its pace of rate increases to avoid over-tightening and pushing the economy into a recession. The most recent Fed dot-plot indicates the expectation for one more rate hike in 2023 followed by several cuts in 2024. However, the Fed recently expressed concerns over the pace of inflation and believes the fight to control it may not be over yet. There may be more rate hikes required in 2023 than originally anticipated.

The next table provides an average of interest rate forecasts by industry professionals. These are surveyed and compiled by Bloomberg. As opposed to the Fed, the market expects no further rate increases for 2023. It further expects several rate cuts in 2024 and 2025. The two-year U.S. Treasury rate is forecasted to decline by 0.39% to 4.56% by end of 2023. The ten-year U.S. Treasury rate is forecasted to decline by 0.40% to 3.86% by end of 2023. The 30-year U.S. Treasury rate is also forecast to decline by 0.34% to 4.04% by the end the year.

The Street's Interest Rate Forecast											
Forecast	8/18/23	Q3 23	Q4 23	Q1 24	Q2 24	Q3 24	Q4 24	Q1 25	Q2 25	Q3 25	Q4 25
30-Year UST	4.38%	4.12%	4.04%	3.96%	3.89%	3.88%	3.83%	3.86%	3.82%	3.87%	3.86%
10-Year UST	4.26%	3.99%	3.86%	3.75%	3.67%	3.62%	3.58%	3.61%	3.56%	3.58%	3.58%
2-Year UST	4.95%	4.81%	4.56%	4.25%	3.95%	3.73%	3.54%	3.49%	3.37%	3.41%	3.38%
3M Secured Overnight Financing Rate	5.30%	5.39%	5.39%	5.15%	4.78%	4.41%	4.11%	3.83%	3.67%	3.65%	3.54%
Federal Funds Target Rate Upper Bound	5.50%	5.50%	5.55%	5.35%	4.90%	4.50%	4.20%	3.85%	3.60%	3.45%	3.30%
Federal Funds Target Rate Lower Bound	5.25%	5.26%	5.28%	5.08%	4.67%	4.23%	3.93%	3.58%	3.36%	3.20%	3.07%

Local Economy and Sales Tax Revenues

In FY2023, San Diego's regional economy experienced a second year of high inflation and continuing Federal Reserve Bank's intervention to restore and stabilize prices for goods and services to normal pre-pandemic levels while preserving near-full employment. Mixed economic signals on both the national and regional levels have created uncertainty, though recession fears appear to be fading.

Inflation reached a 41-year-high of 8.3% in May 2022, driven largely by steep prices for necessities, such as shelter, groceries, household electricity, and gasoline. Though inflation receded to 4.3% by July 2023, the elevated cost of living in San Diego—the second highest in California and the third highest in the nation—has been stretching household budgets, especially those of low-income families. Cutting back on discretionary spending; trading down to less-expensive, discounted goods and services; putting more on credit cards; and taking second jobs were among the ways San Diegans have been making ends meet.

Amid fears of a looming recession and economic downturn, many San Diego employers have right-sized operating expenses, and either abandoned or postponed business starts and expansion plans to shield their exposure. Continuing cost-saving and hybrid/remote workstyles have decreased demand 20% for commercial office space, especially in Downtown San Diego. With dwindling demand and 2.7 million square feet of new—and still-uncommitted—office space expected to deliver in the next 18 months, Downtown San Diego vacancy rates are forecasted to reach an unprecedented 39% in 2024.

Still, San Diego employment remained relatively strong across all major sectors. Innovation and Healthcare jobs have increased. Several FY2023 cost-reduction cuts by high-profile semiconductor manufacturer Qualcomm (568 jobs), and global communications firm Viasat (300), and genomics giant Illumina (1,280) grabbed attention but totaled a relatively small proportion of the 250K Innovation jobs. Tourism continued recovery, riding extraordinary leisure travel demand pent-up from the COVID-19 pandemic. From January to March 2023, visitors are up 19%. In FY2023, spending per visitor increased 20% over the previous year. Business and international travel have yet to return to pre-pandemic levels.

More than 1.59 million San Diegans were in the civilian labor force as of June 2023, up 12,000 from the prior year. Month to month, unemployment ticked up slightly to 4.0% in June 2023. California's unemployment also rose slightly while U.S. unemployment held steady at 3.8%.

U.S. inflation has cooled from 9.1% in June 2022 to 3.0% in June 2023. To tame inflation, the Fed has made 10 rate hikes totaling 500 basis points from March 2022 through May 2023, reaching a 5.08% effective federal funds rate. By May 2023, rates had soared for credit cards (21% APR), 24-month personal loans (12%), 60-month new car loans (7.8%), and 30-year fixed-rate mortgages (6.71%). Consumer debt on credit cards and other revolving loan plans reached a record \$993 billion. High-profile collapses of Silicon Valley Bank, Signature Bank, and First Republic Bank in the first half of 2023 shuttered the financial system. Banks have since tightened lending requirements, raising the barriers to credit and capital for both consumers and businesses.

Despite these economic headwinds, U.S. real gross domestic product grew 2.0% and 2.4% in the first two quarters of calendar year 2023, bolstered by unexpected, albeit small, increases in consumer spending and government investment. By the end of FY2023, the nation had 3.0% inflation, four consecutive quarters of positive real GDP growth, low unemployment, a robust stock market, and rising consumer sentiment. These economic vital signs stoked optimism. Economic forecasters who had considered a recession inevitable have since predicted either a short, shallow recession in 2024 or no recession at all (i.e., the Fed's elusive "soft landing" scenario). The Fed remains steadfast in reaching its 2% inflation target. Its rate-hike cycle, which was paused in June 2023, is expected to continue cautiously while accounting for lags in economic indicators, particularly those related to housing.

Modest wage increases raised San Diego household area median income (AMI) from \$106,900 in FY2022 to \$116,800 in FY2023. But credit card debt since 2020 has increased to nearly \$6,500 regionally and as much as average of \$13,000 in the City of San Diego, Oceanside, and Chula Vista. The impact of

mounting debt, compounded with rising interest rates, will likely become more burdensome in the coming years.

High shelter costs and the shortage of affordable housing continue to make the region one of the nation’s most expensive places to live. As of July 2023, shelter (i.e., rent/mortgage and household energy) had risen 8.9% over the year, and remains the primary cause of San Diego’s elevated, persistent core inflation (5.6%). Only 15% of San Diego households can afford the \$5,500 monthly payment on the \$870,000 median-priced home at 6.71% (June 2023). The region has the nation’s third-most expensive rental market, and 48% of San Diego renters are putting more than 35% of their monthly rent payment (\$3,175 average, June 2023).

Sales Tax Revenues

Overall TransNet sales tax revenues for FY2023 totaled \$429.7 million, 5.9% ahead of FY2022 collections. FY2023 receipts were boosted by exceptionally strong monthly receipts in August 2022 (\$29.0 million, 19.5% higher than August 2021); September 2022 (\$36.9 million, 12.3% higher than September 2021); and November 2022 (\$34.5 million, 21.6% higher than November 2021). Those elevated monthly levels track with national consumer spending trends showing consumers took advantage of the early start to the holiday sale season and the year-end discount deals retailers offered to shed inventory.

Between January and June 2023, however, both inflation and spending softened, trending toward slightly lower year-over-year monthly nominal collections. Given subtle signs of slowing and shifting real spending, we will continue to monitor economic conditions. We do not expect FY2024 growth to reach the pre-pandemic historical annual average of 3.6% (FY2009- FY2019).

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 FY2009 (first year of the TransNet Extension Ordinance):

Table 1: TransNet Revenue by Month

Month	FY2022	FY2023
July	\$43,209,697	\$44,478,683
August	\$24,271,096	\$28,995,480
September	\$32,823,354	\$36,853,062
October	\$38,064,769	\$38,474,980
November	\$28,370,272	\$34,497,001
December	\$33,611,034	\$36,657,141
January	\$32,787,727	\$33,813,540
February	\$40,232,661	\$40,825,224
March	\$31,621,084	\$34,695,328
April	\$31,161,228	\$31,439,603
May	\$36,034,028	\$33,999,974
June	\$33,734,188	\$35,005,164
TOTAL	\$405,921,138	\$429,735,180

Table 2: TransNet Revenue by Year

Year	Annual Revenue
FY2009	\$221,991,360
FY2010	\$204,191,748
FY2011	\$221,304,014
FY2012	\$236,947,113
FY2013	\$247,221,162
FY2014	\$260,114,931
FY2015	\$268,840,549
FY2016	\$275,500,023
FY2017	\$284,456,260
FY2018	\$294,501,324
FY2019	\$312,303,669
FY2020	\$305,851,214
FY2021	\$333,998,568
FY2022	\$405,921,138
FY2023	\$429,735,181
TOTAL	\$4,302,878,254

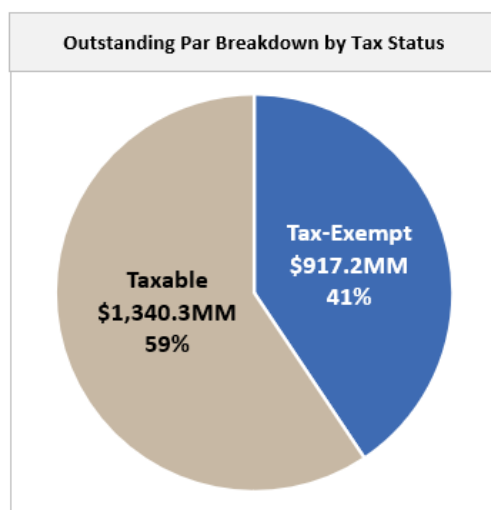
SANDAG Debt Portfolio Overview

Commission Outstanding Debt Overview

SANDAG, serving as the San Diego County Regional Transportation Commission, has \$2.26 billion of outstanding long-term debt. Series 2023A was issued in July 2023 to refund all of the Series 2008 variable rate bonds, eliminate the interest rate swaps and refund a portion of the Series 2019A bonds. As a result of the 2023 refunding, SANDAG has no long-term variable rate bonds and no interest rate swaps outstanding. A summary of the outstanding bonds is tabulated and graphically presented below.

Summary of Outstanding Debt							
Series	Lien	Tax Status	Coupon Type	Original Issue Size	Outstanding Par	Call Option	Final Maturity
2010A	Senior	Taxable	Fixed Rate	\$338,960,000	338,960,000	Make-Whole	4/1/2048
2014A	Senior	Tax-Exempt	Fixed Rate	\$350,000,000	6,460,000	4/1/2024	4/1/2024
2016A	Senior	Tax-Exempt	Fixed Rate	\$325,000,000	291,265,000	4/1/2026	4/1/2048
2019A	Senior	Taxable	Fixed Rate	\$442,620,000	436,185,000	4/1/2030	4/1/2048
2020A	Senior	Tax-Exempt	Fixed Rate	\$74,820,000	69,955,000	4/1/2030	4/1/2048
2021A	Senior	Taxable	Fixed Rate	\$149,840,000	149,840,000	4/1/2031	4/1/2048
2023A	Senior	Tax-Exempt	Fixed Rate	\$433,355,000	\$433,355,000	4/1/2033	4/1/2042
2021B	Subordinate	Tax-Exempt	Fixed Rate	\$116,150,000	116,150,000	4/1/2031	4/1/2039
TIFIA	Junior Sub.	Taxable	Fixed Rate	\$537,484,439	537,484,439	Anytime	10/1/2045
Total					\$2,257,531,439		

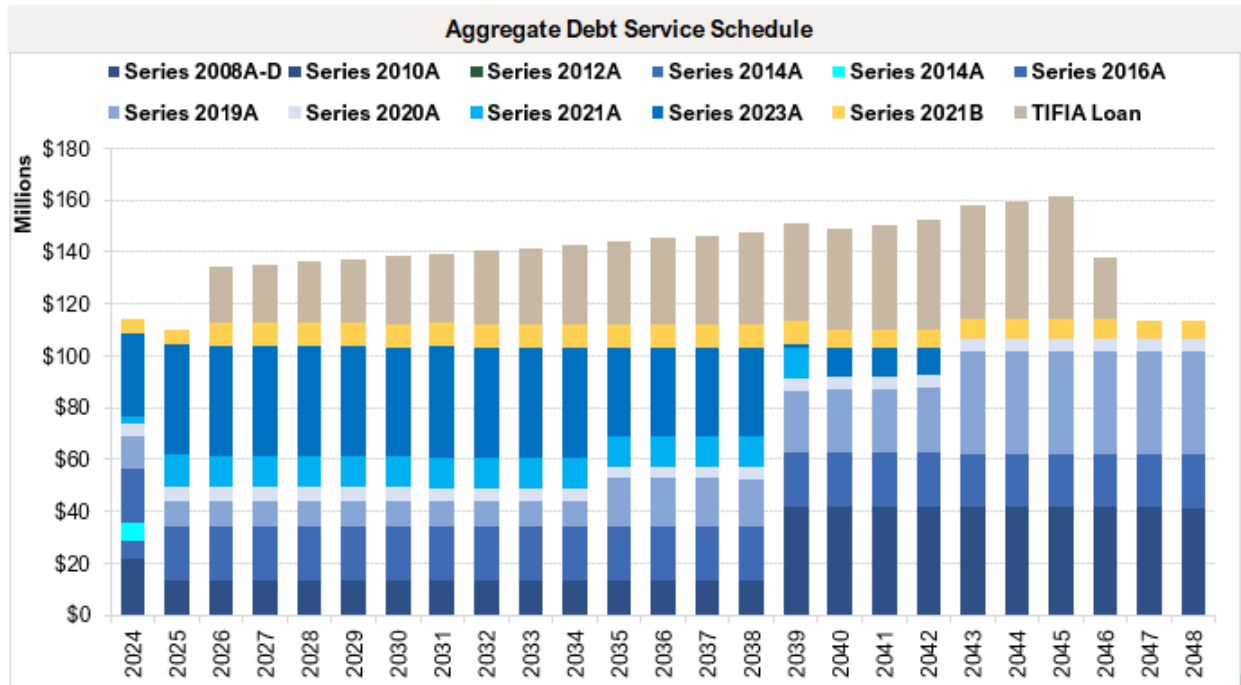
The debt portfolio is comprised of 100% fixed-rate debt. Of the total debt portfolio, 59% consists of taxable debt, including the TIFIA loan and the remaining is tax-exempt bonds.



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). The TIFIA loan is repayable from a third lien that is subordinate to the senior lien bonds, the 2021B Bonds, the commercial paper notes, and SANDAG's revolving credit facility. 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. Excluding the TIFIA loan, SANDAG has a level debt service profile with senior lien annual debt service ranging from \$101.6 million to \$106.7 million per year through FY 2048. The aggregate senior and subordinate lien debt service ranges from \$107.4 million to \$114.0 million. With the draw on the TIFIA loan as expected, SANDAG’s aggregate debt service is ascending with peak debt service of \$161.2 million in FY 2045.



Senior lien debt service coverage, using sales tax receipts of \$428.9 million for the 12 months ending July 31, 2023, is 4.02 times. Meaning, for every \$1 of senior lien debt service, SANDAG received \$4.02 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, 2023, to peak debt service in FY 2045, is 2.45 times.

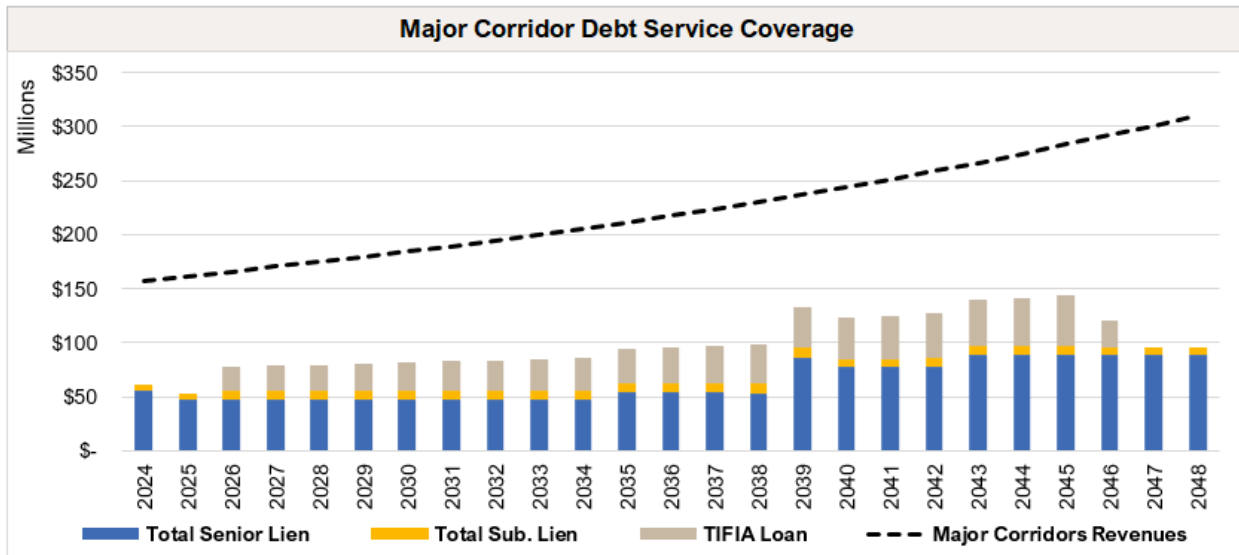
Major Corridors Coverage

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 1.78 times in FY 2024. Based on that revenue forecast, annual coverage is projected to dip to 1.45 times when the TIFIA loan payments start in FY 2026. The TIFIA debt service structure in the Major Corridors Program increases over time, in anticipation of increase in sales tax revenue.



Cost of Capital

SANDAG has a very attractive weighted average cost of capital (WACC) of 2.92%.

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 2023A bonds were issued to refund all of the variable-rate 2008 bonds as well as a portion of the 2019A bonds and issued at an all-in cost of 3.23%. The TIFIA loan has a borrowing cost of 1.75%. Taken together, SANDAG has issued over \$2.0 billion in long-term debt to accelerate project delivery and for refunding, for a WACC of 2.92%.

SANDAG's WACC Calculations		
Series	Original Par	All-in TIC
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%
2023A	\$433,355,000	3.2264%
2021B	\$116,150,000	2.7146%
TIFIA	\$537,484,439	1.7500%
Total Weighted Avg.		2.9162%

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 in June 2023 in conjunction with the Series 2023A sales tax bond issuance. As part of the review S&P affirmed all the ratings. Fitch also affirmed the senior lien and TIFIA loan rating and upgraded the subordinate lien rating by one notch to 'AA+' owing to the strength of the pledged revenues and improvement in subordinate line debt service coverage ratio.

SANDAG Ratings (<i>TransNet</i>)		
Lien	S&P	Fitch
Senior Lien	AAA/Stable	AAA/Stable
Subordinate Lien Bonds	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 \$46.2 million as of June 30, 2023, when it was remarketed out 92 days, at a rate of 3.10%. 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 provides 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. Currently there is a nominal balance of \$1 million outstanding on the Revolving Credit Agreement.

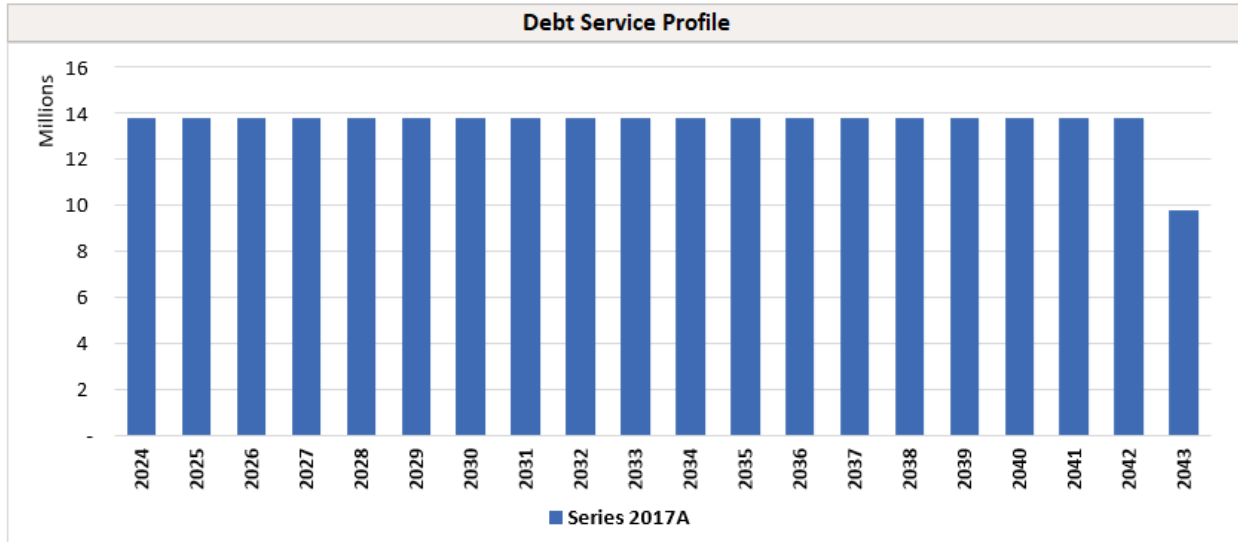
SANDAG: Debt Portfolio Overview and Update

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						
<u>South Bay Expressway</u>						
Series	Tax Status	Coupon Type	Original Par	Outstanding Par	Call Date	Final Maturity
2017A	Tax-Exempt	Fixed-Rate	\$194,140,000	167,180,000	7/1/2027	7/1/2042
<u>Mid-Coast Corridor Transit Project</u>						
Series	Tax Status	Coupon Type	Original Par	Outstanding Par	Call Date	Final Maturity
2019A	Tax-Exempt	Fixed-Rate	\$210,000,000	\$161,370,000	one year before maturity	11/15/2026
2019B	Tax-Exempt	Fixed-Rate	\$125,000,000	\$18,115,000	NA (turbo redemption)	11/15/2027
Total				\$179,485,000		

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, 2023, the debt outstanding is \$167.2 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 audited annual net toll revenues of \$22.75 million for FY 2022, the coverage on future maximum annual debt service payment was 1.65 times. This demonstrates a recovery in traffic and revenue, compared to FY 2021 and satisfies the rate covenant of 1.50x in the bond documents.

S&P and Fitch maintain credit ratings on the toll-revenue bonds. S&P last affirmed their rating of 'A' in January 2023. Fitch most recently affirmed their rating of 'A' in May 2023.

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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 an original commitment of \$100 million annually starting 2016 through 2026. In FFY 2022 the FFGA receipts exceeded the original commitment and, to date, SANDAG has received \$802.0 million of the total \$1.043 billion committed under the FFGA. All 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	\$802,008,438	\$241,371,562
Total Debt Outstanding			\$179,485,000

The bonds have a stated maturity schedule that is conservative. The first stated maturity date for Series 2019A was November 15, 2023, with interest-only payment before then. Each of the four maturities is callable one year in advance of the maturity date so they can be repaid sooner, should future grants installments be received as scheduled in the FFGA. Series 2019B does not have a call option. Instead, it has certain turbo redemption provisions that cause excess grant revenues to be automatically applied to redeeming these bonds early. With over \$174 million grants received in 2022, the first maturity for Series 2019A due in 2023, was called early and redeemed in December 2022. Additionally, since the grant received was much larger than the scheduled \$100 million, the excess was applied to defease \$106.9 million of the Series 2019B. The defeasance escrow was applied to redeem the bonds on May 15, 2023. While the average life based on the stated maturity schedule is 6.7 year, the bonds are expected to be repaid sooner if grants continue to arrive on or ahead of schedule.

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 lower if grants arrive on or ahead of schedule and the debt is retired sooner than the stated case. The bonds and the structure achieved an investment grade “A-” rating from S&P along with a stable outlook.

Looking Ahead

SANDAG expects to deliver a majority of upcoming project needs on a pay-go basis. That said, SANDAG is currently evaluating increased borrowing capacity driven by strong *TransNet* sales tax revenue receipts over the past two years. Staff will evaluate borrowing capacity in the context of project delivery needs

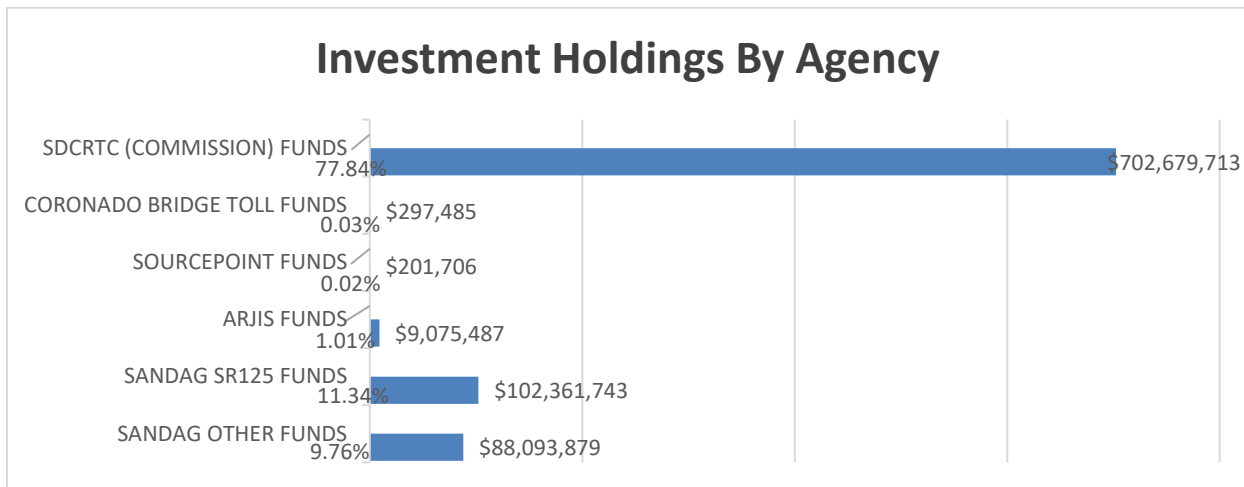
and determine any recommendation for future bond issuance that may be presented to the Board for consideration.

Quarterly Investment Data

Included with this quarterly finance report through June 30, 2023, 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).

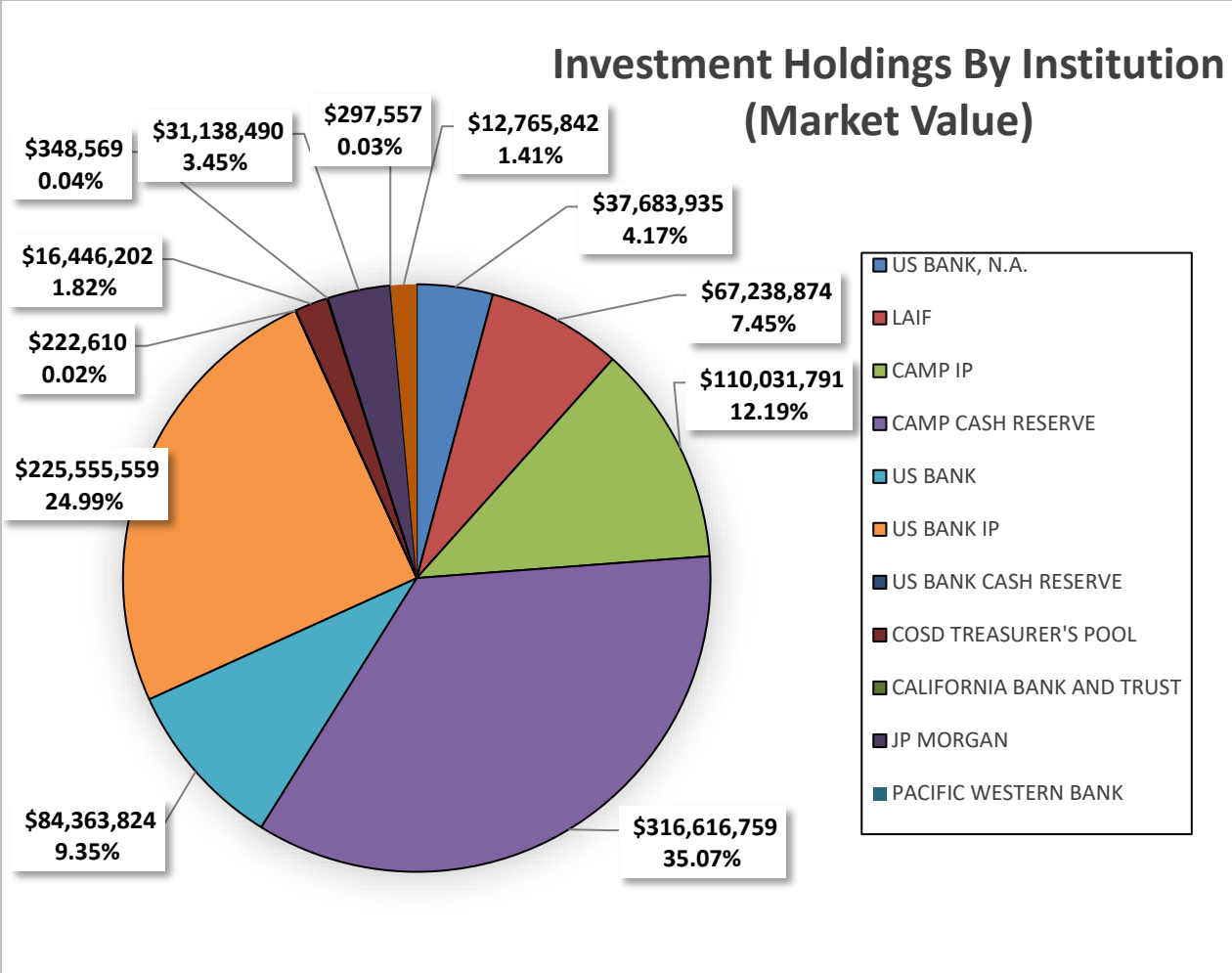
As of June 30, 2023, a total of \$902.7 million was held by SANDAG in a number of investment accounts, in comparison to \$943.4 million held in the previous quarter. The \$40.7 million decrease during the quarter is primarily due to the payment of debt service obligations in the month of April.¹

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



Approximately \$37.7 million was held in eleven U.S. Bank, N.A. accounts at the end of the quarter, which are used for operating purposes. Approximately \$865.0 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 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, 2023

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.	\$ 37,683,935.45	4.14%	\$ 37,683,935.45	100.00%	\$ -	N/A	1
STATE OF CALIFORNIA LOCAL AGENCY INVESTMENT FUND	67,238,874.26	7.39%	67,238,874.26	100.00%	-	3.26%	260
CALIFORNIA ASSET MANAGEMENT PROGRAM (CAMP) INDIVIDUAL PORTFOLIO	108,118,690.24	11.88%	110,031,790.95	101.77%	1,913,100.71	4.23%	318
CAMP CASH RESERVE PORTFOLIO	316,616,759.06	34.79%	316,616,759.06	100.00%	-	5.27%	26
US BANK TRUST	84,710,727.44	9.31%	84,363,824.39	99.59%	(346,903.05)	1.60%	22
US BANK INDIVIDUAL PORTFOLIO	234,501,608.27	25.77%	225,555,559.42	96.19%	(8,946,048.85)	1.91%	634
US BANK CASH RESERVE PORTFOLIO	222,609.77	0.02%	222,609.77	100.00%	-	0.00%	1
SAN DIEGO COUNTY TREASURER'S POOLED MONEY FUND	16,446,201.97	1.81%	16,446,201.97	100.00%	-	3.50%	438
JP MORGAN	31,150,616.44	3.42%	31,138,489.91	99.96%	(12,126.53)	5.16%	30
CALIFORNIA BANK AND TRUST	348,568.53	0.04%	348,568.53	100.00%	-	N/A	1
PACIFIC WESTERN BANK	297,556.84	0.03%	297,556.84	100.00%	-	N/A	1
PRINCIPAL CUSTODY SOLUTIONS	12,639,792.84	1.39%	12,765,841.97	101.00%	126,049.13	2.42%	1
TOTAL	<u>\$ 909,975,941.11</u>	<u>100.00%</u>	<u>\$ 902,710,012.52</u>	<u>99.20%</u>	<u>\$ (7,265,928.59)</u>	<u>3.64%</u>	<u>237</u>

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	\$ 190,676,475.94	20.95%	\$ 190,455,622.02	99.88%	\$ (220,853.92)	3.44%	34
AUTOMATED REGIONAL JUSTICE INFORMATION SYSTEM FUNDS	9,075,486.59	1.00%	9,075,486.59	100.00%	-	5.27%	25
SOURCEPOINT FUNDS	201,705.55	0.02%	201,705.55	100.00%	-	3.50%	407
CORONADO BRIDGE TOLL FUNDS	297,484.94	0.03%	297,484.94	100.00%	-	5.27%	26
SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION FUNDS	709,724,788.09	77.99%	702,679,713.42	99.01%	(7,045,074.67)	3.67%	294
TOTAL	<u>\$ 909,975,941.11</u>	<u>100.00%</u>	<u>\$ 902,710,012.52</u>	<u>99.20%</u>	<u>\$ (7,265,928.59)</u>	<u>3.64%</u>	<u>237</u>

Note: In addition to the funds held above, there is \$5,154.69 petty cash held at SANDAG.

SANDAG
Detail of Portfolio Balances (by Account)
as of June 30, 2023

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)	\$ 465,231.67	0.05%	\$ 465,231.67	100.00%	\$ -	N/A	1
Checking - (RTC) TransNet Sales Tax	1,348,477.81	0.15%	1,348,477.81	100.00%	-	N/A	1
Checking - (SANDAG) Flexible Spending Acct (FSA)	17,121.30	0.00%	17,121.30	100.00%	-	N/A	1
Checking - (SANDAG) General	22,016,988.27	2.42%	22,016,988.27	100.00%	-	N/A	1
Checking - (SANDAG) Interstate 15 (I-15) FasTrak®	6,013,110.04	0.66%	6,013,110.04	100.00%	-	N/A	1
Checking - (SANDAG) Refund Account Common	556,373.91	0.06%	556,373.91	100.00%	-	N/A	1
Checking - (SANDAG) Revenue Account Common	515,655.40	0.06%	515,655.40	100.00%	-	N/A	1
Checking - (SANDAG) SAFE Program Account	1,050,994.55	0.12%	1,050,994.55	100.00%	-	N/A	1
Checking - (SANDAG) State Route 125 (SR-125) Collection Account	100,720.16	0.01%	100,720.16	100.00%	-	N/A	1
Checking - (SANDAG) State Route 125 (SR-125) Payment Account	5,584,891.70	0.61%	5,584,891.70	100.00%	-	N/A	1
Checking - (SourcePoint)	14,370.64	0.00%	14,370.64	100.00%	-	N/A	1
TOTAL US BANK, N.A.	\$ 37,683,935.45	4.14%	\$ 37,683,935.45	100.00%	\$ -	N/A	1
STATE OF CA LOCAL AGENCY INVESTMENT FUND (LAIF):							
(RTC) TransNet	\$ 67,148,990.38	7.38%	\$ 67,148,990.38	100.00%	\$ -	3.26%	260
(SANDAG)	89,883.88	0.01%	89,883.88	100.00%	-	3.26%	260
TOTAL LAIF	\$ 67,238,874.26	7.39%	\$ 67,238,874.26	100.00%	\$ -	3.26%	260
CALIFORNIA ASSET MANAGEMENT PROGRAM (CAMP):							
INDIVIDUAL PORTFOLIO:							
(RTC) TransNet Program Reserve	\$ 42,500,031.25	4.67%	\$ 43,019,584.36	101.22%	\$ 519,553.11	4.22%	423
(RTC) TransNet Sales Tax	65,618,658.99	7.21%	67,012,206.59	102.12%	1,393,547.60	4.24%	251
TOTAL INDIVIDUAL PORTFOLIO	\$ 108,118,690.24	11.88%	\$ 110,031,790.95	101.77%	\$ 1,913,100.71	4.23%	318
CASH RESERVE PORTFOLIO:							
(ARJIS)	\$ 8,604,407.85	0.95%	\$ 8,604,407.85	100.00%	\$ -	5.27%	26
(RTC) 2008 Bond Series A - Principal	1,207,502.76	0.13%	1,207,502.76	100.00%	-	5.27%	26
(RTC) 2008 Bond Series B - Principal	1,207,530.04	0.13%	1,207,530.04	100.00%	-	5.27%	26
(RTC) 2008 Bond Series C - Principal	1,207,530.04	0.13%	1,207,530.04	100.00%	-	5.27%	26
(RTC) 2008 Bond Series D - Principal	1,207,530.04	0.13%	1,207,530.04	100.00%	-	5.27%	26
(RTC) 2008 Cap Proj DSRF Release	17,881,002.34	1.96%	17,881,002.34	100.00%	-	5.27%	26
(RTC) 2008 Sales Tax Account - TransNet Extension	169,400,711.66	18.62%	169,400,711.66	100.00%	-	5.27%	26
(RTC) 2010 Bond Series A - Interest	5,037,082.23	0.55%	5,037,082.23	100.00%	-	5.27%	26
(RTC) 2014 Bond Series A Interest	1,854,576.80	0.20%	1,854,576.80	100.00%	-	5.27%	26
(RTC) 2014 Bond Series A Principal	1,599,392.88	0.18%	1,599,392.88	100.00%	-	5.27%	26
(RTC) 2016 Bond Series A Interest	3,685,725.06	0.41%	3,685,725.06	100.00%	-	5.27%	26
(RTC) 2016 Bond Series A Principal	1,510,930.20	0.17%	1,510,930.20	100.00%	-	5.27%	26
(RTC) 2020 Bond Series A Interest	839,454.21	0.09%	839,454.21	100.00%	-	5.27%	26
(RTC) 2020 Bond Series A Principal	442,297.19	0.05%	442,297.19	100.00%	-	5.27%	26
(RTC) Custody Account	2,684,464.79	0.30%	2,684,464.79	100.00%	-	5.27%	26
(RTC) Sage Hill Endowment	914,954.85	0.10%	914,954.85	100.00%	-	5.27%	26
(RTC) TransNet Program Reserve	14,910,401.05	1.64%	14,910,401.05	100.00%	-	5.27%	26

Institution / Account	Book Value	Percent of Portfolio	Market Value	Market Price	Unrealized Gain/(Loss)	Yield on Cost	Wtd Avg. Days to Maturity
(RTC) Wetland Mitigation TransNet Sales Tax	324,655.62	0.04%	324,655.62	100.00%	-	5.27%	26
(SANDAG) 2019 Series AB Cap- I Fund	105,602.71	0.01%	105,602.71	100.00%	-	5.27%	26
(SANDAG) 2019 Series AB DSR Fund	13,063,898.45	1.44%	13,063,898.45	100.00%	-	5.27%	26
(SANDAG) California Coastal Commission	334,149.02	0.04%	334,149.02	100.00%	-	5.27%	26
(SANDAG) Coronado Bridge Toll Funds	297,484.94	0.03%	297,484.94	100.00%	-	5.27%	26
(SANDAG) El Portal Project	595,286.32	0.07%	595,286.32	100.00%	-	5.27%	26
(SANDAG) I-15 FasTrak®	691,260.40	0.08%	691,260.40	100.00%	-	5.27%	26
(SANDAG) SR 125	2,060,367.50	0.23%	2,060,367.50	100.00%	-	5.27%	26
(SANDAG) SR 125	35,811,928.66	3.94%	35,811,928.66	100.00%	-	5.27%	26
(SANDAG) SR 125	28,956,829.68	3.18%	28,956,829.68	100.00%	-	5.27%	26
(SANDAG) Shoreline Management	179,801.77	0.02%	179,801.77	100.00%	-	5.27%	26
TOTAL CASH RESERVE PORTFOLIO	\$ 316,616,759.06	34.79%	\$ 316,616,759.06	100.00%	\$ -	5.27%	26
TOTAL CAMP	\$ 424,735,449.30	46.68%	\$ 426,648,550.01	100.45%	\$ 1,913,100.71	5.01%	101
US BANK TRUST:							
Money Market - (RTC) 2008 Bond Series A/B/C/D Main Interest	\$ 6,823,731.06	0.75%	\$ 6,823,731.06	100.00%	\$ -	0.00%	1
Money Market - (RTC) 2019 Bond Series A Principal	1,647,270.18	0.18%	1,647,270.18	100.00%	-	4.58%	1
Money Market - (RTC) 2019 Revenue Bond Series A Interest	3,391,856.37	0.37%	3,391,856.37	100.00%	-	4.58%	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	743,673.64	0.08%	743,673.64	100.00%	-	4.73%	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	1,455,097.73	0.16%	1,455,097.73	100.00%	-	4.73%	1
Money Market - (RTC) 2022 Subordinate Sales Tax Revenue Interest	17,391.99	0.00%	17,391.99	100.00%	-	5.01%	1
Money Market - (RTC) 2022 Subordinate Sales Tax Revenue Revolving Notes Project Fund	898,676.17	0.10%	898,676.17	100.00%	-	5.01%	1
Money Market - (RTC) Commercial Paper Notes Series B Interest	222,699.73	0.02%	222,699.73	100.00%	-	4.58%	1
Money Market - (RTC) Commercial Paper Notes Series B Principal	265,991.73	0.03%	265,991.73	100.00%	-	4.58%	1
Money Market - (RTC) Commercial Paper Series B - NCTD Interest	236,382.06	0.03%	236,382.06	100.00%	-	0.00%	1
Money Market - (SANDAG) Grant Receipt 2019 AB Grant Receipts Construction	22,798.83	0.00%	22,798.83	100.00%	-	4.97%	1
Money Market - (SANDAG) Grant Receipt 2019 AB Interest	6,829,938.85	0.75%	6,829,938.85	100.00%	-	4.97%	1
Money Market - (SANDAG) Grant Receipt 2019 AB Principal	322,309.06	0.04%	322,309.06	100.00%	-	4.97%	1
Money Market - (SANDAG) SR 125 2017 Bond Series A	4,060,461.20	0.45%	4,060,461.20	100.00%	-	0.00%	1
Money Market - (SANDAG) SR 125 2017 Bond Series A Interest	4,401,619.14	0.48%	4,401,619.14	100.00%	-	0.00%	1
Money Market - (SANDAG) SR 125 2017 Bond Series A Principal	5,291,869.90	0.58%	5,291,869.90	100.00%	-	0.00%	1
Money Market - (SANDAG) SR 125 2017 Bond Series A Reserve	13,761,006.49	1.51%	13,761,006.49	100.00%	-	0.00%	1
Money Market - (SANDAG) SR 125 FasTrak Customer Prepaid Fund	2,332,048.98	0.26%	2,332,048.98	100.00%	-	0.00%	1
Certificates of Participation - (RTC) North County Transit District	19,100,000.00	2.10%	19,100,000.00	100.00%	-	3.10%	92
Capital Project Retention Accounts	12,885,904.30	1.42%	12,539,001.25	97.31%	(346,903.05)	N/A	1
TOTAL US BANK TRUST	\$ 84,710,727.44	9.31%	\$ 84,363,824.39	99.59%	\$ (346,903.05)	1.60%	22
US BANK:							
INDIVIDUAL PORTFOLIO:							
(RTC) TransNet Extension	\$ 234,501,608.27	25.77%	\$ 225,555,559.42	96.19%	\$ (8,946,048.85)	1.91%	634
TOTAL INDIVIDUAL PORTFOLIO	\$ 234,501,608.27	25.77%	\$ 225,555,559.42	96.19%	\$ (8,946,048.85)	1.91%	634
CASH RESERVE:							
(RTC) TransNet Extension	\$ 222,609.77	0.02%	\$ 222,609.77	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	\$ 222,609.77	0.02%	\$ 222,609.77	100.00%	\$ -	0.00%	1
TOTAL US BANK	\$ 234,724,218.04	25.79%	\$ 225,778,169.19	96.19%	\$ (8,946,048.85)	1.91%	633
SAN DIEGO COUNTY TREASURER'S POOLED MONEY FUND:							
San Diego County Treasurer's Pooled Money Fund - (ARJIS)	\$ 5,847.07	0.00%	\$ 5,847.07	100.00%	\$ -	3.50%	438
San Diego County Treasurer's Pooled Money Fund - (RTC) 2020 Bonds	6,398,175.59	0.70%	6,398,175.59	100.00%	-	3.50%	438
San Diego County Treasurer's Pooled Money Fund - (RTC) 2021 Bonds	12,524.00	0.00%	12,524.00	100.00%	-	3.50%	438
San Diego County Treasurer's Pooled Money Fund - (RTC) TransNet Extension	104,583.14	0.01%	104,583.14	100.00%	-	3.50%	438
San Diego County Treasurer's Pooled Money Fund - (SANDAG) I-15 FasTrak®	1,524,583.82	0.17%	1,524,583.82	100.00%	-	3.50%	438
San Diego County Treasurer's Pooled Money Fund - (SANDAG) SAFE Program	8,213,153.44	0.90%	8,213,153.44	100.00%	-	3.50%	438
San Diego County Treasurer's Pooled Money Fund - (SourcePoint)	187,334.91	0.02%	187,334.91	100.00%	-	3.50%	438
TOTAL SAN DIEGO COUNTY TREASURER'S POOLED MONEY FUND	\$ 16,446,201.97	1.81%	\$ 16,446,201.97	100.00%	\$ -	3.50%	438
JP MORGAN:							
(RTC) JPMorgan Prime Money Market Fund	\$ 20,766,077.58	2.28%	\$ 20,755,989.32	99.95%	\$ (10,088.26)	5.15%	28
(RTC) Morgan Stanley Institutional Liquidity Funds: Prime Portfolio	10,384,538.86	1.14%	10,382,500.59	99.98%	(2,038.27)	5.17%	34
TOTAL JP MORGAN	\$ 31,150,616.44	3.42%	\$ 31,138,489.91	99.96%	\$ (12,126.53)	5.16%	30
CALIFORNIA BANK AND TRUST:							
Capital Project Retention Accounts	\$ 348,568.53	0.04%	\$ 348,568.53	100.00%	\$ -	N/A	1
TOTAL CALIFORNIA BANK AND TRUST	\$ 348,568.53	0.04%	\$ 348,568.53	100.00%	\$ -	N/A	1
PACIFIC WESTERN BANK:							
Capital Project Retention Accounts	\$ 297,556.84	0.03%	\$ 297,556.84	100.00%	\$ -	N/A	1
TOTAL PACIFIC WESTERN BANK	\$ 297,556.84	0.03%	\$ 297,556.84	100.00%	\$ -	N/A	1
PRINCIPAL CUSTODY SOLUTIONS:							
(SANDAG) Section 115 Pension Trust	\$ 12,639,792.84	1.39%	\$ 12,765,841.97	101.00%	\$ 126,049.13	2.42%	1
TOTAL PRINCIPAL CUSTODY SOLUTIONS	\$ 12,639,792.84	1.39%	\$ 12,765,841.97	101.00%	\$ 126,049.13	2.42%	1
TOTAL	\$ 909,975,941.11	100.00%	\$ 902,710,012.52	99.20%	\$ (7,265,928.59)	3.64%	237

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 2023 QUARTER: 4

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
SANDAG Admin	\$2,008,895	\$8,594,704	\$51,385,346	\$193,662	\$51,579,008	\$(2,304,704)	\$(8,594,704)	\$(51,113,149)	\$0	\$0	\$0	\$(51,113,149)
ITOC	\$115,403	\$461,610	\$4,263,498	\$56,125	\$4,319,623	\$0	\$(208,685)	\$(3,886,251)	\$0	\$0	\$0	\$(3,886,251)
Bicycle/Pedestrian/Neighborhood Safety	\$2,008,895	\$8,594,704	\$86,057,565	\$4,061,005	\$90,118,570	\$(5,160,561)	\$(10,453,666)	\$(179,705,733)	\$(1,312,906)	\$(5,224,640)	\$(20,685,706)	\$(200,391,439)
Major Corridor Capital Projects	\$36,598,389	\$156,591,982	\$1,581,245,301	\$(190,324,031)	\$1,390,921,270	\$(17,663,302)	\$(58,305,334)	\$(2,941,552,529)	\$(20,833,798)	\$(84,944,918)	\$(1,238,800,926)	\$(4,180,353,455)
Major Corridor Project EMP	\$4,237,708	\$18,131,703	\$183,091,561	\$152,641,509	\$335,733,070	\$(2,393,385)	\$(15,276,546)	\$(429,162,182)	\$(3,343,041)	\$(13,508,214)	\$(227,615,433)	\$(656,777,615)
Local Project EMP	\$1,733,608	\$7,417,515	\$74,901,093	\$3,620,100	\$78,521,193	\$(775,231)	\$(1,734,673)	\$(14,486,350)	\$0	\$0	\$(54)	\$(14,486,404)
Smart Growth Incentive Program	\$2,022,543	\$8,653,767	\$87,384,609	\$4,275,755	\$91,660,364	\$(753,839)	\$(902,052)	\$(47,629,877)	\$0	\$0	\$0	\$(47,629,877)
Local Streets and Roads												
City of Carlsbad	\$1,150,926	\$4,923,643	\$43,971,891	\$10,183,690	\$54,155,581	\$(286)	\$(427,850)	\$(26,270,795)	\$0	\$0	\$0	\$(26,270,795)
City of Chula Vista	\$2,197,376	\$9,403,536	\$87,307,613	\$5,560,190	\$92,867,803	\$(938,102)	\$(2,915,460)	\$(69,421,584)	\$0	\$0	\$0	\$(69,421,584)
City of Coronado	\$189,778	\$808,934	\$8,794,777	\$1,040,777	\$9,835,554	\$(131,444)	\$(600,189)	\$(6,965,115)	\$0	\$0	\$0	\$(6,965,115)
City of Del Mar	\$64,829	\$274,021	\$3,052,440	\$197,581	\$3,250,021	\$(13)	\$(56)	\$(4,866,041)	\$(33,860)	\$(131,760)	\$(2,157,772)	\$(7,023,813)
City of El Cajon	\$825,483	\$3,530,413	\$35,629,084	\$2,858,332	\$38,487,416	\$(40,667)	\$(163,019)	\$(27,308,435)	\$0	\$0	\$0	\$(27,308,435)
City of Encinitas	\$567,860	\$2,427,517	\$24,714,238	\$4,131,779	\$28,846,017	\$(140)	\$(1,518,741)	\$(26,431,311)	\$0	\$0	\$0	\$(26,431,311)
City of Escondido	\$1,242,106	\$5,313,989	\$53,165,830	\$6,180,183	\$59,346,013	\$(1,330,309)	\$(5,271,303)	\$(45,725,122)	\$0	\$0	\$0	\$(45,725,122)
City of Imperial Beach	\$218,163	\$930,454	\$10,439,417	\$584,450	\$11,023,867	\$(13,007)	\$(433,087)	\$(10,926,658)	\$(82,666)	\$(323,152)	\$(998,698)	\$(11,925,356)
City of La Mesa	\$505,462	\$2,160,390	\$22,874,541	\$3,507,571	\$26,382,112	\$(443,534)	\$(1,310,020)	\$(22,839,185)	\$(125,305)	\$(510,865)	\$(4,605,627)	\$(27,444,812)
City of Lemon Grove	\$227,134	\$968,858	\$10,466,516	\$666,492	\$11,133,008	\$(184,017)	\$(823,985)	\$(9,858,295)	\$0	\$0	\$0	\$(9,858,295)
City of National City	\$470,418	\$2,010,366	\$20,794,993	\$1,623,573	\$22,418,566	\$(114)	\$(8,488)	\$(18,316,295)	\$0	\$0	\$(8,233,109)	\$(26,549,404)
City of Oceanside	\$1,501,966	\$6,426,459	\$67,330,046	\$9,028,487	\$76,358,533	\$(374)	\$(2,976,515)	\$(63,510,930)	\$0	\$(256)	\$(4,915,946)	\$(68,426,876)
City of Poway	\$485,353	\$2,074,301	\$22,089,384	\$1,327,686	\$23,417,070	\$(1,504,209)	\$(1,511,889)	\$(19,765,406)	\$0	\$0	\$0	\$(19,765,406)
City of San Diego	\$11,152,269	\$47,739,788	\$482,321,986	\$28,841,328	\$511,163,314	\$(20,561,705)	\$(46,160,941)	\$(495,127,457)	\$(223,287)	\$(825,292)	\$(1,170,804)	\$(496,298,261)
City of San Marcos	\$765,353	\$3,272,994	\$31,973,164	\$4,060,083	\$36,033,247	\$(189)	\$(11,591)	\$(30,930,914)	\$(227,406)	\$(913,789)	\$(8,175,172)	\$(39,106,086)
City of Santee	\$458,922	\$1,961,150	\$21,128,887	\$1,245,275	\$22,374,162	\$(169,112)	\$(1,086,878)	\$(24,731,034)	\$(194,401)	\$(781,083)	\$(14,031,783)	\$(38,762,817)
City of Solana Beach	\$139,403	\$593,273	\$6,427,900	\$571,478	\$6,999,378	\$(121,603)	\$(159,705)	\$(8,406,338)	\$(79,842)	\$(320,731)	\$(2,902,505)	\$(11,308,843)

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	\$786,691	\$3,364,341	\$33,994,100	\$3,964,870	\$37,958,970	\$(923,599)	\$(1,159,135)	\$(31,932,754)	\$0	\$0	\$0	\$(31,932,754)
San Diego County	\$5,077,173	\$21,732,063	\$224,424,198	\$18,706,080	\$243,130,278	\$(11,987,272)	\$(13,603,854)	\$(166,464,537)	\$(233,596)	\$(979,412)	\$(24,831,057)	\$(191,295,594)
Total Local Streets and Roads	\$28,026,665	\$119,916,490	\$1,210,901,005	\$104,279,905	\$1,315,180,910	\$(38,349,696)	\$(80,142,706)	\$(1,109,798,206)	\$(1,200,363)	\$(4,786,340)	\$(72,022,473)	\$(1,181,820,679)
Transit Services												
MTS	\$10,940,812	\$46,811,992	\$471,918,891	\$795,884	\$472,714,775	\$(15,062,199)	\$(56,027,585)	\$(471,880,904)	\$0	\$0	\$0	\$(471,880,904)
NCTD	\$4,434,123	\$18,972,094	\$192,360,180	\$300,295	\$192,660,475	\$(4,626,104)	\$(17,729,663)	\$(189,367,179)	\$(16,706)	\$(74,131)	\$(1,787,614)	\$(191,154,793)
Senior Grant Program	\$516,471	\$2,209,801	\$22,314,284	\$216,845	\$22,531,129	\$(624,466)	\$(1,574,707)	\$(20,855,554)	\$0	\$0	\$0	\$(20,855,554)
Total Transit Services	\$15,891,406	\$67,993,887	\$686,593,355	\$1,313,024	\$687,906,379	\$(20,312,769)	\$(75,331,955)	\$(682,103,637)	\$(16,706)	\$(74,131)	\$(1,787,614)	\$(683,891,251)
New Major Corridor Transit Operations	\$7,801,235	\$33,378,817	\$337,054,920	\$19,465,777	\$356,520,697	\$(5,023,754)	\$(36,873,215)	\$(212,487,674)	\$0	\$0	\$0	\$(212,487,674)
TOTAL TRANSNET EXTENSION	\$100,444,747	\$429,735,179	\$4,302,878,253	\$99,582,831	\$4,402,461,084	\$(92,737,241)	\$(287,823,536)	\$(5,671,925,588)	\$(26,706,814)	\$(108,538,243)	\$(1,560,912,206)	\$(7,232,837,794)

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	\$(148,000)	\$(1,603,000)
City of San Diego	\$0	\$(26,167,000)
City of La Mesa	\$0	\$(4,500,000)
City of Oceanside	\$0	\$(4,790,000)
City of Del Mar	\$0	\$(704,000)
Major Corridor Capital Projects	\$0	\$(99,999,679)
Major Corridor Project EMP	\$0	\$(16,052,321)
Total CP Disbursements		\$(196,266,000)

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	\$(20,450,000)	\$0	\$1,350,000	\$(19,100,000)
City of La Mesa	\$(917,000)	\$0	\$500,000	\$(417,000)
City of Oceanside	\$(1,296,000)	\$0	\$1,296,000	\$0
City of Imperial Beach	\$(1,046,000)	\$0	\$149,000	\$(897,000)
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	\$(49,876,000)			\$(46,581,000)
CP AVAILABLE FOR ISSUANCE	\$50,124,000			\$53,419,000

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	\$187,033,697	\$1,311,515	\$10,465,921	\$197,499,618
Local Project EMP	\$(35,193,793)	\$(1,311,515)	\$(10,465,921)	\$(45,659,714)
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	\$74,944,726	\$2,345,764	\$10,278,247	\$85,222,973
TOTAL TRANSNET EXTENSION	\$74,944,726	\$2,345,764	\$10,278,247	\$85,222,973

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	\$119,909,821	\$0	\$11,234,155	\$131,143,976
<i>Total 2021 B Bond Disbursement</i>	\$119,909,821	\$0	\$11,234,155	\$131,143,976

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. All project funds as of March 31, 2023 have been expended.