



Item 3

San Diego County Regional Airport Authority

Investment Report As of May 31, 2011

Presented by:

Vernon D. Evans, CPA

Vice-President-Finance/Treasurer and CFO

June 27, 2011



This report is prepared for the San Diego County Regional Airport Authority (the "Authority") in accordance with California Government Code Section 53646, which states that “the treasurer or chief fiscal officer may render a quarterly report to the chief executive officer, the internal auditor, and the legislative body of the local agency within 30 days following the end of the quarter covered by the report.”

The investment report and investment portfolio are in compliance with California Government Code Section 53646 and the Authority's approved Investment Policy. All investment transactions made in the Authority's portfolio during this period were made on behalf of the Authority. Sufficient liquidity and anticipated revenue are available to meet expenditure requirements for the next six months.

Vernon D. Evans
Chief Financial Officer/Treasurer
San Diego County Regional Airport Authority

Total Portfolio Summary

	Current Period May 31, 2011	Prior Period April 30, 2011	Change From Prior
Book Value	\$242,099,000	\$235,342,000	\$6,757,000 ⁽¹⁾
Market Value	\$242,135,000	\$235,507,000	\$6,628,000
Market Value%	100.01%	100.09%	(0.08%)
Unrealized Gain / (Loss)	\$36,000	\$165,000	(\$129,000)
Weighted Average Maturity (Days)	289 days	333 days	(44)
Weighted Average Yield as of Period End	0.90%	0.99%	(0.09%)
Cash Interest Received- Current Month	\$94,000	\$192,000	(\$98,000)
Cash Interest Received-Year-to-Date	\$2,001,000	\$1,907,000	\$94,000
Accrued Interest	\$390,000	\$333,000	\$57,000

Notes:

(1) Increase in cash balance was predominantly due to receipt of grant & bond reimbursement that exceeded capital expenditures

Portfolio Composition by Security Type



Portfolio Composition by Credit Rating



Portfolio Composition by Maturity Distribution⁽¹⁾



Benchmark Comparison



San Diego County Regional Airport Authority
DETAIL OF SECURITY HOLDINGS
As of May 31, 2011

Settlement Date	Security Description	Coupon	Maturity Date	Next Call Date	Par Value	Purchase Price	Book Value	Market Price	Market Value	Days to Maturity	Yield to Maturity
12/06/10	FNMA	0.750	12/06/12	06/06/11	4,000,000.00	99.990	3,999,600.00	100.004	4,000,160.00	555	0.755
12/21/10	FNMA	0.900	12/21/12	06/21/11	2,500,000.00	100.000	2,500,000.00	100.026	2,500,650.00	570	0.900
06/28/10	FNMA	2.000	06/24/13	06/24/11	2,000,000.00	100.980	2,019,600.00	100.093	2,001,860.00	755	1.662
07/08/10	FHLMC	1.000	07/08/13	07/08/11	4,000,000.00	100.199	4,007,960.00	100.049	4,001,960.00	769	1.758
08/26/10	FNMA	0.550	08/26/13	08/26/11	3,000,000.00	100.000	3,000,000.00	100.023	3,000,690.00	818	1.509
09/17/10	FHLMC	0.875	09/17/13	06/17/11	3,000,000.00	99.950	2,998,500.00	100.014	3,000,420.00	840	1.405
09/23/10	FHLMC	1.125	09/23/13	06/23/11	4,350,000.00	99.990	4,349,565.00	100.050	4,352,175.00	846	1.128
07/28/10	FNMA	1.550	07/28/15	07/28/11	2,500,000.00	99.880	2,497,000.00	100.246	2,506,150.00	1519	2.280
12/16/10	FHLB	1.000	12/16/15	06/16/11	2,500,000.00	100.000	2,500,000.00	100.046	2,501,150.00	1660	2.942
01/07/11	FNMA	1.000	12/28/12	06/28/11	3,600,700.00	100.000	3,600,000.00	100.026	3,601,620.00	577	1.000
01/07/11	FNMA	1.000	01/07/13	07/07/11	3,000,000.00	99.970	2,999,100.00	100.060	3,001,800.00	587	1.015
01/27/11	FNMA	0.750	01/27/14	01/27/12	5,000,000.00	99.950	4,997,500.00	100.088	5,004,400.00	972	1.597
01/28/11	FNMA	1.250	01/28/16	07/28/11	3,500,000.00	100.000	3,500,000.00	100.178	3,506,230.00	1703	3.187
03/28/11	FFCB	0.850	06/24/13	06/24/11	4,000,000.00	99.750	3,990,000.00	100.042	4,001,680.00	755	0.963
03/29/11	FHLB	1.125	12/29/15	06/29/11	3,000,000.00	99.800	2,994,000.00	100.088	3,002,640.00	1673	3.297
04/27/11	FNMA	1.000	04/27/15	10/27/11	3,000,000.00	100.000	3,000,000.00	100.356	3,010,680.00	1427	2.469
04/27/11	FHLB	1.000	06/30/15	06/30/11	2,152,429.50	100.038	2,150,817.00	99.943	2,151,204.00	1491	2.966
03/30/11	FHLB	1.250	03/30/16	06/30/11	2,000,000.00	99.750	1,995,000.00	100.104	2,002,080.00	1765	3.154
05/26/11	FHLB	1.250	05/26/16	08/26/11	1,500,000.00	99.825	1,497,375.00	100.150	1,502,250.00	1822	2.458
03/07/11	FNMA	2.500	03/07/14	09/07/11	3,000,000.00	100.950	3,028,500.00	100.479	3,014,370.00	1011	2.171
Agency Total					61,603,129.50		61,624,517.00		61,664,169.00	1044	1.821
02/10/11	Neighborhood Nat'l Bk CD	1.150	02/09/12		4,883,333.47	100.000	4,883,333.47	100.000	4,883,333.47	254	1.138
03/22/11	Union Bank CD	0.200	06/20/11		4,000,000.00	100.000	4,000,000.00	100.000	4,000,000.00	20	0.200
06/16/10	East West Bk CDARS	1.090	06/16/11		252,166.91	100.000	252,166.91	100.000	252,166.91	16	1.055
06/17/10	East West Bk CDARS	1.100	06/16/11		6,750,000.00	100.000	6,750,000.00	100.000	6,750,000.00	16	1.103
CD's Total					15,885,500.38		15,885,500.38		15,885,500.38	90	0.886

San Diego County Regional Airport Authority
DETAIL OF SECURITY HOLDINGS
As of May 31, 2011

Settlement Date	Security Description	Coupon	Maturity Date	Next Call Date	Par Value	Purchase Price	Book Value	Market Price	Market Value	Days to Maturity	Yield to Maturity
04/27/11	FCAR Owner Trust CP	0.530	01/20/12		3,500,000.00	99.605	3,486,190.56	99.670	3,488,450.00	234	0.532
Commercial Paper Total					3,500,000.00		3,486,190.56		3,488,450.00	234	0.532
09/27/10	U.S. Treasury	1.000	12/31/11		4,033,593.75	100.840	4,033,593.72	99.659	4,019,840.00	214	0.330
09/30/10	U.S. Treasury	0.875	12/31/11		4,028,906.25	100.723	4,028,906.24	99.759	4,019,200.00	214	0.332
03/29/11	U.S. Treasury	0.375	10/31/12		3,000,000.00	99.740	2,992,148.44	100.109	3,003,270.00	519	0.541
Government Total					11,062,500.00		11,054,648.40		11,042,310.00	297	0.388
	US Bank General Acct				17,501,557.36	100.000	17,501,557.36	100.000	17,501,557.36	1	0.350
US Bank Accounts Total					17,501,557.36		17,501,557.36		17,501,557.36	1	0.350
	Highmark US Govt MMF				18,437.64	100.000	18,437.64	100.000	18,437.64	1	0.010
Highmark Money Market Total					18,437.64		18,437.64		18,437.64	1	0.010
	Local Agency Invstmnt Fd				47,057,659.67	100.000	47,057,659.67	100.246	47,173,637.87	1	0.588
	San Diego County Inv Pool				49,050,975.10	100.000	49,050,975.10	99.777	48,941,834.87	1	0.647
	Bank of the West				6,211,953.46	100.000	6,211,953.46	100.000	6,211,953.46	1	0.450
	East West Bank				10,814,215.33	100.000	10,814,215.33	100.000	10,814,215.33	1	0.600
	East West Bank				19,392,938.03	100.000	19,392,938.03	100.000	19,392,938.03	1	0.600
	East West Bank Total				30,207,153.36		30,207,153.36	100.000	30,207,153.36	1	0.600
Grand Total					\$ 242,098,866	100.03	\$ 242,098,593	100.01	\$ 242,135,004	289	0.904

San Diego County Regional Airport Authority
Consolidated Investments
INVESTMENT TRANSACTIONS
From 05-01-11 To 05-31-11

Settle Date	Security Description	Security Type	CUSIP	Coupon	Mature Date	Call Date	Unit Price	Amount
PURCHASES								
05/26/11	FHLB	AGCY STEP	313373TM4	1.250	05/26/16	08/26/11	99.825	1,500,000.00
								\$ 1,500,000
CALLS								
02/25/11	FHLB	AGCY STEP	313372LA0	1.125	02/25/16	05/25/11	99.800	3,000,000.00
02/11/11	FHLMC	AGCY STEP	3134G1Y73	1.000	02/11/14	05/11/11	100.000	3,000,000.00
								\$ 6,000,000
MATURITIES								
06/01/07	FNMA	AGCY BULET	31359MJH7	6.000	05/15/11		103.106	1,630,000.00
11/01/10	FCAR Owner Trust CP	CP - DISC	3024A1S20	0.451	05/02/11		99.775	1,500,000.00
								\$ 3,130,000
Deposits								
								\$ -
Withdrawals								
								\$ -

Bond Proceeds Summary

As of: May 31, 2011

(in thousands)

Fund	Series A	Series B	Series C	Total	Yield	Rating
<u>Project Fund</u>						
LAIF*	\$ 57,852	\$ -	\$ 50,311	\$ 108,163	0.59%	N/R
SDCIP*	114,460	-	84,038	198,498	0.65%	AAAf
	172,312	-	134,349	306,661		
<u>Capitalized Interest</u>						
CAMP	6	-	4	10	0.13%	AAAm
SDCIP*	19,037	-	13,104	32,141	0.65%	AAAf
	19,043	-	13,108	32,151		
<u>Debt Service Reserve Fund</u>						
CAMP	9	-	5	14	0.13%	AAAm
FNMA Global Notes	10,014	-	5,007	15,021	0.66%	AAA
East West Bank CD	13,042	-	7,020	20,062	1.14%	
Bank of the West DDA	9,637	-	6,328	15,965	0.45%	
	32,702	-	18,360	51,062		
	\$ 224,057	\$ -	\$ 165,817	\$ 389,874	0.65%	

*Bond proceeds are not included in deposit limits as applied to operating funds

CAMP Yield as of 5/31/2011

LAIF Yield as of 4/30/2011

SDCIP Yield as of 4/30/2011

San Diego County Regional Airport Authority

Bond Proceeds Investments

INVESTMENT TRANSACTIONS

From 05-01-11 To 05-31-11

Settle Date	Security Description	Security Type	CUSIP	Coupon	Mature Date	Call Date	Unit Price	Amount
PURCHASES								
							\$	-
CALLS								
							\$	-
MATURITIES								
							\$	-
Deposits								
							\$	-
Withdrawals								
5/13/2011	Local Agency Investment Fund	LAIF		0.59			100.000	5,689,000
5/13/2011	California Asset Management Program	CAMP		0.13			100.000	1,286
							\$	5,690,286

Questions



Item 3

San Diego County Regional Airport Authority

Analysis of CalTrust Funds as Potential Investment Options for Authority Funds

Presented by:

Vernon D. Evans, CPA

Vice President-Finance/Treasurer and CFO



Analysis of CalTrust Funds for Investment

- CalTrust is a Joint Powers Authority established for the purpose of pooling and investing local agency funds.
- A Board of Trustees made up of experienced investment officers and policy-makers administers the investment program.



CalTrust Heritage Money Market Fund

Analysis

The CalTrust Heritage Money Market Fund has \$50 billion in assets and has attained the highest credit rating (AAA/Aaa) by two of the three largest nationally recognized rating services. Therefore, CalTrust is an allowable investment under section 6(m) of the Authority's Investment Policy.

- The Authority's current money market fund (HighMark) is a sweep account currently tied to our Union Bank custodial account and cannot be replaced with the CalTrust Heritage Money Market Fund.
- Another use of the CalTrust Heritage Money Market Fund could be as a possible alternative for the Authority's demand deposit accounts.
- The Fund typically yields 16 BP compared to our collateralized demand deposits that yield 45 – 60 BP.

CalTrust Heritage Money Market Fund

Recommendation

- Finance does not recommend investing in the Heritage Money Market Account at this time.



CalTrust Heritage Short-Term Fund

Analysis

The CalTrust Short-Term Fund was formed in 2005. The Fund has \$397 million in assets and has attained a credit rating of Aaf/S1+.

- As of April 2011, the Fund is primarily composed of:
 - Agencies (51%)
 - US Corporate Securities (29%)
 - Municipals (7%)
 - Pass-through mortgage-backed securities (7%)
 - Commercial paper (4%)
- Possible alternative to the Local Agency Investment Fund (LAIF) and the San Diego County Investment Pool (SDCIP).
- Over an 11 month history, the Fund averages a yield that is approximately 9 BP higher than LAIF but 13 BP lower than SDCIP.

CalTrust Heritage Short-Term Fund

Analysis

- The Short-Term Fund, at \$397 million in assets, is significantly smaller than LAIF's \$24 billion fund and SDCIP's \$7 billion fund.
- The Fund is a variable net asset value investment. This means that there is principle risk should the net-asset-value per share decline.
- CalTrust's investment policy is less restrictive than the Authority's in several instances. A few examples are:
 - The Authority allows 15% of the portfolio to be comprised of Medium Term Notes while CalTrust allows 30%
 - The Authority requires an A+ rating for Repurchase Agreements. CalTrust does not have a rating requirement.

CalTrust Heritage Short-Term Fund

Summary of Pros & Cons

- **Pros**

- Approximately 9 BP yield advantage over LAIF
- Similar liquidity to our existing pools (1 day liquidity)
- Provides diversification to our existing pool holdings

- **Cons**

- The Short-Term Fund, at \$397 million, is much smaller than the Authority Investment Policy's \$1 Billion asset requirement for LGIPs
- The Fund's Aaf/S1+ credit rating is less than the Authority Investment Policy's AAA requirement for LGIPs
- As a net asset value fund, should interest rates rise, the price-per-share of the fund would fall. There is some risk to the principle investment should the price-per-share decline.
- To be eligible for investment, the Fund will need to be designated as a specific authorized investment in the Authority's Investment Policy.

CalTrust Heritage Short-Term Fund

Recommendation

- The CalTrust Short-Term Fund has been reviewed by First Southwest Asset Management, the Authority's investment advisor. In their recommendation to the Authority, they state that the Fund is relatively low risk but that they would prefer to monitor the fund and wait until a future date to place an investment.



Questions

