

San Diego County Regional Airport Authority

Review of the Authority's Investment Report As of August 31, 2012



Presented by:
Vernon D. Evans, CPA
Vice President, Finance / Treasurer & CFO
Scott Brickner, CPA
Director, Financial Planning and Budget
September 24, 2012



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.

A handwritten signature in black ink that reads "Vernon D. Evans". The signature is written in a cursive style and is positioned above a horizontal line.

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



Total Portfolio Summary



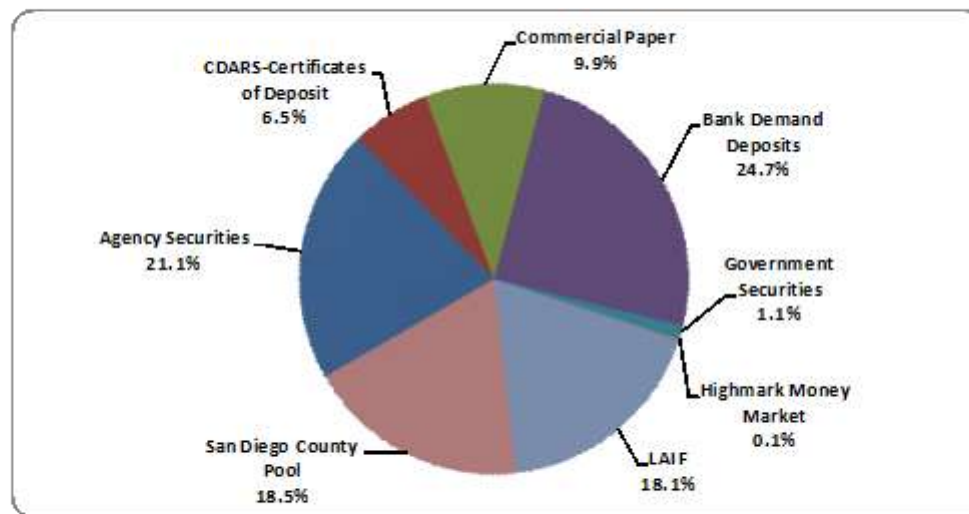
| | Current Period August 31, 2012 | Prior Period July 31, 2012 | Change From Prior |
|---|-----------------------------------|-------------------------------|----------------------|
| Book Value | \$261,411,000 | \$260,918,000 | \$493,000 |
| Market Value | \$261,731,000 | \$261,160,000 | \$571,000 |
| Market Value% | 100.14% | 100.11% | 0.03% |
| Unrealized Gain / (Loss) | \$320,000 | \$242,000 | \$78,000 |
| Weighted Average Maturity (Days) | 296 days | 309 days | (13) |
| Weighted Average Yield as of Period End | 0.58% | 0.58% | 0.00% |
| Cash Interest Received-Year-to-Date | \$242,000 | \$169,000 | \$73,000 |
| Accrued Interest | \$213,000 | \$166,000 | \$47,000 |



Portfolio Composition by Security Type



| | August 31, 2012 | | July 31, 2012 | | Permitted by Policy |
|-------------------------------|-----------------------|----------------------|-----------------------|----------------------|-----------------------------|
| | Market Value | Percent of Portfolio | Market Value | Percent of Portfolio | |
| Agency Securities | \$ 55,272,000 | 21.1% | \$ 55,277,000 | 21.3% | 100% |
| CDARS-Certificates of Deposit | 17,006,000 | 6.5% | 17,003,000 | 6.5% | 30% |
| Commercial Paper | 25,957,000 | 9.9% | 25,929,000 | 9.9% | 25% |
| Bank Demand Deposits | 64,597,000 | 24.7% | 60,355,000 | 23.1% | 100% |
| Government Securities | 3,001,000 | 1.1% | 3,002,000 | 1.1% | 100% |
| Highmark Money Market | 134,000 | 0.1% | 3,857,000 | 1.5% | 20% |
| LAI | 47,372,000 | 18.1% | 47,348,000 | 18.1% | \$50 million ^[1] |
| San Diego County Pool | 48,392,000 | 18.5% | 48,359,000 | 18.5% | \$50 million ^[2] |
| Total: | \$ 261,731,000 | 100.0% | \$ 261,169,000 | 100.0% | |



Notes:

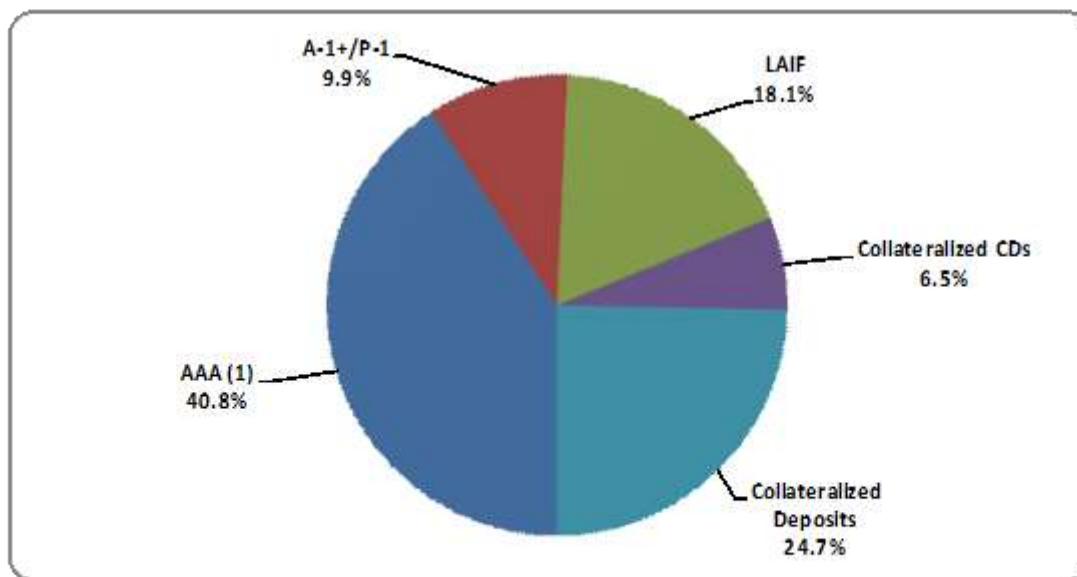
- 1.) The \$50 million limit on LAIF is a non-statutory LAIF internal limit. It does not apply to bond proceeds.
- 2.) The San Diego County Investment Pool mirrors the LAIF internal limit and does not apply to bond proceeds.



Portfolio Composition by Credit Rating



| | August 31, 2012 | | July 31, 2012 | |
|-------------------------|-----------------------|----------------------|-----------------------|----------------------|
| | Market Value | Percent of Portfolio | Market Value | Percent of Portfolio |
| AAA ⁽¹⁾ | \$ 106,799,000 | 40.8% | \$ 110,525,000 | 42.4% |
| A-1+/P-1 | 25,957,000 | 9.9% | 25,929,000 | 9.9% |
| LAIF | 47,372,000 | 18.1% | 47,348,000 | 18.1% |
| Collateralized CDs | 17,006,000 | 6.5% | 17,003,000 | 6.5% |
| Collateralized Deposits | 64,597,000 | 24.7% | 60,355,000 | 23.1% |
| Total: | \$ 261,731,000 | 100.0% | \$ 261,160,000 | 100.0% |



Notes

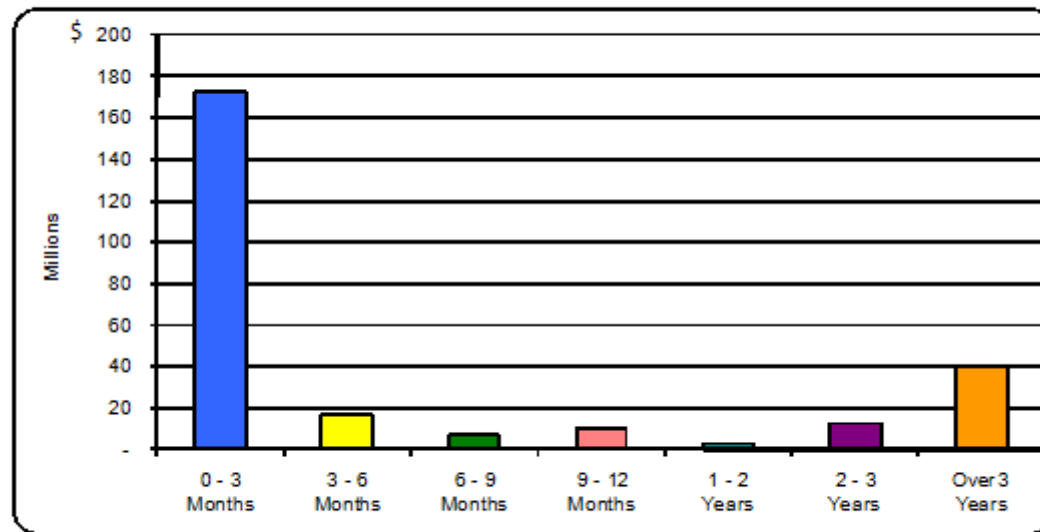
1.) Includes investments that have split ratings between S&P (AA+), Moodys (AAA) and Fitch (AAA)



Portfolio Composition by Maturity Distribution⁽¹⁾



| | August 31, 2012 | | July 31, 2012 | |
|----------------------|-----------------------|----------------------|-----------------------|----------------------|
| | Market Value | Percent of Portfolio | Market Value | Percent of Portfolio |
| 0 - 3 Months | \$ 172,993,000 | 66.0% | \$ 166,445,000 | 63.6% |
| 3 - 6 Months | 16,425,000 | 6.3% | 17,462,000 | 6.7% |
| 6 - 9 Months | 6,981,000 | 2.7% | 11,915,000 | 4.6% |
| 9 - 12 Months | 10,060,000 | 3.8% | 10,060,000 | 3.9% |
| 1 - 2 Years | 3,014,000 | 1.2% | 3,013,000 | 1.2% |
| 2 - 3 Years | 12,580,000 | 4.8% | 12,583,000 | 4.8% |
| Over 3 Years | 39,678,000 | 15.2% | 39,682,000 | 15.2% |
| Total: | \$ 261,731,000 | 100.0% | \$ 261,168,000 | 100.0% |

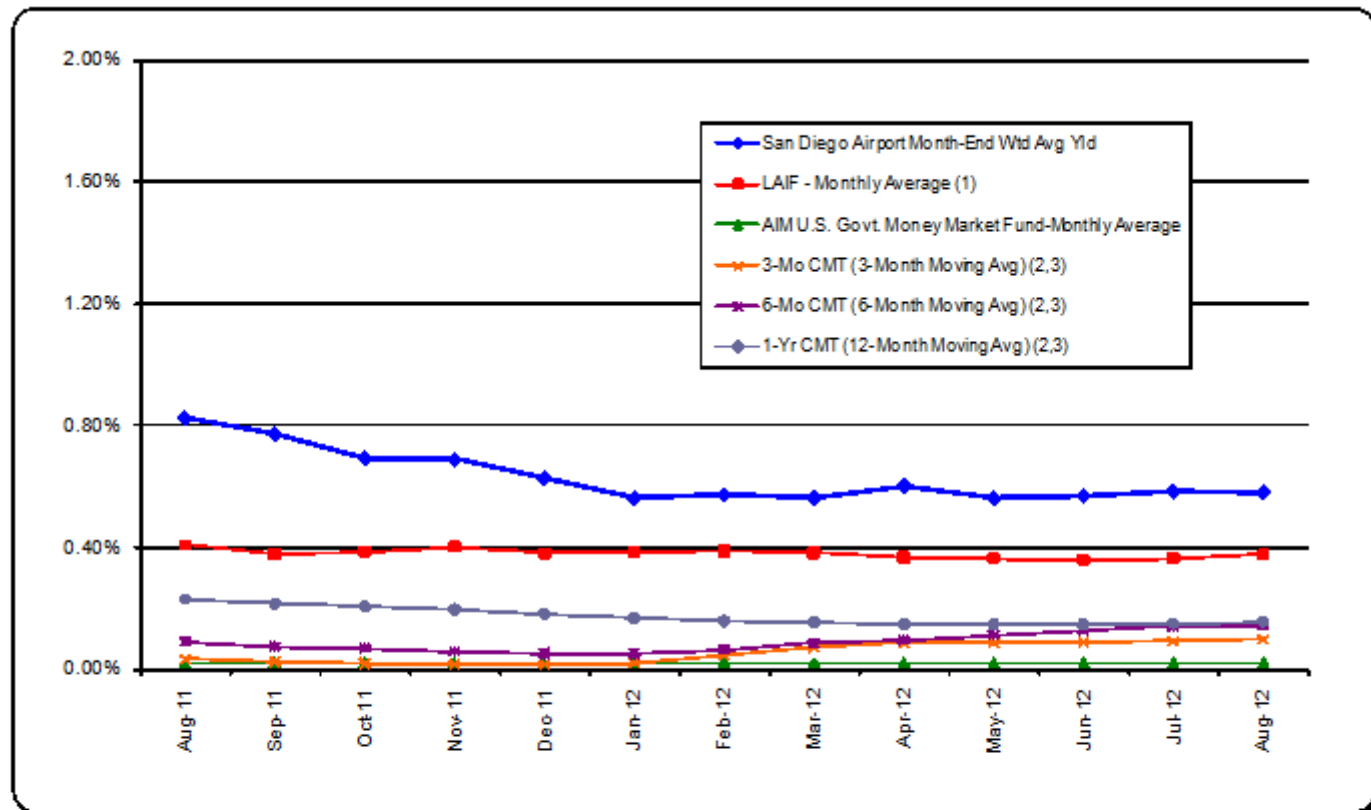


Notes:

1) The 0-3 Month category includes investments held in the LAF and the San Diego County Investment Pool



Benchmark Comparison



Notes:

- 1) Benchmark data for LAIF is the average monthly effective yield.
- 2) CMT stands for Constant Maturity Treasury. This data is published in Federal Reserve Statistical Release H.15 and represents an average of all actively traded Treasury securities having that time remaining until maturity. This is a standard industry benchmark for Treasury securities.
- 3) The CMT benchmarks are moving averages. The 3-month CMT is the daily average for the previous 3 months, the 6-month CMT is the daily average for the previous 6 months, and the 1-year CMT is the daily average for the previous 12 months.



Detail of Security Holdings

As of August 31, 2012



| 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 |
|-----------------|--------------------------|--------|---------------|----------------|------------|----------------|------------|--------------|--------------|------------------|-------------------|
| 03/26/12 | FHLMC | 0.625 | 12/23/13 | 12/23/13 | 3,000,000 | 100.335 | 3,010,050 | 100.468 | 3,014,040 | 479 | 0.432 |
| 03/30/12 | FNMA | 1500 | 09/08/14 | 09/08/14 | 3,000,000 | 102.390 | 3,071,700 | 102.114 | 3,063,420 | 738 | 0.513 |
| 01/09/12 | FHLMC | 0.850 | 01/09/15 | 01/09/13 | 3,000,000 | 100.000 | 3,000,000 | 100.176 | 3,005,280 | 861 | 0.850 |
| 02/13/12 | FHLMC | 0.700 | 02/13/15 | 02/13/13 | 2,500,000 | 100.000 | 2,500,000 | 100.191 | 2,504,775 | 896 | 0.700 |
| 04/30/12 | FNMA | 0.700 | 04/30/15 | 04/30/13 | 4,000,000 | 100.000 | 4,000,000 | 100.164 | 4,006,560 | 972 | 0.700 |
| 12/28/11 | FNMA | 0.750 | 12/28/15 | 12/28/12 | 5,000,000 | 99.970 | 4,998,500 | 100.062 | 5,003,100 | 1214 | 1.498 |
| 02/10/12 | FHLMC | 1.000 | 02/10/16 | 02/10/14 | 3,000,000 | 100.475 | 3,014,250 | 100.784 | 3,023,520 | 1258 | 0.879 |
| 02/24/12 | FNMA | 0.800 | 02/24/16 | 02/24/14 | 3,000,000 | 99.785 | 2,993,550 | 100.583 | 3,017,490 | 1272 | 0.855 |
| 03/21/12 | FNMA | 0.625 | 03/21/16 | 09/21/12 | 3,000,000 | 100.000 | 3,000,000 | 100.012 | 3,000,360 | 1298 | 1.304 |
| 01/11/12 | FHLMC | 1500 | 09/21/16 | 09/21/12 | 3,000,000 | 100.345 | 3,010,341 | 100.054 | 3,001,620 | 1482 | 1.424 |
| 10/26/11 | FNMA | 1375 | 10/26/16 | 10/26/12 | 3,000,000 | 100.000 | 3,000,000 | 100.189 | 3,005,670 | 1517 | 1.689 |
| 01/18/12 | FNMA | 0.700 | 01/18/17 | 07/18/13 | 4,000,000 | 100.000 | 4,000,000 | 100.448 | 4,017,920 | 1601 | 1.599 |
| 01/27/12 | FHLMC | 2.250 | 01/23/17 | 01/23/14 | 2,500,000 | 102.885 | 2,572,125 | 102.812 | 2,570,300 | 1606 | 1.645 |
| 02/06/12 | FNMA | 0.750 | 02/06/17 | 02/06/13 | 3,000,000 | 99.900 | 2,997,000 | 100.252 | 3,007,560 | 1620 | 1.700 |
| 04/17/12 | FNMA | 1550 | 04/17/17 | 10/17/12 | 4,000,000 | 99.950 | 3,998,000 | 100.164 | 4,006,560 | 1690 | 1.560 |
| 05/09/12 | FNMA | 1.000 | 05/09/16 | 05/09/13 | 4,000,000 | 99.990 | 3,999,600 | 100.442 | 4,017,680 | 1347 | 1.003 |
| 07/26/12 | FNMA | 0.750 | 07/26/17 | 07/26/13 | 2,000,000 | 99.875 | 1,997,500 | 100.292 | 2,005,840 | 1790 | 1.220 |
| Agency Total | | | | | 55,000,000 | | 55,162,616 | | 55,271,695 | 1271 | 1.167 |
| 02/09/12 | Neighborhood Nat'l Bk CD | 0.850 | 02/07/13 | | 4,945,970 | 100.000 | 4,945,970 | 100.000 | 4,945,970 | 160 | 0.850 |
| 02/27/12 | Union Bank CD | 0.200 | 02/27/13 | | 2,000,000 | 100.000 | 2,000,000 | 100.000 | 2,000,000 | 160 | 0.200 |
| 06/28/12 | East West Bk CD | 0.750 | 07/02/13 | | 10,060,310 | 100.000 | 10,060,310 | 100.000 | 10,060,310 | 305 | 0.750 |
| CD's Total | | | | | 17,006,281 | | 17,006,281 | | 17,006,281 | 248 | 0.714 |



Detail of Security Holdings

As of August 31, 2012



| 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 |
|-----------------------------|---------------------------|--------|---------------|----------------|----------------|----------------|----------------|--------------|----------------|------------------|-------------------|
| 12/19/11 | Toyota Motor Credit CP | 0.760 | 09/14/12 | | 3,000,000 | 99.430 | 2,982,900 | 99.994 | 2,999,820 | 14 | 0.764 |
| 06/05/12 | Toyota Motor Credit CP | 0.600 | 03/01/13 | | 3,000,000 | 99.361 | 2,986,550 | 99.669 | 2,990,070 | 182 | 0.603 |
| 06/27/12 | Toyota Motor Credit CP | 0.530 | 03/22/13 | | 2,000,000 | 99.520 | 1,992,109 | 99.563 | 1,991,260 | 203 | 0.532 |
| 01/20/12 | FCAR Owner Trust CP | 0.650 | 10/16/12 | | 3,500,000 | 99.513 | 3,482,938 | 99.969 | 3,498,915 | 46 | 0.653 |
| 02/16/12 | FCAR Owner Trust CP | 0.620 | 11/09/12 | | 3,000,000 | 99.540 | 2,986,205 | 99.934 | 2,998,020 | 70 | 0.620 |
| 03/30/12 | Toyota Motor Credit CP | 0.552 | 12/24/12 | | 3,000,000 | 99.589 | 2,987,671 | 99.864 | 2,995,920 | 115 | 0.552 |
| 04/13/12 | FCAR Owner Trust CP | 0.600 | 01/08/13 | | 5,000,000 | 99.550 | 4,977,500 | 99.808 | 4,990,400 | 130 | 0.600 |
| 05/22/12 | FCAR Owner Trust CP | 0.570 | 01/17/13 | | 3,500,000 | 99.620 | 3,486,700 | 99.794 | 3,492,790 | 139 | 0.570 |
| Commercial Paper Total | | | | | 26,000,000 | | 25,882,572 | | 25,957,195 | 110 | 0.614 |
| 03/29/11 | U.S. Treasury | 0.375 | 10/31/12 | | 3,000,000 | 99.740 | 2,992,148 | 100.039 | 3,001,170 | 61 | 0.541 |
| Government Total | | | | | 3,000,000 | | 2,992,148 | | 3,001,170 | 61 | 0.541 |
| | US Bank General Acct | | | | 17,265,022 | 100.000 | 17,265,022 | 100.000 | 17,265,022 | 1 | 0.035 |
| US Bank Accounts Total | | | | | 17,265,022 | | 17,265,022 | | 17,265,022 | 1 | 0.035 |
| | Highmark US Govt MMF | | | | 133,836 | 100.000 | 133,836 | 100.000 | 133,836 | 1 | 0.000 |
| Highmark Money Market Total | | | | | 133,836 | | 133,836 | | 133,836 | 1 | 0.000 |
| | Local Agency Invstmnt Fd | | | | 47,290,270 | 100.000 | 47,290,270 | 100.174 | 47,372,320 | 1 | 0.377 |
| | San Diego County Inv Pool | | | | 48,346,275 | 100.000 | 48,346,275 | 100.094 | 48,391,614 | 1 | 0.470 |
| | Bank of the West | | | | 16,258,036 | 100.000 | 16,258,036 | 100.000 | 16,258,036 | 1 | 0.350 |
| | East West Bank | | | | 102,675 | 100.000 | 102,675 | 100.000 | 102,675 | 1 | 0.350 |
| | East West Bank | | | | 30,966,045 | 100.000 | 30,966,045 | 100.000 | 30,966,045 | 1 | 0.350 |
| East West Bank Total | | | | | 31,068,720 | | 31,068,720 | 100.000 | 31,068,720 | 1 | 0.350 |
| | Union Bk Cash | | | | 5,113.25 | 100.000 | 5,113.25 | 100.000 | 5,113.25 | 1 | 0.000 |
| Grand Total | | | | | \$ 261,373,554 | 100.01 | \$ 261,410,890 | 100.14 | \$ 261,731,002 | 296 | 0.580 |



Portfolio Investment Transactions

From August 1st, 2012 – August 31st, 2012



| Settle Date | Security Description | Security Type | CUSIP | Coupon | Mature Date | Call Date | Unit Price | Amount |
|--------------------|----------------------|---------------|-------|--------|-------------|-----------|------------|--------|
| PURCHASES | | | | | | | | |
| | | | | | | | | \$ - |
| CALLS | | | | | | | | |
| | | | | | | | | \$ - |
| MATURITIES | | | | | | | | |
| | | | | | | | | \$ - |
| Deposits | | | | | | | | |
| | | | | | | | | \$ - |
| Withdrawals | | | | | | | | |
| | | | | | | | | \$ - |



Bond Proceeds Summary



As of: August 31, 2012

(in thousands)

| Fund | Series A/B | Series C | Total | Yield | Rating |
|---|------------|-----------|------------|-------|--------|
| <u>Project Fund</u> | | | | | |
| SDCIP ⁽¹⁾ | \$ 26,561 | \$ 50,294 | \$ 76,855 | 0.47% | AAAf |
| | 26,561 | 50,294 | 76,855 | | |
| <u>Capitalized Interest</u> | | | | | |
| SDCIP ⁽¹⁾ | 519 | 376 | 895 | 0.47% | AAAf |
| JP Morgan Federal MM Reserve | 6 | 4 | 10 | 0.00% | AAAm |
| | 525 | 380 | 905 | | |
| <u>Debt Service Reserve Fund</u> | | | | | |
| East West Bank CD | 13,203 | 7,106 | 20,309 | 0.75% | |
| Bank of the West DDA | 9,691 | 6,364 | 16,055 | 0.45% | |
| SDCIP ⁽¹⁾ | 9,811 | 4,809 | 14,620 | 0.47% | AAAf |
| JP Morgan Federal MM Reserve | 0 | 0 | 0 | 0.00% | AAAm |
| | 32,705 | 18,279 | 50,984 | | |
| | \$ 59,791 | \$ 68,953 | \$ 128,744 | 0.51% | |

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

(1) SDCIP Yield as of 07/31/2012



Bond Proceeds Investment Transactions

From August 1st, 2012 – August 31st, 2012



| Settle Date | Security Description | Security Type | CUSIP | Coupon | Mature Date | Call Date | Unit Price | Amount |
|--------------------|----------------------------------|---------------|-------|--------|-------------|-----------|------------|------------|
| PURCHASES | | | | | | | | |
| | | | | | | | \$ | - |
| CALLS | | | | | | | | |
| | | | | | | | \$ | - |
| MATURITIES | | | | | | | | |
| | | | | | | | \$ | - |
| Deposits | | | | | | | | |
| | | | | | | | \$ | - |
| Withdrawals | | | | | | | | |
| 8/13/2012 | San Diego County Investment Pool | SDCIP | | | | | | 20,260,630 |
| | | | | | | | \$ | 20,260,630 |



Questions

