

Subject	Monthly Investment Report for May 2008
Summary of Issues	The Authority's Investment Policy requires that a monthly report of investment transactions be prepared and submitted to the Executive Director, APC, and the Authority Board. This monthly report covers transactions for May 2008.
Recommendations	N/A.
Financial Implications	A summary of balances and transactions is provided in the text below.
Options	N/A.
Attachments	None.
Changes from Committee	<i>A correction and clarifying comment has been added to the CAMP Sales Tax Revenue category below.</i>

Background

The Authority's adopted Investment Policy calls for a monthly report to be submitted to the Executive Director, APC, and the Authority Board. The purpose of the report is to summarize the investment balances, transactions, return, and other pertinent investment matters for the prior month. Following the end of each quarter, more detailed information is provided. Additionally, on September 4th the Authority's investment advisor (Public Financial Management) will provide the APC with an overview of the investment portfolio and discuss the current strategy.

Authority investments are segregated into different portfolios or funds, depending upon the nature of the assets being managed. A combined total for all portfolios as of May 2008 was \$97,315,157, which is an increase of \$7,582,198 from the ending balance on April 31, 2008. A summary of the balances and transactions that occurred in each portfolio is as follows:

Local Agency Investment Fund (LAIF):

- LAIF is a pooled investment fund managed by the State Treasurer's Office for the investment of public agency funds. The LAIF balance as of May 31, 2008, was \$12,563,544. For the month ended May 31, 2008, the LAIF return was 3.072%.

CAMP Sales Tax Revenue

- At the end of May, \$15,000,000 was transferred *from the LAIF account* to the CAMP Sales Tax Revenue Account. ~~to obtain higher returns.~~ *This transfer improves diversification of short-term investments. Some state pools have experienced solvency problems. To be abundantly cautious, \$15 million was transferred from LAIF (California pool) to CAMP which is a regulated and AAA-rated fund for public agencies. Yields of the two funds are comparable.*

Sales Tax Revenue Portfolio - Projects:

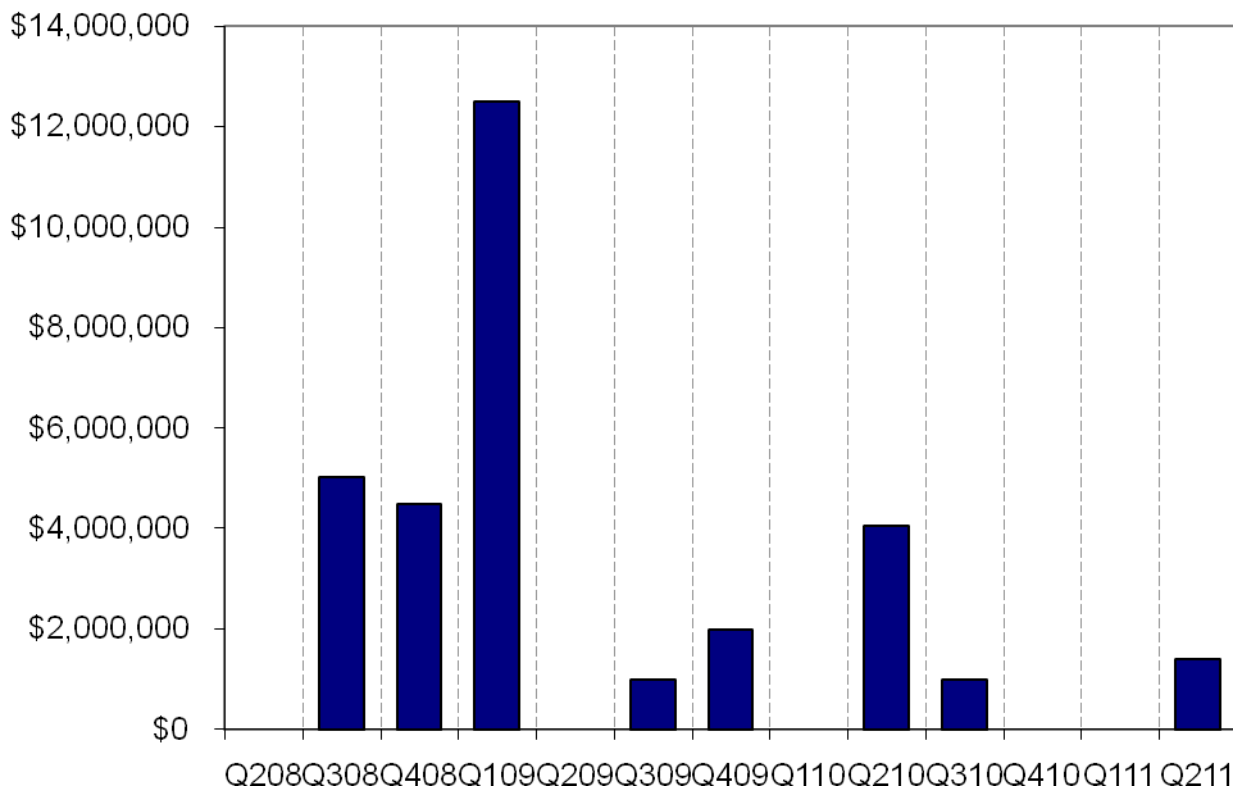
- The market value of the Authority portfolio was \$31,954,542.

- The duration was .94 years, which measures the weighted average maturity of the portfolio.
- The yield to maturity for the month end was 4.563%.
- During May 2008, the following investments matured or were sold.
 - On 5/15/08, a FHLB TAP Bond matured (par \$2,000,000).
 - On 5/15/08 A US Treasury Note was sold (par \$1,500,000).
- During May 2008, the following investments were purchased.
 - On 5/15/08, a US Treasury Note was purchased (Par value \$1,410,000, yield 2.692%, maturity 5/31/11, purchase price \$1,530,701.
 - On 5/15/08 a US Treasury Note was purchased (Par value \$2,050,000, yield 2.437%, maturity 4/30/10, purchase price \$2,039,604.
- The Authority received five semi-annual coupon interest earnings distribution:
 - \$42,500.00 was received on 5/5/08 for a FFCB Bond (Par value \$2,000,000, coupon rate 4.250%, maturity 5/5/10.
 - \$40,000.00 was received on 5/15/08 for a FHLB TAP Bond (Par value \$2,000,000, coupon rate 4.000%, maturity 5/15/08.
 - \$23,729.17 was received on 5/20/08 for FHLB Global Bond (Par value \$1,000,000, coupon rate 4.250%, maturity 11/20/09.
 - \$34,368.75 was received on 5/31/08 for a US Treasury Note (Par value \$1,410,000, coupon rate 4.875%, maturity 5/31/11.
 - \$15,625.00 was received on 5/31/08 for a US Treasury Note (Par value \$1,000,000, coupon rate 3.125%, maturity 11/30/09.
- The benchmark rate comparisons (annualized returns for the past 6 months) for May are:

CCTA Portfolio	5.09%
M-L 1 Yr UST Index	4.25%
M-L 1-3 Yr UST Index	4.18%

The figures represent total return numbers as of May31, 2008. Total return is a period-to-period performance measurement that includes income, realized and unrealized gains and losses. Total return is an industry standard way to measure performance. This differs from yield, which is simply a snapshot projection of the income to be earned in the portfolio for the coming year, and includes no principal value changes.

**Sales Tax Revenue Portfolio
as of May 31, 2008**



Sales Tax Revenue Portfolio - Local Street Maintenance:

- The Local Street Maintenance (LSM) account has been established in anticipation of disbursing all eligible funds at the beginning of each fiscal year. The investment vehicle for this purpose is an investment pool managed by the California Asset Management Program (CAMP). The fund balance in the LSM CAMP account as of May 31, 2008 was \$7,770,403. The CAMP annualized yield for May was 2.81%.

Sales Tax Revenue Portfolio – Measure J Projects

- The Authority’s Commercial Paper program advanced funding for selected Measure J project expenditures. The proceeds from the Commercial Paper program are invested in CAMP. The balance in this account as of May 31, 2008 was \$13,930,732. The CAMP annualized yield for May was 2.81%.

Debt Service Accounts Portfolio for the 1993, 2000, and 2002 Bonds:

- Assets within this portfolio are restricted for the payment of interest and principal on Authority bonds. Funds are invested in either individual securities or deposited into separate CAMP, PFM or Wells Fargo accounts. Individual securities are directed toward instruments with maturity dates closely aligned with debt service payment dates. The combined balance as of May 31, 2008, was \$14,126,221.

Air Quality Fund

- The Air Quality Fund receives funds that are to be used to reduce air pollution from motor vehicles. Funds are deposited in the County's Investment Pool. As of May 31, 2008, the balance was \$1,969,715, and the yield for the three months ending April 11, 2008 was 3.98%.

Account Statements

No attachments are enclosed with this Board Letter. However, the following summary statements are available upon request.

- Transactions summary for our LAIF account during the month.
- PFM summary for the Sales Tax Revenue Portfolio (Projects)
- PFM summary for the Sales Tax Revenue Portfolio (LSM)
- PFM summary for the Sales Tax Revenue Portfolio (Measure J Projects)
- PFM summary for the 1993 Bond Interest Fund account.
- PFM summary for the 1993 Bond Principal Fund account.
- PFM summary for the 2000 Bond Principal Fund account
- PFM summary for the 2002 Bond Interest Fund account.
- PFM summary for the 2002 Bond Principal Fund account.
- Table of Quarterly Security Holdings and Transactions

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