

Debt and Investment Summary



October 11, 2011

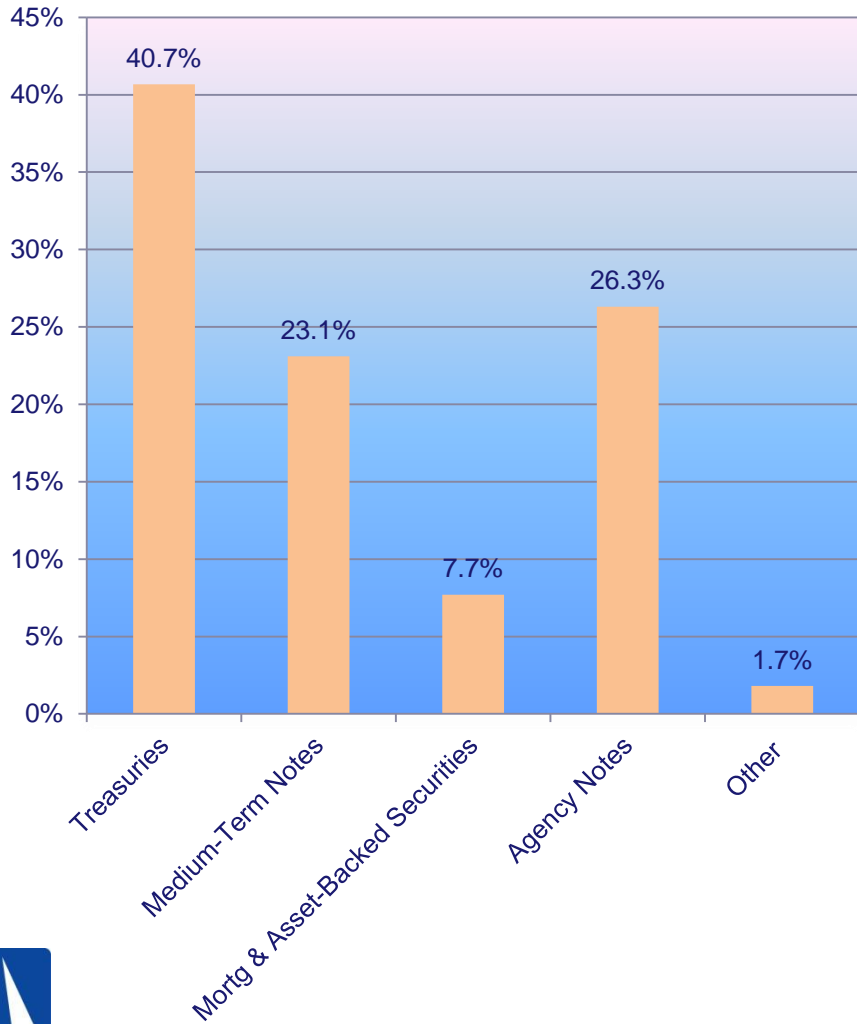
Measure M Debt Program

- M1: Over \$1.1 billion during program
 - Paid off balance of fixed rate debt in February 2011
- M2: Established \$400 million Tax Exempt Commercial Paper (TECP) Program in 2008
 - Total issuance was \$100 million
- Issued \$352.6 million Build America Bonds, December 2010
 - \$293.54 million in taxable bonds
 - \$59.03 million in tax-exempt bonds
 - True interest cost of 4.33%
 - Reduced TECP to \$100 million with \$25 million issued to date
- Long-term debt ratings of AA+/Aa2/AA by Standard and Poor's, Moody's, and Fitch, respectively

Investment Portfolio as of 8/31/11

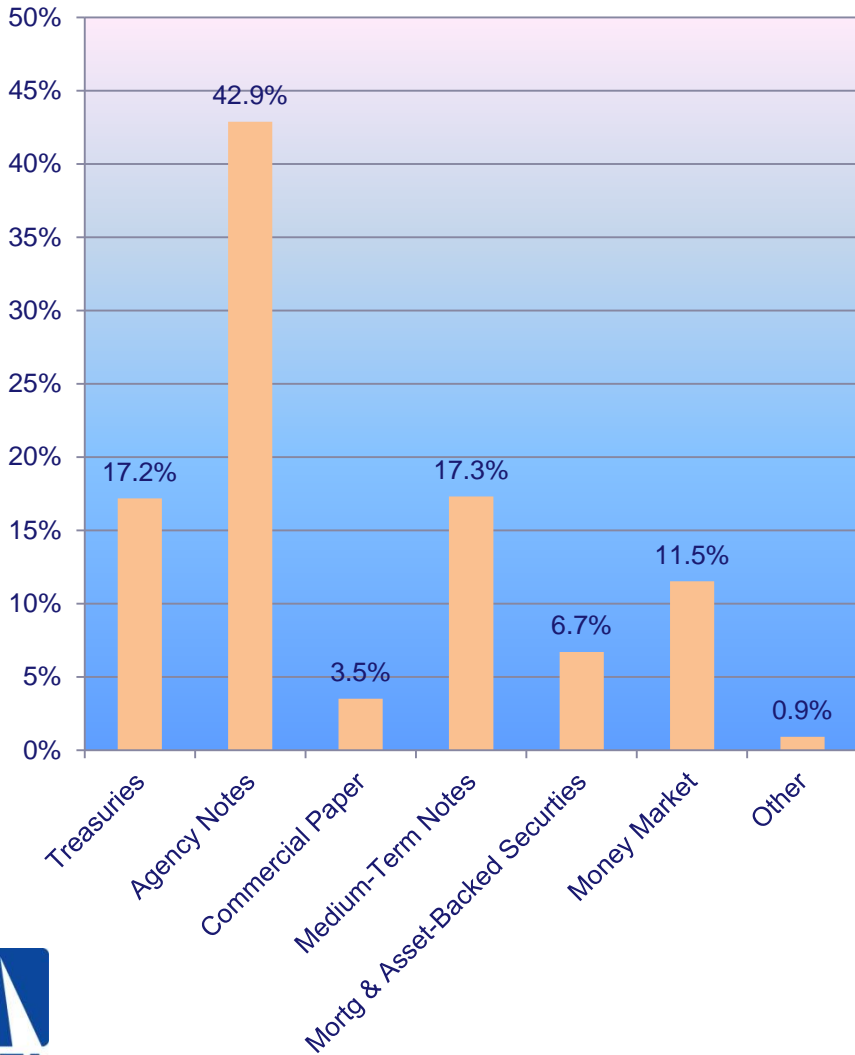
- Total Portfolio balance of \$976.2 million
- Comprised of Short-term Portfolio
 - future budgeted expenditures
- Bond Proceeds Portfolio
 - meet Measure M2 transportation program needs
- Liquid Portfolio
 - immediate cash needs

Short-term Portfolio as of 8/31/11



- Short-term Portfolio
\$653.3 million
 - JP Morgan, Western Asset Management, Payden & Rygel, State Street Global Advisors
 - 12 month Total Return = 1.72%
 - Average Yield = 0.57%
 - Average Duration = 1.69%

Bond Proceeds as of 8/31/11



- Approx. \$205 million
- Two external investment managers
 - Cutwater
 - Logan Circle
 - Customized treasury benchmark to match draw schedule
 - Weighted Average Maturity = 0.78 years
 - Yield to Maturity = 0.48%

Current Market Conditions

	Current Yields			
		Commercial		
	Treasury	Agency	Paper	
3-Month	0.01%	0.11%	0.42%	
6-Month	0.05%	0.16%	0.60%	
1-Year	0.11%	0.30%	0.68%	* 9-month
2-Year	0.25%	0.52%	-	
5-Year	0.99%	1.42%	-	
10-Year	2.01%	2.46%	-	

- Yields at historically low levels
- Treasury & Agency rated AA+ by S&P
- GDP – Slow but sustainable growth
- Job growth up in September
- Sales Tax up 8.5% year over year