



**METROPOLITAN
TRANSPORTATION
COMMISSION**

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Memorandum

TO: Administration Committee

DATE: May 7, 2008

FR: Executive Director

W.I.:

RE: Investment Report for March 2008

In accordance with the adopted investment policy, attached are the comprehensive investment holdings for MTC and all operating units.

Total funds under MTC management equal approximately \$3.6 billion. A breakdown by fund is as follows:

<u>Fund</u>	<u>Balance (\$ million)</u>	<u>% of Total</u>
BATA RM1*	\$ 957.8	26.6%
BATA Debt Service Reserve	70.7	2.0%
BATA Seismic	886.4	24.7%
BATA Trustee Funds	89.1	2.5%
BATA 2007 Bond Proceeds	749.1	20.9%
BATA RM2	184.8	5.1%
BAIFA	384.3	10.7%
MTC	161.1	4.5%
FasTrak® (Customer Deposits)	41.4	1.2%
BART Car Exchange Program	46.9	1.3%
SAFE	13.7	0.4%
RAFC	3.2	0.1%
Portfolio Total	\$ 3,588.2	100.0%
Net BAIFA	\$ 3,203.9	89.3%

*includes rehab, reserves, capital, trustee payments

The Bay Area Infrastructure Financing Authority (BAIFA) funds are held in trust for both project and reserve funds that will be used for seismic retrofit purposes. The BART Car Exchange fund is held in trust for future replacement of BART cars.

The portfolio consists mainly of U.S. Government securities. The portfolio breakdown is as follows:

<u>Security Holding</u>	<u>Portfolio Composite</u>	<u>Policy Limits</u>
U.S. Gov't Agencies	70.9%	No limit
Cash	8.1%	No limit
Certificate of Deposit	0.7%	10% portfolio
Corporate Bond	0.4%	10% portfolio
Gov't Pools	0.2%	No limit
Municipal Bonds	1.0%	No limit
Mutual Funds	6.5%	20% Portfolio/10% One Fund
Blackrock (BATA Trustee)	3.8%	Trustee Funds – No limit
Cadre (BAIFA)	2.2%	Trustee Funds – No limit
Goldman Sachs (BAIFA)	6.2%	Trustee Funds – No limit
Portfolio Total	<u>100.0%</u>	

Funds held by trustee on behalf of bondholders are subject to permitted investments approved in the issuing documents and are not subject to mutual fund limits as defined in the MTC Investment Policy.

MTC has a \$15 million MBIA corporate bond investment in the investment portfolio. The MBIA bond is currently rated Aaa/AAA/AA; MBIA was recently downgraded to "AA" by Fitch and was placed on negative outlook. The MBIA security will mature in September 2008 and was placed on negative outlook by Moody's and negative watch by S&P.

We have also added \$37 million in variable rate demand bonds issued by The Metropolitan Water District of Southern California. The bonds are insured by AMBAC, which also has been down graded to "AA" by Fitch and has been placed on negative outlook by all three major rating agencies.

MTC agency holdings include \$102 million (2.8%) in floating rate securities. If there are any questions, please contact Brian Mayhew at (510) 817-5730.

Steve Heminger

SH:SW