



ITEM NO:	7c Supp
DATE OF MEETING:	March 6, 2012

Annual Treasury And Investment Portfolio Update for 2011

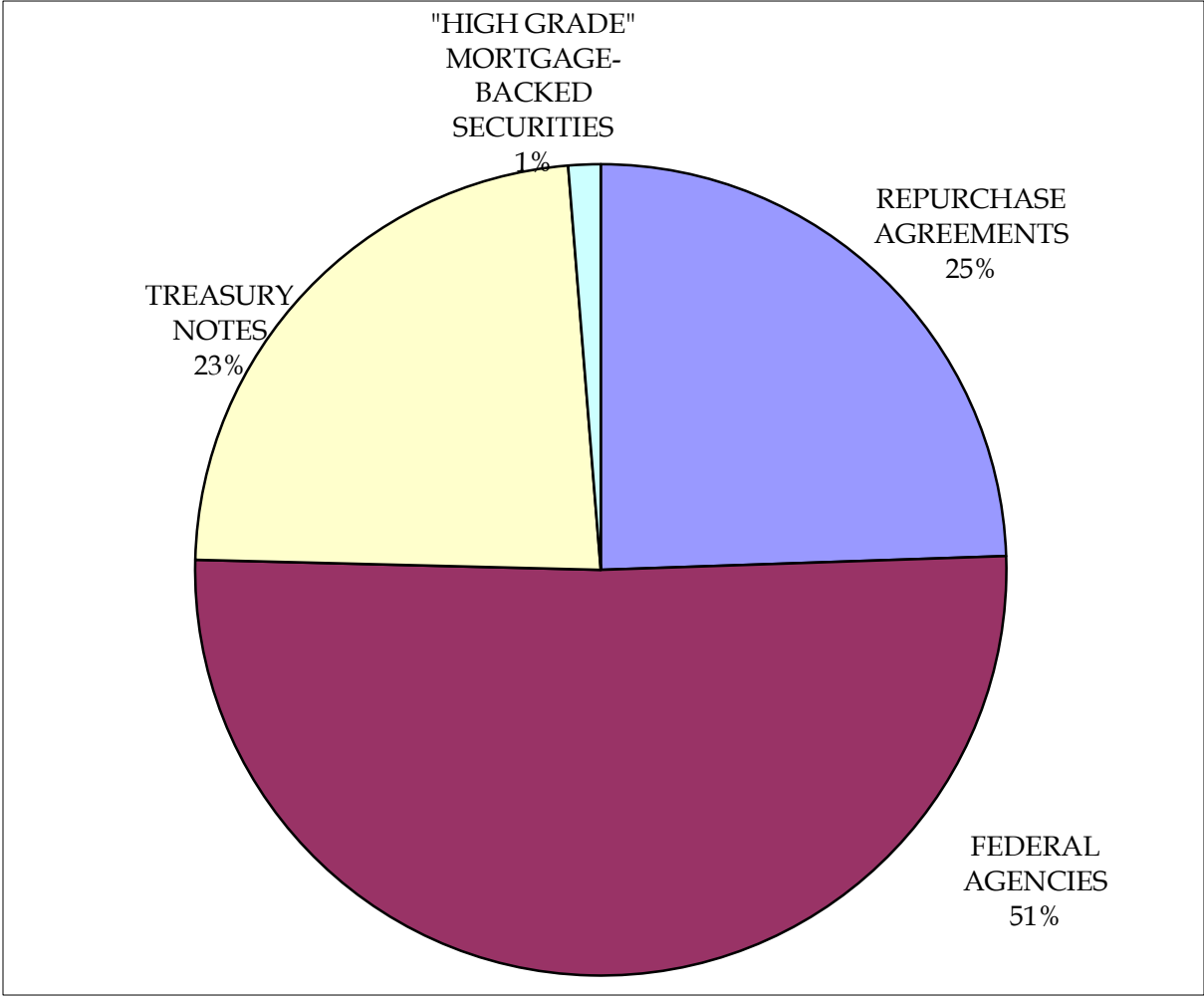
Commission Briefing
Presented by Craig Kerr
March 6, 2012

BACKGROUND

- Commission Resolution Approved Port Investment Policy
 - 2.0 Target Duration Plus Or Minus 50 Basis Points
- Do Not Forecast Rates; Balance RETURN And RISK Over Cycles
- This Strategy Outperforms The Market When Rates Are Falling And Underperforms When Rates Are Rising
- Benchmark – Bank of America Merrill Lynch Treasury/Agency 3 Year Index

PORTFOLIO COMPOSITION

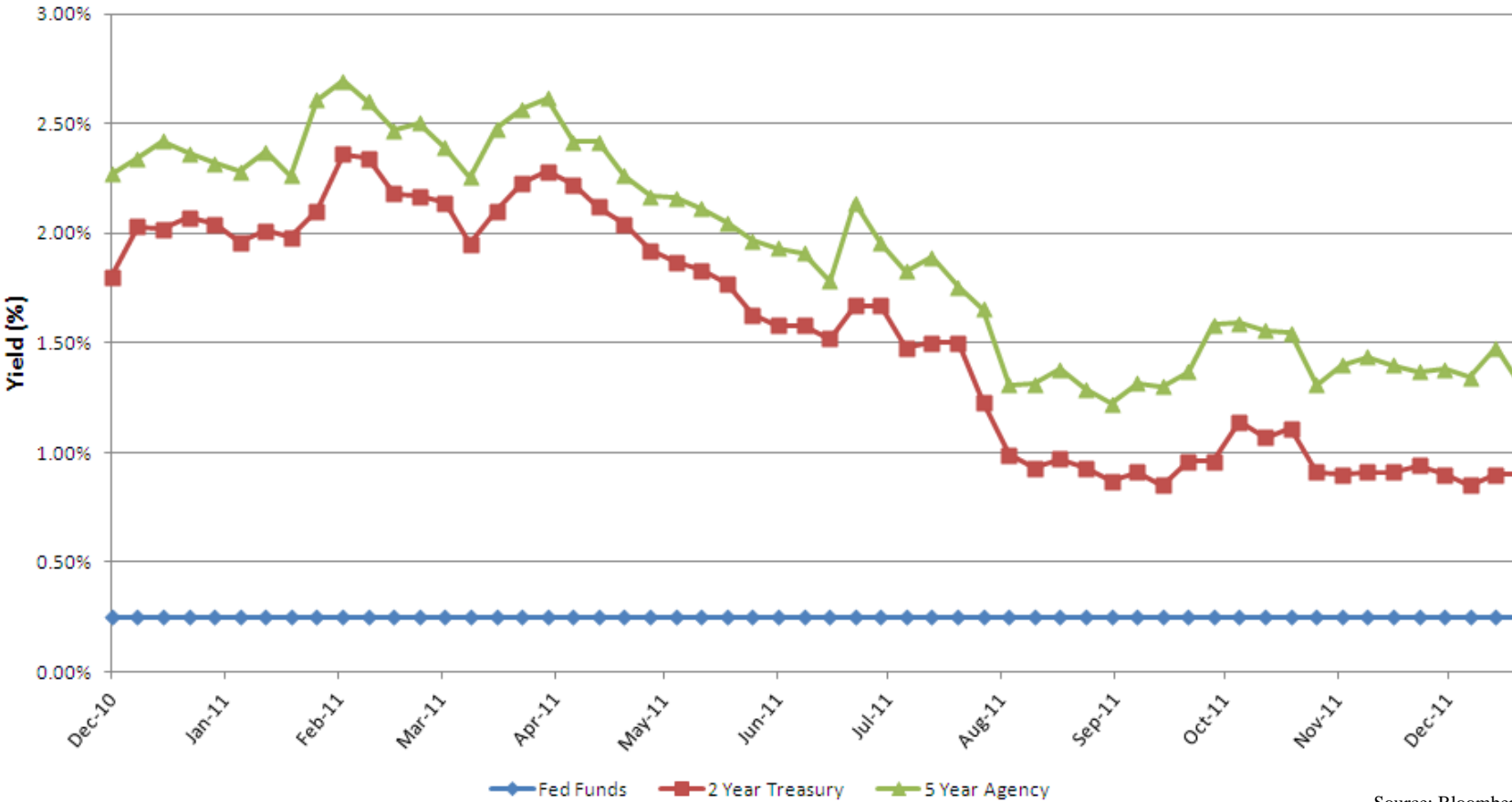
12/31/2011



INTEREST RATE TRENDS

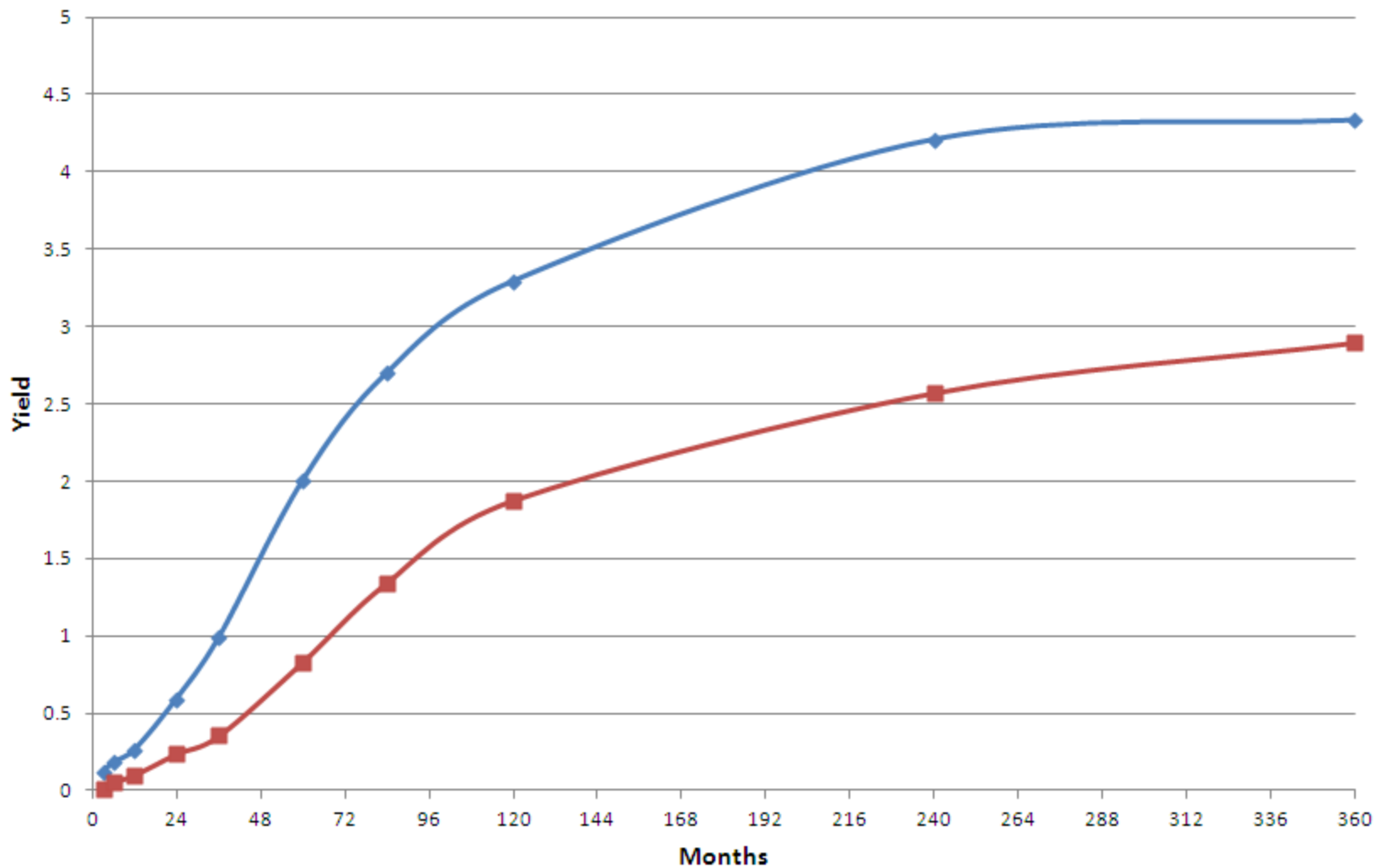
- For 2011, Short And Medium Term Rates Fell Throughout the Year.
- The Federal Reserve Left Short Term Rates at 2010 Levels Throughout 2011 [0.25%]
- Staff Monitors Market Conditions; but, Does Not Time the Market.
- Short and Medium Term Rates Are Expected to Stay Within a Narrow Trading Range for 2012.

2011 Rates



Source: Bloomberg

Treasury Yield Curve



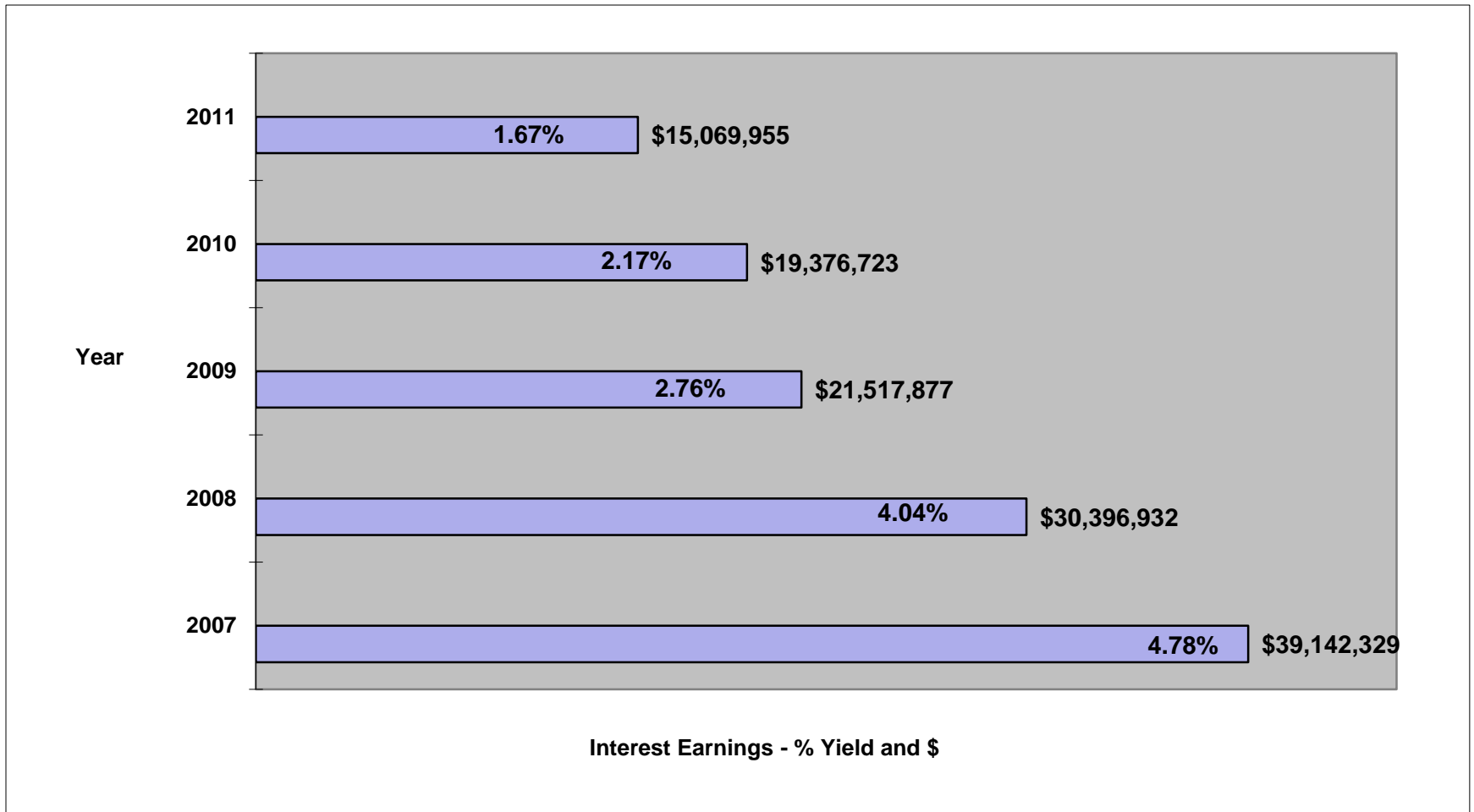
12/31/2010 12/30/2011

Source: Bloomberg

2011 YIELD COMPARISON

	Benchmark	Port's Pool
Q1-2011	0.77%	1.62%
Q2-2011	0.50%	2.56%
Q3-2011	0.34%	1.32%
Q4-2011	0.31%	1.20%
ANNUAL	0.48%	1.67%

PORTFOLIO EARNINGS 2007– 2011



YIELD HISTORY

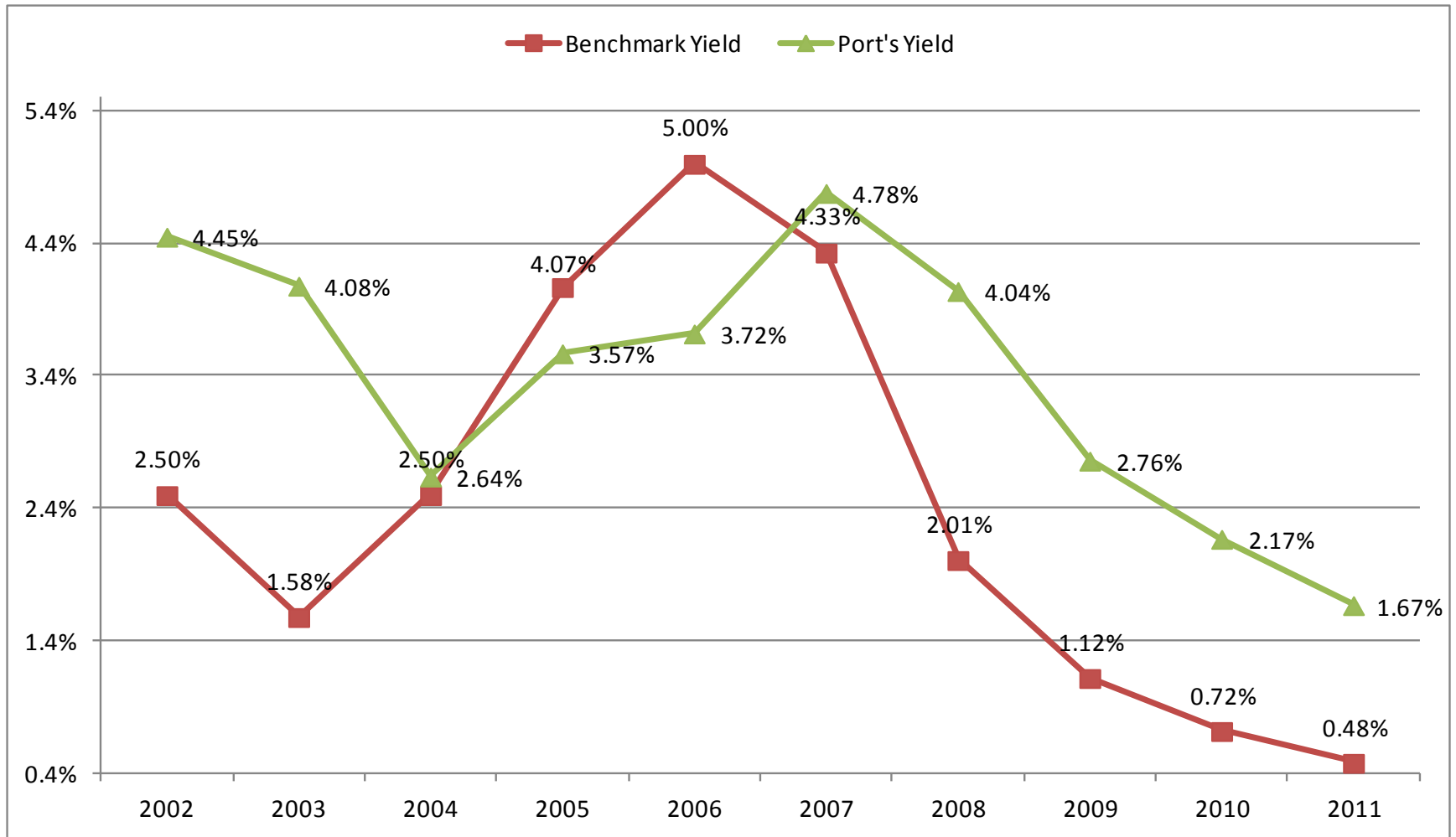
• Year	Benchmark	Port's Pool
• 2002 - 2006	3.13%	3.69%
• 2007	4.33%	4.78%
• 2008	2.01%	4.04%
• 2009	1.12%	2.76%
• 2010	0.72%	2.17%
• 2011	0.48%	1.67%

Ten Years

2.43%

3.39%

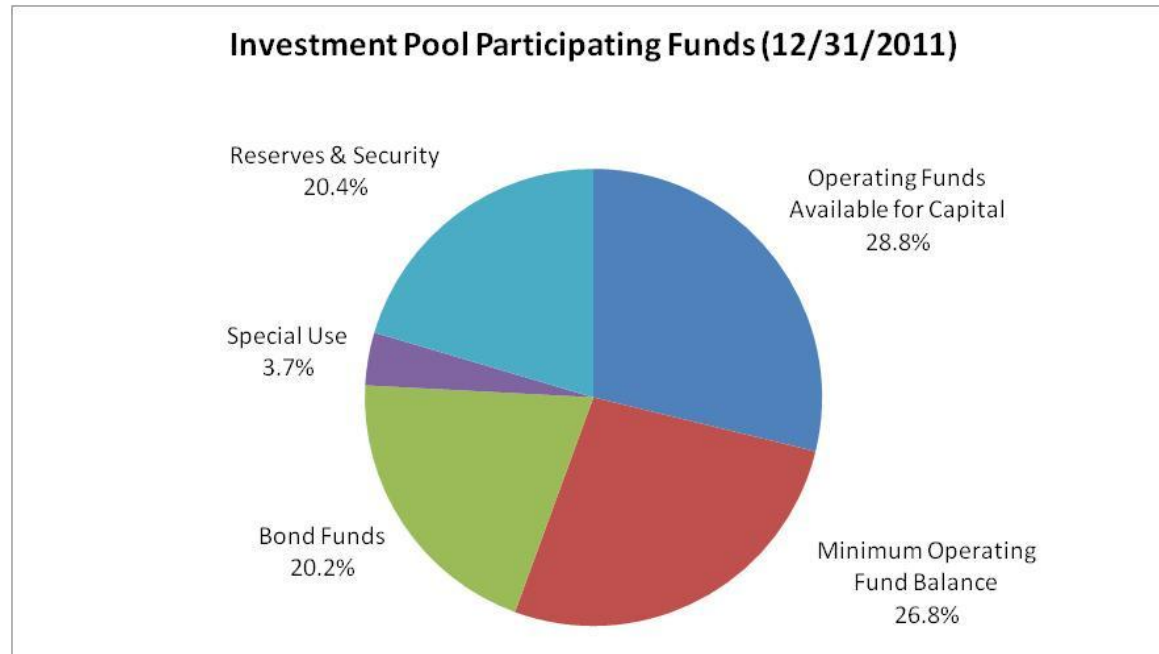
YIELD HISTORY



Port's Investment Portfolio Size Fluctuates

- Port's Investment Portfolio 12/31/2011 Was \$879 Million
- Over The Past 5 Years, The Size Has Ranged From \$639 Million to \$976 Million
- Size Fluctuations Are Mostly Tied To Capital Spending:
 - Capital Project Spending Reduces The Portfolio Size
 - Bond Issues To Fund Projects Increase The Portfolio

Investment Pool Participating Funds



Examples

- Minimum Operating Fund Balance: General & Airport Development = 9 months O&M expense
- Operating Funds Available for Capital: General, Airport, Tax Levy funds programmed to be spent over the next few years.
- Bond Funds: Capital projects
- Reserves & Security: Bond reserves, customer lease security
- Special Use (primarily for capital projects): Passenger & Customer Facility Charges, Transportation & Infrastructure