



Agenda Item No. 1

To: Finance-Auditing Committee/Committee of the Whole
Meeting of April 26, 2007

From: Joseph M. Wire, Auditor-Controller
Celia G. Kupersmith, General Manager

Subject: **RATIFICATION OF ACTIONS BY THE AUDITOR-CONTROLLER**

Recommendation

The Finance-Auditing Committee recommends:

- a. The Board of Directors ratifies commitments and/or expenditures totaling \$89,657.00 for the period March 1, 2007, through March 31, 2007 (See Attachment A for details).
- b. The Board of Directors ratifies investments made during the period March 13, 2007, through April 16, 2007 (See Attachment B for details).
- c. The Board of Directors authorizes the reinvestment, within the established policy of the Board, of any investments maturing between April 17, 2007, and May 14, 2007, as well as the investment of all other funds not required to cover expenditures which may become available.
- d. The Board of Directors accepts the Investment Report for March 2007 (see Attachment C for details).

Fiscal Impact

Disbursements in the amount of \$89,657.00 will be recorded as District Operations or Capital Expenditures. The investments made by the Auditor-Controller will earn the District investment income.

Attachments

ATTACHMENT A

RATIFY PAYMENT OF BILLS

Summary

This report reflects significant disbursements for the period March 1, 2007, through March 31, 2007. All commitments/expenditures in excess of \$10,000 that have not been previously approved by the Board are listed below.

VENDOR	DESCRIPTION	DIVISION	AMOUNT
CompuCom Systems	Hewlett-Packard Proliant	District	\$17,895.00
Global Interprint	Printing of Chief Engineer's Book	District	13,953.00
Canon Financial Services	36 Month Copier for Engineers	District	12,889.00
Digital Printing Systems	Print Series K Ticket Books	District	18,829.00
Dell Marketing	Dell OptPlex 745	District	14,931.00
Industrial Hardware	Coating of M.V. Del Norte	Ferry	11,160.00
TOTAL			\$89,657.00

ATTACHMENT B

RATIFICATION OF PREVIOUS INVESTMENTS

Summary

During the reporting period of March 13, 2007, through April 16, 2007, \$32,680,000 matured. This report lists investments made by the Auditor-Controller of maturing funds available for reinvestment and any other money made available during this period:

SECURITY	PURCHASE DATE	MATURITY DATE	ORIGINAL COST	PERCENT YIELD
Deutsche Bank LLC Certificate of Deposit	03/21/07	04/20/07	10,133,000.00	5.27
Svenska Handelsbanken Certificate of Deposit	04/02/07	05/02/07	8,868,000.00	5.28
Dexia Delaware, LLC., Commercial Paper	04/02/07	05/07/07	5,894,700.21	5.29
Societe Generale NA Commercial Paper	04/16/07	05/07/07	7,916,680.69	5.25

Market Summary

Quotations as of April 16, 2007, for collateralized public time deposits over \$100,000 and representative money market securities are shown below:

CATEGORY	90 DAYS	180 DAYS	360 DAYS
Bank C.D.	5.21%	5.35%	5.20%
Treasury Bills	4.98%	5.05%	
Commercial Paper	5.22%	5.15%	



The PFM Group

Public Financial Management, Inc.
PFM Asset Management LLC
PFM Advisors

50 California Street
Suite 2300
San Francisco, CA
94111

415 982-5544
415 982-4513 fax

April 16, 2007

Memorandum

To: Finance-Auditing Committee of the Golden Gate Bridge,
Highway and Transportation District

From: Nancy Jones, Managing Director
PFM Asset Management LLC

Re: District Investment Report, February 2007

Economic Summary

The Federal Reserve Open Market Committee (FOMC) left the Fed Funds target rate unchanged at 5.25% at their March 21 meeting. After identifying inflation as the primary risk to the economy in the six previous FOMC meetings, the policy makers amended their statement to reflect their concern for both rising inflation and slowing economic growth. In effect, the FOMC stated they will remain watchful and respond to changing economic conditions as necessary (i.e., raise the target overnight rate if inflation rises and cut the rate if growth stalls). Current economic data exemplifies the Fed's dilemma, with inflationary pressures steady or increasing, and measures of, and contributors to, growth decreasing.

Inflationary Pressures

The Fed's favored inflation statistic, the Personal Consumption Index (PCE), rose by 2.4% year-over-year for the month of February, its largest increase in 12 years. Both the Producer Price Index (PPI) and Consumer Price Index (CPI) also remained high, due in part to rising energy and food prices.

In addition to rising inflationary data, the labor sector remained incredibly strong. March payrolls increased by 180,000 and unemployment fell to 4.4%, both unexpectedly, leading to a rally in the stock market and a sell-off in the bond market. In addition, hourly earnings rose by 4.0% year-over-year. While strong employment isn't directly related to inflation, rising wages add to inflationary pressures.

Traditionally, the FOMC counters rising inflationary pressures by tightening the supply of money through an increase in the Fed Funds target rate. However, the current state of the housing and manufacturing sectors, and their resulting drag on economic growth, precludes the FOMC from actively countering the elevated levels of inflation. Should the FOMC decide to raise the Fed Funds target rate to combat inflation, the already struggling housing and manufacturing sectors could possibly crash, drastically multiplying their impact on economic growth.

Slowing Economic Growth

The final revision to fourth quarter Gross Domestic Product (GDP) was released in March and showed that U.S. growth slowed to an annual pace of 2.5%. Growth continues to be hampered by the slowdown in the housing market and related industries. Manufacturing remains under pressure, evidenced by increasing levels of inventories and decreased capital expenditures. Orders for durable goods also continue to decrease.

Existing home sales unexpectedly increased in February; however, home prices continued to decrease and the overall level of annualized sales is over half a million units less than in 2005. The supply of existing homes for sale has continued to increase, currently representing 6.7 months' worth of supply. New home sales, on the other hand, unexpectedly fell in February, despite their decreasing prices. The current supply of new homes for sale has continued to rise, currently representing 8.1 months' worth of supply. In addition, the effect to the general housing market of rising delinquencies and foreclosures in the sub-prime markets is yet to be determined.

Traditionally, the FOMC counters slowing economic growth by easing the supply of money through a decrease in the Fed Funds Target rate. Current high levels of employment and inflation make it hard for the FOMC to cut interest rates even in light of deteriorating growth. Should the FOMC attempt to spur growth by easing credit, companies would pursue the currently scarce skilled worker by offering higher and higher wages, passing their increasing costs to the consumer in the form of higher prices—inflation.

The Market's Reaction

The yield of the 2-Year U.S. Treasury has remained highly volatile, moving up or down as the market reacted to signs of weakness or strength in the economy. Throughout the month of March, the yield on the 2-Year U.S. Treasury Note remained near the low of the recent trading range. The market didn't break out of the range until the strong employment reports came out in April.



Source: Bloomberg

Golden Gate Bridge's General Fund Portfolio

With intermediate-term interest rates at the bottom of their 8-month trading range in March, we avoided intermediate- and long-term investments and focused on the short-term area of the yield curve. We reinvested two maturities in the District's portfolio in short-term commercial paper with yields above 5.33%. We will maintain this defensive strategy until intermediate-term rates return to levels that we believe offer value to the District.

The portfolio ended March at a yield at cost of 4.79% excluding LAIF, and 4.84% including LAIF.



MEMORANDUM

To: Finance-Auditing Committee/Committee of the Whole
Meeting of April 26, 2007

From: Joseph M. Wire, Auditor-Controller
Celia G. Kupersmith, General Manager

Re: District Investment Report, March 2007

Attached to this memo is a listing of the District's investments.

The investment portfolio is in compliance with the District's Investment Policy and the California Government Code.

The District has sufficient cash and investments to meet its expenditure requirements for the next six months.

GOLDEN GATE BRIDGE, HIGHWAY AND TRANSPORTATION DISTRICT
All four accounts combined

As of March 31, 2007

PORTFOLIO OF INVESTMENTS

MATURITY	SECURITY	DATE OF INVESTMENT	YIELD	DESCRIPTION	TOTAL		
					MARKET VALUE	PAR	Cost
ON DEMAND	STATE	VARIOUS	5.21	LOCAL AGENCY INVESTMENT FUND	18,494,773	18,500,000	18,500,000.00
04/02/07	CP	03/01/07	5.26	DEXIA DELAWARE LLC COMM PAPER	5,893,271	5,895,000	5,867,542.40
04/02/07	CP	03/01/07	5.26	SOCIETE GENERALE NA COMM PAPER	8,865,399	8,868,000	8,826,694.82
04/16/07	CP	02/28/07	5.29	UBS FINANCE DELAWARE LLC COMM PAPER	7,898,438	7,917,000	7,862,735.56
04/20/07	CD	03/21/07	5.27	DEUTSCHE BANK FINL LLC CERT DEPOS	10,132,808	10,133,000	10,133,000.00
05/18/07	NOTES	09/23/04	2.95	FHLB NOTES(CALLABLE)	2,991,563	3,000,000	3,005,490.00
08/15/07	NOTES	09/23/04	3.04	FHLB TAP NOTES	2,976,563	3,000,000	3,006,630.00
08/22/07	NOTES	04/26/04	3.26	FNMA NOTES	3,136,365	3,121,000	3,443,586.56
11/15/07	NOTES	01/05/04	3.25	FHLB TAP NOTES	4,948,438	5,000,000	5,044,874.78
01/15/08	NOTES	08/21/06	5.25	FNMA GLOBAL NOTES	10,025,000	10,000,000	10,032,200.00
01/15/08	NOTES	06/13/05	4.06	JP MORGAN CHASE CORP NOTE	4,944,015	5,000,000	4,956,300.00
02/15/08	NOTES	04/05/04	3.02	FHLB TAP NOTES	1,502,125	1,525,000	1,544,337.00
07/21/08	NOTES	09/26/05	4.38	FHLB NOTES (CALLABLE)	5,861,250	6,000,000	5,797,800.00
08/15/08	NOTES	05/20/05	4.22	WELLS FARGO FINANCIAL GLOBAL NOTES	3,266,075	3,229,000	3,389,029.24
08/25/08	NOTES	08/18/06	5.23	FNMA GLOBAL NOTES (CALLABLE)	5,346,600	5,360,000	5,311,534.88
10/14/08	NOTES	12/08/05	4.80	FHLB NOTES	4,970,313	5,000,000	4,960,850.00
11/01/08	NOTES	05/11/05	4.37	ASSOCIATES CORP N.A. GLOBAL SR NOTES	5,085,100	5,000,000	5,298,900.00
02/27/09	NOTES	09/14/06	5.17	FHLB NOTES (CALLABLE)	4,915,625	5,000,000	4,866,600.00
03/03/09	NOTES	02/01/06	4.84	FNMA NOTES(CALLABLE)	3,525,391	3,610,000	3,482,855.80
04/06/09	NOTES	02/01/06	4.82	FFCB NOTES	4,873,438	5,000,000	4,814,050.00
11/01/09	NOTES	05/22/06	5.52	HELLER FINANCIAL INC (GE) CORP NOTE	4,756,635	4,500,000	4,758,795.00
01/15/10	NOTES	09/22/06	5.19	WELLS FARGO CO GLOBAL NOTES	4,891,750	5,000,000	4,850,300.00
04/19/10	NOTES	05/22/06	5.35	FNMA GLOBAL NOTES (CALLABLE)	5,029,688	5,000,000	4,938,600.00
02/01/11	NOTES	01/29/07	5.22	GENERAL ELECTRIC CAP CORP GLOBAL NOTES	5,016,575	5,000,000	4,996,750.00
06/28/11	NOTES	07/19/06	5.53	FHLB NOTES	5,143,750	5,000,000	5,014,550.00
01/09/12	NOTES	02/12/07	5.35	FHLMC NOTES (CALLABLE)	5,004,035	5,000,000	4,988,850.00
					149,494,981	149,658,000	149,692,856.04

DESCRIPTION	INVESTMENT	PORTFOLIO COMPOSITION	YIELD
Banker's Acceptance	-	0.00%	0.00%
Savings and Loan C.D.'s (C.D.)	10,132,808	6.78%	5.27%
Commercial Paper (C.P.)	22,657,108	15.16%	5.27%
U. S. Treasury Bills and Notes	-	0.00%	0.00%
Agency Discount Notes	-	0.00%	0.00%
Agency Coupon Notes	70,250,140	46.99%	4.64%
Corporate Notes	27,960,150	18.70%	4.78%
Municipal Bonds	-	0.00%	0.00%
Long Term CD	-	0.00%	0.00%
LAIF	18,494,773	12.37%	5.21%
	149,494,981	100.00%	
Average Investment Yield of Portfolio			4.88%
Average Maturity of Portfolio			458

Market prices are derived from closing bid prices as of the last business day of the month as supplied by F.T. Interactive Data, Bloomberg or Telerate. Prices that fall between data points are interpolated.

Market Value for LAIF is derived from the NAV that is posted quarterly on the LAIF website.