



Agenda Item No. 1

To: Finance-Auditing Committee/Committee of the Whole  
Meeting of May 22, 2008

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 \$250,706.00 for the period April 1, 2008, through April 30, 2008 (See Attachment A for details).
- b. The Board of Directors ratifies investments made during the period April 15, 2008, through May 12, 2008 (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 May 13, 2008, and June 16, 2008, 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 April 2008 (see Attachment C for details).

**Fiscal Impact**

Disbursements in the amount of \$250,706.00 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 April 1, 2008, through April 31, 2008. All commitments/expenditures in excess of \$10,000 that have not been previously approved by the Board are listed below.

<b>VENDOR</b>	<b>DESCRIPTION</b>	<b>DIVISION</b>	<b>AMOUNT</b>
Cummings West	Repair Work on Generator	Ferry	\$10,775.00
CBS Outdoor	TransLink Ads	District	10,000.00
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Bay Ship & Yacht	Repowering of Mendocino Vessel	Ferry	17,694.00
Quail Building	Steel Building, 16' x 50'	Bridge	13,328.00
Kelly-Moore	Paint	Bridge	10,756.00
LC Action Police	Weapons	Bridge	16,767.00
Marine Exhaust Systems	4-Muffler 18" Linear	Ferry	16,800.00
Performance Turbochargers	Orion Turbochargers	Bus	18,944.00
Berti-Linquist Consulting	TY Lin Investigation	Bridge	14,095.00
Delta T Systems	Control Systems Ventilation	Ferry	15,111.00
Performance Machine Tools	Sharp 1860LV Precision Lathe	Bus	19,425.00
Hoblit Motors	Ford 250 Cab	Bridge	17,316.00
OMRON Scientific Tech	Equipment for Maintenance of Toll Lanes	Bridge	18,193.00
Valley Power Systems	Pressure Pump	District	14,918.00
Coalinga Motors	Chevrolet Impala	Bridge	16,584.00
<b>TOTAL</b>			<b>\$250,706.00</b>

## ATTACHMENT B

### RATIFICATION OF PREVIOUS INVESTMENTS

#### Summary

During the reporting period of April 15, 2008, through May 12, 2008, \$30,635,000 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:

<b>Security</b>	<b>Purchase Date</b>	<b>Maturity Date</b>	<b>Original Cost</b>	<b>Percent Yield</b>
Dexia Credit Local NY, Certificate of Deposit	04/21/08	07/17/08	2,999,633.48	2.88
HSBC USA, INC., Commercial Paper	04/21/08	07/21/08	3,042,841.75	2.88
FHLB TAP Bonds	04/30/08	03/09/12	4,995,150.00	3.53
BNP Paribas (NY) Certificate of Deposit	05/05/08	05/30/08	4,300,000.00	2.53
BNP Paribas Finance, Inc., Commercial Paper	05/05/08	08/04/08	1,405,521.47	2.67
UBS Finance Delaware Commercial Paper	05/05/08	08/04/08	6,951,163.33	2.78
Calyon North America, Inc., Commercial Paper	05/07/08	08/05/08	6,979,776.56	2.59
FHLB Disc Note	05/07/08	06/04/08	4,992,358.33	1.97

#### Market Summary

Quotations as of May 12, 2008 for collateralized public time deposits over \$100,000 and representative money market securities are shown below:

<b>Category</b>	<b>90 DAYS</b>	<b>180 DAYS</b>	<b>360 DAYS</b>
Bank C.D.	3.01%	2.99%	3.70%
Treasury Bills	1.84%	1.83%	
Commercial Paper	2.34%	2.47%	



**The PFM Group**

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May 12, 2008

## 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, April 2008

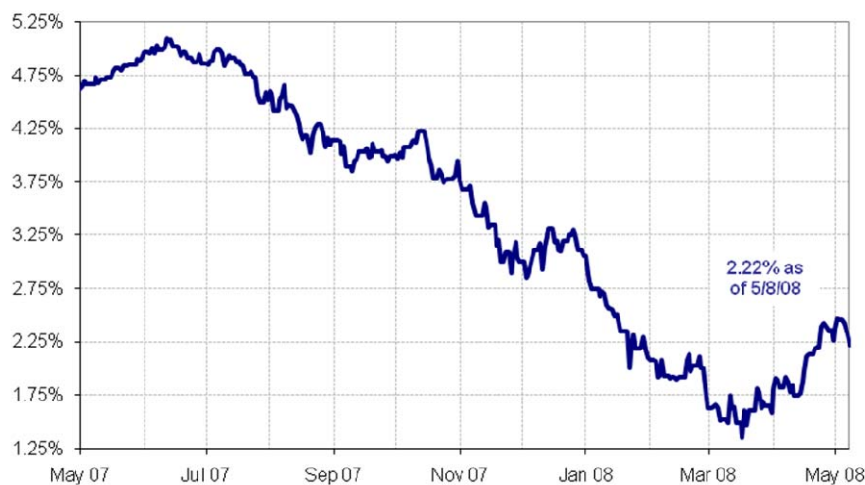
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### Economic Summary

A sense of optimism permeated the economy during April, as investors reacted positively to continued Federal Reserve Open Market Committee (FOMC) action, several higher-than-expected corporate earnings reports, and a few economists' opinions that the worst of the credit crisis is over. While this sense of optimism motivated investors to push equity prices and interest rates higher in April, economic data suggests the economy is still struggling to stay out of a recession.

Yields on the 2-year U.S. Treasury note closed April at 2.26%, 51 basis points (0.51%) above its April low, and 91 basis points above its March low.

### **2-Year U.S. Treasury Yield** May 1, 2007 – May 8, 2008



Source: Bloomberg

## **Federal Reserve**

The Federal Reserve Open Market Committee (FOMC) cut the Fed Funds target rate in April by 25 basis points (0.25%), to 2.00%. This marked the seventh Fed Funds target rate cut since September of 2007 and 3.25% in total reductions to the overnight rate since the start of this downward cycle. In their most recent statement, however, the FOMC may have signaled a shift in its easing policy by stating the following:

“The substantial easing of monetary policy to date, combined with ongoing measures to foster market liquidity, should help to promote moderate growth over time and to mitigate the risks to economic activity. The Committee will continue to monitor economic and financial developments and will act as needed to promote sustainable economic growth and price stability.”

While the statement in itself offers little insight into the FOMC’s intentions, the statement differed from the prior months’ statements by the omission of the phrase “However, downside risks to growth remain.” Market participants took the removal of this phrase to indicate the FOMC may not lower the Fed Funds rate again in June unless there is another shock to the economy.

## **Investors’ Reactions**

Investors reacted positively to the FOMC’s aggressive actions, several better-than-expected corporate earnings reports, and a few statements from leading economists suggesting the worst of the economic downturn is over. The S&P 500 closed April at 1,385, almost 9% higher than its recent low in March. This rally in the stock market drove demand away from U.S. Treasuries, which increased fixed-income yields. It is too early to tell if the rally in U.S. equities and the increase in U.S. Treasury rates will continue, however, current economic data suggests this market reversal may be short-lived.

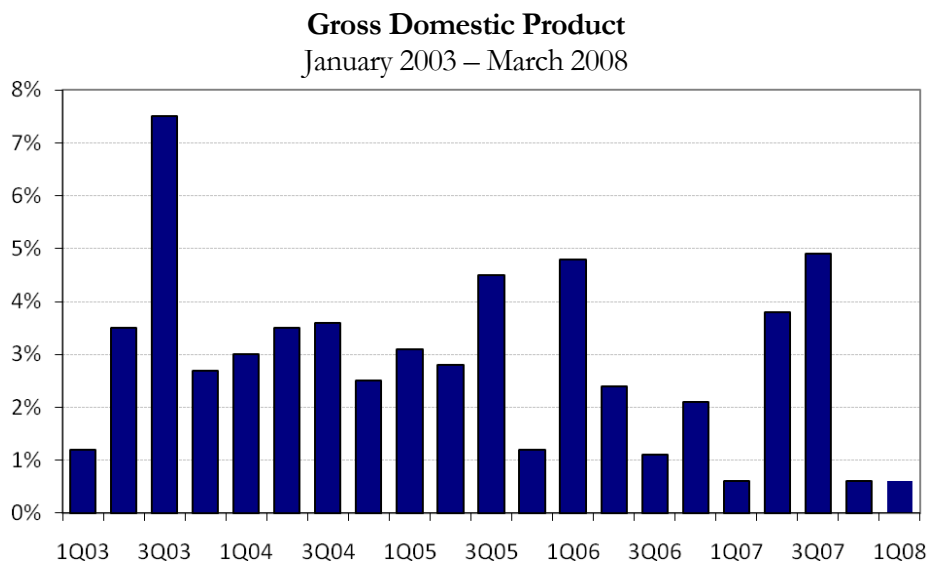
**S&P 500 Index**  
May 1, 2007 – May 8, 2008



*Source: Bloomberg*

### **Macroeconomic Condition**

Despite the recent optimism in the markets, macroeconomic conditions remained stressed in April. Economic growth nearly stalled in the first quarter. The country's gross domestic product (GDP<sup>1</sup>) grew at an annual rate of 0.6%. While any economic growth is encouraging, this low level of growth included support from a sharp increase in business inventories and a narrowing of the trade deficit. Businesses are likely to reduce production in the second quarter to sell off accumulated inventory, potentially reducing second quarter GDP. The dollar may strengthen if the FOMC stops reducing interest rates, potentially increasing the trade deficit and reducing second quarter GDP. Economic growth during the past two quarters has been the slowest since the 2001 recession.



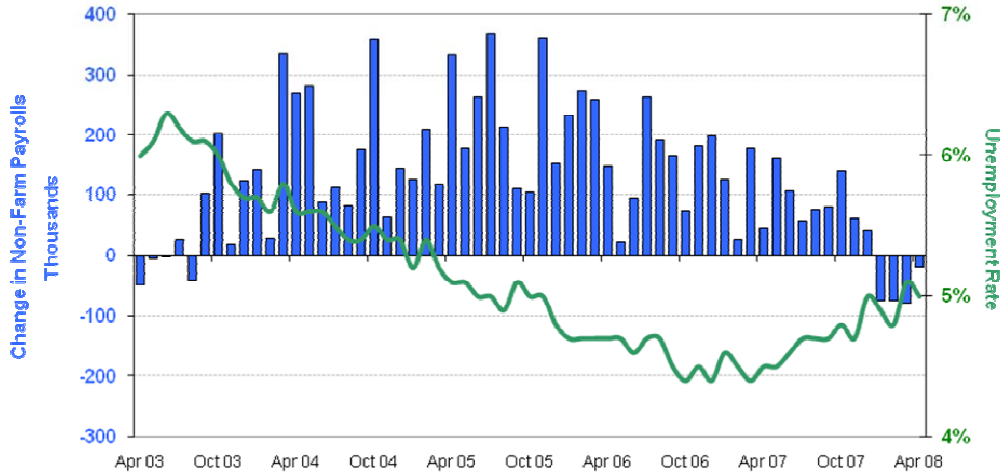
*Source: Bloomberg*

The labor market is adding to the downward pressure in the economy. Thus far in 2008, the economy has lost 252,000. For comparison, in 2007 the economy added a total of 1.1 million new jobs. Weak retail sales and waning consumer confidence is also putting stress in the labor market and in the general economy. Consumers are being hurt by the steep rise in food and energy prices, and are cutting back on discretionary spending. The less consumers spend, the less companies will produce. During the first quarter of 2008, companies cut worker hours by the largest amount in five years. In March, hourly pay decreased 0.7% year-over-year when adjusted for inflation. This represents the biggest yearly drop in hourly pay in almost 13 years.

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<sup>1</sup> Gross Domestic Product: The monetary value of all the finished goods and services produced within a country's borders in a specific time period, though GDP is usually calculated on an annual basis. It includes all of private and public consumption, government outlays, investments and exports less imports that occur within a defined territory. (source: [www.investopedia.com](http://www.investopedia.com))

### Change in Non-Farm Payrolls vs. Unemployment Rate April 2003 – April 2008



Source: Bloomberg

#### **Golden Gate Bridge's General Fund Portfolio**

The back-up in rates during April provided an opportunity to extend the portfolio's duration while picking up attractive yields. We purchased \$5 million in Federal Agency callable bonds with a one-year call option and five years to final maturity. If the bond is called in one year, the investment will yield 4.41% for the District, and if held to maturity it will yield 4.06%. We purchased an additional \$5 million in Federal Agency bonds maturing in four years, with a yield of 3.53%. Both of these yields provide value to the District's portfolio in the current market environment. We will look for further opportunities to extend the portfolio's duration in May when rates approach their intermediate-term highs.

The District's portfolio ended April with a yield at cost of 4.34%, excluding LAIF, and 4.26% including LAIF.

**MEMORANDUM**

To: Finance-Auditing Committee/Committee of the Whole  
Meeting of May 22, 2008

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

Re: District Investment Report, April 2008

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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 April 30, 2008

PORTFOLIO OF INVESTMENTS

MATURITY	SECURITY	DATE OF INVESTMENT	YIELD	DESCRIPTION	TOTAL MARKET VALUE	PAR	Cost
ON DEMAND	STATE	VARIOUS	3.40	LOCAL AGENCY INVESTMENT FUND	12,622,379	12,600,000	12,600,000.00
05/05/08	CP	02/04/08	3.10	BARCLAYS US FUNDING LLC COMM PAPER	2,049,295	2,050,000	2,034,065.52
05/05/08	CP	01/04/08	4.40	BNP PARIBAS FINANCE INC COMM PAPER	7,247,506	7,250,000	7,143,491.46
05/05/08	CD	02/07/08	3.00	RABOBANK NEDERLAND NV (NY) CERT DEPOS	2,250,111	2,250,000	2,249,504.63
05/05/08	CP	01/04/08	4.42	UBS FINANCE DELAWARE LLC COMM PAPER	1,108,619	1,109,000	1,092,651.49
05/07/08	BA	01/15/08	4.00	BANK OF AMERICA CORP BANK ACCEP	1,702,184	1,703,000	1,681,885.17
05/07/08	CP	01/08/08	4.30	BARCLAYS US FUNDING LLC COMM PAPER	5,270,458	5,273,000	5,198,474.94
05/07/08	CP	01/08/08	4.32	CALYON NORTH AMERICA INC COMM PAPER	4,997,590	5,000,000	4,929,000.00
05/13/08	BA	02/15/08	2.92	JP MORGAN CHASE BANK ACCEP	334,694	335,000	332,625.22
05/30/08	CP	03/03/08	2.93	CBA (DE) FINANCE COMM PAPER	1,243,165	1,246,000	1,237,136.79
06/04/08	CP	01/08/08	4.43	CITIGROUP FUNDING INC COMM PAPER	2,243,990	2,250,000	2,209,762.50
06/04/08	CD	03/03/08	2.92	DEUTSCHE BANK NY CERT DEPOS	5,050,727	5,050,000	5,050,000.00
06/05/08	CD	03/13/08	2.75	CREDIT SUISSE FB USA INC CERT DEPOS	6,110,215	6,095,000	6,130,803.34
06/05/08	CD	03/19/08	2.60	CREDIT SUISSE FB USA INC CERT DEPOS	1,037,584	1,035,000	1,040,993.36
06/12/08	CP	04/04/08	2.61	BANK OF AMERICA CORP COMM PAPER	2,733,816	2,743,000	2,729,330.72
06/12/08	CP	04/04/08	2.66	CBA (DE) FINANCE COMM PAPER	3,488,408	3,500,000	3,482,222.92
06/12/08	BA	02/15/08	2.93	JP MORGAN CHASE BANK ACCEP	1,319,721	1,324,000	1,311,414.64
06/17/08	BA	03/26/08	2.43	BANK OF AMERICA CORP BANK ACCEP	2,161,174	2,169,000	2,156,898.19
06/30/08	CP	03/28/08	2.69	DEXIA DELAWARE LLC COMM PAPER	1,099,642	1,105,000	1,097,296.31
06/30/08	CD	03/24/08	2.57	TORONTO DOMINION BANK NY CERT DEPOS	3,178,717	3,180,000	3,180,000.00
07/17/08	CD	04/21/08	2.88	DEXIA CREDIT LOCAL SA NY CERT DEPOS	2,999,989	3,000,000	2,999,633.48
07/21/08	CP	04/21/08	2.88	HSBC USA INC CP	3,044,517	3,065,000	3,042,841.75
08/15/08	NOTES	05/20/05	4.22	WELLS FARGO FINANCIAL GLOBAL SR NOTES	3,242,998	3,229,000	3,389,029.24
08/25/08	NOTES	08/18/06	5.23	FNMA GLOBAL NOTES (EX-CALLABLE)	5,400,200	5,360,000	5,311,534.88
10/14/08	NOTES	12/08/05	4.80	FHLB BONDS	5,045,313	5,000,000	4,960,850.00
11/01/08	NOTES	05/11/05	4.37	ASSOCIATES CORP NA (CITI) GL SR NOTES	5,038,850	5,000,000	5,298,900.00
03/03/09	NOTES	02/01/06	4.84	FNMA NOTES (EX-CALLABLE)	3,638,203	3,610,000	3,482,855.80
04/06/09	NOTES	02/01/06	4.82	FFCB BONDS	5,039,063	5,000,000	4,814,050.00
08/15/09	NOTES	05/09/07	5.11	SAN DIEGO CNTY CALIF PENS(FHIC CNTY GTD)	1,162,660	1,225,000	1,092,724.50
09/15/09	NOTES	03/07/08	3.50	HSBC BANK USA GLOBAL SR BANK NOTES	1,981,714	1,990,000	2,001,044.50
11/01/09	NOTES	05/22/06	5.52	HELLER FINANCIAL INC (GECC) GLOBAL 144A	4,738,725	4,500,000	4,758,795.00
01/15/10	NOTES	09/22/06	5.19	WELLS FARGO COMPANY GLOBAL SR NOTES	5,042,050	5,000,000	4,850,300.00
04/19/10	NOTES	05/22/06	5.35	FNMA GLOBAL NOTES (EX-CALLABLE)	5,210,938	5,000,000	4,938,600.00
08/15/10	NOTES	05/09/07	5.02	SAN DIEGO CNTY CALIF PENS(FGIC CNTY GTD)	2,719,830	3,000,000	2,551,230.00
11/04/10	NOTES	05/29/07	5.28	MERRILL LYNCH & CO SR MTN	7,941,192	8,000,000	7,806,480.00
02/01/11	NOTES	01/29/07	5.22	GENERAL ELEC CAP CORP GLOBAL SR MTN	5,094,170	5,000,000	4,996,750.00
06/01/11	NOTES	09/12/07	5.19	JPMORGAN CHASE & CO SR NOTES	5,134,015	5,000,000	5,067,400.00
06/28/11	NOTES	07/19/06	5.53	FHLB BONDS	5,353,125	5,000,000	5,014,550.00
01/09/12	NOTES	02/12/07	5.35	FHLMC GLOBAL NOTES (CALLABLE)	5,099,175	5,000,000	4,988,850.00
03/09/12	NOTES	04/30/08	3.53	FHLB TAP BONDS	5,032,813	5,000,000	4,995,150.00
04/03/13	NOTES	04/03/08	4.06	FFCB BONDS (CALLABLE)	4,945,714	5,000,000	4,981,500.00
					160,155,246	159,246,000	158,230,626.35

<u>DESCRIPTION</u>	<u>INVESTMENT</u>	<u>PORTFOLIO COMPOSITION</u>	<u>YIELD</u>
Banker's Acceptance	5,517,773	3.45%	3.06%
Savings and Loan C.D.'s (C.D.)	20,627,343	12.88%	2.80%
Commercial Paper (C.P.)	34,527,006	21.56%	3.74%
U. S. Treasury Bills and Notes	-	0.00%	0.00%
Agency Discount Notes	-	0.00%	0.00%
Agency Coupon Notes	44,764,542	27.95%	4.84%
Corporate Notes	38,213,713	23.86%	4.97%
Municipal Bonds	3,882,490	2.42%	5.05%
Long Term CD	-	0.00%	0.00%
LAIF	12,622,379	7.88%	3.40%
	160,155,246	100.00%	
Average Investment Yield of Portfolio			4.19%
Average Maturity of Portfolio			420

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.