



Agenda Item No. 1

To: Finance-Auditing Committee/Committee of the Whole
Meeting of February 21, 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 \$85,811.00 for the period January 1, 2008, through January 31, 2008 (See Attachment A for details).
- b. The Board of Directors ratifies investments made during the period January 15, 2008, through February 11, 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 February 11, 2008, and March 17, 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 January 2008 (see Attachment C for details).

Fiscal Impact

Disbursements in the amount of \$85,811.00 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 January 1, 2008, through January 31, 2008. All commitments/expenditures in excess of \$10,000 that have not been previously approved by the Board are listed below.

VENDOR	DESCRIPTION	DIVISION	AMOUNT
Coalinga Motors	Silverado Pickup	Bridge	\$18,391.00
Hoblit Motors	Ford 250 Cab	Bridge	16,247.00
Fortifier, Inc.	Wireless Security, 3-Year Maintenance Agreement	District	17,790.00
Peerless Manufacturing, Co.	MV Mendocino Repower: Ventilation	Ferry	14,438.00
Performance Turbochargers	Seven Turbochargers	Bus	18,945.00
TOTAL			\$85,811.00

ATTACHMENT B

RATIFICATION OF PREVIOUS INVESTMENTS

Summary

During the reporting period of January 15, 2008, through February 11, 2008, \$33,712,000 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
Bank of America Bank Accep.	01/15/08	03/13/08	1,228,729.28	4.18
Bank of America Bank Accep.	01/15/08	03/19/08	1,079,972.98	4.18
Bank of America Bank Accep.	01/15/08	03/24/08	3,154,705.75	4.18
Bank of America Bank Accep.	01/15/08	05/07/08	1,681,885.17	4.00
FHLB Disc Note	01/15/08	01/22/08	8,326,356.75	4.10
FHLMC Disc Note	01/22/08	02/07/08	8,332,689.24	3.05
Barclay US Funding, LLC Commercial Paper	02/04/08	05/05/08	2,034,065.52	3.10
Rabobank Nederland NY Certificate of Deposit	02/07/08	05/05/08	7,248,403.81	3.00
Svenska Handelsbank, Inc. Commercial Paper	02/07/08	03/28/08	1,093,333.50	3.07

Market Summary

Quotations as of February 11, 2008 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.	4.06%	4.06%	3.66%
Treasury Bills	2.29%	2.11%	
Commercial Paper	2.88%	2.75%	

Recent Interest Rates

- Fixed-income yields continued to fall under the pressure of mounting losses in the financial sector due to subprime mortgages and slowing economic growth.



Source: Bloomberg

Historical Interest Rates

- Investor concerns over subprime-related debt and its spill-over effect on the financial markets fueled a “flight to quality,” as investors sought the relative safety of U.S. Treasury securities.
- The yield on the 2-Year U.S. Treasury Note has fallen to near its 10-year low.

2-Year U.S. Treasury Yields
February 1998 – February 2008



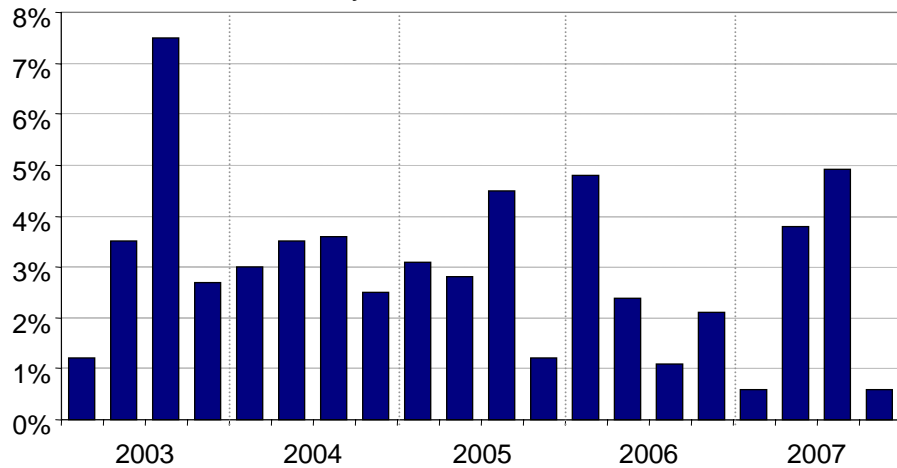
Source: Bloomberg

Subprime Exposure Hurt Many Investors

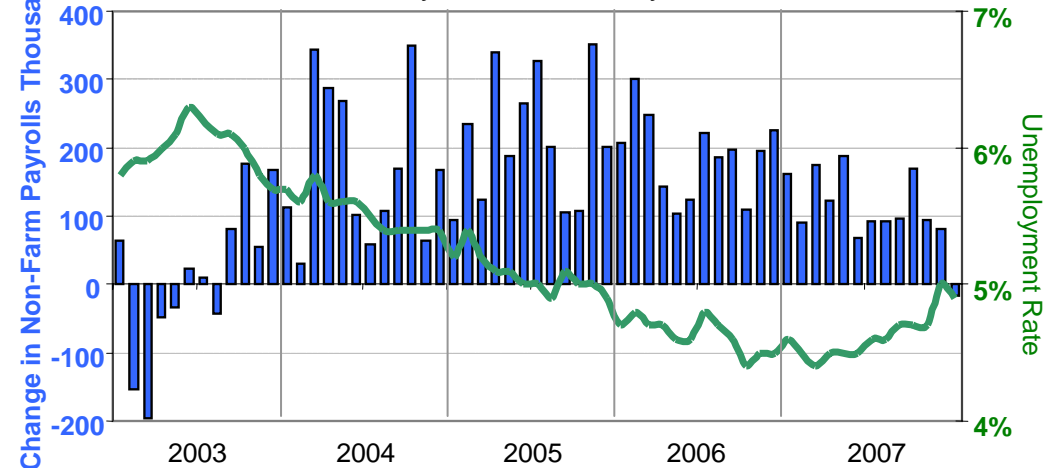
- Financial institutions and institutional investors suffered losses due to the deterioration in the subprime mortgage market.
 - Local Government Investment Pools
 - ♦ Florida’s LGIP was forced to temporarily freeze its assets due to losses in ABCP and SIVs.
 - ♦ Orange County’s LGIP held 20% of its assets in SIVs.
 - ♦ Montana’s LGIP held nearly 24% of its assets in SIVs.
 - ♦ Connecticut’s LGIP held close to 10% of its assets in SIVs.
 - Money market funds managed by Janus Capital Group, SunTrust Banks and Legg Mason Inc. required cash infusions to avoid “breaking the buck.”
 - Bear Stearns suffered major losses in two hedge funds due to subprime related losses.

Economic Indicators Point to a Slowdown

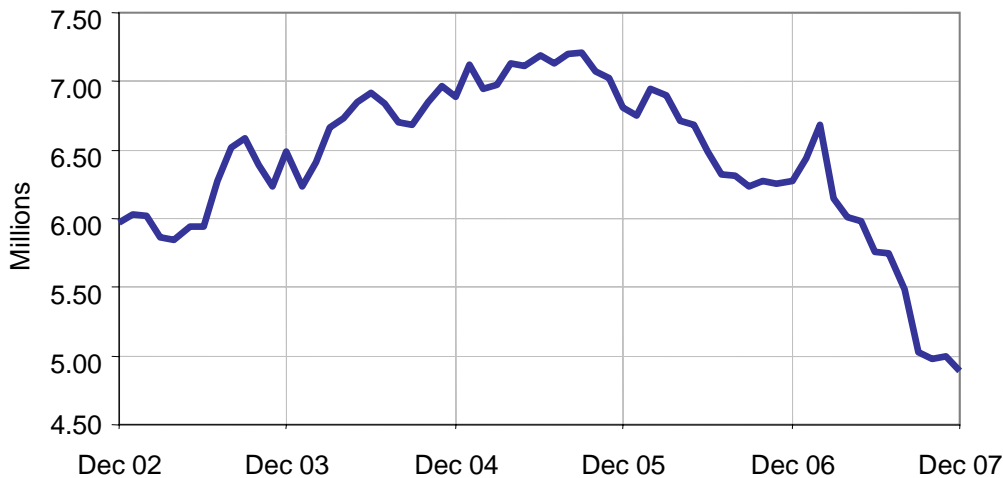
Growth Domestic Product
January 2003 – December 2007



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



Existing Home Sales
December 2002 – December 2007



Non-Manufacturing ISM Index
January 1998 – January 2008

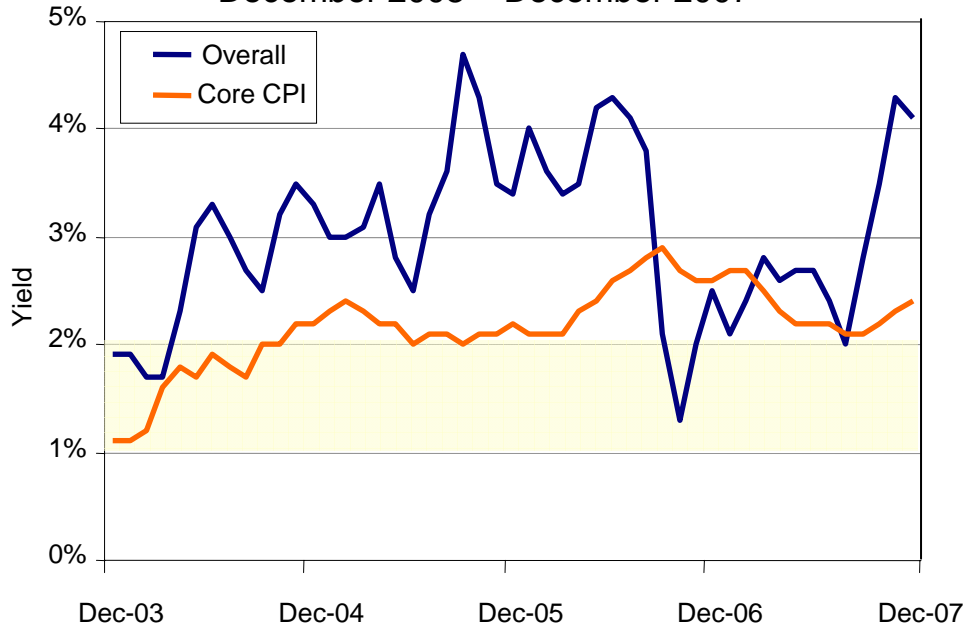


Source: Bloomberg

Inflationary Indicators Remain Elevated

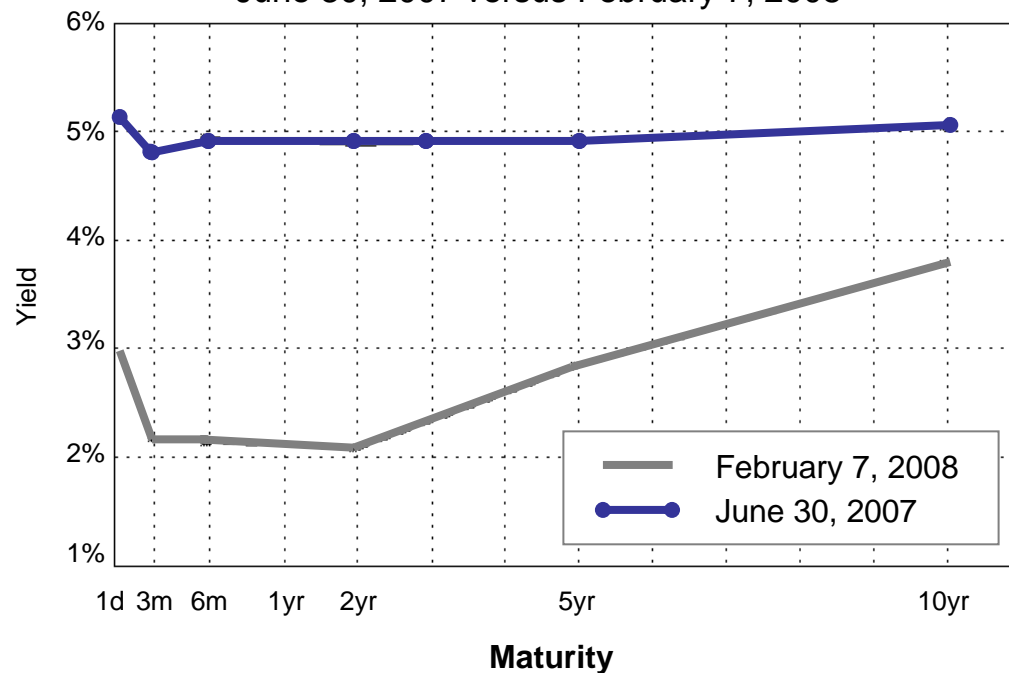
- Concerns about lingering inflation, slowing economic growth, and further Fed target rate cuts have caused a steepening of the yield curve.

Consumer Price Index (Year-Over-Year)
December 2003 – December 2007



Source: Bloomberg

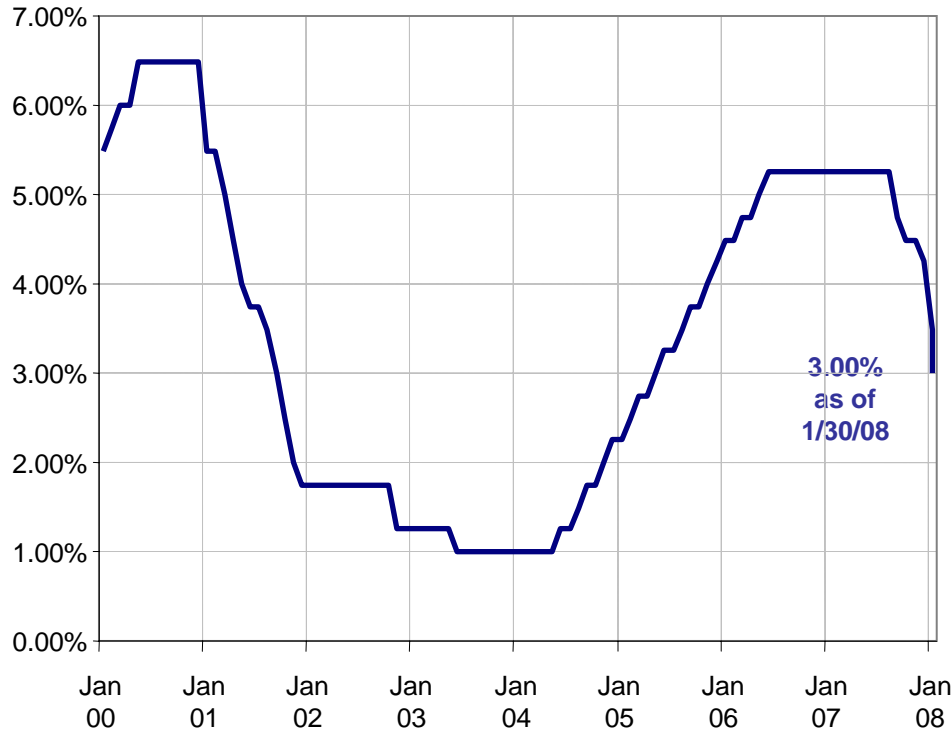
U.S. Treasury Yield Curve
June 30, 2007 versus February 7, 2008



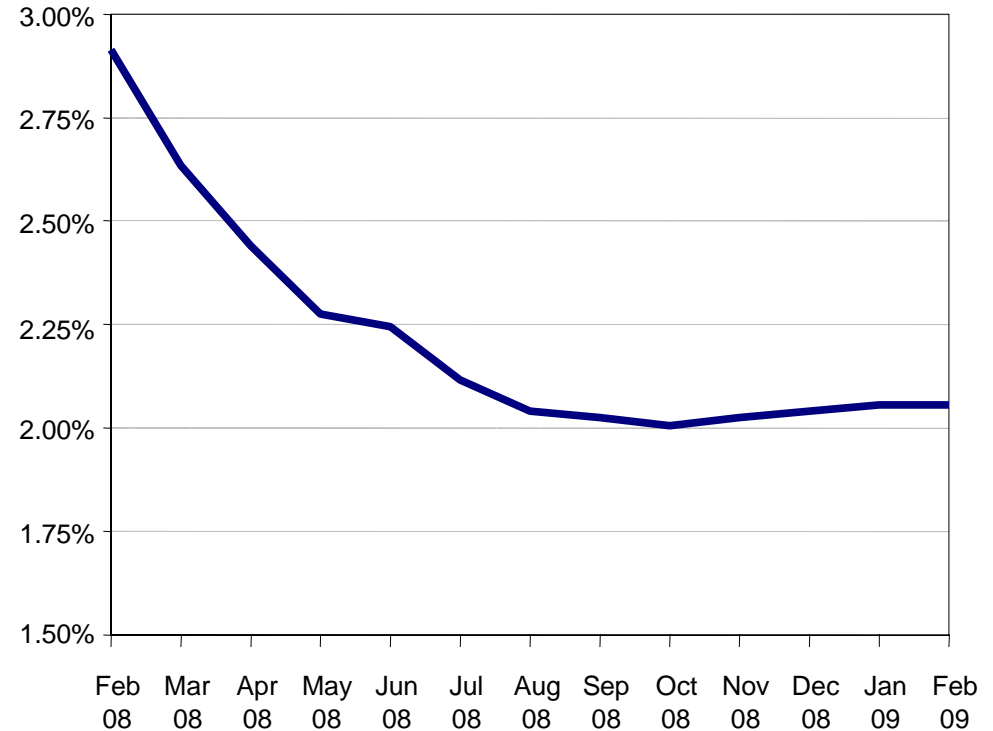
The FOMC Continues to Lower Overnight Rate

- The FOMC lowered the Fed Funds rate by 2.25% in 4 months, from 5.25% to 3.00%.
- The 40% reduction in the overnight rate in the span of 4 months is unprecedented.

Fed Funds Target Rate
January 2000 – January 2008



Fed Funds Futures Contracts
February 7, 2008

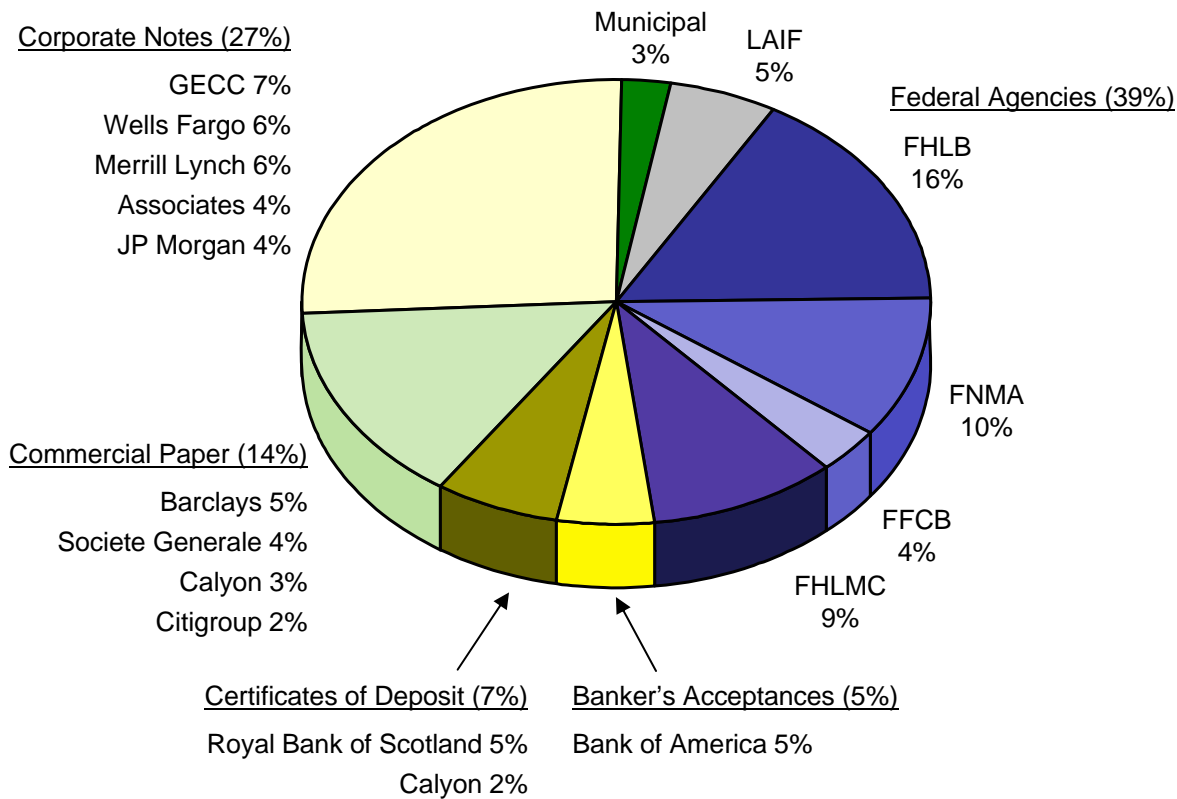


Source: Bloomberg

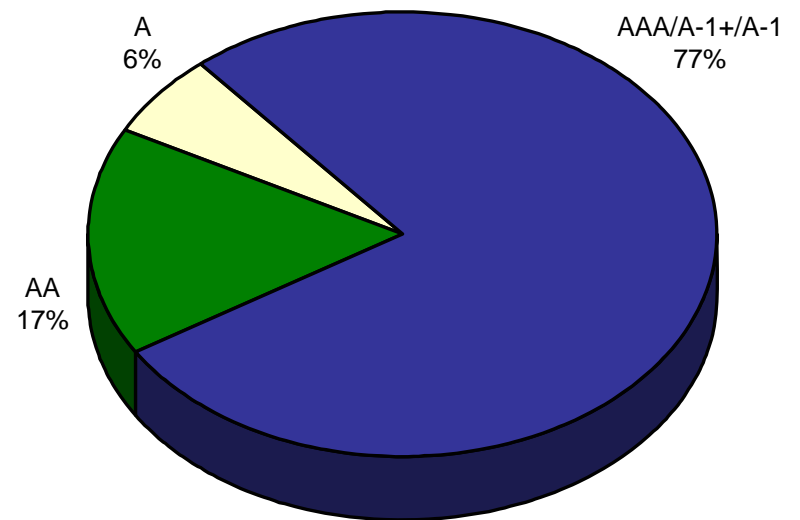
Golden Gate Bridge Portfolio

- The District's portfolio holds securities with high credit ratings, and it is well diversified.
- The District's portfolio holds no SIVs, CDOs or ABCP.

Issuer Distribution



Credit Quality



Golden Gate Bridge Portfolio

- With rates at four-year lows, we did not purchase any longer-term investments during the month of January. Instead, we limited our purchases to short-term, high-quality commercial paper.
- The portfolio ended December with a yield at cost of 4.79%, excluding LAIF, and 4.78% including LAIF.

MEMORANDUM

To: Finance-Auditing Committee/Committee of the Whole
Meeting of February 21, 2008

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

Re: District Investment Report, January 2008

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 January 31, 2008

PORTFOLIO OF INVESTMENTS

MATURITY	SECURITY	DATE OF INVESTMENT	YIELD	DESCRIPTION	TOTAL MARKET VALUE	PAR	Cost
ON DEMAND	STATE	VARIOUS	4.62	LOCAL AGENCY INVESTMENT FUND	7,705,229	7,700,000	7,700,000.00
02/04/08	CP	10/02/07	5.18	BARCLAYS US FUNDING LLC COMM PAPER	2,034,312	2,035,000	1,999,034.20
02/07/08	DN	01/22/08	3.05	FHLMC DISC NOTE	8,339,475	8,344,000	8,332,689.24
02/15/08	NOTES	04/05/04	3.02	FHLB TAP BONDS	1,525,477	1,525,000	1,544,337.00
03/03/08	CP	11/30/07	5.10	SOCIETE GENERALE N AMER COMM PAPER	6,145,184	6,162,000	6,081,068.98
03/13/08	BA	01/15/08	4.18	BANK OF AMERICA CORP BANK ACCEP	1,232,561	1,237,000	1,228,729.28
03/13/08	CD	12/06/07	5.15	ROYAL BANK OF SCOTLAND (NY) CERT DEPOS	7,018,259	7,000,000	7,004,221.28
03/19/08	BA	01/15/08	4.18	BANK OF AMERICA BANK ACCEP	1,083,553	1,088,000	1,079,972.98
03/24/08	BA	01/15/08	4.18	BANK OF AMERICA BANK ACCEP	3,165,690	3,180,000	3,154,705.75
03/26/08	CD	12/26/07	4.76	CALYON NY CERTIFICATE OF DEPOSIT	2,137,307	2,132,000	2,132,000.00
04/04/08	CP	01/07/08	4.35	UBS FINANCE DELAWARE LLC COMM PAPER	6,178,319	6,212,000	6,146,704.98
05/05/08	CP	01/04/08	4.40	BNP PARIBAS FINANCE INC COMM PAPER	7,191,645	7,250,000	7,143,491.46
05/05/08	CP	01/04/08	4.42	UBS FINANCE DELAWARE LLC COMM PAPER	1,100,074	1,109,000	1,092,651.49
05/07/08	BA	01/15/08	4.00	BANK OF AMERICA CORP BANK ACCEP	1,689,151	1,703,000	1,681,885.17
05/07/08	CP	01/08/08	4.30	BARCLAYS US FUNDING LLC COMM PAPER	5,229,666	5,273,000	5,198,474.94
05/07/08	CP	01/08/08	4.32	CALYON NORTH AMERICA INC COMM PAPER	4,958,910	5,000,000	4,929,000.00
06/04/08	CP	01/08/08	4.43	CITIGROUP FUNDING INC COMM PAPER	2,226,236	2,250,000	2,209,762.50
07/21/08	NOTES	09/26/05	4.38	FHLB BONDS (CALLABLE)	6,003,750	6,000,000	5,797,800.00
08/15/08	NOTES	05/20/05	4.22	WELLS FARGO FINANCIAL GLOBAL SR NOTES	3,260,667	3,229,000	3,389,029.24
08/25/08	NOTES	08/18/06	5.23	FNMA GLOBAL NOTES (EX-CALLABLE)	5,418,625	5,360,000	5,311,534.88
10/14/08	NOTES	12/08/05	4.80	FHLB BONDS	5,060,938	5,000,000	4,960,850.00
11/01/08	NOTES	05/11/05	4.37	ASSOCIATES CORP NA (CITI) GL SR NOTES	5,092,880	5,000,000	5,298,900.00
02/27/09	NOTES	09/14/06	5.17	FHLB BONDS (CALLABLE)	5,004,688	5,000,000	4,866,600.00
03/03/09	NOTES	02/01/06	4.84	FNMA NOTES (EX-CALLABLE)	3,647,228	3,610,000	3,482,855.80
04/06/09	NOTES	02/01/06	4.82	FFCB BONDS	5,053,125	5,000,000	4,814,050.00
08/15/09	NOTES	05/09/07	5.11	SAN DIEGO CNTY CALIF PENS(FHIC CNTY GTD)	1,155,322	1,225,000	1,092,724.50
11/01/09	NOTES	05/22/06	5.52	HELLER FINANCIAL INC (GECC) GLOBAL 144A	4,811,855	4,500,000	4,758,795.00
01/15/10	NOTES	09/22/06	5.19	WELLS FARGO COMPANY GLOBAL SR NOTES	5,048,585	5,000,000	4,850,300.00
04/19/10	NOTES	05/22/06	5.35	FNMA GLOBAL NOTES (EX-CALLABLE)	5,237,500	5,000,000	4,938,600.00
08/15/10	NOTES	05/09/07	5.02	SAN DIEGO CNTY CALIF PENS(FGIC CNTY GTD)	2,721,630	3,000,000	2,551,230.00
11/04/10	NOTES	05/29/07	5.28	MERRILL LYNCH & CO MTN	7,965,376	8,000,000	7,806,480.00
02/01/11	NOTES	01/29/07	5.22	GENERAL ELEC CAP CORP GLOBAL SR MTN	5,226,025	5,000,000	4,996,750.00
06/01/11	NOTES	09/12/07	5.19	JP MORGAN CHASE & CO SR NOTES	5,220,485	5,000,000	5,067,400.00
06/28/11	NOTES	07/19/06	5.53	FHLB BONDS	5,410,938	5,000,000	5,014,550.00
01/09/12	NOTES	02/12/07	5.35	FHLMC GLOBAL NOTES (CALLABLE)	5,111,080	5,000,000	4,988,850.00
					155,411,743	154,124,000	152,646,028.67

DESCRIPTION	INVESTMENT	PORTFOLIO COMPOSITION	YIELD
Banker's Acceptance	7,170,956	4.61%	4.14%
Savings and Loan C.D.'s (C.D.)	9,155,566	5.89%	5.06%
Commercial Paper (C.P.)	35,064,345	22.56%	4.53%
U. S. Treasury Bills and Notes	-	0.00%	0.00%
Agency Discount Notes	8,339,475	5.37%	3.05%
Agency Coupon Notes	47,473,347	30.55%	4.98%
Corporate Notes	36,625,872	23.57%	5.05%
Municipal Bonds	3,876,952	2.49%	5.05%
Long Term CD	-	0.00%	0.00%
LAIF	7,705,229	4.96%	4.62%
	155,411,743	100.00%	
	Average Investment Yield of Portfolio		4.74%
	Average Maturity of Portfolio		397

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.