Agenda Item No. 1

To: Finance-Auditing Committee/Committee of the Whole
Meeting of January 23, 2009

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 $80,026.00 for the period December 1, 2008, through December 31, 2008 (See Attachment A for details).

b. The Board of Directors ratifies investments made during the period December 9, 2008, through January 12, 2009 (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 January 13, 2009, and February 17, 2009, 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 December 2008 (see Attachment C for details).

Fiscal Impact

Disbursements in the amount of $80,026.00 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 December 1, 2008, through December 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
SunGard Bi-Tech, Inc.	Bus Operations Payroll	Bus	$15,000.00
Essential Staffing, Inc.	Temp Workers Compensation	District	$10,000.00
Essential Staffing, Inc.	Temp Workers Compensation	District	$10,000.00
Sky Climber, LLC	Rent 15 Air Hoist Motors	Bridge	19,000.00
Dell Marketing, Inc.	Optiplex Small Form	District	14,363.00
American Textile	Oil Containment Boom	Ferry	11,663.00
TOTAL			**$80,026.00**

ATTACHMENT B

RATIFICATION OF PREVIOUS INVESTMENTS

Summary

During the reporting period December 9, 2008, through January 12, 2009, $12,276,000.00 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
FNMA Global Notes	01/09/09	02/10/10	4,932,572.75	0.79

Market Summary

Quotations as of January 12, 2009, 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.	1.55%	1.95%	2.25%
Treasury Bills	0.07%	0.30%	
Commercial Paper	0.18%	0.40%	

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

January 12, 2009

Memorandum

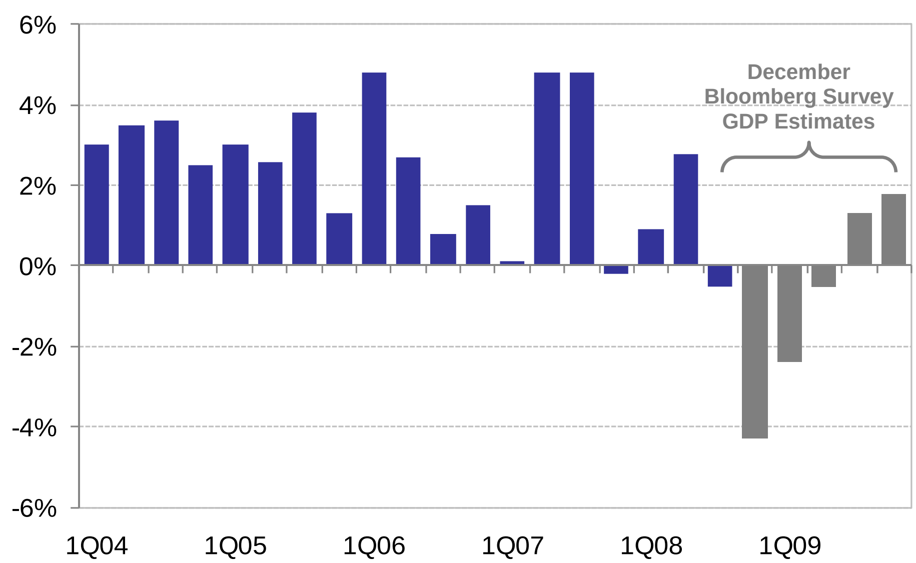
To: Finance-Auditing Committee of the Golden Gate Bridge Highway and Transportation District

From: Nancy Jones, Managing Director
Paulina Woo, Consultant
PFM Asset Management LLC

Re: District Investment Report, December 2008

The outlook for the economy remains extremely gloomy, with weak consumer spending over the holiday season likely to be followed by months of weak manufacturing, declining home sales, rising unemployment, and cut-backs in state and local government spending. In 2008, the economy lost a total of 2.6 million jobs, which is the most since 1945. Stresses on the job market show no sign of easing as unemployment rose to 7.6% in the month of December. The forecast for the retail sector, a primary driving force of growth over the last two decades, is especially bleak with a projected 95,000-100,000 retail stores and 2,000-3,000 malls expected to close over the next 12 months. The housing sector continues to hinder economic recovery with overall sales in November down 42% since their peak in 2005. Generally, economic growth is projected to be negative for at least the first two quarters of 2009, as shown in the chart below.

Gross Domestic Product
First Quarter 2004 – Fourth Quarter 2009



Source: Bloomberg

Federal government stimulus programs, such as the Emergency Economic Stabilization Act of 2008, the Money Market Investor Funding Facility (MMIFF), the Commercial Paper Funding Facility (CPFF), and the Temporary Liquidity Guarantee Program (TLGP) have stabilized the financial markets, but have not turned them around. Recovery will depend on further significant government actions whose results will likely not be visible for six months or more after they are enacted.

The Federal Open Market Committee's (FOMC) statement following their December meeting noted that, "weak economic conditions are likely to warrant exceptionally low levels of the Federal Funds rate for some time." The FOMC cut its short-term target rate seven times during 2009 to an historic low of between 0.0%-0.25% to encourage lending and continue to aid the thawing credit markets.

The spread (difference in yield) between Treasuries and Federal Agencies collapsed dramatically during December due to a stabilized market and the Federal Reserve's large purchases of Federal Agency debt. This means there is reduced value in short- and intermediate-term Agencies. During December, the spread between 2-Year Treasuries to Federal Agencies fell to 40 basis points, which was the lowest in more than a year. Short-term yields are near zero, and there is still a steep yield curve, so PFM may seek to make some maturity extensions.

Yield Spread Between 2-Year U.S. Treasury and Federal Agency Notes
January 2008 – January 2009

Source: Bloomberg

General Fund Portfolio

One of the portfolio highlights for December is our early purchases of FDIC-guaranteed corporate debt through the Temporary Liquidity Guarantee Program (TLGP). As we wrote last month, the TLGP is a program administered by the FDIC that guarantees newly-issued senior unsecured debt of participating financial institutions issued through June 30, 2009 for maturities of up to three years. Debt issued through the TLGP is backed by the full faith and credit of the U.S. Government and rated "AAA" by Moody's, Fitch, and S&P.

On December 2, 2008, PFM purchased $8.7 million of Morgan Stanley TLGP notes for the General Fund at 42 basis points (0.42%) above Federal Agencies and 186 basis points (1.86%) above Treasuries. The first few issues of TLGP debt had relatively high yields compared to subsequent issues. The Morgan Stanley note was the second issue of TLGP debt and, therefore, possess a significantly higher yield than TLGP debt that is currently being issued or trading in the secondary markets. On an amortized cost basis, the District's TLGP note has performed extraordinarily well, appreciating $369,439 since it was purchased. PFM's timely purchase of the TLGP debt capitalized on the unique combination of relatively higher interest rates and TLGP yields and wider spreads; all of which have lead to excellent performance since its purchase.

Overall, the General Fund portfolio (excluding LAIF) has a yield to maturity at cost of 4.11%, far above current market rates. As of January 12, rates for Federal Agencies in the 3-month to 5-year maturity area, ranged from 0.03% - 1.44%.

The yields for the District's portfolios at the end of December were as follows:

- General Fund, excluding LAIF: 4.11%
- General Fund, including LAIF: 3.90%
- Special Operating Reserve: 2.31%
- Commercial Paper Debt Service Reserve Fund: 2.06%

MEMORANDUM

To: Finance-Auditing Committee/Committee of the Whole
Meeting of January 23, 2009

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

Re: District Investment Report, December 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
General Fund, Special Operating Reserve, & CP DSR
Combined
As of December 31, 2008

PORTFOLIO OF INVESTMENTS

MATURITY	SECURITY	DATE OF INVESTMENT	YIELD	DESCRIPTION	TOTAL MARKET VALUE	PAR	Cost
ON DEMAND	STATE	VARIOUS	2.57	LOCAL AGENCY INVESTMENT FUND	20,198,994	20,200,000	20,200,000.00
01/09/09	NOTES	02/12/07	5.35	FHLMC GLOBAL NOTES (CALLED, OMD 1/9/2012	5,003,860	5,000,000	4,988,850.00
01/12/09	CP	11/10/08	2.10	BARCLAYS US FUNDING LLC COMM PAPER	7,275,178	7,276,000	7,249,388.03
01/13/09	CP	11/14/08	2.01	CITIGROUP FUNDING INC COMM PAPER	7,249,007	7,250,000	7,225,833.34
01/13/09	CP	11/14/08	1.86	TOYOTA MOTOR CREDIT CORP COMM PAPER	2,138,829	2,139,000	2,132,404.75
02/11/09	CP	11/13/08	1.76	GE CAPITAL TLGP COMM PAPER	5,135,562	5,137,000	5,114,525.63
03/03/09	NOTES	02/01/06	4.84	FNMA NOTES (EX-CALLABLE)	583,081	580,000	559,572.40
04/06/09	NOTES	02/01/06	4.82	FFCB BONDS	5,042,188	5,000,000	4,814,050.00
08/15/09	NOTES	05/09/07	5.11	SAN DIEGO CNTY CALIF PENS(FHIC CNTY GTD)	1,187,687	1,225,000	1,092,724.50
09/15/09	NOTES	03/07/08	3.50	HSBC BANK USA GLOBAL SR BANK NOTES	1,986,635	1,990,000	2,001,044.50
10/09/09	NOTES	11/03/08	2.72	FHLB GLOBAL BONDS	7,699,250	7,475,000	7,596,992.00
11/01/09	NOTES	05/22/06	5.52	HELLER FINANCIAL INC (GECC) GLOBAL 144A	4,632,840	4,500,000	4,758,795.00
04/19/10	NOTES	05/22/06	5.35	FNMA GLOBAL NOTES (EX-CALLABLE)	5,251,563	5,000,000	4,938,600.00
08/15/10	NOTES	05/09/07	5.02	SAN DIEGO CNTY CALIF PENS(FGIC CNTY GTD)	2,739,870	3,000,000	2,551,230.00
11/04/10	NOTES	05/29/07	5.28	MERRILL LYNCH & CO SR MTN	7,817,976	8,000,000	7,806,480.00
02/01/11	NOTES	01/29/07	5.22	GENERAL ELEC CAP CORP GLOBAL SR MTN	5,064,040	5,000,000	4,996,750.00
06/01/11	NOTES	09/12/07	5.19	JPMORGAN CHASE & CO SR NOTES	5,023,600	5,000,000	5,067,400.00
06/28/11	NOTES	07/19/06	5.53	FHLB BONDS	5,506,250	5,000,000	5,014,550.00
12/01/11	NOTES	12/02/08	3.26	MORGAN STANLEY (FDIC) GLOBAL NOTES	9,066,557	8,700,000	8,697,042.00
03/09/12	NOTES	04/30/08	3.53	FHLB TAP BONDS	5,268,750	5,000,000	4,995,150.00
04/18/12	NOTES	08/27/08	5.40	WELLS FARGO FINANCIAL GLOBAL SR NOTES	5,039,225	5,000,000	5,117,650.00
05/15/12	NOTES	11/04/08	3.92	FHLB GLOBAL BONDS	7,848,750	7,000,000	7,417,963.00
06/08/12	NOTES	06/17/08	4.42	FHLB TAP BONDS	5,279,688	5,000,000	4,857,050.00
06/08/12	NOTES	06/12/08	4.31	FHLB TAP BONDS	3,989,445	3,695,000	3,704,237.50
04/03/13	NOTES	04/03/08	4.06	FFCB BONDS (CALLABLE)	5,010,938	5,000,000	4,981,500.00
05/29/13	NOTES	11/03/08	4.48	FHLB GLOBAL BONDS	10,481,250	10,000,000	9,649,540.00
07/15/13	NOTES	08/01/08	4.77	FFCB BONDS (CALLABLE)	5,087,500	5,000,000	4,995,000.00
03/04/09	CP	12/04/08	2.34	CALYON NORTH AMERICA INC COMM PAPER (1)	4,990,840	5,000,000	4,970,937.50
03/04/09	CP	12/04/08	2.26	TOYOTA MOTOR CREDIT COMM PAPER (1)	3,519,512	3,525,000	3,505,171.88
01/26/09	CP	11/24/08	2.06	SOCIETE GENERALE NA COMM PAPER (2)	6,322,761	6,325,000	6,302,309.06
				TOTAL	171,441,623	168,017,000	167,302,741.09

Notes
'1. Special Operating Reserve
'2. Commercial Paper Debt Service Reserve

DESCRIPTION	INVESTMENT	PORTFOLIO COMPOSITION	YIELD
Banker's Acceptance	-	0.00%	0.00%
Savings and Loan C.D.'s (C.D.)	-	0.00%	0.00%
Commercial Paper (C.P.)	36,631,688	21.37%	2.06%
U. S. Treasury Bills and Notes	-	0.00%	0.00%
Agency Discount Notes	-	0.00%	0.00%
Agency Coupon Notes	72,052,512	42.03%	4.36%
Corporate Notes	29,564,316	17.24%	5.19%
Corporate Bonds (FDIC Insured)	9,066,557	5.29%	3.26%
Municipal Bonds	3,927,557	2.29%	5.05%
Long Term CD	-	0.00%	0.00%
LAIF	20,198,994	11.78%	2.57%
Total	171,441,623	100.00%	

Average Investment Yield of Portfolio	3.75%
Average Maturity of Portfolio	589

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 posted quarterly on the LAIF website.