



Agenda Item No. 1

To: Finance-Auditing Committee/Committee of the Whole  
Meeting of March 27, 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 \$54,129.00 for the period February 1, 2009, through February 31, 2009 (See Attachment A for details).
- b. The Board of Directors ratifies investments made during the period February 18, 2009, through March 16, 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 March 17, 2009, and April 13, 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 February 2009 (see Attachment C for details).

**Fiscal Impact**

Disbursements in the amount of \$54,129.00 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 February 1, 2009, through February 31, 2009. 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>
Future Industrial Tech.	Safety Workshop for Employees	District	\$17,129.00
Office Team	Temp Employee for Safety	Bus	17,000.00
Robert Half Legal	Temp Employee for DOS	District	10,000.00
PES Environmental, Inc.	Pollution Remediation Lead Clean Up	District	10,000.00
<b>TOTAL</b>			<b>\$54,129.00</b>

## ATTACHMENT B

### RATIFICATION OF PREVIOUS INVESTMENTS

#### Summary

During the reporting period February 18, 2009, through March 16, 2009, \$9,105,000.00 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:

<b>Security</b>	<b>Purchase Date</b>	<b>Maturity Date</b>	<b>Original Cost</b>	<b>Percent Yield</b>
FHLB TAP Bonds	03/03/09	03/12/10	571,851.50	1.09
Calyon North America Commercial Paper	03/04/09	06/08/09	4,987,000.00	0.98
Nordea North America Commercial Paper	03/04/09	06/08/09	3,537,626.40	0.78

#### Market Summary

Quotations as of March 16, 2009, 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.	1.55%	1.95%	2.25%
Treasury Bills	0.23%	0.42%	
Commercial Paper	0.33%	0.58%	



**The PFM Group**

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



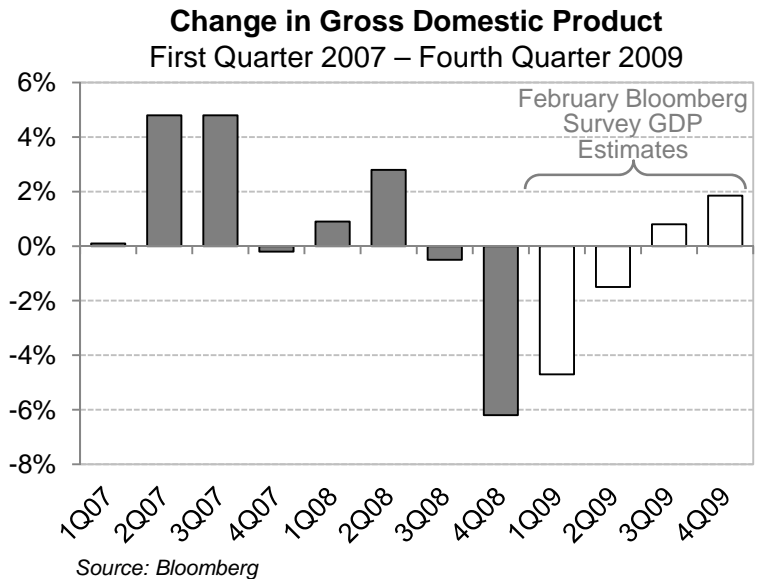
# **Golden Gate Transportation District Investment Report**

**March 2009**

# Economic Summary

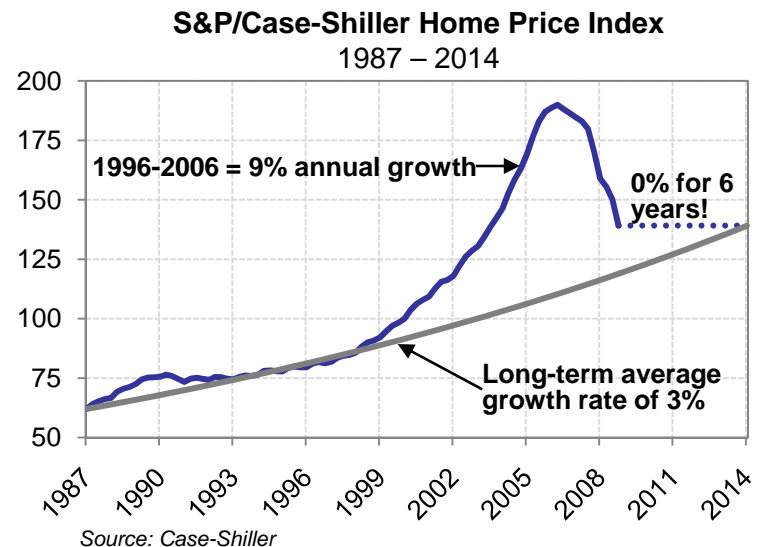
## Recession Worsens

- GDP contracted by 6.2% in fourth quarter — the largest quarterly decline in output since 1982.
- Economists project current recession will last through second quarter of 2009.
- Consumer confidence hit new record low in February 2009; waning consumer confidence is usually a precursor to reduced consumer spending.
- Unemployment rose to 8.1% in February — a 25 year high.
- Another 651,000 jobs were lost in February, bringing total job losses to 3.3 million for the past 6 months.



## Wealth Erosion Accelerates

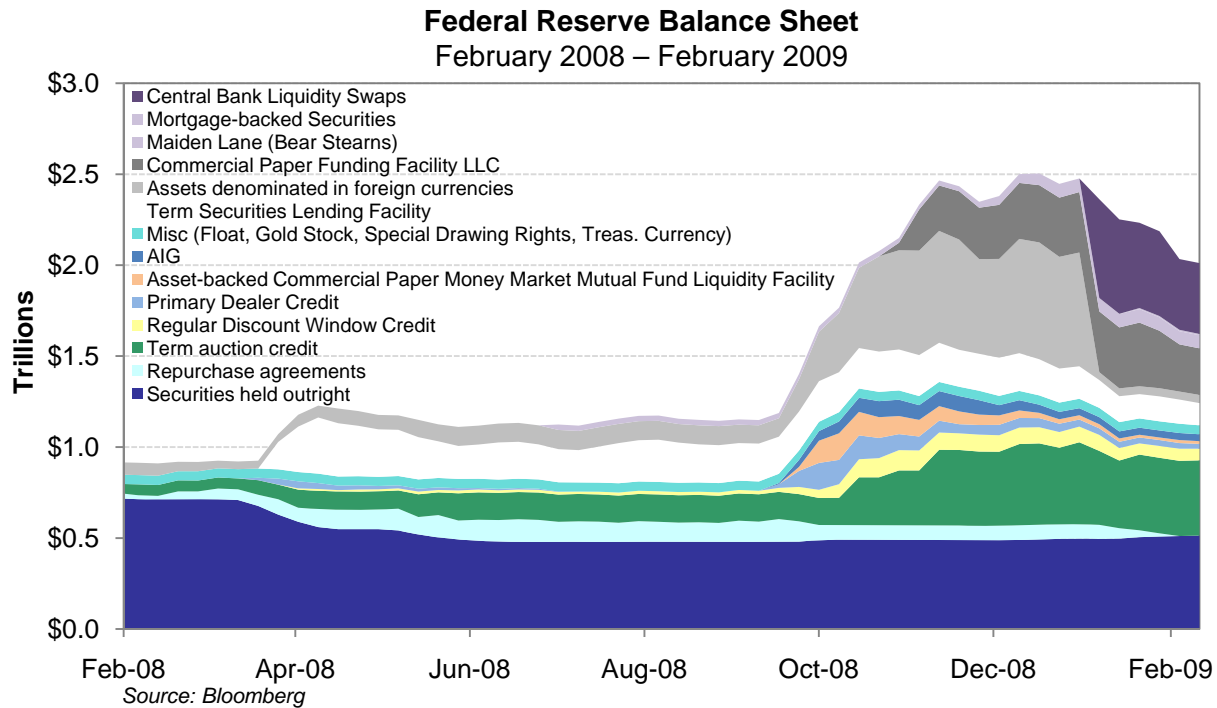
- Massive layoffs and possible bankruptcies in coming year have driven S&P 500 down more than 22% since beginning of 2009.
  - S&P 500 is down more than 55% since height of stock market in 2007.
- Home price appreciation must average 0% over the next 6 years to return to long-term average of 3% growth seen before housing boom.
- Home sales are down 43% from the height of housing market in 2005.
- Home prices declined 18.2% during 2008.



# Economic Summary (continued)

## Government Takes Action to Support Financial Markets

- FDIC now guarantees nearly \$175 billion of bank debt issued since November 2008 through Temporary Liquidity Guarantee Program (TLGP).
- Lending facilities and asset purchase programs to improve credit flow contributed to the more than \$1 trillion expansion of Fed's balance sheet over the past year.



- American Recovery and Reinvestment Act of 2009 provides \$787 billion of government spending.
- On February 23, the Federal Government reiterated strong support of banking system:
  - “The U.S. government stands firmly behind the banking system during this period of financial strain...”
  - “The government will ensure that banks have the capital and liquidity they need...”
  - “...we reiterate our determination to preserve the viability of systemically important financial institutions...”
- Treasury borrowing has surged to pay for the Federal Government’s support programs and is likely to increase more dramatically in 2009.

## U.S. Treasury Debt Issued February 2009

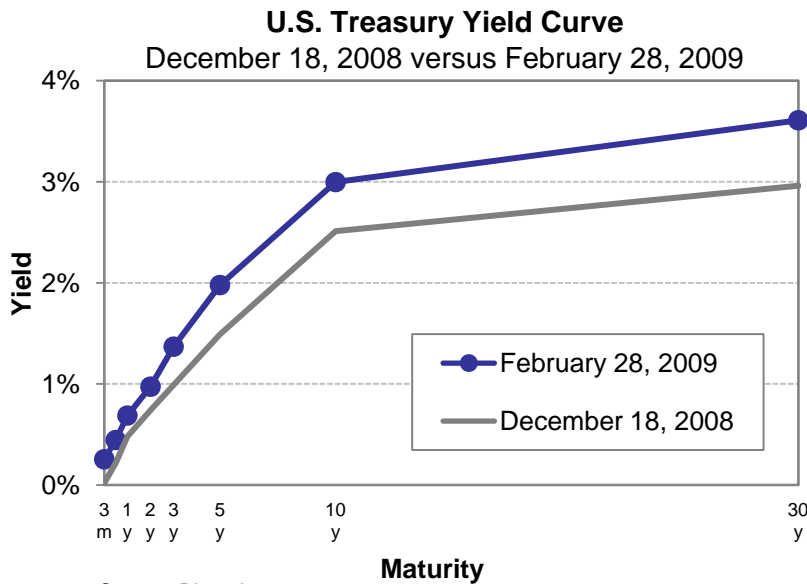
Maturity	Amount
Cash Management Bills	\$105,000,114,500
Treasury Bills	\$404,002,306,900
2-Year Notes	\$40,000,040,000
3-Year Notes	\$32,000,007,000
5-Year Notes	\$32,000,000,000
7-Year Notes	\$22,000,000,000
10-Year Notes	\$21,000,002,900
30-Year Bonds	\$14,000,018,800
<b>Total</b>	<b>\$670,002,490,100</b>

Source: Department of the Treasury

# Interest Rate Movements

## U.S. Treasury Yields Rise

- Since yields reached their lows in mid-December, yields have rebounded modestly for all maturities, with long-term yields increasing the most.
- Interest rates are in a tug of war between downward pressures from the weak economy and upward pressures from increased Treasury supply.



	<u>12/18/2008</u>	<u>2/28/2009</u>
<b>3 month</b>	0.01%	0.25%
<b>6 month</b>	0.15%	0.44%
<b>1 year</b>	0.41%	0.69%
<b>2 year</b>	0.68%	0.97%
<b>3 year</b>	0.93%	1.37%
<b>5 year</b>	1.26%	1.98%
<b>10 year</b>	2.07%	3.00%
<b>30 year</b>	2.51%	3.61%

## Yield Spreads Volatile

- The Federal Reserve's purchases of Federal Agency debt drove Federal Agency yields down relative to U.S. Treasuries, narrowing spreads.
- Corporate spreads widened due to increased concerns over corporate credit quality.

# Investment Report

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## General Fund Portfolio

- Although yields have risen slightly, they remain near all-time lows. We did not want to purchase longer-term securities, as their market value would be impacted if yields rise further.
- When \$5.1 million of GE commercial paper matured on February 11, it was reinvested in 3-month BNP Paribas Finance commercial paper, which is rated A-1+/P-1.
- It is prudent to maintain the portfolio's shorter duration for the near term so that the portfolio has the ability to capitalize on any significant interest rate increases that may occur.

### Portfolio Yields

As of February 28, 2009

Portfolio	Yield
General Fund (excluding LAIF)	3.66%
General Fund (including LAIF)	3.43%

## MEMORANDUM

To: Finance-Auditing Committee/Committee of the Whole  
Meeting of March 27, 2009

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

Re: District Investment Report, February 2009

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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**  
**General Fund, Special Operating Reserve, & CP DSR**  
**Combined**  
As of February 28, 2009

PORTFOLIO OF INVESTMENTS

MATURITY	SECURITY	DATE OF		DESCRIPTION	TOTAL		
		INVESTMENT	YIELD		MARKET VALUE	PAR	Cost
ON DEMAND	STATE	VARIOUS	1.87	LOCAL AGENCY INVESTMENT FUND	20,361,172	20,300,000	20,300,000.00
03/03/09	NOTES	02/01/06	4.84	FNMA NOTES (EX-CALLABLE)	580,000	580,000	559,572.40
04/06/09	NOTES	02/01/06	4.82	FFCB BONDS	5,014,063	5,000,000	4,814,050.00
05/12/09	CP	02/11/09	0.95	BNP PARIBAS FINANCE INC COMM PAPER	5,134,458	5,145,000	5,132,780.63
08/15/09	NOTES	05/09/07	5.11	SAN DIEGO CNTY CALIF PENS(FHIC CNTY GTD)	1,210,815	1,225,000	1,092,724.50
09/15/09	NOTES	03/07/08	3.50	HSBC BANK USA GLOBAL SR BANK NOTES	1,996,249	1,990,000	2,001,044.50
10/09/09	NOTES	11/03/08	2.72	FHLB GLOBAL BONDS	7,636,180	7,475,000	7,596,992.00
11/01/09	NOTES	05/22/06	5.52	HELLER FINANCIAL INC (GECC) GLOBAL 144A	4,603,973	4,500,000	4,758,795.00
02/09/10	NOTES	01/13/09	0.76	FHLMC GLOBAL BONDS	9,118,016	8,815,000	9,201,537.75
02/09/10	NOTES	01/12/09	0.76	FHLMC GLOBAL BONDS	7,064,781	6,830,000	7,130,315.10
02/10/10	NOTES	01/09/09	0.79	FNMA GLOBAL NOTES	4,898,097	4,805,000	4,932,572.75
04/19/10	NOTES	05/22/06	5.35	FNMA GLOBAL NOTES (EX-CALLABLE)	5,198,438	5,000,000	4,938,600.00
08/15/10	NOTES	05/09/07	5.02	SAN DIEGO CNTY CALIF PENS(FGIC CNTY GTD)	2,866,500	3,000,000	2,551,230.00
11/04/10	NOTES	05/29/07	5.28	MERRILL LYNCH & CO (BAC) SR MTN	7,516,912	8,000,000	7,806,480.00
02/01/11	NOTES	01/29/07	5.22	GENERAL ELEC CAP CORP GLOBAL SR MTN	5,022,695	5,000,000	4,996,750.00
06/01/11	NOTES	09/12/07	5.19	JPMORGAN CHASE & CO SR NOTES	5,097,330	5,000,000	5,067,400.00
06/28/11	NOTES	07/19/06	5.53	FHLB BONDS	5,426,563	5,000,000	5,014,550.00
12/01/11	NOTES	12/02/08	3.26	MORGAN STANLEY (FDIC) GLOBAL NOTES	8,968,865	8,700,000	8,697,042.00
03/09/12	NOTES	04/30/08	3.53	FHLB TAP BONDS	5,203,125	5,000,000	4,995,150.00
04/18/12	NOTES	08/27/08	5.40	WELLS FARGO FINANCIAL GLOBAL SR NOTES	5,044,475	5,000,000	5,117,650.00
05/15/12	NOTES	11/04/08	3.92	FHLB GLOBAL BONDS	7,785,313	7,000,000	7,417,963.00
06/08/12	NOTES	06/12/08	4.31	FHLB TAP BONDS	3,963,479	3,695,000	3,704,237.50
06/08/12	NOTES	06/17/08	4.42	FHLB TAP BONDS	5,242,188	5,000,000	4,857,050.00
03/04/13	NOTES	04/03/08	4.06	FFCB BONDS (CALLABLE)	5,004,688	5,000,000	4,981,500.00
05/29/13	NOTES	11/03/08	4.48	FHLB GLOBAL BONDS	10,428,125	10,000,000	9,649,540.00
07/15/13	NOTES	08/01/08	4.77	FFCB BONDS (CALLABLE)	5,064,063	5,000,000	4,995,000.00
03/04/09	CP	12/04/08	2.34	CALYON NORTH AMERICA INC COMM PAPER	4,999,800	5,000,000	4,970,937.50
03/04/09	CP	12/04/08	2.26	TOYOTA MOTOR CREDIT CORP COMM PAPER	3,524,796	3,525,000	3,505,171.88
03/27/09	CP	01/26/09	0.74	SOCIETE GENERALE NA COMM PAPER	6,327,500	6,330,000	6,322,193.00
				TOTAL	<u>170,302,652</u>	<u>166,915,000</u>	<u>167,108,829.51</u>

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.)	19,986,553	11.74%	1.46%
Commercial Paper -TLGP	-	0.00%	0.00%
U. S. Treasury Bills and Notes	-	0.00%	0.00%
Agency Discount Notes	-	0.00%	0.00%
Agency Coupon Notes	87,627,115	51.45%	3.40%
Corporate Notes	29,281,633	17.19%	5.19%
Corporate Bonds (FDIC Insured)	8,968,865	5.27%	3.26%
Municipal Bonds	4,077,315	2.39%	5.05%
Long Term CD	-	0.00%	0.00%
LAIF	20,361,172	11.96%	1.87%
Total	<u>170,302,652</u>	<u>100.00%</u>	

Average Investment Yield of Portfolio      3.33%  
Average Maturity of Portfolio                      595

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.