



Agenda Item No. 1

To: Finance-Auditing Committee/Committee of the Whole
Meeting of October 22, 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 \$13,602.00 for the period September 1, 2009, through September 30, 2009 (See Attachment A for details).
- b. The Board of Directors ratifies investments made during the period September 15, 2009, through October 12, 2009 (See Attachment B for additional information).
- c. The Board of Directors authorizes the reinvestment, within the established policy of the Board, of any investments maturing between October 13, 2009, and November 9, 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 September 2009 (see Attachment C for details).

Fiscal Impact

Disbursements in the amount of \$13,602.00 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 September 1, 2009, through September 30, 2009. All commitments/expenditures in excess of \$10,000 that have not been previously approved by the Board are listed below.

| VENDOR | DESCRIPTION | DIVISION | AMOUNT |
|------------------|--------------------|-----------------|--------------------|
| Extra Team, Inc. | SMARTnet Premium | District | \$13,602.00 |
| TOTAL | | | \$13,602.00 |

ATTACHMENT B

RATIFICATION OF PREVIOUS INVESTMENTS

Summary

During the reporting period September 15, 2009, through October 12, 2009, \$17,755,000 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 |
|---------------------------------------------|----------------------|----------------------|----------------------|----------------------|
| Calyon North America, Inc. Commercial Paper | 09/15/09 | 11/02/09 | 2,028,350.72 | 0.24 |
| Bank of America Commercial Paper | 09/25/09 | 12/28/09 | 6,344,021.92 | 0.24 |
| FNMA Notes (Callable) | 09/29/09 | 09/29/14 | 5,000,000.00 | 3.13 |
| BNP Paribas Fin., Inc. Commercial Paper | 10/05/09 | 12/07/09 | 3,548,881.75 | 0.18 |
| Societe Generale NA Commercial Paper | 10/05/09 | 12/07/09 | 4,998,337.50 | 0.19 |
| US Treasury Notes | 10/09/09 | 11/15/10 | 871,466.02 | 0.52 |

Market Summary

Quotations as of October 13, 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% | 0.15% | |
| Commercial Paper | 0.17% | 0.22% | |



The PFM Group

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



Golden Gate Transportation District Investment Report

October 2009

Economic Summary

Things May Be Getting Better . . .

- In its September 23 statement, the Federal Open Market Committee (“FOMC”) suggested that “economic activity has picked up” and that growth is anticipated to strengthen gradually.
- Most economists agree that growth will resume over the next several quarters, though expectations as to the strength and timing of a recovery differ considerably. The general consensus appears to be that growth will be less than that typically experienced following a recession.

. . . But Risks to Growth Persist

- The FOMC has consistently stated that the target rate for Federal Funds will be kept at 0% to 0.25% for “an extended period”, signaling that risks to the growth remain.
- The Federal Reserve remains wary of withdrawing its monetary stimulus and support programs prematurely, before the economy has regained a firm footing.
- Unemployment, which reached a 26-year high of 9.7% in September, is likely to continue its climb, even in the midst of a recovery.

Bloomberg Survey of Economists Summary Results Economic Indicators – October 2009 Survey

| 3Q09 | 4Q09 | 1Q10 | 2Q10 | Avg. 2009 | Avg. 2010 | Avg. 2011 |
|------------------------------------------------------------------|--------|--------|-------|-----------|-----------|-----------|
| Change in GDP (Quarter-over-Quarter, Annualized) | | | | | | |
| 3.2% | 2.4% | 2.5% | 2.5% | -2.5% | 2.4% | 2.8% |
| Consumer Spending (Year-over-Year Change) | | | | | | |
| 2.4% | 1.0% | 1.5% | 1.8% | -0.7% | 1.6% | 2.5% |
| Personal Consumption Expenditures (Year-over-Year Change) | | | | | | |
| 1.3% | 1.4% | 1.4% | 1.2% | 1.5% | 1.3% | 1.6% |
| Current Account Deficit (as Percentage of GDP) | | | | | | |
| -3.0% | -3.2% | -3.3% | -3.4% | -3.0% | -3.3% | -3.3% |
| Budget Deficit (as Percentage of GDP) | | | | | | |
| -10.8% | -10.0% | -10.0% | -8.5% | -11.1% | -9.0% | -7.0% |
| Consumer Price Index (Year-over-Year Change) | | | | | | |
| -1.5% | 1.1% | 1.9% | 1.8% | -0.4% | 1.9% | 2.2% |
| Unemployment Rate | | | | | | |
| 9.7% | 10.0% | 10.1% | 10.0% | 9.2% | 9.9% | 9.1% |

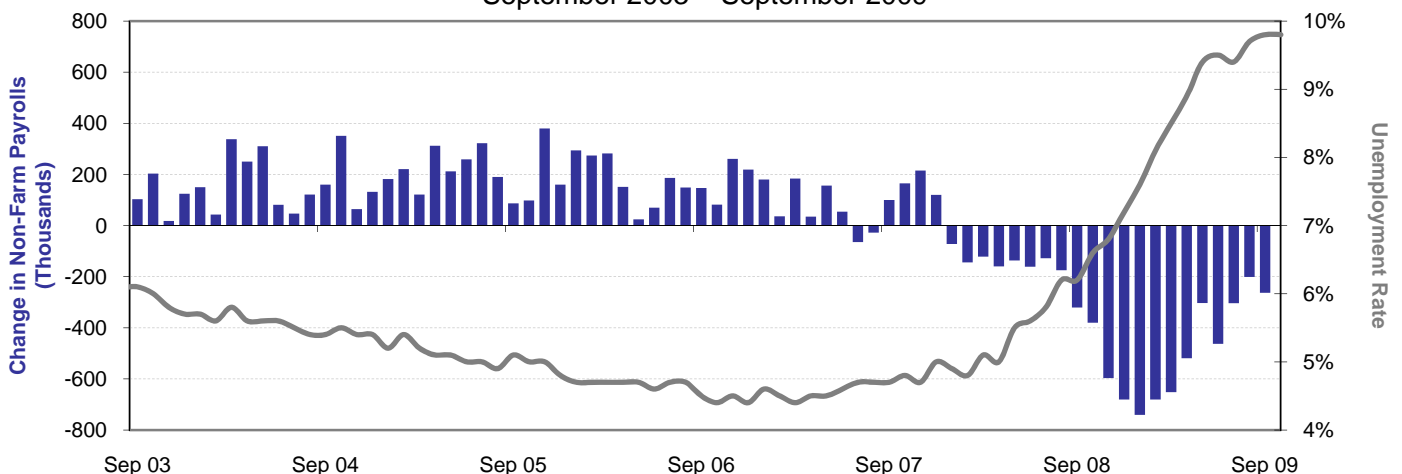
Source: Bloomberg

Bloomberg Survey of Economists Summary Results Interest Rates – October 2009 Survey

| 4Q09 | 1Q10 | 2Q10 | 3Q10 | 4Q10 | 1Q11 | 2Q11 |
|----------------------------------|-------|-------|-------|-------|-------|-------|
| Federal Funds Target Rate | | | | | | |
| 0.25% | 0.25% | 0.25% | 0.50% | 1.00% | 1.25% | 1.00% |
| 3-Month LIBOR | | | | | | |
| 0.35% | 0.40% | 0.55% | 0.95% | 1.25% | 1.95% | 2.25% |
| 2-Year Treasury Note | | | | | | |
| 1.08% | 1.25% | 1.50% | 1.80% | 2.15% | 2.42% | 2.78% |
| 10-Year Treasury Note | | | | | | |
| 3.50% | 3.60% | 3.73% | 3.90% | 4.10% | 4.15% | 4.19% |
| 30-Year Treasury Bond | | | | | | |
| 4.30% | 4.40% | 4.51% | 4.75% | 4.90% | 4.95% | 5.09% |

Source: Bloomberg

Unemployment Rate vs. Change in Non-Farm Payrolls September 2003 – September 2009



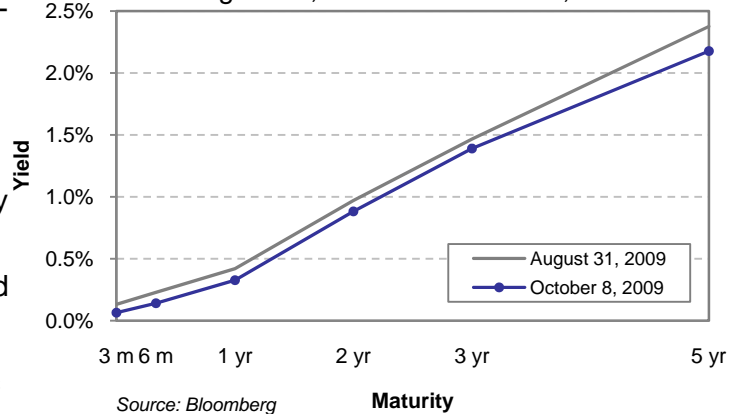
Source: Bloomberg

Interest Rate Movements

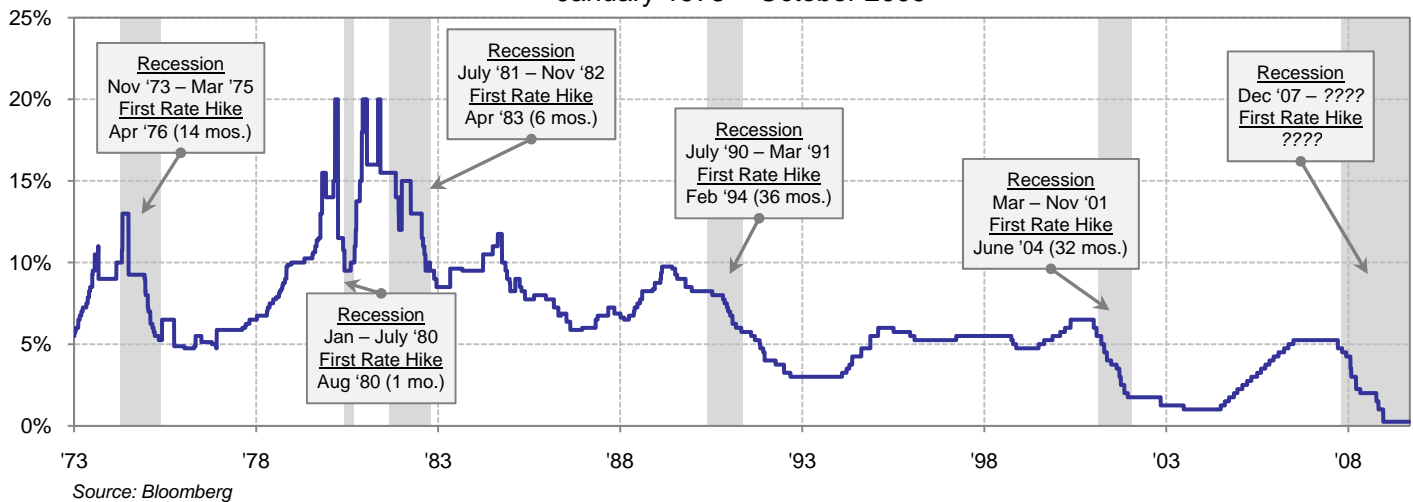
Treasury Rates Remain Volatile, Range-Bound

- Despite volatility during the month, the yield of two-year Treasury securities ended September at 0.95%, near August's close of 0.97%.
- Two-year rates are unlikely to move above their recent trading range (0.85% - 1.40%) until the market believes there is a real near-term possibility of a rate hike by the FOMC.
- Following recent recessions, the FOMC has waited as long as 3 years before raising its target rate. The current consensus among economists is that no rate hike will take place until the third quarter of 2010 at the earliest.

U.S. Treasury Yield Curve
August 31, 2009 vs. October 8, 2009



Federal Funds Target Rate
January 1973 – October 2009



Agency Spreads Are at Historic Lows

- Less than a year after reaching record highs, the yield spread between Federal Agency and U.S. Treasury securities now stands at records lows.
- The spread between two-year investments has averaged roughly 0.10% in recent trading.
- This is below the historical average of roughly 0.35%, and well below the record of 2.06% set in November 2008.

Spread Between 2-Year U.S. Treasury and Federal Agency Note Yields
October 1, 2006 – October 8, 2009



Investment Report

General Fund Portfolio

- During September, we continued to find value in the callable Federal Agency sector.
- On September 29, we purchased \$5 million Fannie Mae notes maturing September 29, 2014. The purchase was made with proceeds from the sale of \$3 million Federal Home Loan Bank bonds and cash available from the maturity of \$2 million Hong Kong and Shanghai Banking Corporation notes.
 - The five-year callable Fannie Mae notes carried a yield to maturity 3.125%.
 - At the time of purchase, non-callable Federal Agency notes of comparable maturity were yielding 2.75% and Treasury notes of comparable maturity were yielding 2.34%.
- While maintaining an overall diversified portfolio, we kept the portfolio's concentration in Federal Agency securities because of their excellent credit quality and the additional yield they offer compared to Treasuries.

Portfolio Yield

As of September 30, 2009

| Portfolio | Yield |
|-------------------------------|-------|
| General Fund (excluding LAIF) | 3.31% |
| General Fund (including LAIF) | 2.98% |

MEMORANDUM

To: Finance-Auditing Committee/Committee of the Whole
Meeting of October 22, 2009

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

Re: District Investment Report, September 2009

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 September 30, 2009

PORTFOLIO OF INVESTMENTS

| MATURITY | SECURITY | DATE OF | | DESCRIPTION | TOTAL | PAR | Cost |
|-----------|----------|------------|-------|------------------------------------------|--------------------|--------------------|-----------------------|
| | | INVESTMENT | YIELD | | MARKET VALUE | | |
| ON DEMAND | STATE | VARIOUS | 0.93 | LOCAL AGENCY INVESTMENT FUND | 23,530,661 | 23,500,000 | 23,500,000.00 |
| 10/09/09 | NOTES | 11/03/08 | 2.72 | FHLB GLOBAL BONDS | 870,816 | 870,000 | 884,198.40 |
| 11/01/09 | NOTES | 05/22/06 | 5.52 | HELLER FINANCIAL INC (GECC) GLOBAL 144A | 4,522,284 | 4,500,000 | 4,758,795.00 |
| 02/09/10 | NOTES | 01/13/09 | 0.76 | FHLMC GLOBAL REFERENCE NOTES | 8,958,244 | 8,815,000 | 9,201,537.75 |
| 02/09/10 | NOTES | 01/12/09 | 0.76 | FHLMC GLOBAL REFERENCE NOTES | 6,940,988 | 6,830,000 | 7,130,315.10 |
| 02/10/10 | NOTES | 01/09/09 | 0.79 | FNMA GLOBAL BENCHMARK NOTES | 4,856,053 | 4,805,000 | 4,932,572.75 |
| 03/12/10 | NOTES | 03/03/09 | 1.09 | FHLB TAP BONDS | 561,516 | 550,000 | 571,851.50 |
| 04/19/10 | NOTES | 05/22/06 | 5.35 | FNMA GLOBAL NOTES (EX-CALLABLE) | 5,125,000 | 5,000,000 | 4,938,600.00 |
| 08/15/10 | NOTES | 05/09/07 | 5.02 | SAN DIEGO CNTY CALIF PENS(FGIC CNTY GTD) | 2,935,500 | 3,000,000 | 2,551,230.00 |
| 11/04/10 | NOTES | 05/29/07 | 5.28 | MERRILL LYNCH & CO (BAC) SR MTN | 8,213,423 | 8,000,000 | 7,806,480.00 |
| 02/01/11 | NOTES | 01/29/07 | 5.22 | GENERAL ELEC CAP CORP GLOBAL SR MTN | 5,193,880 | 5,000,000 | 4,996,750.00 |
| 06/11/11 | NOTES | 09/12/07 | 5.19 | JPMORGAN CHASE & CO SR NOTES | 5,304,145 | 5,000,000 | 5,067,400.00 |
| 06/28/11 | NOTES | 07/19/06 | 5.53 | FHLB BONDS | 5,396,875 | 5,000,000 | 5,014,550.00 |
| 12/01/11 | NOTES | 12/02/08 | 3.26 | MORGAN STANLEY (FDIC) GLOBAL NOTE | 9,050,436 | 8,700,000 | 8,697,042.00 |
| 03/09/12 | NOTES | 04/30/08 | 3.53 | FHLB TAP BONDS | 5,264,063 | 5,000,000 | 4,995,150.00 |
| 04/18/12 | NOTES | 08/27/08 | 5.40 | WELLS FARGO FINANCIAL GLOBAL SR NOTES | 5,444,465 | 5,000,000 | 5,117,650.00 |
| 05/15/12 | NOTES | 11/04/08 | 3.92 | FHLB GLOBAL BONDS | 7,776,563 | 7,000,000 | 7,417,963.00 |
| 06/08/12 | NOTES | 06/17/08 | 4.42 | FHLB TAP BONDS | 5,284,375 | 5,000,000 | 4,857,050.00 |
| 06/08/12 | NOTES | 06/12/08 | 4.31 | FHLB TAP BONDS | 3,952,495 | 3,695,000 | 3,704,237.50 |
| 05/29/13 | NOTES | 11/03/08 | 4.48 | FHLB GLOBAL BONDS | 10,553,125 | 10,000,000 | 9,649,540.00 |
| 03/18/14 | NOTES | 04/03/09 | 2.96 | FHLMC GLOBAL NOTES (CALLABLE) | 5,052,120 | 5,000,000 | 5,067,000.00 |
| 03/18/14 | NOTES | 04/06/09 | 3.00 | FHLMC GLOBAL NOTES (CALLABLE) | 5,052,120 | 5,000,000 | 5,057,000.00 |
| 04/17/14 | NOTES | 06/09/09 | 3.33 | FFCB BONDS | 5,470,438 | 5,450,000 | 5,279,796.50 |
| 07/14/14 | NOTES | 07/15/09 | 3.23 | FFCB NOTES (CALLABLE) | 5,110,003 | 5,118,000 | 5,118,000.00 |
| 08/20/14 | NOTES | 08/20/09 | 3.37 | FHLMC NOTES (CALLABLE) | 5,005,200 | 5,000,000 | 4,995,000.00 |
| 09/29/14 | NOTES | 09/29/09 | 3.13 | FNMA NOTES (CALLABLE) | 5,000,000 | 5,000,000 | 5,000,000.00 |
| 10/05/09 | CP | 09/03/09 | 0.19 | BNP PARIBAS FINANCE INC COMM PAPER (1) | 3,549,933 | 3,550,000 | 3,549,400.44 |
| 10/05/09 | CP | 09/08/09 | 0.22 | SOCIETE GENERALE NA COMM PAPER (1) | 4,999,880 | 5,000,000 | 4,999,175.00 |
| 12/28/09 | CP | 09/25/09 | 0.24 | BANK OF AMERICA CORP COMM PAPER (2) | 6,343,169 | 6,348,000 | 6,344,021.92 |
| | | | | TOTAL | <u>175,317,768</u> | <u>170,731,000</u> | <u>171,202,306.86</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.) | 14,892,982 | 8.49% | 0.22% |
| 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 | 96,229,992 | 54.89% | 3.17% |
| Corporate Notes | 28,678,197 | 16.36% | 5.32% |
| Corporate Bonds (FDIC Insured) | 9,050,436 | 5.16% | 3.26% |
| Municipal Bonds | 2,935,500 | 1.67% | 5.02% |
| Long Term CD | - | 0.00% | 0.00% |
| LAIF | 23,530,661 | 13.42% | 0.93% |
| Total | <u>175,317,768</u> | 100.00% | |

Average Investment Yield of Portfolio 2.99%
Average Maturity of Portfolio 652

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.