



Agenda Item No. (3)

To: Finance-Auditing Committee/Committee of the Whole
Meeting of October 22, 2020

From: Joseph M. Wire, Auditor-Controller
Denis Mulligan, General Manager

Subject: **RATIFICATION OF PREVIOUS ACTIONS BY THE AUDITOR-CONTROLLER**

Recommendation

The Finance-Auditing Committee recommends:

- a. The Board of Directors has no commitments and/or expenditures to ratify for the period of September 1, 2020 through September 30, 2020.
- b. The Board of Directors ratifies investments made during the period September 15, 2020 through October 12, 2020 (See Attachment A for details).
- c. The Board of Directors authorizes the reinvestment, within the established policy of the Board, of any investments maturing between October 13, 2020 and November 9, 2020, 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 2020 (See Attachment B for details).

Attachments

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ATTACHMENT A

RATIFICATION OF PREVIOUS INVESTMENTS

Summary

During the reporting period September 15, 2020 through October 12, 2020 \$6,455,000.00 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
CA ST UNIV TXBL REV BONDS	09/17/20	11/01/23	\$500,000.00	.47%
FREDDIE MAC NOTES	09/23/20	09/08/23	\$7,003,360.00	.23%
FL ST BOARD OF ADMIN TXBL REV BONDS	09/16/20	07/01/25	\$1,225,000.00	1.26%
FL ST BOARD OF ADMIN TXBL REV BONDS	09/16/20	07/01/25	\$1,258,287.50	1.12%
PEPSICO INC CORPORATE NOTES	10/07/20	10/07/23	\$384,780.55	.42%

Quotations as of July 13, 2020 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.	.15%	.20%	.20%
Treasury Bills	.11%	.125%	
Commercial Paper	.18%	.21%	

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Golden Gate Bridge, Highway & Transportation District Investment Report

September 2020

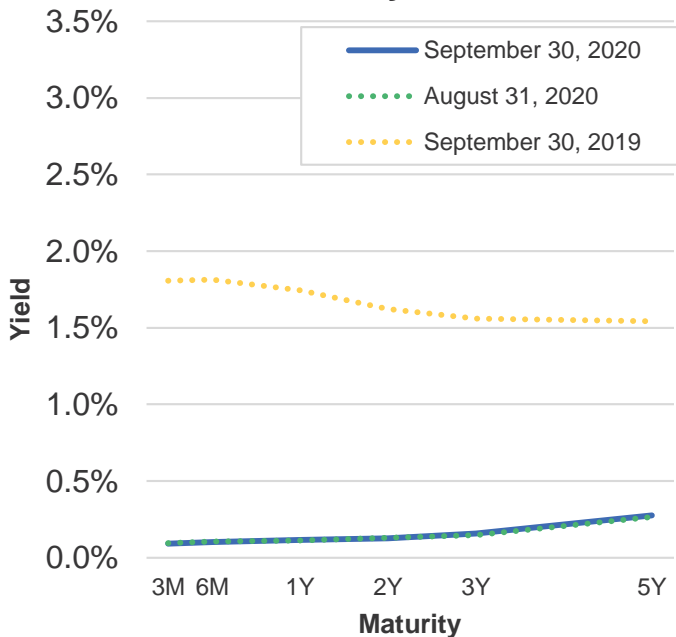
Treasury Yield Curve Update

- The U.S. Treasury yield curve remained mostly unchanged during the month of September as investors reacted to the Federal Reserve’s announcement of a “lower for longer” interest rate environment, while the upcoming Presidential election and continuing cases of COVID-19 dominated the headlines.

2-Year U.S. Treasury Yield
September 30, 2019 – September 30, 2020



U.S. Treasury Yield Curve

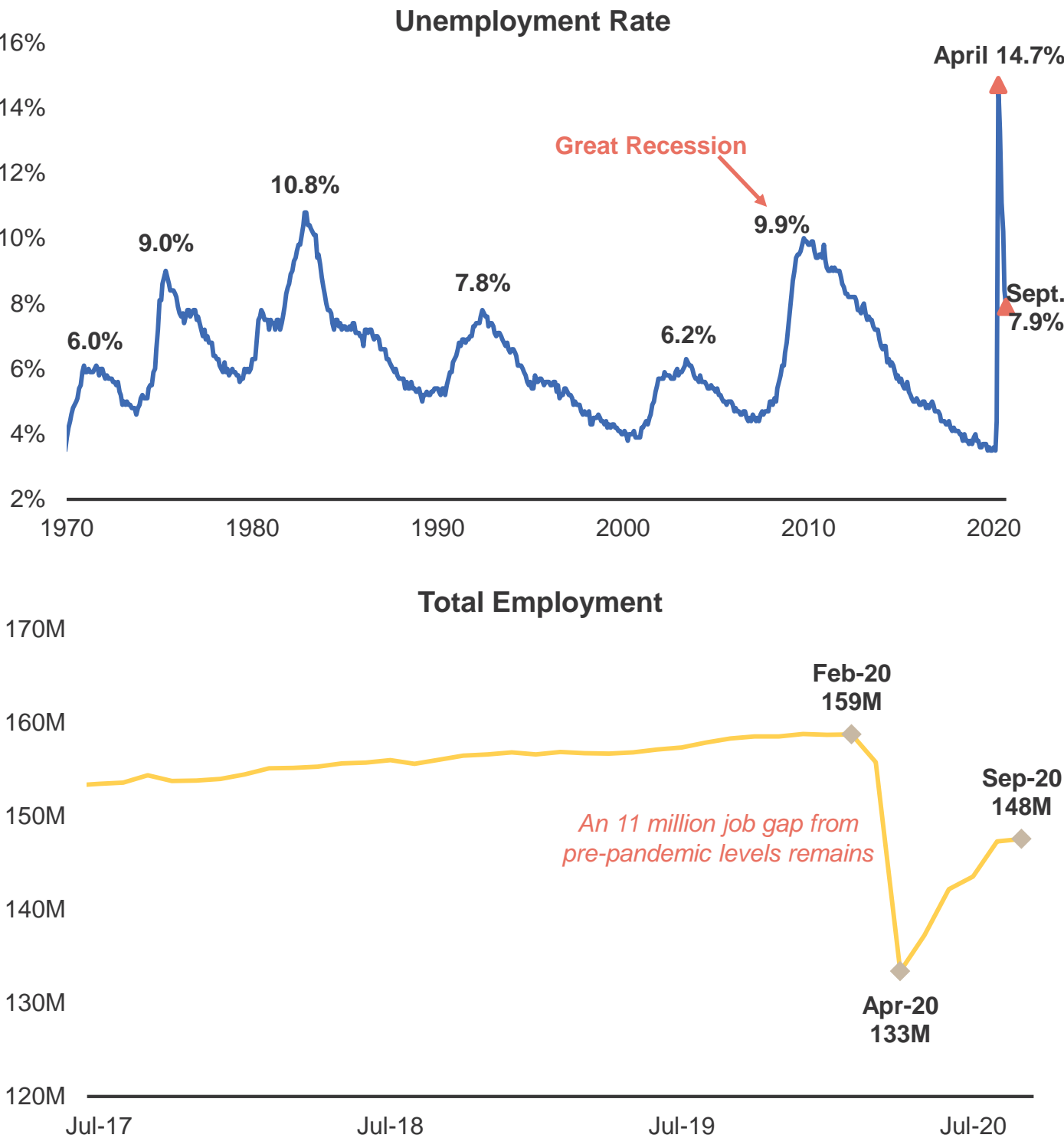


	9/30/20	8/31/20	Month-over-Month Change	9/30/19
3-month	0.09%	0.09%	+0.00%	1.81%
6-month	0.10%	0.11%	-0.01%	1.81%
1-year	0.12%	0.11%	+0.01%	1.74%
2-year	0.13%	0.13%	+0.00%	1.62%
3-year	0.16%	0.15%	+0.01%	1.56%
5-year	0.28%	0.27%	+0.01%	1.54%

Source: Bloomberg as of 9/30/2020.

U.S. Labor Market Shows Further Improvement

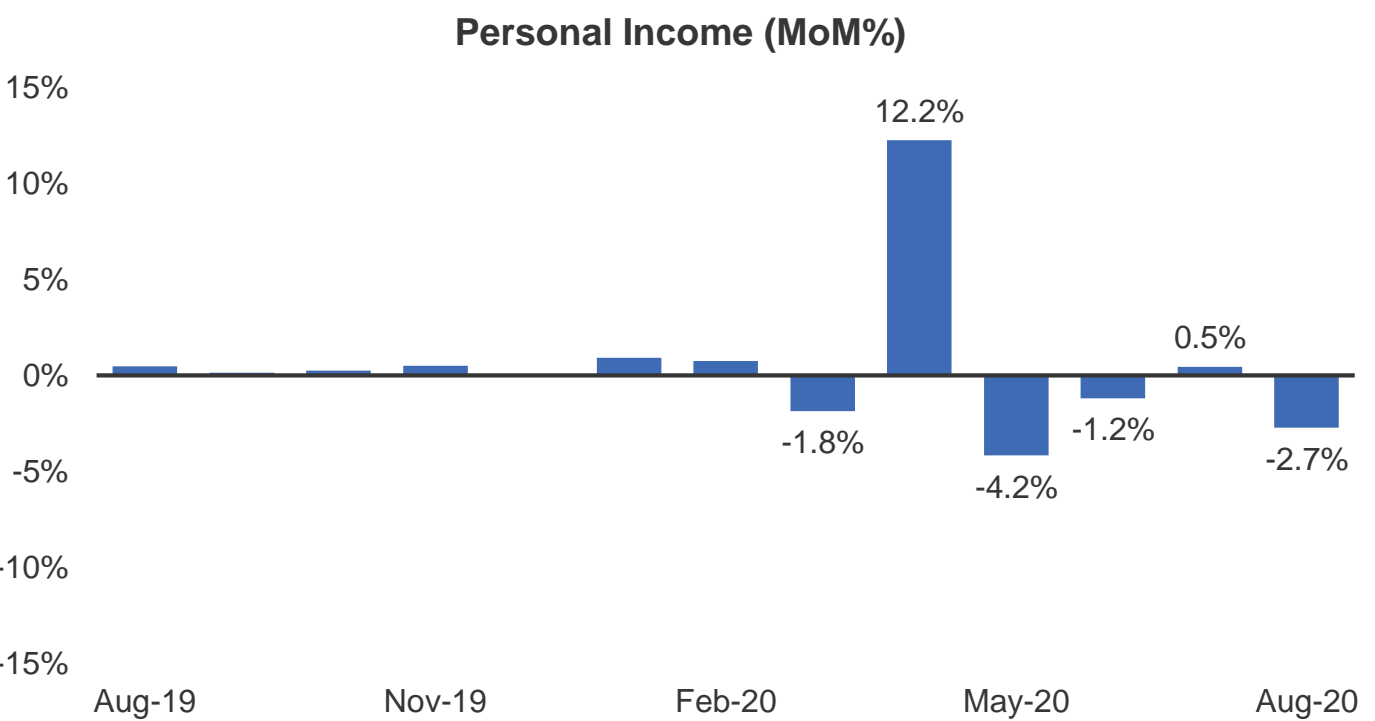
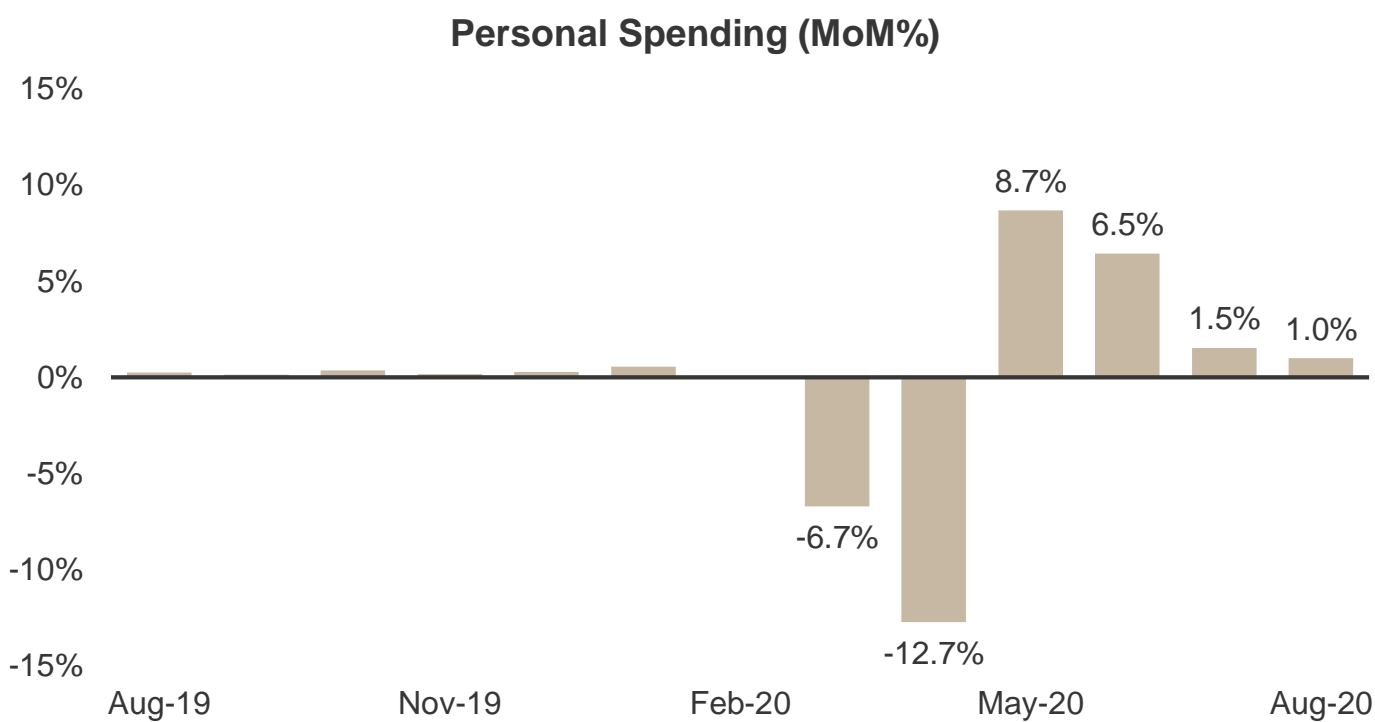
- The U.S. jobs market has shown continued improvement in recent months, but an 11 million job gap from pre-pandemic levels remains – signaling a long road to full recovery.



Source: Bloomberg as of 9/30/2020. Data is seasonally adjusted.

Personal Spending Stalls

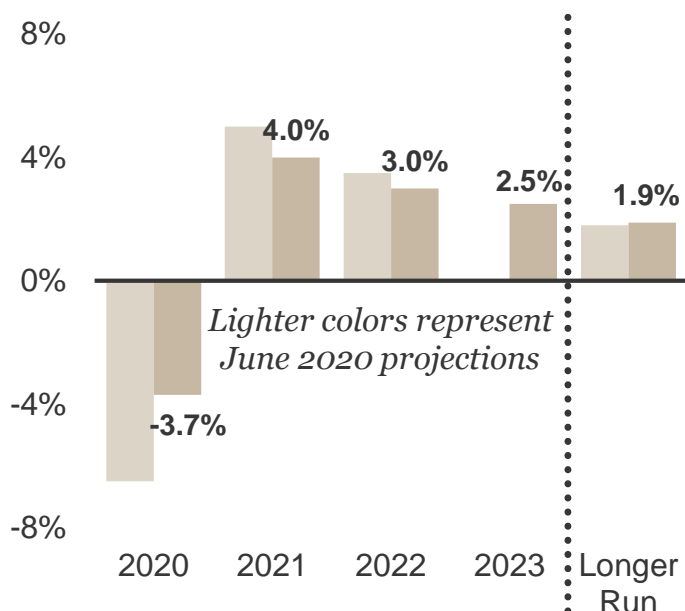
- After the initial bounce-back in May, personal spending has stalled in recent months as income has declined.



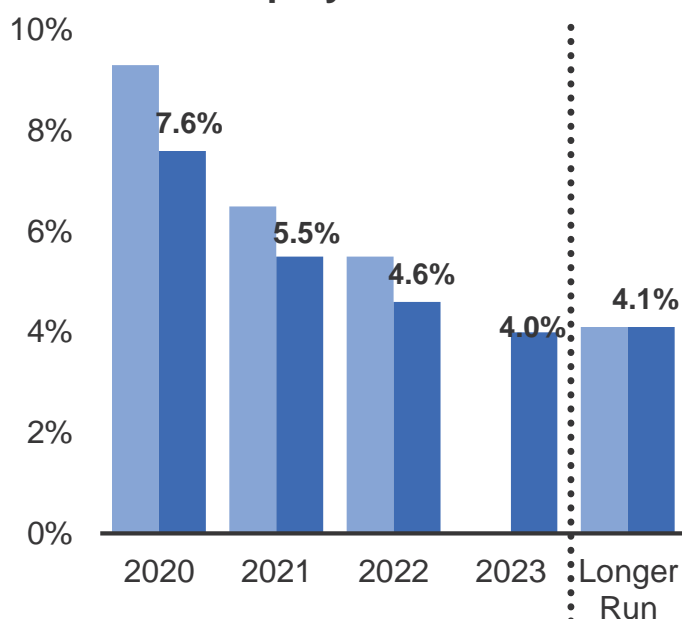
The Fed's Projections Reflect Prolonged Recovery

- In September, the Federal Reserve (Fed) released its updated Summary of Economic Projections. Compared to June's estimates, the Fed has turned more optimistic on the labor market yet more pessimistic on GDP growth in the intermediate-term.

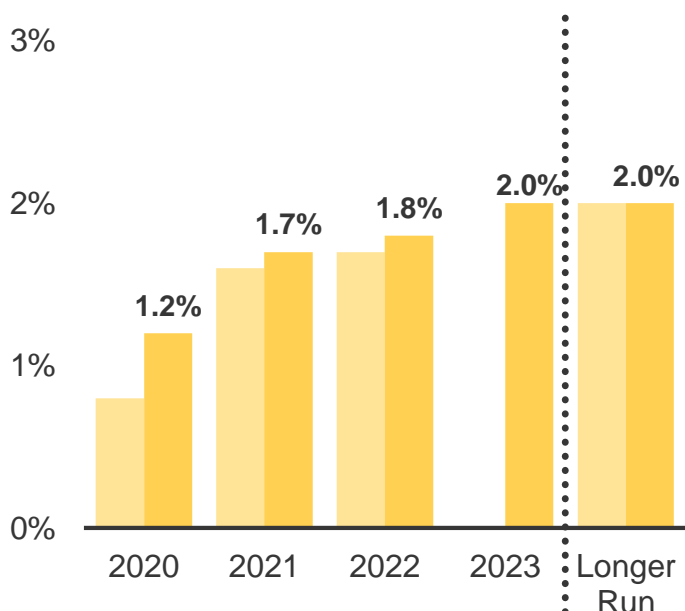
Change in Real GDP



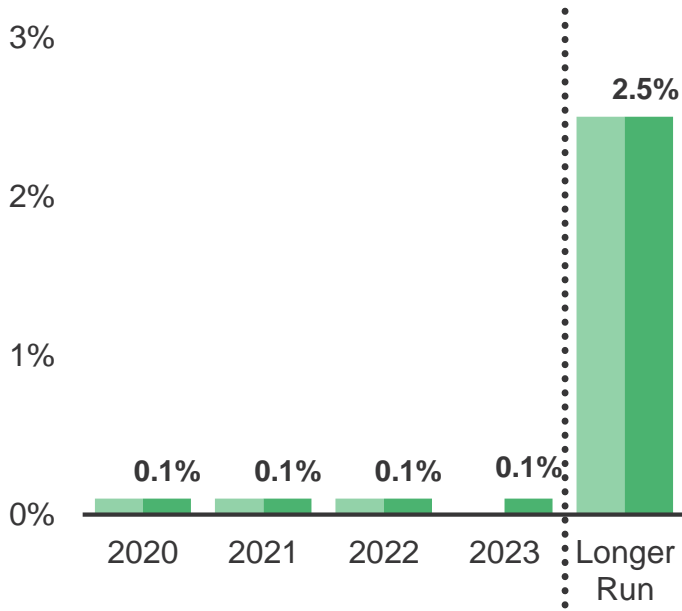
Unemployment Rate



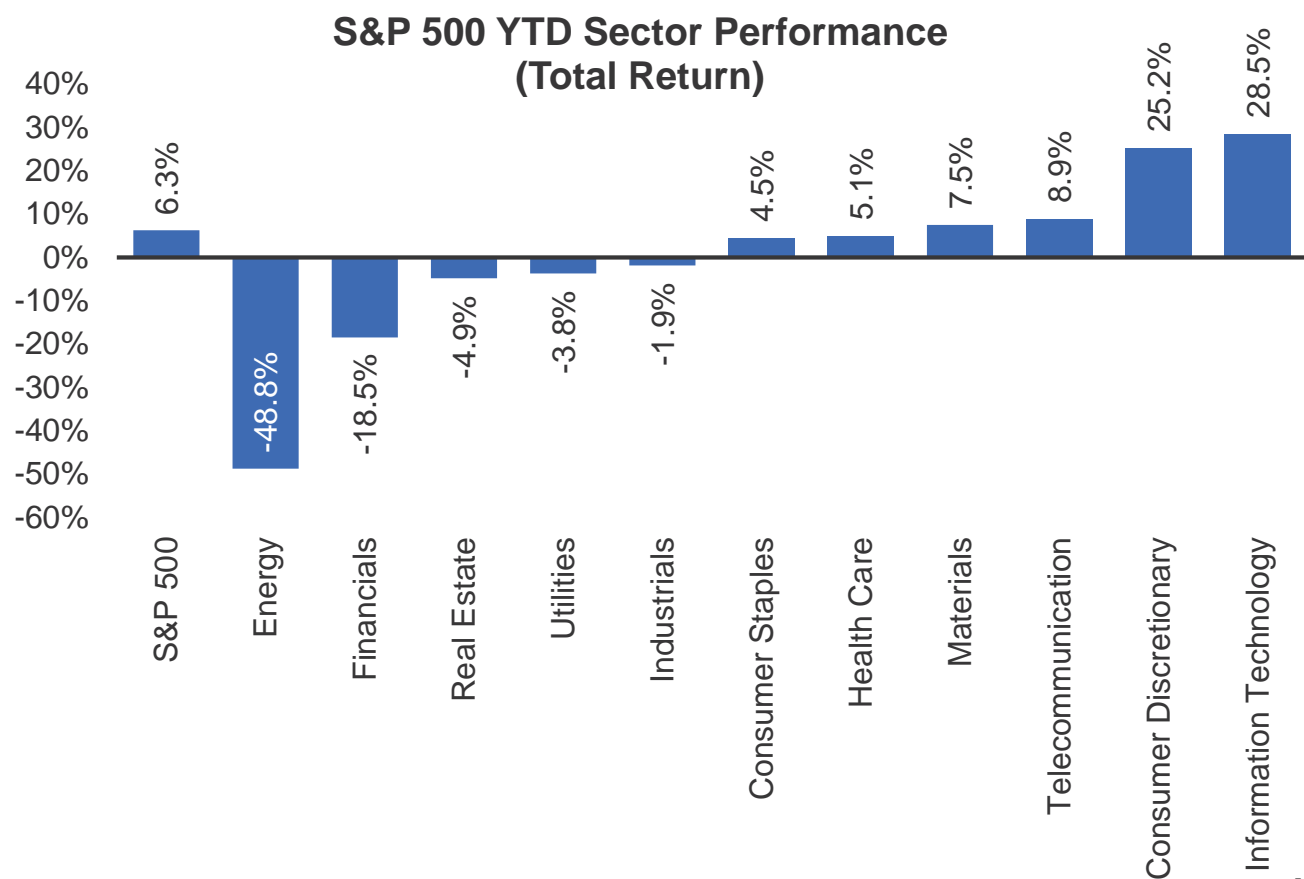
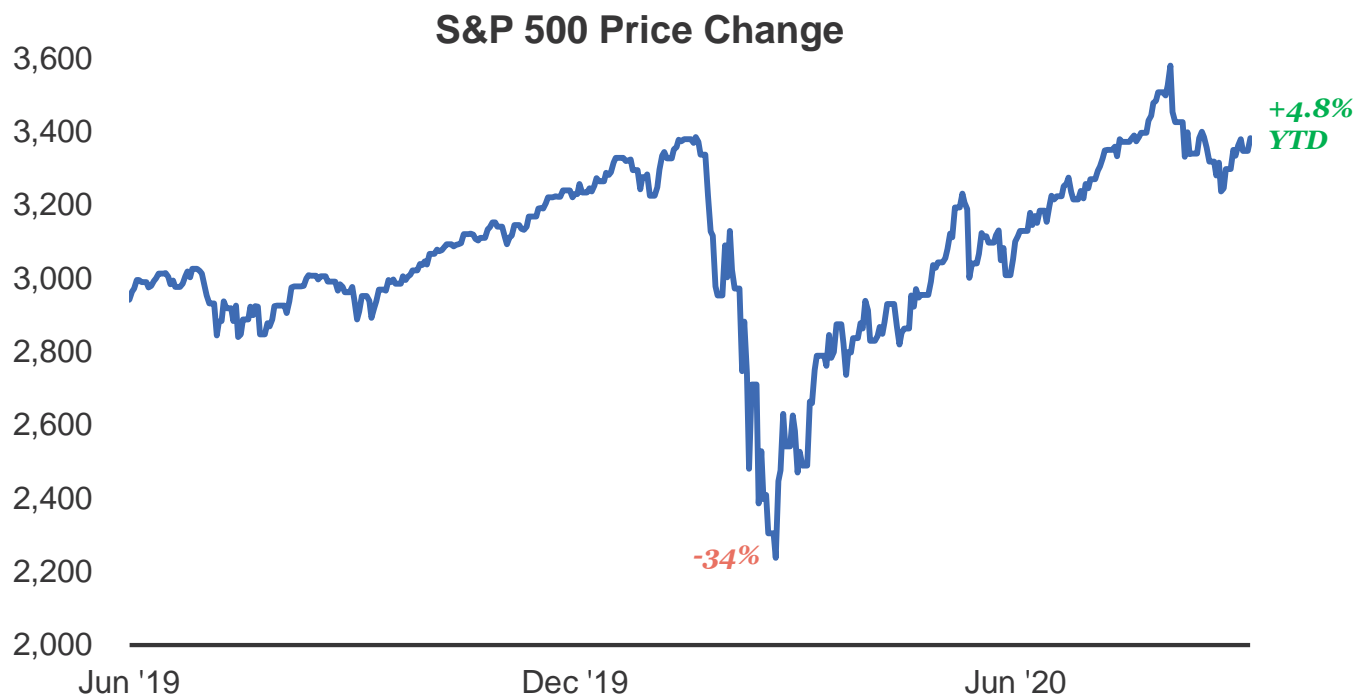
PCE Inflation



Federal Funds Rate



Equity Markets Recover from Pullback



Source: Bloomberg as of 10/5/2020.

Investment Report: Portfolio Update

General Fund Portfolio

- The portfolio is in compliance with the California Government Code and the District's Investment Policy.
- The portfolio remains well-diversified with holdings of U.S. Treasuries, federal agencies, negotiable certificates of deposit, commercial paper, high-quality corporate notes, municipals, supranationals, asset-backed securities (ABS), LAIF, and CAMP.

September Trade Activity

- The District's portfolio management team continues to monitor the markets for opportunities to prudently enhance interest earnings while maintaining the foremost focus on safety and liquidity.
 - As has been the case in recent months, we were able to find value in the **federal agency** sector. In total, we purchased \$12 million of FHLMC notes with three years to maturity at yields of 0.26%, 0.24%, and 0.23%. These trades represented an average yield pick-up of 9 basis points (0.09%) over comparable-maturity Treasury notes.
 - The investment-grade **taxable municipal bond** sector continued to offer notable value, especially in the primary market. We purchased two newly-issued State of Florida municipal bonds with five years to maturity at yields of 1.12% and 1.26%, representing an average pick-up in yield of 94 basis points (0.94%) over comparable-maturity Treasury notes. As yield spreads have narrowed significantly since the spring, these purchases offered a rare opportunity to prudently provide additional earnings for the District's portfolio.
 - Additionally, the District participated in a tender offer of an existing JP Morgan Chase & Co. **corporate note**, whereby the District tendered this obligation back to the issuer, generating approximately \$57,000 in realized gains on an amortized cost basis.
 - As investments in the General Fund portfolio mature, we continue to assess the relative value of individual investment securities relative to liquidity vehicles.

Trade Date	Settle Date	Action	Description	Par	Maturity	Yield to Maturity
9/02/20	9/04/20	Purchase	FHLMC Note	\$2,865,000	9/08/23	0.26%
9/02/20	9/04/20	Purchase	FHLMC Note	\$2,135,000	9/08/23	0.24%
9/03/20	9/16/20	Purchase	State of Florida Municipal Bond	\$1,250,000	7/01/25	1.12%
9/03/20	9/16/20	Purchase	State of Florida Municipal Bond	\$1,225,000	7/01/25	1.26%
9/21/20	9/21/20	Tender	JP Morgan Chase & Co Corporate Note	\$4,000,000	5/10/21	0.22%
9/21/20	9/23/20	Purchase	FHLMC Note	\$7,000,000	9/08/23	0.23%

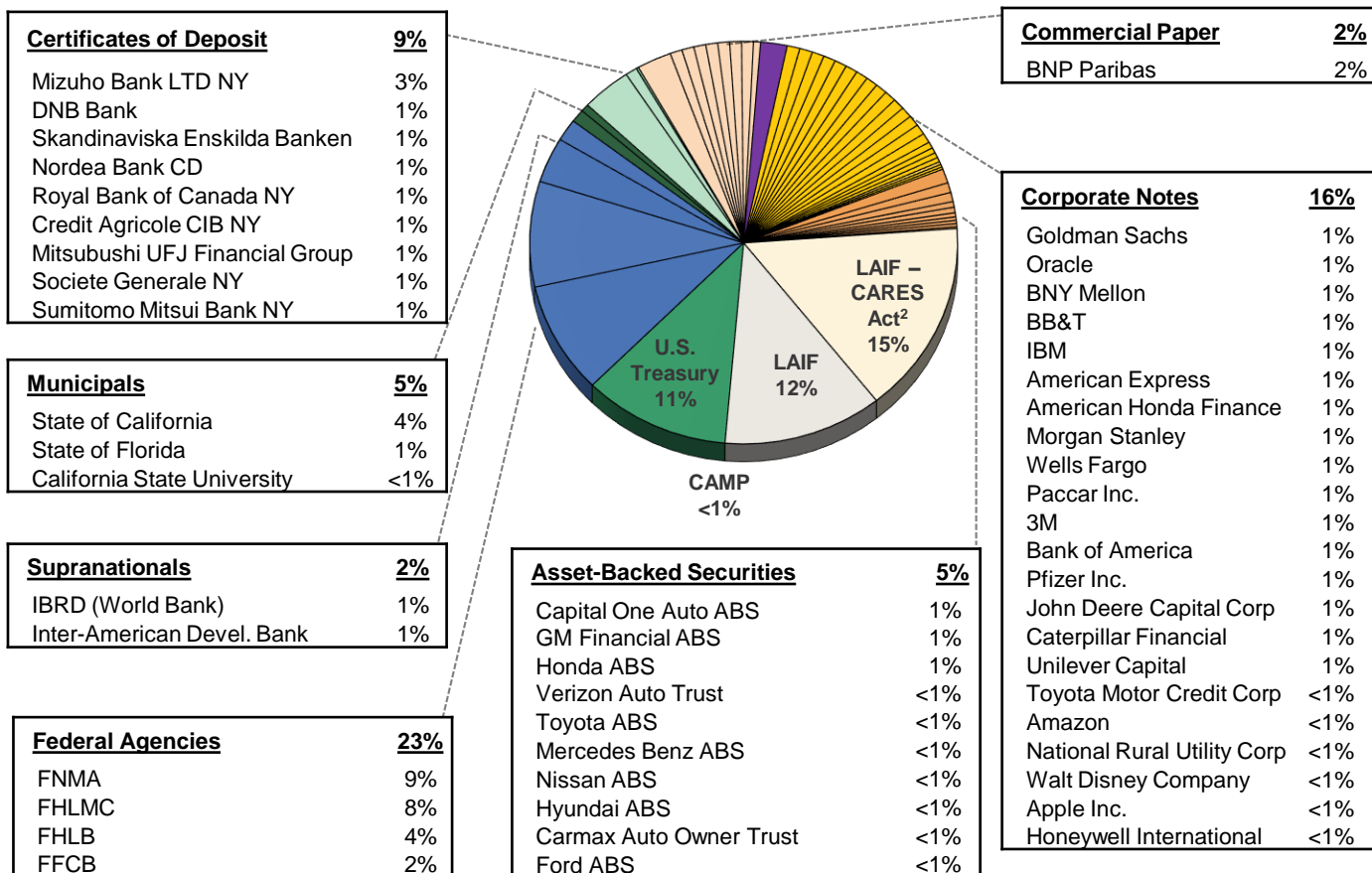
Investment Report: Outlook

Outlook

- The U.S. and global economic recoveries have been stronger than expected. In the U.S., however, the pace of recovery appears to be slowing, and getting back to pre-pandemic growth and employment levels will likely be challenging. Uncertainty abounds amid the upcoming Presidential election, a halt in further stimulus negotiations, and a spike of COVID-19 cases in certain states.
- PFM continues to monitor market developments closely, including the potential impact on the issuers in the District's portfolio. Our current views on various sectors of the high-quality fixed income markets are described below:
 - We continue to see value in the **federal agency** sector as yield spreads (the difference between the yield available on federal agency obligations less those available on similar-maturity U.S. Treasury obligations) were largely unchanged in September. As has been the case in recent months, we continue to see the most value in new issue obligations with three or more years to maturity.
 - **Corporate note** yield spreads widened marginally over the month in response to strong supply and fading hopes of renewed fiscal stimulus in the near term. Corporate obligations will remain a core, long-term holding in the District's portfolio as we continue to exercise caution and evaluate opportunities on a security-by-security basis.
 - We expect the delinquency rates and net losses to increase in the **asset-backed security (ABS)** sector as deferral programs start to phase out and the consumer feels the punch from reduced federal unemployment benefits. However, we believe these factors will remain well within an acceptable range based upon PFM's stress tests. We continue to closely monitor the ABS holdings in the District's portfolio and will take any action deemed necessary to preserve the principal of District's investments. As of now, we remain comfortable with the District's existing ABS holdings. Value is now on par with the corporate sector and we continue to be selective when evaluating new issues.
 - The **taxable municipal** sector remains attractive even though valuations have increased. We remain focused on the largest issuers while exercising caution on many sub-sectors given the fiscal impact from COVID-19. Purchases in the sector will likely be made in new issues, which are expected to remain elevated.
- Current market uncertainty highlights the importance of our conservative investment process focused on safety and liquidity. The District's portfolio remains well diversified and of a high credit quality, which we feel will allow it to weather the current market uncertainties well.

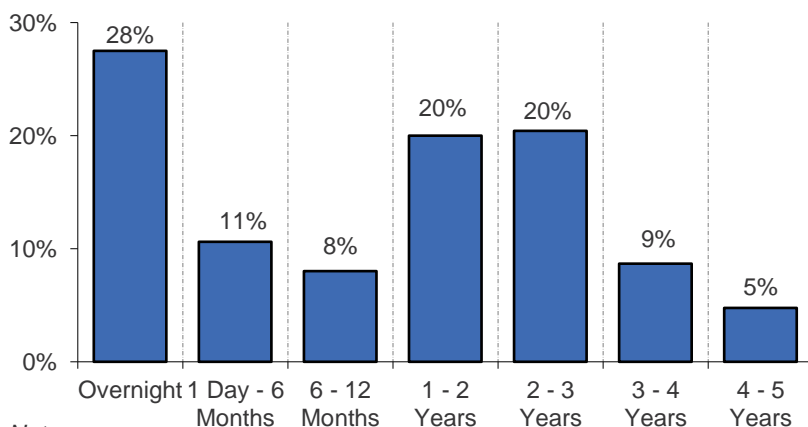
Investment Report: Portfolio Analysis

General Fund, Special Operating Reserve, and CP DSR Funds Combined^{1,2}



- The maturity distribution and portfolio yields, as of September 30, 2020, are shown below.

Maturity Distribution¹
September 30, 2020



Portfolio Yield
September 30, 2020

Portfolio	Yield
Combined Portfolios (excl. LAIF and CAMP)	1.82%
Combined Portfolios (incl. LAIF and CAMP)	1.50%

Notes:

1. *Detail may not add to total due to rounding.*
2. *In June 2020, the Local Agency Investment Fund (LAIF) authorized the establishment of Coronavirus Aid, Relief, and Economic Security (CARES) Act accounts by local agencies for the exclusive deposit of CARES Act Funds, subject to certain restrictions. Funds on deposit in LAIF-CARES Act accounts are subject to a separate \$75 million limit.*

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MEMORANDUM

To: Finance-Auditing Committee/Committee of the Whole
Meeting of October 22, 2020

From: Joseph M. Wire, Auditor-Controller
Denis Mulligan, General Manager

Re: District Investment Report, September 2020

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 53601.

The District has sufficient cash and investments to meet its expenditure requirements for the next six months.

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GOLDEN GATE BRIDGE, HIGHWAY AND TRANSPORTATION DISTRICT
General Fund, Special Operating Reserve, & CP DSR
Combined

As of September 30, 2020

PORTFOLIO OF INVESTMENTS

MATURITY	SECURITY	DATE OF INVESTMENT	YIELD	DESCRIPTION	MARKET VALUE	PAR	Cost
06/20/21	ABS	09/26/18	3.18	GMALT 2018-3 A3	\$107,789.96	\$107,611.20	\$107,602.70
12/15/21	ABS	09/21/18	3.19	FORDL 2018-B A3	389,680.91	388,215.59	388,182.79
06/20/22	ABS	08/14/19	2.03	GMALT 2019-3 A3	687,777.77	680,000.00	679,925.00
12/20/22	ABS	02/19/20	1.67	GMALT 2020-1 A3	720,183.96	710,000.00	709,936.10
01/15/23	ABS	11/28/18	3.16	HAROT 2018-4 A3	2,082,879.11	2,045,387.36	2,045,081.58
01/15/23	ABS	07/25/18	3.03	MBART 2018-1 A3	928,250.80	914,396.14	914,361.04
03/15/23	ABS	07/25/18	3.06	NAROT 2018-B A3	731,323.19	719,372.26	719,348.95
05/16/23	ABS	07/18/18	3.03	GMCAR 2018-3 A3	735,891.37	723,805.77	723,636.97
09/15/23	ABS	08/14/19	1.91	TAOT 2019-C A3	1,258,164.90	1,235,000.00	1,234,989.87
11/15/23	ABS	05/30/19	2.51	COPAR 2019-1 A3	736,233.84	720,000.00	719,854.13
02/15/24	ABS	11/06/19	1.94	HART 2019-B A3	776,743.64	760,000.00	759,964.96
07/22/24	ABS	01/29/20	1.85	VZOT 2020-A A1A	1,281,841.25	1,250,000.00	1,249,853.63
08/15/24	ABS	09/05/19	1.73	COMET 2019-A2 A2	2,486,436.02	2,420,000.00	2,419,390.64
12/16/24	ABS	01/22/20	1.89	CARMX 2020-1 A3	718,391.59	700,000.00	699,862.66
10/29/20	CD	07/16/20	0.23	MIZUHO BANK LTD/NY CERT DEPOS (3)	7,395,237.69	7,395,000.00	7,395,000.00
02/26/21	CD	02/28/19	2.94	MUFG BANK LTD/NY CERT DEPOS	2,528,855.00	2,500,000.00	2,500,000.00
04/02/21	CD	04/04/19	2.83	CREDIT AGRICOLE CIB NY CERT DEPOS	2,532,750.00	2,500,000.00	2,500,000.00
06/07/21	CD	06/08/18	3.24	ROYAL BANK OF CANADA NY CD	2,553,197.50	2,500,000.00	2,500,000.00
02/14/22	CD	02/19/20	1.80	SOCIETE GENERALE NY CERT DEPOS	2,522,800.00	2,500,000.00	2,500,000.00
07/08/22	CD	07/14/20	0.70	SUMITOMO MITSUI BANK NY CERT DEPOS	1,501,623.00	1,500,000.00	1,500,000.00
08/26/22	CD	08/29/19	1.84	NORDEA BANK ABP NEW YORK CERT DEPOS	2,573,865.00	2,500,000.00	2,500,000.00
08/26/22	CD	09/03/19	1.85	SKANDINAV ENSKILDA BANK LT CD	2,574,340.00	2,500,000.00	2,500,000.00
12/02/22	CD	12/06/19	2.03	DNB BANK ASA/NY LT CD	2,592,697.50	2,500,000.00	2,500,000.00
11/03/20	CP	08/04/20	0.18	BNP PARIBAS NY BRANCH COMM PAPER (4)	5,674,160.10	5,675,000.00	5,672,417.88
10/01/20	NOTES	09/18/17	2.33	BANK OF AMERICA CORP (CALLED OMD 10/01/2	1,445,072.25	1,445,000.00	1,445,000.00
01/25/21	NOTES	03/09/18	3.21	MORGAN STANLEY CORP NOTES	2,540,617.50	2,500,000.00	2,673,325.00
03/04/21	NOTES	03/10/16	2.59	WELLS FARGO CORP NOTES	2,521,870.00	2,500,000.00	2,489,425.00
04/01/21	NOTES	02/14/19	2.77	CA ST TXBL GO BONDS	5,060,050.00	5,000,000.00	4,985,000.00
04/01/21	NOTES	04/25/18	2.80	CA ST TXBL GO BONDS	2,934,684.00	2,900,000.00	2,900,116.00
04/13/21	NOTES	11/30/18	2.90	FANNIE MAE NOTES	10,127,410.00	10,000,000.00	9,908,600.00
04/19/21	NOTES	03/09/18	3.11	BANK OF AMERICA CORP NOTE	1,012,436.00	1,000,000.00	985,620.00
04/19/21	NOTES	04/19/18	2.70	INTER-AMERICAN DEVELOPMENT BANK NOTE	1,737,051.47	1,715,000.00	1,711,227.00
07/23/21	NOTES	07/25/18	2.83	INTL BANK OF RECONSTRUCTION AND DEV NOTE	2,958,698.90	2,900,000.00	2,893,214.00
09/15/21	NOTES	09/07/18	3.05	PFIZER INC CORP NOTE	1,595,563.73	1,555,000.00	1,552,900.75
10/12/21	NOTES	12/07/18	2.83	FEDERAL HOME LOAN BANKS NOTES	10,294,120.00	10,000,000.00	10,044,900.00
01/06/22	NOTES	03/15/17	2.75	JOHN DEERE CAPITAL CORP NOTES	2,355,473.39	2,290,000.00	2,279,901.10
01/11/22	NOTES	01/11/19	2.65	FANNIE MAE NOTES	5,158,375.00	5,000,000.00	4,996,400.00
01/21/22	NOTES	02/05/20	1.79	NATIONAL RURAL UTIL COOP CORP NOTE	1,024,159.32	1,005,000.00	1,004,115.60
03/01/22	NOTES	02/22/19	2.77	3M COMPANY BONDS	955,166.10	925,000.00	924,565.25
03/01/22	NOTES	03/01/19	2.88	PACCAR FINANCIAL CORP NOTE	957,895.78	925,000.00	924,186.00
03/07/22	NOTES	09/07/18	3.15	UNILEVER CAPITAL CORP	1,441,764.99	1,390,000.00	1,383,272.40
03/11/22	NOTES	03/11/19	2.80	PFIZER INC CORP BONDS	828,395.20	800,000.00	799,952.00
04/05/22	NOTES	04/10/17	1.97	FANNIE MAE NOTES	5,130,685.00	5,000,000.00	4,977,550.00

04/08/22	NOTES	04/08/20	0.95	FFCB NOTES (CALLABLE)	5,000,755.00	5,000,000.00	5,000,000.00
05/10/22	NOTES	05/10/19	2.67	PACCAR FINANCIAL CORP CORP NOTES	1,554,355.50	1,500,000.00	1,499,190.00
05/13/22	NOTES	11/27/19	1.99	IBM CORP	2,601,322.50	2,500,000.00	2,551,450.00
05/20/22	NOTES	05/20/19	2.79	AMERICAN EXPRESS CO	2,585,602.50	2,500,000.00	2,497,000.00
06/20/22	NOTES	03/18/19	3.05	BRANCH BANKING & TRUST CORP NOTES	2,602,077.50	2,500,000.00	2,499,925.00
08/08/22	NOTES	08/08/19	2.18	HONEYWELL INTERNATIONAL (CALLABLE) NOTE	531,561.89	515,000.00	514,479.85
08/23/22	NOTES	08/23/19	1.96	BANK OF NY MELLON CORP CORP NOTES	803,332.92	780,000.00	779,750.40
09/01/22	NOTES	09/06/19	1.72	WALT DISNEY COMPANY/THE	669,556.72	655,000.00	653,578.65
09/06/22	NOTES	09/06/19	1.95	CATERPILLAR FINANCIAL SERVICES CORP NOTE	1,347,310.11	1,310,000.00	1,308,179.10
09/11/22	NOTES	09/11/19	1.71	APPLE INC	606,045.64	590,000.00	589,899.70
10/15/22	NOTES	10/30/19	1.65	UNITED STATES TREASURY NOTES	10,251,562.00	10,000,000.00	9,919,921.88
11/15/22	NOTES	11/15/19	1.59	US TREASURY NOTES	5,156,250.00	5,000,000.00	5,005,273.44
11/18/22	NOTES	01/13/20	1.97	CATERPILLAR FINL SERVICE	877,938.65	850,000.00	849,609.00
01/10/23	NOTES	09/10/19	2.06	AMERICAN HONDA FINANCE CORP NOTES	2,583,822.50	2,500,000.00	2,499,075.00
02/14/23	NOTES	08/26/19	1.86	3M COMPANY	1,548,042.00	1,500,000.00	1,494,285.00
06/03/23	NOTES	06/03/20	0.45	AMAZON.COM INC CORPORATE NOTES	1,191,523.20	1,190,000.00	1,188,334.00
06/26/23	NOTES	06/26/20	0.35	FREDDIE MAC NOTES	4,497,840.84	4,495,000.00	4,481,874.60
08/10/23	NOTES	08/12/20	0.36	FANNIE MAE NOTES (CALLABLE)	5,002,625.00	5,000,000.00	4,991,000.00
08/14/23	NOTES	08/14/20	0.53	TOYOTA MOTOR CREDIT CORP CORPORATE NOTES	1,225,885.68	1,225,000.00	1,224,056.75
08/24/23	NOTES	08/21/20	0.28	FREDDIE MAC NOTES	4,472,990.43	4,470,000.00	4,465,440.60
09/08/23	NOTES	09/04/20	0.24	FREDDIE MAC NOTES	2,135,824.11	2,135,000.00	2,135,389.87
09/08/23	NOTES	09/04/20	0.26	FREDDIE MAC NOTES	2,866,105.89	2,865,000.00	2,864,054.55
09/08/23	NOTES	09/23/20	0.23	FREDDIE MAC NOTES	7,002,702.00	7,000,000.00	7,003,360.00
10/01/23	NOTES	10/24/19	1.87	CA ST TXBL GO BONDS	2,661,475.00	2,500,000.00	2,550,025.00
10/31/23	NOTES	12/30/19	1.64	US TREASURY NOTES	5,224,219.00	5,000,000.00	4,997,265.63
11/01/23	NOTES	09/17/20	0.47	CA ST UNIV TXBL REV BONDS	499,510.00	500,000.00	500,000.00
03/03/24	NOTES	11/27/19	2.36	GOLDMAN SACHS CORP NOTES	2,743,997.50	2,500,000.00	2,665,725.00
07/08/24	NOTES	12/31/19	2.06	ORACLE CORP NOTES	2,734,240.00	2,500,000.00	2,644,475.00
08/15/24	NOTES	12/18/19	1.73	US TREASURY NOTES	5,417,969.00	5,000,000.00	5,144,531.25
10/24/24	NOTES	12/31/19	2.01	BANK OF NY MELLON CORP	1,799,858.00	1,700,000.00	1,706,885.00
11/30/24	NOTES	12/18/19	1.74	US TREASURY N/B	5,392,187.50	5,000,000.00	5,091,992.19
07/01/25	NOTES	09/16/20	1.26	FL ST BOARD OF ADMIN TXBL REV BONDS	1,243,583.25	1,225,000.00	1,225,000.00
07/01/25	NOTES	09/16/20	1.12	FL ST BOARD OF ADMIN TXBL REV BONDS	1,268,962.50	1,250,000.00	1,258,287.50
07/21/25	NOTES	07/23/20	0.48	FREDDIE MAC NOTES	3,017,328.60	3,025,000.00	3,009,935.50
ON DEMAND	STATE	VARIOUS	0.69	LOCAL AGENCY INVESTMENT FUND (1)	34,277,187.99	34,109,614.45	47,809,614.45
ON DEMAND	STATE	VARIOUS	0.69	LOCAL AGENCY INVESTMENT FUND - CARES Act (1)	44,078,489.93	43,863,000.00	30,163,000.00
ON DEMAND	STATE	VARIOUS	0.30	CALIFORNIA ASSET MANAGEMENT PROGRAM (2)	3,439.49	3,439.49	3,438.72
TOTAL					\$283,648,083.07	\$278,549,842.26	\$279,103,981.63

Notes

1. Average Monthly Effective Yield. Source: https://www.treasurer.ca.gov/pmia-laif/historical/avg_mn_ylds.asp
2. Monthly Distribution Yield. Source: <https://www.camponline.com/uploadedFiles/CAMP/LeftMenu/Files/CAMP Pool Fact Sheet September 2020.pdf>
3. Special Operating Reserve
4. Commercial Paper Debt Service Reserve

DESCRIPTION	INVESTMENT	PORTFOLIO COMPOSITION	PERMITTED BY POLICY	YIELD
Certificate of Deposit	\$26,775,366	9.44%	30%	1.67%
Commercial Paper (C.P.)	5,674,160	2.00%	25%	0.18%
Asset-Backed Security/CMO	13,641,588	4.81%	20%	2.34%
U. S. Treasury Bonds / Notes	31,442,188	11.08%	100%	1.67%
Federal Agency Bonds / Notes	64,706,762	22.81%	100%	1.47%
Corporate Notes	44,684,887	15.75%	30%	2.36%
Municipal Bonds / Note	13,668,265	4.82%	100%	2.23%
Supra-National Agency Bond/Note	4,695,750	1.66%	30%	2.78%

LAIF	34,277,188	12.08%	\$75 Million	0.69%
LAIF - CARES Act	44,078,490	15.54%	\$75 Million	0.69%
CAMP	3,439	0.00%	10% of CAMP Fund Shares	0.30%
Total	<u>\$283,648,083</u>	<u>100.00%</u>		
Average Investment Yield of Portfolio				1.50%
Average Maturity of Portfolio				497

Market prices are derived from closing bid prices as of the last business day of the month as supplied by Refinitiv or Bloomberg. Prices that fall between data points are interpolated.

Market value for LAIF is derived from the NAV posted quarterly on the LAIF website.

*In June 2020, the Local Agency Investment Fund (LAIF) authorized the establishment of CARES Act accounts

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