



Agenda Item No. (3)

To: Finance-Auditing Committee/Committee of the Whole  
Meeting of January 21, 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 December 1, 2020 through December 31, 2020.
- b. The Board of Directors has no investments to ratify during the period December 8, 2020 through January 11, 2021 (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 January 12, 2021 and February 15, 2021, 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 2020 (see Attachment B for details).

Attachments

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## **ATTACHMENT A**

### **RATIFICATION OF PREVIOUS INVESTMENTS**

#### **Summary**

During the reporting period December 8, 2020 through January 11, 2021 \$0.00 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>
None				

Quotations as of January 11, 2021 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.	.10%	.15%	.15 %
Treasury Bills	.09%	.09%	
Commercial Paper	.18%	.23%	

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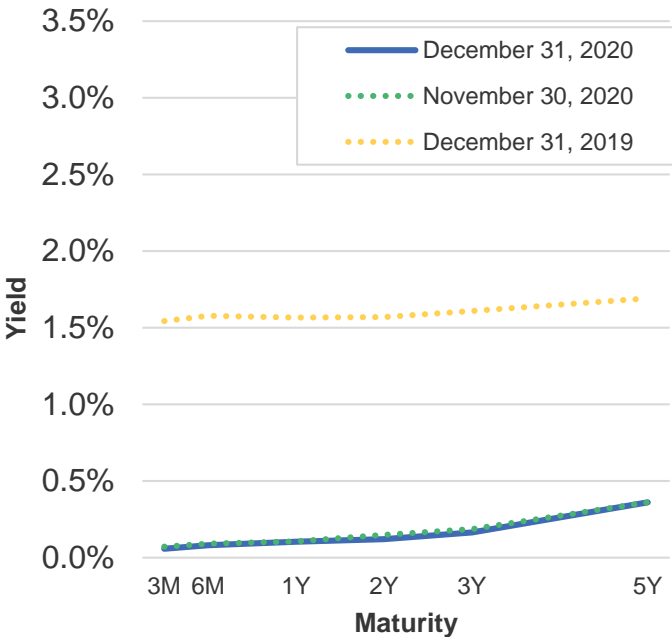
# **Golden Gate Bridge, Highway & Transportation District Investment Report**

**December 2020**

# Treasury Yield Curve Update



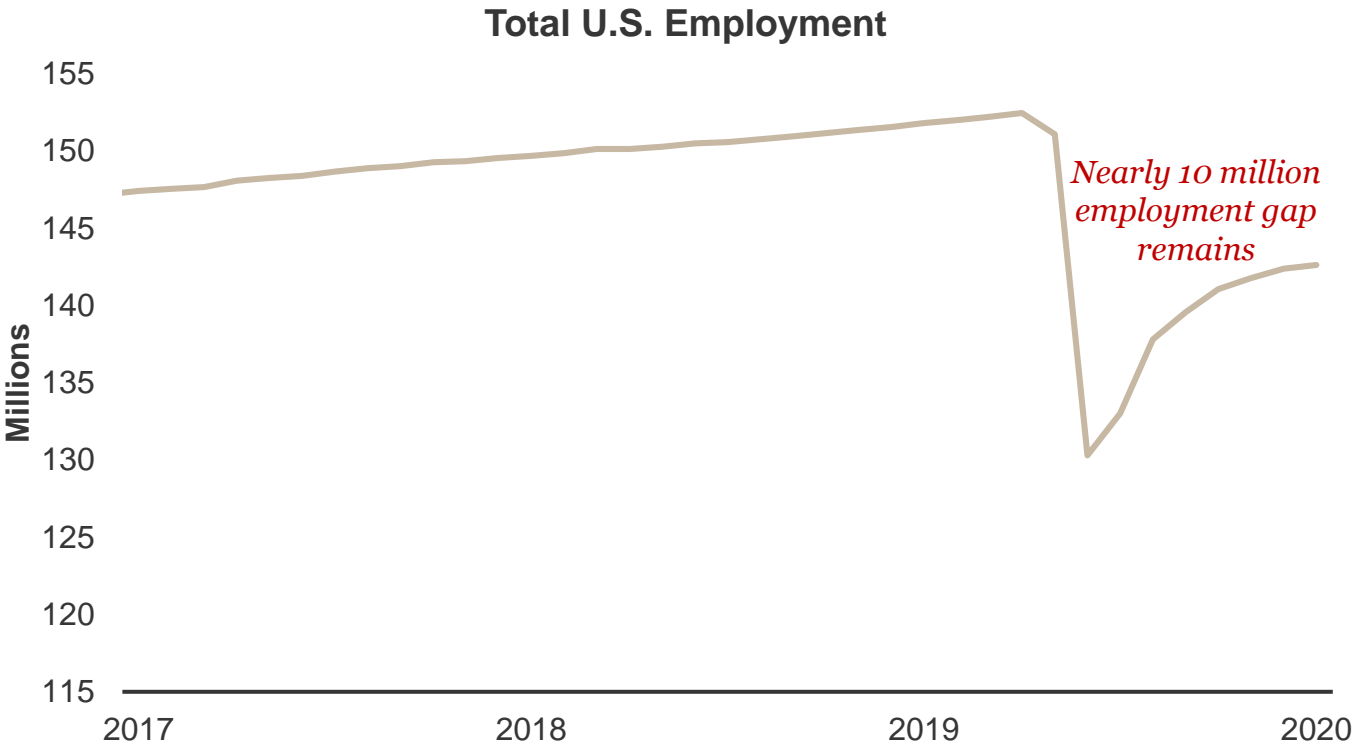
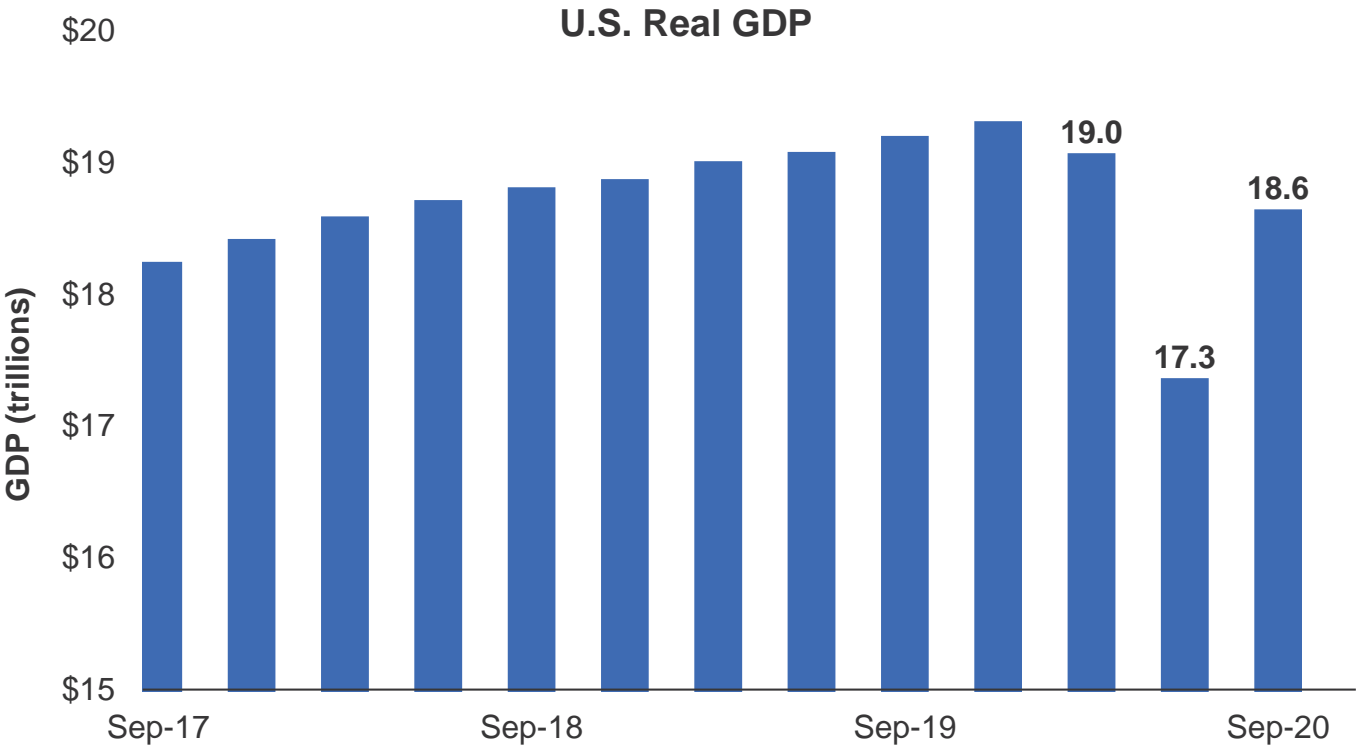
## U.S. Treasury Yield Curve



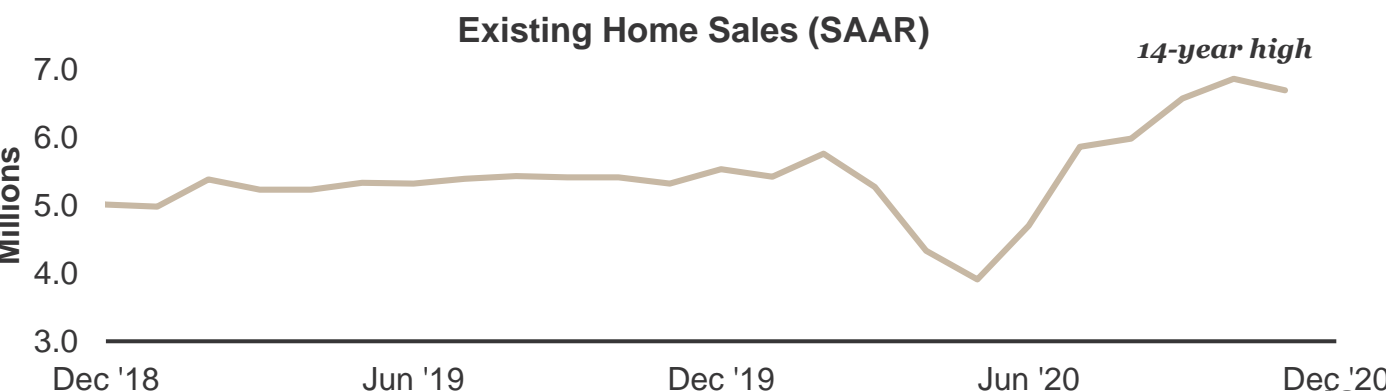
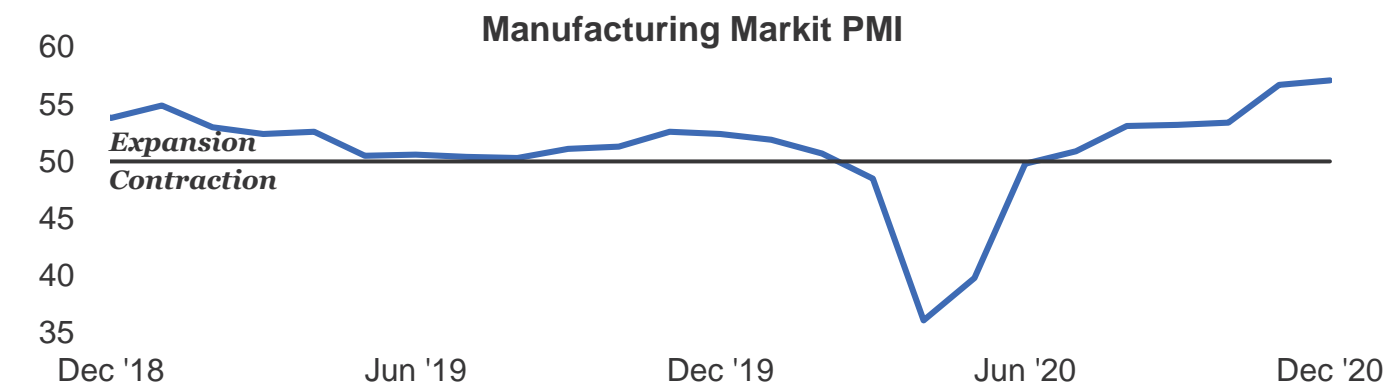
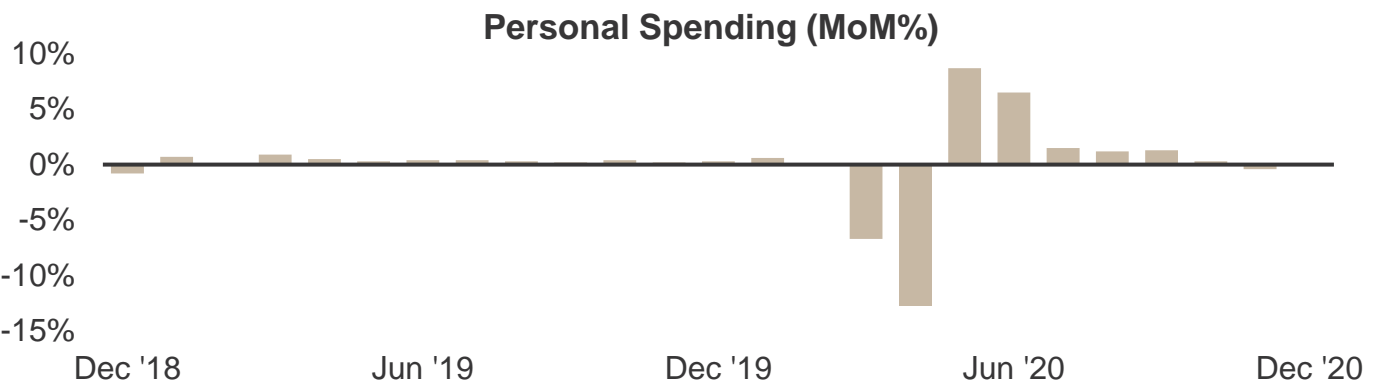
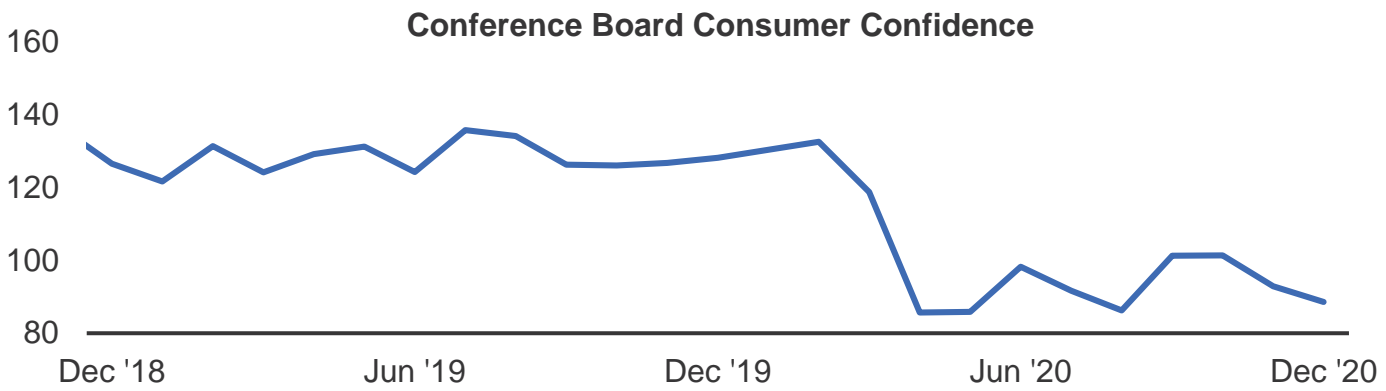
	12/31/20	11/30/20	Month-over-Month Change	12/31/19
3-month	0.06%	0.07%	-0.01%	1.54%
6-month	0.08%	0.09%	-0.01%	1.58%
1-year	0.10%	0.11%	-0.01%	1.59%
2-year	0.12%	0.15%	-0.03%	1.57%
3-year	0.16%	0.19%	-0.03%	1.61%
5-year	0.36%	0.36%	+0.00%	1.69%

Source: Bloomberg as of 12/31/2020.

# Economy Still Has a Long Road Ahead to Full Recovery



# Recent Uptick in COVID Cases Appears to Slow Fledgling Economic Growth

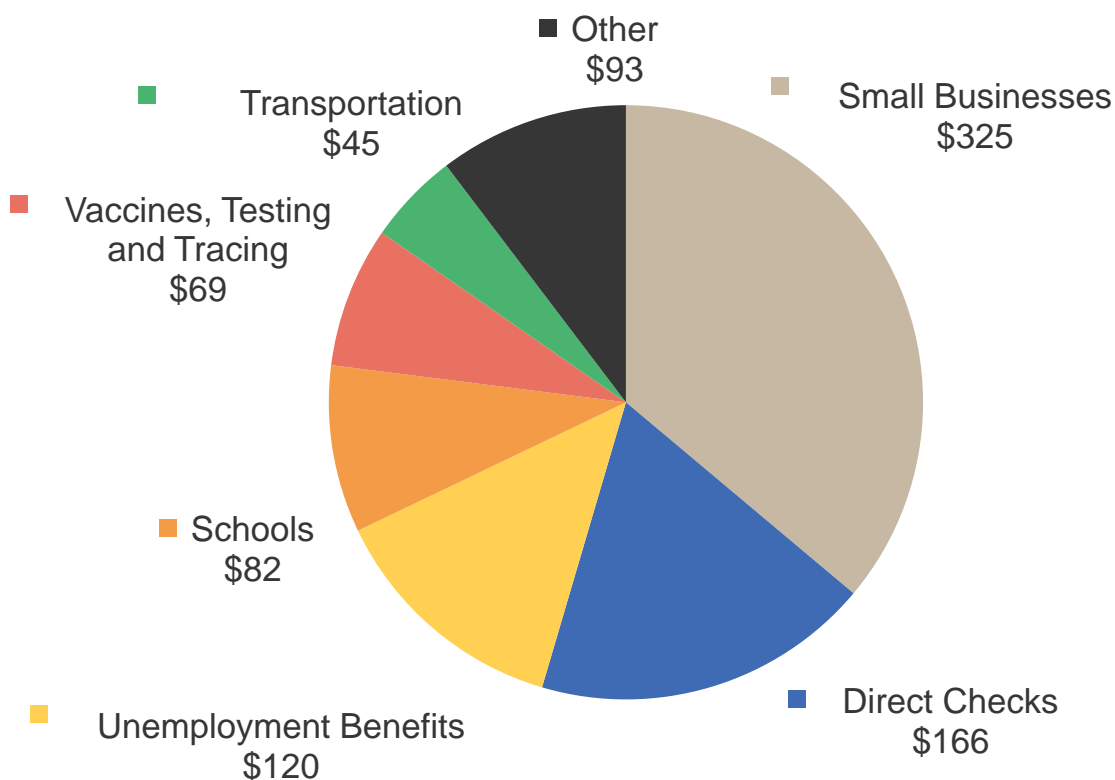


Source: Bloomberg and FRED, latest available data as of 12/31/2020. SAAR is Seasonally Adjusted Annual Rate.



# Congress Passes a New \$900 Billion Pandemic Relief Package

## New Emergency Relief Package, in billions

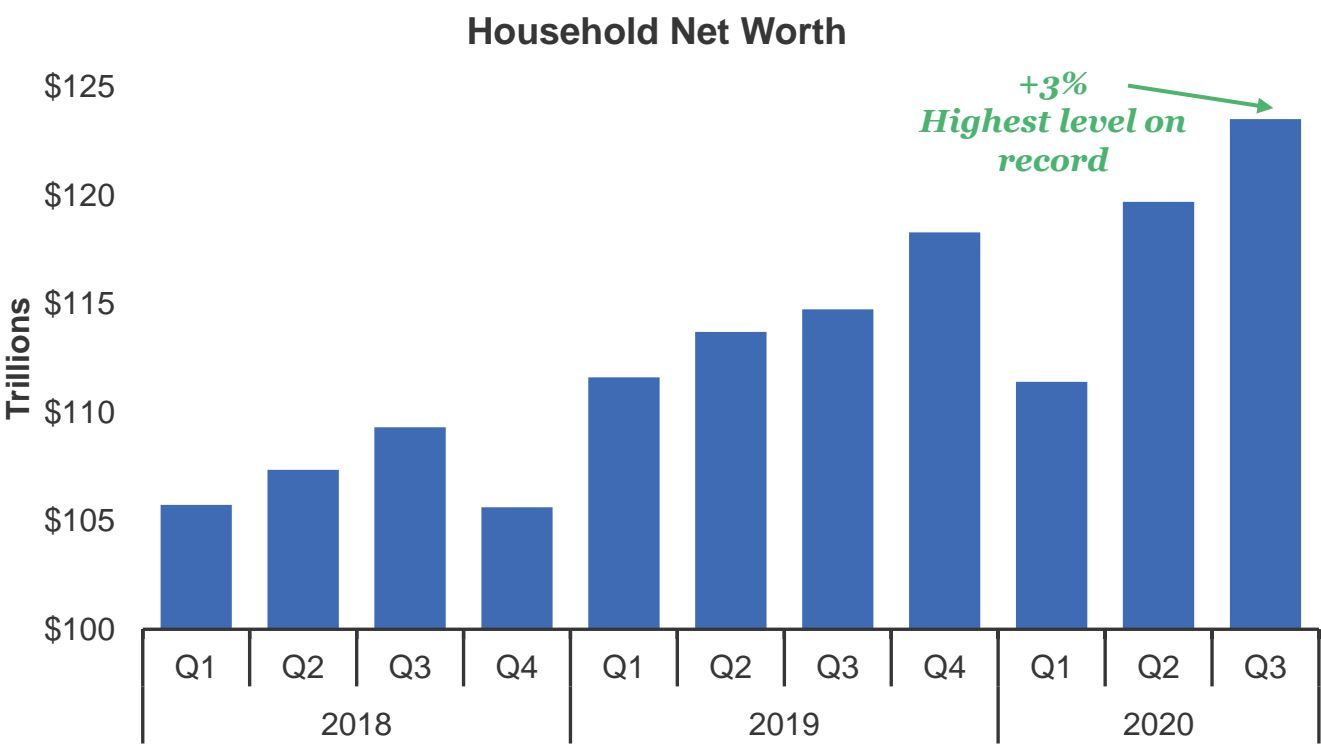
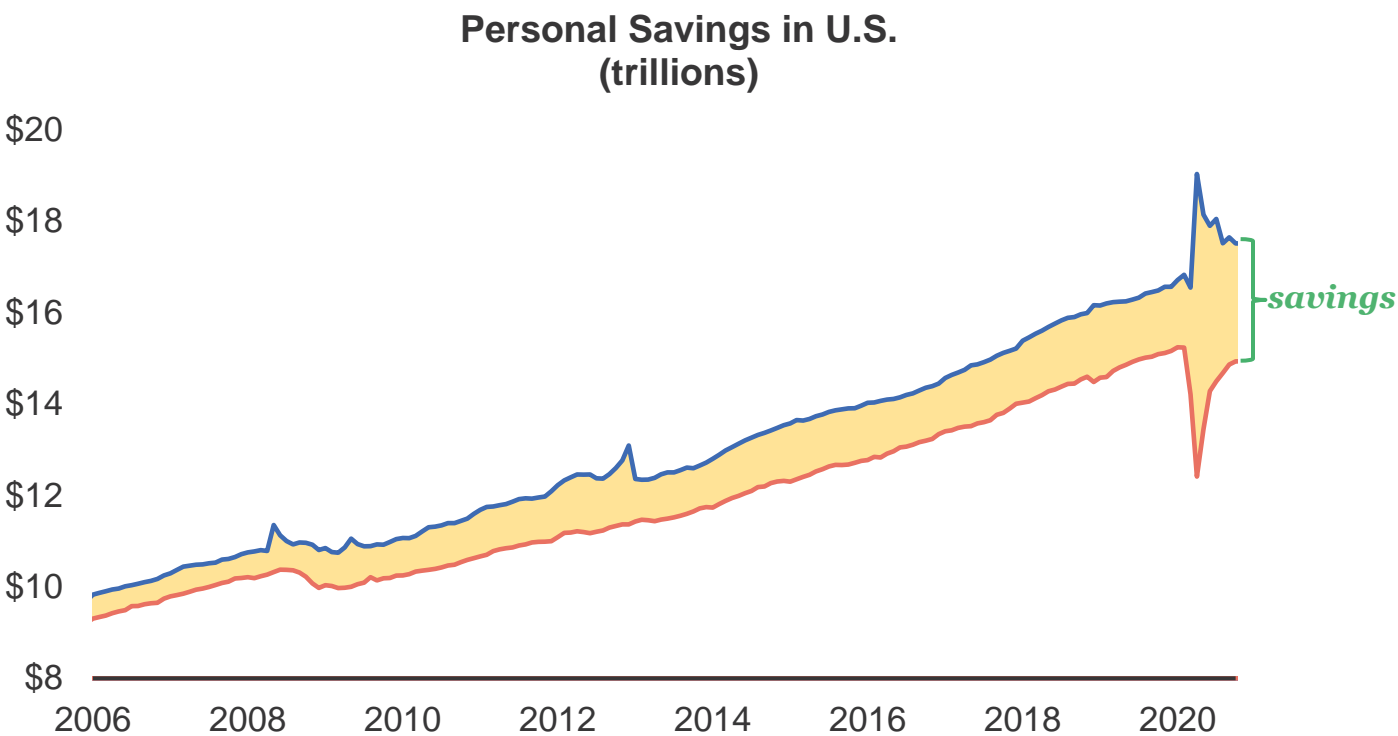


## Other Ongoing Economic Support Measures

- Federal Reserve's near-zero interest rate target
- Federal Reserve's asset purchase programs and backstop of multiple asset classes
- CARES Act and Pandemic Unemployment Assistance programs
- Reduced bank reserve requirements, allowing for increased lending

Source WSJ and Congressional aides, most recent data as of 12/31/2020. "Other" includes support for small banks that serve low-income and minority communities, childcare, and broadband services, among other categories.

# Looking Ahead...Will Accumulated Savings and Wealth Fuel Consumer Spending in 2021?



Sources: : U.S. Bureau of Economic Analysis and FRED. Most recent data available as of 1/7/2021.

# Investment Report: Portfolio Update

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## 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, high-quality corporate notes, municipals, supranationals, asset-backed securities (ABS), LAIF, and CAMP.

## December 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.
- There were no trades executed during the month of December. Strong investor demand pressured corporate note yield spreads (the difference between the yields available on corporate notes less the yields available on similar-maturity U.S. Treasury obligations) to 20-year lows by year-end. Similarly, the yield spreads on other high-quality non-Treasury obligations were also extremely low as investors continued to reach for yield in today's ultra-low interest rate environment.
  - Thus, we recommend that the District continue to maintain a higher-than-typical allocation to LAIF, as LAIF continues to offer an attractive yield advantage relative to individual securities.

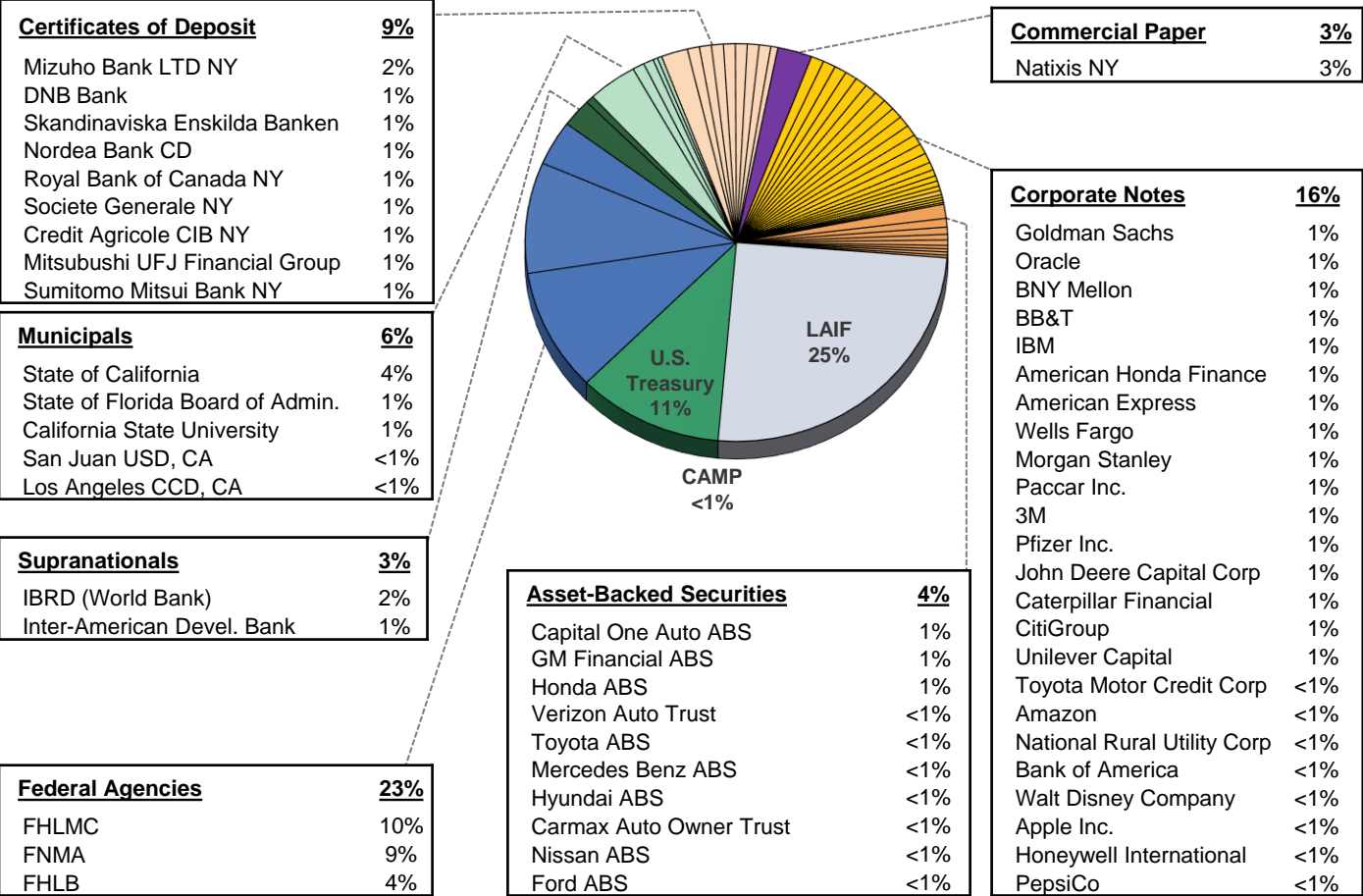
# Investment Report: Outlook

## Outlook

- As 2020 ends, the uncertainties of 2021 now come into focus. Significant central bank intervention is expected to continue, and we expect interest rates to remain low for the foreseeable future. The speed of vaccine rollouts will ultimately drive the pace of the anticipated “return to normalcy.”
- 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:
  - **Federal agency** yield spreads (the difference between yields available on federal agency obligations less the yields available on similar-maturity U.S. Treasury obligations) remain near historic lows. After increasing allocations to the sector during much of 2020, we will likely continue to hold the bulk of these positions in order to earn their incremental income. We will continue to monitor the markets and will look to participate in new issuances if they come to market at attractive levels.
  - **Corporate note** issuance tapered off towards year-end (along with most other sectors) as issuers closed their books for the year. Issuance has already picked up in the new year, although we expect a much slower year than 2020. While spread levels generally remain tight by historic standards, we anticipate that there may be some pockets of value in securities with three or more years to maturity. We will continue to explore opportunities to purchase highly creditworthy, well-priced issues in the District’s portfolio.
  - Bolstered by continued strong investor demand, AAA-rated **asset-backed securities (ABS)** and **federal agency mortgage-backed securities (MBS)** remain expensive compared to historic norms. New issuance in both sectors is expected to be strong in 2021, and we will remain alert for opportunities to add new, attractively-priced structures to boost the portfolio’s income-earning potential, while carefully considering the headwinds associated with both potential consumer stresses and anticipated refinancing activities.
- PFM continues to manage the District’s portfolio with a focus 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 market uncertainties well.

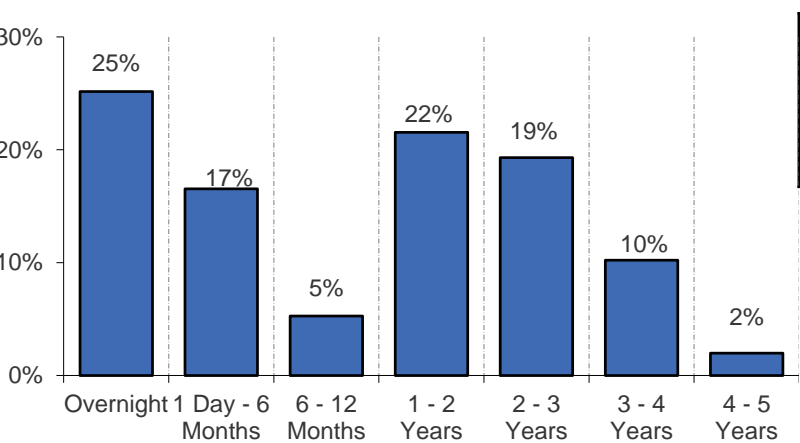
# Investment Report: Portfolio Analysis

## General Fund, Special Operating Reserve, and CP DSR Funds Combined<sup>1,2</sup>



• The maturity distribution and portfolio yields, as of December 31, 2020, are shown below.

**Maturity Distribution<sup>1</sup>**  
December 31, 2020



**Portfolio Yield**  
December 31, 2020

Portfolio	Yield
Combined Portfolios (excl. LAIF and CAMP)	1.75%
Combined Portfolios (incl. LAIF and CAMP) <sup>2</sup>	1.44%

**Notes:**

- Detail may not add to total due to rounding.
- The LAIF fair value factor for the quarter ended December 31, 2020 was not yet available at the time the report was prepared; thus, the fair value factor for the quarter ended September 30, 2020 was used in the preparation of this report.

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## **MEMORANDUM**

To: Finance-Auditing Committee/Committee of the Whole  
Meeting of January 21, 2021

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

Re: District Investment Report, December 2020

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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 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 December 31, 2020

PORTFOLIO OF INVESTMENTS

MATURITY	SECURITY	DATE OF INVESTMENT	YIELD	DESCRIPTION	MARKET VALUE	PAR	Cost
12/15/21	ABS	09/21/18	3.19	FORDL 2018-B A3	\$32,815.30	\$32,791.13	\$32,788.36
06/20/22	ABS	08/14/19	2.03	GMALT 2019-3 A3	684,964.20	680,000.00	679,925.00
12/20/22	ABS	02/19/20	1.67	GMALT 2020-1 A3	719,266.64	710,000.00	709,936.10
01/15/23	ABS	11/28/18	3.16	HAROT 2018-4 A3	1,620,900.86	1,597,608.21	1,597,369.37
01/15/23	ABS	07/25/18	3.03	MBART 2018-1 A3	680,888.24	674,599.09	674,573.20
03/15/23	ABS	07/25/18	3.06	NAROT 2018-B A3	569,653.34	561,937.99	561,919.78
05/16/23	ABS	07/18/18	3.03	GMCAR 2018-3 A3	567,616.56	560,249.06	560,118.40
09/15/23	ABS	08/14/19	1.91	TAOT 2019-C A3	1,254,401.23	1,235,000.00	1,234,989.87
11/15/23	ABS	05/30/19	2.51	COPAR 2019-1 A3	732,265.99	720,000.00	719,854.13
02/15/24	ABS	11/06/19	1.94	HART 2019-B A3	773,944.86	760,000.00	759,964.96
07/22/24	ABS	01/29/20	1.85	VZOT 2020-A A1A	1,277,101.75	1,250,000.00	1,249,853.63
08/15/24	ABS	09/05/19	1.73	COMET 2019-A2 A2	2,479,115.52	2,420,000.00	2,419,390.64
12/16/24	ABS	01/22/20	1.89	CARMX 2020-1 A3	718,204.83	700,000.00	699,862.66
02/16/21	CD	11/03/20	0.23	MIZUHO BANK LTD/NY CERT DEPOS (4)	5,674,999.36	5,675,000.00	5,675,000.00
02/26/21	CD	02/28/19	2.94	MUFG BANK LTD/NY CERT DEPOS	2,510,355.00	2,500,000.00	2,500,000.00
04/02/21	CD	04/04/19	2.83	CREDIT AGRICOLE CIB NY CERT DEPOS	2,516,372.50	2,500,000.00	2,500,000.00
06/07/21	CD	06/08/18	3.24	ROYAL BANK OF CANADA NY CD	2,534,655.00	2,500,000.00	2,500,000.00
02/14/22	CD	02/19/20	1.80	SOCIETE GENERALE NY CERT DEPOS	2,541,025.00	2,500,000.00	2,500,000.00
07/08/22	CD	07/14/20	0.70	SUMITOMO MITSUI BANK NY CERT DEPOS	1,503,939.00	1,500,000.00	1,500,000.00
08/26/22	CD	08/29/19	1.84	NORDEA BANK ABP NEW YORK CERT DEPOS	2,568,585.00	2,500,000.00	2,500,000.00
08/26/22	CD	09/03/19	1.85	SKANDINAV ENSKILDA BANK LT CD	2,568,995.00	2,500,000.00	2,500,000.00
12/02/22	CD	12/06/19	2.03	DNB BANK ASA/NY LT CD	2,588,542.50	2,500,000.00	2,500,000.00
03/01/21	CP	10/29/20	0.23	NATIXIS NY BRANCH COMM PAPER (3)	7,397,402.60	7,400,000.00	7,394,184.83
01/25/21	NOTES	03/09/18	3.21	MORGAN STANLEY CORP NOTES	2,505,052.50	2,500,000.00	2,673,325.00
03/04/21	NOTES	03/10/16	2.59	WELLS FARGO CORP NOTES	2,508,420.00	2,500,000.00	2,489,425.00
04/01/21	NOTES	02/14/19	2.77	CA ST TXBL GO BONDS	5,029,000.00	5,000,000.00	4,985,000.00
04/01/21	NOTES	04/25/18	2.80	CA ST TXBL GO BONDS	2,918,241.00	2,900,000.00	2,900,116.00
04/13/21	NOTES	11/30/18	2.90	FANNIE MAE NOTES	10,066,290.00	10,000,000.00	9,908,600.00
04/19/21	NOTES	03/09/18	3.11	BANK OF AMERICA CORP NOTE	1,006,858.00	1,000,000.00	985,620.00
04/19/21	NOTES	04/19/18	2.70	INTER-AMERICAN DEVELOPMENT BANK NOTE	1,726,994.71	1,715,000.00	1,711,227.00
07/23/21	NOTES	07/25/18	2.83	INTL BANK OF RECONSTRUCTION AND DEV NOTE	2,941,571.50	2,900,000.00	2,893,214.00
09/15/21	NOTES	09/07/18	3.05	PFIZER INC CORP NOTE	1,584,103.38	1,555,000.00	1,552,900.75
10/12/21	NOTES	12/07/18	2.83	FEDERAL HOME LOAN BANKS NOTES	10,223,640.00	10,000,000.00	10,044,900.00
01/06/22	NOTES	03/15/17	2.75	JOHN DEERE CAPITAL CORP NOTES	2,344,266.13	2,290,000.00	2,279,901.10
01/11/22	NOTES	01/11/19	2.65	FANNIE MAE NOTES	5,127,990.00	5,000,000.00	4,996,400.00
01/21/22	NOTES	02/05/20	1.79	NATIONAL RURAL UTIL COOP CORP NOTE	1,020,555.39	1,005,000.00	1,004,115.60
03/01/22	NOTES	02/22/19	2.77	3M COMPANY BONDS	949,882.50	925,000.00	924,565.25
03/01/22	NOTES	03/01/19	2.88	PACCAR FINANCIAL CORP NOTE	952,689.88	925,000.00	924,186.00
03/07/22	NOTES	09/07/18	3.15	UNILEVER CAPITAL CORP	1,435,143.03	1,390,000.00	1,383,272.40
03/11/22	NOTES	03/11/19	2.80	PFIZER INC CORP BONDS	823,950.40	800,000.00	799,952.00
04/05/22	NOTES	04/10/17	1.97	FANNIE MAE NOTES	5,109,495.00	5,000,000.00	4,977,550.00
05/10/22	NOTES	05/10/19	2.67	PACCAR FINANCIAL CORP CORP NOTES	1,548,666.00	1,500,000.00	1,499,190.00
05/13/22	NOTES	11/27/19	1.99	IBM CORP	2,588,682.50	2,500,000.00	2,551,450.00

05/20/22	NOTES	05/20/19	2.79	AMERICAN EXPRESS CO	2,578,137.50	2,500,000.00	2,497,000.00
06/20/22	NOTES	03/18/19	3.05	BRANCH BANKING & TRUST CORP NOTES	2,593,595.00	2,500,000.00	2,499,925.00
08/08/22	NOTES	08/08/19	2.18	HONEYWELL INTERNATIONAL (CALLABLE) NOTE	529,619.82	515,000.00	514,479.85
08/23/22	NOTES	08/23/19	1.96	BANK OF NY MELLON CORP CORP NOTES	800,950.80	780,000.00	779,750.40
09/01/22	NOTES	09/06/19	1.72	WALT DISNEY COMPANY/THE	668,709.15	655,000.00	653,578.65
09/06/22	NOTES	09/06/19	1.95	CATERPILLAR FINANCIAL SERVICES CORP NOTE	1,345,971.29	1,310,000.00	1,308,179.10
09/11/22	NOTES	09/11/19	1.71	APPLE INC	604,553.53	590,000.00	589,899.70
10/15/22	NOTES	10/30/19	1.65	UNITED STATES TREASURY NOTES	10,221,875.00	10,000,000.00	9,919,921.88
11/15/22	NOTES	11/15/19	1.59	US TREASURY NOTES	5,139,062.50	5,000,000.00	5,005,273.44
11/18/22	NOTES	01/13/20	1.97	CATERPILLAR FINL SERVICE	876,555.70	850,000.00	849,609.00
01/10/23	NOTES	09/10/19	2.06	AMERICAN HONDA FINANCE CORP NOTES	2,584,767.50	2,500,000.00	2,499,075.00
02/14/23	NOTES	08/26/19	1.86	3M COMPANY	1,544,713.50	1,500,000.00	1,494,285.00
06/03/23	NOTES	06/03/20	0.45	AMAZON.COM INC CORPORATE NOTES	1,196,358.17	1,190,000.00	1,188,334.00
06/26/23	NOTES	06/26/20	0.35	FREDDIE MAC NOTES	4,504,156.32	4,495,000.00	4,481,874.60
08/10/23	NOTES	08/12/20	0.36	FANNIE MAE NOTES (CALLABLE)	5,007,895.00	5,000,000.00	4,991,000.00
08/14/23	NOTES	08/14/20	0.53	TOYOTA MOTOR CREDIT CORP CORPORATE NOTES	1,230,198.90	1,225,000.00	1,224,056.75
08/24/23	NOTES	08/21/20	0.28	FREDDIE MAC NOTES	4,477,344.21	4,470,000.00	4,465,440.60
09/08/23	NOTES	09/04/20	0.24	FREDDIE MAC NOTES	2,137,989.00	2,135,000.00	2,135,389.87
09/08/23	NOTES	09/04/20	0.26	FREDDIE MAC NOTES	2,869,011.00	2,865,000.00	2,864,054.55
09/08/23	NOTES	09/23/20	0.23	FREDDIE MAC NOTES	7,009,800.00	7,000,000.00	7,003,360.00
10/01/23	NOTES	10/24/19	1.87	CA ST TXBL GO BONDS	2,653,550.00	2,500,000.00	2,550,025.00
10/07/23	NOTES	10/07/20	0.42	PEPSICO INC CORPORATE NOTES	386,081.47	385,000.00	384,780.55
10/16/23	NOTES	10/16/20	0.25	FREDDIE MAC NOTES	3,906,034.65	3,915,000.00	3,900,397.05
10/31/23	NOTES	12/30/19	1.64	US TREASURY NOTES	5,207,812.50	5,000,000.00	4,997,265.63
11/01/23	NOTES	09/17/20	0.47	CA ST UNIV TXBL REV BONDS	498,935.00	500,000.00	500,000.00
11/24/23	NOTES	11/24/20	0.32	INTL BK RECON & DEVELOP CORPORATE NOTES	3,527,273.63	3,525,000.00	3,517,421.25
03/03/24	NOTES	11/27/19	2.36	GOLDMAN SACHS CORP NOTES	2,747,687.50	2,500,000.00	2,665,725.00
07/08/24	NOTES	12/31/19	2.06	ORACLE CORP NOTES	2,730,677.50	2,500,000.00	2,644,475.00
08/01/24	NOTES	11/10/20	0.67	LOS ANGELES CCD, CA TXBL GO BONDS	958,075.00	950,000.00	950,000.00
08/01/24	NOTES	10/29/20	0.70	SAN JUAN USD, CA TXBL GO BONDS	996,660.00	1,000,000.00	1,000,000.00
08/15/24	NOTES	12/18/19	1.73	US TREASURY NOTES	5,387,500.00	5,000,000.00	5,144,531.25
10/24/24	NOTES	12/31/19	2.01	BANK OF NY MELLON CORP	1,809,667.00	1,700,000.00	1,706,885.00
10/30/24	NOTES	10/30/20	0.78	CITIGROUP INC CORPORATE NOTES	1,762,932.50	1,750,000.00	1,750,000.00
11/01/24	NOTES	10/21/20	0.77	CA ST UNIV TXBL REV BONDS	1,667,097.45	1,605,000.00	1,660,645.35
11/30/24	NOTES	12/18/19	1.74	US TREASURY N/B	5,364,062.50	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	1,252,795.25	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	1,278,362.50	1,250,000.00	1,258,287.50
07/21/25	NOTES	07/23/20	0.48	FREDDIE MAC NOTES	3,021,276.23	3,025,000.00	3,009,935.50
ON DEMAND	STATE	VARIOUS	0.54	LOCAL AGENCY INVESTMENT FUND (1)	70,878,769.54	70,588,331.45	70,588,331.45
ON DEMAND	STATE	VARIOUS	0.12	CALIFORNIA ASSET MANAGEMENT PROGRAM (2)	3,440.77	3,440.77	3,440.77
TOTAL					\$280,887,457.08	\$276,383,957.70	\$276,968,266.91

#### Notes

1. Average Monthly Effective Yield. Source: [https://www.treasurer.ca.gov/pmia-laif/historical/avg\\_mn\\_ylds.asp](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 December 2020.pdf>
3. Special Operating Reserve
4. Commercial Paper Debt Service Reserve

DESCRIPTION	INVESTMENT	PORTFOLIO COMPOSITION	PERMITTED BY POLICY	YIELD
Certificate of Deposit	\$25,007,468	8.90%	30%	1.77%
Commercial Paper (C.P.)	7,397,403	2.63%	25%	0.23%
Asset-Backed Security/CMO	12,111,139	4.31%	20%	2.24%
U. S. Treasury Bonds / Notes	31,320,313	11.15%	100%	1.67%
Federal Agency Bonds / Notes	63,460,921	22.59%	100%	1.44%

Corporate Notes	45,259,447	16.11%	30%	2.28%
Municipal Bonds / Note	17,252,716	6.14%	100%	1.91%
Supra-National Agency Bond/Note	8,195,840	2.92%	30%	1.72%
LAIF	70,878,770	25.23%	\$75 Million	0.54%
CAMP	3,441	0.00%	10% of CAMP Fund Shares	0.12%
Total	<u>\$280,887,457</u>	<u>100.00%</u>		
Average Investment Yield of Portfolio				1.44%
Average Maturity of Portfolio				485

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.

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