



Agenda Item No. (3)

To: Finance-Auditing Committee/Committee of the Whole
Meeting of April 22, 2021

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

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

Recommendation

The Finance-Auditing Committee recommends:

- a. The Board of Directors had no commitments and/or expenditures to ratify for the period of March 1, 2021 through March 31, 2021.
- b. The Board of Directors ratifies investments made during the period March 16, 2021 through April 12, 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 April 13, 2021 and May 10, 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 March 2021 (see Attachment B for details).

Attachments

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ATTACHMENT A

RATIFICATION OF PREVIOUS INVESTMENTS

Summary

During the reporting period March 16, 2021 through April 12, 2021, \$8,825,000.00 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
CREDIT SUISSE NEW YORK CERT DEPOS	03/19/21	03/17/23	\$2,000,000.00	.59%
JPMORGAN CHASE & CO CORPORATE NOTES	03/09/21	03/16/24	\$3,000,000.00	.70%
CHARLES SCHWAB CORP NOTES (CALLABLE)	03/16/21	03/18/24	\$824,587.50	.77%

Quotations as of April 12, 2021 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.	.10%	.15%	.15%
Treasury Bills	.02%	.04%	
Commercial Paper	.14%	.18%	

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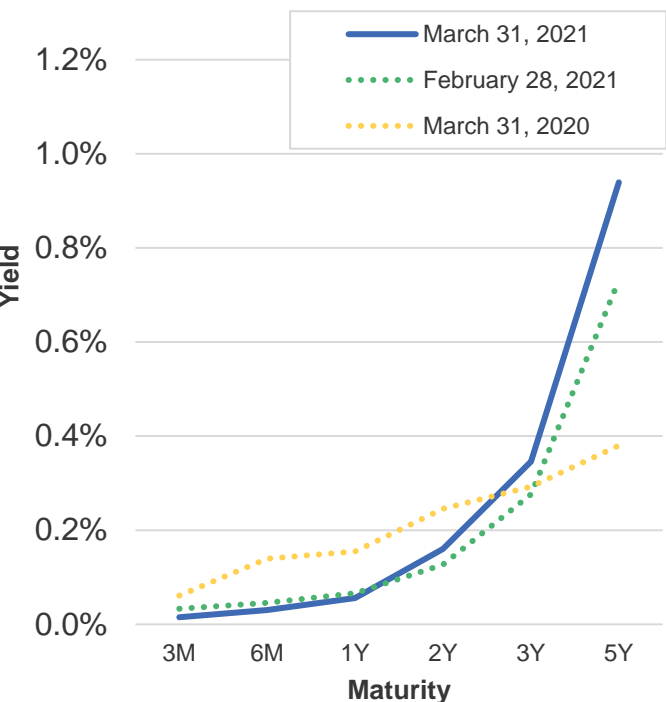
Golden Gate Bridge, Highway & Transportation District Investment Report

March 2021

Treasury Yield Curve Update



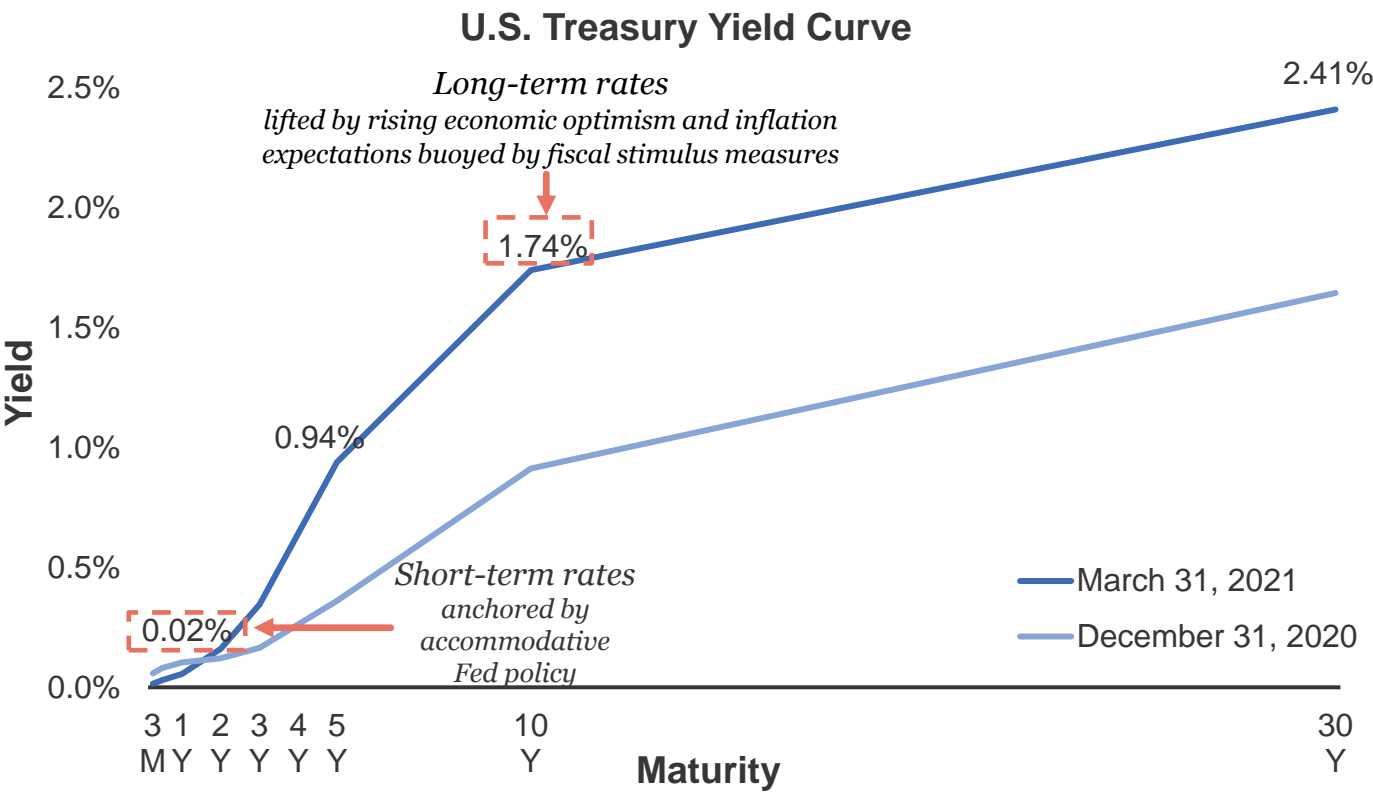
U.S. Treasury Yield Curve



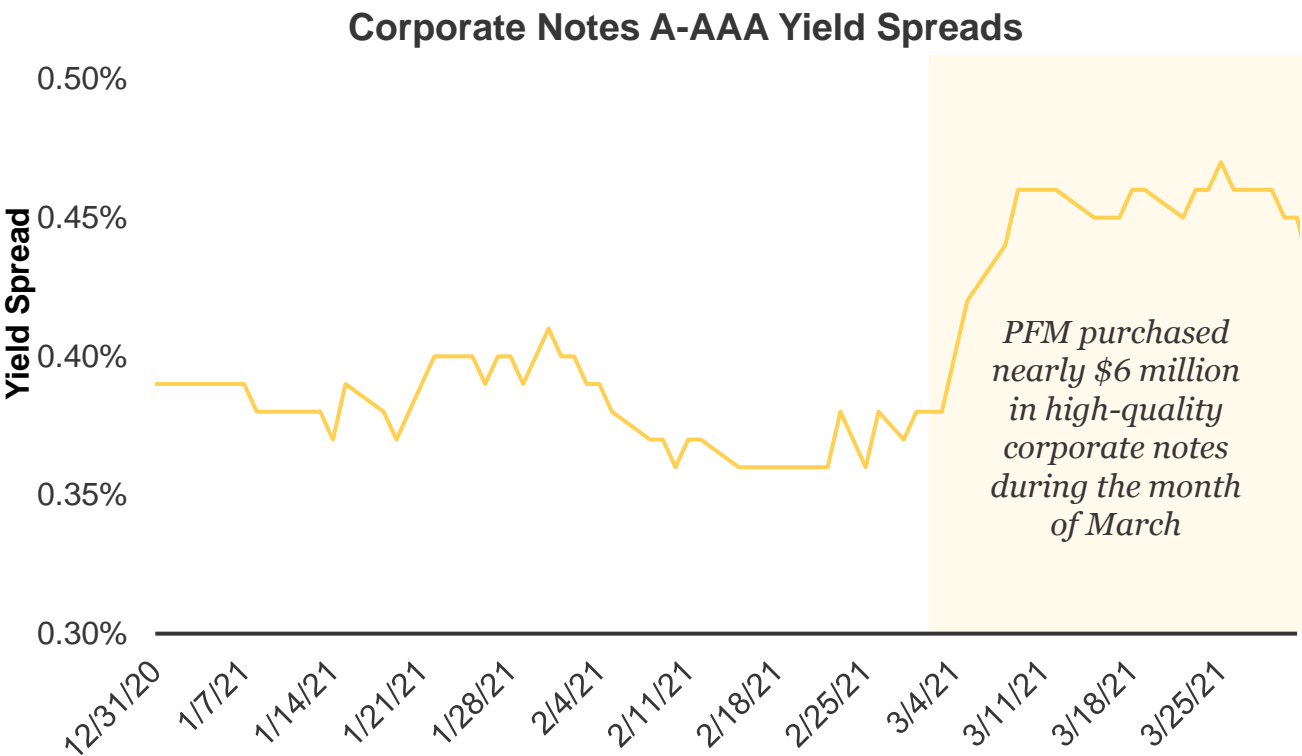
	3/31/21	2/28/21	Month-over-Month Change	3/31/20
3-month	0.02%	0.03%	-0.01%	0.06%
6-month	0.03%	0.05%	-0.02%	0.14%
1-year	0.06%	0.07%	-0.01%	0.15%
2-year	0.16%	0.13%	+0.03%	0.25%
3-year	0.35%	0.28%	+0.07%	0.29%
5-year	0.94%	0.73%	+0.21%	0.38%

Source: Bloomberg, as of 3/31/21.

The Steepening Yield Curve Creates Opportunities



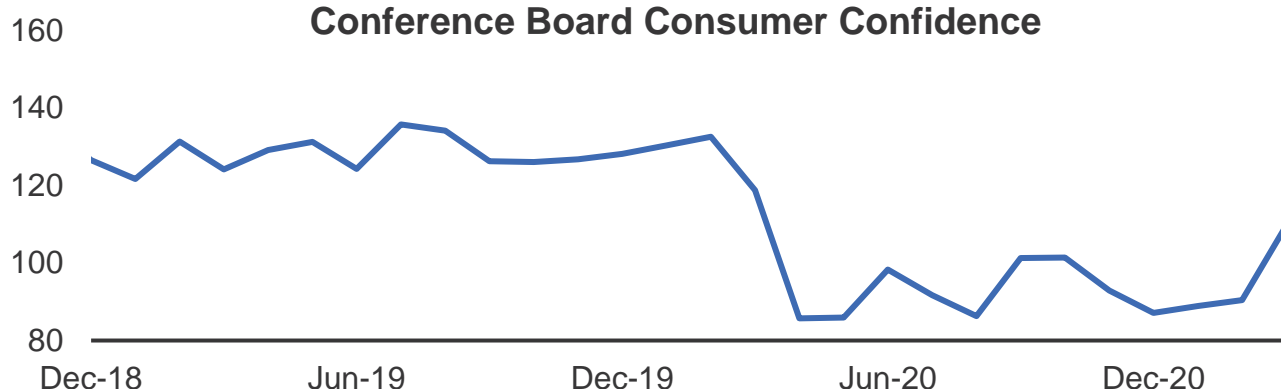
... As Credit Yield Spreads Also Widen



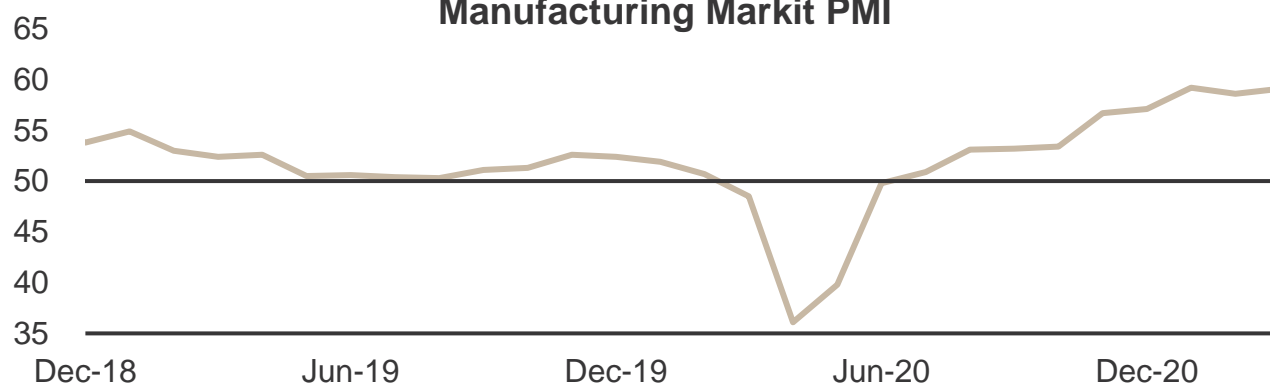
Source: Bloomberg, as of 3/31/21. The bottom chart reflects ICE BofAML 1-5 year indices.

The Economic Recovery Gained Momentum in Q1

Conference Board Consumer Confidence



Manufacturing Markit PMI

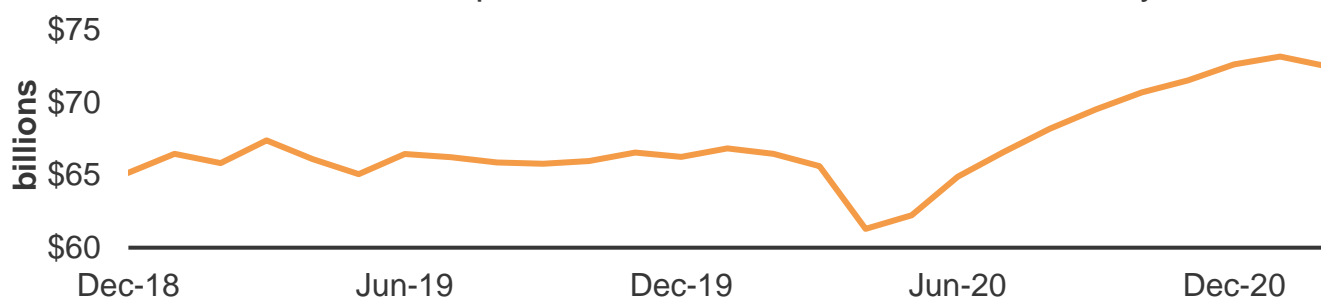


S&P 500 Closing Price



Business Investment

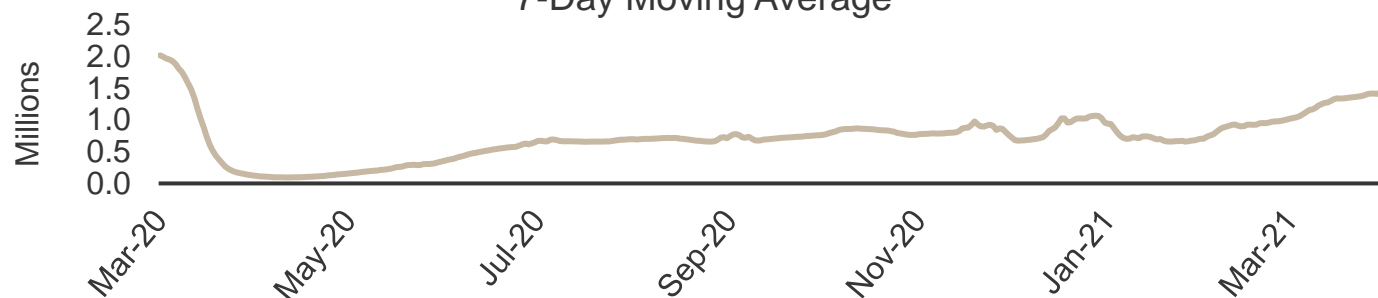
Nondefense Capital Goods Orders Excl. Aircraft, monthly



...As High Frequency Data Picked Up Steam

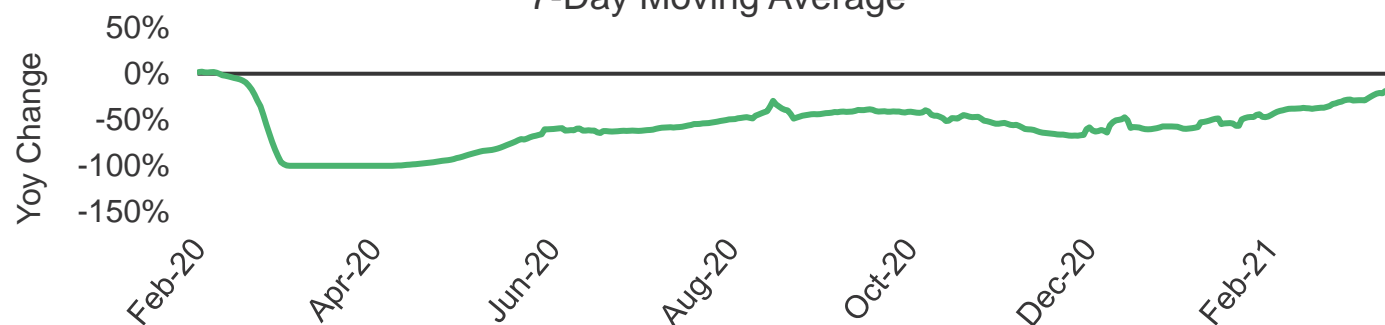
TSA Checkpoint Travel Numbers

7-Day Moving Average



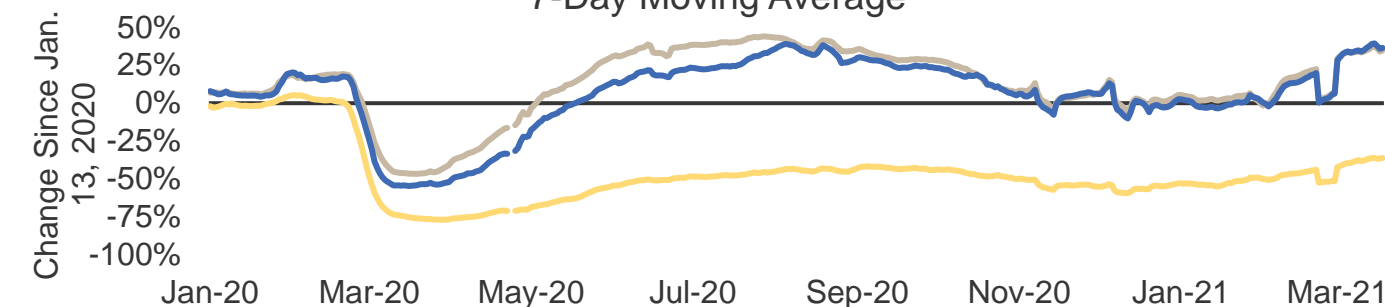
U.S. OpenTable Restaurant Reservations

7-Day Moving Average

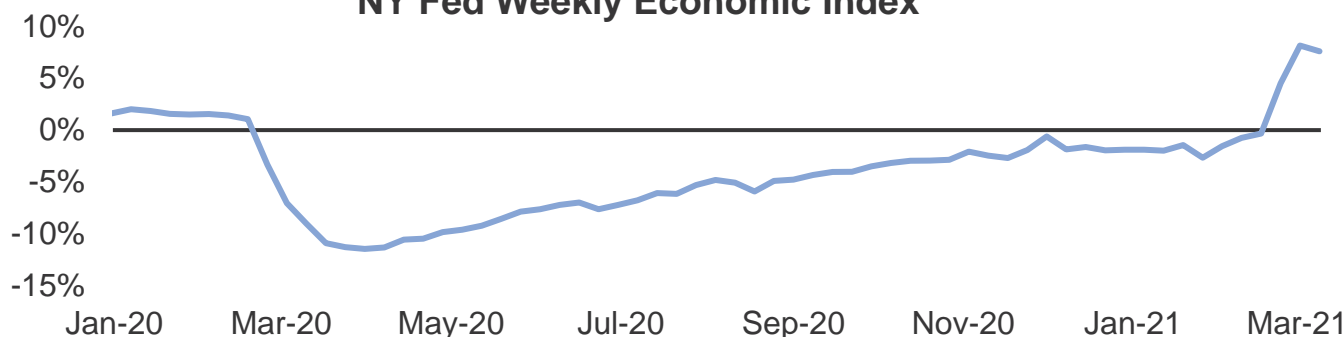


Requests for Directions in Apple Maps

7-Day Moving Average

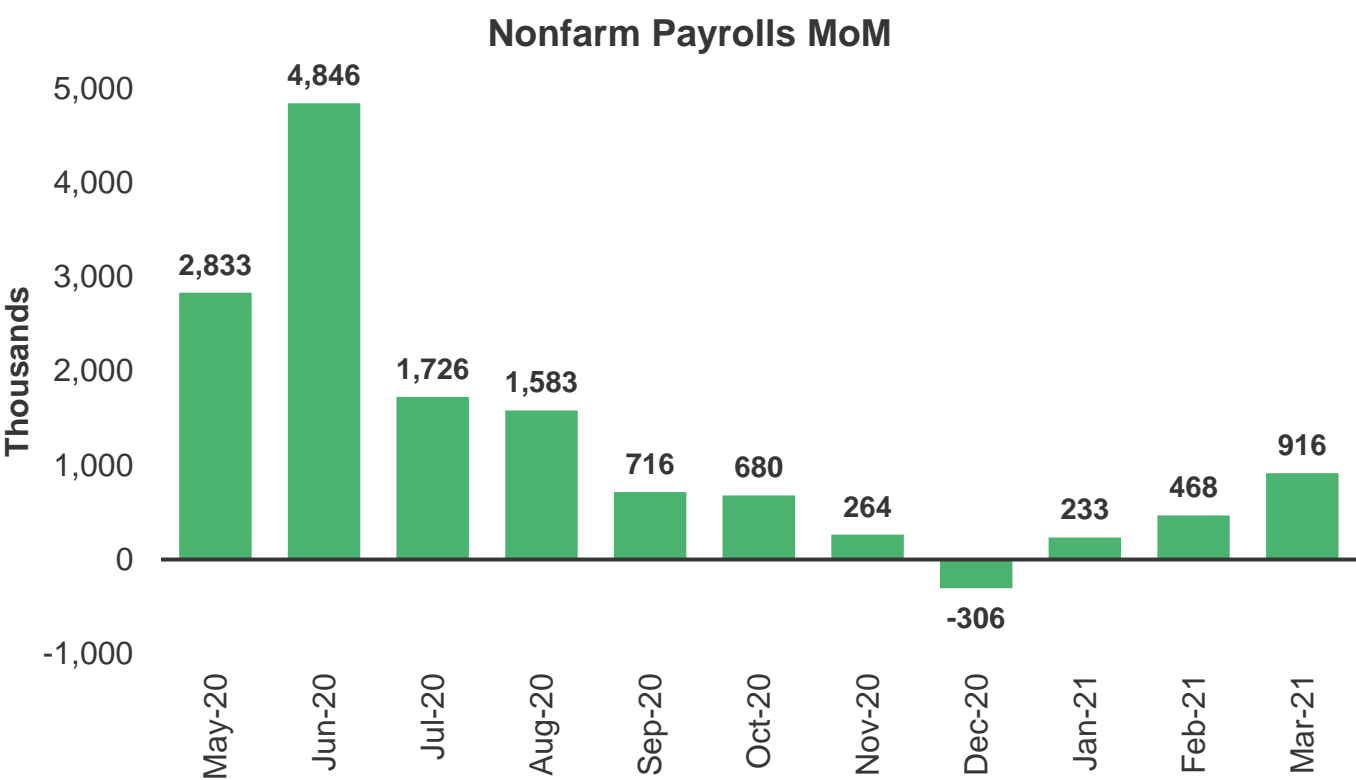
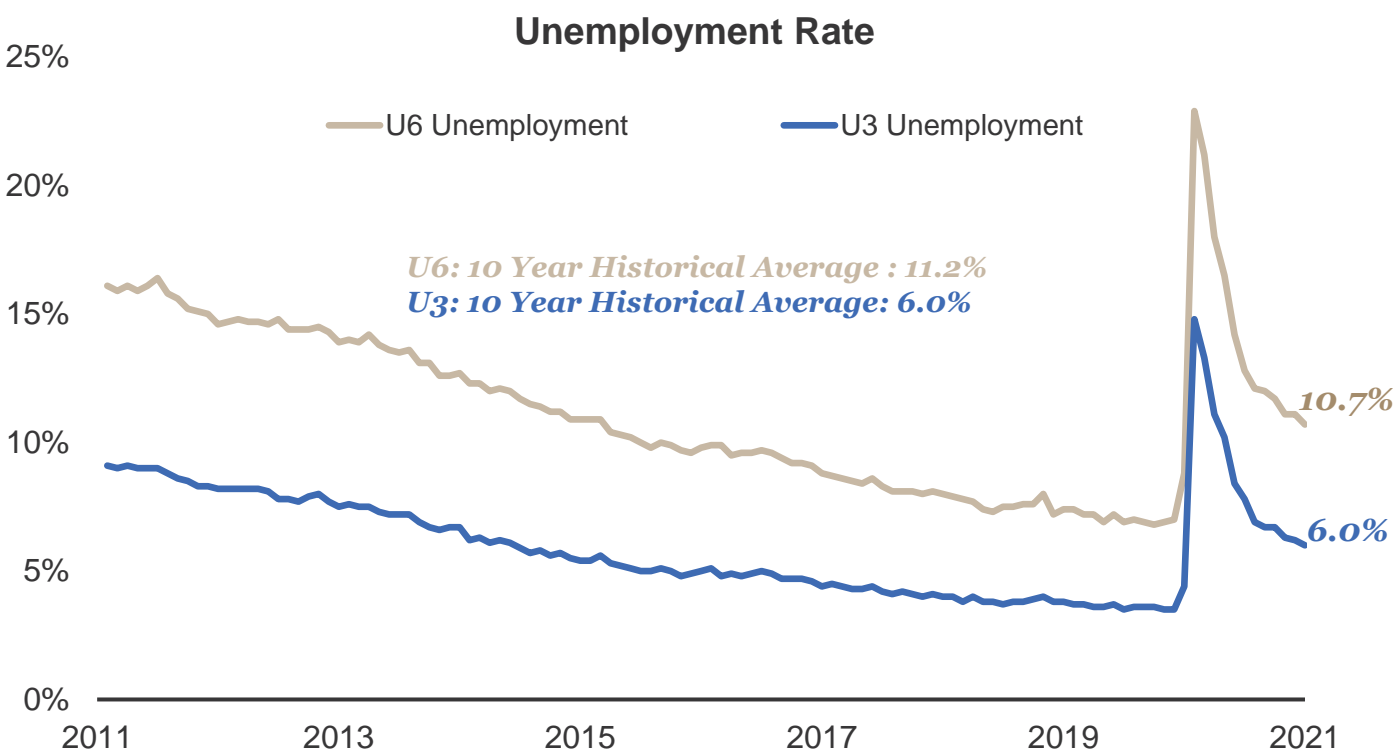


NY Fed Weekly Economic Index



Sources: (top) Transportation Security Administration, PFM calculations, as of 4/6/21. (second from top) Includes phone, online, and walk-in diners: OpenTable, PFM calculations, most recent data as of 4/6/21. (second from bottom) Apple, PFM calculations, most recent data as of 4/6/21. (bottom) Federal Reserve Bank of New York, most recent data as of 4/6/21.

Labor Market Strengthened Further in March

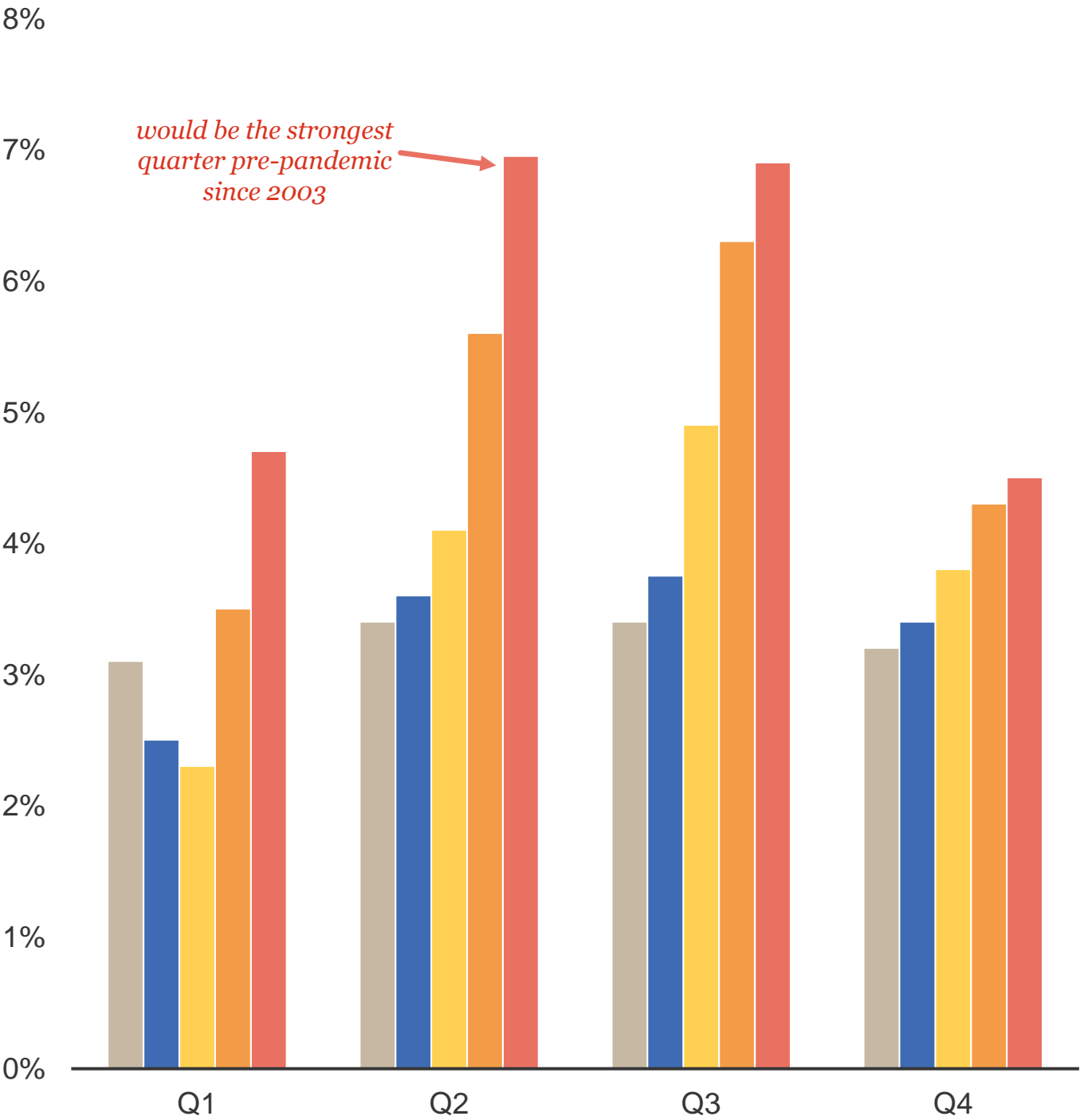


Source: Bloomberg, as of 3/31/21. U3 and nonfarm payroll data is seasonally adjusted.

GDP Estimates Revised Upward on Passage of ARP and Improving Economic Fundamentals

U.S. Quarterly GDP Forecasts for 2021

■ November ■ December ■ January ■ February ■ March



Source: Bloomberg, as of 3/31/21.

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

March 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.
- The overall trend of yield curve steepening continued during March as the yields on short-term maturities remained very low, anchored to the near-zero overnight fed funds target rate, while the yields on intermediate- and longer-dated maturities continued to increase, buoyed by investor optimism and inflation expectations. This steepening effect presented value opportunities in intermediate- and longer-dated securities.
 - The steepening of the yield curve combined with spread widening (which occurs when the yields available on corporate notes increase relative to the yields available on similar-maturity U.S. Treasury obligations) created value opportunities in the high-quality **corporate note** space. In total, we purchased nearly \$6 million in high-quality corporate notes with approximately 3 years to maturity at an average yield pick-up of approximately 34 basis points (0.34%) over similar-maturity U.S. Treasury obligations.
 - Similarly, value returned to the **negotiable certificate of deposit (CD)** market. PFM took advantage of this when we sold a Credit Agricole CD at a gain within weeks of maturity and reinvested the proceeds in a 2-year Credit Suisse negotiable CD at an attractive yield pick-up of 44 basis points (0.44%) over similar-maturity U.S. Treasury obligations.

Trade Date	Settle Date	Action	Description	Par	Maturity	Yield to Maturity
3/01/21	3/4/21	Purchase	John Deere Capital Corp Corporate Note	\$1,990,000	1/17/24	0.48%
3/4/21	3/4/21	Maturity	Wells Fargo Corporate Note	\$2,500,000	3/4/21	-
3/09/21	3/16/21	Purchase	JP Morgan & Chase Co. Corporate Note	\$3,000,000	3/16/24	0.70%
3/16/21	3/18/21	Purchase	Charles Schwab Corporate Note	\$825,000	3/18/24	0.77%
3/19/21	3/22/21	Purchase	Credit Suisse New York CD	\$2,000,000	3/17/23	0.59%
3/19/21	3/23/21	Sell	Credit Agricole New York CD	\$2,500,000	4/2/21	0.14%
3/25/21	3/25/21	Called	3M Company Bonds (CALLED)	\$925,000	3/1/22	-

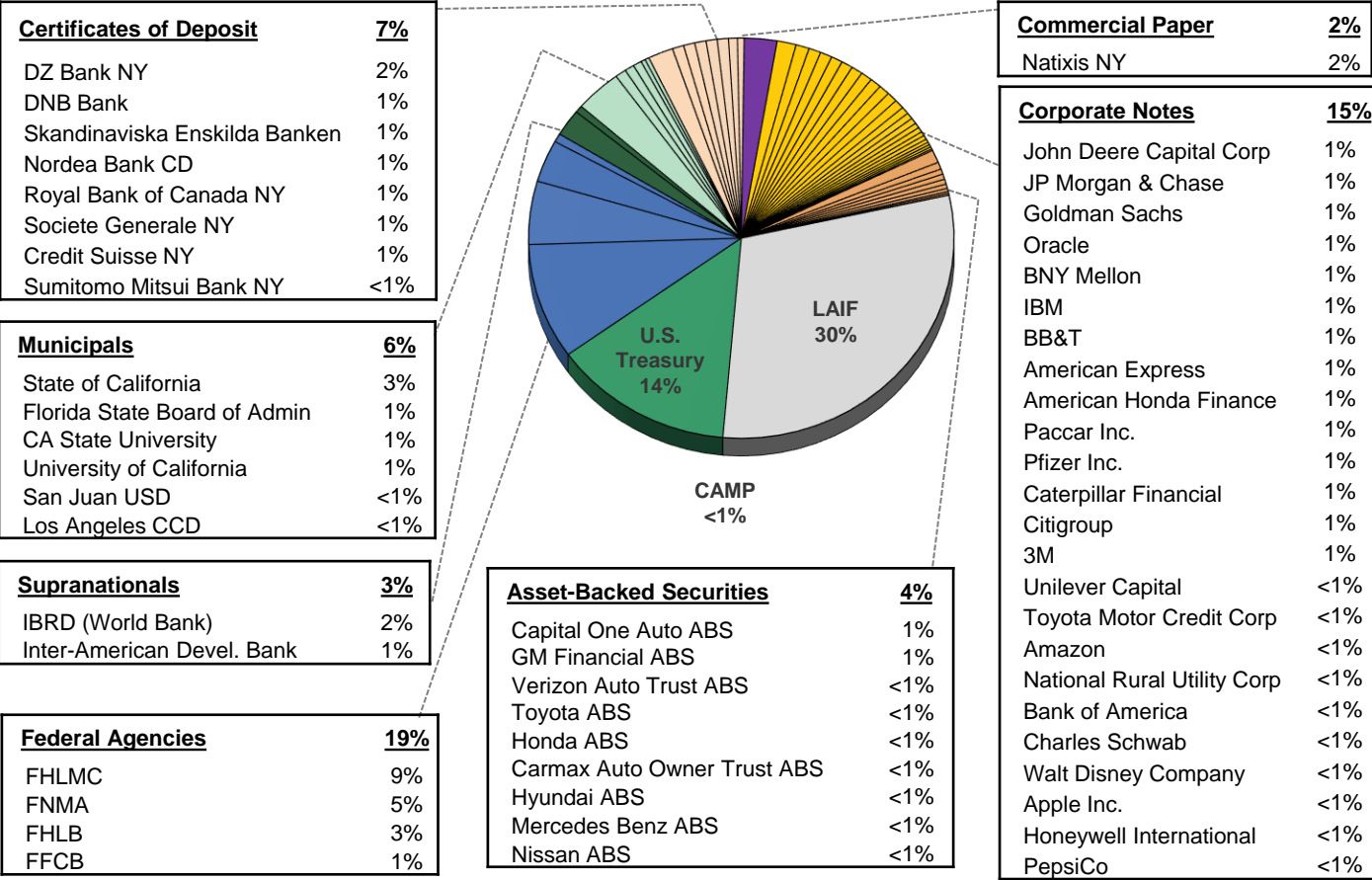
Outlook

Outlook

- The vaccine rollout, accommodative monetary policy, and the recent \$1.9 trillion of fiscal stimulus all point to continued improvement in U.S. economic fundamentals. GDP projections for 2021 have been revised up several times, with current forecasts pointing to growth of 6% or more in 2021. That optimism, however, has also translated into increased inflation expectations, particularly in the near term, which is likely to continue to put upward pressure on longer-term rates.
- 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:
 - Continuing the trend of recent weeks, the **U.S. Treasury** yield curve has steepened even further recently. Yields on short-term obligations remain anchored to the near-zero overnight fed funds target rate, while the yields on intermediate- and longer-term obligations have risen, lifted by rising optimism and inflation expectation buoyed by fiscal stimulus measures. PFM will seek to capitalize on opportunities in the intermediate- and longer-term U.S. Treasury market where appropriate.
 - **Federal agency** securities remain expensive, offering very little extra yield, thus limiting investment opportunities. On the other hand, **supranational** yield spreads have continued to widen modestly, representing better value.
 - Yield spreads on investment-grade **corporate notes** have widened a bit over the past month. While overall spread levels remain narrow from a historical perspective, the favorable macro-economic environment means that corporate securities warrant consideration. Credit quality will remain a vital consideration as the economic hangover from the pandemic has created winners and losers.
 - AAA-rated **asset-backed securities (ABS)** continue to experience strong investor demand, keeping yields spreads narrow. Relative to corporate notes, whose spreads have widened, ABS structures look expensive. Thus, we will practice selectivity on new issue participation.
- 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.

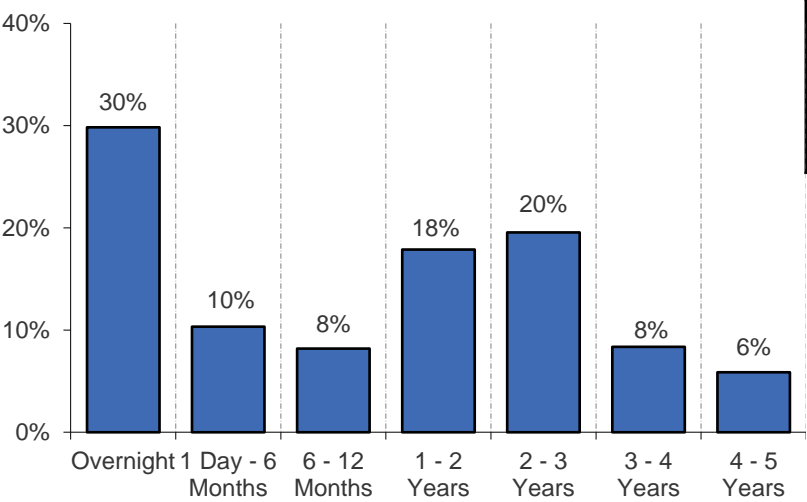
Portfolio Analysis

General Fund, Special Operating Reserve, and CP DSR Funds Combined¹



- The maturity distribution and portfolio yields, as of March 31, 2021, are shown below.

Maturity Distribution¹
March 31, 2021



Notes:
1. Detail may not add to total due to rounding.

Portfolio Yield
March 31, 2021

Portfolio	Yield
Combined Portfolios (excl. LAIF and CAMP)	1.49%
Combined Portfolios (incl. LAIF and CAMP)	1.15%



MEMORANDUM

To: Finance-Auditing Committee/Committee of the Whole
Meeting of April 22, 2021

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

Re: District Investment Report, March 2021

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 March 31, 2021

PORTFOLIO OF INVESTMENTS

MATURITY	SECURITY	DATE OF INVESTMENT	YIELD	DESCRIPTION	MARKET VALUE	PAR	Cost
06/20/22	ABS	08/14/19	2.03	GMALT 2019-3 A3	\$ 564,451.44	\$ 561,595.78	\$ 561,533.84
12/20/22	ABS	02/19/20	1.67	GMALT 2020-1 A3	716,649.43	710,000.00	709,936.10
01/15/23	ABS	11/28/18	3.16	HAROT 2018-4 A3	1,209,236.08	1,192,978.41	1,192,800.06
01/15/23	ABS	07/25/18	3.03	MBART 2018-1 A3	464,252.84	460,509.13	460,491.45
03/15/23	ABS	07/25/18	3.06	NAROT 2018-B A3	432,161.60	427,257.71	427,243.87
05/16/23	ABS	07/18/18	3.03	GMCAR 2018-3 A3	423,587.67	418,852.62	418,754.94
09/15/23	ABS	08/14/19	1.91	TAOT 2019-C A3	1,249,561.14	1,235,000.00	1,234,989.87
11/15/23	ABS	05/30/19	2.51	COPAR 2019-1 A3	615,641.22	607,184.24	607,061.22
02/15/24	ABS	11/06/19	1.94	HART 2019-B A3	771,296.64	760,000.00	759,964.96
07/22/24	ABS	01/29/20	1.85	VZOT 2020-A A1A	1,274,537.50	1,250,000.00	1,249,853.63
08/15/24	ABS	09/05/19	1.73	COMET 2019-A2 A2	2,467,695.78	2,420,000.00	2,419,390.64
12/16/24	ABS	01/22/20	1.89	CARMX 2020-1 A3	715,738.87	700,000.00	699,862.66
12/15/25	ABS	01/27/21	0.34	CARMX 2021-1 A3	313,887.20	315,000.00	314,937.76
05/10/21	CD	02/16/21	0.14	DZ BANK NY CERT DEPOS (4)	5,676,936.75	5,677,000.00	5,676,999.96
06/07/21	CD	06/08/18	3.24	ROYAL BANK OF CANADA NY CD	2,514,610.00	2,500,000.00	2,500,000.00
02/14/22	CD	02/19/20	1.80	SOCIETE GENERALE NY CERT DEPOS	2,529,275.00	2,500,000.00	2,500,000.00
07/08/22	CD	07/14/20	0.70	SUMITOMO MITSUI BANK NY CERT DEPOS	1,508,365.50	1,500,000.00	1,500,000.00
08/26/22	CD	08/29/19	1.84	NORDEA BANK ABP NEW YORK CERT DEPOS	2,557,967.50	2,500,000.00	2,500,000.00
08/26/22	CD	09/03/19	1.85	SKANDINAV ENSKILDA BANK LT CD	2,558,317.50	2,500,000.00	2,500,000.00
12/02/22	CD	12/06/19	2.03	DNB BANK ASA/NY LT CD	2,574,892.50	2,500,000.00	2,500,000.00
03/17/23	CD	03/23/21	0.59	CREDIT SUISSE NEW YORK CERT DEPOS	1,999,678.00	2,000,000.00	2,000,000.00
06/01/21	CP	03/01/21	0.14	NATIXIS NY BRANCH COMM PAPER (3)	7,397,617.20	7,400,000.00	7,397,352.44
04/01/21	NOTES	02/14/19	2.77	CA ST TXBL GO BONDS	5,000,000.00	5,000,000.00	4,985,000.00
04/01/21	NOTES	04/25/18	2.80	CA ST TXBL GO BONDS	2,900,000.00	2,900,000.00	2,900,116.00
04/19/21	NOTES	03/09/18	3.11	BANK OF AMERICA CORP NOTE	1,000,974.00	1,000,000.00	985,620.00
04/19/21	NOTES	04/19/18	2.70	INTER-AMERICAN DEVELOPMENT BANK NOTE	1,716,567.51	1,715,000.00	1,711,227.00
07/23/21	NOTES	07/25/18	2.83	INTL BANK OF RECONSTRUCTION AND DEV NOTE	2,922,947.70	2,900,000.00	2,893,214.00
09/15/21	NOTES	09/07/18	3.05	PFIZER INC CORP NOTE	1,574,294.44	1,555,000.00	1,552,900.75
10/12/21	NOTES	12/07/18	2.83	FEDERAL HOME LOAN BANKS NOTES	10,156,300.00	10,000,000.00	10,044,900.00
01/06/22	NOTES	03/15/17	2.75	JOHN DEERE CAPITAL CORP NOTES	2,329,225.41	2,290,000.00	2,279,901.10
01/11/22	NOTES	01/11/19	2.65	FANNIE MAE NOTES	5,099,585.00	5,000,000.00	4,996,400.00
01/21/22	NOTES	02/05/20	1.79	NATIONAL RURAL UTIL COOP CORP NOTE	1,017,226.83	1,005,000.00	1,004,115.60
03/01/22	NOTES	03/01/19	2.88	PACCAR FINANCIAL CORP NOTE	946,901.23	925,000.00	924,186.00
03/07/22	NOTES	09/07/18	3.15	UNILEVER CAPITAL CORP	1,425,724.39	1,390,000.00	1,383,272.40
03/11/22	NOTES	03/11/19	2.80	PFIZER INC CORP BONDS	819,297.60	800,000.00	799,952.00
04/05/22	NOTES	04/10/17	1.97	FANNIE MAE NOTES	5,089,345.00	5,000,000.00	4,977,550.00
05/10/22	NOTES	05/10/19	2.67	PACCAR FINANCIAL CORP CORP NOTES	1,537,044.00	1,500,000.00	1,499,190.00
05/13/22	NOTES	11/27/19	1.99	IBM CORP	2,571,662.50	2,500,000.00	2,551,450.00
05/20/22	NOTES	05/20/19	2.79	AMERICAN EXPRESS CO	2,562,372.50	2,500,000.00	2,497,000.00
06/20/22	NOTES	03/18/19	3.05	BRANCH BANKING & TRUST (CALLABLE) CORP N	2,577,385.00	2,500,000.00	2,499,925.00

08/08/22	NOTES	08/08/19	2.18	HONEYWELL INTERNATIONAL (CALLABLE) NOTE	527,109.71	515,000.00	514,479.85
08/23/22	NOTES	08/23/19	1.96	BANK OF NY MELLON CORP CORP NOTES	797,327.70	780,000.00	779,750.40
09/01/22	NOTES	09/06/19	1.72	WALT DISNEY COMPANY/THE	667,049.38	655,000.00	653,578.65
09/06/22	NOTES	09/06/19	1.95	CATERPILLAR FINANCIAL SERVICES CORP NOTE	1,339,058.42	1,310,000.00	1,308,179.10
09/11/22	NOTES	09/11/19	1.71	APPLE INC	602,987.67	590,000.00	589,899.70
10/15/22	NOTES	10/30/19	1.65	US TREASURY NOTES	10,190,625.00	10,000,000.00	9,919,921.88
11/15/22	NOTES	11/15/19	1.59	US TREASURY NOTES	5,119,531.00	5,000,000.00	5,005,273.44
11/18/22	NOTES	01/13/20	1.97	CATERPILLAR FINL SERVICE	871,816.95	850,000.00	849,609.00
01/10/23	NOTES	09/10/19	2.06	AMERICAN HONDA FINANCE CORP NOTES	2,567,757.50	2,500,000.00	2,499,075.00
02/14/23	NOTES	08/26/19	1.86	3M COMPANY	1,538,401.50	1,500,000.00	1,494,285.00
06/03/23	NOTES	06/03/20	0.45	AMAZON.COM INC CORPORATE NOTES	1,192,844.10	1,190,000.00	1,188,334.00
06/26/23	NOTES	06/26/20	0.35	FREDDIE MAC NOTES	4,499,373.64	4,495,000.00	4,481,874.60
08/10/23	NOTES	08/12/20	0.36	FANNIE MAE NOTES (CALLABLE)	4,997,805.00	5,000,000.00	4,991,000.00
08/14/23	NOTES	08/14/20	0.53	TOYOTA MOTOR CREDIT CORP CORPORATE NOTES	1,226,266.65	1,225,000.00	1,224,056.75
08/24/23	NOTES	08/21/20	0.28	FREDDIE MAC NOTES	4,469,950.83	4,470,000.00	4,465,440.60
09/08/23	NOTES	09/04/20	0.24	FREDDIE MAC NOTES	2,133,941.04	2,135,000.00	2,135,389.87
09/08/23	NOTES	09/04/20	0.26	FREDDIE MAC NOTES	2,863,578.96	2,865,000.00	2,864,054.55
09/08/23	NOTES	09/23/20	0.23	FREDDIE MAC NOTES	6,996,528.00	7,000,000.00	7,003,360.00
10/01/23	NOTES	10/24/19	1.87	CA ST TXBL GO BONDS	2,633,400.00	2,500,000.00	2,550,025.00
10/07/23	NOTES	10/07/20	0.42	PEPSICO INC CORPORATE NOTES	384,944.56	385,000.00	384,780.55
10/16/23	NOTES	10/16/20	0.25	FREDDIE MAC NOTES	3,899,598.39	3,915,000.00	3,900,397.05
10/31/23	NOTES	12/30/19	1.64	US TREASURY NOTES	5,176,562.50	5,000,000.00	4,997,265.63
11/01/23	NOTES	09/17/20	0.47	CA ST UNIV TXBL REV BONDS	496,375.00	500,000.00	500,000.00
11/24/23	NOTES	11/24/20	0.32	INTL BK RECON & DEVELOP CORPORATE NOTES	3,516,095.85	3,525,000.00	3,517,421.25
01/17/24	NOTES	03/04/21	0.47	JOHN DEERE CAPITAL CORP CORPORATE NOTES	1,988,326.41	1,990,000.00	1,988,587.10
02/26/24	NOTES	02/26/21	0.26	FFCB NOTES	2,049,634.40	2,055,000.00	2,054,260.20
03/03/24	NOTES	11/27/19	2.36	GOLDMAN SACHS CORP NOTES	2,725,737.50	2,500,000.00	2,665,725.00
03/16/24	NOTES	03/16/21	0.70	JPMORGAN CHASE & CO CORPORATE NOTES	3,011,592.00	3,000,000.00	3,000,000.00
03/18/24	NOTES	03/18/21	0.77	CHARLES SCHWAB CORP NOTES (CALLABLE)	829,093.65	825,000.00	824,587.50
07/08/24	NOTES	12/31/19	2.06	ORACLE CORP NOTES	2,685,240.00	2,500,000.00	2,644,475.00
08/01/24	NOTES	11/10/20	0.67	LOS ANGELES CCD, CA TXBL GO BONDS	946,760.50	950,000.00	950,000.00
08/01/24	NOTES	10/29/20	0.70	SAN JUAN USD, CA TXBL GO BONDS	991,130.00	1,000,000.00	1,000,000.00
08/15/24	NOTES	12/18/19	1.73	US TREASURY NOTES	5,320,312.50	5,000,000.00	5,144,531.25
10/24/24	NOTES	12/31/19	2.01	BANK OF NY MELLON CORP	1,789,923.20	1,700,000.00	1,706,885.00
10/30/24	NOTES	10/30/20	0.78	CITIGROUP INC CORPORATE NOTES	1,749,090.00	1,750,000.00	1,750,000.00
11/01/24	NOTES	10/21/20	0.77	CA ST UNIV TXBL REV BONDS	1,644,483.00	1,605,000.00	1,660,645.35
11/30/24	NOTES	12/18/19	1.74	US TREASURY NOTES	5,284,375.00	5,000,000.00	5,091,992.19
05/15/25	NOTES	03/10/21	0.67	UNIV OF CAL TXBL REV BONDS	1,937,670.30	1,935,000.00	1,935,000.00
07/01/25	NOTES	09/16/20	1.26	FL ST BOARD OF ADMIN TXBL REV BONDS	1,234,567.25	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	1,259,762.50	1,250,000.00	1,258,287.50
07/21/25	NOTES	07/23/20	0.48	FREDDIE MAC NOTES	2,973,275.53	3,025,000.00	3,009,935.50
01/31/26	NOTES	02/10/21	0.47	US TREASURY NOTES	4,875,781.00	5,000,000.00	4,975,585.94
01/31/26	NOTES	03/01/21	0.75	US TREASURY NOTES	4,875,781.00	5,000,000.00	4,910,546.88
ON DEMAND	STATE	VARIOUS	0.36	LOCAL AGENCY INVESTMENT FUND (1)	88,906,634.07	88,705,156.45	88,705,156.45
ON DEMAND	STATE	VARIOUS	0.08	CALIFORNIA ASSET MANAGEMENT PROGRAM (2)	3,441.61	3,441.61	3,441.61
TOTAL					\$297,574,751.24	\$294,538,975.95	\$294,939,187.59

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 March 2021.pdf>
3. Special Operating Reserve
4. Commercial Paper Debt Service Reserve

<u>DESCRIPTION</u>	<u>INVESTMENT</u>	<u>PORTFOLIO COMPOSITION</u>	<u>PERMITTED BY POLICY</u>	<u>YIELD</u>
Certificate of Deposit	\$21,920,043	7.37%	30%	1.38%
Commercial Paper (C.P.)	7,397,617	2.49%	25%	0.14%
Asset-Backed Security/CMO	11,218,697	3.77%	20%	2.11%
U. S. Treasury Bonds / Notes	40,842,968	13.73%	100%	1.41%
Federal Agency Bonds / Notes	55,228,916	18.56%	100%	1.13%
Corporate Notes	44,856,675	15.07%	30%	1.98%
Municipal Bonds / Note	19,044,149	6.40%	100%	1.78%
Supra-National Agency Bond/Note	8,155,611	2.74%	30%	1.72%
LAIF	88,906,634	29.88%	\$75 Million	0.36%
CAMP	3,442	0.00%	10% of CAMP Fund Shares	0.08%
Total	<u>\$297,574,751</u>	<u>100.00%</u>		
Average Investment Yield of Portfolio				1.15%
Average Maturity of Portfolio				500

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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