



Agenda Item No. (3)

To: Finance-Auditing Committee/Committee of the Whole
Meeting of April 25, 2024

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, 2024 through March 31, 2024.
- b. The Board of Directors ratifies investments made during the period March 12, 2024 through April 15, 2024 (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 16, 2024 and May 13, 2024, 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 2024 (see Attachment B for details).

Attachments

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ATTACHMENT A

RATIFICATION OF PREVIOUS INVESTMENTS

Summary

During the reporting period March 12, 2024 through April 15, 2024 \$4,325,000.00 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
ADOBE INC CORP NOTES (CALLABLE)	04/01/2024	04/04/2029	1,632,563.85	4.83
BLACKROCK FUNDING INC CORPORATE NOTES (CALLABLE)	03/05/2024	03/14/2029	234,574.65	4.74
BLACKROCK FUNDING INC CORPORATE NOTES (CALLABLE)	03/07/2024	03/14/2029	2,305,681.00	4.64
INTL BK RECON & DEVELOP NOTES	04/03/2024	04/10/2026	2,239,417.60	4.76
STATE STREET CORP NOTE (CALLABLE)	03/13/2024	03/18/2027	690,000.00	4.99

Quotations as of April 15, 2024 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.	5.55%	5.45%	5.40%
Treasury Bills	5.30%	5.27%	
Commercial Paper	5.52%	5.58%	

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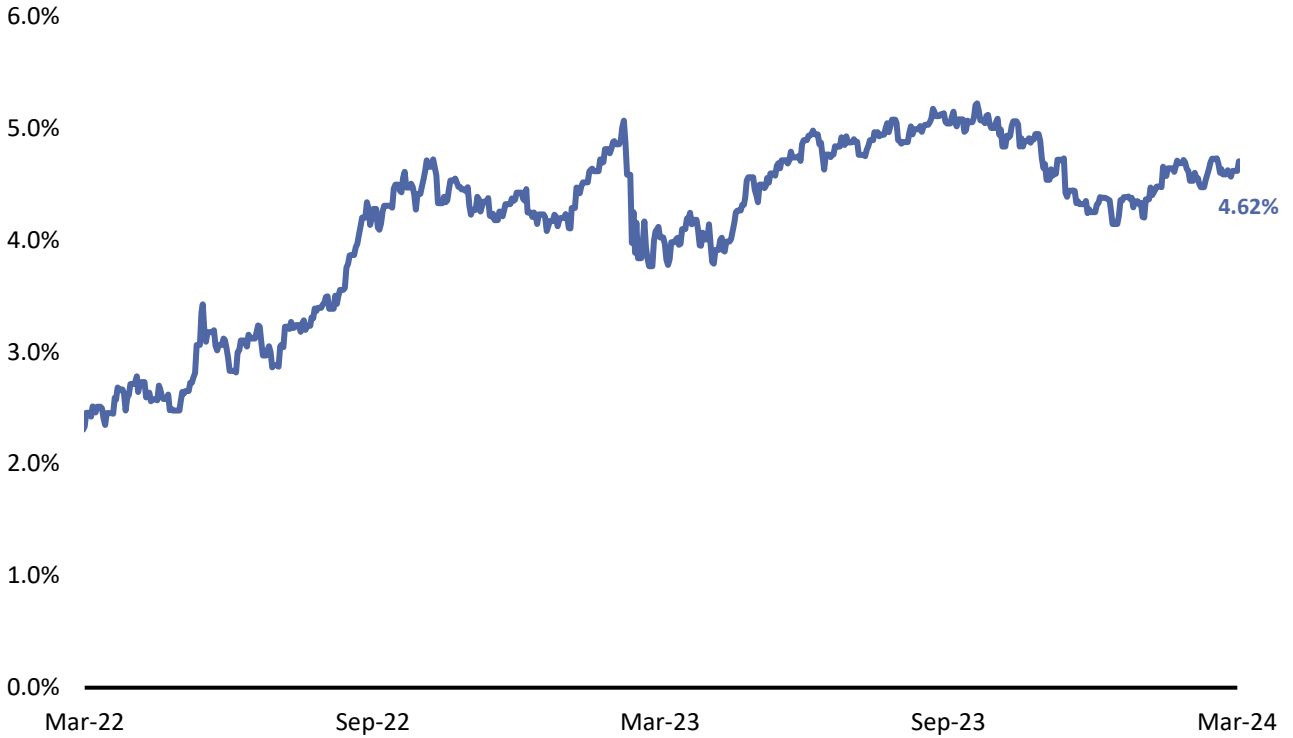


Golden Gate Bridge, Highway & Transportation District Investment Report

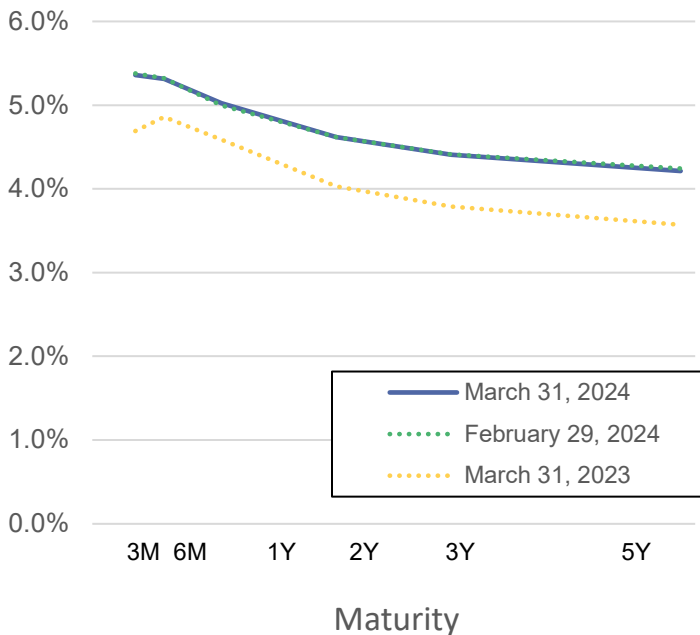
March 2024

Treasury Yield Curve Update

2-Year Treasury Yields



U.S. Treasury Yield Curve

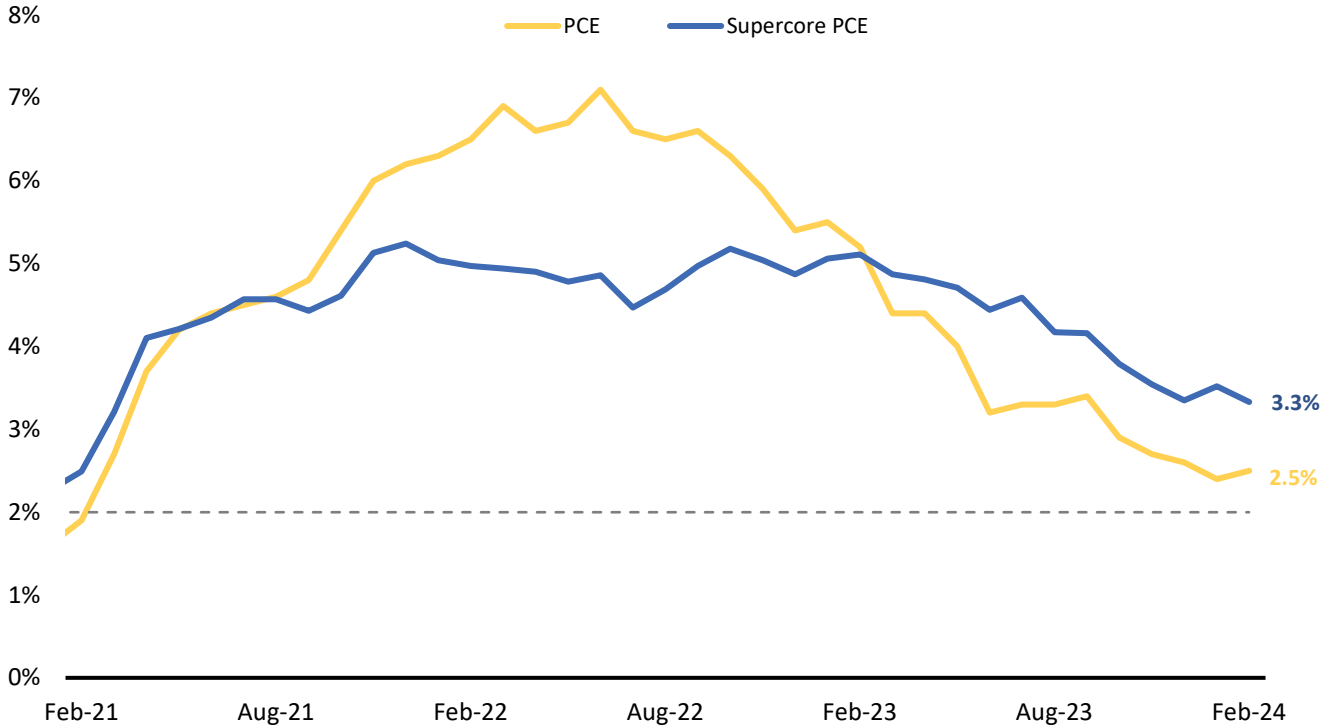


	03/31/24	02/29/24	Month-over-Month Change	3/31/23
3-month	5.36%	5.38%	-0.02%	4.69%
6-month	5.32%	5.32%	-0.01%	4.86%
1-year	5.02%	5.00%	0.03%	4.59%
2-year	4.62%	4.62%	0.00%	4.03%
3-year	4.41%	4.41%	0.00%	3.79%
5-year	4.21%	4.24%	-0.03%	3.57%

Source: Bloomberg, as of 3/31/2024

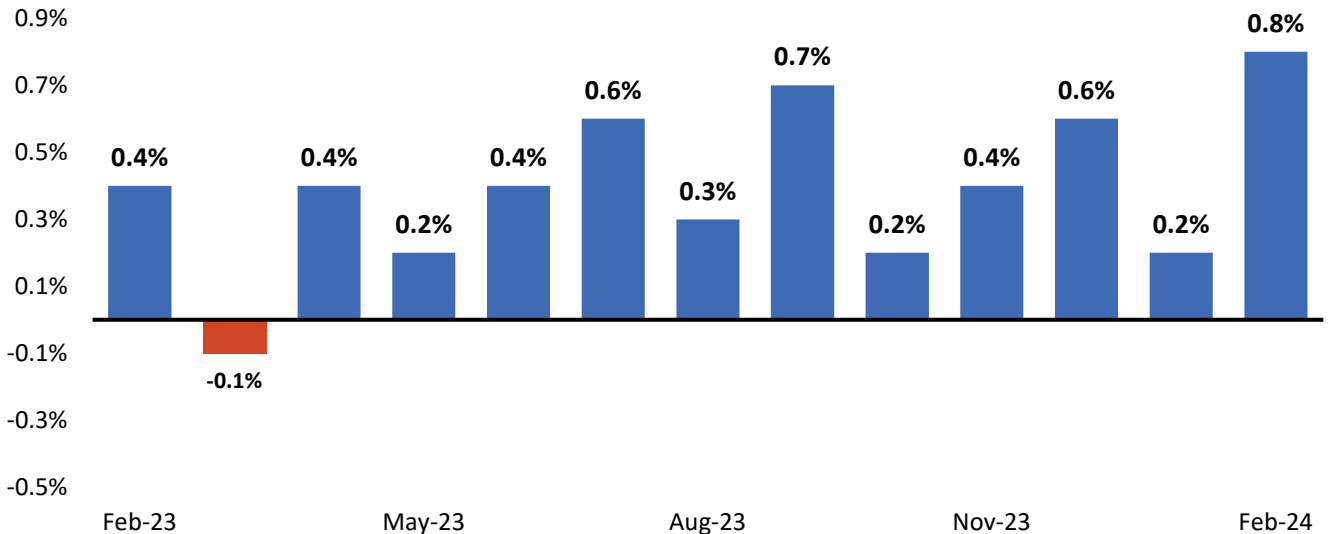
Inflation Reaches Its Lowest Levels Since March 2021

Personal Consumption Expenditure Price Index



Personal Spending

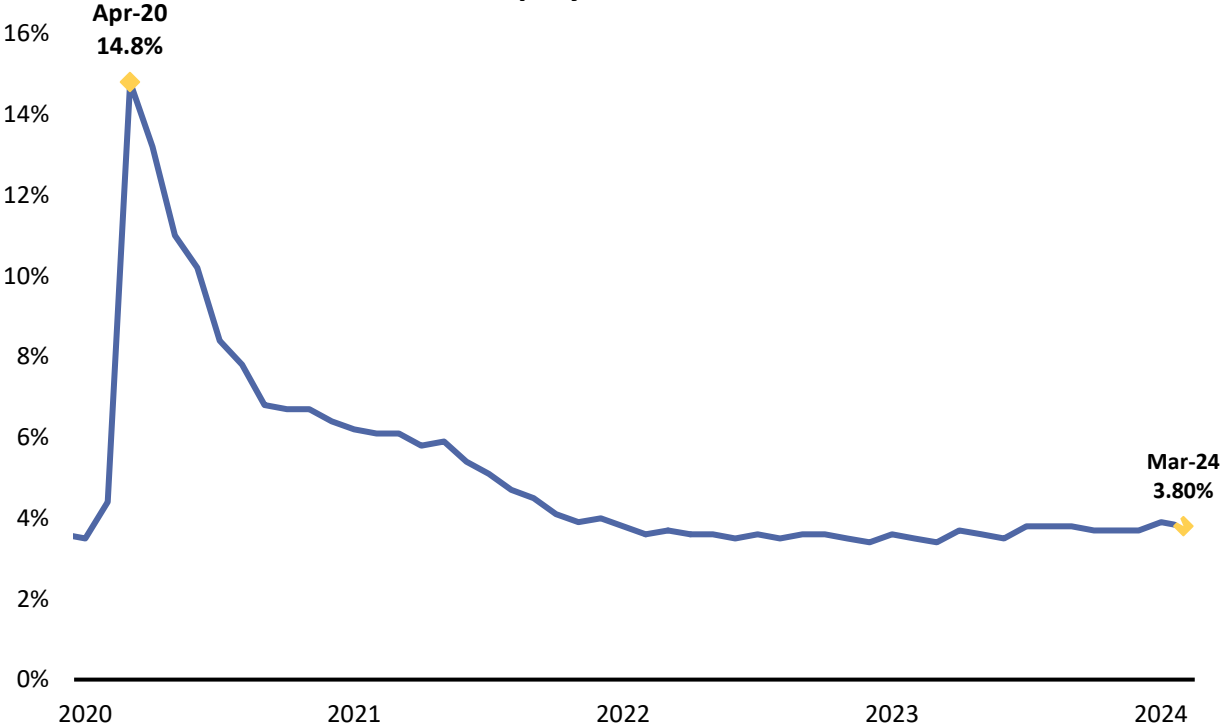
Personal Consumption Expenditure MoM



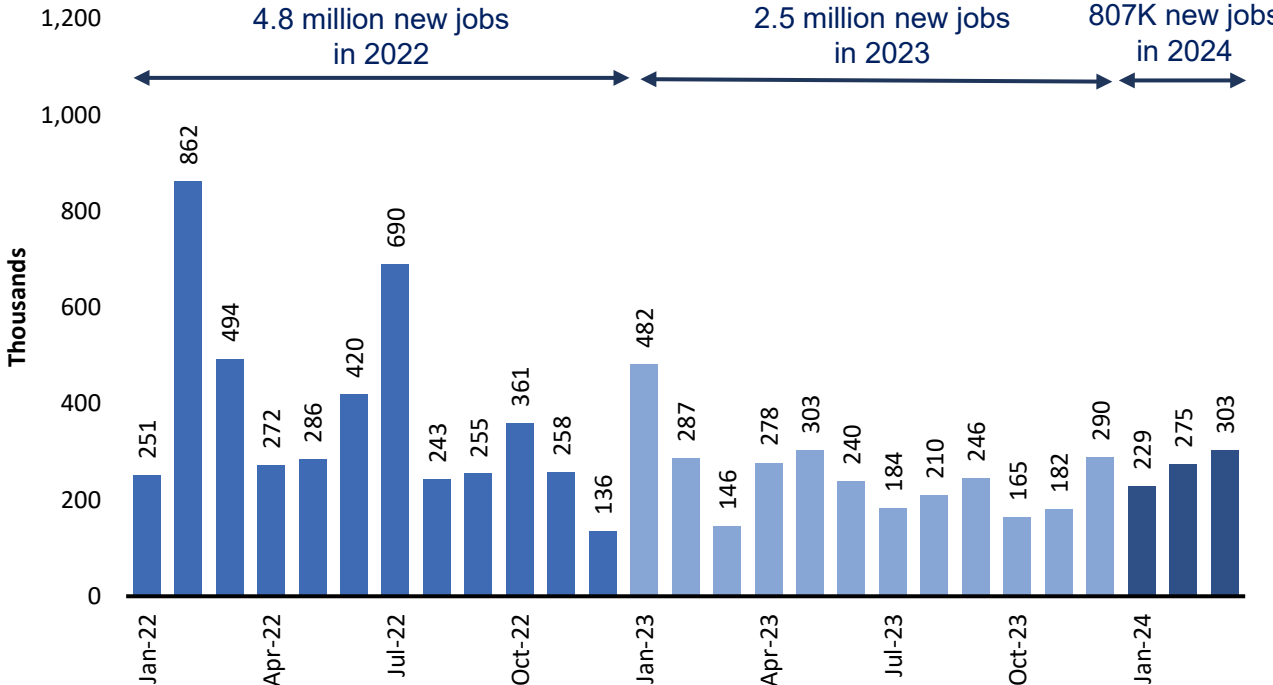
Source: Bloomberg, as of 2/29/24 (Top chart); U.S. Bureau of Economic Analysis; as of February 2024 (Bottom chart).

Barkin: "That's a quite strong jobs report"

Unemployment Rate

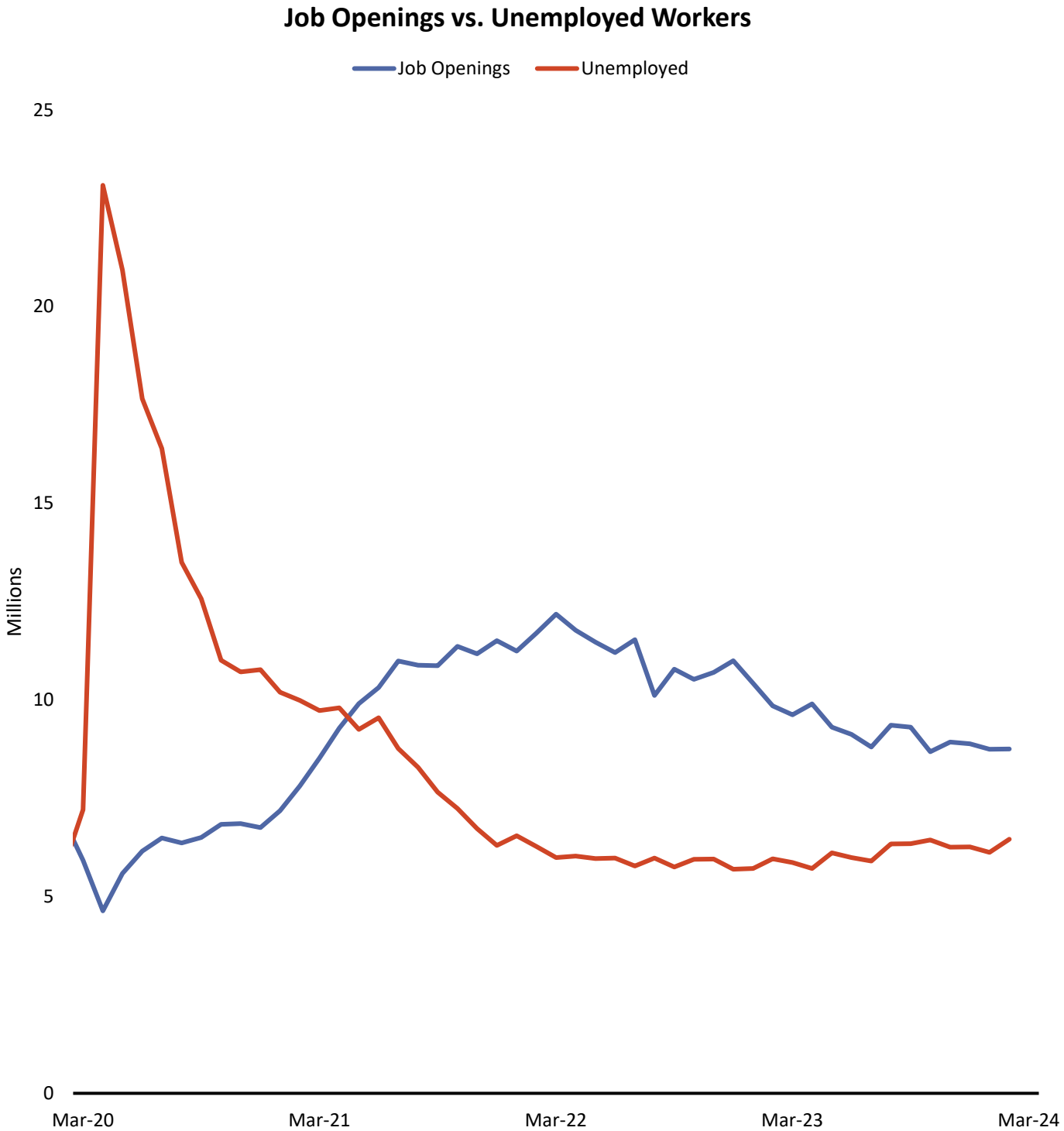


Monthly Change In Nonfarm Payrolls



Source: Bloomberg, as of March 2024. Data is seasonally adjusted.

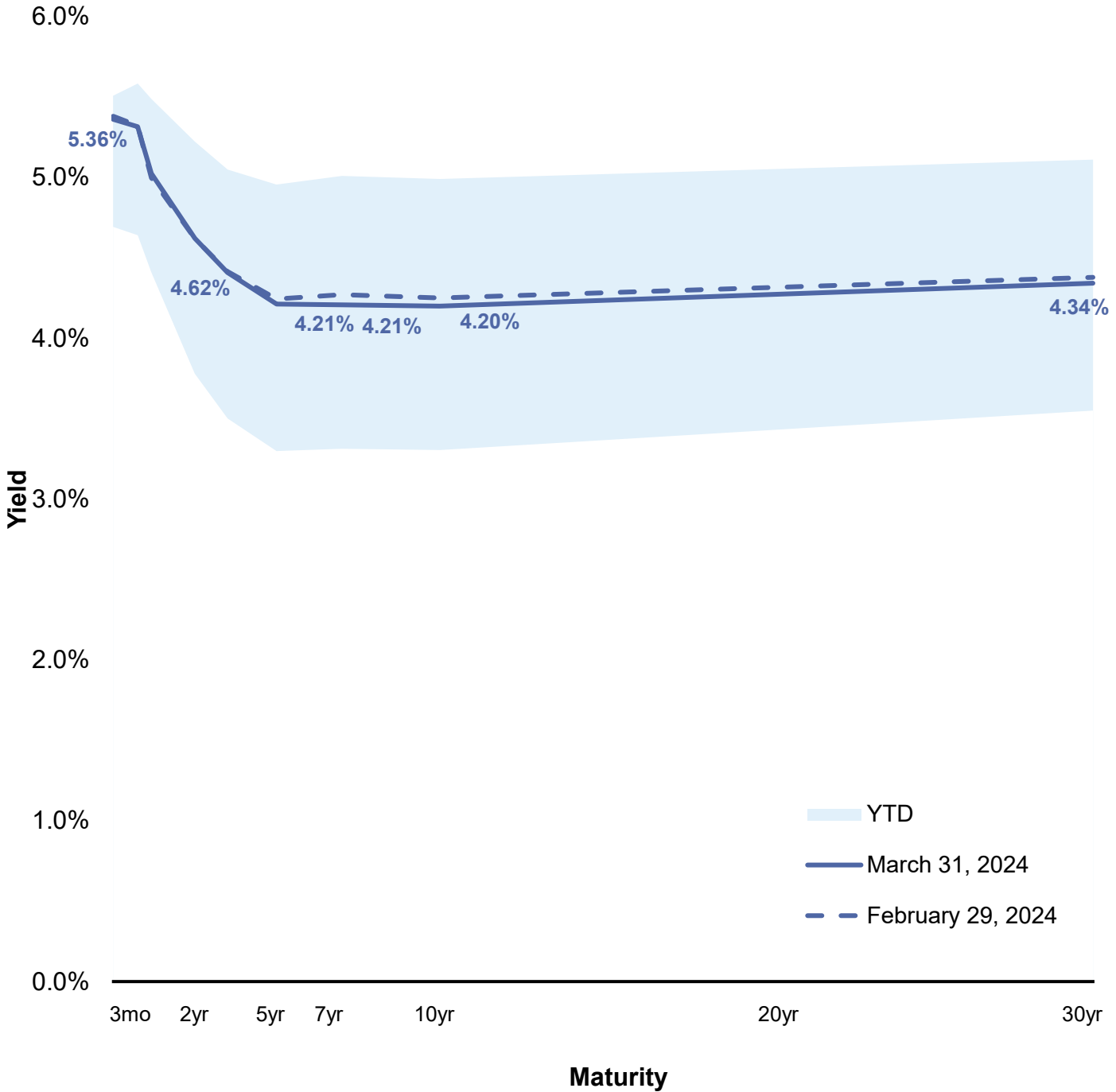
Worker-Demand Gap Continues to Narrow



Source: Bloomberg, as of March 2024. Data is seasonally adjusted.

Treasuries Remain Relatively Unchanged

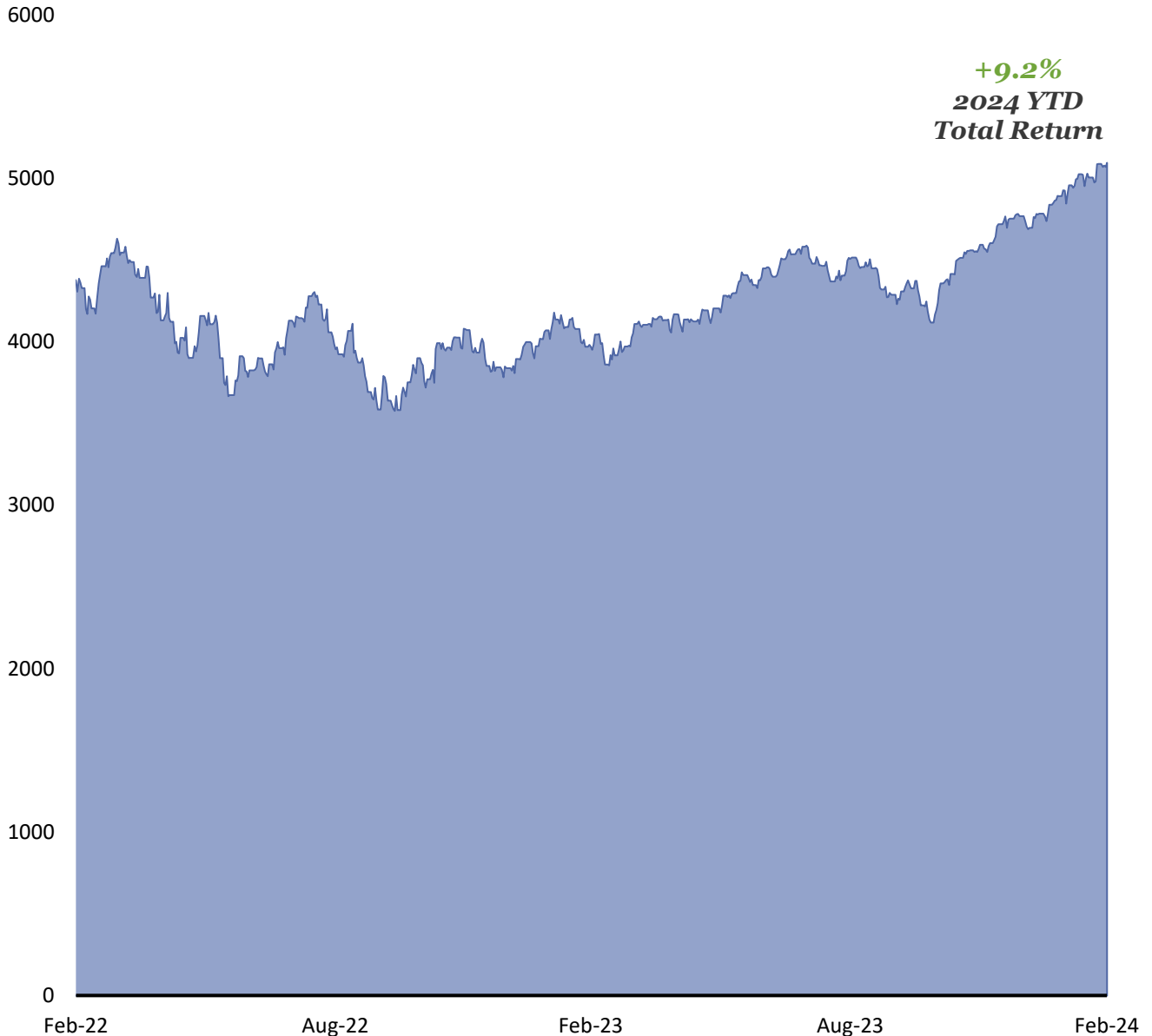
U.S. Treasury Yield Curve



Source: Bloomberg, as of March 31, 2024.

The S&P 500

S&P 500 Closing Price



Source: Bloomberg, as of March 31, 2024.

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), Local Agency Investment Fund (LAIF), and the California Asset Management Program (CAMP).

General Fund February 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 Treasury yield curve remained relatively the same in March. Benchmark U.S. Treasuries for 3-month, 3-year, and 5-year maturities finished the month at 5.36%, 4.41%, and 4.21%, with the 3-month maturity falling 2bps, the 3-year remaining the same, and the 5-year moving down 3 bps, respectively.
- During the month, PFMAM bought \$3.2 million in Corporate Securities, and \$3.4 million in U.S. Treasury Securities. The purchases for the General Fund totaled \$6.6 million.

Trade Date	Settle Date	Action	Description	Par	Maturity	Yield to Maturity
3/5/2024	3/14/2024	Purchase	Blackrock Inc	235,000	3/14/2029	4.74%
3/7/2024	3/14/2024	Purchase	Blackrock Inc	2,300,000	3/14/2029	4.64%
3/13/2024	3/18/2024	Purchase	State Street	690,000	3/18/2027	4.99%
3/19/2024	3/22/2024	Purchase	U.S. Treasury	3,360,000	10/31/2028	4.36%

Outlook

- The Fed's March "dot plot" maintained a median outlook for three rate cuts in 2024. While the markets entered 2024 thinking that the Federal Reserve would aggressively cut interest rates; stronger than expected economic conditions, sticky inflation, and Federal Reserve messaging, dove a significant reversal in the market's expectations. While it is still anticipated that the Fed will cut rates during the year, the actual direction of Fed Policy will remain data dependent..
 - As a result, we will maintain a neutral duration positions relative to benchmarks as the risks to downside moves in yields now greatly outweigh the upside over the near- to intermediate-term.
- Our current views on various sectors of the high-quality fixed income markets are described below:
 - **U.S. Treasuries:** markets have adjusted their expectations as strong economic data and Fed commentary pushed back on the notion that a rate cut was imminent. Yields reflected the repricing and are higher over the quarter by over 30 basis points for maturities greater than a year. While the curve remains deeply inverted, absolute yield levels remain firmly above their 30-year averages.
 - **Federal Agencies:** yield spreads remain low and range bound. We do not view any significant catalyst that would push agency spreads meaningfully wider. Expectations are for the sector to remain range bound in 2024 as issuance is projected to remain benign and FHLB advances are expected to decline.
 - **Agency Mortgage-Backed Securities:** performance during the first quarter was mixed with spreads widening in longer maturity structures. Volatility was relatively muted compared to Q4 and helped bolster returns in the sector. Agency commercial mortgage-backed security spreads tightened aggressively resulting in strong relative performance but with less opportunities going forward.
 - **Supranationals:** The new issue market is expected to show potential for buying opportunities in the new year as seasonality patterns favor first half issuance in the sector. We will evaluate new issues and are prepared to take advantage of decent opportunities.
 - **Short-term credit** (commercial paper and negotiable CDs) remains an attractive alternative to similar maturity U.S. Treasury Bills despite narrower incremental income compared to prior periods. Selectivity will be key in deploying cash into short credit issuers. Shorter-term maturities are less attractive and we prefer issues with maturities between 6 and 12 months.
 - **IG Corporates:** IG corporates finished the month at their tightest spread levels in over two years. With spreads near historical tight, some caution in the sector is warranted. We have paused broad allocation increases. As corporate spreads have tightened notably, we will likely continue to trim the most expensive holdings to build buying power for more attractive opportunities. Expectations are for continued economic strength, defaults to remain low, and demand for the sector to remain robust.
 - **Asset-Backed Securities (ABS):** were the strongest-performing fixed income sector in the first quarter. The rally in the sector was led by ongoing optimism regarding the strength of the American consumer and, like IG corporates, robust appetite for investment opportunities in the sector. Incremental income from ABS remains attractive and our fundamental outlook for the economy is supportive for the sector.

Portfolio Analysis

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

Local Agency Investment Fund (LAIF)
<1%

Certificates of Deposit	2%
Cooperative Rabobank	1%
Toronto Dominion Bank NY	<1%
Natixis NY Branch	<1%
Credit Agricole CIB NY	<1%

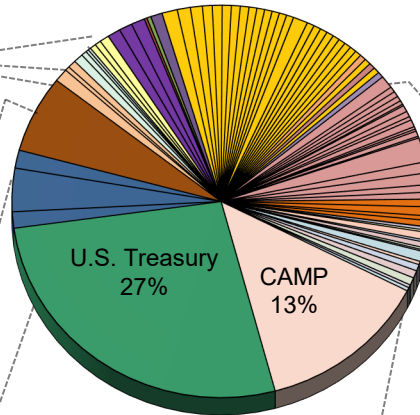
Municipals	2%
CA State University	1%
Florida State Board of Admin	1%
University of California	<1%
San Juan USD	<1%
Los Angeles CCD	<1%

Supranationals	1%
Inter-American Development Bank	1%
International Finance Corporation	<1%

Federal Agency Commercial Mortgage-Backed Securities	8%
FHMS	8%

Federal Agencies	6%
FHLB	4%
FHLMC	1%
FFCB	1%

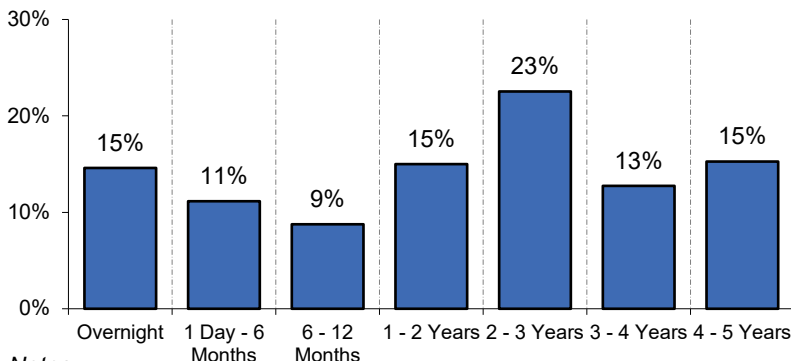
Commercial Paper	4%
Mitsubishi UFJ Fin Group	1%
Natixis NY	1%
Credit Agricole CIB NY	1%
BNP Paribas	1%
Royal Bank Canada NY	<1%



Asset-Backed Securities	12%
Capital One Auto ABS	2%
Chase Issuance	1%
Kubota Credit Owner Trust	1%
Discover Financial Services	1%
Bank of America Auto Trust	1%
American Express Credit ABS	1%
USAOT	1%
Honda ABS	1%
CarMax Auto Owner Trust	1%
Hyundai ABS	1%
Mercedes Benz ABS	1%
GM Financial Consumer Auto	1%
Fifth Third Auto Trust	1%
Volkswagen Auto Loan	<1%
Ford	<1%
Ally ABS	<1%
Harley-Davidson Motorcycle Trust	<1%
Bank of America CO	<1%
Toyota ABS	<1%
BMWOT	<1%
World Omni Auto Receivables Trust	<1%

Corporate Notes	24%
BNY Mellon	1%
Bank of America	1%
Citigroup	1%
American Honda Finance	1%
Nike	1%
Amazon	1%
Cooperative Rabobank	1%
JP Morgan & Chase	1%
National Australia Bank	1%
Home Depot Inc.	1%
National Rural Utility Corp	1%
Paccar Inc.	1%
Wal-Mart Stores	1%
Roche Holdings	1%
Goldman Sachs	1%
Morgan Stanley	1%
UnitedHealth Group	1%
State Street	1%
American Express	1%
Intel Corp	1%
Berkshire Hathaway	1%
Charles Schwab	1%
Blackrock Inc	1%
IBM	<1%
AstraZeneca PLC	<1%
Target Corporation	<1%
Caterpillar Financial	<1%
Toyota Motor Credit Corp	<1%
BMW Financial Service NA LLC	<1%
Honeywell International	<1%
Comcast	<1%
Air Products & Chemicals	<1%
John Deere Capital Corp	<1%
Mastercard Inc.	<1%
Meta Platforms Inc	<1%
Truist Financial	<1%
USAA Capital Corporation	<1%
Northern Trust	<1%
Texas Instruments	<1%
Costco Wholesale	<1%
Nestle SA	<1%
Cisco Systems Inc	<1%
Mercedes Benz Fin NA	<1%
Merck & Co.	<1%
Lockheed Martin	<1%
PepsiCo	<1%
Analog Devices Inc	<1%

Maturity Distribution¹
March 31, 2024



Notes:

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

*CAMP is the California Asset Management Program.

**Weighted average yields are calculated using closing the market value and yield to maturity at cost of each account. The CAMP yield is represented by the 7-day SEC yield as of month-end. The LAIF yield is represented by the monthly average effective yield.

Portfolio Yield
March 31, 2024

Portfolio	Yield**
Combined Portfolios (excl. LAIF and CAMP*)	3.31%
Combined Portfolios (incl. LAIF and CAMP*)	3.62%



MEMORANDUM

To: Finance-Auditing Committee/Committee of the Whole
Meeting of April 25, 2024

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

Re: District Investment Report, March 2024

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 California Government Code 53601.

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

MATURITY	SECURITY	DATE OF INVESTMENT	YIELD	DESCRIPTION	MARKET VALUE	PAR	Cost
01/12/28	NOTES	02/03/23	4.42	AMERICAN HONDA FINANCE CORPORATE NOTES	2,471,292.74	2,485,000.00	2,515,093.35
01/31/28	NOTES	12/18/23	3.97	US TREASURY NOTES	999,743.75	1,030,000.00	1,011,612.89
02/29/28	NOTES	01/17/24	3.99	US TREASURY NOTES	1,709,996.88	1,730,000.00	1,730,810.94
03/09/28	NOTES	03/17/23	4.82	MASTERCARD INC CORP NOTES (CALLABLE)	2,004,882.66	1,980,000.00	1,985,088.60
03/31/28	NOTES	11/24/23	4.53	US TREASURY NOTES	386,470.31	435,000.00	379,265.63
05/15/28	NOTES	05/25/23	4.49	LOCKHEED MARTIN CORP NOTES (CALLABLE)	247,156.00	250,000.00	249,550.00
05/15/28	NOTES	06/20/23	4.76	META PLATFORMS INC COPR NOTES (CALLABLE)	1,995,744.00	2,000,000.00	1,986,100.00
05/17/28	NOTES	05/17/23	4.07	MERCK & CO INC CORP NOTES CALLABLE	902,310.24	920,000.00	919,254.80
08/03/28	NOTES	08/29/23	5.32	MERCEDES-BENZ FIN NA CORPORATE NOTES	1,302,169.70	1,300,000.00	1,287,689.00
08/10/28	NOTES	08/10/23	4.76	PACCAR FINANCIAL CORP CORPORATE NOTES	1,259,026.25	1,250,000.00	1,260,625.00
09/29/28	NOTES	10/02/23	5.73	CITIBANK NA CORP NOTES (CALLABLE)	1,034,804.00	1,000,000.00	1,002,990.00
09/29/28	NOTES	10/16/23	5.72	CITIBANK NA CORP NOTES (CALLABLE)	1,552,206.00	1,500,000.00	1,505,070.00
09/30/28	NOTES	12/08/23	4.20	US TREASURY NOTES	2,000,700.00	2,280,000.00	1,989,567.19
10/01/28	NOTES	11/01/23	5.51	ANALOG DEVICES INC (CALLABLE) CORPORATE	578,147.46	660,000.00	553,040.40
10/10/28	NOTES	10/10/23	6.00	FREDDIE MAC NOTES (CALLABLE)	3,009,153.00	3,000,000.00	3,000,000.00
10/31/28	NOTES	03/22/24	4.36	US TREASURY N/B NOTES	3,444,524.83	3,360,000.00	3,432,056.25
02/08/29	NOTES	02/08/24	4.63	AIR PRODUCTS & CHEMICALS CORP NOTES (CAL	2,074,260.21	2,090,000.00	2,087,220.30
02/08/29	NOTES	02/08/24	4.62	TEXAS INSTRUMENTS CORP NOTES (CALLABLE)	1,806,441.54	1,810,000.00	1,808,081.40
02/26/29	NOTES	02/26/24	4.86	CISCO SYSTEMS INC CORPORATE NOTES (CALLA	1,357,562.70	1,350,000.00	1,349,527.50
03/14/29	NOTES	03/14/24	4.74	BLACKROCK FUNDING INC CORPORATE NOTES (C	235,131.37	235,000.00	234,574.65
03/14/29	NOTES	03/14/24	4.64	BLACKROCK FUNDING INC CORPORATE NOTES (C	2,301,285.70	2,300,000.00	2,305,681.00
ON DEMAND	STATE	VARIOUS	4.23	LOCAL AGENCY INVESTMENT FUND (3)	1,226,565.52	1,242,563.00	1,242,563.00
ON DEMAND	STATE	VARIOUS	5.48	CALIFORNIA ASSET MANAGEMENT PROGRAM (4)	64,509,192.96	64,509,192.96	64,509,192.96
TOTAL					\$449,148,605.15	\$461,691,128.53	\$454,171,547.21

Notes

1. Special Operating Reserve
2. Commercial Paper Debt Service Reserve
3. Average Monthly Effective Yield. Source: https://www.treasurer.ca.gov/pmia-laif/historical/avg_mn_ylds.asp
4. Monthly Distribution Yield. Source: <https://www.camponline.com/uploadedFiles/CAMP/LeftMenu/Files/CAMP Pool Fact Sheet June 2022.pdf>

Asset-Backed Securities ("ABS") Issuer List:

Description	Issuer
CARMX	CarMax
COMET / COPAF	Capital One
DCENT	Discover Card
FORDL	Ford
GMCAR / GMAL	General Motors
HALST / HART	Hyundai
HAROT	Honda
KCOT	Kubota
NAROT	Nissan
TAOT	Toyota
VALET	Volkswagen
VZOT	Verizon
WOART	World Omni

DESCRIPTION	INVESTMENT	PORTFOLIO COMPOSITION	PERMITTED BY POLICY	YIELD
Certificate of Deposit	\$9,571,958	2.13%	30%	5.22%
Commercial Paper (C.P.)	14,981,080	3.34%	25%	5.74%
Asset-Backed Security/CMO	55,110,233	12.27%	20%	4.02%
U. S. Treasury Bonds / Notes	120,111,170	26.74%	100%	2.46%
Federal Agency Bonds / Notes	25,899,391	5.77%	100%	3.47%
Agency CMBS	34,015,165	7.57%	100%	3.47%
Corporate Notes	107,576,021	23.95%	30%	3.07%
Municipal Bonds / Note	9,876,674	2.20%	100%	1.24%
Supra-National Agency Bond/Note	6,271,154	1.40%	30%	1.46%
LAIF	1,226,566	0.27%	\$150 Million	4.23%
CAMP	64,509,193	14.36%	10% of CAMP Fund Shares	5.48%
Total	449,148,605	100.00%		

Average Investment Yield of Portfolio 3.58%
Average Maturity of Portfolio 763

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 a secondary LAIF account under the authority of the Coronavirus Aid, Relief and Economic Security (CARES) Act, subject to certain restrictions. Funds on deposit in the secondary LAIF account are subject to a separate \$75 million limit. Thus, the current LAIF limit for the District's aggregate funds, including the secondary LAIF account may be \$150 million.