

GOLDEN GATE BRIDGE, HIGHWAY AND TRANSPORTATION DISTRICT

RESOLUTION NO. 2011-047

**APPROVE AMENDMENTS TO RULE XI, INVESTMENT POLICY,
OF THE RULES OF THE BOARD**

May 27, 2011

WHEREAS, the Golden Gate Bridge, Highway and Transportation District's (District) investments are guided by the District's Investment Policy, which Policy is published in the *Rules of the Board (Rules)* to govern its proceedings pursuant to the Streets and Highways Code and the District's Resolution No. 20, dated April 10, 1929, as amended; and,

WHEREAS, the District was advised by its Investment Advisor, Pacific Financial Management, Inc., (PFM), that specific language contained in Rule XI, Investment Policy, of the *Rules*, under the following Sections, should be amended to reflect current California law on public investments, as summarized below:

A. Introduction

Add language for further clarification.

C. Prudence

Revise the standard of prudence to be used by investment officials from the "prudent person" standard to the "prudent investor" standard, as described in California Government Code Section 53600.3, for the investment of public funds.

E. Delegation of Authority

Clarify that delegation of investment management authority by the Board to the Auditor-Controller is for a one-year period, subject to annual Board review and renewal, as provided for in California Government Code Section 53607.

I. Permitted Investment

Standardize the language relating to the minimum credit rating requirements in Paragraph 2. Bankers' Acceptances, and Paragraph 3. Negotiable Certificates of Deposit. This revised language reflects the language currently found in California Government Code Section 53601; and,

WHEREAS, the Finance-Auditing Committee, at its meeting of May 26, 2011, has so recommended; now, therefore, be it

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RESOLVED, that the Board of Directors (Board) of the Golden Gate Bridge, Highway and Transportation District hereby approves amendments to **RULE XI, INVESTMENT POLICY**, of the *Rules of the Board (Rules)*, under Section A., Introduction, Section C., Prudence, Section E., Delegation of Authority and Section I., Permitted Investment, of the *Rules*, as set forth below:

A. Introduction

(Replace the second paragraph in its entirety with the following.)

“The investment policies and practices of the Golden Gate Bridge, Highway & Transportation District are based on state law and prudent money management. All general funds will be invested in accordance with the District’s Investment Policy and shall be consistent with the provisions of Article 2 of Chapter 4 of the California Government Code (commencing with Section 53600). The investment of bond or note proceeds will be governed by the provisions of the relevant bond documents. (Res. 01-148, 9/14/01).”

C. Prudence

(Replace the second paragraph in its entirety with the following.)

“The standard of prudence to be used by investment officials shall be the “prudent investor” standard and shall be applied in the context of managing an overall portfolio. All persons investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds shall act with care, skill, prudence and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and anticipated needs of the District, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the District.”

E. Delegation of Authority

(Replace this section in its entirety with the following.)

“The management and oversight responsibility for the Investment Program is hereby delegated for a one-year period to the Auditor-Controller who shall monitor and review all investments for consistency with this Investment Policy and provide monthly reports of investment transactions to the Board. The Board shall review, and may renew the delegation of authority to the Auditor-Controller on an annual basis. No person may engage in an investment transaction except as provided under the limits of this policy. The Board may delegate the day-to-day investment decision making and execution authority to an investment advisor. The advisor shall follow the policy and such other written instructions as are provided.”

I. Permitted Investment Instruments

2. Bankers’ Acceptance

(Replace this subsection in its entirety with the following.)

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“The District may invest in bankers’ acceptances issued by domestic or foreign banks, which are eligible for purchase by the Federal Reserve System, the short-term paper of which is rated in the highest category by a nationally recognized statistical rating organization (NRSRO).”

3. Negotiable Certificates of Deposit
(Replace this subsection in its entirety with the following.)


“The District may invest in negotiable certificates of deposit or deposit notes issued by a nationally or state chartered bank or a state or federal savings and loan association or by state-licensed branch of a foreign bank; provided that that the senior debt obligations of the issuing institution are rated in one of the two highest categories by a NRSRO.”

and, be it further


RESOLVED that the *Rules* are hereby amended accordingly.

ADOPTED this 27th day of May 2011, by the following vote of the Board of Directors:

AYES (15): Directors Arnold, Boro, Campos, Chu, Cochran, Elsbernd, Moylan, Pahre, Rabbitt, Renée, Snyder, Stroeh; Second Vice President Grosboll; First Vice President Eddie; President Reilly
NOES (0): None
ABSENT (4): Directors Brown, Mar, Sobel and Theriault



Janet Reilly
President, Board of Directors

ATTEST: 
Janet S. Tarantino
Secretary of the District