

GOLDEN GATE BRIDGE, HIGHWAY AND TRANSPORTATION DISTRICT

RESOLUTION NO. 2009-019

**APPROVE AN AMENDMENT TO RULE XI., INVESTMENT POLICY,
SECTION I., PERMITTED INVESTMENT INSTRUMENTS,
OF THE RULES OF THE BOARD**

February 27, 2009

WHEREAS, the Golden Gate Bridge, Highway and Transportation District's (District) investments are guided by the District's Investment Policy; and,

WHEREAS, it is a requirement that all District investments be made with the "prudent person" standard and conform to all pertinent laws of the State of California, in particular, California Government Code Section 53601, which sets forth the investments public agencies in California are permitted to make; and,

WHEREAS, the District's Investment Advisor, Public Finance Management, Inc., advised the District that there is only one investment instrument, as permitted by California Government Code Section 53601 (Section 536010), that is not included in the District's Investment Policy; and,

WHEREAS, the District's Investment Policy lists the District's "Permitted Investment" instruments which are, for the most part, aligned with Section 53601; and,

WHEREAS, each time Section 53601 is amended to include new types of permissible investments or to modify restrictions on permissible investments, Board action is required to amend its Investment Policy reflect those changes; and,

WHEREAS, it is the District's intention to streamline this process to eliminate the need to amend the *Rules of the Board* by action of the Board of Directors in the event of changes to the California Government Code regarding "Permitted Investments";

WHEREAS, by taking such action, the District's Investment Policy will authorize investment in any instrument set forth in Section 53601, as this Section may be amended from time to time, subject to such additional restrictions that the Board may state in the Investment Policy; and,

WHEREAS, the Rules, Policy and Industrial Relations Committee, at its meeting of February 27, 2009, has so recommended; now, therefore, be it

RESOLVED that the Board of Directors of the Golden Gate Bridge, Highway and Transportation District hereby approves an amendment to **RULE XI., INVESTMENT POLICY, Section I., Permitted Investment Instruments**, of the *Rules of the Board*, in its entirety as follows:

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I. Permitted Investment Instruments

California Government Code Section 53601 (Section 53601) sets forth the securities that public agencies, such as the District, are permitted to invest in. The Board of Directors authorizes the investment of District funds in the categories of securities authorized by Section 53601, as it may be amended from time to time, subject to the following additional restrictions:

1. Repurchase Agreements

Repurchase agreements may be used solely as short-term investments not to exceed 90 days.

Only U.S. Treasury securities or Federal Agency securities, as defined in the subdivisions of Section 53601, will be acceptable collateral.

Market value must be calculated each time there is a substitution of collateral.

The District or its trustee shall have a perfected first security interest under the Uniform Commercial Code in all securities subject to repurchase agreement.

The District may enter into repurchase agreements only with primary dealers of the Federal Reserve Bank of New York.

The District will have specific written agreements with each firm with which it enters into repurchase agreements.

The District may enter into reverse repurchase agreements only with primary dealers of the Federal Reserve Bank of New York.

2. Bankers' Acceptances

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 Moody's Investors Services or by Standard & Poor's Corporation.

Purchases of bankers' acceptances may not exceed 180 days maturity or 40 percent of the District's surplus money. However, no more than 15 percent of the District's surplus funds may be invested in the bankers' acceptance of any one commercial bank.

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3. Negotiable Certificates of Deposit

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 a state-licensed branch of a foreign bank; provided that the senior debt obligations of the issuing institution are rated "AA" or better by Moody's or Standard & Poor's.

4. Shares of Beneficial Interest


The purchase price of shares of beneficial interest issued by diversified management companies, as defined in Section 23701m of the Revenue and Taxation Code, investing in the securities and obligations authorized by the subdivisions of Section 53601, shall not exceed 15 percent of the District's surplus money.

ADOPTED this 27th day of February 2009, by the following vote of the Board of Directors:

- AYES (14):** Directors Brown, Cochran, Dufty, Elsbernd, Grosboll, Moylan, Newhouse Segal, Pahre, Sanders, Sobel and Stroeh; Second Vice President Eddie; First Vice President Reilly; and President Boro
- NOES (0):** None
- ABSENT (3):** Directors Hernández, Kerns, and McGlashan



Albert J. Boro
President, Board of Directors

ATTEST: 
Janet S. Tarantino
Secretary of the District