



July 21, 2005
(For Board: August 12, 2005)

REPORT OF THE FINANCE-AUDITING COMMITTEE

Honorable Board of Directors
Golden Gate Bridge, Highway
and Transportation District

Honorable Members:

A meeting of the Finance-Auditing Committee was held in the Board Room, Administration Building, Toll Plaza, San Francisco, California, on Thursday, July 21, 2005, at 10:10 a.m., Chair Stroeh presiding.

Committee Members Present (6): Chair Stroeh; Vice Chair Pahre; Directors Cochran, Reilly and Shahum; President Middlebrook (Ex Officio)

Committee Members Absent (3): Directors Boro, Eddie and Murray

Other Directors Present (3): Directors Hernández, Martini and Moylan

Staff Present: General Manager Celia G. Kupersmith; District Engineer Denis J. Mulligan; Secretary of the District Janet S. Tarantino; Attorney David J. Miller; Deputy General Manager/Bridge Division Kary H. Witt; Deputy General Manager/Bus Division Susan C. Chiaroni; Deputy General Manager/Ferry Division James P. Swindler; Public Affairs Director Mary C. Currie; Acting Auditor-Controller and Budget and Program Analysis Manager Jennifer Mennucci; Executive Assistant to the General Manager Amorette Ko; Assistant Clerk of the Board Karen B. Engbretson

Visitors Present: Nancy Jones, Public Financial Management

1. Ratify Actions by the Auditor-Controller

In a memorandum to Committee, Auditor-Controller Joseph Wire and General Manager Celia Kupersmith outlined disbursements and investments. A copy of the report is available in the Office of the District Secretary and on the District's web site.

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At the meeting, Nancy Jones highlighted a time chart in her memorandum to the Committee, which depicted how the July 7, 2005 terrorist bombings in London affected the financial markets. She noted that the yield on 2-Year U.S. Treasury Notes dropped from a rate of 3.77% to 3.57% within just a few hours, and then rebounded over the following few days to over 3.8%. She remarked that in contrast, the market only fell by three basis points in response to the bombings reported from London this morning, July 21, 2005. In this instance, the market then rallied back to the highest rate in two years.

Ms. Jones reported that it is anticipated that the Federal Reserve Bank will continue its measured pace of increasing short-term interest rates when it meets again on August 9, September 20, November 1 and November 13, 2005. She stated that it is expected that the short-term rate will rise to 4% by the end of the year. She stated that in a speech by Alan Greenspan of the Federal Reserve Bank on July 20, 2005, he stated that the “economy has gotten a second wind,” and that current economic data shows that the economy is back on track. She stated that during this period of steadily increasing interest rates, the portfolio manager will seek more short-term investments, with the flexibility to invest in longer-term investments that are favorable to the District.

Staff recommended and the Committee concurred by motion made and seconded by **Directors SHAHUM/COCHRAN** to forward the following recommendation to the Board of Directors for its consideration:

RECOMMENDATION

The Finance-Auditing Committee recommends that the Board of Directors authorize the following actions by the Auditor-Controller:

- a. Ratify commitments and/or expenditures totaling \$52,496.49;
- b. Ratify investments made by the Auditor-Controller during the period June 14, 2005 through July 11, 2005, as follows:

SECURITY	PURCHASE DATE	MATURITY DATE	ORIGINAL COST	PERCENT YIELD
Yorktown Cap. Corp. Comm. Paper	06/30/05	07/29/05	7,765,430.30	3.28
Morgan Stanley DW Comm. Paper	06/20/05	07/21/05	6,004,201.41	3.24

- c. Authorize the Auditor-Controller to re-invest, within the established policy of the Board, investments maturing between July 12, 2005, and August 15, 2005, as well as the investment of all other funds not required to cover expenditures that may become available.
- d. Accept the Investment Report for June 2005 prepared by Public Financial Management.

**Action by the Board - Resolution
CONSENT CALENDAR**

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AYES (6): Chair Stroeh; Vice Chair Pahre; Directors Cochran, Reilly and Shahum; President Middlebrook (Ex Officio)
NOES (0): None
ABSENT (3): Directors Boro, Eddie and Murray

2. Authorize Increase in the Bridge Division Capital Budget for FY 05/06 Relative to the Award of Contract No. 2006-B-6, Toll Plaza Transfer Point Improvements, to Maggiora & Ghilotti, Inc.

This item was referred to the Finance-Auditing Committee from the Building and Operating Committee meeting of July 21, 2005, for concurrence with a budget adjustment.

Staff recommended and the Committee concurred by motion made and seconded by **Directors COCHRAN/PAHRE** to forward the following recommendation to the Board of Directors for its consideration:

RECOMMENDATION

The Finance-Auditing Committee recommends that the Board of Directors authorize an increase in the FY 05/06 Bridge Division Capital Budget, in the amount of \$372,000, to be funded with Federal Transit Administration grant funds, as well as District matching funds that are available in the FY 05/06 Budget, relative to Contract No. 2006-B-6, *Toll Plaza Transfer Point Improvements*; with the understanding that the total project budget will increase to \$1,202,000.

Action by the Board – Refer to the Building and Operating Committee Meeting of July 21, 2005

AYES (6): Chair Stroeh; Vice Chair Pahre; Directors Cochran, Reilly and Shahum; President Middlebrook (Ex Officio)
NOES (0): None
ABSENT (3): Directors Boro, Eddie and Murray

3. Authorize Execution of a Program Supplement with the State of California, Department of Transportation for Federal Capital Grant Funds for Engineering and Environmental Studies

In a memorandum to Committee, Capital and Grant Program Manager Nina Rannells, Auditor-Controller Joseph Wire and General Manager Celia Kupersmith provided staff's recommendation to authorize execution of a Program Supplement to the Administering Agency-State Master Agreement for Federal-Aid Projects with the State of California, Department of Transportation (Caltrans) for federal funds available to support preliminary design and environmental studies related to the Golden Gate Bridge Suicide Deterrent System Project. The report stated that the Board of Directors, by Resolution No. 2005-015, approved proceeding with environmental studies and preliminary design work related to the

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development of a physical suicide deterrent system on the Golden Gate Bridge, subject to securing financial support from external public and private sources to finance the project. Consequently, the District was informed by the Metropolitan Transportation Commission (MTC) that federal grant funding for the project had been identified. The Board of Directors, by Resolution No. 2005-031 at its meeting of April 8, 2005, ratified the General Manager's action to formally request this federal grant funding from MTC to support the preliminary investigation activities (i.e., preliminary design and environmental studies).

The report also stated that on April 27, 2005, MTC approved a program for distributing \$107 million in additional Federal Surface Transportation Program (STP) and Congestion Mitigation and Air Quality Program (CMAQ) funds for FY 04/05, which included \$1.6 million of STP funds for the Golden Gate Bridge Physical Suicide Deterrent System Project. The report further stated that staff recommends that the President of the Board of Directors be authorized to execute the Program Supplement with Caltrans in order to access these grant funds and receive federal authorization to proceed with the project. A copy of the report is available in the Office of the District Secretary and on the District's web site.

At the meeting, Celia Kupersmith stated that this action item is procedural in nature, required by MTC in order to release the \$1.6 million in federal grant funds to the District.

Staff recommended and the Committee concurred by motion made and seconded by **Directors COCHRAN/REILLY** to forward the following recommendation to the Board of Directors for its consideration.

RECOMMENDATION

The Finance-Auditing Committee recommends that the Board of Directors authorize the President of the Board of Directors to execute a Program Supplement to the Administering Agency-State Master Agreement for Federal-Aid Projects with the State of California, Department of Transportation for federal funds available to support preliminary investigation activities (i.e., preliminary design and environmental studies) related to the Golden Gate Bridge Suicide Deterrent System Project.

**Action by Board – Resolution
NON-CONSENT CALENDAR**

AYES (6): Chair Stroeh; Vice Chair Pahre; Directors Cochran, Reilly and Shahum; President Middlebrook (Ex Officio)
NOES (0): None
ABSENT (3): Directors Boro, Eddie and Murray

[Note: The above recommendation was forwarded to the Board of Directors meeting of July 22, 2005, for action.]

4. **Review of Golden Gate Bridge Traffic/Tolls and Bus and Ferry Transit Patronage/Fares for Twelve Months Ending June 2005**

In a memorandum to Committee, Auditor-Controller Joseph Wire and General Manager Celia Kupersmith provided a schedule comparing categories of Bridge traffic for twelve months ending June 30, 2005. A copy of the report is available in the Office of the District Secretary and on the District's web site.

Action by the Board – None Required

5. **Review of Financial Statements for Twelve Months Ending June 30, 2005**

a. **Statement of Revenue and Expenses**

In a memorandum to Committee, Auditor-Controller Joseph Wire and General Manager Celia Kupersmith provided a financial statement entitled, *Statement of Revenues and Expenses for Twelve Months Ending June 30, 2005*. A copy of the report is available in the Office of the District Secretary and on the District's web site.

Action by the Board – None Required

b. **Statement of Capital Programs and Expenditures**

In a memorandum to Committee, Capital and Grants Manager Nina Rannells, Auditor-Controller Joseph Wire and General Manager Celia Kupersmith provided a financial statement entitled, *Statement of Capital Programs and Expenditures for Twelve Months Ending June 30, 2005*. A copy of the report is available in the Office of the District Secretary and on the District's web site.

Action by the Board – None Required

6. **Review of Auditor-Controller's Quarterly Report on Authorized Budget Adjustments and Budget Transfers**

In a memorandum to Committee, Auditor-Controller Joseph Wire and General Manager Celia Kupersmith reported that during the three-month period from April 1, 2005, through June 30, 2005, there were no budget adjustments made. A copy of the report is available in the Office of the District Secretary and on the District's web site.

Action by the Board – None Required

7. Review of Auditor-Controller's Quarterly Report on Contracts and Change Orders/Contract Amendments Executed Under the General Manager's Authority

In a memorandum to Committee, Auditor-Controller Joseph Wire and General Manager Celia Kupersmith provided a quarterly report for the months of April through June of FY 04/05, for all contracts and change orders executed under the General Manager's procurement authority, as set forth in the *Rules of the Board*. A copy of the report, including attached charts outlining applicable contracts and change orders, is available in the Office of the District Secretary and on the District's web site.

Action by the Board – None Required

8. Public Comment

There was no public comment.

9. Adjournment

All business having been concluded, the meeting was adjourned at 10:17 a.m.

Respectfully submitted,

J. Dietrich Stroeh, Chair
Finance-Auditing Committee

JDS:JST:KBE:kbe