

June 25, 2020



MINUTES OF THE FINANCE-AUDITING COMMITTEE

Executive Order N-25-20 and N-29-20, issued by the Governor of the State of California, in which portions of the Ralph M. Brown Act are suspended and allows, all Board members, staff and the public to participate by telephone.

These minutes are provided as a supplement to the audio recording that is posted online at:
<https://www.goldengate.org/district/board-of-directors/meeting-documents/>

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

Honorable Members:

A meeting of the Finance-Auditing Committee (Committee) of the Golden Gate Bridge, Highway and Transportation District (District) was held via audio conference, on Thursday, June 25, 2020, at 10:02 a.m., Chair Sobel presiding.

(1) Call to Order: 10:02 a.m.

(2) Roll Call: Secretary of the District Amorette M. Ko-Wong.

Committee Members Present (6): Chair Sobel; Vice Chair Fredericks; Directors Cochran, Grosboll and Moylan; President Pahre.

Committee Members Absent (1): Director Yee.

Other Directors Present (3): Directors Hill, Mastin and Theriault.

Staff Present: General Manager Denis Mulligan; Auditor-Controller Joseph Wire; District Engineer Ewa Bauer-Furbush; Secretary of the District Amorette Ko-Wong; Attorney Kimon Manolius; Deputy General Manager/Administration and Development Kellee Hopper; Deputy General Manager/Bridge Steve Miller; Deputy General Manager/Bus Transit Mona Babauta; Deputy General Manager/Ferry James Swindler; Executive Assistant to the General Manager Justine Bock; Senior Board Analyst Elizabeth Eells.

Visitors Present: Lesley Murphy, PFM Asset Management, LLC; and Barry Young, Bus Operator.

Copies of all reports are available on the District's web site at **<https://www.goldengate.org/district/board-of-directors/meeting-documents/>** or upon request from the Office of the District Secretary.

(3) **Ratification of Previous Actions by the Auditor-Controller [2:10 Minutes Mark on the Audio Recording]**

PFM Senior Managing Consultant Lesley Murphy presented the Investment Report.

Chair Sobel and Director Cochran commented and inquired about the Investment Report.

Ms. Murphy responded to the Directors' comments and inquiry.

(a) **Action by the Committee**

Staff recommended and the Committee concurred by motion made and seconded by **Directors FREDERICKS/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 approve the following actions:

- (i) There were no commitments and/or expenditures to ratify for the period of May 1, 2020 through May 31, 2020;
- (ii) Ratify investments made during the period May 13, 2020 through June 15, 2020;
- (iii) Authorize the reinvestment, within the established policy of the Board, of any investments maturing between June 16, 2020 and July 13, 2020, as well as the investment of all other funds not required to cover expenditures which may become available; and,
- (iv) Accept the Investment Report for May 2020.

Action by the Board at its meeting of June 26, 2020 – Resolution
CONSENT CALENDAR

AYES (6): Chair Sobel; Vice Chair Fredericks; Directors Cochran, Grosboll and Moylan; President Pahre.

NOES (0): None.

ABSENT (1): Director Yee.

(4) **Authorize Budget Adjustment(s) and/or Transfer(s)**

(a) **Authorize Budget Transfers and Adjustments to the FY 19/20 Operating Budget [15:44 Minutes Mark on the Audio Recording]**

Auditor-Controller Joseph Wire presented the staff report.

Director Cochran inquired about the budget adjustments.

FINANCE-AUDITING COMMITTEE
JUNE 25, 2020/PAGE 3

Mr. Wire responded to the Director's inquiry.

(i) **Action by the Committee**

Staff recommended and the Committee concurred by motion made and seconded by **Directors FREDERICKS/GROSBOLL** 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 operating budget transfers of \$1,899,000, or 0.8%, of total FY 19/20 Operating Budget Expenses as detailed in Attachment A, and also summarized below:

INTRADIVISION TRANSFERS

	TO		
FROM	Bus	Ferry	District
Bus	\$559,000		
Ferry		\$890,000	
District			\$450,000

1. The Bus Transit Division will transfer \$559,000 between budget categories in the Bus Division.
2. The Ferry Division will transfer \$890,000 between budget categories in the Ferry Division.
3. The District Division will transfer \$450,000 between budget categories in the District Division.
4. There is no cross division transfer between divisions. Each Division is anticipated to maintain their operation within its own Division budget.

Action by the Board at its meeting of June 26, 2020 – Resolution
NON-CONSENT CALENDAR

AYES (6): Chair Sobel; Vice Chair Fredericks; Directors Cochran, Grosboll and Moylan; President Pahre.

NOES (0): None.

ABSENT (1): Director Yee.

(b) **Budget Increase in the FY 19/20 Ferry Division Capital Budget for Project #2042, Larkspur Ferry Service and Parking Expansion Environmental Clearance and Preliminary Design Study**

[20:15 Minutes Mark on the Audio Recording]

FINANCE-AUDITING COMMITTEE
JUNE 25, 2020/PAGE 4

Deputy General Manager/Administration and Development Kellee Hopper presented the staff report.

(i) **Action by the Committee**

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

RECOMMENDATION

The Finance and Auditing Committee, in concurrence with the recommendation of the Building and Operating Committee at its meeting on June 25, 2020, recommends that the Board of Directors authorize a budget increase in the amount of \$1,898,426 in the FY 19/20 Ferry Division Capital Budget for Project #2042, Larkspur Ferry Service & Parking Expansion Environmental Clearance & Preliminary Design Study, for a total project budget of \$3,148,426.

Carried

AYES (6): Chair Sobel; Vice Chair Fredericks; Directors Cochran, Grosboll and Moylan; President Pahre.

NOES (0): None.

ABSENT (1): Director Yee.

(5) **Authorize Actions Related to Grant Programs**

(a) **Approve Actions Relative to the State of Good Repair (SGR) Program** [24:07 Minutes Mark on the Audio Recording]

Auditor-Controller Joseph Wire presented the staff report.

(i) **Action by the Committee**

Staff recommended and the Committee concurred by motion made and seconded by **Directors FREDERICKS/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 approve actions necessary to secure FY 20/21 State of Good Repair (SGR) program funds to support transit projects that maintain the public transit system in a state of good repair for the Golden Gate Bridge, Highway and Transportation District (District):

1. Authorize the General Manager or his designee to execute for and on behalf of the District any documents necessary relative to the FY 20/21 SGR program; and,
2. Approve submission of the list of FY 20/21 proposed project(s) and future lists of proposed projects to the Metropolitan Transportation Commission (MTC);

FINANCE-AUDITING COMMITTEE
JUNE 25, 2020/PAGE 5

with the understanding that the FY 20/21 list includes the purchase of a new passenger ferry vessel, Project #1940.

Action by the Board at its meeting of June 26, 2020 – Resolution
NON-CONSENT CALENDAR

AYES (6): Chair Sobel; Vice Chair Fredericks; Directors Cochran, Grosboll and Moylan; President Pahre.

NOES (0): None.

ABSENT (1): Director Yee.

(6) Authorize Execution of the Second Amendment Relative to Professional Services Agreement No. 2018-D-059, Insurance Advisor and Brokerage Services, with USI Insurance Services [26:53 Minutes Mark on the Audio Recording]

Deputy General Manager/Administration and Development Kellee Hopper presented the staff report.

Chair Sobel inquired about the consultant's pricing.

Ms. Hopper responded to the Director's inquiry.

(a) Action by the Committee

Staff recommended and the Committee concurred by motion made and seconded by **Directors FREDERICKS/GROSBOLL** 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 General Manager to execute the Second Amendment relative to Professional Services Agreement No. 2018-D-059, *Insurance Advisor and Brokerage Services*, with USI Insurance Services (USI), San Francisco, CA, to extend the agreement for an additional one-year term, with two additional one-year options, in a total not-to-exceed amount of \$222,872, for the Golden Gate Bridge, Highway and Transportation District's Marine and Property Insurance Programs, effective November 1, 2020; with the understanding that there are sufficient funds in the FY 20/21 District Division Operating Budget and future years will be budgeted accordingly.

Action by the Board at its meeting of June 26, 2020 – Resolution
NON-CONSENT CALENDAR

AYES (6): Chair Sobel; Vice Chair Fredericks; Directors Cochran, Grosboll and Moylan; President Pahre.

NOES (0): None.

ABSENT (1): Director Yee.

FINANCE-AUDITING COMMITTEE
JUNE 25, 2020/PAGE 6

(7) Approve Renewal of the Liability and Property Insurance Programs [32:30 Minutes Mark on the Audio Recording]

Auditor-Controller Joseph Wire presented the staff report.

(a) Action by the Committee

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

RECOMMENDATION

The Finance-Auditing Committee recommends that the Board of Directors approve actions relative to the Liability and Property Insurance Programs:

- (i) Approve the Liability Insurance Program, effective July 1, 2020, as follows:
1. Renew the Excess General and Automobile Liability Insurance Program, including Public Officials and Employment Practices Liability with Terrorism Risk Insurance Act (TRIA) coverage, with Allied Public Risk, AWAC, Hiscox, Canopus, Convex, Hamilton Re, Aspen, Sompco, Apollo and Liberty, for a one-year term, with a liability limit of \$100 million for each occurrence/annual aggregate in excess of a self-insured retention of \$3 million for Auto Liability and \$2 million for General Liability, including legal defense costs within the self-insured retention, for a total annual premium of \$1,595,614;
 2. Renew the Excess Workers' Compensation and Employers' Liability Insurance Program with Safety National, for a one-year term, in excess of a self-insured retention of \$1 million for each accident, with \$25 million limits, for an annual premium of \$380,473;
 3. Renew the Public Officials' Liability Insurance Program with AIG, for a one-year term, with a liability of \$2 million each occurrence/annual aggregate and a self-insured retention of \$500,000 for each claim, including full Employment Practices Liability Coverage, for an annual premium of \$165,751;
 4. Renew the Fiduciary Liability Insurance Program, for the Other Public Employee Benefits (OPEB) Trust Board, with Chubb Insurance Company, for a one-year term, with \$2 million coverage for each occurrence and no deductible, for an annual premium of \$6,116;
 5. Renew the Crime Insurance with F&D/Zurich Insurance Company, for the second-year of a three-year term (with annual premium installments), with a \$25,000 deductible and \$1 million limit for an annual premium of \$4,725; and,

FINANCE-AUDITING COMMITTEE
JUNE 25, 2020/PAGE 7

6. Bind a Cyber Liability Program with At Bay and Corvus for a one-year-term, with a limit of \$5 million generally, and a limit of \$2M for Social Engineering Fraud, and a \$50,000 self -insured retention for an annual premium of \$59,050.
- (ii) Approve the Property Insurance Program, effective July 1, 2020, as follows:
1. Renew the property insurance program with AIG for buildings and facilities for a premium of \$455,000, and the excess earthquake and flood insurance program at a premium of \$128,040;
 2. Renew the Marin Transit Bus Property Damage Program with Markel, which provides actual cash value basis coverage and a deductible of \$50,000 for a premium of \$14,159; and,
 3. Continue to allocate monies to the Restricted Contingency Reserve, for FY 20/21, in the amount of \$1.3 million, as self-insurance for costs associated with Bridge Physical Damage and Loss of Revenue; with the understanding that requisite funds are available in the FY 20/21 approved budget;

with the understanding that requisite funds will be available in the FY 20/21 Operating Budget for the Bridge, Bus, Ferry and District divisions for said insurance programs.

Action by the Board at its meeting of June 26, 2020 – Resolution
NON-CONSENT CALENDAR

AYES (6): Chair Sobel; Vice Chair Fredericks; Directors Cochran, Grosboll and Moylan; President Pahre.

NOES (0): None.

ABSENT (1): Director Yee.

- (8) **Authorize Execution of a Professional Services Agreement Relative to Request for Proposals No. 2020-D-014, Third Party Administrator for Public Liability, Fleet Claims Investigation and Adjustment Services, with George Hills Company** [46:44 Minutes Mark on the Audio Recording]

Deputy General Manager/Administration and Development Kellee Hopper presented the staff report.

(a) **Action By The Committee**

Staff recommended and the Committee concurred by motion made and seconded by **Directors FREDERICKS/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 execution of a Professional Services Agreement relative to Request for Proposals (RFP) No. 2020-D-014, *Third Party Administrator for Public Liability, Fleet Claims Investigation, and Adjustment Services*, with George Hills Company, Inc., Rancho Cordova, CA, to provide third party administration services for all liability, property and fleet claims which will include, investigations, cost containment, litigation management and resolution of said claims for a three-year term, with two additional one-year option terms, to be exercised at the General Manager's discretion for a total not-to-exceed amount of \$1,095,000; with the understanding that requisite funds for Year 1 of the Agreement are included in the FY 20/21 Operating Budget and funds for future years will be budgeted accordingly.

Action by the Board at its meeting of June 26, 2020 – Resolution
NON-CONSENT CALENDAR

AYES (6): Chair Sobel; Vice Chair Fredericks; Directors Cochran, Grosboll and Moylan; President Pahre.
NOES (0): None.
ABSENT (1): Director Yee.

- (9) **Authorize Execution of the Second Amendment to the Parking Services Agreement with Parkmobile USA, Inc. and Parkmobile Group B.V. Relative to Contract No. 2014-FT-19, Collection of Parking Fees at Larkspur Ferry Terminal** [50:45 Minutes Mark on the Audio Recording]

Auditor-Controller Joseph Wire presented the staff report.

(a) **Action by the Committee**

Staff recommended and the Committee concurred by motion made and seconded by **Directors FREDERICKS/GROSBOLL** 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 execution of the Second Amendment to Contract No. 2014-FT-19, *Collection of Parking Fees at Larkspur Ferry Terminal*, with Parkmobile USA, Inc. and Parkmobile Group B.V. (collectively "Parkmobile") in the amount not-to-exceed \$100,000, for maintenance and administration of the existing system for the collection of parking fees at Larkspur Ferry Terminal through December 31, 2021.

Action by the Board at its meeting of June 26, 2020 – Resolution
NON- CONSENT CALENDAR

AYES (6): Chair Sobel; Vice Chair Fredericks; Directors Cochran, Grosboll and Moylan; President Pahre.
NOES (0): None.
ABSENT (1): Director Yee.

(10) **Annual Review of District's 457(B) Deferred Compensation and 401(A) Defined Contribution Programs [54:13 Minutes Mark on the Audio Recording]**

Auditor-Controller Joseph Wire presented the staff report. No action was taken.

Chair Sobel commented and inquired about the 457B Plan.

Mr. Wire responded to the Director's comment and inquiry.

(11) **Approve Proposed FY 2020/2021 Operating and Capital Budget [1:00:54 Hour Mark on the Audio Recording]**

Auditor-Controller Joseph Wire presented the staff report. A copy of the proposed budget is available at <https://www.goldengate.org/assets/1/25/2020-0528-financecomm-no9-proposedbudgetfy20-21-attachment.pdf>.

President Pahre, Chair Sobel, and Directors Cochran and Grosboll made comments and inquiries about the FY 20/21 Budget.

Mr. Mulligan and Mr. Wire responded to the Directors' comments and inquiries.

(b) **Action by the Committee**

Staff recommended and the Committee concurred by motion made and seconded by **Directors FREDERICKS/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 approve the FY 2020/2021 (FY 20/21) Proposed Operating and Capital Budget as follows: a) District Goals, Projects, and Accomplishments; b) Changes to the Reserve Structure; c) Changes to the Table of Organization; d) Incorporates a recently ratified contract with the Amalgamated Transit Union (ATU) which covers the period of September 1, 2018-August 30, 2021 with a 7.6% increase in the hourly wage rate upon ratification and a 3.5% wage increase effective September 1, 2020 for Bus Operators; and e) Authorizes a Capital Contribution amount of \$21 million;

with the understanding that the following items not currently included in the Proposed Budget will be included in the Adopted Budget: a) Any Board approved actions through June 30, 2020 that have a fiscal impact to the FY 20/21 Capital and/or Operating Budget; b) Carryover any incomplete projects in the FY 19/20 Capital Budget to FY 20/21 as authorized by the General Manager; c) Move capital projects from the FY 21/22 list to the FY 20/21 budget, authorized by the General Manager, as staff resources become available in FY 20/21; d) Any final FY 19/20 budget transfers needed to comply with the Board's budget policy will be implemented in the FY 20/21 Adopted Budget Book; and, e) Update Bridge Traffic Recovery Rates per the philosophy in Appendix A.

FINANCE-AUDITING COMMITTEE
JUNE 25, 2020/PAGE 10

AYES (6): Chair Sobel; Vice Chair Fredericks; Directors Cochran and Grosboll;
President Pahre.

NOES (0): None.

ABSENT (2): Directors Yee and Moylan.

(12) Monthly Review of Golden Gate Bridge Traffic/Tolls and Bus and Ferry Transit Patronage/Fares (for Eleven Months Ending May 2020) [1:38:56 Hour Mark on the Audio Recording]

Auditor-Controller Joseph Wire presented the staff report. No action was taken.

Chair Sobel inquired and commented upon the Monthly Review.

Mr. Wire responded to the Director's question.

(13) Monthly Review of Financial Statements (for Eleven Months Ending May 2020)
(a) Statement of Revenue and Expenses
(b) Statement of Capital Programs and Expenditures
[1:46:56 Hour Mark on the Audio Recording]

Auditor-Controller Joseph Wire briefly presented the staff reports for the Financial Statements. No actions were taken.

(14) Public Comment [1:49:12 Hour Mark on the Audio Recording]

The following individual spoke under public comment:

- Barry Young, Bus Operator

(15) Adjournment [1:53:30 Hour Mark on the Audio Recording]

All business having been concluded, Directors FREDERICKS/COCHRAN moved and seconded that the meeting be adjourned at 11:56 a.m.

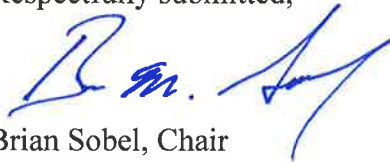
Carried

AYES (6): Chair Sobel; Vice Chair Fredericks; Directors Cochran and Grosboll;
President Pahre.

NOES (0): None.

ABSENT (2): Directors Yee and Moylan.

Respectfully submitted,



Brian Sobel, Chair
Finance-Auditing Committee