

December 19, 2019



MINUTES 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 (Committee) of the Golden Gate Bridge, Highway and Transportation District (District) was held in the Board Room, Administration Building, Golden Gate Bridge Toll Plaza, San Francisco, CA, on Thursday, December 19, 2019, at 10:21 a.m., Chair Sobel presiding.

- (1) **Call to Order:** 10:21 a.m.
- (2) **Roll Call:** Secretary of the District Amorette M. Ko-Wong.

Committee Members Present (4): Chair Sobel; Directors Cochran and Moylan; President Pahre.

Committee Members Absent (3): Vice Chair Fredericks; Directors Grosboll and Yee.

Other Directors Present (5): Directors Arnold, Hernández, 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/Ferry Division Jim Swindler; Deputy District Engineer John Eberle; Director of Marketing and Communications Dana Fehler; Senior Board Analyst Elizabeth Eells.

Visitors Present: Lesley Murphy, PFM Asset Management, LLC.

(3) **Ratification of Previous Actions by the Auditor-Controller**

(a) **Staff Report**

In a memorandum to the Committee, Auditor-Controller Joseph Wire and General Manager Denis Mulligan reported on the commitments, disbursements and investments made on behalf of the District. The report included a copy of the District's "Investment Report" for November 2019 from PFM Asset Management, LLC (PFM). A copy of the staff report is available on the District's web site or upon request from the Office of the District Secretary.

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At the meeting, PFM Senior Managing Consultant Lesley Murphy reviewed the Investment Report. She noted that last week, the United States (U.S.) and China reached a phase one Trade Agreement. She also noted the House of Representatives voted to impeach President Trump yesterday and financial markets did not have much of a reaction to the vote. She reviewed some of the market indicators and spoke about the implications of the yield curve inversion. She noted that there are no clear answers. In the past, the yield curve inversion signaled a recession, and more recently, the un-inversion of the yield curve has been followed by a recession. She noted that PFM is not convinced that the un-inversion of the yield curve is a strong indicator of a strong U.S. economy and that PFM also looks at other economic indicators. She said that predicting a recession is difficult because recessions are usually caused by unpredictable events.

Ms. Murphy said that PFM puts a priority on maintaining the safety and credit worthiness of the District's portfolio. She also confirmed the District's portfolio is in compliance with Board policy and the law, and is well-diversified.

(b) Action by the Committee

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

- i. Ratify commitments and/or expenditures totaling \$25,977;
- ii. Ratify investments made during the period November 13, 2019, through December 10, 2019;
- iii. Authorize the reinvestment, within the established policy of the Board, of any investments maturing between December 11, 2019, and January 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 November 2019.

Action by the Board at its meeting of December 20, 2019 – Resolution
CONSENT CALENDAR

AYES (4): Chair Sobel; Directors Cochran and Moylan; President Pahre.

NOES (0): None.

ABSENT (3): Vice Chair Fredericks; Directors Grosboll and Yee.

[Director Arnold arrived.]

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- (4) **Authorize Budget Adjustment(s) and/or Transfer(s)**
(a) **Budget Increase in the FY 19/20 Bridge Division Capital Budget for *Golden Gate Bridge Physical Suicide Deterrent System Project (Project #1526)***

(i) **Staff Report**

In a memorandum to the Committee, Auditor-Controller Joseph Wire, Deputy District Engineer John Eberle, District Engineer Ewa Bauer-Furbush and General Manager Denis Mulligan reported on staff's recommendation for the Committee's concurrence that the Board of Directors authorize a budget increase of \$194,868 in the *Golden Gate Bridge Physical Suicide Deterrent System* project to extend the National Park Service Special Use Permit. A copy of the staff report is available on the District's web site or upon request from the Office of the District Secretary.

(ii) **Presentation by Staff**

At the meeting, Mr. Eberle reviewed the staff report.

(iii) **Action by the Committee**

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

RECOMMENDATION

The Finance-Auditing Committee, in concurrence with the recommendation of the Building and Operating Committee at its meeting on December 19, 2019, recommends that the Board of Directors authorize a budget increase in the amount of \$194,868 in the *Golden Gate Bridge Physical Suicide Deterrent System project (Project #1526)*, to be financed with Cell Site Revenues, to fund the permit fee associated with a four year extension of the National Park Service Special Use Permit for construction Contract No. 2016-B-1, *Golden Gate Bridge Physical Suicide Deterrent System and Wind Retrofit*.

Carried

AYES (4): Chair Sobel; Directors Cochran and Moylan; President Pahre.

NOES (0): None.

ABSENT (3): Vice Chair Fredericks; Directors Grosboll and Yee.

- (b) **Budget Increase in the FY 19/20 Ferry Division Capital Budget for *M.S. Sonoma Refurbishment and Repower Project (Project #1740)***

(i) **Staff Report**

In a memorandum to the Committee, Deputy General Manager/Ferry Division James Swindler and General Manager Denis Mulligan reported on staff's recommendation for the Committee's concurrence that the Board of Directors authorize a budget increase in the FY 19/20 Ferry Division Capital Budget relative to a lease extension for the high-speed ferry *M.V. Millennium* for an additional 129 days.

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A copy of the staff report is available on the District's web site or upon request from the Office of the District Secretary.

(ii) Presentation by Staff

At the meeting, Mr. Swindler reviewed the staff report.

(iii) Action by the Committee

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

RECOMMENDATION

The Finance-Auditing Committee, in concurrence with the recommendation of the Building and Operating Committee at its meeting on December 19, 2019, recommends that the Board of Directors authorize a budget increase in the FY 19/20 Ferry Division Capital Budget in the amount of \$1,000,000 for *Sonoma Refurbishment and Repower Project (Project #1740)*.

Carried

AYES (4): Chair Sobel; Directors Cochran and Moylan; President Pahre.

NOES (0): None.

ABSENT (3): Vice Chair Fredericks; Directors Grosboll and Yee.

(5) Authorize Actions Related to Grant Programs

No actions required authorization.

(6) Authorize the General Manager to Execute an Agreement with Sonoma-Marin Area Rail Transit District (SMART) to Implement a Pilot Program to Promote SMART Train and Larkspur Ferry Travel to and from San Francisco and the North Bay

(a) Staff Report

In a memorandum to the Committee, Director of Marketing and Communications Dana Fehler, Deputy General Manager/Administration and Development Kellee Hopper, Deputy General Manager/Ferry Division James Swindler and General Manager Denis Mulligan reported on staff's recommendation to authorize actions to create a six-month Pilot Program to promote Sonoma-Marin Area Rail Transit District (SMART) train and Golden Gate Bridge, Highway and Transportation District (District) Larkspur ferry travel to and from San Francisco and the North Bay, and authorize the General Manager to execute an agreement with SMART to implement the six-month Pilot Program. A copy of the staff report is available on the District's web site or upon request from the Office of the District Secretary.

(b) Presentation by Staff

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At the meeting, Ms. Fehler reviewed the staff report. She explained the “Sail & Rail” Pass. She said the Golden Gate Ferry has excess capacity during the day, and staff designed the Sail & Rail single fare pass to encourage ridership and provide an incentive to try the ferry and train together. She said the pass would cost \$12, and the revenue share would be District \$5 and SMART \$7.

Ms. Fehler explained the Weekender pass. She said the Weekender would only be available on weekends and holidays. She said the District is hoping to create demand, and generate ridership and revenue in the future as a result of the Weekender. She said SMART is taking responsibility for costs associated with developing both passes.

(c) Discussion by the Committee

Director Cochran asked about the Weekender pass, and how much it will cost to ride the ferry and train. Mr. Mulligan said riders will pay \$8 for the ferry and \$12 or more for the train. He explained that the Weekender pass is a robust transfer program. He added that both systems have capacity on the weekend. He also said that SMART and District staff anticipate the Weekender and the Sail & Rail passes will generate ridership, take advantage of unfilled capacity and create future business. He noted the free transfer is a significant discount, and will last two months during a couple of low ridership months.

President Pahre mentioned that the North Bay has had some challenges, and the Sail & Rail and Weekender passes could assist people to get to the North Bay to shop.

(d) Action by the Committee

Staff recommended and the Committee concurred by motion made and seconded by **Directors COCHRAN/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 authorize the creation of a six-month Pilot Program to promote Sonoma-Marín Area Rail Transit District (SMART) train and Golden Gate Bridge, Highway and Transportation District (District) Larkspur ferry travel to and from San Francisco and the North Bay, and authorize the General Manager to execute an agreement with SMART to implement the Pilot Program; with the understanding that the Pilot Program will be comprised of a promotional “Sail & Rail” single fare pass for SMART train and the Larkspur ferry rides during off-peak hours on weekdays and all day on weekend and holidays effective January 1, 2020 for six months, and a Weekender Pass which grants a passenger that purchases either a SMART train ticket or a Larkspur ferry ticket a free transfer to the other service, effective for the months of January and February 2020.

Action by the Board at its meeting of December 20, 2019 – Resolution
NON-CONSENT CALENDAR

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AYES (4): Chair Sobel; Directors Cochran and Moylan; President Pahre.

NOES (0): None.

ABSENT (3): Vice Chair Fredericks; Directors Grosboll and Yee.

(7) Monthly Review of Golden Gate Bridge Traffic/Tolls and Bus and Ferry Transit Patronage/Fares (for Five Months Ending November 2019)

(a) Staff Report

In a memorandum to Committee, Auditor-Controller Joseph Wire, and General Manager Denis Mulligan provided schedules and charts for informational purposes only and no action is recommended. A copy of the staff report is available on the District's web site or upon request from the Office of the District Secretary.

(8) Monthly Review of Financial Statements (for Five Months Ending November 2019)

(a) Statement of Revenue and Expenses

In a memorandum to Committee, Auditor-Controller Joseph Wire, and General Manager Denis Mulligan provided financial statements for informational purposes only and no action was recommended.

(b) Statement of Capital Programs and Expenditures

In a memorandum to Committee, Capital and Grant Programs Analyst Jacob Brown, Capital and Grant Programs Director Amy Frye, Auditor-Controller Joseph Wire and General Manager Denis Mulligan provided financial statements for informational purposes only and no action was recommended.

Copies of the reports for Item Nos. 8.a. and 8.b. are available on the District's web site or upon request from the Office of the District Secretary.

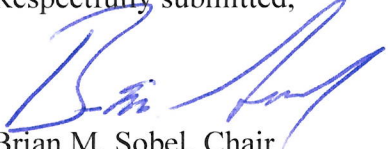
(9) Public Comment

There was no public comment.

(10) Adjournment

All business having been concluded, the Committee concurred by motion made and seconded by **Directors COCHRAN/ MOYLAN** to adjourn the meeting at 10:46 a.m.

Respectfully submitted,



Brian M. Sobel, Chair
Finance-Auditing Committee