



(For Board Meeting of November 18, 2005)

SUMMARY OF RECOMMENDATIONS
MEETING OF THE FINANCE-AUDITING COMMITTEE
THURSDAY, OCTOBER 27, 2005
(CHAIR J. DIETRICH STROEH)

Item No. 1

Approve an amendment to RULE XII of the *Rules of the Board* relative to changes in the procedures for internal wire transfers of funds, as outlined in the Committee minutes.

Action by the Board – Resolution



October 27, 2005
(For Board: November 18, 2005)

**REPORT OF THE FINANCE-AUDITING COMMITTEE/
COMMITTEE OF THE WHOLE**

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

Honorable Members:

A meeting of the Finance-Auditing Committee/Committee of the Whole was held in the Board Room, Administration Building, Toll Plaza, San Francisco, California, on Thursday, October 27, 2005, at 10:00 a.m., Chair Stroeh presiding.

Committee Members Present (8): Chair Stroeh; Vice Chair Pahre; Directors Boro, Cochran, Eddie, Reilly and Shahum; President Middlebrook (Ex Officio)

Committee Members Absent (1): Director Murray

Other Directors Present (2): Directors Moylan and Newhouse Segal

Committee of the Whole Members Present (10): Directors Cochran, Eddie, Newhouse Segal, Pahre, Reilly, Shahum and Stroeh; Second Vice President Boro; First Vice President Moylan; President Middlebrook

Committee of the Whole Members Absent (9): Directors Ammiano, Brown, Dufty, Hernández, Kerns, Martini, McGoldrick, Murray and Sandoval

Staff Present: General Manager Celia G. Kupersmith; District Engineer Denis J. Mulligan; Auditor-Controller Joseph M. Wire; Secretary of the District Janet S. Tarantino; Attorney David J. Miller; Deputy General Manager/Bridge Division Kary H. Witt; Deputy General Manager/Ferry Division James P. Swindler; 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.

At the meeting, Nancy Jones described the latest economic news and current interest rates for the District's portfolio, noting that the economy is strengthening. She distributed two graphs depicting: (1) the interest rates for two-year U.S. Treasury notes from August 1, 2005 to October 26, 2005; and, (2) the U.S. Treasury yield curve for August 1, 2005 compared to the U.S. Treasury yield curve for October 26, 2005. She stated that Auditor-Controller Joseph Wire continually provides the District's Portfolio Manager with updated cash flow reports, which show the amount of funds available for investment. Ms. Jones also stated that soon after the latest cash flow report was received in August 2005, interest rates for two-year U.S. Treasury notes fell significantly to less than 3.7%, then rose steadily up to 4.36%, during the period shown on the graph.

Ms. Jones further stated that during this period of increasing interest rates, the Portfolio Manager had been waiting to invest in two-year securities at the higher rates. She noted that the recent increase of 30 basis points in the interest rate for two-year U.S. Treasury notes translates to \$30,000 more in interest earnings for each \$10 million that is invested. She further noted that if the Portfolio Manager invests the \$30 million currently available for investment at these higher rates, the District will earn a total of \$300,000 more in interest earnings over the next year. She also explained how the yield curve flattens out for longer-term investments and noted that two-year securities fit very well with the District's investment plan.

Ms. Jones also 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 November 1 and November 13, 2005, and that the current interest rates are close to their peak for the rest of the year.

Staff recommended and the Committee concurred by motion made and seconded by **Directors COCHRAN/EDDIE** 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 \$18,162.90;
- b. Ratify investments made by the Auditor-Controller during the period September 13, 2005, through October 17, 2005, as follows:

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SECURITY	PURCHASE DATE	MATURITY DATE	ORIGINAL COST	PERCENT YIELD
Morgan Stanley Commercial Paper	09/16/05	10/04/05	7,334,222.50	3.75
Danske Corporation Commercial Paper	09/19/05	10/17/05	5,479,015.65	3.74
Deutsche Bank NY CD	09/19/05	09/30/05	10,000,000.00	3.72
FHLB Notes	09/26/05	07/21/08	5,797,800.00	4.382
UBS Finance Delaware Commercial Paper	09/30/05	12/22/05	7,332,779.22	3.94
GECC Commercial Paper	09/30/05	12/29/05	2,557,557.45	3.94
Deutsche Bank NY CD	09/30/05	12/29/05	10,000,000.00	3.97
Societe Generale Commercial Paper	10/04/05	11/01/05	7,347,392.46	3.77

- c. Authorize the Auditor-Controller to re-invest, within the established policy of the Board, investments maturing between October 18, 2005, and November 7, 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 September 2005 prepared by Public Financial Management.

Action by the Board - Resolution
CONSENT CALENDAR

AYES (10): Directors Cochran, Eddie, Newhouse Segal, Pahre, Reilly, Shahum and Stroeh; Second Vice President Boro; First Vice President Moylan; President Middlebrook

NOES (0): None

2. Authorize Transfer from the FY 05/06 Bridge Division Capital Budget to the FY 05/06 Bridge Division Operating Budget for Purchase of LIDAR Equipment

In a memorandum to Committee, Auditor-Controller Joseph Wire and General Manager Celia Kupersmith reported on staff's recommendation to authorize a budget transfer from the FY 05/06 Bridge Division Capital Budget to the FY 05/06 Bridge Division Operating Budget, in the amount of \$9,000, for the purchase of Light Detecting and Ranging (LIDAR) equipment. The report noted that all transfers between capital and operating budgets which are greater than \$5,000 are subject to approval by the Board of Directors.

The report stated that LIDAR units are used by the California Highway Patrol (CHP) for speed enforcement on the Golden Gate Bridge. The two existing LIDAR units were purchased in 1995 and are due for an upgrade. These replacement LIDAR units were specifically budgeted as capital items, as the original quote was more than \$5,000 per unit. The actual purchase price of these units is less than \$5,000, thus falling below the capital equipment threshold. As a

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result, these units are considered an operating expense and it is recommended that the Board approve a transfer of \$9,000 from the FY 05/06 Bridge Division Capital Budget to the FY 05/06 Bridge Division Operating Budget, for the purchase of the two LIDAR units. With this transfer, the District's revised operating expense budget will be \$144,774,522. A copy of the report is available in the Office of the District Secretary and on the District's web site.

Staff recommended and the Committee concurred by motion made and seconded by **Directors PAHRE/SHAHUM** 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 a transfer of \$9,000 from the FY 05/06 Bridge Division Capital Budget to the FY 05/06 Bridge Division Operating Budget for the purchase of Light Detecting and Ranging (LIDAR) equipment to be used by the California Highway Patrol for speed enforcement on the Golden Gate Bridge.

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

AYES (10): Directors Cochran, Eddie, Newhouse Segal, Pahre, Reilly, Shahum and Stroeh; Second Vice President Boro; First Vice President Moylan; President Middlebrook
NOES (0): None

[Note: The above recommendation was forwarded to the Board of Directors meeting of October 28, 2005, for action.]

3. Approve an Amendment to RULE XII of the Rules of the Board Relative to District Bank Accounts and Signatures

In a memorandum to Committee, Auditor-Controller Joseph Wire and General Manager Celia Kupersmith provided a report presenting staff's recommendation to amend Rule XII, "District Bank Accounts and Signatures," Subsection G, "Wire Transfer," of the *Rules of the Board*, relative to internal wire transfers of funds. The report noted that as currently stated in the *Rules of the Board*, only the Auditor-Controller, the Accounting Manager and the Senior Financial Analyst are authorized to order wire transfer of funds from the Operating Account or telephonic and/or oral instructions to the bank. The report also stated that this amendment is being recommended to reflect the current job title of Senior Financial Analyst, a position which is now titled as Budget and Program Analysis Manager. In addition, it is also recommended that Rule XII be amended to include the Accounting Supervisor in the list of individuals authorized to order internal wire transfers of funds, in order to reflect the current organization and to provide more efficient coverage of these duties. A copy of the report is available in the Office of the District Secretary and on the District's web site.

Staff recommended and the Committee concurred by motion made and seconded by **Directors SHAHUM/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 approve an amendment to the *Rules of the Board*, Rule XII, "District Bank Accounts and Signatures," Subsection G, "Wire Transfer," relative to internal wire transfers of funds, by replacing Subsection G in its entirety, to read as follows:

RULE XII. DISTRICT BANK ACCOUNTS AND SIGNATURES

G. Wire Transfer

In addition to the authorized signatories (General Manager, Auditor-Controller, Secretary of the District and the Accounting Manager), wire transfers of funds from the Operating Account or telephonic and/or oral instructions to the bank may be initiated by any of the following:

Budget and Program Analysis Manager
Accounting Supervisor

Authority to order wire transfers of funds to pay approved invoices for regular pre-approved vendor accounts may be initiated by any of the following:

Budget and Program Analysis Manager
Accounting Supervisor
Accountant

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

AYES (10): Directors Cochran, Eddie, Newhouse Segal, Pahre, Reilly, Shahum and Stroeh; Second Vice President Boro; First Vice President Moylan; President Middlebrook

NOES (0): None

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

In a memorandum to Committee, Auditor-Controller Joseph Wire and General Manager Celia Kupersmith provided a schedule comparing categories of Bridge traffic for three months ending September 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 Three Months Ending September 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 Three Months Ending September 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 Three Months Ending September 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 provided a quarterly report outlining budget adjustments and budget transfers authorized by the Board of Directors during the three-month period of FY 05/06 from July 1, 2005, through September 30, 2005. A copy of the report, including attached charts outlining applicable budget adjustments and budget transfers, 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 three-month period of FY 05/06 from July 1, 2005, through September 30, 2005, 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

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8. Public Comment

There was no public comment.

9. Adjournment

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

Respectfully submitted,

J. Dietrich Stroeh, Chair
Finance-Auditing Committee

JDS:JST:KBE:kbe