



April 20, 2007

BOARD OF DIRECTORS MEETING
FRIDAY, APRIL 27, 2007

5. CONSENT CALENDAR:

- A.** Approve the Minutes of the Following Meetings:
1. Finance-Auditing Committee of April 12, 2007; and,
 2. Regular Meeting of the Board of Directors of April 13, 2007. **Motion**
- B. Attorney's Report**
Denial of Claims
1. Amended Claim of Beatriz Crutcher **Motion**
 2. Amended Claim of Robert Crutcher **Motion**
 2. Claim of Sonia Sato **Motion**
 3. Claim of Ernie Rizzuti **Motion**
 4. Claim of Frank McMurry **Motion**

Attachments



April 12, 2007
(For Board: April 27, 2007)

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, April 12, 2007, at 10:00 a.m., Chair Stroeh presiding.

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

Committee Members Absent (1): Director Grosboll

Other Directors Present (1): Director Ammiano

Staff Present: Auditor-Controller Joseph M. Wire; Secretary of the District Janet S. Tarantino; Attorney David J. Miller; Division Deputy General Manager/Bus Division Susan C. Chiaroni; Deputy General Manager/Ferry Division James P. Swindler; Acting General Manager and Deputy General Manager/Bridge Kary H. Witt; Acting District Engineer and Deputy District Engineer Ewa Z. Bauer; Public Affairs Director Mary C. Currie; Information Systems Director Robert Haar; Director of Planning Alan R. Zahradnik; Principal Planner Ron Downing; Financial Analyst Sally A. Hinds; Business Process Analyst Alice Ng; Executive Assistant to the General Manager Amorette Ko; Assistant Clerk of the Board Karen B. Engbretson

Visitors Present: J. Gary Glenn, John Glenn Adjusters and Administrators

1. **Authorize a Budget Transfer from the FY 06/07 District Division Capital Budget to the FY 06/07 District Division Operating Budget for Data Communication Supplies**

In a memorandum to Committee, Auditor-Controller Joseph Wire and General Manager Celia Kupersmith reported on staff's recommendation to authorize a budget transfer in the amount of \$65,000 from the FY 06/07 District Division Capital Budget to the FY 06/07 District Division Operating Budget for the purchase of data communication supplies. 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 as part of an overall phased replacement of key infrastructure at the District, the FY 06/07 District Division Capital Budget includes funds to replace 15 data communication switches that have reached their maximum life. Since the unit cost of these switches is less than \$5,000, below the capital equipment threshold, District policy requires that the purchase of switches be considered an operating expense. 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 EDDIE/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 a budget transfer in the amount of \$65,000 from the FY 06/07 District Division Capital Budget to the FY 06/07 District Division Operating Budget for the purchase of data communication supplies.

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

AYES (8): Chair Stroeh; Vice Chair Pahre; Directors Boro, Cochran, Eddie, Middlebrook and Reilly; President Moylan (Ex Officio)
NOES (0): None
ABSENT (1): Director Grosboll

2. **Authorize a Budget Increase in the FY 06/07 Ferry Transit Division Capital Budget Relative to Contract No. 2007-FT-7, Vessel Refurbishment**

In a memorandum to Committee, Auditor-Controller Joseph Wire and General Manager Celia Kupersmith reported on staff's recommendation to authorize a budget increase in the amount of \$325,000 in the FY 06/07 Ferry Transit Division Capital Budget relative to Contract No. 2007-FT-7, *Vessel Refurbishment*.

The report stated that the Board of Directors of the Golden Gate Bridge, Highway and Transportation District (District), by Resolution No. 2006-084 at its meeting of October 27, 2007, authorized award of Contract No. 2007-FT-7, *Vessel Refurbishment*, to Bay Ship & Yacht Co., in the amount of \$6,199,632, for complete refurbishment of the *M.S. Marin*; and a contract contingency fund in the amount of \$225,000, much less than the 10% of the total project budget normally authorized for a project of this size.

FINANCE-AUDITING COMMITTEE
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The report also stated that the *M.S. Marin* was delivered to the shipyard in November 2006. The report described the problems that were encountered during the course of the refurbishment project, resulting in additional work items associated with insulation, ventilation ductwork, main propulsion shafting, rudder, propellers and the underwater coating system. As a result of the additional work items and in anticipation of several other change orders, it is recommended that a budget increase be authorized in the amount of \$325,000, bringing the total cost of Contract No. 2007-FT-7 to \$7,525,000. 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 EDDIE/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 a budget increase in the amount of \$325,000 in the FY 06/07 Ferry Transit Division Capital Budget, relative to Contract No. 2007-FT-7, *Vessel Refurbishment*, to be funded with \$260,000 Federal Transit Administration (FTA) funds and \$65,000 from District reserves.

Action by the Board – Resolution
NON-CONSENT CALENDAR

AYES (8): Chair Stroeh; Vice Chair Pahre; Directors Boro, Cochran, Eddie, Middlebrook and Reilly; President Moylan (Ex Officio)
NOES (0): None
ABSENT (1): Director Grosboll

3. Approve a Reciprocal Transfer Arrangement with the City of Petaluma and Sonoma County Transit Amend Master Ordinance 2007 Accordingly

In a memorandum to Committee, Director of Planning Alan R. Zahradnik, Deputy General Manager/Bus Division Susan C. Chiaroni, Auditor-Controller Joseph Wire and General Manager Celia G. Kupersmith provided staff's recommendation to approve a Reciprocal Transfer Arrangement (Transfer Arrangement) with the City of Petaluma and Sonoma County Transit. The report stated that a new transit hub, known as the "Copeland Street Transit Mall (Transit Mall)," is currently under construction at the intersection of East Washington and Copeland Streets, east of downtown Petaluma. The Transit Mall is expected to open in July 2007, and will improve inter-operator connections in Petaluma by replacing the current on-street transfer site located at Fourth and "C" Streets used by Golden Gate Transit (GGT), Petaluma Transit and Sonoma County Transit.

The report also stated that effective June 10, 2007, regional GGT Bus Route No. 80 will be realigned to serve the Transit Mall by discontinuing service along North Petaluma Boulevard and operating service along U.S. Highway 101 to East Washington Street.

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The City of Petaluma has authorized GGT's use of East Washington Street to access the Transit Mall, and both Petaluma Transit and Sonoma County Transit will provide service on North Petaluma Boulevard to absorb the approximately 20 GGT Bus Route No. 80 passengers per day that currently board on North Petaluma Boulevard.

The report described the service and routing options considered, depicted on a map attached to the staff report. The report further described the fare impacts of the proposed Transfer Arrangement, noting that Petaluma Transit and Sonoma County Transit currently accept GGT transfers for a local fare credit. It is recommended that a reciprocal transfer arrangement with the City of Petaluma and Sonoma County Transit be approved that would provide the same local fare credit on GGT buses to avoid an unintended fare increase for existing GGT Bus Route No. 80 passengers using North Petaluma Boulevard. The proposed Transfer Arrangement would allow a \$1.00 transfer credit on GGT for passengers who wish to transfer from Petaluma Transit or Sonoma County Transit. Passengers transferring from GGT to Petaluma Transit or Sonoma County Transit will be granted a \$1.00 local fare credit on those two systems.

The report noted that by offering the Transfer Arrangement with the City of Petaluma and Sonoma County Transit, it is estimated that the District's fare revenues could be reduced by up to \$7,300 per year, but it is anticipated that the improved ability to transfer between Petaluma Transit, Sonoma County Transit and GGT at the Transit Mall could generate new ridership that could offset any decline in revenue. A copy of the report, with attachment, is available in the Office of the District Secretary and on the District's web site.

At the meeting, Alan Zahradnik briefly summarized the staff report and noted that currently GGT Bus Route No. 80 operates along the entire length of North and South Petaluma Boulevard. He stated that by operating GGT Bus Route No. 80 along U.S. Highway 101 to East Washington Street to access the Transit Mall, the District avoids incurring an additional annual operating cost of at least \$76,500 to serve the Transit Mall, while still retaining service on both North and South Petaluma Boulevard.

Discussion ensued, including the following:

- Director Reilly inquired as to whether the Transfer Arrangement would be a pilot program, subject to revisiting the matter at a future date. In response, Mr. Zahradnik explained that the proposed Transfer Agreement will be reviewed to ensure that the economic benefit to the District is maintained. Mr. Zahradnik further stated that at a future meeting of the Committee, staff would present a report to consider extending the Transfer Arrangement to other areas of Sonoma County served by GGT, such as the City of Santa Rosa.
- Director Pahre inquired as to how many GGT Route No. 80 bus trips per day would be affected by the Transfer Arrangement. In response, Mr. Zahradnik stated that currently, 38 GGT Bus Route No. 80 bus trips per day carry approximately 20 passengers along the affected route on North and South Petaluma Boulevard.

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

RECOMMENDATION

The Transportation Committee recommends that the Board of Directors approve a Reciprocal Transfer Arrangement within Petaluma with the City of Petaluma and Sonoma County Transit, relative to regional Golden Gate Transit Bus Route No. 80, effective June 10, 2007, to provide a \$1.00 local fare transfer credit for continuing travel on Golden Gate Transit, in an effort to foster greater coordination between transit operators in Sonoma County; and, amends Section III, "Golden Gate Transit - Bus and Ferry Systems," Subsection D, "Discount Fares and Transfers," Paragraph 2, "Inter-Operator Transfers," of Master Ordinance 2007, as amended, by replacing said paragraph in its entirety with the following:

2. **INTER-OPERATOR TRANSFERS**

- a. Passengers presenting a valid transfer from Alameda-Contra Costa County (AC) Transit District or Vallejo Transit or WestCat will be granted credit toward the payment of cash fare on Golden Gate Transit bus service across the Richmond Bridge from the East Bay to Marin in an amount equal to the AC Transit District local fare in effect at the time of transfer for the applicable class of rider (adult, youth, senior, or disabled).
- b. Passengers presenting a valid transfer from Petaluma Transit or Sonoma County Transit within the City of Petaluma will be granted credit toward the payment of cash fare on Golden Gate Transit bus service in the amount of \$1.00 for adults, or 50 cents for youth, seniors and persons with disabilities.
- c. Except for the provision in Paragraph b., above, passengers presenting valid transfers from other public transit operators within Sonoma County will be granted a \$0.10 discount off the applicable cash fare for local travel within Sonoma County on District bus services.
- d. Passengers presenting a valid transfer from Marin County Transit District rural and shuttle services will be granted credit toward payment of cash fare on Golden Gate Transit regional and Marin County Transit District local bus services for continuing travel within Marin County only. The amount of the credit will be equal to the Marin County Transit District local Marin bus fare in effect at the time of the transfer for the applicable class of rider (adult, youth, senior or disabled) on Golden Gate Transit services.

Action by the Board – Ordinance
NON-CONSENT CALENDAR

AYES (8): Chair Stroeh; Vice Chair Pahre; Directors Boro, Cochran, Eddie, Middlebrook and Reilly; President Moylan (Ex Officio)
NOES (0): None
ABSENT (1): Director Grosboll

4. Approve Actions Relative to the FasTrak® Lane and Plaza/Host Equipment Project

In a memorandum to Committee, Auditor-Controller Joseph Wire and General Manager Celia G. Kupersmith provided staff's recommendation to approve actions relative to the FasTrak® Lane and Plaza/Host Equipment Project. The report stated that the Board of Directors, by Resolution No. 2006-026 at its March 24, 2006 meeting, approved the addition of a capital project and the issuance of a Request for Proposals (RFP) to replace the FasTrak® lanes and plaza/host systems, which were reaching the end of their estimated seven-year life cycle; and, authorized the purchase of replacement equipment through a competitive negotiation process, pursuant to Public Contract Code Section 20916.3. The report also stated that the Board of Directors, by Resolution No. 2006-057 at its July 14, 2006 meeting, authorized the award of RFP No. 2006-B-19, *Replacement of FasTrak® Lane and Plaza/Host Equipment*, to The Revenue Markets, Inc., dba TRMI Systems Integration (TRMI), Accord, NY.

The report stated that TRMI has been unable to complete software development and testing in accordance with the schedule outlined in RFP No. 2006-B-19, and is requesting a three-month extension of its Professional Services Agreement relative to the FasTrak® Lane and Plaza/Host Equipment Replacement Project (Project) implementation schedule. The report further stated that extension of the Project schedule requires corresponding three-month extensions of the Maintenance Agreements with Redman Ventures, Inc. (Redman), to support the plaza/host software, and with InTranS Group, Inc. (InTranS), to maintain the lanes, at a combined cost of \$91,023. The report noted that TRMI has agreed to offset the full cost to the District of extending the existing agreements with Redman and InTranS by providing, at no charge, additional services and spare parts needed for the Project that were not included in the original scope of work, for a total cost of \$91,023.

In addition, since no contract contingency fund was established at the time of the award of RFP No. 2006-B-19, it is recommended that a contract contingency fund, in the amount of \$70,000, be established at this time to address future needs that could arise during the installation and operations test periods of 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, Joseph Wire briefly summarized the staff report, noting that the recommended actions would not incur new costs to the District, since TRMI will offset the full cost of the three-month agreement extensions and the funds for the \$70,000 contract contingency are already included in the Project budget.

Staff recommended and the Committee concurred by motion made and seconded by **Directors PAHRE/MIDDLEBROOK** 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 relative to the FasTrak® Lane and Plaza/Host Equipment Project:

1. Authorize a three-month extension of the Professional Services Agreement with Redman Ventures, Inc., in the amount of \$15,450 per month, for a total cost of \$46,350, effective May 1, 2007 through July 31, 2007, for software support for the plaza/host computer system;
2. Authorize a three-month extension of the Maintenance Agreement with InTrans Group, Inc., in the amount of \$28,765.08 per month for a total cost of \$86,295.24, effective May 1, 2007 through July 31, 2007, for lane hardware and software maintenance support services; and,
3. Authorize a 1.7% contract contingency fund in the amount of \$70,000 for RFP No. 2006-B-19, *Replacement of FasTrak® Lane and Plaza/Host Equipment*.

Action by the Board – Resolution
NON-CONSENT CALENDAR

AYES (8): Chair Stroeh; Vice Chair Pahre; Directors Boro, Cochran, Eddie, Middlebrook and Reilly; President Moylan (Ex Officio)
NOES (0): None
ABSENT (1): Director Grosboll

5. **Authorize Execution of a Professional Services Agreement with PFM Asset Management LLC, Relative to Request for Proposals (RFP) No. 2007-D-7, Trust and Investment Management Services for GASB 45 (OPEB) Trust**

In a memorandum to Committee, Business Process Analyst Alice Ng, Auditor-Controller Joseph Wire and General Manager Celia G. Kupersmith provided staff's recommendation to authorize execution of a Professional Services Agreement with PFM Asset Management LLC, for Trust Administrator and Investment Advisor services relative to Request for Proposals (RFP) 2007-D-7, *Trust and Investment Management Services for GASB 45 (OPEB) Trust*. The report stated that the Board of Directors, by Resolution No. 2006-066 at its meeting of August 11, 2006, directed staff to investigate options to create a trust to fund retiree health care and other post-employment liabilities (OPEB Trust), with the understanding that options for financing the trust and the fiscal impact of those financing options will be brought to the Board of Directors during the yearly strategic planning and budget processes. As background, the report included an attached copy of the staff report that was presented to the Finance-Auditing Committee at its meeting of July 27, 2006.

The report stated that on October 23, 2006, the District issued a Request for Proposals (RFP) No. 2007-D-7, *Trust and Investment Management Services for GASB 45 (OPEB) Trust*, and on November 30, 2006, received five proposals. The Evaluation Committee (Committee) comprised of District staff evaluated and ranked the consulting firms based on the criteria set forth in the RFP, including: 1) firm qualifications and experience; 2) project team qualifications and experience; 3) product and investment services; and, 4) proposed cost for each phase of the project.

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The report further stated that the Committee ranked PFM Advisors, a division of PFM Asset Management LLC (PFM), as the top proposer, in recognition of PFM's qualifications: 1) availability and quality of the OPEB Trust products and investment services; 2) strong investment performance track record in equity as well as fixed income securities; 3) familiarity with District guidelines and procedures, having been the District's investment advisor since 1993; and, 4) lowest short-term and long-term pricing for services requested in the RFP.

The report described the legal issues associated with the District establishing an OPEB Trust, noting that one of the underlying purposes of creating the trust is to broaden the range of permissible investments in order to obtain a higher rate of return. There are statutory provisions in the California Government Code that clearly permit public agencies to have this broader investment flexibility for the payment of employee retiree health benefits. However, the California Constitution contains a general prohibition against public agencies investing in equities. To date, no courts have interpreted this constitutional prohibition to apply to trust assets invested for the purpose of paying the cost of retiree health benefits. The report noted that staff, the Attorney for the District, PFM and PFM's legal advisor will continue to evaluate how best to minimize the potential risks of investing in a broader array of investments as PFM proceeds to develop the trust documents and further define the role of the District in overseeing the trust.

The report also described the fiscal impact to the District relative to the OPEB Trust, noting that staff has budgeted \$24,000 for Phase I, Trust Administrator and Investment Advisor services. The report stated that PFM will waive its \$20,000 fee if the District funds the trust with at least \$3 million during the next fiscal year, FY 07/08. The report noted that in addition to PFM's fee to establish the trust, it is anticipated that an IRS private letter ruling will be obtained to confirm the tax exempt status of the trust assets. The additional cost of the private letter ruling, including IRS fees, is estimated at \$20,000 plus the IRS filing fee of \$10,000. The report also included a chart which outlined the compensation structure for the Trust Administrator, if the Board of Directors chooses to fund the trust.

The report also stated that the next steps relative to the OPEB Trust include the following two separate action items that will be presented to the Finance-Auditing Committee and the Board of Directors during the summer of 2007: 1) Action to establish the OPEB Trust; and, 2) Action to consider funding the newly created trust with reserves previously designated for that purpose. A copy of the report, with attachment, is available in the Office of the District Secretary and on the District's web site.

At the meeting, Joseph Wire briefly summarized the staff report, noting that the California Public Employees' Retirement System (CalPERS) has begun to move into the OPEB Trust management business, and that there is a future possibility that CalPERS would be available, at a significantly reduced cost, to manage the District's OPEB Trust.

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Attorney Miller briefly elaborated on the legal issues associated with the OPEB Trust. He stated that if an OPEB Trust is established and funded, it is envisioned that the District's Board of Directors would reconstitute itself as a "Retirement Board" for the purposes of overseeing the OPEB Trust, in order to invest in equities.

Discussion ensued, including the following:

- Director Middlebrook inquired as to whether the District could easily terminate the agreement with PFM if CalPERS becomes available to manage the District's OPEB Trust. In response, Mr. Wire stated that the agreement will include a termination clause that will allow the District to terminate the agreement if it so chooses.
- Director Pahre requested that when the time comes for the District to commit monies to the OPEB Trust as part of the annual budget process, that the amount of monies be clearly highlighted for the Board of Directors.

Staff recommended and the Committee concurred by motion made and seconded by **Directors MIDDLEBROOK/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 execution of a Professional Services Agreement with PFM Asset Management LLC, Philadelphia, PA, for Trust Administrator and Investment Advisor services relative to Request for Proposals (RFP) 2007-D-7, *Trust and Investment Management Services for GASB 45 (OPEB) Trust*, in an amount not to exceed \$24,000 for Phase I; with the understanding that requisite funds are available in the FY 06/07 District Division Operating Budget.

Action by the Board – Resolution
NON-CONSENT CALENDAR

AYES (8): Chair Stroeh; Vice Chair Pahre; Directors Boro, Cochran, Eddie, Middlebrook and Reilly; President Moylan (Ex Officio)
NOES (0): None
ABSENT (1): Director Grosboll

6. Closed Session

Attorney David Miller, at the request of Chair Stroeh, stated that the Committee would convene in closed session to discuss one matter of pending litigation listed on the Agenda as Item No. 6.a.1., *Kamalesh Singh, Lissette Singh, husband and wife, vs. the Golden Gate Bridge, Highway and Transportation District (District), et al.*

After closed session, Chair Stroeh called the meeting to order in open session with a quorum present. Attorney Miller reported that the Committee met in closed session, as

FINANCE-AUDITING COMMITTEE
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permitted by the Brown Act, to hear a report from John Glenn Adjusters & Administrators, Inc., regarding a pending matter of litigation, *Kamalesh Singh, Lissette Singh, husband and wife, vs. the District, et al.* He stated that the Committee recommended that this matter be referred to the April 13, 2007 meeting of the Board of Directors for necessary action.

7. Public Comment

There was no public comment.

8. Adjournment

All business having been concluded, the meeting was adjourned at 10:30 a.m.

Respectfully submitted,

J. Dietrich Stroeh, Chair
Finance-Auditing Committee

JDS:JDS:KBE:kbe



07-2007

GOLDEN GATE BRIDGE, HIGHWAY AND TRANSPORTATION DISTRICT

MEMORANDUM OF MINUTES

BOARD OF DIRECTORS MEETING

APRIL 13, 2007

The Board of Directors of the Golden Gate Bridge, Highway and Transportation District (District) met in regular session in the Board Room, Administration Building, Toll Plaza, San Francisco, California, on Friday, April 13, 2007, at 10:00 a.m., President Moylan presiding.

ROLL CALL

Directors Present (18): Directors Brown, Cochran, Dufty, Eddie, Hernández, Kerns, Martini, McGlashan, McGoldrick, Middlebrook, Newhouse Segal, Pahre, Reilly, Sandoval and Stroeh; Second Vice President Ammiano; First Vice President Boro; President Moylan

Directors Absent (1): Director Grosboll

Staff Present: Auditor-Controller Joseph M. Wire; Secretary of the District Janet S. Tarantino; Attorney David J. Miller; Acting General Manager and Deputy General Manager/Bridge Kary H. Witt; Deputy General Manager/Ferry Division James P. Swindler; Deputy General Manager/Administration and Development Teri W. Mantony; Public Affairs Director Mary C. Currie; Acting District Engineer and Deputy District Engineer Ewa Z. Bauer; Executive Assistant to the General Manager Amorette Ko; Assistant Clerk of the Board Karen B. Engbretson

Visitors Present: Jerry Grace, Berkeley resident; Mac Coffey, Ph.D., Tiburon Resident

PLEDGE OF ALLEGIANCE

Director Charles McGlashan led the Board of Directors in the Pledge of Allegiance to the Flag.

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PUBLIC COMMENT

Jerry Grace expressed his intention to attend the Board of Directors meetings on a regular basis and also stated that he regularly attends meetings of the Metropolitan Transportation Commission.

CONSENT CALENDAR

Directors PAHRE/MARTINI moved approval of the Consent Calendar. All items were approved by the following vote of the Board of Directors:

- AYES (17):** Directors Brown, Cochran, Dufty, Eddie, Hernández, Kerns, Martini, McGlashan, Middlebrook, Newhouse Segal, Pahre, Reilly, Sandoval and Stroeh; Second Vice President Ammiano; First Vice President Boro; President Moylan
- NOES (0):** None
- ABSENT (2):** Directors Grosboll and McGoldrick

1. Approve the Minutes of the Following Meetings:

- a. Building and Operating Committee/Committee of the Whole of March 22, 2007;
- b. Finance-Auditing Committee/Committee of the Whole of March 22, 2007;
- c. Governmental Affairs and Public Information Committee/Committee of the Whole of March 23, 2007; and,
- d. Regular Meeting of the Board of Directors of March 23, 2007. **Carried**

2. Denial of Claims

- a. Claim of Philip Donian **Carried**
- b. Subrogation Claim of Encompass Insurance
(Insured: Michael Rieser) **Carried**

3. Ratify Actions by the Auditor-Controller

Resolution No. 2007-026 (Finance-Auditing Committee, March 22, 2007) ratifies actions taken by the Auditor-Controller, as follows:

- a. Ratify commitments and/or expenditures for the period of February 1, 2007, through February 28, 2007, totaling \$59,074.00;
- b. Ratify investments made by the Auditor-Controller during the period February 13, 2007, through March 12, 2007, as follows;

SECURITY	PURCHASE DATE	MATURITY DATE	ORIGINAL COST	PERCENT YIELD
UBS Finance Delaware, LLC Commercial Paper	02/28/07	04/16/07	7,862,735.56	5.29
Societe Generale NA Commercial Paper	03/01/07	04/02/07	8,826,694.82	5.26
Dexia Delaware, LLC Commercial Paper	03/01/07	04/02/07	5,867,542.40	5.26

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- c. Authorize the Auditor-Controller to re-invest, within the established policy of the Board, investments maturing between March 13, 2007, and April 16, 2007, and all other funds not required to cover expenditures that may become available; and,
- d. Accept the Investment Report for February 2007 prepared by Public Financial Management.

Adopted

GENERAL MANAGER'S REPORT

4. Acting General Manager Kary Witt reported that all items contained in the General Manager's Report were informational.

ATTORNEY'S REPORT

5. Attorney David Miller reported that all items contained in the Attorney's Report were informational. Mr. Miller also reported that a closed session would be held just prior to the conclusion of the meeting to discuss a matter of pending litigation listed on the agenda as Item No. 6.B.1.a., *Kamalesh Singh, Lissette Singh, husband and wife, vs. the Golden Gate Bridge, Highway and Transportation District, et al.*

Attorney Miller further reported that with respect to another matter of pending litigation, *Golden Gate Bridge, Highway and Transportation District v. Marsh and McLennan Companies, Inc., et al.*, a ruling had been issued on April 5, 2007, by Judge Garrett Brown, Jr., of the United States District Court for the District of New Jersey. Mr. Miller stated that Judge Brown issued a ruling to dismiss without prejudice the claims asserting Racketeer Influenced and Corrupt Organizations Act (RICO Act) and anti-trust violations of law. Judge Brown's ruling explicitly allows for the filing, within 30 days, of an amended complaint that would provide more detail regarding interactions between insurance brokers and carriers. Attorney Miller further stated that the lead counsel in this class action litigation will be evaluating options in light of Judge Brown's ruling. When more definitive information is received as to the next steps to be taken by the class action members, a report will be provided to the Board of Directors (Board) at a future Board meeting during closed session. Attorney Miller noted that Judge Brown's ruling in no way affects the actions taken by the Board of Directors at its January 12, 2007 meeting, approving acceptance of settlement offers from AIG and Zurich insurance companies in the separate action initiated by Attorney General of the State of New York.

Discussion ensued, including the following:

- Director Sandoval inquired as to whether Judge Brown's dismissal order could be characterized as a routine ruling. In response, Mr. Miller explained that, given the seriousness of the allegations, Judge Brown is looking for specific evidence about how relationships in the insurance industry were connected in ways that can support RICO and anti-trust claims.

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- Director Middlebrook inquired as to why more specific evidence regarding the RICO and anti-trust claims was not presented earlier in the litigation process. In response, Mr. Miller stated that in his opinion, there was no fundamental inadequacy in the way the pleadings were plead at the beginning of the litigation. The defendants availed themselves of the right to move to dismiss for failure to allege more specific grounds for relief. He further stated that there has been significant discovery undertaken since the beginning of this litigation, which should be of assistance to counsel in drafting an amended complaint.

ENGINEER'S REPORT

6. No written report was presented by District Engineer Denis Mulligan. A written report is presented to the Board of Directors by the District Engineer at the second Board meeting of the month.

In the absence of the District Engineer, Deputy District Engineer Ewa Z. Bauer stated, when asked by President Moylan, that she was available to answer any questions raised by the Board members.

**REPORT OF THE FINANCE-AUDITING COMMITTEE/COMMITTEE OF THE
WHOLE MEETING OF APRIL 12, 2007**

7. **Authorize a Budget Transfer from FY 06/07 District Division Capital Budget to FY 06/07 District Division Operating Budget for Data Communication Supplies**

Directors STROEH/EDDIE

Resolution No. 2007-027 authorizes a budget transfer in the amount of \$65,000 from the FY 06/07 District Division Capital Budget to the FY 06/07 District Division Operating Budget for the purchase of data communication supplies.

Adopted

- AYES (17):** Directors Brown, Cochran, Dufty, Eddie, Hernández, Kerns, Martini, McGlashan, Middlebrook, Newhouse Segal, Pahre, Reilly, Sandoval and Stroeh; Second Vice President Ammiano; First Vice President Boro; President Moylan
- NOES (0):** None
- ABSENT (2):** Directors Grosboll and McGoldrick

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8. Authorize a Budget Increase in the FY 06/07 Ferry Transit Division Capital Budget Relative to Contract No. 2007-FT-7, Vessel Refurbishment

Directors STROEH/COCHRAN

Resolution No. 2007-028 authorizes a budget increase in the amount of \$325,000 in the FY 06/07 Ferry Transit Division Capital Budget, relative to Contract No. 2007-FT-7, *Vessel Refurbishment*, to be funded with \$260,000 Federal Transit Administration (FTA) funds and \$65,000 from District reserves.

Adopted

AYES (17): Directors Brown, Cochran, Dufty, Eddie, Hernández, Kerns, Martini, McGlashan, Middlebrook, Newhouse Segal, Pahre, Reilly, Sandoval and Stroeh; Second Vice President Ammiano; First Vice President Boro; President Moylan

NOES (0): None

ABSENT (2): Directors Grosboll and McGoldrick

9. Approve a Reciprocal Transfer Arrangement with the City of Petaluma and Sonoma County Transit and Amend Master Ordinance 2007 Accordingly

a. Discussion by the Board

Discussion ensued, including the following:

- Director Kerns inquired as to why this item was brought to the Finance-Auditing Committee rather than the Transportation Committee. In response, Attorney Miller explained that the Reciprocal Transfer Arrangement fell under the purview of the Finance-Auditing Committee because the action had financial implications with regard to bus fares, as the minor routing changes to Golden Gate Transit Bus Route No. 80 do not require Committee or Board action.
- Director Brown requested that staff provide advance notice to all members of the Board of Directors when changes are made to Golden Gate Transit bus routes, especially to those members of the Board of Directors whose constituents are directly affected by any of these changes.

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b. Directors STROEH/EDDIE

Ordinance No. 2007-01 approves a Reciprocal Transfer Arrangement within Petaluma with the City of Petaluma and Sonoma County Transit, relative to regional Golden Gate Transit Bus Route No. 80, effective June 10, 2007, to provide a \$1.00 local fare transfer credit for continuing travel on Golden Gate Transit, in an effort to foster greater coordination between transit operators in Sonoma County; and, amends Section III, "Golden Gate Transit - Bus and Ferry Systems," Subsection D, "Discount Fares and Transfers," Paragraph 2, "Inter-Operator Transfers," of Master Ordinance 2007, as amended, by replacing said paragraph in its entirety with the following:

"2. INTER-OPERATOR TRANSFERS

- a. Passengers presenting a valid transfer from Alameda-Contra Costa County (AC) Transit District or Vallejo Transit or WestCat will be granted credit toward the payment of cash fare on Golden Gate Transit bus service across the Richmond Bridge from the East Bay to Marin in an amount equal to the AC Transit District local fare in effect at the time of transfer for the applicable class of rider (adult, youth, senior, or disabled).
- b. Passengers presenting a valid transfer from Petaluma Transit or Sonoma County Transit within the City of Petaluma will be granted credit toward the payment of cash fare on Golden Gate Transit bus service in the amount of \$1.00 for adults, or 50 cents for youth, seniors and persons with disabilities.
- c. Except for the provision in Paragraph b., above, passengers presenting valid transfers from other public transit operators within Sonoma County will be granted a \$0.10 discount off the applicable cash fare for local travel within Sonoma County on District bus services.
- d. Passengers presenting a valid transfer from Marin County Transit District rural and shuttle services will be granted credit toward payment of cash fare on Golden Gate Transit regional and Marin County Transit District local bus services for continuing travel within Marin County only. The amount of the credit will be equal to the Marin County Transit District local Marin bus fare in effect at the time of the transfer for the applicable class of rider (adult, youth, senior or disabled) on Golden Gate Transit services."

Adopted

AYES (18): Directors Brown, Cochran, Dufty, Eddie, Hernández, Kerns, Martini, McGlashan, McGoldrick, Middlebrook, Newhouse Segal, Pahre, Reilly, Sandoval and Stroeh; Second Vice President Ammiano; First Vice President Boro; President Moylan

NOES (0): None

ABSENT (1): Director Grosboll

10. **Approve Actions Relative to the FasTrak® Lane and Plaza/Host Equipment Replacement Project**

Directors STROEH/KERNS

Resolution No. 2007-029 approves the following actions relative to the FasTrak® Lane and Plaza/Host Equipment Project:

1. Authorize a three-month extension of the Professional Services Agreement with Redman Ventures, Inc., in the amount of \$15,450 per month, for a total cost of \$46,350, effective May 1, 2007 through July 31, 2007, for software support for the plaza/host computer system;
2. Authorize a three-month extension of the Maintenance Agreement with InTrans Group, Inc., in the amount of \$28,765.08 per month for a total cost of \$86,295.24, effective May 1, 2007 through July 31, 2007, for lane hardware and software maintenance support services; and,
3. Authorize a 1.7% contract contingency fund in the amount of \$70,000 for RFP No. 2006-B-19, *Replacement of FasTrak® Lane and Plaza/Host Equipment*.

Adopted

AYES (18): Directors Brown, Cochran, Dufty, Eddie, Hernández, Kerns, Martini, McGlashan, McGoldrick, Middlebrook, Newhouse Segal, Pahre, Reilly, Sandoval and Stroeh; Second Vice President Ammiano; First Vice President Boro; President Moylan

NOES (0): None

ABSENT (1): Director Grosboll

11. **Authorize Execution of a Professional Services Agreement with PFM Asset Management LLC, Relative to Request for Proposals (RFP) No. 2007-D-7, Trust and Investment Management Services for GASB 45 (OPEB) Trust**

a. Discussion by the Board

Discussion ensued, including the following:

- Director Kerns made the following inquiries regarding the recommendation to award RFP No. 2007-D-7 to PFM Asset Management LLC (PFM), rather than to Union Bank of California:
 - He noted that Public Agency Retirement Services (PARS), the trustee for Union Bank of California, already has in place the Internal Revenue Service (IRS) “private letter ruling” that confirms that tax-exempt status of OPEB Trust assets, whereas PFM would have to obtain a private letter ruling from the IRS before assuming the Trust Administrator role for the District. He inquired as to the cost of PFM obtaining the private letter ruling. In response, Auditor-Controller Joseph Wire clarified that PARS’ existing private letter ruling is for a public schools trust, and that they are currently setting up a trust with a private letter ruling that would cover other agencies, including the District. If PARS were to

obtain a private letter ruling that applied only to the District, there would be an extra cost involved. Mr. Wire noted that in the recommendation the cost to obtain a private letter ruling is \$10,000 in IRS fees, plus \$20,000 in attorney fees, and that even with the private letter ruling extra costs, the recommendation costs would still be considerably less over time than PARS' fees. He further noted that while both companies are very capable, PFM's long-term fee structure for trust investments was more cost-effective to the District.

- He inquired regarding investing in equities, noting that PFM focused on fixed income investments, but has not invested in equities for the District. In response, Mr. Wire stated that since the District is not allowed to invest in equities, PFM has not done so, but that under the OPEB Trust arrangement, the District could likely invest in equities. He noted that PFM has a successful record of investing approximately \$4 billion in equities for other agencies.
 - He inquired as to whether PFM already has an OPEB Trust. In response, Mr. Wire stated that PFM would need to set up an OPEB Trust for the District, with the help of their legal advisor.
 - He inquired as to whether PFM's long-standing relationship with the District had any bearing on PFM being selected. In response, Mr. Wire stated that the long-standing relationship was among a variety of reasons for the selection, but the relationship alone would not have been enough. The staff report points out the other reasons, the favorable pricing structure is one of them.
 - He stated that PARS invests in a broad range of funds, and inquired as to whether PFM does the same. In response, Mr. Wire stated that PFM has also a broad investment portfolio.
- Director Sandoval made the following inquiries:
 - He inquired as to the District's current OPEB liability, and as to the scale of profit PFM stands to earn as the OPEB Trust asset manager. In response, Mr. Wire stated that the amount of the District's total unfunded OPEB liability is approximately \$110 million. He further stated that the amount of the OPEB Trust is projected to reach the range of \$30-50 million in ten years time, and that based on that amount, PFM's asset manager and trading fees would total approximately \$200,000 to \$300,000 per year.
 - He inquired as to who would make investment decisions for the OPEB Trust. In response, Mr. Wire stated that PFM would be the asset manager and that a retirement board, which would be comprised of the full Board of Directors or some subset of the Board of Directors or their designees would then set up the overall investment guidelines for the OPEB Trust.

- He inquired as to whether the District could easily terminate the agreement with PFM if CalPERS becomes available to manage the District's OPEB Trust. In response, Mr. Wire stated that the agreement will include a termination clause that will allow the District to terminate the agreement if it so chooses.
- Director Middlebrook suggested that staff provide information regarding the future possibility of having the California Public Employees' Retirement System (CalPERS) manage District's OPEB Trust to the members of the Board of Directors who were not present at the April 12, 2007 meeting of the Finance-Auditing Committee. In response, Mr. Wire stated that CalPERS has begun to move into the OPEB Trust management business, and that there is a future possibility that CalPERS would be available, at a significantly reduced cost, to manage the District's OPEB Trust. He noted that at this time, some agencies are eligible to participate in CalPERS' OPEB Trust, but what the District understands is that it would take legislative approval for the District to participate.
- Director McGoldrick commented that when the OPEB Trust investment guidelines are developed, that the Board should consider banning investment in companies that do business in Sudan because of the Darfur genocide.
- Director Newhouse Segal inquired as to whether the possibility of the District participating in CalPERS' OPEB Trust would occur before the next action regarding the OPEB Trust is brought before the Board of Directors. In response, Mr. Wire stated that it would be unlikely that CalPERS would receive the legislative approval before the July or August 2007, when it is anticipated that the Board of Directors will consider the action to establish the District's OPEB Trust.

b. Directors STROEH/EDDIE

Resolution No. 2007-030 authorizes the execution of a Professional Services Agreement with PFM Asset Management LLC, Philadelphia, PA, in an amount not to exceed \$24,000 for Phase I, for Trust Administrator and Investment Advisor services relative to Request for Proposals (RFP) 2007-D-7, *Trust and Investment Management Services for GASB 45 (OPEB) Trust*; with the understanding that requisite funds are available in the FY 06/07 District Division Operating Budget.

Adopted

- AYES (15):** Directors Brown, Cochran, Dufty, Eddie, Hernández, Martini, McGlashan, Middlebrook, Newhouse Segal, Pahre, Reilly and Stroeh; Second Vice President Ammiano; First Vice President Boro; President Moylan
- NOES (3):** Directors Kerns, McGoldrick and Sandoval
- ABSENT (1):** Director Grosboll

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CLOSED SESSION

12. Attorney's Report

Attorney David Miller, at the request of President Moylan, stated that the Board of Directors would convene in closed session to discuss a matter of pending workers' compensation litigation listed on the agenda as Item No. 6.B.1.a., *Kamalesh Singh, Lissette Singh, husband and wife, vs. the Golden Gate Bridge, Highway and Transportation District (District), et al.*

After closed session, President Moylan called the meeting to order in open session with a quorum present. Attorney Miller reported that the Board of Directors met in closed session, as permitted by the Brown Act, to hear a report and a recommendation from the Finance-Auditing Committee with regard to the case of *Kamalesh Singh, Lissette Singh, husband and wife, vs. District, et al.* He stated that the Board unanimously provided settlement authority for disposition of this matter.

ADJOURNMENT

- 13.** All business having been concluded, the meeting was adjourned at 10:45 a.m., in the memory of Thomas Donoghue, Jane Johnson, Edith Grossi, Rose Morton, Frank Harrison, Theresa Rosson, Joan Bistrin, Sean Murphy and John Mohn.

Respectfully submitted,

Janet S. Tarantino
Secretary of the District

JST:KBE:kbe

Memorandum

425 Market Street, 26th Floor, San Francisco, CA 94105
Tele: (415) 777-3200, Facsimile: (415) 541-9366

HANSON
BRIDGETT
MARCUS
VLACHOS
RUDY-LLP

TO: Board of Directors
FROM: David J. Miller
DATE: April 16, 2007
RE: **Board Meeting on April 27, 2007**

Amended Claim of Beatriz Crutcher

The District received an amended claim on behalf of Beatriz Crutcher alleging personal injuries in an amount within the unlimited jurisdiction of the Superior Court. The claimant alleges that on December 23, 2006, while she was descending the stairway from the passenger deck to the main deck on the Sausalito ferry after the ferry docked in Sausalito, she was shoved by other passengers trying to comply with the crew's orders to leave the ferry quickly. As a result, she allegedly fell down six or seven stairs onto the main deck. Claimant alleges that she suffered injuries to multiple body parts, including but not limited to her face, neck, teeth and back. It is further alleged that the claimant was unconscious and was not breathing after the fall. The claim has been forwarded to Sterling & Clack.

Recommend denial of the amended claim.

Amended Claim of Robert Crutcher

The District received an amended claim on behalf of Robert Crutcher alleging personal injuries in an amount within the unlimited jurisdiction of the Superior Court. The claimant alleges that on December 23, 2006, while his wife, Beatriz Crutcher, was descending the stairway from the passenger deck to the main deck on the Sausalito ferry after the ferry docked in Sausalito, she was shoved by other passengers trying to comply with the crew's orders to leave the ferry quickly. As a result, she allegedly fell down six or seven stairs onto the main deck, sustaining injuries to multiple body parts, and was unconscious and not breathing after the fall. Robert Crutcher alleges that he witnessed her fall and tried to care for her after she fell. The claimant further alleges that he suffered emotional distress and loss of consortium. The claim has been forwarded to Sterling & Clack.

Recommend denial of the amended claim.

Claim of Ernie Rizutti

The District received a claim on behalf of Ernie Rizutti alleging property damage in the amount of \$3,900.00. Claimant alleges that on January 15, 2007, a District bus struck the left side of the front bumper of his vehicle, while his vehicle was stopped at the curb at the corner of Fremont and Market Streets in San Francisco. As a result of the incident the left side of the front bumper of the claimant's vehicle was allegedly torn off. The claim has been forwarded to John Glenn Adjusters.

Recommend denial of the claim.

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Claim of Sonia Sato

The District has received a claim on behalf of Sonia Sato alleging property damage in the amount of \$422.24. The claim arises from an incident that allegedly occurred on December 19, 2006. Claimant alleges that the rear end of a Route 24 District bus hit the passenger side rear view mirror of her vehicle as she was traveling Northbound on Highway 101, north of the Golden Gate Bridge. Claimant alleges that the passenger side rear view mirror of her vehicle was damaged as a result. The claim has been forwarded to John Glenn Adjusters.

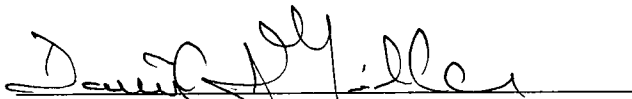
Recommend denial of the claim.

Claim of Frank McMurry

The District has received a claim on behalf of Frank McMurry alleging personal injuries in an amount within the unlimited jurisdiction of the Superior Court. Claimant alleges that he sustained these injuries in the course of his employment by the District aboard the vessel M/V Sonoma. On September 24, 2006, claimant allegedly sustained injuries to his right heel and received other additional injuries when he was tripped by a spring line that was affixed to the dock at Berth Three at the Larkspur Ferry Terminal. Claimant alleges that as he was attempting to secure the ferry, the ferry moved astern and took up the slack on the after-leading spring line and the line struck the claimant on his right heel. As a result of the incident, the claimant allegedly sustained injury to his body and shock and injury to his nervous system. Claimant further contends that he suffered loss of past and future income, including loss of earning capacity and lost wages and fringe benefits, pension benefits, health and welfare benefits, and other benefits, including disability benefits, medical expenses to treat and cure his medical condition incurred as a result of his injuries, and the payment of benefits pursuant to the maritime doctrine of maintenance and cure under the law and the union agreement between the District and the Inland Boatman's Union. The claim has been forwarded to Sterling & Clack.

Recommend denial of the claim.

Respectfully submitted,


DAVID J. MILLER

DJM:aer