



March 2, 2007

**BOARD OF DIRECTORS MEETING**  
**FRIDAY, MARCH 9, 2007**

**5. CONSENT CALENDAR:**

- A.** Approve the Minutes of the Following Meetings:
1. Finance-Auditing Committee/Committee of the Whole of February 22, 2007;
  2. Governmental Affairs and Public Information Committee/Committee of the Whole of February 23, 2007; and,
  3. Regular Meeting of the Board of Directors of February 23, 2007.

**Motion**

**B. Attorney's Report**  
**Denial of Claims**

1. None

**C. Meeting of the Finance-Auditing Committee/Committee of the Whole**  
**February 22, 2007**  
**Chair J. Dietrich Stroeh**

1. Ratification of Actions by the Auditor-Controller
  - a. Ratify Commitments and/or Disbursements
  - b. Ratify Previous Investments
  - c. Authorize Investments
  - d. Investment Report, January 2007

**Resolution**

Attachments



February 22, 2007  
(For Board: February 23, 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, February 22, 2007, at 10:00 a.m., Chair Stroeh presiding.

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

**Committee Members Absent (1):** Vice Chair Pahre

**Other Directors Present (1):** Director Hernández

**Staff Present:** General Manager Celia G. Kupersmith; District Engineer Denis 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; Deputy General Manager/Administration and Development Teri W. Mantony; Public Affairs Director Mary C. Currie; Director of Risk Management and Safety William R. Stafford; Deputy District Engineer Ewa Z. Bauer; Workers' Compensation Specialist Mary Regan, Executive Assistant to the General Manager Amorette Ko; Assistant Clerk of the Board Karen B. Engbretson

**Visitors Present:** Nancy Jones, Public Financial Management; Arthur A. Goepf, III, and Scott H. Lamb, Marsh Risk and Insurance Services

### **1. Ratify Actions by the Auditor-Controller**

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

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At the meeting, Nancy Jones described the latest economic news and current interest rates for the District's portfolio. Ms. Jones stated that the economy grew faster in the fourth quarter of 2006 than economists had expected and that the expectation for 2007 is that the economy is going to grow at a 3% rate. She distributed a handout to the Committee regarding Federal Funds Futures forecasts and historical interest rate conditions. She noted the disparity between forecasts made by leading Wall Street economists in December 2006 and forecasts made by those same economists in January 2007 regarding the Federal Reserve Bank's benchmark interest rate for the fourth quarter of 2007. She stated that this type of economic prediction is an imprecise science, noting the wide variation in the predictions of the 67 leading economists who were asked about the benchmark interest rate.

Ms. Jones reported that Federal Reserve Bank Open Market Committee Chairman Bernanke has stated that he is concerned about inflation and has no intention of lowering interest rates in the near term, but that the majority of leading Wall Street economists believe that Federal Reserve Bank will lower interest rates at some point in 2007. She noted that the economists base their predictions on historic interest rate conditions, as shown on page 4 of her handout. She explained the economic phenomenon of the inverted yield curve, in which long-term rates are lower than short-term rates. She further noted that in 2000, the last time the yield curve was inverted, interest rates fell significantly in 2001 and 2002. Based on the similarity of the yield curve in 2006, investors believe that it is more prudent now to invest in longer-term securities. She remarked that the District's Portfolio Manager is closely watching investor behavior in the market and is continuing to extend the District's Portfolio into longer-term securities.

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 the following actions by the Auditor-Controller:

- a. Ratify commitments and/or expenditures for the period for the period January 1, 2007, through January 31, 2007, totaling \$63,766.00;
- b. Ratify investments made by the Auditor-Controller during the period January 16, 2007, through February 12, 2007, as follows;

<b>SECURITY</b>	<b>PURCHASE DATE</b>	<b>MATURITY DATE</b>	<b>ORIGINAL COST</b>	<b>PERCENT YIELD</b>
HSBC Commercial Paper	01/16/07	02/28/07	7,813,692.44	5.28
GECC Global Notes	01/29/07	02/01/11	4,996,750.00	5.22
Toyota Motor Credit Corp Commercial Paper	01/31/07	03/01/07	6,531,260.89	5.25
Dexia Delaware, LLC Commercial Paper	02/07/07	03/01/07	5,849,173.50	5.27
FHLMC Notes (Callable)	02/12/07	01/09/12	4,988,850.00	5.42

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- c. Authorize the Auditor-Controller to re-invest, within the established policy of the Board, investments maturing between February 12, 2007, and March 12, 2007, as well as the investment of all other funds not required to cover expenditures that may become available; and,
- d. Accept the Investment Report for January 2007 prepared by Public Financial Management.

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

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

**2.a. Approve Actions Relative to the Filing of a Grant Application with the U.S. Department of Homeland Security for FY 05/06**

In a memorandum to Committee, Capital and Grant Programs Manager Gayle S. Prior, Auditor-Controller Joseph Wire and General Manager Celia Kupersmith reported on staff's recommendation to approve actions relative to the filing of an application for the FY 05/06 Transit Security Grant Program administered by the U.S. Department of Homeland Security (DHS). The report stated that in July 2006, the District filed an application with the DHS for FY 05/06 Transit Security Grant Program (TSGP) funds in the amount of \$728,000 to support implementation of the following new transit security capital projects:

- 1) Ferry Security Shelter and Additional Surveillance Equipment for the Sausalito Ferry Landing (\$325,000);
- 2) Ferry Joint Security Training/Exercise (\$150,000); and,
- 3) Bus Perimeter Security and Surveillance Equipment for the San Rafael, Novato, Santa Rosa and San Francisco Bus Yards and the San Rafael Transit Center (\$253,000).

The report also stated that the Governor's Office of Homeland Security (OHS) has been designated as the State's administrative agency and is responsible for administering the TSGP funds for the State of California on behalf of the DHS. The report noted that OHS requires project applicants to adopt a resolution appointing individuals or positions to act on behalf of the applicant and its governing body, and to provide related certifications and assurances for TSGP grant applications. The report further stated that staff recommends approving the actions necessary to secure TSGP funds to support the security capital projects. A copy of the staff 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 COCHRAN/MIDDLEBROOK** to forward the following recommendation to the Board of Directors for its consideration:

**RECOMMENDATION**

The Finance-Auditing Committee recommends the Board of Directors authorize the General Manager or her designee to execute any necessary actions, including related certifications and assurances, relative to the filing of a grant application with the U.S. Department of Homeland Security, for FY 05/06 Transit Security Grant Program funds, in the amount of \$728,000, to support transit security capital projects.

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

**AYES (8):** Chair Stroeh; Directors Boro, Cochran, Grosboll, Eddie, Middlebrook and Reilly; President Moylan (Ex Officio)

**NOES (0):** None

**ABSENT (1):** Vice Chair Pahre

**2.b. Authorize Filing Grant Applications with the Federal Transit Administration for FY 06/07 Section 5307 and Section 5309 Funds to Support Various Capital Projects**

In a memorandum to Committee, Capital and Grant Programs Manager Gayle S. Prior, Auditor-Controller Joseph Wire and General Manager Celia Kupersmith reported on staff's recommendation for approval to file Section 5307 and Section 5309 grant applications with the Federal Transit Administration (FTA) for FY 06/07 federal capital assistance funds. The report stated that the Metropolitan Transportation Commission (MTC) has programmed \$17,876,001 in FY 06/07 to support implementation of ten District transit capital projects. The report also stated that these grant funds are earmarked through the Section 5307 Federal Urbanized Area Formula Program, the Section 5309 Federal Capital Program, the Surface Transportation Program and the Federal Congestion Mitigation and Air Quality Improvement Program. The report stated that these grant funds require a District local match of \$4,984,194.

The grant funds will be used for the following transit capital projects, all of which are included in the District's 10-Year Capital Plan:

1. Replacement Buses;
2. Bus Radio/Communications System Replacement;
3. Management Information System;
4. Replacement of 14 Paratransit Vans;
5. Preventative Maintenance;
6. Transit Security
7. Facilities Rehabilitation
8. Ferry Channel and Berth Dredging
9. Ferry Fixed Guideway Connectors; and,
10. San Francisco Ferry Terminal Rehabilitation.

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As background, the report noted that MTC, in partnership with Bay Area county congestion management agencies and local transit operators, has developed a multi-modal approach to programming the above-described federal grant funds to high-priority transit, bicycle, pedestrian and roadway projects. Once these funds are programmed by MTC, individual transit agencies must secure the funds through a grant application process and by execution of a grant funding agreement with the FTA. The report further stated that staff recommends approval to submit the District's FY 06/07 Section 5307 and Section 5309 grant applications to the FTA to secure these federal capital funds in the amount of \$17,876,001. A copy of the report is available in Office the District Secretary and on the District's web site.

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 Finance-Auditing Committee recommends that the Board of Directors authorize the General Manager or her designee to file grant applications for FY 06/07 Section 5307 Federal Urbanized Area Formula Program funds, and Section 5309 Federal Capital Program, Surface Transportation Program and the Federal Congestion Mitigation and Air Quality Improvement Program funds, with the Federal Transit Administration, to support various capital projects.

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

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

**3. Approve Renewal of the Marine Insurance Program**

In a memorandum to Committee, Director of Risk Management and Safety William Stafford, Deputy General Manager/Administration and Development Teri Mantony, Auditor-Controller Joseph Wire and General Manager Celia Kupersmith reported on the annual renewal of the Marine Insurance Program, which renews on February 28, 2007.

The report stated that the Marine Insurance Program is comprised of Hull and Machinery/Protection and Indemnity Insurance, Vessel Pollution Insurance and Excess Marine Liability Insurance (including Terminal Operator's Legal Liability and Excess Protection and Indemnity insurance), as well as the TRIA endorsements for the five layers of Excess Marine Liability insurance. The report stated that the Marine Insurance Program provides coverage in amounts equal to the approximate replacement costs of the ferry vessels, with primary Protection & Indemnity limits of \$1 million. The current limit of liability for the Excess Protection and Indemnity Insurance and Marine Liability Insurance is \$100 million.

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The report described the current market conditions in the Marine Insurance class of insurance, noting that the market is becoming more competitive, particularly for accounts with a favorable loss history, such as the Ferry Division. This new competition in the marine insurance marketplace has resulted in quotes with significant premium reductions. In order to take advantage of these favorable market conditions, the District's Insurance Advisor, Marsh Risk and Insurance Services (Marsh), was directed to seek quotes from the incumbent carriers, as well from certain alternative markets. In addition, Marsh was directed to seek quotes for an option with an annual aggregate deductible of \$150,000, in addition to the current \$350,000 annual aggregate deductible.

The report also stated that the District continues to reduce its loss experience in the Ferry Division due to actively controlling hazards and mitigating areas of potential risk. The report noted that the number and severity of hull and machinery damage claims, as well as the amounts paid for crew injuries, has been dramatically reduced.

The report also included a letter from the District's Insurance Advisor, Marsh, dated February 13, 2007, which provided Marsh's recommendations for renewal of the Marine Insurance Program, and also included exhibits that provided the schedule of insured vessels and values for 2007, the renewal recommended program, the five-year loss history and a comparison of 2007 renewal options. The report noted that the recommended renewal options include terrorism exclusions, and that the District must purchase separate terrorism insurance endorsements offered in accordance with the Terrorism Risk Insurance Act (TRIA).

Staff is recommending that the District renew the Hull and Machinery/Protection and Indemnity Insurance with St. Paul/Travelers, renew the Excess Marine Liability Program with Starr Marine and various underwriters, renew the Vessel Pollution Liability policy with Great American Insurance Co. and approve TRIA endorsements for the above policies, for a total premium of \$372,679 for the Marine Insurance Program. A copy of the report is available in Office the District Secretary and on the District's web site.

At the meeting, William Stafford summarized the staff report and introduced Scott Lamb, Marine Insurance Advisor at Marsh, to the Committee. Mr. Stafford noted that this year's renewal of the Marine Insurance Program represented an overall decrease of 26% over the 2006 premium.

Discussion ensued, including the following:

- Director Grosboll made the following inquiries and comments:
  - He inquired as to the types of claims that would be covered by the Hull and Machinery Protection and Indemnity Insurance policy. In response, Mr. Stafford stated that there are three categories of claims: 1) hull claims; 2) passenger claims; and, 3) crew claims.
  - He inquired as to whether or not there had been any claims under the Hull and Machinery Protection and Indemnity Insurance policy, and whether or not there had been any claims above the deductible level. In response, Mr. Stafford stated that the District has not had any claims in amounts between the suggested new deductible of \$150,000 and the current deductible of \$350,000.

- He inquired as to why Marsh recommends remaining at the current deductible of \$350,000. In response, Scott Lamb stated that the marine insurance underwriters would not provide quotes with competitive pricing at the lower deductible of \$150,000, based on the District's loss experience over the past three to four years. Therefore, he recommended that it would be in District's best interest to stay at the current deductible of \$350,000 for the 2007 renewal to take advantage of the lower premium, and then revisit the lower deductible option for the 2008 renewal.
- He inquired as to what is covered by the TRIA insurance. In response, Mr. Lamb explained that with respect to the Marine Insurance Program, the TRIA insurance covers damages to vessels or vessel operations resulting from any act that has been declared a terrorist act by the United States government.
- He inquired as to how the Hull and Machinery Protection and Indemnity Insurance policy would respond if one of the District's ferry vessels collided with another vessel. In response, Mr. Lamb stated that while there have been no such claims in several years, in the event of such an occurrence, the Excess Marine Liability policy would cover damages up to \$100 million.

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 approve actions relative to the renewal of the Marine Insurance Program, as follows:

- a. Renew the Hull and Machinery/Protection and Indemnity Insurance policy with St. Paul/Travelers, with an annual aggregate deductible of \$350,000 and a limit of liability of \$1 million, including Terrorism Risk Insurance Act (TRIA) endorsements, at a premium of \$255,000, for a one-year term, effective February 28, 2007;
- b. Renew the Excess Marine Liability policy (including Terminal Operator's Legal Liability and Excess Protection and Indemnity insurance), with Starr Marine, New York Marine and General Insurance Company, ACE/CNA, Houston Casualty, St. Paul/Travelers and Fireman's Fund Insurance Company, with a limit of liability of \$100 million, at a premium of \$108,435, for a one-year term, effective February 28, 2007;
- c. Renew the Vessel Pollution Liability policy with Great American Insurance Co., at a premium of \$4,194.75, for a one-year term, effective February 28, 2007; and,
- d. Renew TRIA endorsements for the five layers of Excess Marine Liability insurance (these endorsements cover damages to vessels or vessel operations resulting from any act that has been declared a terrorist act by the United States government), with various underwriters, for a total premium of \$5,050, for a one-year term, effective February 28, 2007;

with the understanding that requisite funds are available in the FY 06/07 Ferry Transit Division Operating budget and that requisite funds will be included in the FY 07/08 Ferry Transit Division Operating budget.

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

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

**4. Overview of Workers' Compensation Program**

Director of Risk Management and Safety William Stafford, Deputy General Manager/Administration and Development Teri Mantony, Auditor-Controller Joseph Wire and General Manager Celia Kupersmith presented a status report on the District's Workers' Compensation Program (Program). The report summarized the costs, claims trends, fiscal impact and strategic issues relevant to the Program.

The report listed the goals of the Program, as follows:

- Reduce injuries by implementing and maintaining effective safety programs;
- Make available the highest quality medical treatment to injured workers;
- Reduce costs by actively managing open claims;
- Return employees to normal or modified duties when authorized by the medical provider;
- Comply with California workers' compensation laws;
- Accommodate within reason employees who may have permanent disability; and,
- Encourage employees to report all injuries, even if the injuries are minor or near misses; and,
- Investigate accidents and injuries thoroughly.

The report stated that since the last report to the Board of Directors on the status of the Program, the District has continued to experience a decrease in claims frequency and costs. The report stated that although workers' compensation reforms enacted by the California State Legislature in 2004 have had some legal challenges during the past two years, the following major reforms are still in effect and continue to have an effect on the Program:

- Capping permanent disability ratings at 100%;
- Apportioning disability between work- related and non-work related causes;
- Establishing objective treatment guidelines; and,
- Empowering employers to form their own medical provider networks.

In 2006, the District executed a professional services agreement with a new workers' compensation program third party administrator, Athens Administrators, Inc. (Athens). The report stated that Athens has provided effective case management and has been responsive to the needs of injured workers.

The report noted that Jones Act claims, which are subject to federal law rather than state law, are another element of the Program. The Jones Act covers injuries to maritime workers, such as the ferry vessel masters and deckhands, who work in the Ferry Transit Division. The Jones Act claims have represented a significant amount of the total payouts under the Program in past years. During the past two years, the claims frequency for Jones Act claims has decreased by 190%, although this percentage is based on a relatively small number of District employees.

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The report noted that the District is self-insured for workers' compensation liability up to \$1 million, and that the District's liability insurance policy includes excess workers' compensation insurance for claims above \$1 million, up to a \$10 million limit. As of December 31, 2006, the District's workers' compensation liability reserves totaled \$5,475,389. The report noted that a new law enacted by the California State Legislature in May 2006, governing self-insured entities in California, now requires a third party administrator to update the amount of workers' compensation liability reserves every three months, based on the workers' treatment patterns.

The report provided a list of facts that summarize the Program for FY 05/06 through December 2006, as follows:

- New workers' compensation claims decreased by 20% from 94 claims in FY 04/05 to 78 claims in FY 05/06;
- Medical-only claims increased 12% from FY 04/05 to FY 05/06;
- Open indemnity (lost time) claims decreased 5% from FY 04/05 through December 2006;
- Workers' compensation reserves (future liabilities) have decreased from \$7.9 million in July 2005 to \$5.5 million in December 2006, due to the settling of several large claims and the lower frequency of indemnity claims during the past three years;
- Annual workers' compensation costs have remained virtually unchanged from year to year at approximately \$2.3 million per fiscal year, despite benefit and medical cost increases;
- Bus Operators have had the highest number of claims in comparison with other District work groups;
- The majority of injuries continue to be strains and cumulative trauma injuries, which is to be expected, given that the average age of District employees is close to 50; and,
- The District's Structured Return-to-Work Program had 34 employees participate, for a total of 1,057 day of modified duty and a total savings of \$113,911 during the calendar year 2006.

The report listed current and future opportunities for the Program, actions which the District will pursue in order to further reduce and protect cost savings for the District. These efforts include:

- Development and implementation of customized Medical Provider Network, anticipated in June 2007, which is expected to realize a minimum annual savings of \$40,000.
- Accelerated closure of open indemnity and medical award claims. Currently approximately 20% of the District's claims have been open eight years or more.
- Enhancement and expansion of the Structured Return-to-Work Program, including review of additional job descriptions.
- Improved communication with employees regarding workers' compensation issues.
- Revitalization of the management/employee safety committee and on-going safety training programs.

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- Involvement in equipment purchase including “ergonomic” buses and materials handling equipment that reduce the potential for cumulative trauma injuries and strains.
- Development of training programs for managers and supervisors on workers’ compensation cost savings programs and skills.

A copy of the report is available in the Office of the District Secretary and on the District’s web site.

William Stafford proceeded with the PowerPoint presentation, which included charts and graphs depicting various aspects of the Program, including the number and types of claims over the past several years. Mr. Stafford then provided a brief PowerPoint presentation on Jones Act claims, noting that the Jones Act is separate from state-mandated workers’ compensation laws and covers approximately 60-70 District employees who are employed in the Ferry Transit Division. He displayed charts that showed a significant decrease in the number of open Jones Act claims and the amount of payouts for Jones Act claims since FY 03/04. He noted that Athens has effectively managed the closure of open Jones Act claims, reducing the number of open claims from 53 in FY 05/06 to 11 as of December 31, 2006.

Discussion ensued, including the following:

- Director Boro made the following comments and inquiries:
  - He inquired as to what assumptions regarding workers’ compensation liabilities are used when preparing the budget, in particular, whether the amount of the budgeted liability is reduced based on the actual amount spent on workers’ compensation claims in any given year. In response, Joseph Wire stated that due to the decrease in payouts for workers’ compensation claims over the past few years, staff has not had to accrue additional funds for workers’ compensation liabilities through the budget process. Mr. Wire further explained that each time a workers’ compensation injury occurs, Athens determines the appropriate liability amount for that injury, and then the Program liability reserve is updated accordingly. Those accounts are reviewed quarterly. In addition, every two years, the District undertakes an actuarial study regarding the Program, in which an Actuary determines the amount of the projected future liability for current cases and injuries not yet reported. The District’s total liability reserve is set to the amount determined by the Actuary.
  - He suggested implementing a monetary or compensatory time off reward program that would provide recognition to either work groups or individual employees for having no injuries on the job. In response, Mr. Stafford stated the District recently discussed such a program at the February 21, 2007, meeting of the Joint Health and Safety Committee.
  - He inquired as to whether District line managers are held accountable for employee accidents and injuries. In response, Mr. Stafford described a recent serious accident that had occurred on the Golden Gate Bridge structure involving one of the Bridge Division employees. Mr. Stafford

noted that he had undertaken a thorough accident investigation involving everyone in the chain of command in the employee's work group, including the employee's union steward. He further stated that the unsafe behavior leading to the accident had been corrected immediately and that a safety alert had been posted.

- Director Reilly inquired as to whether or not the significant decrease in workers' compensation claims between 2001 and 2006 was attributable to the legislated workers' compensation reform. In response, Mr. Stafford noted that the reforms have not had an effect on discouraging the filing of claims, and that the District vigorously encourages the filing of claims. He further explained that the reform focused more on workers' compensation medical treatment, apportioning disability ratings and limiting the role of defense attorneys and chiropractors.
- In response to Director Reilly's question, Celia Kupersmith elaborated on staff's efforts over the past five years to control Program costs, noting that in 2001, such costs represented 3% of the total District budget. She described the gradual change in District culture in the past few years, stating that District employees have been educated to understand that since the District is self-insured, workers' compensation costs are paid out of the District's reserves, rather than being paid by an outside insurance company. She stated that the District is now seeing results from new systems put in place, such as more management attention to workplace injuries and ergonomic improvements to work stations and bus seats. In conclusion, she stated that a combination of efforts has resulted in a positive trend for the District with respect to the Program.
- Director Grosboll made the following inquiries:
  - He inquired as to what type of injury represents the majority of permanent disability claims. In response, Mr. Stafford stated that most claims result from injuries involving backs, knees, elbows and shoulders. He noted that staff has also been taking a proactive stance to prevent hearing loss injuries, by testing workers who may be at risk for hearing loss.
  - He inquired as to whether any of the Labor Coalition groups had expressed concerns that the District discourages the filing of claims. In response, Ms. Kupersmith stated that on the contrary, there is actually a sense of appreciation from the workforce regarding the ergonomic improvements that staff has put into place, because these efforts have improved employees' quality of life in many instances.
- Director Middlebrook noted that Mr. Stafford's position did not exist two years ago, and that much of the success of the Program in recent years can be attributable to his excellent efforts. Mr. Stafford thanked the Board and acknowledged the valuable contributions of Mary Regan, the District's Workers' Compensation Specialist, who has also helped make the Program a success. He also acknowledged that many of the Program initiatives were underway when he arrived.

**Action by the Board – None Required**

**5. Review of Golden Gate Bridge Traffic/Tolls and Bus and Ferry Transit Patronage/Fares for Seven Months Ending January 31, 2007**

In a memorandum to Committee, Auditor-Controller Joseph Wire and General Manager Celia Kupersmith provided a schedule comparing categories of Bridge traffic for seven months ending January 31, 2007. 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 Financial Statements for Seven Months Ending January 31, 2007**

**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 Seven Months Ending January 31, 2007*. 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, Auditor-Controller Joseph Wire and General Manager Celia Kupersmith provided a financial statement entitled, *Statement of Capital Programs and Expenditures for Seven Months Ending January 31, 2007*. A copy of the report is available in the Office of the District Secretary and on the District's web site.

**Action by the Board – None Required**

**7. Comments by Committee Members**

Director Boro remarked that he had recently attended a conference in Washington, D.C., and had heard a speech by Bennie G. Thompson (D-MS), the new Chairman of the U.S. House of Representatives Committee on Homeland Security. Director Boro stated that Chairman Thompson and Speaker of the House Nancy Pelosi have highlighted the goal of addressing security weak points in areas such as container ships, airplane cargo and rail lines. He also noted that Chairman Thompson had stated that the Committee intends to change the way federal Department of Homeland Security (DHS) grant funds are allocated, to be based on comparative risk that local communities face rather than based simply on geographic location. He inquired as to whether this change in DHS funding allocation will have a discernable effect on the District.

In response, Ms. Kupersmith stated that relative to DHS funding, the new majority leadership in the U.S. Congress has made it a priority to address the shortfall in transit

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system security funding, which may affect the amount of DHS funding that the District receives for its bus and ferry systems. She noted that the District is trying to relay the message to the U.S. Congress that the Golden Gate Bridge is also a worthy recipient of transit system security funding, since it is a vital link in the Bay Area transportation network. She further stated that the regional approach to distributing DHS funding was not considered successful by the District and that a change to that process would be greatly appreciated in the future.

**8. Public Comment**

There was no public comment.

**9. Adjournment**

All business having been concluded, the meeting was adjourned at 10:50 a.m.

Respectfully submitted,

J. Dietrich Stroeh, Chair  
Finance-Auditing Committee

JDS:JDS:KBE:kbe



February 23, 2007  
(For Board: February 23, 2007)

**REPORT OF THE GOVERNMENTAL AFFAIRS  
AND PUBLIC INFORMATION COMMITTEE/  
COMMITTEE OF THE WHOLE**

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

Honorable Members:

A meeting of the Governmental Affairs and Public Information Committee/Committee of the Whole was held in the Board Room, Administration Building, Toll Plaza, San Francisco, California, on Friday, February 23, 2007, at 9:30 a.m., Chair Boro presiding.

**Committee Members Present (6):** Chair Boro; Vice Chair Martini; Director Cochran, Kerns, Newhouse Segal, and Sandoval; President Moylan (Ex Officio)

**Committee Members Absent (3):** Directors Dufty, McGoldrick and Reilly

**Other Members Present (6):** Directors Eddie, Grosboll, Hernández, Middlebrook, Sandoval and Stroeh

**Committee of the Whole Members Present (12):** Directors Cochran, Eddie, Grosboll, Hernández, Kerns, Martini, Middlebrook, Newhouse Segal, Sandoval and Stroeh; First Vice President Boro; President Moylan

**Committee of the Whole Members Absent (7):** Directors Brown, Dufty, McGlashan, McGoldrick, Pahre and Reilly; Second Vice President Ammiano

**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/Bus Division Susan C. Chiaroni; Deputy General Manager/Ferry Division James P. Swindler; Deputy General Manager/Administration and Development Teri W. Mantony; Public Affairs Director Mary C. Currie; Financial Analyst Sally A. Hinds; Executive Assistant to the General Manager Amorette Ko; Assistant Clerk of the Board Karen B. Engbretson

**Visitors Present:** None

**REPORT OF THE GOVERNMENTAL AFFAIRS AND PUBLIC INFORMATION  
COMMITTEE/COMMITTEE OF THE WHOLE  
FEBRUARY 23, 2007/PAGE 2**

**1.a. Approve Support of Senate Bill No. 124 to Amend the California Vehicle Code Toll Enforcement Policy**

In a memorandum to Committee, Auditor-Controller Joseph Wire and General Manager Celia Kupersmith provided staff's recommendation to approve support of Senate Bill No. 124, which proposes to amend the California Vehicle Code toll enforcement policy to facilitate the collection of tolls from toll evaders with vehicles registered outside of California.

The report stated that under existing law, the registered owner of a vehicle cited for a toll evasion violation bears responsibility for the toll evasion penalty. The existing law defines "registered owner" as a person registered by the California Department of Motor Vehicles as the owner of a vehicle. Senate Bill No. 124 seeks to expand the definition of "registered owner" to include a person registered as the owner of the vehicle by the appropriate agency or authority of another state, the District of Columbia, or a territory or possession of the United States.

The report also stated that the California Toll Operators Committee (CTOC) is made up of the six CTOC agencies that work in partnership to operate toll collection facilities on roadways and bridges in California (Bay Area Toll Authority; Golden Gate Bridge, Highway and Transportation District; Orange County Transportation Authority; San Diego Association of Governments; South Bay Expressway; and, the Transportation Corridor Agencies). Each of the six CTOC agencies is being asked to have its respective Board endorse a resolution in support of Senate Bill No. 124 and transmit a Letter of Support to Senator Denise Ducheny. The report further stated that by expanding the definition of "registered owner," as proposed in Senate Bill No. 124, would improve the ability of California toll agencies to collect violation revenue from residents of other states. It is recommended that the District approve a position of support for Senate Bill No. 124, and send an official letter of support to Senator Ducheny regarding this bill. A copy of the report is available in the Office of the District Secretary and on the District's web site.

At the meeting, Sally Hinds summarized the staff report, noting that there are approximately 1,200 violations monthly on the Golden Gate Bridge by out-of-state vehicles. She stated that passage of Senate Bill No. 124 would provide legislative support for California toll agencies in their efforts to collect revenue from out-of-state violators.

Discussion ensued, including the following:

- President Moylan inquired as to how the District would enforce the collection of out-of-state toll violation revenue. In response, Ms. Hinds stated that enforcement would require agreements with the Department of Motor Vehicles (DMV) of other states in order to obtain registration information. She noted that statistics show that more than half of such violators are residents of only five states; therefore, agreements might be entered into with only select states.

**REPORT OF THE GOVERNMENTAL AFFAIRS AND PUBLIC INFORMATION  
COMMITTEE/COMMITTEE OF THE WHOLE  
FEBRUARY 23, 2007/PAGE 3**

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

**RECOMMENDATION**

The Governmental Affairs and Public Information Committee recommends that the Board of Directors approve support of Senate Bill No. 124 to amend the California Vehicle Code toll enforcement policy to facilitate the collection of tolls from toll evaders with vehicles registered outside the State of California; and, authorizes Staff to transmit a Letter of Support to Senator Denise Ducheny.

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

**AYES (10):** Directors Cochran, Eddie, Hernández, Kerns, Martini, Middlebrook, Sandoval and Stroeh; First Vice President Boro; President Moylan

**NOES (0):** None

**1.b. Status Report on State/Federal Legislation**

General Manager Celia Kupersmith reported on the status of the following federal legislation:

Golden Gate Bridge Moveable Median Barrier Project: Ms. Kupersmith reported that during the week of February 26, 2007, a group of District staff and Board members will travel to Washington, D.C., to meet with members of Congress and articulate the District's need for federal funding for the Moveable Median Barrier project.

Water Resources Development Act/Larkspur Ferry Channel Dredging: Ms. Kupersmith further reported that while in Washington, D.C., the District representatives will also meet with members of Congress involved with the reauthorization of the Water Resources Development Act (WRDA), to continue the District's efforts to have the U.S. Army Corps of Engineers (Corps) take on permanent responsibility for dredging of the Larkspur Ferry Channel.

Discussion ensued, including the following:

- Director Sandoval inquired as to the status of the availability of funding for the Doyle Drive Project from Proposition 1B, *Highway Safety, Traffic Reduction, Air Quality and Port Security Bond Act of 2006*. In response, Ms. Kupersmith stated that Governor Schwarzenegger has sent formal correspondence to the California Transportation Commission to advocate for the inclusion of funding for the Doyle Drive Project and other significant Bay Area congestion-relief projects.

**Action by the Board – None Required**

**REPORT OF THE GOVERNMENTAL AFFAIRS AND PUBLIC INFORMATION  
COMMITTEE/COMMITTEE OF THE WHOLE  
FEBRUARY 23, 2007/PAGE 4**

**2. Authorize Award of Contract No. 2007-D-8, *Printing of Golden Gate Transit System Timetables and Guides*, to Consolidated Printers, Inc.**

In a memorandum to Committee, Marketing and Communications Director Kellee Hopper, Deputy General Manager/Administration and Development Teri Mantony and General Manager Celia Kupersmith reported on staff's recommendation award of Contract No. 2007-D-8, *Printing of Golden Gate Transit System Timetables and Guides*.

The report stated that the Golden Gate Transit system maps, timetables and guides (Transit Guides) have been in continuous publication since 1974 and are published each quarter. The Transit Guides are distributed on buses by drivers, mailed to customers upon request and distributed at various publicly accessible locations, such as public libraries, schools, ferry terminals and key transit hubs.

The report also stated that on January 30, 2007, a sole bid submitted by Consolidated Printers, Inc., for a total bid price of \$169,513, was opened and publicly read for Contract No. 2007-D-8. Staff and the Attorney for the District have reviewed the sole bid and have determined that Consolidated Printers, Inc., has properly submitted all the required documents, and its bid is technically responsive to the specifications. Because there was only a sole bidder, staff conducted a price analysis and has determined that Consolidated Printers, Inc.'s bid price is fair and reasonable.

The report noted that in 2003, in an effort to improve operating efficiencies and reduce expenditures, the District automated production of the Transit Guide and redesigned the Transit Guide to integrate the system map. As a result of these improvements, the contract amount for this year's printing of the Transit Guide is \$120,241 less than the 2002 budgeted printing costs.

Staff recommends that Contract No. 2007-D-8 be awarded to Consolidated Printers, Inc., in the amount of \$169,513, for a one-year term, including four successive one-year options, at an increase not to exceed five percent annually. The DBE Program Administrator has determined that Consolidated Printers, Inc., has complied with the DBE requirements applicable to the contract, but no DBE participation is anticipated during the performance of this project. A copy of the report is available from the Office of the District Secretary and on the District's web site.

At the meeting, Teri Mantony summarized the staff report, noting that bid documents were sent to 38 potential bidders, but that only one bid from the incumbent, Consolidated Printers, Inc., was received by the District.

**REPORT OF THE GOVERNMENTAL AFFAIRS AND PUBLIC INFORMATION  
COMMITTEE/COMMITTEE OF THE WHOLE  
FEBRUARY 23, 2007/PAGE 5**

Discussion ensued, including the following:

- Director Grosboll inquired as to why only one bidder responded to this bid opportunity. In response, Ms. Mantony explained that because the incumbent printer is so familiar with the printing of the District's Transit Guides, it was able to provide very favorable pricing, which apparently could not be matched by any of the other potential bidders.

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

**RECOMMENDATION**

The Governmental Affairs and Public Information Committee recommends that the Board of Directors authorize award of Contract No. 2007-D-8, *Printing of Golden Gate Transit System Timetables and Guides*, to Consolidated Printers, Inc., of Berkeley, CA, in the amount of \$169,513, for a one-year term, with four successive one-year options exercisable by the General Manager or designee; with the understanding that requisite funds (100% District) are available in the FY 06/07 District Division Operating Budget, and with the further understanding that requisite funds (100%) will be included in the FY 07/08 District Division Operating Budget.

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

**AYES (12):** Directors Cochran, Eddie, Grosboll, Hernández, Kerns, Martini, Middlebrook, Newhouse Segal, Sandoval and Stroeh; First Vice President Boro; President Moylan

**NOES (0):** None

**3. Status Report from the Board Appointee on the San Francisco Bay Area Water Transit Authority (WTA)**

Chair Boro, the San Francisco Bay Area Water Transit Authority (WTA) Board Appointee, provided a status report on recent activities of the WTA. The following items were provided to the Committee:

1. Notice of Cancellation for the February 22, 2007, meeting of the WTA Board of Directors;
2. Notice of Cancellation for the February 14, 2007, meeting of the Planning and Development Committee;
3. Notice of Cancellation for the February 13, 2007, meeting of the Administrative/Finance/Legislative Committee;
4. Agenda for the January 25, 2007, meeting of the WTA Board of Directors;
5. Notice of Cancellation for the January 10, 2007, meeting of the Planning and Development Committee;

**REPORT OF THE GOVERNMENTAL AFFAIRS AND PUBLIC INFORMATION  
COMMITTEE/COMMITTEE OF THE WHOLE  
FEBRUARY 23, 2007/PAGE 6**

6. Notice of Cancellation for the January 9, 2007, meeting of the Administrative/Finance/Legislative Committee;
7. Agenda for the December 7, 2006, meeting of the WTA Board of Directors;
8. Minutes of the December 7, 2006, meeting of the WTA Board of Directors;
9. Notice of Cancellation for the November 14, 2006, meeting of the Administrative/Finance/Legislative Committee;
10. Notice of Cancellation for the November 8, 2006, meeting of the Planning and Development Committee;
11. Notice of Cancellation for the November 7, 2006, meeting of the Administrative/Finance/Legislative Committee; and,
12. Minutes of the October 26, 2006, meeting of the WTA Board of Directors.

Copies are available in the Office of the District Secretary and on the District's web site.

Chair Boro stated that the February 22, 2007, meeting of the WTA Board of Directors had been cancelled, but reported on topics discussed at the January 25, 2007, meeting of the WTA Board of Directors. He stated that Chief Executive Officer (CEO) Steve Castleberry provided a report to WTA Board of Directors providing a status report on the new routes and service, along with a schedule for each of the projects. Chair Boro requested that a copy of the WTA CEO's report be distributed to the members of the Board of Directors by the Secretary of the District.

Chair Boro highlighted the following matters of interest in the WTA CEO's report:

- South San Francisco: The Environmental Impact Report (EIR) has been certified under both the California Environmental Quality Act and the National Environmental Protection Act, and the design work on the docking structure at Oyster Point is 30% completed.
- Berkeley: Technical studies and design work are moving forward and the Federal Transit Administration has approved the Notice of Intent.
- New Vessels: A contract has been executed between the WTA and Nichols Brothers Boat Builders, Inc., to build the WTA's first two ferryboats.
- New Offices: The WTA moved their offices to Pier 9, The Embarcadero, in December 2006, and now have office space with docking space for future ferryboats on the San Francisco waterfront.

Discussion ensued, including the following:

- Director Kerns inquired as to the status of the feasibility study for Port Sonoma. In response, Chair Boro stated that feasibility and ridership studies have been completed for Port Sonoma. He noted that the private developer who received the \$20 million federal earmark for a ferry terminal at Port Sonoma must seek a government sponsor in order to be eligible to receive the federal earmark.

**Action by the Board – None Required**

**REPORT OF THE GOVERNMENTAL AFFAIRS AND PUBLIC INFORMATION  
COMMITTEE/COMMITTEE OF THE WHOLE  
FEBRUARY 23, 2007/PAGE 7**

**4. Public Comment**

There was no public comment.

**5. Adjournment**

All business having been concluded, the meeting was declared adjourned at 9:45 a.m.

Respectfully submitted,

Albert J. Boro, Chair  
Governmental Affairs and  
Public Information Committee

AJB:JST:KBE:kbe



04-2007

**GOLDEN GATE BRIDGE, HIGHWAY AND TRANSPORTATION DISTRICT**

**MEMORANDUM OF MINUTES**

**BOARD OF DIRECTORS MEETING**

**FEBRUARY 23, 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, February 23, 2007, at 10:00 a.m., President Moylan presiding.

**ROLL CALL**

**Directors Present (14):** Directors Cochran, Eddie, Grosboll, Hernández, Kerns, Martini, McGoldrick, Middlebrook, Newhouse Segal, Sandoval and Stroeh; Second Vice President Ammiano, First Vice President Boro; President Moylan

**Directors Absent (5):** Directors Brown, Dufty, McGlashan, Pahre and Reilly

**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/Bus Division Susan C. Chiaroni; Deputy General Manager/Ferry Division James P. Swindler; Deputy General Manager/Administration and Development Teri W. Mantony; Public Affairs Director Mary C. Currie; Executive Assistant to the General Manager Amorette Ko; Assistant Clerk of the Board Patsy Whala;

**Visitors Present:** None

**PLEDGE OF ALLEGIANCE**

Director Gerald D. Cochran, led the Board of Directors in the Pledge of Allegiance to the Flag.

**BOARD OF DIRECTORS MEETING  
FEBRUARY 23, 2007/PAGE 2**

**PUBLIC COMMENT**

There was no public comment.

**CONSENT CALENDAR**

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

**AYES (14):** Directors Cochran, Eddie, Grosboll, Hernández, Kerns, Martini, McGoldrick, Middlebrook, Newhouse Segal, Sandoval and Stroeh; Second Vice President Ammiano, First Vice President Boro; President Moylan

**NOES (0):** None

**ABSENT (5):** Directors Brown, Dufty, McGlashan, Pahre and Reilly

**1. Approve the Minutes of the Following Meetings:**

- a. Transportation Committee of February 8, 2007;
- b. Finance-Auditing Committee of February 8, 2007;
- c. Rules, Policy and Industrial Relations Committee of February 9, 2007; and,
- d. Board of Directors of February 9, 2007. **Carried**

**2. Denial of Claims**

- a. Claim of Raphael Martin Fierro **Carried**

**GENERAL MANAGER'S REPORT**

**3. Presentation of Ten-Year Service Award to Director J. Dietrich Stroeh**

President Moylan presented a Ten-Year Service Award to Director J. Dietrich Stroeh and expressed congratulations on behalf of the Board of Directors for his service as a member of the Board of Directors. Director Stroeh stated that he is proud to serve as a member of this prestigious Board and commended staff for their outstanding work.

**4. Presentation of Thirty-Year Service Award to Daniel Brown, Bridge Lieutenant, Bridge Division**

President Moylan presented a Thirty-Year Service Award to Daniel Brown, Lieutenant, Bridge Division, and expressed his congratulations on behalf of the Board of Directors.

**BOARD OF DIRECTORS MEETING  
FEBRUARY 23, 2007/PAGE 3**

**5. Presentation of Twenty-Five-Year Service Award to Thomas Scott, Bridge Painter, Bridge Division**

President Moylan presented a Twenty-Five-Year Service Award to Thomas Scott, Bridge Painter, Bridge Division, and expressed his congratulations on behalf of the Board of Directors.

**ATTORNEY'S REPORT**

6. Attorney 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 matters related to public employee performance evaluations for the Auditor-Controller and the Secretary of the District.

**ENGINEER'S REPORT**

7. District Engineer Denis Mulligan reported that all items contained in the Engineer's Report were informational.

**REPORT OF THE FINANCE-AUDITING COMMITTEE/COMMITTEE OF THE WHOLE MEETING OF FEBRUARY 22, 2007**

**8. Approve Actions Relative to the Filing of a Grant Application with the U.S. Department of Homeland Security for FY 05/06**

**Directors STROEH/KERNS**

**Resolution No. 2007-011** authorizes the General Manager or her designee to execute any necessary actions, including related certifications and assurances, relative to the filing of a grant application with the U.S. Department of Homeland Security, for FY 05/06 Transit Security Grant Program funds, in the amount of \$728,000, to support transit security capital projects.

**Adopted**

**AYES (14):** Directors Cochran, Eddie, Grosboll, Hernández, Kerns, Martini, McGoldrick, Middlebrook, Newhouse Segal, Sandoval and Stroeh; Second Vice President Ammiano, First Vice President Boro; President Moylan

**NOES (0):** None

**ABSENT (5):** Directors Brown, Dufty, McGlashan, Pahre and Reilly

**9. Authorize Filing Grant Applications with the Federal Transit Administration for FY 06/07 Section 5307 and Section 5309 Funds to Support Various Capital Projects**

**Directors STROEH/EDDIE**

**Resolution No. 2007-012** authorizes the General Manager or her designee to file grant applications for FY 06/07 Section 5307 Federal Urbanized Area Formula Program funds, and Section 5309 Federal Capital Program, Surface Transportation Program and the Federal Congestion Mitigation and Air Quality Improvement Program funds, with the Federal Transit Administration, to support various capital projects.

**Adopted**

**AYES (14):** Directors Cochran, Eddie, Grosboll, Hernández, Kerns, Martini, McGoldrick, Middlebrook, Newhouse Segal, Sandoval and Stroeh; Second Vice President Ammiano, First Vice President Boro; President Moylan

**NOES (0):** None

**ABSENT (5):** Directors Brown, Dufty, McGlashan, Pahre and Reilly

**10. Approve Renewal of the Marine Insurance Program**

**Directors STROEH/COCHRAN**

**Resolution No. 2007-013** approves actions relative to the renewal of the Marine Insurance Program, as follows:

- a. Renew the Hull and Machinery/Protection and Indemnity Insurance policy with St. Paul/Travelers, with an annual aggregate deductible of \$350,000 and a limit of liability of \$1 million, including Terrorism Risk Insurance Act (TRIA) endorsements, at a premium of \$255,000, for a one-year term, effective February 28, 2007;
- b. Renew the Excess Marine Liability policy (including Terminal Operator's Legal Liability and Excess Protection and Indemnity insurance), with Starr Marine, New York Marine and General Insurance Company, ACE/CNA, Houston Casualty, St. Paul/Travelers and Fireman's Fund Insurance Company, with a limit of liability of \$100 million, at a premium of \$108,435, for a one-year term, effective February 28, 2007;
- c. Renew the Vessel Pollution Liability policy with Great American Insurance Co., at a premium of \$4,194.75, for a one-year term, effective February 28, 2007; and,
- d. Renew TRIA endorsements for the five layers of Excess Marine Liability insurance (these endorsements cover damages to vessels or vessel operations resulting from any act that has been declared a terrorist act by the United States government), with various underwriters, for a total premium of \$5,050, for a one-year term, effective February 28, 2007;

with the understanding that requisite funds are available in the FY 06/07 Ferry Transit Division Operating Budget and that requisite funds will be included in the FY 07/08 Ferry Transit Division Operating Budget.

**Adopted**

**BOARD OF DIRECTORS MEETING  
FEBRUARY 23, 2007/PAGE 5**

- AYES (14):** Directors Cochran, Eddie, Grosboll, Hernández, Kerns, Martini, McGoldrick, Middlebrook, Newhouse Segal, Sandoval and Stroeh; Second Vice President Ammiano, First Vice President Boro; President Moylan
- NOES (0):** None
- ABSENT (5):** Directors Brown, Dufty, McGlashan, Pahre and Reilly

**REPORT OF THE GOVERNMENTAL AFFAIRS AND PUBLIC INFORMATION  
COMMITTEE/COMMITTEE OF THE WHOLE MEETING OF FEBRUARY 23, 2007**

**11. Approve Support of Senate Bill No. 124 to Amend the California Vehicle Code Toll Enforcement Policy**

**Directors BORO/KERNS**

**Resolution No. 2007-014** approves support of Senate Bill No. 124 to amend the California Vehicle Code toll enforcement policy to facilitate the collection of tolls from toll evaders with vehicles registered outside the State of California; and, authorizes Staff to transmit a Letter of Support to Senator Denise Ducheny.

**Adopted**

- AYES (14):** Directors Cochran, Eddie, Grosboll, Hernández, Kerns, Martini, McGoldrick, Middlebrook, Newhouse Segal, Sandoval and Stroeh; Second Vice President Ammiano, First Vice President Boro; President Moylan
- NOES (0):** None
- ABSENT (5):** Directors Brown, Dufty, McGlashan, Pahre and Reilly

**12. Authorize Award of Contract No. 2007-D-8, *Printing of Golden Gate Transit System Timetables and Guides, to Consolidated Printers, Inc.***

**Directors BORO/STROEH**

**Resolution No. 2007-015** authorizes award of Contract No. 2007-D-8, *Printing of Golden Gate Transit System Timetables and Guides, to Consolidated Printers, Inc.*, of Berkeley, CA, in the amount of \$169,513, for a one-year term, with four successive one-year options exercisable by the General Manager or designee; with the understanding that requisite funds (100% District) are available in the FY 06/07 District Division Operating Budget, and with the further understanding that requisite funds (100%) will be included in the FY 07/08 District Division Operating Budget.

**Adopted**

- AYES (14):** Directors Cochran, Eddie, Grosboll, Hernández, Kerns, Martini, McGoldrick, Middlebrook, Newhouse Segal, Sandoval and Stroeh; Second Vice President Ammiano, First Vice President Boro; President Moylan
- NOES (0):** None
- ABSENT (5):** Directors Brown, Dufty, McGlashan, Pahre and Reilly

**CLOSED SESSION**

**13. 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 matters related to the public employee performance evaluations for the Auditor-Controller and the Secretary of the District, listed on the agenda as Item No. 6.B.

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, and received a report from the Chair of the Advisory Committee for Review of Officers of the District offering the following recommendations as relates to the employment agreements with the Auditor-Controller and the Secretary of the District:

**a. Approve Five-Year Extensions to the Terms of the Employment Agreements for the Auditor-Controller and the Secretary of the District**

**Directors BORO/MARTINI**

**Resolution No. 2007-016** approves five-year extensions to the terms of the employment agreements for the Auditor-Controller and the Secretary of the District, as follows:

1. Approves a five-year extension of the term of the Employment Agreement with Auditor-Controller Joseph M. Wire, commencing January 3, 2007, through January 2, 2012, with the understanding that upon the annual anniversary date of the extended term and provided so long as Mr. Wire remains in the service of the District, approves an allocation in the sum of \$5,000 into the Supplemental Pension Plan, and authorizes Mr. Wire to purchase medical insurance covering himself and his family under the District's medical insurance program in the event his employment relationship with the District ends prior to the time he would otherwise be eligible to receive retiree medical benefits; and,
2. Approves a five-year extension of the term of the Employment Agreement with Secretary of the District Janet S. Tarantino, commencing January 17, 2007 through January 16, 2012, with the understanding that upon the annual anniversary date of the extended term and provided so long as Ms. Tarantino remains in the service of the District, approve an allocation in the sum of \$2,500 into the Supplemental Pension Plan.

**Adopted**

**AYES (14):** Directors Cochran, Eddie, Grosboll, Hernández, Kerns, Martini, McGoldrick, Middlebrook, Newhouse Segal, Sandoval and Stroeh; Second Vice President Ammiano, First Vice President Boro; President Moylan

**NOES (0):** None

**ABSENT (5):** Directors Brown, Dufty, McGlashan, Pahre and Reilly

**BOARD OF DIRECTORS MEETING  
FEBRUARY 23, 2007/PAGE 7**

**ADJOURNMENT**

14. All business having been concluded, the meeting was adjourned at 10:55 a.m., in the memory of Kathleen Maas, Harriett MacIlrath, Naomi Groninga, Genevive Markley and Denis Elward.

Respectfully submitted,

Janet S. Tarantino  
Secretary of the District

JST:PLW:plw

**EXCERPT FROM THE MINUTES OF THE FEBRUARY 22, 2007 FINANCE-AUDITING COMMITTEE MEETING**

**1. Ratify Actions by the Auditor-Controller**

In a memorandum to Committee, Auditor-Controller Joseph Wire and General Manager Celia Kupersmith outlined commitments, disbursements and investments made on behalf of the District. A copy of the staff 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. Ms. Jones stated that the economy grew faster in the fourth quarter of 2006 than economists had expected and that the expectation for 2007 is that the economy is going to grow at a 3% rate. She distributed a handout to the Committee regarding Federal Funds Futures forecasts and historical interest rate conditions. She noted the disparity between forecasts made by leading Wall Street economists in December 2006 and forecasts made by those same economists in January 2007 regarding the Federal Reserve Bank's benchmark interest rate for the fourth quarter of 2007. She stated that this type of economic prediction is an imprecise science, noting the wide variation in the predictions of the 67 leading economists who were asked about the benchmark interest rate.

Ms. Jones reported that Federal Reserve Bank Open Market Committee Chairman Bernanke has stated that he is concerned about inflation and has no intention of lowering interest rates in the near term, but that the majority of leading Wall Street economists believe that Federal Reserve Bank will lower interest rates at some point in 2007. She noted that the economists base their predictions on historic interest rate conditions, as shown on page 4 of her handout. She explained the economic phenomenon of the inverted yield curve, in which long-term rates are lower than short-term rates. She further noted that in 2000, the last time the yield curve was inverted, interest rates fell significantly in 2001 and 2002. Based on the similarity of the yield curve in 2006, investors believe that it is more prudent now to invest in longer-term securities. She remarked that the District's Portfolio Manager is closely watching investor behavior in the market and is continuing to extend the District's Portfolio into longer-term securities.

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 the following actions by the Auditor-Controller:

- a. Ratify commitments and/or expenditures for the period for the period January 1, 2007, through January 31, 2007, totaling \$63,766.00;
- b. Ratify investments made by the Auditor-Controller during the period January 16, 2007, through February 12, 2007, as follows;

**EXCERPT FROM THE MINUTES OF THE FEBRUARY 22, 2007 FINANCE-  
AUDITING COMMITTEE MEETING**  
**PAGE 2**

<b>SECURITY</b>	<b>PURCHASE DATE</b>	<b>MATURITY DATE</b>	<b>ORIGINAL COST</b>	<b>PERCENT YIELD</b>
HSBC Commercial Paper	01/16/07	02/28/07	7,813,692.44	5.28
GECC Global Notes	01/29/07	02/01/11	4,996,750.00	5.22
Toyota Motor Credit Corp Commercial Paper	01/31/07	03/01/07	6,531,260.89	5.25
Dexia Delaware, LLC Commercial Paper	02/07/07	03/01/07	5,849,173.50	5.27
FHLMC Notes (Callable)	02/12/07	01/09/12	4,988,850.00	5.42

- c. Authorize the Auditor-Controller to re-invest, within the established policy of the Board, investments maturing between February 12, 2007, and March 12, 2007, as well as the investment of all other funds not required to cover expenditures that may become available; and,
- d. Accept the Investment Report for January 2007 prepared by Public Financial Management.

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

**AYES (6):** Chair Stroeh; Directors Boro, Cochran, Eddie and Middlebrook;  
President Moylan (Ex Officio)

**NOES (0):** None

**ABSENT (3):** Vice Chair Pahre; Directors Grosboll and Reilly