

**AUDIT OVERSIGHT COMMITTEE MEETING FOR THE
METROPOLITAN TRANSIT SYSTEM (MTS),
SAN DIEGO TRANSIT CORPORATION (SDTC),
AND SAN DIEGO TROLLEY, INC. (SDTI)**

November 6, 2008

MTS
1255 Imperial Avenue, Suite 1000, San Diego

MINUTES

A. ROLL CALL

1. Chairman Ewin called the meeting to order at 11:00 a.m. A roll call sheet listing Audit Oversight Committee member attendance is attached.

2. **APPROVAL OF MINUTES**

Mr. Monroe moved approval of the minutes of the October 23, 2008, Audit Oversight Committee meeting. Ms. Atkins seconded the motion, and the vote was 7 to 0 in favor.

B. AUDIT OVERSIGHT COMMITTEE DISCUSSION ITEMS

1. **MTS: Draft Fiscal Year 2008 Comprehensive Annual Financial Report** (ADM 110.12)

Ms. Linda Musengo, Finance Manager, presented a handout and provided an overview of the changes made to the Comprehensive Annual Financial Report (CAFR) since it was last presented to the Committee. She reviewed the specific changes that were made to the Introductory Section. Ms. Musengo was advised that the organization chart required updating, and it was agreed that she would consult with Mr. Paul Jablonski, CEO, regarding the needed changes.

Ms. Musengo then reviewed the specific changes that were made to the Management Discussion and Analysis section, which included the addition of a column for 2006 figures for comparative purposes. She also reviewed the specific changes that were made to the Basic Financial Statements section, which included adding a noncash disclosure to the Statement of Cash Flows to reflect the fair market value of U. S. Treasury Separate Trading of Registered Interest and Principal of Securities (STRIPS). She stated that this has no financial impact on MTS because these bonds will be held by MTS to maturity.

Ms. Musengo then reviewed the specific changes that were made to the Notes to Financial Statements section. It was agreed that Note No. 2 on page A-54 of this section be reworded to clarify that "fare" revenue is one of the elements that will offset reduced TDA funding. Ms. Musengo then reviewed the Supplementary Information section.

Mr. Rindone noted that Ms. Rosalie Zarate is listed on page A-12 on the Board of Directors list and pointed out that National City has not been sending a representative to meetings for some time. Mr. Emery pointed out that they have a seat on the Board and retain the option to use it; therefore, it should be shown on the list. It was agreed that Audit Oversight Committee members should not be listed on page A-6 where the establishment of the Committee is noted.

In response to a question from Mr. Mathis, Ms. Musengo reported that there is one attorney letter outstanding. She further reported that only one change was made as a result of the information contained in attorney letters that have been submitted to MTS. Ms. Tiffany Lorenzen, General Counsel, reported that the one remaining attorney has been notified that their letter must be received by November 6, 2008, or they will be removed from MTS's approved list of attorneys. Chairman Ewin stated that this provision should be included in each attorney contract MTS enters into.

Chairman Ewin requested that Ms. Musengo provide him with updates of schedules.

Action Taken

Mr. Monroe moved to receive the Draft Fiscal Year 2008 Comprehensive Annual Financial Report and forward it to the Board of Directors. Ms. Atkins seconded the motion, and the vote was 7 to 0 in favor.

C. COMMITTEE MEMBER COMMUNICATIONS AND OTHER BUSINESS

There were no Committee communications.

D. PUBLIC COMMENTS

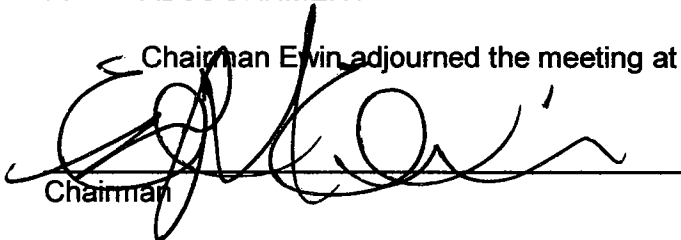
There were no public comments.

E. NEXT MEETING DATE:

The next meeting will be held as needed.

F. ADJOURNMENT

Chairman Ewin adjourned the meeting at 11:25 a.m.



Chairman

Attachment: A. Roll Call Sheet
gail.williams/minutes

**AUDIT OVERSIGHT COMMITTEE
METROPOLITAN TRANSIT SYSTEM**

ROLL CALL

MEETING OF (DATE) 11/06/08

CALL TO ORDER (TIME) 11:00 a.m.

RECESS _____

RECONVENE _____

CLOSED SESSION _____

RECONVENE _____

ADJOURN 11:25 a.m.

BOARD MEMBER	(Alternate)	PRESENT (TIME ARRIVED)	ABSENT (TIME LEFT)
ATKINS	<input checked="" type="checkbox"/> (Young) <input type="checkbox"/>		
EMERY	<input checked="" type="checkbox"/> (Cafagna) <input type="checkbox"/>		
EWIN	<input checked="" type="checkbox"/> (Clabby) <input type="checkbox"/>		
MATHIS	<input checked="" type="checkbox"/>		
MONROE	<input checked="" type="checkbox"/> (McLean) <input type="checkbox"/>		
RINDONE	<input checked="" type="checkbox"/> (Emery) <input type="checkbox"/>		
ROBERTS	<input checked="" type="checkbox"/> (Cox) <input type="checkbox"/>		

SIGNED BY OFFICE OF THE CLERK OF THE BOARD

Gail Williams

CONFIRMED BY OFFICE OF THE GENERAL COUNSEL:

Jeffery