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U.S. Department of Housing
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City and County of San Francisco

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Executive Director

Ann Flemer
Deputy Executive Director, Policy

Andrew B. Fremier
Deputy Executive Director, Operations

ADMINISTRATION COMMITTEE

January 11, 2012
MINUTES

Attendance

Chair Cortese called the meeting to order at approximately 9:50 a.m. Committee members present were: Committee Vice Chair Wiener, Commissioners Bates, Campos, Dodd, Glover, and Kinsey. Commissioner Tissier was present as an Ex-Officio voting member. Other Commissioners present as ad hoc members of the Committee were: Giacopini, Green, Haggerty, Mackenzie and Spering.

Item 2: Consent Calendar: Upon the motion of Commissioner Campos and second by Commissioner Dodd, the following items on the Consent Calendar were approved unanimously.

Item 2a: Minutes

The Committee received and approved as written the meeting minutes of December 14, 2011.

Item 2b: Monthly Financial Statements

The Committee received the following monthly financial reports for the month of November: Report of Operating Income for FY 2011-12 as of November 2011; Report of Operating Expenditures for FY 2011-12 as of November 2011; Report of Capital Projects for FY 2011-12 as of November 2011; Report of Clipper[®] Enterprise Projects as of November 2011; FY 2011-12 Contract Services Disbursement Report for November 2011. For the month of November 2011, the monthly financial report listed five (5) purchase orders executed by the Executive Director between \$2,500 and \$55,000.

The Committee also received a comparison of the budget vs. actual plus encumbrance salaries and benefits through November 2011.

Item 2c: Investment Report

The Committee received the Investment Report for the month of November 2011.

Item 2d: Contract Amendment – StreetSaver® Training and Guidance Services: Nichols Consulting Engineers, Chtd

The Committee authorized the Executive Director or his designee to negotiate and enter into a contract amendment with Nichols Consulting Engineers, Chtd. to provide training, seminars and technical guidance for MTC's StreetSaver pavement management software and the Chief Financial Officer was authorized to set aside funds up to \$270,000 for such amendment.

Item 2e: Resolution No. 4047 – Adopting MTC's Annex to the 2010 ABAG Local Hazard Mitigation Plan for the SF Bay Area.

The Committee referred MTC Resolution No. 4047 which adopts MTC's Local Annex to the 2010 Update of the San Francisco Bay Area Local Hazard Mitigation Plan to the Commission for approval.

Item 3: Contract Amendment – Regional Measure 2 Capital Project Monitoring Program – TYLin International:

Shruti Hari, MTC Programming and Allocations, requested the Committee's approval to amend the contract with TYLin International to provide RM2 capital project monitoring services and to extend its term through October 31, 2013 and to add \$792,000 for the two year extension. She advised that staff is also recommending changes to the scope to better suit the contract to the services required in the next two-year period.

Upon the motion by Commissioner Kinsey and second by Commissioner Campos, the Committee authorized the Executive Director or his designee to negotiate and enter into an amendment to extend the current contract with TYLin International for the RM2 Capital Project Monitoring Program services for an additional two years to October 31, 2013, and the Chief Financial Officer was directed to set aside funds of \$396,000 in year three and \$396,000 in year four (subject to FY 2012-13 budget approval) for such contract amendment.

Item 4: Contract: PriceWaterhouseCoopers, LLP

Brian Mayhew, MTC CFO, requested the Committee's approval to select PriceWaterhouseCoppers, LLP (PWC) as the external auditor for MTC, MTC SAFE, BATA, BAIFA, and BAHA for the four fiscal years ending June 30, 2012 through June 30, 2015. He advised that the Request for Qualifications (RFQ) authorizes a four year contract subject to annual review for satisfactory continuing performance, with an option on the part of MTC to extend the contract through two consecutive one-year options for a total of six years.

He advised that an evaluation determined that PWC provided a superior breadth of firm and key staff experience with a variety of complex issues that affect MTC and its operating components. He stated that there is no nationally adopted standard requiring or suggesting that audit firms be rotated for anything other than performance related issues. He further explained that while there are strict Security & Exchange Commission (SEC) rules governing how long individual auditors may serve on private sector clients, there are no governmental standards regarding staff rotation. PWC's internal policy follows the SEC requirements, which limit partner and

Item 4: Contract: PriceWaterhouseCoopers, LLP (continued)

senior manager participation to seven years, regardless of whether the client is public or private sector. In this regard, the evaluation committee, which included Commissioners Kinsey and Rein Worth and four Finance staff, concurred that PWC exceeded the accepted standards for staff rotation.

Commissioner Campos stated that conducting periodic Management Audits is a “best practice” and asked if an MTC performance audit had been conducted and, if so, when and what was the scheduled frequency. Mr. Mayhew responded that the Finance Section does not schedule this type of audit but that a SAS 112 audit had been conducted 3 years ago and would be repeated in approximately 2 years and added that various internal audits were performed routinely in a series of cycles.

Commissioner Kinsey noted that he was impressed during the evaluation process with PWC qualifications.

Upon the motion of Commissioner Kinsey and second by Commissioner Wiener, the Committee authorized the Executive Director or his designated representative to negotiate and enter into a four-year contract with PWC to perform a comprehensive fiscal and compliance audit of MTC, BATA, BAIFA, and MTC SAFE for FY 2010-11 through 2014-15. The Chief Financial Officer was authorized to set aside \$740,516 for the FY 2010-11 audits.

Item 5: Resolution No. 3241, Revised – Reauthorization of MTC Investment Policy

Brian Mayhew, MTC CFO, requested the Committee’s approval to refer MTC Resolution No. 3241, Revised to the Commission for approval. The revised resolution proposes a single change to the adopted policy. Currently, MTC’s Investment Policy requires an “A” or equivalent rating on mutual funds from two nationally recognized rating agencies. However, in the current financial market, mutual funds do not routinely maintain two national ratings, and Mr. Mayhew recommended that the requirement be reduced to an “A” or better rating from a single nationally recognized rating service.

Upon the motion of Commissioner Glover and second by Commissioner Bates, the Committee referred MTC Resolution No. 3241, Revised to the Commission for approval.

Item 6: Other Business/Public Comment/Adjourn

There being no further business or public comment, the meeting was adjourned at approximately 10:05 a.m. The next Committee meeting date will be on February 8, 2012 in the Lawrence D. Dahms Auditorium, 101 Eighth Street, Oakland, CA.