METROPOLITAN TRANSPORTATION COMMISSION

Meeting Transcript

AUDIT COMMITTEE

WEDNESDAY, OCTOBER 22, 2025, 9:00 AM

CHAIR, SUE NOACK: CALLING TO ORDER THE MEETING OF THE MTC AUDIT COMMITTEE THIS MEETING IS WEBCAST ON THE MTC WEB SITE COMMISSIONERS AND MEMBERS OF THE PUBLIC WISHING TO SPEAK SHOULD USE THE RAISED HAND FEATURE OR DIAL STAR NINE AND I WILL CALL UPON THEM AT THE APPROPRIATE TIME TELECONFERENCE ATTENDEES WILL BE CALLED UPON BY THE LAST FOUR DIGITS OF THEIR PHONE NUMBER ITEM ONE ROLL CALL CONFIRM QUORUM.

CLERK, KIMBERLY WARD: NOACK.

CHAIR, SUE NOACK: HERE.

CLERK, KIMBERLY WARD: MOULTON-PETERS? ABE-KOGA IS ABSENT. MILEY IS ABSENT. PAPAN?

GINA PAPAN: HERE.

CLERK, KIMBERLY WARD: QUORUM IS PRESENT.

CHAIR, SUE NOACK: THANK YOU. ITEM TWO FINANCIAL REPORTS AND YEAR END AUDIT RESULTS. REQUEST THAT THE COMMITTEE ACCEPT

AUDITED FINANCIAL REPORTS FOR FISCAL YEAR 2025 AND APPROVE OF THE RETENTION OF THE CROWE LLP AS THE MTC AS THE EXTERNAL AUDIT FIRM FOR FISCAL YEAR 2026. GRACE MARTINEZ AND KATHY LAI, ARE YOU GOING TO PRESENT THE REPORT.

GRACE MARTINEZ: YES. THANK YOU. GOOD MORNING, MEMBERS. IT'S GRACE MARTINEZ DIRECTOR OF ACCOUNTING AND FINANCIAL REPORTING KATHY LAI WITH CROWE WILL GIVE THE REPORT ON HER AUDIT AND THEN I'LL COME BACK TO GIVE A BRIEF REPORT ON THE ACFR.

CHAIR, SUE NOACK: GREAT. WELCOME.

KATHLEEN LAI: THANK YOU. GOOD MORNING. I'M KATHY LAI, AND I'M PARTNER WITH CROWE AND LEAD ENGAGEMENT PARTNER ON MTC AND RELATED ENTITIES. I'LL GIVE STAFF A SECOND TO PULL UP THE PRESENTATION. I'M PLEASED TO PRESENT OUR AUDIT REPORT ON OUR AUDIT OF MTC AND RELATED ENTITIES. OUR REPORT INCLUDES OUR AUDIT RESULTS AND COMMUNICATIONS IN OUR PROFESSIONAL STANDARDS. WE CERTAINLY WELCOME ANY QUESTIONS. THE AGENDA WILL COVER, FIRST OUR AUDIT OBJECTIVES WE ENGAGED TO PERFORM SECOND AUDIT RESULTS THEN REQUIRED COMMUNICATIONS AND PROFESSIONAL STANDARDS. FIRST UP, AUDIT OBJECTIVES. NEXT SLIDE. THE OBJECTIVE OF OUR AUDIT IS TO EXPRESS OPINION ON OUR FINANCIAL STATEMENTS THAT ARE IN ACCORDANCE WITH OUR GENERALLY ACCEPTED ACCOUNTING PRINCIPLES. AND THE AUDITORS ARE REQUIRED TO

CONDUCT THE AUDIT IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS AND FOR MTC. IN ADDITION TO THAT, WE ALSO CONDUCT AUDIT IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS. THOSE STANDARDS REQUIRE THAT WE OBTAIN REASONABLE ASSURANCE ABOUT WHETHER OR NOT THE FINANCIAL STATEMENTS ARE FREE OF MATERIAL MISSTATEMENTS. OUR AUDIT DOES INCLUDE CONSIDERATION OF INTERNAL CONTROLS OVER FINANCIAL REPORTING, BUT WE DON'T EXPRESS OPINION ON EFFECTIVENESS OF INTERNAL CONTROLS. THOSE ARE THE AUDITOR RESPONSIBILITIES. LIKEWISE, IT'S IMPORTANT TO NOTE MANAGEMENT'S RESPONSIBILITIES FOR THE AUDIT. MANAGEMENT IS RESPONSIBLE FOR THE FAIR PRESENTATION AND INTERNAL CONTROLS OVER FINANCIAL STATEMENTS AND GENERAL ACCOUNTING PRINCIPLES. THOSE ARE OUR AUDIT OBJECTIVES. WE'LL GO ON TO HIGHLIGHT THE DIFFERENT MTC REPORTS. ENTITIES SUBJECT TO OUR AUDIT: MTC, THE BAY AREA HEADQUARTERS AUTHORITY, OR BAHA FOR SHORT, THE BAY AREA INFRASTRUCTURE FINANCE AUTHORITY BAIFA, AND THE BAY AREA HOUSING FINANCE AUTHORITY BAHFA AND LAST BUT NOT LEAST NEW THIS YEAR MANAGEMENT ASKED US TO ISSUE SEPARATE STANDALONE FINANCIAL STATEMENTS FOR THE BAY AREA TOLL AUTHORITY WHICH IS HISTORICALLY BEEN INCLUDED IN THE MTC FINANCIAL STATEMENTS. MTC IS A LARGE ENTITY WITH MEMBERSHIP FUNDS COMPONENTS LIKE BAHA I PUT TOGETHER ILLUSTRATION OF THE MTC FUNDS THAT ARE PART OF THE OVERALL MTC AUDIT. SO ON THIS SLIDE HERE, OUR AUDIT OF MTC'S ANNUAL COMPREHENSIVE FINANCIAL REPORT INCLUDES ALL FUNDS THAT ARE LISTED IN THE BLUE BOXES.

THE ACFR IS ORGANIZED REALLY FROM TWO DIFFERENT PERSPECTIVES THE GOVERNMENT WIDE STATEMENTS AS WELL AS FUNDER FINANCIAL STATEMENTS. CONSOLIDATED GOVERNMENT WIDE FINANCIAL STATEMENTS SEGREGATE GOVERNMENTAL ACTIVITIES FROM THE BUSINESS TYPE ACTIVITIES ALSO AT THAT LEVEL WE PRESENT THE DISCRETELY PRESENTED COMPONENT UNITS WHICH IN THIS CASE IS BAHA VULNERABLE FINANCIAL STATEMENTS HERE GOVERNMENTAL FUNDS ON THE LEFT ENTERPRISE FUNDS ON THE RIGHT THEN OTHER NON-MAJOR FUNDS CONSIDERED IN THE AGGREGATE UNDER ACCOUNTING STANDARDS OTHERWISE REFERRED TO AS AGGREGATE REMAINING FUND UNDER FINANCIAL REPORTING ACCOUNTING STANDARDS. ON THE BOTTOM RIGHT OF THE SLIDE INCLUDED A REPORT ICON WHERE CROWE HAS BEEN ENGAGED TO ISSUE SEPARATE STANDALONE REPORTS THIS INCLUDES MTC, BATA, BAIFA, BAHFA AND BAHA. THOSE ENTITIES HAVE A REPORT ICON

CHAIR, SUE NOACK: THAT'S A LOT.

KATHLEEN LAI: I'LL GO ON TO THE AUDIT RESULTS ON THE NEXT SLIDE PLEASED TO REPORT WE HAVE ISSUED UNMODIFIED OPINION ON ALL ENTITY LISTED THERE ESSENTIALLY FINANCIAL STATEMENTS ARE FAIRLY STATED IN ACCORDANCE WITH GENERALLY ACCEPTED PRINCIPLES UNMODIFIED EXCELLENT NEWS HIGHEST LEVEL OF ASSURANCE WE COULD ISSUE IN TERMS OF OUR AUDIT REPORTS GOOD NEWS FOR THE ENTITY THIS YEAR. IN ADDITION TO THE FINANCIAL STATEMENT AUDITS

BECAUSE MTC RECEIVES AN EXPENSE FEDERAL FUNDING GREATER THAN $750,000 MTC IS SUBJECT TO THE UNIFORM GUIDANCE OR FEDERAL GRANT AUDIT WE SELECTED THE HIGHWAY PLANNING AND CONSTRUCTION PROGRAM FOR TESTING. AT THIS STAGE OF THE UNIFORM GUIDANCE AUDIT WE HAVE NOT NOTED ANY FEDERAL FUNDINGS TO REPORT TO YOU TODAY I WANT TO HIGHLIGHT A PECULIAR MATTER THIS YEAR THE FEDERAL GOVERNMENT HAS NOT ISSUED WHAT'S CALLED THE OMB COMPLIANCE SUPPLEMENT WHICH ESSENTIALLY IS THE AUDIT GUIDE THAT AUDITORS TYPICALLY USE FROM YEAR TO YEAR TO CONDUCT THE UNIFORM GUIDANCE THEY'RE DELAYED IN RELEASING THE SUPPLEMENT TYPICALLY IT'S ISSUED IN MARCH EVERY YEAR HERE WE ARE OCTOBER 22ND AND THEY HAVE NOT ISSUED IT YET WE HAVE CONDUCTED OUR TEST WORK AS BEST AS POSSIBLE BUT HAVE BEEN INSTRUCTED BY AICPA AS OFFICE OVERSEEING OUR AUDIT QUALITY TO NOT RELEASE THOSE REPORTS UNTIL THE SUPPLEMENT IS ISSUED FOR 2025 WE HAVE PARTNERS WITHIN MY FIRM ADVOCATING AND TALKING TO FEDERAL GOVERNMENT, FEDERAL AGENCIES AS WELL AS OMB AND AICP WE HAVE PARTNERS THAT SIT ON THE AICPA STATE LOCAL GOVERNMENT EXPERT PANEL AND GOVERNMENT AUDIT QUALITY CENTER ADVOCATING FOR OUR CLIENTS. I WANT TO REPORT TO YOU TODAY BASED ON TEST WORK THUS FAR WE HAVE NOT NOTED ANY FEDERAL FUNDINGS TO NOTE.

CHAIR, SUE NOACK: WILL YOU COME BACK AT SOME POINT TO LET US KNOW WHEN NA'S COMPLETE? ARE WE GOING TO GET IT BEFORE 2026?

KATHLEEN LAI: THAT IS OUR HOPE.

CHAIR, SUE NOACK: JUST THOUGHT I WOULD ASK THAT QUESTION.

KATHLEEN LAI: THE STATUTORY DEADLINE IS MARSH 31ST, NINE MONTHS AFTER YOUR FISCAL YEAR END WE WANT TO ADVOCATE TO MAKE SURE THAT'S RELEASED PRIOR TO THAT. IN TAM DEL WE CONDUCTED OUR AUDIT IN ACCORDANCE WITH THE GOVERNMENT AUDITING STANDARDS SO WE REPORT ON INTERNAL CONTROLS OF FINANCIAL REPORTING IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS NO INSTANCES OF MATERIAL WEAKNESSES OR SIGNIFICANT DEFICIENCIES INTERNAL CONTROLS AND INSTANCES OF MATERIAL NON-COMPLIANCE THAT WE'RE REQUIRED TO REPORT TO YOU TODAY. I'LL MOVE ON TO OUR LAST SECTION IS REQUIRED COMMUNICATIONS. OUR PROFESSIONAL AUDITING STANDARDS REQUIRE THESE COMMUNICATIONS TO YOU. THE SIGNIFICANT ACCOUNTING POLICY. MANAGEMENT HAS PROPERLY DISCLOSED POLICIES IN FOOTNOTE ONE OF EACH REPORT. WE AS AUDITORS HAVE REVIEWED THEM AND BOTH ARE CLEAR AND CONSISTENT FROM PRIOR PERIOD. SECOND, MANAGEMENT ACCOUNTING ESTIMATES, CERTAINLY FINANCIAL STATEMENTS, INCLUDE ESTIMATES THAT ARE SUBJECT TO AUDIT. EXAMPLES INCLUDING FAIR VALUE OF INVESTMENTS OR PENSION POST-RETIREMENT OBLIGATIONS WHERE MANAGEMENT IS REQUIRED TO UTILIZE ACTUARIES TO COME UP WITH THEIR ESTIMATES. WE PERFORM PROCEDURES OVER THOSE ESTIMATES AND BELIEVE THEM TO BE APPROPRIATE. NEXT SLIDE HERE, MANAGEMENT IS REQUIRED TO REVIEW

THE NEW ACCOUNTING STANDARDS THAT ARE ISSUED BY GASB THE GOVERNMENT ACCOUNTING STANDARDS BOARD ISSUED TWO STANDARDS THAT ARE REQUIRED TO BE IMPLEMENTED IN THE CURRENT YEAR. THE FIRST ONE IS GASB 101, OVERCOMPENSATED ABSENCES. CLARIFIED DEFINITION OF COMPENSATED ABSENCES. AND IN ADDITION UNUSED VACATION TIME OWED EMPLOYEES UPON SEPARATION MTC NOW RECOGNIZES AN ESTIMATE OF AMOUNT OF SICK LEAVE THAT'S EARNED IN THE YEAR END THAT WILL BE USED BY EMPLOYEES AS TIME OFF IN FUTURE YEARS AS PART OF COMPENSATED ABSENSE OF LIABILITY. YOU WILL SEE FOOTNOTE 1-AG TO FINANCIAL STATEMENTS DURING THE YEAR THAT MTC ADOPTED GASB 101, WHICH RESULTS IN RESTATEMENT OF BEGINNING POSITION SO THEY CAN IMPLEMENT THIS ACCOUNTING STANDARD.

CHAIR, SUE NOACK: GINA HAS A QUESTION.

GINA PAPAN: DO WE CAP VACATION TIME AND -- HAVING WORKED FOR THE STATE --

DEREK HANSON: YEAH. I CAN ADDRESS THAT. YES, ACCRUED VACATION TIME IS CAPPED AND EMPLOYEES HAVE THE ABILITY TO CASH OUT AT HOURS BEYOND A CERTAIN AMOUNT THAT'S BELOW THE TOTAL CAP SO THAT THEY DON'T GO ABOVE THE CAP. LIKEWISE, ON SICK LEAVE, WE DO HAVE AN AMOUNT THAT'S PAID OUT THAT'S CAPPED AT 240 HOURS UPON RETIREMENT. BUT YOU CAN ACCRUE IN EXCESS OF 240.

CHAIR, SUE NOACK: OKAY.

GINA PAPAN: THANK YOU.

KATHLEEN LAI: THANK YOU. THE SECOND ACCOUNTING STANDARD THAT MANAGEMENT WAS REQUIRED TO CONSIDER IS GASB 102 ON CERTAIN RISK DISCLOSURES ESSENTIALLY THE STANDARD REQUIRES IF THERE ARE CERTAIN CONCENTRATIONS AND THE FUNDING OR CONSTRAINTS FOR THE ENTITY RELATED EVENTS THAT COULD HAVE SUBSTANTIAL IMPACT AND NEGATIVELY AFFECT LEVEL OF SERVICES PROVIDED, THEN MANAGEMENT WOULD BE REQUIRED TO DISCLOSE THOSE IN FINANCIAL STATEMENTS. MANAGEMENT REVIEWED THAT AND THERE HAS BEEN NO FINANCIAL STATEMENT IMPACT AS A RELATION TO GASB 102. SO, THOSE ARE THE ACCOUNTING STANDARDS. NEXT SLIDE, PLEASED TO REPORT THERE ARE NO MATERIAL CORRECTED OR UNCORRECTED MISSTATEMENTS TO BRING TO YOUR ATTENTION. AND LAST SLIDE, WE DID NOT NOTE ANY ITEMS NOTED ON THIS SLIDE. NO SIGNIFICANT DIFFICULTIES ENCOUNTERED DURING THE AUDIT OR SIGNIFICANT UNUSUAL TRANSACTIONS. AND LIKEWISE, I REALLY APPRECIATE WORKING WITH MANAGEMENT. IT'S A SIGNIFICANT EFFORT TO COMPLETE THE AUDIT, AND CERTAINLY ON OUR SIDE AS WELL AS THEIRS. AND TO DEFINITELY APPRECIATE ALL THEIR COOPERATION. AND THEN I WANT TO POINT OUT THE LAST BULLET POINT I WANT TO STRESS THAT CROWE IS INDEPENDENT OF MTC AND ALL RELATED ENTITIES THAT IS SO

IMPORTANT TO OUR ROLE. WITH THAT, THAT CONCLUDES MY PRESENTATION. I'M HAPPY TO ADDRESS ANY ADDITIONAL QUESTIONS

CHAIR, SUE NOACK: WE COULD TELL WE'RE RELATED BECAUSE YOU DON'T GIVE WITH A B. BAHA -- CROWE OR SOMETHING. GINA?

GINA PAPAN: WE'RE GOING THROUGH SOME COMPUTER CHANGES DOES THAT HAVE ANY EFFECT WE'RE ADOPTING A WHOLE NEW SYSTEM AND TRYING TO BRING EVERYBODY TOGETHER WAS THAT REFLECTED IN FINDINGS?

DEREK HANSON: THE IMPLEMENTATION OF THE ERP WILL BE HAPPENING IN THE MIDDLE OF FISCAL 2026. SO, WE WILL SEE, YOU KNOW, THE NEED FOR CROWE, WE HAVE BEEN WORKING WITH CROWE, ACTUALLY, IN THINKING ABOUT HOW TO STRUCTURE THEIR WORK FOR THE FISCAL '26 PERIOD TO ACCOUNT FOR THE IMPLEMENTATION OF THE ERP AND THE FACT THAT WE'RE GOING TO BE IN ONE SYSTEM FOR PERIOD OF TIME AND ANOTHER SYSTEM FOR ANOTHER PERIOD OF TIME.

GINA PAPAN: OH, THAT'S GOING TO BE FUN. THANK YOU. [LAUGHTER]

CHAIR, SUE NOACK: ANY OTHER QUESTIONS? NO. OKAY.

DEREK HANSON: BEFORE GRACE RUNS OVER SOME HIGHLIGHTS OF THE FINANCIAL RESULTS FOR THIS YEAR, I WANT TO FIRST THANK OUR

PARTNERS AT CROWE AND, MOSTLY, GRACE AND HER CRACK TEAM IN FINANCIAL REPORTS AND LOTS OF FOLKS THROUGHOUT THE ENTIRE FINANCE SECTION, AND, REALLY, ACROSS THE AGENCY, WHO MAKE AUDITS WORK. WE TALK ABOUT AUDIT SEASON, THIS IS A MONTHS-LONG PROCESS. IT ACTUALLY STARTS WITH INTERIM AUDIT BACK IN THE SPRING AND CONTINUES VERY INTENSELY FROM LATE JULY THROUGH ABOUT NOW. IT'S ALSO NOTABLE, YOU KNOW, WHILE YOU'RE SEEING TODAY, FIVE OF THE REPORTS, AND AS KATHY NOTED, A BRAND-NEW REPORT FOR THE BAY AREA TOLL AUTHORITY, WHICH IS SOMETHING I HAVE WANTED FOR A WHILE, AND WE NOW HAVE, THAT'S ONLY A LITTLE OVER HALF OF ALL OF THE FINANCIAL REPORTS THAT THIS TEAM PUTTING TOGETHER AND AUDITS. BECAUSE WE HAVE ANOTHER FOUR RELATED TO THE ABAG OPERATIONS. SO, THIS IS A REALLY INTENSE SEASON, AND I JUST WANT TO THANK THEM. GREAT JOB.

CHAIR, SUE NOACK: DOESN'T SOUND LIKE THERE IS MUCH OF A SEASON AT ALL. [LAUGHTER] BUT I WANT TO THANK YOU AS WELL FOR THE COMPLEX NATURE OF THIS ORGANIZATION, OR ORGANIZATIONS. GRACE, EXCELLENT JOB WITH YOU AND YOUR TEAM TO HAVE UNMODIFIED OPINIONS ON ALL OF THOSE ENTITY IN ADDITION TO NO MISSTATEMENTS OR NO CORRECTED MISSTATEMENTS THAT'S IMPRESSIVE WORK FOR SUCH A COMPLICATED ORGANIZATION. I'LL ADD MY THANKS TO AND YOU YOUR TEAM.

GRACE MARTINEZ: THANK YOU VERY MUCH. NOW MOVING TO THE BRIEF

REPORT I'M GOING TO MAKE ON ACFR. I'M GOING TO INTRODUCE MYSELF AGAIN GRACE MARTINEZ DIRECTOR OF ACCOUNTING AND FINANCIAL REPORTING. THESE ARE THE POINTS ON THE ACFR THAT WE WANT TO HIGHLIGHT TO YOU ON A GOVERNMENT-WIDE BASIS THE MAJOR SOURCE OF REVENUES INCREASED FOR THE MOST PART OF THE YEAR EXCEPT FOR SALES TAX WHICH DECREASED BY ABOUT 300,000, OR 2% COMPARED TO PRIOR YEAR. INVESTMENT EARNINGS INCREASED BY OVER 48 MILLION, REVENUES FROM OUR EXPRESS LANES INCREASED BY OVER 7 MILLION, AND THE TOLL REVENUES ALSO INCREASED BY ALMOST 90 MILLION, COMPARED TO THE PRIOR YEAR. THE BIGGEST STORY FOR THE YEAR IS --

GINA PAPAN: REAL QUICK, IS THAT SALES TAX FOR THE NINE BAY AREA COUNTIES?

GRACE MARTINEZ: YES.

GINA PAPAN: OKAY. JUST WANTED --

GRACE MARTINEZ: THANK YOU. I WAS SAYING THE BIGGEST HIGHLIGHT FOR THIS YEAR IS THE RECEIPT OF OVER 700 MILLION OF FUNDS RELATED THROUGH SB125. NEXT SLIDE PLEASE. NEXT COUPLE OF SLIDES WILL SHOW THE NET POSITION OF THE AGENCY FOR THE LAST TEN YEARS. MTC'S NET POSITION COMES FROM GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES. GOVERNMENTAL ACTIVITIES INCLUDE THE

GENERAL FUND, BAHFA, AND ALL THE SPECIAL REVENUE FUNDS, INCLUDING THE NEWLY CREATED SB125. SO, OUT OF THE 728 MILLION RECEIVED FROM SB125, ALMOST 160 OF THAT HAVE BEEN EXPENDED DURING THE YEAR, GARNERING A NET REVENUES OF 583 MILLION WHICH EXPLAINS THE SPIKE IN THE GRAPH. NEXT SLIDE PLEASE. SO, THIS SLIDE IS ON THE BUSINESS SIDE ACTIVITIES WHICH INCLUDE BATA, SAFE, AND CLIPPER. ALL THOSE ENTITIES. AND, ALL RIGHT, SO ON THIS ONE WHAT WE WANT TO POINT OUT IS THE NEGATIVE NET POSITION WITH RESPECT TO THE BUSINESS SIDE ACTIVITIES AND THIS IS MAINLY DUE TO THE OVER 10 BILLION WORTH OF BOND ISSUED FOR BATA. REMEMBER THAT THE OBLIGATIONS ARE CARRIED IN THE BOOKS OF BATA. HOWEVER, THE ASSETS WITH WHICH THE PROCEEDS FROM THE BONDS WERE USED REMAINED IN THE BOOKS OF CALTRANS AND OTHER TRANSIT AGENCIES. ALSO, TO THE -- ANOTHER POINT IS THAT THE, WITH RESPECT TO THE OPERATING EXPENDITURES AND CAPITAL EXPENDITURES, DISTRIBUTIONS TO OTHER AGENCIES, THIS ELEMENTS OUTDATES RECEIPT OF REVENUES, THUS CONTRIBUTE TO THE NEGATIVE NET POSITION. SO, FOR THE YEAR, DISTRIBUTIONS INCREASED BY OVER 300 MILLION, AND THESE ARE THE -- FOR THE YEAR -- AND THESE ARE DISTRIBUTIONS TO OTHER AGENCIES. NEXT SLIDE PLEASE. THIS SLIDE SHOWS THE BALANCES IN THE GENERAL FUND FOR THE LAST TEN YEARS GENERAL FUND IS THE OPERATING FUND AND IS CONSIDERED A CATCH ALL, AND UNLIKE A SPECIAL REVENUE FUND, MONEYS HERE ARE NOT ALLOCATED FOR A SPECIFIC PURPOSE. SO, AS OF JUNE 30TH, THE BALANCE IN THE GENERAL FUND IS ABOUT 88 -- 85 MILLION, 66

MILLION OF THAT WAS UNASSIGNED. NEXT SLIDE PLEASE. THIS SLIDE SHOWS THE ACTIVITY IN OUR BRIDGES FOR THE LAST TEN YEARS. AS OF JUNE 30TH, FOR THE FISCAL YEAR, JUNE 30TH, THE NUMBER OF VEHICLES THAT CROSSED THE BRIDGES INCREASED BY ABOUT -- BY OVER 400,000 COMPARED TO THE PRIOR YEAR, AND THE REVENUES, TOLL REVENUES ASSOCIATED WITH THE BRIDGES INCREASED BY ALMOST 90 MILLION. AND THE POINT THERE -- OR THE INCREASE IS REFLECTIVE OF THE IMPLEMENTATION OF THE FINAL ONE THERE RM3 TOLL INCREASE. NEXT SLIDE, PLEASE. SO, THIS IS THE LAST SLIDE. AND WANTED TO GIVE YOU AN UPDATE OF THE PENSION AND OPEB LIABILITIES. SO, FOR JUNE 30TH, THE PENSION OBLIGATION INCREASED BY ABOUT MAYBE 5 MILLION, BUT WANTED TO POINT OUT THAT THE FUNDED RATIO REMAINS ABOVE 90%. AND THAT ENDS THE PRESENTATION. WE ARE HAPPY TO HEAR YOUR COMMENTS OR YOUR QUESTIONS.

CHAIR, SUE NOACK: GREAT. ANY QUESTIONS? I MEAN, IT'S ALWAYS DIFFICULT TO DO, WHEN WE FINISHED THINGS AND THE ASSETS STAY ELSEWHERE TRYING TO TRACK THAT POSITION IS ALWAYS A BIT -- LUCKILY MANY OF US ARE ON OTHER ORGANIZATION WHERE IS WE SEE THE SAME THING. SO. YEAH, GINA?

GINA PAPAN: JUST BACK TO THE TOLL REVENUE SLIDE, SO, THE REVENUES COMING IN IN THE PAID -- I MEAN, I'M A LITTLE CONFUSED BY THAT ONE SLIDE THERE.

DEREK HANSON: I CAN SPEAK TO THAT. WHAT WE SEE IN THE INCREASE, WHEN WE GET INCREASES IN TOLL REVENUES, THERE ARE A COUPLE DIFFERENT THINGS GOING ON. AS GRACE MENTIONED, WE DID IMPLEMENT THE LAST ONE THERE FOR RM3 IN JANUARY SO WE'RE SEEING THE EFFECT OF HALF A YEAR OF THAT EXTRA DOLLAR. BUT THE OTHER THING WE'RE DOING IS ACTUALLY CONVERTING FOLKS WHO HAD HAVE UPON NOT BEEN PAYING TOLLS YOU SEE THE ACTUAL TRAFFIC IS UP A BIT BUT PEOPLE ARE PAYING AT HIGHER FREQUENCY THAT'S REALLY GOOD NEWS THAT'S WHAT WE'RE TRYING TO GET AMONG THOSE THINGS FOLKS WHO ARE ACTUALLY CROSSING THE BRIDGE PASS THAT TOLL THAT'S HAPPENING.

CHAIR, SUE NOACK: ALSO BECAUSE WE, SORT OF, WAIVED THE PENALTIES DURING COVID, AND SO NOW WE'RE BACK ENACTING THAT.

DEREK HANSON: THERE ARE A NUMBER OF THINGS DRIVING THAT. THERE ARE EDUCATIONAL CAMPAIGNS, AGAIN, WE'RE TRYING TO INCREASE FASTRAK PENETRATION WHERE WE CAN, BUT CERTAINLY REMOVING THE DMV HOLD IS PROBABLY THE BIGGEST THING, FRANKLY, IN DRIVING THAT. SO.

GINA PAPAN: THANK YOU.

CHAIR, SUE NOACK: ANY OTHER QUESTIONS? NO. OKAY. THANK YOU.

THANK YOU FOR THE CLEAR AND BRIEF SUMMARY OF THIS. BECAUSE THERE WAS A LOT OF PAGES IN THAT -- THOSE REPORTS. I DIDN'T GET THROUGH ALL OF THEM. I GOT THROUGH SOME BUT NOT ALL. I'M GOING TO ADMIT TO THAT. THANK YOU FOR THE QUICK SUMMARY. APPRECIATE THAT. OKAY IF THERE ARE NO -- OH, SO -- I GUESS WE'LL GO -- IS THERE PUBLIC COMMENT?

CLERK, KIMBERLY WARD: I HAVE RECEIVED NOTHING IN WRITING FOR THIS ITEM, NO ONE HAS APPROACHED THE PODIUM, BUT I DO SEE ONE HAND IN THE ZOOM SPACE.

CHAIR, SUE NOACK: OKAY.

CLERK, KIMBERLY WARD: HOW MUCH TIME WOULD YOU LIKE TO GIVE?

CHAIR, SUE NOACK: TWO MINUTES.

CLERK, KIMBERLY WARD: TWO MINUTES. HOWARD WONG GO AHEAD AND UNMUTE YOURSELF. YOU WILL HAVE TWO MINUTES.

HOWARD WONG: OKAY THANK YOU. I WANT TO SAY THANK YOU FOR THE PRESENTATION. I THINK THERE IS A LOT OF PUBLIC SCRUTINY OF FUNDING IN MOST AGENCIES, AND I THINK IT'S VERY IMPORTANT TO COMMUNICATE INCREASES IN REVENUE TO THE PUBLIC AND DEMONSTRATE THAT PUBLIC TRANSPORTATION AGENCIES ARE DOING THEIR BEST AND

ACHIEVING GOOD RESULTS. AND SO THAT THERE IS GREATER CONFIDENCE IN THE VOTERS IN THE COMING YEAR. SO, THANK YOU FOR THE PRESENTATION.

CHAIR, SUE NOACK: THANKS HOWARD.

CLERK, KIMBERLY WARD: NO ADDITIONAL HANDS RAISED.

CHAIR, SUE NOACK: DO I HAVE A MOTION AND SECOND TO ACCEPT THE FISCAL YEAR 2025, 2025 AUDIT RESULTS AND REQUIRED COMMUNICATIONS AND APPROVE RETENTION OF CROWE LLP AS THE MTC EXTERNAL AUDIT FIRM FOR FISCAL YEAR 2026.

GINA PAPAN: PAPAN SO MOVED.

STEPHANIE MOULTON-PETERS: SECOND MOULTON-PETERS.

CHAIR, SUE NOACK: ROLL CALL VOTE PLEASE.

CLERK, KIMBERLY WARD: NO ROLL CALL VOTE.

CHAIR, SUE NOACK: NONE NECESSARY. SORRY. [LAUGHTER] I'M SO USED TO THAT.

CLERK, KIMBERLY WARD: THANK YOU.

CHAIR, SUE NOACK: ALL IN FAVOR, SAY AYE. [AYES] ANY OPPOSED? MOTION CARRIES. ITEM THREE PUBLIC COMMENT. IS THERE ANY GENERAL PUBLIC COMMENT?

CLERK, KIMBERLY WARD: I SEE NO HANDS RAISED IN THE ZOOM SPACE NO ONE HAS APPROACHED THE PODIUM AND NOTHING RECEIVED IN WRITING.

CHAIR, SUE NOACK: WONDERFUL. OKAY THANK YOU. THE NEXT MEETING OF THE AUDIT COMMITTEE WILL BE HELD AT A DATE AND TIME TO BE DULY NOTICED. THANK YOU VERY MUCH. [ADJOURNED]