METROPOLITAN TRANSPORTATION COMMISSION Meeting Transcript





1	MTC AUDIT COMMITTEE
2	WEDNESDAY, OCTOBER 28, 2020, 9:05 AM
3	
4	DUE TO COVID-19, THIS MEETING WILL BE CONDUCTED AS A ZOOM
5	WEBINAR. PURSUANT TO THE PROVISIONS OF THE GOVERNOR'S
6	EXECUTIVE ORDER N-29-20, WHICH SUSPENDS CERTAIN REQUIREMENTS
7	OF THE BROWN ACT. THIS MEETING WILL BE WEBCAST ON THE MTC WEB
8	SITE. I WILL CALL UPON COMMISSIONERS, PRESENTERS, STAFF, AND
9	OTHER SPEAKERS BY NAME AND ASK THAT THEY SPEAK CLEARLY AND
10	RESTATE THEIR NAMES BEFORE GIVING COMMENTS OR REMARKS. PERSONS
11	PARTICIPATING VIA ZOOM AND WEBCAST WITH THEIR CAMERAS ENABLED
12	ARE REMINDED THEIR ACTIVITIES ARE VISIBLE TO VIEWERS.
13	COMMISSIONERS AND MEMBERS OF THE PUBLIC PARTICIPATING BY ZOOM,
14	WISHING TO SPEAK SHOULD USE THE RAISED HAND FEATURE OR DIAL
15	STAR NINE AND I WILL CALL UPON YOU AT THE APPROPRIATE TIME.
16	TELECONFERENCE ATTENDEES WILL BE CALLED UPON BY THE LAST FOUR
17	DIGITS OF THEIR PHONE NUMBERS. AND IT IS REQUESTED THAT PUBLIC
18	SPEAKERS RESTATE THEIR NAMES AND ORGANIZATIONS, BUT PROVIDING
19	SUCH INFORMATION IS VOLUNTARY. MEMBERS OF THE PUBLIC WISHING
20	TO ADDRESS THIS BODY WERE ASKED TO SUBMIT COMMENTS IN WRITING
21	AT INFO@BAYAREAMETRO.GOV. WRITTEN COMMENTS RECEIVED WILL BE
22	POSTED TO THE ONLINE AGENDA AND ENTERED INTO THE RECORD BUT
23	WILL NOT BE READ OUT LOUD. IF AUTHORS OF THE WRITTEN
24	CORRESPONDENCE WOULD LIKE TO SPEAK, THEY ARE FREE TO DO ON THE
25	REFERENCED AGENDA ITEM OR ANY TOPIC THEY CHOOSE. SPEAKERS



- 1 SHOULD RAISE THEIR HAND, AND I WILL CALL UPON THEM AT THE
- 2 APPROPRIATE TIME. A ROLL CALL VOTE WILL BE TAKEN FOR ALL
- 3 ACTION ITEMS. THE CHAT FEATURE IS ACTIVE, HOWEVER, PLEASE BE
- 4 AWARE THAT ANYTHING TYPED INTO THE CHAT WILL BE SUBJECT TO
- 5 PUBLIC DISCLOSURE. THE CHAT FEATURE IS NOT AVAILABLE TO
- 6 ATTENDEES. IN ORDER TO GET THE FULL ZOOM EXPERIENCE, PLEASE
- 7 MAKE SURE YOUR APPLICATION IS UP TO DATE.

8

- 9 SCOTT HAGGERTY, CHAIR: GOOD MORNING EVERYBODY. I WOULD LIKE TO
- 10 CALL TO ORDER THE AUDIT COMMITTEE MEETING FOR TODAY IS OCTOBER
- 11 28TH. FIRST ITEM OF BUSINESS WOULD BE TO HAVE THE ROLL CALL,
- 12 KIMBERLY?

13

14 CLERK OF THE BOARD: YES. HAGGERTY?

15

16 SCOTT HAGGERTY, CHAIR: HERE.

17

- 18 CLERK OF THE BOARD: CORTESE? CORTESE IS ABSENT. GLOVER. GLOVER
- 19 IS ABSENT. WORTH?

20

21 AMY R. WORTH: HERE.

22

- 23 CLERK OF THE BOARD: THANK YOU. QUORUM IS NOT PRESENT. WOULD
- 24 YOU LIKE TO DEPUTIZE A MEMBER OF THE COMMISSION?





- 1 SCOTT HAGGERTY, CHAIR: I BELIEVE MY VICE CHAIR IS ON. IS
- 2 ALFREDO ON?

3

4 ALFREDO PEDROZA: YES.

5

6 SCOTT HAGGERTY, CHAIR: DEPUTIZE ONE?

7

8 CLERK OF THE BOARD: YES.

9

10 SCOTT HAGGERTY, CHAIR: DEPUTIZE ALFREDO PEDROZA.

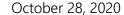
11

12 CLERK OF THE BOARD: THANK YOU.

13

- 14 SCOTT HAGGERTY, CHAIR: ITEM 2A REPORT BY CROWE LLP STAFF BY FY
- 15 '20192020 AUDIT RESULTS REOUIRED COMMUNICATIONS ENGAGE PARTNER
- 16 OF CROWE LLP WILL GIVE THE REPORT. KELLY?

- 18 BRIAN MAYHEW: COMMISSIONERS MAY I SPEAK. THERE IS ONLY ONE
- 19 THING THAT TERRIFIES ME MORE THAN MAKING PRESENTATIONS AND
- 20 THAT'S AN AUDIT, ESPECIALLY WITH A COMPLIMENT. LAT ME SET THE
- 21 TABLE JUST A LITTLE BIT. YOU'RE GOING TO FIRST HEAR FROM KATHY
- 22 L WHO IS THE ENGAGEMENT PARTNER AND LEAD ON THIS ENGAGEMENT
- 23 AND SHE'LL LEAD HER OWN TEAM DEPENDING WHO MAKES THE
- 24 PRESENTATIONS. WITH KATHY YOU GET THE MANAGEMENT LETTER, THE
- 25 REQUIRED COMMUNICATIONS BECAUSE REMEMBER YOU ARE THE CLIENTS.





- 1 I'M THE ONE BEING AUDITED. YOU ARE THE ONE THAT'S GOING TO GET
- 2 AND RECEIVE THE INFORMATION AND CAN TALK DIRECTLY TO THE
- 3 AUDITORS NOW. WE WILL ASK YOU AT THE END TO ACCEPT ALL THE
- 4 REPORTS PARTICULARLY WHEN KATHY IS FINISHED PRESENTING HER
- 5 INFORMATION. I WOULD LIKE TO REMIND YOU, IF YOU ACCEPT THE
- 6 INFORMATION WE'LL THEN BE MAKING A RECOMMENDATION TO RETAIN
- 7 THE FIRM FOR ANOTHER YEAR AND THAT CONTRACT WILL THEN GO TO
- 8 THE ADMIN COMMITTEE FOR APPROVAL. I AM GOING TO TAKE A
- 9 PERSONAL MOMENT SINCE I HAVE BEEN DOING THIS FOR 20 YEARS AND
- 10 I NEVER THOUGHT I WOULD TALK ABOUT AN AUDIT IN ITS FIRST YEAR
- 11 WITH A NEW FIRM IS DIFFICULT ENOUGH. 100 PERCENT REMOTE AUDIT.
- 12 I DON'T THINK THE AUDITORS AFTER SHELTER-IN-PLACE SET FOOT IN
- 13 THE BUILDING AGAIN. MY STAFF, THE FINANCE STAFF WAS MOSTLY
- 14 REMOTE, MOST OF THE TIME ALTHOUGH THAT TURNED OUT TO BE
- 15 IMPOSSIBLE FOR 100 PERCENT OF IT WE LITERALLY HAD A REMOTE
- 16 CLOSING TEAM, APR AND EVERYTHING ELSE. IT WASN'T 100 PERCENT
- 17 REMOTE. AND TO TOP IT OFF WE HAD A DROP OFF THE CLIFF
- 18 RECESSION TO MAKE EVERYTHING A LITTLE MORE COMPLICATED AND
- 19 GETTING THE NUMBERS OUT. I HAVE TO SAY ONE THING ABOUT THE
- 20 WORK, I WILL ALWAYS SAY AN AUDIT IS HARD AND MY STAFF HAS DONE
- 21 A GREAT JOB BUT THIS YEAR IS HEROIC. DEBBIE AND HER TEAM,
- 22 ANNA, LUCY, JULIE, OUR NEW ONE, CRYSTAL, THEY JUST -- THE WORK
- 23 THEY DID, THE NUMBER OF HOURS THEY HAD TO PUT IN, AND THEIR
- 24 DEDICATION TO GETTING THESE NUMBERS OUT WHILE IT'S STILL
- 25 MEANINGFUL ALTHOUGH THERE WERE A COUPLE OF POINTS WHERE THEY





- 1 FELT LIKE THE DEADLINE WAS GETTING TOO IMPORTANT AS OPPOSED TO
- 2 THE INFORMATION, THEY GOT THROUGH IT, THEY WORKED THEIR HEARTS
- 3 OUT. THEY'RE BACKED UP BY A VERY GOOD TEAM THROUGHOUT THE
- 4 AGENCY, ARLEICKA, SUZANNE, KATHY, EVERYBODY. IF EVERYBODY
- 5 DOESN'T DO THEIR JOB AND GET THINGS CLOSED AND WORK IN 2 TO 3
- 6 DISTINCT FISCAL YEARS AND BECOME TOTALLY DYSLEXIC, YOU CAN'T
- 7 GET THINGS DONE IN A TIMELY MANNER AND I WOULD SAY THIS YEAR
- 8 WAS AMAZING AND THE FACT THAT WE GOT IT DONE AND TO YOU WITHIN
- 9 THE 120 DAYS, WITH OUR BOND DOCUMENTS IS SOME OF THE BEST
- 10 TEAMWORK I HAVE EVER SEEN SINCE WE DID THE ADCAST DEAL. AFTER
- 11 THAT, THERE IS ONE THING GOING INTO EVERY AUDIT, ALL THESE, I
- 12 KNOW YOU HAVE READ THEM ALL, GOT THEM ALL MEMORIZED, ALL THE
- 13 REPORTS, ALL THE DOCUMENTS BOIL DOWN TO THIS. RIGHT? THE
- 14 OPINION OF THE AUDITORS. INDEPENDENT OPINION OF THE AUDITORS,
- 15 AND THE WORDS YOU LOOK FOR IN EVERY AUDIT. IT SAYS IN OUR
- 16 OPINION THE FINANCIAL STATEMENTS REFERRED TO ABOVE REPRESENT
- 17 FAIRLY IN ALL MATERIAL AND RESPECTS RESPECTIVE FINANCIAL
- 18 POSITION OF GOVERNMENT ACTIVITIES BUSINESS TYPE ACTIVITIES AND
- 19 DISCRETELY PRESENTED COMPONENT UNITS, AND INFORMATION, FORWARD
- 20 JUNE 20TH, 3030. THAT MEANS WHAT'S IN THERE, WHAT'S IN THE
- 21 DOCUMENT, WHAT'S IN THE NUMBERS, WHAT'S IN OUR GENERAL LEDGER
- 22 AT YEAR IN, YOU CAN NOW RELY O THE SAME THING IS TRUE FOR THE
- 23 FEDERAL DOCUMENT WHICH IS THE FEDERAL FUNDS, IT HAS THE SAME
- 24 OPINION. IF YOU LOOK AT PAGE NINE OF THIS REPORT YOU GET --
- 25 AND I'M NOT STEALING KATHY'S THUNDER. BUT THIS PAGE IS



- 1 CRITICAL, TO THE \$3 MILLION IN FEDERAL FUNDS WE HAVE RIGHT NOW
- 2 -- DEPENDING MATERIAL WEAKNESSES AND CONTROLS, SUFFICIENT
- 3 DEFICIENCIES, NO. MATERIAL CONTROL OVER FEDERAL PROGRAMS
- 4 WEAKNESS NO AUDIT REQUIRES FOR 2C FR, NO. AND ALL OF THAT, ALL
- 5 OF WORK EVERYTHING WE'RE GOING TO DISCUSS, BOILS DOWN TO
- 6 OPINIONS LIKE THIS, AND YOU WILL SEE ONE IN EVERY DOCUMENT
- 7 YOU'RE GOING TO SEE TODAY. THE OPINIONS ARE WHAT THEY CALL, I
- 8 BELIEVE IT'S NOW UNMODIFIED WHICH IS A REAL DUMB EXPRESSION
- 9 FOR AN OPINION, BUT WHAT THE HECK. ALL OF THE DOCUMENTS FAIRLY
- 10 QUICKLY AND WITH THAT I'M GOING TO INTRODUCE KATHY LAI, THE
- 11 ENGAGEMENT PARTNER.
- 12
- 13 SPEAKER: THANK YOU. IT WAS A NEW AUDIT RELATIONSHIP ENTERED
- 14 INTO AT THE BEGINNING OF A PANDEMIC, AS WELL AS SHELTER-IN-
- 15 PLACE, I APPRECIATE THE COMMENTS AND I WOULD LIKEWISE THAT
- 16 WITH RESPECT TO THE CROWE ENGAGEMENT TEAM. I AM WAITING FOR
- 17 STAFF TO QUEUE UP. TERRIFIC. IF YOU COULD ADVANCE TO THE NEXT
- 18 SLIDE. AS BRIAN MENTIONED I AM PLEASED TO PRESENT THE AUDIT
- 19 RESULTS ALTHOUGH HE GAVE A GOOD PREVIEW AS WELL AS REOUIRED
- 20 STANDARDS. OUR AUDIT IS COMPLETE WE HAVE A FEW ITEMS TYPICALLY
- 21 PENDING AT THIS STAGE OF THE ENGAGE AND TO GO FORWARD WE'LL BE
- 22 ISSUING THE AUDIT SUBJECT TO YOUR APPROVAL. I'M GOING TO
- 23 DISCUSS THE AUDIT SCOPE JUST AGAIN A GOOD REMINDER AS TO WHAT
- 24 WE WERE ENGAGED TO DO. DISCUSS THE AUDIT RESULTS AND ALSO GO
- 25 THROUGH SOME REQUIRED COMMUNICATIONS UNDER OUR PROFESSIONAL





- 1 AUDITING STANDARDS. IF YOU COULD GO AHEAD AND ADVANCE TO SLIDE
- 2 FIVE PLEASE. NEXT SLIDE. GREAT. SO, AGAIN, HERE ARE THE
- 3 ENTITIES THAT WERE SUBJECT TO THE AUDIT, YOU HAVE MTC, YOU
- 4 HAVE GOT THE BAY AREA HEADQUARTERS AUTHORITY, BAHA, BAY AREA
- 5 INFRASTRUCTURE AUTHORITY AS WELL AS 375 BEALE CONDOMINIUM
- 6 CORPORATION. IT'S A LARGE COMPONENT WITH BAIFA, I AM GOING TO
- 7 GO OVER PARTS OF THE AUDIT, 375 BEALE IS A SEPARATE AND
- 8 DISTINCT ENTITY IT'S NOT PART OF THE MTC REPORTING ENTITY,
- 9 IT'S GOT A SEPARATE STANDALONE REPORT. YOU MAY RECALL THE
- 10 GRAPHIC FROM OUR PLANNING COMMUNICATIONS BUT I THOUGHT IT
- 11 WOULD BE A GOOD REMINDER TO SHOW IT TO THE AUDIT COMMITTEE
- 12 AGAIN SIMPLY BECAUSE MTC IS VERY COMPLEX. OUR AUDIT OF MTC'S
- 13 COMPREHENSIVE ANNUAL FINANCIAL REPORT INCLUDES ALL THE FUNDS
- 14 THAT ARE LISTED IN THAT GRAPHIC THERE, IF YOU GO TO THE NEXT
- 15 SLIDE RIGHT THERE. PERFECT. RIGHT THERE. THE CAFR INCLUDES
- 16 FUNDS LISTED IN THE BLUE BOXES. THE CAFR IS ORGANIZED FROM TWO
- 17 DIFFERENT PERSPECTIVES, THE GOVERNMENT WIDE STATEMENTS AND
- 18 FUND FINANCIAL STATEMENTS. GOOD THE GOVERNMENT FINANCIAL
- 19 STATEMENT ORGANIZED BY ACTIVITIES AND DISCRETELY PRESENTED
- 20 LEVEL COMPONENTS BAHA AND BAIFA THOSE ARE SEPARATE COLUMNS ON
- 21 THE GOVERNMENT WIDE FINANCIAL STATEMENTS. BELOW THAT, YOU HAVE
- 22 GOT YOUR FUND LEVEL FINANCIAL STATEMENTS THOSE ARE ORGANIZED
- 23 BY DIFFERENT FUND TYPES LIKE THE GOVERNMENTAL FUNDS AND THE
- 24 ENTERPRISE FUNDS FOR EXAMPLE, LIKE BATA SAFE AND CLIPPER, AND
- 25 ALL OTHER FUNDS THAT WEREN'T CONSIDERED MAJOR AROUND THE





- 1 COUNTER STANDARD ARE CONSIDERED IN THE AGGREGATE AND WE REFER
- 2 THAT ENTERED AUDIT OPINIONS UNDER THE FINANCIAL ACCOUNTING
- 3 STANDARDS. THIS GRAPHIC SHOWS FUNDS SUBJECT TO OUR AUDIT AND
- 4 IN THE TOP RIGHT HAND CORNER OF CERTAIN BOXES YOU WILL SEE I
- 5 HAVE INCLUDED A REPORT ICON WHERE CROWE HAS ENGAGED SEPARATE
- 6 STANDALONE REPORTS CAFR, BAHA AND BAIFA INCLUDED AS MTC'S CAFR
- 7 WE ISSUE SEPARATE STANDALONE REPORTS FOR THOSE AS WELL AS 375
- 8 BEALE. ADVANCE TO THE NEXT SLIDE. SO AGAIN JUST BY WAY OF
- 9 REMINDER, THE OBJECTIVE OF OUR AUDIT WAS TO EXPRESS AN OPINION
- 10 ON WHETHER OR NOT THOSE FINANCIAL STATEMENTS ARE MATERIALLY
- 11 CORRECT AND IN ACCORDANCE WITH GENERALLY ACCEPT THE
- 12 PRINCIPLES. CROWE CONDUCTED OUR AUDIT WITH GENERALLY ACCEPTED
- 13 AUDIT STANDARDS AND FOR MTC ALSO GOVERNMENT AUDITING
- 14 STANDARDS. IF YOU GO TO THE NEXT SLIDE, ANTICIPATED RESULTS,
- 15 FOR MTC, BAHA BAIFA AND 375 BEALE I ANTICIPATE TO ISSUE
- 16 UNMODIFIED OPINIONS AND BRIAN IS RIGHT IT'S KIND OF A PECULIAR
- 17 TERM. LET ME EXPLAIN THAT. THAT IS THE HIGHEST LEVEL OF
- 18 ASSURANCE MY AUDIT OPINION STATES THAT THE FINANCIAL
- 19 STATEMENTS ARE FAIRLY STATED IN ALL MATERIAL RESPECT IN
- 20 ACCORDANCE WITH GAP AND IF THAT STATEMENT IS UNMODIFIED THAT'S
- 21 ACTUALLY EXCELLENT NEWS. ALL RIGHT IF YOU MOVE TO THE NEXT
- 22 SLIDE AS BRIAN MENTIONED IN ADDITION TO THE FINANCIAL
- 23 STATEMENT AUDIT BECAUSE MTC RECEIVES FEDERAL FUNDING AND IN
- 24 THIS GIVEN YEAR THERE WERE EXPENDITURES OF APPROXIMATELY ABOUT
- 25 67 MILLION, MTC IS SUBJECT TO THE UNIFORM GUIDANCE OR IN OTHER





- 1 WORDS A FEDERAL GRANT AUDIT. OUT OF ALL OF THE GRANTS RECEIVED
- 2 BY MTC CROWE SELECTED CERTAIN FEDERAL PROGRAMS IN ACCORDANCE
- 3 WITH UNIFORM GUIDANCE TO TEST IN DETAIL, SO FOR THIS GIVEN
- 4 YEAR, THE TWO MAJOR PROGRAMS WERE THE FEDERAL TRANSIT CLUSTER
- 5 AS WELL AS THE METROPOLITAN TRANSPORTATION PLANNING PROGRAMS.
- 6 I AM PLEASED TO REPORT WE ANTICIPATE ISSUING A CLEAN OPINION
- 7 ON THE UNIFORM GUIDANCE. WE DID NOT HAVE ANY FEDERAL FINDINGS
- 8 OR EXCEPTIONS DURING OUR TEST WORK. IN ADDITION TO THE UNIFORM
- 9 COMPLIANCE REPORT WE ALSO CONSIDERED INTERNAL CONTROLS OVER
- 10 MTC'S FINANCIAL REPORTS AND LIKEWISE COMPLIANCE WITH OTHER
- 11 MATTERS WE DIDN'T NOTE NON-COMPLIANCE OR OTHER MATTERS THAT
- 12 WERE NOT RETENTION NOR DID WE IDENTIFY ANY MATERIAL WEAKNESSES
- 13 OR SUFFICIENT DEFICIENCIES IN INTERNAL CONTROLS WE DID HOWEVER
- 14 NOTE SOME INTERNAL CONTROL DEFICIENCIES THAT DIFFERENT RISE TO
- 15 THE LEVEL OF WEAKNESS OR SIGNIFICANT DEFICIENCIES THAT WE
- 16 ADDRESSED TO MANAGEMENT IN A MANAGEMENT LETTER WHICH I'LL
- 17 SUMMARIZE ON THE NEXT SLIDE. SO DURING OUR AUDIT WE NOTED FOUR
- 18 INTERNAL CONTROL OBSERVATIONS. FIRST IS THE GOVERNMENTAL FUND
- 19 REVENUE RECOGNITION AND AVAILABLE CRITERIA. SO I'LL GO AHEAD
- 20 AND GIVE A BRIEF OVERVIEW OF THAT. ACCOUNTING PRINCIPLES
- 21 REQUIRE THAT GOVERNMENTAL FUND REVENUE SHOULD BE RECOGNIZED IN
- 22 ACCOUNTING PERIOD WHEN IT BECOMES BOTH MEASURABLE AS WELL AS
- 23 AVAILABLE. AND THE TERM AVAILABLE MEANS THAT THEY'RE COLLECTED
- 24 OR EXPECTED TO BE COLLECTED SOON ENOUGH AFTER TO PAY FOR
- 25 CURRENT LIABILITIES WITHIN THE ACCOUNTING STANDARD LITERATURE





- 1 IT NOTES THE PER YES, I DID TYPICALLY ANYWHERE BETWEEN 30 DAYS
- 2 TO A YEAR. DURING OUR AUDIT WE NOTED MANAGEMENT CONSISTENTLY
- 3 TREATED AND RECOGNIZED GOVERNMENT REVENUE TO BE AVAILABLE
- 4 WITHIN THEIR PERIOD OF AVAILABILITY, HOWEVER THEIR POLICIES
- 5 DIFFERENT REFLECT THEIR CURRENT PRACTICE AS A RESULT WE
- 6 PROPOSED AND MANAGEMENT SUBSEQUENTLY UPDATED THEIR SUMMARY
- 7 SIGNIFICANT ACCOUNTING POLICIES TO BE CONSISTENT WITH THEIR
- 8 BEST PRACTICES. OR WITH THEIR CURRENT PRACTICES. THE SECOND
- 9 FINDING AND RECOMMENDATION HERE RELATES TO MANAGEMENT'S REVIEW
- 10 OVER SERVICE ORGANIZATION CONTROLS OR SOC REPORTS. BY WAY OF
- 11 EXPLANATION MTC UTILIZES A NUMBERS OF SERVICE ORGANIZATIONS TO
- 12 PROCESS TRANSACTIONS AND BECAUSE THE INTERNAL CONTROL
- 13 ENVIRONMENT FOR THOSE TRANSACTIONS ARE COMBINATIONS OF CONTROL
- 14 AT MTC AND SERVICE ORGANIZATION MANAGEMENT REQUESTS FOR THE
- 15 SOC REPORTS WHICH CONTESTS THE RESULTS AT THE DIFFERENT
- 16 SERVICE ORGANIZATIONS WE OBSERVED FOR OUR AUDITS FOR CERIDIAN
- 17 AND CONDUIT'S IT WASN'T FORMALLY DOCUMENTED WE COULD TELL FROM
- 18 DISCUSSIONS WITH MANAGEMENT THAT THEY WERE CERTAINLY LOOKING
- 19 AT THE REPORT OPINIONS AND CONTROL EXCEPTIONS AND CONSIDERING
- 20 THE IMPACT BUT WE DIDN'T SEE ANY FORMAL DOCUMENTATION RELATED
- 21 TO THAT SO WE JUST RECOMMENDED THAT MANAGEMENT ENHANCE THEIR
- 22 DOCUMENTATION TO ASSESS NOT ONLY THOSE OPINIONS CONTROL
- 23 EXCEPTIONS AND IMPACT BUT ALSO USER CONTROLS. FIRST-DEGREE
- 24 MURDER FINDING AND RECOMMENDATION WE NOTED THAT MTC OFFERS A
- 25 VARIETY OF DIFFERENT BENEFITS WITH THE LARGEST BEING THEIR





- 1 MEDICAL COVERAGE. SO WHEN I SAY LARGEST, I REALLY MEAN IN
- 2 TERMS OF NOT ONLY THE ANNUAL EXPENDITURES OF THE BENEFIT
- 3 PROVIDED TO EMPLOYEES BUT ALSO THE LARGEST NUMBER OF
- 4 PARTICIPANTS ENROLLING IN THAT BENEFIT SO WE OBSERVED THROUGH
- 5 DISCUSSIONS WITH MANAGEMENT THAT THESE BENEFIT RECONCILIATIONS
- 6 HADN'T BEEN PERFORMED AND THOSE RECONCILIATIONS ARE LOOKING AT
- 7 EMPLOYEE DEDUCTIONS AND COMPARING AND CONTRASTING THOSE
- 8 AMOUNTS PAID TO CALPERS FOR THOSE MEDICAL PREMIUMS AS A RESULT
- 9 CROWE TESTED 100 PERCENT OF THE MONTHLY BILLS AND ALL EMPLOYEE
- 10 DEDUCTIONS AND WE NOTICED THERE WERE EVEN EMPLOYEES THAT HAD
- 11 AMOUNTS PAID TO CALPERS FOR WHICH THERE WERE NO EMPLOYEE
- 12 DEDUCTIONS MADE AGGREGATE RECEIVABLE TO THE POTENTIAL
- 13 EMPLOYEES WAS ONLY \$987 IN AGGREGATE THERE WERE AMOUNTS OF
- 14 OVER \$17,000 AND IMPACTED 37 OTHER EMPLOYEES AND WHILE THE
- 15 DOLLAR AMOUNTS AREN'T MATERIAL TO THE FINANCIAL STATEMENTS WE
- 16 RECOMMENDED THAT MANAGEMENT PERFORM THESE BENEFIT
- 17 RECONCILIATIONS TO IDENTIFY ANY DISCREPANCIES, TO RESOLVE THEM
- 18 IN A TIMELY MANNER, AND CERTAINLY TO AVOID ANY TYPE OF
- 19 CIRCUMSTANCES SUCH AS LOSS OF COVERAGE OR UNEXPECTED PREMIUMS
- 20 FOR PARTICIPANT IN THE PLAN. OUR FOURTH AND FINAL
- 21 RECOMMENDATION RELATES TO PROPER CODING OF INVOICES DURING OUR
- 22 TESTING OF LEGAL EXPENSES WE NOTICED ONE VENDOR INVOICE THAT
- 23 WAS CODED TO BAIFA WHEN IT SHOULD HAVE BEEN RECORDED TO ABAG
- 24 LIKELY DUE TO THIS PARTICULAR VENDOR WHO PERFORMS WORK FOR
- 25 BOTH ENTITIES REGULARLY. OUR RECOMMENDATION TO MANAGEMENT IS





- 1 TO STRENGTHEN THE INTERNAL CONTROLS OVER REVIEW OF INVOICES
- 2 AND IN PARTICULAR PAYING ATTENTION TO VENDORS THAT DO PERFORM
- 3 WORK ACROSS MULTIPLE DEPARTMENTS OR ENTITIES AND WE TAKE A
- 4 STEP BACK AND THINK THROUGH THIS, AS MTC PERFORMS A
- 5 CENTRALIZED ACCOUNTING FUNCTION FOR SEVERAL ENTITIES, IT DOES
- 6 BECOME INCREASINGLY IMPORTANT TO EMPHASIZE THE APPROPRIATE
- 7 RECORDING INVOICES AND TAKING A CENTRALIZED APPROACH TO
- 8 REVIEWING THEM. THAT CONCLUDES MY FOUR DEFICIENCIES I WANTED
- 9 TO COVER. I'LL GO FORWARD TO THE NEXT SLIDE TO DISCUSS THE
- 10 REQUIRED COMMUNICATION. IF YOU MOVE TO THE NEXT SLIDE PLEASE.
- 11 THANK YOU. OUR PROFESSIONAL STANDARDS REQUIRE CERTAIN
- 12 COMMUNICATIONS ABOUT CHARGED GOVERNMENTS. FIRST SIGNIFICANT
- 13 ACCOUNTING POLICIES, MANAGEMENT HAS PROPERLY DISCLOSED THEIR
- 14 POLICIES IN FOOTNOTE ONE OF EACH INDIVIDUAL REPORT THAT
- 15 ARLEICKA IS GOING TO GO OVER IN A MINUTE. WE HAVE REVIEWED AND
- 16 THEY APPEAR TO BE CLEAR AND CONSISTENT WITH THE PRIOR PERIOD.
- 17 WITH RESPECT TO BE ADOPTION OF NEW ACCOUNTING STANDARDS, THE
- 18 ONLY STANDARD THAT WAS ADOPTED WAS GASB STATEMENT 95 AND AS A
- 19 REMINDER THAT POST POSTPONED THE EFFECTIVE DATES OF OTHER
- 20 AUTHORITATIVE GUIDANCE THAT WOULD HAVE BEEN IMPLEMENTED HAD 95
- 21 NOT BEEN PASSED AND REALLY THAT WAS JUST GASB'S ATTEMPT TO
- 22 RECOGNIZE THE IMPACT OF A PANDEMIC AND TO PROVIDE LOTS OF
- 23 GOVERNMENTS MUCH NEEDED RELIEF TO DELAY THE IMPLEMENTATION OF
- 24 THOSE STANDARDS. ON THE NEXT SLIDE HERE, WE HAVE GOT
- 25 MANAGEMENT'S ACCOUNTING ESTIMATES. THE FINANCIAL STATEMENTS



- 1 CERTAINLY INCLUDE ESTIMATES THAT ARE SUBJECT TO OUR AUDIT.
- 2 GREAT EXAMPLES WOULD BE THE INCLUSION OF THE FAIR VALUES
- 3 INVESTMENTS OR ESTIMATES PERTAINING TO PENSION AND POST
- 4 RETIREMENT OBLIGATIONS. WE HAVE PERFORMED AUDITS AND BELIEVE
- 5 THEM TO BE APPROPRIATE AND HAVE NO FINDINGS IN THOSE AREAS. IF
- 6 YOU MOVE TO THE NEXT SLIDE HERE, THIS COVERS THE CORRECTED
- 7 MISSTATEMENTS AND UNCORRECTED MISSTATEMENTS I AM PLEASED TO
- 8 REPORT THAT WE DID NOT NOTE ANY MATERIAL CORRECTED
- 9 MISSTATEMENTS. ALSO THE UNCORRECTED MISSTATEMENTS THAT WERE
- 10 AGGREGATED DURING THE AUDIT BY THE AUDITORS WERE DETERMINED TO
- 11 BE IMMATERIAL BY MANAGEMENT AND -- [PHONE RINGING] A WAS
- 12 SAYING, THE UNCORRECTED MISSTATEMENTS THAT WERE AGGREGATED
- 13 DURING THE AUDIT WERE DETERMINED TO BE IMMATERIAL BY
- 14 MANAGEMENT AND CROWE CONFIRMS THAT ASSESSMENT. UNDER AUDITING
- 15 STANDARDS WE'RE REQUIRED TO OBTAIN A SUMMARY OF THOSE ATTACHED
- 16 TO MANAGEMENT AND OUR AUDIT REPORT. WE DID NOT NOTE ANY OF THE
- 17 FOLLOWING MATTERS NOTED ON THIS SLIDE FROM THE DIFFERENT
- 18 BULLET POINTS THAT YOU CAN SEE ON THE SLIDE. WITH THAT I'M
- 19 HAPPY TO ADDRESS ANY QUESTIONS YOU MAY HAVE.
- 21 CLERK OF THE BOARD: THANK YOU KATHY. IT LOOKS LIKE THE CHAIR
- 22 IS ON A CALL AT THE MOMENT.
- 24 SCOTT HAGGERTY, CHAIR: OKAY. I'M THERE? CAN YOU GUYS HEAR ME?

25

23



1	AMY R. WORTH: YES. WE CAN.
2	
3	SCOTT HAGGERTY, CHAIR: OKAY. SO ARE THERE ANY QUESTIONS? OKAY.
4	I HAVE NO QUESTIONS. SO THEN I WOULD ASK IS THERE A MOTION TO
5	FIRST OF ALL, I DO WANT TO SAY KATHY THOUGH THEY WAS VERY
6	IMPRESSED WITH YOUR AUDIT. I DON'T KNOW IF THIS IS A
7	COMPLIMENT BUT IT APPEARS YOU REALLY GOT INTO THE WEEDS, AND I
8	KNOW THAT AT, FOR EXAMPLE, AT MY OWN TRANSPORTATION AGENCY, IN
9	ALAMEDA COUNTY, WE HAVE A HARD TIME FINDING AUDITORS, AND I
10	CERTAINLY HOPE THE NEXT TIME WE GO OUT FOR A BID THAT YOU
11	APPLY BECAUSE I REALLY THINK YOU GUYS DID A GOOD JOB. I MEAN,
12	AS MUCH AS I CAN SEE. SO HAVING SAID THAT I'M ASKING IF
13	THERE'S A MOTION TO ACCEPT THE FY '19/20 AUDIT RESULTS AND
14	REQUIRED COMMUNICATIONS?
15	
16	AMY R. WORTH: MR. CHAIR?
17	
18	SCOTT HAGGERTY, CHAIR: YES AIM?
19	
20	AMY R. WORTH: I AM HAPPY TO MAKE A MOTION AND MAKE SOME
21	COMMENTS. I CAN SEE YOU HAVE ONE COMMENT OH THAT'S ME.
22	
23	SCOTT HAGGERTY, CHAIR: I'M TRYING TO GET TO THOSE. DO I HAVE A

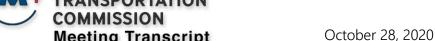
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25

MOTION ON THE FLOOR?



AMY R. WORTH: I AM HAPPY TO ACCEPT THE REPORTS INCLUDING MTC 1 2 ANNUAL FINANCIAL REPORT AND ASSOCIATED REPORTS FOR FISCAL YEAR 3 ENDING JUNE 2020. 4 5 ALFREDO PEDROZA: SECOND PEDROZA. 6 7 SCOTT HAGGERTY, CHAIR: I HAVE A MOTION AND SECOND WITH WORTH 8 AND PEDROZA. KIMBERLY DO WE HAVE ANYTHING IN WRITING? 9 CLERK OF THE BOARD: YES. LET THE RECORD REFLECT COMMISSIONER 10 GLOVER IS PRESENT. WE HAVE A QUORUM AT THIS POINT AND OUR 11 DEPUTIZED VICE CHAIR IS NO LONGER NEEDED TO MAKE QUORUM. 12 13 SCOTT HAGGERTY, CHAIR: I WILL MOVE THE SECOND FROM PEDROZA TO 14 15 GOVERNOR. 16 FEDERAL D. GLOVER: DONE. 17 18 SCOTT HAGGERTY, CHAIR: GO AHEAD. 19 20 CLERK OF THE BOARD: FIRST SPEAKER. 21 22 SPEAKER: I HAVE A QUESTION. WHO IS RESPONSIBLE FOR AUDITING 23 THE FUNDS THAT FLOW TO MTC TO THE AGENCIES, ARE EXTENDED BY 24 THE AGENCIES OF THE [INDISCERNIBLE] IF YOU REVIEW THE AGENCIES 25





- TO DO THE INTERNAL AUDITS, YOU'RE NOT EXPECTING THE POLICE TO 1
- INVESTIGATE THEMSELVES. THANK YOU. 2

3

SCOTT HAGGERTY, CHAIR: FINE. 4

5

- CLERK OF THE BOARD: I SEE NO ADDITIONAL RAISED HANDS AND HAVE 6
- 7 NO OTHER PUBLIC COMMENT FOR THIS ITEM.

8

SCOTT HAGGERTY, CHAIR: BRIAN CAN YOU ANSWER ROLAND'S QUESTION? 9

10

BRIAN MAYHEW: I BARELY HEARD IT. 11

12

- SCOTT HAGGERTY, CHAIR: AS I UNDERSTAND IT, HE WANTS TO KNOW 13
- THE FUNDS THAT FLOW THROUGH MTC, AND I GUESS, THEN OUT. 14

15

- 16 AMY R. WORTH: HE'S ASKED WHAT IS THE AUDITING RESPONSIBILITY
- FOR MTC FUNDS TO PASS THROUGH THE VARIOUS FUNDING AGENCIES 17
- THAT WE FUND? HOW DOES THAT GET AUDITED? HOW DO THOSE FUNDS 18
- GET AUDITED? 19

- BRIAN MAYHEW: EVERYBODY IN THE STATE OF CALIFORNIA GETS 21
- 22 AUDITED. THEY HAVE TO BE AUDITED BY AN INDEPENDENT AUDITOR.
- THE SECOND COMPONENT TO OUR RESPONSIBILITY, AGAIN, DEPENDING 23
- UPON THE FUNDING SOURCE, OUR REPORTING RESPONSIBILITIES TO US 24
- 25 FOR AUDITS, FEDERAL REPORTS, FOR EXAMPLE, PASSTHROUGHS,



- FEDERAL GRANTS, HAVE TO COME BACK TO US IN THE FORM OF SINGLE 1
- AUDIT REPORTS SIMILAR TO WHAT YOU SAY OF US, THAT COMES BACKS 2
- 3 TO US WE HAVE TO REVIEW IT COME BACK WITH ACTIVE CORRECTIVE
- ACTION PLANS UPDATE CORRECTIVE ACTION PLANS PLYING TO SB1 AND 4
- 5 FEDERAL STATE SOURCES, AND IF YOU GO THROUGHOUT FEDERAL AUDIT,
- FOR EXAMPLE, YOU WILL SEE THAT EVERY CATEGORY IS LISTED. EVERY 6
- 7 CATEGORY IS DOCUMENTED AND THEN YOU WILL FIND IF THERE ARE
- 8 DEFICIENCIES, AND IF THERE ARE FINDINGS, THAT WILL COME BACK
- TO US, WE WILL THEN GO BACK TO THEM TO FIND IF THEY HAVE 9
- REMEDIED THE SITUATION AND IF THEY HAVE NOT, WE TURN IT OVER 10
- TO OUR COGNIZANT AGENCY, AND HAVE TO TELL THAT COGNIZANT 11
- AGENCY THAT THESE PEOPLE ARE NOT IN COMPLIANCE AND AFTER THAT 12
- IT GETS INTO AN ACCELERATED SPEEDING TICKET. I HAVEN'T SEEN IT 13
- GO THAT FAR YET. WE HAVE RESPONSIBILITY FOR EVERY DOLLAR THAT 14
- 15 GOES THROUGH.
- 16
- SCOTT HAGGERTY, CHAIR: I NOTICE THAT WE PICKED UP ANOTHER 17
- ATTENDEE. KEN BUKOWSKI. KEN, UNMUTE YOURSELF PLEASE. KEN 18
- BUKOWSKI. YOU HAD IT FOR A SECOND. UNMUTE YOURSELF. THERE. 19
- 20 KEN.
- 21
- 22
- SPEAKER: OKAY. CAN YOU HEAR ME NOW?
- 23
- SCOTT HAGGERTY, CHAIR: YES. 24
- 25



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1 SPEAKER: I THINK WHAT ROLAND IS SAYING IS THE PEOPLE WHO ARE

2 BEING AUDITED ARE HIRING THE AUDITOR. THAT'S WHAT HE'S SAYING.

3

- 4 SCOTT HAGGERTY, CHAIR: THANK YOU. KIMBERLY, ANYTHING RECEIVED
- 5 IN WRITING?

6

7 CLERK OF THE BOARD: NONE RECEIVED.

8

- 9 SCOTT HAGGERTY, CHAIR: MOTION BY WORTH SECOND BY GLOVER. ROLL
- 10 CALL PLEASE.

- 12 AMY R. WORTH: I WANT TO EMPHASIZE THE COMMENTS THAT BRIAN MADE
- 13 IN TERMS OF OUR STAFF THAT WORKED SO HARD ON THIS AUDIT. AND
- 14 RECOGNIZING THE TREMENDOUS CHALLENGES. AND WHEN WE, LAST YEAR
- 15 WERE INTERVIEWING FOR AND SELECTING A NEW AUDITOR TO RECOMMEND
- 16 TO YOU, WE, YOU KNOW THAT WE REALLY FELT A TREMENDOUS AMOUNT
- 17 OF CONFIDENCE IN CROWE, AND IN KATHY AS A LEAD PARTNER. LITTLE
- 18 DID WE KNOW THAT THIS WOULD ALL BE HAPPENING IN A PANDEMIC,
- 19 AND THE ABILITY TO WORK CLOSELY, AS A TEAM, WAS ESPECIALLY
- 20 VITAL. IT ALWAYS IS IN AN AUDIT, BUT IN THIS SITUATION, IT
- 21 REALLY WAS IMPERATIVE. SO I REALLY WANT TO THANK OUR STAFF AND
- 22 OUR AUDITING TEAM FOR THE TREMENDOUS WORK THEY D AND FOR, YOU
- 23 KNOW, THE GOOD EYES ON OUR ACCOUNTS AND OUR BOOKS, AND I THINK
- 24 IT'S IMPORTANT FOR THE PUBLIC TO KNOW THAT THIS WAS AN
- 25 EXCELLENT AUDIT, THAT ALL OF OUR RECORDS ARE APPROPRIATE, THE



DOLLARS, THE PUBLIC DOLLARS WE MANAGE ARE ALL WELL MANAGED, 1 AND I JUST REALLY WANTED TO THANK EVERYBODY FOR THE TREMENDOUS 2 3 WORK, ESPECIALLY DURING THESE EXTRAORDINARY CHALLENGING TIMES. 4 5 SCOTT HAGGERTY, CHAIR: OKAY. THANK YOU. 6 7 AMY R. WORTH: THANK YOU MR. CHAIR. 8 9 SCOTT HAGGERTY, CHAIR: THANK YOU. ROLL CALL? 10 CLERK OF THE BOARD: [ROLL CALL VOTE] THANK YOU. THE MOTION 11 PASSES. 12 13 SCOTT HAGGERTY, CHAIR: MOVE TO ITEM 2B. KATHY? 14 15 16 SPEAKER: CHAIR HAGGERTY, YES, I HAVE ALREADY COVERED THE RESULTS OF THE UNIFORM GUIDANCE AUDIT. IT WAS COVERED IN MY 17 18 SLIDE BUT AGAIN TO REITERATE THERE WERE NO FINDINGS KNOWN RELATED TO THE FEDERAL GRANT AUDIT. NO AREAS OF NON-COMPLIANCE 19 AND NO MATERIAL WEAKNESSES OF SUFFICIENT DEFICIENCY. 20 21 22 SCOTT HAGGERTY, CHAIR: THAT'S WHAT WE NEED FOR A MOTION. MOVED

BY WORTH SECOND BY GLOVER. ANYBODY WISH TO SPEAK?

23



CLERK OF THE BOARD: I SEE NO RAISED HANDS MR. CHAIR. AND I 1 2 HAVE RECEIVED NO WRITTEN PUBLIC COMMENT. 3 SCOTT HAGGERTY, CHAIR: THANK YOU KIMBERLY. ROLL CALL PLEASE? 4 5 CLERK OF THE BOARD: [ROLL CALL VOTE] MOTION PASS UNANIMOUSLY. 6 7 8 SCOTT HAGGERTY, CHAIR: THANK YOU. ITEM 3A. 9 BRIAN MAYHEW: LET ME SET THE TABLE FOR ITEM 3A. CAN WE PULL UP 10 THE PRESENTATION? 11 12 SCOTT HAGGERTY, CHAIR: BRIAN I WOULD LIKE TO REMIND YOU THAT 13 THE MTC COMMISSION MEETING SHOULD HAVE STARTED. NOT THAT WHAT 14 YOU'RE GOING TO TELL US IS NOT IMPORTANT BUT WE HAVE TO BE 15 16 SOME WHAT PIFFY. 17 BRIAN MAYHEW: I WILL TRY TO BE PIFFY. I'M NOT SURE WHAT THAT 18 MEANS. THESE DOCUMENTS ARE WHAT WE'RE TALKING ABOUT FROM HERE 19 ON OUT THESE ARE THE REPORTS AND FINANCIALS, THESE ARE 20 21 ACTUALLY THE FINANCIALS. LOTS OF PEOPLE LIKE TO THINK THEY'RE 22 THE AUDITORS REPORTS. THE AUDITOR'S REPORT IS THE OPINION. IN 23 THE INTEREST OF BREVITY AND SINCE MOST OF THE IMPORTANT WORK

HAS BEEN DONE, LET ME GO TO THE FIRST PAGE OF THE

PRESENTATION. WE ARE CLEARLY COMING OUT OF A VERY DIFFICULT

24

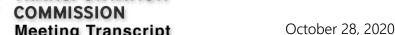




- 1 YEAR. AND WE END IT IN FAIRLY DECENT SHAPE. THE GOVERNMENTAL
- 2 FUNDS, AS YOU SEE IN THE REPORT, CAME OUT OF IT WITH PRETTY
- 3 DECENT POSITION, AND THE DECENT POSITION WITH LIQUIDITY GIVEN
- 4 THE FACT WE HAVE SO MANY GRANT AND FEDERAL FUNDS. GOVERNMENTAL
- 5 FUND BALANCES WENT UP A LITTLE BIT GENERAL FUND DID OKAY
- 6 DESPITE THE FACT THAT REVENUES WERE A BIT OFF. WE ACTUALLY
- 7 CAME OUT OF THE YEAR OKAY BECAUSE OF A FLURRY OF GRANTS THAT
- 8 GOT BILLED AND RECEIVED, THE RECEIVABLES. WE -- AND WE WIND UP
- 9 WITH ONE BAD PLACE AND IT'S EXACTLY WHERE WE THOUGHT WE WOULD
- 10 BE. SINCE THE GENERAL FUND AND MTC CAME UP BETTER THAN THEY
- 11 THOUGHT THEY WOULD, THE OTHER PROBLEM WE THOUGHT WE HAD WAS
- 12 BATA AND WE CERTAINLY ENDED IT THAT WAY. WE ENDED UP WITH BATA
- 13 IN A TOUGH POSITION REVENUE FELL 13 PERCENT AND THAT WAS
- 14 CREATED IN JUST ONE ORDER. CASH COLLECTIONS OF COURSE ARE
- 15 SUSPENDED, THAT CREATED AN ENTIRE INVOICING BASE WE HAVE NEVER
- 16 SEEN BEFORE. VIOLATION COLLECTIONS WERE ALSO SUSPENDED WHICH
- 17 IS A LARGE REVENUE BASE. THE RM3 TOLL REVENUE, OF COURSE
- 18 REMAINS SUSPENDED CAN'T BE USED FOR COVERAGE AND I 680 CAUSED
- 19 SOME ISSUES. I WILL SAY ABOUT BATA, AND THEN I WILL CONCLUDE.
- 20 BATA IS -- ONE OF THE REASONS FOR MTC FOR BATA'S HIGH RATINGS,
- 21 BATA IS THE HIGHEST RATED TOLL AGENCY IN THE COUNTRY. ONE OF
- 22 THOSE REASONS IS WE DO VERY CONCISE QUARTERLY FINANCIAL
- 23 REPORTS THAT UPDATE WALL STREET AND OUR INVESTORS AND ONE IS
- 24 THAT WE PRODUCE THE AUDIT, WE PRODUCE AUDITED REPORTS IN A 120
- 25 DAY CLOCK, SIMILAR TO A PRIVATE ENTERPRISE WHERE INVESTORS CAN



- 1 SEE THINGS WHEN IT STILL SEEMS RELEVANT TO THEM AND SO CAN THE
- 2 RATING AGENCIES AND SO CAN YOU. THE DIFFICULTY GETS TO BE HERE
- 3 IS THAT WE HAVE IN BATA, AND YOU WILL SEE IT'S IN THE
- 4 PRESENTATION, IF YOU SCROLL THROUGH T IT'S IN THE BACK OF THE
- 5 REPORT WITH THE REFINANCINGS, AND THE DEBT, BATA IS NOW, FOR
- 6 THE FIRST TIME, I THINK IT'S TABLE TEN OF -- WHERE IS IT --
- 7 THE BACK OF THE REPORT. YOU WILL FIND WE MET ALL OF OUR
- 8 OVERAGES CALLED SCHEDULE 11 IT GOES TO THE RATING AGENCY A
- 9 CRUCIAL SCHEDULE TO THE INVESTORS AND TO OUR RATINGS BEHIND
- 10 THAT IS ANOTHER REPORT, YOU WILL SEE TABLE 11, THERE FOR THE
- 11 FIRST TIME IN A WHILE, YOU WILL SEE TWO THINGS. ONE, REVENUE
- 12 IN BATA IS EQUIVALENT TO THE 2012 LEVEL AT THE END OF THE
- 13 YEAR. AND SECONDLY FOR THE FIRST TIME TOLL REVENUE WAS ONLY
- 14 .94 OF TOTAL COST WHICH MEANS YOU NOW HAVE TO RELY ON OTHER
- 15 THINGS OTHER THAN TOLL REVENUE. A SAID IN THE BUDGET, WE CAN
- 16 GET BY. BATA HAS LIQUIDITY TO GET BY FOR 18 MONTHS. WE'RE
- 17 HALFWAY THROUGH THAT 18 MONTHS NOW. IF THINGS DO NOT -- IF
- 18 WE'RE NOT SEEING GREAT UPTICK IN BATA IT'S SOMETHING THAT WE
- 19 WILL HAVE TO ADDRESS GOING INTO THE FUTURE. THERE ARE LOTS OF
- 20 OTHER THINGS. I'LL POINT OUT TWO OTHER THINGS IF YOU LOOK IN
- 21 THE PENSION PAGES AND PRESENTATION REPORT YOU WILL FIND WE
- 22 DROPPED OUR PENSION OBLIGATIONS SIGNIFICANTLY.
- 24 SCOTT HAGGERTY, CHAIR: ARE WE SUPPOSED TO BE ON A DIFFERENT
- 25 PAGE?



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1

- 2 BRIAN MAYHEW: THIS IS FINE. SUMMARIZING WHAT YOU WILL SEE.
- 3 I'LL LET ARLEICKA GO PAST ME. YOU WILL SEE PENSION OBLIGATIONS
- 4 REDUCED OPEB OBLIGATION COMPLETELY PAID OFF. THOSE ARE THINGS
- 5 IMPORTANT TO ME IN THE REPORTS. LET ME TURN TO ARLEICKA AND
- 6 LET HER GO THROUGH AS BRIEFLY AS SHE CAN.

7

- 8 ARLEICKA CONLEY: GOOD MORNING ALL. ARLEICKA CONNOLLY
- 9 ACCOUNTING FOR MTC.

10

11 SCOTT HAGGERTY, CHAIR: GOOD MORNING.

- 13 ARLEICKA CONLEY: GOOD MORNING. SINCE BRIAN HAS PROVIDED THE
- 14 OVERVIEW OF BATA AND MTC AND PENSION LIABILITY, I THINK WE CAN
- 15 GO TO SLIDE 12. YOU CAN ADVANCE. SORRY. SLIDE NINE. YES. I'LL
- 16 PROVIDE A BRIEF OVERVIEW OF THE BAY AREA HEADOUARTERS
- 17 AUTHORITY AND HOW IT'S PERFORMED ESPECIALLY DURING COVID-19
- 18 AND THIS UNPRECEDENTED ECONOMIC PANDEMIC. DURING FISCAL YEAR
- 19 2019/'20 BAHA HAS REMAINED SELF-SUFFICIENT. REMAINING WE'RE A
- 20 FULLY OCCUPIED BUILDING. NO LEASES WERE IN CONSTRAINT, MEANING
- 21 THAT NO TENANTS ASKED FOR A REDUCTION OF THEIR RENT NOR DID
- 22 ANY TENANTS MOVE OUT DURING FISCAL YEAR 19/20. BCDC BAY AREA
- 23 CONSERVATION AND DEVELOPMENT COMMISSION MOVED INTO THE CENTER
- 24 DURING 2019 WE REMAINED FULLY OCCUPIED ALTHOUGH DUE TO
- 25 SHELTER-IN-PLACE THE BUILDING HASN'T BEEN COMPLETELY UTILIZED



- 1 SINCE MARCH 2020. POSITIVE CASH FLOW AS OF '19/'20. AND BAHA
- 2 HAS RETURNED \$2 MILLION TOWARD THE BUILDING ACQUISITION COST.
- 3 THERE STILL REMAINS ABOUT \$249 MILLION THAT BAHA NEEDS TO
- 4 RETURN TO BATA. NEXT SLIDE. NEXT SLIDE.

5

6 SCOTT HAGGERTY, CHAIR: YOU ANTICIPATED MY QUESTION.

7

8 ARLEICKA CONLEY: YES, SIR.

9

10 AMY R. WORTH: ALWAYS.

- 12 ARLEICKA CONLEY: NEXT SLIDE. I'LL GO OVER 375 BEALE
- 13 CONDOMINIUM, THE ASSESSMENT FEES WHETHER THEY'RE REMAINING AT
- 14 THE END OF THE FISCAL YEAR THOSE ARE RETURNED TO PARTNERS THAT
- 15 WOULD BE MTC AND THE BAY AREA QUALITY MANAGEMENT DISTINCT. SO,
- 16 AT THE END OF FISCAL 19/20 THERE WAS ASSESSMENT OF \$494,233.
- 17 THERE IS NO RETURN TO BAY AREA ASSESSMENT AS THEY ARE CAPPED.
- 18 NEXT SLIDE. THIS PROVIDES AN OVERVIEW OF REFUND OF ASSESSMENTS
- 19 ON PAGE EIGHT AND PAGE SEVEN. NEXT SLIDE. THE BAY AREA
- 20 INFRASTRUCTURE FINANCING AUTHORITY IN FISCAL YEAR 2021, THE I-
- 21 880 EXPRESS LANE OPENED I BELIEVE IT WAS OCTOBER 2ND, 2021 TO
- 22 RAVE REVIEWS. THE INFRASTRUCTURE FOR THE EXPRESS LANES
- 23 CONTINUES TO PERFORM QUITE WELL. AS OF JULY 1ST, 2019, BATA
- 24 MOVED ALL LIABILITIES AND ASSETS FROM BATA TO THE EXPRESS
- 25 LANE, TO BAIFA, SO NOW WHEN YOU'RE LOOKING AT THE FINANCIAL



- 1 STATEMENTS IT WILL REFLECT ALL CASH INVESTMENTS ALL
- 2 EXPENDITURE AND LIABILITIES ASSOCIATED WITH THE EXPRESS LANES.
- 3 OF COURSE EXPRESS LANE TRAFFIC DECLINED AS A RESULT OF
- 4 SHELTER-IN-PLACE AND COVID-19 DECLINED BY ABOUT 37 PERCENT.
- 5 AND ALSO TOLL REVENUES DECREASED. WE SUSPENDED TOLLS EFFECTIVE
- 6 JANUARY 2021, WE WILL RECOMMIT TO COLLECTING VIOLATIONS IN
- 7 JANUARY 2021. BATA CONTRIBUTED ABOUT \$230 MILLION TO BAIFA
- 8 MOSTLY FOR THE I-880 EXPRESS LANES WHICH OPENED IN OCTOBER
- 9 2020. NEXT SLIDE. THIS PROVIDES AN OVERVIEW OF CASH
- 10 INVESTMENTS BAIFA REMAINS WITH A LIQUIDITY AGAIN THOSE ASSETS
- 11 AND LIABILITIES MOVED OVER TO BAIFA FROM BATA EFFECTIVE JULY
- 12 2019. SO NOW YOU'RE FINANCIAL STATEMENTS, IF YOU LOOK AT THE
- 13 COMPARISON BETWEEN 202019/20 AND 2018/19 YOU WILL SEE
- 14 SIGNIFICANT ADJUSTMENTS ONE BEING TO CASH UNRESTRICTED AND
- 15 CASH RESTRICTED AS A RESULT OF LIABILITIES MOVING OVER FROM
- 16 BATA. NEXT SLIDE. NEXT SLIDE. SO, STAFF IS RECOMMENDING THAT
- 17 THE AUDIT COMMITTEE ACCEPT THE COMBINED REPORTS INCLUDING THE
- 18 METROPOLITAN TRANSPORTATION COMMISSION'S COMPREHENSIVE ANNUAL
- 19 FINANCE REPORT AND ASSOCIATED REPORT WHICH IS INCLUDE BAIFA,
- 20 BAHA, 375 BEALE CONDO FOR JUNE 30TH, 2020.
- 22 SCOTT HAGGERTY, CHAIR: OKAY. THANK YOU. SO, I HAVE A QUICK
- 23 OUESTION. I'M NOT SURE THAT IT GOES TO ANYBODY THAT PRESENTED.
- 24 IT MAY BE DIRECTED TO THERESE. BUT I THINK THAT WHAT I HEARD



WAS, THIS LAST YEAR WE PAID BATA BACK 2 MILLION ON AN 1 APPROXIMATELY \$200 MILLION DEBT. IS THAT CORRECT? 2 3 THERESE MCMILLAN: BRIAN CAN --4 5 BRIAN MAYHEW: LET ME --6 7 8 SCOTT HAGGERTY, CHAIR: IT'S JUST A YES OR NO QUESTION. I'M NOT 9 TO MY OUESTION YET. 10 BRIAN MAYHEW: 2 MILLION IS JUST FOR LAST YEAR. THERE HAS BEEN 11 OTHER PAYMENTS. 12 13 SCOTT HAGGERTY, CHAIR: I GET THAT. BUT WE STILL OWE 200 14 MILLION. MY QUESTION IS, AND THAT'S WHY I SAY IT'S PROBABLY TO 15 16 THERESE, HOW ARE WE GOING TO ACCELERATE THOSE PAYMENTS SO IT DOESN'T TAKE FOREVER TO PAY IT BACK? BECAUSE THAT'S MONEY WE 17 COULD BE SPENDING ON PROJECTS. 18 19 THERESE MCMILLAN: WELL I -- I WILL TAKE THAT AS A REQUEST TO 20 COME BACK WITH, YOU KNOW, I'LL WORK WITH BRIAN AND COME BACK 21 22 WITH SOME POTENTIAL OPTIONS. I THINK THAT OBLIGATION OBVIOUSLY NEEDS TO BE VIEWED WITHIN, YOU KNOW, ALL OTHER REQUIREMENTS OR 23 24 THOSE --





1 SCOTT HAGGERTY, CHAIR: THAT'S FINE.

2

3 THERESE MCMILLAN: WE CAN COME BACK TO THIS.

4

- 5 SCOTT HAGGERTY, CHAIR: IT'S NOT A TRICK QUESTION. IT'S JUST --
- 6 AND I AM SURE BRIAN WOULD SUBMIT TO ME IN OTHER YEARS, NON-
- 7 COVID YEARS THERE HAS BEEN A LOT MORE PAID BACK THAN 2
- 8 MILLION. AND I APPRECIATE THAT. BUT I WOULD LIKE TO FINISH --
- 9 KNOW IF WE HAVE A PLAN GOING FORWARD.

10

11 BRIAN MAYHEW: SURE WE DO.

12

13 SCOTT HAGGERTY, CHAIR: DO YOU WANT TO SHARE IT?

- 15 BRIAN MAYHEW: THE ORIGINAL MODEL PUT THE AMORTIZATION BETWEEN
- 16 25 AND 30 YEARS. WE WERE SLOW GETTING UP BUT WE'RE IN DECENT
- 17 SHAPE. WHAT WE HAVE BEEN HOLDING OFF AND DISCUSSED LAST YEAR
- 18 OR WAS IT THE YEAR BEFORE, ANYWAYS IN THE BUDGET BEING ABLE TO
- 19 SETUP THE PROPER RESERVES FOR THE BUILDING AND THEN SHOVING
- 20 ALL THE REST OF THE MONEY BACK. ONCE WE HAVE ESTABLISHED A
- 21 POLICY FOR RESERVES AND FUNDING THE RESERVES FROM THE RENTS WE
- 22 WOULD RETURN WHATEVER REMAINS OTHER THAN THAT, BACK TO BATA,
- 23 AND THEN EVERY YEAR, WHAT ISN'T NEEDED FOR THE RESERVES OR
- 24 REPLENISH RESERVES WILL GO BACK TO BATA. WE CAN'T ACCELERATE
- 25 THE TIMING BUT WE'RE ROUGHLY WITHIN TWO AND A HALF YEARS MET



- 1 PROFESSIONALS PRETTY GOOD SO FAR BUT WE DON'T HAVE THAT PLAN
- 2 YET TO MAKE SURE THE PROPERTY CONTINGENCIES AND RESERVES TO
- 3 KEEP IT THE WAY IT IS TODAY.

4

- 5 SCOTT HAGGERTY, CHAIR: MAYBE YOU CAN DO SOME SORT OF
- 6 PRESENTATION AT BATA OF THIS. IT'S NOT A TRICK QUESTION. I
- 7 JUST THINK AS ELECTED OFFICIALS WE SHOULD KNOW WHAT THE PLAN
- 8 IS IN CASE PEOPLE ASK US. I NOTICED AMY WORTH HAS A QUESTION.

9

- 10 AMY R. WORTH: THANK YOU MR. CHAIR. I WANT TO FOLLOW UP ON THE
- 11 SAME VEIN AND LOOKING AT THE BAHA ACCOUNTS, I SEE THAT THE
- 12 ABAG COST CONTINUED TO RISE. AND I KNOW RIGHT NOW IT LOOKS
- 13 LIKE IT'S ABOUT \$180,000, AND I KNOW AT THIS POINT AS THOSE
- 14 COSTS GO UP THEY COME OUT OF THE MTC BUDGET. SO THAT'S THE
- 15 OTHER THING I WOULD LIKE TO SEE DOWN THE ROAD IS WHAT IS OUR
- 16 PLAN TO BE ABLE TO GENERATE ADDITIONAL FUNDS FOR THAT, WHETHER
- 17 IT'S A, YOU KNOW, OVERHEAD ON GRANT FUNDING OR WHATEVER. BUT I
- 18 THINK IT'S REALLY IMPORTANT THAT WE ADDRESS THAT TOO. SO,
- 19 THANK YOU.

20

- 21 BRIAN MAYHEW: COMMISSIONER, NOT TO GET IN THE WEEDS, BUT ABAG
- 22 ALREADY PAYS, ALL FULL OVERHEAD ON ALL OF ITS GRANTS.

23

24 AMY R. WORTH: I UNDERSTAND THAT.



- 1 BRIAN MAYHEW: THERE IS ONLY ONE EXCEPTION AND THE GRANTS THAT
- 2 DO NOT QUALIFY IN THAT AREA ARE ROLLING OFF EVERY YEAR. OTHER
- 3 THAN THAT, FULLY BURDENS OVERHEAD IS BEING PUT --
- 4 [INDISCERNIBLE] THE AGREEMENT YOU HAVE WITH ABAG LIMITS THEIR
- 5 REPAYMENT. AND THAT, CERTAINLY, IF YOU WANT TO RENEGOTIATE IT,
- 6 IT'S UP TO YOU. DON'T THINK THAT ABAG IS NOT MAKING ITS
- 7 CONTRIBUTIONS NOW BECAUSE OF THIS.

8

- 9 AMY R. WORTH: I UNDERSTAND THAT BRIAN THAT'S HOW THE GRANTS
- 10 ARE SETUP U BUT I THINK TO BE MINDFUL OF THE CONTRACTS AS THEY
- 11 ARISE, BE MINDFUL OF THE FACT THAT WE'RE PAYING THESE
- 12 ADDITIONAL COSTS OUT OF MTC RESOURCES.

13

14 BRIAN MAYHEW: CORRECT.

15

- 16 SCOTT HAGGERTY, CHAIR: OKAY. I DON'T HAVE ANYTHING IN THE
- 17 PUBLIC THAT WISHES TO SPEAK. DO YOU HAVE ANYTHING IN WRITING
- 18 KIMBERLY?

19

20 CLERK OF THE BOARD: NO. I DO NOT.

21

22 SCOTT HAGGERTY, CHAIR: OKAY. I'M LOOKING FOR A MOTION.

23

24 **SPEAKER:** MOVED.



1	AMY R. WORTH: MR. CHAIR
2	
3	SCOTT HAGGERTY, CHAIR: HOLD ON. MOVED BY WORTH, SECOND BY
4	GLOVER. BRIAN DID YOU WANT TO SAY SOMETHING AND THERESE?
5	
6	BRIAN MAYHEW: I WANT TO SAY IT INCLUDES ACCEPTING THE
7	APPROVAL OF THE REPORTS INCLUDES ACCEPTING CROWE AND NEXT YEAR
8	WE'LL BE HAPPY TO [INDISCERNIBLE].
9	
10	AMY R. WORTH: I APOLOGIZE, I AM MOVING TO ACCEPT ITEMS A AND
11	B, FOR THIS MOTION I WILL RESTATE, MOVE TO ACCEPT THE COMBINED
12	REPORTS INCLUDING MTC COMPREHENSIVE ANNUAL REPORT AND
13	ASSOCIATED REPORT FOR FISCAL YEAR ENDING JUNE 2020 AND ALSO
14	THE REPORT FOR CROWE FOR THE AUDIT YEAR.
15	
16	SCOTT HAGGERTY, CHAIR: WAS THAT YOUR SECOND?
17	
18	SPEAKER: YES.
19	
20	SCOTT HAGGERTY, CHAIR: THERESE YOU'RE GOOD?
21	
22	THERESE MCMILLAN: I WANT TO SAY WE'LL FOLLOW UP WITH THE
23	SPECIFIC REQUEST THAT YOU HAD, MR. CHAIR, AS WELL AS
24	COMMISSIONER WORTH.



SCOTT HAGGERTY, CHAIR: THANK YOU. APPRECIATE IT. 1 2 3 AMY R. WORTH: THANK YOU. 4 5 SCOTT HAGGERTY, CHAIR: ROLL CALL VOTE, PLEASE? WAIT. WE HAVE ONE. KEN BROWN WOULD LIKE TO SPEAK. 6 7 8 SPEAKER: HI. IN RESPONSE TO AMY'S COMMENT, I DON'T KNOW WHY IT'S SIGNIFICANT IF MTC PAYS THOSE COSTS, IT REPRESENTS THE 9 LOCAL GOVERNMENTS ISN'T AT THE SAME IF MTC PAYS IT? THANK YOU. 10 11 SCOTT HAGGERTY, CHAIR: OKAY. I THINK THE AUDITORS WOULD THEN 12 COME IN AND YELL AT US BECAUSE MTC PAID A BILL JUST LIKE THEY 13 DID EARLIER. WITH THAT WE'LL TAKE A ROLL CALL PLEASE. 14 15 16 CLERK OF THE BOARD: [ROLL CALL VOTE]. MOTION PASSES. 17 SCOTT HAGGERTY, CHAIR: OKAY. ITEM FOUR, WHICH IS PUBLIC 18 19 COMMENT. ANYBODY WISH TO SPEAK ON PUBLIC COMMENT? TIME IN WHICH YOU CAN SPEAK TO ANYTHING THAT IS NOT ON TODAY AGENDA. I 20 SEE NO HANDS GOING UP. ANYTHING IN WRITING KIMBERLY 21 22 23 CLERK OF THE BOARD: NOTHING IN WRITING.



- 1 SCOTT HAGGERTY, CHAIR: WE'RE ADJOURNED. NEXT MEETING OF THE
- 2 AUDIT COMMITTEE WILL BE DULY NOTED. THANK YOU VERY MUCH.
- 3 [ADJOURNED]



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