

ADMINISTRATION & FINANCE COMMITTEE

Thursday, January 15, 2009
12:00 PM

VTA Conference Room B-104
3331 North First Street
San Jose, CA

AGENDA

CALL TO ORDER

1. ROLL CALL

2. PUBLIC PRESENTATIONS:

This portion of the agenda is reserved for persons desiring to address the Committee on any matter not on the agenda. Speakers are **limited to 2 minutes**. The law does not permit Committee action or extended discussion on any item not on the agenda except under special circumstances. If Committee action is requested, the matter can be placed on a subsequent agenda. All statements that require a response will be referred to staff for reply in writing.

3. ORDERS OF THE DAY

4. RECESS TO CLOSED SESSION

Anticipated Litigation--Conference with Legal Counsel

Significant exposure to litigation pursuant to subdivision (b) of Government Code Section 54956.9: (Three cases)

RECONVENE TO OPEN SESSION

5. CLOSED SESSION REPORT

CONSENT AGENDA

6. Approve the Regular Meeting Minutes of December 18, 2008.

7. INFORMATION ITEM - Review the 2008 Year End Attendance Report.

8. INFORMATION ITEM - Report on Santa Clara Valley Transportation Authority Investments for the month of November 2008.

9. INFORMATION ITEM - Review the Monthly Legislative History Matrix.

REGULAR AGENDA

10. ACTION ITEM - Conduct voting to determine the Committee's Vice Chairperson for calendar year 2009.
11. ACTION ITEM - Approve recommended changes to the Investment Policy for VTA Unrestricted and Restricted Funds.
12. INFORMATION ITEM - Receive the 2010 Census Partnership Network Information.
13. ACTION ITEM - Authorize the General Manager to execute an agreement with WEDGE Capital Management, LLP (WEDGE) for the management of the Domestic Small Cap Value Equity portfolio portion of VTA/ATU Pension Plan assets.
14. ACTION ITEM - Authorize the General Manager to increase the contract authority for technology general consulting services by the amount of \$3.9 million for a new total contract authority of \$13.5 million.

OTHER ITEMS

15. INFORMATION ITEM - Actuarial Valuation of VTA's Retiree Health Plan as of July 1, 2008.
16. INFORMATION ITEM - Receive a brief report on the Advisory Committee Enhancement process.
17. Items of Concern and Referral to Administration
18. Review Committee Work Plan.
19. Committee Staff Report. (J. Smith)
20. Chairperson's Report.
21. Determine Consent Agenda for the February 5, 2009 Board of Directors Meeting.
22. ANNOUNCEMENTS
23. **ADJOURN**

NOTE COMMITTEE MEMBERS: In order to establish a quorum for this meeting, members are asked to call the Board Secretary's Office at (408) 321-5680 or E-mail: board.secretary@vta.org before 5:00 p.m. on the day prior to the meeting. Thank you for your cooperation.

In compliance with the Americans with Disabilities Act (ADA), those requiring accommodations or accessible media for this meeting should notify the Board Secretary's Office 48 hours prior to the meeting at (408) 321-5680 or e-mail: board.secretary@vta.org, TDD (408) 321-2330. VTA's Homepage is located on the Web at: <http://www.vta.org/>.

All reports for items on the open meeting agenda are available for review in the Board Secretary's Office, 3331 North First Street, San Jose, California, (408) 321-5680, the Monday, Tuesday, and Wednesday prior to the meeting. This information is available on VTA's website at <http://www.vta.org/> and also at the meeting.

**NOTE: THE BOARD OF DIRECTORS MAY ACCEPT, REJECT OR MODIFY
ANY ACTION RECOMMENDED ON THIS AGENDA.**

ADMINISTRATION & FINANCE COMMITTEE

Thursday, December 18, 2008

MINUTES

CALL TO ORDER

The Regular Meeting of the Administration and Finance Committee (A&F) was called to order at 12:10 p.m. by Chairperson Williams in Room B-104, VTA River Oaks Campus, 3331 North First Street, San Jose, California.

1. ROLL CALL

Attendee Name	Title	Status	Arrived
David Casas	Board Member	Absent	
Don Gage	Board Member	Present	
Chuck Reed	Board Member	Present	12:14 PM
Forrest Williams	Board Member	Present	
David Cortese	Alternate Board Member	Absent	
Pete McHugh	Alternate Board Member	Absent	
Chris Moylan	Alternate Board Member	Present	

* Alternates do not serve unless participating as a Member.

A quorum was present.

2. PUBLIC PRESENTATIONS

There were no Public Presentations.

3. ORDERS OF THE DAY

Chairperson Williams moved the following Items to the end of the Agenda: **Agenda Item #4.**, Closed Session and **Agenda Item #5.**, Closed Session Report.

M/S/C (Gage/Moylan) to accept the Orders of the Day.

NOTE: M/S/C MEANS MOTION SECONDED AND CARRIED AND, UNLESS OTHERWISE INDICATED, THE MOTION PASSED UNANIMOUSLY.

The Agenda was taken out of order.

Agenda Item #4., Closed Session and **Agenda Item #5.**, Closed Session Report were moved to the end of the Agenda.

4. RECESS TO CLOSED SESSION

Anticipated Litigation--Conference with Legal Counsel

Significant exposure to litigation pursuant to subdivision (b) of Government Code Section 54956.9: (Three cases)

5. CLOSED SESSION REPORT

CONSENT AGENDA

6. Regular Meeting Minutes of November 20, 2008

M/S/C (Gage/Moylan) to approve the Regular Meeting Minutes of November 20, 2008.

7. Monthly Investment Report - October 2008

M/S/C (Gage/Moylan) to review the Monthly Investment Report - October 2008.

8. Citizens Advisory Committee (CAC) Appointment

M/S/C (Gage/Moylan) to approve submitting a recommendation to the Board of Directors to recommend the Board of Directors ratify the nomination of Peter Skinner to the Citizens Advisory Committee (CAC) representing the Silicon Valley Leadership Group (SVLG).

REGULAR AGENDA

9. 2009 Administration and Finance (A&F) Committee Meeting Schedule

Board Member Gage noted a schedule conflict with the December 17, 2009 A&F Committee meeting but stated his staff is working to resolve the conflict.

M/S/C (Gage/Moylan) to approve the 2009 Administration and Finance (A&F) Committee Meeting Schedule.

Board Member Reed arrived at the meeting at 12:14 p.m.

10. Extra-Help RFP Contract Approval

Bill Lopez, Chief Administration Officer, stated staff recommended the General Manager be authorized to execute contracts with seven temporary employment agencies for three-years with two additional one-year options to extend the contract for extra help staffing.

Mr. Lopez reported VTA occasionally requires temporary staffing services ranging from clerical to accounting. He noted individual negotiated contracts are not the most cost effective method and time consuming; therefore, a Request for Proposal (RFP) was issued on September 18, 2008 for the use of temporary agency firms.

VTA received bid proposals from eight temporary agency firms but seven were determined to have the ability to meet the needs of VTA. Mr. Lopez stated conducting business through the use of the RFP process is the most efficient, competitive, and fair method of awarding contracts to VTA vendors.

M/S/C (Gage/Moylan) on a vote of 3 Ayes, 0 Noes, and 1 Abstention to approve submitting a recommendation to the Board of Directors to authorize the General Manager to execute contracts with seven (7) temporary employment agencies for three years, with two one-year options to extend, in an amount not to exceed \$300,000 per year. The agencies are: AppleOne Employment Services; CoreTechs, Inc.; CornerStone Staffing Solutions, Inc.; Global Infotech Corporation; Josephine's Personnel Services, Inc.; Robert Half International, Inc.; and Venturi Staffing Partners, Inc. Board Member Reed abstained.

11. Extension of DBE/SBE Certification Contract with Hayden J. Lee Consultants, Inc.

Thomas Smith, Contracts and Materials Manager, reported staff recommended the extension of the contract with Hayden J. Lee Consultants, Inc. (HJL Consultants) to perform Small Business Enterprise (SBE) and Disadvantage Business Enterprise (DBE) certification services, contract monitoring, progress reports and compliance services on VTA contracts for an additional year in an amount not to exceed \$191,040.

Mr. Smith stated HJL Consultants services are of high quality and pricing is determined to be fair and reasonable. VTA intends to perform a formal solicitation and issue a Request for Proposal (RFP) for the DBE and SBE services at the end of the HJL Consultants contract extension.

M/S/C (Gage/Moylan) on a vote of 3 Ayes, 0 Noes, and 1 Abstention to approve submitting a recommendation to the Board of Directors to authorize the General Manager to extend the contract with Hayden J. Lee Consultants, Inc. (HJL Consultants) to perform Small Business Enterprise (SBE) and Disadvantaged Business Enterprise (DBE) certification services, contract monitoring, progress reports and compliance services associated with DBE/SBE participation on VTA contracts for an additional 12 months in an amount not to exceed \$191,040, for a new total contract total of \$940,040. Board Member Reed abstained.

12. VTA Contribution to Caltrain Capital Projects and Approval of a Cooperative Agreement with the Peninsula Corridor Joint Powers Board

Kevin Connolly, Transportation Planning Manager, reported staff recommended the General Manager be authorized to execute a cooperative agreement with the Peninsula Corridor Joint Powers Board (JPB) for contributions of up to \$11.6 million of Measure A funds for Santa Clara Station and San Jose Diridon Station improvements; and to \$600,000 of Measure A funds for Caltrain capital planning efforts for High Speed Rail (HSR) and Electrification implementation.

Mr. Connolly stated the total project budget for the Santa Clara Station upgrade is approximately \$26 million. Caltrain is currently completing the design of a center boarding platform and pedestrian tunnel at the Santa Clara Caltrain Station to link the new platform and the existing station platform. The project design will eliminate the “hold out” rule, where only one train can enter the station at a time, which will allow the Altamont Commuter Express (ACE) and Capitol Corridor trains to use the Santa Clara Station while improving pedestrian safety by grade separating the track crossing. VTA will contribute \$10 million from the 2000 Measure A funding to complete the funding plan project cost and ACE will contribute \$12.9 million and other funding from State sources.

Mr. Connolly stated the total project budget for the San Jose Diridon Station is approximately \$52 million, which increases the current station capacity from three to five platforms. The additional platform space will provide train operations more flexibility and facilitate future plans for expansion of Caltrain, ACE, and Capitol Corridor services. VTA will contribute \$1.6 million and Capitol Corridor will contribute \$20.6 million for the Diridon Station. He stated VTA is working collaboratively with the JPB on the HSR and Electrification project and staff is looking for ways to expedite and make the project more cost effective. The JPB has estimated a savings of \$6 million if both Santa Clara Station and San Jose Diridon Station improvements are consolidated into a single construction effort.

Alternate Board Member Moylan queried about the partnership members contribution share of the project. Mr. Connolly responded the partnership member within their specific county takes the initiative to fund the projects specific to their region. The Caltrain funding partnership members are expected to contribute one-third of the local share on system wide improvements benefiting the entire Caltrain operation.

Michael T. Burns, General Manager, stated the San Jose Diridon Station has system wide elements, which the other partnership members will provide their contributions consistent with the agreement.

M/S/C (Gage/Reed) to approve submitting a recommendation to the Board of Directors to authorize the General Manager to execute a cooperative agreement with the Peninsula Corridor Joint Powers Board (JPB) for contributions of; 1) up to \$11.6 million of Measure A funds for Santa Clara Station and San Jose Diridon Station improvements; and 2) up to \$600,000 of Measure A funds for Caltrain capital planning efforts.

13. State Local Partnership Program Contribution to BART to Warm Springs Extension Project

Carolyn Gonot, Chief Silicon Valley Rapid Transit (SVRT) Program Officer, directed attention to the presentation entitled, “BART to Warm Springs Extension”, highlighting: the BART Warm Springs Extension (WSX) and the BART WSX Funding Plan.

Ms. Gonot reported the BART Warm Springs Extension (WSX) project is a 5.4 mile project, which extends from the Fremont BAT Station to southern Fremont. The WSX would run under Lake Elizabeth in Fremont Central Park and along the Union Pacific Railroad (UPRR) Corridor to the Warm Springs Station. The project is expected to be open for revenue service in 2014 with an estimated project cost of \$890 million.

Ms. Gonot noted the BART WSX funding plan consists of several funding sources, such as the Alameda County 2000 Measure B, State Traffic Congestion Relief Program (TCRP), Regional Measure 1 and 2 Bridge Tolls, State Transportation Improvement Program (STIP), Alameda County Congestion Management Agency (CMA), Proposition 1B, Proposition 1B State Local Partnership Program, BART Agency Contribution, and San Francisco Airport Extension Surplus Revenue.

The funding plan also includes a contribution of State Local Partnership Program (SLPP) funds and its match from the Metropolitan Transportation Commission (MTC), Alameda County Transportation Improvement Authority (ACTIA), and Valley Transportation Authority (VTA). VTA's contribution of \$16 million in SLPP funding would be used toward the Warm Springs project elements, which would have a shared benefit with the SVRT project.

Board Member Gage stressed the importance for staff to keep the Board Members apprised of any changes in State funds that would negatively impact VTA projects.

M/S/C (Reed/Gage) to approve submitting a recommendation to the Board of Directors to approve the contribution of State Local Partnership Program of \$8 million and its funding match from 2000 Measure A Program of \$8 million for the BART Warm Springs Extension project.

14. Silicon Valley Rapid Transit New Starts Candidate Project Funding Plan

Carolyn Gonot, Chief Silicon Valley Rapid Transit (SVRT) Program Officer, stated staff recommends VTA's Board of Directors reaffirm the commitment to the Silicon Valley Rapid Transit (SVRT) Corridor Project and approve a funding plan for the federal New Starts Candidate Project. VTA is required to approve a full funding plan to build and operate a BART Extension in Santa Clara County; therefore, staff has developed a funding plan for the federal New Starts Candidate Project. The proposed funding plan will be included in the federal Draft Environmental Impact Statement (EIS) planned for public comment in the January and February 2009 timeframe. The new Starts Candidate Project and related financial analysis will be submitted for the Federal Transit Administrations (FTA) annual report early next year.

VTA's proposed funding plan includes the three key capital funding sources: 1) local 2000 Measure A sales tax; 2) State Traffic Congestion Relief Program (TCRP) funds, and 3) federal Section 5309 New Starts funds. The 2008 Measure B revenues would fund the operating and maintenance costs of the extension.

M/S/C (Reed/Gage) to approve submitting a recommendation to the Board of Directors to reaffirm the Board's commitment to the Silicon Valley Rapid Transit Corridor project (BART to Milpitas, San Jose, and Santa Clara); and approve a funding plan (Exhibits C and D) for the federal New Starts Candidate project as an assurance for the BART Warm Springs Extension project.

OTHER ITEMS

15. Items of Concern and Referral to Administration

There were no Items of Concern and Referral to Administration.

16. Committee Work Plan

On order of Chairperson Williams and there being no objection, the Committee reviewed the Committee Work Plan.

17. Committee Staff Report

Joe Smith, Chief Financial Officer, provided an update on VTA's sales tax receipts for the 1st quarter of FY 2009, which was 3.9 percent less than compared to the same period last year. Mr. Smith reported VTA's FY 2010 and FY 2011 Biennial Budget was presented to VTA's Advisory Committees at their December meetings.

Michael T. Burns, General Manager, reported VTA will distribute a season's greeting card to VTA's Advisory Committee members in appreciation for their participation and commitment to transit improvements as part of VTA's Advisory Committee Enhancement Process.

Alternate Board Member Moylan stressed the importance for VTA to implement a separate account for reserves. Board Member Gage stated the Santa Clara County Board of Supervisors established an account for economic uncertainties.

Kurt Evans, Government Affairs Manager, provided a brief overview on the State Budget regarding the transportation details of the Democratic Budget Plan, which calls for a major restructuring of the following state transportation funding:

- 1) Eliminates the state excise taxes on gasoline and diesel fuel;
- 2) Eliminates the sales tax on gasoline, which is the funding source for Proposition 42 and one of the funding sources for the Public Transportation Account;
- 3) Replaces those two revenue sources with a new "fee" on gasoline at 39 cents per gallon. This fee would generate more money for transportation than the sales tax on gasoline, and the excise taxes on gasoline and diesel fuel combined;
- 4) The new fee on gasoline would be tied to the California Consumer Price Index, and would be automatically adjusted every three years. The revenues from the new gas fee would be allocated annually as follows: 33 percent for local streets/roads, 45 percent to the State Highway Account for the State Transportation Improvement Program (STIP) and the State Highway Operation and Protection Program (SHOPP), and 22 percent to a new "Transportation Stabilization Fund," the uses of which would be subject to future legislative appropriations;
- 5) Continues the sales tax on diesel fuel, which generates approximately \$400 million per year, which would become the sole funding source for the Public Transportation Account, and
- 6) With the elimination of the sales tax on gasoline, there would be no more "spillover" calculation.

Mr. Evans stated gas fee revenues could not be diverted or loaned to the General Fund because existing state law requires that those paying the fee would benefit from the use of the revenues. The Democratic Budget Plan may be approved since it is an attempt to address complex issues.

Chairperson Williams requested staff forward updates on the State Budget to the Board Members as information becomes available.

18. Chairperson's Report

Chairperson Williams expressed his appreciation and honor to serve on VTA's Board of Directors and Administration and Finance (A&F) Committee. He expressed his appreciation to VTA and staff for their diligent work to deliver projects on time and under budget, which made it possible to fund other projects. Chairperson Williams expressed his appreciation to have been part of the 2000 Measure A Transportation Improvement Program projects.

Board Member Gage expressed his appreciation and thanked Chairperson Williams for his dedicated work and service.

Mr. Burns recognized and thanked Chairperson Williams for his service to VTA and wished him the best in his future endeavors.

19. Determine Consent Agenda for the January 8, 2009 Board Meeting

CONSENT: Agenda Item #8. Recommend that the Board of Directors ratify the nomination of Peter Skinner to the Citizens Advisory Committee representing the Silicon Valley Leadership Group;

Agenda Item #10. Authorize the General Manager to execute contracts with seven (7) temporary employment agencies for three years, with two one-year options to extend, in an amount not to exceed \$300,000 per year. The agencies are: AppleOne Employment Services; CoreTechs, Inc.; CornerStone Staffing Solutions, Inc.; Global Infotech Corporation; Josephine's Personnel Services, Inc.; Robert Half International, Inc.; and Venturi Staffing Partners, Inc.;

Agenda Item #11. Authorize the General Manager to extend the contract with Hayden J. Lee Consultants, Inc. (HJL Consultants) to perform Small Business Enterprise (SBE) and Disadvantaged Business Enterprise (DBE) certification services, contract monitoring, progress reports and compliance services associated with DBE/SBE participation on VTA contracts for an additional 12 months in an amount not to exceed \$191,040, for a new total contract total of \$940,040;

Agenda Item #12. Authorize the General Manager to execute a cooperative agreement with the Peninsula Corridor Joint Powers Board (JPB) for contributions of; 1) up to \$11.6 million of Measure A funds for Santa Clara Station and San Jose Diridon Station improvements; and 2) up to \$600,000 of Measure A funds for Caltrain capital planning efforts;

Agenda Item #13. Approve the contribution of State Local Partnership Program of \$8 million and its funding match from 2000 Measure A Program of \$8 million for the BART Warm Springs Extension project; and

Agenda Item #14. Reaffirm the Board's commitment to the Silicon Valley Rapid Transit Corridor project (BART to Milpitas, San Jose, and Santa Clara); and approve a funding plan (Exhibits C and D) for the federal New Starts Candidate project as an assurance for

the BART Warm Springs Extension project.

REGULAR: None

20. Announcements

There were no Announcements.

4. RECESSED TO CLOSED SESSION at 1:05 p.m.

Anticipated Litigation--Conference with Legal Counsel

Significant exposure to litigation pursuant to subdivision (b) of Government Code Section 54956.9: (Three cases)

RECONVENED TO OPEN SESSION at 1:24 p.m.

5. CLOSED SESSION REPORT

Anticipated Litigation--Conference with Legal Counsel

Significant exposure to litigation pursuant to subdivision (b) of Government Code Section 54956.9: (Three cases)

There was no reportable action taken during Closed Session.

21. ADJOURNMENT

On order of Chairperson Williams and there being no objection, the meeting was adjourned at 1:25 p.m.

Respectfully submitted,

Michelle M. Garza, Board Assistant
VTA Board of Directors



Date: December 19, 2008
Current Meeting: January 15, 2009
Board Meeting: N/A

BOARD MEMORANDUM

TO: Santa Clara Valley Transportation Authority
Administration & Finance Committee

THROUGH: General Manager, Michael T. Burns

FROM: Chief External Affairs Officer, Greta Helm

SUBJECT: 2008 Year End Attendance Report

FOR INFORMATION ONLY

BACKGROUND:

At the January 5, 1995 Board of Directors meeting, the Board Secretary was requested to submit quarterly and year-end attendance reports to include Board Standing Committees and Board Advisory Committees.

Prepared By: Michelle M. Garza

2008 ATTENDANCE SHEET

P = Present A = Absent
 E = Excused Absence NA = Not Applicable C = Canceled
 Eff = Effective TE = Term Expiration

NAME	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Administration & Finance Committee: 3rd Thursday of each month @ 12:00 pm												
Gage, Don (5)	E	P	E	P	E	C	C	P	E	P	P	P
McHugh, Pete (Alt-5)	NA	NA	P	NA	NA	C	C	NA	P	NA	NA	NA
Casas, David (2)	E	E	P	P	P	C	C	P	P	P	P	E
Moylan, Chris (Alt-2)	NA	NA	NA	NA	NA	C	C	P	NA	NA	NA	P
Reed, Chuck (1)	P	P	P	P	P	C	C	P	P	P	A	P
Williams, Forrest (1)	P	E	P	P	P	C	C	P	P	P	P	P
Cortese, David (Alt -1)	NA	NA	NA	NA	NA	C	C	NA	NA	NA	NA	NA
Audit Committee:												
Casas, David (2)	NA	NA	NA	NA	NA	P	NA	P	NA	NA	NA	P
Gage, Don (5)	NA	NA	NA	NA	NA	P	NA	P	NA	NA	NA	P
Pyle, Nancy (1)	NA	NA	NA	NA	NA	P	NA	P	NA	NA	NA	P
Sandoval, Dolly (3)	NA	NA	NA	NA	NA	E	NA	P	NA	NA	NA	P
Bicycle & Pedestrian Advisory Committee: Wednesday following the 1st Thursday of each month @ 6:00												
Brunzell, Anna	A	P	P	A	P	C	P	replaced by Ginzton eff. 08/08				
Bunnell, Cheryl	A	P	P	P	P	C	A	C	A	P	P	A
Carpenter, John	P	P	P	P	A	C	P	replaced by Meyer eff. 08/08				
Chung, Celia (Alt Ex-officio)	appt'd as SVBC Alt Ex Officio 08/08							C	P	P	P	A
Entin, Bruce	A	P	P	P	P	C	A	C	P	A	A	P
Fernandez, Chris	P	P	P	P	P	C	P	C	P	P	P	P
Ginzton, Nancy	appt'd as Los Altos Hills rep 08/08								P	P	A	P
Hagenmaier, Carl	A	A	P	P	P	C	A	C	P	P	P	P
Manry, William F.	P	A	P	P	P	C	A	C	P	A	P	P
Meyer, Jerri-Ann	appt'd as Mview rep 08/08							C	P	P	A	P
Meyer, Jerri-Ann (Alt Ex-Officio)	A	NA	A	NA	P	C	A	C	N/A	N/A	N/A	N/A
Muniz, Thomas	P	P	P	P	P	C	P	C	P	P	P	P
Parker, Lane (eff. 2/08)		P	A	P	P	C	A	C	A	A	A	
Rome, Norma	A	A	A	A	replaced by M. Sacco							
Sacco, Marian	apptd June 2008					C	A	C	P	A	P	P
Simons, David	A	P	A	P	A	C	P	C	P	P	P	P
Stallman, Jim	P	P	P	P	A	C	A	C	P	P	P	P
Sullivan, John	P	P	P	P	P	C	P	C	P	P	P	P
Swent, Richard	P	P	P	P	P	C	P	C	P	P	P	P
Wadler, Herman	P	P	P	P	A	C	P	C	P	P	P	P
Walton, Joseph	P	P	P	P	P	C	P	C	A	P	P	P
Winter, Corinne (Ex-Officio)	P	P	A	P	NA	C	A	C	A	A	A	A

2008 ATTENDANCE SHEET

P = Present A = Absent
 E = Excused Absence NA = Not Applicable C = Canceled
 Eff = Effective TE = Term Expiration

NAME	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Citizens Advisory Committee: Wednesday following the 1st Thursday of each month @ 4:30 pm												
Blaylock, Stephen	A	P	P	P	P	A	C	P	P	P	A	P
Burnett, Don	P	A	P	P	A	P	Resigned 06/08					
Chang, Bena					Appointed 08/08			P	A	A	A	P
Elias, Chris	A	E	E	E	P	P	C	P	P	A	P	A
Fletcher, Ellen	P	P	P	P	P	P	C	P	P	Resigned 11/08		
Hashimoto, Ray	P	A	P	P	P	P	C	P	P	P	P	P
Hughan, Roberta	P	P	P	P	P	P	C	P	A	P	P	P
Jacobvitz, Robert	P	P	A	P	P	A	C	A	P	A	A	P
Kirkham, Judi	P	P	P	A	P	Resigned 06/08						
Kline, Norman	P	P	P	P	P	P	C	P	P	P	P	P
Morando, Gaye	P	A	P	P	P	P	C	A	P	P	P	A
Okuzumi, Margaret	P	A	P	P	P	P	C	P	P	P	P	A
Powers, Charlotte	A	P	P	P	P	A	C	P	P	A	P	P
Probst, Sally	P	A	A	E	E	E	C	E	E	E	P	P
Rogers, Connie	P	P	P	P	P	P	C	P	A	P	P	P
Schulter, Martin	A	P	P	P	P	A	C	A	A	P	A	A
Stuchinsky, Laura	P	P	P	P	P	Resigned 06/08						
Tebo, Noel	P	P	P	P	P	P	C	P	P	P	P	P
Committee for Transit Accessibility: Wednesday following the 1st Thursday of each month @ 1:00 pm												
Arnberg, Lori	P	P	P	A	P	P	P	P	P	A	P	P
Eljas, Emma	P	P	P	A	P	P	A	P	p	A	P	P
Gallo, Linda	P	A	P	A	A	A	P	A	P	A	A	P
Gouveia, Sandra	A	P	P	P	A	P	P	A	P	A	P	P
Grant, David	P	P	P	P	P	P	P	P	P	A	P	P
Hernandez, Troy	P	P	P	P	P	P	P	P	P	P	P	P
Jensen, Marjorie	P	A	A	A	P	P	P	A	P	A	P	A
Julian, David	P	P	P	A	P	P	P	A	P	A	A	A
Langford, Connie	A	P	P	P	P	P	P	P	P	P	P	P
Lasich, Martin	P	P	P	P	A	A	P	P	P	P	P	P
Michels, Laura	A	P	P	P	A	P	P	A	A	P	P	A
Montague, Mike	P	P	P	P	P	P	A	A	A	A	A	P
Morrow, Aaron	A	P	P	P	P	A	P	P	P	P	P	A
Nourzaie, Shawna	P	A	P	P	P	P	P	P	P	P	A	P
Saltman, Larry	NA	P	P	P	A	P	A	P	P	P	P	A
Shah, Dilip S.	P	P	P	P	P	P	P	P	P	P	P	P
Slack, Thomas	A	P	P	P	P	P	A	P	A	A	P	P
Stahl, Barbara	P	P	A	P	A	P	P	A	P	P	P	P

2008 ATTENDANCE SHEET

P = Present A = Absent
 E = Excused Absence NA = Not Applicable C = Canceled
 Eff = Effective TE = Term Expiration

NAME	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Committee for Transit Accessibility - Continued												
Zhu, William	P	A	P	A	A	P	P	P	P	P	P	P
Ex-Officio												
Drummond, Anthony (Williams)	A	P	P	P	P	P	P	P	P	A	A	A
Heatley, Katie	P	P	P	P	P	P	P	P	P	P	P	P
Congestion Management Program & Planning: 3rd Thursday of each month @ 10:30 am												
Campos, Nora (1)	A	P	P	A	A	C	C	A	A	A	P	P
Liccardo, Sam (1)	A	P	P	P	A	C	C	A	P	P	P	P
Cortese, David (Alt -1)	A	NA	NA	NA	NA	C	C	NA	NA	NA	NA	NA
Kishimoto, Yoriko (2)	P	P	P	A	P	C	C	P	P	NA	P	P
Moylan, Chris (Alt-2)	NA	NA	NA	P	NA	C	C	NA	NA	P	NA	NA
Kniss, Liz (5)	P	P	P	P	A	C	C	P	P	P	A	P
McHugh, Pete (Alt-5)	NA	NA	NA	NA		C	C	NA	NA	NA	A	NA
Policy Advisory Committee: 2nd Thursday of each month @ 4:00 pm												
Becker, Lou	A	p	A	P	P	P	C	P	A	NA	C	A
Satterlee, Megan (Alt)	A	NA	NA	NA	NA	NA	C	NA	A	P	C	A
Kornder, Joe	P	P	P	P	P	P	C	P	P	P	C	A
McLeod, Jamie (Alt)	NA	NA	NA	NA	NA	NA	C	NA	NA	NA	C	A
Glickman, Steve	P	P	P	P	P	P	C	P	P	A	C	
Joe Pirzynski Eff 12/08												A
McNutt, Diane (Alt)	NA	NA	NA	NA	NA	NA	C	NA	NA	A	C	NA
Gomez, Armando	A	A	P	A	A	P	C	A	A	A	C	A
Esteves, Jose, (Alt)	A	A	NA	A	A	NA	C	A	A	A	C	A
Tate, Steve Eff 02/07 (Alt)	NA	NA	NA	NA	NA	NA	C	NA	A	NA	C	NA
Lee, Marby	P	P	P	P	P	P	C	P	A	P	C	P
Low, Evan	P	P	P	P	A	P	C	P	P	A	C	P
Kennedy, Jane P. (Alt)	NA	NA	NA	NA	A	NA	C	NA	NA	A	C	NA
Espinosa, Sid Abel	eff2/1	A	A	P	P	A	C	A	P	P	C	P
Klein, Larry (Alt)	A	A	A	NA	NA	A	C	A	NA	NA	C	NA
King, Kathleen (Altenate)	P	P	P	P	NA	P	C	NA	NA	NA	C	NA
Page, Chuck (5/08)							C	P	P	P	C	P
Page, Chuck (Alt)	NA	NA	NA	NA	P	NA	C	NA	NA	NA	C	NA
TBD-Los Altos Hills	A	A	A	A	A	A	C	A	A	A	C	A
Abe-Koga, Margaret	P	P	P	P	A	P	C	P	P	P	C	P
Means, Tom (Alternate)	eff 2/1	NA	NA	NA	A	NA	C	NA	NA	NA	C	NA
Galiotto, Nick (Alt)	NA						C	NA	NA	NA	C	NA
McHugh, Pete	A	P	A	P	P	P	C	A	P	A	C	NA
TBD (Alt)	NA	NA					C				C	NA
Moylan, Christopher	P	P	P	P	P	P	C	P	P	P	C	P

2008 ATTENDANCE SHEET

P = Present A = Absent
 E = Excused Absence NA = Not Applicable C = Canceled
 Eff = Effective TE = Term Expiration

NAME	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Policy Advisory Committee - Continued												
Whittum, David (Alt)	NA	NA	NA	NA	NA	NA	C	NA	NA	NA	C	NA
Oliverio, Pierluigi	P	P	P	P	P	P	C	P	P	P	C	NA
Woodward, Perry	NA	P	P	P	NA	P	C	NA	A	A	C	A
Tucker, Cat (Alt)	P	NA	NA	NA	P	NA	C	P	A	A	C	A
Wang, Kris	P	NA	NA	NA	NA	NA	C	NA	NA	NA	C	NA
Wong, Gilbert(Alt)	NA	P	P	P	P	P	C	P	P	P	C	P
Wright, Curtis	P	A	P	P	P	A	C	A	P	P	C	P
Perry, Don (Alternate)	NA	A	NA	NA	NA	A	C	A	NA	NA	C	NA
Technical Advisory Committee: 2nd Thursday of each month @ 1:30 pm												
Armendariz, Greg	A	NA	NA	NA	A	NA	NA	P	P	NA	NA	NA
Rodriguez, Jaime (Alt)	P	P	P	P	A	P	P	NA	NA	P	P	P
Batra, Rajeev	P	P	P	P	A	A	A	A	P	P	NA	NA
Riley, Kevin (Alt)	NA	NA	NA	NA	A	A	A	A	NA	NA	P	P
Capurso, Todd Eff 6/16/08							P	P	A	A	P	A
Rohani, Kevin (Alt) Eff 7/08							NA	NA	A	A	NA	A
Cherbone, John	A	P	P	A	A	A	P	P	A	P	P	P
N/A (Alt)												
Dey, Don	P	P	P	P	P	P	P	P	P	P	P	P
VACANT (Alt)												
Goepfert, Glenn	(eff 9/18/08)									P	NA	P
Stillman, David (Alt)	(eff 9/18/08)									NA	P	NA
Jenkins, Joan	(eff 9/24/08)									A	P	A
Lazarus, Cathy (Alt)	(eff 9/24/08)									A	NA	A
Jenkins, Joan	(Resigned 1/08)											
Lazarus, Cathy (Alt)	(Resigned 1/08)											
Kass, Robert	NA	NA	P	NA	P	NA	NA	P	P	P	P	A
Helms, Bill (Alt)	P	P	NA	P	NA	P	P	NA	NA	NA	NA	A
Likens, Gayle	P	P	A	P	P	P	P	A	P	P	A	A
Caporgno, Julie (Alt)	NA	NA	A	NA	NA	NA	NA	A	NA	NA	A	A
Chen, Richard (Alt)	A	A	A	A	A	A	A	A	A	A	A	A
Molloy Previsch, Kathy M.	NA	NA	NA	NA	A	NA	NA	NA	NA	A	NA	NA
Rowe, Jim (Alt)	P	P	P	P	A	P	P	P	P	A	P	P
Murdter, Michael	NA	NA	NA	NA	NA	NA	NA	NA	NA	P	NA	NA
Collen, Dan (Alt)	P	P	P	P	P	P	P	P	P	NA	P	P
VACANT												
Gustafson, Jim (Alt)	A	A	A	A	A	A	A	A	A	A	A	A
Qualls Jr., Ralph	A	A	A	A	A	NA	NA	A	NA	(Resigned 9/18/08)		

2008 ATTENDANCE SHEET

P = Present A = Absent
 E = Excused Absence NA = Not Applicable C = Canceled
 Eff = Effective TE = Term Expiration

NAME	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Technical Advisory Committee - Continued												
Goepfert, Glenn (Alt)	A	A	A	A	A	P	P	A	P	(Resigned 9/18/08)		
Rohani, Kevin Eff 12/06	A	A	A	A	A	A	(Resigned 6/16/08)					
Lortz, Bud (Alt)	A	A	A	A	A	A	(Resigned 7/7/08)					
Skinner, Peter (Eff. 1/08)	P	P	P	P	P	A	P	P	(Resigned 9/1/08)			
Jenkins, Joan (Alt) (Eff. 1/08)	NA	NA	NA	NA	NA	A	NA	NA	P	(Resigned 9/24/08)		
Slintak, Ed (Eff 11/15/07)	A	A	A	A	A	A	A	P	A	A	A	A
Tripousis, Ben (Eff 12/06)	P	P	P	P	P	P	P	P	P	P	P	P
Larsen, Hans (Alt) Eff 12/06	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Witthaus, Jack	P	NA	P	P	A	P	P	P	A	P	P	NA
Ng, Dennis (Alt)	NA	P	NA	NA	A	NA	NA	NA	A	NA	(Resigned 12/1/08)	
El-Guendy, Heba	(Effective 10/3/08)										NA	P
Ex-Officio												
Coss-Fitzwater, Nancy	NA	NA	Resigned 2/08									
Connolly, Kevin (Alt)	P	P	P	P	P	P	P		A	P	P	A
Taubeneck, Lee	NA	P	P	A	P	P	NA		A	P	NA	A
Fung, Sylvia (Alt)	P	NA	NA	A	NA	NA	P		A	NA	P	A
Transit Planning & Operations Committee: 3rd Thursday of each month @ 4:30 pm												
Caserta, Dominic (2)	E	E	E	E	P	C	C	P	E	P	P	NA
Moylan, Christopher (Alt-2)	P	NA	P	P	NA	C	C	P	NA	NA	NA	P
Pyle, Nancy (1)	P	P	P	P	P	C	C	P	P	P	E	P
Cortese, David (Alt-1)	NA	NA	NA	NA	NA	C	C	NA	NA	NA	E	NA
Sandoval, Dolly (3)	P	P	P	P	P	C	C	P	P	P	NA	P
King, Kathleen (Alt-3)	NA	NA	NA	NA	NA	Resigned 5/08						
Page, Chuck (Alt-3)					Eff 5/08	C	C	NA	NA	NA	P	NA
Sellers, Greg (4)	E/	P	P	P	P	C	C	A	P	E	P	P
Livengood, Bob (Alt-4)	NA	NA	NA	NA	NA	C	C	A	NA	E	NA	NA
Board of Directors: 1st Thursday of each month @ 5:30 pm												
Group 1												
Campos, Nora	E	P	E	P/P	P	A	E	P	E	E	E	P
Cortese, David (Alt)	NA	NA	E	NA/E	NA	NA	P	P	E	E	E	P
Liccardo, Sam	E	P	P	P/P	P	P	P	P	P	P	E	P
Pyle, Nancy	P	P	P	P/P	P	P	E	P	P	E	P	P
Reed, Chuck	P	P	P	P/P	P	P	P	P	E	E	E	P
Williams, Forrest	P	P	P	P/P	P	P	P	P	P	P	P	P
Group 2												
Casas, David	P	P	E	P/P	P	P	P	P	P	E	P	P
Caserta, Dominic	P	P	E	P/E	P	A	P	P	P	P	P	A

2008 ATTENDANCE SHEET

P = Present A = Absent
 E = Excused Absence NA = Not Applicable C = Canceled
 Eff = Effective TE = Term Expiration

NAME	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Board of Directors - Continued												
Kishimoto, Yoriko	E	P	P	P/P	P	P	P	P	P	P	P	P
Moylan, Chris (Alt-2)	NA	NA	P	P/P	P	A	NA	P	P	P	P	NA
<u>Group 3</u>												
Sandoval, Dolly	P	P	E	P/P	P	A	E	P	P	P	P	P
King, Kathleen (Alt)	NA	NA	P	NA/E	NA	Resigned 5/08						
Page, Chuck (Alt-3)					Eff 5/08	P	NA	NA	NA	NA	NA	NA
<u>Group 4</u>												
Sellers, Greg	P	P	P	P/E	P	P	P	P	P	P	P	P
Livengood, Bob (Alt)	NA	NA	P	P/E	P	P	NA	NA	NA	P	NA	NA
<u>Group 5</u>												
Gage, Don	P	P	E	P/P	P	P	P	P	P	P	P	P
Kniss, Liz	P	P	P	P/P	P	P	E	E	P	P	P	P
McHugh, Pete (Alt)	NA	P	P	P/P	P	P	P	P	P	P	E	NA
<u>Ex-Officio</u>												
Chu, Dean J.	P	E	P	P/P	P	A	P	P	P	P	P	P
Yeager, Ken	P	P	P	P/P	P	A	E	P	E	E	P	P



Date: December 31, 2008
Current Meeting: January 15, 2009
Board Meeting: N/A

BOARD MEMORANDUM

TO: Santa Clara Valley Transportation Authority
Administration & Finance Committee

THROUGH: General Manager, Michael T. Burns

FROM: Chief Financial Officer, Joseph T. Smith

SUBJECT: Monthly Investment Report - November 2008

FOR INFORMATION ONLY

BACKGROUND:

Santa Clara Valley Transportation Authority funds are invested in accordance with the asset allocation and diversification strategies described in the Investment Policies amended December 13, 2007.

DISCUSSION:

General Market Conditions

In November, U.S. companies slashed payrolls at the fastest pace in 34 years as the economy headed for its deepest and longest recession since the great depression. Employers cut 533,000 jobs, bringing losses as of end of November to 1.9 million, according the U.S. Department of Labor. November's job cuts exceeded all forecasts in a Bloomberg News survey and the unemployment rate rose to 6.7%, up from 6.5% in October.

Equity market news and economic reports continue to be negative through November 2008. By the end of November, the Dow Jones Industrial Average was down 5.3% for the month and 33.4% for the year. The S&P 500 was down 7.5% for the month and 39% for the year. Market volatility continued to reflect investor fears. Companies across varied industries confirmed muted expectations as autos, home builders, and other consumer and economically sensitive sectors reported adverse outlooks as consumer confidence fell to thirty year lows. Requests for federal assistance under Troubled Assets Relief Program (TARP) spread beyond the finance industry as municipal government, auto makers, and other industries also sought federal aid to avoid potential bankruptcy.

VTA Enterprise Funds

Pursuant to VTA's adopted Investment Policy, 100% of surplus assets, held in the operating portfolio, are invested in Domestic Fixed Income. Funds are split between two investment portfolios managed by Payden & Rygel (Payden), the Local Agency Investment Fund (LAIF), and interest bearing checking accounts. Payden's 1.5% total composite market return matched the composite benchmark for the month of November. On a year-to-date basis, the long-term portfolio under performed its benchmark by 1.1%, the biggest detractors of performance were corporate and Treasury Inflation Bonds. The current yield for the Payden long-term and short-term portfolios are 3.2% and 2.1%, respectively. The current yield for funds invested in LAIF is 2.6%. Performance for each Payden account as well as LAIF is summarized in the following table.

Asset Class	Money Manager	November Return	Calendar YTD	Benchmark	November Benchmark Return	Calendar YTD
Long-Term Fixed Income	Payden & Rygel	3.4%	6.9%	Lehman Brothers US Govt. Intrmed.	3.4%	8.0%
Short-Term Fixed Income	Payden & Rygel	0.2%	2.3%	Institutional Money Market	0.1%	2.5%
California State Pool	LAIF	0.2%	3.2%	-	-	-
Total (Weighted)		1.5%	4.2%		1.5%	4.6%

VTA Retirees' Other Post Employment Benefits (OPEB) Trust

VTA's adopted Investment Policy requires the following asset allocation for Retirees' OPEB funds:

<u>Asset Allocation</u>	<u>Range</u>	<u>Actual</u>	<u>Ongoing Target</u>
Domestic Fixed Income	25-60%	47%	38%
Domestic Large Cap Index	35-70%	51%	60%
Cash	0-5%	2%	2%

The Retirees' OPEB portfolio under performed the composite benchmark by 0.8% in November due to under performance in the fixed income portion of the portfolio.

Dodge & Cox, the Fixed Income portfolio manager, under performed their benchmark by 1.7% in November and 3.1% on calendar year-to-date. Under performance was due to portfolio underweight of U.S. Treasury securities, holdings of GMAC and Ford Credit Corporation, which were out of favor, and relative under performance on portfolio mortgage holdings. The current yield of fixed income portfolio for November is 6.0%.

Performance by money manager is summarized in the table on the following page.

Asset Class	Money Manager	November Retiree Return	Calendar YTD	Benchmark	November Benchmark Return	Calendar YTD
Fixed Income	Dodge & Cox	1.6%	-1.6%	Lehman Brothers US Aggregate	3.3%	1.5%
Large Cap Index	State Street	-7.1%	-37.5%	S&P 500	-7.2%	-37.7%
Total (Weighted)		-3.0%	-23.0%		-2.2%	-22.0%

Historic Portfolio Performance (calendar year) for the last five calendar years:

Year	Performance
2003	17.2%
2004	7.6%
2005	3.9%
2006	11.7%
2007	6.1%

A 7% annual return assumption is used in the annual actuarial analysis for the Retiree's OPEB. The results of the actuarial analysis determine VTA's annual contribution rates. Any difference between actual investment returns and the 7% assumed annual return is recognized in the same year.

Inception-to-date (April 2000 to November 2008) performance is a gain of 16.9% versus the composite benchmark of 17.5%. Average composite annual return is 2.0% for Retirees' OPEB versus 2.1% for benchmarks.

VTA/ATU Pension Plan Assets

It is the policy of the VTA/ATU Board of Pension to have a well-managed investment program that provides for the financial needs of the pension plan and allows the investments to be appropriately diversified and prudently invested to protect the safety of the principal while maintaining a reasonable return. Assets are invested within the following investment guidelines:

<u>Asset Allocation</u>	<u>Range</u>	<u>Actual</u>	<u>Ongoing Target</u>
Domestic Fixed Income	35-45%	44%	39%
Domestic Large-Cap Value	15-25%	19%	20%
Domestic Large-Cap Index	10-20%	14%	15%
Domestic Small-Cap Value	5-15%	8%	10%
International Equity	10-20%	14%	15%
Cash	0-5%	1%	1%

The following table provides a summary of performance by money manager for the month of November and calendar year-to-date.

Asset Class	Money Manager	November VTA/ATU Return	Calendar YTD	Benchmark	November Benchmark Return	Calendar YTD
Fixed Income	Dodge & Cox	1.5%	-2.1%	Lehman Brothers US Aggregate	3.3%	1.5%
Large Cap Index	State Street	-7.1%	-37.5%	S&P 500	-7.2%	-37.7%
International Equity Index (Growth)	MFS	-6.9%	-43.8%	MSCI AC World	-6.5%	-48.8%
Large Cap Value Stocks	Robeco/Boston Partners	-8.0%	-34.0%	Russell 1000 Value	-7.2%	-37.7%
Small Cap Value Stocks	Brandy-Wine	-12.0%	-33.8%	Russell 2000 Value	-11.6%	-33.0%
Total (Weighted)		-3.8%	-23.0%		-2.8%	-23.3%

The VTA/ATU Pension Plan composite portfolio underperformed the composite benchmarks by 1.0% in November but outperformed the calendar year-to-date total market return by 0.3%.

Dodge & Cox - The Fixed Income portfolio manager underperformed their benchmark by 1.8% in November and 3.6% on calendar year-to-date. Underperformance was due to portfolio underweight of U.S. Treasury securities, holdings of GMAC and Ford Credit Corporation, which were out of favor, and relative underperformance on portfolio mortgage holdings. The current yield of Dodge & Cox/Fixed Income portfolio for November is 6.2%.

MFS - The International Equity Growth Index manager fell by 0.4% more than their benchmark for the month but outperformed their benchmark by 5.0% on calendar year-to-date. Relative performance detractors were energy and financial services sectors.

Robeco/Boston Partners - The Large Cap Value manager lagged their benchmark by -0.8% for the month but outperformed their benchmark by 3.7% on calendar year-to-date. The primary areas of relative weakness in November were in the energy and consumer non-durables sectors, where stock selection results negatively impacted performance.

Brandywine - The Small Cap Value Equity manager fell 0.4% more than their benchmark during the month and by 0.8% for year-to-date. Energy shares were battered again as oil continued its descent from the closing highs of over \$145/barrel in July to \$54/barrel in November. Consumer staples also underperformed the benchmark holdings.

Historic Portfolio Performance for the last five calendar years:

Year	Performance	Year	Performance
2003	21.5%	2006	14.6%
2004	12.2%	2007	5.8%
2005	7.2%		

An 8% annual return assumption is used in the annual actuarial analysis for the VTA/ATU Pension Plan. The results of the actuarial analysis determine VTA's annual contribution rates. Any difference between actual investment returns and the 8% annual return assumption is amortized over a period of five years.

Inception-to-date (October 1998 to November 2008) performance is a gain of 73.0% versus the composite benchmark of 48.7%. Average composite annual return is 7.2% for ATU Pension Plan versus 4.8% for benchmarks.

ATU Spousal Medical Trust Fund, Dental, and Vision Plan

Asset allocation for the ATU Spousal Medical Trust Fund (including funds for dental and vision plans) is provided for in the VTA/ATU Pension Plan Investment Policy and is as follows:

<u>Asset Allocation</u>	<u>Range</u>	<u>Actual</u>	<u>Ongoing Target</u>
Domestic Fixed Income	25-60%	42%	38%
Domestic Large Cap Index	35-70%	55%	60%
Cash	0-5%	3%	2%

The ATU Spousal Medical Trust Fund composite portfolio under performed the composite benchmark by 1.1% in November and 2.7% on calendar year-to-date basis due to the under performance in the fixed income portion of the portfolio. Performance by money manager is summarized in the following table.

Asset Class	Money Manager	November Spousal Return	Calendar YTD	Benchmark	November Benchmark Return	Calendar YTD
Fixed Income Fund (Index Fund)	Dodge & Cox	0.7%	-5.9%	Lehman Brothers US Aggregate	3.3%	1.5%
Large Cap Index	State Street	-7.1%	-37.5%	S&P 500	-7.2%	-37.7%
Total (Weighted)		-3.7%	-23.4%		-2.6%	-20.7%

Dodge & Cox - The Income Fund portfolio manager under performed their benchmark by 2.6% in November and 7.4% on calendar year-to-date. Under performance was due to portfolio underweight of U.S. Treasury, holdings of GMAC and Ford Credit Corporation, which were out

of favor, and relative under performance on portfolio mortgage holdings. The current yield of Dodge & Cox Income Fund portfolio for November is 6.0%.

Other Data

The valuation of VTA's securities is provided by Interactive Data Corporation (IDC), Merrill Lynch Securities Pricing Service and Bloomberg Generic Pricing Service. These firms are the leading providers of global securities data. They offer the largest information databases with current and historical prices on securities traded in all major markets.

This report complies with VTA's adopted investment policies. Based on budgeted revenues and expenditures as well as actual transfers to/from reserves, there are sufficient funds available to meet expenditure requirements for the six months ending May 31, 2009.

Reviewed and verified by: Kimberly Koenig, Manager, Finance Department

Prepared By: Manny Bagnas, Investment Services Manager

VTA INVESTMENT COMPOSITE PORTFOLIO PERFORMANCE
MONEY MANAGERS' TOTAL MARKET RETURN - TRADE DATE
FOR THE MONTH OF NOVEMBER 2008

SUMMARY: November 30, 2008

<u>Description</u>	<u>Total Market Value</u>		<u>November Total Market Return</u>		<u>Total Market Return</u>	
	<u>(1)</u>				<u>VTA</u>	<u>Benchmark</u>
	<u>Prior Month</u>	<u>Current Month</u>	<u>\$Unrealized Gain/Loss</u>	<u>%Unrealized Gain/Loss</u>	<u>Calendar YTD</u>	<u>Calendar YTD</u>
1 - Fixed Income Long-Term Investment Pool (2)	204,897,984.00	211,906,338.00	7,008,354.00	3.4%	6.9%	8.0%
2 - Fixed Income Short-Term Investment Pool (2)	303,002,585.00	303,560,490.00	557,905.00	0.2%	2.3%	2.5%
3 - VTA Bond Funds with Fiscal Agents (3)	23,842,894.00	25,446,024.00	-	-	-	-
4 - Funds with LAIF Investment Pool (2)	25,200,000.00	29,200,000.00	-	-	-	-
5 - Funds with Union Bank-Congestion Management	3,156,633.00	2,579,263.00	-	-	-	-
6 - Funds with Union Bank-Measure B	42,642,673.00	41,380,894.00	-	-	-	-
7 - Funds with Union Bank DDA account (2)	7,976,470.00	6,044,523.00	-	-	-	-
Total VTA Funds	610,719,239.00	620,117,532.00				
1 - Retirees' OPEB - Fixed Income	40,860,593.00	41,523,325.00	662,732.00	1.6%	-1.6%	1.5%
2 - Retirees' OPEB - State Street - Index	48,930,484.00	45,522,538.00	-3,407,946.00	-7.1%	-37.5%	-37.7%
Total Retirees' OPEB Funds	89,791,077.00	87,045,863.00				
1 - VTA/ATU Pension Fund-Fixed Income	114,199,004.00	116,051,349.00	1,852,345.00	1.5%	-2.1%	1.5%
2 - VTA/ATU Pension Fund-State Street - Index	38,622,347.00	36,539,825.00	-2,082,522.00	-7.1%	-37.5%	-37.7%
3 - VTA/ATU Pension Fund- Int'l - Equity Growth	38,639,804.00	36,762,758.00	-1,877,046.00	-6.9%	-43.8%	-48.8%
4 - VTA/ATU Pension Fund-Stock Large Cap Value	53,137,805.00	49,462,813.00	-3,674,992.00	-8.0%	-34.0%	-37.7%
5 - VTA/ATU Pension Fund-Stock Small Cap Value	23,620,380.00	20,780,411.00	-2,839,969.00	-12.0%	-33.8%	-33.0%
Total Pension Fund	268,219,340.00	259,597,156.00				
1 - ATU Spousal Med Fund - Dodge & Cox - Index	4,155,354.00	4,182,632.00	27,278.00	0.7%	-5.9%	1.5%
2 - ATU Spousal Med Fund-State Street - Index	5,763,281.00	5,366,035.00	-397,246.00	-7.1%	-37.5%	-37.7%
Total ATU Spousal Funds	9,918,635.00	9,548,667.00				
Total Investments	978,648,291.00	976,309,218.00				

Legend:

- (1) Total includes contributions / withdrawals made during current month.
(2) Measure A Funds: \$311,149,164 which includes earnings: from Payden \$12,184,603
LAIF \$901,003, and Union Bank DDA Account \$101,540
(3) Bonds Reserves and/or Debt Service Funds

VTA INVESTMENT COMPOSITE PORTFOLIO PERFORMANCE.

PER GENERAL LEDGER BALANCE - SETTLEMENT DATE FOR THE MONTH OF NOVEMBER 2008

SUMMARY: November 30, 2008

<u>Description</u>	(1) <u>Oct-08</u> <u>Book Value</u> <u>/Cost</u>	(1) <u>Nov-08</u> <u>Book Value</u> <u>/Cost</u>	<u>Fiscal 09</u> <u>Year-to-Date</u> <u>Oct 08 Realized</u> <u>Earnings - \$</u>	<u>Fiscal 09</u> <u>Year-to-Date</u> <u>Nov 08 Realized</u> <u>Earnings - \$</u>	<u>Change for the Month</u> <u>Realized</u> <u>Earnings - \$</u>
VTA FUNDS					
1 - Fixed Income - Long-Term Investment Pool (2)	202,153,297	203,000,069	2,085,774	2,581,461	495,687
2 - Fixed Income - Short-Term Investment Pool (2)	302,270,902	302,858,753	1,642,277	2,191,824	549,547
3 - VTA Bond Funds with Fiscal Agent (3)	23,842,894	25,446,024	169,492	227,031	57,539
4 - Funds with LAIF Investment Pool (2)	25,200,000	29,200,000	271,256	339,070	67,814
5 - Funds with Union Bank-Congestion Management	3,156,633	2,579,263	21,412	23,996	2,584
6 - Funds with Union Bank-Measure B	42,642,673	41,380,894	252,957	285,615	32,658
7 - Funds with Union Bank Pooled DDA account (2)	7,976,470	6,044,523	28,079	31,594	3,515
Total VTA Funds	607,242,869	610,509,526	4,471,247	5,680,591	1,209,344
RETIREEES' OPEB FUNDS					
1 - Retirees' OPEB -Fixed Income	43,647,305	43,838,872	782,614	977,946	195,332
2 - Retirees' OPEB -State Street - Index	71,708,619	72,262,619	0	0	0
Total Retirees' OPEB Funds	115,355,924	116,101,491	782,614	977,946	195,332
ATU PENSION FUNDS					
1 - VTA/ATU Pension Fund-Fixed Income	133,904,104	124,838,468	2,558,419	3,318,384	759,965
2 - VTA/ATU Pension Fund-State Street - Index	52,891,135	56,391,135	0	0	0
3 - VTA/ATU Pension Fund- Int'l - Equity Growth - MFS	55,108,856	60,108,856	0	0	0
4 - VTA/ATU Pension Fund-Stock Large Cap Value	59,305,361	59,964,197	-2,326,654	-3,168,745	-842,091
5 - VTA/ATU Pension Fund-Stock Small Cap Value	30,605,666	29,833,956	-732,989	-1,505,071	-772,082
Total ATU Pension Funds	331,815,122	331,136,612	-501,224	-1,355,432	-854,208
ATU SPOUSAL MEDICAL PLAN FUNDS					
1 - ATU Spousal Med Fund - Dodge & Cox - Index (4)	5,317,234	4,327,234	0	-32,002	-32,002
2 - ATU Spousal Med Fund-State Street - Index	7,307,187	8,207,187	0	0	0
Total ATU Spousal Plan Funds	12,624,421	12,534,421	0	-32,002	-32,002
Total Investments	1,067,038,336	1,070,282,050	4,752,637	5,271,103	518,466

Legend:

- (1) Total includes contributions / withdrawals made during current month.
- (2) Measure A Bond Funds: \$311,149,164 which includes earnings: from Payden \$12,184,603
LAIF \$901,003, and Union Bank DDA Account \$101,540
- (3) Bonds Reserves and/or Debt Service Funds
- (4) Recognize real loss associated with \$990K withdrawal from Dodge & Cox Funds on 11/05/08 to rebalance the portfolio: contribution to State Street \$900K and Cash Balance \$90K



Date: December 29, 2008

Current Meeting: January 15, 2009

Board Meeting: February 5, 2009

BOARD MEMORANDUM

TO: Santa Clara Valley Transportation Authority
Administration & Finance Committee

THROUGH: General Manager, Michael T. Burns

FROM: Chief External Affairs Officer, Greta Helm

SUBJECT: Monthly Legislative History Matrix

FOR INFORMATION ONLY

BACKGROUND:

For your information, I am attaching our Monthly Legislative History Matrix. The 2009-10 legislative session kicked off on December 1 and has been dominated by the state's deteriorating fiscal situation. As a result, only a handful of new bills have been introduced so far. Therefore, the Monthly Legislative History Matrix outlines the key transportation-related bills that were enacted into law in 2008. Most of these measures took effect on January 1, 2009.

DISCUSSION:

The most recent figures issued by the Department of Finance indicate that the state needs to close a \$15 billion shortfall in this year's budget and then deal with an anticipated \$25 billion deficit in FY 2010. Here is a recap of the major actions that have recently taken place:

December 1: Gov. Arnold Schwarzenegger welcomed the new class of legislators to Sacramento by calling a special session on the budget, and by putting on the table a \$9.2 billion plan that consisted of \$4.5 billion in spending reductions touching virtually all state-funded programs and \$4.7 billion in revenue increases. Under this plan, the Governor proposed a temporary increase in the state sales tax rate of 1.5 percent for a three-year period, a new 9.9 percent oil severance tax, an increase in the alcohol beverage tax of five cents per drink, and a \$12 boost to vehicle registration fees. At the same time, he came forth with an economic stimulus package that called for pushing more Proposition 1B transportation bond money out the door, specifically \$700 million for local streets/roads and \$800 million for public transit capital projects. He also proposed a California Environmental Quality Act (CEQA) waiver to expedite the delivery of 11 other Proposition 1B bond-funded projects administered by Caltrans costing \$822 million, and urged the Legislature to enact bills to eliminate any remaining barriers to using public-private partnerships and design-build contracting for infrastructure projects.

December 15: Republican legislative leaders put their own “no-new-taxes” proposal on the table, which called for deep cuts to schools and social service programs. Neither the Governor nor Democrats embraced the \$22 billion plan, which included \$6 billion in revenues raised by tapping into voter-approved preschool and mental health funds.

December 16: Assembly Democrats and Republicans split along party lines in rejecting a \$19 billion Democratic plan that included \$11.3 billion in tax increases and \$7 billion in spending reductions. To generate additional revenues, this plan embraced Governor Schwarzenegger’s oil severance tax proposal, but called for a ½ percent increase in the state sales tax rate versus the Governor’s 1.5 percent. The Democratic plan also included a new 2.5 percent surcharge on personal income tax liabilities and a new 3 percent withholding requirement for payments in excess of \$600 per year made by businesses to independent contractors.

December 17: California officials cut off funding for thousands of infrastructure projects statewide. Fortunately, no VTA-sponsored project was impacted by this decision. Treasurer Bill Lockyer said the action was regrettable, but necessary in order to preserve cash to allow the state to pay its bills as the General Fund moved closer toward insolvency. Controller John Chiang commented that the General Fund would run out of money at the end of February.

December 18: Democrats approved a package of 16 bills to increase taxes and make program cuts, an \$18 billion effort that passed the Legislature without any Republican votes. GOP lawmakers claimed that the package was illegal because it raised \$9.3 billion in taxes without a two-thirds vote. The bills currently are being held at the Assembly and Senate desks in order to buy time for Democratic leaders to negotiate with Gov. Schwarzenegger, who vowed to veto the package.

By adroitly stitching together proposals that lower some taxes and raise others, Democratic legislators say the package is “revenue-neutral” and, thus, could be passed by a simple majority rather than the constitutionally required two-thirds vote for tax increases. They portrayed their plan as an inventive solution in a desperate time for California, one that comes as a last-ditch acknowledgement that Republicans may never vote for tax increases. The \$9.3 billion in tax provisions consist of: (a) a half-cent increase in the state portion of the sales tax and a quarter-cent hike in the local part of the tax; (b) the 2.5 percent surcharge on personal income taxes; (c) elimination of the 18-cent-per-gallon excise tax on gasoline, as well as the sales tax on gasoline, both of which would be replaced by a new 39-cent-per-gallon gas fee; (d) the severance tax on oil production; and (e) the 3 percent income tax withholding requirement for payments to independent contractors. The \$7.3 billion in cuts include: (a) \$2.5 billion from elementary and high schools, and community colleges; (b) \$677 million from programs for the aged, blind and disabled; (c) \$132 million from the University of California and California State University systems; and (d) \$100 million from welfare programs. Compensation to state employees also would be reduced by \$657 million, subject to negotiations with employee unions.

The Democratic package attempts to employ a legal theory that has been kicking around the State Capitol Building for years—that one bill could simultaneously raise some taxes and reduce others by the same amount without triggering the two-thirds vote requirement. To make it work required a major restructuring of state transportation funding, as follows:

- (1) Eliminating the state excise taxes on gasoline and diesel fuel.
- (2) Eliminating the sales tax on gasoline, which is the funding source for Proposition 42 and one of the funding sources for the Public Transportation Account.
- (3) Replacing those two revenue sources with a new “fee” on gasoline at 39 cents per gallon. This fee would be tied to the California Consumer Price Index, automatically adjusting every three years. The revenues would be allocated annually as follows:
 - § 33 percent (12.87 cents) for local streets/roads. Of this amount, roughly 6 cents would be allocated to cities and counties according to the traditional gas tax subvention formula and approximately 7 cents according to the Proposition 42 formula.
 - § 45 percent (17.55 cents) to the State Highway Account, with a minimum of 20 percent (3.51 cents) going to the State Transportation Improvement Program (STIP). The remaining 80 percent (14.04 cents) would be appropriated for all other uses of the State Highway Account.
 - § 22 percent (8.58 cents) to a new “Transportation Stabilization Fund,” the uses of which would be determined by future legislative appropriations.

According to the Legislative Counsel’s Office, the gas fee revenues could not be diverted or loaned to the General Fund because existing state law requires fee revenues to go for expenditures that have a “nexus,” meaning those paying the fee would benefit from the use of the revenues. In addition, the Legislative Counsel’s Office has opined that the protections contained in Article XIX of the state Constitution would apply, thereby restricting the use of the revenues to transportation capital expenditures, excluding public transit vehicle purchases. However, there is some question as to whether any public transit capital expenditure would meet the nexus test and, therefore, be eligible to receive revenues generated by the new gas fee.

- (5) Continuing the sales tax on diesel fuel, which generates approximately \$400 million per year. The diesel sales tax would become the sole funding source for the Public Transportation Account. Of these revenues, \$150 million per year would be dedicated to the State Transit Assistance Program (STA). However, this STA funding would not be protected, and could be allocated to other eligible expenditures under the Public Transportation Account, such as yellow school bus service, transportation for the clients of the state’s regional occupational centers and transportation bond debt service, through the enactment of subsequent legislation.
- (6) Authorizing counties to increase their Transportation Development Act (TDA) sales tax for mass transportation purposes by a quarter percent, subject to a vote of the electorate. There are differing opinions as to whether such a sales tax increase would require a simple majority or a two-thirds vote to be enacted.

The “revenue-neutral” approach employed by the Democratic leadership has never been tested. Senate President Pro Tem Darrell Steinberg (D-Sacramento) claims that he suggested a similar

maneuver five years ago to offset newly elected Gov. Schwarzenegger's declared intention to reduce the vehicle license fee by two-thirds after his predecessor, Gray Davis, raised it. But Steinberg says he could not get other lawmakers to go along. One reason for the reticence is the uncertainty about its legality. It is clear that if the new maneuver is enacted, it would be challenged in court.

Prepared By: Kurt Evans

LEGISLATIVE HISTORY
2008 Enacted Bills
December 18, 2008

State Assembly Bills

State Assembly Bills	Subject	Last Amended	Status	VTA Position
AB 38 (Nava) Homeland Security	Eliminates the Office of Homeland Security and the Office of Emergency Services, and transfers the responsibilities of these two offices to a newly created California Emergency Management Agency (CalEMA). Provides that CalEMA would be under the supervision of a secretary of California emergency management appointed by the Governor and subject to Senate confirmation. In managing the agency, requires the secretary to coordinate all state disaster response, emergency planning, emergency preparedness, disaster recovery, disaster mitigation, and homeland security activities.	8/18/08	Signed into Law: Chapter #372	
AB 109 (Nunez) Alternative Fuels and Vehicle Technologies	Requires the California Energy Commission to implement the existing Alternative and Renewable Fuel and Vehicle Technology Program by regulation pursuant to the rulemaking requirements of the Administrative Procedure Act. Requires the commission to use a public competitive process for the allocation of funding under this program. Expands the existing Air Quality Improvement Program to include revolving loans, loan guarantees, loans, and other appropriate funding measures. Requires the California Air Resources Board (CARB) to develop and adopt guidelines to implement the Air Quality Improvement Program. Requires CARB to use a public competitive process for the allocation of funding under this program. For both programs, makes ineligible any project required to be undertaken pursuant to federal or state law, air district rules or regulations, memoranda of understanding with a governmental entity, or legally binding agreements or documents.	8/19/08	Signed into Law: Chapter #313	
AB 387 (Duvall) Design-Build Contracting: Transit Security Projects	Makes several changes to existing state law authorizing the use of design-build contracting for transit projects. Specifically, provides that there is no cost threshold in order to use design-build contracting for the acquisition and installation of technology applications or surveillance equipment designed to enhance safety, disaster preparedness and homeland security efforts.	1/7/08	Signed into Law: Chapter #185	Support
AB 642 (Wolk) Design-Build Contracting: Local Agencies	Until January 1, 2016, authorizes any city or county to enter into design-build contracts for the construction of buildings, if the project exceeds \$1 million in cost. Until January 1, 2020, authorizes local entities that operate a wastewater facility, solid waste management facility or water recycling facility to enter into design-build contracts for construction projects.	8/5/08	Signed into Law: Chapter #314	

State Assembly Bills	Subject	Last Amended	Status	VTA Position
AB 660 (Galgiani) Highway-Railroad Grade Crossings	<p>Modifies the California Public Utilities Commission's (CPUC) Grade Separation Program by modifying eligibility requirements, fixing the maximum amount allocated to grade separation projects, and revising other conditions governing the allocation of funds. Specifies that grade separation projects: (a) at a proposed new grade crossing; or (b) for removing or relocating highways or railroad tracks to eliminate existing grade crossings are not eligible for funding under the Grade Separation Program. Provides that the total allocations for a project under this program shall not exceed \$5 million without specific legislative authorization. Also specifies that cumulative allocations to a single project shall not exceed 80 percent of the cost to construct the project. Allows a project costing between \$5 million-\$20 million to be considered without specific legislative authorization if the project: (a) is included on the CPUC's priority list; (b) eliminates the need for future related grade separation projects; (c) provides projected cost savings of at least 50 percent to the state or local jurisdiction by eliminating the need for future projects; and (d) alleviates traffic and safety problems, or provides improved rail service not otherwise possible. Requires such projects to be funded over a multi-year period, not to exceed five years, with the allocation for any one year limited to \$5 million or less. Prohibits an agency that obtains funding for a project under the CPUC's grade separation program from being eligible to receive an allocation for another project for a period of 10 years. Requires a railroad's financial contribution for a grade separation project funded under the program to be calculated based on the cost of the grade separation only, and not on the cost of any other part of the project.</p>	8/6/08	Signed into Law: Chapter #315	
AB 981 (Leno) Treasure Island Transportation Management Act	<p>Enacts the Treasure Island Transportation Management Act. Authorizes the San Francisco County Board of Supervisors to designate an entity to act as the transportation management agency for Treasure Island. Authorizes the Treasure Island Transportation Management Agency to recommend a congestion pricing fee structure applicable to residents and other motorists as they enter or exit Treasure Island to generate revenues to be used to implement a transportation program for the island. Requires the congestion pricing fee structure to be approved by the Board of Supervisors and the San Francisco County Transportation Authority. Also allows the Treasure Island Transportation Management Agency to adopt: (a) on-street and off-street parking regulations, fees, fines, and penalties for Treasure Island; and (b) a transit pass fee structure applicable to residents and other users of Treasure Island.</p>	8/6/08	Signed into Law: Chapter #317	
AB 1209 (Karnette) HOV Lanes: Hybrid Vehicles	<p>Allows the Department of Motor Vehicles (DMV) to issue a replacement high-occupancy vehicle (HOV) lane decal to an owner of a hybrid vehicle that becomes non-repairable or a total loss salvage vehicle when the owner buys a replacement hybrid vehicle.</p>	7/1/08	Signed into Law: Chapter #4429	

State Assembly Bills	Subject	Last Amended	Status	VTA Position
AB 1252 (Caballero) Housing and Transportation Bonds	<p>Appropriates \$100 million to the Department of Housing and Community Development from the Regional Planning, Housing and Infill Incentive Account established under the 2006 housing bond measure for the purpose of augmenting the Infill Infrastructure Grant Program Notice of Funding Availability issued by the department on February 28, 2008. Appropriates \$50 million to the Department of Housing and Community Development from the Transit-Oriented Development Account established under the 2006 housing bond measure for the purpose of augmenting the Transit-Oriented Development Program Notice of Funding Availability issued by the department on December 7, 2007. Appropriates \$63 million from the Highway-Railroad Crossing Safety Account established under the 2006 transportation bond measure for high-priority grade separation and railroad crossing safety improvement projects. Appropriates \$87 million from the Local Streets and Road Improvement, Congestion Relief, and Traffic Safety Account established under the 2006 transportation bond measure for allocation to counties for local street and road improvements.</p>	6/19/08	Signed into Law: Chapter #39	
AB 1358 (Leno) General Plans: Circulation Element	<p>Enacts the California Complete Streets Act of 2008. Requires the Office of Planning and Research to prepare or amend guidelines for cities and counties to accommodate the safe and convenient travel of users of streets, roads and highways in a manner that is suitable to the rural, suburban or urban context of their General Plans. In developing these guidelines, requires the Office of Planning and Research to consider how appropriate accommodation varies depending on a local government's transportation and land-use context, including urban, suburban or rural environments. Beginning January 1, 2011, requires the legislative body of a city or county, upon any revision of the circulation element of its General Plan, to modify the circulation element to plan for a balanced, multimodal transportation network that meets the needs of all users of streets, roads and highways for safe and convenient travel in a manner that is suitable to the rural, suburban or urban context of its General Plan. Defines "users of streets, roads and highways" to mean bicyclists, children, persons with disabilities, motorists, movers of commercial goods, pedestrians, users of public transportation, and seniors.</p>	8/20/08	Signed into Law: Chapter #657	
AB 1954 (Jeffries) HOT Lanes: I-15 Corridor in Riverside County	<p>Authorizes a value pricing and transit program involving high-occupancy toll (HOT) lanes to be developed and operated on I-15 in Riverside County by the Riverside County Transportation Commission (RCTC). Requires RCTC to carry out the value pricing and transit program pursuant to a cooperative agreement with Caltrans that addresses all matters related to design, construction, maintenance, and operation of state highway system facilities in connection with the program. Requires RCTC to establish appropriate traffic flow guidelines for the purpose of ensuring optimal use of the express lanes by high-occupancy vehicles without adversely affecting other traffic on the state highway system. Authorizes RCTC to impose tolls and to issue revenue bonds for the HOT lane project. Allows excess toll revenues to be used to: (a) enhance transit service designed to reduce traffic congestion on I-15 or to expand travel options along the I-15 corridor; and (b) make operational or capacity improvements designed to reduce congestion or improve the flow of traffic on I-15. States that RCTC is not entitled to compensation for the adverse effects on HOT lane revenues due to construction of competing facilities by Caltrans or local agencies.</p>	8/6/08	Signed into Law: Chapter #421	

State Assembly Bills	Subject	Last Amended	Status	VTA Position
AB 2009 (Hernandez) Utility User Taxes: Public Transit Natural Gas Exemption	Prohibits a utility user tax from being imposed on compressed natural gas dispensed by a gas compressor within a local jurisdiction if that natural gas is: (a) dispensed by a gas compressor that is separately metered; and (b) dedicated to serve the local agency or public transit operator.	6/18/08	Signed into Law: Chapter #221	
AB 2094 (DeSaulnier) Joint Policy Committee: Membership	Requires the San Francisco Bay Conservation and Development Commission (BCDC) to be represented on the Bay Area's Joint Policy Committee in addition to the Association of Bay Area Governments (ABAG), the Bay Area Air Quality Management District (BAAQMD) and the Metropolitan Transportation Commission (MTC). Authorizes BCDC to develop regional strategies for addressing the effects of sea level rise and other impacts of global climate change on the San Francisco Bay and its shoreline areas.	7/1/08	Signed into Law: Chapter #442	
AB 2272 (Fuentes) HOV Lanes: Three- Wheeled Motor Vehicles	Permits fully enclosed, three-wheeled motor vehicles to use high-occupancy vehicle (HOV) lanes.	As Introduced	Signed into Law: Chapter #672	
AB 2327 (Caballero) Emergency Services	Requires all entities providing disaster-related services and assistance to strive to ensure that victims receive the help they need and are eligible to receive. Requires public employees to provide such assistance without eliciting information or documents that are not strictly necessary to determine eligibility under state or federal law.	5/21/08	Signed into Law: Chapter #361	
AB 2376 (Price) Small and Emerging Contractors Technical Assistance Program	Enacts the Small Business Technical Assistance Act of 2008. Under the act, authorizes Caltrans to establish a Small and Emerging Contractor Technical Assistance Program. Specifies that the purpose of this program is to provide training and technical assistance to small contractors to improve their ability to secure surety bond guarantees offered by the federal Small Business Administration. Requires the program to include small contractor training and technical assistance throughout the state. In implementing the program, requires Caltrans to conduct outreach efforts to inform small contractors about the program and to recruit them for the training. Allows Caltrans to charge a fee to participants not to exceed \$50 to offset technical assistance counseling offered under the program.	5/27/08	Signed into Law: Chapter #458	
AB 2466 (Laird) Local Government Renewable Energy Self-Generation Program	Allows a local government agency that produces surplus renewable energy at one of its facilities to receive a credit for the excess electricity supplied to the grid on its bill for another one of its facilities.	8/12/08	Signed into Law: Chapter #540	Co-Sponsor

State Assembly Bills	Subject	Last Amended	Status	VTA Position
AB 2650 (Carter) Caltrans: Environmental Reviews	Until January 1, 2012, permits Caltrans to continue to participate in a federal pilot program that allows certain states to assume the responsibilities of the Federal Highway Administration (FHWA) under the National Environmental Policy Act (NEPA) for a limited period of time to see if this approach would speed up the delivery of state highway projects without a lessening of environmental protection. Specifically, extends provisions in existing law that authorize Caltrans to consent to the jurisdiction of the federal courts with regard to the assumption of FHWA's responsibilities under NEPA and that waive the state's Eleventh Amendment protection against lawsuits brought in federal court for as long as Caltrans participates in the pilot program.	6/16/08	Signed into Law: Chapter #248	Support
AB 2906 (Tran) HOV Lanes: Buffers	Eliminates provisions in existing law requiring that high-occupancy vehicle (HOV) lanes be separated from adjacent mixed-flow lanes by a buffer area of at least 4 feet in width.	6/6/08	Signed into Law: Chapter #27	
AB 3005 (Jones) Community Development: Mitigation Fees	When imposing as a condition of approval of a development project an impact fee for mitigating vehicular traffic impacts of a housing development that satisfies certain conditions, requires a local agency to set the fee at a rate that reflects a lower rate of automobile trip generation.	8/27/08	Signed into Law: Chapter #692	

State Assembly Bills	Subject	Last Amended	Status	VTA Position
<p>AB 3034 (Galgiani) High-Speed Rail</p>	<p>Revises certain provisions contained in the High-Speed Train Bond Act for the 21st Century to be submitted to the voters of California on November 4, 2008, as Proposition 1A. Specifically, refers to construction of a high-speed train system consistent with the California High-Speed Rail Authority’s certified environmental impact report (EIR) of November 2005 and July 9, 2008, rather than with its final business plan of June 2000. Revises the descriptions of route corridors of the proposed high-speed train system. Provides that the bill does not prejudice the authority’s determination and selection of the high-speed train alignment from the Central Valley to the Bay Area and its certification of the EIR. Requires revenues generated by the operation of the high-speed train system above and beyond the amount needed for operating and maintenance costs, and financing obligations to be used to fund the construction, expansion, improvement, replacement, and rehabilitation of the system. Requires \$9 billion in bond revenues to be used for the corridor of the high-speed train system between the San Francisco Transbay Terminal, Los Angeles Union Station and Anaheim. If the High-Speed Rail Authority finds that the completion of this phase of the project would not be adversely impacted, allows the authority to request bond funding for the capital costs for other corridors of the high-speed train system. Specifies that no more than 10 percent of \$9 billion in bond proceeds can be used for environmental studies and mitigation, planning, preliminary engineering, real property acquisition, rights-of-way improvements, and relocation assistance for displaced property owners and occupants related to the high-speed train system. Requires the High-Speed Rail Authority to complete various funding plans and financial analyses prior to: (a) submitting a request for an appropriation of bond funding for eligible capital costs; and (b) committing bond proceeds for expenditure for construction, real property acquisition and equipment procurements. In selecting corridors, or usable segments thereof, for construction, requires the authority to give priority to those corridors, or usable segments thereof, that are expected to use the least amount of bond funds as a percentage of total construction costs. Among other criteria that it may use for establishing priorities for initiating construction on corridors, or usable segments thereof, requires the authority to include the following: (a) projected ridership and revenue; (b) the need to test and certify trains operating at speeds of 220 miles per hour; (c) the utility of those corridors, or usable segments thereof, for passenger train services other than the high-speed train system that will not result in any unreimbursed operating or maintenance costs to the authority; and (d) the extent to which the corridors include facilities to enhance the connectivity of the high-speed train network to other modes of transit. Provides that there is to be no high-speed rail station between Gilroy and Merced. Requires complementary rail capital improvement projects funded from \$950 million in bond proceeds allocated to intercity, commuter and urban rail systems to do the following: (a) provide direct connectivity and benefits to the high-speed train system or its facilities; (b) be part of the construction of the high-speed train system; or (c) provide capacity enhancements and safety improvements. Requires the High-Speed Rail Authority to revise its business plan by September 1, 2008, and submit it to the Legislature. Requires the authority to establish an independent peer review group for the purpose of reviewing the planning, engineering, financing, and other elements of the authority’s plans. Also requires the peer review group to issue an analysis of: (a) the appropriateness and accuracy of the authority’s assumptions; and (b) the viability of the authority’s funding plan for each corridor.</p>	<p>8/6/08</p>	<p>Signed into Law: Chapter #267</p>	<p>Support</p>

State Assembly Bills	Subject	Last Amended	Status	VTA Position
ABX3 3 (Budget Committee) State Budget Reductions	Amends the FY 2008 State Budget Act by reducing appropriations to various state agencies pursuant to the fiscal emergency declared by the Governor by proclamation on January 10. Authorizes the Department of Finance to use \$409 million in Public Transportation Account funding to reimburse the General Fund for expenditures related to the costs of providing home-to-school transportation in FY 2008. Specifies that the Legislature hereby finds that transporting students to schools is a component of the state's mass transportation program.	2/15/08	Signed into Law: Chapter #1	
ABX3 7 (Budget Committee) Highway Users Tax Account	Requires transfers of fuel tax revenues from the Highway Users Tax Account to cities and counties for local streets and roads that would otherwise be made during the months of March through July to be deferred until September.	2/15/08	Signed into Law: Chapter #5	
ACR 114 (Fuller) Home-to-School Transportation	Requests the superintendent of Public Instruction to convene a committee to investigate cost savings and best practices for school districts operating home-to-school transportation programs, not including special education transportation.	8/22/08	Approved by the Legislature: Chapter #155	
AJR 53 (Huffman) Greenhouse Gas Emissions	Encourages Congress and the President to support federal legislation that would allow California to implement its state law regarding the reduction of greenhouse gas emissions from motor vehicles.	7/7/08	Approved by the Legislature: Chapter #92	

State Senate Bills

State Senate Bills	Subject	Last Amended	Status	VTA Position
SB 28 (Simitian) Text Messaging	Prohibits driving a motor vehicle while using an electronic wireless communications device to write, send or read a text-based communication.	8/4/08	Signed into Law: Chapter #270	
SB 53 (Ducheny) State Rail-Related Functions	Requires the California Research Bureau to do all of the following: (a) analyze and make recommendations for improving the state's rail functions; (b) make recommendations regarding the oversight, regulation and efficiency of the state agencies with jurisdiction over rail-related matters in order to improve passenger and freight rail mobility in California; (c) estimate any costs associated with the implementation of its recommendations. Requires the bureau to analyze the following issues: (a) how to improve the efficiency, performance and stability of rail activities funded in part or in whole with state money; (b) the benefits and liabilities of establishing one accountable state commission or department responsible for the oversight, regulation, identification, and prioritization of rail transportation and safety programs and projects, including rail grade crossings and separations, rail equipment procurement and passenger service, the provision of traditional passenger rail and high-speed rail service, and rail safety regulation and oversight; and (c) issues that the Legislature should consider if a bill is introduced to consolidate any or all of the functions, responsibilities or activities of the five state agencies with jurisdiction over rail-related matters into one or more state agencies, commissions or departments. Requires the bureau to report its findings to the Legislature by May 1, 2009.	8/14/08	Signed into Law: Chapter #612	
SB 286 (Lowenthal) Transportation Enhancement Funds: Community Conservation Corps	With respect to federal funds made available to California for transportation enhancement projects, requires transportation planning agencies, county transportation commissions or authorities, and congestion management agencies to utilize criteria developed by Caltrans that give priority in the selection of these projects to the sponsors of eligible projects that partner with, or commit to employ the services of, a community conservation corps or the California Conservation Corps to construct or undertake the project. When developing guidelines for the State Transportation Improvement Program (STIP), and the State Highway Operation and Protection Program (SHOPP), requires the California Transportation Commission (CTC) to include guidance to encourage the allocation of funds for transportation enhancement projects to community conservation corps and the California Conservation Corps as partners with applicants that commit to employ the services of corps members in the construction of those projects.	8/15/08	Signed into Law: Chapter #373	
SB 344 (Machado) Public Finance: Bond Issuances	Provides that the purchase or other acquisition of bonds by or on behalf of the state or a local government that issued the bonds does not cancel, extinguish or otherwise affect the bonds.	3/6/08	Signed into Law: Chapter #3	

State Senate Bills	Subject	Last Amended	Status	VTA Position
SB 348 (Simitian) Vehicle Registration Surcharge: San Mateo County	Reauthorizes the vehicle registration surcharge imposed by the City/County Association of Governments of San Mateo County for traffic congestion management and stormwater pollution programs for an additional four years, and specifies that this surcharge shall terminate on January 1, 2013, instead of January 1, 2009.	4/29/08	Signed into Law: Chapter #377	

State Senate Bills	Subject	Last Amended	Status	VTA Position
<p>SB 375 (Steinberg) Transportation Planning: Sustainable Communities Strategy</p>	<p>Requires the California Transportation Commission (CTC) to maintain guidelines for travel demand models used in the development of regional transportation plans (RTPs) by the state’s 17 metropolitan planning organizations (MPOs). Requires an MPO to adopt as part of its RTPs a “sustainable communities strategy” that: (a) identifies the general location of uses, residential densities and building intensities within the region; (b) identifies areas within the region sufficient to house all of the population of the region, including all economic segments of the population, over the course of the planning period of the RTP taking into account net migration into the region, population growth, household formation, and employment growth; (c) identifies areas within the region sufficient to house an eight-year projection of the regional housing need for the region; (d) identifies a transportation network to service the transportation needs of the region; (e) gathers and considers the best practically available scientific information regarding resource areas and farmland in the region; (f) sets forth a forecasted development pattern for the region, which, when integrated with the transportation network and other transportation measures and policies, will reduce greenhouse gas emissions from automobiles and light trucks to achieve, if there is a feasible way to do so, the greenhouse gas emission reduction targets approved by the California Air Resources Board (CARB); and (g) allows the RTP to comply with the federal Clean Air Act. By September 30, 2010, requires CARB to provide the state’s MPOs with greenhouse gas emission reduction targets for the automobile and light truck sectors for 2020 and 2035, and to update these regional targets every eight years, as specified, until 2050. To the extent an MPO’s sustainable communities strategy is unable to achieve the greenhouse gas emission reduction targets, requires the MPO to prepare an alternative planning strategy as a separate document from the RTP showing how the targets would be achieved through alternative development patterns, infrastructure, or additional transportation measures or policies. Requires CARB to review each MPO’s sustainable communities strategy or alternative planning strategy, if any, to determine whether it would achieve the greenhouse gas emission reduction targets, if implemented. Requires a strategy that is found by CARB to be insufficient to be revised by the MPO. Exempts projects programmed for funding before December 31, 2011, from being subject to a sustainable communities strategy if they: (a) are contained in the 2007 or 2009 Federal Statewide Transportation Improvement Program; (b) are funded with Proposition 1B bond revenues; or (c) were specifically listed in a ballot measure prior to December 31, 2008, approving a local sales tax increase for transportation projects. Requires an MPO to adopt a public participation plan for the development of its sustainable communities strategy or alternative planning strategy, if any, that includes consultation with the congestion management agencies, transportation agencies and transportation commissions in its region. Requires regional housing need allocation plans to be consistent with the applicable sustainable communities strategy. Provides a California Environmental Quality Act (CEQA) exemption for a “transit priority project,” as defined, that meets certain requirements and that is consistent with its region’s sustainable communities strategy or alternative planning strategy, if any. Provides a streamlined CEQA process for various other residential and mixed-use residential projects meeting certain requirements if they are consistent with their respective region’s sustainable communities strategy or alternative planning strategy, if any.</p>	<p>8/18/08</p>	<p>Signed into Law: Chapter #728</p>	

State Senate Bills	Subject	Last Amended	Status	VTA Position
SB 732 (Steinberg) Strategic Growth Council	Establishes the Strategic Growth Council to do all of the following: (a) identify and review activities and funding programs of member state agencies that may be coordinated to improve air and water quality, improve natural resource protection, increase the availability of affordable housing, improve transportation, and meet the goals of the California Global Warming Solutions Act of 2006; (b) recommend policies, and investment strategies and priorities to encourage the development of sustainable communities; (c) provide, fund and distribute data and information to local governments and regional agencies that will assist in developing and planning sustainable communities; and (d) manage and award grants and loans to support the planning and development of sustainable communities.	8/22/08	Signed into Law: Chapter #729	
SB 947 (Hollingsworth) CEQA: Highway Facilities	Amends the California Environmental Quality Act (CEQA) to require the lead agency for a project that impacts a highway overpass, on-ramp or off-ramp to consult with the appropriate transportation planning agencies or other public entities during the environmental process.	4/30/07	Signed into Law: Chapter #707	

State Senate Bills	Subject	Last Amended	Status	VTA Position
<p>SB 1093 (Wiggins) Bay Area Water Emergency Transportation Authority</p>	<p>Makes a number of changes to existing law as it pertains to the San Francisco Bay Area Water Emergency Transportation Authority. Prohibits the authority from compelling property transfers or operational changes to water transportation services provided by other public agencies in the Bay Area prior to the adoption of a transition plan. Requires the transition plan to include all of the following: (a) a description of existing ferry services in the Bay Area Region as of January 1, 2008, that are to be transferred to the authority; (b) a description of any proposed expansion of ferry services in the Bay Area Region; (c) an inventory of the ferry and ferry-related capital assets, leasehold interests, personnel, operating costs, and revenues of public agencies operating public transportation ferries and providing water transportation services as of January 1, 2008, and those facilities that are to be transferred, in whole or in part, to the authority; (d) an operating plan to continue existing ferry services in the Bay Area Region for at least five years, and a detailed description of current and historically available revenues and proposed sources of revenues to meet those anticipated costs; (e) a description of the proposed services, duties, functions, responsibilities, and liabilities of the authority, and those of agencies providing or proposed to provide water transportation services for the authority; (f) an initial five-year Capital Improvement Program detailing how the authority and its local agency partners plan to support financing and completion of capital improvement projects; (g) a description of how existing and expanded water transportation services will provide seamless connections to other transit providers in the Bay Area Region; and (h) the date on which any ferry services are to be transferred to the authority. To the extent that the transition plan includes the transfer of assets or services from a local agency to the authority, requires such transfer to be subject to negotiation and agreement by the local agency. To the extent that the transition plan includes proposed changes to water transportation services or related facilities historically provided by the cities of Vallejo or Alameda, requires those changes to be consistent with those cities' General Plans, redevelopment plans, and development and disposition agreements for projects related to the provision of water transportation services. In accepting a transfer, specifies that the authority may assume no financial obligations other than those associated with the operation of the ferry services and facilities being transferred to the authority. When feeder transportation services are proposed to be established to or from the facilities operated by the authority, requires the authority to coordinate with the public transit agencies in whose service territories the feeder service would operate. Requires the authority to establish a process for taking public input on ferry rates and schedules that it proposes to establish or change. Requires the authority to be bound by the terms and conditions of employment set forth in any collective bargaining agreement or employment contract between any entity whose services the authority directly assumes, and any labor organization or employee included within the assumption of those services. Requires the allocation of regional toll revenues by the Metropolitan Transportation Commission (MTC) to the authority to begin on the date specified in the transition plan.</p>	<p>8/12/08</p>	<p>Signed into Law: Chapter #387</p>	

State Senate Bills	Subject	Last Amended	Status	VTA Position
SB 1316 (Correa) Toll Facilities: Orange and Riverside Counties	Authorizes the Orange County Transportation Authority (OCTA) to eliminate its rights, interests and obligations relative to the Riverside County portion of the State Route 91 toll lane by partial assignment to the Riverside County Transportation Commission or by amendment to the franchise agreement. Authorizes the Riverside County Transportation Commission to impose tolls for 50 years on transportation facilities on its portion of State Route 91. Authorizes these toll revenues to be used for capital and operating expenses of the facilities, including debt service, and for related transportation purposes in the State Route 91 Corridor.	6/23/08	Signed into Law: Chapter #714	
SB 1422 (Ridley-Thomas) HOT Lanes: I-10 and State Highway Route 110 in Los Angeles County	Until January 15, 2013, authorizes a value pricing and transit development demonstration program involving high-occupancy toll (HOT) lanes to be conducted, administered, developed, and operated on designated high-occupancy vehicle (HOV) lanes on I-10 and State Highway Route 110 in Los Angeles County by the Los Angeles County Metropolitan Transportation Authority (LA Metro). Authorizes LA Metro to carry out the value pricing and transit development demonstration program pursuant to a cooperative agreement with Caltrans that addresses all matters related to the design, construction, maintenance, and operation of state highway system facilities in connection with the program. With the assistance of Caltrans, authorizes LA Metro to establish appropriate traffic flow guidelines for the purpose of ensuring optimal use of the express lanes by high-occupancy vehicles without adversely affecting other traffic on the state highway system. Authorizes LA Metro to establish, collect and administer tolls for the HOT lanes on I-10 and State Highway Route 110. Allows LA Metro to use excess toll revenues generated by these HOT lanes for preconstruction, construction and other related costs of high-occupancy vehicle (HOV) facilities, and the improvement of transit service within the I-10 and State Highway Route 110 corridors. Prohibits LA Metro from issuing bonds for the demonstration program.	8/25/08	Signed into Law: Chapter #547	
SB 1561 (Steinberg) Public Transit Prohibition Orders	Authorizes the Sacramento Regional Transit District and the Fresno Area Express to issue a prohibition order to any person who, on at least three separate occasions within a period of 60 consecutive days, is cited for committing certain prohibited acts. Prohibits a person subject to such a prohibition order from entering the property, facilities or vehicles of the Sacramento Regional Transit District or the Fresno Area Express for specified periods of time up to a maximum of one year. Specifies that no prohibition order issued shall be effective unless the Sacramento Regional Transit District or the Fresno Area Express first affords the person an opportunity to contest the proposed action in accordance with procedures adopted by those transit districts for this purpose. Requires the Sacramento Regional Transit District and the Fresno Area Express to establish an advisory committee, and to ensure that personnel charged with issuing and enforcing prohibition orders receive training as recommended by the advisory committee.	8/15/08	Signed into Law: Chapter #528	
SB 1685 (Kehoe) Regional Comprehensive Plan: San Diego County	Allows the San Diego Association of Governments (SANDAG) to use its local sales tax authority for the following purposes related to implementing its regional comprehensive plan: (a) open space and natural habitat protection and conservation programs; (b) watershed management; (c) stormwater management and water quality improvement projects; (d) beach sand replenishment projects; and (d) public transit projects that maximize mobility and transportation choices.	4/22/08	Signed into Law: Chapter #83	

**CALIFORNIA STATE LEGISLATURE
2009 Regular Session Calendar**

DAY	JANUARY
1	Statutes signed into law in 2008 take effect.
5	Legislature reconvenes.
10	Budget must be submitted by the Governor to the Legislature on or before this date.
30	Last day to submit bill requests to the Legislative Counsel's Office.

DAY	FEBRUARY
27	Last day for bills to be introduced.

DAY	APRIL
2	Spring Recess begins upon adjournment.
13	Legislature reconvenes from Spring Recess.

DAY	MAY
1	Last day for policy committees to hear and report fiscal bills introduced in their house.
15	Last day for policy committees to hear and report to the floor non-fiscal bills introduced in their house.
29	Last day for fiscal committees to hear and report to the floor bills introduced in their house.

DAY	JUNE
5	Last day for bills to be passed out of their house of origin.
15	Budget must be passed by midnight.

DAY	JULY
10	Last day for policy committees to hear and report bills introduced in the other house.
17	Summer Recess begins upon adjournment, provided the budget bill has been enacted.

DAY	AUGUST
17	Legislature reconvenes from Summer Recess.
28	Last day for fiscal committees to hear and report to the floor bills introduced in the other house.

DAY	SEPTEMBER
4	Last day to amend bills on the Assembly and Senate floors.
11	Last day for each house to pass bills. Interim Recess begins at the end of this day's session.

DAY	OCTOBER
11	Last day for the Governor to sign or veto bills passed by the Legislature before September 11, and in his possession after September 11.

DAY	JANUARY 2010
4	Legislature reconvenes.



Date: December 30, 2008
 Current Meeting: January 15, 2009
 Board Meeting: N/A

BOARD MEMORANDUM

TO: Santa Clara Valley Transportation Authority
 Administration & Finance Committee

THROUGH: General Manager, Michael T. Burns

FROM: Chief External Affairs Officer, Greta Helm

SUBJECT: Elect Standing Committee Vice Chairperson

Policy-Related Action: No

Government Code Section 84308 Applies: No

ACTION ITEM

RECOMMENDATION:

Conduct voting to determine the Committee's vice chairperson for calendar year 2009.

BACKGROUND:

The VTA Administrative Code has established four board standing committees that review items and provide recommendations to the full board on matters within their respective assigned areas of responsibility. The four standing committees are: Administration and Finance (A&F); Transit Planning and Operations (TPO); Congestion Management Program and Planning (CMPP); and Audit, which was added in 2008. The chairperson and vice chairperson for each committee are determined annually, except for Audit Committee chairperson, which is determined every other year.

The VTA Board Chairperson nominates, for Board approval, committee members for each standing committee chairperson position. The Board approves the appointment of the standing committee chairpersons at its first meeting of the calendar year, which is normally January. Standing committee chairpersons serve a one-year term, except for the Audit Committee chairperson, which serves for two years

At the first meeting of the calendar year, each standing committee elects from its membership a vice chairperson. The vice chairperson performs the duties of the chairperson in the event of the chairperson's absence or inability to act, and while so acting, has all of the authority of the chairperson. The vice chairperson position serves a one-year term, which coincides with the calendar year and the Committee chairperson's term. The vice chairperson is eligible for election to successive terms and only members, not alternates, are eligible to serve. The affirmative vote of a majority of the total authorized committee membership, which is three

members, is required to elect the vice chairperson. The term of office for the newly elected vice chairperson commences immediately following completion of the voting.

FISCAL IMPACT:

There is no financial impact.

Prepared by: Stephen Flynn, Sr. Management Analyst



Date: January 5, 2009
 Current Meeting: January 15, 2009
 Board Meeting: February 5, 2009

BOARD MEMORANDUM

TO: Santa Clara Valley Transportation Authority
 Administration & Finance Committee

THROUGH: General Manager, Michael T. Burns

FROM: Chief Financial Officer, Joseph T. Smith

SUBJECT: Amendment to VTA Unrestricted and Restricted Funds Investment Policy

Policy-Related Action: Yes

Government Code Section 84308 Applies: No

ACTION ITEM

RECOMMENDATION:

Approve recommended changes to the Investment Policy for VTA Unrestricted and Restricted Funds.

BACKGROUND:

VTA's investment program complies with California Government Code Section 53601 et seq. and VTA's approved Unrestricted and Restricted Funds Investment Policy ("Investment Policy"), which insures successful and prudent management of public funds. The Investment Policy applies to all funds and investment activities under the direction of VTA, except for Amalgamated Transit Union (ATU) Pension Funds and ATU Spousal Medical, Dental, and Vision Plan Funds, which are managed under the authority of the VTA/ATU Pension Board.

The Unrestricted and Restricted Funds are currently invested in three separate portfolios which include investments with the State of California Local Agency Investment Fund (LAIF), and two investment accounts with a fixed income money manager.

The two investment accounts held with the fixed income money manager are differentiated by investment horizons, with one fund dedicated for VTA's short-term cash requirements and the other for longer term requirements. To evaluate the performance of the investment manager, each account is assigned an appropriate index as a benchmark. The approved Unrestricted and Restricted Funds Investment Policy ("Investment Policy") includes two such indices: the Taxable Money Market Index, and the Lehman Brothers U.S. Government Intermediate Index. The Taxable Money Market Index is used to gauge performance of the short term duration (less than 1 year) portfolio, which typically holds deposited funds earmarked for use during the next

twelve months (such as funds for VTA transit operations and for the local share of capital projects). The Lehman Brothers U.S. Government Intermediate Index is used to gauge performance of the longer duration (1 to 10 years) portfolio, which typically holds deposited funds earmarked for use beyond a twelve month horizon (such as settlement of self-insured claims: workers compensation and general liability).

DISCUSSION:

The names of the two benchmark indices identified in the Investment Policy, the Taxable Money Market Index and Lehman Brothers U.S. Government Intermediate Index, have been changed to the iMoneynet Money Market Index and Barclay's Capital U.S. Government Intermediate Index, respectively. Staff is recommending an amendment to the Investment Policy that recognizes this change.

Staff also recommends the addition of a new fixed income portfolio. The new account would have an investment horizon of one to three years (with an anticipated average duration of 18 to 24 months). The recommended benchmark for which to measure performance for these funds is the Merrill Lynch 1 to 3-year Treasury Index. This index is an unmanaged index tracking short-term government securities with maturities between 1 and 2.99 years.

The establishment of the recommended investment portfolio represents a change in investment strategy; however, it allows for better alignment of investment maturities to the use of funds, while maintaining the objectives of the Investment Policy: safety, liquidity, and yield. The accounts that currently exist with the fixed income money manager incorporate two strategies: a short-term (average duration of three months) strategy and long-term (average duration of 4 years) strategy. Currently our short-term portfolio is yielding about 1.4% on a stand alone basis; however, this is going to fall quickly as maturities are reinvested at interest rates in the short-term part of the yield curve (currently between zero and 1%). Meanwhile, our long-term funds have higher yields (currently 1.8%), but are subject to much higher risk of rising interest rates. In the long-run, this long-term strategy should provide higher returns, but is more appropriate for funds that we do not expect to need within three years. The current yield of a 1-3 year investment strategy under management of Payden & Rygel (VTA's fixed income money manager) for a similar California governmental entity is yielding 1.6%.

With the additional fixed income investment portfolio, staff could allocate deposits based on three investment horizons: short-term duration (one year or less), mid-term duration (one to three years) and long-term duration (greater than 3 years but less than 10 years). After a period of transition, which will involve movement of funds (as investments mature) from the short-term portfolio to the mid-term and long-term portfolio, staff anticipates an increase of approximately \$500,000 per year in interest income (given today's interest rate environment). Approximately 9% or \$45,000 of this would be allocated to the VTA Transit Enterprise Fund.

The staff recommended changes to the Investment Policy affect Section 18 - Performance Standards. A copy of the Investment Policy, marked to highlight the proposed changes is attached.

ALTERNATIVES:

There is no practical alternative to the recommended changes affecting the benchmark names for the two existing managed fixed income portfolios.

The Board could choose not to approve the addition of a third managed fixed-income investment portfolio.

FISCAL IMPACT:

Staff anticipates an increase of approximately \$500,000 per year in interest income (given today's interest rate environment). Approximately 9% or \$45,000 of this would be allocated to the VTA Transit Enterprise Fund.

Prepared by: Manny Bagnas, Investment Services Manager

<i>Investment of Unrestricted and Restricted Funds</i>	POLICY	
	Document Number:	FRS-PL-XXX
	Version Number:	12/18/2008

1.0 INTRODUCTION

The purpose of this policy is to enhance opportunities for a prudent and systematic investment program and to organize and formalize investment-related activities.

The investment policies of the Santa Clara Valley Transportation Authority (VTA) shall be based on state law and prudent money management. All funds shall be invested in accordance with this Investment Policy and California Government Code Section 53601 et seq. related to the investment of public funds. The provisions of relevant bond documents shall further restrict the investment of bond proceeds.

2.0 SCOPE

This policy applies to all funds and investment activities under the direction of VTA except for Amalgamated Transit Union (ATU) Pension Funds and ATU Spousal Medical, Dental, and Vision Plan Funds, which are managed under the authority of the Pension Board.

3.0 PRUDENCE

The standard of prudence to be used by investment officials shall be the "prudent person" standard, which states, "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived."

The overall investment program shall be designed and managed with a degree of professionalism that is worthy of public trust. VTA shall recognize that no investment is totally without risk and that the investment activities of VTA are a matter of public record. Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.



<i>Original Date:</i>	<i>Review Date:</i>	<i>Revision Date:</i>	<i>Page 1 of 14</i>
April 4, 1996		June 4, 1998 April 6, 2000 Dec. 14, 2000 Feb. 6, 2003 Dec. 13, 2007	

<i>Investment of Unrestricted and Restricted Funds</i>	POLICY	
	Document Number:	FRS-PL-XXX
	Version Number:	12/18/2008

4. **OBJECTIVES**

The primary objectives, in priority order, of VTA's investment activities shall be:

- 4.1 **Safety**. Safety of principal is the foremost objective of the investment program. VTA's investments shall be undertaken in a manner that seeks to ensure preservation of capital in the portfolio.
- 4.2 **Liquidity**. VTA's investment portfolio shall remain sufficiently liquid to enable VTA to meet its cash flow requirements.
- 4.3 **Return On Investment**. VTA's investment portfolio shall be designed with the objective of attaining a market rate of return on its investments consistent with the constraints imposed by its safety objective and cash flow considerations.

5. **DELEGATION OF AUTHORITY**

The management responsibility for the investment program is hereby delegated to the General Manager who shall monitor and review all investments for consistency with this investment policy. The General Manager may delegate responsibility for day-to-day management of the portfolio. No person may engage in an investment transaction except as provided under the limits of this policy. The General Manager may also delegate the investment decision-making and execution authority to an investment advisor. The advisor shall follow the policy, which has been approved by the Board of Directors and such other written instructions as are provided.

6. **ETHICS AND CONFLICT OF INTEREST**

Officers and employees involved in the investment process shall refrain from personal business activities that could conflict with proper execution of the investment program, or which could impair their ability to make impartial decisions. VTA employees and officers involved in the investment process shall disclose to the General Manager any material financial interests in financial institutions that conduct business with VTA, and they shall further disclose any personal financial/investment positions that could be related to the performance of the VTA's portfolio.



<i>Original Date:</i>	<i>Review Date:</i>	<i>Revision Date:</i>	<i>Page 2 of 14</i>
April 4, 1996		June 4, 1998 April 6, 2000 Dec. 14, 2000 Feb. 6, 2003 Dec. 13, 2007	

<i>Investment of Unrestricted and Restricted Funds</i>	POLICY	
	Document Number:	FRS-PL-XXX
	Version Number:	12/18/2008

7. **INTERNAL CONTROLS**

The General Manager or his designee shall establish a system of internal controls, which shall be documented in writing. The controls shall be designed to prevent losses of public funds arising from fraud, employee error, and misrepresentations by third parties or imprudent actions by employees or officers of VTA. The internal controls shall be reviewed with the internal auditor and the independent external auditor. The internal auditor shall perform a review of the internal controls at least on an annual basis.

8. **SELECTION OF INVESTMENT MANAGERS, FINANCIAL INSTITUTIONS AND BROKER/DEALERS**

VTA shall contract with investment manager(s). The investment manager(s) shall exercise its best efforts and discretion in negotiating the best security transaction executions available at the time, without regard to any broker designations or preferences for the exclusive benefit of the VTA. In applying this guideline, the value of research services offered by a brokerage firm may be taken into account in determining the best available source for transaction execution.

9. **PERMITTED INVESTMENT INSTRUMENTS**

9.1 U.S. Treasury Obligations: United States Treasury notes, bonds, bills or certificates of indebtedness, or those obligations for which the full faith and credit of the United States are pledged for the payment of principal and interest.

9.2 Obligations of Federal Agencies and U.S. Government Sponsored Enterprises: Obligations issued by Banks for Cooperatives, Federal Land Banks, Federal Intermediate Credit Banks, Federal Farm Credit Banks, Federal Home Loan Banks, the Federal Home Loan Bank Board, the Tennessee Valley Authority, or in obligations, participation's, or other instruments of, or issued by, or fully guaranteed as to principal and interest by, the Federal National Mortgage Association; or in guaranteed portions of Small Business Administration notes; or in obligations, participation's, or other instruments of, or issued by, a federal agency or a United States government-sponsored enterprise, or such agencies or enterprises which may be created.

9.3 State of California Obligations: Registered state warrants, treasury notes or bonds of the State of California, including bonds payable solely out of revenues from a revenue-



<i>Original Date:</i>	<i>Review Date:</i>	<i>Revision Date:</i>	<i>Page 3 of 14</i>
April 4, 1996		June 4, 1998 April 6, 2000 Dec. 14, 2000 Feb. 6, 2003 Dec. 13, 2007	

<i>Investment of Unrestricted and Restricted Funds</i>	POLICY	
	Document Number:	FRS-PL-XXX
	Version Number:	12/18/2008

producing property owned, controlled, or operated by the state or by a department, board, agency or authority of this State.

9.4 Local Agency Obligations: Bonds, notes, warrants or other evidences of indebtedness of any local agency of the State, including bonds payable solely out of revenues from a revenue-producing property owned, controlled, or operated by the state or local agency or by a department, board, agency or authority of the State or Local agency. Such obligations must be rated A-1/P-1, or equivalent or better short-term; or Aa/AA or better long term by two national rating agencies.

9.5 Bonds issued by VTA: Bonds issued by VTA, including bonds payable solely out of revenues from a revenue-producing property owned, controlled, or operated by VTA or by a department, board, agency, or authority of the local agency.

9.5.1 The total of state and local obligations (items 3, 4, and 5) shall not exceed 30% of VTA's portfolio.

9.6 Bankers' Acceptances: Bills of exchange or time drafts drawn on and accepted by domestic or foreign banks, which are eligible for purchase by the Federal Reserve System, the short-term paper of which is rated in the highest letter and numerical rating (A-1/P-1) by Moody's Investors Services and by Standard & Poor's Corporation.

9.7 Purchases of Banker's Acceptances may not exceed 270 days maturity or 40 percent of VTA's portfolio. No more than five percent of VTA's portfolio may be invested in the Banker's Acceptances of any one commercial bank.

9.8 Commercial Paper: Commercial paper of "prime" quality of the highest ranking or of the highest letter and numerical rating (A-1/P-1) as provided by Moody's Investors Service, Inc. and Standard & Poor's Corporation; provided that the issuing corporation is organized and operating within the United States, has total assets in excess of \$500 million and has an "A" or higher rating for its long-term debt, if any, as provided by Moody's or Standard & Poor's.

9.9 Purchases of eligible commercial paper may not exceed 180 days maturity nor represent more than 10 percent of the outstanding paper of an issuing corporation.

9.10 Purchases of commercial paper may not exceed 15 percent of VTA's portfolio. An additional 10 percent, or a total of 25 percent of VTA's portfolio, may be invested only if



<i>Original Date:</i>	<i>Review Date:</i>	<i>Revision Date:</i>	<i>Page 4 of 14</i>
April 4, 1996		June 4, 1998 April 6, 2000 Dec. 14, 2000 Feb. 6, 2003 Dec. 13, 2007	

<i>Investment of Unrestricted and Restricted Funds</i>	POLICY	
	Document Number:	FRS-PL-XXX
	Version Number:	12/18/2008

the dollar-weighted average maturity of the entire amount does not exceed 31 days.—No more than five percent of VTA's portfolio may be invested in Commercial Paper of any one corporation pursuant to this section.

9.11 Repurchase and Reverse Repurchase Agreements: Investments in repurchase agreements and reverse repurchase agreements may be utilized only as short-term investments, not to exceed 90 days, except for investments related to debt service reserve funds, in which case cannot exceed limits stated in the applicable bond indenture (in no case beyond the final maturity of the bond for which the debt service reserve fund is dedicated).

- 9.11.1 Repurchase agreements may be utilized only when all of the following conditions are met:
- 9.11.2 The term of repurchase agreements shall be for 90 days or less.
- 9.11.3 VTA shall have properly executed a Public Securities Association (PSA) Master Repurchase Agreement with each firm with which it enters into Repurchase Agreements.
- 9.11.4 Repurchase agreements shall only be made with counter parties that are primary dealers of the Federal Reserve Bank of New York rated "A" or better by two nationally recognized rating services.
- 9.11.5 The market value of securities that underlay a Repurchase Agreement shall be valued at 102 percent or greater of the funds borrowed against those securities and the value shall be reviewed weekly unless market conditions warrant daily valuation. Each time there is a substitution of collateral, the market value must be calculated and VTA must be notified of the substitution.
- 9.11.6 Collateral shall be limited to obligations of the U.S. Government and its agencies and U.S. Government sponsored enterprises as described in #1 and #2 of this section.
- 9.11.7 Collateral shall be delivered to a third party custodian in all cases, and VTA shall obtain a perfected first security interest in all collateral.
- 9.11.8 Investments in reverse repurchase agreements may be utilized only to cover temporary cash flow shortages and when all of the following conditions are met:
- 9.11.9 The security to be sold on reverse repurchase agreement has been owned and fully paid for VTA for a minimum of 30 days prior to the sale; and
- 9.11.10 The total of all reverse repurchase agreements on investments owned by VTA does not exceed 20% of the base value of the portfolio; and
- 9.11.11 The agreement does not exceed a term of 90 days, unless the agreement includes a written codicil guaranteeing a minimum earning or spread for the entire



<i>Original Date:</i>	<i>Review Date:</i>	<i>Revision Date:</i>	<i>Page 5 of 14</i>
April 4, 1996		June 4, 1998 April 6, 2000 Dec. 14, 2000 Feb. 6, 2003 Dec. 13, 2007	

<i>Investment of Unrestricted and Restricted Funds</i>	POLICY	
	Document Number:	FRS-PL-XXX
	Version Number:	12/18/2008

period between the sale of a security using a reverse repurchase agreement and the final maturity date of the same security.

9.12 Medium-term Corporate Notes: Medium-term corporate notes of a maximum of five years maturity issued by corporations organized and operating within the United States or by depository institutions licensed by the U.S. or any state and operating within the U.S. Notes eligible for investment shall be rated in a category "A" or its equivalent or better by a nationally recognized rating service.

9.12.1 Purchase of medium-term corporate notes may not exceed 30 percent of VTA's portfolio and shall be limited to five percent in any one issuer.

9.13 Insured Savings/Money Market Accounts: Federal Deposit Insurance Corporation (FDIC)-insured savings accounts or Securities and Exchange (SEC)-registered money funds.

9.14 Negotiable certificates of deposit or deposit notes issued by a nationally- or state-chartered bank or a state or federal savings and loan association or by a state-licensed branch of a foreign bank. Such obligations must have long-term ratings of Aa/AA or better by two national rating agencies.

9.14.1 Purchases of negotiable certificates of deposit may not exceed 30 percent of VTA's portfolio and shall be limited to five percent in any one issuer. Deposit notes and bank notes shall be included with negotiable certificates of deposit in calculating allowable maximum percentages.

9.15 Mortgage and Asset-Backed Obligations: Any mortgage pass-through security collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable-backed bond of a maximum of five years maturity. Such obligations must be rated Aa/AA or better long term by two national rating agencies and the issuer of such obligations must be rated Aa/AA or better by two national rating agencies. Purchases of securities authorized by this section may not exceed 20 percent of VTA's portfolio, which may be invested pursuant to this section and shall be limited to five percent in any one non-governmental issuer.

9.16 Mutual Funds: Shares of beneficial interest issued by diversified management companies, as defined in Section 23701m of the Revenue and Taxation Code, investing in the securities and obligations authorized by sections a through 1 of Government Code section 53601. To



<i>Original Date:</i>	<i>Review Date:</i>	<i>Revision Date:</i>	<i>Page</i> 6 of 14
April 4, 1996		June 4, 1998 April 6, 2000 Dec. 14, 2000 Feb. 6, 2003 Dec. 13, 2007	

<i>Investment of Unrestricted and Restricted Funds</i>	POLICY	
	Document Number:	FRS-PL-XXX
	Version Number:	12/18/2008

be eligible for investment pursuant to this subdivision these companies shall either: (1) attain the highest ranking letter or numerical rating provided by at least two of the three largest nationally recognized rating services or (2) have an investment advisor registered with the Securities and Exchange Commission with at least five years experience investing in securities and obligations authorized by Government Code Section 53601 and with assets under management in excess of \$500,000,000. The purchase price of shares of beneficial interest purchased pursuant to this subdivision shall not include any commission that these companies may charge and VTA may not use any fund that assesses fees for deposits or withdrawals.

9.16.1 The purchase price of shares shall not exceed 15 percent of VTA’s portfolio and 10% in any one mutual fund.

9.17 State of California's Local Agency Investment Fund (LAIF): In accordance with Section 16429.1 of the California Government Code, VTA may invest up to the maximum amount permitted by law in LAIF. The LAIF portfolio, including its average maturity, credit quality and Investment Policy shall be reviewed annually.

9.18 Santa Clara County Investment Pool: VTA may invest funds in the Santa Clara County Investment Pool. The Pool portfolio, including its average maturity, credit quality and Investment Policy, shall be reviewed annually.

9.19 Investment Agreements: VTA may invest, or direct its bond trustee on its behalf to invest, any trustee held bond funds in Investment Agreements meeting the terms of this section. The Investment Agreement must be (1) approved by VTA’s Chief Investment Officer and (2) be (a) with, or guaranteed by, a financial institution that is rated at least Aa/AA by two national rating agencies on an uncollateralized basis or (b) with a financial institution that has an investment grade rating from two national rating agencies and that pledges U.S. Treasury and/or Agency collateral in an amounts sufficient to maintain Aa/AA ratings from at least two national rating agencies. Uncollateralized Investment Agreements must incorporate downgrade provisions that require the financial institution, if it falls below Aa/AA ratings, either to post U.S. Treasury and/or Agency collateral at levels sufficient to maintain Aa/AA ratings from at least two national rating agencies or to permit VTA or the trustee to withdraw funds under the Investment Agreement without penalty. Investment Agreements shall also include “Forward Delivery Agreements” in which a financial institution with an investment grade rating agrees to sell to VTA or bond trustee U.S.



<i>Original Date:</i>	<i>Review Date:</i>	<i>Revision Date:</i>	<i>Page 7 of 14</i>
April 4, 1996		June 4, 1998 April 6, 2000 Dec. 14, 2000 Feb. 6, 2003 Dec. 13, 2007	

<i>Investment of Unrestricted and Restricted Funds</i>	POLICY	
	Document Number:	FRS-PL-XXX
	Version Number:	12/18/2008

Treasury or Agency Obligations in amounts and at times that satisfy bond indenture requirements.

9.20 Qualified Structured Investment: Qualified Structured Investment means any investment with a swap counterpart, with a minimum rating in the “Aa/AA” category by at least two national rating agencies, the purpose of which is to provide VTA with a cash flow that meets VTA’s repayment obligations under a structured transaction, such as a leveraged lease, a Japanese operating lease or a service contract. Examples of a Qualified Structured Investment include a (1) “prepaid swap” (also known a fixed swap or a zero-coupon swap) in which VTA swaps a cash deposit for a future cash flow in specified amounts on specific dates or (2) an “asset swap” in which VTA purchases securities that qualify as Permitted Investment Instruments and swaps the cash flow associated with those securities cash flow for a cash flow that meets its defeasance schedule. Qualified Structured Investments shall incorporate downgrade provisions that permit VTA to require the counter party, if it falls below the Aa/AA rating category, (1) to post U.S. Treasury and/or Agency collateral at levels sufficient to maintain Aa/AA ratings from at least two national rating agencies, (2) to assign the Qualified Structured Investment to a counter party that meets the minimum rating criterion and/or (3) to return the invested funds to VTA or its custodian without penalty.

9.20.1 Credit criteria listed in this section refer to the credit of the security or the issuing organization at the time the security is purchased.

10. SEGREGATED INVESTMENTS

Investments in instruments permitted in Government Code 53601 may be made where cash flow or other factors warrant segregation of funds from the VTA commingled pool. Examples of funds that may warrant such segregation are Retiree Health Care Program funds, Workers Compensation reserve funds, Public Liability Property Damage reserve funds, Investment Agreements, and Qualified Structure Investments.

In accordance with Government Code Section 53620-53622, the assets of the VTA Retiree Health Care Program funds may be invested in a manner similar to those made by pension funds, including purchase of common stocks, equities through mutual funds, other permitted investments or through the direct purchase of common stocks and fixed income securities by a money management firm or firms approved by the Board of Directors.

11. INELIGIBLE INVESTMENTS



<i>Original Date:</i>	<i>Review Date:</i>	<i>Revision Date:</i>	<i>Page 8 of 14</i>
April 4, 1996		June 4, 1998 April 6, 2000 Dec. 14, 2000 Feb. 6, 2003 Dec. 13, 2007	

<i>Investment of Unrestricted and Restricted Funds</i>	POLICY	
	Document Number:	FRS-PL-XXX
	Version Number:	12/18/2008

Any security type or structure not specifically approved by this policy is hereby specifically prohibited. Security types which are prohibited include,

- (a) Inverse floaters, range notes, dual index notes, leveraged or deleveraged floating-rate notes, or interest-only strips that are derived from a pool of mortgages.
- (b) Any security that could result in zero interest accrual if held to maturity.
- (c) Any security with an unusually high degree of interest rate sensitivity or credit risk.

12. **RATING DOWNGRADES**

VTA may from time to time be invested in a security whose rating is downgraded. In the event of a downgrade, the General Manager or his designee shall report the downgrade to the Board at the next scheduled presentation of the portfolio. In the event of a downgrade below the minimum credit rating criteria permitted by this investment policy, the designated investment manager shall immediately report the downgrade to the General Manager. The General Manager or his designee shall report to the Board, at their next regularly scheduled meeting, both the downgrade and the action that has been taken.

13. **DIVERSIFICATION**

Investments shall be diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, specific issue, or specific class of securities. The following diversification limits shall apply (excluding Retiree Health Care Funds, Qualified Structured Investments and bond related funds and funds set aside to secure payment of bonds):

Instruments	Maximum % Portfolio
U.S. Treasuries	100%
Federal Agencies & U.S. Government Sponsored Enterprises	100%
State of California & Local Agencies	30%
Bankers Acceptances	40%
Commercial Paper (CP) with weighted average maturity	30% 25%



<i>Original Date:</i>	<i>Review Date:</i>	<i>Revision Date:</i>	<i>Page 9 of 14</i>
April 4, 1996		June 4, 1998 April 6, 2000 Dec. 14, 2000 Feb. 6, 2003 Dec. 13, 2007	

<i>Investment of Unrestricted and Restricted Funds</i>	POLICY	
	Document Number:	FRS-PL-XXX
	Version Number:	12/18/2008

of all CP less than or equal to 31 days	
Commercial Paper (CP), with weighted average maturity of all CP is >31 days	15%
Negotiable Certificates of Deposit	30%
Repurchase Agreements	100%
Reverse Repurchase Agreements	20%
Medium-Term Notes	30%
Savings/Money Market Accounts	15%
Mutual Funds	15%
Mortgage and Asset-Backed Obligations	20%
State of California Local Agency Investment Fund (LAIF)	<i>Max. limit by law</i>
Santa Clara County Pool	100%
Inverse floaters, range notes, or interest-only strips that Are derived from a pool of mortgages.	None
Any security that could result in zero interest accrual If held to maturity.	None
Any security with unusually high interest rate sensitivity or credit risk	None

<i>Original Date:</i>	<i>Review Date:</i>	<i>Revision Date:</i>	<i>Page 10 of 14</i>
April 4, 1996		June 4, 1998 April 6, 2000 Dec. 14, 2000 Feb. 6, 2003 Dec. 13, 2007	

<i>Investment of Unrestricted and Restricted Funds</i>	POLICY	
	Document Number:	FRS-PL-XXX
	Version Number:	12/18/2008

Issuer/Credit Diversification

Issuer/Credit Rating	Maximum % Portfolio
Any one federal agency or government sponsored enterprise	25%
Any one repurchase agreement or other collateralized Counter party name	10%
Any one corporation, bank, local agency, or other name	5%

Diversification of Retiree Health Care funds shall be:

Asset Class	Range	Target
Fixed Income	35-70%	48%
Domestic Large Cap Stocks ¹	25-60%	50%
Cash	0-5%	2%

14. SALES PRIOR TO MATURITY

In the effort to maximize portfolio performance, VTA may, from time to time, sell securities that it owns in order to better reposition its portfolio assets in accordance with updated cash flow schedules or better market opportunities.

15. MAXIMUM MATURITY

To the extent necessary, VTA shall match investments with anticipated cash flow requirements. Investment maturities greater than eleven years required approval of the Chief Financial Officer. Long-term securities of more than five years shall be limited to 40% of the portfolio.

Notwithstanding the foregoing, VTA may invest in Permitted Investment Instruments with maturity of greater than eleven years in connection with Investment Agreements for debt offerings and in connection with structured financing, such as leveraged leases, operating leases or service contracts, as needed to pre-fund VTA's obligations there under.

¹ Investment shall be made in stock mutual funds that mirror the price and yield performance of the S&P500 Index

<i>Original Date:</i>	<i>Review Date:</i>	<i>Revision Date:</i>	<i>Page 11 of 14</i>
April 4, 1996		June 4, 1998 April 6, 2000 Dec. 14, 2000 Feb. 6, 2003 Dec. 13, 2007	

<i>Investment of Unrestricted and Restricted Funds</i>	POLICY	
	Document Number:	FRS-PL-XXX
	Version Number:	12/18/2008

Investments with embedded "put" features shall be measured to the put date, while instruments with a "call" feature shall be measured to the final maturity. The maturity of asset backed securities shall be considered the estimated maturity date of the tranche.

Portfolio maturities shall be staggered in such a way that avoids undue concentration of assets in a specific maturity sector. Maturities shall be selected which provide for stability of income and reasonable liquidity.

16. REPORTING REQUIREMENTS

The General Manager or his designee shall, monthly, render an investment report to the Administration and Finance Committee. The monthly report shall include the current market value, including the source of valuation, and the performance of each portfolio relative to the corresponding benchmark. The monthly report shall also include a statement of compliance with the investment policy and a statement denoting ability of VTA to meet expenditure requirements for the next six months (or provide an explanation as to why sufficient money may not be available).

The designated investment manager shall, quarterly, render an investment report to the General Manager and Auditor General that provides details of the portfolio holdings including type of investment, issuer, date of maturity, par value, and dollar amount invested in each security.

17. SAFEKEEPING AND CUSTODY

All securities owned by VTA shall be kept in safekeeping with "perfected interest" in the name of VTA by a third-party bank trust department, acting as agent for VTA under the terms of a custody agreement executed between the bank and VTA.

All securities shall be received and delivered using standard delivery versus payment procedures.

18. PERFORMANCE STANDARDS

The investment portfolios shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles commensurate with the investment risk constraints and cash flow needs of VTA. VTA shall establish performance benchmark indices for specific



<i>Original Date:</i>	<i>Review Date:</i>	<i>Revision Date:</i>	<i>Page</i> 12 of 14
April 4, 1996		June 4, 1998 April 6, 2000 Dec. 14, 2000 Feb. 6, 2003 Dec. 13, 2007	

<i>Investment of Unrestricted and Restricted Funds</i>	POLICY	
	Document Number:	FRS-PL-XXX
	Version Number:	12/18/2008

funds for performance evaluation purposes, which shall include indices for short term and intermediate funds.

Short Term Funds

The short-term funds index shall be the “iMoneynet Money Market Index” ~~“Taxable Money Market Index”~~ and shall be used to evaluate the performance of the investments when liquidity and assurance of return of principal is essential. Examples of such investments are funds earmarked to underwrite operating deficits and local share of capital projects during the next twelve months.

Mid Term Funds

The mid-term funds index shall be the “Merrill Lynch 1 to 3-Year Treasury Index” and shall be used to evaluate the performance of the investments when liquidity and assurance of return of principal is essential. Example of such investments are funds earmarked to underwrite local share of capital projects beyond the twelve months period.

Intermediate (Long Term) Funds

The long-term funds index shall be the Barclay’s Capital U.S. Government Intermediate Index. This index shall be used to evaluate the performance of investments, which are not required during the next twelve months. Examples are funds that are earmarked for the settlement of self-insured claims (workers compensation and general liability).

19. INVESTMENT POLICY REVIEW AND AMENDMENTS

The Chief Financial Officer (CFO) shall review the Investment Policy annually to ensure its consistency with the respect to the overall objectives of safety, liquidity and yield, and its relevance to current law and financial trends, and shall recommend amendments, if any, to the Board, which the Board shall consider at a public meeting.

The General Manager and the CFO shall administer the Investment Policy. The CFO shall have the day-to-day responsibility and authority for implementing the Investment Policy.

PREPARED BY	REVIEWED BY	APPROVED BY
Chief Financial Officer	General Manager	Board of Directors



<i>Original Date:</i>	<i>Review Date:</i>	<i>Revision Date:</i>	<i>Page 13 of 14</i>
April 4, 1996		June 4, 1998 April 6, 2000 Dec. 14, 2000 Feb. 6, 2003 Dec. 13, 2007	

<i>Investment of Unrestricted and Restricted Funds</i>	POLICY	
	Document Number:	FRS-PL-XXX
	Version Number:	12/18/2008

<i>Original Date:</i>	<i>Review Date:</i>	<i>Revision Date:</i>	<i>Page 14 of 14</i>
April 4, 1996		June 4, 1998 April 6, 2000 Dec. 14, 2000 Feb. 6, 2003 Dec. 13, 2007	



Date: January 7, 2009
 Current Meeting: January 15, 2009
 Board Meeting: N/A

BOARD MEMORANDUM

TO: Santa Clara Valley Transportation Authority
 Administration & Finance Committee

THROUGH: General Manager, Michael T. Burns

FROM: Chief External Affairs Officer, Greta Helm

SUBJECT: 2010 Census Partnership

FOR INFORMATION ONLY

BACKGROUND:

The U.S. Census mandated by the U.S. Constitution, counts everyone living in the United States and is taken every 10 years. The census affects political representation, including the distribution of congressional seats, determines the boundaries of legislative districts, and directs the allocation of billions of dollars in government funding. Every year, more than \$300 billion in federal funds is awarded to states and communities based on census data, totaling more than \$3 trillion over a 10-year period.

In 2000, the Federal Census Bureau implemented an aggressive program aimed at reversing a decades-long trend in declining Census response rates. Even though the 2000 Census was considered very successful, PriceWaterhouseCoopers prepared a study for the Presidential Members of the U.S. Census Monitoring Board showing the estimated impact of the projected Census 2000 undercount on the allocation of federal funds. The net impact was estimated to reach \$2,913 per uncounted person over a 10-year period in large counties. That translates to a loss of over \$2.9 million for every 1,000 people not counted in Santa Clara County. Because this report did not include all population-based federal programs or any state programs using census data, these estimates should be treated as low, and the impact may in fact be much higher.

The year 2000 was the height of the “dot-com boom” and funds were more plentiful at all levels of the government. Santa Clara County was able to allocate over \$800,000 to the local census effort in fiscal years 98/99 and 99/00. Santa Clara County also received over \$200,000 in a grant from the state towards outreach efforts, based on the 1990 undercount. County funding to support the 2010 Census will be significantly less than it was in 2000.

VTA has received a request from the County of Santa Clara to participate in a Partnership Network that includes the County, the Santa Clara Valley Water District, schools, colleges, businesses, media, faith and community based organizations, non-profits, hospitals, as well as

homeless and immigrant organizations. Through the supportive efforts of partners, the U.S. Census is better positioned for what is a monumental task. More than 140,000 organizations supported Census 2000. Public participation in the census is required by law. It takes less than 10 minutes to complete the census questionnaire and federal law protects the personal information shared during the census.

DISCUSSION:

Most significantly, today's economic environment is radically different than during the last census. In 2000, funding at the federal, state and local levels was more abundant and accessible. The U.S. economy is experiencing economic conditions that are unprecedented in its history. While the federal government works to stabilize the economy, local jurisdictions must work to leverage available resources to maximize outreach and efficiencies. The Census in 2010 will have significantly less funding than in 2000. There is currently no indication that the state will be subsidizing the Census 2010 at all.

A significant portion of VTA's future funding will be impacted by the results of the 2010 Census, given that most, if not all, formula-based transportation programs at the state and federal levels use population as a factor. Such programs include the Urbanized Area Formula (UZA) Program, the Surface Transportation Program (STP), the Congestion Mitigation and Air Quality Improvement Program (CMAQ), the Job Access/Reverse Commute Program (JARC), the State Transportation Improvement Program (STIP), the State Transit Assistance Program (STA), and several Proposition 1B bond programs. Therefore, supporting the Partnership Network's efforts, and dedicating staff and financial resources to the census are warranted to ensure that VTA is in a position to receive its fair share of funding under these and other formula-based transportation programs in the future.

VTA would support Census outreach efforts by providing transit advertising space, and printing and posting multilingual Census outreach materials. A 9-month outreach campaign would begin October 2009 and end April 2010. VTA would allocate a portion of its own allocated interior car card transit advertising space on both bus and light rail vehicles and post outreach messages on the exterior of buses, at light rail stations and at bus shelters. There is no cost associated for message placement. VTA will provide a value of \$86,000 in advertising space historically utilized for VTA campaigns, media trades and partnerships. There is ample inventory available for the planned postings. The cost for printing car cards, station and shelter posters and bus boards would be \$10,000.

The nation's population is increasingly diverse. According to census data released in September 2008, Santa Clara County is one of only 10 counties in the U.S. where the majority of residents speak a language other than English at home. In a post-September 11 environment, many people have fears about personal information tracking and governmental agencies. Additionally, both nationally and locally, there has been intense debate about immigration issues. Linguistically isolated communities, fear of government authority and privacy concerns have historically hindered census data collection efforts. We anticipate that heightened awareness and sensitivity to these issues will create even greater barriers to overcome for Census 2010. The Census 2010 team intends to focus a large part of the outreach efforts towards these hard-to-count populations.

Prepared By: Bernice Alaniz, Deputy Director, Marketing & Comm



Date: January 6, 2009
 Current Meeting: January 15, 2009
 Board Meeting: February 5, 2009

BOARD MEMORANDUM

TO: Santa Clara Valley Transportation Authority
 Administration & Finance Committee

THROUGH: General Manager, Michael T. Burns

FROM: Chief Financial Officer, Joseph T. Smith

SUBJECT: Contract for Small Cap Investment Managing Firm

Policy-Related Action: No

Government Code Section 84308 Applies: Yes

ACTION ITEM

RECOMMENDATION:

Authorize the General Manager to execute an agreement with WEDGE Capital Management, LLP (WEDGE) for the management of the Domestic Small Cap Value Equity portfolio portion of VTA/ATU Pension Plan assets.

BACKGROUND:

As a result of overall long-term under performance and a portfolio structuring analysis recently accomplished for the ATU Pension Board, Mercer Investment Consulting (Mercer) recommended terminating Brandywine as the current Small Cap Investment Managing firm for the ATU Pension Plan. The VTA/ATU Board of Pension (Pension Board) approved the recommended termination and authorized a search for their replacement at its September 9th meeting.

DISCUSSION:

VTA engaged Mercer to search for a Domestic Small Cap Equity Value manager. Mercer uses a proprietary database called its Global Investment manager Database (GIMD), which stores information for over 2,800 investment managers including firm-wide demographics, investment product details, performance, independent research including meeting notes, news items and manager ratings. All investment managers who participated in the selection process were asked to access the GIMD and ensure that all details about their firms were correct and up to date.

Using the GIMD, Mercer narrowed the search and on October 14th, presented the credentials of five Investment Management Firms to the Pension Board (Integrity, KCM, Numeric, RBP, and

WEDGE). The Pension Board selected the top three candidates (Integrity, Numeric, and WEDGE) for interviews based on the following criteria:

Organization

- 1 Firms that have been managing assets for at least five years, preferably longer,
- 2 Firms with sufficient assets under management, such that our assets would not represent a significant percentage of total assets, and,
- 3 Firms that produce superior investment returns overtime, with stock selection methods that can increase the probability of investment success.

Performance

- 4 Verifiable track record that demonstrates consistent adherence to the stated investment approach,
- 5 Risk and return characteristics of historical data that are consistent with the prescribed benchmark, and,
- 6 Performance that is generally competitive over time when compared to other managers with the same index.

Interviews with the selected finalists were conducted on December 4th and 5th, 2008. The interviews were evaluated by a panel consisting of two VTA management representatives and two ATU representatives utilizing the following factors and criteria:

- Impression of the Project Manager (10 points)
- Quality of the Team's Oral Presentation (10 points)
- Content of the Team's Oral Presentation (10 points)
- Answers to Questions (10 points)
- Project Manager's ability to work with VTA (10 points)
- Overall Impression of the Team (both in written submittal and oral interview (50 points)

The ranking of the firms interviewed were: Wedge (95 points), Numeric (88.5 points), and Integrity (79.5 points). The panel selected WEDGE as the preferred Small Cap Investment Managing firm. The primary reasons for selecting WEDGE were their management team's solid performance through a variety of market environments as measured against the Russell 2000 Value Index, but with a lower risk profile versus the other two finalists and the benchmark. Additionally, the WEDGE investment team's stock selection strategy is well balanced between quantitative and qualitative analysis.

WEDGE management fees are equal to 1.00% of the market value of the securities; therefore, actual dollars for fees will vary. However, based on a market value of \$29 million the estimated annual fee would be \$290,000. WEDGE's performance in small cap value investments, on an inception to date basis has been 2.4% greater than the Russell 2000 Value Index. Management fees are paid from ATU Pension fund assets.

The selection of WEDGE to manage the small cap portfolio is anticipated to be approved by the Pension Board at its next scheduled meeting on January 14, 2008.

ALTERNATIVES:

There are no practical alternatives given the Pension Board's adopted asset allocation strategies (which include Small Cap investments) and the VTA/ATU Pension Board's approved termination of the current incumbent funds manager.

FISCAL IMPACT:

Annual management fees, which are paid with ATU Pension Plan assets, are estimated to be \$290,000 based on the current market value of the small cap portfolio.

Prepared by: Manny Bagnas, Investment Program Manager

**Listing of Consultants
Small Cap Investment Manager**

Firm

WEDGE Capital Management L.L.P.
301 South College Street, No. 2920
Charlotte, North Carolina 28202-6002

Contact Information

R. Michael James
General Partner
(704) 334-6475

Caldwell Calame, CFA
Executive Vice President
(704) 334-6475



Date: January 6, 2009
 Current Meeting: January 15, 2009
 Board Meeting: February 5, 2009

BOARD MEMORANDUM

TO: Santa Clara Valley Transportation Authority
 Administration & Finance Committee

THROUGH: General Manager, Michael T. Burns

FROM: Chief Administrative Officer, Bill Lopez

SUBJECT: General Tech Consulting Contract Authority Amendment

Policy-Related Action: No

Government Code Section 84308 Applies: Yes

ACTION ITEM

RECOMMENDATION:

Authorize the General Manager to increase the contract authority for technology general consulting services by the amount of \$3.9 million for a new total contract authority of \$13.5 million.

BACKGROUND:

In September 2005 the Board authorized \$3 million in contract authority for a period of five years for 16 vendors that are selected out of 36 that responded to a Request for Proposals (RFP). With Board approved increases of \$3.4 million in August 2006, and \$3.2 million in March 2008, the current contract authority is \$9.6 million.

Services planned under that contract authority included training on software, website support and redesign, Hummingbird and ITS support, implementation of SAP Real Estate Module, redeployment of the SAP software, management of Translink projects, Business Intelligence, Business Automation, and routine SAP and Silicon Valley Rapid Transit (SVRT) support services.

Of the currently authorized \$9.6 million, \$0.3 million is available, and \$9.3 million paid or assigned to vendors on the list, including: Aim Training Solutions; Booz Allen Hamilton; Cambridge Systematics, Inc.; CMC Americas, Inc.; eTouch Systems Corporation; General Networks Corporation; MyITgroup, LLC; Parsons Brinckerhoff Consulting, Inc.; Siemens Energy and Automation, Inc.; Unisys; and Zag Technical Services. The remaining available contract authority is \$0.3 million.

Current Authorized Amount	9,600,000	
Less Assigned / spent amount		
AIM training	50,000	
Booz Allen (So6037)	711,240	
Cambridge Sys	139,835	
Ciber Inc.	---	
CMC America	1,891,750	
DKS Associates	---	
e-Touch (S06038)	339,920	
General Networks	50,000	
Lamoreaux McLendon	---	
Macro Corporation	---	
MyITGroup	5,262,748	
Parson & Brinekerhoff	550,000	
Rapidign	---	
Siemens Energy	217,271	
Unisys (S05117)	60,000	
Zag Technical	50,000	
Total Assigned	9,322,764	
Available contract authority	277,236	(As of 12/29/2008)

DISCUSSION:

In March 2005, an RFP was issued to solicit proposals from firms for the specialized technical consulting services discussed in the background section. A review board that consisted of staff from Technology, Operations, and Contracts departments, evaluated proposals from 36 different vendors, interviewed 20 firms, and selected 16 firms out of the process. The vendors selected were: Aim Training Solutions; Booz Allen Hamilton; Cambridge Systematics, Inc.; Ciber, Inc.; CMC Americas, Inc.; DKS Associates; eTouch Systems Corporation; General Networks Corporation; Lamoreaux-McLendon; Macro Corporation; MyITgroup, LLC; Parsons Brinekerhoff Consulting, Inc.; Rapidigm, Inc.; Siemens Energy and Automation, Inc.; Unisys; and Zag Technical Services. In September 2005 the Board authorized \$3 million in contract authority. As approved capital projects become defined and or budget authorized the amount has been amended to \$9.6 Million.

This request is for an additional \$3.9 million for the implementation of projects and or services that have been approved, and whose budgets have been adopted in the FY09, or planned for in the FY10 budget. The projects are SAP Software Redeployment, CMA's ramp metering, EDMS Study, Business Intelligence, Business Automation; Emergency Security Telephone, Property Acquisition Tracking; VTA Customer Mailing System, Real Time Information, and Translink TVM Integration. Additionally, the Congestion Management Agency (CMA) is using this contract authority for its Intelligent Transportation Systems (ITS) related projects such as Signal Priority and Ramp Metering.

With this \$3.9 million additional request, the contract authority will have a new total of \$13.5 million. The additional \$3.9 million will allow the Technology Department and Congestion Management Agency to continue contracting with the 16 selected firms until the contract authority expires in September 2010.

Current Authorized Amount	9,600,000
Total Assigned	9,322,764
Available contract authority	277,236

Current / Planned Requirements:

CMA's ITS	2,000,000
SAP Software redevelopment	730,000
Translink TVM Deployment	250,000
Business Intelligence	260,000
Business Automation	140,000
Real Time Information	400,000
VTA.ORG enhancements	50,000
Virus Emergency support	50,000
Routine ERP support	270,000
Support services and UPS	27,236

Total Current Requirements	4,177,236
Requested Authorized Increase	3,900,000

ALTERNATIVES:

The Board could choose not to authorize the additional contract authority, which would delay the implementation of projects, and could require individual board authorization for each project.

FISCAL IMPACT:

This action will authorize \$3.9 million for technology general consulting services. Budget appropriation for existing projects and programs is available in the FY09 Adopted VTA Transit Enterprise and VTP Highway Improvement Program Fund Budgets. Appropriation for future projects and programs will be included in the Recommended FY 2010 and FY 2011 Biennial Budget. These contracts are funded from a variety of sources including VTA local funds, Regional Measure 2 (RM2), Congestion Mitigation and Air Quality Improvement Program (CMAQ), and other grant sources.

DISADVANTAGED BUSINESS ENTERPRISE (DBE) PARTICIPATION:

No specific goal has been established for these task order contracts due to the lack of DBE firms available to perform the scopes of work. Contractors are encouraged to make reasonable efforts to utilize DBEs in their procurement of ancillary services and products associated with the performance of the contracts.

SMALL BUSINESS ENTERPRISE (SBE) PARTICIPATION:

No specific goal has been established for SBE per the technology general consulting services agreements.

Prepared by: Gary Miskell, Chief Information Officer

ATTACHMENT – Key Service Provider Executives

eTouch.

Aniruddha Gadre	President & CEO
Dave Valliere	COO
Ravi Damle	Director of Business Development

Macro

George Peterman	Executive Principal
Larry Trenga	Executive Consultant
Virginia Brooke	Controller
Fred Martino	Executive Consultant
Dave Schmauk	Executive Consultant
Alien Beatty	Executive Consultant

MyITGroup

David Perroni	Managing Director
Zane Edwards	Managing Director of Workforce
Erik Axton	Managing Director of Solutions
David Caspillo	Managing Director of Strategic Accounts
Prakash Devotta	Senior Director of Resourcing

Cambridge Systematics

Lance A. Neumann,	President
Robert “Chip” Taggart,	Chief Operating Officer
Candace S. Macomber Tobin,	Chief Financial Officer
Steven M. Pickrell, P.E.,	Senior Vice President
Marc R. Cutler,	Senior Vice President
Vassili Alexiadis, P.E.,	Vice President
Brad W. Wright,	Vice President



Date: January 6, 2009

Current Meeting: January 15, 2009

Board Meeting: February 5, 2009

BOARD MEMORANDUM

TO: Santa Clara Valley Transportation Authority
Administration & Finance Committee

THROUGH: General Manager, Michael T. Burns

FROM: Chief Financial Officer, Joseph T. Smith

SUBJECT: Actuarial Valuation of VTA's Other Post Employment Benefits (OPEB) as of July 1, 2008

FOR INFORMATION ONLY

BACKGROUND:

VTA provides retiree health care as a post employment benefit to its employees as provided for in the collective bargaining agreements and the resolution of benefits for non represented employees. VTA has been performing actuarial valuations of this obligation since 1996 to determine the financial condition and contribution requirements of the Plan. VTA has been pre-funding its share of retiree health benefits and has accumulated \$104.4 Million in assets as of June 30, 2008. The Governmental Accounting Standards Board (GASB) has issued Statement No. 45 which describes that these assets must be held in a qualifying trust. VTA adopted and implemented GASB 45 in FY 2008.

Bickmore Risk Services (BRS), a firm specializing in actuarial services, has prepared the actuarial valuation report of VTA's retiree Medical Plan as of July 1, 2008. The plan's unfunded actuarial accrued liability (UAAL) is \$121.0 Million and funded ratio is 46.3%, as compared to 42.0% as of July 1, 2007.

DISCUSSION:

Bickmore Risk Services has recommended that the plans' amortization factor assumptions be updated to reflect VTA's experience and have also recommended that the assumed rate of return be revised from 7% to 7.75% based on the Plan's asset allocation. It is also the rate used by CALPERS and is more closely aligned with the 8% discount rate assumed by the VTA ATU Pension Plan. They have also computed VTA's Annual Required Contribution (ARC) under GASB 45 assuming amortization of the unfunded actuarial accrued liability UAA over a rolling 20 year period. This will require VTA to contribute \$15.6 Million in FY2009, as compared to \$15.4 million in FY 2008. This represents an increase of \$0.2 Million and will be covered by the approved FY 2009 VTA Transit Enterprise Operating Budget.

Prepared By: Ali Hudda, Deputy Director of Accounting



Date: January 5, 2009
 Current Meeting: January 15, 2009
 Board Meeting: N/A

BOARD MEMORANDUM

TO: Santa Clara Valley Transportation Authority
 Administration & Finance Committee

THROUGH: General Manager, Michael T. Burns

FROM: Chief External Affairs Officer, Greta Helm

SUBJECT: Brief Report on Advisory Committee Enhancement Process

FOR INFORMATION ONLY

BACKGROUND:

VTA's advisory committees provide input and advice to the Board on issues referred to the committee by either the Board or the General Manager. Although only required to have one advisory committee, VTA's interest in obtaining a broad perspective in formulating recommendations to the board is demonstrated by having established five committees with distinct areas of expertise. They are: Bicycle & Pedestrian (BPAC); Committee for Transit Accessibility (CTA); Citizens Advisory (CAC); Policy Advisory (PAC); and Technical Advisory (TAC). These committees are composed of approximately 90 members.

The duties, responsibilities and limitations of each advisory committee are specified in the VTA Administrative Code. They may also have additional duties assigned by the Board. Advisory committees do not have independent duties or the authority to take actions that bind the Board. The exception is the Citizens Advisory Committee, when acting either in its capacity as the Citizens Watchdog Committee (CWC) as specified in the 2000 Measure A Transit Sales Tax ballot or as the 2008 Measure D ballot-specified advisory body that reviews and comments on VTA's comprehensive transit program as part of the countywide transportation plan.

The bylaws for each committee govern the proceedings of the committee and its meetings and must be consistent with the Administrative Code. Amendments to committee bylaws require the approval of a majority of the committee's total authorized membership and the Board of Directors.

In August 2008, the Advisory Committee Enhancement process was initiated by VTA General Manager Michael Burns to engage advisory committee members in the development of recommendations for improving the advisory committee process of providing meaningful input and perspective to the Board.

DISCUSSION:

The Advisory Committee Enhancement process is being led by VTA's Public Information Officer, Jennie Loft, in combination with project manager Stephen Flynn. Goals of the process include, but are not limited to, each committee:

- Reviewing its role, responsibilities, and limitations as defined by the Board adopted bylaws, and how they can provide input as an advisory body to help VTA achieve the outcomes described in the recently revised VTA Vision and Mission statements.
- Reviewing and clearly defining the primary alignment with VTA's Standing Committees.
- Reviewing the roles and responsibilities of all the advisory committees, as a group and in a comprehensive manner, to more clearly define individual committee responsibilities and eliminate duplication and ineffective processes.
- Developing a committee mission statement that succinctly states the committee's area of focus.
- Reviewing its bylaws to ensure they accurately reflect current conditions that impact the committee's duties and responsibilities.
- Aligning its work plan (the mechanism used to plan and track the items each committee considers) to the work that is planned for review by the Board and standing committees, as reflected in the Board of Directors Consolidated Work Plan.

Each advisory committee established a subcommittee to develop proposals and recommended actions on the Advisory Committee Enhancement for consideration by the full committee. All subcommittees have to date met between two and four times. The first major product developed by each was a draft mission statement for consideration by their respective committee.

The respective mission statement adopted by each advisory committee is shown on Attachment A. These mission statements are "provisional" only, meaning it is a working draft, until adopted by the Board of Directors since all modifications to advisory committee bylaws, including the addition of a mission statement, require Board approval. A provisional mission statement is necessary to convey to the other committees each committee's vision and understanding of its role, responsibilities, expertise and place in the overall VTA advisory committee process. The provisional mission statement for each committee will be incorporated into the bylaws for that committee and submitted as part of a comprehensive package for Board adoption at the conclusion of the Advisory Committee Enhancement process.

The subcommittees have also reviewed and, where needed, recommended modifications to their individual bylaws to clarify and more accurately reflect current conditions that affect their roles, responsibilities, duties and limitations.

The next steps in the Advisory Committee Enhancement process are to:

- Convene the Advisory Committee Enhancement Task Force, which is a joint meeting of the subcommittee members and VTA staff, to review the roles and responsibilities of all the advisory committees, as a group and in a comprehensive manner.

- Have the Task Force review and clearly define individual committee responsibilities, identify overlap and duplication, consider underserved areas, and develop recommendations on maximizing the contribution each committee can make to the VTA Board process.
- Have the Task Force provide input on the development of the Board's 2009 Consolidated Work Plan based on each committee's duties, responsibilities and areas of expertise as defined in its bylaws.
- Submit any Task Force recommendation to the individual committees for review and consideration.

At the conclusion of the ACE process, when the Task Force phase has been completed and all subcommittees have finalized their proposed mission statements and alignment to their respective standing committee, the proposed changes for all advisory committees will be submitted as a comprehensive package to the Board of Directors for consideration and adoption. Submittal of the comprehensive package is currently projected for mid- 2009.

Prepared By: Stephen Flynn, Sr. Management Analyst

VTA Advisory Committees Provisional Mission Statements

Bicycle & Pedestrian Advisory Committee (BPAC)

The VTA BPAC advises on the development and implementation of the countywide transportation plan (Valley Transportation Plan) and coordinates technical and policy matters with Member Agencies and other organizations. It also provides input for VTA and the County of Santa Clara for projects affecting bicycle and pedestrian mobility and access including project origination, design input, prioritization recommendations, punch list, and final closeout.

The VTA BPAC also serves as the bicycle and pedestrian advisory committee for the County of Santa Clara.

Citizens Advisory Committee (CAC)

The Valley Transportation Authority's Citizens Advisory Committee provides a communication channel for transportation stakeholders and residents of the county by providing input, analysis, perspective and timely recommendations prior to VTA Board of Director action on transportation policy issues and initiatives.

Committee for Transit Accessibility (CTA)

The Committee for Transit Accessibility (CTA) advises the Board of Directors on equal access to public transportation and performs the functions of a paratransit coordinating council.

Policy Advisory Committee (PAC)

The VTA PAC is to represent the prioritized transportation policy views of the Member Agencies, individually and collectively, to the VTA Board.

The PAC proposes approaches to transportation issues identified by the Board, VTA staff, and the PAC itself.

Technical Advisory Committee (TAC)

The Technical Advisory Committee (TAC) of the Santa Clara Valley Transportation Authority (VTA) provides in-depth analysis, technical expertise and timely recommendations to the Board of Directors regarding projects, programs, funding and other policy matters while giving voice to and reconciling local and regional perspectives.