

ADMINISTRATION & FINANCE COMMITTEE

Thursday, November 19, 2009

MINUTES

CALL TO ORDER

The Regular Meeting of the Administration and Finance Committee (A&F) was called to order at 12:04 p.m. by Vice Chairperson Gage in Room B-104, VTA River Oaks Campus, 3331 North First Street, San Jose, California.

1. ROLL CALL

Attendee Name	Title	Status
David Casas	Board Member	Absent
Don Gage	Vice Chairperson	Present
Liz Kniss	Chairperson	Absent
Chuck Reed	Board Member	Absent
Nora Campos	Alternate Board Member	N/A
Chris Moylan	Alternate Board Member	Present
George Shirakawa	Alternate Board Member	N/A

* Alternates do not serve unless participating as a Member.

A quorum was not present and a Committee of the Whole was declared.

Vice Chairperson Gage noted a quorum was not present; therefore no action would be taken; however, the Committee of the Whole would forward the items for consideration at the December 10, 2009 Board of Directors Meeting.

2. PUBLIC PRESENTATIONS

There were no Public Presentations.

3. ORDERS OF THE DAY

There were no Orders of the Day.

CONSENT AGENDA

4. Regular Meeting Minutes of October 15, 2009

On order of Vice Chairperson Gage and there being no objection, the Committee of the Whole deferred the Regular Meeting Minutes of October 15, 2009.

5. Monthly Investment Report - September 2009

Joe Smith, Chief Financial Officer, noted the equity market and VTA's Fixed Income portfolio are doing well. VTA Retiree's Other Post Employment Benefits (OPEB) Trust

composite portfolio and Amalgamated Transit Union (ATU) Spousal Medical Trust Fund composite portfolio are outperforming their composite benchmarks.

On order of Vice Chairperson Gage and there being no objection, the Committee of the Whole reviewed the Report on Santa Clara Valley Transportation Authority Investments for the month of September 2009.

6. Monthly Legislative History Matrix

On order of Vice Chairperson Gage and there being no objection, the Committee of the Whole reviewed the Monthly Legislative History Matrix.

7. Quarterly Purchasing Report

On order of Vice Chairperson Gage and there being no objection, the Committee of the Whole reviewed the Quarterly Purchasing Report.

8. First Quarter FY 2010 Public Liability/Property Damage Claims Activity Report

On order of Vice Chairperson Gage and there being no objection, the Committee of the Whole reviewed the First Quarter FY 2010 Public Liability/Property Damage Claims Activity Report.

9. First Quarter FY 2010 Report of Worker's Compensation Claims and Transitional Work Program

On order of Vice Chairperson Gage and there being no objection, the Committee of the Whole reviewed the First Quarter FY 2010 Report of Worker's Compensation Claims and Transitional Work Program.

10. Committee for Transit Accessibility (CTA) Member Appointments

On order of Vice Chairperson Gage and there being no objection, the Committee of the Whole approved forwarding the item without a recommendation to the Board of Directors for discussion and consideration at the December 10, 2009 VTA Board of Directors Regular Meeting the item to approve the appointments to the Committee for Transit Accessibility (CTA).

11. Bicycle and Pedestrian Advisory Committee (BPAC) Member Appointments

On order of Vice Chairperson Gage and there being no objection, the Committee of the Whole approved forwarding the item without a recommendation to the Board of Directors for consideration at the December 10, 2009 VTA Board of Directors Regular Meeting the item to ratify the following new appointments and reappointments to the Bicycle & Pedestrian Advisory Committee to a two-year terms starting December 2009:

New Appointment

- Erik Wilhelmsen, Town of Los Gatos
- Jim Bell, City of San Jose

Reappointment

- Corinne Winter, Silicon Valley Bicycle Coalition
- Carl Hagenmaier, City of Los Altos

12. **Fiscal Year 2010 Quarterly Statement of Revenues and Expenses for the Period Ending September 30, 2009**

On order of Vice Chairperson Gage and there being no objection, the Committee of the Whole approved forwarding the item without a recommendation to the Board of Directors for consideration at the December 10, 2009 VTA Board of Directors Regular Meeting the item to review and accept the Fiscal Year 2010 Quarterly Statement of Revenues and Expenses for the period ending September 30, 2009.

REGULAR AGENDA

13. **Contract Award – Money Manager Services**

Kimberly Koenig, Finance Department Manager, reported in 2008 Mercer Investment Consulting Incorporated recommended and completed an Asset Liability Study and Portfolio Structuring Analysis for the Valley Transportation Authority (VTA) Amalgamated Transit Union (ATU) Pension Plan.

Ms. Koenig reported based on the study results, the VTA/ATU Pension Board approved Mercer's recommendation and added two new asset classes to the VTA/ATU Pension Plan Investment Portfolio. The new two asset classes include real estate and emerging markets.

Subsequently, VTA directed Mercer Investment Consulting Incorporated to search for US Core Real Estate Managers using its Global Investment Manager Database. Mercer presented the credentials of five Investment Management firms for Real Estate Managers and VTA's panel selected UBS Global Asset Management as the preferred Real Estate Investment Managing firm after an exhausting review of the recommended firms. On September 1, 2009, VTA/ATU Pension Board approved UBS Global Asset Management as the fund manager to manage VTA's US Core Real Estate portfolio.

Ms. Koenig stated VTA will invest approximately \$30 million in the real estate portfolio and will pay an estimated annual management fee of \$321,000, which are paid with VTA/ATU Pension Plan Assets.

Ms. Koenig noted the selection of a fund manager for Emerging Markets will be presented to the Board of Directors for consideration at a future date.

Alternate Board Member Moylan stressed the importance for VTA to be diligent in its evaluation and selection of an Emerging Markets Fund Manager for foreign investments.

On order of Vice Chairperson Gage and there being no objection, the Committee of the Whole approved forwarding the item without a recommendation to the Board of Directors for consideration at the December 10, 2009 VTA Board of Directors Regular Meeting, authorizing the General Manager to execute an agreement with UBS Global Asset Management for the management of the US Core Real Estate portfolio portion of SCVTA - ATU Pension Plan Assets.

14. **Transit Advertising – Contract Award to Lamar Corporation**

Greta Helm, Chief External Affairs Officer, reviewed the recommendation to award VTA's sale advertising to Lamar Corporation. Ms. Helm stated VTA currently has an existing contract with CBS Outdoors where VTA receives a minimum guarantee of

\$ 1.5 million per year as well as 50 percent of any specialty advertising bus wraps for example.

Ms. Helm reported VTA determined Lamar Corporation's proposal was best overall offering the best income, marketing, and operational plans. Lamar Corporation has committed to establish a local office in San Jose and to staff it with an experienced team with local, regional, and national contacts.

Vice Chairperson Gage queried about the contract amount. Ms. Helm responded the contract amount is basically similar to the existing contract. VTA will receive a minimum guarantee of \$1.2 million in 2010, \$1.4 million in 2011, and \$1.5 million in 2012 or receive 60 percent of net sales, whichever is greater.

Alternate Board Member queried about the existing contract with CBS Outdoors. Ms. Helm responded the new contract with Lamar Corporation will provide more revenue opportunities for VTA.

Michael T. Burns, General Manager, stated CBS Outdoor has lowered its minimum guarantee, which is an indication that they are not willing to take a risk in the advertising market. Mr. Burns stated Lamar Corporation is a thriving national company and has performed well in Denver.

Ms. Helm reported Lamar Corporation has approximately 70 transit properties throughout the country with 100 years of experience, specifically in outdoor advertising.

Vice Chairperson Gage queried about VTA's bus stops contract vendor. Dino Guevarra, Sales and Promotions Supervisor, responded Clear Channel is the vendor responsible for VTA's bus stops, noting the current contract will be up for renewal in October 2010.

Mr. Guevarra stated staff has had discussions with Lamar Corporation regarding transit shelters, noting the possibility that Lamar will consider participating in VTA's Request for Proposal (RFP) process next year when the transit shelter contract goes out for bid.

Vice Chairperson Gage queried whether VTA has advertising on banners or billboards, noting potential opportunities to generate revenues. Ms. Helm responded that VTA is not currently advertising using these methods; however, staff is evaluating all advertising opportunities as well as exploring what is permissible under billboard laws.

Vice Chairperson Gage stressed the importance to utilize VTA facilities and yards with advertising opportunities. Mr. Guevarra responded staff has asked VTA's Real Estate Department to look into these types of opportunities and determine what city ordinances will allow.

Alternate Board Member Moylan queried about advertising constraints or restrictions regarding the contract. Mr. Guevarra responded VTA does not allow alcohol advertising, noting other concerns with advertising current issues, legal, or political issues.

Mr. Guevarra stated VTA will allow advertising if the advertisement specifically states it was paid for by the specific organization.

Ms. Helm noted VTA reserves the right to review in advance any advertisement that may appear to be controversial.

On order of Vice Chairperson Gage and there being no objection, the Committee of the Whole approved forwarding the item without a recommendation to the Board of Directors for consideration at the December 10, 2009 VTA Board of Directors Regular Meeting, authorizing the General Manager to execute a contract with Lamar Corporation to sell, display and manage the advertising program on VTA Bus and Light Rail Vehicles for a three-year term beginning on January 1, 2010 through December 31, 2012, with an option for VTA to extend the contract for two additional one-year periods for 2013 and 2014.

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 Vice Chairperson Gage and there being no objection, the Committee of the Whole reviewed the Committee Work Plan.

17. Committee Staff Report

There was no Committee Staff Report.

18. Chairperson's Report

There was no Chairperson's Report.

19. Determine Consent Agenda for the December 10, 2009 Board of Directors Meeting

CONSENT: Agenda Item #10. Approve the appointments to the Committee for Transit Accessibility (CTA);

Agenda Item #11. Ratify the following new appointments and reappointments to the Bicycle & Pedestrian Advisory Committee to a two-year terms starting December 2009:

New Appointment

- Erik Wilhelmsen, Town of Los Gatos
- Jim Bell, City of San Jose

Reappointment

- Corinne Winter, Silicon Valley Bicycle Coalition
- Carl Hagenmaier, City of Los Altos;

Agenda Item # 12. Review and accept the Fiscal Year 2010 Quarterly Statement of Revenues and Expenses for the period ending September 30, 2009;

Agenda Item #13. Authorize the General Manager to execute an agreement with UBS Global Asset Management for the management of the US Core Real Estate portfolio portion of SCVTA - ATU Pension Plan Assets; and

Agenda Item #14. Authorize the General Manager to execute a contract with Lamar Corporation to sell, display and manage the advertising program on VTA Bus and Light Rail Vehicles for a three-year term beginning on January 1, 2010 through December 31, 2012, with an option for VTA to extend the contract for two additional one-year periods for 2013 and 2014.

REGULAR: NONE

20. **Announcements**

There were no Announcements.

21. **ADJOURNMENT**

On order of Vice Chairperson Gage and there being no objection, the Committee of the Whole meeting was adjourned at 12:22 p.m.

Respectfully submitted,

Michelle M. Garza, Board Assistant
VTA Office of the Board Secretary