Metro Gold Line Foothill Extension
Construction Authority

406 E. Huntington Drive, Suite 202
Monrovia, CA 91016-3633

626-471-9050 ph
626-471-9049 fx

www.foothillextension.org

Board Members:

Doug Tessitor
Chair
Council Member,
City of Glendora
Appointee of
City of Pasadena

Sam Pedroza
1st Vice Chair
Council Member,
City of Claremont
Appointee of
San Gabriel Valley
Council of
Governments

Ed P. Reyes
Member
Council Member,
City of Los Angeles
Appointee of
City of Los Angeles

Keith Hanks
Member
Council Member,
City of Azusa
Appointee of
City of South
Pasadena

John Fasana
Member
Mayor,
City of Duarte
Appointee of
Los Angeles County
Metropolitan
Transportation
Authority

Bill Bogaard
Member, Non-Voting
Mayor,
City of Pasadena
Appointee, City of
Pasadena

Lara Larramendi
Member, Non- Voting
Gubernatorial
Appointee

Daniel M. Evans
Member, Non-Voting
City of
South Pasadena
Appointee, City of
South Pasadena

Executive Officer:

Habib F. Balian
Chief Executive Officer

Agenda Item 4

TO: Chair and Members of the Finance Committee

FROM: Habib F. Balian, CEO

DATE: November 13, 2012

SUBJECT: Receive and File a Report on Quarterly Financial Update

RECOMMENDATION:

That the Finance Committee receive and file the Authority's Quarterly Financial Update as of June 30, 2012.

SUMMARY:

In December 1999, the Board approved and adopted the Investment Policy for the Los Angeles to Pasadena Metro Blue Line Construction Authority. The Authority's current investments are consistent with the approved Investment Policy.

BUDGET IMPLICATIONS:

None at this time.

Metro Gold Line Foothill Extension Construction Authority
Report of Investments
Quarter Ending June 2012

			Book Value
Los Angeles County Pooled Surplus Investment Fund	page 2		
(Los Angeles County Treasurer and Tax Collector)			
	Ph I	$	94,924
	Ph II	$	165,312
		$	260,236
State of California Local Agency Investment Fund (LAIF)	page 3	$	20,080,931
(California State Treasurer's Office)	Ph I		
Nations Bank	page 4		
Columbia Fds Ser Tr Treasury Resvs Cap Cl	Ph I		72,669
(formerly Nations Treasury Reserves)			
Columbia Fds Ser Tr Govt Resvs Cap	Ph I		90,141
(formerly Nations Government Reserves)			
			162,810
		$	20,503,977

Note: The Los Angeles County Pooled Surplus Investment Fund reported an earnings rate for June 2012 of 0.86%.

The State of California Local Agency Investment Fund reported an earnings rate for June 2012 of 0.358%.

The Nations Bank Fund reported an earnings rate for Treasury and Government Reserves for February 2012 of 0.01% and 0.01% respectively.

LOS ANGELES COUNTY TREASURER AND TAX COLLECTOR

REPORT OF INVESTMENTS FOR JUNE 2012

SCHEDULE A

PORTFOLIO PROFILE	Pooled Surplus Investments	Specific Purpose Investments
Inventory Balance at 03/31/12		
At Cost	$ 23,073,316,675	$ 103,321,184
At Market	$ 23,120,080,450	$ 103,085,960
Repurchase Agreements	$ -	$ -
Reverse Repurchase Agreements	$ -	$ -
Composition by Security Type:		
Certificates of Deposit	22.38%	0.00%
United States Government and Agency Obligations	40.58%	30.61%
Bankers Acceptances	0.00%	0.00%
Commercial Paper	34.40%	0.00%
Municipal Obligations	0.03%	4.90%
Corporate and Deposit Notes	2.61%	3.02%
Repurchase Agreements	0.00%	0.00%
Asset-Backed	0.00%	0.00%
Other	0.00%	61.47%
1-60 days	50.94%	0.00%
60 days - 1 year	11.32%	62.87%
Over 1 year	37.74%	37.13%

Note: See pages 1 for the amount of money the Construction Authority has invested in the Los Angeles County Pooled Surplus Investment Fund.

Source: Treasurer and Tax Collector's website http://ttax.co.la.ca.us. (Monthly Investment Report)

PHILIP ANGELIDES
TREASURER
STATE OF CALIFORNIA

INVESTMENT DIVISION SELECTED INVESTMENT DATA
ANALYSIS OF THE POOLED MONEY INVESTMENT ACCOUNT PORTFOLIO
(000 OMITTED)

TYPE OF SECURITY		AMOUNT	%	DIFFERENCE IN PERCENT OF PORTFOLIO FROM PRIOR MONTH
Government				
Bills	$	18,025,016	29.79	3.27
Bonds		-	0.00	0.00
Notes		16,425,839	27.15	5.37
Strips		-	0.00	0.00
Total Government	$	34,450,855	56.94	8.64
Federal Agency Coupons	$	1,284,522	2.12	0.11
Certificates of Deposit		7,165,071	11.85	-3.50
Bank Notes		-	0.00	0.00
Bankers' Acceptance		-	0.00	0.00
Repurchases		-	0.00	0.00
Federal Agency Discount Notes		2,296,401	3.80	-3.66
Time Deposits		4,483,640	7.41	0.62
GNMAs		13	0.00	0.00
Commercial Paper		2,585,385	4.27	-0.56
FHLMC/Remics		327,566	0.54	0.01
Corporate Bonds		-	0.00	0.00
AB55 Loans		281,101	0.46	0.02
GF Loans		7,227,700	11.95	-1.72
NOW Accounts		-	0.00	0.00
Other		399,932	0.66	0.04
Revered Repurchases		-	0.00	0.00
Total (All Types)	$	60,502,186	100.00	

INVESTMENT ACTIVITY

	June 2012 Number	June 2012 Amount	May 2012 Number	May 2012 Amount
Pooled Money	630	$ 31,253,724	364	$ 18,072,395
Other	18	110,905	30	3,856,865
Time Deposits	103	2,092,000	104	1,666,480
Totals	751	$ 33,456,629	498	$ 23,595,740

Note: See page 1 for the amount of money Construction Authority has invested in California's Local Agency Investment Fund (LAIF).

Source: California State Treasurer's Office Website http://treasurer.ca.gov (PMIA Monthly Report)

COLUMBIA MANAGEMENT (FORMERLY NATIONS FUNDS)
NATIONS MONEY MARKET FUNDS
NATIONS TREASURY RESERVES AND NATIONS GOVERNMENT RESERVES
INVESTMENT PORTFOLIO
(000 OMITTED)

TYPE OF SECURITY		PAR			VALUE
Nations Treasury Reserves (CPLXX)					
U.S. Treasury Bills	$	168,050	2.1%	$	168,035
U.S. Treasury Notes	$	2,681,214	33.2%	$	2,696,240
U.S. Treasury Obligations				$	2,864,275
Repurchase Agreements		5,244,777	64.6%		5,244,777
Total Repurchase Agreements				$	5,244,777
Total Investments				$	8,109,052
Other Assets and Liabilities, net			0.2%	$	12,481
Net Assets			100.0%	$	8,121,533
Nations Government Reserves (CGCXX)					
U.S. Government Agencies					
Federal Farm Credit Bank	$	1,476,847	22.6%	$	1,476,897
Federal Home Loan Bank	$	2,382,448	36.4%	$	2,382,365
Tennessee Valley Authority	$	43,765	0.7%	$	43,888
Total U.S. Government Agencies Obligations	$	3,903,060		$	3,903,150
U.S. Treasury Bill and Note	$	3,032,681	46.5%	$	3,042,758
Total Investments				$	6,945,908
Other Assets & Liabilities, net			-6.3%	$	(409,347)
Net Assets			100.0%	$	6,536,561

Note: See page 1 for the amount of money Construction Authority has invested in Nations Money Market Fund.

Source: BofA Funds Semiannual Report February 28, 2012

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Appointee, City of
South Pasadena

Executive Officer:

Habib F. Balian
Chief Executive Officer

Agenda Item 5

TO: Chair and Members of the Finance Committee

FROM: Habib F. Balian, CEO

DATE: November 13, 2012

SUBJECT: Fiscal Year 2012 Annual Financial Report and Single Audit Report

RECOMMENDATION:

That the Finance Committee receive and file the Fiscal Year 2012 Annual Financial Report and Single Audit Report.

SUMMARY:

Attached is the fiscal year 2012 Annual Financial Audit Report and Single Audit Report prepared by the accounting firm, Lopez & Company, LLP. Lopez & Company was selected as the Authority's original auditors in May 2000 and again in June 2006. The reports found that the Authority's accounting practices conform to generally accepted accounting principles. The Auditors did not identify any significant deficiencies involving the internal control structure or operations.

The Authority is in compliance with GASB Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments.

BUDGET IMPLICATIONS:

None

BACKGROUND:

Total Revenues	$ 171.9 million
Total Expenses	$ 5.4 million
Excess of Revenues over Expenses	$ 166.5 million
Total Assets	$ 267.7 million
Total Liabilities	$ 7.6 million
Total Equity	$ 260.1 million

The audit did not note any matters involving the internal control structure and its operation that Lopez and Company considered to be reportable conditions under standards established by the American Institute of Certified Public Accountants.

Lopez and Company, LLP
Certified Public Accountants and Business Consultants

ANNUAL FINANCIAL REPORT

OF

METRO GOLD LINE FOOTHILL EXTENSION CONSTRUCTION AUTHORITY

YEAR ENDED JUNE 30, 2012

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Lopez and Company, LLP
Certified Public Accountants and Business Consultants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Metro Gold Line Foothill Extension
Construction Authority

We have audited the accompanying financial statements of the governmental activities of the Metro Gold Line Foothill Extension Construction Authority (the "Authority") as of and for the year ended June 30, 2012, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the Authority as of June 30, 2012, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Accounting Standards, we have also issued our report dated November 1, 2012, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Accounting Standards and should be considered in assessing the results of our audit.

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Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 7 and 28 through 29 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic and historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Lopez and Company, LLP

Chino Hills, California
November 1, 2012

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The Metro Gold Line Foothill Extension Construction Authority (the "Authority") created by the state of California Senate Bill 1847 (Chapter 1021) as a single purpose entity to take over from the Los Angeles County Metropolitan Transportation Authority (MTA) the construction of the light rail between Los Angeles and Pasadena (the "Line"). The law creating the Authority went into effect on January 1, 1999. The Authority is governed by a five-member Board of Directors (the "Board").

Our discussion and analysis of the Authority's financial performance presents an overview of the Authority's financial activities during the fiscal year ended June 30, 2012. We encourage readers to consider information presented here in conjunction with the financial statements (beginning on page 8). The financial statements, notes and this discussion and analysis were prepared by the management and are the responsibility of management.

Financial Highlights

- On June 30, 2010, the Authority entered into a funding agreement in the amount of $735 million with the MTA for the construction of the Phase 2A portion of the line.
- Total assets increased by $171,532,517 from the prior year.
- At year-end, the total government-wide statements reported net assets totaling $260,065,592, an increase of $166,457,728 from the prior year. These assets may be used to meet the Authority's ongoing obligations.

Overview of Basic Financial Statements

This Management's Discussion and Analysis serves as an introduction to the basic financial statements. The Authority's basic financial statements are comprised of three components: (1) the Government-wide Financial Statements; (2) Fund Financial Statements and (3) Notes to the Basic Financial Statements. While chartered as a single purpose entity, whose activities are restricted to light rail construction, as a result of modifications in activities, the accompanying financial statements reflect both a governmental fund and a project fund. This report also contains other required supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

The government-wide financial statements provide a broad overview of the Authority's finances in a manner similar to private-sector entities.

The Statement of Net Assets (page 8) presents information on all of the Authority's assets and liabilities with the difference between the two reported as net assets. An increase or decrease in net assets may serve as a useful indicator of financial health.

The Statement of Activities (page 9) shows how net assets changed during the year. It reports these changes when the underlying event occurs (total economic resources measurement focus) regardless of the timing of related cash flows. It shows the gross and net costs of the Authority's functions.

The government-wide financial statements distinguish between those functions that are intended to recover a significant portion of their costs from user fees and charges (business-type activities) and those functions that principally supported by intergovernmental revenues (governmental activities). The Authority had one governmental activity in the year ended June 30, 2012.

Capital Assets

The Authority had $214,994,377 invested in governmental capital assets as of June 30, 2012. The Authority's capital assets consist of equipment and vehicles, capitalized professional fees, and construction-in-progress as shown below.

Metro Gold Line Foothill Extension Construction Authority
Capital Assets (net of depreciation) (in thousands)

	Governmental Activities (in thousands)
Equipment and Vehicles	$ 153
Land	93,478
Capitalized Professional Fees	37,387
Materials, Supplies and Labor	83,976
Total Capital Assets	$ 214,994

Fund Financial Statements

Governmental funds are used to account for the functions reported as governmental activities in the government-wide financial statements. Unlike the government-wide financial statements, governmental funds use the current financial resources measurement focus. Thus they report flows of spendable resources and balances of spendable resources.

Fund Financial Statements - Continued

The Authority adopts a spending plan each fiscal year. Budgetary comparison schedules are provided for all governmental funds on page 27.

A fund is a group of accounts that is distinguished by a specific activity or objective in accordance with special regulations or restrictions. As is customary with governmental entities, the Authority uses fund accounting to ensure and demonstrate compliance with legal requirements. For the year ended June 30, 2012, the Authority utilized a General fund and Capital Project fund.

The fund financial statements can be found on page 10 of this report. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives.

Based upon the nature of the operations of the Authority, in addition to a General fund, a Capital Project Fund is utilized, as substantially all transactions relate to expenditures and resources obtained for the acquisition, construction or improvement of major capital projects. Amounts reflected in the Fund financial statements of the Authority represent the operational accounts of the Authority's General Fund; combined with the project activities of the Capital Project Fund to form the overall Government-wide Financials.

Differences between the Fund and Government-Wide financial statements are normally determined by the complexity of the reporting agency and usually revolve around the different treatments for capital assets and depreciation. The Authority's focus on a single activity results in the two statements being very similar.

Notes to the Basic Financial Statements

Various disclosures accompany the government-wide financial statements in order to provide an appropriate perspective of the Authority's finances. The notes to the financial statements are on pages 11 through 27.

Other information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information on pages 28 through 29.

Government-wide financial analysis

Statement of Net Assets (in thousands)

	Governmental Activities	
	2012	2011
Current and Other Assets	$ 52,652	$ 52,457
Capital Assets	214,994	43,657
Total Assets	$ 267,646	$ 96,114
Current and Other Liabilities	$ 7,581	$ 2,506
Total Liabilities	7,581	2,506
Net Assets:		
Invested in Capital Assets	214,994	43,657
Restricted	28,347	
Unassigned	16,724	49,951
Total Net Assets	$ 260,065	$ 93,608

As mentioned earlier, net assets can serve as an indicator of financial health. The Authority's assets exceeded liabilities by $260,065,892 at the end of the fiscal year. Net assets totaling $260,065,892 is comprised of $16,723,685 unassigned funds and $28,347,530 of restricted capital project funds as well as $214,994,377 in capital assets. Included in capital assets for 2012 is Construction in Progress totaling $214,840,929, as well as furniture and equipment totaling (net of accumulated depreciation) $153,448.

Included in capital assets for 2011 were Construction in Progress totaling $43,514,139, as well as furniture and equipment totaling (net of accumulated depreciation) $143,349.

The increase in total capital assets is a result the increase in Phase II activity with the continued planning and construction of the Maintenance and Operation (M&O) Facility and the Iconic Freeway Structure (IFS) Bridge.

Governmental funds

As a single purpose entity, the Authority's activities are restricted to the governmental activity of the construction of the light rail. Governmental funds present information about current financial (spendable) resources. The Authority's governmental general and capital projects funds ended the fiscal year with $45,071,215 in fund balances. The total fund balances are comprised of a general fund which. Following is a statement of the Authority's Government Fund Balance at June 30, 2012:

	General Fund	Capital Project Fund	Total Fund Balance
Restricted Fund Balance			
Cash and Cash Equiv.		$19,526,058	$19,526,058
Other Receivables		16,402,264	16,402,264
Less: Current Liabilities		(7,580,792)	(7,580,792)
Total Restricted Funds		$28,347,530	$28,347,530
Unassigned			
Cash and Cash Equivalents	$16,723,685		$16,723,685
Total Fund Balance	$16,723,685	$28,347,530	$45,071,215

Economic Factors and Next Year's Budget

The Budget for the fiscal year 2012 assumes that all Capital Projects funds as of June 30, 2012 will be required and available for Preliminary Engineering, Bid Documents, Design, Authority Administration, Program Management, Intermodal Study and the continued construction of the Maintenance and Operation (M&O) Facility, Iconic Freeway Structure (IFS) Bridge and Phase 2A design and construction.

Further Information

This report has been designed to provide a general overview to our stakeholders of the Authority's financial condition and related issues. Inquiries should be directed to Mr. Crandal Jue, CFO.

METRO GOLD LINE FOOTHILL EXTENSION CONSTRUCTION AUTHORITY

STATEMENT OF NET ASSETS

JUNE 30, 2012

ASSETS		
Cash and Cash Equivalents (Note III-B)	$	36,249,743
Other Receivables		16,402,264
Capital Assets (Note III-C):		
Furniture and Equipment, Net of Accum. Depr. of $657,946		153,478
Construction in Progress:		
Land		93,478,603
Capitalized Professional Fees		37,386,803
Materials, Supplies and Labor		83,975,524
Total Assets	$	267,646,414
LIABILITIES		
Accounts Payable	$	6,587,027
Accrued Expenses		993,765
Total Liabilities		7,580,792
NET ASSETS		
Invested in Capital Assets		214,994,407
Restricted		28,347,530
Unassigned		16,723,685
Total Net Assets		260,065,622
Total Liabilities and Net Assets	$	267,646,414

See notes to financial statements

METRO GOLD LINE FOOTHILL EXTENSION CONSTRUCTION AUTHORITY

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2012

GOVERNMENTAL ACTIVITIES:		
Salaries, Wages and Fringe Benefits	$	4,396,996
Administrative		894,047
Insurance		54,140
Depreciation Expense		70,925
Total Governmental Activities		5,416,108
GENERAL REVENUE:		
Federal Grants		1,323,202
Local Grants		169,147,652
Lease Income		268,631
Investment Income		125,197
Reimbursement		1,009,154
Total General Revenue		171,873,836
CHANGE IN NET ASSETS		166,457,728
NET ASSETS - Beginning of Year		93,607,864
NET ASSETS - Adjustment	$	-
NET ASSETS - End of Year	$	260,065,592

See notes to financial statements

METRO GOLD LINE FOOTHILL EXTENSION CONSTRUCTION AUTHORITY
FUND FINANCIAL STATEMENTS
JUNE 30, 2012

	General Fund	Capital Project Fund	Total Fund Balance	Adjustments	Government-wide Net Assets
ASSETS					
Current assets					
Cash and Cash Equivalents (Note III-B)	$ 16,723,685	$ 19,526,058	$ 36,249,743		$ 36,249,743
Other Receivables		16,402,264	16,402,264		16,402,264
Capital Assets (Note III-C):					
Furniture and Equipment, Net				153,448	153,448
	16,723,685	35,928,322	52,652,007	153,448	52,805,455
Noncurrent assets					
Construction in Progress				214,840,929	214,840,929
Total Assets	$ 16,723,685	$ 35,928,322	$ 52,652,007	$ 214,994,377	$ 267,646,384
LIABILITIES					
Current liabilities					
Accounts Payable		$ 6,587,027	$ 6,587,027		$ 6,587,027
Accrued Expenses		993,765	993,765		993,765
Total Liabilities		7,580,792	7,580,792		7,580,792
Fund Balances/Net Assets					
Non-spendable				$ 214,994,377	$ 214,994,377
Restricted		$ 28,347,530	$ 28,347,530		28,347,530
Unassigned	$ 16,723,685		16,723,685		16,723,685
Total Fund Balance	$ 16,723,685	$ 28,347,530	$ 45,071,215		
Total Net assets				$ 214,994,377	$ 260,065,592

See notes to financial statements

METRO GOLD LINE FOOTHILL EXTENSION CONSTRUCTION AUTHORITY
FUND STATEMENT OF ACTIVITIES
JUNE 30, 2012

	General Fund	Capital Project Fund	Total Fund Balance
GOVERNMENT ACTIVITIES			
Salaries & Wages		$ 4,396,996	$ 4,396,996
Adminiistrative	$ 273,616	620,431	894,047
Insurance		54,140	54,140
Project Expenditures		171,407,844	171,407,844
Total Government Activites	273,616	176,479,411	176,753,027
GENERAL REVENUES			
Federal Grants		1,323,202	1,323,202
Local Grants		169,147,652	169,147,652
Lease Income		268,631	268,631
Investment Income		125,197	125,197
Reimbursement	119,626	889,528	1,009,154
Total General Revenue	119,626	171,754,210	171,873,836
CHANGE IN FUND BALANCES	$ (153,990)	$ (4,725,201)	$ (4,879,191)
FUND BALANCE - BEGINNING YEAR	16,877,675	33,072,731	49,950,406
ADJUSTMENTS	$	$	$
FUND BALANCE - END OF YEAR	$ 16,723,685	$ 28,347,530	$ 45,071,215

See notes to financial statements

METRO GOLD LINE FOOTHILL EXTENSION CONSTRUCTION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

The notes to the financial statements are a summary of significant accounting policies and other disclosures considered necessary for a clear understanding of the accompanying financial statements.

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting entity

Senate Bill 1847 (Chapter 1021) created the Los Angeles to Metro Gold Line Foothill Extension Construction Authority (the "Authority") to take over from the Los Angeles County Metropolitan Transportation Authority ("MTA") the construction of light rail between Los Angeles and Pasadena. The law creating the Authority went into effect on January 1, 1999.

The Project, as defined in state legislation, runs along existing rail right of way from Los Angeles to Claremont (37 miles). Phase I of the Project extends 13.7 miles from Union Station in downtown Los Angeles to Pasadena, serving the communities of Chinatown, Lincoln Heights, Highland Park in Los Angeles, and South Pasadena. Phase II of the project extends 24 miles east from Pasadena to Claremont through the eight communities along the rail right of way.

A five-member board governs the Authority with one representative from each of the cities of Los Angeles, Pasadena, and South Pasadena, one representative from the MTA and one from the San Gabriel Valley Council of Governments. Under the legislation, the Board has been given the authority to complete Project construction including the ability to acquire right-of-way; issue debt; enter into joint development agreements; relocate utilities; and accept the required grants, fees and allocations.

For Phase I, Senate Bill 1847 made available to the Authority funds already programmed by the MTA for the Gold Line, namely $270 million in state funds and $89 million in MTA local funds. To close any remaining funding shortfalls, the Authority was required to raise additional funds.

The Authority completed Phase I and adopted a July 1, 2003 opening date (Los Angeles to Pasadena) as to when Phase I of the project became operational by the MTA. The Phase I Project has been transferred to the MTA who is responsible for operating the line upon operation.

On December 11, 2002 resolution 2002-R-05 was signed and implemented stating that Caltrans failed to complete construction of the Bridge over the I-210 by June 30, 1999. Caltrans entered into an agreement with the Authority on August 1, 2001 (Contract No. 07R200.S.2) transferring to the Authority the responsibility to construct the bridge as part of the Phase II along with $13,910,000 which was the estimated cost of the bridge. It was not possible to design and construct the Bridge without performing preliminary planning, environmental study and engineering for the entire Phase II project because exact alignment and elevation of the Bridge could not be determined until the basic parameters of Phase II were determined. Therefore use of the funds was authorized for preliminary work for Phase II.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

A. Reporting entity - Continued

On June 30, 2010, the Authority entered into a $735 million Funding Agreement with the MTA for the Metro Gold Line Foothill Extension Phase 2A. The Funding Agreement was amended and restated in June 15, 2011.

The audit does not cover the Governmental Purpose Property Trust Agreement between the Los Angeles County Metropolitan Transportation Authority and the Metro Gold Line Foothill Extension Construction Authority dated August 19, 1999.

B. Government-wide and fund financial statements

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34, Basic Financial Statements, and Management's Discussion and Analysis for State and Local Governments, as amended by GASB Statement No. 37, Basic Financial Statements, and Management's Discussion and Analysis for State and Local Governments: Omnibus and GASB Statement No. 38, Certain Financial Statement Note Disclosures. GASB Statement No. 34 provides a financial reporting model for governmental entities that addresses four basic reporting elements: management's discussion and analysis, government-wide and fund financial statements, notes to the financial statements and required supplementary information.

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the fiduciary and non-fiduciary activities of the primary government which normally are supported by taxes and intergovernmental revenues. The Authority does not have any business-type activities, which rely to a significant extent on fees and charges for services.

The statement of activities demonstrates the degree to which the direct expenses, including centralized expenses of a government function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include grants and contributions that are restricted to meeting the operation or capital requirements of a particular function or segment.

C. Measurement focus, basis of accounting, and financial statement presentation

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenues

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. Measurement focus, basis of accounting, and financial statement presentation - Continued

to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). The Authority also has the option of following subsequent private-sector guidance for business-type activities and enterprise funds, subject to this same limitation. The Authority does not have any business-type activities or enterprise funds as of June 30, 2012.

Fund Accounting

The Authority utilizes fund accounting to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

During the fiscal year ended June 30, 2012, the Authority implemented Government Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Government Fund Type Definitions. This Statement establishes the following fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in government funds:

Non-spendable fund balance includes amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact. Examples are inventories, prepaid expenses, long-term receivables, or non-financial assets held for resale,

Restricted fund balance includes resources that are subject to externally enforceable legal restrictions. It includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the Authority highest level of decision-making authority (Board of Directors).

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. Measurement focus, basis of accounting, and financial statement presentation - Continued

Assigned fund balance comprises amounts intended to be used by the government for specific purposes. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other government funds are, at a minimum, intended to be used for the purpose of that fund.

Unassigned fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. If another governmental fund has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund. Positive unassigned amounts will be reported only in the general fund

Governmental Funds are used to account for the Authority's governmental activities. The measurement focus is determination of changes in financial position, rather than net income determination. The Authority uses the following governmental fund type:

Capital Project Fund is used to account for financial resources to be used for the acquisition or construction of major capital assets.

General Fund is used to account for all financial resources except those required to be accounted for in another fund.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary information

Each year all departments of the Authority submit requests for appropriations to management so that an operational and capital projects budget may be prepared. The proposed budgets are submitted to the Board in May for review which adopts a final budget no later than June 30.

Enabling legislation and adopted policies and procedures provide that the Authority's Board approves an annual budget. Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. The Board also approves a life of project budget whenever new capital projects are approved. All appropriations lapse at fiscal year end. The appropriated budget is prepared by fund, project, expense type, and department. The legal level of control is at the fund level and the Board must approve additional appropriations. By policy, the Board has provided procedures for management to make revisions within operational or project budgets only when there is no net dollar impact to the total appropriations at the fund level. Reforecast budgets for operating and capital expenditures are submitted to the Board a minimum of once a year. Budget amendments are made when needed.

The Authority employs the following practices and procedures in establishing budgetary data on a basis consistent with GAAP as reflected in the financial statements:

- Annual budgets are adopted on the modified accrual basis of accounting for governmental fund type. This includes the capital project funds.

III. DETAILED NOTES

A. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

III. DETAILED NOTES – CONTINUED

B. Cash and Cash Equivalents and Investments

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and demand deposit accounts. Cash not needed for immediate use, as working capital, is invested in interesting bearing accounts.

Deposits

At June 30, 2012, the carrying amounts of the Authority's deposits were maintained in the following manner: Bank of America, Local Agency Investment Fund (LAIF), Bank of America Securities and County Treasurer.

At June 30, 2012, the Authority's carrying amount of cash in checking accounts was $15,746,003, while the bank balance was $41,980,319 with the difference represented by outstanding checks and deposits in transit.

As permitted for by California Government Code 53635, a portion of the cash balance totaling $20,080,931 was on deposit in LAIF at June 30, 2012. The Authority's proportionate share of structured notes and asset-backed securities as of that date is $634,557 or 3.16%. These funds are invested by LAIF for the purposes of earning a return through its investment activities for its account holders. These funds are invested in short-term money market funds and are considered cash equivalents.

A reconciliation of cash and cash equivalents, as shown on the statement of net assets, is as follows:

Deposit in Bank of America	$ 15,746,003
Deposit in LAIF	20,080,931
Deposit in Bank of America Securities	162,810
County Treasurer	94,837
County Treasurer 2	165,162
Total Cash and Cash Equivalents	$ 36,249,743

III. DETAILED NOTES – CONTINUED

B. Cash and Cash Equivalents and Investments - Continued

Cash and investments as of June 30, 2012 are classified in the accompanying financial statements as follows:

Statement of net assets:

Cash and Investments as of June 30, 2012 consist of the following:

Deposits with Financial Institutions	$ 15,908,813
Investments	20,340,930
Total Cash and Investments	$ 36,249,743

Investments Authorized by the California Government Code and the Authority's Investment Policy

The table below identifies the investment types that are authorized for the Authority by the California Government Code (or the Authority's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the Authority's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

III. DETAILED NOTES – CONTINUED

B. Cash and Cash Equivalents and Investments - Continued

Investments Authorized by the California Government Code and the Authority's Investment Policy – Continued

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Issues	5 years	None	None
Federal Agency Security	5 years	None	None
Certificates of Deposit	5 years	30%	None
Passbook Savings	5 years	None	None
Mutual Funds	N/A	20%	Multiple
Demand Deposits	N/A	None	None
Repurchase Agreements	1 year	None	None
Local Agency Investment Fund	N/A	None	None
Government Money Markets	N/A	20%	Multiple
Bankers Acceptances	180 days	40%	None
Commercial Paper	270 days	25%**	10%

** 25% of the Authority's Money

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the investment maturity, the greater the sensitivity of its fair value to changes in market interest rates. The Authority manages its exposure to interest rate risk by investing in short-term money market funds. Investments are therefore always available for immediate withdrawal. Information about the sensitivity of the fair values of the Authority's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Authority's investments by maturity:

III. DETAILED NOTES – CONTINUED

B. Cash and Cash Equivalents and Investments - Continued

Interest Rate Risk – Continued

		Remaining Maturity (in Months)			
Investment Type	Total	12 Months or less	13 to 24 Months	25 - 60 Months	More Than 60 Months
State investment pool	$ 20,080,931	$ 20,080,931	$ -	$ -	$ -
Money market funds	259,999	259,999	-	-	-
Total	$ 20,340,930	$ 20,340,930	$ -	$ -	$ -

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The Authority has no investments that are highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided above).

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the Authority's investment policy and the actual rating as of year end for each investment type.

		Minimum Legal	Rating as of Year End		
Investment Type	Total	Rating	AAA	AA	Not Rated
State investment pool	$ 20,080,931	N/A	$ -	$ -	$ 20,080,931
Money market funds	259,999	A	259,999	-	-
Total	$ 20,340,930		$ 259,999	$ -	$ 20,080,931

III. DETAILED NOTES – CONTINUED

B. Cash and Cash Equivalents and Investments - Continued

Concentration of Credit Risk

The investment policy of the Authority contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. As of June 30, 2012 the Authority had no investments in any one issuer (other than mutual funds and external investment pools) that represent 5% or more of total Authority investments.

The Authority does not have any investments in any one issuer that represent 5% or more of total investments.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

The California Government Code and the Authority's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2012, none of the Authority's deposits with financial institutions in excess of Federal depository insurance limits were held in uncollateralized accounts.

III. DETAILED NOTES – CONTINUED

B. Cash and Cash Equivalents and Investments - Continued

Investment in State Investment Pool

The Authority is a voluntary participant in the LAIF that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the Authority's investment in this pool is reported in the accompanying financial statements at amounts based upon the Authority's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

C. Capital Assets

All capital assets are valued at historical cost. Specific capital assets (furniture and equipment) being used by the Authority in its day to day operations are capitalized and depreciation is provided by using the straight line method of depreciation over 3 and 5 year lives. The capital assets, other than furniture and equipment, are held in trust by the Los Angeles County Metropolitan Transportation Authority. Therefore the Authority does not recognize depreciation expense of these assets because it does not bear the risks and benefits of operation. A summary of changes in capital assets is shown below:

	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012
Furniture and Equipment	$ 730,370	$ 81,024	$ -	$ 811,394
Less: Accumulated Depr	(587,021)	(70,925)	-	(657,946)
Net	143,349	10,099	-	153,448
Land	5,669,625	87,808,977	-	93,478,602
Capitalized Professional Fees	30,264,512	7,122,291	-	37,386,803
Materials, Supplies and Labor	7,580,002	76,395,522	-	83,975,524
Total Capital Assets, Net	$ 43,657,488	$ 171,336,889	$ -	$ 214,994,377

III. DETAILED NOTES – CONTINUED

D. Lease Revenue

On August 19, 1999, the Authority and the MTA entered into a Property Trust Agreement that allowed the transfer of right-of way properties already purchased by the MTA for completion of Phase I and II of the Project. The Authority serves as Trustee for approximately 381 properties on the right of way between Union Station and Sierra Madre Villa and 575 properties from Sierra Madre Villa to the Los Angeles County line. The value of these projects is unknown and not included in the Authority's financial statements. 36 of the 381 properties of Phase I and 37 of the 575 properties for Phase II generate revenue based on the leases entered into by the MTA and the lessees. These revenues are used by the Authority to pay the MTA for managing these properties as well as for ongoing property maintenance and utility costs. The majority of the Phase I leases were terminated once construction began and any rental revenue received from Phase I properties are used to maintain and upkeep these Trust properties. There were several parcels along four stations that include plans for development and will be sold to private developers or local agencies, with the funds from these transactions used for construction of the Project. All unsold parcels in the Trust will be transferred back to the MTA at the conclusion of construction of the Project.

Lease revenue for the year ended June 30, 2012 amounted to $268,631.

E. Commitments

The Authority had multiple operating leases during the fiscal year end June 30, 2012. The Authority leased office equipment and office space. Future minimum payments, by year and in the aggregate, under the leases with initial or remaining terms of one year or more are as follows:

		Amount
2012	$	359,032
2013		359,032
2014		359,032
2015		119,112
Thereafter		-
Total	$	1,196,208

Rent expense under operating leases for the year ended June 30, 2012 was $363,947

III. DETAILED NOTES – CONTINUED

F. Pension Plan

Plan Description

Effective January 20, 2001 the Authority contracted with the California Public Employees Retirement System (CalPERS). CalPERS is an agent of the multi-employer public employee retirement system that acts as a common investment and administrative agent for participating public entities within the State of California. State statutes within the Public Employees' Retirement Law establish menus of benefit provisions as well as other requirements. CalPERS issues separate comprehensive annual financial reports. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office – 400 P Street, Sacramento, CA 95814. Since the plan had less than 100 active members in at least one valuation since June 30, 2003, CalPERS requires the Authority's Plan to participate in a risk pool. Required supplementary information for the Risk Pool is presented on page 26. Mandated pooling was effective with the June 30, 2003 valuation.

Funding Policy

Active plan members as defined by the above statutes are required to contribute 7% of their annual covered salary. The Authority has elected to contribute this amount to CalPERS on behalf of eligible employees. The Authority is also required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The projected employer contribution rate to CalPERS for the year ended June 30, 2012 was 23.943%. The contribution requirements of the plan members are established by State statue and the employer contribution rate is established and may be amended by CalPERS.

Annual Pension Cost

For fiscal year 2012, the Authority's annual pension cost and actual contribution was $743,919. For the year ended June 30, 2012, the actuarial funding method used by the CalPERS is the Entry Age Normal Cost Method. Under this method, projected benefits are determined for all members and the associated liabilities are spread in a manner that produces level annual cost as a percentage of pay in each year from the age of hire (entry age) to the assumed retirement age. The actuarial assumptions included (a) 2.5% at 55 as the benefit formula; (b) 7.75% investment rate of return compounded annually (net of expenses); (c) projected payroll growth rate of 3.55% and inflation of 3.0% compounded annually; and (d) 6.1% cost-of-living adjustment.

III. DETAILED NOTES – CONTINUED

F. Pension Plan - Continued

Annual Pension Cost - Continued

The actuarial funding process calculates a regular contribution schedule of employee contributions and employer contributions (normal costs) which are designed to accumulate with interest to equal the total present value of benefits by the time every member has left employment. As of each June 30, the actuary calculated the desirable level of plan assets as of that point in time by subtracting the present value of scheduled future employee contributions and future employer normal costs from the total present value of benefits.

Three-Year Trend Information for CalPERS

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2010	$ 415,930	100%	$ -
6/30/2011	$ 543,842	100%	$ -
6/30/2012	$ 743,919	100%	$ -

G. Deferred Compensation

The Authority has a deferred compensation plan that is available to all employees under the provisions of a Plan Document. The plan allows employees to defer a portion of their current income from state and Federal taxation. Employees may terminate their participation in the plan at any time. However, withdrawal of funds prior to an employee's retirement or death is subject to the terms of the Plan Document.

III. DETAILED NOTES – CONTINUED

H. Post – Employment Benefits

The Authority currently did not incur any other liabilities during fiscal year 2012 related to post-employment benefits.

I. Litigation

The Authority does not have any pending lawsuits as of June 30, 2012.

J. Subsequent Events

The Authority has evaluated subsequent events through, the date the financial statements were available to be issued, and concluded no events have occurred that require disclosure.

METRO GOLD LINE FOOTHILL EXTENSION CONSTRUCTION AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2012

A) Governmental Activities

Schedule of Revenues, Expenditures and Change in Net Assets
Budgeted for the year ended June 30, 2012
(in thousands)

	Original & Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES			
Local Grants and Contracts	$ 70,600	$ 1,323	$ (69,277)
Federal Grants	4,800	169,147	164,347
Investment Income	100	268	168
Rental and Lease Income	-	125	125
Reimbursement of Betterments	-	1,009	1,009
TOTAL REVENUES	75,500	171,872	96,372
EXPENDITURES			
Administration and other	-	5,416	5,416
TOTAL EXPENDITURES	-	5,416	5,416
CHANGE IN NET ASSETS	$ 75,500	$ 166,456	$ 90,956

METRO GOLD LINE FOOTHILL EXTENSION CONSTRUCTION AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2012

B) Schedule of Funding Progress

The Schedule of Funding Progress below shows the recent history of CalPERS Risk Pool's actuarial value of assets, accrued liability, their relationship, and the relationship of the unfunded liability (UL) to payroll of which Metro Goldline is included.

Valuation Date	Accrued Liability (a)	Actuarial Assets (b)	Unfunded Liability (a)-(b)	Funded Ratio (b)/(a)	Annual Covered Payroll (c)	UL As a % of Payroll (a)-(b)
6/30/2006	$912,988,585	$787,758,909	$125,229,676	86.3%	$ 200,320,145	62.5%
6/30/2007	$1,315,454,361	$1,149,247,298	$166,207,063	87.4%	$ 289,090,187	57.5%
6/30/2008	$1,537,909,933	$1,337,707,835	$200,202,098	87.0%	$ 333,307,600	60.1%
6/30/2009	$1,834,424,640	$1,493,430,831	$340,993,809	81.4%	$ 355,150,151	96.0%
6/30/2010	$1,972,910,641	$1,603,482,152	$369,428,489	81.3%	$ 352,637,380	104.8%

Lopez and Company, LLP
Certified Public Accountants and Business Consultants

SINGLE AUDIT REPORT

OF

METRO GOLD LINE FOOTHILL EXTENSION CONSTRUCTION AUTHORITY

YEAR ENDED JUNE 30, 2012

Metro Gold Line Foothill Extension Construction Authority

Single Audit Report

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Board of Directors
Metro Gold Line Foothill Extension Construction Authority

We have audited the financial statements of the governmental activities of the Metro Gold Line Foothill Extension Construction Authority (the "Authority") as of and for the year ended June 30, 2012 and have issued our report thereon, dated November 1, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weakness. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weakness, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the Authority's management, others within the organization, Board of Directors, the management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Lopez and Company, LLP

November 1, 2012
Chino Hills, California

Lopez and Company, LLP
Certified Public Accountants

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Certified Public Accountants and Business Consultants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH *OMB CIRCULAR A-133*

The Board of Directors
Metro Gold Line Foothill Extension Construction Authority

Compliance

We have audited Metro Gold Line Foothill Extension Construction Authority (the "Authority") compliance with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2012. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Authority's compliance with those requirements.

It was noted that the Authority did not comply with reporting requirements as described in OMB Circular A-133 Subpart C Auditees §___.320 Report Submission whereas the Authority must submit a completed Form SF-SAC and one complete copy of the Single Audit reporting package to the Federal Audit Clearinghouse. The Authority is required to submit the data collection form and reporting package by the earlier date of either 30 days after receipt of the auditor's report, or nine months after the end of the fiscal year end date. The Authority was made aware of the non compliance and has agreed to comply with the reporting requirements as described above.

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weakness. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Authority's management, others within the organization, Board of Directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Lopez and Company, LLP

November 1, 2012
Chino Hills, California

Lopez and Company, LLP
Certified Public Accountants

14728 Pipeline Avenue Suite E Chino Hills, CA 91709
Phone: 626-583-1116 • Fax: 626-389-2004 • www.lopezllp.com

METRO GOLD LINE FOOTHILL EXTENSION CONSTRUCTION AUTHORITY

Schedule of Expenditures of Federal Awards

For the year ended June 30, 2012

Federal Grantor/Pass-Through Program Title	Federal CFDA Number	Grant/number Pass-Through Grantor's Number	Federal Expenditures
U.S. DEPARTMENT OF TRANSPORTATION			
Los Angeles to Pasadena Metro Gold Line Light Rail Project			
Passed through the Los Angeles County Department of Transportation (DOT)	20.500	CA-04-0041	$ 419,909 *
Passed through the Los Angeles County Department of Transportation (DOT)	20.514	CA-26-0053	351,247 *
Passed through the Los Angeles County Department of Transportation (DOT)	20.522	CA-39-0001	552,047 *
Total Federal Expenditures			$ 1,323,203

* Major program

See accompanying notes to Schedule of Expenditures of Federal Awards

METRO GOLD LINE FOOTHILL EXTENSION CONSTRUCTION AUTHORITY

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2012

(1) General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all Federal financial assistance programs of the Metro Gold Line Foothill Extension Construction Authority (the "Authority"). The Authority's reporting entity is defined in Note 1 of the Authority's basic financial statements. All Federal financial assistance received is included in the accompanying schedule. The Authority is identified as Pasadena Metro Blue Line Construction Authority in the Schedule on page 5; as its Federal awards were issued under this name. The Authority's name was legally changed to Metro Gold Line Extension Construction Authority on October 7th, 2011.

(2) Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in note 1 of the Authority's financial statements.

(3) Relationship to Basic Financial Statements

Federal financial assistance activities are recorded in the Authority's financial statements in the Capital Projects Fund in the Statement of Revenues and Expenditures and Changes in Fund Balance and in the Statement of Activities and Changes in Net Assets.

(4) Relationship to Federal Financial Reports

Total expenditure amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree with the total expenditures agreed to by the pass-through agency and the U.S. Department of Transportation.

METRO GOLD LINE FOOTHILL EXTENSION CONSTRUCTION AUTHORITY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified	
Internal control over financial reporting:		
• Material weakness (es) identified?	____yes	✓ no
• Control deficiency (s) identified that are not considered to be material weaknesses?	____yes	✓ no
• Significant deficiency (s) identified that are not considered to be material weaknesses	____yes	✓ no
Non compliance material to financial statements noted?	____yes	✓ no

Federal Awards:

Internal control over major programs:		
• Material weakness (es) identified?	____yes	✓ no
• Control deficiency (s) identified that are not considered to be material weaknesses?	____yes	✓ no
• Significant deficiency (s) identified that are not considered to be material weaknesses	____yes	✓ no
Type of auditor's report issued on compliance for major programs:	Unqualified	
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133	____yes	✓ no

Identification of Major Programs:

CFDA Number(s)	Name of Federal Program or Cluster
20.500	US Department of Transportation Preliminary Engineering Bus & Pedestrian Interface
20.514	US Department of Transportation Conceptual Engineering & Environmental Review
20.522	US Department of Transportation Gold Line Foothill Extension Corridor Study

Dollar threshold used to distinguish between Type A and Type B programs $300,000

Auditee qualified as low-risk auditee? ___yes ___✓___no

Metro Gold Line Foothill Extension
Construction Authority

406 E. Huntington Drive, Suite 202
Monrovia, CA 91016-3633

626-471-9050 ph
626-471-9049 fx

www.foothillextension.org

Board Members:

Doug Tessitor
Chair
Council Member,
City of Glendora
Appointee of
City of Pasadena

Sam Pedroza
1st Vice Chair
Council Member,
City of Claremont
Appointee of
San Gabriel Valley
Council of
Governments

Ed P. Reyes
Member
Council Member,
City of Los Angeles
Appointee of
City of Los Angeles

Keith Hanks
Member
Council Member,
City of Azusa
Appointee of
City of South
Pasadena

John Fasana
Member
Mayor,
City of Duarte
Appointee of
Los Angeles County
Metropolitan
Transportation
Authority

Bill Bogaard
Member, Non-Voting
Mayor,
City of Pasadena
Appointee, City of
Pasadena

Lara Larramendi
Member, Non- Voting
Gubernatorial
Appointee

Daniel M. Evans
Member, Non-Voting
City of
South Pasadena
Appointee, City of
South Pasadena

Executive Officer:

Habib F. Balian
Chief Executive Officer

Agenda Item 6

TO: Chair and Members of the Finance Committee

FROM: Habib F. Balian, CEO

DATE: November 13, 2012

SUBJECT: Consideration of Salary Administration Guidelines

RECOMMENDATION:

That the Finance Committee recommend to the Board approval of the recommended Salary ranges per the Salary Administration Guidelines.

SUMMARY:

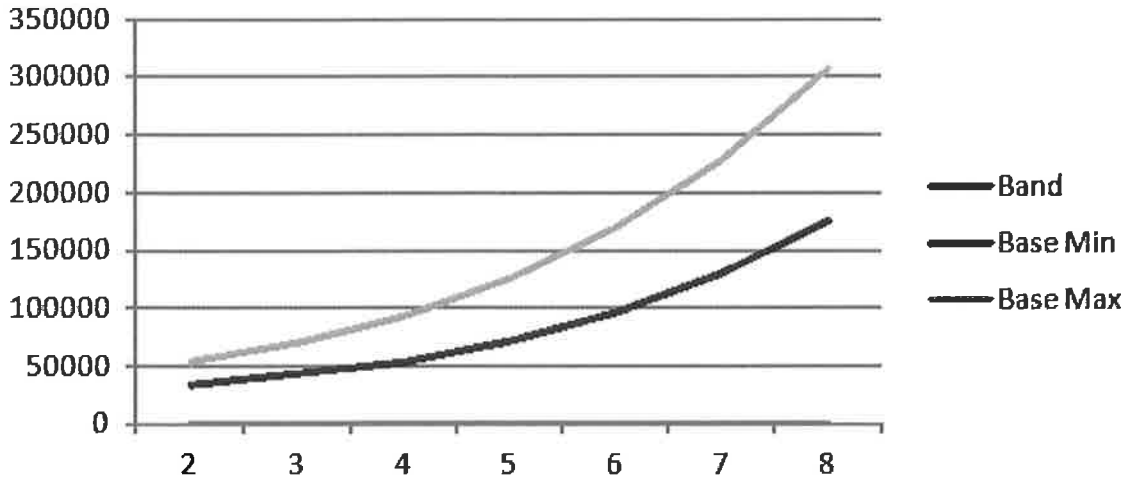
Per the Metro Gold Line Foothill Extension Construction Authority Personnel Policy & Procedure Manual dated 03/28/12, Attachment 2 Salary Administration Guidelines for Salary Ranges, the Board of Directors establishes all staff positions and ranges. Salary ranges can be adjusted with approval of the Board of Directors. Such adjustments are to be made following a compensation review by an independent third party consultant who specializes in employee compensation and provided the dollar amount of change are contained within the approved fiscal year operating budget approved by the Board of Directors.

The compensation review was conducted by Mercer in a report dated November 8, 2012. For the evaluation, Mercer compared the Metro Gold Line positions to comparable positions within the marketplace. Since the Construction Authority is a unique organization requiring highly talented individuals to join the organization for a short period of time and then return to work elsewhere in the private or public sector, the market for talent was considered more broadly than only career government workers. Mercer considered organizations where they found similar competencies and similar complexity (versus merely similar organizations).

[continued on next page]

Mercer determined the following salary ranges to be appropriate:

Band	Base Min	Base Max
8	$175,400	$307,000
7	$130,000	$227,500
6	$96,300	$168,500
5	$71,300	$124,800
4	$53,900	$91,600
3	$43,000	$68,800
2	$33,100	$53,000



The Construction Authority's CEO recommends adopting Mercer's suggested salary ranges for Bands 2 through 8.

BUDGET IMPLICATIONS:

None at this time.

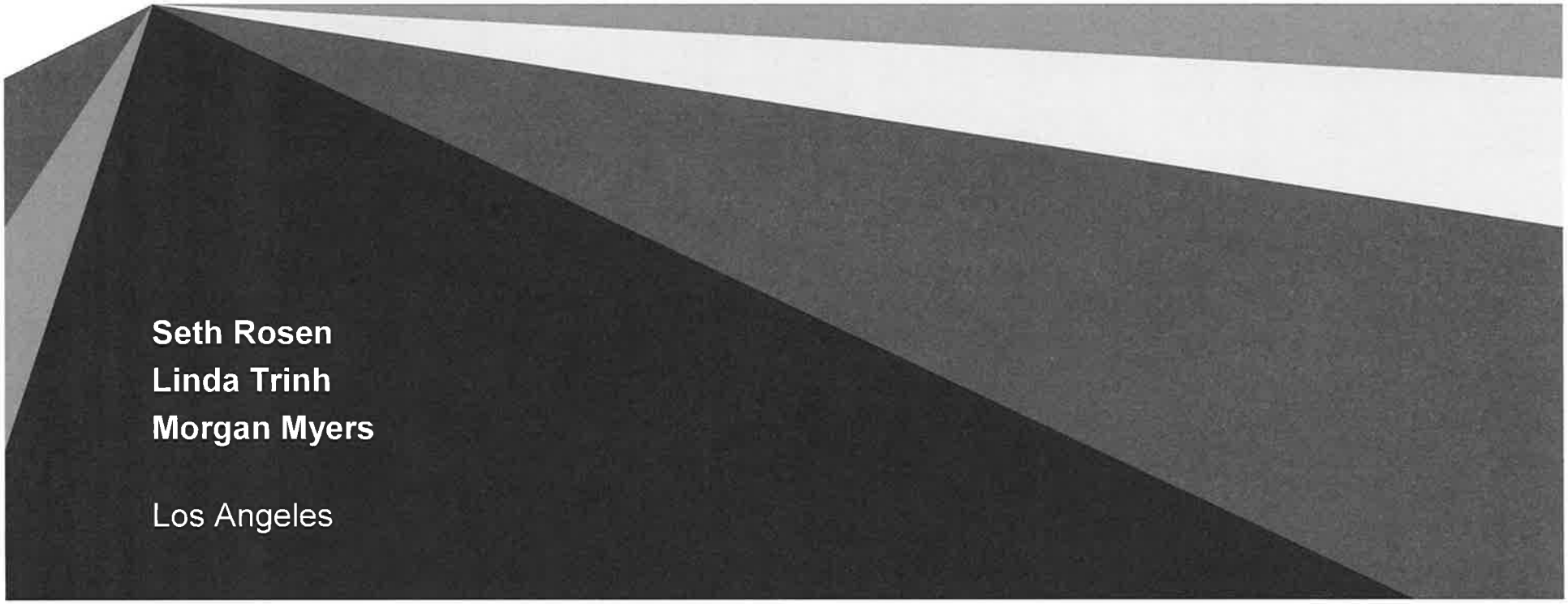
MERCER

CONSULTING. OUTSOURCING. INVESTMENTS.

METRO GOLD LINE FOOTHILL EXTENSION CONSTRUCTION AUTHORITY

Compensation and Benchmarking Assessment (Ranges 2 to 8)

November 8, 2012



Seth Rosen
Linda Trinh
Morgan Myers

Los Angeles

MARSH & McLENNAN COMPANIES

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- Background and Objectives 2
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- Salary Range Observations 21
- *Appendix A: Chief Contracting Officer & In-House Counsel Matching* 25
- *Appendix B: Job Descriptions* 29
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BACKGROUND AND OBJECTIVES

Executive Summary
Background and Objectives

- The Los Angeles to Pasadena Blue Line Construction Authority DBA Metro Gold Line Foothill Extension Construction Authority ("Metro Gold") was created by the state of California Senate Bill 1847 (Chapter 1021) to take over from Los Angeles County Metropolitan Transportation Authority (MTA) the construction of the light rail between Los Angeles and Pasadena. The law creating Metro Gold went into effect on January 1, 1999. Metro Gold is governed by a five-member Board of Directors
- For Phase 1 of the Project, funding was provided through the Metro Gold Line Foothill Extension Construction authority, with $270 million in state funds and $88.5 million in local funds. On June 30, 2010, the Authority entered into a $735 million Funding Agreement with the MTA for the Metro Gold Line Foothill Extension Phase 2A
- Mercer was retained by Metro Gold to evaluate the competitiveness of the compensation program for 12 identified positions (Mercer reviewed 3 executive positions in March 2012). The specific objectives of the study are to:
  - Collect base salary, annual incentive, and total cash compensation (base salary plus annual incentives, or "TCC") data from nationally published compensation surveys and publicly disclosed compensation databases that appropriately reflect Metro Gold's size and business strategy
  - Compare current programs to market practices and provide compensation program recommendations
  - Develop salary ranges recommendations for the 12 positions
- This report presents Mercer's competitive assessment findings for the 12 positions as well as salary range recommendations

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METHODOLOGY

Methodology – Part 1
Published Survey Data

- For our evaluation, Mercer compared the Metro Gold positions to comparable positions within the marketplace. Generally, this means similar positions among similar organizations providing like services in the market. Given that Metro Gold is a highly unique organization, the market for talent needs to be considered more broadly, and this includes publicly traded companies. Thus, organizations where Mercer found similar competencies and similar complexity (versus merely similar organizations) were considered
- One source of competitive data was published surveys. Nationally published compensation surveys with participating organizations of similar size, structure, and operations were obtained. These published surveys provide market compensation data on a job-specific basis from organizations in the (a) for-profit construction industry and (b) not-for-profit sector
- For Director-level positions and below, data was scoped by industry as well as by general industry to represent the national pool talent from which Metro Gold can recruit from
- For Director-level positions and above, and where possible, data was scoped based on an operating budget of $200M which represents the project's approximate annual operating budget. Discounts were applied to the published survey market data when median operating budget size was significantly higher than $200M
  - In addition, survey matches were added for Top Division or Top Group/Subsidiary heads of similarly sized divisions of larger organizations
- Data has been aged to September 30, 2012 using aging factors of 2.5% and 2.7% for 2011 and 2012, respectively, which are the average increase to pay reported for executives in the construction industry in Mercer's 2012/2013 *US Compensation Planning Survey*
- Mercer acquired the following compensation elements at the 25th, 50th, and 75th percentile: base salary, target bonus percent, actual total cash compensation (TCC), actual long-term incentive (LTI) percent

Note: Please see appendix for list of data sources

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Methodology – Part 2
Select Government Peer Group

- A second source of competitive data was comparable California government-operated transit authorities and city/county offices
  - Through extensive conversations with Metro Gold, a comprehensive list of governmental agencies focused on transportation was developed [(1)]
- This data was considered because of the similar sector in which Metro Gold directly operates as well as the skills, competencies, and complexities of the job and the competition for talent
- In order to obtain relevant government entity data and in lieu of government survey data, Mercer gathered compensation data from public sector audits as well as compensation databases of California state and local government employees
- Due to limited availability of job descriptions, jobs were matched based on titles alone with feedback from Metro Gold
- At least 5 organizations must report data in order for the 25th and 75th percentiles to be displayed
- Although not typical reporting standards, Mercer displays the 50th percentile for government positions with at least 3 data points
- Mercer acquired peer base salary data or salary structure midpoint data; other compensation elements were not available

(1) Please see appendix for list of data sources as well as comparable government peer organizations

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Methodology
Position Matching

- Matches were based on Metro Gold's job descriptions compared to survey job descriptions or proxy/government database title matching/position matching
- Data for the following jobs was adjusted as follows:
  - Administrative Manager: 50% weight Administrative Manager, 50% weight Real Estate Manager
  - Clerk of the Board/Personnel Manager: 20% premium applied for additional human resource responsibilities
  - Grants Administrator: 20% premium applied for additional long-range planning responsibilities

Title	Construction Surveys	Not-for-Profit Surveys	Select Government Peer Group	General Industry Surveys
Director of Planning	–	Top Strategic Initiatives/Planning Position	Director of Project Management or Senior Project Manager or Executive Officer, Countywide Planning & Development	Top Strategic Planning Executive
Director of Public Affairs	–	Public Relations Director/Public Relations Manager	Government/Community Relations Manager or Director of Government Relations or DEO, Public Relations	Public Relations Director
Director of Construction	Director of Construction Management or Construction Manager		Director of Engineering and Construction for Phase 1 or Executive Officer, Project Management or Senior Project Manager	Construction Director
Administrative Manager	Administrative Manager	Administrative Services Manager and Real Estate/Property Management Manager	Document Control Manager or Office Manager/Clerk of the Board or DEO, Real Estate or Administrative Manager XII, ISD	Administrative Services Manager and Real Estate/Property Management Manager
Clerk of the Board/Personnel Manager	Human Resource Generalist and Executive or HR/Personnel Specialist	Secretary - Executive or Executive Administrative Assistance	Board Secretary or Executive Assistant or Office Manager/Clerk of the Board	Human Resource Generalist and/or Secretarial/Executive Administrative Assistance - Intermediate
Accountant	General Accounting Manager	General Accounting Manager	Director of Finance or Accountant or Controller or Senior Accountant or Principal Accountant - Auditor	General Accounting Manager
Outreach Coordinator	–	Community Relations Manager/ Community Affairs/Relations	Government/Community Relations Representative or Utility Coordinator or Community Relations Manager or Community Information Officer	Community Relations Manager/ Community Affairs/Relations
Grants Administrator	Contract Administrator II	Contract Administration - Professional - Career or Grants/Contracts Managers/Coordinator	Contracts Administrator or Audits/Grants Manager or Director of Contract Administration or Supervisor, Contracts & Grants, HS	Contract Administration - Professional - Career
Media Coordinator	–	Public Relations Coordinator or Public Affairs Specialist	Government/Community Relations Representative or Utility Coordinator or Community Relations Manager	Public Relations Coordinator or Public Relations - Intermediate
Project Coordinator	Project Manager	Project Coordinator	Document Control Manager or Utility Coordinator	Project Coordinator or Project/Program Management - Intermediate
Administrative Assistant	Administrative Assistant - Intermediate	Administrative Assistant - Intermediate	Administrative Assistant or Administrative Assistant II	Administrative Assistant - Intermediate
Receptionist	–	Receptionist - Intermediate	Receptionist/Secretary or Secretary/Document Control/Receptionist or Administrative Assistant I	Receptionist - Intermediate

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Methodology
Sample Leveling Match

- Accounting Clerk - Entry
- Accounting Clerk - Intermediate
- Accounting Clerk - Senior
- Accountant - Entry
- Accountant - Intermediate
- Accountant - Senior
- General Accounting Supervisor
- **General Accounting Manager**
- Accounting Director
- Controller
- Chief Financial Officer

Mercer matched Metro Gold's Accountant position to this level

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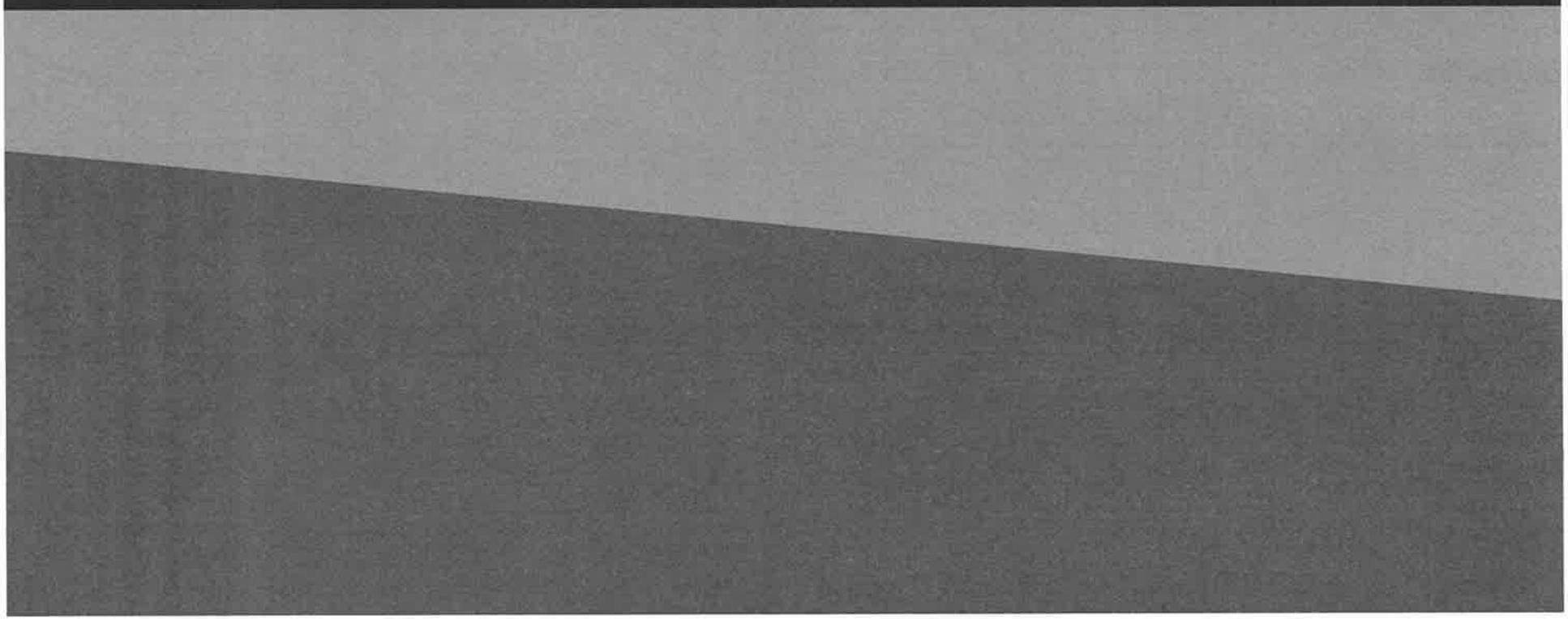
COMPETITIVE MARKET ASSESSMENT



Competitive Market Assessment
Overall, Metro Gold's base salaries are generally positioned higher than the survey median market data, but are in line with the government peer data

- Based on the base salary market index (Metro Gold incumbent base salary divided by the market median), Metro Gold may be paying more than the market for many positions
  - A majority of Metro Gold's incumbent base salaries are positioned over the market median data; similarly, Metro Gold's structure midpoints are positioned over the market median
  - In contrast, Mercer found that the top three Executives were generally positioned below market median for select markets (from March 2012 study)
- In aggregate, Metro Gold's base salaries are competitive with the base salaries of government peer transit authorities
- Potential reasons for the market differences may include:
  - There was very limited data for government transportation matches. In many cases there were only a minimum of three matches
  - Current job descriptions may not accurately reflect the current scope of responsibility, thus current survey matches may not be matched correctly
  - Since Metro Gold Line is a smaller organization with only 16 employees, many of the employees may perform roles and responsibilities traditionally divided among multiple employees
  - Annual incentives are commonly offered in the for-profit competitive market. Market ranges for Director-level positions and below, market median targets range from 3% to 10% of base salary. Since Metro Gold does not offer incentive opportunity to these levels, base salaries may be higher to account for lack of competitive incentive opportunity

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Market Base Salary Summary Table
Band 8

- Mercer compares Metro Gold's structure and base salaries to market base salaries

All compensation data in 000s

Band	Position	Market	Metro Gold Base Salary	Metro Gold vs. Market Base Salary			Market Index
				25th %ile (min)	50th %ile (mid)	75th %ile (max)	50th %ile
8	Chief Contracting Officer & In-House Counsel	**Metro Gold**	**$191**	**$153**	**$192**	**$230**	
		Construction: Contracts Mgr.		$128	$165	$198	116%
		Government: Contracts Mgr. / Procurement Exec.		$104	$112	$135	170%
		Publicly Traded Group: Rank 5 Exec.*		-	$287	-	66%
		Not-For-Profit: Legal Exec. / Procurement Exec. Blend**		$163	$232	$305	82%
		General Industry: Legal Exec. Blend**		-	$261	-	73%
8	Chief Financial Officer	**Metro Gold**	**$203**	**$153**	**$192**	**$230**	
		Construction		$305	$380	$477	53%
		Not-For-Profit		$180	$216	$265	94%
		Government		$157	$176	$195	115%
		Publicly Traded Group		$255	$306	$324	66%
8	Chief Project Officer	**Metro Gold**	**$191**	**$153**	**$192**	**$230**	
		Construction		$265	$331	$455	58%
		Not-For-Profit		$196	$280	$343	68%
		Government		$177	$215	$250	89%
		Publicly Traded Group		$308	$328	$391	58%

- Data from March 2012 Executive Compensation Assessment report

- The column Metro Gold vs. Market compares min, mid and max of Metro gold salary structure to the 25th, 50th and 75th %ile of the market

* "Publicly Traded Group: Rank 5 Exec." represents market data for the 5th highest paid Named Executive Officer within the proxy peer group companies. This follows the methodology used in the March 2012 Executive Compensation Assessment, when this position was the 5th highest ranked position within Metro Gold

** Due to a change in primary responsibilities, Mercer reviewed additional survey data for Chief Contracting Officer & In-House Counsel; such additional data is provided in the "Not-For-Profit: Legal Exec. / Procurement Exec. Blend" and "General Industry: Legal Exec. Blend" lines above. A 20% premium was added to Legal matches to account for additional contracting / procurement responsibilities. For further details about how blends were calculated, see page 28

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Market Base Salary Summary Table
Bands 6-7

- Mercer compares Metro Gold's structure and base salaries to market base salaries

All compensation data in 000s

Band	Position	Market	Metro Gold Base Salary	Metro Gold vs. Market Base Salary 25th %ile (min)	50th %ile (mid)	75th %ile (max)	Market Index 50th %ile
7	Director of Planning	**Metro Gold**	-	**$138**	**$169**	**$199**	
		Construction		-	-	-	-
		Not-For-Profit		$157	$200	$240	-
		Government		-	$163	-	-
		General Industry		$182	$219	$247	-
7	Director of Public Affairs	**Metro Gold**	**$170**	**$138**	**$169**	**$199**	
		Construction		-	-	-	-
		Not-For-Profit		$85	$104	$139	164%
		Government		-	$152	-	112%
		General Industry		$85	$114	$141	149%
7	Director of Construction	**Metro Gold**	**$176**	**$138**	**$169**	**$199**	
		Construction		$112	$131	$145	134%
		Not-For-Profit		-	-	-	-
		Government		-	$163	-	108%
		General Industry		$134	$154	$168	114%
6	Administrative Manager	**Metro Gold**	**$142**	**$107**	**$130**	**$153**	
		Construction		$47	$60	$77	236%
		Not-For-Profit		$67	$75	$92	190%
		Government		-	$124	-	115%
		General Industry		$69	$79	$92	180%
6	Clerk of the Board/Personnel Manager	**Metro Gold**	**$147**	**$107**	**$130**	**$153**	
		Construction		$62	$71	$80	205%
		Not-For-Profit		$54	$64	$74	229%
		Government		-	$103	-	142%
		General Industry		$58	$67	$76	220%

- Applied a 20% premium to Clerk of the Board/Personnel Manager matches to account for additional responsibilities
- At least 5 organizations must report data in order for the 25th and 75th percentiles to be displayed
- Although not typical reporting standards, Mercer displays the 50th percentile for government positions with at least 3 data points
- The column Metro Gold vs. Market compares min, mid and max of Metro gold salary structure to the 25th, 50th and 75th %ile of the market

Market Base Salary Summary Table
Bands 2-5

- Mercer compares Metro Gold's structure and base salaries to market base salaries

All compensation data in 000s

Band	Position	Market	Metro Gold Base Salary	Metro Gold vs. Market Base Salary 25th %ile (min)	50th %ile (mid)	75th %ile (max)	Market Index 50th %ile
5	Accountant	**Metro Gold**	**$120**	**$77**	**$107**	**$138**	
		Construction		$83	$96	$108	125%
		Not-For-Profit		$76	$91	$106	132%
		Government		-	$113	-	106%
		General Industry		$79	$92	$108	130%
5	Outreach Coordinator	**Metro Gold**	**$99**	**$77**	**$107**	**$138**	
		Construction		-	-	-	-
		Not-For-Profit		$64	$74	$84	134%
		Government		-	$97	-	102%
		General Industry		$49	$59	$81	168%
5	Grants Administrator	**Metro Gold**	-	**$77**	**$107**	**$138**	
		Construction		$74	$85	$97	-
		Not-For-Profit		$68	$80	$92	-
		Government		-	$113	-	-
		General Industry		$75	$85	$96	-
5	Media Coordinator	**Metro Gold**	**$94**	**$77**	**$107**	**$138**	
		Construction		-	-	-	-
		Not-For-Profit		$47	$58	$72	161%
		Government		-	$89	-	106%
		General Industry		$45	$54	$64	175%
5	Project Coordinator	**Metro Gold**	**$95**	**$77**	**$107**	**$138**	
		Construction		$61	$68	$77	139%
		Not-For-Profit		$43	$50	$59	190%
		Government		-	$97	-	97%
		General Industry		$43	$50	$60	187%
4	Administrative Assistant	**Metro Gold**	**$65**	**$46**	**$69**	**$92**	
		Construction		$37	$41	$44	160%
		Not-For-Profit		$35	$40	$46	161%
		Government		-	$57	-	113%
		General Industry		$39	$44	$50	147%
2	Receptionist	**Metro Gold**	**$47**	**$31**	**$46**	**$61**	
		Construction		-	-	-	-
		Not-For-Profit		$26	$30	$35	154%
		Government		-	$46	-	103%
		General Industry		$27	$31	$36	150%

- Applied a 20% premium to the Grants Administrator matches to account for additional responsibilities
- At least 5 organizations must report data in order for the 25th and 75th percentiles to be displayed
- Although not typical reporting standards, Mercer displays the 50th percentile for government positions with at least 3 data points
- The column Metro Gold vs. Market compares min, mid and max of Metro gold salary structure to the 25th, 50th and 75th %ile of the market

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Market Target Annual Incentive Summary Table
Band 8

- Metro Gold employees are not eligible for annual incentives

All compensation data in 000s

			Market Short Term Incentive		
Band	Position	Market	25th %ile	50th %ile	75th %ile
8	Chief Contracting Officer & In-House Counsel	Construction: Contracts Mgr.	-	-	-
		Government: Contracts Mgr. / Procurement Exec.	-	-	-
		Publicly Traded Group: Rank 5 Exec.*	-	33%	-
		Not-For-Profit: Legal Exec. / Procurement Exec. Blend**	-	20%	-
		General Industry: Legal Exec. Blend**	-	-	-
8	Chief Financial Officer	Construction	30%	56%	71%
		Not-For-Profit	-	25%	-
		Government	-	-	-
		Publicly Traded Group	33%	49%	61%
8	Chief Project Officer	Construction	48%	59%	97%
		Not-For-Profit	-	27%	-
		Government	-	-	-
		Publicly Traded Group	30%	40%	80%

- Data from March 2012 Executive Compensation Assessment report

- The column Metro Gold vs. Market compares min, mid and max of Metro gold salary structure to the 25th, 50th and 75th %ile of the market

* "Publicly Traded Group: Rank 5 Exec." represents market data for the 5th highest paid Named Executive Officer within the proxy peer group companies. This follows the methodology used in the March 2012 Executive Compensation Assessment, when this position was the 5th highest ranked position within Metro Gold

** Due to a change in primary responsibilities, Mercer reviewed additional survey data for Chief Contracting Officer & In-House Counsel; such additional data is provided in the "Not-For-Profit: Legal Exec. / Procurement Exec. Blend" and "General Industry: Legal Exec. Blend" lines above. A 20% premium was added to Legal matches to account for additional contracting / procurement responsibilities. For further details about how blends were calculated, see page 28

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Market Target Annual Incentive Summary Table
Bands 6-7

- Metro Gold employees are not eligible for annual incentives

All compensation data in 000s

			Market Short Term Incentive		
Band	Position	Market	25th %ile	50th %ile	75th %ile
7	Director of Planning	Construction	-	-	-
		Not-For-Profit	-	23%	-
		Government	-	-	-
		General Industry	33%	38%	47%
7	Director of Public Affairs	Construction	-	-	-
		Not-For-Profit	-	-	-
		Government	-	-	-
		General Industry	8%	18%	20%
7	Director of Construction	Construction	-	-	-
		Not-For-Profit	-	-	-
		Government	-	-	-
		General Industry	25%	25%	28%
6	Administrative Manager	Construction	-	-	-
		Not-For-Profit	-	6%	-
		Government	-	-	-
		General Industry	-	12%	-
6	Clerk of the Board/Personnel Manager	Construction	5%	8%	10%
		Not-For-Profit	4%	6%	6%
		Government	-	-	-
		General Industry	4%	6%	8%

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Market Target Annual Incentive Summary Table
Bands 2-5

- Metro Gold employees are not eligible for annual incentives

All compensation data in 000s

Band	Position	Market	Market Short Term Incentive		
			25th %ile	50th %ile	75th %ile
5	Accountant	Construction	17%	20%	22%
		Not-For-Profit	7%	8%	12%
		Government	-	-	-
		General Industry	10%	12%	16%
5	Outreach Coordinator	Construction	-	-	-
		Not-For-Profit	-	10%	-
		Government	-	-	-
		General Industry	-	9%	15%
5	Grants Administrator	Construction	-	7%	-
		Not-For-Profit	-	-	-
		Government	-	-	-
		General Industry	-	-	-
5	Media Coordinator	Construction	-	-	-
		Not-For-Profit	-	5%	-
		Government	-	-	-
		General Industry	5%	6%	10%
5	Project Coordinator	Construction	-	-	-
		Not-For-Profit	-	5%	-
		Government	-	-	-
		General Industry	4%	7%	8%
4	Administrative Assistant	Construction	-	-	-
		Not-For-Profit	-	4%	-
		Government	-	-	-
		General Industry	3%	5%	-
2	Receptionist	Construction	-	-	-
		Not-For-Profit	-	5%	-
		Government	-	-	-
		General Industry	3%	5%	-

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Market Actual Total Cash Compensation Summary Table
Band 8

- Mercer assumes that Metro Gold's total cash compensation is equivalent to the current base salary range

All compensation data in 000s

Band	Position	Market	Metro Gold Base Salary	Metro Gold vs. Market Total Cash Compensation 25th %ile (min)	50th %ile (mid)	75th %ile (max)	Market Index 50th %ile
8	Chief Contracting Officer & In-House Counsel	**Metro Gold**	**$191**	**$153**	**$192**	**$230**	
		Construction: Contracts Mgr.		$169	$223	$268	86%
		Government: Contracts Mgr. / Procurement Exec.		$104	$112	$135	170%
		Publicly Traded Group: Rank 5 Exec.*		-	$384	-	50%
		Not-For-Profit: Legal Exec. / Procurement Exec. Blend**		$172	$240	$320	79%
		General Industry: Legal Exec. Blend**		-	$317	-	60%
8	Chief Financial Officer	**Metro Gold**	**$203**	**$153**	**$192**	**$230**	
		Construction		$441	$580	$748	35%
		Not-For-Profit		$193	$236	$319	86%
		Government		-	-	-	-
		Publicly Traded Group		$357	$436	$504	47%
8	Chief Project Officer	**Metro Gold**	**$191**	**$153**	**$192**	**$230**	
		Construction		$455	$672	$1,059	28%
		Not-For-Profit		$202	$294	$363	65%
		Government		-	-	-	-
		Publicly Traded Group		$454	$463	$617	41%

- Data from March 2012 Executive Compensation Assessment report

- The column Metro Gold vs. Market compares min, mid and max of Metro gold salary structure to the 25th, 50th and 75th %ile of the market

- Market TCC data not available for "Government: Contract Mgr. / Procurement Exec."; base salary data shown instead

* "Publicly Traded Group: Rank 5 Exec." represents market data for the 5th highest paid Named Executive Officer within the proxy peer group companies. This follows the methodology used in the March 2012 Executive Compensation Assessment, when this position was the 5th highest ranked position within Metro Gold

** Due to a change in primary responsibilities, Mercer reviewed additional survey data for Chief Contracting Officer & In-House Counsel; such additional data is provided in the "Not-For-Profit: Legal Exec. / Procurement Exec. Blend" and "General Industry: Legal Exec. Blend" lines above. A 20% premium was added to Legal matches to account for additional contracting / procurement responsibilities. For further details about how blends were calculated, see page 28

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Market Actual Total Cash Compensation Summary Table
Bands 6-7

- Mercer assumes that Metro Gold's total cash compensation is equivalent to the current base salary range

All compensation data in 000s

Band	Position	Market	Metro Gold Base Salary	Metro Gold vs. Market Total Cash Compensation 25th %ile (min)	50th %ile (mid)	75th %ile (max)	Market Index 50th %ile
7	Director of Planning	**Metro Gold**	-	**$138**	**$169**	**$199**	
		Construction		-	-	-	-
		Not-For-Profit		-	-	-	-
		Government		-	-	-	-
		General Industry		$257	$314	$378	-
7	Director of Public Affairs	**Metro Gold**	**$170**	**$138**	**$169**	**$199**	
		Construction		-	-	-	-
		Not-For-Profit		$88	$104	$152	163%
		Government		-	-	-	-
		General Industry		$98	$120	$195	142%
7	Director of Construction	**Metro Gold**	**$176**	**$138**	**$169**	**$199**	
		Construction		$134	$163	$206	108%
		Not-For-Profit		-	-	-	-
		Government		-	-	-	-
		General Industry		$158	$183	$200	96%
6	Administrative Manager	**Metro Gold**	**$142**	**$107**	**$130**	**$153**	
		Construction		$50	$61	$78	233%
		Not-For-Profit		$68	$75	$92	190%
		Government		-	-	-	-
		General Industry		$72	$82	$98	173%
6	Clerk of the Board/Personnel Manager	**Metro Gold**	**$147**	**$107**	**$130**	**$153**	
		Construction		$66	$73	$84	200%
		Not-For-Profit		$55	$65	$76	225%
		Government		-	-	-	-
		General Industry		$59	$68	$79	215%

- Applied a 20% premium to Clerk of the Board/Personnel Manager matches to account for additional responsibilities
- Several survey sources do not report TCC; TCC for survey sources represent base salary for Administrative Manager (not-for-profit)
- The column Metro Gold vs. Market compares min, mid and max of Metro gold salary structure to the 25th, 50th and 75th %ile of the market

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Market Actual Total Cash Compensation Summary Table
Bands 2-5

- Mercer assumes that Metro Gold's total cash compensation is equivalent to the current base salary range

All compensation data in 000s

Band	Position	Market	Metro Gold Base Salary	Metro Gold vs. Market Total Cash Compensation 25th %ile (min)	50th %ile (mid)	75th %ile (max)	Market Index 50th %ile
5	Accountant	**Metro Gold**	**$120**	**$77**	**$107**	**$138**	
		Construction		$86	$100	$112	120%
		Not-For-Profit		$77	$92	$108	131%
		Government		-	-	-	-
		General Industry		$83	$98	$118	122%
5	Outreach Coordinator	**Metro Gold**	**$99**	**$77**	**$107**	**$138**	
		Construction		-	-	-	-
		Not-For-Profit		$64	$75	$87	133%
		Government		-	-	-	-
		General Industry		$49	$60	$89	165%
5	Grants Administrator	**Metro Gold**	-	**$77**	**$107**	**$138**	
		Construction		$75	$85	$100	-
		Not-For-Profit		$70	$83	$95	-
		Government		-	-	-	-
		General Industry		$76	$87	$98	-
5	Media Coordinator	**Metro Gold**	**$94**	**$77**	**$107**	**$138**	
		Construction		-	-	-	-
		Not-For-Profit		$48	$59	$74	158%
		Government		-	-	-	-
		General Industry		$46	$54	$66	173%
5	Project Coordinator	**Metro Gold**	**$95**	**$77**	**$107**	**$138**	
		Construction		$64	$72	$86	131%
		Not-For-Profit		$43	$50	$59	190%
		Government		-	-	-	-
		General Industry		$44	$52	$61	183%
4	Administrative Assistant	**Metro Gold**	**$65**	**$46**	**$69**	**$92**	
		Construction		$37	$41	$44	159%
		Not-For-Profit		$36	$41	$46	158%
		Government		-	-	-	-
		General Industry		$41	$45	$50	144%
2	Receptionist	**Metro Gold**	**$47**	**$31**	**$46**	**$61**	
		Construction		-	-	-	-
		Not-For-Profit		$27	$31	$36	150%
		Government		-	-	-	-
		General Industry		$27	$31	$38	149%

- Applied a 20% premium to the Grants Administrator matches to account for additional responsibilities

- Several survey sources do not report TCC; TCC for survey sources represent base salary for, Accountant (general industry), Outreach Coordinator (not-for-profit), Project Coordinator (not-for-profit), and Administrative Assistant (construction)

- The column Metro Gold vs. Market compares min, mid and max of Metro gold salary structure to the 25th, 50th and 75th %ile of the market

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Government Market Data
Metro Gold's base salary is competitive with other government transit authorities

Organization	Available Matches, Median Base Salary												
	Director of Planning	Director of Public Affairs	Director of Construction	Administrative Manager	Clerk of the Board/Personnel Manager	Accountant	Outreach Coordinator	Grants Administrator	Media Coordinator	Project Coordinator	Administrative Assistant	Receptionist	Source(s)
	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	
Metro Gold Line Foothill Extension	**$169**	**$170**	**$176**	**$142**	**$147**	**$120**	**$99**	**$107**	**$94**	**$95**	**$65**	**$47**	
Alameda Corridor-East Construction Authority	$163	$178	$163	$103	$103	$67	$105	$114	$105	$105	$58	$48	(1)
California High Speed Rail Authority	-	-	-	-	-	-	-	-	-	-	$55	-	(2)
County of Los Angeles	-	-	-	$144	$103	$75	$107	$111	-	-	$57	$46	(3)
Exposition Metro Line	$168	$89	$151	$83	$92	$163	$71	$97	$71	$83	-	$44	(4)
Los Angeles Metro	$163	$152	$195	$152	$107	$150	$89	$119	$89	$97	-	-	(5)
Orange County Transportation Authority	-	-	-	-	-	-	-	-	-	-	-	-	(6)
Summary Statistics (Base Salary)													
75th Percentile	-	-	-	-	-	-	-	-	-	-	-	-	
50th Percentile	**$163**	**$152**	**$163**	**$124**	**$103**	**$113**	**$97**	**$113**	**$89**	**$97**	**$57**	**$46**	
25th Percentile	-	-	-	-	-	-	-	-	-	-	-	-	

Notes:
- Actual salary shown for Metro Gold, if unavailable, salary structure mid-point is shown
- At least 5 organizations must report data in order for the 25th and 75th percentiles to be displayed

Sources:
(1) Employee Data provided to Metro Gold by Alameda Corridor-East Construction Authority
(2) The Sacramento Bee, "State Worker Salaries", www.sacbee.com/statepay
(3) California State Controller's Office, http://gcc.sco.ca.gov
(4) Los Angeles County Metropolitan Transportation Authority Office of the Inspector General, "Review of Staffing Plans, Compensation, and Expenditure Policies of the Metro Gold Line Foothill Extension, the Exposition Metro Line, and the Alameda Corridor-East Construction Authorities"
(5) Los Angeles County Metropolitan Transit Authority, www.metro.net/about/board/executive-compensation & Los Angeles County Metropolitan Transit Authority Human Resources Job Descriptions, webapps10.metro.net/hrjobspec
(6) Orange County Transportation Authority, "OCTA Salaries and Benefits," www.octa.net/righttoknow.aspx

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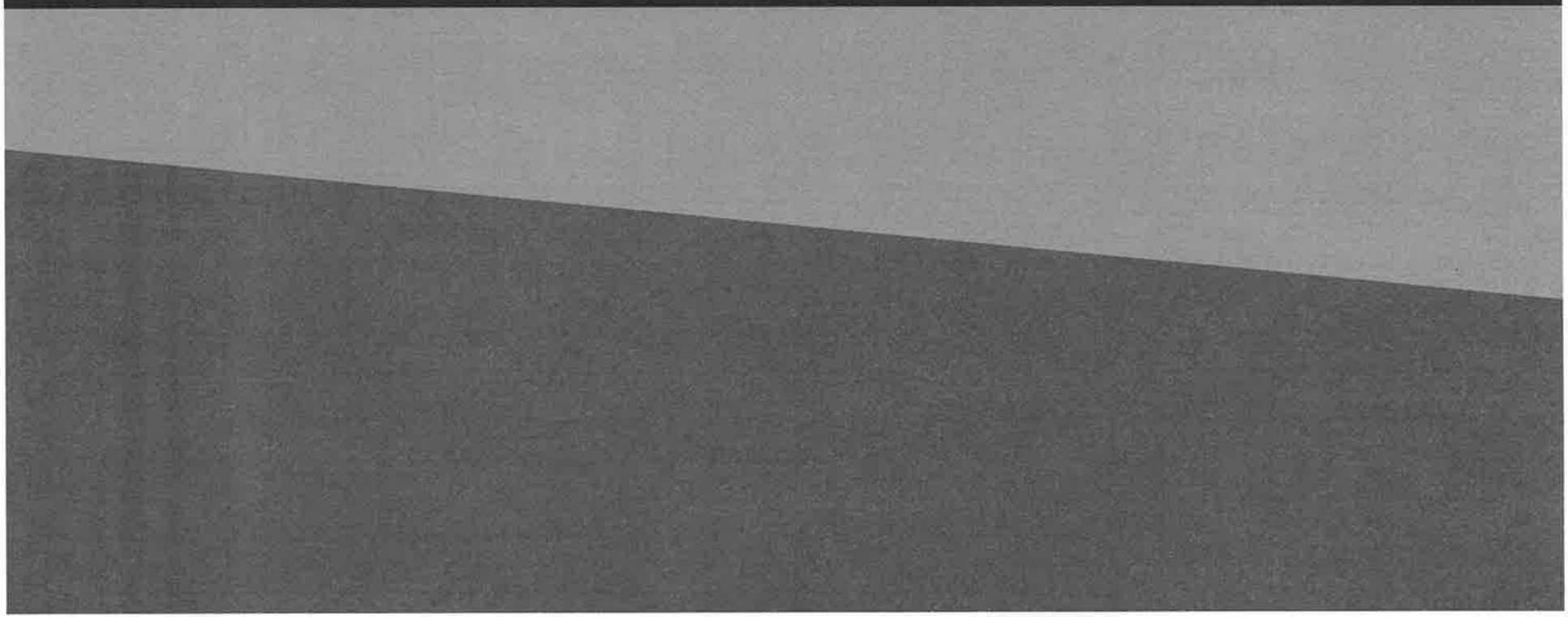
SALARY RANGE OBSERVATIONS



Salary Range Observations

Metro Gold currently has a structure that is not consistent with designs in the market

Metro Gold Current Salary Ranges

Band	Base Min	Base Mid	Base Max	Midpoint Differential	Range Spread	Current Metro Gold Positions
8	$153,279	$191,599	$229,918	14%	50%	Chief Financial Officer Chief Project Officer Chief Contracting Officer & In-House Consel
7	$137,951	$168,607	$199,262	29%	44%	Director of Planning Director of Construction Director of Public Affairs
6	$107,295	$130,287	$153,279	21%	43%	Administrative Manager Clerk of the Board/Personnel Manager
5	$76,639	$107,295	$137,951	56%	80%	Accountant Outreach Coordinator Grants Administrator Project Coordinator Media Coordinator
4	$45,984	$68,976	$91,967	20%	100%	Administrative Assistant
3	$38,320	$57,480	$76,639	25%	100%	-
2	$30,656	$45,984	$61,311		100%	Receptionist

Observations

- **Midpoint differentials** typically increase as you move up the salary structure; Metro Gold's midpoint differentials do not increase in a linear fashion
- **Range spreads** are typically higher for higher level grades than lower level position grades; Metro Gold's structure is the inverse with lower large range spreads for lower levels
- Organizations typically **review market data** at least bi-annually and/or age the salary structure to align with base salary movement in the market; Metro Gold has not updated the ranges since 2000

Note: Currently no positions are slotted to band 3

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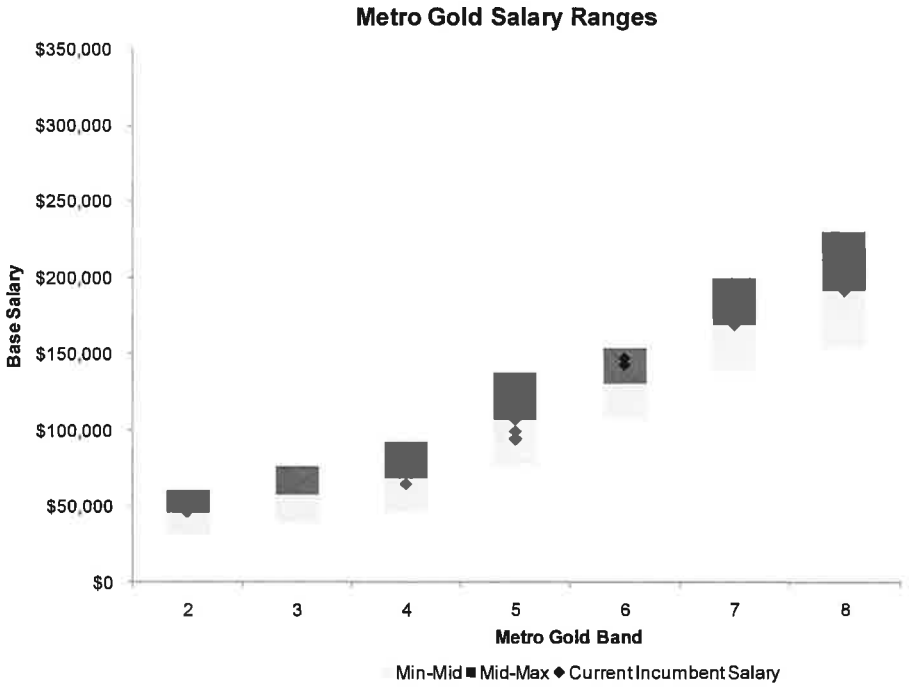
Salary Range Observations, continued
Plotting Metro Gold's salary ranges shows inconsistencies in the structure, especially for particular bands

Observations

- The midpoint differential between Band 4 and 5 is 56%, the highest among the structure
- The midpoint differential between Band 7 and 8 is 14%, the lowest among the structure
- Band 5 has a wide range spread compared to the closest bands, 4 and 6
- Band 6 has a narrow range spread compared to other bands



Note: Metro Gold structure midpoint for band used when incumbent base salary was not available (Director of Planning and Grants Administrator)

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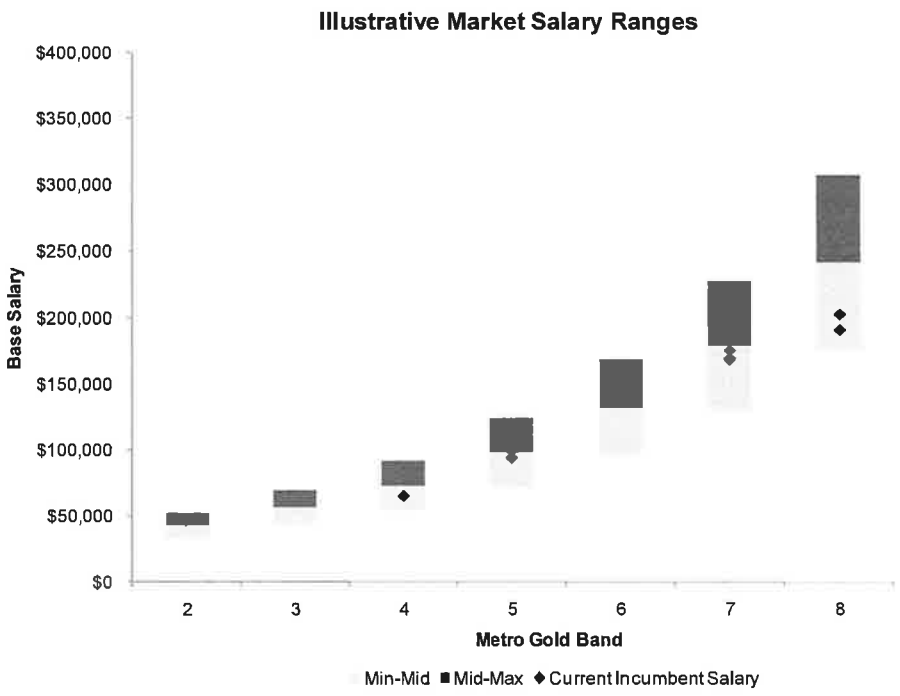
Salary Range Observations, continued
Metro Gold can consider applying a structure which considers current incumbent pay but also follows a general market-based approach

Alternative Salary Structure

Band	Base Min	Base Mid	Base Max	Midpoint Differential	Range Spread	Metro Gold Hypothetical Slotted Positions
8	$175,400	$241,200	$307,000	35%	75%	Chief Financial Officer Chief Project Officer Chief Contracting Officer & In-House Counsel
7	$130,000	$178,700	$227,500	35%	75%	Director of Planning Director of Construction Director of Public Affairs
6	$96,300	$132,400	$168,500	35%	75%	Administrative Manager Clerk of the Board/Personnel Manager
5	$71,300	$98,100	$124,800	35%	75%	Accountant Outreach Coordinator Grants Administrator Project Coordinator Media Coordinator
4	$53,900	$72,700	$91,600	30%	70%	Administrative Assistant
3	$43,000	$55,900	$68,800	30%	60%	-
2	$33,100	$43,000	$53,000	--	60%	Receptionist

Illustrative



Notes:
- Metro Gold structure midpoint for band used when current incumbent base salary was not available (Director of Planning and Grants Administrator)
- Alternative salary structure design incorporates Metro Gold's recently approved 1.5% base salary increase
- Currently no positions are slotted to band 3

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APPENDIX A
CHIEF CONTRACTING OFFICER & IN-HOUSE COUNSEL MATCHING

Chief Contracting Officer & In-House Counsel

- Since the March 2012 Executive Compensation Assessment, the Chief Contracting Officer (CCO) has become Chief Contracting Officer & In-House Counsel. The position's primary duties include in-house legal counsel responsibilities with additional procurement and contracting responsibilities
- To account for the change in primary responsibilities, Mercer reviewed additional survey matches and provided new data for the CCO & In-House Counsel position for Metro Gold's consideration (slide 27)
- Mercer also presents a blend of the new survey matches with the matches from the March 2012 Executive Compensation Assessment (slide 28)

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Chief Contracting Officer & In-House Counsel Survey Data

Survey Source	Survey Position Title	Scope Measure	Adjustments	# of Orgs	# of Incs	Base Salary 25th %ile	Base Salary 50th %ile	Base Salary 75th %ile	Total Cash Compensation 25th %ile	Total Cash Compensation 50th %ile	Total Cash Compensation 75th %ile
Mercer Benchmark Database	2nd Level Legal Executive	Not-For-Profit; Revenue Scope: $50-$1500M; Med. Rev: $1009M	+20% for add'l resp. -10% for size	9	13	$129,611	$198,635	$267,268	$129,611	$206,735	$267,581
Mercer Benchmark Database	Top Legal Executive	Not-For-Profit; Revenue Scope: $50-$1500M; Med. Rev: $831M	+20% for add'l resp. -10% for size	27	27	$207,230	$286,214	$378,204	$228,042	$297,000	$411,588
	50% 2nd Level Legal / 50% Top Legal Executive Blend					**$168,421**	**$242,424**	**$322,736**	**$178,826**	**$251,867**	**$339,584**
Mercer Benchmark Database	2nd Level Legal Executive	General Industry; Revenue Scope: $100-$400M; Med. Rev: $252M	+20% for add'l resp.	5	6	-	$235,440	-	-	$297,248	-
Mercer Benchmark Database	Top Legal Executive	General Industry; Revenue Scope: $100-$400M; Med. Rev: $227M	+20% for add'l resp.	24	24	$254,099	$285,617	$352,942	$301,788	$336,000	$515,339
	50% 2nd Level Legal / 50% Top Legal Executive Blend					-	**$260,528**	-	-	**$316,624**	-
Robert Half Legal	Senior Lawyer	Large Law Firm	+24.5% for local variance	-	-	-	$255,381	-	-	-	-

Notes:
- Data scoped by not-for-profit and general industry; construction industry scope was not available
- Discounts up to 10% were applied when the survey median operating budget size was significantly higher than $200M
- Premium of 20% applied for additional procurement and contracting responsibilities
- Robert Half Legal 50th percentile calculated from salary range $164,000 - $246,250
- Data has been aged to September 30, 2012 by 2.7%, the average increase reported for executives in the construction industry

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Chief Contracting Officer & In-House Counsel Survey Data

The exhibit below represents a blend of the Legal Executive matches with the March 2012 Top Procurement/Purchasing/Contract Management Executive matches by industry

- Rows 1 & 2 are first two rows on slide 27. Rows 1 & 2 are first two rows on slide 27. Rows 3 and 4 are supporting data from the March 2012 Executive Compensation Assessment
- Row 5 is a blend of rows 1-4. The average of rows 1 & 2 is weighted 90% and the average of rows 3 & 4 is weighted 10%
- Rows 6 & 7 are rows 3 and 4 on slide 27. Row 8 is a 50% / 50% blend of Row 6 & 7
- Row 9 is supporting data from Construction row Band 8 CCO & In-House Counsel on slide 11
- Row 10 is the last row of data on slide 27

								Base Salary			Target STI (% of Base)			Total Cash Compensation		
	Industry	Survey Source	Survey Position Title	Scope Measure	Adjustments	# of Orgs	# of Incs	25th %ile	50th %ile	75th %ile	25th %ile	50th %ile	75th %ile	25th %ile	50th %ile	75th %ile
1	Not-For-Profit	Mercer Benchmark Database	2nd Level Legal Executive	Not-For-Profit; Revenue Scope: $50-$1500M; Med. Rev: $1009M	+20% for add'l resp; -10% for size	9	13	$129,611	$198,635	$267,268	-	-	-	$129,611	$206,735	$267,581
2	Not-For-Profit	Mercer Benchmark Database	Top Legal Executive	Not-For-Profit; Revenue Scope: $50-$1500M; Med. Rev: $831M	+20% for add'l resp; -10% for size	27	27	$207,230	$286,214	$378,204	14%	20%	29%	$228,042	$297,000	$411,588
3	Not-For-Profit	Mercer Executive Remuneration Suite	Top Procurement/Purchasing Executive	Revenue: $2.2B	-20% for size	11	11	$131,466	$141,120	$149,382	-	-	-	$131,466	$141,120	$149,382
4	Not-For-Profit	Towers Watson Data Services	Top Procurement/Purchasing Executive	Median Employees: 9,347 employees	-20% for size	19	19	$92,406	$130,717	$144,683	-	24%	-	$92,406	$130,717	$145,021
5			90% 2nd Level Legal / Top Legal Executive Blend and 10% Top Procurement/Purchasing Executive					$162,772	$231,774	$305,186	-	20%	-	$172,137	$240,272	$320,348
6	General Industry	Mercer Benchmark Database	2nd Level Legal Executive	General Industry; Revenue Scope: $100-$400M; Med. Rev: $252M	+20% for add'l resp;	5	6	-	$235,440	-	-	-	-	-	$297,248	-
7	General Industry	Mercer Benchmark Database	Top Legal Executive	General Industry; Revenue Scope: $100-$400M; Med. Rev: $227M	+20% for add'l resp;	24	24	$254,099	$285,617	$352,842	22%	35%	44%	$301,788	$336,000	$515,339
8			50% 2nd Level Legal / 50% Top Legal Executive Blend					-	$260,528	-	-	-	-	-	$316,624	-
9	Construction	Mercer Executive Remuneration Suite	Top Contract Management Executive	Subsidiary/Group, Revenue: $2.2B	-20% for size	6	6	$128,194	$164,926	$198,140	-	-	-	$169,262	$223,092	$266,005
10		Robert Half Legal	Senior Lawyer	Large Law Firm	+24.5% for local variance	-	-	-	$255,381	-	-	-	-	-	-	-

Notes:
- Legal Executive matches scoped by not-for-profit and general industry; construction industry scope was not available
- Discounts up to 10% were applied when the survey median operating budget size was significantly higher than $200M
- Premium of 20% applied for additional procurement and contracting responsibilities to Legal Executive matches
- TCC for Top Procurement/Purchasing Executive in the Not-for-Profit cut not available, therefore, base salary is shown
- STI data limited, composite only shown if more than one data point is available
- Robert Half Legal 50th percentile calculated from salary range $154,000 - $246,250
- Legal Executive matches have been aged to September 30, 2012 by 2.7%, the average increase reported for executives in the construction industry

APPENDIX B
JOB DESCRIPTIONS

Job Descriptions: Metro Gold vs. Market

Position	Job Description: Metro Gold	Job Description: Market
Director of Planning	This position supports and assists the Chief Executive Officer in executing the overall mission of the Metro Gold Line Foothill Extension Construction Authority. In addition, the Chief Planning Officer will have direct responsibility for the Authority's transit planning and programming, policy analysis, integration and capital planning. Requires 10 years senior management level experience of large-scale public works engineering and construction projects with at least 5 years experience directing rail transit projects	Responsible for the establishment of organization objectives, in the development of organization long-range and strategic plans, the identification of organization strengths and weaknesses, and business opportunities. May conduct special studies for top management in areas such as the organization's operational effectiveness, capacity utilization, operating cost containment, etc. May be responsible for mergers and acquisitions activity. Frequently reports to a Chief Executive Officer. Note: This is generally a single incumbent position. Only one employee, the most senior individual, per organization entity should be reported.
Director of Public Affairs	This position leads the Public Affairs team by coordinating the both community outreach and communications activities/services for the Metro Gold Line Foothill Extension Construction Authority. S/he will set direction for external communication, including media relations, and community relations both in-house and with the design/builder. Candidates should have a minimum of five years in public affairs or related field.	Responsible for directing, planning and implementing the organization's external and internal public relations programs. Directs publicity preparation and releases; maintains favorable relations with the media; reviews and approves speeches, articles and public statements to the media by organization executives. Monitors the public climate and recommends programs that reflect the organization's viewpoint. Co-ordinates the preparation of reports and presentations to shareholders and investors. Frequently reports to the Top Public Relations Executive or to the Top Communications Executive.
Director of Construction	Reporting to the Chief Project Officer (CPO), the Director of Construction is responsible for managing construction activities for the Authority's light rail projects. This includes oversight of the Authority's contractors' performance, management of the Authority's construction staff, and other duties as necessary. Requires 10 years leadership experience managing construction of public works projects of similar size and complexity.	Supervises construction managers. Responsible for developing execution plans to achieve construction milestones and minimize costs, delays and disputes. Ensures the project is meeting construction specifications. Oversees infrastructure and monitors critical path schedules and deliverables. Develops execution plans in support of established strategies. Typically holds an engineering degree or technical trades certification plus fifteen or more years of experience in large construction engagements. Frequently reports to a Top Construction Executive.

Note: See Appendix C for survey sources

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Job Descriptions: Metro Gold vs. Market

Position	Job Description: Metro Gold	Job Description: Market
Administrative Manager	This position assists the Chief Executive Officer as directed, by providing supervision over the key staff support services for the general administration of the Authority.	Supports general business operations by providing various administrative support activities as a generalist or in a combination of Disciplines in the Administrative Services Function. Manages professional employees and/or supervisors or supervises large, complex technical or business support or production operations team(s). Is accountable for the performance and results of a team within own discipline or function.. Decisions are guided by policies, procedures and business plan; receives guidance from senior manager. Manages real estate to ensure maximum return and profitability. Advises and assists with site selection, site acquisition, leasing space and other functions relating to land acquisition, negotiation and sale. Manages professional employees and/or supervisors or supervises large, complex technical or business support or production operations team(s).
Clerk of the Board/ Personnel Manager	Serves as the Clerk of the Board, Executive Assistant to the Chief Executive Officer and Personnel Manager. This position requires five years of office/administrative; or any equivalent combination of education and/or experience from which comparable knowledge, skills and abilities have been achieved.	Under general supervision, responsible for advanced secretarial and administrative support for senior management and executives. Requires continuous use of technical and business vocabulary and a detailed knowledge of organization operations, organizational procedures, and personnel. Within established guidelines, makes independent decisions regarding planning, organizing, and scheduling work. Under general supervision, responsible for day-to-day administration of policies and programs covering several or all of the following: recruiting, compensation and benefits, training, employee and labor relations, safety, and personnel research. May have supervisory responsibility. May assist in developing policies. Frequently reports to a Human Resource Manager
Accountant	This position requires skill levels of fiscal record-keeping work involving the maintenance and review of accounting and other financial records, and related duties as required. The work is done under general supervision and direction. The Accountant is involved and in the development of new and modified procedures, preparation of special audits and reports, as well as furnishing supervision and direction of account clerks, and the making of the broader related professional accounting decisions. Requires either Bachelor's degree with courses in accounting and or at least two years of accounting experience.	Responsible for coordinating and managing the general accounting function, concerning primarily the accuracy and maintenance of the ledger accounts and the resultant financial statements. May participate in the most complex general accounting projects. Responsible for the direct supervision of the general accounting staff. Frequently reports to an Accounting Director or Top Accounting Executive

Note: See Appendix C for survey sources

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Job Descriptions: Metro Gold vs. Market

Position	Job Description: Metro Gold	Job Description: Market
Outreach Coordinator	This position supports the Public Affairs team by coordinating the various community outreach activities and services for the Metro Gold Line Foothill Extension Construction Authority. The position reports directly to the Director of Public Affairs. Candidates should have a minimum of five years in community relations, public affairs or related field. A minimum of a bachelor's degree is required.	Responsible for planning, organizing, and managing efforts to represent the organization in the communities in which it operates. Coordinates programs that promote good corporate citizenship and build the organization's reputation within the community. Has some knowledge of communication principles, media, and marketing techniques. May oversee the organization's charitable contributions program, including screening requests for financial support, coordinating the approval process, and managing the disbursement of funds. Typically requires a Bachelor's degree and five or more years of experience.
Grants Administrator	Under general direction of the Chief Financial Officer, this position assists in the activities of the Federal contracting and grants of the Pasadena Metro Blue Line Construction Authority's Finance Unit, which may include one or more of the following functions: FTA compliance, FTA bid management; FTA contract management; FTA proposal oversight; payment of invoices to Vendors/Consultants; purchasing; and related accounting. This position also assists the Accounting Department in accounting functions. This position reports to the Chief Financial Officer, who will provide general supervision and direction. Requires five years of experience in federal contracts or purchasing functions or units within a private corporation or a public agency equivalent in size and complexity to the Authority.	Performs non-routine contract administration activities which require selection and application of conventional contracting techniques and concepts. Prepares bid inquiries, including those of a more technical and specialized nature. Negotiating and awarding contracts and subsequent administration of change orders, bulletins, back charges, extras, etc. Assists in reviewing technical specifications of inquiry packages for cost, commercial and technical accuracy. Normally requires 2-4 years of contract administration experience.
Media Coordinator	This position supports the Public Affairs team by coordinating the various communications and media activities and services for the Metro Gold Line Foothill Extension Construction Authority. The position reports directly to the Director of Public Affairs. Candidates should have a minimum of five years in media relations, public affairs or related field.	Under general supervision, responsible for planning and coordinating public relation events and activities to promote and support the mission, objectives, and business goals of the organization. Prepares and distributes information utilizing media such as magazines, newspapers, radio, and television. Typically requires a Bachelor's degree and two to four years of experience. Frequently reports to a Public Relations Manager.

Note: See Appendix C for survey sources

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Job Descriptions: Metro Gold vs. Market

Position	Job Description: Metro Gold	Job Description: Market
Project Coordinator	Under general direction, the Project Coordinator reports to the Authority's Chief Project Officer (CPO). This position's primary responsibility is to support the CPO in daily activities such as reviewing drawings, preparing presentations, coordinating meetings, generating correspondence, financial and schedule analysis, coordination with vendors/contractors/consultants, and miscellaneous duties as necessary. two years of experience related to project coordination; OR, any equivalent combination of education and/or experience from which comparable knowledge, skills, and abilities have been achieved.	Under direct supervision, assists in daily coordination of projects including preparing and maintaining project plans, budgets, and staffing requirements. Tracks progress and identifies/resolves obstacles. Communicates to internal and external clients. Performs some administrative tasks such as arranging meetings, developing agendas, and preparing progress reports. Typically requires less than two years of experience. Typically reports to a Project Manager.
Administrative Assistant	The Administrative Assistant supports the daily activities of the Public Affairs team, and reports directly to the Director of Public Affairs. This position requires two years of office/clerical experience or any equivalent combination of education and/or experience from which comparable knowledge, skills and abilities have been achieved.	Under general supervision, provides general administrative support to a department or group of professionals. Collects, compiles, and analyzes moderately complex data and information. Composes straightforward written descriptions of results. Requires the ability to exercise independent judgment and employ basic reasoning skills. Typically requires a high school education or equivalent and two to four years of experience. Frequently reports to a department manager.
Receptionist	Under general direction, the Receptionist/ Administrative Assistant works in the front office reception area of the Construction Authority answering the phone, greeting and assisting visitors, giving general information, and serving as host or hostess for conference room meetings. This position also performs routine clerical and/or typing/word processing duties in accordance with specific instructions for established work procedures requiring limited decision-making. This position requires two years of office/clerical experience; OR, any equivalent combination of education and/or experience from which comparable knowledge, skills and abilities have been achieved.	Greets clients and visitors at front desk. Answers incoming calls and typically operates a multi-line telephone system. Organizes meeting room, taxi and chauffeur bookings. Completes security procedures (e.g., issues badges, ensures proper completion of visitors' log). May perform clerical tasks (e.g., mail distribution, word processing). Has developed knowledge and skills through formal training or considerable work experience. Entry level often for those with work experience in the skill area. Works within established procedures with a moderate degree of supervision. Identifies the problem and all relevant issues in straightforward situations, assesses each using standard procedures, and makes sound decisions.

Note: See Appendix C for survey sources

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APPENDIX C
DATA SOURCES

Data Sources – Published Surveys

Published Survey Sources
American Society of Association Executives: *Association Compensation & Benefits Study;* Effective Date: 3/1/2010
D. Dietrich Associates, Inc.: *Support Services Salaries Survey;* Effective Date: 5/1/2012
D. Dietrich Associates, Inc.: *Construction Salary Survey;* Effective Date: 3/1/2012
Mercer: *US Executive Remuneration Suite – November Release;* Effective Date: 6/1/2011
Mercer: *Mercer Benchmark Database;* Effective Date: 3/1/2012
Personnel Administration Services: *Construction Management Staff Salary Survey;* Effective Date: 2/1/2011
PRM Consulting: *Management Compensation Report – Not-for-Profit Organizations;* Effective Date: 7/1/2011
Towers Watson Data Services: *Office and Business Support Compensation Survey – US;* Effective Date: 2/1/2012
Towers Watson Data Services: *Administrative Professional Compensation Survey Report – US;* Effective Date: 3/1/2011
Towers Watson Data Services: *Top Management Compensation Survey – US;* Effective Date: 4/1/2011
Towers Watson Data Services: *General Industry Supervisory and Middle Management Compensation Survey;* Effective Date: 3/1/2011

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Methodology
Position Matching from March 2012 Executive Compensation report

- Mercer benchmarked Metro Gold's Executive Officer compensation to the bellow jobs in our data sources
  - Additional surveys were provided for Top Division or Top Group/Subsidiary heads of similarly sized divisions of larger organizations
- Matches were based on Metro Gold's job descriptions compared to survey job descriptions or proxy/government database title matching/total rank

Incumbent	Title	Construction Surveys	Not-for-Profit Surveys	Select Government Peer Group	Publicly Traded Peer Group
Crandal Jue	Chief Financial Officer	CFO or CFO Subsidiary or CFO/Top Financial Officer	CFO or CFO/Top Financial Officer	CFO or Director of Finance or Finance & Administration	Chief Financial Officer
Chris Burner	Chief Project Officer	COO or COO Subsidiary or Executive Vice President	COO or Deputy Chief Executive	COO or Chief Project Officer or Senior Project Manager or Chief Deputy Director	Chief Operating Officer or Named Executive Officer Rank 3
Mitchell Purcell	Chief Contracting Officer & In-House Counsel	Top Contract Management Executive	Top Purchasing/Procurement Executive	Contracts Manager or Contract Administrator or Procurement & Materiel Management	Named Executive Officer Rank 5

Note: Mitchell Purcell was compared to Public Peer group Rank 5 because Gary Baker, Director of Construction, was the 4th most highly compensated executive at Metro Gold. However, Mr. Baker was not a part of this study. Additionally, we understand that the Chief Contracting Officer & In-House Counsel job function is now a senior legal executive with additional procurement responsibilities.

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