

**Regional Transit Authority
Finance Committee
Meeting Highlights**

November 6, 1997

Call to Order

12:15 by Finance Committee Chair Greg Nickels.

Attendance

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| (P) Greg Nickels, Chair | (P) Paul Miller |
| (P) Mary Gates, Vice Chair | (A) Sid Morrison |
| (A) Ed Hansen | (A) Norm Rice |
| (P) Rob McKenna | (A) Cynthia Sullivan |

Report of the Chair

None.

Finance Director Report

Ms. Hendrickson referred committee members to an audit summary from the Washington State Auditor's Office (copy on file). The 1996 audit has just been completed, and board members can expect a complete report to follow.

Ms. Hendrickson reported that staff is in the process of procuring the services of an audit team, in response to the commitment in the financial policies that the RTA would undergo annual performance audits. She stressed that the current scope of work is simply to bring on the expertise in compliance, financial and performance audits. The audit team will then assist the Finance Committee, RTA Board and Citizen Oversight Panel in developing the scope of work for the performance audit itself.

Finally, Ms. Hendrickson referred committee members to the September 1997 Financial Status Report of the Director of Finance and Administration (copy on file). Currently, revenues continue to track close to budget, while expenditures reflect underspending, primarily due to the fact that the staffing effort is still continuing. By year end, the numbers should be closer to projections.

Development of State and Federal Legislative Programs

Contact: Sheila Dezarn, Government Relations Manager, at 684-1730

Ms. Dezarn referred committee members to the discussion drafts of the 1998 state and federal legislative programs (copies on file). Regarding the state program, Ms. Dezarn reported that the Public and Government Affairs Committee felt that the RTA should be proactive and continue to build relationships with legislators, but should exercise caution, continue to "play defense" and to avoid opening up the enabling legislation.

Committee members discussed the pros and cons of "laying low" with the state legislature.

Mr. Nickels asked whether the fact that the RTA received \$18 million this year in federal funding puts the project at risk, as the RTA would need to average \$75 million per year to meet the federal funding assumptions in Sound Move.

Ms. Dezarn pointed out that the RTA's status against the federal funding assumptions in Sound Move would have to be measured over the entire ten-year span of the project. She indicated that the RTA will be quite competitive as it moves into actual construction.

Motion No. 48 – Authorizing the Executive Director to execute contracts for bond counsel services

Contact: Desmond Brown, Chief Legal Counsel, at 684-6758

Ms. Hendrickson indicated that Motion No. 48 would actually not be an action item at this meeting, but would be delayed until the November 20 Finance Committee and November 21 Executive Committee meetings. Staff went through the selection process for bond counsel and is recommending that the Preston Gates & Ellis and Foster Pepper & Shefelman law firms serve as joint bond counsel to the RTA. However, staff still needs to define how the team will work together and get assurances that the team approach won't result in higher costs to the RTA.

1998 Draft Budget Proposal

Contact: Jan Hendrickson, Finance and Administration Director, at 689-3148

Ms. Hendrickson indicated that the schedule for budget adoption is as follows:

- ◆ November 13 Full board discussion
- ◆ November 20 Finance Committee public hearing and business meeting
- ◆ December 4 Finance Committee meeting
- ◆ December 11 Board adoption (requires 2/3 supermajority vote of the board)

Ms. Hendrickson reviewed the Proposed 1998 Budget Overview (copy on file). She explained that numbers were presented on an accrual basis (or point of transaction), not on a cash basis. For example, dollars are reported when the bills go out to drivers for license renewal, not when the checks are received. However, she indicated that the budget would also be monitored on a cash basis.

She indicated that the following changes had been made to the budget since the last meeting: 1) the agency administrative costs have been allocated on a departmental basis (in response to Mr. Miller); 2) \$150,000 has been added for the public arts program; and 3) \$70 million has been included for bus procurement that will be obligated in 1998.

Draft Financing Plan

Contact: Jan Hendrickson, Finance and Administration Director, at 689-3148

Ms. Hendrickson reviewed the Draft Financing Plan (copy on file).

Next Meeting and Public Hearing

Thursday, November 20, 1997 from 12:00 to 2:00 p.m. at the RTA Conference Room, 1100 2nd Avenue, Suite 500, in Seattle, WA.

As there was no other business, the meeting was adjourned at 1:45 p.m.

Recorded by Amy Ebersole
Board Coordinator