

SOUND TRANSIT FINANCE COMMITTEE
Summary Minutes
April 6, 2006

Call to Order

The meeting was called to order at 12:05 p.m. by Chair Fred Butler in the Ruth Fisher Board Room, 401 South Jackson Street, Seattle, Washington.

Roll Call

Chair

(P) Fred Butler, Issaquah City Councilmember

(P) Julie Anderson, Tacoma Councilmember (P) Richard Marin, Edmonds Councilmember

(P) Mary-Alyce Burleigh, Kirkland Councilmember

(P) Dow Constantine, King Co. Councilmember (P) Richard McIver, Seattle Councilmember

(P) Dave Enslow, Sumner Mayor (A) Pete von Reichbauer, King Co. Councilmember

Marcia Walker, Board Administrator, announced that a quorum of the committee was present at roll call.

Report of the Chair

None at this time.

Chief Financial Officer's Report

Pete Rogness, Budget Manager, presented a brief overview of the Adopted 2006 Budget.

Discussion Items

University Link Finance Plan

Brian McCartan, Deputy Chief Financial Officer, presented the finance plan for University Link. Major elements of the plan include a \$700 million Full Funding Grant Agreement, issuing bonds from 2009-2016 with a ten-year interest only period, delaying the start of full capital replacement contributions for the north King County subarea. Mr. McCartan also reviewed the peer review letter with the committee. The letter states that "the overall plan is sound and reflects a careful balance between the agency's mission to expand transit services and its responsibility to manage taxpayer funds prudently." Also contained in the letter were some suggestions on issues regarding providing adequate contingency funds for rising construction and material costs, subarea equity, financial assumptions/debt structure, capital replacement policies, unspent contingencies, farebox recoveries, and implications of the pending Supreme Court decision on I-776.

Chair Butler expressed his confidence that the finance plan will provide a path for funding the University Link while maintaining subarea equity. The changes to the debt financing policies for this project appear to be appropriate where the agency is building the system approved by voters. The changes still leave the agency in a strong financial

position, with a 2.3 net coverage ratio for the agency as a whole; this ratio will help the agency in the bond market. The plan is less conservative, but it is reasonable and does reflect the balance between the agency's mission to expand transit services and the responsibility to manage taxpayers' funds prudently. He asked staff to continue monitoring the issues raised by the peer review panel.

Items within Finance Committee Authority for Final Action

Motion No. M2006-29 – Authorizing the Chief Executive Officer to execute a contract with URS Corporation to provide construction management services for Reservation Junction to Freighthouse Square Phase 3 Remediation in the amount of \$190,000 with a 10% contingency of \$19,000, for a total authorized contract amount not to exceed \$209,000

Jerry Dahl, Capital Projects Construction Manager, and Jim Edwards, Deputy Director of Capital Projects, presented the staff report.

Public Comment

None.

It was moved by Board member Marin, seconded by Board member Burleigh, and carried by the unanimous vote of all members present, that Motion No. M2006-29 be approved as presented.

Items for Recommendation to the Board

Motion No. M2006-18 – Authorizing the Chief Executive Officer to execute a Memorandum of Agreement with the Port of Seattle specifying the terms and conditions for the development of the Airport Link Project on Port property, allowing the use of Port right-of-way, and defining the integrated delivery strategy for Airport Link light rail and related Port roadway projects; and to execute all other subsequent agreements as may be necessary to implement this Agreement in an amount not to exceed \$12,690,521

Ahmad Fazel, Link Director, and Steve Sheehy, Staff Attorney, presented the staff report. Mr. Fazel answered questions regarding the project design and connections to the terminal.

It was moved by Board member Marin, seconded by Board member Anderson, and carried by the unanimous vote of all members present that Motion No. M2006-18 be forwarded to the Board with a do-pass recommendation.

Resolution No. 72-1 – Superseding Resolution 72, and amending the financial policies to include a strategic property acquisition program as an enumerated purpose of the Regional Fund

Hugh Simpson, Chief Financial Officer, reviewed the proposed amendment to the financial policies.

Desmond Brown, Chief Legal Counsel, responded to statements made during public comment at the March 16, 2006 Finance Committee meeting. He stated that he

reviewed those comments from that meeting regarding whether or not the proposed amendment to the financial policies violates subarea equity principles. Mr. Brown stated he reviewed the resolution and concluded that the amendment is appropriate. He advised the committee that the amendment is consistent with subarea equity principles.

Mr. Brown reiterated Mr. Simpson's earlier statement that any properties purchased would become assets of the regional fund, and the regional fund would be reimbursed either through the sale of the property if the project(s) did not come to fruition, or the subarea which would benefit from the property would have to repay the regional fund. He stated there would be no permanent transfer of any subsidy from one subarea to another and therefore no violation of subarea equity principles.

It was moved by Board member Marin, seconded by Board member Burleigh, and carried by the unanimous vote of all members present that Resolution No. R72-1 be forwarded to the Board with a do-pass recommendation.

Resolution No. R2006-01 – (1) Authorizing the Chief Executive Officer to acquire, dispose, or lease certain real property interests by negotiated purchase, by condemnation (including settlement), by condemnation litigation, or by administrative settlement; and to pay eligible relocation and re-establishment benefits to affected parties as necessary for the Airport Link segment of the Central Link Light Rail Project between Sea-Tac International Airport and South 200th Street, and (2) amending the 2006 Adopted Budget to include acquisition of properties described in Exhibit A as an authorized use of the Regional Fund Contingency

Roger Hansen, Sr. Real Estate Representative, presented the staff report.

Board member Constantine reminded the committee that he expressed a desire to see policy options for giving consideration to the original owners of a property the right of first refusal if a condemned property is not needed by Sound Transit. Mr. Simpson indicated that the real estate policies are currently being reviewed by staff and proposed changes will be brought to the Finance Committee and Board for consideration. Staff will incorporate Mr. Constantine's request in its review and update of those policies.

It was moved by Board member Marin, seconded by Board member Burleigh, and carried by the unanimous vote of all members present that Resolution No. R2006-01 be forwarded to the Board with a do-pass recommendation.

Chair Butler announced that he had one additional action for the committee. The Finance Committee Vice-Chair position has been vacant since the beginning of the year and the Board's rules and operating procedures allow a committee to elect its own vice-chair.

It was moved by Chair Butler, seconded by Board member Marin, and carried by the unanimous vote of all members present to elect Board member Julie Anderson as Vice-Chair of the Finance Committee.

Next Meeting:

Thursday, April 20, 2006, 12:00 p.m. to 2:00 p.m., Ruth Fisher Board Room, 401 South Jackson Street, Seattle WA.

Adjourn

There was no other business; the meeting was adjourned at 1:43 p.m.



Fred Butler
Finance Committee Chair

ATTEST:

Marcia Walker
Marcia Walker
Board Administrator