

SOUND TRANSIT FINANCE COMMITTEE
Summary Minutes
November 1, 2007

Call to Order

The meeting was called to order at 12:10 p.m. by Chair Fred Butler in the Ruth Fisher Boardroom, 401 South Jackson Street, Seattle, Washington.

Roll Call

Chair

(P) Fred Butler, Issaquah Councilmember

Vice Chair

(A) Richard McIver, Seattle Councilmember

(P) Mary-Alyce Burleigh, Kirkland Councilmember

(A) Dow Constantine, King Co. Councilmember

(P) Dave Enslow, Sumner Mayor

(P) Richard Marin, Edmonds Councilmember

(A) Pete von Reichbauer, King Co. Councilmember

Jason Suzaka, Board Coordinator, announced that a quorum of the committee was present at roll call.

Report of the Chair

None.

Chief Financial Officer's Report

Brian McCartan, Chief Financial Officer, announced that Sound Transit's subordinate lien bonds have been upgraded to AAA by the bond rating agency Standard and Poor's.

Mr. McCartan called upon Real Estate Manager Roger Hansen to discuss an upcoming action item that will be presented to the Board at its regular meeting on November 8, 2007. Mr. Hansen discussed a proposed agreement to forbear construction with Pryde Johnson Roosevelt, LLC regarding property located at 6600 Roosevelt Way N.E. in Seattle.

Discussion Item – 2008 Budget

Budget Manager Pete Rogness presented the draft amendments to the Proposed 2008 Budget and provided a handout containing answers to outstanding questions from Boardmembers during the budget review. He added that there will be a discussion on fare integration and the smart card program at the November 15, 2007 Finance Committee regular meeting.

Mr. Rogness answered questions from the committee related to the safety and security budget amendments.

Items within Finance Committee Authority for Final Action

Minutes of October 18, 2007 Finance Committee Meeting

It was moved by Board member Marin, seconded by Board member Burleigh, and carried by the unanimous vote of all members present that the October 18, 2007 minutes be approved as presented.

Motion No. M2007-112 – Authorizing the chief executive officer to execute a contract amendment with GE Transportation Systems Global Signaling to provide engineering, equipment, and installation services for the Passenger Information Management System in the amount of \$1,290,583 with a 5% contingency of \$64,529 totaling \$1,355,112 for a new total authorized contract amount not to exceed \$4,834,544

Senior IT Project Manager Nick Marquardt presented the staff report. He described some of the features that riders will notice after the equipment is installed; including real-time electronic transit bus and Sounder arrival, safety, and security messages.

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. M2007-112 be approved as presented.

Motion No. M2007-113 – Authorizing the chief executive officer to exercise an option to extend the contract with Ad Club, Incorporated for one year to provide employee recruitment advertising services in the amount of \$170,000 for a new total authorized contract amount not to exceed \$365,000

Senior Human Resources Generalist Elizabeth Chan 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. M2007-113 be approved as presented.

Motion No. M2007-114 – Authorizing the chief executive officer to amend an agreement with the City of Marysville to purchase mitigation properties in the Snohomish River Estuary and to compensate the City of Marysville for an additional amount of \$701,000 for a new total authorized agreement amount not to exceed \$1,691,000

Senior Environmental Planner Chris Townsend presented the staff report. In response to questions from the committee, Mr. Townsend discussed the right of way acquisition process and the decision not to acquire the Meadowdale Marina property. He also described the mitigation properties being proposed for purchase and the City of Marysville's role in the project.

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. M2007-114 be approved as presented.

Items for Recommendation to the Board

Resolution No. R2007-22 – Authorizing the issuance of sales tax bonds of the Authority in the principal amount of not to exceed \$450,000,000 to finance a portion of the Authority's regional transit system plan; fixing certain provisions and covenants of the bonds, including provisions safeguarding the payment of the principal thereof and interest thereon; and authorizing and directing the sale of such bonds

Resolution No. R2007-23 – Authorizing the issuance of sales tax bonds of the Authority in the principal amount of \$60,000,000 to finance a portion of the Authority's regional transit system plan; fixing certain provisions and covenants of the bonds, including provisions safeguarding the payment of the principal thereof and interest thereon; and authorizing and directing the sale of such bonds

Resolution No. R2007-24 – Authorizing the issuance of sales tax bonds of the Authority in the principal amount of \$40,000,000 to finance a portion of the Authority's regional transit system plan; fixing certain provisions and covenants of the bonds, including provisions safeguarding the payment of the principal thereof and interest thereon; and authorizing and directing the sale of such bonds

Mr. McCartan and Treasurer Tracy Butler presented the staff report. Mr. McCartan advised work with bond counsel was still underway and the resolutions would need to be amended at the November 8, 2007 Board meeting.

Ms. Butler clarified that at the Finance Committee meeting on October 18, 2007, staff advised that approximately \$73.4 million would be saved using variable-rate bonds instead of fixed. However, this estimate assumed that the agency issued \$200 million in variable-rate bonds. The action brought before the committee today assumes a \$100 million issuance; the savings using variable-rate bonds instead of fixed would be approximately \$30 million.

Mr. McCartan discussed strategies for mitigating interest rate risk related to the variable-rate bonds. In response to a question from Chair Butler regarding the potential impact of the subprime mortgage industry on the variable-rate bonds, Mr. McCartan advised that the impact would depend on whether or not the subprime problems spread to other parts of the economy.

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. R2007-22 be forwarded to the Board with a do-pass recommendation.

It was moved by Board member Marin, seconded by Board member Enslow, and carried by the unanimous vote of all members present that Resolution No. R2007-23 be forwarded to the Board with a do-pass recommendation.

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. R2007-24 be forwarded to the Board with a do-pass recommendation.

Resolution No. R2007-21 – Amending the Adopted 2007 Budget for the South Tacoma Station project to increase the Adopted 2007 Lifetime Budget by \$4,960,797, from \$11,515,030 to \$16,475,827, to reflect the use of unused financial capacity within the Pierce County subarea

Motion No. M2007-104 – Authorizing the chief executive officer to execute a contract with Gary Merlino Construction to provide construction services for the South Tacoma Station project in the amount of \$8,674,750, with a 10% contingency of \$867,475, for a total authorized contract amount not to exceed \$9,542,225

Capital Projects Director Jim Edwards and Project Manager Fred Wilhelm presented the staff report. Mr. Edwards elaborated on the bid process; including the procedures that staff use if the bid is higher than the engineer's estimate and how a bidder is determined to be "responsive and responsible." He also described the proposed service schedule for South Tacoma station as stated in the 2008 Service Implementation Plan.

In response to a question from Chair Butler, Mr. Edwards described the options staff looked at during the bid evaluation process; including rejecting and rebidding the project, combining the South Tacoma Station construction contract with another, and redesigning the project.

It was moved by Board member Marin, seconded by Board member Enslow, and carried by the unanimous vote of all members present that Resolution No. R2007-21 be forwarded to the Board with a do-pass recommendation.

It was moved by Board member Marin, seconded by Board member Enslow, and carried by the unanimous vote of all members present that Motion No. M2007-104 be forwarded to the Board with a do-pass recommendation.

Motion No. M2007-115 – Authorizing the chief executive officer to execute a contract amendment with Scheidt and Bachmann USA, Inc. to upgrade Sounder ticket vending machines, the Central Data Collection System, and ticket office machines in the amount of \$1,742,453, with a 5% contingency of \$87,123 totaling \$1,829,576, for a new total authorized contract amount not to exceed \$15,494,787

Senior Systems Engineer Don Fowler and Project Manager Brian Brooke presented the staff report. Mr. Brooke discussed the efforts to integrate the ticket vending machines (TVMs) and the smart cards so that they are compatible with each other.

In response to a question from Boardmember Enslow, Mr. Fowler provided the TVM operating costs over the past three years. Sounder Program Manager Martin Young discussed some of the factors affecting TVM operating costs; including features to accommodate foreign languages and those with disabilities, as well as the ability to accommodate different methods of payment.

Mr. Fowler answered questions from Boardmember Burleigh regarding the small business participation rate and goals.

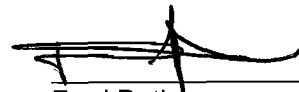
It was moved by Board member Marin, seconded by Board member Burleigh, and carried by the unanimous vote of all members present that Motion No. M2007-115 be forwarded to the Board with a do-pass recommendation.

Next Meeting:

Thursday, November 15, 2007, 12:00 p.m. to 2:00 p.m., Ruth Fisher Boardroom, 401 South Jackson Street, Seattle WA.

Adjourn

There was no other business; the meeting was adjourned at 1:50 p.m.


Fred Butler
Finance Committee Chair

ATTEST:


Jason Suzaka
Board Coordinator