

**SOUND TRANSIT  
AUDIT AND REPORTING SUBCOMMITTEE  
March 20, 2008 Meeting Summary**

**Board members in attendance:** Fred Butler (Chair), Mary-Alyce Burleigh, Dave Enslow, and Claudia Thomas

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Chair Butler called the meeting to order at 11:38 a.m.

**1. Introduction**

Chief Financial Officer Brian McCartan reviewed today's agenda with the committee. He highlighted the change in format of the contracts reports.

**2. 4th Quarter 2007 Asset/Liability Report**

Senior Cash and Investment Analyst Jim Block gave a staff presentation. He noted that the agency's interest rate risk has been changed from medium to low, in response to the its issuance of a \$450 million bond issuance last December. The bonds were issued at a 4.7% interest rate, which compares favorably to the financial model, which assumed 5.0%.

Mr. Block discussed some of the agency's recent investment transactions and provided a background discussion about Sound Transit's investment in the King County Investment Pool. Treasurer Tracy Butler discussed Sound Transit's efforts to keep its potential investment losses in the pool to a minimum. Mr. Block also advised that Sound Transit's bond insurer credit rating was downgraded from AAA to A; however, this does not affect the agency's own credit rating.

Ms. Butler advised that in light of the volatility of the variable rate bond market, the \$100 million variable rate bond issuance that was planned has been put on hold until the market stabilizes.

**3. 4th Quarter 2007 Financial Report**

Budget Manager Pete Rogness provided the staff presentation. Net Assets for 2007 were 9% over 2006; revenues were 10% above budget, while expenses were 81% of budget. With respect to investment income, Mr. Rogness clarified that the amount includes potential losses from investing in the King County Investment Pool.

**4. Next Meeting – June 19, 2008**

Chair Butler adjourned the meeting at 12:26 p.m.