

SOUND TRANSIT FINANCE COMMITTEE
Summary Minutes
August 20, 2009

Call to Order

The meeting was called to order at 12:08 p.m. by Chair Aaron Reardon in the Ruth Fisher Boardroom, 401 South Jackson Street, Seattle, Washington.

Roll Call

Chair

(P) Aaron Reardon, Snohomish County Executive

Vice Chairs

(P) Fred Butler, Issaquah Deputy Council President

Boardmembers

(A) Mary-Alyce Burleigh, Kirkland Councilmember

(A) Joe Marine, Mukilteo Mayor

(P) Richard Conlin, Seattle Council President

(P) Claudia Thomas, Lakewood Councilmember

(P) Dave Enslow, Sumner Mayor

(A) Pete von Reichbauer, King Co. Councilmember

Katie Flores, Board Coordinator, announced that a quorum of the committee was not present at roll call.

Report of the Chair

Chair Reardon announced that the committee would begin with the discussion item on the agenda while waiting for a quorum.

Chief Financial Officer's Report

None.

Discussion Item: 2009 Bond Issuance

Brian McCartan, Chief Financial Officer and Tracy Butler, Treasurer, gave a presentation on the upcoming 2009 Bond Issuance. The ST2 Financial Plan assumes \$8 billion in bonds through 2023. Buy America Bonds and/or fixed rate Tax Exempt Bonds would be included. Buy America Bonds are authorized by the federal government for new capital expenditures and the government will subsidize 35% of the interest payment to the bond holders. The Buy America Bond rates are around 4%, better rates than the Tax-Exempt Bond rates.

(Boardmember Conlin arrived; it was observed by the Board Coordinator that a quorum was in attendance at this time).

Mr. McCartan reviewed the 2009 Bond pledge structure. Revenues collected through taxes will pay prior lien bond holders, then the subordinate bonds and any junior bonds. Prior bonds include MVET as part of the taxes pledged against the bonds (through 2028) in addition to sales tax and rental car taxes; subordinate bonds pledge only sales tax and rental car taxes. Additional bonds will be issued in prior bonds and subordinate bonds. The ST2 Financial Plan assumes 6% interest rate for bonds. The 2005 bonds will be refunded; creating a savings of around \$1 million. The full 9% sales tax, .8% rental car tax and .4% MVET tax will be pledged, and up to \$400 million in bonds will be issued. Provisions allowing the roll back of taxes if there are sufficient monies to pay outstanding bonds will be included.

Mr. McCartan also explained that an amendment may be needed to the Adopted 2009 Budget to pay for debt service in 2009 as a result of this bond transaction. No additional bonds can be issued unless the agency can pay two times the outstanding debt service on bonds for prior bonds, and 1.5 times the debt service on subordinate bonds. The bonds can be refunded if more favorable market conditions exist, allowing the agency to pledge additional taxes if the ability to collect additional taxes were granted in the future.

Items within Finance Committee Authority for Final Action

Minutes of the August 6, 2009 Meeting

It was moved by Boardmember Butler, seconded by Boardmember Thomas, and carried by the unanimous vote of all members present that the August 6, 2009 minutes be approved as presented.

Motion No. M2009-72 – Authorizing the chief executive officer to execute a contract with Pacific Earthworks, to provide construction services for landscape restoration within the Central Link Initial Segment project in the amount of \$366,900, with a 10% contingency of \$36,690, for a total authorized contract amount not to exceed \$403,590.

John Sleavin, Link Civil Engineering Manager, presented the staff report. The warranty period for the landscape restoration is one year with the contractor; quarterly walk-throughs will be conducted to ensure that plants are healthy.

Public Comment

None.

It was moved by Boardmember Butler, seconded by Boardmember Conlin, and carried by the unanimous vote of all members present that Motion No. M2009-72 be approved as presented.

Motion No. M2009-73 – Authorizing the chief executive officer to execute a five-year contract with Copiers Northwest to provide copy center operators, services, and equipment for a total authorized contract amount not to exceed \$1,400,000.

Jason Weiss, Deputy CIO, presented the staff report. This copier contract completes the copier procurement in the near term. The five-year term matches the life-span of the copiers and results in cost savings.

Public Comment

None.

It was moved by Boardmember Butler, seconded by Boardmember Thomas, and carried by the unanimous vote of all members present that Motion No. M2009-73 be approved as presented.

Items for Recommendation to the Board

Motion No. M2009-62 – Authorizing the chief executive officer to execute an amendment to the agreement with the City of Renton to reimburse the City for final design and right-of-way acquisition costs related to the Rainier Avenue Arterial Improvements Project in the amount of \$4,500,000, for a new total authorized agreement amount not to exceed \$9,530,000.

Paul Cornish, Project Manager, presented the staff report and provided further clarification on the location and schedule of the project.

It was moved by Boardmember Butler, seconded by Boardmember Thomas, and carried by the unanimous vote of all members present that Motion No. M2009-62 be forwarded to the Board with a do-pass recommendation.

Next Meeting:

Thursday, September 3, 2009, 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 12:52 p.m.

ATTEST:

Aaron Reardon
Finance Committee Chair

Katie Flores
Board Coordinator