

SOUND TRANSIT FINANCE COMMITTEE
Summary Minutes
October 2, 2008

Call to Order

The meeting was called to order at 12:30 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 Chair

(P) Fred Butler, Issaquah Deputy Council President

(P) Mary-Alyce Burleigh, Kirkland Councilmember

(A) Richard Conlin, Seattle Council President

(P) Dave Enslow, Sumner Mayor

(P) Claudia Thomas, Lakewood Councilmember

(P) 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

Chair Reardon announced that a public hearing on the Proposed 2009 Budget is scheduled for October 16, 2008 from 12:00 p.m. to 12:30 p.m. in the Ruth Fisher Boardroom. The Finance Committee will start at 12:30 p.m. on October 16 instead of its regularly scheduled time of 12:00 p.m.

Chief Financial Officer's Report

Chief Financial Officer Brian McCartan provided an update effects of the current economic on Sound Transit's budget.

Mr. McCartan discussed the agency's \$40 million bond reserve. The reserve had a guaranteed rate of return through an agreement with the investment firm Lehman Brothers; however, the investment firm recently fell into financial difficulties. Because the firm can no longer guarantee that rate of return, Sound Transit is now looking at other investment options. He announced that today a letter was sent to Lehman Brothers, notifying them that they are in default on the agreement and that the firm owes Sound Transit any termination fees. While the agency will not lose any of its principal, going forward it does lose the guaranteed rate of return that was contained in the agreement.

He also discussed some exposure Sound Transit has to the insurance company AIG, which has also recently experienced financial difficulties. The first is the agency's Owner Controlled Insurance Program (OCIP) and the other is a 2001 leaseback program agreement for Sounder commuter rail equipment. As mentioned at the September 18, 2008 Finance Committee meeting, AIG's property/casualty insurance business is very solvent, and in the

unlikely event that AIG would need to divest its property/casualty insurance companies, a number of companies would be willing to pick up those assets.

Items within Finance Committee Authority for Final Action

Motion No. M2008-96 – Authorizing the chief executive officer to execute a contract with Granite Northwest, Inc., dba Wilder Construction Company, for advanced utility relocation for the University Link project in the amount of \$1,293,000, with a contingency of \$325,000, for a total authorized contract amount not to exceed \$1,618,000, which includes cost reimbursable betterments for the University of Washington

Link Construction Manager Ben Emam and University Link Project Director John Harrison presented the staff report.

In response to questions from Boardmember Burleigh on the comparison of bid results versus the engineer's estimate, Mr. Emam stated that the utility relocation contracts have been bid separately from larger contracts as part of lessons learned from the Central Link light rail Initial Segment project. In addition, staff also attempted to account for uncertain market conditions in its cost estimates.

Mr. Emam provided additional details on betterment work that the University of Washington is requesting as part of the contract with Granite Northwest, Inc. He also described the work staff performed to check for soil contamination.

Public Comment

None.

It was moved by Vice Chair Butler, seconded by Boardmember Burleigh, and carried by the unanimous vote of all members present that Motion No. M2008-96 be approved as presented.

Motion No. M2008-97 – Authorizing the chief executive officer to execute a task order with the Washington State Department of Transportation under the existing Umbrella Agreement GCA 3361, to provide oversight and coordination for the I-5 Undercrossing construction contract within the University Link project in the amount of \$682,615, with an approximate 10% contingency of \$67,385 for a total authorized amount not to exceed \$750,000

University Link Deputy Project Director Ron Endlich and University Link Project Director John Harrison presented the staff report. Mr. Endlich stated that Sound Transit will reimburse WSDOT for actual costs of the work performed on the project.

Public Comment

None.

It was moved by Vice Chair Butler, seconded by Boardmember Enslow, and carried by the unanimous vote of all members present that Motion No. M2008-97 be approved as presented.

Motion No. M2008-98 – Authorizing the chief executive officer to execute a three-year contract with two one-year options with KPMG, LLP, for independent financial and federal audit services for a total authorized contract amount not to exceed \$2,200,000

Controller Kelly Priestley presented the staff report.

Public Comment

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It was moved by Vice Chair Butler, seconded by Boardmember Burleigh, and carried by the unanimous vote of all members present that Motion No. M2008-98 be approved as presented.

Motion No. M2008-99 – Authorizing the chief executive officer to execute a contract amendment with IKON Office Solutions for copier maintenance, lease and rental services in the amount of \$180,000 for a new total authorized contract amount not to exceed \$880,000

Acting Chief Information Officer Jason Weiss presented the staff report. Chief Executive Officer Joni Earl introduced Sound Transit's new Contracts Officer Kunjan Dayal.

Public Comment

None.

It was moved by Vice Chair Butler, seconded by Boardmember Thomas, and carried by the unanimous vote of all members present that Motion No. M2008-99 be approved as presented.

Item for Recommendation to the Board

Resolution No. R2008-13 – 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 Sounder Commuter Rail D to M Street Track & Signal Project

Senior Real Estate Representative Don Vogt and Real Estate Manager Roger Hansen presented the staff report. Mr. Vogt provided additional details on the public notification process required by state law.

It was moved by Vice Chair Butler, seconded by Boardmember Thomas, and carried by the unanimous vote of all members present that Resolution No. R2008-13 be forwarded to the Board with a do-pass recommendation.

Other Business:

Ms. Earl announced that yesterday Sound Transit received a \$6 million grant from the US Department of Transportation for the Sounder commuter rail D to M Street Track and Signal Project.

Next Meeting:

Thursday, October 16, 2008, 12:30 p.m. to 2:30 p.m., Ruth Fisher Boardroom, 401 South Jackson Street, Seattle WA.

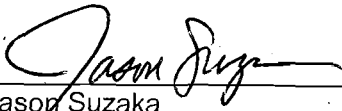
Adjourn

There was no other business; the meeting was adjourned at 1:05 p.m.



Aaron Reardon
Finance Committee Chair

ATTEST:



Jason Suzaka
Board Coordinator