

SOUND TRANSIT FINANCE COMMITTEE
Summary Minutes
June 4, 2009

Call to Order

The meeting was called to order at 12:16 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

(P) Mary-Alyce Burleigh, Kirkland Councilmember

(A) Joe Marine, Mukilteo Mayor

(A) Richard Conlin, Seattle Council President

(P) Claudia Thomas, Lakewood Councilmember

(A) Dave Enslow, Sumner Mayor

(A) Pete von Reichbauer, King Co. Councilmember

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

Report of the Chair

None.

Chief Financial Officer's Report

None.

Discussion Item: Sounder Lease-leaseback Transaction Status

Chief Financial Officer Brian McCartan explained that in 2001, Sound Transit entered into a lease-leaseback transaction after receiving authorization from the Board. The transaction allows Sound Transit to receive a "headlease" payment by selling vehicles to a trust and leasing the commuter rail vehicles back for agency use. The trust is able to take advantage of a tax benefit for owning the vehicles that Sound Transit is not able to take advantage of as a public agency. Sound Transit received \$5 million as the "headlease" that was deposited with AIG, who pays lease payments to the trust for the vehicles. The \$5 million went towards the Sounder track and facility improvement project. Sound Transit retains control and use of the vehicles leased from the trust.

At the time of the transaction, AIG was selected as the guarantor and had good ratings. The lease-leaseback transaction has provisions that if the guarantor's credit ratings go down, a new entity must be selected. AIG's ratings are below the level allowed in the transaction, but because of the global financial crisis, no other entity has an interest in taking over AIG's position. The transaction is within the original Board authority for monthly extensions and AIG has continued to make all the payments, but because of the provisions, Sound Transit needs to pursue options for replacing AIG or amend the transaction agreement. A federal solution is currently being sought because of the many other transit agencies in the same position. If Sound Transit is not able to fix the transaction or make future extensions, Sound Transit may need to pay to terminate the lease in the amount of \$15 million.

Mr. McCartan explained that Sound Transit is receiving guidance on this issue from internal and external legal council, from two financial advisors and from the CFO's of other transit agencies who are affected. In addition, a working group has been formed through APTA's lobbyist to represent the agencies. He noted that he would return in the next few months with another update and to request guidance on how to proceed.

Consent Agenda

Minutes of the May 7, 2009 Meeting
Minutes of the May 21, 2009 Meeting

It was moved by Boardmember Burleigh, seconded by Boardmember Butler, and carried by the unanimous vote of all members present that the consent agenda be approved as presented.

Items within Finance Committee Authority for Final Action

Motion No. M2009-45 – Authorizing the chief executive officer to execute a contract with URS Corporation to provide construction management services for the Kirkland Transit Center/3rd Street project in the amount of \$777,647, with a 10% contingency of \$77,765, for a total authorized contract amount not to exceed \$855,412.

Jerry Dahl, Construction Manager, presented the staff report.

Public Comment

Will Knedlik

It was moved by Boardmember Butler, seconded by Boardmember Burleigh, and carried by the unanimous vote of all members present that Motion No. M2009-45 be approved as presented.

Motion No. M2009-46 – Authorizing the chief executive officer to execute a contract amendment with KPFF Consulting Engineers to provide additional final design services for the Edmonds Station project in the amount of \$276,910 with a 10% contingency of \$27,691 totaling \$304,601, for a new total authorized contract amount not to exceed \$1,427,225.

Paul Cornish, Project Manager, presented the staff report. Mr. Cornish explained that the Edmonds Crossing project that would integrate a new ferry terminal with Sounder and other transit has been delayed. As a result, this amendment allows final design to be completed on additional elements from the 2002 plan for the Edmonds Station project that will develop the project into a longer term facility. In response to questions from Boardmember Butler, Jim Edwards, Director of Capital Projects, noted that this action envisions Edmonds Station as the permanent station in Edmonds for at least the next 20 years.

Stephen Clifton from the City of Edmonds confirmed that because the Edmonds Crossing project is not currently fully funded, the City of Edmonds is asking Sound Transit to return to the 2002 plan for the Edmonds Station to make the station a permanent facility.

Public Comment

None.

It was moved by Boardmember Butler, seconded by Boardmember Burleigh, and carried by the unanimous vote of all members present that Motion No. M2009-46 be approved as presented.

Items for Recommendation to the Board

Resolution No. R2009-12 – 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.

Roger Hansen, Real Property Manager, presented the staff report. He noted that additional properties or temporary easements may be needed for the project, but proceeding forward on the properties that have been identified is more cost effective than waiting until all design refinements are complete. Mr. Hansen also responded to questions from Boardmember Butler about property values; he noted that appraisals take into account the current conditions and are updated if delays take place.

It was moved by Boardmember Thomas, seconded by Boardmember Burleigh, and carried by the unanimous vote of all members present that Resolution No. R2009-12 be forwarded to the Board with a do-pass recommendation.

Motion No. M2009-48 – Authorizing the chief executive officer to execute a contract amendment for a one-year contract extension with GSF Advisors to provide financial advisory services for Sound Transit's lease-leaseback transaction for a total authorized contract amount not to exceed \$210,000.

Brian McCartan, Executive Director Finance and Information Technology, presented the staff report. In response to a question from Chair Reardon, Mr. McCartan explained that GSF Advisors is working with five or six other transit agencies on the same type of transaction and is pursuing federal assistance for transit agencies nationwide that are involved in lease-leaseback transactions.

It was moved by Boardmember Butler, seconded by Boardmember Thomas, and carried by the unanimous vote of all members present that Motion No. M2009-48 be forwarded to the Board with a do-pass recommendation.

Motion No. M2009-47 – (1) Ratifying the lease holdover period with Thrifty Park, Inc., at Edmonds Station from April 27, 2009 to June 6, 2009; and (2) authorizing the chief executive officer to extend the lease agreement with Thrifty Park, Inc., on a month-to month basis until the Edmonds Commuter Rail Station is ready to begin construction.

Nancy Bennett, Property Manager, presented the staff report.

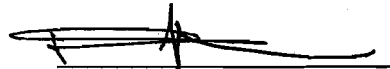
It was moved by Boardmember Butler, seconded by Boardmember Thomas, and carried by the unanimous vote of all members present that Motion No. M2009-47 be forwarded to the Board with a do-pass recommendation.

Next Meeting:

Thursday, June 18, 2009, 1:00 p.m. to 3:00 p.m., Ruth Fisher Boardroom, 401 South Jackson Street, Seattle WA.

Adjourn

There was no other business; the meeting was adjourned at 1:02 p.m.



Fred Butler
Finance Committee Vice Chair

ATTEST:



Katie Weiss
Board Coordinator