



## Summary Minutes

### Finance and Audit Committee Meeting March 12, 2026

#### Call to order

The meeting was called to order at 10:30 a.m. by Committee Chair Thomas McLeod.

The meeting was available for viewing in person and online, the recording can be found at <https://www.soundtransit.org/get-to-know-us/board-directors/meeting-videos>.

#### Roll call of members

Chair	Vice Chair
(P) Thomas McLeod, Tukwila Mayor	(P) David Parshall, Lynnwood Councilmember

Board Members	
(P) Hunter George, Fircrest Councilmember	(P) Ed Prince, Renton Councilmember
(P) Tereas Mosqueda, King County Councilmember	(P) Kim Roscoe, Fife Mayor
	(A) Dan Strauss, Seattle Councilmember

Katie Flores, Board Administrator, announced a quorum of the Committee was present at roll call.

#### Report of the Chair

Chair McLeod noted that this the first meeting he's leading as Chair of the Finance and Audit Committee. He noted that as assumed the role, he was told that the agency faces big challenges, but that this also means the agency has equally great opportunities in the future.

#### CEO Report

##### Annual Audit Report

CEO Dow Constantine noted that the Committee would hear about the annual audit report later in the meeting, saying that it showed the agency has appropriate measures in place for effective governance and internal controls. He detailed the areas of work covered, and thanked staff, particularly the internal audit team, for their work in holding the agency accountable.

##### World Cup Funds

CEO Constantine thanked Senators Murray and Cantwell for securing federal funding to support regional transit during the World Cup. He noted that the funding distribution will be determined by action of the Puget Sound Regional Council.

##### Legislative Update

CEO Constantine noted that a streamlined permitting bill has passed through the legislature and is awaiting signature by the Governor, and that other legislation the agency was advocating for was unsuccessful.

## Public comment

Chair McLeod announced that public comment would be accepted via email to [meetingcomments@soundtransit.org](mailto:meetingcomments@soundtransit.org) and would also be accepted virtually and in person.

There were no written, in-person, or virtual comments received.

## Business Items

### For Final Committee Action

#### November 20, 2025, Finance and Audit Committee meeting minutes

**It was moved by Committee Vice Chair Parshall, seconded by Board member Roscoe, and carried by unanimous voice vote of the committee members present that the minutes of the November 20, 2025, Finance and Audit Committee meeting be approved as presented.**

## Deputy CEO and CFO Report

Victoria Wassmer, Finance and Business Administration Deputy CEO, provided opening remarks detailing the Federal Transit Administration's Full Scope Management Review of the agency. She noted that there were no material weaknesses identified, and three deficiencies were found regarding procurement procedure compliance, physical IT security controls, and completion of a business continuity plan, all of which have been understood by agency staff with mitigations underway. She noted that the full report is still with the FTA for final review, and that the agency will have 30 days to respond to the report once it has been finalized.

She then introduced Hughey Newsome, Chief Financial Officer, Ryan Fisher, Finance Executive Director, and Jeff Clark, Controller Executive Director, to provide the report.

### 2025 Year-End Financial Report

Mr. Fisher provided the 2025 year-end financial performance report. He highlighted that overall revenues were slightly over budget, with tax revenue coming in slightly under projections and other revenues making up the difference. He also noted that all expenditures – such as System Expansion Projects, Transit Operations, and Service Delivery Projects – ended the year under budget, primarily driven by scheduling decisions.

Mr. Fisher provided additional details on the underlying causes of the higher-than-projected revenues, noting that tax revenues were lower than expected by two percent, largely driven by lower than anticipated sales taxes. Fare revenues were 17 percent higher than projected due to increased ridership over 2025. Federal grant income was 86 percent over projected figures due to higher than budget draws for Lynnwood Link, as well as having greater access than anticipated for the NE 130th Street Infill Station project. Investment income was also 94 percent above projections, driven by high interest rates and higher than expected cash balances.

Mr. Fisher noted that system expansion projects ended the year 25 percent under budget, with large underspends on Link, Stride, and T Line. Link expenditures were lower than expected due to delays in right of way acquisition for the Operations and Maintenance Facility South and West Seattle Link Extension projects and lower costs on Ballard Link Extension preliminary engineering work. Stride came in under budget due to construction delays on I-405 and SR522, as well as a lower than anticipated construction contract cost for the Bus Base North project. He also noted minor budget variations in T Line, Sounder, and ST Express costs due to organizational changes that reallocated some staffing costs.

Mr. Fisher explained that transit mode operating budgets came in under projections across the board, all driven by lower than anticipated purchased transportation costs on all modes, along with savings from insurance renewals and service credits from partner operating agencies.

Mr. Fisher reported the year-end service delivery project expenditures came in 48 percent under projections. State of good repair was 52 percent under budget due to a delay in the acquisition of the Mountlake Terrace Parking Garage, and a delay in contract procurement as work is being done to bundle work into a larger package to minimize rider impacts. Enhancements were also under budget, by 51 percent, due to the At-grade Crossing program utilizing the MATOC procurement system that changes where spending happens in the budget, as well as design work for a second SeaTac Station elevator resulting in savings. Administrative costs were also lower than anticipated by 44 percent due to organizational changes that shift labor spending to different budget categories.

#### Q4 2025 Asset and Liability Management Report

Mr. Clark provided details on the agency's investment portfolio. He noted that Sound Transit currently holds ~\$8.4 billion as of December 31, 2025. He noted that investment portfolio has seen \$310.4 million of interest income throughout 2025.

Mr. Clark reported that the agency has \$5.5 billion in outstanding bonds and TIFIA borrowings as of December 31, 2025, split between \$3.93 billion in TIFIA loans, with a further \$1.58 billion in bonds. He noted that staff regularly reviews the debt portfolio and acts as needed based on the market, while highlighting the agency's strong cash position.

Board member Roscoe noted that the agency's TIFIA actuals were at 99 percent of what was budgeted and asked for clarification on what that means. Mr. Fisher responded that there were some delays in drawing down TIFIA loans throughout the year, which delayed interest accruals and resulted in some small savings for the agency. Board member Roscoe asked for clarification on if that meant the agency drew down less than anticipated TIFIA loans. Mr. Fisher responded that it meant that the agency spent slightly less than expected on debt service due to the lower interest accruals.

#### Bond Refunding

Mr. Clark discussed a bond series issued in 2016 for \$400 million. He noted that the Board has an option to refund the bonds early in 2026, which would be advantageous due to lower market interest rates compared to the original 2016 rates. Refunding the bonds in 2026 would result in approximately \$25 million in agency savings. He further noted that staff is still working on the matter and would provide an update at the May Finance and Audit Committee meeting, with an intention to bring a resolution to the full Board in June.

Board member George noted the high cost of fuel at present and asked how the agency manages its fuel purchases. Mr. Fisher responded that fuel purchases primarily exist for Sounder service and is an overall de minimis line item. He further noted that the budget does include a buffer that is able to account for increased fuel prices.

Chair McLeod noted that the budget report looks good and asked what communication strategy exists to communicate this information to the public. Mr. Newsome responded that staff emphasizes that the agency's annual budget and transit improvement plans are balanced, and that the larger budgetary issues involved in the Enterprise Initiative are a discussion of future financing problems in the 2030s and beyond.

# Audit Report

## 2025 Year-End Report

Moises Gutierrez, Agency Oversight Deputy CEO, provided opening remarks and introduced Patrick Johnson, Audit Director, to provide the report.

Mr. Johnson noted that five audits were completed in Q4 2025, three with no findings. The two audits with findings covered Security and Emergency Management, as well as Link light rail Annual Compliance. Mr. Johnson noted that all audits shared general themes of strong compliance and certification readiness, while sharing documentation and oversight challenges. He noted that key information on findings and management action plans to remedy findings are included in Committee members' packets.

Mr. Johnson gave an overview of the audit dashboard for the end of the year, noting that of the 37 total audits, 31 were completed with six postponed. He noted that postponed audits are still actively underway, and oversight functions are ongoing. Of audits completed in 2025, 17 findings were identified with two closed, and 20 actions plans are currently ongoing to address them with three completed.

Mr. Johnson highlighted key audit themes in detail. He noted that the agency has strong compliance across the organization, with 53 percent of all audits having no findings. He noted that the agency has strengthened its action plan accountability, with ongoing monitoring on 23 action plans across the 17 findings identified throughout the year. He reiterated that the agency has identified governance gaps in safety, security, contractor oversight, and asset controls, with recurring documentations issues regarding accuracy, completeness, and timeliness.

Mr. Johnson discussed audit findings trends, noting that the number of findings have been similar over the past four years. He also highlighted that the number of open findings has increased over time, indicating that more time is necessary to complete action plans.

Mr. Johnson also detailed the results of the audit division's annual survey. He reported that there was a 55 percent increase in customer satisfaction over 2024, though noted that the 36 percent response rate was a 67 percent decrease from 2024. He noted that the audit division received positive feedback for their engagement, clarity, support, and relevance, while receiving constructive criticism regarding delays.

Board member George noted that the passenger complaint audit found that no formal process exists for how comments are resolved and asked how the agency begins the process of creating this new process. DCEO Gutierrez responded that the agency is committed to being responsive to feedback and ensuring follow-up through action plans. Mr. Johnson added that following the recommendation issued by the audit division, transit operations leadership has begun the process to develop a formalized process for how passenger care agents respond to customer comments. DCEO Gutierrez noted that staff would be willing to provide quarterly updates on customer comment resolutions and would also be willing to provide individual follow-up at a later date.

Board member Roscoe asked whether riders who report incidents on vehicles via text are included in the passenger complaint system. Mr. Johnson responded that those are handled through the Security Operations Center, which is separate from customer comments. Board member Roscoe noted that she has had positive experiences with timely action based on the text system and noted that it may be a good opportunity to include that information in the overall category of customer comments going forward. DCEO Gutierrez replied that staff can work to incorporate those into information that is regularly provided to the Board.

Chair McLeod asked for clarification on why audits may be postponed. Mr. Johnson responded that the annual audit plan is based on other agency activities that would coincide with audit work, and that when those activities are delayed, audits are postponed to ensure that they have an underlying basis of work to analyze.

Chair McLeod asked how the audit division's satisfaction rating compares with other agencies. Mr. Johnson responded that a peer review was conducted against other agencies and found that the audit division is on par with other audit functions elsewhere, at 75 percent satisfaction.

### **Discussion on the 2026 Finance and Audit Committee Workplan**

Chair McLeod noted that the draft 2026 Finance and Audit Committee workplan was included in Committee members' packets and contains a list of anticipated actions and reports to come before the Committee through 2026. Hearing that there were no requested additions or modifications to the workplan, Chair McLeod noted that the workplan will continue to exist as a living document for the rest of the year and that Committee members may request additional topics that they would like to see presented.

**Executive session** – None

**Other business** – None

### **Next meeting**

Thursday, May 14, 2026  
10:30 a.m. to 12:00 p.m.  
Ruth Fisher Boardroom and Virtually via an online meeting platform

### **Adjourn**

The meeting adjourned at 11:13 a.m.

  
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Thomas McLeod  
Finance and Audit Committee Chair

ATTEST:  
  
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Kathryn Flores  
Board Administrator

APPROVED on May 14, 2026, HRR.