

## METROPOLITAN COUNCIL

390 North Robert Street, St. Paul, Minnesota 55101

### REGULAR MEETING OF THE MANAGEMENT COMMITTEE

Wednesday, December 8, 2010

Committee Members Present: Roger Scherer, Chair; Lynette Wittsack, Vice Chair; Sherry Broecker; Craig Peterson; and Kris Sanda.

#### CALL TO ORDER

A subcommittee was called to order by Committee Chair Scherer at 1:30 p.m. The purpose of the subcommittee was to hear some of the informational agenda items prior to the arrival of a quorum. A full quorum was present at approximately 1:44 p.m. and Committee Chair Scherer called the regular meeting of the Council's Management Committee to order at 1:52 p.m. on Wednesday, December 8, 2010.

#### APPROVAL OF AGENDA AND MINUTES

It was moved by K. Sanda, seconded by S. Broecker to approve the agenda. *Motion carried.*

It was moved by C. Peterson, seconded by L. Wittsack, to approve the minutes of the November 10, 2010 regular meeting of the Management Committee. *Motion carried.*

#### BUSINESS

##### **2010-422 SW Authorization to Procure Railroad Liability Insurance for Northstar Operations**

Phil Walljasper, Director, Risk Management and Claims, explained that the Northstar program was presented to 18 insurance companies, all of whom had a very favorable impression of the operations and expressed an interest to insure the program. Mr. Walljasper distributed a handout depicting the current Northstar Railroad Liability program insurance tower, together with towers for the top two 2011 renewal contenders. Lexington is believed to be most advantageous to the Council and is the recommended lead layer. The pricing for the recommended insurance renewal program is approximately 35% lower than budgeted.

It was moved by S. Broecker, seconded by K. Sanda:

"That the Metropolitan Council authorize the procurement of railroad liability insurance, effective 1/1/11-12/31/11, for the Northstar Commuter Rail Operations in an amount not to exceed \$1,300,000."

*Motion carried.*

##### **2010-414 Technical Amendments to Legal Services Agreements; No Budget Impacts**

Don Mueting, General Counsel, proposed increases to two legal contracts. The first contract pertains to the MCES Total Maximum Daily Load Project and the second relates to a litigation matter with Minnesota Public Radio. Keith Buttleman, Assistant General Manager, Environmental Quality Assurance, explained the potential cost and long-term impact new environmental pollutants could have on the MCES Total Maximum Daily Load Project and supported the need for continued assistance from a law firm with experience in these matters. It is felt that the proposed increase in cost for both legal matters should be sufficient to complete necessary work pertaining thereto.

In answer to a question, Mr. Mueting replied that Federal Central Corridor Project funds could not be used to reimburse legal fees related to the Minnesota Public Radio suit because there was not enough time for the Council to fulfill the requirement of submitting external Request for Proposals for services.

It was moved by C. Peterson, seconded by L. Wittsack:

"That the Metropolitan Council authorizes the General Counsel to amend legal services agreements to increase the maximum contract prices as follows:"

<u>Law Firm</u>	<u>Services</u>	<u>Term</u>	<u>Current Price</u>	<u>Proposed Increase</u>	<u>New Price</u>
Barnes Thornburg	Legal Services related to Total Maximum Daily Load Matters Contract No. 09P167B	1/1/10-12/31/12	\$250,000	\$500,000	\$750,000
Lockridge Grindal	Legal Services related to Minnesota Public Radio Contract No. 10P042	2/1/10 - 6/30/11	\$250,000	\$250,000	\$500,000

***Motion carried.***

**2010-421 Authorization to Execute Loan Agreements with the Public Facilities Authority (PFA) and Issuance of General Obligation Sewer Note Included in Resolution #2010-53**

Jason Willett, MCES Finance Director, presented this item to Committee members. This \$70 million loan is expected to provide funds to finance the cash flow needs of Environmental Services capital projects that are PFA-eligible for an additional 12-16 months at an unprecedented low interest rate of 1.77%. PFA funds are not drawn down by the Council until after eligible expenses are incurred and interest will accrue on the debt only as money is disbursed to the Council. Anticipated key loan terms and other information were provided in a PowerPoint presentation.

CM Sanda asked how the Council's bond counsel was selected. Staff advised that it is customary to obtain bids every four or five years for these types of contracts through a Request for Proposals (RFP) process and that it may soon be time to rebid this service. CM Sanda was also assured that bond counsel is required to disclose to potential clients that they work with the Metropolitan Council to avoid potential conflicts of interest. She requested that the meeting minutes reflect this discussion.

It was moved by L. Wittsack, seconded by K. Sanda:

"That the Metropolitan Council approves the attached Resolution 2010-53 to authorize the Regional Administrator to execute a loan agreement with the Minnesota Public Facilities Authority (PFA) in substantially the same form as the attached agreement. And further, to issue the related General Obligation Sewer Note securing the loan agreement substantially in the form of the Note referenced in the resolution."

***Motion carried.***

**2010-423 Amendment of Contract with Taleo**

Marcy Syman, Assistant Director, Talent Manager, presented this item. The LearnCenter is a powerful system used throughout the Council for a variety of 24/7 training functionalities. Taleo was selected through a competitive process in 2009 and a one-year, \$180,200 contract that included set-up costs was signed. The LearnCenter went live in July 2010, and many benefits have become apparent. The amendment will extend the service and add capacity. Staff recommends that the contract be extended through January 15, 2014, at a cost of \$311,250 to take advantage of three-year rates offering a 12% discount. It should also be noted that extension of service for 2011 only, at a cost of \$90,000, was included in Information Services' 2011 sole source procurement of maintenance services for software and hardware.

Discussion ensued regarding LearnCenter applications for bus accident and equipment failure training initiatives as well as tracking the completion and scoring of mandatory employee training.

It was moved by K. Sanda, seconded by L. Wittsack:

"That the Metropolitan Council authorizes the Regional Administrator to execute an amendment to extend the contract for the Council's learning management system (LearnCenter) with Taleo for three years (January 15, 2011 to January 15, 2014)."

***Motion carried.***

## **INFORMATION**

### **3Q2010 Summary of Procurements**

Micky Gutzmann, Acting Director, Contracts & Procurement, presented the summary of procurements for the third quarter 2010. It included a breakdown of the number of procurements executed during the reporting period grouped by value, details of procurements valued between \$100,001 and \$250,000, contracts awarded based on Request for Proposals, contracts awarded based on other processes, and a summary of procurements valued at greater than \$250,000. There were no emergency declarations reported during this period.

A question asked by Chair Scherer regarding Braun Intertec Corporation was addressed.

### **Results of Public Bond Sales**

Allen Hoppe, Senior Manager, Treasury, reported a successful bond sale on December 2, 2010, of Parks, Transit and Wastewater Revenue Bonds. Piper Jaffray was the winning bidder in each sale and a handout summarizing the actual pars issued, true interest costs, average maturities, and other pertinent information was distributed. All three bond issues were rated AAA by both Moody's and Standard & Poors.

Mr. Hoppe also presented historical and recent information comparing Build America Bonds' (BABs), Municipal Bonds, Treasuries, and Tax Exempt AAA bonds. David Macgillivray, Chairman, Springsted Incorporated, addressed questions pertaining to BABs and criteria used by rating agencies.

### **Central Corridor Project Office Update**

Mark Fuhrmann, Deputy General Manager, and Allen Hoppe, Sr. Treasury Manager, provided a financial update on the Central Corridor Light Rail Transit (CCLRT) project. Assumptions have changed since the October 27, 2010 Council briefing. The internal loans project cash flow analysis shows a forecasted cash balance of a positive \$28 million ending December 2010, as compared to a previous forecast of a negative \$1.6 million. Also, the FTA deemed internal interest finance charges of \$3.3 million ineligible for federal reimbursement, so they were moved to the project's unallocated contingency budget. Bonding approach alternatives and next steps were presented and discussed.

### **2010 December State Economic Forecast Update**

Since the meeting was running late, Wes Kooistra, Chief Financial Officer, quickly presented a handout detailing Minnesota's November 2010 Budget Forecast. He provided an additional slide that showed Motor Vehicle Sales Tax (MVST) revenues dropping lower than previously forecasted for February and November 2010.

## **ADJOURNMENT**

Business completed, the meeting adjourned at 3:06 p.m.

Respectfully submitted,

Trudy Aldrich  
Recording Secretary