

## **METROPOLITAN COUNCIL**

390 North Robert Street, St. Paul, Minnesota 55101

### **MEETING OF THE MANAGEMENT COMMITTEE**

Wednesday, March 28, 2012

Committee Members Present: James Brimeyer, Chair; Steven T. Chávez, Vice Chair; Richard Kramer; Gary Van Eyll; Gary Cunningham; Adam Duininck and Harry Melander

#### **CALL TO ORDER**

Chair Brimeyer called the meeting of the Council's Management Committee to order at 2:35 p.m. on Wednesday, March 28, 2012.

#### **APPROVAL OF AGENDA AND MINUTES**

It was moved by R. Kramer, seconded by S. Chávez, to approve the agenda.

#### ***Motion carried.***

It was moved by R. Kramer, seconded by G. Van Eyll, to approve the minutes of the March 14, 2012 regular meeting of the Management Committee.

#### ***Motion carried.***

#### **INFORMATION**

##### **Investment Review Committee Report**

Allen Hoppe, Sr. Manager, Treasury, presented the Investment Review Committee report.

Mr. Hoppe updated the committee as to the economic forecast of the 4<sup>th</sup> quarter of 2011 and key components such as:

- Consumption and investments
- Retail sales and consumer confidence
- Unemployment rate
- Inflation index
- Portfolio results (short term and long term yields)

Mr. Hoppe noted at this time, the council does not plan on changing its investment approach. New members have been appointed to the Investment Review Committee. Any changes requested by this new committee will be brought before the Management Committee for approval.

Chair Brimeyer inquired as to what was considered high quality domestic paper. Mr. Hoppe responded that an example would be Ford commercial paper. He also noted that the Council has invested in individual holding such as GE, MetLife, and Toyota.

Committee Member Melander asked for clarification of the acronym "OPEB." Mr. Hoppe explained that OPEB was the acronym for Other Post Employee Benefit. He further explained that this represents liabilities incurred in the past but that the council is no longer incurring going forward.

Mr. Hoppe reviewed hedge funds which specifically pertain to the Diesel Hedging Program. Mr. Hoppe explained that the council has been limited to the purchase of hedge funds. Mr. Melander asked how often the council is limited to such transactions. Mary Bogie, Chief Financial Officer, noted that this is the first time that hedging has not been allowed past a certain point. Currently, the council is able to budget diesel fuel through April 2013. The Council has used hedging as a budget certainty tool and will continue to do so going forward.

Mr. Melander asked how often the price of fuel affects fares. Ms. Bogie noted that fare recovery is at about 28% and fuel is just one of the many factors considered for fare rates.

*ACTION ITEM: Ms. Bogie will report to Mr. Melander the percentage of fare recovery.*

Mr. Chávez inquired as to whether the Met Council can hedge on its own or if there is a consortium with which to utilize for the purchase of diesel fuel. Mr. Hoppe responded that the Metro Transit is the largest user of fuel in the state and a consortium is being reviewed by a consultant.

### **COOP – Continuity of Operations program Update**

Due to time constraints, this information item will be presented at the April 11, 2012 Management Committee Meeting.

### **Labor Negotiation Discussion**

The Management Committee Meeting was closed according to Minnesota Statutes section 13D.03, subdivision 1(b) to consider strategy for labor negotiations, including negotiation strategies or developments or discussion and review of labor negotiation proposals.

Committee Member Chávez motioned for the meeting to close, seconded by R. Kramer. The meeting closed at 3:15 p.m.

Sandi Blaeser, Assistant Director Human Resources along with Marsha Patton, Chief Negotiator for Law Enforcement Division, discussed parameters regarding the LELS Labor Agreement.

S. Chávez motioned to reopen the meeting, seconded by G. Van Eyll.

It was noted after the motion to reopen the meeting that three to four findings noted in the closed portion of the meeting will be documented for upcoming labor negotiation discussions.

*ACTION ITEM: Ms. Blaeser will document three to four findings regarding the labor negotiations of the LELS Labor Agreement.*

### **ADJOURNMENT**

Business completed, the meeting adjourned at 3:35 p.m.

Respectfully submitted,

Robbin Schmitt  
Recording Secretary