

METROPOLITAN COUNCIL

390 North Robert Street, St. Paul, Minnesota 55101

REGULAR MEETING OF THE MANAGEMENT COMMITTEE

Wednesday, October 27, 2010

Committee Members Present

Roger Scherer, Chair; Lynette Wittsack, Vice Chair; Sherry Broecker; Craig Peterson; Kris Sanda.

CALL TO ORDER

A quorum being present, Committee Chair Scherer called the regular meeting of the Council's Management Committee to order at 2:32 p.m. on Wednesday, October 27, 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 S. Broecker, seconded by K. Sanda to approve the minutes of the October 13, 2010 regular meeting of the Management Committee. *Motion carried.*

BUSINESS

2010 Unified Operating Budget Amendment

Paul Conery, Manager, Budget & Evaluation, presented this business item. Beginning in 2002, the Council no longer levied property taxes for transit operations. The property tax funding was replaced with revenues from the State's Motor Vehicle Sales Tax (MVST). This shift in revenue sources resulted in a six month cash flow adjustment, depleting Metro Transit Bus Operations Reserves. Since 2002, Metro Transit has steadily been rebuilding its Bus Operations Reserves on an annual basis.

This proposed operating budget amendment requests the elimination of \$3,468,415 of transfers in from the Livable Communities fund balances and authority to transfer \$9,412,321 from MVST Reserves to Metro Transit Bus and Northstar Reserves.

	Bus	Hiawatha	Northstar
Projected variance from 12/31/10 fund balance target	(\$5,696,904)	\$1,132,143	(\$472,566)
Eliminating the use of Livable Communities fund balances	(\$3,242,851)	(\$225,564)	
Adjusted variance from target	(\$8,939,755)	\$906,579	(\$472,566)
Transfer in from MVST Reserve	\$8,939,755		\$472,566

This proposed operating budget amendment does not increase expenditure authority.

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

"That the Metropolitan Council amend the 2010 Unified Operating Budget by:"

- Eliminating the transfer of \$3,468,415 from Livable Communities fund balances to Metro Transit operations, and
- Authorizing the transfer of \$9,412,321 from MVST Reserves to Metro Transit Bus and Northstar Reserves.

Motion carried.

2010 Unified Capital Program Amendment

This item was presented by Alan Morris, Principal Financial Analyst. This proposed amendment programs new federal and regional funding to capital projects in the Transportation Division and reallocates state and regional funding in the Community Development Division.

The proposed amendment adds \$1,016,800 in new Council bonding authority to the Authorized Capital Program for transit projects. There is available, un-programmed regional bonding authority (see table below) provided by the Legislature to accommodate the additional bonding. The proposed regional bonding for transit is reflected in the fiscal analysis in the adopted Unified Capital Program and the level of regional bonding is consistent with the Council goal to keep the impact of Council property taxes on existing regional taxpayers flat over time.

	Metro Transit	MTS	Total
2009 Legislative Authorization	\$ 20,520,000	\$ 13,680,000	\$ 34,200,000
2010 Legislative Authorization	20,760,000	13,840,000	34,600,000
Total Authorizations	<hr/> \$ 41,280,000	<hr/> \$ 27,520,000	<hr/> \$ 68,800,000
Previously Programmed	\$ 10,692,154	\$ 18,434,226	\$ 29,126,380
Plus: This Amendment	1,016,800	0	1,016,800
Total Programmed	<hr/> \$ 11,708,954	<hr/> \$ 18,434,226	<hr/> \$ 30,143,180
Remaining Unprogrammed	\$ 29,571,046	\$ 9,085,774	\$ 38,656,820

It was moved by L. Wittsack, seconded by S. Broecker:

"That the Metropolitan Council:"

- Amend the 2010 Authorized Capital Program (multi-year authorization) by adding spending authority as follows:

Metro Transit	\$ 8,784,000
Metropolitan Transportation Services	\$ 500,000
Parks and Open Space	\$ 0

- Amend the 2010 Capital Budget (annual appropriation) by increasing or decreasing appropriations as follows:

Metro Transit	\$ 8,334,000
Metropolitan Transportation Services	\$ 500,000
Parks and Open Space	(\$ 510,000)

- Approve the changes to capital projects as detailed in Attachment 1

Motion carried.

Authorization for Internal Cash Flow Loan

Mary Bogie, Deputy Chief Financial Officer, presented this business item. The Council’s Finance and Asset Management Policy allows for short-term loans to meet temporary cash flow needs. Any loan for more than three months or \$10 million must be approved by the Council.

General Obligation bonds are used to finance the cash flow needs of capital projects. Proceeds from Council bonds issued in 2009 have been depleted, or nearly depleted, for Metro Transit, Environmental Services and Parks. An internal loan is necessary to fund the cash flow needs of projects until new bonds are issued in December 2010. Internal loans are necessary to continue to fund the cash flow needs of approved projects and operations.

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

“That the Metropolitan Council authorize internal loans to cover the cash flow needs of:”

- Capital Projects Funds for Metro Transit, Environmental Services and Parks, and
- Metro Transit: Northstar Commuter Rail

Motion carried.

Authorization to Award General Obligation Bonds Within Established Financial Parameters

Allen Hoppe, Sr. Manager Treasury, presented this business item to the Committee. The Council generally issues general obligation bonds on an annual basis to fund Transit, Wastewater, and Parks capital projects. Bond offerings are developed with the assistance of a financial advisor and external bond counsel.

Council staff will keep award of the bonds within the following parameters:

Item	Metro Transit	Wastewater	Parks
Sale Authorization (days)	90	90	90
Maximum Authorized Par Amount	\$69.0 million	\$65.0 million	\$8.6 million
Bid Limits (% of authorized total par)	99.2%-102.0%	99.2%-102.0%	99.2%-107.0%
Maximum True Interest Cost (TIC)	3.00%	3.20%	1.80%

The proposed new money bond issues are included in the 2010 Operating Budget and 2011-2015 Capital Program and Budget.

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

“That the Metropolitan Council adopt parameters Resolutions 2010-38, 2010-39, and 2010-40, authorizing issuance and award of sale of general obligation bonds and execution of other necessary documents to complete the bond sales.”

Motion carried.

INFORMATION

CCLRT Cash Flow Financing

This information item was presented by Mark Fuhrmann, Deputy General Manager, CCLRT and Allen Hoppe, Sr. Manager, Treasury. They outlined financing for the Central Corridor Light Rail Transit. The discussion summarized sources of funds; Full Funding Grant Agreement; interim negative cash balance; projected cash balance; cash flow mitigation measures; front load local funding; grant anticipation notes; grant anticipation notes outstanding; loans from internal pool; project internal loan balance; financing cost summary. The approval of financing timing and use of short-term internal loans. This discussion was to serve as background information to the Management Committee. The business item request will go to the Management Committee on November 10, 2010 and to full Council on December 8, 2010 for approval.

3Q10 Financial Results

A presentation and discussion for the 3Q10 financial results was not given because of lack of time. The entire report is posted on:

<http://councilmeetings.metc.state.mn.us/management/2010/10.27.2010/3rd%20Quarter%20Financial%20Report.pdf>

If Committee Members have any questions, Mary Bogie, Deputy Chief Financial Officer, suggested they call her and she will be happy to answer any questions: 651-602-1359.

ADJOURNMENT

Business completed, the meeting adjourned at 3:50 p.m.

Respectfully submitted,

Lana Lindstrom
Recording Secretary