

METROPOLITAN COUNCIL
390 North Robert Street, St. Paul, Minnesota 55101

REGULAR MEETING OF THE MANAGEMENT COMMITTEE
Wednesday, June 11, 2008

Committee Members Present: Roger Scherer, Chair; Lynette Wittsack, Vice Chair; Sherry Broecker; Craig Peterson, Tony Pistilli, Kris Sanda, Mary Hill Smith

CALL TO ORDER

A quorum being present, Committee Chair Roger Scherer called the regular meeting of the Council's Management Committee to order at 2:30 p.m. on Wednesday, June 11, 2008.

APPROVAL OF AGENDA AND MINUTES

It was moved by K. Sanda, seconded by L. Wittsack to approve the agenda for the June 11, 2008 meeting of the Management Committee and the minutes for the May 28, 2008 meeting of the Management Committee *Motion carried.*

BUSINESS

2008-161 Technical Amendments to Legal Services Agreement

As the first item of business, Nils Grossman, General Counsel, presented three amendments to three separate legal services agreements for consideration. By unanimous consent, the question was divided and the proposed amendment to the Lockridge, Grindal and Nauen contract was considered separately.

The General Counsel described the nature of the legal services rendered under each contract. There was no further discussion.

A motion was made by L. Wittsack and seconded by S. Broecker to approve the proposed amendments to the legal services agreements with Best and Flanagan and with Parker Rosen. *Motion carried.*

A motion was made by L. Wittsack and seconded by K. Sanda to approve the proposed amendment to the legal services agreement with Lockridge, Grindal and Nauen. *Motion carried.*

Roger Scherer, Chair directed these items to be placed on the council's consent agenda as two separate items to allow any Council Member to reclude themselves if necessary.

2008-152 SW 2008-2013 Capital Improvement Program and Capital Program and Budget Amendment – Urban Partnership Agreement

Alan Morris presented this item to the Committee. It was moved by K. Sanda and seconded by C. Peterson to approve the proposed action as follows:

That the Metropolitan Council amend the 2008 Authorized Capital Program (Multi-year authorization) by adding specific authority to the Transportation Division as follows:

Metro Transit: \$103,450,000

That the Metropolitan Council amend the 2008 Capital Budget (annual appropriation) by increasing spending authority to the Transportation Division as follows:

Metro Transit: \$ 69,311,500

Motion carried.

2008-154 2008-2013 Capital Improvement Program and Capital Program and Budget Amendment

This item was presented by Alan Morris. A motion was made by C. Peterson and seconded by S. Broecker to approve the proposed action:

That the Metropolitan Council:

- Amend the 2008 Authorized Capital Program (Multi-year authorization) by adding spending authority ~~to the Transportation Division~~ as follows:

Metro Transit	\$ 92,986,807
Metropolitan Transportation Services	\$ 40,912,284
<u>Parks and Open Space</u>	\$ 3,700,000
- Amend the 2008 Capital Budget (annual appropriation) by increasing spending authority ~~to the Transportation Division~~ as follows:

Metro Transit	\$ 19,096,502
Metropolitan Transportation Services	\$ 11,424,657
<u>Parks and Open Space</u>	\$ 2,200,000
- Approve new projects and transfers between capital projects as detailed in the attachment on the business item.

Motion carried.

2008-162 Amendment to Council Investment Policy

This item was presented by Allen Hoppe. It was moved by L. Wittsack and seconded by T. Pistilli that the Metropolitan Council approve changes to the Investment Policy as shown below:

The Management Committee of the Council has designated that the Investment Review Committee (IRC) provide on-going oversight and review of the Council's investment program. The IRC will establish policies, procedures and objectives as they relate to investments and monitor compliance thereto. The IRC consists of two Council members ~~designated by the Management Committee~~, two members with strong relevant financial background who are not Council employees/members, ~~and who are appointed by the Council Treasurer, and the Chief Financial Officer (CFO).~~ Prospective external members will be required to disclose any potential conflicts before appointment. Whether the positions are held jointly or severally, the CFO and Treasurer shall be members of the IRC without the need for Management Committee or Council approval. All other candidates for the IRC will be jointly nominated by the Treasurer, the Chair of the Management Committee, and the Council Chair. Nominees must be subsequently

recommended by the Management Committee and approved by the Council. Nominees will be required to disclose any potential conflicts before appointment. Each person on the IRC shall have just one vote on all matters brought before the IRC. The IRC will be supported by the Controller and related staff and will meet at least twice per year. Further responsibility for daily management and administration of the investment program and investment transactions is delegated to staff in the form of a written addendum from the Regional Administrator of the Council. This Policy applies to all financial assets, funds and transactions of the Council and its divisions.

The key points of the policy are that:

1. By their appointments to their positions, the Treasurer and Chief Financial Officer (CFO) will automatically be members of the Investment Review Committee (IRC).
2. Two non-Council members with strong financial background and two Council members will be the other members of the IRC. These four positions will be filled through nomination by the Treasurer, the Chair of the Management Committee, and the Council Chair and subsequently recommended by the Management Committee and approved by the Council.
3. Each person on the IRC shall have just one vote even if they hold more than one position.
4. It is understood, but not stated, that the Treasurer position may be held by either the CFO or by one of the Council members appointed to the IRC.

Motion carried.

INFORMATION

Update – Energy Forward Pricing Mechanism Program (EFPM)

Jeff LeMunyon, Linwood Capital, gave an overview of the benefits of the hedging program. Hedging is the process of either reducing or eliminating the range of probable energy costs over a future time period. It is done by “locking in” the price today for future needs. The Metropolitan Council has been participating in a fuel hedging program since May 2008 (for Diesel) and since August 2006 (for Natural Gas). According to the consultant, the hedging program has added value to the Council in the form of more certain future costs (diminished budget risk), expectations of lower overall costs over time and the avoidance of organizational stress. By keeping costs within budgets, the Council can reduce the likelihood of organizational stress caused by going over budget due to higher energy prices. On May 31, the hedging program was valued at approximately \$25 million (gross value since inception.)

ADJOURNMENT

Business completed, the meeting adjourned at 3:46 p.m.

Respectfully submitted,

Lana Lindstrom
Recording Secretary