

## METROPOLITAN COUNCIL

390 North Robert Street, St. Paul, Minnesota 55101

### REGULAR MEETING OF THE MANAGEMENT COMMITTEE

Wednesday, August 25, 2010

Committee Members Present: Roger Scherer, Chair; Lynette Wittsack, Vice Chair; Sherry Broecker; Robert McFarlin; Craig Peterson; Tony Pistilli; 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 2:31 p.m. on Wednesday, August 25, 2010.

#### APPROVAL OF AGENDA AND MINUTES

It was moved by C. Peterson, seconded by T. Pistilli to approve the agenda. *Motion carried.*

It was moved by C. Peterson, seconded by T. Pistilli to approve the minutes of the July 28, 2010 Regular Meeting of the Management Committee. *Motion carried.*

#### BUSINESS

##### 2010 Unified Operating Budget Amendment

Paul Conery presented this business item. He explained in detail the recommendations for the revisions to the 2010 budget as indicated in the table below. The amendment has been approved by the Transportation and Environment Committees.

	<u>Adopted Budget</u>	<u>Previous Amendments</u>	<u>Proposed Amendment</u>	<u>Proposed Budget</u>
<b>Revenues</b>				
Operating	\$ 499,850,930	\$ 20,603,840	\$ 644,300	\$ 521,099,070
Pass Through	78,378,860	-	-	78,378,860
Debt Service	137,278,790	-	512,442	137,791,232
<b>Total Revenues</b>	<b>\$ 715,508,580</b>	<b>\$ 20,603,840</b>	<b>\$ 1,156,742</b>	<b>\$ 737,269,162</b>
<b>Expenditures</b>				
Operating	\$ 519,405,804	\$ 12,566,530	\$ 5,750,000	\$ 537,722,334
Pass Through	78,253,455	-	-	78,253,455
Debt Service	140,929,993	-	11,337,442	152,267,435
<b>Total Expenditures</b>	<b>\$ 738,589,252</b>	<b>\$ 12,566,530</b>	<b>\$ 17,087,442</b>	<b>\$ 768,243,224</b>
<b>Surplus / (Deficit)</b>	<b>\$ (23,080,672)</b>	<b>\$ 8,037,310</b>	<b>\$ (15,930,700)</b>	<b>\$ (30,974,062)</b>

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

"That the Metropolitan Council amend the 2010 Unified Operating Budget as indicated and in accordance with attached tables."

*Motion carried.*

##### 2010 Unified Capital Program Amendment

Paul Conery presented this business item on behalf of Alan Morris. This proposed amendment programs new federal and regional funding to capital projects in the Transportation Division and Community Development Divisions.

It was moved by K. Sanda; seconded by C. Peterson:

That the Metropolitan Council:

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

Metro Transit	\$ 13,621,107
Metropolitan Transportation Services	
New Authority	\$ 12,642,931
Removal of Closed Projects	(\$ 12,701,521)
Net Change	(\$ 58,590)
Parks and Open Space	\$ 4,217,000

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

Metro Transit	\$ 15,621,107
Metropolitan Transportation Services	\$ 4,930,665
Parks and Open Space	\$ 1,054,250

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

***Motion carried.***

**Authorization to Enter into a Labor Agreement with the International Union of Operating Engineers, Local Union No. 35, AFL-CIO**

This item was presented by Sandi Blaeser. The contract with IUOE expired on December 31, 2009. The parties reached a tentative agreement; the IUOE membership ratified the agreement on August 18, 2010. The labor agreement was negotiated within the parameters set by the Council.

It was moved by K. Sanda; seconded by T. Pistilli:

“That the Metropolitan Council authorize the Regional Administrator to enter into a labor agreement with the International Union of Operating Engineers (IUOE), Local Union No. 35, AFL-CIO, effective January 1, 2010 through June 30, 2011.”

***Motion carried.***

**Technical Amendments to Legal Services Agreements; No Budget Impacts**

This item was presented by Don Mueting and Phil Walljasper. When Contract prices exceed \$250,000, each subsequent amendment must be approved by the Metropolitan Council. The proposed amendments would allow the General Counsel to pay for essential legal services.

It was moved by T. Pistilli; seconded by R. McFarlin:

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

Law Firm	Services	Term	Current Price	Proposed Increase	New Price
Barnes Thornburg	Legal Services related to Total Maximum Daily Load Matters Contract No. 09P167B	1/1/10-12/31/12	\$125,000	\$125,000	\$250,000
Arthur, Chapman, Kettering, Smetak, Pikala	Legal Services related to Tort & Property Damage Contract No. 08P044A	2/24/09-1/31/12	\$125,000	\$75,000	\$200,000
Bassford Remele	Legal Services related to Tort & Property Damage Contract No. 06P152A	1/1/07-12/31/10	\$1,125,000	\$50,000	\$1,175,000
LaBore, Giuliani, Cosgriff, Viltoft	Legal Services related to Tort & Property Damage Contract No. 08P044C	2/23/09-1/31/12	\$125,000	\$125,000	\$250,000
Provo-Petersen, O'Neill	Legal Services related to Tort & Property Damage Contract No. 08P044B	2/23/09-1/31/12	\$250,000	\$250,000	\$500,000
Heacox Hartman	Legal Services related to Workers Compensation Contract No. 05P044B	6/29/06-6/30/11	\$750,000	\$250,000	\$1,000,000

**Motion carried, with one "no" vote.** K. Sanda would like to see the Legal Department's "plan" to reduce the number of amendments needed for legal contracts. D. Mueting will provide this information at a future Management Committee meeting.

## **INFORMATION**

### **2Q10 Report on Investments**

A detailed 'Report on Investments' was presented by Allen Hoppe and Mercy Ndungu. They gave an economic review for 2Q10 -- reviewed consumer spending; manufacturing; employment; housing; history of U.S. debt; velocity of money; and S&P 500 stock index. Also talked about treasury yields and portfolio results -- which included total return, ST port; short term yields; total return, LT port; LT total return vs. index; LT port returns vs. benchmark (duration); and OPEB port results. The hedging program was discussed with charts showing the price of heating oil over 7 years; diesel hedging impact on budget (budgeted vs. actual cost); price of natural gas over 20 years; and natural gas hedging impact on budget (budgeted vs. actual cost).

Investment returns were stellar for the quarter. Without adjusting for duration, the short-term portfolio's total return was 0.08% (10 basis points above the benchmark); the long-term portfolio return was 3.81% (not annualized) for 2Q10 (110 basis points above the benchmark.) Muni holdings performed very well.

## **ADJOURNMENT**

Business completed, the meeting adjourned at 3:25 p.m.

Respectfully submitted,

Lana Lindstrom  
Recording Secretary