



Finance and Operations Committee Minutes **January 14, 2015**

Attending Committee Members:	Jeff Hawker	Larry Ellertson		
Missing Committee Members:	Greg Hughes	Chris Sloan		
Other Board Members:	Danny McConkie	Robert McKinley	H. David Burton	Chris Bleak
Attending Staff:	Jerry Benson	Bob Biles	Dave Goeres	Steve Meyer
	David Kallas	Mike Allegra	Alan Maughan	Rebecca Cruz
	Andrea Packer	Brad Armstrong	Richard Swenson	Matt Sibul
	Cathie Griffiths	Bruce Jones		

Visitors: Brian Baker (Zion's Bank), Scott Burnett (Contango), Matt Bell (Weber County Commissioner), Jason Lee (Deseret News)

Committee Chair, Jeff Hawker opened the meeting excusing Trustees Greg Hughes and Chris Sloan and appointing trustees Robert McKinley and Danny McConkie as voting Committee members for this meeting.

Safety First Minute

UTA Chief Safety Officer, Dave Goeres presented the safety message for the month of January – *"Be a Safety Machine in 2015."* Mr. Goeres went on to say:

- Decals that say "Please yield, let the bus back in" are being placed on the back of all the buses. The project is expected to be completed by the end of January.

Review of November Performance Dashboard & Financial Statements

UTA Chief Financial Officer, Bob Biles presented the November financials and performance dashboards specifically mentioning the following:

- YTD Sales Taxes of \$174.9 million is below the budget of \$175.7 million. However, there has been a 5.1% growth in sales tax over the last nine months (compared to the same nine months of 2013).
- YTD Fare Revenue of \$43.2 million is below the budget of \$44.7 million. This is due in part to the various reduced fare passes being offered and ridership growth being approximately 2% instead of the 4% growth that was projected.
- YTD Operating Expenses of \$206.2 million is below the budget of \$214.7 million.
- YTD IPR of \$3.96 is below the goal of \$3.99.
- YTD Diesel price of \$3.18 per gallon is under the budget of \$3.40 per gallon.
- Board Goals:
 - Ridership is 1.96% higher than the same period in 2013 but below the 2014 goal of 4.0% growth over 2013.
 - Federal funds for the Provo/Orem BRT have not been awarded.
 - The on-site CNG Fueling facility has been delayed by old concrete foundations, historical archeological observation requirements, Buy America issues, coal dust and soil issues. The project is still on budget but completion is now scheduled for April 2015.

January 14, 2015

- All other 2014 board goals are expected to be accomplished.

Trustee McKinley made a motion to forward the November, 2014 dashboard and financial statements to the Board for approval. Trustee McConkie seconded the motion. Voting was unanimous.

Approve 2015 Calendar of Topics

UTA Vice President and Chief Operating Officer, Jerry Benson presented.

- A calendar of topics has been prepared in an effort to plan ahead and balance the workload throughout the year.
- The calendar includes the following items:
 - February: Required year-end report on performance goals (this may move to March depending on when the 2014 books are closed out).
 - March: April change day service changes. Required safety and environmental compliance reports. Required external, legislative, safety or FTA audit corrective action items.
 - April: Required report on changes in service under UTA's stated standards. Quarterly Investment Report.
 - May: Required annual financial and pension audit reports and pension actuarial evaluation report.
 - June: Compliance report on procurement, policies and appeals.
 - July: Quarterly Investment Report. August Change Day service changes.
 - October: Quarterly Investment Report
 - November: December Change Day service changes
 - December: Annual compliance report on public hearings
- Mr. Benson requested that a report on UTA's Mobility Management Program be added to the calendar.
- In addition, Committee Chair Hawker and other board trustees suggested the calendar be amended to include the following items as well:
 - Regular CNG updates
 - Regular reports on areas of Operations including bus and rail services
 - Bonding structure
 - UTA's digital interface: Website (route finder) and Wi-Fi on the trains
 - State of Good Repair items
- Committee Chair Hawker mentioned the Board Chair and Vice-Chair are having discussions about configuring an audit committee but it's a work in progress.

Trustee McKinley made a motion to approve the 2015 F&O Calendar of Topics with amendments. Trustee Ellertson seconded the motion. Voting was unanimous.

Approve December 3, 2014 Meeting Report

Trustee McKinley made a motion to approve the Committee Meeting Report for December 3, 2014. Trustee Bleak seconded the motion. Voting was unanimous.

Quarterly Investment Report

Mr. Biles presented.

- Investments sold from October 1, 2014 to November 14, 2014:
 - Amount invested = \$94,080,620
 - Sale amount = \$94,278,643

January 14, 2015

- Interest earned = \$180,438
- Gains = \$279,843
- No investments were purchased from October 1, 2014 to December 31, 2014.
- There are currently no securities in UTA's portfolio.
- Because UTA has managed its investment portfolio a little differently this year (e.g. refinancing of bonds, buying/selling of investments, and \$20 million being managed by Contango), it's gained approximately \$2.3 million in funds.

Mr. Biles turned the time over to Mr. Scott Burnett from Contango who provided the following Risk Summary Report for December, 2014:

- Balance Sheet
 - Book Value and Accrual = \$20,133,725
 - Net Unrealized Loss = \$168,457
 - A lot of the securities in the portfolio are floating rate securities. Due to compliance rules, Contango isn't allowed to go in and adjust pricing services.
 - Market Value and Accrual = \$19,965,268
- Cash and Fixed Income Book Yield = 1.116
- Rates have continues to drop. A record low this morning was seen - a 30 year treasury was at 240. The 10 year treasury (used to calculate mortgages) was at 1.81.
- The Fed Fund Rate is anticipated to increase mid-year.
- Approximate Earned Interest Comparison
 - From April, 2014 through December, 2014 by Contango managing \$20 million of UTA's funds (instead of keeping the money in the Public Treasurer's Investment Fund), UTA has earned an approximate difference of \$63,666.

Update on 2015 Refunding Bonds

UTA Finance Services Manager and Deputy Treasurer, Richard Swenson and Brian Baker from Zions presented.

- Interest rates since December's F&O Committee meeting shows:
 - 30 year has dropped 40 basis points
 - 10 year has dropped 24 basis points
- Because rates have dropped; as of today the potential savings on the refunding of bonds has increased from \$58,640,237 in December to \$77,289,190.
- The bond closing will be February 25, 2015 to avoid negative arbitrage

Board Chair, H. David Burton asked what impact the refunding would have on UTA's rating. Mr. Biles and Mr. Baker expressed they thought it would be favorable. Mr. Biles went on to say UTA has specifically asked each of the rating agencies to consider an upgrade and the rating agencies have expressed they like some of the changes UTA is making (i.e. the bond test being moved from 1.1 to 1.2).

Board Vice-Chair, Chris Bleak asked with the rates being where they are why the closing would wait until February. Mr. Baker explained the bond ratings won't be out until next Tuesday and the

January 14, 2015

underwriting agencies need a couple of days to market it and give it time to go through their internal credit committees to get permission to purchase the bonds.

Liaison, Conference and External Committee Reports

UTA President/CEO, Mike Allegra shared the following:

- The Chief of Transit Oriented Development position has been filled. UTA Chief Capital Development Officer, Steve Meyer will take on this position but also retain his current responsibilities as Chief Capital Development Officer. Mr. Meyer's title will be changed to Chief Development Officer.
- State, county, local business communities, UTA and UDOT have all been involved in dialogue to find a common ground regarding transportation funding.
- UTA is working with the FTA especially on the Provo/Orem BRT project.
- UTA is working with the state of Utah on mobility management efforts.
- A lot of discussion and activities have been going on regarding the Mountain Accord project. It will go out for public comment at the end of January. Mr. Allegra asked the board committee members to participate in the public comment process. A full environmental impact study on the project has also been requested.

Input for February Committee Meeting Agenda

- State of Good Repair Projects

Adjourn

Trustee Ellertson made a motion to adjourn this meeting at 12:55 pm; Trustee McKinley seconded the motion. Meeting adjourned.

Report Transcribed by:

Aj Anderson, Sr. Office Specialist
Office of the Chief Operating Officer
E-mail: aanderson@rideuta.com
Telephone: (801) 287-2309