



ADMINISTRATION & FINANCE COMMITTEE

Thursday, March 15, 2007

MINUTES

1. CALL TO ORDER

The Regular Meeting of the Administration and Finance Committee (A&F) was called to order at 12:00 p.m. by Chairperson Kerr in Room 157, County Government Center, 70 West Hedding Street, San Jose, California.

ROLL CALL

Members Present

Don Gage, Vice Chairperson
Breene Kerr, Chairperson
Forrest Williams

Members Absent

Chuck Reed

Alternates Present

Alternates Absent

Dominic Caserta
Judy Chirco
Pete McHugh

* Alternates do not serve unless participating as a Member.

A quorum was present.

Chairperson Kerr removed the following Agenda Items from the Agenda: Agenda Item #2., Closed Session and Agenda Item #3., Closed Session Report.

2. CLOSED SESSION

Conference with Labor Negotiators
[Government Code Section 54957.6]

VTA Designated Representatives:

Roger Contreras, Chief Financial Officer
Bill Lopez, Chief Administrative Officer
Robert Escobar, Manager, Office of Employee Relations

Employee Organization:

American Federation of State, County, and Municipal Employees (AFSCME)

There was no Closed Session.

3. CLOSED SESSION REPORT

There was no Closed Session Report.

4. PUBLIC PRESENTATIONS

There were no Public Presentations.

5. ORDERS OF THE DAY

There were no Orders of the Day.

CONSENT AGENDA

6. Regular Meeting Minutes of February 15, 2007

M/S/C (Williams/Gage) to approve the Regular Meeting Minutes of February 15, 2007.

7. Report on Santa Clara Valley Transportation Authority Investments for the month of January 2007

M/S/C (Williams/Gage) to receive the Report on Santa Clara Valley Transportation Authority Investments for the Month January 2007.

8. Monthly Legislative History Matrix

M/S/C (Williams/Gage) to receive the Monthly Legislative History Matrix.

9. Quarterly Attendance Report

M/S/C (Williams/Gage) to receive the Quarterly Attendance Report.

REGULAR AGENDA

10. Sales Tax Revenue Refunding Bonds, 2007 Series A

Roger Contreras, Chief Financial Officer, provided a brief overview of the Sales Tax Revenue Refunding Bonds, 2007 Series A. Mr. Contreras directed attention to the presentation entitled, "2007 Bonds Secured by 1976 Sales Tax Revenues", highlighting: 1) 1997 Sales Tax Revenue Bonds; 2) 1997 Sales Tax Revenue Bonds Background; 3) 2007 Sales Tax Revenue Bonds Proposed Structure; 4) 2007 Sales Tax Revenue Refunding Bonds Projected Savings; 5) 2007 Sales Tax Revenue Refunding Bonds Manner of Sale; 6) 2007 Sales Tax Revenue Refunding Bonds Financing Team; and 7) 2007 Sales Tax Revenue Refunding Bonds Documentation.

NOTE: M/S/C MEANS MOTION SECONDED AND CARRIED AND, UNLESS OTHERWISE INDICATED, THE MOTION PASSED UNANIMOUSLY.

Board Member Williams queried about the Debt Management Policy and potential savings from instituting action given the current interest rate. Mr. Contreras responded

that VTA's Debt Management Policy adopted in June 2006 provides that the present value savings generated by refunding bonds will be at least 3 percent of the outstanding refunded bond amount.

Mr. Contreras stated that the projected savings available from issuing the 2007 Refunding Bonds in the current market would exceed the 3 percent standard.

Vice Chairperson Gage queried about the savings. Mr. Contreras responded that the savings would be allocated to VTA's Enterprise Operating Fund.

Mr. Burns commented on the potential to allocate savings and reinvest the funding to sustainability projects, such as improvements to the River Oaks Facility. Mr. Burns referenced the one-time revenues in VTA's Proposed Operating Budget, noting a line item allocating funding to sustainability projects for facility upgrades.

Chairperson Kerr queried if it was appropriate to invest funding for improvements to the River Oaks Facility and determine if the investment upgrades would result in further cost reductions in the facility. Mr. Burns noted that the sustainability project would be a line item in the budget proposal.

M/S/C (Kerr/Gage) to approve submitting a recommendation to the Board of Directors to adopt a resolution authorizing the General Manager or Chief Financial Officer to take all necessary actions to offer, via competitive sale, up to \$33 million of Sales Tax Revenue Refunding Bonds, 2007 Series A (2007 Refunding Bonds) to refund all or a portion of VTA's Sales Tax Revenue Refunding Bonds, 1997 Series A and to pay the costs of issuance, provided the aggregate net present value benefit equals or exceeds 3 percent.

OTHER ITEMS

11. State Infrastructure Bond for Transportation – Public Transportation, Modernization, Improvement and Service Enhancement Account

Carolyn M. Gonot, Chief Development Officer, provided a brief overview of the State Infrastructure Bond for Transportation – Public Transportation, Modernization, Improvement and Service Enhancement Account. Ms. Gonot directed attention to the presentation entitled, "Metropolitan Transportation Commission (MTC) Proposal for Proposition 1B: Regional Transit Funding", highlighting: 1) Proposition 1B; 2) Available Funding; 3) MTC's Policy Principles for the Population Share; 4) Expand Lifeline Commitment; 5) Urban Core Transit Improvements; 6) Smaller Operators; 7) Clean Air; and 8) Next Steps.

Vice Chairperson Gage asked if the share is total population or ridership population. Ms. Gonot responded that it is the total population within the State.

Vice Chairperson Gage stressed the importance to base the share on ridership population, noting the high ridership population into the County of Santa Clara. Ms. Gonot responded that that Bay Area has approximately 51 percent of all the ridership in the entire state.

Board Member Williams asked how the low-income population percentage was determined. Ms. Gonot responded that the percentage information was determined through census data.

Ms. Gonot referenced the slide entitled “Urban Core Transit Improvements” and noted that one condition is that San Francisco Muni and VTA must resolve outstanding Caltrain Right of Way acquisition financing issues with SamTrans.

Vice Chairperson Gage stated that VTA’s position is that the Caltrain Right of Way issue is resolved. Michael T. Burns, General Manager, concurred with Vice Chairperson Gage’s comments. Mr. Burns stressed the importance to discuss the issue with VTA representatives on the Caltrain Joint Powers Board (CJPB) and MTC.

Ms. Gonot stated that VTA will be eligible to receive funding from the Lifeline Program, which is 2/3 funding allocated for capital and 1/3 funding for operations. Lifeline Program funding is allocated to the County Congestion Management Agencies (CMA), which is directed to transit operators to provide service enhancements or make capital improvements.

Kurt Evans, Government Affairs Manager, commented that the infrastructure bond funding can only be utilized for transit capital and not operations.

Vice Chairperson Gage queried if VTA will have to fight for its share of funding. Ms. Gonot responded, “yes”.

Vice Chairperson Gage asked who the individuals were that will represent VTA at the MTC. Mr. Burns responded that Ex-Officio Board Member Ken Yeager, VTA Board Chairperson Dean J. Chu, and Board Member David Cortese represent VTA on the MTC Commission.

On order of Chairperson Kerr, there being no objection, the Committee discussed the State Infrastructure Bond for Transportation – Public Transportation Modernization, Improvement and Service Enhancement Account.

12. Items of Concern and Referral to Administration

There were no Items of Concern and Referral to Administration.

13. Committee Work Plan

On order of Chairperson Kerr, there being no objection, the Committee reviewed the Committee Work Plan.

14. Committee Staff Report

Michael T. Burns, General Manager, stated that the Board of Directors will review the Management Audit and Financial Review at its March 23, 2007 Workshop Meeting.

15. Chairperson’s Report

Chairperson Kerr announced that the he and Jim Lawson, Government Affairs Manager and A&F Staff Liaison, will attend the Annual Clean Cities Conference on alternative fuels and vehicles for Transit Agencies in Anaheim, CA in April 2007.

16. Determine Consent Agenda for the April 5, 2007 Board Meeting

CONSENT: None

REGULAR: Agenda Item # 10., Adopt a resolution authorizing the General Manager or Chief Financial Officer to take all necessary actions to offer, via competitive sale, up to \$33 million of Sales Tax Revenue Refunding Bonds, 2007 Series A (2007 Refunding Bonds) to refund all or a portion of VTA's Sales Tax Revenue Refunding Bonds, 1997 Series A and to pay the costs of issuance, provided the aggregate net present value benefit equals or exceeds 3 percent.

17. Announcement

There were no Announcements.

18. ADJOURNMENT

On order of Chairperson Kerr, there being no objection, the Committee meeting was adjourned at 12:41 p.m.

Respectfully submitted,

Michelle M. Garza, Board Assistant
VTA Board of Directors