



Minutes of the Four Hundred and Fifteenth Meeting
Of the Utah Transit Authority Board of Trustees

The Four Hundred and Fifteenth meeting of the Board of Trustees of the Utah Transit Authority was held on September 24, 2008, in the Board Room of the Meadowbrook Facility located at 3600 South 700 West, Salt Lake City, Utah.

Members of the Board of Trustees in attendance:

Larry Ellertson, President	Terry C. Diehl
Gregory Simonsen, Vice President	Charles Henderson
Justin Y. Allen	Gregory Hughes
Michelle Baguley	Robert A. Hunter
Keith Bartholomew	P. Bret Millburn
Christopher R. Bleak	Michael Romero
Burtis Bills	Absent:
Necia Christensen	J. Kent Millington
J. Stephen Curtis	Frederick W. Oates

Also in attendance were John English, General Manager and CEO; Bruce Jones, General Counsel; Celeste Burningham, Corporate Office Specialist, as well as interested citizens, UTA staff and media representatives.

Welcome - President Ellertson called the meeting to order at 2:34 p.m.

Resolutions

- Resolution of the Board of Trustees of the Utah Transit Authority Amending the Records Access and Management Policy. Trustee Baguley stated that this Resolution is to bring UTA's GRAMA policy in line with the changes that were made in state law. She stated that the old fee schedule is in the packet for the GRAMA requests and that staff is working to update that.

President Ellertson corrected a typo on page 6, paragraph D2b, where it states "quantity of records of requires". He stated that it should read "records or requires." He stated that for the UTA policy he would like to see that the policy be more specific in stating that the appeals panel is the Board of Trustees.

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Bruce Jones state that the policy is written generically because with each organization the body changes but that his staff would make the change to reflect that the body noted in UTA policy is the Board of Trustees.

Trustee Baguley made a motion to adopt this Resolution with the correction of the typo and the change of the “appeals panel” to the Board of Trustees. Trustee Diehl seconded the motion.

The motion passes as amended unanimously with 13 voting members present.

- Resolution of the Board of Trustees of the Utah Transit Authority Adopting an Interlocal Agreement Between Utah Transit Authority and Midvale City. Trustee Diehl stated that this is a Resolution to adopt and Interlocal agreement with Midvale City regarding a parking structure. He made a motion to adopt this Resolution. Trustee Baguley seconded the motion.

President Ellertson stated that the city is desirous to have this parking terrace as opposed to the additional parking and they will pay the additional costs as outlined in the agreement.

The motion passes unanimously with 13 voting members present.

- Consideration for Adoption of a Resolution Of The Board Of Trustees Of The Utah Transit Authority (The “Authority”) Authorizing The Issuance And Sale By The Authority Of Its Sales Tax Revenue Refunding Bonds In The Aggregate Principal Amount Of Not To Exceed \$180,000,000; And Related Matters. President Ellertson stated that this Resolution is coming before the Board to deal with issues that have arisen in regards to UTA’s variable interest rate bonds.

Ken Montague stated that staff is proposing to approve fixing the variable rate bonds UTA has. He stated that UTA, as a part of the debt management portfolio, has \$175 million in variable rate bonds that reset on a daily basis and because of the turmoil seen in the economy lately there have been spikes in the rates. He stated that staff and the financial advisers from Zions Bank, due to uncertainty in the market, bring the Resolution forward to the Board to give UTA flexibility to allow staff to convert the variable rate bonds to fix rate if and when it is needed. He stated that this Resolution is to make the public aware that UTA is doing the research to possibly fix the rate of the bonds. He stated that the Resolution presents the possibility of sending the \$180 million dollar to the bond market. He stated that he also spoke with the

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underwriters just before the meeting about how the bonds might go into the market. He stated that if the mode is a subordinate loan, there might be a need to have a debt service reserve fund, and in that case \$200 million might need to be issued instead of the \$180 million in order to cover the debt service. He stated that he would like the Board to consider amending the Resolution to state \$200 million instead of the \$180.

Trustee Hughes clarified with Mr. Montague that this Resolution does not deal with the discussions a few months ago about different ways of financing such as the swaps policy. Mr. Montague stated that this is just to allow staff to fix the variable interest rates on the bonds. He stated that UTA does not have a swaps policy.

President Ellertson stated that this Resolution is a contingency plan to give staff leeway to make decisions based on what the market is doing.

Mr. Montague stated that before staff entered into any bond agreements, the plan would be presented to the Board.

Vice President Simonsen clarified that the motion staff would like made is to amend the amount from \$180 million to \$200 million and that the additional \$20 million would be insurance against some sort of disaster.

Mr. Montague discussed what UTA has done in the past when using debt service reserve funds. He stated that the additional \$20 million would only be used if the bondsman wanted a debt service fund.

Discussion took place on the expense that would be incurred to do this.

Mr. Montague stated that expenses would be involved and that staff and the bond council would have to make the official statement of those costs. He said that with the way the market is going the expense would be cheaper than the 10% interest that could be faced if the variable interest rate goes that high. He discussed what the market has been doing in the past weeks and what issues could affect the money market funds. He discussed the process that would take place to gather the information and getting the process set up to move the bonds to a fix rate. He stated that he did not expect the Board would need a special meeting to discuss this, that it would just need to be discussed in a regular Board Meeting.

Trustee Bartholomew arrived at 2:55 p.m.

Discussion took place on what fees would be associated with this transaction. Mr. Montague stated the possibility of a 1% fee assessed or

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the possibility of \$600,000-\$800,000. He stated that the cost/benefit analysis would be done before pursuing this.

Vice President Simonsen stated that he would like the Board to be aware of the fees before a decision is made.

Carl Empey, Zions Bank, stated that this Resolution is to place UTA into a position to react to the market conditions. He stated that this will just start the 30 day process to give staff the authority to evaluate all options. He discussed some of the recent history of the market and stated that if there is a change it will probably not be made until the first quarter of next year unless rates go up extremely. He discussed issues that will effect the decision.

Mr. Montague stated that Zions Bank is the financial advisor, they have the expertise to help staff understand what is going on.

Trustee Hunter arrived at 3:02 p.m.

Mr. Montague stated that different underwriters are looking at various options for the bonds.

Discussion took place on how much of the fee will go to Zions Bank. Mr. Empey stated that he believed it would be around \$175,000 but that a detailed break down would be prepared to present to the Board.

Mr. Montague stated that Zions Bank was chosen about 2 years ago after UTA went through the RFP procurement selection process.

Discussion took place on possibly having a second advisor look at this issue.

Trustee Christensen made a motion to approve the Resolution with the understanding that the process is in the beginning stages and that this would just allow the agency to be in a position to move forward if appropriate and that the amount would be amendment from "\$180 million" to "not more than \$200 million" with the understanding that if the additional \$20 million is to be used as the debt services fund and if it is not needed that the original \$180 million would be used.

Trustee Diehl seconded the motion.

The motion passed unanimously with 15 voting members present.
Motion approved unanimously.

President's Report

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- President Ellertson stated his appreciation for the dedication of the Board Members and their willingness to serve.
- President Ellertson stated that there are many different projects going on within the agency and that they are the right things to be doing for the future. He stated that the system is flexible, allowing for changes such as adding additional cars to the Commuter Rail, and that the system is a great investment for communities and tax payers and UTA is responding to the needs of the people.
- President Ellertson clarified the motion that was passed by the Board in the Special Board Meeting on September 19, 2008. He stated that the question before the Board was whether to move forward in the decision making process to annex the two communities, Eagle Mountain and Saratoga Springs, or not. He stated that different issues were discussed that the Board should address as the process moves forward in deciding whether to annex or not. He stated that the only action the Board took was to move forward with the public hearing and the decision making process and that the other issues were options the Board would like to pursue.

General Manager's Report

- Report on Wages. Mr. English distributed the annual report on wages. He stated that UTA has consultants comparing UTA wages and salaries with market averages and that UTA maintains files on this data. He stated that this report is for the Board to review and to be aware of when the budgeting discussion takes place.
- Pleasant View Grand Opening. Mr. English stated that this Saturday is the grand opening for the Ogden to Pleasant View service of FrontRunner. He stated that work is still being done to overcome operations issues with sharing track with Union Pacific on this portion of the line. He invited the Board to the grand opening event.
- Fuel Surcharge. Mr. English stated that fuel prices are still high which means that the second fuel charge will be implemented on October 1. He stated that work is being done to make sure that the public is aware of this.
- New Ads. Mr. English stated that new television ads have been produced. The ads were shown to the Board. Mr. English stated that a new video has been produced, in house, and put on the internet to help train the public on how to use the ticket vending machines.
- LRT Expansion Vehicles. Mr. English stated that the new LRT Expansion Vehicles have a new accelerated delivery date. He

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stated that these new vehicles are low floor light rail vehicles ordered from Siemens. He stated that because of this, payments will have to be made sooner than originally planned.

- Master Class in Sustainability. Mr. English reported that UTA sponsored a Master Class in Sustainability that was very successful. He stated that Heather Allen, the sustainability specialist for UTP, conducted a successful meeting.

Trustee Hunter complimented staff for their attention to environmental issues. He enquired whether or not staff had seen a change in ridership since the opening of Legacy Highway.

Mr. English stated that it was too early to have firm numbers but that there has been no significant change in ridership.

Paul O'Brien stated that there has been very little impact on ridership with the opening of Legacy. He stated that staff has been looking at the number of cars in the parking lots around the stations of FrontRunner and they have seen about 18-20 less vehicles but that passes are still being purchased with no decrease in volume.

Discussion took place on receiving the funds from the full funding agreement on the Mid-Jordan Line. Michael Allegra stated that this funding is still being reviewed in the Federal Transportation Department but that the belief is the funding will be made available under the current administration. He discussed some of the process this agreement has gone through.

Discussion took place on the safety training being done for UTA's operators and maintenance staff. Mr. O'Brien discussed some of the training and precautions that are being taken to ensure the safety of UTA's system.

General Counsel's Report.

- Bruce Jones reported that the Office of General Counsel had received four Complaints and two Notices of Claim. He briefly described the Claims/Complaints listed in his report.
- Mr. Jones reported that the Office of General Counsel participated in a mediation that was successful. He stated that the matter was settled for \$125,000 instead of the \$400,000 originally sought.
- Mr. Jones stated that the Utah State Legislature is going into Special Session tomorrow to address the states budget concerns and revenue shortfalls. He also reported that staff has been working with the Transportation Interim on developing an overall

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plan to enhance transportation for the state of Utah. He discussed some of the issues that were being researched and what the legislature might be dealing with during the 2009 Session. He also reported that Government Operations discussed providing minutes of public meetings in a more timely fashion. He stated that legislation is expected for the 2009 Session.

Irene Huntsman distributed the updated GRAMA fee schedule. She stated that this fee structure reflects the charges imposed by Salt Lake County.

Trustee Baguley made a motion to adopt the new GRAMA fee schedule as presented. Trustee Diehl seconded the motion.

The motion passed unanimously with 15 voting members present.

Trustee Diehl made a motion to move to Closed Session. Trustee Christensen seconded the motion.

The motion passed unanimously with 15 voting members present.

The Board moved to Closed Session at 3:44 p.m.

The Board moved back into Open Session at 4:07 p.m. on a motion by Trustee Diehl and a second by Trustee Henderson.

Action Taken Regarding Matters Discussed in Closed Session.

Trustee Diehl made a motion to authorize the agency to enter into a purchase/sell agreement for the Orem Intermodal Center. Trustee Bartholomew seconded the motion.

The motion passed unanimously with 15 voting members present.

Trustee Christensen made a motion to authorize the agency to enter into purchase agreement for the potential light rail station in Draper with a repurchase agreement for the seller to have rights to develop the space above the station that would be subject to the option that this agreement would be void if the station is not developed at this location. Trustee Baguley seconded the motion.

The motion passed with 14 "aye" and Trustee Diehl abstaining.

Trustee Diehl made a motion to surplus the property at 2200 South. Trustee Christensen seconded the motion.

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The motion passed unanimously with 15 voting members present.

Trustee Diehl made a motion to sell the surplus property at 2200 South. Trustee Baguley seconded the motion.

The motion passed unanimously with 15 voting members present.

Trustee Diehl made a motion to surplus the remainder of the Milne property. Trustee Romero seconded the motion.

The motion passed unanimously with 15 voting members present.

Trustee Diehl made a motion to authorize the agency to sell the surplus Milne property. Trustee Romero seconded the motion.

The motion passed unanimously with 15 voting members present.

Other Business.

President Ellertson excused Trustee Millington and Oates from today's meeting.

Consent.

- Approval of Financial Statements of June 30 and July 31, 2008. The Financial Statements were approved by consent.
- Approval of Minutes of Board Meeting of July 30, 2008. The Minutes were approved by consent.

Discussion took place on monitoring the sales tax revenue that is down from previous statements.

Mr. English stated that staff is monitoring this. He stated that staff is constantly discussing this and making budget cuts to make up the difference. He stated that the cuts will move UTA through this year and that discussions are on going for next years budget. He stated that the recommendations for next years budget will come before the Board and that staff is trying to avoid cuts in service. He stated that the Finance and Operations Committee discusses this in their monthly meetings and they are aware of this issue as well.

Trustee Hughes stated that the Legislature is calling a Special Session to go over the shortfalls in the States budgets. He stated that UTA making

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the changes on a month to month basis was a great thing because staff can deal with the problems as they come.

President Ellertson stated that the Financial Committee is monitoring both the sales tax revenue and the fuel costs monthly.

Trustee Bartholomew stated that because of the changes in the sales tax, when service is needed the most UTA funding will decrease and when the economy is strong and people are using their cars more, the funding will increase.

Trustee Baguley clarified that UTA is working on a contingency fund in order to assist during the times when funding is low.

Vice President Simonsen discussed the bus redesign that took place last year and stated that it was a good thing to do at that time. He stated that it has been successful in helping people become better acquainted with UTA services.

Trustee Christensen and Trustee Henderson stated their satisfaction with the new MAX service.

Adjournment.

Trustee Hughes made a motion to adjourn. Trustee Henderson seconded the motion.

The motion passed unanimously with 15 voting members present. The Board adjourned at 4:20 p.m.

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