Missoula Urban Transportation District
Finance Committee Meeting Minutes
August 22, 2024

APPROVED

MEMBERS PRESENT	MEMBERS ABSENT	STAFF
Jason Wiener		Jordan Hess, General Manager
Sebastian Strauss		Allison Segal, Finance Manager
Sam Oliver		Jasmine Blumenbach, Accountant
		Teddy Mierze, Accountant
		Darlene Craven, Executive Assistant

Call to Order and Roll Call
11:03 a.m. – Strauss called the meeting to order.

Changes or Additions to the Agenda
None

Public Comment on Items Not on the Agenda
None

Action Items

4.1 – June 27, 2024, Draft Meeting Minutes – Oliver motioned to approve the June finance committee meeting minutes, Wiener seconded and the motion carried unanimously.

4.2 July 25, 2024, Draft Meeting Minutes – Oliver motioned to approve the July finance committee meeting minutes, Wiener seconded and the motion carried unanimously.

4.3 May 2024 Financial Statements – Strauss moved to recommend that the board approve the May financial statements, Oliver seconded and it carried unanimously.

4.4 June 2024 Financial Statements – Strauss said the financial statements do not include the year end status and Segal added they have not been reconciled due to the annual audit. Inventory will be adjusted and additional revenue is expected. The year-end figures will be finalized with the annual audit. Strauss emphasized the statements did not fully represent the actual year end status. He asked if the inventory was updated once a year. Segal replied that the parts inventory and fuel levels are updated monthly, but tubes, tires and lubricants are updated annually.

Strauss noted that the accounts payable in June was $960,000, much higher than May because many invoices came in that needed to be expensed back to FY2024 so they were assigned to the

June accounts payable. Also, the chargers were a large expense and invoiced in June. The accounting staff has separated the accounts payable between the two fiscal years, depending on when the service was provided or the parts delivered. The cutoff date for posting to FY2024 was July 26, 2024, to ensure the major expenditures were posted to the correct fiscal year.

Strauss mentioned the jump in marketing and promotions was due to holding on to invoices from a local marketing firm whose contract is expiring and ultimately the additional invoices were approved in June. He motioned to recommend board approval of the June financial statements, Oliver seconded and the motion passed unanimously.

Discussion Items

5.1 FY24 Yearend Reserve Balances – Segal said the reserve replenishment plan was sent with the board packet for the August meeting. To be compliant with the financial policy, the finance team recommends the following funds transfers: $2.9 million to the operating reserves for bringing the balance to $5 million; $115,000 to the fleet reserves for bringing the balance to $6.5 million. The fleet reserve should have enough matching funds for capital purchases over the next seven years. $1 million is requested for the facilities reserve bringing the FY2025 balance to $13 million. Strauss asked what the facilities reserve balance needs to be to cover the next five to seven years. Segal responded that there are too many unknowns regarding funding sources for the new facility to provide definite figures. Strauss emphasized that the board needed to follow its policies and suggested that the policy may need to change to fund the facility reserve.

Segal pointed out that per the proforma, there was an influx of funds due to the TIFIA funds that will cover the remainder of the MOAB project. Strauss said additional grant funding is unknown. He was concerned about transparency to the public regarding the funding uncertainty. Segal said the proforma needs to be revised due to the agency not being awarded the FY2024 low-no funding among other things.

Strauss asked for clarification on expenses with respect to the new facility and the infrastructure. Segal reviewed the breakdowns, noting that the numbers will change. Hess said that the thirty percent design phase of the building will provide a clearer picture of local costs and constructability.

Strauss said knowing how much to allocate for each reserve fund will ensure solid mid-term and long-term financial footing. He said the finance committee should discuss project reserve funds once costs associated with the thirty percent design are established. Segal said the proforma would be reevaluated after the audit in January.

Wiener asked for clarification on committed funds versus contingent expenditures and how it affected the agency's ability to execute projects. Strauss said it might make sense to distinguish between forecasted and committed expenses for flexibility. Segal responded that the proforma will be adjusted once the solidified figures for the new facility are established.

Strauss asked if transferring the recommended amounts depleted the available excess funds. Segal replied there are still undesignated funds that will not be moved. Strauss asked about the benefits of keeping the funds without allocating them. Segal replied that this would be an internal decision and said the cash will be needed to pay back the loan once the building is completed.

Strauss recommended that the operating reserve fund be increased to cover five months at the beginning of the fiscal year to comply with the reserve funds policy. Oliver asked if the policy allowed for flexibility in dictating where the funds are allocated and whether unallocated cash should be left to provide that flexibility. Hess said the unknowns regarding the new facility will become clearer as the design is finalized. The policies are designed as safety nets in case the agency goes into a deficit financial position. The discussion on reserve funds allocation should continue after the thirty percent design phase figures are established. The new facility project will likely require value engineering and additional funding will be required. Segal said the operating reserve fund is used to match federal Operating funds of around $2.7 million annually. Oliver endorsed the recommended transfers at this time and suggested revisiting the matter in January after the new facility thirty percent design figures are established. Strauss agreed with tabling the facilities reserve discussion until after the thirty percent design benchmark.

Strauss agreed with funding the reserve balance to five months that Wiener calculated to be about $7.2 million. Wiener pointed out that the agency will need a good bond rating to obtain the loan for the new facility and keeping cash on hand will improve that bond rating. Hess said researching the financial reserve policy goals would be prudent. Segal said adjusting the desired operating reserve fund to $7.2 million would require a $5.2 million transfer. Straus said the motion for the board would be revised to reflect the suggested increase from $5.2 million to $7.2 million.

<u>Adjournment</u>
11:58 a.m. – The meeting was adjourned.

Submitted by Darlene Craven