

MISSOULA URBAN TRANSPORTATION DISTRICT

Board of Directors Finance Committee Meeting Minutes

January 22, 2026

APPROVED

Committee Members Present: Sebastian Strauss, Lisa Sheppard, Jason Wiener

Committee Members Absent:

Board Members Present:

Staff Present: Jordan Hess, Colin Woodrow, Allison Segal, Jasmine Blumenbach, Teddy Mierze

Guests: Steve Scharff, Baker Tilly; Courtney Ellis & Dan Semmens, Dorsey Whitney

1.0 Call to Order and Roll Call

11:04 a.m. Strauss called the meeting to order and asked for a roll call.

2.0 Public Comment

None.

3.0 Approval of Minutes & Financial Statements

3.1 Minutes of the December 18, 2025, Finance Committee Meeting

Strauss moved to approve the minutes, Sheppard seconded and the motion passed unanimously.

3.2 November 2025 Financial Statements

Segal stated that the investment revenue figures from the county are still pending and the property taxes are running behind as well; it's a matter of timing. The overtime is running closer to budget based on timing and staffing.

Wiener joined the meeting at 11:07 a.m.

Hess pointed out it was very difficult to run a transit system without overtime given the dictates of the collective bargaining agreement. Wiener moved to recommend that the board approve the November 2025 financial statements, Strauss seconded the motion and it pass unanimously.

4.0 Reports and Presentations

4.1 December Meeting Follow Up

Segal noted that a review of FY26 budgeted one-time projects was completed and modified expected expenditures. Hess said the staff had discussed ways to budget one-time expenses which may require amending the fleet reserve policy.

4.2 New Facility Financing Update

Scharff presented an update on the fiscal year-end financials, highlighting the pro forma has been updated based on fiscal year 25 results. He noted that there would be minimal changes from previous presentations but mentioned some timing components that could affect cash flow. Additionally, he reaffirmed the debt structure and introduced concepts related to the method of sale and revenue bonds.

Scharff provided insights into the financial projections, highlighting a stable cash balance and the implications for debt service coverage. He clarified that while the available cash could potentially be used for debt prepayment, future capital needs might affect this balance. Scharff also noted that the operating reserve has been maintained at \$7.5 million, indicating a slight overfunding. He highlighted key factors influencing debt financing, including market acceptance and credit ratings, while discussing the options of term structures, which typically range from 15 to 30 years. He noted the potential bond covenant of maintaining a debt service coverage ratio above 1.25, with a preference for 1.5, to ensure creditworthiness. Additionally, he mentioned potential governance commitments that may arise if the coverage ratio falls below acceptable levels.

Scharff outlined the differences between public sale and direct placement for financing. A public sale offers a lower interest rate but involves more complexity, including extensive documentation and ongoing disclosure requirements. In contrast, direct placement allows for greater flexibility and quicker processing, though it typically comes with a higher interest rate. He provided insights on the financial landscape, noting that banks typically require annual financials and some project progress reporting. He expressed confidence in finding strong local lenders for direct placements, highlighting the community's pride in supporting local governments. Scharff also stressed the necessity of achieving an investment-grade rating, especially for TIFIA, while acknowledging the challenges in guaranteeing specific outcomes.

Scharff explained that while rating agencies have different methodologies, they generally arrive at comparable credit ratings. He highlighted the necessity of conveying expected operating cost increases to the agencies, which could influence their assessments. Scharff also confirmed that achieving an investment-grade rating would meet TIFIA requirements, indicating a favorable position relative to speculative grade.

Scharff outlined the timing for financing issuance, highlighting the need to coordinate with the federal award timeline to avoid potential liabilities should the funds not be obligated. The next steps include finalizing the Finance plan for board approval, followed by soliciting a lender or underwriter in early

May, aiming for a financing close by late July or early August. Segal noted that confirmed debt is not required when obligating the federal funds.

The implications of choosing between public and private sales for financing were explored, noting that while public sales may offer lower interest rates, they come with less flexibility for future amendments. Wiener pointed out that private placements allow for adjustments based on changing circumstances, which can be significant. Strauss suggested discussing the potential upside of refinancing through TIFIA at the next board meeting.

5.0 Adjournment

Strauss adjourned the meeting at 11:59 a.m.