

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
6	09/24/12	Open	Action	09/14/12

Subject: Removal of Measure A Pledge from Interfund Borrowing Agreements

ISSUE

Whether to remove the Measure A Revenue Pledge from the Inter-fund Borrowing Agreements

RECOMMENDED ACTION

- A. Adopt Resolution 12-09-_____, Amending Resolution No. 09-09-0155, Replacing Exhibit A to Remove the Measure A Revenue Pledge from the Developer Fee Trust Account; and
- B. Adopt Resolution 12-09-_____, Amending Resolution No. 09-09-0156, Replacing Exhibit A to Remove the Measure A Revenue Pledge from the Reserve Fund

FISCAL IMPACT

None

DISCUSSION

On September 14, 2009, the RT Board adopted resolutions authorizing Interfund Borrowing Agreements for Downtown-Natomas-Airport Minimal Operating Segment 1(DNA MOS 1) from the Developer Fee Trust Account and to enter into a Cooperative Agreement with CalTRANS to borrow funds on deposit pursuant to the settlement of the Environmental Council of Sacramento (ECOS) lawsuit. These actions allowed RT to borrow up to \$7 million from the Developer Fee Trust Account and \$3.6 million from the Environmental Council of Sacramento (ECOS) settlement funds for costs associated with the project to complete the 1.1 mile of track for the DNA MOS 1 project. Included in the terms of the interfund borrowing agreements was a security pledge of Measure A revenue.

Over the course of preparing for RT's Revenue Bond issuance, RT reviewed the terms of the Credit Agreement with Wells Fargo Bank for the Line of Credit (LOC). The Wells Fargo agreement contains a pledge of all RT revenues, including Measure A revenues, other than (1) farebox; and (2) up to \$2 million in revenues that may be pledged to the Sacramento Area Council of Governments (SACOG). The Wells Fargo agreement prohibits RT from pledging funds that are already pledged to Wells Fargo, even if the new pledge would be a subordinate obligation. Consequently, the Measure A revenues should not have been pledged to the interfund borrowing.

Removing the pledge will not affect the cooperative agreement with CalTRANS related to the settlement funds, as the agreement did not require a pledge of revenue. Although removal of the pledge make these debts unsecured, both are expected to be repaid with the proceeds from the new bond issue ahead of schedule.

Approved:

Presented:

Final 09/18/12

General Manager/CEO

Chief Financial Officer

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REGIONAL TRANSIT ISSUE PAPER

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6	09/24/12	Open	Action	09/14/12

Subject: Removal of Measure A Pledge from Interfund Borrowing Agreements

Staff recommends the approval of resolutions amending Resolutions 09-09-0155 and 09-09-0156 and replacing Exhibit A in each, to remove the pledge of Measure A revenues.

RESOLUTION NO. 12-09-_____

Adopted by the Board of Directors of the Sacramento Regional Transit District on this date:

September 24, 2012

**AMENDING RESOLUTION NO. 09-09-0155, REPLACING EXHIBIT A TO
REMOVE THE MEASURE A REVENUE PLEDGE FROM THE DEVELOPER FEE
TRUST ACCOUNT**

WHEREAS, on September 9, 2009, the Board authorized an Inter-Fund Borrowing Agreement for Downtown-Natomas-Airport Minimal Operating Segment 1 (DNA MOS 1) for the use of funds on deposit with CalTRANS pursuant to the settlement of the Environmental Council of Sacramento (ECOS) lawsuit, secured by a pledge of Measure A revenue.

WHEREAS, to eliminate a term within the Inter-fund Borrowing Agreement that is in conflict with the terms of the previously-executed Credit Agreement with Wells Fargo Bank it is necessary to remove the pledge of Measure A funds.

BE IT HEREBY RESOLVED BY THE BOARD OF DIRECTORS OF THE SACRAMENTO REGIONAL TRANSIT DISTRICT AS FOLLOWS:

THAT, the Board hereby amends Resolution No. 09-09-0155, replacing Exhibit A with the attached Exhibit A, which removes the Measure A revenue pledge.

BONNIE PANNELL, Chair

A T T E S T:

MICHAEL R. WILEY, Secretary

By: _____
Cindy Brooks, Assistant Secretary

EXHIBIT A

Inter-fund Loan from County Developer Fees on Deposit to RT for the
DNA MOS-1 Capital Project

Loan Amount: \$7,000,000

Pledge: There shall be no pledge of funds for repayment, the loan will be unsecured.

Issuance Fees: No issuance fees

Term: 60 months

Interest Rate: 1.5% per annum, or the actual rate earned on RT's investments in the Local Agency Investment Fund (LAIF), whichever is greater.

Effective Date of Interest: October 1, 2009

Repayment Schedule: The loan is to be repaid by October 1, 2014.

Prepayment: The loan may be prepaid at any time.

Other Terms: None

RESOLUTION NO. 12-09-_____

Adopted by the Board of Directors of the Sacramento Regional Transit District on this date:

September 24, 2012

AMENDING RESOLUTION NO. 09-09-0156, REPLACING EXHIBIT A TO REMOVE THE MEASURE A REVENUE PLEDGE FROM THE RESERVE FUND

WHEREAS, on September 9, 2009, the Board authorized an Inter-Fund Borrowing Agreement for Downtown-Natomas-Airport Minimal Operating Segment 1 (DNA MOS 1) for the use of Developer Fees on deposit, secured by a pledge of Measure A revenue.

WHEREAS, to eliminate a term within the Inter-fund Borrowing Agreement that is in conflict with the terms of the previously-executed Credit Agreement with Wells Fargo Bank it is necessary to remove the pledge of Measure A funds.

BE IT HEREBY RESOLVED BY THE BOARD OF DIRECTORS OF THE SACRAMENTO REGIONAL TRANSIT DISTRICT AS FOLLOWS:

THAT, the Board hereby amends Resolution No. 09-09-0156, replacing Exhibit A with the attached Exhibit A, which removes the Measure A revenue pledge.

BONNIE PANNELL, Chair

A T T E S T:

MICHAEL R. WILEY, Secretary

By: _____
Cindy Brooks, Assistant Secretary

EXHIBIT A

Inter-fund Loan from ECOS Lawsuit Settlement Proceeds on Deposit to RT for the
DNA MOS-1 Capital Project

Loan Amount: Up to \$3,600,000

Pledge: There shall be no pledge of funds for repayment, the loan will be unsecured.

Issuance Fees: No issuance fees

Term: 60 months

Interest Rate: 1.5% per annum, or the actual rate earned on RT's investments in the Local Agency Investment Fund (LAIF), whichever is greater.

Effective Date of Interest: October 1, 2009

Repayment Schedule: The loan is to be repaid by October 1, 2014.

Prepayment: The loan may be prepaid at any time.

Other Terms: None