

# REGIONAL TRANSIT ISSUE PAPER

| Agenda Item No. | Board Meeting Date | Open/Closed Session | Information/Action Item | Issue Date |
|-----------------|--------------------|---------------------|-------------------------|------------|
| 15              | 07/22/13           | Open                | Action                  | 07/12/13   |

Subject: Amend Line of Credit Extension Resolution

## ISSUE

Whether to amend Resolution No. 13-06-0078 which delegated authority to the General Manager to issue a Revolving Line of Credit Note with Wells Fargo Bank.

## RECOMMENDED ACTION

Adopt Resolution 13-07-\_\_\_\_\_, Amending Resolution No. 13-06-0078 Delegating Authority to the General Manager/CEO to Authorize the Issuance of a Note With Wells Fargo Bank In A Principal Amount Not to Exceed \$25.0 Million With An Effective Date On Or After July 1, 2013 And A Final Maturity Date Of September 30, 2013.

## FISCAL IMPACT

No fiscal impact

## DISCUSSION

On June 24, 2013, pursuant to Board Resolution 13-06-0078, the Board delegated authority to RT's General Manager/CEO ("GM/CEO") to renew a line of credit with Wells Fargo Bank for 90 days, expiring on September 30, 2013. The California Government Code, sections 53850-53858, provides the authority and the legal requirements for public agencies like RT to enter into temporary borrowing arrangements.

On June 28, 2013, RT and Wells Fargo Bank signed the line of credit extension agreement. Subsequently, Wells Fargo's counsel requested a modification to Board adopted Resolution 13-06-0078 whereby the modified resolution would contain language identifying the funds that RT has pledged for repayment of the extension of credit from Wells Fargo. Although this request has not been made by Wells Fargo Bank in the past, RT's Chief Counsel concluded that California Government Code section 53856 does appear to require that resolutions authorizing the issuance of the note or notes must "specify what taxes, income, revenue, cash receipts or other moneys are pledged for the payment thereof. The note or notes and the interest thereon shall be a first lien and charge against, and shall be payable from the first moneys received by the local agency from, such pledged moneys."

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Approved:

Presented:

Final 7/16/2013

General Manager/CEO

Chief Financial Officer

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Therefore, staff is requesting that the Board adopt the attached Resolution which amends Resolution No. 13-06-0078 by adding language identifying the funds that were pledged to repayment of the Note as required under California Government Code section 53856 and ratifies the action taken by the Board on June 24, 2013 authorizing the issuance of the Note with Wells Fargo Bank and the General Manager/CEO's action in executing the Promissory Note on June 28, 2013.

RESOLUTION NO. 13-07-\_\_\_\_\_

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

July 22, 2013

**AMENDING RESOLUTION NO. 13-06-0078 DELEGATING AUTHORITY TO THE GENERAL MANAGER/CEO TO AUTHORIZE ISSUANCE OF A NOTE WITH WELLS FARGO BANK IN A PRINCIPAL AMOUNT NOT TO EXCEED \$25.0 MILLION WITH AN EFFECTIVE DATE ON OR AFTER JULY 1, 2013 AND A FINAL MATURITY DATE OF SEPTEMBER 30, 2013**

WHEREAS, in accordance with Article 7.6 (Temporary Borrowing) of Title 5, Division 2, Part 1, Chapter 4 of the California Government Code (Section 53850 and following), Sacramento Regional Transit District ("RT") may borrow money for any purpose for which the local agency is authorized to use and expend moneys, including but not limited to current expenses, capital expenditures, investment and reinvestment, and the discharge of any obligation or indebtedness of the local agency; and

WHEREAS, pursuant to Resolution No. 11-09-0127 (the "Original Resolution"), the Sacramento Regional Transit District Board of Directors ("the Board") awarded a contract to Wells Fargo Bank, N.A. ("Wells Fargo") for banking services that included a fee schedule for issuance of a Revolving Line of Credit Note; and

WHEREAS, pursuant to the Original Resolution, RT and Wells Fargo entered into that certain Credit Agreement dated as of July 1, 2009 (as amended from time to time, the "Credit Agreement"), pursuant to which Wells Fargo made available to RT a revolving line of credit in the maximum principal amount of \$25,000,000, which line of credit is evidenced by that certain Revolving Line of Credit Note dated July 1, 2012 (as modified from time to time, the "Line of Credit Note"); and

WHEREAS, pursuant to the Credit Agreement, RT pledged to Wells Fargo a first lien and charge on and security interest in all of RT's revenues and all proceeds thereof, excluding therefrom any revenues, up to a maximum of \$2 million, from any source, then or thereafter pledged to the Sacramento Area Council of Governments, and any and all farebox revenues; and

WHEREAS, on June 24, 2013, the Board adopted Resolution No. 13-06-0078 (the "Existing Resolution"), wherein it authorized the General Manager/CEO to issue a Revolving Line of Credit Note between RT and Wells Fargo, between RT and Wells Fargo, with a term not to exceed 90 days, commencing on or after July 1, 2013 with a final maturity date of September 30, 2013, and in an amount not to exceed \$25,000,000; and

WHEREAS, pursuant to California Government Code Section 53856, RT may pledge any taxes, income, revenue, cash receipts or other moneys to the payment of the Line of Credit Note provided a resolution of the Board authorizing the issuance of a note shall specify what taxes, income, revenue, cash receipts or other moneys are pledged for repayment of such note, and the Existing Resolution does not contain the foregoing information.

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

THAT, the Board hereby agrees that the principal amount of the Line of Credit Note and any interest thereon shall be payable from and secured by a pledge of a lien on or security interest in all of RT's revenues and all proceeds thereof, except for (a) any revenues, up to a maximum of \$2 million, from any source, now or hereafter pledged to the Sacramento Area Council of Governments; and (b) any and all farebox revenues.

THAT, the Board hereby authorizes and directs the General Manager/CEO to execute any and all associated agreements, contracts, addenda, and documents required for the completion of and in furtherance of the above described transaction between RT and Wells Fargo.

THAT, the Board hereby ratifies (a) the General Manager/CEO's execution of (i) the Credit Agreement, as amended from time to time, including, without limitation, pursuant to that certain Fourth Amendment to Credit Agreement dated as of June 28, 2013, by and between RT and Wells Fargo, and (ii) the Line of Credit Note, as modified by that certain First Modification to Promissory Note, dated as of June 28, 2013, by and between RT and Wells Fargo, and (b) all other actions heretofore taken by the members of the Board, the General Manager/CEO or any other officers, agents or employees of RT, with respect to the Credit Agreement and the Line of Credit Note, and the other transactions contemplated hereby are hereby ratified, confirmed and approved.

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PATRICK HUME, Chair

A T T E S T:

MICHAEL R. WILEY, Secretary

By: \_\_\_\_\_  
Cindy Brooks, Assistant Secretary