

# REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
3	09/23/13	Open	Action	09/12/13

Subject: Termination of RT Sublease of Light Rail Equipment

## ISSUE

Whether to approve the termination of the RT Sublease of light rail equipment with Santa Clara Valley Transportation Authority (VTA).

## RECOMMENDED ACTION

Adopt Resolution No. 13-09-\_\_\_\_, Authorizing the General Manager/CEO to Execute a Termination Agreement with Santa Clara Valley Transportation Authority (VTA) for the RT Sublease of Light Rail Equipment.

## FISCAL IMPACT

Budgeted:	No	This FY:	\$ 26,222.50
Budget Source:	Capital	Next FY:	\$ n/a
Funding Source:	ARRA; Prop 1 B	Annualized:	\$ n/a
Cost Cntr/GL Acct(s) or Capital Project #:	R085.11.01	Total Amount:	\$ \$26,222.50
Total Budget:	\$ 26,222.50		

## DISCUSSION

On December 12, 2003, RT executed a Sublease Agreement (RT Sublease) with VTA for 21 light rail vehicles (LRVs) that were the subject of a leveraged lease arrangement that VTA entered into with US Bank and other transaction parties in 1998. Under this arrangement, VTA leased the LRVs to a trust on behalf of the equity investor, and subsequently leased the vehicles back under a Lease-In Lease-Out (LILO) agreement. The sale of these vehicles to RT was structured through a sublease agreement. The purpose of the sublease was for the acquisition and improvement of the vehicles for future use on the RT light rail system.

RT's rights and obligations with respect to the LRVs were set forth in the RT Sublease with VTA to terminate on January 2, 2015, at the time the LILO agreement would also end. At that time VTA would have the option to re-purchase the LRVs under its LILO arrangement. Once VTA had clear title to the LRVs, RT would be able to exercise its purchase option and upon payment of the agreed upon amount of \$21,000 plus tax and all applicable costs, VTA would convey title to RT.

RT was notified by VTA earlier this year that the LILO agreement had been terminated early and that RT could exercise its option to purchase the LRVs. In accordance with the terms of the RT Sublease, RT now seeks to exercise its option to purchase the LRVs. Since the vehicles are in

Approved:

Presented:

Final 09/16/13

General Manager/CEO

Chief Financial Officer

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RT's possession and in various states of refurbishment, it is in RT's best interest to purchase the vehicles.

As provided in the terms of the Sublease Agreement, RT notified VTA of its intent to purchase the 21 LRVs and VTA provided RT with an invoice in the amount noted above which includes \$1,785 in applicable sales tax and \$3,437.50 in reimbursable costs. A Termination Agreement has been developed, vetted by with legal staff for RT and VTA and is ready for signature. VTA will provide a Bill of Sale to RT once the transaction is complete.

Staff recommends that the Board authorize the General Manager/CEO to execute the Termination Agreement with VTA and purchase the 21 LRVs.

RESOLUTION NO. 13-09-\_\_\_\_\_

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

September 23, 2013

**AUTHORIZING THE GENERAL MANAGER/CEO TO EXECUTE A TERMINATION AGREEMENT WITH SANTA CLARA VALLEY TRANSPORTATION AUTHORITY (VTA) FOR THE RT SUBLEASE OF LIGHT RAIL EQUIPMENT**

WHEREAS, RT entered into a Sublease Agreement with VTA for the acquisition and improvement of 21 Light Rail Vehicles (LRVs) on December 12, 2003 with the intent to exercise an option to purchase the vehicles when VTA had clear title upon the maturity or termination of the primary lease on the vehicles, and

WHEREAS, RT was notified by VTA that the primary lease had been terminated, that VTA had purchased the LRVs, and that RT is able to early exercise its option to purchase the LRVs for the agreed upon price of \$21,000 plus sales tax and applicable fees, and

WHEREAS, RT has notified VTA of its intent to purchase said LRVs and execute a Termination Agreement for the RT Sublease,

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

THAT, the General Manager/CEO is authorized to take all actions necessary to execute a termination agreement with VTA for the RT Sublease of Light Rail Equipment dated December 12, 2003, and pay \$26,222,50 to acquire ownership of the subject 21 LRVs.

\_\_\_\_\_  
PATRICK HUME, Chair

A T T E S T:

MICHAEL R. WILEY, Secretary

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