



**Finance, Administration and Oversight Committee**

**Action Item III-C**

**September 13, 2007**

**Issuance of Metro Debt**  
***(materials to be provided at the meeting)***

**Washington Metropolitan Area Transportation Authority  
Board Action/Information Summary**

Action  
 Information

MEAD Number:

Resolution:  
 Yes  No

**PURPOSE**

To request Board of Directors approval of a Board Resolution to secure \$767 million in long-term debt for the Metro Matters program and \$156 million for certain non-Metro Matters projects for a total of \$923 million.

**DESCRIPTION**

Metro Matters is a commonly used name for the Capital Improvement Program (CIP). The Metro Matters budget from FY05 – 10 is over \$3 billion. One of the funding sources for Metro Matters is debt. The Metro Matters Integrated Financial Plan estimated that \$611 million in debt would be required to fund the program. Federal discretionary funding was estimated to be \$260 million; however, only \$104 million is available, creating a \$156 million shortfall. Additionally, by separate action, the Board of Directors is considering projects for rail power systems upgrades and the Southeastern Bus Garage as well as budget increases for certain Metro Matters projects.

**FUNDING IMPACT**

The Metro Matters Integrated Financial Plan and the Metro Matters Funding Agreement specified that debt would be issued to continue the program. There is no alternative to securing debt for the Metro Matters share of the proposed debt, other than reducing the program scope and budget. The remaining \$156 million is contingent on the Board of Director's separate approval of those projects.

**RECOMMENDATION**

Recommend Board of Directors approval of the Board Resolution to authorize the Chief Financial Officer to secure \$923 million in long-term debt to continue the Metro Matters program and fund certain non-Metro Matters projects.

PRESENTED AND ADOPTED:

SUBJECT: ISSUANCE OF METRO MATTERS DEBT

PROPOSED  
RESOLUTION  
OF THE  
BOARD OF DIRECTORS  
OF THE  
WASHINGTON METROPOLITAN AREA TRANSPORTATION AUTHORITY

WHEREAS, On June 28, 2007, the Board of Directors approved the FY08 Capital Improvement Program (CIP), totaling \$730.8 million; and

WHEREAS, Metro Matters, a commonly used name for the CIP, is a \$3.3 billion program funded from FY05–FY10; and

WHEREAS, There are multiple funding sources for Metro Matters including debt; and

WHEREAS, The Metro Matters Integrated Financial Plan detailed \$611 million in debt to be issued to fund the program; and

WHEREAS, The Metro Matters Integrated Financial Plan included an assumption of federal funding in the amount of \$260 million, of which only \$104 million has been received thereby creating a \$156 million funding shortfall; and

WHEREAS, The Metro Matters Integrated Financial Plan specified that any shortfall in this level of federal funding be addressed by the issuance of debt; and

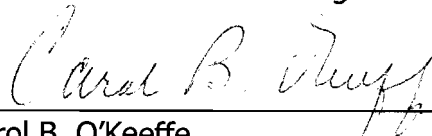
WHEREAS, There exists a cash flow need at this time to issue long-term debt to continue the Metro Matters program and to fund certain non-Metro matters projects; now, therefore be it

*RESOLVED*, That the Board of Directors authorizes the Chief Financial Officer to issue \$923 million in long-term debt, to be issued in one or more tranches as may be in the financial interests of the Authority, to continue the Metro Matters program and provide funding for certain non-Metro Matters projects; and be it further

*RESOLVED*, That the Board of Directors shall have final approval over the operative documents for each separate tranche of debt to be issued; and be it finally

*RESOLVED*, That this Resolution shall be effective immediately.

Reviewed as to form and legal sufficiency,



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Carol B. O'Keeffe  
General Counsel



# Issuance of Metro Debt

*Presented to the Board of Directors:*

**Finance, Administration and Oversight  
Committee**

September 13, 2007





# Metro Matters Debt

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- The Metro Matters Program was always assumed to be partially funded by short term and long term borrowing
- Short term borrowing (commercial paper) was authorized to allow staff to manage cash flow needs
- Conversion to long term debt has always been planned  
Metro Matters Integrated Financial Plan – Attachment 4
- \$611 million debt issuance is being prepared
- Jurisdictions have the choice to opt out

**Under-funded Capital Budget is Well Documented  
Brookings Report – Blue Ribbon Panel - GAO**



# Metro Matters Debt

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- The Metro Matters Program also assumed \$260 million in Federal discretionary funding for new rail cars
- The actual Federal contribution is known to be \$104 million, being granted over three fiscal years in the amounts of \$35 million (FFY07), \$35 million (FFY08) and \$34 million (FFY09)
- The Metro Matters agreement specifies. “Any shortfall in the level of Federal discretionary funding...shall be address by the issuance of debt...”
- This shortfall in Federal funding of \$156 million will be added to the \$611 million of originally planned debt



# Other Debt

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- **\$31 million of debt is being sought to fully fund the CIP reprogramming action**
- **\$25 million of debt is being sought to initiate a project to repair and rebuild Metrorail train power systems**
- **\$100 million of debt is being sought to fully fund the Southeastern bus garage and police training facility**
- **Annual debt service payments are proposed to be funded by a surcharge on passenger fares**



# \$923 Million Total Debt

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## Key Dates:

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<b>September</b>	<b>Board approval to proceed with debt issuance</b>
<b>October</b>	<b>Commitment letters / prepayment notifications from jurisdictions; financial advisor and bond counsel develop financial plan and documents</b>
<b>December</b>	<b>Board briefing on results to date</b>
<b>January</b>	<b>Bond closing date (tbd)</b>
<b>February</b>	<b>Begin issuance and receipt of funds</b>





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## Appendix



# \$923 Million Total Debt Issuance

## Metro Matters Debt

Integrated Financial Plan	\$611
Federal Funding Shortfall for Railcars	<u>156</u>
	<u>\$767</u>

## New & Existing Projects Debt

Rail Power System Upgrades	\$25
Projects Needing Budget Increases	31
S.E. Bus Garage	<u>100</u>
subtotal	<u>\$156</u>

Total Debt to be Issued..... \$923

**Components  
of Debt  
Issuance**

**Timing of  
Debt  
Issuance**

	Original Metro Matters Plan	Current Plan:		Total
		MetroMatters + Rail Cars	Other Projects	
FY05	\$48	\$0	\$0	\$0
FY06	155	0	0	0
FY07	201	0	0	0
FY08	115	400	25	425
FY09	57	200	50	250
FY10	35	167	81	248
Total Debt	<u>\$611</u>	<u>\$767</u>	+ <u>\$156</u>	= <u>\$923</u>



# Existing Debt Service

Period Ending	Gross Revenue Transit Refunding Bonds						Gross Revenue Transit Bonds Elevator and Escalator		
	Series 1993			Series 2003			Series 2003 B		
	Principal	Interest	Debt Service	Principal	Interest	Debt Service	Principal	Interest	Debt Service
1/1/2004	---	\$1,264,500	\$1,264,500	---	---	---			
7/1/2004	---	\$1,264,500	\$1,264,500	\$7,730,000	\$4,741,545	\$12,471,545	\$5,060,000	\$937,132	\$5,997,132
1/1/2005	---	\$1,264,500	\$1,264,500	\$9,100,000	\$3,373,806	\$12,473,806		\$712,675	\$712,675
7/1/2005	---	\$1,264,500	\$1,264,500	\$9,190,000	\$3,282,806	\$12,472,806	\$4,570,000	\$712,675	\$5,282,675
1/1/2006	---	\$1,264,500	\$1,264,500	\$9,280,000	\$3,190,906	\$12,470,906		\$626,525	\$626,525
<b>7/1/2006</b>	---	<b>\$1,264,500</b>	<b>\$1,264,500</b>	<b>\$9,465,000</b>	<b>\$3,005,306</b>	<b>\$12,470,306</b>	<b>\$4,745,000</b>	<b>\$626,525</b>	<b>\$5,371,525</b>
<b>1/1/2007</b>	---	<b>\$1,264,500</b>	<b>\$1,264,500</b>	<b>\$9,655,000</b>	<b>\$2,816,006</b>	<b>\$12,471,006</b>		<b>\$531,625</b>	<b>\$531,625</b>
7/1/2007	\$9,685,000	\$1,264,500	\$10,949,500	\$210,000	\$2,574,631	\$2,784,631	\$4,935,000	\$531,625	\$5,466,625
1/1/2008	---	\$973,950	\$973,950	\$10,195,000	\$2,572,269	\$12,767,269		\$408,250	\$408,250
7/1/2008	\$10,235,000	\$973,950	\$11,208,950	\$210,000	\$2,317,394	\$2,527,394	\$5,180,000	\$408,250	\$5,588,250
1/1/2009	---	\$666,900	\$666,900	\$10,755,000	\$2,315,031	\$13,070,031		\$278,750	\$278,750
7/1/2009	\$10,810,000	\$666,900	\$11,476,900	\$215,000	\$2,046,156	\$2,261,156	\$5,440,000	\$278,750	\$5,718,750
1/1/2010	---	\$342,600	\$342,600	\$11,350,000	\$2,042,931	\$13,392,931		\$142,750	\$142,750
7/1/2010	\$11,420,000	\$342,600	\$11,762,600	\$215,000	\$1,759,181	\$1,974,181	\$5,710,000	\$142,750	\$5,852,750
1/1/2011	---	---	---	\$11,985,000	\$1,755,956	\$13,740,956	---	---	---
7/1/2011	---	---	---	\$12,175,000	\$1,561,200	\$13,736,200	---	---	---
1/1/2012	---	---	---	\$12,480,000	\$1,256,825	\$13,736,825	---	---	---
7/1/2012	---	---	---	\$12,795,000	\$944,825	\$13,739,825	---	---	---
1/1/2013	---	---	---	\$7,680,000	\$624,950	\$8,304,950	---	---	---
7/1/2013	---	---	---	\$7,460,000	\$432,950	\$7,892,950	---	---	---
1/1/2014	---	---	---	\$5,670,000	\$283,750	\$5,953,750	---	---	---
7/1/2014	---	---	---	\$5,680,000	\$142,000	\$5,822,000	---	---	---
	<u>\$42,150,000</u>	<u>\$14,082,900</u>	<u>\$56,232,900</u>	<u>\$163,495,000</u>	<u>\$43,040,426</u>	<u>\$206,535,426</u>	<u>\$35,640,000</u>	<u>\$6,338,282</u>	<u>\$41,978,282</u>