



Finance, Administration and Oversight Committee

Action Item IV-C

October 11, 2007

Initiate Process to Issue Metro Matters Bonds

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

<input checked="" type="checkbox"/> Action <input type="checkbox"/> Information	MEAD Number:	Resolution: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
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PURPOSE

To request Board of Directors' approval to initiate a process to issue up to \$767 million of bonds for the Metro Matters Program.

DESCRIPTION

In 2004, the jurisdictions and the Authority entered into the Metro Matters Funding Agreement (MMFA) for the rehabilitation and upgrade of the Metrobus and Metrorail system. The MMFA assumed that the Authority would issue bonds for \$610.8 million and that new federal discretionary funds totaling \$260 million would be received. Only \$104 million in new federal discretionary funds have been authorized, leaving a balance of \$156 million. The requested action authorizes the Authority to begin the bond issuance process to cover the expected \$610.8 million and the \$156 million federal discretionary funds shortfall. Staff will return with the final bond documents for Board approval.

FUNDING IMPACT

The impact of the debt service for the \$610.8 million has already been built into the jurisdictional contribution amounts agreed to in the MMFA. The additional \$156 million is authorized by the MMFA to cover the federal discretionary funding shortfall.

RECOMMENDATION

Recommend Board of Directors approval to initiate the process of bond issuance for up to \$767 million in one or more series of bonds.



Initiate Process to Issue Metro Matters Bonds

Presented to the Board of Directors:

**Finance, Administration and Oversight
Committee**

October 11, 2007





Purpose

- **To obtain Board approval to initiate a process to issue up to \$767 million of bonds for the Metro Matters Program**
- **In accordance with the Procurement Procedure Manual, the Board's approval is required to initiate contracts over \$100,000 unless exempt under Board Resolution 2007-24 or procurement streamlining initiatives approved by the Board on September 27, 2007**
- **Bonds are contracts between the issuers and the bond holders. Therefore, Board approval is required to initiate the bond issuance**



Metro Matters Bonds

Summary

Proposed Metro Matters Debt Issuance

Original Financial Plan \$611.0

Rail Car Funding Shortfall 156.0

Total \$767.0

\$ Millions



Summary

- **Date funding required: early 2008**
- **Use of Funds:**
 - ✓ Metro Matters projects
 - ✓ Repay internal borrowing
 - ✓ Pay down existing commercial paper debts
- **Debt Instrument:**
 - ✓ Metro Matters Agreement Section 9b authorizes debt service thru 2034
 - ✓ Staff proposes bonds with 20-year maturity
 - ✓ Estimated closing date: early 2008
 - ✓ Debt service schedule included in Appendix

**Prepay option by jurisdictions may be exercised in
accordance with the Metro Matters Agreement**



Key Dates

- **October 2007: Approval by Board to proceed with initiation of bond issuance process**
- **December 2007: Commitment letters/prepayment notifications from jurisdictions; financial advisor and bond counsel begin development of financial plan and documents**
- **February 2008: Board briefing on structure of transactions and approval of final documents**
- **March 2008: Issue bonds and receive bond proceeds**



Recommendation

That the Board approve the request to initiate the process of bond issuance for a total of up to \$767 million in one or more series of bonds



Appendix

(2) Each Contributing Jurisdiction has individually duly authorized the execution and delivery of this Agreement;

(3) When executed and delivered by each Contributing Jurisdiction, this Agreement will constitute the legal, valid and binding obligation of the individual entity enforceable in accordance with its terms, except as such enforceability is limited by annual appropriations, bankruptcy, reorganization, insolvency, moratorium or other laws affecting the enforcement of creditors' rights generally;

(4) No officer, or employee of any Contributing Jurisdiction who exercises or has exercised any functions or responsibilities over a procurement contract in connection with the Metro Matters Program shall have or obtain a personal or financial interest or benefit from any activity in connection with the procurement contract or have an interest in any contract, subcontract, or agreement with respect therewith during the term of this Agreement.

SEC. 9 EFFECTIVE DATE AND TERM OF AGREEMENT

(a) Effective Date. The Parties acknowledge and agree that this Agreement is in consideration of and contingent upon the execution of the Local Funding Agreement for Metro Matters by and between WMATA and the District of Columbia to be executed concurrently with the execution of this Agreement. Accordingly, this Agreement shall take effect on the date of execution by the last signatory to either this Agreement or the District of Columbia Local Funding Agreement for Metro Matters.

(b) The Term. The term of this Agreement shall begin on the Effective Date and shall terminate on the later of (1) the expiration of the funding commitments of the Contributing Jurisdictions under this Agreement, including commitments to provide funds for the payment of debt service on WMATA debt issued to fund the Metro Matters Program, provided, however,

that in no event shall the term of any debt service issuance extend beyond 2034; or (2) the completion of the projects and activities in the Metro Matters Program and the payment of all costs thereof, provided, however that, except as permitted in Section 9(b)(1) of this Agreement, such completion and payment shall not extend beyond WMATA FY 2024.

SEC. 10 RECITALS

The Recitals set forth in this Agreement are material parts of this Agreement and are binding on the Parties to the same extent as the other terms and conditions hereof.

SEC. 11 NO THIRD PARTY BENEFICIARIES

The Parties to this Agreement do not intend any non-signatory to this Agreement or any other third Party to be a third Party beneficiary to this Agreement, nor do the Parties intend for any such third Party to have any rights or benefits under this Agreement or to have standing to bring an action or claim in any court or other forum to enforce any provision of this Agreement.

SEC. 12 AMENDMENTS

This Agreement may be amended or modified only by written agreement duly executed by all the Parties.

SEC. 13 NOTICES

All notices under this Agreement shall be in writing and shall be deemed to have been sufficiently given or served when presented personally or sent by the U.S. Postal Service or by a courier service or national overnight delivery service, to any Party as follows:

To the State of Maryland,
Department of Transportation:

Director, Washington Area Transit Programs
Maryland Department of Transportation
8720 Georgia Avenue, Suite 904
Silver Spring, MD 20910