

## Consent Item (A) 09-28-2023

### Washington Metropolitan Area Transit Authority Board Action/Information Summary

☒ Action ☐ Information

Document  
Number:  
205581

Resolution:  
☒ Yes ☐ No

**Presentation Name:**

Indemnification of PFM Asset Management, LLC

**Project Manager:**

Stacey Graham

**Project Department:**

Treasury

**Purpose/Key Highlights:**

Authorizing indemnification of PFM Asset Management, LLC furthers the Strategic Transformation Plan Sustainability goal to manage resources responsibly to achieve a sustainable operating, capital and environmental model.

**Interested Parties:**

PFM Asset Management, LLC

**Background:**

Resolution 2011-30 as amended, requires the Board to authorize indemnification of a counterparty. The Internal Revenue Code and U.S. Treasury Regulations require arbitrage compliance on tax-exempt bonds. WMATA has issued several series of tax-exempt bonds which must be evaluated for arbitrage compliance in order to retain tax-exempt status of the bonds.

**Discussion:**

The Internal Revenue Code and U.S. Treasury Regulations require arbitrage compliance on tax-exempt bonds. PFM Asset Management ("PFMAM") provides financial services that include arbitrage services. PFMAM's financial services agreement includes a standard indemnification clause.

**Funding Impact:**

The cost of arbitrage services is expected to be approximately \$25,000 from CIP0131 - Capital Program Financing Support.

**Previous Actions:**

None.

**Next Steps:**

Upon approval of the indemnity of PFMAM, staff will execute an agreement with PFMAM for arbitrage services.

**Recommendation:**

Approval to: Indemnify PFM Asset Management, LLC

**PRESENTED AND ADOPTED: September 28, 2023**

SUBJECT: APPROVAL TO INDEMNIFY PFM ASSET MANAGEMENT, LLC

**2023-31**

RESOLUTION  
OF THE  
BOARD OF DIRECTORS  
OF THE  
WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

WHEREAS, Resolution 2011-30, as amended, requires Board of Directors' approval for WMATA to indemnify a counterparty; and

WHEREAS, Staff is seeking to retain PFM Asset Management, LLC ("PFMAM") for certain financial services in connection with arbitrage compliance on WMATA's tax-exempt bonds; and

WHEREAS, PFMAM's standard financial services agreement contains a term that requires WMATA to indemnify PFM in substantially the form as provided in Attachment A;

NOW, THEREFORE, be it

*RESOLVED*, That the Board authorizes the General Manager and Chief Executive Officer or his designee to indemnify PFM Asset Management, LLC in substantially the form provided in Attachment A as may be required in its standard financial services agreement; and be it further

*RESOLVED*, That in order to timely execute the PFM Asset Management LLC financial services agreement, this Resolution shall be effective immediately.

Reviewed as to form and legal sufficiency,



Patricia Y. Lee  
Executive Vice President, Chief Legal Officer, and  
General Counsel

WMATA File Structure No.:  
15.2.1 Grants of Indemnification

**Motioned by Mr. Smedberg, seconded by Dr. Hadden Loh**

**Ayes: 7- Mr. Smedberg, Mr. McAndrew, Dr. Hadden Loh, Ms. Kline, Mr. Letourneau, Mr. Drummer and Ms. Worth**

#### ATTACHMENT A

The Issuer agrees to indemnify, defend, and hold harmless PFMAM and its officers, directors, employees, agents, successors, and assigns from any and all losses, liabilities, damages and claims, and all related costs and expenses, including attorneys' fees and costs of investigation, litigation, settlement, judgment, interest and penalties arising from or in connection with any claim made against PFMAM in connection with its performance of the services to be provided by it pursuant hereto, unless arising primarily from PFMAM's negligence or willful misconduct.