



**SUBJECT: REIMBURSEMENT RESOLUTION**

**ACTION: ADOPT REIMBURSEMENT RESOLUTION**

**RECOMMENDATION**

Adopt the Reimbursement Resolution (Attachment A) that will allow the MTA to reimburse its cash account from future tax-exempt bond proceeds for accelerated payments to the Alameda Corridor Transportation Authority (ACTA).

**RATIONALE**

In accordance with Section 1.150-2 of the Treasury Regulations, the MTA has 60 days to declare its intent to reimburse itself for capital expenditures made prior to the issuance of debt. The first accelerated payment to ACTA was made on February 28, 2001.

**BUDGET IMPACT**

Payments to ACTA are included in the adopted Capital Plan, FY01 Annual Budget and the Long-Range Plan. Adoption of this resolution will facilitate implementation of the financing plan and has no budgetary impact.

**ALTERNATIVES CONSIDERED**

Adoption of this resolution will preserve MTA's ability to reimburse itself from the proceeds of one or more future bond issues for the disbursements to ACTA. Delay in adoption of the resolution will result in loss of the ability to reimburse for the initial \$38.9 million payment.

**BACKGROUND**

In September 1997, MTA and ACTA entered into a funding agreement for \$218.7 (million consisting of \$150 million in State funds and \$68.7 million in local funds). The agreement contained a payment schedule for the local funds. In February 2001, MTA and ACTA entered into an amendment, which, among other things, revised the payment schedule and set the first payment on February 28, 2001. The MTA's funding plan contemplated the use of tax-exempt debt proceeds to fund MTA's local contribution to the project. MTA temporarily advanced cash funds to meet the first payment with the intention of issuing long-term debt to provide the permanent financing at a later date.

Metropolitan  
Transportation  
Authority

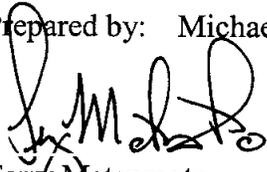
One Gateway Plaza  
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90012-2952

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Although a general reimbursement resolution was adopted at the time that the FY 2001 budget was adopted, outside counsel recommends adoption of this ACTA specific reimbursement resolution in order to ensure compliance with Treasury regulations.

Attachment A - Reimbursement Resolution

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**REIMBURSEMENT RESOLUTION  
OF THE  
LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY  
FOR PAYMENTS TO THE  
ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY**

**WHEREAS**, the Los Angeles County Metropolitan Transportation Authority (the "MTA") desires and intends to finance certain costs relating to the MTA's funding contribution to the Alameda Corridor Project and related capital improvements, including capital expenditures such as, but not limited to, acquisition of real property, the design, engineering, construction, equipage of portions of the Corridor Project, including improvements and reconstruction of adjacent highways, roads, bridges and other facilities. (the "**Project**");

**WHEREAS**, the MTA expects to issue debt through the issuance of one or more tax-exempt bond issues to pay for these expenditures, and the proceeds from Proposition C sales tax revenues bonds are planned to finance the costs of the Project on a permanent basis (the "**Debt**");

**WHEREAS**, the MTA expects to expend moneys of the Special Revenue Fund (other than moneys derived from the issuance of bonds) on expenditures relating to the costs of the Project prior to the issuance of the Debt, which expenditures will be properly chargeable to a capital account under general federal income tax principles;

**WHEREAS**, the MTA reasonably expects to reimburse certain of such capital expenditures with the proceeds of the Debt;

**WHEREAS**, the MTA expects that the maximum principal amount of Debt which will be issued to pay for the costs of the Project (and related issuance costs) will not exceed \$125 million for Proposition C secured obligations;

**WHEREAS**, at the time of each reimbursement, the MTA will evidence the reimbursement in a writing which identifies the allocation of the proceeds of the Debt to the MTA for the purpose of reimbursing the MTA for the capital expenditures made prior to the issuance of the Debt;

**WHEREAS**, the MTA expects to make reimbursement allocations no later than eighteen (18) months after the later of (i) the date on which the earliest original expenditure for the project is paid or (ii) the date on which the Project is placed in service (or abandoned), but in no event later than three (3) years after the date on which the earliest original expenditure for the project is paid;

**WHEREAS**, the MTA will not, within one (1) year of the reimbursement allocation, use the proceeds of the Debt received by way of a reimbursement allocation in a manner that will result in the creation of replacement proceeds of the Debt or another issue (e.g., the MTA will not pledge or use the proceeds received for the payment of debt service on the Debt or another issue, except that the proceeds of the Debt can be deposited in a bona fide debt service fund); and

**WHEREAS**, this Resolution is intended to be a "declaration of official intent" in accordance with Section 1.150-2 of the Treasury Regulations.

**NOW THEREFORE, BE IT RESOLVED**, that (i) all of the foregoing recitals are true and correct and (ii) in accordance with Section 1.150-2 of the Treasury Regulations, the MTA declares its intention to issue Debt in a principal amount not to exceed \$125 million for Proposition C, the proceeds of which will be used to pay for the costs of the Project (and related issuance costs), including the reimbursement to the MTA for certain capital expenditures relating to the Projects made prior to the issuance of the Debt.