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Metropolitan Transportation Authority

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**OCTOBER 9, 2013**

**TO: BOARD OF DIRECTORS**

**THROUGH: ARTHUR T. LEAHY**   
**CHIEF EXECUTIVE OFFICER**

**FROM: PAUL C. TAYLOR**   
**DEPUTY CHIEF EXECUTIVE OFFICER**

**SUBJECT: MEASURE R OVERSIGHT COMMITTEE MEETING PROCEEDINGS**

### **ISSUE**

The Measure R Independent Taxpayers Oversight Committee held a meeting on October 9th to make a finding that the benefits of a \$160 million Transportation Infrastructure Finance and Innovation Act ("TIFIA") loan secured with Measure R revenues for the Regional Connector Transit Corridor Project ("Regional Connector") exceeds issuance and interest costs, Attachment A. This report provides a summary of the Committee's proceedings.

### **DISCUSSION**

Staff provided the Oversight Committee with an overview of TIFIA loan financing for a portion of the \$1.399 billion Regional Connector project. The Board approved submission of a TIFIA Loan Master Credit Agreement Letter of Interest on September 27, 2012. Loan documents could be ready for execution as early as November 2013, potentially allowing us to lock in a currently favorable loan rate.

Key benefits of a TIFIA loan include:

- A low interest rate based on the rate of the U.S. Treasury security for the final maturity of the loan, set on the date of loan execution.
- Flexible repayment terms including non-level debt service.
- Actual loan draws may be deferred for up to five years after loan execution with interest accruing only as proceeds are drawn with no change in the original interest rate.
- LACMTA is not obligated to draw the full amount of the loan.

The Oversight Committee made a finding that the benefits of the TIFIA loan exceed issuance and interest costs (Attachment A). The finding was approved by the Committee with a unanimous vote.

### **NEXT STEPS**

The Measure R Independent Taxpayers Oversight Committee's findings will be presented to the Board at an upcoming Regular Board meeting.

**ATTACHMENT**

A. Resolution Finding of Measure R Oversight Committee (October 9, 2013)

## ATTACHMENT A

### RESOLUTION PURSUANT TO MEASURE R ORDINANCE FINDING THAT THE BENEFITS OF A TIFIA LOAN UP TO \$160 MILLION EXCEED ISSUANCE AND INTEREST COSTS

WHEREAS, the Measure R Ordinance provides sales tax revenues for the construction of 12 transit capital projects over the next 30 years; and

WHEREAS, the America Fast Forward Initiative adopted by the MTA Board of Directors in April 2010 proposes to complete construction of the 12 transit capital projects in 10 rather than 30 years; and

WHEREAS, accelerated construction would take advantage of any continuation of the current soft construction market to reduce costs potentially; and

WHEREAS, the federal Transportation Infrastructure Finance and Innovation Act (TIFIA) provides loans for qualified transportation projects of regional and national significance; and

WHEREAS, MTA was invited to apply for a \$160 million TIFIA loan for the Regional Connector Project; and

WHEREAS, MTA retains the right to use traditional tax-exempt borrowing for the Regional Connector Project in lieu of the TIFIA loan, if doing so would be more advantageous; and

WHEREAS, the proposed TIFIA loan for the Regional Connector Project would free up Measure R funds to meet the cash flow necessary to pay for a potential future accelerated construction program for other Measure R transit capital projects; and

WHEREAS, the Measure R transit capital projects are estimated to generate more than 77 million additional annual transit boardings; 568,458 fewer pounds of reactive organic gases, nitrous oxides, carbon monoxide and particulate matter; 207,942,017 less vehicle miles traveled annually; and 10,294,159 fewer gallons of gasoline consumed annually; and

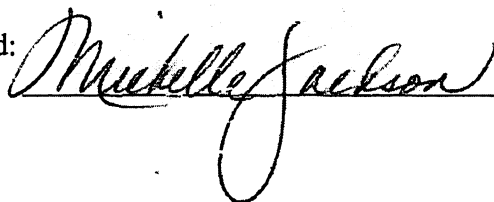
WHEREAS, the Los Angeles Economic Development Corporation estimates that the Measure R transit construction program will generate 165,990 annual full-time equivalent jobs.

NOW, THEREFORE, the Proposition R Independent Taxpayers Oversight Committee of Metro finds that the economic, environmental and transit benefits of the \$160 million TIFIA loan, which would free up Measure R funds to potentially accelerate delivery of Measure R transit capital projects, exceed issuance and interest costs.

Prepared by: Ron Stamm, Principle Deputy County Counsel

Adopted this 9th day of October 2013.

Signed:



Michelle Jackson, Metro Board Secretary