



# AGENDA

## FINANCE COMMITTEE Meeting Notice

**Date:** 11:30 a.m., Tuesday, May 12, 2015  
**Location:** Room 263, City Hall  
**Commissioners:** Commissioners Avalos (Chair), Mar (Vice Chair), Campos, Cohen, Kim and Wiener (Ex Officio)

**Clerk: Steve Stamos**

### 1. Roll Call

#### Consent Calendar

2. Approve the Minutes of the April 14, 2015 Meeting – ACTION\*
3. Internal Accounting Report and Investment Report for the Nine Months Ending March 31, 2015 – INFORMATION\*

The Transportation Authority's Fiscal Policy directs staff to give a quarterly report of expenditures including a comparison to the approved budget. The Transportation Authority's Investment Policy directs that a review of portfolio compliance be presented along with the quarterly report. **The Internal Accounting Report for the nine months ending March 31, 2015 is presented for information.**

#### End of Consent Calendar

4. **Recommend Authorizing the Executive Director to: Replace the Transportation Authority's Commercial Paper Program with a Revolving Credit Agreement (Revolver); Enter into an up-to-\$140 Million Revolver with State Street Public Lending Corporation; Enter into an Alternate Credit Facility if Negotiations with State Street are Not Successful; Amend or Enter into the Associated Legal Documents; Take All Necessary Related Actions; and Negotiate the Agreement Payment Terms and Non-Material Agreement Terms and Conditions – ACTION\***

The Transportation Authority has established a commercial paper (CP) program under which it can issue up to \$200,000,000 of CP Notes (Limited Tax Bonds), Series A and B (Notes) provided that a supporting letter of credit (LOC) is in effect. The Notes are currently supported by a direct-pay LOC issued by Wells Fargo Bank, which supports up to \$200,000,000 of Notes and which will expire on July 10, 2015. In 2004, the Transportation Authority issued \$150,000,000 aggregate principal amount of Notes, which it has continued to roll since that time. During June 2014, the Transportation Authority paid down \$15,000,000 of Notes, and \$135,000,000 of Notes are currently outstanding. We plan to pay down up to an additional \$20,000,000 of Notes in Summer 2015. The Notes are issued to provide a flexible source of financing for the voter-approved Proposition K Expenditure Plan, and provided a low cost of funding relative to other financing. On March 19,

2015, we issued a Request for Proposals (RFP) for the Transportation Authority's existing tax-exempt CP program or for alternate financing structures to replace the CP program. We received qualifying proposals from six financial institutions in response to the RFP. The review panel, consisting of Transportation Authority staff, evaluated the proposals based on the criteria identified in the RFP, with an emphasis on proposers' fees, resulting cost of funds, length of agreement, their credit ratings and various terms. Based on this competitive selection process, the review panel recommends replacing the current CP program with a revolving credit agreement (Revolver) with State Street Public Lending Corporation (State Street) once all agreement terms and conditions are fully negotiated. We anticipate the terms and conditions of agreements to be finalized by early June 2015 and the costs of the CP Program will be reduced from approximately \$1,100,000 per year currently to approximately \$600,000 to \$700,000 per year going forward. Based on the final negotiated terms and conditions, it may be necessary to amend certain legal documents associated with the Revolver or the Notes outstanding. **We are seeking a recommendation to authorize the Executive Director to: replace the Transportation Authority's CP Program with the Revolver; enter into an up-to-\$140 million Revolver with State Street; enter into an alternate credit facility if negotiations with State Street are not successful; amend or enter into the associated legal documents; take all necessary related actions; and negotiate the agreement payment terms and non-material agreement terms and conditions.**

**5. State and Federal Legislative Update – ACTION\***

Every month, we provide an update on state and federal legislation and, when appropriate, seek recommendations to adopt new positions on active legislation. The attached matrix tracks the latest activity on state bills and the positions previously adopted by the Transportation Authority. **We are seeking a recommendation to adopt the following new positions this month: support on Assembly Bill (AB) 35 (Chiu), AB 1335 (Atkins) and Senate Bill (SB) 413 (Wieckowski), and oppose on AB 156 (Perea), AB 1176 (Perea), AB 1336 (Salas) and SB 760 (Mendoza).**

**6. Preliminary Fiscal Year 2015/16 Annual Budget and Work Program – INFORMATION\***

Pursuant to State statutes (PUC Code Sections 131000 et seq.) and the Transportation Authority's Fiscal Policy, the Transportation Authority Board must adopt an annual budget for the following fiscal year by June 30. The proposed Fiscal Year (FY) 2015/16 Annual Budget includes projections of sales tax revenues; federal, state and regional grants; investment income for the fiscal period; and projections of operating and administrative costs, capital expenditures, and associated financing costs. The proposed FY 2015/16 Annual Budget also includes a description of the Transportation Authority's proposed Work Program for the coming fiscal year. The final proposed FY 2015/16 Annual Budget and Work Program will be presented to the Finance Committee and Transportation Authority Board in June for approval. A public hearing will precede consideration of the FY 2015/16 Annual Budget and Work Program at the Transportation Authority Board's June meeting. **We are seeking input from the Finance Committee on the preliminary FY 2015/16 Annual Budget and Work Program. This is an information item.**

**7. Introduction of New Items – INFORMATION**

During this segment of the meeting, Committee members may make comments on items not specifically listed above, or introduce or request items for future consideration.

**8. Public Comment**

**9. Adjournment**

\* Additional materials

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