

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

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

To request Board of Directors approval of a resolution to authorize the Chief Financial Officer (CFO) to negotiate and execute an increase in the existing commercial paper program from \$330 million to \$600 million.

DESCRIPTION

Long term debt (bonds) was always a funding element of the Metro Matters Integrated Financial Plan. However, issuance of bonds right now is a more expensive proposition than continuing with short term borrowing (commercial paper) because short term interest rates are very low. A more balanced portfolio of long term mixed with short term debt will ultimately minimize financial risk; however, now is not the time to commit to bonds. This issue has been discussed with Metro's financial advisor and CFO's from all of Metro's contributing jurisdictions and there is agreement on this course of action.

FUNDING IMPACT

There is no change to Metro Matters project budgets or jurisdictional contributions through FY10. Savings will accrue to the jurisdictions in FY11 and beyond due to reduced interest expense and lower debt service costs. The total values of these savings can be calculated after June 30, 2010 with the final audit of all Metro Matters costs and revenues.

RECOMMENDATION

To request Board of Directors approval of a resolution to allow for an expansion of the commercial paper program.

PRESENTED AND ADOPTED:

SUBJECT: AUTHORIZATION TO INCREASE COMMERCIAL PAPER

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

WHEREAS, The Washington Metropolitan Area Transit Authority (the "Authority") and its funding jurisdictions entered into the Metro Matters Funding Agreement (MMFA) by which the Authority agreed to make various improvements to the Metro system to be funded by jurisdictional contributions; and


WHEREAS, The MMFA authorized the creation of a Commercial Paper Facility to provide a short-term borrowing source and also contemplated the issuance of long-term bonds to help fund the projects described in the MMFA; and

WHEREAS, Current interest rates favor the continued use of an increased Commercial Paper Facility; now, therefore be it

RESOLVED, That the Board of Directors authorizes the Chief Financial Officer to negotiate an increase in the Commercial Paper Facility from \$330 million to \$600 million and, if the only material change to the existing Commercial Paper Facility is the increased amount, to authorize the General Manager to execute the necessary documents to implement such increased amount without further Board approval; and be it finally

RESOLVED, That this Resolution shall be effective immediately.

Reviewed as to form and legal sufficiency,



Carol B. O'Keeffe
General Counsel