

**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 to execute a short-term loan agreement for up to \$100 million with Wachovia Bank.

DESCRIPTION

Last February, the Board approved an increase of the commercial paper limit from \$330 million to \$600 million. At that time, our financial advisor recommended that the commercial paper be utilized to meet the cash flow need until the long-term borrowing is put into place. Since then, the financial advisor determined that the national economic conditions have made the expansion of the commercial paper facility less financially advantageous. The advisor also recommended that the long-term bond process be initiated now, and use a short-term loan to meet the cash flow need until the bond proceeds are received.

FUNDING IMPACT

Funding is already in the Metro Matters Program under Financing Expenses budget line item.

RECOMMENDATION

Recommend Board of Directors approval of a resolution to execute a short-term loan agreement for up to \$100 million with Wachovia Bank.

PRESENTED AND ADOPTED:

SUBJECT: APPROVAL TO ENTER INTO SHORT-TERM LOAN ARRANGEMENT WITH
WACHOVIA BANK

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

WHEREAS, National economic conditions have made an expansion of the Metro Matters Commercial Paper Facility less financially advantageous; and

WHEREAS, The Authority will require additional short-term borrowing capacity until a long-term borrowing is put into place; and

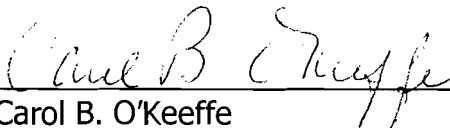
WHEREAS, Wachovia Bank is willing to extend a Line of Credit for up to \$100,000,000 to the Authority for 364 days; and

WHEREAS, Interest will be computed based on the London Interbank Offered Rate (LIBOR) Market Index Rate and may vary daily plus an additional amount not to exceed 120 basis points and payable monthly along with a \$25,000 up-front fee and a 30 basis point non-usage fee with the principal payable at the maturity of the Line of Credit, plus closing costs; now, therefore be it

RESOLVED, That the Board of Directors approves of the Authority entering into the Line of Credit with Wachovia Bank and authorizes either the Chief Financial Officer or the Treasurer to execute such documents as may be necessary to effectuate the Line of Credit 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