

Date
 March 22, 2010

APPROVAL OF FIRST AMENDMENT TO AMENDED AND RESTATED AGREEMENT FOR THE DES MOINES REGIONAL TRANSIT AUTHORITY

WHEREAS, by Roll Call No. 05-3055 of December 19, 2005, the City Council of the City of Des Moines approved the Amended and Restated Agreement for the Des Moines Regional Transit Authority; and

WHEREAS, the First Amendment to the Amended and Restated Agreement has been prepared, which Amendment allows for the issuance of general obligation bonds by the Des Moines Regional Transit Authority ("DART"); and


WHEREAS, the parties to the Amended and Restated Agreement consider it desirable to amend said Agreement by approval of the First Amendment.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Des Moines, Iowa:

1. That the First Amendment to the Amended and Restated Agreement for the Des Moines Regional Transit Authority, on file in the Office of the City Clerk, is hereby approved.
2. That the Mayor is hereby authorized and directed to execute the First Amendment to the Amended and Restated Agreement for the Des Moines Regional Transit Authority and the City Clerk is authorized to attest to his signature.
3. That the City Clerk is hereby directed to assist as necessary with execution of the First Amendment by the other parties and with the filing of the First Amendment.

APPROVED AS TO FORM:

Moved by _____ to adopt.


 Lawrence R. McDowell
 Deputy City Attorney

(Council Communication No. 10-148)

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
COWNIE				
COLEMAN				
GRIESS				
HENSLEY				
MAHAFFEY				
MEYER				
MOORE				
TOTAL				

CERTIFICATE

I, DIANE RAUH, City Clerk of said City hereby certify that at a meeting of the City Council of said City of Des Moines, held on the above date, among other proceedings the above was adopted.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal the day and year first above written.

MOTION CARRIED APPROVED

_____ Mayor

_____ City Clerk

Date MAR 22 2010

Agenda Item 42

Roll Call #

FIRST AMENDMENT TO THE
AMENDED AND RESTATED
AGREEMENT

for the

DES MOINES REGIONAL TRANSIT AUTHORITY

Dated as of February 1, 2010

FIRST AMENDMENT TO THE
AMENDED AND RESTATED AGREEMENT FOR THE
DES MOINES REGIONAL TRANSIT AUTHORITY

THIS FIRST AMENDMENT TO THE AMENDED AND RESTATED AGREEMENT FOR THE DES MOINES REGIONAL TRANSIT AUTHORITY (this "First Amendment"), is entered into as of the date set forth in Section 102 hereof, by and between the Participating Communities (as defined in the Amended and Restated Agreement for the Des Moines Regional Transit Authority (the "Original Amended and Restated Agreement"))).

WITNESSETH:

WHEREAS, the Des Moines Regional Transit Authority ("DART") operates under the Original Amended and Restated Agreement, and pursuant to Chapter 28E and Chapter 28M of the Code of Iowa, 2009, as amended (collectively, the "Act"); and

WHEREAS, to better serve the citizens of the Participating Communities and to provide DART with the ability to manage its operations to the full extent permitted by the Act, the Participating Communities desire to amend the Original Amended and Restated Agreement; and

WHEREAS, this First Amendment is entered into pursuant to Article XIV, Section 1, of the Original Amended and Restated Agreement, to amend Section 2 of Article XI, as set forth below; and

WHEREAS, by their respective execution hereof, each of the Participating Communities adopts the changes set forth in this First Amendment; and

WHEREAS, all acts, conditions and things have been done and performed which are necessary to make this First Amendment a valid and binding agreement.

Section 101. Amendment to Article XI, Section 2. Pursuant to Article XIV, Section 1 of the Original Amended and Restated Agreement, the Participating Communities hereby agree to delete Section 2 of Article XI of the Original Amended and Restated Agreement in its entirety and replace said section with the following:

“Section 2. Obligations of RTA. Notwithstanding anything to the contrary contained herein, the RTA may issue its bonds in the types, for the purposes, and in the manner permitted by Chapter 28M of the Code, as amended; provided however, that no general obligation bonds may be issued if, as a result of such issuance, the amount required to pay the principal of and interest on such bonds and all other general obligation bonds at the time outstanding for any fiscal year exceeds four cents per thousand dollars of the assessed value of all taxable property in the Participating Communities.”

Section 102. Effective Date. This First Amendment is effective as of its date of execution by the last of the Participating Communities, which date shall be manually entered on the line set forth below.

Effective Date of First Amendment: _____



Des Moines Area Regional Transit Authority 28M Amendment

March 3, 2010
Presented by:
Public Financial Management, Inc.



42

Overview



- DART has an obligation to fund approximately \$3 million in settlement payments; budgetary constraints require that these payments be funded with long-term financing.
- Financing vehicles available to DART are limited by State law, as well as covenants on an existing debt obligation.
- DART staff and its advisors have identified two viable financing alternatives; the most cost effective of which necessitates an amendment to the 28M agreement between DART and its member jurisdictions.

State Law and Contractual Constraints on Bond Financing



- **Iowa Code 28M.3 provides for the issuance of both general obligation and revenue bonds.**
 - ❑ A regional transit district shall have all rights, powers, and duties of county enterprise funds...including the **authority to issue revenue bonds** for the establishment, construction, reconstruction, repair...operation of works, vehicles, and facilities of a regional transit district.
 - ❑ A regional transit district, **with approval of the board of supervisors, may issue general obligation bonds** as an essential county purpose...Such general obligation bonds are payable from the property tax levy authorized in section 28M.5.
- **Amended and Restated Agreement for DART (2006) limits the authority granted by the State to the issuance of bonds secured only by net revenues of the transit system, and excludes general obligation bonds.**
 - ❑ Section 2. Limited Obligations-The principal of and interest on all Bonds issued under this Agreement shall be payable solely from and secured by the net revenues of the RTA System facilities and from other funds of the RTA lawfully available therefore as provided in 28M of the Code, or other applicable provisions of law.

Long-Term Funding Alternatives



1. Pay Bankers Trust line of credit as currently structured
 - Scheduled annual payments of \$680,328 for the line of credit exceed budgeted payment of \$472,500; funding will require expense reductions and tax increases.
2. DART issuance of tax-exempt tax supported bonds to repay Bankers Trust line of credit
 - This option provides DART and its member jurisdictions with the lowest-cost financing, but requires an amendment to the 28M agreement.
 - Annual payments are an average of \$343,000; payment level provides savings relative to the budgeted amount that may be used to moderate expense reductions.

Summary of Financing Options



Summary of Financing Options							
Financing Option	Banker's Trust LOC Redeemed?	Amount Issued	Payment Term	All-In True Interest Cost	Avg. Annual Payment	Total Debt	
Bankers Trust LOC ¹	No	\$ 3,000,000.00	5 years	5.00%	\$ 680,238.48	\$ 3,428,476.97	
DART Working Capital GO	Yes	2,945,000.00	10 Years	3.76%	343,138.70	3,431,387.00	

Notes:

¹Interest calculated assuming 5% (minimum rate per documents) for the life of the loan.

PFM Recommendations



- PFM recommends amendment of 28M Intergovernmental Agreement to allow issuance of DART Limited Tax Obligations Bonds
 - DART tax supported financing provides lowest cost long-term financing solution
 - Liability for payment remains with DART
 - Projected annual debt service cost facilitates a rebuilding of fiscal health and service levels to stakeholders
 - Legislative approval of amendment by member jurisdictions by April 15 is necessary to execute transaction in the current fiscal year and maximize debt savings.

- Absent an amendment of existing 28M Agreement, the Bankers Trust Line of Credit will remain in place
 - Review feasibility issues related to maintaining the line of credit
 - Quantify combinations of expense reductions & revenue increases to balance budget
 - Consider increase to tax levy beginning FY 2011-12

City Managers Meeting – March 3, 2010



- Managers from 11 of DART’s 19 Member Communities Recommended:
 - “Cap” on amount of potential limited tax-obligated bonds DART could issue.
 - Cap would provide assurance to member communities of Commission’s need to manage total property tax levy.

- Managers endorsed PFM recommendation to seek 28M Amendment (with cap).
 - Agreed to present amendment proposal to respective legislative bodies.
 - Timeline for 100% approval – early May, 2010.