



June 10, 2020

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer

Subject: Approval of the Amended and Restated Orange County Local Transportation Authority 2021 Credit and Fee Agreements

Overview

In July 2017, the Orange County Local Transportation Authority secured a line of credit from the Bank of America N.A. for \$900 million to satisfy a requirement of the Transportation Infrastructure Finance and Innovation Act loan for the Interstate 405 Improvement Project. The line of credit was structured in two commitment tranches, the Orange County Local Transportation Authority 2019 Credit Agreement, in an amount of \$400 million, and the Orange County Local Transportation Authority 2021 Credit Agreement, in an amount of \$500 million.

The 2019 Credit and Fee Agreements were terminated in 2019 when Orange County Local Transportation Authority issued its Measure M2 Sales Tax Revenue Bonds to finance the project. Staff is recommending an amendment to the 2021 Credit and Fee Agreements, which will lower the commitment fee paid to the bank in exchange for changing the expiration date of the agreements from July 16, 2021 to June 28, 2021.

Recommendations

- A. Approve the Amended and Restated 2021 Credit and Fee Agreements by and among Bank of America, N.A., the Orange County Transportation Authority, and the Orange County Local Transportation Authority each dated as of June 29, 2020, in substantially the form presented to this board at this meeting and in the total amount of \$500 million and authorize the Chief Executive Officer to negotiate and execute the final 2021 Amended and Restated Credit and Fee Agreements.

- B. Authorize the Chair, Vice Chair, Chief Executive Officer, Chief Financial Officer, and Director of Finance and Administration to sign and deliver all documents relating to said agreements, including the credit agreement,

fee agreement, incumbency certificate, closing certificate, bank note, receipts, notices, and agreements related thereto.

Discussion

As a condition precedent to close the Orange County Transportation Authority (OCTA) Transportation Infrastructure Finance and Innovation Act (TIFIA) loan on July 26, 2017, OCTA secured a line of credit (LOC) from the Bank of America N.A. (BANA) for \$900 million. The BANA LOC was structured in two commitment tranches, the Orange County Local Transportation Authority (OCLTA) 2019 Credit Agreement and the OCLTA 2021 Credit Agreement. OCTA obtained the LOCs to satisfy the requirement in the TIFIA Loan Agreement that OCTA has all the committed funding needed to pay for the I-405 Improvement Project. OCLTA is the obligor on the LOC since repayment of draws under the LOC are derived from a subordinate pledge of Measure M2 (M2) Sales Tax Revenues.

In February 2019, OCTA used the proceeds of its 2019 M2 Sales Tax Revenue Bonds to deposit \$400 million into the M2 Indenture Project Fund for the I-405 Improvement Project to satisfy the committed funding requirement in the TIFIA Loan Agreement relating to this funding source and thereby terminated the 2019 OCLTA Credit Agreement.

The remaining \$500 million 2021 OCLTA Credit Agreement commitment expiration date is currently July 16, 2021. BANA has requested that OCTA amend the 2021 OCLTA Credit and Fee Agreements to change the expiration from July 16, 2021 to June 28, 2021. If the amendment is approved, BANA has agreed to reduce the 2021 Commitment Fee Rate by two basis points (from 0.36 percent to 0.34 percent), resulting in savings of approximately \$100,000, over the remaining life of the agreement. OCTA staff will not incur any expenses as a result of the proposed amendment.

Summary

Bank of America N.A. has requested an amendment to the expiration date of the Orange County Local Transportation Authority's 2021 Credit and Fee Agreements in exchange for lowering the commitment fee paid to the bank. The expiration date would change from July 16, 2021 to June 28, 2021 in exchange for a two basis point decrease in commitment fee, which would save approximately \$100,000 over the life of the remaining agreement.

Attachments

- A. Amended and Restated 2021, Credit Agreement, Dated as of June 29, 2020, by and among Orange County Local Transportation Authority, Orange County Transportation Authority, and Bank of America, N.A.
- B. Amended and Restated 2021 Fee Agreement, Dated June 29, 2020
- C. Amended and Restated 2021 Bank Note

Prepared by:



Robert Davis
Department Manager
Treasury/Public Finance
(714) 560-5675

Approved by:



Andrew Oftelie
Chief Financial Officer
Finance and Administration
(714) 560-5649