



December 13, 2017

To: Finance and Administration Committee

From: Darrell Johnson, Chief Executive Officer

Subject: Update on the Loan Agreements with the Cities of Anaheim, Buena Park, Placentia, and the West Orange County Water Board

Overview

The Orange County Transportation Authority Board of Directors has authorized loan agreements with the cities of Anaheim, Buena Park, Placentia, and the West Orange County Water Board. Per Board of Directors direction, staff will provide annual updates on the status of the agreements.

Recommendation

Receive and file as an information item.

Background

City of Anaheim

In July 2012, Orange County Transportation Authority (OCTA) entered into a purchase and sale agreement of \$32.5 million with the City of Anaheim (Anaheim) selling real property to enable the construction of the Anaheim Regional Transportation Intermodal Center. Anaheim provided \$1 million as down payment into escrow, with the remaining \$31.5 million to be paid over a 13-year period. The interest rate on the loan is set at a fixed-interest rate of two percent, with the interest portion of the loan to be paid in the final two years of the loan period. Anaheim uses its Measure M2 (M2) Local Fair Share (LFS) funds to repay the loan, and the funds are automatically deducted from Anaheim's bi-monthly LFS payments. OCTA started withholding LFS payments in July 2012. Should Anaheim become ineligible to receive LFS, or if the LFS funds are insufficient to meet the scheduled payment, California Highway Users Tax Account funds would be utilized to make the payments.

City of Buena Park

In April 2016, OCTA entered into a purchase and sale agreement of \$1.04 million with the City of Buena Park (Buena Park) selling excess parcel remnants from the Interstate 5 freeway widening project. Buena Park provided \$514,000 as a down payment. Per the agreement, Buena Park will pay the balance over a five-year period with the balance secured by a deed of trust. Buena Park is scheduled to make annual payments of \$105,200 beginning one year after the escrow date of April 16, 2016. The interest calculation is based on OCTA's actual short-term investment portfolio earnings rate for the prior 12-month period, and resets annually.

City of Placentia

In February 2010, OCTA entered into an agreement with the City of Placentia (Placentia) for \$4.1 million providing financial assistance to Placentia. The loan amount of \$4.1 million is to be repaid over a 19-year period that began July 1, 2011. The interest rate on the loan is based on OCTA's actual short-term investment portfolio earnings rate for the prior 12-month period, and resets annually. Placentia uses its M2 LFS funds to repay the loan, and the funds are automatically deducted from Placentia's bi-monthly LFS payments. The agreement allows OCTA to withhold 30 percent of Placentia's LFS funds beginning in fiscal year (FY) 2011-12. Placentia's contribution increases by one percentage point each FY thereafter until the advance is fully repaid. Should Placentia become ineligible to receive LFS, it would be required to pledge other appropriate funding.

West Orange County Water Board

In October 2017, OCTA entered into a reimbursement agreement with the West Orange County Water Board (WOCWB) for up to \$4.7 million for the relocation of the pipeline facility for Interstate 405 widening project pursuant to Streets and Highways Code Section 706, which allows for a loan if a utility suffers from a hardship due to a required relocation for a highway project. An amendment to the agreement was approved by the OCTA Board of Directors (Board) on November 27, 2017, to increase the loan amount by \$1.3 million to accommodate additional costs and higher bids received by the WOCWB. Per the terms identified in the agreement, the interest rate is equal to the State of California Surplus Money Investment Fund with a not-to-exceed ten-year repayment structure. As of November 30, 2017, OCTA has not made any payments to the WOCWB. When the first payment is sent to WOCWB, a repayment plan will be established per the terms identified in the agreement.

Discussion

OCTA continues to withhold payments from M2 LFS funds to repay the loans established with the cities of Anaheim and Placentia. The first annual payment from Buena Park has also been received by OCTA. OCTA will continue to follow the terms identified in all loan agreements by withholding payments and invoicing cities as applicable. The beginning balance, amount collected, and outstanding balance for each loan can be found on Attachment A.

Summary

The Orange County Transportation Authority Board of Directors has authorized loan agreements with the cities of Anaheim, Buena Park, Placentia, and the WOCWB. The cities of Anaheim, Buena Park, and Placentia are making payments per their respective agreements. OCTA has not made any payments under the WOCWB agreement, and staff is currently working to amend the agreement to increase the loan amount by \$1.3 million per Board direction.

Attachment

A. Status of Loan Agreements

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