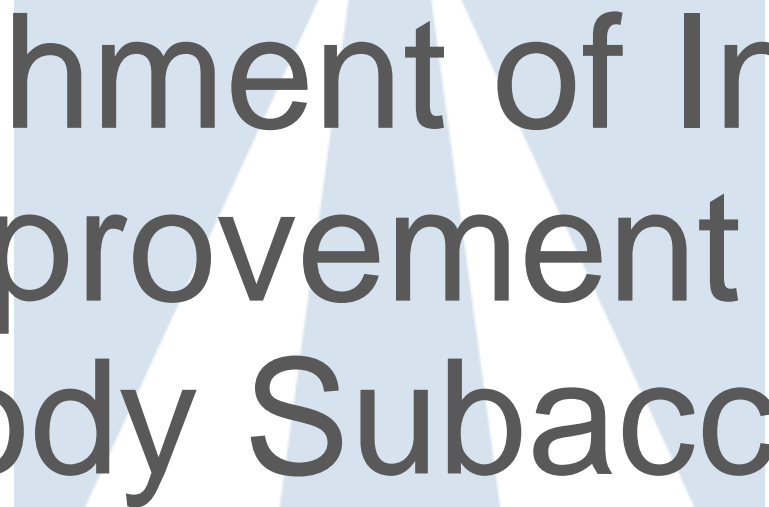


Establishment of Interstate 405 Improvement Project Custody Subaccounts



Background

- The 2017 Transportation Infrastructure Finance and Innovation Act (TIFIA) loan for the Interstate 405 (I-405) Improvement Project required the Orange County Transportation Authority (OCTA) to provide \$900 million in committed local funds
- A line of credit (LOC) of \$900 million was used to meet the requirement
- The LOC was structured in two commitment tranches including a 2019 Credit Agreement, in an amount of \$400 million, and a 2021 Credit Agreement, in an amount of \$500 million
- OCTA eliminated the requirement for the 2019 Credit Agreement based on the issuance of Measure M2 (M2) sales tax revenue bonds in February 2019

Status of Remaining Line of Credit

- The 2021 Credit Agreement of \$500 million is being used to show committed local funds
- It is anticipated that committed local funds will be required until mid-to-late 2023
- The total cost of the LOC for the next two years is estimated to be \$3.4 million
- OCTA staff has worked with the Build America Bureau on an approach to eliminate the line of credit requirement using M2 funds

Use of M2 Funds to Eliminate the LOC

- Deposit \$500 million of M2 funds into subaccounts under its existing custody account with the trustee
- Funds would only be used for construction costs related to the I-405 Improvement Project
- Any amounts expended from the subaccounts would reduce the amount of committed local funds required for the TIFIA loan
- Funds would be deposited no later than June 28, 2021
- LOC requirement would be eliminated saving \$3.4 million

Recommendations

- Approve by resolution authorizing the establishment of a subaccount to be used solely to pay for the I-405 Improvement Project
- Approve the establishment of one or more I-405 Improvement Project custody subaccounts
- Approve the use of \$500 million of M2 funds to fund the I-405 Improvement Project custody subaccounts no later than June 28, 2021
- Restrict withdrawals from the I-405 Improvement Project custody subaccounts to be made solely for I-405 Improvement Project construction costs