# REPORT

**DATE:** April 3, 2008

**TO:** Administration Committee
Regional Council

**FROM:** Wayne Moore, CFO, 213-236-1804, moore@scag.ca.gov

**SUBJECT: LINE OF CREDIT RENEWAL**

**EXECUTIVE DIRECTOR'S APPROVAL:** Hasan Ikhrata

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**RECOMMENDED ACTION:**
Recommend that the Regional Council adopt Resolution # 08-496-2, Resolution to Borrow, renewing SCAG's line of credit with Bank of the West.

**BACKGROUND:**
SCAG has had a $5 million line of credit at Bank of the West since November 15, 2002. It has been regularly renewed and is an important part of SCAG's financial framework. It provides access to a ready source of cash should the need arise.

**ANALYSIS:**
Advances under the line of credit are secured by an assignment of all monies due, or to be due, from Caltrans. Advances must be in minimum amounts of $350,000 and are due within 45 days. The need for such financing would arise in the event of a mismatch between SCAG's payments to vendors and subsequent reimbursement from its funding partners.

The existing extension expired by its terms on December 31, 2007. However, the parties desire to enter into a new extension effective January 1, 2008, with some modification to the terms. The prior extension required that SCAG submit its Comprehensive Annual Financial Report within 160 days of fiscal year-end and interim financial reports monthly. New terms have been negotiated that require submission of the CAFR within 180 days of year-end with quarterly interim reporting. In addition, this renewal enables the agreement to reflect current interest rates, specifically 6% instead of 8.25%. Finally, the RC must act at this time to approve a new Resolution to Borrow naming Hasan Ikhrata as Executive Director. The resolution identifies the Executive Director by name and he alone is authorized to draw on the Line of Credit. The new agreement expires on February 28, 2009.

A copy of the agreement is attached.

**FISCAL IMPACT:**
SCAG will be charged interest at the annual rate of 6% on any borrowings under the line of credit. A fee of $5,000 is due in connection with the renewal. The FY08 budget includes the renewal fee but not any amount for interest expense.

**Reviewed by:**

*Division Manager*

**Reviewed by:**

*Chief Financial Officer*

SOUTHERN CALIFORNIA

**ASSOCIATION of GOVERNMENTS**

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# RESOLUTION #08-496-2
# OF THE SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS
# TO BORROW

WHEREAS, SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS, a Metropolitan Planning Organization ("MPO") has made application to BANK OF THE WEST (the "Bank") for credit accommodations which may consist of but shall in no way be limited to the following: the renewal, continuation or extension of an existing obligation; the extension of a new loan, line of credit or commitment; the issuance of letters of credit or banker's acceptances; or the purchase or sale through Bank of foreign currencies.

RESOLVED, that Hasan Ikhrata, as the Executive Director of the MPO, is authorized, in the name of and on behalf of the MPO to:

(a) Borrow money from the Bank in such amounts and upon such terms and conditions as are agreed upon by the officers of the MPO and the Bank; and execute and deliver or endorse such evidences of indebtedness or renewals thereof or agreements therefor as may be required by the Bank, all in such form and content as the officers of the MPO executing such documents shall approve (which approval shall be evidenced by the execution and delivery of such documents); provided, however, that the maximum amount of such indebtedness shall not exceed the principal sum of $5,000,000.00 exclusive of any interest, fees, attorneys' fees and other costs and expenses related to the indebtedness.

(b) Execute such evidences of indebtedness, agreements, security instruments and other documents and to take such other actions as are herein authorized.

(c) Sell to or discount or re-discount with the Bank any and all negotiable instruments, contracts or instruments or evidences of indebtedness at any time held by the MPO; and endorse, transfer and deliver the same, together with guaranties of payment or repurchase thereof, to the Bank (for which the Bank is hereby authorized and directed to pay the proceeds of such sale, discount or re-discount as directed by such endorsement without inquiring into the circumstances of its issue or endorsement or the disposition of such proceeds).

(d) Withdraw, receive and execute receipts for deposits and withdrawals on accounts of the MPO maintained with the Bank.

(e) Grant security interests and liens in any real, personal or other property belonging to or under the control of the MPO as security for any indebtedness of the MPO to the Bank; and execute and deliver to the Bank any and all security agreements, pledges, mortgages, deeds of trust and other security instruments and any other documents to effectuate the grant of such security interests and liens, which security instruments and other documents shall be in such form and content as the officers of the MPO executing such security instruments and other documents shall approve and which approval shall be evidenced by the execution and delivery of such security instruments and other documents.

(f) Apply for letters of credit or seek the issuance of banker's acceptances under which the MPO shall be liable to the Bank for repayment.

(g) Purchase and sell foreign currencies, on behalf of the MPO, whether for immediate or future delivery, in such amounts and upon such terms and conditions as the officer(s) authorized herein may deem appropriate, and give any instructions for transfers or deposits of monies by check, drafts, cable, letter or otherwise for any purpose incidental to the foregoing, and authorize or direct charges to the depository account or accounts of the MPO for the cost of any foreign currencies so purchased through the Bank.

(h) Enter into derivative transactions with the Bank, including but not limited to interest rate swaps, caps, floors and collars.

(i) To designate in writing to the Bank in accordance with the terms of any agreement or other document executed by the above-named individuals one or more individuals who shall have the authority to as provided herein, to:

(1) request advances under lines of credit extended by the Bank to the MPO;

(2) apply for letters of credit or seek the issuance of banker's acceptances under which the MPO shall be liable to the Bank for repayment;

(3) make deposits and receive and execute receipts for deposits on accounts of the MPO maintained with the Bank;

(4) make withdrawals and receive and execute receipts for withdrawals on account of the MPO maintained with the Bank;

(j) Transact any other business with the Bank incidental to the powers hereinabove stated.

RESOLVED FURTHER, that all such evidences of indebtedness, agreements, security instruments and other documents executed in the name of and on behalf of the MPO and all such actions taken on behalf of the MPO in connection with the matters described herein are hereby ratified and approved.

RESOLVED FURTHER, that the Bank is authorized to act upon these resolutions until written notice of their revocation is delivered to the Bank.

RESOLVED FURTHER, that an authorized officer of the MPO be, and hereby is, authorized and directed to prepare, execute and deliver to the Bank a certified copy of the foregoing resolutions.

I do hereby certify that I am an authorized officer of SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS, and I do hereby further certify that the foregoing is a true copy of the resolutions of the Board of Directors of the MPO adopted and approved at a meeting which was duly called and held in accordance with all applicable provisions of law, on the _____ day of _____, 2008, at which meeting a majority of the Members of the Regional Council of the MPO was present and voted in favor of the resolutions.

I hereby further certify that such resolutions are presently in full force and effect and have not been amended or revoked. I do further certify that the following persons have been duly elected and qualified as and, this day are, officers of the MPO, holding their respective offices appearing below their names, and that the signatures appearing opposite their names are the genuine signatures of such persons.

Hasan Ikhrata
(Name of Officer)

_____
(SIGNATURE)

Executive Director
(Title of Officer)

IN WITNESS WHEREOF, this document is executed as of the ___ day of _____, 2008.

NAME OF MPO:
SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS

BY:_____

NAME: _____, Authorized Officer

*0484468119000000008100960*

# CHANGE IN TERMS AGREEMENT

| Principal | Loan Date | Maturity | Loan No | Call / Coll | Account | Officer | Initials |
|---|---|---|---|---|---|---|---|
| $5,000,000.00 | 11-15-2002 | 02-28-2009 | 810 | | 0484468119 | *** | |

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "***" has been omitted due to text length limitations.

**Borrower:** SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS
818 West Seventh Street, 12th Floor
Los Angeles, CA 90017

**Lender:** BANK OF THE WEST
Pasadena CBO #249
911 E Colorado Blvd., Ste. 300
Pasadena, CA 91106
(888) 457-2692

**Principal Amount: $5,000,000.00** **Initial Rate: 6.000%** **Date of Agreement: December 31, 2007**

**DESCRIPTION OF EXISTING INDEBTEDNESS.** Amended and Restated Financing Agreement (the "Agreement") dated November 15, 2002, in the original principal amount of $5,000,000.00, as amended.

**DESCRIPTION OF COLLATERAL.** Master Fund Transfer Agreement Contract Number SCAGMFTA dated July 1, 1996.

**DESCRIPTION OF CHANGE IN TERMS.**

1. **Extension of Expiration Date.** The Expiration Date provided for in Section 1.1.5 of the Agreement shall be extended to February 28, 2009.

2. **Modification of Reporting and Certification Requirements.** Sections 6.1 (i) and 6.1 (ii) of the Agreement are deleted in their entirety and the following are substituted in lieu thereof:

6.1 (i) Not later than 180 days after the end of each of the MPO's fiscal years, a copy of the audited annual financial statements and reports of the MPO for such year.

6.1 (ii) Not later than thirty (30) days after the end of each quarter, the MPO's quarterly financial report as of the end of each quarter.

3. **Conditions Precedent.** As a condition precedent to the effectiveness of this Change in Terms Agreement, Borrower agrees to pay Lender a loan fee in the amount of $5,000.00.

**CONTINUING VALIDITY.** Except as expressly changed by this Agreement, the terms of the original obligation or obligations, including all agreements evidenced or securing the obligation(s), remain unchanged and in full force and effect. Consent by Lender to this Agreement does not waive Lender's right to strict performance of the obligation(s) as changed, nor obligate Lender to make any future change in terms. Nothing in this Agreement will constitute a satisfaction of the obligation(s). It is the intention of Lender to retain as liable parties all makers and endorsers of the original obligation(s), including accommodation parties, unless a party is expressly released by Lender in writing. Any maker or endorser, including accommodation makers, will not be released by virtue of this Agreement. If any person who signed the original obligation does not sign this Agreement below, then all persons signing below acknowledge that this Agreement is given conditionally, based on the representation to Lender that the non-signing party consents to the changes and provisions of this Agreement or otherwise will not be released by it. This waiver applies not only to any initial extension, modification or release, but also to all such subsequent actions.

**PRIOR TO SIGNING THIS AGREEMENT, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS AGREEMENT. BORROWER AGREES TO THE TERMS OF THE AGREEMENT.**

**CHANGE IN TERMS SIGNERS:**

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS

By:_____
Hasan Ikhrata, Executive Director of SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS

BANK OF THE WEST

By:_____
Gregg Hessick, Vice President of BANK OF THE WEST

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