

(This packet was printed on recycled paper.)

Public notice was given to *The Register-Guard* for publication on October 28, 2002.

**LANE TRANSIT DISTRICT
BOARD OF DIRECTORS
FINANCE COMMITTEE MEETING**

**October 30, 2002
4:00 p.m. to 5:30 p.m.**

**LTD Board Room
3500 East 17th Avenue, Eugene (in Glenwood)**

AGENDA

| | <u>Page</u> |
|---|-------------|
| I. CALL TO ORDER | |
| II. ROLL CALL | |
| Hocken _____ Gaydos _____ Lauritsen _____ | |
| III. APPROVE MINUTES OF SEPTEMBER 18, 2002, MEETING | 2 |
| IV. BUS FINANCING DEBT RESOLUTION | 8 |
| V. CAPITAL FINANCING | 15 |
| VI. COMPREHENSIVE ANNUAL FINANCIAL REPORT | 17 |
| VII. OTHER BUSINESS | |
| VIII. ADJOURN | |

Alternative formats of printed material (Braille, cassette tapes, or large print) are available upon request. A sign language interpreter will be made available with 48 hours' notice. The facility used for this meeting is wheelchair accessible. For more information, please call 682-6100 (voice) or 1-800-735-2900 (TTY, for persons with hearing impairments).

**LANE TRANSIT DISTRICT
RESOLUTION NO. 2002-037**

**A Resolution Setting Forth the Intent of the District to Issue Revenue
Bonds to Finance the Acquisition of Replacement Buses and
Providing for Other Matters Pertaining Thereto**

As the preamble to this resolution (the “**Resolution**”), the Board (the “**Board**”) of the Lane Transit District (the “**District**”) hereby recites the matters set forth below. To the extent any of the following recitals relates to a finding or determination which must be made by the Board in connection with the subject matter of this Resolution or any aspect thereof, the Board declares that by setting forth such recital such finding or determination is thereby made by the Board. The recitals, findings, and determinations set forth herein constitute a part of this Resolution.

(1) The District Is a Municipal Corporation and Political Subdivision of the State of Oregon. The District is a municipal corporation and political subdivision organized and existing under and pursuant to the laws of the State of Oregon.

(2) Need to Finance Project Costs. The District is currently in the process of acquiring approximately 18 low-floor buses and 5 articulated buses (collectively, the “**Replacement Fleet**”) to replace a portion of its existing fleet of buses. The District currently estimates that in order to finance the cost of acquiring the Replacement Fleet it will be necessary to issue revenue bonds in a principal amount currently estimated to be \$9,000,000.

(3) Uniform Revenue Bond Act. Pursuant to and in accordance with the provisions of the Uniform Revenue Bond Act, ORS 288.805 to 288.954 (the “**Act**”), and related provisions of the Oregon Revised Statutes, the District is authorized to issue and sell from time to time revenue bonds for any public purpose. Utilizing this authority, the District intends to issue and sell revenue bonds under the Act in order to provide the moneys needed to finance the costs of acquiring the Replacement Fleet.

(4) Development of System Revenue Bond Financing Program. In connection with the issuance of the bonds, it will be in the long-term interest of the District to develop and adopt the Master Indenture described herein in order to provide a comprehensive framework for meeting the current and future financing needs of the District’s facilities and operations.

(5) Authorization of Bonds to Finance Project. In light of the foregoing, it is appropriate for the District to authorize the issuance of revenue bonds under the Act for the purpose of financing the acquisition of the Replacement Fleet.

Now, therefore, be it resolved by the Board of the District as follows:

Section 1. Definitions. As used in this Resolution, the following terms shall have the respective meanings set forth in this Section 1:

“**Act**” means the Oregon Uniform Revenue Bond Act, being ORS 288.805 to 288.945, as amended.

“Bonds” means the revenue bonds authorized to be issued under Section 2 of this Resolution for the purpose of financing the Project Costs, which bonds shall be issued under this Resolution and the Master Indenture.

“District” means the Lane Transit District, a municipal corporation and political subdivision organized and existing under and pursuant to the laws of the State of Oregon.

“Master Indenture” means a trust indenture to be hereafter approved by the District’s Board, which trust indenture shall provide a comprehensive framework for the issuance of the Bonds and any additional revenue bonds that may be necessary or appropriate to meet the future financing needs of the District’s facilities and operations, all for the purpose of dedicating and pledging the Revenues of the District to the payment of such revenue bonds, establishing the necessary funds and accounts in connection therewith, and setting forth appropriate covenants, terms, and conditions in order to enable all revenue bonds issued thereunder to be marketed and sold on the favorable terms.

“Petition” means a petition filed by the electors of the District asking to have the question of whether to issue the Bonds referred to a vote, all as permitted by ORS 288.815 and as more particularly set forth in Section 3 of this Resolution.

“Replacement Fleet” means the buses to be acquired by the District to replace a portion of its existing bus fleet, consisting of approximately 18 low-floor buses and 5 articulated buses.

“Project Costs” means all costs and expenses incurred and to be incurred in connection with the design, engineering, acquisition, testing, and financing of the Replacement Fleet, including but not limited to all costs incurred in connection with the issuance and sale of the Bonds, capitalized interest on the Bonds, and the funding of any necessary reserves and contingency amounts.

“Revenues” means the tax revenues derived by the District from the payroll and self-employment taxes imposed by the District pursuant to ORS 267.380 and 267.385, all as the same shall be more particularly described in the Master Indenture.

Section 2. Authorization of Revenue Bonds to Finance Project and Related Matters.

(a) Principal Amount. For the purpose of financing the Project Costs, the Bonds are hereby authorized to be issued pursuant to the Act in an aggregate principal amount not to exceed \$9,000,000; provided that in the event any Bonds are issued and sold at an original issue discount, such original issue discount shall not, for purposes of the maximum principal amount of Bonds authorized to be issued hereunder, be deemed to be a part of the principal amount thereof, it being the intent hereof that the stated principal amount of the Bonds less any such original issue discount shall not exceed \$9,000,000. The Bonds shall be issued pursuant to this Resolution and the Master Indenture, and shall be secured by and payable from the Revenues, and shall have such terms, conditions, and provisions, all as shall be set forth in the Master Indenture.

(b) Limited Obligations. The Bonds and all obligations of the District under or with respect to the Bonds shall be and remain limited obligations of the District payable solely and only out of the Revenues and other assets and properties of the District hereafter pledged or mortgaged thereto pursuant to the Master Indenture (the Revenues together with such other assets and properties

being herein called the “**Trust Estate**”). No recourse shall be had against any properties, funds, or assets of the District (other than the Trust Estate) for the payment of any amounts owing under or with respect to the Bonds. Neither the Bonds nor the obligations of the District under or with respect thereto shall constitute or create an indebtedness of the District within the meaning of any constitutional or statutory debt limitation. No recourse shall be had for the payment of the principal of or interest on the Bonds or for any claim based thereon against any member, officer, or employee of the District or any person executing the Bonds.

(c) Preparation of Master Indenture. The District General Manager, the District Director of Finance and Information Technology, and the District's staff, financial advisor, and bond counsel are hereby authorized and directed to prepare the Master Indenture as contemplated herein and to present such Master Indenture to the Board for consideration and approval.

Section 3. Right of Electors to Refer Bonds to Vote. Pursuant to and in accordance with the requirements of the Act, the issuance of the Bonds as authorized by this Resolution is subject to the following limitations and conditions:

(a) Petition to Refer Bonds to Vote. The electors of the District may file a Petition with District asking to have the question of whether to issue the Bonds referred to a vote, as provided and required under ORS 288.815(3).

(b) Signatures Required and Time for Filing Petition. If:

(i) a Petition is filed within 60 days following publication of the notice described in Section 4 of this Resolution; and

(ii) such Petition contains the valid signatures of electors of District totaling not less than five percent of District's electors;

then and in such event the question of issuing the Bonds shall be placed on the ballot at the next legally available election date, and no Bonds may be sold until this Resolution is approved by a majority of the electors of District voting on such question.

If no Petition meeting the requirements of (ii) above is filed with the District within the 60-day time period referred to in (i) above, the District may proceed with the issuance and sale of the Bonds at any time following the expiration of such 60-day time period.

Section 4. Publication of Notice. The District's Director of Finance and Information Technology is hereby authorized, empowered, and directed, for and on behalf of the District, to publish a notice in the form attached hereto as Exhibit A. Such notice shall be published in *The Register-Guard*, a newspaper of general circulation within the jurisdictional boundaries of the District.

Section 5. Additional Actions Authorized. The District's General Manager and Director of Finance and Information Technology, and such other District personnel as shall be directed by any of the foregoing, are each hereby authorized, empowered, and directed, for and on behalf of the District, to take any and all actions necessary or appropriate in order to carry out the intended purposes of this Resolution.

Section 6. Governing Law. This Resolution shall be interpreted, governed by, and construed under the laws of the State of Oregon, including the Act.

Section 7. Headings Not Binding. The headings in this Resolution are for convenience only and in no way define, limit, or describe the scope or intent of any provisions or sections of this Resolution.

Section 8. Effective Date. This Resolution shall become effective immediately upon adoption.

Adopted by the Lane Transit District Board of Directors on the 20th day of November, 2002.

November 20, 2002
Date

Board Secretary

Exhibit A

Form of Notice

Lane Transit District

Official Notice of Intent to Issue Revenue Bonds

NOTICE IS HEREBY GIVEN that on November 20, 2002, the Board of the Lane Transit District (the "District") adopted Resolution No. 2002-037 (the "Resolution"), a copy of which Resolution is available for inspection by any interested member of the public during regular business hours at the main administrative offices of the District located at 3500 East 17th Avenue, Eugene, Oregon 97403.

Bonds Authorized: The Resolution authorizes the issuance of revenue bonds in an estimated aggregate principal amount of not to exceed \$9,000,000 (the "Bonds") for the purpose of financing the costs of acquiring a fleet of buses to replace the District's existing bus fleet. The replacement buses will be used in the District's mass transit operations.

Source of Payment of Bonds: The Bonds will be secured by a pledge of and be payable out of the revenues derived by the District from the payroll and self-employment taxes currently imposed by the District pursuant to ORS 267.380 and 267.385. The District may also provide for the payment of the Bonds out of other legally available sources of revenue. No new taxes will be imposed to pay the amounts owing on the Bonds.

Right to Refer Issuance of Bonds to Electors for Approval: Under the provisions of ORS 288.815, the electors of the District have the right to file a petition with the District asking to have the question of the issuance of the Bonds referred to a vote. In order to have the question of issuance of the Bonds so referred to a vote, a petition asking for such a referral must be filed with the District not less than 60 days following the date of publication of this notice and such petition must contain the valid signatures of not less than five percent of the District's electors.

If such a petition is filed with the District within such 60-day period, the question of issuing the Bonds will be placed on the ballot at the next legally available election date and the Bonds may not be sold until the Resolution is approved by a majority of the electors of the District voting on the Resolution at such election.

If no such petition is filed with the District within such 60-day period, the District may proceed to issue the Bonds at any time thereafter without further notice or right of referral on the part of the electors of the District.

This notice is being given and published by order of the Board of the District pursuant to the requirements of ORS 288.815(6).

Diane W. Hellekson, Director of Finance and Information Technology, Lane Transit District

Date of Publication: November 27, 2002

FINANCE COMMITTEE AGENDA ITEM SUMMARY

DATE OF MEETING: October 30, 2002

ITEM TITLE: COMPREHENSIVE ANNUAL FINANCIAL REPORT

PREPARED BY: Diane Hellekson, Director of Finance & Information Technology

ACTION REQUESTED: None

BACKGROUND: The FY 2001-02 Comprehensive Annual Financial Report (CAFR) is scheduled for review and acceptance by the full Board at the November 20 meeting. At that time, one or more representatives of LTD's independent audit firm, Grove, Mueller & Swank, P.C., will report audit results to the Board. The November 20 Board packet will include an executive summary of results, as in the past.

Because production of the CAFR was completed before the end of October, advance copies of the document are available for early review by Committee members. Staff will offer overview comments at the October 30 meeting but will hold the formal report summary and presentation until November 20. Staff will be available to respond to questions at the Committee meeting.

ATTACHMENTS: Comprehensive Annual Financial Report (included with packet for Committee members only)

PROPOSED MOTION: None

FINANCE COMMITTEE AGENDA ITEM SUMMARY

DATE OF MEETING: October 30, 2002

ITEM TITLE: CAPITAL FINANCING

PREPARED BY: Diane Hellekson, Director of Finance & Information Technology

ACTION REQUESTED: None

BACKGROUND: As Committee members know, there are many uncertainties that remain with regard to the District's plan to fund the components of the Capital Improvements Program. At the September 12 meeting, BRT vehicle financing issues were considered. It was also noted that no resources have been identified to date to support the Pioneer Parkway and Coburg Road BRT segments planned as part of the system buildout.

Since the September 12 meeting, the federal government began a new fiscal year without an appropriated budget. Without a signed transportation appropriations bill, the list of potentially unfunded or underfunded projects has grown. The list includes Springfield Station and the new RideSource facility, both of which have partial dedicated funding, and the remodel of the LTD Maintenance facility to accommodate both articulated and bus rapid transit (BRT) vehicles. All three of these projects are underway, and LTD is committed to completing them, regardless of what happens to the scope and timeline of BRT project components.

In addition to completing the three projects just mentioned, LTD will complete the Downtown Eugene to Downtown Springfield segment of the BRT project, regardless of whether any additional segments complete planning phases. Total first segment costs have not been totaled yet, but it is believed that capital resources set aside will be adequate. What is not known yet, and it drives the first segment implementation schedule, is when the BRT vehicles can/will be delivered. Springfield Station, the RideSource facility, and the Maintenance remodel can all be completed independently of any BRT segment.

A teleconference with Advanced Public Transport Systems (APTS), manufacturer of the Phileas bus, which has been selected as the BRT vehicle pending completion of a due diligence investigation and contract negotiation, is scheduled for October 24. Since the information expected to

be gained from this meeting was unknown at the time this memo was prepared, materials will be distributed at the October 30 meeting that present capital funding timelines, options, and strategies.

The Finance Committee will continue discussion of funding issues and strategies on November 21 with a meeting devoted to New Starts participation analysis. The full Board will consider budget issues and strategies as part of the work session scheduled for December 5 and 6.

ATTACHMENTS: (There will be handouts at the meeting.)

PROPOSED MOTION: None

Legal Notice

Date: May 11, 2020
To: Carol Johnson, Legal Publications
The Register-Guard; Fax: 687-6668
From: Chris Thrasher, Administrative Secretary
Lane Transit District; Phone: 682-6109
RE: Notice of Board Committee Meeting
LTD Purchase Order #A-00736

Please publish the following legal publication on Monday, October 28, 2002.

NOTICE OF LTD BOARD COMMITTEE MEETING

A meeting of the Finance Committee of the Board of Directors of Lane Transit District will be held on Wednesday, October 30, 2002, at 4:00 p.m., in the LTD Board Room at 3500 East 17th Avenue, Eugene (in Glenwood). Items for discussion include replacement vehicle debt, capital funding, and the Comprehensive Annual Financial Report.

Alternative formats of printed materials (Braille, cassette tapes, or large print) are available upon request. A sign language interpreter will be made available with 48 hours' notice. The facility used for this meeting is wheelchair accessible. For more information, call 682-6100 (voice) or 1-800-735-2900 (TTY, through Oregon Relay, for persons with hearing impairments).

Q:\Reference\Board Packet\2002\10\Finance Committee\Legal notice to RG.doc



Lane Transit District

*P.O. Box 7070
Eugene, Oregon 97401-0470*

*3500 East 17th Avenue
Eugene, Oregon 97403*

*Phone: 541-682-6100
Fax: 682-6111
TTY: 800-735-2900
E-mail: ltd@ltd.lane.or.us
Internet: www.ltd.org*

MINUTES OF FINANCE COMMITTEE MEETING
LANE TRANSIT DISTRICT BOARD OF DIRECTORS

October 30, 2002

Pursuant to notice given to *The Register-Guard* for publication on October 28, 2002, a meeting of the Lane Transit District Board of Directors Finance Committee was held at 4:00 p.m. on October 30, 2002, at Lane Transit District, 3500 East 17th Avenue, Eugene.

Present: Pat Hocken, LTD Board Member
Gerry Gaydos, LTD Board Member

Absent: Virginia Lauritsen, LTD Board Member

I. CALL TO ORDER

Ms. Hocken called the meeting to order at 4:07 p.m.

II. ROLL CALL

Ms. Hocken noted that she and Mr. Gaydos were present. Also present were: Diane Hellekson, Carol James, Ken Hamm, Mark Pangborn, Steve Parrott (LTD staff).

III. APPROVAL OF MINUTES

Mr. Gaydos moved, seconded by Ms. Hocken, to approve the minutes of the September 18, 2002, meeting of the LTD Board of Directors Finance Committee. The motion passed unanimously.

IV. OTHER BUSINESS

Ms. Hellekson informed the committee that a taxpayer had filed amended returns with the Oregon Department of Revenue regarding exemption from the LTD payroll tax for part of their operations. The taxpayer argued that part of their operations, although 501(c)(3) status under the umbrella of the taxpayer's main business, was not part of the hospital but were still nonprofit organizations. Ms. Hellekson distributed copies of the 1997 Oregon Revised Statutes, 267.380 Definitions for ORS 267.380 and 267.385, which states the following:

"Employer" does not include an organization exempt from taxation under section 501(c)(3) of the Internal Revenue Code, as amended and in effect on December 31, 1996, except that "employer" does include hospitals.

This exemption will mean a \$700,000 loss in payroll tax revenue (cash basis). Future payroll tax revenues lost will be about 1 percent of total payroll tax revenue, or \$175,000 per year.

Staff outlined the following plan of action:

- LTD attorneys will be asked to give an opinion.
- Staff will look into appealing the decision.
- Tri-Met in Portland has been notified, and they are looking into the issue with their attorneys.
- Staff will ask the LTD Board to approve using contingency to cover the loss.
- Linda Lynch, government relations manager, will look into the legislative history and changing the language in the statutes to include "clinics and labs."

In response to a question from Ms. Hocken, Ms. James believed there would be a small effect on the taxpayer's group pass rate.

Ms. Hocken stated that the contingency in Oregon local budget laws was set up in case you have to expend more in a budget category. She was unclear how using the contingency for a revenue shortfall applied. Ms. Hellekson stated that the LTD contingency was originally created to protect against revenue shortfall, specifically in regards to payroll tax.

V. CAPITAL FINANCING

Ms. Hellekson distributed copies of a two-page Capital Projects Summary and a Schedule of Combined Five-Year Projections – Baseline, which were created for the strategic planning work session with the full Board in December 2002. Ms. James reviewed major changes in the assumptions for the capital projects:

- Phase 1 BRT construction has been moved out two years, with completion September 2004.
- Timeline for Phase 1 BRT start-up is being driven by when buses are due to arrive (September/October 2004 or March 2005). Mr. Hamm noted that buses would arrive one by one, on a monthly basis. The corridor needs to be complete before the prototype bus can be tested. The last bus should arrive six months after the first bus is delivered.
- Phase 1 BRT construction is estimated at \$12 million.
- Phase 1 BRT design is estimated at \$1.4 million.
- Additional funding over original grant is assumed to be 5307 formula funds.
- Phase 2 BRT was pushed out a year. Both corridors are assumed to be funded at 60 percent federal, 20 percent LTD local, and 20 percent other local.
 - Pioneer Parkway construction is assumed to start in 2004-05, with completion in 2006-07. Construction is estimated at \$15.7 million.
 - Coburg Road construction is assumed to start in 2006-07. Construction is estimated at \$20 million.
- BRT technology is assumed to be funded out of 5307 formula funds.
- Springfield Station construction is assumed to be funded with STIP funds, \$4 million from last year's United Front lobbying effort, and funds from this year's United Front lobbying effort.
- RideSource facility construction is estimated at \$2.2 million.
- Destination signs on all the buses would be replaced for \$1 million over a three-year period.

Mr. Gaydos asked for an explanation of the 20 percent local match for Phase 2 BRT construction. Ms. Hellekson stated that it could include state funding. Staff hoped to receive a donation of land in Springfield for BRT as part of the match. Mr. Pangborn stated that the state could play a role in capital match; the state has made significant contributions to light rail in Portland.

Mr. Gaydos was concerned that the community would assume BRT was already funded. Ms. Hellekson stated that Phase 1 BRT is funded; however, funding for the other two corridors is yet to be determined. LTD would not commit to building until funding is determined.

Mr. Pangborn stated that the bus guideway system was included in construction costs for the initial corridor. The magnets in the system are of minimal cost; however, the major cost of the system is in the software on the bus and is included in the cost of the buses.

Ms. James stated that according to this plan, by Year 5 we are out of cash.

The revenue summary identified the source of revenues.

Ms. Hocken asked what assumptions were made regarding the STP allocation. Ms. James stated that the status quo was used.

In response to a question from Mr. Gaydos, Ms. Hellekson stated that we are prudent in what we are financing with debt. We could finance more than vehicles with debt because we are not near maximum capacity.

Mr. Gaydos stated that he has reassured the public that debt financing is not being used for operations.

Mr. Hamm reported that 20 other systems of similar size have gotten extensions regarding using formula funds for operations. LTD has never used formula funds for operations.

Ms. Hellekson stated that the Board would be discussing strategies that support the capital plan during the Board work session in December 2002.

In response to a question from Ms. Hocken, Mr. Pangborn stated that no one knows when the transportation bill would be passed. There could be a special legislative session in November 2002 after the elections. Bills would either be discussed and passed separately, or bills would be tossed into an omnibus funding bill. The omnibus funding bill would give LTD less chance to advocate for the \$6 million earmark.

VI. BUS FINANCING DEBT RESOLUTION

Ms. Hellekson referred the committee to the section in the agenda packet regarding the debt resolution. Staff have since made a change to the language on page 1, paragraph (2), and page 2, paragraph "Replacement Fleet," to read as follows: ...to replace **a portion of** its existing bus fleet...

The committee had no objections to the resolution as written. The resolution, once approved by the full Board in November, would be published in accordance with legal notice requirements and would specify a 60-day period in which members of the public can declare intent to oppose the debt financing plan.

Ms. Hellekson was confident that \$9 million was adequate for the cost of both the vehicles and the debt issuance process.

VII. COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

Ms. Hellekson stated that copies of the CAFR had been mailed to the committee for their review, and LTD Board members would receive copies at the November meeting.

Ms. Hellekson noted that LTD once again received a clean audit. She also reported that staff were able to bring the revenues and expenditure growth rates under control last year. The total revenue growth rate, was 8.6 percent, with a majority from grant-funded areas. Expenditure growth was limited to 2.7 percent, which was driven by depreciation.

Ms. Hocken noted that the net income was double from prior fiscal year, which is a measure of how well we were able to reduce expenditures during the year.

Mr. Gaydos stated that the transmittal letter contained valuable information that could be summarized and provided to the public in a public annual report or a one-page summary.

Ms. James stated that copies of the CAFR are mailed to the Eugene and Springfield city managers, the local public libraries, and Eugene and Springfield Chambers of Commerce.

VIII. NEXT MEETING

Ms. Hellekson reminded the committee that the next meeting of the Finance Committee was scheduled for November 21 as a work session on New Starts funding.

IX. ADJOURNMENT

There was no further discussion and the meeting adjourned at 5:00 p.m.

(Recorded by Chris Thrasher, Lane Transit District)

FINANCE COMMITTEE AGENDA ITEM SUMMARY

DATE OF MEETING: October 30, 2002

ITEM TITLE: BUS FINANCING DEBT RESOLUTION

PREPARED BY: Diane Hellekson, Director of Finance & Information Technology

ACTION REQUESTED: None

BACKGROUND: As previously reported to the Committee, there are a number of steps required in order to issue revenue bonds to finance the purchase of 18 Gillig buses and 5 articulated buses. A reimbursement resolution was approved by the Board, at the recommendation of the Finance Committee, at the September 18 Board meeting. It is now time to consider and approve what is called a 60-Day Notice Resolution.

This resolution, once it is approved by the full Board, will be published in accordance with legal notice requirements and will specify a 60-day period in which members of the public can declare intent to oppose the debt financing plan. The form of opposition and steps required will be shared with Committee members at the October 30 meeting.

The 60-Day Notice Resolution, which was written by Lane Transit District's bond counsel, is attached. It is a required component of the revenue bond issuance process. If Committee members have no objections or concerns that need to be addressed, the resolution will go to the full Board of Directors as an action item for the November 20 meeting.

ATTACHMENTS: 60-Day Notice Resolution

PROPOSED MOTION: None