



**VICTOR VALLEY TRANSIT AUTHORITY  
REGULAR MEETING OF  
THE BOARD OF DIRECTORS  
October 21, 2019, 9:30 A.M.**

**Victor Valley Transit Authority  
17150 Smoke Tree Street  
Hesperia, CA 92345**

**Victor Valley Transit Authority Board of Directors**

Larry Bird, Chair, City of Hesperia  
Curt Emick, Vice-Chair, Town of Apple Valley  
Rich Harpole, Director, City of Barstow  
Joy Jeannette, Director, City of Adelanto  
Robert Lovingood, Director, County of San Bernardino  
Dawn Rowe, Director, County of San Bernardino  
Gloria Garcia, Director, City of Victorville

**MISSION STATEMENT**

Our mission is to serve the community with excellent public transportation services in terms of quality, efficiency, and responsiveness.

**AGENDA**

The Board of Directors meeting facility is accessible to persons with disabilities. If assistive listening devices or other auxiliary aids or services are needed in order to participate in the public meeting, requests should be made through the Clerk of the Board at least three (3) business days prior to the Board meeting. The Clerk's telephone number is 760-948-3262 x112, (voice) or for Telephone Device for the Deaf (TDD) service, begin by calling 711 and provide the VVTA phone number and the office is located at 17150 Smoke Tree Street, Hesperia, CA. This agenda available and posted: Friday, October 11, 2019.

CALL TO ORDER

ROLL CALL

PLEDGE OF ALLEGIANCE

ANNOUNCEMENTS

PUBLIC COMMENTS

This is the time the Board will hear public comments regarding items not on the agenda or the consent calendar. Individuals who wish to speak to the Board regarding agenda items or during public comments should fill out a comment card and submit it to the Clerk of the Board. Each speaker is allowed three (3) minutes to present their comments. The Board will not remark on public comments; however, each comment will be taken into consideration by VVTA.

CONSENT CALENDAR
------------------

Consent Calendar items shall be adopted by a single vote unless removed for discussion by Board member request.

Pg. 9      ***Item #1: Minutes from Public Hearing and Regular Meeting of The Board of Directors Conducted on September 16, 2019.***

Recommendation: Move for approval.

Presented by: None.

Pg. 19      ***Item #2: Warrants, August 2019.***

Recommendation: Move for approval.

Presented by: None.

Pg. 23      ***Item #3: A Resolution of the Board of Directors of Victor Valley Transit Authority Approving the Form of, and Authorizing the Execution of, a Memorandum of Understanding (MOU) Authorizing Participation in the Special District Risk Management Authority's (SDRMA) Health Benefits Program.***

Recommendation: Move for Approval.

Presented by: None.

REPORTS
---------

Pg. 33      ***Item #4: Meeting Notes from October 2, 2019.***

Recommendation: Information item only.

Presented by: None.

Pg. 39      ***Item #5: Reports***

Recommendation: Information item only.

Presented by: Kevin Kane, Executive Director.

ACTION ITEMS
--------------

Pg. 49      ***Item #6: Resolution Number 19–05 for a Line of Credit with Flagstar Bank and the Line of Credit agreement reviewed and approved by VVTA counsel.***

Recommendation: Approve Resolution 19–05 Line of Credit and authorize the VVTA Executive Director/CEO to sign the accompanying agreement

that has been thoroughly reviewed and approved by VVTA legal counsel.  
Presented by: Maged Azer, Finance Director

- Pg. 103 ***Item #7: Amend Contract 2015-07 – AECOM, for the Continued Need for On-call Consulting and for the Short-Range Transit Plan.***  
Recommendation: Approve VVTA Contract 2015-07 Amendment No. 2. to AECOM.  
Presented by: Christine Plasting, Procurement Manager.
- Pg. 109 ***Item #8: Extend Contract 2016-20 – Geographics for two years to provide On-call Marketing Services.***  
Recommendation: Extend Contract 2016-20 - Geographics to provide On-call Marketing services through October 20, 2021.  
Presented by: Christine Plasting, Procurement Manager.
- Pg. 115 ***Item #9: Amend the VVTA Fiscal Year 2019-20 Capital Budget, Short Range Transit Plan, and TDA Claim to Reallocate Funds to the Purchase of Four (4) CNG Replacement Buses.***  
Recommendation: Amend the VVTA Fiscal Year 2019-20 Capital Budget, Short Range Transit Plan, and TDA Claim to Reallocate Funds to the Purchase of Four (4) CNG Replacement Buses  
Presented by: Nancie Goff, Deputy Executive Director.
- Pg. 119 ***Item #10: Amend the VVTA Fiscal Year 2019-20 Capital Budget, Short Range Transit Plan, and TDA Claim to Reallocate Funds to the Barstow New Facility Furniture, Fixture and Equipment Project.***  
Recommendation: Amend the VVTA Fiscal Year 2019-20 Capital Budget, Short Range Transit Plan, and TDA Claim to Reallocate Funds to the Barstow New Facility Furniture, Fixture and Equipment Project.  
Presented by: Nancie Goff, Deputy Executive Director.
- Pg. 123 ***Item #11: Letter of Opposition to SBCTA's Consolidation Study.***  
Recommendation: Approve the letter of opposition to SBCTA's consolidation study  
Presented by: Kevin Kane, Executive Director.

BOARD OF DIRECTORS COMMENTS

DATE OF NEXT MEETING

Monday, November 18, 2019 at 9:30 AM  
**Barstow City Council Chambers**  
220 East Mountain View Street  
Barstow, CA 92311

ADJOURNMENT

## Victor Valley Transit Acronym List

Page 1 of 2

ADA	Americans with Disabilities Act
APTA	American Public Transit Association
AQMP	Air Quality Management Plan
BAFO	Best and Final Offer
BEB	Battery Electric Bus
BOE	Board of Equalization
CALCOG	California Association of Councils of Governments
CALTRANS	California Department of Transportation
CARB	California Air Resources Board
CEQA	California Environmental Quality Act
CHP	California Highway Patrol
CIP	Capital Improvement Program
CMAQ	Congestion Mitigation and Air Quality
CMP	Congestion Management Program
CNG	Compressed Natural Gas
COG	Council of Governments
CSAC	California State Association of Counties
CTC	California Transportation Commission
CTC	County Transportation Commission
CTP	Comprehensive Transportation Plan
CTSA	Consolidated Transportation Services Agency
CTSGBP-CTAF	California Transit Security Grant Program-California Transit Assistance Fund
DAC	Disadvantaged Communities
DBE	Disadvantaged Business Enterprise
DBELO	Disadvantaged Business Enterprise Liaison Officer
DOD	Department of Defense
DOT	Department of Transportation
E&H	Elderly and Handicapped
EEM	Environmental Enhancement and Mitigation
EIR	Environmental Impact Report
EIS	Environmental Impact Statement
EPA	United States Environmental Protection Agency
ETC	Employee Transportation Coordinator
FAST	Fixing America's Surface Transportation ACT
FEIS	Final Environmental Impact Statements
FHWA	Federal Highway Administration
FTA	Federal Transit Administration
GIMS	Geographic Information Mapping Systems
GIS	Geographic Information Systems
GPS	Global Positioning System
HOV	High-Occupancy Vehicle
HVIP	Hybrid and Zero-Emission Truck and Bus Voucher Incentive Program.
IAS-FFA	Independent Auditors Statement for Federal Funding Allocation
ITS	Intelligent Transportation Systems
JPA	Joint Powers Authority
LACMTA	Los Angeles County Metropolitan Transportation Authority
LAP	Language Assistance Plan
LCFS	Low Carbon Fuel Standard
LCTOP	Low Carbon Transit Operations Program
LD	Liquidated Damages
LEED	Leadership in Energy and Environmental Design
LEP	Limited English Proficiency

## Victor Valley Transit Acronym List

Page 2 of 2

LTF	Local Transportation Fund
MAP-21	Moving Ahead for Progress in the 21 <sup>st</sup> Century
MBTA	Morongo Basin Transit Authority
MDAQMD	Mojave Desert Air Quality Management District
MDT	Mobile Display Terminal
MOU	Memorandum of Understanding
MPO	Metropolitan Planning Organization
MTP	Metropolitan Transportation Planning
MTBP	Mass Transit Benefit Program
NEPA	National Environmental Policy Act of 1969
NTD	National Transit Database
OCTA	Orange County Transportation Authority
OWP	Overall Work Program
PASTACC	Public and Specialized Transportation Advisory and Coordinating Council
PCA	Personal Care Attendant
PTMISEA	Public Transportation Modernization Improvement and Service Enhancement
POP	Program of Projects
RCTC	Riverside County Transportation Commission
RDA	Redevelopment Agency
RTAC	Regional Transportation Agencies' Coalition
RTAP	Rural Technical Assistance Program
RTIP	Regional Transportation Improvement Program
RTP	Regional Transportation Plan
RTPA	Regional Transportation Planning Agencies
SBCTA	San Bernardino County Transportation Authority (formerly SANBAG)
SCAG	Southern California Association of Governments
SOV	Single-Occupant Vehicle
S RTP	Short Range Transit Plan
STAF	State Transit Assistance Funds
STIP	State Transportation Improvement Program
STP	Surface Transportation Program
TAC	Technical Advisory Committee
TAM	Transit Asset Management
TCM	Transportation Control Measure
TDA	Transportation Development Act
TEA	Transportation Enhancement Activities
TEAM	Transportation Electronic Award and Management
TNC	Transportation Network Company
TOCP	Transit Operating and Capital Plan
TrAMS	Transit Award and Management System
TREP	Transportation Reimbursement Escort Program
TRIP	Transportation Reimbursement Incentive Program
TSSSDRA	Transit System Safety, Security and Disaster Response Account
TSM	Transportation Systems Management
ULEV	Ultra Low Emission Vehicle
UZAs	Urbanized Areas
VOMS	Vehicles Operated in Maximum Service
ZEB	Zero Emission Bus
ZEV	Zero Emission Vehicle

## Victor Valley Transit Authority Meeting Procedures

The Ralph M. Brown Act is the state law which guarantees the public's right to attend and participate in meetings of local legislative bodies. These rules have been adopted by the Victor Valley Transit Authority (VVTA) Board of Directors in accordance with the Brown Act, Government Code 54950 et seq., and shall apply at all meetings of the (VVTA) Board of Directors.

1. **Agendas** - All agendas are posted at the VVTA Administrative offices, and the Victorville, Hesperia, Barstow and Apple Valley city/town halls at least 72 hours in advance of the meeting. Staff reports related to agenda items may be reviewed at the VVTA Administrative offices located at 17150 Smoke Tree Street, Hesperia, CA 92345.
2. **Agenda Actions** - Items listed on both the "Consent Calendar" and "Action/Discussion Items" contain suggested actions. The Board of Directors will generally consider items in the order listed on the agenda. However items may be considered in any order. New agenda items can be added and action taken by two-thirds vote of the Board of Directors.
3. **Closed Session Agenda Items** - Consideration of closed session items exclude members of the public. These items include issues related to personnel, ending litigation, labor negotiations and real estate negotiations. Prior to each closed session, the Chair will announce the subject matter of the closed session. If action is taken in closed session, the Chair may report the action to the public at the conclusion of the closed session.
4. **Public Testimony on an Item** - Members of the public are afforded an opportunity to comment on any listed item. Individuals wishing to address the Board of Directors should complete a "Request to Speak" form. A form must be completed for each item an individual wishes to speak on. When recognized by the Chair, speakers should be prepared to step forward and announce their name and address for the record. In the interest of facilitating the business of the Board, speakers are limited to three (3) minutes on each item. Additionally, a twelve (12) minute limitation is established for the total amount of time any one individual may address the Board at any one meeting. The Chair or a majority of the Board may establish a different time limit as appropriate, and parties to agenda items shall not be subject to the time limitations. If there is a Consent Calendar, it is considered a single item; thus the three (3) minute rule applies. Consent Calendar items can be pulled at Board member request and will be brought up individually at the specified time in the agenda allowing further public comment on those items.
5. **Public Comment** - At the beginning of the agenda an opportunity is also provided for members of the public to speak on any subject within VVTA's authority. Matters raised under "Public Comment" may not be acted upon at that meeting. The time limits established in Rule #4 still apply.
6. **Disruptive Conduct** - If any meeting of the Board is willfully disrupted by a person or by a group of persons so as to render the orderly conduct of the meeting impossible, the Chair may recess the meeting or order the person, group or groups of persons willfully disrupting the meeting to leave the meeting or to be removed from the meeting. Disruptive conduct includes addressing the Board without first being recognized, not addressing the subject before the Board, repetitiously addressing the same subject, failing to relinquish the podium when requested to do so, or otherwise preventing the Board from conducting its meeting in an orderly manner.

Please be aware that a NO SMOKING policy has been established for VVTA meetings. Your cooperation is appreciated!

# **VICTOR VALLEY TRANSIT AUTHORITY**

## **MISSION STATEMENT**

**Our mission is to serve the  
community with excellent  
public transportation  
services in terms of quality,  
efficiency, and  
responsiveness.**

### **Quality**

**To increase ridership and community support by exceeding expectations.**

### **Efficiency**

**To maintain an efficient operation that represents a highly-valued service.**

### **Responsiveness**

**To provide services and facilities which are responsive to the needs of the community.**



**AGENDA ITEM  
ONE**

THIS PAGE INTENTIONALLY LEFT BLANK

VICTOR VALLEY TRANSIT AUTHORITY

**AGENDA MATTER**

**Minutes from the Public Hearing and Regular Meeting of the Board of Directors  
Conducted on September 16, 2019.**

**SUMMARY STATEMENT**

Following are copies of the minutes from the public hearing and regular meeting of the Board of Directors conducted on September 16, 2019.

**RECOMMENDED ACTION**

Move for approval.

<b>PRESENTED BY</b>	<b>FISCAL IMPACT</b>	<b>MEETING DATE</b>	<b>ITEM NUMBER</b>
Debi Lorrh, Clerk of the Board	N/A	October 21, 2019	1

**VICTOR VALLEY TRANSIT  
PUBLIC HEARING AND REGULAR MEETING OF THE  
BOARD OF DIRECTORS**

**September 16, 2019  
MINUTES**

CALL TO ORDER

The Regular Meeting of the Board of Directors of the Victor Valley Transit Authority was called to order at 9:30 a.m. by Chair Larry Bird at Victor Valley Transit Authority, 17150 Smoke Tree Street, Hesperia, CA 92345.

ROLL CALL

Board Members Present: Chair Larry Bird  
Vice-Chair Curt Emick  
Director Joy Jeannette  
Director Robert Lovingood  
Director Gloria Garcia  
Director Rich Harpole  
Alternate-Director Elaine Villareal

Staff Members Present:

Kevin Kane, VVTA	Nancie Goff, VVTA
Maged Azer, VVTA	Barbara Miller, VVTA
Carol Greene, County Counsel	Debi Lorrach, VVTA
Christine Plasting, VVTA	Nancy Strickert, SBCTA
Doug Matthews, City of Victorville	Rebecca Soto, SBCTA
Ron Zirges, VVTA	Ashley IZard, SBCTA
Christine Ortega, Next	Dennis Brooks, AMMA
Dustin Strandberg, VVTA	Ashley Palmer, VVTA
Marie Downing, VVTA	David Flowers, VVTA
Don Holland, Co of SB	Craig Barnes, VVTA
Gabriela Cervantes, VVTA	Denise Madrid, VVTA

PLEDGE OF ALLEGIANCE

Chair Bird led the audience in the pledge of allegiance.

ANNOUNCEMENTS

Mr. Kane shared that VVTA has a fully wrapped battery-electric bus for everyone to look at and take a short ride after the meeting.

PUBLIC COMMENTS

Speaker: Terri Martini, Adelanto

Ms. Martini wished to offer compliments to driver Laura on Route 31 for going out of her way to make sure she was picked up even though she was running late. Ms. Martini

also offered thanks to driver Rodrigo for noticing her coming to the bus stop and waiting for her.

## ACTION/DISCUSSION ITEMS

### CONSENT CALENDAR

1. **Minutes from Public Hearing and Regular Meeting of The Board of Directors Conducted on August 19, 2019.**

Recommendation: Move for approval.

Presented by: None.

2. **Warrants, July 2019.**

Recommendation: Move for approval.

Presented by: None.

**A MOTION WAS MADE BY** Director Jeannette to approve the Consent Calendar. Seconded by Vice-Chair Emick. The motion passed unanimously.

### REPORTS

3. **Management Reports for Hesperia and Barstow Divisions – Verbal Report from Executive Director.**

Recommendation: Information item only.

Mr. Kane shared that he attended gathering called Regions Rising Together, where he met the President of California State University at San Bernardino. The President is willing to meet with VVTA to discuss the Route 15's service to the CSUSB campus.

The issues with poor performance continue with the contractor, though they have improved from catastrophic to unacceptable, Mr. Kane said.

SBCTA held their Board meeting on September 4, 2019 and while Agenda item #19 began as a request for funding for OmniTrans, the item was closed with a recommendation to perform a consolidation study for all transit agencies in the Victor Valley and Mountain Desert to be operated under SBCTA. Ms. Greene stated that Mountain Transit will be presenting a letter of opposition to their Board on September 18, 2019. Mr. Kane stated that VVTA has always been self-sufficient and does not see any benefits from consolidating.

Director Lovingood suggested that VVTA create its own letter of opposition; the Board members unanimously agreed. The Board directed the Executive Director to create a letter of opposition for approval at the Board meeting scheduled for Monday, October 21, 2019.

4. **Letter from VVC Requesting Support for Paving.**

Recommendation: Information item only.

Presented by: Kevin Kane, Executive Director

Mr. Kane shared that cVictor Valley College is requesting financial assistance with the cost of repaving the roads on the College campus. The Board offered some questions such as how much of a contribution they are requesting, and does the College get any other type of funding for the roads.

Several Board members shared their own experiences with streets, roads and paving and have requested more information prior to offering any assistance.

ACTION/DISCUSSION ITEMS

5. **Unmet Needs Public Hearing for Fiscal Year 2019/2020.**

Recommendation: Receive input and testimony from the public.

Presented by: Nancy Strickert, SBCTA

9:49 am Chair Bird Opened Public Hearing: Unmet Needs Public Hearing for Fiscal Year 2019/2020.

Speaker: Rose Renicker, Apple Valley, CA

Ms. Renicker voiced concern over the Route 43 always arriving at the Victor Valley College late which causes passengers to miss their connections. Ms. Renicker stated that she has medical issues that are exacerbated by the weather conditions when she must wait a long time for another bus.

Speaker: Marlon Archer, Apple Valley, CA

Mr. Archer shared that after VVTA's Route 15 began servicing the California State University at San Bernardino, the bus runs late, and passengers miss the train. Additionally, Mr. Archer requested Sunday service for Route 15.

Speaker: Terri Martini, Adelanto, CA

Ms. Martini said that Route 15 needs Sunday service, so people are not stuck down the hill for an extra day. She also stated that the medical center on Palmdale Avenue needs shelters and benches. Lastly, Ms. Martini shared that since Route 31 started doing the loop to the Preparatory school, it is always running very late due to the parent pick-up traffic surrounding the area.

Speaker: Charlotte Iradjpanah, Hesperia, CA

Ms. Iradjpanah stated that there are not enough benches and shelters at the Costco transfer point; she also requested that phone chargers be installed on the buses and would like drivers to offer passengers a receipt when they pay their fare.

10:02 am Chair Bird Closed Public Hearing: Unmet Needs Public Hearing for Fiscal Year 2019/2020.

6. **New position of Marketing, Promotion, Communications, and Community Relations Manager to Replace Marketing Coordinator Position.**  
Recommendation: Recommend to the Board for Consideration a New position of Marketing, Promotion, Communications, and Community Relations Manager to Replace Marketing Coordinator Position.  
Presented by: Kevin Kane, Executive Director.

No discussion.

**A MOTION WAS MADE BY** Director Lovingood to approve the recommended action. Seconded by Vice-Chair Emick. The motion passed unanimously.

7. **Executive Director Annual Merit Increase and Contract Extension.**  
Recommendation: Adjust the Executive Director's salary per the contracted amount to include a 5% merit increase effective September 16, 2019, adjust all benefits based on a percentage of salary to calculate the amount based on the new salary effective September 16, 2019 and extend the contract to September 15, 2024.  
Presented by: Carol Greene, County Counsel.

Ms. Greene stated that the recommended action was approved during closed session at the August 19, 2019 meeting; she clarified that the severance clause states it shall be paid for a period of six (6) months if terminated for no cause. If terminated for cause the severance is not payable.

**A MOTION WAS MADE BY** Director Lovingood to approve the recommended action. Seconded by Alternate-Director Villareal. The motion passed unanimously.

#### PRESS CLIPS/CORRESPONDENCE

#### BOARD OF DIRECTORS COMMENTS

Director Jeannette shared that the public is very happy with the service to the senior center.

Director Harpole said that the New Hope Village, transitional housing for the homeless, is very appreciative of the assistance that VVTA has provided them.

#### DATE OF NEXT MEETING

The next scheduled Board meeting will be on Monday, October 21, 2019 at 9:30 am at Victor Valley Transit Authority, 17150 Smoke Tree Street, Hesperia, CA 92345.

ADJOURNMENT

The meeting was adjourned at 10:07 am.

APPROVED: \_\_\_\_\_  
Larry Bird, Chair

ATTEST: \_\_\_\_\_  
Debi Lorrh, Clerk of the Board



**AGENDA ITEM  
TWO**

THIS PAGE INTENTIONALLY LEFT BLANK

VICTOR VALLEY TRANSIT AUTHORITY

**AGENDA MATTER**

**Payrolls and Warrants for August 2019.**

**SUMMARY STATEMENT**

The following registers of Payrolls and Warrants have been audited as required By Section 37202 and 37208 of the Government code, and said documents are accurate and correct.

**Agency's Gross Payroll for Administrative Employees**

<u>Payroll Date</u>	<u>Amount</u>	<u>Register#</u>
08/02/2019	\$67,873.50	PR0239-08-19
08/16/2019	\$67,873.50	PR0240-08-19
08/30/2019	\$65,804.62	PR0242-08-19
<b>Total Payroll</b>	<b>\$201,551.62</b>	

**Agency's Register of Warrants**

<u>Register Date</u>	<u>Amount</u>	<u>Check #</u>	<u>Register #</u>
08/02/2019	\$270,381.70	10440-10454	AP02556AAADSS
08/09/2019	\$423,336.25	10455-10476	AP02560AAADSW
08/16/2019	\$1,059,199.71	10477-10492	AP02567AAADTD
08/23/2019	\$1,734,025.48	10493-10520	AP02581AAADTR
08/29/2019	\$466,478.56	10521-10541	AP02592AAADUC
	<b>\$3,953,421.70</b>		

**RECOMMENDED ACTION**

Approve VVTA's expenditures for August 2019.

<b>PRESENTED BY</b>	<b>FISCAL IMPACT</b>	<b>MEETING DATE</b>	<b>ITEM NUMBER</b>
Maged Azer Finance Director	\$4,154,973.32	October 21, 2019	2

# BR Bank Register Report

Victor Valley Transit Authority

Aug-19

Check Number	Date	Payee Name	Amount
10440	08/02/2019	American Express	\$7,985.73
10441	08/02/2019	Gabriela Cervantes	\$929.74
10442	08/02/2019	SPECTRUM BUSINESS	\$1,355.58
10443	08/02/2019	Crawford's Detailing Inc.	\$900.00
10444	08/02/2019	EIDIM Group Inc	\$8,500.00
10445	08/02/2019	Enterprise Ride Share	\$94,100.84
10446	08/02/2019	FRONTIER-OFFICE LINES	\$57.51
10447	08/02/2019	Frontier	\$101.11
10448	08/02/2019	Golden State Water Company	\$601.49
10449	08/02/2019	Public Entity Risk Management Au	\$109,303.00
10450	08/02/2019	Principal Life Insurance Company	\$2,217.88
10451	08/02/2019	Safety Vison	\$4,881.08
10452	08/02/2019	Special District Risk Management	\$31,471.74
10453	08/02/2019	SOUTHWEST GAS CORPORATI	\$11.00
10454	08/02/2019	Syncromatics Corporation	\$7,965.00
10455	08/09/2019	Adelanto Chamber Of Commerce	\$18.00
10456	08/09/2019	SPECTRUM BUSINESS	\$1,075.00
10457	08/09/2019	Clean Energy	\$4,016.38
10458	08/09/2019	Daily Press	\$148.38
10459	08/09/2019	Southern California Edison-CNG	\$6,107.79
10460	08/09/2019	Flyers Energy LLC	\$25,738.17
10461	08/09/2019	Frontier	\$295.61
10462	08/09/2019	Kevin Kane	\$2,382.79
10463	08/09/2019	Loomis	\$561.73
10464	08/09/2019	Safety Vison	\$84,994.32
10465	08/09/2019	Syncromatics Corporation	\$222,934.20
10466	08/09/2019	Transtrack Systems, Inc.	\$34,849.00
10467	08/09/2019	Type-Set-Go	\$1,665.56
10468	08/09/2019	VOID	\$0.00
10469	08/09/2019	VOID	\$0.00
10470	08/09/2019	VOID	\$0.00
10471	08/09/2019	VOID	\$0.00
10472	08/09/2019	VOID	\$0.00
10473	08/09/2019	VOID	\$0.00
10474	08/09/2019	US BANK	\$31,216.11
10475	08/09/2019	Verizon-Security Phones	\$5,508.73
10476	08/09/2019	Verizon	\$1,824.48
10477	08/16/2019	Blue Ocean Brokerage	\$5,230.00
10478	08/16/2019	BP Energy Company	\$44,519.61
10479	08/16/2019	Carpenter Robbins Commercial R	\$3,500.00
10480	08/16/2019	Clean Energy	\$9,446.56
10481	08/16/2019	Crawford's Detailing Inc.	\$1,350.00
10482	08/16/2019	Cummins Sales And Service	\$85,472.52
10483	08/16/2019	Diamond	\$297.26
10484	08/16/2019	Southern California Edison	\$1,367.32
10485	08/16/2019	Environmental Syst Research Inst	\$9,000.00
10486	08/16/2019	Golden State Water Company	\$1,220.04
10487	08/16/2019	HI-Desert Communications	\$1,308.00
10488	08/16/2019	High Desert Laser Graphics	\$54.11
10489	08/16/2019	Southwest Gas Corporation	\$62,096.59

10490	08/16/2019	Southwest Gas Corporation	\$821.96
10491	08/16/2019	Southwest Gas Corporation	\$49.71
10492	08/16/2019	Wirz And Co Printing Inc	\$353.42
EFT025650002	08/19/2019	New Flyer Of America	\$820,133.20
EFT025660002	08/19/2019	New Flyer Of America	\$12,979.41
10493	08/23/2019	ADAride.com	\$6,322.60
10494	08/23/2019	Allied Barton Security Services	\$4,746.00
10495	08/23/2019	American Guard Services INC	\$21,639.34
10496	08/23/2019	AVR Vanpool	\$1,500.00
10497	08/23/2019	Blinds Express	\$1,772.57
10498	08/23/2019	Bonnie Baker Senior Center	\$1,340.66
10499	08/23/2019	SPECTRUM BUSINESS	\$139.34
10500	08/23/2019	Spectrum Business-Sec	\$95.00
10501	08/23/2019	Clean Energy	\$4,937.48
10502	08/23/2019	Civic Resource Group	\$825.00
10503	08/23/2019	EAGLE PRINT DYNAMICS	\$974.24
10504	08/23/2019	ECS Imaging Inc.	\$7,551.84
10505	08/23/2019	Southern California Edison	\$1,042.23
10506	08/23/2019	Enterprise Ride Share	\$96,484.17
10507	08/23/2019	ENTERPRISE CAR SHARE	\$811.64
10508	08/23/2019	Federal Express Corp.	\$34.11
10509	08/23/2019	Flyers Energy LLC	\$17,973.67
10510	08/23/2019	Green Commuter. Inc	\$1,000.00
10511	08/23/2019	Marrs Services, Inc	\$8,500.00
10512	08/23/2019	PETCAM Engineering Inc	\$64,848.00
10513	08/23/2019	Safety Vison	\$290.93
10514	08/23/2019	San Bernardino County	\$271.06
10515	08/23/2019	Southern California Fleet Services	\$954.84
10516	08/23/2019	Special District Risk Management	\$32,467.62
10517	08/23/2019	SONIC SYSTEMS IT	\$4,080.24
10518	08/23/2019	Type-Set-Go	\$1,348.31
10519	08/23/2019	City Of Victorville	\$4,329.07
10520	08/23/2019	American Express	\$169.59
EFT025800002	08/26/2019	National Express Transit Corp	\$1,447,575.93
10521	08/29/2019	Arrowhead Credit Union	\$160.00
10522	08/29/2019	Lawrence Bird	\$125.00
10523	08/29/2019	SPECTRUM BUSINESS	\$1,076.01
10524	08/29/2019	Crawford's Detailing Inc.	\$1,350.00
10525	08/29/2019	Curt Emick	\$125.00
10526	08/29/2019	Flyers Energy LLC	\$24,733.39
10527	08/29/2019	FRONTIER-OFFICE LINES	\$57.51
10528	08/29/2019	Frontier	\$289.93
10529	08/29/2019	Gloria L. Garcia	\$125.00
10530	08/29/2019	Richard Harpole	\$125.00
10531	08/29/2019	High Desert Laser Graphics	\$11.85
10532	08/29/2019	Joy Jeannette	\$125.00
10533	08/29/2019	Safety Vison	\$306.87
10534	08/29/2019	Special District Risk Management	\$420.80
10535	08/29/2019	SOUTHWEST GAS CORPORATI	\$11.00
10536	08/29/2019	Trona Community Senior Center	\$1,738.29
10537	08/29/2019	VerizonBAT	\$987.58
10538	08/29/2019	Vehicle Registration Experts	\$325.00
10539	08/29/2019	Principal Life Insurance Company	\$2,308.38
10540	08/29/2019	Charles Meier	\$4,654.47
10541	08/29/2019	Lincoln Financial Group	\$988.38
EFT025900001	08/29/2019	Macro-Z-Technology	\$426,434.10
<b>Totals</b>			<b>\$3,953,421.70</b>

THIS PAGE INTENTIONALLY LEFT BLANK

**AGENDA ITEM  
THREE**

THIS PAGE INTENTIONALLY LEFT BLANK



VICTOR VALLEY TRANSIT AUTHORITY

**AGENDA MATTER**

**A Resolution of the Board of Directors of Victor Valley Transit Authority Approving the Form of, and Authorizing the Execution of, a Memorandum of Understanding (MOU) Authorizing Participation in the Special District Risk Management Authority's (SDRMA) Health Benefits Program.**

**SUMMARY STATEMENT**

On September 20<sup>th</sup> and November 15<sup>th</sup>, 2010, the Board of Directors authorized participation in the SDRMA health and ancillary benefits programs. SDRMA remains the current broker for VVTA's health benefits.

Since the date the original Memorandum of Understanding (MOU) was signed, several state and federal regulations have changed, which are now incorporated into the new Resolution 19-04 and MOU.

**RECOMMENDED ACTION**

Approve Resolution 19-04 and Authorize the Executive Director to sign Memorandum of Understanding between VVTA and SDRMA for health benefits.

<b>PRESENTED BY</b>	<b>FISCAL IMPACT</b>	<b>MEETING DATE</b>	<b>ITEM NUMBER</b>
None.	N/A	October 21, 2019	3

## RESOLUTION 19-04

### A RESOLUTION OF THE BOARD OF DIRECTORS OF VICTOR VALLEY TRANSIT AUTHORITY APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION OF A MEMORANDUM OF UNDERSTANDING AND AUTHORIZING PARTICIPATION IN THE SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY'S HEALTH BENEFITS PROGRAM

**WHEREAS**, Victor Valley Transit Authority, a public agency duly organized and existing under and by virtue of the laws of the State of California (the "ENTITY"), has determined that it is in the best interest and to the advantage of the ENTITY to participate in the Health Benefits Program offered by Special District Risk Management Authority (the "Authority"); and

**WHEREAS**, the Authority was formed in 1986 in accordance with the provisions of California Government Code 6500 *et seq.*, for the purpose of providing risk financing, risk management programs and other coverage protection programs; and

**WHEREAS**, participation in Authority programs requires the ENTITY to execute and enter into a Memorandum of Understanding which states the purpose and participation requirements for the Health Benefits Program; and

**WHEREAS**, all acts, conditions and things required by the laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of the transactions authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the ENTITY is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such transactions for the purpose, in the manner and upon the terms herein provided.

**NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE ENTITY AS FOLLOWS:**

Section 1. Findings. The ENTITY's Governing Body hereby specifically finds and determines that the actions authorized hereby relate to the public affairs of the ENTITY.

Section 2. Memorandum of Understanding. The Memorandum of Understanding, to be executed and entered into by and between the ENTITY and the Authority, in the form presented at this meeting and on file with the ENTITY's Secretary, is hereby approved. The ENTITY's Governing Body and/or Authorized Officers ("The Authorized Officers") are hereby authorized and directed, for and in the name and on behalf of the ENTITY, to execute and deliver to the Authority the Memorandum of Understanding.

Section 3. Program Participation. The ENTITY's Governing Body approves participating in the Special District Risk Management Authority's Health Benefits Program.

Section 4. Other Actions. The Authorized Officers of the ENTITY are each hereby authorized and directed to execute and deliver any and all documents which are necessary in order to consummate the transactions authorized hereby and all such actions heretofore taken by such officers are hereby ratified, confirmed and approved.

Section 5. Effective Date. This resolution shall take effect immediately upon its passage.

PASSED AND ADOPTED this 21st day of October 2019 by the following vote:

AYES: \_\_\_\_\_

NOES: \_\_\_\_\_

ABSENT: \_\_\_\_\_

\_\_\_\_\_  
Larry Bird, Chair

\_\_\_\_\_  
Debi Lorrh, Clerk of the Board

---

**MEMORANDUM OF UNDERSTANDING**

**THIS MEMORANDUM OF UNDERSTANDING (HEREAFTER "MEMORANDUM") IS ENTERED INTO BY AND BETWEEN THE SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY (HEREAFTER "SDRMA") AND THE PARTICIPATING PUBLIC ENTITY (HEREAFTER "ENTITY") WHO IS SIGNATORY TO THIS MEMORANDUM.**

**WHEREAS**, on August 1, 2006, SDRMA was appointed administrator for the purpose of enrolling small public entities into the CSAC - Excess Insurance Authority Health's ("CSAC-EIA Health") Small Group Health Benefits Program (hereinafter "PROGRAM"); and

**WHEREAS**, the terms and conditions of the PROGRAM as well as benefit coverage, rates, assessments, and premiums are governed by CSAC-EIA Health Committee for the PROGRAM (the "COMMITTEE") and not SDRMA; and.

**WHEREAS**, ENTITY desires to enroll and participate in the PROGRAM.

**NOW THEREFORE**, SDRMA and ENTITY agree as follows:

1. **PURPOSE.** ENTITY is signatory to this MEMORANDUM for the express purpose of enrolling in the PROGRAM.
2. **ENTRY INTO PROGRAM.** ENTITY shall enroll in the PROGRAM by making application through SDRMA which shall be subject to approval by the PROGRAM's Underwriter and governing documents and in accordance with applicable eligibility guidelines.
3. **MAINTENANCE OF EFFORT.** PROGRAM is designed to provide an alternative health benefit solution to all participants of the ENTITY including active employees, retired employees (optional), dependents (optional) and public officials (optional). ENTITY public officials may participate in the PROGRAM only if they are currently being covered and their own ENTITY's enabling act, plans and policies allow it. ENTITY must contribute at least the minimum percentage required by the eligibility requirements
4. **PREMIUMS.** ENTITY understands that premiums and rates for the PROGRAM are set by the COMMITTEE. ENTITY will remit monthly premiums based upon rates established for each category of participants and the census of covered employees, public officials, dependents and retirees.

Rates for the ENTITY and each category of participant will be determined by the COMMITTEE designated for the PROGRAM based upon advice from its consultants

and/or a consulting Benefits Actuary and insurance carriers. In addition, SDRMA adds an administrative fee to premiums and rates for costs associated with administering the PROGRAM. Rates may vary depending upon factors including, but not limited to, demographic characteristics, loss experience of all public entities participating in the PROGRAM and differences in benefits provided (plan design), if any.

SDRMA will administrate a billing to ENTITY each month, with payments due by the date specified by SDRMA. Payments received after the specified date will accrue penalties up to and including termination from the PROGRAM. Premiums are based on a full month, and there are no partial months or prorated premiums. Enrollment for mid-year qualifying events and termination of coverage will be made in accordance with the SDRMA Program Administrative Guidelines.

5. **BENEFITS.** Benefits provided to ENTITY participants shall be as set forth in ENTITY's Plan Summary for the PROGRAM and as agreed upon between the ENTITY and its recognized employee organizations as applicable. Not all plan offerings will be available to ENTITY, and plans requested by ENTITY must be submitted to PROGRAM underwriter for approval.
6. **COVERAGE DOCUMENTS.** Except as otherwise provided herein, coverage documents from each carrier outlining the coverage provided, including terms and conditions of coverage, are controlling with respect to the coverage of the PROGRAM and will be provided by SDRMA to each ENTITY. SDRMA will provide each ENTITY with additional documentation, defined as the SDRMA Program Administrative Guidelines which provide further details on administration of the PROGRAM.
7. **PROGRAM FUNDING.** It is the intent of this MEMORANDUM to provide for a fully funded PROGRAM by any or all of the following: pooling risk; purchasing individual stop loss coverage to protect the pool from large claims; and purchasing aggregate stop loss coverage.
8. **ASSESSMENTS.** Should the PROGRAM not be adequately funded for any reason, pro-rata assessments to the ENTITY may be utilized to ensure the approved funding level for applicable policy periods. Any assessments which are deemed necessary to ensure approved funding levels shall be made upon the determination and approval of the COMMITTEE in accordance with the following:
  - a. Assessments/dividends will be used sparingly. Generally, any over/under funding will be factored into renewal rates.
  - b. If a dividend/assessment is declared, allocation will be based upon each ENTITY's proportional share of total premiums paid for the preceding 3 years. An ENTITY must

18. EXECUTION IN COUNTERPARTS. This MEMORANDUM may be executed in several counterparts, each of which shall be an original, all of which shall constitute but one and the same instrument.

In Witness Whereof, the undersigned have executed the MEMORANDUM as of the date set forth below.

Dated: August 1, 2019

By: *Laura S. Gill*

Special District Risk  
Management Authority

Dated: \_\_\_\_\_

By: \_\_\_\_\_

Victor Valley Transit Authority

- be a current participant to receive a dividend, except upon termination of the PROGRAM and distribution of assets.
- c. ENTITY will be liable for assessments for 12 months following withdrawal from the PROGRAM.
  - d. Fund equity will be evaluated on a total PROGRAM-wide basis as opposed to each year standing on its own.
9. **WITHDRAWAL.** ENTITY may withdraw subject to the following condition: ENTITY shall notify SDRMA and the PROGRAM in writing of its intent to withdraw at least 90 days prior to their requested withdrawal date. ENTITY may rescind its notice of intent to withdraw. Once ENTITY withdraws from the PROGRAM, there is a 3-year waiting period to come back into the PROGRAM, and the ENTITY will be subject to underwriting approval again.
10. **LIAISON WITH SDRMA.** Each ENTITY shall maintain staff to act as liaison with SDRMA and between the ENTITY and SDRMA's designated PROGRAM representative.
11. **GOVERNING LAW.** This MEMORANDUM shall be governed in accordance with the laws of the State of California.
12. **VENUE.** Venue for any dispute or enforcement shall be in Sacramento, California.
13. **ATTORNEY FEES.** The prevailing party in any dispute shall be entitled to an award of reasonable attorney fees.
14. **COMPLETE AGREEMENT.** This MEMORANDUM together with the related PROGRAM documents constitutes the full and complete agreement of the ENTITY.
15. **SEVERABILITY.** Should any provision of this MEMORANDUM be judicially determined to be void or unenforceable, such determination shall not affect any remaining provision.
16. **AMENDMENT OF MEMORANDUM.** This MEMORANDUM may be amended by the SDRMA Board of Directors and such amendments are subject to approval of ENTITY's designated representative, or alternate, who shall have authority to execute this MEMORANDUM. Any ENTITY who fails or refuses to execute an amendment to this MEMORANDUM shall be deemed to have withdrawn from the PROGRAM on the next annual renewal date.
17. **EFFECTIVE DATE.** This MEMORANDUM shall become effective on the later of the first date of coverage for the ENTITY or the date of signing of this MEMORANDUM by the Chief Executive Officer or Board President of SDRMA.

THIS PAGE INTENTIONALLY LEFT BLANK



**AGENDA ITEM  
FOUR**

THIS PAGE INTENTIONALLY LEFT BLANK

VICTOR VALLEY TRANSIT AUTHORITY

**AGENDA MATTER**

**Meeting Notes from The Technical Advisory Committee Meeting Conducted on October 2, 2019.**

**SUMMARY STATEMENT**

Meeting Notes from the Technical Advisory Committee meeting conducted on October 2, 2019.

**RECOMMENDED ACTION**

Information item only.

<b>PRESENTED BY</b>	<b>FISCAL IMPACT</b>	<b>MEETING DATE</b>	<b>ITEM NUMBER</b>
Debi Lorrh, Clerk of the Board	N/A	October 21, 2019	4

**VICTOR VALLEY TRANSIT AUTHORITY  
TECHNICAL ADVISORY COMMITTEE**

**October 2, 2019**

**MEETING NOTES**

The meeting of the Technical Advisory Committee (TAC) of Victor Valley Transit Authority was opened at 3:05 p.m. at Victor Valley Transit Authority, Board room, 17150 Smoke Tree Street, Hesperia, CA.

ROLL CALL

TAC Members

Present:	Ro Ratliff, City of Victorville	Tina Souza, City of Hesperia
	Julie Ryan, Town of AV	Domingo Gonzales, City of Barstow
Staff Present:	Nancie Goff, VVTA	Kevin Kane, VVTA
	Doug Mathews, City of VV	Craig Barnes, VVTA
	Debi Lorrach, VVTA	Maged Azer, VVTA
	Marie Downing, VVTA	Nancy Strickert, SBCTA (via phone)
	Christine Plasting, VVTA	Ron Zirges, VVTA
	Simon Herrera, VVTA	David Flowers, VVTA

1. Public Comment.

None.

2. Review Draft Board Agenda.

a. Letter of opposition regarding proposed consolidation study.

Mr. Kane shared that the SBCTA Board recently approved the release of an RFP for a consolidation study to include the Mountain Desert, Morongo Basin and San Bernardino areas. A draft scope of work was released as of September 30, 2019 at 5:00 pm. Mr. Kane attended the SBCTA Board meeting on October 1, 2019 and noted that several Board members from different regions stated their unwillingness to be a part of this study. Most other agencies feel they are doing well on their own and have expressed their wishes to withdraw from being a part of this study.

Mr. Kane invited TAC and any Board members that are available to attend the Transit Committee Meeting at 9:00 am, October 10, 2019 at SBCTA's offices.

b. A Resolution of the Board of Directors of Victor Valley Transit Authority Approving the Form of, and Authorizing the Execution of, a Memorandum of Understanding (MOU) Authorizing Participation in the Special District Risk Management Authority's (SDRMA) Health Benefits Program.

Ms. Lorrach explained that this Resolution is an update to the Resolution passed in 2010 updating current legal requirements.

c. Amend Contract 2015-07 – AECOM, for the Continued Need for On-call Consulting and for the Short-Range Transit Plan.

There is funding of approximately \$14,000 available related to the Comprehensive Operations Analysis (COA) and Short Range Transit Plan (SRTP), Mr. Kane shared, as well as \$300,000 provided to VVTA from SBCTA for an updated SRTP. This will include VVTA's plans to move from the Costco transfer point to the D Street Transportation Center.

- d. Extend Contract 2016-20 – Geographics for two years to provide On-call Marketing Services.

Mr. Kane explained that VVTA's marketing department is currently being restructured and this extension would cover VVTA's marketing needs during this time.

- e. Amend the VVTA Fiscal Year 2019-20 Capital Budget, Short Range Transit Plan, and TDA Claim to Reallocate Funds to the Purchase of Four (4) CNG Replacement Buses.

Ms. Goff stated that this item is a request to reallocate funds from the mid-life rehabilitation program to the purchase of four (4) new CNG replacement buses. At the June 2019 Board meeting the Board approved the cancellation of the contract with Cummins for cause, availing the funds for the replacement buses.

- f. Amend the VVTA Fiscal Year 2019-20 Capital Budget, Short Range Transit Plan, and TDA Claim to Reallocate Funds to the Barstow New Facility Furniture, Fixture and Equipment Project.

After the Smoke Tree building was completed, there were funds un-obligated for furniture, fixtures and equipment, Ms. Goff stated. This item is to reallocate some of those funds to the new Barstow facility for the same purpose.

- 3. Bus stop shelters/benches/lighting.

Mr. Herrera shared that VVTA has received fourteen (14) electronic passenger signs and new system maps will be installed next week.

- 4. SBCTA Update.

Ms. Strickert let everyone know that if they had any questions or concerns regarding the SBCTA consolidation study to please give her a call.

- 5. Other Business.

None.

- 6. Adjournment: 3:36 pm

THIS PAGE INTENTIONALLY LEFT BLANK

**AGENDA ITEM  
FIVE**

THIS PAGE INTENTIONALLY LEFT BLANK



VICTOR VALLEY TRANSIT AUTHORITY

**AGENDA MATTER**

**Management reports.**

**SUMMARY STATEMENT**

The attached Performance Reports are presented to the Board of Directors to provide an overview of the transit system's costs and performance.

- "Next" invoice for August.
- Monthly Performance Statistics Systemwide Summary.
- Monthly Ridership Report.
- Monthly ADA Denial Report.
- Monthly Road Call Report.
- "Next" On Time Performance Report FY 2020.

**RECOMMENDED ACTION**

Information items only.

<b>PRESENTED BY</b>	<b>FISCAL IMPACT</b>	<b>MEETING DATE</b>	<b>ITEM NUMBER</b>
Kevin Kane, Executive Director	N/A	October 21, 2019	5

**National Express Transit**

17150 Smoke Tree St.  
Hesperia Calif. 92345

INVOICE NO.

91744743

BILL TO Victor Valley Transit Authority  
17150 Smoke Tree St.  
Hesperia, Calif 92345

DATE 9/9/2019

CONTRACT NAME:  
Victor Valley Transit

Attention: Mr. Kevin Kane  
Executive Director

MONTH August

BILLING PERIOD 8/01/19 to 8/31/19

	Budgeted Revenue hours	Actual Revenue hours	Budgeted Expense	Actual Expense	Variance (+ or -)	Budgeted Expense Year-to-date	Actual Expense Year-to-date	Variance (+ or -) Year-to-date
ADA ParaTransit	3,272.00	3,715.64	\$230,414.24	\$261,655.37	\$31,241.13	\$460,828.48	\$498,729.93	<b>\$37,901.45</b>
Subscription	1,133.00	1,362.12	\$79,785.86	\$95,920.49	\$16,134.63	\$159,571.72	\$189,436.14	<b>\$29,864.42</b>
Regional Fixed Rt	11,585.13	11,535.30	\$779,447.55	\$776,094.98	(\$3,352.56)	\$1,538,644.49	\$1,536,291.70	<b>(\$2,352.79)</b>
County	1,863.78	1,834.00	\$125,395.12	\$123,391.52	(\$2,003.60)	\$247,005.07	\$243,419.04	<b>(\$3,586.03)</b>
Rte. 200	50.00	50.00	\$3,364.00	\$3,364.00	\$0.00	\$6,055.20	\$6,055.20	<b>\$0.00</b>
B.V. Link/Lifeline	658.35	654.00	\$44,293.79	\$44,001.12	(\$292.67)	\$87,129.62	\$86,589.36	<b>(\$540.26)</b>
Fort Irwin	497.20	496.00	\$37,513.74	\$37,423.20	(\$90.54)	\$75,027.48	\$74,921.85	<b>(\$105.63)</b>
Barstow-Fixed Route	1,926.71	1,926.00	\$129,629.05	\$129,581.28	(\$47.77)	\$256,730.39	\$256,730.39	<b>\$0.00</b>
Barstow-County	791.31	791.00	\$53,239.34	\$53,218.48	(\$20.86)	\$105,580.49	\$105,580.49	<b>\$0.00</b>
Barstow-DAR	454.00	332.50	\$31,970.68	\$23,414.65	(\$8,556.03)	\$44,503.33	\$44,503.33	<b>\$0.00</b>
<b>SUBTOTALS</b>	<b>22,231.48</b>	<b>22,696.56</b>	<b>\$1,515,053.36</b>	<b>\$1,548,065.09</b>	<b>\$33,011.73</b>	<b>\$2,981,076.27</b>	<b>\$3,042,257.43</b>	<b>\$61,181.16</b>

\* County routes include 20,21,22,23 and 24

**TOTAL INVOICE INCLUDING VARIANCE**

**\$1,548,065.09**

Please REMIT TO:  
National Express Transit Corp.  
62807 Collections Center Dr  
CHICAGO, IL 60693

Manager's Signature and Business Phone



**FY 2020 -- Monthly Performance Statistics by Mode**  
**Systemwide Summary**  
**All Routes**

**Performance Statistics for August**

<b>Mode</b>	<b>Passengers</b>	<b>Revenue Hours</b>	<b>Operating Costs</b>	<b>Passenger Revenue</b>	<b>Passengers Per Rev. Hour</b>	<b>Operating Cost Per Passenger</b>	<b>Operating Cost Per Rev. Hour</b>	<b>Passenger Revenue Per Passenger</b>	<b>Passenger Revenue Per Rev. Hour</b>	<b>Farebox Recovery Ratio</b>
Bus (Motorbus)	132,908	16,773.6	\$1,459,621	\$308,870	7.9	\$10.98	\$87.02	\$2.32	\$18.41	21.16%
Commuter Bus	2,768	495.9	\$53,876	\$34,078	5.6	\$19.46	\$108.64	\$12.31	\$68.72	63.25%
Demand Response	16,648	5,409.4	\$499,120	\$45,818	3.1	\$29.98	\$92.27	\$2.75	\$8.47	9.18%
<b>System Total</b>	<b>152,324</b>	<b>22,678.9</b>	<b>\$2,012,617</b>	<b>\$388,766</b>	<b>6.7</b>	<b>\$13.21</b>	<b>\$88.74</b>	<b>\$2.55</b>	<b>\$17.14</b>	<b>19.32%</b>

43



# Monthly Ridership Report

August, FY 2020

Bus (Motorbus), Commuter Bus, Demand Response Only

## Total (All Day Types)

Mode	Passengers		Passengers Per Revenue Hour		Farebox Recovery Ratio	
	Prior Year	Current Year	Prior Year	Current Year	Prior Year	Current Year
Bus (Motorbus)	116,381	132,908	6.8	7.9	12.31%	21.16%
Commuter Bus	4,807	2,768	7.2	5.5	39.56%	63.25%
Demand Response	17,235	16,648	3.0	3.0	8.84%	9.18%
<b>System Total</b>	<b>138,423</b>	<b>152,324</b>	<b>5.9</b>	<b>6.7</b>	<b>12.48%</b>	<b>19.32%</b>

44



**ADA Dispatch Denial Report**  
For the Month of August

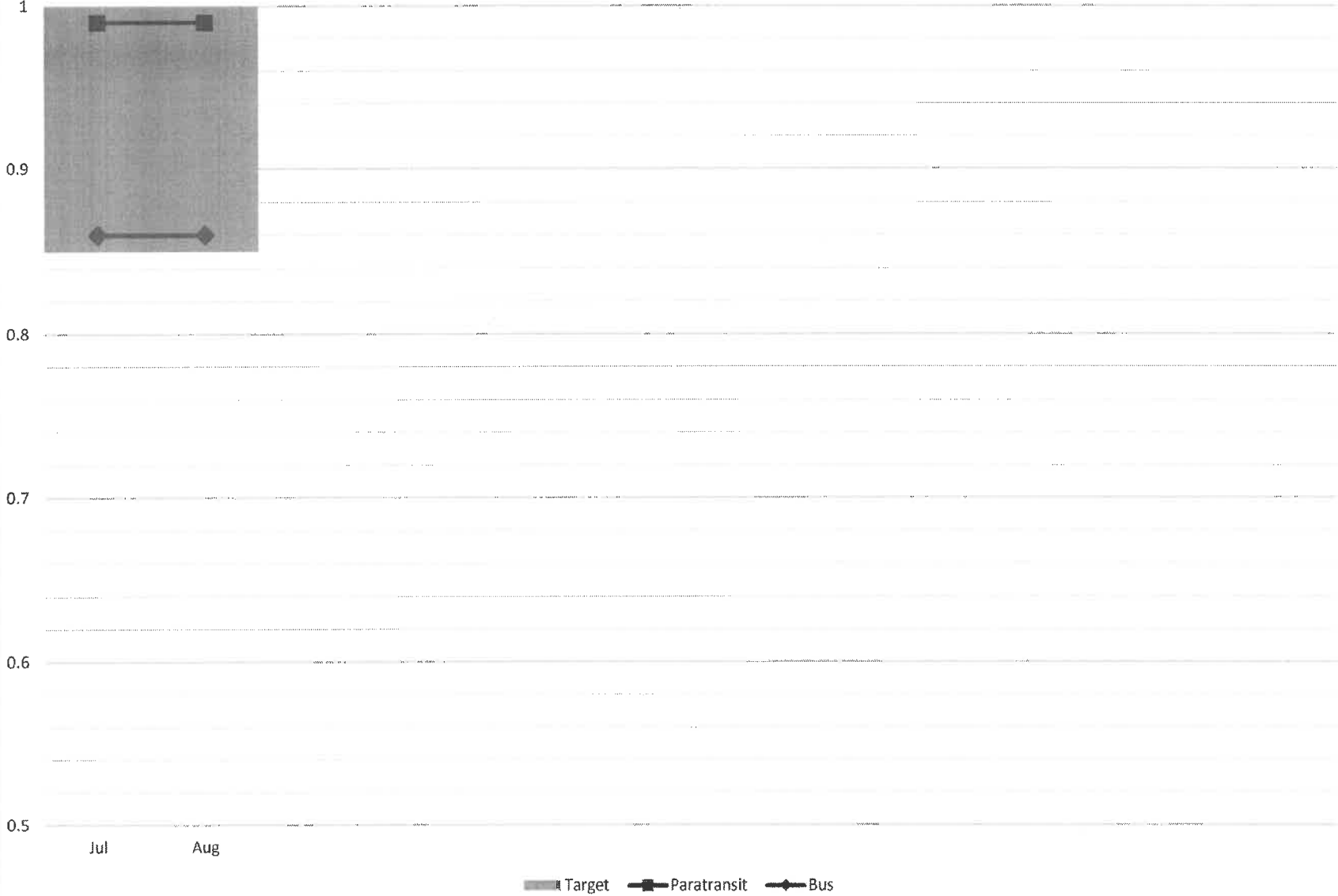
Barstow

Date	Reservationist Name	Passenger Name	Time Requested	Reason for Denial	Was An Alternate Ride Provided?
ALL RIDES NEGOTIATED					

**August 2019**  
**Major and Non-Major**  
**Miles between road calls - VVTA and Barstow**

	Total Miles	Road Calls	Miles Between Road Calls
Demand Response	82,627	3	27,542
Commuter Bus	19,368	3	6,456
Motor Bus	288,923	78	3,704
<b>Total System</b>	<b>390,918</b>	<b>84</b>	<b>37,702</b>

# FY 20 System Wide Schedule Adherence





**AGENDA ITEM  
SIX**

THIS PAGE INTENTIONALLY LEFT BLANK

VICTOR VALLEY TRANSIT AUTHORITY

**AGENDA MATTER**

**Resolution Number 19–05 for a Line of Credit with Flagstar Bank and the Line of Credit agreement reviewed by VVTA counsel.**

**SUMMARY STATEMENT**

At its August 19, 2019 meeting the Board approved that VVTA enter into an agreement with Flagstar Bank for an unsecured Line of Credit of \$4 Million for a period of (5) years.

This Line of Credit is to be used in the case of a negative cash flow situation where VVTA has been invoiced for its acquisition of Capital Assets or Operations, but the federal funds budgeted have not yet arrived from the Federal Transit Administration (FTA).

Staff is requesting the Board authorize attached Resolution 19-05 and the agreement reviewed by VVTA legal counsel.

**RECOMMENDED ACTION**

Approve Resolution 19–05 Line of Credit and authorize the VVTA Executive Director/CEO to sign the accompanying agreement that has been thoroughly reviewed by VVTA legal counsel.

<b>PRESENTED BY</b>	<b>FISCAL IMPACT</b>	<b>MEETING DATE</b>	<b>ITEM NUMBER</b>
Maged Azer, Director of Finance	N/A	October 21, 2019	

**RESOLUTION NO. 19-05**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE VICTOR VALLEY TRANSIT AUTHORITY AUTHORIZING THE EXECUTION AND DELIVERY OF A CREDIT AGREEMENT RELATED TO A REVOLVING LINE OF CREDIT AND APPROVING OTHER DOCUMENTS AND ACTIONS RELATING THERETO**

**WHEREAS**, the Victor Valley Transit Authority (the “Authority”) is a joint powers authority duly organized and validly existing under the laws of the State of California; and

**WHEREAS**, the Authority now desires to enter into a Line of Credit Agreement (the “Credit Agreement”), by and between the Authority and Flagstar Bank, FSB (the “Bank”), to obtain a line of credit (the “Line of Credit”) in an aggregate principal amount of up to \$4,000,000 for purpose of providing capital to the Authority for the acquisition of capital assets approved by the Board of Directors of the Authority (the “Board of Directors”) and for operations of the Borrower

**NOW THEREFORE BE IT RESOLVED**, by the Board of Directors as follows:

1. Recitals True and Correct. Each of the matters set forth above is true and correct, and the Board of Directors so finds and determines.

2. Approval of Credit Agreement. The Credit Agreement, in substantially the form presented at this meeting, is hereby approved. The Chair, the Vice Chair, the Executive Director, or their designees (the “Authorized Officers”), are authorized and directed for and on behalf of the Authority to execute and deliver the Credit Agreement, in substantially the form presented at this meeting, with such revisions thereto as may be required or approved by the Authorized Officers, which will be conclusively evidenced by the execution and delivery of the Credit Agreement.

3. Approval of Note. The Authority hereby authorizes the execution and delivery of the Note (as defined and set forth in the Credit Agreement) (the “Note”) in an aggregate principal amount of up to \$4,000,000. The Authorized Officers are authorized and directed for and on behalf of the Authority to execute and deliver the Note, with such revisions thereto as may be required or approved by the Authorized Officers, which will be conclusively evidenced by the execution and delivery of the Note.

4. Pledge of Revenues. The Authority hereby pledges the Revenues (as defined in the Credit Agreement) of the Authority to the Bank to secure the payment of the Obligations (as defined in the Credit Agreement) and the principal of and interest on the Note, provided that the Bank’s interest in the Revenues shall be subordinate to the pledge securing the Senior Obligations (as defined in the Credit Agreement), all in accordance with the Credit Agreement.

5. General Authorization. The Chair, the Vice Chair, the Executive Director, or their designees, or any other property officer of the Authority, acting singly, are authorized and directed to execute and deliver any and all documents, instruments and certificates, and to do and cause to be done any and all acts and things necessary or proper in connection with the execution and delivery of the Credit Agreement and the Note or as may otherwise be required effectuate the purposes of this

Resolution, and all such actions previously taken by such officers are hereby ratified, confirmed and approved.

6. Good Faith Estimates. The Board of Directors acknowledges that the good faith estimates required by Section 5852.1 of the California Government Code are disclosed in Exhibit A attached to this Resolution and are available to the public at the meeting at which this resolution is approved.

7. Effective Date. This Resolution shall take effect upon adoption.

ALL OF THE FOREGOING, being on motion of Director \_\_\_\_\_, seconded by Director \_\_\_\_\_, was hereby authorized by the following vote, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

I HEREBY CERTIFY that the foregoing is a true copy of the resolution of the Board of Directors of the Victor Valley Transit Authority as duly passed and adopted by said Board of Directors at its regular meeting on October 21, 2019.

WITNESS my hand and official seal of said Board of Directors this October 21, 2019.

\_\_\_\_\_  
Larry Bird, Board Chair

ATTEST:

\_\_\_\_\_  
Debi Lorrach, Clerk of the Board

## EXHIBIT A

### GOOD FAITH ESTIMATES

California Government Code section 5852.1 requires that the Authority obtain and disclose "good faith estimates" of certain matters prior to authorizing the issuance of any bonds, notes, certificates of indebtedness or other evidences of indebtedness. It is the purpose of this memo to disclose the required information, which has been obtained in accordance with law.

Set forth below are good faith estimates of Flagstar Bank FSB, related to the Credit Agreement that the Authority is considering at its Regular Meeting on October 21, 2019:

1. The floating rate true interest cost of the Note based on the One Month LIBOR Rate as of August 20, 2019 is estimated at 4.1444%, calculated as provided in Section 5852.1(a)(1)(A) of the Code.
2. The finance charge of the Notes, meaning the sum of all fees and charges paid to third parties, is estimated at \$8,000.00.
3. Proceeds: Maximum gross proceeds is \$4,000,000 for a fully utilized facility. Because this is a revolving credit facility this amount may be lower and fluctuate at any time up to a maximum of \$4,000,000.
4. Total Payment amount: Based on a maximum draw amount of \$4,000,000 for the remaining duration of the facility through October 1 of 2024, total payment amount accounting for interest and finance charges is estimated at \$828,000.00 based on an assumed LIBOR of 2.10%. Total payment under these assumptions, including principal repayment, is estimated at \$4,828,000.00

The foregoing are estimates and the final costs will depend on market conditions and can be expected to vary from the estimated amounts set forth above.

Dated: October 21, 2019

---

LINE OF CREDIT

by and between

VICTOR VALLEY TRANSIT AUTHORITY,  
as the Borrower,

and

FLAGSTAR BANK, FSB,  
as the Lender

Dated as of October 30, 2019

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE I DEFINITIONS AND INTERPRETATION.....	1
1.1. Definitions.....	1
1.2. Accounting Terms.....	8
1.3. Interpretation.....	8
1.4. Certifications.....	9
ARTICLE II LOANS.....	9
2.1. Revolving Loans.....	9
2.2. Use of Proceeds.....	9
2.3. Evidence of Debt; Note.....	10
2.4. Interest on and Repayment of Loans.....	10
2.6. Termination.....	11
2.7. Default Interest.....	11
2.8. Upfront Commitment Fee.....	11
2.9. Late Fee.....	<b>Error! Bookmark not defined.</b>
2.10. Application of Payments or Proceeds Upon Acceleration of Obligations.....	11
2.11. General Provisions Regarding Payments.....	11
2.14. Security; Obligations Absolute.....	14
ARTICLE III CONDITIONS PRECEDENT.....	14
3.1. Closing Date.....	14
3.2. Conditions to Each Credit Extension.....	16
3.3. Notices.....	16
ARTICLE IV REPRESENTATIONS AND WARRANTIES.....	17
4.1. Organization, Powers, Etc.....	17
4.2. Authorization, Absence of Conflicts, Etc.....	17
4.3. Governmental Consent or Approval.....	17
4.4. Binding Obligations.....	17
4.5. Litigation.....	17
4.6. Financial Condition.....	18
4.7. Related Documents.....	18
4.8. Incorporation of Representations and Warranties.....	18
4.9. Margin Regulations.....	18
4.10. No Event of Default.....	18
4.11. Security; Pledge of Revenues Securing Obligations.....	18
4.12. Sovereign Immunity.....	19
4.13. Accurate Information.....	19
4.14. Maximum Rate.....	19
4.15. No Proposed Legal Changes.....	19
4.16. Valid Lien.....	19
4.17. ERISA.....	19
4.18. Solvency.....	20



4.19.	Environmental Laws .....	20
4.20.	Investment Policy.....	20
4.21.	Binding Effect.....	20
4.22.	Swap Contracts .....	20
4.23.	Usury Limits .....	21
ARTICLE V COVENANTS.....		21
5.1.	Affirmative Covenants of the Borrower .....	21
5.2.	Negative Covenants of the Borrower.....	25
ARTICLE VI EVENTS OF DEFAULT .....		27
6.1.	Events of Default .....	27
6.2.	Application of Proceeds.....	30
ARTICLE VII MISCELLANEOUS.....		30
7.1.	Notices .....	30
7.2.	Expenses .....	31
7.3.	Indemnity .....	31
7.4.	Reserved.....	32
7.5.	Amendments and Waivers .....	32
7.6.	Participants.....	32
7.7.	Independence of Covenants .....	32
7.8.	Survival of Representations, Warranties and Related Documents .....	32
7.9.	No Waiver; Remedies Cumulative .....	33
7.10.	Marshalling; Payments Set Aside .....	33
7.11.	Severability .....	33
7.12.	Headings .....	33
7.13.	Governing Law; Consent to Jurisdiction and Venue; Waiver of Jury Trial .....	33
7.14.	Counterparts.....	35
7.15.	No Strict Construction .....	35
APPENDIX:	A Notice Addresses	
EXHIBITS:	A Form of Funding Notice	
	B Revolving Loan Note	

## LINE OF CREDIT

This LINE OF CREDIT (this “Agreement”), dated as of October 30, 2019, is entered into by and between VICTOR VALLEY TRANSIT AUTHORITY, a joint powers authority organized under the laws of the state of California (with its successors, the “Borrower”), and FLAGSTAR BANK, FSB (including its successors and permitted assigns hereunder, the “Lender”).

### RECITALS

WHEREAS, the Borrower has requested that the Lender provide a certain taxable credit facility to the Borrower, as more particularly set forth in this Agreement, consisting of a revolving credit facility in the aggregate principal amount of up to Four Million Dollars (\$4,000,000) (the “Credit Facility”), for the purpose of providing capital to the Borrower for the acquisition of capital assets approved by the Board of Directors of the Borrower (the “Board”) and for operations of the Borrower; and

WHEREAS, the Borrower approved this Agreement and the transactions related thereto pursuant to Resolution No. \_\_\_\_\_, adopted by the Board on October 30, 2019 (together with all amendments and modifications thereto, the “Authorizing Resolution”); and

WHEREAS, the Lender is willing to provide the requested Credit Facility to the Borrower on the terms and conditions set forth herein.

### AGREEMENT

NOW, THEREFORE, in consideration of the promises and the mutual covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

#### **ARTICLE I DEFINITIONS AND INTERPRETATION**

1.1. **Definitions.** Any capitalized term used herein (including in the Preamble, recitals, exhibits and schedules hereto) shall have the meaning ascribed to such term in this Section 1.1.

“Affiliate” means any other Person directly or indirectly controlling, controlled by or under common control with such Person, or possessing, directly or indirectly, the power to direct or cause the direction of the management or policies of the controlled Person, including, without limitation, such Person’s Subsidiaries.

“Agreement” is defined in the Preamble hereto and shall include all amendments, supplements or modifications from time to time.

“Applicable Law” means, collectively, all international, foreign, federal, state and local statutes; treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and

permits of, and agreements with, any Governmental Authority, in each case, whether or not having the force of law.

“Approved Electronic Communications” means any notice, demand, communication, information, document or other material that the Borrower provides to the Lender pursuant to any Related Document or the transactions contemplated therein which is distributed to the Lender by means of electronic communications pursuant to Section 7.1(b) hereof.

“Authority Lease Agreement” means the Lease Agreement, dated as of August 1, 2007, as amended by Amendment No. 1 to Lease Agreement, dated as of May 1, 2016, and Amendment No. 2 to Lease Agreement dated as of November 1, 2018, by and between the Corporation and the BORROWER, and any duly authorized and executed amendment or supplement thereto.

“Bankruptcy Code” means Title 11 of the United States Code, as now and hereafter in effect, or any successor statute.

“Board of Governors” means the Board of Governors of the United States Federal Reserve System, or any successor thereto.

“Borrower” is defined in the Preamble hereto and shall include its successors and assigns.

“Business Day” means any day other than (a) a Saturday or Sunday or a day on which banking institutions are authorized or required by law or executive order to be closed in the State of California for commercial banking purposes; (b) a day on which the New York Stock Exchange is authorized or required by law or executive order to be closed; and (iii) a day upon which commercial banks, including the Lender, are authorized or required by law or executive order to be closed in the cities or states in which demands for payment may be presented hereunder.

“Change in Law” means the occurrence, after the Closing Date, of any of the following: (a) the adoption or taking effect of any Applicable Law including, without limitation, any Risk-Based Capital Guidelines, (b) any change in any Applicable Law or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, ruling, guideline, regulation or directive (whether or not having the force of law) by any Governmental Authority; *provided* that notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, ruling, guidelines, regulations or directives thereunder or issued in connection therewith and (ii) all requests, rules, rulings, guidelines, regulations or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, shall in each case be deemed to be a “Change in Law,” regardless of the date enacted, adopted or issued.

“Closing Date” means the first date on which all of the conditions precedent in Section 3.1 hereof are satisfied or waived in accordance with Section 7.5 hereof.

“Commitment” means the agreement of the Lender pursuant to Section 2.1 hereof to make Loans under the terms hereof for the account of the Borrower

“Credit Date” means the date of a Credit Extension.

“Credit Extension” means the making of a Revolving Loan.

“Credit Facility” has the meaning assigned to that term in the introductory clauses of this Agreement.

“Debt” means, with respect to any Person, (a) all indebtedness of such Person for borrowed money; (b) all obligations of such Person as lessee under capital leases; (c) all obligations of such Person to pay the deferred purchase price of property or services; (d) certificates of participation evidencing an undivided ownership interest in payments made by such Person as lessee under capital leases, as purchaser under an installment sale agreement or otherwise as an obligor in connection therewith; (e) the face amount of any letter of credit issued for the account of such Person and, without duplication, all drafts drawn and reimbursement obligations arising thereunder; (f) all Debt of a second Person secured by any Lien on any property owned by such first Person, whether or not such Debt has been assumed; (g) all obligations of such Person to pay a specified purchase price for goods or services whether or not delivered or accepted, including but not limited to, take-or-pay or similar obligations; and (h) obligation of such Person due and payable under Swap Contracts; *provided, however*, that Debt shall not include trade payables arising in the ordinary course of business.

“Default” means a condition or event that, after notice or lapse of time or both, would constitute an Event of Default.

“Default Rate” means the then existing Interest Rate plus three hundred basis points (3.00%) per annum.

“Dollar” and the sign “\$” mean the lawful money of the United States of America.

“Environmental Laws” means any and all federal, state, local, and foreign statutes, laws, regulations, ordinances, or rules, and all judgments, orders, decrees, permits, concessions, grants, franchises, licenses, permits, agreements or governmental restrictions relating to air, water or land pollution, wetlands, or the protection of the environment or the release of any materials into the environment, including air, water or land and those related to Hazardous Materials, air emissions and discharges to waste or public systems.

“Environmental Liability” means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of the Borrower directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended, and any successor statute of similar import, and regulations thereunder, in each case as in effect

from time to time. References to Sections of ERISA shall be construed also to refer to any successor Sections.

“Event of Default” means each of the conditions or events set forth in Section 6.1 hereof.

“Exchange Act” means the Securities Exchange Act of 1934, as amended from time to time, and any successor statute.

“Funding Notice” means a notice substantially in the form of Exhibit A hereto.

“Generally Accepted Accounting Principles” or “GAAP” means generally accepted accounting principles in effect from time to time in the United States and applicable to entities such as the Borrower.

“Governmental Approval” means an authorization, consent, approval, license or exemption of, registration or filing with, or report to, any Governmental Authority.

“Governmental Authority” means the government of the United States or any state or political subdivision thereof or any other nation or political subdivision thereof or any governmental or quasi-governmental entity, including any court, department, commission, board, bureau, agency, administration, central bank, service, district or other instrumentality of any governmental entity or other entity exercising executive, legislative, judicial, taxing, regulatory, fiscal, monetary or administrative powers or functions of or pertaining to government, or any arbitrator, mediator or other Person with authority to bind a party at law.

“Hazardous Materials” means (a) any petroleum or petroleum products, flammable substance, explosives, radioactive materials, hazardous waste or contaminants, toxic wastes, substances or contaminants, or any other wastes, contaminants, or pollutants; (b) asbestos in any form that is or could become friable, urea formaldehyde foam insulation, transformers, or other equipment that contains dielectric fluid containing levels of polychlorinated biphenyls or radon gas; (c) any chemicals, materials or substances defined as or included in the definition of “hazardous substances,” “hazardous materials,” “extremely hazardous wastes,” “restricted hazardous wastes,” “toxic substances,” “toxic pollutants,” “contaminants” or “pollutants,” or words of similar import, under any applicable Environmental Law; (d) any other chemical, material or substance, exposure to which is prohibited, limited, or regulated by any governmental authority; and (e) any other chemical, material or substance which may or could pose a hazard to the environment.

“Indemnified Liabilities” means, collectively, any and all liabilities, obligations, losses, damages (including natural resource damages), penalties, claims, actions, judgments, suits, costs, expenses and disbursements of any kind or nature whatsoever (including the reasonable fees and disbursements of counsel for Indemnitees in connection with any investigative, administrative or judicial proceeding or hearing commenced or threatened by any Person, whether or not any such Indemnatee shall be designated as a party or a potential party thereto, and any fees or expenses incurred by Indemnitees in enforcing this indemnity), whether direct, indirect or consequential and whether based on any federal, state or foreign laws, statutes, rules or regulations (including securities and commercial laws, statutes, rules or regulations), on common law or equitable cause or on contract or otherwise, that may be imposed on, incurred by, or asserted against any such

Indemnitee, in any manner relating to or arising out of (i) this Agreement or the other Related Documents or the transactions contemplated hereby or thereby (including the Lender's agreement to make Credit Extensions or the use or intended use of the proceeds thereof, or any enforcement of any of the Related Documents; or (ii) the commitment letter (and any related fee or engagement letter) delivered by the Lender to the Borrower with respect to the transactions contemplated by this Agreement.

"Indemnitee" is defined in Section 7.3 hereof.

"Initial Termination Date" is defined in Section 2.6 hereof.

"Interest Rate" is defined in Section 2.4(a)(i).

"Lease Payments" means the payments due and owing under the Authority Lease Agreement.

"Lender" is defined in the Preamble hereto, and if a Participation Agreement is entered into, "Lender" as used herein shall also encompass any and all Participants.

"Lender Agreement" means any credit agreement, bond purchase agreement, liquidity agreement or other agreement or instrument (or any amendment, supplement or modification thereto) entered into by the Borrower with any Person, directly or indirectly, or otherwise consented to by the Borrower, under which any Person or Persons undertakes to make loans, extend credit or liquidity to the Borrower in connection with, or purchase on a private placement basis, any Debt secured by or payable from Revenues executed after the Closing Date.

"Lender's Office" means the office of the Lender set forth on Appendix A hereto, or such other office or person as the Lender may hereafter designate in writing as such to the other parties hereto.

"LIBOR" means, for each Reset Date, the interest rate per annum determined by the Lender by dividing (i) the rate that appears as the ICE Benchmark Administration LIBOR Rate for United States Dollar deposits (as quoted by Bloomberg Finance L.P.) offered by leading banks in the London interbank deposit market, at approximately 11:00 a.m., London time, one (1) Business Day prior to such Reset Date, as the one (1) month London interbank offered rate for U.S. Dollars commencing on such Reset Date (or if, for any reason, such source for rate information no longer exists, a comparable replacement rate determined by the Lender at such time), by (ii) a number equal to 1.00 minus the LIBOR Reserve Percentage.

"LIBOR Reserve Percentage" means the maximum effective percentage in effect on such day as prescribed by the Board of Governors (or any successor) for determining the reserve requirements (including, without limitation, supplemental, marginal and emergency reserve requirements) with respect to eurocurrency funding (currently referred to as "Eurocurrency liabilities").

....."Lien" means any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge, or preference, priority or other security interest or preferential arrangement in the nature of a security interest of any kind or nature whatsoever

(including any conditional sale or other title retention agreement, any easement, right of way or other encumbrance on title to real property, and any financing lease having substantially the same economic effect as any of the foregoing).

“London Banking Day” means any day on which dealings in U.S. Dollar deposits are conducted by and between banks in the London interbank eurodollar market. Interest will be computed for the actual number of days which have elapsed, on the basis of a 360-day year.

“Material Adverse Effect” means (a) a material adverse change in, or a material adverse effect on, the operations, business, assets, properties, liabilities (actual or contingent), condition (financial or otherwise) or prospects of the Borrower, taken as a whole; (b) a material impairment of the rights and remedies of the Lender under this Agreement, the Notes, or any other Related Document, or of the ability of the Borrower to perform its obligations under this Agreement, the Note, and any other Related Document to which it is a party, as determined in the reasonable discretion of the Lender; or (c) a material adverse effect upon the legality, validity, binding effect or enforceability against the Borrower of this Agreement, the Note, or any other Related Document to which it is a party, as determined in the sole discretion of the Lender.

“Margin Stock” has the meaning ascribed to such term in Regulation U and/or Regulation X promulgated by the Board of Governors, as now and hereafter from time to time in effect.

“Note” means the Note evidencing the Credit Facility substantially in the form attached hereto as Exhibit B.

“Obligations” means all obligations of every nature of the Borrower from time to time owed to the Lender under any Related Document, whether for principal, interest (including interest which, but for the filing of a petition in bankruptcy with respect to the Borrower, would have accrued on any Obligation, whether or not a claim is allowed against the Borrower for such interest in the related bankruptcy proceeding), fees, expenses, indemnification or otherwise.

“Outstanding Amount” means with respect to any Revolving Loans on any date, the aggregate outstanding principal amount thereof after giving effect to any borrowings and prepayments or repayments of Revolving Loans occurring on such date.

“Participant” means a bank which has purchased a participation from the Lender pursuant to a Participation Agreement.

“Participation Agreement” means any agreement entered into among the Lender and one or more other banks purchasing participations and named therein, pursuant to which such other bank or banks shall purchase from the Lender a participation or participations in this Agreement and the Note.

“Parity Debt” means indebtedness or other obligations (including leases and installment sale agreements) issued or incurred by the Borrower and payable from Revenues equally and ratably with the Lease Payments.

“Payment Date” means the first Business Day of each month.

“Person” means and includes natural persons, corporations, limited partnerships, general partnerships, limited liability companies, limited liability partnerships, joint stock companies, joint ventures, associations, companies, trusts, banks, trust companies, land trusts, business trusts or other organizations, whether or not legal entities, and Governmental Authorities.

“Prime Rate” shall mean, for any day, the variable per annum rate of interest so designated from time to time by the Lender as its “prime rate.” The Borrower acknowledges that the Prime Rate is a reference rate and does not necessarily represent the lowest or best rate being charged to any customer of the Lender and that changes in the rate of interest applicable to this Agreement resulting from changes in the Prime Rate shall take place immediately without notice or demand of any kind.

“Related Documents” means this Agreement, the Note, the Authorizing Resolution and any other documents related to any of the foregoing or executed in connection therewith, and any and all future renewals and extensions or restatements of, or amendments or supplements to, any of the foregoing.

“Reset Date” shall mean (i) the date of this Agreement, and (ii) the first (1<sup>st</sup>) day of each month thereafter, provided that: (a) if any such day is not a Business Day, then the first succeeding day that is a Business Day shall instead apply, unless that day falls in the next succeeding calendar month, in which case the next preceding day that is a Business Day shall instead apply, and (b) if any such day is a day of a calendar month for which there is no numerically corresponding day in certain other months (each, a “Non-Conforming Month”), then any Reset Date that falls within a Non-Conforming Month shall be the last day of such Non-Conforming Month. LIBOR shall be adjusted on and as of (a) each Reset Date, and (b) the effective date of any change in the LIBOR Reserve Percentage. The Lender shall give prompt notice to the Borrower of LIBOR as determined or adjusted in accordance herewith, which determination shall be conclusive absent manifest error.

“Revenues” means all legally available funds of the Borrower, including but not limited to (i) Local Transportation Fund funds, (ii) State Transit Assistance funds, (iii) the Borrower’s farebox revenues and contract service revenues collected by the Borrower in connection with all transit vehicles owned or leased by the Borrower.

“Revolving Credit Availability” means the agreement of the Lender to make or otherwise fund any Revolving Loan, the aggregate amount of which as of the Closing Date is Four Million Dollars (\$4,000,000).

“Revolving Loan” or “Loan” means a loan made by the Lender to the Borrower pursuant to Section 2.1(a), bearing interest at the Interest Rate.

“Risk-Based Capital Guidelines” means (a) the risk-based capital guidelines in effect in the United States on the Closing Date, including transition rules, and (b) the corresponding capital regulations promulgated by regulatory authorities outside the United States including transition rules, and any amendments to such regulations adopted prior to the Closing Date.

“Same Day Funds” means with respect to disbursements and payments in Dollars, immediately available funds.



“Senior Obligations” means, collectively, (a) those certain 2018 Certificates of Participation (Transit Facilities Project) and (b) those certain 2016 Certificates of Participation (Transit Facilities Project) which evidence lease payments to be made pursuant to the Authority Lease Agreement.

“Swap Contract” means (a) any and all rate swap transactions, basis swaps, total return swaps, credit derivative transactions, forward rate transactions, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, cap transactions, floor transactions, collar transactions, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a “Master Agreement”), including any such obligations or liabilities under any Master Agreement.

“Taxes” means all present and future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees, liabilities or other charges imposed by any applicable Governmental Authority, including any interest, fines, additions to tax or penalties applicable thereto.

“Termination Date” is defined in Section 2.6 hereof.

“Total Outstandings” means, as at any date of determination, the aggregate Outstanding Amount of all Revolving Loans.

“Trustee” means The Bank of New York Trust Company, N.A., a national banking association, and any successor trustee duly appointed under the Trust Agreement.

“Trust Agreement” means the Trust Agreement, dated as of August 1, 2007, as amended by Amendment No. 1 to Trust Agreement, dated as of May 1, 2016 and the Amendment No. 2 to Trust Agreement dated as of November 1, 2018, together with any amendments hereof or supplements hereto permitted to be made under the Trust Agreement, between the Borrower and the Trustee.

1.2. Accounting Terms. Except as otherwise expressly provided herein, all accounting terms not otherwise defined herein shall have the meanings assigned to them in conformity with GAAP. Subject to the foregoing, calculations in connection with the definitions, covenants and other provisions hereof shall utilize accounting principles and policies in conformity with those used to prepare the Submitted Financial Statements.

1.3. Interpretation. Any of the terms defined herein may, unless the context otherwise requires, be used in the singular or the plural, depending on the reference. References herein to any Section, Appendix, Schedule or Exhibit shall be to a Section, an Appendix, a Schedule or an Exhibit, as the case may be, hereof unless otherwise specifically provided. The use herein of the

word “include” or “including”, when following any general statement, term or matter, shall not be construed to limit such statement, term or matter to the specific items or matters set forth immediately following such word or to similar items or matters, whether or not nonlimiting language (such as “without limitation” or “but not limited to” or words of similar import) is used with reference thereto, but rather shall be deemed to refer to all other items or matters that fall within the broadest possible scope of such general statement, term or matter. The terms lease and license shall include sub-lease and sub-license, as applicable.

1.4. Certifications. Any certificate or other writing required hereunder or under any other Related Document to be certified by any officer or other authorized representative of any Person shall be deemed to be executed and delivered by such officer or other authorized representative solely in such individual’s capacity as an officer or other authorized representative of such Person and not in such officer’s or other authorized representative’s individual capacity.

## ARTICLE II LOANS

### 2.1. Revolving Loans.

(a) Revolving Credit Availability. Subject to the terms and conditions hereof, the Lender agrees to make Revolving Loans to the Borrower in an aggregate amount up to but not exceeding the Revolving Credit Availability; provided that, after giving effect to the making of any Revolving Loans, the Total Outstandings shall not exceed the Revolving Credit Availability. Amounts borrowed pursuant to this Section 2.1(a) may be repaid and reborrowed during the Revolving Credit Availability Period and shall be fully repaid on or before the Termination Date. The Lender’s Revolving Credit Availability shall expire on the Termination Date, and all then-outstanding Revolving Loans and all other amounts then owed hereunder with respect to the Revolving Loans and the Revolving Credit Availability shall be paid in full no later than the Termination Date. The Borrower’s obligation to repay Revolving Loans, together with interest thereon, shall be evidenced by the Note. The Lender will deposit the funds for the Revolving Loan into Account No. [ ] (the “Borrower’s Account”).

(b) Borrowing Mechanics for Revolving Loans. Whenever the Borrower desires that the Lender make a Revolving Loan, the Borrower shall deliver to the Lender at the Lender’s Office a fully executed and delivered Funding Notice, which shall be signed by two of the Borrower’s Chair, Vice Chair and Executive Director no later than 12:30 a.m. Los Angeles, California time, at least five (5) Business Days prior to the Credit Date requested pursuant to such Funding Notice. Except as provided herein, upon satisfaction or waiver of the conditions precedent specified herein, the Lender shall make the proceeds of such Revolving Loan available to the Borrower on the applicable Credit Date by causing an amount of Same Day Funds in Dollars to be credited to the account of the Borrower at the Lender’s Office or such other account as may be designated in writing to the Lender by the Borrower.

2.2. Use of Proceeds. The proceeds of the Revolving Loans may be applied by the Borrower to support the Borrower’s working capital expenses. No portion of the proceeds of any Credit Extension shall be used in any manner that causes or might cause such Credit Extension or the application of such proceeds to violate Regulation T, Regulation U or Regulation X of the Board of Governors or any other regulation thereof or to violate the Exchange Act.

2.3. Evidence of Debt; Note. The Revolving Loans shall be evidenced by one or more accounts or records maintained by the Lender in the ordinary course of business. The accounts or records maintained by the Lender shall be conclusive absent manifest error of the amount of the Revolving Loans made by the Lender to the Borrower and the interest and payments thereon. Any failure to so record or any error in doing so shall not, however, limit or otherwise affect the obligation of the Borrower hereunder to pay any amount owing with respect to the Obligations. The Borrower shall execute and deliver to the Lender the Note, which shall evidence the Revolving Loans in addition to such accounts or records. The Lender may attach schedules to the Note and endorse thereon the date, amount and maturity of Revolving Loans and payments with respect thereto.

2.4. Interest on and Repayment of Loans.

(a) Interest on Loans.

(i) Amounts outstanding under this Agreement will (except to the extent specifically provided to the contrary) bear interest at a rate per annum equal to the sum of (A) LIBOR in effect on each Reset Date plus (B) two percent (2.0%) (the "Interest Rate").

(ii) Interest payable pursuant to Section 2.4(a)(i) hereof shall be computed on the basis of a 360-day year for the actual number of days elapsed in the period during which it accrues. In computing interest on any Revolving Loan, the date of the making of such Revolving Loan shall be included, and the date of payment of such Revolving Loan shall be excluded; provided that if a Revolving Loan is repaid on the same day on which it is made, one day's interest shall be paid on that Revolving Loan.

(iii) Except as otherwise set forth herein, interest on each Revolving Loan shall accrue on a daily basis and be payable on each Payment Date and shall be paid for the actual number of days that the funds are advanced under the Revolving Loan.

(b) Repayment of Loans. The Borrower agrees to repay to the Lender, on the date set forth in a written notice by the Lender to the Borrower indicating the termination of the Revolving Credit Availability on or before the Termination Date, the aggregate principal amount of the Revolving Loans outstanding on such date (plus all accrued and unpaid interest thereon), charges and expenses and all costs payable to the Lender; provided that if at any time the outstanding principal balance of the Revolving Loans exceeds the Revolving Credit Availability, such excess shall be due and payable immediately along with interest thereon for the number of days that such excess remains outstanding at a rate equal to the Default Rate determined pursuant to Section 2.7 hereof.

(c) Non-Utilization Fee. The Borrower shall pay to the Lender a fee (the "Non-Utilization Fee") equal to thirteen basis points (0.13%) per annum times the actual daily amount by which the Revolving Credit Availability exceeds the Total Outstandings, computed on the basis of a 360-day year for the actual number of days elapsed in the month during which it accrues. The Non-Utilization Fee shall be due and payable in arrears on the last Business Day of each month.

2.5. Inability to Determine Rate. If the Lender determines that for any reason, (i) U.S. Dollar deposits are not being offered to banks in the London interbank eurodollar market in the outstanding amount of any portion of any outstanding Revolving Loan for terms equal to one (1) month (in each case with respect to subsection (ii), “Impacted Principal”), or (ii) adequate and reasonable means do not exist for determining the LIBOR with respect to such outstanding principal, the Lender will promptly so notify the Borrower. Thereafter, the obligation of the Lender to make Credit Extensions will be suspended until the Lender revokes such notice. During the period of any such suspension, such unpaid principal balance from day to day outstanding which is not past due, will bear interest at the Prime Rate minus 50 basis points (0.50%). Notwithstanding the foregoing, if the Lender has made the determination described in subsection (b)(i) of this section and the Borrowers request, the Lender and the Borrower will negotiate in good faith to amend the definition of LIBOR and other applicable provisions to preserve the original intent thereof in light of such change; provided that until so amended, such Impacted Principal will be handled as otherwise provided pursuant to this Section 2.5.

2.6. Termination. The Credit Facility established hereunder shall expire on \_\_\_\_\_, 2024 (the “Initial Termination Date”, and together with an agreed upon expiration date in the event the facility is renewed from time to time, if any, the “Termination Date”), and may be renewed annually thereafter, in the Lender’s sole discretion, subject to review and pricing pursuant to an amendment or other agreement between the Borrower and the Lender.

2.7. Default Interest. Upon the occurrence and during the continuance of an Event of Default, the principal amount of all Revolving Loans and, to the extent permitted by Applicable Law, any interest payments on the Revolving Loans or any fees or other amounts owed hereunder not paid on the due date thereof, in each case whether at stated maturity, by notice of prepayment, by acceleration or otherwise, shall bear interest (including post-petition interest in any proceeding under the Bankruptcy Code or other applicable bankruptcy laws) from the date of such Event of Default, payable on demand on the unpaid principal balance of all of the Revolving Loans at the Default Rate, *provided, however*, any payments of principal or interest past due to the Lender under this agreement shall accrue at the Default Rate plus one hundred fifty basis points (1.50%).

2.8. Upfront Commitment Fee. On or before the date of execution of this Agreement, Borrower shall pay to Bank a nonrefundable commitment fee of Eight Thousand Dollars (\$8,000).

2.9. Reserved.

2.10. Application of Payments or Proceeds Upon Acceleration of Obligations. If an Event of Default shall have occurred and the Obligations shall have been accelerated pursuant to Section 6.1 hereof, all payments or proceeds received by the Lender hereunder in respect of any of the Obligations shall be applied in accordance with Section 6.2 hereof.

2.11. General Provisions Regarding Payments.

(a) All payments by the Borrower of principal, interest, fees and other Obligations shall be made, in Same Day Funds without defense, setoff or counterclaim, free of

any restriction or condition, and delivered to the Lender not later than 2:00 pm (Los Angeles, California time) on the date due at the Lender's Office; for purposes of computing interest and fees, funds received by the Lender after that time on such due date shall be deemed to have been paid by the Borrower on the next succeeding Business Day.

(b) Prior to the occurrence of an Event of Default, all payments, proceeds and other amounts received by the Lender hereunder or under the Note shall be applied (i) first, to any outstanding late fees or other outstanding fees and charges, (ii) second, to any interest then due and payable, and (iii) third, to the prepayment of principal, in inverse order of scheduled due dates.

(c) Whenever any payment to be made hereunder shall be stated to be due on a day that is not a Business Day, such payment shall be made on the next succeeding Business Day and such extension of time shall be included in the computation of the payment of interest hereunder.

(d) The Borrower hereby authorizes the Lender to charge the Borrower's accounts with the Lender in order to cause timely payment to be made to the Lender of all principal, interest, fees and expenses due hereunder (subject to sufficient funds being available in its accounts for that purpose).

(e) The Lender shall deem any payment by or on behalf of the Borrower hereunder that is not made in Same Day Funds prior to 2:00 pm (Los Angeles, California time) to be a non-conforming payment. Any such payment shall not be deemed to have been received by the Lender until the later of (i) the time such funds become available funds, and (ii) the applicable next Business Day. The Lender shall give prompt telephonic notice to the Borrower (confirmed in writing) if any payment is non-conforming. Any non-conforming payment shall constitute or become a Default or Event of Default in accordance with the terms of Section 6.1(a) hereof. Interest shall continue to accrue on any principal as to which a non-conforming payment is made until such funds become available funds (but in no event less than the period from the date of such payment to the next succeeding applicable Business Day) at the rate determined pursuant to Section 2.7 hereof from the date such amount was due and payable until the date such amount is paid in full.

2.12. Booking of Revolving Loans. The Lender may make, carry or transfer Revolving Loans at, to, or for the account of any of its branch offices or the office of an Affiliate of the Lender.

2.13. Increased Costs; Capital Adequacy. (a) If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, liquidity ratio, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or advances, loans or other credit extended or participated in by, the Lender or any Participant;

(ii) subject the Lender or any Participant to any Tax (except for Taxes on the overall net income or share capital of the Lender or any Participant) of any kind

whatsoever with respect to this Agreement, the Loans or the Note, or change the basis of taxation of payments to the Lender or such Participant in respect thereof; or

(iii) impose on the Lender or any Participant any other condition, cost or expense affecting this Agreement, the Commitment, the Loans or the Note;

and the result of any of the foregoing shall be to increase the cost to the Lender or such Participant related to issuing or maintaining the Commitment, the Loans or holding the Note, or to reduce the amount of any sum received or receivable by the Lender or such Participant hereunder, or under the Note (whether of principal, interest or any other amount) then, within 90 days after written request of the Lender, the Borrower shall pay to the Lender or such Participant, as the case may be, such additional amount or amounts as will compensate the Lender or such Participant, as the case may be, for such additional costs incurred or reduction suffered.

(b) If the Lender or any Participant determines that any Change in Law affecting the Lender or such Participant or the Lender's or such Participant's parent or holding company, if any, regarding capital requirements, has or would have the effect of reducing the rate of return to the Lender or such Participant or the Lender's or such Participant's parent or holding company, if any, as a consequence of this Agreement, the Loans, the Note or the Commitment, to a level below that which the Lender or such Participant or the Lender's or such Participant's parent or holding company could have achieved but for such Change in Law (taking into consideration such entities policies with respect to capital adequacy), then from time to time upon written request of the Lender, the Borrower shall promptly pay to the Lender or such Participant, as the case may be, such additional amount or amounts as will compensate the Lender or such Participant or the Lender's or such Participant's parent or holding company for any such reduction suffered.

(c) A certificate of the Lender or a Participant setting forth the amount or amounts necessary to compensate the Lender or such Participant or the Lender's or such Participant's parent or holding company, as the case may be, as specified in paragraph (a) or (b) of this Section and delivered to the Borrower, shall be conclusive absent manifest error. The Borrower shall pay the Lender, such Participant or their parent or holding company, as the case may be, the amount shown as due on any such certificate within sixty (60) days after receipt thereof.

(d) Failure or delay on the part of the Lender or any Participant to demand compensation pursuant to this Section shall not constitute a waiver of the Lender's or such Participant's right to demand such compensation.

(e) Notwithstanding anything to the contrary in this Section 2.13, in the event the Lender grants any participation to any Participant under this Agreement, the Borrower will have no obligation to pay amounts pursuant to this Section 2.13 in an amount greater than that which it would have been required to pay if the Lender had not granted such participation.

(f) The obligations of the Borrower under this Section 2.13 shall survive the termination of the Commitment and this Agreement.

2.14. Security; Obligations Absolute.

(a) All of the Revenues and all amounts held in the funds and accounts created hereunder are hereby pledged to secure the payment of principal and interest of the Note. The Note is secured solely by a lien on and pledge of Revenues hereunder. The pledge of the Revenues securing the payment of the principal of and interest on the Note is a valid and binding obligation of the Borrower, on a basis junior and subordinate to the lien on an security interest in such Revenues granted to secure the Lease Payments and Parity Debt outstanding under the Lease Agreement, subject to any applicable bankruptcy, insolvency, debt adjustment, moratorium, reorganization or other similar laws, judicial decisions and principles of equity relating to or affecting creditors' rights or contractual obligations generally or limitations of remedies against public entities in the State. No filing, registration, recording or publication of the Authorizing Resolution, the Note or this Agreement or any other instrument nor any prior separation or physical delivery of the Revenues is required to establish the pledge provided for hereunder or to protect or maintain the Lien created thereby on the Revenues and amounts held under this Agreement in funds, accounts or subaccounts to secure the Note. As of the Closing Date, other than the Senior Obligations, there is no Debt of the Borrower payable from or secured by the Revenues or amounts held in funds, accounts or subaccounts under this Agreement or any portion thereof on a basis that is senior to or on a parity with the Obligations other than the Note existing as of the Closing Date. The Borrower authorizes the Lender to file any financing statements as are necessary to maintain the security interests granted in or pursuant to this Agreement and the other Related Documents.

(b) The payment obligations of the Borrower under this Agreement shall be unconditional and irrevocable and shall be paid strictly in accordance with the terms of this Agreement under all circumstances, including without limitation the following:

(i) any lack of validity or enforceability of this Agreement, the Obligations or any of the other Related Documents;

(ii) any amendment or waiver of or any consent to departure from all or any of the Related Documents;

(iii) the existence of any claim, set-off, defense or other right which the Borrower may have at any time against the Lender, any other Bondholder or any other person or entity, whether in connection with this Agreement, the other Related Documents, the transactions contemplated herein or therein or any unrelated transaction;  
or

(iv) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing.

**ARTICLE III CONDITIONS PRECEDENT**

3.1. Closing Date. The obligation of the Lender to execute this Agreement is subject to the satisfaction, or waiver in accordance with Section 7.5 hereof, of the following conditions on or before the Closing Date, each to the satisfaction of the Lender in its sole discretion and, as

to any agreement, document or instrument specified below, each in form and substance satisfactory to the Lender:

(a) Related Documents. The Lender shall have received:

(i) sufficient copies of this Agreement, originally executed and delivered by each applicable Borrower for the Lender; and

(ii) the Note executed by the Borrower in favor of the Lender.

(b) Organizational Documents; Incumbency; Resolution. The Lender shall have received:

(i) a signature and incumbency certificate of the officers or other authorized representatives of the Borrower executing the Related Documents;

(ii) resolution of the Board of Directors of the Borrower approving and authorizing the execution, delivery and performance of the Related Documents or by which it or its assets may be bound as of the Closing Date, certified as of the Closing Date by its secretary or an assistant secretary as being in full force and effect without modification or amendment;

(iii) a certificate executed by an officer of the Borrower providing that each of the representations and warranties set forth in each Related Document is true and correct as of the Closing Date;

(iv) audited financial statements, any unaudited financial statements since the most recent audited financial statements, and debt management policy;

(v) a certificate evidencing no default shall have occurred and no material adverse change has occurred with respect to the Borrower;

(vi) a legal opinion of counsel to the Borrower in form and substance satisfactory to the Lender;

(vii) prior to the Closing Date the Borrower shall deliver to the Lender a certificate of insurance naming the Trustee as loss payee;

(viii) a certified copy of the Borrower's Joint Exercise and

(ix) such other documents as the Lender may reasonably request.

(c) No Litigation. There shall not exist any action, suit, investigation, litigation or proceeding or other legal or regulatory developments, pending or threatened to the Borrower's knowledge in any court or before any arbitrator or Governmental Authority that, in the reasonable opinion of the Lender, singularly or in the aggregate, materially impairs the transactions contemplated by the Related Documents, or that could reasonably be expected to have a Material Adverse Effect on the Borrower's ability to conduct its business or to perform its obligations hereunder or under any of the Related Documents.



(d) Other Matters. All other legal matters pertaining to the execution and delivery of this Agreement and the Related Documents shall be satisfactory to the Lender and its counsel, and the Lender shall have received such other statements, certificates, agreements, documents and information with respect to the Borrower, the Issuer and the other parties to the Related Documents and matters contemplated by this Agreement as the Lender may reasonably request. The execution and delivery of this Agreement shall be conclusive evidence that all such statements, certificates, agreements, documents and information with respect to the Borrower and the other parties to the Related Documents and matters contemplated by this Agreement have been received and approved by the Lender or waived.

3.2. Conditions to Each Credit Extension. The obligation of the Lender to make any Revolving Loan on any Credit Date is subject to the satisfaction, or waiver in accordance with Section 7.5 hereof, of the following conditions precedent:

(a) Notice. The Lender shall have received a fully executed and delivered Funding Notice;

(b) Revolving Credit Line. After making the Credit Extensions requested on such Credit Date, the Total Outstandings shall not exceed the Revolving Credit Availability then in effect;

(c) Representations and Warranties. As of such Credit Date, the representations and warranties contained herein and in the other Related Documents shall be true and correct in all material respects (except for those representations and warranties that are conditioned by materiality, which shall be true and correct in all respects) on and as of that Credit Date to the same extent as though made on and as of that date, except to the extent such representations and warranties specifically relate to an earlier date, in which case such representations and warranties shall have been true and correct in all material respects (except for those representations and warranties that are conditioned by materiality, which shall have been true and correct in all respects) on and as of such earlier date;

(d) No Default or Event of Default. As of such Credit Date, no event shall have occurred and be continuing or would result from the consummation of the applicable Credit Extension that would constitute a Default or an Event of Default hereunder; and

(e) No Material Adverse Effect. As of such Credit Date, no event, including any change in any Law, or omission shall have occurred which has resulted, or is likely to result, in a Material Adverse Effect.

3.3. Notices. Every Funding Notice shall be executed by an officer of the Borrower in a writing delivered to the Lender. In lieu of delivering a Funding Notice, the Borrower may give the Lender telephonic notice by the required time of any proposed borrowing; provided that each such notice shall be promptly confirmed in writing by delivery of the applicable Funding Notice to the Lender on or before the applicable date of borrowing. The Lender shall not incur any liability to the Borrower in acting upon any telephonic notice referred to above that the Lender believes in good faith to have been given by a duly authorized officer or other person authorized on behalf of the Borrower or for otherwise acting in good faith.

## ARTICLE IV REPRESENTATIONS AND WARRANTIES

4.1. Organization, Powers, Etc. On the Closing Date, (a) the Borrower is a joint powers authority organized and existing under the Constitution and laws of the State of California, (b) the Borrower (i) has full power and authority to carry on its business as now conducted, (ii) has (or, if already executed or adopted, had at the time of execution or adoption) full power and authority to execute (or adopt, if applicable), deliver and perform its obligations under this Agreement and the other Related Documents, to borrow hereunder and to execute, deliver and perform its obligations hereunder, the Note and the other Related Documents and to repay the Obligations, and (iii) may only contest the validity or enforceability of any provision of, or deny that the Borrower has any liability or obligation under this Agreement, the Law, the Note or any other Related Document by an act of its governing body.

4.2. Authorization, Absence of Conflicts, Etc. The execution (or adoption, if applicable), delivery and performance of this Agreement, the Note and the other Related Documents (a) have been duly authorized, executed and delivered or, if applicable, adopted by the Borrower, (b) do not and will not, to any material extent, conflict with, or result in violation of, any Applicable Law, including the Law, or any order, rule or regulation of any court or other Government Authority and (c) do not and will not, to any material extent, conflict with, result in a violation of or constitute a default under, the Authorizing Resolution or any other resolution, agreement or instrument to which the Borrower is a party or by which the Borrower or any of its property is bound.

4.3. Governmental Consent or Approval. The execution (or adoption, if applicable), delivery and performance of this Agreement, the Note and the other Related Documents do not and will not require registration with, or the consent or approval of, or any other action by, any federal, state or other Governmental Authority or regulatory body other than those which have been made or given and are in full force and effect; provided that no representation is made as to any blue sky or securities law of any jurisdiction.

4.4. Binding Obligations. This Agreement, the Note, and the other Related Documents are legal, valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with their respective terms, subject to any applicable bankruptcy, insolvency, debt adjustment, moratorium, reorganization or other similar laws, judicial discretion and principles of equity relating to or affecting creditors' rights or contractual obligations generally or limitations on remedies against public entities in the State.

4.5. Litigation. There is no action or investigation pending or, to the knowledge of the Borrower, threatened, against the Borrower before any court or other Governmental Authority which questions the validity of any act or the validity of any proceeding taken by the Borrower in connection with the execution and delivery of this Agreement, the Note or the other Related Documents, or wherein an unfavorable decision, ruling or finding would in any way adversely affect (a) the validity or enforceability of this Agreement, the Note or the other Related Documents, (b) the validity, enforceability or the pledge of and lien on the Revenues or on the amounts held in funds, accounts and subaccounts under this Agreement, or (c) the status of the Borrower as a joint powers authority organized pursuant to and existing under the Constitution and other Applicable Laws of the State of California.

4.6. Financial Condition. All of the Borrower's financial statements that have been furnished to the Lender have been prepared in conformity with GAAP (except as noted therein) and are comprised of a balance sheet and a statement of revenues and expenditures and changes in fund balances. All of such financial statements accurately present, in all material respects, the financial condition of the Borrower, including the Revenues as of the dates thereof, and there have been no changes in the business, operations or condition (financial or otherwise) of the Borrower, since the dates of said financial statements that could reasonably be expected to result in a Material Adverse Effect on the ability of the Borrower to receive Revenues or its ability to perform its obligations hereunder or under the Note and under the other Related Documents.

4.7. Related Documents. Each of the Related Documents is in full force and effect. Except as previously disclosed in writing to the Lender prior to the Closing Date, no event of default and no event which, with the giving of notice, the passage of time or both, would constitute an event of default, presently exists under any of the Related Documents. Except as previously disclosed in writing to the Lender prior to the Closing Date, neither the Borrower nor any other party thereto has waived or deferred performance of any material obligation under any Related Document.

4.8. Incorporation of Representations and Warranties. In addition to the representations and warranties set forth herein, the Borrower hereby makes to the Lender the same representations and warranties as are set forth by the Borrower in each of the other Related Documents, which representations and warranties, as well as the related defined terms contained therein, are hereby incorporated by reference for the benefit of the Lender with the same effect as if each and every such representation and warranty and defined term were set forth herein in its entirety. The representations and statements made by the Borrower herein and therein are true and correct as of the date of this Agreement. No amendment to such representations and warranties or definitions which could reasonably be expected to have a Material Adverse Effect with respect to the ability of the Borrower to meet its obligations hereunder or under the other Related Documents or the rights or security of the Lender hereunder or under the other Related Documents shall be effective to amend such representations and warranties and definitions as incorporated by reference herein without the prior written consent of the Lender.

4.9. Margin Regulations. The Borrower is not engaged in the business of extending credit for the purpose of purchasing or carrying Margin Stock, and no part of the proceeds of the Loans or the Note or any amounts furnished by the Lender will be used to purchase or carry any Margin Stock or to extend credit to others for the purpose of purchasing or carrying any Margin Stock.

4.10. No Event of Default. No Event of Default or Default has occurred and is continuing.

4.11. Security; Pledge of Revenues Securing Obligations. All of the Revenues and all amounts held in the funds and accounts created hereunder are hereby pledged to secure the payment of principal and interest of the Obligations and the Note. The Obligations and the Note are secured solely by a lien on and pledge of Revenues hereunder. The pledge of the Revenues securing the payment of the principal of and interest on the Note is a valid and binding obligation of the Borrower, on a basis subordinate only to the Senior Obligations, subject to any applicable

bankruptcy, insolvency, debt adjustment, moratorium, reorganization or other similar laws, judicial decisions and principles of equity relating to or affecting creditors' rights or contractual obligations generally or limitations of remedies against public entities in the State. No filing, registration, recording or publication of the Authorizing Resolution or any other instrument nor any prior separation or physical delivery of the Revenues is required to establish the pledge provided for hereunder or to protect or maintain the Lien created thereby on the Revenues and amounts held under this Agreement in funds, accounts or subaccounts. As of the Closing Date, other than the Senior Obligations, there is no Debt of the Borrower payable from or secured by the Revenues or amounts held in funds, accounts or subaccounts under this Agreement or any portion thereof on a basis that is senior to or on a parity with the Obligations other than the Note.

4.12. Sovereign Immunity. The Borrower is subject to claims and to suit for damages in connection with its obligations under this Agreement and the other Related Documents pursuant to and in accordance with the laws of the State applicable to public entities such as the Borrower; *provided, however*, that a claimant shall be required to comply with the provisions of the Government Claims Act set forth in California Government Code Section 810 et seq. in tort or contract suits, actions or proceedings brought against the Borrower.

4.13. Accurate Information. All information, reports and other papers and data with respect to the Borrower furnished to the Lender, at the time the same were so furnished, were accurate in all material respects. Any financial, budget and other projections furnished to the Lender were prepared in good faith on the basis of the assumptions stated therein, which assumptions were fair and reasonable in light of conditions existing at the time of delivery of such financial, budget or other projections.

4.14. Maximum Rate. The terms of the Related Documents (including the Note) regarding the calculation of interest and fees do not violate any Applicable Laws.

4.15. No Proposed Legal Changes. There is no amendment or, to the knowledge of the Borrower, no proposed amendment certified for placement on a statewide or local ballot, to the Constitution of the State or any published administrative interpretation of the Constitution of the State or any Applicable Laws, or any legislation that has passed either house of the State legislature, or any published judicial decision interpreting any of the foregoing, which could reasonably be expected to have a Material Adverse Effect on the ability of the Borrower to receive Revenues or its ability to perform its obligations hereunder or under the Note and under the other Related Documents.

4.16. Valid Lien. The Borrower's irrevocable pledge of the Revenues and amounts hereunder to and for the payment of the Obligations of the Borrower under this Agreement and for the payment of the Obligations and the Note is valid and binding and no further acts, instruments, approvals or consents are necessary for the creation, validity or perfection thereof.

4.17. ERISA. The Borrower is not subject to ERISA. The Borrower has no funding deficiency with respect to any employee benefit plan which could reasonably be expected to materially and adversely affect the ability of the Borrower to perform its obligations hereunder or under any other Related Documents to which it is a party, and the Borrower is otherwise in compliance with terms of any such plan in which the Borrower or any of its employees

participate to the extent any such failure to comply could reasonably be expected to materially and adversely affect the ability of the Borrower to perform its obligations hereunder or under any other Related Documents to which it is a party.

4.18. Solvency. After giving effect to the issuance of the Note and the other obligations contemplated by this Agreement, the Borrower is solvent, having assets of a fair value which exceeds the amount required to pay its debts (including contingent, subordinated, unmatured and unliquidated liabilities) as they become absolute and matured, and the Borrower is able to and anticipates that it will be able to meet its debts as they mature and has adequate capital to conduct its business in which it is engaged.

4.19. Environmental Laws. The Borrower and its properties (a) have not become subject to any Environmental Liability caused by Borrower nor does it know of any basis for any Environmental Liability against Borrower, (b) have not received notice to the effect that any of the Borrower's operations are not in compliance with any of the requirements of any Environmental Laws or any applicable federal, state or local health and safety statutes and regulations or are the subject of any governmental investigation evaluating whether any remedial action is needed to respond to a release of any Hazardous Materials into the environment, and (c) to the best of the knowledge of the Borrower, is in compliance with all Environmental Laws and has obtained and maintains or complies with any permit, license or other approval required under any Environmental Law, in each of (a), (b) and (c) above, except with respect to any matters that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect on the ability of the Borrower to receive Revenues or its ability to perform its obligations hereunder or under the Note and under the other Related Documents.

4.20. Investment Policy. The Borrower has neither made any investment nor entered into any agreements for the purpose of effecting any investment which are not permitted pursuant to the Authorizing Resolution and any other Related Document or is contrary to the Investment Policy.

4.21. Binding Effect. This Agreement and the other Related Documents constitute legal, valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with their respective terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally, by general equitable principles, regardless of whether such enforceability is considered in a proceeding in equity or at law and by limitations on legal remedies against public agencies in the State of California. The Note will be duly issued, executed and delivered in conformity with the Law and the Authorizing Resolution, and constitute legal, valid and binding special, limited obligations of the Borrower, enforceable in accordance with their respective terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally, by general equitable principles, regardless of whether such enforceability is considered in a proceeding in equity or at law and by limitations on legal remedies against public agencies in the State, and entitled to the benefit and security of the Authorizing Resolution.

4.22. Swap Contracts. As of the Closing Date, the Borrower is not a party to any Swap Contract.

4.23. Usury Limits. The terms of this Agreement, the Note and the other Related Documents regarding calculation and payment of interest and fees do not violate any applicable usury laws.

## ARTICLE V COVENANTS

5.1. Affirmative Covenants of the Borrower. So long as the Commitment is outstanding and until all Obligations shall have been paid in full, the Borrower hereby covenants and agrees, that:

(a) Notice of Default. As promptly as practical after the date the Borrower shall have obtained knowledge of the occurrence of a Default or an Event of Default or a breach of this Agreement or any other Related Document, the Borrower will provide notice of the same to the Lender and, in each such case the Borrower will provide to the Lender the written statement of the Borrower setting forth the details of each such event and the action which the Borrower proposes to take with respect thereto.

(b) Reporting Requirements. The Borrower will provide the following to the Lender:

(i) within two hundred seventy (270) calendar days after the end of each Fiscal Year of the Borrower, the Borrower will provide to the Lender (I) the audited financial statements of the Borrower consisting of a balance sheet and a statement of revenues, expenditures and changes in fund balances of the Borrower, including the Revenues for such Fiscal Year, setting forth in comparative form the corresponding figures (if any) for the preceding Fiscal Year, all in reasonable detail, and accompanied by an unqualified opinion of an independent certified public accounting firm satisfactory to the Bank stating that they have been prepared in accordance with GAAP and (II) a certificate from the Chairman of the Board or another authorized officer and addressed to the Lender stating that (1) neither a Default nor an Event of Default has occurred which was continuing at the end of such Fiscal Year or on the date of such certification, or, if such an event has occurred and was continuing at the end of such Fiscal Year or on the date of such certification, indicating the nature of such event and the action which the Borrower proposes to take with respect thereto, and (2) the representations and warranties of the Borrower contained in this Agreement and in each of the other Related Documents are true and correct on and as of the date of such certification as though made on and as of such date;

(ii) within forty-five (45) calendar days after the end of each fiscal quarter of the Borrower, the Borrower will provide to the Lender quarterly unaudited financial statements of the Borrower in form and substance satisfactory to the Lender,

(iii) promptly after process has been served on the Borrower, the Borrower will provide to the Lender written notice of any newly filed action, suit or proceeding before any court or other Governmental Authority in which there is a reasonable probability of an adverse decision which could (A) materially adversely affect the business, financial position or results of operations of the Borrower, the management or operation of the Borrower or the ability of the Borrower to perform its obligations hereunder or under the Note or any other

Related Document or (B) draw into question the validity or enforceability of this Agreement, the Note or any other Related Document;

(iv) as soon as possible after the Borrower acquires knowledge of the occurrence of (A) the filing of any initiative or referendum which could lead to the diminution or reallocation of the Revenues or any portion thereof or (B) any other event which, in the reasonable judgment of the Borrower, could reasonably be expected to have a Material Adverse Effect on the ability of the Borrower to receive Revenues or its ability to perform its obligations under this Agreement, the Note or under any other Related Document, the Borrower will provide written notice thereof to the Lender;

(v) as soon as available, the Borrower will provide the Lender a copy of the Borrower's annual budget;

(vi) within two hundred fifty-five (255) calendar days after the end of each Fiscal Year, the Authority shall provide to the Lender annual company prepared financial statements of the members of the Authority in form and substance satisfactory to the Lender;

(vii) the Borrower shall provide to the Bank (or make available to the Bank with notification) all information set forth in its continuing disclosure reports relating to the Senior Obligations; and

(viii) the Borrower will provide the Lender, from time to time, such additional information regarding the financial position, operations, business or prospects of the Borrower, and the operation and management of the Borrower, as may be in the possession of the Borrower, as the Lender may reasonably request.

(c) Use of Proceeds. The Borrower shall use the proceeds of the Loans for the acquisition of capital assets and the working capital needs for operations of the Borrower.

(d) Inspections; Discussion. The Borrower will permit the Lender or its representatives, at any reasonable time during normal business hours and from time to time at the request of the Lender to the extent that the Borrower is not legally precluded from permitting access thereto: to visit and inspect the properties of the Borrower; to examine and make copies of and take abstracts from the records and books of account of the Borrower; and to discuss the affairs, finances and accounts of the Borrower including, without limitation, the management and operation of the Borrower, with the appropriate officers of the Borrower; *provided* that, if required by the Borrower, as a condition to the Lender being permitted by the Borrower to make or conduct any such visit, inspection, examination or discussion, the Lender shall certify to the Borrower that the same is being made or conducted solely in order to assist the Lender in evaluating its position under this Agreement, the Note or the other Related Documents.

(e) Further Assurances. The Borrower shall take any and all actions necessary or reasonably requested by the Lender to (i) perfect and protect, any lien, pledge or security interest or other right or interest given, or purported to be given to the Lender or any other Person under or in connection with this Agreement or the other Related Documents, (ii) enable the Lender to exercise or enforce its rights under or in connection with this Agreement

and the other Related Documents or (iii) enable the Lender to assign or pledge the Note to any Federal Reserve Bank.

(f) Taxes and Liabilities. The Borrower shall pay all its Debt and obligations promptly and in accordance with their terms and pay and discharge or cause to be paid and discharged promptly all taxes, assessments and governmental charges or levies imposed upon it or upon its income and profits, or upon any of its property, real, personal or mixed, or upon any part thereof, before the same shall become in default, which default could reasonably be expected to result in a Material Adverse Effect on the ability of the Borrower to receive Revenues or its ability to perform its obligations hereunder or under the Note and under the other Related Documents; *provided* that the Borrower shall have the right to defer payment or performance of obligations to Persons other than the Lender so long as it is contesting in good faith the validity of such obligations by appropriate legal action and no final order or judgment has been entered with respect to such obligations.

(g) Incorporation of Covenants. The covenants of the Borrower set forth in each of the Related Documents to which the Borrower is a party and to the Senior Obligations are hereby incorporated by reference in this Agreement for the benefit of the Lender. To the extent that any such incorporated provision permits any Person to waive compliance with or consent to such provision or requires that a document, opinion, report or other instrument or any event or condition be acceptable or satisfactory to any Person, for purposes of this Agreement, such compliance shall be waived, or such provision shall be consented to, only if it is waived or consented to, as the case may be, by the Lender and such document, opinion, report or other instrument shall be acceptable or satisfactory to the Lender. No amendment to such covenants (or the defined terms relating thereto) made pursuant to the Related Documents, which could reasonably be expected to have a Material Adverse Effect on the ability of the Borrower to receive Revenues or its ability to perform its obligations hereunder or under the Note and under the other Related Documents shall be effective to amend such incorporated covenants without the prior written consent of the Lender.

(h) Waiver of Sovereign Immunity. Except for applicable requirements of the Borrower pursuant to the Applicable Law of the State of California, the Borrower hereby agrees not to assert the defense of any future right of sovereign immunity in any legal proceeding to enforce or collect upon the obligations of the Borrower under this Agreement or any other Related Document or the transactions contemplated hereby or thereby.

(i) Credit Facilities. In the event that the Borrower shall, directly or indirectly, enter into or otherwise consent to any Lender Agreement, which such Lender Agreement provides such Person with additional or more restrictive covenants (including, without limitation, financial covenants) and/or additional or more restrictive events of default (collectively, the "Additional Rights") than are provided to the Lender in this Agreement, then, such Additional Rights shall automatically be deemed to be incorporated into this Agreement and the Lender shall have the benefits of such Additional Rights. The Borrower shall promptly, upon entering into or otherwise consenting to a Lender Agreement containing such Additional Rights, notify the Lender hereunder of such Lender Agreement and enter into an amendment to this Agreement to include such Additional Rights; provided that the Lender shall have the benefit of such Additional Rights even if the Borrower fails to provide such notice or enter into an



amendment hereto to include said Additional Rights into this Agreement. If the Borrower shall amend the related Lender Agreement such that it no longer provides for such Additional Rights, then, without the consent of the Lender, this Agreement shall automatically no longer contain the related Additional Rights and the Lender shall no longer have the benefits of any of the related Additional Rights.

(j) Right to Accelerate. In the event the Borrower shall, directly or indirectly, enter into or otherwise consent to any Lender Agreement, which Lender Agreement includes the right to accelerate the payment of the principal of or interest on any series of Obligations upon the occurrence and continuation of an event of default or event of termination under such Lender Agreement, or such Lender Agreement includes the right to accelerate the payment of the principal of or interest on any series of Obligations upon the occurrence and continuation of an event of default or event of termination under such Lender Agreement within a shorter period than is available to the Lender under this Agreement (herein referred to as “New Acceleration Provisions”), then such New Acceleration Provisions shall automatically be deemed incorporated herein and the Lender shall automatically have the benefit of such New Acceleration Provisions. The Borrower shall promptly, upon the occurrence of the Borrower entering into any Lender Agreement (or amendment thereto) which provides for New Acceleration Provisions, enter into an amendment to this Agreement to include such New Acceleration Provisions; provided that the Lender shall maintain the benefit of such New Acceleration Provisions even if the Borrower fails to provide such amendment. The release, termination or other discharge of such Lender Agreement that provides for such New Acceleration Provisions shall be effective to amend, release, terminate or discharge (as applicable) such provisions as incorporated by reference herein without the consent of the Lender.

(k) Revenues; Budget and Appropriation. The Borrower covenants and agrees that it shall take any and all action necessary such that Revenues in each Fiscal Year shall equal an amount at least sufficient to satisfy the respective provisions of the Related Documents. To the extent required by the Applicable Law of the State of California or any Related Document, the Borrower shall cause the appropriate Borrower official to take any and all actions that may be necessary to facilitate the payment of all Obligations under this Agreement, the Note and the other Related Documents and to include such Obligations in the Borrower’s budget and included in an appropriations request.

(l) Financial Covenants.

(i) At least once during each calendar year, the Total Outstandings shall equal zero dollars for a consecutive 30-day period.

(ii) The Borrower shall maintain deposits at the Lender, the sum of which will have an annual daily minimum average of \$8,000,000 measured by the Borrower’s financial bank statements delivered pursuant to Section 5.1(b).

(iii) The Borrower shall at all times adequately maintain the debt service payments and reserve funds on the Senior Obligations and any Parity Debt.

(m) Maintenance of Existence. The Borrower shall preserve and maintain its existence and rights as a joint powers authority.

(n) Disclosure to Participants. Except to the extent expressly prohibited by state or federal law, the Borrower shall permit the Lender to disclose any information received by the Lender in connection herewith including, without limitation, the financial information described in Section 6.1(b)(i) hereof, to any Participant.

(o) Licenses, Permits, Etc. The Borrower will take all necessary and appropriate action to ensure the continuance in force of all material consents, licenses, permits, orders, decrees, authorizations, registrations, filings and other Governmental Approvals obtained or made in connection with this Agreement, the Note and the other Related Documents and/or necessary to enable and authorize the ongoing performance by the Borrower of this Agreement, the Note and the other Related Documents and all other agreements to be delivered in connection with any thereof.

(p) Insurance. The Borrower shall maintain insurance with financially sound and reputable insurance companies against at least such risks and in at least such amounts as are customarily maintained by similar businesses and as may be required by applicable law and as are required by any Loan Document (including insuring its assets against loss by fire, explosion, theft and other risks and casualties as are customarily insured against by companies engaged in the same or a similar business, insuring it against liability for personal injury and property damages relating to its assets, such policies to be in such amounts and covering such risks as are usually insured against by companies engaged in the same or a similar business, and insuring such other matters as may from time to time be reasonably requested by the Lender, and insuring it against business interruption in such amounts as the Lender shall reasonably deem appropriate). After the Closing Date upon the request of the Lender, the Borrower shall provide a certificate in reasonable detail as to the insurance then in effect, stating the names of the insurance companies, the amounts and rates of the insurance, the dates of the expiration thereof and the properties and risks covered thereby.

5.2. Negative Covenants of the Borrower. So long as the Commitment is outstanding and available to the Borrower and until all of the Obligations shall have been paid in full, the Borrower hereby covenants and agrees that it will not:

(a) Compliance With Laws, Etc. Violate any laws, rules, regulations, governmental orders or other Governmental Approvals to which it, is subject and of which it is aware after diligent inquiry, which violation could reasonably be expected to result in a Material Adverse Effect on the ability of the Borrower to receive Revenues or its ability to perform its obligations hereunder or under the Note and under the other Related Documents.

(b) Amendments. Amend, modify or supplement in any manner whatsoever of the Authorizing Resolution without the prior written consent of the Lender, nor shall it amend, modify or supplement any provision of the Authorizing Resolution or any other Related Document, in a manner which would have an adverse effect upon the Borrower's ability to perform its obligations under this Agreement or to repay indebtedness that is secured by the Revenues or which adversely affects the security for the Note or the Borrower's ability to repay

when due the Obligations or the rights, interests, security or remedies of the Lender under this Agreement, the Authorizing Resolution or the other Related Documents.

(c) Liens, Etc. Create or suffer to exist any Lien upon or with respect to any of the funds or accounts created under this Agreement other than as consented to by the Lender.

(d) Swap Contract. Unless otherwise consented to in writing by the Lender, the Borrower shall not enter into any Swap Contract relating to Debt secured by Revenues.

(e) Federal Reserve Board Regulations. The Borrower shall not use any portion of the proceeds of any Loans or the Note for the purpose of carrying or purchasing any Margin Stock.

(f) Use of Lender's Name. Except as may be required by law (including, but not limited to, federal and state securities laws), the Borrower shall not use the Lender's name in any published materials (other than the Borrower's staff reports, annual statements, audited financial statements and rating agency presentations) without the prior written consent of the Lender (which consent shall not be unreasonably withheld).

(g) Accounting Changes. Change the times of commencement or termination of Fiscal Years or other accounting periods without first disclosing in writing such change to the Lender.

(h) Consolidation, Merger, Etc. Dissolve or otherwise dispose of all or substantially all of the assets of the Borrower or consolidate with or merge into another Person or permit one or more other Persons to consolidate with or merge into the Borrower; *provided, however,* that the Borrower may consolidate with or merge into another Person or permit one or more other Persons to consolidate with or merge into the Borrower if each of the following conditions shall have been fulfilled:

(i) such merger or consolidation shall be with or into another governmental entity which shall assume in writing, reasonably satisfactory in form and substance to the Lender, or by operation of law the due and punctual performance and observance of all of the covenants, agreements and conditions of this Agreement and the other Related Documents;

(ii) such merger or consolidation shall not adversely affect or impair to any extent or in any manner (1) the Revenues, (2) the availability of the Revenues for the payment and security of the obligations of the Borrower under this Agreement, and (3) an opinion of its Bond Counsel, satisfactory in form and substance to the Lender, to such effect; and

(iii) the Borrower shall have given the Lender not less than sixty (60) days' prior written notice of such merger or consolidation and furnished to the Lender all such information concerning such merger or consolidation as shall have been reasonably requested by the Lender.

(i) Borrowings. Borrower will not sell, discount or otherwise transfer any account receivable or any note, draft or other evidence of indebtedness, except to the Lender or except to a financial institution at face value for deposit or collection purposes only, and with

any fees other than the financial institution's normal fees for such services. Borrower will not borrow any money or become contingently liable to borrow money, or enter any agreement to directly or indirectly obtain borrowed money except pursuant to agreement with the Lender.

(j) Capital Expenditures. Not incur any Debt for the financing of the acquisition of fixed or capital assets other than under this Agreement.

## ARTICLE VI EVENTS OF DEFAULT

6.1. Events of Default. If any one or more of the following conditions or events shall occur:

(a) The Borrower shall (i) commence a voluntary case or other proceeding seeking liquidation, reorganization, arrangement, adjustment, winding-up, dissolution, composition or other similar relief with respect to itself or its indebtedness under any bankruptcy, insolvency, reorganization or other similar law for the relief of debtors now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official for it or a substantial part of its property, (ii) consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, (iii) make a general assignment for the benefit of creditors, (iv) admit, in writing, its inability to pay its indebtedness as it becomes due, (v) become insolvent within the meaning of Section 101(32)(C) of the Bankruptcy Code, or (vi) take any official action to authorize any of the foregoing; or

(b) Any of the following shall occur with respect to the Borrower: (i) an involuntary case or other proceeding shall be commenced against the Borrower seeking liquidation, reorganization or other relief with respect to it or its indebtedness under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case or other proceeding shall not be dismissed within sixty (60) days; or (ii) an order for relief shall be entered against the Borrower under the federal bankruptcy laws as now or hereafter in effect or pursuant to any other state or federal laws concerning insolvency or of similar purpose; or (iii) there shall be commenced against the Borrower any case, proceeding or other action seeking issuance of a warrant of attachment, execution, restraint or similar process against all or any substantial part of its assets, which results in the entry of an order for any such relief which shall not have been vacated, discharged, or stayed or bonded pending appeal within sixty (60) days from the entry thereof; or (iv) the Borrower shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii) or (iii) above; or (v) the Borrower shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as the same becomes due, or (vi) a debt moratorium, debt adjustment, debt restructuring or comparable extraordinary restriction with respect to the payment of principal or interest on the indebtedness of the Borrower shall be declared or imposed pursuant to a finding or ruling by the Borrower, the United States of America, the State of California, any instrumentality thereof or any other Governmental Authority of competent jurisdiction over the Borrower; or

(c) Any Governmental Authority of competent jurisdiction shall declare a financial emergency or similar declaration with respect to the Borrower and shall appoint or designate, with respect to the Borrower, an entity such as an organization, a board, a commission, an authority, an agency or any other similar body to manage the affairs and operations of the Borrower; or

(d) The dissolution or termination of the existence of the Borrower shall occur; or

(e) The Borrower shall fail to pay the principal of or interest on the Note when due; or

(f) The Borrower shall fail to pay any Obligation when due (other than as provided in Section 6.1(e) hereof) and such failure shall continue for five (5) days after the Borrower has received written notice from the Lender that any such amount was not paid when due; or

(g) The Borrower shall default in the observance or performance of any agreement or condition relating to the Obligations or contained in any instrument or agreement evidencing, securing or relating thereto, or any other default, event of default or similar event shall occur or condition exist, the effect of which default, event of default or similar event or condition is to cause (determined without regard to whether any notice is required) any such Obligations to become immediately due and payable in full as the result of the acceleration, mandatory redemption, mandatory tender or mandatory prepayment of such Obligations (whether or not any such Obligations are in fact accelerated or subject to mandatory tender for purchase or mandatory redemption or mandatory prepayment); or

(h) The occurrence of any event of default or termination under any other Related Document (which is not waived pursuant to the terms thereof); or

(i) Any material representation or warranty made by or on behalf of the Borrower in this Agreement (including, without limitation, representation and warranties incorporated herein by reference) or in any certificate or statement delivered hereunder or thereunder shall be incorrect or untrue in any material respect when made or deemed to have been made or delivered; or

(j) The Borrower shall default in the due performance or observance of any term, covenant or agreement contained in this Agreement or any other Related Document and such default shall remain unremedied for a period of thirty (30) days after written notice thereof shall have been received by the Borrower from the Lender; or

(k) The existence of one or more final, non-appealable judgments, attachments or levies against the Borrower for the payment of money payable out of Revenues or Revenues, the operation or result of which, individually or in the aggregate, equals or exceed \$100,000, and such judgment, attachment or levy shall remain unpaid or the lien created thereby shall remain unsatisfied, undischarged or unbonded (by property other than any of the Revenues or Revenues) for a period of one hundred twenty (120) days; or

(l) Any Lien created by this Agreement or any other Related Document in favor of, or for the benefit of, the Lender shall at any time or for any reason (except as expressly permitted to be released by the terms of such governing document) not constitute a valid Lien; or

(m) (i) Any provision of this Agreement, the Note or any other Related Document related to (A) payment of principal of or interest on the Note or (B) the validity or enforceability of the pledge of, and Lien on, the Revenues shall, at any time and for any reason, cease to be valid and binding on the Borrower as a result of any legislative or administrative action by a Governmental Authority with competent jurisdiction, or shall be declared, in a final non-appealable judgment by any court of competent jurisdiction, to be null and void, invalid or unenforceable; (ii) the validity or enforceability of any material provision of this Agreement, the Note or any other Related Document related to (A) payment of principal of or interest on the Note, or (B) the validity or enforceability of the pledge of and Lien on the Revenues shall be publicly contested, repudiated or denied by the Issuer; or (iii) any other material provision of this Agreement, the Note or any other Related Document, other than a provision described in clause (i) above, shall, at any time and for any reason, cease to be valid and binding on the Borrower as a result of any legislative or administrative action by a Governmental Authority with competent jurisdiction or shall be declared in a final non-appealable judgment by any court with competent jurisdiction to be null and void, invalid, or unenforceable, or the validity or enforceability thereof shall be publicly contested by the Borrower.

THEN, upon the occurrence of any Event of Default, upon written notice to the Borrower by the Lender:

(a) the Revolving Credit Availability shall immediately terminate or be reduced (as specified by the Lender);

(b) the aggregate principal of all Revolving Loans, all accrued and unpaid interest thereon, all fees and all other Obligations under the Related Documents, shall become due and payable immediately, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Borrower;

(c) the Lender may exercise any and all of its other rights and remedies under applicable Law or at equity, hereunder and under the other Related Documents;

(d) cause all Obligations hereunder and under the Note to accrue interest at the Default Rate;

(e) cure any Default, Event of Default or event of nonperformance hereunder or under any Related Document; *provided, however*, that the Lender shall have no obligation to effect such a cure; and

(f) either personally or by attorney or agent without bringing any action or proceeding, or by a receiver to be appointed by a court in any appropriate action or proceeding, take whatever action at law or in equity may appear necessary or desirable to collect the amounts due and payable under the Related Documents or to enforce performance or observance of any obligation, agreement or covenant of the Borrower under the Related Documents, whether for

specific performance of any agreement or covenant of the Borrower or in aid of the execution of any power granted to the Lender in the Related Documents.

6.2. Application of Proceeds. Notwithstanding anything to the contrary contained in this Agreement or any other Related Document, upon the occurrence and during the continuance of an Event of Default, the Borrower irrevocably waives the right to direct the application of any and all payments at any time or times thereafter received by the Lender from or on behalf of the Borrower, and, as between the Borrower on the one hand and the Lender on the other, the Lender will apply payments received against the Obligations in the following order: interest, then principal then late fees.

## ARTICLE VII MISCELLANEOUS

### 7.1. Notices.

(a) Generally. Any notice or other communication herein required or permitted to be given to the Borrower, the Lender, and the Lender shall be sent to such Person's address as set forth on Appendix A hereof or in the other relevant Related Document. Except as otherwise set forth in paragraph (b) below, each notice hereunder shall be in writing and may be personally served or sent by facsimile or United States mail or courier service and shall be deemed to have been given when delivered in person or by courier service and signed for against receipt thereof, upon receipt of facsimile, or three (3) Business Days after depositing it in the United States mail with postage prepaid and properly addressed.

#### (b) Electronic Communications.

(i) Notices and other communications to the Lender hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by the Lender; provided that the foregoing shall not apply to notices to the Lender if the Lender has notified the Borrower that it is incapable of receiving notices by electronic communication. The Lender or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications. Unless the Lender otherwise prescribes, (A) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement); provided, if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next Business Day for the recipient, and (B) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (A) of notification that such notice or communication is available and identifying the website address therefor.

(ii) The Borrower understands that the distribution of material through an electronic medium is not necessarily secure and that there are confidentiality and other risks

associated with such distribution and agrees and assumes the risks associated with such electronic distribution, except to the extent caused by the willful misconduct or gross negligence of the Lender.

(iii) Any Approved Electronic Communications are provided “as is” and “as available”. None of the Lender or its respective officers, directors, employees, agents, advisors or representatives (the “Lender Affiliates”) warrants the accuracy, adequacy, or completeness of the Approved Electronic Communications and each expressly disclaims liability for errors or omissions in the Approved Electronic Communications. No warranty of any kind, express, implied or statutory, including any warranty of merchantability, fitness for a particular purpose, non-infringement of third party rights or freedom from viruses or other code defects is made by the Lender Affiliates in connection with the Approved Electronic Communications.

7.2. Expenses. Whether or not the transactions contemplated hereby shall be consummated, the Borrower agrees to pay promptly (a) all the actual and reasonable costs and expenses of preparation of the Related Documents and any consents, amendments, waivers or other modifications thereto; (b) all the actual and reasonable costs of furnishing all opinions by counsel for the Borrower; (c) the reasonable fees and expenses to the Lender in connection with the negotiation, preparation, execution and administration of the Related Documents and any consents, amendments, waivers or other modifications thereto and any other documents or matters requested by the Borrower, *provided, however*, the Borrower shall not be responsible for Lender’s counsel’s fees in connection with the preparation of the Related Documents; (d) all the actual costs and reasonable fees, expenses and disbursements of any auditors, accountants, consultants or appraisers used in connection with the preparation of the Related Documents; and (e) after the occurrence of a Default or an Event of Default, all reasonable costs and expenses, including reasonable attorneys’ fees and costs of settlement, incurred by the Lender in enforcing any Obligations of or in collecting any payments due from the Borrower hereunder or under the other Related Documents by reason of such Default or Event of Default or in connection with any refinancing or restructuring of the credit arrangements provided hereunder in the nature of a “work-out” or pursuant to any insolvency or bankruptcy cases or proceedings.

7.3. Indemnity. In addition to the payment of expenses pursuant to Section 7.2 hereof, whether or not the transactions contemplated hereby shall be consummated, the Borrower agrees to defend (subject to Indemnitees’ selection of counsel), indemnify, pay and hold harmless, the Lender and its officers, partners, directors, trustees, employees, agents and Affiliates (each, an “Indemnitee”), from and against any and all Indemnified Liabilities; provided that the Borrower shall not have any obligation to any Indemnitee hereunder with respect to any Indemnified Liabilities to the extent such Indemnified Liabilities arise from the gross negligence, illegal acts or willful misconduct of that Indemnitee. To the extent that the undertakings to defend, indemnify, pay and hold harmless set forth in this Section 7.3 may be unenforceable in whole or in part because they are violative of any law or public policy, the Borrower shall contribute the maximum portion that it is permitted to pay and satisfy under applicable law to the payment and satisfaction of all Indemnified Liabilities incurred by Indemnitees or any of them. To the extent permitted by applicable law, the Borrower shall not assert, and the Borrower hereby waives, any claim against the Lender and its Affiliates, directors, employees, attorneys, agents or sub-agents, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) (whether or not the claim therefor is based on contract, tort or duty



imposed by any applicable legal requirement) arising out of, in connection with, as a result of, or in any way related to, this Agreement or any Related Document or any agreement or instrument contemplated hereby or thereby or referred to herein or therein, the transactions contemplated hereby or thereby, any Credit Extension or the use of the proceeds thereof or any act or omission or event occurring in connection therewith, and the Borrower hereby waives, releases and agrees not to sue upon any such claim or any such damages, whether or not accrued and whether or not known or suspected to exist in its favor.

7.4. Reserved.

7.5. Amendments and Waivers. No amendment, modification, termination or waiver of any provision of the Related Documents, or consent to any departure by the Borrower therefrom, shall in any event be effective without the written concurrence of the Lender. Any amendment, modification, termination, waiver or consent effected in accordance with this Section 7.5 shall be binding upon the Lender at the time outstanding, and, if signed by the Borrower, on the Borrower.

7.6. Participants. The Lender shall have the right to grant participations from time to time (to be evidenced by one or more Participation Agreements or certificates of participation) in this Agreement to one or more other banking institutions; provided, that the grant of any such participation shall not terminate or otherwise affect any obligation of the Lender hereunder. In connection with each participation, the Lender may disclose to any proposed participant any information that the Borrower delivers or discloses pursuant to this Agreement. The Lender shall give notice to the Borrower of any banking institution that is granted a participation pursuant to this Section.

7.7. Independence of Covenants. All covenants hereunder shall be given independent effect so that if a particular action or condition is not permitted by any of such covenants, the fact that it would be permitted by an exception to, or would otherwise be within the limitations of, another covenant shall not avoid the occurrence of a Default or an Event of Default if such action is taken or condition exists.

7.8. Survival of Representations, Warranties and Related Documents. All representations, warranties and agreements made herein shall survive the execution and delivery hereof and the making of any Credit Extension. Notwithstanding anything herein or implied by law to the contrary, the agreements of the Borrower set forth in Sections 2.13, 2.14, 7.2, 7.3 and 7.4 hereof shall survive the payment of the Revolving Loans and the reimbursement of any amounts drawn thereunder, and the termination hereof, provided, however, the agreements of the Borrower set forth in Section 2.13 shall terminate at the end of the calendar year in which this Agreement is terminated. Additionally, notwithstanding the termination of any of the other Related Documents prior to the termination of this Agreement, each of the representations, warranties and covenants set forth in such other Related Documents shall continue in full force and effect upon the termination of such other Related Documents, and, in the event of a conflict between the provisions of the representations, warranties and covenants in such other Related Documents, the Lender, in its sole and absolute discretion, shall determine which such representations, warrants and covenants shall control.

7.9. No Waiver; Remedies Cumulative. No failure or delay on the part of the Lender in the exercise of any power, right or privilege hereunder or under any Related Document shall impair such power, right or privilege or be construed to be a waiver of any default or acquiescence herein or therein, nor shall any single or partial exercise of any such power, right or privilege preclude other or further exercise thereof or of any other power, right or privilege. The rights, powers and remedies given to the Lender hereby and thereby are cumulative and shall be in addition to and independent of all rights, powers and remedies existing by virtue of any statute or rule of law or in any of the Related Documents. Any forbearance or failure to exercise, and any delay in exercising, any right, power or remedy hereunder or thereunder shall not impair any such right, power or remedy or be construed to be a waiver thereof, nor shall it preclude the further exercise of any such right, power or remedy.

7.10. Marshalling; Payments Set Aside. The Lender shall not be under any obligation to marshal any assets in favor of the Borrower or any other Person or against or in payment of any or all of the Obligations. To the extent that the Borrower makes a payment or payments to the Lender on account of the Borrower's Obligations to exercise its rights of setoff, and such payment or payments or the proceeds of such setoff or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside and/or required to be repaid to a trustee, receiver or any other party under any bankruptcy law, any other state or federal law, common law or any equitable cause, then, to the extent of such recovery, the obligation or part thereof originally intended to be satisfied, and all Liens, rights and remedies therefor or related thereto, shall be revived and continued in full force and effect as if such payment or payments or setoff had not been made and applied on account of Borrower's Obligations.

7.11. Severability. In case any provision in or obligation hereunder shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

7.12. Headings. Section headings herein are included herein for convenience of reference only and shall not constitute a part hereof for any other purpose or be given any substantive effect.

7.13. Governing Law; Consent to Jurisdiction and Venue; Waiver of Jury Trial.

(a) THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF CALIFORNIA.

(b) EXCLUSIVE JURISDICTION. EXCEPT AS PROVIDED IN SUBSECTION (c), EACH OF THE PARTIES AGREES THAT ALL DISPUTES AMONG THEM ARISING OUT OF, CONNECTED WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED AMONG THEM IN CONNECTION WITH, THIS AGREEMENT OR ANY OF THE OTHER RELATED DOCUMENTS WHETHER ARISING IN CONTRACT, TORT, EQUITY, OR OTHERWISE, WILL BE RESOLVED EXCLUSIVELY BY STATE OR FEDERAL COURTS LOCATED IN LOS ANGELES, CALIFORNIA, BUT THE PARTIES ACKNOWLEDGE THAT ANY APPEALS FROM THOSE COURTS MAY HAVE TO BE HEARD BY A COURT LOCATED OUTSIDE OF

LOS ANGELES, CALIFORNIA. EACH OF THE PARTIES WAIVES IN ALL DISPUTES BROUGHT PURSUANT TO THIS SUBSECTION (a) ANY OBJECTION THAT IT MAY HAVE TO THE LOCATION OF THE COURT CONSIDERING THE DISPUTE.

(c) OTHER JURISDICTIONS. EACH BORROWER AGREES THAT THE LENDER HAS THE RIGHT TO PROCEED AGAINST EACH BORROWER AND ITS RESPECTIVE PROPERTY IN A COURT IN ANY LOCATION TO ENABLE THE LENDER TO (1) OBTAIN PERSONAL JURISDICTION OVER ANY BORROWER OR (2) REALIZE ON THE COLLATERAL OR (3) ENFORCE A JUDGMENT OR OTHER COURT ORDER ENTERED IN FAVOR OF THE LENDER. EACH BORROWER WAIVES ANY OBJECTION THAT IT MAY HAVE TO THE LOCATION OF THE COURT IN WHICH THE LENDER HAS COMMENCED A PROCEEDING DESCRIBED IN THIS SUBSECTION (c).

(d) VENUE. THE BORROWER IRREVOCABLY WAIVES ANY OBJECTION (INCLUDING, WITHOUT LIMITATION, ANY OBJECTION OF THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS) WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY SUCH ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HERewith IN ANY JURISDICTION SET FORTH ABOVE.

(e) SERVICE OF PROCESS. THE BORROWER IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS OF ANY OF THE AFOREMENTIONED COURTS IN ANY SUCH ACTION OR PROCEEDING BY THE MAILING OF COPIES THEREOF BY REGISTERED OR CERTIFIED MAIL, POSTAGE PREPAID, TO SUCH BORROWER'S NOTICE ADDRESS SPECIFIED PURSUANT TO SECTION 6.02, SUCH SERVICE TO BECOME EFFECTIVE UPON RECEIPT OF SUCH MAILING. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR LIMIT THE RIGHT OF THE LENDER TO BRING PROCEEDINGS AGAINST ANY BORROWER IN THE COURTS OF ANY OTHER JURISDICTION.

(f) JUDICIAL REFERENCE. EACH PARTY AGREES TO SUBMIT TO JUDICIAL REFERENCE PURSUANT TO SECTION 638, ET SEQ., OF THE CALIFORNIA CODE OF CIVIL PROCEDURE ANY CLAIM, DEMAND, ACTION, OR CAUSE OF ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY EXHIBIT HERETO, ANY CLOSING DOCUMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT, STATUTE OR ANY OTHER LEGAL THEORY (HEREINAFTER "DISPUTE")). SUCH JUDICIAL REFERENCE WILL BE FILED AND PROSECUTED IN THE LOS ANGELES SUPERIOR COURT. PURSUANT TO SUCH JUDICIAL REFERENCE, THE PARTIES AGREE TO THE APPOINTMENT OF A SINGLE REFEREE AND TO USE THEIR BEST EFFORTS TO AGREE ON THE SELECTION OF A REFEREE. IF THE PARTIES TO THE DISPUTE ARE UNABLE TO AGREE ON A SINGLE REFEREE, A REFEREE WILL BE APPOINTED BY THE COURT TO HEAR ANY AND ALL DISPUTES HEREUNDER IN LIEU OF A JURY TRIAL. THE PARTIES AGREE THAT THE APPOINTED REFEREE WILL HAVE THE POWER TO DECIDE ALL ISSUES REGARDING THE DISPUTE IN THE

APPLICABLE ACTION OR PROCEEDING, WHETHER OF FACT OR LAW, AND WILL REPORT A STATEMENT OF DECISION THEREON. THE PARTIES AGREE THAT THE PROVISIONS CONTAINED IN THIS AGREEMENT HAVE BEEN FAIRLY NEGOTIATED ON AN ARM'S-LENGTH BASIS, WITH ALL PARTIES BEING AFFORDED THE OPPORTUNITY TO HAVE THE ADVICE AND COUNSEL OF THEIR INDEPENDENT ATTORNEY. ANY PARTY MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES TO THE APPLICATION OF JUDICIAL REFERENCE IN THE EVENT OF ANY DISPUTE.

(g) ADVICE OF COUNSEL. EACH OF THE PARTIES REPRESENTS TO EACH OTHER PARTY HERETO THAT IT HAS DISCUSSED THIS AGREEMENT AND, SPECIFICALLY, THE PROVISIONS OF THIS SECTION, WITH ITS COUNSEL.

7.14. Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument.

7.15. No Strict Construction. The parties hereto have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties hereto and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provisions of this Agreement.

7.16. OFAC; Patriot Act. (a) The Lender hereby notifies the Borrower that pursuant to the requirements of the Patriot Act it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow the Lender to identify the Borrower in accordance with the Patriot Act. The Borrower hereby agrees that it shall promptly provide such information upon request by the Lender.

(b) The Borrower shall (i) ensure that it is not and shall not be listed on the Specially Designated Nationals and Blocked Person List or other similar lists maintained by the Office of Foreign Assets Control ("OFAC"), the U.S. Department of the Treasury or included in any Executive Orders, that prohibits or limits the Lender from making any advance or extension of credit to the Borrower or from otherwise conducting business with the Borrower and (ii) to ensure that the proceeds of the Note shall not be used to violate any of the foreign asset control regulations of OFAC or any enabling statute or Executive Order relating thereto.

7.17. No Advisory or Fiduciary Relationship. connection with all aspects of the transaction contemplated hereby, the Borrower acknowledges and agree that: (a) (i) the services regarding this Agreement provided by the Lender is an arm's-length commercial transactions between the Borrower, on the one hand, and the Lender and its affiliates, on the other hand, (ii) the Borrower has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (iii) the Borrower is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Related Documents; (b) (i) the Lender and its affiliates each is and has been acting solely

as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary, for the Borrower or any other Person and (ii) neither the Lender nor any of its affiliates has any obligation to the Borrower with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Related Documents; and (c) the Lender and its affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Borrower, and neither the Lender nor any of its affiliates has any obligation to disclose any of such interests to the Borrower. To the fullest extent permitted by law, the Borrower hereby waives and releases any claims that it may have against the Lender or any of its affiliates with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transactions contemplated hereby.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first written above.

VICTOR VALLEY TRANSIT AUTHORITY

By: \_\_\_\_\_  
Name:  
Title:

FLAGSTAR BANK

By: \_\_\_\_\_  
Name:  
Title:

**APPENDIX A**  
Notice Addresses

Borrower:

Victor Valley Transit Authority  
17150 Smoke Tree Street  
Hesperia, CA 92345  
Attention: Maged Azer  
Email: mazer@vvta.org  
Telephone: 760-995-3578

Lender, Lender's Office and Lender's Office:

Flagstar Bank, FSB  
5151 Corporate Drive  
Troy, MI 48098-2639  
Attention: Ken Horwath  
Email: Kenneth.Horwath@flagstar.com  
Telephone: (586) 580-9781

**EXHIBIT A**  
**FORM OF**  
**FUNDING NOTICE**

Flagstar Bank, FSB  
5151 Corporate Drive  
Troy, MI 48098-2639  
Attention: Ken Horwath  
Email: Kenneth.Horwath@flagstar.com  
Telephone: (586) 580-9781

Reference is made to the Line of Credit, dated as of October 30, 2019 (as it may be amended, supplemented or otherwise modified, the "*Line of Credit*"), by and between VICTOR VALLEY TRANSIT AUTHORITY, a joint powers authority organized and existing under the Constitution and laws of the State of California (including its successors, the "*Borrower*"), and FLAGSTAR BANK, FSB (including its successors and assigns, the "*Lender*"). Any capitalized term used but not defined herein has the meaning assigned to such term in the Line of Credit.

Pursuant to Sections 2.1 and 2.4(a) of the Line of Credit, the Borrower desires that the Lender makes the following Revolving Loan in the amount of \_\_\_\_\_ Thousand Dollars (\$\_\_\_\_\_,000) to the Borrower in accordance with the applicable terms and conditions of the Line of Credit on \_\_\_\_\_, 20\_\_ (the "*Credit Date*") into the Borrower's Account as defined herein. [NOTE: MUST BE AT LEAST 5 BUSINESS DAYS FROM DATE OF NOTICE]

The Borrower hereby certifies that:

(a) after making the above-requested Revolving Loan on the Credit Date, the Total Outstandings does not exceed the Revolving Credit Availability then in effect;

(b) as of the Credit Date, the representations and warranties contained in each of the Related Documents are true and correct in all material respects (except for those representations and warranties that are conditioned by materiality, which are true and correct in all respects) on and as of such Credit Date to the same extent as though made on and as of such date, except to the extent such representations and warranties specifically relate to an earlier date, in which case such representations and warranties are true and correct in all material respects (except for those representations and warranties that are conditioned by materiality, which are true and correct in all respects) on and as of such earlier date; and

(c) as of the Credit Date, no event has occurred and is continuing or would result from the consummation of the borrowing contemplated hereby that would constitute an Event of Default or a Default;

(d) as of such Credit Date, no event, including any change in any Law, or omission shall have occurred which has resulted, or is likely to result, in a Material Adverse Effect;

(e) the Senior Obligations and any other Parity Debt payment funds are adequately maintained, and evidence of such is attached hereto; and



(f) the Borrower maintains a credit rating of at least Baa3 as rated by Moody's and BBB as rated by S&P.

Date: \_\_\_\_\_, 20\_\_

VICTOR VALLEY TRANSIT AUTHORITY

By: \_\_\_\_\_  
Name:  
Title:

**EXHIBIT B**  
**FORM OF**  
**REVOLVING LOAN NOTE**

Up to \$4,000,000  
October 30, 2019

Victorville, California

FOR VALUE RECEIVED, VICTOR VALLEY TRANSIT AUTHORITY, a joint powers authority organized and existing under the Constitution and laws of the State of California (including its successors, the "*Borrower*"), and FLAGSTAR BANK, FSB (including its successors and assigns, the "*Payee*") or its registered assigns, on or before the Termination Date, the lesser of (a) FOUR MILLION DOLLARS (\$4,000,000) and (b) the unpaid principal amount of all advances made by the Payee to the Borrower as Revolving Loans under the Line of Credit referred to below. For the avoidance of doubt, the aggregate amount advanced by the Payee is not to exceed an amount equal to \$4,000,000, which may be borrowed, paid, reborrowed and repaid, in whole and in part, subject to the terms and conditions of the Line of Credit referred to below.

The Borrower also promises to pay interest on the unpaid principal amount from time to time outstanding under this Note, from the date outstanding until paid in full, at the rates and at the times which shall be determined in accordance with the provisions of that certain Line of Credit, dated as of October 30, 2019 (as it may be amended, supplemented or otherwise modified, the "*Line of Credit*"), by and between the Borrower and the Payee. Any capitalized term used but not defined herein has the meaning assigned to such term in the Line of Credit.

This Note is issued pursuant to and entitled to the benefits of the Line of Credit and the Related Documents (as defined in the Line of Credit) each which reference is hereby made for a more complete statement of the terms and conditions under which the Revolving Loans evidenced hereby were made and are to be repaid.

This Note is a special limited obligation of the Borrower payable from and secured by a pledge of and a lien and charge upon the Revenues on a parity with all Obligations, and this Note is not a general obligation of the Borrower. The principal of and interest on this Note are not a debt of the Borrower, nor a legal or equitable pledge, charge, lien or encumbrance upon any of its property or upon any of its income, receipts or revenues, except the Revenues.

All payments of principal and interest in respect of this Note shall be made in lawful money of the United States of America in same day funds at the Lender's Office or at such other place as shall be designated in writing for such purpose from time to time. Unless and until an assignment agreement effecting the assignment or transfer of the obligations evidenced hereby shall have been accepted by the Lender and the Borrower, the Lender shall be entitled to deem and treat the Payee as the owner and holder of this Note and the obligations evidenced hereby. The Payee hereby agrees, by its acceptance hereof, that at the time of disposing of this Note or any part hereof, if any time shall occur, it will make a notation hereon of all principal payments previously made hereunder and of the date to which interest hereon has been paid; provided, the failure to make a notation of any payment made on this Note shall not limit or otherwise affect

the obligations of the Borrower hereunder with respect to payments of principal of or interest on this Note.

This Note is subject to prepayment at the option of the Borrower, as provided in the Line of Credit.

THIS NOTE AND THE RIGHTS AND OBLIGATIONS OF THE BORROWER AND THE PAYEE HEREUNDER SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH SECTION 7.13 OF THE LINE OF CREDIT.

Upon the occurrence and continuance of an Event of Default, the unpaid balance of the principal amount of this Note, together with all accrued and unpaid interest thereon, may become, or may be declared to be, due and payable in the manner, upon the conditions and with the effect provided in the Line of Credit.

The terms of this Note are subject to amendment only in the manner provided in the Line of Credit.

This Note and all amounts owed to the Lender hereunder are subject to the right of set-off by the Lender as further described in the Line of Credit.

No reference herein to the Line of Credit and no provision of this Note or the Line of Credit shall alter or impair the obligations of the Borrower, which are absolute and unconditional, to pay the principal of and interest on this Note at the place, at the respective times, and in the currency herein prescribed.

The Borrower promises to pay all reasonable costs and expenses, including reasonable attorneys' fees, all as provided in the Line of Credit, incurred in the collection and enforcement of this Note. The Borrower and any endorsers of this Note hereby consent to renewals and extensions of time at or after the maturity hereof, without notice, and hereby waive diligence, presentment and protest.

[Signature appears on the following page]

IN WITNESS WHEREOF, the Borrower has caused this Note to be duly executed and delivered by its officer thereunto duly authorized as of the date and at the place first written above.

VICTOR VALLEY TRANSIT AUTHORITY

By: \_\_\_\_\_  
Name:  
Title:

TRANSACTIONS ON  
REVOLVING LOAN NOTE

Date	Type of Revolving Loan	Amount of Revolving Loan Made This Date	Amount of Principal Paid This Date	Outstanding Principal Balance This Date	Notation Made By
------	------------------------------	---	--	---	---------------------

---

THIS PAGE INTENTIONALLY LEFT BLANK

**AGENDA ITEM  
SEVEN**

THIS PAGE INTENTIONALLY LEFT BLANK



VICTOR VALLEY TRANSIT AUTHORITY

**AGENDA MATTER**

**Amend Contract 2015-07 – AECOM, for the Continued Need for On-call Consulting and for the Short-Range Transit Plan.**

On December 21, 2015, the VVTA Board of Directors approved a competitively bid contract with AECOM for its Comprehensive Operations Analysis and Short-Range Transit Plan (SRTP). In December 2018, VVTA exercised the first option to extend the contract, for On-call Consulting Services.

During April of 2019, SBCTA notified VVTA that they would be providing funds to pay for the SRTP. In discussion with Staff, it has been determined that the existing contract with AECOM should be extended for three years.

On-Call projects during the next three years include, the Short Range Transit Plan, funded by SBCTA; and an Operational Analysis once the Costco Transfer center is moved to the Victor Valley Transportation center on D Street in Victorville.

Staff requests an Amendment not to exceed an additional \$300,000.00 to the existing contract with AECOM and to extend the contract through December 31, 2023.

Additional State Transit Assistance (STA) Funding is being provided by SBCTA.

**RECOMMENDED ACTION**

Approve VVTA Contract 2015-07 Amendment No. 2. To AECOM.

<b>PRESENTED BY</b>	<b>FISCAL IMPACT</b>	<b>MEETING DATE</b>	<b>ITEM NUMBER</b>
Christine Plasting, Procurement Manager	\$300,000.00 STA Funds	October 21, 2019	7

**CONTRACT 2015-07 AMENDMENT NO. 2  
BY AND BETWEEN  
VICTOR VALLEY TRANSIT AUTHORITY  
AND  
AECOM**

This Amendment No. 2 to Agreement 2015-07 is made and entered commencing on Wednesday, January 1, 2020, by and between Victor Valley Transit Authority (hereinafter referred to as "VVTA") and AECOM (hereinafter referred to as "CONTRACTOR".) VVTA and CONTRACTOR are each a "Party" and collectively "Parties" herein.

**RECITALS:**

**WHEREAS**, VVTA and CONTRACTOR have entered into an agreement dated December 21, 2015, for the purpose of conducting a Comprehensive Operations Analysis/Short Range Transit Plan; and

**WHEREAS**, as stated in Contract 2015-07, 20. Revisions, by written notice or order, "VVTA may...make changes to this Agreement." Changes shall be mutually agreed to and incorporated per this amendment; and

**WHEREAS**, the Parties desire to amend Agreement 2015-07 in order to complete the ShortRange Transit Plan and other on-call projects.

**THEREFORE,**

The Parties agree as follows:

In order for the time needed to complete the various on-call projects, the current contract shall be extended for three years – from January 1, 2020 through December 31, 2023.

The Total Contract Amount is amended not to exceed \$597,897.00. This amount includes the original contract amount of \$297,897.00, that was approved by the Board of Directors on December 21, 2015, plus Three Hundred Thousand Dollars (\$300,000.00) for the on-call projects upcoming during the next three years.

On-Call projects during the next three years include, but are not limited to:

- Short Range Transit Plan, funded by SBCTA; and
- Operational Analysis once the Costco Transfer center is moved to the Victorville Transportation center.

Except as changed by this Amendment, all provisions of Agreement 2015-07, including, without limitation of indemnity and insurance provisions, shall remain in full force and effect and shall govern the actions of the Parties under the Agreement.

**IN WITNESS WHEREOF**, VVTA and CONTRACTOR have each caused the Amendment No. 2 to be subscribed by its respective duly authorized officers on its respective behalf:

**VICTOR VALLEY TRANSIT AUTHORITY**  
**By:**

**AECOM**  
**By:**

\_\_\_\_\_  
Kevin Kane, VVTA Executive Director

\_\_\_\_\_  
Domenic Lupo

Date: \_\_\_\_\_

Date: \_\_\_\_\_

THIS PAGE INTENTIONALLY LEFT BLANK

**AGENDA ITEM  
EIGHT**

THIS PAGE INTENTIONALLY LEFT BLANK

VICTOR VALLEY TRANSIT AUTHORITY

**AGENDA MATTER**

**Extend Contract 2016-20 – Geographics for two years to provide On-call Marketing Services.**

**SUMMARY STATEMENT**

On October 17, 2016, the VVTA Board of Directors approved Contract 2016-20 to be awarded to Geographics, a Federally Certified Disadvantaged Business Enterprise (DBE). The contract was awarded to provide On-call Marketing projects including design of various CTSA brochures and documents and the new Electric Bus-Bus Wrap design. The contractor is performing well and there are no issues.

Staff is seeking Board approval for VVTA to issue Amendment No. 1 to Contract 2016-20, which will extend the contract for two years. The total contract amount is amended to include a not to exceed amount of \$175,000.00. This amount includes the original contract total of \$75,000.00 and the estimated fiscal resources needed for service in FY 2019-2020 and 2020-2021 of \$100,000.00. The effective date for the extension is October 21, 2019 through October 20, 2021. The funding for this amendment will come from budgeted LTF funds.

**RECOMMENDED ACTION**

Extend Contract 2016-20 - Geographics to provide On-call Marketing services through October 20, 2021.

**PRESENTED BY**  
Christine Plasting,  
Procurement Manager

**FISCAL IMPACT**  
Not to Exceed  
\$100,000.00

**MEETING DATE**  
October 21, 2019

**ITEM NUMBER**  
8

**AGREEMENT 2016-20  
AMENDMENT NO. 1  
BY AND BETWEEN  
VICTOR VALLEY TRANSIT AUTHORITY  
AND  
GEOGRAPHICS.**

This Amendment No. 1 to Agreement 2016-20 is made and entered commencing on October 21, 2019, by and between Victor Valley Transit Authority (hereinafter referred to as "VVTA") and Geographics. (hereinafter referred to as "CONTRACTOR".) VVTA and CONTRACTOR are each a "Party" and collectively "Parties" herein.

**RECITALS:**

**WHEREAS**, VVTA and CONTRACTOR have entered into an agreement dated October 17, 2016, for the purpose of development and execution of a coordinated Marketing and Outreach Program; and

**WHEREAS**, as stated in Contract 2016-20, Section 20 Revisions and changes in the work shall be mutually agreed to and incorporated into an amendment to the agreement.; and

**WHEREAS**, the Parties desire to amend Agreement 2016-20 to extend the contract for another 2 years.

The Parties agree as follows:

4. Total Consideration – VVTA agrees to increase the contract Not to Exceed \$175,000.00. This amount includes the amount originally approved by the Board of Directors on October, 17, 2016, in the amount of \$75,000.00, and the projected amount needed for additional support with Marketing and Outreach of \$100,000.00.

The Parties would like to extend the contract from October 21, 2019, through October 20, 2021.

Except as changed by the Amendments, all provisions of Agreement 2016-21, including, without limitation of indemnity and insurance provisions, shall remain in full force and effect and shall govern the actions of the Parties under this Agreement.



**IN WITNESS WHEREOF**, VVTA and CONTRACTOR have each caused the Amendment No. 1 to be subscribed by its respective duly authorized officers on its respective behalf:

VICTOR VALLEY TRANSIT AUTHORITY

GEOGRAPHICS

By:

By:

\_\_\_\_\_  
Kevin Kane, VVTA Executive Director

\_\_\_\_\_  
Lisa Van Olden, Managing Partner

Date: \_\_\_\_\_

Date: \_\_\_\_\_

THIS PAGE INTENTIONALLY LEFT BLANK

**AGENDA ITEM  
NINE**

THIS PAGE INTENTIONALLY LEFT BLANK

VICTOR VALLEY TRANSIT AUTHORITY

**AGENDA MATTER**

**Amend the VVTA Fiscal Year 2019-20 Capital Budget, Short Range Transit Plan, and TDA Claim to Reallocate Funds to the Purchase of Four (4) CNG Replacement Buses.**

**SUMMARY STATEMENT**

On June 17, 2019, the Board approved the cancelation of VVTA's Bus Mid-Life Rehabilitation contract with Cummins due to poor performance by Cummins Sales and Services (Cummins). Staff recommends reallocating these funds from the Mid-life Rebuild projects to a new project to purchase four (4) CNG replacement buses.

Mid-life Rebuilds Project funds Budgeted	Federal 5339	State/Local			Grand Total
		L18-VVT-08 LTF	SGR	Prop 1B	
FY 17 (balance)	863,399			215,382	1,078,781
FY 18	494,400	123,600			618,000
FY 19	496,000		124,000		620,000
<b>Total</b>	1,853,799	123,600	124,000	215,382	2,316,781

Staff has determined that this reallocation of project funds is the best application of the remaining budgeted funds.

**RECOMMENDED ACTION**

Amend the VVTA Fiscal Year 2019-20 Capital Budget, Short Range Transit Plan, and TDA Claim to Reallocate Funds to the Purchase of Four (4) CNG Replacement Buses.

PRESENTED BY	FISCAL IMPACT	MEETING DATE	ITEM NUMBER
Nancie Goff, Deputy Executive Director	None	October 21, 2019	9

THIS PAGE INTENTIONALLY LEFT BLANK

**AGENDA ITEM  
TEN**

THIS PAGE INTENTIONALLY LEFT BLANK



VICTOR VALLEY TRANSIT AUTHORITY

**AGENDA MATTER**

**Amend the VVTA Fiscal Year 2019-20 Capital Budget, Short Range Transit Plan, and TDA Claim to Reallocate Funds to the Barstow New Facility Furniture, Fixture and Equipment Project.**

**SUMMARY STATEMENT**

Construction started on the Barstow facility project in June of 2019 and it is anticipated that the project will be completed in the Summer of 2020. While COP funding is paying for the facility construction, VVTA needs to obligate funds to furnish the facility.

Funding that was budgeted for the Hesperia new facility furniture, fixture and equipment (FF&E) project has an unobligated balance. Staff recommends reallocating \$250,000 of 2015 STA funds (15-16-VVT-B) that could be better utilized for the Barstow Facility FF&E project. Dividing the unobligated funds between the two facilities will provide continued funding in the near future for necessary purchases of FF&E for both facilities.

**RECOMMENDED ACTION**

Amend the VVTA Fiscal Year 2019-20 Capital Budget, Short Range Transit Plan, and TDA Claim to Reallocate Funds to the Barstow New Facility Furniture, Fixture and Equipment Project.

<b>PRESENTED BY</b>	<b>FISCAL IMPACT</b>	<b>MEETING DATE</b>	<b>ITEM NUMBER</b>
Nancie Goff, Deputy Executive Director	Reallocate \$250,000 of STA funds	October 21, 2019	10

THIS PAGE INTENTIONALLY LEFT BLANK

**AGENDA ITEM  
ELEVEN**

THIS PAGE INTENTIONALLY LEFT BLANK

VICTOR VALLEY TRANSIT AUTHORITY

**AGENDA MATTER**

**Letter of Opposition to SBCTA's Consolidation Study.**

**SUMMARY STATEMENT**

At the September 16, 2019 VVTA Board Meeting, Mr. Kane informed the Board that at the September 4, 2019 SBCTA Board meeting, a recommendation was passed to perform a consolidation study for all transit agencies in the Victor Valley and Mountain Desert to be operated under SBCTA.

At the direction of the VVTA Board, staff drafted a letter of opposition. This draft letter of opposition regarding the consolidation study is hereby submitted to the VVTA Board for approval.

**RECOMMENDED ACTION**

Approve the letter of opposition to SBCTA's consolidation study.

**PRESENTED BY**  
Kevin Kane,  
Executive Director

**FISCAL IMPACT**  
N/A

**MEETING DATE**  
October 21, 2019

**ITEM NUMBER**  
11

October 21, 2019

Honorable Darcy McNaboe  
President, SBCTA/SBCOG  
1170 W. 3rd St., 2nd Floor  
San Bernardino, CA 92410

Subject: San Bernardino County Transportation Authority Consolidation Study

Ms. McNaboe:

The purpose of this letter is to convey the concerns that the Victor Valley Transit Authority (VVTa) Board of Directors has with the San Bernardino County Transportation Authority (SBCTA) Board of Director's direction to conduct a study to investigate consolidation of all San Bernardino County transit operators.

SBCTA funded and conducted a similar study effort in 2014, culminating with a final report in May of 2016. This \$500,000 effort not only reviewed and documented the various activities at the County transit operators, but also considered whether SBCTA should pursue a functional consolidation, a full agency consolidation or facilitate cooperative efforts and agreements among the transit agencies. This effort took over eighteen months to conduct and not only involved extensive meetings and interviews with each transit operator, but also impacted the limited staffing resources at VVTa.

The three alternatives were explored, researched, quantified, and the pros and cons of each alternative were thoroughly vetted. The three alternatives were evaluated based on how each scenario could improve the following, at each of the transit agencies:

1. Service/Network Implementation
2. Ridership and Productivity
3. Efficiency, Cost Effectiveness, Financial Sustainability
4. Safety, Reliability, High Quality Transportation
5. Marketing, Outreach, Public Participation
6. Infrastructure and Equipment
7. Accessibility/Meeting Service Needs

The study team also considered ease of implementation and administration and organization viability and function. The study team evaluated each alternative based on a scoring system, and in the end the cooperative agreement approach had a higher implementation score (43) than functional consolidation approach (36 points) and full agency consolidation the lowest score (33 points). The deliverable to document this evaluation, the Coordination and Optimization Alternatives Report dated September 18, 2015, concluded that the cooperative agreement approach would best serve the transit

operators. This conclusion was not taken lightly and was based on the vast differences in transit operator service territory, geography, differences in customer base, funding variations, as well as the local control that is critical in operating transit service in suburban and more rural settings.

The only consolidation resulting from this effort involved merging the Victor Valley and Barstow services (which were already underway when the study was initiated and was requested by the City of Barstow) and transitioning the Valley Consolidated Transportation Services Agency (CTSA) from a separate, private nonprofit entity to under the auspices of Omnitrans.

Furthermore, the Study also concluded: "Regarding these alternatives, it is important to note that, while the alternatives range from cooperative agreements to complete consolidation, a basic tenet of this study is that complete consolidation would only be an option for agencies who themselves see benefit in doing so and decide to proceed on that course of action (San Bernardino Associated Governments [SANBAG], 2014c)."

Since the SBCTA Board has initiated this Study, and since the VVTA Board does not support this Study or a consolidation of any type that includes VVTA, we request VVTA be removed from this Study effort.

Both I, and VVTA's Executive Director, Kevin Kane, would be happy to discuss this with you at your convenience. Thank you for your consideration in this very important matter.

Sincerely,

Larry Bird  
VVTA Board Chair  
Mayor, City of Hesperia

CC:  
VVTA Board  
VVTA Jurisdictions  
SBCTA Mountain Desert Committee  
SBCTA Transit Committee  
R. Wolfe, Executive Director San Bernardino County Transportation Authority