

CALIFORNIA TRANSPORTATION COMMISSION

Memorandum Of Understanding
Between The
California Transportation Commission
And The
North Coast Railroad Authority (NCRA)
Establishing A Trust Account
To Retire NCRA's Federal Q-Fund Loan
By September 30, 2013



Resolution G-00-27

- 1.1 WHEREAS, this Memorandum of Understanding (MOU) is entered into between the California Transportation Commission (Commission) and the North Coast Railroad Authority (NCRA) to ensure that the NCRA retires a \$12 million federal loan made to the NCRA, which in conjunction with other funds was used to acquire approximately 140 miles of rail right-of-way between Willits—Healdsburg—Novato—Lombard; and
- 1.2 WHEREAS, the Intermodal Surface Transportation Efficiency Act of 1991, as amended, contains provisions establishing a revolving account for acquisition of rights-of-way for highway and rail transit purposes; and
- 1.3 WHEREAS, \$12,000,000 is available as a zero-interest loan from the Federal Highway Administration (FHWA) Right-of-Way Revolving Fund; and
- 1.4 WHEREAS, the Commission approved at its February 7, 1996 meeting NCRA's plan for repayment in full of the Q-Fund Loan by September 30, 2013.
- 1.5 WHEREAS, on April 22, 1996, the California Department of Transportation (Caltrans) entered into a Federal-Aid Project agreement with FHWA, allowing the NCRA to receive \$12,000,000 in federal aid from the FHWA Right-of-way Revolving Fund, hereafter referred to as the Q-Fund Loan; and
- 1.6 WHEREAS, Caltrans and NCRA signed and executed on April 24, 1996 an Agreement (Program Supplement No. M001) which stipulated, in part, the following:
 - The \$12,000,000 from the Q-fund shall be used by NCRA and the Northwestern Pacific Railroad Authority to purchase sections of the Northwestern Pacific Railroad corridor right-of-way beginning at Willits, south to Ignacio, and inland to Lombard.
 - The Q-Fund Loan shall be repaid in its entirety in a single lump sum to the State no later than September 30, 2013.
 - The NCRA shall establish a trust fund and make incremental payments to ensure repayment of the Q-Fund Loan.

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- 1.7 WHEREAS, NCRA was unable to establish and maintain its repayment plan; and
- 1.8 WHEREAS, AB 2928 (Torlakson, 2000) provides \$60,000,000 to NCRA for specified purposes, including \$5,500,000 to fund, in part, repayment of NCRA's federal loan obligations; and
- 1.9 WHEREAS, NCRA desires to establish a Trust Account with the State to rectify NCRA's previous inability to establish on its own a trust account or deposit funds in accordance with their own Resolution 96-4; and
- 1.10 WHEREAS, the Commission recognizes, based on current interest rates, that the initial principal of \$6,400,550, to be placed into the state-managed trust account, is projected to generate more than the needed \$12,000,000 by September 30, 2013; and
- 1.11 WHEREAS, the Commission also recognizes that the Pooled Money Investment Account (PMIA) interest rates may change over the next 12 years and is taking a prudent conservative course of action to ensure in the early years that sufficient funds are available to achieve the \$12,000,000 goal by September 30, 2013; and
- 1.12 WHEREAS, the NCRA Board of Directors acted at its August 2000 meeting to approve submittal of an application for \$5,500,000 in Traffic Congestion Relief Act funds to be used for meeting NCRA's federal loan obligations.
- 1.13 WHEREAS, the Commission acted on September 30, 2000 to approve NCRA's application for \$5,500,000 in Traffic Congestion Relief Act funds to be used for meeting NCRA's federal loan obligations.
- 2.1 NOW, THEREFORE, BE IT RESOLVED, that this MOU between the Commission and NCRA establishes a State-managed trust account and that the \$12,000,000 resulting from the principal and interest in this trust account be used by NCRA to repay its federal loan obligations via the State of California (Caltrans); and
- 2.2 BE IT FURTHER RESOLVED, that NCRA shall:
 - establish a Q-Fund Trust Account, hereafter referred to as the TRUST ACCOUNT, with the State Treasurer's Office. Said TRUST ACCOUNT shall earn interest at the Pooled Money Investment Account (PMIA) Rate. The TRUST ACCOUNT shall be established within 90 days after this Agreement is executed and remain in effect until September 30, 2013 or until the Q-Fund Loan is repaid, whichever occurs first.
 - provide reports quarterly to Caltrans regarding deposits to, withdrawals from, balances of, and performance (rate of return) of the TRUST ACCOUNT, as well as actions taken by NCRA to adhere to a payment schedule, should one be established.
- 2.3 BE IT FURTHER RESOLVED, that the Commission directs Caltrans:
 - As the Commission's grants administrator to assist NCRA in establishing a Q-Fund Trust Account.
 - To place in the TRUST ACCOUNT \$5,500,000 allocated to NCRA from a Commission-approved application for AB 2928 Traffic Congestion Relief Funds, as well as \$810,550 in previously allocated Transit Capital Improvement Funds in the amounts of \$376,930 for Fiscal Year (FY) 1995/96, \$86,620 for FY 1996/97 and \$347,000 for FY 1998/99.

- To place in the TRUST ACCOUNT \$90,000 from NCRA, which NCRA had received as a property settlement from Caltrans as part of the Cloverdale Bypass project; and

2.4 BE IT FURTHER RESOLVED, that the Commission shall review periodically with NCRA the amount of funding needed to achieve the \$12,000,000 goal:

- Should projections indicate that more funding is required, the Commission shall establish a payment schedule for NCRA to keep or bring the TRUST ACCOUNT up to the level necessary to meet the \$12,000,000 goal by September 30, 2013.
- Should projections indicate that the TRUST ACCOUNT is sufficiently funded to achieve the \$12,000,000 goal by 2013 and that surplus revenue may be generated, NCRA may request by resolution that funds not needed to generate the projected \$12,000,000 by 2013 be withdrawn and used for purposes determined by the Commission. The Commission will consider NCRA's request and determine how much of the funds, if any, may prudently be withdrawn.
- Should funds be withdrawn from the TRUST ACCOUNT, the following priority will be used: 1) principal from the Cloverdale Bypass property settlement funds, and 2) principal from the Transit Capital Improvement Program funds. (The \$5,500,000 in Traffic Congestion Relief funds is designated in AB 2928 to repay NCRA's federal loan obligations. Legislative action would be needed to change the use of these funds before the Commission could consider re-directing them.)
- Funds withdrawn from the TRUST ACCOUNT may only be used by NCRA as directed by the Commission.

2.5 BE IT FURTHER RESOLVED, that NCRA agrees to:

- Deposit of \$6,400,550 to the TRUST ACCOUNT after the execution of this MOU and within 30 days after the establishment of the TRUST ACCOUNT:
 - \$5,500,000 in Traffic Congestion Relief Funds as allocated by the Commission to NCRA.
 - \$810,550 in Transit Capital Improvement Program Funds as previously allocated by the Commission (\$376,930 for Fiscal Year (FY) 1995/96, \$86,620 for FY 1996/97 and \$347,000 for FY 1998/99).
 - \$90,000 from the Cloverdale Bypass property settlement with Caltrans.
- Make quarterly deposits, should they be required of NCRA by the Commission under Provision 2.4, to ensure that the \$12,000,000 goal is achieved by September 30, 2013. The quarterly deposits shall be due on the last calendar day in January, April, July and October. NCRA shall be considered to be in default if it is 6 months past due with a scheduled payment. NCRA's default will result in the suspension of further state or federal funding until such time NCRA makes deposits to bring the account current.

2.6 BE IT FURTHER RESOLVED, that Caltrans provide reports quarterly to the Commission regarding deposits to, withdrawals from, balances of, and performance (rate of return) of the TRUST ACCOUNT, as well as actions taken by NCRA to adhere to a payment schedule, should one be established.

Q-Fund Principal and Interest -- Projected Revenues by September 30, 2013



DATE	AMOUNT	CONTRIBUTIONS	INTEREST	REVENUES	INTEREST RATE
10/01/2000	6,400,550	0	95,784	6,496,334	5.986
01/01/2001	6,496,334	0	97,218	6,593,552	
04/01/2001	6,593,552	0	98,673	6,692,224	
07/01/2001	6,692,224	0	100,149	6,792,374	
10/01/2001	6,792,374	0	101,648	6,894,021	
01/01/2002	6,894,021	0	103,169	6,997,190	
04/01/2002	6,997,190	0	104,713	7,101,903	
07/01/2002	7,101,903	0	106,280	7,208,183	
10/01/2002	7,208,183	0	107,870	7,316,054	
01/01/2003	7,316,054	0	109,485	7,425,539	
04/01/2003	7,425,539	0	111,123	7,536,662	
07/01/2003	7,536,662	0	112,786	7,649,448	
10/01/2003	7,649,448	0	114,474	7,763,922	
01/01/2004	7,763,922	0	116,187	7,880,109	
04/01/2004	7,880,109	0	117,926	7,998,035	
07/01/2004	7,998,035	0	119,691	8,117,725	
10/01/2004	8,117,725	0	121,482	8,239,207	
01/01/2005	8,239,207	0	123,300	8,362,507	
04/01/2005	8,362,507	0	125,145	8,487,652	
07/01/2005	8,487,652	0	127,018	8,614,670	
10/01/2005	8,614,670	0	128,919	8,743,588	
01/01/2006	8,743,588	0	130,848	8,874,436	
04/01/2006	8,874,436	0	132,806	9,007,242	
07/01/2006	9,007,242	0	134,793	9,142,035	
10/01/2006	9,142,035	0	136,811	9,278,846	
01/01/2007	9,278,846	0	138,858	9,417,704	
04/01/2007	9,417,704	0	140,936	9,558,640	
07/01/2007	9,558,640	0	143,045	9,701,685	
10/01/2007	9,701,685	0	145,186	9,846,870	
01/01/2008	9,846,870	0	147,358	9,994,229	
04/01/2008	9,994,229	0	149,564	10,143,792	
07/01/2008	10,143,792	0	151,802	10,295,594	
10/01/2008	10,295,594	0	154,074	10,449,668	
01/01/2009	10,449,668	0	156,379	10,606,047	
04/01/2009	10,606,047	0	158,719	10,764,767	
07/01/2009	10,764,767	0	161,095	10,925,861	
10/01/2009	10,925,861	0	163,506	11,089,367	
01/01/2010	11,089,367	0	165,952	11,255,319	
04/01/2010	11,255,319	0	168,436	11,423,755	
07/01/2010	11,423,755	0	170,956	11,594,712	
10/01/2010	11,594,712	0	173,515	11,768,226	
01/01/2011	11,768,226	0	176,112	11,944,338	
04/01/2011	11,944,338	0	178,747	12,123,085	
07/01/2011	12,123,085	0	181,422	12,304,507	
10/01/2011	12,304,507	0	184,137	12,488,644	
01/01/2012	12,488,644	0	186,893	12,675,536	
04/01/2012	12,675,536	0	189,689	12,865,226	
07/01/2012	12,865,226	0	192,528	13,057,754	
10/01/2012	13,057,754	0	195,409	13,253,163	
01/01/2013	13,253,163	0	198,334	13,451,497	