

# IMPERIAL COUNTY LOCAL TRANSPORTATION AUTHORITY

## MEMORANDUM

**TO:** Participating Agency

**FROM:** Mark Baza, Executive Director of the Imperial County Local Transportation Authority

**DATE:** August 29, 2012

**RE:** Imperial County Local Transportation Authority Sales Tax Revenue Bonds:  
Disbursement of Bond Proceeds and Receipt of Measure D Sales Tax Revenue  
While Bonds Are Outstanding

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This Memorandum is an update to the Memorandum dated June 27, 2012

Congratulations on the successful closing of your Series of Imperial County Local Transportation Authority Sales Tax Revenue Bonds. We thank you for all of your hard work throughout the transaction. Now that the transaction has closed, we wanted to bring the following two items to your attention.

### I. ACCESSING BOND PROCEEDS FROM THE PROJECT FUND

The proceeds of the your Series of Bonds have been deposited into a Project Fund held by the Trustee, The Bank of New York Mellon Trust Company, N.A. You will be able to access its Bond proceeds once you begin to incur costs relating to the construction of your Projects. In order to access the Bond proceeds, the Imperial County Local Transportation Authority (the "Authority" or the "Issuer") on behalf of, and at the request of the Participating Agency, will submit a Requisition (attached to this email and also appearing as Exhibit C to the Supplemental Indenture) to the Trustee for disbursement of funds. The submission of a Requisition by the Authority to the Trustee will be required each time you need to access money from your Project Fund.

Each Requisition will need to be executed by an Authorized Representative of the Participating Agency, which, under the Supplemental Indenture, means the "[City Manager or any City employee][County Executive Officer or any County employee] authorized in writing by the [City Manager][County Executive Officer] to execute a Requisition on behalf of the [City][County]." In connection with the submission of each Requisition, you will also be required to prepare a schedule that will identify (i) the party to be paid; (ii) the amount to be paid to that party; (iii) the nature of the expenditure, (i) the name of the Project appearing on the Participating Agency's Five Year Plan that is being undertaken, (ii) the category of work being performed in connection with the expenditure, and (iii) a brief narrative of how the proceeds were spent; and (iv) instructions regarding how such party will be paid.

Once you have executed the Requisition and prepared the schedule described above, you will deliver the Requisition to the Authority. The Authority will review and execute the Requisition and file it with the Trustee. After the Requisition is filed, the recipients identified in the schedule to the Requisition will receive their payment from the Trustee.

**You are required by provisions of the Federal Tax Law relating to the issuance of tax exempt bonds to retain all documentation (invoices, receipts, etc.) that you have supporting the expenses identified in each Requisition for the life of the Bonds and five years thereafter.**

II. RECEIPT OF SALES TAX REVENUES WHILE BONDS ARE OUTSTANDING

Under the Pledge Agreement that you executed, you agreed to pledge your share of Measure D Sales Tax Revenue to the repayment of your Series of Bonds. To provide for the repayment, your share of the Measure D Sales Tax Revenues will go directly to the Trustee, where, pursuant to the Indenture, the Trustee, on monthly basis, will deposit amounts equal to one-fourth of the amount of the interest payment coming due for each six-month period into an Interest Account and an amount equal to one-eighth of the principal amount coming due for each twelve-month period into a Principal Account. The Trustee will stop making these deposits once the entire amount of the interest and/or principal payment coming due has been funded for such six month period with respect to Interest Account and such twelve-month period with respect to the Principal Account. In the event that the Measure D Sales Tax Revenues received by the Trustee are not sufficient to meet the relevant one-fourth or one-eight requirement, a larger share of the Measure D Sales Tax Revenues will be deposited in a subsequent month or months, until the you are “caught up” and the accounts are funded at the required levels. Accordingly, there may be some months where you do not receive any Measure D Sales Tax Revenues. Receipt of Measure D Sales Tax Revenues will resume once the required level of funds to be held in the Interest Account and the Principal Account, respectively, has been met.

## **Provisions of the Supplemental Indenture Relating to the Project Fund**

**Establishment and Application of the Series 2012\_ Project Fund.** i) There is hereby established and maintained with the Trustee a fund designated as the “Series 2012\_ Project Fund.” The moneys in the Series 2012\_ Project Fund shall be used and withdrawn to pay costs of the Series 2012\_ Project.

Before any payment from the Series 2012\_ Project Fund shall be made by the Trustee, the Issuer shall file or cause to be filed with the Trustee a Requisition of the [County][City] and the Issuer, executed by an Authorized Representative of the [County][City] and the Issuer, such Requisition to be in substantially such form as is set forth in Exhibit C hereto. Each such Requisition shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts.

When the Issuer determines that the Series 2012\_ Project has been completed, a Certificate of the Issuer shall be delivered to the Trustee by the Issuer stating: (i) the fact and date of such completion; (ii) that all of the costs thereof have been determined and paid (or that all of such costs have been paid less specified claims which are subject to dispute and for which a retention in the Series 2012\_ Project Fund is to be maintained in the full amount of such claims until such dispute is resolved); and (iii) that the Trustee is to transfer the remaining balance in the Series 2012\_ Project Fund, less the amount of any such retention, to the Series 2012\_ Bond Reserve Fund, to the extent of any deficiency therein, and to the applicable account or subaccount within the Rebate Fund or for any lawful purpose as directed by the [County][City] as approved by Bond Counsel.

**IMPERIAL COUNTY LOCAL TRANSPORTATION AUTHORITY (LTA)  
BOND PROCEEDS REQUISITION FORM**

**Schedule I**

**(Please Review Notes below prior to filling out Requisition)**

**Payee: City of**  
\_\_\_\_\_  
(City or County) for Payment to [ \_\_\_\_\_ ]

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<u>Payment Amount</u>	<u>Nature of Expenditure</u>
\$	1 Name of Project Appearing on Five Year Plan (Include Page No. or Project No. in 5-year Plan:  2 Category of Work Being Performed:  3 Description of Expenditure of Proceeds:  Useful Life Of Project:

**Payment Instructions**  
\_\_\_\_\_  
Bank Name, Routing and Account No

Subtotal:

Project Total:

Grand Total:

- Notes:
- (1) An aggregate payment to the City/County will be made, however if there are multiple parties to be paid by the City/County, please list each separately.
  - (2) All Payments shall be sent to the City/County (from the Trustee) for Further dispersment from City/County to actual party to be paid.
  - (3) If there are multiple parties, breakout subtotal and total amounts.
  - (4) Trustee Fees (if any) will be deducted from proceeds.
  - (5) Use additional pages if necessary