SUPPLEMENTAL REPORT

DATE: March 8, 2006

SUBJECT: Resolution Consenting to Virginia Railway Express Purchase of Railcars

DISCUSSION: The attached revised Resolution was modified by the Virginia Railway Express (VRE) bond council to match the contract document. These changes, which are highlighted throughout, do not impact the County and are only intended for legal contractual reasons.
RESOLUTION APPROVING ISSUANCE OF DEBT FOR VIRGINIA RAILWAY EXPRESS EQUIPMENT

WHEREAS, the Northern Virginia Transportation Commission ("NVTC") and the Potomac and Rappahannock Transportation Commission ("PRTC," and, together with NVTC, collectively, the "Commissions") jointly operate the Virginia Railway Express (the "VRE") commuter rail service in Northern Virginia pursuant to the Master Agreement dated as of October 3, 1989, as amended (the "Master Agreement"), among the Commissions, and the Participating Jurisdictions and the Contributing Jurisdictions described in such ("the Master Agreement"); and,

WHEREAS, the Commissions have the option to purchase 50 bi-level railcars for the VRE on favorable terms but such option must be exercised by April 30, 2006; and,

WHEREAS, the County of Arlington, Virginia, is a Contributing Jurisdiction under the terms of the Master Agreement; and,

WHEREAS, the Commissions have recommended forwarding the funding options for the 50 bi-level railcars to the Participating and Contributing Jurisdictions for action; and,

WHEREAS, the Master Agreement provides that the Commissions shall utilize reasonable debt financing to the extent that such financing is advantageous to the VRE and is in the interest of the parties to the Master Agreement, but requires that the Commissions not assume incur debt related to the VRE, other than the initial debt, without the consent of all Participating and Contributing Jurisdictions; and,

WHEREAS, the Commissions have recommended that the execution exercise of the 50 bi-level railcar purchase option be financed through the assumption of additional debt by the Commissions, described above be financed through the incurrence of additional debt by NVTC in the form of a Federal Railroad Administration (the “FRA”) Railroad Rehabilitation and Improvement Financing Program Loan in an amount not to exceed $57,500,000, for a term not to exceed 25 years, at an annual rate of interest not to exceed 5.71% (collectively, the “FRA Loan”).

NOW, THEREFORE, BE IT RESOLVED THAT the County of Arlington, Virginia consents, in accordance with the terms of the Master Agreement, to the Incurrence assumption of additional debt by the Commissions, assuming receipt of the FRA loan, in an amount not to exceed $4,330,000 in annual debt service by NVTC to finance the costs associated with the exercise of the option to purchase of 50 bi-level railcars for the VRE; and,

BE IT FURTHER RESOLVED THAT if required by the FRA as a condition to the making of the FRA Loan, the County further consents to the Commissions’ granting to the FRA of security interests in the railcars and/or the Commissions’ rights to payments under the Master Agreement; and,
BE IT FURTHER RESOLVED THAT the appropriate officers of the County are authorized to execute and deliver such agreements, instruments and certificates as may be necessary to accomplish the foregoing.

I hereby certify that this Resolution was adopted by the County Board of Arlington, Virginia, at its March 14, 2006 Meeting.

Given under my hand this 15th day of March 2006.

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Ron Carlee, County Manager
Arlington County, Virginia