

REGIONAL TRANSIT AUTHORITY

**MOTION NO. 48
BACKGROUND AND COMMENTS**

Meeting:	Date:	Agenda Item:	Staff Contact:	Phone:
Finance Committee	2/5/98	No. 5	Jan Hendrickson	206-689-3148
Executive Committee	2/6/98	No. 6	Brian McCartan	206-684-1603
Executive Committee	2/20/98	No. 6		

Action:

Authorizes the Executive Director to enter into an agreement with Preston Gates & Ellis LLP and Foster Pepper & Shefelman PLLC to provide bond counsel services and disclosure counsel services to the RTA.

Background:

The RTA published requests for proposals for the bond counsel services in July 1997. Seven firms responded to the proposal. The RTA interviewed three firms as finalist . The Selection Committee recommended Preston Gates & Ellis LLP and Foster Pepper & Shefelman PLLC as the most qualified firms to provide bond counsel and disclosure counsel services. The Executive Director concurred with the Committee's recommendation.

The RTA Selection Committee recommended the formation of a two firm team to provide bond counsel and disclosure counsel services to the RTA. Bond counsel will issue legal opinions on RTA debt and be responsible for associated legal documents. Disclosure counsel will coordinate the production of the Official Statement accompanying debt issues and will issue opinions related to the adequacy of the RTA's disclosure of pertinent financial and other information. The firms will alternate between serving as bond counsel and disclosure counsel. This arrangement will give the RTA access to the two most experienced firms in the region. In addition, by having one firm act as disclosure counsel, the RTA will be able to reduce the fees paid to financial advisors and investment banking firms.

Relevant Board policies and previous actions:

- Sound Move Financial Policies.

Key Features of Agreement:

- Up to a five-year contract.
- Total fees are estimated at \$81,000 for every \$200 million of fixed rate bonds issued. Actual fees will vary depending on size and type of debt issued.
- Fees paid, as is typical, from bond proceeds, not tax revenues.

- Firms will alternate between acting as bond counsel and disclosure counsel for each RTA bond sale.

Consequences of Delay:

Deferral of this action has no short-term implication. A long-term delay in action will postpone the formation of the RTA's financing team. Putting the financing team in place is essential for the RTA's efforts to refine and improve its long-term financing plan. Delay in selecting bond counsel services could also complicate later debt issuance, as bond counsel services can facilitate the creation of a sound financial, accounting, and reporting system. Delay procuring bond counsel services could adversely impact the ability of the RTA to properly structure agreements in 1998 related to purchasing of capital assets, establishment of joint development agreements, and creation of agreements with other government agencies (especially related to collection of taxes).

Regional Transit Authority

Motion No. 48

A motion of the Executive Committee of the Regional Transit Authority for the Pierce, King and Snohomish Counties region authorizing the Executive Director to execute a contract for bond counsel and disclosure counsel services.

Background:

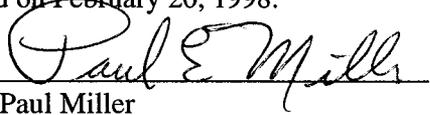
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NOW, THEREFORE BE IT MOVED by the Executive Committee of the Regional Transit Authority that:

- 1) The Executive Director is authorized to execute a contract for bond counsel and disclosure counsel services subject to the terms and conditions usual and customary for governmental agencies.
- 2) The Executive Director is authorized to pay fees as required by said contract, including, but not limited to, fees associated with debt issuance and other legal work as typically performed by bond counsel and disclosure counsel.

Approved by the Executive Committee of the RTA Board on February 20, 1998.


Paul Miller
Board Vice-Chair

ATTEST:


Marcia Walker
Board Administrator