

METRO MATTERS FUNDING AGREEMENT

Among

The State of Maryland

The District of Columbia;

Arlington County, Virginia;

Fairfax County, Virginia;

The City of Alexandria, Virginia;

The City of Fairfax, Virginia;

The City of Falls Church, Virginia;

And

The Washington Metropolitan Area Transit Authority

TABLE OF CONTENTS

	<u>PAGE</u>
SEC. 1	DEFINITIONS3
SEC. 2	METRO MATTERS PROGRAM.....6
SEC. 3	METRO MATTERS FINANCIAL PLAN8
SEC. 4	IMPLEMENTATION OF METRO MATTERS PROGRAM.....11
SEC. 5	IMPLEMENTATION OF CAPITAL FINANCIAL PLAN.....13
SEC. 6	ANNUAL BUDGET RECONCILIATION PROCESS23
SEC. 7	DISPUTES27
SEC. 8	REPRESENTATIONS AND WARRANTIES28
SEC. 9	EFFECTIVE DATE AND TERM OF AGREEMENT29
SEC. 10	RECITALS30
SEC. 11	NO THIRD PARTY BENEFICIARIES30
SEC. 12	AMENDMENTS.....30
SEC. 13	NOTICES.....30
SEC. 14	SUCCESSORS AND ASSIGNS.....33
SEC. 15	NO DEBT GUARANTEES33
SEC. 16	REQUIREMENT FOR ANNUAL APPROPRIATIONS.....33
SEC. 17	COUNTERPARTS.....33

TABLE OF ATTACHMENTS*

ATTACHMENT 1 (SUMMARY)	A-1(i)
– Average Annual Expenditures.....	A-1(ii)
ATTACHMENT 2 (SUMMARY)	A-2(i)
– Summary of Metro Matters Program Elements	A-2(ii)
ATTACHMENT 3A (SUMMARY).....	A-3A(i)
– IRP Projects and Activities	A-3A(ii)
ATTACHMENT 3B (SUMMARY).....	A-3B(i)
– Rail Car and Facilities	A-3B(ii)
ATTACHMENT 3C (SUMMARY).....	A-3C(i)
– Bus and Facilities	A-3C(ii)
ATTACHMENT 3D (SUMMARY).....	A-3D(i)
– Security Program	A-3D(ii)
ATTACHMENT 4 (SUMMARY)	A-4(i)
– Introduction to Integrated Financial Plan.....	A-4(ii)
ATTACHMENT 4A (SUMMARY).....	A-4A(i)
– Integrated Financial Plan.....	A-4A(ii)

* There may be minor internal inconsistencies with the numbers contained in the attachments due to rounding.

ATTACHMENT 4B (SUMMARY).....	A-4B(i)
– Integrated Financial Plan – Long Term	A-4B(ii)
ATTACHMENT 4C (SUMMARY).....	A-4C(i)
– Details for Jurisdictional Allocated Contributions.....	A-4C(ii)
ATTACHMENT 5 (SUMMARY)	A-5(i)
– FY 2005 Work Plan and Budget.....	A-5(ii)
ATTACHMENT 6 (SUMMARY)	A-6(i)
– Contributing Jurisdiction Debt Option	A-6(ii)
ATTACHMENT 7 (SUMMARY)	A-7(i)
– District of Columbia Controlling Agreement Provisions.....	A-7(ii)

METRO MATTERS FUNDING AGREEMENT

THIS METRO MATTERS FUNDING AGREEMENT (Agreement) is made and entered into this ____ day of _____, 2004, by and among **the Washington Metropolitan Area Transit Authority (WMATA)**, a body corporate and politic created by interstate compact between Maryland, Virginia, and the District of Columbia; **the State of Maryland, acting by and through the Washington Suburban Transit District and the Department of Transportation; the District of Columbia; Arlington County, Virginia; Fairfax County, Virginia; the City of Alexandria, Virginia; the City of Fairfax, Virginia; and the City of Falls Church, Virginia (Contributing Jurisdictions):**

RECITALS

1. The WMATA transit system has played a critical role in the growth and prosperity of the National Capital Region and environs, and WMATA's continued economic vitality is essential to the regional transportation system and the environmental quality, economic, educational and cultural life of the Washington region.
2. The WMATA system was built and is operated through the substantial investment of public funds by the Federal Government and by State and local governments in the region.
3. The lack of secure and reliable dedicated funding to rehabilitate and maintain the WMATA transit system and to replace rail cars, buses, and other key transit assets is creating a transportation crisis, threatening the continued health and vitality of the system and jeopardizing the public investment.

4. WMATA has a proposed a FY 2005-2010 Capital Improvement Program budget that will invest almost \$1.9 billion in the WMATA transit system, but that budget still leaves almost \$1.5 billion of unfunded critical capital needs for the WMATA system.

5. To address this problem, the Parties have agreed upon a Financial Plan that will, with the cooperation and participation of the Federal Government, provide sufficient revenues to fund the Metro Matters Program, including the Funded Infrastructure Renewal Program, for fiscal years 2005-2010.

6. The funding mechanisms to be implemented in the Metro Matters Program Integrated Financial Plan, through the transition to expenditure based budgeting, provide a one-time opportunity to make resources available in fiscal years 2005-2010 to fund WMATA's critical capital needs on an expedited basis.

7. The Parties acknowledge that the plans developed for financing the Metro Matters Program and the transition to expenditure based budgeting contemplate a schedule of expenditure commitments of the Contributing Jurisdictions during fiscal years 2005-2010 and beyond. These expenditure commitments will require a steady and substantial average Federal and non-Federal level of financial contributions for WMATA's Infrastructure Renewal Program needs over the long term of approximately \$435M per year for the 89.5 mile Adopted Regional System, as estimated in the WMATA Facilities and Equipment Condition Assessment Report by Frederic R. Harris, Inc., July 22, 1998. See Attachment 1.

8. The specific funding commitments for the term of this Agreement are made by the Contributing Jurisdictions for WMATA FY 2005-2010 and, as reflected in the Integrated Financial Plan (Attachment 4A) and the Detailed Allocated Contributions (Attachment 4C), for the additional fiscal years necessary to meet the Metro Matters expenditure requirements and pay

WMATA debt service for projects commenced during FY 2005-2010. It is the understanding and expectation of the Parties that this Agreement will be amended, or superceded by a new agreement, prior to FY 2011 to fund: (a) WMATA's ongoing IRP needs as shown on Attachment 1; and (b) the Outyear Funding Requirements resulting from WMATA's transition to expenditure based budgeting which are shown as the shaded and blocked portions of Attachment 4B.

NOW, THEREFORE, in consideration of the mutual promises and obligations hereinafter set forth, the Parties hereby agree as follows:

SEC. 1 DEFINITIONS

As used in this Agreement, the following terms shall have the following meanings, unless the context otherwise requires:

- (1) "Agreement" means this Metro Matters Funding Agreement.
- (2) "Allocated Contribution" means the financial share of the cost of the Metro Matters Program to be contributed by a Contributing Jurisdiction, in accordance with the terms of this Agreement and the Attachments hereto.
- (3) "Annual Work Plan" means the annual plan developed by WMATA and submitted to the Contributing Jurisdictions which identifies, by Program Element, the Metro Matters Program projects and activities to be undertaken in a specific fiscal year and the estimated annual cash requirement of those projects and activities, as more specifically described in Section 4 of this Agreement.
- (4) "Authorized Representative" means the individual designated by the chief executive officer (or comparable officials) of a Contributing Jurisdiction or WMATA to take actions on behalf of that Party regarding issues that arise in carrying out this Agreement.

(5) “Contributing Jurisdictions” means the State of Maryland acting by and through the Washington Suburban Transit District and the Department of Transportation; the District of Columbia; Arlington County, Virginia; Fairfax County, Virginia; the City of Alexandria, Virginia; the City of Fairfax, Virginia; and the City of Falls Church, Virginia.

(6) “Days” means calendar days, unless otherwise specifically provided.

(7) “Debt” means any bond, security, debt issuance, certificate of participation, Grant Anticipation Debt, or other evidence of indebtedness issued by a public body, and includes commercial paper, lines of credit, and letters of credit to finance the program of projects set forth in Attachments 3A, 3B, 3C, and 3D.

(8) “Discretionary Grant” means any award of discretionary Federal financial assistance for a new or existing fixed guideway system from the capital investment grant program authorized under Section 5309 of Title 49 of the U.S. Code, or from a similar discretionary grant program under which funds are provided on other than a formula basis.

(9) “Expenditure based” or “expenditure basis” means the actual cash outlay used to pay a vendor or contractor for approved project activities as work is performed.

(10) “Federal grant” means an award of financial assistance, including formula grants, discretionary grants, and cooperative agreements, in the form of money, or property in lieu of money, by the Federal Government through the Federal Transit Administration to an eligible grantee. The term does not include technical assistance which provides services instead of money, or other assistance in the form of revenue sharing, loans, loan guarantees, interest subsidies, insurance, or direct appropriations. Also, the term does not include assistance, such as a fellowship or other lump sum award, which the grantee is not required to account for.

(11) “FTA” means the Federal Transit Administration.

(12) “Formula grant” means any award of Federal financial assistance from the urban formula program authorized under Section 5307 of Title 49 of the U.S. Code or the fixed guideway modernization program authorized under Section 5309 of Title 49 of the U.S. Code, or similar successor programs.

(13) “Funded IRP” means the IRP approved by the WMATA Board of Directors, for budgeting purposes for fiscal year 2005, and for planning purposes for fiscal years 2006-2010.

(14) “Grant Anticipation Debt” means any debt issuance the principal and interest on which are to be paid with the proceeds of Federal grant funds.

(15) “Interim Funding Sources” means one or more letters of credit or lines of credit and related reimbursement agreements, standby bond purchase agreements, commercial paper, or similar agreements or obligations, or any combination of the foregoing, issued to or for WMATA or entered into with WMATA by a bank, insurance company, or other financial institution, or one or more resolutions, indentures, or other security agreements providing for bonds or other evidence of indebtedness of WMATA.

(16) “IRP” means the Infrastructure Renewal Program component of the Capital Improvement Program budget adopted annually by the WMATA Board of Directors.

(17) “Metro Matters Program” means the Metro Matters Capital Improvement Program that is the subject of this Agreement, consisting of the following four Program Elements: the Funded and Unfunded IRP; the Rail Car Program; the Bus Program, and the Security Program, as more specifically described in Attachments 3A-3D to this Agreement.

(18) “Non-Federal funds” means funds provided by State and local sources and debt sources.

(19) “Obligation based” or “obligation basis” means the encumbrance of funds in order to provide sufficient cash resources to meet the entire expenditure requirements over the term of an obligation to a vendor or contractor.

(20) “Outyear Funding Requirements” means the ongoing expenditure and debt service requirements for the Metro Matters Program which extend beyond any given fiscal year, which are shown for fiscal years 2011-2024 as the shaded and blocked portion of Attachment 4B.

(21) “Party” or “Parties” means WMATA and the Contributing Jurisdictions.

(22) “Program Element” means one of the four categories of capital improvements in the Metro Matters Program, as described in Section 2(b) of this Agreement and Attachments 3A-3D to this Agreement.

(23) “Unfunded IRP” means that portion of the IRP for which funding had not been budgeted or allocated prior to the execution of this Agreement.

(24) “WMATA” or “Authority” means the Washington Metropolitan Area Transit Authority.

(25) “YOE” means “Year of Expenditure”.

SEC. 2 METRO MATTERS PROGRAM

(a) **Agreement of the Parties.** -- WMATA and the Contributing Jurisdictions hereby agree to and adopt the Metro Matters Program, including the funding priorities described in Attachment 2 and each of the projects and activities in the Metro Matters Program set forth in Attachments 3A – 3D to this Agreement. The Parties further agree to comply with the terms and conditions of this Agreement and to fully and faithfully carry out their respective obligations under this Agreement. Any commitment or agreement of any Contributing Jurisdiction provided

for or under this Agreement shall be subject to the annual appropriation of funds and other limitations on expenditures or obligations under the law of the Contributing Jurisdiction or under other applicable law. This Agreement shall not constitute an indebtedness of the Contributing Jurisdictions until funds are duly appropriated and quarterly payments become due pursuant to Section 5(c)(3) of this Agreement, nor shall it constitute an obligation for which the Contributing Jurisdictions are obligated to levy or pledge any form of taxation or for which the Contributing Jurisdiction has levied or pledged any form of taxation.

(b) Elements of Metro Matters Program.

(1) Program Elements. -- The Metro Matters Program covered by this Agreement consists of the following four major categories of capital improvements:

- (A) IRP projects and activities (Funded and Unfunded IRP) -- Program Element A.
- (B) Rail cars and facilities -- Program Element B.
- (C) Buses and facilities -- Program Element C.
- (D) Security projects and activities -- Program Element D.

(2) Description. -- The Metro Matters Program, including the specific projects and activities in each Program Element, is summarized in Attachment 2 and more specifically described in Attachments 3A, 3B, 3C, and 3D to this Agreement. Except as provided in Section 6 of this Agreement, projects and activities in the Metro Matters Program can only be modified after the Effective Date of this Agreement pursuant to an agreement among all of the Authorized Representatives of the Parties.

(c) Cost. -- The Estimated Program Cost of the Metro Matters Program is approximately \$3.3 billion in YOE dollars. The estimated cost for each project and activity in

the four Program Elements of the Metro Matters Program is set forth in Attachment 2 to this Agreement. The Estimated Program Cost is subject to adjustment in accordance with the annual budget reconciliation process described in Section 6 of this Agreement.

(d) **Schedule.** -- The Metro Matters Program will be implemented over the period beginning WMATA fiscal year 2005 and ending fiscal year 2010. There will be an Annual Work Plan for each fiscal year, as more specifically described in Section 4 of this Agreement.

(e) **Agreement to Fund Metro Matters Program.** -- WMATA and the Contributing Jurisdictions hereby concur in and agree to fund the Metro Matters Program in accordance with the funding schedule set forth in Attachment 4A to this Agreement.

(f) **Authorized Representative.** -- Within 30 days after the Effective Date of this Agreement, WMATA and each of the Contributing Jurisdictions shall designate an Authorized Representative to act on that Party's behalf in implementing this Agreement.

SEC. 3 METRO MATTERS FINANCIAL PLAN

(a) **Integrated Financial Plan.** -- WMATA and the Contributing Jurisdictions hereby agree to and adopt the Integrated Financial Plan for the Metro Matters Program. The Integrated Financial Plan, set forth in Attachment 4A to this Agreement, identifies the sources and uses of funds for the Metro Matters Program, including (1) the amounts to be disbursed for each Program Element; (2) the amounts to be disbursed for debt service; (3) the estimated amounts to be funded by Federal funds, non-Federal funds, and debt sources; and (4) the Allocated Contribution amounts to be provided annually by each Contributing Jurisdiction.

(b) **Funding Sources.**

(1) **General.** -- Except as provided in paragraph (3) of this subsection, the projects and activities in the Metro Matters Program shall be funded in the most cost effective

manner from one or more of the following sources: (A) direct capital contributions by the Contributing Jurisdictions; (B) the issuance of Debt by WMATA, with WMATA's debt service to be paid with funds received from the Contributing Jurisdictions; (C) Federal financial assistance, including FTA new fixed guideway discretionary funds, fixed guideway modernization funds, urban formula funds, and such other Federal financial assistance as may be made available; and (D) such other funding sources, cash management strategies or financing methods as the WMATA Board determines to be appropriate to accomplish the goals of the Metro Matters Program, including, by way of example, bus leases. The specific amounts estimated from each funding source are set forth in the Integrated Financial Plan. A more specific description of the sources of funding is set forth in Section 5 of this Agreement.

(2) Federal Funding Assumption. -- The Integrated Financial Plan includes an assumption of Federal funding for the Metro Matters Program (A) in the amount of \$1.1488 billion to be funded with Federal formula grant funds; and (B) in the amount of \$260 million, to be funded with new Federal discretionary grant funds made available from the Federal transit/highway program for WMATA's fiscal years 2006-2010 (Federal fiscal years 2005-2009). In recognition of the region's needs, the Parties agree to work cooperatively with their respective congressional delegations to secure at least \$260 million in new Federal discretionary grant funds. The Parties pledge to seek a balanced regional approach to securing such funding. The Parties acknowledge that the non-Federal match for the new Federal discretionary grant funds will be provided on a regional basis and included in the Allocated Contributions. If new Federal discretionary grant funds are not received on a timely basis in the amount assumed in the Integrated Financial Plan and other direct cash resources are not otherwise available, WMATA intends to issue, with the approval of the WMATA Board, Grant Anticipation Debt (or other

debt) in an amount sufficient, together with the Federal grants received, to provide the level of Federal funding assumed in the Integrated Financial Plan.

(3) Security. -- It is the Parties' intention that all security equipment and activities in Program Element D will be funded with 100% Federal Government funds.

(c) Formula for Contributing Jurisdiction Funding. -- The Allocated Contributions of the Contributing Jurisdictions for the Metro Matters Program, as set forth in the Integrated Financial Plan, have been calculated based on a weighted distribution of the Board-adopted FY 2005 Allocation Formulas applied to each element of the Metro Matters Program as follows:

- (1) Infrastructure Renewal Program -- Rail Capital and Bus Capital formulas (weighted average);
- (2) Rail Systems Access Program -- Rail Capital formula; and
- (3) Bus Systems Access Program -- Bus Capital formula.

(d) Debt Service. -- The Integrated Financial Plan for the Metro Matters Program includes the estimated cost of WMATA debt service to be incurred in connection with the Program. If additional WMATA debt financing is necessary during the term of this Agreement to fully implement the Metro Matters Program due to a change in the assumptions set out in the Integrated Financial Plan or any other reason, the resulting additional WMATA debt service costs will be included in an updated Integrated Financial Plan prepared as part of the Annual Work Plan and Annual Budget Reconciliation Processes described in Sections 4, 5, and 6 of this Agreement.

(e) FY 2005 Metro Matters Projects. -- WMATA and the Contributing Jurisdictions agree that the elements of the Metro Matters Program for which obligations or

expenditures are required in WMATA Fiscal Year 2005 will be funded in accordance with the WMATA Fiscal Year 2005 Work Plan and Budget set forth in Attachment 5 to this Agreement.

SEC. 4 IMPLEMENTATION OF METRO MATTERS PROGRAM

(a) **Annual Work Plan.** -- WMATA shall, as a part of its annual budget process each year during the term of this Agreement, develop and submit to the Contributing Jurisdictions a draft Annual Work Plan for each Program Element of the Metro Matters Program. The draft Annual Work Plan shall be submitted to the Contributing Jurisdictions by December 15, and the final Annual Work Plan shall be submitted to the Contributing Jurisdictions immediately following the March WMATA Board meeting. The Annual Work Plan shall be based upon and be consistent with the updated Metro Matters Program and the updated Integrated Financial Plan prepared pursuant to the reconciliation process under Section 6 of this Agreement.

(b) **Contents of Plan.** -- The Annual Work Plan shall include --

- (1) an identification of the projects and activities in each Program Element of the Metro Matters Program for which funds will be obligated or expended during the next WMATA fiscal year;
- (2) a budget for the Annual Work Plan that includes a cost estimate for each project and activity in the Plan, by Program Element;
- (3) a statement of each Contributing Jurisdiction's required Allocated Contribution for the Annual Work Plan, including an identification of what portion of that contribution is a direct capital contribution, and what portion (if any) is to be used by WMATA to pay debt service on WMATA debt;

(4) a summary of the Metro Matters Program projects and activities undertaken in the then-current WMATA fiscal year, by Program Element, together with the costs incurred to date and the estimated remaining costs for those projects and activities; and

(5) a summary of the projects and activities remaining to be carried out under the Metro Matters Program in future WMATA fiscal years (beyond the year covered by the Annual Work Plan) and the estimated cost to complete those projects and activities.

(c) **Review by Contributing Jurisdictions.** -- The Contributing Jurisdictions may submit written comments to WMATA on any element of the Annual Work Plan when comments are provided on WMATA's proposed budget for the upcoming fiscal year.

(d) **WMATA Implementation Responsibilities.**

(1) **General.** -- WMATA will administer the Metro Matters Program and carry out all necessary procurement actions and management oversight. All procurement actions will be undertaken in accordance with WMATA procurement policies and applicable law.

(2) **Federal Grants.** -- To the extent that Federal financial assistance is provided for any project or activity in the Metro Matters Program, WMATA will develop the required Federal grant applications and/or other necessary documentation to meet FTA or other Federal program requirements, and will carry out the federally assisted project or activity in compliance with all applicable Federal requirements.

(e) **Adjustments in Bus Program Element.** -- WMATA and the Contributing Jurisdictions shall, on a periodic basis after the purchase of the base order of 50 buses for fiscal years 2006 and 2007, reassess the non-regional bus routes and the number of buses needed for the Bus Program element of the Metro Matters Program, and may (on the basis of such reassessment) make such adjustments to the number of buses purchased for fiscal years 2008-2010

as the Parties determine to be appropriate. Any such adjustment shall be reflected in the updated Integrated Financial Plan.

SEC. 5 IMPLEMENTATION OF CAPITAL FINANCIAL PLAN

(a) Cash Sources.

(1) Federal Funds. -- WMATA commits to take all necessary and appropriate actions to secure Federal funding in the amounts set forth in the Integrated Financial Plan (including Federal formula and discretionary grant funds under the Federal transit/highway program and such other Federal financial assistance as may be made available during the term of this Agreement) to assist in the funding of the Metro Matters Program. WMATA will manage the Metro Matters Program within the funding amounts shown in Attachment 4A, except as otherwise provided in paragraph (3) of this subsection.

(2) Non-Federal Funds. -- The Contributing Jurisdictions each commit to make their Allocated Contributions in the amounts set forth in the Integrated Financial Plan, as specified in Attachment 4C. Such contributions shall be made in accordance with the requirements and procedures in subsection (c) of this Section. The source of funds for such capital contributions is in the discretion of each Contributing Jurisdiction; provided that such funds must qualify as local match under applicable FTA grant program requirements. The Contributing Jurisdictions also acknowledge and agree that their Allocated Contribution amounts may be adjusted as described in paragraph (3) of this subsection.

(3) Cap on Allocated Contribution Amounts. -- The required contributions of the Contributing Jurisdictions may not be increased above the annual or aggregate amounts set forth in the Detailed Allocated Contributions in Attachment 4C, except with the approval of the WMATA Board due to one of the following circumstances:

(A) the cost of debt financing in the Integrated Financial Plan increases over the estimated amount, due to changes in assumptions such as interest rates;

(B) WMATA debt issuances, in addition to those assumed in the Integrated Financial Plan, are necessary to fully implement the Metro Matters Program on schedule, due to reduced levels or delayed receipt of Federal grant funds; or

(C) Interim Funding Sources are utilized by WMATA in accordance with subsection (f) of this Section.

(4) Notification Process. -- If WMATA proposes an increase in the Allocated Contributions of the Contributing Jurisdictions, WMATA shall provide advance notice to the Contributing Jurisdictions, as part of the Annual Work Plan and Annual Budget Reconciliation Processes, identifying the estimated amount of the increase and the specific reasons therefore.

(5) Additional Limitations.

(A) As authorized in Section 5(e) of this Agreement, WMATA and the District of Columbia have entered into a separate Local Funding Agreement for Metro Matters of even date herewith (“DCLFA”) to address certain issues concerning the implementation of this Agreement that must be handled separately according to District of Columbia law. The implementation of District of Columbia obligations, representations, and warranties under this Agreement shall be controlled by the provisions of the DCLFA set forth on Attachment 7 to the extent of any inconsistency between this Agreement and the provisions of the DCLFA identified on Attachment 7, provided, however, that nothing in the DCLFA shall affect the amount or timing of the District of Columbia Allocated Contributions. Section 5(a)(4) of the DCLFA provides that, if the District of Columbia exercises its prepayment rights for all long term debt under 5(b)(4) of this Agreement, then notwithstanding anything to the contrary herein, the

Allocated Contribution of the District of Columbia may not be increased above the aggregate amount of \$756.33 million without written approval of the District of Columbia.

(B) In the event WMATA proposes an increase in the District of Columbia's Allocated Contribution in excess of \$756.33 million, the District of Columbia shall provide written approval of or objection to such increase as part of the Annual Work Plan and Annual Budget Reconciliation Processes.

(C) In the event that (i) WMATA proposes an increase that would cause the District of Columbia's Allocated Contribution to exceed an aggregate amount of \$756.33 million; and (ii) the District of Columbia denies or withholds approval of the increase in excess of that stated amount, all other Contributing Jurisdictions shall be relieved of any obligation to fund the increase proposed by WMATA in their Allocated Contributions.

(D) In the event that the District of Columbia denies or withholds approval of such increase, all Parties shall cooperate to develop alternative solutions to any resulting revenue or program shortfalls.

(b) Debt Sources.

(1) General. -- In accordance with the Integrated Financial Plan for each Program Element, all or any portion of any Program Elements A, B, and C of the Metro Matters Program may be funded through short or long term debt financing as described in this subsection and in accordance with Section 21 and Articles IX and X of the WMATA Compact.

(2) WMATA Responsibility. -- WMATA may issue debt to assist in the financing of the Metro Matters Program in accordance with the Integrated Financial Plan. The WMATA Board may authorize the issuance of such debt, in one or more issuances during the term of this Agreement, at such times as it determines appropriate, in its discretion, taking into

account factors such as the cash flow needs of the Metro Matters Program, market conditions for financing, and WMATA's debt capacity. Any debt issued by WMATA under this subsection may be secured by a lien and pledge of WMATA's gross revenues, or (subject to any required FTA approval) of WMATA's capital assets. Any such debt secured by WMATA's gross revenues shall be subordinate to the 1993 Gross Revenue Bonds, and may be on parity with or subordinate to the 2003 Gross Revenue Transit Refunding Bonds and the Gross Revenue Transit Bonds Series 2003B. For any such debt that is secured by WMATA's capital assets, WMATA will endeavor, consistent with the cash flow needs of the Integrated Financial Plan and with market demands, to match the length of the debt financing to the useful life of the pledged assets, unless WMATA determines that market or other financial considerations make a different debt length more prudent. In addition to debt secured by gross revenues or capital assets as described in this paragraph, WMATA may issue debt in accordance with subsection (f) of this Section.

(3) Contributing Jurisdiction Responsibility. -- The Contributing Jurisdictions which have not elected to prepay pursuant to paragraph (4) of this subsection each commit to make the annual contributions necessary in order that WMATA can make payments of debt service on debt issued by WMATA under paragraph (2) of this subsection. The amount of such contributions is included in the respective Allocated Contribution amounts of the Contributing Jurisdictions set forth in the Integrated Financial Plan. Such contributions shall be made in accordance with the requirements and procedures in subsection (c) of this Section. The obligation to make contributions to pay such debt service shall survive the term of this Agreement and shall remain in effect throughout the term of the WMATA debt issuance involved, but in no event shall such obligation remain in effect later than the end of WMATA's Fiscal Year 2024, except as provided in Section 9 of this Agreement.

(4) Prepayment Alternative for Contributing Jurisdictions.

(A) Election. -- A Contributing Jurisdiction may elect to prepay its portion of the debt financing (other than commercial paper, letter of credit, or line of credit) needed to fund the Metro Matters Program, as described in the Integrated Financial Plan, in lieu of making annual contributions to pay WMATA debt service pursuant to paragraph (3) of this subsection. The elections and commitments of the Contributing Jurisdictions to make such prepayments, as of the Effective Date of this Agreement, are reflected in the Integrated Financial Plan. If any update to the Integrated Financial Plan during the term of this Agreement contemplates long-term debt issuances by WMATA, then the Contributing Jurisdictions shall have an opportunity to change their elections regarding prepayment, by notice to WMATA. Such notice shall be provided in writing no later than forty-five (45) days after the date WMATA notifies the Contributing Jurisdictions of the need to make an election regarding such additional debt issuance.

(B) Responsibility for Repayment. -- If a Contributing Jurisdiction issues debt to make its prepayment under this paragraph, it shall pay the proceeds of such debt issuance directly to WMATA in accordance with its Allocated Contribution as set forth in the Integrated Financial Plan and in accordance with the procedures set forth in Attachment 6. Such Contributing Jurisdiction shall be solely responsible for the repayment of the principal and interest of any debt it issues under this paragraph.

(c) Contributing Jurisdiction Commitment.

(1) General. -- The maximum amount of the Contributing Jurisdictions' Allocated Contribution of the costs of the Metro Matters Program is subject to the provisions of Section 5(a)(5)(C) of this Agreement. Nothing in this Agreement shall be construed to obligate a

Contributing Jurisdiction to have, as of the date that it enters into this Agreement, funding or an appropriation in the full amount of its Allocated Contribution of the costs of the Metro Matters Program. The Contributing Jurisdictions shall be solely responsible for their Allocated Contributions of the cost of the Metro Matters Program. Each Contributing Jurisdiction commits, throughout the term of this Agreement, to use all reasonable efforts to pursue all legally available means to secure the necessary and appropriate budget, legislative, and appropriations actions in order to obtain funding in the full amount of its Allocated Contribution of the costs of the Metro Matters Program. Each Contributing Jurisdiction shall be solely responsible for providing its Allocated Contribution of the cost of the Metro Matters Program, and in no circumstance shall one Contributing Jurisdiction be responsible for the Allocated Contribution or other obligations of any other Contributing Jurisdiction under this Agreement.

(2) Annual Commitment. -- Each Contributing Jurisdiction shall annually provide WMATA with written notice, concurrent with comments on WMATA's proposed budget, that funds have been or are intended to be appropriated to cover its Allocated Contribution for WMATA's upcoming fiscal year, and committing to make payment of such Allocated Contribution to WMATA. If a Contributing Jurisdiction's appropriations process is not completed by June 1, such Contributing Jurisdiction shall provide to WMATA: (A) a written explanation for the failure to make such submissions by June 1 and confirmation that amounts equal to its Allocated Contribution have been or will be included in the next fiscal year budget to be considered by the Contributing Jurisdiction's fiscal authority; and (B) written assurances that all reasonable efforts will be undertaken to secure the ultimate appropriation of funds in a prompt and timely fashion.

(3) Quarterly Payments. -- Each Contributing Jurisdiction's Allocated Contribution shall be paid to WMATA on a quarterly basis in advance, no later than the first day of each quarter, throughout the term of this Agreement. WMATA shall submit bills to the Contributing Jurisdictions for such quarterly payments forty-five (45) days prior to the date such payments are due.

(4) Debt Service Costs.

(A) The Integrated Financial Plan assumes the issuance of debt and associated debt service costs. In the event that the amount of debt service costs set forth in the Integrated Financial Plan exceeds the actual debt service costs, WMATA shall, if practicable, adjust the debt issuance accordingly.

(B) To the extent that WMATA issues debt in addition to the debt identified in the Integrated Financial Plan to carry out the Metro Matters Program, the resulting debt service costs shall be included in the Allocated Contributions of the Contributing Jurisdictions not electing to prepay pursuant to subsection (b)(4) of this Section.

(5) Conditions on Commitment. -- Notwithstanding any other provision of this Agreement, the commitment of a Contributing Jurisdiction under this subsection shall be subject to the annual appropriation of funds and other limitations on expenditures or obligations under the law of the Contributing Jurisdiction or under other applicable law.

(d) Timeliness of Payment.

(1) Treatment of Payments. -- Interest shall accrue on all payments made by a Contributing Jurisdiction until the funds are expended. WMATA shall place such funds so contributed into an interest earning account, with interest to be compounded monthly at WMATA's then current earnings rate for its short-term investments. Interest earned on funds

contributed by a Contributing Jurisdiction shall be applied as a credit against future payments for Allocated Contributions due from that jurisdiction under this Agreement, unless otherwise directed in writing by that jurisdiction.

(2) Non-Payment or Late Payments. -- If a Contributing Jurisdiction fails to make a quarterly payment in full to WMATA when such payment is due, WMATA may issue debt or otherwise advance funds to replace the amount of payment not timely received. Unless the Contributing Jurisdiction's failure to pay results from a failure to appropriate by its fiscal body(ies), WMATA may charge such Contributing Jurisdiction an amount equal to the sum of (A) the financing and interest costs and expenses incurred by or on behalf of WMATA in connection with such debt issuance or advance of funds; (B) any administrative costs incurred by WMATA in connection with obtaining such replacement funding; and (C) any penalties or losses incurred by WMATA as a result of such late or non-payment. The total amount of the charges assessed under this paragraph, together with the unpaid quarterly payment, shall be due and payable to WMATA no later than thirty (30) days after the date of assessment by WMATA, and if not paid by that date shall be subject to an additional 10% penalty on the total unpaid amount, plus interest compounded monthly at the WMATA short-term investment earnings rate until the date of full payment.

(e) Local Funding Agreements. -- WMATA, with the approval of the WMATA Board, may enter into Local Funding Agreements with some or all of the Contributing Jurisdictions, consistent with this Agreement and the Attachments hereto, to establish arrangements to implement the Contributing Jurisdiction's commitment to pay its Allocated Contribution of the cost of the Metro Matters Program, in the event that the budgetary process of a Contributing Jurisdiction makes such an agreement necessary or appropriate.

(f) **Interim Funding Sources and Security Interests.**

(1) Interim Funding Authority. -- The WMATA Board of Directors is authorized to use Interim Funding Sources, including borrowing, on behalf of WMATA in such amounts and at such times as, in the Board's sole judgment, are necessary and appropriate for the purpose of implementing the projects and activities in the Metro Matters Program funded through direct capital contributions.

(2) Security Interests. -- WMATA may create security interests in its rights and interests in amounts paid or received as direct capital contributions from the Contributing Jurisdictions under this Agreement, as such amounts shall become available and are paid to or for the account of WMATA under the terms of this Agreement. Such amounts may be pledged as security for the costs of Interim Funding Sources. Each Contributing Jurisdiction shall comply with any reasonable and legal request of WMATA to execute, acknowledge, and deliver appropriate instruments and assurances as may be necessary or desirable to confirm and effectuate any such security interest created by WMATA in connection with Interim Funding Sources. Nothing in this subsection shall be construed as requiring any Contributing Jurisdiction to make any payment under this Agreement to anyone other than WMATA. For purposes of this subsection, the "cost of Interim Funding Sources" includes payments of principal and interest thereunder and all fees, expenses, and other amounts incurred or payable under any Interim Funding Sources.

(3) Limitation. -- The borrowing authority authorized by this subsection may not be used by any Contributing Jurisdiction to satisfy its funding obligations under this Agreement.

(g) **WMATA Risk Mitigation.** -- Section 22 of the WMATA Compact prohibits WMATA from making any commitment or incurring any obligations with respect to the construction or acquisition of any transit facilities “until funds are available therefor.” The Parties acknowledge that the commitments of the Contributing Jurisdictions under this Agreement are designed to satisfy the requirements of Section 22 as the Authority moves to an expenditure based budget. In order to address the risk of non-appropriation or late payment of funds by a Contributing Jurisdiction or insufficient funding by the Federal Government, and to assure compliance with Section 22 of the WMATA Compact, WMATA intends to establish a risk mitigation credit facility using one or more of the following: a line of credit, letter of credit, commercial paper program, or other credit facility determined by WMATA in its discretion to be appropriate and feasible.

(h) **Amendment to Agreement.** -- In addition to making the funding commitments described in this Section, the Parties agree to negotiate in good faith over an amendment to this Agreement, or a new agreement, prior to FY 2011, in order to:

(1) Provide the funding required to fund (A) WMATA’s ongoing IRP needs as shown on Attachment 1; and (B) the Outyear Funding Requirements resulting from WMATA’s transition to expenditure based budgeting which are shown as the shaded and blocked portions of Attachment 4B; and

(2) Reevaluate the Contributing Jurisdictions’ Allocated Contributions, and modify the financial share of the cost of any ongoing IRP expenditures for projects approved and initiated after FY 2010 based on an allocation formula to be agreed upon at that time.

SEC. 6 ANNUAL BUDGET RECONCILIATION PROCESS

(a) Reconciliation. -- As part of its annual budget process in each year during the term of this Agreement, WMATA shall prepare a reconciliation of –

(1) the actual expenditures for projects and activities under the Metro Matters Program to date, as compared to the planned expenditures for such projects and activities for the same time period;

(2) the actual Allocated Contribution of each of the Contributing Jurisdictions to date, as compared to the scheduled Allocated Contribution of each Contributing Jurisdiction for the same time period;

(3) the projected Allocated Contributions of each Contributing Jurisdiction during the remaining term of this Agreement;

(4) the actual amount of Federal grant funds received for the Metro Matters Program to date, as compared to the budgeted or projected amount of Federal grant funds for the same time period; and

(5) the estimated cost to complete the remaining projects and activities in the Metro Matters Program.

(b) Revenue Shortfalls. -- If the reconciliation process conducted under subsection (a) of this Section reveals that there are shortfalls in revenues for the Metro Matters Program due to late or insufficient contributions by a Contributing Jurisdiction or to the receipt of less than the assumed level of Federal formula funding described in Section 3(b)(2)(A) of this Agreement, or both, WMATA shall develop a recovery plan for addressing such shortfalls. Such recovery plan, as approved by the WMATA Board of Directors through its annual budget process, shall include one or more of the following alternatives: (1) utilization of Interim Funding Sources; (2) value

engineering, project re-design, or other cost reduction measures for future projects or activities; (3) re-scheduling of projects or activities in the Metro Matters Program; (4) subject to agreement of the Contributing Jurisdictions, increasing the levels of Allocated Contributions from the Contributing Jurisdictions; and/or (5) the implementation of Project Deferrals under subsection (d) of this Section. Any shortfall in the level of Federal discretionary funding specified in Section 3(b)(2)(B) of this Agreement shall be addressed by the issuance of debt in accordance with that Section and not by the use of the recovery plan alternatives set forth in this subsection.

(c) **Revenue Increases.** -- If the reconciliation process conducted under subsection (a) of this Section in FY 2010 reveals that Federal funds have been received which substantially exceed the assumed level of Federal funding as specified in Section 3(b)(2) of this Agreement, such excess Federal funds shall be applied (1) to the unfunded priorities in the order of the priorities set forth in Attachment 3; or (2) to any outstanding indebtedness, thereby reducing the Allocated Contributions of the Contributing Jurisdictions, as determined by the WMATA Board of Directors through its annual budget process.

(d) **Project Deferrals.** -- If WMATA is unable to satisfactorily address revenue shortfalls under subsection (b) of this Section, the WMATA Board may, through the next WMATA budget process, modify the Metro Matters Program to defer certain projects or activities in order to assure that the Metro Matters Program can be funded during the term of this Agreement within the amount of available financial resources.

(e) **Updated Metro Matters Program and Integrated Financial Plan.** The WMATA staff shall, as soon as practical after each annual reconciliation process conducted under this Section, develop an updated Metro Matters Program and updated Integrated Financial

Plan for the Metro Matters Program. Those updated documents, if approved by the WMATA Board, will replace and supercede all previous versions of the Metro Matters Program and Integrated Financial Plan.

(f) **Final Distribution.** -- Any amounts remaining at the expiration of this Agreement shall be first used to fund any remaining unfunded projects or activities in the Metro Matters Program as indicated in the attached Metro Matters Program, and then, if any funds remain, will be credited or refunded to the Contributing Jurisdictions, as directed by the Contributing Jurisdictions.

(g) **Financial Records.**

(1) **Maintenance of Records.** -- During the term of this Agreement, WMATA agrees to maintain separate and complete accounting records which are consistent with generally accepted governmental accounting procedures and which accurately reflect all income and expenditures of funds which may be provided under this Agreement. WMATA will retain all such records for three (3) years after completion or termination of this Agreement, unless there is an outstanding written Contributing Jurisdiction or FTA financial or audit question, which is not resolved by the Contributing Jurisdiction or FTA auditor. The records of WMATA must be in sufficient detail to determine the nature of the cost incurred or expenditure made by WMATA for work funded by this Agreement.

(2) **Audits.**

(A) **Timing for Performance.** -- A Contributing Jurisdiction may perform an audit of WMATA's expenditures of funds provided by this Agreement for the three (3) fiscal years preceding a request for audit from the Contributing Jurisdiction. Any such audit shall be commenced within sixty (60) days after the date of the release of the WMATA audit for

the preceding fiscal year, and shall be completed (to the maximum extent practicable) within 180 days after the date it is commenced. The Contributing Jurisdiction will assume all financial responsibility for any costs associated with the performance of such audits. If more than one Contributing Jurisdiction initiates an audit on a timely basis under this paragraph, the audits shall be consolidated into a single audit for the applicable fiscal years and the Contributing Jurisdictions participating in the audit shall share in the cost of the audit. WMATA agrees to cooperate fully with a Contributing Jurisdiction or its authorized agent or designee in the conduct of any audit carried out in accordance with this paragraph. In addition to the foregoing, in the event that any Contributing Jurisdiction's bond, the proceeds of which were used to meet the funding obligation of the Agreement or any transaction pertaining to such Contributing Jurisdiction's bond, is the subject of any tax, securities or similar federal or state law investigation, inquiry or suit, WMATA shall promptly allow the Contributing Jurisdiction access, at the Contributing Jurisdiction's expense, to any record it may have relating to WMATA's use of the proceeds of such Contributing Jurisdiction's bond so that the Contributing Jurisdiction may participate and respond to any aspect of such investigation, inquiry or suit. In the event WMATA is notified that any Contributing Jurisdiction's bond, the proceeds of which were used to meet funding obligations of this Agreement or any transaction pertaining to any such Contributing Jurisdiction's bond, is the subject of any tax, securities or similar federal or state law investigation, inquiry or suit, WMATA shall promptly notify the Contributing Jurisdiction and allow the Contributing Jurisdiction to participate in all aspects of the conduct or any response WMATA may make in such regard.

(B) Audit Results. -- If it is determined as a result of such an audit under this paragraph that the Contributing Jurisdiction has made payments in excess of or less

than the amount(s) provided for pursuant to the terms and conditions of this Agreement and the Integrated Financial Plan, WMATA will make appropriate adjustments in the amount due to WMATA from such Contributing Jurisdiction in the next fiscal year. The audit rights provided under this paragraph shall survive the termination date of this Agreement.

SEC. 7 DISPUTES

(a) **Informal Resolution** -- The Parties agree to use all reasonable efforts to resolve any disputes, which arise under or otherwise relate to this Agreement. If the Parties, at staff level, cannot resolve such a dispute through initial discussions within thirty (30) days after the date it first arises, then the Party seeking a resolution shall, through its Authorized Representative, provide written notice of the nature of the dispute and the issues involved to the Authorized Representatives of each other Party involved. Such other Parties shall respond within thirty (30) days, stating their position on the issue presented and their proposal for resolution. The Authorized Representatives shall then meet within the next thirty (30) days in an attempt to resolve the dispute. If the dispute is not resolved within thirty (30) days following the date of the last meeting, any Party to the dispute may refer the matter to the WMATA Board for resolution.

(b) **Alternative Resolution**. -- If a dispute arising under this Agreement is not resolved pursuant to subsection (a) of this Section, the Parties thereto may agree to pursue a mutually acceptable alternative dispute resolution procedure. If such a procedure is not utilized or does not result in a final and binding resolution of the dispute, any Party thereto may pursue a civil action for appropriate relief in a court of competent jurisdiction.

SEC. 8 REPRESENTATIONS AND WARRANTIES

(a) **By WMATA.** -- WMATA makes the following representations as of the Effective Date of this Agreement as a basis for the undertakings pursuant to this Agreement.

(1) WMATA has full power and authority to enter into the transactions contemplated by this Agreement and to carry out its obligations hereunder;

(2) WMATA by proper WMATA Board action has duly authorized the execution and delivery of this Agreement;

(3) When executed and delivered by the Contributing Jurisdictions and by WMATA, this Agreement will constitute the legal, valid and binding obligation of WMATA enforceable in accordance with its terms, except as such enforceability is limited by annual appropriations, bankruptcy, reorganization, insolvency, moratorium or other laws affecting the enforcement of creditors' rights generally.

(4) No director, officer, or employee of WMATA who exercises or has exercised any functions or responsibilities over any procurement contract in connection with the Metro Matters Program shall have or obtain a personal or financial interest or benefit from any activity in connection with the procurement contract or have an interest in any contract, subcontract, or agreement with respect thereto during the term of this Agreement.

(b) **By Contributing Jurisdictions.** -- Each Contributing Jurisdiction makes the following representations as of the Effective Date of this Agreement as a basis for the undertakings pursuant to this Agreement.

(1) The Contributing Jurisdiction has all necessary power and authority to enter into the transactions contemplated by this Agreement and to carry out its individual obligations hereunder;

(2) Each Contributing Jurisdiction has individually duly authorized the execution and delivery of this Agreement;

(3) When executed and delivered by each Contributing Jurisdiction, this Agreement will constitute the legal, valid and binding obligation of the individual entity enforceable in accordance with its terms, except as such enforceability is limited by annual appropriations, bankruptcy, reorganization, insolvency, moratorium or other laws affecting the enforcement of creditors' rights generally;

(4) No officer, or employee of any Contributing Jurisdiction who exercises or has exercised any functions or responsibilities over a procurement contract in connection with the Metro Matters Program shall have or obtain a personal or financial interest or benefit from any activity in connection with the procurement contract or have an interest in any contract, subcontract, or agreement with respect therewith during the term of this Agreement.

SEC. 9 EFFECTIVE DATE AND TERM OF AGREEMENT

(a) Effective Date. The Parties acknowledge and agree that this Agreement is in consideration of and contingent upon the execution of the Local Funding Agreement for Metro Matters by and between WMATA and the District of Columbia to be executed concurrently with the execution of this Agreement. Accordingly, this Agreement shall take effect on the date of execution by the last signatory to either this Agreement or the District of Columbia Local Funding Agreement for Metro Matters.

(b) The Term. The term of this Agreement shall begin on the Effective Date and shall terminate on the later of (1) the expiration of the funding commitments of the Contributing Jurisdictions under this Agreement, including commitments to provide funds for the payment of debt service on WMATA debt issued to fund the Metro Matters Program, provided, however,

that in no event shall the term of any debt service issuance extend beyond 2034; or (2) the completion of the projects and activities in the Metro Matters Program and the payment of all costs thereof, provided, however that, except as permitted in Section 9(b)(1) of this Agreement, such completion and payment shall not extend beyond WMATA FY 2024.

SEC. 10 RECITALS

The Recitals set forth in this Agreement are material parts of this Agreement and are binding on the Parties to the same extent as the other terms and conditions hereof.

SEC. 11 NO THIRD PARTY BENEFICIARIES

The Parties to this Agreement do not intend any non-signatory to this Agreement or any other third Party to be a third Party beneficiary to this Agreement, nor do the Parties intend for any such third Party to have any rights or benefits under this Agreement or to have standing to bring an action or claim in any court or other forum to enforce any provision of this Agreement.

SEC. 12 AMENDMENTS

This Agreement may be amended or modified only by written agreement duly executed by all the Parties.

SEC. 13 NOTICES

All notices under this Agreement shall be in writing and shall be deemed to have been sufficiently given or served when presented personally or sent by the U.S. Postal Service or by a courier service or national overnight delivery service, to any Party as follows:

To the State of Maryland,
Department of Transportation:

Director, Washington Area Transit Programs
Maryland Department of Transportation
8720 Georgia Avenue, Suite 904
Silver Spring, MD 20910

with a copy to:

Chairman, Washington Suburban Transit District
8720 Georgia Avenue, Suite 904
Silver Spring, MD 20910

To the District of Columbia:

Dan Tangherlini
Director
District Department of Transportation
2000 14th Street, N.W.
Washington, D.C. 20009

With copies to:

Chief Financial Officer for the District of Columbia
John A. Wilson Building, Room 203
1350 Pennsylvania Avenue, N.W.
Washington, DC 20004

Attorney General for the District of Columbia
John A. Wilson Building, Room 409
1350 Pennsylvania Avenue, N.W.
Washington, D.C. 20004

To Arlington County, Virginia:

Barbara M. Donnellan
Director
Department of Management and Finance
2100 Clarendon Boulevard, Suite 501
Arlington, VA 22201

with a copy to:

Randy Bartlett
Director
Department of Environmental Services
2100 Clarendon Boulevard, Suite 501
Arlington, VA 22201

To Fairfax County, Virginia:

Young Ho Chang, P.E.
Director
Fairfax County Department of Transportation
12055 Government Center Parkway, 10th Floor
Fairfax, VA 22035-5511

To the City of Alexandria, Virginia:

City Manager
City of Alexandria
301 King Street
Alexandria, VA 22314

To the City of Fairfax, Virginia:

Robert F. Lederer
Mayor
City of Fairfax
10455 Armstrong Street
Fairfax, VA 22030

with a copy to:

Alexis Verzosa
Transportation Director
City of Fairfax
10455 Armstrong Street
Fairfax, VA 22030

To the City of Falls Church, Virginia:

City Manager
City of Falls Church
300 Park Avenue
Falls Church, VA 22046

To the Washington Metropolitan Area Transit Authority:

Edward L. Thomas
Assistant General Manager
Washington Metropolitan Area Transit Authority
Department of Planning and Strategic Programs
600 Fifth Street, N.W., Eighth Floor
Washington, D.C. 20001

with a copy to:

The General Counsel
Washington Metropolitan Area Transit Authority
600 Fifth Street, N.W., Second Floor
Washington, D.C. 20001

SEC. 14 SUCCESSORS AND ASSIGNS

This Agreement shall be binding on the successors and assigns of the Contributing Jurisdictions and WMATA.

SEC. 15 NO DEBT GUARANTEES

No Contributing Jurisdiction guarantees the debt of WMATA or any other Contributing Jurisdiction, nor any obligation of WMATA or any other Contributing Jurisdiction.

SEC. 16 REQUIREMENT FOR ANNUAL APPROPRIATIONS

Notwithstanding any other provisions of this Agreement, all obligations of the Contributing Jurisdictions are subject to discretionary annual appropriation of funds by the governing bodies thereof or other appropriate legislative bodies thereof and shall be consistent with the anti-deficiency laws applicable to each Contributing Jurisdiction.

SEC. 17 COUNTERPARTS

This Agreement may be executed in eight (8) identical counterparts, each of which shall constitute an original and all of which shall constitute, collectively, one agreement. The

counterpart with the most recent date shall determine the date of entry of this Agreement by the Parties listed on page one.

IN WITNESS WHEREOF, WMATA and the Contributing Jurisdictions have executed this Agreement on this _____ day of _____, 2004.

WASHINGTON METROPOLITAN AREA
TRANSIT AUTHORITY

Attest:

By:

Secretary

_____[Seal]
Richard A. White
General Manager and Chief Executive Officer

Dated: _____

Approved as to Form and Legal Sufficiency:

By: _____
Office of General Counsel

[signatures continued on following page]

STATE OF MARYLAND

acting by and through the Washington Suburban Transit District and the Department of
Transportation

MARYLAND DEPARTMENT OF
TRANSPORTATION

Attest:

Witness

By: _____ [Seal]
Robert L. Flanagan
Secretary

and

WASHINGTON SUBURBAN
TRANSIT DISTRICT

Attest:

Witness

By: _____ [Seal]
Robert J. Smith
Chairman

Approved as to Form and Legal Sufficiency:

By: _____
Assistant Attorney General

Date: _____

[signatures continued on following page]

DISTRICT OF COLUMBIA

Attest:

Witness

By: _____ [[Seal]
Anthony A. Williams
Mayor

Approved as to Form and Legal Sufficiency:

By: _____
Attorney General

Dated: _____

[signatures continued on following page]

COUNTY BOARD OF ARLINGTON
COUNTY, VIRGINIA

Attest:

Antoinette Copeland
Clerk to the County Board

By: _____ [Seal]
Barbara A. Favola
Chair
County Board
Arlington County, Virginia

Approved as to Form and Legal Sufficiency:

By: _____
Arlington County Attorney

Dated: _____

[signatures continued on following page]

FAIRFAX COUNTY, VIRGINIA

Attest:

Clerk to the Board of Supervisors

By: _____ [Seal]
Gerald E. Connolly
Chair
Board of Supervisors
Fairfax County, Virginia

Approved as to Form and Legal Sufficiency:

By: _____
County Attorney

Dated: _____

[signatures continued on following page]

CITY OF ALEXANDRIA, VIRGINIA

Attest:

City Clerk

By: _____ [Seal]
City Manager

Approved as to Form and Legal Sufficiency:

By: _____
City Attorney

Dated: _____

[signatures continued on following page]

CITY OF FAIRFAX, VIRGINIA

Attest:

City Clerk

By: _____ [Seal]
Robert F. Lederer
Mayor

Approved as to Form and Legal Sufficiency:

By: _____
City Attorney

Dated: _____

[signatures continued on following page]

CITY OF FALLS CHURCH, VIRGINIA

Attest:

City Clerk

By: _____ [Seal]
Daniel McKeever
City Manager

Approved as to Form and Legal Sufficiency:

By: _____
City Attorney

Dated: _____

TABLE OF ATTACHMENTS*

ATTACHMENT 1 (SUMMARY)	A-1(i)
– Average Annual Expenditures	A-1(ii)
ATTACHMENT 2 (SUMMARY)	A-2(i)
– Summary of Metro Matters Program Elements	A-2(ii)
ATTACHMENT 3A (SUMMARY)	A-3A(i)
– IRP Projects and Activities	A-3A(ii)
ATTACHMENT 3B (SUMMARY)	A-3B(i)
– Rail Car and Facilities	A-3B(ii)
ATTACHMENT 3C (SUMMARY)	A-3C(i)
– Bus and Facilities	A-3C(ii)
ATTACHMENT 3D (SUMMARY)	A-3D(i)
– Security Program	A-3D(ii)
ATTACHMENT 4 (SUMMARY)	A-4(i)
– Introduction to Integrated Financial Plan	A-4(ii)
ATTACHMENT 4A (SUMMARY)	A-4A(i)
– Integrated Financial Plan	A-4A(ii)
ATTACHMENT 4B (SUMMARY)	A-4B(i)
– Integrated Financial Plan – Long Term	A-4B(ii)
ATTACHMENT 4C (SUMMARY)	A-4C(i)
– Details for Jurisdictional Allocated Contributions	A-4C(ii)
ATTACHMENT 5 (SUMMARY)	A-5(i)
– FY 2005 Work Plan and Budget	A-5(ii)
ATTACHMENT 6 (SUMMARY)	A-6(i)
– Contributing Jurisdiction Debt Option	A-6(ii)
ATTACHMENT 7 (SUMMARY)	A-7(i)
– District of Columbia Controlling Agreement Provisions	A-7(ii)

* There may be minor internal inconsistencies with the numbers contained in the attachments due to rounding.

**ATTACHMENT 1
(SUMMARY)**

Average Annual Expenditures

ATTACHMENT 1 shows projected annual expenditures required to fully implement the Infrastructure Renewal Program between FY 2011 and FY 2024 for the 89.5 mile Adopted Regional System. Annual fluctuations are primarily due to the replacement and rehabilitation of rolling stock.

Summary of Long-Term IRP Expenditure Requirements

(In Millions)

Fiscal Year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	20-Year Total	6-Year Total	FY 2011- FY 2024	
	290.1	213.7	282.2	403.4	433.2	258.9	387.8	402.8	482.9	466.3	454.2	471.0	450.3	367.5	309.3	354.8	417.4	511.4	477.2	537.2	7,971.6	1,881.6	6,090.0	
IRP PROGRAM																								
														Average Annual Expenditure		\$		435.0						

Notes

- (1) FY 2005 obligations are shown in FY 2005 and not in the year of expenditure. Obligations of all other years are shown in the year of the expenditures.
- (2) The FY 2011 to FY 2024 IRP needs are based on Frederick R. Harris Report for the 89.5 mile system. It does not include capital renewal costs for the remainder of the system.
- (3) Figures do not include funding required for annual program smoothing or risk mitigation.

**ATTACHMENT 2
(SUMMARY)**

Summary of Metro Matters Program Elements

ATTACHMENT 2 summarizes the estimated cost of the Metro Matters Program including the cost of the credit facility.

Metro Matters Funding Agreement

Metro Matters Program Elements

	Estimated Cost (in millions)
Infrastructure Renewal Program (IRP)	
Protect Investment:	
1st Urgent Priority	
• Recapitalize existing capital assets according to useful life cycles	
• Overcome deferrals that begin in FY 2006	
• Approved (Funded) IRP	\$ 1,846.6
• Remainder of (Unfunded) IRP	524.9
• Combined IRP	\$ 2,371.5
	see Attachment 3A
Rail Car Program	
Leverage Investment:	
2nd Urgent Priority	
• Relieve crowding and keep pace with ridership growth	
• Purchase 120 rail cars	
• Provide systems capability for 8-car trains	\$ 600.6
	see Attachment 3B
Bus Program	
Leverage Investment:	
3rd Urgent Priority	
• Relieve crowding and keep pace with ridership growth	
• Purchase 185 buses	
• Improve operating efficiency and customer service	
• Construct a new maintenance/storage garage, and improve facilities for passengers	\$ 171.5
	see Attachment 3C
System Expansion Program - Planning	
Plan Future Investment:	
• Approved for FY2005 Capital Budget	\$ 3.0
Credit Facility	
Facilitate Investment:	
• Required to satisfy anti-deficiency requirements	
• Provide short-term liquidity to manage program expenditures	\$ 12.0
Security Program	
Secure Investment:	
4th Urgent Priority	
• Continue operations during an emergency	
• Implement other security protective measures	
• Will begin when sufficient federal funds are received	\$ 143.5
	see Attachment 3D
Total without Security Program	\$ 3,158.6
Total	\$ 3,302.1

Note: Attachments 3A-3D do not include financing costs

**ATTACHMENT 3A
(SUMMARY)**

IRP Projects and Activities

ATTACHMENT 3A describes the obligations and expenditures for the projects contained in the Approved (Funded) Infrastructure Renewal Program (IRP), followed by the obligations and expenditures for the projects of the Remainder of the IRP (the Unfunded IRP). The third portion of this attachment is the obligations and expenditures for the projects and costs of the combined IRP. Shaded portions of the table correspond to anticipated expenditures.

ATTACHMENT 3A

Metro Matters Funding Agreement

(in Millions)

Approved Infrastructure Renewal Program (Funded IRP)

	FY 2005	FY 2006	FY 2007	FY 2008	FY 2008	FY 2009	FY 2010	FY 2011+	Grand Total
Capital Projects									
Rolling Stock: Bus	\$ 43.3	\$ 52.8	\$ 34.8	\$ 23.3	\$ 14.0	\$ 72.6	\$ 240.7		
Rolling Stock: Rail	5.4	0.8	-	-	-	-	6.2		
Passenger Facilities	67.2	52.0	50.0	31.4	22.6	67.1	290.1		
Maintenance Facilities	34.5	21.5	13.6	14.5	8.6	46.1	138.9		
Systems	74.8	30.5	40.1	29.2	17.4	64.8	256.9		
Track and Structures	19.4	10.3	10.3	9.2	9.0	20.5	78.7		
Information Technology	4.7	2.0	2.0	1.0	1.0	5.0	15.7		
Program Management and Support	14.1	10.4	8.1	6.9	4.0	15.7	59.3		
Preventive Maintenance	20.7	20.7	20.7	20.7	20.7	20.7	124.2		
Subtotal: Capital Projects	\$ 284.1	\$ 201.1	\$ 179.5	\$ 136.2	\$ 97.3	\$ 312.5	\$ 1,210.6		
Financing Expenses									
TIFIA Financing Expenses	\$ -	\$ 106.8	\$ 133.2	\$ 161.6	\$ 198.4	\$ -	\$ 600.0		
Vertical Transportation Financing Expenses	6.0	6.0	6.0	6.0	6.0	6.0	36.0		
Subtotal: Financing Expenses	\$ 6.0	\$ 112.8	\$ 139.2	\$ 167.6	\$ 204.4	\$ 6.0	\$ 636.0		
Total Approved IRP - Obligations	\$ 290.1	\$ 313.9	\$ 318.7	\$ 303.8	\$ 301.6	\$ 318.5	\$ 1,846.6		
Total Approved IRP - Expenditures (1)	\$ 290.1	\$ 207.1	\$ 254.5	\$ 339.9	\$ 338.4	\$ 144.8	\$ 1,574.8	\$ 271.9	\$ 1,846.6

Remainder of Infrastructure Renewal Program (Unfunded IRP)

	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011+	Grand Total
Capital Projects								
Rolling Stock: Bus	\$ -	\$ -	\$ 30.0	\$ 62.4	\$ 55.9	\$ -	\$ 148.3	
Rolling Stock: Rail	-	-	-	3.3	1.1	33.2	37.6	
Passenger Facilities	-	7.5	7.0	7.1	11.5	1.3	34.3	
Maintenance Facilities	-	1.2	9.7	29.4	17.6	22.5	80.5	
Systems	-	11.0	18.1	8.4	10.3	17.8	65.5	
Track and Structures	-	4.2	7.1	13.3	23.3	22.5	70.5	
Information Technology	-	1.4	4.0	5.9	5.0	3.1	19.5	
Program Management and Support	-	-	-	7.5	15.0	41.0	68.5	
Preventive Maintenance	-	-	-	-	-	0.2	0.2	
Subtotal: Capital Projects	\$ -	\$ 25.4	\$ 80.9	\$ 137.3	\$ 139.6	\$ 141.6	\$ 524.9	
Financing Expenses								
TIFIA Financing Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Vertical Transportation Financing Expenses	-	-	-	-	-	-	-	
Subtotal: Financing Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Total Remainder of IRP - Obligations	\$ -	\$ 25.4	\$ 80.9	\$ 137.3	\$ 139.6	\$ 141.6	\$ 524.9	
Total Remainder of IRP - Expenditures	\$ -	\$ 6.6	\$ 27.8	\$ 63.7	\$ 94.8	\$ 114.1	\$ 307.0	\$ 217.9

(1) The FY2005 IRP will continue to be managed on an obligation basis. For the purposes of calculated expenditures over the 6-year period, the FY2005 IRP is considered expended and will be managed independently of the remainder of the Metro Matters program.

Metro Matters Funding Agreement

Combined Infrastructure Renewal Program (IRP)

(In Millions)

	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011+	Grand Total
Capital Projects								
Rolling Stock: Bus	\$ 43.3	\$ 52.8	\$ 64.8	\$ 85.6	\$ 69.9	\$ 72.6		\$ 389.0
Rolling Stock: Rail	\$ 5.4	\$ 0.8	\$ -	\$ 3.3	\$ 1.1	\$ 33.2		\$ 43.9
Passenger Facilities	\$ 67.2	\$ 59.5	\$ 56.9	\$ 38.5	\$ 34.0	\$ 68.4		\$ 324.5
Maintenance Facilities	\$ 34.5	\$ 22.8	\$ 23.4	\$ 44.0	\$ 26.2	\$ 68.5		\$ 219.4
Systems	\$ 74.8	\$ 41.5	\$ 58.2	\$ 37.6	\$ 27.7	\$ 82.6		\$ 322.3
Track and Structures	\$ 19.4	\$ 14.5	\$ 17.4	\$ 22.5	\$ 32.3	\$ 43.0		\$ 149.2
Information Technology	\$ 4.7	\$ 3.4	\$ 6.0	\$ 6.9	\$ 6.0	\$ 8.1		\$ 35.1
Program Management and Support	\$ 14.1	\$ 10.4	\$ 13.1	\$ 14.4	\$ 19.0	\$ 56.8		\$ 127.8
Preventive Maintenance	\$ 20.7	\$ 20.7	\$ 20.7	\$ 20.7	\$ 20.7	\$ 20.9		\$ 124.4
Subtotal: Capital Projects	\$ 284.1	\$ 226.5	\$ 260.4	\$ 273.5	\$ 236.9	\$ 454.1		\$ 1,736.5
Financing Expenses								
TIFIA Financing Expenses	\$ -	\$ 106.8	\$ 133.2	\$ 161.6	\$ 198.4	\$ -		\$ 600.0
Vertical Transportation Financing Expenses	\$ 6.0	\$ 6.0	\$ 6.0	\$ 6.0	\$ 6.0	\$ 6.0		\$ 36.0
Subtotal: Financing Expenses	\$ 6.0	\$ 112.8	\$ 139.2	\$ 167.6	\$ 204.4	\$ 6.0		\$ 636.0
Total Combined IRP (obligations)	\$ 290.1	\$ 339.3	\$ 399.6	\$ 441.1	\$ 441.2	\$ 460.1		\$ 2,371.5
Total Expenditures (1)	\$ 290.1	\$ 213.7	\$ 282.3	\$ 403.6	\$ 433.2	\$ 258.9	\$ 488.9	\$ 2,371.5

(1) The FY2005 IRP will continue to be managed on an obligation basis. For the purposes of calculated expenditures over the 6-year period, the FY2005 IRP is considered expended and will be managed independently of the remainder of the Metro Matters program.

**ATTACHMENT 3B
(SUMMARY)**

Rail Car and Facilities

ATTACHMENT 3B describes the obligations and expenditures for the projects contained in the Rail Car Program broken down by work to be done and expenditures for each fiscal year. Shaded portions of the table correspond to anticipated expenditures.

ATTACHMENT 3B

Metro Matters Funding Agreement

(In Millions)

Second Urgent Priority: Rail Car Program

	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011+	Total
Vehicles								
• 120 rail cars (6000 series rail car option)	• exercise option for 120 rail cars \$ 27.9	• 24 rail cars delivered \$ 55.4	• 72 rail cars delivered \$ 101.2	• 24 rail cars delivered \$ 30.9	• 8.5	• 3.4	• 1.9	\$ 229.1
Facilities								
• New Carrollton Yard	• construct maintenance facilities	• complete maintenance facilities						
• Brentwood Yard	• design additional maintenance capacity	• move shop to Greenbelt construction	• complete maintenance facilities	• contract close-out				
• Greenbelt Yard	• design additional maintenance capacity	• move shop from Brentwood construction	• complete maintenance facilities	• contract close-out				
• Shady Grove Yard	• design additional maintenance capacity	• construct maintenance facilities	• complete maintenance facilities	• contract close-out				
Subtotal: Facilities	\$ 0.4	\$ 59.1	\$ 59.8	\$ 10.3				\$ 129.6
Systems								
• Traction Power	• design systems \$ 10.4	• procure and test \$ 101.6	• test and implement upgrades \$ 98.6	• complete upgrades \$ 24.8				\$ 235.5
• Precision Stopping	• design systems \$ 0.5	• procure and test \$ 3.1	• test and implement upgrades \$ 2.4	• complete upgrades \$ 0.5				\$ 6.6
Subtotal: Systems	\$ 10.9	\$ 104.7	\$ 101.0	\$ 25.4	\$ -	\$ -	\$ -	\$ 242.0
Total Expenditures	\$ 39.2	\$ 219.1	\$ 262.0	\$ 66.6	\$ 8.5	\$ 3.4	\$ 1.9	\$ 600.6
Total Obligations	\$ 420.2	\$ 99.3	\$ 81.2	\$ -	\$ -	\$ -	\$ -	\$ 600.6

ATTACHMENT 3B

**ATTACHMENT 3C
(SUMMARY)**

Bus and Facilities

ATTACHMENT 3C describes the obligations and expenditures for the projects contained in the Bus Program broken down by work to be done and expenditure for each fiscal year. Shaded portions of the table correspond to anticipated expenditures.

Metro Matters Funding Agreement

(In Millions)

Third Urgent Priority: Bus Program

	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011+	Total
Vehicles								
• Procurement of up to 185 buses	• procure up to 185 buses	• 25 buses delivered \$ 11.9	• 25 buses delivered \$ 12.3	• 30 buses delivered \$ 15.1	• 40 buses delivered \$ 20.7	• 65 buses delivered \$ 34.6		\$ 94.6
Garages								
• Construct a new garage in Virginia	• design and NEPA \$ 3.2	• construction \$ 8.9	• construction \$ 20.6	• complete garage \$ 16.2				\$ 48.9
Customer Facilities								
• Bus Stop Improvements	• design	• installation	• installation	• installation	• complete install.			
• Transit Centers with ITS	• design and NEPA \$ 3.8	• procurement \$ 5.8	• construction \$ 6.0	• construction \$ 6.1	• complete constr. \$ 6.3			\$ 28.0
Total Expenditures	\$ 7.0	\$ 26.6	\$ 38.9	\$ 37.4	\$ 27.0	\$ 34.6	\$ -	\$ 171.5
Total Obligations	\$ 22.3	\$ 26.2	\$ 64.1	\$ 29.3	\$ 29.6	\$ -	\$ -	\$ 171.5

Note: Procure 50 buses in FY 2006 and FY 2007, with options for up to 135 additional buses.
 Bus program to be reviewed based on analysis of bus route structuring in December 2005 and December 2007.

**ATTACHMENT 3D
(SUMMARY)**

Security Program

ATTACHMENT 3D describes the obligations and expenditures for the projects contained in the Security Program broken down by work to be done and expenditure for each fiscal year. Work will be performed on this element if and when federal funding for this element is received by WMATA. Shaded portions of the table correspond to anticipated expenditures.

Security Program

(In Millions)

	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011+	Total
Back-Up Operations Control Center (OCC)								
• Construct / rehab. facilities	\$ 2.3	\$ 17.6	\$ 22.7	\$ 17.9	\$ 2.0	\$ -	\$ -	\$ 62.5
Other Security Initiatives								
• Chemical / Biological Detection	1.0	6.0	6.0	6.0	1.0	-	-	20.0
• Expand Intrusion Detection Systems to Bus Facilities	0.6	2.4	2.4	0.6	-	-	-	6.0
• Decontamination	0.2	0.8	0.8	0.2	-	-	-	2.0
• Additional Cameras on Buses	1.3	5.2	5.2	1.3	-	-	-	13.0
• MTPD Equipment	0.3	0.5	0.5	0.5	0.5	0.3	-	2.6
• Card Access/Intrusion Monitoring at Field Locations	0.5	1.0	2.0	1.5	-	-	-	5.0
• Customer & Employee Communication	0.1	0.2	0.2	-	-	-	-	0.5
• Upgrade Public Address System at Rail Stations	3.2	4.8	5.8	6.8	6.8	4.6	-	32.0
Subtotal	7.2	20.9	22.9	16.9	8.3	4.9	-	81.0
Total Expenditures	\$ 9.5	\$ 38.5	\$ 45.6	\$ 34.8	\$ 10.3	\$ 4.9	\$ -	\$ 143.5
Total Obligations	\$ 46.5	\$ 74.0	\$ 23.0	\$ -	\$ -	\$ -	\$ -	\$ 143.5

Note: It is assumed that this program will be 100% federally funded.

ATTACHMENT 4 (SUMMARY)

Introduction to Integrated Financial Plan

ATTACHMENT 4 begins by describing the four elements of the Metro Matters Program and provides the funding priority for each element. The second portion of the attachment demonstrates how the funding gap between the funds needed to cover all portions of the Metro Matters and the amounts currently pledged by the federal government and the Contributing Jurisdictions is resolved. Finally, the attachment introduces three other attachments that describe the Integrated Funding Plan and a longer-term view of the needs of WMATA.

ATTACHMENT 4

Metro Matters Funding Agreement

The Board established a 6-year capital plan totaling \$3.3 billion. For planning purposes the Board committed to fund \$1.8 billion. The remaining \$1.5 billion was unfunded and subdivided into four urgent, unfunded priorities:

- 1st Urgent Priority – Unfunded IRP
- 2nd Urgent Priority – Rail Car Program
- 3rd Urgent Priority – Bus Program
- 4th Urgent Priority – Security Program

The Authority proposes to close the gap with the Metro Matters Funding Agreement and Integrated Financial Plan, as shown below.

Metro Matters Funding Agreement

Summary of Steps Used to Close Metro Matters Funding Gap (In Millions)

	Gap Closing Measure	Cumulative Gap
Starting 6-Year Metro Matters Funding Gap (1)		1,441
Add: Credit Facility	(12)	1,453
Add: Reduction in Internally Generated Funds	(7)	1,460
Subtract: Security Funded Entirely by Federal Government	144	1,316
Subtract: Convert to Cash Flow: Funded IRP	272	1,044
Subtract: Convert to Cash Flow: Unfunded IRP	218	826
Subtract: Convert to Cash Flow: Rail Car Program	2	824
Subtract: Local/State Funding for Unfunded IRP at Expenditure Levels	307	517
Subtract: Additional Federal Funding (2)	260	257
Subtract: Proceeds from Financing Mechanisms	257	
Remaining 6-Year Gap		0
Federal Share of Gap Closing Funds	404	28%
Local Share of Gap Closing Funds	1,056	73%
Local Share of Gap Closing: Cash	564	39%
Local Share of Gap Closing: Conversion to Cash Flow	492	34%

(1) 6-Year Gap composed of the Unfunded IRP (\$524.9M), the Rail Car Program (\$600.6M), the Bus Program (\$171.5M), and the Security Program (\$143.5M).

(2) Up to \$260 million in additional federal grants assumed to be generated from reauthorization. Amounts from reauthorization below \$260 million will be offset through the use of grant anticipation debt.

The sources and uses tables, shown on Attachment 4A, shows the annual program expenditures, the annual funding by source, and the level of debt the Authority will take on for the 6-year program. Attachment 4B shows the annual program expenditures, the annual funding by source, and the level of debt the Authority will take on for the Metro Matters Funding Agreement and the outyear funding requirements necessary to maintain the 89.5-mile system.

**ATTACHMENT 4A
(SUMMARY)**

Integrated Financial Plan

ATTACHMENT 4A is the Integrated Financial Plan. It shows the allocation of the sources of funds and the use of funds over the six-year term of the Metro Matters Program along with the expenditures for work obligated during that term. It sets out when debt will need to be issued, the assumptions relating to the debt issuances, and the estimated repayment schedule.

Metro Matters Financial Plan (1)

(\$ millions)

Program Year

WMATA Fiscal Year (ending June 30.)

USES	1 2005	2 2006	3 2007	4 2008	5 2009	6 2010	7 2011	8 2012	9 2013	10 2014	11 2015	12 2016	13 2017	14 2018	15 2019	16 2020	17 2021	18 2022	19 2023	20 2024	20-Year Total	6-Year Total	FY 2011- FY 2024
CASH DISBURSEMENTS FOR PROJECTS																							
1 IRP	290.1	213.7	282.2	403.4	433.2	258.9	200.9	135.4	82.9	32.3	21.2	17.3	-	-	-	-	-	-	-	-	2,371.5	1,881.6	489.9
2 SAP - RAIL	39.2	219.2	282.0	66.5	8.5	3.4	1.9	-	-	-	-	-	-	-	-	-	-	-	-	-	600.6	598.7	1.9
3 SAP - BUS	7.0	26.6	38.9	37.4	27.0	34.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	171.5	171.5	-
4 SEP - PLANNING	3.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3.0	3.0	-
5 CREDIT FACILITY AND CP PROGRAM FEES	2.0	2.0	2.0	2.0	2.0	2.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12.0	12.0	-
6 SUBTOTAL CASH EXPENDITURES	341.3	461.5	585.1	509.3	470.7	295.9	202.8	135.4	82.9	32.3	21.2	17.3	-	-	-	-	-	-	-	-	3,155.6	2,666.8	491.8
CASH DISBURSEMENTS FOR DEBT SERVICE																							
7 SUBTOTAL DEBT SERVICE	-	12.2	26.3	36.9	45.8	232.0	49.6	48.8	48.8	48.8	48.8	47.3	45.7	35.1	27.6	23.1	23.1	23.1	23.1	12.5	885.5	353.1	505.4
8 TOTAL USES OF FUNDS	341.3	473.7	611.3	546.2	516.5	530.9	252.4	184.2	131.8	81.1	70.0	64.5	45.7	35.1	27.6	23.1	23.1	23.1	23.1	12.5	4,017.1	3,019.9	997.1
SOURCES																							
9 BASE CASH SOURCES																							
10 FEDERAL FORMULA GRANT FUNDS	159.4	173.3	183.6	195.1	210.2	227.3	54.3	-	-	-	-	-	-	-	-	-	-	-	-	-	1,203.1	1,148.8	54.3
11 FEDERAL DISCRETIONARY GRANT FUNDS	-	-	65.0	65.0	65.0	65.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	260.0	260.0	-
12 STATE AND LOCAL FUNDS	102.5	132.0	141.7	164.8	178.7	198.0	198.0	184.2	131.8	81.1	70.0	64.5	45.7	35.1	27.6	23.1	23.1	23.1	23.1	12.5	1,860.4	917.6	942.8
13 MISC INTERNAL CIP FUNDING SOURCES	31.3	13.7	19.7	6.0	6.0	6.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	82.7	82.7	-
14 SUBTOTAL BASE CASH SOURCES	293.1	319.0	409.9	430.8	459.8	496.3	252.4	184.2	131.8	81.1	70.0	64.5	45.7	35.1	27.6	23.1	23.1	23.1	23.1	12.5	3,406.2	2,409.1	997.1
DEBT AND RELATED CAPITAL SOURCES																							
15 SUBTOTAL DEBT SOURCES	48.2	154.6	201.4	115.4	58.6	34.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	610.9	610.9	-
16 TOTAL SOURCES OF FUNDS	341.3	473.7	611.3	546.2	516.5	530.9	252.4	184.2	131.8	81.1	70.0	64.5	45.7	35.1	27.6	23.1	23.1	23.1	23.1	12.5	4,017.1	3,019.9	997.1
FUNDING BY JURISDICTION																							
17 DISTRICT OF COLUMBIA	37.6	48.4	51.9	60.4	65.4	72.5	72.5	67.5	48.3	29.7	25.6	23.6	16.7	12.8	10.1	8.5	8.5	8.5	8.5	4.6	681.5	336.2	345.3
18 MONTGOMERY COUNTY	17.2	22.5	24.1	28.1	30.4	33.7	33.7	31.4	22.5	13.8	11.9	11.0	7.8	6.0	4.7	3.9	3.9	3.9	3.9	2.1	316.8	156.1	160.7
19 PRINCE GEORGE'S COUNTY	19.7	24.9	26.7	31.0	33.7	37.3	37.3	34.7	24.8	15.3	13.2	12.2	8.6	6.6	5.2	4.3	4.3	4.3	4.3	2.3	350.8	173.2	177.6
20 MARYLAND SUBTOTAL	36.9	47.4	50.8	59.1	64.1	71.0	71.0	66.1	47.3	29.1	25.1	23.2	16.4	12.6	9.9	8.3	8.3	8.3	8.3	4.5	687.6	329.3	338.3
21 ALEXANDRIA	4.6	5.9	6.3	7.3	7.9	8.8	8.8	8.2	5.8	3.6	3.1	2.9	2.0	1.6	1.2	1.0	1.0	1.0	1.0	0.6	82.5	40.7	41.8
22 ARLINGTON	8.7	11.5	12.3	14.3	15.5	17.2	17.2	16.0	11.5	7.1	6.1	5.6	4.0	3.0	2.4	2.0	2.0	2.0	2.0	1.1	161.5	79.6	81.9
23 CITY OF FAIRFAX	0.2	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.3	0.2	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	3.6	1.8	1.8
24 FAIRFAX COUNTY	14.2	18.3	19.7	22.9	24.8	27.5	27.5	25.6	18.3	11.3	9.7	9.0	6.3	4.9	3.8	3.2	3.2	3.2	3.2	1.7	258.5	127.5	131.0
25 FALLS CHURCH	0.3	0.4	0.4	0.5	0.5	0.6	0.6	0.5	0.4	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	5.2	2.6	2.6
26 VIRGINIA SUBTOTAL	27.9	36.3	39.0	45.3	49.1	54.5	54.5	50.6	36.2	22.3	19.2	17.7	12.6	9.6	7.6	6.3	6.3	6.3	6.3	3.4	511.3	252.1	259.2
27 TOTAL	102.5	132.0	141.7	164.8	178.7	198.0	198.0	184.2	131.8	81.1	70.0	64.5	45.7	35.1	27.6	23.1	23.1	23.1	23.1	12.5	1,860.4	917.6	942.8
OUTSTANDING METRO MATTERS DEBT																							
28	48.9	200.8	395.1	497.8	535.6	365.7	336.9	307.2	275.9	242.9	208.1	172.9	137.3	110.4	89.3	71.6	52.8	32.9	11.8	0.0			

Footnotes:

- (1) Does not include Security Program, the implementation of which is dependent upon full Federal funding of the Security Program
- (2) Shaded FY 2005 figures are shown for display purposes only and are not subject to the Metro Matters Funding Agreement.
- (3) FY 2005 IRP is presented on an obligation basis. Expenditures resulting from FY 2005 IRP obligations are not included in FY 2006 and beyond.
- (4) Does not include reimbursable projects such as Dulles or the Largo Extension. The FY 2005 SEP Planning is composed of \$1M in the SAP for bus enhancements and \$2M in the SEP for planning
- (5) Credit facility fees assume a two tier credit facility and commercial paper program totaling \$300 million through FY 2010.

- (6) Commercial paper program assumes 3% interest cost, bus system debt assumes 10-year term and all-in interest rate of 5.25%. Bus system debt is assumed for all SAP bus procurements and expenditures for IRP buses in FY 2008 and FY 2009. Rail system debt assumes 18-year term and all-in interest rate of 6%.
- (7) Federal formula funds are projected to grow at 2.75% after FY 2010.
- (8) Up to \$260 million in additional federal grants assumed to be generated from reauthorization. Amounts from reauthorization below \$260 million could be offset through the use of grant anticipation debt.
- (9) For the long-term debt case, state and local funding is projected to grow at 1.5% per year.
- (10) Miscellaneous Internal CIP Funding Sources includes capitalized fare revenue and interest earned on WMATA cash accounts

- (11) Summary total, see Attachment 4c for a detailed total
- (12) Allocation for FY 2005 IRP is per approved FY 2005 budget. A single allocation formula is applied to balance of the program, and is weighted average of total obligations of FY 2006 to FY 2010 IRP and entire bus and rail programs.
- (13) Debt figures include year-end outstanding principal for short-term (e.g. commercial paper) and long-term debt (e.g. certificates of participation) issued for the Metro Matters program in FY 2005 and after. Debt issued prior to FY 2005 is excluded.

**ATTACHMENT 4B
(SUMMARY)**

Integrated Financial Plan – Long Term

ATTACHMENT 4B shows the long term (FY 2005-2024) display of the sources and uses of funds for the Metro Matters Program and future IRP and System Expansion Program project development activities. The attachment also displays the timing and payment streams for debt issuances and the Jurisdictional Allocated Contributions. The footnotes contain various assumptions as to interest rates and contribution growth rates for federal formula and local contributions. The shaded portion of the chart demonstrates the outyear funding requirements for FY 2011-2024.

Metro Matters Financial Plan (1)

(\$ millions)		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	20-Year Total	6-Year Total	FY 2011- FY 2024
Program Year		2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024			
WMATA Fiscal Year (ending June 30,)																								
USES																								
CASH DISBURSEMENTS FOR PROJ (2)																								
1	IRP	290.1	213.7	282.2	403.4	433.2	258.9	307.8	402.8	482.9	486.3	454.2	471.0	450.3	387.5	306.3	354.8	417.4	511.4	477.2	537.2	7,971.6	1,881.6	6,090.0
2	SAP - RAIL	39.2	219.2	262.0	66.5	8.5	3.4	1.9	-	-	-	-	-	-	-	-	-	-	-	-	-	600.6	596.7	1.9
3	SAP - BUS	7.0	26.6	38.9	37.4	27.0	34.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	171.5	171.5	-
4	SEP - PLANNING	3.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3.0	3.0	-
5	CREDIT FACILITY and CP PROGRA (6)	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	40.0	12.0	28.0
6	SUBTOTAL CASH EXPENDITURES	341.3	461.5	595.1	809.3	470.7	298.9	391.7	404.8	484.9	488.3	486.2	473.0	482.3	389.5	311.3	386.8	419.4	513.4	479.2	539.2	8,786.7	2,866.8	6,119.9
CASH DISBURSEMENTS FOR DEBT (6)																								
7	SUBTOTAL DEBT SERVICE	-	12.2	26.3	36.9	45.8	232.0	48.8	48.8	48.8	48.8	48.8	47.3	45.7	137.2	146.4	23.1	23.1	23.1	23.1	12.6	1,098.6	353.1	745.5
8	TOTAL USES OF FUNDS	341.3	473.7	611.3	846.2	516.5	530.9	440.6	453.6	533.7	517.1	505.0	520.3	487.9	506.7	477.7	379.9	442.5	536.5	502.3	551.6	9,885.3	3,019.9	6,865.4
SOURCES																								
BASE CASH SOURCES																								
9	FEDERAL FORMULA GRANT FUND (7)	159.4	173.3	183.6	195.1	210.2	227.3	233.5	240.0	246.6	253.3	260.3	267.5	274.8	282.4	290.1	298.1	306.3	314.7	323.4	332.3	5,072.0	1,148.8	3,923.3
10	FEDERAL DISCRETIONARY GRANT (8)	-	-	65.0	65.0	65.0	65.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	260.0	260.0	-
11	STATE AND LOCAL FUNDS (9)	102.5	132.0	141.7	164.8	178.7	198.0	201.0	204.0	207.1	210.2	213.3	216.5	219.8	223.1	186.2	80.5	134.9	220.4	177.6	216.1	3,630.2	917.6	2,712.6
12	MISC INTERNAL CIP FUNDING SO (10)	31.3	13.7	19.7	19.7	6.0	6.0	6.0	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	105.6	82.7	22.9
13	SUBTOTAL BASE CASH SOURCES	293.1	319.0	409.9	430.8	459.8	496.3	440.5	445.3	454.9	464.8	474.9	485.3	493.9	506.7	477.7	379.9	442.5	536.5	502.3	551.6	9,067.8	2,409.1	6,658.7
DEBT AND RELATED CAPITAL SOURCES																								
14	SUBTOTAL DEBT SOURCES	48.2	154.6	201.4	115.4	56.6	34.6	0.0	8.3	78.8	52.3	30.1	35.0	2.0	-	-	-	-	-	-	-	817.6	610.9	206.7
15	TOTAL SOURCES OF FUNDS	341.3	473.7	611.3	846.2	516.5	530.9	440.6	453.6	533.7	517.1	505.0	520.3	487.9	506.7	477.7	379.9	442.5	536.5	502.3	551.6	9,885.3	3,019.9	6,865.4
FUNDING BY JURISDICTION (11)																								
16	DISTRICT OF COLUMBIA	37.6	48.4	51.9	60.4	65.4	72.5	73.6	74.7	75.8	77.0	78.1	79.3	80.5	81.7	68.2	29.5	49.4	80.7	65.0	79.9	1,329.6	336.2	993.5
17	MONTGOMERY COUNTY	17.2	22.5	24.1	28.1	30.4	33.7	34.3	34.8	35.3	35.8	36.4	36.9	37.5	38.0	31.7	13.7	23.0	37.6	30.3	37.2	618.4	156.1	462.2
18	PRINCE GEORGE'S COUNTY	19.7	24.9	26.7	31.0	33.7	37.3	37.9	38.4	39.0	39.6	40.2	40.8	41.4	42.0	35.1	15.2	25.4	41.5	33.4	41.1	684.2	173.2	511.0
19	MARYLAND SUBTOTAL	36.9	47.4	50.8	59.1	64.1	71.0	72.1	73.2	74.3	75.4	76.5	77.7	78.8	80.0	66.8	28.9	48.4	79.1	63.7	78.2	1,302.6	329.3	973.2
20	ALEXANDRIA	4.6	5.9	6.3	7.3	7.9	8.8	8.9	9.0	9.2	9.3	9.5	9.6	9.7	9.9	8.3	3.6	6.0	9.8	7.9	9.7	161.0	40.7	120.3
21	ARLINGTON	8.7	11.5	12.3	14.3	15.5	17.2	17.5	17.7	18.0	18.3	18.5	18.8	19.1	19.4	16.2	7.0	11.7	19.2	15.4	19.0	315.3	79.6	235.7
22	CITY OF FAIRFAX	0.2	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.2	0.3	0.4	0.3	0.4	7.0	1.8	5.2
23	FAIRFAX COUNTY	14.2	18.3	19.7	22.9	24.8	27.5	27.9	28.4	28.8	29.2	29.6	30.1	30.5	31.0	25.9	11.2	18.7	30.6	24.7	30.3	504.5	127.5	377.0
24	FALLS CHURCH	0.3	0.4	0.4	0.5	0.5	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.5	0.2	0.4	0.5	0.5	0.6	10.2	2.5	7.6
25	VIRGINIA SUBTOTAL	27.9	36.3	39.0	45.3	49.1	54.5	55.3	56.1	56.9	57.8	58.7	59.5	60.4	61.3	51.2	22.1	37.1	60.6	48.8	60.0	988.0	252.1	745.9
26	TOTAL	102.5	132.0	141.7	164.8	178.7	198.0	201.0	204.0	207.1	210.2	213.3	216.5	219.8	223.1	186.2	80.5	134.9	220.4	177.6	218.1	3,631.2	917.6	2,713.6
27	OUTSTANDING METRO MATTERS D (12)	48.9	200.8	395.1	497.8	535.6	365.7	337.7	316.5	385.5	388.3	388.4	394.1	367.3	245.1	89.3	71.6	52.8	32.9	11.8	0.0	-	-	-

Footnotes:

(1) Does not include Security Program. The implementation of which is dependent upon full Federal funding of the Security Program

(2) Shaded FY 2005 figures are shown for display purposes only and are not subject to the Metro Matters Funding Agreement.

(3) FY 2005 IRP is presented on an obligation basis. Expenditures resulting from FY 2005 IRP obligations are not included in FY 2006 and beyond.

(4) Does not include reimbursable projects such as Dulles or the Largo Extension. The FY2005 SEP Planning is composed of \$1M in the SAP for bus enhancements and \$2M in the SEP for planning

(5) Credit facility fees assume a two tier credit facility and commercial paper program totaling \$300 million through FY 2010.

(6) Commercial paper program assumes 3% interest cost, bus system debt assumes 10-year term and all-in interest rate of 5.25%. Bus system debt is assumed for all SAP bus procurements and expenditures for IRP buses in FY 2008 and FY 2009. Rail system debt assumes 18-year term and all-in interest rate of 6%.

(7) Federal formula funds are projected to grow at 2.75% after FY 2010.

(8) Up to \$260 million in additional federal grants assumed to be generated from reauthorization. Amounts from reauthorization below \$260 million could be offset through the use of grant anticipation debt.

(9) For the long-term display case, state and local funding is projected to grow at 1.5% per year.

(10) Miscellaneous Internal CIP Funding Sources includes capitalized fare revenue and interest earned on WMATA cash accounts

(11) Allocation for FY 2005 IRP is per approved FY 2005 budget. A single allocation formula is applied to balance of the program, and is weighted average of total obligations of FY 2006 to FY 2010 IRP and entire bus and rail programs.

(12) Debt figures include year-end outstanding principal for short-term (e.g. commercial paper) and long-term debt (e.g. certificates of participation) issued for the Metro Matters program in FY 2005 and after. Debt issued prior to FY 2005 is excluded.

**ATTACHMENT 4C
(SUMMARY)**

Details for Jurisdictional Allocated Contributions

ATTACHMENT 4C contains the detailed breakdown by Fiscal Year and Jurisdiction for each jurisdiction's Allocated Contributions for the Metro Matters Program.

Metro Matters Financial Plan

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	Program Year		FY 2011- FY 2024																			
																					WMATA Fiscal Year (ending June 30.)																			Total	6-Year Total	
																					FUNDING BY JURISDICTION																					
(1)																																										
DISTRICT OF COLUMBIA																																										
MONTGOMERY COUNTY																																										
PRINCE GEORGE'S COUNTY																																										
MARYLAND SUBTOTAL																																										
ALEXANDRIA																																										
ARLINGTON																																										
CITY OF FAIRFAX																																										
FAIRFAX COUNTY																																										
FALLS CHURCH																																										
VIRGINIA SUBTOTAL																																										
TOTAL																																										
OUTSTANDING METRO MATTERS DEBT																																										

Footnotes:
(1) Allocation for FY 2005 IRP is per approved FY 2005 budget. A single allocation formula is applied to balance of the program, and is weighted average of total obligations of FY 2006 to FY 2010 IRP and entire bus and rail programs.

**ATTACHMENT 5
(SUMMARY)**

FY 2005 Work Plan and Budget

ATTACHMENT 5 shows the Annual Work Plan for FY 2005. Page A-5(ii) shows the work that will be begun in FY 2005 and page A-5(iii) shows the amount of funding required for the fiscal year from each jurisdiction. Any scheduled debt issuances are also listed. The IRP for FY 2005 is shown on an obligation basis while all other program elements are based on cash expenditures.

FY 2005 Work Plan: Programming

(in millions \$)

Infrastructure Renewal Program Protecting WMATA's investment in those capital assets that provide safe and reliable transportation.		
Capital Projects		
• Rolling Stock: Bus	\$	43.3
• Rolling Stock: Rail	\$	5.4
• Passenger Facilities	\$	67.2
• Maintenance Facilities	\$	34.5
• Systems	\$	74.8
• Track and Structures	\$	19.4
• Information Technology	\$	4.7
• Program Management and Support	\$	14.1
• Preventive Maintenance	\$	20.7
Subtotal: Capital Projects	\$	284.1
Financing Expenses		
• TIFIA Financing Expenses	\$	-
• Vertical Transportation Financing Expenses	\$	6.0
Subtotal: Financing Expenses	\$	6.0
Total	\$	290.1

Rail Car Program Relieve crowding and meet ridership growth by procuring rail cars and upgrading necessary systems.		
Vehicles		
• Exercise option for 120 rail cars	\$	27.9
Facilities		
• Brentwood, Greenbelt, New Carrollton, and Shady Grove rail yards		
• Complete designs for expanded maintenance and storage capacity	\$	0.4
Systems		
• Complete designs for increased traction power and improved precision stopping	\$	10.9
Total	\$	39.2

Bus Program Keep pace with ridership growth and improve service by procuring buses and improving passenger facilities.		
Vehicles		
• Procure up to 185 buses	\$	-
Garage		
• Design and conduct environmental work for new bus maintenance and storage garage in Virginia	\$	3.2
Customer Facilities		
• Design bus stop and transit center improvements	\$	3.8
Total	\$	7.0

System Expansion Program (SEP)		
System Expansion Program		
• Project Development	\$	3.0
Total	\$	3.0

Metro Matters Credit Facility Meets Anti-Deficiency Requirements and provides short-term liquidity		
Credit Facility		
• Commercial Paper/Letter of Credit	\$	2.0
Total	\$	2.0

Metro Matters Agreement: FY 2005 Funding	\$	341.3
---	-----------	--------------

Security Program Continue operations during an emergency and implement other security measures. Requires 100% federal funding.		
Back-Up Operations Control Center (OCC)		
• Construct & rehabilitate facilities	\$	2.3
Other Security Initiatives		
• Various Projects (refer to attachment 3-D)	\$	7.2
Total	\$	9.5

FY2005 Work Plan Jurisdictional Payment

(in millions \$)

Jurisdiction	Total Payment	Cash	Debt Service (1)(2)
DISTRICT OF COLUMBIA	\$ 37.6	\$ 37.6	\$ -
MONTGOMERY COUNTY	\$ 17.2	\$ 17.2	\$ -
PRINCE GEORGE'S COUNTY	\$ 19.7	\$ 19.7	\$ -
MARYLAND SUBTOTAL	\$ 36.9	\$ 36.9	\$ -
ALEXANDRIA	\$ 4.6	\$ 4.6	\$ -
ARLINGTON	\$ 8.7	\$ 8.7	\$ -
CITY OF FAIRFAX	\$ 0.2	\$ 0.2	\$ -
FAIRFAX COUNTY	\$ 14.2	\$ 14.2	\$ -
FALLS CHURCH	\$ 0.3	\$ 0.3	\$ -
VIRGINIA SUBTOTAL	\$ 28.0	\$ 28.0	\$ -
TOTAL	\$ 102.5	\$ 102.5	\$ -

(1) Debt issuance is anticipated in FY2005, with repayment not contemplated until FY2006, subject to market requirements

(2) Cost of issuance for the Credit Facility in FY2005 is from other eligible sources - not local cash contributions; such as, Misc Internal CIP or capitalization of issuance costs

**ATTACHMENT 6
(SUMMARY)**

Contributing Jurisdiction Debt Option

ATTACHMENT 6 describes the mechanics of implementing a WMATA debt issuance if one or more jurisdictions opts not to participate in the debt issuance.

Implementation of Metro Matters Funding Agreement Debt Option

As provided for under section 5(b)(4) of the Agreement, Contributing Jurisdictions may opt out of long-term debt issued by WMATA as part of the Metro Matters financial plan.

Long-term debt will include debt with a term longer than one year including, but not limited to, revenue bonds, certificates of participation, revenue anticipation notes and leases but excluding debt issued under the Commercial Paper Program.

Jurisdictions will not have the option to opt out of short-term debt and credit facilities (including the Commercial Paper Program) that WMATA will use to balance short-term cash flow requirements.

Each year WMATA will indicate its plans to issue long-term debt and provide for local jurisdictions to opt out as part of the annual work program approval process. WMATA will make its best efforts to estimate the debt issue's par amount, net proceeds, structure, the anticipated average interest rate and cost of issuance, and timing to facilitate local decision-making.

Any local jurisdiction that chooses to opt out of the debt issue will fund its proportion of the net proceeds in cash on or before the date of closing of the debt issue. The jurisdiction's share of the proposed net proceeds will be determined by the Metro Matters Program allocation formula.

The debt service for the bond issue will be paid by the remaining jurisdictions according to their pro rata share, as determined by the Metro Matters Program allocation formula.

Example:

In FY 2006, the Metro Matters Financial Plan indicates a need for \$120 million in debt financing. WMATA plans to issue long-term debt to meet this need and estimates annual debt service of \$9.6 million per year. Jurisdiction A, whose share of the Metro Matters formula is 20% chooses to opt out of the debt and informs WMATA in writing of that decision during the approval period for the annual work program.

At closing of the bond issue, Jurisdiction A provides \$24 million (20% of \$120M) to WMATA and WMATA funds the balance with the proceeds of the bond issue.

ATTACHMENT 6 (continued)

The size of the bond issue is reduced to net \$96 million. Debt service is set at \$7.7 million per year.

Jurisdiction A has no further obligation regarding this debt issue. The remaining jurisdictions will make capital contributions to WMATA when billed so WMATA can make timely payments to the lenders.

The following table portrays how the election of Jurisdiction A to opt out of the FY 2006 bond issue would affect the allocation of capital contributions for this debt issue among the remaining jurisdictions:

Debt Issue of \$120 million in 2006

Jurisdiction	Metro Matters Allocation	Initial Debt Service Estimate	Allocation for this Debt Issue After Opting	Final Debt Service
A	20.0%	\$1.9	0.0%	\$0.0
B	15.0%	\$1.4	18.8%	\$1.4
C	12.0%	\$1.2	15.0%	\$1.2
D	30.0%	\$2.9	37.5%	\$2.9
E	5.0%	\$0.5	6.3%	\$0.5
F	15.0%	\$1.4	18.8%	\$1.4
G	3.0%	\$0.3	3.8%	\$0.3
Total	100.0%	\$9.6	100.0%	\$7.7

Capital contributions for debt issues will be considered the “first in” funds from the local jurisdictions relative to annual and total funding caps. Annual funding caps for the opting out jurisdiction will be reduced by the estimated debt service that would be due if the Jurisdiction did not opt out. The balance of the local funding capacity will be used to pay project expenditures along with federal funds and other miscellaneous capital revenue sources.

The following tables show how Jurisdiction A’s cash contributions between FY 2006 – 2010 would be affected by its election to opt out of a \$120 million debt issue in FY 2006.

**ATTACHMENT 7
(SUMMARY)**

District of Columbia Controlling Agreement Provisions

ATTACHMENT 7 identifies provisions of the Local Funding Agreement for Metro Matters (DCLFA) entered into by and between the District of Columbia and the Washington Metropolitan Area Transit Authority pursuant to Section 5(e) of this Agreement that will control the implementation of the District of Columbia's obligations, representations and warranties to the extent of any inconsistency between this Agreement and the DCLFA.

District of Columbia Controlling Agreement Provisions

Identification of controlling DCLFA terms in the event of inconsistency:

Section 1(5)	DEFINITIONS: Capital Funds
Section 1(6)	DEFINITIONS: Capital Projects
Section 2(a)	METRO MATTERS PROGRAM: Agreement of the Parties
Section 5(a)(2)	IMPLEMENTATION OF CAPITAL FINANCIAL PLAN: Cash Sources: Non-Federal Funds
Section 5(a)(4)	IMPLEMENTATION OF CAPITAL FINANCIAL PLAN: Cash Sources: D.C. Limitation
Section 5(c)(1)	IMPLEMENTATION OF CAPITAL FINANCIAL PLAN: Contributing Jurisdiction Commitment: General
Section 5(c)(4)(B)	IMPLEMENTATION OF CAPITAL FINANCIAL PLAN: Contributing Jurisdiction Commitment: Debt Service Costs: Issuance of Debt
Section (6)(g)(1)	ANNUAL BUDGET RECONCILIATION PROCESS: Financial Records: Maintenance of Records
Section 9(c)	EFFECTIVE DATE AND TERM OF AGREEMENT: Amendment
Section 17	SINGLE OBLIGATION
Section 18	CONTROLLING AGREEMENT