

9. Capital Area Regional Tolling Authority Loan and Staffing Services () (Est. Time:)



Policy & Innovation Committee

Meeting Date: March 10, 2025

Agenda Item No. 9

Capital Area Regional Tolling Authority Loan and Staffing Services

Information

Author: Erik Johnson

Attachments: Yes

Referring Committee: Not Applicable

Issue:

Starting in July 2024, SACOG has provided staffing services to the Capital Area Regional Tolling Authority (CARTA) on a cost-reimbursement basis. SACOG also provided an initial loan to CARTA, and CARTA is requesting another loan from SACOG.

Request:

Review & Discuss at Meeting

Recommendation for Board:

None; this item is for information only

Recommendation for Committee:

None; this item is for information and discussion.

Background:

CARTA Formation

The impetus to create CARTA occurred in the middle of Fiscal Year (FY) 2023-2024, when Yolo Transportation District (YTD) and Caltrans approached SACOG to apply to the California Transportation Commission for the initial authority to develop tolled lanes on Interstate 80 between Davis and Sacramento (the Yolo80 project).

SACOG, as the Regional Transportation Planning Agency (RTPA) for Sacramento, Sutter, Yolo and Yuba counties, is required under state law to authorize the formation of a regional tolling authority within those counties. SACOG also has ongoing responsibilities to ensure that tolling projects are consistent with the region's long-range transportation plan. In January 2024, the board approved a Joint Powers Agreement with SACOG, YTD, and the California Department of Transportation (Caltrans) to form CARTA.

Funding

For that initial few months before CARTA was able to adopt an independent budget, SACOG absorbed costs and the board approved spending \$75,000 on direct costs for CARTA during that period. In March 2024, CARTA requested that SACOG provide contracted staffing services to CARTA starting in July 2024. The SACOG board approved this as part of SACOG's draft budget, and also discussed a request from CARTA for a loan to

fund first-year startup costs.

Last April, with authorization from the SACOG board, SACOG loaned CARTA \$1.3 million from the SACOG Managed Fund. Per the approved Fund Balance Policy (as shown in Attachment A), SACOG may enter into loan agreements where there is a need for financing and/or cash flow. A copy of the executed loan agreement and promissory note is attached (Attachment B). The terms of the loan entitle SACOG to be repaid, with interest, based on the rate that SACOG would otherwise receive from the funds remaining in the Sacramento County Pooled Investment Fund.

SACOG's Managed Fund is a subset of SACOG's unassigned fund balance. The Managed Fund has been used to accumulate funds from local agencies for reimbursement of projects originally expected to have been completed with local funds but were instead funded with available federal funds. Through these reimbursement arrangements, SACOG has been able to accumulate flexible local funds without the burden of state and federal restrictions and processes.

As of June 30, 2024, the SACOG Managed Fund has an unassigned balance of \$9,149,413. Based on replenishment from prior loans paid back to the SACOG Managed Funds, plus interest earned, the unassigned balance grew from \$9.0 million in June 2022, to \$10.3 million in June 2023.

Staffing

SACOG currently staffs CARTA on a cost-reimbursement basis and provides toll program management, executive direction, and administrative services. As CARTA's primary activities transition from toll policy to toll system implementation and operations, SACOG is not as well suited to staff CARTA. SACOG will continue to provide transportation planning staff for CARTA through December 2025, but a new staffing solution for toll system implementation and operations is needed for 2026 and beyond. CARTA agrees with the staffing transition from SACOG planning staff, but has requested that SACOG continue to provide administrative and finance support services, and some management oversight. At their December 2024, meeting, the CARTA board discussed staffing structure options. Much of that discussion centered around the importance of having an executive director for CARTA, while being mindful of costs.

Discussion/Analysis:

Funding

Ultimately, toll revenue will fund CARTA's operating costs, however, startup funding is needed until toll collection begins in 2028. While the Yolo 80 construction costs are fully funded, the project budget does not include any funding for CARTA's operating costs.

Based on the actual costs coming in lower than expected or being deferred into the upcoming fiscal year, CARTA will carry over \$600,000 of revenue from the original SACOG loan into FY 2025-2026. CARTA's total operating expenses are forecasted to be about \$1.6 million in FY 2025-2026, leaving about a \$1 million funding gap. SACOG has received a request from CARTA for an additional loan not to exceed \$1.3 million.

HNTB (CARTA's tolling consultant) is developing a more detailed multiyear forecast of CARTA's expenses that will help inform the forecasted expenditures between now and when toll collection begins on Yolo80. CARTA will review this information later this year, which will be critical in developing budgets beyond the next fiscal year.

Although the specific multiyear expenditure forecast is not done, there are no committed revenues for CARTA

operations before toll collection begins beyond the existing loan from SACOG. In general, there are two options for these revenues: an additional loan or contributions from current or future CARTA members.

The CARTA board has requested that the executive staff of each current and future CARTA member identify options for financial support from each current and future member of CARTA, but no other partners have yet indicated the ability to provide financial support. Staff believes that a second loan is within SACOG's capacity. As a member of CARTA, we believe that this loan and the staff services that it funds are in the best interest of SACOG. SACOG management is supportive of providing an additional loan to CARTA, but has also made it clear to the other partners that a loan from SACOG after this year will not be recommended.

Staff will return in April with a draft loan agreement and promissory note similar to the existing document. If the board is supportive of the loan, the executive director will execute the loan and promissory note with CARTA.

Staffing

Since SACOG staff officially began providing contract staffing services to CARTA in July 2024, the service has worked well for CARTA and SACOG. CARTA has been able to get immediate access to staff and only pay for actual time worked. SACOG has been able to lend expertise of its staff in the areas of transportation planning, operations, and finance.

Costs for CARTA have not been as high as projected, and some contract work started later than expected, so CARTA will not utilize the full loan amount in this fiscal year. Now that SACOG and CARTA have about a year of experience working together, SACOG staff is recommending that CARTA begin to plan for specialized tolling staff and build a more comprehensive staffing plan beyond the upcoming fiscal year.

At its February board meeting, the CARTA board heard a presentation on staffing and gave direction to focus on SACOG technical staff phasing out of staffing CARTA by the third quarter of FY 2025-2026, and then hire a consultant to provide interim support until CARTA can hire an executive director in FY 2026-2027. The bulk of the remaining work for CARTA will be contracted out, in the form of a multiyear toll program consulting services contract and a series of on-call services contracts. SACOG will continue to provide finance and administrative support to CARTA through June 2027, though specific support will be revisited as part of developing the FY 2026-2027 budgets for SACOG and CARTA at this time next year.

Since CARTA is moving away from SACOG performing most staff functions, SACOG staff recommends that CARTA and SACOG sign a staffing agreement to clearly spell out SACOG staff's roles and responsibilities moving forward. Staff will develop an agreement and bring it back to both boards for approval this spring.

Fiscal Impact/Grant Information:

Included in the Overall Work Program (OWP)/Budget, Other (explain below)

The draft FY 2025-2026 SACOG budget assumes that SACOG staff will provide contracted services to CARTA on a cost-reimbursement basis. If SACOG provides another loan to CARTA, there is no impact on SACOG's annual budget; the loan would come from unassigned fund balance in the SACOG Managed Fund.

List of Attachments:

A – Fund Balance Policy

B – Loan Agreement & Promissory Note

SACRAMENTO AREA COUNCIL OF GOVERNMENTS FUND BALANCE POLICY

Revised May 2021

I. PURPOSE

SACOG believes that sound financial management principles require that sufficient funds be retained by the Agency to provide a stable financial base at all times. To retain this stable financial base, SACOG needs to maintain a fund balance that is sufficient to fund all cash flows of the Agency, to provide financial reserves for unanticipated expenditures and/or revenue shortfalls of an emergency nature, and to provide funds for all existing encumbrances.

The purpose of this policy is to establish a key element of the financial stability of SACOG by setting guidelines for fund balance. Fund balance is an important measure of economic stability. It is essential that SACOG maintain adequate levels of fund balance to mitigate financial risk that can occur from unforeseen revenue fluctuations, unanticipated expenditures, and similar circumstances. The fund balance also provides cash flow liquidity for the general operations of the Agency. In addition, this policy addresses SACOG's requirements under Governmental Accounting Standards Board Statement No. 54 (GASB 54) surrounding the composition of fund balance, including the establishment and use of the various components of fund balance.

II. DEFINITION

Fund Balance – A government fund's fund balance is the difference between its assets, deferred outflows and its liabilities and deferred inflows.

Fund balance Components – An accounting distinction is made between the portions of fund equity that are spendable and nonspendable. Under GASB 54, these are broken up into five categories:

- A. **Nonspendable Fund Balance** – Amounts that are (a) not in a spendable form, such as prepaid items, inventories of supplies, or loans receivable; or (b) legally or contractually required to be maintained intact, such as the principal portion of endowment.
- B. **Restricted Fund Balance** – Amounts that can be spent only for specific purposes stipulated by (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- C. **Committed Fund Balance** – Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level

of decision-making authority and remain binding unless removed in the same manner.

- D. **Assigned Fund Balance** – Amounts that are constrained by the government's intent to be used for specific purposes, but that are neither restricted nor committed. Such intents need to be established at either the highest level of decision making, or by an official designated for that purpose.
- E. **Unassigned Fund Balance** – is the residual classification of the general fund and includes all amounts not contained other classifications. Unassigned amounts are technically available for any purpose.

III. POLICIES

A. **General Policies**

1. Maintaining adequate fund balance reserves is an essential part of sound financial management. SACOG realizes the importance of reserves in providing reliable service to its members, financing its operations, and funding emergencies should the need arise.
2. For committed fund balances, the highest level of decision- making authority is the Board of Directors; a Board resolution or motion is required to formally establish, modify, or rescind a fund balance commitment.
3. The board delegates to the executive director authority to assign, change, and manage unrestricted fund balance transactions going in and out of the funds where SACOG's intend for those amounts to be used for specific purposes. This delegation of authority is for the sole purpose of reporting these amounts in the annual financial statements.
4. It is the policy of SACOG that when an expenditure is incurred, and both restricted and unrestricted fund balance is available for the expenditure, that the expenditure reduces the restricted balance first and the unrestricted balance second.
5. It is the policy of SACOG that when an expenditure is incurred, and committed, assigned, or unassigned fund balance is available for the expenditure, that the expenditure reduces the committed balance first, the assigned fund balance second, and the unassigned fund balance last.
6. SACOG's Fund Balance Policy will be reviewed and reported back any recommended changes as a part of the annual budget process.

B. **Governmental Fund Definitions and Policies**

1. **Planning and Administration Funds (General Fund)**

The SACOG Planning and Administration Fund is SACOG's primary operating fund. It is used to account for SACOG's transportation planning and

administrative activities funded from various federal, state, and local sources. Under the umbrella of the Planning and Administrative fund is the Board and Advocacy budget, which is a separate budget approved by the SACOG Board of Directors at the same time the primary budget is approved.

Nonspendable Fund Balance

- This category is used for any funds that cannot be spent because of their form, such as prepaid expenses, inventories, or loan receivable.

Restricted Fund Balance

- This category is used for any funds in the Planning and Administration Fund that are constrained either by creditors, grantors, contributors, law or regulation, or limitations imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance

- *Board and Advocacy*

Revenue from member jurisdiction dues, and interest earned thereon, provides local discretionary funding, and is committed for Board and Advocacy costs. The funds accumulate over all fiscal years and can be used only at the discretion of the board. As part of the annual budget for Board and Advocacy, the Board of Directors also may choose to designate other funds, such as interest income from the Planning and Administrative Fund, for this purpose.

- *Community Design Grants*

The funds formerly maintained in the SACOG Managed Fund that are committed for Community Design Grant projects.

Assigned Fund Balance

- *Reserves*

The board delegates the executive director the authority to move funds between reserves.

- *Legal Defense*

This reserve, in the amount of \$500,000, is for costs to defend a legal action.

- *Capital Equipment*

This reserve will take the remainder of the unused annually capital budgeted and set aside for future capital equipment

purchase. As funds are required for capital equipment purchase, this fund may be used at the discretion of the executive director. Any unused funds shall be carried over into future fiscal year until a balance of \$300,000 is reached.

- *Contingencies*

A contingency fund shall be established and funded through the annual budgeting process. As funds are required for additional project work or as match for grants, this fund may be used at the discretion of the Executive Director. Any unused funds shall be carried over into future fiscal year until a balance of \$1,000,000 is reached.

Unassigned Fund Balance

These funds are the amounts in the Planning and Administration Fund not classified as nonspendable, restricted, committed, or assigned. Board action is required to change these policies.

- The unassigned fund balance includes a reserve for the cash required to keep SACOG operating for a period of three months. Annually, an analysis is done to determine the level at which the reserve should be funded for three months of current operations. Incremental funding will occur through the budgeting process as funds are available to fully fund up to the required level. The current 3 months operating expense is \$3,200,000.
- The unassigned fund balance also includes the SACOG Managed Fund (Managed Fund). The Managed Fund has been used to accumulate funds from local agencies for reimbursement of projects originally expected to have been completed with local funds but were instead funded with available Federal Funds. Through these reimbursement arrangements, SACOG has been able to accumulate flexible local funds without the burden of state and federal restrictions and processes. The Managed Fund can be used for spending on the committed projects in Community Design Program, funding exchanges, and loans to other projects that (a) would be significantly delayed or compromised by the requirements that accompany federal transportation funding; (b) ineligible for use of federal transportation funds; (c) need non-federal transportation funds as match for federal transportation funding; or (d) need financing and/or cash flow.
- The board delegates the executive director authority to borrow up to \$1,000,000 from the Managed Fund for SACOG's short term cash

flow needs, should that be necessary. However, the funds must be repaid back to Managed Fund by the end of each fiscal year.

2. Public Transportation Modernization, Improvement, and Service Enhancement Account

The Public Transportation Modernization, Improvement, and Service Enhancement Account Program (PTMISEA) was created by Proposition 1B, the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006. Of the \$19.925 billion available to Transportation, \$3.6 billion dollars was allocated to PTMISEA to be available to transit operators over a ten-year period. PTMISEA funds may be used for transit rehabilitation, safety or modernization improvements, capital service enhancements or expansions, new capital projects, bus rapid transit improvements, or rolling stock (buses and rail cars) procurement, rehabilitation, or replacement. Funds in this account are appropriated annually by the Legislature to the State Controller's Office (SCO) for allocation in accordance with Public Utilities Code formula distributions: 50% allocated to Local Operators based on fare-box revenue and 50% to Regional Entities based on population.

In Fiscal Year (FY) 2007-08, Senate Bill 88 identified the Department of Transportation as the administering agency. The final appropriation of program funds was made in the FY 2014-15 State Budget. The Budget Act of 2019 re-appropriated the remaining balances of PTMISEA appropriations, which are available for encumbrance and liquidation until June 30, 2023.

The PTMISEA fund is restricted fund and can only be used for projects consistent with Proposition 1B and its enabling legislation. The SACOG Board of Directors approves the award of funds from the PTMISEA and authorizes the executive director, or his/her delegate(s), to execute any required funding requests or agreements to implement the award.

3. State Transit Assistance Fund

In 1979, the State Transit Assistance (STA) Fund was created under the Transportation Development Act to provide funding for transportation planning, public transportation, and community transit purposes. Funding comes from 75% of the statewide sales tax on diesel fuel. The money is appropriated to the State Controller's Office and is then allocated by formula to each designated regional planning and programming agency. The formula allocates 50% of the funds based upon population of the region compared to the population of the State, and 50% based upon transit operator revenues for the prior fiscal year compared with statewide transit operator revenues.

SACOG is the designated Regional Transportation Planning Agency (RTPA) for the Sacramento Region, which includes the Counties of Sacramento, Sutter, Yolo and Yuba. The STA allocations for the Sacramento Region are deposited in the

STA Fund and, as the RTPA, SACOG is responsible to allocate the STA Fund to the transit operators and claimants within the four-county region. The Fund supplies the capital and operating needs of transit providers.

Eligible claimants include cities, counties, transit districts, consolidated transportation service agencies, and operators located or operating within the four counties.

The STA Fund is restricted fund and can only be used for expenditures consistent with the Transportation Development Act. The Act prescribes the processes, including audits, for the expenditure of funds. The SACOG Board of Directors approves the claims for funding from the STA Fund and authorizes the executive director, or his/her delegate(s), to take all actions required to implement the funding program.

4. Local Transportation Funds: Sacramento County; Sutter County; Yolo County; Yuba County

In 1971, the Local Transportation Funds were created under the Transportation Development Act to provide funding for public transportation. Funds for the program are derived from ¼ cent of the retail sales tax collected statewide by the State Board of Equalization. The funds are returned to each county, through a designated RTPA, based upon the sales tax collected in that county. The RTPA is responsible for the administration of the Local Transportation Funds for these counties and jurisdictions within them.

Local Transportation Funds are used to administer the Transportation Development Act and to provide transit services, pedestrian and bicycle facilities, and streets and roads funding within each county. Eligible claimants include the cities, counties, consolidated transportation service agencies, transit districts, and transit joint powers agencies located within, or operating within, the counties. Funds initially are apportioned on an annual basis to areas within each County based upon population. Funds are then allocated by the RTPA based on a locally adopted process.

The Local Transportation Funds are restricted fund balance that can only be used for expenditures consistent with the Transportation Development Act. The Act prescribes the processes for the expenditure of funds.

Once funds are apportioned to a jurisdiction, they are available only for allocation and payment to claimants within that jurisdiction upon the submission of a claim and approval by the SACOG Board of Directors. The board authorizes the executive director, or his/her delegate(s), to take all actions required to implement the funding program.

5. State of Good Repair Fund

The Road Repair and Accountability Act of 2017, Senate Bill (SB) 1 passed in 2017, established the State of Good Repair Fund (SGR) to be administered by the California Department of Transportation (Caltrans). The SGR funding is derived from a portion of vehicle registration to provide approximately \$105 million annually to transit operators statewide for eligible maintenance, rehabilitation, and capital projects. SACOG administers the SGR funding for the four-county region (Sacramento, Sutter, Yolo, and Yuba counties). The El Dorado County Transportation Commission and Placer County Transportation Planning Agency administer the SGR funding for their respective counties. Transit operators are required to submit to SACOG eligible projects approved by their respective governing boards and staff will provide recommendations for the regional SGR project list for board action in August of each year. The regional project list is then submitted to Caltrans for final approval by September each year.

The SGR fund is classified as restrict fund balance that can only be used for expenditures consistent with the SGR guidelines and other statutory objectives of the Road Repair and Accountability Act of 2017. The SACOG Board of Directors approves the claims for funding from the SGR Fund and authorizes the executive director, or his/her delegate(s), to take all actions required to implement the funding program.

6. Capital Valley Regional SAFE and Glenn County SAFE Funds

The Capital Valley Regional SAFE and Glenn County SAFE are administered by the governing board consisting of members of SACOG's board of directors plus one member representing San Joaquin County and one member representing the cities of San Joaquin County. Revenues are derived from the vehicle registration fee imposed pursuant to the provisions of Chapter 14 of Division 3 of the Streets and Highways Code. SACOG provides administrative services for Capital Valley Regional Safe (SAFE) and Glenn County Safe (Glenn SAFE). The SAFE fund is restricted fund and is used for implementing, operating, and maintaining the motorist air system of call boxes and 511 operations within the counties of El Dorado, Sacramento, San Joaquin, Sutter, Yolo, and Yuba. Glenn SAFE fund is restricted fund and is used for implementing, operating, and maintaining the motorist air system of call boxes within the counties of County of Glenn pursuant to Street and Highways Code section 2553.

The SAFE Board of Directors approves SAFE and Glenn SAFE annual budget and authorizes SACOG executive director, or his/her delegate(s), to take all actions required to implement the funding program.

LOAN AGREEMENT

THIS LOAN AGREEMENT is made and entered into as of the **23rd day of May 2024**, by and between the **CAPITAL AREA REGIONAL TOLLING AUTHORITY**, a California joint powers agency ("Borrower"), and **SACRAMENTO AREA COUNCIL OF GOVERNMENTS**, a California joint powers agency ("Lender").

RECITALS

WHEREAS, Borrower is a joint powers agency formed on February 15, 2024, by the Sacramento Area Council of Governments, Yolo Transportation District, and the California Department of Transportation District 3 for the purpose leading the implementation of toll facilities in the Sacramento region; and

WHEREAS, Lender desires to provide initial funding in order to develop, administer and operate toll lanes within the region, and Borrower intends to repay this debt as an operating expense payable from future toll revenues.

NOW, THEREFORE, in consideration of the promises and covenants herein, Borrower and Lender agree as follows:

ARTICLE I

1.01 Definitions. When used in this Loan Agreement, the following terms shall have the indicated definitions:

- (a) "Borrower," means Capital Area Regional Tolling Authority, a California joint powers agency.
- (b) "Lender" means the Sacramento Area Council of Governments, a California joint powers agency.
- (c) "Loan" means the financial accommodation being made by the Lender to the Borrower in accordance with the terms and provisions of this Loan Agreement.
- (d) "Loan Documents" means this Loan Agreement, the Promissory Note, and all other documents executed in connection with the Obligations or under this Loan Agreement, with all addendums, modifications and amendments thereto.
- (e) "Note" means the Promissory Note from the Borrower as maker, to the Lender, as payee of even date herewith, and all amendments, extensions or renewals thereof.

- (f) "Obligations" means all obligations under the Note, all of the obligations hereunder and all other obligations and liabilities of the Borrower, or any guarantor, surety, endorser or accommodation party, to the Lender, its successors and assigns, arising from or evidenced by the Loan Documents, whether direct or indirect, primary or secondary, joint or several, absolute or contingent, or now or hereafter existing or due or to become due in connection therewith.

ARTICLE II

Terms of Note

2.01 Promissory Note. The Note has been executed and delivered by the Borrower contemporaneously with the execution and delivery of this Loan Agreement. The terms of the Promissory Note are as follows:

- (a) The Borrower shall repay the Loan Amount of **One Million Three Hundred Thousand Dollars (\$1,300,000.00)** in annual installments bearing interest in the amount earned by the Sacramento County Pooled Investment Fund during the same period. Borrower's payments shall begin within of sixty (60) days of Borrower's initial receipt of toll revenue or June 30, 2028, whichever is sooner, unless otherwise agreed to in writing by Lender. Annual installments shall be in the amount of \$325,000, with any additional amount due to accrued interest added to the final payment due June 30, 2031.
- (b) The parties acknowledge that in accordance with California Streets and Highways Code Section 149.7(e)(4), revenue generated from Borrower's operation of a toll facility shall be available for repayment of the Loan and shall take priority over all other debt issued by Borrower.
- (c) The Borrower may prepay the Loan Amount or any portion thereof, at any time prior to the repayment term without penalty.

2.02 Default. Each of the following shall constitute and Event of Default under this Agreement:

- (a) Borrower fails to make any payment when due.
- (b) Borrower fails to comply with or to perform any other term, obligation or covenant or condition contained in this Agreement or any of the Loan Documents.
- (c) The dissolution or termination of the Borrower's existence as a joint powers agency, insolvency of the Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of Borrower's creditors or the commencement of any proceeding under any bankruptcy or

insolvency laws by or against Borrower.

2.03 Lender's Rights. Upon and Event of Default, Lender may declare the entire unpaid balance of the Loan Amount immediately due.

ARTICLE III

Miscellaneous

3.01 No Implied Waiver. Neither failure to exercise nor any delay on the part of Lender in exercising any right, power or privilege, nor any single or partial exercise of any right, power or privilege under this Agreement, nor under any of the documents executed by Borrower in connection herewith, shall preclude any further exercise thereof by Lender or the exercise of any other right, power or privilege.

3.02 Changes Must Be In Writing. No provisions of the Loan Documents may be changed, waived, discharged or terminated orally, by telephone or by any other means except an instrument in writing signed by the party against whom enforcement of the change, waiver, discharge or termination is sought and then the same shall be effective only in the specific instance for which it is given.

3.03 Applicable Law. This Agreement shall be deemed to be a contract made in the State of California and entered into under and pursuant to the laws of such state, and to be governed, construed and enforced in accordance with the laws of the State of California.

3.04 Counterparts. This Agreement and any of the other Loan Documents may be executed in any number of counterparts, each of which shall constitute an original.

3.05 Survival of Covenants. This Agreement and all covenants, agreements, representations and warranties made herein in any other Loan Document, shall survive the making by the Lender of the Loan and the execution and delivery to the Lender of the Note, and shall continue in full force and effect so long as the Note and any other indebtedness of the Borrower to the Lender hereunder or under any other Loan Document is outstanding and unpaid.

3.06 Successors and Assigns. Except as herein provided, this Agreement and the other Loan Documents shall be binding upon and inure to the benefit of Borrower and Lender and any other successors and assigns. Notwithstanding the foregoing, Borrower or any other person other than Lender, without the prior written consent of the Lender, which consent may be withheld in Lender's sole discretion, may not assign, transfer or set over to another person, in whole or in part, all or any part of its benefits, rights, duties and obligations hereunder, including, without limitation, performance of and compliance with conditions hereof and the right to receive the proceeds of current or future advances. Whenever in this Agreement or in any of the other Loan Documents any of the parties hereto or thereto is referred to, such reference shall be deemed to include the successors and assigns of such party (but without any implied consent to any transfer or other action which violates the term of any Loan Document); and all covenants, promises and agreements contained in this Agreement, or in any of the other Loan Documents by or on behalf of Borrower or any other Person other than Lender, shall inure to the benefit of the respective successors and assigns of Lender.

3.07 Severability. Any provision of this Agreement or of any other Loan Document which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or thereof or affecting the validity or enforceability of such provision in any other jurisdiction.

3.08 Amendment, Waiver or Consent. No waiver, consent, modification, or amendment shall be effective as against the Lender unless the same is in writing and signed by an authorized officer. No such waiver, consent, modification, or amendment shall extend to or affect any obligation or right except to the extent expressly provided for therein.

3.09 Applicable Law and Costs of Enforcement. The laws of the state of California shall govern the validity, performance and enforcement of this Loan Agreement. Borrower agrees to pay the costs and expenses, including but not limited to reasonable attorneys' fees and legal expenses incurred by Lender in the exercise of any right or remedy available to it, whether or not suit is commenced, including, without limitation, reasonable attorneys' fees and legal expenses incurred in connection with any appeal of a lower court's order or judgment.

3.10 Further Assurances. Borrower will execute and deliver such other and further instruments and documents, and will do such other and further acts as in the opinion of the Lender may be necessary or desirable to carry out more effectively the purposes of this Loan Agreement.

3.11 Binding Effect. This Loan Agreement shall be binding upon the Borrower and his successors and assigns, and shall inure to the benefit of the Lender and the benefit of its successors and assigns, including any subsequent holder or holders of the Note or any interest therein.

3.12 Survival. All representations, warranties, covenants, and agreements made herein shall survive the execution and delivery of this Loan Agreement, the Loan Documents and the issuance of the Note.

3.13 Integration of Loan Documents. The Parties agree that this Loan Agreement shall incorporate by reference all of the terms, covenants, conditions, obligations, stipulations and agreements contained in the Loan Documents, to the same extent and effect as if fully set forth herein and made a part of this Loan Agreement.

3.14 Entire Contract. This Loan Agreement with the Loan Documents constitutes the entire Loan Agreement between the parties. No oral representation shall be binding on any Party hereto, and all parties acknowledge that no reliance will be placed on any oral representations of any person or entity which vary, in any manner whatsoever, any portion of this Loan Agreement.

IN WITNESS WHEREOF, the Parties hereto have caused this Loan Agreement executed and delivered as of the day and year first above written.

[SIGNATURES ON NEXT PAGE]

SACRAMENTO AREA COUNCIL OF GOVERNMENTS



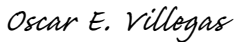
James Corless, Executive Director

APPROVED AS TO FORM:



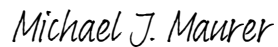
Osman Mufti, Counsel
Sloan Sakai Yeung and Wong

CAPITAL AREA REGIONAL TOLLING AUTHORITY



Oscar Villegas, Board Chair

APPROVED AS TO FORM:



Michael Maurer, Counsel
Best Best & Krieger

PROMISSORY NOTE

Loan Amount: \$1,300,000

May 23, 2024

1. FOR VALUE RECEIVED, the CAPITAL AREA REGIONAL TOLLING AUTHORITY, a California joint powers agency ("Borrower"), promises to pay to the order of SACRAMENTO AREA COUNCIL OF GOVERNMENTS, a California joint powers agency ("Lender"), the Principal sum of One Million Three Hundred Thousand Dollars (\$1,300,000) with interest from the date first above written until paid at the rate earned by the Sacramento County Pooled Investment Fund during the same period ("Rate").
2. The Principal sum borrowed pursuant to this Promissory Note, together with all interest due on it, is due and payable on or before June 30, 2031.
3. Borrower will use the Principal sum borrowed pursuant to this Promissory Note for Borrower's administrative operations consistent with Borrower's 2024-2025 fiscal year budget.
4. Borrower will timely pay to Lender all sums owing under this Promissory Note without deduction, offset, or counterclaim of any kind.
5. All payments on this Note will be applied first to the payment of any costs, fees, late charges, or other charges incurred in connection with the indebtedness evidenced by this Note; next, to the payment of accrued interest; then to the reduction of the principal balance; or in any other order that Lender requires.
6. Failure to pay any part of the Principal of this Promissory Note when due, or failure to carry out any of the terms, covenants, or conditions of this Promissory Note, shall authorize the holder of this Promissory Note to declare as immediately due and payable the then-unpaid Principal and to exercise any and all of the rights and remedies provided by the California Commercial Code as well as all other rights and remedies either at law or in equity possessed by the holder of this Promissory Note.
7. If Lender incurs fees and expenses for legal services by any attorney to enforce or construe any provision of this Note or as a consequence of any event of default, with or without the filing of any legal action or proceeding, then Borrower will immediately pay to Lender on demand all attorneys' fees and other costs incurred by Lender, together with interest from the date of the demand until paid.
8. Borrower hereby waives presentment, notice of dishonor, and protest.
9. This Note may be prepaid in whole or in part without penalty.

Dated: May 23, 2024

By: Oscar E. Villegas

Name: Oscar Villegas

Title: Capital Area Regional Tolling Authority, Chair

CT250021 - CARTA Loan Agreement and Promissory Note


Final Audit Report

2024-11-01

Created:	2024-10-31
By:	Celia Sepulveda (csepulveda@sacog.org)
Status:	Signed
Transaction ID:	CBJCHBCAABAACSNc0QRrfKj5Jji8NbUz50b301NpYvab

"CT250021 - CARTA Loan Agreement and Promissory Note" History


-  Document created by Celia Sepulveda (csepulveda@sacog.org)
2024-10-31 - 8:25:31 PM GMT- IP address: 207.183.240.103
-  Document emailed to michael.maurer@bbklaw.com for signature
2024-10-31 - 8:57:56 PM GMT
-  Email viewed by michael.maurer@bbklaw.com
2024-10-31 - 9:11:56 PM GMT- IP address: 74.116.243.2
-  Signer michael.maurer@bbklaw.com entered name at signing as Michael J. Maurer
2024-10-31 - 9:12:54 PM GMT- IP address: 74.116.243.2
-  Document e-signed by Michael J. Maurer (michael.maurer@bbklaw.com)
Signature Date: 2024-10-31 - 9:12:56 PM GMT - Time Source: server- IP address: 74.116.243.2
-  Document emailed to oscar.villegas@yolocounty.org for signature
2024-10-31 - 9:12:58 PM GMT
-  Email viewed by oscar.villegas@yolocounty.org
2024-10-31 - 10:47:17 PM GMT- IP address: 141.174.50.1
-  Signer oscar.villegas@yolocounty.org entered name at signing as Oscar E. Villegas
2024-11-01 - 6:40:35 PM GMT- IP address: 141.174.50.1
-  Document e-signed by Oscar E. Villegas (oscar.villegas@yolocounty.org)
Signature Date: 2024-11-01 - 6:40:37 PM GMT - Time Source: server- IP address: 141.174.50.1
-  Document emailed to Osman Mufti (omufti@sloansakai.com) for signature
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Signature Date: 2024-11-01 - 8:33:10 PM GMT - Time Source: server- IP address: 98.41.39.104

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2024-11-01 - 8:37:51 PM GMT

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2024-11-01 - 8:41:45 PM GMT- IP address: 146.75.154.0

 Document e-signed by James Corless (jcorless@sacog.org)

Signature Date: 2024-11-01 - 8:42:02 PM GMT - Time Source: server- IP address: 207.183.240.103

 Agreement completed.

2024-11-01 - 8:42:02 PM GMT