

<i>Transit Enterprise Debt Reduction Fund</i>	POLICY	
	Document Number:	FRS-PL-XXX
	Version Number:	12/13/2007

1.0 Policy:

It is the policy of VTA to accumulate a prudent level of reserves by establishing and maintaining a Transit Enterprise Debt Reduction Fund in order to facilitate reduction in Unfunded Obligations and Long Term Liabilities, and to provide funds for transit related capital improvements and for replacement of capital assets in lieu of financing.

2.0 Responsibilities:

- 2.1 The General Manager shall:
 - 2.1.1 Periodically approve funds, if any, to be allocated to the Transit Enterprise Debt Reduction Fund.
 - 2.1.2 Approve the use of the Transit Enterprise Debt Reduction Fund.

- 2.2 The Chief Financial Officer shall:
 - 2.2.1 Establish the Transit Enterprise Debt Reduction Fund.
 - 2.2.2 Periodically review and recommend changes to this policy if necessary.
 - 2.2.3 Periodically recommend to the General Manager an appropriate amount of funds, if any, to be allocated to the Transit Enterprise Debt Reduction Fund.
 - 2.2.4 Recommend appropriate uses of funds in the Transit Enterprise Debt Reduction Fund, in order to:
 - 2.2.4.1 Minimize impacts of increasing levels of Unfunded Obligations;
 - 2.2.4.2 Reduce Unfunded Obligations or Long Term Liabilities;
 - 2.2.4.3 Provide bridge financing for approved transit related capital improvements and replacement of capital assets that will ultimately be funded from grant or financing activities;
 - 2.2.4.4 Provide funding for approved transit related capital improvements and replacement of capital assets, in lieu of financing.
 - 2.2.5 Shall ensure proper allocation of investment earnings to the Transit Enterprise Debt Reduction Fund.

3.0 Definitions:

Debt: A legal obligation, including Long Term Liabilities and Unfunded Obligations, to deliver a product, service or cash.

Long Term Liabilities: Debts that are not current liabilities; that is, debts that are not due within the current fiscal year or the next twelve months, whichever is greater.

Unfunded Obligations: Obligations or liabilities for which funds have not been identified or provided, including: unfunded pension and other post employment benefits; unfunded capital improvements or replacement of capital assets; and, unfunded operating costs that result from transit capital improvements.

PREPARED BY	REVIEWED BY	APPROVED BY



<i>Original Date:</i>	<i>Review Date:</i>	<i>Revision Date:</i>	<i>Page 1 of 1</i>