

<i>Measure A Debt Reduction Fund</i>	POLICY	
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1.0 Policy:

It is the policy of VTA to accumulate a prudent level of reserves by establishing and maintaining a Measure A Debt Reduction Fund in order to facilitate reduction in Unfunded Obligations and Long Term Liabilities, and to provide funds for Measure A approved 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 Measure A Debt Reduction Fund.
 - 2.1.2 Approve the use of the Measure A Debt Reduction Fund.

- 2.2 The Chief Financial Officer shall:
 - 2.2.1 Establish the Measure A 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 Measure A Debt Reduction Fund.
 - 2.2.4 Recommend appropriate uses of funds in the Measure A 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 Measure A 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 Measure A 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 Measure A 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 (that result from the implementation of the Measure A Program) for which funds have not been identified or provided, including: unfunded capital improvements or replacement of capital assets; and, unfunded operating costs that result from Measure A approved transit capital improvements.

PREPARED BY	REVIEWED BY	APPROVED BY



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