

**POTOMAC AND RAPPAHANNOCK
TRANSPORTATION COMMISSION**

RESOLUTION

MOTION: _____

**RESOLUTION NO. 08-12-_____
OFFICIAL COMMISSION MEETING
DECEMBER 4, 2008**

SECOND: _____

RE: AMENDED AUTHORIZATION FOR LEASE-PURCHASE OF FOUR BUSES

WHEREAS, on November 6, 2008, the Potomac and Rappahannock Transportation Commission (PRTC) authorized the Executive Director to enter into a lease-purchase agreement with Wells Fargo Equipment Finance for four buses manufactured by Motor Coach Industries, Inc. ("the earlier authorization"); and

WHEREAS, the earlier authorization was mistakenly premised on the idea that Wells Fargo Equipment Finance would be acquiring the four buses directly from Motor coach Industries, Inc. (MCI) and then entering into a lease-purchase agreement with the PRTC; and

WHEREAS, Wells Fargo Equipment Finance subsequently informed PRTC management that its lease-purchase transactions are structured differently, such that the transit agency acquires the buses directly from the bus supplier, coincident with a lease-purchase agreement with Wells Fargo Equipment Finance providing the funding for the acquisition; and

WHEREAS, management is persuaded that structuring the transaction in the fashion Wells Fargo Equipment Finance advises is typical brings about the same end result; and

WHEREAS, PRTC Legal Counsel has confirmed that structuring the transaction in this fashion poses no difficulty, so long as the Commission authorizes it.

NOW, THEREFORE, BE IT RESOLVED that the Potomac and Rappahannock Transportation Commission does hereby authorize the Executive Director to acquire the four buses directly from MCI, predicated on the consummation of the lease-purchase transaction with Wells Fargo Equipment Finance that the Commission previously authorized.

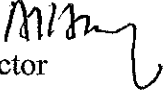


Potomac and Rappahannock
Transportation Commission

14700 Potomac Mills Road
Woodbridge, VA 22192

December 4, 2008

TO: Chairman Jones and Commissioners

FROM: Alfred H. Harf 
Executive Director

RE: Amended Authorization for Lease-Purchase of Four Buses

Recommendation:

Authorize the Executive Director to acquire the four buses required to address overcrowding directly from Motor Coach Industries, Inc. (MCI), predicated on the consummation of the lease-purchase transaction with Wells Fargo Equipment Finance that the Commission previously authorized.

Background:

At the November 6th PRTC Board meeting, the Commission authorized the Executive Director to execute a lease-purchase agreement with Wells Fargo Equipment Finance for four MCI buses. When this authorization was sought, management's understanding was that Wells Fargo Equipment Finance would be purchasing the four buses from MCI, and then entering into a lease-purchase agreement with PRTC. During the past several days, however, management learned that this is not how Wells Fargo Equipment Finance envisioned the transaction – by Wells Fargo's telling, lease-purchase transactions it has completed with transit agencies have always been structured with the transit agency acquiring the buses directly from the bus supplier paralleled by an agreement with Wells Fargo Equipment Finance for the financing.

Wells Fargo Equipment Finance reasons that structuring the transaction in this fashion is the most sensible course of action since the transit agency needs to have title to the buses from the outset to satisfy the Federal Transit Administration's (FTA) "satisfactory continuing control" requirements, and since it is the transit agency, rather than Wells Fargo Equipment Finance, that shoulders maintenance responsibility for the buses once they're acquired. Wells Fargo Equipment Finance notes that by simply placing a lien on the buses PRTC purchases from MCI, it will have adequate security for its financing.

Chairman Jones and Commissioners

December 4, 2008

Page 2

Because the Commission's authorization on November 6th was premised on the idea of Wells Fargo Equipment Finance acquiring the buses from MCI and then lease-financing them to PRTC, the authorization was confined to a lease-purchase transaction with Wells Fargo Equipment Finance. Thus for PRTC to acquire the four buses directly from MCI, an amendment to the previously approved authorization is necessary. That is what is being sought here.

PRTC Legal Counsel has confirmed that structuring the transaction in this fashion poses no difficulty, so long as the Commission authorizes it.

Fiscal Impact:

As stated in the November 6th authorization to enter into a lease-purchase agreement with Wells Fargo Equipment Finance.