HOUSE DOCKET, NO. 1761 FILED ON: 1/15/2015

HOUSE . . . . . No. 3060

The Commonwealth of Massachusetts

PRESENTED BY:

Sarah K. Peake and Harriette L. Chandler

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:

An Act to establish regional transit authority enterprise fund.

PETITION OF:

NAME:	DISTRICT/ADDRESS:
Sarah K. Peake	*4th Barnstable*
Harriette L. Chandler	*First Worcester*
Timothy R. Madden	*Barnstable, Dukes and Nantucket*
Carolyn C. Dykema	*8th Middlesex*
Brian M. Ashe	*2nd Hampden*
Louis L. Kafka	*8th Norfolk*
Tricia Farley-Bouvier	*3rd Berkshire*
John W. Scibak	*2nd Hampshire*
Chris Walsh	*6th Middlesex*
Jennifer E. Benson	*37th Middlesex*
Aaron Vega	*5th Hampden*
Michael O. Moore	*Second Worcester*
Gailanne M. Cariddi	*1st Berkshire*
James B. Eldridge	*Middlesex and Worcester*
James J. O'Day	*14th Worcester*
Thomas M. McGee	*Third Essex*
Benjamin B. Downing	*Berkshire, Hampshire, Franklin and Hampden*

Richard J. Ross	*Norfolk, Bristol and Middlesex*
Daniel A. Wolf	*Cape and Islands*
Bruce E. Tarr	*First Essex and Middlesex*
Kate Hogan	*3rd Middlesex*
Carmine L. Gentile	*13th Middlesex*
Daniel M. Donahue	*16th Worcester*
Shaunna L. O'Connell	*3rd Bristol*

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By Representative Peake of Provincetown and Senator Chandler, a joint petition (accompanied by bill, House, No. 3060) of Sarah K. Peake and others for legislation to authorize regional transit authorities to establish enterprise funds. Transportation.

[SIMILAR MATTER FILED IN PREVIOUS SESSION
SEE HOUSE, NO. *3119* OF 2013-2014.]

The Commonwealth of Massachusetts

In the One Hundred and Eighty-Ninth General Court
(2015-2016)

An Act to establish regional transit authority enterprise fund.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

SECTION 1. For the purpose of establishing a pilot regional transit authority enterprise fund, the regional transit authorities are hereby authorized to create, Regional Transit Authority Enterprise Funds, provided however, the authorities shall receive approval from the secretary of the department of transportation for any projects to be constructed or operated as an enterprise fund project. All revenues and receipts generated by the authority in association with the operation of said approved enterprise fund projects shall be credited to said fund and used in accordance with this section. Expenditures from said fund shall be made for the following purposes: (i) for the payment of the principal, including sinking fund payments of and premium, if any, and interest on special obligation bonds of the authority, as hereinafter described, issued for payment of the cost of construction of said project, (ii) for the maintenance of, or provision

11 for, any reserves, additional security, insurance or other form of credit enhancement required or
12 provided for in any trust agreement entered into pursuant to this section to secure such bonds;
13 (iii) for the operation and maintenance expenses of said project; and (iv) for the study, design,
14 construction and reconstruction of roads, exit and entrance ramps and highways in order to
15 implement a traffic mitigation plan to address the increased traffic flow which may be associated
16 with the operation of any project, provided, that said plan shall be completed in conjunction with
17 the construction of any said project garage, when necessary.

18 SECTION 2. Notwithstanding any provisions of chapter 161B of the General Laws to the
19 contrary, neither the income nor the expenses allocable to said fund shall be included in the
20 calculation of the authority's net cost of service, nor shall subsection (c) of section 8 of said
21 chapter 161B apply to expenses made from said fund; provided, however, that said subsection (c)
22 shall apply to expenses to be funded by excess revenues, if any, transferred to the authority for
23 purposes not related to said fund.

24 SECTION 3. Notwithstanding the provisions of any general or special law to the
25 contrary, including without limitation section 60A of chapter 29 of the General Laws, any bonds
26 issued by the authority to finance the construction of said projects shall be special obligations of
27 the authority payable from special receipts to the extent available, and in any case payable from
28 monies credited to said fund together with other pledged revenues, which additional revenue
29 shall not be considered revenue of the fund, provided, that revenues related to projects other that
30 the approved project being financed may not be pledged without the prior approval of the
31 secretary of the department of transportation. Such bonds shall not be general obligations of the
32 commonwealth. Bonds may be issued in such manner and on such terms and conditions as the
33 authority may determine in accordance with the provisions of this paragraph, and, to the extent

34 not inconsistent with the provisions hereof, provisions of general law for the issuance of bonds of
35 the authority. Bonds may be secured by a trust agreement entered into by the authority, which
36 trust agreement may pledge or assign all or any part of monies credited to said fund and rights to
37 receive the same, whether existing or coming into existence and whether held or thereafter
38 acquired, and the proceeds thereof together with any other revenues as the authority may
39 determine to be necessary or desirable to enhance the credit of said bonds as security in order to
40 prevent default.

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42 The authority is also authorized to enter into additional security, insurance or other forms
43 of credit enhancement which may be secured on a parity or subordinate basis with the bonds. A
44 pledge in any such trust agreement or credit enhancement agreement shall be valid and binding
45 from the time such pledge shall be made without any physical delivery or further act, and the lien
46 of such pledge shall be valid and binding as against all parties having claims of any kind in tort,
47 contract or otherwise, irrespective of whether such parties have notice thereof. Any such pledge
48 shall be perfected by filing of the trust agreement or credit enhancement agreement in the records
49 of the authority, and no filing need be made under chapter 106 of the General Laws. Any such
50 trust agreement or credit enhancement agreement may establish provisions defining defaults and
51 establishing remedies and other matters relating to the rights and security of the holders of the
52 bonds or other secured parties as determined by the authority, including provisions relating to the
53 establishment of reserves, the issuance of additional or refunding bonds, whether or not secured
54 on a parity basis, the application of receipts, monies or funds pledged pursuant to such
55 agreement, hereinafter referred to as "pledged funds," and other matters deemed necessary or
56 desirable by the authority for the security of such bonds, and may also regulate the custody,

57 investment and application of monies. Any such bonds shall be deemed to be investment
58 securities under said chapter 106, shall be securities in which any public officer, fiduciary,
59 insurance company, financial institution or investment company may properly invest funds and
60 shall be securities which may be deposited with any public custodian for any purpose for which
61 the deposit of bonds is authorized by law. Any such bonds, their transfer and the income
62 therefrom, including profit on the sale thereof; shall at all times be exempt from taxation by and
63 within the commonwealth. Within three months of the first issuance of special obligation bonds
64 under this section, the authority shall report the results of the sale, including the cost of issuance,
65 the interest rate for which the bonds sold, and the rating assigned by the bond rating agencies, as
66 well as an analysis of how these compare to the authorities most recent bond issuance. Said
67 report shall be submitted to the authorities advisory board, the joint committee on transportation
68 and the secretary of the department of transportation.

69 SECTION 4. The authority shall incorporate in its annual budget request a report which
70 details the revenues retained by any enterprise fund project, the expenditures made from said
71 fund, and the remaining fund balance or deficit from the prior fiscal year.