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| **Friday, August 16, 2013130816-1****In this Issue:****Moody's Places 15 California Transit Agencies Under Review For Downgrade Due to PEPRA/13C Issues** |

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| **Moody's Places 15 California Transit Agencies Under Review For Downgrade Due to PEPRA/13C Issues**Moody's Investors Service [announced](http://www.4-traders.com/MOODY-S-CORPORATION-16724/news/Moody-s-Corporation-Moody-s-places-15-California-transit-agencies-under-review-for-downgrade-due-t-17191633/) that it had placed under review for downgrade the ratings of 15 California transit agencies. The possible ratings action is prompted by the possibility that the agencies will lose federal grants that on average comprise about 13% of their operating revenue and 40% of their capital funding. Today, Metro staff fielded calls from the Wall Street Journal about the potential downgrade and the PEPRA/13C issue that gives rise to it. Metro’s largest exposure to negative financial impacts due to the possible downgrade arises from our $1 Billion Transportation Infrastructure Finance and Innovation Act (TIFIA) loan requests for the Purple Line Extension and the Regional Connector. These loans assume the Secretary of Transportation will grant a waiver that requires a rating of “A” by two rating agencies. A downgrade by either ratings agency would make the waiver impossible. Without the waiver, a complete restructuring of the loan proposal now formally before the U.S. Department of Transportation TIFIA Office would be necessary. It is likely that a restructured TIFIA proposal would require up to six months to process and even then it is unknown whether a restructured TIFIA loan proposal could be approved. Without the TIFIA loans, the  underlying financial commitments necessary for a New Starts Full Funding Grant Agreement would not be in place, also jeopardizing those funding agreements. We were also informed that the United States Department of Labor will not issue determinations regarding Section 13C certifications today. We will continue to work with the Governor’s office, legislative leadership and our two Senators on this issue.  |
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