

**AGENDA ITEM 9-G**  
**ACTION ITEM**

**TO: CHAIRMAN KAUFFMAN AND THE VRE OPERATIONS BOARD**

**FROM: DALE ZEHNER**

**DATE: JUNE 15, 2007**

**RE: AUTHORIZATION TO RENEW CONTRACT FOR BANKING SERVICES  
AND LINE OF CREDIT**

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**RECOMMENDATION:**

The VRE Operations Board is being asked to recommend that the Commissions authorize a renewal of the banking services and line of credit agreements with SunTrust Bank.

**BACKGROUND:**

In July 2003, the Commissions approved a banking services contract with SunTrust Bank, which included a provision for overdraft protection not to exceed \$1 million. The overall banking contract is for three years, with two possible one-year extensions. The line of credit, however, must be renewed annually to remain available for use. The last renewals for both the banking services contract and the line of credit were in August 2006. Staff recommends that the banking services contract be extended for the second option year and that the line of credit provision be renewed.

The line of credit is not used unless absolutely necessary. Along with VRE's own operating reserve, these funds can be used to act as a financial bridge during delays in receipt of federal or state grant funds or in specific instances such as the initial drawdown of funds from the recently approved RRIF loan. While individual Operations Board action is not sought for using the line of credit, each request for advance of funds must document the purpose for the advance and the source and timing of repayment, and is approved or disapproved by SunTrust based on this information. There is no extra cost to VRE for having this option available. Interest is based on the prevailing rates at the time of the advance.

**FISCAL IMPACT:**

VRE estimates spending between \$12,000 - \$15,000 over the course of a year on banking service fees. Funds are allocated in the FY 2008 budget for these costs. Administrative costs for exercising the line of credit are grant reimbursable.

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**RESOLUTION**  
**9G-06-2007**  
**OF THE**  
**VIRGINIA RAILWAY EXPRESS**  
**OPERATIONS BOARD**

**WHEREAS**, VRE contracted for banking services with SunTrust Bank in July 2003; and,

**WHEREAS**, the banking services contract with SunTrust provided for a line of credit not to exceed \$1,000,000; and,

**WHEREAS**, the banking services contract was for a period of three years, with options for two one-year extensions; and,

**WHEREAS**, the line of credit must be renewed on an annual basis; and,

**WHEREAS**, this line of credit was last renewed in August 2006.

**NOW, THEREFORE, BE IT RESOLVED THAT**, the VRE Operations Board recommends that the Commissions authorize a renewal of the banking services and line of credit agreements with SunTrust Bank.