

Schedule of Assets, Contracts, Material Liabilities, Grants

ORIGINAL LANGUAGE

There was no requirement to create a detailed schedule of all assets and identify encumbered assets and liabilities by deadline.

REVISED LANGUAGE

The parties must now create a schedule of all assets by a specified date, identify encumbered assets, describe the encumbrances, and estimate when they will end.

City Contracting Authority

ORIGINAL LANGUAGE

The MPTA broadly delegated authority to the City for contracts related to operations, subject to stated exceptions.

REVISED LANGUAGE

The MPTA now authorizes and directs the City to enter and administer contracts subject to a detailed approval process, including that such process will not negatively impact operations, and related limitations.

Material Contract Actions

ORIGINAL LANGUAGE

There was no detailed mechanism requiring the City to provide a list of material contract actions for MPTA committee review.

REVISED LANGUAGE

The City must provide a schedule of material contract actions, and certain contracts requiring City Council approval may proceed only if the MPTA does not request review or affirmatively approves.

Required Payments to City

ORIGINAL LANGUAGE

The original language more generally provided that sales tax revenue would be transferred for use under the budget.

REVISED LANGUAGE

The revised text specifically requires the MPTA to make payments to the City for debt service and, if needed, reserve replenishment under Article II.

Monthly Sales Tax Transfer Formula

ORIGINAL LANGUAGE

All sales tax revenue received by the MPTA during Phase One was to be transferred to the City for budget-consistent use.

REVISED LANGUAGE

The MPTA must transfer monthly sales tax revenue to the City only up to the lesser of revenue received or the amount needed to maintain the aggregate CATS fund balance at the threshold amount and comply with financial policy requirements.

Return of Excess Funds

ORIGINAL LANGUAGE

The original language did not expressly require the City to return excess aggregate CATS fund balances to the MPTA during Phase One.

REVISED LANGUAGE

If the aggregate CATS fund balance exceeds the threshold amount, the City must transfer the requested excess back to the MPTA.

CATS Liabilities

ORIGINAL LANGUAGE

All liabilities for assets and operations, including those related to CATS personnel, were to be paid from transit-related funds.

REVISED LANGUAGE

The revised text focuses on CATS Liabilities, preserves payment from transit funds, and adds that the City may not incur post-Phase-One binding liabilities without MPTA approval except as reflected in the budget.

Commingled Liabilities

ORIGINAL LANGUAGE

The original draft did not separately address liabilities attributable in part to non-CATS City functions.

REVISED LANGUAGE

The parties must coordinate regarding any commingled liability and negotiate a plan allocating it between the MPTA and the City or other City departments.

Employer of Record

ORIGINAL LANGUAGE

The original draft did not expressly state that the City would remain employer of record through a stated date while retaining employment authority.

REVISED LANGUAGE

The City remains employer of record for all CATS personnel through December 31, 2026 and continues to exercise that authority consistent with policy and past practice except as otherwise provided.

Comparable Benefit Plan Setup

ORIGINAL LANGUAGE

The original provision focused on waiving pre-existing condition exclusions and similar limitations and crediting prior deductibles and out-of-pocket costs.

REVISED LANGUAGE

The revised text adds that the MPTA must use reasonable efforts to establish initial benefit plans at comparable employee cost as of July 1, 2026, while preserving the waiver and crediting concepts.

Contract Assignment

ORIGINAL LANGUAGE

The City was to assign and the MPTA accept operations contracts, with unassignable contracts handled by mutual agreement and a placeholder concerning confidentiality obligations.

REVISED LANGUAGE

The revised text broadens the assignment to all contracts on the first day of Phase Two other than unassignable contracts necessary for operations and deletes the confidentiality placeholder.

Options if Functions Not Ready

ORIGINAL LANGUAGE

If support functions were not ready, the parties could remain in Phase One, negotiate a multiple employer welfare arrangement, or enter a separate interlocal agreement, with notice timing expressed more generally and an additional statement about required personnel by the end of Phase One.

REVISED LANGUAGE

The revised text retains the three options, restructures the numbering, and requires notice by September 30, 2026 (or later by agreement) if options two or three are sought instead of remaining in Phase One.

Release of Encumbrances

ORIGINAL LANGUAGE

The original draft did not address procedures or cost allocation for MPTA requests to release encumbrances.

REVISED LANGUAGE

The City must cooperate with reasonable release requests, estimate expenses, and the MPTA must pay documented out-of-pocket costs, staff time, and reasonable professional fees.

Revenue

ORIGINAL LANGUAGE

The original draft contained only a placeholder that all revenue would follow the flow-of-funds structure and that excess revenue would be retained by the MPTA.

REVISED LANGUAGE

The revised text creates detailed Phase Two revenue rules covering debt service payments, reserve replenishment, January–March 2027 sales tax transfer mechanics, return of excess threshold amounts, and retention of revenue above required levels.

Liabilities

ORIGINAL LANGUAGE

All liabilities for assets and operations, including those related to CATS personnel, were to be paid by the MPTA.

REVISED LANGUAGE

The revised text states that the MPTA shall be responsible for all CATS Liabilities occurring or arising at any time.

Assets and Commingled Property in Phase Three

ORIGINAL LANGUAGE

The original draft generally required transfer of newly unencumbered assets and continuation of use agreements, but less precisely and under a different section numbering scheme.

REVISED LANGUAGE

The revised text expressly requires prompt transfer of assets that become unencumbered, continuation of use agreements for encumbered assets, continued restrictions on the MPTA creating new encumbrance-related circumstances, and continued governance of commingled property agreements.

Liabilities and Revenue in Phase Three

ORIGINAL LANGUAGE

The original Phase Three text included a placeholder revenue provision and a simpler liabilities statement.

REVISED LANGUAGE

The revised text states that the MPTA is responsible for all CATS Liabilities and requires continuing payments to the City for debt service and reserve replenishment, while making clear that other revenue stays with the MPTA.

Debt Service Payment Timing

ORIGINAL LANGUAGE

After Phase One, the MPTA would fund the Transit Debt Service Fund at the beginning of each fiscal year to the extent available, with estimates used for O-Line interest.

REVISED LANGUAGE

The MPTA must now transfer sufficient amounts no less than 15 days before each debt service payment date, and the City must provide reasonable prior notice of the payment amount, obligation, and due date.

O-Line Financing Reimbursement

ORIGINAL LANGUAGE

The original subsection addressed prepayment of the O-Line financing and the amount needed to pay principal, accrued interest, and related fees.

REVISED LANGUAGE

The revised text reframes the subsection as payment or prepayment and reimbursement of the City for the O-Line, adds reimbursement for interest the City paid from non-transit general funds, and clarifies good-faith exercise of City discretion in any restructuring.

Handling of Funds

ORIGINAL LANGUAGE

There was no standalone section stating that transit funds remained the MPTA's property and had to be segregated from other City funds.

REVISED LANGUAGE

A new section states that sales tax and U-Drive-It revenue belong to the MPTA, transit funds held by the City remain MPTA property, and such funds must be held in segregated accounts not available to general City creditors.

Contracting Authority and Approval

ORIGINAL LANGUAGE

The original draft had a more direct statement about MPTA authority to perform procurement and obtain approval from appropriate City officials where required.

REVISED LANGUAGE

The revised version remains bracketed for discussion, narrows the focus to contracts relating to assets the MPTA may use without owning, and slightly refines the approval language.

No General Fund Liability

ORIGINAL LANGUAGE

The original text stated generally that there would be no residual liability to the City's general fund after transfer.

REVISED LANGUAGE

The revised text clarifies that this applies before, during, and after transfer and expressly includes commingled liabilities as a possible exception if specifically provided for in the agreement.

Indemnification

ORIGINAL LANGUAGE

The original draft contained only a placeholder for indemnification.

REVISED LANGUAGE

The revised draft adds substantive indemnification language covering MPTA-related contract breaches, negligence, misconduct, legal violations, and intellectual property claims, while retaining one placeholder subsection under review.