



AUTHORIZE THE EXECUTIVE DIRECTOR AND OTHER AUTHORIZED REPRESENTATIVES TO ENTER INTO A REVOLVING CREDIT AGREEMENT FOR \$125 MILLION WITH U.S. BANK NATIONAL ASSOCIATION; TO EXECUTE AND DELIVER LEGAL DOCUMENTS RELATING THERETO; AND TO TAKE ALL NECESSARY OR APPROPRIATE RELATED ACTIONS IN CONNECTION THEREWITH

WHEREAS, The San Francisco County Transportation Authority ("Transportation Authority") is a county transportation authority duly organized and existing pursuant to the Bay Area County Traffic and Transportation Funding Act, being Division 12.5 of the Public Utilities Code of the State of California (Sections 131000 et seq.) ("Act"); and

WHEREAS, On July 22, 2003, the Board of Commissioners of the Transportation Authority ("Board of Commissioners") adopted Resolution No. 04-05 to approve an expenditure plan and a proposal to extend the imposition and collection of the one-half of one percent (1/2%) sales tax throughout the City and County of San Francisco ("County"), and to recommend that such revised expenditure plan and tax extension be considered by the Board of Supervisors of the City and County of San Francisco ("Board of Supervisors"); and WHEREAS, On July 29, 2003, the Board of Supervisors adopted Resolution No. 485-03, to approve the "New Transportation Expenditure Plan for San Francisco" ("Expenditure Plan"), and to call and provide for an election for the purpose of submitting to the voters an ordinance ("Ordinance") that would, in part, authorize implementation of the Expenditure Plan, continue collection of the retail transactions and use tax applicable in the County at the existing level of one-half of one percent (1/2%) ("Sales Tax"), continue the Transportation Authority as the independent agency to administer the Sales Tax and oversee implementation of the projects identified in the Expenditure Plan, and authorize the Transportation Authority to issue limited tax bonds as needed, in a total outstanding aggregate amount not to exceed \$1,880,000,000, secured by and payable from the proceeds of the Sales Tax; and

WHEREAS, At the election held for such purpose on November 4, 2003, the Ordinance was approved by more than two-thirds of the electors voting on the measure; and

WHEREAS, Pursuant to Sections 131109 and 131120 of the Act and the Ordinance, the Transportation Authority is authorized to issue limited tax bonds or bond anticipation notes secured by and payable from the proceeds of the Sales Tax; and



WHEREAS, The Transportation Authority presently has approximately \$222,020,000 aggregate principal amount of Senior Bonds outstanding and may issue additional Senior Bonds in the future; and

WHEREAS, The Transportation Authority previously entered into an Amended and Restated Revolving Credit Agreement, dated June 1, 2018 (the "Prior Revolving Credit Agreement") by and among the State Street Public Lending Corporation and U.S. Bank National Association (collectively, the "Prior Lenders") and the Transportation Authority, pursuant to which the Transportation Authority was permitted to borrow and reborrow amounts from the Prior Lenders from time to time in accordance with such Prior Revolving Credit Agreement in an amount up to \$140,000,000 outstanding at any one time; and

WHEREAS, The Prior Revolving Credit Agreement expired by its terms on June 7, 2021; and

WHEREAS, On April 14, 2021, the Transportation Authority issued a Request for Proposals ("RFP") to various banks regarding credit facilities for the Transportation Authority's interim borrowing program to succeed the Prior Revolving Credit Agreement; and

WHEREAS, By the due date of May 14, 2021, the Transportation Authority received five (5) proposals from financial institutions in response to the RFP;

WHEREAS, The review panel consisting of Transportation Authority staff and KNN Public Finance, the Transportation Authority's Municipal Advisor, evaluated the proposals based on responsiveness to the RFP, as well as qualifications and other criteria identified in the RFP, with an emphasis on proposers' fees, resulting cost of funds, length of commitment, credit ratings and various proposed terms; and

WHEREAS, Based on this competitive selection process, the review panel recommended, and the Transportation Authority proposes, to enter into a revolving credit agreement ("Revolving Credit Agreement") with a commitment of \$125,000,000 with U.S. Bank National Association ("U.S. Bank"), provided that the terms of such Revolving Credit Agreement shall be within the parameters set forth in Exhibit A; and

WHEREAS, The Transportation Authority's obligations under the Revolving Credit Agreement would constitute limited tax bonds and would be payable from and secured by the Sales Tax Revenues (which constitute the proceeds of the Sales Tax collected by the California Department of Tax and Fee Administration ("CDTFA"), as successor to the State



Board of Equalization, less the administrative fee deducted by CDTFA) on a basis subordinate to the Transportation Authority's Senior Lien Bonds as provided in the Third Amended and Restated Indenture, dated as of November 1, 2017, as amended and supplemented ("Indenture"), by and between the Transportation Authority and U.S. Bank National Association, as trustee ("Trustee"); and

WHEREAS, The proceeds of the advances and loans under the Revolving Credit Agreement shall be used to finance and refinance a portion of the costs and estimated costs of and incidental to, or connected with, the transportation improvements outlined in the Expenditure Plan ("Project"), including, without limitation, engineering, inspection, legal, fiscal agents, financial consultants and other fees, a debt service reserve fund, working capital and expenses of all proceedings for the authorization and implementation of the Revolving Credit Agreement; and

WHEREAS, The Board of Commissioners finds that the Sales Tax Revenues are expected to be sufficient to meet debt service on the Transportation Authority's outstanding Senior Lien Bonds and amounts expected to be outstanding under the Revolving Credit Agreement; and

WHEREAS, In connection with the Revolving Credit Agreement, a form of which is presented as Enclosure A, the Transportation Authority also anticipates entering into:

(a) a Supplemental Indenture (the "Supplemental Indenture") between the Transportation Authority and the Trustee, which would amend and supplement the Amended and Restated Indenture for purposes of providing the terms and conditions of the Note (defined below), a form of which is presented as Enclosure B; and

(b) a note (the "Note") evidencing the obligations of the Transportation Authority under the Revolving Credit Agreement, the form of which is attached to the Revolving Credit Agreement provided as Enclosure A.

WHEREAS, California Government Code Section 5852.1 requires that the Board of Commissioners obtain and disclose good faith estimates from a financial advisor, underwriter or private lender, prior to the authorization of bonds, of certain specified information regarding the bonds in a meeting open to the public, and such information has been disclosed prior to the adoption of this resolution; and

WHEREAS, The Board of Commissioners desires to authorize (i) the Revolving Credit



Agreement, and (ii) the execution and delivery of all documents, instruments and agreements necessary or appropriate in connection with the Revolving Credit Agreement, including the Supplemental Indenture, the Note and other documents related thereto as deemed appropriate by an Authorized Representative (defined below) (together with the Revolving Credit Agreement, the "Transaction Documents"); and

WHEREAS, At its September 1, 2021 meeting, the Community Advisory Committee considered and adopted a motion of support for the staff recommendation; and

WHEREAS, the Board of Commissioners has reviewed the staff recommendation and desires to approve the Revolving Credit Agreement, the Transaction Documents, and related actions as provided in this resolution; now, therefore, be it

RESOLVED, That the Board of Commissioners hereby finds and declares that the statements, findings and determinations set forth above are true and correct; and be it further

RESOLVED, That the Board of Commissioners hereby authorizes the Revolving Credit Agreement. The Executive Director of the Transportation Authority and the Chief Deputy Director of the Transportation Authority, and any such officer serving or acting in an interim capacity, and any authorized designee of either such officer (each, an "Authorized Representative") are, and each of them acting alone is, hereby authorized, for and in the name of and on behalf of the Transportation Authority, to execute by manual or facsimile signature and deliver the Revolving Credit Agreement and the Supplemental Indenture in substantially the forms enclosed herewith and hereby approved, with such changes as any Authorized Representative determines are appropriate or necessary and in the best interests of the Transportation Authority, provided that the final terms of the Revolving Credit Agreement are within the parameters set forth in Exhibit A to the extent applicable, such approval to be conclusively evidenced by the execution and delivery thereof; and be it further

RESOLVED, That the Board of Commissioners hereby authorizes the execution and delivery of the Note on behalf of the Transportation Authority by an Authorized Representative and, to the extent determined by an Authorized Representative to be appropriate or to be necessary to comply with the terms of the Indenture (as it may be modified) or applicable law (such determination to be conclusively evidenced by the execution and delivery of such Note by such Authorized Representative), by any other officer, Board of Commissioners member, employee or agent. The Note shall be in substantially the



form enclosed herewith and hereby approved, with such changes as any Authorized Representative determines are appropriate or necessary, in each case, to the extent, and with the terms and provisions as the Authorized Representative executing the same shall determine are appropriate or necessary for the establishment of the Revolving Credit Agreement and in the best interests of the Transportation Authority, such determination to be conclusively evidenced by the execution and delivery thereof. Any such execution may be by manual or facsimile signature, and each Note shall be authenticated by the endorsement of the Trustee or an agent of the Trustee. Any facsimile signature of any person signing a Note shall have the same force and effect as if such person had manually signed such Note; and be it further

RESOLVED, That the Authorized Representatives are, and each of them acting alone is, hereby authorized to take any and all actions and execute and deliver such documents as the Authorized Representative executing the same deems necessary or advisable to carry out the purposes of this Resolution and the Ordinance and to consummate the Revolving Credit Agreement and carry out the terms of the Revolving Credit Agreement; the officers, employees and agents of the Transportation Authority are authorized to take all actions and execute and deliver such documents as may be required to carry out the purposes of this Resolution and the Ordinance and to consummate the Revolving Credit Agreement or to carry out the terms of the Revolving Credit Agreement; and all actions heretofore taken by all officers, employees and agents of the Transportation Authority with respect to the Revolving Credit Agreement, including but not limited to the issuance of the RFP, are hereby approved, confirmed and ratified; and be it further

RESOLVED, That in addition to the actions described elsewhere in this Resolution, the Authorized Representatives are, and each of them acting alone, are hereby continually authorized, from time to time, for and in the name of, and on behalf of the Transportation Authority, to amend and modify any and all Transaction Documents, enter into new agreements or documents with respect to the Revolving Credit Agreement, and take any other actions, in each case, that the Authorized Representative entering into such amendment or modification, agreement or document or taking such action determines is necessary or advisable with respect to the Revolving Credit Agreement; and be it further

RESOLVED, That this Resolution shall take effect immediately upon its adoption and



approval; and be it further

RESOLVED, That the Authorized Representatives are, and each of them hereby is, authorized to negotiate agreement terms and conditions; and be it further

RESOLVED; That notwithstanding any rule or policy of the Transportation Authority to the contrary, each of the Authorized Representatives is expressly authorized to execute agreements and amendments to agreements within the parameters established in this Resolution.

Attachment:

1. Exhibit A: Transaction Parameters

Enclosures:

1. Enclosure A: Form of Revolving Credit Agreement
2. Enclosure B: Form of Supplemental Indenture



## **EXHIBIT A**

### **TRANSACTION PARAMETERS**

Maximum Principal Amount:	\$125,000,000 outstanding at any time; Transportation Authority may borrow and reborrow under the facility
Maximum Interest Rate:	Maximum permitted by law
Maximum Term:	3 year term of facility plus term out period not to exceed 5 years
Minimum Denominations for Notes:	No less than \$5,000 and minimum integral multiples of \$1,000 in excess thereof
Form of Note:	Registered or Physical, in substantially the form attached to the Revolving Credit Agreement provided as Enclosure A, with changes approved by an Authorized Representative



# Memorandum

## AGENDA ITEM 7

**DATE:** September 9, 2021  
**TO:** Transportation Authority Board  
**FROM:** Cynthia Fong - Deputy Director for Finance and Administration  
**SUBJECT:** 09/14/21 Board Meeting: Authorize the Executive Director and Other Authorized Representatives to Enter Into a Revolving Credit Agreement for \$125 Million with U.S. Bank National Association; to Execute and Deliver Legal Documents Relating Thereto; and to Take All Necessary or Appropriate Related Actions in Connection Therewith

<p><b>RECOMMENDATION</b>    <input type="checkbox"/> Information    <input checked="" type="checkbox"/> Action</p> <ul style="list-style-type: none"> <li>• Authorize the Executive Director and other authorized representatives to: <ul style="list-style-type: none"> <li>○ Enter into a Revolving Credit Agreement (RCA) with U.S. Bank National Association (U.S. Bank) for \$125 Million</li> <li>○ Enter into associated legal documents and amend the RCA and associated legal documents</li> <li>○ Take all necessary related actions</li> <li>○ Negotiate terms and conditions</li> </ul> </li> </ul> <p><b>SUMMARY</b></p> <p>In order to ensure we have available funds on hand when needed to support the delivery of the projects and programs in the Prop K sales tax Expenditure Plan, we plan to continue to utilize an interim borrowing program, in the form of an RCA, in combination with pay-go sales tax revenues to address ongoing project expenditure needs. Our prior RCA with State Street and U.S. Bank expired in June 2021. In April 2021, we issued a Request for Proposals (RFP) to replace the prior interim borrowing facility following its expiration. On the proposal due date, we received proposals from five financial institutions summarized in Attachment 1. The review panel, consisting of staff and our financial advisor recommends that the Transportation Authority enter into a new RCA with U.S. Bank. The proposed RCA and supplement indenture are enclosed and U.S. Bank’s RFP response (term sheet) is included in Attachment 2. We will seek approval from the Board prior to drawing down any funds from the RCA.</p>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Fund Allocation</li> <li><input type="checkbox"/> Fund Programming</li> <li><input type="checkbox"/> Policy/Legislation</li> <li><input type="checkbox"/> Plan/Study</li> <li><input type="checkbox"/> Capital Project Oversight/Delivery</li> <li><input type="checkbox"/> Budget/Finance</li> <li><input checked="" type="checkbox"/> Contract/Agreement</li> <li><input type="checkbox"/> Other:</li> </ul> <hr/>
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## BACKGROUND

We have historically relied on pay-go sales tax revenues and an interim borrowing program - initially through a \$200 million Commercial Paper (CP) Notes program which was converted in 2015 to a \$140 million revolving loan (Revolving Credit Agreement or RCA) with State Street Bank and renewed and extended in 2018 with State Street Bank and U.S. Bank - to fund the capital projects and programs included in the Prop K Expenditure Plan. The proposed RCA is an alternative variable rate financing method to traditional CP Notes and is a loan directly from a commercial bank. From time to time, we have utilized proceeds from prior interim borrowing facilities to fund peak capital expenditures that could not be met with available sales tax revenues. Following the issuance of the Transportation Authority's Senior Lien Bonds in 2017 (our first and only bond issuance to date), which provided approximately \$200 million in bond proceeds for projects, we had minimal interim borrowing needs. At the time of the expiration date of the prior RCA, June 7, 2021, we had no outstanding balances under the facility. Given the expectations for the timing of project expenditure reimbursement requests for existing grant obligations and anticipated future allocations, we desire to maintain an interim borrowing program in an amount not to exceed \$125 million. This is consistent with our Prop K Strategic Plan which reflects advancement of funds and associated financing to support faster project delivery than we could support on a pay-go basis.

*Procurement Process.* On April 14, 2021, we issued an RFP to banks active in the municipal lending market for up to \$200 million in bank credit commitment in the form of an RCA to support our interim borrowing program. While a pre-proposal conference was not held, proposers were able to submit questions and receive responses by April 26. We advertised the RFP in both the San Francisco Chronicle and San Francisco Examiner.

By the due date of May 14, 2021, we received proposals from five financial institutions in response to the RFP. Of the five proposals, the review panel deemed four proposals to be responsive in terms of proposed terms, commitment amount, and facility type. The remaining proposal could not meet the Transportation Authority's desired terms and conditions. See Attachment 1 for a summary of the five bank proposals received.

A review panel consisting of our staff and KNN Public Finance LLC, evaluated the bank credit facility proposals based on responsiveness to the RFP, as well as qualifications and other criteria identified in the RFP, with an emphasis on proposers' fees, duration of commitment, their credit ratings and various proposed terms. Based on this competitive review and selection, the review panel recommends entering into a new RCA with U.S. Bank. U.S. Bank offered a commitment of up to \$200 million (although we recommend that the RCA be based on a commitment amount of \$125 million) along with the most cost-effective financing solution to us.

U.S. Bank has provided bank credit support to a number of issuers in the San Francisco community, including the Transportation Authority in connection with the prior facility. Given our recent partnership with U.S. Bank, we do not foresee any challenges in the contract negotiations.

Attachment 2 is the RFP response containing the term sheet for the U.S. Bank RCA. Information deemed proprietary and/or a trade secret for a financial institution has been redacted per California Government Code Section 6250, et seq.

### California Government Code Section 5852.1

The following information is made available in accordance with recently enacted California Government Code Section 5852.1 to provide certain public disclosures related to the proposed financing. All figures represent good faith estimates based on the U.S. Bank RCA proposal and assume i) a fully drawn facility up to the proposed not-to-exceed amount of \$125 million over the term of the facility, ii) a variable rate of interest based on a three-year historical average of the tax-exempt Securities Industry and Financial Markets Association (SIFMA) interest rate over the RCA term, iii) our current credit ratings, and iv) a 3-year term of the RCA facility.

- 1) **True Interest Cost of the RCA.** Assuming an aggregate principal amount of \$125 million of borrowings under the RCA and based on an assumed three-year historical average variable rate of interest over the RCA term, a good faith estimate of the true interest cost of the RCA, which means the rate necessary to discount the amounts payable on the respective interest payment dates to the proceeds received under the RCA, is 1.230%.
- 2) **Finance Charge of the RCA.** Assuming an aggregate principal amount of \$125 million of borrowings under the RCA and based on market rates prevailing at the time of preparation of this information, a good faith estimate of the finance charge of the RCA, which means the sum of all fees and charges paid to third parties (or costs associated with the RCA), is \$127,950.
- 3) **Amount of Proceeds to be Received.** Assuming an aggregate principal amount of \$125 million of borrowings under the RCA and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the amount of proceeds expected to be received by the Transportation Authority for borrowings under the RCA less the finance charge of the RCA described in 2 above and any reserves or capitalized interest paid or funded with proceeds of the RCA, is \$124,872,050.
- 4) **Total Payment Amount.** Assuming an aggregate principal amount of \$125 million of borrowings under the RCA and based on an assumed three-year historical average variable rate of interest over the RCA term, a good faith estimate of the total payment amount, which means the sum total of all payments the Transportation Authority will make to pay debt service on the RCA plus the finance charge of the RCA described in paragraph 2 above not paid with the proceeds of the RCA, calculated to the final maturity of borrowings under the RCA, is \$4,740,450.

### FINANCIAL IMPACT

The proposed Fiscal Year 2021/22 budget assumes fees for the RCA. Based on the fees and interest rates proposed for a three-year agreement and assuming the Transportation Authority's full utilization under the RCA, the all-in total cost is estimated to be \$1,665,450 in year one and \$1,537,500 in each of the subsequent two years. Assuming a fully drawn RCA facility at \$125 million over the three-year term, the Transportation Authority's total cost is estimated to be \$4,740,450. We note that these are total estimated costs based on a fully drawn RCA. If the Transportation Authority did not need to utilize the RCA in year one, then the estimated fee in the first year of the facility would be \$250,000. We would seek the approval of the Board prior to drawing down any funds from the RCA.

## **CAC POSITION**

The Community Advisory Committee considered this item at its September 1, 2021 meeting, and unanimously adopted a motion of support for the staff recommendation.

## **SUPPLEMENTAL MATERIALS**

Attachment 1 - Table of RFP Responses

Attachment 2 - U.S. Bank RFP Response (Term Sheet Included)

Enclosure A - Form of Revolving Credit Agreement

Enclosure B - Form of Supplemental Indenture

### Attachment 1: Table of RFP Responses

Bank	Type of Facility/ Commitment Amount	Variable Rate Index and Applicable Spread <sup>1</sup>	Unutilized Fee	Bank Credit Ratings (Moody's / Standard & Poor's/Fitch)
<i>Former State Street/US Bank Revolver (Expired June 2021)</i>	<i>RCA \$140M</i>	<i>80% of LIBOR 40.0bp</i>	<i>24.0bp</i>	<i>Aa1/AA-/AA Aa2/AA-/AA-</i>
U.S. Bank (recommended)	RCA/Up to \$200M	SIFMA Index <sup>2</sup> 35.0bp	20.0bp	A1 / AA- / AA-
State Street Public Lending Corporation	RCA/Up to \$100M	80% of LIBOR 43.0bp	23.0bp	Aa1 / AA- / AA
Bank of America, National Association	RCA/Up to \$200M	SIFMA Index 42.5bp	30.0bp	Aa2 / A+ / AA-
JPMorgan Chase Bank, National Association	RCA/Up to \$200M	80% of LIBOR 75.0bp	35.0bp	Aa2 / A+ / AA
Sumitomo Mitsui Banking Corporation	LOC/Up to \$200M	n/a	n/a	A1 / A / A

<sup>1</sup> Based on proposed pricing for 3-year term.

<sup>2</sup> U.S. Bank RFP response used the LIBOR Index, but later converted to SIFMA Index at our request.

# San Francisco County Transportation Authority

## Proposal to Provide Revolving Credit Agreement

Indicative Terms and Conditions

May 14, 2021

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**Borrower:** San Francisco County Transportation Authority (“SFCTA,” the “Authority” or the “Borrower”).

**Debt Issue:** A Revolving Credit Agreement between the Borrower and U.S. Bank (the “RCA” or the “Facility”) pursuant to which the Bank will make tax-exempt Loans to the Borrower (the “Loans”).

**Security:** The Loans and the obligations owed to the Bank under the Facility shall be secured as Parity Debt under the Indenture by Sales Tax Revenues to be received from the collection of a one-half of one percent (1/2%) retail transactions and use tax imposed in the City and County of San Francisco. Parity Debt has a lien upon Sales Tax Revenues that is subordinate to the lien upon Sales Tax Revenues of the Senior Lien Bonds and any future Senior Lien Debt and senior to the lien upon Sales Tax Revenues of any Subordinate Obligations.

**Facility:** RCA providing interim financing on a tax-exempt basis.

**Facility Documents:** Documentation will include the Indenture, the RCA and a fee letter, as applicable, and such other documents, instruments, certificates, and agreements executed and/or delivered by the Borrower in connection with the Facility as reasonably determined by the Bank (collectively, the “Facility Documents”).

**The Bank and the Authority previously executed documentation for the existing Revolving Credit Agreement (the “Existing Agreement”). For maximum efficiency, we propose working from this Existing Agreement for the proposed Credit Facility. This would result in a smooth documentation process as very little additional negotiation should be required. Please refer to the accompanying term sheet for a detailed listing of the terms and conditions proposed by the Bank.**

**Bank:** U.S. Bank National Association (“U.S. Bank” or “Bank”).

## 1. Credit Rating

U.S. Bank	Moody's	S&P	Fitch
<b>Ratings:</b>	A1 / P-1	AA- / A-1+	AA- / F1+
	Under Review	Stable Outlook	Stable Outlook
	Negative Watch	Not on Watch	Not on Watch

Please refer to Attachment A; Appendix 1 for the Bank's ratings over the past three years and to the link below for the most recent ratings.

<https://ir.usbank.com/investor-relations/financial-information/credit-ratings>

## 2. Bank Counsel

<b>Counsel:</b>	Chapman and Cutler LLP [REDACTED] [REDACTED]	David Field, Partner [REDACTED] [REDACTED] dfield@chapman.com
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**Legal Fees:** As U.S. Bank is one of the existing banks under the Existing Agreement:

- In the event that the Authority determines to extend the existing revolving credit agreement with the existing banks, legal fees are estimated at [REDACTED] and capped at [REDACTED] plus disbursements.
- In the event that U.S. Bank is mandated to provide a separate revolving credit agreement to the Authority, legal fees are estimated at [REDACTED] and capped at [REDACTED] plus disbursements.

## 3. Fees

### Revolving Credit Agreement

Please refer to Attachment A: Appendix 1 for the corresponding pricing matrix in the RFP.

#### Commitment

**Amount:** Up to \$200,000,000 of principal.

**Term:** 3 Years.

**Index Rate:** Prior to the Maturity Date, the Loans and the Bank Note shall bear interest at a tax-exempt per annum rate of interest equal to the sum of (i) 80% of 1-month LIBOR plus (ii) the Applicable Spread set forth below (collectively, the "Index Rate"), subject to adjustment as provided herein.

The Loans shall bear interest at the Index Rate prior to the Maturity Date, so long as no Event of Taxability or Event of Default exists.

Tenor	Applicable Spread
3 Years	██████████

**Commitment Fee:**

The undrawn portion of the RCA will be charged the Commitment Fee set forth below, subject to adjustment as provided herein.

Tenor	Commitment Fee
3 Years	██████████

**Downgrade Rate/Fee Adjustments:**

The Applicable Spread and Commitment Fee shall be adjusted according to the schedules below for any rating downgrade as well as for any rating suspension, withdrawal, or cancellation (“WD/NR”):

Rating Level	Applicable Spread	Commitment Fee
Aa2/AA and above	██████████	██████████
Aa3/AA-	██████████	██████████
A1/A+	██████████	██████████
A2/A	██████████	██████████
A3/A-	██████████	██████████
Baa1/BBB+	██████████	██████████
Baa2/BBB	██████████	██████████
Below Baa2/BBB*	Default	Default
WD/NR*	Default	Default

\* Note: Event of Default rate/fee adjustment applies.

The lowest long-term unenhanced rating assigned to SFCTA’s Senior Lien Bonds will determine the Applicable Spread and the Commitment Fee. An Applicable Spread and Commitment Fee adjustment shall become effective on the date a rating action is announced by the applicable rating agency. In the event of the adoption of any new or changed rating system, each of the ratings referred to above shall be deemed to refer to the rating category under the new rating system which most closely approximates the applicable rating category currently in effect.

**Event of Default Rate/Fee Adjustment:**

If one or more of the underlying ratings assigned to SFCTA’s Senior Lien Bonds are withdrawn or suspended, or shall fall below “Baa2/BBB”, or upon the occurrence of an Event of Default, the Loans and the Bank Note shall bear interest at the Default Rate and the Commitment Fee shall automatically and without notice to the Borrower increase by ██████████ per annum above the level specified in the above pricing matrix for the “Baa2/BBB” rating category.

**Maximum Federal**

Maximum Federal Corporate Tax Rate means the maximum rate of income taxation imposed on corporations pursuant to Section 11(b) of the Code, as in effect from time

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This proposal is provided for discussion purposes only and does not constitute, and may not be construed as, a commitment to provide financing or other services.

**Corporate Tax Rate:** to time (or, if as a result of a change in the Code, the rate of income taxation imposed on corporations generally shall not be applicable to the Bank, the maximum statutory rate of federal income taxation which could apply to the Bank). The Maximum Federal Corporate Tax Rate is currently 21%.

**LIBOR Transition:** The Bank Index shall be one month LIBOR, which Bank Index shall be reset on the first day of each calendar month, such rate to be based upon the LIBOR index as of two New York Banking Days immediately preceding the rate reset date, provided that in no event shall the Bank Index be less than 0.0%. If for any reason one month LIBOR is not available for any such period, then the index for such period shall be a comparable index designed to measure interest rates in a similar manner as selected by the Bank.

**Event of Taxability:** In the event a determination of taxability shall occur, in addition to the amounts required to be paid with respect to the Loans, the Borrower shall be obligated to pay to the Bank an amount calculated on a daily basis equal to the positive difference, if any, between the amount of interest that would have been paid during the period of taxability if the Loans had borne interest at the Taxable Rate (i.e., the product of the Index Rate and 1.0/1.0-Maximum Federal Corporate Tax Rate) and the interest actually paid to the Bank with respect to the Loans.

**Termination/Reduction Fee:** In the event that the Borrower elects to terminate or permanently reduce the Facility during the first eighteen months of the Facility, the Borrower will be required to pay a termination or reduction fee equal to the Commitment Fee which would have accrued from the date of termination or reduction through the one-year anniversary of the closing date.

**Draw Fee:** [REDACTED] per draw, capped at [REDACTED] in any calendar year.

**Amendment Fee:** [REDACTED] plus reasonable fees and disbursements of counsel, if any.

**Base Rate:** The greatest of: (i) [REDACTED]  
(ii) [REDACTED]  
(iii) [REDACTED]

**Term Loan Rate:** Days 1-30: [REDACTED]  
Days 31-90: [REDACTED]  
Days 91 and after: [REDACTED]

**Default Rate:** [REDACTED]  
Interest accruing at the Default Rate shall be payable on demand.



**Computation of Payments:** Computations of interest and fees shall be calculated on an actual/360 day basis.

**Pro Rata Draws & Repayments:** If there is more than one RCA, all draws and repayments under the RCAs shall be pro rata between the RCAs.

**Term Loan:** 5 Years.

#### 4. Terms and Conditions of Revolving Credit Agreement

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For the RCA, the Bank is proposing limited modifications to the Existing Agreement including conditions precedent to purchase and closing, representations and warranties, covenants, events of default, and remedies – shall remain generally consistent with the Existing Agreement.

#### 5. Formal Credit Approval

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**Credit Approval:** Any commitment to provide the Facility (including the terms and conditions proposed herein) or to extend credit is subject to the Bank’s internal approvals and due diligence procedures. In obtaining credit approval, the Bank reserves the right to modify and/or supplement any of the terms and conditions stated herein.

US Bank anticipates obtaining final credit approval within 15 business days of receiving the mandate to provide the Facility.

#### 6. Additional Information Relative to the Proposer

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**U.S. Bank Contacts:** U.S. Bank National Association  
[Redacted]  
[Redacted]

<b>Project Manager:</b> [Redacted] [Redacted] [Redacted]   jeffrey.kajisa@usbank.com	<b>Other Team Members:</b> [Redacted] [Redacted] [Redacted]   charline.botelho@usbank.com
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**Resumes:**  
Please refer to Appendix B for the resumes of the project managers and team members.

**Experience:**

U.S. Bank offers the Authority exceptional strength and security. With assets of \$543 billion as of 3/31/21, it is the fifth largest bank in the United States. U.S. Bank is rated among the highest of any domestic financial firm. U.S. Bank is a market leader in tax-exempt and taxable credit origination. Our experience in providing both on and off-balance sheet support to municipal and not-for-profit issuers across the nation will ensure an efficient and cost-effective transaction for the Authority. U.S. Bank's Government Banking Portfolio Management Group manages over \$7 billion in commitments to customers in the municipal and nonprofit sectors.

Please refer to Appendix C for a list of state and local government clients for which the Bank has provided liquidity support, credit enhancement or direct credit in excess of \$100 million since 1/1/2018.

**7. Assurances and Miscellaneous Items**

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**U.S. Bank** [Redacted]  
**Reference #1:** [Redacted]  
[Redacted]  
[Redacted]  
[Redacted]  
[Redacted]

**U.S. Bank** [Redacted]  
**Reference #2:** [Redacted]  
[Redacted]  
[Redacted]  
[Redacted] [anna.vandegna@sfgov.org](mailto:anna.vandegna@sfgov.org)

[Redacted]  
[Redacted]  
[Redacted]

**U.S. Bank** [Redacted]  
**Reference #3:** [Redacted]  
[Redacted]  
[Redacted]  
[Redacted]  
[Redacted]  
[Redacted]

## **B. Conflict of Interest**

At this time, and to the best knowledge of the representatives preparing this response, U.S. Bank is not aware of any arrangement, formal or informal, or potential conflicts of interest that the Bank has with any party that might interfere with the Bank's ability to provide a credit facility to the Authority.

The relevant assignments completed by U.S. Bank's Government Banking business for the City and County of San Francisco within the last five (5) years, including involvement with Transportation Authority-funded projects, are outlined below:

- Liquidity Facility supporting the City and County of San Francisco Lease Revenue Commercial Paper Certificates of Participation, Series 2 and Series 2-5;
- Revolving Line of credit to issue Standby Letters of Credit for the City and County of San Francisco to assist with the City's Bonding and Financial Assistance Program to provide required bonding to certain eligible contractors performing City public works/construction contracts.
- Revolving Credit Facilities to the Public Utilities Commission of the City and County of San Francisco (SFPUC)
- U.S. Bank's Municipal Products Group (MPG) is a CP dealer for the City and County of San Francisco and SFPUC. MPG was a co-manager on a 2016 Water Revenue Bond.

## **C. Political Contributions**

We are not aware of any political contributions by senior executives or directors of U.S. Bank N.A. to any current member of the San Francisco County Transportation Authority Board of Commissioners within the last three years.

## **D. Litigation**

From time to time, U.S. Bancorp and its affiliates (hereafter, the Company) are subject to various litigation, administrative proceedings, and investigations. The company does not currently believe that the ultimate resolution of any existing litigation, administrative proceeding, or investigation will have a material adverse effect on the financial condition of the Company or of the Company's ability to perform in connection with this RFP. Such litigation, administrative proceedings, and investigations are often highly confidential, thus we may be limited in our ability to disclose detailed information. Nevertheless, for further information regarding certain current matters, please see our most recent 10-K and 10-Q.

## **E. Confidentiality**

All pricing related terms in the Bank's proposal are considered confidential proprietary information.

## **F. Acknowledgement**

The Bank acknowledges receipt and understanding of the Authority's contracting requirements. The Bank is able and willing to comply with the requirements.

## 8. Other Terms and Conditions

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- Survival:** This proposal does not constitute a Facility Document and shall not survive the execution and delivery of the definitive Facility Documents.
- Material Adverse Change:** This proposal may be rescinded, in the sole discretion of the Bank, upon the occurrence of a material adverse change in the financial, operational, or legal condition of the Borrower.
- Proposal Expiration:** Unless otherwise extended by the Bank, this proposal shall expire at 5:00 p.m. EST on September 13, 2021.

## 9. Appendix A:

### ATTACHMENT 1

#### Pricing Matrix

#### San Francisco County Transportation Authority Proposition K Sales Tax Revenue Revolving Credit Facility

Name of Provider:	U.S. Bank, N.A.																																	
Provider LT & ST Ratings:	<table border="1"> <thead> <tr> <th><i>Year</i></th> <th><i>Moody's</i></th> <th><i>Outlook</i></th> <th><i>S&amp;P</i></th> <th><i>Outlook</i></th> <th><i>Fitch</i></th> <th><i>Outlook</i></th> </tr> </thead> <tbody> <tr> <td>2021</td> <td>A1/P-1</td> <td>Negative Watch</td> <td>AA-/A-1+</td> <td>Stable</td> <td>AA-/F1+</td> <td>Stable</td> </tr> <tr> <td>2020</td> <td>A1/P-1</td> <td>Negative</td> <td>AA-/A-1+</td> <td>Stable</td> <td>AA-/F1+</td> <td>Negative</td> </tr> <tr> <td>2019</td> <td>A1/P-1</td> <td>Stable</td> <td>AA-/A-1+</td> <td>Stable</td> <td>AA-/F1+</td> <td>Stable</td> </tr> </tbody> </table>						<i>Year</i>	<i>Moody's</i>	<i>Outlook</i>	<i>S&amp;P</i>	<i>Outlook</i>	<i>Fitch</i>	<i>Outlook</i>	2021	A1/P-1	Negative Watch	AA-/A-1+	Stable	AA-/F1+	Stable	2020	A1/P-1	Negative	AA-/A-1+	Stable	AA-/F1+	Negative	2019	A1/P-1	Stable	AA-/A-1+	Stable	AA-/F1+	Stable
<i>Year</i>	<i>Moody's</i>	<i>Outlook</i>	<i>S&amp;P</i>	<i>Outlook</i>	<i>Fitch</i>	<i>Outlook</i>																												
2021	A1/P-1	Negative Watch	AA-/A-1+	Stable	AA-/F1+	Stable																												
2020	A1/P-1	Negative	AA-/A-1+	Stable	AA-/F1+	Negative																												
2019	A1/P-1	Stable	AA-/A-1+	Stable	AA-/F1+	Stable																												
Contact Person:	[REDACTED]																																	
Email Address:	jeffrey.kajisa@usbank.com																																	
Telephone Number:	[REDACTED]																																	

Facility Type	Revolving Line of Credit
Commitment Amount	\$200,000,000
Term (in years)	3 Years
Index Rate	80% of LIBOR, If Index Rate would be less than zero percent (0.0%), the Index Rate shall be deemed to be zero percent (0.00%).
Applicable Spread to Index Rate	[REDACTED]
Origination Fee	-0-
Commitment Fee	-0-
Unutilized Fee	[REDACTED]

This proposal is provided for discussion purposes only and does not constitute, and may not be construed as, a commitment to provide financing or other services.

Termination/ Reduction Fee	Any termination of the commitment (in whole or in part) under the Revolver Facility on a date before the first anniversary shall be subject to a termination fee based on the Unused Fee.																														
Draw Fee	██████																														
Amendment Fee	██████																														
Bank Counsel Fee	As U.S. Bank is an existing lender to the Authority: <ul style="list-style-type: none"> <li>• In the event that the Authority determines to extend the existing revolving credit agreement with the existing banks, legal fees are estimated at ██████ and capped at ██████</li> <li>• In the event that U.S. Bank is mandated to provide a separate revolving credit agreement to the Authority, legal fees are estimated at ██████ and capped at ██████</li> </ul>																														
Other Fees	None, except for Legal Fees as referenced above																														
Base Rate/Bank Rate Term Loan Rate	The greatest of: <ul style="list-style-type: none"> <li>(i) The Bank's Prime Rate plus ██████</li> <li>(ii) Federal Funds Rate plus ██████ and</li> <li>(iii) ██████</li> </ul>																														
Default Rate	Base Rate plus 3.0% Interest accruing at the Default Rate shall be payable on demand.																														
Computation of Payments	Computation of interest and fees shall be calculated on an actual/360-day basis.																														
Downgrade Rate/Fee Adjustments	The Commitment Fee shall be adjusted according to the schedules below for any downgrade as well as for any rating suspension, withdrawal, or cancellation ("WD/NR"): <table border="1" data-bbox="391 1304 1451 1686"> <thead> <tr> <th>Rating Level</th> <th>Applicable Spread</th> <th>Unutilized Fee</th> </tr> </thead> <tbody> <tr> <td>Aa2/AA and above</td> <td>██████</td> <td>██████</td> </tr> <tr> <td>Aa3/AA-</td> <td>██████</td> <td>██████</td> </tr> <tr> <td>A1/A+</td> <td>██████</td> <td>██████</td> </tr> <tr> <td>A2/A</td> <td>██████</td> <td>██████</td> </tr> <tr> <td>A3/A-</td> <td>██████</td> <td>██████</td> </tr> <tr> <td>Baa1/BBB+</td> <td>██████</td> <td>██████</td> </tr> <tr> <td>Baa2/BBB</td> <td>██████</td> <td>██████</td> </tr> <tr> <td>Below Baa2/BBB*</td> <td>Default</td> <td>Default</td> </tr> <tr> <td>WD/NR*</td> <td>Default</td> <td>Default</td> </tr> </tbody> </table> <p>The lowest long-term unenhanced rating assigned to SFCTA's Senior Lien Bonds will determine the Commitment Fee. A Commitment Fee adjustment shall become effective on the date a rating action is announced by the applicable rating agency. In the event of the adoption of any new or changed rating system, each of the</p>	Rating Level	Applicable Spread	Unutilized Fee	Aa2/AA and above	██████	██████	Aa3/AA-	██████	██████	A1/A+	██████	██████	A2/A	██████	██████	A3/A-	██████	██████	Baa1/BBB+	██████	██████	Baa2/BBB	██████	██████	Below Baa2/BBB*	Default	Default	WD/NR*	Default	Default
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Aa2/AA and above	██████	██████																													
Aa3/AA-	██████	██████																													
A1/A+	██████	██████																													
A2/A	██████	██████																													
A3/A-	██████	██████																													
Baa1/BBB+	██████	██████																													
Baa2/BBB	██████	██████																													
Below Baa2/BBB*	Default	Default																													
WD/NR*	Default	Default																													

This proposal is provided for discussion purposes only and does not constitute, and may not be construed as, a commitment to provide financing or other services.

	ratings referred to above shall be deemed to refer to the rating category under the new rating system which most closely approximates the applicable rating category currently in effect.
Term Loan Period	At maturity, provided no default or event of default has occurred and all representations and warranties of the Transportation Authority are true and correct in all material respects, the outstanding balance will be repaid over five years in equal quarterly installments at the following rates: <ul style="list-style-type: none"> <li>• 1-30 days, Base Rate</li> <li>• 31-90 days, Base Rate + [REDACTED]</li> <li>• 91 days plus, Base Rate + [REDACTED]</li> </ul>
Bank Counsel	David Field, Partner Chapman and Cutler LLP

## 10. Appendix B: Resumes of the Project Managers and Team Members

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### **U.S. Bank**

#### **Jeffrey Kajisa, Vice President**

[Redacted]

[Redacted]

#### **Charline Botelho, Senior Vice President**

[Redacted]



## 11. Appendix C: California State & Local Government Clients Since 01/01/2018

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**U.S. Bank:**

[REDACTED]

<b>(Issuer)</b>	<b>(Commitment) Date</b>	<b>(Commitment) Amount</b>	<b>(Facilities Type)</b>
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

## Additional Disclosure

The proposed terms and conditions outlined in the Indicative Terms and Conditions are provided for discussion purposes only and do not constitute an offer, agreement, or commitment to lend. This Indicative Terms and Conditions is intended as an outline only and does not purport to summarize all the terms, conditions, covenants, representations, warranties or other provisions which would be contained in definitive legal documentation of the financing transaction contemplated herein. The actual terms and conditions upon which the Lenders might extend credit to the Borrower are subject to further due diligence, formal credit approval, satisfactory review of documentation, and such other terms and conditions as may be determined by the Bank and its counsel.

As we obtain more information, additional substantive conditions will be required and terms may be changed or be supplemented. In addition, upon completion of our analysis and due diligence and if we obtain credit approval of this proposal, we will prepare loan documentation which will include terms and conditions customary to U.S. Bank, as well as warranties and covenants specific to this transaction.

To that end, this letter is an expression of interest only. Except with respect to your obligation to reimburse U.S. Bank for expenses as provided below and not to disclose the contents of this letter except as permitted below, this letter is not a contract, commitment nor intent to be bound, and U.S. Bank does not intend that this letter or discussions relative to the terms of this letter create any legal rights, implicit or explicit, in your favor, nor is it intended to create any obligations on the part of U.S. Bank. Also, no oral discussions and/or written agreements shall be in place of or supersede written loan agreements executed by your business and accepted by U.S. Bank.

Please note that this proposal is for your review only. You may not disclose this letter or any of the terms contained in this letter to any third party other than your attorney, accountant or authorized agents representing you.