



# Memorandum

## AGENDA ITEM 8

**DATE:** September 20, 2024

**TO:** Transportation Authority Board

**FROM:** Cynthia Fong - Deputy Director for Finance and Administration

**SUBJECT:** 10/08/24 Board Meeting: Authorize the Executive Director and Other Authorized Representatives to Enter Into a Revolving Credit Agreement for \$185 Million with U.S. Bank National Association; to Borrow Certain Amounts under such Revolving Credit Agreement; to Execute and Deliver Related Documents; and to Take All Necessary or Appropriate Related Actions

**RECOMMENDATION**     Information     Action

- Authorize the Executive Director and other authorized representatives to:
  - Enter into an Amended and Restated Revolving Credit Agreement with U.S. Bank National Association (U.S. Bank) for \$185 million
  - Borrow up to \$65 million that was previously authorized
  - Execute associated documents
  - Take all necessary related actions
  - Negotiate terms and conditions

- Fund Allocation
- Fund Programming
- Policy/Legislation
- Plan/Study
- Capital Project Oversight/Delivery
- Budget/Finance
- Contract/Agreement
- Other: \_\_\_\_\_

### SUMMARY

To ensure the Transportation Authority has available funds on hand when needed to support the delivery of the projects and programs in the Prop L sales tax Expenditure Plan, we plan to continue to utilize an interim borrowing program, in the form of a Revolving Credit Agreement (RCA), in combination with pay-go sales tax revenues to address ongoing project expenditure needs. The existing RCA with U.S. Bank was subject to expiration in October 2024, but has been extended to November 1, 2024 to provide time to execute and close on the proposed replacement facility.

In May 2024, we issued a Request for Proposals (RFP) to replace the existing interim borrowing facility following its expiration. On the proposal due date, we received three proposals and one letter of interest from four financial institutions summarized in Attachment 1. The review panel, consisting of staff and our municipal advisor recommends that the

<p>Transportation Authority enter into an Amended and Restated RCA with U.S. Bank for a term of 3 years. U.S. Bank's RFP response (term sheet) is included in Attachment 2. The form of Amended and Restated RCA and Supplemental Indenture are provided as Enclosure A and Enclosure B, respectively.</p> <p>Borrowings that are outstanding under the existing RCA would be repaid with a borrowing under the proposed Amended and Restated RCA. In addition, the resolution would authorize additional borrowings under the Amended and Restated RCA of the remaining unborrowed portion of the \$65 million previously authorized to be borrowed under the existing RCA.</p>	
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## BACKGROUND

**Interim Borrowing Program.** The Transportation Authority has historically relied on pay-go sales tax revenues to fund the capital projects and programs included in the Expenditure Plan. However, from time to time, we have utilized proceeds from our interim borrowing program 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. As of September 20, 2024, we have no outstanding balances under the existing RCA, but anticipate drawing approximately \$22.9 million to fund sales tax capital expenditures, as was authorized by Resolution 25-05 adopted by the Transportation Authority Board on July 23, 2024, and additional amounts may be borrowed under the existing RCA (up to a total of \$65 million) prior to its expiration as authorized by such resolution. The proposed resolution would allow any unborrowed portion of the previously authorized \$65 million to be borrowed under the Amended and Restated RCA. 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 and increase our available commitment amount from \$125 million to \$185 million. This is consistent with our Prop L Strategic Plan which reflects advancement of funds and associated financing to support faster project delivery than we could support on a pay-go basis.

**Interim Borrowing Facilities.** Initially the Transportation Authority established its interim borrowing program by utilizing a Commercial Paper (CP) Notes program; however, in 2015 the CP Notes program was converted to a revolving line of credit (or RCA) with a lending bank. An RCA is an alternative variable rate financing method to traditional CP Notes and is a loan directly from a commercial bank that provides funding up to a maximum commitment amount that can be drawn upon on an as-needed basis. The Transportation Authority's \$140 million RCA was executed with State Street Bank in 2015 and was renewed and extended in 2018 with State Street Bank and U.S. Bank. In 2021, we reduced the RCA commitment amount to \$125 million and entered into a 3-year agreement with U.S. Bank.

**Procurement Process.** On May 23, 2024, we issued an RFP to banks active in the municipal lending market for up to \$300 million in tax-exempt bank credit commitments in the form of a Revolving Credit Agreement, a Direct-Pay Letter of Credit, or a Standby Note Purchase Agreement to support our interim borrowing program. (A Direct-Pay Letter of Credit or Standby Note Purchase Agreement would be used if we opted to utilize a CP Notes program.) While a pre-proposal conference was not held,

## Agenda Item 8

proposers were able to submit questions and receive responses by June 6. We advertised the RFP in both the San Francisco Chronicle and San Francisco Examiner.

By the due date of June 24, 2024, we received three proposals and one letter of interest from four financial institutions in response to the RFP. Of the four submissions, the review panel deemed four submissions to be responsive in terms of proposed terms, commitment amount, and facility type. See Attachment 1 for a summary of the four bank submissions received.

A review panel consisting of our staff and our municipal advisor, KNN Public Finance LLC, evaluated the bank credit facility submissions 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, credit ratings, and various other proposed terms. Based on this competitive review and selection, the review panel recommends entering into an Amended and Restated RCA with U.S. Bank. The review panel determined that the U.S. Bank proposal offers the greatest value to the Transportation Authority considering cost, complexity, and administrative burden. Thus, the review panel recommended the continued use of an RCA rather than a new CP Note program, which would have a higher level of upfront transaction costs, complexity, and administrative burden. The review panel then selected the provider of an RCA that had the lowest proposed facility cost. U.S. Bank offered a commitment of up to \$300 million (although based on projected cash flow needs, we recommend that the RCA be based on a commitment amount of \$185 million).

U.S. Bank has provided bank credit support to various issuers in the San Francisco community, including the Transportation Authority in connection with prior facilities. Given our current 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 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 \$185 million over the term of the facility, ii) a rate of interest based on a three-year historical average of the tax-exempt Securities Industry and Financial Markets Association variable 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 \$185 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 2.83%.
- 2) Finance Charge of the RCA.** Assuming an aggregate principal amount of \$185 million of borrowings under the RCA, 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 \$175,000.

**3) Amount of Proceeds to be Received.** Assuming an aggregate principal amount of \$185 million of borrowings under the RCA, a good faith estimate of the amount of proceeds expected to be received by the Transportation Authority for borrowings under the RCA less any finance charge of the RCA (paragraph 2 above), any reserves, or any capitalized interest paid or funded with proceeds of the RCA, is \$185,000,000.

**4) Total Payment Amount.** Assuming an aggregate principal amount of \$185 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 (interest only payments) 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 term of the RCA, is \$15,890,985.

## **FINANCIAL IMPACT**

The proposed Fiscal Year 2024/25 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 \$5,413,661 in year one and \$5,238,660 in each of the subsequent two years. Assuming a fully drawn RCA facility at \$185 million over the three-year term, the Transportation Authority's total cost is estimated to be \$15,890,981. We note that these are total estimated costs based on a fully drawn RCA. These amounts reflect only interest payments on the RCA because principal is expected to be repaid with the proceeds of bonds (or other form of long-term borrowing) as was done in 2017.

The Transportation Authority Board has provided staff with the authority to draw up to \$65 million under the existing RCA (Resolution 25-05 adopted by the Transportation Authority Board on July 23, 2024), which extends to the Amended and Restated RCA. Based on the estimated True Interest Cost of the RCA of 2.83% provided above, the annual cost of borrowing \$65 million under the RCA is approximately \$1.84 million (interest only). We would seek the approval of the Board prior to drawing on any additional funds under the RCA and report estimated additional interest costs at the time of seeking approval for such additional drawn amounts.

## **CAC POSITION**

The Community Advisory Committee will consider this item at its September 25, 2024 meeting.

## **SUPPLEMENTAL MATERIALS**

Attachment 1 – Table of RFP Responses

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

Enclosure 1 – Form of Restated and Amended Revolving Credit Agreement

Enclosure 2 – Form of Supplemental Indenture

### Attachment 1: Table of RFP Responses

Attachment 1: Table of RFP Responses						
Bank	Type of Facility Proposed & Commitment Amount	Revolving Credit Agreement Pricing			CP & Bank Facility Pricing <sup>3</sup>	Bank Credit Ratings (Moody's / Standard & Poor's/Fitch)
		Estimated All-In Cost of Borrowing (Full Utilization) <sup>1</sup>	Unutilized Cost	Estimated All-In Cost of Borrowing (Partial Utilization) <sup>2</sup>	Estimated All-In Cost of Borrowing <sup>1</sup>	
Current US Bank Revolver (Expires October 2024)	RCA \$125M	273 bps	20.0 bps	115 bps	N/A	A2 / A+ / A+
U.S. Bank (recommended)	RCA Up to \$300M	293 bps	20.0 bps	122 bps	N/A	A2 / A+ / A+
Bank of America, National Association	RCA or Letter of Credit or Standby Note Purchase Agreement for CP Up to \$200M	299 bps	35.0 bps	135 bps	293 bps	Aa1 / A+ / AA
JPMorgan Chase Bank, National Association (Letter of Interest)	RCA or Standby Note Purchase Agreement for CP Up to \$300M	369 bps	47.5 bps	167 bps	301 bps	Aa2 / A+ / AA-
Sumitomo Mitsui Banking Corporation	Letter of Credit and Standby Note Purchase Agreement for CP Up to \$300M	N/A	N/A	N/A	276 bps	A1 / A / A

**Notes:**

1. Estimated all-in cost of borrowing is based on bank RFP responses (facility fees), estimated interest rates based on a 3-year average of short-term interest rates, **and** estimated upfront/finance charges. Assumes **full** utilization of the RCA at \$185 million. Note that the all-in cost of borrowing will change based on changing interest rates, market condition, and Transportation Authority or bank credit ratings.

2. Estimated all-in cost of borrowing is based on bank RFP responses (facility fees), estimated interest rates based on a 3-year average of short-term interest rates, and estimated upfront/finance charges. Assumes **partial** utilization of the RCA at \$65 million (utilized) and \$120 million (unutilized). Note that the all-in cost of borrowing will change based on changing interest rates, market condition, and Transportation Authority or bank credit ratings.

3. The estimated all-in cost of borrowing for Commercial Paper (CP) does not change based on full or partial utilization of the bank facility and program.

Attachment 2

U.S. Bank RFP Response (Term Sheet Included)

# San Francisco County Transportation Authority

## Proposal to Provide Revolving Credit Agreement

Indicative Terms and Conditions

June 24, 2024

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

**Debt Issue:** An amendment to, or an amendment and restatement of, the existing Revolving Credit Agreement between the Borrower and U.S. Bank (the “RCA” or the “Facility”) pursuant to which the Bank will continue to make tax-exempt Loans to the Borrower (the “Loans”).

**Security:** The Loans and the obligations owed to the Bank under the Facility shall continue to 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, an amendment to, or the amendment and restatement of, the Existing Agreement and an amended and restated 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 Ratings:	Moody's	S&P	Fitch
	A2 / P-1	A+ / A-1	A+ / F1
	Negative Outlook	Stable Outlook	Stable Outlook
	Not on 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

**Counsel:** Chapman and Cutler LLP  
320 South Canal Street  
Chicago, IL 60606

██████████ Partner  
Telephone: ██████████  
E-mail: ██████████

**Legal Fees:** As U.S. Bank is the existing bank under the Existing Agreement:

- In the event that the Authority determines to extend the existing revolving credit agreement with the existing bank, legal fees are estimated at ██████████ and capped at ██████████, plus disbursements.
- In the event that U.S. Bank is mandated to provide a separate revolving credit agreement to the Authority and the revolving credit agreement is substantially similar to the Existing Agreement, legal fees are estimated at ██████████ and capped at ██████████, plus disbursements. In the event that the revolving credit is substantially different than the Existing Agreement, legal fees are estimated at ██████████ and capped at ██████████, 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 \$300,000,000 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) SIMFA 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 1.00% per annum above the level specified in the above pricing matrix for the “Baa2/BBB” rating category.

**Maximum Federal Corporate Tax Rate:**

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 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%.

**SIFMA:**

“SIFMA Index Rate” means a fluctuating rate per annum, determined as of each applicable Computation Date, equal to the sum of (a) the Applicable Spread plus (b) SIFMA Index rounded upward to the second decimal place, and effective on each related Rate Reset Date.

“SIFMA” means the Securities Industry and Financial Markets Association (formerly known as The Bond Market Association and the Public Securities Association), and any successor Organization.

“SIFMA Index” shall mean, on any date, the SIFMA Municipal Swap Index (a weekly, high-grade market index comprised of seven (7) day tax-exempt, variable rate demand notes produced by Municipal Market Data) determined on each Computation Date to be effective on the immediately succeeding Rate Reset Date. If the SIFMA Municipal Swap Index or a successor equivalent index is no longer calculated and published by Municipal Market Data (or any successor indexing agent meeting the criteria identified in the definition of “SIFMA Municipal Swap Index” hereof) in its current form, then the SIFMA Municipal Swap Index shall be replaced by the S&P Municipal Bond 7 Day High Grade Rate Index and shall be determined on each Computation Date to be effective on the immediately succeeding Rate Reset Date. If at any time neither such index is available, the “SIFMA Index” means instead the most recently effective index that the Lender determines most closely approximates the SIFMA Index, and which is procedurally acceptable to the Lender. If the SIFMA Municipal Swap Index or any alternate index is less than zero, the SIFMA Index shall be deemed to be zero for purposes of this Agreement.

**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 twelve 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.

<b>Draw Fee:</b>	██████) per draw, capped at ██████) in any calendar year.
<b>Amendment Fee:</b>	██████) plus reasonable fees and disbursements of counsel, if any.
<b>Base Rate:</b>	The greatest of: <ul style="list-style-type: none"> <li>(i) Bank's Prime Rate plus 1.0%;</li> <li>(ii) Federal Funds Rate plus 2.0%; and</li> <li>(iii) 6.5%.</li> </ul>
<b>Term Loan Rate:</b>	<ul style="list-style-type: none"> <li>Days 1-30: Base Rate.</li> <li>Days 31-90: Base Rate plus 1.0%.</li> <li>Days 91 and after: Base Rate plus 2.0%.</li> </ul>
<b>Default Rate:</b>	Base Rate plus 3.0%. Interest accruing at the Default Rate shall be payable on demand.
<b>Computation of Payments:</b>	Computations of interest and fees shall be calculated on an actual/360 day basis.
<b>Pro Rata Draws &amp; Repayments:</b>	If there is more than one RCA, all draws and repayments under the RCAs shall be pro rata between the RCAs.
<b>Term Loan:</b>	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  
1 California Street, Suite 350  
San Francisco, CA 94111

**Project Manager:**

[REDACTED]  
Telephone [REDACTED]  
E-mail [REDACTED]

**Other Team Members:**

[REDACTED]  
Telephone [REDACTED]  
E-mail [REDACTED]

**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 \$684 billion as of 3/31/24, it is rated among the highest of any domestic financial firm. The U.S. Bank has been recognized for its approach to digital innovation, community partnerships and customer service, including being named one of the 2024 World's Most Ethical Companies and Fortune's most admired superregional bank. 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 1/1/2021.

## 7. Assurances and Miscellaneous Items

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**U.S. Bank**  
**Reference #1:**

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

U.S. Bank provides \$175 million in revolving credit facilities to [REDACTED] is the primary account manager for the transaction.

**U.S. Bank  
Reference #2:**

[REDACTED]  
[REDACTED]  
[REDACTED]  
4 [REDACTED]  
Emai [REDACTED]

U.S. Bank provided an \$82 million CP Liquidity Facility and provides an \$8 million [REDACTED]  
[REDACTED] is the primary account manager for the transaction.

**U.S. Bank  
Reference #3:**

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

U.S. Bank provides a \$187.9 million Letter of Credit to [REDACTED]  
[REDACTED]s the primary account manager for the transaction.

**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.

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

## 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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<b>Survival:</b>	This proposal does not constitute a Facility Document and shall not survive the execution and delivery of the definitive Facility Documents.
<b>Material Adverse Change:</b>	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.
<b>Proposal Expiration:</b>	Unless otherwise extended by the Bank, this proposal shall expire at 5:00 p.m. EST on October 22, 2024.

**ATTACHMENT 1**

**Pricing Matrix**

**San Francisco County Transportation Authority  
Proposition L Sales Tax Revenue Interim Borrowing Program**

Name of Provider:	U.S. Bank, National Association																												
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>2024</td> <td>A2/P-1</td> <td>Negative</td> <td>A+/A-1</td> <td>Stable</td> <td>A+/F1</td> <td>Stable</td> </tr> <tr> <td>2023</td> <td>A2/P-1</td> <td>Negative</td> <td>A+/A-1</td> <td>Stable</td> <td>A+/F1</td> <td>Stable</td> </tr> <tr> <td>2022</td> <td>A1/P-1</td> <td>Negative Watch</td> <td>AA-/A-1+</td> <td>Negative</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>	2024	A2/P-1	Negative	A+/A-1	Stable	A+/F1	Stable	2023	A2/P-1	Negative	A+/A-1	Stable	A+/F1	Stable	2022	A1/P-1	Negative Watch	AA-/A-1+	Negative	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>																							
2024	A2/P-1	Negative	A+/A-1	Stable	A+/F1	Stable																							
2023	A2/P-1	Negative	A+/A-1	Stable	A+/F1	Stable																							
2022	A1/P-1	Negative Watch	AA-/A-1+	Negative	AA-/F1+	Stable																							
Contact Person:	[REDACTED] Senior Vice President and Portfolio Manager																												
Email Address:	[REDACTED]																												
Telephone Number:	[REDACTED]																												
Name of Bank Counsel	Chapman and Cutler LLP																												
Bank Counsel Contact Person	[REDACTED], Partner																												
Bank Counsel Contact Information	[REDACTED]																												
<b>Facility Type</b>	<b>Revolving Line of Credit</b>																												
Maximum Commitment Amount	\$300,000,000																												
Term (in years)	3 Years																												
Index	SIFMA, 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]s																												
Additional Fees:																													
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	<p>As U.S. Bank is an existing lender to the Authority:</p> <ul style="list-style-type: none"> <li>• In the event that the Authority determines to extend the existing revolving credit agreement with the existing bank, 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 and the revolving credit agreement is substantially similar to the Existing Agreement, legal fees are estimated at ██████████ and capped at ██████████. In the event that the revolving credit is substantially different than the Existing Agreement, legal fees are estimated at ██████████ and capped at ██████████, plus disbursements.</li> </ul>																																
Other Fees	None, except for Legal Fees as referenced above																																
Downgrade Rate/Fee Adjustments	<p>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”):</p> <table border="1" data-bbox="391 978 1450 1350"> <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 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.</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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Baa2/BBB	██████████	██████████																															
Below Baa2/BBB*	Default	Default																															
WD/NR*	Default	Default																															
Base Rate/Bank Rate	<p>The greatest of:</p> <ul style="list-style-type: none"> <li>(i) The Bank’s Prime Rate plus 1.0%;</li> <li>(ii) Federal Funds Rate plus 2.0%; and</li> <li>(iii) 6.5%.</li> </ul>																																
Term Loan Rate	<ul style="list-style-type: none"> <li>• 1-30 days, Base Rate</li> <li>• 31-90 days, Base Rate + 1.00%</li> </ul>																																

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	<ul style="list-style-type: none"> <li>• 91 days plus, Base Rate + 2.00%</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.
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 rates provided above:

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

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### U.S. Bank:

#### ██████████, Vice President

██████████ serves as a Portfolio Manager in the tax-exempt credit origination team. ██████████ joined U.S. Bank's Government Banking Group in 2013 and has over 20 years of general public finance experience. ██████████ has provided more than \$10 billion in municipal letters of credit, liquidity and direct purchase financings nationally including transactions with ██████████

██████████. Prior to joining U.S. Bank, ██████████ led an effort to expand the JP Morgan/Chase footprint in California through the execution and structuring of tax-exempt direct purchase transactions in Northern California. While at BNP Paribas, ██████████ was responsible for a portfolio of \$6 billion primarily letter of credit and liquidity transactions for the western half of the United States.

██████████ received a double major B.A. in Economics and Mathematics from the University of California at Berkeley.

#### ██████████, Senior Vice President

██████████ is a Senior Vice President, Government Relationship Manager for U.S. Bank, NA. Located at the Capitol Mall office in Sacramento, ██████████ specializes in assisting large government clients in the Sacramento/Central Valley market with cash management, credit and investment strategies. With over 30 years of experience in the financial industry, ██████████ has held senior management roles in government banking, commercial lending, retail banking and compliance. As a result, ██████████ brings valuable industry experience and knowledge to ██████████ clients. ██████████ dedicates her time to evaluating the marketplace, matching new and emerging technologies and answering her client's changing requirements. ██████████ ability to quickly ascertain the right solution to customer needs has made ██████████ an integral part of U.S. Bank's Government Division.

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

### U.S. Bank:

Please see below for a list of credit facilities with commitment amounts greater than \$100 million originated for state and local government clients since January 1, 2021.

Issuer	Commitment Date	Commitment Amount	Facilities Type
[REDACTED]	2021	[REDACTED]	Revolver
[REDACTED]	2021	[REDACTED]	Revolver
[REDACTED]	2021	[REDACTED]	Credit Enhancement
[REDACTED]	2024	[REDACTED]	Credit Enhancement
[REDACTED]	2022	[REDACTED]	Credit Enhancement
[REDACTED]	2022	[REDACTED]	Liquidity Facility

## 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.