RESOLUTION AUTHORIZING AN UP-TO-$140 MILLION REVOLVING CREDIT FACILITY WITH STATE STREET PUBLIC LENDING CORPORATION AND U.S. BANK NATIONAL ASSOCIATION OR AN ALTERNATE LENDER OR LENDERS; EXECUTION AND DELIVERY OF LEGAL DOCUMENTS RELATING THERETO; AND THE TAKING OF 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 has entered into a Revolving Credit Agreement, dated June 1, 2015 ("Existing Revolving Credit Agreement") with State Street Public Lending Corporation ("State Street"), pursuant to which the Transportation Authority may borrow and reborrow amounts from State Street from time to time in accordance with the terms of such Existing Revolving Credit Agreement in an amount up to $140,000,000 outstanding at any one time; and

WHEREAS, The Transportation Authority's repayment obligations under the Existing Revolving Credit Agreement constitute limited tax bonds and are payable from and secured by the Sales Tax Revenues (which constitute the proceeds of the Sales Tax collected by the State Board of Equalization of the State of California (or the California Department of Tax and Fee Administration, to which the authority to collect the Sales Tax on behalf of the Transportation Authority and to remit it to the Trustee has been transferred) ("BOE"), less the administrative fee deducted by BOE) on a basis subordinate to the Transportation Authority's Senior Lien Bonds as provided in the Second Amended and Restated Indenture, dated as of June 1, 2015, as amended and restated by the Third Amended and Restated Indenture, dated as of November 1, 2017 ("Indenture"), by and between the

Transportation Authority and U.S. Bank National Association, as trustee ("Trustee"), and by the Sales Tax Revenues Bank Note (Limited Tax Bond), dated June 11, 2015 ("Existing Bank Note"), issued pursuant to the Indenture; and

WHEREAS, There is presently approximately $49,000,000 outstanding under the Existing Revolving Credit Agreement and the Existing Bank Note; and

WHEREAS, The Transportation Authority presently has approximately $248,250,000 aggregate principal amount of Senior Bonds outstanding and may issue additional Senior Bonds in the future; and

WHEREAS, The Existing Revolving Credit Agreement expires by its terms on June 8, 2018; and

WHEREAS, On February 16, 2018, the Transportation Authority issued a Request for Proposals ("RFP") to various banks regarding credit/liquidity facilities for the Transportation Authority's interim borrowing program to replace the Existing Revolving Credit Agreement; and

WHEREAS, By the due date of March 9, 2018, the Transportation Authority received four proposals from financial institutions in response to the RFP;

WHEREAS, The review panel consisting of Transportation Authority staff 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 consulted with KNN Public Finance LLC and Nixon Peabody LLP; and

WHEREAS, Based on this competitive selection process, the review panel recommended, and the Transportation Authority proposes, to replace the Existing Revolving Credit Agreement with a revolving credit facility ("Replacement Facility") with State Street and U.S. Bank National

Association ("U.S. Bank") or, if an Authorized Representative (defined herein) determines that the Transportation Authority is not reasonably likely to reach agreement with State Street and/or U.S. Bank on covenants, representations or other terms that are satisfactory to the Transportation Authority, with an alternate revolving credit facility or letter of credit provider or providers with respect to a revolving credit facility or a letter of credit and reimbursement agreement supporting a commercial paper program, provided that the terms of such Replacement Facility shall be within the parameters set forth in Exhibit A; and

WHEREAS, The Transportation Authority's obligations under the Replacement Facility would constitute limited tax bonds and shall be payable from and secured by the Sales Tax Revenues on a basis subordinate to the Senior Lien Bonds; and

WHEREAS, The proceeds of the Replacement Facility shall be used to finance and refinance a portion of the costs and estimated costs 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 implementation of the Replacement Facility; 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 Replacement Facility; and

WHEREAS, The outstanding amount under the Existing Revolving Credit Agreement shall be repaid from the Replacement Facility; and

WHEREAS, Senate Bill 450 (Chapter 625, Statutes of 2017) ("SB 450") 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, which such information has been disclosed prior to the adoption of this resolution; and

WHEREAS, The Board of Commissioners desires to authorize (i) the Replacement Facility and (ii) the execution and delivery of all documents, instruments and agreements necessary or appropriate in connection with the Replacement Facility, including, if and to the extent applicable, an amendment to or amendment and restatement of the Existing Revolving Credit Agreement or a new revolving credit agreement or similar document; any amendments, supplements, or modifications to the Indenture; an amendment to the Existing Bank Note or an amended and restated note or a new note or notes (any such document a "New Note"); any reimbursement agreement, issuing and paying agent agreement, dealer agreement, offering memorandum and any other documentation required to establish a commercial paper program and to obtain a letter of credit supporting that program; any documents with respect to the repayment of the outstanding amount under and termination of the Existing Revolving Credit Agreement; any documents with respect to a borrowing under the Replacement Facility to repay the outstanding amount under the Existing Revolving Credit Agreement; and other documents related thereto as deemed appropriate by an Authorized Representative (defined below) (collectively, the "Documents"); and

WHEREAS, At its March 28, 2018 meeting, the Citizens 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 Replacement Facility, the 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 Replacement Facility. 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 Documents in the form approved by the Authorized Representative executing the same as being in the best interests of the Transportation Authority, such approval to be conclusively evidenced by the execution and delivery thereof, provided that the final terms of the Replacement Facility are within the parameters set forth in Exhibit A to the extent applicable; and be it further

RESOLVED, That any New Note shall be executed on behalf of the Transportation Authority by an Authorized Officer and by any other officer, Board of Commissioners member, employee or agent 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 New Note by such Authorized Representative). Any such execution may be by manual or facsimile signature, and each New Note shall be authenticated by the endorsement of the Trustee or an agent of the Trustee. Any facsimile signature of any person signing a New Note shall have the same force and effect as if such person had manually signed such New Note; and be it further

RESOLVED, That if an Authorized Representative determines that the Transportation Authority and State Street and U.S. Bank are not reasonably likely to reach agreement with respect to the Replacement Facility on covenants, representations and other terms that are satisfactory to the Transportation Authority, the Authorized Representatives are, and each of them acting alone is, hereby authorized to enter into a Replacement Facility with an alternate provider or providers, in her sole discretion, from the responses received to the Transportation Authority's RFP, such approval to be conclusively evidenced by the execution and delivery thereof, provided that the final terms of the Replacement Facility are within the parameters set forth in Exhibit A to the extent applicable; 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 Replacement Facility and carry out the terms of the Replacement Facility; 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 Replacement Facility or to carry out the terms of the Replacement Facility; and all actions heretofore taken by all officers, employees and agents of the Transportation Authority with respect to the Replacement Facility, including but not limited to the issuance of the RFP, are hereby approved, confirmed and ratified; 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):

1. Exhibit A: Transaction Parameters

EXHIBIT A
TRANSACTION PARAMETERS

Maximum Principal Amount:	$140,000,000 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 Bonds:	No less than $5,000 and minimum integral multiples of $1,000 in excess thereof
Form of Bond:	Registered or Physical

San Francisco County Transportation Authority
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Memorandum

Date: April 3, 2018

To: Transportation Authority Board

From: Cynthia Fong – Deputy Director for Finance and Administration

Subject: 04/10/18 Board Meeting: Authorization for the Executive Director to Enter Into an up to $140 Million Revolving Credit Facility with State Street Public Lending Corporation and U.S. Bank National Association or An Alternate Lender or Lenders; Execution and Delivery of Legal Documents Relating Thereto; and the Taking of All Necessary or Appropriate Related Actions in Connection Therewith

RECOMMENDATION ☐ **Information** ☒ **Action**

- Authorize the Executive Director:
    - Enter into an up to $140 million Revolving Credit Agreement with State Street Public Lending Corporation (State Street) and U.S. Bank National Association (U.S. Bank)
    - Enter into an Alternate Credit Facility if negotiations with State Street are not successful
    - Amend or enter into the associated legal documents
    - Take all necessary related actions
    - Negotiate payment terms and terms and conditions

☐ Fund Allocation
☐ Fund Programming
☐ Policy/Legislation
☐ Plan/Study
☐ Capital Project Oversight/Delivery
☐ Budget/Finance
☒ Contract/Agreement
☐ Other:
____

SUMMARY

In order to ensure we have sufficient funds in hand when needed to support 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 combination with pay-go sales tax revenues and bond proceeds. The Transportation Authority's existing Revolving Credit Facility with State Street expires in June 2018. In advance of the expiration date, the Transportation Authority solicited financial institutions seeking up to $200 million of replacement credit facilities. We issued a Request for Proposals (RFP) in February 2017, and by the proposal due date, we had received proposals from four financial institutions. The review panel recommends that the Transportation Authority enter into a new Revolving Credit Agreement with State Street and U.S. Bank.

DISCUSSION

Background.

The Transportation Authority has historically relied on pay-go sales tax revenues and interim financing – initially through a $200 million commercial paper (CP) facility which was converted to a $140 million revolving loan (Revolving Credit Agreement) with State Street Bank – to fund the capital projects and programs included in the Prop K Expenditure Plan. We currently have $49 million, out of a total $140 million, under the Revolving Credit Agreement with State Street.

In November 2017, the Transportation Authority issued its first sales tax revenues bonds: $248,250,000 Senior Lien Bonds, Series 2017. As part of the bond issuance, we prepared a Third Amended and Restated Indenture (Indenture) which created three tiers of debt: "Senior Lien Debt," "Parity Debt," and "Subordinate Obligations." The Transportation Authority's current Revolving Credit Agreement is considered Parity Debt under the Indenture. The replacement credit facility established through the subject RFP will also be Parity Debt under the Indenture.

Procurement Process.

On February 16, 2018, the Transportation Authority issued a RFP to various banks for up to $200 million of credit facilities for Direct-Pay Letter of Credit ("LOC"), Standby Bond Purchase Agreement ("SBPA") and/or alternative credit facilities such as a direct purchase or a revolving credit facility to support the Transportation Authority's interim borrowing program. While a pre-proposal conference was not held, proposers were able to submit questions to the Transportation Authority and receive responses by February 28. We advertised the RFP in both the San Francisco Chronicle and San Francisco Examiner.

By the due date of March 9, 2018, we received proposals from four financial institutions in response to the RFP, as shown in Attachment 1. The proposals included bank commitments to provide LOC and SBPAs as credit facilities to support a CP program and Revolving Credit Agreements as alternate new financing structures. Each bank offered the Transportation Authority a three-year to five-year commitment, terms and fees. See Attachment 1 for a summary of the credit facility pricing received from the four bank proposals.

Facility Type Analysis.

Traditional CP or Notes are a form of variable rate financing, which mature and become due every 270 days or less. The issuance of CP requires the support of a bank credit facility in two basic forms: (1) a direct-pay LOC or (2) a SBPA (sometimes called a liquidity facility). If the CP notes are not remarketed, then the commercial bank (not the remarketing agent) pays the maturing CP Notes through the LOC or SBPA. The primary difference between the LOC and SBPA is that the LOC provides liquidity in the event of a failed roll as well as a guarantee of principal and interest payments by the issuer while a SPBA provides only liquidity support in the event of a failed roll.

A tax-exempt Revolver is an alternative variable rate financing method to traditional CP notes and is a loan directly from a commercial bank. The value of the Revolver over the traditional CP Note structure is from both cost and administrative perspectives. The Revolver structure charges interest cost only on the drawn portion of the facility and a minimal commitment fee on the undrawn portion of the facility. Additionally, given the direct purchase structure, the Transportation Authority minimizes its transaction costs by eliminating costs associated with a public offering (offering document, ratings, etc.). Further, the Transportation Authority does not need to manage the ongoing remarketing of CP Notes, procure a remarketing agent, and pay remarketing agent fees.

Recommended Facility Type.

A review panel consisting of Transportation Authority staff 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, length commitment, their credit ratings and various proposed terms and consulted with KNN Public Finance LLC and Nixon Peabody LLP (the Transportation Authority's municipal advisor and bond counsel respectively). Based on this competitive selection process and due to the need to address the expiring Revolving Credit Agreement with State Street in June 2018, the review panel recommends extending the current Revolving Credit Agreement with State Street under a new Revolving Credit Agreement with State Street and U.S. Bank. The banks have offered a combined commitment of $140 million, with $70 million from each bank, allowing them to offer the most cost-effective financing solution to the Transportation Authority.

Both State Street and U.S. Bank have provided bank credit support to a number of issuers in the San Francisco community. State Street provides SBPA support for the San Francisco Public Utilities Commission (SFPUC) and LOCs for the City and County of San Francisco, the San Francisco Municipal Transportation Agency, San Francisco International Airport, and the Moscone Center. U.S. Bank provides Revolver facilities to the City and County of San Francisco and the SFPUC.

Given the Transportation Authority's recent partnership with State Street, we do not foresee any challenges in the contract negotiations. However, the review panel recommends that, as a contingency if negotiations reach an impasse with the banks, the Executive Director should be authorized to secure an alternate credit facility from one or more of the other proposers.

Taking into account fees and terms proposed, trading differentials between banks, and the relative risks of the different alternatives presented, the review panel determined that the State Street/U.S. Bank Revolver is the most advantageous and cost effective to the Transportation Authority. As with the existing Revolver, the Transportation Authority will be entering into a loan agreement directly with the bank, eliminating the need to regularly remarket the CP Notes and procure a remarketing agent, which will reduce costs, complexity, administrative burden, and bank credit downgrade risk.

Attachment 2 is the RFP response containing the term sheet for the State Street/U.S. Bank Revolver. Information deemed proprietary and/or a trade secret for a financial institution has been redacted per California Government Code Section 6254.

PUBLIC NOTICE – SENATE BILL 450

The following information is made available in accordance with recently enacted California legislation (Senate Bill 450) to provide certain public disclosures related to the proposed financing. All figures are estimates based on the State Street/U.S. Bank Revolver proposal, current market rates, current Authority credit ratings, current utilization of $49 million under the Revolver, and the expected 3-year term of the Revolver facility.

A.) True Interest Cost of the Revolver: 1.752%.

B.) Finance Charge of the Revolver calculated as the sum of all fees and charges paid to third parties: $200,000.

i. Costs of Issuance: $ 200,000.

ii. Underwriting Syndicate Takedown Fee: N/A.

C.) Net Proceeds of the Revolver: $49,000,000.

D.) Total Payment Amount (estimated sum total of all payments to pay debt service through the expected term of the Revolver): $ 3,455,000.

FINANCIAL IMPACT

The proposed Fiscal Year 2018/19 budget already assumes fees for the Revolver. Based on the fees and interest rates proposed for a three-year agreement and assuming the Transportation Authority's current utilization under the Revolver. The all-in total cost is estimated to be $1,285,000 in year one and $1,085,000 in the subsequent two years. Assuming a fully drawn Revolver facility at $140 million, the Transportation Authority's total annual cost in subsequent years is estimated to be $2,452,000.

CAC POSITION

The CAC considered this item at its March 28, 2018 meeting and unanimously adopted a motion of support for the staff recommendation

SUPPLEMENTAL MATERIALS

Attachment 1 – Table of RFP Responses
Attachment 2 – State Street/U.S. Bank RFP Response (Term Sheet Included)

Attachment 1: Table of RFP Responses

Bank	Estimated All-in Cost of Debt in Basis Points[1] (3-year term / Current Utilization)	Estimated All-in Cost of Debt in Basis Points[2] (3-year term / Full Utilization)	Type of Facility in the Amount of $140,000,000	Credit Ratings (Moody's / Standard & Poor's/Fitch)	Credit Worthiness
Current: State Street Revolver[3] *(Expires June 2018)*	*79.3*	*180.2*	*Revolver*	*Aa1/AA-/AA*	Very Strong
Barclays Bank PLC	83.5	159.5	SBPA	A1 (neg) / A / A	Strong
JP Morgan Chase Bank, N.A	79.9	154.0	SBPA	Aa3 / A+ / AA-	Very Strong
JP Morgan Chase Bank, N.A	111.8	245.2	Revolver	Aa3 / A+ / AA-	Very Strong
State Street Public Lending Corporation / U.S Bank National Association	76.4	150.5	SBPA	Aa1 / AA- / AA Aa2 (neg) / AA- / AA-	Very Strong
State Street Public Lending Corporation / U.S Bank National Association	77.6	175.2	Revolver	Aa1 / AA- / AA Aa2 (neg) / AA- / AA-	Very Strong
Sumitomo Mitsui Banking Corp.	76.0	152.0	LOC	A1 / A / A	Strong

[1] Estimated All-In Cost of Debt is based on the RFP proposal responses (bank fees and upfront fees) and estimated interest rates based on short-term interest rates as of February 28, 2018. All-In Cost of Debt changes with changing interest rates, market conditions and credit. Assumes the Transportation Authority's current interim borrowing utilization - $49 million outstanding; $91 million unutilized.
[2] Estimated All-In Cost of Debt is based on the RFP proposal responses (bank fees and upfront fees) and estimated interest rates based on short-term interest rates as of February 28, 2018. All-In Cost of Debt changes with changing interest rates, market conditions and credit. Assumes full utilization of the interim borrowing program at $140 million.
[3] All-in cost of current Revolver including the application of the State Street Margin Rate Factor – 1.2154 multiplier.

San Francisco County Transportation Authority

Proposal to Provide Revolving Credit Agreement

Indicative Terms and Conditions March 21, 2018

Borrower:	San Francisco County Transportation Authority ("SFCTA," the "Authority" or the "Borrower").
Debt Issue:	A Revolving Credit Agreement among the Borrower, State Street, individually and as Administrative Agent (the "Agent") and U.S. Bank (the "RCA") pursuant to which the Banks will make tax-exempt Loans to the Borrower (the "Loans").
Security:	The Loans and the obligations owed to the Banks under the Facility are 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.
Facility:	RCA providing interim financing on a tax-exempt basis.
Facility Documents:	Documentation will include the RCA 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 Banks (collectively, the "Facility Documents").
Banks:	State Street Bank and Trust Company's wholly-owned subsidiary State Street Public Lending Corporation ("State Street") and U.S. Bank National Association ("U.S. Bank" and together with State Street, individually referred to herein as a "Bank" and collectively as the "Banks").

1. Credit Rating

State Street Ratings:	Moody's	S&P	Fitch
	Aa1 / P-1 Stable Outlook Not On Watch	AA- / A-1+ Stable Outlook Not On Watch	AA / F1+ Stable Outlook Not On Watch

U.S. Bank Ratings:	Moody's	S&P	Fitch
	Aa2 / P-1 Negative Outlook Watch	AA- / A-1+ Stable Outlook Not on Watch	AA- / F1+ Stable Outlook Not on Watch

Please refer to Appendix A for the Banks' ratings over the past three years.

2. Bank Counsel

Counsel:	Chapman and Cutler LLP 111 West Monroe Street	David Field, Partner Telephone: (312) 845-3792

	Chicago, IL 60603-4080	E-mail: dfield@chapman.com

Legal Fees: Estimated at [redacted] and capped at [redacted], plus disbursements.

3. Fees

Revolving Credit Agreement

Please refer to Appendix B (Attachment 1) for the corresponding pricing matrix in the RFP.

Commitment Amount: Up to $140,000,000 of principal:

State Street	$70,000,000
U.S. Bank	$70,000,000

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 and the Bank Note 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	[redacted]

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	[redacted]

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	[redacted]	[redacted]
Aa3/AA-	[redacted]	[redacted]
A1/A+	[redacted]	[redacted]
A2/A	[redacted]	[redacted]
A3/A-	[redacted]	[redacted]
Baa1/BBB+	[redacted]	[redacted]
Baa2/BBB	[redacted]	[redacted]
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 Notes shall bear interest at the Default Rate and the Commitment Fee shall automatically and without notice to the Borrower increase by [redacted] per annum above the level specified in the above pricing matrix for the "Baa2/BBB" rating category.

Taxable Rate: Taxable Rate means an interest rate per annum at all times equal to the product of the Index Rate or the Term Loan Rate, as applicable, then in effect multiplied by the Taxable Rate Factor.

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 Banks, the maximum statutory rate of federal income taxation which could apply to the Banks). The Maximum Federal Corporate Tax Rate is currently 21%.

Taxable Rate Factor: Taxable Rate Factor means the quotient of (i) one divided by (ii) one minus the then current Maximum Federal Corporate Tax Rate.

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 Banks an amount 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 Banks with respect to the Loans.

Margin Rate Factor: The Index Rate will be subject to adjustment by a Margin Rate Factor. The Margin Rate Factor means the greater of (i) 1.0, and (ii) the product of (a) one minus the Maximum Federal Corporate Tax Rate multiplied by (b) 1.26582. The effective date of any change in the Margin Rate Factor shall be the effective date of the decrease in the Maximum Federal Corporate Tax Rate resulting in such change.

The Maximum Federal Corporate Tax Rate is currently 21% such that the current Margin Rate Factor equals 1.0 as of the date of this proposal.

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 eighteen-month anniversary of the closing date.
Agent Fee:	Waived.
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:	All draws and repayments under the RCA shall be pro rata between the two Banks.
Term Loan:	5 Years.

4. Terms and Conditions of Revolving Credit Agreement

For the RCA, the Banks propose limited modifications as outlined in the Comment Letter from Chapman and Cutler LLP in Appendix C. All other terms and conditions – including conditions precedent to purchase and closing, representations and warranties, covenants, events of default, and remedies – shall remain consistent with the existing Revolving Credit Agreement between the Authority and State Street Public Lending Corp. dated as of June 1, 2015 (the "Existing RCA").

5. Formal Credit Approval

Credit Approval:	Any commitment to provide the Facility (including the terms and conditions proposed herein) or to extend credit is subject to all of the Banks' internal approvals and due diligence procedures. In obtaining credit approval, the Banks reserve the right to modify and/or supplement any of the terms and conditions stated herein. State Street and US Bank anticipate obtaining final credit approval within 10 business days of receiving the mandate to provide the Facility.

6. Other Terms and Conditions

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 Banks, 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 Banks, this proposal shall expire at 5:00 p.m. EST on July 7, 2018.