

BOARD OF DIRECTORS

METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY

BUSINESS MANAGEMENT COMMITTEE

THURSDAY, SEPTEMBER 30, 2021

MARTA HEADQUARTERS

MEETING MINUTES

Committee Chair Roderick Frierson called the meeting to order at 11:41 a.m.

Board Members Present	Staff Members Present
Jim Durrett	Jeffrey Parker
William Floyd	Collie Greenwood
Roderick Frierson, Chair	Manjeet Ranu
Freda Hardage	Rhonda Allen
Al Pond	Luz Borrero
Kathryn Powers	Elizabeth O'Neill
Rita Scott	Raj Srinath
	Ralph McKinney
	Michael Kreher

Also, in attendance: Board General Counsel Justice Leah Ward Sears of Smith, Gambrell & Russell, LLP; other MARTA staff: Police Officer, Altagracia Oliva, Paula Nash, Kevin Hurley, Keri Lee, Tyrene Huff and Board Techs, Courtne Middlebrooks, Jonathan Brathwaite, Adrian Carter and Abebe Girmay.

Approval of the August 26, 2021 Business Management Committee Meeting Minutes

Committee Chair Frierson called for a motion to approve the August 26, 2021 meeting minutes. Board Member Durrett made a motion to approve, seconded by Board Member Pond. The minutes were approved unanimously by a vote of 7 to 0 with 7 members present.

<u>Briefing – MARTA Short-Term Borrowing: Commercial Paper and Liquidity Facility</u> [See attached]

Kevin Hurley, Deputy Chief Financial Officer/Treasurer, presented a briefing on the MARTA Short-Term Borrowing: Commercial Paper and Liquidity Facility.

• Board Member Pond and Board Member Floyd asked for clarification on the usage and non-usage rates. Kevin Hurley and Raj Srinath provided clarity on the rates.

Other Matters

(a) FY 2022 July Financial Highlights and Financial Performance Indicators

<u>Adjournment</u> The Committee meeting adjourned at 11:52 a.m.

Respectfully submitted,

Syrene L. Haff

Tyrene L. Huff Assistant Secretary to the Board

YouTube link: https://youtu.be/piDG2Ohotu0





MARTA Short-Term Borrowing: Commercial Paper and Liquidity Facility

MARTA Business Management Committee September 30, 2021



Agenda

- Background
- RFP Results
- Recommended Selection
- Next Steps



Background

- Board briefings on a short-term Borrowing Program August 13, 2020 and March 11, 2021 Work Sessions
 - Staff presented the concept of an efficient and cost-effective interim borrowing tool for short-term capital needs to support the CIP
- Permission to Solicit Resolution approved by the Board on July 15, 2021
- RFP was sent out on July 23rd with responses due August 18th



RFP Results

- Twenty responses were received
- Responses included different interim financing structures such as Bank Revolving Lines of Credit, Bond Anticipation Notes, Commercial Paper (CP) Liquidity Facilities and CP Dealer Services
- Proposals were received for both Senior and Subordinate Lien structures

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Recommended structure

- CP is commonly sold through a "Dealer" with a liquidity facility provided by a third party such as a bank in which the bank agrees to purchase the notes in the event of a failed marketing by the Dealer. MARTA pays an annual fee for this liquidity facility
- \$300 million CP on a subordinate lien basis:
 - Provides MARTA with the ability to access short-term debt at attractive interest rates
 - CP notes mature between 1-270 days
 - At the end of each maturity date, MARTA can:
 - Remarket the CP for another period of 1-270 days,
 - Pay off the maturing CP using cash, or
 - Issue long-term bonds to pay off the CP

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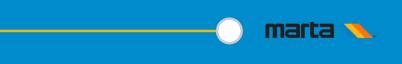
Recommended selection

- Staff recommends using the following interim borrowing structure proposed by JPMorgan Chase Bank, N.A. for a term of 4 years on a subordinate lien basis
- The proposed structure consists of two agreements
 - Revolving Credit Agreement (RCA) used to provide a liquidity facility for Series A CP notes publicly sold by a Dealer
 - Note Purchase Agreement (NPA) which provides an option whereby MARTA can sell Series B notes directly to JPMorgan
- The above structure offers the following benefits:
 - MARTA will have the flexibility to issue CP notes directly to public investors through a Dealer or sell the CP notes directly to JP Morgan depending on market conditions

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Recommended selection

- JPMorgan offered a facility fee for the Revolving Credit Agreement of:
 - 24 basis points (used) / 15 basis points (unused) for year one
 - 24 basis points (used or unused) for the subsequent 3 years
- Draws on the Note Purchase Agreement or selling the CP notes through a Dealer are both well below 1% in "All-in Cost" of financing at the present time
- J.P. Morgan Securities LLC and Academy Securities jointly proposed a fee of 4.5 basis points to serve as dealer for the CP notes
 - Academy Securities is a Disabled Veteran Business Enterprise (DVBE) and verified Federal Service-Disabled Veteran Owned Small Business (SDVOSB) as well as a certified Minority Business Enterprise (MBE)



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Next steps

- Full Board Approval October 14th 2021
- Closing November 17th /18th 2021



Thank You

