

**GOLDEN GATE BRIDGE, HIGHWAY AND TRANSPORTATION DISTRICT**

**RESOLUTION NO. 2010-048**

**APPROVE ACTIONS RELATIVE TO THE RENEWAL OF THE COMMERCIAL PAPER  
LINE OF CREDIT AGREEMENT WITH JP MORGAN CHASE BANK**

June 11, 2010

**WHEREAS**, the Board of Directors of the Golden Gate Bridge, Highway and Transportation District (District), by Resolution Nos. 99-223, 2000-038 and 2000-039, authorized the Commercial Paper Program (CP Program), with the requirement that a Line of Credit Agreement be in place (liquidity requirement) to assure creditors that there are sufficient funds to repay principal and interest in full upon each maturity date in the event that the remarketing agents cannot find new investors to “roll-over” the CP Program Notes (CP Notes) in a timely fashion; and,

**WHEREAS**, in order to satisfy its liquidity requirement, the District originally purchased a Line of Credit (LC) from JPMorgan Chase Bank, N.A. (JPMorgan), for a term of one year, with an annual cost of \$76,000.00; the annual cost increased modestly each year to \$248,000.00 in 2008 and, in 2009, during the peak of the global credit crisis, the District extended the term of its agreement with JPMorgan for an additional year, through July 2010, for an annual cost of \$995,000.00; and,

**WHEREAS**, staff and the District’s Financial Advisor, Public Financial Management, Inc. (PFM), have worked over the last several months to competitively procure new pricing and terms for the LC associated with the District’s CP Program and, after a broad review of alternative products that could be used in lieu of a CP Program, it was determined that the District’s CP Notes, in their current form, continue to be a cost-effective strategy for meeting the District’s ongoing financing needs with minimal risk; and,

**WHEREAS**, to ensure the lowest cost financing and best terms for the District for FY 10/11, the District advertised a Request for Proposals (RFP), which was sent to seven banks on April 5, 2010, and as a result of that procurement, the District received two bids on April 25, 2010, which were very competitive in the current market and much lower than the District’s current cost; and,

**WHEREAS**, staff found that renewing with JPMorgan was more cost-effective than selecting a new provider, with JPMorgan’s renewal cost for a 364-day facility being \$595,000.00, an annual cost reduction of \$400,000.00 from the FY 09/10 cost; and,

**RESOLUTION NO. 2010-048**  
**BOARD OF DIRECTORS MEETING OF JUNE 11, 2010**  
**PAGE 2**

**WHEREAS**, the Finance-Auditing Committee, at its meeting of June 10, 2010, has so recommended; now, therefore, be it

**RESOLVED** that the Board of Directors (Board) of the Golden Gate Bridge, Highway and Transportation District hereby authorizes execution of a 364-day extension of the Line of Credit Agreement (Agreement) with JPMorgan Chase Bank, N.A. (JPMorgan), for the Commercial Paper Program, at the cost of 0.78%, or an approximate annual fee of \$595,000.00, for the period of July 2, 2010, to July 1, 2011; and, be it further

**RESOLVED**, that the Board approves amendments to the Agreement with JPMorgan as negotiated by the parties, as follows:

1. Section 1.01 is amended to reflect the following defined terms:
  - a. "Fee Letter" refers to that certain letter agreement, dated July 2, 2010, between JPMorgan and the District regarding fees and expenses, together with all amendments, modifications and supplements thereto;
  - b. "Related Documents" means the Notes, the Indenture, the Ordinance, each Dealer Agreement, the Fee Letter and the Issuing and Payment Agent Agreement;
2. Section 2.02(c) is amended to reflect an extension of the term loan period to 4 years with 16 quarterly payments;
3. Section 2.06 is amended to reflect all fees as set forth in the Fee Letter relating to the Agreement, as follows:
  - a. Commitment fee is decreased to 0.78% per annum, subject a 10 basis points (bps) increase in the event of a first downgrade in the District's credit rating, 15 bps for the second downgrade, and 30 bps for any downgrades thereafter; and subject to a 1.25% per annum increase for the duration of any Event of Default or withdrawal/suspension of the District's credit rating;
  - b. An early termination fee equivalent to the remaining unpaid undrawn commitment fee should the District terminate the Agreement by replacing JPMorgan with an Alternate Provider. There will be no termination fee should the District terminate the agreement due to JPMorgan's short-term rating falling below "P-1" by Moody's, below "A-1" by S&P, or below "F1" by Fitch;
  - c. A \$500 per drawing fee, capped at \$5,000 per annum;
  - d. Interest for past due payments at Bank Rate plus 2%.
4. Clause (ii) of Section 6.01(a), Clause (ii) of Section 6.02(a), Clause (i) of Section 6.02(b), and Clause (iii) of Section 7.06(a) are amended to reflect reference to the Fee Letter.


**RESOLUTION NO. 2010-048**  
**BOARD OF DIRECTORS MEETING OF JUNE 11, 2010**  
**PAGE 3**

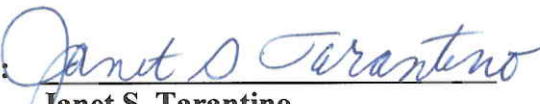
**ADOPTED** this 11<sup>th</sup> day of June, 2010, by the following vote of the Board of Directors:

**AYES (16):** Directors Campos, Chu, Cochran, Dufty, Elsbernd, Grosboll, Kerns, McGlashan, Moylan, Newhouse Segal, Sanders, Snyder, Sobel and Stroeh; Second Vice President Eddie; Acting President and First Vice President Reilly

**NOES (0):** None

**ABSENT (3):** Directors Brown and Pahre; President Boro

  
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**Janet Reilly**  
**Acting President, Board of Directors**

**ATTEST:**   
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**Janet S. Tarantino**  
**Secretary of the District**