

# **Proposition A and C Short-Term Borrowing Programs**

**Finance, Budget and Audit Committee  
April 17, 2025**

# Proposition A and C Short-Term Borrowing Programs

## Recommendations:

### ADOPT:

- A. A resolution that authorizes the Chief Executive Officer and/or other Designated Officers to renew and/or replace the existing direct-pay letter of credit (“LOC”) with respect to the Proposition A (“Prop A”) short-term borrowing program, Attachment A; and
- B. A resolution that authorizes the Chief Executive Officer and/or other Designated Officers to renew and/or replace the existing direct purchase revolving credit facility with respect to the Proposition C (“Prop C”) short-term borrowing program, Attachment B.

## Background:

- The Prop A and Prop C Short-Term Borrowing programs are secured by sales tax revenues from the respective ordinances
- Current Prop A LOC with Bank of America expires in June 2025
- Current Prop C RCF with Bank of Montreal expires in May 2025

# Proposition A and C Short-Term Borrowing Programs

## Purpose:

- A. Provide liquidity at lowest cost of borrowed capital, maintain prudent level of risk, and preserve financial flexibility in Metro's capital structure
- B. Provide interim financing for Board-approved capital projects and programs
  - Offer financing until grant reimbursement or other funding sources are received, or until permanent financing is arranged
  - Short-term borrowing facilities are utilized for quick access to funds at the beginning of the capital project cycle

### Life of a Project



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## Action:

- A. Replace the existing \$150MM Prop A direct-pay letter of credit (LOC) for a 4-year term
- B. Renew the existing \$150MM Prop C direct purchase revolving credit facility (RCF) for a 3-year term

## Next Steps:

- Negotiate final terms and conditions with the recommended banks
- Prepare agreements and documentation for the replacement LOC and RCF, including, among others, notices, reimbursement agreements, fee agreements, reimbursement notes, credit agreements, revolving obligation notes, supplemental trust agreements and offering memoranda
- Obtain credit ratings for the CP notes based on the credit ratings of the selected banks
- Execute documents prior to the expiration date of the current agreements



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# Discussion