

Dallas Area Rapid Transit (DART) Commercial Paper Self-Liquidity (CPSL) Plan

March 5, 2021

The following procedures govern the liquidation of investments and the transfer of funds to purchase Commercial Paper (“CP”) notes in the event of a failed remarketing. A failed remarketing occurs whenever a CP dealer is unable to place CP with new or existing investors or take new CP into inventory to pay for maturing CP. These procedures pertain to DART CP backed by self-liquidity (Series I) and not to CP backed by a bank facility (Series II).

Notification Procedures

Note: All times are prevailing New York City times

- 1.1 In the event there are maturing commercial paper notes not remarketed or taken into inventory by a commercial paper dealer (“Unremarketed CP”), the commercial paper dealer (“CP Dealer” or “CP Co-Dealer”) will notify the following DART officials (each an “Authorized Representative”) by telephone and email no later than **1:00 PM** on the CP maturity date of the amount of Unremarketed CP:

Chief Financial Officer
Joseph Costello
Telephone: (214) 749-3148
Email: jcostello@dart.org

Treasurer
Dwight Burns
Telephone: (214) 749-3021
Email: dburns@dart.org

Assistant Treasurer
Wally Waits
Telephone: (214) 749-3018
Email: wwaits@dart.org

- 1.1 The Issuing and Paying Agent for DART’s CP program will also receive notice no later than **1:00 PM** on the CP maturity date from the CP Dealer that the Unremarketed CP will be maturing and funds will be due and payable from DART.
- 1.2 By **2:00 PM** on the CP maturity date, an Authorized Representative shall direct payment from immediately available funds to the Issuing and Paying Agent in the amount required to pay the principal and interest due (“Purchase Price”) of the Unremarketed CP. DART shall give notice of such payment transfer to the Issuing and Paying Agent.

Contact Information

Issuing and Paying Agent: Amegy Bank, N.A., Houston, TX
Mary Jane Henson
Telephone: (713) 232-6036
Email: maryjane.henson@amegybank.com
Robert Lozano
Telephone: (713) 232-1919
Email: robert.lozano@amegybank.com

Commercial Paper Co-Dealer: Peter McCarthy
J.P. Morgan Securities, LLC
Telephone: (212) 834-7224
Email: peter.mccarthy@jpmorgan.com

Commercial Paper Co-Dealer: Anna Hsu
Loop Capital Markets
Telephone: (312) 356-5890
Email: Anna.Hsu@loopcapital.com

Sr. Manager, Debt and Cash: Wallace Waits
Dallas Area Rapid Transit
Telephone: (214) 749-3018
Email: wwaits@dart.org

DART Payment Policies

- 2.1 DART shall maintain sufficient General Operating Fund investments in instruments having daily liquidity or which are readily marketable and can be sold with settlement dates of no longer than t+3.
- 2.2 Upon receipt of notice from a CP Dealer or Issuing and Paying Agent that on the CP maturity date there will be insufficient monies available from remarketing proceeds to pay the Purchase Price for maturing CP and that the CP Dealer is unwilling or unable to take new CP into inventory, an Authorized Representative will identify the funds to be used to pay the Purchase Price for Unremarketed CP. Funding will come from the General Operating Fund and/or the CP Interest and CP Principal Funds.
- 2.3 Payment procedures and accounts:
 - 2.3.1 The primary source of funds to purchase Unremarketed CP will be from the liquidation of Local Government Investment Pool Funds (“LGIP”) to DART’s General Operating Fund account at Bank of America/Merrill Lynch (“BAML”).

- 2.3.2 If security liquidation is required, the Treasurer or Assistant Treasurer will coordinate with one of DART’s approved broker/dealers to identify securities (i.e., agencies, commercial paper, etc.) to sell. If security liquidation may be required, DART will evaluate and consider selling securities the day before the CP maturity date to help ensure seamless and timely security liquidation.
- 2.3.3 The Sr. Manager, Debt and Cash will notify the Issuing and Paying Agent of the funds transfer.

DART’s Self-Liquidity Coverage

- 3.1 DART will provide self-liquidity for its CPSL in an aggregate principal amount of 2.0 times the outstanding CP Balance and 90 days interest calculated at a rate of 12% (“CP Commitment Amount”). The maximum amount of outstanding CP under the Program is \$125,000,000
- 3.2 DART will maintain at least 2.0 times self-liquidity debt service coverage on the CPSL Program’s outstanding balance from the aggregate of all of the sources of funds identified in 2.3 after assumed discounts (“Haircuts”) for price volatility and trading variances per the table below:

<u>Type of Instrument</u>	<u>Assumed Haircut</u>
Checking and deposit accounts	0%
Local Govt. Investment Pools	0%
US Treasuries and Agencies with < 3 Year Maturity	10%
US Treasuries and Agencies with >= 3 Year Maturity	15%

Debt service coverage is calculated as the (total amount of unrestricted cash and investments in the General Operating Fund less the assumed Haircut for each specific investment type) divided by the CP Commitment Amount.

- 3.2 DART will restrict the total amount of CPSL maturing within 5 days for all CP Dealers to no more than \$35,000,000.

Summary of CP Self-Liquidity Plan

Times listed are prevailing New York City Times

On the CP maturity date, no later than **1:00 PM**, the CP Dealer notifies DART and Issuing and Paying Agent the amount of Unremarketed CP.



By **2:00 PM** on the CP maturity date, an Authorized Representative shall direct payment from immediately available funds to the Issuing and Paying Agent in the amount required to pay the Unremarketed CP.



By **2:30 PM** on the CP maturity date, the Issuing and Paying Agent will transfer the Purchase Price of the Unremarketed CP to DTC.