

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

January 22, 2024

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:

Executive Vice President & Chief Financial Officer  
M. Elizabeth Reich  
Telephone: (214) 749-3148  
Email: [ereich@dart.org](mailto:ereich@dart.org)

Vice President of Finance  
Jamie Adelman  
Telephone: (214) 749-5367  
Email: [jadelman@dart.org](mailto:jadelman@dart.org)

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

Assistant Treasurer  
Wally Waits  
Telephone: (214) 749-3018  
Email: [wwaits@dart.org](mailto: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:	Andrea Abbot Amegy Bank, N.A., Houston, TX Telephone: (713) 232-6093 Email: <a href="mailto:Andrea.Abbott@amegybank.com">Andrea.Abbott@amegybank.com</a>
	Robert Lozano Telephone: (713) 232-1919 Email: <a href="mailto:robert.lozano@amegybank.com">robert.lozano@amegybank.com</a>
Commercial Paper Co-Dealer:	Peter McCarthy J.P. Morgan Securities, LLC Telephone: (212) 834-7224 Email: <a href="mailto:peter.mccarthy@jpmorgan.com">peter.mccarthy@jpmorgan.com</a>
Commercial Paper Co-Dealer:	Anna Hsu Loop Capital Markets Telephone: (312) 356-5890 Email: <a href="mailto:Anna.Hsu@loopcapital.com">Anna.Hsu@loopcapital.com</a>
Assistant Treasurer:	Wallace Waits Dallas Area Rapid Transit Telephone: (214) 749-3018 Email: <a href="mailto:wwaits@dart.org">wwaits@dart.org</a>

### **DART Payment Policies**

- 2.1 DART shall maintain sufficient General Operating Fund investments in instruments that have 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.
- 2.3.2 If DART chooses to liquidate a security, DART will evaluate and consider selling securities the day before the CP maturity date to help ensure seamless and timely delivery of funds.
- 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.
- 2.3.3 The Assistant Treasurer 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 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.