



Agenda Item No. (6)

To: Finance-Auditing Committee/Committee of the Whole
Meeting of May 22, 2025

From: Alice Ng, Director of Fiscal Resources
Jennifer H. Mennucci, Auditor-Controller
Denis J. Mulligan, General Manager

Subject: **AUTHORIZE EXECUTION OF AN EXTENSION TO THE
COMMERCIAL PAPER LINE OF CREDIT AGREEMENT WITH
JPMORGAN CHASE BANK**

Recommendation

The Finance-Auditing Committee recommends that the Board of Directors authorize the execution of an extension of the Line of Credit (“Agreement”) with JPMorgan Chase Bank (“JPMorgan”), for the Commercial Paper Program (“CP Program”), at a cost of 0.43% per annum, for a total cost of approximately \$666,000, for the period of June 30, 2025, through June 29, 2027.

This matter will be presented to the Board of Directors at its May 23, 2025, meeting for appropriate action.

Summary

The terms of the Golden Gate Bridge, Highway and Transportation District’s (“District”) CP Program require that a line of credit agreement be in place during the course of the program. This is 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 notes in a timely fashion.

From the inception of the CP Program, JPMorgan has been selected as a cost-effective way to satisfy this liquidity requirement. JPMorgan was originally selected and continues to be selected because it is a world leader in providing financial liquidity agreements for public sector entities like the District. JPMorgan still remains one of the stronger banks with a Standard & Poor’s long term credit rating of AA- as of April 2025.

As has been done with each year of the program, the District’s financial municipal advisor, Public Financial Management, Inc. (“PFM”), surveys current market conditions and the results of recent credit Requests for Proposals (RFP) put out by similar public entities to determine the market rate. Staff takes that information, as well as other costs relative to the overall CP Program, to negotiate terms with JPMorgan.

For this 2025 renewal, the District negotiated with JP Morgan to renew at the current cost of 0.43% per annum for a two-year period, effective June 30, 2025, through June 29, 2027, at an annual cost of approximately \$333,000, or \$666,000 for the two-year period. Staff explored the option of securing a 1-year, 2-year, and a 3-year facility with JPMorgan. PFM's market survey indicated that the 2-year facility option offered was reasonable and would still provide future financing flexibility to coincide with the timing of the Golden Gate Suspension Bridge Seismic Retrofit Construction Project. Therefore, staff concluded that a 2-year renewal would be most appropriate.

The table below is a history of each renewal's pricing. Pricing peaked at 1.305% per annum for the 2009 renewal (reflective of the Great Recession) and came down the next year to 0.78%. The stress put on the liquidity market amidst the COVID-19 environment that the District confronted during the 2021 renewal (0.825% per annum) lessened resulting in a decrease in pricing to 0.43% during the last two renewals.

Commencing	Expiring	Annual Fee Rate	Annual Commitment Fee
7/1/2000	7/11/2001	0.170%	\$ 130,000
7/12/2001	7/10/2002	0.200%	\$ 155,000
7/11/2002	7/9/2003	0.200%	\$ 155,000
7/10/2003	7/7/2004	0.230%	\$ 178,000
7/8/2004	7/6/2005	0.255%	\$ 198,000
7/7/2005	7/6/2008	0.200%	\$ 155,000
7/7/2008	7/5/2009	0.325%	\$ 252,000
7/6/2009	7/4/2010	1.305%	\$ 1,009,000
7/2/2010	7/1/2011	0.780%	\$ 603,000
7/2/2011	6/28/2012	0.670%	\$ 518,000
5/31/2012	5/29/2014	0.650%	\$ 503,000
5/30/2014	6/30/2016	0.470%	\$ 364,000
7/1/2016	6/28/2018	0.500%	\$ 387,000
6/29/2018	6/29/2020	0.430%	\$ 333,000
6/30/2020	6/29/2021	0.825%	\$ 638,000
6/30/2021	6/29/2023	0.520%	\$ 402,000
6/30/2023	6/29/2025	0.430%	\$ 333,000
6/30/2025	6/29/2027	0.430%	\$ 333,000

Fiscal Impact

Renewal of the agreement as recommended at its current pricing would cost approximately \$666,000 over the two-year term of agreement, or an annual cost of approximately \$333,000. There is adequate funding in the proposed FY 25/26 operating budget relative to the Commercial Paper Program and annual costs will be subsequently budgeted in future years.