



SFMTA
Municipal
Transportation
Agency

Commercial Paper Policies & Procedures

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1 Scope and Application

1.1 Purpose

The purpose of the San Francisco Municipal Transportation Agency's (SFMTA) Commercial Paper Procedures Manual is to document the policies and procedures that Capital Finance staff utilizes in the management of the Agency's Commercial Paper program, in conjunction with the other SFMTA sections (e.g. Accounting), other City Departments, and the other parties involved in the issuance and administration of the program.

SFMTA's Commercial Paper Policies and Procedures should be updated whenever changes occur in the SFMTA's procedures, the Commercial Paper program's parameters or the parties involved in providing various functions associated with the Commercial Paper program.

1.2 Commercial Paper Background¹

MUNI tax-exempt and taxable Commercial Paper is a variable rate debt instrument that matures in 1 to 270 days, and is considered one of the lowest cost and most versatile securities available in the short-term municipal market. Tax-exempt and taxable commercial paper trades and matures at par, with interest paid at maturity. Tax-exempt commercial paper is more common for muni issuers, but occasionally projects (or their components) have private use which must be financed with taxable proceeds. The interest rate on a commercial paper note depends upon market conditions on the day of the note sale. A Commercial Paper note matures at the end of its term, and the principal amount of the note may be repaid by the issuer, or the principal (and interest) amount may be "rolled over" by the issuer into a new note. Due to program needs some issuers elect to pay interest on a current basis and only roll principal. Commercial paper programs are typically authorized with not to exceed outstanding par amounts, which provide flexibility to allow for reissuance of paper. SFMTA's current not to exceed principal amount is \$100,000,000. Commercial Paper is typically secured by a bank letter of credit, which provides credit enhancement and liquidity. Commercial Paper is sold based on the credit of the letter of credit bank, rather than the credit of the issuer. The higher the credit rating of the bank, the lower the interest cost to the issuer, all other things being equal. Commercial Paper can be used as an interim financing mechanism by issuers, or can be continuously rolled over and serve as a form of variable rate intermediate or longer term financing tool.

1.3 SFMTA Commercial Paper Program Authorization and Documentation

Authorization legislation for SFMTA's Commercial Paper Program:



Microsoft Word Document

1.4 SFMTA Issuing and Paying Agent Agreement

An issuing and paying agent agreement (IPA Agreement) is the agreement between the SFMTA and a paying agent that sets forth the terms for the issuance from time to time on a revolving basis of commercial paper notes. The Board is asked to approve a form of an IPA Agreement and to authorize the Director of Transportation to negotiate the terms of the final IPA Agreement within the parameters established in the attached Resolution and subject to Board of Supervisors

¹ From Program Overview, Florida Municipal Loan Council Commercial Paper Pooled Loan Program, June 2007.

concurrence. The IPA Agreement creates a security interest on the SFMTA's transportation revenue for the benefit of the CP Notes on a subordinate basis to the SFMTA's revenue bonds. The IPA Agreement provides that draws on the letter of credit will be used to support the commercial paper notes. The Issuing and Paying Agent is selected via competitive solicitation on behalf of SFMTA Capital Finance and appointed for terms not exceeding three years.

See attachment for further details on SFMTA Reimbursement Agreement:



Microsoft Word
Document

1.5 SFMTA Reimbursement Agreement

A reimbursement agreement is the legal document between SFMTA and the Bank which sets out the terms of reimbursement for letter of credit draws and related covenants for the benefit of the letter of credit bank supporting the Commercial Paper Notes. The Board is asked to approve a form of a Letter of Credit and Reimbursement Agreement and to authorize the Director of Transportation to negotiate the terms of the final Agreement with the Bank within the parameters established in the attached Resolution and subject to Board of Supervisors concurrence. The Resolution approves the form of Reimbursement Agreement that provides for an Irrevocable Letter of Credit (the Letter of Credit) in the maximum stated amount that will cover the principal and interest on the up to \$100 million Commercial Paper Notes that may be drawn upon by the SFMTA. The SFMTA is required to repay the Bank should there be amounts drawn under the Letter of Credit in accordance with the terms and conditions set forth in the Reimbursement Agreement, which also includes a note to the Bank. The term of the letter of credit is five (5) years. The interest rate on any bank bond shall not exceed 12% per annum, and the amortization of such bank bond shall be five (5) years.

See attachment for further details on SFMTA Reimbursement Agreement:



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Document

1.6 SFMTA Dealer Agreement

The Resolution also approves the form of CP Dealer Agreement with Loop Capital and Morgan Stanley. The CP Dealer Agreement sets forth the duties of the CP Dealer, including soliciting and arranging the sales of the CPs on behalf of the SFMTA at such rates and maturities as then prevailing in the market. The CP Notes will be purchased and/or sold in accordance with the terms and conditions and in the manner provided in the CP Dealer Agreement. The Dealer Agreement includes a term not less than one (1) year with a cost not to exceed 0.05% per annum of the weighted average of the principal amount of CPs outstanding each quarter, paid by the SFMTA quarterly in arrears. The Commercial Paper Dealer is selected via competitive solicitation on behalf of SFMTA Capital Finance and appointed for terms not exceeding three years.

1.7 SFMTA Commercial Paper Financial Advisor

[Reserved]

2 Policies

The policies herein provide general guidelines for the use and application of Commercial Paper at the SFMTA. These policies support the procedures defined in Section 3.

2.1 When to Use Commercial Paper

Commercial Paper is intended to support cash flow needs of SFMTA capital projects when other existing project funding sources are not immediately available; to provide interim funding for capital projects pending issuance of long-term financing; and/or to achieve economic savings and/or other efficiencies in the SFMTA capital program.

Authorization to use commercial paper for specific projects and long term financing is evidenced by prior [Board of Supervisors legislation, SFMTA Board of Directors resolution/motion, SFMTA Director of Transportation] and capital budget appropriation.

2.2 Payment of Commercial Paper Related Fees

All fees related to the administration of Commercial Paper (CP) are to be budgeted and paid [or reimbursed] out of the debt service account within the SFMTA operating budget. Administration related fees include fees and expenses of the Dealers, CP-related legal counsel, CP-related consultants, the Letter of Credit Banks, rating surveillance and the Issuing/Paying Agent, and the CP Issuing and Paying Agent (IPA). In addition, capitalized interest will be paid out of the debt service account within the SFMTA operating budget.

As part of the process of developing the Agency's two year annual operating budget for the next fiscal year, Capital Finance should provide estimates of CP-related interest expenses and fees to the Agency's Budget staff based on estimates of commercial paper draws for eligible project costs provided by Project Management and the Agency's Capital Plan (see 2.4).

In developing Commercial Paper interest expense budget estimates, staff will estimate the amount and timing of any Commercial Paper issuance during the upcoming fiscal year, interest rates, maturities, and the timing of any take-out financings. Given that predicting interest rates is very difficult, as a general matter, staff will use interest rate assumptions that are higher than then-current market rates, and document those assumptions so that they are easy to identify at a later date. Staff should consult with the Agency's financial advisors, who can assist in developing these Commercial Paper interest expense and fee estimates.

2.3 Size of New Issuances

Although circumstances may warrant a new money issuance for a single project, Capital Finance staff should aim to aggregate several projects into each new money issuance in order to maximize investor interest as well as minimize maintenance. The amount of each Commercial Paper issuance should be \$2,000,000 or more to minimize the amount of processing time and costs associated with a new note. Smaller issuances, though more costly/difficult to place, are acceptable under the discretion of the SFMTA CFO and Commercial Paper Fund Manager. The minimum Commercial Paper issuance permitted is \$100,000, and must be issued in \$1,000 increments.

2.4 Determining Project Financing Needs

Capital Finance staff should evaluate the SFMTA capital plan / capital budget to recommend projects that may need Commercial Paper to meet the project's planned schedule. Capital Finance staff must obtain cash flow forecasts from capital projects determined eligible to utilize the commercial paper program from project managers responsible for delivery of the projects.

Accurate project cash flows are essential for Commercial Paper drawdown planning. Project cash flows permit forecast funding needs in a manner that helps fulfill the goal of combining multiple projects into each new money issuance. When practical, the number of new money notes that are issued will be minimized, in order to simplify the tracking of notes, rollover notes, and the use of note proceeds.

Capital Finance staff should ensure that public and private use considerations are examined with Tax Counsel and the City Attorney for each capital project to determine if tax-exempt or taxable Commercial Paper Notes should be issued. This should occur early in the capital planning process. If a project arises outside of the normal capital planning cycle, then Capital Finance staff should notify the project sponsor that the project will not be financed until a tax status review has been completed.

The Commercial Paper fund manager should notify SFMTA Financial Reporting bi-annually of estimated financing needs for commercial paper projects.

2.5 Timing of New Issuances

Timing of commercial paper draws will take into consideration expected contract bidding dates, contract awards, project invoices, or to reimburse prior capital expenditures for a reasonable aggregate amount consistent with the capital budget and reimbursement resolution as approved by the SFMTA Board.

The maturity of a Commercial Paper note can range from 1 to 270 days. The Commercial Paper market is cyclical, and the Dealers should advise Agency staff regarding how long to go out with a note, and when the best days are to be in the market. At a minimum, the Commercial Paper note maturity will be no less than five (5) business days from its issuance to ensure sufficient amounts are available to pay interest due on maturing commercial paper notes.

Staff and the SFMTA's financial advisors should discuss strategies for sizing and marketing new money note issuance and note rollovers to account for market nuances. Tax season and January for instance, are particularly disadvantageous and advantageous times to issue, respectively. On-going communication with the Dealers and financial advisors will make the Agency's CP program a more cost-effective program.

From a marketing perspective, the best time for new money issuance is the beginning of the month. Usually, Dealers prefer not to have notes roll on Fridays, although note issuance on a Friday is possible. There are other days around corporate tax deadlines that are not good times to be in the market. In this case, one would schedule the length of maturity to span beyond the dates that are to be avoided. The Dealers and financial advisors can provide advice on which maturity dates will be most advantageous to the SFMTA.

As noted in Section 3 regarding Note Issuance procedures, either the Dealer or authorized Finance and Information Technology Division staff can determine the maturity. Generally, the Dealer provides maturity indications based on investor requests, market conditions, and/or scheduled economic indicators.

On occasion, authorized Finance and Information Technology Division staff requests a specific maturity date due to an anticipated retirement of Commercial Paper Notes, and/or may request minimum maturities (e.g. of one week, in order to minimize the number of wire transfers required for interest payments).

City holidays must be avoided as staff will not be available to release the note. Specific parameters must appear on the Commercial Paper Rollover or New Money Notice that is emailed to the Dealer.

2.6 Tracking Commercial Paper Activity

Project funding is tracked by SFMTA Capital Finance and communicated periodically to interested parties to ensure proper recordation and reconciliation of commercial paper transactions, allocation and reimbursement from the proceeds of subsequent bond issues for tax reasons and to allow for the monitoring and review of expenditures for various projects and rates.

Both new money issues and rollovers are tracked in the Agency's Excel-based Commercial Paper tracking worksheets. These files are maintained on the Capital Finance server. The worksheets track commercial paper notes by date of issuance, dealer, and series. CUSIPs, Sub-fund account, type of issuance (i.e. new money vs. rollover), par amounts, accrued interest, issue dates, and maturity dates for each note, and fees per are included in this document. For rollover (refunding) notes, the worksheet tracks which prior notes are being refunded. In addition, the purpose of each new money issue is documented. This worksheet is updated by SFMTA Capital Finance not later than three (3) days following the issuance of a commercial paper note or other recordable activity. A sample worksheet is included in the Appendix.

2.7 Designated Representatives

The SFMTA must identify "Designated Representatives," who are authorized to provide direction to the various parties involved in the Commercial Paper program regarding the issuance of Commercial Paper Notes. The Agency's Chief Financial Officer appoints City and County of San Francisco staff members who serve as Designated Representatives.

The Designated Representatives should be revised whenever staffing changes occur that would affect the management of the Commercial Paper program, and a copy of the revised list should be sent to each Dealer and the Issuing and Paying Agent, as well as an updated version of this Policies and Procedures Manual.

Role	Name
SFMTA, CFO	Sonali Bose
SFMTA, Capital Finance Section Senior Manager	Monique Webster
SFMTA, Financial Reporting	Tess Navarro
San Francisco Office of Public Finance	Anthony Ababon
SFMTA, Commercial Paper Fund Manager	Matthew Brill & Derek Bower

2.8 Disagreement Resolution

In the event Designated Representatives disagree in any aspect of the administration of the SFMTA Commercial Paper program, SFMTA Capital Finance will work with Designated Representatives to take appropriate necessary steps to resolve disagreements in a timely and collaborative manner.

3 Procedures

3.1 New Issuance

Prior to starting a new Commercial Paper issue and after determination by the Commercial Paper Fund Manager of the completion of the required steps in Section 2 above, the following documents are required:

1. Project Scope, Schedule, Budget
2. Project Estimated Cash Flows
3. Commercial Paper Request Form

Step	Timing	Action	Deliverable	Task Owner	Other Required Staff
1	At least 2 weeks before to Note Issuance	Review the project's Scope, Schedule, Budget and Estimated Cash Flows to determine a cash flow gap. Perform initial evaluation of Commercial Paper as a viable funding source to support the project's cash flow needs.	N/A	SFMTA Project Manager or SFMTA Capital Financial Analyst	
2	At least 2 weeks to Note Issuance	Complete the SFMTA Commercial Paper Request Form and submit to Commercial Paper Fund Manager via electronic tracking tool.	Request Form	SFMTA Capital Financial Analyst	
3	At least 2 weeks to Note Issuance	Review the Commercial Paper Request Form and follow-up with Capital Financial Analyst with questions. Notify Project Manager and Capital Financial Analyst to submit budget revision.	Budget Revision	SFMTA Commercial Paper Fund Manager	Capital Financial Analyst
4	At least 1 week to Note Issuance	Confirm that letter of credit capacity is available by comparing each letter of credit's outstanding par amount against principal available under the letter of credit's stated amount.		SFMTA Commercial Paper Fund Manager	

5	At least 2 weeks to Note Issuance	Submit Budget Revision to SFMTA Capital Accounting indicating where the CP funds should be booked once they arrive.		SFMTA Project Manager or SFMTA Capital Financial Analyst	
6	At least 2 weeks to Note Issuance	Process Budget Revision to setup project structure in advance of budget setup.		SFMTA Capital Accounting	
7	At least 2 weeks to Note Issuance	SFMTA Completed Internal Memo and Checklist	Internal SFMTA Memo & Checklist		
8	At least 2 weeks to Note Issuance	Email Office of Public Finance (OPF) to alert of upcoming Commercial Paper request.	SFMTA Email to OPF with Attachments	SFMTA Commercial Paper Fund Manager	
9	At least 2 weeks to Note Issuance	Coordinate the amount, and timing of a “new note” Commercial Paper drawdown.		SFMTA Commercial Paper Fund Manager	
10	At least 1 week to Note Issuance	Email Office of Public Finance (OPF) with specific details of Commercial Paper request.		SFMTA Commercial Paper Fund Manager	

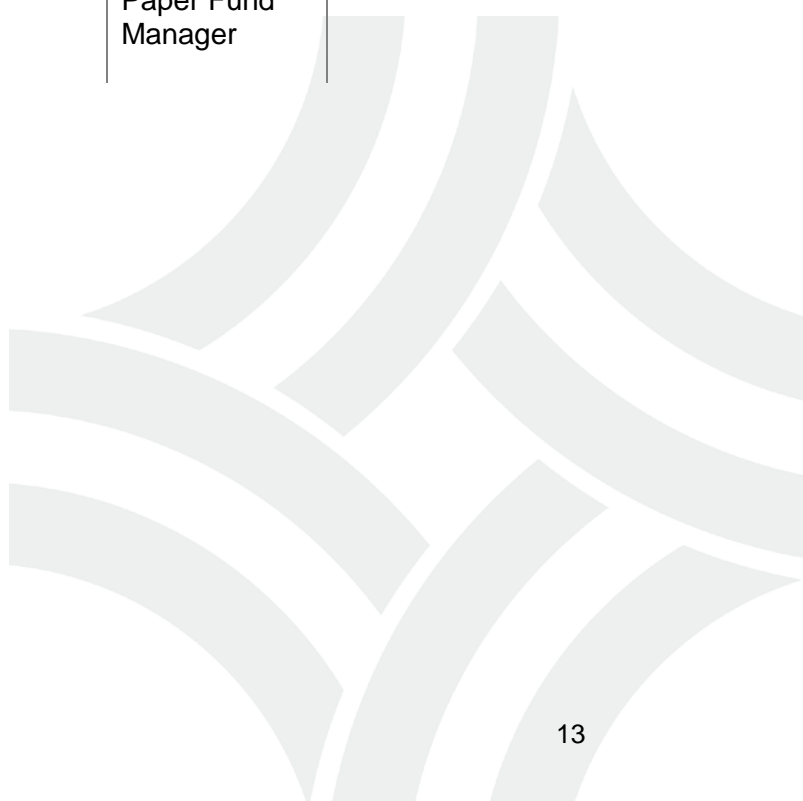
11	At least 2 days to Note Issuance	<p>Contact the Dealer(s) by email to request the Note issuance at least two (2) business days prior to the date when funds will be required. Copies of the email should be sent to all “Designated Representatives”, the Issuing and Paying Agent and applicable Financial Advisors, who are listed in the Appendix. To the extent that the Agency has flexibility regarding when funds will be required, or is able to provide several days advance notice to the Dealer, staff can request that the Dealer provide its input regarding the optimal date for issuance, based upon market conditions, tax season considerations, and other factors.</p> <p>The email should:</p> <ul style="list-style-type: none"> • Include the principal amount, any parameters or limitations that the Agency wishes to impose on the Note (e.g. maturity of no less than 7 days, specific maturity date to match up with long-term refunding bond closing, or whether to permit the Dealer to split the principal amount into more than one Note). <u>The final maturity of any Note cannot be less than 16 days before the scheduled expiration of the Agency’s letters of credit.</u> • Request that the Dealer acknowledge the request via email the same day; and • Request that the Dealer provide indicative rates and maturity ranges for the Note issuance for review and approval by the close of business on the day before the Note is to be issued. 		OPF	Dealer
12	At least 2 days to Note Issuance	Acknowledges the request for Note issuance, and any parameters or limitations, by email.		Dealer	

13	1 Day Prior to Note Issuance	Emails the Agency's Designated Representatives with indicative rates and maturities (e.g. current rates for 7, 30, 60, and 90 day maturities) The Agency should receive this information by 12:00 PM (Pacific Time) on the day before the Note is to be issued.		Dealer	
14	1 Day Prior to Note Issuance	A. If the indicative rates and maturities are acceptable, the Agency's CFO or single designee (the "Agency's CFO") emails the Dealer with copies to Designated Representatives to instruct the Dealer to proceed with the transaction within these approved parameters. B. Alternately, if the Agency's CFO has questions or concerns about the indicative rates/maturities, the Agency's CFO will contact the Dealer before 2:00 PM (Pacific Time) on the day before the Note issuance, so that the issues can be resolved before the day of the Note sale.		SFMTA CFO	
15	Day of Note Issuance by 9:00 AM PST	Notify the Designated Representatives, Financial Advisors, and the Issuing and Paying Agent on the original Note issuance (Capital Finance and Capital Accounting) request of the actual amounts, rates, maturities and designations and/or CUSIPs for the Note(s). If the Dealer is unable to arrange the trade or underwrite the note within the parameters approved, the Dealer will contact the Agency's CFO and Designated Representatives listed above for approval of new parameters, which approval or disapproval will take the form of an email from the Agency's CFO to the Dealer.		Dealer	
16	Day of Note Issuance by 9:30 AM PST	Enter the final terms of the Note(s) received from the Dealer on the official Note Issuance Request, listing the series, par amount, and interest rate. The completed and signed Issuance Request should be emailed in PDF format to the Issuing and Paying Agent; this is the formal authorization to the Issuing and Paying Agent to release the Note.		OPF	

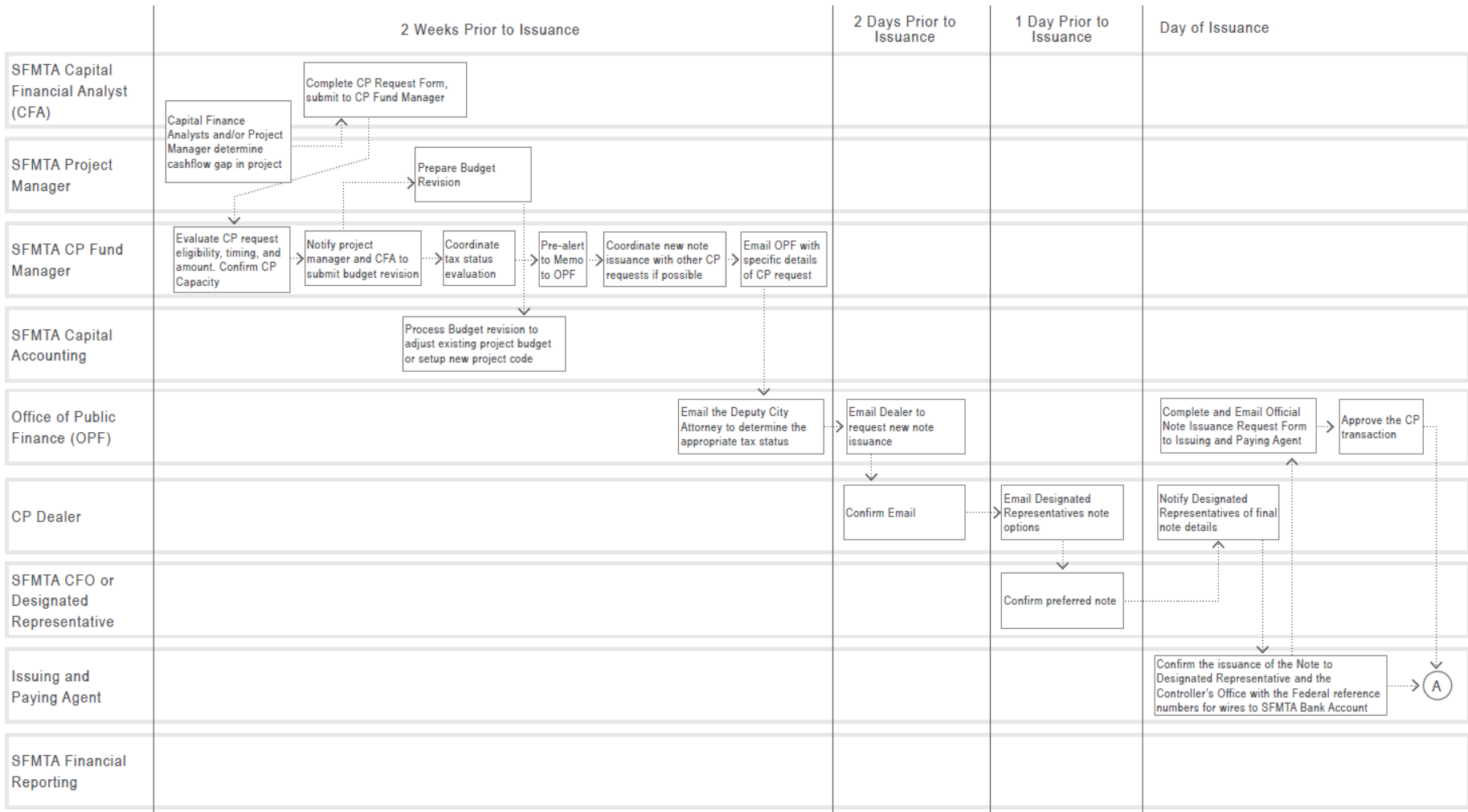
17	Day of Note Issuance by 2:00 PM PST	Confirm the issuance of the Notes by email to the Agency's Designated Representatives with the Federal reference numbers for each wire sent to the Agency's account at Bank of America.		Issuing and Paying Agent	
18	Day of Note Issuance	Log into the Issuing and Paying Agent's system to approve the commercial paper transaction.		SFMTA Financial Reporting	
19	Day of Note Issuance	Complete wire transfers of Commercial Paper proceeds to the City and County bank account.		Issuing and Paying Agency	
20	Within 1 day of Wire	Record cash receipt from wire transfer in FAMIS, using sub fund: 5MCPFCP1		SFMTA Financial Reporting	
21	Within 1 day of Wire	Notify SFMTA Capital Accounting to book funds into project per budget revision submission.		SFMTA Financial Reporting	
22	Within 2 days of Wire	Update entries in FAMIS to book Commercial Paper funds		SFMTA Capital Accounting	
23	Within 2 days of Wire	Email Project Manager, Capital Financial Analyst, and CP Fund Manager that funds are in project ready for use		SFMTA Capital Accounting	

24	Within 1 week of Wire	<p>Update the Commercial Paper Request Form with the following information, save on the share drive, and notify project manager.</p> <p>Based on the rate and maturity of the New Money Note, Capital Finance staff will be able to determine:</p> <ul style="list-style-type: none"> • The amount of interest that will be due upon the maturity of the Note. • The date on which the Note will mature. <p>This information will permit the Agency to schedule and coordinate the payment of interest on the Note when it matures, as discussed below.</p>		OPF & SFMTA Commercial Paper Fund Manager	
25	Within 1 week of Wire	Email Financial Reporting: the rate and maturity of the New Money Note to coordinate payment of interest upon rollover/retirement and payment of principal upon retirement		SFMTA Commercial Paper Fund Manager	

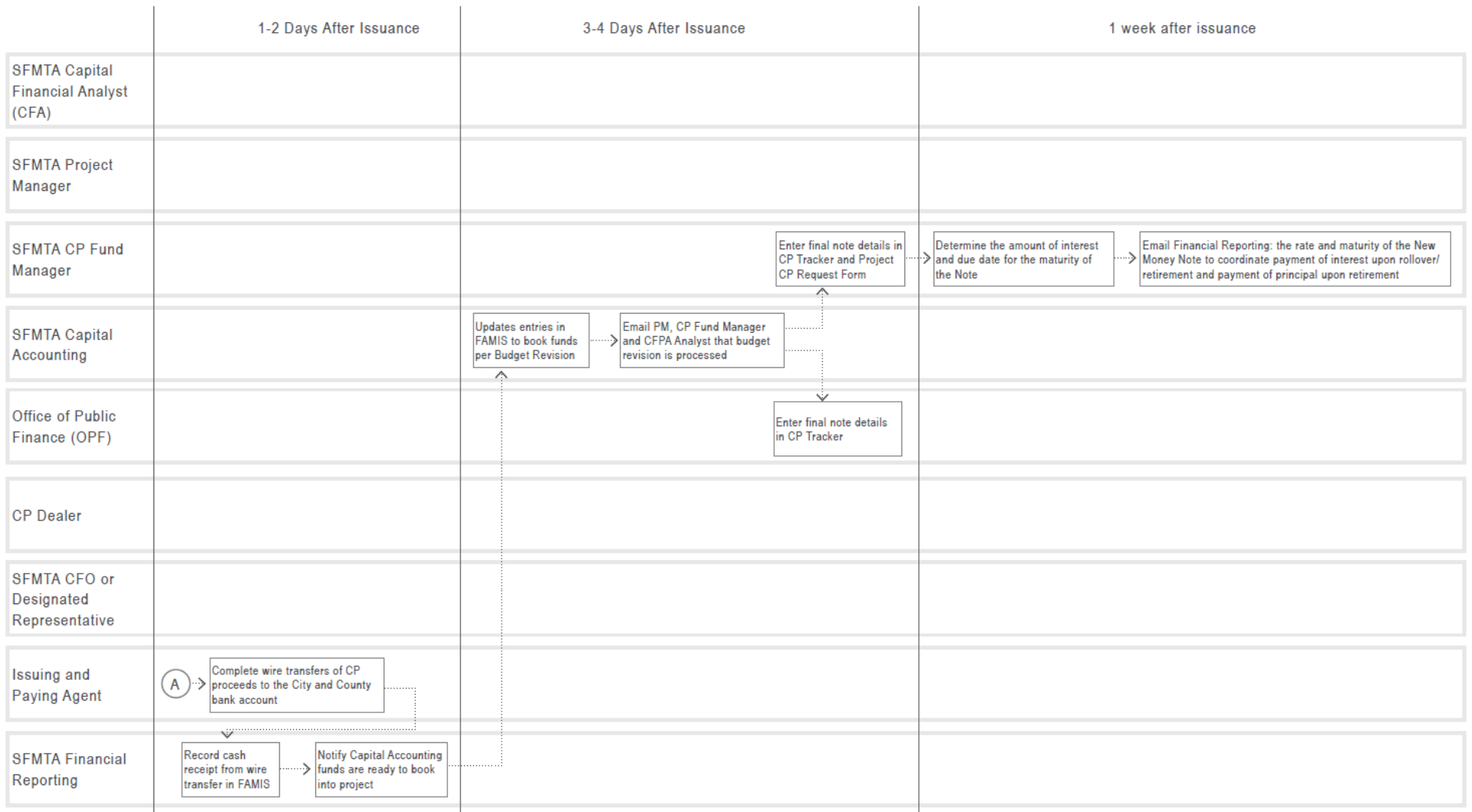
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3.1 New Issuance



3.1 New Issuance



3.2 Rollover Procedures

The Agency's policy is to pay the interest due on a maturing Note from operating revenues on its maturity date, rather than "rolling over" interest into a new refunding Note. This approach requires the Agency to wire interest payments no later than one (1) day before its maturity to the Issuing and Paying Agent for maturing Notes.

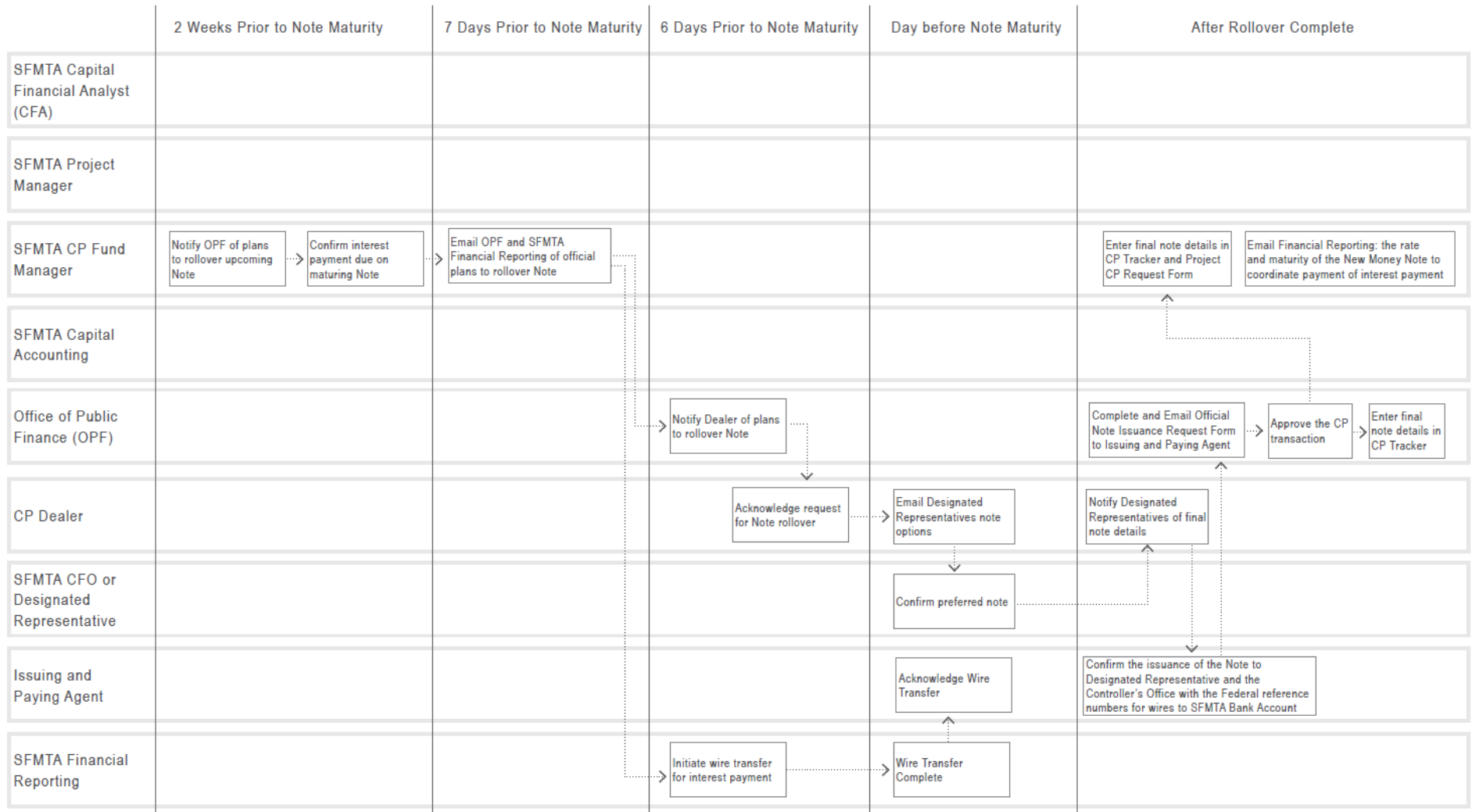
The Issuing and Paying Agent always draws on the appropriate letter of credit to pay the principal and interest on the maturing Note and will use the Agency's wire transfer to reimburse the letter of credit bank for the interest amount. The Issuing and Paying Agent will reimburse the appropriate letter of credit bank for the principal amount from the sale proceeds of the refunding Note. Once SFMTA Capital Finance determines that a Note will be rolled over, the procedures below will guide the rollover:

Step #	Timing	Action	Deliverable	Task Owner	Other Required Staff
1	Two weeks prior to note maturity	Notify OPF of plans to rollover upcoming maturing note.	Internal SFMTA Summary Memo	SFMTA Commercial Paper Fund Manager	
2	Two weeks prior to note maturity	Recalculate interest payment due on maturing note.		SFMTA Commercial Paper Fund Manager	
3	At least seven (7) days prior to note maturity	Email OPF and SFMTA Financial Reporting of official plans to rollover upcoming maturing note. Specify the Interest Payment due on the Maturing Note will be paid from SFMTA Operating Revenues (Debt Service subfund), and requests that a wire transfer from the City to the Issuing and Paying Agent be scheduled on the maturity date.	Wire Request Form	SFMTA Commercial Paper Fund Manager	
4	Within one (1) business day of official rollover request	Initiate the request for the wire transfer.		SFMTA Financial Reporting	Controller's Office

5	Within one (1) business day of official rollover request	<p>Notify the Dealer that issued the existing Note of the Agency's request to rollover the principal amount. The email should:</p> <ul style="list-style-type: none"> • Include the Number of the maturing Note, its series designation, principal amount, and any parameters or limitations that the Agency wishes to impose on the rollover Note (e.g. maturity of no less than 7 days); • Copies of the email should be sent to the Agency's Designated Representatives; • Request that the Dealer acknowledge the request via email the same day; and • Request that the Dealer provide indicative rates and maturity ranges for the Note issuance for review and approval by the close of business on the day before the Note is to be issued. 		OPF	
6	Same day	Acknowledge the request for Note rollover, and any parameters or limitations, by email.		Dealer	
7	The day before maturity	Email the Agency's Designated Representative with indicative rates and maturities (e.g. current rates for 7, 30, 60, and 90 day maturities) by 12:00 PM (Pacific Time) on the day before the Note is to be issued.		Dealer	
8	The day before maturity	<p>A. If the indicative rates and maturities are acceptable, the Agency's CFO emails the Dealer to instruct the Dealer to proceed with the transaction.</p> <p>B. Alternately, if the Agency's CFO has questions or concerns about the indicative rates/maturities, the Agency's CFO should contact the Dealer by 2:00 PM (Pacific Time) to discuss those issues prior to the morning of the Note sale, and resolve them before instructing the Dealer to proceed with the Note sale.</p>		SFMTA CFO	

9	The day before maturity	The wire transfer to the Issuing and Paying Agent in the amount of the Interest on the maturing Note should be processed by 12:00 PM (Pacific Time) on the day before the Rollover.		SFMTA Financial Reporting	
10	The day before maturity	Acknowledge receipt of the wire transfer via email to the Designated Representative by 5:00 PM (Pacific Time). The Issuing and Paying Agent will hold those funds overnight, and then transfer the interest amount to the letter of credit bank to reimburse the draw on the letter of credit used to pay interest to the investor via DTC on the day of the Rollover.		Issuing and Paying Agent	
11	Day Of Note Issuance by 9:00 AM PST	Notify the SFMTA Designated Representatives and the Issuing and Paying Agent by email of the actual rate and term for the rollover Note. The Issuing and Paying Agent may use this information to begin preparing to release the transaction.		Dealer	
12	Day Of Note Issuance no later than 9:30 AM PST	Complete and sign the Issuance Request Form (included in the Issuing and Paying Agent Agreement, Annex A) with the final information on sub-series, par amount, rate and term obtained from the Dealer. The form should then be sent by email in PDF format to the Issuing and Paying Agent as the formal authorization to the Issuing and Paying Agent to release the Note(s).		OPF	
13	Day Of Note Issuance by 2:00 PM PST	Release the rollover Note(s) using US Bank online system.		SFMTA Financial Reporting	

3.2 Rollover Procedures



3.3 Failed Commercial Paper Rollover Procedures

Under normal market conditions, the SFMTA anticipates having the ability to rollover its maturing CP Notes when it chooses, utilizing the procedures described above. However, there may be times when the Commercial Paper market is not functioning normally and the Dealer cannot find an investor for a rollover Note or underwrite the Note.

If a failed rollover occurs and the SFMTA chooses not to use funds on hand to retire the Note, then an unreimbursed draw on the applicable Letter of Credit (LOC) would occur. Agreements between the SFMTA and State Street Bank and Trust Company (State Street) covers the key provisions that come into play when an unreimbursed draw on the LOC occurs.

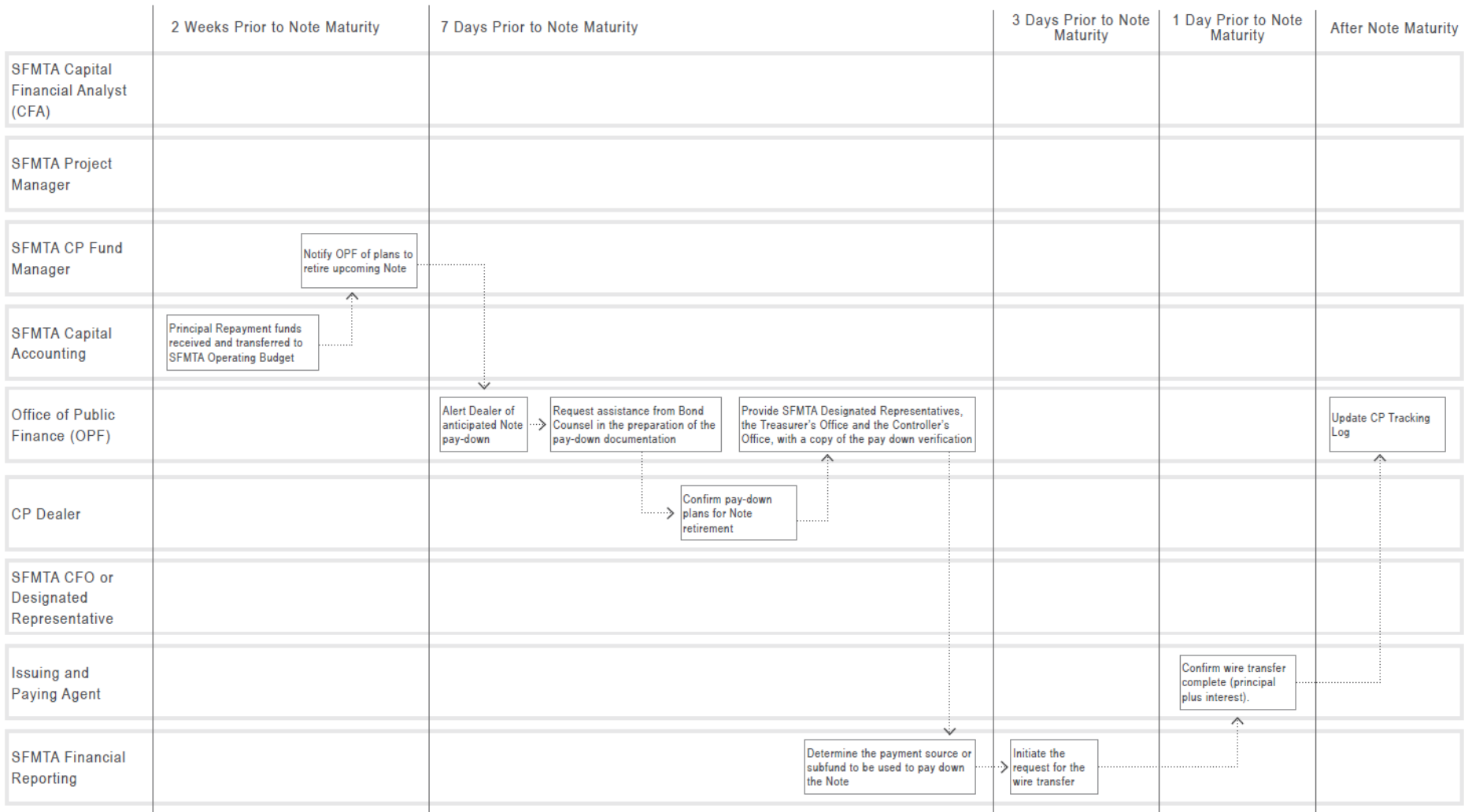
3.4 Retirement Procedures

The following procedures should be used once SFMTA Capital Finance determines that a Note will be retired.

Step #	Timing	Action	Task Owner	Other Required Staff
1	At least 2 weeks prior to Note retirement	Book principal repayment funds into project, transfers the principal amount to the SFMTA operating budget, and alerts Financial Reporting after principal funds are transferred to the operating budget. Note: The steps will be different depending on the source of repayment. In the case of grant funds, SFMTA Capital Accounting will do the drawdown and advise SFMTA Financial Reporting of the availability, who will prepare the ITI/ITO entry in FAMIS to move the money into the debt service fund. In the case of a new revenue bond used to refinance the CP, Financial Reporting will prepare the entries to retire the CP.	SFMTA Capital Accounting	Financial Reporting
2	At least 2 weeks	Notify OPF of upcoming Note retirement plans	SFMTA Commercial Paper Fund Manager	
3	At least 1 week	Alert the Dealer via email of the anticipated pay down.	OPF	
4	At least 1 week	Request assistance from Bond Counsel in the preparation of the pay-down documentation. Included in the Issuing and Paying Agent Agreement, Annex F.	OPF	Bond Counsel
5	At least 1 week	Confirm pay-down plans for Note retirement.	Dealer	

6	At least 1 week	Provide SFMTA Designated Representatives, the Treasurer's Office and the Controller's Office, with a copy of the pay down verification.	OPF	
7	At least 1 week	Determine the payment source or subfund to be used to pay down the Note.	SFMTA Financial Reporting	
8	At least 3 days prior to Note Maturity	Initiate the request for the wire transfer.	Financial Reporting	Controller's Office
9	One day prior to the Note maturity	Confirm wire transfer complete (principal plus interest).	Issuing and Paying Agent	
10	After Note Maturity	Update CP Tracking Log	OPF & SFMTA CP Fund Manager	

3.4 Retirement Procedures



4 Appendix

4.1 Commercial Paper Forms

Commercial Paper related forms are included in the Issuing and Paying Agreement:

[SFMTA Commercial Paper Notes.pdf](#)

4.2 Commercial Paper Contacts

Role	Contact
Dealer	Loop Capital Markets LLC & Morgan Stanley and Co. LLC
The Issuing and Paying Agent	US Bank
Legal Counsel	Hawkins
Financial Advisors	Backstrom McCarley Berry PFM
Tax Counsel	Hawkins
LOC Bank	State Street Bank
SFMTA Bank	Bank of America
Office of Public Finance	Anthony Ababon
City Attorney	

4.3 Wire Instructions

[Wiring Instructions MTA effective December-01-2009.pdf](#)

4.4 Commercial Paper Tracking Tool

To be developed

4.5 Request for Commercial Paper Form



Microsoft Excel
Worksheet