

SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY
BOARD OF DIRECTORS

RESOLUTION No. 180320-045

WHEREAS, Pursuant to Section 8A.102(b)(13) of the Charter (the “Charter”) and Chapter 43, Article XIII of the Administrative Code of the City and County of San Francisco (the “City”), the San Francisco Municipal Transportation Agency (SFMTA) may issue revenue bonds, commercial paper and other debt instruments, with the concurrence of the Board of Supervisors (“Board of Supervisors”) of the City and without voter approval; and,

WHEREAS, Pursuant to the procedures outlined in Ordinance No. 57-12, finally passed by the Board of Supervisors on April 17, 2012, and signed by the Mayor on April 19, 2012, codified under Chapter 43, Article XIII of the Administrative Code of the City, the Board of Directors of the SFMTA (the “Board of Directors”) may issue commercial paper notes (“CP Notes”) authorized in accordance with the Charter; and,

WHEREAS, Pursuant to Resolution No. 13-071, approved by the Board of Directors on June 4, 2013, the Board of Directors has authorized up to \$100 million aggregate principal amount in CP Notes to be issued from time to time on a revolving basis in one or more tax exempt or taxable series to finance SFMTA capital improvements and other SFMTA-related purposes, subject to approval by the Board of Supervisors; and,

WHEREAS, Pursuant to Resolution No. 246-13, adopted by the Board of Supervisors on July 16, 2013, and signed by the Mayor on July 25, 2013, the Board of Supervisors has authorized up to \$100 million aggregate principal amount in CP Notes to be issued from time to time on a revolving basis in one or more tax exempt or taxable series to finance SFMTA capital improvements and other SFMTA-related purposes; and,

WHEREAS, Pursuant to the foregoing ordinance and resolutions, SFMTA finances the costs of certain transportation projects included in the SFMTA Board of Directors approved Capital Improvement program and Capital Budget through the a commercial paper program (“CP Program”) through the issuance of CP Notes; and,

WHEREAS, In order to carry out the CP Program SFMTA previously appointed State Street Bank and Trust (“State Street”) to provide credit support for the CP notes under irrevocable direct pay letter of credit (“2013 Letter of Credit”) issued pursuant to the terms of a letter of credit and reimbursement agreement (the “2013 Reimbursement Agreement”) between the SFMTA and State Street; and,

WHEREAS, On February 5, 2018, the SFMTA, under authority delegated by the Planning Department, determined that the proposed Commercial Paper Program is not defined as a “project” under the California Environmental Quality Act (“CEQA”) pursuant Title 14 of the California Code of Regulations Sections 15060(c) and 15378(b); and,

WHEREAS, A copy of the CEQA determination is on file with the Secretary to the Board of Directors, and is incorporated herein by reference; and,

WHEREAS, For projects which would be potentially funded by the proceeds from the Commercial Paper Notes program, the SFMTA will not proceed with any project until there has been complete compliance with CEQA and the City's Environmental Quality Regulations (San Francisco Administrative Code Section 31), and if any of the projects are found to cause significant adverse impacts, the SFMTA retains absolute discretion to: (1) modify the project to mitigate significant adverse environmental impacts, (2) select feasible alternatives which avoid significant adverse impacts of the project, (3) require the implementation of specific measures to mitigate the significant adverse environmental impacts of the project, as identified upon environmental evaluation in compliance with CEQA and the Chapter 31, (4) reject the project as proposed if the economic and social benefits of the project do not outweigh otherwise unavoidable significant adverse impacts of the project, or (5) approve the project upon a finding that the economic and social benefits of the project outweigh otherwise unavoidable significant adverse impacts; and,

WHEREAS, The 2013 Letter of Credit expires by its terms on September 10, 2018; and,

WHEREAS The 2013 Reimbursement Agreement allowed for an extension, the renewal pricing was determined not to be attractive to the SFMTA; therefore a request for proposals was issued to evaluate both a replacement commercial paper program and an alternative product; and,

WHEREAS, After an evaluation of the responses to such request for bids, SFMTA staff determined that a letter of credit supporting the \$100 million aggregate principal amount of CP Notes (the "SMBC Letter of Credit"), offered by Sumitomo Mitsui Banking Corporation (SMBC), acting through its New York Branch, to be most advantageous to the SFMTA; and,

WHEREAS, The proposed form of Reimbursement Agreement (the "SMBC Reimbursement Agreement"), which includes the form of SMBC Letter of Credit and the related Bank Note (the "Bank Note"), each as an exhibit thereto, and its related Fee Agreement (the "SMBC Fee Agreement"), to be entered into between SFMTA and SMBC, have been presented to the Board of Directors and filed with the Secretary; and,

WHEREAS, In order to carry out the CP Program with the new SMBC Letter of Credit, SFMTA will enter into an Amended and Restated Issuing and Paying Agent Agreement (the "IPA Agreement") that sets forth the terms for the issuance from time to time on a revolving basis of the CP Notes and 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; and,

WHEREAS, In order to carry out the CP program with the new SMBC Letter of Credit, SFMTA will retain Loop Capital Markets, LLC and Morgan Stanley & Co., LLC, as commercial paper dealers (each a "Dealer," and together, the "Dealers") pursuant to the terms of Amended and Restated Dealer Agreements between SFMTA and each Dealer (each, a "Dealer Agreement," and together, the "Dealer Agreements"), which Dealers will utilize a CP Notes Offering Memorandum (the "Offering Memorandum" and collectively with the SMBC Letter of

Credit, the SMBC Reimbursement Agreement, the Bank Note, the SMBC Fee Agreement, the IPA Agreement and the Dealer Agreements, the “Financing Documents”) to be prepared by the SFMTA; and,

WHEREAS, The proposed forms of the IPA Agreement, the Dealer Agreements and the Offering Memorandum have been presented to the Board of Directors and filed with the Secretary, and the SFMTA finds it in its best interest to enter into such IPA Agreement and Dealer Agreements and to deliver the Offering Memorandum in connection with the CP Notes; and,

WHEREAS, The Board of Directors has duly considered such transactions and wishes at this time to approve such transactions in the interests of public transportation subject to the Board of Supervisors’ concurrence; and,

WHEREAS, A form of a proposed resolution of the Board of Supervisors (the “Proposed City Resolution”) providing such Board of Supervisors’ concurrence with the foregoing has been presented to the Board of Directors and filed with the Secretary; now therefore be it

RESOLVED, That the SFMTA Board of Directors hereby appoints Sumitomo Mitsui Banking Corporation as the letter of credit bank to provide credit support in an amount up to \$100 million aggregate principal amount for the Commercial Paper Notes issued from time to time on a revolving basis in one or more tax exempt or taxable series to finance SFMTA capital improvements and other SFMTA-related purposes, and approves the form of the SMBC Reimbursement Agreement; provided however, that (a) the term of any such letter of credit at its time of delivery shall not be less than one year nor more than six years, (b) the interest rate on amounts owed to SMBC shall be not to exceed twelve percent (12%) per annum (provided that such interest rate may be higher under certain circumstances as provided in the SMBC Reimbursement Agreement, including document provisions commonly known as claw backs or that characterize payment of interest as a fee) (c) the letter of credit fee payable on such letter of credit shall not exceed 1.5% of the original stated amount of the SMBC Letter of Credit (provided that such rate may be higher if the SFMTA is in default), and (d) the SMBC Reimbursement Agreement shall contain such covenants, customary bank indemnity, defense and increased cost provisions as SMBC shall require, and as the City Attorney shall approve, or on such terms and conditions as the Director of Transportation shall deem necessary, advisable or appropriate upon consultation with the City Attorney; and be it

FURTHER RESOLVED, That the SFMTA Board of Directors authorizes the Director of Transportation to execute and deliver the Commercial Paper Notes, the Issuing and Paying Agent Agreement, the SMBC Reimbursement Agreement, the Bank Note, the SMBC Fee Agreement, the Dealer Agreements, the Offering Memorandum and such other related agreements, instruments, certificates and documents necessary or desirable to achieve the purposes and intent of this Resolution, including such resolutions or ordinances as may be necessary to obtain Board of Supervisors concurrence of the SFMTA’s CP Program set forth herein and that the Director of Transportation and all other appropriate officers, employees, representatives and agents of the SFMTA are authorized and directed to do everything necessary or desirable to provide for the execution and delivery of the Financing Documents, including, but not limited to, executing and

delivering such agreements, instruments, certificates and other documents as they may deem necessary or advisable; and be it

FURTHER RESOLVED, That the SFMTA Board of Directors authorizes the Director of Transportation to execute amendments to the SMBC Letter of Credit and the SMBC Reimbursement Agreement to extend the terms thereof for up to five years provided such amendments are in the best interests of the SFMTA, do not materially increase the costs or exposure of the SFMTA to SMBC and are otherwise executed in accordance with the Charter; and be it

FURTHER RESOLVED, That the SFMTA Board of Directors authorizes the Director of Transportation to approve and make such modifications, changes, additions or amendments to the IPA Agreement, SMBC Reimbursement Agreement, the Bank Note, the SMBC Fee Agreement, the Dealer Agreements and the Offering Memorandum, upon consultation with the City Attorney, as may be necessary or desirable in the interests of the SFMTA, and which changes are within the parameters of this resolution and that the Director of Transportation's approval of such modifications, changes, additions or deletions shall be conclusively evidenced by the execution and delivery by the Director of Transportation, of the IPA Agreement, the SMBC Reimbursement Agreement, the Bank Note, the SMBC Fee Agreement, the Dealer Agreements and the Offering Memorandum, provided that the Director of Transportation shall report to the Board of Directors on any modification, change, addition or amendment executed; and be it

FURTHER RESOLVED, That prior to entering into the Financing Documents, the Board of Supervisors shall have passed a resolution, substantially in the form of the Proposed City Resolution, and by passage of this resolution the Board of Directors hereby recommends that the Board of Supervisors adopt the Proposed City Resolution; and be it

FURTHER RESOLVED, That the Director of Transportation is authorized to present to the Board of Supervisors the Proposed City Resolution.

I certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting of March 20, 2018.



Secretary to the Board of Directors
San Francisco Municipal Transportation Agency