

SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY
BOARD OF DIRECTORS

RESOLUTION No. 13-071

WHEREAS, The San Francisco Municipal Transportation Agency (SFMTA) wishes to finance 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 commercial paper notes (“CP notes); and

WHEREAS, On April 17, 2012, the SFMTA Board of Directors approved a \$3.06 billion FY 2013-2017 Capital Improvement Program and the two-year Capital Budget of \$582.3 million for FY 2012-2013 and \$477.8 million for FY 2013-2014; and

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 SFMTA may issue revenue bonds, commercial paper and other debt instruments, with the concurrence of the Board of Supervisors (Board) of the City and without voter approval; and

WHEREAS, The SFMTA Board of Directors has determined that it is desirable to authorize up to \$100 million 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, In order to carry out the CP Program SFMTA will enter into an 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 SFMTA is required to appoint a bank (“Bank”) to provide credit support for the CP notes under irrevocable direct pay letter of credit (“Credit Facility”) issued pursuant to the terms of a letter of credit and reimbursement agreement (“Reimbursement Agreement”) between the SFMTA and the Bank; and

WHEREAS, In order to carry out the CP program SFMTA is required to appoint a commercial paper dealer or dealers pursuant to the terms of an agreement between SFMTA and the dealer (“Dealer Agreement”), which dealers will utilize a CP Notes Offering Memorandum to be prepared by the SFMTA; and

WHEREAS, The SFMTA 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 Supervisor’s concurrence; now therefore be it

RESOLVED, That the SFMTA Board of Directors hereby authorizes the establishment of a SFMTA Commercial Paper program supported by the issuance and sale of Commercial Paper notes to temporarily finance the design, acquisition and construction of SFMTA approved projects and other SFMTA-related purposes, as well as paying interest on Commercial Paper Notes and costs of issuance and other incidental costs, provided, however, that (i) the maximum principal amount of Commercial Paper Notes at any one time outstanding shall not exceed \$100 million, (ii) the stated amount of the Letter of Credit shall be sufficient to support principal and interest on the Commercial Paper Notes as determined by the rating agencies and market practice; and (iii) the Commercial Paper Notes shall not mature later than 270 days from their respective dates of issuance (provided that obligations owing or issued to the Bank may have a longer maturity) and have a maximum rate or rates of interest of not to exceed twelve percent (12%) per annum. The Commercial Paper Notes (and any repayment obligations owing to the Bank) shall be secured by the SFMTA's transportation revenues on a subordinate basis to the payment of the SFMTA Senior Lien Revenue Bonds; and be it

FURTHER RESOLVED, That pursuant to Section 8A.102(b)(13) of the Charter, the concurrence of the SFMTA Board of Directors shall be obtained, and by passage of this resolution the Board of Directors hereby recommends that the Board of Supervisors authorize the Agency to establish a SFMTA Commercial Paper program; and be it

FURTHER RESOLVED, That the Director of Transportation is authorized to present to the Board of Supervisors the approval by the Board of Directors of the establishment of the SFMTA Commercial Paper program; and be it

FURTHER RESOLVED, That the Board of Directors hereby appoint State Street Bank and Trust as the letter of credit bank ("Bank") to provide credit support for the Commercial Paper notes, and approves the form of a 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 the Bank 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 Reimbursement Agreement, including document provisions commonly known as claw backs or that characterize payment of interest as a fee) (c) the commitment fee payable on such letter of credit shall not exceed 1.00% of the commitment amount (provided that such rate may be higher if the SFMTA is in default), and (d) such covenants, customary bank indemnity, defense and increased cost provisions as the Bank 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.

FURTHER RESOLVED, That the Board of Directors makes the following finding in compliance with the California Environmental Quality Act (CEQA), California Public Resources Code Sections 21000 et seq., the CEQA Guidelines, 15 Cal. Administrative Code Sections 15000 et seq., (CEQA Guidelines), and San Francisco Administrative Code Chapter 31 (Chapter 31); that the establishment of the CP Program and the issuance of the CP Notes is not subject to CEQA because as the establishment of a government financing mechanism that does not identify individual specific projects to be constructed with the funds, it is not a project as defined by

CEQA and the CEQA Guidelines and that the SFMTA shall consult with the City Attorney as to necessary CEQA findings and determinations with respect to any project prior to the expenditure of CP funds; and be it

FURTHER RESOLVED, That the Director of Transportation is authorized and directed to execute and deliver the Commercial Paper Notes, the Issuing and Paying Agent Agreement, the Reimbursement Agreement, the Dealer Agreements, a Commercial Paper Notes Offering Memorandum and such other related 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 Agency's Commercial Paper Program set forth herein and that the Controller of the City, the Treasurer of the City, the Director of Transportation, the City Attorney, and all other appropriate officers, employees, representatives and agents of the City are authorized and directed to do everything necessary or desirable to provide for the execution and delivery of the Commercial Paper notes, including, but not limited to, executing and delivering such certificates and other documents as they may deem necessary or advisable; and be it

FURTHER RESOLVED, That the Director of Transportation is hereby authorized and directed to execute amendments to the Letter of Credit and Reimbursement Agreement to extend the term 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 the Bank and are otherwise executed in accordance with the Charter; and be it

FURTHER RESOLVED, That the Director of Transportation is authorized to approve and make such modifications, changes, additions or amendments to the Issuing and Paying Agent Agreement, Reimbursement Agreement, the Dealer Agreements and the Fee letter, 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 Reimbursement Agreement, the Dealer Agreement and the Fee letter, provided that the Director of Transportation shall report to the Board of Directors on any modification, change, addition or amendment executed.

I certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting of June 4, 2013.



Secretary to the Board of Directors
San Francisco Municipal Transportation Agency