

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

THIS PRINT COVERS CALENDAR ITEM NO. : 11

**SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY**

DIVISION: Finance and Information Technology

BRIEF DESCRIPTION:

Authorizing the substitution of a letter of credit to provide credit support for the issuance and sale from time to time of Commercial Paper Notes on a revolving basis in a principal amount not to exceed \$100 million in one or more tax-exempt or taxable series in connection with the SFMTA's commercial note program to finance capital improvements which may need bridge financing in the future; approving the form of Amended and Restated Issuing and Paying Agent Agreement with US Bank, the Amended Dealer Agreements with Loop Capital and Morgan Stanley, respectively, and the form of new Letter of Credit and Reimbursement Agreement, together with the Fee Agreement, with Sumitomo Mitsui Banking Corporation, and authorizing the Director of Transportation to negotiate and execute the final forms of these agreements and take related actions for the SFMTA's commercial paper program subject to Board of Supervisors concurrence.



SUMMARY:

- The Charter and Administrative Code authorize the SFMTA to issue Commercial Paper Notes, with the concurrence of the Board of Supervisors without voter approval, and the Board of Supervisors has previously authorized the SFMTA to issue Commercial Paper Notes.
- The SFMTA wishes to substitute a letter of credit supporting the commercial paper program originally approved by the Board in 2013 in order to access low-cost, interim financing to fund the costs of certain projects through the issuance of Commercial Paper Notes.
- Investors require commercial paper programs to have credit support through a letter of credit or other credit facility to ensure that funds are available to pay principal and interest at maturity and, therefore, on November 28, 2017, the SFMTA issued a Request for Proposals for a letter of credit or alternative credit facility to substitute for the prior letter of credit approved in 2013.
- Based on the responses to the Request for Proposals, Sumitomo Mitsui Banking Corporation was selected as the Letter of Credit bank.

ENCLOSURES:

1. SFMTAB Resolution
2. Form of Letter of Credit and Reimbursement Agreement, together with Fee Agreement
3. Form of Amended and Restated Dealer Agreements
4. Form of Amended and Restated Issuing and Paying Agent Agreement
5. Form of Offering Memorandum

APPROVALS:

	DATE
DIRECTOR  _____	3/13/2018
SECRETARY  _____	3/13/2018

ASSIGNED SFMTAB CALENDAR DATE: March 20, 2018

PURPOSE

Authorizing the substitution of a letter of credit for the issuance and sale from time to time of Commercial Paper Notes on a revolving basis in a principal amount not to exceed \$100 million in one or more tax-exempt or taxable series in connection with the SFMTA's commercial note program to finance capital improvements which may need bridge financing in the future; approving the form of the Amended and Restated Issuing and Paying Agent Agreement with US Bank, Amended Dealer Agreements with Loop Capital and Morgan Stanley, respectively, and the form of new Letter of Credit and Reimbursement Agreement, together with the Fee Agreement, with Sumitomo Mitsui Banking Corporation, and authorizing the Director of Transportation to negotiate and execute the final forms of these agreements and take related actions for the SFMTA's commercial paper program subject to Board of Supervisors concurrence.

STRATEGIC PLAN GOALS AND TRANSIT FIRST POLICY PRINCIPLES

This item will support the following goal and objectives of the SFMTA Strategic Plan:

- Goal 3: Improve the environment and quality of life in San Francisco
- Objective 3.5: Reduce capital and operating structural deficits

This item will support the following Transit First Policy Principles:

1. To ensure quality of life and economic health in San Francisco, the primary objective of the transportation system must be the safe and efficient movement of people and goods.

DESCRIPTION

Background

Currently, the SFMTA's debt program consists of (a) long-term fixed rate revenue bonds and (b) Commercial Paper Notes program. Commercial paper is a form of short-term (or interim) indebtedness designed to provide "as needed" interim funding for capital projects. Commercial paper notes are issued only when needed to pay project costs as incurred. Commercial paper has a fixed maturity date from one to 270 days, compared with a final maturity of up to 30-years for the SFMTA's long-term revenue bonds. On the maturity date, the commercial paper note may be "rolled" (or refinanced) with the subsequent issuance of commercial paper notes or retired through the issuance of long-term revenue bonds (or other available repayment sources e.g. grants).

The Commercial Paper Notes program was initially approved by the SFMTA Board, with the concurrence of the Board of Supervisors, and implemented in 2013. The initial five year letter of credit provided by State Street Bank is scheduled to expire in September 2018. The SFMTA and its financial advisor contacted State Street Bank to seek a renewal of the letter of credit under its terms. The renewal pricing offered by State Street Bank was not competitive and the SFMTA, in consultation with its financial advisors and the Controller's Office of Public Finance (OPF), decided to issue a new Request for Proposals (RFP) for a letter of credit or alternative credit facility to substitute for the 2013 letter of credit.

The RFP was issued on November 28, 2017 and five responses providing both letters of credit and alternative credit facilities were received. The review panel, consisting of the SFMTA, its financial advisors and the City Attorney's Office, evaluated the proposals based on qualifications, strength of bank, debt coverage requirements, credit rating requirements, term, default provisions and proposed fees. OPF was also consulted. Based on this competitive selection process, Sumitomo Mitsui Bank (Bank) was selected to provide a substitute letter of credit. The SFMTA will continue with the broker/dealers, Loop Capital and Morgan Stanley selected in 2013 as CP Dealers. The broker-dealer agreements with the CP Dealers are being amended to provide final expiration dates. The SFMTA will also continue with the Paying Agent selected in 2013, US Bank. However, the Issuing and Payment Agreement with US Bank will be amended and restated to reflect terms of the new letter of credit.

By substituting the letter of credit, the SFMTA will be continuing its Commercial Paper Note program (CP Program) at a not-to-exceed principal amount of \$100 million, utilizing the substitution of a new five year letter of credit to be provided by the Bank. Under the CP Program, Commercial Paper Notes (CP Notes) will be issued from time to time on a revolving basis to pay for Board-approved project costs in the SFMTA Capital Improvement Program and approved budgets. Interest accruing from outstanding CP Notes will be paid from legally available monies and budgeted in the SFMTA's operating budget and/or the proceeds of "rolls" of CP Notes.

The CP Program provides many benefits to the SFMTA. It allows the SFMTA to diversify its sources of financing by accessing the short-term market and thereby reduces borrowing costs by accessing debt markets only as funds are needed and at short-term borrowing rates, which are usually lower than long-term fixed rates. In addition, use of the commercial paper program improves the efficiency of the SFMTA's debt program by reducing the number of times that the SFMTA accesses the long-term debt market.

This is a short term funding vehicle that allows SFMTA to borrow as needed. At this point the SFMTA has no specific capital projects in mind. This action sets up the mechanism by which such a transaction could be used, if needed.

The Charter and Administrative Code authorize the SFMTA to issue CP Notes, with the concurrence of the Board of Supervisors without voter approval. In particular, City Charter 8A.102(b)13 states: "To the maximum extent permitted by law, with the concurrence of the Board of Supervisors, and notwithstanding the requirements and limitations of Sections 9.107, 9.108, and 9.109, have authority without further voter approval to incur debt for Agency purposes and to issue or cause to be issued bonds, notes, certificates of indebtedness, commercial paper, financing leases, certificates of participation or any other debt instruments. Upon recommendation from the Board of Directors, the Board of Supervisors may authorize the Agency to incur on behalf of the City such debt or other obligations provided: 1) the Controller first certifies that sufficient unencumbered balances are expected to be available in the proper fund to meet all payments under such obligations as they become due; and 2) any debt obligation, if secured, is secured by revenues or assets under the jurisdiction of the Agency."

The City has an established commercial paper program. In addition, the San Francisco International Airport and the San Francisco Public Utilities Commission have long standing commercial paper programs.

FINANCING DOCUMENTS

Amended and Restated Issuing and Paying Agent Agreement

An Amended and Restated Issuing and Paying Agent Agreement (IPA Agreement) is the agreement between the SFMTA and a paying agent (US Bank) 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, which is the 2013 IPA Agreement amended to conform to the substituted letter of credit, 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 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.

Reimbursement Agreement

The letter of credit and reimbursement agreement is the legal document between the SFMTA and the Bank which sets out the terms by which the Bank will provide the letter of credit supporting the CP Notes. The document provides terms for draws on the letter of credit, SFMTA representations and covenants, events of default, Bank remedies and SFMTA indemnities to the Bank. The Board is asked to approve the form of Letter of Credit and Reimbursement Agreement and to authorize the Director of Transportation to negotiate the final terms with the Bank within the parameters established in the attached Resolution and subject to Board of Supervisors concurrence. The attached 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 years. The interest rate on any bank bond shall not exceed 12% per year and the amortization of such bank bond shall be five years. It is expected that the Bank will be repaid from the remarketing of commercial paper or the proceeds of long term take-out revenue bonds (or other available repayment sources).

The SFMTA currently expects to enter a Reimbursement Agreement with the Bank with the terms described above which would result in annual fees of approximately 0.40% or \$440,000 under the substituted letter of credit vs. 0.535% or \$585,000 previously. The Reimbursement Agreement may be terminated at the option of the SFMTA for any reason, subject to a termination fee equal to the Commitment Fee during the first two years equal to bank fee which would have accrued from the date of termination or reduction through the second anniversary of the closing date. During the first two years, the Reimbursement Agreement may also be terminated without a termination fee should two of the Bank's short term credit ratings fall below "P-1," or "A-1" by Moody's Investors Service (Moody's) or Standard & Poor's (S&P), respectively (collectively, the Rating Agencies).

The current fee structure assumes that the SFMTA's senior lien revenue bonds credit rating from S&P does not decline below "AA-" (it is currently "AA") and that the Moody's rating does not

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decline below “Aa3” (it is currently “Aa2”). The commitment fee may be increased in increments of 0.20% for every notch rating downgrade below the ratings of “Aa3” or “AA-“. Should the SFMTA’s senior lien revenue bonds credit rating fall below “Baa1” and “BBB+,” this would trigger a default. If an event of default occurs and is continuing, the commitment fee will automatically increase to 3.00% annually, commencing on the date of default and continuing until the SFMTA’s ratings are raised or the default is waived by the Bank or until the letter of credit is terminated. Other customary remedies are also available to the Bank in the event of a default, including declaring all principal and interest to be immediately payable, as well as other remedies specified in Section 7.02 of the Reimbursement Agreement.

Amended and Restated Dealer Agreements

The Amended and Restated Dealer Agreements with the CP Dealers (CP Dealer Agreements) set forth the duties of the CP Dealers, 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 Agreements. The CP Dealer Agreements include a term not less than one year with a cost not to exceed 0.05% per year of the weighted average of the principal amount of CPs outstanding each quarter, paid by the SFMTA quarterly in arrears.

Commercial Paper Memorandum

A draft of the commercial paper memorandum (CP Memo) has been prepared which describes the terms and security for the CP Notes, including a description of the Bank and the Letter of Credit. The CP Memo will be utilized by the CP Dealers as the disclosure document in the sale of the CP Notes. The CP Memo contains no financial information about the SFMTA. CP Note holders will rely on the credit of the Bank and its credit for repayment, rather than the SFMTA. There is no continuing disclosure associated with the CP Memo.

Commercial Paper Administration

The SFMTA CP program will be jointly administered by OPF and the SFMTA. OPF will be responsible for initiating the issuance of CP with the CP Dealers and reporting on the CP Program. The SFMTA will be responsible for requesting drawdowns based on cash flow needs and encumbrance and expenditure schedules. Annual administration fees of the CP Program are not expected to exceed \$700,000, which is inclusive of the letter of credit, dealer fees, ratings surveillance and staff costs.

Documentation and Next Steps

The Board is being asked to consider several legal documents authorizing the issuance of commercial paper by the SFMTA. These documents include the following:

- Form of an Amended and Restated IPA Agreement with US Bank
- Form of a Letter of Credit and Reimbursement Agreement with Sumitomo Mitsui Bank, together with the proposed Fee Agreement
- Form of Amended and Restated Dealer Agreements for Loop Capital and Morgan Stanley

The Director of Transportation will be authorized to make any necessary modifications, changes or additions to the documents described above as long as they are within the parameters of the attached resolution.

The City Attorney's Office has reviewed this report.

STAKEHOLDER ENGAGEMENT

Public outreach has been conducted as part of the Capital Budget and Capital Improvement Plan outreach. This program has been included in these discussions with various stakeholders, including the Citizens' Advisory Council and Bond Oversight Committee.

ALTERNATIVES CONSIDERED

The alternatives to approving a letter of credit are to fund capital improvements from the operating budget, to issue additional revenues bonds or other debt instruments or to defer capital improvements.

The SFMTA opted to enter into a substitution letter of credit rather than extend the 2013 commercial paper program letter of credit after checking the capital markets for better pricing, terms and alternative products.

FUNDING IMPACT

The proceeds from this program will enable the SFMTA to fund approved capital projects. Fee and interest payments are budgeted in the SFMTA's two-year operating budget.

The table below compares the costs of the current commercial paper program versus an extension with the existing provider and the replacement program being recommended:

	Current Program	Extension of Current Program	Replacement Program
LOC Sizing			
LOC Principal Component	100,000,000	100,000,000	100,000,000
LOC Interest Component @ max rate for 270 days	8,876,712	8,876,712	8,876,712
Total LOC Size	108,876,712	108,876,712	108,876,712
Annual LOC Fee Rate	0.535%	0.520%	0.400%
Annual LOC Fee \$ Amount	582,490	566,159	435,507
Total Fees			
Total LOC Fee	582,490	566,159	435,507
Dealer Fee @ .05% /.05% /.045%	50,000	50,000	45,000
Surveillance Fee (for two rating agencies - estimated)	15,000	15,000	15,000
IPA Fee	2,000	2,000	2,000
Total	\$ 649,490	\$ 633,159	\$ 497,507
Additionally, the estimate for cost of issuance was/ is:	\$ 362,000	\$ 121,000	\$ 171,000

ENVIRONMENTAL REVIEW

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 to Title 14 of the California Code of Regulations Sections 15060(c) and 15378(b).

A copy of the CEQA determination is on file with the Secretary to the SFMTA Board of Directors and is incorporated herein by reference.

For projects which would be potentially funded by the proceeds from the CP 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). If the project(s) 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.

OTHER APPROVALS RECEIVED OR STILL REQUIRED

This transaction will require the concurrence of the Board of Supervisors. The Controller will also need to issue a certification of the SFMTA’s financial condition.

RECOMMENDATION

Authorize the substitution of a letter of credit to provide credit support for the issuance and sale from time to time of Commercial Paper Notes on a revolving basis in a principal amount not to exceed \$100 million in one or more tax-exempt or taxable series in connection with the SFMTA’s commercial paper program to finance capital improvements which may need bridge financing in the future; approve the form of Amended and Restated Issuing and Paying Agent Agreement with US Bank, the Amended Dealer Agreements with Loop Capital and Morgan Stanley, respectively, and the form of new Letter of Credit and Reimbursement Agreement, together with the Fee Agreement, with Sumitomo Mitsui Banking Corporation, and authorize the Director of Transportation to negotiate and execute the final forms of these agreements and take related actions for the SFMTA’s commercial paper program subject to Board of Supervisors concurrence.