



SFMTA
Municipal
Transportation
Agency

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Edward D. Reiskin, *Director of Transportation*

March 28, 2018

The Honorable Board of Supervisors
City and County of San Francisco
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, California 94102

Subject: San Francisco Municipal Transportation Agency Commercial Paper Program

Dear Members of the Board of Supervisors:

The San Francisco Municipal Transportation Agency (SFMTA) seeks to substitute its letter of credit providing credit support for its Commercial Paper program (CP Program) in an amount not greater than \$100 million. The SFMTA CP Program was established in 2003 to finance on an interim basis the costs of transportation capital projects. The Charter and Administrative Code authorize the SFMTA to establish a CP Program, with the concurrence of the Board of Supervisors, without voter's approval and in accordance with State law. The SFMTA Board of Directors approved a resolution recommending that the Board of Supervisors concur with the letter of credit substitution on March 20, 2018. A resolution for Board of Supervisors concurrence will be provided separately as part of this package.

BACKGROUND

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 is scheduled to expire in September 2018. As the renewal pricing offered by was not competitive and a request for proposals for a letter of credit or alternative credit facility to substitute for the 2013 letter of credit was issued. Based on this competitive selection process, Sumitomo Mitsui Bank was selected to provide a substitute letter of credit for a five year term.

The SFMTA will continue with Loop Capital and Morgan Stanley, the broker/dealers selected in 2013. The SFMTA will also continue with US Bank, the paying agent selected in 2013. However, all of these agreements will be amended.

BOARD OF SUPERVISORS ACTION

The Board of Supervisors is being asked to concur with the approval by the SFMTA Board and its approval of the substitute letter of credit, including the several legal documents in connection with the authorization of 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 Letter
- 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 amendments to the documents described above as long as they are within the parameters of the attached resolution.

Copies of the SFMTA Board documents, with additional detail, are available at:
<https://www.sfmta.com/reports/3-20-18-mtab-item-11-commercial-paper>.

If there are any questions please do not hesitate to contact Sonali Bose at (415) 701-4617 or Sonali.Bose@sfmta.com.

Sincerely,

Edward D. Reiskin
Director of Transportation

