

1 [Loan Agreement - Metropolitan Transportation Commission - Public Transit Operating  
2 Purposes - \$200,000,000]

3 **Resolution authorizing the Director of Transportation to enter into a loan agreement**  
4 **with the Metropolitan Transportation Commission as lender, for San Francisco**  
5 **Municipal Transportation Agency public transit operating purposes, up to a maximum**  
6 **principal amount of \$200,000,000, for a 12 year term from July 1, 2026, through June 3,**  
7 **2038, pursuant to Assembly Bill No. 117.**

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9 WHEREAS, The San Francisco Municipal Transportation Agency (SFMTA) is a  
10 department of the City and County of San Francisco responsible for the management,  
11 operations, and planning of the City’s transportation network; and

12 WHEREAS, Assembly Bill No. 117 (AB 117), signed by Governor Newsom on  
13 February 19, 2026, requires the California State Transportation Agency (CalSTA) to loan \$590  
14 million of Transit and Intercity Rail Capital Program (TIRCP) to the Metropolitan  
15 Transportation Commission (MTC) for the purpose of providing emergency transit operating  
16 assistance to eligible Bay Area transit operators; and

17 WHEREAS, AB 117 identifies the SFMTA as an eligible transit operator and MTC will  
18 loan up to \$200,000,000 (MTC Loan) to the SFMTA pursuant to a loan agreement (MTC Loan  
19 Agreement) with terms consistent with the loan agreement between CalSTA and MTC for the  
20 TIRCP funds (CalSTA Loan Agreement); and

21 WHEREAS, In the absence of the loan, the SFMTA faces a projected operating deficit  
22 for Fiscal Year 2026-27 (beginning July 1, 2026) and the MTC Loan proceeds would provide  
23 critical near-term liquidity to maintain existing service levels for riders; and

24 WHEREAS, The proposed form of MTC Loan Agreement is on file with the Clerk of the  
25 Board of Supervisors in File No. 260624, is consistent with the form of AB 117 loan

1 agreement between MTC and CalSTA, and includes the following terms: a maximum principal  
2 amount of up to \$200,000,000; a 12-year term maturing on June 3, 2038; a variable interest  
3 rate based on the quarterly rate for the Surplus Money Investment Fund (SMIF) published by  
4 the State Controller; an interest-only period through June 30, 2028; an approximate ten-year  
5 amortization period (July 1, 2028, through June 3, 2038) with semiannual principal and  
6 interest payments; repayment secured by the revenue-based portion of State Transit  
7 Assistance Program funds allocable to the SFMTA; an absolute and unconditional repayment  
8 obligation; and proceeds restricted to SFMTA public transit operating purposes; and

9 WHEREAS, The MTC Loan may not be used for capital expenditures or the retirement  
10 or refinancing of existing indebtedness; and

11 WHEREAS, Charter, Section 8A.102(b)(13), authorizes the SFMTA to incur debt for its  
12 purposes if the SFMTA Board of Directors recommends that action to the Board of  
13 Supervisors and the Board of Supervisors concurs and authorizes the SFMTA to incur that  
14 debt and other obligations on behalf of the City as long as the City Controller first certifies that  
15 sufficient unencumbered balances are expected to be available in the proper fund to meet all  
16 payments under those obligations as they become due, and any debt obligation, if secured, is  
17 secured by revenues or assets under the jurisdiction of the SFMTA; and

18 WHEREAS, The MTC Loan will be a secured debt and create obligations for SFMTA  
19 purposes; and

20 WHEREAS, The SFMTA Board of Directors recommended and requested the Board of  
21 Supervisors to authorize the Director of Transportation to execute the MTC Loan Agreement  
22 in a form approved by the Board of Supervisors and consistent with the CalSTA-MTC loan  
23 agreement under AB 117 at its meeting of June 2, 2026, by Resolution No. 260602-045; and

24 WHEREAS, By a letter dated May 29, 2026, which is on file with the Clerk of the Board  
25 of Supervisors in File No. 260624, the City Controller certified sufficient unencumbered

1 balances are expected to be available in the proper fund to meet all MTC Loan payments as  
2 they become due, and the MTC Loan is secured by revenues under the jurisdiction of the  
3 SFMTA; and

4 WHEREAS, The SFMTA, under authority delegated by the Planning Department, has  
5 determined that requesting approval to execute the MTC Loan Agreement is not a “project”  
6 under the California Environmental Quality Act (CEQA) pursuant to Title 14 of the California  
7 Code of Regulations, Sections 15060(c) and 15378(b), with that determination (CEQA  
8 Determination) on file with the Clerk of the Board of Supervisors in File No. 260624; now,  
9 therefore, be it

10 RESOLVED, The Board of Supervisors hereby affirms and adopts the SFMTA’s  
11 determination under CEQA for the reasons set forth in the CEQA Determination; and, be it

12 FURTHER RESOLVED, The Board of Supervisors authorizes the Director of  
13 Transportation to enter into the MTC Loan Agreement with the MTC in substantially the form  
14 on file, to enter into any additions, amendments or other modifications to the MTC Loan  
15 Agreement that the Director of Transportation, in consultation with the City Attorney,  
16 determines are in the best interests of the SFMTA and that do not materially increase the  
17 obligations or liabilities of the SFMTA or materially decrease the benefits to the SFMTA as  
18 provided in the MTC Loan Agreement, and to take all actions necessary to implement the  
19 MTC Loan Agreement; and, be it

20 FURTHER RESOLVED, That the SFMTA shall provide a copy of the executed MTC  
21 Loan Agreement to the Clerk of the Board of Supervisors within 30 days of the full execution  
22 for inclusion in the office file.

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