

1 [Peninsula Corridor Joint Powers Board - Issuance and Sale of Farebox Revenue Bonds, Not
2 to Exceed \$62,000,000 - Increase in Existing Credit Facility, Not to Exceed \$170,000,000 -
3 Additional Credit Facility, Not to Exceed \$30,000,000]

4 **Resolution authorizing the issuance and sale by the Peninsula Corridor Joint Powers**
5 **Board of Farebox Revenue Bonds and Refunding Revenue Bonds in one or more series**
6 **in an aggregate principal amount not to exceed \$62,000,000; approving an increase in**
7 **amount of existing credit facility by the Peninsula Corridor Joint Powers Board, from**
8 **an aggregate principal amount not to exceed \$150,000,000 outstanding at any one time**
9 **to an aggregate principal amount not to exceed \$170,000,000 outstanding at any one**
10 **time; and approving an additional credit facility by the Peninsula Corridor Joint Powers**
11 **Board in an aggregate principal amount not to exceed \$30,000,000 outstanding at any**
12 **one time.**

13
14 WHEREAS, The Peninsula Corridor Joint Powers Board (the "JPB") is a public entity
15 duly established and organized under the laws of the State of California, which was created
16 pursuant to a joint exercise of powers agreement (the "Joint Powers Agreement") entered into
17 by the Santa Clara Valley Transportation Authority, formerly known as the Santa Clara County
18 Transit District, the City and County of San Francisco, and the San Mateo County Transit
19 District (each, a "Member Agency," and, collectively, the "Member Agencies"); and

20 WHEREAS, Pursuant to the Joint Powers Agreement, the JPB operates the Caltrain
21 commuter rail service ("Caltrain") within the geographical boundaries of the Member
22 Agencies; and

23 WHEREAS, Under the Joint Powers Agreement, each Member Agency is required to
24 contribute to the operating costs of Caltrain and provide for the costs of capital projects in the
25 manner set forth in the Joint Powers Agreement; and

1 WHEREAS, To facilitate operations and completion of capital projects, the JPB intends
2 to proceed with a comprehensive financing plan (the "Financing Plan"), which includes the
3 issuance of farebox revenue bonds and utilization of revolving lines of credit; and

4 WHEREAS, The JPB intends to issue farebox revenue bonds (the "Bonds") in an
5 aggregate principal amount not to exceed \$62,000,000, a portion of the proceeds of which
6 JPB intends to apply to finance the purchase of two leased facilities housing Caltrain
7 operations; and

8 WHEREAS, In the event that the JPB is unable to acquire one or both of the leased
9 facilities, the JPB intends to apply proceeds of the Bonds to finance certain capacity and
10 system improvements, including electrical multiple unit vehicles ("EMUs") in addition to the
11 EMUs to be funded as a part of the current phase of the Peninsula Corridor Electrification
12 Project described below, platform modifications, wayside bicycle parking improvements,
13 installation of a broadband communication system and planning funds to support development
14 of plans and agreements to meet goals and service levels in the 2018 State Rail Plan (such
15 projects being hereinafter referred to as the "TIRCP Projects"); and

16 WHEREAS, The JPB also intends to apply a portion of the proceeds of the Bonds to
17 refund all of its outstanding farebox revenue bonds, comprised of \$22,960,000 aggregate
18 principal amount of Peninsula Corridor Joint Powers Board Farebox Revenue Bonds, 2007
19 Series A and \$11,000,000 aggregate principal amount of the Peninsula Corridor Joint Powers
20 Board Farebox Revenue Bonds, 2015 Series A; and

21 WHEREAS, The Bonds, which the JPB proposes to issue, will be issued pursuant to
22 Section 6500 et seq. of the Government Code of the State of California, as amended and
23 supplemented, and will be secured by and payable from farebox revenues, comprised of
24 passenger fares, parking, shuttle and pass revenues and other revenues collected from the
25 operation of Caltrain (collectively, the "Farebox Revenues"); and

1 WHEREAS, In order to electrify the Caltrain rail corridor running between San
2 Francisco and the Tamien Station in San José (the "Peninsula Corridor") and convert a
3 portion of the Caltrain diesel fleet to EMUs, the JPB has undertaken the Peninsula Corridor
4 Electrification Project (the "PCEP"); and

5 WHEREAS, The JPB has advised that costs of the current phase of the PCEP are
6 being provided from federal, state, regional and local sources, including, but not limited to, (i)
7 grants from the federal government, (ii) funding made available pursuant to The Safe, Reliable
8 High-Speed Passenger Train Bond Act for the 21st Century, commonly referred to as
9 Proposition 1A ("Proposition 1A"), The Highway Safety, Traffic Reduction, Air Quality, and
10 Port Security Bond Act of 2006, commonly referred to as Proposition 1B ("Proposition 1B"),
11 the Transit and Intercity Rail Capital Program (the "TIRCP") and the Caltrain Low Carbon
12 Transit Operations Program, (iii) funding allocated by the Metropolitan Transportation
13 Commission and the Bay Area Air Quality Management District, and (iv) funding allocated by
14 the Member Agencies; and

15 WHEREAS, To pay costs of the current phase of the PCEP expected to be due and
16 payable in advance of receipt of funds identified to pay such costs, in December 2016, the
17 JPB secured a revolving line of credit (the "Existing Credit Facility") from an affiliate of
18 JPMorgan Chase Bank, National Association in an amount not to exceed \$150,000,000
19 outstanding at any one time; and

20 WHEREAS, In April 2018, the JPB secured an additional grant from the TIRCP (such
21 grant being herein referred to as the "2018 TIRCP Grant"), and receipts of such 2018 TIRCP
22 Grant to be applied to fund a portion of the TIRCP Projects; and

23 WHEREAS, In order to provide local match funds to enable the JPB to access the
24 TIRCP Grant, the JPB and the provider of the Existing Credit Facility intend to increase the
25 amount available to be drawn under the Existing Credit Facility by \$20,000,000 to an amount

1 not to exceed \$170,000,000 outstanding at any one time; and

2 WHEREAS, The indebtedness incurred and to be incurred by the JPB under the
3 Existing Credit Facility is secured by and payable from Farebox Revenues on a basis
4 subordinate to payment of debt service on the Bonds and from receipts of the funds identified
5 above, which will include receipts of the 2018 TIRCP Grant; and

6 WHEREAS, In order to enhance safety and prepare for the shared use of the
7 Peninsula Corridor with the state high speed rail system currently under construction, the JPB
8 is installing an advanced signal and train control system that includes federally-mandated
9 safety improvements (such system being hereinafter referred to as the "PTC Project"); and

10 WHEREAS, The JPB has advised that the JPB currently expects that costs of the PTC
11 Project will be funded from federal, state and local sources, including, but not limited to (i)
12 grants from the federal government, (ii) funding made available pursuant to Proposition 1A
13 and Proposition 1B, and (iii) funding allocated by the Member Agencies; and

14 WHEREAS, In order (i) to provide necessary funding with respect to the PTC Project,
15 including costs of the PTC Project expected to be due and payable in advance of receipt of
16 funds identified to pay such costs, and possibly other projects and (ii) to provide working
17 capital for Caltrain system needs, the JPB also intends to secure an additional revolving credit
18 facility in an amount not to exceed \$30,000,000 outstanding at any one time, such revolving
19 credit facility (the "Additional Credit Facility") to be provided by the provider of the Existing
20 Credit Facility; and

21 WHEREAS, The indebtedness to be incurred by the JPB under the Additional Credit
22 Facility is expected to be secured by and payable from Farebox Revenues on a basis
23 subordinate to payment of debt service on the Bonds and from receipts of the funds identified
24 above, including receipts of the funds identified above to pay costs of the PTC Project; and

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1 WHEREAS, The JPB anticipates that the financing of the purchase of the leased
2 facilities and completion of the PCEP and the PTC Project will enable the JPB to (i) meet
3 current and future transportation demand between San José and San Francisco, (ii) offset
4 existing and future worsening roadway congestion, (iii) address continuing regional air quality
5 issues, (iv) reduce greenhouse gas emissions, (v) provide electrical infrastructure compatible
6 with contemplated future high-speed rail service and (vi) enhance safety throughout the
7 Caltrain system; and

8 WHEREAS, Pursuant to Section 6586.5 of the Government Code of the State of
9 Californian ("Section 6586.5"), each Member Agency within whose boundaries a public capital
10 improvement to be financed is located is required (i) to approve the financing and (ii) to make
11 a finding of significant public benefit in accordance with the criteria specified in Section 6586
12 of the Government Code of the State of California ("Section 6586") after holding a public
13 hearing; and

14 WHEREAS, The Board of Supervisors (this "Board") is the appropriate entity to
15 approve the proposed financing within the meaning of Section 6586.5, such financing being
16 comprised of (i) the issuance of Bonds in an amount not to exceed \$62,000,000, (ii) an
17 increase in the amount available to be drawn under the Existing Credit Facility from an
18 amount not to exceed \$150,000,000 outstanding at any one time to an amount not to exceed
19 \$170,000,000 outstanding at any one time, such funds drawn under the Existing Credit
20 Facility to be applied for the purposes described herein, and (iii) execution and delivery of the
21 Additional Credit Facility in an amount not to exceed \$30,000,000 outstanding at any one
22 time, funds drawn under the Additional Credit Facility to be applied for the purposes described
23 herein; and

24 WHEREAS, In its Reso. No. 181016-136 the Municipal Transportation Agency Board of
25 Directors recommended to this Board of Supervisors approval of this resolution; and

1 WHEREAS, In accordance with Section 6586.5, a notice was published in a newspaper
2 of general circulation in the City and County of San Francisco (the "City") at least five (5) days
3 prior to such public hearing stating that a public hearing would be conducted with respect to
4 the proposed financing described herein; and

5 WHEREAS, This Board held a public hearing on October 18, 2018, at the Budget and
6 Finance Committee, in accordance with the requirements of Section 6586.5; now, therefore,
7 be it

8 RESOLVED, That the Board finds and declares that the above recitals are true and
9 correct; and, be it

10 FURTHER RESOLVED, That this Board approves the proposed financing to be
11 undertaken by the JPB, comprised of (i) the issuance of Bonds in an amount not to exceed
12 \$62,000,000, (ii) the increase in the amount available to be drawn under the Existing Credit
13 Facility from an amount not to exceed \$150,000,000 outstanding at any one time to an
14 amount not to exceed \$170,000,000 outstanding at any one time and (iii) and execution and
15 delivery of the Additional Credit Facility in an amount available to be drawn not to exceed
16 \$30,000,000 outstanding at any one time, and finds, in accordance with Section 6586.5, that
17 (i) the undertaking of the indebtedness to be incurred by the JPB in connection with the
18 proposed financing (the "Financing") for the purposes and as described herein will result in
19 significant public benefits by making it possible to provide more frequent and/or faster Caltrain
20 service to residential and commercial development within the geographic boundaries of the
21 Member Agencies, including the City, and (ii) such enhanced service serves a public purpose;
22 and, be it

23 FURTHER RESOLVED, That notwithstanding anything in this Resolution to the
24 contrary, the City shall not be obligated to levy any form of taxes, and no credit, funds or
25 property of the City shall be pledged by the City to provide for payment of the indebtedness or

1 any security for the indebtedness to be incurred by the JPB in connection with the Financing;
2 and, be it

3 FURTHER RESOLVED, That the Mayor, Controller, and the Director of the Controller's
4 Office of Public Finance (and designees thereof), employees and agents of the City are
5 hereby authorized and directed, jointly and severally, subject to the terms of this Resolution,
6 to do any and all things and to execute and deliver any and all documents that they deem
7 necessary or advisable in order to carry out, give effect to, and comply with the terms and
8 intent of this Resolution and the Financing approved under this Resolution.

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10 APPROVED AS TO FORM:
11 DENNIS J. HERRERA
12 CITY ATTORNEY

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15 By: _____
16 Kenneth D. Roux
17 Deputy City Attorney
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