

1 [Termination Agreement(s) - Breda Light Rail Vehicle Leveraged Lease Transactions]

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3 **Resolution authorizing the Municipal Transportation Agency to enter into one or more**  
4 **consensual termination agreements with the equity investors and other parties that**  
5 **participated in the leveraged lease transactions executed in 2002 and 2003 with respect**  
6 **to the San Francisco Municipal Transportation Agency's Breda light rail vehicles,**  
7 **provided that there is no net financial cost to the City/San Francisco Municipal**  
8 **Transportation Agency for the terminations.**

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10 WHEREAS, In 2002 and 2003, the City and County of San Francisco (City), through  
11 the Municipal Transportation Agency (SFMTA), and with the approval of the Board of  
12 Supervisors, entered into Lease Transactions with various financial institutions with respect to  
13 the majority of the SFMTA's Breda light rail vehicles (LRVs); and

14 WHEREAS, Subsequent developments have led to a situation in which it might be  
15 beneficial for the City to enter into termination agreements for some or all of the Lease  
16 Transactions; and

17 WHEREAS, The benefits to the City of an early termination include (1) elimination of  
18 the risk of a technical default under its lease documents in the event that the financial  
19 guarantor of the transactions, Assured Guaranty, is downgraded by the rating agencies below  
20 "Aa3/AA-" and is not replaced by the City in accordance with the requirements of the lease  
21 documents; (2) simplification of the SFMTA's financial statements and elimination of a  
22 contingent liability; (3) removal of restrictions on the LRVs imposed by the lease documents;  
23 and (4) elimination of certain filing and reporting requirements; and

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1           WHEREAS, Due to fluctuations in the financial market and the need to move forward  
2 quickly when favorable circumstances allow, staff seeks prior authorization to terminate any  
3 Lease Transaction, based on certain parameters; and

4           WHEREAS, The parameters are: (1) there shall be no net cost or liability to the SFMTA  
5 (excluding provisions that would otherwise survive at the end of the acceleration of the  
6 purchase option); (2) any termination agreement shall have been reviewed and approved by  
7 the City Attorney's Office; and (3) staff will report on any terminations as soon as practicable  
8 after they occur; and

9           WHEREAS, On June 21, 2011, the SFMTA Board of Directors approved a resolution  
10 authorizing the Executive Director/CEO to enter into one or more consensual terminations  
11 with the financial institutions and other parties that participated in the Lease Transactions  
12 executed in 2002 and 2003 with respect to the SFMTA's Breda LRVs under the parameters  
13 listed above, and subject to approval by this Board; now, therefore, be it

14           RESOLVED, That the Board of Supervisors authorizes the SFMTA to enter into one or  
15 more consensual terminations with the financial institutions and other parties that participated  
16 in the Lease Transactions executed in 2002 and 2003 with respect to the SFMTA's Breda  
17 LRVs, provided (1) there shall be no net cost or liability to the SFMTA (excluding provisions  
18 that would otherwise survive at the end of the acceleration of the purchase option); (2) any  
19 termination agreement shall have been reviewed and approved by the City Attorney's Office;  
20 and (3) staff will report on any terminations as soon as practicable after they occur; and, be it

21           FURTHER RESOLVED, That the Board of Supervisors authorizes the SFMTA to take  
22 any other actions required to effectuate the termination of the Lease Transactions, including,  
23 but not limited to, acceleration of the purchase option for the LRVs.

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