

1 [Commercial Paper Notes - Municipal Transportation Agency - Not to Exceed \$100,000,000]

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3 **Resolution authorizing substitution of a letter of credit offered by Sumitomo Mitsui**  
4 **Banking Corporation, acting through its New York Branch, in an amount not to exceed**  
5 **\$100,000,000 to support the Municipal Transportation Agency’s commercial paper**  
6 **program, which is used to provide interim financing for capital improvements;**  
7 **approving the forms of certain financing documents, including a reimbursement**  
8 **agreement, a fee agreement, an amended and restated issuing and paying agent**  
9 **agreement, a commercial paper memorandum, amended and restated dealer**  
10 **agreements; making California Environmental Quality Act (CEQA) findings; and**  
11 **authorizing appropriate actions in connection therewith.**

12 WHEREAS, Pursuant to the procedures outlined in Ordinance No. 57-12, passed by  
13 the Board of Supervisors on April 17, 2012, and signed by the Mayor on April 19, 2012,  
14 codified under Chapter 43, Article XIII of the Administrative Code of the City, the Board of  
15 Directors (“Board of Directors”) of the San Francisco Municipal Transportation Agency  
16 (“SFMTA”) may from time to time issue commercial paper notes (“CP Notes”) authorized in  
17 accordance with the Charter to finance on an interim basis the costs of certain capital  
18 improvements included in the SFMTA’s Capital Improvement program and Capital Budget;  
19 and

20 WHEREAS, Pursuant to Resolution No. 246-13, adopted by the Board of Supervisors  
21 on July 16, 2013, and signed by the Mayor on July 25, 2013, the Board of Supervisors has  
22 authorized up to \$100,000,000 aggregate principal amount in CP Notes to be issued from  
23 time to time on a revolving basis in one or more tax exempt or taxable series to finance  
24 SFMTA capital improvements and other SFMTA-related purposes; and  
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1           WHEREAS, The SFMTA previously appointed State Street Bank and Trust (“State  
2 Street”) to provide credit support for the CP notes under irrevocable direct pay letter of credit  
3 (“2013 Letter of Credit”) issued pursuant to the terms of a letter of credit and reimbursement  
4 agreement (“2013 Reimbursement Agreement”) between the SFMTA and State Street; and

5           WHEREAS, The 2013 Letter of Credit expires by its terms on September 10, 2018; and

6           WHEREAS, Although the 2013 Reimbursement Agreement allowed for an extension,  
7 the renewal pricing was determined by SFMTA staff not to be competitive and therefore a  
8 request for proposals was issued to evaluate both a replacement commercial paper program  
9 and an alternative product; and

10           WHEREAS, SFMTA staff determined that a letter of credit offered by Sumitomo Mitsui  
11 Banking Corporation, acting through its New York Branch (“SMBC”), provided the most  
12 advantageous terms to the SFMTA; and

13           WHEREAS, On March 20, 2018, the Board of Directors of the SFMTA approved by  
14 Resolution No. 180320-045, the SMBC letter of credit (“SMBC Letter of Credit”), together with  
15 related financing documents, including the proposed form of Reimbursement Agreement  
16 (“SMBC Reimbursement Agreement”), which includes as attachments the form of SMBC  
17 Letter of Credit and related Bank Note (“Bank Note”), the Fee Agreement (“SMBC Fee  
18 Agreement”) between SFMTA and SMBC, an Amended and Restated Issuing and Paying  
19 Agent Agreement (“IPA Agreement”) between the SFMTA and U.S. Bank National  
20 Association, as issuing and paying agent thereunder, and Amended and Restated Dealer  
21 Agreements (“Dealer Agreements”) with Loop Capital Markets, LLC and Morgan Stanley &  
22 Co., LLC, respectively, as commercial paper dealers (each a “Dealer,” and together, the  
23 “Dealers”) which Dealers will utilize an Offering Memorandum to accompany the issuance and  
24 remarketing of CP Notes (the “Offering Memorandum” and collectively with the SMBC Letter  
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1 of Credit, the SMBC Reimbursement Agreement, the Bank Note, the SMBC Fee Agreement,  
2 the IPA Agreement and the Dealer Agreements, the “Financing Documents”); and

3 WHEREAS, On February 5, 2018, the SFMTA, under authority delegated by the  
4 Planning Department, determined that the proposed Commercial Paper Program is not  
5 defined as a “project” under the California Environmental Quality Act (“CEQA”) pursuant Title  
6 14 of the California Code of Regulations, Sections 15060(c) and 15378(b), and a copy of this  
7 determination is on file with the Clerk of the Board of Supervisors in File No. 180459; and

8 WHEREAS, The terms of the Financing Documents do not conflict with the  
9 requirements of the Code; now, therefore, be it

10 RESOLVED, By the Board of Supervisors of the City and County of San Francisco, as  
11 follows:

12 Section 1. Recitals. All of the recitals herein are true and correct.

13 Section 2. Approval and Authorization of SFMTA Commercial Paper. The Board hereby  
14 concurs with the issuance from time to time by the SFMTA of its CP Notes as required by  
15 Code Section 43.13.4. The total principal amount of the SFMTA CP Notes (including any  
16 Bank Notes caused to be issued in accordance with the SMBC Reimbursement Agreement)  
17 issued from time to time shall not exceed the aggregate principal amount of \$100,000,000.

18 Section 3. No Conflicts with the Code. The CP Notes shall be issued pursuant to the  
19 terms of the Financing Documents as each shall be approved as to form by the City Attorney,  
20 which approval shall be conclusively evidenced by the signature of the City Attorney on each  
21 such agreement; provided, that the terms of the Financing Documents shall not conflict with  
22 the requirements of the Code or this Resolution.

23 Section 4. Maximum Interest Rate. Pursuant to Section 43.13.4(b) of the Code, the  
24 maximum interest rate for the SFMTA CP Notes shall not exceed 12% per annum.  
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1           Section 5. Approval of the Financing Documents. The forms of SMBC Reimbursement  
2 Agreement (including the Bank Note and SMBC Fee Agreement), IPA Agreement, Dealer  
3 Agreements and Offering Memorandum, copies of which are on file with the Clerk of the  
4 Board of Supervisors under File No. 180459 is hereby approved, with such changes,  
5 additions, and modifications as the Director of Transportation of the SFMTA, or his designee  
6 (“Director”) may make or approve in accordance with Section 6 hereof.

7           Section 6. Modifications, Changes and Additions; Additional Agreements. The  
8 approvals contained herein shall extend to any amendments to the Financing Documents, as  
9 well as to such additional agreements as the Board of Directors of the SFMTA may adopt or  
10 the SFMTA may execute for the purpose of implementing the issuance from time to time of  
11 CP Notes. The Director's approval of such modifications, changes or additions, made upon  
12 consultation with the City Attorney, shall be conclusively evidenced by the execution and  
13 delivery by the Director of the Financing Documents; provided however any such  
14 amendments or modifications shall be in accordance with the grant of authorization contained  
15 in this Resolution.

16           Section 7. CEQA. This Board makes the following finding in compliance with the  
17 California Environmental Quality Act (CEQA), California Public Resources Code Sections  
18 21000 et seq., the CEQA Guidelines, 15 Cal. Administrative Code, Sections 15000 et seq.,  
19 (CEQA Guidelines), and San Francisco Administrative Code, Chapter 31 (Chapter 31); that  
20 the issuance of the CP Notes by the SFMTA is not subject to CEQA because as the  
21 establishment of a government financing mechanism that does not identify individual specific  
22 projects to be constructed with the funds, it is not a “project” as defined by CEQA and the  
23 CEQA Guidelines and that the SFMTA shall consult with the City Attorney as to necessary  
24 CEQA findings and determinations with respect to any project prior to the expenditure of bond  
25 proceeds.

1           Section 8. General Authority. The Director, Controller of the City, the City Attorney, and  
2 all other appropriate officers, employees, representatives and agents of the City are hereby  
3 authorized and directed to do everything necessary or desirable to provide for the issuance of  
4 the SFMTA's CP Notes.

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6 APPROVED AS TO FORM:  
7 DENNIS J. HERRERA, City Attorney

8 By: \_\_\_\_\_  
9       MARK D. BLAKE  
10       Deputy City Attorney