



RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF SENIOR LIMITED TAX BONDS IN AN AMOUNT NOT TO EXCEED \$255,000,000; THE EXECUTION AND DELIVERY OF LEGAL DOCUMENTS RELATING THERETO; AND THE TAKING OF ALL OTHER ACTIONS APPROPRIATE OR NECESSARY IN CONNECTION THEREWITH

WHEREAS, The San Francisco County Transportation Authority (“Transportation Authority”) is a county transportation authority duly organized and existing pursuant to the Bay Area County Traffic and Transportation Funding Act, being Division 12.5 of the Public Utilities Code of the State of California (Sections 131000 et seq.) (“Act”); and

WHEREAS, On July 22, 2003, the Board of Commissioners of the Transportation Authority (“Board of Commissioners”) adopted Resolution No. 04-05 to approve an expenditure plan and a proposal to extend the imposition and collection of the one-half of one percent (1/2%) sales tax throughout the City and County of San Francisco (“County”), and to recommend that such revised expenditure plan and tax extension be considered by the Board of Supervisors of the City and County of San Francisco (“Board of Supervisors”); and

WHEREAS, On July 29, 2003, the Board of Supervisors adopted Resolution No. 485-03, to approve the “New Transportation Expenditure Plan for San Francisco” (“Expenditure Plan”), and to call and provide for an election for the purpose of submitting to the voters an ordinance (“Ordinance”) that would, in part, authorize implementation of the Expenditure Plan, continue collection of the retail transactions and use tax applicable in the County at the existing level of one-half of one percent (1/2%) (“Sales Tax”), continue the Transportation Authority as the independent agency to administer the Sales Tax and oversee implementation of the projects identified in the Expenditure Plan, and authorize the Transportation Authority to issue limited tax bonds as needed, in a total outstanding aggregate amount not to exceed \$1,880,000,000, secured by and payable from the proceeds of the Sales Tax; and



WHEREAS, At the election held for such purpose on November 4, 2003, the Ordinance was approved by more than two-thirds of the electors voting on the measure; and

WHEREAS, Pursuant to Sections 131109 and 131120 of the Act and the Ordinance, the Transportation Authority is authorized to issue limited tax bonds or bond anticipation notes secured by and payable from the proceeds of the Sales Tax; and

WHEREAS, The Transportation Authority has entered into a Revolving Credit Agreement, dated June 1, 2015 (“Revolving Credit Agreement”) with State Street Public Lending Corporation (“State Street”), pursuant to which the Transportation Authority may borrow and reborrow amounts from State Street from time to time in accordance with the terms of such Revolving Credit Agreement in an amount up to \$140,000,000 outstanding at any one time; and

WHEREAS, The Transportation Authority’s repayment obligations under the Revolving Credit Agreement constitute limited tax bonds and are payable from and secured by the Sales Tax Revenues (which constitute the Sales Tax collected by the State Board of Equalization of the State of California (or the California Department of Tax and Fee Administration, to which the authority to collect the Sales Tax on behalf of the Transportation Authority and to remit it to the Trustee has been transferred) (“BOE”), less the administrative fee deducted by BOE) as provided in the Second Amended and Restated Indenture, dated as of June 1, 2015 (“Existing Indenture”), by and between the Transportation Authority and U.S. Bank, National Association, as trustee (“Trustee”), and by the Sales Tax Revenues Bank Note (Limited Tax Bond), dated June 11, 2015 (“Bank Note”), issued pursuant to the Existing Indenture; and

WHEREAS, There is presently approximately \$140,000,000 outstanding under the Revolving Credit Agreement and the Bank Note; and

WHEREAS, The Transportation Authority desires to provide for the issuance of one or more series of Senior Sales Tax Revenue Bonds (Limited Tax Bonds) (“Bonds”) from time to time and in one or more transactions to (a) finance a portion of the costs of and costs incidental to, or connected with, construction,



acquisition and improvement of certain transit, street and traffic facilities and other transportation improvements, all as described in the Expenditure Plan (“Project”), including, without limitation, engineering, inspection, legal, fiscal agents, financial consultant and other fees and working capital, (b) to repay all or a portion of the outstanding amount under the Revolving Credit Agreement and the Bank Note, (c) to fund capitalized interest to the extent determined by a Senior Staff Member (defined below), and (d) to pay costs of issuance related to the Bonds; and

WHEREAS, The total estimated cost of the portion of the Project to be financed with the Bonds is approximately \$200 million (not including outstanding amounts under the Revolving Credit Agreement that are repaid with the proceeds of the Bonds); and

WHEREAS, The Board of Commissioners finds that the Sales Tax Revenues are expected to be sufficient to meet debt service on the Bonds and all other debt that will remain outstanding after the issuance of the Bonds; and

WHEREAS, The Bonds will be secured by and payable from the Sales Tax Revenues on a basis senior to the Bank Note and any obligations under the Revolving Credit Agreement; and

WHEREAS, The Transportation Authority desires to amend and restate the Existing Indenture to provide for the issuance of senior sales tax revenue bonds, including the Bonds, and to enter into one or more supplemental indentures and other documentation appropriate or necessary for the issuance of the Bonds; and

WHEREAS, The Transportation Authority anticipates entering into the following documents in connection with the issuance and sale of the Bonds:

- (a) A Third Amended and Restated Indenture (“Amended and Restated Indenture”), between the Transportation Authority and the Trustee, a form of which is presented as Attachment 1;



- (b) One or more Supplemental Indentures (“Supplemental Indenture” or “Supplemental Indentures”) between the Transportation Authority and the Trustee, which would supplement the Amended and Restated Indenture for purposes of providing the terms and conditions of the Bonds, and a form of which is presented as Attachment 2; and
- (c) One or more Continuing Disclosure Certificates (“Continuing Disclosure Certificate” or “Continuing Disclosure Certificates”) to be executed by the Transportation Authority to assist the underwriters of the Bonds in complying with Rule 15c2-12(b)(5) promulgated by the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, and which will provide, among other matters, for annual updates of certain Transportation Authority financial and operating information, the form of which is presented as Attachment 3; and

WHEREAS, The Transportation Authority desires to appoint U.S. Bank, National Association as Trustee under the Amended and Restated Indenture; now, therefore, be it

RESOLVED by the Transportation Authority as follows:

RESOLVED, That the Board of Commissioners hereby finds and declares that the statements, findings and determinations set forth above are true and correct; and be it further

RESOLVED, That the Board of Commissioners hereby authorizes the issuance from time to time in one or more Series of Bonds for the purpose of (a) financing a portion of the Project; (b) repaying all or a portion of the amount outstanding under the Revolving Credit Agreement and the Bank Note; (c) funding capitalized interest to the extent determined by a Senior Staff Member (defined below); and (d) paying the costs of issuance related to such Bonds; and the maximum interest rate on the Bonds shall not exceed the lesser of 12% or the maximum rate permitted by law. The Board of Commissioners hereby specifies that the aggregate principal amount of all Series of Bonds shall not exceed \$255,000,000. The Board of Commissioners hereby specifies that each Series of Bonds shall not mature later than March 31, 2034. The



Executive Director of the Transportation Authority and the Chief Deputy Director of the Transportation Authority, or any such officer serving or acting in an interim capacity (each, a “Senior Staff Member”), are, and each of them acting alone is, hereby authorized to determine the actual aggregate principal amount of each Series of Bonds to be issued (not in excess of the maximum amount set forth above), the terms of such Bonds (within the parameters set forth in this Resolution), whether the Bonds are to be issued in one or more Series, whether and how much capitalized interest shall be financed with proceeds of the Bonds, and the timing of such issuance or issuances; and be it further

RESOLVED, That the Bonds shall, when issued, be in the aggregate principal amounts and shall be dated as shall be provided in the applicable Supplemental Indenture. The Bonds may be issued as serial bonds or as term bonds or as both serial bonds and term bonds, all as shall be set forth in the applicable Supplemental Indenture. Interest on the Bonds shall be paid on the dates as shall be set forth in the applicable Supplemental Indenture. The Bonds shall be subject to redemption on such terms and conditions and to the extent as shall be set forth in the applicable Supplemental Indenture. Payment of principal of, and interest and premium, if any, on the Bonds shall be made at the place or places and in the manner as shall be set forth in the applicable Supplemental Indenture. The Bonds shall be in denominations as shall be set forth in the applicable Supplemental Indenture, provided that they shall not be in denominations of less than \$5,000. Execution and delivery of one or more Supplemental Indentures, which document contains the maturities, interest rates, the payment obligations of the Transportation Authority and other terms of the Bonds within parameters set forth in this Resolution, shall constitute conclusive evidence of the Transportation Authority’s approval of such maturities, interest rates, payment obligations and terms; and be it further

RESOLVED, That the Bonds shall be in substantially the form as shall be set forth in the applicable Supplemental Indenture, with such necessary or appropriate variations, omissions and insertions as permitted or required by the Amended and Restated Indenture or the applicable Supplemental Indenture



or as appropriate to adequately reflect the terms of such Bonds and the obligation represented thereby; and be it further

RESOLVED, That each of the Bonds shall be executed on behalf of the Transportation Authority by the Executive Director of the Transportation Authority, the Chief Deputy Director of the Transportation Authority, or any such officers serving or acting in an interim capacity, or any designees of any such officers (each, an “Authorized Representative”) and by any other officer, Board of Commissioners member, employee or agent to the extent determined by an Authorized Representative to be appropriate or necessary to comply with the terms of the Amended and Restated Indenture or applicable law (such determination to be conclusively evidenced by the execution and delivery of the Bonds by such Authorized Representative). Any such execution may be by manual or facsimile signature, and each bond shall be authenticated by the endorsement of the Trustee or an agent of the Trustee. Any facsimile signature of any person signing the Bonds shall have the same force and effect as if such person had manually signed each of such Bonds; and be it further

RESOLVED, That the Board of Commissioners authorizes the appointment of U.S. Bank, National Association, as trustee under the Amended and Restated Indenture; and, be it further

RESOLVED, That the Authorized Representatives are, and each of them acting alone is, hereby authorized and directed to have prepared and to execute, acknowledge and deliver in the name of and on behalf of the Transportation Authority the Amended and Restated Indenture, one or more Supplemental Indentures and one or more Continuing Disclosure Certificates, all in substantially the forms attached hereto and hereby approved, with such changes as any Authorized Representative determines are appropriate or necessary, in each case, to the extent, and with the terms and provisions as the Authorized Representative executing the same shall determine are appropriate or necessary for the issuance of the Bonds and in the best interests of the Transportation Authority, including, but not limited to, affirmative and negative covenants relating to the Bonds and the finances and operations of the Transportation Authority. The



Amended and Restated Indenture, along with all Supplemental Indentures and Continuing Disclosure Certificates are collectively referred to herein as the “Transaction Documents” and each a “Transaction Document” (such execution and delivery constituting conclusive evidence of the aforementioned determinations); and be it further

RESOLVED, That the Senior Staff Members are, and each acting alone is, hereby authorized and directed, from time to time, to determine the timing of the sale of the Bonds in one or more transactions and to determine whether each such sale shall be on a negotiated or competitive basis; to publish or distribute notices of sale to potential underwriters of the Bonds (including the Notice of Sale in substantially the form attached hereto as Attachment 4 (“Notice of Sale”), with such changes as any Senior Staff Member determines are appropriate or necessary), as and when any Senior Staff Member determines appropriate or necessary; to select for each such sale the underwriter or underwriters of the Bonds; and to take any other action such Senior Staff Member determines is appropriate or is necessary to cause any such sale to comply with the Transportation Authority’s Debt Policy (except as noted below) and applicable law. In the case of competitive sale of the Bonds, the Senior Staff Member shall select the underwriter or underwriters that offer to purchase such Bonds at the lowest true interest cost bid on the date of such competitive sale. In the case of a negotiated sale of the Bonds (a “Negotiated Underwriting”), notwithstanding anything to the contrary in the Transportation Authority’s Debt Policy, each Senior Staff Member shall be authorized to select the underwriter or underwriters of the Bonds without additional approval by this Board of Commissioners; and, be it further

RESOLVED, That in the event that a Senior Staff Member determines to sell Bonds through a Negotiated Underwriting, the Senior Staff Members are, and each acting alone is, hereby authorized and directed to negotiate the terms of, and execute and deliver, a Bond Purchase Agreement in substantially the form attached hereto as Attachment 5 (“Bond Purchase Agreement”) and hereby approved with the underwriter or underwriters selected by a Senior Staff Member, with the terms and provisions, and with



such changes, as the Senior Staff Member executing the same shall determine are appropriate or necessary for the issuance of the Bonds and in the best interests of the Transportation Authority; provided however the compensation payable to such underwriter or underwriters of a Negotiated Underwriting shall not exceed 1.0% of the aggregate principal amount of Bonds sold (such execution and delivery constituting conclusive evidence of the aforementioned determinations); and be it further

RESOLVED, That in connection with the issuance of the Bonds, the Transportation Authority hereby authorizes the circulation in electronic and/or printed form of one or more Preliminary Official Statements, substantially in the form of the Preliminary Official Statement presented as Attachment 6, with such changes as any Authorized Representative determines, in consultation with Disclosure Counsel and the general counsel to the Transportation Authority, are appropriate or necessary. Each Authorized Representative is authorized and directed to deem such Preliminary Official Statement to be final within the meaning of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended, said determination to be conclusively evidenced by a certificate signed by said Authorized Representative to said effect; and be it further

RESOLVED, That upon the sale of any Series of Bonds, the Authorized Representatives are, and each of them acting alone is, hereby authorized and directed to provide for the preparation, publication, execution and delivery in electronic and/or printed form of one or more final Official Statements in substantially the form of the Preliminary Official Statement with such changes as any Authorized Representative determines, in consultation with Disclosure Counsel and the general counsel to the Transportation Authority, are appropriate or necessary. The Authorized Representatives are, and each of them acting alone is, hereby authorized and directed to execute and deliver one or more final Official Statements in the name and on behalf of the Transportation Authority (such execution and delivery to conclusively evidence the aforementioned determination). One or more supplements to the Preliminary Official Statement(s), the final Official Statement(s) or revised final Official Statement(s) may be prepared



and delivered reflecting updated and revised information as the Authorized Representatives deem, in consultation with Disclosure Counsel, appropriate or necessary. Each Official Statement shall be circulated for use in selling the Bonds at such time or times as an Authorized Representative deems appropriate; and be it further

RESOLVED, That the Authorized Representatives are, and each of them acting alone is, hereby authorized, for and in the name of and on behalf of the Transportation Authority, to amend the terms of the Revolving Credit Agreement and the Bank Note as appropriate or necessary to effect the issuance of the Bonds and the entry into the Transaction Documents, so long as neither the maximum outstanding amount nor the maximum interest rate under the Revolving Credit Agreement or the compensation payable to State Street is increased by the terms of such amendment; and be it further

RESOLVED, That the Authorized Representatives are, and each of them acting alone is, hereby authorized, for and in the name of and on behalf of the Transportation Authority, to select and appoint a dissemination agent to assist the Transportation Authority in fulfilling its obligations under the Continuing Disclosure Certificate(s) with respect to the Bonds to the extent deemed appropriate or necessary by such Authorized Representative, and to execute and deliver an agreement with the dissemination agent setting forth the terms of its engagement by the Transportation Authority; and be it further

RESOLVED, That the Authorized Representatives and all officers, agents and employees of the Transportation Authority, for and on behalf of the Transportation Authority, are each authorized and directed to do any and all things necessary to effect the execution and delivery of the Bonds, the Transaction Documents and the Notice(s) of Sale and the Bond Purchase Agreement(s), as applicable, and to carry out the terms thereof, subject in all respects to the terms of this Resolution. The Authorized Representatives and all other officers, agents and employees of the Transportation Authority are further authorized and directed, for and on behalf of the Transportation Authority, to execute all papers, documents, certificates and other instruments that may be required in order to carry out the authority conferred by this Resolution



or the provisions of the Existing Indenture and the Transaction Documents or to evidence said authority and its exercise. The foregoing authorization includes, but is in no way limited to, the direction (from time to time) by an Authorized Representative of investments of the proceeds of the Bonds and of any Sales Tax Revenues deposited under the Amended and Restated Indenture in Investment Securities (defined in the Amended and Restated Indenture), including the execution and delivery of investment agreements related thereto; the execution by an Authorized Representative and the delivery of a Tax and Nonarbitrage Certificate for the purpose of complying with the rebate requirements of the Internal Revenue Code of 1986, as amended; the execution and delivery of a Blanket Letter of Representations to The Depository Trust Company; the execution and delivery of documents required by The Depository Trust Company in connection with the issuance of the Bonds in book-entry-only form; the filing of a preliminary notice and a final notice with the California Debt and Investment Advisory Commission with respect to the proposed sale of the Bonds; and to file the rebates and notices required under section 148(f) and 149(e) of the Internal Revenue Code of 1986, as amended; and the entry into an agreement or modification of an existing agreement with the California Department of Tax and Fee Administration or a successor entity with respect to the payment of the Sales Tax directly to the Trustee. All actions heretofore taken by the officers, agents and employees of the Transportation Authority in furtherance of this Resolution are hereby confirmed, ratified and approved; and be it further

RESOLVED, That from and after the delivery of the Bonds, the Authorized Representatives are, and each of them acting alone is, hereby authorized and directed to amend, supplement or otherwise modify any Transaction Document, any Notice of Sale, or any Bond Purchase Agreement at any time and from time to time and in any manner determined to be appropriate or necessary by the Authorized Representative executing such amendment, supplement or modification, the execution of such amendment, supplement or other modification being conclusive evidence of Transportation Authority's approval thereof; and be it further



RESOLVED, That this Resolution shall take effect immediately upon its adoption and approval.

Enclosures (6):

- A. Form of Amended and Restated Indenture
- B. Form of Supplemental Indenture
- C. Form of Continuing Disclosure Certificate
- D. Form of Notice of Sale
- E. Form of Bond Purchase Agreement
- F. Form of Preliminary Official Statement



Memorandum

Date: September 6, 2017
To: Transportation Authority Board
From: Cynthia Fong – Deputy Director for Finance and Administration
Subject: 09/12/17 Board Meeting: Authorization of the Issuance and Sale of Senior Limited Tax Bonds in an Amount Not to Exceed \$255 million; the Execution and Delivery of Legal Documents Relating Thereto; and the Taking of All Other Actions Appropriate or Necessary in Connection Therewith

<p>RECOMMENDATION <input type="checkbox"/> Information <input checked="" type="checkbox"/> Action</p> <ul style="list-style-type: none"> • Authorize the issuance and sale of Senior Limited Tax bonds in an amount not to exceed \$255 million • Approve the financing documents for the bond issuance • Authorize the taking of appropriate action in connection with the bond and any related matters <p>SUMMARY</p> <p>The purpose of this action is to authorize the issuance of fixed rate, tax-exempt sales tax revenue bonds in an aggregate principal amount not to exceed \$255 million, at a maximum 12% annual interest rate, with a final maturity no later than March 31, 2034. This action would also approve the financing documents and authorize any actions in relation to the issuance of the bonds. As anticipated in the Prop K Strategic Plan, the bonds are needed to have sufficient cash on hand to meet the cash flow needs of the Prop K capital program.</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Fund Allocation <input type="checkbox"/> Fund Programming <input type="checkbox"/> Policy/Legislation <input type="checkbox"/> Plan/Study <input type="checkbox"/> Capital Project Oversight/Delivery <input checked="" type="checkbox"/> Budget/Finance <input type="checkbox"/> Contract/Agreement <input type="checkbox"/> Other: <hr/>
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DISCUSSION

Background.

Pursuant to Sections 131109 and 131120 of the California Public Utilities Code and an ordinance (Prop K) approved by San Francisco voters in November 2003, the Transportation Authority is authorized to issue limited tax bonds or bond anticipation notes in a total aggregate amount not to exceed \$1,880,000,000 secured by and payable from the proceeds of the sales tax levied by the Transportation Authority to finance transportation projects in the Prop K Expenditure Plan. The Transportation Authority’s borrowing capacity is separate and distinct from that of the City and County of San Francisco.

Since 2004, the Transportation Authority has administered the Prop K program primarily on a pay-as-you go basis, with the use of short-term debt instruments to meet cash flow needs. Issuing debt facilitates delivery of projects and benefits to the public sooner than would be possible using pay-as-you-go funding.

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Although the Strategic Plan previously anticipated the need for bond financing, our ability to use interim financing – initially through a \$200 million commercial paper (CP) facility which was later converted into a \$140 million revolving loan (Revolver) – has allowed us to more flexibly and cost effectively meet Prop K capital program needs. In April 2017, in order to meet the multi-year funding needs of large projects such as the San Francisco Municipal Transportation Agency's (SFMTA's) vehicle replacement and expansion program and those of other project sponsors, the Board authorized the drawdown of \$46 million from the Revolver and we presented our plan to additionally seek authority to issue a long-term bond later this calendar year. As of August 31, the total outstanding balance of the Revolver is \$139.6 million.

Consistent with our debt management plan, we will continue to pay down a portion of the outstanding Revolver balance (the remaining debt from our original CP program) through Fiscal Year (FY) 2020/21, and will convert the remaining \$46 million into a long-term bond as part of the proposed transaction.

At this time, we seek authorization to issue long-term debt (e.g. sales tax revenue bonds when they are truly needed and advantageous to the Transportation Authority) to accelerate delivery of the Prop K program, restore capacity in the Revolver to flexibly manage cash needs, and provide a hedge against potentially rising interest rate environment and associated financing costs.

Plan of Finance.

The purpose of this action is to authorize the issuance of senior lien fixed rate, tax-exempt sales tax revenue bonds (2017 Bonds) in an aggregate principal amount not to exceed \$255 million, at a maximum 12% annual interest rate, with a final maturity no later than March 31, 2034 (the expiration of the Prop K tax based on the end date of the current expenditure plan). The Transportation Authority could sell the 2017 Bonds in one or more series at a time or times and in an amount and manner (competitive or negotiated sale) determined by the Transportation Authority. The proceeds of the bonds would be used to refinance the \$46 million Revolver draw, freeing up Revolver capacity to retain flexibility in terms of quick access to cash at a variable interest rate. Approximately \$200 million in bond proceeds would be used to finance anticipated new Prop K capital expenditures over the next three years, to pay costs of issuance and to fund capitalized interest on the bonds. The bonds would be repaid from the Prop K half-cent sales tax revenue collected by the Transportation Authority. The final term of the 2017 Bonds is expected to be in FY 2033/34, the last year of the Prop K Expenditure Plan. The proposed bonds will be issued with a lien on Prop K revenues that is senior to that of the Revolver.

Use of Proceeds.

We have been closely tracking the largest Prop K projects (in terms of the amount of Prop K funds allocated and remaining to be reimbursed), all of which are in active construction phases or reaching completion or other milestones that will trigger large Prop K reimbursement requests within the next 1-3 years. Among the major cash drivers are SFMTA's Radio Replacement project, associated Central Control and Communications projects, and the replacement of the motor coach, trolleybus and light-rail vehicle fleets. Attachment 1 lists out the bond-eligible program categories from the Prop K Expenditure Plan.

The adopted FY 2017/18 budget anticipates \$106,530,189 in total Prop K sales tax revenues and \$250,000,000 in Prop K capital expenditures. We expect a modest increase in sales tax revenues each year following FY 2017/18. Beginning with FY 2017/18 and over the next three years, projected capital expenditure reimbursements, as shown in Attachment 2, are expected to significantly exceed

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sales tax revenues collected. A parallel bond reimbursement resolution (agenda Item 8) expands bond-eligible expenditures to those incurred prior to bond issuance in order to provide additional administrative flexibility.

In summary, the bond proceeds would be used to:

- A) Refund \$46 million of the Transportation Authority's outstanding Revolver to restore the availability of interim financing availability for Prop K capital project expenditures;
- B) Finance bond-eligible expenditures authorized in the Prop K Expenditure Plan;
- C) Pay capitalized interest on the bonds; and
- D) Pay issuance costs on the bonds.

This action would also approve the forms of the financing documents for the bond issuance and allow the Executive Director to complete and finalize the documents at the point of sale of the bonds. The draft documents included as Enclosures 1-6 are the:

- Preliminary Official Statement (POS), disclosure describing the bond terms and the Transportation Authority.
- Continuing Disclosure Certificate, which outlines the Transportation Authority's disclosure reporting requirements during the term of the bonds.
- Amended and Restated Indenture setting forth agreements between the Transportation Authority and U.S. Bank, National Association, as trustee (the "Trustee"), amending the existing indenture and providing for the issuance of debt (including the Revolver and the bonds) secured by and payable from the Prop K sales tax.
- Supplemental Indenture between the Transportation Authority and the Trustee setting forth the terms of the bonds.
- Official Notice of Sale, which notifies potential underwriters regarding the bidding parameters for a competitive bond sale.
- Bond Purchase Contract, which outlines the terms of the bond sale should the Transportation Authority elect to enter into a negotiated transaction.

If approved by the Board in September, the Transportation Authority management would then meet with rating agencies and anticipate completing the sale of up to \$255 million in sales tax revenue bonds in October 2017.

FINANCIAL IMPACT

The requested 2017 Bonds, including approximately \$200 million-new money for capital projects and the refinancing of \$46 million of the Revolver, and the related debt service costs have been included in the adopted FY 2017/18 budget. The table on the following page shows the estimated sources and uses for the 2017 Bonds offering. As actual sources and uses will vary based on market conditions and final bond sizing at the time of pricing the 2017 Bonds, we are requesting a not-to-exceed issuance amount of \$255 million.

Table 1	
Sources:	
Bond Proceeds Par Amount	\$247,515,000
Net Premium	<u>27,169,434</u>
Total:	\$274,684,434
Uses:	
Capital Projects Fund	\$204,000,000
Revolver Refinancing	46,000,000
Capitalized Interest Fund	21,456,389
Cost of Issuance	<u>3,228,045</u>
Total:	\$274,684,434

Annual debt service is estimated to be approximately \$22 million, or a total of \$342.8 million over the life of the bonds, which includes \$247.5 million of principal and \$95.3 million of interest expense an average coupon rate of 3.8%, though actual results will vary based on market conditions and interest rates secured by the Transportation Authority on the day of sale. If approved, this action would allow for up to \$255 million in long-term bond obligations, while bringing the total outstanding Revolver balance down to \$93 million. As noted above, the remaining Revolver balance will be gradually paid down annually with sales tax revenues by FY 2020/21.

CAC POSITION

The CAC did not have a meeting on September 6, 2017 due to a lack of quorum, however a workshop was held and items were presented for information.

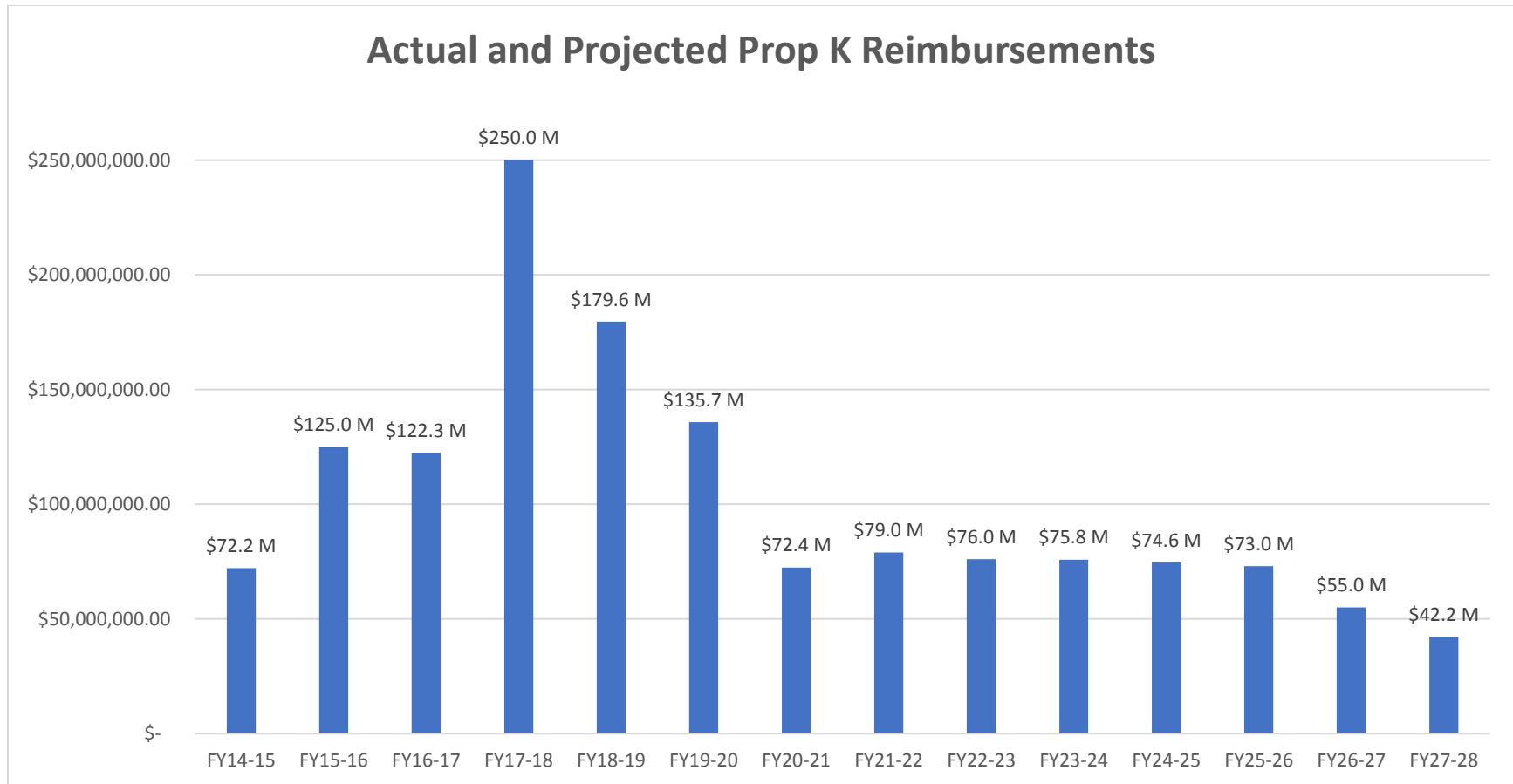
SUPPLEMENTAL MATERIALS

- Attachment 1 – Prop K Bond Eligible Project Categories
- Attachment 2 – Actual and Projected Prop K Reimbursements
- Enclosure A – Form of Preliminary Official Statement
- Enclosure B – Form of Continuing Disclosure Certificate
- Enclosure C – Form of Amended and Restated Indenture
- Enclosure D – Form of Supplemental Indenture
- Enclosure E – Form of Official Notice of Sale
- Enclosure F – Form of Bond Purchase Contract

Attachment 1

Prop K Bond Eligible Project Categories
BART State of Good Repair (vehicles, facilities, guideways)
BART Vehicles
Bicycle Safety/Circulation
Bus Rapid Transit - Curb and roadway improvements
Caltrain Communications Based Overlay Signal System (CBOSS)
Caltrain Electrification - Components (e.g. poles, substations)
Caltrain Electrification - Electric Multiple Units
Caltrain State of Good Repair (vehicles, facilities, guideways)
Central Control and Communications (C3)
Curb Ramps
Ferry Terminal
Muni Fixed Guideways (e.g. rail replacement, overhead catenary systems)
Muni Forward, including bulbouts and boarding islands (new and extended)
Muni Historic Streetcars
Muni Light Rail Vehicles
Muni Motor Coaches
Muni Trolley Coaches
Pedestrian Safety/Circulation
Radio Replacement
SFgo (e.g. interconnect and traffic signal controller technology)
Signals and Signs (new and upgraded)
Station Area Improvements
Street Improvements (e.g. streetscape)
Street Resurfacing
Traffic Calming
Transbay Transit Center
Transit Facilities (e.g. stations, maintenance facilities) and Facilities-Related Equipment (e.g. escalators, faregates)
Underground Rail Extension

Attachment 2



Updated: August 31, 2017