



RESOLUTION DECLARING THE OFFICIAL INTENT OF THE SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY TO REIMBURSE CERTAIN EXPENDITURES FROM THE PROCEEDS OF INDEBTEDNESS

WHEREAS, The San Francisco County Transportation Authority (the “Issuer”) intends to construct, acquire and improve certain transit, street and traffic facilities, including but not limited to the San Francisco Municipal Transportation Agency’s (SFMTA’s) Radio Replacement Project, associated Central Control and Communications Projects (C3), and the SFMTA’s purchase of new motor coaches, trolley coaches and light-rail vehicles, such transit, street and traffic facilities being more fully described in the Transportation Expenditure Plan adopted on November 4, 2003, as may be amended from time to time (hereinafter collectively referred to as the “Project”); and

WHEREAS, The Issuer expects to pay certain expenditures (the “Reimbursable Expenditures”) in connection with the Project prior to the issuance of indebtedness for the purpose of financing costs associated with the Project on a long-term basis; and

WHEREAS, The Issuer reasonably expects that debt obligations in an amount not expected to exceed \$255 million will be issued in connection with the Project and that certain of the proceeds of such debt obligations will be used to reimburse the Reimbursable Expenditures; and

WHEREAS, The Issuer desires to declare its reasonable intent to reimburse the Reimbursable Expenditures with proceeds of the debt obligations; now, therefore, be it

RESOLVED, That the Board of Commissioners of the San Francisco County Transportation Authority declares:

Section 1. The Issuer finds and determines that the foregoing recitals are true and correct.

Section 2. This declaration of official intent (this “Declaration”) is made solely for purposes of establishing compliance with the requirements of Section 1.150-2 of the Treasury Regulations. This



Declaration does not bind the Issuer to make any expenditure, incur any indebtedness, or proceed with the Project.

Section 3. The Issuer hereby declares its official intent to use proceeds of indebtedness to reimburse itself for Reimbursable Expenditures.

Section 4. This declaration shall take effect from and after its adoption.



Memorandum

Date: September 6, 2017
To: Transportation Authority Board
From: Cynthia Fong – Deputy Director for Finance and Administration
Subject: 09/12/17 Board Meeting: Approval of a New Declaration of Official Intent to Reimburse Certain Expenditures from the Proceeds of Indebtedness

<p>RECOMMENDATION <input type="checkbox"/> Information <input checked="" type="checkbox"/> Action</p> <p>Approve a new Declaration of Official Intent to reimburse certain expenditures from the Proceeds of Indebtedness</p> <p>SUMMARY</p> <p>A Declaration of Official Intent to Reimburse Certain Expenditures from the Proceeds of Indebtedness (also called a Reimbursement Resolution) is adopted when a government anticipates financing projects with a tax-exempt debt issue and wishes to preserve the option to use tax-exempt bond funding to cover expenditures incurred prior to issuing debt. This helps the issuing agency to size debt appropriately and to ensure compliance with requirements to spend down bond proceeds within three years of the issuance date. Adoption of a Reimbursement Resolution does not obligate the adopting government agency to issue additional debt. In a parallel agenda item, we are seeking authority to issue tax-exempt debt in an amount not to exceed \$255 million in order to advance funds for Prop K capital projects to deliver the benefits sooner to the public than pay-as-you-go would allow.</p>	<p><input type="checkbox"/> Fund Allocation</p> <p><input type="checkbox"/> Fund Programming</p> <p><input type="checkbox"/> Policy/Legislation</p> <p><input type="checkbox"/> Plan/Study</p> <p><input type="checkbox"/> Capital Project Oversight/Delivery</p> <p><input checked="" type="checkbox"/> Budget/Finance</p> <p><input type="checkbox"/> Contract/Agreement</p> <p><input type="checkbox"/> Other:</p> <p>_____</p>
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DISCUSSION

Background.

The reimbursement with tax-exempt debt proceeds of amounts advanced to pay costs of eligible projects is governed by U.S. Treasury Regulations Section 1.150-2. To be effective, a Reimbursement Resolution must have, among other things, two parts: 1) a general, functional description of the project(s) to be financed; and 2) a statement of the maximum dollar amount of anticipated borrowing for the projects. Adoption of a Reimbursement Resolution does not obligate the adopting government agency to issue additional debt. It simply provides administrative flexibility to use tax-exempt bond funding to cover expenditures incurred prior to issuing debt.

Plan of Finance.

As previously discussed with the CAC and Board, and as presented in a parallel Board item (Item 7), based on our analysis of the Prop K major cash flow drivers (e.g. projects like the San Francisco Municipal Transportation Agency’s (SFMTA’s) vehicle procurements), we are currently working on

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plan to issue a long-term bond in Fiscal Year (FY) 2017/18. At this point in time, we anticipate the issuance of tax-exempt debt in an amount not to exceed \$255 million if the pace of project delivery and reimbursement requests ramp up as currently expected. Issuing debt facilitates delivery of Prop K projects and benefits to the public sooner than would be possible using pay-as-you go funding.

The general description of projects to be covered by the Reimbursement Resolution includes but is not limited to the construction, acquisition, and improvement of certain transit, street and traffic facilities, including the SFMTA's Radio Replacement Project; associated Central Control and Communications Projects (C3); and the purchase of new motor coaches, trolley coaches and light-rail vehicles. A list of the Prop K bond-eligible project categories is attached.

FINANCIAL IMPACT

Adoption of the new Reimbursement Resolution does not obligate the Transportation Authority to issue any additional debt and has no impact on the agency's adopted FY 2017/18 budget. As noted above, a Reimbursement Resolution provides the administrative flexibility to use a tax-exempt bond financing option for expenditures incurred prior to issuing debt. Further, it helps to size debt appropriately and facilitates compliance with requirements to spend down bond proceeds within three years of the issuance date.

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