

Metropolitan Transportation Commission
Administration Committee

January 11, 2023

Agenda Item 2c

MTC Resolution No. 4265, Revised – MTC Debt Policy Issuance and Management

Subject:

Referral of MTC Resolution No. 4265, Revised to the Commission for the renewal of the Debt Policy for MTC and all MTC affiliated entities as well as the Association of Bay Area Governments (ABAG), which is administered under the Contract for Services between MTC and ABAG.

Background:

The Debt Policy establishes the rules and limitations for all debt issued by MTC or any affiliated entity as well as ABAG. Prior to January 2017, the Debt Policy was primarily a BATA concern. However, in light of MTC now covering ABAG and ABAG FAN debt pursuant to the Contract for Services between MTC and ABAG as well as preparing a federal funding securitization through BAIFA, approval of the Debt Policy has shifted to the MTC through referral to the full Commission by the Administration Committee.

The criteria listed in Resolution No. 4265, Revised are quite extensive and specifically relate to the authorization to issue debt. The provisions include:

- Issuance only by approved resolution
- Complete detail on total issuance and debt costs
- Complete capital financing plan
- Criteria for the use of credit enhancements
- Credit criteria for use of structured products (derivatives)
- Analysis of debt capacity
- Refunding requirements of minimum 3% net present value for savings

There are also specific requirements for internal controls, administration, and audit. The debt policy complies with state law and all state reporting requirements.

Staff recommends the following changes to the Policy for this year's reauthorization:

- Revise the requirement for an annual review and approval of this Policy to a periodic review and approval.
- Update certain language to make it more precise.

Issues:

None identified.

Recommendations:

Refer MTC Resolution No. 4265, Revised to the Commission for approval.

Attachments:

- Attachment A: MTC Resolution No. 4265, Revised, MTC Debt Policy



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